

Control Number: 43078



Item Number: 65

Addendum StartPage: 0

SOAH DOCKET NO. 473-15-3742.WS PUC DOCKET NO. 43078

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APPLICATION OF FREMONT WATER COMPANY FOR A WATER RATE/TARIFF CHANGE IN KERR COUNTY (37993-R) PUBLIC UTILITY COMMISSION BEFORE THE PUBLIC UTILITY COMMISSION

COMMISSION OF TEXAS

AFFIDAVIT OF FRED GREGORY

THE STATE OF TEXAS § SCOUNTY OF KERR §

BEFORE ME, the undersigned official, on this day personally appeared Fred Gregory, who is personally known to me and first being duly sworn according to law, upon his oath deposed and said:

My name is Fred Gregory. I am over the age of 18 years and reside in Kerr County, Texas. I am of sound mind and fully competent to make this affidavit. I have personal knowledge of the facts stated herein, and they are true and correct.

1. I am the Owner, Principal, and Operator of Fremont Water Company, an assumed business name under which I provide retail public water utility service in Kerr County, Texas, under Certificate of Convenience and Necessity ("CCN") No. 12821. Immediately prior to acquiring the Fremont Water Company water system in 2013, I was the contract operator for the prior owner for approximately 5 ½ years. Therefore, I have special expertise with respect to the cost of service needs for the Fremont Water Company water system. I offer this sworn statement in support of the Unanimous Stipulation and Settlement Agreement ("Stipulation") that resolves all issues in this proceeding.

2. I prepared the Application (Application No. 37993-R) that is the subject in this docket (PUC Docket No. 43078, SOAH Docket No. 473-15-3742.WS) utilizing my many years of experience

operating the Fremont water system and Fremont's system records. Exhibit 1. My wife, Monte Gregory, maintains the financial records for Fremont and has over 30 years experience performing such work for both Fremont and F.R. Gregory Construction (which employed up to 30 people, plus contract laborers). I relied on those business records as appropriate to inform Application preparation. I originally filed the Application with the Texas Commission on Environmental Quality ("TCEQ") on July 25, 2014 before economic regulation of water utilities was transferred to the Public Utility Commission of Texas ("Commission") effective September 1, 2014. In preparing the Application, I also had assistance from a consultant under the TCEQ/Texas Rural Water Association ("TRWA") Water Circuit Rider Program ("Circuit Rider Program") with special utility rate expertise. One function of the Circuit Rider Program is water utility rate application assistance for small water utilities like Fremont. My understanding is the Circuit Rider Program is now administered in part by the Commission in place of TCEQ. Fremont only has 56 connections and is considered a "Class C Utility" under the new Water Code provisions that took effect on September 1, 2014. However, the new classification system was not yet in effect when I filed with TCEQ and a "one-size-fits-all" application process applied.

3. After I initially filed the Application, I filed Application amendments before the Commission found the Application administratively complete on October 30, 2014. I provided Fremont's final Application notice on November 12, 2014, proposing a January 31, 2015 effective date. That date was approved by Commission order on November 20, 2015. Thus, Fremont implemented the Application water rates effective January 31, 2015 and has charged those rates since that date. Later in 2015, on September 3, 2015, I filed and requested leave from the State Office of Administrative Hearings ("SOAH") Administrative Law Judge ("ALJ") to further amend the

Affidavit of Fred Gregory

Application. SOAH granted that request by order on September 23, 2015. With that amendment, I did not revise the Application rates or revenue requirement requested to be recovered through rates. The copy of the Application attached as **Exhibit 1** reflects the final version of the Application with all amendments incorporated. In addition to the amended filing, Fremont provided Application-related information to Staff and the Intervenors upon request throughout this process.

4. Prior to the Application, the last Fremont water rate increase was in 1997. Thus, the system was long overdue for a water rate increase. While I believe the revenue requirement and rates requested in the Application are just and reasonable and could be supported if this matter were litigated to its conclusion, the Stipulation represents an overall reasonable outcome and should be adopted by the Commission as the basis for setting new Fremont water rates. There is an opportunity for the Stipulation rates to produce approximately the same revenue requirement requested in the Application. However, the Stipulation rates reflect a lowered monthly minimum charge and slightly increased gallonage charge by agreement of the Signatories. Consumption levels vary among Fremont's customers and can be affected by weather (*e.g.*, increased rainfall). Therefore, while shifting more cost recovery to Fremont's volume rates may create increased risk that Fremont will not recover its full revenue requirement in a particular year, Fremont has decided to accept that risk for now in the interest of settling disputed issues in this matter. Fremont will analyze the effects of the Stipulation rates and may return with another rate filing at a later date if needed. There are also new Class C Utility procedures available to Fremont which may prove helpful in the future.

5. The Stipulation is the product of informed consideration and analysis by all Signatories in light of the information shared both formally and informally among the parties. The Stipulation reflects reasonable water rates based on 2013 test year utility information as adjusted for known and

Affidavit of Fred Gregory

measurable changes and will serve to preserve the financial integrity of Fremont. The Stipulation should be approved without requiring Fremont to incur the expense of preparing detailed written testimony and exhibits. Such was not required by the TCEQ process under which the Application was filed nor is it required by the Commission's recently adopted Class C Utility rate application process. My understanding is, historically, early settlements have been used in small utility rate cases like this to reduce or eliminate litigation expenses that would otherwise be incurred. Fremont would like the Commission to continue that practice here by accepting this affidavit in support of the Stipulation, particularly since it has decided not to seek recovery of rate case expenses as part of the Stipulation. I also understand Commission Staff may offer testimony supporting the Stipulation.

6. While Fremont contends that it could support its requested Application water rates if this rate case were litigated to conclusion, the Stipulation rates: (1) will produce revenue at a level that will permit Fremont a reasonable opportunity to earn a reasonable return on its invested capital used and useful in rendering service to the public over and above its reasonable and necessary operating expenses (§13.183(a)(1)); (2) will produce revenue at a level that will preserve the financial integrity of Fremont (§13.183(a)(2)); (3) are just and reasonable to both Fremont and its customers (§§13.182(a) and 13.183(e)); and (4) are not unreasonably prejudicial, preferential, or discriminatory, and are sufficient, equitable, and consistent in application to each class of customers (§13.182(b)). The Stipulation rates will serve to maintain Fremont's ability to fulfill its responsibility to provide continuous and adequate service to its customers.

7. In sum, the Stipulation represents substantial give and take from all parties involved, and represents an overall compromise and settlement of all Application issues. The Stipulation rates are "black box" negotiated rates that, together with other terms of the Stipulation, comprise an

agreement that is reasonable and in the public interest based on compromise by all the Signatories.

Further Affiant sayeth not.

nd Shippin Fred Cregory

SUBSCRIBED AND SWORN TO BEFORE ME on this the 2nd day of $D_{CUM}/2N$, 2015, to which witness my hand and official seal.



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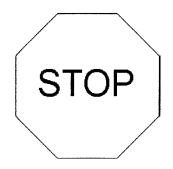
EXHIBIT 1



RATE/TARIFF CHANGE

TCEQ-10423 (04/01/2013)

Page 1 of 29



When you are filling out this application, you cannot go from one line to the next and fill it out correctly. You will need to complete some tables partially and come back to them later in the process.

Therefore, it is important that you follow the instructions that accompany this application. They are designed to give you a step-by-step process for completing the application.

TABLE OF CONTENTS

SECTION	IA - GENERAL INFORMATION	5
SECTION	IB - MISCELLANEOUS INFORMATION	5
SECTION	IL ODED ATIONAL INFORMATION WATER	
SECTION	II: OPERATIONAL INFORMATION – WATER	8
SECTION	III. PLANT & EQUIPMENT INFORMATION – WATER	9
А.	CUSTOMER CONTRIBUTIONS	9
В.	ORIGINAL COST & DEPRECIATION SCHEDULE – WATER	
C.	DEVELOPER CONTRIBUTIONS - WATER	11
SECTION	IV - LONG TERM DEBT & EQUITY INFORMATION – WATER	11
	EQUITY	
В.	RATE OF RETURN	
С.	BANKRUPTCY	11
D.	NOTES PAYABLE - WATER	
E.	INVESTED CAPITAL & RETURN - WATER	
SECTION	V - INCOME TAX CALCULATION – WATER	13
SECTION	VI - UTILITY INCOME & EXPENSE INFORMATION – WATER	
	REVENUE REQUIREMENT	
В.	KNOWN & MEASURABLE	16
SECTION	VII - CUSTOMER INFORMATION - WATER	16
	BER OF CUSTOMERS	
SECTION	VIII - PRODUCTION & CONSUMPTION INFORMATION - WATER	16
SLUTION	The FRODUCTION & CONSUMETION INFORMATION - WATER	10
SECTION	IX - RATE DESIGN - WATER	
А.	VARIABLE RATE CALCULATIONS	
В.	BASE RATE CALCULATIONS	
SECTION	X –ALTERNATE METHOD OF RATE DESIGN - WATER	. 18

APPLICATION FOR A RATE/TARIFF CHANGE SECTION IA - GENERAL INFORMATION Applicant Fred Gregory dba Fremont Water Co.
(Individual, Corporation, or Other Legal Entity)
Utility Name: Fremont Water Co.
(If different than above) Legal form of Application:
Legal form of Application.
X Individual Partnership Sub Chapter-S Corporation
Corporation Provide Charter Number
Other Please Explain:
Utility Address: 938 Saddle Club Drive Kerrville, Texas 78028
Street Address or Location City State Zip Code
County(ies) where services are provided: Kerr
CCN Number(s): 12821
Contact Person: Fred Gregory Telephone Number: 830-895-0497
Position: owner Fax Number: 830-895-0497
Address: 938 Saddle Club Drive Kerrville Texas 78028
Street Address or Location City State Zip Code

If the applicant is a corporation, please provide a copy of the corporation's "Certificate of Account Status" (regarding the payment of franchise taxes) from the State Comptroller's Office. This "Certificate of Account Status" can be obtained from the website at:

Comptroller of Public Accounts, Office Management "1 P. O. Box 13528 Austin, Texas 78711 1-800-252-5555

1. https://ourcpa.cpa.state.tx.us/coa/Index.html

SECTION IB - MISCELLANEOUS INFORMATION

А.	How often and on what dates are water meters typically read? On the last day of each month (monthly)
B.	When are bills typically sent out? First day of each month
C.	Do you serve customers within the corporate limits of a municipality? If No, Go to D. Yes X No If yes, which municipalities?
	ve you filed a request to change rates with the municipality? We Yes We No o, please explain:
Qua	
D.	Are you currently collecting the Regulatory Assessment Fee from your customers? Yes X No
	es, are you current in your payment of the Regulatory Assessment Fee to the Texas Commission on vironmental Quality or the predecessor agency, Texas Water Commission, for assessments payable

beginning January 1, 1992? X Yes No

E. Water Utilities: Please indicate the Public Water System Identification numbers for each of your systems:

System Name	TCEQ PWS ID #	County	Rate Increase Applicable?
Fremont Water Co.	1330153	Kerr	yes

For each of the systems, please provide a copy of the most recent public water system annual inspection report letter from the Texas Commission on Environmental Quality and a written explanation detailing how and when you will comply with all noted deficiencies.

F. Sewer Utilities: Please indicate the discharge permit number for each Wastewater Treatment Plant you operate:

Wastewater Treatment Plant Name	TCEQ Discharge	County	Rate Increase
	Permit Number		Applicable?
NA			• • • • • • • • • • • • • • • • • • • •
	······································		
			at an and the

For each of the plants, please provide a copy of the most recent inspection report letter from the Texas Commission on Environmental Quality and a written explanation detailing how and when you will comply with all noted deficiencies.

INFORMATION REQUIRED

FOR A

WATER RATE/TARIFF CHANGE

SECTION II: OPERATION	AL INFORMATION – WATER
Manager (or owner if services are routinely provided to	the utility)
Name Fred Gregory	Relationship to Owner: Owner
Short job description:	
Owner, Manager and Operator	a a h h h
Approximate number of hours per week this person wor	
Salary:\$18,000 Hourly Weekly	_ Monthly Annual _X
Contractors only	
Name Monte Gregory	Relationship to Owner: Wife
Short job description:	an a
Office Manager Billing, Collection and Record keeping	Ange Ange Ange Ange Ange Ange Ange Ange
Approximate number of hours per week this person wor	In far the component 10
Salary: <u>\$4,800</u> Hourly Weekly	* Monthly Annual Y
Salary. <u>54,800</u> Houriy weekiy	
Name 0	Relationship to Owner:
Short job description:	
Short job description.	
5 8 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	
Approximate number of hours per week this person wor	ks for the company:
Salary: Hourly Weekly	Monthly Annual
Contract Services (attach additional sheets if necessary	
Name None	Relationship to Owner:
Short job description:	
Approximate number of hours per week this person wor	
Amount paid for services: Hourly	Weekly Monthly Annual
Please provide the names and classification of the uti	
Certified Operator's Name/ Classification	Certified Operator's Name/Classification
Fred R. Gregory (D)	an and a second a second of the second of
α σ΄ σ΄ κ κ π	و ۲۵۶۶۶ ۲۵۰۰ ۲ ۹
25 5 2 ⁴¹⁷	
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-Attach additional sheet(s) if necessary-

SECTION III. PLANT & EQUIPMENT INFORMATION – WATER

A. CUSTOMER CONTRIBUTIONS

If any of the items included in your plant and equipment were 100% financed with customer contributions, assessments, surcharges, extension fees, etc., you may not include depreciation or return on those items in your cost of service. However, if those customer contributions did not cover the entire cost of the asset, you may include the amount that the utility paid for. Please list below all items that were funded either all or in part by customer contributions and indicate amount that the customers contributed for each item.

Item [A]	Date of installation [B]	Total Cost [C]	Amount of Customer Contribution [D]	Difference [E]= [C] - [D]
NONE				1
				1

Table III. A.

- Attach additional sheet(s) if necessary -

(1) If any amount in this column is greater than zero, enter that item in the appropriate category in **Table III. B**

ORIGINAL COST & DEPRECIATION SCHEDULE – WATER B.

Please provide the following inventory of the water utility plant being used to provide water service at the end of the test year. You will be responsible for supporting this information with invoices or other documentation. Round your figures to the nearest dollar. Amounts should be computed as of the end of the "test vear." Table III. B.

une "test year." I able 111. D.	-							
[A]	[B]	[c]	[D]			Depreciation		
	Date	Service	Original Cost	Years in Service	rvice	[E] = [D]/[C]		[G] = [D]-[F]
ltem	Of Installation	Life (yrs)	when installed \$	YR 0 0 0 0	Days 000	Annual (\$)	Acculinated (\$)	Net Book Value (\$)
Land	1/1/1997	n/a	4236	17				4,236
Wells	1/1/1997	50	60,155	17		1203	20,451	39,704
Well Pumps:								
5 hp or less	0	5						
Greater than 5 hp	11/10/2010	10	10,722	4		1,073	4,292	6,430
Booster Pumps: 🧳 🖓 😵 👔				1000				
Greater than 5 hp #1	7/27/2009	10	1,312	5		132	660	652
Greater than 5 hp #2	9/3/2012	10	3,036	2		304	608	2,428
Chlorinators	1/20/2011	10	450	1		45	45	405
Structures:								
Wood	NA	15						
Masonry	1/1/1997	30						
Storage Tanks	3/6/1997	50	25,720	17		515	8,755	16,965
Pressure Tanks	7/31/1997	50	23,655	17		474	8,058	15,597
Distribution System (mains and lines)	1/1/1997	50	82,494	17		1,650	28,050	54,444
Meters and Service (taps not covered by fees)	0	20						
Office Equipment	0	10						
Vehicles	0	5						
Shop Tools	0	15						
Heavy Equipment	0	10						
Fencing	12/5/2000	20	1,265	14		64	896	369
Other: (Please list)	* a serve a real a	2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	* **	\$ 2		· · · · · · · · · · · · · · · · · · ·	Survey Willy	2 4 7 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2
Total			213,045			5,460(1)	71,815(2)	141,230(3)
			· · · · · ·		C • ⊨ •			

* TCEQ Suggested Service Life ** Other Service Life
 (1)Enter this number in Table VI. A., Line [O], Column(1) (2) If [F] is greater than [D], enter the total for [D] (3) Enter this number in Table IV. E., Line [A]
 - Attach additional sheet(s) if necessary -

TCEQ-10423 (04/01/2013)

Page 10 of 29

C. DEVELOPER CONTRIBUTIONS - WATER

If any of the Items listed in the Depreciation Schedule were contributed by a developer, please list those items and the associated cost below.

Table III. C.

	Item	Date of installation or Contribution	Total Cost	Amount of Developer Contribution	Net Book Value (from Table III.B.)
NONE					
	Total	NC, 39,		· · · · · · · · · · · · · · · · · · ·	1

(1) Insert this amount in Table IV. E., Line [E]

- Attach additional sheet(s) if necessary -

SECTION IV - LONG TERM DEBT & EQUITY INFORMATION – WATER

A. EQUITY

How much equity or total capital does the company have in the utility? **\$141,230** Enter also in **Table IV. D.**, Box ③ below

B. RATE OF RETURN

What rate of return (profit) on investment in plant (equity) is expected? 9.86 % Enter also in Table IV. D., Box(4) below

NOTE: You may choose

- an average equity return established by the staff each year and included with the Annual Report Instructions **OR**
- an interest rate that you think is fair that is less than the rate established by the staff **OR**
- to use the Rate of Return Worksheet which is attached to the Instructions.

C. BANKRUPTCY

Has the utility or utility owner filed bankruptcy within the last seven years? $\underline{}$ Yes X No If YES, explain status of applicant at this time.

* #		7	алананан талар талар А	30 get 2 % %		
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	n n n Je n	* ** *	¥ %			× ^
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TCEQ-10423 (04/01/2013)

NOTES PAYABLE - WATER D.

List the following information concerning debt and equity of the utility and attach copies of notes payable:

Round all percentages to two (2) decimal places.

Table IV. D.	B [C] [D] [E] [F] [G]	of Loan Unpaid Balance- Interest Rate We	Maturity End of lest Year $[E] \div \Im^*[F]$		% % 8	\$ \$ \$ %	% % %	% %	Total \$ (1) \$ (2) [%6]	Part 2 - Investment/Equity (3) (3) (3)	Total Debt & Equity	
	[B]									Part 2 - Investment/E	Total Debt & Equ	
	[V]		Name of Bank/Lender	Part 1 - Debt	NO DEBT							

(1) Total amount of original loans

Total amount of the outstanding balance on the loans
Equity in the utility - From Section IV. A.
Return on Equity - From Section IV. B.

 $\overline{\mathbb{S}}$ Total of (2)+(3)

(6) Total weighted average of debt - To Table V, Line [C]

 \mathbb{O} Weighted average of Investment/Equity $(3) \div \mathbb{O}*(4)$ Sum of 6+ 2 - To Table IV. E., Line [G]

TCEQ-10423 (04/01/2013)

Page 12 of 29

E. INVESTED CAPITAL & RETURN – WATER

Table IV. E.		
Net Book Value - From Table III. B., Box ③	[A]	\$141,230
Working cash allowance -Amount From Table VI. A., Line [L] Column (3), Box $\mathcal{O}(\div \otimes)$	[B]	\$7,707
Materials and supplies	[C]	\$0
Subtotal - Sum of [A] thru [C]	[D]	\$148,937
Developer Contributions - From Table III. C., Box (1)	[E]	\$0
Total invested capital [D] - [E]	[F]	\$148,937
Rate of return - From Table IV. D., Box ③	[G]	9.86%
Return/Interest - If [F] is greater than -0-, then enter [F] * [G]. If [F] is less than -0-, enter -0	[H]	\$14,685
Enter this amount in Table V., Line [A] and Table VI. A., Line [Q], Column 2		

SECTION V - INCOME TAX CALCULATION - WATER

Use the following table to determine the amount of income tax that can be included in your revenue requirement.

Table V.

Return - From Table IV. E., Line [H]	[A]	\$14,685
Interest Calculation		
Total Invested Capital - From Table IV. E., Line [F]	[B]	\$148,937
Weighted Cost of Debt Capital - Percentage From Table IV. D., Box (6)	[C]	9.86%
Interest [B]*[C]	[D]	\$14,685
Taxable Income [A] - [D]	[E]	\$0
Enter Income Tax from Tax Table (Appendix A)	[F]	\$ 88.

1)To Table VI. A., Line [P], Column 2)

SECTION VI - UTILITY INCOME & EXPENSE INFORMATION – WATER

REVENUE REQUIREMENT ¥

Please provide the following information regarding the cost to the utility of providing water utility service over your selected twelve month "test year." Note 1 - Instead of using the percentages listed, you may take the Total Cost and multiply it by 67% to determine the fixed portion and 33% for the variable portion.

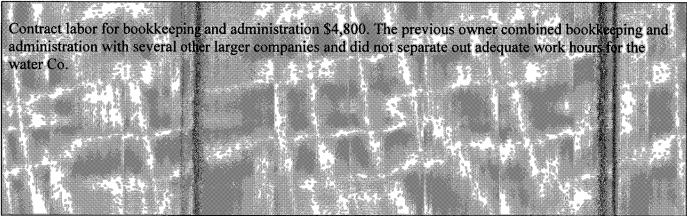
	Ľ	TABLE VI. A.	A.				
Test Year 1/1/13 to 12/31/13	Line	12 Month	Known and	Revenue	% of (3)	Fixed Expenses	Variable
		'test	Measurable	Requirement	that is	(Note1)	Expenses
		year" per	Changes	for next yr	fixed		(Note 1)
		books			(Note 1)		
		Θ	3	3=(1+2)	Ð	€ =(3*4/100 ×	- (0)
	<u></u>		2 ⁸ 77 2	8	****	* # *	ම
Salaries and Wages	[A]	0	0	0	50	0	0
Contract Labor	[B]	18,410	4,800	23,210	06		
Purchased Water	[c]	0		0	0		
Chemicals for Treatment	[D]	1,173		1,173	0		
Utilities (Electricity)	E	4,116		4,116	0		
Repairs/Maintenance/Supplies	[F]	7,758		7,758	50		
Office Expenses	[G]	117		117	50		
Accounting & Legal Fees	[H]	3,270		3,270	100		
Insurance	[1]	0	1,004	1,004	100		
Rate Case Expense	[1]				100		
Miscellaneous	[K]	1,600		1,600	50		
Subtotal-Sum of Line [Al thru Line [K]	[L]	36,444		42,248@			
Payroll Taxes	[M]	0		0	50		
Property and Other Taxes	N	948		948	100		
Annual Depreciation and Amortization–From Table III. B. Box (1)	[0]	5,460		5,460	100		
Income Taxes-From Table V, Line [F]	[P]		88		100		
Return –From Table IV.E., Line[H]	[Q]		14,685	14,685	100		
Subtotal-Sum of Line [L] thru Line [Q]	[R]	42,852	14,773	63,341			
Other Revenues	[S]	495		495	100		
Total Cost=Line [R] – Line [S]	[T]	42,357	14,773	62,846®	à	6	9
Alternative Allocation between Fixed and Variable [Note1]	[U]			8	67	42,106.82@	20,739 @

TCEQ-10423 (04/01/2013)

Page 14 of 29

B. KNOWN & MEASURABLE

If you listed anything in **TABLE VI**. A. above as an increase/decrease expected in the next 12 months, please provide a short explanation by item why there will be a change and how you projected the cost. Changes in cost must be known and measurable and supported by invoices or other documentation.



-Attach additional sheet(s) or a separate listing for sewer service if necessary-

SECTION VII - CUSTOMER INFORMATION - WATER

NUMBER OF CUSTOMERS

How many customers (active connections) did you have at the beginning and at the end of the twelve month test year?

Connection Type	Line	Beginning of period	End of period	Equivalency Factor 3	Meter Equivalents (4)=(2)*(3)
Non-Metered Connections:					
Residential	[A]	0	0	1	
Commercial	[B]	0	0	1	
Standby	[C]	0	0	1	
Metered Connections:		gann	A REAL PROPERTY OF		
5/8" x 3/4"	[D]	1	1	1	1
3/4"	[E]	2	2	1.5	3
1"	[F]	52	52	2.5	130
11/2"	[G]	1	1	5	5
2"	[H]	0	0	8	0
3"	[I]	0	0	15	0
Other:	[1]				
Total	[K]	56	56		©139.0

TABLE VII

(5) To Table IX. B., Line [B] AND Table X. A., Line [F]

NOTE: Rate design in the application remains calculated with 143.5 meter equivalents used to develop Applicant's noticed rates. This updated customer meter equivalent information is being provided for informational purposes. If 139 meter equivalents were used in place of 143.5 in rate design, higher customer rates than those noticed would result. Applicant is not seeking rates or a revenue requirement different from those previously noticed.

SECTION VIII - PRODUCTION & CONSUMPTIONINFORMATION - WATER

Please provide the following information regarding water utility operations over your selected twelve month "test year".

Table VIII

Total number of gallons pumped (total master meter reading for the year)	[A]	9,621,700	gallons
Total number of gallons purchased from another source for sale to customers (if any)	[B]	0	gallons
Total number of gallons provided to customers [C]=[A]+[B]	[C]	9,621,700	gallons
Total number of gallons billed to your customers(total customer consumption)	[D]	1	gallons
		9,108,316	
System losses: ([C] - [D]) $x 100\% = [E]$	[E]	5.34	%
[C]			
Source of Purchased water	NA	*.* [*] **	×

(1)To Table IX. A., Line [B] AND Table X. A., Line [B]

SECTION IX - RATE DESIGN - WATER

A. VARIABLE RATE CALCULATIONS

Table IX. A.	Instructions	From Table VI. A., Line [T], Box @or Line [U], Box @	316 From Table VIII, Line [B]	Divide Line [B] by 1,000	Divide Line [A] by Line [C] Transfer to Table IX. B., Lines [E] through [J], Box (6)
		\$20,739	9,108,316	9,108	\$2.28
	Line	[Y]	[B]	[c]	[D]
		Total Variable Costs	Total # of Gallons Billed to Customers	Total # of 1,000 Gallons billed	Variable Cost per 1,000 gallons

B. BASE RATE CALCULATIONS

	Tab	Table IX. B.					
		Line		# of 1000	Variable	Variable	Total base
				gallons	cost per	cost to be	rate per
				in base	1,000 gals	added to	meter size
				bill		base rate	
			(1)	(\mathbf{z})	3	(4)=(2)*(3)	$\mathbf{S}=(1)+(4)$
Total fixed costs - From Table VI. A., Line [T], Box @ Oor Line	. A., Line [T], Box @ @or Line [U], Box @	[A]	42,106.82				7
Total meter equivalents at end of test year - From Table VII, Line	est year - From Table VII, Line [K], Box SS	[B]	143.5				5
Base charge per meter equivalent of	Base charge per meter equivalent or for each unmetered connection [A] +[B]	[c]	\$24.45				
and then divide by 12							
Base charge per meter size				19 19			
5/8" x 3/4" or unmetered	Multiply [C] by 1	[D]	24.45	0	2.28	0	24.45
3/4"	Multiply [C] by 1.5	[E]	36.68	0	2.28	0	34.67
1"	Multiply [C] by 2.5	[F]	61.13	0	2.28	0	61.13
11/2"	Multiply [C] by 5.0	[G]	122.26	0	2.28	0	122.25
2"	Multiply [C] by 8.0	[H]	195.62	0	2.28	0	195.56
3"	Multiply [C] by 15.0	[I]	366.78	0	2.28	0	366.75
Other:		[J]			9	0	

(6) From Table IX. A., Line [D]

Page 18 of 29

- WATER
F RATE DESIGN
TE METHOD O
- ALTERNA
SECTION X

After you have performed the calculations in **SECTION IX**, you may find that the cost per 1,000 gallons is not what you think your customers will approve. If that is the case, then the following will allow you to calculate a rate structure that still recovers your revenue requirement, but with rates that you think may be more appropriate for your customers.

Table X. A.

	Line		
Cost per 1,000 gallons	[Y]	[A] \$3.75	This is the rate that you think is appropriate Enter in Table X .
			B., Column (3), Lines [B] through [H]
Total # of 1,000 Gallons billed	[B]	9,108	From Table IX. A., Line [C]
Total Cost to be recovered through gallonage charge	[C]	\$34,155	Multiply Line [A] times Line [B]
Total Revenue Requirement	[D]	\$62,846	From Table VI. A., Line [T] Box (0)
Total to be recovered through base rate	[E]	\$28,691	Subtract Line [C] from Line [D]
Total number of meter equivalents	[F]	143.5	From Table VII, Line [K], Box ©
Base rate per meter equivalent	[G]	\$16.66	Divide Line [E] by Line [F] & then divide by 12months Enter
			this in Table X. B, Line [A] Column (1)
		Tahla Y R	

			Table X. B.	÷.			
		Line		# of 1000	Variable cost	Variable cost	Variable cost Total base bill
				gallons in base	per 1,000 gals	added to	per meter size
;				bill		base	
			0	(2)	3	$(4)=(2)^{*}(3)$	$\mathfrak{S}=(1)+(4)$
Base charge per meter equivalent or for each unmetered		[A]	\$		a start and a start and a start		N N
connection From Table X. A, Line [G]	Line [G]					6. N	
	Base rate per meter size						
5/8" x $3/4$ " or unmetered	Multiply [A] (1) by 1	[B]	16.67	0	3.75	0	16.67
3/4"	Multiply [A] (1) by 1.5	[c]	24.99	0	3.75	0	24.99
1.1	Multiply [A] (1) by 2.5	[D]	41.65	0	3.75	0	41.65
11/2"	Multiply [A] (1) by 5.0	[E]	83.31	0	3.75	0	83.31
	Multiply [A] (1) by 8.0	[F]	133.29	0	3.75	0	133.29
"£	Multiply [A] (1) by 15.0	[G]	249.92	0	3.75	0	249.92
Other:		[H]					

6 From Table X. A., Line [A]