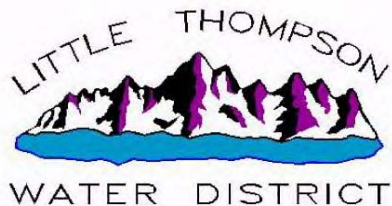


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Memorandum

To: Ben Wade, Office of Water Conservation & Drought Planning CWCB

From: Erik Anglund, P.E., Little Thompson Water District
Webster Jones, P.E., Water Consulting Group

Date: October 5, 2012

Subject: 75% Progress Report for Little Thompson Water District Rate Study
Water Efficiency Grant #PO 13000000029

This memorandum has been prepared to provide the status of work performed to date on the water rate study for Little Thompson Water District. The water rate study is being partially funded by a Water Efficiency Grant administered by the Colorado Water Conservation Board: (OE PDA 13000000029).

Task 1.1 - Data Collection and Development – October 1

Residential rates charged by other northern Colorado water providers was collected so a comparison of annual charges with existing and proposed alternative rates could be developed.

Task 1.3 – Cost-of-Service Analysis – September 19-22

The rate model was modified to reflect expenditures developed for the preliminary 2013 Budget. Based on current projections, no rate increase is needed to supplement water sales revenue. A cost-of-service adjustment is required.

The amount of revenue collected from non-residential customers needs to decrease by 23.3% to accurately reflect their cost-of-service. Revenue from irrigation-only customers needs to decrease by 1.4%. To recover the decrease in revenue resulting from the cost-of-service adjustments for non-residential and irrigation-only customers, residential revenue needs to increase by 5.0%.

Task 1.4 – Preparation of Draft Reports – September 24-October 5

A draft report was prepared to describe the following: (1) background information on District operations, water demands, water supply, customer categories and revenue sources, (2) cost-of-service methodology, (3) revenue requirements, (4) cost-of-service calculations, and (5) rate

design. A draft report and summary of the analysis will be presented to the District Board on October 11.

Task 1.4 – Meetings, Reporting to CWCB and Presentations to Board

The consultant met with staff on September 12 and 20 to present preliminary results and obtain direction on rate alternatives. The 50% Progress Report was submitted to CWCB on September 21. A preliminary draft and summary of the analysis will be presented to the District Board on October 11.

Remaining Tasks

The 60-day public comment period will begin on October 12. All notifications and postings required to solicit comments from District customers have been prepared. Public notice will be posted on the District website, as a bill stuffer, in the District office and at regular posting places for District meetings (nearby town halls, County Clerk, etc.).

The draft report will be modified on October 12 to reflect comments and direction received from the Board at its regularly scheduled meeting on October 11. A final report will be prepared after the public comment period. Adoption of the report is planned at the Board meeting held on December 13.

Schedule

The project is currently on schedule. At this time, no revisions to the schedule submitted with the CWCB Water-Efficiency Grant Application are anticipated.