



0000012328

NEW APPLICATION

NA CORPORATION COMMISSION

RECEIVED

2000 NOV 13 P 2:38

RATE APPLICATION
FOR

AZ CORP COMMISSION
DOCUMENT CONTROL

WATER AND SEWER COMPANIES WITH ANNUAL
GROSS OPERATING REVENUES (INCLUDING REQUESTED RATE RELIEF) OF
LESS THAN \$250,000

DOCKET NO. W-02164A-00-0928

MORRISTOWN WATER COMPANY
UTILITY NAME

12/31/99
TEST YEAR ENDED

You must complete ALL items in the application according to the instruction provided. If you have any questions regarding the application, call (602) 542-5517 for staff assistance.

IN ORDER TO PROCESS YOUR APPLICATION
FORWARD THE
ORIGINAL AND 10 (TEN) COPIES
TO
1200 W. WASHINGTON
PHOENIX, ARIZONA 85007

Note: Only an original and two copies of bills and invoices are required to be attached to the application.

Rev. 05/92

MORRISTOWN WATER COMPANY
P.O. BOX 156
MORRISTOWN, AZ 85342

RECEIVED

2000 NOV 13 P 2: 38

AZ CORP COMMISSION
DOCUMENT CONTROL

November 9, 2000

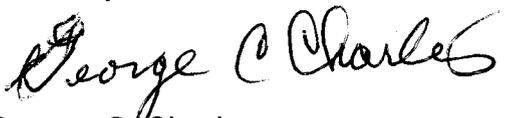
Utilities Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Reference: Morrystown Customer Notification of Proposed Rate Increase

Dear Sir or Madam:

The date of notification was November 10, 2000 and the method of notification was by the U. S. Mail.

Sincerely,



George C. Charles
Secretary
Morrystown Water Company

SUBSCRIBED AND SWORN TO BEFORE ME

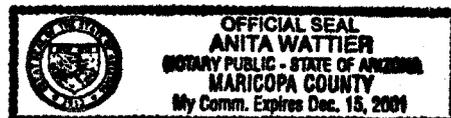
ANITA WATTIER

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

MARICOPA

THIS 10 DAY OF NOVEMBER 2000.


SIGNATURE OF NOTARY PUBLIC



CUSTOMER NOTIFICATION

Morristown Water Company has filed with the Arizona Corporation Commission ("Commission") an application for authorization for an increase in its rates and charges ("Application"). The application is available for inspection during regular business hours at the offices of the Commission in Phoenix at 1200 West Washington Street, and at R. R. Badowski, CPA, P.C., 510 Savage Street, Wickenburg, Arizona 85390. Please be advised that the rates and charges ultimately approved by the Commission may be higher or lower than the rates and charges requested in the Application.

Customer input is an important part of the Commission's analysis of the requested increase and is a factor in determining whether a hearing will be conducted. Customers are encouraged to call to the Commission's attention any questions or concerns related to the Company's application, including service, billing procedures or other factors important in determining the reasonableness of charges. As a property owner or customer, you may have the right to intervene in this matter. Customers wishing to communicate with the Commission, or request information on intervention in the proceeding, should contact the Commission's Consumer Services Section at (1-800-222-7000) in Phoenix/(1-800-535-0148 in Tucson).

Customers are advised that the Commission may act upon the Application without a hearing. Regardless of whether a formal hearing is held, comments submitted in writing become part of the formal record in this case, which the Commission reviews prior to the final decision on the Application. It is important that you contact the Commission within 15 days so that the Commission's Staff can consider your comments and concerns in developing its recommendation to the Commission.

CURRENT RATES

PROPOSED RATES

<u>Meter Size</u>	<u>Charge</u>	<u>Gallons</u>	<u>Charge</u>	<u>Gallons</u>
5/8 x 3/4"	\$13.00	1,000	\$20.00	0
3/4"	\$17.25	1,000	\$27.00	0
1"	\$18.50	1,000	\$28.00	0
1 1/2"	\$20.00	1,000	\$31.00	0
2"	\$24.00	1,000	\$37.00	0
3"	\$48.00	1,000	\$74.00	0
4"	\$96.00	1,000	\$148.00	0
6"	\$192.00	1,000	\$296.00	0

COMMODITY CHARGE:
(EXCESS OF MINIMUM)

COMMODITY CHARGE:

\$2.20 PER 1,000 GALS

<u>GALLONS</u>	<u>PRICE PER 1,000 GALLONS</u>
0- 5,000	\$2.50
5,000-10,000	\$3.00
10,000-20,000	\$3.50
20,000+	\$4.00

GENERAL INSTRUCTIONS

Processing your request for a rate adjustment requires completion of all parts of this application. Complete the statements on Page 2. Read the accompanying instructions and fill in the entries on Page 3 through Page 21. Dollar amounts should be rounded to the nearest dollar. No entry should be left blank. If an amount is zero, enter a zero. Any application that is not fully completed will be returned for resubmission.

With this application, you must include a copy of the most recent Health Department report on your company.

A completed application also requires that you notify your customers of your rate request. The format of the customer notification letter is provided on Pages 21 and 22 of this application. Use the language and form of this letter in notifying your customers. A copy of this notice with a notarized cover letter stating the method of customer notification and the date of notification must accompany the application form.

You may supplement your application with additional information that you consider important in the evaluation of your rate request. For example, if a particular expense item is substantially different from your latest annual report filed with the Commission, or if you have made significant plant additions since your last rate increase, attaching supporting explanations to the application will assist in the evaluation of your rate request. Clearly label these attachments and staple them to the application.

Submit the original and ten copies of the completed application and necessary attachments to:

Utilities Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Note: Only an original and two copies of bills and invoices are required to be attached to the application.

NARRATIVE DESCRIPTION OF APPLICATION FOR RATE INCREASE

Instructions:

Please provide a written narrative of the purpose for your request for a permanent rate increase. The narrative should include: changes in current compared to past operations that necessitate the increase; descriptions and/or calculations of adjustments made to amounts that are included in this application that are different than amounts recorded in your books/ledgers (pro forma adjustments); significant factors influencing your revenues, expenses and/or rate base; anticipated growth/decline in customers expected in the next two (2) years and the amount of anticipated construction to serve those customers and how financed; the type of customers served by the utility, e.g. residential and what type, irrigation, small retail businesses, large commercial, etc.; efforts made to encourage conservation of water through the proposed rate design or through other means; efforts made by the utility to control costs/expenses and/or mitigate the amount of rate increase; and other factors relevant to your request for increased rates.

SEE ATTACHED

Attach additional pages if necessary.

The Morristown Water Company last increased rates in 1992. In an effort to help its water users, a majority of whom are fixed income retired individuals, the Company has deferred raising rates as long as possible. From 1992 to the present date a decrease in volunteer services has necessitated greater use of paid clerical services. Rising utility costs, monthly well maintenance, additional water testing mandated by state and federal agencies, along with the need for additional equipment and upgrades of existing equipment have caused loss from operations. The "accounting and clerical" costs reflect not only the monthly billing expenses, but also the preparation costs of the financial statements, annual reports, sales tax reports, and rate increase applications which were previously donated services.

MORRISTOWN WATER COMPANY
(Company Name)

requests an increase in existing rates

and charges by the company. The information contained in this application is based on a twelve month test year ending 12/31/99. The Company had
(Month/Day/Year)

annual gross revenues of \$ 15595 and served 45 metered and
-0- unmetered customers during the test year. The Company sold
4,359,000 gallons of water during the year. The composite depreciation rate the Company
applies to utility plant in service is 5% percent. The Company is requesting rate relief
in the amount of \$ 6835. The total annual gross revenues of the Company if the
rate relief is granted will be \$ 22430.

The Company notified its customers of its application for a rate increase on
11/10/00. A copy of this notice with a notarized cover letter stating the
(Date)

method of customer notification and the date of notification is attached.

By completing this application in support of my request for a rate increase, I waive the
right to use reconstruction cost new plant information to determine fair value of plant in service.

I have read and completed this application and, to the best of my knowledge, all of the
information contained in and attached to this application is true and correct.

Date _____

Signed George C Charles

Name (Print) GEORGE C. CHARLES

Title SECRETARY

Company MORRISTOWN WATER COMPANY

Address P.O. BOX 156
MORRISTOWN, AZ 85342

Telephone No. (623)388-2397

For Commission Use Only:

Date of receipt of application _____

Complete the schedules on Pages 4 and 6 showing rates and charges currently in effect and those proposed by the Company. Specify the customer class or classes in the space provided (that is, Residential, Commercial, Industrial, Irrigation, or all classes). If rates and charges vary across customer classes, duplicate the form and complete one for for each rate class.

MONTHLY CHARGE:

Enter the minimum (or service) charge and gallons in the minimum for each meter size, for example, \$12.00 for 0- gallons. Propose a minimum charge (or service) charge for every meter size you currently serve or expect to install in the future. Also enter the commodity or excess charge for the gallonage the customer will be charged for gallons used over those allowed in the minimum charge. For example, \$1.25 per 1,000 gallons. If excess charges vary with gallonage used, enter the rates and gallons covered in each block of consumption in the space provided, for example:

First	10,000 gallons	\$1.00 per 1,000 gallons
Over	10,000 gallons	.90 per 1,000 gallons, OR
Over	10,000 gallons	\$1.10 per 1,000 gallons, etc.

If a flat rate, rather than a metered rate, is currently approved or proposed, enter the monthly rate in the space provided.

CAUTION: If you currently have rates that were granted in a prior Commission Decision and you wish to retain these rates at the current level or charge, make sure that you show these rates in the Proposed Rate column, as well as in the Present Rate column or it will be assumed that you no longer want them and these rates or charges will not appear in the current Rate Case Decision. As a result, the Company will no longer be authorized to use these rates in further billings. Upon completion of the current rate application, take the time to carefully review it before submission to see that you have included all items that you wish to have the Commission consider.

Company Name: MORRISTOWN WATER COMPANY

CURRENT AND PROPOSED RATES AND CHARGES

CUSTOMER CLASS(ES): _____

MONTHLY CHARGE

MINIMUM OR SERVICE CHARGES	
13.00	5/8" x 3/4" Meter
17.25	3/4" Meter
18.50	1" Meter
20.00	1-1/2" Meter
24.00	2" Meter
48.00	3" Meter
96.00	4" Meter
N/A	5" Meter
192.00	6" Meter

CURRENT RATES

\$	GALLONS
	for 1,000
	for N/A
	for 1,000

PROPOSED RATES

\$	GALLONS
20.00	for -0-
27.00	for -0-
28.00	for -0-
31.00	for -0-
37.00	for -0-
74.00	for -0-
148.00	for -0-
N/A	for N/A
296.00	for -0-

COMMODITY CHARGE
(EXCESS OF MINIMUM)

--

\$ Per Gallons
2.20 per 1,000

--

\$ Per Gallons
2.50 0- 5,000
3.00 5,000-10,000
3.50 10,000-20,000
4.00 20,000 +

--

FLAT RATE

--

\$ Per Month

--

\$ Per Month

--

Listed current and proposed service charges as appropriate. Commission Rules should be consulted in proposing service charges. If you have any service charges not listed below, list those charges on Page 6.

Service Charge (Commission Rule)	Description
Service Line and Meter Installation Charge (R14-2-405.B)	A refundable charge paid by a new customer to cover the cost of installing all customer piping up to the meter and the cost of installing the meter. Propose a charge for every meter size you currently are installing and you expect to install in the future.
Establishment (R14-2-403.D.1)	A charge covering the cost of establishing a new account for a person requesting service when the utility needs only to install a meter, read a meter, or turn on the service.
Establishment (After Hours) (R14-2-403.D.2)	A charge covering the cost of establishing a new account for a person requesting service be established during a period other than regular working hours.
Meter Test (R14-2-408.F.1)	A charge for testing the accuracy of a meter upon a customer's request; no charge will be levied if the meter is found to be in error by more than three (3) percent.
Deposit (R14-2-403.B)	A refundable security deposit not exceeding the two times the average residential class bill for residential customers and not exceeding two and one-half times a non-residential customer's estimated maximum monthly bill.
Deposit Interest (R14-2-403.B.3)	Annual percentage interest rate applied to customer deposits. A six percent rate must be applied if the company does not specify an interest rate.
Re-establishment (R14-2-403.D.1)	A charge for service at the same location where the same customer had ordered a service disconnection within the preceding twelve month period.
NSF Check (R14-2-409.F.1)	A fee for each instance where a customer tenders payment for utility service with an insufficient funds check.
Deferred Payment (R14-2-409.G.6)	Applicable monthly finance charges (interest rate) applied in a deferred payment agreement between the company and a customer.
Meter Re-read (R14-2-408.C.2)	Charge for a customer requested re-read applicable when the original reading was not in error.

A. YES/NO Are any assets owned jointly with any other entities? If Yes, attach a statement providing a description of each jointly owned asset, its cost and the percentage of the asset owned by the utility. (Note that the amounts reported on Page 9 should only reflect the percentage of plant owned by the utility.)

B. YES/NO Were any of the assets constructed or acquired from an affiliated or subsidiary entity? If Yes, attach a statement identifying the affiliated entity, the relationship and a detailed listing of all transactions reflected in the plant accounts and other balance sheet accounts, such as contributions in aid of construction and intercompany payables.

Affiliation with or subsidiary of another entity includes a corporation, partnership, or sole proprietorship, as well as common ownership of a water company and another entity, such as a development company.

Instructions for Page 9

Page 9 consists of 21 plant accounts plus a total on the last line. The first column is the Original Cost of plant when the assets were placed into utility service. The second column is the Total Accumulated Depreciation at the end of the test year. The third column is the Original Cost Less Depreciation, or OCLD.

Please refer to the Staff Report that the Company received at the time fo the last rate case. In that report you will find a page which contains the Original Cost of the plant assets in existence at that time. it will be similar in format to the information contained in Page 9 of this application. (Your books and records may have been adjusted to reflect those figures as of the end of test eyar used at that time.) We need to know the dollar amount of the additions and retirements made to the individual plant account BY YEAR since the end of the last test year.

To assist you in this computation, please see and fill in the information requested on the worksheet labled Page 9-A, Plant Additions or (Retirements), which provides 6 columns for the years since the last test year and a column for total plant in service. The total on Page 9-A should correspond to the total of Original Cost on Page 9. In the event that 6 columns are not enought to cover thè number of years from the date of the last Staff Report, you may prepare your own Page 9-A in the same format and substitute this workpaper for Page 9-A.

Page 9-B and 9-C consist of a Plant Description broken down by the principal account categories.

For test year ending: 12/31/99

Company Name: MORRISTOWN WATER COMPANY

UTILITY PLANT IN SERVICE

Acct No.		Original Cost	Accumulated Depreciation	O.C.L.D.
301	Organization Cost	3175		
302	Franchise Cost			
303	Land and Land Rights	1790		
304	Structures and Improvements	42931		
307	Wells and Springs	27281		
311	Electric Pumping Equipment	64354		
320	Water Treatment Equipment			
330	Distribution Reservoirs & Standpipe	65200		
331	Transmission and Distribution Mains	110980		
333	Services	3968		
334	Meters	1341		
335	Hydrants	14000		
339	Plant Structures and Improvements			
340	Office Furniture and Fixtures			
341	Transportation Equipment			
343	Tools and Work Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communications Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant	65772		
	TOTAL WATER PLANT	400792	322648	78144

Company Name: MORRISTOWN WATER COMPANY

Test Year Ending: 12/31/99

Plant Additions or (Retirements) by Year SEE ATTACHED SHEET

Account No.	Description	Orig. Cost Per Prior Staff Report	19	19	19	Current Test Year
301	Organization					
302	Franchise Cost					
303	Land and Land Rights					
304	Structures and Improvements					
307	Wells and Springs					
311	Electric Pumping Equipment					
320	Water Treatment Equipment					
330	Dist. Resv. and Stdpip.					
331	Trans. and Dist. Mains					
333	Services					
334	Meters					
335	Hydrants					
339	Plant Structures and Improvements					
340	Office Furn. and Fix.					
341	Transportation Equipment					
343	Tools and Work Equipment					
344	Laboratory Equipment					
345	Power Operated Equipment					
346	Communications Equipment					
347	Miscellaneous Equipment					
348	Other Tangible Plant					

NOTE: Include copies of invoices for purchased over \$1,000.

Company Name: MORRISTOWN WATER COMPANY

Test Year Ending: 12/31/99

Plant Additions or (Retirements) by Year

Account No.	Description	Orig. Cost Per Prior Staff Report	1993	1994	1995	1996	1997	1998	1999	TOTAL
301	Organization	3175								3175
302	Franchise Cost									0
303	Land and Land Rights	1790								1790
304	Structures and Improvements	42931								42931
307	Wells and Springs	27281								27281
311	Electric Pumping Equipment	57194		3385		3775				64354
320	Water Treatment Equipment									0
330	Dist. Resv. And Stdip.	65200								65200
331	Trans. And Dist. Mains	106870					1190	2170	750	110980
333	Services	3968								3968
334	Meters	1341								1341
335	Hydrants	14000								14000
339	Plant Structures and Improvements									0
340	Office Furn. And Fix									0
341	Transportation Equipment									0
343	Tools and Work Equipment									0
344	Laboratory Equipment									0
345	Power Operated Equipment									0
346	Communications Equipment									0
347	Miscellaneous Equipment									0
348	Other Tangible Plant	65772								65772
	TOTALS	389522	0	3385	0	3775	1190	2170	750	400792

MORRISTOWN WATER COMPANY WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number	Pump Horsepower	Pump Yield (gpm)	Casing Size (inches)	Casing Depth (feet)	Meter Size (inches)
B-6-4-13-1	10	35	8"	650'	1½"

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or obtained (thousands)
N/A		

TOTAL GALLONS PUMPED (NOT SOLD) THIS YEAR (thous.) = _____

BOOSTER PUMPS

Horsepower	Quantity (how many)
10	2
50	2

STORAGE TANKS

CAPACITY (gals)	QUANTITY (how many)
20,000	1
100,000	1

PRESSURE TANKS

CAPACITY (gals)	QUANTITY (how many)
2,000	1

TREATMENT EQUIPMENT: N/A

MAINS		
Size	Material	Length (feet)
2"		
3"		
4"	PVC	1990
5"		
6"	PVC	7923
8"		
10"		
12"		

METERS	
Size	Quantity (how many)
5/8" x 3/4"	43
3/4"	
1"	
1-1/2"	3
Comp. 2" 2"	3
Turbo 3"	
Comp. 4"	
Turbo 4"	
Comp. 6"	
Turbo 6"	
Comp. 8"	
Turbo 8"	

FIRE HYDRANTS	
Standard (quantity)	Other (quantity)
14	-0-

STRUCTURES:

N/A

OTHER:

N/A

WATER SOLD DATA SHEET

FOR TEST YEAR ENDING DECEMBER 31 , 1999

WATER COMPANY NAME: MORRISTOWN WATER COMPANY

MONTH	YEAR	NUMBER OF CONNECTIONS PER MONTH	GALLONS SOLD PER MONTH (thousands)
January	1999	45	278
February	1999	45	295
March	1999	45	377
April	1999	45	275
May	1999	46	234
June	1999	44	445
July	1999	45	535
August	1999	45	256
September	1999	45	386
October	1999	44	415
November	1999	43	477
December	1999	44	386

Company Name MORRISTOWN WATER COMPANY

Test Year Ending 12/31/99

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

		<u>Prior Year</u>	<u>Test Year</u>
OPERATING REVENUES:			
461	Metered Water Sales	\$ 15966	\$ 15595
460	Other Water Sales		
471	Other Operating Revenue	482	5655
	Total Operating Revenue	\$ 16448	\$ 21250
OPERATING EXPENSES:			
601	Salaries & Wages*	\$	\$
610	Purchased Water**		
615	Purchased Pumping Power**	2725	3243
618	Water Testing	220	1140
619	Water Treatment		
620	Repairs & Maintenance***	1970	1575
621	Office Supplies & Expense	187	
630	Outside Services***	4030	4725
631	Rate Case Expense		
640	Rents		
650	Transportation Expense		
655	General Insurance	1610	1505
658	Health & Life Insurance		
675	Miscellaneous Operating Expense	1400	919
680	Other Taxes		
681	Property Tax**	1103	1041
403	Depreciation (Computed on Page 11)	16417	2693
409	Income Tax		
	Total Operating Expense	\$ 29662	\$ 16841
	OPERATING INCOME (LOSS)	\$ (13214)	\$ 4409
OTHER INCOME/EXPENSE:			
419	Interest Income	\$	\$
421	Other Income	9	
426	Other Expense		
427	Interest Expense	1190	1109
	TOTAL OTHER INCOME/EXPENSE	\$ (1181)	\$ (1109)
	NET INCOME (LOSS)	\$ (14395)	\$ 3300

- * Provide a breakdown by name, position, salary and duties.
- ** Provide copies of bills for test year expense.
- *** Provide copies of invoices exceeding \$500.

NOTE: Do not include sales tax in revenue or expense.

Company Name: MORRISTOWN WATER COMPANY**UTILITY PLANT IN SERVICE**

Acct No.		Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1) X (2)
301	Organization Cost	3175		
302	Franchise Cost			
303	Land and Land Rights	1790		
304	Structures and Improvements	42931	5%	2147
307	Wells and Springs	27281	5%	1364
311	Electric Pumping Equipment	64354	5%	3218
320	Water Treatment Equipment			
330	Distribution Reservoirs & Standpipe	65200	5%	3260
331	Transmission and Distribution Mains	110980	5%	5549
333	Services	3968	5%	198
334	Meters	1341	5%	67
335	Hydrants	14000	5%	700
339	Plant Structures and Improvements			
340	Office Furniture and Fixtures			
341	Transportation Equipment			
343	Tools and Work Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communications Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant	65772	5%	3288
	TOTAL WATER PLANT	400792		19791 *

*Less Accumulated Amortization of CIAC: (17098)

Depreciation Exp: 2693

Company Name MORRISTOWN WATER COMPANY

Test Year Ending 12/31/99

BALANCE SHEET

		<u>Balance Beginning of Year</u>	<u>Balance Ending of Year</u>
ASSETS			
	<u>Current and Accrued Assets</u>		
131	Cash & Working Funds	<u>5392</u>	<u>7228</u>
132	Temporary Investments	<u> </u>	<u> </u>
141	Customer Accounts Receivables	<u>3345</u>	<u>4395</u>
151	Materials & Supplies Inventory	<u> </u>	<u> </u>
174	Other Current & Accrued Assets	<u>19521</u>	<u>19521</u>
	Total Current & Accrued Assets	<u>28258</u>	<u>31144</u>
	<u>Fixed Assets</u>		
101	Utility Plant	<u>329784</u>	<u>400792</u>
103	Property Held for Future Use	<u> </u>	<u> </u>
105	Construction Work in Progress	<u> </u>	<u> </u>
108	Accumulated Depreciation & Amort.	<u>(222674)</u>	<u>(322648)</u>
	Total Fixed Assets	<u>107110</u>	<u>78144</u>
	TOTAL ASSETS	<u>135368</u>	<u>109288</u>

BALANCE SHEET

	<u>Balance Beginning of Year</u>	<u>Balance Ending of Year</u>
LIABILITIES		
<u>Current Liabilities</u>		
231	1635	928
232	1565	1565
235		
236		
237		
241		
	3200	2493
<u>Long-Term Debt (Over 12 Months)</u>		
224	21372	19722
<u>Deferred Credits</u>		
252		
255		
271	294450	341962
272		(280615)
282		
	294450	61347
TOTAL LIABILITIES		
	319022	83562
CAPITAL ACCOUNT		
201		
211	4425	4425
215	(188079)	21301
218		
	(183654)	25726
TOTAL LIABILITIES AND CAPITAL		
	135368	109288

Company Name MORRISTOWN WATER COMPANY

Test Year Ending 12/31/99

SUPPLEMENTAL FINANCIAL DATA

Long-Term Debt

	<u>Loan #1</u>	<u>Loan #2</u>	<u>Loan #3</u>	<u>Total</u>
1. Date Issued	<u>6/26/75</u>	<u> </u>	<u> </u>	<u> </u>
2. Source of Loan	<u> </u>	<u> </u>	<u> </u>	<u> </u>
3. A.C.C. Decision No.	<u> </u>	<u> </u>	<u> </u>	<u> </u>
4. Nature of Obligation*	<u>FHA 40 YR.</u>	<u> </u>	<u> </u>	<u> </u>
5. Amount Issued (Dollars)	<u>46,000</u>	<u> </u>	<u> </u>	<u> </u>
6. Amount Outstanding	<u>21,287</u>	<u> </u>	<u> </u>	<u> </u>
7. Date of Maturity	<u>2015</u>	<u> </u>	<u> </u>	<u> </u>
8. Interest Rate	<u>5%</u>	<u> </u>	<u> </u>	<u> </u>
9. Current Year Interest	<u>1,109</u>	<u> </u>	<u> </u>	<u> </u>

10. If any of these loans have not been approved by the Commission, attach an explanation of why approval was not sought. If additional space is needed, please attach a supplemental page.

11. Meter Deposit Balance at Test Year End	<u>\$ -0-</u>
12. Meter Deposits Refunded During the Test Year	<u>\$ -0-</u>
13. Advances in Aid of Construction Refunded During Test Year	<u>\$ -0-</u>

• Describe nature of loan.

Company Name MORRISTOWN WATER COMPANY

Test Year Ending 12/31/99

CONTRIBUTIONS IN AID OF CONSTRUCTION

Balance per Prior Staff Report:	<u>341,962</u>
1. Additions 19__	<u>-0-</u>
2. Additions 19__	<u>-0-</u>
3. Additions 19__	<u>-0-</u>
4. Additions 19__	<u>-0-</u>
5. Additions 19__	<u>-0-</u>
Total Additions	<u>-0-</u>
Balance at End of Test Year	<u>341,962</u>

ADVANCES IN AID OF CONSTRUCTION

Balance per Prior Staff Report	<u>-0-</u>
1. Additions 19__	<u>-0-</u>
1. Refunds (Same Year)	<u>-0-</u>
2. Additions 19__	<u>-0-</u>
2. Refunds (Same Year)	<u>-0-</u>
3. Additions 19__	<u>-0-</u>
3. Refunds (Same Year)	<u>-0-</u>
4. Additions 19__	<u>-0-</u>
4. Refunds (Same Year)	<u>-0-</u>
5. Additions 19__	<u>-0-</u>
5. Refunds (Same Year)	<u>-0-</u>
Total of Additions	<u>-0-</u>
Total of Refunds	<u>-0-</u>
Balance at End of Test Year	<u>-0-</u>

NOTE: Prior Staff Report refers to the Staff adjusted balance as accepted by the Commission in the previous rate case.

Morristown Water Company
 Docket No. W-02164A
 Test Year Ended December 31, 1999

PRESENT AND PROPOSED REVENUE

General Service 5/8 X 3/4 - Inch Meter

	PRESENT RATES		COMPANY PROPOSED		STAFF PROPOSED	
		PRESENT REVENUE		PROPOSED REVENUE		PROPOSED REVENUE
Total Bills =	456		456		456	
Total Gals =	2,874		2,874		2,874	
Present Min =	13	\$5,928.00	20	\$9,120.00	0	\$0.00
Tiers =	0	5,555.00	0	8,462.75	0	0.00
TOTAL REVENUE =		\$11,483.00		\$17,582.75		\$0.00
		=====		=====		=====

TYPICAL BILL ANALYSIS
General Service 5/8 X 3/4 - Inch Meter

Average Number of Customers: 38

<u>Company Proposed</u>	<u>Gallons</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
Average Usage	6,302	\$24.66	\$36.40	\$11.74	47.6%
Median Usage	3,674	\$18.88	\$29.18	\$10.30	54.6%
<u>Staff Proposed</u>					
Average Usage	6,302	\$24.66	\$0.00	(\$24.66)	-100.0%
Median Usage	3,674	\$18.88	\$0.00	(\$18.88)	-100.0%

Present & Proposed Rates (Without Taxes)
General Service 5/8 X 3/4 - Inch Meter

<u>Gallons Consumption</u>	<u>Present Rates</u>	<u>Company Proposed Rates</u>	<u>% Increase</u>	<u>Staff Proposed Rates</u>	<u>% Increase</u>
0	\$13.00	\$20.00	53.8%	\$0.00	-100.0%
1,000	13.00	22.50	73.1%	0.00	-100.0%
2,000	15.20	25.00	64.5%	0.00	-100.0%
3,000	17.40	27.50	58.0%	0.00	-100.0%
4,000	19.60	30.00	53.1%	0.00	-100.0%
5,000	21.80	32.50	49.1%	0.00	-100.0%
6,000	24.00	35.50	47.9%	0.00	-100.0%
7,000	26.20	38.50	46.9%	0.00	-100.0%
8,000	28.40	41.50	46.1%	0.00	-100.0%
9,000	30.60	44.50	45.4%	0.00	-100.0%
10,000	32.80	47.50	44.8%	0.00	-100.0%
15,000	43.80	65.00	48.4%	0.00	-100.0%
20,000	54.80	82.50	50.5%	0.00	-100.0%
25,000	65.80	102.50	55.8%	0.00	-100.0%
50,000	120.80	202.50	67.6%	0.00	-100.0%
75,000	175.80	302.50	72.1%	0.00	-100.0%
100,000	230.80	402.50	74.4%	0.00	-100.0%
125,000	285.80	502.50	75.8%	0.00	-100.0%
150,000	340.80	602.50	76.8%	0.00	-100.0%
175,000	395.80	702.50	77.5%	0.00	-100.0%
200,000	450.80	802.50	78.0%	0.00	-100.0%

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BILL COUNTY ANALYSIS

Mid Range	Upp Bound Mgals	# BILLS BY BLOCK	Mgals By Block	Cum # Bills	Cum Mgals	Cum % Tot Bills	Cum % Tot Gals	Cum Mgals Consol	PRESENT RATES			PRESENT REVENUE
									Total Bills =	Total Gals =	Present Min =	
0	0	6	0	6	0	54.55%	0.00%	0	11			
0.5	1	2	1	8	1	72.73%	15.38%	4	7			\$203.50
1.5	2	2	3	10	4	90.91%	61.54%	6	18.50			5.50
2.5	3	1	2.5	11	6.5	100.00%	100.00%	6.5				
3.5	4	0	0	11	6.5	100.00%	100.00%	6.5				
4.5	5	0	0	11	6.5	100.00%	100.00%	6.5				
5.5	6	0	0	11	6.5	100.00%	100.00%	6.5				
6.5	7	0	0	11	6.5	100.00%	100.00%	6.5				
7.5	8	0	0	11	6.5	100.00%	100.00%	6.5				
8.5	9	0	0	11	6.5	100.00%	100.00%	6.5				
9.5	10	0	0	11	6.5	100.00%	100.00%	6.5				
11	12	0	0	11	6.5	100.00%	100.00%	6.5				
13	14	0	0	11	6.5	100.00%	100.00%	6.5				
15	16	0	0	11	6.5	100.00%	100.00%	6.5				
17	18	0	0	11	6.5	100.00%	100.00%	6.5				
19	20	0	0	11	6.5	100.00%	100.00%	6.5				
22.5	25	0	0	11	6.5	100.00%	100.00%	6.5				
27.5	30	0	0	11	6.5	100.00%	100.00%	6.5				
32.5	35	0	0	11	6.5	100.00%	100.00%	6.5				
37.5	40	0	0	11	6.5	100.00%	100.00%	6.5				
45	50	0	0	11	6.5	100.00%	100.00%	6.5				
55	60	0	0	11	6.5	100.00%	100.00%	6.5				
65	70	0	0	11	6.5	100.00%	100.00%	6.5				
75	80	0	0	11	6.5	100.00%	100.00%	6.5				
85	90	0	0	11	6.5	100.00%	100.00%	6.5				
95	100	0	0	11	6.5	100.00%	100.00%	6.5				
OVER	101	0	0	11	6.5	100.00%	100.00%	6.5				
									11	6.5		

TOTAL REVENUE =
 \$209.00
 =====
COMPANY PROPOSED RATES
 Total Bills = 11
 Total Gals = 7
 Proposed Min = 20.00
 Tiers Proposed = 16.25
 =====
TOTAL REVENUE =
 \$236.25
 =====
STAFF PROPOSED RATES
 Total Bills = 11
 Total Gals = 7
 Proposed Min = 0.00
 Tiers Proposed = 0.00
 =====
TOTAL REVENUE =
 \$0.00
 =====

Morristown Water Company
 Average Number of Customers 0.9
 Average Usage-Gallons 0.6
 Median Usage-Gallons #N/A

Proposed Tier Levels (M-gals)	Commodity		Commodity	Commodity	
	Present	C-Prop		Present	S-Prop
1st Block	99999	5	99999	0	0
2nd Block	0	10	0	0	0
3rd Block	0	20	0	0	0
4th Block	0	99999	0	0	0
5th Block	0	0	0	0	0
6th Block	0	0	0	0	0
Meter Size: General Service 1 Inch Meter Monthly Min. Chg Gals in Monthly Min. 1st Block 2.20 2nd Block 0.00 3rd Block 0.00 4th Block 0.00 5th Block 0.00 6th Block 0.00					
Present \$203.50 C-Prop \$220.00 S-Prop \$0.00 Present 1,000 C-Prop \$5.50 S-Prop \$0.00 Present \$0.00 C-Prop \$0.00 S-Prop \$0.00 Present \$0.00 C-Prop \$0.00 S-Prop \$0.00 Present \$0.00 C-Prop \$0.00 S-Prop \$0.00 Present \$0.00 C-Prop \$0.00 S-Prop \$0.00					

Morristown Water Company
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PRESENT AND PROPOSED REVENUE

General Service 1 Inch Meter

		PRESENT RATES		COMPANY PROPOSED		STAFF PROPOSED	
		PRESENT		PROPOSED		PROPOSED	
		REVENUE		REVENUE		REVENUE	
Total Bills =	11		11		11		
Total Gals =	7		7		7		
Present Min =	19	\$203.50	20	\$220.00	0	\$0.00	
Tiers =	0	5.50	0	16.25	0	0.00	
TOTAL REVENUE =		\$209.00		\$236.25		\$0.00	

TYPICAL BILL ANALYSIS
General Service 1 Inch Meter

Average Number of Customers: 1

<u>Company Proposed</u>	<u>Gallons</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
Average Usage	591	\$18.50	\$21.48	\$2.98	16.1%
Median Usage	#N/A	#N/A	#N/A	#N/A	#N/A
<u>Staff Proposed</u>					
Average Usage	591	\$18.50	\$0.00	(\$18.50)	-100.0%
Median Usage	#N/A	#N/A	#N/A	#N/A	#N/A

Present & Proposed Rates (Without Taxes)
General Service 1 Inch Meter

<u>Gallons Consumption</u>	<u>Present Rates</u>	<u>Company Proposed Rates</u>	<u>% Increase</u>	<u>Staff Proposed Rates</u>	<u>% Increase</u>
0	\$18.50	\$20.00	8.1%	\$0.00	-100.0%
1,000	18.50	22.50	21.6%	0.00	-100.0%
2,000	20.70	25.00	20.8%	0.00	-100.0%
3,000	22.90	27.50	20.1%	0.00	-100.0%
4,000	25.10	30.00	19.5%	0.00	-100.0%
5,000	27.30	32.50	19.0%	0.00	-100.0%
6,000	29.50	35.50	20.3%	0.00	-100.0%
7,000	31.70	38.50	21.5%	0.00	-100.0%
8,000	33.90	41.50	22.4%	0.00	-100.0%
9,000	36.10	44.50	23.3%	0.00	-100.0%
10,000	38.30	47.50	24.0%	0.00	-100.0%
15,000	49.30	65.00	31.8%	0.00	-100.0%
20,000	60.30	82.50	36.8%	0.00	-100.0%
25,000	71.30	102.50	43.8%	0.00	-100.0%
50,000	126.30	202.50	60.3%	0.00	-100.0%
75,000	181.30	302.50	66.9%	0.00	-100.0%
100,000	236.30	402.50	70.3%	0.00	-100.0%
125,000	291.30	502.50	72.5%	0.00	-100.0%
150,000	346.30	602.50	74.0%	0.00	-100.0%
175,000	401.30	702.50	75.1%	0.00	-100.0%
200,000	456.30	802.50	75.9%	0.00	-100.0%

Morristown Water Company
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PRESENT AND PROPOSED REVENUE

General Service 1 1/2 Inch Meter

		PRESENT RATES		COMPANY PROPOSED		STAFF PROPOSED	
		PRESENT		PROPOSED		PROPOSED	
		REVENUE		REVENUE		REVENUE	
Total Bills =	36		36		36		
Total Gals =	712		712		712		
Present Min =	20	\$720.00	0	\$0.00	0	\$0.00	
Tiers =	0	1,490.50	0	2,489.00	0	0.00	
TOTAL REVENUE =		\$2,210.50		\$2,489.00		\$0.00	

TYPICAL BILL ANALYSIS
General Service 1 12 Inch Meter

Average Number of Customers: 3

<u>Company Proposed</u>	<u>Gallons</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
Average Usage	19,778	\$61.31	\$61.72	\$0.41	0.7%
Median Usage	7,500	\$34.30	\$27.50	(\$6.80)	-19.8%
<u>Staff Proposed</u>					
Average Usage	19,778	\$61.31	\$0.00	(\$61.31)	-100.0%
Median Usage	7,500	\$34.30	\$0.00	(\$34.30)	-100.0%

Present & Proposed Rates (Without Taxes)
General Service 1 12 Inch Meter

<u>Gallons Consumption</u>	<u>Present Rates</u>	<u>Company Proposed Rates</u>	<u>% Increase</u>	<u>Staff Proposed Rates</u>	<u>% Increase</u>
0	\$20.00	\$0.00	-100.0%	\$0.00	-100.0%
1,000	20.00	2.50	-87.5%	0.00	-100.0%
2,000	22.20	5.00	-77.5%	0.00	-100.0%
3,000	24.40	7.50	-69.3%	0.00	-100.0%
4,000	26.60	10.00	-62.4%	0.00	-100.0%
5,000	28.80	12.50	-56.6%	0.00	-100.0%
6,000	31.00	15.50	-50.0%	0.00	-100.0%
7,000	33.20	18.50	-44.3%	0.00	-100.0%
8,000	35.40	21.50	-39.3%	0.00	-100.0%
9,000	37.60	24.50	-34.8%	0.00	-100.0%
10,000	39.80	27.50	-30.9%	0.00	-100.0%
15,000	50.80	45.00	-11.4%	0.00	-100.0%
20,000	61.80	62.50	1.1%	0.00	-100.0%
25,000	72.80	82.50	13.3%	0.00	-100.0%
50,000	127.80	182.50	42.8%	0.00	-100.0%
75,000	182.80	282.50	54.5%	0.00	-100.0%
100,000	237.80	382.50	60.8%	0.00	-100.0%
125,000	292.80	482.50	64.8%	0.00	-100.0%
150,000	347.80	582.50	67.5%	0.00	-100.0%
175,000	402.80	682.50	69.4%	0.00	-100.0%
200,000	457.80	782.50	70.9%	0.00	-100.0%

Morristown Water Company
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 Test Year Ended December 31, 1999

PRESENT AND PROPOSED REVENUE

General Service 2 - Inch Meter

	PRESENT RATES		COMPANY PROPOSED		STAFF PROPOSED	
		PRESENT REVENUE		PROPOSED REVENUE		PROPOSED REVENUE
Total Bills =	36		36		36	
Total Gals =	398		398		398	
Present Min =	24	\$864.00	24	\$864.00	0	\$0.00
Tiers =	0	808.50	0	1,258.25	0	0.00
TOTAL REVENUE =		\$1,672.50		\$2,122.25		\$0.00
		=====		=====		=====

TYPICAL BILL ANALYSIS
General Service 2 - Inch Meter

Average Number of Customers: 3

<u>Company Proposed</u>	<u>Gallons</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
Average Usage	11,042	\$46.09	\$55.15	\$9.05	19.6%
Median Usage	8,000	\$39.40	\$51.50	\$12.10	30.7%
<u>Staff Proposed</u>					
Average Usage	11,042	\$46.09	\$0.00	(\$46.09)	-100.0%
Median Usage	8,000	\$39.40	\$0.00	(\$39.40)	-100.0%

Present & Proposed Rates (Without Taxes)
General Service 2 - Inch Meter

<u>Gallons Consumption</u>	<u>Present Rates</u>	<u>Company Proposed Rates</u>	<u>% Increase</u>	<u>Staff Proposed Rates</u>	<u>% Increase</u>
0	\$24.00	\$24.00	0.0%	\$0.00	-100.0%
1,000	24.00	26.50	10.4%	0.00	-100.0%
2,000	26.20	29.00	10.7%	0.00	-100.0%
3,000	28.40	31.50	10.9%	0.00	-100.0%
4,000	30.60	34.00	11.1%	0.00	-100.0%
5,000	32.80	36.50	11.3%	0.00	-100.0%
6,000	35.00	39.50	12.9%	0.00	-100.0%
7,000	37.20	42.50	14.2%	0.00	-100.0%
8,000	39.40	45.50	15.5%	0.00	-100.0%
9,000	41.60	48.50	16.6%	0.00	-100.0%
10,000	43.80	51.50	17.6%	0.00	-100.0%
15,000	54.80	69.00	25.9%	0.00	-100.0%
20,000	65.80	86.50	31.5%	0.00	-100.0%
25,000	76.80	106.50	38.7%	0.00	-100.0%
50,000	131.80	206.50	56.7%	0.00	-100.0%
75,000	186.80	306.50	64.1%	0.00	-100.0%
100,000	241.80	406.50	68.1%	0.00	-100.0%
125,000	296.80	506.50	70.7%	0.00	-100.0%
150,000	351.80	606.50	72.4%	0.00	-100.0%
175,000	406.80	706.50	73.7%	0.00	-100.0%
200,000	461.80	806.50	74.6%	0.00	-100.0%

