

REVENUE REQUIREMENT CALCULATION - DEBT COVERAGE METHOD

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

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| Pro forma Operating Expenses | \$1,473,680.00 |
| Plus: Average Annual Debt Principal and Interest Payments* | 237,330.00 |
| Debt Coverage Requirement** | 47,466.00 |
| Total Revenue Requirement | <u>1,758,476.00</u> |
| Less: Other Operating Revenue | -111,705.00 |
| Non-operating Revenue | - |
| Interest Income | -3,999.00 |
| Revenue Required from Rates | <u>1,642,772.00</u> |
| Less: Revenue from Sales at Present Rates | <u>-1,524,347.01</u> |
| Required Revenue Increase | <u><u>\$118,424.99</u></u> |

Required Revenue Increase stated as a Percentage of Revenue at Present Rates 7.77%

* 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.