

May 31, 2018

Greg Stanton, Director REHS
County of El Dorado
Community Development Agency
Environmental Management Division
2850 Fairlane Court
Placerville, CA 95667

Subject: Draft Report – **Base Year 2018 Rate Analysis of El Dorado Disposal Service**

Crowe Horwath (Crowe) has completed its analysis of El Dorado Disposal Service's (EDDS) Base Year 2018 Rate Application (Application). The County of El Dorado (County) contracted with Crowe to conduct an analysis of the Application, and to provide potential refuse collection rate changes for the County to consider effective July 1, 2018. This letter report documents results of our analysis, and is organized as follows:

1. Purpose of Analysis
2. Summary
3. Background of Analysis
4. Scope of Analysis
5. Rate Setting Adjustments
6. Results of Analysis.

1. Purpose of Analysis

The purpose of the 2018 Base Year Rate Analysis of El Dorado Disposal Service (Analysis) is to assist the County with establishing solid waste collection rates charged by El Dorado Disposal Service (EDDS). The Analysis was conducted in accordance with the County's *Solid Waste Rate Setting Policies and Procedures Manual for Unincorporated Areas* (Manual). This Manual was developed and incorporated into the County's franchise agreement with EDDS in October 2014.

The information in this Analysis is based on estimates, assumptions, and other data developed by Crowe from information provided by EDDS, knowledge of and participation in other studies, data supplied by the County, and other sources deemed to be reliable.

In the course of preparing this Analysis, we have not conducted an audit, review, or compilation of any financial or supplemental data used in the accompanying Analysis. We have made certain projections of revenues and expenses which may vary from actual results because events and circumstances frequently do not occur as expected and such variances may be material. We have no responsibility to update this Analysis for events or circumstances occurring after the date above.

Our procedures and work product are intended for the benefit and use of the County. This engagement was not planned or conducted in contemplation of reliance by any other party or with respect to any specific transaction and is not intended to benefit or influence any other party. Therefore, items of

possible interest to a third party may not be specifically addressed or matters may exist that could be assessed differently by a third party.

2. Summary

The analysis of the 2018 rate application and supporting documentation indicates a rate increase of 5.02 percent for El Dorado County, effective July 1, 2018. This compares to EDDS's original rate increase request of 4.78 percent, plus an additional 1.86 percent rate increase request for unforeseen third party trucking costs, for a combined total rate increase request of 6.64 percent.

Current and proposed residential rates are shown in **Table 1** below:

Table 1
El Dorado Disposal Service
Residential Rates with 5.02 Percent Rate Increase
(Base Year 2018)

Service Level	Current Rate (Per Customer, Per Month)	Proposed Rate (Per Customer, Per Month)	Proposed Rate Increase (Per Customer, Per Month)
El Dorado County			
Area A: One 35-Gallon Can	\$23.24	\$24.41	\$1.17
Area B: One 35-Gallon Can	\$21.95	\$23.05	\$1.10
Area C: One 35-Gallon Can	\$22.12	\$23.23	\$1.11

3. Background of Analysis

The County is responsible for overseeing regional cooperation regarding solid waste, and coordinating solid waste program planning and reporting. The County has an exclusive franchise agreement with EDDS for collection and disposal of refuse. EDDS provides exclusive refuse collection, recycling, and transfer station operations to the County in accordance with terms specified in its franchise agreement.

County rate setting follows the County's *Solid Waste Rate Setting Policies and Procedures Manual for Unincorporated Areas* (Manual). The Manual allows EDDS to submit a base year rate application for the rate year 2018. Our analysis was conducted in accordance with Steps 2, 3, and 4 in Section 2 of the Manual.¹

Rate setting has generally followed an approximately three-year cycle with the prior base year rate analysis conducted for rate year 2015. Recently approved rate changes are as follows:

- 2015 – 1.96 percent rate increase – base year
- 2016 – 1.75 percent rate increase – interim year
- 2017 – 1.51 percent rate increase – interim year.

The average compounded rate of change in EDDS rates since 2015 was 1.74 percent.

In **Table 2**, we summarize residential rates since 2016.

¹ The County allows for the franchise hauler to submit an interim year rate application in each of the "interim" two (2) years between "base" years, should the franchised hauler want to request an increase in rates.

Table 2
Selected Residential Rates
(2016 to 2017)

Service Level	2016	2017
El Dorado County		
Area A: One 35-Gallon Can	\$22.89	\$23.24
Area B: One 35-Gallon Can	\$21.62	\$21.95
Area C: One 35-Gallon Can	\$21.79	\$22.12

On December 1, 2017, EDDS submitted its base year rate application to the County for rate year 2018 (hereafter referred to as the Application). We enclose a copy of this Application as **Attachment A**. The County requires the franchise hauler to submit a base year rate application once every three (3) years. In accordance with the Manual, rate year 2018 is a base year.

EDDS's Application to the County projected a rate increase was needed to cover an \$885,643 estimated net shortfall, including franchise fees, for fiscal year 2018. This projected shortfall represents a rate increase of 6.64 percent for El Dorado County.

We relied on EDDS audited financial statements, internally prepared financial information, and operational data for our analysis. EDDS provided audited financial statements for rate year 2016, prepared by Kemper CPA Group. EDDS also provided internally prepared financial information and operational data for rate years 2017 (estimated) and 2018 (projected), and additional information and data requested by Crowe.

4. Scope of Analysis

Our scope of services included the following tasks:

1. Verify the completeness of EDDS's Base Year 2018 Application
2. Analyze the Base Year 2018 Application and prepare responses
3. Identify rate adjustments, by line item, and rate adjustment tables
4. Discuss proposed adjustments with the County and EDDS representatives, and clarify outstanding issues
5. Determine the revenue requirement and associated rate adjustments
6. Prepare a draft report
7. Prepare a final report
8. Participate at a County meeting.

For this analysis, we performed the following tasks:

- Assessed if the Application was mathematically accurate and logically consistent
- Verified that the Application complied with the terms and conditions in the Manual
- Reconciled the Application to EDDS's 2016 audited financial statements
- Analyzed EDDS financial information, operational data, and projections for reasonableness
- Assessed supporting data, worksheets, and documentation
- Analyzed historical, actual, estimated, and projected revenues and expenses
- Analyzed cost allocation methods

- Analyzed the assignment of revenues and expenses to County
- Obtained and analyzed support for the assumptions used to project Rate Year 2018 revenues and expenses
- Confirmed the use of the allowed operating ratio
- Confirmed the franchise fee calculation
- Confirmed the accuracy of EDDS's calculated revenue requirement and associated rate adjustment
- Performed a facility and operations site visit
- Prepared draft and final reports
- Participated in a County meeting.

The County entered into a contract with Crowe to provide these services. We submitted a detailed data request to EDDS on April 13, 2018. We also performed an on-site visit of EDDS facilities on May 1, 2018.

5. Rate Setting Adjustments

In this section, we identify adjustments to the EDDS rate application for calendar year 2018. Total adjustments result in a projected 2018 revenue shortfall of \$669,792. **Attachment B** includes the rate model with Crowe's rate adjustments summarized.

Adjustments are organized to generally match the organization provided in EDDS's rate application. The EDDS rate application is organized consistent with the guidance for allowable revenue and expense categories contained in the Manual, using the template located in Appendix A (Exhibit A-1) of the Manual. The remainder of this subsection is organized as follows:

■ Revenues

- Residential Collection Revenues
- Commercial Collection Revenues
- Recycled Material Sales (MRF and Recycling Sales)

■ Operating Expenses

- Operating Expense Allocation
- Expense Escalation
- Direct Labor
- Office Salaries
- Equipment Costs and Facility Costs
- Disposal Costs
- General and Administrative Costs

■ Operating Profit

■ Pass-Through Costs

- Franchise Fees

Revenues

Residential Collection Revenues

EDDS estimated residential collection revenues to increase by \$280,730, or 3.83 percent, between 2016 and 2017. EDDS projected residential collection revenues to increase by \$316,311, or 4.16 percent, between 2017 and 2018. This 2018 increase reflects the 2017 year-to-date trend.

Impact(s):

- No change to Residential Collection Revenues in 2018.

Commercial Collection Revenues

EDDS estimated commercial collection revenues to increase by \$481,613, or 10.77 percent, between 2016 and 2017. EDDS projected commercial collection revenues to increase by \$465,716, or 9.40 percent, between 2017 and 2018. This 2018 increase reflects the 2017 year-to-date trend.

Impact(s):

- No change to Commercial Collection Revenues in 2018.

Recycled Material Sales (Materials Recovery Facility (MRF) and Recycling Sales)

EDDS estimated revenues associated with the MRF sale of recyclables to increase by approximately \$21,951, or 37.84 percent, between 2016 and 2017.

EDDS projected revenues associated with the recycling sales to decrease by approximately \$71,892, or 89.91 percent, between 2017 and 2018, largely driven by lower commodity prices for aluminum, plastic, glass, and paper based on observed and projected challenges with the overseas marketplace. This projected decrease is based on the year-to-date 2017 trend.

Impact(s):

- No adjustment.

Operating Expenses

Operating Expense Allocation

For 2018, EDDS allocated personnel-related operating expenses across El Dorado County, El Dorado Hills, Cameron Park, Placerville, and non-franchised areas using a labor hour allocation by jurisdiction methodology. In 2017, EDDS determined that 57 percent of labor hours were incurred in El Dorado County, 23 percent in El Dorado Hills, 10 percent in Cameron Park, 9 percent in Placerville, and 1 percent in non-franchised areas. EDDS used these labor allocation factors to allocation labor costs to each jurisdiction, including the County. We verified that the allocation calculation was supportable and correctly applied.

Impact(s):

- Verified EDDS used the correct allocation percentage for operating expense allocations.

Expense Escalation

Per the Manual, the applicable Consumer Price Index used in this analysis should be based on the most current actual information for the U.S. City Average Garbage and Trash Collection Consumer Price Index (CPI). For purposes of projecting inflationary costs, as shown in **Table 3**, we used a 1.84 percent CPI equal to the percent change from the March 2017 to the March 2018 index. We rounded the CPI increase to the nearest hundredth given its material effect on the projections and for consistency with prior assessments.

Table 3
Consumer Price Index (CPI)
Used for Rate Setting Purposes

Description	Index
March 2017	446.987
March 2018	455.230
Percent Change	1.84%

Direct Labor

EDDS estimated direct labor expenses to increase by approximately \$125,622, or 3.89 percent, from 2016 to 2017. EDDS projected total direct labor expenses of \$3,740,431, or an 11.41 percent increase between 2017 and 2018. This projected direct labor increase reflects various wage and benefit increases, including:

- Headcount additions of 3 drivers and 2 customer service representatives in 2017
- Headcount additions of 2 drivers and 2 representatives in 2018 (verified already in place at the time of site visit)
- Wage increases of 11.66 percent as a result of the headcount addition and a 2.0 percent cost of living (COLA) adjustment
- Health insurance expense increase of 19.78 percent from 2017 to 2018 as a result of increases in premiums and the additional headcount
- Workers' compensation insurance expense increase of 25.87 percent from 2017 to 2018 as a result of an increase in the corporate allocation to EDDS for this expense
- Payroll tax increase of 9.79 percent as a result of the headcount addition
- Vacation/sick pay increase of 6.85 percent as a result of the headcount addition
- Overtime wage increase of 2.26 percent.

We noted that EDDS had been operating at relatively large overtime levels between 2016 and 2017 before the above headcount additions occurred. EDDS applied overtime levels similar to 2017 for its 2018 projections. For 2018, EDDS projected approximately 25.91 percent of wages for overtime wages.

Reflective of the recent steps the company undertook to increase its headcount, and the fact that these additional laborers are included and allowed in the projection year 2018, we allowed an overtime level of 15.0 percent of wages, rather than the 25.91 percent figure above, which had the impact of reducing 2018 projected overtime wages from \$498,380 to \$288,569.

We calculated the three-year average of worker's compensation insurance expenses (actual 2016, estimated 2017, and projected 2018) and allowed this average to normalize the fluctuations in this cost

for the base year cycle. This resulted in a 10.67 percent reduction to projected worker's compensation insurance costs. We also allowed the most recent two-year average of health insurance costs. This resulted in an 8.26 percent reduction to projected health insurance costs.

The above adjustments reduced projected 2018 Direct Labor expenses in total by \$275,178.

Impact(s):

- Decrease in Direct Labor expenses by \$275,178 for 2018.

Office Salaries

EDDS estimated office salaries to increase by approximately \$49,424, or 6.61 percent, between 2016 and 2017. EDDS projected office salaries to increase by \$38,685, or 4.85 percent, between 2017 and 2018. This projected increase accounts for the following:

- Addition of an operations supervisor in May 2017
- Addition of a district manager in April 2018.

During the data request and Application Analysis process, EDDS requested an additional increase of \$17,154 to cover a COLA of 2.0 percent for Office Salaries to account for the above office headcount additions.

Impact(s):

- Increase in Office Salary expenses by \$17,154 for 2018.

Equipment Costs and Facility Costs

EDDS estimated equipment costs and facility costs to increase by approximately \$192,729, or 8.07 percent, between 2016 and 2017. EDDS projected equipment costs and facility costs to increase by \$242,822 or 9.41 percent, between 2017 and 2018. This projected 2018 increase accounts for the following:

- EDDS estimated depreciation to increase by \$106,950, or 9.38%, in 2018, consistent with their addition of side loader trucks in response to an increase in materials volume and market growth
- EDDS estimated fuel expenses to increase by \$98,085, or 16%, in 2018, consistent with increases in fuel prices
- EDDS estimated parts and materials expense to increase by \$17,089, or 6.49%, in 2018
- EDDS estimated building and property repair costs to increase by \$13,831, or 15.23%, in 2018. This increase was driven by road repair and fence construction required to secure equipment
- EDDS estimated tires expense to increase by \$9,465, or 10%, in 2018
- EDDS estimated oil and grease expense to increase by \$8,731, or 23.30%, in 2018 due to an increase in the number of trucks
- EDDS estimated operating supplies expense to decrease by \$8,966, or 8.05%, to offset a one-time facility relocation expense in 2017
- EDDS estimated equipment maintenance and repair expense to decrease by \$6,466, or 8.24%, in 2018 as a result of reducing the level of outsourced repairs. EDDS is moving to perform most of its repairs in-house in 2018.

Impact(s):

- No adjustment.

Disposal Costs

In its Application, EDDS estimated allowable disposal costs to increase by approximately \$258,945, or 10.90 percent, between 2016 and 2017. In its Application, EDDS projected disposal costs to increase by \$140,766, or 5.34 percent in 2018.

In response to our data request, EDDS provided new 2018 projections, which included updated disposal costs based on new tonnage data. We made an adjustment of a \$39,055 increase to allowable disposal costs, and a \$6,075 decrease to pass-through disposal costs based on this new data.

Additionally, after the Application was submitted, EDDS subsequently reported an unforeseen expected increase in third-party hauling costs. EDDS pays third-party haulers to transport materials from its transfer station to landfills. EDDS's request was for a \$247,772 increase in disposal costs to account for increases in the hauling costs charged by third-party trucking companies.

EDDS's contract with its third-party hauler expired in April 2018. During the process of this Analysis, EDDS negotiated a new hauling contract with another provider. While this new hauling contract offers rates better than the prior provider, this still will result in an overall increase in 2018 third-party hauling costs. The County's allocation based on this new contract is an increase in trucking costs of \$247,772. This disposal cost increase is a pass-through cost.

Impact(s):

- Increase in Allowable Landfill Disposal Costs by \$39,055 in 2018
- Decrease in Pass-Through Disposal Cost by \$6,075 in 2018
- Increase in Pass-Through Disposal Cost by \$247,772 in 2018 as a result of increases in third-party hauling rates.

General and Administrative Costs

EDDS estimated General and Administrative Costs to increase by \$253,301, or 39.83 percent, between 2016 and 2017. EDDS projected General and Administrative Costs to decrease by \$18,509, or 2.04 percent, between 2017 and 2018. We provide the following breakdown of General and Administrative Costs below:

Corporate and Regional Allocations

EDDS projected corporate allocations to increase by approximately \$30,398, or 8.21 percent, between 2017 and 2018. This increase is based on the year-to-date 2017 trend of corporate and regional allocations equal to 3.0 percent of gross revenues.

Bad Debt

EDDS projected a bad debt provision of \$22,995, a reduction of \$7,512, or 24.63 percent, for 2018. This decrease reflects personnel changes made by EDDS to improve bad debt collection efforts, and is based on year-to-date 2018 results.

Professional Fees

EDDS projected professional fees to decrease by approximately \$28,011, or 25.61 percent, between 2017 and 2018. This reduction is based on lower customer outreach material expenses.

Advertising and Promotion

EDDS projected advertising and promotion costs to increase by approximately \$2,740 or 5.22 percent, between 2017 and 2018. This increase accounts for small increases in discretionary spending.

Travel

EDDS projected travel expenses to decrease by approximately \$15,899, or 50.38 percent. This decrease is based on reductions in out-of-town meeting expenses.

Impact(s):

- No adjustment.

Operating Profit

In accordance with the Manual, a profit is allowed, based on a targeted operating ratio ranging between 87 and 93 percent. In a base year, if rates fall outside this range, EDDS applies a 90 percent operating ratio for the base year calculation. In the Application, EDDS used a 90 percent operating ratio for El Dorado County.

We calculated the operating profit based on our adjustments to the projected 2018 allowable operating costs. We decreased operating profits by \$24,330 in 2018.

Impact(s):

- Decrease in Operating Profits by \$24,330 in 2018.

Pass-Through Costs

Franchise Fees

EDDS projected franchise fees, based on 2018 projected collection revenues and transfer fees, multiplied by the County franchise fee. The County requires that EDDS pay a five (5) percent franchise fee based on gross residential, commercial, and recycling revenues. Below, we list the revenue sources used for County franchise fee calculations:

- El Dorado County, 5 percent of the following:
 - County residential collection revenues
 - County commercial collection revenues
 - County recycling collection revenues.

We projected franchise fees of \$701,304 for 2018.

Impact(s):

- Increase in Franchise Fees of \$33,523 in 2018.

6. Results of Analysis

Crowe's Analysis of the Application, and as shown in **Attachment B**, results in a 5.02 percent rate increase to cover a \$669,792 revenue shortfall for El Dorado County, assuming an implementation date of July 1, 2018.

This Analysis is substantially different from an audit, examination, or review in accordance with Generally Accepted Auditing Standards, the objective of which is to express an opinion regarding EDDS financial statements. Accordingly, we do not express such an opinion.

The consulting services did not contemplate obtaining the understanding of EDDS internal controls or assessing control risk, tests of accounting records and responses to inquiries by obtaining corroborating evidential matter, and certain other procedures ordinarily performed during an audit or examination. Thus, this engagement was not intended to provide assurance that we would become aware of significant matters that would be disclosed in an audit or examination.

As part of this Analysis, the County agreed to be responsible to: make all management decisions and perform all management functions; designate an individual who possesses suitable skill, knowledge, and/or experience, preferably within senior management to oversee our services; evaluate the adequacy and results of the services performed; accept responsibility for the results of the services; and establish and maintain internal controls, including monitoring ongoing activities. The County has the ultimate authority to recommend and approve rate changes.

Crowe's fees are not dependent upon the outcome of this report and Crowe is independent with respect to any other economic interests.

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Greg Stanton, Director REHS
May 31, 2018

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We appreciate the contribution of El Dorado County management and your input and direction on this project. We also thank EDDS management for its timely responses to our data requests. If you have any questions regarding this report, please call Erik Nylund at (415) 230-4963, or email erik.nylund@crowe.com.

Very truly yours,
Crowe Horwath LLP

Attachment A: 2018 Base Year Rate Application

Base Year Rate Application

<i>Financial Information for Unincorporated County Area</i>		2016 Actual Audited Prior Year	2017 Estimated Current Year	2018 Projected Base Year
Section I—Allowable Costs				
3.	Direct Labor	\$3,231,827	\$3,357,449	\$3,740,431
4.	Truck, Equipment, and Facility Costs	2,389,438	2,582,167	2,824,989
5.	Disposal Costs (Profit Allowed = Transfer Station Less Landfill Disposal)	2,376,097	2,635,042	2,775,808
6.	Office Salaries	747,537	798,961	835,646
7.	General and Administrative Costs	652,378	905,677	887,188
8.	Total Allowable Operating Costs	\$9,397,274	\$10,277,295	\$11,084,041
Section II—Allowable Profit				
9.	Operating Ratio	90.00%	90.00%	90.00%
10.	Allowable Operating Profit	\$1,044,142	\$1,141,922	\$1,229,338
Section III—Pass Through Costs without Franchise Fees				
11.	Disposal Costs (Pass Through = Landfill Disposal) Third-Party Hauling Cost Increase	\$854,676	\$961,488	\$1,032,333
12.	Total Pass Through Costs	\$854,676	\$961,488	\$1,280,105
Section IV—Revenue Requirement without Franchise Fees				
13.	Total Allowable Operating Costs (Line 8) plus Allowable Operating Profit (Line 10) plus Total Pass Through Costs (Line 12)	\$11,296,092	\$12,380,705	\$13,573,484
Section V—Revenues without Rate Change in Base Year				
	Current Rate/Month	Months	Projected Accounts	Total
Residential Revenues				
14.	1, 35-Gallon Can	12		
15.	2, 35-Gallon Cans	12		
16.	3, 35-Gallon Cans	12		
17.	4, 35-Gallon Cans	12		
18.	1, 45-Gallon Can	12		
19.	2, 45-Gallon Can	12		
20.	1-64-Gallon Cart 2-64-Gallon Cart	12		
21.	1-96-Gallon Cart 2-96-Gallon Cart	12		
	1, 32-Gallon Can (senior)	12		
	2, 32-Gallon Can (senior)	12		
22.	1, 64-Gallon Cart (senior)	12		
23.	1, 96-Gallon Cart (senior)	12		
	2, 96-Gallon Cart (senior)	12		
25.	Residential - All other services	12		
26.	Residential Revenues Subtotal			
27.	Less: Allowance for Uncollectible Residential Accounts			
28.	Total Residential Revenues (without Rate Change in Base Year)		\$7,331,331	\$7,612,061
29.	Commercial and Industrial Revenues			
30.	Less: Allowance for Uncollectible Commercial and Industrial Accounts			
31.	Total Commercial and Industrial Revenues (without Rate Change in Base Year)		\$4,471,849	\$4,953,462
32.	Net Recycled Material Sales		\$58,013	\$79,964
33.	Total Revenues (Lines 28 + 31 + 32)		\$11,861,193	\$12,645,487
Section VI—Net Shortfall (Surplus)				
34.	Net Shortfall (Surplus) without Franchise Fees (Line 13 - Line 33)		-\$665,101	-\$264,781
35.	Residential, Commercial, and Industrial Franchise Fees		\$590,159	\$628,276
36.	Net Shortfall (Surplus) with Franchise Fees (Lines 34 + 35)		\$25,058	\$363,495
Section VII—Percent Change in Rates				
37.	Total Residential, Commercial, and Industrial Revenues Prior to Rate Change (Line 28 + 31)		\$11,803,180	\$12,565,523
38.	Percent Change in Existing Residential/Commercial/Industrial Rates (Line 36 ÷ Line 37)		0.21%	2.89%
			6.64%	
Fiscal Year:		2016		

Attachment B: Crowe Rate Model with Adjustments

Attachment B, Adjustments to Fiscal Year 2018 Rate Application
**EI Dorado Disposal Service
 Recommended Adjustments to Fiscal Year 2018 Rate Application**

	FY 2018 Base Year	Crowe Horwath	Adjusted Amount
	Projection	Adjustments	
	EI Dorado	EI Dorado	EI Dorado
	County	County	County
Allowable Operating Expenses			
Direct Labor	\$ 3,740,431	(275,178)	\$ 3,465,253
Equipment Costs and Facility Costs	\$ 2,824,989	-	2,824,989
Landfill Disposal Costs (Profit Allowed = TS Less LF Disposal)	\$ 2,775,808	39,055	2,814,863
Office Salaries	\$ 835,646	17,154	852,800
General and Administrative Costs	\$ 887,168	-	887,168
Total Operating Expenses	\$ 11,064,041	\$ (218,969)	\$ 10,845,072
Allowable Operating Profit			
Operating Ratio	90%	90%	90%
Allowable Operating Profit	\$ 1,229,338	\$ (24,330)	\$ 1,205,008
Pass-Through Costs without Franchise Fees			
Disposal Costs (Pass Through = Landfill Disposal)	\$ 1,032,333	\$ (6,075)	\$ 1,026,258
Third-Party Hauling Cost Increase	\$ 247,772	\$ 0	\$ 247,772
Total Pass-through Expenses	\$ 1,280,105	\$ (6,075)	\$ 1,274,030
Revenue Requirement without Franchise Fees	\$ 13,573,484	\$ (249,374)	\$ 13,324,111
Revenues			
Residential Revenues Subtotal	\$ -	\$ -	\$ -
Less: Allowance for Uncollectible Residential Accounts	-	-	-
Total Residential Revenues (without Rate Change in Base Year)	\$ 7,928,372	\$ -	\$ 7,928,372
Commercial Revenues	\$ -	\$ -	\$ -
Less: Allowance for Uncollectible Commercial Accounts	-	-	-
Total Commercial Revenues (without Rate Change in Base Year)	\$ 5,419,178	\$ -	\$ 5,419,178
Recycled Material Sales	8,071	-	8,071
Total Revenues	\$ 13,355,622	\$ -	\$ 13,355,621
Net Shortfall (Surplus) without Franchise Fees	\$ 217,862	\$ (249,374)	\$ (31,511)
Residential and Commercial Franchise Fees	\$ 667,781	\$ 33,523	\$ 701,304
Net Shortfall (Surplus) with Franchise Fees	\$ 885,643	\$ 32,324	\$ 669,792
Total Residential, Commercial, Transfer Station, and RRF Revenues Prior to Rate Change	\$ 13,347,550	\$ 13,379,874	\$ 13,347,550
Percent Change in Existing Residential/Commercial/Transfer Station/RRF Rates	6.64%	-1.62%	5.02%