

Proposal for Water and Sewer Rate Analyses Dona Ana Mutual Domestic Water Consumers Association Las Cruces, New Mexico

Purpose and Need

This proposal describes the need, responsibilities, timing, investment and other issues for rate analyses (later referred to as “analyses”) of the water and sewer utilities for the Dona Ana Mutual Domestic Water Consumers Association, Las Cruces, New Mexico (later referred to as “you”). These analyses will be performed by GettingGreatRates.com (later referred to as (me” or “I”). To adequately fund current operation of your utilities, build and maintain reserves, fund capital improvements and related debt service, and establish rates that are fair to all ratepayers, you need to analyze your rates and fees, set them appropriately and periodically reset them. The services proposed are intended to support you as you satisfy those needs.

Expected Results

With the completion of the analyses:

1. You will discover at what level your utilities need to be funded to accomplish needed utility development, refurbishment, repair, maintenance and operation, very importantly including coverage of debt payments that will soon begin.
2. You will have the “proof” you need to convince board members, ratepayers and property owners why rates and fees should be set as modeled.
3. You will set new user charge rates and fees that will fund the utilities at the proper level while charging ratepayers fairly structured rates.
4. You will have the “proof” you need to show funding agencies and the lending market why your utilities deserve the grants, loans and loan terms you desire and that your income will comfortably allow you to make debt payments to them.
5. You will successfully comply with your permit to dispense water, NPDES permit and other requirements from the regulatory and funding agencies.

Firm Revenues, Qualifications and References

Firm revenues, qualifications and references are detailed in the document called “Qualifications and References,” attached and available at <http://gettinggreatrates.com/ggr/freebies/ReferenceList.pdf>. The list includes all rate analysis clients since 2009.

GettingGreatRates.com has one office in Jefferson City, Missouri but we operate nationwide. Our work focuses almost exclusively on rate analysis and rate setting. Carl Brown, President will conduct these analyses in their entirety. He has been doing rate analysis work since 1993. For most of that time he has also been teaching practitioners all over the U.S. on rate analysis and rate setting, writing the rate setting book called, "How to Get Great Rates" (I mailed a copy to Jennifer Horton today) and designing rate analysis software.

GettingGreatRates.com serves as the rate analyst for the New Mexico RATES Program <http://gettinggreatrates.com/ggr/consulting/NMRATES.pdf>. New Mexico Rural Water Association (NMRWA) members qualify for a 25 percent discount on all fees.

You may expect your analysis results package to look much like the rate analysis report packages attached and others that can be found at the bottom of this Webpage <http://gettinggreatrates.com/ggr/freebies/freebies.shtml>.

Form of Agreement

This proposal and your acceptance (probably by e-mail message) of one or more service packages is all the agreement I need.

Guarantee

In the unlikely event you feel I am not fulfilling the commitments in this proposal, simply tell me what you feel the problem is. I will do my best to make it right by you. If I still am not able to satisfy you, notify me by mail or e-mail. I will cease the services in question at that point, you will owe me nothing for those services and I will refund any payments you may have already made for those services. This has been my guarantee policy from the day the company was formed. No client has invoked this guarantee to date and I don't plan to have you be the first.

Scope of Services That You May Select or Decline, at Your Option

The following service packages are intended to satisfy your rate analysis and rate setting needs.

- Service package 1 is analysis of your water utility's usage and other fee adjustment needs¹.
- Service package 2 is the same as service package 1 except it is for the sewer utility.
- Service package 3 is for on-site visits². Each visit will be one instance of this service package.

You may add or drop service packages at any time.

¹ This analysis will include output from modeling of your current financial situation and several proposed rate scenarios that depict rate structures and other variables you may want to consider. All potentially productive scenarios that you or I conceive will be modeled and reported to you.

² I generally recommend one on-site visit to present the completed analyses and recommendations and to answer questions at a public board meeting, especially when I analyze more than one utility.

Approach and Timeline

For most of my clients, rate analysis and eventual rate adjustments take about six months from start to finish. Most of that time is consumed by clients taking a long time to gather data. My record completion time was two and one-half weeks for the Town of La Cygne, Kansas. If you promptly send me the required data and information and you quickly make some interim decisions about likely preferred rate structures and such, we can meet your goal of having new rates ready by October 1, 2015. However, I must stress again that you will need to produce data quickly. To accomplish that I suggest you begin now gathering the data and information called for in the attached "Data Needs Sheet."

Rate analysis is an iterative, non-linear process, not describable in a step by step way. However, for most of my clients it can be broken down into several groupings of work that tend to proceed as follows:

1. I will call your contact person, probably the day I am notified that I will be doing the analyses, to discuss data needs and get the contact started on initial data retrieval.
2. Your staff will assemble and send to me data and information, most of which is described in the "Data Needs Sheet," attached. I will guide your staff through the entire process. Where data is missing I will create estimates or help you to create estimates. Initial data retrieval will be accomplished early on, preferably within a couple of weeks, but some data will be acquired throughout the project.
3. I will analyze this information and build your rate analysis models, coordinating with your contact person. Jointly, we will arrive at a set of financial goals for your utilities. Key model building will be complete about two months into the project, if you move quickly. Some modeling will continue through nearly the end of the project. Once models have been built, "what-if" scenarios will be run to find the optimum mix of rate and fee levels and structures, funding options, reserve levels, etc. to suit the needs of each of your utilities.
4. During the last half of the project I will examine as many scenarios of your possible future as it makes sense. I will share with you all that are potentially useful.
5. You will likely choose to consider adopting rates and funding levels from perhaps the two most promising scenarios for each utility. Final output will include a cover letter, a report of my analyses and recommendations (which is largely a step by step action plan) and copies of the analysis scenarios that interest you.
6. If you choose service package 3, I will present my final analysis results and recommendations to your board in person. While there I would also like to meet with staff to discuss how to effectuate needed changes to billing, equipment replacement scheduling, etc. If you opt for no on-site visit, I will prepare your staff to present my recommended rates and fees to the board at no additional cost.

7. As you draft proposed amendments to your ordinances and budgets to effectuate the rate, fee and other changes, at your request I will review those changes to assure that they accomplish what you intend to accomplish.
8. The board will consider and pass ordinance amendments to effectuate new rates, fees, budget revisions and other changes. From this point forward your utilities will be headed to a better financial future.

Use of Electronic Technology

I do almost all analysis work electronically. I strongly prefer, whenever possible, to receive all data and information electronically, generally transferring it by e-mail attachment. I prefer to receive numerical data in a spreadsheet format and textual material in a word processor format. When I return material to you that you need to manipulate further, such as a revised ordinance, I will return it electronically in a format you can conveniently use. You will receive my analysis reports, the analyses and my recommendations electronically as PDF documents.

Work Coordination

Early on you will probably want to have me communicate primarily with your director, billing clerk and perhaps your managers. This stage is primarily a data gathering and modeling function. When we approach the reporting out stage you may want to have me begin communicating with others in preparation for developing rate, fee and policy decision recommendations and staff actions.

Investment

I have verified that Dona Ana Mutual Domestic Water Consumers Association is a member of NMRWA at this time. That being the case, following are your complete investments for my services, materials and travel costs, based upon the service descriptions above:

- **Service package 1**, full fees for user charge analysis of the water utility total \$8,697, less the New Mexico RATES Program discount of \$2,174 yields a **net fee of \$6,523**
- **Service package 2**, full fees for user charge analysis of the other utility total \$8,697, less the New Mexico RATES Program discount of \$2,174 yields a **net fee of \$6,523**
- **Service package 3**, on-site visits – full fee of \$2,477, less the New Mexico RATES Program discount of \$619 yields a **net fee of \$1,858 per visit**

If you choose service packages 1, 2 and one visit from package 3, the group of services you most likely need, the total investment will be \$14,904, including a total New Mexico RATES Program discount of \$4,968.

Once the project gets started you may add or drop service packages as your needs become clearer.

Proposal Acceptance

This proposal is effective through October 1, 2016 if you choose at least one service package by June 30, 2015. Once you tell me what service packages you desire and you provide data to work with, I will immediately start to produce the analyses.

If my part of the project has not been completed by October 1, 2016, all fees for service packages not yet completed will be subject to escalation by agreement with you. Aside from lagging performance on your part there is no reason this project will not be completed in just a few months. I hold open the possibility of requesting escalated fees for lagging performance for these reasons. If the analysis is drawn out for a full year I will end up having to gather updated data and doing almost completely new analyses, nearly doubling my work. More importantly, it appears almost certain that you will need to increase your revenues, increase at least some rates and restructure all rates. Therefore, a delay will exacerbate some serious rate problems that you have. I want to help you solve problems, not watch them grow, so I might seek to escalate fees as a tool to accomplish that.

Action item: If you accept this proposal call me to tell me what services you desire, or give me the same information in writing by e-mail message.

Payment

I will first invoice you for the total project amount upon your acceptance of this proposal. If you pay this initial invoice within 30 days of the invoice date ("pre-payment") you may deduct an additional five percent from the invoice amount. **For packages 1, 2 and one visit from package 3, that discount would amount to \$745.18.**

If you choose not to pre-pay, I will re-invoice you for one-half of the project dollar amount after 90 days from proposal acceptance and the balance when I submit the final report package. You shall promptly pay the full amounts of those invoices. If you request and pay for services but later cancel those services, I will refund those fees to you. If I cancel any services in this proposal (I have yet to do such a thing), you will owe me no fees for those services and I will refund any fees you have already paid for those services.

In Closing

I am looking forward to the opportunity to conduct your rate analyses so you can get your rates and finances set on a good course.

Best regards,
GettingGreatRates.com



Carl E. Brown
President

What We Need From You to Analyze Your Rates

We can glean 90 percent of the information and data we need from documents for the test year described in the following table. The test year is the one-year period from which we will examine data. That will be your last fiscal year, if it finished fairly recently. If your last fiscal year finished over eight months ago, you should give us data from the first half of the current fiscal year and the last half of last fiscal year.

Documents we need	What we get or can calculate from them
Usage file, electronic (Excel preferred)	Volume of service used by each customer each billing period, or by user classes each billing period, if unit charges are constant and there is no usage allowance (see page 2 for details)
Rates and fees chart*	Rates, fees and surcharges paid by customers and properties
Policies and ordinances	An understanding of how you manage the system, how you charge, deal with late payers, new connections, etc.
Agreements with special customers and service providers	Rates, fees, demand surcharges, etc. paid by special customers (or you) and discounts, waivers and limits on future rate increases
Detailed balance sheet	Ending balances for the year prior to the test year (test year starting balances)
Detailed income and expense statement	User fees, surcharges, connection fees and all other incomes actually collected; and all expenses actually paid during the test year
Equipment replacement schedule for next 20 years	Estimated equipment replacement needs, timing and costs. Download schedule template at gettinggreatrates.com/ggr/freebies/freebies.shtml
Capital improvement plans (CIP) for next 10 years	Estimated capital improvement needs, timing, costs and how you plan to pay those costs. If you don't have a CIP, together we will create one.
Master metered flows	For estimating water loss and inflow and infiltration rates.

*Note: If rates and fees were adjusted during the test year you need to give us the previous rates and fees chart, too and tell us on what date the new rates and fees became effective.

Before we start we don't know what other information we will need from you so we just figure that out as we go along.

More About Usage Data

If you currently have level unit charges within each rate class and there is no usage allowance, and you KNOW that you will want to keep that structure, we only need the total volume used by (billed to) each class during the test year. Otherwise...

To accurately model future rates that may not be structured like your current rates (that almost always happens), we need detailed usage data. This data is most readily usable if you can export it from your billing program into a Microsoft Excel spreadsheet or save it as a delimited text file (call for an explanation) and e-mail it to us. Most modern billing programs will do this directly and fairly easily. We can usually talk you through it. This is important data. Dynamic modeling cannot be done without it.

In a spreadsheet format we're looking for columns of data that include these criteria:

- An identifier of the customer type (residential, commercial, industrial, ¾" meter, 1" meter, etc.) If a customer pays a rate that is different compared to all other users, that user is a unique customer type,
- The month or other billing period when the use occurred, and
- The usage volume itself.

In spreadsheet format your data file should look something like the following table where each row represents each user's volume use during each month (or other billing period) of the test year. For example, in January the first customer, a commercial customer, used 1,900 gallons. Visit gettinggreatrates.com/ggr/freebies/freebies.shtml and click the Usage File Sample link to download an Excel spreadsheet in this format.

Cust Type	Volume in Gallons During Each Month of the Test Year											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
C	1,900	2,000	1,800	1,900	1,900	1,500	700	1,800	1,800	1,200	2,500	1,800
C	0	0	0	0	0	0	0	0	0	0	0	0
C	0	900	1,100	1,300	900	1,000	1,000	1,100	1,100	800	1,300	1,200
C	100	3,600	3,100	2,000	300	1,800	2,200	1,000	1,600	300	1,000	3,500
R	1,400	1,300	1,900	1,800	1,400	1,100	3,400	1,400	1,400	1,100	1,700	1,400
R	0	600	0	6,700	0	0	5,800	1,900	1,900	2,500	1,300	0
R	400	300	500	400	700	500	700	500	500	300	600	500
R	2,200	2,000	1,800	2,400	1,800	1,900	3,100	1,700	1,700	1,600	1,800	1,800
R	And so on											

Rather than have all customers in the same table (or delimited text file) you might find it easier to make a separate table or file for each customer class – residential in one file, commercial customers in another file, etc. Do what works best for you.

Gather up your data and information, send it to us quickly (preferably by e-mail) and we'll have your rate analysis and report package done very soon. The link above includes about a dozen example rate analysis report packages.

If you have questions about anything, call before investing time gathering data. We don't want you to waste your time gathering data that is not needed or doing it in a way that is time consuming.

Qualifications and References

Last update: June 12, 2015

Accessible electronically at <http://gettinggreatrates.com/>, "Freebies" link

General

Carl Brown Consulting (CBC) was formed May 1, 2003 in the State of Missouri as a limited liability company. *CBC serves current client utilities by doing comprehensive rate analysis and providing related assistance.* GettingGreatRates.com (GGR) was formed on April 16, 2008, also in Missouri as a limited liability company. *GGR serves new clients that formerly would have been served under the name of CBC. In addition, GGR develops do-it-yourself user rate calculation and related tools, reference materials and resources.* (To unify our identity, CBC functions are being absorbed by GGR as current client projects are completed.) Carl Brown serves as president of and contact for both companies, later simply called, "the firm," operated nationally from a single office in Jefferson City, Missouri.



Mr. Brown graduated from Missouri University in 1977 with a B.S. in Forestry. Through 1989, Mr. Brown managed corporate timberlands, related personnel, contracts and operations. A corporate buyout ended that career.

From 1989 through 1991, Mr. Brown worked as a municipal lease-purchase finance originator with two finance firms.

From 1991 through 2005, Mr. Brown provided water and sewer finance and local government technical assistance with the Missouri Department of Natural Resources. He coordinated Clean Water State Revolving Fund (CWSRF) loans and State grants. In that capacity he served as the SRF user rate structure compliance officer for the CWSRF program. He developed the pre-cursor to the rate model that is now called, "Rate Assist." This program is the State's template for compliant CWSRF rates. Mr. Brown developed the "Show-me Ratemaker" program, a do-it-yourself rate calculation program, now available through the National Drinking Water Clearinghouse. In short, Mr. Brown and the unit he headed helped cities and other utility providers solve financial and rate problems in order to fund compliant utilities and satisfy grant and loan requirements.

In late 2005, Mr. Brown left State employment and launched his water and sewer user rate analysis practice through Carl Brown Consulting, and later through GettingGreatRates.com. In 2007, he began performing electric and solid waste rate analyses, as well. In 2013, he started stormwater rate and fee analysis. **Mr. Brown has performed 223 rate analyses as of the date above.** He develops rate analysis and related software. That includes the do-it-yourself rate calculation program called SimpleRates©. Mr. Brown writes prodigiously, including guides, the book, "How to Get Great Rates" and dozens of articles on rates-related issues for trade journals. All of these resources are available at <http://gettinggreatrates.com/>.

Presenting to approximately 300 people each year, Mr. Brown trains community leaders and assistance providers all over the U.S. on rate setting, rate analysis, asset management, capital improvement planning and risk-based return on investment decision-making.

Jacki Hicks, the firm's vice-president, assists with analyses that require unusual software modeling. Ms. Hicks has approximately 23 years of experience in accounting, financial assurance and complex spreadsheet and database design. Six of those years have been devoted to water and sewer rate analysis. She developed substantial components of the rate analysis templates now used by the firms.

Firm Revenues

One-hundred percent of firm revenues come from doing rate analyses; helping clients adjust user rates, fees and policies; serving as an expert witness in rates-related lawsuits and rate disputes; conducting rate setting workshops and training; and sale of rate calculation software subscriptions and books.

Example Rate Analysis Reports

A representative selection of approximately 12 rate analysis report packages from past clients is available at <http://gettinggreatrates.com/> under the "Freebies" link.

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Following are rate analyses, all done by Carl Brown and all completed on schedule or promptly after clients produced all needed data and made all needed decisions (clients often exceed their own schedules). As to fees, with the exception of lawsuit projects, nearly all other projects are being or were done on a lump sum fee basis so none has gone over budget.

The "RATES" Programs and Projects Done Through Those Programs

In 2012 and 2013, the firm was chosen by five rural water associations to serve as the analyst for "RATES" Programs (Rate Analysis and Training for Environmental Systems; vehicles for delivering great rate analyses to association member systems for discounted fees). See last pages for status and results of RATES Program projects. To-date, the firm is the only analyst authorized to provide services through these programs. Links to these programs are at <http://gettinggreatrates.com/>.

Following are the contacts for these programs and projects carried out under each program:

Kansas RATES Program, Kansas Rural Water Association – Elmer Ronnebaum, General Manager and Greg Duryea, Assistant General Manager, (785) 336-3760, krwa@krwa.net.

Projects:

- Started 2014, Manhattan, KS, water, sewer, stormwater "State of the Utilities Report," 15,782 connections, Randy DeWitt, P.E., Assistant Public Works Director, dewitt@cityofmhk.com, (785) 587-2415. Maximum fee: \$11,156. In response to this report, the city commission will decide if rate analysis is advisable and, if so, engage the firm to provide those services for additional fees.
- Started 2013, Montgomery County, KS Public Sewer District #2, Independence, KS, Jim Wright, Assistant Public Works Coordinator, Montgomery County, (620) 330-1170, jwright@mgcountyks.org. This analysis was to help resolve a wholesale rates lawsuit with the district's contract wastewater treater, the city of Independence. Negotiations recently failed so the District has since filed suit. Fee: hourly

- Completed 2015, La Cygne, KS, water, 469 connections, Devona Herrin, Clerk, lccityhall@peoplestelecom.net, (913) 757-2144. Fee: \$4,479. *This analysis was in follow up to analyses done in 2012 regarding a lawsuit, described later in the references listing.*
- Completed 2014, Chetopa, KS, electric, 730 connections, Debbie Darnell, Treasurer, Ron Wood, Mayor, kspacman@kans.com, (620) 236-7511. Fee: \$6,228. *This analysis is in follow up to analyses done one year ago.*
- Completed 2014, Montgomery County, KS Public Sewer District #2, sewer, 285 connections, (see listing above). This analysis determined how to adjust the district's internal rates. Fee: \$3,857
- Completed 2014, Crawford Co, KS, Consolidated Rural Water District #2, water, 858 connections, Dorene Niederklein, District Clerk, (620) 724-8850, niederklein@ckt.net. Fee: \$1,893. Analysis to determine rate for a wholesale customer disputing its rate.
- Completed 2014, Ellsworth, KS, water and sewer, 1,100 connections, Tim Vandall, City Administrator, (785) 472-3288, tvandall@ellsworthks.net. Fee: \$8,602
- Completed 2014, Atwood, KS, water and sewer, 710 connections, Janet Stice, City Clerk, (785) 626-9462, atwoodclerk@sbcglobal.net. Fee: \$8,845
- Completed 2013, Chetopa, KS, water, sewer, 650 connections, Debbie Darnell, Treasurer, Ron Wood, Mayor, kspacman@kans.com, (620) 236-7511. Fee: \$8,456. (In 2014, Chetopa's debt service was discovered to be markedly higher than previously expected so CBC re-examined rates at no additional cost and recommended rate adjustments to pay debt.)

New Mexico RATES Program, New Mexico Rural Water Association – Bill Conner, Executive Director, (505) 884-1031, bill@nmrwa.org.

Projects:

- Completed 2014, RAD Water Users Cooperative, Tucumcari, NM, water, 281 connections, Donna Laferty, Clerk, 2013, (575) 403-7704, hogsforfun@yahoo.com. This analysis was to help resolve a wholesale rates lawsuit with RAD's water supplier, Tucumcari. That failed so CBC served as expert witness at trial in November, 2014. Fee: \$6,636.
- Completed 2014, Ranchos De Placitas Sanitation District, water, 91 connections, Tom Hagan, Board Member, (505) 681-5040, thagan@nmefcu.org. Fee: \$5,457

North Dakota RATES Program, North Dakota Rural Water Systems Association – Eric Volk, Executive Director, (701) 391-5080, ericvolk@ndrw.org.

Projects: No rate analyses – yet.

Virginia RATES Program, Virginia Rural Water Association – Myrica Keiser, Executive Director, (540) 261-7178, vrwamk@comcast.net.

Projects:

- Started 2015, Middletown, VA, water, sewer, 523 connections, Christina Smith, Clerk and Don Riffey, Public Works Director, (540) 869-7731, publicworks@middletownva.gov. Fee: \$13,566
- Completed 2015, Dinwiddie County Water Authority, North Dinwiddie, VA, water, sewer, 3,200 connections, Robert B. Wilson, P.E., Executive Director, (804) 861-0998, RobertWilson@dcwa.org. Fee: \$18,158

- Completed 2014, Prince George County, VA, water, sewer, 3,200 connections, Chip England, P.E., Director of Engineering and Utilities, (804) 722-8688, CEngland@princegeorgecountyva.gov. Fee: \$12,697

Wyoming RATES Program, Wyoming Association of Rural Water Systems – Kathy Weinsaft, Source Water Specialist, kweinsaft@warws.com, (307) 436-8636.

Projects:

- Started 2015, Greybull, WY, water, sewer and sanitation, 600 connections, Paul Thur, Town Administrator, (307) 765-9431, greytown@tctwest.net. Fee: \$13,656
- Started 2014, Thermopolis, WY, water, 1,400 connections, Tracey Van Heule, Clerk, (307) 864-3838, tracey@totclerk.com, Anthony Barnett, P.E. (Subcontracting through Engineering Associates), (307) 864-5297, Anthony.Barnett@EAengineers.com. Fee: hourly
- Completed 2015, Cody, WY, electric, 4,115 connections, Bert Pond, P.E., Electrical Engineer, (307) 527-6532, rapond@cityofcody.com. Fee: \$17,716
- Completed 2014, Mountain View, WY, water and sewer, 600 connections, Penny Robbins, Clerk-Treasurer, (307) 782-3100, mtnviewpenny@yahoo.com. Fee: \$10,048
- Completed 2014, Powell, WY, water and sewer, 2,000 connections, Annette Thorington, Finance Director, (307) 754-5106, athorington@cityofpowell.com. Fee: \$9,807
- Completed 2013, Lander, WY, water, sewer, 2,800 connections, Charri Lara, Treasurer, (307) 332-2870, clara@landerwyoming.org. Fee: \$13,052

Projects Outside of the RATES Programs

- Started 2015, Kirksville, MO, water, 6,500 connections, Len Kollars, Deputy Public Works Director, (660) 627-1272, lkollars@kirksvillecity.com. Fee: \$8,947
- Started 2015, Cole County, MO PWS #2, water, 600 connections, Paul Thur, Town Administrator, (307) 765-9431, greytown@tctwest.net. Fee: \$13,656
- Started 2015, Village of North Adams, MI, sewer, 120 connections, Cary Addleman, Board Member, (517) 287-9045, caddleman@comcast.net. Fee: \$5,810
- Started 2015, Rock Valley Rural Water District, Rock Valley, IA, water, 830 connections, Garvin Buyert, Manager, (804) 861-0998, gbuyert@premieronline.net. Fee: \$7,010
- Completed 2015, Phillips Lytle, LLC, Buffalo, NY, sewer rate expert opinion for a lawsuit their client brought against a sewer district. Paul Morrison-Taylor, Attorney-at-law, (716) 847-5406. Fee: \$1,968.
- Completed 2014, Anaconda-Deer Lodge County, MT, sewer, 3,000 connections, Ed Janney, P.E., Dowl HKM, (406) 723-8213, ejanney@dowlhkm.com. Fee: \$8,674
- Completed 2014, Wurtsboro, NY, water, 100 connections, Monika Roosa, Village Clerk, (845) 986-7737, villageofwurtsboro@gmail.com. Fee: \$3,946
- Completed 2014, Public Water Supply District #2, St. Charles County, MO, 36,100 water connections, 11,100 sewer connections in 3 service areas, Tim Geraghty, P.E., General Manager, (636) 561-3737, tgeraghty@alliancewater.com. Fee: \$27,760

- Completed 2014, Polson, MT, water and sewer completed in 2014, stormwater has been deferred, 2,235 connections, Cindy Dooley, Finance Officer, (406) 883-8204, finance@cityofpolson.com. Fee: \$15,027. *These analyses are in follow up to analyses done five years ago.*
- Completed 2013, Crane Lake Water and Sanitary District, Crane Lake, MN, sewer, 127 connections, Rob Scott, Chairman, (218) 993-1303, rmscott@frontiernet.net. Fee: \$7,466. *This was a follow up analysis to determine rates and connection fees to fund a system expansion.*
- Completed 2013, Inyokern Community Services District, Inyokern, CA, water, 269 connections, Brian Bebee, General Manager, (760) 377-4708, icsdwater@verizon.net. Fee: \$4,257
- Completed 2013, Fort Mojave Tribal Utilities Authority, Mohave, AZ, water, sewer, 2,600 connections, 2011, Bill Cyr, General Manager, (928) 768-2200, bcyr@ahamacav.com. Fee: \$7,256. *These updates were in follow up to water and sewer rate analyses done a couple years before.*
- Completed 2013, Luray, VA, water and sewer, 2,400 connections, Bryan Chrisman, Assistant Town Manager, (540) 743-5511, bchrisman@townofluray.com. Fee: \$11,482

Carl, I would like to thank you for your assistance in resolving our conflict with the City of King (Brookcliff's supplier) over water and sewer rates. Your detailed report helped us make our case.

Mike Cashion
MRC Homes, Inc. (Brookcliff)

Note: The City settled a lawsuit in a sealed agreement following submission of the firm's analysis report.

NC hired CBC for analysis of the water and sewer rates of King, NC, 10,000 connections (its utility provider) to calculate damages in preparation to sue the city for overcharges. The suit was subsequently settled by sealed agreement. The owner is Mike Cashion, (336) 817-3624, cellc@triad.rr.com. Randy James, (336) 724-7707 is Mr. Cashion's attorney. Fee: \$17,177

- Completed 2012, Pevely, MO, water and sewer, 2,000 connections, Jason Eisenbeis, City Administrator, (now Administrator in Crystal City, MO, j.eisenbeis@crystalcitymo.org). Fee: \$8,743
- Completed 2012, Ahav Macav, Mohave, AZ, electric, 2,600 connections, 2012, Bill Cyr, General Manager, (928) 768-2200, bcyr@ahamacav.com. Fee: \$5,198. *This was in follow up to water and sewer rate analyses done a few months before for Fort Mojave Tribal Utilities Authority, their water and sewer utility.*
- Completed 2012, Fort Mojave Tribal Utilities Authority, Mohave, AZ, water, sewer, 2,600 connections, Bill Cyr, General Manager, (928) 768-2200, bcyr@ahamacav.com. Fee: \$9,288

- Completed 2013, Provided quality control/quality assurance for a sewer rate analysis for Jackson, MO, done by Horner & Shifrin Engineering, 5,000 connections, Stephen Randolph, PE, (314) 531-4321, srandolph@hornershifrin.com. Fee: \$2,245

- Completed 2013, Glenwood, MN, water and sewer, 1,165 connections, David Perryman, Public Works Director, (320) 634-5433, davep4038@gmail.com. Fee: \$10,865

- Completed 2012, Brookcliff Mobile Home Park of King, NC hired CBC for analysis of the water and sewer rates of King, NC, 10,000 connections (its utility provider) to calculate damages in preparation to sue the city for overcharges. The suit was subsequently settled by sealed agreement. The owner is Mike Cashion, (336) 817-3624, cellc@triad.rr.com. Randy James, (336) 724-7707 is Mr. Cashion's attorney. Fee: \$17,177

Carl is one of the best and most helpful people I have ever known. I have benefited a great deal from working with him. He has always been eager to listen and willing to share helpful advice. Over the years we talked on the telephone regarding my questions on water and sewer rates. I used Carl as a "sounding board" for my ideas and concerns. He has always been quick to offer advice and keep me focused on the long-term financial health of our utilities. I remember more than once his cautions about avoiding quick, short-term solutions to complex issues.

Carl knows how to examine systems and give good advice on how to improve them. It has been a pleasure to come to know Carl over the last ten years. I look forward to other opportunities to talk with him and work together on new projects.

—Wade Sanders, City Administrator (now retired)
Odessa, Missouri, sws1951col@gmail.com

- Completed 2012, Wagoner Rural Water District #2, Wagoner, OK, water, 520 connections. This analysis was done to settle a lawsuit brought by several customers concerning rate structure fairness. Cory Stone, Attorney-at-law, (405) 606-3333, corey@pclaw.org is the District's attorney. Fee: \$16,131
- Completed 2012, Gravois Arm Sewer District, Gravois Mills, MO, sewer, 353 connections, David Taylor, Chairman, (573) 286-2066 and William McCaffree, Attorney at Law (the District's attorney, wmccaffree@gmail.com), (417) 667-2211. The village of Gravois Mills, served by the District, took issue with the District's user rates. My services diffused the dispute. Fee: \$1,479
- Completed 2012, City of Ava, MO, water, sewer, 1,400 connections. *These analyses were in follow up to one we did five years ago.* Peggy Porter, Administration Director, (417) 683- 5516, Ext. 205, pporter@avamissouri.org. Fee: \$8,569
- Completed 2012, City of Savannah, MO, water, 2,500 connections, Jill Cornett, City Administrator (now Administrator in Lake Lotawana, MO, jcornett2@kc.rr.com). Fee: \$5,587
- Completed 2012, Three clients in one project:
 - City of La Cygne, KS, water, 402 retail and 2 wholesale connections. Fee: \$6,666
 - Rural Water District (RWD) #1 (wholesale customer of the City), La Cygne, KS, water, 532 connections. Fee: \$4,195
 - RWD #3 (wholesale customer of the City), La Cygne, KS, water, 388 connections. Fee: \$4,195

La Cygne sued the RWDs over wholesale supply agreement issues. I did rate and financial analysis for all to help mediate the case. David Cooper, Attorney-at-law (the RWDs), (785) 232-7761, dcooper@fisherpatterson.com. *Mr. Cooper was also the attorney for Jackson County, KS, another lawsuit project listed later.* Michael Schultz, Attorney-at-law (La Cygne), (785) 838-4300.

- Completed 2012, City of Byrnes Mill, MO, sewer, 574 connections, Larry Perney, City Administrator, (636) 677-8402, larryp@byrnesmill.org. Fee: \$5,003
- Completed 2011, City of Hillsboro, MO, water, sewer, 800 connections, Gery Marmaduke, City Administrator, (636) 797-3334, hillsboroadmin@charter.net. Fee: \$7,464. *These analyses followed analyses we did five years ago for the city.*
- Completed 2011, Rockbridge County Public Service Authority, Lexington, VA, water, sewer, 2,100 connections, 2011, Melissa Alexander, Executive Director, (540) 463-4329, melissa_alexander@co.rockbridge.va.us. Fee: \$9,426. (See testimonial letter at end of document from previous director.)

Published in the November, 2013 edition of "The Kansas Lifeline" magazine:

Last fall our city clerk and I attended a seminar on Setting Good Rates at Tonganoxie, Kansas. Because of this seminar, I formulated a plan to raise our rates and upgrade our city's lift stations. I will always appreciate this seminar and was glad I attended. The seminar was of great value to me.

—Nancy Leek, Council Person
City of Ozawkie, KS

I am writing this letter to express our appreciation for the free training session called Getting Good Rates. Carl Brown, Carl Brown Consulting, gave many good tips and ideas on how to go about checking our own rates.

—Terry Fultz, City Clerk
City of Osage City, KS

- Completed 2010, City of Moorcroft, WY, water, sewer and trash collection, 350 connections and customers, 2010, Dan Blakeman, Operations Officer, danb@rtconnect.net and Stephanie Noyse, City Clerk, (307) 756-3526. Fee: \$10,623. *The operations officer was the mayor of Pine Haven, WY, a nearby town we did analyses for when he was mayor there.*
- Completed 2010, City of Woodland, WA, sewer, 1,614 connections, 2010, Steve Branz, Public Works Director, (360) 225-7999, branzs@ci.woodland.wa.us. Fee: \$4,320
- Completed 2010, City of Foley, MN, water, sewer and storm water, 900 connections, 2010, James Moshier, Public Works Director, (320) 968-4082, foleypwks@cloudnet.com. Fee: \$8,664
- Completed 2010, City of Kimberling City, MO, sewer, 1,036 connections, 2010, Jason Hulliung, Mayor and Tara DuShane, Accounting and Utility Billing Clerk, (417) 739-4903. Fee: \$4,398

Workshop and Event References From 2010 To-date, Most Recent First (contact information for each organization is only listed for the organization's most recent event)

Scheduled Events:

- Rate setting workshop, July or August, 2015, Wyoming Association of Rural Water Systems, Kathy Weinsaft, Training Director, (307) 436-8636. *This session follows others over the years.*

Completed Events:

- April 23, 2015, conducted training sessions on repair and replacement scheduling, calculation of meter size-based tap fees and capacity surcharges and a session called, "Stump the Rate Analyst" at the Wyoming Association of Rural Water Systems annual conference, Kathy Weinsaft, Training Director, (307) 436-8636.
- April 13 and 14, 2015, moderated rate setting roundtable discussion and rate setting training session at the Virginia Rural Water Association annual conference, Myrica Keiser, Executive Director, (540) 261-7178, vrwamk@comcast.net. *These sessions followed others over the years.*
- March 24, 2015, Moderated two rate setting issues sessions at the Kansas Rural Water Association annual conference, Elmer Ronnebaum, General Manager, (785) 336-3760. *These sessions follow others over the years.*
- March 3, 2015, user rates and asset management sessions for Missouri Rural Water Association annual conference, John Hoagland jhoagland@moruralwater.org, Executive Director, (573) 657-5533 and Randy Norden rnorden@moruralwater.org, Deputy Executive Director, (417) 988-9911. *These followed workshops and conference sessions over several prior years.*
- September 26, 2014, moderated rate setting roundtable discussion at the Wyoming Association of Rural Water Systems Fall conference.
- April 22-24, 2014, moderated rate setting roundtable discussion at the Wyoming Association of Rural Water Systems annual conference
- March 18 & 19, 2014, rate setting pre-conference workshop and equipment replacement scheduling session at the Michigan Rural Water Association annual conference, Tim Neumann, Executive Director, (616) 401-5436
- September 17-19, 2014, rate setting workshops for the Kansas Rural Water Association in Lawrence, Burlington and Hutchinson, KS

- August 22, 2013, rate setting session at Alliance of Indiana Rural Water fall conference, Merrillville, IN, Leigh Ann Cross, Assistant Executive Director, (317) 789-4200
- March 26-27, 2013, rate setting pre-conference workshop and Kansas RATES Program session at Kansas Rural Water Association annual conference
- February 11, 2013, rate setting and R&R scheduling sessions at Colorado Rural Water Association annual conference, Paul Shreve, Training Coordinator, (719) 545-6748
- October 3, 2012, New Mexico Rural Water Association Fall Conference, RATES Program presentation, Las Cruces, NM. *This session followed similar sessions presented over the years.*
- September 24, 2012, National Rural Water Association, SimpleRates and the RATES Program presentation for WaterPro conference, Nashville, TN. *This session followed similar sessions presented over the years.*
- September 11-13, 2012, three rate setting workshops, Kansas Rural Water Association, in Salina, Tonganoxie and Iola, KS
- April 17 & 18, 2012, Wyoming RATES Program presentations for Wyoming Association of Rural Water Systems annual conference
- October 13, 2011, user rates workshop for Minnesota Rural Water Association, Ruth Hubbard, Administrator, (218) 685-5197. *This workshop followed workshops done in 2009 and 2007.*
- March, 2011, three "User Rates Made Simple" workshops for Virginia Rural Water Association
- October 19 & 21, 2010, two "User Rates Made Simple" workshops for Missouri Rural Water Association annual conference
- September 29, 2010, "Getting Ratepayers Involved in Rate Setting in a Positive Way" session for National Rural Water Association annual conference, Bill O'Connell, Program Manager, (580) 736-6259
- July 14, 2010, one budgeting and one rate setting session in a workshop for Wyoming Association of Rural Water Systems annual conference

While Carl has always been an expert on setting water rates, he has not always been an expert on small systems and practical rural politics. That said, over the years I've seen Carl study and educate himself in the ways of the "rural" system. Today, he not only understands the "numbers" of the rate setting process, but the practical aspect of selling the "numbers" to local decision-makers AND the public. Whether your system is large or small, technically advanced or barely in the 21st Century, there's none better in the business of rate setting than Carl Brown.

—John Hoagland, Executive Director
Missouri Rural Water Association

Publications and Resource Development

Mr. Brown writes guidance and software programs. All free items are available at <http://gettinggreatrates.com/> under the "Freebies" link. For sale items are located under the "Store" link.

Resources include:

- AI Calculator© – a do-it-yourself rate affordability index calculation spreadsheet
- SimpleRates© – a do-it-yourself rate calculation program
- "How to Get Great Rates" – a book on rate setting for community and system leaders, second printing August, 2010.
- "Articles Collection" – three dozen published articles on rates, asset management and related issues.
- "Ratepayer's Survival Guide" – a guide for ratepayers (and systems) that shows what they can do to foster fair and adequate utility rates.
- "Rate Analyst Guide" – a guide to show utilities why, when and how to solicit and select rate analysts.
- The Missouri "Clean Water State Revolving Fund Rate Assist Program," available at http://dnr.mo.gov/env/wpp/srf/srf-app_guid.htm, is a model rate setting program.
- "GettingGreatRatesLater©" – a model financial statement for Microsoft Excel.

Compliment (given by E-mail dated July 26, 2013):

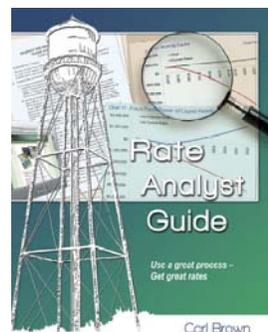
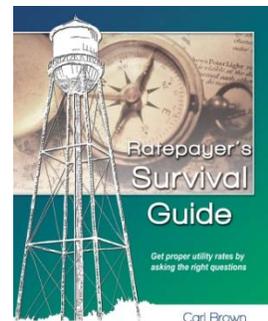
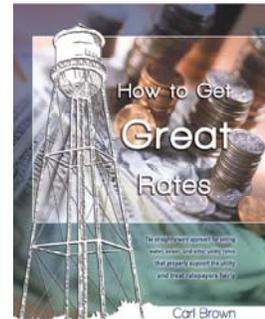
Mr. Brown,

We are Wyoming's newest Town, Star Valley Ranch. We assumed the water utility in 2007. WARWS did a lot of training of our Council and Water Operators. One of the most important things they did was put us in touch with you.

We have a very disgruntled water user who believes we are gouging him. I was on the witness stand yesterday for over 3 1/2 hours testifying at a hearing before the Wyoming Public Service Commission's fact finding panel. I quoted you and your book several times. Thanks, it gave me the confidence we were on solid ground with our rates. I am delighted you and the (Wyoming Association of Rural Water Systems) are working together.

Thanks again,

Boyd Siddoway, Mayor, Star Valley Ranch, Wyoming



Testimonial: Five states have a "RATES Program," all of which are served by GettingGreatRate.com, formerly named Carl Brown Consulting. Following is a letter from the "Letters" section of "The Kansas Lifeline" magazine, March, 2013 edition concerning that service:

I am writing to KRWA (Kansas Rural Water Association) staff member Greg Duryea to let you know how pleased the City of Hiawatha is with the services that we have received from Carl Brown and Carl Brown Consulting over the course of the last three weeks.

The City of Hiawatha had the pleasure of sending staff members to the utility rate setting training that was offered by KRWA this fall, which was presented by Carl Brown. The staff members brought home his guidebooks and we were planning to utilize them to assess our utility rates after the beginning of 2013. In late November the City Commission determined that it was in our best interest to move forward with analyzing our rates sooner rather than later so that we could implement them hopefully by the end of the year or in early January 2013. Realizing that I would not be able to fully do the analysis justice in such a short timeframe, I contacted Carl Brown to see if he would be able to help the City out in our quest. Mr. Brown was realistic that most rate studies take approximately six months. But, if our staff were willing to put forth the effort, he would do his best to help us out.

The City received and approved a proposal for a two utility rate analysis on December 3, 2012; we immediately, the next day began providing Mr. Brown the requested data for the analysis of the two utilities. His requests were easy to understand and simple to fulfill with the dedicated efforts of City staff to the project. The drafts that Mr. Brown returned when seeking additional information were easy to read which made it much easier to review with him and identify any changes that needed to be made or additional information that he needed.

On December 19, less than three weeks after we started the rate analysis with Mr. Brown we received the final draft to review and are in the process of setting up a time for him to come and present the findings to the City Commission. Our work with Mr. Brown has been a pleasure from start to finish and the speed with which he has been able to complete the analysis in a format that can be understood with very little explanation provides a solid framework for the City regarding our utility rates moving forward.

Sincerely,
Lynne Ladner, City Administrator, Hiawatha, Kansas

ROCKBRIDGE COUNTY PUBLIC SERVICE AUTHORITY

150 SOUTH MAIN STREET, LEXINGTON, VIRGINIA PHONE: 540-463-4329 FAX: 540-463-3126



April 21, 2011

Mr. Carl E. Brown, President
Carl Brown Consulting, LLC
1014 Carousel Dr.
Jefferson City, MO 65101

Dear Mr. Brown,

I want to thank you for the great work you did for us, assisting ahead of a significant financial transition phase. Not only was your report complete and easy to understand, but your presentation helped our board and county staff to understand rates, and the variables and complexity involved in developing them. Our capital fee structure in particular will be revised, to encourage commercial development.

Working with you was an easy and pleasurable experience for our management staff. I have no doubt we will keep up our rate study analyses in the future, especially since your fees are very competitive. I have told other utilities about your work, and will continue to do so.

If you ever need a reference, please give me a call.

With best regards,

Karen S. Austin
Executive Director

RATES Program Project Status as of 6/12/2015

<u>Completed Projects</u>				<u>5-year Improvement in Cash Position</u>					<u>Participant's</u>		
<u>Participant</u>	<u>Conne- ctions</u>	<u>Project</u>	<u>Status</u>	<u>Water</u>	<u>Sewer</u>	<u>Stormwater</u>	<u>Electric</u>	<u>Trash</u>	<u>Fees Paid to GGR</u>	<u>Return on Investment</u>	
Hiawatha, KS	1,573	Water & sewer rate analysis	2013 restructure & increase rates	\$592,780	\$1,207,225	N.A.	N.A.	N.A.	\$8,894	20238%	
Chetopa, KS	621	Water & sewer rate analysis	2013 restructure & increase rates, 2014 water update	\$1,261,192	\$104,251	N.A.	N.A.	N.A.	\$8,456	16148%	
Lander, WY	3,540	Water & sewer rate analysis	2013 restructure & increase rates	-\$401,135	\$2,755,503	N.A.	N.A.	N.A.	\$13,052	18038%	
Atwood, KS	740	Water & sewer rate analysis	2014 restructure & increase rates	\$524,501	\$101,718	N.A.	N.A.	N.A.	\$9,311	6726%	
Ellsworth, KS	1,133	Water & sewer rate analysis	2014 restructure & increase rates	\$1,429,394	-\$466,386	N.A.	N.A.	N.A.	\$10,449	9216%	
Powell, WY	3,034	Water & sewer rate analysis	2014 restructure & increase rates	\$1,382,820	\$1,049,061	N.A.	N.A.	N.A.	\$9,897	24571%	
Prince George County, VA	2,998	Water & sewer rate analysis	2014 restructure & increase rates	\$1,065,307	\$5,114,863	N.A.	N.A.	N.A.	\$12,697	48674%	
Ranchos De Placitas San Dist, NM	91	Water rate analysis	2014 restructure & increase rates	\$222,363	N.A.	N.A.	N.A.	N.A.	\$5,457	4075%	
Mountain View, WY	600	Water & sewer rate analysis	2014 restructure & increase rates	\$784,828	\$1,586,018	N.A.	N.A.	N.A.	\$10,048	23595%	
Chetopa, KS	730	Electric rate analysis	2014 restructure & increase rates	N.A.	N.A.	N.A.	\$1,231,459	N.A.	\$6,228	19773%	
Cody, WY	4,115	Electric rate analysis	2015 restructure & increase rates	N.A.	N.A.	N.A.	\$8,137,325	N.A.	\$17,716	45932%	
La Cygne, KS	469	Water & sewer rate analysis	2015 restructure & increase rates	\$1,253,831	N.A.	N.A.	N.A.	N.A.	\$5,141	24389%	
Dinwiddie County Water Authority, VA*	3,200	Water & sewer rate analysis	2015 restructure & increase rates	\$773,796	\$936,526	N.A.	N.A.	N.A.	\$18,158	9419%	
* Dinwiddie adopted higher rates than recommended, actual returns will be higher than shown here		Cash Gains for Completed Projects:		\$8,889,677	\$12,388,779	\$0	\$9,368,784	\$0	\$135,505		
		Grand Total of Gains Over 5 Years:		\$30,647,241							
Averages:				1,757	\$808,152	\$1,376,531	N.A.	\$4,684,392	N.A.	\$10,423	22617%

Projects Yet to be Completed and Fees Paid or Yet to be Paid to GGR

Greybull, WY	600	Water, sewer and sanitation (trash)	2015 started			N.A.	N.A.		\$13,656	N.A.
Middletown, VA	523	Water & sewer rate analysis	2015 started			N.A.	N.A.	N.A.	\$10,721	N.A.
Thermopolis, WY	1,400	Water rate analysis	2014 started			N.A.	N.A.	N.A.	\$5,759	N.A.
Manhattan, KS	18,000	Water, sewer, stormwater "State of the Utilities" report	2014 started	N.A.	N.A.	N.A.	N.A.	N.A.	\$12,452	N.A.

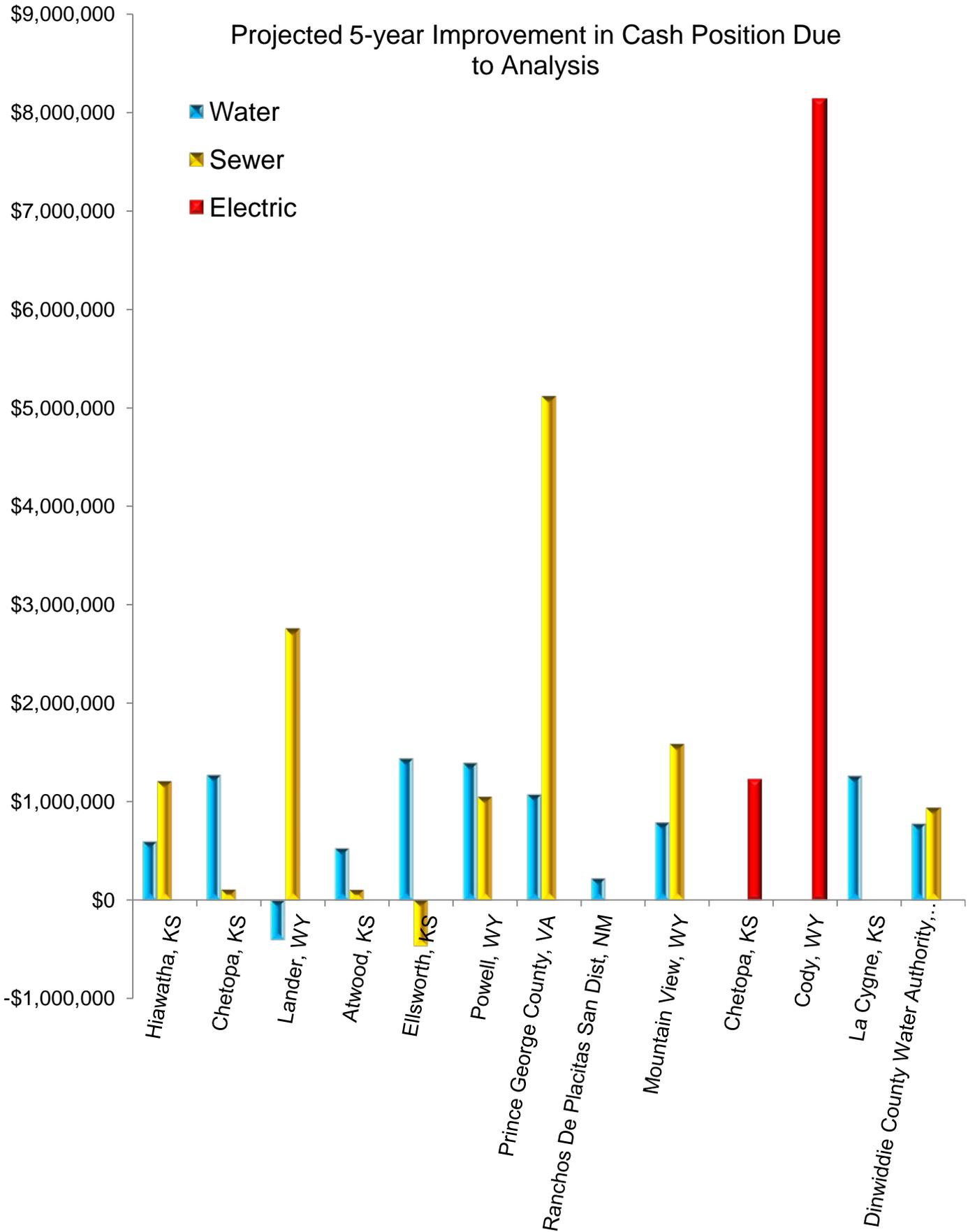
Lawsuit and Rate Dispute Projects Completed (Not Calculable for Cash Position Improvement)

Montgomery Co. S.D. #2, Independence, KS	1	Wholesale sewer rate lawsuit with treater - Independence	2015 County to sue City	N.A.	N.A.	N.A.	N.A.	N.A.	\$3,632	N.A.
Montgomery Co. S.D. #2, Independence, KS	292	Sewer rate analysis (internal rates)	2014 reduced rates related to lawsuit	N.A.	N.A.	N.A.	N.A.	N.A.	\$4,784	N.A.
RAD Water Users Coop, Tucumcari, NM	1	Wholesale water rate lawsuit with supplier - Tucumcari	Nov, 2014, Count found for Tucumcari	N.A.	N.A.	N.A.	N.A.	N.A.	\$4,347	N.A.
Crawford Co., KS Consol. RWD #2	858	Wholesale sewer customer rate calculation	2014 customer rate solution presented	N.A.	N.A.	N.A.	N.A.	N.A.	\$1,893	N.A.

Pending Proposals

Green River, WY Dona Ana Mutual Domestic Water Consumers Association, Las Cruces, NM
Powell, WY

Projected 5-year Improvement in Cash Position Due to Analysis



Participant's 5-year Return on Investment on Fees Paid to GGR

