

Ann Cole

From: Mary Bane
Sent: Wednesday, November 12, 2008 10:27 AM
To: Bart Fletcher
Cc: Tim Devlin; Marshall Willis; Cheryl Bulecza-Banks; Paul Stallcup; Sonica Bruce; Jennie Lingo; Patti Daniel; Stan Rieger; Jean Hartman; Jennifer Brubaker; William C. Garner; Roberta Bass; Lorena Holley; Larry Harris; Bill McNulty; Betty Ashby; Ann Cole; Chuck Hill
Subject: RE: Request of Oral Modification to Item 19, November 13, 2008 Agenda, Docket No. 070695-WS - Miles Grant Water and Sewer Company

Approved.

From: Bart Fletcher
Sent: Monday, November 10, 2008 4:48 PM
To: Mary Bane
Cc: Tim Devlin; Marshall Willis; Cheryl Bulecza-Banks; Paul Stallcup; Sonica Bruce; Jennie Lingo; Patti Daniel; Stan Rieger; Jean Hartman; Jennifer Brubaker
Subject: FW: Request of Oral Modification to Item 19, November 13, 2008 Agenda, Docket No. 070695-WS - Miles Grant Water and Sewer Company

Staff requests approval to make oral modifications to the recommendation paragraphs of Issues 4 and 15 for the above-referenced item. In addition, on page 31, in Table 15-2, staff would like to correct the typical residential bills calculation at 10 kgal level for its recommended and the two alternative rate structures. Item 19 relates to a PAA rate increase request by Miles Grant Water and Sewer Company. The modifications are necessary in order correctly match the water and wastewater accumulated depreciation adjustments reflected on Schedule No. 1-C of the recommendation, as well as to reflect the recommended 6 kgal residential wastewater gallonage cap. The Statutory time frame to process this case has been waived by Miles Grant through the November 13, 2008, Agenda Conference. These requested modifications have no other effects on Staff's recommendation including revenue requirement. The specific modifications are in type and strike format as follows:

1) Page 9, Issue 4

Issue 4: Should any additional adjustments be made to the Utility's test year Plant in Service balance and test year expenses?

Recommendation: Yes. Based on Staff's recalculation of the Utility's plant in service, plant in service should be reduced by \$110,396 and \$340,165 for water and wastewater, respectively. Corresponding adjustments should be made to increase ~~decrease~~ accumulated depreciation by \$478,382 and \$473,073 for water and wastewater, respectively. Depreciation expense should be decreased by \$18,344 for water and increased by \$6,621 for wastewater. Operational and Maintenance (O&M) expense should be increased by \$1,197 for water. (Deason)

2) Page 27, Issue 15

Issue 15: What are the appropriate rate structures for the Utility's water and wastewater systems?

Recommendation: The appropriate rate structure for the water system's residential class is a two-tier inclining block rate structure. The usage blocks should be set for consumption at: a) 0-3 kgal; b) usage in excess of 3 kgal, with appropriate usage block rate factors of 1.0 and 1.50, respectively. The appropriate rate structure for the water system's non-residential class is a traditional base facility charge (BFC)/uniform gallonage charge rate structure. The water system's BFC cost recovery percentage should be set at 50 percent. The appropriate rate structure for the wastewater system's residential and non-residential class is a BFC/uniform gallonage charge rate structure. The non-residential class should be 1.2 times greater than the corresponding residential gallonage

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charge, and the BFC cost recovery percentage should be set at 50 percent. The appropriate residential wastewater gallonage cap should be set at 6 kgal per month. (Bruce)

3) Page 31, Table 15-2

MILES GRANT WATER AND SEWER COMPANY STAFF'S RECOMMENDED AND ALTERNATIVE WASTEWATER RATE STRUCTURES AND RATES			
<u>Current Rate Structure and Rates</u>		<u>Recommended Rate Structure and Rates</u>	
Bi-Monthly BFC/ uniform kgal charge BFC =61%		BFC/uniform kgal charge BFC = 50%	
BFC	\$28.79	BFC	\$18.98
All kgals	\$4.06	All kgals	\$9.29
<u>Typical Monthly Bills</u>		<u>Typical Monthly Bills</u>	
<u>Cons (kgal)</u>		<u>Cons (kgal)</u>	
0	\$28.79	0	\$18.98
1	\$36.91	1	\$28.27
3	\$53.15	3	\$46.85
6	\$77.51	6	\$74.72
10	\$109.99	10	\$74.72 \$111.88
<u>Alternative 1</u>		<u>Alternative 2</u>	
BFC/uniform kgal charge BFC = 60%		BFC/uniform kgal charge BFC =70%	
BFC	\$22.77	BFC	\$26.74
All kgals	\$7.46	All kgals	\$5.53
<u>Typical Monthly Bills</u>		<u>Typical Monthly Bills</u>	
<u>Cons (kgal)</u>		<u>Cons (kgal)</u>	
0	\$22.77	0	\$26.74
1	\$30.23	1	\$32.27
3	\$45.15	3	\$43.33
6	\$67.53	6	\$59.92
10	\$67.53 \$97.37	10	\$59.92 \$82.04

