

**CROSSWOODS WATER COMPANY, INC.
WATER RATE ANALYSIS, THREE-BLOCK METHOD**

Crosswoods, although not within the city limits of Oak Harbor, lies within the boundaries of the City of Oak Harbor. The community itself is an island of county jurisdiction lying inside the Oak Harbor city limits. Since it is assumed that, in accordance with the Oak Harbor Comprehensive Plan, the water system will eventually be acquired by the city, it would seem appropriate to compare the rate structure of the two systems. The comparison of current rates is as follows:

<u>CROSSWOODS</u>		<u>CITY OF OAK HARBOR</u>	
Basic per month	\$ 17.70	Base	\$ 33.75*
0 -500 cu. ft. (per 100 c.f.)	1.15	0-300	3.90*
500-1000 c. f. (per 100 c.f.)	1.55	400-600	5.63*
>1000 c.f. (per 100 c.f.)	2.25	>700	9.53*

*All water customers not within the city limits are charged normal rates plus 50%.

The purpose of the rate change is to increase revenue by approximately \$9,000.00. This equates to \$5.90 per user per month.

The method used to determine water demand will be to average peak use (July-Aug, 2014 avg.) with minimum use (Nov-Dec, 2014 avg.). Peak use is 833 cu. ft. per month and minimum use is 556 cu. ft. per month. The average is 695 cu. ft. The following example compares current and proposed rates with the three-block rate method. Usage rates are per 100 cu. ft.

<u>USAGE</u>	<u>CURRENT RATE</u>	<u>PROPOSED RATES</u>
Basic per month	\$ 17.70 = 17.70	\$ 20.25 = \$ 20.25
0 -500 cu. ft.	1.15 = 5.75	1.50 = 7.50
500-1000	1.55 = 3.02	1.90 = 3.71
1000-1059	2.25 =	2.40 =
TOTALS	<u>\$ 26.47</u>	<u>\$ 31.46</u>

Submitted by: RP Fakkema