

ORIGINAL



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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

DOUG LITTLE - CHAIRMAN
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Arizona Corporation Commission

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JUN 10 2016

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

DOCKETED BY *KA*

IN THE MATTER OF THE APPLICATION OF
FRANCESCA WATER COMPANY, INC. FOR
A PERMANENT RATE INCREASE

DOCKET NO. W-03945A-16-0044

STIPULATION CONCERNING STAFF'S
RESPONSE TO FRANCESCA WATER
COMPANY'S RESPONSE TO STAFF
REPORT

On February 10, 2016 Francesca Water Company, Inc. ("Company") filed an application for a permanent rate increase. The Commission's Utilities Division ("Staff") docketed its Staff Report on May 9, 2016. Staff recommended a \$7,689 (13.34 percent) revenue increase from test year revenue of \$57,247 to \$64,936. Staff's recommended rates would increase the typical residential bill with a median usage of 4,697 gallons from \$35.69 to \$41.01, for an increase of \$5.32, or 14.90 percent.

On May 26, 2016 the Company filed a response to the Staff Report. In its response, the Company alleged, among other things that Staff's proposed rate design might fail to generate the required revenue, due to possible water usage conversation.

Staff has considered the Company's response, and discussed it with the Company's representatives. Upon its consideration of the Company's response, and its discussions with the Company, Staff has made certain limited revisions to the recommendations contained in the initial Staff Report. Based upon that review and discussions, Staff and the Company Stipulate and agree as follows:

1. Attached hereto as Attachment A are Staff's Schedules BES-1 through BES-6, inclusively; Attachment A's Schedules replace, in their entirety, the Staff Schedules which were part of the May 9, 2016 Staff Report.

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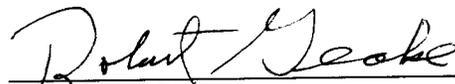
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2. Staff's recommendation for the increase in total operating revenue for the Company is revised to \$69,436 (the recommended operating revenue in the Staff Report was \$64,936), as shown on Schedule BES-1 in Attachment A, hereto.
 3. Staff's recommendation for the minimum charge for the 1st tier rate for the general service 5/8 x 3/4-Inch Meter is revised to \$27.50 per month (the recommended charge in the Staff Report was \$24.50). Other billing changes for the 5/8 x 3/4-Inch Meter are shown on Staff's revised schedule BES-5, as shown in Attachment A to this Stipulation,
 4. With the filing of this Stipulation, the Company is withdrawing its proposal for a revenue shortage surcharge, as described in detail at page 5 of the Company's Response.
 5. Staff and the Company request that the Decision and Order in this case provide that the Company's new rates will become effective with Company's next billing cycle following the Commission's entry of its Decision and Order.

13 Staff and the Company respectfully stipulate and Agree to the foregoing concerning the Staff
14 Report, the Company's Response thereto, and the parties discussions and agreement thereafter.

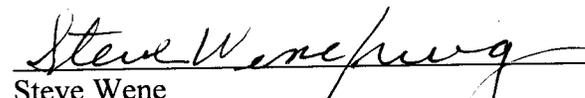
15 RESPECTFULLY SUBMITTED this 10th day of June, 2016.

17 **Attorney for Arizona Corporation Commission**

18 

19 Robert W. Geake
20 Attorney, Legal Division
21 Arizona Corporation Commission
22 1200 West Washington Street
23 Phoenix, AZ 85007
24 (602) 542-3402

23 **Attorney for Francesca Water Company, Inc.**

24 

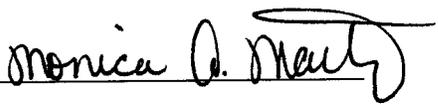
25 Steve Wene
26 MOYES SELLERS & HENDRICKS LTD.
27 1850 N. Central Avenue, Suite 1100
28 Phoenix, Arizona 85004
(602) 604-2189
swene@law-msh.com

1 Original and thirteen (13) copies of the foregoing
filed this 10th day of June, 2016 with:

2
3 Docket Control
4 Arizona Corporation Commission
5 1200 West Washington Street
6 Phoenix, Arizona 85007

7
8 Copy of the foregoing mailed this 10th day of June,
9 2016, to:

10
11 Steve Wene
12 MOYES SELLERS & HENDRICKS LTD.
13 1850 N. Central Avenue, Suite 1100
14 Phoenix, AZ 85004
15 Attorneys for Francesca Water Company, Inc.

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ATTACHMENT A

SUMMARY OF FILING

	Company as Filed	Staff as Adjusted	Company Proposed	Staff's New Recommendation
Revenues:				
Metered Water Revenue	\$54,252	\$54,252	\$69,252	\$66,441
Unmetered Water Revenue	0	0	0	0
Other Water Revenues	2,995	2,995	2,995	2,995
Total Operating Revenue	\$57,247	\$57,247	\$72,247	\$69,436
Operating Expenses:				
Operation and Maintenance	\$34,923	\$35,313	\$34,923	\$39,813
Depreciation	5,357	5,357	5,357	5,357
Property & Other Taxes	4,244	4,244	4,615	4,244
Income Tax	2,089	2,427	4,967	3,939
Total Operating Expense	\$46,613	\$47,341	\$49,862	\$53,353
Operating Income/(Loss)	\$10,634	\$9,906	\$22,385	\$16,083
Rate Base - O.C.R.B.	\$74,483	\$74,721	\$74,483	\$74,721
Operating Margin	18.58%	17.30%	30.98%	23.16%

NOTE: Operating Margin represents the proportion of funds available to pay interest and other below the line or non-ratemaking expenses.

ORIGINAL COST RATE BASE/FAIR VALUE

	----- Original Cost -----		Staff
	Company	Adjustment	
Plant in Service	\$333,814	(\$986) A	\$332,828
Less:			
Accum. Depreciation	246,018	(1,225) B	244,793
Net Plant	\$87,796	\$238	\$88,034
Less:			
Advances in Aid of Construction	\$3,640	\$0	\$3,640
Security Deposits	5,301	0	5,301
Total Advances	\$8,941	\$0	\$8,941
Contributions Gross	\$12,300	\$0	\$12,300
Less:			
Amortization of CIAC	4,312	0	4,312
Net CIAC	\$7,988	\$0	\$7,988
Total Deductions	\$16,929	\$0	\$16,929
Plus:			
1/24 Power	\$360	\$0	\$360
1/8 Operation & Maint.	\$3,256	\$0	\$3,256
Inventory	\$0	\$0	\$0
Prepayments	\$0	\$0	\$0
Total Additions	\$3,616	\$0	\$3,616
Rate Base	\$74,483	\$238	\$74,721

Explanation of Adjustment:

A - For Rate Base adjustment A, see Sch BES-2, page 2
B - For Rate Base adjustment B, see Sch BES-2, page 3-4

PLANT ADJUSTMENT

Line No.	Acct. No.	Description	Company Exhibit	Adjustment	Staff Adjusted
1	301	Organization Costs	\$1,015	\$0	\$1,015
2	302	Franchise Costs	0	0	0
3	303	Land & Land Rights	10,000	0	10,000
4	304	Structures & Improvements	2,612	0	2,612
5	307	Wells & Springs	38,669	0	38,669
6	310	Power Generation Equipment	0	0	0
7	311	Electric Pumping Equipment	32,294	0	32,294
8	320	Water Treatment Equipment	0	0	0
9	320.1	Water Treatment Plants	0	0	0
10	320.2	Solutions & Feeders	1,456	(986) a	470
11	320.3	Point-of-Use Treatment Devices	0	0	0
12	330	Distribution Reservoirs & Standpipes	0	0	0
13	330.1	Storage Tank	71,342	0	71,342
14	330.2	Pressure Tanks	0	0	0
15	331	Transmission & Distribution Mains	137,091	0	137,091
16	333	Services	23,759	0	23,759
17	334	Meters & Meter Installations	7,073	0	7,073
18	335	Hydrants	0	0	0
19	336	Backflow Prevention Devices	0	0	0
20	339	Other Plant & Misc. Equip.	0	0	0
21	340	Office Furniture & Fixtures	4,000	0	4,000
22	340.1	Computer & Software	1,003	0	1,003
23	341	Transportation Equipment	0	0	0
24	342	Store Equipment	0	0	0
25	343	Tools & Work Equipment	3,000	0	3,000
26	344	Laboratory Equipment	0	0	0
27	345	Power Operated Equipment	0	0	0
28	346	Communications Equipment	500	0	500
29	347	Miscellaneous Equipment	0	0	0
30	348	Other Intangibles	0	0	0
31	105	C.W.I.P.	0	0	0
32		TOTALS	<u>\$333,814</u>	<u>(\$986)</u>	<u>\$332,828</u>

Explanation of Adjustment:

a	Solutions & Feeders - Per Company	\$1,456	
	Per Staff	<u>470</u>	<u>(\$986)</u>

Per DR #DH2.3, the Company removed a pellet chlorinator from their water system in 2014 and did not record the retirement.

RATE BASE ADJUSTMENT TO ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] ADJUSTMENT	[C] STAFF ADJUSTED
1	301	Organization Costs	\$0	\$0	\$0
2	302	Franchise Costs	0	0	\$0
3	303	Land & Land Rights	0	0	\$0
4	304	Structures & Improvements	1,432	0	\$1,432
5	307	Wells & Springs	38,669	0	\$38,669
6	310	Power Generation Equipment	0	0	\$0
7	311	Electric Pumping Equipment	21,379	0	\$21,379
8	320	Water Treatment Equipment	0	0	\$0
9	320.1	Water Treatment Plants	0	0	\$0
10	320.2	Solutions & Feeders	677	(1,225)	(\$548)
11	320.3	Point-of-Use Treatment Devices	0	0	\$0
12	330	Distribution Reservoirs & Standpipes	0	0	\$0
13	330.1	Storage Tank	43,241	0	\$43,241
14	330.2	Pressure Tanks	0	0	\$0
15	331	Transmission & Distribution Mains	104,189	0	\$104,189
16	333	Services	23,759	0	\$23,759
17	334	Meters & Meter Installations	7,073	0	\$7,073
18	335	Hydrants	0	0	\$0
19	336	Backflow Prevention Devices	0	0	\$0
20	339	Other Plant & Misc. Equip.	0	0	\$0
21	340	Office Furniture & Fixtures	3,660	0	\$3,660
22	340.1	Computer & Software	(1)	0	(\$1)
23	341	Transportation Equipment	0	0	\$0
24	342	Store Equipment	0	0	\$0
25	343	Tools & Work Equipment	1,440	0	\$1,440
26	344	Laboratory Equipment	0	0	\$0
27	345	Power Operated Equipment	0	0	\$0
28	346	Communications Equipment	500	0	\$500
29	347	Miscellaneous Equipment	0	0	\$0
30	348	Other Intangibles	0	0	\$0
31	105	C.W.I.P.	0	0	\$0
32		Accumulated Depreciation	\$246,018	(\$1,225)	\$244,793

ACCUMULATED DEPRECIATION ADJUSTMENTS

Accumulated Depreciation - Per Company	\$246,018
Accumulated Depreciation - Per Staff	<u>\$244,793</u>
Total Adjustment	<u><u>(\$1,225)</u></u>

To remove accumulated depreciation on plant retirements.

\$246,018	Per Company
(1,225)	Retirements
\$244,793	Per Staff

Accumulated Depreciation on Retirements

Account No.	Plant Description	Amount
320.2	Solutions and Feeders	(1,225)

Accumulated depreciation was reduced by the amount of the retired asset and the amount of depreciation expense taken in the retirement and subsequent years.

STATEMENT OF TEST YEAR OPERATING INCOME

Line No.	Acct. No.	Description	[A] Company Exhibit	[B] Staff Adjustments	[C] Staff Adjusted	[D] Staff Adjustments	[E] Staff's New Recommendation
1		Revenues:					
2	461	Metered Water Revenue	\$54,252	\$0	\$54,252	\$12,189	\$66,441
3	460	Unmetered Water Revenue	0	0	0	0	0
4	474	Other Water Revenues	2,995	0	2,995	0	2,995
5		Total Operating Revenue	\$57,247	\$0	\$57,247	\$12,189	\$69,436
6							
7		Operating Expenses:					
8	601	Salaries and Wages	\$0	\$0	\$0	0	\$0
9	610	Purchased Water	0	0	0	0	0
10	615	Purchased Power	8,633	0	8,633	0	8,633
11	618	Chemicals	193	0	193	0	193
12	620	Repairs and Maintenance	1,159	1,091 A	2,250	4,500	6,750
13	621	Office Supplies and Expense	1,598	0	1,598	0	1,598
14	630	Outside Services	14,843	0	14,843	0	14,843
15	635	Water Testing	2,596	(701) B	1,895	0	1,895
16	641	Rents	0	0	0	0	0
17	650	Transportation Expenses	1,389	0	1,389	0	1,389
18	657	Insurance - General Liability	1,433	0	1,433	0	1,433
19	659	Insurance - Health and Life	0	0	0	0	0
20	666	Regulatory Commission Expense - Rate Case	1,240	0	1,240	0	1,240
21	675	Miscellaneous Expense	1,791	0	1,791	0	1,791
22	403	Depreciation Expense	5,357	0	5,357	0	5,357
23	408	Taxes Other Than Income	0	0	0	0	0
24	408.11	Property Taxes	4,244	0	4,244	0	4,244
25	670	Bad Debt Expense	0	0	0	0	0
26	409	Income Tax	2,089	338 C	2,427	1,513	3,939
27	427.1	Security Deposit Interest	48	0	48	0	48
28		Total Operating Expenses	\$46,613	\$728	\$47,341	\$6,013	\$53,353
29							
30							
31		OPERATING INCOME/(LOSS)	\$10,634	(\$728)	\$9,906	\$6,176	\$16,083
32							
33		Other Income/(Expense):					
34	419	Interest and Dividend Income	\$0	\$0	\$0		\$0
35	421	Non-Utility Income	0	0	0		0
36	427	Interest Expense	2,108	0	2,108		2,108
37	4XX	Reserve/Replacement Fund Deposit	0	0	0		0
38	426	Miscellaneous Non-Utility Expense	0	0	0		0
39		Total Other Income/(Expense)	(\$2,108)	\$0	(\$2,108)	\$0	(\$2,108)
40							
41		NET INCOME/(LOSS)	\$8,526	(\$728)	\$7,798	\$6,176	\$13,975

STAFF ADJUSTMENTS		
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A	REPAIRS AND MAINTENANCE - Per Company	\$1,159	
	Staff Adjusted (normalized test year expense)	<u>2,250</u>	<u>\$1,091</u>
	Staff Recommended	<u>6,750</u>	<u>\$4,500</u>

Staff's recommended increase reflects consideration of the Company's plant repair needs.

B	WATER TESTING - Per Company	\$2,596	
	Per Staff	<u>1,895</u>	<u>(\$701)</u>

Staff adjusted Water Testing Expense based on the attached Engineer's report.

C	INCOME TAX - Per Company	\$2,089	
	Per Staff	<u>2,427</u>	<u>\$338</u>

See Schedule BES-3 Page 3

Calculation of Income Tax

LINE NO.	DESCRIPTION	[A]	[B]
	<i>Calculation of Income Tax:</i>	<u>Test Year</u>	<u>STAFF's New Recommendation</u>
1	Revenue (Schedule BES-1)	\$57,247	\$69,436
2	Operating Expenses Excluding Income Taxes	44,914	49,414
3			
4	Arizona Taxable Income (L1 - L2)	\$12,333	\$20,022
5	Arizona State Income Tax Rate	5.5000%	5.5000%
6	Arizona Income Tax (L4 * L5)	\$678	\$1,101
7	Federal Taxable Income (L4 - L6)	11,655	18,921
8	Federal Tax on First Income Bracket (\$1 - \$50,000) @ 15%	1,748	2,838
9	Federal Tax on Second Income Bracket (\$50,001 - \$75,000) @ 25%	0	0
10	Federal Tax on Third Income Bracket (\$75,001 - \$100,000) @ 34%	0	0
11	Federal Tax on Fourth Income Bracket (\$100,001 - \$335,000) @ 39%	0	0
12	Federal Tax on Fifth Income Bracket (\$335,001 - \$10,000,000) @ 34%	0	0
13	Total Federal Income Tax	\$1,748	\$2,838
14	Combined Federal and State Income Tax (L6 + L13)	\$2,427	\$3,939
15			
16	Applicable Federal Income Tax Rate ((Col. [B], L13 - Col. [A], L13) / (Col. [B], L7- Col. [A], L7))		15.00%

RATE DESIGN

Monthly Usage Charge	Present Rates	Company Proposed Rates	Staff's New Recommended Rates
5/8" x 3/4" Meter	\$22.00	\$27.50	\$27.50
3/4" Meter	30.00	41.25	41.25
1" Meter	50.00	68.75	68.75
1½" Meter	100.00	137.50	137.50
2" Meter	160.00	220.00	220.00
3" Meter	320.00	440.00	440.00
4" Meter	500.00	687.50	687.50
6" Meter	1,000.00	1,375.00	1,375.00
Commodity Rates			
<u>5/8 x 3/4" & 3/4" Meter - Residential</u>			
Gallons Included in Minimum	0	0	0
Excess of Minimum - per 1,000 Gallons			
First 3,000 Gallons	\$2.30	\$3.50	\$3.13
From 3,001 to 10,000 Gallons	4.00	4.75	4.65
Over 10,000 Gallons	4.73	6.06	5.45
<u>3/4" Meter - Commercial & Industrial</u>			
Gallons Included in Minimum	0	0	0
Excess of Minimum - per 1,000 Gallons			
First 10,000 Gallons	\$4.35	\$4.75	\$4.65
Over 10,000 Gallons	6.70	6.06	6.90
<u>1" - Residential, Commercial & Industrial</u>			
Gallons Included in Minimum	0	0	0
Excess of Minimum - per 1,000 Gallons			
First 17,000 Gallons	\$4.35	\$4.75	\$5.45
Over 17,000 Gallons	6.70	6.06	7.68
<u>1½" - Residential, Commercial & Industrial</u>			
Gallons Included in Minimum	0	0	0
Excess of Minimum - per 1,000 Gallons			
First 37,000 Gallons	\$4.35	\$4.75	\$5.45
Over 37,000 Gallons	6.70	6.06	7.68
<u>2" - Residential, Commercial & Industrial</u>			
Gallons Included in Minimum	0	0	0
Excess of Minimum - per 1,000 Gallons			
First 61,000 Gallons	\$4.35	\$4.75	\$5.45
Over 61,000 Gallons	6.70	6.06	7.68
<u>3" - Residential, Commercial & Industrial</u>			
Gallons Included in Minimum	0	0	0
Excess of Minimum - per 1,000 Gallons			
First 127,000 Gallons	\$4.35	\$4.75	\$5.45
Over 127,000 Gallons	6.70	6.06	7.68
<u>4" - Residential, Commercial & Industrial</u>			
Gallons Included in Minimum	0	0	0
Excess of Minimum - per 1,000 Gallons			
First 200,000 Gallons	\$4.35	\$4.75	\$5.45
Over 200,000 Gallons	6.70	6.06	7.68
<u>6" - Residential, Commercial & Industrial</u>			
Gallons Included in Minimum	0	0	0
Excess of Minimum - per 1,000 Gallons			
First 410,000 Gallons	\$4.35	\$4.75	\$5.45
Over 410,000 Gallons	6.70	6.06	7.68

RATE DESIGN

Service Line and Meter Installation Charges	Current Rates			Company Proposed Rates			Staff Recommended Rates		
	Service Line	Meter Charge	Total Charge	Service Line	Meter Charge	Total Charge	Service Line	Meter Charge	Total Charge
5/8" x 3/4" Meter	\$430.00	\$130.00	\$560.00	\$490.00	\$132.00	\$622.00	\$490.00	\$132.00	\$622.00
3/4" Meter	430.00	230.00	660.00	490.00	233.00	723.00	490.00	233.00	723.00
1" Meter	480.00	290.00	770.00	547.00	293.00	840.00	547.00	293.00	840.00
1½" Meter	535.00	500.00	1,035.00	610.00	506.00	1,116.00	610.00	506.00	1,116.00
2" Turbine Meter	815.00	1,020.00	1,835.00	927.00	1,031.00	1,958.00	927.00	1,031.00	1,958.00
2" Compound Meter	815.00	1,865.00	2,680.00	927.00	1,884.00	2,811.00	927.00	1,884.00	2,811.00
3" Turbine Meter	1,030.00	1,645.00	2,675.00	1,171.00	1,662.00	2,833.00	1,171.00	1,662.00	2,833.00
3" Compound Meter	1,150.00	2,520.00	3,670.00	1,308.00	2,546.00	3,854.00	1,308.00	2,546.00	3,854.00
4" Turbine Meter	1,460.00	2,620.00	4,080.00	1,661.00	2,647.00	4,308.00	1,661.00	2,647.00	4,308.00
4" Compound Meter	1,640.00	3,595.00	5,235.00	1,866.00	3,632.00	5,498.00	1,866.00	3,632.00	5,498.00
6" Turbine Meter	2,180.00	4,975.00	7,155.00	2,479.00	5,026.00	7,505.00	2,479.00	5,026.00	7,505.00
6" Compound Meter	2,300.00	6,870.00	9,170.00	2,615.00	6,939.00	9,554.00	2,615.00	6,939.00	9,554.00
Over 6"	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
Service Charges									
Establishment			\$40.00			\$40.00			\$40.00
Service Charge (After Hours)			30.00			50.00			40.00
Reconnection (Delinquent)			35.00			45.00			40.00
Meter Test (If Correct)			30.00			30.00			30.00
Deposit			*			*			*
Deposit Interest			*			*			*
Re-Establishment (Within 12 Months)			**			**			**
NSF Check			25.00			25.00			25.00
Deferred Payment			1.50%			1.50%			1.50%
Meter Re-Read (If Correct)			20.00			20.00			20.00
Late Fee			***			***			***
<p>* Per Commission Rule A.A.C. R-14-2-403(B). ** Months off system times the monthly minimum per Commission Rule A.A.C. R14-2-403(D). *** \$5.00 or 1.5 percent, whichever is greater.</p>									

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

Average Number of Customers: 103

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	6,310	\$ 42.14	\$ 53.72	\$ 11.58	27.5%
Median Usage	4,732	\$ 35.83	\$ 46.23	\$ 10.40	29.02%

Staff's New Recommendation

Average Usage	6,310	\$ 42.14	\$ 52.28	\$ 10.14	24.1%
Median Usage	4,732	\$ 35.83	\$ 44.95	\$ 9.12	25.44%

Staff's Prior Recommendation

Average Usage	6259	\$ 41.93	\$ 48.19	\$ 6.26	14.92%
Median Usage	4697	\$ 35.69	\$ 41.01	\$ 5.32	14.90%

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

Gallons	Present Rates	Company Proposed Rates	Company % Increase	Staff's New Recommendation Rates	Staff's New % Increase
Minimum Charge	\$22.00	\$27.50	25.0%	\$27.50	25.00%
1st Tier Rate	\$2.30	\$3.50	52.2%	\$3.13	36.09%
1st Tier Break-over	3,000	3,000	0.0%	3,000	0.00%
2nd Tier Rate	\$4.00	\$4.75	18.8%	\$4.65	16.25%
2nd Tier Break-over	10,000	10,000	0.0%	10,000	0.00%
3rd Tier Rate	\$4.73	\$6.06	28.1%	\$5.45	15.22%
Consumption	Rates	Rates	Increase	Rates	Increase
0	\$22.00	\$27.50	25.0%	\$27.50	25.0%
1,000	24.30	31.00	27.6%	30.63	26.0%
2,000	26.60	34.50	29.7%	33.76	26.9%
3,000	28.90	38.00	31.5%	36.89	27.6%
4,000	32.90	42.75	29.9%	41.54	26.3%
5,000	36.90	47.50	28.7%	46.19	25.2%
6,000	40.90	52.25	27.8%	50.84	24.3%
7,000	44.90	57.00	26.9%	55.49	23.6%
8,000	48.90	61.75	26.3%	60.14	23.0%
9,000	52.90	66.50	25.7%	64.79	22.5%
10,000	56.90	71.25	25.2%	69.44	22.0%
15,000	80.55	101.55	26.1%	96.69	20.0%
20,000	104.20	131.85	26.5%	123.94	18.9%
25,000	127.85	162.15	26.8%	151.19	18.3%
50,000	246.10	313.65	27.4%	287.44	16.8%
75,000	364.35	465.15	27.7%	423.69	16.3%
100,000	482.60	616.65	27.8%	559.94	16.0%
125,000	600.85	768.15	27.8%	696.19	15.9%
150,000	719.10	919.65	27.9%	832.44	15.8%
175,000	837.35	1,071.15	27.9%	968.69	15.7%
200,000	955.60	1,222.65	27.9%	1,104.94	15.6%

Cash Flow			
Line No.		Staff Adjusted	Staff's New Recommendation
1 Cash Flow From Operations			
1 Operating Revenue			
2	461 Metered Water Revenue	\$54,252	\$66,441
3	460 Unmetered Water Revenue	\$0	\$0
4	474 Other Water Revenues	\$2,995	\$2,995
5	Total Operating Rev:	<u>\$57,247</u>	<u>\$69,436</u>
6			
7 Operating Expenses			
8	601 Salaries and Wages	\$0	\$0
9	610 Purchased Water	\$0	\$0
10	615 Purchased Power	\$8,633	\$8,633
11	618 Chemicals	\$193	\$193
12	620 Repairs and Maintenance	\$2,250	\$6,750
13	621 Office Supplies and Expense	\$1,598	\$1,598
14	630 Outside Services	\$14,843	\$14,843
15	635 Water Testing	\$1,895	\$1,895
16	641 Rents	\$0	\$0
17	650 Transportation Expenses	\$1,389	\$1,389
18	657 Insurance - General Liability	\$1,433	\$1,433
19	659 Insurance - Health and Life	\$0	\$0
20	666 Regulatory Commission Expense - Rate Case	\$1,240	\$1,240
21	675 Miscellaneous Expense	\$1,791	\$1,791
22	403 Depreciation Expense	\$5,357	\$5,357
23	408 Taxes Other Than Income	\$0	\$0
24	408.11 Property Taxes	\$4,244	\$4,244
25	670 Bad Debt Expense	\$0	\$0
26	409 Income Tax	\$2,427	\$3,939
27	427.1 Security Deposit Interest	\$48	\$48
28	Total Operating Expense	<u>\$47,341</u>	<u>\$53,353</u>
29			
30	Operating Income	<u>\$9,906</u>	<u>\$16,083</u>
31			
32 Additions to Cash			
33	Depreciation	\$5,357	\$5,357
34			
35	Net Cash from Operations	<u>\$15,263</u>	<u>\$21,440</u>
36			
37	Annual Debt Service Amount¹	\$9,414	\$9,414
38			
39	Cash Available for Contingencies	<u>\$5,849</u>	<u>\$12,026</u>
40			
41	DSC [L26 + L35] ÷ [L37]	1.88	2.70

Footnote 1: Annual Debt Service Amount includes the principle, interest, and loan reserve required by WIFA.