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BEFORE THE ARIZONA CORPORATION CO.

Arizona Corporation Commission

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COMMISSIONERS
JEFF HATCH-MILLER -- Chairman
WILLIAM A. MUNDELL
MARC SPITZER
MIKE GLEASON
KRISTIN K. MAYES

DOCKETED

JUN 20 2005

DOCKETED BY [Signature]

IN THE MATTER OF THE APPLICATION OF
VALLEY UTILITIES WATER COMPANY, INC.
FOR RATE ADJUSTMENTS IN ITS WATER
RATES AND FINANCING AUTHORIZATION.

Docket No. W-01412A-04-0736
W-01412A-04-0849

STAFF'S NOTICE OF FILING
SURREBUTTAL TESTIMONY

Staff of the Arizona Corporation Commission hereby files the Surrebuttal Testimony of
Dennis R. Rogers of the Utilities Division in the above-referenced matter.

RESPECTFULLY SUBMITTED this 20th day of June, 2005.

David Ronald

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**SURREBUTTAL
TESTIMONY
OF
DENNIS R. ROGERS**

**DOCKET NOS. W-01412A-04-0736
W-01412A-04-0849**

**IN THE MATTER OF THE APPLICATIONS OF
VALLEY UTILITIES WATER COMPANY, INC.,
FOR AN INCREASE IN ITS WATER RATES
AND
FOR AUTHORITY TO ISSUE PROMISSORY NOTE(S) AND OTHER
EVIDENCES OF INDEBTEDNESS PAYABLE AT PERIODS
OF MORE THAN TWELVE MONTHS AFTER DATE OF ISSUE**

JUNE 20, 2005

BEFORE THE ARIZONA CORPORATION COMMISSION

JEFF HATCH-MILLER
Chairman
WILLIAM A. MUNDELL
Commissioner
MARC SPITZER
Commissioner
MIKE GLEASON
Commissioner
KRISTIN MAYES
Commissioner

IN THE MATTER OF THE APPLICATIONS OF)
VALLEY UTILITIES WATER COMPANY, INC.,)
AN ARIZONA CORPORATION, FOR)
INCREASE IN ITS WATER RATES FOR)
CUSTOMERS WITHIN MARICOPA COUNTY,)
ARIZONA)

DOCKET NO. W-01412A-04-0736

IN THE MATTER OF THE APPLICATION OF)
THE APPLICATION OF VALLEY UTILITIES)
WATER COMPANY, INC. FOR AUTHORITY)
TO ISSUE PROMISSORY NOTE(S) AND OTHER)
EVIDENCES OF INDEBTEDNESS PAYABLE AT)
PERIODS OF MORE THAN TWELVE MONTHS)
AFTER DATE OF ISSUANCE)

DOCKET NO. W-01412A-04-0849

SURREBUTTAL TESTIMONY

OF

DENNIS R. ROGERS

PUBLIC UTILITIES ANALYST IV

UTILITIES DIVISION

ARIZONA CORPORATION COMMISSION

JUNE 20, 2005

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EXECUTIVE SUMMARY
VALLEY UTILITIES WATER COMPANY, INC.
Docket Nos. W-01412A-04-0736 and W-01412A-04-0849

The surrebuttal testimony of Staff witness Dennis R. Rogers addresses the following issues:

Staff responds to Mr. Kozoman's assertion that Staff did not recommend a monthly minimum for construction water sold through 3-inch meters. Staff's Schedule DRR-16, Rate Design, recommends a monthly minimum charge of \$179.87 for 3-inch construction water meters.

Staff responds to Mr. Kozoman's observation that the commercial 5/8-inch meter has a different first tier rate than the other classes of customers. Staff has revised Schedules DRR-16 and DRR-17 to correct a typographical error that listed the commercial 5/8-inch meter first tier at \$2.30. The corrected figure is \$2.31.

Staff responds to Mr. Kozoman's inability to duplicate Staff's revenue requirement. When inputting Staff's rates Mr. Kozoman derives \$950,809 rather than Staff's \$957,511 for a difference of \$6,702. Staff utilized the same bill counts for its recommended revenues that balanced to the Company's original application, annualized revenues, and proposed amounts.

Staff responds to Mr. Kozoman's arguments concerning Staff's rate design pertaining to "Life Line Rates", lack of a cost of service study, and three tiers for the Residential 5/8-inch and 3/4-inch customers while the other classifications have but two tiers. These questions were addressed in both the Arizona American and Rio Rico rate cases. The Commission found that in the case of Arizona American's seven water systems that Staff's rate design was appropriate, and in the Rio Rico decision the Commission adopted a three tier inverted rate structure for the 5/8-inch residential and commercial customers while maintaining an inverted two tier structure for all other meter sizes and classes that Mr. Kozoman proposed.

Staff responds to Mr. Robert L. Prince's testimony that customers may choose to lower their water bills by downsizing from their 1-inch meter and "over revving" the smaller meter which could impact revenues and expenses. The Company's proposed rate design provides for the same asserted opportunity.

Staff responds to Mr. Bourassa testimony as to what appears to be the main source of disagreement between Staff and the Company. The Company proposes a surcharge mechanism for recovery of estimated arsenic removal operation and maintenance costs. Staff recommends that the Company file another rate case application after the costs become known and measurable consistent with prior Commission decisions.

Staff responds to Mr. Bourassa's statement that the Arsenic Recovery Surcharge Mechanism does not require a subsequent filing by the Company for consideration by the Commission for approval. Staff is recommending approval of the Company's application for financing through the Water Infrastructure Finance Authority ("WIFA") in the form

described in its Direct Testimony, Pages 27 and 28. The methodology is consistent with other Accelerated Arsenic Cost Recovery Mechanisms previously authorized by the Commission; please see Ash Fork Water Service, Decision No. 67158 and Mountain Glen Water Service Inc., Decision No. 67163.

Staff responds to Mr. Bourassa's proposal that the Operation and Maintenance Costs associated with the mandated arsenic removal should be recovered by an Arsenic Operating and Maintenance Recovery Surcharge Mechanism ("AOMRSM"), which the Company will only incur actual costs. Staff recommends that the surcharge mechanism be disallowed and that the Company file a rate case application after a period of time has elapsed so that the actual operation and maintenance costs can be determined and the appropriate rates established. Mr. Bourassa acknowledges that the costs, although a reasonable estimate, are projected.

Staff responds to Mr. Bourassa's inclusion of refunds of Advances in Aid of Construction ("AIAC") in the Company's calculation of Debt Service Coverage ("DSC"). Staff acknowledges the difference in the methodologies used by the Company and Staff. Staff has revised Schedule DRR-21 to show both methodologies.

Staff responds to Mr. Bourassa's observation that Staff incorrectly overstates income tax expense. Staff agrees with Mr. Bourassa. Schedule DRR-21, Column [D], With WIFA Loan, did not reduce income tax expense because of the interest expense associated with the WIFA loan. Staff has reduced income tax expense in Column [D] by \$39,420, from \$54,262 to \$14,842. This has no effect on Staff recommended rates or Staff's recommended authorization and method of handling the WIFA financing application.

1 **INTRODUCTION**

2 **Q. Please state your name, occupation, and business address.**

3 A. My name is Dennis R. Rogers. I am a Public Utilities Analyst IV employed by the
4 Arizona Corporation Commission (“ACC” or “Commission”) in the Utilities Division
5 (“Staff”). My business address is 1200 West Washington Street, Phoenix, Arizona 85007.
6

7 **Q. Are you the same Dennis R. Rogers who filed direct testimony in this case?**

8 A. Yes, I am.
9

10 **Q. What is the purpose of your surrebuttal testimony in this proceeding?**

11 A. The purpose of my surrebuttal testimony in this proceeding is to respond, on behalf of the
12 Staff, to the rebuttal testimonies of Valley Utilities Water Company, Inc.’s (“Company”)
13 witnesses Ronald L. Kozoman, C.P.A., Mr. Ronald L. Prince, and Thomas J. Bourassa,
14 C.P.A., regarding rate design issues and revenue requirements.
15

16 **Q. Please explain how Staff’s surrebuttal testimony is organized.**

17 A. Staff testimony is organized to present issues in the same sequence as presented in the
18 Company’s rebuttal testimony.
19

20 **RATE DESIGN**

21 **Q. How does Staff respond to Mr. Kozoman’s testimony on Page 3, lines 5 through 6,**
22 **that:**

23 **Staff proposes no monthly minimum for**
24 **construction water sold through 3” meters.?**
25
26

27 A. Staff’s Direct Testimony, Schedule DRR-16, Rate Design, shows the Company’s Proposal
28 of \$212.33 compared to Staff’s Recommended \$179.87.

1 **Q. How does Staff respond to Mr. Kozoman's rebuttal testimony on Page 7, that Staff's**
2 **rate design for the commercial class on a 5/8-inch meter differs from all other**
3 **classes?**

4 A. There is no difference. Staff acknowledges that the first tier commodity charge on
5 Schedules DRR-16 and DRR-17 for the commercial 5/8 inch and 3/4 inch meters should
6 have been listed as \$2.31 rather than \$2.30. Revised Schedules DRR-16 and DRR-17 are
7 attached.

8
9 **Q. How does Staff respond to Mr. Kozoman's rebuttal testimony on Page 7, Lines 9 and**
10 **10:**

11 **Additionally, I can't duplicate Staff's revenue requirement**
12 **of \$957,511. Inputting Staff's rates, I derive only \$950,809.**

13 A. Staff utilized the same bill counts for its recommended revenues that balanced to the
14 Company's original application, annualized revenues, and proposed amounts.

15

16 **STAFF'S INVERTED THREE TIER RATE DESIGN**

17 **Q. Has the Commission previously considered Mr. Kozoman's arguments concerning**
18 **Staff's rate design pertaining to "Life Line Rates", lack of a cost of service study, and**
19 **three tiers for the Residential 5/8 - inch and 3/4 - inch while the other classifications**
20 **have but two tiers?**

21 A. Yes it has. These issues were addressed both in the Arizona-American Water Company
22 rate case, which consisted of seven water systems, Decision No. 67093, and the Rio Rico
23 Utilities, Inc. rate case Decision No. 67279.

24

1 **Q. What was the Commission's decision regarding rate design in the Arizona American**
2 **Water Company rate case?**

3 A. The Commission adopted Staff's recommended rate design for all seven water systems
4 which consisted of an inverted three tier rate design for Residential 5/8 - inch and 3/4 -
5 inch customers and an inverted two tier structure for all other meter sizes and customer
6 classes.

7
8 **Q. What has Mr. Kozoman identified as problems with Staff's recommended rate**
9 **design?**

10 A.
11 "The major problem I have with Staff's proposed rates is that the
12 lifeline or low income commodity rates in the first tier for the
13 residential customers on 5/8 x 3/4 inch and 3/4 inch meters. Staff is
14 proposing the three tier rate for residential customers only, and the
15 first tier is available on for the residential customers on smaller
16 meters. All other customers have a two tier rate design."¹

17
18 **Q. What was the Commission's decision regarding rate design in the Rio Rico Utilities,**
19 **Inc. rate case?**

20 A. In the Rio Rico Utilities, Inc. rate case *Mr. Kozoman* proposed and the Commission
21 adopted his inverted three tier rate design for 5/8 - inch customers (both residential and
22 commercial) while all other customer classes have an inverted two tier rate design.

23
24 **Q. Does Staff's rate design have an inverted three tier design for Residential 5/8 - inch**
25 **and 3/4 - inch customers and an inverted two tier design for all other classes of**
26 **customers?**

27 A. Yes, it does.

¹ Rebuttal Testimony, Ronald L. Kozoman, Page 3, lines 18 thru 23.

1 **THREE TIER 5/8 – INCH & 3/4 - INCH RESIDENTIAL CUSTOMERS**

2 **Q. How does Staff respond to Mr. Kozoman’s rebuttal testimony on Pages 3 and 4 that**
3 **suggests that Staff’s alternative justification for its first tier rate is to provide a**
4 **lifeline rate for residential 5/8 – inch and 3/4 - inch customers while all other**
5 **customers have a two tier rate design?**

6 **A.** Mr. Kozoman’s suggestion that Staff’s alternative purpose for the first tier for residential
7 5/8-inch and 3/4-inch residential customers is to provide a life line rate is a red herring.
8 Although the first tier for these customers may have some characteristics of a lifeline rate,
9 they are incidental to Staff’s overall rate design.

10
11 **TESTIMONY OF MR. ROBERT L. PRINCE**

12 **Q. What about Mr. Prince’s assertion that customers may choose to lower their water**
13 **bills by downsizing from their 1 inch meter and “over revving” the smaller meter**
14 **which could impact revenues and expenses?²**

15 **A.** The Company’s proposed rate design provides for the same asserted opportunity.
16

17 **RATE DESIGN RECOMMENDATION**

18 **Q. What is Staff’s surrebuttal recommendation regarding rate design?**

19 **A.** Staff continues to recommend the rate design as presented in its Direct Testimony.
20

21 **ARSENIC RECOVERY SURCHARGE MECHANISM**

22 **Q. What appears to be the main point of disagreement between Staff and the Company**
23 **concerning this rate case application?**

24 **A.** The Company proposes a surcharge mechanism to recover estimated operation and
25 maintenance costs for arsenic treatment and removal. Staff recommends Commission

² Rebuttal Testimony Robert L. Prince, lines 12 and 13.

1 authorization of the surcharge mechanism for the financing portion of plant. Staff further
2 recommends that the Company file a new rate case application after the operation and
3 maintenance costs become known and measurable consistent with prior Commission
4 Decisions.

5
6 **Q. How does Staff respond to Mr. Bourassa's statement: "However, unlike Staff, the**
7 **Company believes the ARSM can be approved now in form and does not require a**
8 **subsequent filing by the Company for consideration by the Commission for**
9 **approval."**³

10 A. Staff is recommending approval of the Company's application for financing through the
11 Water Infrastructure Finance Authority ("WIFA") in the form described in its Direct
12 Testimony, Pages 27 and 28. The methodology is consistent with other Accelerated
13 Arsenic Cost Recovery Mechanisms previously authorized by the Commission; please see
14 Ash Fork Water Service, Decision No. 67158 and Mountain Glen Water Service Inc.,
15 Decision No. 67163.

16
17 **Q. How does Staff respond to Mr. Bourassa's proposal that the Operation and**
18 **Maintenance Costs associated with the mandated arsenic removal should be**
19 **recovered by an Arsenic Operating and Maintenance Recovery Surcharge**
20 **Mechanism ("AOMRSM"), which the Company will only incur actual costs.**

21 A. Staff recommends that the surcharge mechanism be disallowed and that the Company file
22 a rate case application after a period of time has elapsed so that the actual operation and
23 maintenance costs can be determined and the appropriate rates established.

³ Rebuttal testimony, Mr. Thomas J. Bourassa, Page 8, lines 15 thru 17.

1 **Q. Is the amount of operation and maintenance expenses known and measurable?**

2 A. No. Mr. Bourassa acknowledges that the costs, although a reasonable estimate, are
3 projected.

4
5 **Q. Is the establishment of the surcharge mechanism in this instance consistent with
6 sound ratemaking principles?**

7 A. No. Authorizing estimated costs, to be recovered at some future time, before they are
8 known and measurable does not allow Staff the opportunity ascertain with any degree of
9 confidence the reasonableness of the charges and whether they are accounted for correctly.

10

11 **Q. How has the Commission handled these types of projected costs in the past?**

12 A. The Commission has consistently ordered that the operation and maintenance costs
13 associated with arsenic removal be segregated and tracked for a period of time, and that
14 the Company file a new rate case application after the actual costs become known and
15 measurable.

16

17 **Q. How does Staff respond to Mr. Bourassa's inclusion of refunds of Advances in Aid of
18 Construction ("AIAC") in the Company's calculation of Debt Service Coverage
19 ("DSC")?**

20 A. The Company and Staff differ in their respective methods of calculating DSC. Revised
21 Schedule DRR-21 shows both Staff's and the Company's DSC using their respective
22 methods. Staff's DSC, Column D is 1.86, the Company's DSC, the \$43,000 figure from
23 Company Exhibit 4, is 1.45.

1 **Q. Does Staff agree with Mr. Bourassa's statement on Page 7 of his Rebuttal Testimony**
2 **that Staff incorrectly overstates income tax expense?**

3 A. Staff agrees with Mr. Bourassa. Schedule DRR-21, Column [D], With WIFA Loan,
4 neglected reducing income tax expense because of the interest expense associated with the
5 WIFA loan. Staff has reduced income tax expense in Column [D] by \$39,420, from
6 \$54,262 to \$14,842. This has no effect on Staff recommended rates or Staff's
7 recommended authorization of the WIFA financing application.

8
9 **Q. Does this conclude your surrebuttal testimony?**

10 A. Yes, it does.

11
12

RATE DESIGN

Monthly Usage Charge

Residential and Commercial
 5/8" x 3/4" Meter
 3/4" Meter
 1" Meter
 1 1/2" Meter
 2" Meter
 3" Meter
 4" Meter
 6" Meter
 8" Meter
 10" Meter
 12" Meter
 Commercial Construction 3"

Present Rates	Company Phase Two	Staff Recommended	Estimated ARSM
9.60	14.16	11.24	\$ 6.71
14.50	21.38	16.87	\$ 10.06
24.00	35.38	28.10	\$ 16.77
48.00	70.78	56.21	\$ 33.54
77.00	113.54	89.94	\$ 53.67
144.00	212.33	179.87	\$ 100.63
240.00	353.88	281.05	Not Used
480.00	707.75	562.10	Not Used
		899.36	Not Used
		1,292.83	Not Used
		2,417.03	Not Used
144.00	212.33	179.87	\$ 100.63

Commodity Charges

No Gallons included in any Minimum

Excess of Minimum - per 1,000 Gallons

Residential 5/8" Meter
 Commercial 5/8" Meter
 Residential 3/4" Meter
 Commercial 3/4" Meter
Residential and Commercial
 1" Meter
 1 1/2" Meter
 2" Meter
 3" Meter
 4" Meter
 6" Meter
 8" Meter
 10" Meter
 12" Meter
 Commercial Construction 3" Flat Rates

Present		Company Proposed Phase Two			Staff Recommended					
1st Tier	2nd Tier	1st Tier	2nd Tier	3rd Tier	1st Tier	Upper Limit	2nd Tier	Upper Limit	3rd Tier	Upper Limit
\$ 1.80	\$ 2.20	\$ 2.9400	\$ 3.5990	\$ 3.9580	\$ 1.50	3,000	\$ 2.31	10,000	\$ 2.53	Infinite
25,000	Infinite	8,000	12,000	Infinite	\$ 2.31	18,000	\$ 2.58	Infinite		
25,000	Infinite	12,000	18,000	Infinite	\$ 1.50	3,000	\$ 2.31	10,000	\$ 2.53	Infinite
25,000	Infinite	12,000	18,000	Infinite	\$ 2.31	18,000	\$ 2.58	Infinite		
25,000	Infinite	20,000	30,000	Infinite	\$ 2.31	50,359	\$ 2.53	Infinite		
25,000	Infinite	40,000	60,800	Infinite	\$ 2.31	126,054	\$ 2.53	Infinite		
25,000	Infinite	64,000	96,000	Infinite	\$ 2.31	151,256	\$ 2.53	Infinite		
25,000	Infinite	128,000	192,000	Infinite	\$ 2.31	403,274	\$ 2.53	Infinite		
25,000	Infinite	200,000	300,000	Infinite	\$ 2.31	453,722	\$ 2.53	Infinite		
25,000	Infinite	400,000	600,000	Infinite	\$ 2.31	1,260,313	\$ 2.53	Infinite		
\$ 2.60		\$ 4.25				\$ 3.02				

Service Line and Meter Installation Charges

Residential and Commercial

5/8" x 3/4" Meter
 3/4" Meter
 1" Meter
 1 1/2" Meter
 2" Turbine Meter
 2" Compound Meter
 3" Turbine Meter
 3" Compound Meter
 4" Turbine Meter
 4" Compound Meter
 6" Turbine Meter
 6" Compound Meter
 8" Meter
 10" Meter
 12" Meter

Present Rates	Company Proposed Phase Two			Staff Recommended			
	Total	Service Line	Meter Install.	Total	Service Line	Meter Install.	Total
455.00	385.00		135.00	520.00	385.00	135.00	520.00
515.00	385.00		215.00	600.00	385.00	215.00	600.00
590.00	435.00		255.00	690.00	435.00	255.00	690.00
820.00	470.00		465.00	935.00	470.00	465.00	935.00
1,380.00	630.00		965.00	1,595.00	630.00	965.00	1,595.00
2,010.00	630.00		1,690.00	2,320.00	630.00	1,690.00	2,320.00
1,935.00	805.00		1,470.00	2,275.00	805.00	1,470.00	2,275.00
2,650.00	845.00		2,265.00	3,110.00	845.00	2,265.00	3,110.00
3,030.00	1,170.00		2,350.00	3,520.00	1,170.00	2,350.00	3,520.00
3,835.00	1,230.00		3,245.00	4,475.00	1,230.00	3,245.00	4,475.00
3,535.00	1,730.00		4,545.00	6,275.00	1,730.00	4,545.00	6,275.00
7,130.00	1,770.00		6,280.00	8,050.00	1,770.00	6,280.00	8,050.00
At Cost	At Cost		At Cost	At Cost	At Cost	At Cost	At Cost
At Cost	At Cost		At Cost	At Cost	At Cost	At Cost	At Cost
At Cost	At Cost		At Cost	At Cost	At Cost	At Cost	At Cost

Service Charges

Establishment
 Establishment (After Hours)
 Reconnection (Delinquent)
 Reconnection (Delinquent)- After Hours
 Meter Test (If Correct)
 Deposit - Residential Note 1
 Deposit - Non - Residential Note 2
 Deposit Interest - Note 3
 Re-Establishment (Within 12 Months)- Note 4
 NSF Check
 Meter Re-Read (If Correct)

Present	Company Proposed	
	Phase One	Staff Recommended
30.00	30.00	30.00
45.00	45.00	45.00
40.00	40.00	40.00
40.00	40.00	40.00
30.00	30.00	30.00
6.00%	6.00%	6.00%
25.00	25.00	25.00
10.00	10.00	10.00

Note 1 Per Commission Rules (R14-2-403.B) Two times the average bill.
 Note 2 Per Commission Rules (R14-2-403.B) Two and one-half times the average bill
 Note 3 Per Commission Rules (R14-2-403.B)
 Note 4 Months off system times the minimum (R14-2-403.D)

FINANCIAL ANALYSIS

Selected Financial Data
Including Immediate Effects of the Proposed Debt With Staff Recommended Surcharge
Staff Recommended Rates and Pro Forma Surcharge and WIFA Loan

INCOME STATEMENT	[A] Recommend Rates	[B] Pro Forma Surcharge	[C] Recommend Rates With Surcharge	[D] With WIFA Loan
Metered Water Revenue	\$ 915,720		\$ 915,720	\$ 915,720
Surcharge	\$ -	\$ 185,247	\$ 185,247	\$ -
Other Water Revenues	\$ 41,791	\$ -	\$ 41,791	\$ 41,791
Operating Revenue:	\$ 957,511	\$ 185,247	\$ 1,142,758	\$ 957,511
Operating Expenses:				
Purchased Water/Pumping Power	\$ 106,043	\$ -	\$ 106,043	\$ 106,043
Admin. & General	\$ 480,922	\$ -	\$ 480,922	\$ 480,922
Maintenance & Testing	\$ 20,630	\$ -	\$ 20,630	\$ 20,630
Depreciation [4]	\$ 133,543	\$ -	\$ 133,543	\$ 133,543
Property Taxes	\$ 48,747	\$ -	\$ 48,747	\$ 48,747
Other taxes	\$ 17,612	\$ -	\$ 17,612	\$ 17,612
Income Tax [2]	\$ 54,262	\$ 32,710	\$ 86,972	\$ 14,842
Total Operating Expense	\$ 861,760	\$ 32,710	\$ 894,469	\$ 822,339
Operating Income [1]	\$ 95,751	\$ 152,537	\$ 248,288	\$ 135,172
Interest Income	\$ -	\$ -	\$ -	\$ -
Interest Expense [3]	\$ -	\$ 94,998	\$ 94,998	\$ 94,998
Interest-Customer Deposits	\$ -	\$ -	\$ -	\$ -
Refunds of AIAC during Test Year [6]	\$ 43,000	\$ 43,000	\$ 43,000	\$ 43,000
Net Income	\$ 95,751	\$ 57,539	\$ 153,290	\$ 40,173
Principal Repayment [5]	\$ -	\$ 57,539	\$ 57,539	\$ 57,539
TIER (Interest Coverage)				
[1 + 2] + 3	N/A		3.53	1.58
Staff DSC				
[1 + 2 + 4] + [3 + 5]	N/A		3.07	1.86
Company DSC				
[1 + 2 + 4] + [3 + 5 + 6]	N/A		2.40	1.45
Capital Structure				
Short-term Debt	\$ -	0%	\$ 94,998	\$ 94,998
Long-term Debt	\$ -	0%	\$ 1,831,102	\$ 1,831,102
Common Equity	\$ (413,442)	100%	\$ (413,442)	\$ (413,442)
Total Capital	\$ (413,442)	100%	\$ 1,512,658	\$ 1,512,658

[A] Staff's recommended permanent rates without WIFA loan
[B] Staff's recommended pro forma surcharge effects with a WIFA loan
[C] Column [A] + Column [B]
[D] Staff's recommended permanent rates without a surcharge