



MEMORANDUM

To: Daniel S. Duchniak
From: Donna N. Scholl
Date: February 12, 2015
Re: Application for Simplified Rate Increase

I would like to recommend that the Water Commission authorize the staff to file an application for a simplified rate increase.

As you will recall, this action is consistent with the 2015 Operating Plan, approved by the Commission. The Public Service Commission (PSC) will grant the utility a simplified rate increase because:

- ❖ Our general and public fire protection rates have been in effect for a full calendar year.
- ❖ Our request is within five years of the effective date of our last conventional rate increase (July 10, 2012).
- ❖ Our 2014 adjusted total operating income is 5.9%, of the average net rate base. 6.6% or lower is required.

The rate increase will be an amount set by the PSC and will be the same for all Utilities in the state that file an application. The increase is typically in the range of 3.0 – 4.0%.

The rate increase will go into effect forty-five days after the PSC receives our application and the customer base has been notified. The 2015 Budget reflects a 3.0% increase in revenues, effective June 1st.

I look forward to answering any questions you may have.

Recommended Motion: Move to authorize the Utility to file with the PSC for a Simplified Rate Increase.