

## **EXHIBIT 12 – LINCOLN R&R FUNDING PLAN**

The City of Lincoln (Lincoln) provides funding for the repair and replacement of the existing Lincoln wastewater facilities in the monthly utility charges paid by Lincoln's customers. Lincoln has an independent rate study upon which its utility charges are based and Lincoln intends to fund its R&R Project obligations from these charges. As set forth in the rate study, Lincoln collects sufficient funds to cover R&R Projects. R&R Project funds collected will be placed into a fund designated for Wastewater Treatment and Reclamation Facility (WWTRF) R&R Projects. In addition, Lincoln will designate one million five hundred thousand dollars (\$1,500,000) of Lincoln's Wastewater Operations Fund to fund the next five years of Lincoln's proportionate share of R&R Project costs for the WWTRF. The WWTRF is currently operated by a qualified contractor. Lincoln requires the contractor to provide annual budgets for all operating costs, including WWTRF repairs and replacement. Lincoln includes these projected expenditures in the annual budget for Lincoln's wastewater operations.