CITY OF THE DALLES, OREGON RATE COVENANT - WATER SYSTEM REVENUE BOND - 2007

Fiscal Year	Gross Revenues	Operating Expenses		Annual Debt Service					Monthly Metered Rate per	Monthly			
			Net Revenue Available for Debt Service		Principal		Interest	Total		Coverage Ratio	1,000 gallons (over 10,000)		Flat Rate (up to 10,000 gallons)
2008	\$ 3,535,240	\$2,647,904	\$	887,336	\$	-	\$ 427,896	\$	427,896	2.074	\$	0.73	\$ 30.25

Notes:

- (1) Under Resolution No. 07-006, establishing provisions relating to the issuance of water revenue bonds and authorizing the issuance and sale of water revneue bonds, series 2007, to construct water reservoirs and improve the City's water system, "Gross Revenues shall mean all fees charges, earnings, revenues and moneys received by the City from or on account of the operation of the Water System, including system development charges and the income from investments of money in the Debt Service Account and the Reserve Subaccount or from any other ivestment thereof, but excluding assessment payments and collections on behalf of other governments pursuant to intergovernmental agreements. Gross Revenues also shall include any state or public corporation reimbursements of operating expenses to the extent such expenses are included as Costs of Maintenance and Operation of the Water System and withdrawals from the Rate Stabilization Account within a given fiscal year but in no case later than ninety days after the end of the City's fiscal year as provided in Section 14 hereof." However, for the purposes of the calculations above, system development charges and any transfers from the Rate Stabilization account have been excluded, per Section 15: Bond Covenants B.(2).
- (2) Under Resolution No. 07-006, "Costs of Maintenance and Operation shall mean all expenses incurred for the operation, maintenance and repair of the Water System, including but not limited to administrative expenses, financial and auditing expenses, insurance premiums (to the extent monies are not available from proceeds of insurance), taxes, franchise fees, legal and engineering expneses relating to operation and maintenance, payments and reserves for pension, debt service on pension obligation borrowings that might be incurred for unfunded pension or post-employment liabilities, retirement, health, hospitalization, and sick leave benefits, and any other similar expenses to be paid to the extent properly and directly attributeable to operatons of the Water System. Costs of Maintenance and Operaton do not include any rebates or penalties from Gross Revenues under Section 148 of the Code, payments for the settlement of litigation and payments to any liability reserve fund, depreciation and amortization of property, values or losses, and all amounts treated for accounting purposes as payments for capital expenditures, debt service payments other than those attributable to pension or post-employment liabilities identified herein (including amounts treated for accounting purposes as debt service payments), transfers to the City's Street Fund, or capital transfers and capital outlays including without limitation transfers to capital construction accounts."
- (3) Annual debt service on revenue bonds issued pursuant to Resolution No. 07-006.
- (4) Resolution No. 02-028, set Water Rates with annual increases through FY15/16. Residential Water Rates are based on a flat rate per meter size and include the first 10,000 gallons of water used. An additional rate is charged per 1,000 gallons used over the 10,000 gallons covered by the flat monthly rate. Commercial rates are based on a flat rate per meter size and includes the first 5,000 gallons used, with an additional per 1,000 gallon rate added for useage over the first 5,000 gallons. Both residential and commercial rates also are adjusted for whether the account is within or outside the City Limits. The rates used in the table above are in-city residential.