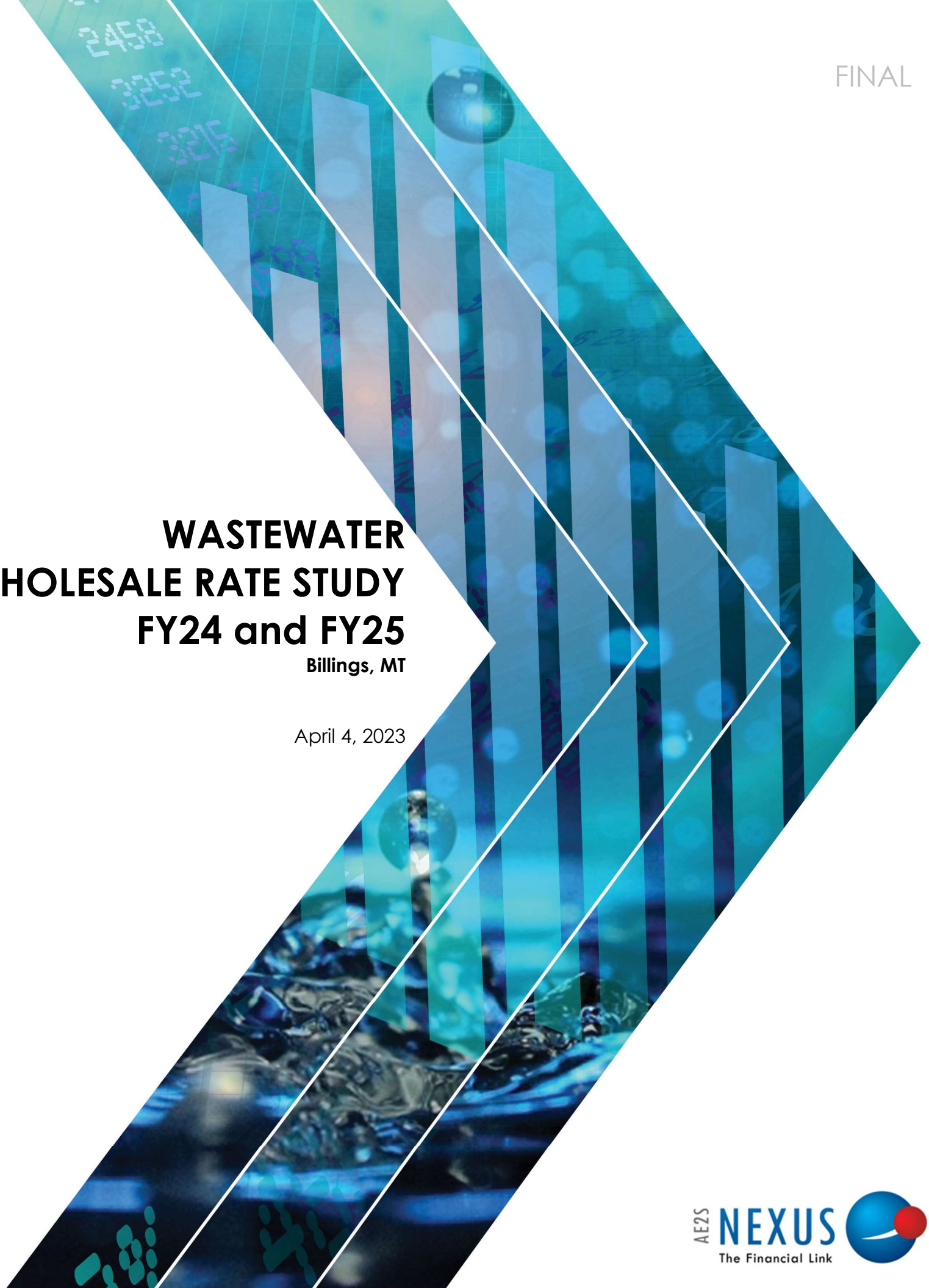
FINAL

WASTEWATER WHOLESALE RATE STUDY FY24 and FY25

Billings, MT

April 4, 2023



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Executive Summary

The City of Billings, Montana (City) provides municipal wastewater service to its citizens, businesses, and industries. In addition to this retail wastewater service, the City provides wholesale wastewater service to the Phillips 66 Refinery (P66), ExxonMobil Refinery (Exxon), and the Lockwood Water and Sewer District (Lockwood). AE2S Nexus was retained to update the City's wholesale rate model. Consistent with the contractual provisions for the individual users, a utility-basis cost of service model is used to identify cost of service based rates for Fiscal Year 2024 (FY24) as well as Fiscal Year 2025 (FY25) for P66, Exxon, and Lockwood.

The analysis resulted in the recommended cost of service rates as outlined in Tables ES.1, ES.2, and ES.3. In general, the variability in rate changes between the wholesale users is due to changes in discharges. Following the previous update, max month discharges are used to calculate capital costs associated with treatment correlating to capacity at the plant. The model continues to use average day for the actual use portion of rate setting.[1] P66 saw large increases in strength discharges which drove up their fixed rate. Other changes to total revenue requirements result from the final capitalization of assets into the asset base.

Table ES.1:
Proposed ExxonMobil Wastewater Rate

	Current	FY24	FY25
Fixed, $/mo	$29,741	$30,055	$31,346
Variable, $/kgal	$0.597	$0.626	$0.648

Table ES.2:
Proposed Lockwood Wastewater Rate

	Current	FY24	FY25
Fixed, $/mo	$25,239	$28,789	$30,036
Variable, $/ kgal	$1.513	$1.425	$1.475

[1] The Lockwood Reserve portion continues to use average day for their cost allocation.

Table ES.3:
Proposed Phillips 66 Wastewater Rate

	Current	FY24	FY25
Fixed, $/mo	$14,032	$33,837	$35,244
Variable, $/ kgal	$0.625	$0.865	$0.895

1.0 Introduction

AE2S Nexus was retained by the City of Billings (City) to calculate wholesale wastewater rates for wholesale customers of the City's wastewater system for Fiscal Year 2024 (FY24) and Fiscal Year 2025 (FY25), which begins July 1 and ends June 30. The three wholesale customers connected to the City's wastewater system are Lockwood Water and Sewer District (Lockwood), ExxonMobil (Exxon), and Phillips 66 Refinery (P66).

The City's wholesale rates are set by a comprehensive rate model based on standard industry rate setting methodology and practices using a Utility-Basis approach for calculating cost of service rates. The overall process is generally dictated by the contractual agreements between the City and wholesale wastewater customers with an established minimum return on equity of 15 percent. Consistent with these agreements, a 15 percent rate of return was utilized in the FY24 and FY25 rate model update for the establishment of capital related revenue requirements.

This report provides additional details on the methodology used in determining the rate for wholesale wastewater customers and summarizes the following topics:

- Wastewater system usage parameters (Section 2.0);
- Projected revenue requirements and associated assumptions (Section 3.0);
- Allocation of operating and capital-related revenue requirements (Section 4.0); and
- Calculated costs of service by user class and recommended FY24 and FY25 wastewater rates (Section 5.0).

2.0 Customers and Usage

The City owns and operates its wastewater treatment and conveyance facilities serving nearly 35,000 retail utility accounts across the City and outside city users. In addition to retail accounts, the City has contractual relationships with three wholesale users, P66, Exxon, and Lockwood, to provide wastewater service. The customer makeup, volume of wastewater flow, and strength characteristics of the wastewater for these utility accounts in large part determines how costs are allocated across different user classes. Tables 2.1 and 2.2 show the projected utility accounts across the varying customer types and the associated equivalent meters for FY24 and FY25, respectively. Growth rates are held consistent with the retail wastewater model. The equivalent meter counts provided are on a 3/4-inch meter basis as the City's standard residential meter size is ¾".

Table 2.1:
FY24 Customer Accounts

Meter Size	Residential	Residential - Large	Commercial - Domestic	Public Buildings - Domestic	Outside City	Industrial	Total
3/4-Inch	32,847	435	1,285	12	36	0	34,615
1-Inch	375	303	368	5	10	0	1,061
1-1/2-Inch	24	144	272	15	5	0	460
2-Inch	0	64	140	22	5	0	231
3-Inch	1	36	72	23	2	0	134
4-Inch	1	19	18	4	1	0	43
6-Inch	-	26	9	4	-	0	39
8-Inch	-	4	3	2	1	0	10
10-Inch	-	-	-	-	-	0	0
12-Inch	-	1	-	-	-	0	0
Total	33,249	1,030	2,167	87	60	0	36,593
Equivalent Meters	33,376	1,840	2,949	268	99	0	38,532

Table 2.2:
FY25 Customer Accounts

Meter Size	Residential	Residential - Large	Commercial - Domestic	Public Buildings - Domestic	Outside City	Industrial	Total
3/4-Inch	33,176	439	1,285	12	36	0	34,948
1-Inch	379	306	368	5	10	0	1,068
1-1/2-Inch	25	145	272	15	5	0	462
2-Inch	0	65	140	22	5	0	232
3-Inch	1	36	72	23	2	0	134
4-Inch	1	20	18	4	1	0	44
6-Inch	0	26	9	4	0	0	39
8-Inch	0	4	3	2	1	0	10
10-Inch	0	0	0	0	0	0	0
12-Inch	0	0	0	0	0	0	0
Total	33,582	1,041	2,167	87	60	0	36,937
Equivalent Meters	33,710	1,864	2,949	268	99	0	38,889

FY24 and FY25 flows by customer class are shown in Table 2.3 including allocation of Inflow/Infiltration (I/I) by customer class. Minimal BOD, TSS, or TKN is presumed for I/I. In calculating these flows, reserve capacity was established for Lockwood based on their agreement and no reserve capacity was set aside for P66 or Exxon. Baseline flow contributions for Lockwood are set at 0.18 MGD based on billing history. P66 is set at 0.98 MGD based on billing history. Exxon is set at 1.94 MGD based on actual billings since the last update.

Modeled loadings for each wholesale user are derived from sampling reports, using historical average and max values in the model. Capacity discharge values are set equal to max month discharges and use discharge values are set to average day discharges.[2] Concentrations and loadings by customer class are shown in Table 2.4 and Table 2.5. Contributed TKN for retail users was adjusted to 45 mg/L based on updated loading information. Wholesale user flows are kept constant between FY24 and FY25 while retail customer flows included estimated growth. All customer account, customer flow, concentrations, and loadings are consistent with the Test Year assumptions made for the FY24-FY25 Wastewater Retail Rate model.

Table 2.3:
Annual Customer Flows

	Fiscal Year 2024			Fiscal Year 2025		
Customer Class	**Contributed Flow (MG)**	**I/I (MG)**	**Total (MG)**	**Contributed Flow (MG)**	**I/I (MG)**	**Total (MG)**
Residential	1,448	1,613	3,060	1,448	1,613	3,060
Residential - Large	559	623	1,182	559	623	1,182
Commercial - Domestic	905	1,008	1,913	905	1,008	1,913
Public Buildings - Domestic	67	74	141	67	74	141
Outside City	42	46	88	42	46	88
Lockwood	67	0	67	68	0	68
Lockwood Reserve	199	0	199	198	0	198
Retail Reserve Capacity	6,367	0	6,367	6,367	0	6,367
Phillips 66	357	0	357	357	0	357
ExxonMobil	710	0	710	710	0	710
Total	10,720	3,365	14,085	10,720	3,365	14,085

[2] Lockwood Reserve continues to use average day to calculate their capacity costs.

Table 2.4:
FY24 Average Daily Concentrations (mg/L) and Calculated Annual Loadings (lbs)

Customer Class	BOD – Capacity (mg/L)	TSS – Capacity (mg/L)	TKN – Capacity (mg/L)	lbs. of BOD	lbs. of TSS	lbs. of TKN
Residential	200	200	45	2,618,227	2,618,227	745,563
Residential – Large	200	200	45	1,011,621	1,011,621	288,068
Commercial - Domestic	200	200	45	1,636,354	1,636,354	465,966
Public Buildings - Domestic	200	200	45	120,889	120,889	34,424
Outside City	200	200	45	75,370	75,370	21,462
Lockwood	250	152	77	140,190	85,236	43,067
Lockwood Reserve	158.7	72.4	52.7	262,992	119,890	87,333
Retail Reserve Capacity	200	200	45	10,627,533	10,627,533	2,391,195
Phillips 66	108	195	25	321,886	580,497	74,301
ExxonMobil	39	25	14	230,705	147,799	81,675
Total				17,045,768	17,023,415	4,233,053

Table 2.5:
FY25 Average Daily Concentrations (mg/L) and Calculated Annual Loadings (lbs)

Customer Class	BOD - Capacity	TSS - Capacity	TKN – Capacity	lbs. of BOD	lbs. of TSS	lbs. of TKN
Residential	200	200	45	2,618,207	2,618,207	745,543
Residential – Large	200	200	45	1,011,614	1,011,614	288,060
Commercial - Domestic	200	200	45	1,636,341	1,636,341	465,953
Public Buildings - Domestic	200	200	45	120,888	120,888	34,423
Outside City	500	500	45	75,369	75,369	21,462
Lockwood	200	200	45	140,891	85,662	43,282
Lockwood Reserve	250	152	77	262,547	119,687	87,185
Retail Reserve Capacity	159	72	53	10,627,533	10,627,533	2,391,195
Phillips 66	200	200	45	321,886	580,497	74,301
ExxonMobil	108	195	25	230,705	147,799	81,675
Total				17,045,982	17,023,597	4,233,079

3.0 Revenue Requirements

The next portion of the cost of service looks at revenue requirements, which are defined as the amount of revenues required to fully fund operations and maintenance (O&M) requirements as well as capital-related expenses. For a financially sustainable utility, it's important to ensure that all revenue requirements are met through non-rate revenues or user charges. Capital revenue requirements can be calculated using either the cash-basis or utility-basis approach, O&M are generally based on budgeted or planned expenditures for the given rate year. The contractually agreed upon method for calculating wholesale user capital requirements is the utility-basis approach. Using the utility-basis for rate setting, capital-related expenses are calculated based on asset depreciation and on the established rate of return on capital assets.

3.1 Operations and Maintenance

O&M is considered all expenses associated with the actual running of the wastewater collection and treatment system. O&M expenses include costs with operating the system as well as maintaining the collection and treatment system in good working order. Specific costs include administrative, billing and collections, electricity and chemical, compliance costs, and others.

While O&M expenses are a portion of total revenue requirements, all O&M expenses are not applied to revenue requirements. Non-rate revenue is subtracted from O&M expenses to result in the use of net revenue requirements for the purpose of rate-setting. Non-rate revenues include sewer permits, sale of material/labor, miscellaneous revenue, collection of bad debt, wastewater supply, and charge for services. Table 3.1 summarizes O&M expenses, non-rate revenues applied, and the resulting net O&M related revenue requirements. Consistent with previous analyses, wastewater treatment, and collection system costs are allocated on a fully variable basis using contributed flows to apportion these costs. Collection system costs are primarily allocated to non-wholesale users. Environmental affairs costs were allocated evenly on a variable (flow) basis and a fixed (meter) basis. Customer costs are allocated on a fully fixed (meter) basis.

FY24 O&M expenses are based on FY23 budget projections and inflated at 3.5% with FY25 inflated at approximately 3.5 percent from FY24 baseline costs (less one-time budgetary requests).

Table 3.1:
O&M Related Revenue Requirements

	Fiscal Year 2024			Fiscal Year 2025		
Line Item	Total	Fixed	Variable	Total	Fixed	Variable
Administrative	$1,766,980	$1,766,980	$0	$1,828,824	$1,828,824	$0
Utility Commercial & Meter	$78,591	$78,591	$0	$81,341	$81,341	$0
Wastewater Treatment	$6,164,068	$0	$6,164,068	$6,379,810	$0	$6,379,810
Distribution & Collection	$1,811,686	$0	$1,811,686	$1,875,095	$0	$1,875,095
Environmental Affairs	$521,525	$260,762	$260,762	$539,778	$269,889	$269,889
O&M Total	$10,342,850	$2,106,333	$8,236,517	$10,704,849	$2,180,055	$8,524,795
Less: Non-Rate O&M Revenue	-$431,350	-$431,350	$0	-$431,350	-$431,350	$0
Total O&M Revenue Requirement	$9,911,500	$1,674,983	$8,236,517	$10,273,499	$1,748,705	$8,524,795

3.2 Capital Costs

Consistent with the negotiated wholesale user agreements, this wholesale rate analysis uses the utility-basis for calculating capital costs. Under this approach, capital costs for wholesale users are calculated by identifying the rate of return and then applying that rate of return to the net assets of the system (i.e., the undepreciated value of the system). Owner capital costs are simply the difference between the identified cash-based net capital costs and the identified wholesale user specific capital costs (arrived at through the utility method). As the Owner rates are not calculated through this model, the capital costs attributable to those user classes have little to no bearing on the resulting wholesale capital costs.

Before any rate of return can be applied to the net assets of the system (or net system value), net system value must be calculated. Often referred to as net plant in service (NPIS), the system value is determined by identifying the assets in service by the end of FY22 and then adding the assets expected to be placed in service by the end of FY23. The calculated FY24 NPIS totals $169 Million. The calculated FY25 NPIS totals $178 Million. Table 3.2 outlines the fixed assets and depreciation resulting in the current NPIS. FY25 depreciation increases based on the addition of new assets into the model.

Table 3.2:
Fixed Assets and Depreciation by Functional Category

	FY24 Ratebase	FY24 Depreciation	FY25 Ratebase	FY25 Depreciation
Collection	$47,110,886	$1,311,199	$49,765,180	$1,439,909
Trunks/ Interceptors	$33,151,094	$889,773	$35,073,190	$966,901
Lift Stations	$2,668,843	$111,933	$2,769,644	$120,533
Common Conveyance	$675	$158	$549	$138
Preliminary Treatment	$8,907,117	$266,527	$9,397,131	$283,916
Lab	$461,620	$28,845	$474,867	$24,183
Primary Treatment	$4,653,581	$196,044	$4,830,592	$207,823
Secondary Treatment	$5,761,265	$401,779	$5,968,334	$269,450
Residuals	$1,423,088	$83,157	$1,471,855	$69,772
Disinfection/Outfall	$6,016,927	$227,259	$6,278,622	$244,490
Secondary Treatment – Nutrient Removal	$59,220,192	$1,911,175	$62,274,702	$2,049,696
Customer	$1,325	$63	$1,370	$65
Exclude From Ratebase	$0	$0	$0	$0
Indirect	$0	$0	$0	$0
	$169,376,613	$5,427,912	$178,306,035	$5,676,878

Once identified, NPIS is then allocated across customer classes based on ownership and functional cost component. The methodology used to allocate ownership remains consistent with previous wholesale rate analyses for the City. P66 was allocated a portion of the treatment system assets consistent with P66's proportional share of the overall flow and strength loading of the treatment system. Similarly, P66 was allocated a proportional share of the collection system consistent with the assets used to convey wastewater through City trunk lines from P66 to the WWTP. P66's allocated share of the collection system is limited to the infrastructure utilized for conveyance of wastewater.

For Lockwood and Exxon, no sole proportion of the NPIS was identified, nor were any collection system related costs as they connect directly to the WWTP (near the headworks of the facility) through non-City assets. Exxon is allocated their proportionate share of treatment assets consistent with Exxon's proportional share of flow, strength loading, and conveyance in each portion of the system. The allocation of capital requirements for Lockwood, Exxon, and P66 are shown in Table 3.3. The allocation of NPIS and depreciation is then used to calculate the utility-basis of capital costs for all wholesale users. For this analysis, the rate of return is set at the established minimum of 15 percent for P66, Exxon, and Lockwood. Table 3.4 identifies the calculated capital costs.

Table 3.3:
Allocation of Net Plant in Service and Depreciation Expenses

Ownership	FY24 Net Fixed Assets	FY24 Depreciation Expense	FY25 Net Fixed Assets	FY25 Depreciation Expense
Joint				
Retail	$80,799,910	$2,911,771	$84,774,031	$2,943,344
Lockwood	$1,790,529	$64,017	$1,880,012	$64,992
Exxon	$1,836,688	$66,253	$1,926,183	$67,540
P66	$2,017,338	$72,902	$2,116,425	$73,594
Subtotal- Joint	$86,444,465	$3,114,944	$90,696,651	$3,149,469
Retail Only	$82,920,181	$2,312,647	$87,596,722	$2,527,060
Lockwood Only	$0	$0	$0	$0
P66 Only	$11,968	$321	$12,661	$349
Total	$169,376,613	$5,427,912	$178,306,035	$5,676,878
Retail Subtotal	$163,720,091	$5,224,418	$172,370,753	$5,470,404
Lockwood Subtotal	$1,790,529	$64,017	$1,880,012	$64,992
Exxon Subtotal	$1,836,688	$66,253	$1,926,183	$67,540
P66 Subtotal	$2,029,306	$73,223	$2,129,087	$73,943

Table 3.4:
FY24 Utility Basis Capital Costs

	P66	Lockwood	Exxon
Total NPIS	$2,029,306	$1,790,529	$1,836,688
Additional Allowance for Working Capital	$40,030	$35,319	$36,230
Total Rate Base	$2,069,335	$1,825,848	$1,872,918
Rate of Return			15%
Rate Base Capital Costs	$310,400	$273,877	$280,938
Depreciation Costs	$73,223	$64,017	$66,253
Total Wholesale Capital Costs	$383,623	$337,895	$347,191
Residual Owner Capital Costs			**$9,621,645**

Table 3.5:
FY25 Utility Basis Capital Costs

	P66	Lockwood	Exxon
Total NPIS	$2,129,087	$1,880,012	$1,926,183
Additional Allowance for Working Capital	$41,464	$36,613	$37,513
Total Rate Base	$2,170,551	$1,916,625	$1,963,696
Rate of Return			15%
Rate Base Capital Costs	$325,583	$287,494	$294,554
Depreciation Costs	$73,943	$64,992	$67,540
Total Wholesale Capital Costs	$399,525	$352,486	$362,094
Residual Owner Capital Costs			**$9,604,361**

3.3 Total Revenue Requirements

Total revenue requirements are the combination of O&M related expenses and capital related expenses. Table 3.6 and Table 3.7 detail the total revenue requirements by wholesale user and retail user. The detailed steps to arrive at these total calculations can be found in the following sections.

Table 3.6:
FY24 Revenue Requirements

Ownership	Operating Costs	Capital Costs	Total
Retail	$9,018,868	$9,621,645	$18,640,513
Lockwood & Lockwood Reserve	$103,357	$337,895	$441,252
P66	$331,371	$383,623	$714,994
Exxon	$457,904	$347,191	$805,094
Total	**$9,911,500**	**$10,690,354**	**$20,601,854**

Table 3.7:
FY25 Revenue Requirements

Ownership	Operating Costs	Capital Costs	Total
Retail	$9,348,776	$9,604,361	$18,953,137
Lockwood & Lockwood Reserve	$107,568	$352,486	$460,054
P66	$343,143	$399,525	$742,668
Exxon	$474,012	$362,094	$836,106
Total	**$10,273,499**	**$10,718,466**	**$20,991,965**

4.0 Allocations

4.1 Customer Class Allocations

To identify the cost of service for customer classes, the revenue requirements in Section 3 must first be allocated to the customer classes themselves. This analysis identifies three sets of customer service allocations: fixed O&M, variable O&M, and capital (to include depreciation and NPIS). The resulting allocations are based on, in part, how reserve capacity and I/I for the various user classes are allocated to overall costs. P66 and Exxon are not allocated any reserve capacity or I/I. Lockwood is allocated reserve capacity, but not I/I. Flow percentages are based on the projected customer class wastewater flow compared to total projected flow & retail reserve capacity. BOD, TSS, and TKN percentages are based on the projected customer class specific loadings compared to the total projected loadings & the excess capacity reserved for retail.

4.2 O&M Allocations

In addition to allocating revenue requirements among customer class, O&M expenses must also be allocated along functional cost components. O&M costs are spread based on how flow-, BOD-, TSS-, and TKN-related costs are incurred throughout the system. Table 4.1 and Table 4.2 outline the breakdown in allocation across these functional categories.

Table 4.1:
FY24 O&M Cost by Functional Category

Line Item	Total	Flow-Use	BOD-Use	TSS-Use	TKN-Use
Collection	$905,843	$905,843	$0	$0	$0
Trunks/ Interceptors/ Common Conveyance	$545,318	$545,318	$0	$0	$0
Lift Stations	$360,526	$360,526	$0	$0	$0
Preliminary Treatment	$493,125	$493,125	$0	$0	$0
Lab	$65,191	$0	$21,730	$21,730	$21,730
Primary / Secondary Treatment	$1,232,814	$246,563	$616,407	$369,844	$0
Secondary / Strength Components	$4,438,129	$665,269	$1,700,734	$972,603	$1,099,523
Customer	$195,572	$78,235	$56,886	$33,180	$27,271
Indirect	$0	$0	$0	$0	$0
Total O&M Revenue Requirement	**$8,236,517**	**$3,294,878**	**$2,395,757**	**$1,397,357**	**$1,148,525**

Table 4.2:
FY25 O&M Cost by Functional Category

Line Item	Total	Flow-Use	BOD-Use	TSS-Use	TKN-Use
Collection	$937,548	$937,548	$0	$0	$0
Trunks/ Interceptors/ Common Conveyance	$564,404	$564,404	$0	$0	$0
Lift Stations	$373,144	$373,144	$0	$0	$0
Preliminary Treatment	$510,385	$510,385	$0	$0	$0
Lab	$67,472	$0	$22,491	$22,491	$22,491
Primary / Secondary Treatment	$1,275,962	$255,192	$637,981	$382,789	$0
Secondary / Strength Components	$4,593,463	$688,553	$1,760,260	$1,006,644	$1,138,007
Customer	$202,417	$80,973	$58,877	$34,341	$28,226
Indirect	$0	$0	$0	$0	$0
Total O&M Revenue Requirement	**$8,524,795**	**$3,410,199**	**$2,479,608**	**$1,446,264**	**$1,188,723**

4.3 Capital Cost Allocations

Like the allocation of O&M costs, NPIS capital costs must be allocated across the various cost components and the functional categories as they relate to flow and strength. Table 4.3 and Table 4.4 outline the allocation of NPIS based on the functional components.

Table 4.3:
FY24 Allocation of Net Plant in Service by Functional Category

Category	Total	Flow - Capacity	BOD - Capacity	TSS - Capacity	TKN - Capacity
Collection	$47,110,887	$47,110,887	$0	$0	$0
Trunks/ Interceptors/Common Conveyance	$33,151,770	$33,151,770	$0	$0	$0
Lift Stations	$2,668,843	$2,668,843	$0	$0	$0
Preliminary Treatment	$8,907,117	$1,781,424	$1,781,423	$5,344,270	$0
Lab	$461,619	$0	$153,873	$153,873	$153,873
Primary Treatment	$4,653,581	$930,717	$930,716	$2,792,148	$0
Secondary Treatment	$5,761,264	$1,152,253	$2,880,632	$1,728,379	$0
Residuals	$1,423,087	$0	$996,161	$426,926	$0
Effluent/ Outfall	$6,016,927	$6,016,927	$0	$0	$0
Secondary Treatment – Nutrient Removal	$59,220,193	$8,877,015	$22,693,750	$12,977,935	$14,671,493
Customer	$1,325	$796	$230	$183	$116
Indirect	$0	$0	$0	$0	$0
Total Fixed Asset	$169,376,613	$101,690,632	$29,436,785	$23,423,714	$14,825,482

Table 4.4:
FY25 Allocation of Net Plant in Service by Functional Category

Category	Total	Flow - Capacity	BOD - Capacity	TSS - Capacity	TKN - Capacity
Collection	$49,765,180	$49,765,180	$0	$0	$0
Trunks/ Interceptors/Common Conveyance	$35,073,738	$35,073,738	$0	$0	$0
Lift Stations	$2,769,644	$2,769,644	$0	$0	$0
Preliminary Treatment	$9,397,130	$1,879,426	$1,879,426	$5,638,278	$0
Lab	$474,867	$0	$158,289	$158,289	$158,289
Primary Treatment	$4,830,591	$966,118	$966,118	$2,898,355	$0
Secondary Treatment	$5,968,334	$1,193,667	$2,984,167	$1,790,500	$0
Residuals	$1,471,856	$0	$1,030,299	$441,557	$0
Effluent/ Outfall	$6,278,622	$6,278,622	$0	$0	$0
Nitrification	$62,274,702	$9,334,881	$23,864,267	$13,647,322	$15,428,232
Customer	$1,371	$825	$237	$189	$120
Indirect	$0	$0	$0	$0	$0
Total Fixed Asset	$178,306,035	$107,262,101	$30,882,803	$24,574,490	$15,586,641

Applying the rate of return to the NPIS results in capital costs associated with the current rate base. Table 4.5 and Table 4.6 outline these rate base capital costs (excluding depreciation) allocated across the same functional categories for FY24 and FY25, respectively.

Table 4.5:
FY24 Rate Base Capital Costs by Functional Category

	Flow - Capacity	BOD - Capacity	TSS - Capacity	TKN - Capacity	Total
Collection	$1,265,314	$0	$0	$0	$1,265,314
Trunks / Interceptors / Common Conveyance	$891,914	$0	$0	$0	$891,914
Lift Stations	$71,680	$0	$0	$0	$71,680
Preliminary Treatment	$68,284	$60,442	$180,489	$0	$309,214
Lab	$0	$5,221	$5,197	$5,445	$15,863
Primary Treatment	$35,675	$31,578	$94,298	$0	$161,551
Secondary Treatment	$44,167	$97,736	$58,372	$0	$200,275
Residuals	$0	$33,799	$14,418	$0	$48,217
Effluent/ Outfall	$230,634	$0	$0	$0	$230,634
Nitrification	$340,264	$769,972	$438,297	$519,212	$2,067,745
Customer	$21	$6	$5	$3	$36
Indirect	$0	$0	$0	$0	$0
Total	$2,947,952	$998,753	$791,076	$524,661	$5,262,442

Table 4.6:
FY25 Rate Base Capital Costs by Functional Category

	Flow - Capacity	BOD - Capacity	TSS - Capacity	TKN - Capacity	Total
Collection	$1,193,515	$0	$0	$0	$1,193,515
Trunks / Interceptors / Common Conveyance	$842,810	$0	$0	$0	$842,810
Lift Stations	$66,424	$0	$0	$0	$66,424
Preliminary Treatment	$67,122	$58,665	$175,094	$0	$300,881
Lab	$0	$4,941	$4,916	$5,177	$15,034
Primary Treatment	$34,504	$30,157	$90,007	$0	$154,668
Secondary Treatment	$42,631	$93,149	$55,603	$0	$191,383
Residuals	$0	$32,160	$13,712	$0	$45,873
Effluent/ Outfall	$224,235	$0	$0	$0	$224,235
Nitrification	$333,386	$744,911	$423,810	$504,625	$2,006,732
Customer	$20	$6	$5	$3	$33
Indirect	$0	$0	$0	$0	$0
Total	$2,804,648	$963,989	$763,146	$509,805	$5,041,588

Prior to arriving at total revenue requirements for wholesale users, depreciation is added into capital costs after the rate of return and allowance for working capital is applied to the asset base. Table 4.7 and Table 4.8 outline the depreciation capital costs by functional category that are included into overall capital costs.

Table 4.7:
FY24 Depreciation Capital Costs by Functional Category

	Flow – Capacity	BOD - Capacity	TSS – Capacity	TKN - Capacity	Total
Collection	$1,311,199	$0	$0	$0	$1,311,199
Trunks / Interceptors / Common Conveyance	$889,931	$0	$0	$0	$889,931
Lift Stations	$111,933	$0	$0	$0	$111,933
Preliminary Treatment	$53,305	$53,305	$159,916	$0	$266,526
Lab	$0	$9,615	$9,615	$9,615	$28,845
Primary Treatment	$39,209	$39,209	$117,626	$0	$196,044
Secondary Treatment	$80,356	$200,889	$120,534	$0	$401,779
Residuals	$0	$58,210	$24,947	$0	$83,157
Effluent/ Outfall	$227,259	$0	$0	$0	$227,259
Nitrification	$286,482	$732,381	$418,828	$473,484	$1,911,175
Customer	$38	$11	$9	$6	$64
Indirect	$0	$0	$0	$0	$0
Total	$2,999,712	$1,093,620	$851,475	$483,105	$5,427,912

Table 4.8:
FY25 Depreciation Capital Costs by Functional Category

	Flow - Capacity	BOD - Capacity	TSS - Capacity	TKN - Capacity	Total
Collection	$1,439,909	$0	$0	$0	$1,439,909
Trunks / Interceptors / Common Conveyance	$967,040	$0	$0	$0	$967,040
Lift Stations	$120,533	$0	$0	$0	$120,533
Preliminary Treatment	$56,783	$56,783	$170,350	$0	$283,916
Lab	$0	$8,061	$8,061	$8,061	$24,183
Primary Treatment	$41,565	$41,565	$124,694	$0	$207,824
Secondary Treatment	$53,890	$134,725	$80,835	$0	$269,450
Residuals	$0	$48,840	$20,932	$0	$69,772
Effluent/ Outfall	$244,490	$0	$0	$0	$244,490
Nitrification	$307,246	$785,463	$449,185	$507,802	$2,049,696
Customer	$39	$11	$9	$6	$65
Indirect	$0	$0	$0	$0	$0
Total	$3,231,495	$1,075,448	$854,066	$515,869	$5,676,878

As each wholesale user is allocated their attributable portion of the overall O&M, Capital, and Depreciation, the rate modeling further breaks down these costs into the various flow and strength based categories across both capacity (fixed) and use (variable) categories. The total costs as they relate to Lockwood specifically are shown in Table 4.9 and Table 4.10 for FY24 and FY25, respectively.

Table 4.9:
FY24 Lockwood Specific Costs by Functional Category

	Flow - Capacity	BOD - Capacity	TSS - Capacity	TKN - Capacity	Flow - Use	BOD - Use	TSS - Use	TKN - Use	Total
Collection	$0	$0	$0	$0	$0	$0	$0	$0	$0
Trunks / Interceptors / Common Conveyance	$5	$0	$0	$0	$29	$0	$0	$0	$34
Lift Stations	$0	$0	$0	$0	$0	$0	$0	$0	$0
Preliminary Treatment	$6,171	$7,706	$11,777	$0	$7,976	$0	$0	$0	$33,630
Lab	$0	$3,382	$1,946	$4,453	$0	$352	$160	$486	$10,779
Primary Treatment	$3,439	$4,295	$6,564	$0	$0	$0	$0	$0	$14,298
Secondary Treatment	$4,861	$15,174	$4,638	$0	$3,988	$9,986	$2,731	$0	$41,378
Residuals	$0	$4,981	$1,087	$0	$0	$0	$0	$0	$6,068
Effluent/ Outfall	$21,738	$0	$0	$0	$0	$0	$0	$0	$21,738
Secondary Treatment – Nutrient Removal	$31,146	$99,427	$28,966	$83,716	$10,760	$27,551	$7,182	$24,581	$313,329
Customer	$0	$0	$0	$0	$0	$0	$0	$0	$0
Indirect	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total	$67,360	$134,965	$54,978	$88,169	$22,753	$37,889	$10,073	$25,067	$441,251

Table 4.10:
FY25 Lockwood Specific Costs by Functional Category

	Flow - Capacity	BOD - Capacity	TSS - Capacity	TKN - Capacity	Flow - Use	BOD - Use	TSS - Use	TKN - Use	Total
Collection	$0	$0	$0	$0	$0	$0	$0	$0	$0
Trunks / Interceptors / Common Conveyance	$4	$0	$0	$0	$30	$0	$0	$0	$34
Lift Stations	$0	$0	$0	$0	$0	$0	$0	$0	$0
Preliminary Treatment	$6,520	$8,146	$12,455	$0	$8,295	$0	$0	$0	$35,416
Lab	$0	$3,489	$2,012	$4,594	$0	$366	$167	$505	$11,133
Primary Treatment	$3,586	$4,480	$6,851	$0	$0	$0	$0	$0	$14,917
Secondary Treatment	$4,478	$13,989	$4,278	$0	$4,148	$10,386	$2,841	$0	$40,120
Residuals	$0	$4,885	$1,067	$0	$0	$0	$0	$0	$5,952
Effluent/ Outfall	$22,818	$0	$0	$0	$0	$0	$0	$0	$22,818
Secondary Treatment – Nutrient Removal	$32,860	$104,962	$30,593	$88,366	$11,191	$28,656	$7,470	$25,565	$329,663
Customer	$0	$0	$0	$0	$0	$0	$0	$0	$0
Indirect	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total	$70,266	$139,951	$57,256	$92,960	$23,664	$39,408	$10,478	$26,070	$460,055

The O&M, Capital, and Depreciation costs as they relate to Exxon specifically are shown in Table 4.11 and Table 4.12 for FY24 and FY25, respectively.

Table 4.11:
FY24 Exxon Specific Costs by Functional Category

	Flow - Capacity	BOD - Capacity	TSS - Capacity	TKN - Capacity	Flow - Use	BOD - Use	TSS - Use	TKN - Use	Total
Collection	$0	$0	$0	$0	$0	$0	$0	$0	$0
Trunks / Interceptors / Common Conveyance	$13	$0	$0	$0	$309	$0	$0	$0	$322
Lift Stations	$0	$0	$0	$0	$0	$0	$0	$0	$0
Preliminary Treatment	$16,479	$4,409	$8,486	$0	$84,227	$0	$0	$0	$113,601
Lab	$0	$4,723	$2,970	$7,148	$0	$912	$584	$1,342	$17,679
Primary Treatment	$9,184	$2,457	$4,729	$0	$0	$0	$0	$0	$16,370
Secondary Treatment	$12,979	$8,682	$3,342	$0	$42,113	$25,882	$9,948	$0	$102,946
Residuals	$0	$2,850	$784	$0	$0	$0	$0	$0	$3,634
Effluent/ Outfall	$58,048	$0	$0	$0	$0	$0	$0	$0	$58,048
Secondary Treatment – Nutrient Removal	$83,172	$56,893	$20,871	$52,435	$113,629	$71,410	$26,160	$67,922	$492,492
Customer	$0	$0	$0	$0	$0	$0	$0	$0	$0
Indirect	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total	$179,875	$80,014	$41,182	$59,583	$240,278	$98,204	$36,692	$69,264	$805,095

Table 4.12:
FY25 Exxon Specific Costs by Functional Category

	Flow - Capacity	BOD - Capacity	TSS - Capacity	TKN - Capacity	Flow - Use	BOD - Use	TSS - Use	TKN - Use	Total
Collection	$0	$0	$0	$0	$0	$0	$0	$0	$0
Trunks / Interceptors / Common Conveyance	$11	$0	$0	$0	$320	$0	$0	$0	$331
Lift Stations	$0	$0	$0	$0	$0	$0	$0	$0	$0
Preliminary Treatment	$17,410	$4,658	$8,965	$0	$87,168	$0	$0	$0	$118,201
Lab	$0	$4,899	$3,080	$7,416	$0	$944	$605	$1,389	$18,333
Primary Treatment	$9,576	$2,562	$4,931	$0	$0	$0	$0	$0	$17,069
Secondary Treatment	$11,959	$8,000	$3,079	$0	$43,584	$26,785	$10,295	$0	$103,702
Residuals	$0	$2,793	$768	$0	$0	$0	$0	$0	$3,561
Effluent/ Outfall	$60,934	$0	$0	$0	$0	$0	$0	$0	$60,934
Secondary Treatment – Nutrient Removal	$87,749	$60,022	$22,019	$55,319	$117,597	$73,903	$27,074	$70,291	$513,974
Customer	$0	$0	$0	$0	$0	$0	$0	$0	$0
Indirect	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total	$187,639	$82,934	$42,842	$62,735	$248,669	$101,632	$37,974	$71,680	$836,106

Finally, the O&M, Capital, and Depreciation costs as they relate to P66 specifically are shown in Table 4.13 and Table 4.14 for FY24 and FY25, respectively.

Table 4.13:
FY24 P66 Specific Costs by Functional Category

	Flow - Capacity	BOD - Capacity	TSS - Capacity	TKN - Capacity	Flow - Use	BOD - Use	TSS - Use	TKN - Use	Total
Collection	$0	$0	$0	$0	$0	$0	$0	$0	$0
Trunks / Interceptors / Common Conveyance	$2,157	$0	$0	$0	$352	$0	$0	$0	$2,509
Lift Stations	$0	$0	$0	$0	$0	$0	$0	$0	$0
Preliminary Treatment	$6,990	$6,152	$33,328	$0	$42,415	$0	$0	$0	$88,885
Lab	$0	$6,590	$11,664	$6,502	$0	$528	$1,050	$1,260	$27,594
Primary Treatment	$3,896	$3,429	$18,575	$0	$0	$0	$0	$0	$25,900
Secondary Treatment	$5,506	$12,114	$13,125	$0	$21,208	$14,988	$17,864	$0	$84,805
Residuals	$0	$3,977	$3,077	$0	$0	$0	$0	$0	$7,054
Effluent/ Outfall	$24,624	$0	$0	$0	$0	$0	$0	$0	$24,624
Nitrification	$35,281	$79,379	$81,973	$47,701	$57,222	$41,354	$46,977	$63,736	$453,623
Customer	$0	$0	$0	$0	$0	$0	$0	$0	$0
Indirect	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total	$78,454	$111,641	$161,742	$54,203	$121,197	$56,870	$65,891	$64,996	$714,994

Table 4.14:
FY25 P66 Specific Costs by Functional Category

	Flow - Capacity	BOD - Capacity	TSS - Capacity	TKN - Capacity	Flow - Use	BOD - Use	TSS - Use	TKN - Use	Total
Collection	$0	$0	$0	$0	$0	$0	$0	$0	$0
Trunks / Interceptors / Common Conveyance	$2,290	$0	$0	$0	$364	$0	$0	$0	$2,654
Lift Stations	$0	$0	$0	$0	$0	$0	$0	$0	$0
Preliminary Treatment	$7,385	$6,499	$35,210	$0	$43,896	$0	$0	$0	$92,990
Lab	$0	$6,835	$12,097	$6,746	$0	$547	$1,086	$1,304	$28,615
Primary Treatment	$4,062	$3,575	$19,366	$0	$0	$0	$0	$0	$27,003
Secondary Treatment	$5,073	$11,161	$12,093	$0	$21,948	$15,511	$18,488	$0	$84,274
Residuals	$0	$3,897	$3,016	$0	$0	$0	$0	$0	$6,913
Effluent/ Outfall	$25,848	$0	$0	$0	$0	$0	$0	$0	$25,848
Secondary Treatment – Nutrient Removal	$37,223	$83,745	$86,482	$50,325	$59,220	$42,797	$48,620	$65,960	$474,372
Customer	$0	$0	$0	$0	$0	$0	$0	$0	$0
Indirect	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total	$81,881	$115,712	$168,264	$57,071	$125,428	$58,855	$68,194	$67,264	$742,669

4.4 Allocation of Total Revenue Requirements

Wholesale rates are based on the total allocation of both O&M costs and capital costs. Table 4.15 and Table 4.16 outline this total allocation of revenue requirements. As not all customer classes incur these costs equally, Table 4.17 and Table 4.18 outline each customer classes' share of functional cost components.

Table 4.15:
FY24 Allocation of Total Revenue Requirements

Line Item	Total	Flow - Capacity	BOD - Capacity	TSS - Capacity	TKN - Capacity	Flow - Use	BOD - Use	TSS - Use	TKN - Use
Revenue Requirements									
O&M	$9,911,500	$325,371	$603,462	$396,876	$349,274	$3,294,878	$2,395,757	$1,397,357	$1,148,525
Capital	$10,690,354	$5,947,664	$2,092,373	$1,642,552	$1,007,765	$0	$0	$0	$0
Total	$20,601,854	$6,273,035	$2,695,835	$2,039,428	$1,357,039	$3,294,878	$2,395,757	$1,397,357	$1,148,525

Table 4.16:
FY25 Allocation of Total Revenue Requirements

Line Item	Total	Flow - Capacity	BOD - Capacity	TSS - Capacity	TKN - Capacity	Flow - Use	BOD - Use	TSS - Use	TKN - Use
Revenue Requirements									
O&M	$10,273,499	$339,694	$630,023	$414,343	$364,645	$3,410,199	$2,479,608	$1,446,264	$1,188,723
Capital	$10,718,466	$6,036,143	$2,039,438	$1,617,211	$1,025,673	$0	$0	$0	$0
Total	$20,991,965	$6,375,837	$2,669,461	$2,031,554	$1,390,318	$3,410,199	$2,479,608	$1,446,264	$1,188,723

Table 4.17:
FY24 Allocation of Functional Revenue Requirements to Customer Class

Customer Class	Total	Flow - Capacity	BOD – Capacity	TSS - Capacity	TKN - Capacity	Flow - Use	BOD - Use	TSS - Use	TKN - Use
Residential	$6,344,441	$1,505,179	$572,514	$410,870	$315,030	$1,395,112	$1,055,827	$615,774	$474,135
Residential – Large	$2,451,342	$581,566	$221,206	$158,750	$121,720	$539,038	$407,947	$237,920	$183,195
Commercial – High	$3,965,182	$940,715	$357,813	$256,787	$196,889	$871,924	$659,876	$384,850	$296,328
Public Buildings – Domestic	$292,937	$69,497	$26,434	$18,971	$14,546	$64,415	$48,750	$28,432	$21,892
Outside City	$182,637	$43,329	$16,481	$11,828	$9,069	$40,161	$30,394	$17,726	$13,649
Lockwood	$216,604	$17,033	$48,623	$23,749	$31,418	$22,753	$37,889	$10,073	$25,066
Lockwood Reserve	$224,647	$50,326	$86,341	$31,229	$56,751	$0	$0	$0	$0
Retail Reserve Capacity	$5,403,977	$2,807,061	$1,174,768	$924,319	$497,829	$0	$0	$0	$0
Phillips 66	$714,994	$78,454	$111,641	$161,743	$54,203	$121,197	$56,870	$65,890	$64,996
ExxonMobil	$805,094	$179,875	$80,016	$41,181	$59,583	$240,279	$98,204	$36,692	$69,264
Total Revenue Requirement	$20,601,855	$6,273,035	$2,695,837	$2,039,427	$1,357,038	$3,294,879	$2,395,757	$1,397,357	$1,148,525

Table 4.18:
FY25 Allocation of Functional Revenue Requirements to Customer Class

Customer Class	Total	Flow - Capacity	BOD - Capacity	TSS - Capacity	TKN - Capacity	Flow - Use	BOD - Use	TSS – Use	TKN - Use
Residential	$6,505,669	$1,529,859	$574,498	$413,208	$323,529	$1,443,900	$1,092,695	$637,303	$490,677
Residential – Large	$2,513,637	$591,101	$221,972	$159,654	$125,004	$557,889	$422,192	$246,239	$189,586
Commercial – Domestic	$4,065,947	$956,139	$359,053	$258,249	$202,201	$902,416	$682,918	$398,305	$306,666
Public Buildings – Domestic	$300,382	$70,637	$26,526	$19,079	$14,938	$66,668	$50,452	$29,426	$22,656
Outside City	$187,277	$44,040	$16,538	$11,895	$9,313	$41,565	$31,455	$18,346	$14,125
Lockwood	$226,202	$17,857	$50,648	$24,830	$33,245	$23,665	$39,408	$10,478	$26,071
Lockwood Reserve	$233,853	$52,409	$89,303	$32,425	$59,716	$0	$0	$0	$0
Retail Reserve Capacity	$5,380,230	$2,844,275	$1,132,277	$901,111	$502,567	$0	$0	$0	$0
Phillips 66	$742,668	$81,881	$115,712	$168,263	$57,071	$125,428	$58,856	$68,194	$67,263
ExxonMobil	$836,106	$187,639	$82,934	$42,841	$62,735	$248,669	$101,633	$37,975	$71,680
Total Revenue Requirement	$20,991,971	$6,375,837	$2,669,461	$2,031,555	$1,390,319	$3,410,200	$2,479,609	$1,446,266	$1,188,724

5.0 Costs by Class and Proposed Rates

For FY24, the total revenue requirements attributable to wholesale users to be recovered through rates are $1,961,340. P66 is allocated $714,994 of these costs, Exxon is allocated $805,059, and Lockwood is allocated $441,251 of these. Table 5.1 shows these costs across the categories of fixed O&M, variable O&M, depreciation, and return on NPIS. For FY25, the total revenue requirements attributable to wholesale users to be recovered through rates are $2,038,828. P66 is allocated $742,669 of these costs, Exxon is allocated $836,106 and Lockwood is allocated $460,055. Table 5.2 shows these costs across the categories of fixed O&M, variable O&M, depreciation, and return on NPIS for FY25. Wholesale rates are set as a function of the total cost of serving these users with wastewater service. The rate is broken into both a fixed and variable component. Table 5.3 and Table 5.4 outline the proposed rates.

Table 5.1:
FY24 Wholesale Cost of Service

Line Item	Fixed O&M	Variable O&M	Depreciation	Return	Total
Lockwood & Lockwood Reserve	$7,576	$95,781	$64,017	$273,877	$441,251
Phillips 66	$22,418	$308,953	$73,223	$310,400	$714,994
ExxonMobil	$13,465	$444,439	$66,253	$280,938	$805,095

Table 5.2:
FY25 Wholesale Cost of Service

Line Item	Fixed O&M	Variable O&M	Depreciation	Return	Total
Lockwood & Lockwood Reserve	$7,948	$99,621	$64,992	$287,494	$460,055
Phillips 66	$23,402	$319,741	$73,943	$325,583	$742,669
ExxonMobil	$14,055	$459,957	$67,540	$294,554	$836,106

Table 5.3:
Proposed ExxonMobil Wastewater Rates

	Current	FY24	FY25
Fixed, $/mo	$29,741	$30,055	$31,346
Variable, $/kgal	$0.597	$0.626	$0.648

Table 5.4:
Proposed Lockwood Wastewater Rates

	Current	FY24	FY25
Fixed, $/mo	$25,239	$28,789	$30,036
Variable, $/kgal	$1.513	$1.425	$1.475

Table 5.5:
Proposed Phillips 66 Wastewater Rates

	Current	FY24	FY25
Fixed, $/mo	$14,032	$33,837	$35,244
Variable, $/kgal	$0.625	$0.865	$0.895

Appendix A: Customer Class Allocations

Table A.1 & A.2 outline FY24 & FY25 Fixed O&M Cost of Service Characteristics by Owner/Non-Owner class. Split of Flow, BOD, TSS, and TKN are for O&M purposes are based on actual average annual flows and loadings. Retail reserve capacity is not used in O&M breakdowns.

Table A.1:
FY24 Summary of Customer Service Characteristics, Fixed O&M

Customer Class	Flow - Capacity	BOD - Capacity	TSS - Capacity	TKN - Capacity	Flow - Use	BOD - Use	TSS - Use	TKN - Use
Owners	80.59%	87.92%	86.10%	85.07%	80.59%	91.90%	90.62%	91.57%
ExxonMobil	12.14%	4.02%	2.52%	6.13%	12.14%	2.70%	1.70%	3.46%
Lockwood	1.15%	2.44%	1.46%	3.23%	1.15%	1.64%	0.98%	1.82%
Phillips 66	6.11%	5.61%	9.91%	5.57%	6.11%	3.76%	6.69%	3.15%
Total	100%	100%	100%	100%	100%	100%	100%	100%

Table A.2:
FY25 Summary of Customer Service Characteristics, Fixed O&M

Customer Class	Flow - Capacity	BOD - Capacity	TSS - Capacity	TKN - Capacity	Flow - Use	BOD - Use	TSS – Use	TKN - Capacity
Owners	80.59%	87.91%	86.10%	85.06%	80.59%	91.89%	90.62%	91.56%
ExxonMobil	12.14%	4.02%	2.52%	6.12%	12.14%	2.70%	1.70%	3.46%
Lockwood	1.16%	2.46%	1.46%	3.25%	1.16%	1.65%	0.99%	1.83%
Phillips 66	6.11%	5.61%	9.91%	5.57%	6.11%	3.76%	6.69%	3.15%
Total	100%	100%	100%	100%	100%	100%	100%	100%

Table A.3 and A.4 present FY24 & FY25 Variable Capital Cost of Service Characteristics by Owner/Non-Owner class. Split of Flow, BOD, TSS, and TKN are for O&M purposes are based on actual average annual flows and loadings.

Table A.3:
FY24 Summary of Customer Service Characteristics, Variable O&M

Customer Class	Flow - Capacity	BOD - Capacity	TSS - Capacity	TKN - Capacity	Flow - Use	BOD - Use	TSS - Use	TKN - Use
Owner	72.70%	93.54%	92.75%	87.17%	72.70%	91.75%	91.74%	85.79%
ExxonMobil	17.08%	2.33%	1.62%	4.67%	17.08%	4.20%	2.69%	6.18%
Lockwood	1.62%	1.65%	0.75%	2.27%	1.62%	1.62%	0.74%	2.24%
Phillips 66	8.60%	2.48%	4.88%	5.89%	8.60%	2.43%	4.83%	5.80%
Total	100%	100%	100%	100%	100%	100%	100%	100%

Table A.4:
FY25 Summary of Customer Service Characteristics, Variable O&M

Customer Class	Flow - Capacity	BOD - Capacity	TSS - Capacity	TKN - Capacity	Flow - Use	BOD - Use	TSS – Use	TKN - Use
Owner	72.70%	93.53%	92.74%	87.16%	72.70%	91.74%	91.74%	85.78%
ExxonMobil	17.08%	2.33%	1.62%	4.67%	17.08%	4.20%	2.69%	6.18%
Lockwood	1.63%	1.66%	0.75%	2.28%	1.63%	1.63%	0.74%	2.25%
Phillips 66	8.60%	2.48%	4.88%	5.89%	8.60%	2.43%	4.83%	5.80%
Total	100%	100%	100%	100%	100%	100%	100%	100%

Table A.5 and A.6 present FY24 & FY25 Fixed Capital Cost of Service Characteristics by Owner/Non-Owner class. Split of Flow, BOD, TSS, and TKN are for O&M purposes are based on actual average annual flows and loadings. Reserve capacity are included in these capital allocations.

Table A.5:
FY24 Summary of Customer Service Characteristics, Depreciation & Rate Base

Customer Class	Flow - Capacity	BOD - Capacity	TSS - Capacity	TKN - Capacity	Flow - Use	BOD - Use	TSS – Use	TKN - Capacity
Owner	90.90%	94.39%	94.52%	93.23%	90.54%	97.07%	96.72%	96.90%
ExxonMobil	5.06%	1.35%	0.87%	1.93%	5.04%	1.05%	0.67%	1.35%
Lockwood & Lockwood Reserve	0.48%	0.82%	0.50%	1.02%	0.48%	0.64%	0.39%	0.71%
Phillips 66	2.15%	1.89%	3.41%	1.76%	2.54%	1.24%	2.22%	1.04%
Total	100%	100%	100%	100%	100%	100%	100%	100%

Table A.6:
FY25 Summary of Customer Service Characteristics, Depreciation & Rate Base

Customer Class	Flow - Capacity	BOD - Capacity	TSS - Capacity	TKN - Capacity	Flow - Use	BOD - Use	TSS – Use	TKN - Use
Owner	90.90%	94.39%	94.52%	93.23%	90.54%	97.07%	96.72%	96.90%
ExxonMobil	5.06%	1.35%	0.87%	1.93%	5.04%	1.05%	0.67%	1.35%
Lockwood & Lockwood Reserve	0.48%	0.83%	0.50%	1.02%	0.48%	0.64%	0.39%	0.72%
Phillips 66	2.15%	1.89%	3.41%	1.76%	2.54%	1.24%	2.22%	1.04%
Total	100%	100%	100%	100%	100%	100%	100%	100%