

1 revenue, resulting in a total revenue requirement from general customers of \$1,968,141
2 First, the Company calculates the portion of revenue from the base rates. In doing so, it
3 applies the overall percent increase of 17.16% to the existing annual amounts per meter
4 size to develop a new, proposed annual amount per meter size. It then takes the new,
5 proposed annual amount times the number of meters to determine the revenue
6 requirement from base rate, namely \$450,480.

7 Second, the Company takes the remaining revenue of \$1,517,661 to be realized from
8 consumption. It divides the remaining revenue from the 2016 actual consumption to
9 determine the consumption rate per 100 cubic feet, namely 6.23.

10 Q. Is there anything else that you would like to discuss?

11 A. Yes, the Company has engaged the services of Stephen P. St. Cyr & Assoc. The
12 Company has agreed to an hourly fee of \$135.00 (plus out of pocket costs) for work
13 performed in preparation of the rate filing and pursuit of the rate increase during the rate
14 proceeding. The Company will also utilize the services, i.e., management, legal,
15 accounting, etc., of its affiliate, Lewis Builders Development, Inc., in the preparation of
16 the rate filing and throughout the rate proceeding. The Company will make every effort
17 to minimize its rate case expenses.

18 Q. Is there anything further that you would like to discuss?

19 A. Yes. The Company intends to file a separate set of schedules, testimony and other rate
20 filing requirements for consideration of temporary rates.

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- 1 Q. Please explain the calculation of rates.
- 2 A. The total revenue requirement including the proposed temporary rate increase amounts to
3 \$1,922,247. The Company reduces the total revenue requirement by the amount of
4 revenue from fire protection and other water revenue, resulting in a total revenue
5 requirement from general customers of \$1,811,611. First, the Company calculates the
6 portion of revenue from the base rates. In doing so, it applies the overall percent increase
7 of 7.84% to the existing annual amounts per meter size to develop a new, proposed
8 annual amount per meter size. It then takes the new, proposed annual amount times the
9 number of meters to determine the revenue requirement from base rate, namely \$450,480.
10 Second, the Company takes the remaining revenue of \$1,361,131 to be realized from
11 consumption. It divides the remaining revenue from the 2016 actual consumption to
12 determine the consumption rate per 100 cubic feet, namely 5.59.
- 13 Q. Is there anything else that you would like to discuss?
- 14 A. Yes, the Company has engaged the services of Stephen P. St. Cyr & Assoc. The
15 Company has agreed to an hourly fee of \$135.00 (plus out of pocket costs) for work
16 performed in preparation of the rate filing and in pursuit of the rate increase during the
17 rate proceeding. The Company will also utilize the services, i.e., management, legal,
18 accounting, etc., of its affiliate, Lewis Builders Development, Inc., in the preparation of
19 the rate filing and throughout the rate proceeding. The Company will make every effort
20 to minimize its rate case expenses.

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Hampstead Area Water Company

Revised
10/18/2017

Calculation of Temporary Rates

Option 1 - No Increase in the Base Rates

Total Revenue Requirement	\$1,922,247
Less: Fire Protection Revenue	(41,336)
Less: Other Water Revenues	<u>(69,300)</u>
Total Revenue Requirement for General Customers	\$1,811,611

Revenue Requirement from Base Rate:

	# of <u>meters</u>	Existing Annual <u>Amount</u>	Total	
5/8	3,507	\$ 120	\$ 420,840	
3/4	-	240	-	
1	65	360	23,400	
1 1/2	2	720	1,440	
2	4	1,200	4,800	
Revenue Requirement from Base Rate			<u>450,480</u>	24.87%
Revenue Requirement from Consumption			\$1,361,131	75.13%
2016 Consumption per 100 cubic feet			<u>243,615</u>	
Consumption rate per 100 cubic feet			\$ 5.59	