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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

- BOB STUMP - CHAIRMAN
- GARY PIERCE
- BRENDA BURNS
- BOB BURNS
- SUSAN BITTER-SMITH

REC'D  
 AZ CORP COM  
 DOCKET CONTROL  
 2013 FEB 25 PM 12:10

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  
SETTLEMENT AGREEMENT**

The Utilities Division ("Staff") of the Arizona Corporation Commission ("Commission"), on behalf of the Parties to the Settlement Agreement ("Agreement"), hereby files the Agreement.

RESPECTFULLY SUBMITTED this 25<sup>th</sup> day of February, 2013.

Wesley C. Van Cleve  
 Bridget A. Humphrey  
 Attorneys, Legal Division  
 Arizona Corporation Commission  
 1200 West Washington Street  
 Phoenix, Arizona 85007  
 (602) 542-3402

Original and thirteen (13) copies of the foregoing filed this 25<sup>th</sup> day of February, 2013, with:

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

Arizona Corporation Commission

**DOCKETED**

FEB 25 2013

DOCKETED BY

1 Copy of the foregoing mailed this  
25<sup>th</sup> day of February, 2013, to:

2 Jay L. Shapiro, Esq.  
3 FENNEMORE CRAIG  
3003 North Central Avenue, Suite 2600  
4 Phoenix, Arizona 85012

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Handwritten signature of Ashley G. Gage, written in cursive and underlined.

## **SETTLEMENT AGREEMENT**

The purpose of this Settlement Agreement (“Agreement”) is to settle all issues related to Arizona Corporation Commission Docket No. W-01412A-12-0195, Valley Utilities Water Company’s application for a determination of fair value and the setting of rates thereon (the “Docket” or “Rate Case”). This Agreement is entered into by Valley Utilities Water Company, Inc. (“VUWCO” or “Company”) and Arizona Corporation Commission Utilities Division (“Staff”), the only two parties to this Docket (a “Party”, or collectively, the “Parties”).

### **Terms And Conditions**

In consideration of the promises and agreements contained herein, the Parties agree that each, every and all of the following numbered sections and subsections comprise the Parties’ Agreement.

**1. Recitals**

- 1.1 On May 30, 2012, VUWCO filed with the Commission an application for rate increases (Docket No. W-01412-12-0195).
- 1.2 No other entity filed to intervene.
- 1.3 A Procedural Order was issued on July 5, 2012, scheduling an evidentiary hearing on the rate application to begin on March 4, 2013. In a subsequent Procedural Order, issued on July 23, 2012, the hearing was set on February 27, 2013.
- 1.4 This Agreement is a result of the Parties’ good faith efforts to settle all of the issues presented in the Rate Case.
- 1.5 The Parties agree and represent on their belief that the terms and conditions of this Agreement will serve the public interest by providing a just and reasonable resolution of the issues presented by VUWCO’s Rate Case. The adoption of this Agreement will further serve the public interest by allowing all parties to obtain greater certainty and avoid the expense, delay, and risk associated with continued protracted litigation.
- 1.6 As further reflected in this Agreement, the Parties acknowledge that under Arizona law the Commission has plenary authority over the determination of fair value and setting of rates.

## **2. Resolution of Issues in Dispute**

2.1 In order to reach a full settlement, the Parties have agreed that the issues in dispute in the Rate Case should be resolved as follows:

- (a) Staff Rate Base Adjustments – VUWCO agrees to Staff Rate Base adjustments Nos. 1-6.
- (b) Working Capital Allowance – the Company’s working capital allowance shall be reduced by \$28,220 adopting the cash working capital adjustment portion of Staff Rate Base Adjustment No. 7. The Company’s WIFA Debt Service Reserve Fund in the amount of \$146,105 will be included in the working capital allowance as proposed by the Company.
- (c) Property Tax Expense – the correct level of property expense should be \$63,677.
- (d) Bad Debt Expense – the correct level of bad debt expense should be \$3,304.
- (e) Late Charge – the Company’s late charge will remain at \$10 per month. In addition, Staff and VUWCO agree to meet within 45 days of a decision in this Docket case to discuss additional remedies the Company will employ to further reduce the delinquency rates. This Docket shall remain open until December 31, 2013, for this issue only to allow the Company to file any remedy resulting from discussions with Staff.
- (f) Rate Design – the rate design should provide that 40 percent of the metered revenue be collected from the monthly minimum as proposed by Staff. The resulting minimum charges are \$18.40 (5/8”x3/4” meters), \$27.60 (3/4” meters), \$46.00 (1” meters), \$92.00 (1 1/2” meters), \$147.20 (2” meters), \$294.40 (3” meters), \$460.00 (4” meters) and \$920 (6” meters). The break over points for 5/8” x 3/4” and 3/4” meters are not in dispute and shall be 3,000 and 10,000 gallons for residential meters and 10,000 gallons for commercial meters. The break over between the 2nd and 3rd tiers for the 1” and larger meters shall be as proposed by the Company. Specifically, the tier break over points would be 23,000 gallons for 1” meters, 58,000 for 1-1/2” meters, 95,000 for 2” meters, 207,000 for 3” meters, 335,000 for 4” meters and 690,000 for 6” meters. The commodity rates for each of the three tiers shall be \$1.60, \$2.88 and \$3.80 for the first, second and third tiers, respectively.

## **3. Revenue Requirement – Rate Base, Operating Income, Rate of Return**

3.1 For ratemaking purposes and for the purposes of this Agreement, the Parties agree to each of the following settlement terms and conditions:

- (a) Rate increases should be based on adjusted test year revenues of \$1,454,522, which includes the test year Arsenic Surcharge Remediation Mechanism (“ARSM”) revenue.

- (b) The ARSM should be discontinued.
- (c) VUWCO should receive a total revenue increase of \$160,147, which revenue increase results in total revenue requirements of \$1,614,989 for the Company.
- (d) The Company's fair value rate base should be \$2,109,695. All Parties agree that fair value rate base shall be equal to original cost less depreciation.
- (e) The Company's total adjusted test year operating expenses should be \$1,442,240. The total operating expenses at proposed rates for VUWCO should be \$1,477,859.
- (f) The revenue requirement should be based on Staff's proposed depreciation rates.
- (g) An overall rate of return equal to 6.5 percent is fair and reasonable. This return includes a 0.3 percent upward adjustment to the weighted average cost of capital and is based on a capital structure consisting of 12.9 percent equity and 87.1 percent debt. The cost of the debt is 5.8 percent and the authorized return on equity is 9.1 percent.
- (h) The return on rate base and recovery of operating expenses set forth herein result in total operating income of \$137,130.
- (i) The revenue requirement agreed to herein results in an overall 11.03 percent rate increase over test year revenues, which revenues included the ARSM.
- (i) The rates that result from the increased revenue requirements agreed to herein are just and reasonable and would result in VUWCO recovering its reasonable operating expenses and a just and reasonable return on its fair value rate base given the evidence presented to the Commission in this Rate Case and the terms and conditions of this Agreement.

3.2 The Settlement Schedules attached hereto as **Exhibit A** reflect the Parties' agreed upon rate base, operating expenses and operating income, cost of capital and rate design.

#### **4. Commission Approval**

4.1 The Parties acknowledge and agree that the determination of VUWCO's fair value rate base and establishment of just and reasonable rates thereon, requires Commission approval, and that the Commission will independently consider and evaluate the terms of this Agreement. With respect to approval of this Agreement, the Parties agree as follows:

- (a) To support and defend the Agreement by filing the testimony as required by the Administrative Law Judge, appearing at any and all hearings, open meetings or other proceedings in the Docket related to the Agreement, and taking any and all other steps reasonably necessary to obtain Commission adoption of the material terms of the Agreement, including, but not limited to, eliciting support from its constituents.

- (b) To waive all rights to appeal a Commission decision providing the Commission adopts the material terms of this Agreement.
- (c) A final, non-appealable Commission order adopting the material terms of this Agreement shall constitute Commission approval of the Agreement for purposes of the Agreement.
- (d) Consistent with any order of the Commission, but not less than fifteen days after the Commission issues an order in this matter, VUWCO shall file compliance tariffs for Staff review and approval. Such compliance tariffs, however, will become effective upon the effective date of the rate increase stated in the Commission's Order.

4.2 The Parties further agree that in the event the Commission fails to issue an order adopting all material terms of this Agreement or modifies or adds material terms to this Agreement, any or all of the Parties may withdraw from this Agreement, and such Party or Parties may pursue their respective remedies at law without prejudice. For the purposes of this Agreement, whether a term is material shall be left to the reasonable discretion of the Party choosing to withdraw from the Agreement. The Parties agree that this Agreement will not have any binding force or effect until its material terms are adopted as an order of the Commission. This provision shall not relieve the Parties of their obligations pursuant to this Section 5 of this Agreement.

## **5. Miscellaneous Provisions**

- 5.1 With respect to the Parties' Agreement as set forth herein, the Parties further agree to the following general terms and conditions of their agreement to settle their disputed claims in the rate case:
- (a) That each person whose signature appears below is fully authorized and empowered to execute this Agreement.
  - (b) That each Party is represented by competent legal counsel and that they understand all of the terms of this Agreement, that it has had an opportunity to participate in the drafting of this Agreement and fully review this Agreement with its counsel before signing, and that it executes this Agreement with full knowledge of the terms of the Agreement.
  - (c) Nothing in this Agreement shall be construed as an admission by any of the Parties that any of the positions taken by any Party in this proceeding is unreasonable or unlawful. In addition, acceptance of this Agreement by any of the Parties is without prejudice to any position taken by any party in these proceedings.
  - (d) This Agreement represents the Parties' mutual desire to compromise and settle in good faith all disputed issues in the Rate Case in a manner consistent with the public interest. The terms and provisions of this Agreement apply solely to and are binding only in the context of the circumstances and those purposes. None of

the positions taken in this Agreement by any of the Parties may be referred to, cited, or relied upon as precedent in any proceeding before the Commission, any other regulatory agency, or any court for any purpose except in furtherance of this Agreement.

- (e) All negotiations relating to this Agreement are privileged and confidential. No Party is bound by any position asserted in negotiations, except as expressly stated in this Agreement. The Parties expressly agree that evidence of conduct or statements made in the course of negotiating this Agreement shall not be offered and are not admissible before this Commission, any other regulatory agency, or any court.
- (f) Each of the terms and conditions of the Agreement is in consideration and support of all other terms. Accordingly, the terms are not severable except upon express consent of the Parties.
- (g) This Agreement may be executed in counterparts. This Agreement also may be executed electronically or by facsimile.

Executed this \_\_\_\_\_ day of February, 2013.

**VALLEY UTILITIES WATER COMPANY, Inc.**

By: *Robert A. Pennington*

Its: *President*

**ARIZONA CORPORATION COMMISSION  
UTILITIES DIVISION STAFF**

By: \_\_\_\_\_

Its: \_\_\_\_\_

  


**Exhibit A**  
**Settlement Schedules**

Line			
<u>No.</u>			
1	Original Cost Adjusted Rate Base	\$ 2,109,695	
2			
3	Adjusted Operating Income	12,282	
4			
5	Current Rate of Return	0.58%	
6			
7	Required Operating Income	\$ 137,130	
8			
9	Required Rate of Return	6.500%	
10			
11	Operating Income Deficiency	\$ 124,848	
12			
13	Gross Revenue Conversion Factor	1.2853	
14			
15	Increase in Gross Revenue	\$ 160,467	11.03%
16			
17			
18		Projected	
19		Revenue	%
20		Increase Due	Dollar
21	<u>Customer Classification</u>	<u>To Rates</u>	<u>Increase</u>
22			
23	Fire Service	\$ 330	48.39%
24	Residential	99,086	10.22%
25	Commercial	7,526	10.49%
26	Commercial (Multifamily)	32,924	15.21%
27	Commercial (Irrigation)	24,111	17.47%
28	Other Water Revenue	-	0.00%
29			
30	Total Revenue Increase	\$ 163,977	11.27%
31			

Line No.	Company As Filed	Accepted Staff Surrebuttal Adjustments	Staff ADJ NO.	Adjusted End of Test Year
1				
2	\$ 10,331,861	\$ (86,051)	1,2,3,4,5	\$ 10,245,810
3				
4	(3,034,427)	22,782	6	(3,011,645)
5				
6	7,297,434	(63,269)		7,234,165
7				
8	Less:			
9	Advances in Aid of Construction	3,933,272	-	3,933,272
10				
11	Contributions in Aid of Construction	1,561,727	-	1,561,727
12	Accumulated Amortization of CIAC	(438,464)	-	(438,464)
13	Contributions in Aid of Construction - Net	1,123,263	-	1,123,263
14				
15	Customer Security Deposits	78,425	-	78,425
16	Deferred Income Taxes	195,362	-	195,362
17				
18	Plus:			
19	Working Capital	234,073	(28,220)	205,853
20	Net Regulatory Asset / (Liability)		7	
21				
22	Rate Base	\$ 2,201,184	\$ (91,489)	\$ 2,109,695

Line No.		Company Test Year <u>As Filed</u>	Proposed Rate <u>Increase</u>	Adjusted With Rate <u>Increase</u>
1	<b>Revenues</b>			
2	460 Unmetered Water Revenue	\$ 682	330	\$ 1,012
3	461 Metered Water Revenues	1,395,426	160,137	1,555,564
4	474 Other Water Revenues	58,414		58,414
5	<b>Total Revenues</b>	<b>\$ 1,454,522</b>	<b>\$ 160,467</b>	<b>\$ 1,614,989</b>
6	<b>Operating Expenses</b>			
7	601 Salaries and Wages	\$ 452,645		\$ 452,645
8	604 Employee Pension and Benefits	73,738		73,738
9	610 Purchased Water	4,045		4,045
10	615 Purchased Power	143,759		143,759
11	618 Chemicals	7,567		7,567
12	620 Repairs and Maintenance	128,499		128,499
13	621 Office Supplies Expense	8,119		8,119
14	631 Contractual Services - Engineering	2,020		2,020
15	632 Contractual Services - Accounting	2,879		2,879
16	633 Contractual Services - Legal	4,259		4,259
17	634 Contractual Services - Management Fees	-		-
18	635 Contractual Services - Testing	10,732		10,732
19	636 Contractual Services - Other	14,069		14,069
20	641 Rent - Buildings	35,553		35,553
21	642 Rent - Equipment	2,215		2,215
22	650 Transportation Expense	29,087		29,087
23	656 Insurance - Vehicle	-		-
24	657 Insurance - General Liability	20,878		20,878
25	658 Insurance - Workman's Compensation	2,528		2,528
26	659 Insurance - Other	-		-
27	660 Advertising Expense	-		-
28	666 Regulatory Commission Expense - Rate Case	40,000		40,000
29	667 Regulatory Expense - Other	14,169		14,169
30	668 Water Resource Conservation Expense	-		-
31	670 Bad Debt Expense	2,975	328	3,304
32	675 Miscellaneous Expense	49,017		49,017
33	403 Depreciation Expense	322,982		322,982
34	408 Taxes Other Than Income	33,756		33,756
35	408.11 Property Taxes	61,408	2,258	63,667
36	409 Income Tax	(24,660)	33,033	8,373
37	<b>Total Operating Expenses</b>	<b>\$ 1,442,240</b>	<b>\$ 35,620</b>	<b>\$ 1,477,859</b>
38	<b>Operating Income</b>	<b>\$ 12,282</b>	<b>\$ 124,848</b>	<b>\$ 137,130</b>
39	<b>Other Income (Expense)</b>			
40	419 Interest and Dividend Income	\$ 68		\$ 68
41	421 Non-Utility Income	164		164
42	426 Miscellaneous Non-Utility Expenses	(15,828)		(15,828)
43	427 Interest Expense	(106,193)		(106,193)
44	<b>Total Other Income (Expense)</b>	<b>\$ (121,789)</b>	<b>\$ -</b>	<b>\$ (121,789)</b>
45	<b>Net Income (Loss)</b>	<b>\$ (109,506)</b>	<b>\$ 124,848</b>	<b>\$ 15,342</b>
46				

**Valley Utilities Water Company, Inc.**

Test Year Ended December 31, 2011

Summary of Revenues by Customer Classification - Present and Proposed Rates

Schedule H-1 Settlement-Final

Page 1

Line No.	Customer Classification	Revenues in the Test Year		Proposed Increase	
		Present Rates	Proposed Rates	Amount	%
1					
2	<u>Unmetered Water Revenue</u>				
3	Fire Service	\$ 682	\$ 1,012	\$ 330	48.39%
4					
5	<u>Metered Water Revenue</u>				
6	Residential	969,595	1,068,681	99,086	10.22%
7	Commercial	71,753	79,279	7,526	10.49%
8	Commercial (Multifamily)	216,458	249,382	32,924	15.21%
9	Commercial (Irrigation)	137,973	162,083	24,111	17.47%
10					
11	Other Water Revenue	58,414	58,414	-	0.00%
12					
13	Total Water Revenues	<u>\$ 1,454,874</u>	<u>\$ 1,618,851</u>	<u>\$ 163,977</u>	11.27%
14					

Line No.	Description	Average Number Customers	Average Consumption	Revenues		Proposed	
				Present Rates	Proposed Rates	Increase Amount	Increase %
1							
2	<u>Unmetered Water Revenue</u>						
3	6" Fire Service	5		\$ 682	\$ 1,012	\$ 330	48.39%
4							
5	<u>Metered Water Revenue</u>						
6	5/8 x 3/4" Residential	98	7,055	\$ 40,404	\$ 44,115	\$ 3,712	9.19%
7	3/4" Residential	831	9,425	495,875	541,742	45,867	9.25%
8	1" Residential	371	19,463	431,501	480,846	49,345	11.44%
9	1 1/2" Residential	1	25,283	1,815	1,978	163	8.98%
10							
11	5/8 x 3/4" Commercial	7	1,389	\$ 1,683	\$ 1,770	87	5.17%
12	3/4" Commercial	4	5,605	1,988	2,155	166	8.37%
13	1" Commercial	12	34,596	20,810	23,832	3,022	14.52%
14	1 1/2" Commercial	8	32,516	16,576	18,285	1,708	10.30%
15	2" Commercial	9	28,478	23,037	24,862	1,825	7.92%
16	3" Commercial (Construction)	1	42,243	7,658	8,376	717	9.37%
17							
18	1" Commercial (Multifamily)	1	26,832	\$ 1,391	\$ 1,567	177	12.69%
19	2" Commercial (Multifamily)	33	141,164	215,067	247,815	32,748	15.23%
20							
21	3/4" Commercial (Irrigation)	-	-	\$ -	\$ -	-	
22	1" Commercial (Irrigation)	8	38,186	14,059	16,146	2,086	14.84%
23	1 1/2" Commercial (Irrigation)	3	93,833	13,063	15,110	2,047	15.67%
24	2" Commercial (Irrigation)	8	338,181	110,851	130,827	19,977	18.02%
25							
26	<b>Totals:</b>						
27	<u>Unmetered Water Revenue</u>						
28	Fire Service	5		\$ 682	\$ 1,012	\$ 330	48.39%
29							
30	<u>Metered Water Revenue</u>						
31	Residential	1,301	12,121	\$ 969,595	\$ 1,068,681	99,086	10.22%
32	Commercial	41	24,536	71,753	79,279	7,526	10.49%
33	Commercial (Multifamily)	34	137,801	216,458	249,382	32,924	15.21%
34	Commercial (Irrigation)	19	173,286	137,973	162,083	24,111	17.47%
35	Subtotal Metered	1,395		\$ 1,395,778	\$ 1,559,425	\$ 163,647	11.72%
36							
37	Other Water Revenue			\$ 58,414	\$ 58,414	-	0.00%
38							
39	Total	1,400		\$ 1,454,874	\$ 1,618,851	\$ 163,977	11.27%
40							

Line No.				Base Charge			Volume Charge		
				Present Rate	Proposed Rate	Change	Present Rate	Proposed Rate	Change
1	<b>General Water Service Rates</b>								
2									
3	Description	Block							
4									
5	5/8 x 3/4" Residential Meter	Tier 1 3,000 gal.	\$ 12.40	\$ 18.40	\$ 6.00	\$ 1.50	\$ 1.60	\$ 0.10	
6		Tier 2 10,000 gal.				\$ 2.44	\$ 2.88	\$ 0.44	
7		Tier 3 999,999,000 gal.				\$ 3.15	\$ 3.80	\$ 0.65	
8	3/4" Residential Meter	Tier 1 3,000 gal.	\$ 18.60	\$ 27.60	\$ 9.00	\$ 1.50	\$ 1.60	\$ 0.10	
9		Tier 2 10,000 gal.				\$ 2.44	\$ 2.88	\$ 0.44	
10		Tier 3 999,999,000 gal.				\$ 3.15	\$ 3.80	\$ 0.65	
11	5/8" x 3/4" Commercial Meter	Tier 2 10,000 gal.	\$ 12.40	\$ 18.40	\$ 6.00	\$ 2.44	\$ 2.88	\$ 0.44	
12		Tier 3 999,999,000 gal.				\$ 3.15	\$ 3.80	\$ 0.65	
13	3/4" Commercial Meter	Tier 2 10,000 gal.	\$ 18.60	\$ 27.60	\$ 9.00	\$ 2.44	\$ 2.88	\$ 0.44	
14		Tier 3 999,999,000 gal.				\$ 3.15	\$ 3.80	\$ 0.65	
15	1" All Meters	Tier 2 23,000 gal.	\$ 31.00	\$ 46.00	\$ 15.00	\$ 2.44	\$ 2.88	\$ 0.44	
16		Tier 3 999,999,000 gal.				\$ 3.15	\$ 3.80	\$ 0.65	
17	1 1/2" All Meters	Tier 2 58,000 gal.	\$ 62.00	\$ 92.00	\$ 30.00	\$ 2.44	\$ 2.88	\$ 0.44	
18		Tier 3 999,999,000 gal.				\$ 3.15	\$ 3.80	\$ 0.65	
19	2" All Meters	Tier 2 95,000 gal.	\$ 99.00	\$ 147.20	\$ 48.20	\$ 2.44	\$ 2.88	\$ 0.44	
20		Tier 3 999,999,000 gal.				\$ 3.15	\$ 3.80	\$ 0.65	
21	3" All Meters	Tier 2 207,000 gal.	\$ 198.00	\$ 294.40	\$ 96.40	\$ 2.44	\$ 2.88	\$ 0.44	
22		Tier 3 999,999,000 gal.				\$ 3.15	\$ 3.80	\$ 0.65	
23	4" All Meters	Tier 2 335,000 gal.	\$ 310.00	\$ 460.00	\$ 150.00	\$ 2.44	\$ 2.88	\$ 0.44	
24		Tier 3 999,999,000 gal.				\$ 3.15	\$ 3.80	\$ 0.65	
25	6" All Meters	Tier 2 690,000 gal.	\$ 620.00	\$ 920.00	\$ 300.00	\$ 2.44	\$ 2.88	\$ 0.44	
26		Tier 3 999,999,000 gal.				\$ 3.15	\$ 3.80	\$ 0.65	
27	Construction Water	Tier 3 999,999,000 gal.		By Meter Size		\$ 3.15	\$ 3.80	\$ 0.65	
28									
29	<b>Arsenic Surcharge (Decision No. 71287)</b>								
30		Present Rate			Proposed Rate				
31	Meter Size								
32	5/8 x 3/4" All Meters	\$ 5.51			\$ -				
33	3/4" All Meters	\$ 8.26			\$ -				
34	1" All Meters	\$ 13.77			\$ -				
35	1 1/2" All Meters	\$ 27.54			\$ -				
36	2" All Meters	\$ 44.06			\$ -				
37	3" All Meters	\$ 88.12			\$ -				
38	4" All Meters	nt			\$ -				
39	6" All Meters	nt			\$ -				
40									
41									
42	<b>Monthly Service Charge for Fire Sprinkler</b>								
43		Present Rates			Proposed Rates				
44									
45	All Meter Sizes	***			***				
46									
47	***	Greater of \$10.00 or 2 percent of the general service rate for a similar size meter							
48									
49									

Line  
 No.

<u>1</u>	<u>Other Service Charges</u>	Present	Proposed
<u>2</u>		<u>Rates</u>	<u>Rates</u>
3	Establishment	\$ 40.00	\$ 40.00
4	Establishment (After Hours)	\$ 60.00	n/t
5	Reconnection (Delinquent)	\$ 40.00	\$ 40.00
6	Reconnection (Delinquent and After Hours)	\$ 60.00	n/t
7	Meter Test (If correct)	\$ 30.00	\$ 30.00
8	After Hours Charge	n/t	\$ 40.00
9	Deposit Requirement (Residential)	2 times the average bill	2 times the average bill
	Deposit Requirement (None Residential Meter)	2-1/2 times the average bill	2-1/2 times the average bill
10		6.0%	6.0%
11	Deposit Interest	6.0%	6.0%
	Re-Establishment (Within 12 Months)	Number of Months off system times the monthly minimum bill	Number of Months off system times the monthly minimum bill
12		\$ 25.00	\$ 30.00
13	NSF Check	1.5%	1.5%
14	Deferred Payment, Per Month	\$ 10.00	\$ 30.00
15	Meter Re-Read (If correct)	Cost	Cost
16	Moving Customer Meter at Customer Request	\$ 10.00	\$ 10.00
17	Late Charge per month	\$ 50.00	n/t
18	After Hours Service Charge, per R14-2-403(D)		
19			
20	In addition to the collection of regular rates, the utility will collect from its		
21	customers a proportionate share of any privilege, sales, use, and franchise tax,		
22	per Commission rule A.A.C. 14-2-409(D)(5).		
23			
24	All items billed at cost shall include labor, materials and parts, overheads and all applicable taxes.		
25			
26	n/t - no tariff		
27			

<u>28</u>	<u>Present Rates</u>			<u>Proposed Rates</u>			
<u>29</u>	<u>Srv. Line</u>	<u>Meter</u>	<u>Total</u>	<u>Srv. Line*</u>	<u>Meter</u>	<u>Total</u>	
30	5/8" Meter	\$ 445	\$ 155	\$ 600	\$ 445	\$ 155	\$ 600
31	3/4" Meter	\$ 445	\$ 255	\$ 700	\$ 445	\$ 255	\$ 700
32	1" Meter	\$ 495	\$ 315	\$ 810	\$ 495	\$ 315	\$ 810
33	1 1/2" Meter	\$ 550	\$ 525	\$ 1,075	\$ 550	\$ 525	\$ 1,075
34	2" Turbine Meter	\$ 830	\$ 1,045	\$ 1,875	\$ 830	\$ 1,045	\$ 1,875
35	2" Compound Meter	\$ 830	\$ 1,890	\$ 2,720	\$ 830	\$ 1,890	\$ 2,720
36	3" Turbine Meter	\$ 1,045	\$ 1,670	\$ 2,715	\$ 1,045	\$ 1,670	\$ 2,715
37	3" Compound Meter	\$ 1,165	\$ 2,545	\$ 3,710	\$ 1,165	\$ 2,545	\$ 3,710
38	4" Turbine Meter	\$ 1,490	\$ 2,670	\$ 4,160	\$ 1,490	\$ 2,670	\$ 4,160
39	4" Compound Meter	\$ 1,670	\$ 3,645	\$ 5,315	\$ 1,670	\$ 3,645	\$ 5,315
40	6" Turbine Meter	\$ 2,210	\$ 5,025	\$ 7,235	\$ 2,210	\$ 5,025	\$ 7,235
41	6" Compound Meter	\$ 2,330	\$ 6,920	\$ 9,250	\$ 2,330	\$ 6,920	\$ 9,250
42	8" or Larger Meter	Cost	Cost	Cost	Cost	Cost	Cost

43 \* Note: To include the actual cost incurred when road crossing is required

44

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

47

48 All items billed at cost shall include labor, materials and parts, overheads and all applicable taxes.

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Meter Size: 5/8" x 3/4"  
 Class: Residential  
 Rate Code: R1

Line No.	Rate Schedules	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	<b>Present Rates:</b>	-	\$ 17.91	\$ 18.40	\$ 0.49	2.74%
2	Base Charge:	\$ 12.40	1,000 \$ 19.41	20.00 \$ 0.59		
3	Arsenic Surcharge:	\$ 5.51	2,000 \$ 20.91	21.60 \$ 0.69		
4			3,000 \$ 22.41	23.20 \$ 0.79		
5	Tier One Rate:	\$ 1.50	4,000 \$ 24.85	26.08 \$ 1.23		
6	Tier Two Rate:	\$ 2.44	5,000 \$ 27.29	28.96 \$ 1.67		
7	Tier Three Rate:	\$ 3.15	6,000 \$ 29.73	31.84 \$ 2.11		
8			7,000 \$ 32.17	34.72 \$ 2.55		
9	Tier One Breakover (M gal):	3	8,000 \$ 34.61	37.60 \$ 2.99		
10	Tier Two Breakover (M gal):	10	9,000 \$ 37.05	40.48 \$ 3.43		
11	Tier Three Breakover (M gal):	999,999	10,000 \$ 39.49	43.36 \$ 3.87		
12			12,000 \$ 45.79	50.96 \$ 5.17		
13			14,000 \$ 52.09	58.56 \$ 6.47		
14	<b>Proposed Rates:</b>		16,000 \$ 58.39	66.16 \$ 7.77		
15	Base Charge:	\$ 18.40	18,000 \$ 64.69	73.76 \$ 9.07		
16	Arsenic Surcharge:	\$ -	20,000 \$ 70.99	81.36 \$ 10.37		
17			25,000 \$ 86.74	100.36 \$ 13.62		
18	Tier One Rate:	\$ 1.60	30,000 \$ 102.49	119.36 \$ 16.87		
19	Tier Two Rate:	\$ 2.88	35,000 \$ 118.24	138.36 \$ 20.12		
20	Tier Three Rate:	\$ 3.80	40,000 \$ 133.99	157.36 \$ 23.37		
21			45,000 \$ 149.74	176.36 \$ 26.62		
22	Tier One Breakover (M gal):	3	50,000 \$ 165.49	195.36 \$ 29.87		
23	Tier Two Breakover (M gal):	10	60,000 \$ 196.99	233.36 \$ 36.37		
24	Tier Three Breakover (M gal):	999,999	70,000 \$ 228.49	271.36 \$ 42.87		
25			80,000 \$ 259.99	309.36 \$ 49.37		
26			90,000 \$ 291.49	347.36 \$ 55.87		
27			100,000 \$ 322.99	385.36 \$ 62.37		
28						
29						
30	Average Usage	7,055	\$ 32.30	\$ 34.88	\$ 2.58	7.99%
31	Median Usage	4,546	\$ 26.18	\$ 27.65	\$ 1.47	5.61%
32						
33						
34						

Meter Size: 3/4"  
 Class: Residential  
 Rate Code: R2

Line No.	Rate Schedules	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	<b>Present Rates:</b>	-	\$ 26.86	\$ 27.60	\$ 0.74	2.76%
2	Base Charge:	\$ 18.60	1,000 \$ 28.36	29.20 \$ 0.84	2.96%	
3	Arsenic Surcharge:	\$ 8.26	2,000 \$ 29.86	30.80 \$ 0.94	3.15%	
4			3,000 \$ 31.36	32.40 \$ 1.04	3.32%	
5	Tier One Rate:	\$ 1.50	4,000 \$ 33.80	35.28 \$ 1.48	4.38%	
6	Tier Two Rate:	\$ 2.44	5,000 \$ 36.24	38.16 \$ 1.92	5.30%	
7	Tier Three Rate:	\$ 3.15	6,000 \$ 38.68	41.04 \$ 2.36	6.10%	
8			7,000 \$ 41.12	43.92 \$ 2.80	6.81%	
9	Tier One Breakover (M gal):	3	8,000 \$ 43.56	46.80 \$ 3.24	7.44%	
10	Tier Two Breakover (M gal):	10	9,000 \$ 46.00	49.68 \$ 3.68	8.00%	
11	Tier Three Breakover (M gal):	999,999	10,000 \$ 48.44	52.56 \$ 4.12	8.51%	
12			12,000 \$ 54.74	60.16 \$ 5.42	9.90%	
13			14,000 \$ 61.04	67.76 \$ 6.72	11.01%	
14	<b>Proposed Rates:</b>		16,000 \$ 67.34	75.36 \$ 8.02	11.91%	
15	Base Charge:	\$ 27.60	18,000 \$ 73.64	82.96 \$ 9.32	12.66%	
16	Arsenic Surcharge:	\$ -	20,000 \$ 79.94	90.56 \$ 10.62	13.28%	
17			25,000 \$ 95.69	109.56 \$ 13.87	14.49%	
18	Tier One Rate:	\$ 1.60	30,000 \$ 111.44	128.56 \$ 17.12	15.36%	
19	Tier Two Rate:	\$ 2.88	35,000 \$ 127.19	147.56 \$ 20.37	16.02%	
20	Tier Three Rate:	\$ 3.80	40,000 \$ 142.94	166.56 \$ 23.62	16.52%	
21			45,000 \$ 158.69	185.56 \$ 26.87	16.93%	
22	Tier One Breakover (M gal):	3	50,000 \$ 174.44	204.56 \$ 30.12	17.27%	
23	Tier Two Breakover (M gal):	10	60,000 \$ 205.94	242.56 \$ 36.62	17.78%	
24	Tier Three Breakover (M gal):	999,999	70,000 \$ 237.44	280.56 \$ 43.12	18.16%	
25			80,000 \$ 268.94	318.56 \$ 49.62	18.45%	
26			90,000 \$ 300.44	356.56 \$ 56.12	18.68%	
27			100,000 \$ 331.94	394.56 \$ 62.62	18.86%	
28						
29		Average Usage				
30		9,425	\$ 47.04	\$ 50.90	\$ 3.86	8.21%
31		Median Usage				
32		7,013	\$ 41.15	\$ 43.96	\$ 2.81	6.83%
33						
34						

Meter Size: 1"  
 Class: Residential  
 Rate Code: R3

Line No.	Rate Schedules	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	<b>Present Rates:</b>	-	\$ 44.77	\$ 46.00	\$ 1.23	2.75%
2	Base Charge:	1,000	\$ 47.21	\$ 48.88	\$ 1.67	3.54%
3	Arsenic Surcharge:	2,000	\$ 49.65	\$ 51.76	\$ 2.11	4.25%
4		3,000	\$ 52.09	\$ 54.64	\$ 2.55	4.90%
5	Tier One Rate:	4,000	\$ 54.53	\$ 57.52	\$ 2.99	5.48%
6	Tier Two Rate:	5,000	\$ 56.97	\$ 60.40	\$ 3.43	6.02%
7	Tier Three Rate:	6,000	\$ 59.41	\$ 63.28	\$ 3.87	6.51%
8		7,000	\$ 61.85	\$ 66.16	\$ 4.31	6.97%
9	Tier One Breakover (M gal):	-	\$ 64.29	\$ 69.04	\$ 4.75	7.39%
10	Tier Two Breakover (M gal):	23	\$ 66.73	\$ 71.92	\$ 5.19	7.78%
11	Tier Three Breakover (M gal):	999,999	\$ 69.17	\$ 74.80	\$ 5.63	8.14%
12		12,000	\$ 74.05	\$ 80.56	\$ 6.51	8.79%
13		14,000	\$ 78.93	\$ 86.32	\$ 7.39	9.36%
14	<b>Proposed Rates:</b>	16,000	\$ 83.81	\$ 92.08	\$ 8.27	9.87%
15	Base Charge:	18,000	\$ 88.69	\$ 97.84	\$ 9.15	10.32%
16	Arsenic Surcharge:	20,000	\$ 93.57	\$ 103.60	\$ 10.03	10.72%
17		25,000	\$ 107.19	\$ 119.84	\$ 12.65	11.80%
18	Tier One Rate:	30,000	\$ 122.94	\$ 138.84	\$ 15.90	12.93%
19	Tier Two Rate:	35,000	\$ 138.69	\$ 157.84	\$ 19.15	13.81%
20	Tier Three Rate:	40,000	\$ 154.44	\$ 176.84	\$ 22.40	14.50%
21		45,000	\$ 170.19	\$ 195.84	\$ 25.65	15.07%
22	Tier One Breakover (M gal):	-	\$ 185.94	\$ 214.84	\$ 28.90	15.54%
23	Tier Two Breakover (M gal):	23	\$ 217.44	\$ 252.84	\$ 35.40	16.28%
24	Tier Three Breakover (M gal):	999,999	\$ 248.94	\$ 290.84	\$ 41.90	16.83%
25		80,000	\$ 280.44	\$ 328.84	\$ 48.40	17.26%
26		90,000	\$ 311.94	\$ 366.84	\$ 54.90	17.60%
27		100,000	\$ 343.44	\$ 404.84	\$ 61.40	17.88%
28						
29	Average Usage					
30		19,463	\$ 92.26	\$ 102.05	\$ 9.79	10.61%
31	Median Usage					
32		13,096	\$ 76.72	\$ 83.72	\$ 7.00	9.12%
33						
34						