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BEFORE THE ARIZONA CORPORATION COMMISSION

RECEIVED

**COMMISSIONERS**

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

2014 JUN 20 P 2:39

ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF  
MT. TIPTON WATER COMPANY, INC. FOR  
A PERMANENT INCREASE IN ITS WATER  
RATES AND CHARGES.

DOCKET NO. W-02105A-13-0415

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

The Utilities Division ("Staff") of the Arizona Corporation Commission ("Commission") files the Supplemental Testimony of Briton A. Baxter with attendant Revised Schedules BAB-1 through BAB-20.

RESPECTFULLY SUBMITTED this 20<sup>th</sup> day of June, 2014.

Brian E. Smith, Attorney  
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  
20<sup>th</sup> day of June, 2014 with:

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

Arizona Corporation Commission  
**DOCKETED**

JUN 20 2014

DOCKETED BY VR

1 Copy of the foregoing mailed this  
2 20<sup>th</sup> day of June 2014 to:

3 Steve Wene  
4 Moyes Sellers & Hendricks Ltd.  
5 1850 North Central Avenue, Suite 1100  
6 Phoenix, Arizona 85004

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Supplemental Testimony of Briton A. Baxter  
Docket No. W-02105A-13-0415  
June 20, 2014

Staff's Supplemental Testimony corrects errors in its previous testimony based on issues raised by Judge Harpring at the June 19, 2014, pre-hearing conference in this Docket:

1. Service Line and Meter Installation Charges
2. Operating Income - Depreciation Expense

Based on these issues which are discussed below, Staff now recommends a revenue increase of \$28,863 (\$24,961 in Surrebuttal), or 8.61 percent, over test year revenue of \$335,144. The total annual revenue of \$364,007 produces an operating income of \$80,260 (\$77,153 in Surrebuttal), or a 10.20 percent (9.75 percent in Surrebuttal) rate of return on an original cost rate base of \$786,859. Adoption of Staff's proposed revenue requirement should result in a debt service coverage ratio of 1.25 (1.11 with Surcharge in Surrebuttal).

### **Service Line and Meter Installation Charges**

Judge Harpring inquired as to whether the Service Line and Meter Installation Charges should have been recorded as a Contribution In Aid of Construction ("CIAC"), an Advance in Aid of Construction ("AIAC"), or revenue as it was recorded by the Company and Staff. Per NARUC, these should have been recorded as a special type of AIAC and, therefore, should be a reduction to rate base. On Staff's attached Revised Surrebuttal Schedules BAB-3, BAB-4 and BAB-9c, Staff has reduced rate base to recognize the \$4,450 of AIAC reported by the Company in the test year. The Company should identify any additional amounts of AIAC collected since the last rate case and deduct these amounts from rate base as well. In addition, the Company should provide refunds associated with AIAC on an annual basis each November at 10 percent for 10 years, as an offset to customer bills.

On Revised Surrebuttal Schedules BAB-10, BAB-11, and BAB-14b, Staff has removed \$4,450 from revenues to correct for this misclassification.

### **Operating Income – Depreciation Expense**

Staff made an error with depreciation expense in its Surrebuttal schedules that resulted in overstating depreciation expense. Staff failed to account for footnote number 3 on the Company's Schedule C-2a that identified 5 accounts that were fully depreciated. On Revised Surrebuttal Schedule BAB-14a, Staff has adjusted for these errors which result in recommended depreciation of \$45,359, a decrease of \$3,730 from its original surrebuttal testimony.

Staff has attached Revised Surrebuttal Schedules BAB-1 through BAB-20 which set forth these corrections.

Staff will be prepared to address the remaining questions raised by the Administrative Law Judge during Staff's testimony at the hearing on June 23, 2014.

<b>REVENUE REQUIREMENT</b>
----------------------------

LINE NO.	DESCRIPTION	[A] COMPANY ORIGINAL COST	[B] STAFF ORIGINAL COST
1	Adjusted Rate Base	\$755,229	\$786,859
2	Adjusted Operating Income (Loss)	\$52,725	\$51,439
3	Current Rate of Return (L2 / L1)	6.98%	6.54%
4	Required Rate of Return	12.98%	10.20% *
5	Required Operating Income (L4 * L1)	\$98,029	\$80,260
6	Operating Income Deficiency (L5 - L2)	\$45,304	\$28,821
7	Gross Revenue Conversion Factor/Property Tax Factor	1.0183	1.0015
8	Increase (Decrease) In Gross Revenue (L7 * L6)	\$46,133	\$28,863
9	Adjusted Test Year Revenue	\$339,594	\$335,144
10	Proposed Annual Revenue (L8 + L9)	\$385,727	\$364,007
11	Required Increase/(Decrease in Revenue) (%) (L8/L9)	13.58%	8.61%

References:

Column [A]: Company Schedules A-1

Column [B]: Staff Schedules BAB-2, BAB-3, BAB-10 & BAB-11

\* It should be noted that based on the Company's capital structure, the Company's required rate of return is below 6 percent. Therefore, Staff utilized Debt Service Coverage Ratio to determine the appropriate revenue requirement. This number is the fall-out result of that calculation.

**GROSS REVENUE CONVERSION FACTOR**

LINE NO.	DESCRIPTION	(A)	(B)	(C)
<i>Calculation of Gross Revenue Conversion Factor:</i>				
1	Revenue	100.0000%		
2	Uncollectible Factor (Line 11)	0.0000%		
3	Revenues (L1 - L2)	100.0000%		
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)	0.1456%		
5	Subtotal (L3 - L4)	99.8544%		
6	<b>Revenue Conversion Factor (L1 / L5)</b>	<b>1.001458</b>		
<i>Calculation of Uncollectible Factor:</i>				
7	Unity	100.0000%		
8	Combined Federal and State Tax Rate (Line 17)	0.0000%		
9	One Minus Combined Income Tax Rate (L7 - L8)	100.0000%		
10	Uncollectible Rate	0.0000%		
11	Uncollectible Factor (L9 * L10)		0.0000%	
<i>Calculation of Effective Tax Rate:</i>				
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%		
13	Arizona State Income Tax Rate	0.0000%		
14	Federal Taxable Income (L12 - L13)	100.0000%		
15	Applicable Federal Income Tax Rate (Line 50)	0.0000%		
16	Effective Federal Income Tax Rate (L14 x L15)	0.0000%		
17	Combined Federal and State Income Tax Rate (L13 + L16)		0.0000%	
<i>Calculation of Effective Property Tax Factor:</i>				
18	Unity	100.0000%		
19	Combined Federal and State Income Tax Rate (L17)	0.0000%		
20	One Minus Combined Income Tax Rate (L18 - L19)	100.0000%		
21	Property Tax Factor (BAB-15, L24)	0.1456%		
22	Effective Property Tax Factor (L20 * L21)		0.1456%	
23	Combined Federal and State Income Tax and Property Tax Rate (L17 + L22)			0.1456%
24	Required Operating Income (Schedule BAB-1, Line 5)	\$80,260		
25	Adjusted Test Year Operating Income (Loss) (Schedule BAB-10, Line 35)	51,678		
26	Required Increase in Operating Income (L24 - L25)		\$28,581	
27	Income Taxes on Recommended Revenue (Col. (C), L48)	\$0		
28	Income Taxes on Test Year Revenue (Col. (A), L48)	0		
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		\$0	
30	Required Revenue Increase (Schedule BAB-1, Line 10)	\$364,007		
31	Uncollectible Rate (Line 10)	0.0000%		
32	Uncollectible Expense on Recommended Revenue (L30 * L31)	\$0		
33	Adjusted Test Year Uncollectible Expense - N/A	0		
34	Required Increase in Revenue to Provide for Uncollectible Exp.		\$0	
35	Property Tax with Recommended Revenue (BAB-15, Line 19)	\$18,082		
36	Property Tax on Test Year Revenue (BAB-15, Col A, L17)	18,279		
37	Increase in Property Tax Due to Increase in Revenue (L35 - L36)		(\$197)	
38	<b>Total Required Increase in Revenue (L26 + L29 + L34+ L37)</b>		<b>\$28,384</b>	

	(A)	(B)	(C)
Test Year			Staff Recommended
Revenue (Sch BAB-10, Col.(C) L4, BAB-1, Col. (D), L10)	\$335,144		\$364,007
Operating Expenses Excluding Income Taxes	283,466		283,508
Synchronized Interest (L53)	34,543		34,543
Arizona Taxable Income (L39 - L40 - L41)	\$17,135		\$45,956
Arizona State Income Tax Rate	0		0
Arizona Income Tax (L42 x L43)	\$0		\$0
Federal Taxable Income (L42 - L44)	17,135		45,956
Federal Tax	0		0
Total Federal Income Tax	0		0
Combined Federal and State Income Tax (L43 + L47)	\$0		\$0

*Calculation of Income Tax:*

39	Revenue (Sch BAB-10, Col.(C) L4, BAB-1, Col. (D), L10)	\$335,144
40	Operating Expenses Excluding Income Taxes	283,466
41	Synchronized Interest (L53)	34,543
42	Arizona Taxable Income (L39 - L40 - L41)	\$17,135
43	Arizona State Income Tax Rate	0
44	Arizona Income Tax (L42 x L43)	\$0
45	Federal Taxable Income (L42 - L44)	17,135
46	Federal Tax	0
47	Total Federal Income Tax	0
48	Combined Federal and State Income Tax (L43 + L47)	\$0

50 **Effective Tax Rate**

*Calculation of Interest Synchronization:*

51	Rate Base (Schedule BAB-3, Col. (C), Line 14)	\$786,859
52	Weighted Average Cost of Debt	4.3900%
53	Synchronized Interest (L50 X L51)	\$34,543

RATE BASE - ORIGINAL COST				
LINE NO.	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED	
1	Plant in Service	\$1,937,095	(\$61,366)	\$1,875,729
2	Less: Accumulated Depreciation	1,147,676	(97,446)	1,050,230
3	Net Plant in Service	<u>\$789,419</u>	<u>\$36,080</u>	<u>\$825,499</u>
	<i>LESS:</i>			
4	Advances in Aid of Construction (AIAC)	\$16,029	\$0	\$16,029
5	Service Line and Meter Advances	\$0	\$4,450 1	\$4,450
6	Contributions in Aid of Construction (CIAC)	\$347,002	\$0	\$347,002
7	Less: Accumulated Amortization	333,126	0	333,126
8	Net CIAC	<u>\$13,876</u>	<u>\$0</u>	<u>\$13,876</u>
9	Total Advances and Contributions	<u>\$29,905</u>	<u>\$4,450</u>	<u>\$34,355</u>
10	Customer Deposits	\$4,285	\$0	\$4,285
11	Accumulated Deferred Income Taxes	\$0	\$0	\$0
	<i>ADD: Working Capital</i>			
12	Prepayments	\$0	\$0	\$0
13	Inventory	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
14	<b>Total Rate Base</b>	<u><u>\$755,229</u></u>	<u><u>\$31,630</u></u>	<u><u>\$786,859</u></u>

References:

Column [A], Company Schedule B-2  
Column [B]: Schedule BAB-4  
Column [C]: Column [A] + Column [B]

1 Staff notes that the AIAC adjustment it is making is for the test year only and that the Company should identify all of these charges since the last rate case.

SUMMARY OF RATE BASE ADJUSTMENTS

LINE NO.	[A] PLANT IN SERVICE Acc't.	[B] Adj. No. 1 Wells & Springs	[C] Adj. No. 2 Power Generation Equipment	[D] Adj. No. 3 Pumping Equipment	[E] Adj. No. 4 Solution Chemical Feeders	[F] Adj. No. 5 Computers & Software	[G] Adj. No. 6 Accumulated Depreciation	[F] Adj. No. 7 Land and Land Rights	[G] Adj. No. 8 Service Line & Meter Advances	[H] STAFF AS ADJUSTED	
											COMPANY AS FILED
1	No. Plant Description										
2	301 Organization Cost	\$17,450	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$17,450	
3	302 Franchises	500	0	0	0	0	0	0	0	500	
4	303 Land and Land Rights	9,842	0	0	0	0	0	10,000	0	19,842	
5	304 Structures and Improvements	70,621	0	0	0	0	0	0	0	70,621	
6	305 Collecting and Impounding Reservoirs	0	0	0	0	0	0	0	0	0	
7	307 Wells and Springs	407,673	(59,283)	0	0	0	0	0	0	348,390	
8	309 Supply Mains	0	0	0	0	0	0	0	0	0	
9	310 Power Generation Equipment	0	0	27,400	0	0	0	0	0	27,400	
10	311 Pumping Equipment	113,628	0	0	14,913	0	0	0	0	128,541	
11	320 Water Treatment Equipment	0	0	0	0	0	0	0	0	0	
12	320.1 Water Treatment Plants	0	0	0	0	0	0	0	0	0	
13	320.2 Solution Chemical Feeders	53,075	0	0	0	(53,075)	0	0	0	0	
14	330 Distribution Reservoirs and Standpipes	0	0	0	0	0	0	0	0	0	
15	330.1 Storage Tanks	223,341	0	0	0	0	0	0	0	223,341	
16	330.2 Pressure Tanks	0	0	0	0	0	0	0	0	0	
17	331 Transmission and Distribution Mains	799,500	0	0	0	0	0	0	0	799,500	
18	333 Services	59,750	0	0	0	0	0	0	0	59,750	
19	334 Meters and Meter Installations	130,798	0	0	0	0	0	0	0	130,798	
20	335 Hydrants	1,230	0	0	0	0	0	0	0	1,230	
21	336 Backflow Prevention Devices	0	0	0	0	0	0	0	0	0	
22	339 Other Plant and Miscellaneous Equipment	1,880	0	0	0	0	0	0	0	1,880	
23	340 Office Furniture and Equipment	18,094	0	0	0	0	0	0	0	18,094	
24	340.1 Computers and Software	7,007	0	0	0	(1,321)	0	0	0	5,686	
25	341 Transportation Equipment	11,592	0	0	0	0	0	0	0	11,592	
26	343 Tools, Shop, and Garage Equipment	1,274	0	0	0	0	0	0	0	1,274	
27	344 Laboratory Equipment	0	0	0	0	0	0	0	0	0	
28	345 Power Operated Equipment	167	0	0	0	0	0	0	0	167	
29	346 Communication Equipment	0	0	0	0	0	0	0	0	0	
30	347 Miscellaneous Equipment	8,464	0	0	0	0	0	0	0	8,464	
31	348 Other Tangible Equipment	1,208	0	0	0	0	0	0	0	1,208	
32	Rounding	1	0	0	0	0	0	0	0	1	
33	Total Plant in Service	\$1,937,095	(\$59,283)	\$27,400	\$14,913	(\$53,075)	(\$1,321)	\$0	\$10,000	\$0	\$1,875,729
34	Less: Accumulated Depreciation	1,147,676	0	0	0	0	(97,446)	0	0	0	1,050,230
35	Net Plant in Service	\$789,419	(\$59,283)	\$27,400	\$14,913	(\$53,075)	(\$1,321)	\$97,446	\$10,000	\$0	\$825,499
36											
37	LESS:										
38	Advances in Aid of Construction (AIAC)	\$16,029	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$16,029
39	Meter Deposits - Service Line & Meter Advances	0	0	0	0	0	0	0	0	4,450	4,450
40											
41	Contributions in Aid of Construction (CIAC)	\$347,002	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$347,002
42	Less: Accumulated Amortization of CIAC	333,126	0	0	0	0	0	0	0	0	333,126
43	Net CIAC	\$13,876	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$13,876
44											
45	Total Advances and Net Contributions	\$29,905	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,450	\$34,355
46											
47	Customer Deposits	\$4,285	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,285
48	Accumulated Deferred Taxes	0	0	0	0	0	0	0	0	0	0
49											
50	ADD: Working Capital										
51	Prepayments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
52		0	0	0	0	0	0	0	0	0	0
53	<b>Total Rate Base</b>	<b>\$755,229</b>	<b>(\$59,283)</b>	<b>\$27,400</b>	<b>\$14,913</b>	<b>(\$53,075)</b>	<b>(\$1,321)</b>	<b>\$97,446</b>	<b>\$10,000</b>	<b>(\$4,450)</b>	<b>\$786,859</b>

**RATE BASE ADJUSTMENT NO. 1 - WELLS & SPRINGS**

			[A]	[B]	[C]
LINE NO.	Act. No.	DESCRIPTION	COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1		307 Wells & Springs	\$407,673	(\$59,283)	\$348,390
2					
3					
4					
5					
6	<b>MISCLASSIFIED</b>				
7	Act. No.	Description	2009	2010	Total
8		307 Wells & Springs	(\$5,034)	(\$9,878)	(\$14,913)
9		311 Pumping Equipment	5,034	9,878	\$14,913
10				\$0	
11					
12					
13					
14	<b>NOT USED AND USEFUL</b>				
15		Church or LDS Well	(\$29,012)		
16		Spring Well	(15,358)	(\$44,370)	

References:

Column [A]: Company Schedules C-2a & E-5

Column [B]: Testimony, BAB, Company Data Request Responses BAB 1.5, DH 5.2 & DH 5.3

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

Mount Tipton Water Company, Inc.  
Docket No. W-02105A-13-0415  
Test Year Ended June 30, 2013

Revised Surrebuttal Schedule BAB-6

**RATE BASE ADJUSTMENT NO. 2 - POWER GENERATION EQUIPMENT**

LINE NO.	Act. No.	Description	[A]	[B]	[C]
			COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1		310 Power Generation Equipment	\$0	\$27,400	\$27,400

References:

Column [A]: Company Schedules C-2a & E-5

Column [B]: Testimony, BAB, Company Data Request Responses BAB 1.5

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

**RATE BASE ADJUSTMENT NO. 3 - PUMPING EQUIPMENT**

LINE NO.	Act. No.	Description	[A]	[B]	[C]
			COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	311	Pumping Equipment	\$113,628	\$14,913	\$128,541
2					
3					
4					
5					
6	<b>MISCLASSIFIED</b>				
7	<b>Act. No.</b>	<b>Description</b>	<b>2009</b>	<b>2010</b>	<b>Total</b>
8	307	Wells & Springs	(\$5,034)	(\$9,878)	(\$14,913)
9	311	Pumping Equipment	5,034	9,878	\$14,913
10					\$0

References:

Column [A]: Company Schedules C-2a & E-5

Column [B]: Testimony, BAB, Company Data Request Responses BAB 1.5, Rebuttal Schedule E-5

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

Mount Tipton Water Company, Inc.  
Docket No. W-02105A-13-0415  
Test Year Ended June 30, 2013

Revised Surrebuttal Schedule BAB-8a

**RATE BASE ADJUSTMENT NO. 4 - SOLUTION CHEMICAL FEEDERS**

LINE NO.	Act. No.	Description	[A]	[B]	[C]
			COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	320.2	Solution Chemical Feeders	\$53,075	(\$53,075)	\$0

References:

Column [A]: Company Schedules C-2a & E-5

Column [B]: Testimony, BAB, Engineering Staff Report Page 11, Section III C.

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

Mount Tipton Water Company, Inc.  
Docket No. W-02105A-13-0415  
Test Year Ended June 30, 2013

Revised Surrebuttal Schedule BAB-8b

**RATE BASE ADJUSTMENT NO. 5 - COMPUTERS & SOFTWARE**

LINE NO.	Act. No.	Description	[A]	[B]	[C]
			COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	340.1	Computers & Software	\$7,007	(\$1,321)	\$5,686

References:

Column [A]: Company Schedules C-2, C-2a & E-5

Column [B]: Testimony, BAB, Company Data Request Responses BAB 1.5

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

**RATE BASE ADJUSTMENT NO. 6 - ACCUMULATED DEPRECIATION**

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Accumulated Depreciation	\$1,147,676	(\$97,446)	\$1,050,230
2				
3	<u>Calculation of Accumulated Depreciation</u>			
4				
5	Balance per Decision No. 72001			\$1,212,673
6	Depreciation Expense - 7/1/2009 - 12/31/2009		\$33,531	
7	Depreciation Expense - 2010		\$66,959	
8	Depreciation Expense - 2011		60,101	
9	Depreciation Expense - 2012		57,437	
10	Depreciation Expense - January 1 through June 30, 2013		29,013	\$247,041
11				
12	Plant Retirement - Church Well		(29,012)	
13	Plant Retirement - Spring Well		(15,358)	
14	Plant Retirement - Solution Chemical Feeders		(53,075)	
15	2009 Retirements		(4,131)	
16	2010 Retirements		(37,996)	
17	2011 Retirements		(72,154)	
18	2012 Retirements		(197,758)	(\$409,484)
19				
20	Total Accumulated Depreciation			<u>\$1,050,230</u>

References:

Column [A]: Company Schedule B-2

Column [B]: Testimony, BAB, Company Data Request Responses BAB 1.5, DH 5.2 & DH 5.3, Decision No. 72001, Rebuttal Schedule B-2

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

**RATE BASE ADJUSTMENT NO. 7 - LAND AND LAND RIGHTS**

LINE NO.	Act. No.	Description	[A]	[B]	[C]
			COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1		303 Land and Land Rights	\$9,842	\$10,000	\$19,842
2					
3					
4		Total land in Dolan Springs purchase	115	Acres	
5		Fenced in area per Staff	7	Acres	
6		Used and useful per Staff (L5 / L4)	6.09%		
7		Valuation per dockets W-02105A-01-0557, W-0197A-01-0557, and W-02105A-01-0556	\$170,000		
8		Staff adjustment (L6 * L7)	\$10,000*		

References:

Column [A]: Company Schedules C-2 & E-5

Column [B]: Surrebuttal Testimony, BAB

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

\* 6.09 percent of \$170,000 actually equals \$10,348. Staff rounded the value to an even \$10,000 since estimates were used for valuation purposes.

Mount Tipton Water Company, Inc.  
Docket No. W-02105A-13-0415  
Test Year Ended June 30, 2013

Revised Surrebuttal Schedule BAB-9c

**RATE BASE ADJUSTMENT NO. 8 - SERVICE LINE AND METER INSTALLATION CHARGES**

LINE NO.	Act. No.	Description	[A]	[B]	[C]
			COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1		Meter Deposits - Service Line & Meter Advances	\$0	\$4,450	\$4,450

References:

Column [A]: Company Schedule C-1

Column [B]: Revised Surrebuttal Testimony, BAB

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

**OPERATING INCOME STATEMENT - TEST YEAR AND STAFF RECOMMENDED**

LINE NO.	DESCRIPTION	[A] COMPANY TEST YEAR AS FILED	[B] STAFF TEST YEAR ADJUSTMENTS	[C] STAFF TEST YEAR AS ADJUSTED	[D] STAFF PROPOSED CHANGES	[E] STAFF RECOMMENDED
<u>REVENUES:</u>						
1	Metered Water Sales	\$312,811		\$312,811	\$28,863	\$341,674
2	Coin Revenue	16,341		16,341		16,341
3	Service Line and Meter Installation Charges	4,450	(4,450)	0		0
4	Other Operating Revenues	5,992		5,992		5,992
5	<b>Total Revenues</b>	<b>\$339,594</b>	<b>(\$4,450)</b>	<b>\$335,144</b>	<b>\$28,863</b>	<b>\$364,007</b>
<u>EXPENSES:</u>						
8	Salaries and Wages	\$103,268	\$0	\$103,268	\$0	\$103,268
9	Purchased Water	0	0	0	0	0
11	Purchased Power	22,461	(3,868) 1	18,593	0	18,593
12	Chemicals	0	0	0	0	0
13	Repairs and Maintenance	15,086	0	15,086	0	15,086
14	Office Supplies & Expense	29,286	0	29,286	0	29,286
15	Outside Services	8,030	0	8,030	0	8,030
16	Water Testing	3,956	350 2	4,306	0	4,306
17	Rental Expense	500	0	500	0	500
18	Transportation Expenses	9,336	0	9,336	0	9,336
19	Insurance - General Liability	10,691	0	10,691	0	10,691
22	Insurance - Health and Life	0	0	0	0	0
24	Rate Case Expense	7,000	0	7,000	0	7,000
25	Miscellaneous Expense	3,082	0	3,082	0	3,082
26	Depreciation Expense	45,005	354 3	45,359	0	45,359
27	Taxes Other Than Income	10,565	0	10,565	0	10,565
28	Property Taxes	18,279	(239)	18,040	42	18,082
29	Income Taxes	0	0	0	0	0
30	Customer Security Deposit Interest	324	0	324	0	324
33	<b>Total Operating Expenses</b>	<b>\$286,869</b>	<b>(\$3,403)</b>	<b>\$283,466</b>	<b>\$42</b>	<b>\$283,508</b>
35	<b>Operating Income (Loss)</b>	<b>\$52,725</b>	<b>(\$1,047)</b>	<b>\$51,678</b>	<b>\$28,821</b>	<b>\$80,499</b>

References:

Column [A]: Company Schedule C-1  
Column [B]: Schedules BAB-12, BAB-13 and BAB-14  
Column [C]: Column [A] + Column [B]  
Column [D]: Schedule BAB-15  
Column [E]: Column [C] + Column [D]

**SUMMARY OF OPERATING INCOME ADJUSTMENTS - TEST YEAR**

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] ADJ #1 Purchased Power Ref: Sch BAB-12	[C] ADJ #2 Water Testing Ref: Sch BAB-13	[D] ADJ #3 Depreciation Expense Ref: Sch BAB-14a	[E] ADJ #4 Service Line Revenue Ref: Sch BAB-14b	[F] STAFF ADJUSTED
<b>REVENUES:</b>							
1	Metered Water Sales	\$312,811	\$0	\$0	\$0	\$0	\$312,811
2	Coin Revenue	16,341	0	0	0	0	16,341
3	Service Line and Meter Installation Charges	4,450	0	0	0	(4,450)	0
4	Other Water Revenue	5,992	0	0	0	0	5,992
5	<b>Total Revenues</b>	<b>\$339,594</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$4,450)</b>	<b>\$335,144</b>
6							
7	<b>OPERATING EXPENSES:</b>						
8	Salaries and Wages	\$103,268	\$0	\$0	\$0	\$0	\$103,268
9	Purchased Water	0	0	0	0	0	0
10	Purchased Power	22,461	(3,868)	0	0	0	18,593
11	Chemicals	0	0	0	0	0	0
12	Repairs and Maintenance	15,086	0	0	0	0	15,086
13	Office Supplies & Expense	29,286	0	0	0	0	29,286
14	Outside Services	8,030	0	0	0	0	8,030
15	Water Testing	3,956	0	350	0	0	4,306
16	Rental Expense	500	0	0	0	0	500
17	Transportation Expenses	9,336	0	0	0	0	9,336
18	Insurance - General Liability	10,691	0	0	0	0	10,691
19	Insurance - Health and Life	0	0	0	0	0	0
20	Rate Case Expense	7,000	0	0	0	0	7,000
21	Miscellaneous Expense	3,082	0	0	0	0	3,082
22	Depreciation Expense	45,005	0	0	354	0	45,359
23	Taxes Other Than Income	10,565	0	0	0	0	10,565
24	Property Taxes	18,279	0	0	0	0	18,279
25	Income Taxes	0	0	0	0	0	0
26	Customer Security Deposit Interest	324	0	0	0	0	324
27							
28	<b>Total Operating Expenses</b>	<b>\$286,869</b>	<b>(\$3,868)</b>	<b>\$350</b>	<b>\$354</b>	<b>\$0</b>	<b>\$283,705</b>
29							
30	<b>Operating Income (Loss)</b>	<b>\$52,725</b>	<b>\$3,868</b>	<b>(\$350)</b>	<b>(\$354)</b>	<b>(\$4,450)</b>	<b>\$51,439</b>

OPERATING INCOME ADJUSTMENT NO. 1 - PURCHASED POWER

		[A]	[B]	[C]
LINE NO.	DESCRIPTION	COMPANY AS FILED	STAFF ADJUSTMENTS (Col C - Col A)	STAFF AS ADJUSTED
1	Purchased Power	\$22,461	(\$3,868)	\$18,593
2				
3				
4				
5	<u>Calculation of cost of Purchased Power related to Excess Water Loss</u>			
6				
7	<u>Description</u>	<u>Gallons</u>	<u>Amount</u>	
8	Water Pumped	47,768,000		
9	Water Sold	34,766,000		
10	10% of Water Pumped (L8 * 10%)	4,776,800		
11	Water Sold Plus 10% (L9 + L10)	39,542,800		
12	Excess Water Loss (L8 - L11)	8,225,200		
13	Percentage of Excess Water Loss (L12/L8)	17.22%		
14	Purchased Power Expense		\$22,461	
15	Purchased Power related to Excess Water Loss (L13 * L14)		\$3,868	

References:

- Column [A]: Company Schedule C-1
- Column [B]: Testimony, BAB; Engineering Staff Report Table 2A, Page 6
- Column [C]: Column [A] + Column [B]

**OPERATING INCOME ADJUSTMENT NO. 2 - WATER TESTING**

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS (Col C - Col A)	STAFF AS ADJUSTED
1	Water testing expense	\$3,956	\$350	\$4,306

References:

Column [A]: Company Schedule C-1

Column [B]: Testimony, BAB, Staff Engineering Report, Section J

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

OPERATING INCOME ADJUSTMENT NO. 3 - DEPRECIATION EXPENSE ON TEST YEAR PLANT

LINE NO.	Acct No.	DESCRIPTION	[A]	[B]	[C]	[D]	[E]
			PLANT In SERVICE Per Staff	NonDepreciable or Fully Depreciated PLANT	DEPRECIABLE PLANT (Col A - Col B)	DEPRECIATION RATE	DEPRECIATION EXPENSE (Col C x Col D)
1	301	Organization Cost	\$17,450	(\$17,450)	\$0	0.00%	\$0
2	302	Franchises	500	(500)	0	0.00%	0
3	303	Land and Land Rights	19,842	(19,842)	0	0.00%	0
4	304	Structures and Improvements	70,621	0	70,621	3.33%	2,352
5	307	Wells and Springs	348,390	0	348,390	2.50%	8,710
6	310	Power Generation Equipment	27,400	0	27,400	5.00%	1,370
7	311	Pumping Equipment	128,541	0	128,541	12.50%	16,068
8	320	Water Treatment Equipment	0	0	0		
9	320.1	Water Treatment Plants	0	0	0	3.33%	0
10	320.2	Solution Chemical Feeders	0	0	0	20.00%	0
11	330	Distribution Reservoirs and Standpipes	0	0	0		
12	330.1	Storage Tanks	223,341	0	223,341	2.22%	4,958
13	330.2	Pressure Tanks	0	0	0	5.00%	0
14	331	Transmission and Distribution Mains	799,500	0	799,500	2.00%	15,990
15	333	Services	59,750	0	59,750	3.33%	1,990
16	334	Meters and Meter Installations	130,798	69,595	61,203	8.33%	5,098
17	335	Hydrants	1,230	0	1,230	2.00%	25
18	339	Other Plant and Miscellaneous Equipment	1,880	0	1,880	6.67%	125
19	340	Office Furniture and Equipment	18,094	17,463	631	6.67%	42
20	340.1	Computers and Software	5,686	5,686	0	20.00%	0
21	341	Transportation Equipment	11,592	11,592	0	20.00%	0
22	343	Tools, Shop, and Garage Equipment	1,274	0	1,274	5.00%	64
23	344	Laboratory Equipment	0	0	0	10.00%	0
24	345	Power Operated Equipment	167	167	0	5.00%	0
25	347	Miscellaneous Equipment	8,464	8,464	0	10.00%	0
26	348	Other Tangible Equipment	1,208	1,208	0	10.00%	0
27		Total Plant	\$1,875,728	\$76,383	\$1,723,761		\$56,791
28							
29							
30		Composite Depreciation Rate (Depr Exp / Depreciable Plant):		3.29%			
31		CIAC:		\$347,002			
32		Amortization of CIAC (Line 33 x Line 34):		\$11,432			
33							
34		Depreciation Expense Before Amortization of CIAC:		\$56,791			
35		Less Amortization of CIAC:		11,432			
36		Test Year Depreciation Expense - Staff:		\$45,359			
37		Depreciation Expense - Company:		45,005			
38		<b>Staff's Total Adjustment:</b>		<b>\$354</b>			

References:

- Column [A]: Schedule BAB-4
- Column [B]: From Column [A]
- Column [C]: Column [A] - Column [B]
- Column [D]: Engineering Staff Report Figure 5
- Column [E]: Column [C] x Column [D]

OPERATING INCOME ADJUSTMENT NO. 4 - SERVICE LINE AND METER INSTALLATION CHARGES

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS (Col C - Col A)	STAFF AS ADJUSTED
1	Service Line and Meter Installation Charges	\$4,450	(\$4,450)	\$0

References:

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

**OPERATING INCOME ADJUSTMENT - PROPERTY TAXES**

LINE NO.	Property Tax Calculation	[A]	[B]
		STAFF AS ADJUSTED	STAFF RECOMMENDED
1	Staff Adjusted Test Year Revenues	\$335,144	\$335,144
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	\$670,288	\$670,288
4	Staff Recommended Revenue, Per Schedule BAB-1	335,144	364,007
5	Subtotal (Line 4 + Line 5)	\$1,005,432	\$1,034,295
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	\$335,144	\$344,765
8	Department of Revenue Mutilplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	\$670,288	\$689,530
10	Plus: 10% of CWIP -	-	-
11	Less: Net Book Value of Licensed Vehicles	\$0	\$0
12	Full Cash Value (Line 9 + Line 10 - Line 11)	\$670,288	\$689,530
13	Assessment Ratio	19.50%	19.00%
14	Assessment Value (Line 12 * Line 13)	\$130,706	\$131,011
15	Composite Property Tax Rate	13.80%	13.80%
16	Staff Test Year Adjusted Property Tax (Line 14 * Line 15)	\$18,040	
17	Company Proposed Property Tax	18,279	
18	Staff Test Year Adjustment (Line 16-Line 17)	(\$239)	
19	Property Tax - Staff Recommended Revenue (Line 14 * Line 15)		\$18,082
20	Staff Test Year Adjusted Property Tax Expense (Line 16)		18,040
21	Increase in Property Tax Expense Due to Increase in Revenue Requirement		42
22	Increase to Property Tax Expense		\$42
23	Increase in Revenue Requirement		\$28,863
24	Increase to Property Tax per Dollar Increase in Revenue (Line19/Line 20)		0.15%

**DELINQUENT PROPERTY TAX SURCHARGE CALCULATION**

Delinquent Property Taxes dues as of 4/22/2014: **\$197,433**  
 Monthly Interest Rate: **1.33%**

**Step 1 - Find the current tax bill for the delinquent property taxes**

\$197,433 Total Amount of delinquent property taxes  
 115.96% Annual Interest Rate  
 \$228,943 Estimated Delinquent Property Tax balance as of 4/22/2015  
 \$8,100 Hook-Up Fee current balance  
 \$220,843 Estimated Delinquent Property Tax balance Less Hook-Up Fee monies

**Step 2 - Find the Equivalent Bills**

Equivalent Bills				
[A]	[B]	[C]	[D]	[E]
Meter Size	NARUC Multiplier	Number of Customers	Repayment in 18 Months	Equivalent Bills [B] x [C] x [D]
5/8" x 3/4" Meter	1	657	18	11,826
3/4" Meter	1.5	0	18	-
1" Meter	2.5	1	18	45
1 1/2" Meter	5	1	18	90
2" Meter	8	2	18	288
3" Meter	15	0	18	-
4" Meter	25	1	18	450
6" Meter	50	0	18	-
		<u>662</u>		<u>12,699</u>

**Step 3 - Find the Monthly Surcharge for the 5/8" x 3/4" Meter Size Customers**

\$220,843 Delinquent Property Tax balance less Hook-Up Fee monies  
 12,699 Divided by: Total Number of Equivalent Bills  
 \$17.39 Monthly Surcharge for 3/4" Customers

**Step 4 - Find the Monthly Surcharge for the Remaining Meter Size Customers**

Equivalent Bills			
[A]	[B]	[C]	[D]
Meter Size	NARUC Multiplier	Customers' Surcharge	Surcharge by Meter Size [B] x [C]
5/8" x 3/4" Meter	1	\$17.39	\$17.39
3/4" Meter	1.5	\$17.39	\$26.09
1" Meter	2.5	\$17.39	\$43.48
1 1/2" Meter	5	\$17.39	\$86.95
2" Meter	8	\$17.39	\$139.12
3" Meter	15	\$17.39	\$260.86
4" Meter	25	\$17.39	\$434.76
6" Meter	50	\$17.39	\$869.53

**Step 5 - Find the annual revenue generated by the Monthly Surcharge**

Equivalent Bills			
[A]	[B]	[C]	[D]
Meter Size	Number of Customers	Surcharge by Meter Size	Annual Revenue [B] x [C] x 12
5/8" x 3/4" Meter	657	\$17.39	\$137,107
3/4" Meter	0	\$26.09	0
1" Meter	2	\$43.48	1,043
1 1/2" Meter	1	\$86.95	1,043
2" Meter	2	\$139.12	3,339
3" Meter	0	\$260.86	0
4" Meter	0	\$434.76	0
6" Meter	0	\$869.53	0
	<u>662</u>		<u>\$142,533</u>

**Step 6 - Find the Property Tax Conversion Factor**

1.00146

**Step 7 - Find the Incremental Income Tax Factor**

1.00146 minus 1 = 0.00146

**Step 8 - Find the Annual Property Tax Component of Surcharge Revenue**

0.00146 Incremental Income Tax Factor (from Step 7)  
 \$142,533 Multiplied by: Annual Surcharge Revenue (from Step 5)  
 \$208 Annual Income Tax Component of the Annual Surcharge Revenue

**FINANCIAL ANALYSIS**

Selected Financial Data  
Including Immediate Effects of the Proposed Delinquent Property Tax Surcharge

Line No.	[A] Staff Recommended Rates without Surcharge	[B] Adjustments	REF	[C] Staff Recommended Rates with Surcharge	
1	<b>INCOME STATEMENT</b>				
2	<b>Operating Revenue</b>				
3	Metered Water Revenue	\$341,674	\$0	\$341,674	
4	Coin Revenue	\$16,341	0	\$16,341	
5	Service Line and Meter Installation Charges	\$0	0	\$0	
6	Delinquent Property Tax Surcharge	0	142,533	A	\$142,533
7	Other Water Revenues	5,992	0	\$5,992	
8	<b>Total Operating Rev:</b>	<b>\$364,007</b>	<b>\$142,533</b>	<b>\$506,540</b>	
9					
10	<b>Operating Expenses</b>				
11	Salaries and Wages	\$103,268	\$0	\$103,268	
12	Purchased Water	0	0	0	
13	Purchased Power	18,593	0	18,593	
14	Chemicals	0	0	0	
15	Repairs and Maintenance	15,086	0	15,086	
16	Office Supplies & Expense	29,286	0	29,286	
17	Outside Services	8,030	0	8,030	
18	Water Testing	4,306	0	4,306	
19	Rental Expense	500	0	500	
20	Transportation Expenses	9,336	0	9,336	
21	Insurance - General Liability	10,691	0	10,691	
22	Insurance - Health and Life	0	0	0	
23	Rate Case Expense	7,000	0	7,000	
24	Miscellaneous Expense	3,082	0	3,082	
25	Depreciation Expense	45,359	0	45,359	
26	Taxes Other Than Income	10,565	0	10,565	
27	Property Taxes	18,082	208	B	18,290
28	Income Taxes	0	0	0	
29	Customer Security Deposit Interest	324	0	324	
30	<b>Total Operating Expense</b>	<b>\$283,508</b>	<b>\$208</b>	<b>\$283,716</b>	
31					
32	<b>Operating Income</b>	<b>\$80,499</b>	<b>\$142,325</b>	<b>\$222,824</b>	
33					
34	Interest Income	\$0	\$0	\$0	
35	Interest Expense on Long-term debt	0	0	0	
36	<b>Total Other Interest Expense</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
37					
38	<b>Net Income</b>	<b>\$80,499</b>	<b>\$142,325</b>	<b>\$222,824</b>	
39					
40	<b>Rate Base</b>	<b>\$786,859</b>		<b>\$786,859</b>	
41					
42	<b>Rate of Return (Line 32 / Line 40)</b>	<b>10.23%</b>		<b>28.32%</b>	
43					
44	<b>Operating Margin (Line 32 / Line 8)</b>	<b>22.11%</b>		<b>43.99%</b>	
45					
46	<b>Delinquent Property Tax Repayment</b>	<b>\$0</b>	<b>\$142,533</b>	<b>C</b>	<b>\$142,533</b>
47					
48	Annual Debt Service Amount	\$100,615	\$0	\$100,615	
49					
50	<b>Cash Flow (L38 + L25 - L46 - L48)</b>	<b>\$25,243</b>	<b>(\$208)</b>	<b>\$25,035</b>	
51					
52	<b>DSC [L25 + L28 + L32 - L46] ÷ [L48]</b>	<b>1.25</b>		<b>1.25</b>	

References:

Column [A]: Schedule BAB-10 & BAB-3, Company Schedule A-1  
Column [B]: Schedule, BAB-16; A - Step 1 and Step 5; B - See Step 8; C - See Step 5  
Column [C]: Column [A] + Column [B]

**RATE DESIGN**

Monthly Usage Charge	Present	Company Proposed Rates	Staff Recommended Rates
<u>Meter Size (All Classes):</u>			
5/8 x 3/4 Inch	\$22.25	\$24.00	\$23.00
3/4 Inch	33.38	36.00	34.13
1 Inch	55.63	60.00	56.38
1 1/2 Inch	111.25	120.00	112.00
2 Inch	178.00	192.00	178.75
3 Inch	356.00	384.00	356.75
4 Inch	556.25	600.00	557.00
6 Inch	112.50	1,200.00	1,112.50
8 Inch	1,780.00	1,800.00	1,780.00

Delinquent Property Tax Surcharge	\$0.00	\$11.98	\$17.39
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<u>Commodity Charge - Per 1,000 Gallons</u>			
<u>All Meter Sizes</u>			
First 4,000 gallons	\$3.05	N/A	N/A
4,001 to 9,000 gallons	4.60	N/A	N/A
Over 9,000 gallons	5.50	N/A	N/A
First 3,000 gallons	N/A	\$3.50	\$3.05
3,001 to 8,000 gallons	N/A	5.00	5.19
Over 8,000 gallons	N/A	6.35	6.82
<u>5/8 x 3/4-Inch Meter</u>			
First 3,000 gallons	N/A	\$3.50	3.05
3,001 to 8,000 gallons	N/A	5.00	5.19
Over 8,000 gallons	N/A	6.35	6.82
<u>3/4-Inch Meter</u>			
First 3,000 gallons	N/A	\$3.50	3.05
3,001 to 8,000 gallons	N/A	5.00	5.19
Over 8,000 gallons	N/A	6.35	6.82
<u>1" Meter (All Classes)</u>			
First 20,000 gallons	N/A	N/A	4.65
Over 20,000 gallons	N/A	N/A	6.27
<u>1 1/2" Meter (All Classes)</u>			
First 50,000 gallons	N/A	N/A	4.65
Over 50,000 gallons	N/A	N/A	6.27
<u>2" Meter (All Classes)</u>			
First 80,000 gallons	N/A	N/A	4.65
Over 80,000 gallons	N/A	N/A	6.27
<u>3" Meter (All Classes)</u>			
First 150,000 gallons	N/A	N/A	4.65
Over 150,000 gallons	N/A	N/A	6.27
<u>4" Meter (All Classes)</u>			
First 300,000 gallons	N/A	N/A	4.65
Over 300,000 gallons	N/A	N/A	6.27
<u>6" Meter (All Classes)</u>			
First 500,000 gallons	N/A	N/A	4.65
Over 500,000 gallons	N/A	N/A	6.27
<u>8" Meter (All Classes)</u>			
First 600,000 gallons	N/A	N/A	4.65
Over 600,000 gallons	N/A	N/A	6.27
<u>Standpipe Commodity Rates</u>			
Bulk Sales (per 1,000 gallons)	\$5.50	\$6.35	\$6.05
Vending Rate per 40 gallons	0.25	0.25	0.25

**RATE DESIGN Cont.**

Other Service Charges			
Establishment	\$25.00	\$30.00	\$30.00
Establishment (After Hours)	40.00	N/A	Remove from Tariff
Reconnection (Delinquent)	40.00	40.00	30.00
Reconnection (After Hours)	40.00	N/A	Remove from Tariff
Meter Test (If Correct)	40.00	40.00	20.00
NSF Check	25.00	25.00	25.00
Meter Reread (If Correct)	15.00	15.00	15.00
Deposit	*	*	*
Deposit Interest (Per Month)	**	**	**
Deferred Payment (Per Month)	***	***	***
Late Charge (Per Month)	***	***	***
Re-establishment (Within 12 Months)	****	****	****
Main Extension	Cost	N/A	N/A
After Hour Service Charge (at customers request)	N/A	50.00	50.00
<b>Monthly Service Charge for Fire Sprinkler</b>			
All Sizes	*****	*****	*****

\* Per Commission Rule A.A.C. R-14-2-403(B)(7).

\*\* Per Commission Rule A.A.C. R-14-2-403(B)(3).

\*\*\* 1.50% of unpaid monthly balance.

\*\*\*\* Month off system times the monthly minimum A.A.C. R14-2-403(D).

\*\*\*\*\* 2% of Monthly Minimum for a Comparable Sized Meter Connection, but no less than \$10.00 per month. The Service Charge for Fire Sprinklers is only applicable to service lines separate and distinct from the primary water service

\*\*\*\*\* 2% of Monthly Minimum for a Comparable Sized Meter Connection, but no less than \$11.00 per month. The Service Charge for Fire Sprinklers is only applicable to service lines separate and distinct from the primary water service

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 A.A.C. 14-2-409D(5).

**Service and Meter Installation Charges**

Description	Present Rate			Proposed Rate	Staff Recommended
	Service Line	Meter Charge	Total Charge		
5/8 x 3/4 Inch	\$445	\$155	\$600	No change	No change
3/4 Inch	445	255	700	No change	No change
1 Inch	495	315	810	No change	No change
1 1/2 Inch	550	525	1,075	No change	No change
2 Inch Turbine	830	1,045	1,875	No change	No change
2 Inch Compound	830	1,890	2,720	No change	No change
3 Inch Turbine	1,045	1,670	2,715	No change	No change
3 Inch Compound	1,165	2,545	3,710	No change	No change
4 Inch Turbine	1,490	2,670	4,160	No change	No change
4 Inch Compound	1,670	3,645	5,315	No change	No change
6 Inch Turbine	2,210	5,025	7,235	No change	No change
6 Inch Compound	2,330	6,920	9,250	No change	No change
8 Inch Turbine	3,000	7,500	10,500	No change	No change
8 Inch Compound	3,200	8,000	11,200	No change	No change

**Typical Bill Analysis Without the Delinquent Property Tax Surcharge**

General Service 5/8 x 3/4-Inch Meter

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	3,657	\$33.40	\$38.79	\$5.39	16.14%
Median Usage	2,364	29.46	33.27	3.81	12.95%
<b>Staff Recommended</b>					
Average Usage	3,657	\$33.40	\$35.56	\$2.15	6.44%
Median Usage	2,364	29.46	30.21	0.75	2.55%

Present & Proposed Rates (Without Taxes)

General Service 5/8 x 3/4-Inch Meter

Gallons	Company			Staff	
	Present	Proposed	%	Recommended	%
Minimum Charge	\$22.25	Minimum Charge	\$25.00	Minimum Charge	\$23.00
1st Tier Rate	\$3.05	1st Tier Rate	\$3.50	1st Tier Rate	\$3.05
1st Tier Breakover	4,000	1st Tier Breakover	3,000	1st Tier Breakover	3,000
2nd Tier Rate	\$4.60	2nd Tier Rate	\$5.00	2nd Tier Rate	\$5.19
2nd Tier Breakover	9,000	2nd Tier Breakover	8,000	2nd Tier Breakover	8,000
3rd Tier Rate	\$5.50	3rd Tier Rate	\$6.35	3rd Tier Rate	\$6.82

Consumption	Rates	Rates	Increase	Rates	Increase
-	\$22.25	\$25.00	12.36%	\$23.00	3.37%
1,000	25.30	28.50	12.65%	26.05	2.96%
2,000	28.35	32.00	12.87%	29.10	2.65%
3,000	31.40	35.50	13.06%	32.15	2.39%
4,000	34.45	40.50	17.56%	37.34	8.37%
5,000	39.05	45.50	16.52%	42.52	8.89%
6,000	43.65	50.50	15.69%	47.71	9.29%
7,000	48.25	55.50	15.03%	52.89	9.62%
8,000	52.85	60.50	14.47%	58.08	9.89%
9,000	57.45	66.85	16.36%	64.89	12.95%
10,000	62.95	73.20	16.28%	71.71	13.91%
11,000	68.45	79.55	16.22%	78.52	14.71%
12,000	73.95	85.90	16.16%	85.34	15.40%
13,000	79.45	92.25	16.11%	92.15	15.98%
14,000	84.95	98.60	16.07%	98.97	16.50%
15,000	90.45	104.95	16.03%	105.78	16.95%
16,000	95.95	111.30	16.00%	112.60	17.35%
17,000	101.45	117.65	15.97%	119.41	17.70%
18,000	106.95	124.00	15.94%	126.23	18.02%
19,000	112.45	130.35	15.92%	133.04	18.31%
20,000	117.95	136.70	15.90%	139.86	18.57%
25,000	145.45	168.45	15.81%	173.93	19.58%
30,000	172.95	200.20	15.76%	208.01	20.27%
35,000	200.45	231.95	15.71%	242.08	20.77%
40,000	227.95	263.70	15.68%	276.16	21.15%
45,000	255.45	295.45	15.66%	310.23	21.44%
50,000	282.95	327.20	15.64%	344.31	21.68%
75,000	420.45	485.95	15.58%	514.68	22.41%
100,000	557.95	644.70	15.55%	685.06	22.78%

**Typical Bill Analysis Including the Delinquent Property Tax Surcharge**

General Service 5/8 x 3/4-Inch Meter

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	3,657	\$33.40	\$38.79	\$5.39	16.14%
Median Usage	2,364	29.46	33.27	3.81	12.95%
<b>Staff Recommended</b>					
Average Usage	3,657	\$33.40	\$52.95	\$19.54	58.51%
Median Usage	2,364	29.46	47.60	18.14	61.58%

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

Gallons	Company		Staff	
	Present	Proposed %	Recommended	%
Minimum Charge	\$22.25	Minimum Charge \$25.00	Minimum Charge \$23.00	
1st Tier Rate	\$3.05	1st Tier Rate \$3.50	1st Tier Rate \$3.05	
1st Tier Breakover	4,000	1st Tier Breakover 3,000	1st Tier Breakover 3,000	
2nd Tier Rate	\$4.60	2nd Tier Rate \$5.00	2nd Tier Rate \$5.19	
2nd Tier Breakover	9,000	2nd Tier Breakover 8,000	2nd Tier Breakover 8,000	
3rd Tier Rate	\$5.50	3rd Tier Rate \$6.35	3rd Tier Rate \$6.82	
		Delinquent Property Tax Surcharge	\$17.39	

Consumption	Rates	Rates	Increase	Rates	Increase
-	\$22.25	\$25.00	12.36%	\$40.39	81.53%
1,000	25.30	28.50	12.65%	\$43.44	71.70%
2,000	28.35	32.00	12.87%	\$46.49	63.99%
3,000	31.40	35.50	13.06%	\$49.54	57.77%
4,000	34.45	40.50	17.56%	\$54.73	58.86%
5,000	39.05	45.50	16.52%	\$59.91	53.42%
6,000	43.65	50.50	15.69%	\$65.10	49.13%
7,000	48.25	55.50	15.03%	\$70.28	45.66%
8,000	52.85	60.50	14.47%	\$75.47	42.79%
9,000	57.45	66.85	16.36%	\$82.28	43.22%
10,000	62.95	73.20	16.28%	\$89.10	41.53%
11,000	68.45	79.55	16.22%	\$95.91	40.12%
12,000	73.95	85.90	16.16%	\$102.73	38.91%
13,000	79.45	92.25	16.11%	\$109.54	37.87%
14,000	84.95	98.60	16.07%	\$116.36	36.97%
15,000	90.45	104.95	16.03%	\$123.17	36.18%
16,000	95.95	111.30	16.00%	\$129.99	35.47%
17,000	101.45	117.65	15.97%	\$136.80	34.85%
18,000	106.95	124.00	15.94%	\$143.62	34.28%
19,000	112.45	130.35	15.92%	\$150.43	33.78%
20,000	117.95	136.70	15.90%	\$157.25	33.32%
25,000	145.45	168.45	15.81%	\$191.32	31.54%
30,000	172.95	200.20	15.76%	\$225.40	30.32%
35,000	200.45	231.95	15.71%	\$259.47	29.44%
40,000	227.95	263.70	15.68%	\$293.55	28.78%
45,000	255.45	295.45	15.66%	\$327.62	28.25%
50,000	282.95	327.20	15.64%	\$361.70	27.83%
75,000	420.45	485.95	15.58%	\$532.07	26.55%
100,000	557.95	644.70	15.55%	\$702.45	25.90%