

Rose Valley Water Company
CUSTOMER NOTICE

Dear Customer,

On November 17, 2018, the Arizona Corporation Commission approved a rate decrease to remove income tax expense from customer rates as a result of the lowered Federal income tax rates and a change in Commission tax policy. These new rates are effective for all customer classes in the first billing cycle in December 2018, per Decision No. 76969.

The recent approval will decrease the typical residential 5/8 x 3/4-inch meter with a median usage of 8,507 gallons from \$27.46 to \$26.13, for an decrease of \$1.32, or 4.81 percent.

If you have any questions regarding this notice, please contact Rose Valley Water Company, PO Box 1444, Green Valley, AZ 85622 at 623-889-2275 or email info@rosevalleywaterco.com. Additional information can be found on the internet at <https://rosevalleywaterco.com>.

Current and revised rates and charges for Rose Valley Water Company are as follows:

	Current Rates Per Decision No. 76514	New Rates Per Decision 76969	\$ Decrease	% Decrease
MONTHLY MINIMUM CHARGES <i>(Residential & Commercial)</i>				
5/8 x 3/4 - Inch Meter	\$ 16.80	\$ 16.00	\$ (0.80)	-4.76%
3/4 - Inch Meter	25.20	24.00	(1.20)	-4.76%
1 - Inch Meter	42.00	40.00	(2.00)	-4.76%
1 1/2 - Inch Meter	84.00	80.00	(4.00)	-4.76%
2 - Inch Meter	134.40	128.00	(6.40)	-4.76%
3 - Inch Meter	268.80	256.00	(12.80)	-4.76%
4 - Inch Meter	420.00	400.00	(20.00)	-4.76%
6 - Inch Meter	840.00	800.00	(40.00)	-4.76%

COMMODITY RATES (PER 1,000 GALLONS)

(Residential & Commercial)

5/8 x 3/4-Inch Meter and 3/4-inch Meter

First 3,000 gallons	\$ 0.85	\$ 0.79	\$ (0.06)	-7.06%
From 3,001 to 8,000 gallons	1.42	1.36	(0.06)	-4.23%
Over 8,000 gallons	2.00	1.92	(0.08)	-4.00%

1-Inch Meter

First 20,000 gallons	\$ 1.42	\$ 1.36	\$ (0.06)	-4.23%
Over 20,000 gallons	2.00	1.92	(0.08)	-4.00%

1 1/2-Inch Meter

First 40,000 gallons	\$ 1.42	\$ 1.36	\$ (0.06)	-4.23%
Over 40,000 gallons	2.00	1.92	(0.08)	-4.00%

2-Inch Meter

First 64,000 gallons	\$ 1.42	\$ 1.36	\$ (0.06)	-4.23%
Over 64,000 gallons	2.00	1.92	(0.08)	-4.00%

3-Inch Meter

First 128,000 gallons	\$ 1.42	\$ 1.36	\$ (0.06)	-4.23%
Over 128,000 gallons	2.00	1.92	(0.08)	-4.00%

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4-Inch Meter

First 200,000 gallons	\$	1.42	\$	1.36	\$ (0.06)	-4.23%
Over 200,000 gallons		2.00		1.92	(0.08)	-4.00%

6-Inch Meter

First 400,000 gallons	\$	1.42	\$	1.36	\$ (0.06)	-4.23%
Over 400,000 gallons		2.00		1.92	(0.08)	-4.00%

Landscape and School Meters

All Usage (per 1,000 gallons)	\$	2.00	\$	1.92	\$ (0.08)	-4.00%
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SERVICE LINE AND METER INSTALLATION CHARGES: (Unchanged)

(Refundable pursuant to A.A.C. R14-2-40-5)

	Service Line	Meter Installation	Total
5/8-inch x 3/4-inch Meter	\$ 490.00	\$ 132.00	\$ 622.00
3/4-inch Meter	490.00	233.00	723.00
1-inch Meter	547.00	293.00	840.00
1 1/2-inch Meter	610.00	506.00	1,116.00
2-inch Turbine Meter	927.00	1,031.00	1,958.00
2-inch Compound Meter	927.00	1,884.00	2,811.00
3-inch Turbine Meter	1,171.00	1,662.00	2,833.00
3-inch Compound Meter	1,308.00	2,546.00	3,854.00
4-inch Turbine Meter	1,661.00	2,647.00	4,308.00
4-inch Compound Meter	1,866.00	3,632.00	5,498.00
6-inch Turbine Meter	2,479.00	5,026.00	7,505.00
6-inch Compound Meter	2,615.00	6,939.00	9,554.00

SERVICE CHARGES: (Unchanged)

Establishment	\$	25.00
Reconnection (Delinquent)		30.00
NSF Check (Returned)		20.00
Meter Re-Read (If Correct)		20.00
Meter Test (If Correct)		25.00
Deferred Payment Interest		1.50%
Deposit Interest		*
Deposit		*
Re-Establishment (Within 12 Months)		**
Late Payment Fee		***
After Hours (Per Hour)	\$	35.00

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

** Number of months off system times the monthly minimum R14-2-403(D).

*** 1.5 percent or \$5.00 per month, whichever is greater, if payment is not received within 15 days from the date the bill is rendered.

In addition to collecting its regular rates and charges, the Company shall collect from its customers a proportionate share of any privilege, sales, or use tax per A.A.C. R14-2-409(D).

Dear Customer,

On November 17, 2018, the Arizona Corporation Commission approved a rate decrease to remove income tax expense from customer rates as a result of the lowered Federal income tax rates and a change in Commission tax policy. Following is the calculation for the one-time bill credit each customer will receive based on meter size, per Decision No. 76969.

The recent approval will result in the typical residential 5/8 x 3/4-inch meter receiving a bill credit amount of \$13.71.

CALCULATION OF ANNUAL TAX SAVINGS DUE TO DECISION NO. 76631
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Revenue Requirement per Decision No. 76514 at the then existing Federal Tax Rates	\$ 1,311,655
Authorized Revenue Requirement at zero Income Tax Expense	1,252,455
Annual Savings Due To Decision No. 76631	\$ 59,200

CALCULATIONS OF ONE-TIME BILL CREDIT - JANUARY THROUGH NOVEMBER 2018

Savings Due to Impact of the Tax Act - January through March 2018 (\$13,506/12*3)	\$ 3,377
Savings Due to Decision No. 76631 - April through November 2018 (\$59,200/12*8)	39,467
Total One-Time Refundable Savings from January through November 2018	\$ 42,843

Step 1 - Find the Equivalent Bills

Meter Size	NARUC Multiplier	Number of Customers	Number of Months in Year	Equivalent Bills
5/8 x 3/4 - Inch Meter	1.0	2,074	11	22,814
1 - Inch Meter	2.5	270	11	7,425
1 1/2 - Inch Meter	5.0	11	11	605
2 - Inch Meter	8.0	40	11	3,520
		2,395		34,364

Step 2 - Find the Monthly Refund Amount

Annual Tax Savings per Staff Calculations	\$ 42,843
Divided by: Total Number of Equivalent Bills (From Step 1)	34,364
Monthly Refund amount for 5/8" x 3/4" Customers	\$ 1.25

Step 3 - Find Total One-Time Bill credit or Refund Per Meter Size

Meter Size	NARUC Multiplier	5/8" x 3/4" Customers' Bill Credit	Bill Credit Per Month	Number of Months in Year	Bill Credit Jan-Nov 2018
5/8 x 3/4 - Inch Meter	1.0	\$ 1.25	\$ 1.25	11	\$ 13.71
1 - Inch Meter	2.5	1.25	3.12	11	34.29
1 1/2 - Inch Meter	5.0	1.25	6.23	11	68.57
2 - Inch Meter	8.0	1.25	9.97	11	109.71

Step 4 - Recalculation of Annual Income Tax Refund

Meter Size	Number of Customers	Bill Credit by Meter Size	Total Bill Credits
5/8 x 3/4-inch meters	2,074	\$ 13.71	\$ 28,443
1-inch meters	270	34.29	9,257
1.5-inch meters	11	68.57	754
2-inch meters	40	109.71	4,389
	2,395		\$ 42,843