

Willow Creek Water Company  
 General Rate Case Increase  
 Costs of Providing Water and Rate Calculations

Amended Exhibit 1.2 SR  
 Docket No. 13-2506-01

		A	B					
Rate Summary								
		All Customers Including Standby			Connected Customers			
1	System Fees (Standby)	\$ 39.85			\$ 39.85		a	
2	Usage Fees				31.95		b	
3	<b>Total Rates</b>	<b>\$ 39.85</b>			<b>\$ 71.80</b>		c	
4								
5	<b>Overage (Conservation) Rates</b>				<b>\$ 2.50</b>		d, d2, d3	
6								
		Adjusted Total Expenses <i>[From Amended Exhibit 1.3 SR]</i>	System Expenses (Fixed) <i>(Paid by ALL Customers)</i>			Usage Expenses (Variable) <i>(Paid by CONNECTED Only)</i>		
			Total Customers: 48		Total CONNECTED: 43			
Expense Category			Amount	%	Monthly Rates	Amount	%	Monthly Rates
7	<b>Operation &amp; Maintenance Expenses</b>							
8	Salaries & Wages - Office Employees	-	-	20%		-	80%	
9	Salaries & Wages - Officers & Directors	-	-	20%		-	80%	
10	Employee Pensions & Benefits	-	-	20%		-	80%	
11	Purchased Water	-	-	0%		-	100%	
12	Purchased Power (Electricity)	2,800.00	-	0%		2,800.00	100%	
13	Purchased Power (Propane)	-	-	0%		-	100%	
14	Chemicals	550.00	-	0%		550.00	100%	
15	Materials and Supplies	-	-	10%		-	90%	
16	Contractual Services - Engineering	-	-	5%		-	95%	
17	Contractual Services - Accounting	1,400.00	140.00	10%		1,260.00	90%	
18	Contractual Services - Legal	500.00	25.00	5%		475.00	95%	
19	Contractual Services - Management Fees	-	-	5%		-	95%	
20	Contractual Services - Testing & Lab Fees	1,400.00	70.00	5%		1,330.00	95%	
21	Contractual Services - Water Sampling	-	-	5%		-	95%	
22	Contractual Services - Water System Maintenance	1,800.00	90.00	5%		1,710.00	95%	
23	Contractual Services - Water System Repairs	1,800.00	360.00	20%		1,440.00	80%	
24	Contractual Services - Other (Equipment Operator)	600.00	120.00	20%		480.00	80%	
25	Contractual Services - Billing (Meter Reading)	-	-	20%		-	80%	
26	Interest-Free Loan Payments for Arsenic Project	5,520.00	1,104.00	20%		4,416.00	80%	
27	Transportation Expense	-	-	5%		-	95%	

See below for details of the rate creation based on the fair and reasonable expenses of the Company.

**Comments and Footnotes:**

**Comment:**

The purpose of this schedule is to calculate just, reasonable and adequate rates to generate sufficient revenues to fully fund the safe, healthy, economic, efficient, and reliable operational expenses at adequate levels of service at the lowest costs and to meet the reserve requirements of the Company.

**Footnotes:**

a. **System Fees** are paid equally by all customers, including both standby and connected customers. System Fees pay for the water utility's fixed expenses.

b. **Usage Fees** are paid equally by only those customers connected to the water system. Usage Fees pay for the water utility's variable expenses, used primarily to provide the 12,000 gallons per month for each connected customers.

c. **Total Rates** show the monthly rates paid by each type of customer. Column A total is the monthly rate charged to standby customers. Column B total is the sum of the System Fees and the Usage Fees. This total amount is due monthly for each customer connected to the water system.

d. **Overage Rates** represent the rate per 1,000 gallons charged to those customers that consume in excess of the allowed monthly water usage. To encourage conservation, 20 percent is added to the allowed usage amount per 1,000 gallons.

d2. The Overage Rate was changed from \$5.50 to \$4.50 per 1,000 gallons. Because the "Usage Fees" amount was reduced, the overage rate was also reduced. The \$4.50 represents about a 69% increase per 1,000 gallons of the allowed usage amount per 1,000 gallons calculated for the variable expenses.

d3. In the Supplemental Hearing on August 20, 2013 hearing a water company customer presented information regarding the methodology used to compute the Overage Rate. The new methodology uses only those costs that are likely to increase based on usage and include \$2,800 for Purchased Power (Electricity), \$550 for Chemicals, \$1,710 for Water System Maintenance, \$1,440 for repairs and \$480 for Other (Equipment Operator), lines 12, 14, 22, 23 and 24 respectively. These costs total \$6,890. The Division concurs with the methodology and believes its recommended Overage Rate should be adjusted accordingly. The revised monthly costs to produce 1,000 gallons is \$1.13. The formula used to compute this is  $\$6,900 \div 12 \text{ months} \div 43 \text{ connected customers} \div (12,000 \text{ gallons} \div 1,000 \text{ gallons})$ .

To encourage conservation the Division recommends setting the overage rate at \$2.50 per 1,000 gallons. This is consistent with other water companies of comparable size in Utah whose overage rates after base gallons, are set in a range of \$2.00/8,000 gals, \$2.75/12,000 gals, \$3.25/12,000 gals and \$5.00/\$7,500 gals.

e. **System Expenses (Fixed)** must be funded through the System Fees to ensure that enough income is generated to meet the water utility's fixed expenses. Fixed System Expenses are costs that are incurred regardless of the quantity of water delivered and must be recovered through the minimum monthly bill. Whether the service is used or not, it is the system's obligation to have the service available to its customers 365 days per year, 24 hours a day and there are costs associated with this.

**Usage Expenses (Variable)** are funded by the Usage Fees. Variable Usage Expenses are costs that are directly related to the pumping, treating and storage of the 12,000 gallons of water provided to each connected customer on a monthly basis.

f. The total number of water customers used in this analysis is 38 customers; made up of five (5) standby and 33 connected customers. These numbers are a conservative estimate by the Company.

f2. Since this rate case was filed by Willow Creek, it has several lots and has several more lot sales in various stages of completion. Willow Creek has determined that, conservatively, within the next 12 to 18 months it will have 48 total customers; made up of five (5) standby and 43 connected customers.

g. **Each expense is assigned a percentage** of use based on what extent the line item benefits every customer VS only those customers connected to the system. For example, the chemicals used to treat the water benefits primarily only those customers who are currently consuming it, therefore, 100% of its costs are paid for only by those customers using the water.

*Note: All rate amounts rounded up to the nearest 5 cents.*

<b>Customer Impact</b>				
	<b>Standby Fees</b>	<b>Connected Customers Monthly Minimum</b>	<b>Overage for Connected Customers</b>	<b>Totals for Connected Customers</b>
<b>Annual expenses if use 12,000 gallons, or less, per month:</b>				
Approved Tariff Rates	\$0.00	\$456.00	\$0.00	\$456.00
Currently Approved Interim (and Requested) Rates	\$292.80	\$588.00	\$0.00	\$588.00
Division's Originally Recommended Rates	\$615.60	\$1,275.60	\$0.00	\$1,275.60
Division's FINAL Recommended Rates <i>(Superseded, see below)</i>	\$478.20	\$861.60	\$0.00	\$861.60
Division's <b>AMENDED</b> Rates per Supplemental Hearing Information	\$478.20	\$861.60	\$0.00	\$861.60

<b>Annual Expenses if use 36,879 gallons per month for 6 months and 12,000 gallons per month for 6 months:</b>				
Approved Tariff Rates	\$0.00	\$456.00	\$0.00	\$456.00
Currently Approved Interim (and Requested) Rates	\$292.80	\$588.00	\$223.91	\$811.91
Division's Originally Recommended Rates	\$615.60	\$1,275.60	\$821.01	\$2,096.61
Division's FINAL Recommended Rates <i>(Superseded, see below)</i>	\$478.20	\$861.60	\$671.73	\$1,533.33
Division's <b>AMENDED</b> Rates per Supplemental Hearing Information	\$478.20	\$861.60	\$373.19	\$1,234.79

<b>Annual Expenses if use 48,000 gallons per month for 6 months and 12,000 gallons per month for 6 months:</b>				
Approved Tariff Rates	\$0.00	\$456.00	\$216.00	\$672.00
Currently Approved Interim (and Requested) Rates	\$292.80	\$588.00	\$324.00	\$912.00
Division's Originally Recommended Rates	\$615.60	\$1,275.60	\$1,188.00	\$2,463.60
Division's FINAL Recommended Rates <i>(Superseded, see below)</i>	\$478.20	\$861.60	\$972.00	\$1,833.60
Division's <b>AMENDED</b> Rates per Supplemental Hearing Information	\$478.20	\$861.60	\$540.00	\$1,401.60

Approved Tariff Rates		Currently Approved Interim Rates (Same as Requested by the Company)		Division's Originally Recommended Rates per Direct Testimony on June 14, 2013		Division's Final Recommended Rates	Division's AMENDED Rates per Supplemental Hearing Information
Standby Fee	"No Charge"	Standby Fee	\$24.40	Standby Fee	\$51.30	\$39.85	<b>\$39.85</b>
Fixed System Fees, Maximum of 293,274 gallons per YEAR	\$38.00	<b>Residential:</b> Fixed System Fees: Includes 12,000 gallons per MONTH	\$49.00	Monthly Fees for Residential & Commercial Customers Connected to the Water System	\$106.30	\$71.80	<b>\$71.80</b>
		<b>Commercial:</b> Fixed System Fees: Includes 12,000 gallons per MONTH	\$49.00				
Usage per 1,000 gallons over 293,274 gallons per YEAR	\$1.00	<b>Residential:</b> Usage per 1,000 gallons over 12,000 gallons per MONTH	\$1.50	Overage Fees per 1,000 gallons Used Over 12,000 gallons per MONTH for Residential & Commercial Customers	\$5.50	\$4.50	<b>\$2.50</b>
		<b>Commercial:</b> Usage per 1,000 gallons over 12,000 gallons per MONTH	\$1.50				
Connection Fee (1")	\$5,000.00	Connection Fee (1")	\$5,000.00	Connection Fee (1")	\$5,000.00	\$2,000.00	<b>\$2,000.00</b>
Connection Fee (2")	None	Connection Fee (2")	\$5,000.00	Connection Fee (2")	\$5,000.00	\$4,000.00	<b>\$4,000.00</b>
Turn On Fee (with Meter in place)	\$150.00	Turn On Fee (with Meter in place)	\$900.00	Turn On Fee (with Meter in place)	\$900.00	\$150.00	<b>\$150.00</b>
Turn Off Fee	None	Turn Off Fee	\$150.00	Turn Off Fee	\$150.00	\$150.00	<b>\$150.00</b>
Transfer of Ownership	None	Transfer of Ownership	\$300.00	Transfer of Ownership	\$300.00	\$300.00	<b>\$300.00</b>
Unwarranted Service Call	None	Unwarranted Service Call	\$60.00	Unwarranted Service Call	\$60.00	\$60.00	<b>\$60.00</b>
Fire Hydrant (deposit)	None	Fire Hydrant (deposit)	\$100.00	Fire Hydrant (deposit)	\$100.00	\$100.00	<b>\$100.00</b>
Late Fee	None	Late Fee	\$15.00	Late Fee	\$15.00	\$15.00	<b>\$15.00</b>

**WATER SERVICE RATES AND FEES SCHEDULE**

<b>Rates and Fees</b>	
Standby Fee *	<b>\$39.85</b>
Monthly Fees for both Residential & Commercial Customers Connected to the Water System	<b>\$71.80</b>
Overage Fees per 1,000 gallons Used Over 12,000 gallons per MONTH for both Residential & Commercial Customers	<b>\$2.50</b>
Connection Fee (1")	<b>\$2,000.00</b>
Connection Fee (2")	<b>\$4,000.00</b>
Turn On Fee (with Meter in place)	<b>\$150.00</b>
Turn Off Fee	<b>\$150.00</b>
Transfer of Ownership	<b>\$300.00</b>
Unwarranted Service Call	<b>\$60.00</b>
Fire Hydrant (deposit)	<b>\$100.00</b>
Late Fee	<b>\$15.00</b>

\* Applies to lots where service mains are in place and where water service is available, but no water service has been connected and no water service is used; Or where water service has been disconnected by the Company at the request of the customer; or involuntarily by the Company after proper notice to the Customer.

Effective Date:

Docket Number: 13-2526-01