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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

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- SUSAN BITTER SMITH - CHAIRMAN
- BOB STUMP
- BOB BURNS
- DOUG LITTLE
- TOM FORESE

AZ CORP COMMISSION
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF
UTILITY SOURCE, LLC, AN ARIZONA
CORPORATION, FOR A DETERMINATION
OF THE FAIR VALUE OF ITS UTILITY
PLANTS AND PROPERTY AND FOR
INCREASES IN ITS CHARGES FOR UTILITY
SERVICE BASED THEREON.

DOCKET NO. WS-04235A-13-0331

**STAFF'S NOTICE OF FILING
SETTLEMENT AGREEMENT**

Staff of the Arizona Corporation Commission ("Staff") hereby files the Settlement Agreement signed November 5, 2015 in the above docket.

RESPECTFULLY SUBMITTED this 5th day of November, 2015.

Wesley C. Van Cleve
Matthew Laudone
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 5th day of November, 2015, with:

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

Arizona Corporation Commission

DOCKETED

NOV 05 2015

DOCKETED BY

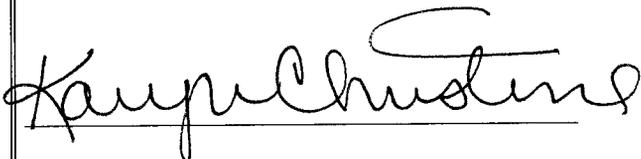
1 Copy of the foregoing mailed this
5th day of November, 2015, to:

2
3 Steve Wene, Esq.
4 MOYES SELLERS & HENDRICKS, LTD
1850 North Central Avenue, Suite 1100
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Attorneys for Utility Source, LLC

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8 Erik Nielsen
9 4680 North Alpine Drive
P.O. Box 16020
10 Bellemont, Arizona 86015

11 Terry Fallon
12 4561 Bellemont Springs Drive
Bellemont, Arizona 86015

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UTILITY SOURCE, LLC

PROPOSED SETTLEMENT AGREEMENT

DOCKET NO: WS-04235A-13-0331

NOVEMBER 5, 2015

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**PROPOSED SETTLEMENT AGREEMENT OF DOCKET NO.
DOCKET NO: WS-04235A-13-0331 FOR AN INCREASE IN ITS WATER AND
WASTEWATER RATES**

The purpose of this Settlement Agreement (“Agreement”) is to resolve disputed issues related to Docket No. WS-04-04235A-13-0331 regarding Utility Source, L.L.C.’s (“Utility Source” or “Company”) application for an increase in its water and wastewater rates. This Agreement is entered into by the following parties: (1) Company; (2) Arizona Corporation Commission (“Commission”) Utilities Division (“Staff”); (3) Residential Utility Consumer Office (“RUCO”); (4) Erik Nielsen; and (5) Terry Fallon. These entities shall be referred to collectively as “Parties” or “Signatories;” a single entity shall be referred to individually as a “Party” or “Signatory.”

I. RECITALS.

- 1.1 Utility Source filed the underlying rate application on September 27, 2013 for a test year ending on December 31, 2012. Staff found the application sufficient on October 24, 2013.
- 1.2 In July 2014, RUCO, Mr. Nielsen, and Mr. Fallon were granted intervention in the rate case. On February 17, 18, and 19, 2015, a full public hearing was convened. After post-hearing briefing, on August 24, 2015, the Recommended Opinion and Order (“ROO”) was issued. On September 8, 2015, the Commission considered the ROO and comments by the public and the Parties and remanded the matter back to the administrative law judge for further consideration.
- 1.3 On September 15, 2015, Staff filed a Notice of Settlement Discussion. Settlement discussions were conducted among the parties thereafter. The settlement discussions were open, transparent, and inclusive of all parties to this Docket who desired to participate. All parties to this Docket were notified of the settlement discussion process, were encouraged to participate in the negotiations, and were provided with an equal opportunity to participate.
- 1.4 The terms of this Agreement are just, reasonable, fair, and in the public interest in that they, among other things, establish just and reasonable rates for Utility Source customers; promote the convenience, comfort and safety, and the preservation of health, of the employees and patrons of Utility Source; resolve the issues arising from this Docket; and avoid unnecessary litigation expense and delay.

- 1.5 The Signatories agree to ask the Commission to (1) find that the terms and conditions of this Agreement are just and reasonable and in the public interest, along with any and all other necessary findings, and (2) approve the Agreement such that it and the rates contained herein may become effective the first billing cycle after the effective date of the order approving the Agreement.

TERMS AND CONDITIONS

II. WATER DIVISION REVENUE REQUIREMENT AND RATE INCREASE.

- 2.1 **Rate Base.** The Parties agree that the Company has a fair value rate base of \$1,979,887. The rate base increased from \$1,499,779 due to the inclusion of plant associated with the standpipe water distribution facility as proposed by Staff.
- 2.2 **Adjusted Test Year Revenues.** To mitigate the impact to its customers, Utility Source agreed to impute \$127,763 of revenue from the standpipe operation into the revenue requirement. Consequently, adjusted test year revenues are \$333,949.
- 2.3 **Rate of Return.** The Parties agreed to a 9.95% rate of return. The slight increase over the 9.8% rate of return proposed in the ROO was necessary to provide the Company sufficient revenue following the adjustments made to test year revenues and expenses.
- 2.4 **Gross Revenue Conversion Factor.** The Parties agree that for purposes of this case only Utility Source will forgo the recovery of income taxes as part of the current revenue requirement. Accordingly, the gross revenue conversion factor of 1.2681 fell to 1.0113 in this Agreement.
- 2.5 **Revenue Requirement.** Utility Source water division has a revenue requirement of \$428,723. This is an increase over adjusted test-year revenues of 28.38%. *See Attachment A.*
- 2.6 **Phase-In and Rate Design.** To mitigate the impact on customers, the Company will phase-in rates in three stages. The Company also agreed to forgo lost revenues resulting from the phase-in. The proposed rate design provides more revenue stability for the Company while the phase-in provision will promote rate change gradualism to the benefit of ratepayers. The phase-in rates are set forth in Attachment A.

2.7 **Bill Impact.** During the three phases, the typical residential ¾-inch bill with a median usage for 3,500 gallons of water would increase from \$35.30 to \$45.60, then to \$51.37, and finally to \$57.27.

III. WASTEWATER DIVISION REVENUE REQUIREMENT AND RATE INCREASE.

3.1 **Rate Base.** The Parties agree that the Company has a fair value rate base of \$825,880, which is the same as proposed in the ROO.

3.2 **Adjusted Test Year Revenues.** The Parties agree that the Company's adjusted test year revenues are \$119,464.

3.3 **Rate of Return.** The Parties agreed to a 9.95% rate of return. The slight increase over the 9.8% rate of return proposed in the ROO was necessary to provide the Company sufficient revenue following the adjustments made to test year revenues and expenses.

3.4 **Gross Revenue Conversion Factor.** The Parties agree that for purposes of this case only Utility Source will forgo the recovery of income taxes as part of the current revenue requirement. Accordingly, the gross revenue conversion factor of 1.2009 fell to 1.0115 in this Agreement.

3.5 **Revenue Requirement.** Utility Source wastewater division has a revenue requirement of \$296,719. This is an increase over adjusted test-year revenues of 148.38%. *See* Attachment B. This is approximately 11% less than proposed in the ROO.

3.6 **Phase-In and Rate Design.** To mitigate the impact on customers, the Company will phase-in rates in three stages. The Company also agreed to forgo lost revenues resulting from the phase-in. The phase-in rates are set forth in Attachment B.

3.7 **Bill Impact.** During the three phases, the typical residential ¾-inch bill with a median usage for 3,500 gallons of water would increase from \$20.44 to \$50.55, then to \$57.33, and finally to \$64.17.

IV. POST-DECISION COMPANY DUTIES

- 4.1 **Depreciation and Amortization.** The depreciation and amortization rates proposed by Staff shall be adopted until further order of the Commission. The approved depreciation rates are set forth in Attachments A & B.
- 4.2 **System Analysis.** The Company will file, within 90 days of the effective date of the Commission decision, documentation demonstrating that an engineering analysis has been conducted on the water system, in a manner acceptable to Staff, with any corrective action recommended from the analysis having occurred prior to filing that documentation.
- 4.3 **Filter Repair.** The Company will repair the mixed media filter at its wastewater treatment plant and file, within 90 days of the effective date of this Decision, documentation demonstrating that the mixed media filter has been repaired.
- 4.4 **Fence Installation.** The Company will install a security fence around Deep Well No. 2 and file, within 90 days of the effective date of the Commission decision, documentation that the security fence has been installed.
- 4.5 **CC&N Extension.** The Company shall file, within 120 days of the effective date of the Commission decision, an application with the Commission for approval to extend its Certificate of Convenience and Necessity over the mobile home park adjacent to its existing service territory, as recommended by Staff.
- 4.6 **Standpipe Sales Reports.** The Company shall file with Docket Control, as a compliance item in this docket, biannual standpipe sales volume reports, no later than September 31 and March 31 of each year, with the first report due no later than March 31, 2016.
- 4.7 **Subsequent Rate Case.** Utility Source agrees to file its next rate case by September 31, 2019, using a test year no later than December 31, 2018.
- 4.8 **Well Transfer.** Utility Source, LLC shall obtain Commission approval prior to any sale or transfer of Deep Well No. 4.
- 4.9 **Accounting.** The Company agrees to keep its accounting records in compliance with proper National Association of Regulatory Utility

Commissioners (“NARUC”) accounting standards and the Commission’s Rules.

V. COMMISSION EVALUATION OF PROPOSED SETTLEMENT.

- 5.1 All currently filed testimony and exhibits will be offered into the Commission’s record as evidence.
- 5.2 The Signatories recognize that Staff does not have the power to bind the Commission. For purposes of proposing a settlement agreement, Staff acts in the same manner as any party to a Commission proceeding.
- 5.3 This Agreement will serve as a procedural device by which the Signatories will submit their proposed settlement of Utility Source’s pending rate case, Docket No. WS-04235A-13-0331, to the Commission.
- 5.4 The Signatories recognize that the Commission will independently consider and evaluate the terms of this Agreement. If the Commission issues an order adopting all material terms of this Agreement, such action will constitute Commission approval of the Agreement. Thereafter, the Signatories will abide by the terms as approved by the Commission.
- 5.5 If the Commission fails to issue an order adopting all material terms of this Agreement, any or all of the Signatories may withdraw from this Agreement, and such Signatory or Signatories may pursue without prejudice their respective remedies at law. For purposes of this Agreement, whether a term is material will be left to the discretion of the Signatory choosing to withdraw from the Agreement.

VI. MISCELLANEOUS PROVISIONS.

- 6.1 To achieve consensus for settlement, Signatories are accepting positions that, in any other circumstances, they would be unwilling to accept. They are doing so because this Agreement, as a whole, is consistent with their long-term interests and with the broad public interest. The acceptance by any Signatory of a specific element of this Agreement shall not be considered as precedent for acceptance of that element in any other context.
- 6.2 No Signatory is bound by any position asserted in negotiations, except as expressly stated in this Agreement. No Signatory shall offer evidence of conduct or statements made in the course of negotiating this Agreement before this Commission, any other regulatory agency, or any court.

- 6.3 Neither this Agreement nor any of the positions taken in this Agreement by any of the Signatories may be referred to, cited, and/or relied upon as precedent in any proceeding before the Commission, any other regulatory agency, or any court for any purpose except to secure approval of this Agreement and enforce its terms.
- 6.4 To the extent any provision of this Agreement is inconsistent with any existing Commission order, rule or regulation, this Agreement shall control.
- 6.5 Each of the terms of this Agreement is in consideration of all other terms of this Agreement. Accordingly, the terms are not severable.
- 6.6 The Signatories shall make reasonable and good faith efforts necessary to obtain a Commission order approving this Agreement. The Signatories shall support and defend this Agreement before the Commission. Subject to Paragraph 5.4 above, if the Commission adopts an order approving all material terms of the Agreement, the Signatories will support and defend the Commission's order before any court or regulatory agency in which it may be at issue.
- 6.7 This Agreement may be executed in any number of counterparts and by each Signatory on separate counterparts, each of which when so executed and delivered shall be deemed an original and all of which taken together shall constitute one and the same instrument. This Agreement may also be executed electronically or by facsimile.

DATED this 5th day of November, 2015.

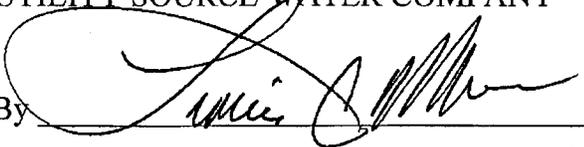
ARIZONA CORPORATION COMMISSION

By *M. M. Brash*

Title *Director Utilities*

Date *11/5/15*

UTILITY SOURCE WATER COMPANY

By 

Title managing member

Date 11-3-15

RESIDENTIAL UTILITY CONSUMER
OFFICE

By _____

Title _____

Date _____

ERIK NIELSEN

By _____
Erik Nielsen

Date _____

TERRY FALLON

By _____
Terry Fallon

Date _____

UTILITY SOURCE WATER COMPANY

By _____

Title _____

Date _____

RESIDENTIAL UTILITY CONSUMER
OFFICE

By David Tenney

Title David Tenney

Date 11/2/15

ERIK NIELSEN

By _____
Erik Nielsen

Date _____

TERRY FALLON

By _____
Terry Fallon

Date _____

UTILITY SOURCE WATER COMPANY

By _____

Title _____

Date _____

RESIDENTIAL UTILITY CONSUMER
OFFICE

By _____

Title _____

Date _____

ERIK NIELSEN

By  _____
Erik Nielsen

Date 11/5/2015

TERRY FALLON

By _____
Terry Fallon

Date _____

UTILITY SOURCE WATER COMPANY

By _____

Title _____

Date _____

RESIDENTIAL UTILITY CONSUMER
OFFICE

By _____

Title _____

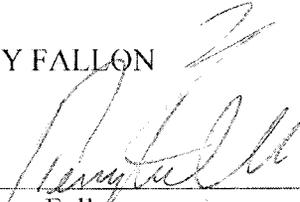
Date _____

ERIK NIELSEN

By _____
Erik Nielsen

Date _____

TERRY FALLON

By  _____
Terry Fallon

Date Nov. 5, 2015

ATTACHMENT A

Utility Source, LLC - Water Division
Test Year Ended December 31, 2012
Computation of Increase in Gross Revenue
Requirements As Adjusted

Exhibit
Settlement Schedule A-1
Page 1
Witness: Bourassa

Line No.			
1	Fair Value Rate Base	\$	1,979,887
2			
3	Adjusted Operating Income		103,282
4			
5	Current Rate of Return		5.22%
6			
7	Required Operating Income	\$	196,999
8			
9	Required Rate of Return		9.95%
10			
11	Operating Income Deficiency	\$	93,716
12			
13	Gross Revenue Conversion Factor		1.0113
14			
15	Increase in Gross Revenue		
16	Requirement	\$	94,774
17			
18	Adjusted Test Year Revenues	\$	333,949
19	Increase in Gross Revenue Revenue Requirement	\$	94,774
20	Proposed Revenue Requirement	\$	428,723
21	% Increase		28.38%

Utility Source. LLC - Water Division
 Test Year Ended December 31, 2012
 Summary of Rate Base

Exhibit
 Settlement Schedule B-1
 Page 1
 Witness: Bourassa

Line No.	Original Cost Rate base	Fair Value Rate Base
1		
2	\$ 2,965,387	\$ 2,965,387
3	Less: Accumulated Depreciation	
4	781,808	781,808
5	Net Utility Plant in Service	
6	\$ 2,183,579	\$ 2,183,579
7	<u>Less:</u>	
8	Advances in Aid of Construction	-
9		
10	Contributions in Aid of Construction	294,745
11		
12	Accumulated Amortization of CIAC	(96,938)
13		
14	Customer Meter Deposits	5,885
15	Deferred Income Taxes & Credits	-
16		
17		
18		
19	<u>Plus:</u>	
20	Unamortized Finance	
21	Charges	-
22	Prepayments	-
23	Materials and Supplies	-
24	Allowance for Working Capital	-
25		
26		
27		
28	Total Rate Base	\$ 1,979,887
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		
41		
42		
43	<u>SUPPORTING SCHEDULES:</u>	
44	B-2	
45	B-3	
46	B-5	
47	E-1	
48		
49		
50		
51		
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Utility Source. LLC - Water Division
 Test Year Ended December 31, 2012
 Original Cost Rate Base Proforma Adjustments

Exhibit
 Settlement Schedule B-2
 Page 1
 Witness: Bourassa

Line No.		Adjusted at end of Test Year	Proforma Adjustment	Settlement Adjusted at end of Test Year
1	Gross Utility			
2	Plant in Service	\$ 2,496,640	468,747	\$ 2,965,387
3				
4	Less:			
5	Accumulated			
6	Depreciation	726,406	55,402	781,808
7				
8				
9	Net Utility Plant			
10	in Service	\$ 1,770,234		\$ 2,183,579
11				
12	Less:			
13	Advances in Aid of			
14	Construction	-	-	-
15				
16	Contributions in Aid of			
17	Construction - Gross	294,745	-	294,745
18				
19	Accumulated Amortization of CIAC	(96,938)	-	(96,938)
20				
21	Customer Meter Deposits	5,885	0	5,885
22	Accumulated Deferred Income Tax	-	-	-
23				
24				
25				
26	Plus:			
27	Unamortized Finance			
28	Charges	-	-	-
29	Prepayments	-	-	-
30	Materials and Supplies	-	-	-
31	Working capital	-	-	-
32				
33				
34	Total	<u>\$ 1,566,542</u>		<u>\$ 1,979,887</u>

45 SUPPORTING SCHEDULES:
 46 B-2, pages 2
 47 E-1
 48
 49
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RECAP SCHEDULES:
 B-1

Utility Source, LLC - Water Division
 Test Year Ended December 31, 2012
 Original Cost Rate Base Proforma Adjustments

Exhibit
 Settlement Schedule B-2
 Page 2
 Witness: Bourassa

Line No.	Adjusted at end of Test Year	1	2	3	4	5	Settlement Adjusted at end of Test Year
		Plant-in-Service	Accumulated Depreciation	CIAC	Customer Security Deposits	Intentionally Left Blank	
1	\$ 2,496,640	468,747					\$ 2,965,387
2							
3							
4							
5			55,402				781,808
6							
7							
8							
9							
10	\$ 1,770,234	468,747	(55,402)				\$ 2,183,579
11							
12							
13							
14							
15							
16							
17	294,745						294,745
18	(96,938)						(96,938)
19							
20							
21	5,885						5,885
22							
23							
24							
25							
26							
27							
28							
29							
30							
31							
32	\$ 1,566,542	468,747	(55,402)				\$ 1,979,887
33							
34							
35							
36							
37							
38							
39							
40							

SUPPORTING SCHEDULES:
 B-2, pages 3-5
 E-1

RECAP SCHEDULES:
 B-1

Utility Source. LLC - Water Division
 Test Year Ended December 31, 2012
 Income Statement

Exhibit
 Settlement Schedule C-1
 Page 1
 Witness: Bourassa

Line No.		Test Year Adjusted Results	Adjustment	Settlement Test Year Adjusted Results	Proposed Rate Increase	Settlement Adjusted with Rate Increase
1	Revenues					
2	Metered Water Revenues	\$ 202,743	\$ 127,765	\$ 330,508	\$ 94,774	\$ 425,282
3	Unmetered Water Revenues	-	-	-	-	-
4	Other Water Revenues	5,261	(1,820)	3,441	-	3,441
5		<u>\$ 208,004</u>	<u>\$ 125,945</u>	<u>\$ 333,949</u>	<u>\$ 94,774</u>	<u>\$ 428,723</u>
6	Operating Expenses					
7	Salaries and Wages	\$ -	-	\$ -	-	\$ -
8	Purchased Water	-	-	-	-	-
9	Purchased Power	66,787	(526)	66,261	-	66,261
10	Fuel For Power Production	-	-	-	-	-
11	Chemicals	1,460	-	1,460	-	1,460
12	Materials and Supplies	12,257	-	12,257	-	12,257
13	Office Supplies and Expense	2,399	-	2,399	-	2,399
14	Contractual Services - Accounting	20,253	-	20,253	-	20,253
15	Contractual Services - Professional	9,651	-	9,651	-	9,651
16	Contractual Services - Maintenance	-	-	-	-	-
17	Contractual Services - Other	-	-	-	-	-
18	Water Testing	8,107	(7,733)	374	-	374
19	Rents	-	3,007	3,007	-	3,007
20	Transportation Expenses	-	1,500	1,500	-	1,500
21	Insurance - General Liability	2,186	-	2,186	-	2,186
22	Insurance - Health and Life	-	-	-	-	-
23	Reg. Comm. Exp. - Other	-	-	-	-	-
24	Reg. Comm. Exp. - Rate Case	10,000	6,667	16,667	-	16,667
25	Miscellaneous Expense	19,976	(7,969)	12,007	-	12,007
26	Bad Debt Expense	-	-	-	-	-
27	Depreciation and Amortization Expense	57,728	13,735	71,463	-	71,463
28	Taxes Other Than Income	-	-	-	-	-
29	Property Taxes	7,530	3,653	11,183	1,058	12,241
30	Income Tax	(2,064)	2,064	-	-	-
31	Total Operating Expenses	<u>\$ 216,269</u>	<u>\$ 14,398</u>	<u>\$ 230,667</u>	<u>\$ 1,058</u>	<u>\$ 231,725</u>
32	Operating Income	<u>\$ (8,265)</u>	<u>\$ 111,547</u>	<u>\$ 103,282</u>	<u>\$ 93,716</u>	<u>\$ 196,999</u>
33	Other Income (Expense)					
34	Interest Income	-	-	-	-	-
35	Other income	-	-	-	-	-
36	Interest Expense	-	-	-	-	-
37	Other Expense	-	-	-	-	-
38		-	-	-	-	-
39	Total Other Income (Expense)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
40	Net Profit (Loss)	<u>\$ (8,265)</u>	<u>\$ 111,547</u>	<u>\$ 103,282</u>	<u>\$ 93,716</u>	<u>\$ 196,999</u>

41
 42 SUPPORTING SCHEDULES:
 43 C-1, page 2
 44 E-2
 45

RECAP SCHEDULES:
 A-1

Utility Source, LLC - Water Division
 Test Year Ended December 31, 2012
 Income Statement

Exhibit
 Settlement Schedule C-1
 Page 2.1
 Witness: Bourassa

Line No.	Revenues	1	2	3	4	5	6	7
	Test Year Adjusted Results	Depreciation	Property Taxes	Case Expense	Revenue Adjustment	Water Testing	Auto Expense	Telephone Expense
1	Metered Water Revenues	\$ 202,743			\$ 127,765			
2	Unmetered Water Revenues	-			(1,820)			
3	Other Water Revenues	5,261			125,945			
4		\$ 208,004	\$ -	\$ -	\$ 125,945	\$ -	\$ -	\$ -
5								
6	Operating Expenses							
7	Salaries and Wages	-						
8	Purchased Water	-						
9	Purchased Power	66,787						
10	Fuel For Power Production	-						
11	Chemicals	1,460						
12	Materials and Supplies	12,257						
13	Office Supplies and Expense	2,399						
14	Contractual Services - Accounting	20,253						
15	Contractual Services - Professional	9,651						
16	Contractual Services - Maintenance	-						
17	Contractual Services - Other	-						
18	Water Testing	8,107				(7,733)		
19	Rents	-						
20	Transportation Expenses	-					1,500	
21	Insurance - General Liability	2,186						
22	Insurance - Health and Life	-						
23	Reg. Comm. Exp. - Other	-						
24	Reg. Comm. Exp. - Rate Case	10,000		6,667				
25	Miscellaneous Expense	19,976						
26	Bad Debt Expense	-						
27	Deprec. and Amort. Exp.	57,728	13,735					(2,366)
28	Taxes Other Than Income	-						
29	Property Taxes	7,530	3,653					
30	Income Tax	(2,084)						
31	Total Operating Expenses	\$ 216,269	\$ 13,735	\$ 3,653	\$ 6,667	\$ (7,733)	\$ (1,750)	\$ (2,366)
32	Operating Income	\$ (8,265)	\$ (13,735)	\$ (3,653)	\$ (6,667)	\$ 7,733	\$ 1,750	\$ 2,366
33	Other Income (Expense)							
34	Interest Income	-						
35	Other Income	-						
36	Interest Expense	-						
37	Other Expense	-						
38								
39	Total Other Income (Expense)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
40	Net Profit (Loss)	\$ (8,265)	\$ (13,735)	\$ (3,653)	\$ (6,667)	\$ 7,733	\$ 1,750	\$ 2,366

SUPPORTING SCHEDULES:
 C-2
 E-2

Line No.	8	9	10	11	Settlement Test Year Adjusted Results	Proposed Rate Increase	Settlement Adjusted with Rate Increase
1							
2					\$ 330,508	\$ 94,774	\$ 425,282
3							
4							
5					3,441		3,441
6					\$ 333,949	\$ 94,774	\$ 428,723
7							
8							
9							
10							
11							
12							
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RECAP SCHEDULES:
 C-1, page 1

SUPPORTING SCHEDULES:
 C-2
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Utility Source, LLC - Water Division
 Test Year Ended December 31, 2012
 Adjustments to Revenues and Expenses
 Adjustment Number 1

Exhibit
 Settlement Schedule C-2
 Page 2
 Witness: Bourassa

Depreciation Expense

Line No.	Acct. No.	Description	Adjusted Original Cost	Non-depreciable/ Fully Depreciated	Adjusted Original Cost	Proposed Rates	Depreciation Expense
1							
2							
3							
4							
5	301	Organization Cost	-		-	0.00%	-
6	302	Franchise Cost	-		-	0.00%	-
7	303	Land and Land Rights	210,000	(210,000)	-	0.00%	-
8	304	Structures and Improvements	72,997		72,997	3.33%	2,431
9	305	Collecting and Impounding Res.	-		-	2.50%	-
10	306	Lake River and Other Intakes	-		-	2.50%	-
11	307	Wells and Springs	1,708,209		1,708,209	3.33%	56,883
12	308	Infiltration Galleries and Tunnels	-		-	6.67%	-
13	309	Supply Mains	-		-	2.00%	-
14	310	Power Generation Equipment	89,125		89,125	5.00%	4,456
15	311	Electric Pumping Equipment	158,711	(158,711)	-	12.50%	-
16	320	Water Treatment Equipment	5,487		5,487	3.33%	183
17	320.1	Water Treatment Plant	-		-	3.33%	-
18	320.2	Chemical Solution Feeders	-		-	20.00%	-
19	330	Dist. Reservoirs & Standpipe	435,529		435,529	2.22%	9,669
20	330.1	Storage tanks	-		-	2.22%	-
21	330.2	Pressure Tanks	-		-	5.00%	-
22	331	Trans. and Dist. Mains	161,632		161,632	2.00%	3,233
23	333	Services	86,250		86,250	3.33%	2,872
24	334	Meters	-		-	8.33%	-
25	335	Hydrants	34,500		34,500	2.00%	690
26	336	Backflow Prevention Devices	-		-	6.67%	-
27	339	Other Plant and Misc. Equip.	-		-	6.67%	-
28	340	Office Furniture and Fixtures	2,947		2,947	6.67%	197
29	340.1	Computers and Software	-		-	20.00%	-
30	341	Transportation Equipment	-		-	20.00%	-
31	342	Stores Equipment	-		-	4.00%	-
32	343	Tools and Work Equipment	-		-	5.00%	-
33	344	Laboratory Equipment	-		-	10.00%	-
34	345	Power Operated Equipment	-		-	5.00%	-
35	346	Communications Equipment	-		-	10.00%	-
36	347	Miscellaneous Equipment	-		-	10.00%	-
37	348	Other Tangible Plant	-		-	10.00%	-
38		TOTALS	\$ 2,965,387	\$ (368,711)	\$ 2,596,676		\$ 80,613
39							
40							
41		Less: Amortization of Contributions			\$ 294,745	3.1045%	\$ (9,150)
42		Total Depreciation Expense					\$ 71,463
43							
44		Adjusted Test Year Depreciation Expense					57,728
45							
46		Increase (decrease) in Depreciation Expense					13,735
47							
48		Adjustment to Revenues and/or Expenses					\$ 13,735
49							
50		<u>SUPPORTING SCHEDULE</u>					
51		B-2, page 3					

*Fully Depreciated

Utility Source. LLC - Water Division
 Test Year Ended December 31, 2012
 Adjustment to Revenues and Expenses
 Adjustment Number 2

Exhibit
 Settlement Schedule C-2
 Page 3
 Witness: Bourassa

Property Taxes

Line No.	DESCRIPTION	Test Year as adjusted	Company Recommended
1	Company Adjusted Test Year Revenues	\$ 333,949	\$ 333,949
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	667,898	667,898
4	Company Recommended Revenue	333,949	428,723
5	Subtotal (Line 4 + Line 5)	1,001,847	1,096,622
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	333,949	365,541
8	Department of Revenue Multiplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	667,898	731,081
10	Plus: 10% of CWIP (intentionally excluded)	-	-
11	Less: Net Book Value of Licensed Vehicles	-	-
12	Full Cash Value (Line 9 + Line 10 - Line 11)	667,898	731,081
13	Assessment Ratio	18.5%	18.5%
14	Assessment Value (Line 12 * Line 13)	123,561	135,250
15	Composite Property Tax Rate - Obtained from ADOR	9.0503%	9.0503%
16	Test Year Adjusted Property Tax Expense (Line 14 * Line 15)	\$ 11,183	\$ 12,241
17	Tax on Parcels	-	-
18	Total Property Taxes (Line 16 + Line 17)	\$ 11,183	\$ 12,241
19	Test Year Property Taxes	\$ 7,530	\$ 11,183
20	Adjustment to Test Year Property Taxes (Line 18 - Line 19)	\$ 3,653	\$ 1,058
21			
22	Property Tax on Company Recommended Revenue (Line 16 + Line 17)		\$ 12,241
23	Company Test Year Adjusted Property Tax Expense (Line 18)		\$ 11,183
24	Increase in Property Tax Due to Increase in Revenue Requirement		\$ 1,058
25			
26	Increase in Property Tax Due to Increase in Revenue Requirement (Line 24)		\$ 1,058
27	Increase in Revenue Requirement		\$ 94,774
28	Increase in Property Tax Per Dollar Increase in Revenue (Line 26 / Line 27)		1.11620%
29			
30			
31			
32			
33			
34			
35			

Utility Source, LLC - Water Division - Phase 1
 Revenue Breakdown Summary
 Proposed Rates

Exhibit
 Settlement Schedule H-2
 Page 1
 Witness: Bourassa

		Monthly Mins	Commodity First Tier	Commodity Second Tier	Commodity Third Tier	Total	From H-1
3/4 Inch Residential	\$	131,835	\$ 37,026	\$ 18,262	\$ 7,777	\$ 194,900	\$ 194,900
3/4 Inch Commercial	\$	411	\$ 102	\$ 10	\$ -	\$ 523	\$ 523
2 Inch Commercial	\$	9,857	\$ 11,080	\$ 14,417	\$ -	\$ 35,353	\$ 35,353
2 Inch Irrigation	\$	3,286	\$ -	\$ -	\$ -	\$ 3,286	\$ 3,286
Construction/Bulk Standpipe	\$	411	\$ 5,941	\$ -	\$ -	\$ 6,352	\$ 6,352
	\$	-	\$ 127,763	\$ -	\$ -	\$ 127,763	\$ 127,763
TOTALS	\$	145,799	\$ 181,911	\$ 32,689	\$ 7,777	\$ 368,176	\$ 368,176
Percent of Total		39.60%	49.41%	8.88%	2.11%	100.00%	
Cummulative %		39.60%	89.01%	97.89%	100.00%		

	<u>Amount</u>	<u>% of Revenues</u>
<u>Monthly Minimum Revenues</u>	\$ 145,799	39.60%
<u>Commodity Revenues</u>		
Lowest Commodity Rate	\$ 37,127	10.08%
2nd Lowest Commodity Rate	\$ 29,352	7.97%
2nd Highest Commodity Rate	\$ 22,194	6.03%
Highest Commodity rate	\$ 133,704	36.32%
Subtotal Commodity Revenues	\$ 222,377	60.40%
Total Revenues	\$ 368,176	100.00%

Utility Source, LLC - Water Division - Phase 2
Revenue Breakdown Summary
Proposed Rates

Exhibit
Settlement Schedule H-2
Page 2
Witness: Bourassa

		Monthly Mins	Commodity First Tier	Commodity Second Tier	Commodity Third Tier	Total	From H-1
3/4 Inch Residential	\$	143,949	\$ 45,570	\$ 20,753	\$ 8,641	\$ 218,913	\$ 218,913
3/4 Inch Commercial	\$	448	\$ 116	\$ 11	\$ -	\$ 575	\$ 575
2 Inch Commercial	\$	10,763	\$ 12,591	\$ 16,019	\$ -	\$ 39,372	\$ 39,372
2 Inch Irrigation	\$	3,588	\$ -	\$ -	\$ -	\$ 3,588	\$ 3,588
Construction/Bulk Standpipe	\$	448	\$ 5,941	\$ -	\$ -	\$ 6,389	\$ 6,389
	\$	-	\$ 127,763	\$ -	\$ -	\$ 127,763	\$ 127,763
TOTALS	\$	159,196	\$ 191,980	\$ 36,782	\$ 8,641	\$ 396,600	\$ 396,600
Percent of Total		40.14%	48.41%	9.27%	2.18%	100.00%	
Cummulative %		40.14%	88.55%	97.82%	100.00%		

	Amount	% of Revenues
<u>Monthly Minimum Revenues</u>	\$ 159,196	40.14%
<u>Commodity Revenues</u>		
Lowest Commodity Rate	\$ 45,686	11.52%
2nd Lowest Commodity Rate	\$ 33,355	8.41%
2nd Highest Commodity Rate	\$ 24,659	6.22%
Highest Commodity rate	\$ 133,704	33.71%
Subtotal Commodity Revenues	\$ 237,404	59.86%
Total Revenues	\$ 396,600	100.00%

Utility Source, LLC - Water Division - Phase 3
 Revenue Breakdown Summary
 Proposed Rates

Exhibit
 Schedule H-2
 Page 3
 Witness: Bourassa

		Monthly Mins	Commodity First Tier	Commodity Second Tier	Commodity Third Tier	Total	From H-1
3/4 Inch Residential	\$	159,271	\$ 51,836	\$ 22,579	\$ 9,275	\$ 242,960	\$ 242,960
3/4 Inch Commercial	\$	496	\$ 126	\$ 12	\$ -	\$ 634	\$ 634
2 Inch Commercial	\$	11,908	\$ 13,699	\$ 17,193	\$ -	\$ 42,800	\$ 42,800
2 Inch Irrigation	\$	3,969	\$ -	\$ -	\$ -	\$ 3,969	\$ 3,969
Construction/Bulk Standpipe	\$	496	\$ 5,941	\$ -	\$ -	\$ 6,437	\$ 6,437
	\$	-	\$ 127,763	\$ -	\$ -	\$ 127,763	\$ 127,763
TOTALS	\$	176,140	\$ 199,364	\$ 39,784	\$ 9,275	\$ 424,563	\$ 424,563
Percent of Total		41.49%	46.96%	9.37%	2.18%	100.00%	
Cummulative %		41.49%	88.44%	97.82%	100.00%		

	Amount	% of Revenues
<u>Monthly Minimum Revenues</u>	\$ 176,140	41.49%
<u>Commodity Revenues</u>		
Lowest Commodity Rate	\$ 51,962	12.24%
2nd Lowest Commodity Rate	\$ 36,290	8.55%
2nd Highest Commodity Rate	\$ 26,468	6.23%
Highest Commodity rate	\$ 133,704	31.49%
Subtotal Commodity Revenues	\$ 248,423	58.51%
Total Revenues	\$ 424,563	100.00%

Utility Source, LLC - Water Division
 Test Year Ended December 31, 2012
 Present and Proposed Rates

Exhibit
 Settlement Schedule H-3
 Page 1

Line No.	Monthly Usage Charge for:	Present Rates	Phase 1 Proposed Rates	Phase 2 Proposed Rates	Phase 3 Proposed Rates	
1	<u>Meter Size (All Classes):</u>					
2	5/8x3/4 Inch	\$ 18.50	\$ 34.23	\$ 37.37	\$ 41.35	
3	3/4 Inch	18.50	34.23	37.37	41.35	
4	1 Inch	46.50	85.56	93.43	103.37	
5	1 1/2 Inch	92.50	171.13	186.85	206.74	
6	2 Inch	148.00	273.80	298.96	330.78	
7	3 Inch	296.00	547.60	597.92	661.56	
8	4 Inch	462.50	855.63	934.25	1,033.69	
9	6 Inch	925.00	1,711.25	1,868.50	2,067.38	
10						
11						
12	<u>Gallons In Minimum (All Classes)</u>					
13						
14			(Per 1,000 gallons)			
15			Present	Phase 1	Phase 2	Phase 3
16	<u>Commodity Rates</u>	<u>Block</u>	<u>Rate</u>	<u>Proposed Rate</u>	<u>Proposed Rate</u>	<u>Proposed Rate</u>
17						
18	5/8x3/4 Inch (Residential, Commercial)	1 gallons to 4,000 gallons	\$ 4.80	\$ 3.25	\$ 4.00	\$ 4.55
19		4,001 gallons to 9,000 gallons	\$ 7.16	\$ 5.50	\$ 6.25	\$ 6.80
20		over 9,000 gallons	\$ 8.60	\$ 6.75	\$ 7.50	\$ 8.05
21						
22	3/4 Inch Meter (Residential, Commercial)	1 gallons to 4,000 gallons	\$ 4.80	\$ 3.25	\$ 4.00	\$ 4.55
23		4,001 gallons to 9,000 gallons	\$ 7.16	\$ 5.50	\$ 6.25	\$ 6.80
24		over 9,000 gallons	\$ 8.60	\$ 6.75	\$ 7.50	\$ 8.05
25						
26	1 Inch Meter (Residential, Commercial)	1 gallons to 27,000 gallons	\$ 4.80	\$ 5.50	\$ 6.25	\$ 6.80
27		over 27,000 gallons	\$ 7.16	\$ 6.75	\$ 7.50	\$ 8.05
28						
29	1.5 Inch Meter (Residential, Commercial)	Over Minimum up to 57,000 gallons	\$ 4.80	\$ 5.50	\$ 6.25	\$ 6.80
30		Over 57,000 gallons	\$ 7.16	\$ 6.75	\$ 7.50	\$ 8.05
31						
32	2 Inch Meter (Residential, Commercial)	1 gallons to 94,000 gallons	\$ 4.80	\$ 5.50	\$ 6.25	\$ 6.80
33		over 94,000 gallons	\$ 7.16	\$ 6.75	\$ 7.50	\$ 8.05
34						
35	3 Inch Meter (Residential, Commercial)	1 gallons to 195,000 gallons	\$ 4.80	\$ 5.50	\$ 6.25	\$ 6.80
36		over 195,000 gallons	\$ 7.16	\$ 6.75	\$ 7.50	\$ 8.05
37						
38						
39						
40	NT = No Tariff					
41						

Utility Source, LLC - Water Division - Phase 3
 Test Year Ended December 31, 2012
 Present and Proposed Rates

Exhibit
 Settlement Schedule H-3
 Page 2

Line
 No.

		(Per 1,000 gallons)			
		Present	Phase 1 Proposed	Phase 2 Proposed	Phase 3 Proposed
		Rate	Rate	Rate	Rate
1					
2					
3	<u>Commodity Rates</u>				
4					
5	4 Inch Meter (Residential, Commercial)				
6					
7					
8	6 Inch Meter (Residential, Commercial)				
9					
10	Irrigation Meters				
11					
12	Standpipe or Bulk				
13					
14	Construction				
15					
16					
17					
18					
19					
20					
21					
22					
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39					

Docket No. WS-04235A-13-0331

ATTACHMENT B

Utility Source, LLC - Wastewater Division
Test Year Ended December 31, 2012
Computation of Increase in Gross Revenue
Requirements As Adjusted

Exhibit
Settlement Schedule A-1
Page 1
Witness: Bourassa

<u>Line</u> <u>No.</u>			
1	Fair Value Rate Base	\$	825,880
2			
3	Adjusted Operating Income		(93,063)
4			
5	Current Rate of Return		-11.27%
6			
7	Required Operating Income	\$	82,175
8			
9	Required Rate of Return		9.95%
10			
11	Operating Income Deficiency	\$	175,238
12			
13	Gross Revenue Conversion Factor		1.0115
14			
15	Increase in Gross Revenue		
16	Requirement	\$	177,255
17			
18	Adjusted Test Year Revenues	\$	119,464
19	Increase in Gross Revenue Revenue Requirement	\$	177,255
20	Proposed Revenue Requirement	\$	296,719
21	% Increase		148.38%

Utility Source. LLC - Wastewater Division
 Test Year Ended December 31, 2012
 Summary of Rate Base

Exhibit
 Final Schedule B-1
 Page 1
 Witness: Bourassa

Line No.		Original Cost Rate base	Fair Value Rate Base
1			
2	Gross Utility Plant in Service	\$ 1,397,271	\$ 1,397,271
3	Less: Accumulated Depreciation	455,064	455,064
4			
5	Net Utility Plant in Service	\$ 942,207	\$ 942,207
6			
7	<u>Less:</u>		
8	Advances in Aid of Construction	-	-
9			
10	Contributions in Aid of Construction	197,973	197,973
11			
12	Accumulated Amortization of CIAC	(86,711)	(86,711)
13			
14	Customer Meter Deposits	5,065	5,065
15	Deferred Income Taxes & Credits	-	-
16			
17			
18			
19	<u>Plus:</u>		
20	Unamortized Finance		
21	Charges	-	-
22	Prepayments	-	-
23	Materials and Supplies	-	-
24	Allowance for Working Capital	-	-
25			
26			
27			
28	Total Rate Base	\$ 825,880	\$ 825,880
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43	<u>SUPPORTING SCHEDULES:</u>		
44	B-2		
45	B-3		
46	B-5		
47	E-1		
48			
49			
50			
51			
52			

Utility Source. LLC - Wastewater Division
 Test Year Ended December 31, 2012
 Original Cost Rate Base Proforma Adjustments

Exhibit
 Settlement Schedule B-2
 Page 1
 Witness: Bourassa

Line No.		Adjusted at end of Test Year	Proforma Adjustment	Settlement Adjusted at end of Test Year
1	Gross Utility			
2	Plant in Service	\$ 1,397,271	-	\$ 1,397,271
3				
4	Less:			
5	Accumulated			
6	Depreciation	455,064	0	455,064
7				
8				
9	Net Utility Plant			
10	in Service	\$ 942,207		\$ 942,207
11				
12	Less:			
13	Advances in Aid of			
14	Construction	-	-	-
15				
16	Contributions in Aid of			
17	Construction - Gross	197,973	-	197,973
18				
19	Accumulated Amortization of CIAC	(86,711)	-	(86,711)
20				
21	Customer Meter Deposits	-	5,065	5,065
22	Accumulated Deferred Income Tax	-	-	-
23				
24				
25				
26	Plus:			
27	Unamortized Finance			
28	Charges	-	-	-
29	Prepayments	-	-	-
30	Materials and Supplies	-	-	-
31	Working capital	-	-	-
32				
33				
34	Total	\$ 830,945		\$ 825,880

SUPPORTING SCHEDULES:

B-2, pages 2
 E-1

RECAP SCHEDULES:

B-1

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Utility Source, LLC - Wastewater Division
 Test Year Ended December 31, 2012
 Income Statement

Exhibit
 Settlement Schedule C-1
 Page 1
 Witness: Bourassa

Line No.	Test Year Adjusted Results	Adjustment	Settlement Test Year Adjusted Results	Proposed Rate Increase	Settlement Adjusted with Rate Increase
1	Revenues				
2	\$ -	\$ -	\$ -	\$ -	\$ -
3	116,023	-	116,023	177,255	293,278
4	5,261	(1,820)	3,441		3,441
5	<u>\$ 121,284</u>	<u>\$ (1,820)</u>	<u>\$ 119,464</u>	<u>\$ 177,255</u>	<u>\$ 296,719</u>
6	Operating Expenses				
7	\$ -	-	\$ -		\$ -
8	-	-	-		-
9	26,213	(207)	26,006		26,006
10	12,659	-	12,659		12,659
11	5,400	-	5,400		5,400
12	7,187	-	7,187		7,187
13	2,446	-	2,446		2,446
14	20,135	-	20,135		20,135
15	1,920	-	1,920		1,920
16	-	-	-		-
17	46,650	-	46,650		46,650
18	5,669	8,858	14,527		14,527
19	-	1,742	1,742		1,742
20	3,250	(1,750)	1,500		1,500
21	2,186	-	2,186		2,186
22	-	-	-		-
23	-	-	-		-
24	10,000	6,667	16,667		16,667
25	13,152	(9,511)	3,641		3,641
26	-	-	-		-
27	45,744	48	45,791		45,791
28	-	-	-		-
29	4,476	(405)	4,071	2,017	6,088
30	(13,545)	13,545	-	-	-
31	-	-	-		-
32	<u>\$ 193,541</u>	<u>\$ 18,986</u>	<u>\$ 212,527</u>	<u>\$ 2,017</u>	<u>\$ 214,544</u>
33	<u>\$ (72,257)</u>	<u>\$ (20,806)</u>	<u>\$ (93,063)</u>	<u>\$ 175,238</u>	<u>\$ 82,175</u>
34	Other Income (Expense)				
35	-	-	-		-
36	-	-	-		-
37	-	-	-		-
38	-	-	-		-
39	-	-	-		-
40	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
41	<u>\$ (72,257)</u>	<u>\$ (20,806)</u>	<u>\$ (93,063)</u>	<u>\$ 175,238</u>	<u>\$ 82,175</u>

42
 43 SUPPORTING SCHEDULES:
 44 C-1, page 2

RECAP SCHEDULES:
 A-1

45
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Utility Source, LLC - Wastewater Division
 Test Year Ended December 31, 2012
 Income Statement

Exhibit
 Settlement Schedule C-1
 Page 2.1
 Witness: Bourassa

Line No.	1	2	3	4	5	6	7
	Depreciation	Property Taxes	Rate Case Expense	Revenue Adjustment	Water Testing	Misc (Auto) Expense	Telephone Expense
1	Revenues						
2	Flat Rate Revenues						
3	Measured Revenues						
4	Other Water Revenues						
5				(1,820)			
6	Operating Expenses						
7	Salaries and Wages						
8	Purchased Water						
9	Purchased Power						
10	Sludge Removal						
11	Chemicals						
12	Materials and Supplies						
13	Office Supplies and Expense						
14	Contractual Services - Accounting						
15	Contractual Services - Professional						
16	Contractual Services - Maintenance						
17	Contractual Services - Other				8,858		
18	Water Testing						
19	Rents						
20	Transportation Expenses					(1,750)	
21	Insurance - General Liability						
22	Insurance - Health and Life						
23	Reg. Comm. Exp. - Other						
24	Reg. Comm. Exp. - Rate Case		6,667				
25	Miscellaneous Expense						(2,366)
26	Bad Debt Expense						
27	Deprec. and Amort. Exp.	48					
28	Taxes Other Than Income						
29	Property Taxes		(405)				
30	Income Tax						
31							
32	Total Operating Expenses	48	(405)	6,667	8,858	(1,750)	(2,366)
33	Operating Income	(48)	405	(6,667)	(8,858)	1,750	2,366
34	Other Income (Expense)						
35	Interest Income						
36	Other Income						
37	Interest Expense						
38	Other Expense						
39							
40	Total Other Income (Expense)						
41	Net Profit (Loss)	(48)	405	(6,667)	(8,858)	1,750	2,366

42
 43 SUPPORTING SCHEDULES:
 44 C-2
 45 E-2

Utility Source, LLC - Wastewater Division
 Test Year Ended December 31, 2012
 Income Statement

Exhibit
 Settlement Schedule C-1
 Page 2.2
 Witness: Bourassa

Line No.	8	9	10	11	Settlement Test Year Adjusted Results	Proposed Rate Increase	Settlement Adjusted with Rate Increase
1							
2							
3							
4							
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8							
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10							
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SUPPORTING SCHEDULES:
 C-1, page 1
 E-2

Utility Source. LLC - Wastewater Division
 Test Year Ended December 31, 2012
 Adjustments to Revenues and Expenses
 Adjustment Number 1

Exhibit
 Settlement Schedule C-2
 Page 2
 Witness: Bourassa

Depreciation Expense

Line No.	Acct. No.	Description	Original Cost	Non-depreciable/ Fully Depreciated	Adjusted Original Cost	Proposed Rates	Depreciation Expense
1							
2							
3							
4							
5	351	Organization Cost	-	-	-	0.00%	-
6	352	Franchise Cost	-	-	-	0.00%	-
7	353	Land and Land Rights	105,000	(105,000)	-	0.00%	-
8	354	Structures & Improvements	56,350	-	56,350	3.33%	1,876
9	355	Power Generation Equipment	2,879	-	2,879	5.00%	144
10	360	Collection Sewers - Force	-	-	-	2.00%	-
11	361	Collection Sewers - Gravity	260,553	-	260,553	2.00%	5,211
12	362	Special Collecting Structures	-	-	-	2.00%	-
13	363	Services to Customers	60,375	-	60,375	2.00%	1,208
14	364	Flow Measuring Devices	-	-	-	10.00%	-
15	365	Flow Measuring Installations	-	-	-	10.00%	-
16	366	Reuse Services	3,450	-	3,450	2.00%	69
17	367	Reuse Meters and Meter Installations	-	-	-	8.33%	-
18	370	Receiving Wells	-	-	-	3.57%	-
19	371	Pumping Equipment	-	-	-	10.00%	-
20	374	Reuse Distribution Reservoirs	-	-	-	2.50%	-
21	375	Reuse Transmission and Distribution	-	-	-	2.00%	-
22	380	Treatment & Disposal Equipment	903,992	-	903,992	5.00%	45,200
23	381	Plant Sewers	-	-	-	5.00%	-
24	382	Outfall Sewer Lines	-	-	-	3.33%	-
25	389	Other Plant & Misc Equipment	-	-	-	6.67%	-
26	390	Office Furniture & Equipment	4,251	-	4,251	6.67%	284
27	390.1	Computers & Software	421	-	421	20.00%	84
28	391	Transportation Equipment	-	-	-	20.00%	-
29	392	Stores Equipment	-	-	-	4.00%	-
30	393	Tools, Shop & Garage Equipment	-	-	-	10.00%	-
31	394	Laboratory Equipment	-	-	-	10.00%	-
32	395	Power Operated Equipment	-	-	-	5.00%	-
33	396	Communication Equipment	-	-	-	10.00%	-
34	397	Miscellaneous Equipment	-	-	-	10.00%	-
35	398	Other Tangible Plant	-	-	-	10.00%	-
36							
37							
38							
39		TOTALS	\$ 1,397,271	\$ (105,000)	\$ 1,292,271	10.00%	\$ 54,075
40							
41							
42		Less: Amortization of Contributions			Gross CIAC \$ 197,973	Amort. Rate 4.1845%	\$ (8,284)
43		Total Depreciation Expense					\$ 45,791
44							
45		Adjusted Test Year Depreciation Expense					45,744
46							
47		Increase (decrease) in Depreciation Expense					48
48							
49		Adjustment to Revenues and/or Expenses					\$ 48
50							
51		<u>SUPPORTING SCHEDULE</u>					
52		B-2, page 3					

*Fully Depreciated

Utility Source. LLC - Wastewater Division
 Test Year Ended December 31, 2012
 Adjustment to Revenues and Expenses
 Adjustment Number 2

Exhibit
 Settlement Schedule C-2
 Page 3
 Witness: Bourassa

Property Taxes

Line No.	DESCRIPTION	Test Year as adjusted	Company Recommended
1	Company Adjusted Test Year Revenues	\$ 119,464	\$ 119,464
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	238,928	238,928
4	Company Recommended Revenue	119,464	296,719
5	Subtotal (Line 4 + Line 5)	358,391	535,646
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	119,464	178,549
8	Department of Revenue Multiplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	238,928	357,098
10	Plus: 10% of CWIP (intentionally excluded)	-	-
11	Less: Net Book Value of Licensed Vehicles	421	421
12	Full Cash Value (Line 9 + Line 10 - Line 11)	238,507	356,677
13	Assessment Ratio	18.5%	18.5%
14	Assessment Value (Line 12 * Line 13)	44,124	65,985
15	Composite Property Tax Rate - Obtained from ADOR	9.2262%	9.2262%
16	Test Year Adjusted Property Tax Expense (Line 14 * Line 15)	\$ 4,071	\$ 6,088
17	Tax on Parcels	-	-
18	Total Property Taxes (Line 16 + Line 17)	\$ 4,071	-
19	Adjusted Test Year Property Taxes	\$ 4,476	-
20	Adjustment to Test Year Property Taxes (Line 18 - Line 19)	\$ (405)	-
21			
22	Property Tax on Company Recommended Revenue (Line 16 + Line 17)		\$ 6,088
23	Company Test Year Adjusted Property Tax Expense (Line 18)		\$ 4,071
24	Increase in Property Tax Due to Increase in Revenue Requirement		\$ 2,017
25			
26	Increase in Property Tax Due to Increase in Revenue Requirement (Line 24)		\$ 2,017
27	Increase in Revenue Requirement		\$ 177,255
28	Increase in Property Tax Per Dollar Increase in Revenue (Line 26 / Line 27)		1.13789%
29			
30			
31			
32			
33			
34			
35			

Utility Source, LLC - Wastewater Division - Phase 2
 Revenue Breakdown Summary
 Proposed Rates

Settlement Schedule
 Page 1
 Witness: Bourassa

		Present Monthly Mins	Commodity First Tier	Commodity Second Tier	Commodity Third Tier	Total	From H-1
3/4 Inch Residential	\$	142,524	\$ 61,428	\$ -	\$ -	\$ 203,952	\$ 203,952
3/4 Inch Commercial	\$	444	\$ 76	\$ -	\$ -	\$ 520	\$ 520
2 Inch Commercial	\$	10,656	\$ 15,712	\$ -	\$ -	\$ 26,368	\$ 26,368
2 Inch Irrigation							
TOTALS	\$	153,624	\$ 77,216	\$ -	\$ -	\$ 230,840	\$ 230,840
Percent of Total		66.55%	33.45%	0.00%	0.00%	100.00%	
Cummulative %		66.55%	100.00%	100.00%	100.00%		

Utility Source, LLC - Wastewater Division - Phase 2
 Revenue Breakdown Summary
 Proposed Rates

Settlement Schedule
 Page 2
 Witness: Bourassa

		Present Monthly Mins	Commodity First Tier	Commodity Second Tier	Commodity Third Tier	Total	From H-1
3/4 Inch Residential	\$	161,784	\$ 69,489	\$ -	\$ -	\$ 231,273	\$ 231,273
3/4 Inch Commercial	\$	504	\$ 86	\$ -	\$ -	\$ 590	\$ 590
2 Inch Commercial	\$	12,096	\$ 17,774	\$ -	\$ -	\$ 29,870	\$ 29,870
2 Inch Irrigation							
TOTALS	\$	174,384	\$ 87,348	\$ -	\$ -	\$ 261,732	\$ 261,732
Percent of Total		66.63%	33.37%	0.00%	0.00%	100.00%	
Cummulative %		66.63%	100.00%	100.00%	100.00%		

Utility Source, LLC - Wastewater Division - Phase 3
 Revenue Breakdown Summary
 Proposed Rates

Settlement Schedule
 Page 3
 Witness: Bourassa

		Present Monthly Mins	Commodity First Tier	Commodity Second Tier	Commodity Third Tier	Total	From H-1
3/4 Inch	Residential	\$ 181,044	\$ 77,828	\$ -	\$ -	\$ 258,872	\$ 258,872
3/4 Inch	Commercial	\$ 564	\$ 96	\$ -	\$ -	\$ 660	\$ 660
2 Inch	Commercial	\$ 13,536	\$ 19,907	\$ -	\$ -	\$ 33,443	\$ 33,443
2 Inch	Irrigation						
TOTALS		<u>\$ 195,144</u>	<u>\$ 97,830</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 292,974</u>	<u>\$ 292,974</u>
Percent of Total		66.61%	33.39%	0.00%	0.00%	100.00%	
Cumulative %		66.61%	100.00%	100.00%	100.00%		

Utility Source, LLC - Wastewater Division
 Present and Proposed Rates
 Test Year Ended December 31, 2012

Exhibit
 Settlement Schedule H-3
 Page 1
 Witness: Bourassa

Line No.	Customer Classification and Meter Size (Residential, Commercial)	Present Rates	Phase 1 Proposed Rates	Phase 2 Proposed Rates	Phase 3 Proposed Rates
1	Monthly Usage Charge for:				
2	5/8 x 3/4 Inch	\$ -	\$ 37.00	\$ 42.00	\$ 47.00
3	3/4 Inch	-	37.00	42.00	47.00
4	1 Inch	-	92.50	105.00	117.50
5	1 1/2 Inch	-	185.00	210.00	235.00
6	2 Inch	-	296.00	336.00	376.00
7	3 Inch	-	592.00	672.00	752.00
8	4 Inch	-	925.00	1,050.00	1,175.00
9	6 Inch	-	1,850.00	2,100.00	2,350.00
10					
11	<u>Gallons In Minimum</u>				
12	All Meter Sizes	-	-	-	-
13					
14	<u>Rate per 1,000 Gallons of Water Usage</u>				
15	Residential	\$ 5.84	\$ 3.87	\$ 4.38	\$ 4.91
16	Commercial and Industrial				
17	Car washes, laundromats, Commercial, Manufacturing	5.71	3.79	4.28	4.80
18	Hotels, Motels	7.66	5.08	5.75	6.43
19	Restaurarants	9.46	6.27	7.10	7.95
20	Industrial Laundries	8.39	5.56	6.29	7.05
21	Waste haulers	171.20	113.51	128.40	143.81
22	Restuarant Grease	149.80	99.32	112.35	125.83
23	Treatment Plant Sludge	171.20	113.51	128.40	143.81
24	Mud Sump Waste	535.00	354.71	401.25	449.40
25					
26					
27					
28					
29					
30					