



08-010-01

10/17/08

P

Dca Paul / Public Service Commission  
P.O.Box 146751  
Salt Lake City Ut 84144-6751

Re: Highland Water Co. (Request For Rate Increase)

Dca Paul, (or to th.: person.)

Enclosed please find an analysis of Highland Water Co. projected annual operating costs. Our proposal for our new rate schedule has been compared to systems of likeness in our area Mountain Green, Robinson. Peterson Pipeline. Morgan City.

This rate increase will be the first one in 24 years. It is long overdue and has reached a point that needs immediate attention. Our hope is that we can expedite this as soon as possible.

We became an approved drinking water source through the Utah State Division of Drinking Water in February 1988. We have maintained that approved status by complying with State and -- — Federal regulations and the changes in the safe drinking water act.

**Proposed Highland Water Co. water rate Schedule**

Our Present basic rate (Includes 6,000 gallons ) with our present monthly fee of \$12.00 Billed every Two Months. We charge \$1.00 per 1,000 gallons overage per month.

Proposed Highlands Water Company Water Rate Schedule

|  |                         |
|--|-------------------------|
| Base Fee (includes 6,000 gallons) per month. | \$48.00                 |
| 6,000 — 25,000 Gallons                       | \$1.75 per 1000 gallons |
| 25,000 — 50,000 Gallons                      | \$2.25 per 1000 gallons |
| 50,000 Gallons or more.                      | \$2.50 per 1000 gallons |



Comparison of Local Water Companies

| Gallons | Highlands | Cottonwood | Mountain Green | Monte Verde |
|---------|-----------|------------|----------------|-------------|
| 10000   | \$55.00   | \$30.00    | \$20.00        | \$20.00     |
| 50000   | \$137.50  | \$64.00    | \$44.00        | \$44.00     |
| 100000  | \$462.50  | \$130.00   | \$55.00        | \$55.00     |

Cost of Operation

|                      | Cost of Operation (2006) | Cost of Operation (projected) |
|----------------------|--------------------------|-------------------------------|
| Cost of Water        | \$8,627.00               | \$9,000.00                    |
| Employee/Wages       | \$53,801.00              | \$96,000.00                   |
| Chemical             | \$843.00                 | \$2,500.00                    |
| Materials/Supplies   | \$962.00                 | \$1,000.00                    |
| Contractual Services | \$37,955.00              |                               |
| Rents                | \$1,800.00               | \$2,000.00                    |
| Transportation       | \$534.00                 | \$5,000.00                    |
| Insurance            |                          | \$18,000.00                   |
| Reg. Commission      | \$1,304.00               | \$1,500.00                    |
| Misc. Expense        | \$8,663.00               | \$9,000.00                    |
| Notes Payable        |                          | \$24,000.00                   |
| <b>Totals</b>        | <b>\$114,489.00</b>      | <b>\$168,000.00</b>           |

|                                   |              |
|-----------------------------------|--------------|
| 2006 Revenue                      | \$102,080.00 |
| Operating costs (2008 projection) | \$168,000.00 |
| Utility deficit                   | \$-65,920.00 |
| Projected Utility Plant return    | \$167,410.00 |

(Based on the applied rate increase)

Please call if you have any questions.

Office: 801 876-3494  
Cell: 801 391-1105



Rodger Smith