

SCHEDULE OF RATES AND CHARGES

TABLE OF CONTENTS

	<u>Sheet No.</u>
PART ONE	
I. RATES - Meads Ranch, Deer Creek, East Verde Park, Flowing Springs, Geronimo Estates/Elusive Acres, Gisela/Tonto Creek Shores, Mesa del Caballo, and Whispering Pines	1
II. SERVICE LINE AND METER INSTALLATION CHARGES	3
III. MISCELLANEOUS SERVICE CHARGES	4
IV. PERMITTED COSTS.....	5
PART TWO	
PURCHASED WATER ADJUSTOR MECHANISM (“PWAM”) TARIFF FOR MESA DEL CABALLO	6
WIFA LOAN SURCHARGE (MESA DEL CABALLO).....	8
PART THREE	
EAST VERDE PARK SUMMER WATER AUGMENTATION SURCHARGE	9
PART FOUR	
RULES AND REGULATIONS	12

PART ONE **STATEMENT OF CHARGES**

I. RATES - Meads Ranch, Deer Creek, East Verde Park, Flowing Springs, Geronimo Estates/Elusive Acres, Gisela/Tonto Creek Shores, Mesa del Caballo, and Whispering Pines

A. MONTHLY USAGE CHARGE

<u>Meter Size (All Classes)</u>	<u>Minimum Charge Per Month</u>
5/8" x 3/4" Meter	\$ 34.82
3/4" Meter	54.51
1" Meter	90.85
1 1/2" Meter	181.69
2" Meter	302.82
3" Meter	605.64
4" Meter	908.47
6" Meter	1,816.93
8" Meter	3,028.22

PART ONE **STATEMENT OF CHARGES**

B. COMMODITY RATES

The rate for use in addition to the minimum stated above shall be at the following rates per 1,000 gallons:

<u>Meter Size</u>	<u>Consumption</u>	<u>Rate</u>
5/8" x 3/4" Meter and 3/4" Meter – All Classes	0 to 3,000 gallons	\$ 6.02
	3,001 to 10,000 gallons	11.52
	over 10,000 gallons	18.52
1" Meter – All Classes	0 to 18,000 gallons	11.52
	over 18,000 gallons	18.52
1 1/2" Meter – All Classes	0 to 38,000 gallons	11.52
	over 38,000 gallons	18.52
2" Meter – All Classes	0 to 60,000 gallons	11.52
	over 60,000 gallons	18.52
3" Meter – All Classes	0 to 120,000 gallons	11.52
	over 120,000 gallons	18.52
4" Meter – All Classes	0 to 200,000 gallons	11.52
	over 200,000 gallons	18.52
6" Meter – All Classes	0 to 450,000 gallons	11.52
	over 450,000 gallons	18.52
8" Meter – All Classes	0 to 679,000 gallons	11.52
	over 679,000 gallons	18.52

PART ONE
STATEMENT OF CHARGES

Applies to all service areas

II. SERVICE LINE AND METER INSTALLATION CHARGES

Refundable pursuant to A.A.C. R14-2-405

<u>Meter Size</u>	<u>Service Line Charge</u>	<u>Meter Charge</u>	<u>Total Charge</u>
5/8 x 3/4" Meter	\$445.00	\$155.00	\$600.00
3/4" Meter	445.00	255.00	700.00
1" Meter	495.00	315.00	810.00
1 1/2" Meter	550.00	525.00	1,075.00
2" Turbine Meter	830.00	1,045.00	1,875.00
2" Compound Meter	830.00	1,890.00	2,720.00
3" Turbine Meter	1,045.00	1,670.00	2,715.00
3" Compound Meter	1,165.00	2,545.00	3,710.00
4" Turbine Meter	1,490.00	2,670.00	4,160.00
4"Compound Meter	1,670.00	3,645.00	5,315.00
6" Turbine Meter	2,210.00	5,025.00	7,235.00
6"Compound Meter	2,330.00	6,920.00	9,250.00
8" Meter	At Cost	At Cost	At Cost

PART ONE
STATEMENT OF CHARGES
Applies to all service areas

III. OTHER SERVICE CHARGES

<u>Service</u>	<u>Charges</u>
Establishment	\$25.00
Reconnection (delinquent)	20.00
Meter Test (if correct)	25.00
Deposit	*
Deposit Interest*	6.00%
Re-Establishment (within 12 months)	**
NSF Check	\$17.50
Deferred Payment (per month)	1.50%
Meter Re-Read (if correct and not error)	\$15.00
Late Charge per month (per R14-2 409(G)(6))	1.50%
After Hours Service Charge (at customer's request)	\$35.00
Purchased Water Adjustor Mechanism Tariff (Mesa del Caballo)	Per Tariff (sheet nos. 6-7)
WIFA Loan Surcharge (Mesa del Caballo)	Per Tariff (sheet no. 8)
East Verde Park Summer Water Augmentation Surcharge	Per Tariff (sheet nos. 9-11)

* Per Commission Rule A.A.C. R14-2-403(B).

** Months off the system times the minimum per A.A.C. R14-2-403(D).

All advances and /or contributions are to include labor, materials, overheads, and all applicable taxes.

In addition to the collection of regular rates, the utility will collect from its customers a proportionate share of any privilege, sales, and use, tax per Commission rule A.A.C. R 14-2-409(D)(5).

Issued: April 30, 2019

ISSUED BY:

Effective: May 1, 2019

Payson Water Co., Inc.
7581 E. Academy Boulevard, Suite 229
Denver, Colorado 80230
Decision No. 77179

PART ONE
STATEMENT OF CHARGES

Applies to all service areas

IV. PERMITTED COSTS

- A. Costs shall be verified by invoice.
- B. For services that are provided by the Company at cost, costs shall include labor, materials, other charges incurred, and overhead. However, prior to any such service being provided, the estimated cost of such service will be provided by the Company to the customer. After review of the cost estimate, the customer will pay the amount of the estimated cost to the Company.
- C. In the event that the actual cost is less than the estimated cost, the Company will refund the excess to the customer within 30 days after completion of the provision of the service or after Company's receipt of invoices, timesheets or other related documents, whichever is later.
- D. In the event the actual cost is more than the estimated cost, the Company will bill the customer for the amount due within 30 days after completion of the invoices, timesheets or other related documents, whichever is later. The amount so billed will be due and payable 30 days after the invoice date.
- E. At the customer's request, the Company shall make available to the customer all invoices, timesheets or related documents that support the cost for providing such service.
- F. Permitted costs shall include any Federal, State or local taxes that are or may be payable by the Company as a result of any tariff or contract for wastewater facilities under which the Customer advances or contributes funds or facilities to the Company.

PART TWO

PURCHASED WATER ADJUSTOR MECHANISM (“PWAM”) TARIFF FOR MESA DEL CABALLO

I. Purpose and Applicability

The purpose of this tariff is to provide for recovery of the costs of water purchased through an interconnection between the Town of Payson and Payson Water Co., Inc. in order to obtain supplemental water supplies for its Mesa del Caballo (“MDC”) system. This tariff is applicable only to MDC customers. These charges are applicable to all MDC connections and will be assessed based on usage, as more particularly provided below.

II. Definitions

Unless the context otherwise requires, the definitions set forth in R14-2-401 of the Arizona Corporation Commission’s (“Commission”) rules and regulations governing water utilities shall apply in interpreting this tariff schedule.

“Avoided Production Costs” means the unit cost of production (cost per 1,000 gallons) avoided by PWC because of the use of water purchased from the Town rather than pumping groundwater from the wells and booster stations in the MDC water system.

“PWC” means Payson Water Co., Inc.

“Purchased Water Cost” means the actual cost billed by the Town for water purchased by PWC from the Town for use in the MDC water system.

“Purchased Water” means the actual quantity (in thousands of gallons) of water purchased by PWC from the Town and transported through the interconnection between the Town’s water system and the MDC water system. Purchased Water includes but is not limited to water from the C.C. Cragin Pipeline project between SRP and the Town.

“PWAM Surcharge” means the surcharge calculated in accordance with Section IV below.

“PWAM Surcharge Rate” means the rate per 1,000 gallons that is calculated in accordance with Section III below.

“SRP Capital & O&M Costs” annual costs incurred by Salt River Project (SRP) and billed pro-rata (0.64%) to PWC annually in two bi-annual payments.

“Town” means the Town of Payson.

“Water Sold” means the actual quantity (in thousands of gallons) of water sold by PWC to MDC customers during the month corresponding to the month in which water was purchased from the Town.

III. PWAM Surcharge Rate Calculation

For each month that PWC obtains Purchased Water, PWC will calculate the PWAM Surcharge Rate per the following formula:

$$\frac{([\text{Purchased Water Cost} + 1/12 \text{ of the annual SRP Capital \& O\&M Costs}] - (\text{Purchased Water Quantity} \times \text{Avoided Production Costs})}{\text{Water Sold}}$$

IV. Terms and Conditions

(A) Assessment and Billing of PWAM Surcharge: For any month in which PWC obtains Purchased Water, after completing its billing for the month and receiving the Town’s billing for the month, PWC will make the PWAM surcharge calculation to determine the PWAM Surcharge Rate.

In the following month, PWC will bill the PWAM Surcharge to its MDC customers only. Each individual customer’s billing for the PWAM Surcharge will be based on that customer’s actual usage for the previous month (the month corresponding to the Purchased Water) times the PWAM Surcharge Rate.

The PWAM Surcharge shall be presented as a separate line item on the customer billing.

(B) Notice of Commission: PWC shall provide Commission Staff a monthly notice, at the time it bills the PWAM to MDC Customers, the following:

1. The Purchased Water Cost + SRP Capital & O&M Costs.
2. The Purchased Water Quantity.
3. A copy of the bills received for the purchase of water from the Town and SRP.
4. The dates for beginning and ending purchasing water.
5. A schedule showing the calculation of the PWAM Surcharge Rate in excel format with formulas intact, including a schedule showing the determination of the Avoided Production Costs.

PART TWO

WIFA LOAN SURCHARGE (Mesa del Caballo)

<u>Meter Size (All Classes)</u>	<u>Monthly Surcharge*</u>
5/8" x 3/4" Meter	\$ 4.93
3/4" Meter	7.40
1" Meter	12.33
1 1/2" Meter	24.66
2" Meter	39.46
3" Meter	73.99
4" Meter	123.32
6" Meter	246.64

* This surcharge will be replaced with the Mesa Del Caballo Capital and Maintenance Expense Surcharge as discussed in Decision No. 77179.

PART THREE

EAST VERDE PARK SUMMER WATER AUGMENTATION SURCHARGE

I. Purpose and Applicability

The Summer Water Augmentation Surcharge can only be implemented during the months of May through September.

The maximum amount of water augmentation cost that can be recovered during any given year is \$10,000.

The purpose of this tariff is to authorize Payson to make monthly adjustments to its rates and charges for water service in order to recover costs incurred for water purchases and hauling (“Water Augmentation Costs”) in the event that Payson experiences extreme water shortages for the East Verde Park water system. These charges are applicable to all connections and will be assessed based on usage, as provided below.

II. Definitions

Unless the context otherwise requires, the definitions set forth in R-14-2-401 of the Arizona Corporation Commission’s (“Commission”) rules and regulations governing water utilities shall apply in interpreting this tariff schedule.

“Avoided Production Costs” means the unit cost of production (cost per 1,000 gallons) avoided by the Company because of reliance upon augmented water rather than pumping groundwater from the Company’s wells and booster stations.

“Company” means Payson Water Company.

“Curtailment Account Balance” means the monies collected under the curtailment tariff authorized in Decision No. 67821.

“Water Augmentation Cost” means the actual cost of water purchased and water hauling costs. The maximum amount of water Augmentation cost that can be recovered during any given year is \$10,000.

“Water Augmentation Quantity” means the actual quantity of augmented water (in thousands of gallons).

“Water Augmentation Surcharge” means the surcharge calculated in accordance with Section IV below.

“Surcharge Rate” means the rate per 1,000 gallons that is calculated in accordance with Section III below.

“Water Sold” means the actual quantity (in thousands of gallons) of water sold by the Company to its Customer during the month corresponding to the month in which water was purchased.

III. Surcharge Rate Calculation

The surcharge is calculated using data from the previous month’s bill. For example, the water augmentation surcharge that is applied on the July bill is calculated using the June water augmentation costs and the June total gallons sold. See Attachment B.1, page 1 for an example of the calculation.

For each month that the Company augments water, the Company will calculate the Surcharge Rate per the following formula:

$$[(\text{Water Augmentation Cost} - \text{Curtailment Account Balance}^1) - (\text{Water Augmentation Quantity} \times \text{Avoided Production Costs})] / \text{Water Sold}$$

IV. Terms and Conditions

(A) Assessment and Billing of the Water Augmentation Surcharge: For any month in which water is purchased, after completing its billing for the month and receiving the billing for the month, Payson Water Company will make the surcharge calculation to determine the Surcharge Rate.

In the following month, Payson Water Company will bill the Summer Water Augmentation Surcharge to its customers. Each individual customer’s billing for the Summer Water

¹ Consideration of the Curtailment Account Balance could result in a negative cost recovered position. Therefore, the amount of the curtailment balance to be subtracted in the calculation of the water augmentation surcharge shall be limited to the amount which would not cause the surcharge to be a negative amount. However, the surcharge can be \$0 but cannot go below \$0.

Augmentation Surcharge will be based on that customer's actual usage for the previous month (the month corresponding to the Water Augmentation) times the Surcharge Rate.

The Water Augmentation Surcharge shall be presented as a separate line item on the customer billing.

(B) Notice to Commission: For any month in which the Company intends to bill customers a Water Augmentation Surcharge, the Company shall provide Commission Staff notice of the Company's intent to bill the Water Augmentation Surcharge. The notice to Commission Staff shall include the following:

1. The Water Augmentation Cost.
2. The Water Augmentation Quantity.
3. A copy of the bills received for the water Augmentation.
4. A description of the system problem necessitating water Augmentation and a description of the action being taken by the Company to resolve the problem, including the date operations did or are expected to return to normal.
5. The dates for beginning and ending water Augmentation.
6. A schedule showing the calculation of the Surcharge Rate in excel format with formulas intact, including a schedule showing the determination of the Avoided Production Costs.

Payson Water Company
 Docket Nos. W-03514A-13-0111 and W-03514A-13-0142
 EAST VERDE PARK
 Water Augmentation Surcharge Calculation Example

Example 1 - Median Usage Customer - East Verde Park
 This example illustrates how the water augmentation surcharge would be calculated for a East Verde Park customer using 2,000 gallons in the month of June.

[A]	[B]	[C]	[E]	[F]
Total June Water & Hauling Costs	June Ending Curtailment Acct. Balance	Applied Costs \$0.60 x 494 gallons (See page 2 for calculation of \$0.60)	Total Gallons Sold In June Gallons in '000s	Water Augmentation Surcharge Per 1,000 Gallons
\$3,000	\$100	\$296	494	\$5.27

[G]	[H]	[I]
Customer's June Usage Gallons in '000s	Water Augmentation Surcharge (From Col. F)	Total Water Augmentation Surcharge on July Bill
2 *	\$5.27	\$10.54

APPROVED FOR FILING
 DECISION NO. 74567
 DECISION #: _____

PART FOUR
STATEMENT OF TERMS AND CONDITIONS

Applies to all service areas

RULES AND REGULATIONS

The Company has adopted the Rules and Regulations established by the Commission as the basis for its operating procedures. A.A.C. R14-2-401 through A.A.C. R14-2-411 will be controlling of Company procedures, unless specific Commission Order(s) provide otherwise.