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ORIGINAL

MEMORANDUM  
RECEIVED

2009 MAY 29 P 2:46

TO: Docket Control

FROM: Ernest G. Johnson  
*for* Director  
Utilities Division

~~AZ CORP COMMISSION~~  
~~DOCKET CONTROL~~

DATE: May 29, 2009

RE: SUPPLEMENTAL STAFF REPORT FOR WILHOIT WATER COMPANY, INC. - THUNDERBIRD MEADOWS' APPLICATIONS FOR A PERMANENT RATE INCREASE (DOCKET NO. W-02065A-07-0312) AND ASSOCIATED FINANCING REQUESTS (DOCKET NOS. W-02065A-07-0307 AND W-02065A-07-0306).

Attached is the Supplemental Staff Report for Wilhoit Water Company, Inc. - Thunderbird Meadows' applications for a permanent rate increase and associated financing requests. Staff recommends approval of the rate increase application using Staff's recommended rates and charges, approval of Staff's financing recommendation and associated surcharges, and other recommendations.

Any party who wishes may file comments to the Staff Report with the Commission's Docket Control by 4:00 p.m. on or before June 8, 2009.

EGJ:JMM:tdp

Originator: Jeffrey M. Michlik

Arizona Corporation Commission  
DOCKETED

MAY 29 2009

DOCKETED BY *[Signature]*

Service List for: Wilhoit Water Company, Inc. - Thunderbird Meadows  
Docket Nos. W-02065A-07-0312, et al

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**SUPPLEMENTAL STAFF REPORT  
UTILITIES DIVISION  
ARIZONA CORPORATION COMMISSION**

**WILHOIT WATER COMPANY, INC. - THUNDERBIRD MEADOWS**

**DOCKET NOS. W-02065A-07-0312, W-02065A-07-0307  
AND W-02065A-07-0306**

**APPLICATIONS FOR A  
PERMANENT RATE INCREASE AND  
ASSOCIATED FINANCING REQUESTS**

**MAY 29, 2009**

**EXECUTIVE SUMMARY**  
**WILHOIT WATER COMPANY, INC. – THUNDERBIRD MEADOWS’**  
**APPLICATIONS FOR A PERMANENT RATE INCREASE**  
**AND FINANCING REQUESTS**  
**DOCKET NOS. W-02065A-07-0312, W-02065A-07-0306, and W-02065A-07-0307**

This is the supplemental Staff Report in which Staff recommends the following:

- 1) that the delinquent property tax issue be closed, subject to an additional requirement.
- 2) that the sale of property to the City of Avondale and the associated docket be closed.
- 3) that Staff's rates and surcharges associated with this case be adopted.
- 4) that additional language be added to the water agreement between Walden Meadows Community Co-op and the Wilhoit Water Company on behalf of its Thunderbird Meadows System.

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## **Introduction**

This Supplemental Staff Report addresses the following issues:

- 1) Staff's recommendation regarding the delinquent property tax issue.
- 2) Staff's recommendation regarding the sale of property to the City of Avondale.
- 3) Staff's recommendation regarding its rates and surcharges associated with this case.
- 4) Staff's recommendation regarding the settlement agreement between Walden Meadows Community Co-op and the Wilhoit Water Company ("Wilhoit" or "Company") on behalf of its Thunderbird Meadows System.

## **Background**

Staff's original Staff Report in this matter was docketed on November 9, 2007.

A Procedural Order dated January 7, 2008, was issued in Docket No. W-02065A-07-0306, et al. That Procedural Order required the Company to file a separate financing application in regards to the new water source. The Utilities Division was ordered to file an amended Staff Report with respect to the rate application, and file a separate Staff Report with respect to the associated financing application which was to be filed in the future.

On March 6, 2008, the Company, in compliance with the referenced Procedural Order, filed a financing application with the Arizona Corporation Commission ("ACC" or "Commission") (Docket No. W-02065A-08-0260). On April 25, 2008, Staff filed its two separately issued Staff Reports.

On June 30, 2008, a Procedural Conference was held with Wilhoit and Staff. During the Procedural Conference, the Company stated that it had revised some of its costs in regards to the new water source, and it was decided that, in lieu of a hearing, Staff would analyze the new estimates and file a response by August 4, 2008.

On August 4, 2008, Staff filed a Staff Report in response to the verbal order.

On August 8, 2008, a Procedural Order was issued suspending the time clock until a resolution was reached in Docket No. W-02369A-08-0260, involving Walden Meadows Co-op and Wilhoit on behalf of its Thunderbird Meadows Water System.

On December 16, 2008, a resolution in Docket No. W-02369A-08-0260 was reached and the case was dismissed.

On January 21, 2009, the Company filed a letter requesting that the Company's application to authorize debt in the amount of \$345,000 in Docket No. W-0265A-08-0138 be withdrawn. The Company also stated that it supported the findings contained in Staff's Reports Docket Nos. W-02065A-07-0306, W-02065A-07-0307, and W-02065A-07-0312.

On February 4, 2009, a Procedural Order was issued stating that a Recommended Order shall not be issued in this proceeding until the Company files a copy of its finalized agreement with the Yavapai County Treasurer's Office for the payment of its delinquent property taxes for its three water systems in this docket and in the dockets related to Decisions Nos. 70384 and 70658, as ordered previously by the Commission.

The purpose of this Supplemental Staff Report is to provide Staff's comments to what has occurred in the interim. Staff has also updated its recommendations based on this new information.

### **Delinquent Property Tax Issue**

On March 31, 2009, Wilhoit filed with the Commission an agreement with the Yavapai County Treasurer's office signed by David Conlin Jr. on March 30, 2009. In the agreement the Company certifies it will make the following payments starting on May 1, 2009, on behalf of its three water systems and parcel numbers listed below:

**Yavapai Mobile Home Estates** – 929-95-120, 929-95-131 and 929-92-240

Debt of \$24,148.04

96 monthly payments of \$251.54

**Thunderbird Meadows** – 929-92-340 and 929-90-190

Debt of \$34,688.56

96 monthly payments of \$361.34

**Blue Hills #3** – 929-92-290, 929-92-280 and 929-29-901

Debt of \$7,981.31

96 monthly payments of \$83.14

On April 20, 2009, the Company filed a supplemental report relating to the delinquent property tax issue. The Company provided a supplemental letter received from the Yavapai County Treasurer's office dated April 15, 2009. The Treasurer's office stated "no enforcement action will be taken by this office as to the back taxes so long as the agreement dated March 27, 2009, between Yavapai County and Wilhoit Water Company relating to back taxes is performed."

Staff believes this complies with Staff's previous recommendation that any new rates approved in this docket not go into effect until "after an agreement between the Company and the Yavapai County Treasurer's office to settle all back property taxes is executed, and filed in Docket Control."

Staff also believes this complies with the Procedural Order dated February 4, 2009.

Staff recommends that the Company be required to file with the ACC annually a report, as a compliance item in this docket, which shows the amount paid by month, for each of the previous 12 months accompanied by cancelled checks to the Yavapai County Treasurer's Office. This report shall be filed in May of each year beginning in 2010.

### **Sale of the Glenarm Farms System to the City of Avondale**

On April 6, 2009, the Company, through its attorney Mr. Douglas G. Martin, filed a supplemental report with the ACC in which the Company states that this matter is nearing a resolution with the Maricopa County Treasurer. The Company, in exhibit C, has included a letter from the legal firm Gust Rosenfeld addressed to Ms. Vicki Wallace, Chief of Consumer Services dated April 1, 2009. The City of Avondale, through its attorney, stated, "Prior to the City sending a check for \$50,000.00 to the Board of Supervisors to resolve the outstanding tax liability, the City needs assurance that, upon receipt of the Abatement Resolutions from the Board of Supervisors, the Commission will (i) consider condition one above as satisfied, (ii) unconditionally approve the sale of the Glenarm Farms System and (iii) close the Commission's case and also that portion of Wilhoit's Certificate of Convenience and Necessity authorizing the provision of water services to the Glenarm Farms System will be canceled without further Order of the Commission."

Staff's counsel spoke with the City of Avondale's counsel. The City of Avondale through its attorney filed a letter with Staff on May 7, 2009, stating, "This letter confirms the City's intent to (i) assume Wilhoit's outstanding tax liability for the Glenarm Farms System, and (ii) not hold Wilhoit responsible for the outstanding tax liability with respect to the Glenarm Farms System and remove any objections Maricopa County has to the Sale. I have enclosed a copy of the May 7, 2009 letter to Mr. Charles Hoskins, the Maricopa County Treasurer, confirming the City's intent and delivering the negotiated payment amount."

The letter from Avondale's counsel to the Maricopa County Treasurer's Office states that the City of Avondale has enclosed a check in the amount of \$50,000.00 to settle all remaining tax issues with respect to the Glenarm Farms System, and remove any objection the Maricopa County Board of Supervisors may have to the sale of the Glenarm Farms System to the City.

Based on the above, Staff believes this issue should be closed and recommends Wilhoit's Docket No. W-02065A-03-0490 be closed.

**Staff's Recommendation Regarding Its Rates in This Case.**

In its original Staff Report, Staff recommended rates that would produce operating revenues of \$51,800 and result in an operating income of \$7,779, for an operating margin of 15.02 percent. Staff's recommended rates would increase the typical residential bill with a median usage of 3,114 gallons from \$26.16 to \$27.44 for an increase of \$1.28 or 4.89 percent. Staff continues to recommend the rates cited in the November 9, 2007, Staff Report. Staff, as a courtesy, has included a copy of the original rate design (see Schedule JMM-4), and the typical bill analysis without any surcharge (see Schedule JMM-5).

**Staff's Recommendation Regarding Its Financing and Surcharge in This Case.**

In its original Staff Report, Staff determined the additional storage tanks (i.e. a 14,000 gallon storage tank and two 25,000 gallon storage tanks) to be reasonable and appropriate and completed a financial analysis to ensure that the Company will have sufficient revenue to finance the new storage tanks.

In its initial analysis, Staff used a cost estimate of \$131,059 (see the original Engineering Report dated November 9, 2007), and an interest rate of 8.0 percent over 20 years. Since that time, Staff has learned the Water Infrastructure Finance Authority ("WIFA") is now offering interest rates that are much lower. As a result, and for comparative purposes, Staff has used the original cost estimate of \$131,059, but has now used an interest rate of 2.0 percent over 20 years (see supplemental schedule JMM-1). Also for comparative purposes, Staff has presented the surcharge amount for a 2.0 percent WIFA loan and an 8.0 percent WIFA loan (see supplemental schedule JMM-2). Staff now recommends an interest rate of 2.0 percent be authorized in this case. In addition, Staff recommends that the surcharge related to a 2.0 percent loan likewise be authorized as shown in supplemental schedule JMM-2. For example, the effects of a surcharge on an estimated WIFA loan amount of \$131,059 at 2 percent for a 5/8 inch meter customer would be \$5.18. In addition, Staff has provided a typical bill analysis with the added surcharge of \$5.18 (see supplemental schedule JMM-3).

Staff recommends that once the loan is approved by the WIFA, the Company file the appropriate loan documentation as a compliance item in this docket. Staff will then apply the interest rate determined by WIFA to calculate the actual surcharge. Staff will file its surcharge calculation within 30 days after the Company files the appropriate WIFA documentation. Staff recommends that the Company be allowed to implement this surcharge on the first day of the month following Staff's filing.

Staff does not recommend requiring that the Company use a 14,000 gallon storage tank and two 25,000 gallon storage tanks, but will leave this to the discretion of the Company. The Company may utilize any combination, as long as the total capacity equals 60,000 gallons in order to address the Arizona Department of Environmental Quality ("ADEQ") Notice of Violation ("NOV") and to remedy the current maintenance issues. Staff recommends that by December 31, 2009, Wilhoit file, as a compliance item with the Commission's Docket Control,

the ADEQ Approval to Construct ("ATC") for the plant related to the Company's development of new storage capacity. Staff further recommends that by December 31, 2010, Wilhoit file, as a compliance item with the Commission's Docket Control, the ADEQ Approval of Construction ("AOC") for the plant related to the Company's development of new storage capacity.

**Settlement agreement between Walden Meadows Community Co-op and Wilhoit on behalf of its Thunderbird Meadows System.**

Staff has reviewed the water agreement between Wilhoit and Walden Meadows Community Co-op. Staff is still concerned as to the language in the agreement as it relates to non-emergency water usage over 400,000 gallons. Staff recommends that the Company file an agreement that modifies the Agreement between the parties dated May 28, 1986. The May 28, 1986 Agreement should be modified to include the "Bulk Water Sale Conditions" included in the letter dated December 23, 2008, to Douglas G. Martin (Attorney representing the Company) from Steve Wene (Attorney representing Walden). Specifically, provisions increasing the amount of water above 400,000 gallons Walden will supply to the Company without an emergency condition. Staff further recommends that within 60 days of the effective date of the Order in this matter, the Company file, as a compliance item in this Docket with the Commission's Docket Control, a signed copy of the modified Agreement to include the provisions discussed above.

**Staff Updated Recommendations**

Staff recommends the following:

- 1) approval of its rates and charges as shown in Schedule JMM-4. In addition to collection of its regular rates and charges, the Company may collect from its customers a proportionate share of any privilege, sales, or use tax as provided for in A.A.C. R14-2-409.D;
- 2) the Company file with Docket Control, as a compliance item in this Docket, a schedule of its approved rates and charges within 30 days after the Decision in this matter is issued;
- 3) that the Company file with the ACC annually, a report as a compliance item in this Docket which shows the amount paid by month for back taxes, for each of the previous 12 months, accompanied by cancelled checks to the Yavapai County Treasurer's Office. This report shall be filed each May, beginning in 2010;
- 4) that the Commission administratively close Docket No. W-02056A-03-0490 and remove the appropriate area from Wilhoit's service territory as shown on the Commission's CC&N maps;
- 5) that the Company be ordered to maintain separate revenues, expenses, and rate bases for each of the Wilhoit water systems, and additionally provide separate balance sheets for

each water system, and as a compliance item in this Docket, file separate annual reports with the Commission;

- 6) that the Company reclassify the loan amount of \$15,000 as paid-in-capital in the equity section of the Company's balance sheet;
- 7) that the Company deposit all surcharge revenues collected from customers separately in an interest bearing bank account, and that the amounts collected can only be expended for debt service on system improvements;
- 8) that the Company, as a compliance item in this Docket, commencing 1 year after a Decision has been issued in this case, file annual reports with the Commission reflecting the surcharge amounts collected and expended by the Company and include any remaining balance;
- 9) that once the loan is approved by the WIFA, the Company file the appropriate loan documentation as a compliance item in this docket. Staff will then apply the interest rate determined by WIFA to calculate the actual surcharge. Staff will file its surcharge calculation within 30 days after the Company files the appropriate WIFA documentation. Staff recommends that the Company be allowed to implement this surcharge on the first of the month following Staff's filing;
- 10) that the Company should be evaluated from a global perspective to determine system adequacy and efficiency. Staff further recommends that the Company take immediate action to seek assistance from ADEQ through its system evaluation program. Upon completion of the ADEQ system evaluation, Staff further recommends that Wilhoit immediately apply for a Technical Assistance Grant from WIFA to fund projects that will improve system performance;
- 11) that within 60 days of the effective date of the Order in this matter, Wilhoit address deficiencies #1 and #2 in the operation and maintenance inspection report issued by ADEQ on October 3, 2006, and file, as a compliance item with the Commission's Docket Control, documentation demonstrating that the improvements have been completed.
- 12) that within 60 days of the effective date of the Order in this matter, Wilhoit make all necessary corrections to ADWR registration records to reflect ownership of all wells by Wilhoit and file, as a compliance item with the Commission's Docket Control, documentation demonstrating that such corrections have been made;
- 13) that the Company monitor the Thunderbird water system and submit the gallons pumped and sold to determine the non-account water for one full year. The results of this monitoring and reporting shall be docketed as a compliance item in this case within 13 months of the effective date of the Order issued in this proceeding. If the reported water loss is greater than 10 percent Wilhoit shall prepare a report containing a detailed analysis

and plan to reduce water loss to 10 percent or less. If Wilhoit believes it is not cost effective to reduce the water loss to less than 10 percent, it should submit a detailed cost benefit analysis to support its opinion. In no case shall Wilhoit allow water loss to be greater than 15 percent. The water loss reduction report or the detailed analysis, whichever is submitted, shall be filed, as a compliance item in this Docket, within 13 months of the effective date of the Order issued in this proceeding;

- 14) that Wilhoit be required to report its customer count by system in future Annual Reports;
- 15) that Wilhoit utilizes the depreciation rates delineated in the Engineering Report on a going-forward basis; and
- 16) that by December 31, 2009, Wilhoit complete the needed improvements identified during Staff's site inspection and file, as a compliance item in this Docket, documentation demonstrating that the improvements have been completed.
- 17) that the Company install at a minimum 60,000 gallons of new storage capacity in order to address the ADEQ NOV and to remedy the current maintenance issues. Staff recommends that by December 31, 2009, Wilhoit file, as a compliance item with the Commission's Docket Control, the ADEQ ATC for the plant related to the Company's development of new storage capacity. Staff further recommends that by December 31, 2010, Wilhoit file, as a compliance item with the Commission's Docket Control, the ADEQ AOC for the plant related to the Company's development of new storage capacity.
- 18) that the Company file an agreement that modifies the Agreement between Walden and the Company dated May 28, 1986. The May 28, 1986 Agreement should be modified to include the "Bulk Water Sale Conditions" included in the letter dated December 23, 2008, from Steve Wene (Attorney representing Walden) to Douglas G. Martin (Attorney representing the Company). Specifically, provisions increasing the amount of water above 400,000 gallons Walden will supply to the Company without an emergency condition. Staff further recommends that within 60 days of the effective date of the order in this matter the Company file, as a compliance item with the Commission's Docket Control, a signed copy of the modified Agreement to include the provisions discussed above.

**FINANCIAL ANALYSIS**

**Selected Financial Data  
 Infrastructure Surcharge at 2 percent and at 8 percent**

Line No.	[A] Staff Recommended Permanent Rates Without Loan	[B] Infrastructure Surcharge \$131,059 Loan at 2.00 Percent Interest Adjustments	[C] Staff Recommended Rates with Surcharge Loan Prin & Interest, and Income taxes	[D] Infrastructure Surcharge \$131,059 Loan at 8.00 Percent Interest Adjustments	[E] Staff Recommended Rates with Surcharge Loan Prin & Interest, and Income taxes
1	<b>INCOME STATEMENT</b>				
	<b>Operating Revenue</b>				
2	\$ 51,800	\$ -	\$ 51,800	\$ -	\$ 51,800
3	-	7,956	7,956	-	-
4	-	-	-	13,155	13,155
5	-	-	-	-	-
6	\$ 51,800	\$ 7,956	\$ 59,756	\$ 13,155	\$ 64,955
	<b>Operating Expenses</b>				
7	\$ 15,343	\$ -	\$ 15,343	\$ -	\$ 15,343
8	10,429	-	10,429	-	10,429
9	6,099	-	6,099	-	6,099
10	1,409	-	1,409	-	1,409
11	903	-	903	-	903
12	1,549	-	1,549	-	1,549
13	1,650	-	1,650	-	1,650
14	1,147	-	1,147	-	1,147
15	400	-	400	-	400
16	86	-	86	-	86
17	2,948	-	2,948	-	2,948
18	2,058	-	2,058	-	2,058
19	\$ 44,021	\$ -	\$ 44,021	\$ -	\$ 44,021
20	\$ 7,779	\$ 7,956	\$ 15,735	\$ 13,155	\$ 20,934
21	-	-	-	-	-
22	-	2,572	2,572	-	10,385
23	-	-	-	-	-
24	\$ -	\$ 2,572	\$ 2,572	\$ 10,385	\$ 10,385
25	\$ 7,779	\$ 5,384	\$ 13,163	\$ 2,770	\$ 10,549
26	\$ -	\$ 5,384	\$ 5,384	\$ 2,770	\$ 2,770
30	N/A		6.92		2.21
31	N/A		2.25		1.75

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**SURCHARGE AMOUNTS**

Equivalent Annual Bills (1,536) = Number of Customers 128 times 12 months

Infrastructure Surcharge - Additional Tanks (Loan Amount \$131,059) at 2 Percent  
 Total Increase in Revenue \$ 7,956  
 Equivalent Annual Bills 1,536

Surcharge Amount \$ 5.18

Pro forma Effects on monthly bill

5/8"x 3/4" Meter	1	x	\$ 5.18	=	\$ 5.18
3/4" Meter	1.5	x	\$ 5.18	=	\$ 7.77
1" Meter	2.5	x	\$ 5.18	=	\$ 12.95
1½" Meter	5	x	\$ 5.18	=	\$ 25.90
2" Meter	8	x	\$ 5.18	=	\$ 41.44
3" Meter	15	x	\$ 5.18	=	\$ 77.70
4" Meter	25	x	\$ 5.18	=	\$ 129.49
6" Meter	50	x	\$ 5.18	=	\$ 258.99

Infrastructure Surcharge - Additional Tanks (Loan Amount \$131,059) at 8 Percent  
 Total Increase in Revenue \$ 13,155  
 Equivalent Annual Bills 1,536

Surcharge \$ 8.56

5/8"x 3/4" Meter	1	x	\$ 8.56	=	\$ 8.56
3/4" Meter	1.5	x	\$ 8.56	=	\$ 12.85
1" Meter	2.5	x	\$ 8.56	=	\$ 21.41
1½" Meter	5	x	\$ 8.56	=	\$ 42.82
2" Meter	8	x	\$ 8.56	=	\$ 68.51
3" Meter	15	x	\$ 8.56	=	\$ 128.46
4" Meter	25	x	\$ 8.56	=	\$ 214.11
6" Meter	50	x	\$ 8.56	=	\$ 428.21

**Wilhoit Water Company, Inc. - Thunderbird Meadows**

Docket Nos. W-02065A-07-0312, W-02065A-07-0306, and W-02065A-0307  
 Test Year Ended December 31, 2006

Supplemental Schedule JMM-3

**TYPICAL BILL ANALYSIS - WITH SURCHARGE AT 2.0 PERCENT: \$5.18**

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

Average Number of Customers: 128

<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	4,033	\$30.21	\$60.49	\$30.28	100.23%
Median Usage	3,114	\$26.16	\$52.40	\$26.24	100.31%
<u>Staff Recommend</u>					
Average Usage	4,033	\$30.21	\$37.38	\$7.17	23.73%
Median Usage	3,114	\$26.16	\$32.62	\$6.46	24.69%

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	\$12.46	\$25.00	100.64%	\$21.68	74.00%
1,000	16.86	33.80	100.47%	25.13	49.05%
2,000	21.26	42.60	100.38%	28.58	34.43%
3,000	25.66	51.40	100.31%	32.03	24.82%
4,000	30.06	60.20	100.27%	37.21	23.79%
5,000	34.46	69.00	100.23%	42.39	23.01%
6,000	38.86	77.80	100.21%	47.57	22.41%
7,000	44.36	89.64	102.07%	52.75	18.91%
8,000	49.86	101.48	103.53%	57.93	16.19%
9,000	55.36	113.32	104.70%	63.11	14.00%
10,000	60.86	125.16	105.65%	68.29	12.21%
15,000	88.36	184.36	108.65%	99.29	12.37%
20,000	115.86	243.56	110.22%	130.29	12.45%
25,000	143.36	302.76	111.19%	161.29	12.51%
50,000	280.86	598.76	113.19%	316.29	12.61%
75,000	418.36	894.76	113.87%	471.29	12.65%
100,000	555.86	1,190.76	114.22%	626.29	12.67%
125,000	693.36	1,486.76	114.43%	781.29	12.68%
150,000	830.86	1,782.76	114.57%	936.29	12.69%
175,000	968.36	2,078.76	114.67%	1,091.29	12.69%
200,000	1,105.86	2,374.76	114.74%	1,246.29	12.70%

**RATE DESIGN**

Monthly Usage Charge	Present	-Proposed Rates-	
	Rates	Company	Staff
<u>5/8" x 3/4" Meter</u>	\$12.46	\$25.00	\$16.50
3/4" Meter	21.00	-	24.75
1" Meter	35.00	-	41.25
1½" Meter	70.00	-	82.50
2" Meter	112.00	-	132.00
3" Meter	210.00	-	264.00
4" Meter	350.00	-	412.50
5" Meter	500.00	-	619.00
6" Meter	700.00	-	825.00
Gallons Included in Minimum	0.00	0.00	0.00
Commodity Chage per 1,000 gallons			
<u>All Meter Sizes</u>			
0 - 6,000 gallons	\$4.40	\$8.80	N/A
Over 6,000 gallons	5.50	11.84	N/A
<u>5/8" x 3/4" and 3/4" Meter (Residential)</u>			
1 - 3,000 gallons	N/A	N/A	\$3.45
3,001 to 10,000 gallons	N/A	N/A	5.18
Over 10,000 gallons	N/A	N/A	6.20
<u>5/8" x 3/4" and 3/4" Meter (Commercial)</u>			
1 - 10,000 gallons	N/A	N/A	5.18
Over 10,000 gallons	N/A	N/A	6.20
<u>1" Meter (Commercial)</u>			
1 - 25,000 gallons	N/A	N/A	5.18
Over 25,000 gallons	N/A	N/A	6.20
<u>1 1/2" Meter (Commercial)</u>			
1 - 63,000 gallons	N/A	N/A	5.18
Over 63,000 gallons	N/A	N/A	6.20
<u>2" Meter (Commercial)</u>			
1 - 109,000 gallons	N/A	N/A	5.18
Over 109,000 gallons	N/A	N/A	6.20
<u>3" Meter (Commercial)</u>			
1 - 237,000 gallons	N/A	N/A	5.18
Over 237,000 gallons	N/A	N/A	6.20
<u>4" Meter (Commercial)</u>			
1 - 381,000 gallons	N/A	N/A	5.18
Over 381,000 gallons	N/A	N/A	6.20
<u>5" Meter (Commercial)</u>			
1 - 581,000 gallons	N/A	N/A	5.18
Over 581,000 gallons	N/A	N/A	6.20

**WHILHOIT WATER COMPANY, INC. - THUNDERBIRD MEADOWS**

Docket No. W-02065A-07-0312, W-02065A-07-0306, and W-02065A-07-0307  
 Test Year Ended December 31, 2006

Schedule JMM-4  
 Page 2 of 2

**RATE DESIGN - (Cont.)**

<b>6" Meter (Commercial)</b>			
1 - 780,000 gallons	N/A	N/A	\$5.18
Over 780,000 gallons	N/A	N/A	6.20
<b>Service Line and Meter Installation Charges</b>			
<u>5/8" x 3/4" Meter</u>	\$278.00	\$520.00	\$520.00
3/4" Meter	309.00	600.00	600.00
1" Meter	360.00	690.00	690.00
1½" Meter	552.00	935.00	935.00
2" Meter	779.00	1,595.00	1,595.00
3" Meter	1,010.00	2,275.00	2,275.00
4" Meter	1,703.00	3,520.00	3,520.00
5" Meter	2,638.00	0.00	4,800.00
6" Meter	3,769.00	6,275.00	6,275.00
<b>Service Charges</b>			
<u>Establishment</u>	\$30.00	\$100.00	\$30.00
Reconnection (Delinquent)	30.00	100.00	30.00
Meter Test (If Correct)	35.00	150.00	35.00
Deposit	*	*	*
Deposit Interest	*	*	*
Re-Establishment (Within 12 Months)	**	**	**
NSF Check	\$15.00	\$35.00	\$30.00
Deferred Payment (per annum)	6.00%	6.00%	6.00%
Meter Re-Read (If Correct)	15.00	35.00	15.00
Late fee	0.00	10.00	***
<b>Monthly Service Charge for Fire Sprinkler</b>			
<u>4" or Smaller</u>	\$5.00	\$0.00	****
6"	7.00	-	****
8"	7.00	-	****
10"	7.00	-	****
Larger than 10"	7.00	-	****

\* Per Commission Rules (R14-2-403.B)

\*\* Months off system times the minimum (R14-2-403.D)

\*\*\* 1.5% of unpaid monthly balance.

\*\*\*\* 1.00% of Monthly Minimum for a Comparable Sized Meter Connection, but no less than \$5.00 per month. The Service Charge for Fire Sprinklers is only applicable for service lines separate and distinct from the primary water service line.

**Wilhoit Water Company, Inc. - Thunderbird Meadows**

Docket Nos. W-02065A-07-0312, W-02065A-07-0306, and W-02065A-0307  
 Test Year Ended December 31, 2006

Schedule JMM-5

**TYPICAL BILL ANALYSIS - With No Surcharge**

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

Average Number of Customers: 128

<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	4,033	\$30.21	\$60.49	\$30.28	100.23%
Median Usage	3,114	\$26.16	\$52.40	\$26.24	100.31%
<u>Staff Recommend</u>					
Average Usage	4,033	\$30.21	\$32.20	\$1.99	6.59%
Median Usage	3,114	\$26.16	\$27.44	\$1.28	4.89%

**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	\$12.46	\$25.00	100.64%	\$16.50	32.42%
1,000	16.86	33.80	100.47%	19.95	18.33%
2,000	21.26	42.60	100.38%	23.40	10.07%
3,000	25.66	51.40	100.31%	26.85	4.64%
4,000	30.06	60.20	100.27%	32.03	6.55%
5,000	34.46	69.00	100.23%	37.21	7.98%
6,000	38.86	77.80	100.21%	42.39	9.08%
7,000	44.36	89.64	102.07%	47.57	7.24%
8,000	49.86	101.48	103.53%	52.75	5.80%
9,000	55.36	113.32	104.70%	57.93	4.64%
10,000	60.86	125.16	105.65%	63.11	3.70%
15,000	88.36	184.36	108.65%	94.11	6.51%
20,000	115.86	243.56	110.22%	125.11	7.98%
25,000	143.36	302.76	111.19%	156.11	8.89%
50,000	280.86	598.76	113.19%	311.11	10.77%
75,000	418.36	894.76	113.87%	466.11	11.41%
100,000	555.86	1,190.76	114.22%	621.11	11.74%
125,000	693.36	1,486.76	114.43%	776.11	11.93%
150,000	830.86	1,782.76	114.57%	931.11	12.07%
175,000	968.36	2,078.76	114.67%	1,086.11	12.16%
200,000	1,105.86	2,374.76	114.74%	1,241.11	12.23%