

After reading meters for a period of twelve months, Suncadia Water will reconcile the difference between projected water usage and actual water usage for both the potable water system and the irrigation water system. An amount due or refund will be calculated the following month for the reconciled "true-up" amount. If there is a refund or amount due, the adjustment will be spread over the following twelve months unless the customer or company elects to pay it all at once.

#### Procedure

1. Company will read meters for a twelve-month period.
2. After 12 months of meter readings are collected, the company will compare the actual total metered usage with the 76,845,000 gallons per year that was projected as total metered usage in the approved tariff.
3. Similarly, the company will compare the actual variable charge for potable water paid to the City of Cle Elum for this period with the \$35,887 variable cost of purchased water that is projected in the approved tariff.
4. The annual revenue requirement applicable to the consumption charge will be adjusted up or down, based on the difference in the variable cost of purchased water.
5. This adjusted annual revenue requirement figure will then be divided by the actual total metered usage for the previous twelve months, to yield an adjusted consumption charge for the previous 12 months.
6. The difference between the adjusted consumption charge and the consumption charge of \$2.52 per 1000 gallons included in the approved tariff will then be multiplied by each customer's actual usage for the previous twelve months, to yield a total dollar amount of the refund or amount due for each customer.
7. In the billing statement following the completion of the twelve-month period, the company will notify each customer of the refund or amount due. Unless a customer elects to pay the amount due all at once, or the company elects to pay the refund all at once, the company shall incorporate one-twelfth of the required adjustment into each of the following twelve monthly bills.

#### Illustration

See attached worksheet called, 'True-Up Example' in MS Excel format.

**Example**

**Consumption Rate Calculation in Approved Tariff - 76,845,000**

Revenue requirements applicable to consumption rate:			
Variable cost of water purchased from Cle Elum	\$	35,887	
Other revenue requirements applicable to consumption rate	\$	157,934	
Total revenue requirement applicable to consumption rate			\$ 193,821
Projected 2008 metered consumption (1000 gallons)			÷ 76,845
Consumption rate (per 1000 gallons)			\$ 2.52

**Example True-Up Calculations after 12 Months**

***Example #1: Usage higher than projected - 83,000,000***

Assumed actual variable cost of water purchased from Cle Elum	\$	38,761	
Other revenue requirements applicable to consumption rate	\$	157,934	
Total revenue requirement applicable to consumption rate			\$ 196,695
Assumed actual metered consumption (1000 gallons)			÷ 83,000
Adjusted consumption rate (per 1000 gallons)			\$ 2.37
Consumption rate (per 1000 gallons)			- \$ 2.52
Adjustment per 1,000 gallons			\$ (0.15)

Applied to a single customer:

Assumed actual consumption during previous 12 months (1000 gallons)			80.7
Adjustment per 1,000 gallons	x	\$	(0.15)
Amount of total adjustment required		\$	(12.12)
			÷ 12
Amount added/(subtracted) from bill each of the next 12 months		\$	<b>(1.01)</b>

***Example #2: Usage less than projected - 63,000,000***

Assumed actual metered consumption (1000 gallons)			
Assumed actual variable cost of water purchased from Cle Elum	\$	29,421	
Other revenue requirements applicable to consumption rate	\$	157,934	
Total revenue requirement applicable to consumption rate			\$ 187,355
Assumed actual metered consumption (1000 gallons)			÷ 63,000
Adjusted consumption rate (per 1000 gallons)			\$ 2.97
Consumption rate (per 1000 gallons)			- \$ 2.52
Adjustment per 1,000 gallons			\$ 0.45

Applied to a single customer:

Assumed actual consumption during previous 12 months (1000 gallons)			80.7
Adjustment per 1,000 gallons		\$	0.45
Amount of total adjustment required		\$	36.63
			÷ 12
Amount added/(subtracted) from bill each of the next 12 months		\$	<b>3.05</b>