

customer classes on the premise that 40 percent of the total is distributed on the basis of the number of customers within each class, with the remaining 60 percent allocated on the basis of contributed wastewater volume.

In order to reconcile the recommendations per the Wet Weather Flow Cost Allocation Study, (CDM, January 2005) with the rate model methodology used in designing the proposed wastewater rate, an adjustment was made from 60 percent customer related to 40 percent customer related. The volume component was also adjusted for the same reason from 40 percent to 60 percent. The rationale involved with this adjustment appears below:

The billed versus treated volume is currently 50/50. In order to adjust the 33 percent wet weather volume (I/I) and the 60 percent customer/capacity allocation, the following relationship was established between the two:

$33\% \text{ times } 60\% = 20\% \text{ of the I/I costs are related to customer/capacity}$

In order to match this percent (20%), using the billed versus treated volume of 50 percent, the customer/capacity percent would be 40 percent, resulting in the same proportion of the I/I costs for customer/capacity per the calculation below:

$50\% \text{ times } 40\% = 20\% \text{ of the I/I costs are related to customer/capacity}$

The responsibility for collection system capacity related costs varies with the peak flow of both contributed wastewater and infiltration/inflow attributable to each customer class. Infiltration/inflow is estimated to have a peak to average flow ratio of 2.4 times the contributed wastewater volume.

The BOD and suspended solids responsibility of each customer class is based on average strength concentrations and contributed wastewater volume for each class. Recent operational statistics for the existing wastewater treatment plants indicate that the average strength of wastewater is 120 milligrams per liter (mg/l) for BOD and 170 mg/l for suspended solids. Deducting allowances for infiltration/inflow and excess strength units subject to surcharge from the total wastewater strength units, results in an average contributed wastewater strength of approximately 175 mg/l for BOD and 250 mg/l for suspended solids. Average contributed wastewater strengths are estimated to be the same for all customer classes recognizing that the type of residential and non-residential development in the District suggests that differences in average wastewater strengths among the classes are not likely to be significant.

The projection of suspended solids and BOD strengths in excess of normal strength limits are assigned to the surcharge customer classification, and are shown separately. The projections are based on extra strength data maintained and utilized by the District for current surcharge billings.

The costs of service to be recovered from wastewater charges include net operation and maintenance costs from Table 3-13, Line 35, and total net capital costs from Table 3-11, Line 32. For purposes of this report, replacement costs are assumed to be equal to the District's projected annual depreciation expense for the test year. Other capital costs (Table 3-11, Line 34) are equal to the total test year net capital costs shown in Table 3-11 less the annual depreciation expense (Table 3-11, Line 33). These costs are