REVENUE REQUIREMENT CALCULATION - DEBT COVERAGE METHOD

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

Pro forma Operating Expenses		$556,804.00
Plus:	Average Annual Debt Principal and Interest Payments*	73,411.00
	Debt Coverage Requirement**	14,682.00
Total Revenue Requirement		644,897.00
Less:	Other Operating Revenue	-22,647.00
	Non-operating Revenue	0.00
	Interest Income	-352.00
Revenue Required from Rates		621,898.00
Less:	Revenue from Sales at Present Rates	-486,483.00
Required Revenue Increase		$135,415.00

Required Revenue Increase stated as a Percentage of Revenue at Present Rates 27.84%

* 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.