

CUSTOMER IMPACT

The Division is sensitive that a rate increase of this magnitude when compared to Sherwood's current Tariff will have an impact on ratepayer's bills. This impact is lessened considerably as described below:

Sherwood first came to the Divisions attention on or about August 2009 because they were late in filing their 2008 Annual Report. The Division learned that due to the recent death of the president, Mark Johnson, and the subsequent change of ownership, Sherwood's records were in disrepair and they were unable to complete their Annual Reports. On or about September 2009, as the Division was assisting Sherwood in constructing and reconstructing their accounting records so Sherwood had the information needed in order to fill out their Annual Reports, the Division discovered that Sherwood raised their rates, without Commission approval, from \$15 for the first 8,000 to \$35, and from \$15 for standby to \$25 and from \$.50 per 1,000 gallons to \$1.00 per 1,000 gallons. This raise in rates took place on or about August 2008. The Division informed Sherwood that they could only raise rates by an order from the Public Service Commission and informed them that they may have to refund the amounts collected if they were charging too high of rates. A preliminary review of Sherwood's financial statements by the Division indicated that Sherwood was still operating at a loss, even with the increase in rates. Upon learning of the rate change by Sherwood the Division advised Sherwood that they needed to file a rate case immediately, which they did. The Division had originally anticipated completing Sherwood's request for a rate increase sooner, but could not make an informed recommendation until Sherwood, with the Divisions assistance, had completed an overhaul of their books and records so they could file accurate Annual Reports.

On the following page, the Division has shown the increase in annual rates (impact) on five of Sherwood's customers based on actual 12- month usage amounts.