

ARIZONA CORPORATION COMMISSION



**RATE APPLICATION
FOR WATER COMPANIES
WITH ANNUAL GROSS OPERATING REVENUES
(INCLUDING REQUESTED RATE RELIEF)
OF LESS THAN \$1,000,000
PER ARIZONA ADMINISTRATIVE CODE R14-2-103
Details at website: www.azcc.gov**

Granite Oaks Water Users Association
UTILITY NAME

December 31, 2018
TEST YEAR ENDED

W-02539A
DOCKET NUMBER

Invoices required to be submitted are listed in the checklist on page 2

You must complete ALL items in the application according to the instructions provided. If you have any questions regarding the application, please call (602) 542-4251 for ACC Small Water Ombudsman assistance or see our website at: www.azcc.gov

IN ORDER TO PROCESS YOUR APPLICATION PLEASE FORWARD THE ORIGINAL PLUS ONE COPY OF THE **APPLICATION** TO:

ARIZONA CORPORATION COMMISSION DOCKET CONTROL CENTER
1200 WEST WASHINGTON STREET
PHOENIX, ARIZONA 85007

OR YOU MAY USE THE COMMISSION'S EFILING PORTAL TO SUBMIT YOUR DOCUMENTS ELECTRONICALLY. VISIT THIS WEBSITE FOR MORE INFORMATION: <http://www.azcc.gov/eFileforUtilitiesInstruction.asp>

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WATER RATE APPLICATION CHECKLIST

Please use the following checklist to ensure that all necessary attachments are included in the application. Provide an explanation for any omitted item.

ORIGINAL APPLICATION PACKAGE ITEMS

1. Please include the original plus one additional copy of this application in your submission, or you may submit your application electronically through the eFiling portal. Be sure to download the accompanying excel spreadsheet portion of the application and complete all of the schedules. Failure to fill out and include these schedules will result in an insufficient application. In addition, be prepared to provide Staff with an electronic copy of the spreadsheet upon request.
2. The Arizona Department of Revenue ("ADOR") certificate of compliance letter of good standing. To request a certificate of compliance, use the Tax Clearance Application (Form# 10523) found on the ADOR website at <http://www.azdor.gov/Forms/Other.aspx>. (Send in the certificate of compliance with your application.)
3. The utility's most recent Arizona Department of Environmental Quality ("ADEQ") annual sampling fee invoice for its Monitoring Assistance Program, and invoices for all other water testing conducted during the Test Year. (Acct. 635)
4. Plant Additions - Please provide a list of all plant additions by year and NARUC plant account number. For each plant addition project with over \$500 in total costs, please provide (1) a list showing the individual cost components of the plant addition and (2) invoices to support each cost component shown on the list. Please cross-reference the amounts on the list to the invoices.
5. Salaries and Wages – Please provide a breakdown by position, salary, and duties for all of the Company's employees. (Acct. 601)
6. Purchased Water – Please provide (1) a list showing the individual cost components of the total purchased water expense and (2) invoices to support each cost component **over \$250** shown on the list. (Acct. 610) NA
7. Purchased Power – Please provide (1) a list showing the individual cost components of the total purchased power expense and (2) invoices to support each cost component **over \$250** shown on the list. (Acct. 615)
8. Repairs and Maintenance – Please provide (1) a list showing the individual cost components of the total purchased repairs and maintenance expense and (2) invoices to support each cost component **over \$250** shown on the list. (Acct. 620)
9. Outside/Contractual Services – Please provide (1) a list showing the individual cost components of the total purchased outside services expense and (2) invoices to support each cost component **over \$250** shown on the list. (Acct. 630)
10. Statements from the county for Property Tax expenses incurred during the Test Year. (Acct. 408.11)

GENERAL INSTRUCTIONS

Processing the request for a rate adjustment requires completion of ALL PARTS of this application, including associated schedules. Specifically schedules 1-13 of the Excel file are required and should be printed out and submitted with the application. Schedules 14-19 are optional, as is using Items #4-9 in the format provided. Work papers 1, 3, 4, and 5 are required to be completed and to be made available to Staff as part of the rate case, but do not need to be printed out and filed with the application. Complete the Narrative Description of the Application for Rate Adjustment on pages 4 and 5, as well as the statements on pages 6 through 8. Read the accompanying instructions, download the associated excel file and fill out schedules 1 through 15 and any supplemental schedules and associated surcharge/adjustor mechanisms included in the workbook. Dollar amounts should be rounded to the nearest dollar. NO ENTRY SHOULD BE LEFT BLANK. If an amount is zero, enter a zero. **Any application that is found to be insufficient will not be processed until the deficiencies are corrected per A.A.C. R14-2-103.B.7.**

A completed application also **requires** notification of customers of the rate request. The format of the customer notification letter is provided on page 15 of this application. Use the language and form of this letter in notifying customers. A copy of this notice, together with a **notarized** cover letter stating the method of customer notification and the date the notification was sent to the customers, **must** be docketed as soon as completed.

Please provide any supplementary information the Company believes will assist in the evaluation of the rate request. For example, if expense items are substantially different from the latest annual report filed with the Commission, or if significant plant additions have been made since the prior rate increase, attach supporting explanations for those changes to the application. Clearly label any attachments and staple them to the application.

Selection of a Test Year for the utility is an important part of the application. A Test Year older than the year reflected in the most current Annual Report filed with the Utilities Division is usually considered outdated. Questions regarding the selection of a Test Year should be addressed to the ACC's Small Water Ombudsman Office at (602) 542-2556.

NARRATIVE DESCRIPTION OF APPLICATION FOR RATE ADJUSTMENT

Instructions:

Please provide the reasons for your requested rate adjustment by checking the appropriate box(es) below. If desired, the Company may also attach a written narrative regarding its reasons for the requested rate adjustment. Your narrative may also include efforts made by the utility to control costs/expenses and/or mitigate the amount of rate adjustment.

- Changes in current, compared to past operations that necessitate the rate adjustment.

Please explain:

NA

- Descriptions and/or calculations of adjustments made to amounts that are included in this application that are different than amounts recorded in your books/ledgers (pro forma adjustments).

Please explain:

Because we will be moving to a three-tier rate structure from a flat rate and will no longer be including any gallons with the monthly minimum we expect the members to curb their usage. Therefore, we are proposing a water conservation adjustment. We are also proposing a Purchased Power Adjustor Mechanism, and an Emergency Repair and Replacement surcharge of \$12.92 to be able to build a reserve to replace an estimated \$145,000 worth of pumps that we project will need to be replaced over the next five years.

- Significant factors influencing your revenues, expenses and/or rate base. Please explain:

Operating expenses have been going up, and we need a rate increase to be able to cover these increased expenses and have enough revenues left to respond to contingencies. Also as noted we will need to make significant capital improvements over the next five years.

- Anticipated growth/decline in customers expected in the next two years, the amount of anticipated construction to serve those customers, and how financed; the type of customers served by the utility, e.g. residential, irrigation, small retail businesses, large commercial, etc. Please explain:

NA

- Anticipated construction.

Please explain:

We believe that we will need to replace an estimated \$145,000 worth of pumps, \$113,000 in generators and meters, and \$10,000 for other capital projects over the next five years.

- Efforts made to encourage conservation of water through the proposed rate design or through other means.

Please explain:

As noted, because we will be moving to a three-tier rate structure from a flat rate and will no longer be including any gallons with the monthly minimum we expect the members to curb their usage. Therefore, we are proposing a water conservation adjustment.

- Other factors.
Please explain:

NA

| | |
|---|---|
| Company Name: Granite Oaks Water Users Association | Test Year Ended: December 31, 2018 |
|---|---|

AFFILIATE RELATIONSHIP

Please indicate a **yes** or **no** answer to the questions below and provide an explanation where necessary.

An affiliate relationship is one where an entity is directly or indirectly controlled by or controls another entity. This includes but is not limited to the power to direct the management policies of such entity, whether through ownership of voting securities, by contract, or otherwise.

Does the Company have a relationship with another entity that may include corporations, partnerships, sole proprietorships, limited liability corporations (LLCs), as well as common ownership of a water company and another entity such as a development company or wastewater company? **No**

If **Yes**, please identify the affiliate.

NA

Are any assets owned jointly with any affiliated or subsidiary entities? **No**

If **Yes**, please provide a description of each jointly owned asset, its cost, and the percentage of the asset owned by the utility. (Please note the amounts reported on Schedules 3 through 5 should only include the percentage of plant owned by the utility.)

NA

Were any of the assets constructed or acquired from an affiliated or subsidiary entity? **No**

If **Yes**, please identify the affiliated entity, the relationship with the utility, and a detailed listing of all transactions reflected in the Plant accounts. Also include detail for other balance sheet accounts, such as Advances, Contributions in Aid of Construction, inter-company payables and receivables, as well as affiliated revenues and expenses from the Company's Income Statement.

NA

STATEMENTS IN SUPPORT OF RATE REQUEST

Complete the following statements in support of your rate request.

Granite Oaks Water Users Association (the "Company") requests an adjustment in the existing rates charged by the Company. The information contained in this application is based upon a twelve-month Test Year ending December 31, 2018. The Company had total operating revenues of \$222,553, served 468 metered and 0 un-metered customers, and sold 58,327,319 gallons of water during the Test Year.

The Company is requesting an increase in revenues in the amount of \$41,807. Total annual operating revenues, if the Company is granted the rate adjustment, will be \$260,000. The Company is also proposing an Original Cost Rate Base of \$1,031,604. By completing this application in support of the Company's request for a rate adjustment, the Company realizes that Original Cost Less Depreciation ("OCLD") plant information will be used to determine the fair value rate base, i.e., the Company waives the right to Reconstruction Cost New. The increase proposed by the Company would result in the typical bill for the average customer decreasing from \$39.22 to \$38.82 as shown on Schedule 7a.

Is the Company current on all property taxes? Yes

Is the Company current on all sales taxes? (Please see checklist item 2 on page 2.) Yes


Does the Company currently have a Curtailment Plan on file with the Commission? Yes

Does the Company currently have a Backflow Prevention Tariff on file with the Commission?
Yes

The Company intends to notify its customers of its application for a rate adjustment on 5/1/2020. **A COPY OF THE NOTICE WITH A NOTARIZED COVER LETTER STATING THE METHOD OF CUSTOMER NOTIFICATION, AS WELL AS THE DATE OF THE NOTIFICATION, WILL BE PROVIDED SUBSEQUENT TO THE APPLICATION BEING FILED. (See page 15)**

Please identify the utility's organizational structure: Association-Cooperative

I have read and completed this application, and to the best of my knowledge all of the information contained herein, and attached to this application, is true and correct.

| | |
|--|---|
| Name of Authorized Representative (print): James BRICKER | Company Name: Granite Oaks Water Users Association |
| Title: . President | Address: . % PO Box 4947 |
| Signature:  | Chino Valley Az 86323 |
| Date: . 4-22-2020 | Phone Number: . 928-583-0655 |
| E-mail Address: . BRICK3753@ GMAIL.COM | Fax Number: . 928-636-9771 |

CURRENT AND PROPOSED RATES AND CHARGES INSTRUCTIONS

Complete the cells highlighted in gray on schedule 7 in the associated spreadsheet, showing rates and charges currently in effect, and those proposed by the Company. Specify the customer class or classes (i.e., residential, commercial, industrial, irrigation, all, or other classes) in the drop-down boxes in column B. Please note that per Decision No. 75626¹, in order to provide clarity and consistency the Commission has issued policy guidelines where at least 50% of the total revenue requirement should be generated by the basic service charge and the first tier, and that no less than 10% and no more than 20% of the total revenue requirement should be generated by the third or highest tier.

MONTHLY CHARGE:

Enter the monthly minimum (or service) charge and gallons included in the minimum for each meter size. For example, enter "\$12.00 for zero gallons." Propose a monthly minimum (or basic service) charge for every meter size listed on page 9. Also, enter the commodity (or excess) charge for the gallonage the customer will be charged for gallons used over those included in the minimum charge. For example, enter "\$1.25 per 1,000 gallons." If excess charges vary with gallonage used, enter the rates and gallons covered in each tier of consumption in the space provided. For example:

| | | |
|-------------|-------------------------|--------------------------|
| First Tier | Up to 3,000 gallons | \$1.00 per 1,000 gallons |
| Second Tier | 3,001 to 10,000 gallons | \$1.50 per 1,000 gallons |
| Third Tier | Over 10,000 gallons | \$2.50 per 1,000 gallons |

If a flat rate, rather than a metered rate, is currently approved or proposed, enter the monthly rate in the space provided. A "flat rate" is a charge that is not based on gallons used. (For example, \$10.00 for all the water you can use.) If the Company currently has a flat rate and wishes to continue this rate, please contact the ACC's Small Water Ombudsman Office (602) 542-2556. It is likely that Staff will **not** recommend the continuation of such a rate.

¹ Decision No. 75626 issued on July 25, 2016, page 13 lines 14-24.

SERVICE CHARGES INSTRUCTIONS

Listed below are current and proposed service charges as appropriate. Commission Rules should be consulted in proposing new service charges. Please complete the information highlighted in gray on Schedule 8 of the spreadsheet. List current and proposed rates, as well as any service charges not listed below that the Company proposes to charge.

| Service Charge (Commission Rule) | Description |
|---|--|
| Service Line and Meter Installation Charge (R14-2-405.B) | A refundable Advance in Aid of Construction paid by a new customer to cover the cost of installing all customer piping up to the meter, as well as the cost of installing the meter. Propose a charge for every meter size listed on page 11. |
| Establishment (R14-2-403.D.1) | A charge covering the cost to establish a new account for a person requesting service when the utility needs only to install a meter for initial establishment, reestablishment, or reconnection. |
| After Hours Service Charge (R14-2-403.D.2) | A charge covering the cost of establishment, re-establishment and reconnection-delinquent after normal hours at the customer's request or for the customer's convenience. After Hours Service Charge will be in addition to the charge for any utility service provided. |
| Meter Test (R14-2-408.F) | A charge for testing the accuracy of a meter upon a customer's request. No charge will be levied if the meter is found to be in error by more than +/- three (3) percent. |
| Deposit (R14-2-403.B) | A refundable security deposit not exceeding two times the average residential class bill for residential customers, and not exceeding two and one-half times a non-residential customer's estimated maximum monthly bill. |
| Deposit Interest (R14-2-403.B.3) | Annual percentage interest rate applied to customer deposits. A six percent rate shall be applied if the company does not specify an interest rate with the Commission. |
| Re-establishment (R14-2-403.D.1) | A charge for service at the same location where the same customer had ordered a service disconnection within the preceding twelve-month period. |
| NSF Check (R14-2-409.F.1) | A fee for each instance where a customer tenders payment for utility service with an insufficient funds check. |
| Deferred Payment (R14-2-409.G.6) | Applicable monthly finance charges (interest rate) applied in a deferred payment agreement between the company and a customer. |
| Meter Re-read (R14-2-408.C.2) | Charge for a customer requested re-read of meter applicable when the original reading was found not to be in error. |

UTILITY PLANT IN SERVICE INSTRUCTIONS

Instructions for Title sheet

To assist with the completion of Schedule 3 please refer to the Commission Decision issued in the Company's prior rate case. That Decision established the value for the Original Cost of the plant and accumulated depreciation at the end of the prior test year. It may be necessary to refer to the associated Staff Report for individual account detail relating to the totals listed in the Decision. Update the cells highlighted in grey in columns I and J with this information.

Instructions for the Work papers

Please complete work papers 1, 3, 4, and 5. These work papers are not required to be printed off and filed with the application but will be requested by Staff to assist with the audit of the rate case. On the work papers update all cells highlighted in grey. This includes the year(s) on work paper 1, which should begin with the year immediately following the test year in the last rate case through the test year in the current application, and the dollar amounts of all plant additions and retirements for each account by year.

Note: For assistance with any of the above, please contact the ACC's Small Water Ombudsman Office at 602-542-2556.

INCOME TAX

The Commission allows federal and state income tax expense for taxable “type-C” corporations calculated by Staff at authorized tax rates.

For other entities such as Sole-Proprietorships, Partnerships, S-Corporations, Limited Liability Companies (“LLCs”), Trusts, and other taxable or pass-through entities the Commission has determined that an income tax allowance can be included in the utilities’ expenses. The allowance will be based on the lower of the taxes computed using the type-C corporate tax rates or the combined effective personal tax rates of the entities’ owners. See Decision Nos. 73739 and 76631.

For Staff to be able to calculate the effective personal tax rates of the entities’ owners, the following information must be included in this application:

1. Names of all the owners.
2. The percentage of profit/(loss) assigned to each owner.
3. The owners’ personal federal and state income tax filing status (i.e. single, married filing jointly, etc.).
4. If any of the owners are a pass-through or potential pass-through entity such as an S-Corporation or a Trust, then the ownership breakdown of the entity/trust will also be required including all the information listed above.
5. Copies and supporting documentation, of each owner's income tax returns for the past three years so that an effective tax rate can be calculated for each owner's share of the regulated income. If any owner of the regulated entity is another S-Corp or LLC, that owner must provide copies of all requested tax returns for each direct and indirect recipient of income from the regulated entity.

If the utility fails to provide all of the necessary information required, the Commission has determined that no income tax allowance will be recognized.

The following is an example of the calculations that Staff will make. For this situation, the Company is owned by a single person, registered as an LLC, whose income tax filing status is Married Filing Jointly. In this example, the Company has \$50,000 in taxable income, and the calculations use 2015 tax brackets. As is shown in the results, per the Commission income tax policy the individual calculation would be used because it results in the lower total taxes.

Income taxes based on individual calculations:

| State Income Tax | | Taxable Income | | \$50,000 |
|------------------|---------------|----------------|-------|----------|
| Over | But not Over | Amount plus | % | Taxes |
| \$0 | \$20,000 | \$0 | 2.59% | \$0 |
| \$20,000 | \$50,000 | \$259 | 2.88% | \$1,699 |
| \$50,000 | \$100,000 | \$691 | 3.36% | \$0 |
| \$100,000 | \$300,000 | \$1,531 | 4.24% | \$0 |
| \$300,000 | \$999,999,999 | \$5,771 | 4.54% | \$0 |
| | | | | \$1,699 |

| Federal Income Tax | | Taxable Income | | \$48,301 |
|--------------------|-----------------|----------------|--------|----------|
| Over | But not Over | Amount plus | % | Taxes |
| \$0 | \$18,450 | \$0 | 10.00% | \$0 |
| \$18,450 | \$74,900 | \$1,845 | 15.00% | \$6,323 |
| \$74,900 | \$151,200 | \$10,313 | 25.00% | \$0 |
| \$151,200 | \$230,450 | \$29,388 | 28.00% | \$0 |
| \$230,450 | \$411,500 | \$51,578 | 33.00% | \$0 |
| \$411,500 | \$464,850 | \$111,324 | 35.00% | \$0 |
| \$464,850 | \$9,999,999,999 | \$129,997 | 39.60% | \$0 |
| | | | | \$6,323 |

Calculation of corporate income tax:

| | |
|--|------------------------|
| Arizona Taxable Income | \$50,000 |
| Arizona State Income Tax Rate | <u>6.0000%</u> |
| Arizona Income Tax | <u>\$3,000</u> |
| Federal Taxable Income | 47,000 |
| Federal Tax on First Income Bracket (\$1 - \$50,000) @ 15% | 7,050 |
| Federal Tax on Second Income Bracket (\$50,001 - \$75,000) @ 25% | 0 |
| Federal Tax on Third Income Bracket (\$75,001 - \$100,000) @ 34% | 0 |
| Federal Tax on Fourth Income Bracket (\$100,001 - \$335,000) @ 39% | 0 |
| Federal Tax on Fifth Income Bracket (\$335,001 - \$10,000,000) @ 34% | 0 |
| Total Federal Income Tax | <u>\$7,050</u> |
| Combined Federal and State Income Tax | <u><u>\$10,050</u></u> |

BILL COUNT INSTRUCTIONS

Instructions for Schedule 6

A Bill Count must be provided for each of the meter sizes the Company had in service during the Test Year. This information will be entered on Schedule 6 from the drop-down boxes which are linked to Schedule 7 but ensure that the information is accurate and update as necessary on both schedules. Update the information in the grey highlighted cells with the counts at each level of usage for each meter. For all usage over 100,000 gallons enter the exact usage in rows 36 through 57. Hide any columns and/or rows that aren't needed.

The first step in producing the Bill Count is to collect all monthly bills rendered for metered water sales during the 12 months of the Test Year. The collection of bills must include bills to part-time customers and to customers who are no longer on the system, but who were on the system for any part of the Test Year.

Only include bills for water sold during the Test Year. For example, assume that the Test Year runs from January 1st to December 31st (calendar year) and you normally bill on January 5th. The bill sent out at that time would cover December 1st through the 31st usage of the prior year and should not be included. The first billing to be used for the year would be the February 5th billing and the last billing to be used would be the billing of January 5th of the succeeding year.

Note: For explanation of any of the above, please contact the ACC's Small Water Ombudsman Office at 602-542-2556.

CUSTOMER NOTIFICATION

Granite Oaks Water Users Association has applied to the Arizona Corporation Commission for an adjustment in rates. The current rates have been in effect since March of 1990. An increase in rates is necessary at this time due to increased operating expenses and to get properly situated as we look to make some capital investments. Based on the Company's un-audited Test Year results, Granite Oaks Water Users Association realized an operating loss of \$28,812. The Company is requesting a revenue increase of \$41,807 or 18.8% of total revenues. Please see the attached Schedules 7 and 8 of the Company's application for the current and proposed rates.

The Application is available for inspection during regular business hours at the offices of the Commission in Phoenix at 1200 West Washington Street and at online on the Association's website **Please be advised that the rates and charges ultimately approved by the Commission may be higher or lower than the rates and charges requested in the Application.**

Customer input is an important part of the Commission's analysis of the requested adjustment and is a factor in determining whether a hearing will be conducted. Customers should bring to the Commission's attention any questions or concerns related to the Company's Application, including service, billing procedures or other factors important in determining the reasonableness of charges. Customers may have the right to intervene in this matter. Customers wishing to communicate with the Commission, or request information on intervention in the proceeding, should contact the Commission's Consumer Services Section at 800-222-7000 (if located outside the Phoenix local calling area) or 602-542-4251 in the Phoenix local calling area. Written public comments may be submitted by mailing a letter referencing **Docket No. W-02539A-20-XXXX** to the Arizona Corporation Commission, Consumer Services Section, 1200 West Washington, Phoenix, AZ 85007, or by submitting comments on the Commission's website (www.azcc.gov) by clicking on "Cases and Open Meetings" and "Make a Public Comment in a Docket".

Customers are advised that the Commission may act upon the Application without a hearing. Regardless of whether a formal hearing is held, customer comments submitted in writing will be placed in the office file, which the Commission reviews prior to making its final decision on the Application. It is important that customers contact the Commission within 15 days of the receipt of this notice so that the Commission's Staff can consider customer comments and concerns in developing its recommendations to the Commission.

| | |
|------------------|--------------------------------------|
| Company Name: | Granite Oaks Water Users Association |
| Test Year Ended: | Test Year Ended 12/31/18 |

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Require Schedules for filing:

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| Schedule 1 | BALANCE SHEET | Page 18 | |
| Schedule 2 | WATER COMPANY PLANT DESCRIPTION | Page 20 | |
| Schedule 3 | PLANT SUMMARY | Page 22 | |
| Schedule 4 | UTILITY PLANT IN SERVICE | Page 23 | |
| Schedule 4b | ORIGINAL COST RATE BASE | Page 23b | Complete |
| Schedule 5 | WATER USE DATA SHEET | Page 24 | |
| Schedule 6 | BILL COUNT SUMMARY | Page 26 | Complete |
| Schedule 7 | CURRENT AND PROPOSED RATES | Page 27 | Complete |
| Schedule 7b | TYPICAL BILL ANALYSIS | | |
| Schedule 8 | CURRENT AND PROPOSED SERVICE CHARGES | Page 28 | Complete |
| Schedule 9 | COMPARATIVE INCOME STATEMENT | Page 29 | Complete |
| Schedule 10 | CALCULATION OF DEPRECIATION EXPENSE | Page 31 | |
| Schedule 11 | PRO FORMA ADDITIONS/SUBTRACTIONS FROM TEST YEAR | Page 32 | Complete |
| Schedule 12 | PRO FORMA PROPERTY TAX CALCULATION | Page 34 | Complete |

Optional Schedules for filing:

| | | Page NO. | |
|-------------|---|-------------------------|----------|
| Schedule 13 | CASH AVAILABILITY | Page 35 | Complete |
| Schedule 14 | WATER CONSERVATION ADJUSTMENT | Page 36 | Complete |
| Schedule 15 | PURCHASED POWER ADJUSTOR MECHANISM (PPAM) | Page 37 | Complete |
| Schedule 16 | EMERGENCY REPAIR AND REPLACEMENT FUND | Page 38 | Complete |
| Schedule 17 | | | |
| Schedule 18 | | | |
| Schedule 19 | | | |
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Work papers (not to be included with the filing but made available to Staff upon request):

| | | | |
|--------------|---|--|----------|
| Work Paper 1 | PLANT ADDITIONS AND RETIREMENT BY YEAR | | |
| Work Paper 2 | PLANT ACCUMULATED DEPRECIATION | | |
| Work Paper 3 | ADVANCES IN AID OF CONSTRUCTION | | Complete |
| Work Paper 4 | GROSS CONTRIBUTIONS IN AID OF CONSTRUCTION | | Complete |
| Work Paper 5 | SUPPLEMENTAL FINANCIAL INFORMATION (LONG TERM DEBT) | | Complete |

| Plant in Service and Accumulated Depreciation balances approved in the last Decision: | | | | |
|--|--|-------------------------|---------------------------------|--------------------------|
| Acct. No. | Description | Plant in Service | Accumulated Depreciation | Fully Depreciated |
| 301 | Organization | \$0 | \$0 | \$0 |
| 302 | Franchises | 0 | 0 | 0 |
| 303 | Land and Land Rights | 0 | 0 | 0 |
| 304 | Structures and Improvements | 0 | 0 | 0 |
| 305 | Collecting & Improving Reservoirs | 0 | 0 | 0 |
| 306 | Lake, River, Canal Intakes | 0 | 0 | 0 |
| 307 | Wells and Springs | 0 | 0 | 0 |
| 308 | Infiltration Galleries | 0 | 0 | 0 |
| 309 | Supply Mains | 0 | 0 | 0 |
| 310 | Power Generation Equipment | 0 | 0 | 0 |
| 311 | Pumping Equipment | 0 | 0 | 0 |
| 320 | Water Treatment Equipment | 0 | 0 | 0 |
| 320.1 | Water Treatment Plants | 0 | 0 | 0 |
| 320.2 | Solution Chemical Feeders | 0 | 0 | 0 |
| 320.3 | Point-of-Use Treatment Devices | 0 | 0 | 0 |
| 330 | Distribution Reservoirs and Standpipes | 0 | 0 | 0 |
| 330.1 | Storage Tanks | 0 | 0 | 0 |
| 330.2 | Pressure Tanks | 0 | 0 | 0 |
| 331 | Transmission and Distribution Mains | 0 | 0 | 0 |
| 333 | Services | 0 | 0 | 0 |
| 334 | Meters and Meter Installations | 0 | 0 | 0 |
| 335 | Hydrants | 0 | 0 | 0 |
| 336 | Backflow Prevention Devices | 0 | 0 | 0 |
| 339 | Other Plant and Misc. Equipment | 0 | 0 | 0 |
| 340 | Office Furniture and Equipment | 0 | 0 | 0 |
| 340 | Computer & Software | 0 | 0 | 0 |
| 341 | Transportation Equipment | 0 | 0 | 0 |
| 342 | Stores Equipment | 0 | 0 | 0 |
| 343 | Tools, Shop and Garage Equipment | 0 | 0 | 0 |
| 344 | Laboratory Equipment | 0 | 0 | 0 |
| 345 | Power Operated Equipment | 0 | 0 | 0 |
| 346 | Communication Equipment | 0 | 0 | 0 |
| 347 | Miscellaneous Equipment | 0 | 0 | 0 |
| 348 | Other Tangible Plant | 0 | 0 | 0 |
| | TOTAL | \$0 | \$0 | \$0 |

Last Decision No.
 Last Decision Test Year.
 Sufficiency Date of last rate Case
 Last Decision Effective Date
 Months To Get Last Decision

| |
|----|
| NA |
| NA |
| NA |
| NA |

BALANCE SHEET

| Acct. No. | | BALANCE AT BEGINNING OF TEST YEAR | BALANCE AT END OF TEST YEAR |
|-----------|--|---|--------------------------------|
| | ASSETS | | |
| | CURRENT AND ACCRUED ASSETS | | |
| 131 | Cash | \$395,679 | \$252,604 |
| 134 | Working Funds | 0 | 0 |
| 135 | Temporary Cash Investments | 0 | 0 |
| 141 | Customer Accounts Receivable | 12,714 | 10,459 |
| 146 | Notes/Receivables from Associated Companies | 0 | 0 |
| 151 | Plant Material and Supplies | 3,475 | 0 |
| 162 | Prepayments | 0 | 0 |
| 174 | Miscellaneous Current and Accrued Assets | 0 | 0 |
| | TOTAL CURRENT AND ACCRUED ASSETS | \$411,868 | \$263,063 |
| | FIXED ASSETS | | |
| 101 | Utility Plant in Service | \$1,746,268 | \$1,875,933 |
| 103 | Property Held for Future Use | 0 | 0 |
| 105 | Construction Work in Progress | 0 | 137,557 |
| 108 | Accumulated Depreciation – Utility Plant ("AD-UP") | (497,637) | (531,005) |
| 121 | Non-Utility Property | 0 | 0 |
| 122 | Accumulated Depreciation – Non Utility ("AD-NU") | 0 | 0 |
| | TOTAL FIXED ASSETS | \$1,248,631 | \$1,482,485 |
| | TOTAL ASSETS | \$1,660,499 | \$1,745,548 |

BALANCE SHEET CONTINUED

| Acct. No. | | BALANCE AT BEGINNING OF TEST YEAR | BALANCE AT END OF TEST YEAR |
|--|---|---|--------------------------------|
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| 231 | Accounts Payable | \$0 | \$808 |
| 232 | Notes Payable (Current Portion) | 0 | 0 |
| 234 | Notes/Accounts Payable to Associated Companies | 0 | 0 |
| 235 | Customer Deposits | 0 | 0 |
| 236 | Accrued Taxes | 914 | 0 |
| 237 | Accrued Interest | 0 | 0 |
| 241 | Miscellaneous Current and Accrued Liabilities | 0 | 0 |
| | TOTAL CURRENT LIABILITIES | \$914 | \$808 |
| LONG-TERM DEBT (Over 12 Months) | | | |
| 224 | Long-Term Notes and Bonds | \$0 | \$0 |
| DEFERRED CREDITS | | | |
| 251 | Unamortized Premium on Debt | \$0 | \$0 |
| 252 | Advances in Aid of Construction | 3,288 | 2,863 |
| 255 | Accumulated Deferred Investment Tax Credits | 0 | 0 |
| 271 | Gross Contributions in Aid of Construction | 618,459 | 618,459 |
| 272 | Less: Amortization of Contributions | (274,184) | (286,554) |
| 281 | Accumulated Deferred Income Tax | 0 | 0 |
| | TOTAL DEFERRED CREDITS | \$347,563 | \$334,768 |
| | TOTAL LIABILITIES | \$348,477 | \$335,576 |
| CAPITAL ACCOUNTS | | | |
| 201 | Common Stock Issued | \$0 | \$0 |
| 211 | Paid in Capital in Excess of Par Value | 0 | 0 |
| 215 | Retained Earnings | 1,312,022 | 1,409,972 |
| 218 | Proprietary Capital (Sole Props and Partnerships) | 0 | 0 |
| | TOTAL CAPITAL | \$1,312,022 | \$1,409,972 |
| | TOTAL LIABILITIES AND CAPITAL | \$1,660,499 | \$1,745,548 |

WATER COMPANY PLANT DESCRIPTION

Name of the System: **GRANITE OAKS WATER USERS ASSOC**
 ADEQ Public Water System Number **AZ0413155**
 ADWR PCC Number: **91-000675.0000**

| WELLS | | | | | | | | | |
|--------------------------------|-----------------|------------------|---------------------|--------------------------|--------------------|--------------|---------------------|---------------|--------|
| Well registry 55# (55-XXXXXX): | Pump Horsepower | Pump Yield (gpm) | Casing Depth (feet) | Casing Diameter (inches) | Pump Motor Type ** | Year Drilled | Meter Size (inches) | How measured: | Active |
| 55-524070 | 15 | 80 | 510 | 10 | Submersible | 1989 | 3 | Metered | Yes |
| 55-601103 | 50 | 350 | 643 | 14 | Submersible | 1962 | 4 | Metered | Yes |
| 55-588634 | 50 | 350 | 574 | 14 | Submersible | 2003 | 4 | Metered | Yes |

* Arizona Department of Water Resources Identification Number

| SERVICE LINES | |
|---------------|-------------------|
| Material | Percent of system |
| NA | NA |
| NA | NA |
| NA | NA |

| BOOSTER PUMPS | | |
|---------------|-----|----------|
| Horsepower | GPM | Quantity |
| 15 | 230 | 2 |
| 25 | 450 | 2 |
| NA | NA | NA |
| NA | NA | NA |

| FIRE HYDRANTS | |
|--------------------|----------------|
| Quantity Standard* | Quantity Other |
| Standard * | 41 |
| Other | 0 |

| STORAGE TANKS | | |
|---------------|----------|----------|
| Capacity | Material | Quantity |
| 100000 | metal | 1 |
| 84000 | metal | 1 |

| PRESSURE/BLADDER TANKS | | |
|------------------------|----------|----------|
| Capacity (gallons) | Material | Quantity |
| 2800 | metal | 1 |
| 3200 | metal | 1 |

* - A standard fire hydrant has two 2.5 inch hose connection nozzles with 7.5 threads per inch, and one 4.5 inch pumper connection nozzle with 4 threads per inch.

Water Utility Plant Description (Continued)

| MAINS | | |
|------------------|----------|------------------|
| Size (in inches) | Material | Length (in feet) |
| 4 | PVC C900 | 5850 |
| 6 | PVC C900 | 57997 |
| 8 | PVC C900 | 4532 |
| NA | NA | NA |

| CUSTOMER METERS | |
|------------------|----------|
| Size (in inches) | Quantity |
| 5/8 X 3/4 | 456 |
| 0.75 | 2 |
| 1 | 10 |
| 2 | 1 |
| NA | NA |
| NA | NA |

For the following three items, please list the utility owned assets in each category.

| |
|--|
| TREATMENT EQUIPMENT: |
| Utility plant, pumps and infrastructures |

| |
|-------------------------------------|
| STRUCTURES: |
| Pump house, fencing and landscaping |

| |
|--|
| OTHER: |
| Hand held meters, generators and other capital equipment |

PLANT SUMMARY

| Acct. No. | Description | Plant in Service Per Prior Decision | Total Additions | Total Retirements | Test Year End Total |
|-----------|--|-------------------------------------|--------------------|-------------------|---------------------|
| 301 | Organization | \$0 | \$12,128 | \$0 | \$12,128 |
| 302 | Franchises | 0 | 350 | 0 | 350 |
| 303 | Land and Land Rights | 0 | 6,000 | 0 | 6,000 |
| 304 | Structures and Improvements | 0 | 85,729 | 9,095 | 76,635 |
| 305 | Collecting & Improving Reservoirs | 0 | 0 | 0 | 0 |
| 306 | Lake, River, Canal Intakes | 0 | 0 | 0 | 0 |
| 307 | Wells and Springs | 0 | 569,355 | 33,679 | 535,676 |
| 308 | Infiltration Galleries | 0 | 0 | 0 | 0 |
| 309 | Supply Mains | 0 | 0 | 0 | 0 |
| 310 | Power Generation Equipment | 0 | 99,371 | 4,200 | 95,171 |
| 311 | Pumping Equipment | 0 | 141,886 | 26,740 | 115,146 |
| 320 | Water Treatment Equipment | 0 | 0 | 0 | 0 |
| 320.1 | Water Treatment Plants | 0 | 0 | 0 | 0 |
| 320.2 | Solution Chemical Feeders | 0 | 3,310 | 0 | 3,310 |
| 320.3 | Point-of-Use Treatment Devices | 0 | 0 | 0 | 0 |
| 330 | Distribution Reservoirs and Standpipes | 0 | 27,440 | 17,231 | 10,209 |
| 330.1 | Storage Tanks | 0 | 0 | 0 | 0 |
| 330.2 | Pressure Tanks | 0 | 0 | 0 | 0 |
| 331 | Transmission and Distribution Mains | 0 | 780,113 | 40,100 | 740,013 |
| 333 | Services | 0 | 26,370 | 0 | 26,370 |
| 334 | Meters and Meter Installations | 0 | 139,802 | 549 | 139,253 |
| 335 | Hydrants | 0 | 89,939 | 0 | 89,939 |
| 336 | Backflow Prevention Devices | 0 | 0 | 0 | 0 |
| 339 | Other Plant and Misc. Equipment | 0 | 0 | 0 | 0 |
| 340 | Office Furniture and Equipment | 0 | 4,930 | 0 | 4,930 |
| 340 | Computer & Software | 0 | 6,408 | 6,408 | 0 |
| 341 | Transportation Equipment | 0 | 0 | 0 | 0 |
| 342 | Stores Equipment | 0 | 0 | 0 | 0 |
| 343 | Tools, Shop and Garage Equipment | 0 | 0 | 0 | 0 |
| 344 | Laboratory Equipment | 0 | 2,529 | 2,529 | 0 |
| 345 | Power Operated Equipment | 0 | 0 | 0 | 0 |
| 346 | Communication Equipment | 0 | 12,963 | 5,353 | 7,610 |
| 347 | Miscellaneous Equipment | 0 | 13,192 | 0 | 13,192 |
| 348 | Other Tangible Plant | 0 | 0 | 0 | 0 |
| | TOTAL WATER PLANT | \$0 | \$2,021,815 | \$145,883 | \$1,875,932 |

UTILITY PLANT IN SERVICE

| Acct No. | Description | Test Year Original Cost | Accumulated Depreciation | OCLD |
|----------|--|-------------------------|--------------------------|--------------------|
| 301 | Organization | \$12,128 | \$7,096 | \$5,032 |
| 302 | Franchises | 350 | 205 | 145 |
| 303 | Land and Land Rights | 6,000 | 0 | 6,000 |
| 304 | Structures and Improvements | 76,635 | 22,364 | 54,271 |
| 305 | Collecting & Improving Reservoirs | 0 | 0 | 0 |
| 306 | Lake, River, Canal Intakes | 0 | 0 | 0 |
| 307 | Wells and Springs | 535,677 | 133,810 | 401,867 |
| 308 | Infiltration Galleries | 0 | 0 | 0 |
| 309 | Supply Mains | 0 | 0 | 0 |
| 310 | Power Generation Equipment | 95,171 | 24,789 | 70,382 |
| 311 | Pumping Equipment | 115,146 | 17,684 | 97,463 |
| 320 | Water Treatment Equipment | 0 | 0 | N/A |
| 320.1 | Water Treatment Plants | 0 | 0 | 0 |
| 320.2 | Solution Chemical Feeders | 3,310 | 1,490 | 1,821 |
| 320.3 | Point-of-Use Treatment Devices | 0 | 0 | 0 |
| 330 | Distribution Reservoirs and Standpipes | 10,209 | (6,175) | N/A |
| 330.1 | Storage Tanks | 0 | 0 | 0 |
| 330.2 | Pressure Tanks | 0 | 0 | 0 |
| 331 | Transmission and Distribution Mains | 740,013 | 287,095 | 452,918 |
| 333 | Services | 26,370 | 15,279 | 11,091 |
| 334 | Meters and Meter Installations | 139,253 | 7,162 | 132,091 |
| 335 | Hydrants | 89,939 | 22,867 | 67,072 |
| 336 | Backflow Prevention Devices | 0 | 0 | 0 |
| 339 | Other Plant and Misc. Equipment | 0 | 0 | 0 |
| 340 | Office Furniture and Equipment | 4,930 | 1,627 | 3,303 |
| 340.1 | Computer & Software | 0 | (4,849) | 4,849 |
| 341 | Transportation Equipment | 0 | 0 | 0 |
| 342 | Stores Equipment | 0 | 0 | 0 |
| 343 | Tools, Shop and Garage Equipment | 0 | 0 | 0 |
| 344 | Laboratory Equipment | 0 | 0 | 0 |
| 345 | Power Operated Equipment | 0 | 0 | 0 |
| 346 | Communication Equipment | 7,610 | (3,660) | 11,269 |
| 347 | Miscellaneous Equipment | 13,192 | 4,222 | 8,970 |
| 348 | Other Tangible Plant | 0 | 0 | 0 |
| | TOTAL WATER PLANT | \$1,875,933 | \$531,005 | \$1,328,544 |

| ORIGINAL COST RATE BASE | |
|-----------------------------------|---------------------------|
| | <u>Company</u> |
| Plant in Service | \$1,875,933 |
| Less: | |
| Accum. Depreciation | <u>531,005</u> |
| Net Plant | <u>\$1,344,928</u> |
| Less: | |
| Plant Advances | \$2,863 |
| Accumulated Deferred Income Taxes | <u>0</u> |
| Total Advances | <u>\$2,863</u> |
| Contributions Gross | \$618,459 |
| Less: | |
| Amortization of CIAC | <u>(286,554)</u> |
| Net CIAC | <u>\$331,905</u> |
| Regulatory Liability | \$0 |
| Total Deductions | <u>\$334,768</u> |
| Plus: | |
| 1/24 Power | \$1,234 |
| 1/8 Operation & Maint. | \$20,210 |
| Inventory | \$0 |
| Prepayments | <u>\$0</u> |
| Total Additions | <u>\$21,445</u> |
| Rate Base | <u>\$1,031,604</u> |

WATER USE DATA SHEET

| Name of the System: | | GRANITE OAKS WATER USERS ASSOC | | | | | |
|---|--|---|--|--|---|--|--|
| ADEQ Public Water System Number: | | AZ0413155 | | | | | |
| ADWR PCC Number: | | 91-000675.0000 | | | | | |
| (12 Months of Test Year) | Water withdrawn (acre ft)¹ | Water sold (acre ft)² | Water delivered (sold) to other systems (acre ft)³ | Water received (purchased) from other systems (acre ft)⁴ | Estimated authorized use (acre ft)⁵ | Purchased Power Expense⁶ | Purchased Power (kWh)⁷ |
| January | 8 | 7 | 0 | 0 | 8 | \$1,974 | 101 |
| February | 9 | 9 | 0 | 0 | 9 | 1,993 | 101 |
| March | 10 | 9 | 0 | 0 | 10 | 1,821 | 102 |
| April | 19 | 19 | 0 | 0 | 19 | 2,662 | 109 |
| May | 33 | 21 | 0 | 0 | 33 | 3,072 | 111 |
| June | 29 | 28 | 0 | 0 | 29 | 3,677 | 83 |
| July | 20 | 18 | 0 | 0 | 20 | 3,480 | 117 |
| August | 17 | 16 | 0 | 0 | 16 | 2,470 | 112 |
| September | 20 | 21 | 0 | 0 | 20 | 2,655 | 111 |
| October | 14 | 13 | 0 | 0 | 14 | 2,430 | 113 |
| November | 13 | 12 | 0 | 0 | 13 | 2,134 | 103 |
| December | 7 | 6 | 0 | 0 | 7 | 1,842 | 100 |
| TOTAL | 199 | 179 | 0 | 0 | 198 | \$30,210 | 1,263 |

If yes, are the fire flow requirements? 500 GPM for 2 hrs.

Does the system have chlorination treatment? Yes

Is the Water Utility located in an ADWR Active Management Area (AMA)? Yes
 If yes, which AMA? Prescott AMA

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement? No
 If yes, provide the GPCPD amount: NA

If applicable, in the space below, please provide a description for all estimated authorized un-metered use along with specific amounts:

| |
|---|
| 1 Water withdrawn - Total acre feet of water withdrawn from pumped sources. |
| 2 Water sold - Total acre feet from customer meters, and other sales such as construction water. |
| 3 Water delivered (sold) to other systems - Total acre feet of water delivered to other systems. |
| 4 Water received (purchased) from other systems - Total acre feet of water purchased/received from other systems. |
| 5 Estimated authorized use - Total estimated acre feet from authorized metered or unmetered use. Authorized uses such as flushing (mains, services and hydrants draining/cleaning tanks, process, construction, fire fighting, etc. Non-authorized use (real losses) are service line breaks and leaks, water main breaks, meter inaccuracies and |
| 6 Enter the total purchased power costs for the power meters associated with this system. |
| 7 Enter the total purchased kWh used by the power meters associated with this system. |

CUSTOMER DATA SHEET

Name of the System: GRANITE OAKS WATER USERS ASSOC
ADEQ Public Water System Number: AZ0413155
ADWR PCC Number: 91-000675.0000

| Month | Single-Family | Multi-Family | Commercial | Turf/Irrigation | Other Non-Residential |
|-----------|---------------|--------------|------------|-----------------|-----------------------|
| January | 467 | 0 | 0 | 0 | 0 |
| February | 465 | 0 | 0 | 0 | 0 |
| March | 463 | 0 | 0 | 0 | 0 |
| April | 479 | 0 | 0 | 0 | 0 |
| May | 468 | 0 | 0 | 0 | 0 |
| June | 471 | 0 | 0 | 0 | 0 |
| July | 468 | 0 | 0 | 0 | 0 |
| August | 469 | 0 | 0 | 0 | 0 |
| September | 465 | 0 | 0 | 0 | 0 |
| October | 463 | 0 | 0 | 0 | 0 |
| November | 467 | 0 | 0 | 0 | 0 |
| December | 465 | 0 | 0 | 0 | 0 |

BILL COUNT SUMMARY

| Meter Size: | 5/8" x 3/4" Meter | 3/4" Meter | 1" Meter | 1-1/2" Meter | 2" Meter | 3" Meter | 4" Meter | 6" Meter |
|-----------------------------|-------------------|------------|-----------|--------------|-----------|----------|----------|----------|
| Customer Class: | All | All | All | All | All | All | All | All |
| - 0 - | 461 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1 to 1,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1,001 to 2,000 | 410 | 3 | 14 | 0 | 0 | 0 | 0 | 0 |
| 2,001 to 3,000 | 577 | 0 | 2 | 0 | 0 | 0 | 0 | 0 |
| 3,001 to 4,000 | 539 | 1 | 4 | 0 | 0 | 0 | 0 | 0 |
| 4,001 to 5,000 | 455 | 0 | 1 | 0 | 0 | 0 | 0 | 0 |
| 5,001 to 6,000 | 369 | 0 | 5 | 0 | 0 | 0 | 0 | 0 |
| 6,001 to 7,000 | 303 | 1 | 2 | 0 | 0 | 0 | 0 | 0 |
| 7,001 to 8,000 | 280 | 0 | 2 | 0 | 0 | 0 | 0 | 0 |
| 8,001 to 9,000 | 222 | 1 | 5 | 0 | 0 | 0 | 0 | 0 |
| 9,001 to 10,000 | 185 | 0 | 1 | 0 | 0 | 0 | 0 | 0 |
| 10,001 to 12,000 | 328 | 1 | 4 | 0 | 0 | 0 | 0 | 0 |
| 12,001 to 14,000 | 243 | 1 | 3 | 0 | 0 | 0 | 0 | 0 |
| 14,001 to 16,000 | 181 | 1 | 2 | 0 | 0 | 0 | 0 | 0 |
| 16,001 to 18,000 | 140 | 1 | 4 | 0 | 0 | 0 | 0 | 0 |
| 18,001 to 20,000 | 132 | 1 | 3 | 0 | 0 | 0 | 0 | 0 |
| 20,001 to 25,000 | 215 | 1 | 3 | 0 | 0 | 0 | 0 | 0 |
| 25,001 to 30,000 | 143 | 0 | 1 | 0 | 0 | 0 | 0 | 0 |
| 30,001 to 35,000 | 83 | 0 | 4 | 0 | 0 | 0 | 0 | 0 |
| 35,001 to 40,000 | 49 | 0 | 1 | 0 | 0 | 0 | 0 | 0 |
| 40,001 to 50,000 | 64 | 0 | 2 | 0 | 1 | 0 | 0 | 0 |
| 50,001 to 60,000 | 47 | 0 | 1 | 0 | 0 | 0 | 0 | 0 |
| 60,001 to 70,000 | 22 | 0 | 1 | 0 | 0 | 0 | 0 | 0 |
| 70,001 to 80,000 | 15 | 0 | 0 | 0 | 1 | 0 | 0 | 0 |
| 80,001 to 90,000 | 10 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 90,001 to 100,000 | 3 | 0 | 0 | 0 | 1 | 0 | 0 | 0 |
| 102,150 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 |
| 102,407 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 105,882 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 107,843 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 109,221 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 110,566 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 112,489 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 114,295 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 116,279 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 116,773 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 120,109 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 |
| 130,415 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 130,613 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 147,678 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 152,804 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 157,318 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 162,749 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 189,936 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 |
| 217,930 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 |
| 219,527 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 233,625 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 238,395 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 |
| 244,316 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 |
| 294,379 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 |
| 299,095 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 |
| 688,368 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 |
| Total Bills | 5,493 | 12 | 65 | 0 | 12 | 0 | 0 | 0 |
| Average Number of Customers | 458 | 1 | 5 | 0 | 1 | 0 | 0 | 0 |
| Total | 465 | | | | | | | |

Instructions: Update all of the information in the Grey highlighted cells. Only complete the bill counts for each meter size and/or type that the Company currently serves. Each column will represent the counts for each meter/type for the full test year. The information is no longer

CURRENT AND PROPOSED RATES

| MONTHLY MINIMUM OR BASIC SERVICE CHARGE | | | | | |
|---|----------------|---------------|------------------|----------------|------------------|
| METER SIZE | CUSTOMER CLASS | CURRENT RATES | | PROPOSED RATES | |
| | | RATE | GALLONS INCLUDED | RATE | GALLONS INCLUDED |
| 5/8" x 3/4" Meter | All | \$20.00 | 1000 | \$22.60 | 0 |
| 3/4" Meter | All | \$30.00 | 1000 | \$33.90 | 0 |
| 1" Meter | All | \$50.00 | 1000 | \$56.50 | 0 |
| 1-1/2" Meter | All | \$100.00 | 1000 | \$113.00 | 0 |
| 2" Meter | All | \$160.00 | 1000 | \$180.80 | 0 |
| 3" Meter | All | \$300.00 | 1000 | \$361.60 | 0 |
| 4" Meter | All | \$500.00 | 1000 | \$565.00 | 0 |
| 6" Meter | All | \$1,000.00 | 1000 | \$1,130.00 | 0 |

GALLONS IN EXCESS OF MINIMUM
 Commodity Charge (Per 1,000 Gallons)

| | CURRENT RATES | | | PROPOSED RATES | | |
|-----------------------------|---------------|---------|----|----------------|---------|------------|
| | RATES | Gallons | | RATES | Gallons | |
| | | FROM | TO | | FROM | TO |
| 5/8" x 3/4" and 3/4" Meters | | | | | | |
| FIRST TIER | \$0.00 | 0 | 0 | \$1.00 | 0 | 3,000 |
| SECOND TIER | \$0.00 | 0 | 0 | \$2.00 | 3,001 | 10,000 |
| THIRD TIER | \$0.00 | 0 | 0 | \$3.00 | 10,001 | 99,999,999 |
| FLAT RATE | \$2.00 | | | | | |

GALLONS IN EXCESS OF MINIMUM FOR LARGER METER SIZES WITH ONLY TWO TIERS
 Commodity Charge (Per 1,000 Gallons)

| METER SIZE | RATES | | BREAK-OVER POINT | RATES | | BREAK-OVER POINT |
|--------------|--------|--------|------------------|--------|--------|------------------|
| | LOWER | HIGHER | | LOWER | HIGHER | |
| 1" Meter | \$0.00 | \$0.00 | 0 | \$2.00 | \$3.00 | 20,000 |
| 1-1/2" Meter | \$0.00 | \$0.00 | 0 | \$2.00 | \$3.00 | 50,000 |
| 2" Meter | \$0.00 | \$0.00 | 0 | \$2.00 | \$3.00 | 80,000 |
| 3" Meter | \$0.00 | \$0.00 | 0 | \$2.00 | \$3.00 | 150,000 |
| 4" Meter | \$0.00 | \$0.00 | 0 | \$2.00 | \$3.00 | 300,000 |
| 6" Meter | \$0.00 | \$0.00 | 0 | \$2.00 | \$3.00 | 500,000 |

Instructions: Update all information as necessary in the Grey highlighted cells. In the Monthly Minimum or Basic Service Charge section, use the drop down functions in columns A and B to select the meter sizes and customer classes. Then update input the current and proposed rates and the gallons that are included with the basic service charge. The next section is for the 5/8 and 3/4" meters with three tiers. Input the current and proposed commodity rates along with the ranges of each tier. The last commodity section is for all meters that are 1" and larger with only two tiers. For each meter size fill in the break-over point, and update the rates if necessary.

Granite Oaks Water Users Association
Short Form Rate Application
CURRENT AND PROPOSED RATES
 Test Year Ended 12/31/18

Schedule 7b

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

Average Number of Customers: 458

| Company Proposed | Gallons | Present Rates | Proposed Rates | Dollar Increase | Percent Increase |
|------------------|---------|---------------|----------------|-----------------|------------------|
| Average Usage | 9,608 | \$39.22 | \$38.82 | (\$0.40) | -1.0% |
| Median Usage | 5,825 | \$31.65 | \$31.25 | (\$0.40) | -1.3% |

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

| Gallons | Present | Company Proposed | % |
|---------|---------|------------------|-------|
| 0 | \$20.00 | \$22.60 | 13.0% |
| 1,000 | 22.00 | 23.60 | 7.3% |
| 2,000 | 24.00 | 24.60 | 2.5% |
| 3,000 | 26.00 | 25.60 | -1.5% |
| 4,000 | 28.00 | 27.60 | -1.4% |
| 5,000 | 30.00 | 29.60 | -1.3% |
| 6,000 | 32.00 | 31.60 | -1.3% |
| 7,000 | 34.00 | 33.60 | -1.2% |
| 8,000 | 36.00 | 35.60 | -1.1% |
| 9,000 | 38.00 | 37.60 | -1.1% |
| 10,000 | 40.00 | 39.60 | -1.0% |
| 15,000 | 50.00 | 54.60 | 9.2% |
| 20,000 | 60.00 | 69.60 | 16.0% |
| 25,000 | 70.00 | 84.60 | 20.9% |
| 50,000 | 120.00 | 159.60 | 33.0% |
| 75,000 | 170.00 | 234.60 | 38.0% |
| 100,000 | 220.00 | 309.60 | 40.7% |
| 125,000 | 270.00 | 384.60 | 42.4% |
| 150,000 | 320.00 | 459.60 | 43.6% |
| 175,000 | 370.00 | 534.60 | 44.5% |
| 200,000 | 420.00 | 609.60 | 45.1% |

CURRENT AND PROPOSED SERVICE CHARGES

| SERVICE LINE AND METER INSTALLATION CHARGES | | | | | | |
|--|----------------------------|---------------------|---------------------|----------------------------|---------------------|---------------------|
| METER SIZE | CURRENT CHARGES | | | COMPANY PROPOSED | | |
| | Service Line Charge | Meter Charge | Total Charge | Service Line Charge | Meter Charge | Total Charge |
| 5/8" x 3/4" Meter | NA | NA | \$250.00 | \$415.00 | \$105.00 | \$520.00 |
| 3/4" Meter | NA | NA | 275.00 | 415.00 | 205.00 | 620.00 |
| 1" Meter | NA | NA | 300.00 | 465.00 | 265.00 | 730.00 |
| 1½" Meter | NA | NA | 450.00 | 520.00 | 475.00 | 995.00 |
| 2" Meter | NA | NA | 628.00 | NT | NT | NT |
| 3" Meter | NA | NA | 825.00 | NT | NT | NT |
| 4" Meter | NA | NA | 1,450.00 | NT | NT | NT |
| 6" Meter | NA | NA | 3,100.00 | NT | NT | NT |
| 2" Turbine Meter | NT | NT | NT | 800.00 | 995.00 | 1,795.00 |
| 2" Compound Meter | NT | NT | NT | 800.00 | 1,840.00 | 2,640.00 |
| 3" Turbine Meter | NT | NT | NT | 1,015.00 | 1,620.00 | 2,635.00 |
| 3" Compound Meter | NT | NT | NT | 1,135.00 | 2,495.00 | 3,630.00 |
| 4" Turbine Meter | NT | NT | NT | 1,430.00 | 2,570.00 | 4,000.00 |
| 4" Compound Meter | NT | NT | NT | 1,610.00 | 3,545.00 | 5,155.00 |
| 6" Turbine Meter | NT | NT | NT | 2,150.00 | 4,925.00 | 7,075.00 |
| 6" Compound Meter | NT | NT | NT | 2,270.00 | 6,820.00 | 9,090.00 |

| SERVICE CHARGES | CURRENT CHARGES | PROPOSED CHARGES |
|--|--|-------------------------|
| Establishment (R14-2-403.D.1) | \$25.00 | \$30.00 |
| Establishment/After Hours (R14-2-403.D.2) | \$50.00 | NT |
| Reconnection/Delinquent (R14-2-403.D.1) | \$20.00 | \$30.00 |
| NSF Check (R14-2-409) | \$15.00 | \$25.00 |
| Meter Re-read/If correct (R14-2-408.C.2) | \$10.00 | \$25.00 |
| Meter Test/If correct (R14-2-408.F.1) | \$20.00 | \$25.00 |
| Deferred Payment (R14-2-409.G.6) | 1.5% per month | * |
| Deposit Interest (R14-2-403.B.3) | Per rules | ** |
| Deposit (R14-2-403.B.7) | Per rules | *** |
| Reestablishment W/N 12 MOS (R14-2-403.D.1) | Month off the system times the minimum | **** |
| Late Fee | 1.5% per month | 1.5% per month |
| After Hours Service Charge | NT | \$40.00 |
| Credit card transaction fee | NT | at cost |

* - 1.50% of unpaid monthly balance.
 ** - Per Commission Rule A.A.C. R-14-2-403(B)(3).
 *** - Per Commission Rule A.A.C. R-14-2-403(B)(7).
 **** - Month off system times the monthly minimum A.A.C. R14-2-403(D).

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

| COMPARATIVE INCOME STATEMENT | | | | | | | |
|------------------------------|--|------------------|-------------------|------------------------|-------------------|--------------------|------------------|
| Account No. | Operating Revenue | Prior Year * | Test Year * | Company Adjustments ** | Company Adjusted | Increase Requested | Company Proposed |
| 461 | Metered Water Revenue | \$220,216 | \$221,313 | (\$4,339) | \$216,973 | \$41,807 | \$258,780 |
| 460 | Unmetered Water Revenue | 0 | 0 | 0 | 0 | 0 | 0 |
| 462 | Fire Protection Revenue | 0 | 0 | 0 | 0 | 0 | 0 |
| 469 | Guaranteed Revenues (Surcharges) | 0 | 0 | 0 | 0 | 0 | 0 |
| 471 | Miscellaneous Service Revenues | 0 | 0 | 0 | 0 | 0 | 0 |
| 474 | Other Water Revenue | 957 | 1,220 | 0 | 1,220 | 0 | 1,220 |
| | Total Revenues | \$221,173 | \$222,533 | (\$4,339) | \$218,193 | \$41,807 | \$260,000 |
| | Operating Expenses | | | | | | |
| 601 | Salaries and Wages | \$0 | \$12,002 | \$0 | \$12,002 | \$0 | \$12,002 |
| 604 | Employee Pensions and Benefits | 0 | 0 | 0 | 0 | 0 | 0 |
| 610 | Purchased Water | 0 | 0 | 0 | 0 | 0 | 0 |
| 615 | Purchased Power | 29,586 | 30,211 | (592) | 29,618 | 0 | 29,618 |
| 618 | Chemicals | 773 | 1,186 | (23) | 1,163 | 0 | 1,163 |
| 620 | Materials and Supplies | 0 | 0 | 0 | 0 | 0 | 0 |
| 620.1 | Repairs and Maintenance | 9,915 | 20,701 | 0 | 20,701 | 0 | 20,701 |
| 620.2 | Office Supplies and Expense | 10,140 | 12,195 | 0 | 12,195 | 0 | 12,195 |
| 630 | Outside Services | 61,826 | 56,519 | 0 | 56,519 | 0 | 56,519 |
| 631 | Contractual Services -Engineering | 0 | 0 | 0 | 0 | 0 | 0 |
| 632 | Contractual Services - Accounting | 45,014 | 45,181 | 0 | 45,181 | 0 | 45,181 |
| 633 | Contractual Services - Legal | 0 | 0 | 0 | 0 | 0 | 0 |
| 634 | Contractual Services - Management Fees | 0 | 0 | 0 | 0 | 0 | 0 |
| 635 | Contractual Services - Water Testing | 3,137 | 2,948 | 0 | 2,948 | 0 | 2,948 |
| 636 | Contractual Services - Other | 1,639 | 3,319 | 0 | 3,319 | 0 | 3,319 |
| 640 | Rents | 0 | 0 | 0 | 0 | 0 | 0 |
| 641 | Rental of Building/Real Property | 0 | 0 | 0 | 0 | 0 | 0 |
| 642 | Rental of Equipment | 0 | 0 | 0 | 0 | 0 | 0 |
| 650 | Transportation Expenses | 0 | 0 | 0 | 0 | 0 | 0 |
| 657 | Insurance - General Liability | 8,230 | 7,580 | 0 | 7,580 | 0 | 7,580 |
| 657.1 | Insurance - Health and Life | 0 | 0 | 0 | 0 | 0 | 0 |
| 666 | Regulatory Commission Expense - Rate | 0 | 0 | 0 | 0 | 0 | 0 |
| 670 | Bad Debt Expense | 0 | 77 | 0 | 77 | 15 | 92 |
| 675 | Miscellaneous Expense | 289 | 0 | 0 | 0 | 0 | 0 |
| 403 | Depreciation Expense | 21,573 | 47,688 | 0 | 47,688 | 0 | 47,688 |
| 408 | Taxes Other Than Income | 0 | 0 | 0 | 0 | 0 | 0 |
| 408.11 | Property Taxes | 8,465 | 8,266 | (250) | 8,016 | 512 | 8,528 |
| 409 | Income Taxes | 0 | 0 | 0 | 0 | 0 | 0 |
| 427.1 | Customer Security Deposit Interest | 0 | 0 | 0 | 0 | 0 | 0 |
| | Total Operating Expenses | \$200,587 | \$247,872 | (\$866) | \$247,006 | \$527 | \$247,532 |
| | Operating Income / (Loss) | \$20,586 | (\$25,339) | (\$3,474) | (\$28,812) | \$41,280 | \$12,468 |
| | Other Income / (Expense) | | | | | | |
| 419 | Interest and Dividend Income | \$3,747 | \$4,310 | \$0 | \$4,310 | \$0 | \$4,310 |
| 421 | Non-Utility Income | 352 | 124 | 0 | 124 | 0 | 124 |
| 426 | Miscellaneous Non-Utility Expense | 0 | 0 | 0 | 0 | 0 | 0 |
| 427 | Interest Expense | 0 | 0 | 0 | 0 | 0 | 0 |
| | Total Other Income / (Expense) | \$4,099 | \$4,434 | \$0 | \$4,434 | \$0 | \$4,434 |
| | Net Income / (Loss) | \$24,685 | (\$20,905) | (\$3,474) | (\$24,378) | \$41,280 | \$16,902 |

* This item automatically populates with information from your annual report Page 7

** This item automatically populates with information from Schedule 11 PRO FORMA ADDITIONS/SUBTRACTIONS FROM TEST YEAR

Note: Do not include the sales taxes in revenues or expenses. Please refer to the checklist on page 1 for the required attachments related to this schedule.

PROOF OF REVENUE

After updating the information on this schedule and **inputting the Bill Count** information on Schedule 6, if cell I10 is pink with red font then please double check your data entry, especially your bill counts.

Revenues (\$817) -0.37%

Explanation for Difference

NA

CALCULATION OF DEPRECIATION EXPENSE

| Acct. No. | Plant Description | Test Year Plant Original Cost | Fully Depreciated/Non-depreciable Plant | Depreciable Plant | Depreciation Percentage | Depreciation Expense |
|-----------|--|-------------------------------|---|--------------------|-------------------------|----------------------|
| 301 | Organization | \$12,128 | \$0 | N/A | 0.00% | N/A |
| 302 | Franchises | 350 | 0 | N/A | 0.00% | N/A |
| 303 | Land and Land Rights | 6,000 | 0 | N/A | 0.00% | N/A |
| 304 | Structures and Improvements | 76,635 | 0 | 76,635 | 3.33% | 2,552 |
| 305 | Collecting & Improving Reservoirs | 0 | 0 | 0 | 2.50% | 0 |
| 306 | Lake, River, Canal Intakes | 0 | 0 | 0 | 2.50% | 0 |
| 307 | Wells and Springs | 535,677 | 0 | 535,677 | 3.33% | 17,838 |
| 308 | Infiltration Galleries | 0 | 0 | 0 | 6.67% | 0 |
| 309 | Supply Mains | 0 | 0 | 0 | 2.00% | 0 |
| 310 | Power Generation Equipment | 95,171 | 0 | 95,171 | 5.00% | 4,759 |
| 311 | Pumping Equipment | 115,146 | 0 | 115,146 | 12.50% | 14,393 |
| 320 | Water Treatment Equipment | 0 | 0 | N/A | N/A | N/A |
| 320.10 | Water Treatment Plants | 0 | 0 | 0 | 3.33% | 0 |
| 320.20 | Solution Chemical Feeders | 3,310 | 0 | 3,310 | 20.00% | 662 |
| 320.30 | Point-of-Use Treatment Devices | 0 | 0 | 0 | 8.33% | 0 |
| 330 | Distribution Reservoirs and Standpipes | 10,209 | 0 | N/A | N/A | N/A |
| 330.10 | Storage Tanks | 0 | 0 | 0 | 2.22% | 0 |
| 330.20 | Pressure Tanks | 0 | 0 | 0 | 5.00% | 0 |
| 331 | Transmission and Distribution Mains | 740,013 | 0 | 740,013 | 2.00% | 14,800 |
| 333 | Services | 26,370 | 0 | 26,370 | 3.33% | 878 |
| 334 | Meters and Meter Installations | 139,253 | 0 | 139,253 | 8.33% | 11,600 |
| 335 | Hydrants | 89,939 | 0 | 89,939 | 2.00% | 1,799 |
| 336 | Backflow Prevention Devices | 0 | 0 | 0 | 6.67% | 0 |
| 339 | Other Plant and Misc. Equipment | 0 | 0 | 0 | 6.67% | 0 |
| 340 | Office Furniture and Equipment | 4,930 | 0 | 4,930 | 6.67% | 329 |
| 340 | Computer & Software | 0 | 0 | 0 | 20.00% | 0 |
| 341 | Transportation Equipment | 0 | 0 | 0 | 20.00% | 0 |
| 342 | Stores Equipment | 0 | 0 | 0 | 4.00% | 0 |
| 343 | Tools, Shop and Garage Equipment | 0 | 0 | 0 | 5.00% | 0 |
| 344 | Laboratory Equipment | 0 | 0 | 0 | 10.00% | 0 |
| 345 | Power Operated Equipment | 0 | 0 | 0 | 5.00% | 0 |
| 346 | Communication Equipment | 7,610 | 0 | 7,610 | 10.00% | 761 |
| 347 | Miscellaneous Equipment | 13,192 | 0 | 13,192 | 10.00% | 1,319 |
| 348 | Other Tangible Plant | 0 | 0 | 0 | 2.00% | 0 |
| | TOTAL | \$1,875,933 | \$0 | \$1,847,246 | | \$71,690 |

| | |
|--|-----------------|
| Contribution(s) in Aid of Construction (Gross) | \$621,322 |
| Less: Non Amortizable Contribution(s) | 2,863 |
| Fully Amortized Contribution(s) | 0 |
| Amortizable Contribution(s) | \$618,459 |
| Times: Proposed Amortization Rate | 3.88% |
| Amortization of CIAC | \$24,002 |

Less: Amortization of CIAC

DEPRECIATION EXPENSE

Instructions: This information is linked to the information reported on the Annual Report. Column F should be the Commission approved depreciation rates from the prior rate case. As a default, the typical depreciation rates Staff recommended for water companies have been entered. If these aren't the rate approved in the prior Decision, consider proposing the use of alternative rates.

PRO FORMA ADDITIONS/SUBTRACTIONS FROM TEST YEAR

| Account No. | Calendar Year | Additions | Subtractions | Water Conservation Adjustments | Total Pro Formas |
|---------------------------------|--|------------|----------------|--------------------------------|------------------|
| Operating Revenue | | | | | |
| 461 | Metered Water Revenue | \$0 | \$0 | (\$4,339) | (\$4,339) |
| 460 | Unmetered Water Revenue | 0 | 0 | | 0 |
| 462 | Fire Protection Revenue | 0 | 0 | | 0 |
| 469 | Guaranteed Revenues (Surcharges) | 0 | 0 | | 0 |
| 471 | Miscellaneous Service Revenues | 0 | 0 | | 0 |
| 474 | Other Water Revenue | 0 | 0 | | 0 |
| | Total Revenues | \$0 | \$0 | (\$4,339) | (\$4,339) |
| Operating Expenses | | | | | |
| 601 | Salaries and Wages | \$0 | \$0 | | \$0 |
| 604 | Employee Pensions and Benefits | 0 | 0 | | 0 |
| 610 | Purchased Water | 0 | 0 | 0 | 0 |
| 615 | Purchased Power | 0 | 0 | (592) | (592) |
| 618 | Chemicals | 0 | 0 | (23) | (23) |
| 620 | Materials and Supplies | 0 | 0 | | 0 |
| 620.1 | Repairs and Maintenance | 0 | 0 | | 0 |
| 620.2 | Office Supplies and Expense | 0 | 0 | | 0 |
| 630 | Outside Services | 0 | 0 | | 0 |
| 631 | Contractual Services -Engineering | 0 | 0 | | 0 |
| 632 | Contractual Services - Accounting | 0 | 0 | | 0 |
| 633 | Contractual Services - Legal | 0 | 0 | | 0 |
| 634 | Contractual Services - Management Fees | 0 | 0 | | 0 |
| 635 | Contractual Services - Water Testing | 0 | 0 | | 0 |
| 636 | Contractual Services - Other | 0 | 0 | | 0 |
| 640 | Rents | 0 | 0 | | 0 |
| 641 | Rental of Building/Real Property | 0 | 0 | | 0 |
| 642 | Rental of Equipment | 0 | 0 | | 0 |
| 650 | Transportation Expenses | 0 | 0 | | 0 |
| 657 | Insurance - General Liability | 0 | 0 | | 0 |
| 657.1 | Insurance - Health and Life | 0 | 0 | | 0 |
| 666 | Regulatory Commission Expense - Rate | 0 | 0 | | 0 |
| 670 | Bad Debt Expense | 0 | 0 | | 0 |
| 675 | Miscellaneous Expense | 0 | 0 | | 0 |
| 403 | Depreciation Expense | 0 | 0 | | 0 |
| 408 | Taxes Other Than Income | 0 | 0 | | 0 |
| 408.11 | Property Taxes | 0 | (250) | | (250) |
| 409 | Income Taxes | 0 | 0 | | 0 |
| 427.1 | Customer Security Deposit Interest | 0 | 0 | | 0 |
| | Total Operating Expenses | \$0 | (\$250) | (\$616) | (\$866) |
| | Operating Income / (Loss) | \$0 | \$250 | (\$3,724) | (\$3,474) |
| Other Income / (Expense) | | | | | |
| 419 | Interest and Dividend Income | \$0 | \$0 | | \$0 |
| 421 | Non-Utility Income | 0 | 0 | | 0 |
| 426 | Miscellaneous Non-Utility Expense | 0 | 0 | | 0 |
| 427 | Interest Expense | 0 | 0 | | 0 |
| | Total Other Income / (Expense) | \$0 | \$0 | \$0 | \$0 |
| | Net Income / (Loss) | \$0 | \$250 | (\$3,724) | (\$3,474) |

Instructions: Use this page to add upcoming known and measurable changes to your business. Examples include, hiring employees, increases to rental costs, increases/decreases to fuel costs, or a customer had an abnormally low or high bill, which does not normally occur etc. **Please insert amount of rate case expenses estimated in Account 666 and divide by three. To ensure the completeness of the application enter in a \$0 in every grey highlighted cell.**

EXPLANATION OF PRO FORMA ADDITIONS/SUBTRACTIONS FROM TEST YEAR

NA

NA

NA

Instructions: Please Explain All Adjustments Made on Previous Page. Attach other back-up (calculations etc) to application at end.

PRO FORMA PROPERTY TAX CALCULATION

| | Adjusted Test Year | At Proposed Rates |
|---|--------------------|-------------------|
| Adjusted Revenues Test Year Ended 12/31/18 | \$218,193 | \$218,193 |
| Adjusted Revenues Test Year Ended 12/31/18 | 218,193 | 218,193 |
| Proposed Revenues | 218,193 | 260,000 |
| Average of Three Years of Revenue | \$218,193 | \$232,129 |
| Average of Three Years of Revenue, times 2 | \$436,387 | \$464,258 |
| Add: | | |
| Construction Work in Progress at 10% | | |
| Deduct: | | |
| Net Book Value of Transportation Equipment * | 0 | 0 |
| | | |
| Full Cash Value | \$436,387 | \$464,258 |
| Assessment Ratio (For 2015 and Beyond per HB 2001 Sec 42-15001) | 18.0% | 18.0% |
| Assessed Value | \$78,550 | \$83,566 |
| Property Tax Rate | 10.20% | 10.20% |
| | | |
| Property Tax | 8,016 | 8,528 |
| Tax on Parcels | 0 | 0 |
| | | |
| Adjusted Test Year Property Taxes at Present Rates | \$8,016 | |
| Test Year Property Taxes | 8,266 | |
| Adjustment to Revenue and/or Expense | (\$250) | |
| | | |
| Adjusted Test Year Property Taxes at Proposed Rates | | \$8,528 |
| Adjusted Test Year Property Taxes at Present Rates | | 8,016 |
| Additional Property Taxes on Proposed Revenues | | \$512 |

*From Schedule 5 Page 23

CASH AVAILABILITY

Instructions: The purpose of this schedule is to provide a calculation of the Company's Cash Availability. Most of this data feeds from the Income Statement and the Balance Sheet and does not require input, there is however, one input on this page. This information is included for supplemental purposes and as such this is an optional schedule that is not required for the filing.

Source of Funds
From Operations

| | |
|-------------------------------|-----------------|
| Net Income | (\$20,905) |
| Depreciation and Amortization | 47,688 |
| Def. Investment Tax Credits | 0 |
| Deferred income Taxes | 0 |
| Amort. of Regulatory Expense | 0 |
| Total From Operations | \$26,783 |

From Financing

| | |
|--------------------------------------|-------------------|
| Advances in Aid of Construction | (\$425) |
| Contributions in Aid of Construction | (12,370) |
| Issuance of Long-Term Debt | 0 |
| Due to Parent and Affiliates | 0 |
| Total From Financing | (\$12,795) |

Total Funds Provided **\$13,988**

Application of Funds

| | |
|-----------------------------------|--|
| Capital/Plant Expenditures | \$233,854 |
| Rate Case Expenses | 0 Please enter this on Schedule 11 |
| Dividends Paid | 0 Please enter the Amount of Dividends Paid during the test year |
| Other Deferred Debits and Credits | 0 |
| Total Funds Applied | \$233,854 |

Net Cash Flow **(\$219,866)**

WATER CONSERVATION ADJUSTMENT

| PERIOD | NUMBER OF CUSTOMERS | GALLONS SOLD (Thousands) | Average Kgal usage per Customer | Change in Usage Per customer |
|--------------------------|---------------------|--------------------------|---------------------------------|------------------------------|
| Test Year Ended 12/31/18 | 468 | 58,327 | 124.76 | 1.12 |
| 2017 | 467 | 57,744 | 123.65 | (1.19) |
| 2016 | 466 | 58,175 | 124.84 | 6.26 |
| 2015 | 463 | 54,900 | 118.57 | (15.05) |
| 2014 | 462 | 61,736 | 133.63 | |

Average Decline in Use Per Customer (2.22)
 Percent Decline Expected -1.78%

NOTE: If implementation of a rate increase will likely result in further decline than -0.0178, please enter the percentage you anticipate sales to decline below:

Anticipated Decline -2.00%

| | | |
|--|-----------|--|
| Decline in Metered Water Revenues Expected | (\$4,339) | This Feeds to the Income Statement Automatically |
| Decline in Purchased Water Expense | 0 | |
| Decline in Purchased Power Expense | (592) | |
| Decline in Chemical Expense | (23) | |

Explain Reason for Anticipated Decline

The Company believes that going to a three-tier structure will result in the members using less water.

PURCHASED POWER ADJUSTOR MECHANISM (PPAM)

As Part of this Rate Application, The Company is requesting approval of an adjustor Mechanism, whereby increased costs of Purchased Power may be recovered through a surcharge on customer bills. The Proposed calculation of such a charge is below:

Pass Through Calculation

| | | |
|--|--------------|---------------------------|
| Current Year Purchased Power Expense | \$30,000 | |
| Current Year Gallons Sold (Thousands) | 58,175,000 | |
| Current Year Power Expense per 1,000 Gal. | \$0.00 | |
| | | |
| Test Year Purchased Power Expense | \$30,211 | From Schedule 9 |
| Test Year Gallons Sold (Thousands) | 0 | From Schedule 5 |
| Test Year Water Expense per 1,000 Gal. | \$168,774.53 | |
| | | |
| Current Purchased Power Expense Normalized for Test Year Sales | \$0 | |
| Increase (Decrease) to Purchased Power Expense | (30,211) | |
| | | |
| Water Sales During the Test Year | 58,327,319 | Annual Report Schedule 12 |
| | | |
| Expense Increase (Decrease) per Thousand Gallons Sold | (\$0.00) | |

PPAM Charge to Sample Customer Bill Monthly

| | Gallons | Surcharge per Gallon |
|------------------------|---------|-------------------------|
| 5/8" Residential Usage | | |
| Average | 9,608 | (\$0.00) |
| Gallons | 5,000 | (\$0.00) |
| Gallons | 10,000 | (\$0.01) |
| Gallons | 15,000 | (\$0.01) |

The Company Seeks to file, annually with the Commission, a calculation in this form, to support implementation of such a surcharge. **Calculations resulting in a credit will also be passed through to the customer.** Customer will be notified either by a message on their bill, by bill insert, or by mail.

EMERGENCY REPAIR AND REPLACEMENT FUND

As part of this rate application, the Company is requesting approval of an Emergency Repair and Replacement Fund surcharge. This surcharge will allow, when revenues are determined to be insufficient, the Company to set aside funds to be able to respond to and correct emergency repairs and replacements in a timely manner. The proposed calculation of the surcharge is detailed below:

Surcharge Calculation

| | | | |
|---|---------|-----------------|-----------------------|
| Emergency Repair and Replacement total need (1) | ##### | Stated Purpose: | Electrical Components |
| Number of Customers | 468 | | |
| Time period of surcharge (in months) | 24 | | |
| Surcharge per Customer per Month | \$12.92 | | |

| Meter Size | Capacity Multiplier | Surcharge |
|------------|---------------------|-----------|
| 5/8" | | \$12.92 |
| 3/4" | 1.5 | 19.39 |
| 1" | 2.5 | 32.31 |
| 1 1/2" | 5 | 64.62 |
| 2" | 8 | 103.39 |
| 3" | 16 | 206.77 |
| 4" | 25 | 323.08 |
| 6" | 50 | 646.17 |
| 8" | 80 | 1,033.87 |
| 10" | 115 | 1,486.19 |
| 12" | 215 | 2,778.52 |

(1) This is the total amount that the Company believes is necessary to ensure continued safe, adequate and reliable service that meets all water quality standards. Examples would include source wells, treatment systems, storage tanks, booster pumps, pressure tanks, customer meters, master meters, main and service lines, repair equipment and electrical components.

This surcharge will be subject to the following conditions per Decision No. 75626. Requests will be considered on a case by case basis. Surcharges will be capped and funds from each surcharge must be strictly tracked and spent only for the specified purposes. Deposits will be required to be deposited into separate, segregated bank accounts. Any surcharges approved by the Commission will continue until the utility's next rate case. The surcharge will be fixed.