

**Attachment SWW-5 - New Customer Incremental Revenue & Cost**  
**Net Incremental Revenue**

**Line No.**

<b>1</b>				
<b>2</b>				
<b>3</b>	<b>New Residential Customer Incremental System Costs</b>			
<b>4</b>	Service Lateral Construction Allowance	\$582	Revenue Requirements Factor	12.3%
<b>5</b>	On-Site Distribution Construction Allowance	\$985		
<b>6</b>	Meter & Regulator	\$256		
<b>7</b>	Total Incremental System Investment	\$1,823		
<b>8</b>	Revenue Requirements Factor	11.8%		
<b>9</b>	Annual Revenue Requirements	\$215		
<b>10</b>				
<b>11</b>	<b>New Residential Customer - Incremental System Revenue</b>			
<b>12</b>	S&F Revenue (\$12 per month)	\$144		
<b>13</b>	Usage Charge Revenue (\$0.30347/therm)	\$237		
<b>14</b>	Annual Revenue	\$381		
<b>15</b>				
<b>16</b>	Net Incremental Revenue	\$166		

Revenue  
Requirements

Revenue  
Requirements

\$215

Attachment SWW-5 - New Customer Incremental Revenue & Cost  
Average Embedded vs Marginal Cost

<u>Line No.</u>			Annual Average Embedded Costs	Marginal Cost of New Customer	
1					
2	Meter & House Regulator	\$25	\$32	- Higher costs for new meter compared to historical average embedded costs	
3	Service Lateral	\$70	\$72	- Customer pays for service lateral & construction allowance is added to system costs	
4	Customer Accounting	\$19	\$0	- Additional customers should not impact customer accounting costs	
5	Customer Service	\$1	\$1	- Assume incremental customer service costs are equal to average costs	
6	Transmission	\$59	\$59	- Assume incremental transmission capacity costs are equal average costs	
7	Distribution	\$101	\$111	- Customer pays for incremental distribution costs & construction allowance is added to system costs	
8	Storage	\$1	\$1	- Assume incremental storage costs are equal to average costs	
9	PSIA	\$49	\$0	- PSIA is focused on improving existing infrastructure, so new load do not add incremental PSIA costs	
10	Base Rate VOM	\$5	\$5	- Assume incremental commodity costs are equal to average costs	
11	<u>Admin/General/Common</u>	<u>\$50</u>	<u>\$0</u>	- Additional customers should not impact administrative and general costs	
12	Total	\$381	\$282		
13				- Total marginal costs to serve new Residential customer is about \$100 lower than the base rate revenue they	
14	<u>Net Incremental Revenue</u>		<u>\$99</u>	contribute	
15					
16					

**Attachment SWW-5 - New Customer Incremental Revenue & Cost**  
**Average Residential Bill Breakdown**

**Line No.**

1	Customer	\$183,535,405	
2			
3	O&M		
4	Distribution	\$17,835,566	
5	Customer Accoun	\$26,006,735	
6	Customer Service	\$2,026,188	
7	Admin & General	\$14,658,970	
8	Total O&M	\$60,527,459	
9			
10	Rate Base	\$123,007,946	100%
11	Meters	\$30,244,329	25%
12	House Regulators	\$3,607,409	3%
13	Services	\$76,894,433	63%
14	Intangible (Softwa	\$1,017,841	1%
15	Common & Genei	\$11,243,934	9%
16			
17	Commodity	\$7,269,694	
18			
19	Demand	\$258,379,175	
20			
21	O&M		
22	Storage	\$628,933	
23	Transmisson	\$21,766,947	
24	Distribution	\$52,030,834	
25	A&G	\$28,382,798	
26	Total O&M	\$102,809,511	
27			
28	Rate Base	\$155,569,664	100%
29	Storage	\$1,355,864	0.9%
30	Transmisson Mair	\$58,065,445	37.3%
31	Distributon Mains	\$84,285,493	54.2%
32	Intangible	\$847,633	0.5%
33	Common & Genei	\$11,015,230	7.1%
34			
35	PSIA	\$66,547,578	
36			
37			
38	Customer	\$183,535,405	
39	Demand	\$258,379,175	
40	PSIA	\$66,547,578	
41	Commodity	\$7,269,694	
42	Total	\$515,731,852	

Total Cost		Averge Annual Embedded Costs	
Meter & House Regulator	\$33,851,738	6.6%	\$24.99
Service Lateral	\$94,729,999	18.4%	\$69.94
Customer Accounting	\$26,006,735	5.0%	\$19.20
Customer Service	\$2,026,188	0.4%	\$1.50
Transmisson	\$79,832,392	15.5%	\$58.94
Distribution	\$136,316,327	26.4%	\$100.64
Storage	\$1,984,796	0.4%	\$1.47
PSIA	\$66,547,578	12.9%	\$49.13
Commodity	\$7,269,694	1.4%	\$5.37
Administrative/General/Comr	\$67,166,405	13.0%	\$49.59
Total	\$515,731,851	100.00%	\$381

**Attachment SWW-5 - New Customer Incremental Revenue & Cost**  
**Residential Average Meter Costs**

<u>Line No.</u>		
1	<b>Residential</b>	
2	Allocated Meter - Plant In Service	\$309,875,100
3	Allocated Hour Regulator - Plant In Service	\$36,960,247
4	Total	\$346,835,347
5	Customers	1,354,161
6	Average Meter+Regulator Cost	\$256.13
7		