

# Financial Guidelines

Approved by Board of Public Utilities on August 17, 2016

June 17, 2026

# Current Guidelines

- ❖ Operations Reserves – 180 days of budget Operations & Maintenance, excluding commodities
- ❖ Debt Service Reserves – As required by loan documents
- ❖ Retirement/Reclamation Reserve – Per agreements
- ❖ Capital Expenditure Reserve – Annual Depreciation plus 2.5%
- ❖ Rate Stabilization Reserve – 10-year historical average cost of the commodity times 12 months average projected consumption
- ❖ Contingency Reserve – Single largest equipment with potential for failure, set by DPU Asset Management Team

# Loan Requirements

- ❖ New Mexico Finance Authority requires a Debt Coverage Ratio of 1.0
- ❖ New Mexico Environment Department requires a Debt Coverage Ratio of 1.2

## **FOCUS AREA - Financial Performance**

**GOAL - 2.0 Achieve and maintain excellence in financial performance.**

**2.1 Objective** - Utilize revenues to provide a high level of service while keeping rates competitive with similar utilities.

**2.2 Objective** – Take advantage of favorable loan/grant opportunities.

**2.3 Objective** - Meet financial reserve targets within our 10-year financial policy, with a debt coverage ratio of 1.3 or greater every fiscal year.

**2.4 Objective** - Conduct cost of service studies for each utility at least every 5 years.

# City of Issaquah, WA

- ❖ Population ~ 39,200
- ❖ Water, Sewer and Stormwater
- ❖ Enterprise Fund Reserve Target Levels
  - ❖ Capital Plan Reserve - Based on 5-Year CIP
  - ❖ Debt Coverage Ratio – 1.5 of net revenues to total debt service
  - ❖ Operating Reserve – 90 days of operating expenses
  - ❖ Debt Service – Amount needed to pay current and future debt (125% or as bond covenants)
  - ❖ Emergency Capital Repairs – Amount required to pay for unanticipated capital costs

# City of Bainbridge Island, WA

- ❖ Population ~ 25,000
- ❖ Water, Sewer and Storm and Surface Water
- ❖ Enterprise Fund Reserve Target Levels
  - ❖ Capital Contingency Reserve – 1% of the utility systems' capital assets at net book value – emergency cash for equipment failure
  - ❖ Operating Reserve (water and sewer) – Minimum of 60 days of ongoing operating expenses at year end, provide cash for operations in case of seasonal variations in revenue or expenses
  - ❖ Operating Reserves (storm and surface water)- Minimum of 90 days of operating expenses, fees are due twice a year
  - ❖ Restricted Debt Reserve – Amount of debt due

- ❖ Chart #1 – Presented as originally included in budget, no changes.
- ❖ Chart #2 – Change Operating Reserves from 180 days to 90 days. Set Capital Expenditure Reserves to 180 days based on a 10-year average, following the Government Finance Officers Association (GFOA) examples.
- ❖ Chart #3 – Same adjustments as Chart #2, and revised Rate Stabilization Reserve to 20% of revenue.

The percentages shown represent each reserve as a percentage of annual revenue

# Electric Production

<b>RESERVE TARGET</b>	<b>14,847,137</b>	<b>13,375,347</b>	<b>13,757,782</b>	<b>13,721,326</b>	<b>13,649,216</b>	<b>14,735,948</b>	<b>14,496,038</b>	<b>14,456,249</b>	<b>14,463,538</b>	<b>13,774,526</b>
<b>Chart 1</b>										
<b>Line Item Calculation for Reserve Target</b>										
Expenses except transmission, PP, Laramie, Debt Service	9,523,348	6,519,557	7,301,904	8,032,094	7,871,452	10,075,459	9,571,686	9,475,969	9,475,969	8,054,574
Operation Reserve 180 days	4,666,441	3,194,583	3,577,933	3,935,726	3,857,012	4,936,975	4,690,126	4,643,225	4,643,225	3,946,741
Capital Expenditures Reserve	245,300	251,433	257,718	264,161	270,765	277,534	284,473	291,585	298,874	306,346
Contingency Reserves	-	-	-	-	-	-	-	-	-	-
Debt Service Reserve	413,957	407,893	400,692	-	-	-	-	-	-	-
Retirement/Reclamation Reserve	9,521,438	9,521,438	9,521,438	9,521,438	9,521,438	9,521,438	9,521,438	9,521,438	9,521,438	9,521,438
Rate Stabilization Reserve	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>14,847,136</b>	<b>13,375,346</b>	<b>13,757,781</b>	<b>13,721,325</b>	<b>13,649,215</b>	<b>14,735,947</b>	<b>14,496,037</b>	<b>14,456,248</b>	<b>14,463,537</b>	<b>13,774,525</b>
<b>Over/Short</b>	<b>(1,083,503)</b>	<b>427,286</b>	<b>83,851</b>	<b>159,307</b>	<b>270,418</b>	<b>(777,314)</b>	<b>(498,404)</b>	<b>(419,615)</b>	<b>(387,904)</b>	<b>340,108</b>
	30%	17%	15%	14%	14%	12%	12%	12%	12%	14%
<b>Chart 2</b>										
<b>Line Item Calculation for Reserve Target</b>										
Expenses except transmission, PP, Laramie, Debt Service	9,523,348	6,519,557	7,301,904	8,032,094	7,871,452	10,075,459	9,571,686	9,475,969	9,475,969	8,054,574
Operation Reserve 90 days	2,380,837	1,629,889	1,825,476	2,008,024	1,967,863	2,518,865	2,392,922	2,368,992	2,368,992	2,013,643
Capital Expenditures Reserve 180 days Ave 10 yr	196,245	196,245	196,245	196,245	196,245	196,245	196,245	196,245	196,245	196,245
Contingency Reserves	-	-	-	-	-	-	-	-	-	-
Debt Service Reserve	413,957	407,893	400,692	-	-	-	-	-	-	-
Retirement/Reclamation Reserve	9,521,438	9,521,438	9,521,438	9,521,438	9,521,438	9,521,438	9,521,438	9,521,438	9,521,438	9,521,438
Rate Stabilization Reserve	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>12,512,477</b>	<b>11,755,465</b>	<b>11,943,851</b>	<b>11,725,707</b>	<b>11,685,546</b>	<b>12,236,548</b>	<b>12,110,605</b>	<b>12,086,675</b>	<b>12,086,675</b>	<b>11,731,326</b>
<b>Over/Short</b>	<b>1,251,156</b>	<b>2,047,168</b>	<b>1,897,782</b>	<b>2,154,926</b>	<b>2,234,087</b>	<b>1,722,085</b>	<b>1,887,028</b>	<b>1,949,958</b>	<b>1,988,958</b>	<b>2,383,306</b>
	25%	15%	13%	12%	12%	10%	10%	10%	10%	12%
<b>Chart 3</b>										
<b>Line Item Calculation for Reserve Target</b>										
Expenses except transmission, PP, Laramie, Debt Service	9,523,348	6,519,557	7,301,904	8,032,094	7,871,452	10,075,459	9,571,686	9,475,969	9,475,969	8,054,574
Operation Reserve 90 Days	1,904,670	1,303,911	1,460,381	1,606,419	1,574,290	2,015,092	1,914,337	1,895,194	1,895,194	1,610,915
Capital Expenditures Reserve 180 days Ave 10 yr	196,245	196,245	196,245	196,245	196,245	196,245	196,245	196,245	196,245	196,245
Contingency Reserves	-	-	-	-	-	-	-	-	-	-
Debt Service Reserve	413,957	407,893	400,692	-	-	-	-	-	-	-
Retirement/Reclamation Reserve	9,521,438	9,521,438	9,521,438	9,521,438	9,521,438	9,521,438	9,521,438	9,521,438	9,521,438	9,521,438
Rate Stabilization Reserve 20% - Sales to ED	1,868,907	2,293,531	2,681,274	3,197,648	3,302,990	3,121,174	3,173,953	3,198,211	3,425,242	2,680,205
<b>Total</b>	<b>13,905,217</b>	<b>13,723,018</b>	<b>14,260,030</b>	<b>14,521,750</b>	<b>14,594,963</b>	<b>14,853,949</b>	<b>14,805,973</b>	<b>14,811,088</b>	<b>15,038,119</b>	<b>14,008,803</b>
<b>Over/Short</b>	<b>(141,584)</b>	<b>79,615</b>	<b>(418,397)</b>	<b>(641,117)</b>	<b>(675,330)</b>	<b>(895,316)</b>	<b>(808,340)</b>	<b>(774,455)</b>	<b>(962,486)</b>	<b>105,830</b>
	28%	17%	16%	15%	15%	12%	13%	13%	13%	14%

# Electric Distribution

<b>RESERVE TARGET</b>	<b>14,626,522</b>	<b>15,138,967</b>	<b>15,436,560</b>	<b>15,109,727</b>	<b>15,278,365</b>	<b>15,646,661</b>	<b>15,821,944</b>	<b>15,370,827</b>	<b>16,068,686</b>	<b>16,621,036</b>
<b>Chart 1</b>										
<i>Line Item Calculation for Reserve Target</i>										
Operation Reserve 180 days	3,984,414	4,134,579	4,258,616	4,386,375	4,517,967	4,653,506	4,793,111	4,936,905	5,085,012	5,237,563
Capital Expenditures Reserve	1,384,184	1,384,184	1,384,184	1,384,184	1,384,184	1,384,184	1,384,184	1,384,184	1,384,184	1,384,184
Contingency Reserves	618,000	618,000	618,000	618,000	618,000	618,000	618,000	618,000	618,000	618,000
Debt Service Reserve	1,155,372	1,480,230	1,616,191	1,123,813	1,122,830	1,317,437	1,314,722	681,237	681,237	1,553,092
Rate Stabilization Reserve	7,484,552	7,521,975	7,559,569	7,597,355	7,635,384	7,673,534	7,711,927	7,750,502	8,300,254	7,828,197
Total	14,626,522	15,138,967	15,436,560	15,109,727	15,278,365	15,646,661	15,821,944	15,370,827	16,068,686	16,621,036
Over/Short	(7,190,953)	(7,703,399)	(8,000,991)	(7,674,159)	(7,842,796)	(7,211,092)	(6,386,375)	(4,435,259)	(3,633,118)	(885,468)
	70%	68%	64%	59%	57%	56%	55%	51%	49%	52%
<b>Chart 2</b>										
<i>Line Item Calculation for Reserve Target</i>										
Operation Reserve 90 Days	2,032,864	2,109,479	2,172,764	2,237,947	2,305,085	2,374,238	2,445,465	2,518,829	2,594,394	2,672,226
Capital Expenditures Reserve 180 days Ave 10 yr Capital	1,013,565	1,013,565	1,013,565	1,013,565	1,013,565	1,013,565	1,013,565	1,013,565	1,013,565	1,013,565
Contingency Reserves	-	-	-	-	-	-	-	-	-	-
Debt Service Reserve	1,155,372	1,480,230	1,616,191	1,123,813	1,122,830	1,317,437	1,314,722	681,237	681,237	1,553,092
Rate Stabilization Reserve	7,484,552	7,521,975	7,559,569	7,597,355	7,635,384	7,673,534	7,711,927	7,750,502	8,300,254	7,828,197
Total	11,686,353	12,125,249	12,362,088	11,972,680	12,076,865	12,378,774	12,485,679	11,964,133	12,589,449	13,067,080
Over/Short	(4,250,785)	(4,689,680)	(4,926,520)	(4,537,111)	(4,641,296)	(3,943,205)	(3,050,110)	(1,028,564)	(153,881)	2,668,488
	56%	54%	51%	47%	45%	44%	43%	40%	38%	41%
<b>Chart 3</b>										
<i>Line Item Calculation for Reserve Target</i>										
Operation Reserve 90 Days	2,032,864	1,687,583	1,738,211	1,790,357	1,844,068	1,899,390	1,956,372	2,015,063	2,075,515	2,137,781
Capital Expenditures Reserve 180 days of 10 yr Capital	1,013,565	1,013,565	1,013,565	1,013,565	1,013,565	1,013,565	1,013,565	1,013,565	1,013,565	1,013,565
Contingency Reserves	-	-	-	-	-	-	-	-	-	-
Debt Service Reserve	1,155,372	1,480,230	1,616,191	1,123,813	1,122,830	1,317,437	1,314,722	681,237	681,237	1,553,092
Rate Stabilization Reserve 20% of Sales Revenue	4,154,494	4,467,535	4,804,154	5,117,857	5,400,649	5,590,462	5,786,986	5,990,410	6,607,776	6,418,934
Total	8,356,295	8,648,913	9,172,120	9,045,593	9,381,112	9,820,854	10,071,644	9,700,275	10,378,093	11,123,372
Over/Short	(920,727)	(1,213,345)	(1,736,552)	(1,610,024)	(1,945,544)	(1,385,286)	(636,076)	1,235,294	2,057,476	4,612,196
	40%	39%	38%	35%	35%	35%	35%	32%	31%	35%

# Gas

<b>RESERVE TARGET</b>	<b>2,597,533</b>	<b>2,625,601</b>	<b>2,680,517</b>	<b>2,737,080</b>	<b>2,795,340</b>	<b>2,855,348</b>	<b>2,917,156</b>	<b>2,980,819</b>	<b>3,046,391</b>	<b>3,113,931</b>
<b>Chart 1</b>										
<b>Line Item Calculation for Reserve Target</b>										
Operation Reserve 90 days	919,616	933,937	961,955	990,814	1,020,539	1,051,155	1,082,690	1,115,170	1,148,626	1,183,085
Capital Expenditures Reserve	525,085	525,085	525,085	525,085	525,085	525,085	525,085	525,085	525,085	525,085
Contingency Reserves	270,000	270,000	270,000	270,000	270,000	270,000	270,000	270,000	270,000	270,000
Debt Service Reserve	-	-	-	-	-	-	-	-	-	-
Rate Stabilization Reserve	-	-	-	-	-	-	-	-	-	-
Total	2,597,533	2,625,601	2,680,517	2,737,080	2,795,340	2,855,348	2,917,156	2,980,819	3,046,391	3,113,931
Over/Short	(1,597,533)	(1,625,601)	(1,680,517)	(1,487,080)	(545,340)	294,652	232,844	169,181	103,609	36,069
	34%	32%	32%	32%	32%	31%	31%	31%	31%	30%
<b>Chart 2</b>										
<b>Line Item Calculation for Reserve Target</b>										
Operation Reserve 180 days	1,802,448	1,830,516	1,885,432	1,941,995	2,000,255	2,060,263	2,122,071	2,185,734	2,251,306	2,318,846
Capital Expenditures Reserve 180 days Ave 10 yr Capital	855,050	855,050	855,050	855,050	855,050	855,050	855,050	855,050	855,050	855,050
Contingency Reserves	270,000	270,000	270,000	270,000	270,000	270,000	270,000	270,000	270,000	270,000
Debt Service Reserve	-	-	-	-	-	-	-	-	-	-
Rate Stabilization Reserve	-	-	-	-	-	-	-	-	-	-
Total	2,927,498	2,955,566	3,010,482	3,067,045	3,125,305	3,185,313	3,247,121	3,310,784	3,376,356	3,443,896
Over/Short	(1,927,498)	(1,955,566)	(2,010,482)	(1,817,045)	(875,305)	(35,313)	(97,121)	(160,784)	(226,356)	(293,896)
	38%	36%	36%	36%	35%	35%	35%	34%	34%	33%
<b>Chart 3</b>										
<b>Line Item Calculation for Reserve Target</b>										
Operation Reserve 90 days	919,616	747,150	769,564	792,651	816,431	840,924	866,152	892,136	918,900	946,468
Capital Expenditures Reserve 180 days Ave 10 yr Capital	855,050	855,050	855,050	855,050	855,050	855,050	855,050	855,050	855,050	855,050
Contingency Reserves	270,000	270,000	270,000	270,000	270,000	270,000	270,000	270,000	270,000	270,000
Debt Service Reserve	-	-	-	-	-	-	-	-	-	-
Rate Stabilization Reserve 20% of Revenue	3,787,724	3,977,111	4,096,424	4,219,317	4,345,896	4,476,273	4,610,561	4,748,878	4,891,344	5,038,085
Total	5,832,391	5,849,310	5,991,038	6,137,018	6,287,377	6,442,247	6,601,763	6,766,064	6,935,295	7,109,602
Over/Short	(4,832,391)	(4,849,310)	(4,991,038)	(4,887,018)	(4,037,377)	(3,292,247)	(3,451,763)	(3,616,064)	(3,785,295)	(3,959,602)
	75%	72%	72%	71%	71%	71%	70%	70%	69%	69%

# Water Distribution

<b>RESERVE TARGET</b>	<b>5,478,311</b>	<b>5,477,899</b>	<b>5,540,128</b>	<b>5,605,283</b>	<b>5,673,739</b>	<b>5,757,289</b>	<b>5,830,856</b>	<b>5,907,877</b>	<b>5,990,462</b>	<b>6,074,970</b>
<b>Chart 1</b>										
<i>Line Item Calculation for Reserve Target</i>										
Operation Reserve 180 days	1,810,588	1,789,648	1,843,337	1,898,638	1,955,597	2,014,266	2,074,694	2,136,935	2,201,043	2,267,075
Capital Expenditures Reserve	655,087	655,087	655,087	655,087	655,087	655,087	655,087	655,087	655,087	655,087
Contingency Reserves	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Debt Service Reserve	118,665	139,193	147,733	157,587	169,083	193,965	207,104	221,884	240,361	258,837
Rate Stabilization Reserve	2,693,971	2,693,971	2,693,971	2,693,971	2,693,971	2,693,971	2,693,971	2,693,971	2,693,971	2,693,971
Total	5,478,311	5,477,899	5,540,128	5,605,283	5,673,739	5,757,289	5,830,856	5,907,877	5,990,462	6,074,970
Over/Short	(5,478,311)	(5,477,899)	(5,540,128)	(5,605,283)	(5,673,739)	(5,757,289)	(5,830,856)	(5,407,877)	(4,990,462)	(4,574,970)
	67%	62%	59%	55%	53%	52%	51%	50%	49%	48%
<b>Chart 2</b>										
<i>Line Item Calculation for Reserve Target</i>										
Operation Reserve 90 Days	923,769	913,086	940,478	968,693	997,754	1,027,687	1,058,517	1,090,273	1,122,981	1,156,671
Capital Expenditures Reserve 180 days Ave 10 yr Capital	95,158	95,158	95,158	95,158	95,158	95,158	95,158	95,158	95,158	95,158
Contingency Reserves	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Debt Service Reserve	118,665	139,193	147,733	157,587	169,083	193,965	207,104	221,884	240,361	258,837
Rate Stabilization Reserve	2,693,971	2,693,971	2,693,971	2,693,971	2,693,971	2,693,971	2,693,971	2,693,971	2,693,971	2,693,971
Total	4,031,564	4,041,408	4,077,341	4,115,409	4,155,967	4,210,781	4,254,751	4,301,287	4,352,472	4,404,637
	(4,031,564)	(4,041,408)	(4,077,341)	(4,115,409)	(4,155,967)	(4,210,781)	(4,254,751)	(3,801,287)	(3,352,472)	(2,904,637)
	49%	46%	43%	41%	39%	38%	37%	36%	36%	35%
<b>Chart 3</b>										
<i>Line Item Calculation for Reserve Target</i>										
Operation Reserve 90 Days	923,769	913,086	940,478	968,693	997,754	1,027,687	1,058,517	1,090,273	1,122,981	1,156,671
Capital Expenditures Reserve 180 days Ave 10 yr Capital	95,158	95,158	95,158	95,158	95,158	95,158	95,158	95,158	95,158	95,158
Contingency Reserves	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Debt Service Reserve	118,665	139,193	147,733	157,587	169,083	193,965	207,104	221,884	240,361	258,837
Rate Stabilization Reserve 20% of Revenue	2,047,962	2,211,799	2,366,625	2,532,289	2,658,903	2,791,848	2,875,604	2,961,872	3,050,728	3,142,250
Total	3,385,554	3,559,236	3,749,994	3,953,726	4,120,898	4,308,658	4,436,383	4,569,187	4,709,228	4,852,916
	(3,385,554)	(3,559,236)	(3,749,994)	(3,953,726)	(4,120,898)	(4,308,658)	(4,436,383)	(4,069,187)	(3,709,228)	(3,352,916)
	41%	40%	40%	39%	39%	39%	39%	39%	39%	39%

# Water Production

<b>RESERVE TARGET</b>	5,999,891	6,123,003	6,268,055	6,311,126	6,420,009	6,522,313	6,636,179	6,760,933	6,841,507	6,963,645
<b>Chart 1</b>										
<b>Line Item Calculation for Reserve Target</b>										
Operation Reserve 180 days	2,570,244	2,642,642	2,721,921	2,803,579	2,887,687	2,974,318	3,063,548	3,155,454	3,250,119	3,347,622
Capital Expenditures Reserve	1,937,724	1,937,724	1,937,724	1,937,724	1,937,724	1,937,724	1,937,724	1,937,724	1,937,724	1,937,724
Contingency Reserves	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Debt Service Reserve	991,924	1,042,638	1,108,410	1,069,824	1,094,599	1,110,272	1,134,908	1,167,755	1,153,665	1,178,299
Rate Stabilization Reserve	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	5,999,891	6,123,003	6,268,055	6,311,126	6,420,009	6,522,313	6,636,179	6,760,933	6,841,507	6,963,645
<b>Over/Short</b>	(1,399,129)	(1,522,241)	(1,667,293)	(1,710,364)	(1,819,247)	(1,921,551)	(1,535,417)	(960,171)	(240,745)	137,117
	92%	87%	83%	78%	75%	73%	72%	71%	70%	69%
<b>Chart 2</b>										
<b>Line Item Calculation for Reserve Target</b>										
Operation Reserve 90 Days	1,311,349	1,348,287	1,388,735	1,430,398	1,473,310	1,517,509	1,563,035	1,609,926	1,658,224	1,707,971
Capital Expenditures Reserve 180 days Ave 10 yr Capital	269,696	269,696	269,696	269,696	269,696	269,696	269,696	269,696	269,696	269,696
Contingency Reserves	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Debt Service Reserve	991,924	1,042,638	1,108,410	1,069,824	1,094,599	1,110,272	1,134,908	1,167,755	1,153,665	1,178,299
Rate Stabilization Reserve	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	3,072,969	3,160,620	3,266,842	3,269,917	3,337,604	3,397,477	3,467,638	3,547,376	3,581,585	3,655,966
<b>Over/Short</b>	1,527,793	1,440,142	1,333,920	1,330,845	1,263,158	1,203,285	1,633,124	2,253,386	3,019,178	3,444,797
	47%	45%	43%	40%	39%	38%	38%	37%	37%	36%
<b>Chart 3</b>										
<b>Line Item Calculation for Reserve Target</b>										
Operation Reserve 90 Days	1,311,349	1,348,287	1,388,735	1,430,398	1,473,310	1,517,509	1,563,035	1,609,926	1,658,224	1,707,971
Capital Expenditures Reserve 180 days Ave 10 yr Capital	269,696	269,696	269,696	269,696	269,696	269,696	269,696	269,696	269,696	269,696
Contingency Reserves	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Debt Service Reserve	991,924	1,042,638	1,108,410	1,069,824	1,094,599	1,110,272	1,134,908	1,167,755	1,153,665	1,178,299
Rate Stabilization Reserve 20% of Revenue	1,310,737	1,415,595	1,514,687	1,620,715	1,701,751	1,786,839	1,840,444	1,895,657	1,952,527	2,011,103
<b>Total</b>	4,383,705	4,576,216	4,781,529	4,890,632	5,039,355	5,184,316	5,308,082	5,443,033	5,534,111	5,667,068
<b>Over/Short</b>	217,057	24,546	(180,767)	(289,870)	(438,593)	(583,554)	(207,320)	357,729	1,066,651	1,433,694
	67%	65%	63%	60%	59%	58%	58%	57%	57%	56%

# Wastewater

<b>RESERVE TARGET</b>	<b>6,856,086</b>	<b>6,930,892</b>	<b>7,093,960</b>	<b>7,272,269</b>	<b>7,453,433</b>	<b>7,908,607</b>	<b>8,095,742</b>	<b>8,244,436</b>	<b>7,936,191</b>	<b>8,091,409</b>
<b>Chart 1</b>										
<b>Line Item Calculation for Reserve Target</b>										
Operation Reserve 180 days	3,124,072	3,080,445	3,172,859	3,268,045	3,366,086	3,467,069	3,571,081	3,678,214	3,788,560	3,902,217
Capital Expenditures Reserve	1,001,102	1,001,102	1,001,102	1,001,102	1,001,102	1,001,102	1,001,102	1,001,102	1,001,102	1,001,102
Contingency Reserves	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Debt Service Reserve	2,230,912	2,349,344	2,419,999	2,503,122	2,586,245	2,940,436	3,023,559	3,065,120	2,646,528	2,688,089
Rate Stabilization Reserve	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>6,856,086</b>	<b>6,930,892</b>	<b>7,093,960</b>	<b>7,272,269</b>	<b>7,453,433</b>	<b>7,908,607</b>	<b>8,095,742</b>	<b>8,244,436</b>	<b>7,936,191</b>	<b>8,091,409</b>
<b>Over/Short</b>	<b>(6,203,473)</b>	<b>(6,278,279)</b>	<b>(6,441,347)</b>	<b>(6,619,656)</b>	<b>(6,800,820)</b>	<b>(6,755,994)</b>	<b>(5,943,129)</b>	<b>(4,591,823)</b>	<b>(2,283,578)</b>	<b>61,204</b>
	90%	84%	80%	76%	72%	72%	71%	69%	63%	61%
<b>Chart 2</b>										
<b>Line Item Calculation for Reserve Target</b>										
Operation Reserve <b>90 Days</b>	1,593,914	1,571,656	1,618,806	1,667,370	1,717,391	1,768,913	1,821,980	1,876,640	1,932,939	1,990,927
Capital Expenditures Reserve <b>180 days Ave 10 yr Capital</b>	30,135	30,135	30,135	30,135	30,135	30,135	30,135	30,135	30,135	30,135
Contingency Reserves	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Debt Service Reserve	2,230,912	2,349,344	2,419,999	2,503,122	2,586,245	2,940,436	3,023,559	3,065,120	2,646,528	2,688,089
Rate Stabilization Reserve <b>20%</b>	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>4,354,961</b>	<b>4,451,135</b>	<b>4,568,940</b>	<b>4,700,627</b>	<b>4,833,771</b>	<b>5,239,484</b>	<b>5,375,674</b>	<b>5,471,895</b>	<b>5,109,602</b>	<b>5,209,151</b>
<b>Over/Short</b>	<b>3,702,348</b>	<b>2,479,757</b>	<b>2,525,020</b>	<b>2,571,642</b>	<b>2,619,662</b>	<b>2,669,123</b>	<b>2,720,068</b>	<b>2,772,541</b>	<b>2,826,589</b>	<b>2,882,257</b>
	57%	54%	51%	49%	46%	48%	47%	45%	40%	39%
<b>Chart 3</b>										
<b>Line Item Calculation for Reserve Target</b>										
Operation Reserve <b>90 Days</b>	1,593,914	1,571,656	1,618,806	1,667,370	1,717,391	1,768,913	1,821,980	1,876,640	1,932,939	1,990,927
Capital Expenditures Reserve <b>180 days Ave 10 yr Capital</b>	30,135	30,135	30,135	30,135	30,135	30,135	30,135	30,135	30,135	30,135
Contingency Reserves	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Debt Service Reserve	2,230,912	2,349,344	2,419,999	2,503,122	2,586,245	2,940,436	3,023,559	3,065,120	2,646,528	2,688,089
Rate Stabilization Reserve <b>20% of Revenue</b>	1,528,233	1,650,492	1,782,532	1,925,134	2,079,145	2,183,102	2,292,258	2,406,871	2,527,214	2,653,575
<b>Total</b>	<b>5,883,195</b>	<b>6,101,627</b>	<b>6,351,471</b>	<b>6,625,761</b>	<b>6,912,916</b>	<b>7,422,586</b>	<b>7,667,932</b>	<b>7,878,766</b>	<b>7,636,817</b>	<b>7,862,726</b>
<b>Over/Short</b>	<b>(5,230,582)</b>	<b>(5,449,014)</b>	<b>(5,698,858)</b>	<b>(5,973,148)</b>	<b>(6,260,303)</b>	<b>(6,269,973)</b>	<b>(5,515,319)</b>	<b>(4,226,153)</b>	<b>(1,984,204)</b>	<b>289,887</b>
	77%	74%	71%	69%	66%	68%	67%	65%	60%	59%

# Questions?