

SERVICE DATE
May 02, 2013

PSC REF#:184350

Public Service Commission of Wisconsin
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PUBLIC SERVICE COMMISSION OF WISCONSIN

Application of Ashland Water Utility, Ashland County, Wisconsin,
for Authority to Increase Water Rates

250-WR-103

FINAL DECISION

This is the Final Decision in the Class 1 proceeding conducted by the Public Service Commission (Commission) on the application of Ashland Water Utility (applicant) for approval to increase water rates. This application is APPROVED subject to conditions.

Introduction

The applicant applied to the Commission on September 28, 2012, for authority to increase water rates. Pursuant to due notice, the Commission held a telephonic hearing at both Madison and Ashland, Wisconsin, on April 15, 2013, before Administrative Law Judge Michael E. Newmark. The applicant is the only party to this proceeding.

Findings of Fact

1. The applicant's presently authorized rates for water utility service will produce operating revenues of \$1,612,654 for the 2013 test year. These rates fall short of the test year revenue needed by \$498,716.
2. The estimated net investment rate base applicable to water utility operations for the 2013 test year is \$9,001,397.
3. The rate changes set forth for water service in Appendix C will permit the applicant to earn the necessary revenue requirement and are consistent with the cost of service and rate design.

Conclusions of Law

1. The applicant is a municipal public utility as defined in Wis. Stat. § 196.01(5)(a).
2. The Commission has authority under Wis. Stat. §§ 196.03(1) and (3), 196.19, 196.20, 196.22, 196.37(1), (2), and (3), 196.395, and 196.40 to authorize the applicant to increase water utility rates and revise tariff provisions.

Opinion

Net Investment Rate Base

The estimated net investment rate base for the 2013 test year is as follows:

| | |
|---|--------------------|
| Utility Financed Plant in Service | \$13,571,724 |
| Less: Accumulated Provision for Depreciation | <u>\$4,521,422</u> |
| Net Plant in Service | \$9,050,302 |
| Plus: Materials and Supplies | 102,286 |
| Less: Regulatory Liability for Pre-2003 Accumulated Depreciation - CIAC | <u>151,191</u> |
| Net Investment Rate Base | <u>\$9,001,397</u> |

Comparative Income Statement

The estimated test year income statement showing the effect of the increase in revenue which will result from authorized rates is as follows:

| | <u>At Present Rates</u> | <u>Authorized Increase</u> | <u>After Rate Increase</u> |
|------------------------|-------------------------|--------------------------------|--------------------------------|
| Operating Revenues | \$1,612,654 | \$498,716 | \$2,111,370 |
| Operating Expenses: | | | |
| Oper. & Maint. Exp. | \$1,034,257 | | \$1,034,257 |
| Depreciation | 288,943 | | 288,943 |
| Taxes & Tax Equiv. | <u>338,100</u> | | <u>338,100</u> |
| Total Oper. Expenses | <u>\$1,661,300</u> | | <u>\$1,661,300</u> |
| Oper. Income (or Loss) | <u>(\$48,646)</u> | | <u>\$450,070</u> |
| Rate of Return | N.A. | | 5.00% |

The depreciation expense included in the revenue requirement for the 2013 test year was computed using the depreciation rates shown in Appendix E. These depreciation rates are effective on January 1, 2013, for computing the depreciation expense on the average investment for each plant account.

Capital Structure

The applicant requested a return on net investment rate base of 5.00 percent. The applicant's capital employed in providing public utility service that is associated with the net investment rate base is estimated to be 39.14 percent municipal equity and 60.86 percent long-term debt. The composite cost of debt is 3.53 percent. A return on rate base of 5.00 percent will provide a 7.29 percent return on municipal earning equity and 2.33 times interest coverage.

Cost of Service

Commission staff submitted for the record an analysis of the cost of supplying water for general service and for public fire protection service. Commission staff used the base-extra capacity cost allocation method for the analysis. Under this method, the operating expenses are

allocated first to the service cost functions of extra-capacity maximum-day and maximum-hour demand, base, customer, and fire protection and then to each of the customer classes served. Summaries of such analyses, based on allocations that are reasonable and just, are shown in Schedules 8 and 11 of Exhibit “Ex.-PSC-Kemna-1 - PSC Staff Proposal” of the record in this proceeding. Appendix B shows customer class revenue requirements resulting from the cost analysis compared with revenues at authorized rates.

Rates

Water service rates authorized in this decision will result in an estimated net operating income of approximately \$450,070 which provides a 5.00 percent return on the water utility net investment rate base of \$9,001,397. The applicant was provided with Commission staff’s proposed rates for review prior to the hearing and had no objection to these rates.

As shown in attached Appendix B, the base-extra capacity cost allocation method results in a relatively wide range of increases in the charges to the various general service customer classes to reflect the cost of providing service to such classes. The percentage rate increase to any individual customer will not necessarily equal the overall percentage increase to the associated customer class, but will depend on the specific usage level of that customer.

Sixteen water customers appeared at the hearing in opposition to the rate increase. Twenty-seven customers filed electronic comments opposing the water rate increase. Those customers in opposition to the water rate increase expressed concern over the magnitude of the increase and its impact on customers. Many questioned the accuracy of the city of Ashland’s past accounting practices in regard to the water utility and the sewer department. They were

particularly concerned with the city of Ashland's decision to shift the public fire protection charge from the property tax rolls to a direct charge on the bills of the water customers.

The Commission appreciates the customers' concern in this matter. However, the Commission finds that the revenue resulting from the authorized rates is necessary to provide for the financial needs of the utility over the long-term. The Commission further concludes that the rates as proposed by Commission staff would provide a reasonable and nondiscriminatory recovery of the revenue requirement. Accordingly, the Commission will hereby authorize staff's proposed rates as shown in Exhibit "Ex.-PSC-Kemna-1 - PSC Staff Proposal" of the hearing record.

The authorized rates as set forth in Appendix C are based on the cost of supplying various classes or types of service. These rates are reasonable and just. All customers will be required to pay an appropriate amount for the service provided.

Some typical water bills for residential, commercial, industrial, and public authority customers were computed using Schedule Mg-1 to compare existing rates with the new rates. That comparison is set forth in Appendix D.

The overall increase in annual revenues is 32 percent, comprised of a 37 percent increase in general service charges and a 21 percent increase in fire protection charges. A typical residential customer's bill will rise 35 percent (not including the public fire protection charge) and 82 percent (including the public fire protection charge). Rates have risen because of a 36 percent increase in gross plant investment and a 36 percent increase in operating expenses since the applicant's last rate case in 2001. The typical bills calculated using the authorized rates are above average when compared with those of similar water utilities in the state.

The general service charges will increase by 37 percent, compared to a 21 percent increase in the annual public fire protection charge. The larger increase in general service charges results because a greater proportion of the annual operating costs are allocated to general service than was allocated at the time of the applicant's last rate proceeding, based on current ratios of maximum general service demand to available system fire protection capacity. The larger increase in general service charges is reasonable in that it appropriately reflects the cost of providing service.

The applicant requested rates that would provide for direct billing of water utility public fire protection costs to general service customers and non-customers as well. This request is in conformance with Wis. Stat. § 196.03(3)(b), which provides municipalities the option to include the public fire protection charges directly in the water utility bills of general service customers. The applicant has also determined that this charge will apply to non-customers who reside within the municipal limits and in an area that the municipality has an obligation to provide public fire protection, in accordance with Wis. Stat. § 196.03(b)(2).

As requested, authorized rates as set forth in Appendix B, Schedule F-1, provide for the direct charging of public fire protection costs to general service customers. These rates are reasonable and just. All customers will be required to pay an appropriate amount for the service provided.

The applicant has agreed to revise its tariff provisions (operating rules and main extension rules) to be consistent with those of other Wisconsin water utilities. The proposed rules were incorporated into the record by receipt of Exhibit "Ex.-PSC-Kemna-1 - PSC Staff

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Proposal” which incorporates the rules by reference. The proposed rules are reasonable and just and in accordance with Commission policy and the Wisconsin Administrative Code.

Effective Date

The test year commenced on January 1, 2013. Pursuant to Wis. Stat. §§ 196.19 and 196.21, the changes in rates and tariff provisions that are authorized in this Final Decision take effect no sooner than one day after the date of service, provided that these rates and tariff provisions are filed with the Commission and placed in all offices and pay stations of the utility.

Order

1. This Final Decision takes effect one day after the service date.
2. The authorized rate increases and tariff provisions shall take effect no sooner than one day after the utility files these rates and tariff provisions with the Commission and places them in all of the utility’s offices and pay stations.
3. The rates approved in this docket are to be made effective no later than 90 days from the service date of this Final Decision or as directed by the Commission or Commission staff.
4. Ashland Water Utility shall inform each customer of the new rates as required by Wis. Admin. Code § PSC 185.33(1).
5. The city of Ashland shall have a time allocation study performed by December 31, 2014. A copy of the study is to be provided on or before the above date to the Commission.

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6. The Commission retains jurisdiction.

Dated at Madison, Wisconsin, April 22, 2013.

For the Commission:

A handwritten signature in black ink, appearing to read "John J. Schulze, Jr. for". The signature is written in a cursive style with a large initial "J".

John J. Schulze, Jr.
Administrator
Division of Water, Compliance, and Consumer Affairs

JJR:SPK DL:00718152

See attached Notice of Appeal Rights

PUBLIC SERVICE COMMISSION OF WISCONSIN
610 North Whitney Way
P.O. Box 7854
Madison, Wisconsin 53707-7854

**NOTICE OF RIGHTS FOR REHEARING OR JUDICIAL REVIEW, THE
TIMES ALLOWED FOR EACH, AND THE IDENTIFICATION OF THE
PARTY TO BE NAMED AS RESPONDENT**

The following notice is served on you as part of the Commission's written decision. This general notice is for the purpose of ensuring compliance with Wis. Stat. § 227.48(2), and does not constitute a conclusion or admission that any particular party or person is necessarily aggrieved or that any particular decision or order is final or judicially reviewable.

PETITION FOR REHEARING

If this decision is an order following a contested case proceeding as defined in Wis. Stat. § 227.01(3), a person aggrieved by the decision has a right to petition the Commission for rehearing within 20 days of the date of service of this decision, as provided in Wis. Stat. § 227.49. The date of service is shown on the first page. If there is no date on the first page, the date of service is shown immediately above the signature line. The petition for rehearing must be filed with the Public Service Commission of Wisconsin and served on the parties. An appeal of this decision may also be taken directly to circuit court through the filing of a petition for judicial review. It is not necessary to first petition for rehearing.

PETITION FOR JUDICIAL REVIEW

A person aggrieved by this decision has a right to petition for judicial review as provided in Wis. Stat. § 227.53. In a contested case, the petition must be filed in circuit court and served upon the Public Service Commission of Wisconsin within 30 days of the date of service of this decision if there has been no petition for rehearing. If a timely petition for rehearing has been filed, the petition for judicial review must be filed within 30 days of the date of service of the order finally disposing of the petition for rehearing, or within 30 days after the final disposition of the petition for rehearing by operation of law pursuant to Wis. Stat. § 227.49(5), whichever is sooner. If an *untimely* petition for rehearing is filed, the 30-day period to petition for judicial review commences the date the Commission serves its original decision.¹ The Public Service Commission of Wisconsin must be named as respondent in the petition for judicial review.

If this decision is an order denying rehearing, a person aggrieved who wishes to appeal must seek judicial review rather than rehearing. A second petition for rehearing is not permitted.

Revised: March 27, 2013

DL: 00698858

¹ See *State v. Currier*, 2006 WI App 12, 288 Wis. 2d 693, 709 N.W.2d 520.

Appearances:

Ashland Water Utility, applicant, by

Bill Whelan, Mayor
Pete Mann, City Administrator
Julie Vaillancourt, Finance Director
Barb Clement, Treasurer
Ray Hyde, Public Works Director
Mary Gaines, City Clerk
Andrew Behm, Consultant

Of the Commission Staff:

Bridgot Gysbers, Auditor
Kathy Butzlaff, Auditor
Steve Kemna, Rate Engineer

In Opposition:

Milton Mickelson
Scott Bretting
Mary Kuhlman
Paul Kohlman
Jean Whiting
Chuck Whiting
Louis Bartol
Zygmund Jablonski Jr.
Dave Sorenson
Merel Kerr Sr.
Michael Benton
Roland Peterson
Ken Fontecchio
Nancy Garrett
Paul Magetich
Robert Mahnke

As Interest May Appear:

Kelly Westlund
Richard Swanson

ASHLAND WATER UTILITY
Comparison of Revenue
at
Present Rates, Cost of Service and Authorized Rates

| Customer Class | Revenue at Present Rates | Cost of Service | | Authorized Rates | | |
|------------------------|---------------------------------|-------------------------|------------------------------------|-------------------------|------------------------------------|-----------------------------------|
| | | Revenue Required | Increase over Present Rates | Revenue | Increase over Present Rates | Percent of Cost of Service |
| Residential | \$645,435 | \$868,655 | 35% | \$872,135 | 35% | 100% |
| Commercial | \$336,692 | \$480,874 | 43% | \$473,288 | 41% | 98% |
| Industrial | \$22,180 | \$25,664 | 16% | \$31,409 | 42% | 122% |
| Public Authority | \$39,603 | \$57,916 | 46% | \$56,528 | 43% | 98% |
| Public Fire Protection | \$510,664 | \$620,181 | 21% | \$620,599 | 22% | 100% |
| Total | \$1,554,574 | \$2,053,290 | 32% | \$2,053,960 | 32% | 100% |

ASHLAND WATER UTILITY

Authorized Water Rates and Rules

Public Fire Protection Service - - - F-1

Public fire protection service includes the use of hydrants for fire protection service only and such quantities of water as may be demanded for the purpose of extinguishing fires within the service area. This service shall also include water used for testing equipment and training personnel. For all other purposes, the metered or other rates set forth, or as may be filed with the Public Service Commission, shall apply.

Under Wis. Stat. § 196.03(3)(b), the municipality has chosen to have the utility bill the retail general service customers for public fire protection service.

Monthly Public Fire Protection Service Charges:

| | | | |
|----------------------|-------|---------------------|----------|
| 5/8 -inch meter - \$ | 9.62 | 3 -inch meter - \$ | 145.00 |
| 3/4 -inch meter - \$ | 9.62 | 4 -inch meter - \$ | 241.00 |
| 1 -inch meter - \$ | 24.10 | 6 -inch meter - \$ | 482.00 |
| 1¼ -inch meter - \$ | 36.00 | 8 -inch meter - \$ | 771.00 |
| 1½ -inch meter - \$ | 48.00 | 10 -inch meter - \$ | 1,157.00 |
| 2 -inch meter - \$ | 77.00 | 12 -inch meter - \$ | 1,542.00 |

Customers who are provided service under Schedules Mg-1, Ug-1, or Sg-1 shall be subject to the charges in this schedule according to the size of their primary meter.

Under Wis. Stats. §196.03(3)(b), the City of Ashland has elected to make the charges in this schedule applicable to non-general service customers who own property that is located both within the municipal limits and in an area where the utility has an obligation to provide water for public fire protection. Each parcel shall be billed at the 5/8-inch meter rate under this schedule.

Billing: Same as Schedule Mg-1.

Private Fire Protection Service - Unmetered - - - Upf-1

This service shall consist of permanent or continuous unmetered connections to the main for the purpose of supplying water to private fire protection systems such as automatic sprinkler systems, standpipes, and private hydrants. This service shall also include reasonable quantities of water used for testing check valves and other backflow prevention devices.

Monthly Private Fire Protection Service Demand Charges:

| | |
|-------------------------------------|--------|
| 2 - inch or smaller connection - \$ | 10.50 |
| 3 - inch connection - \$ | 20.00 |
| 4 - inch connection - \$ | 33.00 |
| 6 - inch connection - \$ | 66.00 |
| 8 - inch connection - \$ | 106.00 |
| 10 - inch connection - \$ | 158.00 |
| 12 - inch connection - \$ | 211.00 |
| 14 - inch connection - \$ | 264.00 |
| 16 - inch connection - \$ | 317.00 |

Billing: Same as Schedule Mg-1.

General Service - Metered - - - Mg-1

Monthly Service Charges:

| | | | |
|------------------------|-------|---------------------|--------|
| 5/8 -inch meter - \$ | 11.80 | 3 -inch meter - \$ | 50.00 |
| 3/4 -inch meter - \$ | 11.80 | 4 -inch meter - \$ | 70.00 |
| 1 -inch meter - \$ | 15.80 | 6 -inch meter - \$ | 109.00 |
| 1 1/4 -inch meter - \$ | 20.00 | 8 -inch meter - \$ | 154.00 |
| 1 1/2 -inch meter - \$ | 24.00 | 10 -inch meter - \$ | 213.00 |
| 2 -inch meter - \$ | 34.00 | 12 -inch meter - \$ | 271.00 |

Plus Volume Charges:

| | | |
|-------|--------|---|
| First | 10,000 | cubic feet used monthly - \$3.98 per 100 cubic feet |
| Over | 10,000 | cubic feet used monthly - \$3.37 per 100 cubic feet |

Billing: Bills for water service are rendered monthly and become due and payable upon issuance following the period for which service is rendered. A late payment charge of 1 percent per month will be added to bills not paid within 20 days of issuance. This late payment charge shall be applied to the total unpaid balance for utility service, including unpaid late payment charges. This late payment charge is applicable to all customers. The utility customer may be given a written notice that the bill is overdue no sooner than 20 days after the bill is issued. Unless

payment or satisfactory arrangement for payment is made within the next 10 days, service may be disconnected pursuant to Wis. Admin. Code ch. PSC 185.

Combined Metering: For a residential customer with more than one meter on a single service lateral, volumetric reading from all meters shall be combined for billing. For a nonresidential customer, volumetric readings may be combined for billing if the utility for its own convenience places more than one meter on a single water service lateral. Multiple meters placed for the purpose of identifying water not discharged into the sanitary sewer are not considered for utility convenience and may not be combined for billing. This requirement does not preclude the utility from combining readings where metering configurations support such an approach. Volumetric readings from individually metered separate service laterals may not be combined for billing purposes.

General Service - Suburban - - - Mg-2

Delete.

Other Charges - - - OC-1

Non-Sufficient Funds Charge: The utility shall assess a \$35.00 charge when a payment rendered for utility service is returned for non-sufficient funds. This charge may not be in addition to, but may be inclusive of, other non-sufficient funds charges when the payment was for multiple services.

Billing: Same as Schedule Mg-1.

Public Service - - - Mpa-1

Metered Service

Water used by the City of Ashland on an intermittent basis for flushing sewers, street washing, flooding skating rinks, drinking fountains, etc., shall be metered and billed according to the rates set forth in Schedule Mg-1.

Unmetered Service

Where it is impossible to meter the service, the utility shall estimate the volume of water used based on the pressure, size of opening, and the period of time the water is used. The estimated quantity shall be billed at the volumetric rates set forth in Schedule Mg-1, excluding any service charges.

Billing: Same as Schedule Mg-1.

General Water Service - Unmetered - - - Ug-1

Service may be supplied temporarily on an unmetered basis where the utility cannot immediately install a water meter, including water used for construction. Unmetered service shall be billed the amount that would be charged to a metered residential customer using 400 cubic feet of water per month under Schedule Mg-1, including the service charge for a 5/8-inch meter. If the utility determines that actual usage exceeds 400 cubic feet of water per month, an additional charge for the estimated excess usage shall be made according to the rates under Schedule Mg-1.

This schedule applies only to customers with a 1-inch or smaller service connection. For customers with a larger service connection, the utility shall install a temporary meter and charges shall be based on the rates set forth under Schedule Mg-1.

Billing: Same as Schedule Mg-1.

Seasonal, Emergency, or Temporary Service - - - Mgt-1

Delete.

Seasonal Service - - - Sg-1

Seasonal customers are general service customers who voluntarily request disconnection of water service and who resume service at the same location within 12 months of the disconnection, unless service has been provided to another customer at that location in the intervening period. The utility shall bill seasonal customers the applicable service charges under Schedule Mg-1 year-round, including the period of temporary disconnection.

Seasonal service shall include customers taking service under Schedule Mg-1 or Schedule Ug-1.

Upon reconnection, the utility shall apply a charge under Schedule R-1 and require payment of any unpaid charges under this schedule.

Billing: Same as Schedule Mg-1, unless the utility and customer agree to an alternative payment schedule for the period of voluntary disconnection.

Building and Construction Water Service - - - Mz-1

Delete.

Bulk Water - - - BW-1

All bulk water supplied from the water system through hydrants or other connections shall be metered or estimated by the utility. Utility personnel or a party approved by the utility shall supervise the delivery of water.

Bulk water sales are:

- A. Water supplied by tank trucks or from hydrants for the purpose of extinguishing fires outside the utility's service area;
- B. Water supplied by tank trucks or from hydrants for purposes other than extinguishing fires, such as water used for irrigation or filling swimming pools; or,
- C. Water supplied from hydrants or other temporary connections for general service type applications, except that Schedule Ug-1 applies for water supplied for construction purposes.

A service charge of \$50.00 and a charge for the volume of water used shall be billed to the party using the water. The volumetric charge shall be calculated using the highest volumetric rate for residential customers under Schedule Mg-1. In addition, for meters that are assigned to bulk water customers for more than 7 days, the applicable service charge in Schedule Mg-1 will apply after the first 7 days.

The water utility may require a reasonable deposit for the temporary use of its equipment under this and other rate schedules. The deposit(s) collected shall be refunded upon return of the utility's equipment. Damaged or lost equipment shall be repaired or replaced at the customer's expense.

Billing: Same as Schedule Mg-1.

Reconnection Charges - - - R-1

The utility shall assess a charge to reconnect a customer, which includes reinstalling a meter and turning on the valve at the curb stop, if necessary. A utility may not assess a charge for disconnecting a customer.

| | |
|-------------------------------|---------|
| During normal business hours: | \$50.00 |
| After normal business hours: | \$80.00 |

Billing: Same as Schedule Mg-1.

Water Lateral Installation Charge - - - Cz-1

The utility shall charge a customer for the actual cost of installing a water service lateral from the main through curb stop and box if these costs are not contributed as part of a subdivision development or otherwise recovered under Wis. Stats. Chapter 66.

Billing: Same as Schedule Mg-1.

Rules and Regulations - - - X-1

Delete Schedule X-1. Incorporate the operating rules for municipal water utilities as provided by the Public Service Commission.

Water Main Extension Rule - - - X-2

Water mains will be extended for new customers on the following basis:

- A. Where the cost of the extension is to immediately be collected through assessment by the municipality against the abutting property, the procedure set forth under Wis. Stat. § 66.0703 will apply, and no additional customer contribution to the utility will be required.
- B. Where the municipality is unwilling or unable to make a special assessment, the extension will be made on a customer-financed basis as follows:
 - 1. The applicant(s) will advance as a contribution in aid of construction the total amount equivalent to that which would have been assessed for all property under paragraph A.
 - 2. Part of the contribution required in paragraph B.1. will be refundable. When additional customers are connected to the extended main within 10 years of the date of completion, contributions in aid of construction will be collected equal to the amount which would have been assessed under paragraph A. for the abutting property being served. This amount will be refunded to the original contributor(s). In no case will the contributions received from additional customers exceed the proportionate amount which would have been required under paragraph A., nor will it exceed the total assessable cost of the original extension.

- C. When a customer connects to a transmission main or connecting loop installed at utility expense within 10 years of the date of completion, there will be a contribution required of an amount equivalent to that which would have been assessed under paragraph A.

Water Main Installations in Platted Subdivisions - - - X-3

Application for installation of water mains in regularly platted real estate development subdivisions shall be filed with the utility.

If the developer, or a contractor employed by the developer, is to install the water mains (with the approval of the utility), the developer shall be responsible for the total cost of construction.

If the utility or its contractor is to install the water mains, the developer shall be required to advance to the utility, prior to the beginning of the construction, the total estimated cost of the extension. If the final costs exceed estimated costs, an additional billing will be made for the balance of the cost due. This balance is to be paid within 30 days. If final costs are less than estimated, a refund of the overpayment will be made by the water utility.

ASHLAND WATER UTILITY
Customer Water Bill Comparison at Present and Authorized Rates

| Meter Size Decimal | Customer Type | Meter Size (Inches) | Volume (100 Cu Ft) | <u>Monthly</u> | | | <u>Monthly Including Public Fire Protection</u> | | |
|-----------------------|---------------------|------------------------|-----------------------|-----------------------|-----------------------|-------------------|---|-----------------------|-------------------|
| | | | | Bills at Old Rates | Bills at New Rates | Percent Change | Bills at Old Rates | Bills at New Rates | Percent Change |
| 0.625 | Small Residential | 5/8 | 2 | \$ 14.74 | \$ 19.76 | 34% | \$ 14.74 | \$ 29.38 | 99% |
| 0.625 | Average Residential | 5/8 | 4 | \$ 20.48 | \$ 27.72 | 35% | \$ 20.48 | \$ 37.34 | 82% |
| 0.625 | Large Residential | 5/8 | 8 | \$ 31.96 | \$ 43.64 | 37% | \$ 31.96 | \$ 53.26 | 67% |
| 0.625 | Large Residential | 5/8 | 20 | \$ 66.40 | \$ 91.40 | 38% | \$ 66.40 | \$ 101.02 | 52% |
| 0.625 | Commercial | 5/8 | 40 | \$ 123.80 | \$ 171.00 | 38% | \$ 123.80 | \$ 180.62 | 46% |
| 1.000 | Commercial | 1 | 250 | \$ 624.50 | \$ 919.30 | 47% | \$ 624.50 | \$ 943.40 | 51% |
| 1.500 | Commercial | 1 1/2 | 310 | \$ 760.70 | \$ 1,129.70 | 49% | \$ 760.70 | \$ 1,177.70 | 55% |
| 2.000 | Commercial | 2 | 450 | \$ 1,071.50 | \$ 1,611.50 | 50% | \$ 1,071.50 | \$ 1,688.50 | 58% |
| 3.000 | Commercial | 3 | 570 | \$ 1,338.90 | \$ 2,031.90 | 52% | \$ 1,338.90 | \$ 2,176.90 | 63% |
| 0.625 | Industrial | 5/8 | 40 | \$ 123.80 | \$ 171.00 | 38% | \$ 123.80 | \$ 180.62 | 46% |
| 2.000 | Industrial | 2 | 130 | \$ 377.10 | \$ 533.10 | 41% | \$ 377.10 | \$ 610.10 | 62% |
| 2.000 | Industrial | 2 | 190 | \$ 507.30 | \$ 735.30 | 45% | \$ 507.30 | \$ 812.30 | 60% |
| 0.750 | Industrial | 3/4 | 490 | \$ 1,142.30 | \$ 1,724.10 | 51% | \$ 1,142.30 | \$ 1,733.72 | 52% |
| 0.625 | Public Authority | 5/8 | 15 | \$ 52.05 | \$ 71.50 | 37% | \$ 52.05 | \$ 81.12 | 56% |
| 3.000 | Public Authority | 3 | 80 | \$ 261.60 | \$ 368.40 | 41% | \$ 261.60 | \$ 513.40 | 96% |
| 3.000 | Public Authority | 3 | 150 | \$ 427.50 | \$ 616.50 | 44% | \$ 427.50 | \$ 761.50 | 78% |
| 3.000 | Public Authority | 3 | 240 | \$ 622.80 | \$ 919.80 | 48% | \$ 622.80 | \$ 1,064.80 | 71% |
| 4.000 | Public Authority | 4 | 820 | \$ 1,894.40 | \$ 2,894.40 | 53% | \$ 1,894.40 | \$ 3,135.40 | 66% |

Ashland Water Utility
 Schedule of Depreciation Rates
 Effective January 1, 2013

| <u>Account Number</u> | <u>Account Title</u> | <u>Deprec. Rate</u> |
|---------------------------|---|-------------------------|
| | SOURCE OF SUPPLY PLANT | |
| 313 | Lake, River and Other Intakes | 1.7% |
| | PUMPING PLANT | |
| 321 | Structures and Improvements | 3.2% |
| 323 | Other Power Production Equipment | 4.4% |
| 325 | Electric Pumping Equipment | 4.4% |
| 328 | Other Pumping Equipment | 4.4% |
| | WATER TREATMENT PLANT | |
| 331 | Structures and Improvements | 3.2% |
| 332 | Sand and Other Media Filtration Equipment | 3.3% |
| 333 | Membrane Filtration Equipment | 6.0% |
| | TRANSMISSION AND DISTRIBUTION PLANT | |
| 341 | Structures and Improvements | 3.2% |
| 342 | Distribution Reservoirs and Standpipes | 1.9% |
| 343 | Transmission and Distribution Mains | 1.3% |
| 345 | Services | 2.9% |
| 346 | Meters | 5.5% |
| 348 | Hydrants | 2.2% |
| | GENERAL PLANT | |
| 390 | Structures and Improvements | 2.9% |
| 391 | Office Furniture and Equipment | 5.8% |
| 391.1 | Computer Equipment | 26.7% |
| 392 | Transportation Equipment | 13.3% |
| 394 | Tools, Shop and Garage Equipment | 5.8% |
| 395 | Laboratory Equipment | 5.8% |
| 396 | Power Operated Equipment | 7.5% |
| 397 | Communication Equipment | 15.0% |
| 397.1 | SCADA Equipment | 9.2% |