

CITY OF LANCASTER - SEWER FUND

Lancaster, Pennsylvania

COST OF SERVICE ALLOCATION STUDY

AS OF

DECEMBER 31, 2020

AND

PROPOSED CUSTOMER RATES

GANNETT FLEMING VALUATION AND RATE CONSULTANTS, LLC

Harrisburg, Pennsylvania

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CITY OF LANCASTER - SEWER FUND

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES  
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2020

Customer Classification (1)	Cost of Service		Revenues, Present Rates		Revenues, Proposed Rates		Proposed Increase	
	Amount (Schedule B) (2)	Percent (3)	Amount (4)	Percent (5)	Amount (6)	Percent (7)	Amount (8)	Percent Increase (9)
<u>Inside City</u>								
Residential	\$ 6,721,212	35.3%	\$ 4,802,296	29.4%	\$ 6,190,189	32.5%	\$1,387,894	28.9%
Commercial	3,754,314	19.7%	3,938,261	24.1%	4,619,516	24.2%	681,255	17.3%
Industrial	193,634	1.0%	189,544	1.2%	214,966	1.1%	25,422	13.4%
Municipal Partners	6,435,984	33.8%	6,080,666	37.3%	6,080,666	31.9%	-	0.0%
Total Inside City	\$ 17,105,145	89.8%	\$ 15,010,768	92.0%	\$ 17,105,338	89.8%	\$ 2,094,570	14.0%
<u>Outside City</u>								
Residential	869,440	4.6%	602,078	3.7%	871,354	4.6%	269,276	44.7%
Commercial	1,011,107	5.3%	666,135	4.1%	1,016,756	5.3%	350,620	52.6%
Industrial	72,541	0.4%	43,547	0.3%	64,786	0.3%	21,240	48.8%
Total Outside City	\$ 1,953,088	10.2%	\$ 1,311,760	8.0%	\$ 1,952,896	10.2%	\$ 641,136	48.9%
Total Sales	\$ 19,058,233	100.0%	\$ 16,322,528	100.0%	\$ 19,058,234	100.0%	\$ 2,735,706	16.8%
Other Revenues	\$ 1,008,693		\$ 932,413		\$ 1,008,693		76,280	8.2%
Total	\$ 20,066,926		\$ 17,254,941		\$ 20,066,927		\$ 2,811,986	16.3%

**CITY OF LANCASTER - SEWER FUND**  
**ALLOCATION OF COST OF SERVICE BY FUNCTION TO CUSTOMER CLASSIFICATIONS**

Description (1)	Inside City				Outside City				Total (12)		
	Sanitary (2)	Wet Weather and I&I (4)	Customer (5)	Municipal Partners (6)	Total Inside-City (7)	Sanitary (8)	I&I (9)	Customer (10)		Total Outside-City (11)	
Total Cost of Service	\$ 4,686,395	\$ 5,439,692	\$ 543,074	\$ 6,435,984	\$ 17,105,145	\$ 1,512,256	\$ 327,395	\$ 113,437	\$ 1,953,088	\$ 19,058,233	
Factor Reference	A-1	B-1	C-1	D		A-2	B-2	C-2			
Residential Factor Cost of Service	0.4699 2,202,137	0.7455 4,055,291	0.8540 463,785		6,721,212	0.3521 532,465	0.7273 238,114	0.8715 98,861		869,440	\$ 7,590,653
Commercial Factor Cost of Service	0.5017 2,351,164	0.2437 1,325,653	0.1427 77,497		3,754,314	0.6039 913,251	0.2561 83,846	0.1235 14,010		1,011,107	\$ 4,765,420
Industrial Factor Cost of Service	0.0284 133,094	0.0108 58,749	0.0033 1,792		193,634	0.0440 66,539	0.0166 5,435	0.0050 567		72,541	\$ 266,176
Municipal Partners Factor Cost of Service				1.0000 6,435,984	6,435,984					\$	6,435,984
<b>Total</b>	<b>\$ 4,686,395</b>	<b>\$ 5,439,692</b>	<b>\$ 543,074</b>	<b>\$ 6,435,984</b>	<b>\$ 17,105,145</b>	<b>\$ 1,512,256</b>	<b>\$ 327,395</b>	<b>\$ 113,437</b>	<b>\$ 1,953,088</b>	<b>\$ 19,058,233</b>	

CITY OF LANCASTER - SEWER FUND

FACTORS FOR ALLOCATING COSTS BY FUNCTION TO CUSTOMER CLASSIFICATIONS

FACTOR A1 AND A2. ALLOCATION OF SANITARY COSTS TO CUSTOMER CLASSIFICATIONS.

Factors are based on the average daily sanitary flow by customer classification.

<u>Classification</u> (1)	<u>Avg. Daily Wastewater Flow, 1000 gals.</u> (2)	<u>Allocation Factor A-1</u> (3)	<u>Allocation Factor A-2</u> (4)
<u>Inside City</u>			
Residential	1,933	0.4699	
Commercial	2,064	0.5017	
Industrial	117	0.0284	
Total Inside	4,114	1.0000	
<u>Outside City</u>			
Residential	376		0.3521
Commercial	645		0.6039
Industrial	47		0.0440
Total Outside	1,068		1.0000

FACTORS B1 AND B2. ALLOCATION OF WET WEATHER AND INFILTRATION AND INFLOW COSTS.

Factors are based on the weighting of sanitary flow and the number of customers.

<u>Classification</u> (1)	<u>Flow Based</u>		<u>Customer Based</u>			<u>Allocation Factor</u> (7)=(3)+(6)
	<u>Factor A-1 and A-2</u> (2)	<u>Weighted Based on Sanitary Flow</u> (3)=(2)X 0.3333	<u>Number of Customers</u> (4)	<u>Allocation Factor</u> (5)	<u>Weighted Based on Customers</u> (6)=(5)X 0.6667	
<u>Inside City</u>						
Residential	0.4699	0.1566	14,664	0.8833	0.5889	0.7455
Commercial	0.5017	0.1672	1,906	0.1148	0.0765	0.2437
Industrial	0.0284	0.0095	32	0.0019	0.0013	0.0108
Total Inside	1.0000	0.3333	16,601	1.0000	0.6667	1.0000
<u>Outside City</u>						
Residential	0.3521	0.1173	2,971	0.9150	0.6100	0.7273
Commercial	0.6039	0.2013	267	0.0822	0.0548	0.2561
Industrial	0.0440	0.0147	9	0.0028	0.0019	0.0166
Total Outside	1.0000	0.3333	3,247	1.0000	0.6667	1.0000

CITY OF LANCASTER - SEWER FUND

FACTORS FOR ALLOCATING COSTS BY FUNCTION TO CUSTOMER CLASSIFICATIONS

FACTOR C1 AND C2. ALLOCATION OF CUSTOMER COSTS.

Factors are based on the number of annual bills by customer classification.

<u>Classification</u> (1)	<u>Number of Bills</u> (2)	<u>Allocation Factor C-1</u> (3)	<u>Allocation Factor C-2</u> (4)
<u>Inside City</u>			
Residential	59,025	0.8540	
Commercial	9,859	0.1427	
Industrial	226	0.0033	
Total Inside	69,110	1.0000	
<u>Outside City</u>			
Residential	11,896		0.8715
Commercial	1,685		0.1235
Industrial	68		0.0050
Total Outside	13,649		1.0000

FACTOR D. ALLOCATION OF MUNICIPAL PARTNERS COSTS.

These costs are allocated directly to the Municipal Partners classification.

<u>Classification</u> (1)	<u>Allocation Factor</u> (2)
<u>Inside City</u>	
Municipal Partners	1.0000

CITY OF LANCASTER - SEWER FUND

COST OF SERVICE FOR THE TWELVE MONTHS ENDING DECEMBER 31 2020, ALLOCATED TO COST FUNCTIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Inside City			Outside City			
			Sanitary (4)	Wet Weather/ I&I (5)	Customer (6)	Municipal Partners (7)	Sanitary (8)	I&I (9)	Customer (10)
<b>OPERATION AND MAINTENANCE EXPENSES</b>									
<b>SEWAGE TREATMENT</b>									
701.5 PAYROLL-PLANT	15	905,374	313,984	179,536	0	319,687	81,484	10,683	0
720.5 MAINTENANCE-BUILDING	15	39,941	13,851	7,920	0	14,103	3,595	471	0
720.5 MAINTENANCE-COMMUNICATION	15	403,004	139,762	79,916	0	142,301	36,270	4,755	0
720.5 MAINTENANCE-EQUIPMENT	15	0	0	0	0	0	0	0	0
720.5 MAINTENANCE-VEHICLES	15	11,867	4,115	2,353	0	4,190	1,068	140	0
METER EXPENSE	6	293,557	0	0	245,355	0	0	0	48,202
WATER UTILITY EXPENSE	1	129,461	36,598	0	0	83,373	9,489	0	0
711.5 SLUDGE DISPOSAL	1	1,560,000	441,012	0	0	1,004,640	114,348	0	0
715.5 POWER ELECTRIC	1A	1,001,564	159,950	251,893	0	533,333	41,465	14,923	0
720.5 OPERATING SUPPLIES	15	32,155	11,151	6,376	0	11,354	2,894	379	0
720.5 LABORATORY SUPPLIES	1	57,004	16,115	0	0	36,710	4,178	0	0
718.5 CHEMICALS	1	575,295	162,636	0	0	370,490	42,169	0	0
718.5 CHEMICALS - CHLORINATION & DECHLORINATION	1A	73,687	11,768	18,532	0	39,239	3,051	1,098	0
720.5 GASOLINE	15	16,434	5,699	3,259	0	5,803	1,479	194	0
716.5 FUEL OIL	15	70,900	24,588	14,059	0	25,035	6,381	837	0
MINOR EQUIPMENT	15	5,371	1,863	1,065	0	1,897	483	63	0
CAPITAL OUTLAY	15	74,466	25,825	14,767	0	26,294	6,702	879	0
<b>TOTAL SEWAGE TREATMENT EXPENSE</b>		<b>5,250,080</b>	<b>1,368,918</b>	<b>579,677</b>	<b>245,355</b>	<b>2,618,448</b>	<b>355,056</b>	<b>34,423</b>	<b>48,202</b>
<b>PUMPING</b>									
701.3 PAYROLL - PUMPING	16	819,133	114,269	222,968	0	428,325	39,400	14,171	0
720.3 MAINT. BUILDINGS	16	1,937	270	527	0	1,013	93	34	0
720.3 MAINT. EQUIPMENT	16	67,587	9,428	18,397	0	35,341	3,251	1,169	0
715.3 POWER ELECTRIC	1B	46,253	7,831	12,326	0	26,096	0	0	0
715.3 POWER ELECTRIC - MAPLE GROVE PUMP STATION	1D	85,344	11,590	50,148	0	3,764	14,594	5,249	0
715.3 POWER ELECTRIC - NORTH PUMP STATION	1E	227,727	30,948	46,479	0	144,037	4,600	1,662	0
715.3 POWER ELECTRIC - STEVENS PUMP STATION	1G	66,971	9,095	7,072	0	49,009	1,319	475	0
720.3 OPERATING SUPPLIES	16	2,159	301	588	0	1,129	104	37	0
716.3 FUEL OIL	16	22,335	3,116	6,080	0	11,679	1,074	386	0
MINOR EQUIPMENT	16	5,274	736	1,436	0	2,758	254	91	0
<b>TOTAL PUMPING STATIONS</b>		<b>1,344,721</b>	<b>187,584</b>	<b>366,022</b>	<b>0</b>	<b>703,151</b>	<b>64,690</b>	<b>23,275</b>	<b>0</b>

CITY OF LANCASTER - SEWER FUND  
COST OF SERVICE FOR THE TWELVE MONTHS ENDING DECEMBER 31 2020, ALLOCATED TO COST FUNCTIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Inside City			Outside City				
			Sanitary (4)	Wet Weather/ I&I (5)	Customer (6)	Municipal Partners (7)	Sanitary (8)	I&I (9)	Customer (10)	
<b>COLLECTION</b>										
701.1 PAYROLL-COLLECTION LINE	3	460,755	58,746	92,520	0	195,867	83,581	30,041	0	0
701.1 PAYROLL-COLLECTION LINE -WET WEATHER	2	460,755	0	460,755	0	0	0	0	0	0
750.1 MAINT. VEHICLES	4	123,868	7,903	74,358	0	26,334	11,235	4,038	0	0
731.1 CONTRACT SERVICES	4	60,657	3,870	36,412	0	12,896	5,502	1,977	0	0
720.1 TRENCH PAVING	4	102,269	6,525	61,392	0	21,742	9,276	3,334	0	0
720.1 OPERATING SUPPLIES	4	308,280	19,668	185,060	0	65,540	27,961	10,050	0	0
720.1 GASOLINE	4	54,200	3,458	32,536	0	11,523	4,916	1,767	0	0
<b>TOTAL COLLECTIONS</b>		<b>1,570,785</b>	<b>100,170</b>	<b>943,034</b>	<b>0</b>	<b>333,903</b>	<b>142,470</b>	<b>51,208</b>	<b>0</b>	<b>0</b>
<b>ADMINISTRATION</b>										
701.8 SALARY BUREAU CHIEF	7	109,912	19,949	36,458	5,957	36,040	8,265	2,077	1,165	1,165
701.8 SALARY PERSONNEL	7	201,379	36,550	66,797	10,915	66,032	15,144	3,806	2,135	2,135
701.8 SALARY PERSONNEL - BILLING RELATED	6	114,153	0	0	95,409	0	0	0	18,744	18,744
701.8 SALARY TEMPORARY	7	4,401	799	1,460	239	1,443	331	83	47	47
701.8 OVERTIME	7	129	23	43	7	42	10	2	1	1
701.8 VESTED ABSENCES	7	486	88	161	26	159	37	9	5	5
704.8 OPEB ARC EXPENSE	5	100,411	17,773	34,602	3,675	34,190	7,461	1,988	723	723
704.8 EDUCATIONAL INCENTIVE	5	14,308	2,533	4,931	524	4,872	1,063	283	103	103
704.8 MEDICAL INSURANCE	5	850,000	150,450	292,910	31,110	289,425	63,155	16,830	6,120	6,120
704.8 DENTAL/VISION	5	34,033	6,024	11,728	1,246	11,588	2,529	674	245	245
704.8 SOCIAL SECURITY	5	235,313	41,650	81,089	8,612	80,124	17,484	4,659	1,694	1,694
704.8 LIFE INSURANCE	5	7,576	1,341	2,611	277	2,580	563	150	55	55
704.8 PENSION CONTRIBUTION	5	18,905	3,346	6,515	692	6,437	1,405	374	136	136
704.8 UNEMPLOYMENT COMPENSATION	5	0	0	0	0	0	0	0	0	0
758.8 WORKERS COMP	5	22,712	4,020	7,826	831	7,733	1,687	450	164	164
<b>ADMINISTRATION - SALARY/BENEFITS</b>		<b>1,713,716</b>	<b>284,546</b>	<b>547,129</b>	<b>159,520</b>	<b>540,666</b>	<b>119,132</b>	<b>31,387</b>	<b>31,336</b>	<b>31,336</b>
775.8 PC LEASE	7	10,983	1,993	3,643	595	3,601	826	208	116	116
775.8 RENTAL OF PARKING LOT	7	3,457	627	1,147	187	1,134	260	65	37	37
775.8 RENTAL OF UNIFORMS	7	11,154	2,024	3,700	605	3,657	839	211	118	118
775.8 MAINTENANCE OF EQUIPMENT	7	7,276	1,321	2,413	394	2,386	547	138	77	77
775.8 ADVERTISING	7	0	0	0	0	0	0	0	0	0
720.8 POSTAGE	6	23,212	0	0	19,400	0	0	0	3,811	3,811
775.8 PRINTING	6	4,261	0	0	3,561	0	0	0	700	700
775.8 TELEPHONE	7	34,465	6,255	11,432	1,868	11,301	2,592	651	365	365
775.8 TRAVEL	7	6,603	1,198	2,190	358	2,165	497	125	70	70
736.8 PROFESSIONAL SERVICES	7	654,033	118,707	216,943	35,449	214,457	49,183	12,361	6,933	6,933
766.8 RATE CASE EXPENSE	14	86,667	0	0	0	0	65,849	14,023	6,795	6,795
775.8 BANK SERVICE CHARGES	6	9,157	0	0	7,654	0	0	0	1,504	1,504



CITY OF LANCASTER - SEWER FUND

COST OF SERVICE FOR THE TWELVE MONTHS ENDING DECEMBER 31 2020, ALLOCATED TO COST FUNCTIONS

Account	Factor Ref.	Cost of Service	Inside City				Outside City			
			Sanitary (4)	Wet Weather/ I&I (5)	Customer (6)	Municipal Partners (7)	Sanitary (8)	I&I (9)	Customer (10)	
775.8 CREDIT CARD FEES	6	6,930	0	0	5,792	0	0	0	0	1,138
770.8 BAD DEBT EXPENSE	11	2,014,835	0	0	0	2,014,835	0	0	0	0
775.8 CONTRACT SERVICES	7	42,320	7,681	14,038	2,294	13,877	3,182	800	449	449
775.8 TRAINING - SCHOOL	7	18,896	3,430	6,268	1,024	6,196	1,421	357	200	200
OFFICE SUPPLIES	7	1,830	332	607	99	600	138	35	19	19
759.8 INSURANCE PACKAGE	7	220,000	39,930	72,974	11,924	72,138	16,544	4,158	2,332	2,332
ADMINISTRATION - OPERATING EXPENSES		3,156,079	183,500	335,354	91,205	2,346,348	141,878	33,131	24,664	24,664
720.8 MINOR EQUIPMENT	7	4,382	795	1,454	238	1,437	330	83	46	46
SAFETY EQUIPMENT	7	6,821	1,238	2,263	370	2,237	513	129	72	72
COMPUTER APPLICATIONS	7	6,060	1,100	2,010	328	1,987	456	115	64	64
ADMINISTRATION-CAPITAL EXPENSE		17,263	3,133	5,726	936	5,661	1,298	326	183	183
ADMIN. INDIRECT COSTS	7	557,812	101,243	185,026	30,233	182,907	41,947	10,543	5,913	5,913
PAYING AGENT	7	782	142	260	42	257	59	15	8	8
ADMINISTRATION - INTERGOVERNMENTAL		558,594	101,385	185,286	30,276	183,163	42,006	10,557	5,921	5,921
TOTAL ADMINISTRATION		5,445,653	572,564	1,073,496	281,936	3,075,837	304,315	75,401	62,104	62,104
GROUPS MAINTENANCE										
736.8 FRINGE	7	3,011	546	999	163	987	226	57	32	32
720.8 OPERATING SUPPLIES	7	12,225	2,219	4,055	663	4,008	919	231	130	130
TOTAL GROUNDS MAINTENANCE		15,235	2,765	5,054	826	4,996	1,146	288	161	161
<b>TOTAL OPERATION AND MAINTENANCE EXPENSE</b>		13,626,474	2,232,000	2,967,282	528,117	6,736,335	867,676	184,596	110,468	110,468
<b>DEPRECIATION EXPENSE</b>										
354.3 STRUCTURES AND IMPROVEMENTS - COLL										
MAIN PUMP STATION	1F-CAP	27,158	5,410	21,637	0	0	81	30	0	0
STEVENS PUMP STATION	1G-CAP	53,141	26,916	20,916	0	0	3,906	1,403	0	0
NORTH PUMP STATION	1E-CAP	394,694	145,918	219,213	0	0	21,748	7,815	0	0
MAPLE GROVE PUMP STATION	1D	23,652	3,212	13,898	0	1,043	4,044	1,455	0	0
MUNICIPAL PARTNERS	11	520,697	0	0	0	520,697	0	0	0	0
OTHER PUMP STATIONS AND AIR RELIEF PITS	1B-CAP	50,773	19,725	31,048	0	0	0	0	0	0

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Account (1)	Factor Ref. (2)	Cost of Service (3)	Inside City			Outside City			
			Sanitary (4)	Wet Weather/ I&I (5)	Customer (6)	Municipal Partners (7)	Sanitary (8)	I&I (9)	Customer (10)
354.4 STRUCTURES AND IMPROVEMENTS - WWTP - TREATMENT									
STRENGTH RELATED	1-CAP	157,933	125,399	0	0	0	32,534	0	0
FLOW RELATED	1A-CAP	270,551	92,447	145,503	0	0	23,971	8,631	0
GENERAL	12	237,899	120,948	80,790	0	0	31,379	4,782	0
MUNICIPAL PARTNERS	11	258,814	0	0	0	258,814	0	0	0
STRUCTURES AND IMPROVEMENTS - WWTP - GENERAL	12	1,294	658	439	0	0	171	26	0
STRUCTURES AND IMPROVEMENTS - WWTP - MP's	11	1,982	0	0	0	1,982	0	0	0
STRUCTURES AND IMPROVEMENTS - WWTP - OTHER	12	280	142	95	0	0	37	6	0
STRUCTURES AND IMPROVEMENTS - WWTP - MP's	11	562	0	0	0	562	0	0	0
360.0 STORMWATER MAINS	2	29,670	0	29,670	0	0	0	0	0
361.1 GRAVITY MAINS									
INSIDE	1B	221,176	37,445	58,943	0	124,787	0	0	0
OUTSIDE	1C	51,976	0	0	0	0	38,234	13,742	0
371.0 PUMPING EQUIPMENT	1A-CAP	72,662	24,829	39,078	0	0	6,438	2,318	0
372.0 PUMPING EQUIPMENT - MUNICIPAL PARTNERS	11	88,132	0	0	0	88,132	0	0	0
380.0 TREATMENT AND DISPOSAL EQUIPMENT									
STRENGTH RELATED	1-CAP	166,414	132,133	0	0	0	34,281	0	0
FLOW RELATED	1A-CAP	115,559	39,487	62,148	0	0	10,239	3,686	0
GENERAL	13	8,961	5,454	1,975	0	0	1,415	117	0
MUNICIPAL PARTNERS	11	305,606	0	0	0	305,606	0	0	0
390.0 OFFICE FURNITURE AND EQUIPMENT	7-CAP	8,247	2,228	4,070	665	0	923	232	130
391.0 OFFICE FURNITURE AND EQUIPMENT - MUNI. PARTNERS	11	1,343	0	0	0	1,343	0	0	0
391.2 TRANSPORTATION EQUIPMENT - SMALL TRUCKS/AUTOS	7	68,137	12,367	22,601	3,693	22,342	5,124	1,288	722
391.3 TRANSPORTATION EQUIPMENT - LARGE TRUCKS	7	69,754	12,660	23,137	3,781	22,872	5,246	1,318	739
393.0 TOOLS, SHOP AND GARAGE EQUIPMENT	7-CAP	11,453	3,093	5,652	923	0	1,282	322	181
394.0 TOOLS, SHOP AND GARAGE EQUIPMENT - MP	11	928	0	0	0	928	0	0	0
395.0 POWER OPERATED EQUIPMENT	7	38,405	6,971	12,739	2,082	12,593	2,888	726	407
TOTAL DEPRECIATION EXPENSE		3,257,853	817,441	793,552	11,143	1,361,702	223,939	47,896	2,180
DEPRECIATION EXPENSE - CONTRIBUTED CAPITAL									
354.3 STRUCTURES AND IMPROVEMENTS - COLL	11		0	0	0	0	0	0	0
MAIN PUMP STATION	11	(41,256)	0	0	0	(41,256)	0	0	0
STEVENS PUMP STATION	11	(84,783)	0	0	0	(84,783)	0	0	0
NORTH PUMP STATION	11	(328,206)	0	0	0	(328,206)	0	0	0
OTHER PUMPING STATIONS	11	(66,452)	0	0	0	(66,452)	0	0	0

CITY OF LANCASTER - SEWER FUND

COST OF SERVICE FOR THE TWELVE MONTHS ENDING DECEMBER 31 2020, ALLOCATED TO COST FUNCTIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Inside City			Outside City			
			Sanitary (4)	Wet Weather/ I&I (5)	Customer (6)	Municipal Partners (7)	Sanitary (8)	I&I (9)	Customer (10)
354.4 STRUCTURES AND IMPROVEMENTS - WWTP - TREATMENT	11	(258,814)	0	0	0	(258,814)	0	0	0
354.5 STRUCTURES AND IMPROVEMENTS - WWTP - GENERAL	11	(1,982)	0	0	0	(1,982)	0	0	0
354.7 STRUCTURES AND IMPROVEMENTS - WWTP - OTHER MAINS	11	(562)	0	0	0	(562)	0	0	0
371.0 PUMPING EQUIPMENT	11	(105,756)	0	0	0	(105,756)	0	0	0
380.0 TREATMENT AND DISPOSAL EQUIPMENT	11	(88,132)	0	0	0	(88,132)	0	0	0
390.0 OFFICE FURNITURE AND EQUIPMENT	11	(305,606)	0	0	0	(305,606)	0	0	0
393.0 TOOLS, SHOP AND GARAGE EQUIPMENT	11	(1,343)	0	0	0	(1,343)	0	0	0
TOTAL DEPRECIATION EXP. - CONTRIBUTED	11	(928)	0	0	0	(928)	0	0	0
		(1,283,820)	0	0	0	(1,283,820)	0	0	0
NET DEPRECIATION EXPENSE		1,974,033	817,441	793,552	11,143	77,882	223,939	47,896	2,180
OPERATING INCOME	10	4,466,419	1,912,967	1,752,623	11,166	192,949	495,326	99,155	2,233
<b>TOTAL COST OF SERVICE</b>		20,066,926	4,962,409	5,513,457	550,426	7,007,166	1,586,941	331,646	114,881
<b>LESS OTHER SEWER REVENUES</b>									
LIEN COSTS	8	1,025	255	283	28	359	78	16	6
RENTAL INCOME	8	32,394	8,050	8,937	891	11,360	2,465	515	175
REFUND OF PRIOR YEAR EXPENDITURES	8	16,874	4,193	4,656	464	5,918	1,284	268	91
INTEREST INCOME	8	1,902	473	525	52	667	145	30	10
MISC. INCOME	8	64,562	16,044	17,813	1,775	22,642	4,913	1,027	349
INDUSTRIAL WASTE PERMITS	1	10,000	2,827	0	0	6,440	733	0	0
SLSA OPERATING CHARGES	8	150,605	37,425	41,552	4,142	52,817	11,461	2,395	813
INDUSTRIAL WASTE SURCHARGE	1	731,333	206,748	0	0	470,978	53,607	0	0
<b>TOTAL OTHER SEWER REVENUES</b>		1,008,693	276,014	73,765	7,352	571,182	74,686	4,251	1,444
<b>TOTAL COST OF SERVICE RELATE TO SALES OF WASTEWATER SERVICES</b>		19,058,233	4,686,395	5,439,692	543,074	6,435,984	1,512,256	327,395	113,437

CITY OF LANCASTER - SEWER FUND

FACTORS FOR ALLOCATING COSTS TO COST FUNCTIONS

FACTOR 1. ALLOCATION OF COSTS RELATED TO WASTEWATER TREATMENT OF SANITARY FLOW.

Factors are based on the average daily sanitary flow delivered to the system.

Cost Function (1)	Avg. Daily Wastewater Flow, 1000 gals. (2)	Sanitary Portion (3)	Allocable Sanitary Flow (4)=(2)X(3)	Allocation Factor 1 (5)	Allocation Factor 1-CAP (6)
<u>Inside City</u>					
Sanitary Sewer	4,117	0.9000	3,706	0.2827	0.7940
Wet Weather and I&I	-		-	-	
Municipal Partners	12,352	0.6835 *	8,442	0.6440	-
<u>Outside City</u>					
Sanitary Sewer	1,068	0.9000	961	0.0733	0.2060
I&I	-		-	-	
Total	<u>17,537</u>		<u>13,109</u>	<u>1.0000</u>	<u>1.0000</u>

\* Based on a 5-year average percentage of sanitary flow to total wastewater flow at the WWTP.

FACTOR 1A. ALLOCATION OF COSTS RELATED TO TOTAL WASTEWATER FLOW.

Factors are based on the average daily wastewater flow delivered to the system.

Cost Function (1)	Avg. Daily Wastewater Flow, 1000 gals. (2)	Allocation Factor 1A (3)	Allocation Factor 1A-CAP (4)
<u>Inside City</u>			
Sanitary Sewer	3,706	0.1597	0.3417
Wet Weather and I&I	5,833	0.2515	0.5378
Municipal Partners	12,352	0.5325	
<u>Outside City</u>			
Sanitary Sewer	961	0.0414	0.0886
I&I	346	0.0149	0.0319
Total	<u>23,198</u>	<u>1.0000</u>	<u>1.0000</u>

CITY OF LANCASTER - SEWER FUND

FACTORS FOR ALLOCATING COSTS TO COST FUNCTIONS

FACTORS 1B and 1C. ALLOCATION OF COSTS RELATED TO PUMPING AND COLLECTING MAINS.

Factors are based on the average daily wastewater flow for each service area.

Cost Function (1)	Inside-City			Outside-City	
	Avg. Daily Wastewater Flow, 1000 gals. (2)	Allocation Factor 1B (3)	Allocation Factor 1B-CAP (4)	Avg. Daily Wastewater Flow, 1000 gals. (5)	Allocation Factor 1C (6)
<u>Inside City</u>					
Sanitary Sewer	3,706	0.1693	0.3885	-	-
Wet Weather and I&I	5,833	0.2665	0.6115	-	-
Municipal Partners	12,352	0.5642	-	-	-
<u>Outside City</u>					
Sanitary Sewer	-	-	-	961	0.7356
I&I	-	-	-	346	0.2644
Total	<u>21,891</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1,307</u>	<u>1.0000</u>

CITY OF LANCASTER - SEWER FUND

FACTORS FOR ALLOCATING COSTS TO COST FUNCTIONS

FACTOR 1D. ALLOCATION OF COSTS RELATED TO PUMPING -  
MAPLE GROVE PUMP STATION

Factors are based on the average daily wastewater flow for the pump station.

Cost Function (1)	Maple Grove Avg. Daily Wastewater Flow, 1000 gals. (2)	Allocation Factor 1D (3)
<u>Inside City</u>		
Sanitary Sewer	394	0.1358
Wet Weather and I&I	1,705	0.5876
Municipal Partners	128	0.0441
<u>Outside City</u>		
Sanitary Sewer	496	0.1710
I&I	178	0.0615
Total	2,902	1.0000

FACTOR 1E AND 1E-CAP. ALLOCATION OF COSTS RELATED TO PUMPING -  
NORTH PUMP STATION

Factors are based on the average daily wastewater flow for the pump station.

Cost Function (1)	North PS Avg. Daily Wastewater Flow, 1000 gals. (2)	Allocation Factor 1E (3)	Allocation Factor 1E-CAP (4)
<u>Inside City</u>			
Sanitary Sewer	1,626	0.1359	0.3697
Wet Weather and I&I	2,442	0.2041	0.5554
Municipal Partners	7,568	0.6325	
<u>Outside City</u>			
Sanitary Sewer	242	0.0202	0.0551
I&I	87	0.0073	0.0198
Total	11,965	1.0000	1.0000

FACTOR 1F AND 1F-CAP. ALLOCATION OF COSTS RELATED TO PUMPING -  
MAIN PUMP STATION

Factors are based on the average daily wastewater flow for the pump station.

Cost Function (1)	Main PS Avg. Daily Wastewater Flow, 1000 gals. (2)	Allocation Factor 1F (3)	Allocation Factor 1F-CAP (4)
<u>Inside City</u>			
Sanitary Sewer	948	0.1358	0.1992
Wet Weather and I&I	3,792	0.5436	0.7967
Municipal Partners	2,217	0.3178	
<u>Outside City</u>			
Sanitary Sewer	14	0.0021	0.0030
I&I	5	0.0007	0.0011
Total	6,977	1.0000	1.0000

CITY OF LANCASTER - SEWER FUND

FACTORS FOR ALLOCATING COSTS TO COST FUNCTIONS

FACTOR 1G AND 1G-CAP. ALLOCATION OF COSTS RELATED TO PUMPING -  
STEVENS PUMP STATION

Factors are based on the average daily wastewater flow for the pump station.

Cost Function (1)	Stevens PS Avg. Daily Wastewater Flow, 1000 gals. (2)	Allocation Factor 1G (4)	Allocation Factor 1G-CAP (4)
<u>Inside City</u>			
Sanitary Sewer	453	0.1358	0.5065
Wet Weather and I&I	352	0.1056	0.3936
Municipal Partners	2,439	0.7318	
<u>Outside City</u>			
Sanitary Sewer	66	0.0197	0.0735
I&I	24	0.0071	0.0264
Total	<u>3,333</u>	<u>1.0000</u>	<u>1.0000</u>

FACTOR 2. ALLOCATION OF COSTS DIRECTLY RELATED TO COMBINED SEWER SYSTEM.

These costs are assigned directly to the inside -City wet weather and I&I cost function.

Cost Function (1)	Allocation Factor 2 (2)
<u>Inside City</u>	
Wet Weather and I&I	<u>1.0000</u>
Total	<u>1.0000</u>

CITY OF LANCASTER - SEWER FUND

FACTORS FOR ALLOCATING COSTS TO COST FUNCTIONS

FACTOR 3. ALLOCATION OF COSTS RELATED TO COLLECTION LABOR.

Factors are based on wastewater flow for each service area weighted by the length of mains.

Cost Function	Inside-City		Outside-City		Allocation Factor 3
	Factor 1B	Weighted 0.7534	Factor 1C	Weighted 0.2466	
(1)	(2)	(3)	(4)	(5)	(6)
<u>Inside City</u>					
Sanitary Sewer	0.1693	0.1275	-	-	0.1275
Wet Weather and I&I	0.2665	0.2008	-	-	0.2008
Municipal Partners	0.5642	0.4251	-	-	0.4251
<u>Outside City</u>					
Sanitary Sewer	-	-	0.7356	0.1814	0.1814
I&I	-	-	0.2644	0.0652	0.0652
Total	<u>1.0000</u>	<u>0.7534</u>	<u>1.0000</u>	<u>0.2466</u>	<u>1.0000</u>

	Miles of Mains	Weighting
Inside City Sanitary and CSO Main	111.5	0.7534
Outside-City Sanitary Mains	36.5	0.2466
Total	148.0	1.0000

FACTOR 4. ALLOCATION OF EXPENSES RELATED TO COLLECTION EXPENSES OTHER THAN LABOR.

Factors are based on the allocation of collection labor.

Cost Function	Collection	Allocation Factor 4
	Labor Expense	
(1)	(2)	(3)
<u>Inside City</u>		
Sanitary Sewer	\$ 58,746	0.0638
Wet Weather and I&I	553,275	0.6003
Municipal Partners	195,867	0.2126
<u>Outside City</u>		
Sanitary Sewer	83,581	0.0907
I&I	30,041	0.0326
Total	<u>\$ 921,511</u>	<u>1.0000</u>



CITY OF LANCASTER - SEWER FUND

FACTORS FOR ALLOCATING COSTS TO COST FUNCTIONS

FACTOR 5. ALLOCATION OF EXPENSE RELATED TO LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of direct labor expense.

<u>Cost Function</u> (1)	<u>Labor Costs</u> (2)	<u>Allocation Factor 5</u> (3)	
<u>Inside City</u>			
Sanitary Sewer	\$ 544,320	0.1770	
Wet Weather and I&I	1,060,536	0.3446	
Customer	112,526	0.0366	
Municipal Partners	1,047,436	0.3405	
<u>Outside City</u>			
Sanitary Sewer	228,215	0.0743	
I&I	60,865	0.0198	
Customer	22,092	0.0072	
Total	\$ 3,075,990	1.0000	0.1013

FACTOR 6. ALLOCATION OF BILLING AND COLLECTING AND METER READING EXPENSES.

Factors are based on the number of annual customer bills.

<u>Cost Function</u> (1)	<u>Number of Bills</u> (2)	<u>Allocation Factor 6</u> (3)	
<u>Inside City</u>			
Customer	69,440	0.8352	
Municipal Partners	48	0.0006	
<u>Outside City</u>			
Customer	13,649	0.1642	
Total	83,137	1.0000	

CITY OF LANCASTER - SEWER FUND

FACTORS FOR ALLOCATING COSTS TO COST FUNCTIONS

FACTOR 7. ALLOCATION OF ADMINISTRATIVE EXPENSE.

Factors are based on the allocation of all other operating and maintenance expenses excluding power, chemicals, and sludge expense.

<u>Cost Function</u> (1)	<u>O&amp;M</u> <u>Costs</u> (2)	<u>Allocation</u> <u>Factor 7</u> (3)	<u>Allocation</u> <u>Factor 7-CAP</u> (3)
<u>Inside City</u>			
Sanitary Sewer	\$ 821,843	0.1815	0.2701
Wet Weather and I&I	1,502,281	0.3317	0.4935
Customer	245,355	0.0542	0.0806
Municipal Partners	1,484,894	0.3279	
<u>Outside City</u>			
Sanitary Sewer	340,670	0.0752	0.1119
I&I	85,499	0.0189	0.0281
Customer	48,202	0.0106	0.0158
Total	<u>\$ 4,528,745</u>	<u>1.0000</u>	<u>1.0000</u>

FACTOR 8. ALLOCATION OF OTHER WASTEWATER REVENUES.

Factors are based on the allocation of the total cost of service excluding those items being allocated.

<u>Cost Function</u> (1)	<u>Total Cost</u> <u>of Service</u> (2)	<u>Allocation</u> <u>Factor 8</u> (3)
<u>Inside City</u>		
Sanitary Sewer	\$ 4,962,409	0.2485
Wet Weather and I&I	5,513,457	0.2759
Customer	550,426	0.0275
Municipal Partners	7,007,166	0.3507
<u>Outside City</u>		
Sanitary Sewer	1,521,092	0.0761
I&I	317,624	0.0159
Customer	108,086	0.0054
Total	<u>\$ 19,980,260</u>	<u>1.0000</u>

CITY OF LANCASTER - SEWER FUND

FACTORS FOR ALLOCATING COSTS TO COST FUNCTIONS

FACTOR 9. ALLOCATION OF CASH WORKING CAPITAL.

Factors are based on the allocation of operation and maintenance expenses .

<u>Cost Function</u> (1)	<u>O&amp;M Expenses</u> (2)	<u>Allocation Factor 9</u> (3)
<u>Inside City</u>		
Sanitary Sewer	\$ 2,232,000	0.1637
Wet Weather and I&I	2,967,282	0.2178
Customer	528,117	0.0388
Municipal Partners	6,736,335	0.4944
<u>Outside City</u>		
Sanitary Sewer	867,676	0.0637
I&I	184,596	0.0135
Customer	110,468	0.0081
Total	<u>\$ 13,626,474</u>	<u>1.0000</u>

FACTOR 10. ALLOCATION OF INCOME AVAILABLE FOR RETURN.

Factors are based on the allocation of the original cost measure of value rate as as shown on the following page and summarized below.

<u>Cost Function</u> (1)	<u>Original Cost Less Depreciation</u> (2)	<u>Allocation Factor 10</u> (3)
<u>Inside City</u>		
Sanitary Sewer	\$ 26,580,085	0.4283
Wet Weather and I&I	24,343,028	0.3924
Customer	154,647	0.0025
Municipal Partners	2,677,455	0.0432
<u>Outside City</u>		
Sanitary Sewer	6,879,826	0.1109
I&I	1,375,476	0.0222
Customer	31,127	0.0005
Total	<u>\$ 62,041,643</u>	<u>1.0000</u>

CITY OF LANCASTER - SEWER FUND  
COST OF SERVICE FOR THE TWELVE MONTHS ENDING DECEMBER 31 2012, ALLOCATED TO COST FUNCTIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Inside City			Outside City			
			Sanitary (4)	Wet Weather/ I&I (5)	Customer (6)	Municipal Partners (7)	Sanitary (8)	I&I (9)	Customer (10)
UTILITY PLANT IN SERVICE									
353.0	1	1,116,600.00	315,663	0	0	719,090	81,847	0	0
354.0	1B	360,623.87	61,054	96,106	0	203,464	0	0	0
355.0	1D	7,600.00	1,032	4,466	0	335	1,300	467	0
354.3 STRUCTURES AND IMPROVEMENTS - COLL									
	1F-CAP	659,881	131,448	525,727	0	0	1,980	726	0
	1G-CAP	1,574,170	797,317	619,593	0	0	115,701	41,558	0
	1E-CAP	11,923,970	4,408,292	6,622,573	0	0	657,011	236,095	0
	1D	587,221	79,745	345,051	0	25,896	100,415	36,114	0
OTHER PUMP STATIONS AND AIR RELIEF PITS									
	1B-CAP	2,468,443	958,990	1,509,453	0	0	0	0	0
	11	15,084,323	0	0	0	15,084,323	0	0	0
354.4 STRUCTURES AND IMPROVEMENTS - WWTP - TREATMENT									
STRENGTH RELATED									
	1-CAP	5,575,824	4,427,204	0	0	0	1,148,620	0	0
	1A-CAP	9,551,833	3,263,861	5,136,976	0	0	846,292	304,703	0
	12	8,399,025	4,270,065	2,852,309	0	0	1,107,831	168,820	0
MUNICIPAL PARTNERS									
	11	8,770,461	0	0	0	8,770,461	0	0	0
	12	26,394	13,419	8,963	0	0	3,481	531	0
	11	40,442	0	0	0	40,442	0	0	0
	12	4,471	2,273	1,518	0	0	590	90	0
354.7 STRUCTURES AND IMPROVEMENTS - WWTP - OTHER									
	11	8,964	0	0	0	8,964	0	0	0
	2	948,239	0	948,239	0	0	0	0	0
361.1 GRAVITY MAINS									
	1B	5,400,935	914,378	1,439,349	0	3,047,208	0	0	0
	1C	1,269,215	0	0	0	0	933,635	335,580	0
	1A-CAP	2,455,195	838,940	1,320,404	0	0	217,530	78,321	0
	11	2,469,500	0	0	0	2,469,500	0	0	0
371.0 PUMPING EQUIPMENT									
372.0 PUMPING EQUIPMENT - MUNICIPAL PARTNERS									
380.0 TREATMENT AND DISPOSAL EQUIPMENT									
STRENGTH RELATED									
	1-CAP	5,188,631	4,119,773	0	0	0	1,068,858	0	0
	1A-CAP	3,603,015	1,231,150	1,937,701	0	0	319,227	114,936	0
	13	279,388	170,035	61,577	0	0	44,115	3,660	0
GENERAL									
	11	8,986,104	0	0	0	8,986,104	0	0	0
	7-CAP	122,150	32,993	60,281	9,845	0	13,669	3,432	1,930
	11	23,510	0	0	0	23,510	0	0	0
390.0 OFFICE FURNITURE AND EQUIPMENT									
391.2 TRANSPORTATION EQUIPMENT - SMALL TRUCKS/AUTOS									
	7	465,191	84,432	154,304	25,213	152,536	34,982	8,792	4,931
391.3 TRANSPORTATION EQUIPMENT - LARGE TRUCKS									
	7	306,163	55,569	101,554	16,594	100,391	23,023	5,786	3,245
393.0 TOOLS, SHOP AND GARAGE EQUIPMENT									
	11	180,764	48,824	89,207	14,570	0	20,227	5,079	2,856
	11	19,962	0	0	0	19,962	0	0	0
	7	412,102	74,797	136,694	22,336	135,128	30,990	7,789	4,368
TOTAL UTILITY PLANT IN SERVICE									
		98,290,310	26,301,254	23,972,047	88,558	39,787,315	6,771,325	1,352,481	17,331

CITY OF LANCASTER - SEWER FUND  
COST OF SERVICE FOR THE TWELVE MONTHS ENDING DECEMBER 31 2012, ALLOCATED TO COST FUNCTIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Inside City			Outside City			
			Sanitary (4)	Wet Weather/ I&I (5)	Customer (6)	Municipal Partners (7)	Sanitary (8)	I&I (9)	Customer (10)
LESS CONTRIBUTED CAPITAL									
354.3 STRUCTURES AND IMPROVEMENTS - COLL									
MAIN PUMP STATION	11	1,010,138	0	0	0	1,010,138	0	0	0
STEVENS PUMP STATION	11	2,491,563	0	0	0	2,491,563	0	0	0
NORTH PUMP STATION	11	9,798,321	0	0	0	9,798,321	0	0	0
OTHER PUMP STATIONS	11	1,784,301	0	0	0	1,784,301	0	0	0
354.4 STRUCTURES AND IMPROVEMENTS - WWTP - TREATMENT	11	8,770,461	0	0	0	8,770,461	0	0	0
354.5 STRUCTURES AND IMPROVEMENTS - WWTP - GENERAL	11	40,442	0	0	0	40,442	0	0	0
354.7 STRUCTURES AND IMPROVEMENTS - WWTP - OTHER	11	8,964	0	0	0	8,964	0	0	0
MAINS	11	2,548,710	0	0	0	2,548,710	0	0	0
PUMPING EQUIPMENT	11	2,469,500	0	0	0	2,469,500	0	0	0
TREATMENT AND DISPOSAL EQUIPMENT	11	8,986,104	0	0	0	8,986,104	0	0	0
OFFICE FURNITURE AND EQUIPMENT	11	23,510	0	0	0	23,510	0	0	0
TOOLS, SHOP AND GARAGE EQUIPMENT	11	19,962	0	0	0	19,962	0	0	0
TOTAL CONTRIBUTED CAPITAL	11	37,951,976	-	-	-	37,951,976	-	-	-
TOTAL UTILITY PLANT IN SERVICE		60,338,334	26,301,254	23,972,047	88,558	1,835,339	6,771,325	1,352,481	17,331
OTHER RATE BASE ITEM	9	1,703,309	278,832	370,981	66,088	842,116	108,501	22,995	13,797
CASH WORKING CAPITAL		62,041,643	26,580,085	24,343,028	154,647	2,677,455	6,879,826	1,375,476	31,127
TOTAL RATE BASE									

CITY OF LANCASTER - SEWER FUND

FACTORS FOR ALLOCATING COSTS TO COST FUNCTIONS

FACTOR 11. ALLOCATION OF COSTS DIRECTLY RELATED TO MUNICIPAL PARTNERS

<u>Cost Function</u>	<u>Allocation</u>
(1)	Factor 11
(2)	(2)
<u>Inside City</u>	
Municipal Partners	1.0000
	<hr/>
Total	<u>1.0000</u>

FACTOR 12. ALLOCATION OF WASTEWATER TREATMENT PLANT STRUCTURES AND IMPROVEMENTS - GENERAL ASSETS.

Factors based on wastewater treatment plant structures and improvements other than those being allocated.

<u>Cost Function</u>	<u>Original</u>	<u>Allocation</u>
(1)	Costs Less	Factor 12
(2)	Depreciation	(3)
<u>Inside City</u>		
Sanitary Sewer	\$ 7,691,065	0.5084
Wet Weather and I&I	5,136,976	0.3396
Customer	-	-
Municipal Partners	-	-
<u>Outside City</u>		
Sanitary Sewer	1,994,912	0.1319
I&I	304,703	0.0201
Customer	-	-
Total	<u>\$ 15,127,657</u>	<u>1.0000</u>

CITY OF LANCASTER - SEWER FUND

FACTORS FOR ALLOCATING COSTS TO COST FUNCTIONS

FACTOR 13. ALLOCATION OF WASTEWATER TREATMENT PLANT EQUIPMENT.

Factors based on wastewater treatment plant equipment other than those being allocated.

<u>Cost Function</u>	<u>Original Costs Less Depreciation</u>	<u>Allocation Factor 13</u>
(1)	(2)	(3)
<u>Inside City</u>		
Sanitary Sewer	\$ 5,350,923	0.6086
Wet Weather and I&I	1,937,701	0.2204
Customer	-	-
Municipal Partners	-	-
<u>Outside City</u>		
Sanitary Sewer	1,388,085	0.1579
I&I	114,936	0.0131
Customer	-	-
Total	<u>\$ 8,791,646</u>	<u>1.0000</u>

FACTOR 14. ALLOCATION OF RATE CASE EXPENSE.

Factors are based on total Outside-City cost of service.

<u>(1)</u>	<u>Outside-City Cost of</u>	<u>Allocation</u>
(1)	(2)	(3)
<u>Outside City</u>		
Sanitary Sewer	\$ 1,025,766	0.7598
I&I	218,469	0.1618
Customer	<u>105,853</u>	<u>0.0784</u>
Total	<u>\$ 1,350,088</u>	<u>1.0000</u>

CITY OF LANCASTER - SEWER FUND

FACTORS FOR ALLOCATING COSTS TO COST FUNCTIONS

FACTOR 15. ALLOCATION OF WASTEWATER TREATMENT PLANT GENERAL OPERATION AND MAINTENANCE EXPENSE.

Factors based on allocation of wastewater treatment plant structures and equipment in rate base.

<u>Cost Function</u>	<u>Original Costs Less Depreciation</u>	<u>Allocation Factor 15</u>
(1)	(2)	(3)
<u>Inside City</u>		
Sanitary Sewer	\$ 17,497,781	0.6086
Wet Weather and I&I	9,999,045	0.2204
Customer	-	-
Municipal Partners	-	-
<u>Outside City</u>		
Sanitary Sewer	1,388,085	0.1579
I&I	114,936	0.0131
Customer	-	-
<b>Total</b>	<b>\$ 28,999,847</b>	<b>1.0000</b>

FACTOR 16. ALLOCATION OF PUMPING GENERAL OPERATION AND MAINTENANCE EXPENSE

Factors based on allocation of pumping power expense.

<u>Cost Function</u>	<u>Pumping Power Expense</u>	<u>Allocation Factor 16</u>
(1)	(2)	(3)
<u>Inside City</u>		
Sanitary Sewer	\$ 59,463	0.1395
Wet Weather and I&I	116,026	0.2722
Customer	-	-
Municipal Partners	222,906	0.5229
<u>Outside City</u>		
Sanitary Sewer	20,513	0.0481
I&I	7,387	0.0173
Customer	-	-
<b>Total</b>	<b>\$ 426,296</b>	<b>1.0000</b>

0.07



# APPENDIX

## PROPOSED RATE DESIGN AND BILL COMPARISONS

## CITY OF LANCASTER - SEWER

### SUMMARY OF PRESENT AND PROPOSED RATES

	Present Rates		Proposed Rates	
	Inside	Outside	Inside	Outside
Minimum Charge				
Quarterly				
5/8"	\$ 14.55	\$ 13.05	\$ 26.10	\$ 18.93
3/4"	14.55	13.05	26.10	18.93
1"	43.65	39.18	78.27	56.76
1 1/2"	87.30	78.39	156.54	113.49
2"	145.50	130.62	260.88	189.15
3"	291.00	261.27	521.76	378.30
4"	413.10	370.89	737.70	532.88
6"	709.20	636.72	1,250.70	892.88
8"	1,104.00	1,051.17	2,071.50	1,468.88
10"	1,596.99	1,434.24	2,806.80	1,984.88
12"		2,124.45	-	2,932.88
Monthly				
5/8"	4.85	4.35	8.70	6.31
3/4"	4.85	4.35	8.70	6.31
1"	14.55	13.06	26.09	18.92
1 1/2"	29.10	26.13	52.18	37.83
2"	48.50	43.54	86.96	63.05
3"	97.00	87.09	173.92	126.10
4"	137.70	123.63	245.90	177.63
6"	236.40	212.24	416.90	297.63
8"	368.00	350.39	690.50	489.63
10"	532.33	478.08	935.60	661.63
12"		708.15		977.63
Volumetric Charge				
First 75 (25 Monthly)	6.7852	4.3543	8.6960	6.3050
Next 925 (308 Monthly)	5.1164	2.9234	5.7000	4.0000
Over 1,000 (333 Monthly)	3.8134	2.2246	3.9000	3.8000

CITY OF LANCASTER  
 COMPARISON OF BILLS UNDER PRESENT AND PROPOSED RATES  
 RESIDENTIAL - QUARTERLY  
 5/8 INCH METERS

CONSUMPTION GALLONS	BILLS UNDER		INCREASE	
	PRESENT RATES	PROPOSED RATES	AMOUNT	PERCENT
(1)	(2)	(3)	(4)	(5)
0	\$ 13.05	\$ 18.93	\$ 5.88	45.1%
1,000	13.05	18.93	5.88	45.1%
2,000	13.05	18.93	5.88	45.1%
3,000	13.05	18.93	5.88	45.1%
4,000	17.42	25.22	7.80	44.8%
5,000	21.77	31.53	9.75	44.8%
6,000	26.13	37.83	11.70	44.8%
7,000	30.48	44.14	13.65	44.8%
8,000	34.83	50.44	15.61	44.8%
9,000	39.19	56.75	17.56	44.8%
10,000	43.54	63.05	19.51	44.8%
11,000	47.90	69.36	21.46	44.8%
12,000	52.25	75.66	23.41	44.8%
13,000	56.61	81.97	25.36	44.8%
14,000	60.96	88.27	27.31	44.8%
15,000	65.31	94.58	29.26	44.8%
16,000	69.67	100.88	31.21	44.8%
17,000	74.02	107.19	33.16	44.8%
18,000	78.38	113.49	35.11	44.8%
19,000	82.73	119.80	37.06	44.8%
20,000	87.09	126.10	39.01	44.8%
21,000	91.44	132.41	40.96	44.8%
22,000	95.79	138.71	42.92	44.8%
23,000	100.15	145.02	44.87	44.8%
24,000	104.50	151.32	46.82	44.8%
25,000	108.86	157.63	48.77	44.8%
26,000	113.21	163.93	50.72	44.8%
27,000	117.57	170.24	52.67	44.8%
28,000	121.92	176.54	54.62	44.8%
29,000	126.27	182.85	56.57	44.8%
30,000	130.63	189.15	58.52	44.8%
31,000	134.98	195.46	60.47	44.8%
32,000	139.34	201.76	62.42	44.8%
33,000	143.69	208.07	64.37	44.8%
34,000	148.05	214.37	66.32	44.8%
35,000	152.40	220.68	68.27	44.8%
36,000	156.75	226.98	70.23	44.8%
37,000	161.11	233.29	72.18	44.8%
38,000	165.46	239.59	74.13	44.8%
39,000	169.82	245.90	76.08	44.8%
40,000	174.17	252.20	78.03	44.8%

CITY OF LANCASTER  
 COMPARISON OF BILLS UNDER PRESENT AND PROPOSED RATES  
 COMMERCIAL - QUARTERLY  
 1 INCH METERS

CONSUMPTION GALLONS	BILLS UNDER		INCREASE	
	PRESENT RATES	PROPOSED RATES	AMOUNT	PERCENT
(1)	(2)	(3)	(4)	(5)
0	\$ 39.18	\$ 56.76	\$ 17.58	44.9%
1,000	39.18	56.76	17.58	44.9%
2,000	39.18	56.76	17.58	44.9%
3,000	39.18	56.76	17.58	44.9%
4,000	39.18	56.76	17.58	44.9%
5,000	39.18	56.76	17.58	44.9%
6,000	39.18	56.76	17.58	44.9%
7,000	39.18	56.76	17.58	44.9%
8,000	39.18	56.76	17.58	44.9%
9,000	39.19	56.76	17.57	44.8%
10,000	43.54	63.05	19.51	44.8%
11,000	47.90	69.36	21.46	44.8%
25,000	108.86	157.63	48.77	44.8%
50,000	217.72	315.25	97.54	44.8%
75,000	326.57	472.88	146.30	44.8%
100,000	399.66	585.38	185.72	46.5%
150,000	474.28	720.13	245.84	51.8%
200,000	620.45	945.13	324.67	52.3%
230,000	708.15	1,080.13	371.97	52.5%
250,000	766.62	1,170.13	403.50	52.6%
300,000	912.79	1,395.13	482.33	52.8%
350,000	1,058.96	1,620.13	561.16	53.0%
400,000	1,205.13	1,845.13	639.99	53.1%
450,000	1,351.30	2,070.13	718.82	53.2%
500,000	1,497.47	2,295.13	797.65	53.3%
550,000	1,643.64	2,520.13	876.48	53.3%
600,000	1,789.81	2,745.13	955.31	53.4%
650,000	1,935.98	2,970.13	1,034.14	53.4%
700,000	2,082.15	3,195.13	1,112.97	53.5%
750,000	2,228.32	3,420.13	1,191.80	53.5%
800,000	2,374.49	3,645.13	1,270.63	53.5%
850,000	2,520.66	3,870.13	1,349.46	53.5%
900,000	2,666.83	4,095.13	1,428.29	53.6%
950,000	2,813.00	4,320.13	1,507.12	53.6%
1,000,000	2,924.23	4,510.13	1,585.89	54.2%
2,000,000	5,149.53	8,310.83	3,161.29	61.4%
3,000,000	7,374.83	12,111.53	4,736.69	64.2%
4,000,000	9,600.13	15,912.23	6,312.10	65.8%
5,000,000	11,825.43	19,712.93	7,887.50	66.7%
6,000,000	14,050.73	23,513.63	9,462.90	67.3%
7,000,000	16,276.03	27,314.33	11,038.30	67.8%
8,000,000	18,501.32	31,115.03	12,613.70	68.2%
9,000,000	20,726.62	34,915.73	14,189.10	68.5%
10,000,000	22,951.92	38,716.43	15,764.50	68.7%

CITY OF LANCASTER  
 COMPARISON OF BILLS UNDER PRESENT AND PROPOSED RATES  
 INDUSTRIAL - MONTHLY  
 2 INCH METERS

CONSUMPTION GALLONS	BILLS UNDER		INCREASE	
	PRESENT RATES	PROPOSED RATES	AMOUNT	PERCENT
(1)	(2)	(3)	(4)	(5)
0	\$ 43.54	\$ 63.05	\$ 19.51	44.8%
1,000	43.54	63.05	19.51	44.8%
2,000	43.54	63.05	19.51	44.8%
3,000	43.54	63.05	19.51	44.8%
4,000	43.54	63.05	19.51	44.8%
5,000	43.54	63.05	19.51	44.8%
6,000	43.54	63.05	19.51	44.8%
7,000	43.54	63.05	19.51	44.8%
8,000	43.54	63.05	19.51	44.8%
9,000	43.54	63.05	19.51	44.8%
10,000	43.54	63.05	19.51	44.8%
50,000	108.86	157.63	48.77	44.8%
138,000	439.20	609.63	170.42	38.8%
150,000	474.28	657.63	183.34	38.7%
200,000	620.45	857.63	237.17	38.2%
300,000	912.79	1,257.63	344.83	37.8%
350,000	1,009.26	1,389.63	380.36	37.7%
400,000	1,009.26	1,389.63	380.36	37.7%
450,000	1,009.26	1,389.63	380.36	37.7%
500,000	1,009.26	1,389.63	380.36	37.7%
550,000	1,009.26	1,389.63	380.36	37.7%
600,000	1,009.26	1,389.63	380.36	37.7%
650,000	1,009.26	1,389.63	380.36	37.7%
700,000	1,009.26	1,389.63	380.36	37.7%
750,000	1,009.26	1,389.63	380.36	37.7%
800,000	1,009.26	1,389.63	380.36	37.7%
850,000	1,009.26	1,389.63	380.36	37.7%
900,000	1,009.26	1,389.63	380.36	37.7%
950,000	1,009.26	1,389.63	380.36	37.7%
1,000,000	2,493.07	3,924.23	1,431.15	57.4%
2,000,000	4,717.67	7,724.23	3,006.55	63.7%
3,000,000	6,942.27	11,524.23	4,581.95	66.0%
4,000,000	9,166.87	15,324.23	6,157.35	67.2%
5,000,000	11,391.47	19,124.23	7,732.75	67.9%
6,000,000	13,616.07	22,924.23	9,308.15	68.4%
7,000,000	15,840.67	26,724.23	10,883.55	68.7%
8,000,000	18,065.27	30,524.23	12,458.95	69.0%
9,000,000	20,289.87	34,324.23	14,034.35	69.2%
10,000,000	22,514.47	38,124.23	15,609.75	69.3%