

REVENUE REQUIREMENT CALCULATION - DEBT COVERAGE METHOD

(This method is used commonly by non-profits that have long-term debts outstanding.)

Pro forma Operating Expenses	\$273,741.00
Plus: Average Annual Debt Principal and Interest Payments*	14,000.00
Debt Coverage Requirement**	3,500.00
Total Revenue Requirement	291,241.00
Less: Other Operating Revenue	-1,443.00
Non-operating Revenue	0.00
Interest Income	-23.00
Revenue Required from Rates	289,775.00
Less: Revenue from Sales at Present Rates	-229,471.00
Required Revenue Increase	<u>\$60,304.00</u>

Required Revenue Increase stated as a Percentage of Revenue at Present Rates	<u>26.28%</u>
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* This should be a 3 year average calculated using the debt principal and interest payments for the three years following the test year.

** This amount is calculated by multiplying the average annual debt principal and interest payments by the debt service requirement of the utility's lending agency.