

**REVENUE REQUIREMENT CALCULATION - DEBT COVERAGE METHOD**

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

Pro forma Operating Expenses	\$3,822,769.00
Plus: Average Annual Debt Principal and Interest Payments*	58,033.00
Debt Coverage Requirement**	11,607.00
Total Revenue Requirement	3,892,409.00
Less: Other Operating Revenue	-43,893.00
Non-operating Revenue	-12,752.00
Interest Income	-14,038.00
Revenue Required from Rates	3,821,726.00
Less: Revenue from Sales at Present Rates	-3,165,405.00
Required Revenue Increase	\$656,321.00

Required Revenue Increase stated as a Percentage of Revenue at Present Rates 20.73%

\* 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.