

ORIGINAL



November 16, 2009

Arizona Corporation Commission  
Utility Division  
Accounting and Rates Section  
1200 West Washington Street  
Phoenix, Az 85007

Re: Docket Number W-02391A-09-0516 (Cerbat Water Company)

Dear Commissioners,

This letter is to serve as a response to your request via phone for the two additional items requested by the ACC for the Emergency Rate Relief Application for Cerbat Water Company.

The first item requested is the rate charge to apply to customers. There are 256 customers on the Cerbat Water Company system. The total request is for \$187,774. This equates to a charge to each customer of \$733.49.

Item number two of your request is a method for recovery. The water company feels it is imperative that the funds be recovered as soon as possible without creating a hardship for the existing customers. The recovery proposal for the \$733.49/customer is as follows:

- 1) An initial onetime payment of \$30.00/customer. This would recover \$7,680.00 of the \$187,774, leaving a balance of \$180,094.00
- 2) An increase in the base rate of \$20.00/customer. This would equate to \$5,120.00/month.
- 3) An increase in the step 1 usage rate of 27%, from \$1.65/thousand gallons to \$2.10/thousand. An increase in the step 2 usage rate of 22%, from \$2.25/ thousand to \$2.75/thousand and an increase in the step 3 usage rate of 17%, from \$2.65/thousand to \$3.10/thousand.

With the listed rate increases, Cerbat estimates the recovery to take approximately 18 months based on historic water consumption.

If you have any further requests please contact me.

Respectfully,

Rick Neal for Cerbat Water Company

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