

NEW APPLICATION

1 BEFORE THE ARIZONA CORPORATION COMMISSION

2 COMMISSIONERS

- 3 JIM O'CONNOR - Chairman
- 4 LEA MARQUEZ PETERSON
- 5 ANNA TOVAR
- 6 KEVIN THOMPSON
- 7 NICK MYERS

8 IN THE MATTER OF THE APPLICATION
 9 OF MESCAL LAKES WATER SYSTEMS,
 10 INC. FOR A DETERMINATION OF THE
 11 CURRENT FAIR VALUE OF ITS UTILITY
 12 PLANT AND PROPERTY AND FOR
 13 CHANGES IN ITS RATES AND CHARGES
 14 THEREON FOR UTILITY SERVICE AND
 15 FOR CERTAIN RELATED APPROVALS.

DOCKET NO. W-02472A-24-____
APPLICATION



12 Mescal Lakes Water Systems, Inc. ("Mescal Lakes") hereby submits this
 13 Application ("Application") for an order determining the fair value of the utility plant
 14 and property used for the provision of water utility service and, based on such finding,
 15 approving permanent rates and charges for utility service designed to produce a fair
 16 return thereon. In support of this Application, Mescal Lakes states as follows:

17 1. Mescal Lakes is a Class E water utility under current classifications.
 18 Mescal Lakes provides water services to approximately 537 customers in Cochise
 19 County, Arizona. Mescal Lakes is owned by Hearthstone Water, Inc. ("Hearthstone
 20 Water"), a public utility holding company that owns and operates 15 regulated water
 21 and wastewater subsidiaries in Arizona.

22 2. Mescal Lakes' business address is 6808 N. Dysart Rd # 116, Glendale,
 23 AZ 85307. Mescal Lakes' mailing address, phone number, and e-mail contact for Mr.
 24 Bryan Thomas, Mescal Lakes' President and General Manager and primary
 25 management contact, is:

Mescal Lakes Water Systems, Inc.
 Mr. Bryan Thomas
 6808 N. Dysart Rd #116,
 Glendale, AZ 85307

26
27
28

1 Telephone: (623-935-1100)
2 E-mail: bnthomas@hearthstonecompany.com

3 3. Mr. Thomas is the person responsible for overseeing and directing the
4 conduct of this Application, in conjunction with outside legal counsel, Meghan Grabel.
5 Ms. Grabel's contact information is as follows:

6 Ms. Meghan H. Grabel
7 Osborn Maledon, P.A.
8 2929 N. Central Avenue, 20th Floor
9 Phoenix, AZ 85012
Phone: 602-640-9399
E-mail: mgrabel@omlaw.com

10 All parties should please direct copies of all notices, filings, discovery, data
11 requests and similar requests, and other papers related to this Application to Mr.
12 Thomas and Ms. Grabel.

13 4. In this Application, Mescal Lakes seeks adjustments to its rates and
14 charges for utility service for Mescal Lakes' water system, and consolidation into a
15 larger utility to be known as "Hearthstone Water South."

16 5. As shown in the testimony filed with this Application, the primary
17 driver of this rate case is Hearthstone Water's interest in consolidating the operations
18 and, for the water utilities, the rates for the following utilities: Clear Springs Utility
19 Company (water and wastewater), Baca Float Water Company (water and
20 wastewater), East Slope Water Company (water), Mescal Lakes Water Company
21 (water), and Naco Water Company (water) (collectively, the "Utilities" or
22 "Applicants"). Mescal Lakes' consolidation request is further described in the Direct
23 Testimonies of Bryan Thomas and Ray Jones.

24 6. Mescal Lakes served approximately 537 customers at the end of the 12-
25 month test year ending on August 31, 2023 ("Test Year") used in this Application.
26
27
28

1 7. Mescal Lakes filed its last rate case in 2022, using a Test Year ending
2 September 30, 2021 (Docket No. W-02472A-22-0119). Mescal Lakes' current rates
3 and charges for water service were set in Decision No. 78742 (Oct. 24, 2022).

4 8. Mescal Lakes' adjusted rate base in this Application is \$49,997. Mescal
5 Lakes proposes certain pro forma adjustments to account for known and measurable
6 changes to rate base, expenses and revenues, and to present a normalized and more
7 realistic relationship between revenues, expenses and rate base.

8 9. Accordingly, Mescal Lakes respectfully requests that the Arizona
9 Corporation Commission ("Commission") approve adjustments to its rates and charges
10 for utility service and consolidation into a larger Hearthstone Water South utility as
11 discussed in the Direct Testimony of Mr. Ray Jones.

12 10. The Direct testimony of Mescal Lakes' witnesses, Mr. Bryan Thomas
13 and Mr. Ray Jones, filed concurrently with and in support of this Application, are
14 attached as **Exhibit 1** and **Exhibit 2**, respectively.

15 11. Mescal Lakes' capital structure is comprised of 100% equity. Mescal
16 Lakes is proposing a cost of equity of 10% to determine the required rate of return.
17 Therefore, the required return on fair value rate base is 10% for the water system, as
18 described in the Direct Testimony of Mr. Ray Jones.

19 12. Mescal Lakes' other requests for relief are set forth in the direct
20 testimony of its witnesses.

21 13. If consolidation is approved, Hearthstone Water South would be a Class
22 C utility under the Commission's classifications. Accordingly, the schedules required
23 by A.A.C. R14-2-103 for Class C utility rate applications are attached to the Direct
24 Testimony of Mr. Ray Jones as Exhibit RLJ-DT2. To prepare its schedules, Mescal
25 Lakes used a Test Year consisting of the 12-month period ending August 31, 2023.
26 Mescal Lakes requests that the Commission use this Test Year in connection with this
27 Application.

28

1 WHEREFORE, Mescal Lakes requests the following relief:

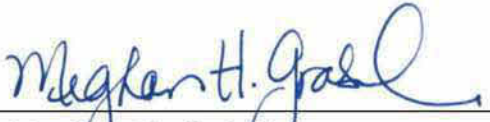
2 A. That the Commission, upon proper notice and at the earliest possible time,
3 approve Mescal Lakes' requests herein and as set forth in the exhibits, schedules, and
4 testimony of its witnesses as they relate to Mescal Lakes' service areas;

5 B. That the Commission authorize such other and further relief as may be
6 appropriate to ensure that Mescal Lakes has an opportunity to recover its prudently
7 incurred cost of service, including the cost of its capital deployed in the provision of
8 such service; and

9 C. That the Commission authorize the operational and rate consolidation of
10 the Utilities into a larger "Hearthstone Water South" entity and such other and further
11 relief as may be necessary or appropriate.

12 RESPECTFULLY SUBMITTED this 12th day of January, 2024.

13 OSBORN MALEDON, P.A.

14
15 By 

16 Meghan H. Grabel
17 Elias J. Ancharski
18 Osborn Maledon, PA
19 2929 North Central Ave. 20th Floor
20 Phoenix, Arizona 85012
21 Attorneys for Mescal Lakes Water Systems,
22 Inc.

21 Copy efiled this 12th day of January,
22 2024, with:

23 <https://efiling.azcc.gov>
24 ARIZONA CORPORATION COMMISSION
25 1200 West Washington Street
26 Phoenix, Arizona 85007

28

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Copy of the foregoing e-mailed
his 12th day of January, 2024 to:

utildivservicebyemail@azcc.gov
Director Utilities Division
ARIZONA CORPORATION COMMISSION
1200 W. Washington
Phoenix, Arizona 85007

Robin Mitchell
legaldiv@azcc.gov
Legal Division Chief Counsel
ARIZONA CORPORATION COMMISSION
1200 W Washington
Phoenix, Arizona 85007

Patricia A. Palmer

10205563

Exhibit 1

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

JIM O'CONNOR - Chairman
LEA MARQUEZ PETERSON
ANNA TOVAR
KEVIN THOMPSON
NICK MYERS

IN THE MATTER OF THE APPLICATION
OF CLEAR SPRINGS UTILITY COMPANY,
INC. FOR A DETERMINATION OF THE
CURRENT FAIR VALUE OF ITS UTILITY
PLANT AND PROPERTY AND FOR
CHANGES IN ITS RATES AND CHARGES
THEREON FOR UTILITY SERVICE AND
FOR CERTAIN RELATED APPROVALS.

DOCKET NO. W-01689A-24-___

IN THE MATTER OF THE APPLICATION
OF CLEAR SPRINGS UTILITY COMPANY,
INC. FOR A DETERMINATION OF THE
CURRENT FAIR VALUE OF ITS UTILITY
PLANT AND PROPERTY AND FOR
CHANGES IN ITS RATES AND CHARGES
THEREON FOR UTILITY SERVICE AND
FOR CERTAIN RELATED APPROVALS.

DOCKET NO. WS-01689A-24-___

IN THE MATTER OF THE APPLICATION
OF BACA FLOAT WATER COMPANY, INC.
FOR A DETERMINATION OF THE
CURRENT FAIR VALUE OF ITS UTILITY
PLANT AND PROPERTY AND FOR
CHANGES IN ITS RATES AND CHARGES
THEREON FOR UTILITY SERVICE AND
FOR CERTAIN RELATED APPROVALS.

DOCKET NO. W-01678A-24-___

IN THE MATTER OF THE APPLICATION
OF BACA FLOAT WATER COMPANY, INC.
FOR A DETERMINATION OF THE
CURRENT FAIR VALUE OF ITS UTILITY
PLANT AND PROPERTY AND FOR
CHANGES IN ITS RATES AND CHARGES
THEREON FOR UTILITY SERVICE AND
FOR CERTAIN RELATED APPROVALS.

DOCKET NO. WS-01678A-24-___

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

IN THE MATTER OF THE APPLICATION OF EAST SLOPE WATER COMPANY, INC. FOR A DETERMINATION OF THE CURRENT FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR CHANGES IN ITS RATES AND CHARGES THEREON FOR UTILITY SERVICE AND FOR CERTAIN RELATED APPROVALS.

DOCKET NO. W-01906A-24-___

IN THE MATTER OF THE APPLICATION OF MESCAL LAKES WATER SYSTEMS, INC. FOR A DETERMINATION OF THE CURRENT FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR CHANGES IN ITS RATES AND CHARGES THEREON FOR UTILITY SERVICE AND FOR CERTAIN RELATED APPROVALS.

DOCKET NO. W-02472A-24-___

IN THE MATTER OF THE APPLICATION OF NACO WATER COMPANY, L.L.C. FOR A DETERMINATION OF THE CURRENT FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR CHANGES IN ITS RATES AND CHARGES THEREON FOR UTILITY SERVICE AND FOR CERTAIN RELATED APPROVALS.

DOCKET NO. W-02860A-24-___

**DIRECT TESTIMONY
OF
BRYAN THOMAS
ON BEHALF OF
CLEAR SPRINGS UTILITY COMPANY, ET. AL.
January 12, 2024**

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Table of Contents

I.	Introduction.....	4
II	Description of Requested Consolidation	5
III	The Requested Consolidation is in the Public Interest	6

1 **I** **Introduction**

2
3 **Q. WHAT IS YOUR NAME AND BUSINESS ADDRESS?**

4 A. My name is Bryan Thomas. My business address is 6808 N Dysart Rd # 116
5 Glendale, AZ 85307.

6 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

7 A. I am the President and General Manager of Hearthstone Water, Inc. (“Hearthstone”).
8 Hearthstone is a public utility holding company that owns and operates 14 regulated
9 water and wastewater subsidiaries in Arizona, serving approximately 8,000
10 customers. Of relevance for the present application, the following utilities are
11 affiliates of Hearthstone:

- 12 • Baca Float Water Company (water and wastewater) (“Baca Float”)
- 13 • Clear Springs Utility Company (water and wastewater) (“Clear Springs”)
- 14 • East Slope Water Company (water) (“East Slope”)
- 15 • Mescal Lakes Water Systems (water) (“Mescal Lakes”)
- 16 • Naco Water Company (water) (“Naco Water”)

17 (collectively, the “Utilities” or “Applicants”).

18 **Q. WHAT IS YOUR EDUCATIONAL AND PROFESSIONAL BACKGROUND?**

19 A. I have a Bachelor’s degree in Accounting from DeVry University. I am a Certified
20 Public Accountant in the State of Arizona. I worked for an Arizona public
21 accounting firm specializing in water and wastewater utilities for 14 years.
22 Subsequently, I have been employed by Hearthstone (and its predecessors) for over
23 14 years, first as its Chief Financial Officer and now as President and General
24 Manager.

25 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE COMMISSION?**

26 A. Yes. I have previously provided pre-filed testimony in the Valley Utilities Water
27 Company and Tierra Buena Water Company consolidated rate case, which is
28

1 currently pending in Docket Nos. W-01412A-23-00700, W-02076A-23-0071, W-
2 01412A-23-0072 and W-02076A-23-0072.

3 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?**

4 A. I am testifying on behalf of the Applicants.

5 **Q. WHAT IS THE PURPOSE OF THIS TESTIMONY?**

6 A. I will explain and support the Applicants' rate related requests, generally, and the
7 request for consolidation.

8 **II Description of Requested Consolidation**

9 **Q. PLEASE EXPLAIN THE REQUESTED CONSOLIDATION.**

10 A. First, we will be requesting that the Arizona Corporation Commission
11 ("Commission") consolidate, as a procedural matter, each rate application filed by the
12 Utilities, respectively. The purpose of consolidating these related matters
13 procedurally is so the Commission can consider our request to consolidate the
14 operations of the Utilities and, in most cases, their rates in one proceeding. If the
15 Commission grants the requested operational consolidation in this docket, the
16 resulting consolidated water and wastewater district would be the "Hearthstone Water
17 South" utility.

18 **Q. HOW MANY CUSTOMERS WOULD THE "HEARTHSTONE WATER
19 SOUTH" UTILITY HAVE IF THIS CONSOLIDATION REQUEST WAS
20 GRANTED?**

21 A. Approximately 2,898 water customers and 785 wastewater customers.

22 **Q. ARE YOU ALSO REQUESTING CONSOLIDATED RATES?**

23 A. Yes. We are asking that the Commission approve one tariff of rates and charges for
24 water utility service for a consolidated Hearthstone Water South utility. Because of
25 the currently large rate disparity between the Clear Springs and Baca Float
26 wastewater utilities, we will not seek rate consolidation of these two systems at this
27
28

1 time. However, we anticipate having significant capital investment in the Clear
2 Springs wastewater system within the next few years as the existing wastewater
3 treatment system installed in the 1970s is beyond its estimated service life. When
4 that capital investment is included in rates, the rates for Clear Springs and Baca Float
5 will be much closer, making rate consolidation a more viable option to pursue as part
6 of a future rate case. Specific information regarding the impact of the proposed
7 consolidation is provided in the Direct Testimony of Ray Jones, filed concurrently
8 with this testimony.
9

10 **III The Requested Consolidation is in the Public Interest**

11 **Q. WHY SHOULD THE COMMISSION APPROVE THE REQUESTED**
12 **CONSOLIDATION?**

13 A. As discussed herein, rate consolidation can provide many benefits to water and
14 wastewater utilities and their customers. This consolidation request is supported by
15 both the Commission's Water Policy and the specific circumstances presented here.

16 **Q. HAVE YOU REVIEWED THE COMMISSION'S WATER POLICY IN**
17 **DECISION NO. 75626 (JULY 25, 2016)?**

18 A. Yes.

19 **Q. DOES THE COMMISSION'S WATER POLICY SUPPORT THE PRESENT**
20 **CONSOLIDATION REQUEST?**

21 A. Yes. The Commission's Water Policy, approved in Decision No. 75626 (July 25,
22 2016), acknowledges the financial and operational struggles that small water and
23 wastewater companies face in Arizona. The Commission's policy further recognized
24 that "consolidation can be an effective method of solving problems associated with
25 small systems" and proposed several policies to encourage such consolidation.¹
26

27 _____
28 ¹ Decision No. 75626 (July 25, 2016), Introduction at 1.

1 The Water Policy makes several references to the Commission’s preference to
2 consolidate small water and wastewater utilities to form larger utilities. Of relevance,
3 in Policy Statement No. 5, the Commission delineates its “Policy Regarding Rate
4 Consolidation for Small Jointly Owned Water Utilities.” According to the Water
5 Policy, the Commission “generally encourages and is in favor of allowing jointly
6 owned Class D and E water and wastewater utilities to adopt a single rate design
7 and/or merge into a single entity.”² This applies to both jointly owned Class D and E
8 water and wastewater utilities as well as Class D and E water and wastewater utilities
9 owned by larger classes of utilities.³ According to the Policy, the Commission will
10 generally favor proposals (brought forward in rate cases) to consolidate the rates of
11 cases involving Class D and E water and wastewater utilities.⁴

12 **Q. DO THE UTILITIES FIT WITHIN THE SCOPE OF THE COMMISSION’S**
13 **POLICY THAT YOU JUST DESCRIBED?**

14 A. Yes. The classification for each Utility is as follows:

- 15 • Baca Float (Water) – Class D
- 16 • Baca Float (Wastewater) – Class D
- 17 • Clear Springs (Water) – Class D
- 18 • Clear Springs (Wastewater) – Class E
- 19 • East Slope – Class D
- 20 • Mescal Lakes – Class E
- 21 • Naco Water – Class D

22 As class D and E utilities, the Utilities would benefit from consolidation for the
23 reasons set forth in the Commission’s Water Policy and as further set forth herein.

24
25
26 ² Decision No. 75626 (July 25, 2016), Policy No. 5 at 1.

27 ³ *See id.*

28 ⁴ *See id.*

1 **Q. WILL SOME CUSTOMERS PAY MORE IF THE REQUESTED**
2 **CONSOLIDATION IS GRANTED THAN THEY WOULD IF IT WAS NOT**
3 **GRANTED?**

4 A. Yes, Clear Spring (Water and Wastewater), Baca Float (Water), and Mescal Lakes
5 customers will pay slightly more if the requested consolidation is approved compared
6 to the proposed rates on a standalone basis. Baca Float (Wastewater), East Slope, and
7 Naco Water would pay less if the requested consolidation is approved compared to
8 the proposed rates on a standalone basis.

9 **Q. ON A STANDALONE BASIS, WOULD CUSTOMERS SEE AN INCREASE**
10 **AS A RESULT OF EACH RESPECTIVE RATE APPLICATION?**

11 A. Yes. With the exception of Clear Springs (Water) and Mescal, customers of the
12 Utilities would expect to see rate increases. Rate increases are a direct result of rising
13 operational costs. For several of the Utilities, it has been many years since the last
14 rate adjustment.

15 **Q. DO YOU BELIEVE THAT CUSTOMERS WILL SEE BENEFITS AS A**
16 **RESULT OF CONSOLIDATION?**

17 A. Yes. Granting the consolidation request will lead to regulatory and administrative
18 efficiencies. The Commission will be regulating one utility district with
19 approximately 2,898 water customers and 785 wastewater customers instead of seven
20 individual utilities. The Utilities will need one rate case in the future. As standalone
21 entities, the Utilities generally struggle to maintain a healthy financial position due to
22 high levels of capital expenditures across relatively small rate bases. If consolidated,
23 the Utilities' finances will be stabilized. Moreover, a consolidated entity would likely
24 not need a financing surcharge to support a debt issuance, again moderating customer
25 rate impacts.

26 Consolidated systems can also benefit through increased operational efficiencies.
27 Shared-services models are recognized as a factor in favor of consolidation, and
28 Hearthstone already has consolidated operations personnel working with these

1 entities. Through Hearthstone’s shared-services model, administrative and customer
2 service functions are performed by employees who serve a broad range of water and
3 sewer utilities throughout the State of Arizona, taking full advantage of economies of
4 scale to provide high quality service while saving costs. Consolidating the systems
5 under a single entity could reduce costs further by reducing record-keeping and the
6 costs for implementation of Best Management Practices and water sampling
7 programs, by way of example. In the event of further cost-savings, the customers of
8 the Utilities benefit because all customers are sharing the total cost of service in a fair
9 and equitable fashion.

10 **Q. HAS THE COMMISSION APPROVED SIMILAR CONSOLIDATION**
11 **REQUESTS?**

12 A. Yes. The Commission approved significant consolidations of EPCOR Water Arizona
13 Inc. (“EPCOR”) and Global Water Utilities (“Global”) water and wastewater districts
14 on several occasions.⁵ In Decision No. 76162, the Commission found that: (1)
15 consolidating geographically distant districts did not violate cost causation principles,
16 (2) consolidation lessens the burden of projected capital expenditures, (3)
17 consolidation addresses rate disparities between districts that are otherwise receiving
18 the same service from the same company, (4) physical interconnection is not
19 necessary for consolidation, and (5) based on the record, consolidation would result in
20 cost savings to customers. These findings have been upheld by the Arizona Supreme
21 Court.⁶

22
23
24
25 _____
26 ⁵ See e.g. Decision No. 78644 (July 27, 2022) (consolidation of Global water and wastewater
27 districts); Decision No. 78439 (Feb. 1, 2022) (consolidation of EPCOR water districts);
28 Decision No. 76162 (June 28, 2017) (consolidation of EPCOR wastewater districts).

⁶ *Sun City Home Owners Ass'n v. Arizona Corp. Comm'n*, 252 Ariz. 1 (2021).

1 **Q. ARE THE FACTORS THAT YOU JUST DISCUSSED APPLICABLE TO THE**
2 **PRESENT CONSOLIDATION REQUEST?**

3 A. Yes. As a general matter, the same principles that supported consolidation requests
4 for various other utilities exist here. Although the Utilities are geographically distant,
5 the cost causation principle is not a valid basis for rejecting consolidation because the
6 Commission can consider economic, social, historical, and other factors, such as the
7 public interest, when determining revenue allocation and that such considerations
8 often result in rates that deviate from strict cost of service. The Commission's Water
9 Policy expressly recognizes that "the practical benefits from allowing rate
10 consolidation involving small water and wastewater utilities far outweigh the benefits
11 of a strict adherence to this theoretical principle"⁷ Second, consolidation mitigates
12 large rate impacts from significant capital expenditures on small groups of customers.
13 Third, the Utilities all receive similar service from a management and operational
14 perspective, and consolidation apportions those costs equally among a larger rate
15 base. Fourth, the consolidation principles recognize that physical interconnections
16 are not necessary for consolidation. Finally, Hearthstone recognizes that some
17 customers will see increases due to consolidation. While the rate impacts are
18 immediately evident, the short- and long-term benefits of consolidation will outweigh
19 those impacts.

20 **Q. DO YOU BELIEVE THAT CONSOLIDATION IS IN THE PUBLIC**
21 **INTEREST?**

22 A. Yes.

23
24
25
26
27

28 ⁷ Decision No. 75626 (July 25, 2016), Policy No. 5 at 1.

Exhibit 2

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

JIM O'CONNOR - Chairman
LEA MARQUEZ PETERSON
ANNA TOVAR
KEVIN THOMPSON
NICK MYERS

IN THE MATTER OF THE APPLICATION
OF CLEAR SPRINGS UTILITY COMPANY,
INC. FOR A DETERMINATION OF THE
CURRENT FAIR VALUE OF ITS UTILITY
PLANT AND PROPERTY AND FOR
CHANGES IN ITS RATES AND CHARGES
THEREON FOR UTILITY SERVICE AND
FOR CERTAIN RELATED APPROVALS.

DOCKET NO. W-01689A-24-___

IN THE MATTER OF THE APPLICATION
OF CLEAR SPRINGS UTILITY COMPANY,
INC. FOR A DETERMINATION OF THE
CURRENT FAIR VALUE OF ITS UTILITY
PLANT AND PROPERTY AND FOR
CHANGES IN ITS RATES AND CHARGES
THEREON FOR UTILITY SERVICE AND
FOR CERTAIN RELATED APPROVALS.

DOCKET NO. WS-01689A-24-___

IN THE MATTER OF THE APPLICATION
OF BACA FLOAT WATER COMPANY, INC.
FOR A DETERMINATION OF THE
CURRENT FAIR VALUE OF ITS UTILITY
PLANT AND PROPERTY AND FOR
CHANGES IN ITS RATES AND CHARGES
THEREON FOR UTILITY SERVICE AND
FOR CERTAIN RELATED APPROVALS.

DOCKET NO. W-01678A-24-___

IN THE MATTER OF THE APPLICATION OF BACA FLOAT WATER COMPANY, INC. FOR A DETERMINATION OF THE CURRENT FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR CHANGES IN ITS RATES AND CHARGES THEREON FOR UTILITY SERVICE AND FOR CERTAIN RELATED APPROVALS.

DOCKET NO. WS-01678A-24-___

IN THE MATTER OF THE APPLICATION OF EAST SLOPE WATER COMPANY, INC. FOR A DETERMINATION OF THE CURRENT FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR CHANGES IN ITS RATES AND CHARGES THEREON FOR UTILITY SERVICE AND FOR CERTAIN RELATED APPROVALS.

DOCKET NO. W-01906A-24-___

IN THE MATTER OF THE APPLICATION OF MESCAL LAKES WATER SYSTEMS, INC. FOR A DETERMINATION OF THE CURRENT FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR CHANGES IN ITS RATES AND CHARGES THEREON FOR UTILITY SERVICE AND FOR CERTAIN RELATED APPROVALS.

DOCKET NO. W-02472A-24-___

IN THE MATTER OF THE APPLICATION OF NACO WATER COMPANY, L.L.C. FOR A DETERMINATION OF THE CURRENT FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR CHANGES IN ITS RATES AND CHARGES THEREON FOR UTILITY SERVICE AND FOR CERTAIN RELATED APPROVALS.

DOCKET NO. W-02860A-24-___

**DIRECT TESTIMONY
OF
RAY L. JONES
ON BEHALF OF
CLEAR SPRINGS UTILITY COMPANY, ET AL.
JANUARY 12, 2024**



TABLE OF CONTENTS

1			
2	I	INTRODUCTION	1
3	II	PURPOSE OF TESTIMONY	3
4	III	OVERVIEW OF HEARTHSTONE WATER SOUTH'S APPLICATIONS.	3
5	IV	COST OF CAPITAL.....	6
6	V	RATE BASE AND RATE BASE ADJUSTMENTS.....	7
7	A	General.....	7
8	B	Rate Base Adjustments.....	8
9	VI	INCOME STATEMENT AND INCOME STATEMENT ADJUSTMENTS.....	12
10	A	General.....	12
11	B	Operating Income Adjustments	12
12	VII	RATE DESIGN AND REVENUE PROOF.....	19
13	A	General.....	19
14	B	Rate Design.....	20
15	1	Water Service.....	20
16	2	Sewer Service.....	22
17	C	Revenue Proof	24
18	VIII	CONSOLIDATION.....	25
19	A	Consolidation Request.....	25
20	B	Consolidated Rate Base.....	27
21	C	Consolidated Income Statement.....	27
22	D	Consolidated Cost of Capital	28
23	E	Rate design	29
24	1	Water Division	29
25	2	Sewer Division	30
26	F	Public Interest	32
27	IX	REGULATORY EXPENSE SURCHARGE.....	32
28			
29			

EXHIBITS

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27

Clear Springs

- Exhibit RLJ-DT1 – Resume Ray L. Jones, P.E.
- Exhibit RLJ-DT2 – Clear Springs Water Schedules
- Exhibit RLJ-DT3 – Clear Springs Sewer Schedules
- Exhibit RLJ-DT4 – Consolidated Water Schedules
- Exhibit RLJ-DT5 – Consolidated Sewer Schedules
- Exhibit RLJ-DT6 – Consolidated Regulatory Expense Surcharge Calculation

Baca Float

- Exhibit RLJ-DT1 – Resume Ray L. Jones, P.E.
- Exhibit RLJ-DT2 – Baca Float Water Schedules
- Exhibit RLJ-DT3 – Baca Float Sewer Schedules

East Slope

- Exhibit RLJ-DT1 – Resume Ray L. Jones, P.E.
- Exhibit RLJ-DT2 – East Slope Schedules

Mescal Lakes

- Exhibit RLJ-DT1 – Resume Ray L. Jones, P.E.
- Exhibit RLJ-DT2 – Mescal Lakes Schedules

Naco Water

- Exhibit RLJ-DT1 – Resume Ray L. Jones, P.E.
- Exhibit RLJ-DT2 – Naco Water Schedules

1 **I** **INTRODUCTION**

2 **Q. WHAT IS YOUR NAME AND BUSINESS ADDRESS?**

3 A. My name is Ray L. Jones. My business address is 1630 Cougar Trl., Prescott, AZ 86303.

4 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?**

5 A. I am testifying on behalf of Clear Springs Utility Company (“Clear Springs”), Baca Float
6 Water Co., Inc. (“Baca Float”), East Slope Water Company (“East Slope”), Mescal Lakes
7 Water Systems, Inc. (“Mescal Lakes”) and Naco Water Company, L.L.C. (“Naco
8 Water”). Collectively I will refer to all of the applicants as “Hearthstone Water South” or
9 “Applicants.”

10 **Q. WHAT IS YOUR RELATIONSHIP WITH HEARTHSTONE WATER SOUTH?**

11 A. I have been retained by Hearthstone Water Inc. (“HWI”), the parent company of the
12 Applicants, to provide consulting services in support of the separate applications for rate
13 relief before the Arizona Corporation Commission (“Commission”) for Clear Springs
14 (water and wastewater divisions), Baca Float (water and wastewater divisions), East
15 Slope, Mescal Lakes and Naco Water. Additionally, I am supporting the Applicants’
16 request to consolidate each of the Applicants into a single entity with consolidated water
17 and wastewater rates.

18 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

19 A. I am the owner and principal of ARICOR Water Solutions LC (“ARICOR”), a consulting
20 firm providing services to the water and wastewater utility industry.

1 **Q. WHAT IS YOUR EDUCATIONAL AND PROFESSIONAL BACKGROUND?**

2 A. I began my working career with Citizens Utilities Company (“Citizens”) in 1985 as a
3 Staff Engineer for the Maricopa County water and wastewater division. I was employed
4 at Citizens for 17 years, ascending to Vice President and General Manager for the
5 Arizona water and wastewater operations. In 2002, American Water (“American”)
6 purchased the water and wastewater assets of Citizens, and I joined American as the
7 President of Arizona-American Water Company. I left American in 2004 to start
8 ARICOR.

9 I received a Bachelor of Science in Civil Engineering degree in 1985 from the University
10 of Kansas, and a Master of Business Administration degree in 1991 from Arizona State
11 University. I am a Registered Professional Engineer in Arizona and California and a
12 Grade 3 Certified Operator in Arizona for all four water and wastewater classifications. I
13 specialize in water resource issues, regulatory strategies, rate case filings, and water and
14 wastewater utility management and operations.

15 In addition to my consulting practice, I am the Executive Director of the Water Utilities
16 Association of Arizona (“WUAA”). Founded in 1961, WUAA is a non-profit association
17 representing Arizona’s private, regulated water and wastewater utilities.

18 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE COMMISSION?**

19 A. In my time with Citizens and American, I prepared or assisted in the preparation of
20 multiple filings before the Commission, including rate applications and certificate of
21 convenience and necessity (“CC&N”) filings. Since starting ARICOR, I have prepared
22 many filings and assisted in the preparation of several more filings before the

1 Commission, including rate applications, financing applications and CC&N filings. I
2 have also provided testimony in all these cases before the Commission. A summary of
3 my regulatory work experience is included in my resume attached hereto as **Exhibit**
4 **RLJ-DT1.**

5 **II PURPOSE OF TESTIMONY**

6 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS**
7 **DOCKET?**

8 A. My testimony supports Hearthstone Water South's applications for rate relief for the
9 Applicants in this proceeding ("Applications"). I am sponsoring Schedules "A" through
10 "H" (as required for a Class C utility), which are also being filed concurrently herewith in
11 support of each of the Applications. I was responsible for and/or supervised the
12 preparation of these schedules based on my investigation and review of each applicant's
13 relevant books and records. The Applicants' service areas consist overwhelmingly of
14 residential customers with only a small percentage of commercial customers.
15 Accordingly, Hearthstone Water South has not prepared a cost of service study (G
16 schedules), and the G Schedules are omitted from this filing.

17 **III OVERVIEW OF HEARTHSTONE WATER SOUTH'S APPLICATIONS.**

18 **Q. PLEASE SUMMARIZE HEARTHSTONE WATER SOUTH'S APPLICATIONS.**

19 A. The test year for each of the applications is the 12-month period ending on August 31,
20 2023. The Applicants request rate base and revenue increases as follows:

Application Summary			
	Rate	Revenue	Percent
	Base	Increase	Increase
Water			
Clear Springs	\$ 832,239.90	(685.22)	-0.19%
Baca Float	650,746.23	52,227.45	16.58%
East Slope	2,604,729.45	413,975.10	72.06%
Mescal Lakes	49,996.78	(41,977.39)	-15.12%
Naco Water	1,409,297.64	295,491.09	109.50%
Water Total	\$ 5,547,010.00	\$ 719,031.04	40.14%
Sewer			
Clear Springs	\$ 223,844.79	89,720.95	98.51%
Baca Float	549,384.92	15,917.13	4.68%
Sewer Total	\$ 773,229.71	\$ 105,638.08	24.51%

The Applicants propose certain pro forma adjustments to account for known and measurable changes to rate base, expenses and revenues, and to present a normalized and more realistic relationship between revenues, expenses and rate base. The Applicants are not requesting inclusion of post-test year plant.

Q. WHAT IS THE IMPACT OF PROPOSED RATES ON TYPICAL RESIDENTIAL CUSTOMERS?

A. Hearthstone Water South’s residential customers primarily use the 5/8” x 3/4” meter size. The following table provides a summary of the impact of proposed rate increases on typical residential customers.

1
2
3
4
5
6
7
8
9
10
11

Typical Residential Rate Impact					
	Meter	Percent of	Median		Percent
	Size	Res. Meters	Usage	Increase	Increase
Water					
Clear Springs	5/8 x 3/4	99.4%	2,482	\$ (1.72)	-4.39%
Baca Float	5/8 x 3/4	66.8%	3,508	4.96	11.67%
East Slope	5/8 x 3/4	99.7%	3,483	21.23	64.26%
Mescal Lakes	5/8 x 3/4	99.4%	2,478	(4.19)	-14.91%
Naco Water	5/8 x 3/4	99.6%	3,492	54.43	96.89%
	Class	Percent of	Median		Percent
		Res. Meters	Usage	Increase	Increase
Sewer					
Clear Springs	All Residential	100.0%	2,491	\$ 19.48	101.19%
Baca Float	All Residential	100.0%	n/a	2.80	4.24%

1
2 **Q. PLEASE IDENTIFY THE RATE CASE SCHEDULES PROVIDED WITH YOUR**
3 **TESTIMONY.**

4 **A.** I have prepared the following schedules for each division of Clear Springs and Baca Float
5 and for East Slope, Mescal Lakes and Naco Water. The schedules of each of the water
6 applications are attached as **Exhibit RLJ-DT2** to my direct testimony for each applicant.
7 The schedules for the two wastewater divisions are attached as **Exhibit RLJ-DT3** to my
8 direct testimony for Clear Springs and Baca Float.

- 9 • Schedules A-1 through A-5 – Summary Information.
- 10 • Schedules B-1, B-2 and B-5 – Rate Base Information and Adjustments.
- 11 • Schedules C-1 through C-3 – Income Statements and Adjustments.
- 12 • Schedules D-1 and D-2 – Cost of Capital Information.
- 13 • Schedules E-1 through E-5, E-7 through E-9 – Financial Statements and
- 14 Statistical Data.
- 15 • Schedules F-1 through F-4 – Projections and Forecasts.
- 16 • Schedules H-1 through H-5 – Effect of Proposed Rate Schedules.

1 I prepared these schedules based on my investigation and review of the relevant books
2 and records of the Applicants.

3 **IV COST OF CAPITAL**

4 **Q. HAVE YOU PREPARED STANDARD COST OF CAPITAL SCHEDULES FOR**
5 **THE APPLICANTS?**

6 A. Yes. I have prepared all required cost of capital schedules and presented a capital
7 structure for each applicant.

8 **Q. WHAT ARE THE RESULTING CAPITAL STRUCTURES?**

9 A. As shown on Schedule D-1 for each applicant, the capital structure used for ratemaking
10 for the Applicants are as follows:

Capital Structure Summary				
	Long-Term		Percent	Percent
	Debt	Equity	Debt	Equity
Water				
Clear Springs	\$ 634,162.92	\$ 137,636.11	82.17%	17.83%
Baca Float	-	628,271.95	n/a	100.00%
East Slope	1,434,535.83	553,193.40	72.17%	27.83%
Mescal Lakes	-	44,359.83	n/a	100.00%
Naco Water	640,673.43	710,935.11	47.40%	52.60%
Water Total	\$ 2,709,372.18	\$ 2,074,396.39	56.64%	43.36%
Sewer				
Clear Springs	\$ 101,457.51	\$ 84,352.38	54.60%	45.40%
Baca Float	-	569,772.52	n/a	100.00%
Sewer Total	\$ 101,457.51	\$ 654,124.90	13.43%	86.57%

1 **Q. WHAT IS THE COST OF DEBT AND EQUITY USED IN YOUR**
2 **PRESENTATION?**

3 A. The cost of debt is determined for each applicant using the actual cost of debt for the
4 applicant. Based on review of recent filings by larger water and sewer providers,
5 Hearthstone Water South is proposing a cost of equity of 10.0% for the Applicants. The
6 table below summarizes the cost of capital for the Applicants.

Rate of Return Summary					
	Cost of Debt	Cost of	Weighted Cost		Return on
	Debt	Equity	Debt	Equity	FVRB
Water					
Clear Springs	4.53%	10.00%	3.72%	1.78%	5.50%
Baca Float	n/a	10.00%	n/a	10.00%	10.00%
East Slope	4.23%	10.00%	3.05%	2.78%	5.83%
Mescal Lakes	n/a	10.00%	n/a	10.00%	10.00%
Naco Water	4.83%	10.00%	2.29%	5.26%	7.55%
Sewer					
Clear Springs	4.54%	10.00%	2.48%	4.54%	7.02%
Baca Float	n/a	10.00%	n/a	10.00%	10.00%

7
8 **V RATE BASE AND RATE BASE ADJUSTMENTS**

9 **A GENERAL**

10 **Q. HAVE YOU PREPARED STANDARD RATE BASE SCHEDULES FOR THE**
11 **APPLICANTS?**

12 A. Yes. I have prepared all required rate base schedules and established a rate base for each
13 applicant. The original cost rate base is shown on Schedule B-1, Line 22 of the schedules
14 for each applicant.

1 **Q. HOW DID HEARTHSTONE WATER SOUTH ARRIVE AT ITS TEST YEAR**
2 **ORIGINAL COST RATE BASE SHOWN ON SCHEDULE B-1, LINE 22?**

3 A. The original cost rate base was calculated by establishing the balance of utility plant in
4 service at the end of the test year. Deductions were made for accumulated depreciation,
5 advances in aid of construction, net contributions in aid of construction, and customer
6 security deposits. Deferred income taxes and regulatory assets/liabilities were additions
7 or subtractions to rate base, as appropriate. Working capital was determined as shown on
8 Schedule B-5. In arriving at the rate base for the Applicants, Hearthstone Water South
9 made various pro forma adjustments [OC-1 through OC-4] to the actual test-year-end
10 balances to arrive at the adjusted test-year-end original cost rate base for each applicant.

11 **B RATE BASE ADJUSTMENTS**

12 **Q. PLEASE EXPLAIN RATE BASE ADJUSTMENT OC-1.**

13 A. Rate Base Adjustment OC-1, detailed on page 2 of Schedule B-2, increases the plant in
14 service balance for the Applicants. This adjustment is made up of two separate
15 adjustments further detailed on subsequent pages of Schedule B-2 as plant in service
16 adjustments labeled [OC-1.1] and [OC-1.2].

17 Adjustment [OC-1.1] increases plant in service to allocate items of corporate plant
18 utilized at the Sierra Vista Operations Office serving the Applicants. Adjustment [OC-
19 1.2] increases plant in service to allocate items of corporate plant associated with the
20 Glendale, Arizona Corporate Office supporting the Applicants. Adjustments [OC-1.1]
21 and [OC-1.2] are detailed on Schedule B-2 and in the referenced workpapers and
22 summarized as follows:

	<u>OC-1.1</u>	<u>OC-1.2</u>
	Allocated	Allocated
	Plant	Plant
	<u>Sierra Vista</u>	<u>Glendale</u>
<u>Water</u>		
Clear Springs	\$ 43,120.82	\$ 13,179.82
Baca Float	25,780.29	13,367.87
East Slope	122,623.75	38,311.68
Mescal Lakes	38,451.55	12,420.16
Naco Water	57,091.07	18,815.19
<u>Sewer</u>		
Clear Springs	\$ 31,225.42	\$ 9,544.01
Baca Float	24,386.08	12,843.64

1
2
3
4
5
6
7
8
9
10
11
12
13

Q. PLEASE EXPLAIN RATE BASE ADJUSTMENT OC-2.

A. Rate Base Adjustment OC-2, detailed on page 5 of Schedule B-2, adjusts the accumulated depreciation balances for the Applicants, considering three separate accumulated depreciation adjustments labeled [OC-2.1] through [OC-2.3].

Adjustment [OC-2.1] classifies accumulated depreciation to various plant accounts based in the detailed plant and depreciation schedule for each applicant. This adjustment is necessary because the Applicants do not maintain plant account level accumulated depreciation balances on their general ledgers. The adjustment also reconciles the respective balances to the calculated 8/31/2023 test year-end balance.

Adjustment [OC-2.2] adjusts accumulated depreciation to allocate accumulated depreciation recorded on items of corporate plant utilized at the Sierra Vista Operations Office serving the Applicants.

1 Adjustment [OC-2.3] increases accumulated depreciation to allocate accumulated
2 depreciation recorded on items of corporate plant associated with the Glendale, Arizona
3 Corporate Office supporting the Applicants.

4 Adjustments [OC-2.1] through [OC-2.3] are detailed on Schedule B-2 and in the
5 referenced workpapers and summarized as follows:

	<u>OC-2.1</u>	<u>OC-2.2</u>	<u>OC-2.3</u>
	Classify A/D	Allocated	Allocated
	To Plant	A/D	A/D
	<u>Accounts</u>	<u>Sierra Vista</u>	<u>Glendale</u>
<u>Water</u>			
Clear Springs	\$ (143.10)	\$ 10,377.74	\$ 1,260.27
Baca Float	(163.14)	(8,989.00)	1,278.24
East Slope	850.66	29,511.43	3,663.39
Mescal Lakes	977.25	9,254.00	1,187.62
Naco Water	299.26	13,739.91	1,799.12
<u>Sewer</u>			
Clear Springs	\$ (85.05)	\$ 7,514.91	\$ 912.60
Baca Float	5,885.38	(9,056.66)	1,228.11

6
7 **Q. PLEASE EXPLAIN RATE BASE ADJUSTMENT OC-3.**

8 A. Rate Base Adjustment OC-3 adjusts accumulated amortization of CIAC to conform with
9 the calculated 8/31/2023 test year-end balance. The reconstruction of the accumulated
10 amortization of CIAC is presented on the indicated workpaper for each applicant.

11 Adjustment [OC-3] is detailed on Schedule B-2 and in the referenced workpapers and
12 summarized as follows:

	<u>OC-3</u>
	<u>AA CIAC</u>
<u>Water</u>	
Clear Springs	\$ (2.24)
Baca Float	2.68
East Slope	3.14
Mescal Lakes	(975.49)
Naco Water	12.78
<u>Sewer</u>	
Clear Springs	\$ 2.54
Baca Float	169.10

1

2

Q. PLEASE EXPLAIN RATE BASE ADJUSTMENT OC-4.

3

A. Rate Base Adjustment OC-4 adjusts the regulatory liability balances for Clear Springs and East Slope. The adjustment is required by the Commission decisions authorizing financing for Clear Springs and East Slope. The purpose of the adjustment is to record a regulatory liability so that customer-provided funds related to the approved DSR Surcharge can be subtracted from rate base. Adjustment [OC-4] is detailed on Schedule B-2 and in the referenced workpapers and summarized as follows:

4

5

6

7

8

	<u>OC-4</u>
	<u>Regulatory Liability</u>
<u>Water</u>	
Clear Springs	\$ 51,010.95
Baca Float	Not Used
East Slope	117,042.76
Mescal Lakes	Not Used
Naco Water	Not Used
<u>Sewer</u>	
Clear Springs	\$ 15,295.65
Baca Float	Not Used

9

1 **VI INCOME STATEMENT AND INCOME STATEMENT ADJUSTMENTS**

2 **A GENERAL**

3 **Q. HAVE YOU PREPARED STANDARD INCOME STATEMENT SCHEDULES**
4 **FOR THE APPLICANTS?**

5 A. Yes. I have prepared Schedules C-1, C-2, and C-3. The schedules contain pro forma
6 adjustments to account for known and measurable changes to revenues and expenses in
7 order to present a normalized and more realistic adjusted operating income.

8 **B OPERATING INCOME ADJUSTMENTS**

9 **Q. WHAT IS THE PURPOSE OF INCOME STATEMENT ADJUSTMENT IS-1?**

10 A. This adjustment removes all management fees paid to Southwestern Utility Management
11 (“SUM”) during the test year. This adjustment is necessary because Hearthstone Water
12 South discontinued the use of SUM and is now providing the services formerly provided
13 by SUM via a new workforce employed by HWI or via shared services provided by HWI
14 and its affiliates. Income Statement Adjustment IS-1 is detailed on Schedule C-2 and in
15 the referenced workpapers and is summarized as follows:

	<u>IS-1</u>
	Eliminate
	SUM
	<u>Mgt. Fee</u>
<u>Water</u>	
Clear Springs	\$ (64,825.75)
Baca Float	(11,467.11)
East Slope	(93,565.75)
Mescal Lakes	(66,181.00)
Naco Water	(39,588.25)
<u>Sewer</u>	
Clear Springs	(8,744.00)
Baca Float	(10,152.00)

1 **Q. PLEASE DESCRIBE INCOME STATEMENT ADJUSTMENT IS-2.**

2 A. This adjustment allocates annualized costs for HWI personnel and operations incurred to
3 operate the Applicants' water systems. The costs are allocated based on a 3-Factor
4 allocation methodology between the five water and two sewer operations serviced by the
5 Sierra Vista Operations office. Income Statement Adjustment IS-2 is detailed on
6 Schedule C-2 and on the referenced workpapers and is summarized as follows:

	IS-2
	Allocate
	SV Workforce
	<u>Costs</u>
<u>Water</u>	
Clear Springs	\$ 90,129.36
Baca Float	8,681.28
East Slope	256,303.13
Mescal Lakes	80,369.85
Naco Water	119,329.41
<u>Sewer</u>	
Clear Springs	65,266.09
Baca Float	8,341.08

7
8 **Q. PLEASE DESCRIBE INCOME STATEMENT ADJUSTMENT IS-3.**

9 A. This adjustment updates and allocates management fees to reflect the annualized actual
10 ongoing cost of shared services provided by HWI and its affiliates. Shared services costs
11 are allocated to all utilities owned by HWI based on a 3-Factor allocation methodology.
12 All management fees paid to HWI (f/k/a Triton) during the test year are removed as part
13 of this adjustment. Income Statement Adjustment IS-3 is detailed on Schedule C-2 and
14 on the indicated workpapers and is summarized as follows:

	<u>IS-3</u>
	Normalize
	Shared Serv.
	<u>Costs</u>
<u>Water</u>	
Clear Springs	\$ 6,929.53
Baca Float	6,701.57
East Slope	88,841.80
Mescal Lakes	6,602.65
Naco Water	46,860.05
<u>Sewer</u>	
Clear Springs	10,935.14
Baca Float	6,391.71

1
2
3
4
5
6
7
8
9

Q. WHAT IS INCOME STATEMENT ADJUSTMENT IS-4?

A. Due to a delay in receiving monthly revenue reporting from SUM, Applicants book estimated revenue each month. During the following month the estimated revenue entry is reversed, and the actual revenue amount is booked. This procedure causes test year revenue booked on the general ledger to be inaccurate. This adjustment corrects the revenue to reflect the actual revenue for the test year. This adjustment also eliminates nonrecurring reconciling entries. Income Statement Adjustment IS-4 is detailed on Schedule C-2 and in the referenced workpaper and is summarized as follows:

	IS-4
	Adjust TY
	Revenue
	<u>to Actual</u>
<u>Water</u>	
Clear Springs	\$ 5,641.71
Baca Float	(133.23)
East Slope	(4,712.03)
Mescal Lakes	(834.27)
Naco Water	(5,259.72)
<u>Sewer</u>	
Clear Springs	1,360.72
Baca Float	(286.52)

1
2
3
4
5
6
7
8
9
10
11
12

Q. WHAT IS INCOME STATEMENT ADJUSTMENT IS-5?

A. This adjustment adjusts revenue to reflect Commission authorized revenue. For Clear Springs and East Slope, Adjustment IS-5 removes billed DSR Surcharges from revenue. The adjustment is needed because the decisions authorizing financing for Clear Springs and East Slope require the DSR Surcharge receipts to be recorded on the balance sheet as a regulatory liability. In accordance with Decision No. 78742, Mescal Lakes implemented new rates on November 1, 2022. This adjustment increases revenue to include proforma revenue that would have been generated for the two month period from September 2022 through October 2022, assuming the rate increase had been in effect for the entire test year. Income Statement Adjustment IS-5 is detailed on Schedule C-2 and in the referenced workpapers and is summarized as follows:

	<u>IS-5</u>
	<u>Adjust</u>
	<u>Revenue</u>
<u>Water</u>	
Clear Springs	\$ (11,863.67)
Baca Float	Not Used
East Slope	(34,716.99)
Mescal Lakes	6,240.31
Naco Water	Not Used
<u>Sewer</u>	
Clear Springs	(3,421.25)
Baca Float	Not Used

1
2
3
4
5
6
7
8
9
10
11

Q. PLEASE DESCRIBE INCOME STATEMENT ADJUSTMENT IS-6.

A. This adjustment applies only to Mescal Lakes. For Mescal Lakes, this adjustment removes recorded regulatory commission expense amortization to reflect Hearthstone Water South's request to collect rate case expense as a surcharge rather than in rates. Mescal Lakes' Income Statement IS-6 decreases regulatory commission expense by \$7,181 and is detailed on Schedule C-2.

Q. PLEASE EXPLAIN INCOME STATEMENT ADJUSTMENT IS-7.

A. Income statement adjustment IS-7 synchronizes interest expense with the test-year adjusted rate base and debt structure for the Applicants. Income statement adjustment IS-7 is detailed on Schedule C-2 and is summarized as follows:

	IS-7
	Synchro
	Interest
	<u>Expense</u>
<u>Water</u>	
Clear Springs	\$ (5,575.37)
Baca Float	Not Used
East Slope	(7,669.14)
Mescal Lakes	Not Used
Naco Water	(642.57)
<u>Sewer</u>	
Clear Springs	\$ (3,468.04)
Baca Float	Not Used

1

2 **Q. WHAT IS INCOME STATEMENT ADJUSTMENT IS-8?**

3 A. Income statement adjustment IS-8 normalizes depreciation expense using adjusted test-
4 year-end plant balances and proposed depreciation rates. Hearthstone Water South has
5 used Staff's standard recommended depreciation rates for all accounts. Income
6 Statement Adjustment IS-8 also normalizes amortization expense related to the regulatory
7 liability for Clear Springs and East Slope. Income statement adjustment IS-8 is detailed
8 on Schedule C-2 and is summarized as follows:

	IS-8	IS-8
	Depreciation	Amortization
	<u>Expense</u>	<u>Expense</u>
<u>Water</u>		
Clear Springs	\$ 7,592.85	\$ (3,400.73)
Baca Float	5,805.76	Not Used
East Slope	7,572.52	(7,802.85)
Mescal Lakes	(2,698.36)	Not Used
Naco Water	7,156.94	Not Used
<u>Sewer</u>		
Clear Springs	\$ 789.72	\$ (1,019.71)
Baca Float	(16,209.13)	Not Used

9

Q. WHAT IS INCOME STATEMENT ADJUSTMENT IS-9?

A. Income statement adjustment IS-9 restates property taxes consistent with the method supported by Commission Staff and approved in numerous Commission decisions. Specifically, following the Arizona Department of Revenue - Centrally Valued Properties method, full cash value was determined by using twice the average of three years of revenue, plus an addition for CWIP and a deduction for the book value of transportation equipment. Consistent with Commission practice, three times the adjusted revenues for the test year was used to determine the average revenue. The assessed value (16.5% of full cash value) was then multiplied by the tax year 2023 property tax rate to determine adjusted property tax expense. Income statement adjustment IS-9 adjusts test year property tax expense, and after considering the effect of the proposed rate increase, adjusts the test year adjusted amount to the final proposed property tax amount. Income statement adjustment IS-9 is detailed on Schedule C-2 and is summarized as follows:

	<u>IS-9</u>	<u>IS-9</u>
	Property	Property
	Tax	Tax
	<u>Test Year</u>	<u>Proposed</u>
<u>Water</u>		
Clear Springs	\$ (1,923.17)	\$ (13.32)
Baca Float	(449.80)	761.42
East Slope	(3,235.06)	6,217.36
Mescal Lakes	2,307.75	(660.27)
Naco Water	4,446.90	5,813.95
<u>Sewer</u>		
Clear Springs	\$ (937.90)	\$ 1,736.99
Baca Float	(196.21)	231.83

1 **Q. WHAT IS INCOME STATEMENT ADJUSTMENT IS-10?**

2 A. Income statement adjustment IS-10 calculates the test year income tax expense for the
3 Applicants, considering all other adjustments. The income tax expense is calculated in
4 accordance with currently effective federal and State corporate income tax rates. Income
5 statement adjustment IS-10 adjusts the test year income tax expense, and after
6 considering the effect of the proposed rate increase, adjusts the test year adjusted amount
7 to the final proposed income tax amount. Income Statement IS-10 is detailed on
8 Schedule C-2 and is summarized as follows:

	<u>IS-10</u>	<u>IS-10</u>
	Income	Income
	Tax	Tax
	<u>Test Year</u>	<u>Proposed</u>
<u>Water</u>		
Clear Springs	\$ (10,226.47)	\$ (165.36)
Baca Float	(20,064.21)	12,793.77
East Slope	(76,092.82)	101,413.43
Mescal Lakes	(2,267.42)	(10,139.46)
Naco Water	(35,553.30)	71,767.90
<u>Sewer</u>		
Clear Springs	\$ (16,231.99)	\$ 21,724.03
Baca Float	(14,856.73)	3,896.78

9
10 **VII RATE DESIGN AND REVENUE PROOF**

11 **A GENERAL**

12 **Q. PLEASE DESCRIBE THE H SCHEDULES.**

13 A. Schedule H-1 summarizes the revenue by billing class as billed under present rates and
14 the amount that would be generated by the proposed increase in water rates. Schedule H-
15 2 analyzes revenue at present and proposed rates by billing class, and meter size in dollar
16 amount and percentage. The average number of customers derived from the bill count is

1 also shown by meter size and in total. Lastly, Schedule H-2 for water service contains
2 supplemental schedules that provide a breakdown of revenue at the existing and proposed
3 rates by the components of the proposed rate design. Schedule H-3 compares present and
4 proposed rates and shows the changes in each rate. Schedule H-4 compares present and
5 proposed rates and shows the amount of present and proposed bills and the percentage
6 increase at various consumption levels for each meter size. Schedule H-5 is the bill count
7 of the bills issued during the test year.

8 **B RATE DESIGN**

9 **1 Water Service**

10 **Q. PLEASE DESCRIBE HEARTHSTONE WATER SOUTH'S CURRENT WATER**
11 **RATE DESIGNS.**

12 A. Hearthstone Water South currently uses a three-tier rate design for small residential
13 meters and a two-tier rate design for most commercial meters and residential meters 1”
14 and larger. The rate designs are generally consistent with Policy Statement No. 2 in
15 Decision No. 75626.

16 **Q. PLEASE DESCRIBE HEARTHSTONE WATER SOUTH'S PROPOSED RATE**
17 **DESIGN.**

18 A. Hearthstone Water South proposes to continue using an increasing block three-tier rate
19 design for the Applicants. The Applicants will maintain unique base charges and
20 commodity rates while adopting a single consistent tier structure for all classes and meter
21 sizes. The 1st tier will include usage up to 3,000 gallons and is applicable only to small
22 residential meters. The 2nd tier will include usage up to 8,000 gallons for small

1 residential and commercial meters, with the allowed usage being increased for meters 1”
2 in size and larger. In each case, the Applicants propose to increase base charges and
3 commodity charges by approximately the same percentage, thereby maintaining their
4 current distribution of revenue among base charges and commodity tiers. Detailed
5 information on revenue distribution is provided for the Applicants in the supplemental
6 schedules provided with the H-2 schedules and summarized as follows:

Metered Water Revenue by Rate Component				
	Base Charge	1st Tier	2nd Tier	3rd Tier
Water				
Clear Springs	60.2%	13.8%	12.8%	13.2%
Baca Float	47.2%	16.0%	17.0%	19.8%
East Slope	53.8%	11.2%	14.3%	20.8%
Mescal Lakes	47.3%	18.6%	16.8%	17.3%
Naco Water	55.9%	16.2%	19.2%	8.8%

7
8 **Q. DOES HEARTHSTONE WATER SOUTH PROPOSE TO CREATE ANY NEW**
9 **RATES OR ELIMINATE ANY EXISTING RATES?**

10 A. Yes. In order to have consistent rate structures across all Applicants, the Applicants
11 propose to establish a fire sprinkler rate for the entities that currently do not have a fire
12 sprinkler rate.

13 Because there are no customers with 8” or 10” meters, Hearthstone Water South is
14 proposing to eliminate rates for the 8” and 10” meter sizes where they exist. Hearthstone
15 Water South also notes that the relatively small water systems operated by the Applicants
16 are not able to support 8” and 10” meter sizes without significant capital upgrades.

1 Hearthstone Water South proposes to eliminate the WIFA and CoBank loan surcharges
2 for Clear Springs and East Slope.

3 **Q. IS HEARTHSTONE WATER SOUTH PROPOSING A CHANGE TO ITS FIRE**
4 **SPRINKLER RATE?**

5 A. Yes. Applicants propose to increase the fire sprinkler rate to \$12.00 per month.

6 **Q. IS HEARTHSTONE WATER SOUTH PROPOSING ANY CHANGES TO**
7 **MISCELLANEOUS SERVICE CHARGES?**

8 A. As detailed in Schedule H-3, Applicants are proposing adjustments to their miscellaneous
9 charges to better reflect the costs of providing the services and to make the charges
10 consistent for all Applicants.

11 **Q. ARE THERE ANY CHANGES TO METER AND SERVICE LINE**
12 **INSTALLATION CHARGES?**

13 A. Yes. As detailed in Schedule H-3, Hearthstone Water South is proposing to increase
14 service line costs to better reflect costs.

15 **2 Sewer Service**

16 **Q. PLEASE DESCRIBE HEARTHSTONE WATER SOUTH'S CURRENT SEWER**
17 **RATE DESIGNS.**

18 A. Clear Springs currently uses a base charge that varies by customer class combined with a
19 usage based rate component. For residential customers, a \$0.75 per 1,000 gallons usage
20 charge is applied to water usage up to 7,000 gallons. For commercial customers a \$1.00

1 per 1,000 gallons usage charge is applied to all water usage. Baca Float currently uses a
2 flat rate billing consisting of a base charge that varies by customer class.

3 **Q. PLEASE DESCRIBE HEARTHSTONE WATER SOUTH'S PROPOSED RATE**
4 **DESIGN.**

5 A. Hearthstone Water South proposes to eliminate the usage-based charge for Clear Springs
6 and use a flat rate billing consisting of a base charge that varies by customer class for
7 both Clear Springs and Baca Float.

8 **Q. DOES HEARTHSTONE WATER SOUTH PROPOSE TO CREATE ANY NEW**
9 **RATES OR ELIMINATE ANY EXISTING RATES?**

10 A. Yes. Hearthstone Water South proposed to eliminate Service Lateral Installation Charges
11 for the 10-inch and 12-inch sizes because the small sewer systems are not capable of
12 accepting flows from large laterals.

13 Hearthstone Water South proposes to eliminate the CoBank loan surcharges for Clear
14 Springs.

15 **Q. IS HEARTHSTONE WATER SOUTH PROPOSING ANY CHANGES TO**
16 **MISCELLANEOUS SERVICE CHARGES?**

17 A. As detailed in Schedule H-3, Applicants are proposing adjustments to their miscellaneous
18 charges to better reflect the costs of providing the services and to make the charges
19 consistent for all Applicants.

1
2
3
4
5
6
7
8
9
10
11
12

C REVENUE PROOF

Q DID HEARTHSTONE WATER SOUTH VERIFY AND PROVE THE TEST YEAR REVENUES?

A. Yes. Schedule H-5 for the Applicants lists the number of bills by thousand-gallon block and the cumulative consumption by rate block for each class of customer and meter size. As shown on Schedule H-1, total calculated revenues, using bill counts, at present rates for the test year is compared to the per-book adjusted revenues. As shown in the following summary, the combined unreconciled difference of \$ (4,419.95) for the water systems amounts to -0.25% of per-book adjusted revenues and the unreconciled difference of \$ (1,260.19) for the sewer systems amounts to -0.29% of per-book adjusted revenues.

Revenue Reconciliation				
	Bill Count	Adjusted	Unreconciled	Percentage
	Revenue	GL Revenue	Difference	Difference
<u>Water</u>				
Clear Springs	\$ 355,287.61	\$ 354,471.67	\$ (815.94)	-0.23%
Baca Float	317,566.53	314,940.30	(2,626.23)	-0.83%
East Slope	578,491.75	574,469.79	(4,021.96)	-0.70%
Mescal Lakes	276,006.30	277,699.78	1,693.48	0.61%
Naco Water	268,506.45	269,857.15	1,350.70	0.50%
	\$ 1,795,858.64	\$ 1,791,438.69	\$ (4,419.95)	-0.25%
<u>Sewer</u>				
Clear Springs	\$ 90,098.12	\$ 91,082.08	\$ 983.96	1.08%
Baca Float	342,127.37	339,883.22	(2,244.15)	-0.66%
	\$ 432,225.49	\$ 430,965.30	\$ (1,260.19)	-0.29%

13

1 **VIII CONSOLIDATION**

2 **A CONSOLIDATION REQUEST**

3 **Q. IS HEARTHSTONE WATER SOUTH PROPOSING TO CONSOLIDATE THE**
4 **VARIOUS RATE APPLICATIONS THIS TESTIMONY ADDRESSES?**

5 A. Yes. As discussed in more detail in the Direct Testimony of Bryan Thomas, Hearthstone
6 Water South will be requesting that the Commission consolidate, as a procedural matter,
7 the individual rate applications filed by the Applicants.

8 **Q. WHAT IS HEARTHSTONE WATER SOUTH'S CONSOLIDATION REQUEST?**

9 A. The Applicants are requesting that all of the Applicants be operationally consolidated into
10 a single water division and a single sewer division. The Applicants further request that
11 rates be consolidated as discussed herein. Additional detail is provided in the Direct
12 Testimony of Mr. Bryan Thomas.

13 **Q. HAVE YOU PREPARED SCHEDULES FOR THE CONSOLIDATED**
14 **HEARTHSTONE WATER SOUTH?**

15 A. Yes. I have prepared the following schedules, which are attached (to the direct testimony
16 for Clear Springs only) as **Exhibit RLJ-DT4** for the water division and as **Exhibit RLJ-**
17 **DT5** for the sewer division:

- 18 • Schedule A-1 – Gross Revenue Requirements.
- 19 • Schedules B-1 and B-2 – Rate Base Information and Adjustments.
- 20 • Schedules C-1 through C-3 – Income Statements and Adjustments.
- 21 • Schedules D-1 and D-2 – Cost of Capital Information.
- 22 • Schedules H-1 through H-5 – Effect of Proposed Rate Schedules.

1 **Q. PLEASE SUMMARIZE THE CONSOLIDATED SCHEDULES.**

2 A. The consolidated schedules use the same test year as the individual rate filings, a 12-
3 month period ending on August 31, 2023. The Applicants request consolidated rate base
4 and revenue increases as follows:

Consolidated Application Summary			
	Rate	Revenue	Percent
	Base	Increase	Increase
Water Division	\$ 5,369,414.41	\$ 715,705.68	39.95%
Sewer Division	773,229.71	106,717.39	24.76%

5
6 For the water division, the required increase is \$3,325.37 less than the combined water
7 increases of the Applicants on a standalone basis. For the sewer division, the required
8 increase is \$1,079.31 more than the combined sewer increases of the Applicants on a
9 standalone basis. For the water division, the combined rate base is \$177,595.60 less than
10 the combined rate base on a standalone basis. For the sewer division, the rate base is the
11 same on a consolidated and standalone basis.

12 **Q. WHAT CAUSES THE COMBINED REVENUE INCREASES TO BE**
13 **DIFFERENT ON A CONSOLIDATED BASIS?**

14 A. For the water division, the primary cause is the difference in rate base. On a consolidated
15 basis, the Applicants' water divisions would be classified as a Class "C" utility. Because
16 the consolidated entity is a Class "C" utility, the Applicants have not used the formula
17 method to establish cash working capital as is done for the standalone Class "D" and
18 Class "E" entities. Instead the Applicants are requesting \$0.00 in cash working capital

1 for the consolidated water entity, lowering rate base by \$177,595.60. Additional
2 differences for both the water and sewer divisions are due to minor differences in
3 calculations of bad debt expense, interest expense, property taxes and income taxes on a
4 consolidated basis as compared to on a standalone basis.

5 **B CONSOLIDATED RATE BASE**

6 **Q. HOW DID HEARTHSTONE WATER SOUTH ARRIVE AT THE**
7 **CONSOLIDATED TEST YEAR ORIGINAL COST RATE BASE SHOWN ON**
8 **SCHEDULE B-1, LINE 24?**

9 A. As shown and Schedule B-2 - Consolidated, the combined rate base is the sum of the
10 standalone rate bases for the Applicants, with the adjustment to cash working capital for
11 the water division as discussed above.

12 **C CONSOLIDATED INCOME STATEMENT**

13 **Q. HOW DID HEARTHSTONE WATER SOUTH DETERMINE THE**
14 **CONSOLIDATED ADJUSTED TEST YEAR INCOME STATEMENT?**

15 A. As shown on Schedule C1 – Consolidated, for the Applicants, for all revenue and
16 expense categories, except property taxes, income taxes and interest expense, the Test
17 Year Adjusted Income Statement from the standalone filings is the starting point.
18 Because the adjustments for property taxes, income taxes and interest expense on a
19 consolidated basis will not equal the sum of the standalone adjustments, the actual test
20 year expenses were used as the starting point for these categories. New consolidated
21 adjustments were calculated for property taxes, income taxes and interest expense using
22 the consolidated results of the Applicants. These adjustments are presented as Income

1 Statement Adjustment IS-1, IS-2 and IS-3 on Schedule C-2 – Consolidated. Also
2 provided is an updated Schedule C-3 – Consolidated.

3 **D CONSOLIDATED COST OF CAPITAL**

4 **Q. WHAT IS THE APPLICANTS’ CONSOLIDATED CAPITAL STRUCTURE?**

5 A. As shown on Schedule D-1 – Consolidated, the projected capital structure for the
6 Applicants is as follows:

Consolidated Capital Structure				
	Long-Term		Percent	Percent
	Debt	Equity	Debt	Equity
Water Division	\$ 2,709,372.18	\$ 2,074,396.39	56.64%	43.36%
Sewer Division	101,457.51	654,124.90	13.43%	86.57%

8 **Q. WHAT IS THE RESULTING REQUIRED RATE OF RETURN?**

9 A. The table below summarizes the cost of capital for the Applicants on a consolidated
10 basis.

Consolidated Rate of Return					
	Cost of Debt	Cost of	Weighted Cost		Return on
	Debt	Equity	Debt	Equity	FVRB
Water Division	4.44%	10.00%	2.51%	4.34%	6.85%
Sewer Division	4.54%	10.00%	0.61%	8.66%	9.27%

E RATE DESIGN

1 Water Division

Q. WHAT IMPACT DOES THE CONSOLIDATION HAVE ON THE APPLICANTS' PROPOSED RATE DESIGNS?

A. The consolidated rate design establishes a single base charge for all of the water division Applicants and a common set of commodity charges for the tiered rates. Tier to Tier break-over points are unchanged from the standalone case for all water division Applicants. Details of the proposed consolidated rate design are provided on Schedule H-3 – Consolidated.

Q. WHAT ARE THE RELATIVE RATE IMPACTS ON THE WATER DIVISION APPLICANTS' RESIDENTIAL CUSTOMERS?

A. The table below summarizes the relative rate impacts for the Applicants' water division average and median usage customers.

	Clear Springs	Baca Float	East Slope	Mescal Lakes	Naco Water
Consolidated Rate Impact					
Proposed Median Residential Bill	\$ 45.31	\$ 51.01	\$ 50.85	\$ 45.30	\$ 50.90
Change from Current	\$ 6.15	\$ 8.50	\$ 17.81	\$ 17.20	\$ (5.28)
Change from Proposed Standalone	\$ 7.87	\$ 3.54	\$ (3.42)	\$ 21.39	\$ (59.71)
Proposed Average Residential Bill	\$ 51.63	\$ 55.55	\$ 69.85	\$ 58.82	\$ 56.21
Change from Current	\$ 8.15	\$ 8.04	\$ 29.45	\$ 20.44	\$ (6.90)
Change from Proposed Standalone	\$ 8.97	\$ 2.53	\$ (0.31)	\$ 26.26	\$ (67.67)

Q. ARE THERE ANY ADDITIONAL FACTORS THAT SHOULD BE CONSIDERED WHEN COMPARING RELATIVE RATE IMPACTS?

1 A. Yes. Mescal Lakes is projected to receive the largest increase due to consolidation, but
2 there is a benefit to Mescal Lakes that is not reflected in the above table. Decision No.
3 78742 for Mescal Lakes authorized financing surcharges for Mescal Lakes' pending
4 financing. Per the decision, Staff estimated the surcharges at \$18.60 per month for a
5 typical residential customer. If rate consolidation is approved, any financing surcharges
6 implemented for Mescal Lakes customers while this case is pending can be discontinued,
7 and Mescal Lakes customers will pay only the newly approved consolidated rate without
8 any surcharges¹. After consideration of Staff's estimate of the pending surcharge that
9 may be implemented on a standalone basis, the actual rate impact of consolidation on
10 Mescal Lakes could be as much as \$18.60 per month less than reflected in the table, or
11 \$2.79 for a median use customer and \$7.66 for an average use customer.

12 **2** *Sewer Division*

13 **Q. WHAT IMPACT DOES THE CONSOLIDATION HAVE ON THE APPLICANTS'**
14 **PROPOSED RATE DESIGNS?**

15 A. Because Clear Springs' and Baca Float's current rate base per customer and customer
16 rates are significantly different, with Clear Springs being relatively low and Baca Float
17 being relatively high, the Applicants are proposing to keep a rate differential between the
18 two service areas. More specifically, Applicants propose to keep the Baca Float rate at
19 its current rate while increasing the Clear Springs rate by a small amount as compared to

¹ Mescal Lakes expects that financing surcharges will be required in order to meet WIFA's debt coverage requirements for Mescal Lakes on a standalone basis.

1 the Clear Springs proposed standalone rate. Full details of the proposed consolidated rate
2 design are provided on Schedule H-3 – Consolidated.

3 **Q. WHAT ARE THE RELATIVE RATE IMPACTS ON THE SEWER DIVISION**
4 **APPLICANTS' RESIDENTIAL CUSTOMERS?**

5 A. The table below summarizes the relative rate impacts for the sewer division customers.

Sewer	Clear Springs	Baca Float
Consolidated Rate Impact		
Proposed Residential Sewer	\$ 42.16	\$ 65.97
Change from Current (7,000 gallons)	\$ 19.53	\$ -
Change from Standalone	\$ 3.43	\$ (2.80)

6
7 **Q. WERE THERE ANY ADDITIONAL FACTORS THAT WERE CONSIDERED**
8 **WHEN SELECTING THE CONSOLIDATED RATE DESIGN?**

9 A. Yes. As discussed in more detail in the Direct Testimony of Bryan Thomas, Clear
10 Springs is facing potential significant capital investment related to its sewer treatment
11 system. In comparison, significant investment in the Baca Float system is not
12 anticipated. When the anticipated investment in Clear Springs sewer treatment is
13 included in a future rate case, the revenue requirement will increase and provide the
14 opportunity to move the Clear Springs and Baca Float rates closer together (or possibly to
15 the same rate) while likely having a lower rate impact on Clear Springs customers as
16 compared to Clear Springs continuing as a standalone rate entity.

1 **F PUBLIC INTEREST**

2 **Q. DO YOU BELIEVE IT IS IN THE PUBLIC INTEREST TO CONSOLIDATE**
3 **RATES FOR THE APPLICANTS?**

4 A. Yes. As explained in the Direct Testimony of Bryan Thomas, granting the consolidation
5 of the Applicants' water divisions and the Applicants' sewer divisions will lead to
6 regulatory and administrative efficiencies. The need for financing surcharges will be
7 eliminated. The Commission will be regulating one utility with two divisions instead of
8 five utilities with seven rate making entities. Each division will need one rate case in the
9 future, instead of five for water and two for sewer. As discussed by Mr. Thomas, there
10 are also operational advantages resulting from the consolidation of the Applicants.
11 Overall, I believe that the public interest is clearly served by consolidating the
12 Applicants' water divisions and the Applicants' sewer divisions.

13 **IX REGULATORY EXPENSE SURCHARGE**

14 **Q. HOW IS HEARTHSTONE WATER SOUTH REQUESTING RECOVERY OF**
15 **RATE CASE EXPENSE?**

16 A. Hearthstone Water South is requesting recovery of rate case expense through a regulatory
17 expense surcharge.

18 **Q. WHY ARE APPLICANTS REQUESTING APPROVAL OF A REGULATORY**
19 **EXPENSE SURCHARGE?**

20 A. It is my understanding that, in recent cases, Commission Staff has indicated a preference
21 for recovering rate case expense in a surcharge rather than in rates as a normalized
22 expense. Further, the surcharge method is fair to both Hearthstone Water South and its

1 customers because it avoids potential over or under recovery of rate case expense that can
2 happen when rate case expense is treated as a normalized expense. Rate case expense is
3 incurred for a special purpose, outside of the test year and recurs at an uncertain interval.
4 If treated as a normalized expense, if the utility is authorized new rates before the end of
5 the amortization period, any unrecovered rate case expense is stranded. Conversely, if
6 the utility stays out longer than the amortization period, the utility over recovers.

7 A surcharge avoids both possible outcomes, provided the order authorizing the surcharge
8 allows it to be collected throughout the adopted amortization period irrespective of
9 whether new rates are set before the amortization period expires. For that reason,
10 Hearthstone Water South proposes that it be allowed to collect the surcharge until it
11 recovers the authorized level of rate case expense and then the surcharge will be
12 terminated, regardless of when subsequent new rates are authorized. Under this
13 surcharge approach, Hearthstone Water South will recover the amount authorized, no
14 more, and no less.

15 **Q. WHAT IS THE TOTAL RATE CASE EXPENSE REQUESTED FOR**
16 **RECOVERY?**

17 A. Hearthstone Water South is requesting recovery of \$120,000 in total, with \$90,000
18 allocated to the water division and \$30,000 allocated to the sewer division. Hearthstone
19 Water South used estimated amounts from external consultants and outside counsel for its
20 regulatory expense. The total rate case costs also include the costs of public noticing,
21 printing, hearings, and other rate case expenses during the rate case proceeding.

1 **Q. BASED ON TEST YEAR END CUSTOMER COUNTS, WHAT IS THE**
2 **PROJECTED MONTHLY REGULATORY EXPENSE SURCHARGE?**

3 A. The resulting monthly regulatory expense surcharge to a typical residential customer
4 would be \$0.76 for water and \$0.79 and \$1.24 for Clear Springs sewer and Baca Float
5 sewer, respectively. **Exhibit RLJ-DT6** (attached to the direct testimony for Clear
6 Springs only) provides details for the surcharge calculation and charges for other classes
7 of customers.

8 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

9 A. Yes.

MESCAL LAKES
EXHIBIT RLJ-DT1

Resume

ARICOR

Water Solutions

Ray L. Jones P.E.

Principal

**1630 Cougar Trail
Prescott, Arizona 86303**

EXPERTISE

Mr. Jones founded ARICOR Water Solutions in 2004. Through ARICOR Water Solutions, Mr. Jones offers a wide range of engineering and financial analysis services to the private and public sectors. Projects include development of regulatory strategies and preparing rate cases, including preparation of rate studies, cost of service studies, financial schedules and testimony for filings before the Arizona Corporation Commission. Services also include consultation on water and wastewater utility formation, management and operations, and valuation, including due diligence analysis, water resources strategy development and water rights valuation. ARICOR Water Solutions provides water, wastewater and water resource master planning, water and wastewater facilities design, and owner representation; including value engineering, program management and construction oversight. Lastly, ARICOR Water Solutions supports water solutions with contract operations and expert witness testimony and litigation support.

EMPLOYMENT HISTORY

2002 to 2004

Arizona-American Water Company

President

Responsible for leadership of the Arizona business activities of Arizona-American Water Company. Key responsibilities include developing and evaluation new business opportunities, developing strategic plans, establishing effective government and community relations, insuring compliance with all regulatory requirements, and providing management and guidance to key operations and support personnel.

1998 to 2002

Citizens Water Resources, Arizona Operations

Vice President and General Manager

Responsible for leadership of the Arizona regulated and unregulated business activities of Citizens Water Resources. Key responsibilities included developing and evaluation new business opportunities, developing strategic plans, establishing effective government and community relations, insuring compliance with all regulatory requirements, and providing management and guidance to key operations and support personnel.

1990 to 1998

Citizens Water Resources, Arizona Operations

Engineering and Development Services Manager

Responsible for management of a diverse group of business growth related activities. Responsibilities include: marketing of operation and maintenance services (unregulated business growth), management of new development activity (regulated business growth), management of engineering functions (infrastructure planning and construction), management of water resources planning and compliance, management of growth-related regulatory functions (CC&N's and Franchises), and management of capital budgeting functions and capital accounting functions.

1985 to 1990

Citizens Water Resources, Arizona Operations

Civil Engineer

Responsible for the planning, coordination and supervision of capital expansion and major maintenance and rehabilitation projects as assigned. Responsible for development of capital program for Maricopa County Operations.

EDUCATION

Arizona State University – Master of Business Administration (1991)

University of Kansas – Bachelor of Science in Civil Engineering (1985)

PROFESSIONAL CERTIFICATION

Registered Professional Engineer – Civil Engineering – Arizona
 Registered Professional Engineer – Civil Engineering – California
 Certified Operator – Wastewater Treatment, Wastewater Collection, Water Treatment, Water Distribution – Arizona

PROFESSIONAL AFFILIATIONS

- Executive Director – Water Utilities Association of Arizona
- Member - American Society of Professional Engineers
- Member – American Society of Civil Engineers
- Member - American Water Works Association
- Member - Arizona Water Association
- Member - Water Environment Federation

CIVIC AND COMMUNITY INVOLVEMENT

- Member – Arizona Water Banking Authority (2015-2021)
- Board of Directors – Greater Maricopa Foreign Trade Zone (2009 – 2018)
- Advisory Member - Water Resources Development Commission (2010 – 2012)
- Chairman WESTMARC (2008)
- Director and Member of the Executive Committee- WESTMARC (1998 – 2010)
- Co-Chairman, WESTMARC Water Committee (2006 – 2007)
- Chairman-Elect WESTMARC (2007)
- Member – Corporate Contributions Committee, West Valley Fine Arts Council Diamond Ball (Chairman 2005)
- Member – Technical Advisory Committee – Governor’s Water Management Commission (2001)
- Board Member, Manager & Past Chairman – North Valley Little League Softball

REGULATORY EXPERIENCE

Testimony and/or filing schedules has been provided before the Arizona Corporation Commission in the dockets listed below. Unless otherwise indicated, work performed was on behalf of the utility.

Filing Year	Utility(ies)	Filing Type(s)	Docket(s)
1992	Sun City West Utilities Company	CC&N Extension (Expansion of Sun City West)	U-2334-92-244
1993	Sun City Water Company Sun City Sewer Company	CC&N Extension (Addition of Coyote Lakes)	U-1656-93-060 U-2276-93-060
1993	Tubac Valley Water Co., Inc.	CC&N Extension (Various Subdivisions on western border)	U-1595-93-241
1993	Sun City West Utilities Company	CC&N Extension (Expansion of Sun City West)	U-2334-93-293
1995	Citizens Utilities Company Sun City Water Company Sun City Sewer Company Sun City West Utilities Company Tubac Valley Water Company	Ratemaking	E-1032-95-417 U-1656-95-417 U-2276-95-417 U-2334-95-417 U-1595-95-417
1996	City Water Company Sun City Sewer Company	CC&N Extension (Acquisition of Youngtown)	U-1656-96-282 U-2276-96-282
1996	Citizens Utilities Company	CC&N Extension and Deletion (Realignment of Surprise Bdry.)	E-1032-96-518

Filing Year	Utility(ies)	Filing Type(s)	Docket(s)
1998	Sun City Water Company Sun City West Utilities Company	CAP Water Plan and Accounting Order (Sun Cities CAP plan)	W-01656A-98-0577 SW-02334A-98-0577
2000	Citizens Water Resources Company of Arizona Citizens Water Services Company of Arizona	CC&N Extension and Accounting Order (Anthen Jacka Property and Phoenix Treatment Agreement)	SW-3455-00-1022 SW-3454-00-1022
2000	Citizens Communications Company Citizens Water Services Company of Arizona	CC&N Extension and Approval of Hook-Up Fee (Verrado)	W-0132B-00-1043 SW-0354A-00-1043
2002	Arizona-American Water Company	Ratemaking	WS-01303A-02-0867 WS-01303A-02-0868 WS-01303A-02-0869 WS-01303A-02-0870 WS-01303A-02-0908
2004	Arizona-American Water Company Rancho Cabrillo Water Company Rancho Cabrillo Sewer Company	CC&N Transfer	WS-01303A-04-0089 W-01303A-04-0089 SW-03898A-04-0089
2004	Johnson Utilities Company, LLC (Representing Pulte Home Corporation)	CC&N Extension	WS-02987A-04-0288
2005	Perkins Mountain Utility Company Perkins Mountain Water Company	New CC&N & Initial Rates	WS-20379A-05-0489 W-20380A-05-0490
2005	West End Water Company	CC&N Extension	W-01157A-05-706
2005	Arizona-American Water Company	Approvals Associated with Construction of Surface Water Treatment Facility	W-01303A-05-0718
2006	Arizona-American Water Company	Ratemaking	WS-01303A-06-0403
2008	Sunrise Water Company	Ratemaking	W-02069A-08-0406
2009	Baca Float Water Company	Ratemaking	WS-01678A-09-0376
2009	Aubrey Water Company	Lost Water Evaluation (Rate Case Compliance)	W-03476A-06-0425
2009	White Horse Ranch Owner's Assn.	Ratemaking	W-04161A-09-0471
2010	Litchfield Park Service Company	Ratemaking	W-01427A-09-0104
2010	Chino Meadows II Water Company	Ratemaking	W-02370A-10-0519
2011	Pima Utility Company	Ratemaking	W-021999A-11-0329 WS-02199A-11-0330
2011	Tusayan Water Development Association, Inc. (Representing the Town of Tusayan)	Ratemaking	W-02350A-10-0163

Filing Year	Utility(ies)	Filing Type(s)	Docket(s)
2012	Valley Utilities Water Company, Inc.	Ratemaking	W-01412A-12-0195
2012	Far West Water & Sewer, Inc.	Ratemaking	WS-03478A-12-0307
2012	Sahuarita Water Company, LLC	Amend Off-Site Facilities Hook-Up Fee	W-03718A-09-0359
2012	New River Utility Company	Ratemaking	W-01737A-12-0478
2013	Far West Water & Sewer, Inc.	New Off-Site Facilities Hook-Up Fees	WS-03478A-13-0200
2012	Adman Mutual Water Company	Ratemaking	W-01997A-12-0501
2013	Far West Water & Sewer, Inc.	CC&N Extension	WS-03478A-13-0250
2013	Lago Del Oro Water Company	Ratemaking	W-01944A-13-0215
2013	Lago Del Oro Water Company	Financing	W-01944A-13-0242
2012	Sunrise Water Company	Financing	W-02069A-12-0261
2010	Far West Water & Sewer, Inc.	CC&N Extension	WS-03478A-10-0523
2014	Granite Mountain Water Co., Inc.	Ratemaking	W-02467A-14-0230
2014	Chino Meadows II Water Co., Inc.	Ratemaking	W-02370A-14-0231
2014	Quail Creek Water Company	Ratemaking	W-02514A-14-0343
2015	Cordes Lakes Water Company	Ratemaking	W-02060A-15-0245
2015	Community Water Company of Green Valley	Ratemaking	W-02304A-15-0263
2015	BN Leasing Corporation d.b.a. Aubrey Water Company	Ratemaking	W-03476A-15-0286
2016	Rio Verde Utilities, Inc.	Ratemaking	WS-02156A-16-0201
2016	Pima Utility Company	Ratemaking	W-021999A-16-0421 WS-02199A-16-0422
2017	Cordes Lakes Water Company	Emergency Ratemaking Emergency Financing	W-02060A-17-0228
2017	Cordes Lakes Water Company	Ratemaking	W-02060A-17-0274

Filing Year	Utility(ies)	Filing Type(s)	Docket(s)
2017	Brooke Water, LLC	Ratemaking	W-03039A-17-0295
2017	Biasi Water Company, Inc.	Ratemaking	WS-02812A-17-0321
2018	Rio Verde Utilities, Inc.	Tariff Revision – Federal Tax Reform	WS-02156A-18-0089
2018	Far West Water & Sewer, Inc.	Tariff Revision – Federal Tax Reform	WS-03478A-18-0090
2018	Big Park Water Company	Tariff Revision – Federal Tax Reform	W-01624A-18-0091
2018	Little Park Water Company, Inc.	Ratemaking	W-02192A-18-0093
2019	Johnson Utilities, LLC (Representing the Water Utilities Association of Arizona)	Evaluation of Certificate of Convenience and Necessity	WS-02987A-18-0329 et al.
2019	Brooke Water, LLC	Joint Application to Transfer Assets to EPCOR Water Arizona, Inc.	WS-03039A-19-0092 WS-01303A-19-0092
2019	Big Park Water Company	Ratemaking	W-01624A-19-0106
2019	Far West Water & Sewer, Inc.	Extension of CC&N Territory	WS-03478A-19-0275
2019	Big Park Water Company	Revision – Arsenic Impact Hook-Up Fee Tariff	WS-01624A-19-0302
2020	Johnson Utilities, LLC (Through its Interim Manager, EPCOR Water Arizona, Inc.)	Ratemaking	WS-02987A-20-0025
2020	Saddlebrooke Utility Company	Ratemaking	SW-02849A-20-0262
2020	Big Park Water Company	Tank Coating Surcharge and Tariff	W-01624A-20-0260
2020	Big Park Water Company	Financing	W-01624A-20-0280
2020	Big Park Water Company	Fire Sprinkler Service Line Tariff	W-01624A-20-0375
2021	EPCOR Water Arizona, Inc. San Tan Water and Wastewater District	Ratemaking	WS-01303A-20-0025

Filing Year	Utility(ies)	Filing Type(s)	Docket(s)
2021	Cactus State Utility Operating Company, LLC	Transfer of Certificate of Convenience and Necessity and Transfer of Utility Assets	WS-21155A-21-0135 WS-21155A-21-0137 WS-21155A-21-0138 WS-21155A-21-0139 WS-21155A-21-0140 WS-21155A-21-0141 WS-21155A-21-0143 WS-21155A-21-0149 WS-21155A-21-0150 WS-21155A-21-0151 WS-21155A-21-0152 WS-21155A-21-0153 WS-21155A-21-0154 WS-21155A-21-0155 WS-21155A-21-0156 WS-21155A-21-0161
2021	Adaman Mutual Water Company	Ratemaking	W-01997A-21-0280
2021	Adaman Mutual Water Company	Financing	W-01997A-21-0297
2021	Adaman Mutual Water Company	Fire Service Line Tariff	W-01997A-21-0304
2022	Far West Water & Sewer, Inc.	Transfer of Certificate of Convenience and Necessity and Transfer of Utility Assets	WS-03478A-22-0058
2022	Far West Water & Sewer, Inc. Foothills Water & Sewer, LLC	Extension of CC&N Territory	WS-03478A-22-0109 WS-21182A-22-0109
2022	Cactus State Utility Operating Company, LLC	Transfer of Certificate of Convenience and Necessity and Transfer of Utility Assets	WS-21155A-22-0051 WS-21155A-22-0052 WS-21155A-22-0055 WS-21155A-22-0061
2022	Cactus State Utility Operating Company, LLC	Extension of CC&N Territory (New Service District)	WS-21155A-22-0198
2022	Graham County Electric Cooperative, Inc (Water Division)	Ratemaking	W-01749A-22-0310
2022 2023	Cactus State Utility Operating Company, LLC	Transfer of Certificate of Convenience and Necessity and Transfer of Utility Assets	WS-21155A-22-0309 WS-21155A-22-0314 WS-21155A-22-0319 WS-21155A-22-0324 WS-21155A-22-0327 WS-21155A-23-0013
2023	Valley Utilities Water Company, Inc. Tierra Buena Water Company, Inc.	Ratemaking / Sale of Assets and Consolidation	W-01412A-23-0070 W-02076A-23-0071 W-02076A-23-0072
2023	Cactus State Utility Operating Company, LLC	Transfer of Certificate of Convenience and Necessity and Transfer of Utility Assets	WS-21155A-23-0227
2023	Cactus State Utility Operating Company, LLC	Transfer of Certificate of Convenience and Necessity and Transfer of Utility Assets	WS-21155A-23-0267

Filing Year	Utility(ies)	Filing Type(s)	Docket(s)
2023	Cactus State Utility Operating Company, LLC	Transfer of Certificate of Convenience and Necessity and Transfer of Utility Assets	WS-21155A-23-0268
2023	Cactus State Utility Operating Company, LLC	Transfer of Certificate of Convenience and Necessity and Transfer of Utility Assets	WS-21155A-23-0269
2023	Foothills Water & Sewer, LLC	Ratemaking	WS-21182A-23-0292
2023	Cactus State Utility Operating Company, LLC	Transfer of Certificate of Convenience and Necessity and Transfer of Utility Assets	WS-21155A-23-0322

December 2024

MESCAL LAKES
EXHIBIT RLJ-DT2

Standard Schedules - Water

Line No.		Original Cost Rate Base			
1	Adjusted Rate Base	\$ 49,997			
2					
3	Adjusted Operating Income	35,628			
4					
5	Current Rate of Return	71.26%			
6					
7	Weighted Average Cost of Capital	10.00%			
8					
9	Required Operating Income	\$ 5,000			
10					
11	Operating Income Deficiency	\$ (30,629)			
12					
13	Gross Revenue Conversion Factor	1.3705			
14					
15	Required Increase in Gross Revenue	\$ (41,977)			
16					
17	Adjusted Test Year Revenue	\$ 277,700			
18					
19	Proposed Annual Revenue	\$ 235,722			
20					
21	Percent Increase in Gross Revenue	-15.12%			
22					
23	Resulting Operating Margin	2.12%			
24					
25					
26					
27					
28				Projected Revenue	%
29		Current Rates	Projected Rates	Increase Due To Rates	Dollar Increase
30	<u>Customer Classification</u>				
31					
32	Fire Lines	-	-	\$ -	n/a
33					
34	<u>Metered Revenue</u>				
35	Residential - Small Meters	258,035	217,553	(40,482)	-15.69%
36	Commercial - Small Meters	5,466	4,715	(752)	-13.75%
37	All Classes - Large Meters	4,091	3,426	(664)	-16.24%
38	Standpipe	594	492	(101)	-17.07%
39	Metered Revenue	268,186	226,186	(42,000)	-15.66%
40					
41					
42	Miscellaneous Service Revenue	7,820	7,820	-	0.00%
43					
44	Reconciling Amount	1,693	1,716	\$ 22	
45					
46	Subtotal	\$ 277,700	\$ 235,722	\$ (41,977)	-15.12%
47					
48					
49	<u>Supporting Schedules:</u>				
50	B-1 C-1				
51	C-3 H-1				
52					

Line No.	Description	Prior Years Ended		Test Year		Projected Year	
		8/31/2021	8/31/2022	Actual 8/31/2023	Adjusted 8/31/2023	Present Rates 8/31/2024	Proposed Rates 8/31/2024
1	Gross Revenues	\$ 226,838	\$ 233,384	\$ 272,294	\$ 277,700	\$ 277,700	\$ 235,722
2	Revenue Deductions and						
3	Operating Expenses	227,252	222,363	231,119	242,071	247,794	236,166
4	Operating Income	(413)	11,021	41,175	35,628	29,906	(444)
5							
6	Other Income and						
7	Deductions	372	621	683	683	683	683
8	Interest Expense	-	-	-	-	-	-
9	Net Income	\$ (41)	\$ 11,642	\$ 41,858	\$ 36,312	\$ 30,590	\$ 239
10							
11	Earned Per Average						
12	Common Share	\$ (0)	\$ 116	\$ 419	\$ 363	\$ 306	\$ 2
13							
14	Dividends Per						
15	Common Share	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16							
17	Payout Ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
18							
19	Return on Average						
20	Invested Capital	0.0%	2.8%	9.1%	7.3%	5.8%	0.0%
21							
22	Return on Year End						
23	Capital	0.0%	2.6%	9.0%	7.2%	5.7%	0.0%
24							
25	Return on Average						
26	Common Equity	0.1%	-90.9%	164.9%	155.0%	69.0%	0.5%
27							
28	Return on Year End						
29	Common Equity	0.1%	261.3%	90.4%	81.9%	69.0%	0.5%
30							
31	Times Bond Interest Earned						
32	Before Income Taxes	n/a	n/a	n/a	n/a	n/a	n/a
33							
34	Times Total Interest and						
35	Preferred Dividends Earned						
36	After Income Taxes	n/a	n/a	n/a	n/a	n/a	n/a
37							
38							
39	<u>Supporting Schedules:</u>						
40	E-2 F-1						
41	C-1						
42							

Line No.	Description:	Prior Years Ended		Test Year	Projected Year
		8/31/2021	8/31/2022	8/31/2023	8/31/2024
3	Short-Term Debt	-	-	-	-
4	Long-Term Debt	-	-	-	-
5	Total Debt	\$ -	\$ -	\$ -	\$ -
7	Preferred Stock	-	-	-	-
8	Common Equity	(30,064)	4,455	44,360	44,360
9	Total Capital & Debt	\$ (30,064)	\$ 4,455	\$ 44,360	\$ 44,360
12	Capitalization Ratios:				
14	Short-Term Debt	0.00%	0.00%	0.00%	0.00%
15	Long-Term Debt	0.00%	0.00%	0.00%	0.00%
16	Total Debt	0.00%	0.00%	0.00%	0.00%
18	Preferred Stock	0.00%	0.00%	0.00%	0.00%
19	Common Equity	100.00%	100.00%	100.00%	100.00%
20	Total Capital	100.00%	100.00%	100.00%	100.00%
22	Weighted Cost of Short-term Debt	0.0000%	0.0000%	0.0000%	0.0000%
26	Weighted Cost of Long-term Debt	#DIV/0!	#DIV/0!	0.0000%	0.0000%
29	Weighted Cost of Senior Capital	#DIV/0!	#DIV/0!	0.0000%	0.0000%
35	Supporting Schedules:				
36	E-1 D-1				

Mescal Lakes Water Systems, Inc.
 Test Year Ended August 31, 2023
 Construction Expenditures and Gross Utility Plant In Service

Exhibit: RLJ-DT2
 Schedule A-4
 Page 1
 Witness: Jones

Line No.	Year		Construction Expenditures	Net Plant Placed In Service	Gross Utility Plant In Service
1					
2	Prior Year Ended	8/31/2021	\$ 46,863	\$ 44,162	\$ 1,366,219
3					
4	Prior Year Ended	8/31/2022	52,264	26,424	1,392,642
5					
6	Test Year Ended	8/31/2023	4,625	6,801	1,399,443
7					
8	Projected Year Ending	8/31/2024	35,000	35,000	1,434,443
9					
10	Projected Year Ending	8/31/2025	636,172	636,172	2,070,615
11					
12	Projected Year Ending	8/31/2026	35,000	35,000	2,105,615
13					
14	<u>Supporting Schedules:</u>				
15	F-3				
16					
17					

Line No.	Prior Year Ended 8/31/2021	Prior Year Ended 8/31/2022	Test Year Ended 8/31/2023	Projected Year		
				Present Rates 8/31/2024	Proposed Rates 8/31/2025	
1	<u>Source of Funds</u>					
2	\$ 41,204	\$ 26,254	\$ 21,468	\$ 52,242	\$ 21,892	
3						
4	Outside Financing	-	22,877	6,803	-	601,172
5						
6	Total Funds Provided	\$ 41,204	\$ 49,131	\$ 28,271	\$ 52,242	\$ 623,064
7						
8	<u>Application of Funds</u>					
9	Constriction Expenditures	\$ (46,863)	\$ (52,264)	\$ (4,625)	\$ (35,000)	\$ (636,172)
10						
11	Dividends/Distributions	-	-	-	-	-
12						
13	Other	-	-	-	-	-
14						
15	Total Funds Applied	\$ (46,863)	\$ (52,264)	\$ (4,625)	\$ (35,000)	\$ (636,172)
16						
17	Change in Allocation between Departments	\$ -	\$ -	\$ -	\$ -	\$ -
18						
19	Net Increase/(Decrease) in Cash	\$ (5,659)	\$ (3,133)	\$ 23,646	\$ 17,242	\$ (13,108)
20						
21						
22						
23	<u>Supporting Schedules:</u>					
24	E-3					
25	F-2					
26						

Mescal Lakes Water Systems, Inc.
 Test Year Ended August 31, 2023
 Summary of Original Cost Rate Base Elements

Exhibit: RLJ-DT2
 Schedule B-1
 Page 1
 Witness: Jones

Line No.		Original Cost Rate Base*
1		
2	Gross Utility Plant in Service	\$ 1,450,315
3		
4	Less: Accumulated Depreciation	<u>(1,129,839)</u>
5		
6	Net Utility Plant in Service	320,476
7		
8	Less:	
9	Advances in Aid of Construction	116,539
10		
11	Contributions in Aid of Construction	492,902
12	Accumulated Amortization of CIAC	<u>(288,527)</u>
13	Contributions in Aid of Construction - Net	204,375
14		
15	Customer Security Deposits	18,706
16	Deferred Income Taxes	(47,432)
17		
18	Plus:	
19	Working Capital	21,708
20	Net Regulatory Asset / (Liability)	-
21		
22	Rate Base	<u>\$ 49,997</u>

23
 24 * including pro forma adjustments

25
 26
 27 Supporting Schedules:

28 B-2 B-5

29 E-1

30

Recap Schedules:

A-1

Line No.	Actual End of Test Year	ADJ OC-1	ADJ OC-2	ADJ OC-3	Not Used	Total Pro Forma Adjustments	Adjusted End of Test Year
1							
2	\$ 1,399,443	\$ 50,872				\$ 50,872	\$ 1,450,315
3							
4	(1,118,420)		(11,419)			(11,419)	(1,129,839)
5							
6	281,023	50,872	(11,419)			39,453	320,476
7							
8	Less:						
9	Advances in Aid of Construction	116,539				-	116,539
10							
11	Contributions in Aid of Construction	492,902				-	492,902
12	Accumulated Amortization of CIAC	(289,503)			975	975	(288,527)
13	Contributions in Aid of Construction - Net	203,399			975	975	204,375
14							
15	Customer Security Deposits	18,706				-	18,706
16	Deferred Income Taxes	(47,432)				-	(47,432)
17							
18	Plus:						
19	Working Capital	21,708				-	21,708
20	Net Regulatory Asset / (Liability)					-	-
21							
22	Rate Base	\$ 11,519	\$ 50,872	\$ (11,419)	\$ (975)	\$ -	\$ 38,477
23							\$ 49,997
24							
25							
26							
27							
28	<u>Supporting Schedules:</u>					<u>Recap Schedules:</u>	
29	E-1					B-1	
30							

Line No.	Acct No.	Description	Book Adjustments		Adjusted Book End of Test Year	Rate Making Adjustments				Total Rate Making Adjustments	Adjusted End of Test Year
			Actual End of Test Year	Not Used		Not Used	[OC-1.1] Allocated Sierra Vista Plant	[OC-1.2] Allocated Glendale Plant	Not Used		
4	301	Organization Cost	\$ 104		104	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 104
5	302	Franchise Cost	250		250						250
6	303	Land and Land Rights	10,263		10,263						10,263
7	304	Structures & Improvements	35,143		35,143	176	2,424			2,424	37,743
8	305	Collecting & Impounding Reservoirs	-		-						-
9	306	Lake, River, Canal Intakes	-		-						-
10	307	Wells & Springs	84,465		84,465						84,465
11	308	Infiltration Galleries	-		-						-
12	309	Raw Water Supply Mains	-		-						-
13	310	Power Generation Equipment	-		-						-
14	311	Pumping Equipment	161,329		161,329						161,329
15	320	Water Treatment Equipment	-		-						-
16	320.1	Water Treatment Plants	-		-						-
17	320.2	Solution Chemical Feeders	4,064		4,064						4,064
18	320.3	Point-of-Use Treatment Devices	-		-						-
19	320.4	Arsenic Treatment Media	-		-						-
20	330	Distribution Reservoirs & Standpipes	-		-						-
21	330.1	Storage Tanks	135,340		135,340						135,340
22	330.2	Pressure Tanks	1,852		1,852						1,852
23	331	Transmission & Distribution Mains	714,098		714,098						714,098
24	333	Services	159,782		159,782						159,782
25	334	Meters	87,396		87,396						87,396
26	335	Hydrants	-		-						-
27	336	Backflow Prevention Devices	854		854						854
28	339	Other Plant & Misc. Equipment	-		-						-
29	340	Office Furniture & Equipment	-		-	755	226			226	981
30	340.1	Computers & Software	-		-		9,770			9,770	9,770
31	341	Transportation Equipment	-		-	33,002					33,002
32	342	Stores Equipment	-		-						-
33	343	Tools, Shop & Garage Equipment	-		-	4,519					4,519
34	344	Laboratory Equipment	-		-						-
35	345	Power Operated Equipment	-		-						-
36	346	Communication Equipment	4,504		4,504						4,504
37	347	Miscellaneous Equipment	-		-						-
38	348	Other Tangible Plant	-		-						-
39	TOTALS		\$ 1,399,443	\$ -	\$ 1,399,443	\$ 38,452	\$ 12,420	\$ -	\$ -	\$ 12,420	\$ 1,450,315
40	Equity Adjustments (Schedule D-1)										\$ -
42	Plant In Service per Books										\$ 1,399,443
44	Increase / (Decrease) in Plant in Service										\$ 50,872

47 Supporting Schedules: Workpapers:
 48 See following pages for workpapers

Allocated Corporate Plant - Sierra Vista Operations Office

This adjustment allocates Hearststone Water corporate plant associated with the Sierra Vista Operations Office serving the Mescal Lakes water system. The costs are allocated based on a 3-Factor allocation methodology between the five water and two sewer operations serviced by the Sierra Vista Operations Office.

Line No.	Plant Acct	Description	Allocated Plant
1			
2	304	Structures & Improvements	175.66
3	340	Office Furniture & Equip	754.69
4	340.1	Computer & Software	-
5	341	Transportation Equip	33,001.73
6	343	Tools, Shop & Garage Equip	4,519.47
7			<u>38,451.55</u>
8			
9			
10		Total Increase/(Decrease) in Plant In Service	<u>\$ 38,451.55</u>
11			
12		<u>Workpapers:</u>	
13		HWS Shared Cost Allocation.xlsx	
14		HWI 3-Factor Allocation 2023.08.31 (Annualized) Rev2.xlsx	
15			

Allocated Corporate Plant - Glendale Corporate Office

This adjustment allocates Hearthstone Water corporate plant associated with the Glendale, Arizona Corporate Office. The costs are allocated based on a 3-Factor allocation methodology between all Hearthston Water utility subsidiaries.

Line No.	Plant Acct	Description	Allocated Plant
1			
2	304	Structures & Improvements	2,424.16
3	340	Office Furniture & Equip	225.96
4	340.1	Computer & Software	9,770.04
5	341	Transportation Equip	-
6	343	Tools, Shop & Garage Equip	-
7			<u>12,420.16</u>
8			
9			
10		Total Increase/(Decrease) in Plant In Service	<u>\$ 12,420.16</u>
11			
12		<u>Workpapers:</u>	
13		HWS Shared Cost Allocation.xlsx	
14		HWI 3-Factor Allocation 2023.08.31 (Annualized) Rev2.xlsx	
15			

Mescal Lakes Water Systems, Inc.

Test Year Ended August 31, 2023

Rate Base Adjustment OC-2

Accumulated Depreciation Adjustments

Exhibit: RLI-DT2

Schedule B-2

Page 5

Witness: Jones

Line No.	Acct No.	Description	Book Adjustments			Rate Making Adjustments				Total Rate Making Adjustments	Adjusted End of Test Year	
			Actual End of Test Year	[OC-2.1] Classify A/D To Plant Accounts	Not Used	Adjusted Book End of Test Year	[OC-2.2] Allocated A/D Sierra Vista	[OC-2.3] Allocated A/D Glendale	Not Used			Not Used
4	301	Organization Cost		\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
5	302	Franchise Cost		-		-					-	
6	303	Land and Land Rights		-		-					-	
7	304	Structures & Improvements		30,728		30,728	7	168			175	
8	305	Collecting & Impounding Reservoirs		-		-					-	
9	306	Lake, River, Canal Intakes		-		-					-	
10	307	Wells & Springs		74,468		74,468					74,468	
11	308	Infiltration Galleries		-		-					-	
12	309	Raw Water Supply Mains		-		-					-	
13	310	Power Generation Equipment		-		-					-	
14	311	Pumping Equipment		123,624		123,624					123,624	
15	320	Water Treatment Equipment		-		-					-	
16	320.1	Water Treatment Plants		-		-					-	
17	320.2	Solution Chemical Feeders		2,486		2,486					2,486	
18	320.3	Point-of-Use Treatment Devices		-		-					-	
19	320.4	Arsenic Treatment Media		-		-					-	
20	330	Distribution Reservoirs & Standpipes		-		-					-	
21	330.1	Storage Tanks		123,300		123,300					123,300	
22	330.2	Pressure Tanks		664		664					664	
23	331	Transmission & Distribution Mains		586,900		586,900					586,900	
24	333	Services		114,380		114,380					114,380	
25	334	Meters		61,765		61,765					61,765	
26	335	Hydrants		-		-					-	
27	336	Backflow Prevention Devices		443		443					443	
28	339	Other Plant & Misc. Equipment		-		-					-	
29	340	Office Furniture & Equipment		-		-	27	28			54	
30	340.1	Computers & Software		-		-		992			992	
31	341	Transportation Equipment		-		-	9,104	-			9,104	
32	342	Stores Equipment		-		-					-	
33	343	Tools, Shop & Garage Equipment		-		-	116	-			116	
34	344	Laboratory Equipment		-		-					-	
35	345	Power Operated Equipment		-		-					-	
36	346	Communication Equipment		638		638					638	
37	347	Miscellaneous Equipment		-		-					-	
38	348	Other Tangible Plant		-		-					-	
39			1,118,420	(1,118,420)		-					-	
40		TOTALS	\$ 1,118,420	\$ 977	\$ -	\$ 1,119,397	\$ 9,254	\$ 1,188	\$ -	\$ -	\$ 10,442	\$ 1,129,839
41		Equity Adjustments (Schedule D-1)		\$ (977)	\$ -				\$ -			\$ (977)
43		Accumulated Depreciation per Books									\$ 1,118,420	
45		Increase / (Decrease) in Accumulated Depreciation									\$ 11,419	

Supporting Schedules:

Workpapers:

See following pages for workpapers

Classify Accumulated Depreciation to Plant Accounts

This adjustment classifies accumulated depreciation to various plant accounts based on detailed plant and depreciation schedule.

Line No.	Plant Acct Description	Accumulated Depreciation Per Detailed Plant Schedule	Accumulated Depreciation Per General Ledger	Adjustment
1	301 Organization Cost	\$ -	-	\$ -
2	302 Franchise Cost	-	-	-
3	303 Land and Land Rights	-	-	-
4	304 Structures & Improvements	30,728.30	-	30,728.30
5	305 Collecting & Impounding Reservoirs	-	-	-
6	306 Lake, River, Canal Intakes	-	-	-
7	307 Wells & Springs	74,468.36	-	74,468.36
8	308 Infiltration Galleries	-	-	-
9	309 Raw Water Supply Mains	-	-	-
10	310 Power Generation Equipment	-	-	-
11	311 Pumping Equipment	123,624.26	-	123,624.26
12	320 Water Treatment Equipment	-	-	-
13	320.1 Water Treatment Plants	-	-	-
14	320.2 Solution Chemical Feeders	2,486.13	-	2,486.13
15	320.3 Point-of-Use Treatment Devices	-	-	-
16	320.4 Arsenic Treatment Media	-	-	-
17	330 Distribution Reservoirs & Standpipes	-	-	-
18	330.1 Storage Tanks	123,300.02	-	123,300.02
19	330.2 Pressure Tanks	663.63	-	663.63
20	331 Transmission & Distribution Mains	586,900.17	-	586,900.17
21	333 Services	114,379.54	-	114,379.54
22	334 Meters	61,765.04	-	61,765.04
23	335 Hydrants	-	-	-
24	336 Backflow Prevention Devices	443.45	-	443.45
25	339 Other Plant & Misc. Equipment	-	-	-
26	340 Office Furniture & Equipment	-	-	-
27	340.1 Computers & Software	-	-	-
28	341 Transportation Equipment	-	-	-
29	342 Stores Equipment	-	-	-
30	343 Tools, Shop & Garage Equipment	-	-	-
31	344 Laboratory Equipment	-	-	-
32	345 Power Operated Equipment	-	-	-
33	346 Communication Equipment	638.03	-	638.03
34	347 Miscellaneous Equipment	-	-	-
35	348 Other Tangible Plant	-	-	-
36			1,118,419.69	(1,118,419.69)
37		\$ 1,119,396.94	\$ 1,118,419.69	\$ 977.25
38				
39				
40	Total Increase/(Decrease) in Accumulated Depreciation			\$ 977.25

Workpapers:

Mescal book depreciation.xlsx, Tab: Plant

44
45

Allocated Corporate Accumulated Depreciation - Sierra Vista Operations Office

This adjustment allocates Hearthstone Water corporate accumulated depreciation associated with the plant located at the Sierra Vista Operations Office serving the Mescal Lakes water system. The costs are allocated based on a 3-Factor allocation methodology between the five water and two sewer operations serviced by the Sierra Vista Operations Office.

Line No.	Plant Acct	Description	Allocated A/D
1			
2	304	Structures & Improvements	6.83
3	340	Office Furniture & Equip	26.78
4	340.1	Computer & Software	-
5	341	Transportation Equip	9,103.92
6	343	Tools, Shop & Garage Equip	116.47
7			9,254.00
8			
9			
10		Total Increase/(Decrease) in Accumulated Depreciation	\$ 9,254.00
11			
12		<u>Workpapers:</u>	
13		HWS Shared Cost Allocation.xlsx	
14		HWI 3-Factor Allocation 2023.08.31 (Annualized) Rev2.xlsx	
15			

Allocated Corporate Accumulated Depreciation - Glendale Corporate Office

This adjustment allocates Hearthstone Water corporate accumulated depreciation associated with the plant located at the Glendale, Arizona Corporate Office. The costs are allocated based on a 3-Factor allocation methodology between all Hearthstone Water utility subsidiaries.

Line No.	Plant Acct	Description	Allocated A/D
1			
2	304	Structures & Improvements	167.82
3	340	Office Furniture & Equip	27.62
4	340.1	Computer & Software	992.18
5	341	Transportation Equip	-
6	343	Tools, Shop & Garage Equip	-
7			<u>1,187.62</u>
8			
9			
10		Total Increase/(Decrease) in Accumulated Depreciation	<u>\$ 1,187.62</u>
11			
12		<u>Workpapers:</u>	
13		HWS Shared Cost Allocation.xlsx	
14		HWI 3-Factor Allocation 2023.08.31 (Annualized) Rev2.xlsx	
15			

Contributions-In-Aid of Construction (CIAC) and Accumulated Amortization of CIAC

<u>Line No.</u>		<u>CIAC</u>	<u>Accumulated Amortization</u>
1			
2	Workpaper Balance at 08/31/2023	\$ 492,902.04	\$ 288,527.48
3			
4	Book Balance at 08/31/2023	\$ 492,902.04	\$ 289,502.97
5			
6	Increase / (Decrease) in CIAC or AA CIAC	\$ -	\$ (975.49)
7			
8	Equity Adjustments (Schedule D-1)	\$ -	\$ (975.49)
9			
10			
11			
12			
13			
14			
15	<u>Supporting Schedules:</u>	<u>Workpaper:</u>	
16	Schedule B-2, Page 8	Mescal book depreciation.xlsx, Tab: CIAC	
17			

Line No.		<u>Working Capital</u>
1		
2	Cash Working Capital	\$ 21,657
3		
4	Material and Supplies Inventories	-
5		
6	Working Funds and Special Deposits	
7		
8		
9		
10	Prepayments	.51
11		
12	Total Working Capital Allowance	<u>\$ 21,708</u>
13		
14	<u>Supporting Schedules:</u>	
15	E-1	
16		

Recap Schedules:
B-1

Line		
<u>No.</u>		
1		
2	Operation and Maintenance Expense	\$ 164,577
3	Less depreciation, taxes, purchased	
4	power and purchased water	
5	Factor - 1/8	<u>0.1250</u>
6		\$ 20,572
7		
8	Purchased Power and Purchased Water	\$ 26,037
9	Factor - 1/24	<u>0.0417</u>
10		\$ 1,085
11		
12	Total Cash Working Capital	<u>\$ 21,657</u>
13		
14		

Mescal Lakes Water Systems, Inc.
 Test Year Ended August 31, 2023
 Adjusted Test Year Income Statement

Exhibit: RJ-DT2
 Schedule C-1
 Page 1
 Witness: Jones

Line No.		Actual for Test Year Ended 8/31/2023	Total Pro forma Adjustments	Test Year Results After Pro forma Adjustments	Proposed Rate Increase	Adjusted With Rate Increase
1	Revenues					
2	461 Metered Water Revenues	\$ 262,681	\$ 7,198	\$ 269,880	(41,977)	\$ 227,902
3	469 Guaranteed Revenues	-	-	-	-	-
4	471 Miscellaneous Service Revenue	9,612	(1,792)	7,820	-	7,820
5	474 Other Water Revenues	-	-	-	-	-
6	Total Revenues	\$ 272,294	\$ 5,406	\$ 277,700	\$ (41,977)	\$ 235,722
7	Operating Expenses					
8	601 Salaries and Wages	\$ -	\$ 69,832	\$ 69,832		\$ 69,832
9	603 Salaries and Wages - Officers and Directors	-	-	-		-
10	604 Employee Pension and Benefits	-	4,384	4,384		4,384
11	610 Purchased Water	-	-	-		-
12	615 Purchased Power	26,037	-	26,037		26,037
13	618 Chemicals	1,737	-	1,737		1,737
14	620 Materials and Supplies	-	-	-		-
15	620.1 Repairs and Maintenance	2,353	4,101	6,454		6,454
16	620.2 Office Supplies Expense	7,197	1,964	9,161		9,161
17	631 Contractual Services - Engineering	2,000	-	2,000		2,000
18	632 Contractual Services - Accounting	223	52	274		
19	633 Contractual Services - Legal	926	117	1,042		1,042
20	634 Contractual Services - Management Fees	123,781	(93,682)	30,099		30,099
21	635 Contractual Services - Testing	3,517	-	3,517		3,517
22	636 Contractual Services - Other	760	7,650	8,409		8,409
23	641 Rent - Buildings	-	2,914	2,914		2,914
24	642 Rent - Equipment	-	-	-		-
25	650 Transportation Expense	2,647	4,205	6,852		6,852
26	656 Insurance - Vehicle	-	-	-		-
27	657 Insurance - General Liability	4,100	681	4,781		4,781
28	658 Insurance - Worker's Compensation	-	171	171		171
29	659 Insurance - Other	-	5,556	5,556		5,556
30	666 Regulatory Commission Expense - Rate Case	7,181	(7,181)	-		-
31	667 Regulatory Expense - Other	45	-	45		45
32	670 Bad Debt Expense	3,631	-	3,631	(549)	3,082
33	675 Miscellaneous Expense	1,769	1,948	3,717		3,717
34	403 Depreciation Expense	17,983	3,669	21,653		21,653
35	407 Amortization Expense	-	-	-		-
36	408 Taxes Other Than Income	-	4,531	4,531		4,531
37	408.11 Property Taxes	10,295	2,308	12,602	(660)	11,942
38	409 Income Tax	14,062	(2,267)	11,795	(10,139)	1,655
39	427.1 Interest Expense Security Deposits	877	-	877		877
40	Total Operating Expenses	\$ 231,119	\$ 10,952	\$ 242,071	\$ (11,349)	\$ 230,723
41	Operating Income	\$ 41,175	\$ (5,546)	\$ 35,628	\$ (30,629)	\$ 5,000
42	Other Income (Expense)					
43	419 Interest and Dividend Income	\$ -	\$ -	\$ -		\$ -
44	421 Non-Utility Income	\$ 683	\$ -	\$ 683		\$ 683
45	426 Miscellaneous Non-Utility Expenses	-	-	-		-
46	427 Interest Expense	-	-	-		-
47	428 Amortization of Debt Discount and Expense	-	-	-		-
48	429 Amortization of Premium on Debt	-	-	-		-
49	Total Other Income (Expense)	\$ 683	\$ -	\$ 683	\$ -	\$ 683
50	Net Income (Loss)	\$ 41,858	\$ (5,546)	\$ 36,312	\$ (30,629)	\$ 5,683

51
 52 Supporting Schedules:
 53 E-2

Recap Schedules:
 A-1

54
 55

Line No.		Actual for Test Year Ended 8/31/2023	ADJ IS-1	ADJ IS-2	ADJ IS-3	ADJ IS-4	ADJ IS-5	ADJ IS-6
1	Revenues							
2	461 Metered Water Revenues	\$ 262,681				\$ 958	\$ 6,240	
3	469 Guaranteed Revenues	-						
4	471 Miscellaneous Service Revenue	9,612				(1,792)		
5	474 Other Water Revenues	-						
6	Total Revenues	\$ 272,294	\$ -	\$ -	\$ -	\$ (834)	\$ 6,240	\$ -
7	Operating Expenses							
8	601 Salaries and Wages	\$ -		\$ 50,476	\$ 19,356			
9	603 Salaries and Wages - Officers and Directors	-						
10	604 Employee Pension and Benefits	-		3,051	1,333			
11	610 Purchased Water	-						
12	615 Purchased Power	26,037						
13	618 Chemicals	1,737						
14	620 Materials and Supplies	-						
15	620.1 Repairs and Maintenance	2,353		4,101				
16	620.2 Office Supplies Expense	7,197		1,688	276			
17	631 Contractual Services - Engineering	2,000						
18	632 Contractual Services - Accounting	223				52		
19	633 Contractual Services - Legal	926				117		
20	634 Contractual Services - Management Fees	123,781	(66,181)		(27,501)			
21	635 Contractual Services - Testing	3,517						
22	636 Contractual Services - Other	760				7,650		
23	641 Rent - Buildings	-		2,034	879			
24	642 Rent - Equipment	-						
25	650 Transportation Expense	2,647		4,193	13			
26	656 Insurance - Vehicle	-						
27	657 Insurance - General Liability	4,100				681		
28	658 Insurance - Worker's Compensation	-		143	27			
29	659 Insurance - Other	-		5,387	169			
30	666 Regulatory Commission Expense - Rate Case	7,181						(7,181)
31	667 Regulatory Expense - Other	45						
32	670 Bad Debt Expense	3,631						
33	675 Miscellaneous Expense	1,769		866	1,082			
34	403 Depreciation Expense	17,983		4,954	1,414			
35	407 Amortization Expense	-						
36	408 Taxes Other Than Income	-		3,476	1,055			
37	408.11 Property Taxes	10,295						
38	409 Income Tax	14,062						
39	427.1 Interest Expense Security Deposits	877						
40	Total Operating Expenses	\$ 231,119	\$ (66,181)	\$ 80,370	\$ 6,603	\$ -	\$ -	\$ (7,181)
41	Operating Income	\$ 41,175	\$ 66,181	\$ (80,370)	\$ (6,603)	\$ (834)	\$ 6,240	\$ 7,181
42	Other Income (Expense)							
43	419 Interest and Dividend Income	\$ -						
44	421 Non-Utility Income	683						
45	426 Miscellaneous Non-Utility Expenses	-						
46	427 Interest Expense	-						
47	428 Amortization of Debt Discount and Expense	-						
48	429 Amortization of Premium on Debt	-						
49	Total Other Income (Expense)	\$ 683	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
50	Net Income (Loss)	\$ 41,858	\$ 66,181	\$ (80,370)	\$ (6,603)	\$ (834)	\$ 6,240	\$ 7,181

52 Supporting Schedules:

Recap Schedules:

C-1

53
54
55

Line No.		Not Used IS-7	ADJ IS-8	ADJ IS-9	ADJ IS-10	Total Adjustments	Test Year Adjusted Results
1	Revenues						
2	461 Metered Water Revenues					\$ 7,198	\$ 269,880
3	469 Guaranteed Revenues					-	-
4	471 Miscellaneous Service Revenue					(1,792)	7,820
5	474 Other Water Revenues					-	-
6	Total Revenues	\$ -	\$ -	\$ -	\$ -	\$ 5,406	\$ 277,700
7	Operating Expenses						
8	601 Salaries and Wages					\$ 69,832	\$ 69,832
9	603 Salaries and Wages - Officers and Directors					-	-
10	604 Employee Pension and Benefits					4,384	4,384
11	610 Purchased Water					-	-
12	615 Purchased Power					-	26,037
13	618 Chemicals					-	1,737
14	620 Materials and Supplies					-	-
15	620.1 Repairs and Maintenance					4,101	6,454
16	620.2 Office Supplies Expense					1,964	9,161
17	631 Contractual Services - Engineering					-	2,000
18	632 Contractual Services - Accounting					52	274
19	633 Contractual Services - Legal					117	1,042
20	634 Contractual Services - Management Fees					(93,682)	30,099
21	635 Contractual Services - Testing					-	3,517
22	636 Contractual Services - Other					7,650	8,409
23	641 Rent - Buildings					2,914	2,914
24	642 Rent - Equipment					-	-
25	650 Transportation Expense					4,205	6,852
26	656 Insurance - Vehicle					-	-
27	657 Insurance - General Liability					681	4,781
28	658 Insurance - Worker's Compensation					171	171
29	659 Insurance - Other					5,556	5,556
30	666 Regulatory Commission Expense - Rate Case					(7,181)	-
31	667 Regulatory Expense - Other					-	45
32	670 Bad Debt Expense					-	3,631
33	675 Miscellaneous Expense					1,948	3,717
34	403 Depreciation Expense		(2,698)			3,669	21,653
35	407 Amortization Expense					-	-
36	408 Taxes Other Than Income:					4,531	4,531
37	408.11 Property Taxes			2,308		2,308	12,602
38	409 Income Tax				(2,267)	(2,267)	11,795
39	427.1 Interest Expense Security Deposits					-	877
40	Total Operating Expenses	\$ -	\$ (2,698)	\$ 2,308	\$ (2,267)	\$ 10,952	\$ 242,071
41	Operating Income	\$ -	\$ 2,698	\$ (2,308)	\$ 2,267	\$ (5,546)	\$ 35,628
42	Other Income (Expense)						
43	419 Interest and Dividend Income					\$ -	\$ -
44	421 Non-Utility Income					-	683
45	426 Miscellaneous Non-Utility Expenses					-	-
46	427 Interest Expense					-	-
47	428 Amortization of Debt Discount and Expense					-	-
48	429 Amortization of Premium on Debt					-	-
49	Total Other Income (Expense)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 683
50	Net Income (Loss)	\$ -	\$ 2,698	\$ (2,308)	\$ 2,267	\$ (5,546)	\$ 36,312

51 Supporting Schedules:

52
 53
 54
 55

Line

No.

1 Adjust Management Fees to eliminate Southwestern Utility Management Fees
 2
 3 This adjustment removes management fees paid to Southwestern Utility Management (SUM)
 4 during the test year. This adjustment is necessary because Mescal Lakes discontinued
 5 the use of SUM and is providing the services formerly provided by SUM via a new workforce
 6 employed by Hearthstone Water or via shared services provided by Hearthstone Water.
 7

8
 9 Southwestern Utility Management Costs

<u>NARUC</u>	<u>Account</u>	<u>TY Amount</u>	<u>Adjustment</u>
634	Contractual Services - Management Fees	66,181.00	(66,181.00)
		<u>\$ 66,181.00</u>	<u>\$ (66,181.00)</u>
	Increase/(Decrease) in Contractual Services - Management Fees		<u>\$ (66,181.00)</u>

19 Workpaper:
 20 HWS Rate Case Data.xlsx, Tab: NW IS
 21

Line
No.

1 Allocate cost of New Workforce and Related Costs
 2
 3 This adjustment allocates costs for personnel and operations incurred to operate the
 4 Mescal Lakes water system. The costs are allocated based on a 3-Factor allocation methodology
 5 between the five water and two sewer operations serviced by Hearthstone Water's Sierra Vista
 6 Operations office upon discontinuation of services provided by Southwestern Utility Management.
 7

			Test Year	
	<u>NARUC</u>	<u>Account</u>	<u>Allocation</u>	<u>Adjustment</u>
10	601	Salaries and Wages	\$ 50,475.55	50,475.55
11	604	Employee Pension and Benefits	3,050.55	3,050.55
12	620.1	Repairs and Maintenance	4,101.21	4,101.21
13	620.2	Office Supplies Expense	1,688.33	1,688.33
14	641	Rent - Buildings	2,034.29	2,034.29
15	650	Transportation Expense	4,192.73	4,192.73
16	658	Insurance -Worker's Compensation	143.31	143.31
17	659	Insurance -Other	5,386.94	5,386.94
18	675	Miscellaneous Expense	866.47	866.47
19	403	Depreciation Expense	4,954.06	4,954.06
20	408	Taxes Other Than Income	3,476.41	3,476.41
21				
22			\$ 80,369.85	\$ 80,369.85

25 Increase/(Decrease) in Net Income \$ 80,369.85

26
 27 Workpaper:
 28 HWS Shared Cost Allocation.xlsx
 29 HWI 3-Factor Allocation 2023.08.31 (Annualized) Rev2.xlsx
 30

Line

No.

1 Normalize Shared Services Cost
 2
 3 This adjustment updates and allocates management fees to reflect the actual ongoing cost of shared services
 4 provided by Hearthstone Water and affiliates. Shared services costs are allocated to all utilities
 5 owned by Hearthstone Water based on a 3-Factor allocation methodology.
 6

7 Allocated Shared Services (Annualized):

<u>NARUC</u>	<u>Account</u>	<u>Amount</u>
9 601	Salaries and Wages	\$ 19,356.30
10 604	Employee Pension and Benefits	1,333.06
11 620.2	Office Supplies Expense	276.09
12 632	Contractual Services - Accounting	51.90
13 633	Contractual Services - Legal	116.54
14 634	Contractual Services - Management Fees	30,098.57
15 636	Contractual Services - Other	2,995.56
16 636	636.10 - Contractual Svcs - EWM Acct	1,140.22
17 636	636.20 - Contractual Svcs - EWM CSR	3,514.01
18 641	Rent - Buildings	879.48
19 650	Transportation Expense	12.71
20 657	Insurance - General Liability	680.80
21 658	Insurance - Worker's Compensation	27.49
22 659	Insurance - Health & Life	169.28
23 675	Miscellaneous Expense	1,081.98
24 403	Depreciation Expense	1,413.68
25 408	Taxes Other Than Income	1,054.98
26		<u>\$ 64,202.65</u>
27	Less Test Year Triton Management Fees Paid:	
28 634	Contractual Services Management Fees	(57,600.00)
29		
30	Increase/(Decrease) in Management Fees & Operating Expenses	<u>\$ 6,602.65</u>

32 Workpaper:

- 33 HWS Shared Cost Allocation.xlsx
- 34 HWI 3-Factor Allocation 2023.08.31 (Annualized) Rev2.xlsx
- 35 HWS Rate Case Data.xlsx, Tab: ML IS
- 36

Line
No.

1 Adjust Test Year Revenue to Actual

2
 3 Due to a delay in receiving monthly revenue reporting from Southwestern Utility Management, Mescal
 4 Lakesbooks estimated revenue each month. During the following month the estimated revenue
 5 entry is reversed and the actual revenue amount is booked. This causes test year revenue booked
 6 on the general ledger to incorrect. This adjustment corrects the revenue to reflect the actual revenue
 7 for the test year. This adjustment also eliminates nonrecurring reconciling entries.

<u>NARUC</u>	<u>Account</u>	<u>TY G/L</u> <u>Amount</u>	<u>Adjustment</u>
11 461	Metered Water Revenues	\$ 262,681.40	
12	Less: Estimates, Nonrecurring and Prev. Period	957.81	957.81
13	Adjusted Test Year Revenue	\$ 263,639.21	\$ 957.81
14			
15 471	Miscellaneous Service Revenue	\$ 9,633.28	
16	Less: Estimates, Nonrecurring and Prev. Period	(1,792.08)	(1,792.08)
17	Adjusted Test Year Revenue	\$ 7,841.20	\$ (1,792.08)
18			
19			
20	Increase/(Decrease) in Metered Water Revenues		<u>\$ 957.81</u>
21			
22	Increase/(Decrease) in Miscellaneous Service Revenues		<u>\$ (1,792.08)</u>
23			

24 Workpaper:
 25 HWS Rate Case Data.xlsx, Tab: ML Revenue
 26
 27

Line

No.

1 Adjust Metered Water Revenue

2

3 In accordance with Decision No. 78742, Mescal Lakes implemented new rates on November 1, 2022.

4 This adjustment increases revenue to include proforma revenue that would have been generated for
 5 the two month period from September 2022 through October 2022, assuing the rate increase had been
 6 in effect for the entire test year.

7

8

<u>NARUC</u>	<u>Account</u>	<u>Amount</u>	<u>Adjustment</u>
10	Proforma Revenue for Sept. and Oct. 2022	\$ 44,516.88	
11	Billed Revenue for Sept. and Oct. 2022	<u>38,276.57</u>	
12	Difference	\$ 6,240.31	
13			
14	461 Metered Water Revenues		\$ 6,240.31
15			
16	Increase/(Decrease) in Metered Water Revenues		<u>\$ 6,240.31</u>

17

18

19 Workpaper:

20 Mescal Bill Count.xlsx; Tab: Mescal Bills

21

Rate Case Expense

Line			
<u>No.</u>			
1	Estimated Rate Case Expense	\$	-
2			
3	Amortization Period (Years)		3
4			
5	Annualized Rate Case Expense	\$	-
6			
7	Test Year Rate Case Expense		<u>7,181</u>
8			
9	Increase / (Decrease) in Rate Case Expense	\$	<u>(7,181)</u>
10			

Normalize Depreciation & Amortization Expense

Line No.	Acct	Description	Adjusted Test Year Balance 8/31/2023	Non / Fully Depreciated Plant	Depreciable Plant	Proposed Depreciation Rate	Depreciation Expense
1							
2	301	Organization Cost	\$ 104	\$ (104)	\$ -	0.00%	\$ -
3	302	Franchise Cost	250	(250)	-	0.00%	-
4	303	Land and Land Rights	10,263	(10,263)	-	0.00%	-
5	304	Structures & Improvements	37,743	(7,304)	30,440	3.33%	1,014
6	305	Collecting & Impounding Reservoirs	-	-	-	2.50%	-
7	306	Lake, River, Canal Intakes	-	-	-	2.50%	-
8	307	Wells & Springs	84,465	(30,319)	54,146	3.33%	1,803
9	308	Infiltration Galleries	-	-	-	6.67%	-
10	309	Raw Water Supply Mains	-	-	-	2.00%	-
11	310	Power Generation Equipment	-	-	-	5.00%	-
12	311	Pumping Equipment	161,329	(46,775)	114,554	12.50%	14,319
13	320	Water Treatment Equipment	-	-	-	-	-
14	320.1	Water Treatment Plants	-	-	-	3.33%	-
15	320.2	Solution Chemical Feeders	4,064	-	4,064	20.00%	813
16	320.3	Point-of-Use Treatment Devices	-	-	-	10.00%	-
17	320.4	Arsenic Treatment Media	-	-	-	Note 1	-
18	330	Distribution Reservoirs & Standpipes	-	-	-	-	-
19	330.1	Storage Tanks	135,340	(63,553)	71,787	2.22%	1,594
20	330.2	Pressure Tanks	1,852	-	1,852	5.00%	93
21	331	Transmission & Distribution Mains	714,098	(567,782)	146,316	2.00%	2,926
22	333	Services	159,782	(55,733)	104,049	3.33%	3,465
23	334	Meters	87,396	(33,899)	53,497	8.33%	4,456
24	335	Hydrants	-	-	-	2.00%	-
25	336	Backflow Prevention Devices	854	-	854	6.67%	57
26	339	Other Plant & Misc. Equipment	-	-	-	6.67%	-
27	340	Office Furniture & Equipment	981	-	981	6.67%	65
28	340.1	Computers & Software	9,770	-	9,770	20.00%	1,954
29	341	Transportation Equipment	33,002	(3,082)	29,920	20.00%	5,984
30	342	Stores Equipment	-	-	-	4.00%	-
31	343	Tools, Shop & Garage Equipment	4,519	-	4,519	5.00%	226
32	344	Laboratory Equipment	-	-	-	10.00%	-
33	345	Power Operated Equipment	-	-	-	5.00%	-
34	346	Communication Equipment	4,504	-	4,504	10.00%	450
35	347	Miscellaneous Equipment	-	-	-	10.00%	-
36	348	OTHER Tangible Plant	-	-	-	-	-
37		TOTALS	\$ 1,450,315	\$ (819,063)	\$ 631,251		\$ 39,219
38							
39		Less: Amortization of CIAC	\$ 492,902	\$ (141,573)	351,329	5.00%	17,566
40		Adjusted Test Year Depreciation Expense					\$ 21,653
41							
42		Test Year Depreciation Expense					17,983
43		Allocated HWI Depreciation Expense					6,368
44							24,351
45							
46		Increase / (Decrease) in Depreciation Expense					\$ (2,698)
47							
48							

Note 1: The depreciation rate to be set in accordance with the specific service life of the arsenic media.

Property Tax Expense

Line No.	Description	Company As Adjusted	Company Proposed
1	Adjusted Test Year Revenue	\$ 277,700 x3	\$ 277,700 x2
2			
3	Proposed Revenues after Increase		235,722 x1
4			
5	3-Year Revenue Total	833,099	791,122
6			
7	Average of three year's of revenue	277,700	263,707
8	Average of three year's of revenue, times 2	555,400	527,415
9	Add:		
10	Construction Work In Progress at 10%	2,637	2,637
11	Deduct:		
12	Net Book Value of Transportation Equipment	23,898	23,898
13			
14	Full Cash Value	534,138	506,153
15	Assessment Ratio (2024 Tax Year)	16.5%	16.5%
16	Assessed Value	88,133	83,515
17	Property Tax Rate (2023 Tax Year)	14.2993%	14.2993%
18			
19	Adjusted Test Year Property Tax	\$ 12,602	
20	Recorded Test Year Property Tax	10,295	
21	Test Year Adjustment	\$ 2,308	
22			
23	Property Tax at Proposed Rates		\$ 11,942
24	Adjusted Test Year Property Tax		12,602
25	Increase in Property Tax due to Rate Increase		\$ (660)
26			
27	<u>Calculation of Property Tax Factor</u>		
28	Increase to Property Tax Expense		\$ (660)
29	Increase in Revenue Requirement		\$ (41,977)
30	Property Tax Factor (L25 / L26)		1.5729%
31			

Income Tax Expense

Line No.	Description	Adjusted Test Year	Proposed with Increase
1			
2	<u>Calculation of Income Tax:</u>		
3	Revenue	\$ 277,700	\$ 235,722
4	Less: Operating Expenses (Excluding Income Taxes)	230,277	229,068
5	Less: Synchronized Interest	-	-
6	State Taxable Income	<u>\$ 47,423</u>	<u>\$ 6,655</u>
7			
8	All Income at 4.90%	2,324	326
9			
10	State Income Tax	<u>\$ 2,324</u>	<u>\$ 326</u>
11			
12	Federal Taxable Income	\$ 45,099	\$ 6,329
13			
14	All Income at 21.00%	9,471	1,329
15			
16	Total Federal Income Tax	<u>\$ 9,471</u>	<u>\$ 1,329</u>
17			
18	Combined Federal and State Income Tax	<u>\$ 11,795</u>	<u>\$ 1,655</u>
19			
20	Effective State Tax Rate	4.9000%	4.9000%
21	Effective Federal Tax Rate	21.0000%	21.0000%
22	Effective Combined Tax Rate	24.8710%	24.8710%
23			
24	Applicable Arizona State Income Tax Rate (Rate Applicable to Revenue Increase)		4.9000%
25	Applicable Federal Income Tax Rate (Rate Applicable to Revenue Increase)		21.0000%
26			
27	<u>Calculation of Interest Synchronization</u>		
28	Rate Base	\$ 49,997	
29	Weighted Average Cost of Debt	0.0000%	
30	Synchronized Interest	<u>\$ -</u>	
31			
32	<u>Income Tax Adjustments</u>		
33	Test Year Income Taxes - Booked	<u>\$ 14,062</u>	
34	Increase / (decrease) in Income Taxes (L21 - L32)	<u>(2,267)</u>	
35			
36	Test Year Income Taxes - Adjusted		<u>\$ 11,795</u>
37	Increase / (decrease) in Federal Income Taxes (L21 - L35)		<u>(10,139)</u>
38			
39			

Line			
No.	<u>Calculation of Gross Revenue Conversion Factor</u>		
1	Revenue		100.0000%
2	Uncollectable Factor (Line 11)		0.9824%
3	Revenue (L1 - L2)		<u>99.0176%</u>
4	Combined Income Tax and Property Tax Rate (Line 23)		<u>26.0527%</u>
5	Operating Income Percentage (L3 -L4)		<u>72.9649%</u>
6	Gross Revenue Conversion Factor (L1 / L5)		<u><u>1.370522</u></u>
	<u>Calculation of Uncollectable Factor</u>		
7	Unity		100.0000%
8	Combined Federal and State Tax Rate (Line 17)		<u>24.8710%</u>
9	One Minus Combined Federal and State Tax Rate (L7 - L8)		<u>75.1290%</u>
10	Uncollectable Rate (Line 26)		<u>1.3076%</u>
11	Uncollectable Factor (L9 * L10)		0.9824%
	<u>Calculation of Effective Tax Rate</u>		
12	Operating Income Before Taxes		100.0000%
13	Applicable Arizona State Tax Rate (from Schedule C-2)		<u>4.9000%</u>
14	Federal Taxable Income (L12 - L13)		<u>95.1000%</u>
15	Applicable Federal Tax Rate (from Schedule C-2)		<u>21.0000%</u>
16	Effective Federal Tax Rate (L14 * L15)		<u>19.9710%</u>
17	Combined Federal and State Tax Rate (L13 + L16)		<u>24.8710%</u>
	<u>Calculation of Effective Property Tax Rate</u>		
18	Unity		100.0000%
19	Combined Federal and State Tax Rate (Line 17)		<u>24.8710%</u>
20	One Minus Combined Income Tax Rate (L18 - L19)		<u>75.1290%</u>
21	Property Tax Factor (from Schedule C-2)		<u>1.5729%</u>
22	Effective Property Tax Factor (L20 * L21)		<u>1.1817%</u>
23	Combined Federal and State Income Tax Rate and Property Tax Rate (L17 + L22)		<u><u>26.0527%</u></u>
	<u>Calculation of Uncollectable Rate</u>		
24	Bad Debt Expense (from Schedule C-1)	\$ 3,631	
25	Total Revenues (from Schedule C-1)	<u>277,700</u>	
26	Uncollectable Rate (L24 / L25)		1.3076%
27	Revenue Increase (from Schedule C-1)	\$ (41,977)	
28	Uncollectable Rate (Line 26)	<u>1.3076%</u>	
29	Bad Debt Expense due to Increase	\$ (549)	
30	<u>Supporting Schedules:</u>		<u>Recap Schedules:</u>
31			A-1

Line No.	End of Test Year			End of Projected Year			
	Amount Outstanding	Annual Interest	Interest Rate	Amount Outstanding	Annual Interest	Interest Rate	
4	<u>Total Company Long-Term Debt</u>			\$ -	\$ -	0.000%	
5				\$ -	\$ -	0.000%	
6				\$ -	\$ -	0.000%	
7				\$ -	\$ -	0.000%	
8	<u>Total Long-Term Debt</u>	<u>\$ -</u>	<u>\$ -</u>	<u>0.000%</u>	<u>\$ -</u>	<u>\$ -</u>	<u>0.000%</u>
9							
10							
11	<u>Short-Term Debt</u>						
12	None						
13							
14	<u>Total Short-Term Debt</u>	<u>\$ -</u>	<u>\$ -</u>	<u>0.000%</u>	<u>\$ -</u>	<u>\$ -</u>	<u>0.000%</u>
15							
16	<u>Total All Debt</u>	<u>\$ -</u>	<u>\$ -</u>	<u>#DIV/0!</u>	<u>\$ -</u>	<u>\$ -</u>	<u>#DIV/0!</u>
17							
18							
19							
20							
21							
22	<u>Supporting Schedules:</u>			<u>Recap Schedules:</u>			
23	E-1			D-1			
24							

Line No.		Test Year Ended 8/31/2023	Prior Year Ended 8/31/2022	Prior Year Ended 8/31/2021
1	ASSETS			
2	PROPERTY PLANT AND EQUIPMENT			
3	101 Utility Plant In Service	\$ 1,399,443	\$ 1,392,642	\$ 1,366,219
4	103 Plant Held for Future Use	-	-	-
5	105 Construction Work in Progress	26,365	28,541	2,701
6	108 Accumulated Depreciation	(1,118,420)	(1,082,949)	(1,039,987)
7	114 Utility Plant Acquisition Adjustments	-	-	-
8	121 Non Utility Property	-	-	-
9	122 Accumulated Depreciation Nonutility Property	-	-	-
10	Net Plant	<u>\$ 307,388</u>	<u>\$ 338,234</u>	<u>\$ 328,932</u>
11				
12	CURRENT ASSETS			
13	131 Cash and Equivalents	\$ 36,347	\$ 12,701	\$ 15,834
14	132 Special Deposits	-	-	-
15	141 Customer Accounts Receivable	33,749	16,576	5,793
16	142 Other Accounts Receivable	-	-	-
17	143 Accumulated Provision for Uncollectible Accounts	-	-	-
18	145 Accounts Receivable from Associated Companies	-	-	-
19	146 Notes Receivable from Associated Companies	-	-	-
20	151 Plant Materials and Supplies	-	-	-
21	162 Prepayments	51	6,875	-
22	174 Miscellaneous Current and Accrued Assets	-	-	-
23	Total Current Assets	<u>\$ 70,148</u>	<u>\$ 36,153</u>	<u>\$ 21,626</u>
24				
25	DEFERRED DEBITS			
26	181 Unamortized Debt and Discount Expense	\$ -	\$ -	\$ -
27	186 Miscellaneous Deferred Debits	25,134.30	17,483.00	-
28	190 Accumulated Deferred Income Taxes	63,982	57,552	35,247
29	Total Deferred Debits	<u>\$ 89,116</u>	<u>\$ 75,035</u>	<u>\$ 35,247</u>
30				
31	TOTAL ASSETS	<u>\$ 466,653</u>	<u>\$ 449,422</u>	<u>\$ 385,806</u>
32				

Line No.		Test Year Ended 8/31/2023	Prior Year Ended 8/31/2022	Prior Year Ended 8/31/2021
1	LIABILITIES AND STOCKHOLDERS' EQUITY			
2	CAPITAL ACCOUNTS			
3	201 Common Stock	\$ 100	\$ 100	\$ 100
4	211 Paid in Capital	159,638	159,638	159,638
5	215 Retained Earnings	(113,425)	(155,283)	(189,802)
6	Total Capital	<u>\$ 46,313</u>	<u>\$ 4,455</u>	<u>\$ (30,064)</u>
7				
8	LONG-TERM DEBT			
9	221 Bonds	\$ -	\$ -	\$ -
10	224 Other Long-Term Debt	-	-	-
11	Total long-Term Debt	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
12				
13	CURRENT LIABILITIES			
14	231 Accounts Payable	\$ 54,311	\$ 75,633	\$ 22,992
15	232 Notes Payable	-	-	-
16	233 Accounts Payable Associated Companies	57	-	-
17	234 Notes Payable Associated Companies	-	-	-
18	235 Customer Deposits	18,706	22,276	27,141
19	236 Accrued Taxes	9,121	8,778	8,780
20	237 Accrued Interest	-	-	-
21	241 Miscellaneous Current Liabilities	1,658	1,394	965
22	Total Current Liabilities	<u>\$ 83,852</u>	<u>\$ 108,081</u>	<u>\$ 59,878</u>
23				
24	DEFERRED CREDITS			
25	251 Unamortized Premium on Debt	\$ -	\$ -	\$ -
26	252 Advances in Aid of Construction	116,539	122,803	124,421
27	253 Other Deferred Credits	-	-	-
28	271 Contributions in Aid of Construction	492,902	486,099	486,099
29	272 Accumulated Amortization CIAC	(289,503)	(272,015)	(254,528)
30	281 Accumulated Deferred Income Tax	16,550	-	-
31	Total Deferred Credits	<u>\$ 336,488</u>	<u>\$ 336,887</u>	<u>\$ 355,992</u>
32				
33	Total Liabilities & Common Equity	<u>\$ 466,653</u>	<u>\$ 449,422</u>	<u>\$ 385,806</u>
34				
35	<u>Supporting Schedules:</u>	<u>Workpapers:</u>	<u>Recap Schedules:</u>	
36	E-5	HWI Rate Case Data.xlsx, Tab:ML BS	A-3	
37				

Mescal Lakes Water Systems, Inc.
Test Year Ended August 31, 2023
Comparative Income Statements

Exhibit: RLJ-DT2
Schedule E-2
Page 1
Witness: Jones

Line No.		Test Year Ended 8/31/2023	Prior Year Ended 8/31/2022	Prior Year Ended 8/31/2021
1	Revenues			
2	461 Metered Water Revenues	\$ 262,681	\$ 229,185	\$ 223,132
3	462 Fire Protection Revenue	-	-	-
4	471 Miscellaneous Service Revenue	9,612	4,199	3,706
5	474 Other Water Revenues	-	-	-
6	Total Revenues	\$ 272,294	\$ 233,384	\$ 226,838
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	26,037	19,291	18,328
13	618 Chemicals	1,737	773	992
14	620 Materials and Supplies	-	-	-
15	620.1 Repairs and Maintenance	2,353	3,755	8,832
16	620.2 Office Supplies Expense	7,197	2,710	2,376
17	631 Contractual Services - Engineering	2,000	-	-
18	632 Contractual Services - Accounting	223	375	895
19	633 Contractual Services - Legal	926	210	454
20	634 Contractual Services - Management Fees	123,781	141,391	135,887
21	635 Contractual Services - Testing	3,517	1,216	1,528
22	636 Contractual Services - Other	760	-	-
23	641 Rent - Buildings	-	-	-
24	642 Rent - Equipment	-	-	-
25	650 Transportation Expense	2,647	3,900	3,900
26	656 Insurance - Vehicle	-	-	-
27	657 Insurance - General Liability	4,100	2,311	2,170
28	658 Insurance - Worker's Compensation	-	-	-
29	659 Insurance - Other	-	-	-
30	666 Regulatory Commission Expense - Rate Case	7,181	-	-
31	667 Regulatory Expense - Other	45	45	240
32	668 Water Resource Conservation Expense	-	-	-
33	670 Bad Debt Expense	3,631	488	1,530
34	675 Miscellaneous Expense	1,769	2,004	271
35	403 Depreciation Expense	17,983	25,474	23,251
36	407 Amortization Expense	-	-	-
37	408 Taxes Other Than Income	-	-	-
38	408.11 Property Taxes	10,295	11,534	11,447
39	409 Income Tax	14,062	6,420	14,615
40	427.1 Interest Expense Security Deposits	877	466	536
41	Total Operating Expenses	\$ 231,119	\$ 222,363	\$ 227,252
42	Operating Income	\$ 41,175	\$ 11,021	\$ (413)
43	Other Income (Expense)			
44	419 Interest and Dividend Income	\$ -	\$ -	\$ -
45	421 Non-Utility Income	683.37	621.01	372.11
46	426 Miscellaneous Non-Utility Expenses	-	-	-
47	427 Interest Expense	-	-	-
48	428 Amortization of Debt Discount and Expense	-	-	-
49	429 Amortization of Premium on Debt	-	-	-
50	Total Other Income (Expense)	\$ 683	\$ 621	\$ 372
51	Net Income (Loss)	\$ 41,858	\$ 11,642	\$ (41)

52
53 Workpapers:
54 HWI Rate Case Data.xlsx, Tab:ML IS
55

Recap Schedules:
A-2

Mescal Lakes Water Systems, Inc.
 Test Year Ended August 31, 2023
 Comparative Statement of Changes in Financial Position

Exhibit: RLJ-DT2
 Schedule E-3
 Page 1
 Witness: Jones

Line No.		Test Year Ended 8/31/2023	Prior Year Ended 8/31/2022	Prior Year Ended 8/31/2021
1	<u>Source of Funds</u>			
2	Cash Flow from Operations:			
3	Net Income	\$ 41,858	\$ 11,642	\$ (41)
4	Adjustments to reconcile net income to net cash			
5	403 Depreciation and Amortization	17,983	25,474	23,251
6	Changes in Assets & Liabilities			
7	132 Special Deposits	-	-	-
8	141 Customer Accounts Receivable	(17,173)	(10,784)	8,076
9	143 Accumulated Provision for Uncollectible Accounts	-	-	-
10	145 Accounts Receivable from Associated Companies	-	-	-
11	146 Notes Receivable from Associated Companies	-	-	-
12	151 Plant Materials and Supplies	-	-	-
13	162 Prepayments	6,824	(6,875)	8,200
14	174 Miscellaneous Current and Accrued Assets	-	-	-
15	181 Unamortized Debt and Discount Expense	-	-	-
16	186 Miscellaneous Deferred Debits	(7,651)	(17,483)	-
17	190 Accumulated Deferred Income Taxes	(6,430)	(22,305)	(2,106)
18	231 Accounts Payable	(21,322)	52,642	17,951
19	232 Notes Payable	-	-	-
20	233 Accounts Payable Associated Companies	57	-	-
21	235 Customer Deposits	(3,570)	(4,865)	1,657
22	236 Accrued Taxes	343	(2)	98
23	237 Accrued Interest	-	-	-
24	241 Miscellaneous Current Liabilities	264	429	430
25	252 Advances in Aid of Construction	(6,264)	(1,618)	(16,312)
26	253 Other Deferred Credits	-	-	-
27	281 Accumulated Deferred Income Tax	16,550	-	-
28	Total From Operations	\$ 21,468	\$ 26,254	\$ 41,204
29				
30	Cash Flow from Financing:			
31	221 Bonds	-	-	-
32	224 Other Long-Term Debt	-	-	-
33	251 Unamortized Premium on Debt	-	-	-
34	271 Contributions in Aid of Construction	6,803	-	-
35	201 Common Stock	-	-	-
36	211 Paid in Capital	-	22,877	-
37	Total From Financing	\$ 6,803	\$ 22,877	\$ -
38				
39	<u>Application of Funds</u>			
40	Cash Flow from Investing Activities			
41	Capital Expenditures	(4,625)	(52,264)	(46,863)
42	Dividends Paid	-	-	-
43	Other	-	-	-
44	Total From Investing Activities	\$ (4,625)	\$ (52,264)	\$ (46,863)
45				
46	Change in Allocation between Departments & Other	\$ -	\$ -	\$ -
47				
48	Net Increase/(Decrease) in Cash	\$ 23,646	\$ (3,133)	\$ (5,659)
49				
50	Cash, Beginning of Year	\$ 12,701	\$ 15,834	\$ 21,493
51	Cash, End of Year	\$ 36,347	\$ 12,701	\$ 15,834

52
 53 Workpapers:

Recap Schedules:
 A-5

Mescal Lakes Water Systems, Inc.
 Test Year Ended August 31, 2023
 Statement of Changes in Stockholder's Equity

Exhibit: RLI-DT2
 Schedule E-4
 Page 1
 Witness: Jones

Line No.		Common Shares	Common Stk Member's Equity	Additional Paid In Capital	Retained Earnings	Total
1						
2						
3						
4	Balance, August 31, 2020	100	\$ 100	\$ 159,638	\$ (189,760)	\$ (30,023)
5	Additional Paid In Capital					-
6	Dividends				-	-
7	Adjustments/Other				-	-
8	Net Income				(41)	(41)
9						
10	Balance, August 31, 2021	100	\$ 100	\$ 159,638	\$ (189,802)	\$ (30,064)
11	Additional Paid In Capital				22,877	22,877
12	Dividends				-	-
13	Adjustments/Other				-	-
14	Net Income				11,642	11,642
15						
16	Balance, August 31, 2022	100	\$ 100	\$ 159,638	\$ (155,283)	\$ 4,455
17	Additional Paid In Capital					-
18	Dividends				-	-
19	Adjustments/Other				-	-
20	Net Income				41,858	41,858
21						
22	Balance, August 31, 2023	100	\$ 100	\$ 159,638	\$ (113,425)	\$ 46,313
23						
24						
25	<u>Supporting Schedules:</u>					<u>Recap Schedules:</u>
26						
27						

Line No.	Acct. No.	Plant Description	Plant Balance at 8/31/2022	Plant Additions, Reclassifications or Retirements	Plant Balance at 8/31/2023
1					
2	301	Organization Cost	\$ 104	\$ -	\$ 104
3	302	Franchise Cost	250	-	250
4	303	Land and Land Rights	10,263	-	10,263
5	304	Structures & Improvements	35,143	-	35,143
6	305	Collecting & Impounding Reservoirs	-	-	-
7	306	Lake, River, Canal Intakes	-	-	-
8	307	Wells & Springs	84,465	-	84,465
9	308	Infiltration Galleries	-	-	-
10	309	Raw Water Supply Mains	-	-	-
11	310	Power Generation Equipment	-	-	-
12	311	Pumping Equipment	161,329	-	161,329
13	320	Water Treatment Equipment	-	-	-
14	320.1	Water Treatment Plants	-	-	-
15	320.2	Solution Chemical Feeders	4,064	-	4,064
16	320.3	Point-of-Use Treatment Devices	-	-	-
17	320.4	Arsenic Treatment Media	-	-	-
18	330	Distribution Reservoirs & Standpipes	-	-	-
19	330.1	Storage Tanks	135,340	-	135,340
20	330.2	Pressure Tanks	1,852	-	1,852
21	331	Transmission & Distribution Mains	712,280	1,818	714,098
22	333	Services	154,800	4,983	159,782
23	334	Meters	87,396	-	87,396
24	335	Hydrants	-	-	-
25	336	Backflow Prevention Devices	854	-	854
26	339	Other Plant & Misc. Equipment	-	-	-
27	340	Office Furniture & Equipment	-	-	-
28	340.1	Computers & Software	-	-	-
29	341	Transportation Equipment	-	-	-
30	342	Stores Equipment	-	-	-
31	343	Tools, Shop & Garage Equipment	-	-	-
32	344	Laboratory Equipment	-	-	-
33	345	Power Operated Equipment	-	-	-
34	346	Communication Equipment	4,504	-	4,504
35	347	Miscellaneous Equipment	-	-	-
36	348	Other Tangible Plant	-	-	-
37					
38		TOTAL WATER PLANT	\$ 1,392,642	\$ 6,801	\$ 1,399,443

39
 40 Workpapers:
 41 FH Water Rate Case Data.xlsx; TAB:ML BS
 42
 43

Recap Schedules:
 E-1
 A-4

Line No.	Test Year Ended <u>8/31/2023</u>	Prior Year Ended <u>8/31/2022</u>	Prior Year Ended <u>8/31/2021</u>	
1				
2	Gallons Sold - By Class of Service (Thousands)			
3	Residential - Small Meters	29,822	31,216	32,679
4	Commercial - Small Meters	657	688	720
5	All Classes - Large Meters	343	359	376
6	Standpipe	0	0	0
7				
8	Total Gallons Sold	30,823	32,264	33,776
9				
10	Average Number of Customers			
11	Residential - Small Meters	524	515	516
12	Commercial - Small Meters	8	8	8
13	All Classes - Large Meters	4	4	4
14	Standpipe	1	1	1
15				
16	Total Average Number of Customers	537	528	529
17				
18	Gallons Per Residential Customer	56,913	60,614	63,332
19				
20	Revenue Per Residential Customer	\$ 492	\$ 428	\$ 416
21				
22	Pumping Cost Per 1,000 Gallons	\$ 0.8447	\$ 0.5979	\$ 0.5426
23				

Mescal Lakes Water Systems, Inc.
Test Year Ended August 31, 2023
Taxes Charged to Operations

Exhibit: RLJ-DT2
Schedule E-8
Page 1
Witness: Jones

Line No.	Description	Test Year Ended 8/31/2023	Prior Year Ended 8/31/2022	Prior Year Ended 8/31/2021
1				
2				
3	Federal Income Tax	13,799	6,420	14,615
4	State Income Tax	263	-	-
5	Taxes Other Than Income	4,531	-	-
6	Property Tax	10,295	11,534	11,447
7				
8	Totals	<u>\$ 28,888</u>	<u>\$ 17,954</u>	<u>\$ 26,062</u>

9
10 Workpapers:

Recap Schedules:

11
12

Line

No.

1

2 The Company does not conduct independent audits.

3

4 The Company uses the NARUC System of Accounts.

5

6 The Company normalizes Income Tax Expense.

7

8

9

10

11

12

13

14

15

16

17

18

19

20 Supporting Schedules:

Recap Schedules:

21

22

Line No.		Projected Year		
		Actual Test Year Ended 8/31/2023	At Present Rates Year Ended 8/31/2024	At Proposed Rates Year Ended 8/31/2024
1	Revenues			
2	461 Metered Water Revenues	\$ 262,681	\$ 269,880	\$ 227,902
3	462 Fire Protection Revenue	-	-	-
4	469 Guaranteed Revenues	-	-	-
5	471 Miscellaneous Service Revenue	9,612	7,820	7,820
6	474 Other Water Revenues	-	-	-
7	Total Revenues	\$ 272,294	\$ 277,700	\$ 235,722
8	Operating Expenses			
9	601 Salaries and Wages	\$ -	\$ 71,927	\$ 71,927
10	603 Salaries and Wages - Officers and Directors	-	-	-
11	604 Employee Pension and Benefits	-	4,515	4,515
12	610 Purchased Water	-	-	-
13	615 Purchased Power	26,037	27,339	27,339
14	618 Chemicals	1,737	1,763	1,763
15	620.1 Repairs and Maintenance	2,353	6,713	6,713
16	620.2 Office Supplies Expense	7,197	9,528	9,528
17	630 Outside Services	-	-	-
18	631 Contractual Services - Engineering	2,000	2,030	2,030
19	632 Contractual Services - Accounting	223	279	-
20	633 Contractual Services - Legal	926	1,058	1,058
21	634 Contractual Services - Management Fees	123,781	30,550	30,550
22	635 Contractual Services - Testing	3,517	3,570	3,570
23	636 Contractual Services - Other	760	8,535	8,535
24	641 Rent - Buildings	-	2,957	2,957
25	642 Rent - Equipment	-	-	-
26	650 Transportation Expense	2,647	7,195	7,195
27	656 Insurance - Vehicle	-	-	-
28	657 Insurance - General Liability	4,100	4,972	4,972
29	658 Insurance - Worker's Compensation	-	178	178
30	659 Insurance - Other	-	5,778	5,778
31	666 Regulatory Commission Expense - Rate Case	7,181	-	-
32	667 Regulatory Expense - Other	45	46	46
33	670 Bad Debt Expense	3,631	3,631	3,082
34	675 Miscellaneous Expense	1,769	3,773	3,773
35	403 Depreciation Expense	17,983	21,653	21,653
36	407 Amortization Expense	-	-	-
37	408 Taxes Other Than Income	-	4,531	4,531
38	408.11 Property Taxes	10,295	12,602	11,942
39	409 Income Tax	14,062	11,795	1,655
40	427 Interest Expense Security Deposits	877	877	877
41	Total Operating Expenses	\$ 231,119	\$ 247,794	\$ 236,166
42	Operating Income	\$ 41,175	\$ 29,906	\$ (444)
43	Other Income (Expense)			
44	421 Non-Utility Income	683	683	683
45	427 Interest Expense	-	-	-
46	428 Amortization of Debt Discount and Expense	-	-	-
47	429 Amortization of Premium on Debt	-	-	-
48	Total Other Income (Expense)	\$ 683	\$ 683	\$ 683
49	Net Income (Loss)	\$ 41,858	\$ 30,590	\$ 239

51 Supporting Schedules:
 52 E-2
 53

Recap Schedules:
 A-2

Mescal Lakes Water Systems, Inc.
 Test Year Ended August 31, 2023
 Projected Changes In Financial Position - Present and Proposed Rates

Exhibit: RLI-DT2
 Schedule F-2
 Page 1
 Jones
 Witness:

Line No.		Test Year Ended 8/31/2023	At Present Rates Year Ended 8/31/2024	At Proposed Rates Year Ended 8/31/2025
1	<u>Source of Funds</u>			
2	Cash Flow from Operations:			
3	Net Income	\$ 41,858	\$ 30,590	\$ 239
4	Adjustments to reconcile net income to net cash			
5	403 Depreciation and Amortization	17,983	21,653	21,653
6	Changes in Assets & Liabilities			
7	132 Special Deposits	-		
8	141 Customer Accounts Receivable	(17,173)		
9	143 Accumulated Provision for Uncollectible Accounts	-		
10	145 Accounts Receivable from Associated Companies	-		
11	151 Plant Materials and Supplies	-		
12	162 Prepayments	6,824		
13	174 Miscellaneous Current and Accrued Assets	-		
14	181 Unamortized Debt and Discount Expense	-		
15	186 Miscellaneous Deferred Debits	(7,651)		
16	190 Accumulated Deferred Income Taxes	(6,430)		
17	231 Accounts Payable	(21,322)		
18	232 Notes Payable	-		
19	233 Accounts Payable Associated Companies	57		
20	235 Customer Deposits	(3,570)		
21	236 Accrued Taxes	343		
22	237 Accrued Interest	-		
23	241 Miscellaneous Current Liabilities	264		
24	252 Advances in Aid of Construction	(6,264)		
25	253 Other Deferred Credits	-		
26	281 Accumulated Deferred Income Tax	16,550		
27	Total From Operations	\$ 21,468	\$ 52,242	\$ 21,892
28				
29	Cash Flow from Financing:			
30	221 Bonds	-		
31	224 Other Long-Term Debt	-	-	601,172
32	251 Unamortized Premium on Debt	-		
33	271 Contributions in Aid of Construction	6,803		
34	201 Common Stock	-		
35	211 Paid In Capital	-		
36	Total From Financing	\$ 6,803	\$ -	\$ 601,172
37				
38	<u>Application of Funds</u>			
39	Cash Flow from Investing Activities			
40	Capital Expenditures	(4,625)	(35,000)	(636,172)
41	Dividends Paid	-	-	-
42	Other	-		
43	Total From Investing Activities	\$ (4,625)	\$ (35,000)	\$ (636,172)
44				
45	Change in Allocation between Departments	\$ -	\$ -	\$ -
46				
47	Net Increase/(Decrease) in Cash	\$ 23,646	\$ 17,242	\$ (13,108)
48				
49	Cash, Beginning of Year	\$ 12,701	\$ 36,347	\$ 53,590
50	Cash, End of Year	\$ 36,347	\$ 53,590	\$ 40,482
51				
52	<u>Supporting Schedules:</u>		<u>Recap Schedules:</u>	
53	E-3		A-5	
54	F-3			
55				

Line No.	Property Classification	Adjusted Test Year 8/31/2023	Projected Thru 8/31/2024	Projected Thru 8/31/2025	Projected Thru 8/31/2026
5	Intangible Plant	\$ -	\$ -	\$ -	\$ -
7	Source of Supply and Pumping Plant	-	25,000	25,000	25,000
9	Water Treatment Plant	-	-	-	-
11	Transmission and Distribution Plant	6,801	10,000	611,172	10,000
13	General Plant	-	-	-	-
15	Total Plant	\$ 6,801	\$ 35,000	\$ 636,172	\$ 35,000

18 Workpapers:

Recap Schedules:

F-2 A-4

20

Line

No.

- 1
- 2 No Customer Growth
- 3
- 4 Per Test Year Adjustments
- 5
- 6 Expenses increase for inflation
- 7
- 8
- 9
- 10
- 11
- 12 Supporting Schedules:
- 13
- 14

Recap Schedules:

Mescal Lakes Water Systems, Inc.

Test Year Ended August 31, 2023

Summary of Revenues by Customer Classification - Present and Proposed Rates

Exhibit: RLJ-DT2

Schedule H-1

Page 1

Witness: Jones

Line No.	Customer Classification	Revenues in the Test Year		Proposed Increase	
		Present Rates	Proposed Rates	Amount	%
1					
2	<u>Metered Water Revenue</u>				
3	Residential - Small Meters	258,035	217,553	(40,482)	-15.69%
4	Commercial - Small Meters	5,466	4,715	(752)	-13.75%
5	All Classes - Large Meters	4,091	3,426	(664)	-16.24%
6	Standpipe	594	492	(101)	-17.07%
7					
8	Miscellaneous Service Revenue	7,820	7,820	-	0.00%
9	Other Water Revenues	-	-	-	n/a
10					
11	Total Water Revenues - Per Bill Counts	\$ 276,006	\$ 234,007	\$ (42,000)	-15.22%
12					
13	<u>Reconciliation</u>				
14	Bill Count Revenue	\$ 276,006			
15					
16	Billed Water Revenues per G.L.	272,294			
17	Revenue Adjustments				
18	Adjustment IS-4	(834)			
19	Adjustment IS-5	6,240			
20	Adjusted G.L. Revenue	\$ 277,700			
21					
22	Unreconciled Difference	\$ 1,693			
23	Percentage Difference	0.61%			
24					
25					
26	<u>Supporting Schedules:</u>			<u>Recap Schedules:</u>	
27	H-2			A-1	
28					

Line No.	Description	Average Number Customers	Monthly Average Consumption	Revenues		Proposed	
				Present Rates	Proposed Rates	Increase Amount	Increase %
1							
2	<u>Metered Water Revenue</u>						
3	Residential - Small Meters						
4	5/8 x 3/4" Meter	521	4,738	\$ 255,941	\$ 215,789	\$ (40,153)	-15.69%
5	3/4" Meter	3	6,313	2,094	1,765	(329)	-15.73%
6	Commercial - Small Meters						
7	5/8 x 3/4" Meter	8	6,641	5,466	4,715	(752)	-13.75%
8	3/4" Meter						n/a
9	All Classes - Large Meters						
10	1" Meter	3	14,918	3,365	2,821	(544)	-16.16%
11	1 1/2" Meter						n/a
12	2" Meter	1	1,883	726	605	(120)	-16.60%
13	3" Meter						n/a
14	4" Meter						n/a
15	6" Meter						n/a
16	Standpipe						
17	1" Meter	1	28	594	492	(101)	-17.07%
18							
19	Totals:						
20	<u>Metered Water Revenue</u>						
21	Residential - Small Meters	524		258,035	217,553	(40,482)	-15.69%
22	Commercial - Small Meters	8		5,466	4,715	(752)	-13.75%
23	All Classes - Large Meters	4		4,091	3,426	(664)	-16.24%
24	Standpipe	1		594	492	(101)	-17.07%
25	Subtotal Metered	537		\$ 268,186	\$ 226,186	\$ (42,000)	-15.66%
26							
27	Miscellaneous Service Revenue			7,820	7,820	-	0.00%
28	Other Water Revenues			-	-	-	n/a
29							
30	Total	537		\$ 276,006	\$ 234,007	\$ (42,000)	-15.22%

32 Supporting Schedules:

Recap Schedules:
 H-1

33
 34

Supplemental Schedule
 Breakdown of Metered Water Revenue at Current Rates
 By Rate Components

Line No.	Description	Revenue at Current Rates					Total Revenue
		Base Charge	1st Tier	2nd Tier	3rd Tier	Base + 1st Tier	
1	Residential - Small Meters						
2	5/8 x 3/4" Meter	\$ 123,171	\$ 46,188	\$ 37,887	\$ 48,695	\$ 169,359	\$ 255,941
3	3/4" Meter	1,065	330	333	367	1,395	2,094
4	Commercial - Small Meters						
5	5/8 x 3/4" Meter	1,952	372	515	2,627	2,325	5,466
6	3/4" Meter	-	-	-	-	-	-
7	All Classes - Large Meters						
8	1" Meter	1,775	-	1,483	107	1,775	3,365
9	1 1/2" Meter	-	-	-	-	-	-
10	2" Meter	592	-	-	134	592	726
11	3" Meter						
12	4" Meter						
13	6" Meter						
14	Standpipe						
15	All	592	-	-	2	592	594
16							
17	Total Revenue	\$ 129,146	\$ 46,890	\$ 40,218	\$ 51,932	\$ 176,036	\$ 268,186
18							
19	Percentage of Total	48.2%	17.5%	15.0%	19.4%	65.6%	100.0%
20							

Supplemental Schedule
 Breakdown of Metered Water Revenue at Proposed Rates
 By Rate Components

Line No.	Description	Revenue at Proposed Rates					Total Revenue
		Base Charge	1st Tier	2nd Tier	3rd Tier	Base + 1st Tier	
1	Residential - Small Meters						
2	5/8 x 3/4" Meter	102,122	41,678	35,568	36,420	\$ 143,800	\$ 215,789
3	3/4" Meter	883	298	297	287	1,181	1,765
4	Commercial - Small Meters						
5	5/8 x 3/4" Meter	1,619	-	971	2,125	1,619	4,715
6	3/4" Meter	-	-	-	-	-	-
7	All Classes - Large Meters						
8	1" Meter	1,472	-	1,114	235	1,472	2,821
9	1 1/2" Meter	-	-	-	-	-	-
10	2" Meter	491	-	-	115	491	605
11	3" Meter						
12	4" Meter						
13	6" Meter						
14	Standpipe						
15	All	491	-	-	2	491	492
16							
17	Total Revenue	\$ 107,077	\$ 41,976	\$ 37,950	\$ 39,184	\$ 149,052	\$ 226,186
18							
19	Percentage of Total	47.3%	18.6%	16.8%	17.3%	65.9%	100.0%
20							

Supplemental Schedule
 Metered Water Revenue at Current and Proposed Rates
 Analysis of Increases by Rate Tier

Line No.		Base Charge	1st Tier	2nd Tier	3rd Tier	Base + 1st Tier	Total Revenue
1	Current Rate	\$ 129,146	\$ 46,890	\$ 40,218	\$ 51,932	\$ 176,036	\$ 268,186
2	Company's Proposed Rates	107,077	41,976	37,950	39,184	149,052	226,186
3	Increase in Rates	\$ (22,070)	\$ (4,914)	\$ (2,268)	\$ (12,748)	\$ (26,984)	\$ (42,000)
4							
5	Percentage Increase by Tier	-17.1%	-10.5%	-5.6%	-24.5%	-15.3%	-15.7%
6	Percentage of Increase within Tier	52.5%	11.7%	5.4%	30.4%	64.2%	100.0%
7							
8							
9							
10		Base Charge	1st Tier	2nd Tier	3rd Tier	Base + 1st Tier	Total Revenue
11							
12	Revenue at Current Rates	\$ 129,146	\$ 46,890	\$ 40,218	\$ 51,932	\$ 176,036	\$ 268,186
13	Revenue at Company's Proposed Rates	\$ 107,077	\$ 41,976	\$ 37,950	\$ 39,184	\$ 149,052	\$ 226,186
14							
15	<u>Percentage of Total Revenue</u>						
16	Current Rates	48.2%	17.5%	15.0%	19.4%	65.6%	100.0%
17	Company's Proposed Rates	47.3%	18.6%	16.8%	17.3%	65.9%	100.0%
18	Change	-0.8%	1.1%	1.8%	-2.0%	0.3%	0.0%
19							
20							

Line No.	Description	Tier	Present Rate Tiers Upper Limits (gallons)	Proposed Rate Tiers Upper Limits (gallons)	Base Charge			Volume Charge (per 1,000 gallons)		
					Present Rate	Proposed Rate	Change	Present Rate	Proposed Rate	Change
2	Residential & Commercial Service									
6	R1 - 5/8" x 3/4" Meter (Residential)	Tier 1	3,000	3,000	\$ 19.72	\$ 16.35	\$ (3.37)	\$ 3.38	\$ 3.05	\$ (0.33)
7		Tier 2	7,000	8,000				\$ 4.90	\$ 4.06	\$ (0.84)
8		Tier 3	999,999,000	999,999,000				\$ 5.94	\$ 5.08	\$ (0.86)
10	R2 - 3/4" Meter (Residential)	Tier 1	3,000	3,000	\$ 29.58	\$ 24.53	\$ (5.05)	\$ 3.38	\$ 3.05	\$ (0.33)
11		Tier 2	7,000	8,000				\$ 4.90	\$ 4.06	\$ (0.84)
12		Tier 3	999,999,000	999,999,000				\$ 5.94	\$ 5.08	\$ (0.86)
15	R3 - 1" Meter (All)	Tier 1								n/a
16		Tier 2	20,000	15,000	\$ 49.30	\$ 40.88	\$ (8.42)	\$ 4.90	\$ 4.06	\$ (0.84)
17		Tier 3	999,999,000	999,999,000				\$ 5.94	\$ 5.08	\$ (0.86)
19	R1C - 5/8" x 3/4" Meter (Commercial)	Tier 1	3,000					\$ 3.38		n/a
20		Tier 2	7,000	8,000	\$ 19.72	\$ 16.35	\$ (3.37)	\$ 4.90	\$ 4.06	\$ (0.84)
21		Tier 3	999,999,000	999,999,000				\$ 5.94	\$ 5.08	\$ (0.86)
23	R2C - 3/4" Meter (Commercial)	Tier 1	3,000					\$ 3.38		n/a
24		Tier 2	7,000	8,000	\$ 29.58	\$ 24.53	\$ (5.05)	\$ 4.90	\$ 4.06	\$ (0.84)
25		Tier 3	999,999,000	999,999,000				\$ 5.94	\$ 5.08	\$ (0.86)
27	R4 - 1.5" Meter (All)	Tier 1								n/a
28		Tier 2	50,000	30,000	\$ 98.60	\$ 81.75	\$ (16.85)	\$ 4.90	\$ 4.06	\$ (0.84)
29		Tier 3	999,999,000	999,999,000				\$ 5.94	\$ 5.08	\$ (0.86)
31	R5 - 2" Meter (All)	Tier 1								n/a
32		Tier 2	87,000	50,000	\$ 157.76	\$ 130.80	\$ (26.96)	\$ 4.90	\$ 4.06	\$ (0.84)
33		Tier 3	999,999,000	999,999,000				\$ 5.94	\$ 5.08	\$ (0.86)
35	R6 - 3" Meter (All)	Tier 1								n/a
36		Tier 2	185,000	110,000	\$ 315.52	\$ 261.60	\$ (53.92)	\$ 4.90	\$ 4.06	\$ (0.84)
37		Tier 3	999,999,000	999,999,000				\$ 5.94	\$ 5.08	\$ (0.86)
39	R7 - 4" Meter (All)	Tier 1								n/a
40		Tier 2	298,000	180,000	\$ 493.00	\$ 408.75	\$ (84.25)	\$ 4.90	\$ 4.06	\$ (0.84)
41		Tier 3	999,999,000	999,999,000				\$ 5.94	\$ 5.08	\$ (0.86)
43	R8 - 6" Meter (All)	Tier 1								n/a
44		Tier 2	610,000	380,000	\$ 986.00	\$ 817.50	\$ (168.50)	\$ 4.90	\$ 4.06	\$ (0.84)
45		Tier 3	999,999,000	999,999,000				\$ 5.94	\$ 5.08	\$ (0.86)

Indicates No Tariff

Line
 No.

	Present Rates	Proposed Rates	
1			
2	Service Charges		
3	\$ 40.00	\$ 40.00	
4	\$ 35.00	\$ 40.00	
5	\$ 50.00	\$ 45.00	
6	n/t	\$ 50.00	
7	\$ 30.00	\$ 30.00	
8	\$ 40.00	\$ 30.00	
9	\$ 20.00	\$ 30.00	
10	*	n/t	
11	n/t	(a)	
12	n/t	(b)	
13	**	(c)	
14	(d)	(d)	
15	(e)	(f)	
16	1.5%	1.5%	
17	n/t	Cost	
18	n/t	Cost	
19			n/t - no tariff
20			
21	(a) Two times the average residential class bill, per Commission Rule A.A.C. R-14-2-403.B.7.a.		
22	(b) 2 1/2 times the customers estimated maximum monthly bill, per Commission Rule A.A.C. R-14-2-403.B.7.b.		
23	(c) 6.0%, per Commission Rule A.A.C. R-14-2-403.B.3.		
24	(d) Number of months off system times the monthly minimum, per Commission Rule A.A.C. R14-2-403.D.		
25	(e) Greater of 1.50% or \$3.00 (f) Greater of 1.50% or \$5.00		
26	All items billed at cost shall include labor, materials and parts, overheads and all applicable taxes.		
27			
28	Service Line and Meter Installation Charges		
	Current Rates		
	<u>Srv. Line</u>	<u>Meter</u>	<u>Total</u>
29			
30	\$ 565.00	\$ 158.00	\$ 723.00
31	565.00	260.00	825.00
32	629.00	321.00	950.00
33	699.00	536.00	1,235.00
34	1,054.00	1,066.00	2,120.00
35	1,054.00	1,928.00	2,982.00
36	1,327.00	1,703.00	3,030.00
37	1,480.00	2,596.00	4,076.00
38	1,892.00	2,723.00	4,615.00
39	2,121.00	3,718.00	5,839.00
40	2,807.00	5,126.00	7,933.00
41	2,959.00	7,058.00	10,017.00
42	Cost	Cost	Cost
43	Cost	Cost	Cost
44	Cost	Cost	Cost
45	Cost	Cost	Cost
46		n/t	Cost
47		n/t	Cost
48		n/t	Cost
49			
50	All advances and/or contributions are to include labor, materials, overheads, and all applicable		
51	taxes, including all gross-up taxes for income taxes, if applicable.		
52			
53	All items billed at cost shall include labor, materials and parts, overheads and all applicable taxes.		
54	n/t - no tariff	n/a - not applicable	
55	Privilege, Sales or Use Tax		
56	In addition to all other rates and charges authorized herein, the Company shall collect		
57	from its customers all applicable sales, transaction, privilege, regulatory or other taxes		
58	and assessments as may apply now or in the future, per Rule R14-2-409.D.5.		

- Line
No.
- 1 **Proposed Surcharge Tariffs:**
 - 2
 - 3 **Regulatory Expense Surcharge (RES)**
 - 4 The purpose of the Regulatory Expense Surcharge is to allow for recovery of approved rate case expenses in a surcharge rather than as a normalized
 - 5 expense. The Company proposes to recover approved rate case expense until fully recovered with a planned three year recovery period. The RES will
 - 6 be structured as a monthly charge to a customer's bill based on the customers meter size.
 - 7
 - 8 The RES will be applicable to residential, commercial, construction and standpipe classes, including Re-Establishment Charges.

Mescal Lakes Water Systems, Inc.
 Test Year Ended August 31, 2023
 Typical Bill Analysis

Exhibit: RLJ-DT2
 Schedule H-4
 Witness: Jones

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

Line No.	Rate Schedules	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	Present Rates:	-	\$ 19.72	\$ 16.35	\$ (3.37)	-17.09%
2	Base Charge:	1,000	\$ 23.10	\$ 19.40	\$ (3.70)	-16.02%
3		2,000	\$ 26.48	\$ 22.45	\$ (4.03)	-15.22%
4		3,000	\$ 29.86	\$ 25.50	\$ (4.36)	-14.60%
5	Tier One Rate:	4,000	\$ 34.76	\$ 29.56	\$ (5.20)	-14.96%
6	Tier Two Rate:	5,000	\$ 39.66	\$ 33.62	\$ (6.04)	-15.23%
7	Tier Three Rate:	6,000	\$ 44.56	\$ 37.68	\$ (6.88)	-15.44%
8		7,000	\$ 49.46	\$ 41.74	\$ (7.72)	-15.61%
9	Tier One Breakover (M gal):	3	\$ 55.40	\$ 45.80	\$ (9.60)	-17.33%
10	Tier Two Breakover (M gal):	7	\$ 61.34	\$ 50.88	\$ (10.46)	-17.05%
11	Tier Three Breakover (M gal):	999,999	\$ 67.28	\$ 55.96	\$ (11.32)	-16.83%
12		12,000	\$ 79.16	\$ 66.12	\$ (13.04)	-16.47%
13		14,000	\$ 91.04	\$ 76.28	\$ (14.76)	-16.21%
14	Proposed Rates:	16,000	\$ 102.92	\$ 86.44	\$ (16.48)	-16.01%
15	Base Charge:	18,000	\$ 114.80	\$ 96.60	\$ (18.20)	-15.85%
16		20,000	\$ 126.68	\$ 106.76	\$ (19.92)	-15.72%
17		25,000	\$ 156.38	\$ 132.16	\$ (24.22)	-15.49%
18	Tier One Rate:	30,000	\$ 186.08	\$ 157.56	\$ (28.52)	-15.33%
19	Tier Two Rate:	35,000	\$ 215.78	\$ 182.96	\$ (32.82)	-15.21%
20	Tier Three Rate:	40,000	\$ 245.48	\$ 208.36	\$ (37.12)	-15.12%
21		45,000	\$ 275.18	\$ 233.76	\$ (41.42)	-15.05%
22	Tier One Breakover (M gal):	3	\$ 304.88	\$ 259.16	\$ (45.72)	-15.00%
23	Tier Two Breakover (M gal):	8	\$ 364.28	\$ 309.96	\$ (54.32)	-14.91%
24	Tier Three Breakover (M gal):	999,999	\$ 423.68	\$ 360.76	\$ (62.92)	-14.85%
25		80,000	\$ 483.08	\$ 411.56	\$ (71.52)	-14.81%
26		90,000	\$ 542.48	\$ 462.36	\$ (80.12)	-14.77%
27		100,000	\$ 601.88	\$ 513.16	\$ (88.72)	-14.74%
28						
29		Average Usage				
30		4,738	\$ 38.38	\$ 32.56	\$ (5.82)	-15.16%
31		Median Usage				
32		2,478	\$ 28.10	\$ 23.91	\$ (4.19)	-14.91%
33						
34						

Mescal Lakes Water Systems, Inc.
 Test Year Ended August 31, 2023
 Typical Bill Analysis

Exhibit: RLJ-DT2
 Schedule H-4
 Witness: Jones

Class: Residential
 Meter Size: 3/4"
 Sub Class:

Line No.	Rate Schedules	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase	
1	Present Rates:	-	\$ 29.58	\$ 24.53	\$ (5.05)	-17.07%	
2	Base Charge:	1,000	\$ 32.96	\$ 27.58	\$ (5.38)	-16.32%	
3		2,000	\$ 36.34	\$ 30.63	\$ (5.71)	-15.71%	
4		3,000	\$ 39.72	\$ 33.68	\$ (6.04)	-15.21%	
5	Tier One Rate:	4,000	\$ 44.62	\$ 37.74	\$ (6.88)	-15.42%	
6	Tier Two Rate:	5,000	\$ 49.52	\$ 41.80	\$ (7.72)	-15.59%	
7	Tier Three Rate:	6,000	\$ 54.42	\$ 45.86	\$ (8.56)	-15.73%	
8		7,000	\$ 59.32	\$ 49.92	\$ (9.40)	-15.85%	
9	Tier One Breakover (M gal):	3	\$ 8,000	\$ 65.26	\$ 53.98	\$ (11.28)	-17.28%
10	Tier Two Breakover (M gal):	7	\$ 9,000	\$ 71.20	\$ 59.06	\$ (12.14)	-17.05%
11	Tier Three Breakover (M gal):	999,999	\$ 10,000	\$ 77.14	\$ 64.14	\$ (13.00)	-16.85%
12		12,000	\$ 89.02	\$ 74.30	\$ (14.72)	-16.54%	
13		14,000	\$ 100.90	\$ 84.46	\$ (16.44)	-16.29%	
14	Proposed Rates:	16,000	\$ 112.78	\$ 94.62	\$ (18.16)	-16.10%	
15	Base Charge:	18,000	\$ 124.66	\$ 104.78	\$ (19.88)	-15.95%	
16		20,000	\$ 136.54	\$ 114.94	\$ (21.60)	-15.82%	
17		25,000	\$ 166.24	\$ 140.34	\$ (25.90)	-15.58%	
18	Tier One Rate:	30,000	\$ 195.94	\$ 165.74	\$ (30.20)	-15.41%	
19	Tier Two Rate:	35,000	\$ 225.64	\$ 191.14	\$ (34.50)	-15.29%	
20	Tier Three Rate:	40,000	\$ 255.34	\$ 216.54	\$ (38.80)	-15.20%	
21		45,000	\$ 285.04	\$ 241.94	\$ (43.10)	-15.12%	
22	Tier One Breakover (M gal):	3	\$ 50,000	\$ 314.74	\$ 267.34	\$ (47.40)	-15.06%
23	Tier Two Breakover (M gal):	8	\$ 60,000	\$ 374.14	\$ 318.14	\$ (56.00)	-14.97%
24	Tier Three Breakover (M gal):	999,999	\$ 70,000	\$ 433.54	\$ 368.94	\$ (64.60)	-14.90%
25		80,000	\$ 492.94	\$ 419.74	\$ (73.20)	-14.85%	
26		90,000	\$ 552.34	\$ 470.54	\$ (81.80)	-14.81%	
27		100,000	\$ 611.74	\$ 521.34	\$ (90.40)	-14.78%	
28							
29		Average Usage					
30		6,313	\$ 55.95	\$ 47.13	\$ (8.82)	-15.76%	
31		Median Usage					
32		4,483	\$ 46.99	\$ 39.70	\$ (7.29)	-15.51%	
33							
34							

Class: Residential
 Meter Size: 1"
 Sub Class:

Line No.	Rate Schedules	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	Present Rates:	-	\$ 49.30	\$ 40.88	\$ (8.42)	-17.08%
2	Base Charge:	\$ 49.30	1,000 \$ 54.20	\$ 44.94	\$ (9.26)	-17.08%
3			2,000 \$ 59.10	\$ 49.00	\$ (10.10)	-17.09%
4			3,000 \$ 64.00	\$ 53.06	\$ (10.94)	-17.09%
5	Tier One Rate:	\$ -	4,000 \$ 68.90	\$ 57.12	\$ (11.78)	-17.10%
6	Tier Two Rate:	\$ 4.90	5,000 \$ 73.80	\$ 61.18	\$ (12.62)	-17.10%
7	Tier Three Rate:	\$ 5.94	6,000 \$ 78.70	\$ 65.24	\$ (13.46)	-17.10%
8			7,000 \$ 83.60	\$ 69.30	\$ (14.30)	-17.11%
9	Tier One Breakover (M gal):	-	8,000 \$ 88.50	\$ 73.36	\$ (15.14)	-17.11%
10	Tier Two Breakover (M gal):	20	9,000 \$ 93.40	\$ 77.42	\$ (15.98)	-17.11%
11	Tier Three Breakover (M gal):	999,999	10,000 \$ 98.30	\$ 81.48	\$ (16.82)	-17.11%
12			12,000 \$ 108.10	\$ 89.60	\$ (18.50)	-17.11%
13			14,000 \$ 117.90	\$ 97.72	\$ (20.18)	-17.12%
14	Proposed Rates:		16,000 \$ 127.70	\$ 106.86	\$ (20.84)	-16.32%
15	Base Charge:	\$ 40.88	18,000 \$ 137.50	\$ 117.02	\$ (20.48)	-14.89%
16			20,000 \$ 147.30	\$ 127.18	\$ (20.12)	-13.66%
17			25,000 \$ 177.00	\$ 152.58	\$ (24.42)	-13.80%
18	Tier One Rate:	\$ -	30,000 \$ 206.70	\$ 177.98	\$ (28.72)	-13.89%
19	Tier Two Rate:	\$ 4.06	35,000 \$ 236.40	\$ 203.38	\$ (33.02)	-13.97%
20	Tier Three Rate:	\$ 5.08	40,000 \$ 266.10	\$ 228.78	\$ (37.32)	-14.02%
21			45,000 \$ 295.80	\$ 254.18	\$ (41.62)	-14.07%
22	Tier One Breakover (M gal):	-	50,000 \$ 325.50	\$ 279.58	\$ (45.92)	-14.11%
23	Tier Two Breakover (M gal):	15	60,000 \$ 384.90	\$ 330.38	\$ (54.52)	-14.16%
24	Tier Three Breakover (M gal):	999,999	70,000 \$ 444.30	\$ 381.18	\$ (63.12)	-14.21%
25			80,000 \$ 503.70	\$ 431.98	\$ (71.72)	-14.24%
26			90,000 \$ 563.10	\$ 482.78	\$ (80.32)	-14.26%
27			100,000 \$ 622.50	\$ 533.58	\$ (88.92)	-14.28%
28						
29						
30		Average Usage	11,806 \$ 107.15	\$ 88.81	\$ (18.34)	-17.12%
31						
32		Median Usage	9,430 \$ 95.51	\$ 79.17	\$ (16.34)	-17.11%
33						
34						

Class: Commercial
 Meter Size: 5/8"x3/4"
 Sub Class:

Line No.	Rate Schedules	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	Present Rates:	-	\$ 19.72	\$ 16.35	\$ (3.37)	-17.09%
2	Base Charge:	\$ 19.72	1,000 \$ 23.10	\$ 20.41	\$ (2.69)	-11.65%
3			2,000 \$ 26.48	\$ 24.47	\$ (2.01)	-7.59%
4			3,000 \$ 29.86	\$ 28.53	\$ (1.33)	-4.45%
5	Tier One Rate:	\$ 3.38	4,000 \$ 34.76	\$ 32.59	\$ (2.17)	-6.24%
6	Tier Two Rate:	\$ 4.90	5,000 \$ 39.66	\$ 36.65	\$ (3.01)	-7.59%
7	Tier Three Rate:	\$ 5.94	6,000 \$ 44.56	\$ 40.71	\$ (3.85)	-8.64%
8			7,000 \$ 49.46	\$ 44.77	\$ (4.69)	-9.48%
9	Tier One Breakover (M gal):	3	8,000 \$ 55.40	\$ 48.83	\$ (6.57)	-11.86%
10	Tier Two Breakover (M gal):	7	9,000 \$ 61.34	\$ 53.91	\$ (7.43)	-12.11%
11	Tier Three Breakover (M gal):	999,999	10,000 \$ 67.28	\$ 58.99	\$ (8.29)	-12.32%
12			12,000 \$ 79.16	\$ 69.15	\$ (10.01)	-12.65%
13			14,000 \$ 91.04	\$ 79.31	\$ (11.73)	-12.88%
14	Proposed Rates:		16,000 \$ 102.92	\$ 89.47	\$ (13.45)	-13.07%
15	Base Charge:	\$ 16.35	18,000 \$ 114.80	\$ 99.63	\$ (15.17)	-13.21%
16			20,000 \$ 126.68	\$ 109.79	\$ (16.89)	-13.33%
17			25,000 \$ 156.38	\$ 135.19	\$ (21.19)	-13.55%
18	Tier One Rate:	\$ -	30,000 \$ 186.08	\$ 160.59	\$ (25.49)	-13.70%
19	Tier Two Rate:	\$ 4.06	35,000 \$ 215.78	\$ 185.99	\$ (29.79)	-13.81%
20	Tier Three Rate:	\$ 5.08	40,000 \$ 245.48	\$ 211.39	\$ (34.09)	-13.89%
21			45,000 \$ 275.18	\$ 236.79	\$ (38.39)	-13.95%
22	Tier One Breakover (M gal):	-	50,000 \$ 304.88	\$ 262.19	\$ (42.69)	-14.00%
23	Tier Two Breakover (M gal):	8	60,000 \$ 364.28	\$ 312.99	\$ (51.29)	-14.08%
24	Tier Three Breakover (M gal):	999,999	70,000 \$ 423.68	\$ 363.79	\$ (59.89)	-14.14%
25			80,000 \$ 483.08	\$ 414.59	\$ (68.49)	-14.18%
26			90,000 \$ 542.48	\$ 465.39	\$ (77.09)	-14.21%
27			100,000 \$ 601.88	\$ 516.19	\$ (85.69)	-14.24%
28						
29			Average Usage			
30			6,641 \$ 47.70	\$ 43.31	\$ (4.39)	-9.20%
31			Median Usage			
32			- \$ 19.72	\$ 16.35	\$ (3.37)	-17.09%
33						
34						

Class: Commercial
 Meter Size: 1"
 Sub Class:

Line No.	Rate Schedules	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	Present Rates:	-	\$ 49.30	\$ 40.88	\$ (8.42)	-17.08%
2	Base Charge:	\$ 49.30	1,000 \$ 54.20	44.94	(9.26)	-17.08%
3			2,000 \$ 59.10	49.00	(10.10)	-17.09%
4			3,000 \$ 64.00	53.06	(10.94)	-17.09%
5	Tier One Rate:	\$ -	4,000 \$ 68.90	57.12	(11.78)	-17.10%
6	Tier Two Rate:	\$ 4.90	5,000 \$ 73.80	61.18	(12.62)	-17.10%
7	Tier Three Rate:	\$ 5.94	6,000 \$ 78.70	65.24	(13.46)	-17.10%
8			7,000 \$ 83.60	69.30	(14.30)	-17.11%
9	Tier One Breakover (M gal):	-	8,000 \$ 88.50	73.36	(15.14)	-17.11%
10	Tier Two Breakover (M gal):	20	9,000 \$ 93.40	77.42	(15.98)	-17.11%
11	Tier Three Breakover (M gal):	999,999	10,000 \$ 98.30	81.48	(16.82)	-17.11%
12			12,000 \$ 108.10	89.60	(18.50)	-17.11%
13			14,000 \$ 117.90	97.72	(20.18)	-17.12%
14	Proposed Rates:		16,000 \$ 127.70	106.86	(20.84)	-16.32%
15	Base Charge:	\$ 40.88	18,000 \$ 137.50	117.02	(20.48)	-14.89%
16			20,000 \$ 147.30	127.18	(20.12)	-13.66%
17			25,000 \$ 177.00	152.58	(24.42)	-13.80%
18	Tier One Rate:	\$ -	30,000 \$ 206.70	177.98	(28.72)	-13.89%
19	Tier Two Rate:	\$ 4.06	35,000 \$ 236.40	203.38	(33.02)	-13.97%
20	Tier Three Rate:	\$ 5.08	40,000 \$ 266.10	228.78	(37.32)	-14.02%
21			45,000 \$ 295.80	254.18	(41.62)	-14.07%
22	Tier One Breakover (M gal):	-	50,000 \$ 325.50	279.58	(45.92)	-14.11%
23	Tier Two Breakover (M gal):	15	60,000 \$ 384.90	330.38	(54.52)	-14.16%
24	Tier Three Breakover (M gal):	999,999	70,000 \$ 444.30	381.18	(63.12)	-14.21%
25			80,000 \$ 503.70	431.98	(71.72)	-14.24%
26			90,000 \$ 563.10	482.78	(80.32)	-14.26%
27			100,000 \$ 622.50	533.58	(88.92)	-14.28%
28						
29		Average Usage				
30		3,112	\$ 64.55	\$ 53.51	\$ (11.04)	-17.10%
31		Median Usage				
32		1,581	\$ 57.05	\$ 47.30	\$ (9.75)	-17.09%
33						
34						

Class: Standpipe
 Meter Size: 1"
 Sub Class:

Line No.	Rate Schedules	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	Present Rates:	-	\$ 49.30	\$ 40.88	\$ (8.42)	-17.08%
2	Base Charge:	\$ 49.30	1,000 \$ 55.24	\$ 45.96	\$ (9.28)	-16.80%
3			2,000 \$ 61.18	\$ 51.04	\$ (10.14)	-16.57%
4			3,000 \$ 67.12	\$ 56.12	\$ (11.00)	-16.39%
5	Tier One Rate:	\$ -	4,000 \$ 73.06	\$ 61.20	\$ (11.86)	-16.23%
6	Tier Two Rate:	\$ -	5,000 \$ 79.00	\$ 66.28	\$ (12.72)	-16.10%
7	Tier Three Rate:	\$ 5.94	6,000 \$ 84.94	\$ 71.36	\$ (13.58)	-15.99%
8			7,000 \$ 90.88	\$ 76.44	\$ (14.44)	-15.89%
9	Tier One Breakover (M gal):	-	8,000 \$ 96.82	\$ 81.52	\$ (15.30)	-15.80%
10	Tier Two Breakover (M gal):	-	9,000 \$ 102.76	\$ 86.60	\$ (16.16)	-15.73%
11	Tier Three Breakover (M gal):	999,999	10,000 \$ 108.70	\$ 91.68	\$ (17.02)	-15.66%
12			12,000 \$ 120.58	\$ 101.84	\$ (18.74)	-15.54%
13			14,000 \$ 132.46	\$ 112.00	\$ (20.46)	-15.45%
14	Proposed Rates:		16,000 \$ 144.34	\$ 122.16	\$ (22.18)	-15.37%
15	Base Charge:	\$ 40.88	18,000 \$ 156.22	\$ 132.32	\$ (23.90)	-15.30%
16			20,000 \$ 168.10	\$ 142.48	\$ (25.62)	-15.24%
17			25,000 \$ 197.80	\$ 167.88	\$ (29.92)	-15.13%
18	Tier One Rate:	\$ -	30,000 \$ 227.50	\$ 193.28	\$ (34.22)	-15.04%
19	Tier Two Rate:	\$ -	35,000 \$ 257.20	\$ 218.68	\$ (38.52)	-14.98%
20	Tier Three Rate:	\$ 5.08	40,000 \$ 286.90	\$ 244.08	\$ (42.82)	-14.93%
21			45,000 \$ 316.60	\$ 269.48	\$ (47.12)	-14.88%
22	Tier One Breakover (M gal):	-	50,000 \$ 346.30	\$ 294.88	\$ (51.42)	-14.85%
23	Tier Two Breakover (M gal):	-	60,000 \$ 405.70	\$ 345.68	\$ (60.02)	-14.79%
24	Tier Three Breakover (M gal):	999,999	70,000 \$ 465.10	\$ 396.48	\$ (68.62)	-14.75%
25			80,000 \$ 524.50	\$ 447.28	\$ (77.22)	-14.72%
26			90,000 \$ 583.90	\$ 498.08	\$ (85.82)	-14.70%
27			100,000 \$ 643.30	\$ 548.88	\$ (94.42)	-14.68%
28						
29			Average Usage			
30			1,883 \$ 60.49	\$ 50.45	\$ (10.04)	-16.60%
31			Median Usage			
32			2,494 \$ 64.11	\$ 53.55	\$ (10.56)	-16.47%
33						
34						

Class: Standpipe
 Meter Size: 1"
 Sub Class:

Line No.	Rate Schedules	Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1	Present Rates:	-	\$ 49.30	\$ 40.88	\$ (8.42)	-17.08%
2	Base Charge:	\$ 49.30	1,000 \$ 55.24	\$ 45.96	\$ (9.28)	-16.80%
3			2,000 \$ 61.18	\$ 51.04	\$ (10.14)	-16.57%
4			3,000 \$ 67.12	\$ 56.12	\$ (11.00)	-16.39%
5	Tier One Rate:	\$ -	4,000 \$ 73.06	\$ 61.20	\$ (11.86)	-16.23%
6	Tier Two Rate:	\$ -	5,000 \$ 79.00	\$ 66.28	\$ (12.72)	-16.10%
7	Tier Three Rate:	\$ 5.94	6,000 \$ 84.94	\$ 71.36	\$ (13.58)	-15.99%
8			7,000 \$ 90.88	\$ 76.44	\$ (14.44)	-15.89%
9	Tier One Breakover (M gal):	-	8,000 \$ 96.82	\$ 81.52	\$ (15.30)	-15.80%
10	Tier Two Breakover (M gal):	-	9,000 \$ 102.76	\$ 86.60	\$ (16.16)	-15.73%
11	Tier Three Breakover (M gal):	999,999	10,000 \$ 108.70	\$ 91.68	\$ (17.02)	-15.66%
12			12,000 \$ 120.58	\$ 101.84	\$ (18.74)	-15.54%
13			14,000 \$ 132.46	\$ 112.00	\$ (20.46)	-15.45%
14	Proposed Rates:		16,000 \$ 144.34	\$ 122.16	\$ (22.18)	-15.37%
15	Base Charge:	\$ 40.88	18,000 \$ 156.22	\$ 132.32	\$ (23.90)	-15.30%
16			20,000 \$ 168.10	\$ 142.48	\$ (25.62)	-15.24%
17			25,000 \$ 197.80	\$ 167.88	\$ (29.92)	-15.13%
18	Tier One Rate:	\$ -	30,000 \$ 227.50	\$ 193.28	\$ (34.22)	-15.04%
19	Tier Two Rate:	\$ -	35,000 \$ 257.20	\$ 218.68	\$ (38.52)	-14.98%
20	Tier Three Rate:	\$ 5.08	40,000 \$ 286.90	\$ 244.08	\$ (42.82)	-14.93%
21			45,000 \$ 316.60	\$ 269.48	\$ (47.12)	-14.88%
22	Tier One Breakover (M gal):	-	50,000 \$ 346.30	\$ 294.88	\$ (51.42)	-14.85%
23	Tier Two Breakover (M gal):	-	60,000 \$ 405.70	\$ 345.68	\$ (60.02)	-14.79%
24	Tier Three Breakover (M gal):	999,999	70,000 \$ 465.10	\$ 396.48	\$ (68.62)	-14.75%
25			80,000 \$ 524.50	\$ 447.28	\$ (77.22)	-14.72%
26			90,000 \$ 583.90	\$ 498.08	\$ (85.82)	-14.70%
27			100,000 \$ 643.30	\$ 548.88	\$ (94.42)	-14.68%
28						
29						
30		Average Usage	28 \$ 49.47	\$ 41.02	\$ (8.45)	-17.08%
31		Median Usage	- \$ 49.30	\$ 40.88	\$ (8.42)	-17.08%
32						
33						
34						

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

Rate Tiers	Present Rates	Proposed Rates	Charges	Present Rates	Proposed Rates
Tier One Breakover (M gal):	3	3	Base Charge:	\$ 19.72	\$ 16.35
Tier Two Breakover (M gal):	7	8	Tier One Rate:	\$ 3.38	\$ 3.05
Tier Three Breakover (M gal):	999,999	999,999	Tier Two Rate:	\$ 4.90	\$ 4.06
			Tier Three Rate:	\$ 5.94	\$ 5.08

Line No.	Block	Number of Bills in Block	Average Consumption in Block	Consumption in Block	Cumulative Bills No.	% of Total	Cumulative Consumption Amount	% of Total
1	-	417	-	-	417	6.63%	-	0.00%
2	1	726	511	371,337	1,143	18.17%	371,337	1.25%
3	1,001	1,096	1,502	1,646,664	2,239	35.59%	2,018,001	6.82%
4	2,001	975	2,478	2,415,952	3,214	51.09%	4,433,953	14.98%
5	3,001	730	3,484	2,543,586	3,944	62.69%	6,977,539	23.58%
6	4,001	505	4,485	2,264,693	4,449	70.72%	9,242,232	31.23%
7	5,001	389	5,479	2,131,240	4,838	76.90%	11,373,472	38.43%
8	6,001	292	6,495	1,896,591	5,130	81.55%	13,270,063	44.84%
9	7,001	268	7,505	2,011,467	5,398	85.81%	15,281,530	51.64%
10	8,001	140	8,490	1,188,563	5,538	88.03%	16,470,093	55.65%
11	9,001	137	9,522	1,304,572	5,675	90.21%	17,774,665	60.06%
12	10,001	91	10,504	955,822	5,766	91.65%	18,730,487	63.29%
13	11,001	64	11,567	740,319	5,830	92.67%	19,470,806	65.79%
14	12,001	59	12,455	734,874	5,889	93.61%	20,205,680	68.27%
15	13,001	45	13,498	607,397	5,934	94.33%	20,813,077	70.33%
16	14,001	55	14,521	798,670	5,989	95.20%	21,611,747	73.03%
17	15,001	43	15,546	668,490	6,032	95.88%	22,280,237	75.28%
18	16,001	23	16,459	378,560	6,055	96.25%	22,658,797	76.56%
19	17,001	22	17,549	386,080	6,077	96.60%	23,044,877	77.87%
20	18,001	25	18,544	463,593	6,102	97.00%	23,508,470	79.43%
21	19,001	26	19,477	506,400	6,128	97.41%	24,014,870	81.15%
22	20,001	16	20,606	329,690	6,144	97.66%	24,344,560	82.26%
23	21,001	8	21,439	171,510	6,152	97.79%	24,516,070	82.84%
24	22,001	12	22,484	269,810	6,164	97.98%	24,785,880	83.75%
25	23,001	11	23,385	257,230	6,175	98.16%	25,043,110	84.62%
26	24,001	13	24,609	319,917	6,188	98.36%	25,363,027	85.70%
27	25,001	6	25,503	153,020	6,194	98.46%	25,516,047	86.22%
28	26,001	8	26,395	211,160	6,202	98.59%	25,727,207	86.93%
29	27,001	5	27,614	138,070	6,207	98.66%	25,865,277	87.40%
30	28,001	5	28,372	141,860	6,212	98.74%	26,007,137	87.88%
31	29,001	6	29,510	177,059	6,218	98.84%	26,184,196	88.48%
32	30,001	4	30,313	121,250	6,222	98.90%	26,305,446	88.89%
33	31,001	4	31,618	126,470	6,226	98.97%	26,431,916	89.31%
34	32,001	2	32,455	64,910	6,228	99.00%	26,496,826	89.53%
35	33,001	4	33,202	132,809	6,232	99.06%	26,629,635	89.98%
36	34,001	4	34,668	138,670	6,236	99.13%	26,768,305	90.45%
37	35,001	4	35,355	141,418	6,240	99.19%	26,909,723	90.93%
38	36,001	3	36,607	109,820	6,243	99.24%	27,019,543	91.30%
39	37,001	1	37,960	37,960	6,244	99.25%	27,057,503	91.43%
40	38,001	3	38,283	114,850	6,247	99.30%	27,172,353	91.81%
41	39,001	1	39,970	39,970	6,248	99.32%	27,212,323	91.95%
42	40,001	5	40,511	202,554	6,253	99.40%	27,414,877	92.63%
43	41,001	4	41,445	165,780	6,257	99.46%	27,580,657	93.19%
44	42,001	2	42,439	84,878	6,259	99.49%	27,665,535	93.48%
45	43,001	3	43,607	130,821	6,262	99.54%	27,796,356	93.92%
46	44,001	3	44,480	133,440	6,265	99.59%	27,929,796	94.37%
47	45,001	-	-	-	6,265	99.59%	27,929,796	94.37%
48	46,001	2	46,515	93,030	6,267	99.62%	28,022,826	94.69%
49	47,001	2	47,545	95,090	6,269	99.65%	28,117,916	95.01%
50	48,001	1	48,320	48,320	6,270	99.67%	28,166,236	95.17%
51	49,001	2	49,280	98,560	6,272	99.70%	28,264,796	95.51%
52	50,001	-	-	-	6,272	99.70%	28,264,796	95.51%
53	51,001	1	51,405	51,405	6,273	99.71%	28,316,201	95.68%

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

Rate Tiers	Present Rates	Proposed Rates	Charges	Present Rates	Proposed Rates
Tier One Breakover (M gal):	3	3	Base Charge:	\$ 19.72	\$ 16.35
Tier Two Breakover (M gal):	7	8	Tier One Rate:	\$ 3.38	\$ 3.05
Tier Three Breakover (M gal):	999,999	999,999	Tier Two Rate:	\$ 4.90	\$ 4.06
			Tier Three Rate:	\$ 5.94	\$ 5.08

Line No.	Block	Number of Bills in Block	Average Consumption in Block	Consumption in Block	Cumulative Bills No.	% of Total	Cumulative Consumption Amount	% of Total
54	52,001 - 53,000	1	52,430	52,430	6,274	99.73%	28,368,631	95.86%
55	53,001 - 54,000	-	-	-	6,274	99.73%	28,368,631	95.86%
56	54,001 - 55,000	-	-	-	6,274	99.73%	28,368,631	95.86%
57	55,001 - 56,000	-	-	-	6,274	99.73%	28,368,631	95.86%
58	56,001 - 57,000	-	-	-	6,274	99.73%	28,368,631	95.86%
59	57,001 - 58,000	-	-	-	6,274	99.73%	28,368,631	95.86%
60	58,001 - 59,000	2	58,565	117,130	6,276	99.76%	28,485,761	96.25%
61	59,001 - 60,000	2	59,605	119,210	6,278	99.79%	28,604,971	96.66%
62	60,001 - 61,000	2	60,165	120,330	6,280	99.83%	28,725,301	97.06%
63	61,001 - 62,000	4	61,625	246,500	6,284	99.89%	28,971,801	97.89%
64	62,001 - 63,000	1	62,030	62,030	6,285	99.90%	29,033,831	98.10%
65	63,001 - 64,000	-	-	-	6,285	99.90%	29,033,831	98.10%
66	64,001 - 65,000	-	-	-	6,285	99.90%	29,033,831	98.10%
67	65,001 - 66,000	-	-	-	6,285	99.90%	29,033,831	98.10%
68	66,001 - 67,000	-	-	-	6,285	99.90%	29,033,831	98.10%
69	67,001 - 68,000	-	-	-	6,285	99.90%	29,033,831	98.10%
70	68,001 - 69,000	-	-	-	6,285	99.90%	29,033,831	98.10%
71	69,001 - 70,000	-	-	-	6,285	99.90%	29,033,831	98.10%
72	70,001 - 71,000	1	70,300	70,300	6,286	99.92%	29,104,131	98.34%
73	71,001 - 72,000	1	71,790	71,790	6,287	99.94%	29,175,921	98.58%
74	72,001 - 73,000	-	-	-	6,287	99.94%	29,175,921	98.58%
75	73,001 - 74,000	-	-	-	6,287	99.94%	29,175,921	98.58%
76	74,001 - 75,000	-	-	-	6,287	99.94%	29,175,921	98.58%
77	75,001 - 76,000	-	-	-	6,287	99.94%	29,175,921	98.58%
78	76,001 - 77,000	-	-	-	6,287	99.94%	29,175,921	98.58%
79	77,001 - 78,000	-	-	-	6,287	99.94%	29,175,921	98.58%
80	78,001 - 79,000	-	-	-	6,287	99.94%	29,175,921	98.58%
81	79,001 - 80,000	-	-	-	6,287	99.94%	29,175,921	98.58%
82	80,001 - 81,000	-	-	-	6,287	99.94%	29,175,921	98.58%
83	81,001 - 82,000	-	-	-	6,287	99.94%	29,175,921	98.58%
84	82,001 - 83,000	-	-	-	6,287	99.94%	29,175,921	98.58%
85	83,001 - 84,000	-	-	-	6,287	99.94%	29,175,921	98.58%
86	84,001 - 85,000	-	-	-	6,287	99.94%	29,175,921	98.58%
87	85,001 - 86,000	-	-	-	6,287	99.94%	29,175,921	98.58%
88	86,001 - 87,000	-	-	-	6,287	99.94%	29,175,921	98.58%
89	87,001 - 88,000	-	-	-	6,287	99.94%	29,175,921	98.58%
90	88,001 - 89,000	-	-	-	6,287	99.94%	29,175,921	98.58%
91	89,001 - 90,000	1	89,300	89,300	6,288	99.95%	29,265,221	98.89%
92	90,001 - 91,000	-	-	-	6,288	99.95%	29,265,221	98.89%
93	91,001 - 92,000	-	-	-	6,288	99.95%	29,265,221	98.89%
94	92,001 - 93,000	-	-	-	6,288	99.95%	29,265,221	98.89%
95	93,001 - 94,000	-	-	-	6,288	99.95%	29,265,221	98.89%
96	94,001 - 95,000	-	-	-	6,288	99.95%	29,265,221	98.89%
97	95,001 - 96,000	-	-	-	6,288	99.95%	29,265,221	98.89%
98	96,001 - 97,000	-	-	-	6,288	99.95%	29,265,221	98.89%
99	97,001 - 98,000	-	-	-	6,288	99.95%	29,265,221	98.89%
100	98,001 - 99,000	-	-	-	6,288	99.95%	29,265,221	98.89%
101	99,001 - 100,000	-	-	-	6,288	99.95%	29,265,221	98.89%
102	101,010 - 101,010	1	101,010	101,010	6,289	99.97%	29,366,231	99.23%
103	114,170 - 114,170	1	114,170	114,170	6,290	99.98%	29,480,401	99.61%
104	114,490 - 114,490	1	114,490	114,490	6,291	100.00%	29,594,891	100.00%

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

Rate Tiers	Present Rates	Proposed Rates	Charges	
			Present Rates	Proposed Rates
Base Charge:			\$ 19.72	\$ 16.35
Tier One Breakover (M gal):	3	3	Tier One Rate: \$ 3.38	\$ 3.05
Tier Two Breakover (M gal):	7	8	Tier Two Rate: \$ 4.90	\$ 4.06
Tier Three Breakover (M gal):	999,999	999,999	Tier Three Rate: \$ 5.94	\$ 5.08

Line No.	Block	Number of Bills in Block	Average Consumption in Block	Consumption in Block	Cumulative Bills		Cumulative Consumption	
					No.	% of Total	Amount	% of Total
105								
106	Totals	6,291		29,594,891	6,291		29,594,891	
107	Prorated Bills Reduction ¹	(45)						
108	Total Bills	6,246						
109								
110								
111								
112	Average Number of Customers		521					
113								
114	Average Consumption (gallons)		4,738					
115								
116	Median Consumption (gallons)		2,478					
117								
118								
119								
120								
121								
122								
123								
124								
125								
126								
127								

¹Customer Base Charges are prorated for billing periods less than 25 days and greater than 35 days. When homes change ownership during a month, two bills are generated. One for each owner for the portion of the month that owner took water service. The sum of the Minimum Charge billed on each of the two billings will approximately equal to the monthly minimum charge for the meter size. New accounts are also prorated for the first month of service and will average to approximately 1/2 of the Minimum Charge. The reduction in bill count is necessary to avoid double counting billing units during months when account ownership changes. The reduction is based on the actual number of meters in this class discontinuing and establishing service during the test year.

Class: Residential
 Meter Size: 3/4"
 Sub Class:

Rate Tiers	Present Rates	Proposed Rates	Charges	Present Rates	Proposed Rates
Tier One Breakover (M gal):	3	3	Base Charge:	\$ 29.58	\$ 24.53
Tier Two Breakover (M gal):	7	8	Tier One Rate:	\$ 3.38	\$ 3.05
Tier Three Breakover (M gal):	999,999	999,999	Tier Two Rate:	\$ 4.90	\$ 4.06
			Tier Three Rate:	\$ 5.94	\$ 5.08

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	% of Total	Cumulative Consumption Amount	% of Total
1	-	1	-	-	1	2.78%	-	0.00%
2	1	-	1,000	-	1	2.78%	-	0.00%
3	1,001	-	2,000	1,563	4	11.11%	4,690	2.06%
4	2,001	-	3,000	2,386	5	25.00%	11,930	7.31%
5	3,001	-	4,000	3,417	12	33.33%	26,870	11.82%
6	4,001	-	5,000	4,483	19	52.78%	58,250	25.63%
7	5,001	-	6,000	5,565	27	75.00%	102,770	45.22%
8	6,001	-	7,000	6,890	29	80.56%	116,550	51.28%
9	7,001	-	8,000	7,100	31	86.11%	130,750	57.53%
10	8,001	-	9,000	-	31	86.11%	130,750	57.53%
11	9,001	-	10,000	-	31	86.11%	130,750	57.53%
12	10,001	-	11,000	10,780	32	88.89%	141,530	62.27%
13	11,001	-	12,000	-	32	88.89%	141,530	62.27%
14	12,001	-	13,000	-	32	88.89%	141,530	62.27%
15	13,001	-	14,000	-	32	88.89%	141,530	62.27%
16	14,001	-	15,000	14,960	33	91.67%	156,490	68.85%
17	15,001	-	16,000	-	33	91.67%	156,490	68.85%
18	16,001	-	17,000	-	33	91.67%	156,490	68.85%
19	17,001	-	18,000	-	33	91.67%	156,490	68.85%
20	18,001	-	19,000	19,000	34	94.44%	175,490	77.21%
21	19,001	-	20,000	-	34	94.44%	175,490	77.21%
22	20,001	-	21,000	-	34	94.44%	175,490	77.21%
23	21,001	-	22,000	-	34	94.44%	175,490	77.21%
24	22,001	-	23,000	-	34	94.44%	175,490	77.21%
25	23,001	-	24,000	-	34	94.44%	175,490	77.21%
26	24,001	-	25,000	-	34	94.44%	175,490	77.21%
27	25,001	-	26,000	25,895	36	100.00%	227,280	100.00%
28	26,001	-	27,000	-	36	100.00%	227,280	100.00%
29	27,001	-	28,000	-	36	100.00%	227,280	100.00%
30	28,001	-	29,000	-	36	100.00%	227,280	100.00%
31	29,001	-	30,000	-	36	100.00%	227,280	100.00%
32	30,001	-	31,000	-	36	100.00%	227,280	100.00%
33	31,001	-	32,000	-	36	100.00%	227,280	100.00%
34	32,001	-	33,000	-	36	100.00%	227,280	100.00%
35	33,001	-	34,000	-	36	100.00%	227,280	100.00%
36	34,001	-	35,000	-	36	100.00%	227,280	100.00%
37	35,001	-	36,000	-	36	100.00%	227,280	100.00%
38	36,001	-	37,000	-	36	100.00%	227,280	100.00%
39	37,001	-	38,000	-	36	100.00%	227,280	100.00%
40	38,001	-	39,000	-	36	100.00%	227,280	100.00%
41	39,001	-	40,000	-	36	100.00%	227,280	100.00%
42	40,001	-	41,000	-	36	100.00%	227,280	100.00%
43	41,001	-	42,000	-	36	100.00%	227,280	100.00%
44	42,001	-	43,000	-	36	100.00%	227,280	100.00%
45	43,001	-	44,000	-	36	100.00%	227,280	100.00%
46	44,001	-	45,000	-	36	100.00%	227,280	100.00%
47	45,001	-	46,000	-	36	100.00%	227,280	100.00%
48	46,001	-	47,000	-	36	100.00%	227,280	100.00%
49	47,001	-	48,000	-	36	100.00%	227,280	100.00%
50	48,001	-	49,000	-	36	100.00%	227,280	100.00%
51	49,001	-	50,000	-	36	100.00%	227,280	100.00%
52	50,001	-	51,000	-	36	100.00%	227,280	100.00%
53	51,001	-	52,000	-	36	100.00%	227,280	100.00%

Class: Residential
 Meter Size: 3/4"
 Sub Class:

Rate Tiers	Present Rates		Proposed Rates	
	Present Rates	Proposed Rates	Present Rates	Proposed Rates
Tier One Breakover (M gal):	3	3		
Tier Two Breakover (M gal):	7	8		
Tier Three Breakover (M gal):	999,999	999,999		

Charges	Present Rates	Proposed Rates
Base Charge:	\$ 29.58	\$ 24.53
Tier One Rate:	\$ 3.38	\$ 3.05
Tier Two Rate:	\$ 4.90	\$ 4.06
Tier Three Rate:	\$ 5.94	\$ 5.08

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills		Cumulative Consumption	
					No.	% of Total	Amount	% of Total
54	52,001 -	53,000	-	-	36	100.00%	227,280	100.00%
55	53,001 -	54,000	-	-	36	100.00%	227,280	100.00%
56	54,001 -	55,000	-	-	36	100.00%	227,280	100.00%
57	55,001 -	56,000	-	-	36	100.00%	227,280	100.00%
58	56,001 -	57,000	-	-	36	100.00%	227,280	100.00%
59	57,001 -	58,000	-	-	36	100.00%	227,280	100.00%
60	58,001 -	59,000	-	-	36	100.00%	227,280	100.00%
61	59,001 -	60,000	-	-	36	100.00%	227,280	100.00%
62	60,001 -	61,000	-	-	36	100.00%	227,280	100.00%
63	61,001 -	62,000	-	-	36	100.00%	227,280	100.00%
64	62,001 -	63,000	-	-	36	100.00%	227,280	100.00%
65	63,001 -	64,000	-	-	36	100.00%	227,280	100.00%
66	64,001 -	65,000	-	-	36	100.00%	227,280	100.00%
67	65,001 -	66,000	-	-	36	100.00%	227,280	100.00%
68	66,001 -	67,000	-	-	36	100.00%	227,280	100.00%
69	67,001 -	68,000	-	-	36	100.00%	227,280	100.00%
70	68,001 -	69,000	-	-	36	100.00%	227,280	100.00%
71	69,001 -	70,000	-	-	36	100.00%	227,280	100.00%
72	70,001 -	71,000	-	-	36	100.00%	227,280	100.00%
73	71,001 -	72,000	-	-	36	100.00%	227,280	100.00%
74	72,001 -	73,000	-	-	36	100.00%	227,280	100.00%
75	73,001 -	74,000	-	-	36	100.00%	227,280	100.00%
76	74,001 -	75,000	-	-	36	100.00%	227,280	100.00%
77	75,001 -	76,000	-	-	36	100.00%	227,280	100.00%
78	76,001 -	77,000	-	-	36	100.00%	227,280	100.00%
79	77,001 -	78,000	-	-	36	100.00%	227,280	100.00%
80	78,001 -	79,000	-	-	36	100.00%	227,280	100.00%
81	79,001 -	80,000	-	-	36	100.00%	227,280	100.00%
82	80,001 -	81,000	-	-	36	100.00%	227,280	100.00%
83	81,001 -	82,000	-	-	36	100.00%	227,280	100.00%
84	82,001 -	83,000	-	-	36	100.00%	227,280	100.00%
85	83,001 -	84,000	-	-	36	100.00%	227,280	100.00%
86	84,001 -	85,000	-	-	36	100.00%	227,280	100.00%
87	85,001 -	86,000	-	-	36	100.00%	227,280	100.00%
88	86,001 -	87,000	-	-	36	100.00%	227,280	100.00%
89	87,001 -	88,000	-	-	36	100.00%	227,280	100.00%
90	88,001 -	89,000	-	-	36	100.00%	227,280	100.00%
91	89,001 -	90,000	-	-	36	100.00%	227,280	100.00%
92	90,001 -	91,000	-	-	36	100.00%	227,280	100.00%
93	91,001 -	92,000	-	-	36	100.00%	227,280	100.00%
94	92,001 -	93,000	-	-	36	100.00%	227,280	100.00%
95	93,001 -	94,000	-	-	36	100.00%	227,280	100.00%
96	94,001 -	95,000	-	-	36	100.00%	227,280	100.00%
97	95,001 -	96,000	-	-	36	100.00%	227,280	100.00%
98	96,001 -	97,000	-	-	36	100.00%	227,280	100.00%
99	97,001 -	98,000	-	-	36	100.00%	227,280	100.00%
100	98,001 -	99,000	-	-	36	100.00%	227,280	100.00%
101	99,001 -	100,000	-	-	36	100.00%	227,280	100.00%

Class: Residential
 Meter Size: 3/4"
 Sub Class:

Rate Tiers	Present Rates	Proposed Rates	Charges	Present Rates	Proposed Rates
			Base Charge:	\$ 29.58	\$ 24.53
Tier One Breakover (M gal):	3	3	Tier One Rate:	\$ 3.38	\$ 3.05
Tier Two Breakover (M gal):	7	8	Tier Two Rate:	\$ 4.90	\$ 4.06
Tier Three Breakover (M gal):	999,999	999,999	Tier Three Rate:	\$ 5.94	\$ 5.08

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	% of Total	Cumulative Consumption Amount	% of Total
102								
103	Totals	36		227,280	36		227,280	
104	Prorated Bills Reduction ¹	-						
105	Total Bills	36						
106								
107								
108								
109	Average Number of Customers		3					
110								
111	Average Consumption (gallons)		6,313					
112								
113	Median Consumption (gallons)		4,483					
114								
115								
116								
117								
118								
119								
120								
121								
122								
123								
124								

¹Customer Base Charges are prorated for billing periods less than 25 days and greater than 35 days. When homes change ownership during a month, two bills are generated. One for each owner for the portion of the month that owner took water service. The sum of the Minimum Charge billed on each of the two billings will approximately equal to the monthly minimum charge for the meter size. New accounts are also prorated for the first month of service and will average to approximately 1/2 of the Minimum Charge. The reduction in bill count is necessary to avoid double counting billing units during months when account ownership changes. The reduction is based on the actual number of meters in this class discontinuing and establishing service during the test year.

Class: Residential
 Meter Size: 1"
 Sub Class:

Rate Tiers	Present Rates		Proposed Rates	
	Present Rates	Proposed Rates	Present Rates	Proposed Rates
Tier One Breakover (M gal):	-	-	-	-
Tier Two Breakover (M gal):	20	15	4.90	4.06
Tier Three Breakover (M gal):	999,999	999,999	5.94	5.08

Charges	Present Rates	Proposed Rates
Base Charge:	\$ 49.30	\$ 40.88
Tier One Rate:	\$ -	\$ -
Tier Two Rate:	\$ 4.90	\$ 4.06
Tier Three Rate:	\$ 5.94	\$ 5.08

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills		Cumulative Consumption	
					No.	% of Total	Amount	% of Total
1	-	-	-	-	-	0.00%	-	0.00%
2	1	1,000	-	-	-	0.00%	-	0.00%
3	1,001	2,000	-	-	-	0.00%	-	0.00%
4	2,001	3,000	-	-	-	0.00%	-	0.00%
5	3,001	4,000	1	3,960	1	4.17%	3,960	1.40%
6	4,001	5,000	2	4,750	3	12.50%	13,460	4.75%
7	5,001	6,000	1	5,490	4	16.67%	18,950	6.69%
8	6,001	7,000	5	6,324	9	37.50%	50,570	17.85%
9	7,001	8,000	1	7,430	10	41.67%	58,000	20.47%
10	8,001	9,000	-	-	10	41.67%	58,000	20.47%
11	9,001	10,000	3	9,430	13	54.17%	86,290	30.45%
12	10,001	11,000	2	10,740	15	62.50%	107,770	38.04%
13	11,001	12,000	1	11,510	16	66.67%	119,280	42.10%
14	12,001	13,000	1	12,730	17	70.83%	132,010	46.59%
15	13,001	14,000	-	-	17	70.83%	132,010	46.59%
16	14,001	15,000	-	-	17	70.83%	132,010	46.59%
17	15,001	16,000	1	15,890	18	75.00%	147,900	52.20%
18	16,001	17,000	-	-	18	75.00%	147,900	52.20%
19	17,001	18,000	1	17,820	19	79.17%	165,720	58.49%
20	18,001	19,000	-	-	19	79.17%	165,720	58.49%
21	19,001	20,000	1	19,650	20	83.33%	185,370	65.42%
22	20,001	21,000	2	20,785	22	91.67%	226,940	80.09%
23	21,001	22,000	-	-	22	91.67%	226,940	80.09%
24	22,001	23,000	-	-	22	91.67%	226,940	80.09%
25	23,001	24,000	-	-	22	91.67%	226,940	80.09%
26	24,001	25,000	-	-	22	91.67%	226,940	80.09%
27	25,001	26,000	1	25,820	23	95.83%	252,760	89.21%
28	26,001	27,000	-	-	23	95.83%	252,760	89.21%
29	27,001	28,000	-	-	23	95.83%	252,760	89.21%
30	28,001	29,000	-	-	23	95.83%	252,760	89.21%
31	29,001	30,000	-	-	23	95.83%	252,760	89.21%
32	30,001	31,000	1	30,580	24	100.00%	283,340	100.00%
33	31,001	32,000	-	-	24	100.00%	283,340	100.00%
34	32,001	33,000	-	-	24	100.00%	283,340	100.00%
35	33,001	34,000	-	-	24	100.00%	283,340	100.00%
36	34,001	35,000	-	-	24	100.00%	283,340	100.00%
37	35,001	36,000	-	-	24	100.00%	283,340	100.00%
38	36,001	37,000	-	-	24	100.00%	283,340	100.00%
39	37,001	38,000	-	-	24	100.00%	283,340	100.00%
40	38,001	39,000	-	-	24	100.00%	283,340	100.00%
41	39,001	40,000	-	-	24	100.00%	283,340	100.00%
42	40,001	41,000	-	-	24	100.00%	283,340	100.00%
43	41,001	42,000	-	-	24	100.00%	283,340	100.00%
44	42,001	43,000	-	-	24	100.00%	283,340	100.00%
45	43,001	44,000	-	-	24	100.00%	283,340	100.00%
46	44,001	45,000	-	-	24	100.00%	283,340	100.00%
47	45,001	46,000	-	-	24	100.00%	283,340	100.00%
48	46,001	47,000	-	-	24	100.00%	283,340	100.00%
49	47,001	48,000	-	-	24	100.00%	283,340	100.00%
50	48,001	49,000	-	-	24	100.00%	283,340	100.00%
51	49,001	50,000	-	-	24	100.00%	283,340	100.00%
52	50,001	51,000	-	-	24	100.00%	283,340	100.00%
53	51,001	52,000	-	-	24	100.00%	283,340	100.00%

Class: Residential
 Meter Size: 1"
 Sub Class:

Rate Tiers	Charges		Present Rates	Proposed Rates
	Present Rates	Proposed Rates		
Base Charge:	\$ 49.30	\$ 40.88		
Tier One Breakover (M gal):	-	-	Tier One Rate: \$ -	\$ -
Tier Two Breakover (M gal):	20	15	Tier Two Rate: \$ 4.90	\$ 4.06
Tier Three Breakover (M gal):	999,999	999,999	Tier Three Rate: \$ 5.94	\$ 5.08

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills		Cumulative Consumption	
					No.	% of Total	Amount	% of Total
54	52,001 -	53,000	-	-	24	100.00%	283,340	100.00%
55	53,001 -	54,000	-	-	24	100.00%	283,340	100.00%
56	54,001 -	55,000	-	-	24	100.00%	283,340	100.00%
57	55,001 -	56,000	-	-	24	100.00%	283,340	100.00%
58	56,001 -	57,000	-	-	24	100.00%	283,340	100.00%
59	57,001 -	58,000	-	-	24	100.00%	283,340	100.00%
60	58,001 -	59,000	-	-	24	100.00%	283,340	100.00%
61	59,001 -	60,000	-	-	24	100.00%	283,340	100.00%
62	60,001 -	61,000	-	-	24	100.00%	283,340	100.00%
63	61,001 -	62,000	-	-	24	100.00%	283,340	100.00%
64	62,001 -	63,000	-	-	24	100.00%	283,340	100.00%
65	63,001 -	64,000	-	-	24	100.00%	283,340	100.00%
66	64,001 -	65,000	-	-	24	100.00%	283,340	100.00%
67	65,001 -	66,000	-	-	24	100.00%	283,340	100.00%
68	66,001 -	67,000	-	-	24	100.00%	283,340	100.00%
69	67,001 -	68,000	-	-	24	100.00%	283,340	100.00%
70	68,001 -	69,000	-	-	24	100.00%	283,340	100.00%
71	69,001 -	70,000	-	-	24	100.00%	283,340	100.00%
72	70,001 -	71,000	-	-	24	100.00%	283,340	100.00%
73	71,001 -	72,000	-	-	24	100.00%	283,340	100.00%
74	72,001 -	73,000	-	-	24	100.00%	283,340	100.00%
75	73,001 -	74,000	-	-	24	100.00%	283,340	100.00%
76	74,001 -	75,000	-	-	24	100.00%	283,340	100.00%
77	75,001 -	76,000	-	-	24	100.00%	283,340	100.00%
78	76,001 -	77,000	-	-	24	100.00%	283,340	100.00%
79	77,001 -	78,000	-	-	24	100.00%	283,340	100.00%
80	78,001 -	79,000	-	-	24	100.00%	283,340	100.00%
81	79,001 -	80,000	-	-	24	100.00%	283,340	100.00%
82	80,001 -	81,000	-	-	24	100.00%	283,340	100.00%
83	81,001 -	82,000	-	-	24	100.00%	283,340	100.00%
84	82,001 -	83,000	-	-	24	100.00%	283,340	100.00%
85	83,001 -	84,000	-	-	24	100.00%	283,340	100.00%
86	84,001 -	85,000	-	-	24	100.00%	283,340	100.00%
87	85,001 -	86,000	-	-	24	100.00%	283,340	100.00%
88	86,001 -	87,000	-	-	24	100.00%	283,340	100.00%
89	87,001 -	88,000	-	-	24	100.00%	283,340	100.00%
90	88,001 -	89,000	-	-	24	100.00%	283,340	100.00%
91	89,001 -	90,000	-	-	24	100.00%	283,340	100.00%
92	90,001 -	91,000	-	-	24	100.00%	283,340	100.00%
93	91,001 -	92,000	-	-	24	100.00%	283,340	100.00%
94	92,001 -	93,000	-	-	24	100.00%	283,340	100.00%
95	93,001 -	94,000	-	-	24	100.00%	283,340	100.00%
96	94,001 -	95,000	-	-	24	100.00%	283,340	100.00%
97	95,001 -	96,000	-	-	24	100.00%	283,340	100.00%
98	96,001 -	97,000	-	-	24	100.00%	283,340	100.00%
99	97,001 -	98,000	-	-	24	100.00%	283,340	100.00%
100	98,001 -	99,000	-	-	24	100.00%	283,340	100.00%
101	99,001 -	100,000	-	-	24	100.00%	283,340	100.00%
102	-	-	-	-	24	100.00%	283,340	100.00%

Class: Residential
 Meter Size: 1"
 Sub Class:

Rate Tiers	Present Rates	Proposed Rates	Charges	Present Rates	Proposed Rates
			Base Charge:	\$ 49.30	\$ 40.88
Tier One Breakover (M gal):	-	-	Tier One Rate:	\$ -	\$ -
Tier Two Breakover (M gal):	20	15	Tier Two Rate:	\$ 4.90	\$ 4.06
Tier Three Breakover (M gal):	999,999	999,999	Tier Three Rate:	\$ 5.94	\$ 5.08

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	% of Total	Cumulative Consumption Amount	% of Total
103								
104	Totals	24		283,340	24		283,340	
105	Prorated Bills Reduction ¹	-						
106	Total Bills	24						
107								
108								
109								
110	Average Number of Customers		2					
111								
112	Average Consumption (gallons)		11,806					
113								
114	Median Consumption (gallons)		9,430					
115								
116								
117								
118								
119								
120								
121								
122								
123								
124								
125								

¹Customer Base Charges are prorated for billing periods less than 25 days and greater than 35 days. When homes change ownership during a month, two bills are generated. One for each owner for the portion of the month that owner took water service. The sum of the Minimum Charge billed on each of the two billings will approximately equal to the monthly minimum charge for the meter size. New accounts are also prorated for the first month of service and will average to approximately 1/2 of the Minimum Charge. The reduction in bill count is necessary to avoid double counting billing units during months when account ownership changes. The reduction is based on the actual number of meters in this class discontinuing and establishing service during the test year.

Class: Commercial
 Meter Size: 5/8"x3/4"
 Sub Class:

Rate Tiers	Present Rates	Proposed Rates	Charges	Present Rates	Proposed Rates
Tier One Breakover (M gal):	3	-	Base Charge:	\$ 19.72	\$ 16.35
Tier Two Breakover (M gal):	7	8	Tier One Rate:	\$ 3.38	\$ -
Tier Three Breakover (M gal):	999,999	999,999	Tier Two Rate:	\$ 4.90	\$ 4.06
			Tier Three Rate:	\$ 5.94	\$ 5.08

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	% of Total	Cumulative Consumption Amount	% of Total
1	-	52	-	-	52	52.53%	-	0.00%
2	1	8	148	1,180	60	60.61%	1,180	0.18%
3	1,001	4	1,508	6,030	64	64.65%	7,210	1.10%
4	2,001	5	2,593	12,965	69	69.70%	20,175	3.07%
5	3,001	4	3,735	14,940	73	73.74%	35,115	5.34%
6	4,001	-	-	-	73	73.74%	35,115	5.34%
7	5,001	1	5,090	5,090	74	74.75%	40,205	6.12%
8	6,001	-	-	-	74	74.75%	40,205	6.12%
9	7,001	1	7,040	7,040	75	75.76%	47,245	7.19%
10	8,001	3	8,468	25,405	78	78.79%	72,650	11.05%
11	9,001	1	9,860	9,860	79	79.80%	82,510	12.55%
12	10,001	-	-	-	79	79.80%	82,510	12.55%
13	11,001	1	11,700	11,700	80	80.81%	94,210	14.33%
14	12,001	2	12,580	25,160	82	82.83%	119,370	18.16%
15	13,001	1	13,150	13,150	83	83.84%	132,520	20.16%
16	14,001	1	14,180	14,180	84	84.85%	146,700	22.31%
17	15,001	1	15,500	15,500	85	85.86%	162,200	24.67%
18	16,001	-	-	-	85	85.86%	162,200	24.67%
19	17,001	3	17,507	52,520	88	88.89%	214,720	32.66%
20	18,001	2	18,530	37,060	90	90.91%	251,780	38.30%
21	19,001	1	19,700	19,700	91	91.92%	271,480	41.29%
22	20,001	2	20,745	41,490	93	93.94%	312,970	47.60%
23	21,001	-	-	-	93	93.94%	312,970	47.60%
24	22,001	2	22,430	44,860	95	95.96%	357,830	54.43%
25	23,001	-	-	-	95	95.96%	357,830	54.43%
26	24,001	1	24,760	24,760	96	96.97%	382,590	58.19%
27	25,001	-	-	-	96	96.97%	382,590	58.19%
28	26,001	-	-	-	96	96.97%	382,590	58.19%
29	27,001	-	-	-	96	96.97%	382,590	58.19%
30	28,001	-	-	-	96	96.97%	382,590	58.19%
31	29,001	-	-	-	96	96.97%	382,590	58.19%
32	30,001	-	-	-	96	96.97%	382,590	58.19%
33	31,001	-	-	-	96	96.97%	382,590	58.19%
34	32,001	-	-	-	96	96.97%	382,590	58.19%
35	33,001	-	-	-	96	96.97%	382,590	58.19%
36	34,001	-	-	-	96	96.97%	382,590	58.19%
37	35,001	-	-	-	96	96.97%	382,590	58.19%
38	36,001	1	36,320	36,320	97	97.98%	418,910	63.72%
39	37,001	-	-	-	97	97.98%	418,910	63.72%
40	38,001	-	-	-	97	97.98%	418,910	63.72%
41	39,001	-	-	-	97	97.98%	418,910	63.72%
42	40,001	-	-	-	97	97.98%	418,910	63.72%
43	41,001	1	41,250	41,250	98	98.99%	460,160	69.99%
44	42,001	-	-	-	98	98.99%	460,160	69.99%
45	43,001	-	-	-	98	98.99%	460,160	69.99%
46	44,001	-	-	-	98	98.99%	460,160	69.99%
47	45,001	-	-	-	98	98.99%	460,160	69.99%
48	46,001	-	-	-	98	98.99%	460,160	69.99%
49	47,001	-	-	-	98	98.99%	460,160	69.99%
50	48,001	-	-	-	98	98.99%	460,160	69.99%
51	49,001	-	-	-	98	98.99%	460,160	69.99%
52	50,001	-	-	-	98	98.99%	460,160	69.99%
53	51,001	-	-	-	98	98.99%	460,160	69.99%

Class: Commercial
 Meter Size: 5/8"x3/4"
 Sub Class:

Rate Tiers	Present Rates		Proposed Rates	
	Present Rates	Proposed Rates	Present Rates	Proposed Rates
Tier One Breakover (M gal):	3	-		
Tier Two Breakover (M gal):	7	8		
Tier Three Breakover (M gal):	999,999	999,999		

Charges	Present Rates	Proposed Rates
Base Charge:	\$ 19.72	\$ 16.35
Tier One Rate:	\$ 3.38	\$ -
Tier Two Rate:	\$ 4.90	\$ 4.06
Tier Three Rate:	\$ 5.94	\$ 5.08

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills		Cumulative Consumption	
					No.	% of Total	Amount	% of Total
54	52,001 -	53,000	-	-	98	98.99%	460,160	69.99%
55	53,001 -	54,000	-	-	98	98.99%	460,160	69.99%
56	54,001 -	55,000	-	-	98	98.99%	460,160	69.99%
57	55,001 -	56,000	-	-	98	98.99%	460,160	69.99%
58	56,001 -	57,000	-	-	98	98.99%	460,160	69.99%
59	57,001 -	58,000	-	-	98	98.99%	460,160	69.99%
60	58,001 -	59,000	-	-	98	98.99%	460,160	69.99%
61	59,001 -	60,000	-	-	98	98.99%	460,160	69.99%
62	60,001 -	61,000	-	-	98	98.99%	460,160	69.99%
63	61,001 -	62,000	-	-	98	98.99%	460,160	69.99%
64	62,001 -	63,000	-	-	98	98.99%	460,160	69.99%
65	63,001 -	64,000	-	-	98	98.99%	460,160	69.99%
66	64,001 -	65,000	-	-	98	98.99%	460,160	69.99%
67	65,001 -	66,000	-	-	98	98.99%	460,160	69.99%
68	66,001 -	67,000	-	-	98	98.99%	460,160	69.99%
69	67,001 -	68,000	-	-	98	98.99%	460,160	69.99%
70	68,001 -	69,000	-	-	98	98.99%	460,160	69.99%
71	69,001 -	70,000	-	-	98	98.99%	460,160	69.99%
72	70,001 -	71,000	-	-	98	98.99%	460,160	69.99%
73	71,001 -	72,000	-	-	98	98.99%	460,160	69.99%
74	72,001 -	73,000	-	-	98	98.99%	460,160	69.99%
75	73,001 -	74,000	-	-	98	98.99%	460,160	69.99%
76	74,001 -	75,000	-	-	98	98.99%	460,160	69.99%
77	75,001 -	76,000	-	-	98	98.99%	460,160	69.99%
78	76,001 -	77,000	-	-	98	98.99%	460,160	69.99%
79	77,001 -	78,000	-	-	98	98.99%	460,160	69.99%
80	78,001 -	79,000	-	-	98	98.99%	460,160	69.99%
81	79,001 -	80,000	-	-	98	98.99%	460,160	69.99%
82	80,001 -	81,000	-	-	98	98.99%	460,160	69.99%
83	81,001 -	82,000	-	-	98	98.99%	460,160	69.99%
84	82,001 -	83,000	-	-	98	98.99%	460,160	69.99%
85	83,001 -	84,000	-	-	98	98.99%	460,160	69.99%
86	84,001 -	85,000	-	-	98	98.99%	460,160	69.99%
87	85,001 -	86,000	-	-	98	98.99%	460,160	69.99%
88	86,001 -	87,000	-	-	98	98.99%	460,160	69.99%
89	87,001 -	88,000	-	-	98	98.99%	460,160	69.99%
90	88,001 -	89,000	-	-	98	98.99%	460,160	69.99%
91	89,001 -	90,000	-	-	98	98.99%	460,160	69.99%
92	90,001 -	91,000	-	-	98	98.99%	460,160	69.99%
93	91,001 -	92,000	-	-	98	98.99%	460,160	69.99%
94	92,001 -	93,000	-	-	98	98.99%	460,160	69.99%
95	93,001 -	94,000	-	-	98	98.99%	460,160	69.99%
96	94,001 -	95,000	-	-	98	98.99%	460,160	69.99%
97	95,001 -	96,000	-	-	98	98.99%	460,160	69.99%
98	96,001 -	97,000	-	-	98	98.99%	460,160	69.99%
99	97,001 -	98,000	-	-	98	98.99%	460,160	69.99%
100	98,001 -	99,000	-	-	98	98.99%	460,160	69.99%
101	99,001 -	100,000	-	-	98	98.99%	460,160	69.99%
102	197,310 -	197,310	1	197,310	99	100.00%	657,470	100.00%

Class: Commercial
 Meter Size: 5/8"x3/4"
 Sub Class:

Rate Tiers	Present Rates	Proposed Rates	Charges	Present Rates	Proposed Rates
			Base Charge:	\$ 19.72	\$ 16.35
Tier One Breakover (M gal):	3	-	Tier One Rate:	\$ 3.38	\$ -
Tier Two Breakover (M gal):	7	8	Tier Two Rate:	\$ 4.90	\$ 4.06
Tier Three Breakover (M gal):	999,999	999,999	Tier Three Rate:	\$ 5.94	\$ 5.08

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	% of Total	Cumulative Consumption Amount	% of Total
103								
104	Totals	99		657,470	99		657,470	
105	Prorated Bills Reduction ¹	-						
106	Total Bills	99						
107								
108								
109								
110	Average Number of Customers		8					
111								
112	Average Consumption (gallons)		6,641					
113								
114	Median Consumption (gallons)		-					
115								
116								
117								
118								
119								
120								
121								
122								
123								
124								
125								

¹Customer Base Charges are prorated for billing periods less than 25 days and greater than 35 days. When homes change ownership during a month, two bills are generated. One for each owner for the portion of the month that owner took water service. The sum of the Minimum Charge billed on each of the two billings will approximately equal to the monthly minimum charge for the meter size. New accounts are also prorated for the first month of service and will average to approximately 1/2 of the Minimum Charge. The reduction in bill count is necessary to avoid double counting billing units during months when account ownership changes. The reduction is based on the actual number of meters in this class discontinuing and establishing service during the test year.

Class: Commercial
 Meter Size: 1"
 Sub Class:

Rate Tiers	Present Rates	Proposed Rates	Charges	Present Rates	Proposed Rates
			Base Charge:	\$ 49.30	\$ 40.88
Tier One Breakover (M gal):	-	-	Tier One Rate:	\$ -	\$ -
Tier Two Breakover (M gal):	20	15	Tier Two Rate:	\$ 4.90	\$ 4.06
Tier Three Breakover (M gal):	999,999	999,999	Tier Three Rate:	\$ 5.94	\$ 5.08

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills		Cumulative Consumption	
					No.	% of Total	Amount	% of Total
1	-	-	-	-	0.00%	-	0.00%	
2	1	1,000	920	920	1	8.33%	920	2.46%
3	1,001	2,000	1,581	11,070	8	66.67%	11,990	32.11%
4	2,001	3,000	2,080	2,080	9	75.00%	14,070	37.68%
5	3,001	4,000	-	-	9	75.00%	14,070	37.68%
6	4,001	5,000	-	-	9	75.00%	14,070	37.68%
7	5,001	6,000	5,910	5,910	10	83.33%	19,980	53.51%
8	6,001	7,000	-	-	10	83.33%	19,980	53.51%
9	7,001	8,000	7,020	7,020	11	91.67%	27,000	72.31%
10	8,001	9,000	-	-	11	91.67%	27,000	72.31%
11	9,001	10,000	-	-	11	91.67%	27,000	72.31%
12	10,001	11,000	10,340	10,340	12	100.00%	37,340	100.00%
13	11,001	12,000	-	-	12	100.00%	37,340	100.00%
14	12,001	13,000	-	-	12	100.00%	37,340	100.00%
15	13,001	14,000	-	-	12	100.00%	37,340	100.00%
16	14,001	15,000	-	-	12	100.00%	37,340	100.00%
17	15,001	16,000	-	-	12	100.00%	37,340	100.00%
18	16,001	17,000	-	-	12	100.00%	37,340	100.00%
19	17,001	18,000	-	-	12	100.00%	37,340	100.00%
20	18,001	19,000	-	-	12	100.00%	37,340	100.00%
21	19,001	20,000	-	-	12	100.00%	37,340	100.00%
22	20,001	21,000	-	-	12	100.00%	37,340	100.00%
23	21,001	22,000	-	-	12	100.00%	37,340	100.00%
24	22,001	23,000	-	-	12	100.00%	37,340	100.00%
25	23,001	24,000	-	-	12	100.00%	37,340	100.00%
26	24,001	25,000	-	-	12	100.00%	37,340	100.00%
27	25,001	26,000	-	-	12	100.00%	37,340	100.00%
28	26,001	27,000	-	-	12	100.00%	37,340	100.00%
29	27,001	28,000	-	-	12	100.00%	37,340	100.00%
30	28,001	29,000	-	-	12	100.00%	37,340	100.00%
31	29,001	30,000	-	-	12	100.00%	37,340	100.00%
32	30,001	31,000	-	-	12	100.00%	37,340	100.00%
33	31,001	32,000	-	-	12	100.00%	37,340	100.00%
34	32,001	33,000	-	-	12	100.00%	37,340	100.00%
35	33,001	34,000	-	-	12	100.00%	37,340	100.00%
36	34,001	35,000	-	-	12	100.00%	37,340	100.00%
37	35,001	36,000	-	-	12	100.00%	37,340	100.00%
38	36,001	37,000	-	-	12	100.00%	37,340	100.00%
39	37,001	38,000	-	-	12	100.00%	37,340	100.00%
40	38,001	39,000	-	-	12	100.00%	37,340	100.00%
41	39,001	40,000	-	-	12	100.00%	37,340	100.00%
42	40,001	41,000	-	-	12	100.00%	37,340	100.00%
43	41,001	42,000	-	-	12	100.00%	37,340	100.00%
44	42,001	43,000	-	-	12	100.00%	37,340	100.00%
45	43,001	44,000	-	-	12	100.00%	37,340	100.00%
46	44,001	45,000	-	-	12	100.00%	37,340	100.00%
47	45,001	46,000	-	-	12	100.00%	37,340	100.00%
48	46,001	47,000	-	-	12	100.00%	37,340	100.00%
49	47,001	48,000	-	-	12	100.00%	37,340	100.00%
50	48,001	49,000	-	-	12	100.00%	37,340	100.00%
51	49,001	50,000	-	-	12	100.00%	37,340	100.00%
52	50,001	51,000	-	-	12	100.00%	37,340	100.00%
53	51,001	52,000	-	-	12	100.00%	37,340	100.00%

Class: Commercial
 Meter Size: 1"
 Sub Class:

Rate Tiers	Present Rates	Proposed Rates	Charges	
			Present Rates	Proposed Rates
Base Charge:			\$ 49.30	\$ 40.88
Tier One Breakover (M gal):	-	-	Tier One Rate: \$ -	\$ -
Tier Two Breakover (M gal):	20	15	Tier Two Rate: \$ 4.90	\$ 4.06
Tier Three Breakover (M gal):	999,999	999,999	Tier Three Rate: \$ 5.94	\$ 5.08

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills		Cumulative Consumption	
					No.	% of Total	Amount	% of Total
54	52,001 -	53,000	-	-	12	100.00%	37,340	100.00%
55	53,001 -	54,000	-	-	12	100.00%	37,340	100.00%
56	54,001 -	55,000	-	-	12	100.00%	37,340	100.00%
57	55,001 -	56,000	-	-	12	100.00%	37,340	100.00%
58	56,001 -	57,000	-	-	12	100.00%	37,340	100.00%
59	57,001 -	58,000	-	-	12	100.00%	37,340	100.00%
60	58,001 -	59,000	-	-	12	100.00%	37,340	100.00%
61	59,001 -	60,000	-	-	12	100.00%	37,340	100.00%
62	60,001 -	61,000	-	-	12	100.00%	37,340	100.00%
63	61,001 -	62,000	-	-	12	100.00%	37,340	100.00%
64	62,001 -	63,000	-	-	12	100.00%	37,340	100.00%
65	63,001 -	64,000	-	-	12	100.00%	37,340	100.00%
66	64,001 -	65,000	-	-	12	100.00%	37,340	100.00%
67	65,001 -	66,000	-	-	12	100.00%	37,340	100.00%
68	66,001 -	67,000	-	-	12	100.00%	37,340	100.00%
69	67,001 -	68,000	-	-	12	100.00%	37,340	100.00%
70	68,001 -	69,000	-	-	12	100.00%	37,340	100.00%
71	69,001 -	70,000	-	-	12	100.00%	37,340	100.00%
72	70,001 -	71,000	-	-	12	100.00%	37,340	100.00%
73	71,001 -	72,000	-	-	12	100.00%	37,340	100.00%
74	72,001 -	73,000	-	-	12	100.00%	37,340	100.00%
75	73,001 -	74,000	-	-	12	100.00%	37,340	100.00%
76	74,001 -	75,000	-	-	12	100.00%	37,340	100.00%
77	75,001 -	76,000	-	-	12	100.00%	37,340	100.00%
78	76,001 -	77,000	-	-	12	100.00%	37,340	100.00%
79	77,001 -	78,000	-	-	12	100.00%	37,340	100.00%
80	78,001 -	79,000	-	-	12	100.00%	37,340	100.00%
81	79,001 -	80,000	-	-	12	100.00%	37,340	100.00%
82	80,001 -	81,000	-	-	12	100.00%	37,340	100.00%
83	81,001 -	82,000	-	-	12	100.00%	37,340	100.00%
84	82,001 -	83,000	-	-	12	100.00%	37,340	100.00%
85	83,001 -	84,000	-	-	12	100.00%	37,340	100.00%
86	84,001 -	85,000	-	-	12	100.00%	37,340	100.00%
87	85,001 -	86,000	-	-	12	100.00%	37,340	100.00%
88	86,001 -	87,000	-	-	12	100.00%	37,340	100.00%
89	87,001 -	88,000	-	-	12	100.00%	37,340	100.00%
90	88,001 -	89,000	-	-	12	100.00%	37,340	100.00%
91	89,001 -	90,000	-	-	12	100.00%	37,340	100.00%
92	90,001 -	91,000	-	-	12	100.00%	37,340	100.00%
93	91,001 -	92,000	-	-	12	100.00%	37,340	100.00%
94	92,001 -	93,000	-	-	12	100.00%	37,340	100.00%
95	93,001 -	94,000	-	-	12	100.00%	37,340	100.00%
96	94,001 -	95,000	-	-	12	100.00%	37,340	100.00%
97	95,001 -	96,000	-	-	12	100.00%	37,340	100.00%
98	96,001 -	97,000	-	-	12	100.00%	37,340	100.00%
99	97,001 -	98,000	-	-	12	100.00%	37,340	100.00%
100	98,001 -	99,000	-	-	12	100.00%	37,340	100.00%
101	99,001 -	100,000	-	-	12	100.00%	37,340	100.00%

Class: Commercial
 Meter Size: 1"
 Sub Class:

Rate Tiers	Present Rates	Proposed Rates	Charges	
			Present Rates	Proposed Rates
Base Charge:			\$ 49.30	\$ 40.88
Tier One Breakover (M gal):	-	-	Tier One Rate: \$ -	\$ -
Tier Two Breakover (M gal):	20	15	Tier Two Rate: \$ 4.90	\$ 4.06
Tier Three Breakover (M gal):	999,999	999,999	Tier Three Rate: \$ 5.94	\$ 5.08

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	% of Total	Cumulative Consumption Amount	% of Total
102								
103	Totals	12		37,340	12		37,340	
104	Prorated Bills Reduction ¹	-						
105	Total Bills	12						

	Current Rates		Proposed Rates	
	Units	Revenue	Units	Revenue
108 Base Charge	12	\$ 592	12	\$ 491
109 Average Number of Customers		1		
110 Usage (gallons)				
111 Average Consumption (gallons)		3,112		
112 Median Consumption (gallons)		1,581		
114 Usage Totals	37,340		37,340	
115 Metered Revenue Total		\$ 775		\$ 642

118 ¹Customer Base Charges are prorated for billing periods less than 25 days and greater than 35 days.
 119 When homes change ownership during a month, two bills are generated. One for each owner for the portion of
 120 the month that owner took water service. The sum of the Minimum Charge billed on each of the two billings
 121 will approximately equal to the monthly minimum charge for the meter size. New accounts are also prorated
 122 for the first month of service and will average to approximately 1/2 of the Minimum Charge. The reduction in bill count
 123 is necessary to avoid double counting billing units during months when account ownership changes. The reduction is
 124 based on the actual number of meters in this class discontinuing and establishing service during the test year.

Class: Standpipe
 Meter Size: 1"
 Sub Class:

Rate Tiers	Present Rates	Proposed Rates	Charges	Present Rates	Proposed Rates
Tier One Breakover (M gal):			Base Charge:	\$ 49.30	\$ 40.88
Tier Two Breakover (M gal):			Tier One Rate:		
Tier Three Breakover (M gal):	999,999	999,999	Tier Two Rate:		
			Tier Three Rate:	\$ 5.94	\$ 5.08

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	% of Total	Cumulative Consumption Amount	% of Total
1	-	2	-	-	2	16.67%	-	0.00%
2	1	1	960	960	3	25.00%	960	4.25%
3	1,001	2	1,455	2,910	5	41.67%	3,870	17.13%
4	2,001	6	2,494	14,965	11	91.67%	18,835	83.36%
5	3,001	1	3,760	3,760	12	100.00%	22,595	100.00%
6	4,001	-	-	-	12	100.00%	22,595	100.00%
7	5,001	-	-	-	12	100.00%	22,595	100.00%
8	6,001	-	-	-	12	100.00%	22,595	100.00%
9	7,001	-	-	-	12	100.00%	22,595	100.00%
10	8,001	-	-	-	12	100.00%	22,595	100.00%
11	9,001	-	-	-	12	100.00%	22,595	100.00%
12	10,001	-	-	-	12	100.00%	22,595	100.00%
13	11,001	-	-	-	12	100.00%	22,595	100.00%
14	12,001	-	-	-	12	100.00%	22,595	100.00%
15	13,001	-	-	-	12	100.00%	22,595	100.00%
16	14,001	-	-	-	12	100.00%	22,595	100.00%
17	15,001	-	-	-	12	100.00%	22,595	100.00%
18	16,001	-	-	-	12	100.00%	22,595	100.00%
19	17,001	-	-	-	12	100.00%	22,595	100.00%
20	18,001	-	-	-	12	100.00%	22,595	100.00%
21	19,001	-	-	-	12	100.00%	22,595	100.00%
22	20,001	-	-	-	12	100.00%	22,595	100.00%
23	21,001	-	-	-	12	100.00%	22,595	100.00%
24	22,001	-	-	-	12	100.00%	22,595	100.00%
25	23,001	-	-	-	12	100.00%	22,595	100.00%
26	24,001	-	-	-	12	100.00%	22,595	100.00%
27	25,001	-	-	-	12	100.00%	22,595	100.00%
28	26,001	-	-	-	12	100.00%	22,595	100.00%
29	27,001	-	-	-	12	100.00%	22,595	100.00%
30	28,001	-	-	-	12	100.00%	22,595	100.00%
31	29,001	-	-	-	12	100.00%	22,595	100.00%
32	30,001	-	-	-	12	100.00%	22,595	100.00%
33	31,001	-	-	-	12	100.00%	22,595	100.00%
34	32,001	-	-	-	12	100.00%	22,595	100.00%
35	33,001	-	-	-	12	100.00%	22,595	100.00%
36	34,001	-	-	-	12	100.00%	22,595	100.00%
37	35,001	-	-	-	12	100.00%	22,595	100.00%
38	36,001	-	-	-	12	100.00%	22,595	100.00%
39	37,001	-	-	-	12	100.00%	22,595	100.00%
40	38,001	-	-	-	12	100.00%	22,595	100.00%
41	39,001	-	-	-	12	100.00%	22,595	100.00%
42	40,001	-	-	-	12	100.00%	22,595	100.00%
43	41,001	-	-	-	12	100.00%	22,595	100.00%
44	42,001	-	-	-	12	100.00%	22,595	100.00%
45	43,001	-	-	-	12	100.00%	22,595	100.00%
46	44,001	-	-	-	12	100.00%	22,595	100.00%
47	45,001	-	-	-	12	100.00%	22,595	100.00%
48	46,001	-	-	-	12	100.00%	22,595	100.00%
49	47,001	-	-	-	12	100.00%	22,595	100.00%
50	48,001	-	-	-	12	100.00%	22,595	100.00%
51	49,001	-	-	-	12	100.00%	22,595	100.00%
52	50,001	-	-	-	12	100.00%	22,595	100.00%
53	51,001	-	-	-	12	100.00%	22,595	100.00%

Class: Standpipe
 Meter Size: 1"
 Sub Class:

Rate Tiers	Present Rates	Proposed Rates	Charges	Present Rates	Proposed Rates
Tier One Breakover (M gal):			Base Charge:	\$ 49.30	\$ 40.88
Tier Two Breakover (M gal):			Tier One Rate:		
Tier Three Breakover (M gal):	999,999	999,999	Tier Two Rate:		
			Tier Three Rate:	\$ 5.94	\$ 5.08

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	% of Total	Cumulative Consumption Amount	% of Total
54	52,001 -	53,000	-	-	12	100.00%	22,595	100.00%
55	53,001 -	54,000	-	-	12	100.00%	22,595	100.00%
56	54,001 -	55,000	-	-	12	100.00%	22,595	100.00%
57	55,001 -	56,000	-	-	12	100.00%	22,595	100.00%
58	56,001 -	57,000	-	-	12	100.00%	22,595	100.00%
59	57,001 -	58,000	-	-	12	100.00%	22,595	100.00%
60	58,001 -	59,000	-	-	12	100.00%	22,595	100.00%
61	59,001 -	60,000	-	-	12	100.00%	22,595	100.00%
62	60,001 -	61,000	-	-	12	100.00%	22,595	100.00%
63	61,001 -	62,000	-	-	12	100.00%	22,595	100.00%
64	62,001 -	63,000	-	-	12	100.00%	22,595	100.00%
65	63,001 -	64,000	-	-	12	100.00%	22,595	100.00%
66	64,001 -	65,000	-	-	12	100.00%	22,595	100.00%
67	65,001 -	66,000	-	-	12	100.00%	22,595	100.00%
68	66,001 -	67,000	-	-	12	100.00%	22,595	100.00%
69	67,001 -	68,000	-	-	12	100.00%	22,595	100.00%
70	68,001 -	69,000	-	-	12	100.00%	22,595	100.00%
71	69,001 -	70,000	-	-	12	100.00%	22,595	100.00%
72	70,001 -	71,000	-	-	12	100.00%	22,595	100.00%
73	71,001 -	72,000	-	-	12	100.00%	22,595	100.00%
74	72,001 -	73,000	-	-	12	100.00%	22,595	100.00%
75	73,001 -	74,000	-	-	12	100.00%	22,595	100.00%
76	74,001 -	75,000	-	-	12	100.00%	22,595	100.00%
77	75,001 -	76,000	-	-	12	100.00%	22,595	100.00%
78	76,001 -	77,000	-	-	12	100.00%	22,595	100.00%
79	77,001 -	78,000	-	-	12	100.00%	22,595	100.00%
80	78,001 -	79,000	-	-	12	100.00%	22,595	100.00%
81	79,001 -	80,000	-	-	12	100.00%	22,595	100.00%
82	80,001 -	81,000	-	-	12	100.00%	22,595	100.00%
83	81,001 -	82,000	-	-	12	100.00%	22,595	100.00%
84	82,001 -	83,000	-	-	12	100.00%	22,595	100.00%
85	83,001 -	84,000	-	-	12	100.00%	22,595	100.00%
86	84,001 -	85,000	-	-	12	100.00%	22,595	100.00%
87	85,001 -	86,000	-	-	12	100.00%	22,595	100.00%
88	86,001 -	87,000	-	-	12	100.00%	22,595	100.00%
89	87,001 -	88,000	-	-	12	100.00%	22,595	100.00%
90	88,001 -	89,000	-	-	12	100.00%	22,595	100.00%
91	89,001 -	90,000	-	-	12	100.00%	22,595	100.00%
92	90,001 -	91,000	-	-	12	100.00%	22,595	100.00%
93	91,001 -	92,000	-	-	12	100.00%	22,595	100.00%
94	92,001 -	93,000	-	-	12	100.00%	22,595	100.00%
95	93,001 -	94,000	-	-	12	100.00%	22,595	100.00%
96	94,001 -	95,000	-	-	12	100.00%	22,595	100.00%
97	95,001 -	96,000	-	-	12	100.00%	22,595	100.00%
98	96,001 -	97,000	-	-	12	100.00%	22,595	100.00%
99	97,001 -	98,000	-	-	12	100.00%	22,595	100.00%
100	98,001 -	99,000	-	-	12	100.00%	22,595	100.00%
101	99,001 -	100,000	-	-	12	100.00%	22,595	100.00%

Class: Standpipe
 Meter Size: 1"
 Sub Class:

Rate Tiers	Present Rates	Proposed Rates	Charges	Present Rates	Proposed Rates
Tier One Breakover (M gal):			Base Charge:	\$ 49.30	\$ 40.88
Tier Two Breakover (M gal):			Tier One Rate:		
Tier Three Breakover (M gal):	999,999	999,999	Tier Two Rate:		
			Tier Three Rate:	\$ 5.94	\$ 5.08

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	% of Total	Cumulative Consumption Amount	% of Total
102								
103	Totals	12		22,595	12		22,595	
104	Prorated Bills Reduction ¹	-						
105	Total Bills	12						
106								
107								
108								
109	Average Number of Customers		1					
110								
111	Average Consumption (gallons)		1,883					
112								
113	Median Consumption (gallons)		2,494					
114								
115								
116								
117								
118								
119								
120								
121								
122								
123								
124								

¹Customer Base Charges are prorated for billing periods less than 25 days and greater than 35 days. When homes change ownership during a month, two bills are generated. One for each owner for the portion of the month that owner took water service. The sum of the Minimum Charge billed on each of the two billings will approximately equal to the monthly minimum charge for the meter size. New accounts are also prorated for the first month of service and will average to approximately 1/2 of the Minimum Charge. The reduction in bill count is necessary to avoid double counting billing units during months when account ownership changes. The reduction is based on the actual number of meters in this class discontinuing and establishing service during the test year.

Class: Standpipe
 Meter Size: 1"
 Sub Class:

Rate Tiers		Present Rates	Proposed Rates	Charges	Present Rates	Proposed Rates
Tier One Breakover (M gal):				Base Charge:	\$ 49.30	\$ 40.88
Tier Two Breakover (M gal):				Tier One Rate:		
Tier Three Breakover (M gal):		999,999	999,999	Tier Two Rate:		
				Tier Three Rate:	\$ 5.94	\$ 5.08

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills		Cumulative Consumption	
					No.	% of Total	Amount	% of Total
1	-	11	-	-	11	91.67%	-	0.00%
2	1	1	330	330	12	100.00%	330	100.00%
3	1,001	-	-	-	12	100.00%	330	100.00%
4	2,001	-	-	-	12	100.00%	330	100.00%
5	3,001	-	-	-	12	100.00%	330	100.00%
6	4,001	-	-	-	12	100.00%	330	100.00%
7	5,001	-	-	-	12	100.00%	330	100.00%
8	6,001	-	-	-	12	100.00%	330	100.00%
9	7,001	-	-	-	12	100.00%	330	100.00%
10	8,001	-	-	-	12	100.00%	330	100.00%
11	9,001	-	-	-	12	100.00%	330	100.00%
12	10,001	-	-	-	12	100.00%	330	100.00%
13	11,001	-	-	-	12	100.00%	330	100.00%
14	12,001	-	-	-	12	100.00%	330	100.00%
15	13,001	-	-	-	12	100.00%	330	100.00%
16	14,001	-	-	-	12	100.00%	330	100.00%
17	15,001	-	-	-	12	100.00%	330	100.00%
18	16,001	-	-	-	12	100.00%	330	100.00%
19	17,001	-	-	-	12	100.00%	330	100.00%
20	18,001	-	-	-	12	100.00%	330	100.00%
21	19,001	-	-	-	12	100.00%	330	100.00%
22	20,001	-	-	-	12	100.00%	330	100.00%
23	21,001	-	-	-	12	100.00%	330	100.00%
24	22,001	-	-	-	12	100.00%	330	100.00%
25	23,001	-	-	-	12	100.00%	330	100.00%
26	24,001	-	-	-	12	100.00%	330	100.00%
27	25,001	-	-	-	12	100.00%	330	100.00%
28	26,001	-	-	-	12	100.00%	330	100.00%
29	27,001	-	-	-	12	100.00%	330	100.00%
30	28,001	-	-	-	12	100.00%	330	100.00%
31	29,001	-	-	-	12	100.00%	330	100.00%
32	30,001	-	-	-	12	100.00%	330	100.00%
33	31,001	-	-	-	12	100.00%	330	100.00%
34	32,001	-	-	-	12	100.00%	330	100.00%
35	33,001	-	-	-	12	100.00%	330	100.00%
36	34,001	-	-	-	12	100.00%	330	100.00%
37	35,001	-	-	-	12	100.00%	330	100.00%
38	36,001	-	-	-	12	100.00%	330	100.00%
39	37,001	-	-	-	12	100.00%	330	100.00%
40	38,001	-	-	-	12	100.00%	330	100.00%
41	39,001	-	-	-	12	100.00%	330	100.00%
42	40,001	-	-	-	12	100.00%	330	100.00%
43	41,001	-	-	-	12	100.00%	330	100.00%
44	42,001	-	-	-	12	100.00%	330	100.00%
45	43,001	-	-	-	12	100.00%	330	100.00%
46	44,001	-	-	-	12	100.00%	330	100.00%
47	45,001	-	-	-	12	100.00%	330	100.00%
48	46,001	-	-	-	12	100.00%	330	100.00%
49	47,001	-	-	-	12	100.00%	330	100.00%
50	48,001	-	-	-	12	100.00%	330	100.00%
51	49,001	-	-	-	12	100.00%	330	100.00%
52	50,001	-	-	-	12	100.00%	330	100.00%
53	51,001	-	-	-	12	100.00%	330	100.00%

Class: Standpipe
 Meter Size: 1"
 Sub Class:

Rate Tiers	Present Rates	Proposed Rates	Charges	Present Rates	Proposed Rates
Tier One Breakover (M gal):			Base Charge:	\$ 49.30	\$ 40.88
Tier Two Breakover (M gal):			Tier One Rate:		
Tier Three Breakover (M gal):	999,999	999,999	Tier Two Rate:		
			Tier Three Rate:	\$ 5.94	\$ 5.08

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills		Cumulative Consumption	
					No.	% of Total	Amount	% of Total
54	52,001 -	53,000	-	-	12	100.00%	330	100.00%
55	53,001 -	54,000	-	-	12	100.00%	330	100.00%
56	54,001 -	55,000	-	-	12	100.00%	330	100.00%
57	55,001 -	56,000	-	-	12	100.00%	330	100.00%
58	56,001 -	57,000	-	-	12	100.00%	330	100.00%
59	57,001 -	58,000	-	-	12	100.00%	330	100.00%
60	58,001 -	59,000	-	-	12	100.00%	330	100.00%
61	59,001 -	60,000	-	-	12	100.00%	330	100.00%
62	60,001 -	61,000	-	-	12	100.00%	330	100.00%
63	61,001 -	62,000	-	-	12	100.00%	330	100.00%
64	62,001 -	63,000	-	-	12	100.00%	330	100.00%
65	63,001 -	64,000	-	-	12	100.00%	330	100.00%
66	64,001 -	65,000	-	-	12	100.00%	330	100.00%
67	65,001 -	66,000	-	-	12	100.00%	330	100.00%
68	66,001 -	67,000	-	-	12	100.00%	330	100.00%
69	67,001 -	68,000	-	-	12	100.00%	330	100.00%
70	68,001 -	69,000	-	-	12	100.00%	330	100.00%
71	69,001 -	70,000	-	-	12	100.00%	330	100.00%
72	70,001 -	71,000	-	-	12	100.00%	330	100.00%
73	71,001 -	72,000	-	-	12	100.00%	330	100.00%
74	72,001 -	73,000	-	-	12	100.00%	330	100.00%
75	73,001 -	74,000	-	-	12	100.00%	330	100.00%
76	74,001 -	75,000	-	-	12	100.00%	330	100.00%
77	75,001 -	76,000	-	-	12	100.00%	330	100.00%
78	76,001 -	77,000	-	-	12	100.00%	330	100.00%
79	77,001 -	78,000	-	-	12	100.00%	330	100.00%
80	78,001 -	79,000	-	-	12	100.00%	330	100.00%
81	79,001 -	80,000	-	-	12	100.00%	330	100.00%
82	80,001 -	81,000	-	-	12	100.00%	330	100.00%
83	81,001 -	82,000	-	-	12	100.00%	330	100.00%
84	82,001 -	83,000	-	-	12	100.00%	330	100.00%
85	83,001 -	84,000	-	-	12	100.00%	330	100.00%
86	84,001 -	85,000	-	-	12	100.00%	330	100.00%
87	85,001 -	86,000	-	-	12	100.00%	330	100.00%
88	86,001 -	87,000	-	-	12	100.00%	330	100.00%
89	87,001 -	88,000	-	-	12	100.00%	330	100.00%
90	88,001 -	89,000	-	-	12	100.00%	330	100.00%
91	89,001 -	90,000	-	-	12	100.00%	330	100.00%
92	90,001 -	91,000	-	-	12	100.00%	330	100.00%
93	91,001 -	92,000	-	-	12	100.00%	330	100.00%
94	92,001 -	93,000	-	-	12	100.00%	330	100.00%
95	93,001 -	94,000	-	-	12	100.00%	330	100.00%
96	94,001 -	95,000	-	-	12	100.00%	330	100.00%
97	95,001 -	96,000	-	-	12	100.00%	330	100.00%
98	96,001 -	97,000	-	-	12	100.00%	330	100.00%
99	97,001 -	98,000	-	-	12	100.00%	330	100.00%
100	98,001 -	99,000	-	-	12	100.00%	330	100.00%
101	99,001 -	100,000	-	-	12	100.00%	330	100.00%

Class: Standpipe
 Meter Size: 1"
 Sub Class:

Rate Tiers	Present Rates	Proposed Rates	Charges	Present Rates	Proposed Rates
Tier One Breakover (M gal):			Base Charge:	\$ 49.30	\$ 40.88
Tier Two Breakover (M gal):			Tier One Rate:		
Tier Three Breakover (M gal):	999,999	999,999	Tier Two Rate:		
			Tier Three Rate:	\$ 5.94	\$ 5.08

Line No.	Block	Number of Bills by Block	Average Consumption in Block	Consumption by Blocks	Cumulative Bills No.	% of Total	Cumulative Consumption Amount	% of Total
102								
103	Totals	12		330	12		330	
104	Prorated Bills Reduction ¹	-						
105	Total Bills	12						

	Current Rates		Proposed Rates	
	Units	Revenue	Units	Revenue
108	Base Charge	12 \$ 592	12 \$ 491	
109	Average Number of Customers	1		
110	Usage (gallons)			
111	Average Consumption (gallons)	28		
112				
113	Median Consumption (gallons)	-		
114	Usage Totals	330 2	330 2	
115	Metered Revenue Total	\$ 594	\$ 492	

118 ¹Customer Base Charges are prorated for billing periods less than 25 days and greater than 35 days.
 119 When homes change ownership during a month, two bills are generated. One for each owner for the portion of
 120 the month that owner took water service. The sum of the Minimum Charge billed on each of the two billings
 121 will approximately equal to the monthly minimum charge for the meter size. New accounts are also prorated
 122 for the first month of service and will average to approximately 1/2 of the Minimum Charge. The reduction in bill count
 123 is necessary to avoid double counting billing units during months when account ownership changes. The reduction is
 124 based on the actual number of meters in this class discontinuing and establishing service during the test year.