



September 26, 2014

Mr. Brian J. Brady
General Manager
Fallbrook Public Utility District
PO Box 2290
Fallbrook, CA 92088-2290

Dear Mr. Brady,

Attached is the requested rate comparison analysis between the Fallbrook Public Utility District and the Rainbow Municipal Water District for Domestic, Commercial, and Special Agricultural Classes. FPUD rates compare most favorably to the RMWD rates.

I appreciate the opportunity to perform this work. Please let me know if you have any questions.

Sincerely,

Michael A. Bell
President

Background and Scope

Michael Bell Management Consulting, Inc. (MBMC) was contracted by the Fallbrook Public Utility District (FPUD) to perform a water rate comparison between the FPUD and the Rainbow Municipal Water District (RMWD). The rate classes and meter sizes that were compared are as follows:

Domestic Class	
Meter Size	¾ Inch
Meter Size	1 Inch

Commercial Class	
Meter Size	¾ Inch
Meter Size	1 Inch

Special Agricultural Class	
Meter Size	1 Inch
Meter Size	1.5 Inch
Meter Size	2 Inch

Throughout this report and attachments, one unit equals 1,000 gallons. Various consumption levels are compared for each meter size and customer class.

Results

Domestic Class – For all consumption levels tested, except for 60 units per month, the FPUD monthly bill is lower than the RMWD monthly bill. A domestic FPUD customer who uses 20 units per month and has a ¾ inch meter saves \$219 per year when compared to the RMWD’s rates. At this consumption level, RMWD’s monthly bill is 13.1% higher. The savings for the FPUD customer are even greater, \$352 or 18.6%, for those served by a one inch meter.

The comparison only includes the standard pumping charge of RMWD. For those RMWD customers to whom the pumping zone surcharge applies, the monthly bill for the FPUD customer is lower at all consumption levels.

For the domestic class the fixed charges for the FPUD are lower than the fixed charges for the RMWD. The rates for water consumption are lower for the RMWD. However, consumption has

to exceed 45 units per month for a customer with a 3/4 inch meter or one inch meter before the RMWD customer has a lower monthly bill than a FPUD customer.

Exhibit 1 contains the Domestic Class rate comparisons for 3/4 and 1 inch meters.

Commercial Class – For all consumption levels tested, the FPUD monthly bills are lower than the monthly RMWD bills. Depending upon consumption levels and meter size, the savings range from 3.5% to 35.5%. A FPUD commercial customer who uses 20 units per month and has a 3/4 inch meter saves \$275 per year when compared to the RMWD's rates. At this consumption level, RMWD's monthly bill is 16.4% higher.

The comparison only included the standard pumping charge of RMWD. For those RMWD customers to whom the pumping zone surcharge applies, the FPUD's savings are even greater for all consumption levels.

For the commercial class the fixed charges for the FPUD are lower than the fixed charges for the RMWD. The rates for water consumption are lower for the RMWD. However, the RMWD's lower rates for water consumption do not offset its higher fixed charges. For all consumption levels FPUD rates are lower although the FPUD price advantage for a 3/4 inch meter decreases from 29.4% to 3.5% as consumption increases.

Exhibit 2 contains the Commercial Class rate comparisons for 3/4 and 1 inch meters.

Special Agriculture Class – For all consumption levels tested, the FPUD monthly bills are lower than the RMWD monthly bills. In some months they are substantially below. A FPUD special agricultural customer who uses 300 units per month and has a 1.5 inch meter would save \$2,413 per year when compared to the RMWD's rates. At this consumption level, RMWD's monthly bill is 18.9% higher.

The comparison only included the standard pumping charge of RMWD. For those RMWD customers to whom the pumping zone surcharge applies, the FPUD's savings are even greater for all consumption levels.

For the special agricultural class the fixed charges for FPUD are lower than the RMWD fixed charges. There also is a constant 20% difference between the two agencies (with RMWD higher) for the water consumption rate for this customer class. Based on the comparison for all consumption levels, the FPUD customer with a two inch meter has a monthly savings of 20%. For all meter sizes, the FPUD savings range from 10.5% to 20.5%.

Exhibit 3 contains the Special Agricultural Class rate comparisons for 1, 1.5 and 2 inch meters.

EXHIBIT 1

**WATER BILL COMPARISON
FALLBROOK PUBLIC UTILITY DISTRICT AND RAINBOW MUNICIPAL WATER DISTRICT
DOMESTIC CUSTOMERS
EXHIBIT I**

Meter Size 3/4"

Consumption in (000) Gallons	5	10	15	20	25	30	35	40	45	60
Monthly Bill Fallbrook	\$ 74.60	\$ 97.65	\$ 120.70	\$ 143.75	\$ 166.80	\$ 189.85	\$ 215.25	\$ 240.65	\$ 266.05	\$ 342.25
Monthly Bill Rainbow	\$ 94.86	\$ 115.91	\$ 136.97	\$ 158.02	\$ 179.08	\$ 200.14	\$ 221.19	\$ 242.25	\$ 263.31	\$ 326.47
Increase/(Decrease)	\$ 20.26	\$ 18.26	\$ 16.27	\$ 14.27	\$ 12.28	\$ 10.29	\$ 5.94	\$ 1.60	\$ (2.74)	\$ (15.78)
Fallbrook Discount	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00
Monthly Savings	\$ 24.26	\$ 22.26	\$ 20.27	\$ 18.27	\$ 16.28	\$ 14.29	\$ 9.94	\$ 5.60	\$ 1.26	\$ (11.78)
Yearly Savings	\$ 291.12	\$ 267.12	\$ 243.24	\$ 219.24	\$ 195.36	\$ 171.48	\$ 119.28	\$ 67.20	\$ 15.12	\$ (141.36)
Percentage Increase/(Decrease)	34.36%	23.77%	17.37%	13.07%	10.00%	7.69%	4.71%	2.37%	0.48%	-3.48%

Meter Size 1"

Consumption in (000) Gallons	5	10	15	20	25	30	35	40	45	60
Monthly Bill Fallbrook	\$ 92.51	\$ 115.56	\$ 138.61	\$ 161.66	\$ 184.71	\$ 207.76	\$ 233.16	\$ 258.56	\$ 283.96	\$ 360.16
Monthly Bill Rainbow	\$ 123.80	\$ 144.85	\$ 165.91	\$ 186.96	\$ 208.02	\$ 229.08	\$ 250.13	\$ 271.19	\$ 292.25	\$ 355.41
Increase/(Decrease)	\$ 31.29	\$ 29.29	\$ 27.30	\$ 25.30	\$ 23.31	\$ 21.32	\$ 16.97	\$ 12.63	\$ 8.29	\$ (4.75)
Fallbrook Discount	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00
Monthly Savings	\$ 35.29	\$ 33.29	\$ 31.30	\$ 29.30	\$ 27.31	\$ 25.32	\$ 20.97	\$ 16.63	\$ 12.29	\$ (0.75)
Yearly Savings	\$ 423.48	\$ 399.48	\$ 375.60	\$ 351.60	\$ 327.72	\$ 303.84	\$ 251.64	\$ 199.56	\$ 147.48	\$ (9.00)
Percentage Increase/(Decrease)	39.87%	29.84%	23.25%	18.58%	15.11%	12.43%	9.15%	6.53%	4.39%	-0.21%

EXHIBIT 2

**WATER BILL COMPARISON
FALLBROOK PUBLIC UTILITY DISTRICT AND RAINBOW MUNICIPAL WATER DISTRICT
COMMERCIAL CUSTOMERS
EXHIBIT II**

Meter Size 3/4"

Consumption in (000) Gallons	5	10	15	20	25	30	35	40	45	60
Monthly Bill Fallbrook	\$ 80.90	\$ 101.85	\$ 122.80	\$ 143.75	\$ 164.70	\$ 185.65	\$ 208.70	\$ 231.75	\$ 254.80	\$ 323.95
Monthly Bill Rainbow	\$ 99.51	\$ 120.56	\$ 141.62	\$ 162.67	\$ 183.73	\$ 204.79	\$ 225.84	\$ 246.90	\$ 267.96	\$ 331.12
Increase/(Decrease)	\$ 18.61	\$ 18.71	\$ 18.82	\$ 18.92	\$ 19.03	\$ 19.14	\$ 17.14	\$ 15.15	\$ 13.16	\$ 7.17
Fallbrook Discount	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00
Difference	\$ 22.61	\$ 22.71	\$ 22.82	\$ 22.92	\$ 23.03	\$ 23.14	\$ 21.14	\$ 19.15	\$ 17.16	\$ 11.17
Yearly Savings	\$ 271.32	\$ 272.52	\$ 273.84	\$ 275.04	\$ 276.36	\$ 277.68	\$ 253.68	\$ 229.80	\$ 205.92	\$ 134.04
Percentage Increase/(Decrease)	29.40%	23.21%	19.21%	16.40%	14.33%	12.74%	10.33%	8.41%	6.84%	3.49%

Meter Size 1"

Consumption in (000) Gallons	5	10	15	20	25	30	35	40	45	60
Monthly Bill Fallbrook	\$ 98.81	\$ 119.76	\$ 140.71	\$ 161.66	\$ 182.61	\$ 203.56	\$ 226.61	\$ 249.66	\$ 272.71	\$ 341.86
Monthly Bill Rainbow	\$ 128.45	\$ 149.50	\$ 170.56	\$ 191.61	\$ 212.67	\$ 233.73	\$ 254.78	\$ 275.84	\$ 296.90	\$ 360.06
Increase/(Decrease)	\$ 29.64	\$ 29.74	\$ 29.85	\$ 29.95	\$ 30.06	\$ 30.17	\$ 28.17	\$ 26.18	\$ 24.19	\$ 18.20
Fallbrook Discount	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00
Difference	\$ 33.64	\$ 33.74	\$ 33.85	\$ 33.95	\$ 34.06	\$ 34.17	\$ 32.17	\$ 30.18	\$ 28.19	\$ 22.20
Yearly Savings	\$ 403.68	\$ 404.88	\$ 406.20	\$ 407.40	\$ 408.72	\$ 410.04	\$ 386.04	\$ 362.16	\$ 338.28	\$ 266.40
Percentage Increase/(Decrease)	35.48%	29.15%	24.76%	21.53%	19.07%	17.12%	14.45%	12.29%	10.49%	6.57%

EXHIBIT 3

**WATER BILL COMPARISON
FALLBROOK PUBLIC UTILITY DISTRICT AND RAINBOW MUNICIPAL WATER DISTRICT
SPECIAL AGRICULTURAL WATER RATE
EXHIBIT III**

Meter Size 1"

Consumption in (000) Gallons	25	50	75	100	125	150	175	200	250	300
Monthly Bill Fallbrook	\$ 166.07	\$ 244.57	\$ 323.07	\$ 401.57	\$ 480.07	\$ 558.57	\$ 637.07	\$ 715.57	\$ 872.57	\$ 1,029.57
Monthly Bill Rainbow	\$ 179.08	\$ 273.66	\$ 368.25	\$ 462.83	\$ 557.42	\$ 652.00	\$ 746.59	\$ 841.17	\$ 1,030.35	\$ 1,219.52
Increase/(Decrease)	\$ 13.01	\$ 29.09	\$ 45.18	\$ 61.26	\$ 77.35	\$ 93.43	\$ 109.52	\$ 125.60	\$ 157.78	\$ 189.95
Fallbrook Discount	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00
Monthly Savings	\$ 17.01	\$ 33.09	\$ 49.18	\$ 65.26	\$ 81.35	\$ 97.43	\$ 113.52	\$ 129.60	\$ 161.78	\$ 193.95
Yearly Savings	\$ 204.12	\$ 397.08	\$ 590.16	\$ 783.12	\$ 976.20	\$ 1,169.16	\$ 1,362.24	\$ 1,555.20	\$ 1,941.36	\$ 2,327.40
Percentage Increase/(Decrease)	10.50%	13.75%	15.41%	16.41%	17.09%	17.57%	17.93%	18.21%	18.63%	18.91%

Meter Size 1.5"

Consumption in (000) Gallons	50	150	200	250	300	400	500	600	700	1000
Monthly Bill Fallbrook	\$ 285.60	\$ 599.60	\$ 756.60	\$ 913.60	\$ 1,070.60	\$ 1,384.60	\$ 1,698.60	\$ 2,012.60	\$ 2,326.60	\$ 3,268.60
Monthly Bill Rainbow	\$ 321.84	\$ 700.18	\$ 889.35	\$ 1,078.53	\$ 1,267.70	\$ 1,646.04	\$ 2,024.38	\$ 2,402.72	\$ 2,781.07	\$ 3,916.09
Increase/(Decrease)	\$ 36.24	\$ 100.58	\$ 132.75	\$ 164.93	\$ 197.10	\$ 261.44	\$ 325.78	\$ 390.12	\$ 454.47	\$ 647.49
Fallbrook Discount	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00
Monthly Savings	\$ 40.24	\$ 104.58	\$ 136.75	\$ 168.93	\$ 201.10	\$ 265.44	\$ 329.78	\$ 394.12	\$ 458.47	\$ 651.49
Yearly Savings	\$ 482.88	\$ 1,254.96	\$ 1,641.00	\$ 2,027.16	\$ 2,413.20	\$ 3,185.28	\$ 3,957.36	\$ 4,729.44	\$ 5,501.64	\$ 7,817.88
Percentage Increase/(Decrease)	14.29%	17.56%	18.17%	18.57%	18.85%	19.23%	19.46%	19.62%	19.74%	19.96%

Meter Size 2"

Consumption in (000) Gallons	200	400	600	800	1000	1500	2000	2500	3000	5000
Monthly Bill Fallbrook	\$ 817.92	\$ 1,445.92	\$ 2,073.92	\$ 2,701.92	\$ 3,329.92	\$ 4,899.92	\$ 6,469.92	\$ 8,039.92	\$ 9,609.92	\$ 15,889.92
Monthly Bill Rainbow	\$ 978.57	\$ 1,735.26	\$ 2,491.94	\$ 3,248.63	\$ 4,005.31	\$ 5,897.02	\$ 7,788.73	\$ 9,680.45	\$ 11,572.16	\$ 19,139.00
Increase/(Decrease)	\$ 160.65	\$ 289.34	\$ 418.02	\$ 546.71	\$ 675.39	\$ 997.10	\$ 1,318.81	\$ 1,640.53	\$ 1,962.24	\$ 3,249.08
Fallbrook Discount	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00
Monthly Savings	\$ 164.65	\$ 293.34	\$ 422.02	\$ 550.71	\$ 679.39	\$ 1,001.10	\$ 1,322.81	\$ 1,644.53	\$ 1,966.24	\$ 3,253.08
Yearly Savings	\$ 1,975.80	\$ 3,520.08	\$ 5,064.24	\$ 6,608.52	\$ 8,152.68	\$ 12,013.20	\$ 15,873.72	\$ 19,734.36	\$ 23,594.88	\$ 39,036.96
Percentage Increase/(Decrease)	20.23%	20.34%	20.39%	20.41%	20.43%	20.45%	20.46%	20.46%	20.47%	20.48%