

ORIGINAL

OPEN MEETING AGENDA ITEM



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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

2010 JUN -4 P 3: 28

AZ CORP COMMISSION
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF
JOHNSON UTILITIES, LLC, DBA JOHNSON
UTILITIES COMPANY FOR AN INCREASE IN
ITS WATER AND WASTEWATER RATES FOR
CUSTOMERS WITHIN PINAL COUNTY,
ARIZONA.

DOCKET NO. WS-02987A-08-0180

**AFFIDAVIT OF
JEFFREY M. MICHLIK**

The Utilities Division ("Staff") of the Arizona Corporation Commission ("Commission")
hereby files the Affidavit of Jeffrey M. Michlik in the above-referenced matter.

RESPECTFULLY SUBMITTED this 4th day of June, 2010.

Robin R. Mitchell, Attorney
Ayesha K. Vohra, Attorney
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007
(602) 542-3402

Original and thirteen (13) copies
of the foregoing were filed this
4th day of June, 2010, with:

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85008

Arizona Corporation Commission
DOCKETED

JUN - 4 2010

DOCKETED BY

1 Copy of the foregoing mailed this
4th day of June, 2010, to:

2
3 Jeffrey W. Crockett
4 Bradley S. Carroll
5 Kristoffer P. Kiefer
6 SNELL & WILMER LLP
7 One Arizona Center
8 400 East Van Buren Street
9 Phoenix, Arizona 85004
10 Attorneys for Johnson Utilities, LLC

11
12 Craig A. Marks
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14 10645 North Tatum Blvd., Suite 200-676
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16 Attorney for Swing First Golf, LLC

17
18 Daniel Pozefsky, Chief Counsel
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1 STATE OF ARIZONA)
2 County of Maricopa) ss.

3 JEFFREY M. MICHLIK, being first duly sworn upon oath, states, deposes and says:

4 1. I am employed by the Arizona Corporation Commission ("Commission") in the
5 Utilities Division ("Staff") as a Public Analyst V.

6 2. I filed Direct testimony, Surrebuttal testimony and presented oral testimony in the
7 above-referenced docket on the issues of revenue requirement, rate base, operating revenues
8 and expenses and rate design.

9 3. During the Commission Open Meeting of May 26, 2010, the Commission directed the
10 parties to present additional testimony on the issue of operating margin.

11 4. I have prepared the attached post-hearing schedules, for the Johnson Utilities, LLC
12 ("Company") water and wastewater divisions, which are incorporated herein by reference, to
13 address the Commission's request.

14 5. For the Company's water division, the post-hearing schedules JMM-W1, W2 and W3,
15 A through D, depict the results of calculating the revenue requirement, *including* CAGR
16 expenses of \$1,297,895,¹ using operating margins of 0%, 3%, 5%, and 7%, as well as the
17 associated rate designs and typical bill analyses. Schedules JMM-W1, W2 and W3, E through
18 H, depict the results of calculating the revenue requirement *excluding* the CAGR expenses²,
19 using operating margins of 0%, 3%, 5%, and 7%, as well as the associated rate designs and
20 typical bill analyses.

21 6. For the Company's wastewater division, the post-hearing schedules JMM-WW1 and
22 WW2, A through D, depict the results of calculating the revenue requirement using operating
23 margins of 0%, 3%, 5%, and 7%, along with the associated rate designs. Post-hearing
24 schedules JMM-WW1 and WW2, E through G, calculate the revenue requirement using rates
25 of return of 8.18%, 7.20 % and 11.90% on Staff's recommended fair value rate base of
26 \$136,563.

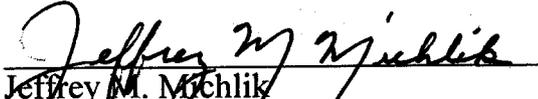
27 7. As noted in the attached schedule, the Company's fair value rate base for the
28 wastewater division as recommended by Staff and adopted by the Recommended Opinion
and Order is \$136, 563. While I did not perform a cost of capital analysis because Staff
recommended the use of an operating margin, I used the rate of return of 8.18%

¹ CAGR expense as proposed in Hearing Division Amendment #1, filed May 21, 2010.

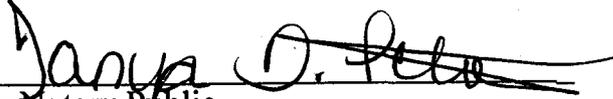
² If the CAGR is recovered through an adjustor mechanism as proposed in Chairman Mayes Amendment #2 filed May 4, 2010.

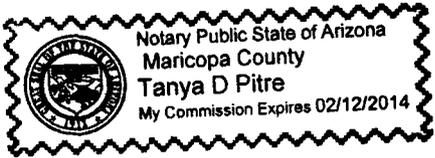
1 recommended in this case by the Residential Utility Consumer Office witness William
2 Rigsby. I also used the rate of return of 7.20% recommended by Staff for Arizona-American
3 Water Company, a Class A utility, in its pending rate case, Docket No. W-01303A-09-0343.
4 Finally, I used the rate of return of 11.90% recommended by the Company in this case.

5
6 Further, Affiant sayeth not.

7 
8 Jeffrey M. Michlik
9 Public Utilities Analyst V

10
11 SUBSCRIBED AND SWORN TO before me this 4th day of June, 2010.

12
13 By 
14 Notary Public



1 Johnson Utilities, LLC
 2 Docket No. WS-02987A-08-0180

Schedules Water Division	Depiction
JMM-W1 A	Revenue Requirement Summary, 0% Operating Margin
JMM-W2 A	Rate Design, 0% Operating Margin
JMM-W3 A	Typical Bill Analysis, 0% Operating Margin
JMM-W1 B	Revenue Requirement Summary, 3% Operating Margin
JMM-W2 B	Rate Design, 3% Operating Margin
JMM-W3 B	Typical Bill Analysis, 3% Operating Margin
JMM-W1 C	Revenue Requirement Summary, 5% Operating Margin
JMM-W2 C	Rate Design, 5% Operating Margin
JMM-W3 C	Typical Bill Analysis, 5% Operating Margin
JMM-W1 D	Revenue Requirement Summary, 7% Operating Margin
JMM-W2 D	Rate Design, 7% Operating Margin
JMM-W3 D	Typical Bill Analysis, 7% Operating Margin
JMM-W1 E	Revenue Requirement Summary, 0% Operating Margin, Excluding CAGR expense
JMM-W2 E	Rate Design, 0% Operating Margin, Excluding CAGR expense
JMM-W3-E	Typical Bill Analysis, Excluding CAGR expense
JMM-W1 F	Revenue Requirement Summary, 3% Operating Margin, Excluding CAGR expense
JMM-W2 F	Rate Design, 3% Operating Margin, Excluding CAGR expense
JMM-W3 F	Typical Bill Analysis, 3% Operating Margin, Excluding CAGR expense
JMM-W1 G	Revenue Requirement Summary, 5% Operating Margin, Excluding CAGR expense
JMM-W2-G	Rate Design, 5% Operating Margin, Excluding CAGR expense
JMM-W3 G	Typical Bill Analysis, 5% Operating Margin, Excluding CAGR expense
JMM-W1 H	Revenue Requirement Summary, 7% Operating Margin, Excluding CAGR expense
JMM-W2 H	Rate Design, 7% Operating Margin, Excluding CAGR expense
JMM-W3 H	Typical Bill Analysis, 7% Operating Margin, Excluding CAGR expense
Schedules Wastewater Division	Depiction
JMM-WW1 A	Revenue Requirement Summary, 0% Operating Margin
JMM-WW2 A	Rate Design, 0% Operating Margin
JMM-WW1 B	Revenue Requirement Summary, 3% Operating Margin
JMM-WW2 B	Rate Design, 3% Operating Margin
JMM-WW1 C	Revenue Requirement Summary, 5% Operating Margin
JMM-WW2 C	Rate Design, 5% Operating Margin
JMM-WW1 D	Revenue Requirement Summary, 7% Operating Margin
JMM-WW2 D	Rate Design, 7% Operating Margin
JMM-WW1 E	Revenue Requirement Summary, 8.18% Rate of Return
JMM-WW2 F	Rate Design, 8.18% Rate of Return
JMM-WW1 F	Revenue Requirement Summary, 7.20% Rate of Return
JMM-WW2 F	Rate Design, 7.20%
JMM-WW1 G	Revenue Requirement Summary, 11.90%
JMM-WW2 G	Rate Design, 11.90%

Johnson Utilities L.L.C. - Water Division
Docket No. WS-02987A-08-0180
Test Year Ended December 31, 2007

Post-Hearing Schedule JMM-W1 A
0% Operating Margin
(includes \$1,297,895 CAGR expense)

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	(A) COMPANY ORIGINAL COST	(B) COMPANY FAIR VALUE	(C) STAFF ORIGINAL COST	(D) STAFF FAIR VALUE
1					
2	Adjusted Rate Base	\$ 6,607,841	\$ 6,607,841	\$ (13,682,831)	\$ (13,682,831)
3					
4	Adjusted Operating Income (Loss)	\$ 2,118,161	\$ 2,118,161	\$ 2,664,888	\$ 2,664,888
5					
6	Staff Recommended Operating Income	N/A	N/A	\$ 0	\$ 0
7					
8	Current Rate of Return (L4 / L2)	32.06%	32.06%	N/A	N/A
9					
10	Required Rate of Return	10.43%	10.43%	N/A	N/A
11					
12	Required Operating Income (L2 * L10)	\$ 689,198	\$ 689,198	N/A	N/A
13					
14	Operating Income Deficiency (L4 - L12)	\$ (1,428,963)	\$ (1,428,963)	N/A	N/A
15					
16	Gross Revenue Conversion Factor	1.5620	1.5620	1.00000	1.0000
17					
18	Required Revenue Increase/Decrease	\$ (2,232,070)	\$ (2,232,070)	\$ (2,723,038)	\$ (2,723,038)
19					
20	Adjusted Test Year Revenue	\$ 13,172,899	\$ 13,172,899	\$ 13,172,899	\$ 13,172,899
21					
22	Proposed Annual Revenue	\$ 10,940,829	\$ 10,940,829	\$ 10,449,861	\$ 10,449,861
23					
24	Required Increase/Decrease in Revenue (%)	-16.94%	-16.94%	-20.67%	-20.67%
25					
26	Required Operating Margin	N/A	N/A	0.00%	0.00%

References:

Columns [A] and [B]: Company Schedules A-1, A-2, & D-1

Columns [C] and [D]: STAFF Schedules JMM-W2, JMM-W3 and JMM-W16

RATE DESIGN

Monthly Usage Charge	Present Rates	Company Proposed Rates	Staff Recommended Rates
5/8x3/4" Meter	\$ 18.00	\$ 14.98	8.50
3/4" Meter	27.00	22.47	12.75
1" Meter	45.00	37.45	21.25
1 1/2" Meter	90.00	74.90	42.50
2" Meter	144.00	119.84	68.00
3" Meter	270.00	239.68	136.00
4" Meter	450.00	374.50	212.50
6" Meter	900.00	749.00	425.00
8" Meter	N/A	1,198.40	680.00
10" Meter	N/A	1,722.70	977.50
Commodity Rates			
<u>(Residential, Commercial, Industrial)</u>			
All Meter Sizes			
Gallons Included in Minimum	\$ -	\$ -	\$ -
0 gallons to 7,000 Gallons	2.25	N/A	N/A
over 7,000 Gallons	2.50	N/A	N/A
5/8 inch and 3/4 inch Meter Residential			
0 gallons to 4,000 gallons	N/A	\$ 1.485	\$ 2.2250
4,001 gallons to 10,000 gallons	N/A	1.935	2.8050
over 10,000 gallons	N/A	2.485	3.2560
5/8 inch 3/4 inch Meter Commercial, Industrial, Irrigation, and Public Authority			
0 gallons to 10,000 gallons	N/A	\$ 1.935	\$ 2.8050
over 10,000 gallons	N/A	2.485	3.2560
1 inch Meter			
0 gallons to 25,000 gallons	N/A	\$ 1.935	N/A
over 25,000 gallons	N/A	2.485	N/A
From 1 to 27,000 Gallons	N/A	N/A	\$ 2.8050
Over 27,000 Gallons	N/A	N/A	3.2560
1.5 inch Meter			
0 gallons to 50,000 gallons	N/A	\$ 1.935	N/A
over 50,000 gallons	N/A	2.485	N/A
From 1 to 72,000 Gallons	N/A	N/A	\$ 2.8050
Over 72,000 Gallons	N/A	N/A	3.2560
2 inch Meter			
0 gallons to 80,000 gallons	N/A	\$ 1.935	N/A
over 80,000 gallons	N/A	2.485	N/A
From 1 to 125,000 Gallons	N/A	N/A	\$ 2.8050
Over 125,000 Gallons	N/A	N/A	3.2560
3 inch Meter			
0 gallons to 160,000 gallons	N/A	\$ 1.935	N/A
over 160,000 gallons	N/A	2.485	N/A
From 1 to 270,000 Gallons	N/A	N/A	\$ 2.8050
Over 270,000 Gallons	N/A	N/A	3.2560
4 inch Meter			
0 gallons to 250,000 gallons	N/A	\$ 1.935	N/A
over 250,000 gallons	N/A	2.485	N/A
From 1 to 435,000 Gallons	N/A	N/A	\$ 2.8050
Over 435,000 Gallons	N/A	N/A	3.2560
6 inch Meter			
0 gallons to 500,000 gallons	N/A	\$ 1.935	N/A
over 500,000 gallons	N/A	2.485	N/A
From 1 to 895,000 Gallons	N/A	N/A	\$ 2.8050
Over 895,000 Gallons	N/A	N/A	3.2560
8 inch Meter			
0 gallons to 800,000 gallons	N/A	\$ 1.935	N/A
over 800,000 gallons	N/A	2.485	N/A
From 1 to 1,445,000 Gallons	N/A	N/A	\$ 2.8050
Over 1,445,000 Gallons	N/A	N/A	3.2560

	Present Rates	Company Proposed Rates			Staff Recommended Rates		
		Proposed Service Line Charge	Proposed Meter Installation Charge	(a) Total Proposed Charge	Staff Service Line Charge	Staff Meter Installation Charge	Total Staff Charge
10 Inch Meter							
0 gallons to 1,125,000 gallons	N/A			\$ 1.935			N/A
over 1,125,000 gallons	N/A			2.485			N/A
From 1 to 2,000,000 Gallons	N/A			N/A			\$ 2.8050
Over 2,000,000 Gallons	N/A			N/A			3.2560
Construction Water	\$ 3.75			\$ 2.485			\$ 3.2560
Central Arizona Water	See Tariff			See Tariff			See Tariff
Service Line and Meter Installation Charges							
5/8" x 3/4" Meter	\$ 365.00	\$ 385.00	\$ 135.00	\$ 520.00	\$ 385.00	\$ 135.00	\$ 520.00
3/4" Meter	405.00	385.00	215.00	600.00	385.00	215.00	600.00
1" Meter	665.00	435.00	255.00	690.00	435.00	255.00	690.00
1 1/2" Meter	1,080.00	470.00	465.00	935.00	470.00	465.00	935.00
2" Meter	1,525.00	N/A	N/A	N/A	N/A	N/A	N/A
2" Turbine Meter	N/A	630.00	965.00	1,595.00	630.00	965.00	1,595.00
2" Compound Meter	N/A	630.00	1,690.00	2,320.00	630.00	1,690.00	2,320.00
3" Meter	2,190.00	N/A	N/A	N/A	N/A	N/A	N/A
3" Turbine Meter	N/A	805.00	1,470.00	2,275.00	805.00	1,470.00	2,275.00
3" Compound Meter	N/A	845.00	2,265.00	3,110.00	845.00	2,265.00	3,110.00
4" Turbine Meter	N/A	1,170.00	2,350.00	3,520.00	1,170.00	2,350.00	3,520.00
4" Compound Meter	2,985.00	1,230.00	3,245.00	4,475.00	1,230.00	3,245.00	4,475.00
6" Turbine Meter	N/A	1,730.00	4,545.00	6,275.00	1,730.00	4,545.00	6,275.00
6" Compound Meter	5,780.00	1,770.00	6,280.00	8,050.00	1,770.00	6,280.00	8,050.00
8 Inch & Larger	Cost	Cost	Cost	Cost	Cost	Cost	Cost
Service Charges							
Establishment	\$ 25.00			\$ 25.00			\$ 25.00
Establishment (After Hours)	40.00			40.00			40.00
Reconnection (Delinquent)	50.00			50.00			50.00
Reconnection (Delinquent and After Hours)	N/A			N/A			N/A
Meter Test	25.00			25.00			25.00
Deposit Requirement (Residential)	(a)			(a)			(a)
Deposit Requirement (None Residential Meter)	(b)			(b)			(b)
Deposit Interest (b)	6.00%			6.00%			6.00%
Re-Establishment (With-in 12 Months)	(c)			(c)			(c)
Re-Establishment (After Hours)	(c)			(c)			(c)
NSF Check	15.00			15.00			15.00
Deferred Payment, Per Month	1.50%			1.50%			1.50%
Meter Re-Read	5.00			5.00			5.00
Charge of Moving Customer Meter - Customer Requested per Rule R14-2-405B	Cost			Cost			Cost
After hours service charge, per Rule R14-2-403D	Refer to Above Charges			Refer to Above Charges			Refer to Above Charges
Late Charge per month	1.50%			1.50%			1.50%
Off-site Facilities Hook-up Fee (See H-3, page 5)	(d)			(d)			(d)
CAP Hook-up Fee (See H-3, page 5)	(e)			(e)			(e)

- (a) Residential - two times the average bill. Non-residential - two and one-half times the maximum monthly bill.
- (b) Interest per Rule R14-2-403(B).
- (c) Minimum charge times number months off the system. per Rule R14-2-403(D).
- (d) New water installations. May be assessed only once per parcel, service connection, or lot within a sub-division. Purpose is to equitably apportion the costs of constructing additional off-site facilities to provide water production, delivery, storage, and pressure among all new service connections.
- (e) New water installations. May be assessed only once per parcel, service connection, or lot within a sub-division.

IN ADDITION TO THE COLLECTION OF REGULAR RATES, THE UTILITY WILL COLLECT FROM ITS CUSTOMERS A PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES, USE, AND FRANCHISE TAX. PER COMMISSION RULE 14-2-608D(5). ALL ADVANCES AND/OR CONTRIBUTIONS ARE TO INCLUDE LABOR, MATERIALS, OVERHEADS, AND ALL APPLICABLE TAXES, INCLUDING ALL GROSS-UP TAXES FOR INCOME TAXES, IF APPLICABLE.

All advances and/or contributions are to include labor, materials and parts, overheads and all applicable taxes, including all gross-up taxes, if applicable.

TYPICAL BILL ANALYSIS
General Service 3/4-Inch Meter

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	6,931	\$ 42.59	\$ 34.08	\$ (8.51)	-19.99%
Median Usage	6,000	40.50	32.28	\$ (8.22)	-20.30%
Staff Recommended					
Average Usage	6,931	\$ 42.59	\$ 29.87	\$ (12.72)	-29.87%
Median Usage	6,000	40.50	27.26	\$ (13.24)	-32.69%

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

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 27.00	\$ 22.47	-16.78%	\$ 12.75	-52.78%
1,000	29.25	23.96	-18.10%	14.98	-48.80%
2,000	31.50	25.44	-19.24%	17.20	-45.40%
3,000	33.75	26.93	-20.22%	19.43	-42.44%
4,000	36.00	28.41	-21.08%	21.65	-39.86%
5,000	38.25	30.35	-20.67%	24.46	-36.07%
6,000	40.50	32.28	-20.30%	27.26	-32.69%
7,000	42.75	34.22	-19.96%	30.07	-29.67%
8,000	45.25	36.15	-20.11%	32.87	-27.36%
9,000	47.75	38.09	-20.24%	35.68	-25.29%
10,000	50.25	40.02	-20.36%	38.48	-23.42%
11,000	52.75	42.51	-19.42%	41.74	-20.88%
12,000	55.25	44.99	-18.57%	44.99	-18.57%
13,000	57.75	47.48	-17.79%	48.25	-16.45%
14,000	60.25	49.96	-17.08%	51.50	-14.52%
15,000	62.75	52.45	-16.42%	54.76	-12.73%
16,000	65.25	54.93	-15.82%	58.02	-11.09%
17,000	67.75	57.42	-15.25%	61.27	-9.56%
18,000	70.25	59.90	-14.73%	64.53	-8.15%
19,000	72.75	62.39	-14.25%	67.78	-6.83%
20,000	75.25	64.87	-13.79%	71.04	-5.59%
25,000	87.75	77.30	-11.91%	87.32	-0.49%
30,000	100.25	89.72	-10.50%	103.60	3.34%
35,000	112.75	102.15	-9.41%	119.88	6.32%
40,000	125.25	114.57	-8.53%	136.16	8.71%
45,000	137.75	127.00	-7.81%	152.44	10.66%
50,000	150.25	139.42	-7.21%	168.72	12.29%
75,000	212.75	201.55	-5.27%	250.12	17.57%
100,000	275.25	263.67	-4.21%	331.52	20.44%

Johnson Utilities L.L.C. - Water Division
Docket No. WS-02987A-08-0180
Test Year Ended December 31, 2007

Post-Hearing Schedule JMM-W1 B
3% Operating Margin
(includes \$1,297,895 CAGR expense)

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	(A) COMPANY ORIGINAL COST	(B) COMPANY FAIR VALUE	(C) STAFF ORIGINAL COST	(D) STAFF FAIR VALUE
1					
2	Adjusted Rate Base	\$ 6,607,841	\$ 6,607,841	\$ (13,682,831)	\$ (13,682,831)
3					
4	Adjusted Operating Income (Loss)	\$ 2,118,161	\$ 2,118,161	\$ 2,664,888	\$ 2,664,888
5					
6	Staff Recommended Operating Income	N/A	N/A	\$ 323,409	\$ 323,409
7					
8	Current Rate of Return (L4 / L2)	32.06%	32.06%	N/A	N/A
9					
10	Required Rate of Return	10.43%	10.43%	N/A	N/A
11					
12	Required Operating Income (L2 * L10)	\$ 689,198	\$ 689,198	N/A	N/A
13					
14	Operating Income Deficiency (L4 - L12)	\$ (1,428,963)	\$ (1,428,963)	N/A	N/A
15					
16	Gross Revenue Conversion Factor	1.5620	1.5620	1.00000	1.0000
17					
18	Required Revenue Increase/Decrease	\$ (2,232,070)	\$ (2,232,070)	\$ (2,392,572)	\$ (2,392,572)
19					
20	Adjusted Test Year Revenue	\$ 13,172,899	\$ 13,172,899	\$ 13,172,899	\$ 13,172,899
21					
22	Proposed Annual Revenue	\$ 10,940,829	\$ 10,940,829	\$ 10,780,327	\$ 10,780,327
23					
24	Required Increase/Decrease in Revenue (%)	-16.94%	-16.94%	-18.16%	-18.16%
25					
26	Required Operating Margin	N/A	N/A	3.00%	3.00%

References:

Columns [A] and [B]: Company Schedules A-1, A-2, & D-1

Columns [C] and [D]: STAFF Schedules JMM-W2, JMM-W3 and JMM-W16

RATE DESIGN

Monthly Usage Charge	Present Rates	Company Proposed Rates	Staff Recommended Rates
5/8x3/4" Meter	\$ 18.00	\$ 14.98	9.00
3/4" Meter	27.00	22.47	13.50
1" Meter	45.00	37.45	22.50
1 1/2" Meter	90.00	74.90	45.00
2" Meter	144.00	119.84	72.00
3" Meter	270.00	239.68	144.00
4" Meter	450.00	374.50	225.00
6" Meter	900.00	749.00	450.00
8" Meter	N/A	1,198.40	720.00
10" Meter	N/A	1,722.70	1,000.00
Commodity Rates			
(Residential, Commercial, Industrial)			
All Meter Sizes			
Gallons Included in Minimum	\$ -	\$ -	\$ -
0 gallons to 7,000 Gallons	2.25	N/A	N/A
over 7,000 Gallons	2.50	N/A	N/A
5/8 Inch and 3/4 Inch Meter Residential			
0 gallons to 4,000 gallons	N/A	\$ 1.485	\$ 2.2650
4,001 gallons to 10,000 gallons	N/A	1.935	2.8650
over 10,000 gallons	N/A	2.485	3.3310
5/8 inch 3/4 Inch Meter Commercial, Industrial, Irrigation, and Public Authority			
0 gallons to 10,000 gallons	N/A	\$ 1.935	\$ 2.8650
over 10,000 gallons	N/A	2.485	3.3310
1 Inch Meter			
0 gallons to 25,000 gallons	N/A	\$ 1.935	N/A
over 25,000 gallons	N/A	2.485	N/A
From 1 to 28,000 Gallons	N/A	N/A	\$ 2.8650
Over 28,000 Gallons	N/A	N/A	3.3310
1.5 Inch Meter			
0 gallons to 50,000 gallons	N/A	\$ 1.935	N/A
over 50,000 gallons	N/A	2.485	N/A
From 1 to 75,000 Gallons	N/A	N/A	\$ 2.8650
Over 75,000 Gallons	N/A	N/A	3.3310
2 Inch Meter			
0 gallons to 80,000 gallons	N/A	\$ 1.935	N/A
over 80,000 gallons	N/A	2.485	N/A
From 1 to 130,000 Gallons	N/A	N/A	\$ 2.8650
Over 130,000 Gallons	N/A	N/A	3.3310
3 Inch Meter			
0 gallons to 160,000 gallons	N/A	\$ 1.935	N/A
over 160,000 gallons	N/A	2.485	N/A
From 1 to 283,000 Gallons	N/A	N/A	\$ 2.8650
Over 283,000 Gallons	N/A	N/A	3.3310
4 Inch Meter			
0 gallons to 250,000 gallons	N/A	\$ 1.935	N/A
over 250,000 gallons	N/A	2.485	N/A
From 1 to 455,000 Gallons	N/A	N/A	\$ 2.8650
Over 455,000 Gallons	N/A	N/A	3.3310
6 Inch Meter			
0 gallons to 500,000 gallons	N/A	\$ 1.935	N/A
over 500,000 gallons	N/A	2.485	N/A
From 1 to 935,000 Gallons	N/A	N/A	\$ 2.8650
Over 935,000 Gallons	N/A	N/A	3.3310
8 Inch Meter			
0 gallons to 800,000 gallons	N/A	\$ 1.935	N/A
over 800,000 gallons	N/A	2.485	N/A
From 1 to 1,510,000 Gallons	N/A	N/A	\$ 2.8650
Over 1,510,000 Gallons	N/A	N/A	3.3310

	Present Rates	Company Proposed Rates			Staff Recommended Rates		
		Proposed Service Line Charge	Proposed Meter Installation Charge	(a) Total Proposed Charge	Staff Service Line Charge	Staff Meter Installation Charge	Total Staff Charge
10 Inch Meter							
0 gallons to 1,125,000 gallons	N/A		\$ 1.935			N/A	
over 1,125,000 gallons	N/A		2.485			N/A	
From 1 to 2,100,000 Gallons	N/A		N/A			\$ 2.8650	
Over 2,100,000 Gallons	N/A		N/A			3.3310	
Construction Water	\$ 3.75		\$ 2.485			\$ 3.3310	
Central Arizona Water	See Tariff		See Tariff			See Tariff	
Service Line and Meter Installation Charges							
5/8" x 3/4" Meter	\$ 365.00	\$ 385.00	\$ 135.00	\$ 520.00	\$ 385.00	\$ 135.00	\$ 520.00
3/4" Meter	405.00	385.00	215.00	600.00	385.00	215.00	600.00
1" Meter	665.00	435.00	255.00	690.00	435.00	255.00	690.00
1½" Meter	1,080.00	470.00	465.00	935.00	470.00	465.00	935.00
2" Meter	1,525.00	N/A	N/A	N/A	N/A	N/A	N/A
2" Turbine Meter	N/A	630.00	965.00	1,595.00	630.00	965.00	1,595.00
2" Compound Meter	N/A	630.00	1,690.00	2,320.00	630.00	1,690.00	2,320.00
3" Meter	2,190.00	N/A	N/A	N/A	N/A	N/A	N/A
3" Turbine Meter	N/A	805.00	1,470.00	2,275.00	805.00	1,470.00	2,275.00
3" Compound Meter	N/A	845.00	2,265.00	3,110.00	845.00	2,265.00	3,110.00
4" Turbine Meter	N/A	1,170.00	2,350.00	3,520.00	1,170.00	2,350.00	3,520.00
4" Compound Meter	2,985.00	1,230.00	3,245.00	4,475.00	1,230.00	3,245.00	4,475.00
6" Turbine Meter	N/A	1,730.00	4,545.00	6,275.00	1,730.00	4,545.00	6,275.00
6" Compound Meter	5,780.00	1,770.00	6,280.00	8,050.00	1,770.00	6,280.00	8,050.00
8 Inch & Larger	Cost	Cost	Cost	Cost	Cost	Cost	Cost
(a) As meters and service lines are now taxable income for income purposes, The Company shall collect income taxes on the meter and service line charges. Any tax collected will be refunded each year as the meter deposit is refunded.							
Service Charges							
Establishment	\$ 25.00			\$ 25.00			\$ 25.00
Establishment (After Hours)	40.00			40.00			40.00
Reconnection (Delinquent)	50.00			50.00			50.00
Reconnection (Delinquent and After Hours)	N/A			N/A			N/A
Meter Test	25.00			25.00			25.00
Deposit Requirement (Residential)	(a)			(a)			(a)
Deposit Requirement (None Residential Meter)	(b)			(b)			(b)
Deposit Interest (b)	6.00%			6.00%			6.00%
Re-Establishment (Within 12 Months)	(c)			(c)			(c)
Re-Establishment (After Hours)	(c)			(c)			(c)
NSF Check	15.00			15.00			15.00
Deferred Payment, Per Month	1.50%			1.50%			1.50%
Meter Re-Read	5.00			5.00			5.00
Charge of Moving Customer Meter - Customer Requested per Rule R14-2-405B	Cost			Cost			Cost
After hours service charge, per Rule R14-2-403D	Refer to Above Charges			Refer to Above Charges			Refer to Above Charges
Late Charge per month	1.50%			1.50%			1.50%
Off-site Facilities Hook-up Fee (See H-3, page 5)	(d)			(d)			(d)
CAP Hook-up Fee (See H-3, page 5)	(e)			(e)			(e)

- (a) Residential - two times the average bill. Non-residential - two and one-half times the maximum monthly bill.
- (b) Interest per Rule R14-2-403(B).
- (c) Minimum charge times number months off the system, per Rule R14-2-403(D).
- (d) New water installations. May be assessed only once per parcel, service connection, or lot within a subdivision. Purpose is to equitably apportion the costs of constructing additional off-site facilities to provide water production, delivery, storage, and pressure among all new service connections.
- (e) New water installations. May be assessed only once per parcel, service connection, or lot within a subdivision.

IN ADDITION TO THE COLLECTION OF REGULAR RATES, THE UTILITY WILL COLLECT FROM ITS CUSTOMERS A PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES, USE, AND FRANCHISE TAX. PER COMMISSION RULE 14-2-608D(5). ALL ADVANCES AND/OR CONTRIBUTIONS ARE TO INCLUDE LABOR, MATERIALS, OVERHEADS, AND ALL APPLICABLE TAXES, INCLUDING ALL GROSS-UP TAXES FOR INCOME TAXES, IF APPLICABLE.

All advances and/or contributions are to include labor, materials and parts, overheads and all applicable taxes, including all gross-up taxes, if applicable.

Typical Bill Analysis
General Service 3/4-Inch Meter

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	6,931	\$ 42.59	\$ 34.08	\$ (8.51)	-19.99%
Median Usage	6,000	40.50	32.28	\$ (8.22)	-20.30%
Staff Recommended					
Average Usage	6,931	\$ 42.59	\$ 30.96	\$ (11.64)	-27.32%
Median Usage	6,000	40.50	28.29	\$ (12.21)	-30.15%

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

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 27.00	\$ 22.47	-16.78%	\$ 13.50	-50.00%
1,000	29.25	23.96	-18.10%	15.77	-46.10%
2,000	31.50	25.44	-19.24%	18.03	-42.76%
3,000	33.75	26.93	-20.22%	20.30	-39.87%
4,000	36.00	28.41	-21.08%	22.56	-37.33%
5,000	38.25	30.35	-20.67%	25.43	-33.53%
6,000	40.50	32.28	-20.30%	28.29	-30.15%
7,000	42.75	34.22	-19.96%	31.16	-27.12%
8,000	45.25	36.15	-20.11%	34.02	-24.82%
9,000	47.75	38.09	-20.24%	36.89	-22.75%
10,000	50.25	40.02	-20.36%	39.75	-20.90%
11,000	52.75	42.51	-19.42%	43.08	-18.33%
12,000	55.25	44.99	-18.57%	46.41	-16.00%
13,000	57.75	47.48	-17.79%	49.74	-13.86%
14,000	60.25	49.96	-17.08%	53.07	-11.91%
15,000	62.75	52.45	-16.42%	56.41	-10.11%
16,000	65.25	54.93	-15.82%	59.74	-8.45%
17,000	67.75	57.42	-15.25%	63.07	-6.91%
18,000	70.25	59.90	-14.73%	66.40	-5.48%
19,000	72.75	62.39	-14.25%	69.73	-4.15%
20,000	75.25	64.87	-13.79%	73.06	-2.91%
25,000	87.75	77.30	-11.91%	89.72	2.24%
30,000	100.25	89.72	-10.50%	106.37	6.10%
35,000	112.75	102.15	-9.41%	123.03	9.11%
40,000	125.25	114.57	-8.53%	139.68	11.52%
45,000	137.75	127.00	-7.81%	156.34	13.49%
50,000	150.25	139.42	-7.21%	172.99	15.13%
75,000	212.75	201.55	-5.27%	256.27	20.45%
100,000	275.25	263.67	-4.21%	339.54	23.36%

Johnson Utilities L.L.C. - Water Division
Docket No. WS-02987A-08-0180
Test Year Ended December 31, 2007

Post-Hearing Schedule JMM-W1 C
5% Operating Margin
(includes \$1,297,895 CAGR expense)

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	(A) COMPANY ORIGINAL COST	(B) COMPANY FAIR VALUE	(C) STAFF ORIGINAL COST	(D) STAFF FAIR VALUE
1					
2	Adjusted Rate Base	\$ 6,607,841	\$ 6,607,841	\$ (13,682,831)	\$ (13,682,831)
3					
4	Adjusted Operating Income (Loss)	\$ 2,118,161	\$ 2,118,161	\$ 2,664,888	\$ 2,664,888
5					
6	Staff Recommended Operating Income	N/A	N/A	\$ 550,625	\$ 550,625
7					
8	Current Rate of Return (L4 / L2)	32.06%	32.06%	N/A	N/A
9					
10	Required Rate of Return	10.43%	10.43%	N/A	N/A
11					
12	Required Operating Income (L2 * L10)	\$ 689,198	\$ 689,198	N/A	N/A
13					
14	Operating Income Deficiency (L4 - L12)	\$ (1,428,963)	\$ (1,428,963)	N/A	N/A
15					
16	Gross Revenue Conversion Factor	1.5620	1.5620	1.00000	1.0000
17					
18	Required Revenue Increase/Decrease	\$ (2,232,070)	\$ (2,232,070)	\$ (2,160,399)	\$ (2,160,399)
19					
20	Adjusted Test Year Revenue	\$ 13,172,899	\$ 13,172,899	\$ 13,172,899	\$ 13,172,899
21					
22	Proposed Annual Revenue	\$ 10,940,829	\$ 10,940,829	\$ 11,012,500	\$ 11,012,500
23					
24	Required Increase/Decrease in Revenue (%)	-16.94%	-16.94%	-16.40%	-16.40%
25					
26	Required Operating Margin	N/A	N/A	5.00%	5.00%

References:

Columns [A] and [B]: Company Schedules A-1, A-2, & D-1

Columns [C] and [D]: STAFF Schedules JMM-W2, JMM-W3 and JMM-W16

RATE DESIGN

Monthly Usage Charge	Present Rates	Company Proposed Rates	Staff Recommended Rates
5/8x3/4" Meter	\$ 18.00	\$ 14.98	9.50
3/4" Meter	27.00	22.47	14.25
1" Meter	45.00	37.45	23.75
1 1/2" Meter	90.00	74.90	47.50
2" Meter	144.00	119.84	76.00
3" Meter	270.00	239.68	152.00
4" Meter	450.00	374.50	237.50
6" Meter	900.00	749.00	475.00
8" Meter	N/A	1,198.40	760.00
10" Meter	N/A	1,722.70	1,092.50
Commodity Rates			
<u>(Residential, Commercial, Industrial)</u>			
All Meter Sizes			
Gallons Included in Minimum	\$ -	\$ -	\$ -
0 gallons to 7,000 Gallons	2.25	N/A	N/A
over 7,000 Gallons	2.50	N/A	N/A
5/8 Inch and 3/4 Inch Meter Residential			
0 gallons to 4,000 gallons	N/A	\$ 1,485	\$ 2,2950
4,001 gallons to 10,000 gallons	N/A	1,935	2,8850
over 10,000 gallons	N/A	2,485	3,3410
5/8 inch 3/4 Inch Meter Commercial, Industrial, Irrigation, and Public Authority			
0 gallons to 10,000 gallons	N/A	\$ 1,935	\$ 2,8850
over 10,000 gallons	N/A	2,485	3,3410
1 Inch Meter			
0 gallons to 25,000 gallons	N/A	\$ 1,935	N/A
over 25,000 gallons	N/A	2,485	N/A
From 1 to 28,000 Gallons	N/A	N/A	\$ 2,8850
Over 28,000 Gallons	N/A	N/A	3,3410
1.5 Inch Meter			
0 gallons to 50,000 gallons	N/A	\$ 1,935	N/A
over 50,000 gallons	N/A	2,485	N/A
From 1 to 75,000 Gallons	N/A	N/A	\$ 2,8850
Over 75,000 Gallons	N/A	N/A	3,3410
2 Inch Meter			
0 gallons to 80,000 gallons	N/A	\$ 1,935	N/A
over 80,000 gallons	N/A	2,485	N/A
From 1 to 130,000 Gallons	N/A	N/A	\$ 2,8850
Over 130,000 Gallons	N/A	N/A	3,3410
3 Inch Meter			
0 gallons to 160,000 gallons	N/A	\$ 1,935	N/A
over 160,000 gallons	N/A	2,485	N/A
From 1 to 283,000 Gallons	N/A	N/A	\$ 2,8850
Over 283,000 Gallons	N/A	N/A	3,3410
4 Inch Meter			
0 gallons to 250,000 gallons	N/A	\$ 1,935	N/A
over 250,000 gallons	N/A	2,485	N/A
From 1 to 455,000 Gallons	N/A	N/A	\$ 2,8850
Over 455,000 Gallons	N/A	N/A	3,3410
6 Inch Meter			
0 gallons to 500,000 gallons	N/A	\$ 1,935	N/A
over 500,000 gallons	N/A	2,485	N/A
From 1 to 935,000 Gallons	N/A	N/A	\$ 2,8850
Over 935,000 Gallons	N/A	N/A	3,3410
8 Inch Meter			
0 gallons to 800,000 gallons	N/A	\$ 1,935	N/A
over 800,000 gallons	N/A	2,485	N/A
From 1 to 1,510,000 Gallons	N/A	N/A	\$ 2,8850
Over 1,510,000 Gallons	N/A	N/A	3,3410

	Present Rates	Company Proposed Rates	Staff Recommended Rates
10 Inch Meter			
0 gallons to 1,125,000 gallons	N/A	\$ 1,935	N/A
over 1,125,000 gallons	N/A	2,485	N/A
From 1 to 2,100,000 Gallons	N/A	N/A	\$ 2,8850
Over 2,100,000 Gallons	N/A	N/A	3,3410
Construction Water	\$ 3.75	\$ 2,485	\$ 3,3410
Central Arizona Water	See Tariff	See Tariff	See Tariff

Service Line and Meter Installation Charges	Present Rates	Company Proposed Rates			Staff Recommended Rates		
		Proposed Service Line Charge	Proposed Meter Installation Charge	(a) Total Proposed Charge	Staff Service Line Charge	Staff Meter Installation Charge	Total Staff Charge
5/8" x 3/4" Meter	\$ 365.00	\$ 385.00	\$ 135.00	\$ 520.00	\$ 385.00	\$ 135.00	\$ 520.00
3/4" Meter	405.00	385.00	215.00	600.00	385.00	215.00	600.00
1" Meter	665.00	435.00	255.00	690.00	435.00	255.00	690.00
1½" Meter	1,080.00	470.00	465.00	935.00	470.00	465.00	935.00
2" Meter	1,525.00	N/A	N/A	N/A	N/A	N/A	N/A
2" Turbine Meter	N/A	630.00	965.00	1,595.00	630.00	965.00	1,595.00
2" Compound Meter	N/A	630.00	1,690.00	2,320.00	630.00	1,690.00	2,320.00
3" Meter	2,190.00	N/A	N/A	N/A	N/A	N/A	N/A
3" Turbine Meter	N/A	805.00	1,470.00	2,275.00	805.00	1,470.00	2,275.00
3" Compound Meter	N/A	845.00	2,265.00	3,110.00	845.00	2,265.00	3,110.00
4" Turbine Meter	N/A	1,170.00	2,350.00	3,520.00	1,170.00	2,350.00	3,520.00
4" Compound Meter	2,985.00	1,230.00	3,245.00	4,475.00	1,230.00	3,245.00	4,475.00
6" Turbine Meter	N/A	1,730.00	4,545.00	6,275.00	1,730.00	4,545.00	6,275.00
6" Compound Meter	5,780.00	1,770.00	6,280.00	8,050.00	1,770.00	6,280.00	8,050.00
8 inch & Larger	Cost	Cost	Cost	Cost	Cost	Cost	Cost

(a) As meters and service lines are now taxable income for income purposes, The Company shall collect income taxes on the meter and service line charges. Any tax collected will be refunded each year as the meter deposit is refunded.

Service Charges	Present Rates	Company Proposed Rates	Staff Recommended Rates
Establishment	\$ 25.00	\$ 25.00	\$ 25.00
Establishment (After Hours)	40.00	40.00	40.00
Reconnection (Delinquent)	50.00	50.00	50.00
Reconnection (Delinquent and After Hours)	N/A	N/A	N/A
Meter Test	25.00	25.00	25.00
Deposit Requirement (Residential)	(a)	(a)	(a)
Deposit Requirement (None Residential Meter)	(b)	(b)	(b)
Deposit Interest (b)	6.00%	6.00%	6.00%
Re-Establishment (With-in 12 Months)	(c)	(c)	(c)
Re-Establishment (After Hours)	(c)	(c)	(c)
NSF Check	15.00	15.00	15.00
Deferred Payment, Per Month	1.50%	1.50%	1.50%
Meter Re-Read	5.00	5.00	5.00
Charge of Moving Customer Meter - Customer Requested per Rule R14-2-405B	Cost	Cost	Cost
After hours service charge, per Rule R14-2-403D	Refer to Above Charges	Refer to Above Charges	Refer to Above Charges
Late Charge per month	1.50%	1.50%	1.50%
Off-site Facilities Hook-up Fee (See H-3, page 5)	(d)	(d)	(d)
CAP Hook-up Fee (See H-3, page 5)	(e)	(e)	(e)

- (a) Residential - two times the average bill. Non-residential - two and one-half times the maximum monthly bill.
- (b) Interest per Rule R14-2-403(B).
- (c) Minimum charge times number months off the system, per Rule R14-2-403(D).
- (d) New water installations. May be assessed only once per parcel, service connection, or lot within a sub-division. Purpose is to equitably apportion the costs of constructing additional off-site facilities to provide water production, delivery, storage, and pressure among all new service connections.
- (e) New water installations. May be assessed only once per parcel, service connection, or lot within a sub-division.

IN ADDITION TO THE COLLECTION OF REGULAR RATES, THE UTILITY WILL COLLECT FROM ITS CUSTOMERS A PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES, USE, AND FRANCHISE TAX. PER COMMISSION RULE 14-2-608D(5). ALL ADVANCES AND/OR CONTRIBUTIONS ARE TO INCLUDE LABOR, MATERIALS, OVERHEADS, AND ALL APPLICABLE TAXES, INCLUDING ALL GROSS-UP TAXES FOR INCOME TAXES, IF APPLICABLE.

All advances and/or contributions are to include labor, materials and parts, overheads and all applicable taxes, including all gross-up taxes, if applicable.

Typical Bill Analysis
General Service 3/4-Inch Meter

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	6,931	\$ 42.59	\$ 34.08	\$ (8.51)	-19.99%
Median Usage	6,000	40.50	32.28	\$ (8.22)	-20.30%
Staff Recommended					
Average Usage	6,931	\$ 42.59	\$ 31.89	\$ (10.71)	-25.14%
Median Usage	6,000	40.50	29.20	\$ (11.30)	-27.90%

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

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 27.00	\$ 22.47	-16.78%	\$ 14.25	-47.22%
1,000	29.25	23.96	-18.10%	16.55	-43.44%
2,000	31.50	25.44	-19.24%	18.84	-40.19%
3,000	33.75	26.93	-20.22%	21.14	-37.38%
4,000	36.00	28.41	-21.08%	23.43	-34.92%
5,000	38.25	30.35	-20.67%	26.32	-31.20%
6,000	40.50	32.28	-20.30%	29.20	-27.90%
7,000	42.75	34.22	-19.96%	32.09	-24.95%
8,000	45.25	36.15	-20.11%	34.97	-22.72%
9,000	47.75	38.09	-20.24%	37.86	-20.72%
10,000	50.25	40.02	-20.36%	40.74	-18.93%
11,000	52.75	42.51	-19.42%	44.08	-16.43%
12,000	55.25	44.99	-18.57%	47.42	-14.17%
13,000	57.75	47.48	-17.79%	50.76	-12.10%
14,000	60.25	49.96	-17.08%	54.10	-10.20%
15,000	62.75	52.45	-16.42%	57.45	-8.45%
16,000	65.25	54.93	-15.82%	60.79	-6.84%
17,000	67.75	57.42	-15.25%	64.13	-5.35%
18,000	70.25	59.90	-14.73%	67.47	-3.96%
19,000	72.75	62.39	-14.25%	70.81	-2.67%
20,000	75.25	64.87	-13.79%	74.15	-1.46%
25,000	87.75	77.30	-11.91%	90.86	3.54%
30,000	100.25	89.72	-10.50%	107.56	7.29%
35,000	112.75	102.15	-9.41%	124.27	10.21%
40,000	125.25	114.57	-8.53%	140.97	12.55%
45,000	137.75	127.00	-7.81%	157.68	14.46%
50,000	150.25	139.42	-7.21%	174.38	16.06%
75,000	212.75	201.55	-5.27%	257.91	21.22%
100,000	275.25	263.67	-4.21%	341.43	24.04%

Johnson Utilities L.L.C. - Water Division
Docket No. WS-02987A-08-0180
Test Year Ended December 31, 2007

Post-Hearing Schedule JMM-W1 D
7% Operating Margin
(includes \$1,297,895 CAGR expense)

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	(A) COMPANY ORIGINAL COST	(B) COMPANY FAIR VALUE	(C) STAFF ORIGINAL COST	(D) STAFF FAIR VALUE
1					
2	Adjusted Rate Base	\$ 6,607,841	\$ 6,607,841	\$ (13,682,831)	\$ (13,682,831)
3					
4	Adjusted Operating Income (Loss)	\$ 2,118,161	\$ 2,118,161	\$ 2,664,888	\$ 2,664,888
5					
6	Staff Recommended Operating Income	N/A	N/A	\$ 787,843	\$ 787,843
7					
8	Current Rate of Return (L4 / L2)	32.06%	32.06%	N/A	N/A
9					
10	Required Rate of Return	10.43%	10.43%	N/A	N/A
11					
12	Required Operating Income (L2 * L10)	\$ 689,198	\$ 689,198	N/A	N/A
13					
14	Operating Income Deficiency (L4 - L12)	\$ (1,428,963)	\$ (1,428,963)	N/A	N/A
15					
16	Gross Revenue Conversion Factor	1.5620	1.5620	1.00000	1.0000
17					
18	Required Revenue Increase/Decrease	\$ (2,232,070)	\$ (2,232,070)	\$ (1,918,005)	\$ (1,918,005)
19					
20	Adjusted Test Year Revenue	\$ 13,172,899	\$ 13,172,899	\$ 13,172,899	\$ 13,172,899
21					
22	Proposed Annual Revenue	\$ 10,940,829	\$ 10,940,829	\$ 11,254,894	\$ 11,254,894
23					
24	Required Increase/Decrease in Revenue (%)	-16.94%	-16.94%	-14.56%	-14.56%
25					
26	Required Operating Margin	N/A	N/A	7.00%	7.00%

References:

Columns [A] and [B]: Company Schedules A-1, A-2, & D-1

Columns [C] and [D]: STAFF Schedules JMM-W2, JMM-W3 and JMM-W16

RATE DESIGN

Monthly Usage Charge	Present Rates	Company Proposed Rates	Staff Recommended Rates
5/8x3/4" Meter	\$ 18.00	\$ 14.98	10.00
3/4" Meter	27.00	22.47	15.00
1" Meter	45.00	37.45	25.00
1 1/2" Meter	90.00	74.90	50.00
2" Meter	144.00	119.84	80.00
3" Meter	270.00	239.68	160.00
4" Meter	450.00	374.50	250.00
6" Meter	900.00	749.00	500.00
8" Meter	N/A	1,198.40	800.00
10" Meter	N/A	1,722.70	1,150.00
Commodity Rates			
<u>(Residential, Commercial, Industrial)</u>			
All Meter Sizes			
Gallons Included in Minimum	\$ -	\$ -	\$ -
0 gallons to 7,000 Gallons	2.25	N/A	N/A
over 7,000 Gallons	2.50	N/A	N/A
5/8 Inch and 3/4 Inch Meter Residential			
0 gallons to 4,000 gallons	N/A	\$ 1.485	\$ 2.3100
4,001 gallons to 10,000 gallons	N/A	1.935	2.8950
over 10,000 gallons	N/A	2.485	3.3810
5/8 inch 3/4 Inch Meter Commercial, Industrial, Irrigation, and Public Authority			
0 gallons to 10,000 gallons	N/A	\$ 1.935	\$ 2.8950
over 10,000 gallons	N/A	2.485	3.3810
1 Inch Meter			
0 gallons to 25,000 gallons	N/A	\$ 1.935	N/A
over 25,000 gallons	N/A	2.485	N/A
From 1 to 28,000 Gallons	N/A	N/A	\$ 2.8950
Over 28,000 Gallons	N/A	N/A	3.3810
1.5 Inch Meter			
0 gallons to 50,000 gallons	N/A	\$ 1.935	N/A
over 50,000 gallons	N/A	2.485	N/A
From 1 to 75,000 Gallons	N/A	N/A	\$ 2.8950
Over 75,000 Gallons	N/A	N/A	3.3810
2 Inch Meter			
0 gallons to 80,000 gallons	N/A	\$ 1.935	N/A
over 80,000 gallons	N/A	2.485	N/A
From 1 to 130,000 Gallons	N/A	N/A	\$ 2.8950
Over 130,000 Gallons	N/A	N/A	3.3810
3 Inch Meter			
0 gallons to 160,000 gallons	N/A	\$ 1.935	N/A
over 160,000 gallons	N/A	2.485	N/A
From 1 to 283,000 Gallons	N/A	N/A	\$ 2.8950
Over 283,000 Gallons	N/A	N/A	3.3810
4 Inch Meter			
0 gallons to 250,000 gallons	N/A	\$ 1.935	N/A
over 250,000 gallons	N/A	2.485	N/A
From 1 to 455,000 Gallons	N/A	N/A	\$ 2.8950
Over 455,000 Gallons	N/A	N/A	3.3810
6 Inch Meter			
0 gallons to 500,000 gallons	N/A	\$ 1.935	N/A
over 500,000 gallons	N/A	2.485	N/A
From 1 to 935,000 Gallons	N/A	N/A	\$ 2.8950
Over 935,000 Gallons	N/A	N/A	3.3810
8 Inch Meter			
0 gallons to 800,000 gallons	N/A	\$ 1.935	N/A
over 800,000 gallons	N/A	2.485	N/A
From 1 to 1,510,000 Gallons	N/A	N/A	\$ 2.8950
Over 1,510,000 Gallons	N/A	N/A	3.3810

	Present Rates	Company Proposed Rates			Staff Recommended Rates		
		Proposed Service Line Charge	Proposed Meter Installation Charge	(a) Total Proposed Charge	Staff Service Line Charge	Staff Meter Installation Charge	Total Staff Charge
10 Inch Meter							
0 gallons to 1,125,000 gallons	N/A		\$ 1.935			N/A	
over 1,125,000 gallons	N/A		2.485			N/A	
From 1 to 2,100,000 Gallons	N/A		N/A		\$ 2.8950		
Over 2,100,000 Gallons	N/A		N/A			3.3810	
Construction Water	\$ 3.75		\$ 2.485			\$ 3.3810	
Central Arizona Water	See Tariff		See Tariff			See Tariff	
Service Line and Meter Installation Charges							
5/8" x 3/4" Meter	\$ 365.00	\$ 385.00	\$ 135.00	\$ 520.00	\$ 385.00	\$ 135.00	\$ 520.00
3/4" Meter	405.00	385.00	215.00	600.00	385.00	215.00	600.00
1" Meter	665.00	435.00	255.00	690.00	435.00	255.00	690.00
1 1/2" Meter	1,080.00	470.00	465.00	935.00	470.00	465.00	935.00
2" Meter	1,525.00	N/A	N/A	N/A	N/A	N/A	N/A
2" Turbine Meter	N/A	630.00	965.00	1,595.00	630.00	965.00	1,595.00
2" Compound Meter	N/A	630.00	1,690.00	2,320.00	630.00	1,690.00	2,320.00
3" Meter	2,190.00	N/A	N/A	N/A	N/A	N/A	N/A
3" Turbine Meter	N/A	805.00	1,470.00	2,275.00	805.00	1,470.00	2,275.00
3" Compound Meter	N/A	845.00	2,265.00	3,110.00	845.00	2,265.00	3,110.00
4" Turbine Meter	N/A	1,170.00	2,350.00	3,520.00	1,170.00	2,350.00	3,520.00
4" Compound Meter	2,985.00	1,230.00	3,245.00	4,475.00	1,230.00	3,245.00	4,475.00
6" Turbine Meter	N/A	1,730.00	4,545.00	6,275.00	1,730.00	4,545.00	6,275.00
6" Compound Meter	5,780.00	1,770.00	6,280.00	8,050.00	1,770.00	6,280.00	8,050.00
8 Inch & Larger	Cost	Cost	Cost	Cost	Cost	Cost	Cost
(a) As meters and service lines are now taxable income for income purposes, The Company shall collect income taxes on the meter and service line charges. Any tax collected will be refunded each year as the meter deposit is refunded.							
Service Charges							
Establishment	\$ 25.00			\$ 25.00			\$ 25.00
Establishment (After Hours)	40.00			40.00			40.00
Reconnection (Delinquent)	50.00			50.00			50.00
Reconnection (Delinquent and After Hours)	N/A			N/A			N/A
Meter Test	25.00			25.00			25.00
Deposit Requirement (Residential)	(a)			(a)			(a)
Deposit Requirement (None Residential Meter)	(b)			(b)			(b)
Deposit Interest (b)	6.00%			6.00%			6.00%
Re-Establishment (Within 12 Months)	(c)			(c)			(c)
Re-Establishment (After Hours)	(c)			(c)			(c)
NSF Check	15.00			15.00			15.00
Deferred Payment, Per Month	1.50%			1.50%			1.50%
Meter Re-Read	5.00			5.00			5.00
Charge of Moving Customer Meter - Customer Requested per Rule R14-2-405B	Cost			Cost			Cost
After hours service charge, per Rule R14-2-403D	Refer to Above Charges			Refer to Above Charges			Refer to Above Charges
Late Charge per month	1.50%			1.50%			1.50%
Off-site Facilities Hook-up Fee (See H-3, page 5)	(d)			(d)			(d)
CAP Hook-up Fee (See H-3, page 5)	(e)			(e)			(e)

- (a) Residential - two times the average bill. Non-residential - two and one-half times the maximum monthly bill.
- (b) Interest per Rule R14-2-403(B).
- (c) Minimum charge times number months off the system. per Rule R14-2-403(D).
- (d) New water installations. May be assessed only once per parcel, service connection, or lot within a sub-division. Purpose is to equitably apportion the costs of constructing additional off-site facilities to provide water production, delivery, storage, and pressure among all new service connections.
- (e) New water installations. May be assessed only once per parcel, service connection, or lot within a sub-division.

IN ADDITION TO THE COLLECTION OF REGULAR RATES, THE UTILITY WILL COLLECT FROM ITS CUSTOMERS A PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES, USE, AND FRANCHISE TAX. PER COMMISSION RULE 14-2-608D(5). ALL ADVANCES AND/OR CONTRIBUTIONS ARE TO INCLUDE LABOR, MATERIALS, OVERHEADS, AND ALL APPLICABLE TAXES, INCLUDING ALL GROSS-UP TAXES FOR INCOME TAXES, IF APPLICABLE.

All advances and/or contributions are to include labor, materials and parts, overheads and all applicable taxes, including all gross-up taxes, if applicable.

Typical Bill Analysis
General Service 3/4-Inch Meter

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	6,931	\$ 42.59	\$ 34.08	\$ (8.51)	-19.99%
Median Usage	6,000	40.50	32.28	\$ (8.22)	-20.30%
Staff Recommended					
Average Usage	6,931	\$ 42.59	\$ 32.73	\$ (9.87)	-23.17%
Median Usage	6,000	40.50	30.03	\$ (10.47)	-25.85%

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

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 27.00	\$ 22.47	-16.78%	\$ 15.00	-44.44%
1,000	29.25	23.96	-18.10%	17.31	-40.82%
2,000	31.50	25.44	-19.24%	19.62	-37.71%
3,000	33.75	26.93	-20.22%	21.93	-35.02%
4,000	36.00	28.41	-21.08%	24.24	-32.67%
5,000	38.25	30.35	-20.67%	27.14	-29.06%
6,000	40.50	32.28	-20.30%	30.03	-25.85%
7,000	42.75	34.22	-19.96%	32.93	-22.98%
8,000	45.25	36.15	-20.11%	35.82	-20.84%
9,000	47.75	38.09	-20.24%	38.72	-18.92%
10,000	50.25	40.02	-20.36%	41.61	-17.19%
11,000	52.75	42.51	-19.42%	44.99	-14.71%
12,000	55.25	44.99	-18.57%	48.37	-12.45%
13,000	57.75	47.48	-17.79%	51.75	-10.38%
14,000	60.25	49.96	-17.08%	55.13	-8.49%
15,000	62.75	52.45	-16.42%	58.52	-6.75%
16,000	65.25	54.93	-15.82%	61.90	-5.14%
17,000	67.75	57.42	-15.25%	65.28	-3.65%
18,000	70.25	59.90	-14.73%	68.66	-2.27%
19,000	72.75	62.39	-14.25%	72.04	-0.98%
20,000	75.25	64.87	-13.79%	75.42	0.23%
25,000	87.75	77.30	-11.91%	92.33	5.21%
30,000	100.25	89.72	-10.50%	109.23	8.96%
35,000	112.75	102.15	-9.41%	126.14	11.87%
40,000	125.25	114.57	-8.53%	143.04	14.20%
45,000	137.75	127.00	-7.81%	159.95	16.11%
50,000	150.25	139.42	-7.21%	176.85	17.70%
75,000	212.75	201.55	-5.27%	261.38	22.86%
100,000	275.25	263.67	-4.21%	345.90	25.67%

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	(A) COMPANY ORIGINAL COST	(B) COMPANY FAIR VALUE	(C) STAFF ORIGINAL COST	(D) STAFF FAIR VALUE
1					
2	Adjusted Rate Base	\$ 6,607,841	\$ 6,607,841	\$ (13,682,831)	\$ (13,682,831)
3					
4	Adjusted Operating Income (Loss)	\$ 2,118,161	\$ 2,118,161	\$ 3,962,783	\$ 3,962,783
5					
6	Staff Recommended Operating Income	N/A	N/A	\$ (0)	\$ (0)
7					
8	Current Rate of Return (L4 / L2)	32.06%	32.06%	N/A	N/A
9					
10	Required Rate of Return	10.43%	10.43%	N/A	N/A
11					
12	Required Operating Income (L2 * L10)	\$ 689,198	\$ 689,198	N/A	N/A
13					
14	Operating Income Deficiency (L4 - L12)	\$ (1,428,963)	\$ (1,428,963)	N/A	N/A
15					
16	Gross Revenue Conversion Factor	1.5620	1.5620	1.00000	1.0000
17					
18	Required Revenue Increase/Decrease	\$ (2,232,070)	\$ (2,232,070)	\$ (4,049,253)	\$ (4,049,253)
19					
20	Adjusted Test Year Revenue	\$ 13,172,899	\$ 13,172,899	\$ 13,172,899	\$ 13,172,899
21					
22	Proposed Annual Revenue	\$ 10,940,829	\$ 10,940,829	\$ 9,123,646	\$ 9,123,646
23					
24	Required Increase/Decrease in Revenue (%)	-16.94%	-16.94%	-30.74%	-30.74%
25					
26	Required Operating Margin	N/A	N/A	0.00%	0.00%

References:

Columns [A] and [B]: Company Schedules A-1, A-2, & D-1

Columns [C] and [D]: STAFF Schedules JMM-W2, JMM-W3 and JMM-W16

RATE DESIGN

Monthly Usage Charge	Present Rates	Company Proposed Rates	Staff Recommended Rates
5/8x3/4" Meter	\$ 18.00	\$ 14.98	7.00
3/4" Meter	27.00	22.47	10.50
1" Meter	45.00	37.45	17.50
1 1/2" Meter	90.00	74.90	35.00
2" Meter	144.00	119.84	56.00
3" Meter	270.00	239.68	112.00
4" Meter	450.00	374.50	175.00
6" Meter	900.00	749.00	350.00
8" Meter	N/A	1,198.40	560.00
10" Meter	N/A	1,722.70	805.00
Commodity Rates			
(Residential, Commercial, Industrial)			
All Meter Sizes			
Gallons Included in Minimum	\$ -	\$ -	\$ -
0 gallons to 7,000 Gallons	2.25	N/A	N/A
over 7,000 Gallons	2.50	N/A	N/A
5/8 Inch and 3/4 Inch Meter Residential			
0 gallons to 4,000 gallons	N/A	\$ 1.485	\$ 1.9650
4,001 gallons to 10,000 gallons	N/A	1.935	2.5100
over 10,000 gallons	N/A	2.485	2.8910
5/8 inch 3/4 Inch Meter Commercial, Industrial, Irrigation, and Public Authority			
0 gallons to 10,000 gallons	N/A	\$ 1.935	\$ 2.5100
over 10,000 gallons	N/A	2.485	2.8910
1 Inch Meter			
0 gallons to 25,000 gallons	N/A	\$ 1.935	N/A
over 25,000 gallons	N/A	2.485	N/A
From 1 to 27,000 Gallons	N/A	N/A	\$ 2.5100
Over 27,000 Gallons	N/A	N/A	2.8910
1.5 Inch Meter			
0 gallons to 50,000 gallons	N/A	\$ 1.935	N/A
over 50,000 gallons	N/A	2.485	N/A
From 1 to 71,000 Gallons	N/A	N/A	\$ 2.5100
Over 71,000 Gallons	N/A	N/A	2.8910
2 Inch Meter			
0 gallons to 80,000 gallons	N/A	\$ 1.935	N/A
over 80,000 gallons	N/A	2.485	N/A
From 1 to 124,000 Gallons	N/A	N/A	\$ 2.5100
Over 124,000 Gallons	N/A	N/A	2.8910
3 Inch Meter			
0 gallons to 160,000 gallons	N/A	\$ 1.935	N/A
over 160,000 gallons	N/A	2.485	N/A
From 1 to 268,000 Gallons	N/A	N/A	\$ 2.5100
Over 268,000 Gallons	N/A	N/A	2.8910
4 Inch Meter			
0 gallons to 250,000 gallons	N/A	\$ 1.935	N/A
over 250,000 gallons	N/A	2.485	N/A
From 1 to 430,000 Gallons	N/A	N/A	\$ 2.5100
Over 430,000 Gallons	N/A	N/A	2.8910
6 Inch Meter			
0 gallons to 500,000 gallons	N/A	\$ 1.935	N/A
over 500,000 gallons	N/A	2.485	N/A
From 1 to 880,000 Gallons	N/A	N/A	\$ 2.5100
Over 880,000 Gallons	N/A	N/A	2.8910
8 Inch Meter			
0 gallons to 800,000 gallons	N/A	\$ 1.935	N/A
over 800,000 gallons	N/A	2.485	N/A
From 1 to 1,420,000 Gallons	N/A	N/A	\$ 2.5100
Over 1,420,000 Gallons	N/A	N/A	2.8910

	Present Rates	Company Proposed Rates			Staff Recommended Rates		
		Proposed Service Line Charge	Proposed Meter Installation Charge	(a) Total Proposed Charge	Staff Service Line Charge	Staff Meter Installation Charge	Total Staff Charge
10 Inch Meter							
0 gallons to 1,125,000 gallons	N/A			\$ 1.935			N/A
over 1,125,000 gallons	N/A			2.485			N/A
From 1 to 2,000,000 Gallons	N/A			N/A		\$ 2.5100	
Over 2,000,000 Gallons	N/A			N/A		2.8910	
Construction Water	\$ 3.75			\$ 2.485			\$ 2.8910
Central Arizona Water	See Tariff			See Tariff			See Tariff
Service Line and Meter Installation Charges							
5/8" x 3/4" Meter	\$ 365.00	\$ 385.00	\$ 135.00	\$ 520.00	\$ 385.00	\$ 135.00	\$ 520.00
3/4" Meter	405.00	385.00	215.00	600.00	385.00	215.00	600.00
1" Meter	665.00	435.00	255.00	690.00	435.00	255.00	690.00
1 1/2" Meter	1,080.00	470.00	465.00	935.00	470.00	465.00	935.00
2" Meter	1,525.00	N/A	N/A	N/A	N/A	N/A	N/A
2" Turbine Meter	N/A	630.00	965.00	1,595.00	630.00	965.00	1,595.00
2" Compound Meter	N/A	630.00	1,690.00	2,320.00	630.00	1,690.00	2,320.00
3" Meter	2,190.00	N/A	N/A	N/A	N/A	N/A	N/A
3" Turbine Meter	N/A	805.00	1,470.00	2,275.00	805.00	1,470.00	2,275.00
3" Compound Meter	N/A	845.00	2,265.00	3,110.00	845.00	2,265.00	3,110.00
4" Turbine Meter	N/A	1,170.00	2,350.00	3,520.00	1,170.00	2,350.00	3,520.00
4" Compound Meter	2,985.00	1,230.00	3,245.00	4,475.00	1,230.00	3,245.00	4,475.00
6" Turbine Meter	N/A	1,730.00	4,545.00	6,275.00	1,730.00	4,545.00	6,275.00
6" Compound Meter	5,780.00	1,770.00	6,280.00	8,050.00	1,770.00	6,280.00	8,050.00
8 Inch & Larger	Cost	Cost	Cost	Cost	Cost	Cost	Cost
(a) As meters and service lines are now taxable income for income purposes, The Company shall collect income taxes on the meter and service line charges. Any tax collected will be refunded each year as the meter deposit is refunded.							
Service Charges							
Establishment	\$ 25.00			\$ 25.00			\$ 25.00
Establishment (After Hours)	40.00			40.00			40.00
Reconnection (Delinquent)	50.00			50.00			50.00
Reconnection (Delinquent and After Hours)	N/A			N/A			N/A
Meter Test	25.00			25.00			25.00
Deposit Requirement (Residential)	(a)			(a)			(a)
Deposit Requirement (None Residential Meter)	(b)			(b)			(b)
Deposit Interest (b)	6.00%			6.00%			6.00%
Re-Establishment (With-in 12 Months)	(c)			(c)			(c)
Re-Establishment (After Hours)	(c)			(c)			(c)
NSF Check	15.00			15.00			15.00
Deferred Payment, Per Month	1.50%			1.50%			1.50%
Meter Re-Read	5.00			5.00			5.00
Charge of Moving Customer Meter - Customer Requested per Rule R14-2-405B	Cost			Cost			Cost
After hours service charge, per Rule R14-2-403D	Refer to Above Charges			Refer to Above Charges			Refer to Above Charges
Late Charge per month	1.50%			1.50%			1.50%
Off-site Facilities Hook-up Fee (See H-3, page 5)	(d)			(d)			(d)
CAP Hook-up Fee (See H-3, page 5)	(e)			(e)			(e)

- (a) Residential - two times the average bill. Non-residential - two and one-half times the maximum monthly bill.
- (b) Interest per Rule R14-2-403(B).
- (c) Minimum charge times number months off the system. per Rule R14-2-403(D).
- (d) New water installations. May be assessed only once per parcel, service connection, or lot within a subdivision. Purpose is to equitably apportion the costs of constructing additional off-site facilities to provide water production, delivery, storage, and pressure among all new service connections.
- (e) New water installations. May be assessed only once per parcel, service connection, or lot within a subdivision.

IN ADDITION TO THE COLLECTION OF REGULAR RATES, THE UTILITY WILL COLLECT FROM ITS CUSTOMERS A PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES, USE, AND FRANCHISE TAX. PER COMMISSION RULE 14-2-608D(5). ALL ADVANCES AND/OR CONTRIBUTIONS ARE TO INCLUDE LABOR, MATERIALS, OVERHEADS, AND ALL APPLICABLE TAXES, INCLUDING ALL GROSS-UP TAXES FOR INCOME TAXES, IF APPLICABLE.

All advances and/or contributions are to include labor, materials and parts, overheads and all applicable taxes. including all gross-up taxes, if applicable.

Typical Bill Analysis
General Service 3/4-Inch Meter

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	6,931	\$ 42.59	\$ 34.08	\$ (8.51)	-19.99%
Median Usage	6,000	40.50	32.28	\$ (8.22)	-20.30%
Staff Recommended					
Average Usage	6,931	\$ 42.59	\$ 25.72	\$ (16.88)	-39.62%
Median Usage	6,000	40.50	23.38	\$ (17.12)	-42.27%

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

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 27.00	\$ 22.47	-16.78%	\$ 10.50	-61.11%
1,000	29.25	23.96	-18.10%	12.47	-57.38%
2,000	31.50	25.44	-19.24%	14.43	-54.19%
3,000	33.75	26.93	-20.22%	16.40	-51.42%
4,000	36.00	28.41	-21.08%	18.36	-49.00%
5,000	38.25	30.35	-20.67%	20.87	-45.44%
6,000	40.50	32.28	-20.30%	23.38	-42.27%
7,000	42.75	34.22	-19.96%	25.89	-39.44%
8,000	45.25	36.15	-20.11%	28.40	-37.24%
9,000	47.75	38.09	-20.24%	30.91	-35.27%
10,000	50.25	40.02	-20.36%	33.42	-33.49%
11,000	52.75	42.51	-19.42%	36.31	-31.16%
12,000	55.25	44.99	-18.57%	39.20	-29.05%
13,000	57.75	47.48	-17.79%	42.09	-27.11%
14,000	60.25	49.96	-17.08%	44.98	-25.34%
15,000	62.75	52.45	-16.42%	47.88	-23.71%
16,000	65.25	54.93	-15.82%	50.77	-22.20%
17,000	67.75	57.42	-15.25%	53.66	-20.80%
18,000	70.25	59.90	-14.73%	56.55	-19.50%
19,000	72.75	62.39	-14.25%	59.44	-18.30%
20,000	75.25	64.87	-13.79%	62.33	-17.17%
25,000	87.75	77.30	-11.91%	76.79	-12.50%
30,000	100.25	89.72	-10.50%	91.24	-8.99%
35,000	112.75	102.15	-9.41%	105.70	-6.26%
40,000	125.25	114.57	-8.53%	120.15	-4.07%
45,000	137.75	127.00	-7.81%	134.61	-2.28%
50,000	150.25	139.42	-7.21%	149.06	-0.79%
75,000	212.75	201.55	-5.27%	221.34	4.04%
100,000	275.25	263.67	-4.21%	293.61	6.67%

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	(A) COMPANY ORIGINAL COST	(B) COMPANY FAIR VALUE	(C) STAFF ORIGINAL COST	(D) STAFF FAIR VALUE
1					
2	Adjusted Rate Base	\$ 6,607,841	\$ 6,607,841	\$ (13,682,831)	\$ (13,682,831)
3					
4	Adjusted Operating Income (Loss)	\$ 2,118,161	\$ 2,118,161	\$ 3,962,783	\$ 3,962,783
5					
6	Staff Recommended Operating Income	N/A	N/A	\$ 282,365	\$ 282,365
7					
8	Current Rate of Return (L4 / L2)	32.06%	32.06%	N/A	N/A
9					
10	Required Rate of Return	10.43%	10.43%	N/A	N/A
11					
12	Required Operating Income (L2 * L10)	\$ 689,198	\$ 689,198	N/A	N/A
13					
14	Operating Income Deficiency (L4 - L12)	\$ (1,428,963)	\$ (1,428,963)	N/A	N/A
15					
16	Gross Revenue Conversion Factor	1.5620	1.5620	1.00000	1.0000
17					
18	Required Revenue Increase/Decrease	\$ (2,232,070)	\$ (2,232,070)	\$ (3,760,727)	\$ (3,760,727)
19					
20	Adjusted Test Year Revenue	\$ 13,172,899	\$ 13,172,899	\$ 13,172,899	\$ 13,172,899
21					
22	Proposed Annual Revenue	\$ 10,940,829	\$ 10,940,829	\$ 9,412,172	\$ 9,412,172
23					
24	Required Increase/Decrease in Revenue (%)	-16.94%	-16.94%	-28.55%	-28.55%
25					
26	Required Operating Margin	N/A	N/A	3.00%	3.00%

References:

Columns [A] and [B]: Company Schedules A-1, A-2, & D-1

Columns [C] and [D]: STAFF Schedules JMM-W2, JMM-W3 and JMM-W16

RATE DESIGN

Monthly Usage Charge	Present Rates	Company Proposed Rates	Staff Recommended Rates
5/8x3/4" Meter	\$ 18.00	\$ 14.98	7.50
3/4" Meter	27.00	22.47	11.25
1" Meter	45.00	37.45	18.75
1 1/2" Meter	90.00	74.90	37.50
2" Meter	144.00	119.84	60.00
3" Meter	270.00	239.68	120.00
4" Meter	450.00	374.50	187.50
6" Meter	900.00	749.00	375.00
8" Meter	N/A	1,198.40	600.00
10" Meter	N/A	1,722.70	862.50
Commodity Rates			
(Residential, Commercial, Industrial)			
All Meter Sizes			
Gallons Included in Minimum	\$ -	\$ -	\$ -
0 gallons to 7,000 Gallons	2.25	N/A	N/A
over 7,000 Gallons	2.50	N/A	N/A
5/8 Inch and 3/4 Inch Meter Residential			
0 gallons to 4,000 gallons	N/A	\$ 1.485	\$ 1.9950
4,001 gallons to 10,000 gallons	N/A	1.935	2.5300
over 10,000 gallons	N/A	2.485	2.9560
5/8 inch 3/4 Inch Meter Commercial, Industrial, Irrigation, and Public Authority			
0 gallons to 10,000 gallons	N/A	\$ 1.935	\$ 2.5300
over 10,000 gallons	N/A	2.485	2.9560
1 Inch Meter			
0 gallons to 25,000 gallons	N/A	\$ 1.935	N/A
over 25,000 gallons	N/A	2.485	N/A
From 1 to 26,000 Gallons	N/A	N/A	\$ 2.5300
Over 26,000 Gallons	N/A	N/A	2.9560
1.5 Inch Meter			
0 gallons to 50,000 gallons	N/A	\$ 1.935	N/A
over 50,000 gallons	N/A	2.485	N/A
From 1 to 69,000 Gallons	N/A	N/A	\$ 2.5300
Over 69,000 Gallons	N/A	N/A	2.9560
2 Inch Meter			
0 gallons to 80,000 gallons	N/A	\$ 1.935	N/A
over 80,000 gallons	N/A	2.485	N/A
From 1 to 120,000 Gallons	N/A	N/A	\$ 2.5300
Over 120,000 Gallons	N/A	N/A	2.9560
3 Inch Meter			
0 gallons to 160,000 gallons	N/A	\$ 1.935	N/A
over 160,000 gallons	N/A	2.485	N/A
From 1 to 259,000 Gallons	N/A	N/A	\$ 2.5300
Over 259,000 Gallons	N/A	N/A	2.9560
4 Inch Meter			
0 gallons to 250,000 gallons	N/A	\$ 1.935	N/A
over 250,000 gallons	N/A	2.485	N/A
From 1 to 415,000 Gallons	N/A	N/A	\$ 2.5300
Over 415,000 Gallons	N/A	N/A	2.9560
6 Inch Meter			
0 gallons to 500,000 gallons	N/A	\$ 1.935	N/A
over 500,000 gallons	N/A	2.485	N/A
From 1 to 850,000 Gallons	N/A	N/A	\$ 2.5300
Over 850,000 Gallons	N/A	N/A	2.9560
8 Inch Meter			
0 gallons to 800,000 gallons	N/A	\$ 1.935	N/A
over 800,000 gallons	N/A	2.485	N/A
From 1 to 1,375,000 Gallons	N/A	N/A	\$ 2.5300
Over 1,375,000 Gallons	N/A	N/A	2.9560

	Present Rates	Company Proposed Rates			Staff Recommended Rates		
10 Inch Meter							
0 gallons to 1,125,000 gallons	N/A		\$	1,935			N/A
over 1,125,000 gallons	N/A			2,485			N/A
From 1 to 1,900,000 Gallons	N/A			N/A		\$	2,5300
Over 1,900,000 Gallons	N/A			N/A			2,9560
Construction Water	\$ 3.75		\$	2,485		\$	2,9560
Central Arizona Water	See Tariff			See Tariff			See Tariff
		Proposed Service Line Charge	Proposed Meter Installation Charge	(a) Total Proposed Charge	Staff Service Line Charge	Staff Meter Installation Charge	Total Staff Charge
Service Line and Meter Installation Charges							
5/8" x 3/4" Meter	\$ 365.00	\$ 385.00	\$ 135.00	\$ 520.00	\$ 385.00	\$ 135.00	\$ 520.00
3/4" Meter	405.00	385.00	215.00	600.00	385.00	215.00	600.00
1" Meter	665.00	435.00	255.00	690.00	435.00	255.00	690.00
1 1/4" Meter	1,080.00	470.00	465.00	935.00	470.00	465.00	935.00
2" Meter	1,525.00	N/A	N/A	N/A	N/A	N/A	N/A
2" Turbine Meter	N/A	630.00	965.00	1,595.00	630.00	965.00	1,595.00
2" Compound Meter	N/A	630.00	1,690.00	2,320.00	630.00	1,690.00	2,320.00
3" Meter	2,190.00	N/A	N/A	N/A	N/A	N/A	N/A
3" Turbine Meter	N/A	805.00	1,470.00	2,275.00	805.00	1,470.00	2,275.00
3" Compound Meter	N/A	845.00	2,265.00	3,110.00	845.00	2,265.00	3,110.00
4" Turbine Meter	N/A	1,170.00	2,350.00	3,520.00	1,170.00	2,350.00	3,520.00
4" Compound Meter	2,985.00	1,230.00	3,245.00	4,475.00	1,230.00	3,245.00	4,475.00
6" Turbine Meter	N/A	1,730.00	4,545.00	6,275.00	1,730.00	4,545.00	6,275.00
6" Compound Meter	5,780.00	1,770.00	6,280.00	8,050.00	1,770.00	6,280.00	8,050.00
8 Inch & Larger	Cost	Cost	Cost	Cost	Cost	Cost	Cost
(a) As meters and service lines are now taxable income for income purposes, The Company shall collect income taxes on the meter and service line charges. Any tax collected will be refunded each year as the meter deposit is refunded.							
Service Charges							
Establishment	\$ 25.00			\$ 25.00			\$ 25.00
Establishment (After Hours)	40.00			40.00			40.00
Reconnection (Delinquent)	50.00			50.00			50.00
Reconnection (Delinquent and After Hours)	N/A			N/A			N/A
Meter Test	25.00			25.00			25.00
Deposit Requirement (Residential)	(a)			(a)			(a)
Deposit Requirement (None Residential Meter)	(b)			(b)			(b)
Deposit Interest (b)	6.00%			6.00%			6.00%
Re-Establishment (Within 12 Months)	(c)			(c)			(c)
Re-Establishment (After Hours)	(c)			(c)			(c)
NSF Check	15.00			15.00			15.00
Deferred Payment, Per Month	1.50%			1.50%			1.50%
Meter Re-Read	5.00			5.00			5.00
Charge of Moving Customer Meter - Customer Requested per Rule R14-2-405B	Cost			Cost			Cost
After hours service charge, per Rule R14-2-403D	Refer to Above Charges			Refer to Above Charges			Refer to Above Charges
Late Charge per month	1.50%			1.50%			1.50%
Off-site Facilities Hook-up Fee (See H-3, page 5)	(d)			(d)			(d)
CAP Hook-up Fee (See H-3, page 5)	(e)			(e)			(e)

- (a) Residential - two times the average bill. Non-residential - two and one-half times the maximum monthly bill.
- (b) Interest per Rule R14-2-403(B).
- (c) Minimum charge times number months off the system, per Rule R14-2-403(D).
- (d) New water installations. May be assessed only once per parcel, service connection, or lot within a sub-division. Purpose is to equitably apportion the costs of constructing additional off-site facilities to provide water production, delivery, storage, and pressure among all new service connections.
- (e) New water installations. May be assessed only once per parcel, service connection, or lot within a sub-division.

IN ADDITION TO THE COLLECTION OF REGULAR RATES, THE UTILITY WILL COLLECT FROM ITS CUSTOMERS A PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES, USE, AND FRANCHISE TAX. PER COMMISSION RULE 14-2-608D(5). ALL ADVANCES AND/OR CONTRIBUTIONS ARE TO INCLUDE LABOR, MATERIALS, OVERHEADS, AND ALL APPLICABLE TAXES, INCLUDING ALL GROSS-UP TAXES FOR INCOME TAXES, IF APPLICABLE.

All advances and/or contributions are to include labor, materials and parts, overheads and all applicable taxes, including all gross-up taxes, if applicable.

Typical Bill Analysis
General Service 3/4-Inch Meter

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	6,931	\$ 42.59	\$ 34.08	\$ (8.51)	-19.99%
Median Usage	6,000	40.50	32.28	\$ (8.22)	-20.30%
Staff Recommended					
Average Usage	6,931	\$ 42.59	\$ 26.65	\$ (15.95)	-37.44%
Median Usage	6,000	40.50	24.29	\$ (16.21)	-40.02%

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

Gallons	Company			Staff	
	Present	Proposed	%	Recommended	%
-	\$ 27.00	\$ 22.47	-16.78%	\$ 11.25	-58.33%
1,000	29.25	23.96	-18.10%	13.25	-54.72%
2,000	31.50	25.44	-19.24%	15.24	-51.62%
3,000	33.75	26.93	-20.22%	17.24	-48.93%
4,000	36.00	28.41	-21.08%	19.23	-46.58%
5,000	38.25	30.35	-20.67%	21.76	-43.11%
6,000	40.50	32.28	-20.30%	24.29	-40.02%
7,000	42.75	34.22	-19.96%	26.82	-37.26%
8,000	45.25	36.15	-20.11%	29.35	-35.14%
9,000	47.75	38.09	-20.24%	31.88	-33.24%
10,000	50.25	40.02	-20.36%	34.41	-31.52%
11,000	52.75	42.51	-19.42%	37.37	-29.16%
12,000	55.25	44.99	-18.57%	40.32	-27.02%
13,000	57.75	47.48	-17.79%	43.28	-25.06%
14,000	60.25	49.96	-17.08%	46.23	-23.26%
15,000	62.75	52.45	-16.42%	49.19	-21.61%
16,000	65.25	54.93	-15.82%	52.15	-20.08%
17,000	67.75	57.42	-15.25%	55.10	-18.67%
18,000	70.25	59.90	-14.73%	58.06	-17.36%
19,000	72.75	62.39	-14.25%	61.01	-16.13%
20,000	75.25	64.87	-13.79%	63.97	-14.99%
25,000	87.75	77.30	-11.91%	78.75	-10.26%
30,000	100.25	89.72	-10.50%	93.53	-6.70%
35,000	112.75	102.15	-9.41%	108.31	-3.94%
40,000	125.25	114.57	-8.53%	123.09	-1.72%
45,000	137.75	127.00	-7.81%	137.87	0.09%
50,000	150.25	139.42	-7.21%	152.65	1.60%
75,000	212.75	201.55	-5.27%	226.55	6.49%
100,000	275.25	263.67	-4.21%	300.45	9.16%

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	(A) COMPANY ORIGINAL COST	(B) COMPANY FAIR VALUE	(C) STAFF ORIGINAL COST	(D) STAFF FAIR VALUE
1					
2	Adjusted Rate Base	\$ 6,607,841	\$ 6,607,841	\$ (13,682,831)	\$ (13,682,831)
3					
4	Adjusted Operating Income (Loss)	\$ 2,118,161	\$ 2,118,161	\$ 3,962,783	\$ 3,962,783
5					
6	Staff Recommended Operating Income	N/A	N/A	\$ 480,744	\$ 480,744
7					
8	Current Rate of Return (L4 / L2)	32.06%	32.06%	N/A	N/A
9					
10	Required Rate of Return	10.43%	10.43%	N/A	N/A
11					
12	Required Operating Income (L2 * L10)	\$ 689,198	\$ 689,198	N/A	N/A
13					
14	Operating Income Deficiency (L4 - L12)	\$ (1,428,963)	\$ (1,428,963)	N/A	N/A
15					
16	Gross Revenue Conversion Factor	1.5620	1.5620	1.00000	1.0000
17					
18	Required Revenue Increase/Decrease	\$ (2,232,070)	\$ (2,232,070)	\$ (3,558,019)	\$ (3,558,019)
19					
20	Adjusted Test Year Revenue	\$ 13,172,899	\$ 13,172,899	\$ 13,172,899	\$ 13,172,899
21					
22	Proposed Annual Revenue	\$ 10,940,829	\$ 10,940,829	\$ 9,614,880	\$ 9,614,880
23					
24	Required Increase/Decrease in Revenue (%)	-16.94%	-16.94%	-27.01%	-27.01%
25					
26	Required Operating Margin	N/A	N/A	5.00%	5.00%

References:

Columns [A] and [B]: Company Schedules A-1, A-2, & D-1

Columns [C] and [D]: STAFF Schedules JMM-W2, JMM-W3 and JMM-W16

RATE DESIGN

Monthly Usage Charge	Present Rates	Company Proposed Rates	Staff Recommended Rates
5/8x3/4" Meter	\$ 18.00	\$ 14.98	8.00
3/4" Meter	27.00	22.47	12.00
1" Meter	45.00	37.45	20.00
1 1/2" Meter	90.00	74.90	40.00
2" Meter	144.00	119.84	64.00
3" Meter	270.00	239.68	128.00
4" Meter	450.00	374.50	200.00
6" Meter	900.00	749.00	400.00
8" Meter	N/A	1,198.40	640.00
10" Meter	N/A	1,722.70	920.00
Commodity Rates			
(Residential, Commercial, Industrial)			
All Meter Sizes			
Gallons Included in Minimum	\$ -	\$ -	\$ -
0 gallons to 7,000 Gallons	2.25	N/A	N/A
over 7,000 Gallons	2.50	N/A	N/A
5/8 Inch and 3/4 Inch Meter Residential			
0 gallons to 4,000 gallons	N/A	\$ 1.485	\$ 2.0000
4,001 gallons to 10,000 gallons	N/A	1.935	2.5350
over 10,000 gallons	N/A	2.485	2.9660
5/8 inch 3/4 Inch Meter Commercial, Industrial, Irrigation, and Public Authority			
0 gallons to 10,000 gallons	N/A	\$ 1.935	\$ 2.5350
over 10,000 gallons	N/A	2.485	2.9660
1 Inch Meter			
0 gallons to 25,000 gallons	N/A	\$ 1.935	N/A
over 25,000 gallons	N/A	2.485	N/A
From 1 to 26,000 Gallons	N/A	N/A	\$ 2.5350
Over 26,000 Gallons	N/A	N/A	2.9660
1.5 Inch Meter			
0 gallons to 50,000 gallons	N/A	\$ 1.935	N/A
over 50,000 gallons	N/A	2.485	N/A
From 1 to 69,000 Gallons	N/A	N/A	\$ 2.5350
Over 69,000 Gallons	N/A	N/A	2.9660
2 Inch Meter			
0 gallons to 80,000 gallons	N/A	\$ 1.935	N/A
over 80,000 gallons	N/A	2.485	N/A
From 1 to 120,000 Gallons	N/A	N/A	\$ 2.5350
Over 120,000 Gallons	N/A	N/A	2.9660
3 Inch Meter			
0 gallons to 160,000 gallons	N/A	\$ 1.935	N/A
over 160,000 gallons	N/A	2.485	N/A
From 1 to 259,000 Gallons	N/A	N/A	\$ 2.5350
Over 259,000 Gallons	N/A	N/A	2.9660
4 Inch Meter			
0 gallons to 250,000 gallons	N/A	\$ 1.935	N/A
over 250,000 gallons	N/A	2.485	N/A
From 1 to 415,000 Gallons	N/A	N/A	\$ 2.5350
Over 415,000 Gallons	N/A	N/A	2.9660
6 Inch Meter			
0 gallons to 500,000 gallons	N/A	\$ 1.935	N/A
over 500,000 gallons	N/A	2.485	N/A
From 1 to 850,000 Gallons	N/A	N/A	\$ 2.5350
Over 850,000 Gallons	N/A	N/A	2.9660
8 Inch Meter			
0 gallons to 800,000 gallons	N/A	\$ 1.935	N/A
over 800,000 gallons	N/A	2.485	N/A
From 1 to 1,375,000 Gallons	N/A	N/A	\$ 2.5350
Over 1,375,000 Gallons	N/A	N/A	2.9660

	Present Rates	Company Proposed Rates			Staff Recommended Rates		
10 Inch Meter							
0 gallons to 1,125,000 gallons	N/A		\$	1.935			N/A
over 1,125,000 gallons	N/A			2.485			N/A
From 1 to 1,900,000 Gallons	N/A			N/A	\$		2.5350
Over 1,900,000 Gallons	N/A			N/A			2.9660
Construction Water	\$ 3.75		\$	2.485		\$	2.9660
Central Arizona Water	See Tariff			See Tariff			See Tariff
		Proposed Service Line Charge	Proposed Meter Installation Charge	(a) Total Proposed Charge	Staff Service Line Charge	Staff Meter Installation Charge	Total Staff Charge
Service Line and Meter Installation Charges							
5/8" x 3/4" Meter	\$ 365.00	\$ 385.00	\$ 135.00	\$ 520.00	\$ 385.00	\$ 135.00	\$ 520.00
3/4" Meter	405.00	385.00	215.00	600.00	385.00	215.00	600.00
1" Meter	665.00	435.00	255.00	690.00	435.00	255.00	690.00
1 1/2" Meter	1,080.00	470.00	465.00	935.00	470.00	465.00	935.00
2" Meter	1,525.00	N/A	N/A	N/A	N/A	N/A	N/A
2" Turbine Meter	N/A	630.00	965.00	1,595.00	630.00	965.00	1,595.00
2" Compound Meter	N/A	630.00	1,690.00	2,320.00	630.00	1,690.00	2,320.00
3" Meter	2,190.00	N/A	N/A	N/A	N/A	N/A	N/A
3" Turbine Meter	N/A	805.00	1,470.00	2,275.00	805.00	1,470.00	2,275.00
3" Compound Meter	N/A	845.00	2,265.00	3,110.00	845.00	2,265.00	3,110.00
4" Turbine Meter	N/A	1,170.00	2,350.00	3,520.00	1,170.00	2,350.00	3,520.00
4" Compound Meter	2,985.00	1,230.00	3,245.00	4,475.00	1,230.00	3,245.00	4,475.00
6" Turbine Meter	N/A	1,730.00	4,545.00	6,275.00	1,730.00	4,545.00	6,275.00
6" Compound Meter	5,780.00	1,770.00	6,280.00	8,050.00	1,770.00	6,280.00	8,050.00
8 Inch & Larger	Cost	Cost	Cost	Cost	Cost	Cost	Cost
(a) As meters and service lines are now taxable income for income purposes, The Company shall collect income taxes on the meter and service line charges. Any tax collected will be refunded each year as the meter deposit is refunded.							
Service Charges							
Establishment	\$ 25.00		\$	25.00		\$	25.00
Establishment (After Hours)	40.00			40.00			40.00
Reconnection (Delinquent)	50.00			50.00			50.00
Reconnection (Delinquent and After Hours)	N/A			N/A			N/A
Meter Test	25.00			25.00			25.00
Deposit Requirement (Residential)	(a)			(a)			(a)
Deposit Requirement (None Residential Meter)	(b)			(b)			(b)
Deposit Interest (b)	6.00%			6.00%			6.00%
Re-Establishment (With-in 12 Months)	(c)			(c)			(c)
Re-Establishment (After Hours)	(c)			(c)			(c)
NSF Check	15.00			15.00			15.00
Deferred Payment, Per Month	1.50%			1.50%			1.50%
Meter Re-Read	5.00			5.00			5.00
Charge of Moving Customer Meter -							
Customer Requested per Rule R14-2-405B	Cost			Cost			Cost
After hours service charge, per Rule R14-2-403D	Refer to Above Charges			Refer to Above Charges			Refer to Above Charges
Late Charge per month	1.50%			1.50%			1.50%
Off-site Facilities Hook-up Fee (See H-3, page 5)	(d)			(d)			(d)
CAP Hook-up Fee (See H-3, page 5)	(e)			(e)			(e)

- (a) Residential - two times the average bill. Non-residential - two and one-half times the maximum monthly bill.
- (b) Interest per Rule R14-2-403(B).
- (c) Minimum charge times number months off the system. per Rule R14-2-403(D).
- (d) New water installations. May be assessed only once per parcel, service connection, or lot within a subdivision. Purpose is to equitably apportion the costs of constructing additional off-site facilities to provide water production, delivery, storage, and pressure among all new service connections.
- (e) New water installations. May be assessed only once per parcel, service connection, or lot within a subdivision.

IN ADDITION TO THE COLLECTION OF REGULAR RATES, THE UTILITY WILL COLLECT FROM ITS CUSTOMERS A PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES, USE, AND FRANCHISE TAX. PER COMMISSION RULE 14-2-608D(5).
ALL ADVANCES AND/OR CONTRIBUTIONS ARE TO INCLUDE LABOR, MATERIALS, OVERHEADS, AND ALL APPLICABLE TAXES, INCLUDING ALL GROSS-UP TAXES FOR INCOME TAXES, IF APPLICABLE.

All advances and/or contributions are to include labor, materials and parts, overheads and all applicable taxes, including all gross-up taxes, if applicable.

Typical Bill Analysis
General Service 3/4-Inch Meter

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	6,931	\$ 42.59	\$ 34.08	\$ (8.51)	-19.99%
Median Usage	6,000	40.50	32.28	\$ (8.22)	-20.30%
Staff Recommended					
Average Usage	6,931	\$ 42.59	\$ 27.43	\$ (15.16)	-35.60%
Median Usage	6,000	40.50	25.07	\$ (15.43)	-38.10%

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

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 27.00	\$ 22.47	-16.78%	\$ 12.00	-55.56%
1,000	29.25	23.96	-18.10%	14.00	-52.14%
2,000	31.50	25.44	-19.24%	16.00	-49.21%
3,000	33.75	26.93	-20.22%	18.00	-46.67%
4,000	36.00	28.41	-21.08%	20.00	-44.44%
5,000	38.25	30.35	-20.67%	22.54	-41.08%
6,000	40.50	32.28	-20.30%	25.07	-38.10%
7,000	42.75	34.22	-19.96%	27.61	-35.43%
8,000	45.25	36.15	-20.11%	30.14	-33.39%
9,000	47.75	38.09	-20.24%	32.68	-31.57%
10,000	50.25	40.02	-20.36%	35.21	-29.93%
11,000	52.75	42.51	-19.42%	38.18	-27.63%
12,000	55.25	44.99	-18.57%	41.14	-25.53%
13,000	57.75	47.48	-17.79%	44.11	-23.62%
14,000	60.25	49.96	-17.08%	47.07	-21.87%
15,000	62.75	52.45	-16.42%	50.04	-20.25%
16,000	65.25	54.93	-15.82%	53.01	-18.76%
17,000	67.75	57.42	-15.25%	55.97	-17.38%
18,000	70.25	59.90	-14.73%	58.94	-16.10%
19,000	72.75	62.39	-14.25%	61.90	-14.91%
20,000	75.25	64.87	-13.79%	64.87	-13.79%
25,000	87.75	77.30	-11.91%	79.70	-9.17%
30,000	100.25	89.72	-10.50%	94.53	-5.71%
35,000	112.75	102.15	-9.41%	109.36	-3.01%
40,000	125.25	114.57	-8.53%	124.19	-0.85%
45,000	137.75	127.00	-7.81%	139.02	0.92%
50,000	150.25	139.42	-7.21%	153.85	2.40%
75,000	212.75	201.55	-5.27%	228.00	7.17%
100,000	275.25	263.67	-4.21%	302.15	9.77%

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	(A) COMPANY ORIGINAL COST	(B) COMPANY FAIR VALUE	(C) STAFF ORIGINAL COST	(D) STAFF FAIR VALUE
1					
2	Adjusted Rate Base	\$ 6,607,841	\$ 6,607,841	\$ (13,682,831)	\$ (13,682,831)
3					
4	Adjusted Operating Income (Loss)	\$ 2,118,161	\$ 2,118,161	\$ 3,962,783	\$ 3,962,783
5					
6	Staff Recommended Operating Income	N/A	N/A	\$ 687,856	\$ 687,856
7					
8	Current Rate of Return (L4 / L2)	32.06%	32.06%	N/A	N/A
9					
10	Required Rate of Return	10.43%	10.43%	N/A	N/A
11					
12	Required Operating Income (L2 * L10)	\$ 689,198	\$ 689,198	N/A	N/A
13					
14	Operating Income Deficiency (L4 - L12)	\$ (1,428,963)	\$ (1,428,963)	N/A	N/A
15					
16	Gross Revenue Conversion Factor	1.5620	1.5620	1.00000	1.0000
17					
18	Required Revenue Increase/Decrease	\$ (2,232,070)	\$ (2,232,070)	\$ (3,346,388)	\$ (3,346,388)
19					
20	Adjusted Test Year Revenue	\$ 13,172,899	\$ 13,172,899	\$ 13,172,899	\$ 13,172,899
21					
22	Proposed Annual Revenue	\$ 10,940,829	\$ 10,940,829	\$ 9,826,511	\$ 9,826,511
23					
24	Required Increase/Decrease in Revenue (%)	-16.94%	-16.94%	-25.40%	-25.40%
25					
26	Required Operating Margin	N/A	N/A	7.00%	7.00%

References:

Columns [A] and [B]: Company Schedules A-1, A-2, & D-1

Columns [C] and [D]: STAFF Schedules JMM-W2, JMM-W3 and JMM-W16

Monthly Usage Charge	Present Rates	Company Proposed Rates	Staff Recommended Rates
5/8x3/4" Meter	\$ 18.00	\$ 14.98	8.50
3/4" Meter	27.00	22.47	12.75
1" Meter	45.00	37.45	21.25
1 1/2" Meter	90.00	74.90	42.50
2" Meter	144.00	119.84	68.00
3" Meter	270.00	239.68	136.00
4" Meter	450.00	374.50	212.50
6" Meter	900.00	749.00	425.00
8" Meter	N/A	1,198.40	680.00
10" Meter	N/A	1,722.70	977.50
Commodity Rates			
(Residential, Commercial, Industrial)			
All Meter Sizes			
Gallons Included in Minimum	\$ -	\$ -	\$ -
0 gallons to 7,000 Gallons	2.25	N/A	N/A
over 7,000 Gallons	2.50	N/A	N/A
5/8 Inch and 3/4 Inch Meter Residential			
0 gallons to 4,000 gallons	N/A	\$ 1.485	\$ 2.0200
4,001 gallons to 10,000 gallons	N/A	1.935	2.5500
over 10,000 gallons	N/A	2.485	2.9660
5/8 inch 3/4 Inch Meter Commercial, Industrial, Irrigation, and Public Authority			
0 gallons to 10,000 gallons	N/A	\$ 1.935	\$ 2.5500
over 10,000 gallons	N/A	2.485	2.9660
1 Inch Meter			
0 gallons to 25,000 gallons	N/A	\$ 1.935	N/A
over 25,000 gallons	N/A	2.485	N/A
From 1 to 26,000 Gallons	N/A	N/A	\$ 2.5500
Over 26,000 Gallons	N/A	N/A	2.9660
1.5 Inch Meter			
0 gallons to 50,000 gallons	N/A	\$ 1.935	N/A
over 50,000 gallons	N/A	2.485	N/A
From 1 to 69,000 Gallons	N/A	N/A	\$ 2.5500
Over 69,000 Gallons	N/A	N/A	2.9660
2 Inch Meter			
0 gallons to 80,000 gallons	N/A	\$ 1.935	N/A
over 80,000 gallons	N/A	2.485	N/A
From 1 to 120,000 Gallons	N/A	N/A	\$ 2.5500
Over 120,000 Gallons	N/A	N/A	2.9660
3 Inch Meter			
0 gallons to 160,000 gallons	N/A	\$ 1.935	N/A
over 160,000 gallons	N/A	2.485	N/A
From 1 to 259,000 Gallons	N/A	N/A	\$ 2.5500
Over 259,000 Gallons	N/A	N/A	2.9660
4 Inch Meter			
0 gallons to 250,000 gallons	N/A	\$ 1.935	N/A
over 250,000 gallons	N/A	2.485	N/A
From 1 to 415,000 Gallons	N/A	N/A	\$ 2.5500
Over 415,000 Gallons	N/A	N/A	2.9660
6 Inch Meter			
0 gallons to 500,000 gallons	N/A	\$ 1.935	N/A
over 500,000 gallons	N/A	2.485	N/A
From 1 to 850,000 Gallons	N/A	N/A	\$ 2.5500
Over 850,000 Gallons	N/A	N/A	2.9660
8 Inch Meter			
0 gallons to 800,000 gallons	N/A	\$ 1.935	N/A
over 800,000 gallons	N/A	2.485	N/A
From 1 to 1,375,000 Gallons	N/A	N/A	\$ 2.5500
Over 1,375,000 Gallons	N/A	N/A	2.9660

	Present Rates	Company Proposed Rates	Staff Recommended Rates
10 Inch Meter			
0 gallons to 1,125,000 gallons	N/A	\$ 1,935	N/A
over 1,125,000 gallons	N/A	2,485	N/A
From 1 to 1,900,000 Gallons	N/A	N/A	\$ 2,5500
Over 1,900,000 Gallons	N/A	N/A	2,9660
Construction Water	\$ 3.75	\$ 2.485	\$ 2,9660
Central Arizona Water	See Tariff	See Tariff	See Tariff

Service Line and Meter Installation Charges	Present Rates	Company Proposed Rates			Staff Recommended Rates		
		Proposed Service Line Charge	Proposed Meter Installation Charge	(a) Total Proposed Charge	Staff Service Line Charge	Staff Meter Installation Charge	Total Staff Charge
5/8" x 3/4" Meter	\$ 365.00	\$ 385.00	\$ 135.00	\$ 520.00	\$ 385.00	\$ 135.00	\$ 520.00
3/4" Meter	405.00	385.00	215.00	600.00	385.00	215.00	600.00
1" Meter	665.00	435.00	255.00	690.00	435.00	255.00	690.00
1 1/2" Meter	1,080.00	470.00	465.00	935.00	470.00	465.00	935.00
2" Meter	1,525.00	N/A	N/A	N/A	N/A	N/A	N/A
2" Turbine Meter	N/A	630.00	965.00	1,595.00	630.00	965.00	1,595.00
2" Compound Meter	N/A	630.00	1,690.00	2,320.00	630.00	1,690.00	2,320.00
3" Meter	2,190.00	N/A	N/A	N/A	N/A	N/A	N/A
3" Turbine Meter	N/A	805.00	1,470.00	2,275.00	805.00	1,470.00	2,275.00
3" Compound Meter	N/A	845.00	2,265.00	3,110.00	845.00	2,265.00	3,110.00
4" Turbine Meter	N/A	1,170.00	2,350.00	3,520.00	1,170.00	2,350.00	3,520.00
4" Compound Meter	2,985.00	1,230.00	3,245.00	4,475.00	1,230.00	3,245.00	4,475.00
6" Turbine Meter	N/A	1,730.00	4,545.00	6,275.00	1,730.00	4,545.00	6,275.00
6" Compound Meter	5,780.00	1,770.00	6,280.00	8,050.00	1,770.00	6,280.00	8,050.00
8 Inch & Larger	Cost	Cost	Cost	Cost	Cost	Cost	Cost

(a) As meters and service lines are now taxable income for income purposes, The Company shall collect income taxes on the meter and service line charges. Any tax collected will be refunded each year as the meter deposit is refunded.

Service Charges	Present Rates	Company Proposed Rates	Staff Recommended Rates
Establishment	\$ 25.00	\$ 25.00	\$ 25.00
Establishment (After Hours)	40.00	40.00	40.00
Reconnection (Delinquent)	50.00	50.00	50.00
Reconnection (Delinquent and After Hours)	N/A	N/A	N/A
Meter Test	25.00	25.00	25.00
Deposit Requirement (Residential)	(a)	(a)	(a)
Deposit Requirement (None Residential Meter)	(b)	(b)	(b)
Deposit Interest (b)	6.00%	6.00%	6.00%
Re-Establishment (With-in 12 Months)	(c)	(c)	(c)
Re-Establishment (After Hours)	(c)	(c)	(c)
NSF Check	15.00	15.00	15.00
Deferred Payment, Per Month	1.50%	1.50%	1.50%
Meter Re-Read	5.00	5.00	5.00
Charge of Moving Customer Meter - Customer Requested per Rule R14-2-405B	Cost	Cost	Cost
After hours service charge, per Rule R14-2-403D	Refer to Above Charges	Refer to Above Charges	Refer to Above Charges
Late Charge per month	1.50%	1.50%	1.50%
Off-site Facilities Hook-up Fee (See H-3, page 5)	(d)	(d)	(d)
CAP Hook-up Fee (See H-3, page 5)	(e)	(e)	(e)

- (a) Residential - two times the average bill. Non-residential - two and one-half times the maximum monthly bill.
- (b) Interest per Rule R14-2-403(B).
- (c) Minimum charge times number months off the system. per Rule R14-2-403(D).
- (d) New water installations. May be assessed only once per parcel, service connection, or lot within a sub-division. Purpose is to equitably apportion the costs of constructing additional off-site facilities to provide water production, delivery, storage, and pressure among all new service connections.
- (e) New water installations. May be assessed only once per parcel, service connection, or lot within a sub-division.

IN ADDITION TO THE COLLECTION OF REGULAR RATES, THE UTILITY WILL COLLECT FROM ITS CUSTOMERS A PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES, USE, AND FRANCHISE TAX. PER COMMISSION RULE 14-2-608D(5). ALL ADVANCES AND/OR CONTRIBUTIONS ARE TO INCLUDE LABOR, MATERIALS, OVERHEADS, AND ALL APPLICABLE TAXES, INCLUDING ALL GROSS-UP TAXES FOR INCOME TAXES, IF APPLICABLE.

All advances and/or contributions are to include labor, materials and parts, overheads and all applicable taxes. including all gross-up taxes, if applicable.

Typical Bill Analysis
General Service 3/4-Inch Meter

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	6,931	\$ 42.59	\$ 34.08	\$ (8.51)	-19.99%
Median Usage	6,000	40.50	32.28	\$ (8.22)	-20.30%
Staff Recommended					
Average Usage	6,931	\$ 42.59	\$ 28.30	\$ (14.29)	-33.55%
Median Usage	6,000	40.50	25.93	\$ (14.57)	-35.98%

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

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 27.00	\$ 22.47	-16.78%	\$ 12.75	-52.78%
1,000	29.25	23.96	-18.10%	14.77	-49.50%
2,000	31.50	25.44	-19.24%	16.79	-46.70%
3,000	33.75	26.93	-20.22%	18.81	-44.27%
4,000	36.00	28.41	-21.08%	20.83	-42.14%
5,000	38.25	30.35	-20.67%	23.38	-38.88%
6,000	40.50	32.28	-20.30%	25.93	-35.98%
7,000	42.75	34.22	-19.96%	28.48	-33.38%
8,000	45.25	36.15	-20.11%	31.03	-31.43%
9,000	47.75	38.09	-20.24%	33.58	-29.68%
10,000	50.25	40.02	-20.36%	36.13	-28.10%
11,000	52.75	42.51	-19.42%	39.10	-25.88%
12,000	55.25	44.99	-18.57%	42.06	-23.87%
13,000	57.75	47.48	-17.79%	45.03	-22.03%
14,000	60.25	49.96	-17.08%	47.99	-20.34%
15,000	62.75	52.45	-16.42%	50.96	-18.79%
16,000	65.25	54.93	-15.82%	53.93	-17.35%
17,000	67.75	57.42	-15.25%	56.89	-16.03%
18,000	70.25	59.90	-14.73%	59.86	-14.79%
19,000	72.75	62.39	-14.25%	62.82	-13.64%
20,000	75.25	64.87	-13.79%	65.79	-12.57%
25,000	87.75	77.30	-11.91%	80.62	-8.13%
30,000	100.25	89.72	-10.50%	95.45	-4.79%
35,000	112.75	102.15	-9.41%	110.28	-2.19%
40,000	125.25	114.57	-8.53%	125.11	-0.11%
45,000	137.75	127.00	-7.81%	139.94	1.59%
50,000	150.25	139.42	-7.21%	154.77	3.01%
75,000	212.75	201.55	-5.27%	228.92	7.60%
100,000	275.25	263.67	-4.21%	303.07	10.11%

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	(A) COMPANY ORIGINAL COST	(B) COMPANY FAIR VALUE	(C) STAFF ORIGINAL COST	(D) STAFF FAIR VALUE
1	Adjusted Rate Base	\$ 19,686,780	\$ 19,686,780	\$ 136,562	\$ 136,562
2					
3	Adjusted Operating Income (Loss)	\$ 592,491	\$ 592,491	\$ 1,921,744	\$ 1,921,744
4					
5	Staff Recommended Operating Income	N/A	N/A	\$ (0)	\$ (0)
6					
7	Current Rate of Return (L3 / L1)	3.01%	3.01%	N/A	N/A
8					
9	Required Rate of Return	10.43%	10.43%	N/A	N/A
10					
11	Required Operating Income (L1 * L9)	\$ 2,053,331	\$ 2,053,331	N/A	N/A
12					
13	Operating Income Deficiency (L11 - L3)	\$ 1,460,840	\$ 1,460,840	N/A	N/A
14					
15	Gross Revenue Conversion Factor	1.5944	1.5944	1.00000	1.0000
16					
17	Required Revenue Increase/Decrease	\$ 2,329,206	\$ 2,329,206	\$ (1,964,022)	\$ (1,964,022)
18					
19	Adjusted Test Year Revenue	\$ 11,288,663	\$ 11,288,663	\$ 11,354,014	\$ 11,354,014
20					
21	Proposed/Recommended Annual Revenue	\$ 13,617,869	\$ 13,617,869	\$ 9,389,992	\$ 9,389,992
22					
23	Required Increase/Decrease in Revenue (%)	20.63%	20.63%	-17.30%	-17.30%
24					
25	Current Operating Margin (L3/L19)	5.25%	5.25%	16.93%	16.93%
26					
27	Required Operating Margin	N/A	N/A	0.00%	0.00%

References:

Columns [A] and [B]: Company Schedules A-1, A-2, & D-1
Columns [C] and [D]: STAFF Schedules JMM-2, JMM-13

RATE DESIGN

Monthly Minimum Charge	Present Rates	Company Proposed Rates	Staff Recommended Rates
Meter Sizes (All Zones and Classes)			
5/8 Inch	\$ 35.00	\$ 42.30	28.8400
3/4 Inch	38.50	46.52	31.7300
1 Inch	49.00	59.21	40.3800
1 1/2 Inch	63.00	76.13	51.9183
2 Inch	101.50	122.66	83.6500
3 Inch	385.00	465.25	317.2800
4 Inch	735.00	888.20	605.7100
6 Inch	1,015.00	1,226.57	836.4600
8 Inch	N/A	1,550.67	1,057.3200
10 inch	N/A	2,481.07	1,691.8800
Effluent per 1,000 gallons	\$ 0.62	\$ 0.62	0.5109
per acre foot	\$ 200.00	\$ 200.00	164.8200
Service Charges			
Establishment	\$ 25.00	\$ 25.00	\$ 25.00
Establishment (After hours)	40.00	40.00	40.00
Deposit Requirement (Residential)	(a)	(a)	(a)
Deposit Requirement (Non Residential Meter)	(a)	(a)	(a)
Deposit Interest	(b)	(b)	(b)
Re-Establishment (With-in 12 months)	(c)	(c)	(c)
Re-Establishment (After Hours)	(c)	(c)	(c)
NSF Check	15.00	15.00	15.00
Deffred Payment, Per Month	1.50%	1.50%	1.50%
After Hours service charge, per Rule R14-2-603D	Refer to Above Charges	Refer to Above Charges	Refer to Above Charges
Late Charge per month	40.00	40.00	40.00
Service Line Connection Charge	350.00	350.00	350.00
Main Extension Tariff, per Rule R14-2-606B except refunds shall be based upon five percent (5%) of gross revenues from bonafide customers, until all advances are fully refunded to Developer.	Cost (d)	Cost (d)	Cost N/A
Off-site Facilities Hook-up Fee			

- (a) Residential - two times the estimated average monthly bill. Non-residential - two and one-half times the estimated maximum monthly bill.
- (b) Interest per Rule R14-2-603(B).
- (c) Minimum charge times number of full months off the system. per Rule R14-2-603(B).
- (d) New water installations. May be assessed only once per parcel, service connection, or lot within a subdivision. Purpose is to equitably apportion the costs of constructing additional off-site facilities to provide water production, delivery, storage, and pressure among all new service connections.
- (e) New wastewater installations. May be assessed only once per parcel, service connection, or lot within a subdivision.

IN ADDITION TO THE COLLECTION OF REGULAR RATES, THE UTILITY WILL COLLECT FROM ITS CUSTOMERS A PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES, USE, AND FRANCHISE TAX. PER COMMISSION RULE 14-2-608D(5).

ALL ADVANCES AND/OR CONTRIBUTIONS ARE TO INCLUDE LABOR, MATERIALS, OVERHEADS, AND ALL APPLICABLE TAXES, INCLUDING ALL GROSS-UP TAXES FOR INCOME TAXES, IF APPLICABLE.

All advances and/or contributions are to include labor, materials and parts, overheads and all applicable taxes. including all gross-up taxes, if applicable.

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	(A) COMPANY ORIGINAL COST	(B) COMPANY FAIR VALUE	(C) STAFF ORIGINAL COST	(D) STAFF FAIR VALUE
1	Adjusted Rate Base	\$ 19,686,780	\$ 19,686,780	\$ 136,562	\$ 136,562
2					
3	Adjusted Operating Income (Loss)	\$ 592,491	\$ 592,491	\$ 1,921,744	\$ 1,921,744
4					
5	Staff Recommended Operating Income	N/A	N/A	\$ 290,607	\$ 290,607
6					
7	Current Rate of Return (L3 / L1)	3.01%	3.01%	N/A	N/A
8					
9	Required Rate of Return	10.43%	10.43%	N/A	N/A
10					
11	Required Operating Income (L1 * L9)	\$ 2,053,331	\$ 2,053,331	N/A	N/A
12					
13	Operating Income Deficiency (L11 - L3)	\$ 1,460,840	\$ 1,460,840	N/A	N/A
14					
15	Gross Revenue Conversion Factor	1.5944	1.5944	1.00000	1.0000
16					
17	Required Revenue Increase/Decrease	\$ 2,329,206	\$ 2,329,206	\$ (1,667,022)	\$ (1,667,022)
18					
19	Adjusted Test Year Revenue	\$ 11,288,663	\$ 11,288,663	\$ 11,354,014	\$ 11,354,014
20					
21	Proposed/Recommended Annual Revenue	\$ 13,617,869	\$ 13,617,869	\$ 9,686,992	\$ 9,686,992
22					
23	Required Increase/Decrease in Revenue (%)	20.63%	20.63%	-14.68%	-14.68%
24					
25	Current Operating Margin (L3/L19)	5.25%	5.25%	16.93%	16.93%
26					
27	Required Operating Margin	N/A	N/A	3.00%	3.00%

References:

Columns [A] and [B]: Company Schedules A-1, A-2, & D-1
Columns [C] and [D]: STAFF Schedules JMM-2, JMM-13

RATE DESIGN

Monthly Minimum Charge	Present Rates	Company Proposed Rates	Staff Recommended Rates
Meter Sizes (All Zones and Classes)			
5/8 Inch	\$ 35.00	\$ 42.30	29.8100
3/4 Inch	38.50	46.52	32.7900
1 Inch	49.00	59.21	41.7300
1 1/2 Inch	63.00	76.13	53.6508
2 Inch	101.50	122.66	86.4400
3 Inch	385.00	465.25	327.8700
4 Inch	735.00	888.20	625.9300
6 Inch	1,015.00	1,226.57	864.3700
8 Inch	N/A	1,550.67	1,092.6000
10 inch	N/A	2,481.07	1,748.3300
Effluent per 1,000 gallons	\$ 0.62	\$ 0.62	0.5280
per acre foot	\$ 200.00	\$ 200.00	170.3200
Service Charges			
Establishment	\$ 25.00	\$ 25.00	\$ 25.00
Establishment (After hours)	40.00	40.00	40.00
Deposit Requirement (Residential)	(a)	(a)	(a)
Deposit Requirement (Non Residential Meter)	(a)	(a)	(a)
Deposit Interest	(b)	(b)	(b)
Re-Establishment (With-in 12 months)	(c)	(c)	(c)
Re-Establishment (After Hours)	(c)	(c)	(c)
NSF Check	15.00	15.00	15.00
Deffred Payment, Per Month	1.50%	1.50%	1.50%
After Hours service charge, per Rule R14-2-603D	Refer to Above Charges	Refer to Above Charges	Refer to Above Charges
Late Charge per month	40.00	40.00	40.00
Service Line Connection Charge	350.00	350.00	350.00
Main Extension Tariff, per Rule R14-2-606B except refunds shall be based upon five percent (5%) of gross revenues from bonafide customers, until all advances are fully refunded to Developer.	Cost (d)	Cost (d)	Cost N/A
Off-site Facilities Hook-up Fee			

- (a) Residential - two times the estimated average monthly bill. Non-residential - two and one-half times the estimated maximum monthly bill.
- (b) Interest per Rule R14-2-603(B).
- (c) Minimum charge times number of full months off the system. per Rule R14-2-603(B).
- (d) New water installations. May be assessed only once per parcel, service connection, or lot within a sub-division. Purpose is to equitably apportion the costs of constructing additional off-site facilities to provide water production, delivery, storage, and pressure among all new service connections.
- (e) New wastewater installations. May be assessed only once per parcel, service connection, or lot within a sub-division.

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All advances and/or contributions are to include labor, materials and parts, overheads and all applicable taxes. including all gross-up taxes, if applicable.

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	(A) COMPANY ORIGINAL COST	(B) COMPANY FAIR VALUE	(C) STAFF ORIGINAL COST	(D) STAFF FAIR VALUE
1	Adjusted Rate Base	\$ 19,686,780	\$ 19,686,780	\$ 136,562	\$ 136,562
2					
3	Adjusted Operating Income (Loss)	\$ 592,491	\$ 592,491	\$ 1,921,744	\$ 1,921,744
4					
5	Staff Recommended Operating Income	N/A	N/A	\$ 494,787	\$ 494,787
6					
7	Current Rate of Return (L3 / L1)	3.01%	3.01%	N/A	N/A
8					
9	Required Rate of Return	10.43%	10.43%	N/A	N/A
10					
11	Required Operating Income (L1 * L9)	\$ 2,053,331	\$ 2,053,331	N/A	N/A
12					
13	Operating Income Deficiency (L11 - L3)	\$ 1,460,840	\$ 1,460,840	N/A	N/A
14					
15	Gross Revenue Conversion Factor	1.5944	1.5944	1.00000	1.0000
16					
17	Required Revenue Increase/Decrease	\$ 2,329,206	\$ 2,329,206	\$ (1,458,350)	\$ (1,458,350)
18					
19	Adjusted Test Year Revenue	\$ 11,288,663	\$ 11,288,663	\$ 11,354,014	\$ 11,354,014
20					
21	Proposed/Recommended Annual Revenue	\$ 13,617,869	\$ 13,617,869	\$ 9,895,664	\$ 9,895,664
22					
23	Required Increase/Decrease in Revenue (%)	20.63%	20.63%	-12.84%	-12.84%
24					
25	Current Operating Margin (L3/L19)	5.25%	5.25%	16.93%	16.93%
26					
27	Required Operating Margin	N/A	N/A	5.00%	5.00%

References:

Columns [A] and [B]: Company Schedules A-1, A-2, & D-1
Columns [C] and [D]: STAFF Schedules JMM-2, JMM-13

RATE DESIGN

Monthly Minimum Charge	Present Rates	Company Proposed Rates	Staff Recommended Rates
Meter Sizes (All Zones and Classes)			
5/8 Inch	\$ 35.00	\$ 42.30	30.4900
3/4 Inch	38.50	46.52	33.5340
1 Inch	49.00	59.21	42.6800
1 1/2 Inch	63.00	76.13	54.8730
2 Inch	101.50	122.66	88.4100
3 Inch	385.00	465.25	335.3400
4 Inch	735.00	888.20	640.1900
6 Inch	1,015.00	1,226.57	884.0700
8 Inch	N/A	1,550.67	1,117.4900
10 inch	N/A	2,481.07	1,788.1600
Effluent per 1,000 gallons	\$ 0.62	\$ 0.62	0.5400
per acre foot	\$ 200.00	\$ 200.00	174.2000
Service Charges			
Establishment	\$ 25.00	\$ 25.00	\$ 25.00
Establishment (After hours)	40.00	40.00	40.00
Deposit Requirement (Residential)	(a)	(a)	(a)
Deposit Requirement (Non Residential Meter)	(a)	(a)	(a)
Deposit Interest	(b)	(b)	(b)
Re-Establishment (With-in 12 months)	(c)	(c)	(c)
Re-Establishment (After Hours)	(c)	(c)	(c)
NSF Check	15.00	15.00	15.00
Deffred Payment, Per Month	1.50%	1.50%	1.50%
After Hours service charge, per Rule R14-2-603D	Refer to Above Charges	Refer to Above Charges	Refer to Above Charges
Late Charge per month	40.00	40.00	40.00
Service Line Connection Charge	350.00	350.00	350.00
Main Extension Tariff, per Rule R14-2-606B except refunds shall be based upon five percent (5%) of gross revenues from bonafide customers, until all advances are fully refunded to Developer.	Cost (d)	Cost (d)	Cost N/A
Off-site Facilities Hook-up Fee			

- (a) Residential - two times the estimated average monthly bill. Non-residential - two and one-half times the estimated maximum monthly bill.
- (b) Interest per Rule R14-2-603(B).
- (c) Minimum charge times number of full months off the system. per Rule R14-2-603(B).
- (d) New water installations. May be assessed only once per parcel, service connection, or lot within a sub-division. Purpose is to equitably apportion the costs of constructing additional off-site facilities to provide water production, delivery, storage, and pressure among all new service connections.
- (e) New wastewater installations. May be assessed only once per parcel, service connection, or lot within a sub-division.

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All advances and/or contributions are to include labor, materials and parts, overheads and all applicable taxes. including all gross-up taxes, if applicable.

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	(A) COMPANY ORIGINAL COST	(B) COMPANY FAIR VALUE	(C) STAFF ORIGINAL COST	(D) STAFF FAIR VALUE
1	Adjusted Rate Base	\$ 19,686,780	\$ 19,686,780	\$ 136,562	\$ 136,562
2					
3	Adjusted Operating Income (Loss)	\$ 592,491	\$ 592,491	\$ 1,921,744	\$ 1,921,744
4					
5	Staff Recommended Operating Income	N/A	N/A	\$ 707,948	\$ 707,948
6					
7	Current Rate of Return (L3 / L1)	3.01%	3.01%	N/A	N/A
8					
9	Required Rate of Return	10.43%	10.43%	N/A	N/A
10					
11	Required Operating Income (L1 * L9)	\$ 2,053,331	\$ 2,053,331	N/A	N/A
12					
13	Operating Income Deficiency (L11 - L3)	\$ 1,460,840	\$ 1,460,840	N/A	N/A
14					
15	Gross Revenue Conversion Factor	1.5944	1.5944	1.00000	1.0000
16					
17	Required Revenue Increase/Decrease	\$ 2,329,206	\$ 2,329,206	\$ (1,240,500)	\$ (1,240,500)
18					
19	Adjusted Test Year Revenue	\$ 11,288,663	\$ 11,288,663	\$ 11,354,014	\$ 11,354,014
20					
21	Proposed/Recommended Annual Revenue	\$ 13,617,869	\$ 13,617,869	\$ 10,113,514	\$ 10,113,514
22					
23	Required Increase/Decrease in Revenue (%)	20.63%	20.63%	-10.93%	-10.93%
24					
25	Current Operating Margin (L3/L19)	5.25%	5.25%	16.93%	16.93%
26					
27	Required Operating Margin	N/A	N/A	7.00%	7.00%

References:

Columns [A] and [B]: Company Schedules A-1, A-2, & D-1
Columns [C] and [D]: STAFF Schedules JMM-2, JMM-13

RATE DESIGN

Monthly Minimum Charge	Present Rates	Company Proposed Rates	Staff Recommended Rates
Meter Sizes (All Zones and Classes)			
5/8 Inch	\$ 35.00	\$ 42.30	31.1900
3/4 Inch	38.50	46.52	34.3110
1 Inch	49.00	59.21	43.6700
1 1/2 Inch	63.00	76.13	56.1456
2 Inch	101.50	122.66	90.4600
3 Inch	385.00	465.25	343.1100
4 Inch	735.00	888.20	655.0300
6 Inch	1,015.00	1,226.57	904.5700
8 Inch	N/A	1,550.67	1,143.4100
10 inch	N/A	2,481.07	1,829.6300
Effluent per 1,000 gallons	\$ 0.62	\$ 0.62	0.5525
per acre foot	\$ 200.00	\$ 200.00	178.2400
Service Charges			
Establishment	\$ 25.00	\$ 25.00	\$ 25.00
Establishment (After hours)	40.00	40.00	40.00
Deposit Requirement (Residential)	(a)	(a)	(a)
Deposit Requirement (Non Residential Meter)	(a)	(a)	(a)
Deposit Interest	(b)	(b)	(b)
Re-Establishment (With-in 12 months)	(c)	(c)	(c)
Re-Establishment (After Hours)	(c)	(c)	(c)
NSF Check	15.00	15.00	15.00
Deffred Payment, Per Month	1.50%	1.50%	1.50%
After Hours service charge, per Rule R14-2-603D	Refer to Above Charges	Refer to Above Charges	Refer to Above Charges
Late Charge per month	40.00	40.00	40.00
Service Line Connection Charge	350.00	350.00	350.00
Main Extension Tariff, per Rule R14-2-606B except refunds shall be based upon five percent (5%) of gross revenues from bonafide customers, until all advances are fully refunded to Developer.	Cost (d)	Cost (d)	Cost N/A
Off-site Facilities Hook-up Fee			

- (a) Residential - two times the estimated average monthly bill. Non-residential - two and one-half times the estimated maximum monthly bill.
- (b) Interest per Rule R14-2-603(B).
- (c) Minimum charge times number of full months off the system. per Rule R14-2-603(B).
- (d) New water installations. May be assessed only once per parcel, service connection, or lot within a sub-division. Purpose is to equitably apportion the costs of constructing additional off-site facilities to provide water production, delivery, storage, and pressure among all new service connections.
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All advances and/or contributions are to include labor, materials and parts, overheads and all applicable taxes. including all gross-up taxes, if applicable.

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	(A) COMPANY ORIGINAL COST	(B) COMPANY FAIR VALUE	(C) STAFF ORIGINAL COST	(D) STAFF FAIR VALUE
1	Adjusted Rate Base	\$ 19,686,780	\$ 19,686,780	\$ 136,562	\$ 136,562
2					
3	Adjusted Operating Income (Loss)	\$ 592,491	\$ 592,491	\$ 1,921,744	\$ 1,921,744
4					
5	Staff Recommended Operating Income	N/A	N/A	\$ 52,298	\$ 52,298
6					
7	Current Rate of Return (L3 / L1)	3.01%	3.01%	1407.24%	1407.24%
8					
9	Required Rate of Return	10.43%	10.43%	8.18%	8.18%
10					
11	Required Operating Income (L1 * L9)	\$ 2,053,331	\$ 2,053,331	\$ 11,171	\$ 11,171
12					
13	Operating Income Deficiency (L11 - L3)	\$ 1,460,840	\$ 1,460,840	\$ (1,910,574)	\$ (1,910,574)
14					
15	Gross Revenue Conversion Factor	1.5944	1.5944	1.00000	1.0000
16					
17	Required Revenue Increase/Decrease	\$ 2,329,206	\$ 2,329,206	\$ (1,910,574)	\$ (1,910,574)
18					
19	Adjusted Test Year Revenue	\$ 11,288,663	\$ 11,288,663	\$ 11,354,014	\$ 11,354,014
20					
21	Proposed/Recommended Annual Revenue	\$ 13,617,869	\$ 13,617,869	\$ 9,443,440	\$ 9,443,440
22					
23	Required Increase/Decrease in Revenue (%)	20.63%	20.63%	-16.83%	-16.83%
24					
25	Current Operating Margin (L3/L19)	5.25%	5.25%	16.93%	16.93%
26					
27	Required Operating Margin	N/A	N/A	0.55%	0.55%

References:

Columns [A] and [B]: Company Schedules A-1, A-2, & D-1
Columns [C] and [D]: STAFF Schedules JMM-2, JMM-13

RATE DESIGN

Monthly Minimum Charge	Present Rates	Company Proposed Rates	Staff Recommended Rates
Meter Sizes (All Zones and Classes)			
5/8 Inch	\$ 35.00	\$ 42.30	29.0200
3/4 Inch	38.50	46.52	31.9200
1 Inch	49.00	59.21	40.6300
1 1/2 Inch	63.00	76.13	52.2333
2 Inch	101.50	122.66	84.1500
3 Inch	385.00	465.25	319.2000
4 Inch	735.00	888.20	609.3900
6 Inch	1,015.00	1,226.57	841.5400
8 Inch	N/A	1,550.67	1,063.7400
10 inch	N/A	2,481.07	1,702.1400
Effluent per 1,000 gallons	\$ 0.62	\$ 0.62	0.5140
per acre foot	\$ 200.00	\$ 200.00	165.8200
Service Charges			
Establishment	\$ 25.00	\$ 25.00	\$ 25.00
Establishment (After hours)	40.00	40.00	40.00
Deposit Requirement (Residential)	(a)	(a)	(a)
Deposit Requirement (Non Residential Meter)	(a)	(a)	(a)
Deposit Interest	(b)	(b)	(b)
Re-Establishment (With-in 12 months)	(c)	(c)	(c)
Re-Establishment (After Hours)	(c)	(c)	(c)
NSF Check	15.00	15.00	15.00
Deffred Payment, Per Month	1.50%	1.50%	1.50%
After Hours service charge, per Rule R14-2-603D	Refer to Above Charges	Refer to Above Charges	Refer to Above Charges
Late Charge per month	40.00	40.00	40.00
Service Line Connection Charge	350.00	350.00	350.00
Main Extension Tariff, per Rule R14-2-606B except refunds shall be based upon five percent (5%) of gross revenues from bonafide customers, until all advances are fully refunded to Developer.	Cost (d)	Cost (d)	Cost N/A
Off-site Facilities Hook-up Fee			

- (a) Residential - two times the estimated average monthly bill. Non-residential - two and one-half times the estimated maximum monthly bill.
- (b) Interest per Rule R14-2-603(B).
- (c) Minimum charge times number of full months off the system. per Rule R14-2-603(B).
- (d) New water installations. May be assessed only once per parcel, service connection, or lot within a sub-division. Purpose is to equitably apportion the costs of constructing additional off-site facilities to provide water production, delivery, storage, and pressure among all new service connections.
- (e) New wastewater installations. May be assessed only once per parcel, service connection, or lot within a sub-division.

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All advances and/or contributions are to include labor, materials and parts, overheads and all applicable taxes. including all gross-up taxes, if applicable.

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	(A) COMPANY ORIGINAL COST	(B) COMPANY FAIR VALUE	(C) STAFF ORIGINAL COST	(D) STAFF FAIR VALUE
1	Adjusted Rate Base	\$ 19,686,780	\$ 19,686,780	\$ 136,562	\$ 136,562
2					
3	Adjusted Operating Income (Loss)	\$ 592,491	\$ 592,491	\$ 1,921,744	\$ 1,921,744
4					
5	Staff Recommended Operating Income	N/A	N/A	\$ 50,988	\$ 50,988
6					
7	Current Rate of Return (L3 / L1)	3.01%	3.01%	1407.24%	1407.24%
8					
9	Required Rate of Return	10.43%	10.43%	7.20%	7.20%
10					
11	Required Operating Income (L1 * L9)	\$ 2,053,331	\$ 2,053,331	\$ 9,832	\$ 9,832
12					
13	Operating Income Deficiency (L11 - L3)	\$ 1,460,840	\$ 1,460,840	\$ (1,911,912)	\$ (1,911,912)
14					
15	Gross Revenue Conversion Factor	1.5944	1.5944	1.00000	1.0000
16					
17	Required Revenue Increase/Decrease	\$ 2,329,206	\$ 2,329,206	\$ (1,911,912)	\$ (1,911,912)
18					
19	Adjusted Test Year Revenue	\$ 11,288,663	\$ 11,288,663	\$ 11,354,014	\$ 11,354,014
20					
21	Proposed/Recommended Annual Revenue	\$ 13,617,869	\$ 13,617,869	\$ 9,442,102	\$ 9,442,102
22					
23	Required Increase/Decrease in Revenue (%)	20.63%	20.63%	-16.84%	-16.84%
24					
25	Current Operating Margin (L3/L19)	5.25%	5.25%	16.93%	16.93%
26					
27	Required Operating Margin	N/A	N/A	0.54%	0.54%

References:

Columns [A] and [B]: Company Schedules A-1, A-2, & D-1
Columns [C] and [D]: STAFF Schedules JMM-2, JMM-13

RATE DESIGN

Monthly Minimum Charge	Present Rates	Company Proposed Rates	Staff Recommended Rates
Meter Sizes (All Zones and Classes)			
5/8 Inch	\$ 35.00	\$ 42.30	29.0100
3/4 Inch	38.50	46.52	31.9130
1 Inch	49.00	59.21	40.6200
1 1/2 Inch	63.00	76.13	52.2207
2 Inch	101.50	122.66	84.1300
3 Inch	385.00	465.25	319.1300
4 Inch	735.00	888.20	609.2400
6 Inch	1,015.00	1,226.57	841.3300
8 Inch	N/A	1,550.67	1,063.4800
10 inch	N/A	2,481.07	1,701.7300
Effluent per 1,000 gallons	\$ 0.62	\$ 0.62	0.5139
per acre foot	\$ 200.00	\$ 200.00	165.7800
Service Charges			
Establishment	\$ 25.00	\$ 25.00	\$ 25.00
Establishment (After hours)	40.00	40.00	40.00
Deposit Requirement (Residential)	(a)	(a)	(a)
Deposit Requirement (Non Residential Meter)	(a)	(a)	(a)
Deposit Interest	(b)	(b)	(b)
Re-Establishment (With-in 12 months)	(c)	(c)	(c)
Re-Establishment (After Hours)	(c)	(c)	(c)
NSF Check	15.00	15.00	15.00
Deffred Payment, Per Month	1.50%	1.50%	1.50%
After Hours service charge, per Rule R14-2-603D	Refer to Above Charges	Refer to Above Charges	Refer to Above Charges
Late Charge per month	40.00	40.00	40.00
Service Line Connection Charge	350.00	350.00	350.00
Main Extension Tariff, per Rule R14-2-606B except refunds shall be based upon five percent (5%) of gross revenues from bonafide customers, until all advances are fully refunded to Developer.	Cost (d)	Cost (d)	Cost N/A
Off-site Facilities Hook-up Fee			

- (a) Residential - two times the estimated average monthly bill. Non-residential - two and one-half times the estimated maximum monthly bill.
- (b) Interest per Rule R14-2-603(B).
- (c) Minimum charge times number of full months off the system. per Rule R14-2-603(B).
- (d) New water installations. May be assessed only once per parcel, service connection, or lot within a sub-division. Purpose is to equitably apportion the costs of constructing additional off-site facilities to provide water production, delivery, storage, and pressure among all new service connections.
- (e) New wastewater installations. May be assessed only once per parcel, service connection, or lot within a sub-division.

IN ADDITION TO THE COLLECTION OF REGULAR RATES, THE UTILITY WILL COLLECT FROM ITS CUSTOMERS A PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES, USE, AND FRANCHISE TAX. PER COMMISSION RULE 14-2-608D(5).
ALL ADVANCES AND/OR CONTRIBUTIONS ARE TO INCLUDE LABOR, MATERIALS, OVERHEADS, AND ALL APPLICABLE TAXES, INCLUDING ALL GROSS-UP TAXES FOR INCOME TAXES, IF APPLICABLE.

All advances and/or contributions are to include labor, materials and parts, overheads and all applicable taxes. including all gross-up taxes, if applicable.

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	(A) COMPANY ORIGINAL COST	(B) COMPANY FAIR VALUE	(C) STAFF ORIGINAL COST	(D) STAFF FAIR VALUE
1	Adjusted Rate Base	\$ 19,686,780	\$ 19,686,780	\$ 136,562	\$ 136,562
2					
3	Adjusted Operating Income (Loss)	\$ 592,491	\$ 592,491	\$ 1,921,744	\$ 1,921,744
4					
5	Staff Recommended Operating Income	N/A	N/A	\$ 57,268	\$ 57,268
6					
7	Current Rate of Return (L3 / L1)	3.01%	3.01%	1407.24%	1407.24%
8					
9	Required Rate of Return	10.43%	10.43%	11.90%	11.90%
10					
11	Required Operating Income (L1 * L9)	\$ 2,053,331	\$ 2,053,331	\$ 16,251	\$ 16,251
12					
13	Operating Income Deficiency (L11 - L3)	\$ 1,460,840	\$ 1,460,840	\$ (1,905,494)	\$ (1,905,494)
14					
15	Gross Revenue Conversion Factor	1.5944	1.5944	1.00000	1.0000
16					
17	Required Revenue Increase/Decrease	\$ 2,329,206	\$ 2,329,206	\$ (1,905,494)	\$ (1,905,494)
18					
19	Adjusted Test Year Revenue	\$ 11,288,663	\$ 11,288,663	\$ 11,354,014	\$ 11,354,014
20					
21	Proposed/Recommended Annual Revenue	\$ 13,617,869	\$ 13,617,869	\$ 9,448,520	\$ 9,448,520
22					
23	Required Increase/Decrease in Revenue (%)	20.63%	20.63%	-16.78%	-16.78%
24					
25	Current Operating Margin (L3/L19)	5.25%	5.25%	16.93%	16.93%
26					
27	Required Operating Margin	N/A	N/A	0.61%	0.61%

References:

Columns [A] and [B]: Company Schedules A-1, A-2, & D-1
Columns [C] and [D]: STAFF Schedules JMM-2, JMM-13

RATE DESIGN

Monthly Minimum Charge	Present Rates	Company Proposed Rates	Staff Recommended Rates
Meter Sizes (All Zones and Classes)			
5/8 Inch	\$ 35.00	\$ 42.30	29.0400
3/4 Inch	38.50	46.52	31.9400
1 Inch	49.00	59.21	40.6500
1 1/2 Inch	63.00	76.13	52.2648
2 Inch	101.50	122.66	84.2000
3 Inch	385.00	465.25	319.4000
4 Inch	735.00	888.20	609.7600
6 Inch	1,015.00	1,226.57	842.0400
8 Inch	N/A	1,550.67	1,064.3800
10 inch	N/A	2,481.07	1,703.1700
Effluent per 1,000 gallons	\$ 0.62	\$ 0.62	0.5144
per acre foot	\$ 200.00	\$ 200.00	165.9200
Service Charges			
Establishment	\$ 25.00	\$ 25.00	\$ 25.00
Establishment (After hours)	40.00	40.00	40.00
Deposit Requirement (Residential)	(a)	(a)	(a)
Deposit Requirement (Non Residential Meter)	(a)	(a)	(a)
Deposit Interest	(b)	(b)	(b)
Re-Establishment (With-in 12 months)	(c)	(c)	(c)
Re-Establishment (After Hours)	(c)	(c)	(c)
NSF Check	15.00	15.00	15.00
Deffred Payment, Per Month	1.50%	1.50%	1.50%
After Hours service charge, per Rule R14-2-603D	Refer to Above Charges	Refer to Above Charges	Refer to Above Charges
Late Charge per month	40.00	40.00	40.00
Service Line Connection Charge	350.00	350.00	350.00
Main Extension Tariff, per Rule R14-2-606B except refunds shall be based upon five percent (5%) of gross revenues from bonafide customers, until all advances are fully refunded to Developer.	Cost (d)	Cost (d)	Cost N/A
Off-site Facilities Hook-up Fee			

- (a) Residential - two times the estimated average monthly bill. Non-residential - two and one-half times the estimated maximum monthly bill.
- (b) Interest per Rule R14-2-603(B).
- (c) Minimum charge times number of full months off the system. per Rule R14-2-603(B).
- (d) New water installations. May be assessed only once per parcel, service connection, or lot within a sub-division. Purpose is to equitably apportion the costs of constructing additional off-site facilities to provide water production, delivery, storage, and pressure among all new service connections.
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