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September 15, 2011

Docket Control  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

Re: Goodman Water Company  
Docket No. W-02500A-10-0382

To Whom It May Concern:

Enclosed for filing in the above-referenced proceeding are fourteen (14) copies of the Proposed Settlement Agreement between Goodman Water Company, and Intervenor James Schoemperlen, Lawrence Wawrzyniak, and Residential Utility Consumer Office, dated September 15, 2011.

Thank you for your assistance in docketing the enclosed document. Please let me know if you have any questions regarding the same.

Sincerely,



Robert J. Metli

cc: All parties w/enclosures

GOODMAN WATER COMPANY

PROPOSED SETTLEMENT AGREEMENT

DOCKET NO. W-02500A-10-0382

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PURPOSES OF AGREEMENT  
AND  
LIST OF SIGNATORY PARTIES

The purpose of this Settlement Agreement (“Agreement”) is to settle identified disputed issues related to Docket No. W-02500A-10-0382, Goodman Water Company’s (“Goodman” or “Company”) application to increase rates. This Agreement is entered into by the following entities:

Goodman Water Company

James Schoemperlen

Lawrence Wawrzyniak

Residential Utility Consumer Office

These entities shall be referred to collectively as “Signatory Parties.”

## TERMS AND CONDITIONS

The following numbered paragraphs comprise the Signatory Parties' Agreement.

### I. RECITALS

- 1.1 Docket No. W-02500A-10-0382 was commenced by the filing of a rate application by Goodman on September 17, 2010. In its initial application, Goodman was requesting an increase in revenues equal to \$291,083, or 50.82 percent, for a total revenue requirement of \$863,834, and a FVRB of \$2,397,419.
- 1.2 On November 8, 2010, the Residential Utility Consumer Office ("RUCO") filed an Application to Intervene. On November 24, 2010, Mr. Lawrence Wawrzyniak and Mr. James Schoemperlen, residents of the Eagle Crest Ranch subdivision ("Eagle Crest") and customers of Goodman, filed an Application to Intervene.
- 1.3 The Commission approved the applications to intervene filed by RUCO, and James Schoemperlen and Lawrence Wawrzyniak, (collectively "Individual Intervenors").
- 1.4 The Commission scheduled an evidentiary hearing on the rate application to commence on June 14, 2011.
- 1.5 In an Open Meeting on February 2, 2011, the Commission voted to hold a public comment meeting in this matter for the residents of Eagle Crest and interested parties in or near the local service area.
- 1.6 On February 15, 2010, the Commission issued a Procedural Order scheduling a public comment meeting for May 18, 2011 at the Desertview Performing Arts Center in Saddlebrooke, Arizona.
- 1.7 Numerous residents and interested parties attended the public comment meeting and voiced their concern and anger towards the Company for the proposed rate increase. According to public comment, given the difficult economic times, a proposed rate increase of over 50% would cause great economic hardship on the residents of Eagle Crest. In addition, the filing of the requested rate increase has caused a significant rift in the Eagle Crest community as residents looked upon the Company and its requested rate increase with great suspicion, skepticism and resentment.
- 1.8 On May 27, 2011, the Commission issued a Procedural Order continuing the evidentiary hearing scheduled for June 14, 2011 to July 26, 2011. Because the hearing in this matter has been publicly noticed to commence on June 14, 2011, the Commission conducted public comment on that date. Again, numerous residents and interested parties attended the public comment meeting and voiced their concerns, skepticism and resentment towards the Company and the proposed rate increase.

- 1.9 The parties' litigation positions for hearing associated with proposed revenue increase and FVRB were as follows:

	Revenue Increase	% Increase	FVRB
Company	\$260,649	43.85%	\$2,298,376
Staff	\$202,604	34.08%	\$2,077,253
RUCO	\$603,174	1.47%	\$1,755,118
Intervenors	\$-77,517	-13.04%	\$1,317,239
<b>Settlement</b>	<b>\$138,000</b>	<b>23.21%</b>	<b>\$1,755,118</b>

- 1.10 The hearing in this matter commenced on July 26, 2011 and continued through July 28, 2011, but did not conclude. At the end of the third day of the hearing, all parties agreed that the matter would reconvene on September 12 and 13, 2011, at the Arizona Corporation Commission's Tucson offices.
- 1.11 Shortly after the hearing concluded, representatives of Goodman approached RUCO to inquire as to whether RUCO and the Individual Intervenors would be interested in a possible settlement of the issues contested in the rate case. Given the amount of anger and resentment towards the Company in the Eagle Crest Community resulting from the filing of the rate case, the principals of Goodman decided to reach out to the Intervenors and the community, in an effort to reach an agreement that would be acceptable to all interested parties and begin to heal the rift in the Community.
- 1.12 Given the relative litigation positions of RUCO and the Individual Intervenors (see, paragraph 1.9 above), the Company decided to first explore settlement with those parties before involving the Commission's Staff ("Staff"). It was the Company's rationale that they did not want to waste Staff resources in pursuing settlement if an agreement could not first be reached with RUCO and the Individual Intervenors.
- 1.13 The Signatory Parties agree that the negotiation process undertaken in this matter was open to all Intervenors and provided all Intervenors with an equal opportunity to participate. All Intervenors were notified of the settlement process and encouraged to participate.
- 1.14 On or about August 19, 2011, a settlement conference was scheduled at the offices of RUCO. In attendance were representatives of Goodman, RUCO, Mr. Schoemperlen and Mr. Wawrzyniac. On August 26, 2011, a second settlement meeting was held in the vicinity of Eagle Crest with the same parties in attendance. In addition, both principals of Goodman were present. Staff was not yet a party to the settlement negotiations. Subsequently, the Staff was apprised of the contents of the Settlement Agreement and indicated that it did not intend to become a party to the same.

- 1.15 The points of contention that were discussed were as follows: overall revenue increase; fair value rate base; excess capacity; phase-in of rates; rate design; and stay out provision. The parties present agreed that the settlement would take the form of a “black box” format in which only the specific issues identified herein would be agreed to but that no specific revenue/expense, or rate base adjustments would be specifically delineated.
- 1.16 The purpose of this Agreement is to settle all issues presented by Docket No. W-02500A-10-0382 (“Rate Case”) in a manner that will promote the public interest.
- 1.17 The Signatory Parties agree that the terms of this Agreement will serve the public interest by providing a just and reasonable resolution of the issues presented by Goodman’s rate case, Docket No. W-02500A-10-0382. The adoption of this Agreement will further serve the public interest by allowing all parties to avoid the expense and delay associated with continued protracted litigation; and, by allowing the residents of the Eagle Crest community and the Company to heal the rift which had developed between them for the benefit of all concerned.

## II. REVENUE REQUIREMENT/RATE BASE

- 2.1 For ratemaking purposes and for the purposes of this Agreement, the Signatory Parties agree that GWC will receive a total increase of \$138,000 and a total revenue requirement of 732,459.
- 2.2 For ratemaking purposes and for the purposes of this Agreement, the Signatory Parties agree for purposes of Docket No. W-02500-10-0382 that fair value rate base is \$1,755,118.
- 2.3 For ratemaking purposes and for the purposes of this Agreement, the Signatory Parties agree that as a condition of approval of this Agreement, the Commission will authorize Goodman to defer \$269,307 of accumulated depreciation through the end of the test year and to defer the recording of annual depreciation of \$44,136 on utility plant currently in service, which is not included in rate base for purposes of this rate case, during the “Stay Out” period set forth in paragraph 2.8 below.
- 2.4 For ratemaking purposes and for the purposes of this Agreement, the Company agrees that there will be no interest recovered on the deferred depreciation expense described in paragraph 2.3 above.
- 2.5 For ratemaking purposes and for the purposes of this Agreement, the Signatory Parties reach no conclusion as to whether or not any “excess” capacity may or may not exist at this time on the Company’s system. Any determination of “excess” capacity, if raised as

an issue in a future rate proceeding, will be determined on the basis of the then existing circumstances.

- 2.6 For ratemaking purposes and for the purposes of this Agreement, the Signatory Parties agree to the following three (3) year phase-in of the Company's new rates, with (i) no compounding between annual increases, and (ii) the Company waiving its right to foregone revenues and any interest thereon:

Year 1: 11.60%

Year 2: 5.80%

Year 3: 5.80%

- 2.7 For ratemaking purposes and for the purposes of this Agreement, phased-in rates shall adjust as described in paragraph 2.6 above no earlier than 12 months after new rates go into effect. This translates to 50 percent of the revenue increase included in rates in Year 1, an additional 25% of the revenue increase included in rates in Year 2, and 25% of the revenue increase included in rates in Year 3.
- 2.8 For ratemaking purposes and for the purposes of this Agreement, the Company agrees not to file for another permanent increase in its rates for water service until at least January 1, 2015, using a test year no earlier than the twelve (12) months ended December 31, 2014. The Company retains the right to file for interim "emergency" rates, if necessary.
- 2.9 For ratemaking purposes and for the purposes of this Agreement, the Company's new rates shall be based upon the rate design proposed in the Commission Staff's Surrebuttal Testimony.
- 2.10 The rate design schedule and its average monthly impact on customers is attached hereto and made a part hereof as Exhibit A. For a 5/8 x 3/4-inch meter residential customer, consuming 5,520 gallons, the average monthly impact under the settlement will be \$7.57 or 11.3 percent in the first year of the proposed phase-in period. For a 3/4 inch meter residential customer, consuming 6,028 gallons, the average monthly impact under the settlement will be \$8.21 or 9.0 percent in the first year of the proposed phase-in period.

### III. COMMISSION EVALUATION OF PROPOSED SETTLEMENT

- 3.1 This Agreement shall serve as a procedural device by which the Signatory Parties will submit their proposed settlement of Goodman's pending rate case, Docket No. W-

02500A-10-0382, to the Commission. This Agreement will not have any binding force or effect until its provisions are adopted as an order of the Commission.

- 3.2 The Signatory Parties recognize that the Commission will independently consider and evaluate the terms of this Agreement.
- 3.3 If the Commission issues an order adopting all material terms of this Agreement, such action shall constitute Commission approval of the Agreement. Thereafter, the Signatory Parties shall abide by the terms as approved by the Commission.
- 3.4 The Signatory Parties agree to defend the Settlement Agreement and agree to waive their rights to appeal a Commission decision approving the same, provided that the Commission approves all material provisions of the Settlement Agreement.
- 3.5 Within sixty days after the Commission issues an order in this matter, the Company shall file compliance tariffs for Staff review and approval. Subject to such review and approval, such compliance tariffs will become effective upon filing for billing cycles on and after that date.
- 3.6 If the Commission fails to issue an order adopting all material terms of this Agreement or adds material terms to this Agreement, any or all of the Signatory Parties may withdraw from this Agreement, and such Signatory Party or Parties may pursue without prejudice their respective remedies at law. For the purposes of this Agreement, whether a term is material shall be left to the discretion of the Signatory Party choosing to withdraw from the Agreement. If a Signatory Party withdraws from the Agreement pursuant to this paragraph and files an application for rehearing, the other Signatory Parties shall support the application for rehearing by filing a document to that effect with the Commission.

#### IV. MISCELLANEOUS PROVISIONS

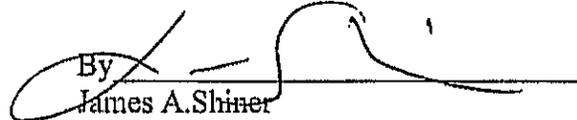
- 4.1 Nothing in this Agreement shall be construed as an admission by any of the Signatory Parties that any of the positions taken by any Signatory Party in this proceeding is unreasonable or unlawful. In addition, acceptance of this Agreement by any of the Signatory Parties is without prejudice to any position taken by any party in these proceedings.
- 4.2 This Agreement represents the Signatory Parties' mutual desire to compromise and settle disputed issues in a manner consistent with the public interest. None of the positions taken in this Agreement by any of the Signatory Parties may be referred to, cited, or relied upon as precedent in any proceeding before the Commission, any other regulatory agency, or any court for any purpose except in furtherance of this Agreement.
- 4.3 This case presents a unique set of circumstances and has attracted a large number of ratepayers and residents. To achieve consensus for settlement, participants may be

accepting positions that, in any other circumstances, they would be unwilling to accept. They are doing so because the Agreement, as a whole, with its various provisions for settling the unique issues presented by this case, is consistent with their long-term interests and with the broad public interest. The acceptance by any Signatory Party of a specific element of this Agreement shall not be considered as precedent for acceptance of that element in any other context.

- 4.4 All negotiations relating to this Agreement are privileged and confidential. No Signatory Party is bound by any position asserted in negotiations, except as expressly stated in this Agreement. Evidence of conduct or statements made in the course of negotiating this Agreement shall not be admissible before this Commission, any other regulatory agency, or any court.
- 4.5 This Agreement shall be adopted by the Commission in an order that approves all material terms of the Agreement, including all modifications made by the Commission and approved by the Signatory Parties in such an order.
- 4.6 Each of the terms and conditions of the Agreement is in consideration and support of all other terms. Accordingly, the terms are not severable.
- 4.7 The Signatory Parties shall make reasonable and good faith efforts necessary to obtain a Commission Order approving this Agreement. The Signatory Parties shall support and defend this Agreement before the Commission. If the Commission adopts an order approving all material terms of this Agreement, the Parties will support and defend the Commission's order before any court or regulatory agency in which it may be at issue.
- 4.8 This Agreement may be executed in any number of counterparts and by each individual Signatory Party on separate counterparts, each of which when so executed and delivered shall be deemed an original and all of which taken together shall constitute one and the same instrument. This Agreement may also be executed electronically or by facsimile.

Executed this 15<sup>th</sup> day of September, 2011.

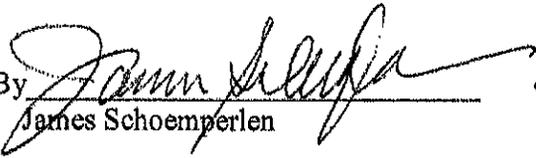
GOODMAN WATER COMPANY

  
By  
James A. Shiner  
Goodman Water Company  
President

RESIDENTIAL UTILITY CONSUMER OFFICE

By   
Jodi A. Jerich, Esq.  
Residential Utility Consumer Office  
Attorneys for Residential Utility  
Consumer Office

INTERVENOR

By  9/15/10  
James Schoemperlen

INTERVENOR

By Lawrence Wawrzyniak  
Lawrence Wawrzyniak

# **EXHIBIT A**

GOODMAN WATER COMPANY  
 TEST YEAR ENDED DECEMBER 31, 2009  
 RESIDENTIAL & COMMERCIAL RATE DESIGN IN YEAR 1 OF SETTLEMENT PHASE-IN

DOCKET NO. W-02500A-10-0382

LINE NO.	DESCRIPTION	PRESENT RATES	COMPANY PROPOSED	PROPOSED SETTLEMENT AGREEMENT
1	RECOMMENDED MONTHLY MINIMUM USAGE CHARGE:			
2				
3	<u>(RESIDENTIAL, COMMERCIAL AND MISC. CUSTOMERS)</u>			
4	5/8 - INCH	\$42.20	\$52.20	\$40.94
5	3/4 - INCH	83.30	78.30	61.41
6	1 - INCH	105.50	130.50	102.35
7	1 1/2 - INCH	211.50	261.01	204.70
8	2 - INCH	339.68	417.61	327.52
9	3 - INCH	675.20	835.22	614.10
10	4 - INCH	1,055.00	1,305.04	1,023.50
11	6 - INCH	2,110.00	2,610.07	2,047.00
12	8 - INCH	0.00	0.00	4,094.00
13	10 - INCH	0.00	0.00	8,188.00
14				
15	GALLONS INCLUDED IN MONTHLY MINIMUM USAGE CHARGE:			
16				
17	RESIDENTIAL, COMMERCIAL AND MISC. CUSTOMERS	0	0	0
18				
19	<u>RECOMMENDED COMMODITY RATES BY METER SIZE</u>			
20				
21	<u>5/8 - INCH</u>			
22	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 3,000 GALLONS:	\$ 3.95	\$ 6.28	\$ 4.140
23	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - 3,001 TO 9,000 GALLONS:	\$ 5.91	\$ 11.27	\$ 8.410
24	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 9,000 GALLONS:	\$ 7.11	\$ 13.41	\$ 9.481
25				
26	<u>3/4 - INCH</u>			
27	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 3,000 GALLONS:	\$ 3.95	\$ 6.28	\$ 4.140
28	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 3,000 GALLONS:	\$ 5.91	\$ 11.27	\$ 8.410
29	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 9,000 GALLONS:	\$ 7.11	\$ 13.41	\$ 9.481
30				
31	<u>1 - INCH</u>			
32	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 22,500 GALLONS:	\$ 5.91	\$ 11.27	\$ 8.410
33	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 999,999,999,999,999,000 GALLONS:	\$ 7.11	\$ 13.41	\$ 9.481
34	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 999,999,999,999,999,000 GALLONS:	\$ -	\$ 13.41	\$ -
35				
36	<u>1 1/2 - INCH</u>			
37	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 34,000 GALLONS:	\$ 5.91	\$ 11.27	\$ 8.410
38	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 999,999,999,999,999,000 GALLONS:	\$ 7.11	\$ 13.41	\$ 9.481
39	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 999,999,999,999,999,000 GALLONS:	\$ -	\$ -	\$ -
40				
41	<u>2 - INCH</u>			
42	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 45,000 GALLONS:	\$ 5.91	\$ 11.27	\$ 8.410
43	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 45,001 TO 999,999,999,999,999,000 GALLONS:	\$ 7.11	\$ 13.41	\$ 9.481
44	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 999,999,999,999,999,000 GALLONS:	\$ -	\$ -	\$ -
45				
46	<u>3 - INCH</u>			
47	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 68,000 GALLONS:	\$ 5.91	\$ 11.27	\$ 8.410
48	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 68,001 TO 999,999,999,999,999,000 GALLONS:	\$ 7.11	\$ 13.41	\$ 9.481
49	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 999,999,999,999,999,000 GALLONS:	\$ -	\$ -	\$ -
50				
51	<u>4 - INCH</u>			
52	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 90,000 GALLONS:	\$ 5.91	\$ 11.27	\$ 8.410
53	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 90,001 TO 999,999,999,999,999,000 GALLONS:	\$ 7.11	\$ 13.41	\$ 9.481
54	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 999,999,999,999,999,000 GALLONS:	\$ -	\$ -	\$ -
55				
56	<u>6 - INCH</u>			
57	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 135,000 GALLONS:	\$ 5.91	\$ 11.27	\$ 8.410
58	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 135,001 TO 999,999,999,999,999,000 GALLONS:	\$ 7.11	\$ 13.41	\$ 9.481
59	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 999,999,999,999,999,000 GALLONS:	\$ -	\$ -	\$ -
60				
61	<u>8 - INCH</u>			
62	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	\$ 5.91	\$ 10.92	\$ 8.410
63	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 999,999,999,999,999,000 GALLONS:	\$ 7.11	\$ 13.13	\$ 9.481
64	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 999,999,999,999,999,000 GALLONS:	\$ -	\$ -	\$ -
65				
66	<u>10 - INCH</u>			
67	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - ZERO TO 0 GALLONS:	\$ 5.91	\$ 10.92	\$ 8.410
68	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 999,999,999,999,999,000 GALLONS:	\$ 7.11	\$ 13.13	\$ 9.481
69	COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM) - OVER 999,999,999,999,999,000 GALLONS:	\$ -	\$ -	\$ -





**PROPOSED SETTLEMENT AGREEMENT TYPICAL BILL ANALYSIS**  
**Residential, Commercial and Misc. 5/8 X 3/4 - Inch Meter - Year 1 of Phase-In**

Average Number of Customers: 531

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	5,520	\$66.98	\$94.45	\$27.47	41.0%
Median Usage	4,500	\$60.96	\$82.96	\$22.00	36.1%

Proposed Settlement Agreement					
Average Usage	5,520	\$66.98	\$74.55	\$7.57	11.3%
Median Usage	4,500	\$60.96	\$65.98	\$5.02	8.2%

Present & Proposed Rates (Without Taxes)  
 Residential, Commercial and Misc. 5/8 X 3/4 - Inch Meter - Year 1 of Phase-In

Gallons of Consumption	Present Rates	Company Proposed Rates	% Increase	Proposed Settlement Agreement Rates	% Increase
0	\$42.20	\$52.20	23.7%	\$40.94	-3.0%
1,000	46.15	58.48	26.7%	45.08	-2.3%
2,000	50.10	64.76	29.3%	49.22	-1.8%
3,000	54.05	71.04	31.4%	53.36	-1.3%
4,000	58.00	77.32	33.3%	61.77	6.5%
4,500	60.96	82.96	36.1%	65.98	8.2%
5,000	63.91	88.59	38.6%	70.18	9.8%
5,520	66.98	94.45	41.0%	74.55	11.3%
6,000	69.82	99.86	43.0%	78.59	12.6%
7,000	75.73	111.13	46.7%	87.00	14.9%
8,000	81.64	122.40	49.9%	95.41	16.9%
9,000	87.55	133.67	52.7%	103.82	18.6%
10,000	94.66	147.08	55.4%	113.30	19.7%
11,000	101.77	160.49	57.7%	122.78	20.6%
12,000	108.88	173.90	59.7%	132.26	21.5%
13,000	115.99	187.31	61.5%	141.74	22.2%
14,000	123.10	200.72	63.1%	151.23	22.8%
15,000	130.21	214.13	64.4%	160.71	23.4%
16,000	137.32	227.54	65.7%	170.19	23.9%
17,000	144.43	240.95	66.8%	179.67	24.4%
18,000	151.54	254.36	67.9%	189.15	24.8%
19,000	158.65	267.77	68.8%	198.63	25.2%
20,000	165.76	281.18	69.6%	208.11	25.5%
25,000	201.31	348.23	73.0%	255.52	26.9%
30,000	236.86	415.28	75.3%	302.92	27.9%
35,000	272.41	482.33	77.1%	350.33	28.6%
40,000	307.96	549.38	78.4%	397.73	29.2%
45,000	343.51	616.43	79.5%	445.14	29.6%
50,000	379.06	683.48	80.3%	492.54	29.9%
75,000	556.81	1,018.73	83.0%	729.57	31.0%
100,000	734.56	1,353.98	84.3%	966.59	31.6%

**PROPOSED SETTLEMENT AGREEMENT TYPICAL BILL ANALYSIS**  
**Residential, Commercial and Misc. 5/8 X 3/4 - Inch Meter - Year 2 of Phase-In**

Average Number of Customers: 531

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	5,520	\$66.98	\$94.45	\$27.47	41.0%
Median Usage	4,500	\$60.96	\$82.96	\$22.00	36.1%

Proposed Settlement Agreement					
Average Usage	5,520	\$66.98	\$78.49	\$11.51	17.2%
Median Usage	4,500	\$60.96	\$69.49	\$8.53	14.0%

Present & Proposed Rates (Without Taxes)  
 Residential, Commercial and Misc. 5/8 X 3/4 - Inch Meter - Year 2 of Phase-In

Gallons of Consumption	Present Rates	Company Proposed Rates	% Increase	Proposed Settlement Agreement Rates	% Increase
0	\$42.20	\$52.20	23.7%	\$43.19	2.3%
1,000	45.95	58.48	27.3%	47.54	3.5%
2,000	49.90	64.76	29.8%	51.89	4.0%
3,000	53.85	71.04	31.9%	56.24	4.4%
4,000	57.80	77.32	33.8%	60.59	4.8%
4,500	60.96	82.96	36.1%	64.94	5.2%
5,000	63.91	88.59	38.6%	69.29	5.6%
5,520	66.98	94.45	41.0%	73.64	6.0%
6,000	69.82	99.86	43.0%	78.00	6.4%
7,000	75.73	111.13	46.7%	82.35	6.8%
8,000	81.64	122.40	49.9%	86.70	7.2%
9,000	87.55	133.67	52.7%	91.05	7.6%
10,000	94.66	147.08	55.4%	95.40	8.0%
11,000	101.77	160.49	57.7%	99.75	8.4%
12,000	108.88	173.90	59.7%	104.10	8.8%
13,000	115.99	187.31	61.5%	108.45	9.2%
14,000	123.10	200.72	63.1%	112.80	9.6%
15,000	130.21	214.13	64.4%	117.15	10.0%
16,000	137.32	227.54	65.7%	121.50	10.4%
17,000	144.43	240.95	66.8%	125.85	10.8%
18,000	151.54	254.36	67.9%	130.20	11.2%
19,000	158.65	267.77	68.8%	134.55	11.6%
20,000	165.76	281.18	69.6%	138.90	12.0%
25,000	201.31	348.23	73.0%	167.00	13.4%
30,000	236.86	415.28	75.3%	195.10	14.8%
35,000	272.41	482.33	77.1%	223.20	16.2%
40,000	307.96	549.38	78.4%	251.30	17.6%
45,000	343.51	616.43	79.5%	279.40	19.0%
50,000	379.06	683.48	80.3%	307.50	20.4%
75,000	556.81	1,018.73	83.0%	451.60	24.4%
100,000	734.56	1,353.98	84.3%	595.70	28.4%

**PROPOSED SETTLEMENT AGREEMENT TYPICAL BILL ANALYSIS**  
**Residential, Commercial and Misc. 5/8 X 3/4 - Inch Meter - Year 3 of Phase-In**

Average Number of Customers: 531

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	5,520	\$66.98	\$94.45	\$27.47	41.0%
Median Usage	4,500	\$60.96	\$82.96	\$22.00	36.1%

Proposed Settlement Agreement					
Average Usage	5,520	\$66.98	\$82.37	\$15.38	23.0%
Median Usage	4,500	\$60.96	\$72.88	\$11.93	19.6%

Present & Proposed Rates (Without Taxes)  
 Residential, Commercial and Misc. 5/8 X 3/4 - Inch Meter - Year 3 of Phase-In

Gallons of Consumption	Present Rates	Company Proposed Rates	% Increase	Proposed Settlement Agreement Rates	% Increase
0	\$42.20	\$52.20	23.7%	\$45.25	7.2%
1,000	45.95	58.48	27.3%	49.81	8.4%
2,000	49.90	64.76	29.8%	54.37	9.0%
3,000	53.85	71.04	31.9%	58.93	9.4%
4,000	57.80	77.32	33.8%	68.23	18.0%
4,500	60.96	82.96	36.1%	72.88	19.6%
5,000	63.91	88.59	38.6%	77.53	21.3%
5,520	66.98	94.45	41.0%	82.37	23.0%
6,000	69.82	99.86	43.0%	86.83	24.4%
7,000	75.73	111.13	46.7%	96.13	26.9%
8,000	81.64	122.40	49.9%	105.43	29.1%
9,000	87.55	133.67	52.7%	114.73	31.0%
10,000	94.66	147.08	55.4%	125.33	32.4%
11,000	101.77	160.49	57.7%	135.93	33.6%
12,000	108.88	173.90	59.7%	146.53	34.6%
13,000	115.99	187.31	61.5%	157.13	35.5%
14,000	123.10	200.72	63.1%	167.73	36.3%
15,000	130.21	214.13	64.4%	178.33	37.0%
16,000	137.32	227.54	65.7%	188.93	37.6%
17,000	144.43	240.95	66.8%	199.53	38.1%
18,000	151.54	254.36	67.9%	210.13	38.7%
19,000	158.65	267.77	68.8%	220.73	39.1%
20,000	165.76	281.18	69.6%	231.33	39.6%
25,000	201.31	348.23	73.0%	284.33	41.2%
30,000	236.86	415.28	75.3%	337.33	42.4%
35,000	272.41	482.33	77.1%	390.33	43.3%
40,000	307.96	549.38	78.4%	443.33	44.0%
45,000	343.51	616.43	79.5%	496.33	44.5%
50,000	379.06	683.48	80.3%	549.33	44.9%
75,000	556.81	1,018.73	83.0%	814.33	46.2%
100,000	734.56	1,353.98	84.3%	1,079.33	46.9%

**PROPOSED SETTLEMENT AGREEMENT TYPICAL BILL ANALYSIS**  
**Residential, Commercial and Misc. 3/4 - Inch Meter - Year 1 of Phase-In**

Average Number of Customers: 86

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	6,028	\$91.09	\$126.28	\$35.19	38.6%
Median Usage	4,500	\$82.06	\$109.06	\$27.00	32.9%

Proposed Settlement Agreement					
Average Usage	6,028	\$91.09	\$99.30	\$8.21	9.0%
Median Usage	4,500	\$82.06	\$86.45	\$4.39	5.4%

Present & Proposed Rates (Without Taxes)  
 Residential, Commercial and Misc. 3/4 - Inch Meter - Year 1 of Phase-In

Gallons of Consumption	Present Rates	Company Proposed Rates	% Increase	Proposed Settlement Agreement Rates	% Increase
0	\$63.30	\$78.30	23.7%	\$61.41	-3.0%
1,000	67.15	84.58	26.0%	65.55	-2.4%
2,000	71.20	90.86	27.6%	69.69	-2.1%
3,000	75.15	97.14	29.3%	73.83	-1.8%
4,000	79.10	103.42	30.7%	82.24	4.0%
4,500	82.06	109.06	32.9%	86.45	5.4%
5,000	85.01	114.69	34.9%	90.65	6.6%
6,000	90.92	125.96	38.5%	99.06	9.0%
6,028	91.09	126.28	38.6%	99.30	9.0%
7,000	96.83	137.23	41.7%	107.47	11.0%
8,000	102.74	148.50	44.5%	115.88	12.8%
9,000	108.65	159.77	47.1%	124.29	14.4%
10,000	115.76	173.18	49.6%	133.77	15.6%
11,000	122.87	186.59	51.9%	143.25	16.6%
12,000	129.98	200.00	53.9%	152.73	17.5%
13,000	137.09	213.41	55.7%	162.21	18.3%
14,000	144.20	226.82	57.3%	171.70	19.1%
15,000	151.31	240.23	58.8%	181.18	19.7%
16,000	158.42	253.64	60.1%	190.66	20.3%
17,000	165.53	267.05	61.3%	200.14	20.9%
18,000	172.64	280.46	62.5%	209.62	21.4%
19,000	179.75	293.87	63.5%	219.10	21.9%
20,000	186.86	307.28	64.4%	228.58	22.3%
25,000	222.41	374.33	68.3%	275.99	24.1%
30,000	257.96	441.38	71.1%	323.39	25.4%
35,000	293.51	508.43	73.2%	370.80	26.3%
40,000	329.06	575.48	74.9%	418.20	27.1%
45,000	364.61	642.53	76.2%	465.61	27.7%
50,000	400.16	709.58	77.3%	513.01	28.2%
75,000	577.91	1,044.83	80.8%	750.04	29.8%
100,000	755.66	1,380.08	82.6%	987.06	30.6%

**PROPOSED SETTLEMENT AGREEMENT TYPICAL BILL ANALYSIS**  
**Residential, Commercial and Misc. 3/4 - Inch Meter - Year 2 of Phase-In**

Average Number of Customers: 86

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	6,028	\$91.09	\$126.28	\$35.19	38.6%
Median Usage	4,500	\$82.06	\$109.06	\$27.00	32.9%

Proposed Settlement Agreement					
Average Usage	6,028	\$91.09	\$104.58	\$13.49	14.8%
Median Usage	4,500	\$82.06	\$91.09	\$9.03	11.0%

Present & Proposed Rates (Without Taxes)  
 Residential, Commercial and Misc. 3/4 - Inch Meter - Year 2 of Phase-In

Gallons of Consumption	Present Rates	Company Proposed Rates	% Increase	Proposed Settlement Agreement Rates	% Increase
0	\$63.30	\$78.30	23.7%	\$64.79	2.4%
1,000	67.15	84.58	26.0%	69.14	3.0%
2,000	71.20	90.86	27.6%	73.49	3.2%
3,000	75.15	97.14	29.3%	77.84	3.6%
4,000	79.10	103.42	30.7%	86.67	9.6%
4,500	82.06	109.06	32.9%	91.09	11.0%
5,000	85.01	114.69	34.9%	95.50	12.3%
6,000	90.92	125.96	38.5%	104.33	14.7%
6,028	91.09	126.28	38.6%	104.58	14.8%
7,000	96.83	137.23	41.7%	113.16	16.9%
8,000	102.74	148.50	44.5%	121.99	18.7%
9,000	108.65	159.77	47.1%	130.82	20.4%
10,000	115.76	173.18	49.6%	140.81	21.6%
11,000	122.87	186.59	51.9%	150.81	22.7%
12,000	129.98	200.00	53.9%	160.80	23.7%
13,000	137.09	213.41	55.7%	170.79	24.6%
14,000	144.20	226.82	57.3%	180.79	25.4%
15,000	151.31	240.23	58.8%	190.78	26.1%
16,000	158.42	253.64	60.1%	200.77	26.7%
17,000	165.53	267.05	61.3%	210.76	27.3%
18,000	172.64	280.46	62.5%	220.76	27.9%
19,000	179.75	293.87	63.5%	230.75	28.4%
20,000	186.86	307.28	64.4%	240.74	28.8%
25,000	222.41	374.33	68.3%	290.71	30.7%
30,000	257.96	441.38	71.1%	340.67	32.1%
35,000	293.51	508.43	73.2%	390.64	33.1%
40,000	329.06	575.48	74.9%	440.60	33.9%
45,000	364.61	642.53	76.2%	490.57	34.5%
50,000	400.16	709.58	77.3%	540.53	35.1%
75,000	577.91	1,044.83	80.8%	790.36	36.8%
100,000	755.66	1,380.08	82.6%	1,040.18	37.7%

**PROPOSED SETTLEMENT AGREEMENT TYPICAL BILL ANALYSIS**  
**Residential, Commercial and Misc. 3/4 - Inch Meter - Year 3 of Phase-In**

Average Number of Customers: 86

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	6,028	\$91.09	\$126.28	\$35.19	38.6%
Median Usage	4,500	\$82.06	\$109.06	\$27.00	32.9%

Proposed Settlement Agreement					
Average Usage	6,028	\$91.09	\$109.72	\$18.63	20.5%
Median Usage	4,500	\$82.06	\$95.51	\$13.46	16.4%

Present & Proposed Rates (Without Taxes)  
 Residential, Commercial and Misc. 3/4 - Inch Meter - Year 3 of Phase-In

Gallons of Consumption	Present Rates	Company Proposed Rates	% Increase	Proposed Settlement Agreement Rates	% Increase
0	\$63.30	\$78.30	23.7%	\$67.88	7.2%
1,000	67.15	84.58	26.0%	72.44	7.9%
2,000	71.20	90.86	27.6%	77.00	8.1%
3,000	75.15	97.14	29.3%	81.56	8.5%
4,000	79.10	103.42	30.7%	90.86	14.9%
4,500	82.06	109.06	32.9%	95.51	16.4%
5,000	85.01	114.69	34.9%	100.16	17.8%
6,000	90.92	125.96	38.5%	109.46	20.4%
6,028	91.09	126.28	38.6%	109.72	20.5%
7,000	96.83	137.23	41.7%	118.76	22.6%
8,000	102.74	148.50	44.5%	128.06	24.6%
9,000	108.65	159.77	47.1%	137.36	26.4%
10,000	115.76	173.18	49.6%	147.96	27.8%
11,000	122.87	186.59	51.9%	158.56	29.0%
12,000	129.98	200.00	53.9%	169.16	30.1%
13,000	137.09	213.41	55.7%	179.76	31.1%
14,000	144.20	226.82	57.3%	190.36	32.0%
15,000	151.31	240.23	58.8%	200.96	32.8%
16,000	158.42	253.64	60.1%	211.56	33.5%
17,000	165.53	267.05	61.3%	222.16	34.2%
18,000	172.64	280.46	62.5%	232.76	34.8%
19,000	179.75	293.87	63.5%	243.36	35.4%
20,000	186.86	307.28	64.4%	253.96	35.9%
25,000	222.41	374.33	68.3%	306.96	38.0%
30,000	257.96	441.38	71.1%	359.96	39.5%
35,000	293.51	508.43	73.2%	412.96	40.7%
40,000	329.06	575.48	74.9%	465.96	41.6%
45,000	364.61	642.53	76.2%	518.96	42.3%
50,000	400.16	709.58	77.3%	571.96	42.9%
75,000	577.91	1,044.83	80.8%	836.96	44.8%
100,000	755.66	1,380.08	82.6%	1,101.96	45.8%