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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

- GARY PIERCE - CHAIRMAN
- BOB STUMP
- SANDRA D. KENNEDY
- PAUL NEWMAN
- BRENDA BURNS

2013 JAN -9 P 2:59

ARIZONA CORPORATION
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF VALLEY UTILITIES WATER COMPANY, INC., AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR AN INCREASE IN ITS RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.

DOCKET NO. W-01412A-12-0195

**NOTICE OF FILING
STAFF'S DIRECT TESTIMONY**

The Utilities Division ("Staff") of the Arizona Corporation Commission ("Commission") hereby files the Direct Testimony of Brendan Aladi regarding revenue requirement and rate design.

RESPECTFULLY SUBMITTED this 9th day of January, 2013.

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Arizona Corporation Commission
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BEFORE THE ARIZONA CORPORATION COMMISSION

BOB STUMP
Chairman
GARY PIERCE
Commissioner
BRENDA BURNS
Commissioner
BOB BURNS
Commissioner
SUSAN BITTER SMITH
Commissioner

IN THE MATTER OF THE APPLICATION OF) DOCKET NO. W-01412A-12-0195
VALLEY UTILITIES WATER COMPANY, INC.,)
AN ARIZONA CORPORATION, FOR A)
DETERMINATION OF THE FAIR VALUE OF ITS)
UTILITY PLANT AND PROPERTY AND FOR AN)
INCREASE IN ITS RATES AND CHARGES FOR)
UTILITY SERVICE BASED THEREON.)
_____)

DIRECT
TESTIMONY
OF
BRENDAN C. ALADI
PUBLIC UTILITIES ANALYST III
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

JANUARY 9, 2013

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EXECUTIVE SUMMARY
VALLEY UTILITIES WATER COMPANY, INC.
DOCKET NO. W-01412A-12-0195

Valley Utilities Water Company, Inc. (“VUWC” or “Company”) is an Arizona public service corporation engaged in providing water utility services to over 1,400 customers. The Company serves a community located in Maricopa County, just east of Luke Air Force Base in the Phoenix West Valley. VUWC’s current rates were approved in Decision No. 71482, dated February 3, 2010.

The Company proposes a \$156,961, or 10.79 percent revenue increase over test year revenue of \$1,454,522 to \$1,611,483. The Company proposes to continue the Arsenic surcharge that produced \$185,655 in the test year. However, Staff recommends the discontinuation of this as a separate surcharge instead has rolled this revenue requirement into base rates. For comparative purposes, the recoveries from this surcharge of \$185,655 must be added to the Company’s requested increase of \$156,961 which results in an actual total base rate increase request of \$342,616 or 23.56 percent over the Staff adjusted test year revenue. The proposed revenue increase would produce an operating income of \$142,003 for a 6.45 percent rate of return on an original cost rate base (“OCRB”) of \$2,201,185. The Company’s proposed rates would increase the typical residential 5/8 x 3/4-inch meter bill with a median usage of 5,000 gallons from \$25.51 to \$30.10, for an increase of \$4.59 or 17.99 percent, these typical residential bill comparisons include the arsenic surcharge.

Staff recommends a \$318,082 or 25.07 percent revenue increase over Staff adjusted test year revenue of \$1,268,867 to \$1,586,949. Staff’s recommended revenue increase would produce an operating income of \$123,869 for a 6.20 percent rate of return on a Staff adjusted OCRB of \$1,997,883 as shown on Schedule BCA-1. Staff’s recommended rates would increase the typical residential 5/8 x 3/4-inch meter bill with a median usage of 5,000 gallons from \$25.51 to \$27.35, for an increase of \$1.84 or 7.21 percent.

1 **INTRODUCTION**

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

3 A. My name is Brendan C. Aladi. I am a Public Utilities Analyst III employed by the
4 Arizona Corporation Commission (“Commission”) in the Utilities Division (“Staff”). My
5 business address is 1200 West Washington Street, Phoenix, Arizona 85007.

6
7 **Q. Briefly describe your responsibilities as a Public Utilities Analyst III.**

8 A. I am responsible for the examination and verification of financial and statistical
9 information included in utility rate applications. I develop recommendations related to
10 rate base, revenue requirement, and rate design on behalf of Staff. Also, I prepare written
11 reports, testimonies, and schedules that include Staff recommendations to the
12 Commission. I am also responsible for testifying at formal hearings on these matters.

13
14 **Q. Please describe your educational background and professional experience.**

15 A. I received a Bachelor of Science Degree in Accounting from Central State University, in
16 Wilberforce, Ohio and a Masters of Arts Degree in Accounting from the University of
17 Illinois, at Springfield.

18
19 My prior work experience includes approximately 20 years of auditing (both internal and
20 external). Prior to joining the Commission, I was employed by the Office of Audit and
21 Analysis for the Arizona Department of Transportation as an external auditor.

22
23 In 2007, I began employment at the Commission as a Public Utilities Analyst III in the
24 Financial and Regulatory Analysis Section. Since coming to the Commission, I have
25 participated in a number of rate cases and other regulatory proceedings involving water
26 utilities. I have also attended various seminars and classes on general regulatory and

1 business issues, including the National Association of Regulatory Utility Commissioners
2 (“NARUC”) Utility Rate School.

3
4 **Q. What is the scope of your testimony in this case?**

5 A. I am presenting Staff’s analysis and recommendations in the areas of rate base, operating
6 revenues, expenses, and rate design regarding the Valley Utilities Water Company, Inc.’s
7 (“VUWC” or “Company”) application for a permanent rate increase. Staff witness,
8 Marlin Scott, Jr. is presenting Staff’s engineering analysis and recommendations. Staff
9 witness, John Cassidy is presenting cost of capital recommendations.

10
11 **Q. What is the basis of your recommendations?**

12 A. I performed a regulatory audit of the Company’s application to determine whether
13 sufficient, relevant, and reliable evidence exists to support the Company’s requested rate
14 increase. The regulatory audit consisted of examining and testing the financial
15 information, accounting records, and other supporting documentation and verifying that
16 the accounting principles applied were in accordance with the Commission-adopted
17 NARUC Uniform System of Accounts (“USOA”).

18
19 **BACKGROUND**

20 **Q. Please provide a brief description of VUWC and the service it provides.**

21 A. VUWC is an Arizona public service corporation, serving approximately 1,400 customers
22 in Maricopa County, Arizona. VUWC’s current rates were approved in Decision No.
23 71482, dated February 3, 2010.

24

1 **Q. What are the primary reasons for VUWC's requested permanent rate increase?**

2 A. According to VUWC, the primary reason is to recover its operating expenses and to earn a
3 just and reasonable rate of return.
4

5 **CONSUMER SERVICES**

6 **Q. Please provide a brief history of customer complaints received by the Commission**
7 **regarding VUWC.**

8 A. Staff reviewed the Commission's records and found that, for the year 2010, there were
9 four complaints regarding two billings and two deposits complaints; for the year 2011,
10 zero complaints and for the year 2012, there was one billing complaint and one rate case
11 item. All complaints have been resolved and closed. No opinions have been filed
12 opposing the rate case.
13

14 **COMPLIANCE**

15 **Q. Please provide a summary of the compliance status of VUWC.**

16 A. A check of the Compliance database indicates that there are currently no delinquencies for
17 VUWC.
18

19 **SUMMARY OF PROPOSED REVENUES**

20 **Q. Please summarize the Company's filing.**

21 A. The Company proposes a \$156,961, or 10.79 percent, revenue increase over test year base
22 revenue of \$1,454,522 to \$1,611,483. The Company proposes to continue the WIFA
23 surcharge that produced \$185,655 in additional revenues in the test year. Staff
24 recommends the surcharge be discontinued and instead be rolled into base rates and has
25 adjusted actual test year revenue accordingly – zeroing out the surcharge revenues but
26 increasing base revenue. Therefore, in order to make a true comparison between the

1 Company's filing and Staff's recommendations, this \$185,655 must be added to the
2 Company's requested base increase of \$156,961 for an actual total base rate increase
3 request of \$342,616, or 23.56 percent over the Staff adjusted test year results. The
4 proposed revenue increase would produce an operating income of \$142,003 for a 6.45
5 percent rate of return on an original cost rate base ("OCRB") of \$2,201,185. The
6 Company's proposed rates would increase the typical residential 5/8 x 3/4-inch meter bill
7 with a median usage of 5,000 gallons from \$25.51 to \$30.10, for an increase of \$4.59 or
8 17.99 percent, these typical residential bill comparisons include the arsenic surcharge.

9
10 **Q. Please summarize Staff's recommendations.**

11 A. Staff recommends a \$318,082 or 25.07 percent, revenue increase over a Staff adjusted test
12 year revenue of \$1,268,867 to \$1,586,949. Staff's recommended revenue increase would
13 produce an operating income of \$123,869 for a 6.20 percent rate of return on a Staff
14 adjusted OCRB of \$1,997,883 as shown on Schedule BCA-1. Staff's recommended rates
15 would increase the typical residential 5/8 x 3/4-inch meter bill with a median usage of
16 5,000 gallons from \$25.51 to \$27.35, for an increase of \$1.84 or 7.21 percent.

17
18 **Q. What test year did VUWC utilize in this filing?**

19 A. VUWC's test year is based on the twelve months ended December 31, 2011.
20

21 **Rate Base Adjustments**

22 **Q. Please summarize Staff's rate base and operating income adjustments for VUWC.**

23 A. My testimony discusses the following adjustments:

24 Not Used and Useful Plant – Rate Base Adjustment No. 1 decreases plant in service by
25 \$60,000 to remove plant that Staff has identified as being not used and useful. This
26 adjustment is supported by Staff witness Mr. Marlin Scott, Jr.

1 Retirement of Wells Nos. 2 and 4 – Rate Base Adjustment No. 2 decreases plant in service
2 by \$14,610 to remove plant that Staff has identified as being retired.

3
4 Post Test Year Plant – Rate Base Adjustment No. 3 increases plant in service by \$31,231
5 to add plant that Staff has identified as post-test year plant, and deemed used and useful.

6
7 Retirement of an Old Pump – Rate Base Adjustment No. 4 decreases plant in service by
8 \$6,670 to remove plant Staff identified as being retired.

9
10 Retirement of an Old Pump – Rate Base Adjustment No. 5 decreases plant in service by
11 \$3,910 to remove plant Staff identified as being retired.

12
13 Accumulated Depreciation – Rate Base Adjustment No. 6 decreases accumulated
14 depreciation by \$25,190 and reflects Staff's calculation of accumulated depreciation based
15 on Staff's adjustments to plant.

16
17 Cash Working Capital, Prepayments – Rate Base Adjustment No. 7 decreases rate base by
18 \$174,533 to eliminate the Company's inclusion of certain items in its cash working capital
19 allowance calculation that Staff has determined should not have been included in this
20 calculation.

21
22 **Operating Income Adjustments**

23 Discontinuation of Surcharge Revenue – Operating Income Adjustment No. 1 decreases
24 metered water revenue by \$185,655 to reflect discontinuation of surcharge revenue the
25 Company included in metered water revenue. Recognition of this surcharge elimination
26 increases the level of base rate revenue currently being booked by the Company, but this

1 adjustment does not represent additional new revenue that needs to be provided by
2 customers.

3
4 Property Tax Expense – Operating Income Adjustment No. 2 decreases property tax
5 expense by \$6,832 to reflect Staff’s calculation of the Company’s prospective property tax
6 expense.

7
8 Income Tax Expense – Operating Income Adjustment No. 3 decreases income tax
9 expenses by \$90,142 to reflect the income tax obligation on Staff’s adjusted test year
10 taxable income.

11
12 **RATE BASE**

13 **Fair Value Rate Base**

14 **Q. Did the Company prepare schedules showing the elements of Reconstruction Cost**
15 **New Rate Base?**

16 A. No, the Company did not. The Company’s filing treats the OCRB as the fair value rate
17 base.

18
19 **Rate Base Adjustment Details**

20 **Q. Please summarize Staff’s adjustments to VUWC’s rate base shown on Schedules**
21 **BCA-3.**

22 A. Staff’s adjustments to VUWC’s rate base resulted in a net decrease of \$203,302, from
23 \$2,201,185 to \$1,997,883. This decrease was primarily due to Staff’s removal of the
24 retired plant, not used and useful plant, and adjustment to VUWC’s level of requested
25 cash working capital.

26

1 **Rate Base Adjustment No. 1 – Not Used and Useful Plant**

2 **Q. Did the Company include in rate base, plant that was not used and useful?**

3 A. Yes, Staff identified \$60,000 in structures and improvements, plant account number 304,
4 that were not used and useful as shown on Schedules BCA-4 and BCA-5.

5
6 **Q. What was the basis of Staff's determination?**

7 A. Marlin Scott, Jr., Staff Engineer, inspected the entire system and identified structures and
8 improvements booked in account number 304, that were not serving customers during the
9 test year.

10
11 **Q. What is Staff's recommendation?**

12 A. Staff recommends decreasing plant in service by \$60,000 to remove these structures and
13 improvements from rate base since they were not used and useful. This adjustment is
14 shown on Schedules BCA-4 and BCA-5.

15
16 **Rate Base Adjustment No. 2 – Retirement of Wells Nos. 2 and 4**

17 **Q. Did Staff identify any plant that was retired and not booked?**

18 A. Yes, Staff identified Wells Nos. 2 and 4 costing \$14,610 that were retired but not removed
19 from wells and springs, account number 307.

20
21 **Q. What was the basis of Staff's determination?**

22 A. Staff Engineer inspected the entire system and identified Wells Nos. 2 and 4, account
23 number 307 that were retired but not removed from rate base by the Company.

24

1 **Q. What is Staff's recommendation?**

2 A. Staff recommends decreasing plant in service by \$14,610 to remove these wells from rate
3 base. This adjustment is shown on Schedules BCA-4 and BCA-6.

4

5 **Rate Base Adjustment No. 3 – Post-Test Year Plant**

6 **Q. Did Staff identify any post-test year plant that was not included in rate base by the**
7 **Company?**

8 A. Yes, Staff identified electrical pumping equipment, account number 311, costing \$31,231
9 that was placed in service after the test year and deemed to be used and useful.

10

11 **Q. What was the basis of Staff's determination?**

12 A. Staff Engineer inspected the entire system and identified electrical pumping equipment,
13 account number 311, that was placed in service after the test year and deemed to be used
14 and useful.

15

16 **Q. What is Staff's recommendation?**

17 A. Staff recommends increasing plant in service by \$31,231 to add electrical pumping
18 equipment to rate base, as shown on Schedules BCA-4 and BCA-7.

19

20 **Rate Base Adjustment No. 4 – Retirement of electrical pumping equipment**

21 **Q. Did Staff identify any retired electrical pumping equipment that is included in rate**
22 **base?**

23 A. Yes, Staff identified electrical pumping equipment, account number 311, costing \$6,670
24 that was retired and not removed from rate base by the Company.

25

1 **Q. What was the basis of Staff's determination?**

2 A. Staff Engineer inspected the entire system and identified electrical pumping equipment,
3 account number 311 that was retired but still included in rate base by the Company.

4
5 **Q. What is Staff's recommendation?**

6 A. Staff recommends decreasing plant in service by \$6,670 to remove the retired electrical
7 pumping equipment from rate base as shown on Schedules BCA-4 and BCA-8.

8
9 **Rate Base Adjustment No. 5 – Retirement of electrical pumping equipment**

10 **Q. Did Staff identify any retired electrical pumping equipment that is included in rate**
11 **base?**

12 A. Yes, Staff identified electrical pumping equipment, account number 311, costing \$3,910
13 that was retired and not removed from rate base as shown on Schedules BCA-4 and BCA-
14 8.

15
16 **Q. What was the basis of Staff's determination?**

17 A. Staff Engineer inspected the entire system and identified the electrical pumping equipment
18 that was retired but included in rate base by the Company.

19
20 **Q. What is Staff's recommendation?**

21 A. Staff recommends decreasing plant in service by \$3,910 to remove the retired electrical
22 pumping equipment from rate base as shown on Schedules BCA-4 and BCA-7.

23
24 **Rate Base Adjustment No. 6 – Accumulated Depreciation**

25 **Q. What did VUWC propose for Accumulated Depreciation?**

26 A. VUWC proposed capturing \$3,034,247 in Accumulated Depreciation.

1 **Q. Did Staff recalculate the Accumulated Depreciation balance using Staff's**
2 **recommended plant balances?**

3 A. Yes. Staff recalculated the accumulated depreciation balance using original plant in
4 service balances that were adjusted by removing retired plant costs.

5
6 **Q. What is Staff's recommendation?**

7 A. Staff recommends decreasing accumulated depreciation by \$25,190 as shown on
8 Schedules BCA-4 and BCA-10.

9
10 **Rate Base Adjustment No. 7 – Working Capital**

11 **Q. What are the components of working capital?**

12 A. The components of working capital as prescribed by the Arizona Administrative Code are
13 cash working capital, materials and supplies, and prepaid expenses.

14
15 **Q. Did the Company's cash working capital allowance calculation include depreciation,**
16 **amortization, and debt service reserve?**

17 A. Yes. The Company conducted a lead-lag study, but included depreciation and
18 amortization expense and debt service reserve in calculating its cash working capital
19 allowance. The Commission has traditionally excluded these three items when calculating
20 a utility's cash working capital allowance.

21
22 **Q. What is Staff's recommendation?**

23 A. Staff recommends removing \$174,534 from the Company's cash working capital
24 allowance calculation, as shown on Schedules BCA-4 and BCA-11.

1 **Operating Income**

2 **Operating Income Summary**

3 **Q. What are the results of Staff's analysis of test year revenues, expenses and operating**
4 **income?**

5 A. As shown on Schedules BCA-12 and BCA-13, Staff's analysis resulted in test year
6 revenues of \$1,268,867, expenses of \$1,346,444 and operating loss of \$77,577.

7

8 **Operating Income Adjustment No. 1 – Discontinued surcharge revenue**

9 **Q. During the course of the audit did Staff identify revenue that should be addressed**
10 **through a pro forma adjustment?**

11 A. Yes.

12

13 **Q. What was the source of the revenue?**

14 A. During the test year, the Company recorded \$185,655 in Arsenic Surcharge revenue.
15 These recoveries were authorized in Decision No. 71287. Staff notes that Commission
16 Decision No. 71287 Orders: "the charges authorized here to cease upon the earlier date of
17 the rates authorized in a rate proceeding subsequent to VUWCs pending rate case (W-
18 01412A-08-0586) or on August 31, 2013." However, the Company failed to reflect this
19 Commission directive in its filed case, choosing instead to request that this surcharge be
20 allowed to continue to be billed to customers as a separate line item.

21

22 **Q. What is Staff's recommendation?**

23 A. Staff recommends decreasing metered water revenue by \$185,655 to reflect
24 discontinuation of surcharge revenue the Company included in metered water revenue as
25 shown on Schedules BCA-13 and BCA-14. Effectively, Staff's recommendation will
26 increase base rate recoveries by the Company but decrease surcharge revenues by the

1 same \$185,655. Staff further recommends that the Company be ordered to cease
2 collection of arsenic surcharges upon the effective date of the new rates in this proceeding
3 or by August 31, 2013, whichever is earlier, as per Decision No. 71287.
4

5 **Operating Income Adjustment No. 2 – Property Taxes**

6 **Q. What is VUWC proposing as the recovery level for property taxes?**

7 A. VUWC is proposing that \$53,525 for property taxes be recovered through the Company's
8 base rates.
9

10 **Q. Did Staff make any adjustment to the property taxes?**

11 A. Yes. Staff's adjustment reflects Staff's calculation of the property tax expense using the
12 modified Arizona Department of Revenue Methodology applied to Staff's recommended
13 revenues, as shown on Schedule BCA-18.
14

15 **Q. What is Staff's recommendation?**

16 A. Staff recommends decreasing property tax expense by \$6,832 as shown on Schedules
17 BCA-13 and BCA-15.
18

19 **Operating Income Adjustment No. 3 – Income Taxes**

20 **Q. What is VUWC proposing for test year income tax expense?**

21 A. VUWC is proposing a negative \$24,122 for income taxes.
22

23 **Q. Did Staff make any adjustments to test year income tax expense?**

24 A. Yes. Staff's adjustment reflects Staff's calculation of the income tax expense based upon
25 Staff's adjusted test year taxable income.
26

1 **Q. What is Staff's recommendation?**

2 A. Staff recommends decreasing income tax expense by \$81,618 as shown on Schedules
3 BCA-13 and BCA-16.

4
5 **Q. Mr. Aladi, is the 6.20% rate of return shown on line 4, column B of your Schedule
6 BCA-1, supported by Staff witness Mr. Cassidy?**

7 A. Yes. Mr. Cassidy is sponsoring Staff's return on equity and overall rate of return
8 recommendations.

9
10 **Q. What does VUWC recommend for revenue requirement?**

11 A. VUWC's proposed revenue increase would produce an operating income of \$141,976 for
12 6.45 percent rate of return on an OCRB of \$2,201,185 as shown on Schedule BCA-1.

13
14 **Q. What does Staff recommend for revenue requirement?**

15 A. Staff's recommended revenue increase would produce an operating income of \$123,869
16 for a 6.20 percent rate of return on a staff adjusted OCRB of \$1,997,883 as shown on
17 Schedule BCA-1.

18
19 **RATE DESIGN**

20 **Q. Has Staff prepared a schedule summarizing the present, Company proposed, and
21 Staff recommended rates and service charges?**

22 A. Yes. Schedule BCA-17 provides a summary of the Company's present, Company's
23 proposed, and Staff's recommended rates.

24

1 **Q. Please summarize the present rate design.**

2 A. Customer class is distinguished by meter size. The monthly minimum charges vary by
3 meter size and include no gallons. One commodity rate applies to all usage.

4
5 **Q. Please summarize the Company's proposed rate design.**

6 A. Customer class is distinguished by meter size. The monthly minimum charges vary by
7 meter size and include no gallons. The commodity rates are based on an inverted three-
8 tier rate design. The Company's proposed rates would increase the typical residential 5/8
9 x 3/4-inch meter bill with a median usage of 5,000 gallons from \$25.51 to \$30.10, for an
10 increase of \$4.59 or 17.99 percent, as shown on Schedule BCA-18.

11
12 **Q. Please summarize Staff's recommended rate design.**

13 A. Customer class is distinguished by meter size. The monthly minimum charges vary by
14 meter size and include no gallons. The commodity rates are based on an inverted three -
15 tier rate design. Staff's recommended rates would increase the typical residential 5/8 x
16 3/4-inch meter bill with a median usage of 5,000 gallons from \$25.51 to \$27.35, for an
17 increase of \$1.84 or 7.21 percent, as shown on Schedule BCA-19.

18
19 **Q. Did the Company propose any changes to its Meter and Service Line Charges?**

20 A. Yes, and Staff recommends approval. Both the Company-proposed and the Staff-
21 recommended changes are shown on Schedule BCA-17 and are discussed in greater detail
22 in the testimony of Staff witness, Marlin Scott, Jr.

23

1 **Service Charges**

2 **Q. What is the Company proposing regarding changes to the service charges?**

3 A. The Company proposes to increase the Non-Sufficient Funds (“NSF”) Check charge from
4 \$25 to \$30; and increase the Meter Re-Read charge from \$10 to \$30. Further, the
5 Company is proposing to continue the Establishment (After Hours) Charge and
6 Reconnection (delinquent after hours) charge (\$60.00) and the Company is proposing to
7 continue the Late Payment Fee (Per Month) of \$10.00 per month.

8
9 **Q. Does Staff agree with these proposals?**

10 A. Staff agrees with the Company’s proposals regarding the NSF check charge of \$30.00 and
11 the increase to the Meter Re-Read charge of \$30.00. However, Staff recommends a
12 \$40.00 after hour charge and discontinuing the \$37.50 Establishment (After Hours)
13 Charge and Reconnection (delinquent after hours) charge (\$60.00) and instead add a \$40
14 After Hours Charge. Finally, Staff recommends the Company be authorized a \$5.00 Late
15 Payment Fee per month.

16
17 **Q. Does this conclude Staff’s direct testimony?**

18 A. Yes, it does.

REVENUE REQUIREMENT

<u>LINE NO.</u>	<u>DESCRIPTION</u>		<u>[A] COMPANY ORIGINAL COST</u>		<u>[B] STAFF ORIGINAL COST</u>
1	Adjusted Rate Base	\$	2,201,185	\$	1,997,883
2	Adjusted Operating Income (Loss)	\$	19,628	\$	(77,577)
3	Current Rate of Return (L2 / L1)		0.89%		-3.88%
4	Required Rate of Return		6.45%		6.20%
5	Required Operating Income (L4 * L1)	\$	141,976	\$	123,869
6	Operating Income Deficiency (L5 - L2)	\$	122,348	\$	201,446
7	Gross Revenue Conversion Factor		1.28290		1.57900
8	Increase (Decrease) In Gross Revenue (L7 * L6)	* \$	156,961	\$	318,082 *
9	Adjusted Test Year Revenue	\$	1,454,522	\$	1,268,867
10	Proposed Annual Revenue (L8 + L9)	\$	1,611,483	\$	1,586,949
11	Required Increase/(Decrease in Revenue) (%) (L8/L9)	**	10.79%		25.07% **
12	Debt Service Coverage Ratio		Not Provided		3.35

References:

Column [A]: Company Schedules A-1

Column [B]: Staff Schedules BCA-2, & BCA-3

* Note that Staff' recommended increase is larger than the Company's due to Staff's reduction of test year revenue by \$185,655.

** Also note that the Company proposes to continue the arsenic facility surcharge that produced \$185,655 in the test year. For comparative purposes, this amount should be added to the requested \$156,961 increase for an actual total increase of \$342,616, or 27.00 percent over the Staff adjusted test year revenue.

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
<i>Calculation of Gross Revenue Conversion Factor:</i>					
1	Revenue	100.0000%			
2	Uncollectible Factor (Line 11)	0.1315%			
3	Revenues (L1 - L2)	99.8685%			
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)	36.5371%			
5	Subtotal (L3 - L4)	63.3314%			
6	Revenue Conversion Factor (L1 / L5)	1.578996			
<i>Calculation of Uncollectible Factor:</i>					
7	Unity	100.0000%			
8	Combined Federal and State Tax Rate (Line 17)	35.7490%			
9	One Minus Combined Income Tax Rate (L7 - L8)	64.2510%			
10	Uncollectible Rate	0.2046%			
11	Uncollectible Factor (L9 * L10)	0.1315%			
<i>Calculation of Effective Tax Rate:</i>					
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%			
13	Arizona State Income Tax Rate	6.9680%			
14	Federal Taxable Income (L12 - L13)	93.0320%			
15	Applicable Federal Income Tax Rate (Line 53)	30.9367%			
16	Effective Federal Income Tax Rate (L14 x L15)	28.781015%			
17	Combined Federal and State Income Tax Rate (L13 +L16)		35.7490%		
<i>Calculation of Effective Property Tax Factor</i>					
18	Unity	100.0000%			
19	Combined Federal and State Income Tax Rate (L17)	35.7490%			
20	One Minus Combined Income Tax Rate (L18-L19)	64.2510%			
21	Property Tax Factor	1.2266%			
22	Effective Property Tax Factor (L20*L21)		0.7881%		
23	Combined Federal and State Income Tax and Property Tax Rate (L17+L22)			36.5371%	
24	Required Operating Income	\$ 123,869			
25	Adjusted Test Year Operating Income (Loss)	(77,577)			
26	Required Increase in Operating Income (L24 - L25)		\$ 201,446		
27	Income Taxes on Recommended Revenue (Col. [C], L52)	\$ 6,343			
28	Income Taxes on Test Year Revenue (Col. [A], L52)	(105,740)			
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		112,084		
30	Recommended Revenue Requirement	\$ 1,586,949			
31	Uncollectible Rate (Line 10)	0.2046%			
32	Uncollectible Expense on Recommended Revenue (L30*L31)	\$ 3,247			
33	Adjusted Test Year Uncollectible Expense	\$ 2,596			
34	Required Increase in Revenue to Provide for Uncollectible Exp. (L32-L33)		651		
35	Property Tax with Recommended Revenue	\$ 50,595			
36	Property Tax on Test Year Revenue	46,693			
37	Increase in Property Tax Due to Increase in Revenue (L35-L36)		3,902		
38	Total Required Increase in Revenue (L26 + L29 + L34 + L37)		\$ 318,082	\$ -	
<i>Calculation of Income Tax:</i>					
39	Revenue	\$ 1,268,867	\$ 318,082	\$ 1,586,949	\$ 130,212
40	Operating Expenses Excluding Income Taxes	\$ 1,452,184	\$ 4,553	\$ 1,456,737	\$ 99,894
41	Synchronized Interest (L56)	\$ 99,894		\$ 99,894	\$ 30,318
42	Arizona Taxable Income (L39 - L40 - L41)	\$ (283,211)		\$ 30,318	
43	Arizona State Income Tax Rate	6.9680%		6.9680%	
44	Arizona Income Tax (L42 x L43)	\$ (19,734)		\$ 2,113	
45	Federal Taxable Income (L42 - L44)	\$ (263,477)		\$ 28,205	
46	Federal Tax on First Income Bracket (\$1 - \$50,000) @ 15%	\$ (7,500)		\$ 4,231	
47	Federal Tax on Second Income Bracket (\$51,001 - \$75,000) @ 25%	\$ (6,250)		\$ -	
48	Federal Tax on Third Income Bracket (\$75,001 - \$100,000) @ 34%	\$ (8,500)		\$ -	
49	Federal Tax on Fourth Income Bracket (\$100,001 - \$335,000) @ 39%	\$ (63,756)		\$ -	
50	Federal Tax on Fifth Income Bracket (\$335,001 - \$10,000,000) @ 34%	\$ -		\$ -	
51	Total Federal Income Tax	\$ (86,006)		\$ 4,231	
52	Combined Federal and State Income Tax (L44 + L51)	\$ (105,740)		\$ 6,343	
53	Applicable Federal Income Tax Rate [Col. [C], L51 - Col. [A], L51] / [Col. [C], L45 - Col. [A], L45]			30.9367%	
<i>Calculation of Interest Synchronization:</i>					
54	Rate Base	\$ 1,997,883			
55	Weighted Average Cost of Debt	5.00%			
56	Synchronized Interest (L45 X L46)	\$ 99,894			

RATE BASE - ORIGINAL COST

LINE NO.		(A)	(B)	ADJ NO.	(C)
		COMPANY AS FILED	STAFF ADJUSTMENTS		STAFF AS ADJUSTED
1	Plant in Service	\$ 10,331,861	\$ (53,959)	1, 2, 3, 4, 5	\$ 10,277,902
2	Less: Accumulated Depreciation	3,034,427	(25,190)	6	3,009,237
3	Net Plant in Service	<u>\$ 7,297,434</u>	<u>\$ (28,769)</u>		<u>\$ 7,268,665</u>
	<i>LESS:</i>				
4	Advances in Aid of Construction (AIAC)	\$ 3,933,272			\$ 3,933,272
5	Service Line and Meter Advances	\$ -	\$ -		\$ -
6	Contributions in Aid of Construction (CIAC)	\$ 1,561,727	\$ -		\$ 1,561,727
7	Less: Accumulated Amortization	438,464	-		438,464
8	Net CIAC	<u>\$ 1,123,263</u>	<u>-</u>		<u>\$ 1,123,263</u>
9	Total Advances and Contributions	\$ 5,056,535	\$ -		\$ 5,056,535
10	Customer Deposits	\$ 78,425	\$ -		\$ 78,425
11	Accumulated Deferred Income Taxes	\$ 195,362	\$ -		\$ 195,362
	<i>ADD: Working Capital</i>				
12	Working Capital	\$ 234,073	\$ (174,533)	7	\$ 59,540
13	Inventory	\$ -	\$ -		\$ -
14	Total Rate Base	<u>\$ 2,201,185</u>	<u>\$ (203,302)</u>		<u>\$ 1,997,883</u>

References:

Column [A], Company Schedule B-1, Page 1
Column [B]: Schedule BCA-4
Column [C]: Column [A] + Column [B]

RATE BASE ADJUSTMENT NO. 1 - NOT USED AND USEFUL PLANT COSTS

		[A]	[B]	[C]
LINE NO.	DESCRIPTION	COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Acct. No. 304 - Structures and Improvements	\$ 252,106	\$ (60,000)	\$ 192,106

References:

- Column [A]: Company Schedule B-2
- Column [B]: Testimony, BCA
- Column [C]: Column [A] + Column [B]

RATE BASE ADJUSTMENT NO. 2 - RETIRE WELLS # 2 AND 4

		[A]	[B]	[C]
LINE NO.	DESCRIPTION	COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Acct No. 307 - Wells and Springs	\$ 1,425,122	\$ (14,610)	\$ 1,410,512

References:

- Column A: Company Schedule B-2
- Column B: Testimony, BCA
- Column C: Column [A] + Column [B]

RATE BASE ADJUSTMENT NO. 3 - ADD POST TEST YEAR PLANT

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Acct No. 320 - Pumping Equipment	\$ 801,549	31,231	832,780

References:

Column A: Company Schedule B-2

Column B: Testimony, BCA

Column C: Column [A] + Column [B]

RATE BASE ADJUSTMENT NO. 5 - RETIRE OLD PUMP - WELL #6A

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Acct No. 320 - Pumping Equipment	\$ 826,110	(3,910)	822,200
2				
3				
4				
5		Pumping Equipment	\$ 826,110	
6		Unbooked Retirement - Well #6A	(3,910)	
7		Net	\$ 822,200	

References:

- Column A: Company Schedule B-2
- Column B: Testimony, BCA
- Column C: Column [A] + Column [B]

**RATE BASE ADJUSTMENT NO. 6 - REMOVE UNBOOKED PLANT RETIREMENT FROM
THE ACCUMULATED DEPRECIATION ACCOUNT**

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		PER COMPANY	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Accumulated Depreciation	\$ 3,034,427	\$ (25,190)	\$ 3,009,237
2				
3				
4				
5	Computation:			
	Retire old Pump - Well #6A	\$ -		\$ 6,670
	Retire old Pump - Well #2	-		3,150
	Retire old Pump - Well #4	-		760
	Retire old Pump - Well #s 2 and 4	-		14,610
		<u>\$ 3,034,427</u>	<u>\$ (25,190)</u>	<u>\$ 25,190</u>

References:

- Column A: Company Schedule B-1
- Column B: Testimony, BCA
- Column C: Column [A] + Column [B]

RATE BASE ADJUSTMENT NO. 7 -WORKING CAPITAL

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Working Capital	\$ 234,073	\$ (174,533)	\$ 59,540

Computation of Cash Working Capital:	\$ 46,235	\$ (28,429)	1	\$ 17,806
Material and Supplies Inventories	\$ 32,699	\$ -		\$ 32,699
Working Funds and Special Deposits	\$ 146,105	\$ (146,105)	2	\$ -
Prepayments	\$ 9,035	\$ -		\$ 9,035
Total Working Capital	\$ 234,074	\$ (174,534)		\$ 59,540

References:

- Column A: Company Schedule B-2
- Column B: Testimony, BCA
- Column C: Column [A] + Column [B]

1. Removed depreciation and amortization.
2. Removed as not included in working capital.

OPERATING INCOME - TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	[A] COMPANY TEST YEAR AS FILED	[B] STAFF TEST YEAR ADJUSTMENTS	[C] STAFF TEST YEAR AS ADJ NO. ADJUSTED	[D] STAFF PROPOSED CHANGES	[E] STAFF RECOMMENDED
REVENUES:						
1	Metered Water Revenue	\$ 1,395,426	\$ (185,655)	1 \$ 1,209,771	\$ 318,082	\$ 1,527,853
2	Water Sales - Unmetered	682	-	682	-	682
3	Other Operating Revenues	58,414	-	58,414	-	58,414
4	Total Revenues	<u>\$ 1,454,522</u>	<u>\$ (185,655)</u>	<u>\$ 1,268,867</u>	<u>\$ 318,082</u>	<u>\$ 1,586,949</u>
5						
EXPENSES:						
7	Salaries and Wages	\$ 452,645	-	\$ 452,645	\$ -	\$ 452,645
8	Employee Pensions & Benefits	73,738	-	73,738	-	73,738
9	Purchased Water	4,045	-	4,045	-	4,045
10	Purchased Power	143,759	-	143,759	-	143,759
10	Repairs and Maintenance	128,499	-	128,499	-	128,499
11	Chemicals	7,567	-	7,567	-	7,567
12	Materials & Supplies	-	-	-	-	-
13	Office Supplies & Expense	8,119	-	8,119	-	8,119
14	Contractual Services - Engineering	2,020	-	2,020	-	2,020
14	Contractual Services - Accounting	2,879	-	2,879	-	2,879
15	Contractual Services - Legal	4,259	-	4,259	-	4,259
	Contractual Management Fees	-	-	-	-	-
16	Contractual Services - Testing	10,732	-	10,732	-	10,732
17	Contractual Services - Other	14,069	-	14,069	-	14,069
18	Equipment Rental	2,215	-	2,215	-	2,215
19	Rents	35,553	-	35,553	-	35,553
20	Transportation Expenses	29,087	-	29,087	-	29,087
21	Insurance - General Liability	20,878	-	20,878	-	20,878
22	Insurance - Workman's Compensation	2,528	-	2,528	-	2,528
23	Reg. Comm. Exp.	14,169	-	14,169	-	14,169
24	Reg. Comm. Exp. - Rate Case	40,000	-	40,000	-	40,000
25	Miscellaneous Expense	49,017	-	49,017	-	49,017
26	Bad Debt Expense	2,975	-	2,975	651	3,626
27	Depreciation Expense	322,982	-	322,982	-	322,982
28	Taxes Other Than Income	33,756	-	33,756	-	33,756
29	Property Taxes	53,525	\$ (6,832)	2 46,693	3,902	50,595
30	Income Taxes	(24,122)	\$ (81,618)	3 (105,740)	112,084	6,343
31	Interest Expense - Customer Deposits	-	\$ -	-	-	-
32	Total Operating Expenses	<u>\$ 1,434,894</u>	<u>\$ (88,450)</u>	<u>\$ 1,346,444</u>	<u>\$ 116,636</u>	<u>\$ 1,463,080</u>
33						
34	Operating Income (Loss)	<u>\$ 19,628</u>	<u>\$ (97,205)</u>	<u>\$ (77,577)</u>	<u>\$ 201,446</u>	<u>\$ 123,869</u>

References:

- Column (A): Company Schedule C-1
- Column (B): Schedule BCA-15
- Column (C): Column (A) + Column (B)
- Column (D): Schedules BCA-1 and BCA-2
- Column (E): Column (C) + Column (D)

SUMMARY OF OPERATING INCOME ADJUSTMENTS - TEST YEAR

LINE NO.	DESCRIPTION	COMPANY AS FILED	ADJ #1 Metered Water Revenues [Ref: Sch BCA-17]	ADJ #2 Property Taxes [Ref: Sch BCA-18]	ADJ #3 Income Taxes [Ref: Sch BCA-19]	Staff Adjusted
1	REVENUES:					
2	Metered Water Revenues	\$ 1,395,426	\$ (185,655)	\$ -	\$ -	\$ 1,209,771
3	Water Sales - Unmetered	682	-	-	-	682
4	Other Operating Revenues	58,414	-	-	-	58,414
5	Total Revenues	\$ 1,454,522	\$ (185,655)	\$ -	\$ -	\$ 1,268,867
6	OPERATING EXPENSES:					
7	Salaries and Wages	\$ 452,645	-	-	-	\$ 452,645
8	Employee Pensions & Benefits	73,738	-	-	-	73,738
9	Purchased Water	4,045	-	-	-	4,045
10	Purchased Power	143,759	-	-	-	143,759
11	Repairs and Maintenance	128,499	-	-	-	128,499
12	Chemicals	7,567	-	-	-	7,567
13	Materials & Supplies	-	-	-	-	-
14	Office Supplies & Expense	8,119	-	-	-	8,119
15	Contractual Services - Engineering	2,020	-	-	-	2,020
16	Contractual Services - Accounting	2,879	-	-	-	2,879
17	Contractual Services - Legal	4,259	-	-	-	4,259
18	Contractual Services - Management Fees	-	-	-	-	-
19	Contractual Services - Testing	10,732	-	-	-	10,732
20	Contractual Services - Other	14,069	-	-	-	14,069
21	Equipment Rental	2,215	-	-	-	2,215
22	Rents	35,553	-	-	-	35,553
23	Transportation Expenses	29,087	-	-	-	29,087
24	Insurance - General Liability	20,878	-	-	-	20,878
25	Insurance - Workmans Compensation	2,528	-	-	-	2,528
26	Reg. Comm. Exp.	14,169	-	-	-	14,169
27	Reg. Comm. Exp. - Rate Case	40,000	-	-	-	40,000
28	Miscellaneous Expense	49,017	-	-	-	49,017
29	Bad Debt Expense	2,975	-	-	-	2,975
30	Depreciation Expense	322,982	-	-	-	322,982
31	Taxes Other Than Income	33,756	-	-	-	33,756
32	Property Taxes	53,525	-	(6,832)	-	46,693
33	Income Taxes	(24,122)	-	-	(81,618)	(105,740)
34	Interest Expense - Customer Deposits	-	-	-	-	-
	Total Operating Expenses	\$ 1,434,894	\$ -	\$ (6,832)	\$ (81,618)	\$ 1,346,444
	Operating Income (Loss)	\$ 19,628	\$ (185,655)	\$ 6,832	\$ 81,618	\$ (77,577)

OPERATING INCOME ADJUSTMENT NO. 1 - DISCONTINUATION OF SURCHARGE REVENUE

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS (Col C - Col A)	STAFF AS ADJUSTED
1	Metered Water Revenue	\$ 1,395,426	\$ (185,655)	\$ 1,209,771

References:

- Column A: Company Testimony
- Column B: Testimony, BCA
- Column C: Column [A] - Column [B]

OPERATING INCOME ADJUSTMENT NO. 2 - PROPERTY TAX EXPENSE

LINE NO.		[A] STAFF AS ADJUSTED	[B] STAFF RECOMMENDED
	Property Tax Calculation		
1	Staff Adjusted Test Year Revenues	\$ 1,268,867	\$ 1,268,867
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	2,537,734	\$ 2,537,734
4	Staff Recommended Revenue, Per Schedule CSB-1	1,268,867	\$ 1,586,949
5	Subtotal (Line 4 + Line 5)	3,806,601	4,124,683
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	1,268,867	\$ 1,374,894
8	Department of Revenue Multiplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	2,537,734	\$ 2,749,789
10	Plus: 10% of CWIP -	-	-
11	Less: Net Book Value of Licensed Vehicles	-	\$ -
12	Full Cash Value (Line 9 + Line 10 - Line 11)	2,537,734	\$ 2,749,789
13	Assessment Ratio	20.0%	20.0%
14	Assessment Value (Line 12 * Line 13)	507,547	\$ 549,958
15	Composite Property Tax Rate	9.1998%	9.1998%
			\$ -
16	Staff Test Year Adjusted Property Tax (Line 14 * Line 15)	\$ 46,693	
17	Company Proposed Property Tax	53,525	
18	Staff Test Year Adjustment (Line 16-Line 17)	\$ (6,832)	
19	Property Tax - Staff Recommended Revenue (Line 14 * Line 15)		\$ 50,595
20	Staff Test Year Adjusted Property Tax Expense (Line 16)		\$ 46,693
21	Increase in Property Tax Expense Due to Increase in Revenue Requirement		\$ 3,902
22	Increase to Property Tax Expense		\$ 3,902
23	Increase in Revenue Requirement		318,082
24	Increase to Property Tax per Dollar Increase in Revenue (Line 19/Line 20)		1.226640%

OPERATING INCOME ADJUSTMENT NO. 3 - TEST YEAR INCOME TAXES

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Income Tax	(\$24,122)	(\$81,618)	(\$105,740)

References:

Column A: Company Schedule C-2
Column B: Testimony, BCA
Column C: Column [A] + Column [B]

Monthly Usage Charge	Present	Company Proposed Rates	Staff Recommended Rates
<u>Meter Size (All Classes):</u>			
5/8 x 3/4 Inch	\$ 12.40	\$ 14.00	\$ 18.00
3/4 Inch	18.60	21.00	27.00
1 Inch	31.00	35.00	45.00
1 1/2 Inch	62.00	70.00	90.00
2 Inch	99.00	112.00	144.00
3 Inch	198.00	224.00	288.00
4 Inch	310.00	350.00	450.00
6 Inch	620.00	700.00	900.00
8 Inch	N/A	N/A	N/A
10 Inch	N/A	N/A	N/A
12 Inch	N/A	N/A	N/A
<u>Commodity Charge - Per 1,000 Gallons</u>			
<u>5/8" x 3/4" Meter (Residential)</u>			
First 3,000 gallons	\$ 1,5000	1,6900	N/A
3,001 to 10,000 gallons	2,4400	2,7600	N/A
Over 10,000 gallons	3,1500	3,5600	N/A
First 3,000 gallons	N/A	N/A	\$ 1,4500
3,001 to 10,000 gallons	N/A	N/A	2,4995
Over 10,000 gallons	N/A	N/A	4,0000
<u>3/4" Meter (Residential)</u>			
First 3,000 gallons	2,4400	N/A	N/A
3,001 to 10,000 gallons	3,1500	N/A	N/A
First 3,000 gallons	N/A	2,7600	2,4995
3,001 to 10,000 gallons	N/A	3,5600	4,0000
First 3,000 gallons	N/A	N/A	1,4500
3,001 to 10,000 gallons	N/A	N/A	2,4995
Over 10,000 gallons	N/A	N/A	4,0000
<u>1" Meter (All Meters)</u>			
First 23,000 gallons	2,4400	N/A	N/A
Over 23,000 gallons	3,1500	N/A	N/A
First 23,000 gallons	N/A	2,7600	N/A
Over 23,000 gallons	N/A	3,5600	N/A
First 14,000 gallons	N/A	N/A	2,4995
Over 14,000 gallons	N/A	N/A	4,0000
<u>1 1/2" Meter (All Meters)</u>			
First 58,000 gallons	2,4400	N/A	N/A
Over 58,000 gallons	3,1500	N/A	N/A
First 58,000 gallons	N/A	2,7600	N/A
Over 58,000 gallons	N/A	3,5600	N/A
First 40,000 gallons	N/A	N/A	2,4995
Over 40,000 gallons	N/A	N/A	4,0000
<u>2" Meter (All Meters)</u>			
First 95,000 gallons	2,4400	N/A	N/A
Over 95,000 gallons	3,1500	N/A	N/A
First 95,000 gallons	N/A	2,7600	N/A
Over 95,000 gallons	N/A	3,5600	N/A
First 75,000 gallons	N/A	N/A	2,4995
Over 75,000 gallons	N/A	N/A	4,0000
<u>3" Meter (All Meters)</u>			
First 207,000 gallons	2,4400	N/A	N/A
Over 207,000 gallons	3,1500	N/A	N/A
First 207,000 gallons	N/A	2,7600	N/A
Over 207,000 gallons	N/A	3,5600	N/A
First 150,000 gallons	N/A	N/A	2,4995
Over 150,000 gallons	N/A	N/A	4,0000
<u>4" Meter (All Meters)</u>			
First 335,000 gallons	2,4400	N/A	N/A
Over 335,000 gallons	3,1500	N/A	N/A
First 335,000 gallons	N/A	2,7600	N/A
Over 335,000 gallons	N/A	3,5600	N/A
First 225,000 gallons	N/A	N/A	2,4995
Over 225,000 gallons	N/A	N/A	4,0000
<u>6" Meter (All Meters)</u>			
First 690,000 gallons	2,4400	N/A	N/A
Over 690,000 gallons	3,1500	N/A	N/A
First 450,000 gallons	N/A	2,7600	N/A
Over 450,000 gallons	N/A	3,5600	N/A
First 450,000 gallons	N/A	N/A	2,4995
Over 450,000 gallons	N/A	N/A	4,0000
Construction Water	\$ 3.15	\$ 3.56	\$ 4.00

Typical Bill Analysis (Without Surcharge)
General Service 5/8 x 3/4-Inch Meter

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	9,061	\$ 26.29	\$ 35.80	\$ 9.50	36.14%
Median Usage	5,000	20.00	24.59	\$ 4.59	22.95%
Staff Recommended					
Average Usage	9,061	\$ 26.29	\$ 37.59	\$ 11.30	42.96%
Median Usage	5,000	20.00	27.35	\$ 7.35	36.75%

Present & Proposed Rates (Without Taxes)
General Service 5/8 x 3/4-Inch Meter

Gallons	Company Proposed		%	Staff Recommended		
	Present	Proposed		Rates	Increase	
	5/8 x 3/4"			5/8 x 3/4"		
	Minimum Charge \$	12.40	Minimum Charge \$	14.00	Minimum Charge \$	18.00
	1st Tier Rate	1.5000	1st Tier Rate	1.6900	1st Tier Rate	1.4500
	1st Tier Breakover	3,000	1st Tier Breakover	3,000	1st Tier Breakover	3,000
	2nd Tier Rate	1.5500	2nd Tier Rate	2.7600	2nd Tier Rate	2.4995
	2nd Tier Breakover	10,000	2nd Tier Breakover	10,000	2nd Tier Breakover	9,000
	3rd Tier Rate	3.1500	3rd Tier Rate	3.5600	3rd Tier Rate	4.0000
Consumption	Rates	Rates	Increase	Rates	Increase	
-	\$ 12.40	\$ 14.00	12.90%	\$ 18.00	45.16%	
1,000	13.90	15.69	12.88%	19.45	39.93%	
2,000	15.40	17.38	12.86%	20.90	35.71%	
3,000	16.90	19.07	12.84%	22.35	32.25%	
4,000	18.45	21.83	18.32%	24.85	34.69%	
5,000	20.00	24.59	22.95%	27.35	36.75%	
6,000	21.55	27.35	26.91%	29.85	38.51%	
7,000	23.10	30.11	30.35%	32.35	40.03%	
8,000	24.65	32.87	33.35%	34.85	41.37%	
9,000	26.20	35.63	35.99%	37.35	42.55%	
10,000	27.75	38.39	38.34%	41.35	49.00%	
11,000	30.90	41.95	35.76%	45.35	46.75%	
12,000	34.05	45.51	33.66%	49.35	44.93%	
13,000	37.20	49.07	31.91%	53.35	43.41%	
14,000	40.35	52.63	30.43%	57.35	42.12%	
15,000	43.50	56.19	29.17%	61.35	41.03%	
16,000	46.65	59.75	28.08%	65.35	40.08%	
17,000	49.80	63.31	27.13%	69.35	39.25%	
18,000	52.95	66.87	26.29%	73.35	38.52%	
19,000	56.10	70.43	25.54%	77.35	37.87%	
20,000	59.25	73.99	24.88%	81.35	37.29%	
25,000	75.00	91.79	22.39%	101.35	35.13%	
30,000	90.75	109.59	20.76%	121.35	33.72%	
35,000	106.50	127.39	19.62%	141.35	32.72%	
40,000	122.25	145.19	18.76%	161.35	31.98%	
45,000	138.00	162.99	18.11%	181.35	31.41%	
50,000	153.75	180.79	17.59%	201.35	30.96%	
75,000	232.50	269.79	16.04%	301.35	29.61%	
100,000	311.25	358.79	15.27%	401.35	28.95%	

Typical Bill Analysis (Including Arsenic Surcharge)
General Service 5/8 x 3/4-Inch Meter

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	9,061	\$ 31.80	\$ 41.31	\$ 9.50	29.88%
Median Usage	5,000	25.51	30.10	\$ 4.59	17.99%
Staff Recommended					
Average Usage	9,061	\$ 31.80	\$ 37.59	\$ 5.79	18.19%
Median Usage	5,000	25.51	27.35	\$ 1.84	7.21%

Present & Proposed Rates (Without Taxes)
General Service 5/8 x 3/4-Inch Meter

Gallons	Company Proposed		%	Staff Recommended		
	Present	Proposed		Rates	Increase	
	5/8 x 3/4"			5/8 x 3/4"		
	Minimum Charge \$	17.91	Minimum Charge \$	19.51	Minimum Charge \$	18.00
	1st Tier Rate	1.5000	1st Tier Rate	1.6900	1st Tier Rate	1.4500
	1st Tier Breakover	3,000	1st Tier Breakover	3,000	1st Tier Breakover	3,000
	2nd Tier Rate	1.5500	2nd Tier Rate	2.7600	2nd Tier Rate	2.4995
	2nd Tier Breakover	10,000	2nd Tier Breakover	10,000	2nd Tier Breakover	9,000
	3rd Tier Rate	3.1500	3rd Tier Rate	3.5600	3rd Tier Rate	4.0000
Consumption	Rates		Rates	Increase	Rates	Increase
-	\$ 17.91	\$ 19.51	8.93%	\$ 18.00	0.50%	
1,000	19.41	21.20	9.22%	19.45	0.21%	
2,000	20.91	22.89	9.47%	20.90	-0.05%	
3,000	22.41	24.58	9.68%	22.35	-0.27%	
4,000	23.96	27.34	14.11%	24.85	3.71%	
5,000	25.51	30.10	17.99%	27.35	7.21%	
6,000	27.06	32.86	21.43%	29.85	10.30%	
7,000	28.61	35.62	24.50%	32.35	13.07%	
8,000	30.16	38.38	27.25%	34.85	15.54%	
9,000	31.71	41.14	29.74%	37.35	17.78%	
10,000	33.26	43.90	31.99%	41.35	24.31%	
11,000	36.41	47.46	30.35%	45.35	24.55%	
12,000	39.56	51.02	28.97%	49.35	24.74%	
13,000	42.71	54.58	27.79%	53.35	24.91%	
14,000	45.86	58.14	26.78%	57.35	25.05%	
15,000	49.01	61.70	25.89%	61.35	25.17%	
16,000	52.16	65.26	25.12%	65.35	25.28%	
17,000	55.31	68.82	24.43%	69.35	25.38%	
18,000	58.46	72.38	23.81%	73.35	25.47%	
19,000	61.61	75.94	23.26%	77.35	25.54%	
20,000	64.76	79.50	22.76%	81.35	25.61%	
25,000	80.51	97.30	20.85%	101.35	25.88%	
30,000	96.26	115.10	19.57%	121.35	26.06%	
35,000	112.01	132.90	18.65%	141.35	26.19%	
40,000	127.76	150.70	17.96%	161.35	26.29%	
45,000	143.51	168.50	17.41%	181.35	26.37%	
50,000	159.26	186.30	16.98%	201.35	26.43%	
75,000	238.01	275.30	15.67%	301.35	26.61%	
100,000	316.76	364.30	15.01%	401.35	26.70%	