

EXHIBIT G

Table 7-1

Financial Plan - Projected Rate Increases and Revenue

City of Modesto

	Projected Revenue Requirements and Rate Increases					
	Current	FY 04-05	FY 05-06	FY 06-07	FY 07-08	FY 08-09
Annual Net Revenue Req'ys. (a)	\$30,668,000	\$33,493,944	\$37,913,564	\$38,330,590	\$48,027,000	\$51,806,657
Revenue from Rates						
Revenue from Current Rates (b)	\$27,366,000	\$28,322,000	\$28,775,000	\$29,235,000	\$29,703,000	\$30,178,000
Revenue from previous year rate incr.	\$ -	\$ -	\$ 10,071,250	\$ 18,125,700	\$ 25,633,689	\$ 28,854,695
Subtotal	\$27,366,000	\$28,322,000	\$38,846,250	\$47,360,700	\$55,336,689	\$59,032,695
Current Year Surplus/(Deficit)	(\$3,302,000)	(\$5,171,944)	\$932,686	\$9,030,110	\$7,309,689	\$7,226,038
Surplus/(Deficit) (No Rate Increases)	(\$3,302,000)	(\$5,171,944)	(\$9,138,564)	(\$9,095,590)	(\$18,324,000)	(\$21,628,657)
Annual Rate Increase	0.0%	35.0%	20.0%	15.0%	5.0%	5.0%
Cumulative Increase	0.0%	35%	62%	86%	96%	105%
REVENUE FROM INCREASES (c)						
Effective Dec 1:		\$ 3,855,305	\$ 10,071,250	\$ 10,232,250	\$ 10,396,050	\$ 10,562,300
Effective July 1:			\$ 7,769,250	\$ 7,893,450	\$ 8,019,810	\$ 8,148,060
Effective July 1:				\$ 7,104,105	\$ 7,217,829	\$ 7,333,254
Effective July 1:					\$ 2,766,834	\$ 2,811,081
Subtotal - Revenue from Increases	\$ -	\$ 3,855,305	\$ 17,840,500	\$ 25,229,805	\$ 28,400,523	\$ 31,806,329
Total Annual Rate Revenue	\$27,366,000	\$32,177,305	\$46,615,500	\$54,464,805	\$58,103,523	\$61,984,329
Annual Avail. to Cash-fund CIP Projects (e)	(\$3,302,000)	(\$1,316,639)	\$8,701,936	\$16,134,215	\$10,076,524	\$10,177,673
Cumulative Surplus/(Deficit) after Increase	(\$3,302,000)	(\$4,618,639)	\$4,083,297	\$20,217,512	\$30,294,035	\$30,000,000
Assumed Growth Rate: (From Table 3-1)		1.6%	1.6%	1.6%	1.6%	1.6%
a. From Table 4-1, Projected Water Utility Budgets. Includes Total Operating Expenses, Debt Service Payments, and Non-Rate Revenues.						
b. Current rate revenue for FY03-04 is from Table 7-2, FY04-05 is based on actual revenue from City billing records (see Appendix E, Table 7A-2). Projections after FY04-05 reflect the annual growth rate.						
c. Revenue increases calculated from the Annual Rate Increase. FY04-05 assumes an effective date of January 1, 2005.						
d. Revenue from rate increases in FY04-05 are the estimated total revenue from Appendix E Table 7A-1 less the FY04-05 revenue from Current Rates.						
e. The difference between Total Annual Rate Revenue and Annual Net Revenue Requirements.						

EXHIBIT H

Water Rate Study

Projected Revenues (flat/metered)

Table 7-1
Financial Plan – Projected Rate Increases and Revenue
 City of Modesto

	Projected Revenue Requirements and Rate Increases					
	Current FY 03-04	FY 04-05	FY 05-06	FY 06-07	FY 07-08	FY 08-09
Annual Net Revenue Req'ts. (a)	\$30,668,000	\$33,493,944	\$37,913,564	\$38,330,590	\$48,027,000	\$51,806,657
Revenue from Rates	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%
Revenue from Current Rates (b)	\$27,366,000	\$28,322,000	\$28,775,000	\$29,235,000	\$29,703,000	\$30,178,000
Revenue from previous year rate incr.	\$	\$	\$10,071,250	\$18,125,700	\$25,633,689	\$28,854,695
Subtotal	\$27,366,000	\$28,322,000	\$38,846,250	\$47,360,700	\$55,336,689	\$59,032,695
Current Year Surplus/(Deficit)	(\$3,302,000)	(\$ 5,171,944)	\$ 932,686	\$ 9,030,110	\$ 7,309,689	\$ 7,226,038
Surplus/(Deficit) (No Rate Increase)	(\$ 3,302,000)	(\$ 5,171,944)	(\$ 9,138,564)	(\$ 9,095,590)	(\$18,324,000)	(\$21,628,657)
Annual Rate Increase	0.0%	35.0%	20.0%	15.0%	5.0%	5.0%
Cumulative Increase	0.0%	35%	62%	86%	96%	105%
REVENUE FROM INCREASES (c)						
Effective Dec 1:		\$ 3,855,305	\$10,071,250	\$10,232,250	\$10,396,050	\$10,562,300
Effective July 1:			\$ 7,769,250	\$ 7,893,450	\$ 8,019,810	\$ 8,148,060
Effective July 1:				\$ 7,104,105	\$ 7,217,829	\$ 7,333,254
Effective July 1:					\$ 2,766,834	\$ 2,811,081
Effective July 1:					\$ 2,951,635	
Subtotal – Revenue from Increases	\$	\$ 3,855,305	\$17,840,500	\$25,229,805	\$28,400,523	\$31,806,329
Total Annual Rate Revenue	\$27,366,000	\$32,177,305	\$46,615,500	\$54,464,805	\$58,103,523	\$61,984,329
Projected Revenue	\$27.4m	\$32.2m	\$46.6m	\$54.5m	\$58.1m	\$62m

$28,322,000 \times .272 \div 2 = 3,855,305$

Rather than .8% (effective increase for a 1.6% growth)

EXHIBIT I

Water Rate Study

Projected Revenues (flat/metered)

Table 7-1
Financial Plan – Projected Rate Increases and Revenue
 City of Modesto

	Projected Revenue Requirements and Rate Increases						
	Current	FY 03-04	FY 04-05	FY 05-06	FY 06-07	FY 07-08	FY 08-09
Annual Net Revenue Req'ts. (a)		\$30,668,000	\$33,493,944	\$37,913,564	\$38,330,590	\$48,027,000	\$51,806,657
Revenue from Rates		1.6%	1.6%	1.6%	1.6%	1.6%	1.6%
Revenue from Current Rates (b)		\$27,366,000	\$28,322,000	\$28,775,000	\$29,235,000	\$29,703,000	\$30,178,000
Revenue from previous year rate incr.		\$	\$	\$10,071,250	\$18,125,700	\$25,633,689	\$28,854,695
Subtotal		\$27,366,000	\$28,322,000	\$38,846,250	\$47,360,700	\$55,336,689	\$59,032,695
Current Year Surplus/(Deficit)		(\$3,602,000)	(\$5,171,944)	\$932,686	\$9,030,110	\$7,309,689	\$7,226,038
Surplus/(Deficit) (No Rate Increase)		(\$3,302,000)	(\$5,171,944)	(\$9,138,564)	(\$9,095,590)	(\$18,324,000)	(\$21,628,657)
Annual Rate Increase		0.0%	35.0%	20.0%	15.0%	5.0%	5.0%
Cumulative Increase		0.0%	35%	62%	86%	96%	105%
REVENUE FROM INCREASES (c)							
Effective Dec 1:	FY 04-05 (d)		\$3,855,305	\$10,071,250	\$10,232,250	\$10,396,050	\$10,562,300
Effective July 1:	FY 05-06			\$7,769,250	\$7,893,450	\$8,019,810	\$8,148,060
Effective July 1:	FY 06-07				\$7,104,105	\$7,217,829	\$7,333,254
Effective July 1:	FY 07-08					\$2,766,834	\$2,811,081
Effective July 1:	FY 08-09						\$2,951,635
Subtotal – Revenue from Increases		\$	\$3,855,305	\$17,840,500	\$25,229,805	\$28,400,523	\$31,806,329
Total Annual Rate Revenue		\$27,366,000	\$32,177,305	\$46,615,500	\$54,464,805	\$58,103,523	\$61,984,329
Projected Revenue		\$27.4m	\$32.2m	\$46.6m	\$54.5m	\$58.1m	\$62m

28,775,000 x .35 = 10,071,250
 38,846,250 x .20 = 7,769,250
 17,840,500

Rather than .8% (effective increase for 1.6% growth)
 Rather than previous increase of 27.2% (actual = 21.2%)

EXHIBIT J

CITY OF MODESTO
CONTINUING DISCLOSURE REQUIREMENTS INFORMATION (continued)
Year Ended June 30, 2004

1997 Water Utility System Refinancing Project, Refunding Revenue Certificates of Participation, and Modesto Irrigation District Financing Authority Domestic Water Project Refunding Revenue Bonds, Series

Reserve Fund Requirement as of 6/30/04	\$0 (covered by surety bond, issued Insurance Company)
Balance in Parity Reserve Fund as of 6/30/04	\$0
Balance in Rate Stabilization Fund as of 6/30/04	\$2,846,800

Ten Largest Customers of Water Utility System, Year Ended 6/30/04

<u>Customer</u>	<u>Business Type</u>	<u>% of Total Water Sales Revenue</u>
1) Stanislaus Foods	Cannery	1.41
2) Signature Fruit	Cannery	1.30
3) Foster Farms	Dairy Processor	0.91
4) E & J Gallo Winery	Winery	0.61
5) Del Monte Foods	Cannery	0.58
6) Nestle Food Company	Food Processor	0.39
7) Yosemite Community College	Community College	0.29
8) Memorial Hospital	Hospital	0.26
9) Modesto Tallow	Tallow Works	0.23
10) Doctors Hospital	Hospital	0.22

Water Sales Revenue, Year Ended 6/30/04

Residential - flat rates	\$16,849,016
Commercial, industrial and municipal - metered rates	10,523,926
Total Water Sales	<u>\$27,372,942</u>

Average Monthly Water Service Charges as of 6/30/04 - Residential Accounts

Zone 1	\$20.60
Zone 2	28.58
Zone 3	18.20

Current Water Rates and Charges as of 6/30/04 - Commercial Accounts

<u>Meter Size</u>	<u>Zone 1</u>	<u>Zone 2</u>
3/4"	\$13.63	\$8.12
1"	18.14	10.17
1 1/2"	22.54	15.53
2"	27.20	21.09
3"	36.27	33.73
4"	47.16	51.58
6"	70.90	83.08
8"	90.55	119.27
10"	109.16	180.55
12"	127.83	219.36

Meter rates shown are for the first 1,680 cubic feet per month. Additional volume charges also apply, as follows:
 Zone 1 - \$.82 for each 100 cubic feet over 1,680. Zone 2 - \$1.005 for the first 100 cubic feet, and \$.971 for each additional 100 cubic feet. Zone 3 - \$.601 for the first 100 cubic feet, and \$.552 for each additional 100 cubic feet.

FY05/06 Water Revenues:

Flat - \$26,590,877.95
 Metered - 14,516,535.87
 Sum - \$41,107,413.82

modesto - KEAI 340

File Edit View Tools Options Help

ACTION: s SCREEN: **RSUM** USERID: bnew 10/10/06 02:55:24 PM

REVENUE BUDGET SUMMARY INQUIRY

BFY= 06 FUND= 6100 AGENCY= 440 ORGANIZATION= 5010 ACTIVITY=

TOTALS IND:

TOTALS:

REV SRCE	DESCRIPTION	CURRENT AMT	RECOGNIZED AMT	AVAILABLE AMT
01- 2209	COUNTY ENCR	0.00	6,745.00	-6,745.00
02- 4201	WATER-FLAT	25,800,000.00	26,590,877.95	-790,877.95
03- 4202	WATER-METER	15,900,000.00	14,516,535.87	1,383,464.13
04- 4203	S/D DISCOUNT	0.00	-699.21	699.21
05- 4205	FIRE STANDBY	0.00	21,029.72	-21,029.72
06- 4210	UTIL MISC FEE	0.00	1,095,174.36	-1,095,174.36
07- 6100	FAIR VAL	0.00	4,536.00	-4,536.00
08- 6101	INTEREST	0.00	111,548.71	-111,548.71
09- 6201	LEASE-LAND	0.00	1,200.00	-1,200.00
10-				
11-				

10- *L009 HEADER CHANGE

(1,001,020)

Start [Taskbar icons] 2:53 PM

EXHIBIT K

Copy of September 3, 2004 Revenue and Rate Increase Table:

Table 7-1

Financial Plan - Projected Rate Increases and Revenue (CORRECTED)

City of Modesto

	Projected Revenue Requirements and Rate Increases					Corrected Cumulative	Cumulative Table 7-1	Difference
	Current FY 03-04	FY 04-05	FY 05-06	FY 06-07	FY 07-08			
Annual Net Revenue Req'ts. (a)	\$30,668,000	\$33,493,944	\$37,913,564	\$38,330,590	\$48,027,000	\$240,239,755	\$240,239,755	\$0
Revenue from Rates								
Revenue from Current Rates	\$27,372,941	\$27,591,925	\$28,033,395	\$28,481,930	\$28,937,641	\$169,818,474	\$173,579,000	\$3,760,526
Revenue from previous year rate incr.	\$0	\$0	\$5,954,293	\$12,955,860	\$19,478,273	\$60,637,880	\$82,685,334	\$22,047,453
Subtotal	\$27,372,941	\$27,591,925	\$33,987,688	\$41,437,790	\$48,415,914	\$230,456,354	\$256,264,334	\$25,807,980
Current Year Surplus/(Deficit)	(\$3,295,059)	(\$5,302,019)	(\$3,925,876)	\$3,107,200	\$388,914	(\$9,783,401)	\$16,024,579	\$25,807,980
Surplus/(Deficit) (No Rate Increases)	(\$3,295,059)	(\$5,302,019)	(\$9,860,169)	(\$9,848,660)	(\$19,089,359)	(\$70,421,281)	(\$66,660,755)	\$3,760,526
Annual Rate Increase	0.0%	21.2%	20.0%	15.0%	5.0%			
REVENUE FROM INCREASES (b)								
Effective Jan 1: FY 04-05 (c)		\$2,930,262	\$5,954,293	\$6,049,562	\$6,146,355	\$27,325,169	\$45,117,155	\$17,791,986
Effective July 1: FY 05-06			\$6,797,538	\$6,906,298	\$7,016,799	\$27,849,703	\$31,830,570	\$3,980,867
Effective July 1: FY 06-07				\$6,215,688	\$6,315,119	\$18,946,949	\$21,655,188	\$2,708,239
Effective July 1: FY 07-08					\$2,420,796	\$4,880,324	\$5,577,915	\$697,591
Effective July 1: FY 08-09						\$2,582,505	\$2,951,635	\$369,130
Subtotal - Revenue from Increases	\$0	\$2,930,262	\$12,751,831	\$19,171,529	\$21,899,069	\$81,594,649	\$107,132,463	\$25,547,813
Total Annual Rate Revenue	\$27,372,941	\$30,522,187	\$40,785,226	\$47,653,458	\$50,836,709	\$251,403,123	\$280,711,463	\$29,308,340
Annual Avail. to Cash-fund CIP Projects (d)	(\$3,295,059)	(\$2,974,757)	\$2,871,662	\$9,322,868	\$2,809,709	\$11,163,368	\$40,471,708	\$29,308,340
Cumulative Surplus/(Deficit) after Increase	(\$3,302,000)	(\$6,273,757)	(\$3,402,095)	\$5,920,773	\$8,730,483	\$12,829,832	\$87,145,913	\$74,316,081
Corrected Growth Rate (50%* 1.6%)		0.8%	1.6%	1.6%	1.6%			

a. From Table 4-1, Projected Water Utility Budgets. Includes Total Operating Expenses, Debt Service Payments, and Non-Rate Revenues.
 b. Revenue increases calculated from the Annual Rate Increase. FY04-05 assumes an effective date of January 1, 2005.
 c. Revenue from rate increases in FY04-05 are the estimated total revenue from Appendix E Table 7A-1 less the FY04-05 revenue from Current Rates.
 d. The difference between Total Annual Rate Revenue and Annual Net Revenue Requirements.

USING A 1.6% ANNUAL GROWTH RATE

Copy of September 3, 2004 Revenue and Rate Increase Table:

Table 7-1

Financial Plan - Projected Rate Increases and Revenue (CORRECTED)

City of Modesto

	Projected Revenue Requirements and Rate Increases					Corrected Cumulative	Cumulative Table 7-1	Difference
	Current FY 03-04	FY 04-05	FY 05-06	FY 06-07	FY 07-08			
Annual Net Revenue Req'ts. (a)	\$30,668,000	\$33,493,944	\$37,913,564	\$38,330,590	\$48,027,000	\$240,239,755	\$240,239,755	\$0
Revenue from Rates	\$27,372,941	\$27,537,179	\$27,867,625	\$28,202,036	\$28,540,461	\$168,403,188	\$173,579,000	\$5,175,812
Revenue from Current Rates (b)	\$0	\$0	\$5,919,084	\$12,828,542	\$19,210,927	\$59,816,230	\$82,685,334	\$22,869,103
Revenue from previous year rate incr.	\$27,372,941	\$27,537,179	\$33,786,708	\$41,030,579	\$47,751,387	\$228,219,418	\$256,264,334	\$28,044,916
Subtotal								
Current Year Surplus/(Deficit)	(\$3,295,059)	(\$5,956,765)	(\$4,126,856)	\$2,699,989	(\$275,613)	(\$12,020,337)	\$16,024,579	\$28,044,916
Surplus/(Deficit) (No Rate Increases)	(\$3,295,059)	(\$5,956,765)	(\$10,045,939)	(\$10,128,554)	(\$19,496,538)	(\$71,836,567)	(\$66,660,755)	\$5,175,812
Annual Rate Increase	0.0%	21.2%	20.0%	15.0%	5.0%			
REVENUE FROM INCREASES (c)								
Effective Jan 1: FY 04-05 (d)		\$2,924,448	\$5,919,084	\$5,990,113	\$6,061,994	\$27,030,376	\$45,117,155	\$18,086,779
Effective July 1: FY 05-06			\$6,757,342	\$6,838,430	\$6,920,491	\$27,519,799	\$31,830,570	\$4,310,771
Effective July 1: FY 06-07				\$6,154,587	\$6,228,442	\$18,686,212	\$21,655,188	\$2,968,976
Effective July 1: FY 07-08					\$2,387,569	\$4,803,790	\$5,577,915	\$774,126
Effective July 1: FY 08-09						\$2,537,031	\$2,951,635	\$414,604
Subtotal - Revenue from Increases	\$0	\$2,924,448	\$12,676,425	\$18,983,129	\$21,598,496	\$80,577,208	\$107,132,463	\$26,555,255
Total Annual Rate Revenue	\$27,372,941	\$30,461,627	\$40,544,050	\$47,185,165	\$50,138,957	\$248,980,395	\$280,711,463	\$31,731,067
Annual Avail. to Cash-fund CIP Projects (e)	(\$3,295,059)	(\$3,032,317)	\$2,630,486	\$8,854,575	\$2,111,957	\$8,740,641	\$40,471,708	\$31,731,067
Cumulative Surplus/(Deficit) after Increase	(\$3,302,000)	(\$6,394,317)	(\$3,703,831)	\$5,150,744	\$7,262,701	\$7,806,997	\$87,145,913	\$79,388,916
Corrected Growth Rate (50% * 1.6%)		0.8%	1.2%	1.2%	1.2%			

a. From Table 4-1, Projected Water Utility Budgets. Includes Total Operating Expenses, Debt Service Payments, and Non-Rate Revenues.

b. Revenue increases calculated from the Annual Rate Increases. FY04-05 assumes an effective date of January 1, 2005.

c. Revenue from rate increases in FY04-05 are the estimated total revenue from Appendix E Table 7A-1 less the FY04-05 revenue from Current Rates.

d. The difference between Total Annual Rate Revenue and Annual Net Revenue Requirements.

USING A 1.2% ANNUAL GROWTH RATE