
MEMORANDUM TO COUNCIL

To: Mayor and City Council Members
From: Dan Winters, Director of Public Utilities
Through: Erin Reinders, City Manager
Date: February 23, 2021
Re: Utility Rate Study Presentation

SUMMARY: The City has contracted Aldrich CPA's + Advisors LLP to conduct a Rate Study of all four of the City's utility proprietary funds. James Keen will be presenting the Rate Study results tonight.

Due to increased expenses and decreased revenue, the required rate increases are extreme. We need to come up with a plan to deal with the rate increases. In the near future Council Meetings, Aldrich LLP, and Staff will return to Council with various options for the rate increases.

Tonight is the initial discussion and we need to make sure we have plenty of input from Council members and the Public in regard prior to instituting the required rate increases.

PREVIOUS COUNCIL ACTION: At the February 28, 2017 Council Meeting, Council adopted Resolution 2017-14. Through Resolution 2017-14, Council approved a consecutive four-year rate increase in the Wastewater Proprietary Fund and a consecutive three-year rate increase in the Solid Waste Proprietary Fund.

BACKGROUND: Department of Public Utilities has rate studies performed about every three years. In the past, the City has obtained the services of Mike Hubbard of The Financial Engineering Company to perform the rate studies. Mike Hubbard retired in 2020. Before Mr. Hubbard retired, he recommended that we obtain the service of Aldrich CPA's + Advisors LLP (Aldrich LLP) to perform the City's Utility rate studies.

In June 2020, the City of Unalaska entered into agreement with Aldrich LLP to perform the FY2021 Utility Rate Study. This agreement included the services of Mike Hubbard as co-consultant.

DISCUSSION: Aldrich LLP has a dedicated team of professionals with in-depth knowledge of various industries. They are highly respected in their field for finding innovative solutions to complex issues concerning the financial wellbeing of the utility industry. As the rate study will show, the City will need this type of innovative thinking to come up with solutions to the needed utility rate increases.

ALTERNATIVES: We have worked with Aldrich LLP in developing several options and remain open to reviewing additional options.

FINANCIAL IMPLICATIONS: Depending on the path that Council chooses, the rates will have to be increased.

LEGAL: None required.

STAFF RECOMMENDATION: Staff recommends developing options to recapture funds using various scenarios. This information will be provided at future meetings once research has been completed on all the options.

PROPOSED MOTION: None at this time.

CITY MANAGER COMMENTS: I thank Aldrich LLP for their hard work on these rates studies. Over the course of tonight, and at least 2 other meetings, the consultant team, with the support of staff, will work with Council to identify a path forward

ATTACHMENTS:

- COU Utilities Revenue Requirement Report
- COU Council Presentation

City of Unalaska

Electric, Water, Wastewater & Solid Waste Utilities

Revenue Requirement Overview

For February 23, 2021 City Council Meeting



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1. SUMMARY OF RESULTS

Introduction

The following revenue requirement analysis has been prepared by Aldrich CPAs + Advisors LLP (Aldrich) on behalf of the City of Unalaska (City). The analysis is based on the City's FY2021 budget, as adjusted.

In January 2016, an analysis was presented to the City providing a high-level overview of the revenue requirements for the water, wastewater, and solid waste utilities using the FY2016 budget as the basis for analysis. A separate and more in-depth analysis of electric utility rates was also conducted using the FY2016 budget. The FY2016 budget is used for comparative purposes in this analysis.

The analysis provided herein can be considered the first of two parts. The first issue is whether the rates in effect are sufficient to provide adequate revenues for each utility. The second issue, which will be addressed in future reports, is how the revenue requirement should be collected from the customer classes (i.e. how much revenue should be collected from each customer class and how should the rates be established?).

Overview

The following table provides an overview of the FY2021 budgeted customer revenues and the full-cost revenue requirement. The analysis indicates that significant rate increases are needed for each utility.

	Electric	Water	Wastewater	Solid Waste
Budgeted Customer Revenues:	\$ 7,248,373	\$ 2,616,686	\$ 2,468,212	\$ 2,562,531
Full Revenue Requirement:	<u>9,762,823</u>	<u>3,530,573</u>	<u>4,319,505</u>	<u>4,102,820</u>
Surplus/(Deficit):	\$ (2,514,450)	\$ (913,887)	\$ (1,851,293)	\$ (1,540,289)
Revenue Increase/(Decrease) Required:	34.7%	34.9%	75.0%	60.1%

This report will provide background on the study methodology and how to interpret the results, followed by more detailed analysis on a utility-by-utility basis. Within each section, analysis will be provided to explain how costs have changed, how customer behavior has changed, potential goals for increasing the target revenue, and a broadly estimated residential customer impact.

2. THE PROCESS

Methodology of Analysis

The City's revenue requirement analysis is based on an adjusted FY2021 budget for each utility. Projected expenses were reviewed and adjusted as necessary to include any known updates to expenses and net operating margins and offsets for other revenues. Net operating margins may be required to satisfy lender covenants or simply to address risks associated with actual sales and expenses differing from projections. Additionally, the utility may wish to build equity in anticipation of large capital additions that will be funded in the near future.

Terms

Certain terms are used in this report that may not be familiar to those not closely associated with utility ratemaking. These terms are described below.

Revenue Requirements. The total amount of revenues that must be collected from rates. This includes not only expenses but also margins (net revenues) that are required for capital expenditures and the inherent uncertainty in projecting both sales and expenses. Revenue requirements may also include certain cash items that are not considered "expenses" by accounting standards.

Income Basis. Revenue requirements based on the traditional accounting classification of expenses. Depreciation (a non-cash item) is included but principal on debt service is not.

Cash Basis. Revenue requirements that does not include depreciation but includes principal on debt.

Debt Service Coverage Ratio (DSC). The amount of net cash recovered from operations prior to debt service divided by debt service.

$$\text{DSC} = (\text{Net Income before debt service or depreciation}) / (\text{Debt Service})$$

Depreciation Expense. Utilities often require millions of dollars of plant investment to bring reliable service to customers. Depreciation expense therefore typically comprises a significant portion of the cost of utility service to a customer. The goal of depreciation is to match the cost of the asset to the time period the asset is in service, thereby the cost is fairly recovered from the customers benefited by the asset.

Next Steps: Cost of Service Study

After determining the revenue requirement to be recovered for each utility, the next step is to perform a cost of service study to determine how the revenue requirement should be recovered from each customer class.

Utility management may ask why not simply set rates the same for each rate class? Why go through the process of a cost-of-service analysis? The short answer is fairness to all ratepayers.

Take, for example, a utility that has numerous small customers and one large customer that operates for only a short period of time each year. Assume further that the large customer's load is great enough to require the utility to add several additional generating units. A single rate for all customer classes may result in other rate classes paying for the additional generation since the large customer operates for only limited times. A cost-of-service analysis, however, would properly allocate the additional generation costs to that customer and allow for its rates to be set to recover those additional costs.

The goal of a cost-of-service analysis and subsequent rate design is to allocate a utility's revenue requirements to each rate class such that the "cost causer" is the "cost payer." Since the City's rates differ by customer class, there is recognition that each class affects the system differently. The question is, however, whether these rates are set close to each class' allocated cost of service. Further, it must be determined how to appropriately collect costs from customers through flat customer charges and usage charges (i.e. metered costs).

The cost of service study analysis will be provided in a subsequent report.

3. ELECTRIC UTILITY

Overview

Based on the FY2021 budgeted customer revenues and the developed revenue requirement, the electric utility will have a \$2.5 million deficit, which would require a 34.7% overall rate increase to be self-sustainable. This includes the recovery of a \$300,000 margin. The FY2021 budget includes a transfer-in of \$3.7 million from the CoU General Fund, which would resolve the deficit. However, the continued use of significant General Funds for electric operations may not be sustainable.

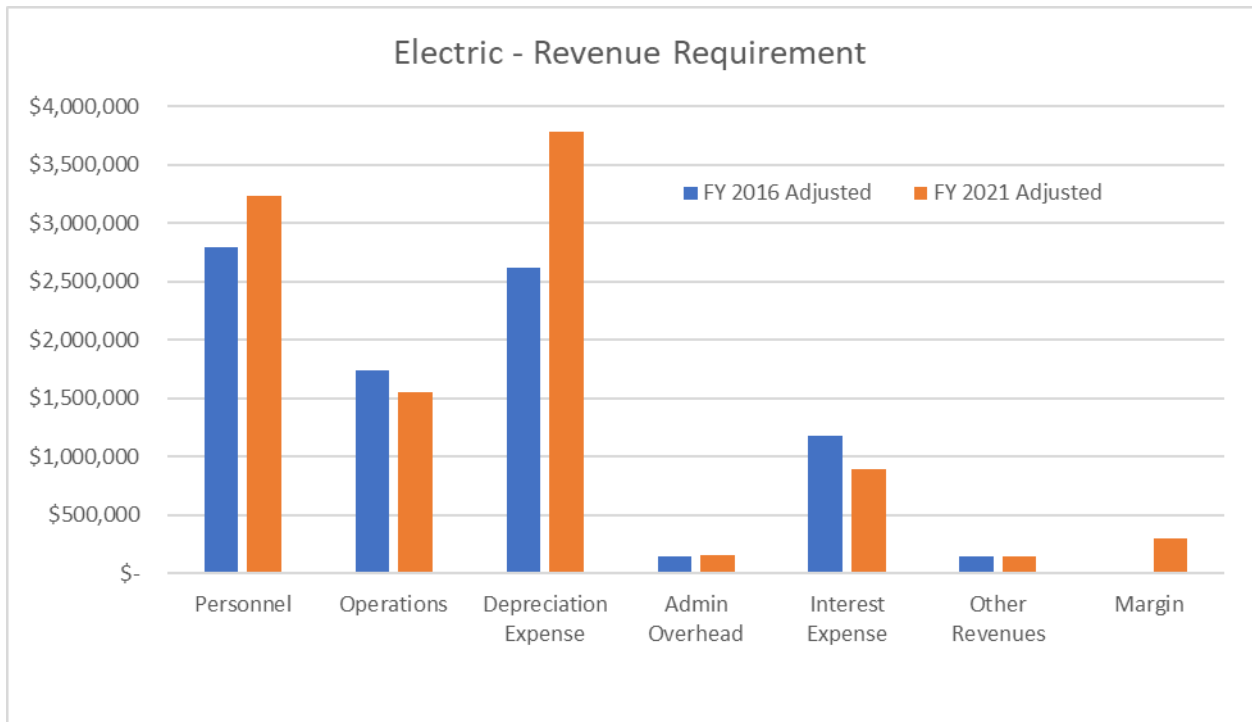
	Electric
Budgeted Customer Revenues:	\$ 7,248,373
Full Revenue Requirement:	<u>9,762,823</u>
Surplus/(Deficit):	\$ (2,514,450)
Revenue Increase/(Decrease) Required:	34.7%

Revenue Requirement: How Have Costs Changed?

The table and graph below show the development major cost categories of the revenue requirement using traditional methods compared with the last rate study based on FY2016. This provides a big-picture perspective of why costs have increased since the last study.

Revenue Requirement	FY 2016 Adjusted	FY 2021 Adjusted	% Change
Personnel	\$ 2,791,127	\$ 3,233,287	15.8%
Operations	1,734,443	1,551,234	-10.6%
Depreciation Expense	2,622,104	3,779,145	44.1%
Admin Overhead	143,923	157,116	9.2%
Interest Expense	1,179,243	886,525	-24.8%
Other Revenues	143,113	144,484	1.0%
Margin	<u>-</u>	<u>300,000</u>	N/A
Total Revenue Requirement	\$ 8,327,727	\$ 9,762,823	17.2%

Section 3 – Electric Utility

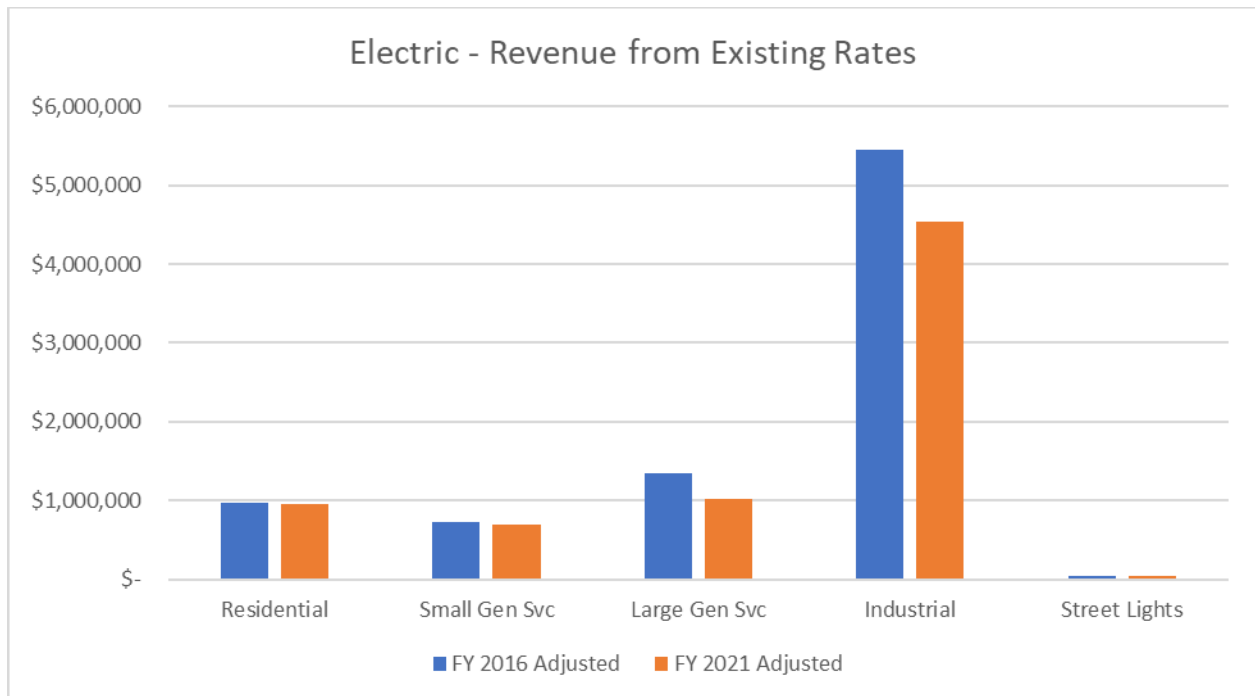


Projected Revenues: How Has Customer Behavior Changed?

The table and graph below show the change in revenues projected for FY2021 compared with the last rate study based on FY2016. These revenues are based on rates in effect at the times of the studies.

Revenues	FY 2016 Adjusted	FY 2021 Adjusted	% Change
Residential	\$ 970,415	\$ 955,606	-1.5%
Small Gen Svc	719,350	696,808	-3.1%
Large Gen Svc	1,350,142	1,015,800	-24.8%
Industrial	5,446,676	4,540,507	-16.6%
Street Lights	33,545	39,652	18.2%
Total Revenue	\$ 8,520,128	\$ 7,248,373	-14.9%

Section 3 – Electric Utility



Cash Flow Analysis: Income Required to Run the Utility

Another way of looking at the sufficiency of revenues is to consider cash flow. This is not typically used as the basis of developing cost-based rates. It leaves out non-cash expenses, such as depreciation, that are designed to allow the utility to recover the investment in plant over the lifetime of the assets. Instead, principal payment schedules are used in lieu of depreciation expense.

The table and graph below show a FY2021 to FY2025 projected cash flow for the utility that includes the cash-based revenue requirement expenses (no depreciation, interest, or margins) plus the projected principal and interest payments, plus projected Capital Major and Maintenance Plan (CMMP) expenditures.

Three scenarios are included for comparison:

1. Projected revenues based on current rates and consumption
2. Revenues required to meet a DSC of 1.25
3. Full revenue requirement

The graph shows the cash requirements compared to the current revenue projections (without General Fund infusions) and full revenue requirement.

Section 3 – Electric Utility

Cash Flow Analysis: Electric

	FY2021	FY2022	FY2023	FY2024	FY2025
Revenue Requirement (No Depr, Intrst, Margins)	\$ 4,797,153	\$ 4,797,153	\$ 4,797,153	\$ 4,797,153	\$ 4,797,153
Principal	1,430,000	1,450,000	1,485,000	1,520,000	1,430,000
Interest	<u>886,525</u>	<u>866,719</u>	<u>830,369</u>	<u>791,513</u>	<u>735,700</u>
Cash Flow Required	\$ 7,113,678	\$ 7,113,872	\$ 7,112,522	\$ 7,108,666	\$ 6,962,853
CMMP Expenditures (Projected)	2,117,338	4,529,938	1,490,662	3,310,000	500,000

Scenario 1: Revenues from Current Rates

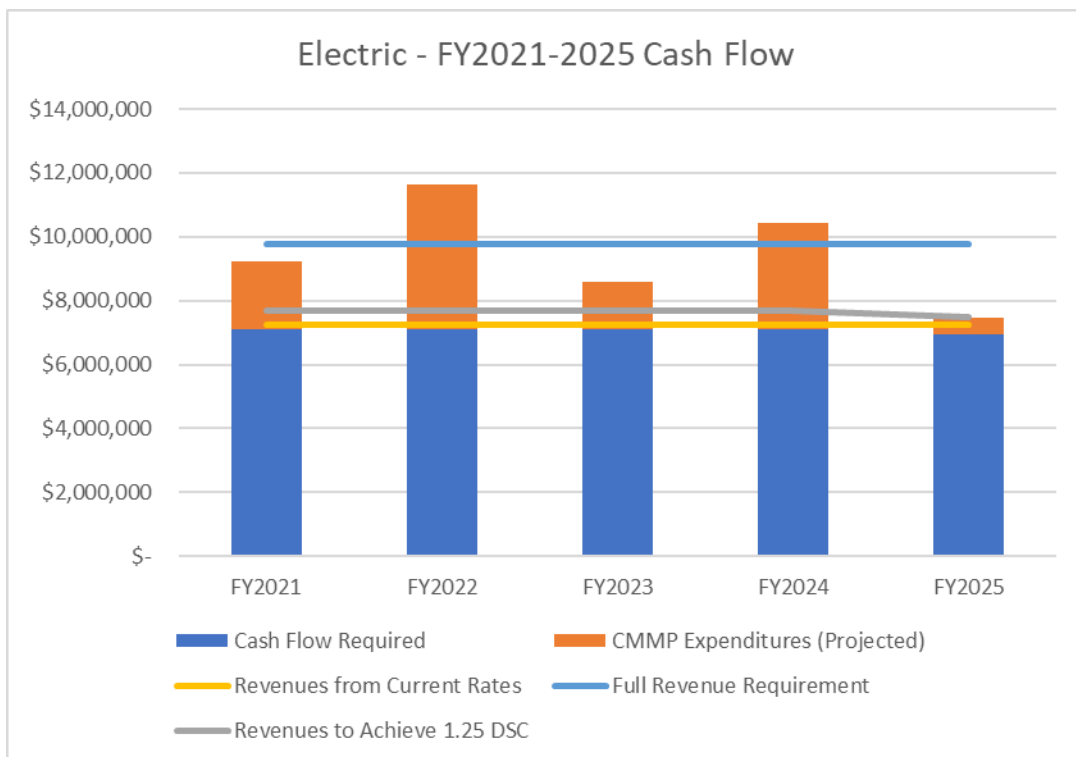
Revenues from Current Rates	\$ 7,248,373	\$ 7,248,373	\$ 7,248,373	\$ 7,248,373	\$ 7,248,373
Debt Service Coverage (DSC) Ratio	1.06	1.06	1.06	1.06	1.13
Rate Increase (%) Required	0%	0%	0%	0%	0%

Scenario 2: Revenues to Achieve 1.25 DSC

Revenues to Achieve 1.25 DSC	\$ 7,692,809	\$ 7,693,051	\$ 7,691,364	\$ 7,686,544	\$ 7,504,278
Debt Service Coverage (DSC) Ratio	1.25	1.25	1.25	1.25	1.25
Rate Increase (%) to meet DSC	6.1%	6.1%	6.1%	6.0%	3.5%

Scenario 3: Full Revenue Requirement

Full Revenue Requirement	\$ 9,762,823	\$ 9,762,823	\$ 9,762,823	\$ 9,762,823	\$ 9,762,823
DSC at Full Revenue Requirement	2.14	2.14	2.14	2.15	2.29
Rate Increase (%) to meet Full Revenue Req	34.7%	34.7%	34.7%	34.7%	34.7%



Residential Customer Impact

When considering the impact of changes to a utility’s revenue requirement, it is helpful to understand the potential impact to an average residential customer. The table below provides a broad estimate of the change in a monthly bill for a residential electric customer that uses 500 kWh of electricity. There are some important caveats to this estimate:

- It only applies an across-the-board increase to rates. It does not consider whether residential, commercial, or industrial customers should bear a higher portion of a rate increase or how rates should be structured. Those issues will be addressed in the cost of service study.
- It does not include any pass-through fuel costs (i.e. the Fuel Cost Adjustment).
- It does not include any Power Cost Equalization subsidy, which is used to reduce residential electric rates.

Avg Residential Energy Bill - No Fuel Cost or PCE

	<u>Current Rate</u>	<u>Meet 1.25 DSC</u>	<u>Full Revenue Requirement</u>
Customer Charge	\$ 8.00	\$ 8.49	\$ 10.78
Energy Charge (\$/kWh)	\$ 0.23395	\$ 0.24829	\$ 0.31511
Energy Use (kWh)	500	500	500
Monthly Cost:	\$ 124.98	\$ 132.64	\$ 168.33
Monthly Increase:		\$ 7.66	\$ 43.35

4. WATER UTILITY

Overview


Based on the FY2021 budgeted customer revenues and the developed revenue requirement, the water utility will have a \$914 thousand deficit, which would require a 34.9% overall rate increase to be self-

	Water
Budgeted Customer Revenues:	\$ 2,616,686
Full Revenue Requirement:	<u>3,530,573</u>
Surplus/(Deficit):	\$ (913,887)
Revenue Increase/(Decrease) Required:	34.9%

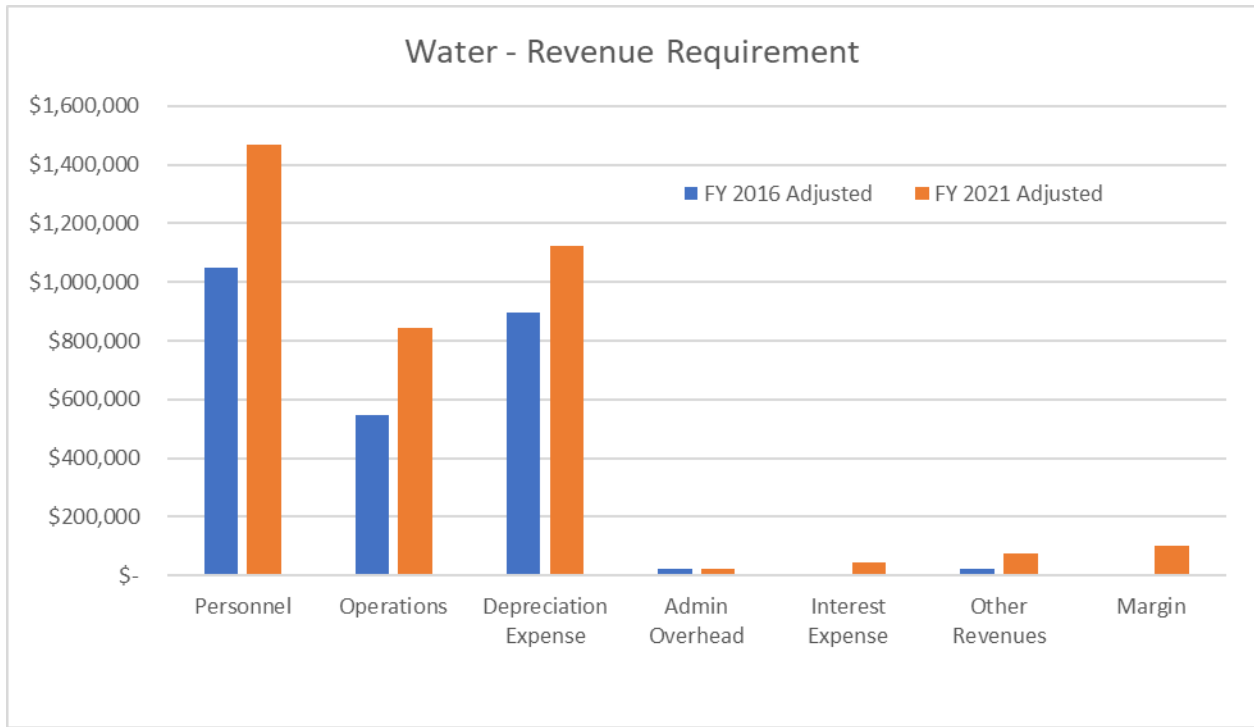
sustainable. This includes the recovery of a \$100,000 margin. The FY2021 budget includes a transfer-in of \$995 thousand from the CoU General Fund, which would resolve the deficit. However, the continued use of significant General Funds for water operations may not be sustainable.

Revenue Requirement: How Have Costs Changed?

The table and graph below show the development major cost categories of the revenue requirement using traditional methods compared with the last rate study based on FY2016. This provides a big-picture perspective of why costs have increased since the last study.

Revenue Requirement	FY 2016	FY 2021	% Change
	Adjusted	Adjusted	
Personnel	\$ 1,047,333	\$ 1,466,729	40.0%
Operations	546,679	844,333	54.4%
Depreciation Expense	897,846	1,124,222	25.2%
Admin Overhead	20,517	22,212	8.3%
Interest Expense	-	46,401	N/A
Other Revenues	22,967	73,324	219.3%
Margin	-	<u>100,000</u> 	0.0%
Total Revenue Requirement	\$ 2,489,408	\$ 3,530,573	41.8%

Section 4 – Water Utility

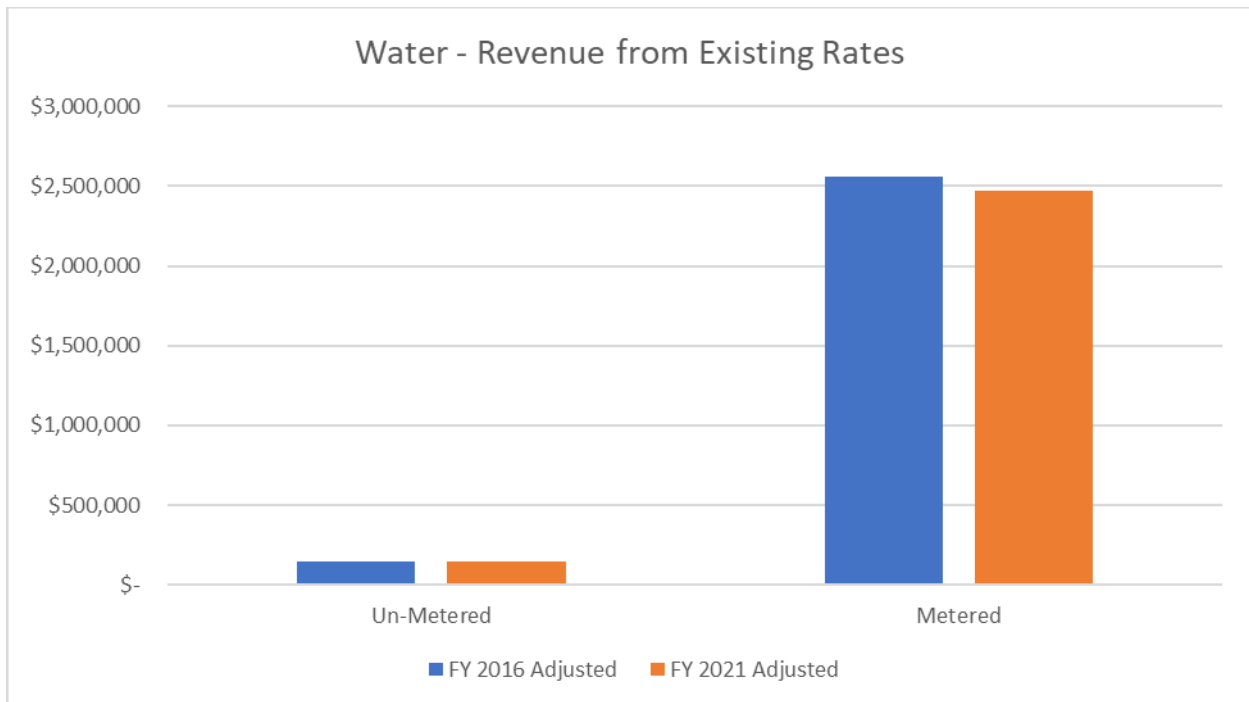


Projected Revenues: How Has Customer Behavior Changed?

The table and graph below show the change in revenues projected for FY2021 compared with the last rate study based on FY2016. These revenues are based on rates in effect at the times of the studies.

Revenues	FY 2016	FY 2021	% Change
	Adjusted	Adjusted	
Un-Metered	\$ 142,680	\$ 147,521	3.4%
Metered	<u>2,556,360</u>	<u>2,469,165</u>	-3.4%
Total Revenue	\$ 2,699,040	\$ 2,616,686	-3.1%

Section 4 – Water Utility



Cash Flow Analysis: Income Required to Run the Utility

Another way of looking at the sufficiency of revenues is to consider cash flow. This is not typically used as the basis of developing cost-based rates. It leaves out non-cash expenses, such as depreciation, that are designed to allow the utility to recover the investment in plant over the lifetime of the assets. Instead, principal payment schedules are used in lieu of depreciation expense.

The table and graph below show a FY2021 to FY2025 projected cash flow for the utility that includes the cash-based revenue requirement expenses (no depreciation, interest, or margins) plus the projected principal and interest payments, plus projected CMMP expenditures.

Three scenarios are included for comparison:

1. Projected revenues based on current rates and consumption
2. Revenues required to meet a DSC of 1.25
3. Full revenue requirement

The graph shows the cash requirements compared to the current revenue projections (without General Fund infusions) and full revenue requirement.

Section 4 – Water Utility

Cash Flow Analysis: Water

	FY2021	FY2022	FY2023	FY2024	FY2025
Revenue Requirement (no Depr & Interest)	\$ 2,259,950	\$ 2,259,950	\$ 2,259,950	\$ 2,259,950	\$ 2,259,950
Principal	181,963	181,963	181,963	181,963	181,963
Interest	<u>43,671</u>	<u>40,942</u>	<u>38,212</u>	<u>35,483</u>	<u>32,753</u>
Cash Flow Required	2,485,584	2,482,855	2,480,125	2,477,396	2,474,666
CMMP Expenditures	145,000	1,934,500	1,843,750	7,906,193	-

Scenario 1: Revenues from Current Rates

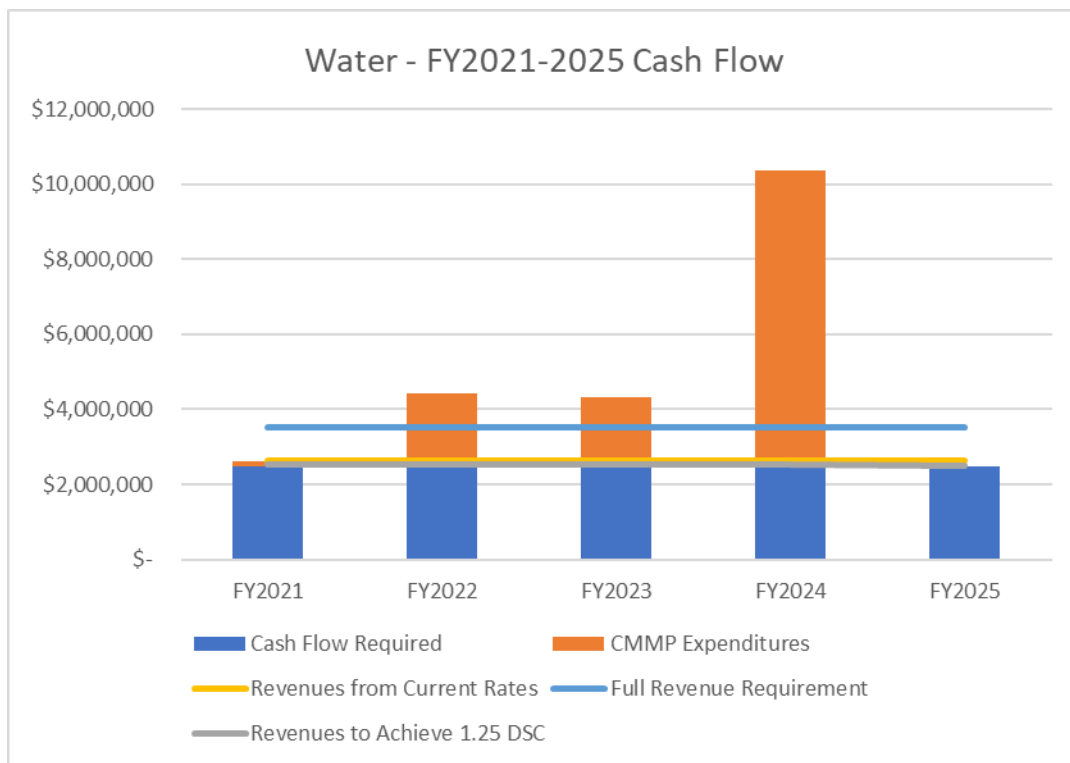
Revenues from Current Rates	\$ 2,616,686	\$ 2,616,686	\$ 2,616,686	\$ 2,616,686	\$ 2,616,686
Debt Service Coverage (DSC) Ratio	1.58	1.60	1.62	1.64	1.66
Rate Increase (%) Required	0%	0%	0%	0%	0%

Scenario 2: Revenues to Achieve 1.25 DSC

Revenues to Achieve 1.25 DSC	\$ 2,541,992	\$ 2,538,581	\$ 2,535,169	\$ 2,531,757	\$ 2,528,345
Debt Service Coverage (DSC) Ratio	1.25	1.25	1.25	1.25	1.25
Rate Increase (%) to meet DSC	-2.9%	-3.0%	-3.1%	-3.2%	-3.4%

Scenario 3: Full Revenue Requirement

Full Revenue Requirement	\$ 3,530,573	\$ 3,530,573	\$ 3,530,573	\$ 3,530,573	\$ 3,530,573
DSC at Full Revenue Requirement	5.63	5.70	5.77	5.84	5.92
Rate Increase (%) to meet Full Revenue Req	34.9%	34.9%	34.9%	34.9%	34.9%



Residential Customer Impact

When considering the impact of changes to a utility’s revenue requirement, it is helpful to understand the potential impact to an average residential customer. The table below provides a broad estimate of the change in a monthly bill for a residential water customer. There are some important caveats to this estimate:

- It only applies an across-the-board increase to rates. It does not consider whether unmetered (residential) or metered customers should bear a higher portion of a rate increase or how rates should be structured. Those issues will be addressed in the cost of service study.

Average Residential Water Bill

	Current Rate	Meet 1.25 DSC	Full Revenue Requirement
Unmetered (Single Family)	\$ 35.59	\$ 34.57	\$ 48.02
Monthly Change:		\$ (1.02)	\$ 12.43

5. WASTEWATER UTILITY

Overview

Based on the FY2021 budgeted customer revenues and the developed revenue requirement, the wastewater utility will have a \$1.9 million deficit, which would require a 75.0% overall rate increase to be self-

	Wastewater
Budgeted Customer Revenues:	\$ 2,468,212
Full Revenue Requirement:	<u>4,319,505</u>
Surplus/(Deficit):	\$ (1,851,293)
Revenue Increase/(Decrease) Required:	75.0%

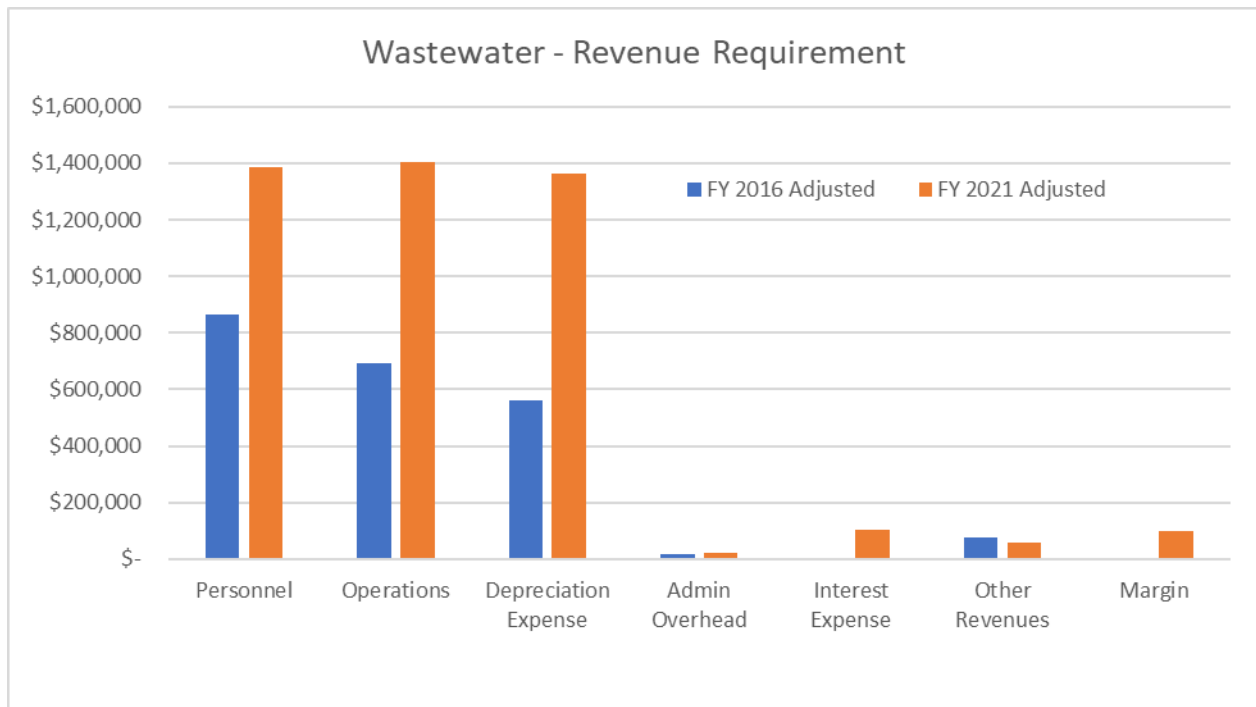
sustainable. This includes the recovery of a \$100,000 margin. The FY2021 budget includes a transfer-in of \$1.0 million from the CoU Special Revenue Fund and a transfer-in of \$1.1 million from the CoU General Fund, which would resolve the deficit. However, the continued use of significant Special Revenue and General Funds for wastewater operations may not be sustainable.

Revenue Requirement: How Have Costs Changed?

The table and graph below show the development major cost categories of the revenue requirement using traditional methods compared with the last rate study based on FY2016. This provides a big-picture perspective of why costs have increased since the last study.

Revenue Requirement	FY 2016	FY 2021	% Change
	Adjusted	Adjusted	
Personnel	\$ 866,504	\$ 1,387,948	60.2%
Operations	694,690	1,403,685	102.1%
Depreciation Expense	559,527	1,361,872	143.4%
Admin Overhead	16,379	21,852	33.4%
Interest Expense	2,676	102,799	N/A
Other Revenues	78,374	58,651	-25.2%
Margin	<u>-</u>	<u>100,000</u>	0.0%
Total Revenue Requirement	\$ 2,061,402	\$ 4,319,505	109.5%

Section 5 – Wastewater Utility

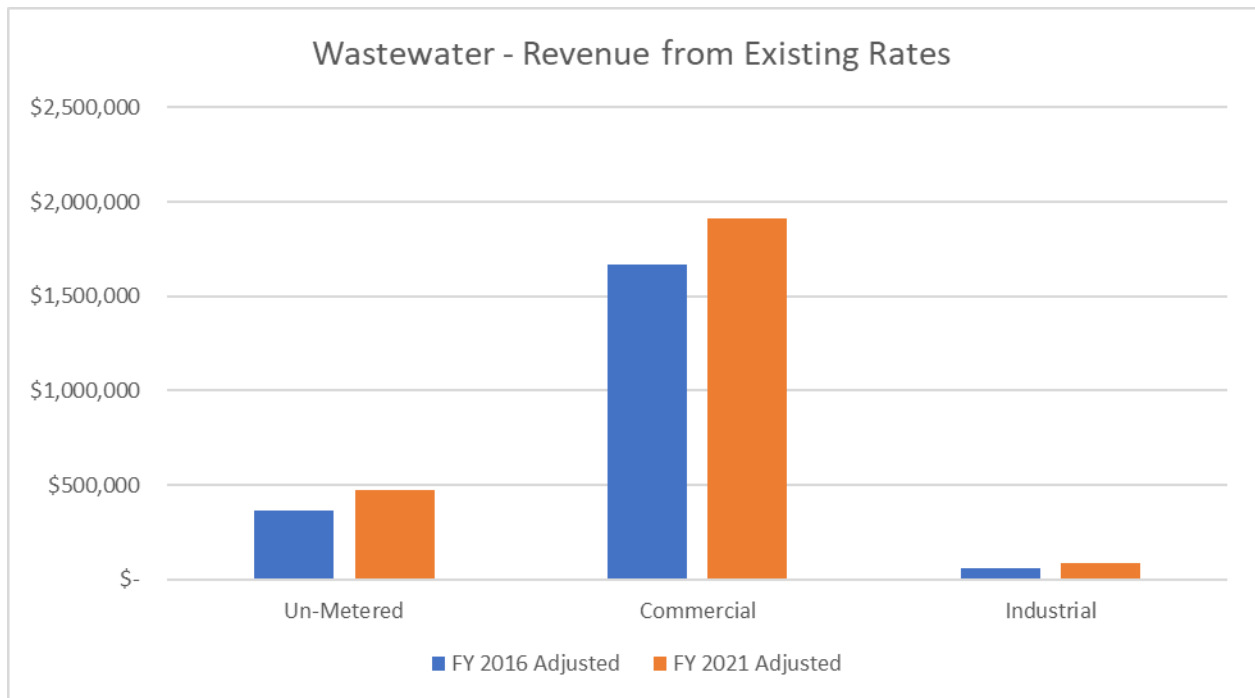


Projected Revenues: How Has Customer Behavior Changed?

The table and graph below show the change in revenues projected for FY2021 compared with the last rate study based on FY2016. These revenues are based on rates in effect at the times of the studies.

Revenues	FY 2016 Adjusted	FY 2021 Adjusted	% Change
Un-Metered	\$ 363,596	\$ 470,187	29.3%
Commercial	1,670,636	1,909,490	14.3%
Industrial	60,003	88,536	47.6%
Total Revenue	\$ 2,094,235	\$ 2,468,212	17.9%

Section 5 – Wastewater Utility



Cash Flow Analysis: Income Required to Run the Utility

Another way of looking at the sufficiency of revenues is to consider cash flow. This is not typically used as the basis of developing cost-based rates. It leaves out non-cash expenses, such as depreciation, that are designed to allow the utility to recover the investment in plant over the lifetime of the assets. Instead, principal payment schedules are used in lieu of depreciation expense.

The table and graph below show a FY2021 to FY2025 projected cash flow for the utility that includes the cash-based revenue requirement expenses (no depreciation, interest, or margins) plus the projected principal and interest payments, plus projected CMMP expenditures.

Three scenarios are included for comparison:

1. Projected revenues based on current rates and consumption
2. Revenues required to meet a DSC of 1.25
3. Full revenue requirement

The graph shows the cash requirements compared to the current revenue projections (without Special Revenue or General Fund infusions) and full revenue requirement.

Section 5 – Wastewater Utility

Cash Flow Analysis: Wastewater

	FY2021	FY2022	FY2023	FY2024	FY2025
Revenue Requirement (no Depr & Interest)	\$ 2,754,834	\$ 2,754,834	\$ 2,754,834	\$ 2,754,834	\$ 2,754,834
Principal	428,330	428,330	428,330	428,330	428,330
Interest	96,374	89,949	83,524	77,099	70,674
Cash Flow Required	3,279,538	3,273,113	3,266,688	3,260,263	3,253,838
CMMP Expenditures	430,000	-	-	-	-

Scenario 1: Revenues from Current Rates

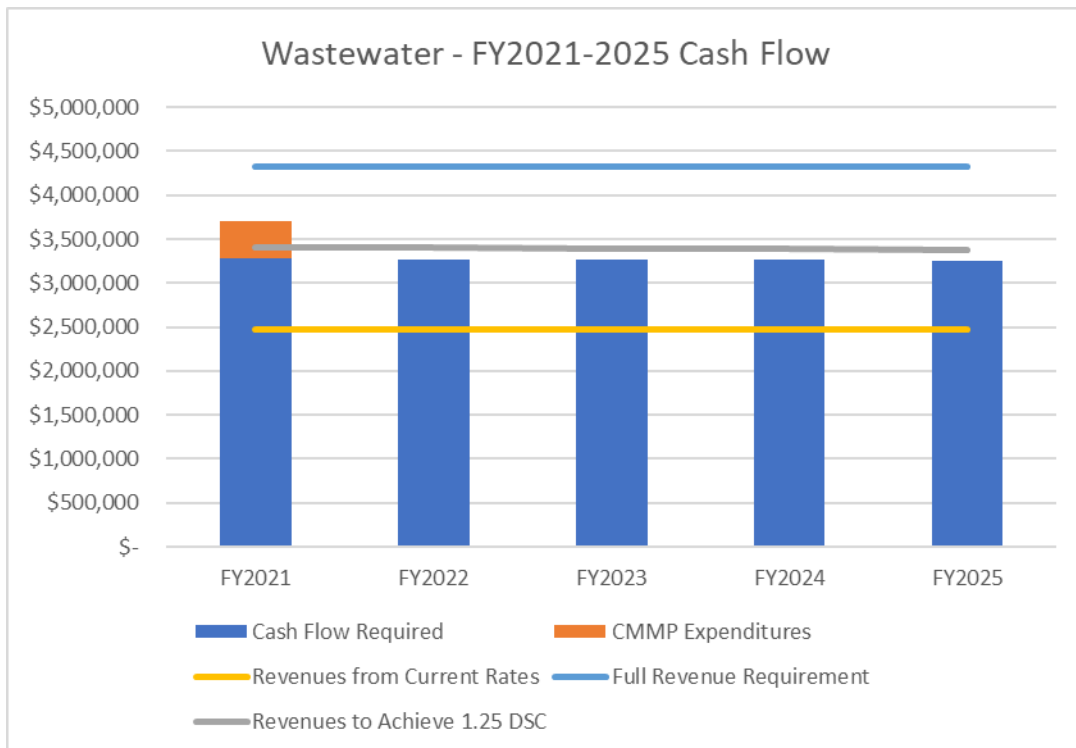
Revenues from Current Rates	\$ 2,468,212	\$ 2,468,212	\$ 2,468,212	\$ 2,468,212	\$ 2,468,212
Debt Service Coverage (DSC) Ratio	-0.55	-0.55	-0.56	-0.57	-0.57
Rate Increase (%) Required	0%	0%	0%	0%	0%

Scenario 2: Revenues to Achieve 1.25 DSC

Revenues to Achieve 1.25 DSC	\$ 3,410,714	\$ 3,402,683	\$ 3,394,652	\$ 3,386,621	\$ 3,378,590
Debt Service Coverage (DSC) Ratio	1.25	1.25	1.25	1.25	1.25
Rate Increase (%) to meet DSC	38.2%	37.9%	37.5%	37.2%	36.9%

Scenario 3: Full Revenue Requirement

Full Revenue Requirement	\$ 4,319,505	\$ 4,319,505	\$ 4,319,505	\$ 4,319,505	\$ 4,319,505
DSC at Full Revenue Requirement	2.98	3.02	3.06	3.10	3.14
Rate Increase (%) to meet Full Revenue Req	75.0%	75.0%	75.0%	75.0%	75.0%



Residential Customer Impact

When considering the impact of changes to a utility’s revenue requirement, it is helpful to understand the potential impact to an average residential customer. The table below provides a broad estimate of the change in a monthly bill for a residential wastewater customer. There are some important caveats to this estimate:

- It only applies an across-the-board increase to rates. It does not consider whether residential, commercial, or industrial customers should bear a higher portion of a rate increase or how rates should be structured. Those issues will be addressed in the cost of service study.

Average Residential Wastewater Bill

	<u>Current Rate</u>	<u>Meet 1.25 DSC</u>	<u>Full Revenue Requirement</u>
Single Family Residential	\$ 114.04	\$ 157.59	\$ 199.58
Monthly Change:		\$ 43.55	\$ 85.54

6. SOLID WASTE UTILITY

Overview

Based on the FY2021 budgeted customer revenues and the developed revenue requirement, the solid waste utility will have a \$1.5 million deficit, which would require a 60.1% overall rate increase to be self-

	Solid Waste
Budgeted Customer Revenues:	\$ 2,562,531
Full Revenue Requirement:	<u>4,102,820</u>
Surplus/(Deficit):	\$ (1,540,289)
Revenue Increase/(Decrease) Required:	60.1%

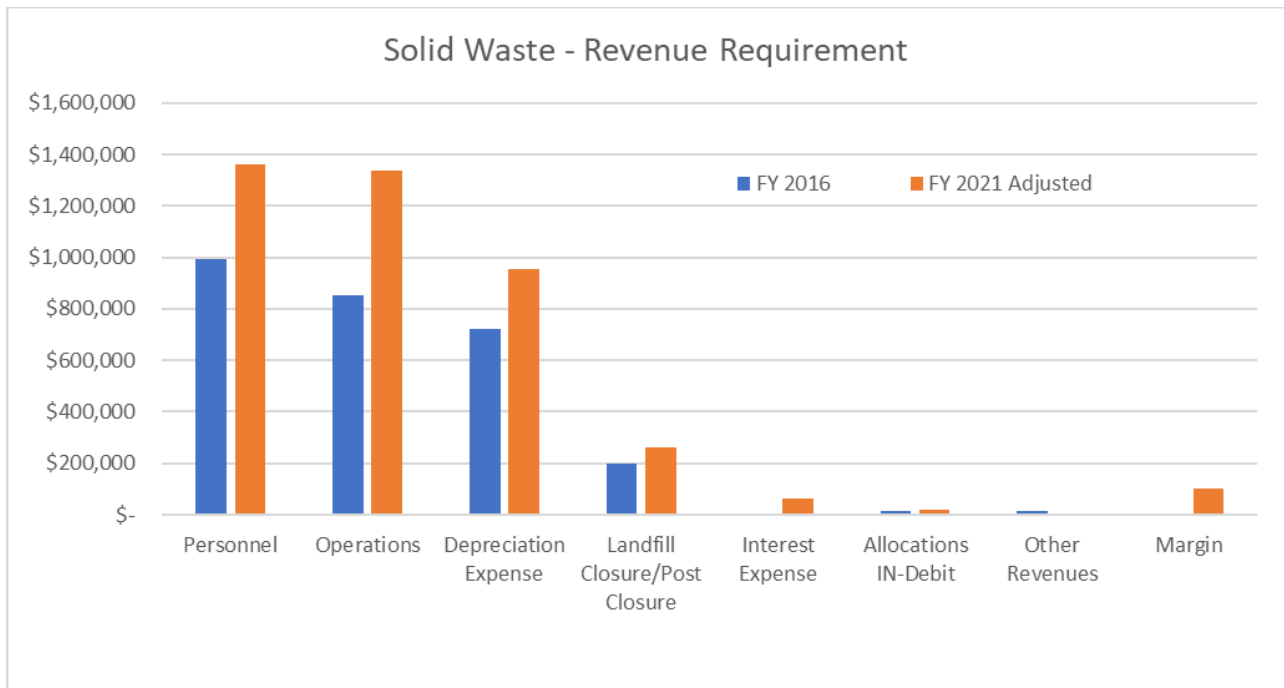
sustainable. This includes the recovery of a \$100,000 margin. The FY2021 budget includes a transfer-in of \$1.5 million from the CoU General Fund, which would resolve the deficit. However, the continued use of significant General Funds for solid waste operations may not be sustainable.

Revenue Requirement: How Have Costs Changed?

The table and graph below show the development major cost categories of the revenue requirement using traditional methods compared with the last rate review based on FY2016. This provides a big-picture perspective of why costs have increased since the last study.

Revenue Requirement	FY 2016	FY 2021	
		Adjusted	% Change
Personnel	\$ 993,098	\$ 1,363,237	37.3%
Operations	850,540	1,339,115	57.4%
Depreciation Expense	720,907	955,996	32.6%
Landfill Closure/Post Closure	198,072	262,000	32.3%
Interest Expense	-	61,016	N/A
Allocations IN-Debit	13,822	21,456	55.2%
Other Revenues	16,692	-	N/A
Margin	<u>-</u>	<u>100,000</u>	N/A
Total Revenue Requirement	\$ 2,759,747	\$ 4,102,820	48.7%

Section 6 – Solid Waste Utility

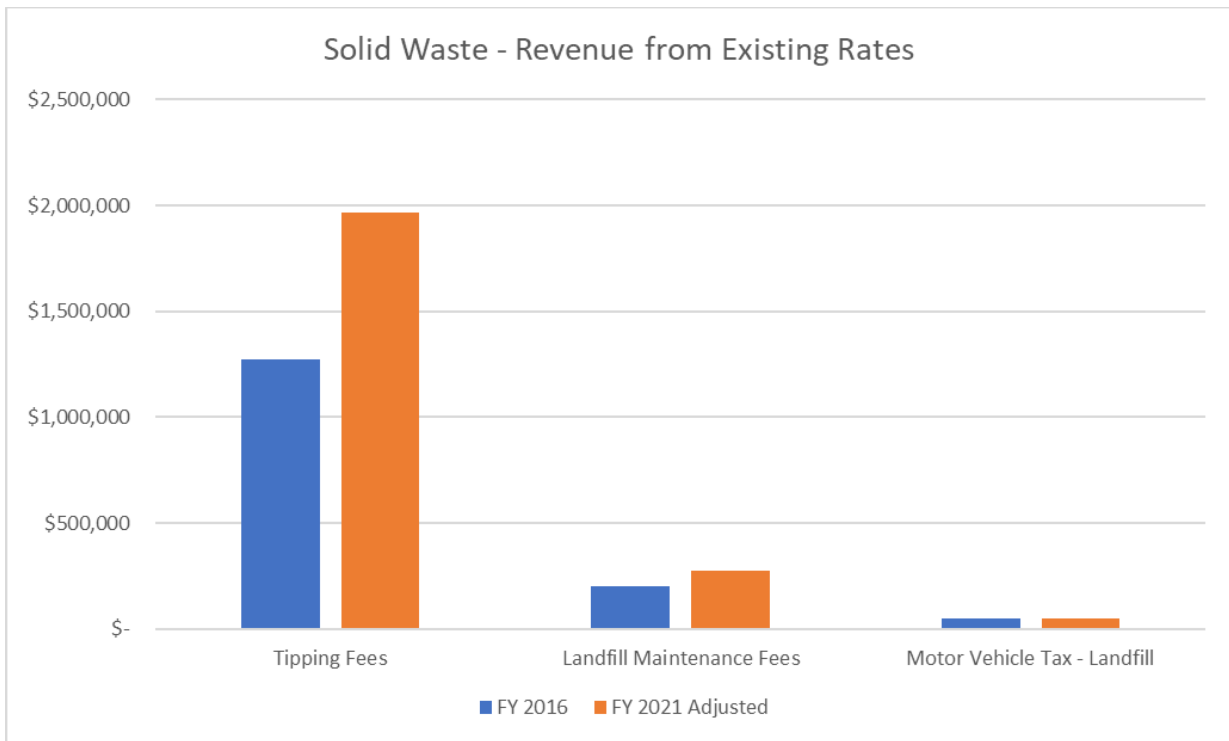


Projected Revenues: How Has Customer Behavior Changed?

The table and graph below show the change in revenues projected for FY2021 compared with the last rate review based on FY2016. These revenues are based on rates in effect at the times of the studies.

Revenues	FY 2016	FY 2021	% Change
		Adjusted	
Tipping Fees	\$ 1,270,620	\$ 1,966,240	54.7%
Landfill Maintenance Fees	202,104	273,770	35.5%
Motor Vehicle Tax - Landfill	50,000	50,000	0.0%
Other Fees and Transfers	291,257	272,521	-6.4%
Total Revenue	\$ 1,813,981	\$ 2,562,531	41.3%

Section 6 – Solid Waste Utility



Cash Flow Analysis: Income Required to Run the Utility

Another way of looking at the sufficiency of revenues is to consider cash flow. This is not typically used as the basis of developing cost-based rates. It leaves out non-cash expenses, such as depreciation, that are designed to allow the utility to recover the investment in plant over the lifetime of the assets. Instead, principal payment schedules are used in lieu of depreciation expense.

The table and graph below show a FY2021 to FY2025 projected cash flow for the utility that includes the cash-based revenue requirement expenses (no depreciation, interest, or margins) plus the projected principal and interest payments, plus projected CMMP expenditures.

Three scenarios are included for comparison:

1. Projected revenues based on current rates and consumption
2. Revenues required to meet a DSC of 1.25
3. Full revenue requirement

The graph shows the cash requirements compared to the current revenue projections (General Fund infusions) and full revenue requirement.

Section 6 – Solid Waste Utility

Cash Flow Analysis: Solid Waste

	FY2021	FY2022	FY2023	FY2024	FY2025
Revenue Requirement (no Depr & Interest)	\$ 2,985,808	\$ 2,985,808	\$ 2,985,808	\$ 2,985,808	\$ 2,985,808
Principal	254,232	254,232	254,232	254,232	254,232
Interest	57,202	53,389	49,575	45,762	41,948
Cash Flow Required	3,297,242	3,293,428	3,289,615	3,285,801	3,281,988
CMMP Expenditures	100,000	1,171,100	400,000	80,000	7,620,000

Scenario 1: Revenues from Current Rates

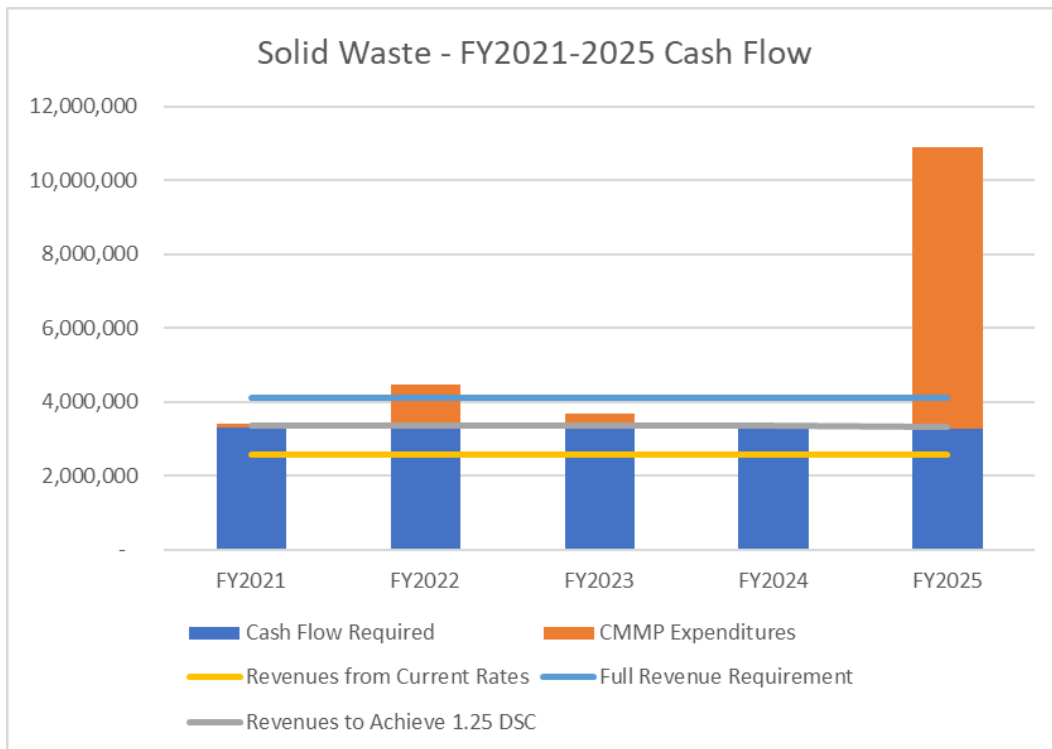
Revenues from Current Rates	\$ 2,562,531	\$ 2,562,531	\$ 2,562,531	\$ 2,562,531	\$ 2,562,531
Debt Service Coverage (DSC) Ratio	-1.36	-1.38	-1.39	-1.41	-1.43
Rate Increase (%) Required	0%	0%	0%	0%	0%

Scenario 2: Revenues to Achieve 1.25 DSC

Revenues to Achieve 1.25 DSC	\$ 3,375,100	\$ 3,370,333	\$ 3,365,566	\$ 3,360,799	\$ 3,356,033
Debt Service Coverage (DSC) Ratio	1.25	1.25	1.25	1.25	1.25
Rate Increase (%) to meet DSC	31.7%	31.5%	31.3%	31.2%	31.0%

Scenario 3: Full Revenue Requirement

Full Revenue Requirement	\$ 4,102,820	\$ 4,102,820	\$ 4,102,820	\$ 4,102,820	\$ 4,102,820
DSC at Full Revenue Requirement	3.59	3.63	3.68	3.72	3.77
Rate Increase (%) to meet Full Revenue Req	60.1%	60.1%	60.1%	60.1%	60.1%



Customer Impact

When considering the impact of changes to a utility’s revenue requirement, it is helpful to understand the potential impact to an average customer. The table below provides a broad estimate of the change in a sampling of fees. There are some important caveats to this estimate:

- It only applies an across-the-board increase to rates. It does not consider whether certain services should bear a higher portion of a rate increase or how rates should be structured. Those issues will be addressed in the cost of service study.

Solid Waste Fees

	Current Rate	Meet 1.25 DSC	Full Revenue Requirement
Landfill Maintenance Fee	\$ 27.97	\$ 36.84	\$ 44.78
General Refuse (\$/ton)	\$ 251.20	\$ 330.85	\$ 402.19
Batteries (\$/ton)	\$ 590.45	\$ 777.68	\$ 945.36
Scrap Metal (\$/ton)	\$ 1,073.54	\$ 1,413.96	\$ 1,718.82
Fish Waste (\$/ton)	\$ 536.77	\$ 706.98	\$ 859.41
Mud Gear (\$/ton)	\$ 365.00	\$ 480.74	\$ 584.39
Commercial Vehicles (\$/ton)	\$ 918.96	\$ 1,210.36	\$ 1,471.33
Trawl Nets (per cubic yard)	\$ 1,073.54	\$ 1,413.96	\$ 1,718.82
Nets Compact Fee (\$/ton)	\$ 300.00	\$ 395.13	\$ 480.32
Appliance with Refrigerant (\$ each)	\$ 107.35	\$ 141.39	\$ 171.88

City of Unalaska

Electric, Water, Wastewater & Solid Waste Revenue Requirement Overview

February 23, 2021

James Keen, CDP & Amber Miller, CPA - Aldrich Advisors + CPAs

Our Scope of Work

- Rate Review for Electric, Water & Wastewater Utilities
- Phase 1: Determine the appropriate Revenue Requirement for each utility.
 - FY2021 Budget was used as the basis for the study
 - Results are provided in today's meeting (February 23rd)
- Phase 2: Develop cost-based rates for each utility and perform rate design
 - Electric & Water: Tentatively scheduled for March 9th
 - Wastewater & Solid Waste: Tentatively scheduled for April 13th

Why do we Review Revenue Requirements & Rates?

- General reviews performed periodically since 2012. The last review was in 2016 and has been included for comparative purposes.
- Changes in costs can change the revenue requirement.
- Changes in consumption can change the sufficiency of rates.
- Changes in financing can change cash flow requirements.
- Changes in policies or the City's financial position can alter the way utility costs need to be covered.

Revenue Requirement Concepts

- There are two different ways to look at this:
 1. Income Basis (a bottom-up approach)
 - Used in traditional ratemaking
 - Includes all operating expenses and:
 - Interest on debt
 - Depreciation (a non-cash expense)
 2. Cash Basis (a top-down approach)
 - Includes all operating expenses and:
 - Interest on debt
 - Principal payments (no depreciation)
 - Debt Service Coverage (DSC) may be used to define cash requirement

Depreciation is useful to:

- Recover your capital costs over the life of the asset (cost-causer, cost-payer)
- Fund principal payments
- Pay for future additions

Debt Service Coverage:

$$DSC = \frac{Net\ Income}{Debt\ Service}$$

NOTE: Net Income does not include principal & interest (debt service), or depreciation expense

Overview of Results

	Electric	Water	Wastewater	Solid Waste
Budgeted Customer Revenues:	\$ 7,248,373	\$ 2,616,686	\$ 2,468,212	\$ 2,562,531
Full Revenue Requirement:	<u>9,762,823</u>	<u>3,530,573</u>	<u>4,319,505</u>	<u>4,102,820</u>
Surplus/(Deficit):	\$ (2,514,450)	\$ (913,887)	\$ (1,851,293)	\$ (1,540,289)
Revenue Increase/(Decrease) Required:	34.7%	34.9%	75.0%	60.1%

Electric

Overview

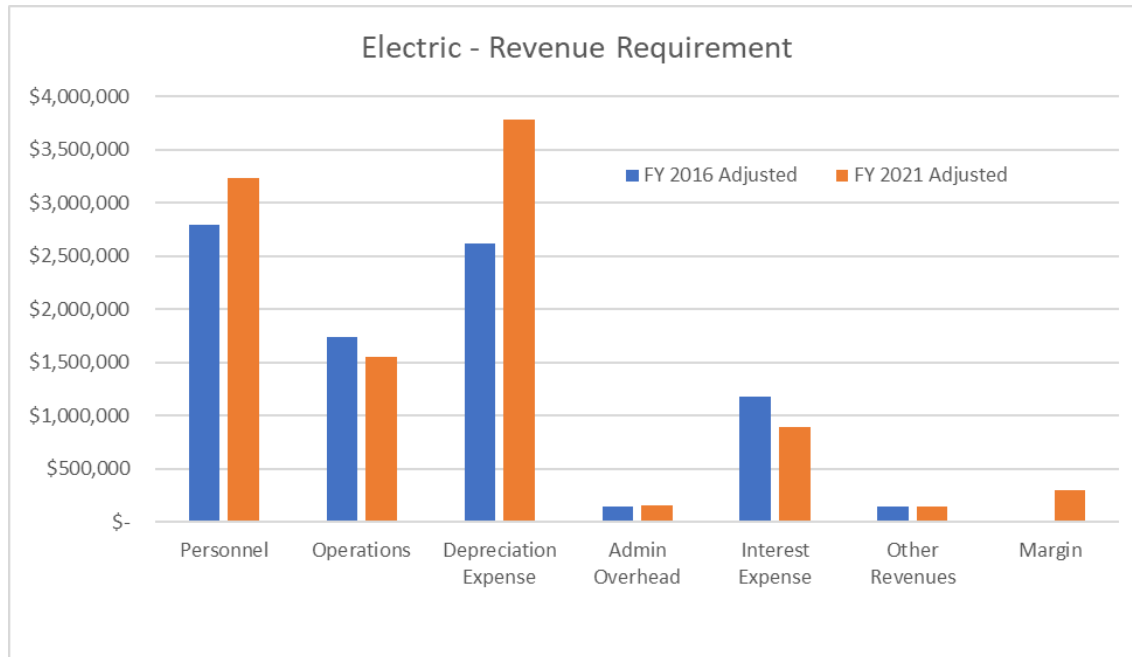
Key Facts:

- Includes \$300,000 of margin
- FY2021 Budget includes a transfer-in of \$3.7 million from the General Fund

	Electric
Budgeted Customer Revenues:	\$ 7,248,373
Full Revenue Requirement:	<u>9,762,823</u>
Surplus/(Deficit):	\$ (2,514,450)
Revenue Increase/(Decrease) Required:	34.7%

City of Unalaska Utility Revenue Requirement

Electric Utility: How Have Costs Changed since 2016?

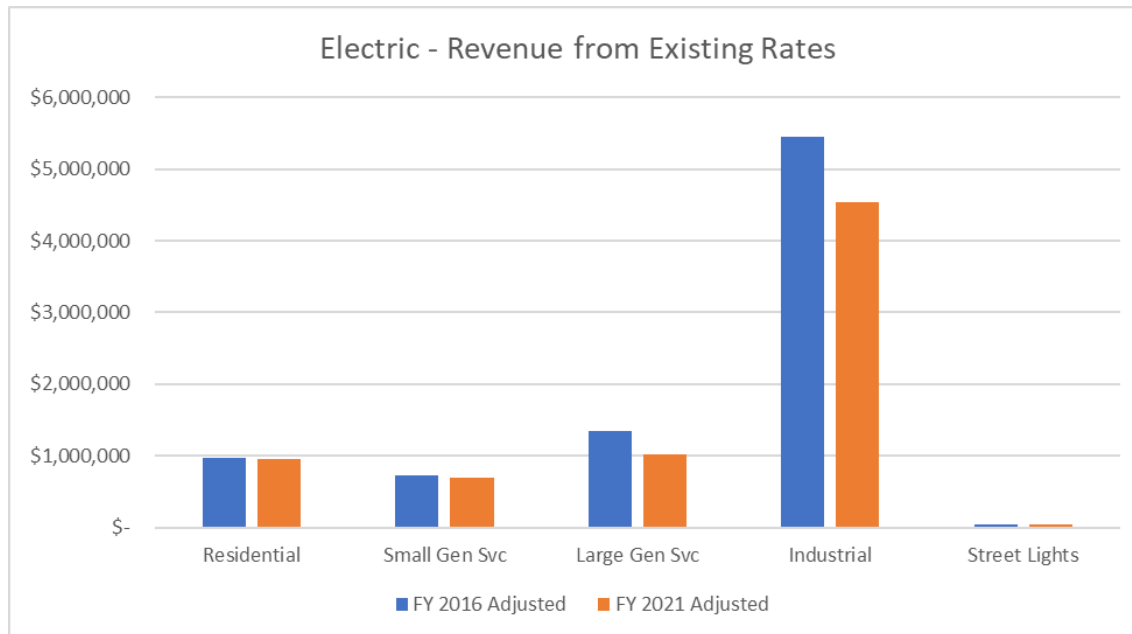


Revenue Requirement

	FY 2016 Adjusted	FY 2021 Adjusted	% Change
Personnel	\$ 2,791,127	\$ 3,233,287	15.8%
Operations	1,734,443	1,551,234	-10.6%
Depreciation Expense	2,622,104	3,779,145	44.1%
Admin Overhead	143,923	157,116	9.2%
Interest Expense	1,179,243	886,525	-24.8%
Other Revenues	143,113	144,484	1.0%
Margin	-	300,000	N/A
Total Revenue Requirement	\$ 8,327,727	\$ 9,762,823	17.2%

City of Unalaska Utility Revenue Requirement

Electric Utility: How Has Customer Behavior Changed since 2016?



Revenues

	FY 2016 Adjusted	FY 2021 Adjusted	% Change
Residential	\$ 970,415	\$ 955,606	-1.5%
Small Gen Svc	719,350	696,808	-3.1%
Large Gen Svc	1,350,142	1,015,800	-24.8%
Industrial	5,446,676	4,540,507	-16.6%
Street Lights	33,545	39,652	18.2%
Total Revenue	\$ 8,520,128	\$ 7,248,373	-14.9%

Cash Flow Analysis: Electric

	FY2021	FY2022	FY2023	FY2024	FY2025
Revenue Requirement (No Depr, Intrst, Margins)	\$ 4,797,153	\$ 4,797,153	\$ 4,797,153	\$ 4,797,153	\$ 4,797,153
Principal	1,430,000	1,450,000	1,485,000	1,520,000	1,430,000
Interest	<u>886,525</u>	<u>866,719</u>	<u>830,369</u>	<u>791,513</u>	<u>735,700</u>
Cash Flow Required	\$ 7,113,678	\$ 7,113,872	\$ 7,112,522	\$ 7,108,666	\$ 6,962,853
CMMP Expenditures (Projected)	2,117,338	4,529,938	1,490,662	3,310,000	500,000

Scenario 1: Revenues from Current Rates

Revenues from Current Rates	\$ 7,248,373	\$ 7,248,373	\$ 7,248,373	\$ 7,248,373	\$ 7,248,373
Debt Service Coverage (DSC) Ratio	1.06	1.06	1.06	1.06	1.13
Rate Increase (%) Required	0%	0%	0%	0%	0%

Scenario 2: Revenues to Achieve 1.25 DSC

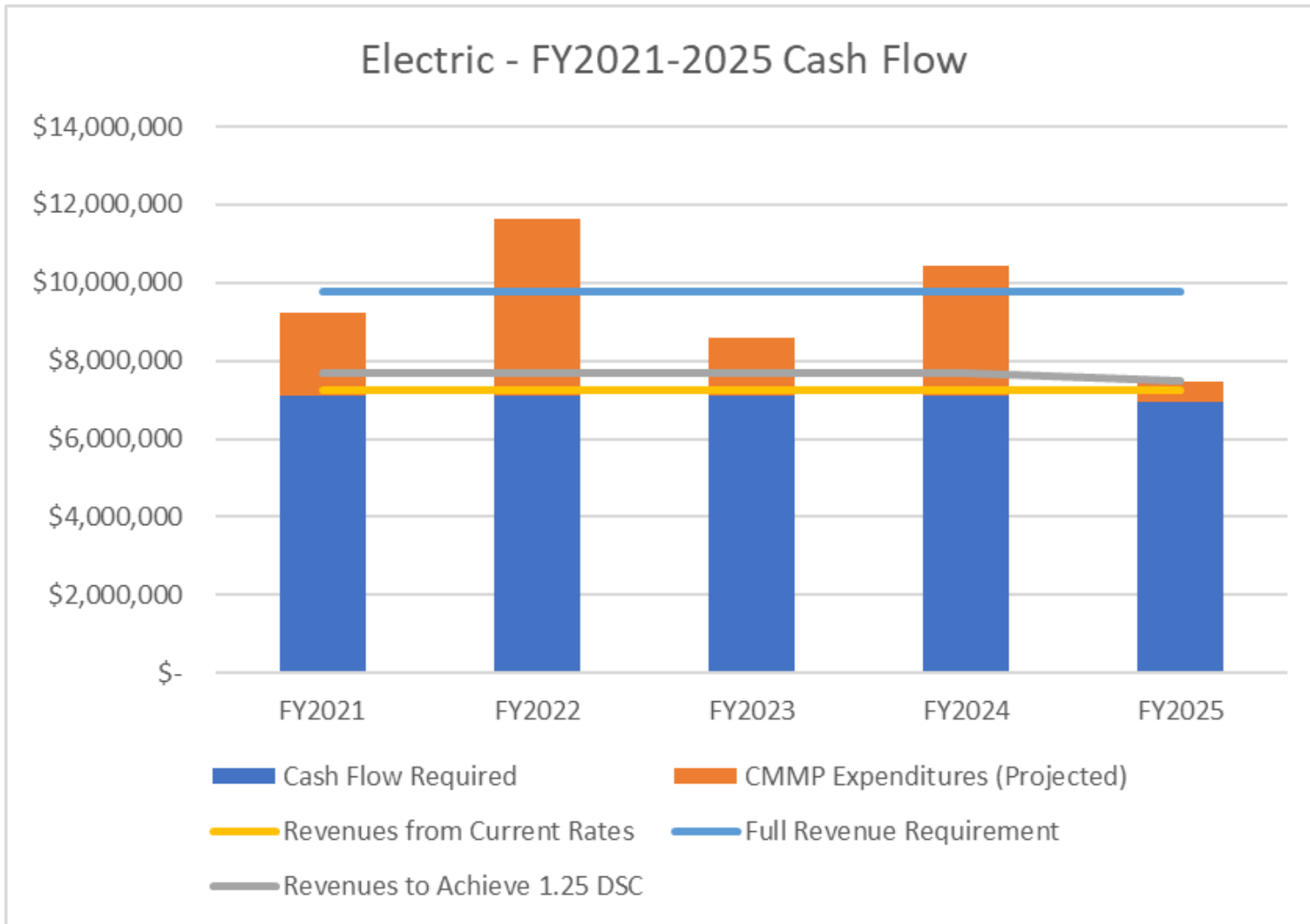
Revenues to Achieve 1.25 DSC	\$ 7,692,809	\$ 7,693,051	\$ 7,691,364	\$ 7,686,544	\$ 7,504,278
Debt Service Coverage (DSC) Ratio	1.25	1.25	1.25	1.25	1.25
Rate Increase (%) to meet DSC	6.1%	6.1%	6.1%	6.0%	3.5%

Scenario 3: Full Revenue Requirement

Full Revenue Requirement	\$ 9,762,823	\$ 9,762,823	\$ 9,762,823	\$ 9,762,823	\$ 9,762,823
DSC at Full Revenue Requirement	2.14	2.14	2.14	2.15	2.29
Rate Increase (%) to meet Full Revenue Req	34.7%	34.7%	34.7%	34.7%	34.7%

City of Unalaska Utility Revenue Requirement

Electric Utility: Cash Flow Analysis



City of Unalaska Utility Revenue Requirement

Electric Utility: Cash Flow Analysis

City of Unalaska Utility Revenue Requirement

Electric Utility: Estimated Residential Customer Impact

NOTE:

- Rate increase applied on an across-the-board basis.
- No fuel costs or Power Cost Equalization subsidy included

	Current Rate	Meet 1.25 DSC	Full Revenue Requirement
Customer Charge	\$ 8.00	\$ 8.49	\$ 10.78
Energy Charge (\$/kWh)	\$ 0.23395	\$ 0.24829	\$ 0.31511
Energy Use (kWh)	500	500	500
Monthly Cost:	\$ 124.98	\$ 132.64	\$ 168.33
Monthly Increase:		\$ 7.66	\$ 43.35

Water

Overview

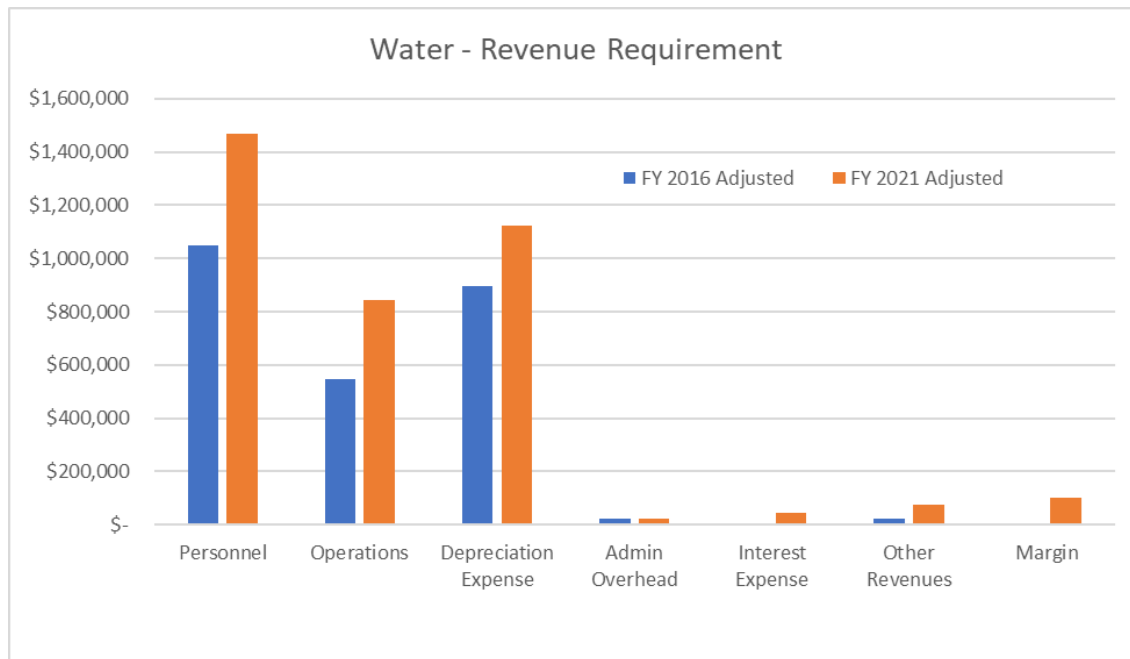
Key Facts:

- Includes \$100,000 of margin
- FY2021 Budget includes a transfer-in of \$995,000 from the General Fund

	Water
Budgeted Customer Revenues:	\$ 2,616,686
Full Revenue Requirement:	<u>3,530,573</u>
Surplus/(Deficit):	\$ (913,887)
Revenue Increase/(Decrease) Required:	34.9%

City of Unalaska Utility Revenue Requirement

Water Utility: How Have Costs Changed since 2016?

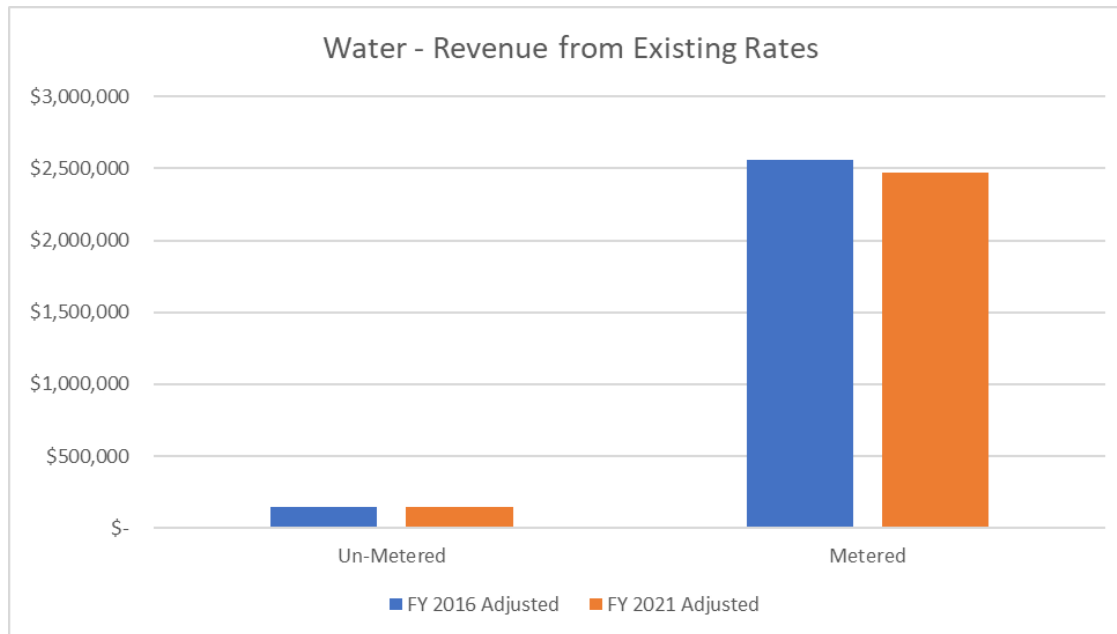


Revenue Requirement

	FY 2016 Adjusted	FY 2021 Adjusted	% Change
Personnel	\$ 1,047,333	\$ 1,466,729	40.0%
Operations	546,679	844,333	54.4%
Depreciation Expense	897,846	1,124,222	25.2%
Admin Overhead	20,517	22,212	8.3%
Interest Expense	-	46,401	N/A
Other Revenues	22,967	73,324	219.3%
Margin	-	100,000	0.0%
Total Revenue Requirement	\$ 2,489,408	\$ 3,530,573	41.8%

City of Unalaska Utility Revenue Requirement

Water Utility: How Has Customer Behavior Changed since 2016?



Revenues	FY 2016 Adjusted	FY 2021 Adjusted	% Change
Un-Metered	\$ 142,680	\$ 147,521	3.4%
Metered	<u>2,556,360</u>	<u>2,469,165</u>	-3.4%
Total Revenue	\$ 2,699,040	\$ 2,616,686	-3.1%

City of Unalaska Utility Revenue Requirement

Water Utility: Cash Flow Analysis

Cash Flow Analysis: Water

	FY2021	FY2022	FY2023	FY2024	FY2025
Revenue Requirement (no Depr & Interest)	\$ 2,259,950	\$ 2,259,950	\$ 2,259,950	\$ 2,259,950	\$ 2,259,950
Principal	181,963	181,963	181,963	181,963	181,963
Interest	43,671	40,942	38,212	35,483	32,753
Cash Flow Required	2,485,584	2,482,855	2,480,125	2,477,396	2,474,666
CMMP Expenditures	145,000	1,934,500	1,843,750	7,906,193	-

Scenario 1: Revenues from Current Rates

Revenues from Current Rates	\$ 2,616,686	\$ 2,616,686	\$ 2,616,686	\$ 2,616,686	\$ 2,616,686
Debt Service Coverage (DSC) Ratio	1.58	1.60	1.62	1.64	1.66
Rate Increase (%) Required	0%	0%	0%	0%	0%

Scenario 2: Revenues to Achieve 1.25 DSC

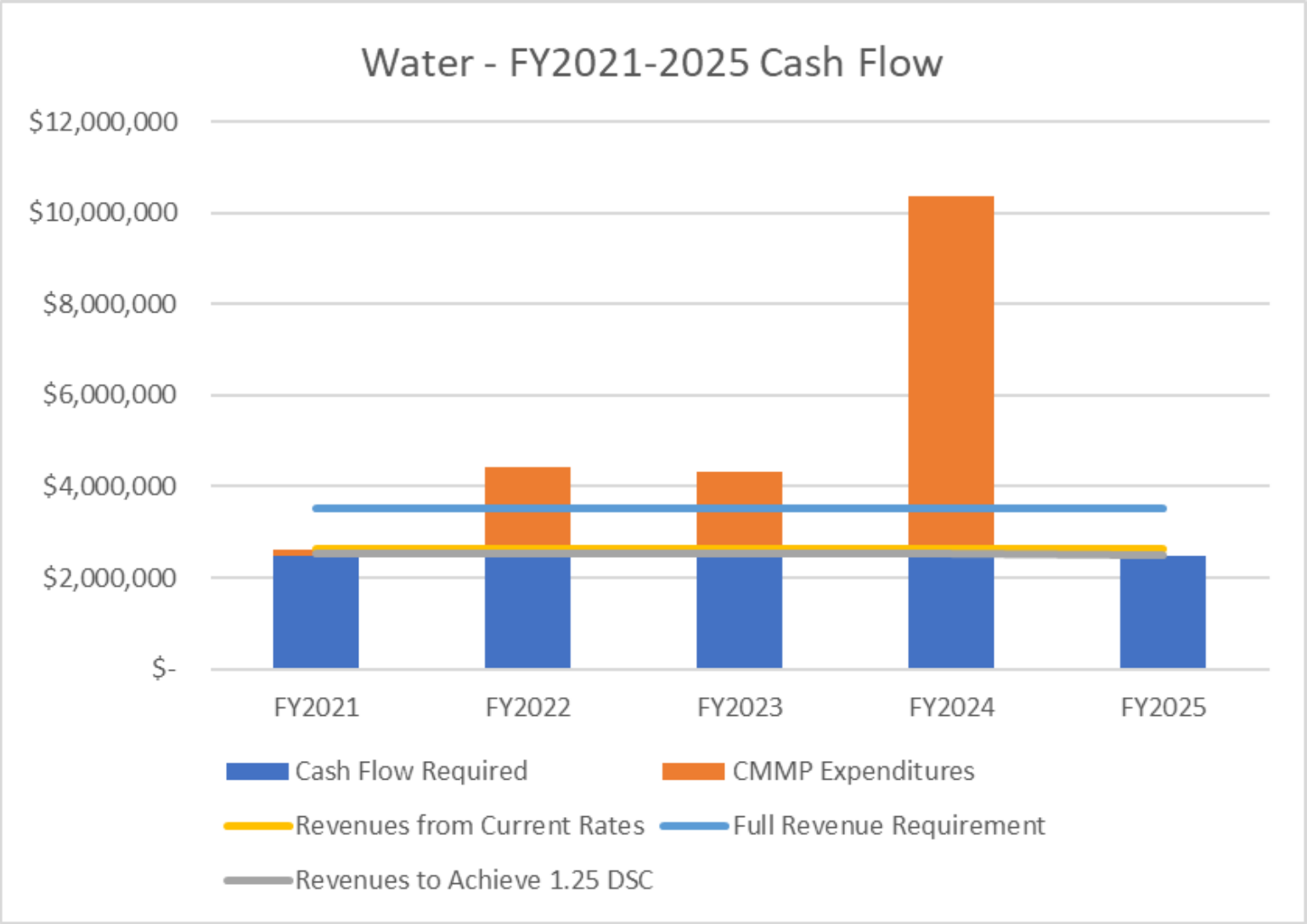
Revenues to Achieve 1.25 DSC	\$ 2,541,992	\$ 2,538,581	\$ 2,535,169	\$ 2,531,757	\$ 2,528,345
Debt Service Coverage (DSC) Ratio	1.25	1.25	1.25	1.25	1.25
Rate Increase (%) to meet DSC	-2.9%	-3.0%	-3.1%	-3.2%	-3.4%

Scenario 3: Full Revenue Requirement

Full Revenue Requirement	\$ 3,530,573	\$ 3,530,573	\$ 3,530,573	\$ 3,530,573	\$ 3,530,573
DSC at Full Revenue Requirement	5.63	5.70	5.77	5.84	5.92
Rate Increase (%) to meet Full Revenue Req	34.9%	34.9%	34.9%	34.9%	34.9%

City of Unalaska Utility Revenue Requirement

Water Utility: Cash Flow Analysis



City of Unalaska Utility Revenue Requirement

Water Utility: Estimated Residential Customer Impact

NOTE:

- Rate increase applied on an across-the-board basis.

Average Residential Water Bill

	Current Rate	Meet 1.25 DSC	Full Revenue Requirement
Unmetered (Single Family)	\$ 35.59	\$ 34.57	\$ 48.02
Monthly Change:		\$ (1.02)	\$ 12.43

Wastewater

Overview

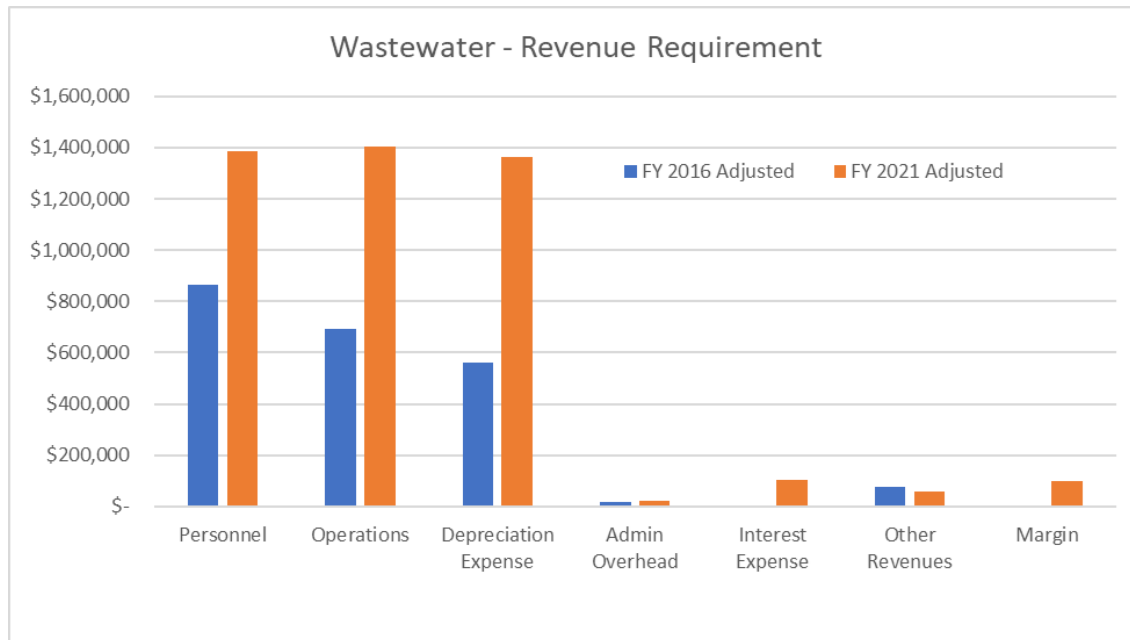
Key Facts:

- Includes \$100,000 of margin
- FY2021 Budget includes a transfer-in of \$1.1 million from the General Fund and \$1.0 million from the Special Revenue Fund

	Wastewater
Budgeted Customer Revenues:	\$ 2,468,212
Full Revenue Requirement:	<u>4,319,505</u>
Surplus/(Deficit):	\$ (1,851,293)
Revenue Increase/(Decrease) Required:	75.0%

City of Unalaska Utility Revenue Requirement

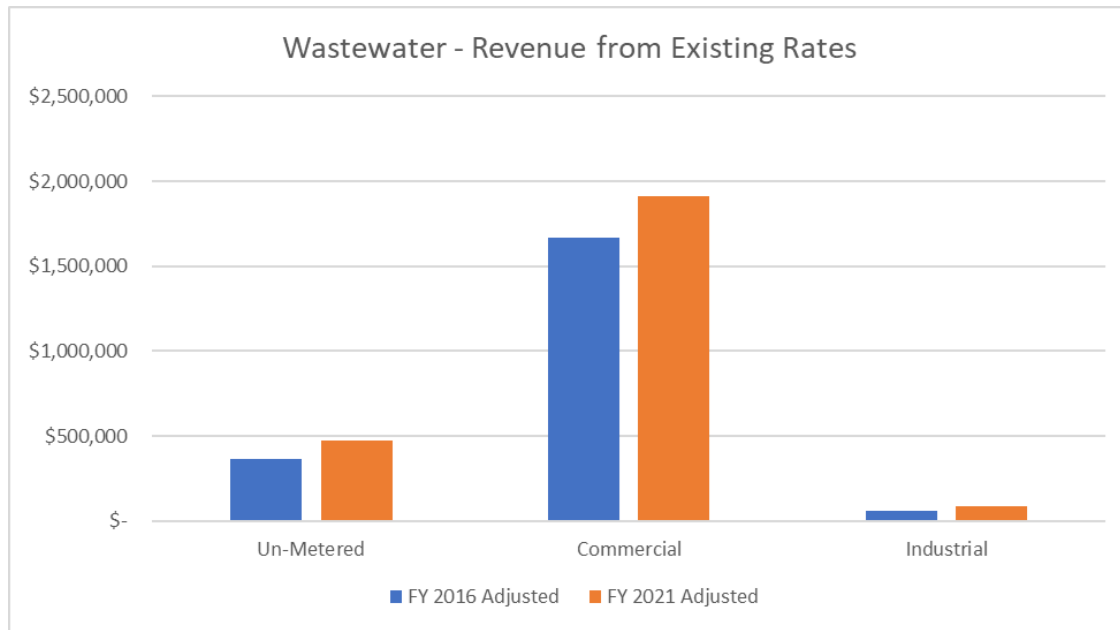
Wastewater Utility: How Have Costs Changed since 2016?



Revenue Requirement	FY 2016 Adjusted	FY 2021 Adjusted	% Change
Personnel	\$ 866,504	\$ 1,387,948	60.2%
Operations	694,690	1,403,685	102.1%
Depreciation Expense	559,527	1,361,872	143.4%
Admin Overhead	16,379	21,852	33.4%
Interest Expense	2,676	102,799	N/A
Other Revenues	78,374	58,651	-25.2%
Margin	-	100,000	0.0%
Total Revenue Requirement	\$ 2,061,402	\$ 4,319,505	109.5%

City of Unalaska Utility Revenue Requirement

Wastewater Utility: How Has Customer Behavior Changed since 2016?



Revenues

	FY 2016 Adjusted	FY 2021 Adjusted	% Change
Un-Metered	\$ 363,596	\$ 470,187	29.3%
Commercial	1,670,636	1,909,490	14.3%
Industrial	60,003	88,536	47.6%
Total Revenue	\$ 2,094,235	\$ 2,468,212	17.9%

Cash Flow Analysis: Wastewater

	FY2021	FY2022	FY2023	FY2024	FY2025
Revenue Requirement (no Depr & Interest)	\$ 2,754,834	\$ 2,754,834	\$ 2,754,834	\$ 2,754,834	\$ 2,754,834
Principal	428,330	428,330	428,330	428,330	428,330
Interest	<u>96,374</u>	<u>89,949</u>	<u>83,524</u>	<u>77,099</u>	<u>70,674</u>
Cash Flow Required	3,279,538	3,273,113	3,266,688	3,260,263	3,253,838
CMMP Expenditures	430,000	-	-	-	-

Scenario 1: Revenues from Current Rates

Revenues from Current Rates	\$ 2,468,212	\$ 2,468,212	\$ 2,468,212	\$ 2,468,212	\$ 2,468,212
Debt Service Coverage (DSC) Ratio	-0.55	-0.55	-0.56	-0.57	-0.57
Rate Increase (%) Required	0%	0%	0%	0%	0%

Scenario 2: Revenues to Achieve 1.25 DSC

Revenues to Achieve 1.25 DSC	\$ 3,410,714	\$ 3,402,683	\$ 3,394,652	\$ 3,386,621	\$ 3,378,590
Debt Service Coverage (DSC) Ratio	1.25	1.25	1.25	1.25	1.25
Rate Increase (%) to meet DSC	38.2%	37.9%	37.5%	37.2%	36.9%

Scenario 3: Full Revenue Requirement

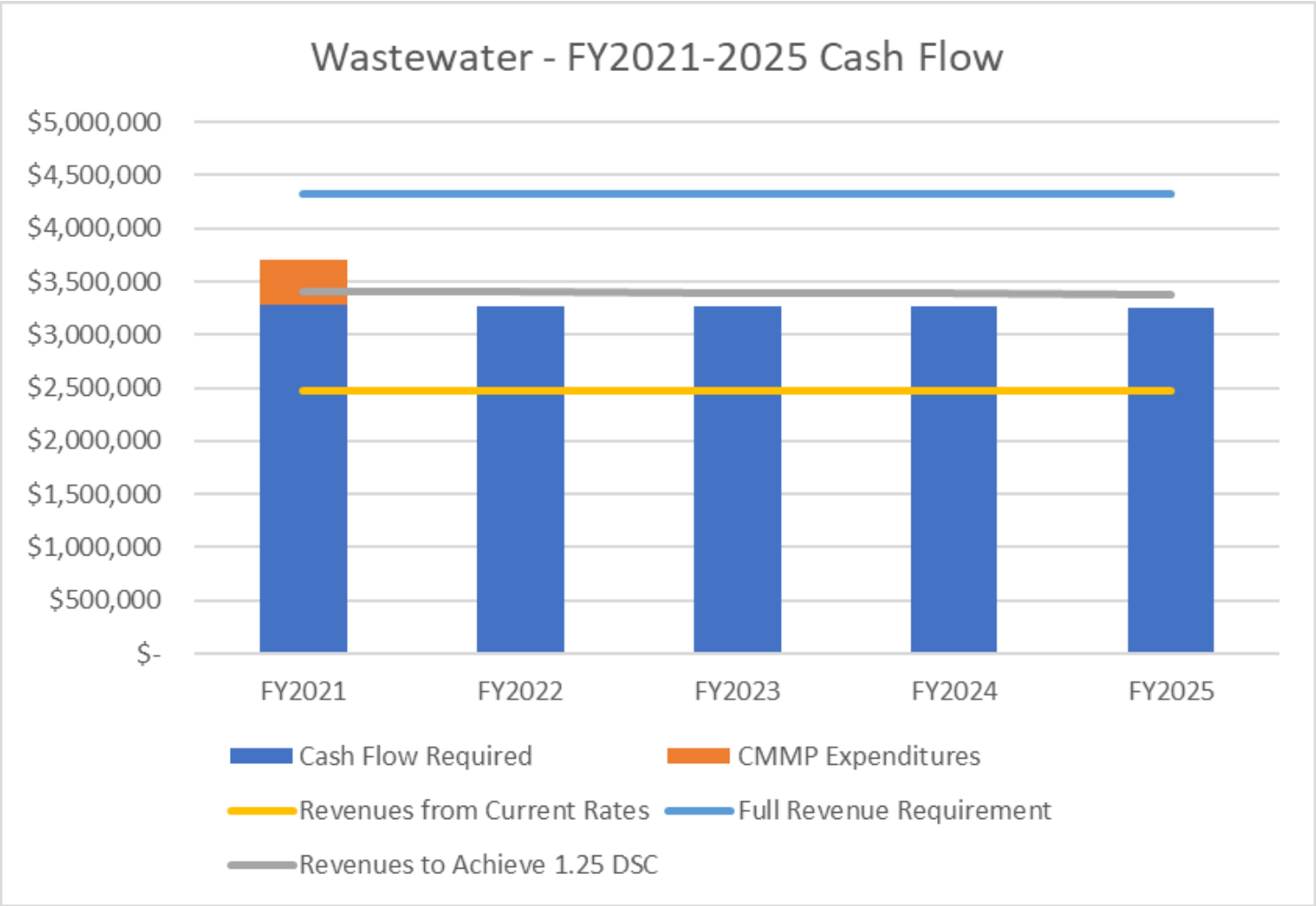
Full Revenue Requirement	\$ 4,319,505	\$ 4,319,505	\$ 4,319,505	\$ 4,319,505	\$ 4,319,505
DSC at Full Revenue Requirement	2.98	3.02	3.06	3.10	3.14
Rate Increase (%) to meet Full Revenue Req	75.0%	75.0%	75.0%	75.0%	75.0%

City of Unalaska Utility Revenue Requirement

Wastewater Utility: Cash Flow Analysis

City of Unalaska Utility Revenue Requirement

Wastewater Utility: Cash Flow Analysis



City of Unalaska Utility Revenue Requirement

Wastewater Utility: Estimated Residential Customer Impact

NOTE:

- Rate increase applied on an across-the-board basis.

Average Residential Wastewater Bill

	Current Rate	Meet 1.25 DSC	Full Revenue Requirement
Single Family Residential	\$ 114.04	\$ 157.59	\$ 199.58
Monthly Change:		\$ 43.55	\$ 85.54

Solid Waste

Overview

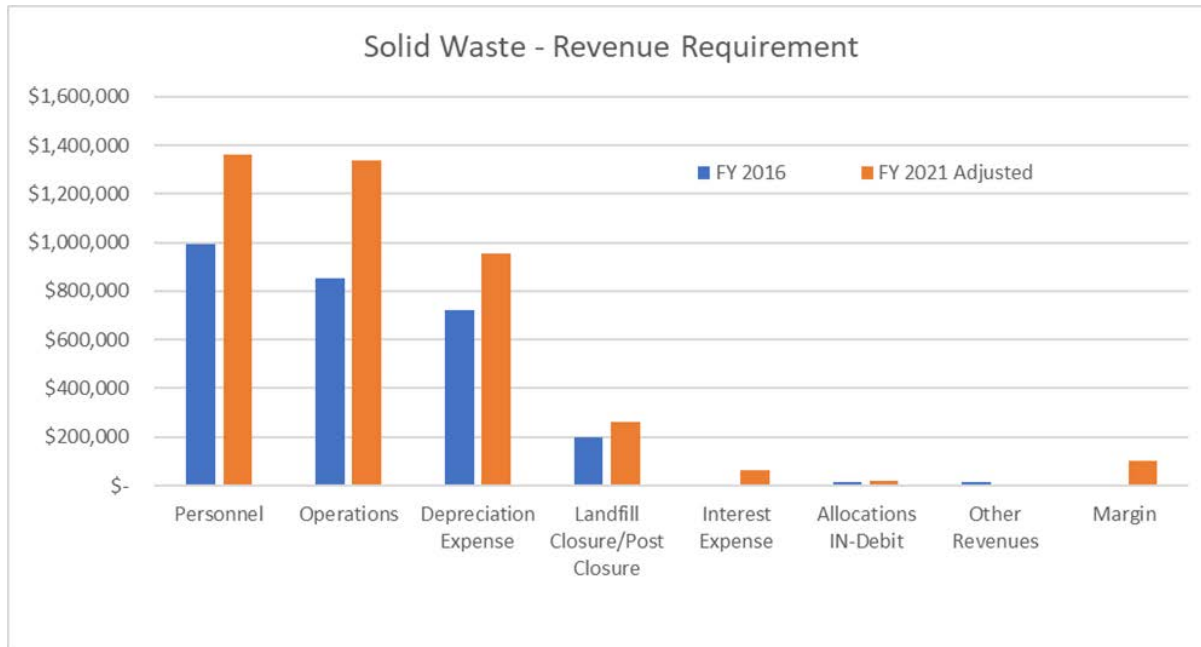
Key Facts:

- Includes \$100,000 of margin
- FY2021 Budget includes a transfer-in of \$1.5 million from the General Fund

	Solid Waste
Budgeted Customer Revenues:	\$ 2,562,531
Full Revenue Requirement:	<u>4,102,820</u>
Surplus/(Deficit):	\$ (1,540,289)
Revenue Increase/(Decrease) Required:	60.1%

City of Unalaska Utility Revenue Requirement

Solid Waste Utility: How Have Costs Changed since 2016?

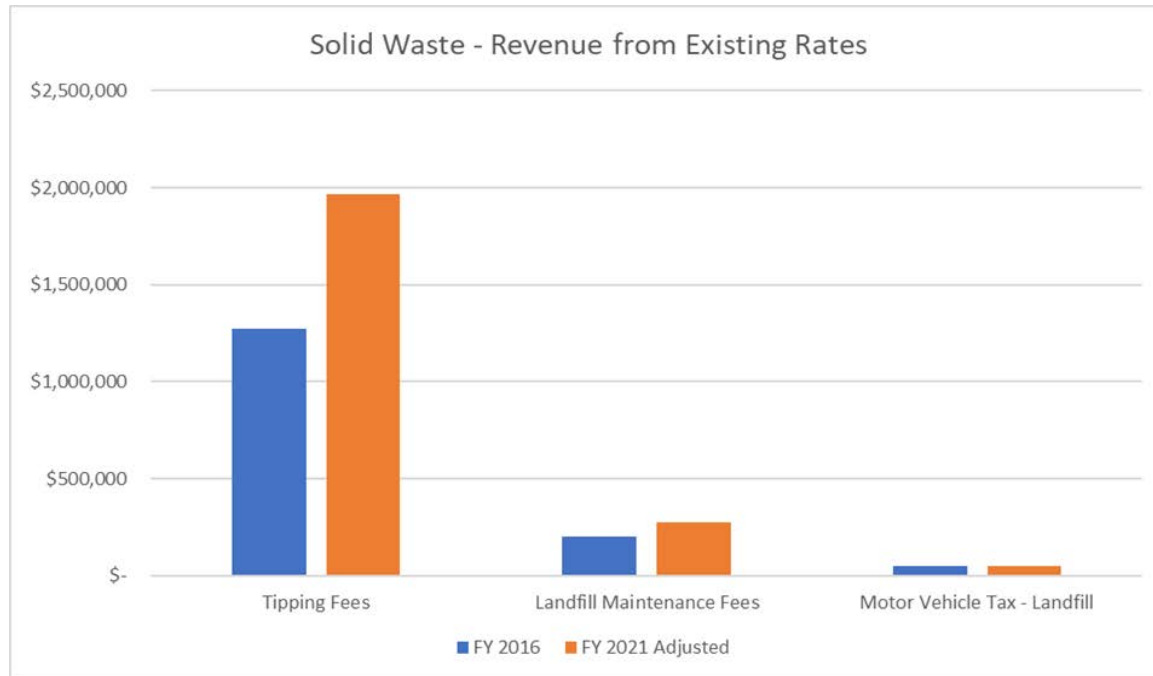


Revenue Requirement

	FY 2016	FY 2021 Adjusted	% Change
Personnel	\$ 993,098	\$ 1,363,237	37.3%
Operations	850,540	1,339,115	57.4%
Depreciation Expense	720,907	955,996	32.6%
Landfill Closure/Post Closure	198,072	262,000	32.3%
Interest Expense	-	61,016	N/A
Allocations IN-Debit	13,822	21,456	55.2%
Other Revenues	16,692	-	N/A
Margin	-	100,000	N/A
Total Revenue Requirement	\$ 2,759,747	\$ 4,102,820	48.7%

City of Unalaska Utility Revenue Requirement

Solid Waste Utility: How Has Customer Behavior Changed since 2016?



Revenues

	FY 2016	FY 2021 Adjusted	% Change
Tipping Fees	\$ 1,270,620	\$ 1,966,240	54.7%
Landfill Maintenance Fees	202,104	273,770	35.5%
Motor Vehicle Tax - Landfill	50,000	50,000	0.0%
Other Fees and Transfers	291,257	272,521	-6.4%
Total Revenue	\$ 1,813,981	\$ 2,562,531	41.3%

Cash Flow Analysis: Solid Waste

	FY2021	FY2022	FY2023	FY2024	FY2025
Revenue Requirement (no Depr & Interest)	\$ 2,985,808	\$ 2,985,808	\$ 2,985,808	\$ 2,985,808	\$ 2,985,808
Principal	254,232	254,232	254,232	254,232	254,232
Interest	57,202	53,389	49,575	45,762	41,948
Cash Flow Required	3,297,242	3,293,428	3,289,615	3,285,801	3,281,988
CMMP Expenditures	100,000	1,171,100	400,000	80,000	7,620,000

Scenario 1: Revenues from Current Rates

Revenues from Current Rates	\$ 2,562,531	\$ 2,562,531	\$ 2,562,531	\$ 2,562,531	\$ 2,562,531
Debt Service Coverage (DSC) Ratio	-1.36	-1.38	-1.39	-1.41	-1.43
Rate Increase (%) Required	0%	0%	0%	0%	0%

Scenario 2: Revenues to Achieve 1.25 DSC

Revenues to Achieve 1.25 DSC	\$ 3,375,100	\$ 3,370,333	\$ 3,365,566	\$ 3,360,799	\$ 3,356,033
Debt Service Coverage (DSC) Ratio	1.25	1.25	1.25	1.25	1.25
Rate Increase (%) to meet DSC	31.7%	31.5%	31.3%	31.2%	31.0%

Scenario 3: Full Revenue Requirement

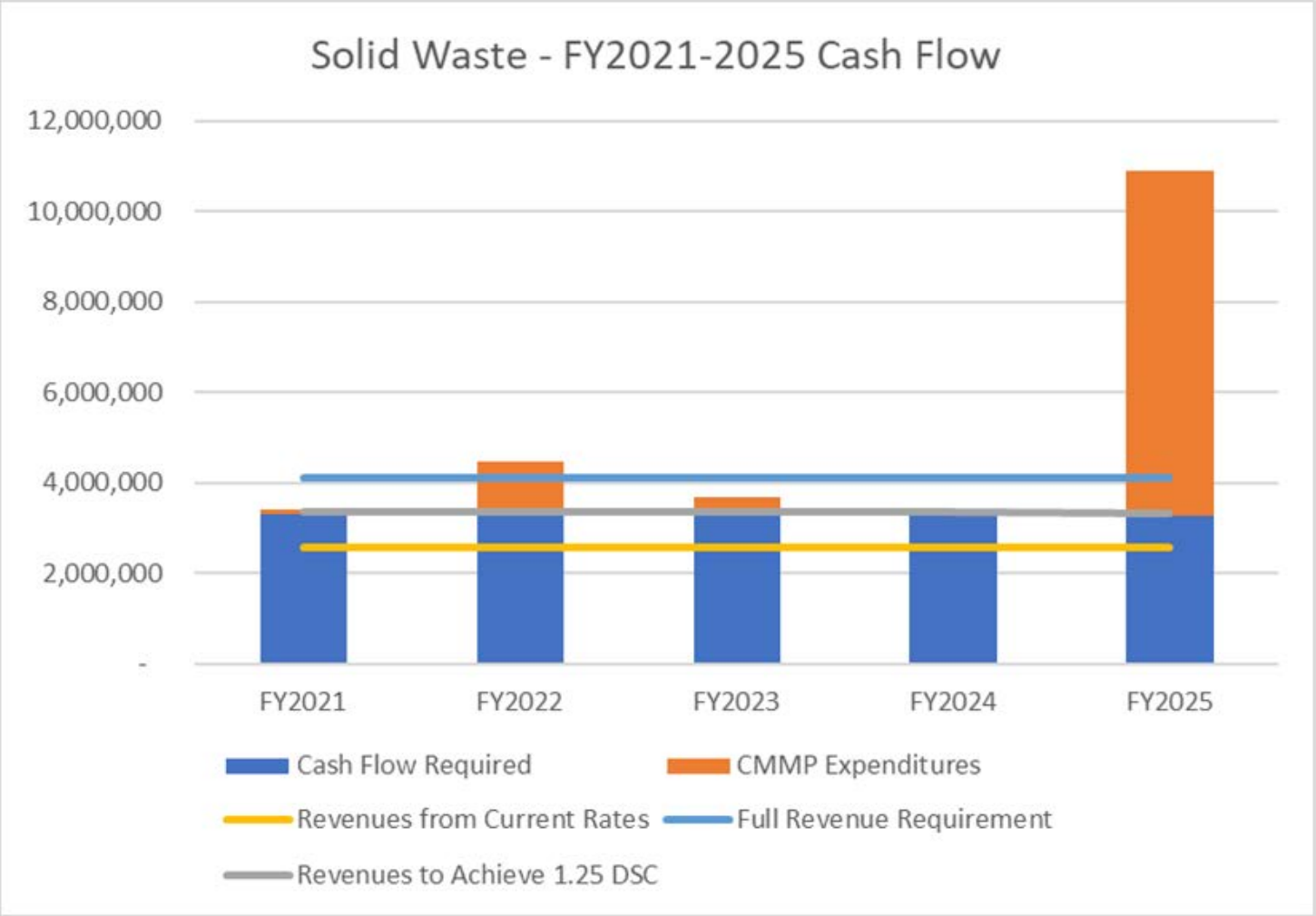
Full Revenue Requirement	\$ 4,102,820	\$ 4,102,820	\$ 4,102,820	\$ 4,102,820	\$ 4,102,820
DSC at Full Revenue Requirement	3.59	3.63	3.68	3.72	3.77
Rate Increase (%) to meet Full Revenue Req	60.1%	60.1%	60.1%	60.1%	60.1%

City of Unalaska Utility Revenue Requirement

Solid Waste Utility: Cash Flow Analysis

City of Unalaska Utility Revenue Requirement

Solid Waste Utility: Cash Flow Analysis



City of Unalaska Utility Revenue Requirement

Solid Waste Utility: Estimated Customer Impact

NOTE:

- Rate increase applied on an across-the-board basis.

Solid Waste Fees

	Current Rate	Meet 1.25 DSC	Full Revenue Requirement
Landfill Maintenance Fee	\$ 27.97	\$ 36.84	\$ 44.78
General Refuse (\$/ton)	\$ 251.20	\$ 330.85	\$ 402.19
Batteries (\$/ton)	\$ 590.45	\$ 777.68	\$ 945.36
Scrap Metal (\$/ton)	\$ 1,073.54	\$ 1,413.96	\$ 1,718.82
Fish Waste (\$/ton)	\$ 536.77	\$ 706.98	\$ 859.41
Mud Gear (\$/ton)	\$ 365.00	\$ 480.74	\$ 584.39
Commercial Vehicles (\$/ton)	\$ 918.96	\$ 1,210.36	\$ 1,471.33
Trawl Nets (per cubic yard)	\$ 1,073.54	\$ 1,413.96	\$ 1,718.82
Nets Compact Fee (\$/ton)	\$ 300.00	\$ 395.13	\$ 480.32
Appliance with Refrigerant (\$ each)	\$ 107.35	\$ 141.39	\$ 171.88