



The Water Cooperative of Central Florida

Wednesday, April 5, 2017

2:00 PM

Toho Administration Building

951 MLK Boulevard

Kissimmee, FL 34741

## **Agenda**

1. APPROVAL OF THE BOARD MEETING MINUTES FROM JANUARY 4, 2017
2. APPROVAL OF REIMBURSEMENT OF EXPENDITURES TO DATE BY TOHO WATER AUTHORITY ON BEHALF OF THE WATER COOPERATIVE OF CENTRAL FLORIDA
3. APPROVAL OF DRAFT WATER COOPERATIVE BUDGET FOR FISCAL YEAR 2018
4. PRESENTATION ON WATER WHEELING RATE STUDY BY CONSULTANT

Description	Regular meeting of the Water Cooperative of Central Florida (WCCF). Present at the meeting were, Orange County Commissioner Peter Clarke, City of St. Cloud Commissioner Donald Shroyer, TWA Supervisor LeRue "Skip" Stellfox, TWA Executive Director Brian L. Wheeler, Silvia Alderman, WCCF Counsel, and TWA Executive Assistant Nilsa C. Diaz. Polk County Commissioner George Lindsey was absent.		
Date	01/04/2017	Location	Bruce R. Van Meter Board Room
	ITEM	NOTES	
2:00 PM	MEETING CALLED TO ORDER	Meeting called to order at 2:00 PM.	
	1.APPROVAL OF THE BOARD MEETING MINUTES FROM JULY 13,	Commissioner Clarke moved for approval of the meeting minutes from the Water Cooperative Board meeting of July 13, 2016, as circulated. Supervisor Stellfox seconded the motion. <b>Motion passed 3 to 0.</b>	
	2.APPROVAL OF REIMBURSEMENT OF EXPENDITURES TO DATE BY TOHO WATER AUTHORITY ON BEHALF OF THE WATER COOPERATIVE OF CENTRAL FLORIDA	TWA Executive Director Brian Wheeler, Agent for the WCCF, summarized the expenditures TWA made on behalf of the Water Cooperative of Central Florida (WCCF) from July 1, 2016 to December 2016 submitted for reimbursement. The total amount of expenditures for the period was \$67,208.93. Mr. Wheeler explained that the majority of the expenses were for legal fees related to representation for the Central Florida Water Initiative. Supervisor Stellfox moved for approval of the reimbursement to TWA. Commissioner Clarke seconded the motion. <b>Motion passed 3 to 0.</b>	
	3.ANNUAL ELECTION OF OFFICERS FOR THE BOARD OF SUPERVISORS	Executive Director Wheeler stated that it was necessary to hold the annual election of officers for the Board of Supervisors. Mr. Wheeler explained that Mr. Bruce Van Meter vacated his position as the representative for TWA and also as the Chair for the Water Coop. Commissioner Clarke made a motion that Donald Shroyer be considered for Chairman. Supervisor Stellfox seconded the motion. Commissioner Shroyer moved for Commissioner George Lindsey to be considered for Vice Chair and Supervisor Stellfox seconded the motion. Commissioner Shroyer made a motion to consider Commissioner Clarke as the Secretary and Supervisor Stellfox seconded the motion. <b>Motions passed 3 to 0.</b>	
	4.APPROVAL OF THIRD		

	<p>AMENDMENT TO INTERLOCAL AGREEMENT BETWEEN THE WATER COOPERATIVE OF CENTRAL FLORIDA AND REEDY CREEK IMPROVEMENT DISTRICT RELATING TO THE PRELIMINARY DESIGN AND PERMITTING OF THE ALTERNATIVE WATER SUPPLY PROJECT KNOWN AS THE CYPRESS LAKE WELLFIELD AND RELATED MATTERS</p>	<p>Mr. Wheeler explained the need for a third amendment to the Cypress Lake Agreement to provide for increased funding/budget and increased scope of work under the preliminary design and permitting phase of the project. There are three tasks either on-going or proposed for the next two years under this phase of the project. Mr. Wheeler advised the Board that over Christmas they got notice that the permit is ready and provides for a two week period for comments. Following issuance of the permit, the Water Coop will have to design and construct an initial concentrate well to verify the permit conditions. Design of the well is planned to occur during 2017; construction will begin in early 2018 with a 10 month completion date. The budget cost for the well design and construction is proposed to be \$5M. Some additional work associated with the permitting is applying for water quality exemptions. Because some of the concentrations of some of the constituents within the membrane concentrate will exceed primary drinking water standards, it will require the Water Coop to apply for a water quality exemption to permit the discharge into a portion of the aquifer which will not be utilized nor or in the future as a potable drinking water source. Each exemption requires payment to the FDEP of a fee. The additional budget proposed for additional work on the concentrate disposal permitting outside the original scope of work is proposed to be \$20,000 increasing the total budget from \$150,000 to \$170,000. We will have a working rate model to see what we are going to charge each other and the final thing is the acquisition of the land for which a \$600,000 budget is proposed. The major cost, construction of the concentrate disposal well will be bid and contracted to the lowest responsible bidder. Supervisor Stellfox moved for approval of the Third Amendment to Interlocal Agreement between the Water Coop and Reedy Creek Improvement District Relating to the Preliminary Design and Permitting of the Alternative Water Supply Project known as the Cypress Lake Wellfield and Commissioner Clarke seconded the motion. Chairman Shroyer added that he would like to have a discussion and asked if when the Water Coop was put together and the AWS became the AWS, is anyone aware if there are other cost effective projects that are available now. Mr. Wheeler responded that there is the Judge Farms project and the indirect potable water reuse. Also, Polk County is involved in other</p>
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		<p>alternatives. With the Cypress Lake Project we can move forward or sit on it until it is needed. It may not be the only option; maybe today there are better options. Commissioner Shroyer asked how much it was going to cost us to transport the water here. Mr. Wheeler said that he was not sure. Mr. Wheeler added that there is no water in the Upper Floridan Aquifer and that it has taken five years to get to where we are at with the Cypress Lake Project. Mr. Shroyer said that he just wanted to voice his concerns. <b>Motion passed 3 to 0.</b></p>
	<p>5. STATUS REPORT FOR THE CYPRESS LAKE ALTERNATIVE WATER SUPPLY PROJECT</p>	<p>Deborah Beatty, Project Manager for the Cypress Lake AWS Project presented a PP presentation and provided a status report to date for the benefit of new Board member, Skip Stellfox, TWA representative. Chair Shroyer stated that maybe we should talk to our lobbyist and see if there are any monies available. Mr. Wheeler said that the CFWI is one of the projects for funding and also that the Osceola County delegation is meeting sometime this month; January 18<sup>th</sup> and Polk County is meeting right now. The Board commended Ms. Beatty on her report.</p>
	<p>6. REPORT ON THE STATUS OF THE CENTRAL FLORIDA WATER INITIATIVE</p>	<p>Counsel Silvia Alderman presented a report on the status of the Central Florida Water Initiative (CFWI) – Ms. Alderman began by providing some background on the CFWI. The CFWI is an initiative of the Water Management Districts and the FDEP working with stakeholders and environmental group to try to find a solution for water problems in Central Florida. They are in the implementation phase of the project. The Regulatory Team has been formed to work with the other teams to ensure regulations are uniform in the other areas. Things will be different because there are different geographic features. The Regulatory Team has been grouping to try to make things uniform and different topic areas have been developed. A statute requires uniformity so a uniform definition of harm has to be developed. The groups are getting together because each water management district has a different definition of harm to ground water and harm to surface water. We are all working in trying to come up with rules that are uniform. Let's wait to see what other folks do. Some may not be willing to agree to technical goals. Supervisor Stellfox inquired as to who is the Maestro of the project. Ms. Alderman responded that the Maestro is the FDEP and that it is coming to a head; a noticeable</p>

		rule making will be put out in the first actual workshop this month. Mr. Wheeler added that a lot of action is happening in the regulatory front. Ms. Alderman said that a lot of what the Regulatory group has requested has been approved by DEP. If you get it in the first draft then you don't have to fight upstream. Working hard to get this thing done.
	7. APPROVAL OF THE REGULAR MEETING SCHEDULE FOR 2017	Mr. Wheeler discussed the regular meeting schedule for 2017 and proposed April 5 <sup>th</sup> , July 12 <sup>th</sup> instead of July 5 <sup>th</sup> because of the proximity to the July 4 <sup>th</sup> holiday, and October 4 <sup>th</sup> as the regular meeting dates for the year. Supervisor Stellfox moved for approval of the regular meeting schedule and Commissioner Clarke seconded the motion. <b>Motion passed 3 to 0.</b>
	ADJOURNED	<p>There being no further business to come before the Board, Chairman Shroyer adjourned the meeting at 2:49 PM.</p> <hr/> <p>Donald Shroyer, Chairman</p> <hr/> <p>Peter Clarke, Secretary</p> <p>ncd</p>

## WATER COOPERATIVE OF CENTRAL FLORIDA

Meeting Date:  
APRIL 5, 2017

Agenda Item No. **2**

Attachments:  
Itemized list of expenditures by Toho Water Authority from 2017 to March 3, 2017

Title:  
**APPROVAL OF REIMBURSEMENT OF EXPENDITURES TO DATE BY TOHO WATER AUTHORITY ON BEHALF OF THE WATER COOPERATIVE OF CENTRAL FLORIDA**

Explanation:

The Board of Supervisors adopted a resolution at the October 2, 2013 meeting authorizing the reimbursement of expenses incurred by Toho Water Authority (TWA) on behalf of the Water Cooperative on a quarterly basis. The resolution allows the Authority to submit a detailed list of expenses incurred each quarter to the Board for approval for reimbursement. Under the resolution, the TWA could be reimbursed quarterly during the year instead of once annually as was done for the previous fiscal year. The attached list of expenditures, made to date by TWA on behalf of the Water Cooperative, is being submitted for approval for reimbursement contingent upon the Board approving the authorizing resolution.

Costs:

Total cost of reimbursement expenditures for the past quarter is \$21,896.35

Recommendation:

Staff recommends approval of the list of expenditures submitted to date for reimbursement to the TWA.

Initials: blw

## Attachment to Item 2

### Toho Water Authority List of Expenditures on behalf of the Water Cooperative of Central Florida (December 22, 2016 – March 3, 2017)

Vendor	Date	Invoice	Amount
The Ledger	12/22/2016	993938	\$131.84
Osceola News Gazette	12/24/2016	35455	\$25.98
Orlando Sentinel	12/25/2016	4665146	\$106.92
Akerman LLP	01/11/2017	9200787	\$7,163.41
The Ledger	01/13/2017	994822	\$141.17
Osceola News Gazette	01/14/2017	37071	\$31.28
Akerman LLP	02/02/2017	9207355	\$6,015.75
Akerman LLP	02/02/2017	9207359	\$1,975.00
Akerman LLP	03/03/2017	9216788	\$6,305.00
<b>Total</b>			<b>\$21,896.35</b>

# **WATER COOPERATIVE OF CENTRAL FLORIDA**

**Meeting Date:**  
**April 5, 2017**

**Agenda Item No. 3**

**Attachments:**

**Draft Budget Fiscal Year October 1, 2017 – September 30, 2018**  
**Year Ending Estimate for Budget Year FY2017**  
**Current Actual vs Budget Report April 1, 2017**

**Title:**

**APPROVAL OF DRAFT WATER COOPERATIVE BUDGET FOR FISCAL YEAR 2018**

**Explanation:**

The draft budget for FY2018 contains the same expense items as contained in this year's (FY2017) budget. Legal expenses category continues to contain a line item for the continued representation of the Water Cooperative in the Central Florida Water Initiative (CFWI) which was approved initially in FY2014 as a mid-year budget revision. The regulatory development process for the legislatively mandated CFWI regulations is on-going and is expected to continue into FY2018. Legal fees also continue to include an item associated with the property and easement acquisitions for the Cypress Lake project. The property and easement expenses in the budget do not include the actual cost or payment to the property owner for property or easement acquisition. Those costs will be established through appraisal and negotiations and will be approved by the board in a separate action.

Revenue for the draft budget is to be provided through a projected reserve carry-over of \$22,312.12 from FY2017 and a \$25,000 contribution from each of the four member governments. The draft budget provides for an estimated ending year reserve of \$3,821.12.00. The only funding approval that will be necessary from each member government to fund the proposed draft budget is the \$25,000 contribution, the same amount as for this fiscal year.

In accordance with the Interlocal agreement establishing the Water Cooperative, the budget process requires the submission of a proposed budget to the member governments a minimum of 30 days in advance of adopting the annual budget. The draft budget document should be approved by the Board of Supervisors for submission to the member governments in advance of final approval. After the required comment period for the governments has passed, the Board would be able to formally approve the budget with any modifications suggested by any of the member governments at the October Board meeting.

**Costs:**

Draft Budget, no immediate cost impacts.

**Recommendation:**



Staff recommends approval of the draft budget for Fiscal Year 2018 as presented for submission to the member governments for comment.

**Initials: BLW**

**Water Cooperative of Central Florida**  
**PROPOSED BUDGET FOR FY2018**

**Proposed Budget FY2018**

**Income -- Annual Working Capital Contributions**

Reserves Carry-over	\$22,321.12
Reimbursement from Reedy Creek Improvement District	\$24,000.00
Toho Water Authority	
General Administration	\$25,000.00
Cypress Lake Project Management	\$0.00
Orange County	
General Administration	\$25,000.00
Cypress Lake Project Management	\$0.00
City of St. Cloud	
General Administration	\$25,000.00
Cypress Lake Project Management	\$0.00
Polk County	
General Administration	\$25,000.00
Cypress Lake Project Management	\$0.00

**Miscellaneous Income**

Reedy Creek Improvement District	
Cypress Lake Project Management	\$0.00
Interest on SunTrust Account	\$0.00

<b><u>TOTAL</u></b>	<b><u><u>\$146,321.12</u></u></b>
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**Expenses**

Water Supply Project Management and Administration	
Reimbursement to Toho Water Authority	\$0.00
Advertising Meetings	\$1,000.00
Legal Expense	
Meetings (4 regular & 1 special)	\$10,000.00
Central Florida Water Initiative	\$120,000.00
Property and Easement Acquisition	\$5,000.00
Miscellaneous	\$1,000.00
<b>Total Legal</b>	<u>\$136,000.00</u>
Accounting (Annual Report)	\$4,000.00
Annual Filings	\$500.00
Board Expenses	<u>\$1,000.00</u>

<b><u>TOTAL</u></b>	<b><u><u>\$142,500.00</u></u></b>
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<b><u>NET RESERVES</u></b>	<b><u><u>\$3,821.12</u></u></b>
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**Water Cooperative of Central Florida**  
**FY2017 -- YTD as of 3/23/2017**

	<u>Final Budget</u>	<u>YTD Actuals</u>
<b>Income -- Annual Working Capital Contributions</b>		
Reserves Carry-over	\$26,444.88	\$32,942.78
Reimbursement from Reedy Creek Improvement District	\$20,000.00	\$20,000.00
Toho Water Authority		
General Adminstration	\$25,000.00	\$25,000.00
Cypress Lake Project Management	\$0.00	
Orange County		
General Adminstration	\$25,000.00	\$25,000.00
Cypress Lake Project Management	\$0.00	
City of St. Cloud		
General Adminstration	\$25,000.00	\$25,000.00
Cypress Lake Project Management	\$0.00	
Polk County		
General Adminstration	\$25,000.00	\$25,000.00
Cypress Lake Project Management	\$0.00	
<b>Miscellaneous Income</b>		
Reedy Creek Improvement District		
Cypress Lake Project Management	\$0.00	\$0.00
Interest on SunTrust Account	\$0.00	\$0.00
<b><u>TOTAL</u></b>	<b><u>\$146,444.88</u></b>	<b><u>\$152,942.78</u></b>
<b>Expenses</b>		
Water Supply Project Management and Adminstration		
Reimbursement to Toho Water Authority	\$0.00	\$0.00
Advertising Meetings	\$1,000.00	\$437.19
Legal Expense		
Meetings (4 regular & 1 special)	\$10,000.00	\$8,755.00
Central Florida Water Initiative	\$120,000.00	\$117,254.47
Property and Easement Acquisition	\$5,000.00	
Miscellaneous	\$1,000.00	
<b>Total Legal</b>	<b>\$136,000.00</b>	<b>\$126,009.47</b>
Accounting (Annual Report)	\$4,000.00	\$4,000.00
Annual Filiings	\$500.00	\$175.00
Board Expenses	\$1,000.00	
<b><u>TOTAL</u></b>	<b><u>\$142,500.00</u></b>	<b><u>\$130,621.66</u></b>
<b><u>NET RESERVES</u></b>	<b><u>\$3,944.88</u></b>	<b><u>\$22,321.12</u></b>

**Water Cooperative of Central Florida**  
**FY2017 -- Year End Estimate as of 04/05/2017**

	<u>Final Budget</u>	<u>YTD Actuals</u>
<b>Income -- Annual Working Capital Contributions</b>		
Reserves Carry-over	\$31,520.00	\$50,630.49
Reimbursement from Reedy Creek Improvement District	\$35,287.00	\$17,386.51
Toho Water Authority		
General Adminstration	\$20,000.00	\$20,000.00
Cypress Lake Project Management	\$0.00	
Orange County		
General Adminstration	\$20,000.00	\$20,000.00
Cypress Lake Project Management	\$0.00	
City of St. Cloud		
General Adminstration	\$20,000.00	\$20,000.00
Cypress Lake Project Management	\$0.00	
Polk County		
General Adminstration	\$20,000.00	\$20,000.00
Cypress Lake Project Management	\$0.00	
<b>Miscellaneous Income</b>		
Reedy Creek Improvement District		
Cypress Lake Project Management	\$0.00	\$0.00
Interest on SunTrust Account	<u>\$0.00</u>	<u>\$0.00</u>

<b><u>TOTAL</u></b>		<b><u>\$146,807.00</u></b>	<b><u>\$148,017.00</u></b>
<b>Expenses</b>			
Water Supply Project Management and Administration			
Reimbursement to Toho Water Authority		\$0.00	\$0.00
Advertising Meetings		\$1,000.00	\$351.51
Legal Expense			
Meetings (4 regular & 1 special)	\$10,000.00		\$10,000.00
Central Florida Water Initiative	\$120,000.00		\$106,545.61
Property and Easement Acquisition	\$5,000.00		
Miscellaneous	<u>\$1,000.00</u>		
<b>Total Legal</b>		\$136,000.00	<u>\$116,545.61</u>
Accounting (Annual Report)		\$4,000.00	\$4,000.00
Annual Filings		\$500.00	\$175.00
Board Expenses		<u>\$1,000.00</u>	<u>\$500.00</u>
<b><u>TOTAL</u></b>		<b><u>\$142,500.00</u></b>	<b><u>\$121,572.12</u></b>
<b><u>NET RESERVES</u></b>		<b><u>\$4,307.00</u></b>	<b><u>\$26,444.88</u></b>

## WATER COOPERATIVE OF CENTRAL FLORIDA

Meeting Date:  
APRIL 5, 2017

Agenda Item No. 4

Attachments:

Power Point Presentation Summarizing Water Wheeling Rate Study

Title:

**PRESENTATION ON WATER WHEELING RATE STUDY BY CONSULTANT**

Explanation:

Raftelis Financial Consultants will make a presentation to the Board of Supervisors outlining the proposed rate model they have developed to allocate costs between the cooperative members for the water distribution improvements that will need to be constructed to provide for the movement of water to, through, and between the cooperative members. Significant water transmission piping improvements and upsizing will be necessary for the wheeling of water by the cooperative members. The Raftelis model attempts to provide a means to assign costs to members based upon the benefit received or to be received from a specific water main construction or increase in size.

Costs:

Recommendation:

Staff recommends that the Board of Supervisors accept the model to be presented.

Initials: blw

# THE WATER COOPERATIVE OF CENTRAL FLORIDA AND REEDY CREEK IMPROVEMENT DISTRICT

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CYPRESS LAKE WHEELING RATE STUDY

*WCCF Board Update / April 5, 2017*



Louis Berger

# PROJECT SCOPE

*The Raftelis Financial Consultants (RFC) Project Team was tasked to...*

- Engage WCCF members and RCID to gain an understanding and expectations with regard to cost allocation methodologies
- Develop cost allocation and wheeling rate options
- Develop a dynamic Wheeling Rate Model to identify and evaluate various scenarios
- Present results and conclusions to WCCF

WCCF = Water Cooperative of Central Florida (TWA, OCU, PCU, St. Cloud)

RCID = Reedy Creek Improvement District



# CYPRESS LAKE WHEELING PLAN

## *Final Conceptual Design Plan, Sept. 2014 (Reiss Engineering)*

“A conceptual design for transmission and optimization of the Cypress Lake supply water in concert with existing potable water sources, to facilitate the efficient and cost-effective transfer and transmission of potable water among the (5) Utilities”

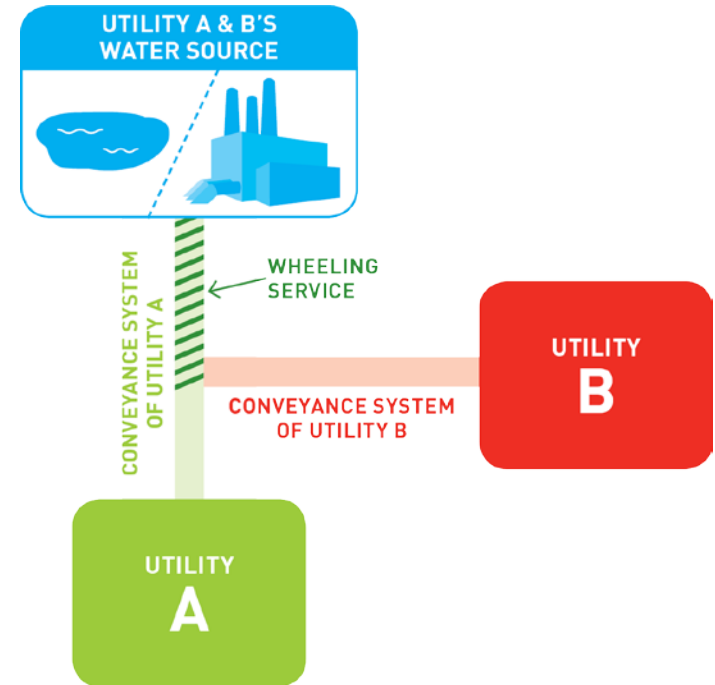


# Wheeling Plan Highlights

# WHAT IS A WHEELING CHARGE?

- Wheeling is the charge made by a utility for transmission of water of another party through its system
  - Wheeling does not include cost associated with water source or treatment
  - Wheeling costs include capital and O&M
  - Model includes only capital portion at this time

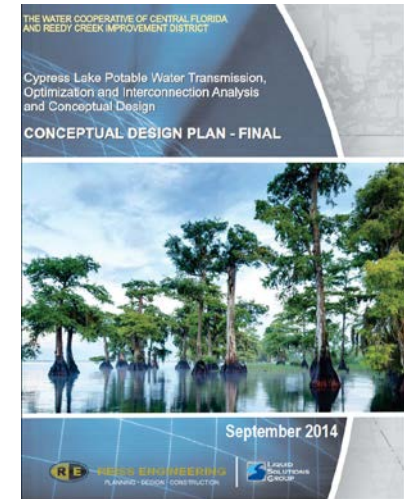
- WHEELING SERVICE



# CYPRESS LAKE WHEELING PLAN

## COMBINED 5 UTILITIES:

1. Existing Withdrawals: +/- 81 MGD
2. Phase I Cypress Lake Transmission
  - Extends existing groundwater supplies
  - 110 to 125 MGD (average daily flow)
  - Also addresses peak day/hour demands
3. Phase II Cypress Lake Transmission
  - Delivers additional 30 MGD from future Cypress Lake wells
  - Construction timed with additional supply wells
  - Total supply increased to 155 MGD



Source: Final Conceptual Design Plan, Sept. 2014 (Reiss Engineering)

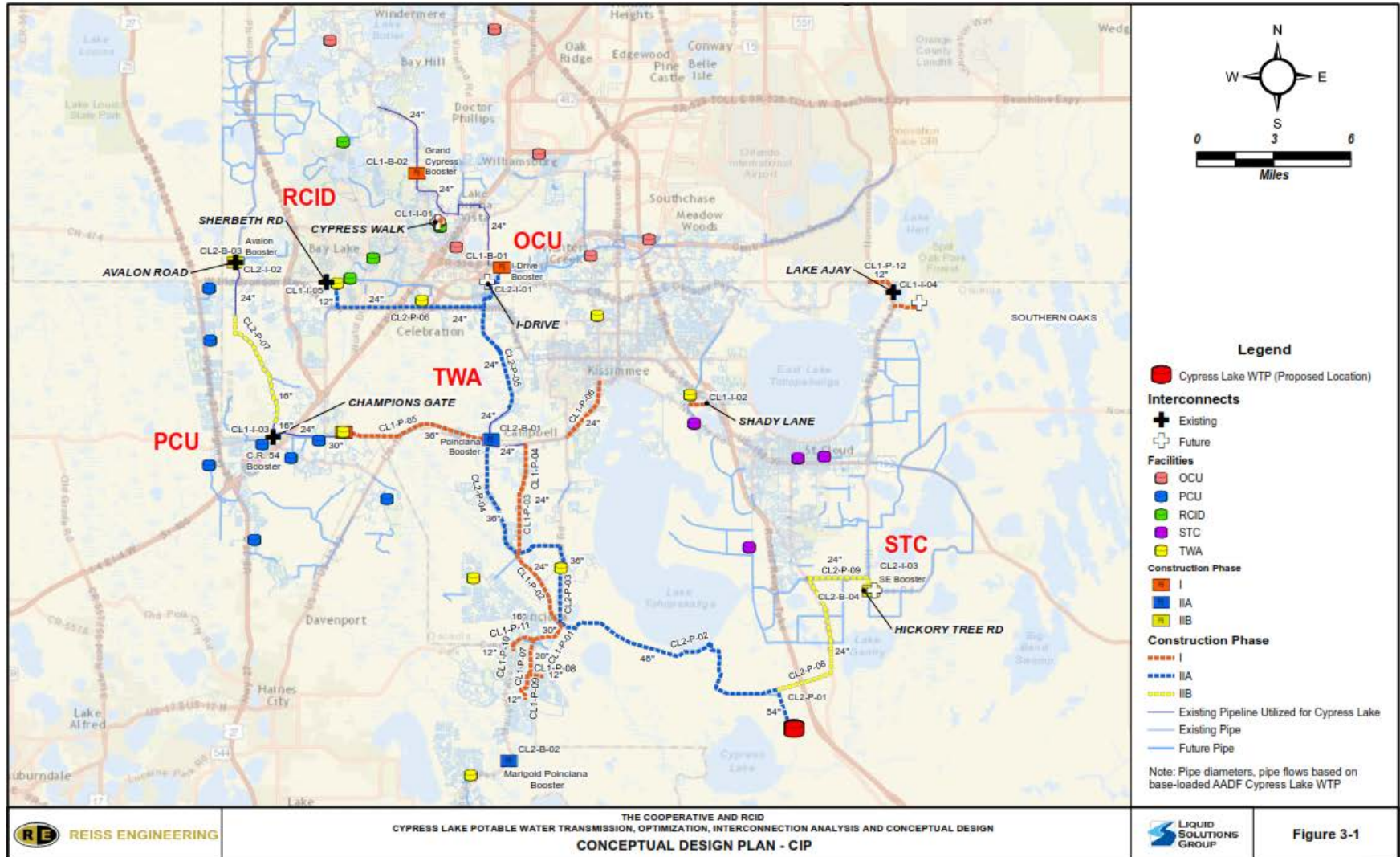


Phase I – Water  
Wheeling Plan  
(Jan 2014)



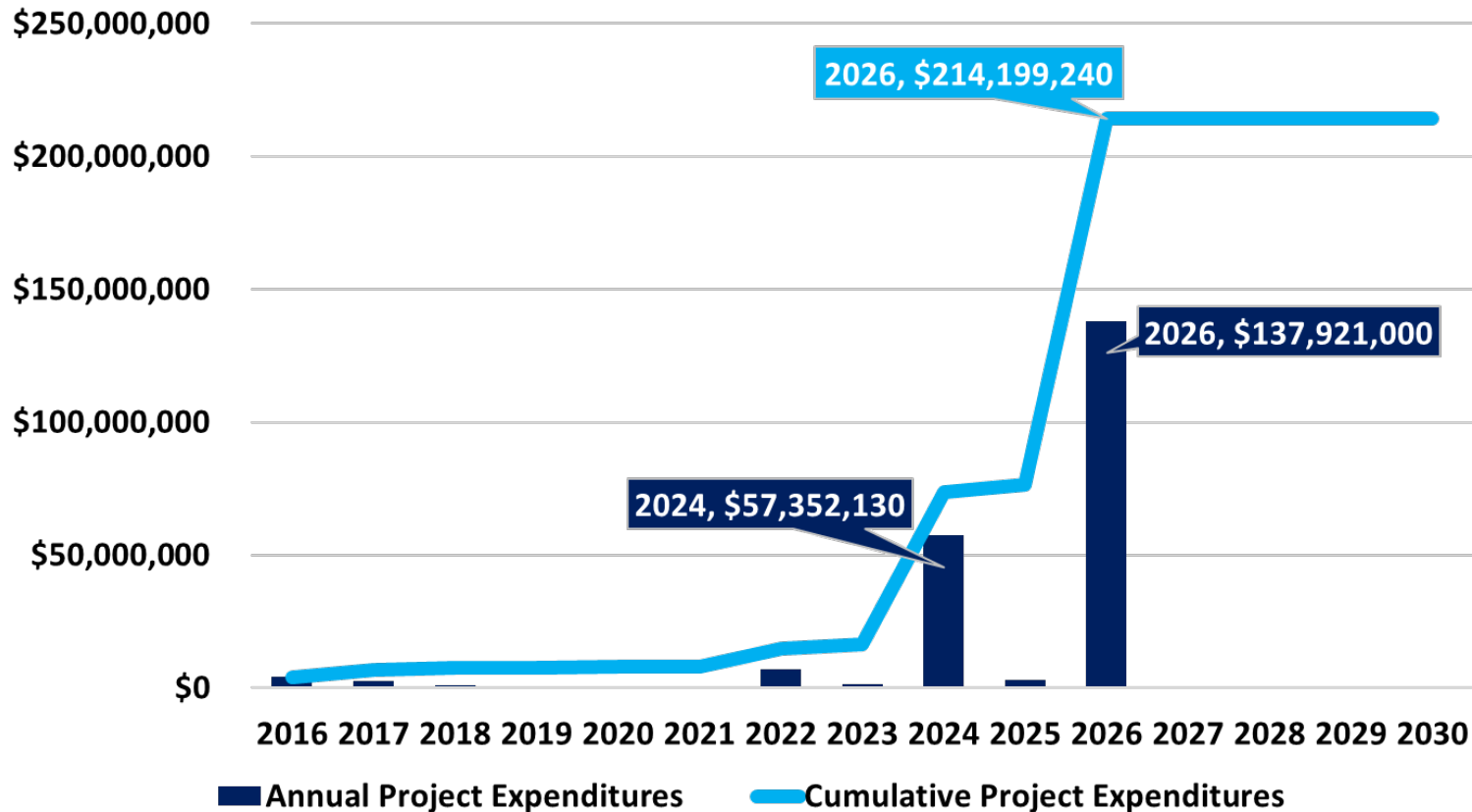
Phase II – Water  
Wheeling Plan  
(Jan 2014)

# CONCEPTUAL DESIGN PLAN



# PROJECTED CUMULATIVE WHEELING INVESTMENT\*

(Combined 5 Utilities based on 2013 cost estimates)



The project costs in 2026 include large diameter pipe from the Cypress Lake WTP. The timing of these projects is coincident to the construction of the WTP.

\*This is a hypothetical scenario based on the Reiss Report assuming an accelerated schedule.

# Guiding Principles and Objectives

# GUIDING PRINCIPLES

## GOALS - The goals of the study were to:

1. Develop equitable but simple cost allocation methodology
2. Develop user friendly model with ability to perform sensitivity analysis
3. Provide clear documentation for policy makers
4. Identify basic cost sharing rules
5. Indicate certain “triggers” for payments between partners
6. Identify limitations and potential resolutions





# GUIDING PRINCIPLES

## CRITICAL SUCCESS FACTORS -

To accomplish the study goals, the executive team and project managers commit to:

- » Consensus
- » Open communication
- » Buy-in from individual boards
- » Financial viability



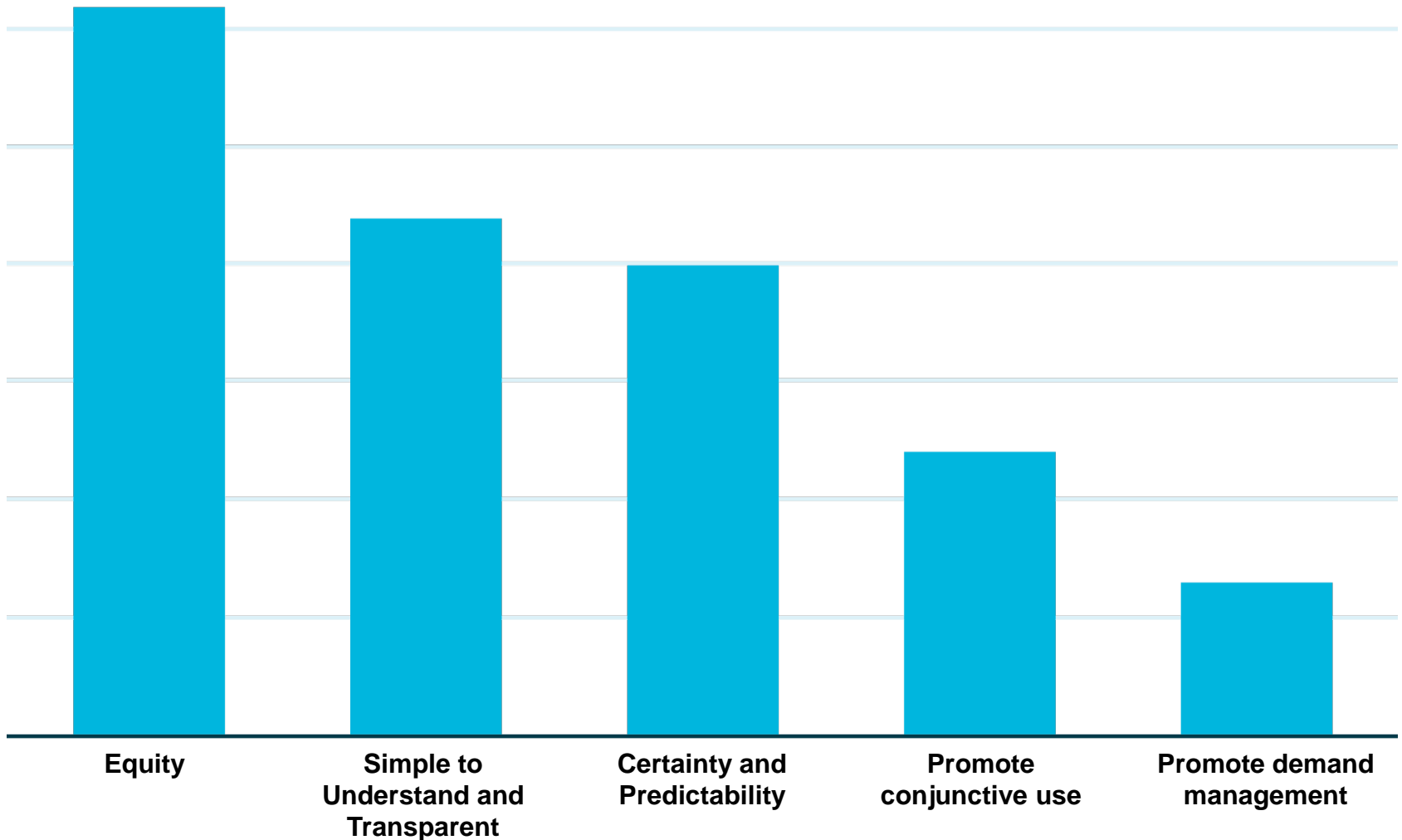
# GUIDING PRINCIPLES

**BOUNDARIES** - Key boundaries of the study include:

- » Cypress Lake Transmission project as developed by Reiss (Phase I and II)
- » Existing service areas/5 partner utilities
- » Collective decision making and input
- » Excludes Cypress Lake treatment plant, O&M, and wholesale cost of existing supplies



# RANKING OF COST ALLOCATION OBJECTIVES



# **Conceptual Wheeling Rate Model Illustration**

# MODEL ASSUMPTIONS

- Project Costs from: *Final Conceptual Design Plan, Sept. 2014 (Reiss Engineering)*
  - *Phase 1 + Phase 2 = \$255 million*
  - *Certain projects do not have regional benefit, and therefore are excluded from model*
  - *Wheeling rate model reflects \$214 million of wheeling projects*
- Average Project Amortization of 30-years
- Rate of Return on Invested Assets (WACC\*): 5.08%
- Members maintain flexibility with regard to project financing

\*WACC = Weighted Average Cost of Capital; applied to gross investment (i.e. not applied to annual net depreciated asset value) so that a proxy for asset replacement and/or debt service coverage is factored in.

# MODEL ASSUMPTIONS (Cont'd)

- Model Excludes the following:
  - Wholesale cost of water (prior to Cypress Lake WTP)
  - Cost of Cypress Lake Water Treatment Plant
    - » Capital
    - » O&M
  - Transmission/distribution O&M\*

*\*These costs could be factored into future model scenarios*

# CYPRESS LAKE WHEELING RATE MODEL FRAMEWORK

- » Identification of projects within Wheeling plan
  - » 51 individual projects identified in Reiss report
  - » Utilities have reviewed and updated project schedules and responsibilities
- » Accounting mechanism of wheeling investments and benefits by Utility over time
- » Annual update of cumulative investment and benefit

# CYPRESS LAKE WHEELING RATE MODEL FRAMEWORK

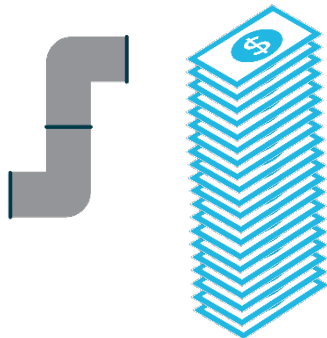
Process for each project in Wheeling Rate Model:

1. Contributions: Identify eligible Wheeling projects as they occur
2. Benefits: Identify Utilities that will benefit from each project
3. Track cumulative Contributions and Benefits each year
4. Period update payment true-up and forecast



# CYPRESS LAKE PROJECT EXAMPLE

Utility "A" makes  
CL Wheeling  
project  
Contribution of \$1  
million



Year 0

Contribution is converted into a payment stream  
over asset life based on *Weighted Average Cost of  
Capital* and allocated based on Benefit



Year 1

Year 2

Year 3

.....

Year 30

# CYPRESS LAKE PROJECT EXAMPLE

Utility	Eligible Cypress Lake Wheeling Capital Contribution	Contribution %	Annual Benefit	Benefit %
Utility A	\$1,000,000	100%	\$50,100	60%
Utility B	\$0	0%	\$33,400	40%
Total	\$1,000,000	100%	\$83,500	100%

Annual Payment Illustration	Year 1*	Year 2*	...	Year 30*	Total
<u>Utility A:</u>					
Benefit (60%)	\$50,100	\$50,100		\$50,100	\$1,503,000
Credit for Contribution (100%)	\$(83,500)	\$(83,500)		\$(83,500)	\$(2,505,000)
Net Payment from B (40%)	(\$33,400)	(\$33,400)		(\$33,400)	\$(1,002,000)
<u>Utility B:</u>					
Net Payment to A (40%)	\$33,400	\$33,400		\$33,400	\$1,002,000

# Preliminary Wheeling Plan Results

# PRELIMINARY RESULTS\*: 2025

- Model output in year 2025, based on project dates provided by Utilities:

2025	Year for Snapshot Review
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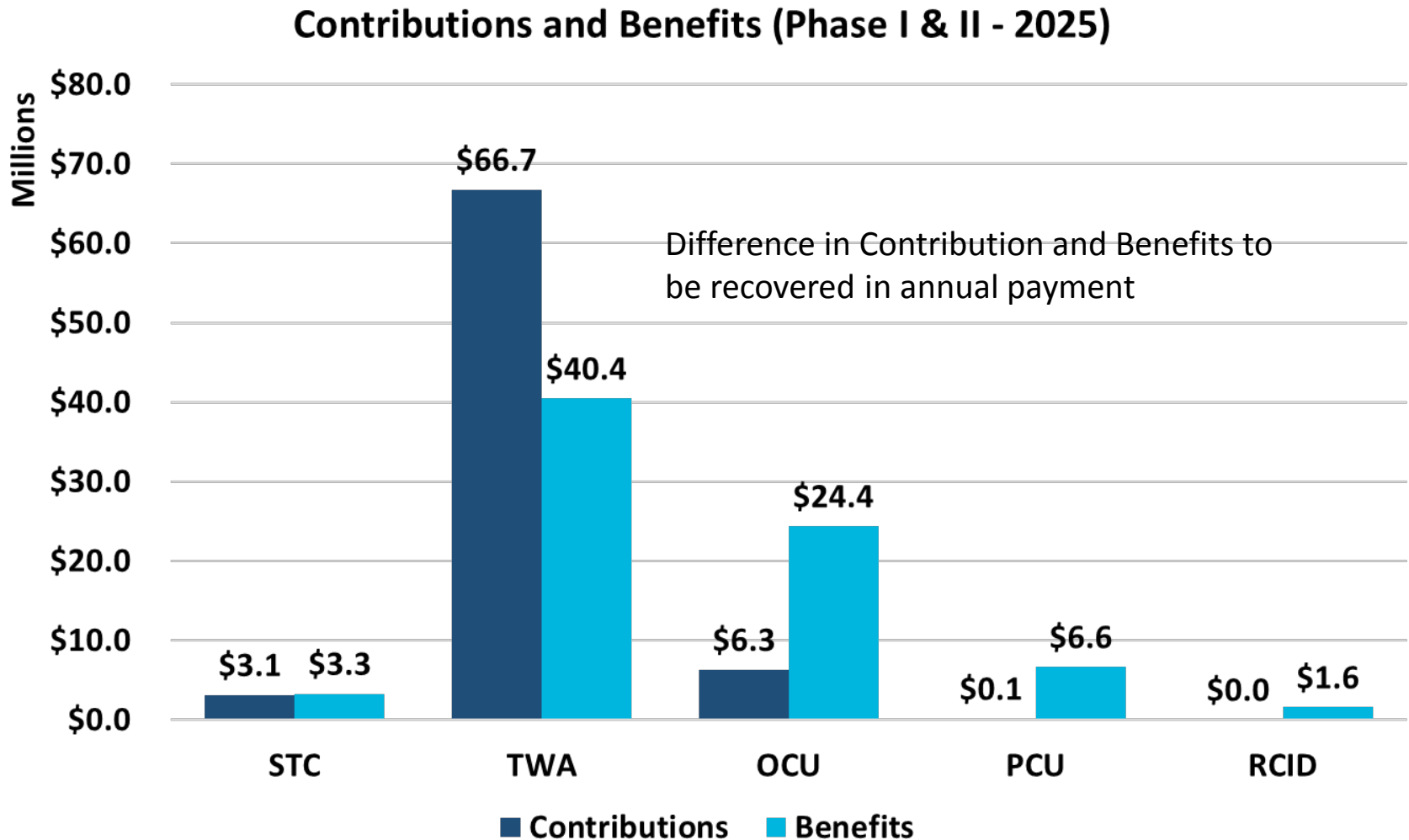
Total	
<b><u>Project Contributions:</u></b>	
Total	\$76,278,240
<b><u>Benefits Assigned:</u></b>	
Total	\$76,278,240
<b><u>Difference (Contributions less Benefits):</u></b>	
Total	\$0

Phase I Snapshot	
Projects Complete:	12
Projects In Progress:	2
Projects Not Started:	0

Phase II Snapshot	
Projects Complete:	0
Projects In Progress:	16
Projects Not Started:	0

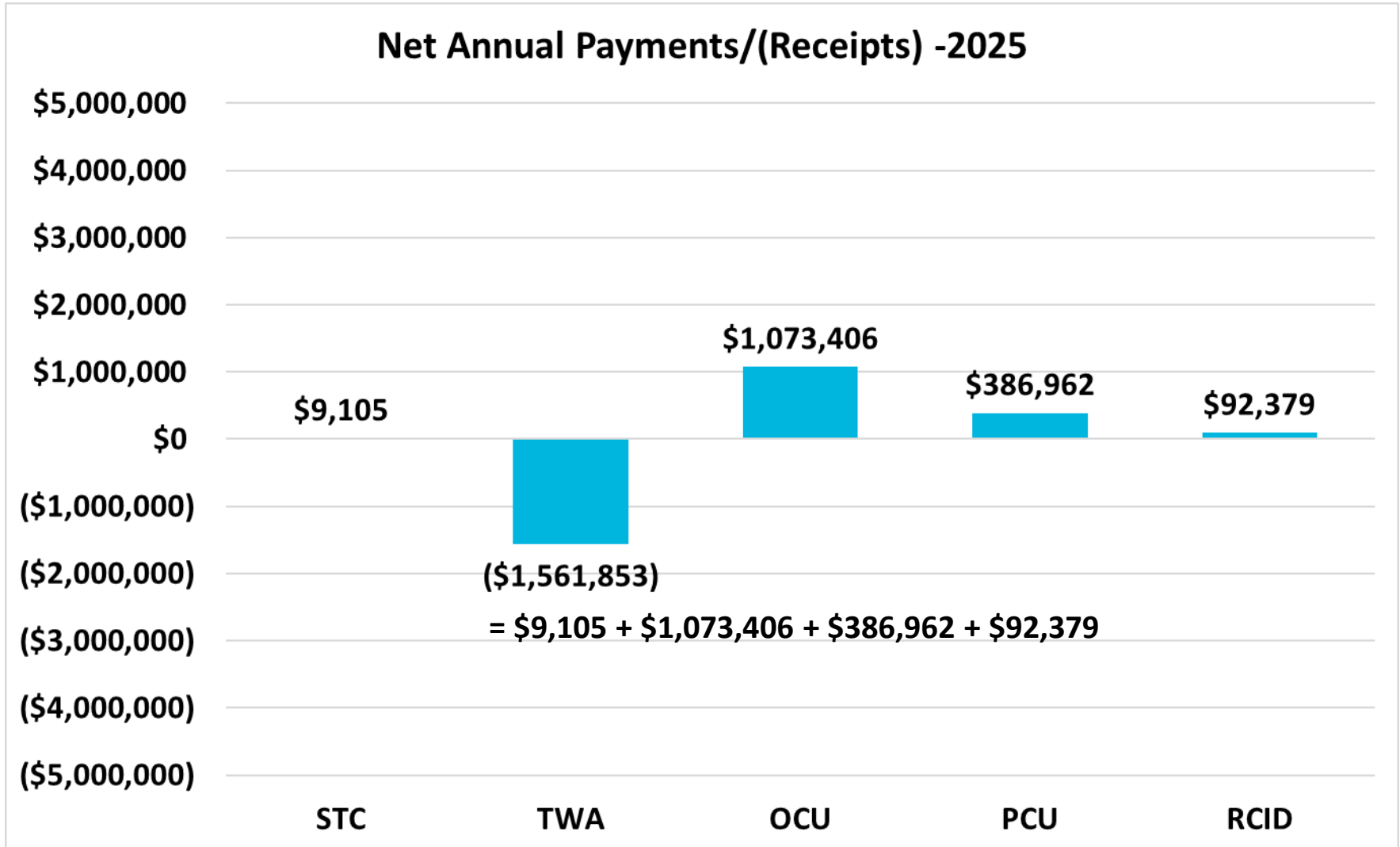
\*This is a hypothetical scenario based on the Reiss Report assuming an accelerated schedule.

# PRELIMINARY RESULTS\*: 2025



\*This is a hypothetical scenario based on the Reiss Report assuming an accelerated schedule.

# PRELIMINARY RESULTS\*: 2025



\*This is a hypothetical scenario based on the Reiss Report assuming an accelerated schedule. Amounts exclude water supply and O&M costs.

# PRELIMINARY RESULTS\*: 2030

- Model output in year 2030, based on project dates provided by Utilities:

2030	Year for Snapshot Review
------	--------------------------

Total	
<b><u>Project Contributions:</u></b>	
Total	\$214,199,240
<b><u>Benefits Assigned:</u></b>	
Total	\$214,199,240
<b><u>Difference (Contributions less Benefits):</u></b>	
Total	\$0

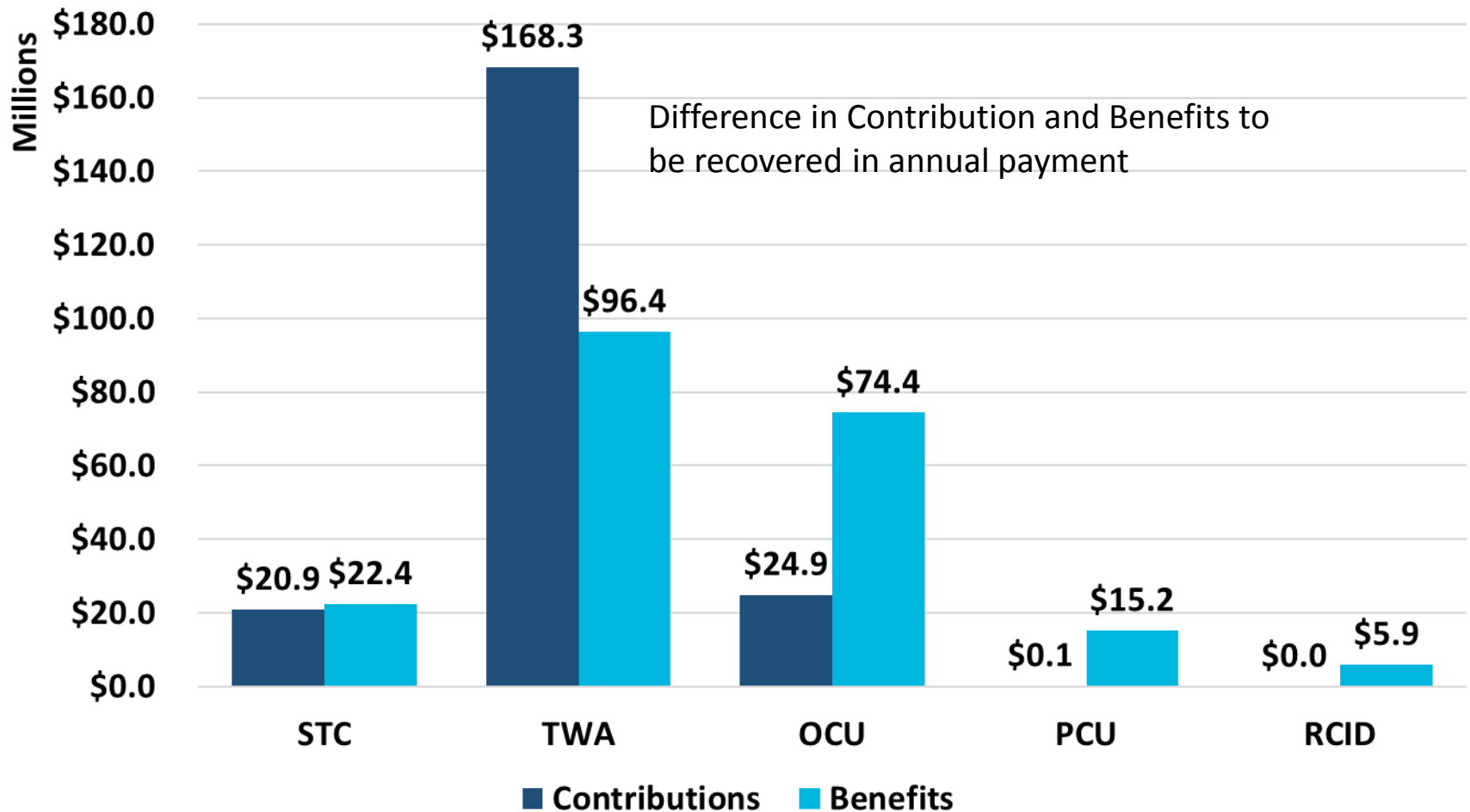
Phase I Snapshot	
Projects Complete:	14
Projects In Progress:	0
Projects Not Started:	0

Phase II Snapshot	
Projects Complete:	16
Projects In Progress:	0
Projects Not Started:	0

\*This is a hypothetical scenario based on the Reiss Report assuming an accelerated schedule.

# PRELIMINARY RESULTS\*: 2030

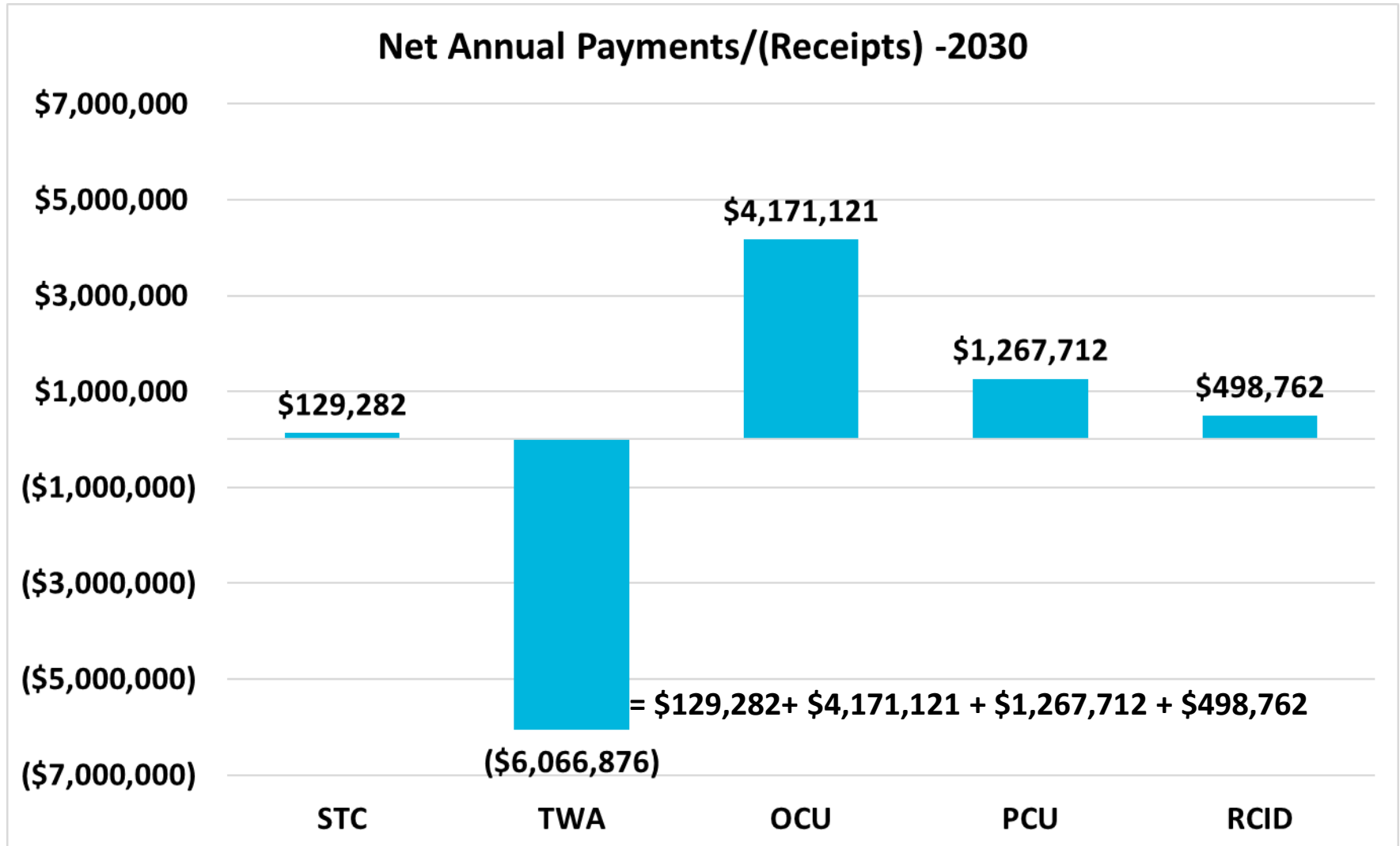
Contributions and Benefits (Phase I & II - 2030)



\*This is a hypothetical scenario based on the Reiss Report assuming an accelerated schedule.



# PRELIMINARY RESULTS: 2030



\*This is a hypothetical scenario based on the Reiss Report assuming an accelerated schedule. Amounts exclude water supply and O&M costs.

# CONCLUSION

- Wheeling Rate Model is developed and populated with WCCF/RCID data
  - Developed with equitable allocations ✓
  - Collaborative process ✓
  - Ready to perform sensitivity analysis ✓
- Next Steps
  - Individual member/board communication
  - Develop implementation procedures