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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

KRISTIN K. MAYES, Chairman
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP

2010 JAN -6 1P 12:14

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF
RIO RICO UTILITIES, INC. FOR A
DETERMINATION OF THE FAIR VALUE OF
ITS UTILITY PLANT AND PROPERTY AND
FOR INCREASES IN ITS WATER AND
WASTEWATER RATES AND CHARGES FOR
UTILITY SERVICE THEREON.

DOCKET NO. WS-02676A-09-0257

**STAFF'S NOTICE OF FILING DIRECT
TESTIMONY ON RATE DESIGN**

The Utilities Division of the Arizona Corporation Commission ("Staff") hereby files the
Direct Testimony of Staff Witness Gerald W. Becker in the above-referenced matter.

RESPECTFULLY submitted this 6th day of January, 2010.

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Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Arizona Corporation Commission

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JAN - 6 2010

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DIRECT

TESTIMONY

OF

GERALD W. BECKER

DOCKET NO. WS-02676A-09-0257

**IN THE MATTER OF THE APPLICATION OF
RIO RICO UTILITIES, INC,
FOR A DETERMINATION OF THE FAIR VALUE
OF ITS UTILITY PLANTS AND PROPERTY
AND FOR INCREASES IN ITS WATER AND
WASTEWATER RATES AND
CHARGES FOR UTILITY SERVICE BASED
THEREON.**

JANUARY 06, 2010

BEFORE THE ARIZONA CORPORATION COMMISSION

KRISTIN K. MAYES

Chairman

GARY PIERCE

Commissioner

PAUL NEWMAN

Commissioner

SANDRA D. KENNEDY

Commissioner

BOB STUMP

Commissioner

IN THE MATTER OF THE APPLICATION OF)
RIO RICO UTILITIES, INC,)
FOR A DETERMINATION OF THE FAIR VALUE)
OF ITS UTILITY PLANTS AND PROPERTY)
AND FOR INCREASES IN ITS WATER AND)
WASTEWATER RATES AND)
CHARGES FOR UTILITY SERVICE BASED)
THEREON.)

DOCKET NO. WS-02676A-09-0257

(RATE DESIGN)

DIRECT

TESTIMONY

OF

GERALD W. BECKER

PUBLIC UTILITIES ANALYST V

UTILITIES DIVISION

ARIZONA CORPORATION COMMISSION

JANUARY 06, 2010

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
WATER DIVISION RATE DESIGN	1
WASTEWATER DIVISION RATE DESIGN.....	4
LOW INCOME TARIFF	6

SCHEDULES

WATER DIVISION

Rate Design	GWB-1
Typical Bill Analysis.....	GWB-2

WASTEWATER SCHEDULES

Rate Design.....	GWB-3
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**EXECUTIVE SUMMARY
RIO RICO UTILITIES, INC.
DOCKET NO. WS-02676A-09-0257**

Rio Rico Utilities, Inc. ("Rio Rico" or "Company") is a public service corporation certificated to provide water and wastewater utility service. Rio Rico provides service to approximately 4,000 water-only customers and 2,000 combined water and wastewater customers in Santa Cruz County, Arizona. The testimony of Mr. Gerald Becker represents Staff's recommended water and wastewater rate designs.

Rio Rico Water District:

The present rate design is based on minimum monthly charges that generally increase by meter size. There are currently five meter sizes serving residential customers and seven meter sizes serving the commercial customers. Both residential and commercial customers in the 5/8 x 3/4-inch rate class have a three-tiered rate design, while all other rate classes with meters greater than 5/8 x 3/4-inch have a two tiered rate design. In addition to these rates, there are three fire sprinkler rates: all up to eight inches, ten inches and twelve inches. Fire lines have a fixed monthly charge only.

The Company proposes to keep the same rate structure for all customer classes. Customer classes include residential, commercial, and fire protection categories. For residential and commercial customers in the 5/8 x 3/4-inch rate class, the Company proposes to continue an inverted three-tier rate design. For all other rate classes, the Company proposes to continue an inverted two-tier rate design. The Company proposes to maintain the present rate structure for fire protection. Further, the Company proposes implementation of a meter re-read (if correct) charge, a late payment penalty, a deferred payment charge, a charge to move the meter at the customer's request, and an hourly charge for after-hours service calls. The Company also proposes that service line connection charges change from a stated cost to an at cost rate. The Company also proposes an off-site facilities hook-up fee of \$1,800 for 5/8 x 3/4-inch meter customers with higher charges for customers with larger meters.

Staff recommends a rate structure that is similar to that currently in place, but Staff increases all the break-over points for larger meters. Staff's rate design recognizes the growing importance of managing water as a finite resource and promotes more efficient water use. Staff's rate structure provides an economic benefit to customers that limit consumption. Staff's recommended rate design would generate Staff's recommended water revenue requirement of \$2,899,496, including \$2,854,824 from metered water sales. Staff further recommends adoption of the Company's proposal to implement a meter re-read (if correct) charge, a late payment charge, a deferred payment charge, a charge to move the meter at the customer's request, and an hourly charge for after-hours service calls, and also recommends approval of the changes for service line connection charges, as discussed in Staff's Engineering testimony filed on December 15, 2009. Staff recommends denial of the off-site facilities hook-up fee.

Under the Company's proposed rates, the median residential 5/8 x 3/4-inch meter customer consuming 7,000 gallons per month would experience a \$19.16, or 110.7 percent increase from \$17.31 to \$36.47. Under the Staff's recommended rates, the median residential 5/8 x 3/4-inch meter customer consuming 7,000 gallons per month would experience an \$8.19, or 47.3 percent increase, from \$17.31 to \$25.50.

Rio Rico Wastewater District:

The present rate design is based largely on flat monthly rates. Single-family residential customers pay a flat monthly rate based on the size of their water meter. In addition to paying the same monthly customer charges as single-family residential customers, commercial and multi-family residential customers also pay a commodity charge that is based on water use that exceeds 7,000 gallons per month.

Rio Rico's proposed rate structure is a continuation of the rate structure adopted in the prior rate case. Rio Rico's proposed rates spread its proposed revenue decrease across all of the customer classes. The revenue decrease is accomplished by decreasing monthly usage charges by 4.80 percent and decreasing commodity charges by 4.73 percent. The Company proposes the implementation of a late payment penalty, a deferred payment charge, and a charge for after-hours service calls. The Company also proposes that service line connection charges change from a stated cost to an at-cost rate. The Company also proposes an off-site facilities hook-up fee of \$1,800 per equivalent residential unit.

Staff recommends a comparable rate structure to that currently in place. Staff's recommended revenue requirement of \$1,465,673 includes wastewater revenues of \$1,465,423 and other revenues of \$250 and represents a decrease of \$364,303, or 19.91 percent. Staff recommends adoption of the Company's proposal to implement a late payment charge, a deferred payment charge, and a charge for after-hours service calls, and also recommends approval of the Company's proposed changes for service line connection charges, as discussed in Staff's Engineering testimony filed on December 15, 2009. Staff recommends denial of the off-site facilities hook-up fee.

For a residential customer with a 5/8 x 3/4-inch water meter, the Company proposes a \$2.71, or 4.80 percent, decrease in the monthly charge, from \$56.36 to \$53.65. Staff recommends a decrease of \$11.21, or 19.89 percent, in the monthly charge, from \$56.36 to \$45.15.

Staff recommends approval of its rates and charges.

1 **INTRODUCTION**

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

3 A. My name is Gerald Becker. I am a Public Utilities Analyst V employed by the Arizona
4 Corporation Commission ("ACC" or "Commission") in the Utilities Division ("Staff").
5 My business address is 1200 West Washington Street, Phoenix, Arizona 85007.

6
7 **Q. Are you the same Gerald Becker who previously filed testimony pertaining to rate**
8 **base, operating revenues and expenses and revenue requirement on behalf of Staff in**
9 **this docket for Rio Rico Utilities, Inc.'s ("Rio Rico" or "Company") permanent rate**
10 **application?**

11 A. Yes.

12
13 **WATER DIVISION RATE DESIGN**

14 **Q. Please summarize Staff's recommended rate design.**

15 A. Staff recommends the rates and charges presented in Schedule GWB-1. For both
16 residential and commercial customers, Staff's recommended monthly minimum charges
17 by meter size are as follows: 5/8 x 3/4-inch, \$10.00; 3/4-inch, \$15.00; 1-inch, \$25.00; 1
18 1/2-inch, \$50.00; 2-inch, \$80.00; 3-inch, \$160.00; 4-inch, \$250.00; 6-inch, \$500.00;
19 8-inch, \$800.00; 10-inch, \$1,150.00; and 12-inch \$2,150.00. For customers with a 5/8 x
20 3/4-inch meter, Staff recommends an inverted tier rate design that consists of three tiers
21 with the residential commodity rates of \$1.50 per thousand gallons for 0 to 3,000 gallons,
22 \$2.75 per thousand gallons for 3,001 to 9,000 gallons, and \$3.42 per thousand gallons for
23 any consumption over 9,000 gallons. Staff recommends a two-tier inverted block rate
24 structure for all customers with meters larger than 5/8 x 3/4-inch. The recommended
25 break-over points for two-tier customers increase with meter size, as shown in Schedule
26 GWB-1. Under the recommended rate design, the monthly bill at any usage level is

1 higher for a larger meter than for a smaller meter. This will serve to send an appropriate
2 economic signal to all customers for all consumption.
3

4 **Q. What is the rate impact on a 5/8 x 3/4-inch meter residential customer using a**
5 **median consumption of 7,000 gallons?**

6 A. Under Staff's recommended rates, a residential 5/8 x 3/4-inch meter customer consuming
7 the median usage of 7,000 gallons per month paying \$25.50, which is \$8.19 more than the
8 current \$17.31, for a 47.30 percent increase. By comparison, a residential 5/8 x 3/4-inch
9 meter customer consuming the median usage of 7,000 gallons per month under the
10 Company's proposed rates would be billed \$36.47, which is \$19.16 more than the current
11 \$17.31 for a 110.69 percent increase. A typical bill analysis for 5/8 x 3/4-inch residential
12 customers is presented on Schedule GWB-2.
13

14 **Q. What is Staff's recommendation for the implementation of a late payment penalty, a**
15 **deferred payment charge, and a charge for after-hours service calls?**

16 A. Staff recommends accepting the Company's proposed late payment charge, deferred
17 payment charge, and charge for after-hours service calls.
18

19 **Q. What is Staff's recommendation for the water system's service line and meter**
20 **installation charges?**

21 A. Staff recommends accepting the Company's proposed service line and meter installation
22 charges. The proposed water system's service line and meter installation charges at cost
23 comport with the determination of Staff witness, Jian Liu, as reflected on Table C of the
24 Engineering Report for the water division.

1 **Q. What water system service charges does Staff recommend?**

2 A. Staff recommends accepting the Company's proposed charges shown in the Company's
3 Schedule H-3, page 3. Staff's recommendations for service charges are shown in
4 Schedule GWB-1.

5
6 **Q. Did the Company propose an off-site facilities hook-up fee ("HUF") for the water
7 division?**

8 A. Yes. The Company proposes an off-site facilities hook-up fee of \$1,800 for 5/8 x 3/4-inch
9 meter customers, with higher charges for larger meters.

10
11 **Q. Does Staff have any comments regarding the Company's proposed HUF?**

12 A. Yes. According to page 6, paragraph I, of the Engineering Report for the wastewater
13 division filed on December 15, 2009, Staff sent the Company a data request asking for
14 support for its proposed HUF, but the Company refused to provide support. Therefore,
15 Staff cannot conclude that the proposed HUF tariffs are reasonable and appropriate, and
16 therefore, recommends denial of the proposed HUF tariff. Further, Staff notes that the
17 proposed charges for the larger meters do not reflect application of the American Water
18 Works Association meter capacity multiples.

19
20 **Q. How does Staff typically utilize the American Water Works Association meter
21 capacity multiples?**

22 A. When designing rates, Staff applies these meter capacity multiples to the fixed monthly
23 charge for a 5/8 x 3/4-inch meter customer in order to calculate the fixed monthly charges
24 for larger meters.

1 **Q. What does Staff recommend?**

2 A. Staff recommends denial of the HUF. However, in the event that a HUF is approved,
3 Staff would recommend that it reflect the American Water Works Association meter
4 capacity multiples.

5
6 **Q. Does this conclude your direct testimony for the water division rate design?**

7 A. Yes, it does.
8

9 **WASTEWATER DIVISION RATE DESIGN**

10 **Q. Please provide an overview of the Company's present wastewater rate structure.**

11 A. The present rate structure is based largely on flat monthly rates. Single-family residential
12 customers pay a flat monthly rate based on the size of their water meter. In addition to
13 paying the same monthly customer charges as single-family residential customers,
14 commercial and multi-family residential customers also pay a commodity charge that is
15 based on water use that exceeds 7,000 gallons per month.

16
17 **Q. Please provide an overview of the Company's proposed wastewater rate structure.**

18 A. The Company proposes a continuation of the rate structure adopted in the prior rate case,
19 i.e., Rio Rico's proposed rates spread its proposed revenue decrease across all of the
20 customer classes. The revenue decrease is accomplished by decreasing monthly usage
21 charges by 4.80 percent and decreasing commodity charges by 4.73 percent. The
22 Company proposes the implementation of a late payment penalty, a deferred payment
23 charge, and a charge for after-hours service calls. The Company also proposes that
24 service line connection charges change from a stated cost to an at-cost rate. The Company
25 also proposes an off-site facilities hook-up fee of \$1,800 per equivalent residential unit.

1 **Q. Please summarize Staff's recommended wastewater rate design.**

2 A. Staff recommends a wastewater rate structure that is consistent with the present rate
3 structure. Staff recommends the rates and charges presented in Schedule GWB-3. The
4 For both residential and commercial customers, Staff's recommended monthly minimum
5 charges by water meter size are as follows: 5/8 x 3/4-inch, \$45.15; 3/4-inch, \$51.49; 1-
6 inch, \$63.61; 1 1/2-inch, \$93.92; 2-inch, \$130.27; 3-inch, \$226.95; 4-inch, \$336.39; 6-
7 inch, \$639.25; 8-inch, \$1,003.15; 10-inch, \$1,427.63; and 12-inch, \$2,315.11. In addition,
8 Staff recommends that the commercial and multi-family residential customers pay a
9 commodity charge based on water usage that exceeds 7,000 gallons per month at the rate
10 of \$4.59 per thousand gallons.

11
12 **Q. What is the impact of Staff's recommended rates on the monthly wastewater bill of a**
13 **5/8 x 3/4-inch meter residential customer?**

14 A. Under Staff's recommended rates, a residential 5/8 x 3/4-inch meter customer would pay a
15 wastewater bill of \$45.15, which is \$11.21 less than the current \$56.36, for a 19.89 percent
16 decrease.

17
18 **Q. What is Staff's recommendation for wastewater system service line installation**
19 **charges?**

20 A. Staff recommends accepting the Company's proposed service line installation charges.
21 The proposed wastewater system's service line installation charges at cost, comport with
22 the determination of Staff witness, Jian Liu, as reflected on Table C of the Engineering
23 Report for the wastewater division.

1 **Q. What wastewater system service charges does Staff recommend?**

2 A. Staff recommends accepting the Company's proposed charges shown in the Company's
3 Schedule H-3, page 3. Staff's recommendations for service charges are shown in
4 Schedule GWB-3.

5
6 **Q. Did the Company propose a HUF for its wastewater division?**

7 A. Yes. The Company proposes a HUF of \$1,800 per equivalent residential unit ("ERU").
8 The Company defines an ERU as usage of 320 gallons per day, as shown in the
9 Company's Schedule H-3, page 4.

10

11 **Q. Does Staff have any comments regarding the Company's proposed HUF?**

12 A. Yes. According to page 6, paragraph I, of the Engineering Report for the wastewater
13 division filed on December 15, 2009, Staff sent the Company a data request asking for
14 support for its proposed HUF, but the Company refused to provide support. Therefore,
15 Staff cannot conclude that the proposed HUF tariff is reasonable and appropriate, and
16 therefore, recommends denial of the proposed HUF tariff.

17

18 **LOW INCOME TARIFF**

19 **Q. What is the Company proposing for a low income tariff?**

20 A. The Company is proposing a 15 percent discount off of the total bill for customers who
21 are at 100 percent of the proposed federal poverty levels, i.e., a four person household
22 with gross annual income from all sources of \$22,050. The discount would apply to both
23 the water and wastewater customers.

24

25 **Q. Will the Company add any fees to administer the program?**

26 A. Yes, the Company proposes to add a ten percent fee for administration and carrying costs.

1 **Q. How does the Company propose to recover the reduced levels of revenue and its**
2 **costs?**

3 A. The Company proposes to track its costs and implement a surcharge after the first 12-
4 month period. The Company will update its surcharge amounts every 12 months
5 thereafter.

6
7 **Q. Does Staff agree that adoption of a low income tariff is appropriate?**

8 A. Yes, Staff supports adoption of a low income tariff. However, Staff recognizes that the
9 terms proposed by the Company are different from those recently proposed by other water
10 utilities and that use of low income tariffs for water and wastewater utilities is a relatively
11 recent development. Accordingly, Staff concludes that additional consideration is needed
12 to develop an appropriate low income tariff, and it reserves the right to recommend an
13 alternative to the Company's proposal in its surrebuttal testimony.

14
15 **Q. Does this conclude your direct testimony for the wastewater division rate design?**

16 A. Yes, it does.

RATE DESIGN

	Present Rates	Proposed Rates- Co.	Proposed Rates- Staff
Monthly Usage Charge-All Class			
5/8" x 3/4" Meter	\$6.45	\$ 13.71	\$ 10.00
3/4" Meter	\$9.65	\$ 20.51	\$ 15.00
1" Meter	\$17.10	\$ 36.34	\$ 25.00
1 1/2" Meter	\$34.70	\$ 73.74	\$ 50.00
2" Meter	\$54.00	\$ 114.75	\$ 80.00
3" Meter	\$105.40	\$ 223.98	\$ 160.00
4" Meter	\$173.50	\$ 368.69	\$ 250.00
6" Meter	\$321.25	\$ 682.65	\$ 500.00
8" Meter	\$514.00	\$ 1,092.25	\$ 800.00
10" Meter	\$745.30	\$ 1,583.76	\$ 1,150.00
12" Meter	\$1,395.00	\$ 2,964.38	\$ 2,150.00
Fire Lines			
Up to 8"	6.48	13.77	Per Rule ****
10"	7.45	15.83	Per Rule ****
12"	14.00	29.75	Per Rule ****
Commodity Rates-All Classes			
5/8" x 3/4" Meter			
From 0 to 3,000 gallons	\$ 1.44	\$ 2.93	N/A
From 3,001 to 9,000 gallons	\$ 1.70	\$ 3.68	N/A
Over 9,000 gallons	\$ 1.90	\$ 4.18	N/A
5/8" x 3/4" Meter			
From 0 to 3,000 gallons	N/A	N/A	1.50
From 3,001 to 9,000 gallons	N/A	N/A	2.75
Over 9,000 gallons	N/A	N/A	3.42
3/4" Meter			
From 0 to 6,000 gallons	\$ 1.70	\$ 3.68	\$2.75
Over 6,000 gallons	\$ 1.90	\$ 4.18	\$3.42
1" Meter			
From 0 to 15,000 gallons	\$ 1.70	\$ 3.68	\$2.75
Over 15,000 gallons	\$ 1.90	\$ 4.18	\$3.42
1 1/2" Meter			
From 0 to 20,000 gallons	\$ 1.70	\$ 3.68	\$2.75
Over 20,000 gallons	\$ 1.90	\$ 4.18	\$3.42
2" Meter			
From 0 to 57,000 gallons	\$ 1.70	\$ 3.68	\$2.75
Over 57,000 gallons	\$ 1.90	\$ 4.18	\$3.42
3" Meter			
From 0 to 114,000 gallons	\$ 1.70	\$ 3.68	\$2.75
Over 114,000 gallons	\$ 1.90	\$ 4.18	\$3.42
4" Meter			
From 0 to 152,000 gallons	\$ 1.70	\$ 3.68	\$2.75
Over 152,000 gallons	\$ 1.90	\$ 4.18	\$3.42
6" Meter			
From 0 to 304,000 gallons	\$ 1.70	\$ 3.68	\$2.75
Over 304,000 gallons	\$ 1.90	\$ 4.18	\$3.42
8" Meter			
From 0 to 428,000 gallons	\$ 1.70	\$ 3.68	\$2.75
Over 428,000 gallons	\$ 1.90	\$ 4.18	\$3.42
10" Meter			
From 0 to 570,000 gallons	\$ 1.70	\$ 3.68	\$2.75
Over 570,000 gallons	\$ 1.90	\$ 4.18	\$3.42
12" Meter			
From 0 to 855,000 gallons	\$ 1.70	\$ 3.68	\$2.75
Over 855,000 gallons	\$ 1.90	\$ 4.18	\$3.42

RATE DESIGN

	Service Line	Meter	Total	Service Line	Meter	Total	Service Line	Meter	Total
Service Charges									
Establishment	\$ 15.00								\$ 15.00
Establishment (After Hours)	\$ 25.00								\$ 25.00
Reconnection (Delinquent)	\$ 15.00								\$ 15.00
Reconnection (Delinquent) after hours	\$ 25.00								\$ 25.00
Meter Test (If Correct)	\$ 15.00								\$ 15.00
Deposit									
Deposit Interest									
Re-Establishment (Within 12 Months)									
NSF Check									
Meter Re-Read (If Correct)									
Late Payment Charge									
Deferred Payment***									
Moving Meter at customer request									
Service Calls-Per Hour/After hours									
Service Line and Meter Installation Charges									
5/8" x 3/4" Meter	\$ 370.00	\$ 130.00	\$ 500.00	AI Cost	AI Cost	AI Cost	AI Cost	AI Cost	AI Cost
3/4" Meter	\$ 370.00	\$ 205.00	\$ 575.00	AI Cost	AI Cost	AI Cost	AI Cost	AI Cost	AI Cost
1" Meter	\$ 420.00	\$ 240.00	\$ 660.00	AI Cost	AI Cost	AI Cost	AI Cost	AI Cost	AI Cost
1 1/2" Meter	\$ 450.00	\$ 450.00	\$ 900.00	AI Cost	AI Cost	AI Cost	AI Cost	AI Cost	AI Cost
2" Meter	\$ 590.00	\$ 1,640.00	\$ 2,230.00	AI Cost	AI Cost	AI Cost	AI Cost	AI Cost	AI Cost
3" Meter	\$ 765.00	\$ 2,195.00	\$ 2,960.00	AI Cost	AI Cost	AI Cost	AI Cost	AI Cost	AI Cost
4" Meter	\$ 1,120.00	\$ 3,145.00	\$ 4,265.00	AI Cost	AI Cost	AI Cost	AI Cost	AI Cost	AI Cost
6" Meter	\$ 1,630.00	\$ 6,120.00	\$ 7,750.00	AI Cost	AI Cost	AI Cost	AI Cost	AI Cost	AI Cost
8" Meter	N/A	N/A	AI Cost	AI Cost	AI Cost	AI Cost	AI Cost	AI Cost	AI Cost
10" Meter	N/A	N/A	AI Cost	AI Cost	AI Cost	AI Cost	AI Cost	AI Cost	AI Cost
12" Meter	N/A	N/A	AI Cost	AI Cost	AI Cost	AI Cost	AI Cost	AI Cost	AI Cost
Off-Site Facilities Hook-up Fee									
5/8" x 3/4" Meter									
3/4" Meter									
1" Meter									
1 1/2" Meter									
2" Meter									
3" Meter									
4" Meter or Larger									
	\$ 1,800.00			AI Cost	AI Cost	AI Cost	AI Cost	AI Cost	AI Cost
	\$ 2,700.00			AI Cost	AI Cost	AI Cost	AI Cost	AI Cost	AI Cost
	\$ 4,500.00			AI Cost	AI Cost	AI Cost	AI Cost	AI Cost	AI Cost
	\$ 9,000.00			AI Cost	AI Cost	AI Cost	AI Cost	AI Cost	AI Cost
	\$ 14,400.00			AI Cost	AI Cost	AI Cost	AI Cost	AI Cost	AI Cost
	\$ 28,800.00			AI Cost	AI Cost	AI Cost	AI Cost	AI Cost	AI Cost
	\$ 45,000.00			AI Cost	AI Cost	AI Cost	AI Cost	AI Cost	AI Cost
	\$ 90,000.00			AI Cost	AI Cost	AI Cost	AI Cost	AI Cost	AI Cost

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

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

*** Per Commission Rules (R14-2-409.G)

**** 2.00% of the monthly minimum for a comparable sized meter connection but not less than \$10.00 per month.

The service charge for fire sprinklers is only applicable for service lines separate and distinct from the primary water service line.

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

Average Number of Customers: 5745

<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	8,548	\$19.94	\$42.17	\$22.23	111.5%
Median Usage	7,000	\$17.31	\$36.47	\$19.16	110.7%
<u>Staff Recommend</u>					
Average Usage	8,548	\$19.94	\$29.76	\$9.82	49.2%
Median Usage	7,000	\$17.31	\$25.50	\$8.19	47.3%

Present & Proposed Rates (Without Taxes)
Residential 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	\$6.45	\$13.71	112.6%	\$10.00	55.0%
1,000	7.89	16.64	110.9%	11.50	45.8%
2,000	9.33	19.57	109.8%	13.00	39.3%
3,000	10.77	22.50	108.9%	14.50	34.6%
4,000	12.21	25.43	108.3%	17.25	41.3%
5,000	13.91	29.11	109.3%	20.00	43.8%
6,000	15.61	32.79	110.1%	22.75	45.7%
7,000	17.31	36.47	110.7%	25.50	47.3%
8,000	19.01	40.15	111.2%	28.25	48.6%
9,000	20.71	43.83	111.6%	31.00	49.7%
10,000	22.41	47.51	112.0%	34.42	53.6%
15,000	31.91	68.41	114.4%	51.52	61.5%
20,000	41.41	89.31	115.7%	68.62	65.7%
25,000	50.91	110.21	116.5%	85.72	68.4%
50,000	98.41	214.71	118.2%	171.22	74.0%
75,000	145.91	319.21	118.8%	256.72	75.9%
100,000	193.41	423.71	119.1%	342.22	76.9%
125,000	240.91	528.21	119.3%	427.72	77.5%
150,000	288.41	632.71	119.4%	513.22	77.9%
175,000	335.91	737.21	119.5%	598.72	78.2%
200,000	383.41	841.71	119.5%	684.22	78.5%

RATE DESIGN

	Present Rates	Proposed Rates- Co.	Proposed Rates- Staff
Monthly Usage Charge-All Class			
5/8" x 3/4" Meter	\$56.36	\$ 53.65	\$ 45.15
3/4" Meter	\$64.27	\$ 61.19	\$ 51.49
1" Meter	\$79.40	\$ 75.59	\$ 63.61
1 1/2" Meter	\$117.24	\$ 111.61	\$ 93.92
2" Meter	\$162.62	\$ 154.81	\$ 130.27
3" Meter	\$283.80	\$ 269.70	\$ 226.95
4" Meter	\$419.91	\$ 399.75	\$ 336.39
6" Meter	\$797.96	\$ 759.66	\$ 639.25
8" Meter	\$1,252.11	\$ 1,192.01	\$ 1,003.15
10" Meter	\$1,781.93	\$ 1,696.40	\$ 1,427.63
12" Meter	\$3,295.77	\$ 3,137.57	\$ 2,315.11
Fire Lines			
Up to 8"	6.48	13.77	Per Rule ****
10"	7.45	15.83	Per Rule ****
12"	14.00	29.75	Per Rule ****
Commodity Rates-Commercial & Multi-Tenant Only			
Per 1,000 gallons	\$ -	\$ -	\$0.00
From 0 to 7,000 gallons	\$ 5.71	\$ 5.44	\$4.59
Over 7,000 gallons			
Service Charges			
Establishment	\$ 15.00	\$ 15.00	\$ 15.00
Establishment (After Hours)	\$ 25.00	\$ 25.00	\$ 25.00
Reconnection (Delinquent)	\$ 15.00	\$ 15.00	\$ 15.00
Reconnection (Delinquent) after hours	\$ 25.00	\$ 25.00	\$ 25.00
Deposit	Per Rule*	Per Rule*	Per Rule*
Deposit Interest	Per Rule*	Per Rule*	Per Rule*
Re-Establishment (Within 12 Months)	Per Rule**	Per Rule**	Per Rule**
NSF Check	\$ 15.00	\$ 15.00	\$ 15.00
Late Payment Charge	N/A	1.5% / Mo.	1.5% / Mo.
Deferred Payment	N/A	1.5% per month	1.5% per month
Service Calls-Per Hour/After hours	N/A	\$ 40.00	\$ 40.00

RATE DESIGN

Service Line and Meter Installation Charges Service Line Size	Service	Meter		Total	Total	Total
4" Meter			\$ 500.00		At Cost	At Cost
6" Meter			\$ 650.00		At Cost	At Cost
8" Meter			\$ 800.00		At Cost	At Cost
10" Meter			\$ 1,000.00		At Cost	At Cost
12" Meter			\$ 1,200.00		At Cost	At Cost
Off-Site Facilities Hook-up Fee Per Equivalent Residential Unit (defined as being based on 320 gallons per day)	N/A		\$ 1,800.00			
				\$ -		\$ -

* Per Commission Rules (R14-2-403.B)
 ** Months off system times the minimum (R14-2-403.D)
 *** Not used
 **** 2.00% of the monthly minimum for a comparable sized meter connection but not less than \$10.00 per month.
 The service charge for fire sprinklers is only applicable for service lines separate and distinct from the primary water service line.