

# MUNICIPAL SECONDARY MARKET DISCLOSURE INFORMATION COVER SHEET

This cover sheet should be sent with all submissions made to the Municipal Securities Rulemaking Board (MSRB), Nationally Recognized Municipal Securities Information Repositories (NRMSIRs), and any applicable State Information Depository (SIDs), pursuant to Securities and Exchange Commission (SEC) Rule 15c2-12 or any analogous state statute.

**Provide the following information as exactly as shown on the Official Statement:**

1.) Name of Issuer and/ or Obligor: City of Lubbock, Texas

2.) Name of Issue(s): All General Obligation and Electric Light and Power System Revenue Debt

**CUSIP Numbers to which the information filed relates:**

Nine-digit number(s) (attach additional sheet if necessary): \_\_\_\_\_

Six-digit number(s) if information filed relates to all securities of the issuer: 549186, 549187, 549188 and 549203

**Filing Format:**  Electronic;  Paper; If available on the Internet, give URL: \_\_\_\_\_

**The following information is submitted:**  Pursuant to SEC Rule 15(c)2-12;  As Voluntarily Disclosure

\* \* \* \* \*

## Description of Material Event Notice/Other Material Information

1. \_\_\_ Principal and interest payment delinquencies
2. \_\_\_ Non-payment related defaults
3. \_\_\_ Unscheduled draws on debt service reserves reflecting financial difficulties
4. \_\_\_ Unscheduled draws on credit enhancements reflecting financial difficulties
5. \_\_\_ Substitution of credit or liquidity providers, or their failure to perform
6. \_\_\_ Adverse tax opinions or events affecting the tax-exempt status of the security
7. \_\_\_ Modifications to rights of security holders
8. \_\_\_ Bond calls
9. \_\_\_ Defeasances
10. \_\_\_ Release, substitution, or sale of property securing repayment of the securities
11. \_\_\_ Rating changes
12. \_\_\_ Notice of non-compliance: failure to provide annual financial information
13. \_\_\_ Other material event or voluntary information (specify): \_\_\_\_\_

\* \* \* \* \*

## Financial & Operating Data Disclosure Information

(Financial information should not be filed with the MSRB)

- Annual Financial Report or CAFR  
 Financial Information & Operating Data  
 Other (describe): \_\_\_\_\_  
Fiscal Period Covered: October 1, 2007 to September 30, 2008  
 Monthly  Quarterly  Annual  Other (specify): \_\_\_\_\_

\* \* \* \* \*

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Name of Contact Person: Mr. Andy Burcham Title: Chief Financial Officer  
Email Address: aburcham@mylubbock.us Web Site Address: www.mylubbock.us  
Voice Telephone Number: (806) 775-2149 Fax Number: (806) 775-2051  
Employer: City of Lubbock, Texas  
I am (check one):  The Issuer  The Obligor  The Issuer/Obligor's Dissemination Agent  
Date: March 30, 2009

**City of Lubbock, TX  
Finance Department  
Continuing Disclosure Report  
Fiscal Year Ended September 30, 2008**

**TABLE 1 - VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT**

2008 Market Valuation Established by Lubbock Central Appraisal District		\$ 12,246,430,173
Less Exemptions/Reductions at 100% Market Value:		
Residential Homestead Exemptions	\$ 216,764,642	
Homestead Cap Adjustment	68,803,763	
Disabled Persons	14,792,410	
Disabled Veterans	15,384,351	
Prorated Exempt Property	519,415	
Agricultural/Open-Space Land Use Reductions	75,737,115	
Pollution Exemptions	3,086,919	
Lease Vehicles Exempt	21,975	
House Bill 366	177,091	
Energy	960,000	
Freeport Exemptions	78,871,454	
Tax Abatement Reductions	19,109,213	
Market Value Reduction for Protested Properties	<u>79,127,693</u>	<u>573,356,041</u>
2008 Taxable Assessed Valuation		11,673,074,132
City Funded Debt Payable from Ad Valorem Taxes:		
General Obligation Debt (as of 4/08/09) <sup>(1)</sup>	<u>685,435,000</u>	
Total Funded Debt Payable from Ad Valorem Taxes		685,435,000
Less: Self Supporting Debt (as of 4/08/09) <sup>(2)</sup>		
Waterworks System General Obligation Debt	162,511,542	
Sewer System General Obligation Debt	103,309,728	
Solid Waste Disposal System General Obligation Debt	13,135,568	
Drainage Utility System General Obligation Debt	89,186,010	
Tax Increment Financing General Obligation Debt	36,007,298	
Electric Light and Power System General Obligation Debt	69,482,033	
Cemetery General Obligation Debt	637,401	
Gateway General Obligation Debt	89,649,761	
Hotel Occupancy Tax Debt	1,144,548	
Airport General Obligation Debt	<u>13,757,312</u>	<u>578,821,200</u>
General Purpose Funded Debt Payable from Ad Valorem Taxes		\$ 106,613,800
General Obligation Interest and Sinking Fund as of September 30, 2008		\$ 2,104,697
Ratio Total Funded Debt to Taxable Assessed Valuation		5.87%
Ratio General Purpose Funded Debt to Taxable Assessed Valuation		0.91%
2009 Estimated Population <sup>(3)</sup>		218,327
Per Capita Taxable Assessed Valuation	\$	53,466
Per Capita Total Funded Debt Payable from Ad Valorem Taxes		3,139
Per Capita General Purpose Funded Debt Payable from Ad Valorem Taxes		488

<sup>(1)</sup> The statement of indebtedness does not include the City's outstanding Electric Light and Power System Revenue Bonds, payable solely from the Net Revenues of the City's Electric Light and Power System. Includes the City's Series 2009 GO/CO issuance which is scheduled to deliver on April 8, 2009.

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- <sup>(2)</sup> As a matter of policy, the City provides debt service on general obligation debt issued to fund improvements to its Waterworks System, Sewer System, Solid Waste System, Drainage System, Tax Increment Finance Reinvestment Zone, Electric Light and Power System, Cemetery, Gateway Streets, Hotel Occupancy Tax projects and Airport from surplus revenues of these Systems (see "Table 8A – General Obligation Debt Service Requirements," "Table 8B - Interest and Sinking Fund Budget Projection," "Table 9 - Division of General Obligation Debt Service Requirements" and "Table 10 - Computation of Self-Supporting Debt").

The City's Waterworks System General Obligation Debt has been issued to finance or refinance Waterworks System improvements, and is being paid, or is expected to be paid, from Waterworks System revenues. The City has no outstanding Waterworks System Revenue Bonds but has obligated revenues of the Waterworks System under water supply contracts.

The City's Sewer System General Obligation Debt has been issued to finance Sewer System improvements, and that is being paid, or is expected to be paid, from Sewer System revenues. The City has no outstanding Sewer System Revenue Bonds.

The City's Solid Waste Disposal System General Obligation Debt has been issued for Solid Waste System improvements, and is being paid, or is expected to be paid, from revenues derived from Solid Waste service fees. The City has no outstanding Solid Waste Disposal System Revenue Bonds.

The City's Drainage Utility System General Obligation Debt has been issued for Drainage System improvements, and is being paid, or is expected to be paid, from revenues derived from Drainage Utility System fees. The City has no outstanding Drainage Utility System Revenue Bonds.

The City's Tax Increment Financing General Obligation Debt has been issued for construction of improvements in the North Overton TIF, and is being paid, or is expected to be paid, from revenues derived from the Pledged Tax Increment Revenues. The City has no outstanding Tax Increment Financing Revenue Bonds. In FY 2009, based upon development projections that the City believes to be reasonable, but which are dependent in part on future economic conditions and other factors that the City cannot control and as to which it can give no assurances, the City anticipates that tax increment revenues will be adequate to cover debt requirements on the existing Tax Increment Certificates of Obligation. In the instance that the tax increment revenues are not sufficient to pay debt service, the City intends to make an interfund loan to cover the debt service, and if the projected development in the North Overton TIF proceeds as expected, the City would repay such loan from revenues received in future years. The North Overton master plan projects additional debt to be issued by the City for infrastructure improvements in the TIF. If that occurs, there would likely be years in which the TIF would not produce revenues in amounts sufficient to cover all debt issued for it, at least until the TIF has reached full build-out status.

The City's Electric Light and Power System General Obligation has been issued to finance Electric Light and Power System improvements, and is being paid, or that is expected to be paid, from revenues derived from the Electric Light and Power System. The City has \$16,480,000 outstanding Electric Light and Power System Revenue Bonds payable from a pledge of system revenues.

The City's Cemetery General Obligation Debt has been issued to finance Cemetery improvements, and is being paid, or that is expected to be paid, from revenues derived from the Cemetery. The City has no outstanding Cemetery Revenue Bonds.

The City's Gateway General Obligation Debt has been issued for Gateway Streets improvements, and is being paid, or is expected to be paid, from Franchise fees. The City has no outstanding Gateway Fund Revenue Bonds.

The City's Hotel Occupancy Tax General Obligation Debt has been issued to finance tourism projects, and is being paid, or is expected to be paid, from hotel occupancy taxes. The City has no outstanding Hotel Occupancy Tax Bonds.

- <sup>(3)</sup> The City's Airport General Obligation Debt has been issued to finance Airport improvements, and is being paid, or that is expected to be paid, from revenues derived from the Airport. The City has no outstanding Airport Revenue Bonds.

Source: City of Lubbock, Texas.

**City of Lubbock, TX**  
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**Fiscal Year Ended September 30, 2008**

**TABLE 2 - TAXABLE ASSESSED VALUATION BY CATEGORY**

Category	<b>Taxable Appraised Value for Fiscal Year Ended September 30</b>					
	2009		2008		2007	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 6,687,368,655	54.61	6,321,729,050	55.01	5,889,918,195	55.53
Real, Residential, Multi-Family	922,530,900	7.53	931,507,661	8.11	873,394,391	8.23
Real, Vacant Lots/Tracts	201,167,097	1.64	202,703,022	1.76	186,939,508	1.76
Real, Acreage (Land Only)	106,628,878	0.87	103,474,361	0.90	104,443,417	0.98
Real, Farm and Ranch Improvements	11,977,889	0.10	10,948,790	0.10	10,601,986	0.10
Real, Commercial and Industrial	2,476,922,746	20.23	2,246,869,059	19.55	1,968,271,689	18.56
Real, Oil, Gas and Other Mineral Reserves	39,976,390	0.33	26,864,150	0.23	28,446,050	0.27
Real and Tangible Personal, Utilities	173,239,955	1.41	181,023,472	1.58	179,562,657	1.69
Tangible Personal, Business	1,494,921,128	12.21	1,340,911,089	11.67	1,245,600,988	11.74
Tangible Personal, Other	11,981,462	0.10	13,018,766	0.11	13,940,265	0.13
Real Property, Inventory	43,435,213	0.35	41,291,828	0.36	37,577,657	0.35
Special Inventory	76,063,260	0.62	72,685,000	0.63	68,621,321	0.65
Other/Adjustments	216,600	0.00	(115,001)	(0.00)	220,192	0.00
Total Appraised Value Before Exemptions	12,246,430,173	100.00	11,492,911,247	100.00	10,607,538,316	100.00
Less: Total Exemptions/Reductions	(573,356,041)		(595,700,684)		(604,812,679)	
Taxable Assessed Value	<u>\$ 11,673,074,132</u>		<u>10,897,210,563</u>		<u>10,002,725,637</u>	

Category	<b>Taxable Appraised Value for Fiscal Year Ended September 30</b>					
	2006		2005		2004	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 5,517,769,306	55.55	5,169,490,706	56.09	4,690,158,161	55.50
Real, Residential, Multi-Family	795,689,400	8.01	615,453,250	6.68	561,569,488	6.64
Real, Vacant Lots/Tracts	166,089,379	1.67	137,411,731	1.49	108,625,954	1.29
Real, Acreage (Land Only)	80,067,791	0.81	64,532,486	0.70	65,880,410	0.78
Real, Farm and Ranch Improvements	11,038,895	0.11	10,406,299	0.11	10,835,088	0.13
Real, Commercial and Industrial	1,827,901,763	18.40	1,712,457,490	18.58	1,638,846,765	19.39
Real, Oil, Gas and Other Mineral Reserves	17,526,510	0.18	12,167,754	0.13	8,923,810	0.11
Real and Tangible Personal, Utilities	177,838,907	1.79	173,908,469	1.89	185,761,346	2.20
Tangible Personal, Business	1,228,428,632	12.37	1,226,369,118	13.31	1,090,862,579	12.91
Tangible Personal, Other	14,527,171	0.15	15,465,413	0.17	16,287,022	0.19
Real Property, Inventory	26,685,491	0.27	9,863,035	0.11	4,774,287	0.06
Special Inventory	67,329,545	0.68	68,232,264	0.74	68,663,514	0.81
Other/Adjustments	1,499,616	0.02	-	-	-	-
Total Appraised Value Before Exemptions	9,932,392,406	100.00	9,215,758,015	100.00	8,451,188,424	100.00
Less: Total Exemptions/Reductions	(585,778,455)		(580,763,153)		(529,598,044)	
Taxable Assessed Value	<u>\$ 9,346,613,951</u>		<u>8,634,994,862</u>		<u>7,921,590,380</u>	

NOTE: Valuations shown are certified taxable assessed values reported by the Lubbock Central Appraisal District to the City for purposes of establishing and levying the City's annual ad valorem tax rate and to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates records.

**City of Lubbock, TX**  
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**TABLE 3A - VALUATION AND GENERAL OBLIGATION DEBT HISTORY**

<b>Fiscal Year Ended 30-Sep</b>	<b>Estimated City Population <sup>(1)</sup></b>	<b>Taxable Assessed Valuation</b>	<b>Per Capita Taxable Assessed Valuation</b>	<b>General Purpose Funded Tax Debt <sup>(2)</sup></b>	<b>Ratio Tax Debt to Assessed Valuation <sup>(2)</sup></b>	<b>Funded Debt Per Capita <sup>(3)</sup></b>	<b>Tax Year</b>
2004	206,290	\$ 7,921,590,380	38,400	70,161,218	0.89%	340	2003
2005	209,120	8,634,994,862	41,292	80,210,269	0.93%	384	2004
2006	211,187	9,346,613,951	44,258	87,231,945	0.93%	413	2005
2007	212,365	10,002,725,637	47,102	92,487,363	0.92%	436	2006
2008	214,847	10,897,210,563	50,721	101,185,953	0.93%	471	2007
2009	218,327	11,673,074,132	53,466	104,053,800 <sup>(4)</sup>	0.89%	477	2008

<sup>(1)</sup> Source: The City.

<sup>(2)</sup> Does not include self-supported debt.

<sup>(3)</sup> Rounded to the nearest dollar.

<sup>(4)</sup> Includes the City's Series 2009 GO/CO issuance which is scheduled to deliver on April 8, 2009.

**TABLE 3B - DERIVATION OF GENERAL PURPOSE FUNDED TAX DEBT**

The following table sets forth certain information with respect to the City's general purpose and self-supporting general obligation debt.

<b>Fiscal Year Ended 30-Sep</b>	<b>Funded Tax Debt Outstanding at End of Year</b>	<b>Less: Self-Supporting Funded Tax Debt</b>	<b>General Purpose Funded Tax Debt Outstanding at End of Year</b>
2004	\$ 285,885,000	215,723,783	70,161,217
2005	388,595,000	308,384,731	80,210,269
2006	447,275,000	360,043,055	87,231,945
2007	512,250,000	419,762,637	92,487,363
2008	633,065,000	531,879,047	101,185,953
2009 <sup>(1)</sup>	682,875,000	578,821,200	104,053,800

<sup>(1)</sup> Projected. Includes the City's Series 2009 GO/CO issuance which is scheduled to deliver on April 8, 2009.

**TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY**

<b>Fiscal Year End 09/30</b>	<b>Tax Rate Distribution</b>			<b>Tax Rate</b>	<b>Tax Levy</b>	<b>Percent Collected</b>		<b>Tax Year</b>
	<b>General Fund</b>	<b>Economic Development</b>	<b>Interest and Sinking Fund</b>			<b>Current</b>	<b>Total</b>	
2004	\$ 0.41504	0.03000	0.10066	0.54570	43,659,111	97.02	98.64	2003
2005	0.33474	0.03000	0.09496	0.45970	39,697,452	97.73	100.28	2004
2006	0.35626	0.03000	0.06094	0.44720	41,775,367	97.69	99.71	2005
2007	0.36074	0.03000	0.07125	0.46199	46,068,744	97.88	99.02	2006
2008	0.35380	0.03000	0.07125	0.45505	49,195,247	98.41	99.62	2007
2009	0.32540	0.03000	0.09100	0.44640	51,616,589	(In process of Collection)		2008

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**TABLE 5 - TEN LARGEST TAXPAYERS**

<u>Name</u>	<b>2008 Taxable <u>Assessed Valuation</u></b>	<b>% of Total Taxable <u>Assessed Valuation</u></b>
Macerich Lubbock Ltd.	\$ 128,778,473	1.10
AT&T	58,830,186	0.50
United Supermarkets LLC	52,459,356	0.45
PYCO Industries, Inc.	47,483,420	0.41
Xcel Energy	38,786,891	0.33
Wal-Mart Real Estate Business Trust	37,970,476	0.33
Atmos Energy / West Texas Division	35,364,580	0.30
X-Fab Texas, Inc.	34,550,415	0.30
Wal-Mart Stores, Inc.	32,072,801	0.27
Naples Lubbock Venture LLC	31,021,727	0.27
	<u>\$ 497,318,325</u>	<u>4.26</u>

**TABLE 6 - TAX ADEQUACY <sup>(1)</sup>**

Average Annual Debt Service Requirements All General Obligation Debt:	\$ 40,496,804
\$0.3505 per \$100 AV against the 2008 Taxable AV, at 99.0% collection, produces:	40,504,984
Maximum Annual Debt Service Requirements All General Obligation Debt:	68,144,483
\$0.5897 per \$100 AV against the 2008 Taxable AV, at 99.0% collection, produces:	68,147,757

<sup>(1)</sup> See Table 8A. Includes the City's Series 2009 GO/CO issuance which is scheduled to deliver on April 8, 2009.

**City of Lubbock, TX**  
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**TABLE 7 - ESTIMATED OVERLAPPING DEBT**

Expenditures of the various taxing entities within the territory of the City are paid out of ad valorem taxes levied by such entities on properties within the City. Such entities are independent of the City and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax bonds ("Tax Debt") was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional Tax Debt since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional Tax Debt, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the City.

<u>Taxing Jurisdiction</u>	<u>Gross Debt (As of 2/15/09)</u>	<u>Estimated % Overlapping</u>	<u>Overlapping Debt</u>
Frenship ISD	\$ 157,574,716	66.53	\$ 104,834,459
Idalou ISD	-	3.92	-
Lubbock County	78,005,000	83.13	64,845,557
Lubbock ISD	122,005,112	98.70	120,419,046
Lubbock-Cooper ISD	45,760,000	57.09	26,124,384
New Deal ISD	-	25.44	-
Roosevelt ISD	11,909,998	2.98	<u>354,918</u>
Estimated Overlapping Debt			\$ 316,578,363
The City	685,435,000 <sup>(1)</sup>	100.00%	<u>685,435,000</u>
Total Direct & Estimated Overlapping Debt			\$ 1,002,013,363
As a % of 2008 Taxable Assessed Valuation			8.58%
Per Capita Total Direct & Estimated Overlapping Debt			\$ 4,590

<sup>(1)</sup> As of April 8, 2009. Includes the City's Series 2009 GO/CO issuance which is scheduled to deliver on April 8, 2009.

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**TABLE 8A - GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS**

FYE 30-Sep	Outstanding Debt <sup>(1)</sup>		
	Principal	Interest	Total
2009	\$ 32,800,000	30,646,797	63,446,797
2010	35,065,000	33,079,483	68,144,483
2011	37,685,000	29,730,082	67,415,082
2012	37,775,000	28,043,456	65,818,456
2013	39,110,000	26,300,764	65,410,764
2014	39,655,000	24,483,740	64,138,740
2015	38,250,000	22,718,933	60,968,933
2016	37,920,000	21,013,271	58,933,271
2017	38,675,000	19,247,880	57,922,880
2018	39,875,000	17,418,847	57,293,847
2019	38,465,000	15,525,006	53,990,006
2020	35,660,000	13,756,408	49,416,408
2021	34,845,000	12,048,504	46,893,504
2022	33,005,000	10,381,944	43,386,944
2023	32,955,000	8,760,791	41,715,791
2024	31,990,000	7,156,072	39,146,072
2025	31,880,000	5,601,906	37,481,906
2026	28,995,000	4,098,297	33,093,297
2027	23,910,000	2,791,323	26,701,323
2028	19,240,000	1,743,542	20,983,542
2029	9,300,000	1,062,768	10,362,768
2030	5,735,000	712,173	6,447,173
2031	6,000,000	445,949	6,445,949
2032	2,195,000	260,438	2,455,438
2033	2,290,000	159,525	2,449,525
2034	2,400,000	54,000	2,454,000
	<u>\$ 715,675,000</u>	<u>337,241,899</u>	<u>1,052,916,899</u>

Average Annual Debt Service Requirements All General Obligation Debt: \$ 40,496,804

Maximum Annual Debt Service Requirements All General Obligation Debt: 68,144,483

<sup>(1)</sup> Does not include lease/purchase obligations. Includes the City's Series 2009 GO/CO issuance which is scheduled to deliver on April 8, 2009.

**TABLE 8B - INTEREST AND SINKING FUND BUDGET PROJECTION**

General Purpose General Obligation Debt Service Requirements, September 30, 2009		\$ 11,234,503
Fiscal Agent Fees		15,000
Interest and Sinking Fund, September 30, 2008	\$ 2,104,697	
Interest and Sinking Fund Tax Levy @ 99%	10,143,378	
Estimated Interest Earnings	<u>641,437</u>	<u>12,889,512</u>
Projected Balance, September 30, 2009		\$ 1,640,009



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**TABLE 9 - DIVISION OF GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS <sup>(a)</sup>**

FYE	Waterworks System	Sewer System	Solid Waste Disposal System	Drainage Utility System	Tax Increment Financing	Electric Light & Power System	Cemetery	Gateway	HOT	Airport	General Purpose	Less: Refunded Obligations	Plus: Refunding Bonds	Total G.O.
30-Sep	Debt Service	Debt Service	Debt Service	Debt Service	Debt Service	Debt Service	Debt Service	Debt Service	Debt Service	Debt Service	Debt Service			Debt Service
2009	\$ 16,520,034	11,606,571	1,202,711	6,451,591	3,044,660	6,466,230	55,218	4,786,675	97,329	2,463,559	11,234,503	482,284	-	63,446,797
2010	17,120,534	11,207,594	1,308,128	6,534,427	3,119,858	6,948,169	55,235	7,251,559	97,313	2,417,686	12,188,964	4,467,288	4,362,302	68,144,484
2011	16,980,278	11,046,319	1,286,864	6,522,876	3,110,542	6,848,639	55,224	7,097,608	97,274	2,408,627	12,069,506	4,280,865	4,172,188	67,415,082
2012	16,097,695	10,809,018	1,277,013	6,521,692	3,109,037	6,767,188	55,213	7,103,371	97,248	2,405,973	11,683,683	4,021,364	3,912,688	65,818,456
2013	16,045,247	10,623,735	1,266,551	6,522,873	3,110,078	6,698,535	55,234	7,099,134	97,323	2,393,517	11,608,053	3,772,079	3,662,563	65,410,764
2014	16,005,697	10,461,819	1,250,613	6,519,189	3,111,000	6,619,978	55,217	7,103,646	97,280	1,484,055	11,534,967	3,609,158	3,504,438	64,138,740
2015	15,877,901	8,581,649	1,234,680	6,521,207	3,110,001	6,543,658	55,227	7,100,237	97,328	1,348,035	10,606,429	811,213	703,794	60,968,933
2016	15,819,955	7,789,802	1,255,137	6,553,398	3,110,836	6,462,067	55,223	7,097,248	97,248	455,275	10,343,226	1,287,369	1,181,225	58,933,271
2017	15,783,921	7,749,730	1,232,649	6,570,429	3,116,089	6,361,141	55,206	7,098,509	97,248	457,940	9,509,519	1,237,581	1,128,081	57,922,880
2018	15,565,317	7,484,342	1,219,653	6,580,575	3,110,532	6,295,481	55,204	7,101,324	97,317	456,045	9,433,164	1,187,794	1,082,688	57,293,847
2019	15,123,445	7,446,977	1,025,689	6,570,682	3,113,759	4,753,331	55,217	7,097,680	97,290	454,025	8,359,917	633,950	525,944	53,990,007
2020	12,207,864	6,727,887	1,019,328	6,578,420	3,116,868	4,753,389	55,222	7,096,384	97,242	455,823	7,307,981	-	-	49,416,409
2021	10,310,191	6,725,488	1,012,212	6,566,030	3,110,642	4,751,323	55,210	7,101,269	97,327	456,969	6,706,845	-	-	46,893,504
2022	7,633,097	6,725,244	878,048	6,580,748	3,110,045	4,755,328	55,238	7,099,377	97,339	457,856	5,994,624	-	-	43,386,944
2023	7,087,146	6,397,027	881,007	6,573,940	3,113,066	4,747,901	55,204	7,101,309	97,258	457,849	5,204,083	-	-	41,715,791
2024	7,082,964	6,396,342	878,654	6,549,893	3,110,945	3,092,439	55,202	7,100,640	97,289	457,317	4,324,387	-	-	39,146,072
2025	6,348,729	6,350,166	607,400	6,553,025	2,822,962	3,097,360	55,207	7,097,178	97,308	457,137	3,995,433	-	-	37,481,906
2026	6,060,233	5,772,306	607,361	6,557,107	2,110,081	2,615,692	55,212	5,957,242	97,305	232,352	3,028,406	-	-	33,093,297
2027	4,743,440	4,602,176	243,810	5,910,801	1,602,070	2,127,275	15,689	5,737,063	97,270	32,797	1,588,932	-	-	26,701,323
2028	3,326,189	4,386,422	136,719	5,448,721	232,556	1,075,943	-	5,734,596	-	-	642,397	-	-	20,983,542
2029	397,025	-	34,979	4,887,251	77,044	555,893	-	4,116,042	-	-	294,534	-	-	10,362,768
2030	-	-	-	4,740,963	-	-	-	1,706,210	-	-	-	-	-	6,447,173
2031	-	-	-	4,740,044	-	-	-	1,705,905	-	-	-	-	-	6,445,949
2032	-	-	-	2,455,438	-	-	-	-	-	-	-	-	-	2,455,438
2033	-	-	-	2,449,525	-	-	-	-	-	-	-	-	-	2,449,525
2034	-	-	-	2,454,000	-	-	-	-	-	-	-	-	-	2,454,000
	<b>\$ 242,136,902</b>	<b>158,890,616</b>	<b>19,859,207</b>	<b>150,914,844</b>	<b>56,572,672</b>	<b>102,336,962</b>	<b>1,009,602</b>	<b>143,490,204</b>	<b>1,848,533</b>	<b>19,752,839</b>	<b>157,659,553</b>	<b>25,790,943</b>	<b>24,235,908</b>	<b>1,052,916,899</b>

<sup>(a)</sup> Includes the City's Series 2009 GO/CO issuance which is scheduled to deliver on April 8, 2009.

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**TABLE 10 - SELF-SUPPORTED DEBT**

**THE WATERWORKS FUND <sup>(1)</sup>**

Net System Revenue Available, Fiscal Year Ended September 30, 2008	\$ 21,107,436
Less: Requirements for Revenue Bonds, Fiscal Year Ended September 30, 2009	-
Balance Available for Other Purposes	21,107,436
Requirements for System General Obligation Debt, Fiscal Year Ending September 30, 2009	16,520,034
Percentage of System General Obligation Debt Self-Supporting	100.00%

<sup>(1)</sup>Each Fiscal Year the City transfers an amount equal to debt service requirements on the Waterworks Fund general obligation debt to a segregated account in the Waterworks Fund.

**THE SEWER FUND <sup>(1)</sup>**

Net System Revenue Available, Fiscal Year Ended September 30, 2008	\$ 16,025,846
Less: Requirements for Revenue Bonds, Fiscal Year Ended September 30, 2009	-
Balance Available for Other Purposes	16,025,846
Requirements for System General Obligation Debt, Fiscal Year Ending September 30, 2009	11,606,571
Percentage of System General Obligation Debt Self-Supporting	100.00%

<sup>(1)</sup>Each Fiscal Year the City transfers an amount equal to debt service requirements on the Sewer Fund general obligation debt to a segregated account in the Sewer Fund. FY2008 revenue includes a transfer of \$4,680,513 from general sewer fund balance.

**THE SOLID WASTE FUND <sup>(1)</sup>**

Net System Revenue Available, Fiscal Year Ended September 30, 2008	\$ 5,681,364
Less: Requirements for Revenue Bonds, Fiscal Year Ended September 30, 2009	-
Balance Available for Other Purposes	5,681,364
Requirements for System General Obligation Debt, Fiscal Year Ending September 30, 2009	1,202,711
Percentage of System General Obligation Debt Self-Supporting	100.00%

<sup>(1)</sup>Each Fiscal Year the City transfers an amount equal to debt service requirements on the Solid Waste Fund general obligation debt to a segregated account in the Solid Waste Fund.

**THE DRAINAGE FUND <sup>(1)</sup>**

Net System Revenue Available, Fiscal Year Ended September 30, 2008	\$ 6,922,614
Less: Requirements for Revenue Bonds, Fiscal Year Ended September 30, 2009	-
Balance Available for Other Purposes	6,922,614
Requirements for System General Obligation Debt, Fiscal Year Ending September 30, 2009	6,451,591
Percentage of System General Obligation Debt Self-Supporting	100.00%

<sup>(1)</sup>Each Fiscal Year the City transfers an amount equal to debt service requirements on the Drainage Fund general obligation debt to a segregated account in the Drainage Fund. FY2008 revenue includes a transfer of \$3,674,910 from general drainage fund balance.

**THE ELECTRIC LIGHT AND POWER FUND <sup>(1)</sup>**

Net Electric Light and Power System Revenue Available, Fiscal Year Ended September 30, 2008	\$ 26,421,986
Less: Requirements for Revenue Bonds, Fiscal Year Ending September 30, 2009	2,501,655
Balance Available for Other Purposes	23,920,331
Requirements for Electric System General Obligation Debt, Fiscal Year Ending September 30, 2009	6,466,230
Percentage of Electric System General Obligation Debt Self-Supporting	100.00%

<sup>(1)</sup> Each Fiscal Year the City transfers an amount equal to debt service requirements on the Electric Light and Power Fund general obligation debt to a segregated account in the Electric Light and Power Fund.

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**THE GATEWAY FUND <sup>(1)</sup>**

Net System Revenue Available, Fiscal Year Ended September 30, 2008	\$	5,791,119
Less: Requirements for Revenue Bonds, Fiscal Year Ended September 30, 2009		-
Balance Available for Other Purposes		5,791,119
Requirements for Fund General Obligation Debt, Fiscal Year Ending September 30, 2009		4,786,675
Percentage of Fund General Obligation Debt Self-Supporting		100.00%

<sup>(1)</sup> Each Fiscal Year the City transfers an amount equal to debt service requirements on the Gateway Fund general obligation debt to a segregated account in the Gateway Fund.

**THE AIRPORT FUND <sup>(1)</sup>**

Net System Revenue Available, Fiscal Year Ended September 30, 2008	\$	4,439,855
Less: Requirements for Revenue Bonds, Fiscal Year Ended September 30, 2009		-
Balance Available for Other Purposes		4,439,855
Requirements for Fund General Obligation Debt, Fiscal Year Ending September 30, 2009		2,463,559
Percentage of Fund General Obligation Debt Self-Supporting		100.00%

<sup>(1)</sup> Each Fiscal Year the City transfers an amount equal to debt service requirements on the Airport Fund general obligation debt to a segregated account in the Airport Fund.

**THE TAX INCREMENT FINANCING FUND <sup>(1)</sup>**

Net System Revenue Available, Fiscal Year Ended September 30, 2008	\$	1,447,829
Less: Requirements for Revenue Bonds, Fiscal Year Ended September 30, 2009		-
Balance Available for Other Purposes		1,447,829
Requirements for Fund General Obligation Debt, Fiscal Year Ending September 30, 2009		3,044,660
Percentage of Fund General Obligation Debt Self-Supporting		47.55%

<sup>(1)</sup> Each Fiscal Year the City transfers an amount equal to debt service requirements on the Tax Increment Financing Fund general obligation debt to a segregated account in the Tax Increment Financing Fund. The remainder of revenue needed to support the Tax Increment Financing Fund general obligation debt is transferred from the City's Solid Waste Fund.

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**TABLE 11 - Authorized But Unissued General Obligation Bonds**

<u>Purpose</u>	<u>Date Authorized</u>	<u>Amount Authorized</u>	<u>Issued To Date <sup>(a)</sup></u>	<u>Unissued</u>
Sewer System	05/21/77	\$ 3,303,000	2,175,000	1,128,000
Waterworks System	10/17/87	2,810,000	200,000	2,610,000
Street Improvements	05/01/93	10,170,000	10,166,000	4,000
Street Improvements	05/15/04	9,210,000	8,764,000	446,000
Civic Center/Auditorium Renovation and Improvements	05/15/04	6,450,000	500,000	5,950,000
Park Improvements	05/15/04	6,395,000	6,395,000	-
Police/Municipal Court Facilities	05/15/04	3,350,000	500,000	2,850,000
Library Improvements	05/15/04	2,145,000	250,000	1,895,000
Fire Stations	05/15/04	1,405,000	1,405,000	-
Animal Shelter Renovations & Improvements	05/15/04	1,045,000	160,000	885,000
		<u>\$ 46,283,000</u>	<u>30,515,000</u>	<u>15,768,000</u>

<sup>(a)</sup> Includes the City's Series 2009 GO/CO issuance which is scheduled to deliver on April 8, 2009.

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**TABLE 12 - Other Obligations**

<b>FYE 30-Sep</b>	<b>Governmental Capital Lease Minimum Payment</b>	<b>Business-Type Capital Lease Minimum Payment</b>	<b>Total Capital Lease Minimum Payment</b>
2009	\$ 3,333,027	4,699,719	8,032,746
2010	3,106,737	4,679,923	7,786,661
2011	2,045,097	3,950,210	5,995,307
2012	1,429,893	2,773,922	4,203,815
2013	910,279	1,689,579	2,599,858
2014-2018	2,768,721	2,469,737	5,238,458
Interest	(1,328,169)	(1,724,774)	(3,052,943)
	<u>\$ 12,265,586</u>	<u>18,538,317</u>	<u>30,803,903</u>

The City also has obligations to pay various contract revenue bonds issued through the Department of Housing and Urban Development and the Canadian Municipal River Authority. The debt service requirements of the contract revenue bonds are detailed below.

<b>FYE 30-Sep</b>	<b>Contract Revenue Bonds</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2009	\$ 1,392,998	1,693,914	3,086,912
2010	1,442,600	1,636,951	3,079,551
2011	1,494,093	1,573,481	3,067,574
2012	1,556,264	1,504,834	3,061,098
2013-2027	29,304,554	11,617,252	40,921,806
	<u>\$ 35,190,509</u>	<u>18,026,432</u>	<u>53,216,941</u>

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**TABLE 13 - CHANGES IN NET ASSETS**

	Fiscal Year Ended September 30 <sup>(1)</sup>				
	2008	2007	2006	2005	2004
<b>REVENUES</b>					
Program Revenues					
Charges for Services	\$ 12,677	10,636	9,632	10,583	12,713
Grants and Contributions	25,154	14,645	11,048	13,296	9,643
General Revenues					
Property Taxes	50,330	47,007	42,771	39,748	44,497
Sales Taxes	50,549	47,780	45,577	41,803	30,555
Other Taxes	5,370	4,909	4,447	4,242	3,793
Franchise Taxes	12,978	12,378	13,348	11,154	9,654
Other	10,316	9,787	11,292	5,742	4,274
<b>Total Revenues</b>	<u>167,374</u>	<u>147,142</u>	<u>138,115</u>	<u>126,568</u>	<u>115,129</u>
<b>EXPENDITURES</b>					
Administrative Services	12,372	12,155	9,910	8,220	7,946
Community Services	6,874	6,951	6,112	6,146	6,776
Cultural and Recreation	16,660	19,671	18,915	17,745	17,102
Economic Development	12,378	11,620	10,283	9,739	4,610
Fire	31,789	27,338	26,711	23,517	22,074
Health	6,142	5,899	5,014	5,040	4,585
Police	46,850	43,022	42,063	38,452	36,543
Other Public Safety	6,678	5,886	5,240	4,977	4,211
Streets and Traffic	16,357	14,370	11,850	12,466	10,570
Non-departmental	-	-	5,206	6,253	2,924
Intergovernmental	-	12,500	-	-	-
Interest on Long-Term Debt	8,367	6,968	4,326	3,195	4,877
<b>Total Expenditures</b>	<u>164,467</u>	<u>166,380</u>	<u>145,630</u>	<u>135,750</u>	<u>122,218</u>
Changes in net assets before special items and transfers	2,907	(19,238)	(7,515)	(9,182)	(7,089)
Special items	-	-	-	-	-
Transfers	(4,703)	10,572	9,607	15,469	9,745
Changes in net assets	(1,796)	(8,666)	2,092	6,287	2,656
Net Assets - beginning of year, as restated	141,729	112,721	110,629	104,341	101,684
Restatement	-	37,674	-	-	-
Net assets - end of year	<u>\$ 139,933</u>	<u>141,729</u>	<u>112,721</u>	<u>110,628</u>	<u>104,340</u>

<sup>(1)</sup> Audited. Units are in 000s.

Note: Data shown reflects general governmental activities reported in accordance with GASB Statement No. 34. The financial statements include a management discussion and analysis of the operating results of such fiscal year, including restatements to beginning fund balances and net assets.

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**TABLE 13A - GENERAL FUND REVENUES AND EXPENDITURES HISTORY**

	<b>Fiscal Year Ended September 30</b>				
	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
<b>REVENUES</b>					
Taxes	\$ 85,345,082	80,266,416	75,999,624	68,716,601	64,727,362
Franchise Taxes	7,786,611	7,429,660	8,008,973	6,693,209	9,654,447
Licenses and Permits	2,663,139	2,531,032	2,250,635	1,953,666	1,982,281
Intergovernmental	530,389	514,896	408,997	480,648	428,459
Charges for Services	3,339,148	4,057,958	4,781,043	4,070,642	4,467,733
Fees and Fines	3,279,911	3,669,099	3,981,978	4,015,402	3,675,856
Miscellaneous	2,574,448	2,582,509	1,465,215	1,506,315	1,442,677
Interest	1,052,842	1,469,083	921,742	349,236	334,730
Operating Transfers	-	-	-	16,565,397	10,723,891
<b>Total Revenues and Transfers</b>	<b>\$ 106,571,570</b>	<b>102,520,653</b>	<b>97,818,207</b>	<b>104,351,116</b>	<b>97,437,436</b>
<b>EXPENDITURES</b>					
General Government	\$ -	-	-	6,159,536	5,633,469
Financial Services	-	-	-	2,139,492	2,333,469
Cultural and Recreation	12,253,380	15,251,742	13,986,576	-	-
Economic & Business Development	1,215,978	1,122,880	1,146,267	-	-
Non-departmental	-	-	1,882,255	445,251	214,562
Admin/General Government	11,047,039	11,560,733	9,356,059	18,330,508	18,156,455
Police	42,831,016	40,448,254	37,463,740	33,919,626	32,400,371
Fire	29,630,222	26,690,350	24,638,814	21,943,267	20,613,077
Health	4,133,917	4,004,913	3,738,790	-	-
Other Public Safety	4,703,249	4,508,394	4,287,806	-	-
Planning and Transportation	-	-	-	8,120,727	7,180,843
Streets and Traffic	8,168,462	7,663,278	7,439,045	2,214,291	2,185,286
Human Resources	-	-	-	740,826	754,225
Debt Service	2,396,605	1,694,844	1,154,226	-	-
Capital Outlay	3,966,065	4,256,705	7,184,866	5,277,100	475,585
Operating Transfers	-	-	-	3,912,645	4,212,915
<b>Total Expenditures</b>	<b>\$ 120,345,933</b>	<b>117,202,093</b>	<b>112,278,444</b>	<b>103,203,269</b>	<b>94,160,257</b>
Excess (Deficiency) of Revenues and Transfers over Expenditures	\$ (13,774,363)	(14,681,440)	(14,460,237)	1,147,847	3,277,179
Capital Leases	3,011,141	3,721,262	5,119,980	3,534,048	-
Transfer In	17,729,361	14,536,071	13,325,046	-	-
Transfer Out	(6,129,512)	(4,374,956)	(1,436,498)	-	-
Fund Balance at Beginning of Year	19,125,648	19,924,711	17,376,420	12,694,525	9,417,346
Fund Balance at End of Year	\$ 19,962,275	19,125,648	19,924,711	17,376,420	12,694,525
Less: Reserves and Designations	168,657	171,580	168,964	107,828	566,556
Undesignated Fund Balance (a)	<b>\$ 19,793,618</b>	<b>18,954,068</b>	<b>19,755,747</b>	<b>17,268,592</b>	<b>12,127,969</b>

<sup>(a)</sup> The City's financial policies target a General Fund undesignated balance of at least 20% of General Fund revenues. The undesignated fund balance is at 92.87% of the target established by the City's financial policies.

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**TABLE 14 - MUNICIPAL SALES TAX HISTORY**

The City has adopted the Municipal Sales and Use Tax Act, Chapter 321, Texas Tax Code, which grants the City the power to impose and levy a 1% Local Sales and Use Tax within the City; the proceeds are credited to the General Fund and are not pledged to the payment of the Bonds or other debt of the City. In addition, in January, 1995, Lubbock approved the imposition of an additional sales and use tax of one-eighth of a cent as authorized by Chapter 323 Texas Tax Code, as amended. Collection for the additional tax commenced in October, 1995 with the proceeds from the one-eighth cent sales tax designated for the use and benefit of the City to replace property tax revenues lost as a result of the adoption of the tax. At an election held in the City on November 4, 2003, voters approved an additional one-quarter cent sales and use tax, with the proceeds to be dedicated to the reduction of ad valorem taxation, and an additional one-eighth cent sales and use tax under Section 4A of the Texas Development Corporation Act (Article 5190.6, Texas Revised Civil Statutes), to be used for economic development in Lubbock.

The City began to receive proceeds of these taxes in October 2004. Collection and enforcement of the City's sales tax are effected through the offices of the Comptroller of Public Accounts, State of Texas. The Comptroller remits the proceeds of the tax to the City on a monthly basis after the deduction of a 2% service fee. Historical collections of the City's local Sales and Use Tax are shown below:

<b>FYE 30-Sep</b>	<b>Total Collected <sup>(1)</sup></b>	<b>% of Ad Valorem Tax Levy</b>	<b>Equivalent of Ad Valorem Tax Rate</b>	<b>Per Capita <sup>(2)</sup></b>
2003	\$ 29,092,032	69.11	\$ 0.3962	142.09
2004	30,554,632	69.98	0.3857	148.11
2005	41,803,092	105.30	0.4825	199.90
2006	45,576,582	109.10	0.4556	215.81
2007	47,780,448	103.72	0.4385	224.99
2008	50,548,865	102.75	0.4093	235.28

<sup>(1)</sup> Excludes bingo tax receipts and mixed beverage tax.

<sup>(2)</sup> Based on population estimates of the City.

Effective as of October 1, 2006, the sales tax allocation for the City is as follows:

	<b>Sales Tax Allocation %</b>
City Sales & Use Tax	1.000
City Sales & Use Tax for Property Tax Relief	0.375
City Sales & Use Tax for Economic Development	0.125
County Sales & Use Tax	0.500
State Sales & Use Tax	6.250
Total	<u>8.250</u>



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**TABLE 15 - CURRENT INVESTMENTS**

As of December 31, 2008, City funds were invested in the following categories:

<b>Type</b>	<b>Par Value</b>	<b>Book Value</b>		<b>Estimated Market Value <sup>(1)</sup></b>	
		<b>Value</b>	<b>% of Total Book Value</b>	<b>Value</b>	<b>% of Total Market Value</b>
United States Agency Obligations	\$ 127,475,000	128,414,849	32.34	\$ 130,244,628	32.65
United States Treasury Bills	150,000	150,288	0.04	150,732	0.04
Money Market Mutual Funds <sup>(2)</sup>	3,373,880	3,373,880	0.85	3,373,880	0.85
Local Government Investment Pools <sup>(3)</sup>	265,148,668	265,148,668	66.77	265,148,668	66.47
	<u>\$ 396,147,548</u>	<u>397,087,685</u>	<u>100.00</u>	<u>\$ 398,917,908</u>	<u>100.00</u>

<sup>(1)</sup> Market prices are obtained from Wells Fargo Brokerage. No funds are invested in mortgage backed securities. The City holds all investments to maturity to minimize the risk of market price volatility.

<sup>(2)</sup> Money Market Funds are held at Wells Fargo Bank, Texas N.A.

<sup>(3)</sup> Local government investment pools consist of entities whose investment objectives are preservation and safety of principal, liquidity, and yield. The pools seek to maintain a \$1.00 value per share as required by the Texas Public Funds Investment Act.

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**Table 16 - Monthly Water Rates**

On September 26, 2001 the Lubbock City Council adopted a four year 12% total increase in water rates. On September 26, 2002, the Lubbock City Council added a fifth year rate increase of 3%. On September 13, 2006, the Lubbock City Council adopted a roughly 11% increase in water rates, effective October 1, 2006. On February 28, 2008, the Lubbock City Council adopted a roughly 16% increase in water rates, effective March 1, 2008.

On March 9, 2009, the Lubbock City Council adopted water rate increases, effective April 1, 2009, that are designed to cover water expenses for 2008-09 and 2009-10 fiscal years and that fully fund the debt service for a number of major water supply projects.

<u>Base Rate <sup>(1)</sup></u>	<u>Effective 04/01/09</u>
3/4" meter	18.00
1" meter (single family residential)	30.05
1" meter (other than residential)	30.05

<u>Flow Rate Charge per 1,000 Gallons</u>	<u>Block 1</u>	<u>Block 2</u>	<u>Block 3</u>
Single Family Residential	2.67	4.29	5.93
Single Family Residential Irrigation	n/a	4.29	5.93
Multi-Family Residential, Commercial and Public	2.67	4.29	5.93
Non-Residential Irrigation	n/a	4.29	5.93
Schools	2.67	n/a	n/a
Wholesale	3.47	5.58	7.71

<sup>(1)</sup> The Base Rate is for water service; Base Rates shown are for a 3/4" water meter and a 1" meter for residential and commercial customers; higher Base Rates apply to meters ranging from 1.5" to 10".

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**Table 17 - Historical Water Consumption (Million Gallons)**

<u>Calendar Year</u>	<u>Average Daily Consumption</u>	<u>Maximum Consumption Day/Year</u>
2003	38.119	73.605
2004	34.421	59.940
2005	34.606	62.539
2006	38.400	68.770
2007	29.398	47.297
2008	32.947	57.176

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**Table 18 - Waterworks System Condensed Statement of Operations**

	Fiscal Year Ended September 30,				
	2008	2007	2006	2005	2004
<b>REVENUE</b>					
Operating Revenues	\$ 42,527,445	35,454,426	37,330,953	33,306,786	31,907,893
Non-Operating Revenues	2,123,853	1,746,843	1,678,056	883,824	539,413
Gross Revenues	<u>44,651,298</u>	<u>37,201,269</u>	<u>39,009,009</u>	<u>34,190,610</u>	<u>32,447,306</u>
<b>EXPENSE</b>					
Operating Expense <sup>(1)</sup>	<u>23,543,862</u>	<u>18,781,580</u>	<u>20,720,395</u>	<u>17,619,668</u>	<u>20,550,379</u>
Net Revenues	<u>\$ 21,107,436</u>	<u>18,419,689</u>	<u>18,288,614</u>	<u>16,570,942</u>	<u>11,896,927</u>
Number of Water Meters	78,156	77,388	77,147	75,876	72,500

<sup>(1)</sup> Operating expense includes construction repayment costs and operation and maintenance charges paid to Canadian River Municipal Water Authority and excludes depreciation and capital expenditures.

Note: The City has no outstanding or authorized Waterworks System Revenue Bonds, however, there is \$162,511,542 of general obligation debt outstanding which was issued for water system purposes on which annual debt service is provided from revenues of the System.

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**Table 19 - Historic Wastewater Plant Treatment**

The table below sets forth the average daily influent treated in million gallons per day, at the City's Southwest Water Reclamation Plant for each of the last seven calendar years.

<u>Calendar Year</u>	<u>Average Treatment</u>
2002	18.1 mgd
2003	19.0 mgd
2004	21.6 mgd
2005	21.2 mgd
2006	21.0 mgd
2007	23.0 mgd
2008	22.8 mgd

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**Table 20 - Monthly Wastewater Rates**

In providing adequate wastewater service to its customers, the utility must receive sufficient total revenue to ensure proper operation and maintenance, development and perpetuation of the system, and preservation of the utility's financial integrity. Nearly all of total revenue requirements for the utility is met from revenues derived from wastewater residential and commercial fees.

The goal in setting wastewater rates is to generate enough revenue to fund operating costs, debt payments, utility billing charges, indirect allocation, and transfers to the general fund; to adequately fund system improvements and maintenance programs; and to build and/or maintain target balances in both working capital and rate stabilization funds.

On October 1, 2002, a 20% rate increase implemented over a four-year period was approved to meet the goals stated above. On March 9, 2009, the Lubbock City Council adopted a 12% increase in wastewater revenue, effective April 1, 2009. In July 2007, the City adopted the Strategic Water Supply Plan. The Plan recommends the Southeast Water Reclamation Plant be improved to treat all wastewater to stream discharge quality standards.

<u>Residential</u>	<u>Effective 04/01/09</u>
Base Rate <sup>(1)</sup>	\$9.80
Flow Rate (Water Consumption)	2.05
<u>Commercial/Industrial</u> <sup>(2)</sup>	
Base Rate <sup>(1)</sup>	17.26
Flow Rate (Water Consumption)	2.05

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<sup>(1)</sup> The Base Rate is for sewer service; Base Rates shown are for a 3/4" water meter for residential consumers and a 1 1/2" water meter for commercial consumers; higher Base Rates apply to larger meters ranging from 2" to 10".

<sup>(2)</sup> Industrial waste that exceeds allowable limits is subject to surcharge for treating biochemical oxygen demand ("B.O.D.") and total suspended solids ("T.S.S."). Present surcharge rate for B.O.D. is \$0.2333/lb. and for T.S.S. is \$0.1687/lb.

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**Table 21 - Wastewater System Condensed Statement of Operations**

	Fiscal Year Ended September 30				
	2008	2007	2006	2005	2004
<b>REVENUE</b>					
Operating	\$ 21,095,745	19,841,503	21,087,364	19,829,430	18,889,095
Non-Operating Revenues	1,954,744	1,541,445	1,064,241	377,660	(490,811)
Gross Revenues	<u>23,050,489</u>	<u>21,382,948</u>	<u>22,151,605</u>	<u>20,207,090</u>	<u>18,398,284</u>
<b>EXPENSE</b>					
Operating Expense <sup>(1)</sup>	<u>11,705,156</u>	<u>10,703,532</u>	<u>13,778,357</u>	<u>10,864,515</u>	<u>9,677,781</u>
Net Revenues	<u>\$ 11,345,333</u>	<u>10,679,416</u>	<u>8,373,248</u>	<u>9,342,575</u>	<u>8,720,503</u>
Number of Wastewater Records	72,389	71,616	70,490	69,222	66,000

<sup>(1)</sup> Operating expense excludes depreciation and capital expenditures.

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**Table 22 - Monthly Solid Waste Rates**

Summarized below are the current solid waste rates of the City as of October 1, 2008.\*

<u>Residential Garbage Rate</u>	
Monthly Rate	\$ 13.25
<u>Commercial Garbage Rate</u>	
<u>Container Size</u>	<u>Monthly Rate</u>
2 cubic yards	\$ 35.25
3 cubic yards	52.25
4 cubic yards	69.25
6 cubic yards	100.25
8 cubic yards	131.25
<u>Landfill Fees</u>	
Tipping Fees	\$ 27.25/ton

\*Rates do not include state surcharge fees or sales tax.



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**Table 23 - Solid Waste System Condensed Statement of Operations**

	Fiscal Year Ended September 30				
	2008	2007	2006	2005	2004
Operating Revenues	\$ 16,754,438	16,885,042	13,948,861	12,420,499	11,641,316
Non-Operating Revenues	1,046,895	1,272,107	696,582	578,387	(1,024,525)
Gross Revenues	<u>17,801,333</u>	<u>18,157,149</u>	<u>14,645,443</u>	<u>12,998,886</u>	<u>10,616,791</u>
Operating Expense <sup>(1)</sup> (excluding depreciation)	<u>12,119,969</u>	<u>10,741,078</u>	<u>10,731,475</u>	<u>9,407,460</u>	<u>8,078,226</u>
Net Revenues	<u><u>\$ 5,681,364</u></u>	<u><u>7,416,071</u></u>	<u><u>3,913,968</u></u>	<u><u>3,591,426</u></u>	<u><u>2,538,565</u></u>

<sup>(1)</sup> Operating expense excludes depreciation and capital expenditures.

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**Table 24 - Monthly Municipal Drainage Rates**

On September 25, 2008, the City Council adopted a new Drainage System rate ordinance, which became effective on October 1, 2008. The current rates are shown below.

	Current Rates
<u>Residential Property:</u>	
Single Family Residential	\$ 6.00
Multi-Family Residential B duplex, triplex and quadraplex (per unit):	6.00
Residential Water Sprinklers	Exempt
Mobile Homes and Mobile Home Parks	6.00
Construction - Residential	6.00
 <u>Non-residential Property:</u>	
Multi-Family Commercial (per unit):	\$ 6.00
Apartment Complex <sup>(1)</sup>	39.83
Private Schools, Churches, Federal Government	39.83
Commercial - Retail, Service, Industrial	39.83
Construction - Commercial	39.83
All Non-Residential Water Sprinklers	39.83

<sup>(1)</sup> Sprinkler meters for all apartment complexes are subject to the residential rate.

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**Table 25 - Drainage Utility System Condensed Statement of Operations**

	Fiscal Year Ended September 30				
	2008	2007	2006	2005	2004
Operating Revenues	\$ 6,633,255	6,519,658	6,348,461	6,239,436	6,019,490
Non-Operating Revenues	951,903	1,332,620	1,799,381	1,161,028	286,656
Gross Revenues	<u>7,585,158</u>	<u>7,852,278</u>	<u>8,147,842</u>	<u>7,400,464</u>	<u>6,306,146</u>
Operating Expense <sup>(1)</sup> (excluding depreciation)	<u>4,337,754</u>	<u>1,970,978</u>	<u>1,671,579</u>	<u>1,715,161</u>	<u>1,138,306</u>
Net Revenues	<u><u>\$ 3,247,404</u></u>	<u><u>5,881,300</u></u>	<u><u>6,476,263</u></u>	<u><u>5,685,303</u></u>	<u><u>5,167,840</u></u>

<sup>(1)</sup> Operating expense excludes depreciation and capital expenditures.

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**Table 26 - Generating Stations**

Manufacturer	Year Installed	Station	Prime Mover	Fuel	Generator Capacity (in MW)	Dependable Capacity (in MW)
Nordberg	1946	J.R. Massengale No. 1 <sup>(3)</sup>	Diesel	Dual Fuel	3	-
Nordberg	1947	J.R. Massengale No. 2 <sup>(3)</sup>	Diesel	Dual Fuel	3	-
Westinghouse	1952	J.R. Massengale No. 4 <sup>(3)</sup>	Steam Turbine	Gas	11	-
Westinghouse	1953	J.R. Massengale No. 5 <sup>(3)</sup>	Steam Turbine	Gas	11	-
Westinghouse	1957	J.R. Massengale No. 6 <sup>(1)</sup>	Steam Turbine	Gas	22	20
Westinghouse	1958	J.R. Massengale No. 7 <sup>(1)</sup>	Steam Turbine	Gas	22	20
Westinghouse	1964	Cooke GT 1	Gas Turbine	Gas	13	11
General Electric	1965	<b>Cooke Steam 1</b>	Steam Turbine	Gas or Oil	46	44
Worthington	1971	Cooke GT 2	Gas Turbine	Gas	21	15
General Electric	1974	Cooke GT 3	Gas Turbine	Gas	24	15
General Electric	1978	<b>Cooke Steam 2</b>	Steam Turbine	Gas or Oil	54	48
General Electric	1990	<b>TX Tech (Brandon 1)</b> <sup>(2)</sup>	Gas Turbine	Gas	20	21
General Electric	2000	<b>J.R. Massengale No. 8</b> <sup>(1)</sup>	Gas Turbine	Gas	40	39
					290	233

Note: **Bolded Units** reflect primary generation turbines

<sup>(1)</sup> Renovation of four generating units at J.R. Massengale Plant was completed in 1997 adding approximately 38.5 MW usable generation to the LP&L system. LP&L, under contract with WTMPA, has constructed a new 43 MW generator and has repowered a 22 MW generation unit for WTMPA at LP&L's J.R. Massengale Plant (collectively, the "WTMPA Project") At present, WTMPA has contractually dedicated the entire output of the "WTMPA Project" to LP&L for LP&L's use. In return, LP&L is obligated to pay for the operation, maintenance and upkeep of the WTMPA Project as well as the principal and interest payments on the outstanding indebtedness on the WTMPA Project. In February 2005, the City issued \$27.8 million to acquire the WTMPA Project. The facility was acquired with the proceeds of the bonds and WTMPA applied the bond proceeds to defease the bonds that were issued by WTPMA in 1998 that financed the WTMPA project.

<sup>(2)</sup> Cogeneration plant located at Texas Tech University; waste heat is used to produce steam which is sold to the University.

<sup>(3)</sup> Units 1, 2, 4, & 5 at J.R. Massengale Station are no longer economical to operate and have been decommissioned.

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**Table 27 - Historical Power Supply Requirements**

Fiscal Year	Peak Demand		Energy Sales <sup>(1)</sup>		
	MW	% Increase	MWh	% Increase	Load Factor (%)
2004	317.1	(4.92)	1,335,317	(4.65)	48.07
2005	334.8	5.58	1,444,310	8.16	49.25
2006	363.7	8.63	1,525,062	5.59	47.87
2007	367.1	0.93	1,535,287	0.67	47.74
2008	382.8	4.28	1,637,330	6.65	48.83

<sup>(1)</sup> Does not include Off System sales.

Fiscal Year	Systems Requirements		
	MWh	% Increase	Load Factor (%)
2004	1,399,673	(1.37)	50.39
2005	1,516,543	8.35	51.71
2006	1,581,404	4.28	49.64
2007	1,621,836	2.56	50.43
2008	1,712,329	5.58	51.06

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**Table 28 - Statistical Data**

<u>kWh TO SYSTEM</u>	Fiscal Year Ended September 30				
	2008	2007	2006	2005	2004
	\$ 2,222,111,800	1,998,002,499	2,057,578,928	1,921,072,692	1,569,082,404
Sales of kWh					
Residential Service	685,995,051	648,762,856	645,806,895	608,425,779	571,452,412
Commercial Service	788,148,421	728,189,770	730,528,356	687,368,070	620,559,435
Municipal and Schools	163,186,180	158,334,395	148,271,498	148,516,593	143,355,937
Total Retail Sales	1,637,329,652	1,535,287,021	1,524,606,749	1,444,310,442	1,335,367,784
Wholesale Sales (Off System Sales)	509,782,800	376,166,499	476,630,000	404,529,400	169,409,000
Total Sales to All Customers	2,147,112,452	1,911,453,520	2,001,236,749	1,848,839,842	1,504,776,784
Loss and Unaccounted for	74,999,348	86,548,979	56,342,179	72,232,850	64,356,627
kWh To The System	2,222,111,800	1,998,002,499	2,057,578,928	1,921,072,692	1,569,133,411
EOFY Residential Meters	65,063	62,574	60,662	58,342	55,904
EOFY Commercial Meters	7,808	7,772	7,233	6,936	6,513
EOFY Municipal and School Meters	1,033	1,019	945	949	946
EOFY Total Meters	73,904	71,365	68,840	66,227	63,363
Total Plant Peak kW Demand	382,800	367,100	363,700	334,800	317,100
System Peak kW Demand <sup>(2)</sup>	375,218	360,522	345,977	328,691	310,624

<sup>(1)</sup> Began tracking separately in 2007.

<sup>(2)</sup> Deducts station power from total plant peak to calculate net peak to load.

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**Table 29 - Ten Largest Customers (Annual Consumption and Revenue)**

	Fiscal Year Ended September 30, 2008			
	Megawatt Hours Billed	% of Total	Revenues	% of Total
Top 10 Customers	397,485	30.0	\$ 28,456,853	23.0
Top Two Customers	206,136	15.6	14,505,801	11.7

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**Table 30 - Analysis of Electric Bills**

	Fiscal Year Ended September 30				
	2008	2007	2006	2005	2004
<u>All Customer:</u>					
Average Monthly kWh Per Meter	1,872	1,823	1,875	1,863	1,776
Average Monthly Bill Per Meter	\$ 165.81	143.15	155.54	136.44	123.27
Average Monthly Revenue Per kWh	0.088568	0.078531	0.082952	0.073234	0.069413
<u>Residential Customer:</u>					
Average Monthly kWh Per Meter	891	875	901	890	863
Average Monthly Bill Per Meter	\$ 86.95	74.97	78.50	70.18	66.25
Average Monthly Revenue Per kWh	0.097621	0.085702	0.087151	0.078832	0.076014
<u>Commercial:</u>					
Average Monthly kWh Per Meter	8,554	8,273	8,617	8,548	7,943
Average Monthly Bill Per Meter	\$ 710.67	602.31	680.89	584.37	497.75
Average Monthly Revenue Per kWh	0.083080	0.072803	0.079019	0.068362	0.063752
<u>Municipal and School:</u>					
Average Monthly kWh Per Meter	13,317	12,639	13,050	13,122	12,616
Average Monthly Bill Per Meter	\$ 1,025.64	954.15	1,096.76	955.92	872.77
Average Monthly Revenue Per kWh	0.077017	0.075490	0.084044	0.072848	0.069413



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**Table 31 - Lubbock Power & Light 6-Year Capital Improvement Plan**

Fiscal Year Ending <u>September 30</u>	Total LP&L Capital <u>Improvements</u>
2008	\$ 10,705,500
2009	8,550,000
2010	7,385,000
2011	10,050,000
2012	8,550,000
2013	7,050,000
	<u>\$ 52,290,500</u>

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**Table 32 - Electric Light and Power System Revenue Bond Debt Service Requirements**

Fiscal Year Ending September 30	Outstanding Revenue Debt		
	Principal <sup>(1)</sup>	Interest	Total
2009	\$ 1,720,000	781,655	2,501,655
2010	1,715,000	700,945	2,415,945
2011	1,705,000	624,848	2,329,848
2012	1,360,000	547,595	1,907,595
2013	1,360,000	484,450	1,844,450
2014	1,360,000	420,290	1,780,290
2015	1,360,000	355,000	1,715,000
2016	1,360,000	288,810	1,648,810
2017	1,360,000	224,700	1,584,700
2018	1,360,000	159,460	1,519,460
2019	900,000	94,220	994,220
2020	460,000	48,300	508,300
2021	460,000	24,150	484,150
	<u>\$ 16,480,000</u>	<u>4,754,423</u>	<u>21,234,423</u>

<sup>(1)</sup> Principal paid October 15th of each year.

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**Table 33 - Condensed Statement of Operations**

	Fiscal Year Ended September 30				
	2008	2007	2006	2005	2004
<b>REVENUE</b>					
Operating Revenues					
Charges for Services	\$ 153,071,017	145,953,649	212,074,481	179,759,626	101,551,701
Non-Operating Income	5,366,811	6,465,340	2,642,333	372,892	(2,045,281)
Gross Revenues	<u>158,437,828</u>	<u>152,418,989</u>	<u>214,716,814</u>	<u>180,132,518</u>	<u>99,506,420</u>
<b>OPERATING EXPENSE</b>					
Personnel Services	12,305,453	13,763,044	10,718,282	9,921,315	8,294,785
Supplies	1,196,956	1,041,200	884,891	585,433	456,933
Maintenance	1,841,172	3,026,095	1,907,683	1,575,709	2,756,885
Power Plant Fuel	638,140	509,539	1,118,618	1,754,558	10,826,953
Gas Swap		12,813,521	72,572,034	62,143,072	-
Purchased Power	112,214,828	89,538,070	94,163,377	83,082,557	63,142,474
Uncollectible Accounts		-	589,728	-	-
Other Charges	3,819,293	5,210,063	4,072,409	5,007,907	3,758,830
Total Operating Expenses	<u>132,015,842</u>	<u>125,901,532</u>	<u>186,027,022</u>	<u>164,070,551</u>	<u>89,236,860</u>
Net Revenues <sup>(1)</sup>	<u>\$ 26,421,986</u>	<u>26,517,457</u>	<u>28,689,792</u>	<u>16,061,967</u>	<u>10,269,560</u>
Electric Connections	72,949	71,489	68,840	66,227	63,076

<sup>(1)</sup> The statement of operations shown above represents amounts legally available for the payment of LP&L debt service, but does not take into account all transfers from LP&L to the City's General Fund.

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**Table 34 - Coverage and Fund Balances**

Electric Light and Power System Revenue Available, September 30, 2008 .....	\$ 26,421,986	
Electric Light and Power System Revenue Bonds Outstanding.....	\$ 16,480,000	
Average Annual Principal and Interest Requirements, 2009-2021.....	1,633,417	
Coverage by Net Revenues, Fiscal Year Ended September 30, 2008 .....	16.18	X
Maximum Principal and Interest Requirements, 2009-2021.....	2,501,655	
Coverage by Net Revenues, Fiscal Year Ended September 30, 2008 .....	10.56	X
Interest and Sinking Fund, September 30, 2008 .....	1,769,464	
Reserve Fund, <sup>(1)</sup> September 30, 2008 .....	1,633,417	

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<sup>(1)</sup> For LP&L's revenue bonds, the City covenants to maintain in the Reserve Portion of the Bond Fund a Required Reserve of not less than the average annual principal and interest requirements of all Bonds Similarly Secured, which will be calculated each fiscal year. This is calculated by dividing \$21,234,423 by 13 to equal \$1,633,417.

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**Table 35 - Lubbock's Equity in LP&L**

	Fiscal Year Ended September 30				
	2008	2007	2006	2005	2004
Property, Plant and Equipment	\$ 265,347,620	254,720,000	243,064,820	227,286,916	225,475,026
Less: Allowance for depreciation	(126,673,526)	(118,192,554)	(109,872,651)	(100,389,815)	(94,090,505)
	<u>138,674,094</u>	<u>136,527,446</u>	<u>133,192,169</u>	<u>126,897,101</u>	<u>131,384,521</u>
Construction in Progress	14,207,964	10,295,363	8,814,299	12,248,738	9,488,738
Net Fixed Asset Value	<u>152,882,058</u>	<u>146,822,809</u>	<u>142,006,468</u>	<u>139,145,839</u>	<u>140,873,259</u>
Plus:					
Capital Projects Fund	-	-	-	-	-
Permanent Capital Maintenance Fund	3,873,363	7,632,149	2,250,221	1,912,705	6,329,838
System Improvement Fund	-	-	-	-	-
Economic Development Fund	-	-	-	-	-
Rate Stabilization	-	-	-	-	-
Advance to Other Funds	-	-	-	-	-
Deferred Charge	2,811,110	2,944,444	3,077,777	3,211,110	3,344,444
Working Capital	<u>54,118,821</u>	<u>44,324,568</u>	<u>25,590,904</u>	<u>7,770,009</u>	<u>422,602</u>
Value of the System	<u>213,685,352</u>	<u>201,723,970</u>	<u>172,925,370</u>	<u>152,039,663</u>	<u>150,970,143</u>
<u>Net Bond Debt</u>					
Bonds Outstanding	79,821,135	76,541,580	70,993,110	70,126,763	47,871,094
Less: Interest and Sinking Fund & Reserve Fund	(4,076,963)	(4,449,807)	(3,950,141)	(4,819,983)	(4,108,855)
	<u>75,744,172</u>	<u>72,091,773</u>	<u>67,042,969</u>	<u>65,306,780</u>	<u>43,762,239</u>
Plus:					
Accrued Revenue Bond Interest	1,217,841	1,288,005	1,405,988	1,236,712	602,093
Accrued Vacation and Sick Leave	2,447,686	2,482,678	2,462,213	2,343,949	1,941,690
Arbitrage Rebate Liability	72,702	72,193	11,338	-	-
Net Outstanding Bonds	<u>79,482,401</u>	<u>75,934,649</u>	<u>70,922,508</u>	<u>68,887,441</u>	<u>46,306,022</u>
City's Equity in System	<u>\$ 134,275,653</u>	<u>125,789,321</u>	<u>100,107,665</u>	<u>83,358,338</u>	<u>102,730,230</u>
Percentage City's Equity in System	62.84%	62.36%	57.89%	54.83%	68.05%

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**Table 36 - Monthly Electric Rates**

Electric rates in the City are approved by the Electric Utility Board and then set by an ordinance adopted by the City Council. Beginning June, 2007, LP&L implemented new rates which are the same as those for Xcel Energy except for the Church rate, Street Light rate, a minor revision in the Small General Service rate to allow certain sports field lighting to qualify and minor variations in billing policies. In addition, LP&L offers a discount to ensure that all LP&L customers pay less than the rate charged by Xcel Energy.

Approximately 58% of LP&L customers are billed under the Standard Residential rate schedule shown below with another 30% qualifying for a discounted winter residential rate by having whole house electric heating. Approximately 6.3% of LP&L customers are billed under the Small General Service rate schedule shown below. Other rate schedules are available for customers including School, Secondary General Service, Primary General Service, Transmission General Service, Municipal, Street Light, Church and Small Municipal/School

	Residential	
Service Availability Charge		\$ 5.10 per month

All kilowatt hours ("kWh") per month @ \$0.04500 per kWh used during summer months.

All kWh per month @ \$0.036560 per kWh used during winter months (Standard Residential Rate)  
All kWh per month @ \$0.025160 per kWh used during winter months (Space Heating Discount Residential Rate)

Summer Months: June - September  
Winter Months: October - May

Plus: Fuel/Power Cost Adjustment Factor<sup>(1)</sup>

	General Service	
Service Availability Charge		\$ 11.00 per month

All kilowatt hours ("kWh") per month @ \$0.04250 per kWh used during summer months.

All kWh per month @ \$0.03350 per kWh used during winter months.

Summer Months: June - September  
Winter Months: October - May

Plus: Fuel/Power Cost Adjustment Factor<sup>(1)</sup>

<sup>(1)</sup>FUEL/POWER COST

ADJUSTMENT FACTORS

APPLICABLE: To all rate classes except State University

TERRITORY: Lubbock, Texas

SECONDARY DISTRIBUTION FUEL COST ADJUSTMENT FACTOR: The Secondary Distribution Fuel Cost Adjustment factor (SFCA) will be determined in accordance with the following formula for retail customers when service is metered at secondary voltages of approximately 600 volts and below:

$$SFCA = (TGF + TWF +/- TA)/TES$$

TGF = Estimated total generation fuel costs, inclusive of all costs incurred by LP&L in procuring fuel, used for the month in LP&L's power plants to provide power to retail customers.

TWF = Estimated total of all wholesale purchased power fuel costs, including the cost of any wind energy in excess of the average cost of energy purchased, to be passed on to LP&L for the month to provide power to retail customers.

TA = Total adjustment for any under or over collected amounts, including interest, based on the secondary fuel cost adjustment factor from previous months.

TES = Estimated total energy sales in kWhs to retail customers

PRIMARY DISTRIBUTION FUEL COST ADJUSTMENT FACTOR: The Primary Distribution Fuel Cost Adjustment factor (PFCA) will be determined in accordance with the following formula for retail customers when service is metered at primary voltages of approximately 12kV:

$$PFCA = 0.987440 \times SFCA$$

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$$PFCA = 0.98/440 \times SFCA$$

TRANSMISSION FUEL COST ADJUSTMENT FACTOR: The Transmission Fuel Cost Adjustment factor (TFCA) will be determined in accordance with the following formula for retail customers when service is metered at transmission voltages of approximately 69kV:

$$TFCA = 0.941347 \times SFCA$$

POWER COST ADJUSTMENT FACTOR: The Power Cost Adjustment Factor (PCAF) will be determined in accordance with the following formula for retail customers in order to recover purchased power costs, including wind energy, cogeneration purchases, and similar costs incurred through any wholesale purchases, that are considered to be in excess of amounts recovered in the base rates. For customers on a non-demand rate, the resulting power cost adjustment factor may be combined with the appropriate fuel cost adjustment factor for billing purposes. For customers on a demand rate, the power cost adjustment factor will be a separate charge.

$$PCAF = ((TPP +/- TA) * DAF) / (TES \text{ or } TDS)$$

TPP = Estimated total of all purchased power costs for the month in excess of amounts recovered in the base rates.

TA = Total adjustment for any under or over collected amounts, including interest, of the power cost recovery factor from previous months.

TES = Estimated total energy sales in kWhs to retail customers on a non-demand rate.

TDS = Estimated total demand sales in kW to retail customers on a demand rate.

DAF = Demand allocation factor for each rate class as shown:

Rate Class Demand Allocation Factor

Residential 0.307514

Small General Service 0.028577

Commercial/Industrial 0.630790

Small Municipal & School 0.001137

Large Municipal & School 0.028265

Street Lighting 0.003716

Total 1.000000

FUEL/POWER COST ADJUSTMENT: For competitive purposes, without further action being taken by the City Council of the City of Lubbock, Lubbock Power & Light may adjust the total Fuel/Power Cost Adjustment Factor, so that the total Fuel/Power Cost Adjustment Factor is no greater than all applicable fuel and power cost recovery factors charged by any electric utility certificated to serve within the corporate limits of Lubbock, Texas and approved by the Public Utility Commission of the State of Texas. Such factors may include but not be limited to base fuel factors, surcharge factors, surcharge interest factors, refunds, and power cost recovery factors.

EFFECTIVE DATE: For all electric meters read by LP&L on or after June 1, 2007.