

CUSTOMER NOTIFICATION

Hillcrest Water Company has applied to the Arizona Corporation Commission for an adjustment in rates. The current rates have been in effect since June 2002. An increase in rates is necessary at this time due to the rising cost to provide service and the Company operating at unsustainable losses. Based on the Company's unaudited Test Year results, Hillcrest Water Company realized an operating loss of \$24,765. The Company is requesting a revenue increase of \$48,100 or 107% of total revenues. Please see the attached Schedules 7 and 8 of the Company's application for the current and proposed rates.

The Application is available for inspection during regular business hours at the offices of the Commission in Phoenix at 1200 West Washington Street and at Hillcrest Water Company on the HOA and Southwestern Utilities Management websites **Please be advised that the rates and charges ultimately approved by the Commission may be higher or lower than the rates and charges requested in the Application.**

Customer input is an important part of the Commission's analysis of the requested adjustment and is a factor in determining whether a hearing will be conducted. Customers should bring to the Commission's attention any questions or concerns related to the Company's Application, including service, billing procedures or other factors important in determining the reasonableness of charges. Customers may have the right to intervene in this matter. Customers wishing to communicate with the Commission, or request information on intervention in the proceeding, should contact the Commission's Consumer Services Section at 800-222-7000 (if located outside the Phoenix local calling area) or 602-542-4251 in the Phoenix local calling area. Written public comments may be submitted by mailing a letter referencing **Docket No. W-02128A-26-0358** to the Arizona Corporation Commission, Consumer Services Section, 1200 West Washington, Phoenix, AZ 85007, or by submitting comments on the Commission's website (www.azcc.gov) by clicking on "Cases and Open Meetings" and "Make a Public Comment in a Docket".

If you do not intervene in this proceeding, you will receive no further notice of the proceedings in this docket unless you sign up to Follow the Docket. However, all documents filed in this docket are available online (usually within 24 hours after docketing) at the Commission's website (www.azcc.gov) using the e-Docket function. Information on how to Follow a Docket is available on the Commission's website by clicking on "Cases and Open Meetings" and "Follow a Docket or Document Type."

Customers are advised that the Commission may act upon the Application without a hearing. Regardless of whether a formal hearing is held, customer comments submitted in writing will be placed in the office file, which the Commission reviews prior to making its final decision on the Application. It is important that customers contact the Commission within 15 days of the receipt of this notice so that the Commission's Staff can consider customer comments and concerns in developing its recommendations to the Commission.

CURRENT AND PROPOSED RATES

MONTHLY MINIMUM OR BASIC SERVICE CHARGE					
METER SIZE	CUSTOMER CLASS	CURRENT RATES		PROPOSED RATES	
		RATE	GALLONS INCLUDED	RATE	GALLONS INCLUDED
5/8" x 3/4" Meter	All	\$15.00		\$34.00	
3/4" Meter	All	\$19.00		\$39.00	
1" Meter	All	\$33.00		\$72.00	
1-1/2" Meter	All	\$55.00		\$84.00	
2" Meter	All	\$88.00		\$130.00	
3" Meter	All	\$165.00		\$280.00	
4" Meter	All	\$275.00		\$490.00	
6" Meter	All	\$550.00		\$1,000.00	

GALLONS IN EXCESS OF MINIMUM
Commodity Charge (Per 1,000 Gallons)

	CURRENT RATES			PROPOSED RATES		
		Gallons			Gallons	
5/8" x 3/4" Meter	RATES	FROM	TO	RATES	FROM	TO
FIRST TIER	\$0.00	0	0	\$3.75	0	2,000
SECOND TIER	\$0.00	0	0	\$4.50	2,001	4,000
THIRD TIER	\$0.00	0	0	\$5.50	4,001	99,999,999,999
FLAT RATE	\$3.00					

GALLONS IN EXCESS OF MINIMUM FOR LARGER METER SIZES WITH ONLY TWO TIERS
Commodity Charge (Per 1,000 Gallons)

METER SIZE	RATES		BREAK-OVER POINT	RATES		BREAK-OVER POINT
	LOWER	HIGHER		LOWER	HIGHER	
3/4" Meter	\$0.00	\$0.00	0	\$4.50	\$5.50	10,000
1" Meter	\$0.00	\$0.00	0	\$4.50	\$5.50	25,000
1-1/2" Meter	\$0.00	\$0.00	0	\$4.50	\$5.50	50,000
2" Meter	\$0.00	\$0.00	0	\$4.50	\$5.50	75,000
3" Meter	\$0.00	\$0.00	0	\$4.50	\$5.50	125,000
4" Meter	\$0.00	\$0.00	0	\$4.50	\$5.50	250,000
6" Meter	\$0.00	\$0.00	0	\$4.50	\$5.50	500,000

Hillcrest Water Company
Short Form Rate Application
CURRENT AND PROPOSED RATES
Test Year Ended 12/31/24

Schedule 7b

TYPICAL BILL ANALYSIS General Service 5/8 x 3/4-Inch Meter
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Average Number of Customers: 184

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	1,640	\$19.92	\$40.15	\$20.23	101.6%
Median Usage	460	\$16.38	\$35.73	\$19.35	118.1%

Present & Proposed Rates (Without Taxes)
General Service 5/8 x 3/4-Inch Meter

Gallons	Present	Company Proposed	%
0	\$15.00	\$34.00	126.7%
1,000	18.00	37.75	109.7%
2,000	21.00	41.50	97.6%
3,000	24.00	46.00	91.7%
4,000	27.00	50.50	87.0%
5,000	30.00	56.00	86.7%
6,000	33.00	61.50	86.4%
7,000	36.00	67.00	86.1%
8,000	39.00	72.50	85.9%
9,000	42.00	78.00	85.7%
10,000	45.00	83.50	85.6%
15,000	60.00	111.00	85.0%
20,000	75.00	138.50	84.7%
25,000	90.00	166.00	84.4%
50,000	165.00	303.50	83.9%
75,000	240.00	441.00	83.8%
100,000	315.00	578.50	83.7%
125,000	390.00	716.00	83.6%
150,000	465.00	853.50	83.5%
175,000	540.00	991.00	83.5%
200,000	615.00	1,128.50	83.5%

CURRENT AND PROPOSED SERVICE CHARGES

SERVICE LINE AND METER INSTALLATION CHARGES						
METER SIZE	CURRENT CHARGES			COMPANY PROPOSED		
	Service Line Charge	Meter Charge	Total Charge	Service Line Charge	Meter Charge	Total Charge
5/8" x 3/4" Meter	NT	NT	\$410.00	\$325.00	\$155.00	\$480.00
3/4" Meter	NT	NT	450.00	445.00	225.00	670.00
1" Meter	NT	NT	500.00	495.00	265.00	760.00
1½" Meter	NT	NT	620.00	550.00	525.00	1,075.00
2" Meter	NT	NT	1,210.00	800.00	850.00	1,650.00
2" Turbine Meter	NT	NT	NT	Cost + 10%	Cost + 10%	Cost + 10%
2" Compound Meter	NT	NT	NT	Cost + 10%	Cost + 10%	Cost + 10%
3" Meter	NT	NT	1,680.00	Cost + 10%	Cost + 10%	Cost + 10%
3" Turbine Meter	NT	NT	NT	Cost + 10%	Cost + 10%	Cost + 10%
3" Compound Meter	NT	NT	NT	Cost + 10%	Cost + 10%	Cost + 10%
4" Meter	NT	NT	2,680.00	Cost + 10%	Cost + 10%	Cost + 10%
4" Turbine Meter	NT	NT	NT	Cost + 10%	Cost + 10%	Cost + 10%
4" Compound Meter	NT	NT	NT	Cost + 10%	Cost + 10%	Cost + 10%
6" Meter	NT	NT	5,200.00	Cost + 10%	Cost + 10%	Cost + 10%
6" Turbine Meter	NT	NT	NT	Cost + 10%	Cost + 10%	Cost + 10%
6" Compound Meter	NT	NT	NT	Cost + 10%	Cost + 10%	Cost + 10%

SERVICE CHARGES	CURRENT CHARGES	PROPOSED CHARGES
Establishment	\$30.00	\$35.00
Establishment (After hours)	\$40.00	NT
Reconnection (delinquent)	\$30.00	\$40.00
Meter Test (If correct)	\$30.00	\$30.00
After Hours Service Charge	NT	\$50 per hour
Deposit	*	*
Deposit Interest	*	*
Re-establishment (within 12 months)	**	**
NSF Check	\$20.00	\$25.00
Deferred Payment (Per Month)	1.50%	1.50%
Meter Re-read (If correct)	\$20.00	\$20.00
Late Payment Charge - per month	1.50%	1.50%
Backflow Installation	0	0

* - Per Commission Rules (R-14-2-403.B).

** - Month off system times the minimum (R14-2-403.D).

In addition to the collection of regular rates, the utility will collect from its customers a proportionate share of any privilege, sales, use, and franchise tax. Per commission rule A.A.C. R14-2-409D(5).

Instructions: Update all information in the Grey highlighted cells. Add rows as necessary.