

ORIGINAL



MEMORANDUM

RECEIVED
AZ CORP COMMISSION
DOCKET CONTROL

TO: Docket Control Center

FROM: Thomas M. Broderick
Director
Utilities Division

Lu m Broderick

2015 OCT 16 AM 11 20

DATE: October 16, 2015

RE: **STAFF'S REPLY TO COMPANY'S COMMENTS FOR PARKER LAKEVIEW ESTATES HOMEOWNER'S ASSOCIATION, INC. DBA PARKER SPRINGS WATER COMPANY'S APPLICATION FOR A RATE INCREASE (DOCKET NO. W-01853A-15-0145)**

BACKGROUND

On May 7, 2015, Parker Lakeview Estates Homeowner's Association, Inc. dba Parker Springs Water Company, Inc., ("Parker" or "Company") applied for an increase in rates. The Application was deemed sufficient on June 4, 2015. Staff filed its Staff Report on August 3, 2015, and the Company's comments were filed August 18, 2015. A Procedural Order of October 1, 2015, ordered Staff to reply to the Company's comments by October 16, 2015.

DISCUSSION

Staff will address the following issues:

- 1. Rate Base
- 2. Expense Adjustments
- 3. Required Revenue

Rate Base

Parker raised three issues related to the development of the Company's rate base: the capitalization of a well control receiver and its addition to Utility Plant in Service, the adjustment of accumulated depreciation and the proper balance of Advances in Aid of Construction ("AIAC").

The Company believes that the cost of a well control receiver should remain an expense charged to Outside Services. Staff continues to believe that the \$1,102.25 receiver is a part of the well system, and it is properly included in utility plant account, 307, Wells and Springs.

Staff's accumulated depreciation balance reflects the depreciation of added plant mentioned in the preceding paragraph, the salvage value of retired plant and the retirement of plant pursuant to National Association of Regulatory Utility Commissioners Uniform System of Accounts ("NARUC USoA") 27(B) 2.

Arizona Corporation Commission
DOCKETED

OCT 16 2015

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Staff's test year AIAC balance is based on the beginning balance of \$1,190. On October 14, 2011, Decision 72638 adopted Staff's Original Cost Rate base of \$34,523. Schedule GTM-2 of Staff's Report verifies an ending AIAC balance of \$1,190.

Expense Adjustments

The Company disagrees with Staff's depreciation expense. Staff finds that the difference is that the Company used the wrong depreciation rate, 15 percent not 20 percent, for Account 320.2, Solutions and Feeders.

In addition, Parker objects to Staff's calculation of property tax expense. Staff calculates property tax expense using a modified version of the Arizona Department of Revenue's ("ADOR") property tax method as shown on Schedule JLK-3. Staff continues to support its initial Recommendation.

Required Revenue

Staff's Revenue Requirement is calculated on a cash flow basis, and it is designed to meet the Debt Service Coverage Ratio ("DSC") of the Company's Water Infrastructure Financing Authority of Arizona ("WIFA") loan. WIFA requires that Parker maintain a DSC of 1.25. At present, Parker is not in compliance with the WIFA loan covenants in that its DSC is .97 as shown on Schedule JLK-7. Staff's recommended revenue is necessary in order to position the Company to meet its loan covenants. Staff continues to support its original Revenue Requirement Recommendation.

TMB:JLK:red\ML

Originator: Jorn Keller

Service List for: Parker Springs Water Company
Docket No. W-01853A-15-0145

Ms. Gail Spain
Parker Springs Water Company
7947 South Coronado Drive
HC1 Box 474
Elgin, Arizona 85611

Mr. Thomas M. Broderick
Director, Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Ms. Janice M. Alward
Chief Counsel, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Mr. Dwight Nodes
Chief Administrative Law Judge, Hearing Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

**SUMMARY OF OPERATING INCOME
ADJUSTED TEST YEAR AND STAFF RECOMMENDED**

	-- Present Rates --		-- Proposed Rates --	
	Company as Filed	Staff as Adjusted	Company as Filed	Staff as Proposed
Revenues:				
Metered Water Revenue	\$ 15,969	\$ 15,969	\$ 27,132	\$ 31,019
Unmetered Water Revenue	-	-	-	-
Other Water Revenues	11,210	11,210	47	47
Total Operating Revenue	\$ 27,179	\$ 27,179	\$ 27,179	\$ 31,066
Operating Expenses:				
Operation and Maintenance	\$ 9,591	\$ 8,147	\$ 9,591	\$ 8,148
Depreciation	9,504	9,648	9,504	9,648
Property & Other Taxes	585	1,145	585	1,144
Income Tax	-	-	-	-
Total Operating Expense	\$ 19,680	\$ 18,940	\$ 19,680	\$ 18,940
Operating Income/(Loss)	\$ 7,499	\$ 8,239	\$ 7,499	\$ 12,126
Rate Base O.C.L.D.	\$ 232,119	\$ 234,821	\$ 232,119	\$ 234,821
Rate of Return - O.C.L.D.	3.23%	3.51%	3.23%	5.16%
Cash Flow	\$ (468)	\$ 463	\$ (468)	\$ 4,303

ORIGINAL COST RATE BASE/FAIR VALUE

	----- Original Cost -----		A	B	C	D	E
	Company	Adjustment					
Plant in Service	\$ 305,575	\$ 1,102	A				\$ 306,677
Less:							
Accum. Depreciation	58,456	(864)	B				57,592
Net Plant	\$ 247,119	\$ 1,966					\$ 249,085
Less:							
Plant Advances	140	245	C				385
Security Deposits	80	-					80
Total Advances	220	245					465
Contributions Gross	15,280	-					15,280
Less:							
Amortization of CIAC	500	-					500
Net CIAC	14,780	-					14,780
Total Deductions	\$ 15,000	\$ 245					\$ 15,245
Plus:							
1/24 Power	-	19	D				19
1/8 Operation & Maint.	-	963	E				963
Inventory	-	-					-
Prepayments	-	-					-
Total Additions	\$ -	\$ 981					\$ 981
Rate Base	\$ 232,119	\$ 2,702					\$ 234,821

Explanation of Adjustment:

- A Refer to JLK-2, Page 2
- B Refer to JLK-2, Page 3
- C To adjust Advances per Decision 72638
- D&E To reflect Staff's calculation of cash working capital based on Staff's recommended power and operation expenses.

PLANT ADJUSTMENT

	Company Exhibit	Adjustment	Staff Adjusted
301	Organization	\$ -	\$ -
302	Franchise Costs	-	-
303	Land & Land Rights	10,500	10,500
304	Structures & Improvements	47,339	47,339
307	Wells & Springs	107,370	108,472
311	Electric Pumping Equipment	3,193	3,193
320	Water Treatment Equipment	-	-
320.1	Water Treatment Plants	-	-
320.2	Solutions & Feeders	2,224	2,224
320.3	Arsenic Remediation Plant	-	-
330	Distribution Reservoirs & Standpipes	-	-
330.1	Storage Tank	48,985	48,985
330.2	Pressure Tanks	-	-
331	Transmission & Distribution Mains	41,036	41,036
333	Services	9,048	9,048
334	Meters & Meter Installations	3,580	3,580
309	Supply Mains	32,018	32,018
336	Backflow Prevention Devices	-	-
339	Other Plant & Misc. Equip.	-	-
340	Office Furniture & Fixtures	-	-
340.1	Computer & Software	-	-
341	Transportation Equipment	-	-
342	Store Equipment	-	-
343	Tools & Work Equipment	282	282
344	Laboratory Equipment	-	-
345	Power Operated Equipment	-	-
346	Communications Equipment	-	-
347	Miscellaneous Equipment	-	-
348	Other Intangibles	-	-
105	C.W.I.P.	-	-
	TOTALS	\$ 305,575	\$ 306,677

Explanation of Adjustment:

A To add well control curcuit receiver

ACCUMULATED DEPRECIATION ADJUSTMENT

	<u>Amount</u>	
Accumulated Depreciation - Per Company	\$ 58,456	
Accumulated Depreciation - Per Staff	<u>57,592</u>	A
Total Adjustment	<u><u>\$ (864)</u></u>	

Explanation of Adjustment:

- A - To adjust for early retirement of assets and salvage value of assets.

STATEMENT OF TEST YEAR OPERATING INCOME

	Company Exhibit	Staff Adjustments	Staff Adjusted
Revenues:			
461 Metered Water Revenue	\$ 15,969	\$ -	\$ 15,969
460 Unmetered Water Revenue	-	-	-
474 Other Water Revenues	11,210	-	11,210
Total Operating Revenue	\$ 27,179	\$ -	\$ 27,179
Operating Expenses:			
601 Salaries and Wages	-	-	\$ -
610 Purchased Water	-	-	-
616 Purchased Fuel	444	-	444
618 Chemicals	57	-	57
620 Repairs and Maintenance	630	-	630
621 Office Supplies & Expense	509	-	509
630 Outside Services	5,507	(1,102) A	4,405
635 Water Testing	1,485	(342) B	1,143
641 Rents	59	-	59
650 Transportation Expenses	-	-	-
657 Insurance - General Liability	750	-	750
659 Insurance - Health and Life	-	-	-
666 Regulatory Commission Expense - Rate Case	-	-	-
675 Miscellaneous Expense	150	-	150
403 Depreciation Expense	9,504	144 C	9,648
408 Taxes Other Than Income	1	-	1
408.11 Property Taxes	584	560 D	1,144
409 Income Tax	-	-	-
Total Operating Expenses	\$ 19,680	\$ (740)	\$ 18,940
OPERATING INCOME/(LOSS)	\$ 7,499	\$ 740	\$ 8,239
Other Income/(Expense):			
419 Interest and Dividend Income	\$ 1	\$ -	\$ 1
421 Non-Utility Income	-	-	-
427 Interest Expense	1,634	-	1,634
4XX Reserve/Replacement Fund Deposit	3,060	-	3,060
426 Miscellaneous Non-Utility Expense	-	-	-
Total Other Income/(Expense)	(4,693)	-	(4,693)
NET INCOME/(LOSS)	\$ 2,806	\$ 740	\$ 3,546

STAFF ADJUSTMENTS

A.	630 OUTSIDE SERVICES - Per Company	\$ 5,507		
	Per Staff	4,405	\$	(1,102)

To capitalize the expense of adding a well control curcuit receiver.

B.	635 WATER TESTING - Per Company	\$ 1,485		
	Per Staff	1,143	\$	(342)

To adjust per Staff Engineering Report.

C.	403 DEPRECIATION - Per Company	\$ 9,504		
	Per Staff	9,648	\$	144

To correct the Company's depreciation rate for Account 320.2

Pro Forma Annual Depreciation Expense:

Plant in Service	\$ 338,320	
Less: Non Depreciable Plant	10,500	
Fully Depreciated Plant	17,673	
Depreciable Plant	\$ 310,147	
Times: Staff Proposed Depreciation Rate	3.27%	
Credit to Accumulated Depreciation	10,148	
Less: Amort. of CIAC* @ 3.27%	500	
Pro Forma Annual Depreciation Expense	\$ 9,648	

*** Amortization of CIAC:**

Contribution(s) in Aid of Construction (Gross)	\$ 15,280	
Less: Non Amortizable Contribution(s)	-	
Fully Amortized Contribution(s)	-	
Amortizable Contribution(s)	\$ 15,280	
Times: Staff Proposed Amortization Rate	3.27%	
Amortization of CIAC	\$ 500	

D.	408 PROPERTY TAXES - Per Company	\$ 584		
	Per Staff	1,144	\$	560

Staff has applied the 2015 property tax rate and used the ADOR method of calculation.

OPERATING INCOME ADJUSTMENT No. 3 - DEPRECIATION EXPENSE

LINE NO.	ACCT NO.	DESCRIPTION	UTILITY PLANT IN SERVICE BALANCES	FULLY/NON-DEPRECIABLE PLANT BALANCES	DEPRECIABLE PLANT IN SERVICE	DEPREC. RATE	DEPRECIATION EXPENSE
Plant In Service							
1	301	Organization	\$ -	\$ -	\$ -	0.00%	\$ -
2	302	Franchise Costs	-	-	-	0.00%	-
3	303	Land & Land Rights	10,500	10,500	-	0.00%	-
1568	304	Structures & Improvements	47,339	243	47,096	3.33%	1,568
1569	307	Wells & Springs	108,472	4,500	103,972	3.33%	3,462
1570	310	Power Generation Equipment	31,642	-	31,642	5.00%	1,582
1571	311	Electric Pumping Equipment	3,193	1,473	1,720	12.50%	215
1572	320	Water Treatment Equipment	-	-	-	-	-
1573	320.1	Water Treatment Plants	-	-	-	3.33%	-
1574	320.2	Solutions & Feeders	2,224	-	2,224	20.00%	445
1575	320.3	Arsenic Remediation Plant	-	-	-	10.00%	-
1576	330	Distribution Reservoirs & Standpipes	-	-	-	-	-
1577	330.1	Storage Tank	48,985	-	48,985	2.22%	1,087
1578	330.2	Pressure Tanks	-	-	-	5.00%	-
1579	331	Transmission & Distribution Mains	41,036	9,557	31,479	2.00%	630
1580	333	Services	9,048	1,253	7,795	3.33%	260
1581	334	Meters & Meter Installations	3,580	647	2,933	8.33%	244
1582	309	Supply Mains	32,018	-	32,018	2.00%	640
1583	336	Backflow Prevention Devices	-	-	-	6.67%	-
1584	339	Other Plant & Misc. Equip.	-	-	-	6.67%	-
1585	340	Office Furniture & Fixtures	-	-	-	6.67%	-
1586	340.1	Computer & Software	-	-	-	20.00%	-
1587	341	Transportation Equipment	-	-	-	20.00%	-
1588	342	Store Equipment	-	-	-	4.00%	-
1589	343	Tools & Work Equipment	282	-	282	5.00%	14
1590	344	Laboratory Equipment	-	-	-	10.00%	-
1591	345	Power Operated Equipment	-	-	-	5.00%	-
28	346	Communications Equipment	-	-	-	10.00%	-
29	347	Miscellaneous Equipment	-	-	-	10.00%	-
	348	Other Intangibles	-	-	-	0.00%	-
29		Subtotal General	\$ 338,320	\$ 28,173	\$ 310,147		\$ 10,148
30		Less: Amortization of Contributions			\$ 15,280	3.27%	\$ 500
31		Staff Recommended Depreciation Expense					\$ 9,648
32		Company Proposed Depreciation Expense					9,504
33		Increase/(Decrease) to Depreciation Expense					\$ 144

OPERATING INCOME ADJUSTMENT No. 3 - PROPERTY TAXES

LINE NO.	DESCRIPTION	[A]	[B]
		STAFF AS ADJUSTED	STAFF RECOMMENDED
1	Staff Adjusted Test Year Revenues	\$ 27,179	\$ 27,179
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	\$ 54,358	\$ 54,358
4	Staff Recommended Revenue	\$ 27,179	\$31,066
5	Subtotal (Line 4 + Line 5)	\$ 81,537	\$ 85,424
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	\$ 27,179	\$ 28,475
8	Department of Revenue Multiplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	\$ 54,358	\$ 56,949
10	Plus: 10% of CWIP	-	-
11	Less: Net Book Value of Licensed Vehicles	-	-
12	Full Cash Value (Line 9 + Line 10 - Line 11)	\$ 54,358	\$ 56,949
13	Assessment Ratio - 2014/2015 Rate	18.50%	18.50%
14	Assessment Value (Line 12 * Line 13)	\$ 10,056	\$ 10,536
15	Composite Property Tax Rate - Obtained from ADOR	10.86140%	10.86140%
16	Staff Test Year Adjusted Property Tax Expense (Line 14 * Line 15)	\$ 1,092	
17	Company Proposed Property Tax	584	
18	Staff Test Year Adjustment (Line 16 - Line 17)	\$ 508	
19	Property Tax - Staff Recommended Revenue (Line 14 * Line 15)		\$ 1,144
20	Staff Test Year Adjusted Property Tax Expense (Line 16)		\$ 1,092
21	Increase in Property Tax Due to Increase in Revenue Requirement		\$ 52
22	Increase in Property Tax Due to Increase in Revenue Requirement (Line 21)		\$ 52
23	Increase in Revenue Requirement		\$ 3,887
24	Increase in Property Tax Per Dollar Increase in Revenue (Line 22 / Line 23)		1.339573%

REFERENCES:

- Line 15: Composite Tax Rate obtained from Arizona Department of Revenue
- Line 17: Company Schedule C-1 Page 2
- Line 21: Line 19 - Line 20
- Line 23: Schedule xxx

RATE DESIGN

Monthly Usage Charge	Present Rates	Company Proposed Rates	Staff Recommended Rates
5/8" x 3/4" Meter	\$ 60.84	\$ 61.04	\$ 69.33
3/4" Meter	\$ 52.50	\$ 52.50	\$ 75.00
1" Meter	\$ 87.50	\$ 87.50	\$ 75.00
1 1/2" Meter	\$ 175.00	\$ 175.00	\$ 150.00
2" Meter	\$ 280.00	\$ 280.00	\$ 240.00
3" Meter	\$ 560.00	\$ 560.00	\$ 480.00
4" Meter	\$ 875.00	\$ 875.00	\$ 750.00
6" Meter	\$ 1,750.00	\$ 1,750.00	\$ 1,500.00
8" Meter	\$ -	\$ -	\$ -
10" Meter	\$ -	\$ -	\$ -
Fire			
2"	\$ -	\$ -	\$ -
4"	\$ -	\$ -	\$ -
6"	\$ -	\$ -	\$ -
8"	\$ -	\$ -	\$ -
10"	\$ -	\$ -	\$ -
12"	\$ -	\$ -	\$ -
14"	\$ -	\$ -	\$ -
20"	\$ -	\$ -	\$ -
Private Hydrant	\$ -	\$ -	\$ -
Public Hydrant	\$ -	\$ -	\$ -
Public Sprinkler Head	\$ -	\$ -	\$ -
Commodity Rates			
5/8 x 3/4" & 3/4" Meter - Residential			
Gallons Included in Minimum	-	-	-
Excess of Minimum - per 1,000 Gallons			
First 3,000 Gallons	\$ 2.70		
From 3,001 to 8,000 Gallons	\$ 4.50		
Over 8,000 Gallons	\$ 5.40		
First 3,000 Gallons		\$ 2.70	\$ 3.70
From 3,001 to 8,000 Gallons		\$ 4.50	\$ 5.50
Over 8,000 Gallons		\$ 5.40	\$ 7.40
3/4" Meter - Commercial & Industrial			
Gallons Included in Minimum	-	-	-
Excess of Minimum - per 1,000 Gallons			
First 3,000 Gallons	\$ 2.70		
From 3,001 to 8,000 Gallons	\$ 4.50		
Over 8,000 Gallons	\$ 5.40		
First 3,000 Gallons		\$ 2.70	\$ 3.70
From 3,001 to 8,000 Gallons		\$ 4.50	\$ 5.50
Over 8,000 Gallons		\$ 5.40	\$ 7.40
1" - Residential, Commercial & Industrial			
Gallons Included in Minimum	-	-	-
Excess of Minimum - per 1,000 Gallons			
From 1 to 10,000 Gallons	\$ 4.50		
Over 10,000 Gallons	\$ 5.40		
From 1 to 10,000 Gallons		\$ 4.50	\$ 5.50
Over 10,000 Gallons		\$ 5.40	\$ 7.40
1 1/2" - Residential, Commercial & Industrial			
Gallons Included in Minimum	-	-	-
Excess of Minimum - per 1,000 Gallons			
From 0 to 20,000 Gallons	\$ 4.50		
Over 20,000 Gallons	\$ 5.40		
From 0 to 20,000 Gallons		\$ 4.50	\$ 5.50
Over 20,000 Gallons		\$ 5.40	\$ 7.40
2" - Residential, Commercial & Industrial			
Gallons Included in Minimum	-	-	-
Excess of Minimum - per 1,000 Gallons			
From 0 to 40,000 Gallons	\$ 4.50		
Over 40,000 Gallons	\$ 5.40		
From 0 to 40,000 Gallons		\$ 4.50	\$ 5.50
Over 40,000 Gallons		\$ 5.40	\$ 7.40
3" - Residential, Commercial & Industrial			
Gallons Included in Minimum	-	-	-
Excess of Minimum - per 1,000 Gallons			
From 0 to 144,000 Gallons	\$ 4.50		
Over 144,000 Gallons	\$ 5.40		
From 0 to 144,000 Gallons		\$ 4.50	\$ 5.50
Over 144,000 Gallons		\$ 5.40	\$ 7.40
4" - Residential, Commercial & Industrial			
Gallons Included in Minimum	-	-	-
Excess of Minimum - per 1,000 Gallons			
From 0 to 225,000 Gallons	\$ 4.50		
Over 225,000 Gallons	\$ 5.40		
From 0 to 225,000 Gallons		\$ 4.50	\$ 5.50
Over 225,000 Gallons		\$ 5.40	\$ 7.40
6" - Residential, Commercial & Industrial			
Gallons Included in Minimum	-	-	-
Excess of Minimum - per 1,000 Gallons			
From 0 to 450,000 Gallons	\$ 4.50		
Over 450,000 Gallons	\$ 5.40		
From 0 to 450,000 Gallons		\$ 4.50	\$ 5.50
Over 450,000 Gallons		\$ 5.40	\$ 7.40

RATE DESIGN

Service Line and Meter Installation Charges	Present Rates	Company Proposed Rates	Staff Recommended Rates
5/8" x 3/4" Meter	\$ 520.00	\$ 520.00	\$ 520.00
3/4" Meter	\$ 620.00	\$ 620.00	\$ 620.00
1" Meter	\$ 780.00	\$ 780.00	\$ 780.00
1½" Meter	\$ 1,050.00	\$ 1,050.00	\$ 1,050.00
2" Turbine Meter	Cost	Cost	Cost
2" Compound Meter	Cost	Cost	Cost
3" Turbine Meter	Cost	Cost	Cost
3" Compound Meter	Cost	Cost	Cost
4" Turbine Meter	Cost	Cost	Cost
4" Compound Meter	Cost	Cost	Cost
6" Turbine Meter	Cost	Cost	Cost
6" Compound Meter	Cost	Cost	Cost
Service Charges			
Establishment	\$ 30.00	\$ 35.00	\$ 35.00
Reconnection (Delinquent)	\$ 30.00	\$ 35.00	\$ 35.00
Meter Test (If Correct)	\$ 30.00	\$ 35.00	\$ 30.00
Deposit	*	*	*
Deposit Interest	6.00%	2.00%	2.00%
Re-Establishment (Within 12 Months)	*	*	*
NSF Check	**	**	\$ 20.00
Deferred Payment	1.50%	1.50%	1.50%
Meter Re-Read (If Correct)	\$ 15.00	\$ 15.00	\$ 15.00
Late Fee	1.50%	1.50%	1.50%
After Hours Service Charge	10.00	15.00	\$ 25.00
Monthly Service Charge for Fire Sprinkler			
4" or Smaller	***	***	***
6"	***	***	***
8"	***	***	***
10"	***	***	***
Larger than 10"	***	***	***
* Per Commission Rules (R14-2-403.B) ** Months off system times the minimum (R14-2-403.D) *** 2.00% 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 for service lines separate and distinct from the primary water service line.			

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

Average Number of Customers: 36

<u>Company Proposed</u>	<u>Gallons</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
Average Usage	598	\$ 62.45	\$ 62.45	\$ -	0.0%
Median Usage	379	\$ 61.86	\$ 61.86	\$ -	0.0%
Staff Recommend					
Average Usage	598	\$ 62.45	\$ 71.54	\$ 9.09	14.6%
Median Usage	379	\$ 61.86	\$ 70.73	\$ 8.87	14.3%

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

<u>Gallons Consumption</u>	<u>Present Rates</u>	<u>Company Proposed Rates</u>	<u>% Increase</u>	<u>Staff Proposed Rates</u>	<u>% Increase</u>
0	\$ 60.84	\$ 61.04	0.3%	\$ 69.33	14.0%
1,000	63.54	63.74	0.3%	73.03	14.9%
2,000	66.24	66.44	0.3%	76.73	15.8%
3,000	68.94	69.14	0.3%	80.43	16.7%
4,000	73.44	73.64	0.3%	85.93	17.0%
5,000	77.94	78.14	0.3%	91.43	17.3%
6,000	82.44	82.64	0.2%	96.93	17.6%
7,000	86.94	87.14	0.2%	102.43	17.8%
8,000	91.44	91.64	0.2%	107.93	18.0%
9,000	96.84	97.04	0.2%	115.33	19.1%
10,000	102.24	102.44	0.2%	122.73	20.0%
15,000	129.24	129.44	0.2%	159.73	23.6%
20,000	156.24	156.44	0.1%	196.73	25.9%
25,000	183.24	183.44	0.1%	233.73	27.6%
50,000	318.24	318.44	0.1%	418.73	31.6%
75,000	453.24	453.44	0.0%	603.73	33.2%
100,000	588.24	588.44	0.0%	788.73	34.1%
125,000	723.24	723.44	0.0%	973.73	34.6%
150,000	858.24	858.44	0.0%	1,158.73	35.0%
175,000	993.24	993.44	0.0%	1,343.73	35.3%
200,000	1,128.24	1,128.44	0.0%	1,528.73	35.5%

CASH FLOW ANALYSIS

	Company Proposed	Staff Adjusted	Staff Recommended
Cash Inflows:			
1 461 Metered Water Revenue	\$ 15,969	\$ 15,969	\$ 31,019
2 460 Unmetered Water Revenue	-	-	-
3 474 Other Water Revenues	11,210	11,210	47
4 Total Operating Revenue	\$ 27,179	\$ 27,179	\$ 31,066
Cash Outflows:			
5 601 Salaries and Wages	\$ -	\$ -	\$ -
6 610 Purchased Water	-	-	-
7 615 Purchased Power	444	444	444
8 618 Chemicals	57	57	57
9 620 Repairs and Maintenance	630	630	630
10 621 Office Supplies & Expense	509	509	509
11 630 Outside Services	5,507	4,405	4,405
12 635 Water Testing	1,485	1,143	1,143
13 641 Rents	59	59	59
14 650 Transportation Expenses	-	-	-
15 657 Insurance - General Liability	750	750	750
16 659 Insurance - Health and Life	-	-	-
17 666 Regulatory Commission Expense - Rate Case	-	-	-
18 675 Miscellaneous Expense	150	150	150
19 403 Depreciation Expense	9,504	9,648	9,648
20 408 Taxes Other Than Income	1	1	1
21 408.11 Property Taxes	584	1,144	1,144
22 409 Income Tax	-	-	-
23 Total Operating Expenses	\$ 19,680	\$ 18,940	\$ 18,940
24 Operating Income	\$ 7,499	\$ 8,239	\$ 12,126
25 Plus: Depreciation Expense	\$ 9,504	\$ 9,648	\$ 9,648
26 Less Loan Interest and Fee Payment	1,634	1,634	1,634
27 Less: Loan Debt Service Reserve Payment	3,061	3,061	3,061
28 Less: Loan Principal Payment	12,776	12,776	12,776
29 Cash Flow from Operations	\$ (468)	\$ 416	\$ 4,303

DEBT SERVICE COVERAGE RATIO

	Company's Proposed Revenue	Staff's Recommended Revenue
	<u> </u>	<u> </u>
Operating Revenue:	\$ 27,179	\$ 31,066
Operating Expenses:		
Operation and Maintenance	\$ 9,591	8,148
Depreciation	9,504	9,648
Property Taxes	585	1,144
Income Taxes	-	-
Total Operating Expense	<u>\$ 19,680</u>	<u>18,940</u>
Operating Income	\$ 7,499	\$ 12,126
Plus depreciation	9,504	9,648
Operating Income Plus Depreciation	<u>\$ 17,003</u>	<u>\$ 21,774</u>
Total Debt Service:		
Principal Repayment	12,776	12,776
Debt Service Reserve	3,061	3,061
Interest	-	-
Admin. Fees	1,634	1,634
Total Debt Service	<u>17,471</u>	<u>17,471</u>
Net Flow	<u>\$ (468)</u>	<u>\$ 4,303</u>
Debt Service Coverage Ratio (DSCR)	0.97	1.25
(Adjusted Operating Income/Total Debt Service)		