

ORIGINAL



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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

- DOUG LITTLE – Chairman
- BOB STUMP
- BOB BURNS
- TOM FORESE
- ANDY TOBIN

IN THE MATTER OF THE APPLICATION OF BN LEASING CORPORATION D/B/A AUBREY WATER COMPANY FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR INCREASES IN ITS WATER RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.

DOCKET NO. W-03476A-15-0286

DECISION NO. 75460

ORDER

Arizona Corporation Commission

DOCKETED

FEB 11 2016

Open Meeting
February 2 and 3, 2016
Phoenix, Arizona

DOCKETED BY

BY THE COMMISSION:

* * * * *

Having considered the entire record herein and being fully advised in the premises, the Commission finds, concludes, and orders that:

FINDINGS OF FACT

I. Procedural History

1. On August 6, 2015, BN Leasing Corporation d/b/a Aubrey Water Company (“Aubrey Water” or “Company”) filed with the Arizona Corporation Commission (“Commission”) an application for a permanent rate increase.

2. On August 14, 2015, Aubrey Water filed an affidavit certifying that notice of the application was mailed to its customers on August 11, 2015.

3. On September 4, 2015, the Commission’s Utilities Division Staff (“Staff”) filed a Letter of Sufficiency stating that the Company’s application had met the sufficiency requirements outlined in Arizona Administrative Code (“A.A.C.”) R14-2-103, and classifying Aubrey Water as a Class D utility.

1 4. On October 14, 2015, Aubrey Water filed a Notice of Supplemental Filing of Updated
2 Schedules.

3 5. On November 3, 2015, Staff filed a Notice of Settlement Discussions stating that a
4 meeting for the purpose of engaging in settlement discussions was scheduled to commence on
5 November 10, 2015, at 9:30 a.m.

6 6. On November 5, 2015, Staff filed a Notice of Change to Start Time Only of Settlement
7 Discussions stating that time for commencing settlement discussions on November 10, 2015, had been
8 changed from 9:30 a.m. to 1:00 p.m.

9 7. On November 16, 2015, Staff and Aubrey Water filed a Stipulated Motion to Extend
10 Filing Deadline requesting that the deadline for filing the Staff Report (including any potential
11 settlement agreement) be extended from November 18, 2015, to December 4, 2015. According to the
12 parties, settlement discussions proved productive and additional time was required to finalize the terms
13 and details of a potential settlement agreement.

14 8. On November 17, 2015, a Procedural Order was issued granting the extension of time
15 requested by the parties and extending the Commission's timeclock for issuing a final order in this
16 matter in a corresponding manner.

17 9. On December 7, 2015, Staff filed a Notice of Filing Settlement Agreement stating that
18 the Company and Staff are in agreement with the terms and conditions of the proposed Settlement
19 Agreement ("Settlement Agreement"). Staff also filed a Staff Report recommending approval of the
20 Settlement Agreement.

21 10. On February 1, 2016, the Company filed a Notice of Proposal to Extend Rate Phase-In
22 Period, stating that after further considering the impact of the proposed rate increase on its customers
23 and community of Seligman, the Company now believes that an extended rate phase-in is appropriate.

24 **II. Background**

25 11. Pursuant to authority granted by the Commission, Aubrey Water is an Arizona public
26 service corporation engaged in the business of providing potable water utility service in the community
27
28

1 of Seligman, in Yavapai County, Arizona.¹ The Company's current rates and charges were approved
2 by the Commission in Decision No. 69379 (March 22, 2007).

3 12. The Company provides water service to approximately 223 residential customers and
4 56 commercial customers in the community of Seligman. Additionally, the Company supplies water
5 to customers outside the community of Seligman through bulk water sales.

6 13. The Company's water system includes two wells, one storage tank, three booster bumps,
7 and associated transmission and distribution mains. During the test year ending December 31, 2013,
8 the Company reported 45,145,000 gallons of water pumped, 36,959,000 gallons of water sold, and
9 140,910 gallons of estimated beneficial non-revenue use,² resulting in a water loss of 18 percent, which
10 exceeds the 10 percent limit acceptable to Staff.

11 14. Based on Staff's engineering analysis, the water system has adequate production and
12 storage capacity to serve the present customer base and any reasonable growth.

13 15. According to an Arizona Department of Environmental Quality ("ADEQ") Compliance
14 Status Report dated September 18, 2015, Aubrey Water has no major deficiencies and is currently
15 delivering water that meets the water quality standards required by 40 C.F.R. §§ 141.1, *et seq.* (National
16 Primary Drinking Water Regulations) and A.A.C., Title 18, Chapter 4.

17 16. Aubrey Water is not within an Arizona Department of Water Resources ("ADWR")
18 active management area ("AMA"). In a Water Provider Compliance Report dated August 28, 2015,
19 ADWR determined that the Company is currently in compliance with departmental requirements
20 governing water providers and/or community water systems.

21 17. According to Staff, six customer complaints were filed with the Commission between
22 January 1, 2012 and September 11, 2015, all of which have been resolved and closed. Staff further
23 reports that the Company is currently in good standing with the Commission's Corporations Division
24 and the Company has no delinquent compliance issues.

25 _____
26 ¹ The Certificate of Convenience and Necessity ("CC&N") to serve the community of Seligman was granted to Aubrey
27 Water Company, then a subsidiary of the Atchison Topeka Santa Fe Railway Company ("Santa Fe"), in Decision No. 58172
28 ("BNSF"), the CC&N was transferred to BN Leasing Corporation d/b/a Aubrey Water Company, a subsidiary of BNSF, in
Decision No. 61843 (July 21, 1999).

² According to the Company, its beneficial non-revenue water use includes system flushing of water lines and fire protection.

1 **III. Settlement Agreement**

2 **A. Pre-Settlement Position of the Company**

3 18. In its application, the Company proposed a fair value rate base (“FVRB”) of \$1,263,115;
4 a fair value rate of return of 8.50 percent; and a revenue requirement of \$402,418 (an increase of
5 \$236,946 over test year revenues of \$165,472, or 143.19 percent). Under the rates proposed in the
6 application, the typical monthly bill for a 5/8 x 3/4-inch meter residential water customer with median
7 usage of 2,470 gallons would increase from \$16.82 to \$40.80, or 142.57 percent.

8 **B. Settlement Agreement**

9 19. On November 10, 2015, Staff and the Company engaged in settlement negotiations that
10 resulted in the Settlement Agreement filed on December 7, 2015 (attached hereto as “Exhibit A”).³
11 According to the Settlement Agreement, “[t]he settlement discussions were open, transparent, and
12 inclusive of all parties to this Docket.”

13 **1) Terms and Conditions of the Settlement Agreement**

14 20. Under the terms of the Settlement Agreement, the parties agree to: a FVRB of
15 \$1,263,115; a fair value rate of return of 8.50 percent; a revenue requirement of \$391,099 (an increase
16 of \$225,627 over test year revenues of \$165,472, or 136.35 percent); and phase-in rates over a three
17 year period, with 50 percent of the revenue requirement phased-in during year one and additional
18 incremental increases of 25 percent of the revenue requirement phased-in during years two and three.⁴
19 During the phase-in period, the typical monthly bill for a 5/8 x 3/4-inch meter residential water
20 customer with median usage of 2,470 gallons would increase from \$16.82 to \$25.44 in year one; \$32.13
21 in year two; and \$38.87 in year three.

22 21. The terms of the Settlement Agreement further require the Company to: utilize the
23 depreciation and amortization rates proposed by Staff; file at least three Best Management Practices
24 (“BMP”) tariffs within 90 days; engage an outside contractor to conduct a distribution system leak
25 survey and prepare a written report documenting the leak survey results, including field sketches and
26 digitized maps of identified leak locations, within twelve (12) months; file a water loss reduction plan

27 ³ Staff filed notices of the time and place for settlement negotiations on November 3 and 5, 2015.

28 ⁴ Under the terms of the Settlement Agreement, the Company’s standpipe and bulk water service rates will be not subject to the rate phase-in.

1 within eighteen (18) months; and file annual water loss monitoring reports no later than March 30 of
2 each calendar year detailing water loss for the twelve (12) months immediately preceding the filing,
3 with the first such filing beginning within twenty-four (24) months and continuing until the Company's
4 annual water loss is ten (10) percent or less.

5 **2) Benefits of the Settlement Agreement**

6 22. Under the Company's proposal to extend the rate phase-in period from three to five
7 years, rates for all customers would be phased with twenty (20) percent of the revenue requirement
8 phased in during each year of the five year phase-in period. During the phase in, the typical monthly
9 bill for a 5/8 x 3/4-inch meter residential water customer with median usage of 2,470 gallons would
10 increase from \$16.82 to \$21.69 in year one; \$26.05 in year two; \$30.44 in year three; \$34.77 in year
11 four; and \$38.87 in year five.

12 23. According to the Settlement Agreement, the terms and conditions "are just, reasonable,
13 fair, and in the public interest in that they, among other things, establish just and reasonable rates for
14 Aubrey [Water] customers; promote the convenience, comfort and safety, and the preservation of
15 health, of the employees and patrons of Aubrey [Water]; resolve the issues arising from this Docket;
16 and avoid unnecessary litigation expense and delay." The Settlement Agreement further identifies the
17 rate phase-in provision as a significant benefit to ratepayers because it will promote rate change
18 gradualism.

19 **IV. Resolution**

20 24. The settlement discussions in this docket were open, transparent, and inclusive of all
21 parties to this docket. All parties were notified of the settlement proceedings and had the opportunity
22 to be heard and have their issues fairly considered.

23 25. Based on the record in this proceeding, we find that the terms and conditions set forth
24 in the Settlement Agreement, as modified by the Company's proposal to extend the rate phase-in period
25 to five years, are in the public interest and will produce rates that are just and reasonable in the context
26 of this case.

27 26. Based on the record in this proceeding, Aubrey Water's FVRB is \$1,263,115.

28 27. Based on the record in this proceeding, a fair value rate of return of 8.50 percent will

1 provide Aubrey Water with a reasonable and appropriate return on its investment and will result in just
2 and reasonable rates.

3 28. In the test year, Aubrey Water had adjusted operating losses of \$51,371, on total test
4 year revenues of \$165,472 and total adjusted test year expenses of \$216,843, for no rate of return.

5 29. Based on a FVRB of \$1,263,115 and an authorized fair value rate of return of 8.50
6 percent, Aubrey Water is entitled to a phased-in gross revenue increase of \$391,099, or 136.35 percent
7 over test year revenues, as discussed herein.

8 30. The rates and charges authorized herein are reasonably calculated to provide the
9 Company the opportunity to earn its authorized revenue requirement and are fair and reasonable.

10 CONCLUSIONS OF LAW

11 1. BN Leasing Corporation d/b/a Aubrey Water Company is a public service corporation
12 within the meaning of Article XV of the Arizona Constitution and A.R.S. §§ 40-250 and 40-251.

13 2. The Commission has jurisdiction over BN Leasing Corporation d/b/a Aubrey Water
14 Company and of the subject matter of the Application.

15 3. Notice of the Application was provided in the manner prescribed by Arizona law.

16 4. Adoption of the Settlement Agreement as discussed herein is in the public interest.

17 5. The rates, charges, and conditions of service produced by the Settlement Agreement are
18 just and reasonable and should be adopted.

19 ORDER

20 IT IS THEREFORE ORDERED that the Settlement Agreement dated December 7, 2015, and
21 attached to this Decision as Exhibit A, as modified by the Company's proposal to extend the rate phase-
22 in period, with revised schedules H attached hereto as Exhibit B, is hereby approved.

23 IT IS FURTHER ORDERED that all parties shall implement and comply with the terms of the
24 Settlement Agreement, as set forth in Exhibit A and modified by Exhibit B.

25 IT IS FURTHER ORDERED that BN Leasing Corporation d/b/a Aubrey Water Company shall
26 file with Docket Control, as a compliance item in this docket, no later than February 29, 2016, revised
27 schedules of rates and charges consistent with Exhibit A, as modified by Exhibit B, and the findings
28 herein.

1 IT IS FURTHER ORDERED that the revised schedules of rates and charges showing the
2 phased-in rates, shall be effective for all services rendered on and after March 1, 2016. Thereafter,
3 each annual rate phase will take effect on March 1 of each subsequent year.

4 IT IS FURTHER ORDERED that BN Leasing Corporation d/b/a Aubrey Water Company shall
5 notify its customers of the revised schedules of rates and charges authorized herein, in a form acceptable
6 to the Commission's Utilities Division Staff, by means of an insert in its next regularly scheduled
7 billing or as a separate mailing.

8 IT IS FURTHER ORDERED that BN Leasing Corporation d/b/a Aubrey Water Company shall
9 file with Docket Control, as a compliance item in this docket, within 90 days of the effective date of
10 this Decision, at least three Best Management Practices in the form of tariffs that are acceptable to the
11 Commission's Utilities Division. The Company may request recovery of the costs of implementing its
12 Best Management Practices in its next general rate application.

13 IT IS FURTHER ORDERED that BN Leasing Corporation d/b/a Aubrey Water Company shall,
14 within twelve (12) months of the effective date of this Decision, engage an outside contractor to conduct
15 a distribution system leak survey and prepare a written report documenting the leak survey results,
16 including field sketches and digitized maps of identified leak locations, and implement a systematic
17 main replacement plan based on the results of that leak survey.

18 IT IS FURTHER ORDERED that BN Leasing Corporation d/b/a Aubrey Water Company shall
19 file with Docket Control, as a compliance item in this docket, within eighteen (18) months of the
20 effective date of this Decision, a water loss reduction plan based on the results of the leak survey and
21 main replacement plan.

22 IT IS FURTHER ORDERED that BN Leasing Corporation d/b/a Aubrey Water Company shall
23 file with Docket Control, as a compliance item in this docket, annual water loss monitoring reports no
24 later than March 30 of each calendar year detailing water loss for the twelve (12) consecutive months
25 immediately preceding the month of filing, with the first such filing occurring within twenty-four (24)
26 months of the effective date of this Decision and continuing until the Company's annual water loss is
27 ten (10) percent or less, or until further order of the Commission, whichever occurs sooner.
28

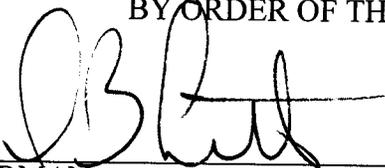
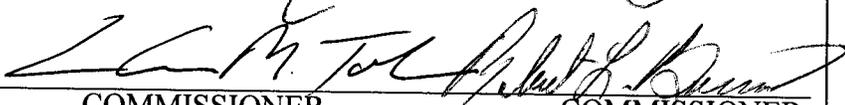
1 IT IS FURTHER ORDERED that in addition to collection of its regular rates and charges, BN
2 Leasing Corporation d/b/a Aubrey Water Company is authorized to collect from its customers a
3 proportionate share of any privilege, sales, use, and franchise tax pursuant to A.C.C. R14-2-409(D)(5).

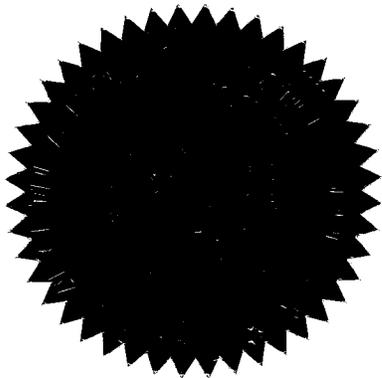
4 IT IS FURTHER ORDERED that BN Leasing Corporation d/b/a Aubrey Water Company shall
5 continue to file annually, as part of its Utilities Division Annual Report, an affidavit attesting that BN
6 Leasing Corporation d/b/a Aubrey Water Company is current in paying its property taxes in Arizona.

7 IT IS FURTHER ORDERED that BN Leasing Corporation d/b/a Aubrey Water Company shall
8 file a revised copy of the Settlement Agreement that correctly reflects the changes made thereto within
9 thirty (30) days of the effective date of this Decision.

10 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

11 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

12 
 13
 14 CHAIRMAN _____ COMMISSIONER _____
 15  
 16 COMMISSIONER _____ COMMISSIONER _____ COMMISSIONER _____



18 IN WITNESS WHEREOF, I, JODI JERICH, Executive Director
19 of the Arizona Corporation Commission, have hereunto set my
20 hand and caused the official seal of the Commission to be affixed
21 at the Capitol, in the City of Phoenix, this 11th day
22 of February 2016.

23 
JODI JERICH
EXECUTIVE DIRECTOR

24 DISSENT _____

26 DISSENT _____
27 SH:tv

1 SERVICE LIST FOR:

BN LEASING CORPORATION D/B/A AUBREY
WATER COMPANY

2 DOCKET NO.:

W-03476A-15-0286

3 Patrick J. Black
4 FENNEMORE CRAIG, P.C.
5 2394 E. Camelback Rd., Suite 600
6 Phoenix, AZ 85016
7 Attorney for BN Leasing Corporation

8 Janice Alward, Chief Counsel
9 Legal Division
10 ARIZONA CORPORATION COMMISSION
11 1200 W. Washington Street
12 Phoenix, AZ 85007

13 Thomas Broderick, Director
14 Utilities Division
15 ARIZONA CORPORATION COMMISSION
16 1200 W. Washington Street
17 Phoenix, AZ 85007

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EXHIBIT A

AUBREY WATER COMPANY
PROPOSED SETTLEMENT AGREEMENT

DOCKET NO: W-03476A-15-0286

DECEMBER 7, 2015

TABLE OF CONTENTS

I. RECITALS1

II. REVENUE REQUIREMENT AND RATE INCREASE2

III. POST-DECISION COMPANY DUTIES2

IV. COMMISSION EVALUATION OF PROPOSED SETTLEMENT3

V. MISCELLANEOUS PROVISIONS3

ATTACHMENTS

WATER DIVISION SCHEDULES ATTACHMENT A

PROPOSED SETTLEMENT AGREEMENT
DOCKET NO: W-03476A-15-0286
FOR AN INCREASE IN WATER RATES AND CHARGES

The purpose of this Settlement Agreement ("Agreement") is to resolve disputed issues related to Docket No. W-03476A-15-0286 regarding BN Leasing Corporation, d.b.a. Aubrey Water Company's ("Aubrey" or "Company") application for an increase in its water rates. This Agreement is entered into by the following parties: (1) Company; (2) Arizona Corporation Commission ("Commission") Utilities Division ("Staff"). 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 Aubrey filed the underlying rate application on August 6, 2015 using a test year ending on December 31, 2014. Staff found the application sufficient on September 4, 2015.
- 1.2 On November 3, 2015 (subsequently revised in a November 5, 2015 filing to change the Starting Time), Staff filed a Notice of Settlement Discussion. Such settlement discussions were conducted among the parties on November 10, 2015. The settlement discussions were open, transparent, and inclusive of all parties to this Docket. All parties were encouraged to participate in the negotiations, and were provided with an equal opportunity to participate.
- 1.3 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 Aubrey customers; promote the convenience, comfort and safety, and the preservation of health, of the employees and patrons of Aubrey; resolve the issues arising from this Docket; and avoid unnecessary litigation expense and delay.
- 1.4 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 Commission decision approving the Agreement.

TERMS AND CONDITIONS

II. REVENUE REQUIREMENT AND RATE INCREASE.

- 2.1 **Rate Base.** The Parties agree that the Company has a fair value rate base of \$1,263,115.
- 2.2 **Adjusted Test Year Revenues.** Adjusted test year revenues inclusive of the rate increase are \$391,099.
- 2.3 **Rate of Return.** The Parties agreed to an 8.50% rate of return.

- 2.4 Gross Revenue Conversion Factor.** The Parties agree that the gross revenue conversion factor is 1.4214.
- 2.5 Increase in Gross Revenue.** The revenue requirement increase is \$225,617. This is an increase over adjusted test-year revenues of 136.35%. *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. This three year phase-in will allow for a rate adjustment of approximately 50% of the total increase in the first year, and an additional 25% of the agreed total increase in years two and three. This phase-in provision will promote rate change gradualism to the benefit of ratepayers. The phase-in rates are set forth in Attachment A, Schedule 4-3.
- 2.7 Standpipe and Bulk Water Service.** The Company's standpipe and bulk water service rates will not be subject to phase-in.
- 2.8 Bill Impact.** The typical residential 3/4-inch bill with a median months' usage of 2,470 gallons of water would increase from \$16.82 to \$25.44, which is an increase of \$8.62 or 51.25% under Phase 1 of the rate increase, under Phase 2 of the rate increase, rates would increase from \$16.82 to \$25.44, which is an increase of \$15.31, or 91.02%, and under Phase 3 of the rate increase, rates would increase from \$16.82 to \$38.87, which is an increase of \$22.05 or 131.09%.

III. POST-DECISION COMPANY DUTIES

- 3.1 Depreciation and Amortization.** The depreciation and amortization rates proposed by Staff, including the requested change in depreciation rate from 12.5% to 8% for the Company's pumping equipment, shall be adopted until further order of the Commission. The approved depreciation rates are set forth in Attachment A, Schedule C.2.
- 3.2 Service Line and Meter Installation Charges; Other Service Charges.** The Company's proposed Service Line and Meter Installation Charges and Other Service Charges shall be adopted until further order of the Commission. These charges are set out in the table set forth in Attachment A, Schedule H-3, page 3.
- 3.3 Water Loss Reduction and Conservation.**
- a. Within ninety (90) days of the effective date of the decision in this case, as a compliance requirement, the Company will file in Docket Control at least three Best Management Practices ("BMP") in the form of templates created by Staff; the templates are available on the Commission's website at <http://www.azcc.gov/Divisions/Utilities/forms.asp>. The Company may request, in its next general rate case application, cost recovery of actual expenses associated with the BMPs the Company implemented.
 - b.
 - i. Within twelve (12) months of the effective date on the decision in this case, Aubrey will retain an outside contractor to conduct a distribution system leak survey and prepare a written report documenting the leak survey results, including field sketches and digitized maps of identified leak locations. Based on the results of the leak survey, Aubrey shall prioritize necessary leak repairs and main replacements and prepare a water loss reduction plan.

ii. Aubrey will file its water loss reduction plan with Docket Control, as a compliance requirement in this Docket, within eighteen (18) months of the effective date of the decision in this case.

iii. Beginning with calendar year 2017, Aubrey shall file with Docket Control, as a compliance requirement in this case, an annual water loss monitoring report for its entire system for the twelve (12) consecutive months of each calendar year. Aubrey shall file the water loss monitoring reports not later than March 30 of the following calendar year. Aubrey must continue filing annual water loss monitoring reports until its annual water loss is less than ten percent (10%), or until further order of the Commission, whichever comes first.

IV. COMMISSION EVALUATION OF PROPOSED SETTLEMENT.

- 4.1 The Staff Report will be offered into the Commission's record as evidence. The Staff Report is structured to acknowledge that the Staff and the Company have entered into a proposed settlement agreement and will urge the Commission to approve the terms and conditions of the proposed settlement agreement and include them in its final decision and order in this case.
- 4.2 The Company recognizes 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.
- 4.3 This Agreement will serve as a procedural device by which the Signatories will submit their proposed settlement of Aubrey's pending rate case, Docket No. W-03476A-15-0286, to the Commission.
- 4.4 The Parties recognize that the Commission will independently consider and evaluate the evidence in the record and 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 Parties will abide by the terms as approved by the Commission.
- 4.5 If the Commission fails to issue an order adopting all material terms of this Agreement, either of the Parties may withdraw from this Agreement, and such Party or Parties 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 party choosing to withdraw from the Agreement.

VI. MISCELLANEOUS PROVISIONS.

- 5.1 To achieve consensus for settlement, the Parties 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 the Company or Staff of a specific element of this Agreement shall not be considered as precedent for acceptance of that element in any other context.
- 5.2 Neither the Company nor Staff is bound by any position asserted in negotiations, except as expressly stated in this Agreement. Neither the Company nor Staff 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.

- 5.3 Neither this Agreement nor any of the positions taken in this Agreement by the Company or Staff 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.
- 5.4 To the extent any provision of this Agreement is inconsistent with any existing Commission order, rule or regulation, this Agreement shall control.
- 5.5 Each of the terms of this Agreement is in consideration of all other terms of this Agreement. Accordingly, the terms are not severable.
- 5.6 The Company and Staff shall make reasonable and good faith efforts necessary to obtain a Commission order approving this Agreement. The Company and Staff shall support and defend this Agreement before the Commission. Subject to Paragraph 4.4 above, if the Commission adopts an order approving all material terms of the Agreement, the Company and Staff will support and defend the Commission's order before any court or regulatory agency in which it may be at issue.
- 5.7 This Agreement may be executed in any number of counterparts and 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 7th day of December, 2015.

ARIZONA CORPORATION COMMISSION

By *W. A. ...*
 Title *Director, Utilities*
 Date *12/8/2015*

AUBREY WATER COMPANY

By _____
 Title _____
 Date _____

ATTACHMENT

A

Aubrey Water Company
Test Year Ended December 31, 2014
Computation of Increase in Gross Revenue Requirements

<u>Line</u>		<u>Settlement</u>
<u>No.</u>		
1	Adjusted Rate Base	\$ 1,263,115
2		
3	Adjusted Operating Income	(51,371)
4		
5	Current Rate of Return	-4.07%
6		
7	Required Rate of Return	8.50%
8		
9	Required Operating Income	\$ 107,365
10		
11	Operating Income Deficiency	\$ 158,736
12		
13	Gross Revenue Conversion Factor	1.4214
14		
15	Increase in Gross Revenue	\$ 225,627
16		
17	Adjusted Test Year Revenue	\$ 165,472
18		
19	Proposed Annual Revenue	\$ 391,099
20		
21	Percent Increase in Gross Revenue	136.35%
22		

Aubrey Water Company
 Test Year Ended December 31, 2014
 Summary of Original Cost Rate Base Elements

Exhibit: Settlement
 Schedule B-1

Line No.		Company As Filed	Settlement Adjustments	Settlement
1				
2	Gross Utility Plant in Service	\$ 1,724,320		\$ 1,724,320
3				
4	Less: Accumulated Depreciation	(311,583)		(311,583)
5				
6	Net Utility Plant in Service	1,412,737		1,412,737
7				
8	Less:			
9	Advances in Aid of Construction	439		439
10				
11	Contributions in Aid of Construction	6,046		6,046
12	Accumulated Amortization of CIAC	(1,066)		(1,066)
13	Contributions in Aid of Construction - Net	4,980		4,980
14				
15	Customer Security Deposits	4,956		4,956
16	Deferred Income Taxes	139,246		139,246
17				
18	Plus:			
19	Working Capital	-		-
20	Net Regulatory Asset / (Liability)	-		-
21				
22	Rate Base	\$ 1,263,115		\$ 1,263,115
23				

Exhibit: Settlement
Schedule C-1Aubrey Water Company
Test Year Ended December 31, 2014
Adjusted Test Year Income Statement

Line No.		Company As Filed	Settlement Adjustments	Settlement	Proposed Rate Increase	Settlement With Rate Increase
1	Revenues					
2	460 Unmetered Water Revenue	\$ -		\$ -	- \$	-
3	461 Metered Water Revenues	164,247		164,247	225,627	389,874
4	471 Miscellaneous Service Revenue	1,150		1,150	-	1,150
5	474 Other Water Revenues	75		75	-	75
6	Total Revenues	\$ 165,472		\$ 165,472	\$ 225,627	\$ 391,099
7	Operating Expenses					
8	601 Salaries and Wages	\$ -		\$ -		\$ -
9	603 Salaries and Wages - Officers and Directors	-		-		-
10	604 Employee Pension and Benefits	-		-		-
11	610 Purchased Water	-		-		-
12	615 Purchased Power	30,469	(3,446)	27,023		27,023
13	618 Chemicals	-		-		-
14	620 Repairs and Maintenance	17,715		17,715		17,715
15	621 Office Supplies Expense	2,642		2,642		2,642
16	631 Contractual Services - Engineering	-		-		-
17	632 Contractual Services - Accounting	1,980		1,980		1,980
18	633 Contractual Services - Legal	-		-		-
19	634 Contractual Services - Management Fees	10,263		10,263		10,263
20	635 Contractual Services - Testing	3,098	(805)	2,293		2,293
21	636 Contractual Services - Other	69,136		69,136		69,136
22	641 Rent - Buildings	-		-		-
23	642 Rent - Equipment	-		-		-
24	650 Transportation Expense	5,253		5,253		5,253
25	656 Insurance - Vehicle	-		-		-
26	657 Insurance - General Liability	2,825		2,825		2,825
27	658 Insurance - Workman's Compensation	-		-		-
28	659 Insurance - Other	-		-		-
29	660 Advertising Expense	-		-		-
30	666 Regulatory Commission Expense - Rate Case	15,000	(3,000)	12,000		12,000
31	667 Regulatory Expense - Other	-		-		-
32	668 Water Resource Conservation Expense	-		-		-
33	670 Bad Debt Expense	1,901		1,901	2,592	4,493
34	675 Miscellaneous Expense	153		153		153
35	403 Depreciation Expense	69,941		69,941		69,941
36	408 Taxes Other Than Income	-		-		-
37	408.11 Property Taxes	7,640		7,640	3,473	11,113
38	409 Income Tax	(14,582)	658	(13,924)	60,826	46,902
39	Total Operating Expenses	\$ 223,436	\$ (6,593)	\$ 216,843	\$ 66,891	\$ 283,734
40	Operating Income	\$ (57,964)	\$ 6,593	\$ (51,371)	\$ 158,736	\$ 107,365
41	Other Income (Expense)					
42	419 Interest and Dividend Income	\$ -	\$ -	\$ -		\$ -
43	421 Non-Utility Income	-		-		-
44	426 Miscellaneous Non-Utility Expenses	-		-		-
45	427 Interest Expense	-		-		-
46	Total Other Income (Expense)	\$ -	\$ -	\$ -	\$ -	\$ -
47	Net Income (Loss)	\$ (57,964)	\$ 6,593	\$ (51,371)	\$ 158,736	\$ 107,365
48						

75460

DECISION NO. _____

Aubrey Water Company
 Test Year Ended December 31, 2014
 Depreciation Rates and Dereciation Expense

Exhibit: Settlement
 Schedule C-2

Company Proposed and Settlement

Line No.	Acct Description	Balance at 12/31/2014	Depreciation Rate	Depreciation Expense
1				
2	301 Organization Cost	\$ -	0.00%	\$ -
3	302 Franchise Cost	-	0.00%	-
4	303 Land and Land Rights	-	0.00%	-
5	304 Structures & Improvements	125,577	3.33%	4,182
6	305 Collecting & Impounding Reservoirs	-	2.50%	-
7	306 Lake, River, Canal Intakes	-	2.50%	-
8	307 Wells & Springs	31,300	3.33%	1,042
9	308 Infiltration Galleries	-	6.67%	-
10	309 Raw Water Supply Mains	-	2.00%	-
11	310 Power Generation Equipment	116,664	5.00%	5,833
12	311 Pumping Equipment	417,905	8.00%	33,432
13	320 Water Treatment Equipment	-	-	-
14	320.1 Water Treatment Plants	-	3.33%	-
15	320.2 Solution Chemical Feeders	4,872	20.00%	974
16	330 Distribution Reservoirs & Standpipes	-	-	-
17	330.1 Storage Tanks	304,347	2.22%	6,757
18	330.2 Pressure Tanks	-	5.00%	-
19	331 Transmission & Distribution Mains	655,284	2.00%	13,106
20	333 Services	13,502	3.33%	450
21	334 Meters	46,718	8.33%	3,892
22	335 Hydrants	1,872	2.00%	37
23	336 Backflow Prevention Devices	-	6.67%	-
24	339 Other Plant & Misc Equipment	-	6.67%	-
25	340 Office Furniture & Equipment	-	6.67%	-
26	340.1 Computers & Software	-	20.00%	-
27	341 Transportation Equipment	-	20.00%	-
28	342 Stores Equipment	-	4.00%	-
29	343 Tools, Shop & Garage Equipment	2,906	5.00%	145
30	344 Laboratory Equipment	-	10.00%	-
31	345 Power Operated Equipment	-	5.00%	-
32	346 Communication Equipment	-	10.00%	-
33	347 Miscellaneous Equipment	3,375	10.00%	338
34	348 Other Tangible Plant	-	-	-
35	TOTALS	\$ 1,724,320		\$ 70,187
36				
37	Less: Amortization of CIAC	\$ 6,046	4.0704%	\$ 246
38				
39	Adjusted Test Year Depreciation Expense			\$ 69,941
40				

Aubrey Water Company
 Test Year Ended December 31, 2014
 Changes in Representative Rate Schedules

Exhibit: Settlement
 Schedule H-3
 Page 1

Line

No.

<u>General Water Service Rates</u>							
Description	Present Rate	Company Proposed	Settlement				
			Year 1	Year 2	Year 3		
<u>Monthly Base Charge</u>							
5/8" x 3/4" Meter (All Classes)	\$ 12.50	\$ 30.30	\$ 20.25	\$ 24.55	\$ 28.50		
3/4" Meter (All Classes)	16.00	45.45	25.90	30.65	35.00		
1" Meter (All Classes)	30.00	75.75	55.50	65.65	75.00		
1.5" Meter (All Classes)	50.00	151.50	107.30	126.90	145.00		
2" Meter (All Classes)	80.00	242.40	170.20	201.25	230.00		
3" Meter (All Classes)	160.00	484.80	240.50	284.40	325.00		
4" Meter (All Classes)	300.00	757.50	460.00	535.00	610.00		
6" Meter (All Classes)	500.00	1,515.00	765.00	895.00	1,020.00		
8" Meter (All Classes)	n/t	n/t	1,710.00	1,995.00	2,280.00		
Bulk Water - Metered ¹	None	20.00	20.00	20.00	20.00		
Bulk Water - Standpipe ²	None	None	None	None	None		
<u>Commodity Rates</u>							
<u>5/8" x 3/4" Meter (All Classes)</u>							
Charge Per 1,000 gallons							
From 1 to 3,000 Gallons	1.75		2.10	3.07	4.20		
From 3,001 to 10,000 Gallons	2.25		2.70	3.94	5.40		
Over 10,000 Gallons	2.70		3.15	4.60	6.30		
From 1 to 3,000 Gallons		4.25					
From 3,001 to 11,000 Gallons		5.50					
Over 11,000 Gallons		6.40					
<u>3/4" Meter (All Classes)</u>							
From 1 to 3,000 Gallons	1.75		2.10	3.07	4.20		
From 3,001 to 10,000 Gallons	2.25		2.70	3.94	5.40		
Over 10,000 Gallons	2.70		3.15	4.60	6.30		
From 1 to 3,000 Gallons		4.25					
From 3,001 to 20,000 Gallons		5.50					
Over 20,000 Gallons		6.40					
<u>1" Meter (All Classes)</u>							
From 1 to 3,000 Gallons	1.75						
From 3,001 to 10,000 Gallons	2.25						
Over 10,000 Gallons	2.70						
From 1 to 28,000 Gallons		5.50	2.70	3.94	5.40		
Over 28,000 Gallons		6.40	3.15	4.60	6.30		
<u>1.5" Meter (All Classes)</u>							
From 1 to 3,000 Gallons	1.75						
From 3,001 to 10,000 Gallons	2.25						
Over 10,000 Gallons	2.70						
From 1 to 48,000 Gallons		5.50	2.70	3.94	5.40		
Over 48,000 Gallons		6.40	3.15	4.60	6.30		
<u>2" Meter (All Classes)</u>							
From 1 to 3,000 Gallons	1.75						
From 3,001 to 10,000 Gallons	2.25						
Over 10,000 Gallons	2.70						
From 1 to 112,000 Gallons		5.50	2.70	3.94	5.40		
Over 112,000 Gallons		6.40	3.15	4.60	6.30		

75460

DECISION NO. _____

Aubrey Water Company
 Test Year Ended December 31, 2014
 Changes in Representative Rate Schedules

Exhibit: Settlement
 Schedule H-3
 Page 2

Line

No.

<u>General Water Service Rates (Continued)</u>						
Description	Present	Company	Settlement			
	Rate	Proposed	Year 1	Year 2	Year 3	
Commodity Rates						
<u>3" Meter (All Classes)</u>						
From 1 to 3,000 Gallons	1.75					
From 3,001 to 10,000 Gallons	2.25					
Over 10,000 Gallons	2.70					
From 1 to 160,000 Gallons		5.50	2.70	3.94	5.40	
Over 160,000 Gallons		6.40	3.15	4.60	6.30	
<u>4" Meter (All Classes)</u>						
From 1 to 3,000 Gallons	1.75					
From 3,001 to 10,000 Gallons	2.25					
Over 10,000 Gallons	2.70					
From 1 to 250,000 Gallons		5.50	2.70	3.94	5.40	
Over 250,000 Gallons		6.40	3.15	4.60	6.30	
<u>6" Meter (All Classes)</u>						
From 1 to 3,000 Gallons	1.75					
From 3,001 to 10,000 Gallons	2.25					
Over 10,000 Gallons	2.70					
From 1 to 500,000 Gallons		5.50	2.70	3.94	5.40	
Over 500,000 Gallons		6.40	3.15	4.60	6.30	
<u>8" Meter (All Classes)</u>						
From 1 to 1,000,000 Gallons	n/t	5.50	2.70	3.94	5.40	
Over 1,000,000 Gallons	n/t	6.40	3.15	4.60	6.30	
Bulk Water - Metered ¹	5.00	12.00	12.00	12.00	12.00	
Bulk Water - Standpipe ²	5.00	12.00	12.00	12.00	12.00	

¹ Includes Bulk Water delivered for resale from the Company's bulk water fill station and Bulk Water delivered for construction and other uses from a fire hydrant meter or similar connection where the customer is billed monthly in arrears for water used.

Company may, at its option, close account of a Bulk Water - Metered customer after three consecutive months of zero usage.

² Includes Bulk Water delivered from the Company's automated standpipe where the customer pays for water in advance of delivery.

Standpipe customers pay only for the quantity of water purchased from the Standpipe facility and are not subject to a minimum charge.

n/t - no tariff

Monthly Service Charge for Fire Sprinkler

All Meter Sizes	Present	Company
	Rate	Proposed & Settlement Rate
	n/t	*

* Greater of \$10.00 or 2 percent of the general service rate for a similar size meter

Aubrey Water Company
 Test Year Ended December 31, 2014
 Changes in Representative Rate Schedules

Exhibit: Settlement
 Schedule H-3
 Page 3

Line No.		Present Rates	Company Proposed & Settlement Rates
1	Other Service Charges		
2			
3	Establishment	\$ 25.00	\$ 25.00
4	Establishment (After Hours)	\$ 35.00	n/t
5	Reconnection (Delinquent)	\$ 25.00	\$ 25.00
6	After Hours Charge	n/t	\$ 25.00
7	Meter Test (If correct)	\$ 25.00	\$ 25.00
8	Deposit Requirement	*	*
10	Deposit Interest	*	*
11	Re-Establishment (Within 12 Months)	**	**
12	NSF Check	\$ 25.00	\$ 25.00
13	Deferred Payment, Per Month	1.5%	1.5%
14	Meter Re-Read (If correct)	\$ 10.00	\$ 20.00
15	Moving Customer Meter at Customer Request	n/t	Cost
16	Late Charge per month	n/t	1.50%

18 * Per Rule R14-2-403.B

19 ** Number of months off the system times the monthly minimum per Commission Rule A.A.C. R14-2-403(D).

21 In addition to the collection of regular rates, the utility will collect from its customers a proportionate share of any privilege, sales, use, and franchise tax, per Commission rule A.A.C. 14-2-409(D)(5).

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

27 n/t - no tariff

29 **Service Line and Meter Installation Charges**

	Present Rates			Company Proposed & Settlement Rates		
	Srv. Line	Meter	Total	Srv. Line	Meter	Total
31 5/8" x 3/4" Meter			\$ 440	\$ 500	\$ 155	\$ 655
32 3/4" Meter			\$ 520	\$ 500	\$ 255	\$ 755
33 1" Meter			\$ 610	\$ 550	\$ 315	\$ 865
34 1 1/2" Meter			\$ 855	\$ 610	\$ 525	\$ 1,135
35 2" Meter			\$ 1,515	\$ 925	\$ 1,045	\$ 1,970
36 2" Compound Meter			n/t	\$ 925	\$ 1,890	\$ 2,815
37 3" Meter			\$ 2,195	\$ 1,175	\$ 1,670	\$ 2,845
38 3" Compound Meter			n/t	\$ 1,310	\$ 2,545	\$ 3,855
39 4" Meter			\$ 3,360	\$ 1,660	\$ 2,670	\$ 4,330
40 4" Compound Meter			n/t	\$ 1,865	\$ 3,645	\$ 5,510
41 6" Meter			\$ 6,115	\$ 2,475	\$ 5,025	\$ 7,500
42 6" Compound Meter			n/t	\$ 2,615	\$ 6,920	\$ 9,535
43 8" or Larger Meter			n/t	Cost	Cost	Cost
44 Road Cuts			Cost	Cost	-	Cost

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

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

51 n/t - no tariff

52

Aubrey Water Company
 Test Year Ended December 31, 2014
 Typical Bill Analysis

Exhibit: Settlement
 Schedule H-4

First Step - Year 1

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

Line No.	Rate Schedules	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	Present Rates:	-	\$ 12.50	\$ 20.25	\$ 7.75	62.00%
2	Base Charge:	1,000	\$ 14.25	\$ 22.35	\$ 8.10	56.84%
3		2,000	\$ 16.00	\$ 24.45	\$ 8.45	52.81%
4		3,000	\$ 17.75	\$ 26.55	\$ 8.80	49.58%
5	Tier One Rate:	4,000	\$ 20.00	\$ 29.25	\$ 9.25	46.25%
6	Tier Two Rate:	5,000	\$ 22.25	\$ 31.95	\$ 9.70	43.60%
7	Tier Three Rate:	6,000	\$ 24.50	\$ 34.65	\$ 10.15	41.43%
8		7,000	\$ 26.75	\$ 37.35	\$ 10.60	39.63%
9	Tier One Breakover (M gal):	3	\$ 29.00	\$ 40.05	\$ 11.05	38.10%
10	Tier Two Breakover (M gal):	10	\$ 31.25	\$ 42.75	\$ 11.50	36.80%
11		10,000	\$ 33.50	\$ 45.45	\$ 11.95	35.67%
12		12,000	\$ 38.90	\$ 51.75	\$ 12.85	33.03%
13		14,000	\$ 44.30	\$ 58.05	\$ 13.75	31.04%
14	Proposed Rates:	16,000	\$ 49.70	\$ 64.35	\$ 14.65	29.48%
15	Base Charge:	18,000	\$ 55.10	\$ 70.65	\$ 15.55	28.22%
16		20,000	\$ 60.50	\$ 76.95	\$ 16.45	27.19%
17		25,000	\$ 74.00	\$ 92.70	\$ 18.70	25.27%
18	Tier One Rate:	30,000	\$ 87.50	\$ 108.45	\$ 20.95	23.94%
19	Tier Two Rate:	35,000	\$ 101.00	\$ 124.20	\$ 23.20	22.97%
20	Tier Three Rate:	40,000	\$ 114.50	\$ 139.95	\$ 25.45	22.23%
21		45,000	\$ 128.00	\$ 155.70	\$ 27.70	21.64%
22	Tier One Breakover (M gal):	3	\$ 141.50	\$ 171.45	\$ 29.95	21.17%
23	Tier Two Breakover (M gal):	10	\$ 168.50	\$ 202.95	\$ 34.45	20.45%
24		70,000	\$ 195.50	\$ 234.45	\$ 38.95	19.92%
25		80,000	\$ 222.50	\$ 265.95	\$ 43.45	19.53%
26		90,000	\$ 249.50	\$ 297.45	\$ 47.95	19.22%
27		100,000	\$ 276.50	\$ 328.95	\$ 52.45	18.97%
28						
29		Average Usage				
30		4,656	\$ 21.48	\$ 31.02	\$ 9.54	44.41%
31		Median Usage				
32		2,470	\$ 16.82	\$ 25.44	\$ 8.62	51.25%
33						
34						

Aubrey Water Company
 Test Year Ended December 31, 2014
 Typical Bill Analysis

Exhibit: Settlement
 Schedule H-4

Second Step - Year 2

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

Line No.	Rate Schedules	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	Present Rates:	-	\$ 12.50	\$ 24.55	\$ 12.05	96.40%
2	Base Charge:	1,000	\$ 14.25	\$ 27.62	\$ 13.37	93.82%
3		2,000	\$ 16.00	\$ 30.69	\$ 14.69	91.81%
4		3,000	\$ 17.75	\$ 33.76	\$ 16.01	90.20%
5	Tier One Rate:	4,000	\$ 20.00	\$ 37.70	\$ 17.70	88.50%
6	Tier Two Rate:	5,000	\$ 22.25	\$ 41.64	\$ 19.39	87.15%
7	Tier Three Rate:	6,000	\$ 24.50	\$ 45.58	\$ 21.08	86.04%
8		7,000	\$ 26.75	\$ 49.52	\$ 22.77	85.12%
9	Tier One Breakover (M gal):	3	\$ 29.00	\$ 53.46	\$ 24.46	84.34%
10	Tier Two Breakover (M gal):	10	\$ 31.25	\$ 57.40	\$ 26.15	83.68%
11		10,000	\$ 33.50	\$ 61.34	\$ 27.84	83.10%
12		12,000	\$ 38.90	\$ 70.54	\$ 31.64	81.34%
13		14,000	\$ 44.30	\$ 79.74	\$ 35.44	80.00%
14	Proposed Rates:	16,000	\$ 49.70	\$ 88.94	\$ 39.24	78.95%
15	Base Charge:	18,000	\$ 55.10	\$ 98.14	\$ 43.04	78.11%
16		20,000	\$ 60.50	\$ 107.34	\$ 46.84	77.42%
17		25,000	\$ 74.00	\$ 130.34	\$ 56.34	76.14%
18	Tier One Rate:	30,000	\$ 87.50	\$ 153.34	\$ 65.84	75.25%
19	Tier Two Rate:	35,000	\$ 101.00	\$ 176.34	\$ 75.34	74.59%
20	Tier Three Rate:	40,000	\$ 114.50	\$ 199.34	\$ 84.84	74.10%
21		45,000	\$ 128.00	\$ 222.34	\$ 94.34	73.70%
22	Tier One Breakover (M gal):	3	\$ 141.50	\$ 245.34	\$ 103.84	73.39%
23	Tier Two Breakover (M gal):	10	\$ 168.50	\$ 291.34	\$ 122.84	72.90%
24		70,000	\$ 195.50	\$ 337.34	\$ 141.84	72.55%
25		80,000	\$ 222.50	\$ 383.34	\$ 160.84	72.29%
26		90,000	\$ 249.50	\$ 429.34	\$ 179.84	72.08%
27		100,000	\$ 276.50	\$ 475.34	\$ 198.84	71.91%
28						
29	Average Usage	4,656	\$ 21.48	\$ 40.28	\$ 18.80	87.52%
30	Median Usage	2,470	\$ 16.82	\$ 32.13	\$ 15.31	91.02%
31						
32						
33						
34						

Aubrey Water Company
Test Year Ended December 31, 2014
Typical Bill Analysis

Final Step - Year 3

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

Line No.	Rate Schedules	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	Present Rates:	-	\$ 12.50	\$ 28.50	\$ 16.00	128.00%
2	Base Charge:	1,000	\$ 14.25	\$ 32.70	\$ 18.45	129.47%
3		2,000	\$ 16.00	\$ 36.90	\$ 20.90	130.63%
4		3,000	\$ 17.75	\$ 41.10	\$ 23.35	131.55%
5	Tier One Rate:	4,000	\$ 20.00	\$ 46.50	\$ 26.50	132.50%
6	Tier Two Rate:	5,000	\$ 22.25	\$ 51.90	\$ 29.65	133.26%
7	Tier Three Rate:	6,000	\$ 24.50	\$ 57.30	\$ 32.80	133.88%
8		7,000	\$ 26.75	\$ 62.70	\$ 35.95	134.39%
9	Tier One Breakover (M gal):	8,000	\$ 29.00	\$ 68.10	\$ 39.10	134.83%
10	Tier Two Breakover (M gal):	9,000	\$ 31.25	\$ 73.50	\$ 42.25	135.20%
11		10,000	\$ 33.50	\$ 78.90	\$ 45.40	135.52%
12		12,000	\$ 38.90	\$ 91.50	\$ 52.60	135.22%
13		14,000	\$ 44.30	\$ 104.10	\$ 59.80	134.99%
14	Proposed Rates:	16,000	\$ 49.70	\$ 116.70	\$ 67.00	134.81%
15	Base Charge:	18,000	\$ 55.10	\$ 129.30	\$ 74.20	134.66%
16		20,000	\$ 60.50	\$ 141.90	\$ 81.40	134.55%
17		25,000	\$ 74.00	\$ 173.40	\$ 99.40	134.32%
18	Tier One Rate:	30,000	\$ 87.50	\$ 204.90	\$ 117.40	134.17%
19	Tier Two Rate:	35,000	\$ 101.00	\$ 236.40	\$ 135.40	134.06%
20	Tier Three Rate:	40,000	\$ 114.50	\$ 267.90	\$ 153.40	133.97%
21		45,000	\$ 128.00	\$ 299.40	\$ 171.40	133.91%
22	Tier One Breakover (M gal):	50,000	\$ 141.50	\$ 330.90	\$ 189.40	133.85%
23	Tier Two Breakover (M gal):	60,000	\$ 168.50	\$ 393.90	\$ 225.40	133.77%
24		70,000	\$ 195.50	\$ 456.90	\$ 261.40	133.71%
25		80,000	\$ 222.50	\$ 519.90	\$ 297.40	133.66%
26		90,000	\$ 249.50	\$ 582.90	\$ 333.40	133.63%
27		100,000	\$ 276.50	\$ 645.90	\$ 369.40	133.60%
28						
29	Average Usage	4,656	\$ 21.48	\$ 50.04	\$ 28.56	132.96%
30	Median Usage	2,470	\$ 16.82	\$ 38.87	\$ 22.05	131.09%
31						
32						
33						
34						

Aubrey Water Company
 Test Year Ended December 31, 2014
 Changes in Representative Rate Schedules

EXHIBIT B

Exhibit: Settlement 5-YR
 Schedule H-3
 Page 1

Line

No.

1	General Water Service Rates		Settlement Rates with 5-Year Phase-In					
	2	Present	Company					
3	Description	Rate	Proposed	Year 1	Year 2	Year 3	Year 4	Year 5
4	Monthly Base Charge							
5								
6	5/8" x 3/4" Meter (All Classes)	\$ 12.50	\$ 30.30	\$ 16.50	\$ 19.55	\$ 22.66	\$ 25.68	\$ 28.50
7	3/4" Meter (All Classes)	16.00	45.45	20.25	24.00	27.85	31.55	35.00
8	1" Meter (All Classes)	30.00	75.75	43.45	51.45	59.65	67.60	75.00
9	1.5" Meter (All Classes)	50.00	151.50	83.95	99.45	115.30	130.65	145.00
10	2" Meter (All Classes)	80.00	242.40	133.15	157.80	182.85	207.25	230.00
11	3" Meter (All Classes)	160.00	484.80	188.20	222.95	258.40	292.85	325.00
12	4" Meter (All Classes)	300.00	757.50	353.20	418.45	484.95	549.60	610.00
13	6" Meter (All Classes)	500.00	1,515.00	590.60	699.70	810.90	919.00	1,020.00
14	8" Meter (All Classes)	n/t	n/t	1,320.10	1,564.10	1,812.60	2,054.30	2,280.00
15	Bulk Water - Metered ¹	None	20.00	20.00	20.00	20.00	20.00	20.00
16	Bulk Water - Standpipe ²	None	None	None	None	None	None	None
17	Commodity Rates							
18								
19	5/8" x 3/4" Meter (All Classes)							
20	Charge Per 1,000 gallons							
21	From 1 to 3,000 Gallons	1.75		2.10	2.63	3.15	3.68	4.20
22	From 3,001 to 10,000 Gallons	2.25		2.70	3.38	4.05	4.73	5.40
23	Over 10,000 Gallons	2.70		3.15	3.94	4.73	5.52	6.30
24	From 1 to 3,000 Gallons		4.25					
25	From 3,001 to 11,000 Gallons		5.50					
26	Over 11,000 Gallons		6.40					
27								
28	3/4" Meter (All Classes)							
29	From 1 to 3,000 Gallons	1.75		2.10	2.63	3.15	3.68	4.20
30	From 3,001 to 10,000 Gallons	2.25		2.70	3.38	4.05	4.73	5.40
31	Over 10,000 Gallons	2.70		3.15	3.94	4.73	5.52	6.30
32	From 1 to 3,000 Gallons		4.25					
33	From 3,001 to 20,000 Gallons		5.50					
34	Over 20,000 Gallons		6.40					
35								
36	1" Meter (All Classes)							
37	From 1 to 3,000 Gallons	1.75						
38	From 3,001 to 10,000 Gallons	2.25						
39	Over 10,000 Gallons	2.70						
40	From 1 to 28,000 Gallons		5.50	2.70	3.38	4.05	4.73	5.40
41	Over 28,000 Gallons		6.40	3.15	3.94	4.73	5.52	6.30
42								
43	1.5" Meter (All Classes)							
44	From 1 to 3,000 Gallons	1.75						
45	From 3,001 to 10,000 Gallons	2.25						
46	Over 10,000 Gallons	2.70						
47	From 1 to 48,000 Gallons		5.50	2.70	3.38	4.05	4.73	5.40
48	Over 48,000 Gallons		6.40	3.15	3.94	4.73	5.52	6.30
49								
50	2" Meter (All Classes)							
51	From 1 to 3,000 Gallons	1.75						
52	From 3,001 to 10,000 Gallons	2.25						
53	Over 10,000 Gallons	2.70						
54	From 1 to 112,000 Gallons		5.50	2.70	3.38	4.05	4.73	5.40
55	Over 112,000 Gallons		6.40	3.15	3.94	4.73	5.52	6.30

Aubrey Water Company
 Test Year Ended December 31, 2014
 Changes in Representative Rate Schedules

Exhibit: Settlement 5-YR
 Schedule H-3
 Page 2

Line No.	Description	Present Rate	Company Proposed	Settlement				
				Year 1	Year 2	Year 3	Year 4	Year 5
General Water Service Rates (Continued)								
Commodity Rates								
6	3" Meter (All Classes)							
7	From 1 to 3,000 Gallons	1.75						
8	From 3,001 to 10,000 Gallons	2.25						
9	Over 10,000 Gallons	2.70						
10	From 1 to 160,000 Gallons		5.50	2.70	3.38	4.05	4.73	5.40
11	Over 160,000 Gallons		6.40	3.15	3.94	4.73	5.52	6.30
12								
13	4" Meter (All Classes)							
14	From 1 to 3,000 Gallons	1.75						
15	From 3,001 to 10,000 Gallons	2.25						
16	Over 10,000 Gallons	2.70						
17	From 1 to 250,000 Gallons		5.50	2.70	3.38	4.05	4.73	5.40
18	Over 250,000 Gallons		6.40	3.15	3.94	4.73	5.52	6.30
19								
20	6" Meter (All Classes)							
21	From 1 to 3,000 Gallons	1.75						
22	From 3,001 to 10,000 Gallons	2.25						
23	Over 10,000 Gallons	2.70						
24	From 1 to 500,000 Gallons		5.50	2.70	3.38	4.05	4.73	5.40
25	Over 500,000 Gallons		6.40	3.15	3.94	4.73	5.52	6.30
26								
27	8" Meter (All Classes)							
28	From 1 to 1,000,000 Gallons	n/t	5.50	2.70	3.38	4.05	4.73	5.40
29	Over 1,000,000 Gallons	n/t	6.40	3.15	3.94	4.73	5.52	6.30
30								
31	Bulk Water - Metered ¹	5.00	12.00	6.40	7.80	9.20	10.60	12.00
32								
33	Bulk Water - Standpipe ²	5.00	12.00	6.40	7.80	9.20	10.60	12.00
34								
35	¹ Includes Bulk Water delivered for resale from the Company's bulk water fill station and Bulk Water delivered for construction and other							
36	uses from a fire hydrant meter or similar connection where the customer is billed monthly in arrears for water used.							
37	Company may, at its option, close account of a Bulk Water - Metered customer after three consecutive months of zero usage.							
38	² Includes Bulk Water delivered from the Company's automated standpipe where the customer pays for water in advance of delivery.							
39	Standpipe customers pay only for the quantity of water purchased from the Standpipe facility and are not subject to a minimum charge.							
40								
41	n/t - no tariff							
42								
43	Monthly Service Charge for Fire Sprinkler							
44			Company					
45			Proposed &					
46		Present	Settlement					
47		Rate	Rate					
48	All Meter Sizes	n/t	*					
49								
50	* Greater of \$10.00 or 2 percent of the general service rate for a similar size meter							
51								

First Step - Year 1

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

Line No.	Rate Schedules	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	Present Rates:					
2	Base Charge:	\$ 12.50	\$ 12.50	\$ 16.50	\$ 4.00	32.00%
3			1,000 \$ 14.25	1,000 \$ 18.60	4.35	30.53%
4			2,000 \$ 16.00	2,000 \$ 20.70	4.70	29.38%
5	Tier One Rate:	\$ 1.75	3,000 \$ 17.75	3,000 \$ 22.80	5.05	28.45%
6	Tier Two Rate:	\$ 2.25	4,000 \$ 20.00	4,000 \$ 25.50	5.50	27.50%
7	Tier Three Rate:	\$ 2.70	5,000 \$ 22.25	5,000 \$ 28.20	5.95	26.74%
8			6,000 \$ 24.50	6,000 \$ 30.90	6.40	26.12%
9	Tier One Breakover (M gal):	3	7,000 \$ 26.75	7,000 \$ 33.60	6.85	25.61%
10	Tier Two Breakover (M gal):	10	8,000 \$ 29.00	8,000 \$ 36.30	7.30	25.17%
11			9,000 \$ 31.25	9,000 \$ 39.00	7.75	24.80%
12			10,000 \$ 33.50	10,000 \$ 41.70	8.20	24.48%
13			12,000 \$ 38.90	12,000 \$ 48.00	9.10	23.39%
14	Proposed Rates:					
15	Base Charge:	\$ 16.50	14,000 \$ 44.30	14,000 \$ 54.30	10.00	22.57%
16			16,000 \$ 49.70	16,000 \$ 60.60	10.90	21.93%
17			18,000 \$ 55.10	18,000 \$ 66.90	11.80	21.42%
18	Tier One Rate:	\$ 2.10	20,000 \$ 60.50	20,000 \$ 73.20	12.70	20.99%
19	Tier Two Rate:	\$ 2.70	25,000 \$ 74.00	25,000 \$ 88.95	14.95	20.20%
20	Tier Three Rate:	\$ 3.15	30,000 \$ 87.50	30,000 \$ 104.70	17.20	19.66%
21			35,000 \$ 101.00	35,000 \$ 120.45	19.45	19.26%
22	Tier One Breakover (M gal):	3	40,000 \$ 114.50	40,000 \$ 136.20	21.70	18.95%
23	Tier Two Breakover (M gal):	10	45,000 \$ 128.00	45,000 \$ 151.95	23.95	18.71%
24			50,000 \$ 141.50	50,000 \$ 167.70	26.20	18.52%
25			60,000 \$ 168.50	60,000 \$ 199.20	30.70	18.22%
26			70,000 \$ 195.50	70,000 \$ 230.70	35.20	18.01%
27			80,000 \$ 222.50	80,000 \$ 262.20	39.70	17.84%
28			90,000 \$ 249.50	90,000 \$ 293.70	44.20	17.72%
29			100,000 \$ 276.50	100,000 \$ 325.20	48.70	17.61%
30	Average Usage		4,656 \$ 21.48	4,656 \$ 27.27	5.79	26.96%
31	Median Usage		2,470 \$ 16.82	2,470 \$ 21.69	4.87	28.95%
32						
33						
34						

Aubrey Water Company
Test Year Ended December 31, 2014
Typical Bill Analysis

Second Step - Year 2

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

Line No.	Rate Schedules	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	Present Rates:	-	\$ 12.50	\$ 19.55	\$ 7.05	56.40%
2	Base Charge:	\$ 12.50	1,000 \$ 14.25	2,000 \$ 22.18	8.81	55.06%
3			3,000 \$ 17.75	4,000 \$ 27.44	9.69	54.59%
4			5,000 \$ 20.00	6,000 \$ 30.82	10.82	54.10%
5	Tier One Rate:	\$ 1.75	7,000 \$ 22.25	8,000 \$ 34.20	11.95	53.71%
6	Tier Two Rate:	\$ 2.25	9,000 \$ 24.50	10,000 \$ 37.58	13.08	53.39%
7	Tier Three Rate:	\$ 2.70	11,000 \$ 26.75	12,000 \$ 40.96	14.21	53.12%
8			13,000 \$ 29.00	14,000 \$ 44.34	15.34	52.90%
9	Tier One Breakover (M gal):	3	15,000 \$ 31.25	16,000 \$ 47.72	16.47	52.70%
10	Tier Two Breakover (M gal):	10	17,000 \$ 33.50	18,000 \$ 51.10	17.60	52.54%
11			19,000 \$ 38.90	20,000 \$ 58.98	20.08	51.62%
12			21,000 \$ 44.30	22,000 \$ 66.86	22.56	50.93%
13			23,000 \$ 49.70	24,000 \$ 74.74	25.04	50.38%
14	Proposed Rates:		25,000 \$ 82.62	26,000 \$ 90.50	27.52	49.95%
15	Base Charge:	\$ 19.55	27,000 \$ 60.50	28,000 \$ 90.50	30.00	49.59%
16			29,000 \$ 74.00	30,000 \$ 110.20	36.20	48.92%
17			31,000 \$ 87.50	32,000 \$ 129.90	42.40	48.46%
18	Tier One Rate:	\$ 2.63	33,000 \$ 101.00	34,000 \$ 149.60	48.60	48.12%
19	Tier Two Rate:	\$ 3.38	35,000 \$ 114.50	36,000 \$ 169.30	54.80	47.86%
20	Tier Three Rate:	\$ 3.94	37,000 \$ 128.00	38,000 \$ 189.00	61.00	47.66%
21			39,000 \$ 141.50	40,000 \$ 208.70	67.20	47.49%
22	Tier One Breakover (M gal):	3	41,000 \$ 168.50	42,000 \$ 248.10	79.60	47.24%
23	Tier Two Breakover (M gal):	10	43,000 \$ 195.50	44,000 \$ 287.50	92.00	47.06%
24			45,000 \$ 222.50	46,000 \$ 326.90	104.40	46.92%
25			47,000 \$ 249.50	48,000 \$ 366.30	116.80	46.81%
26			49,000 \$ 276.50	50,000 \$ 405.70	129.20	46.73%
27						
28						
29		Average Usage	4,656 \$ 21.48	33.04 \$ 11.56		53.82%
30		Median Usage	2,470 \$ 16.82	26.05 \$ 9.23		54.88%
31						
32						
33						
34						

Aubrey Water Company
Test Year Ended December 31, 2014
Typical Bill Analysis

Third Step - Year 3

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

Line No.	Rate Schedules	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase	
1	Present Rates:	-	\$ 12.50	\$ 22.66	\$ 10.16	81.28%	
2	Base Charge:	\$ 12.50	1,000 \$ 14.25	2,000 \$ 25.81	\$ 11.56	81.12%	
3			2,000 \$ 16.00	3,000 \$ 28.96	\$ 12.96	81.00%	
4			3,000 \$ 17.75	4,000 \$ 32.11	\$ 14.36	80.90%	
5	Tier One Rate:	\$ 1.75	4,000 \$ 20.00	5,000 \$ 36.16	\$ 16.16	80.80%	
6	Tier Two Rate:	\$ 2.25	5,000 \$ 22.25	6,000 \$ 40.21	\$ 17.96	80.72%	
7	Tier Three Rate:	\$ 2.70	6,000 \$ 24.50	7,000 \$ 44.26	\$ 19.76	80.65%	
8			7,000 \$ 26.75	8,000 \$ 48.31	\$ 21.56	80.60%	
9	Tier One Breakover (M gal):	3	8,000 \$ 29.00	9,000 \$ 52.36	\$ 23.36	80.55%	
10	Tier Two Breakover (M gal):	10	9,000 \$ 31.25	10,000 \$ 56.41	\$ 25.16	80.51%	
11			10,000 \$ 33.50	12,000 \$ 60.46	\$ 26.96	80.48%	
12			12,000 \$ 38.90	14,000 \$ 69.92	\$ 31.02	79.74%	
13			14,000 \$ 44.30	16,000 \$ 79.38	\$ 35.08	79.19%	
14	Proposed Rates:		16,000 \$ 49.70	18,000 \$ 88.84	\$ 39.14	78.75%	
15	Base Charge:	\$ 22.66	18,000 \$ 55.10	20,000 \$ 98.30	\$ 43.20	78.40%	
16			20,000 \$ 60.50	25,000 \$ 107.76	\$ 47.26	78.12%	
17			25,000 \$ 74.00	30,000 \$ 131.41	\$ 57.41	77.58%	
18	Tier One Rate:	\$ 3.15	30,000 \$ 87.50	35,000 \$ 155.06	\$ 67.56	77.21%	
19	Tier Two Rate:	\$ 4.05	35,000 \$ 101.00	40,000 \$ 178.71	\$ 77.71	76.94%	
20	Tier Three Rate:	\$ 4.73	40,000 \$ 114.50	45,000 \$ 202.36	\$ 87.86	76.73%	
21			45,000 \$ 128.00	50,000 \$ 226.01	\$ 98.01	76.57%	
22	Tier One Breakover (M gal):	3	50,000 \$ 141.50	60,000 \$ 249.66	\$ 108.16	76.44%	
23	Tier Two Breakover (M gal):	10	60,000 \$ 168.50	70,000 \$ 296.96	\$ 128.46	76.24%	
24			70,000 \$ 195.50	80,000 \$ 344.26	\$ 148.76	76.09%	
25			80,000 \$ 222.50	90,000 \$ 391.56	\$ 169.06	75.98%	
26			90,000 \$ 249.50	100,000 \$ 438.86	\$ 189.36	75.90%	
27			100,000 \$ 276.50		\$ 209.66	75.83%	
28							
29		Average Usage	4,656 \$	21.48 \$	38.82 \$	17.34	80.73%
30		Median Usage	2,470 \$	16.82 \$	30.44 \$	13.62	80.98%
31							
32							
33							
34							

Aubrey Water Company
Test Year Ended December 31, 2014
Typical Bill Analysis

Fourth Step - Year 4

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

Line No.	Rate Schedules	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	Present Rates:	-	\$ 12.50	\$ 25.68	\$ 13.18	105.44%
2	Base Charge:	\$ 12.50	1,000 \$ 14.25	29.36 \$ 15.11	106.04%	
3			2,000 \$ 16.00	33.04 \$ 17.04	106.50%	
4			3,000 \$ 17.75	36.72 \$ 18.97	106.87%	
5	Tier One Rate:	\$ 1.75	4,000 \$ 20.00	41.45 \$ 21.45	107.25%	
6	Tier Two Rate:	\$ 2.25	5,000 \$ 22.25	46.18 \$ 23.93	107.55%	
7	Tier Three Rate:	\$ 2.70	6,000 \$ 24.50	50.91 \$ 26.41	107.80%	
8			7,000 \$ 26.75	55.64 \$ 28.89	108.00%	
9	Tier One Breakover (M gal):	3	8,000 \$ 29.00	60.37 \$ 31.37	108.17%	
10	Tier Two Breakover (M gal):	10	9,000 \$ 31.25	65.10 \$ 33.85	108.32%	
11			10,000 \$ 33.50	69.83 \$ 36.33	108.45%	
12			12,000 \$ 38.90	80.87 \$ 41.97	107.89%	
13			14,000 \$ 44.30	91.91 \$ 47.61	107.47%	
14	Proposed Rates:		16,000 \$ 49.70	102.95 \$ 53.25	107.14%	
15	Base Charge:	\$ 25.68	18,000 \$ 55.10	113.99 \$ 58.89	106.88%	
16			20,000 \$ 60.50	125.03 \$ 64.53	106.66%	
17			25,000 \$ 74.00	152.63 \$ 78.63	106.26%	
18	Tier One Rate:	\$ 3.68	30,000 \$ 87.50	180.23 \$ 92.73	105.98%	
19	Tier Two Rate:	\$ 4.73	35,000 \$ 101.00	207.83 \$ 106.83	105.77%	
20	Tier Three Rate:	\$ 5.52	40,000 \$ 114.50	235.43 \$ 120.93	105.62%	
21			45,000 \$ 128.00	263.03 \$ 135.03	105.49%	
22	Tier One Breakover (M gal):	3	50,000 \$ 141.50	290.63 \$ 149.13	105.39%	
23	Tier Two Breakover (M gal):	10	60,000 \$ 168.50	345.83 \$ 177.33	105.24%	
24			70,000 \$ 195.50	401.03 \$ 205.53	105.13%	
25			80,000 \$ 222.50	456.23 \$ 233.73	105.05%	
26			90,000 \$ 249.50	511.43 \$ 261.93	104.98%	
27			100,000 \$ 276.50	566.63 \$ 290.13	104.93%	
28						
29		Average Usage				
30		4,656	\$ 21.48	\$ 44.55	\$ 23.07	107.40%
31		Median Usage				
32		2,470	\$ 16.82	\$ 34.77	\$ 17.95	106.72%
33						
34						

Aubrey Water Company
Test Year Ended December 31, 2014
Typical Bill Analysis

Final Step - Year 5

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

Line No.	Rate Schedules	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	Present Rates:	-	\$ 12.50	\$ 28.50	\$ 16.00	128.00%
2	Base Charge:	1,000	\$ 14.25	\$ 32.70	\$ 18.45	129.47%
3		2,000	\$ 16.00	\$ 36.90	\$ 20.90	130.63%
4		3,000	\$ 17.75	\$ 41.10	\$ 23.35	131.55%
5	Tier One Rate:	4,000	\$ 20.00	\$ 46.50	\$ 26.50	132.50%
6	Tier Two Rate:	5,000	\$ 22.25	\$ 51.90	\$ 29.65	133.26%
7	Tier Three Rate:	6,000	\$ 24.50	\$ 57.30	\$ 32.80	133.88%
8		7,000	\$ 26.75	\$ 62.70	\$ 35.95	134.39%
9	Tier One Breakover (M gal):	3	\$ 29.00	\$ 68.10	\$ 39.10	134.83%
10	Tier Two Breakover (M gal):	10	\$ 31.25	\$ 73.50	\$ 42.25	135.20%
11		10,000	\$ 33.50	\$ 78.90	\$ 45.40	135.52%
12		12,000	\$ 38.90	\$ 91.50	\$ 52.60	135.22%
13		14,000	\$ 44.30	\$ 104.10	\$ 59.80	134.99%
14	Proposed Rates:	16,000	\$ 49.70	\$ 116.70	\$ 67.00	134.81%
15	Base Charge:	18,000	\$ 55.10	\$ 129.30	\$ 74.20	134.66%
16		20,000	\$ 60.50	\$ 141.90	\$ 81.40	134.55%
17		25,000	\$ 74.00	\$ 173.40	\$ 99.40	134.32%
18	Tier One Rate:	30,000	\$ 87.50	\$ 204.90	\$ 117.40	134.17%
19	Tier Two Rate:	35,000	\$ 101.00	\$ 236.40	\$ 135.40	134.06%
20	Tier Three Rate:	40,000	\$ 114.50	\$ 267.90	\$ 153.40	133.97%
21		45,000	\$ 128.00	\$ 299.40	\$ 171.40	133.91%
22	Tier One Breakover (M gal):	3	\$ 141.50	\$ 330.90	\$ 189.40	133.85%
23	Tier Two Breakover (M gal):	10	\$ 168.50	\$ 393.90	\$ 225.40	133.77%
24		70,000	\$ 195.50	\$ 456.90	\$ 261.40	133.71%
25		80,000	\$ 222.50	\$ 519.90	\$ 297.40	133.66%
26		90,000	\$ 249.50	\$ 582.90	\$ 333.40	133.63%
27		100,000	\$ 276.50	\$ 645.90	\$ 369.40	133.60%
28						
29	Average Usage	4,656	\$ 21.48	\$ 50.04	\$ 28.56	132.96%
30	Median Usage	2,470	\$ 16.82	\$ 38.87	\$ 22.05	131.09%
31						
32						
33						
34						