ORIGINAL OPEN MEETING AGENDA ITEM

EXCEPTION

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BEFORE THE ARIZONA CORPORATION C

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COMMISSIONERS

SUSAN BITTER SMITH, Chairman
BOB STUMP
BOB BURNS
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TOM FORESE

IN THE MATTER OF THE APPLICATION OF SOUTHWEST ENVIRONMENTAL UTILITIES, L.L.C. FOR APPROVAL OF A CERTIFICATE OF CONVFENIENCE AND NECESSITY TO PROVIDE WATER AND WASTEWTAER SERVICES IN PINAL COUNTY, ARIZONA.

DOCKET NO. WS-20878A-13-0065

EXCEPTIONS OF SOUTHWEST ENVIRONMENTAL UTILITIES, L.L.C.

CROCKETT LAW GROUP PLLC
2198 East Camelback Road, Suite 305
Phoenix, Arizona 85016
602.441.2775

Southwest Environmental Utilities, L.L.C. ("SEU" or the "Company") hereby files its exceptions to the recommended opinion and order ("ROO") docketed November 20, 2015 in this case. While SEU supports the ROO in general, the ROO should be modified in two important respects. First, the ROO allows SEU to request the approval of a Central Arizona Groundwater Replenishment District ("CAGRD") tax assessment adjuster mechanism if the Arizona Department of Water Resources subsequently approves the Company's pending application for a Designation of Assured Water Supply ("DAWS"). The ROO attaches conditions to that request that come from Decision 71854 (WS-02987A-08-0180) issued in the last Johnson Utilities rate case. However, the ROO fails to incorporate modifications to those conditions that were made in subsequent Commission decisions, as discussed below. SEU requests that the ROO be modified to incorporate the current analogous conditions attached to the adjuster mechanism in Docket WS-02987A-08-0180.

Second, SEU has requested the approval of reasonable water and wastewater hook-up fees ("HUFs"). However, the ROO denies this request. For the reasons set forth below, SEU requests that the ROO be modified to approve the requested HUFs.

For the Commission's consideration and convenience, SEU has attached Proposed Amendment #1 and Proposed Amendment #2 which make the requested revisions to the ROO.

I. Conditions Applicable to a CAGRD Adjuster Mechanism.

The ROO approves SEU's request to file a Designation of Assured Water Supply in lieu of filing individual Certificates of Assured Water Supply for the various subdivisions within the Company's proposed Certificate of Convenience and Necessity ("CC&N"). The ROO also approves SEU's request to allow the filing of a petition to amend the final order prospectively, pursuant to A.R.S. § 40-252, to authorize a CAGRD adjuster mechanism like the one approved for Johnson Utilities in Decision 71854 once SEU obtains a DAWS. The CAGRD adjuster approved in Decision 71854 included conditions that Utilities Division Staff ("Staff") proposed and the Commission found appropriate to safeguard ratepayers. Adopting conditions found at pages 38-39 of Decision 71854, the ROO in this case states that any future CAGRD adjuster approved by the Commission for SEU should include conditions (a) through (f) as listed on page 17 of the ROO. However, there have been several revisions to the conditions adopted by the Commission in Decision 71854 and the ROO fails to capture these changes.

First, Condition (b) on page 17 of the ROO states as follows:

> The only time the Company can withdraw money from the CAGRD Account is to pay the annual CAGRD fee to the CAGRD, which is due on October 15th of each year.

In Decision 74701 (Docket WS-02987A-08-0180), the Commission approved the request of Johnson Utilities to modify the very same condition in Decision 71854 to make clear that Johnson Utilities may reimburse itself when it advances a shortfall in the CAGRD account. Condition 3 at page 38 of Decision 71854 was amended to read as follows:

> 3. The only time the Company can withdraw money from the CAGRD Account is to pay the annual CAGRD fee to the CAGRD, which is due on October 15th of each year, or to reimburse the Company for advancing a shortfall in the CAGRD Account needed to make the previous year's CAGRD payment. In the event of a shortfall, the Company shall only reimburse itself by withdrawing each month from the CAGRD Account an amount not to exceed 1/12th of the shortfall advanced by the Company until the full amount of any advance has been returned to the Company.

This condition was modified once again in Decision 75129 (Docket WS-02987A-08-0180) to remove the limitation requiring Johnson Utilities to reimburse itself for advancing

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2198 East Camelback Road, Suite 305
Phoenix, Arizona 85016
602.441.2775

shortfalls in the CAGRD account at the rate of 1/12th of the shortfall per month. Thus, the current version of the condition first approved in Decision 71854 is as follows:

> **3. The only time the Company can withdraw money from the CAGRD Account is to pay the annual CAGRD fee to the CAGRD, which is due on October 15th of each year, or to reimburse the Company for advancing a shortfall in the CAGRD Account needed to make the previous year's CAGRD payment.**

Condition (b) on page 17 of the ROO should be modified accordingly. For the Commission's consideration and convenience, SEU has attached Proposed Amendment #1 which makes this revision to the ROO.

Second, Condition (e) on page 17 of the ROO requires that SEU submit its proposed CAGRD adjuster fees by August 25 of each year, and states that the approved fees become effective on the following October 1. Condition (e) is the same as Condition 7 at pages 38-39 of Decision 71854. However, at the joint request of Staff and Johnson Utilities, the dates in Condition 7 were modified pursuant to Decision 73284 (Docket WS-02987A-08-0180) such that the filing date for the adjuster reset was changed from August 25 each year to October 25, and the effective date for the new CAGRD adjuster fees was changed from October 1 to December 1. Condition (e) on page 17 of the ROO should be modified accordingly. For the Commission's consideration and convenience, SEU has attached Proposed Amendment #1 which makes these revisions to the ROO.

Third, Condition (c) on page 17 of the ROO requires the filing of semi-annual reports during the last week of October and the last week of April each year. Condition (c) is the same as Condition 4 at page 38 of Decision 71854. However, at the joint request of Staff and Johnson Utilities, the Commission clarified in Decision 73284 (Docket WS-02987A-08-0180) that the semi-annual report due in October should be part of the reset filing due on October 25, rather than a separate filing requirement. Condition (c) on page 17 of the ROO should be modified accordingly. For the Commission's consideration and convenience, SEU has attached Proposed Amendment #1 which makes this revision to the ROO.

CROCKETT LAW GROUP PLLC
2198 East Camelback Road, Suite 305
Phoenix, Arizona 85016
602.441.2775

II. Hook-Up Fees.

SEU has requested HUFs but the ROO adopts Staff's recommendation against approving HUFs with the grant of an initial CC&N. For the reasons discussed below, SEU requests that the Commission approve reasonable HUFs for SEU. For the Commission's consideration and convenience, SEU has attached Proposed Amendment #1 which would approve the requested HUFs.

1. The Commission Can and Has Approved HUFs with an Initial CC&N.

There was no disagreement between Staff and SEU that the Commission can and has approved HUFs with the initial grant of a CC&N. The ROO acknowledges that the Commission approved HUFs for Johnson Utilities in the order approving its initial CC&N. In that case,[1] just like in this case, Staff opposed the water and wastewater HUFs requested by the utility. Notwithstanding Staff's opposition, the Commission approved the requested HUFs for Johnson Utilities in Decision 60223. Thus, Decision 60233 clearly establishes that the Commission can and has approved HUFs in the initial grant of a CC&N.

The Commission temporarily eliminated the HUFs for Johnson Utilities when it issued Decision 71854, but subsequently reinstated the HUFs a year later in Decision 72579 based upon the utility's request that the Commission correct Decision 71854.[2] The Commission's decision to approve the continuation of the HUFs in Decision 72579 is clear validation of its decision to allow HUFs in the first instance with the grant of the initial CC&N to Johnson Utilities.

Staff argued that the Commission reinstated the HUFs in Decision 72579 "with the benefit of having examined the performance history of [Johnson Utilities] in a full rate case, something the ACC does not yet have the benefit of with SEU."[3] However, this argument is nonsensical because it ignores the glaring truth that the Commission first approved HUFs for Johnson Utilities in its initial CC&N case without the benefit of a rate case. Applying this flawed logic, the Commission could never approve initial rates for a utility because it would not have "the benefit of having examined the performance history ... in a full rate case." It also bears noting that in

[1] *See* consolidated Dockets WS-02987A-95-0284 and WS-02987A-95-285.
[2] *See* Docket WS-02987A-08-0180.
[3] Staff Response Brief at 2, lines 14-16.

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2198 East Camelback Road, Suite 305
Phoenix, Arizona 85016
602.441.2775

this case, the Commission's engineers carefully examined SEU's construction cost estimates and found them to be "reasonable and appropriate."[4]

Certainly, there is nothing to prevent the Commission from re-evaluating the HUFs approved for SEU when the Commission hears the Company's first rate case, just as the Commission did in the case of Johnson Utilities. The ROO requires that SEU "file a rate application no later than six months following the fifth anniversary of the date the Company begins providing service to its first customer."[5] Thus, the Commission will have an opportunity to review the continued reasonableness of the HUFs in the Company's first rate case, just as it will review the initial rates and charges that are approved in this docket.

2. <u>The Owner of SEU has Extensive Experience Operating Water and Wastewater Utilities</u>.

The ROO states, "Staff asserts that the Commission does not have the benefit of examining SEU's performance as a utility and that SEU and Johnson are separate legal entities, and SEU has no business history."[6] The ROO states further, "Staff contends that because SEU is its own legal entity it 'must stand on its own merit and establish that it is in the public interest for it to provide water and wastewater services to its customers.'"[7] It is difficult to understand the point being made by Staff, especially in light of Staff's repeated references to the experience, financial capability and technical capability of George Johnson and Johnson Utilities in the following quotes taken from the April 28, 2015 Staff Report in this case:

- Mr. George H. Johnson and Mrs. Jana S. Johnson own Southwest. Mr. & Mrs. Johnson also own Johnson Utilities, LLC ("Johnson Utilities"), <u>a public utility company that has for many years provided wastewater and water utility services to the public</u>, in portions of Pinal County, Arizona. Johnson Utilities currently serves approximately 30,900 wastewater customers and approximately 23,400 water utility customers, which includes both residential and commercial customers. Johnson Utilities serves an area between Queen Creek and Florence in Pinal County.[8]

- <u>Mr. George Johnson, the owner of Johnson Utilities, has demonstrated the ability to formulate, develop and operate water and wastewater utilities in Arizona</u>. ... Mr. Johnson is also the owner of Southwest.[9]

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[4] Engineering Memorandum (April 21, 2015) attached as Attachment A to Staff Report at pages 1 and 6.
[5] ROO at 31, lines 6½-8½.
[6] ROO at 11, lines 5-7.
[7] ROO at 11, lines 7-9.
[8] Staff Report dated April 28, 2014, at 1 (emphasis added).
[9] Staff Report dated April 28, 2014, at 6 (emphasis added).

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2198 East Camelback Road, Suite 305
Phoenix, Arizona 85016
602.441.2775

- Based on the information provided in this docket and from Staff's review of other available materials regarding the Company and related affiliate, Staff concludes that: (1) Southwest has no prior operating experience, but the owner, Mr. Johnson, has many years' experience; (2) there is no evidence of negative determinations and/or questionable business practices regarding Southwest, its affiliate and/or owner; and (3) Southwest through its owner, Mr. George Johnson, has adequate financial capability to provide the requested services.[10]

- SEU is owned by George Johnson. Mr. Johnson has many years of experience operating wastewater systems. Staff concludes that the Applicant is technically capable of constructing and operating the proposed WWTP.[11]

- SEU is owned by George Johnson. Mr. Johnson has many years of experience operating water systems. Staff concludes that the Applicant is technically capable of constructing and operating the proposed water system.[12]

It is crystal clear based on the record in this case that Mr. Johnson has the requisite utility experience, financial capability and technical capability to operate SEU. Regarding the HUFs requested by SEU, it is relevant that Mr. Johnson has had substantial experience with HUFs that have been in place for Johnson Utilities since the company began nearly 20 years ago. Based upon his "extensive experience" in the water and wastewater business, to use Staff's words,[13] Mr. Johnson has determined that HUFs for SEU are necessary and appropriate in order to ensure that customers have reasonable rates and that the risk associated with new development is properly allocated to the developers where it belongs. With any new development, there is significant risk that lots will not sell or that sales will occur more slowly than the developer anticipated. Allocating a reasonable portion of the cost of backbone infrastructure on the developer helps ensure that development risk is not shifted to customers.

3. Staff's Opposition to HUFs for SEU Lacks Any Substantive Analysis.

Staff's arguments in this case regarding HUFs have been contradictory. As set forth in the ROO, "Staff states it is the Commission's policy not to approve HUFs in initial CC&N cases."[14] Yet, Staff asserted in its Response Brief that it actually did some substantive analysis in this case apart from merely applying its default recommendation against HUFs for initial CC&Ns, asserting as follows:

> As set forth at page 2 of Ms. Rimback's Memorandum (Attachment C) to the Staff Report, Staff's chief concern is in regards to the Company assumptions used for the level of investor funds included in projected plant in service and the projected cash flow to operate

[10] Staff Report dated April 28, 2014, at 6 (emphasis added).
[11] Staff Report, Attachment A (Engineering Memorandum dated April 21, 2015) at 1 (emphasis added).
[12] Staff Report, Attachment A (Jian Liu Memorandum dated April 21, 2015) at 6 (emphasis added).
[13] Staff Response Brief at 2, line 22.
[14] ROO at 10, lines 18-19.

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2198 East Camelback Road, Suite 305
Phoenix, Arizona 85016
602.441.2775

> the Company. Staff's recommendations were developed with a view to increasing the level of investor funds and generating a rate of return which will provide adequate cash flow to operate the Company. Only after an analysis of relevant factors including, without limitation, revenue and expenses, cash flow, rate design and, of great import, SEU's proposed equity contributions, did Staff recommend that no HUFs were appropriate for either the Company's water and wastewater systems.[15]

Apart from this assertion in its Response Brief, there is little if anything in the record evidencing any bona fide analysis by Staff of "the Company assumptions used for the level of investor funds included in projected plant in service and the projected cash flow to operate the Company." Likewise, there is little if anything in the record evidencing an analysis by Staff regarding "increasing the level of investor funds" and its effect on rate of return and cash flow. In fact, Staff's witness at the hearing actually contradicted Staff's assertion that it made a substantive analysis of the HUFs, as highlighted by the following exchange between the administrative law judge and the Staff witness:

> *Q. Can you tell me how you - - how did you derive those percentages?*
>
> *A. I removed the hookup fees, and by removing that, I came up with a much higher amount in their backbone plant that the company would have to invest. The company had them at 57 percent for water and 67 percent for wastewater.*[16]

With the HUFs proposed by SEU, the Company's owner would fund a very healthy 57.5% of the backbone water plant and 67.18% of the backbone wastewater plant. This is a substantial financial commitment totaling more than $6.3 million in the first five years. By eliminating the HUFs, however, Staff would force the Company's owner to fund 87.24% of the backbone water plant and 91.50% of the backbone wastewater plant, a total exceeding $9 million. According to Staff's witness, Staff excluded the HUFs because SEU "needs to be invested,"[17] but the witness agreed that the Company would still have equity invested even with the proposed HUFs, stating that "[i]t's a matter of how much they're going to be invested."[18] Yet, Staff provided no analysis to explain why Staff's higher equity level is any better than the level proposed by SEU. The Staff

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[15] Staff Response Brief at 3, lines 4-12.
[16] Reporter's Transcript of Proceedings (Docket WS-20878A-13-0065) at 116-117.
[17] *Id.* at 118-119.
[18] *Id.* at 122-123.

CROCKETT LAW GROUP PLLC
2198 East Camelback Road, Suite 305
Phoenix, Arizona 85016
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witness simply pointed out that Staff's equity is higher, and it is higher simply because Staff removed the HUFs.

What Staff should have considered is whether SEU, if the Company grows as projected, will have a reasonably positive rate base at the end of five years. With the proposed HUFs, and using Staff's figures, SEU will have original cost rate bases of $1,456,494 for water and $2,448,586 for wastewater at the end of five years.[19] Combined rate base totaling $3,905,080 at the end of the first five years of operation is a healthy rate base for a new utility, and it certainly shows that SEU will be invested in its utility business. Moreover, the Company has not proposed initial rates that are artificially low or HUFs that are unreasonably high. Rather, the rate design and HUFs were specifically developed by the Company and its consultant Tom Bourassa to produce a reasonable rate base at the end of five years.

SEU has provided legitimate reasons for the requested HUFs. Company witness Brad Cole testified at the hearing that "hook-up fees are important for both new and established utilities because they help keep rates lower, and it helps mitigate the risk of building the backbone plant, and it puts a proportionate share of the responsibility on the developer and not on the utility or the ratepayers."[20] Mr. Cole continued, "as long as it's not disproportionate, it's beneficial for both the utility and the ratepayers."[21] Staff acknowledged these facts in its Response Brief in stating that "SEU correctly posits that the use of HUFs serves to shift risks to developers and lower rates to customers."[22]

Mr. Cole further testified that the proposed HUFs would only cover a portion of SEU's costs of building backbone infrastructure, and that the balance of the costs would be funded by the Company.[23] Staff asserted in its Response Brief that "the Commission has no way to determine whether the Company will proceed to invest an appropriate amount of its own funds in the long term or rely mainly on funds from HUFs."[24] But where would the additional investment

[19] *See* Schedule MJR-W1 IS (line 41) and Schedule MJR-WW1 IS (line 59) of Attachment C to the Staff Report.
[20] Reporter's Transcript of Proceedings (Docket WS-20878A-13-0065) at 29-30.
[21] *Id.* at 30, lines 4-6.
[22] Staff Response Brief at 3, lines 19-20.
[23] *Id.* at 30, lines 7-12.
[24] Staff Response Brief at 2, lines 16-18.

CROCKETT LAW GROUP PLLC
2198 East Camelback Road, Suite 305
Phoenix, Arizona 85016
602.441.2775

come from to build the necessary backbone infrastructure if not from the owner of the utility? Staff's assertion rings hollow in the face of the positive track record established by the owner of SEU. Mr. Johnson has invested millions of his own dollars in Johnson Utilities over the past 20 years. Staff acknowledged in its Response Brief that it "is familiar with Mr. Johnson's extensive experience in the water service and wastewater service arenas, as an independent regulated utility."[25] SEU submits that a record has been clearly established to show that SEU will be properly and timely capitalized by its owner, and that Staff's concerns are without merit.

Finally, the ROO quotes the following passage from Decision 71414 in the final H2O, Inc., rate case:

> [I]f the Company is allowed to continue to collect hook-up fees and developer advances as the primary means of funding infrastructure, the short-term benefits associated with that strategy could result in devastating long-term consequences when the source of contributed capital no longer exists and customers alone are left to support a utility with minimal equity investment in its infrastructure. Under such a scenario, the only likely source of funds would be in the form of substantial, and likely frequent, rate increases because the utility has very little rate base upon which it would be entitled to earn a return.... [T]he Company's extreme reliance on customer supplied funds portends future calamity unless an infusion of investor capital occurs to bring H2O's capital structure more into balance. The absence of such investment could undermine substantially the Company's future ability to provide the necessary capital to fund needed infrastructure investment.[26]

The concerns voiced in this passage have certainly not come to pass in the case of Johnson Utilities, which is owned by the same person who owns SEU. Johnson Utilities has collected HUFs since day one and the company has never suffered from a lack of access to capital to fund new construction, nor has it come in for frequent rate increases. SEU would also point out that it is not using HUFs as the "primary means" of funding backbone infrastructure. Rather, with the HUFs that have been requested by SEU (which fund only a portion of the backbone infrastructure), the Company will clearly build equity while keeping developer risk on the developers where it belongs and by maintaining utility rates that are reasonable.

4. HUFs Will Facilitate Reasonable Rates.

Under SEU's proposed rates, a typical residential customer with a ¾-inch water meter and

[25] Staff Response Brief at 2, lines 22-23.
[26] ROO at 11, lines 17-24 (citations omitted).

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2198 East Camelback Road, Suite 305
Phoenix, Arizona 85016
602.441.2775

average usage of 7,500 gallons per month would pay $52.36 per month for water service and $67.88 per month for wastewater service, for a combined bill of $120.24 per month. However, by removing the proposed HUFs, a typical residential customer with a ¾-inch water meter and average usage of 7,500 gallons per month would pay $63.75 per month for water service and $88.37 per month for wastewater service, for a combined bill of $152.12 per month. Thus, under Staff's proposed rates, a typical combined residential bill would be 27% higher as a result of the elimination of the HUFs. Such higher rates will place a financial burden on customers residing within the CC&N area. Approving a reasonable water and wastewater HUF will place an appropriate portion of the financial burden and risk on the developers, while ensuring that rates remain affordable.

For all of these reasons, SEU requests that the Commission authorize the requested HUFs. For the Commission's consideration and convenience, SEU has attached a Proposed Amendment #1 which would modify the ROO to approve the requested HUFs.

RESPECTFULLY submitted this 30th day of November, 2015.

CROCKETT LAW GROUP PLLC

Jeffrey W. Crockett, Esq.
2198 East Camelback Road, Suite 305
Phoenix, Arizona 85016
Attorney for Southwest Environmental Utilities, L.L.C.

ORIGINAL and thirteen (13) copies
filed this 30th day of November, 2015, with:

Docket Control
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, Arizona 85007

COPIES of the foregoing hand-delivered
this 30th day of November, 2015, to:

Dwight D. Nodes, Chief Administrative Law Judge
Hearing Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, Arizona 85007

CROCKETT LAW GROUP PLLC
2198 East Camelback Road, Suite 305
Phoenix, Arizona 85016
602.441.2775

Janice Alward, Chief Counsel
Legal Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, Arizona 85007

Thomas M. Broderick, Director
Utilities Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, Arizona 85007

CROCKETT LAW GROUP PLLC
2198 East Camelback Road, Suite 305
Phoenix, Arizona 85016
602.441.2775

PROPOSED AMENDMENT #1

PROPOSED AMENDMENT # 1

DATE PREPARED: November 30, 2015

COMPANY: Southwest Environmental Utilities, L.L.C.

DOCKET NO.: WS-20878A-13-0065

OPEN MEETING DATES: December 8-9, 2015 AGENDA ITEM: U-____

Page 17, line 6½,

ADD the following after the word "year":

, or to reimburse the Company for advancing a shortfall in the CAGRD Account needed to make the previous year's CAGRD payment

Page 17, line 8½,

DELETE everything following the comma and ADD:

with one report due on October 25 with the reset filing each year and the other report due the last week of April each year

Page 17, line 12,

DELETE "August" and replace with "October"

Page 17, line 16,

DELETE "October" and replace with "December"

Page 32, line 2½,

ADD the following after the word "year":

, or to reimburse the Company for advancing a shortfall in the CAGRD Account needed to make the previous year's CAGRD payment

Page 32, line 4,

DELETE everything following the comma and ADD:

with one report due on October 25 with the reset filing each year and the other report due the last week of April each year

Page 32, line 7½,

DELETE "August" and replace with "October"

Page 32, line 11½,

DELETE "October" and replace with "December"

Make all other conforming changes.

PROPOSED AMENDMENT #2

PROPOSED AMENDMENT # 2

DATE PREPARED: November 30, 2015

COMPANY: Southwest Environmental Utilities, L.L.C.

DOCKET NO.: WS-20878A-13-0065

OPEN MEETING DATES: December 8-9, 2015 AGENDA ITEM: U-____

Page 12, line 13,

DELETE $100 and REPLACE with $1,000

Page 13, lines 4-5,

DELETE the sentence "We are not persuaded that the percentages presented by the Company accurately reflect the overall percentage of plant to be funded by the Company."

Page 13, lines 16-25,

DELETE Finding of Fact 40 and REPLACE with the following Finding of Fact 40:

SEU has presented a reasonable basis to support the requested HUFs. There are benefits to ratepayers in the form of lower risk and lower rates, points which are undisputed by Staff. The proposed level of HUFs, which cover only a portion of backbone infrastructure costs, ensures that the Company will build sufficient equity so that the owners are appropriately invested in the business. For these reasons, we will approve the requested HUFs. Further, we will adopt the Company's recommended FVRB of $1,456,494 for water and $2,448,586 for wastewater at the end of the first five years of utility service for the purposes of setting initial rates in this proceeding.

Page 25, lines 11-12,

DELETE Finding of Fact 71 and REPLACE with the following Finding of Fact 71:

Based on our findings above, we find SEU's recommended rate designs for water utility service and wastewater utility service to be reasonable, and we will adopt them.

Page 26, line 9, Conclusion of Law No. 5,

DELETE $3,086,256 and REPLACE with $1,456,494

Page 26, line 10, Conclusion of Law No. 6,

DELETE $3,461,108 and REPLACE with $2,448,586

Page 26, line 23,

DELETE $3,086,256 and REPLACE with $1,456,494

Page 26, line 25,

DELETE $3,461,108 and REPLACE with $2,448,586

Page 27, line 16,

DELETE the Water Rates and Charges on pages 27-28 and REPLACE with the following:

WATER RATES AND CHARGES

MONTHLY USAGE CHARGE:

5/8" x ¾" Meter	$23.25
¾" Meter	$34.88
1" Meter	$53.13
1 ½" Meter	$116.25
2" Meter	$186.00
3" Meter	$372.00
4" Meter	$581.25
6" Meter	$1,162.50

COMMODITY CHARGE
Charge per 1,000 gallons

All 5/8 x ¾" and ¾" meter size classes except irrigation

0 to 3,000 gallons	$1.58
3,001 to 10,000 gallons	$2.83
Over 10,000 gallons	$4.08

1" Meter

0 to 25,000 gallons	$2.83
Over 25,000 gallons	$4.08

1 1/2" Meter

0 to 50,000 gallons	$2.83
Over 50,000 gallons	$4.08

2" Meter

0 to 80,000 gallons	$2.83
Over 80,000 gallons	$4.08

3" Meter

0 to 160,000 gallons	$2.83
Over 160,000 gallons	$4.08

4" Meter

0 to 250,000 gallons	$2.83
Over 250,000 gallons	$4.08

6" Meter

0 to 500,000 gallons	$2.83
Over 500,000 gallons	$4.08

8" Meter

0 to 800,000 gallons	$2.83
Over 800,000 gallons	$4.08

Standpipe or bulk water per 1,000 gallons	$4.08

HOOK-UP FEE

Meter Size	
5/8" x ¾" Meter	$600.00
¾" Meter	$900.00
1" Meter	$1,500.00
1 ½" Meter	$3,000.00
2" Meter	$4,800.00
3" Meter	$9,600.00
4" Meter	$15,000.00
6" Meter	$30,000.00

Page 30, line 1,

DELETE the Wastewater Rates and Charges on lines 1-12 and REPLACE with the following:

WASTEWATER RATES AND CHARGES

MONTHLY USAGE CHARGE:

5/8" x ¾" Meter	$45.25
¾" Meter	$67.88
1" Meter	$113.13
1 ½" Meter	$226.25
2" Meter	$362.00
3" Meter	$724.00
4" Meter	$1,131.25
6" Meter	$2,262.50
8" Meter	$3,620.00
10" Meter	$5,203.75

COMMODITY CHARGE
Charge per 1,000 gallons

Treated Effluent per 1,000 gallons	$1.00
Treated Effluent per acre-foot	$325.80

HOOK-UP FEE

Sewer Lateral Size	
4" Lateral	$1,000.00
6" Lateral	$2,000.00
8" Lateral	$4,000.00

Make all other conforming changes.