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CARL J. KUNASEK
Chairman
JIM IRVIN
Commissioner
WILLIAM A. MUNDELL
Commissioner

IN THE MATTER OF THE APPLICATION)
OF THE AGUA FRIA WATER DIVISION OF)
CITIZENS UTILITIES COMPANY FOR AN)
ACCOUNTING ORDER AUTHORIZING A)
HOOK-UP FEE FOR RECOVERY OF)
DEFERRED CENTRAL ARIZONA PROJECT)
EXPENSES AND FOR RELATED)
ACCOUNTING TREATMENT)

Docket No. W-01032B-00-0205

**STAFF'S NOTICE OF FILING
TESTIMONY**

Staff of the Arizona Corporation Commission hereby files the Testimony of Ronald E. Ludders, Senior Rate Analyst, Utilities Division, in the above-referenced dockets.

RESPECTFULLY SUBMITTED this 12th day of October, 2000.

Teena Wolfe
Attorney, Legal Division
Arizona Corporation Commission
(602) 542-3402

Original and fifteen copies of the foregoing document filed this 12th day of October, 2000 with:

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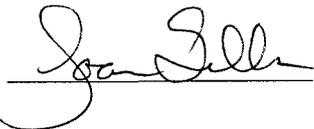
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DIRECT
TESTIMONY OF
RONALD E. LUDDERS
DOCKET NO. W-01032B-00-0205
OCTOBER 12, 2000

BEFORE THE ARIZONA CORPORATION COMMISSION

CARL J. KUNASEK
CHAIRMAN
JIM IRVIN
COMMISSIONER
WILLIAM MUNDELL
COMMISSIONER

IN THE MATTER OF THE APPLICATION OF)
THE AGUA FRIA WATER DIVISION OF)
CITIZENS UTILITIES COMPANY FOR AN)
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DIRECT

TESTIMONY

OF

RONALD E. LUDDERS

SENIOR RATE ANALYST

UTILITIES DIVISION

OCTOBER 12, 2000

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1 **INTRODUCTION**

2 Q. Please state your name, occupation and business address.

3 A. My name is Ronald E. Ludders. I am a Senior Rate Analyst with the Utilities Division of
4 the Arizona Corporation Commission ("Commission"). My business address is 1200
5 West Washington Street, Phoenix, Arizona 85007.

6
7 Q. How long have you been employed by the Commission?

8 A. I have been employed by the Commission since December 1989.

9
10 Q. What are your responsibilities as a Senior Rate Analyst?

11 A. Among other responsibilities, I review and analyze the accounting books and records of
12 regulated utilities for accuracy, completeness, and reasonableness; interpret rules and
13 regulations, prepare work-papers, schedules, staff reports and testimony for rate-making
14 purposes regarding utility applications for rate increases, financing and other matters that
15 come before the Commission.

16
17 Q. Have you previously testified before this Commission?

18 A. Yes.

19
20 Q. What is your educational background?

21 A. I obtained a Bachelor of Science Degree in Business Administration, with majors in
22 Marketing and Accounting from Eastern Illinois University. I possess a minor in
23 Business Management. I have attended NARUC (National Association of Regulatory
24 Utility Commissioners) classes, rate seminars and numerous in-house training classes and
25 courses regarding statistics, utility auditing, management accounting, rate design,
26 taxation, cash working capital studies, and utility service charges.

27 ...

28 ...

1 I have been a member of the National Association of Accountants (now the Institute of
2 Management Accountants) and the Institute of Internal Auditors.

3
4 Q. Briefly describe your pertinent work experience.

5 A. Prior to my employment with the Commission, I held several positions with a large
6 public utility (Arizona Public Service), serving as a Project Accountant, Cost Control
7 Analyst and Internal Auditor. I have also served as a Senior Auditor for the State of
8 Arizona – Auditor General and the Governor’s Management and Audit Team. Further, I
9 have served as a Revenue Auditor with the Arizona Department of Transportation.

10
11 As a Commission employee I have been assigned water, wastewater rate cases, financing,
12 acquisitions, sales of assets, fuel adjustors, Certificates of Convenience and Necessity,
13 interim rate cases, depreciation and tariff matters.

14
15 **PURPOSE OF TESTIMONY**

16 Q. What is the purpose of your testimony in this case?

17 A. I am presenting Staff’s analysis and recommendation for the Citizens Utilities
18 Company’s (“Citizens” or “Company”) request for an accounting order authorizing a
19 hook-up fee for the recovery of deferred Central Arizona Project (“CAP”) expenses and
20 for related accounting treatment for its Agua Fria Division (“Agua Fria” or “Division”).

21
22 Q. Would you please summarize your testimony?

23 A. Staff reviewed, verified and analyzed the data submitted by the Company in their
24 application. Staff also verified that the principles applied are in accordance with prior
25 ACC orders.

26
27 In addition, Staff engaged in discussions with Company representatives and made several
28 requests for additional data.

1 **BACKGROUND**

2 Q. Please briefly describe the Company's application.

3 A. The Agua Fria Division of Citizens Utility Company is engaged in the business of
4 providing water service to approximately 9,300 customers in Maricopa County, under the
5 authority granted by the Arizona Corporation Commission. Citizens entered into two
6 Central Arizona Project¹ ("CAP") water contracts in October 1985. The parties to the
7 first contract are Citizens' Sun City Water affiliate, the United States Bureau of
8 Reclamation ("Bureau") who constructed the CAP facilities and the Central Arizona
9 Water Conservation District ("CAWCD"). The parties to the second contract are Agua
10 Fria, the Bureau and the CAWCD. Sun City contracted for a 15,835 acre-foot allocation
11 while Agua Fria contracted for 1,439 acre-feet from the Bureau and CAWCD.

12
13 In 1998, Citizens reassigned a portion of the Sun City CAP allocation from its Sun City
14 operation to the Agua Fria affiliate. This was done because the initial allocation was
15 based on the geographical areas intended to consume CAP water. Since that time, the
16 boundaries of the individual Certificates of Convenience and Necessity ("CC&N") have
17 been altered and populations have shifted, while the aggregate service area remains
18 unchanged. Based on new studies of projected water demand over the next 35 years,
19 Citizens has concluded that the initial allocation should be redistributed with 64 percent
20 of the total allocation attributed to Agua Fria, 22 percent to Sun City, and 14 percent to
21 Sun City West. As a result, 11,093 acre-feet of CAP Water are now reserved for Agua
22 Fria, comprised of the 1,439 acre-feet initially contracted for plus 9,654 acre-feet
23 redistributed from the Sun City Division.

24
25
26

¹ The CAP is a complex water conveyance system, comprised of canals, siphons and pumping stations, constructed
27 by the United States Bureau of Reclamation over a twenty-year period ending in 1993. It is 336 miles in length
28 extending from the Colorado River near Lake Havasu to just south of the San Xavier Indian Reservation near
Tucson. The primary purpose of CAP is to conserve Arizona's groundwater supplies by importing surface water
from the Colorado River, a source that is renewed each year by rainfall and snowmelt. The CAP is capable of
delivering approximately 1.5 million acre-feet of CAP water annually to Maricopa, Pinal, and Pima counties.

1 **PREVIOUS REQUESTS TO DEFER AND RECOVER CAP CHARGES**

2 Q. How has Citizens been accounting for its CAP charges?

3 A. Since 1985, Citizens has been incurring and paying holding charges² to CAWCD to
4 retain the right to use CAP water for current and future customers³. On June 29, 1994,
5 Sun City Water and Agua Fria filed a joint application requesting an Accounting Order
6 authorizing deferral of CAP holding charges to afford the two entities an opportunity to
7 request recovery of such amounts in future regulatory proceedings. On August 31, 1994,
8 the Commission issued Decision No. 58750 granting approval for the requested
9 accounting treatment, beginning with CAP charges for calendar year 1995.

10

11 On August 17, 1995, Agua Fria, Sun City Water, Sun City Sewer, Sun City West Water,
12 Sun City West Wastewater, and Tubac Valley Water Company filed a joint application
13 with the Commission for rate increases. The application included a request for approval
14 of the recovery of deferred and on-going CAP water M&I charges via a customer
15 surcharge. On May 7, 1997, the Commission issued Decision No. 60172 in which it
16 specifically found the decision by Citizens to obtain the CAP water allocations to have
17 been prudent, but denied the request for a surcharge.

18

19 Q. Why was the surcharge request denied?

20 A. At that time, the Commission felt the CAP water was not "used and useful" and that
21 Citizens did not have a definite plan to use CAP water; therefore, its ultimate use was
22 uncertain.

23 ...

24 ...

25 ...

26

27 ² Initially these charges were referred to by the CAWCD as "subcontract charges" before 1993, and now as
"municipal and industrial" or "M&I" capital charges.

28 ³ The initial annual M&I charges were \$2 per acre-foot, but by 1994 had increased to \$10.50 per acre-foot. The
current cost is \$48 per acre-foot.

1 Q. What has happened since that decision?

2 A. In October 1998, Citizens' affiliates Sun City West and Sun City Water filed a joint
3 application with the Commission seeking approval of a "groundwater savings fee," a
4 portion of which was intended to enable the two companies to recover their respective
5 deferred CAP M&I charges. Included in that filing was a definitive plan for the use of
6 CAP water that was independently developed by a special CAP Task Force comprised of
7 representatives from the various groups in the communities of Sun City, Sun City West,
8 and Youngtown. A key element of that plan was for Citizens to begin delivering CAP
9 water to the existing Maricopa Water District ("MWD") Recharge⁴ Facility, which it
10 began doing in March 2000.

11
12 In its Decision No. 62293, issued on February 1, 2000, the Commission found that the
13 two requirements of Decision No. 60172 had been satisfied (CAP water was found to be
14 used and useful and a Groundwater Savings Project was completed), and that recovery of
15 the deferred costs was appropriate.

16
17 Since Commission Decision No. 60172, Agua Fria also has taken steps to satisfy the
18 decision's "used and useful" requirements. On July 15, 1999, Agua Fria was issued a
19 permit by the Arizona Department of Water Resources ("ADWR") that will allow the
20 storage of up to 11,093 acre-feet of CAP water at the MWD Recharge Facility,
21 conditioned upon the execution of an appropriate agreement with the MWD. Agua Fria
22 and the MWD entered into an agreement on December 17, 1999. Under this agreement,
23 Agua Fria has begun delivering 2,100 acre-feet per year into the MWD Recharge
24 Facility. The delivery will increase each year by an additional 1,100 acre-feet, until full
25 use of the allocation is achieved in the year 2008. The use of CAP water by Agua Fria is
26 identical to the interim plan adopted by Sun City Water and Sun City West, which the

27
28 ⁴ Recharge refers to artificial recharge which is the act of deliberately augmenting the water supply of an aquifer or
an exchange where existing groundwater users accept renewable, non-groundwater, supplies instead of pumping
groundwater.

1 Commission found to comply with the “used and useful” criteria in Decision No. 60172.
2 Furthermore, MWD’s boundaries are close in alignment with the certificated area of
3 Agua Fria. Because of this alignment of service areas, Agua Fria will receive a direct and
4 immediate benefit from reduced groundwater pumping by MWD. Accordingly, recovery
5 of CAP costs deferred by Agua Fria is now appropriate.
6

7 **CURRENT REQUEST TO RECOVER CAP CHARGES**

8 Q How has the Agua Fria Division proposed to recover the deferred CAP costs?

9 A. Agua Fria proposes to recover these charges through a flat hook-up fee assessed to
10 developers and builders of residential and commercial subdivisions. To date, Agua Fria
11 has paid over \$2.45 million in CAP water M&I charges that are currently recorded on the
12 balance sheet, Account 186 – Miscellaneous Deferred Debits. A summary of such
13 amounts is presented in Schedule REL-2. The current tariff rates for Agua Fria do not
14 include recovery of any CAP related costs. Accordingly, the Division has requested
15 approval to begin recovering its deferred CAP M&I charge.
16

17 Q. What is the mechanism by which the Division proposes to impose a hook-up fee?

18 A. The Division will apply the hook-up fees to all new connections established via certain
19 existing and all future Line Extension Agreements.
20

21 Q. How can Agua Fria place a hook-up fee on existing Line Extension Agreements?

22 A. The Division has anticipated the need for a hook-up fee for the recovery of deferred CAP
23 water charges and has made such a disclosure on its Line Extension Agreements. In
24 effect, the Division has advised the developers, via signed Line Extension Agreements,
25 that they intend to seek authority from the Commission to collect a “development fee”
26 (hook-up fee) to recover its costs related to CAP contract. Developers were informed
27 that, once Commission approval was obtained, a one-time charge would be placed on all
28 new connections. The Line Extension Agreement goes on to say that the “Developer

1 agrees to notify all future Owners/Developers of the requirement (subject to the ACC
2 approval) to pay said fee and agrees that neither Developer nor their affiliates will object
3 directly or indirectly to the imposition of such charge.” Therefore, the fee would apply to
4 all line extension agreed upon by developers.

5
6 Q. What type of hook-up fee structure is the Company proposing?

7 A. The Company has proposed three different hook-up fees; 1) a \$150 fee for age-restricted
8 dwellings⁵, 2) a \$257 fee for conventional residential housing units, and 3) a \$150
9 Equivalent Resident Unit (“ERU”) fee for commercial buildings. (Fees were determined
10 by adding deferred and ongoing CAP charges and dividing by the number of hook-ups
11 documented in the Agua Fria Master Plan.) The fee differential reflects the distinctive
12 water usage patterns for the three customer categories, as documented in the Agua Fria
13 Master Plan and the projected future annual number of hook-ups over the next ten years.
14 According to the Company, this concept and the corresponding rates have been discussed
15 in meetings with representatives of the major developers and builders who support the
16 concept.

17
18 Q. Is this the same method of recovery allowed in Decision No. 62293, with Sun City Water
19 and Sun City West Utilities?

20 A. No, hook-up fees were not requested in the recent CAP cost recovery filing by Sun City
21 Water and Sun City West Utilities.

22
23 Q. Why is that?

24 A. Essentially, these areas are built out. Therefore, a hook-up fee would not generate
25 enough revenue to recover the deferred CAP costs.

26 ...

27
28

⁵ Age restricted dwellings are those residential units that have been legally granted an age-restricted overlay zoning by the governmental body having jurisdiction.

1 Q. What is the difference between the Sun Cities and the Agua Fria service areas?

2 A. The Agua Fria area is only about 15 percent built out, leaving an ample opportunity to
3 recover deferred CAP costs via hook-up fees. Moreover, the use of hook-up fees at least
4 initially transfers cost responsibility from ratepayers to builders and developers. By
5 utilizing the hook-up fee concept, ratepayers will not pay the deferred CAP charges.

6
7 Q. Does Staff agree with the Company's request for an 8.73 percent rate of return as a
8 carrying charge to be applied to deferred CAP charges?

9 A. Consistent with Decision No. 62293, dated February 1, 2000 (Sun Cities), Staff
10 recommends the 4.365 percent interest component currently in effect be approved. In
11 that Order, the Commission approved a going forward carrying cost of 50 percent of the
12 authorized 8.73 percent rate of return or 4.365 percent.

13
14 Q. Will such a reduction in the interest component affect the requested hook-up fees?

15 A. Yes, because the revenue requirement is reduced as a result of the reduction of the
16 interest component, the hook-up fees will be reduced accordingly. Therefore, Staff has
17 reduced the requested age-restricted dwellings fee from \$150 to \$127, the conventional
18 residential housing units from \$257 to \$218, and commercial buildings from \$150 to
19 \$127. (See Schedule REL-1.)

20
21 Q. How has the Division proposed to account for the deferred CAP M&I charges?

22 A. Agua Fria has proposed to continue to defer those portions of future CAP payments
23 relating to CAP water not being taken in Account 186 – Miscellaneous Deferred Debits.
24 Expenses for water actually taken and associated delivery costs are current water supply
25 expenses and are not being included in existing tariff rates because they were not
26 included in the Company's previous rate case. Such rates may be changed in a future rate
27 proceeding. A summary of estimated future CAP M&I payments, split between the
28 portions deferred and the portions charged to expense are presented in Schedule REL-3.

1 **THE REQUESTED ACCOUNTING ORDER**

2 Q. Is Staff recommending approval of an Accounting Order to continue to defer CAP costs
3 for water not being used or delivered for recharge?

4 A. Yes, this treatment is consistent with Decision No. 59079, dated May 5, 1995, regarding
5 CAP charge recovery for Paradise Valley. The Commission allowed the recovery of
6 CAP M&I charges without CAP water actually being used where Paradise Valley Water
7 Company showed that both existing and future customers benefited from its CAP
8 allocation.

9
10 Q. How will the Company's proposed accounting procedure prevent them from receiving a
11 greater rate of return than that approved in their last rate case?

12 A. Citizens has requested that the Accounting Order define the manner in which the deferred
13 CAP M&I charges be amortized to expense. Specifically, they have requested the
14 amortization take place monthly so that, after deducting the amortization expense from
15 the actual hook-up fee revenues, the resulting after-tax operating income equals the
16 required return on the deferral balance based on the rate of return approved in the last
17 Agua Fria Division rate case. This approach will ensure that Citizens neither over nor
18 under recovers its deferred costs. Based on Citizens' current projections, the deferred
19 balance will be fully amortized in approximately ten years. Any differences between
20 projected and actual numbers of hook-ups would be automatically offset by a change in
21 the amortization amount computed.

22
23 Q. Please provide an example of this procedure.

24 A. Schedule REL-4 illustrates the calculation of the quarterly amount of deferrals to be
25 amortized. Actual hook-ups in excess of projected hook-ups will automatically
26 accelerate the rate of the amortization. Likewise, hook-ups less than projected will
27 automatically decrease the rate of amortization. The application of this accounting
28 treatment eliminates the concern of either over or under recovering the deferred costs.

1 **SUMMARY**

2 Q. Please summarize Citizens' application.

3 A. Because the Commission has determined that the Company's procurement of CAP water
4 was prudent and that the recharge activity is considered a "used and useful" activity,
5 Citizens has requested that the Commission allow recovery of its deferred CAP costs. As
6 of March 2000, the Agua Fria Division began delivering CAP water to the MWD
7 Recharge Facility. The Company also requested an Accounting Order allowing the
8 Company to record the amortization of the deferrals in a specified manner. The
9 Company requested Commission approval without a hearing.

10

11 **STAFF RECOMMENDATIONS**

12 Q. Please summarize Staff's recommendations in this proceeding.

13 A. Staff recommends the Commission approve Staff's recommended hook-up fees as
14 depicted on Schedules REL-2 and REL-4.

15

16 Staff further recommends that the Commission approve hook-up fees of \$127 for age-
17 restricted dwellings, \$218 for conventional residential housing units, and \$127 per ERU
18 for commercial buildings.

19

20 Staff further recommends that the Commission allow the continued deferral of CAP
21 charges until the full allocation of water is either directly used and/or delivered to the
22 recharge facility.

23

24 Staff further recommends that the deferred CAP costs shall include a going forward
25 carrying cost of 4.365 percent consistent with Decision No. 62293, dated February 1,
26 2000.

27 ...

28 ...

1 Staff further recommends that the Agua Fria Division submit an annual informational
2 report to the Director of Utilities, showing the amounts collected through deferred CAP
3 hook-up fees, the amounts amortized and the outstanding balance of CAP deferrals.

4
5 Staff further recommends that when the deferred CAP charges are recovered, the
6 corresponding hook-up fees be terminated and that any over-collection be applied to any
7 on-going CAP costs.

8
9 Staff further recommends that within the Amoritization period in the event Agua Fria
10 fails to recharge its full CAP water allocation, the deferred CAP hook-up fee should
11 terminate and the Division should forfeit recovery of the deferred CAP costs.

12
13 Staff further recommends that Agua Fria file with the Commission for an adjustment to
14 the approved hook-up fees to reflect any price fluctuations in the recharge costs or billing
15 determinants. This filing should be made as soon as any fluctuation becomes known and
16 measurable but not less than annually.

17
18 Q. Does this conclude your direct testimony?

19 A. Yes, it does.
20
21
22
23
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**CITIZENS UTILITIES COMPANY
Agua Fria Water Division
Comparison of Charges**

Schedule REL-1

	<u>Company</u>	<u>Staff</u>
Revenue Requirement	5,889,793	5,012,133
Interest Component	8.73%	4.365%
Hook-up fees*:		
Age-restricted dwellings	\$ 150.00	\$ 127.00
Conventional Units	\$ 257.00	\$ 218.00
Commercial Equivalent Residential Units	\$ 150.00	\$ 127.00

* Based on the Agua Fria Master Plan.

CITIZENS UTILITIES COMPANY
Agua Fria Water Division
Summary of CAP Deferrals

Schedule REL-2

<u>Payment Date</u>	<u>Paid by Sun City Water</u>	<u>Allocated to Agua Fria (a)</u>	<u>Paid by Agua Fria</u>	<u>Total Agua Fria Deferral</u>
Jan. 2, 1995	112,874	68,815	10,238	79,053
May 26, 1995	166,268	101,367	15,109	116,476
Nov. 30, 1995	237,525	144,810	21,585	166,395
May 31, 1996	237,525	144,810	21,585	166,395
Nov. 1, 1996	308,783	188,253	28,060	216,313
April 25, 1997	308,782	188,253	28,060	216,313
Dec. 31, 1997	380,040	231,696	34,536	266,232
May 29, 1998	380,040	231,696	34,536	266,232
Dec. 31, 1998			266,232	266,232
May 28, 1999			266,232	266,232
Dec. 3, 1999			215,832 (b)	<u>215,832</u>
		Balance at December 31, 1999		2,241,705
May 5, 2000			215,832 (b)	<u>215,832</u>
		Balance at June 30, 2000		<u><u>2,457,537</u></u>

(a) Based on ratio of acre-feet allocation (9,654/15,835)

(b) Computed as: $(11,093 - 2,100) \times \$48 \times 50\%$

CITIZENS UTILITIES COMPANY
Agua Fria Water Division
Distribution of Future CAP Payments

Schedule REL-3

Year	(A) Total Allotment Acre-feet	(B) Amount Used	(C) Amount Unused	(D) M & I Rate	(E) (BxD) Amount Expensed	(F) (CxD) Amount Deferred
2000	11,093	2,100	8,993	\$ 48	\$ 100,800	\$ 431,664
2001	11,093	3,200	7,893	54	172,800	426,222
2002	11,093	4,300	6,793	54	232,200	366,822
2003	11,093	5,400	5,693	54	291,600	307,422
2004	11,093	6,500	4,593	54	351,000	248,022
2005	11,093	7,600	3,493	54	410,400	188,622
2006	11,093	7,800	2,393	54	469,800	129,222
2007	11,093	9,800	1,293	54	529,200	69,822
2008	11,093	10,900	193	54	588,600	10,422
					<u>\$ 3,146,400</u>	<u>\$ 2,178,240</u>

CITIZENS UTILITIES COMPANY
Agua Fria Water Division
CAP Deferral Cost Recovery

	4th Qtr 2000	1st Qtr 2001	2nd Qtr 2001	3rd Qtr 2001	4th Qtr 2001	1st Qtr 2002	2nd Qtr 2002	3rd Qtr 2002	4th Qtr 2002
1 Deferred Cap Costs	2,457,537	2,457,537	2,673,369	2,673,369	2,886,480	2,886,480	3,099,591	3,099,591	3,283,002
2 Additional CAP Payments		215,832		213,111		213,111		183,411	
3 Less: Accumulated Amortization	2,457,537	2,673,369	2,673,369	2,886,480	2,886,480	3,099,591	3,099,591	3,283,002	3,283,002
4 Net Deferred CAP Costs	(103,470)	(221,953)	(341,686)	(461,038)	(581,776)	(695,587)	(810,351)	(924,540)	(1,040,291)
5 Less: A.D.I.T.	2,354,067	2,451,416	2,331,683	2,425,442	2,304,704	2,404,004	2,289,240	2,358,462	2,242,711
6 Net CAP Investment	(924,677)	(962,916)	(915,885)	(952,713)	(905,288)	(944,293)	(899,213)	(926,404)	(880,937)
	1,429,389	1,488,500	1,415,798	1,472,728	1,399,416	1,459,712	1,390,026	1,432,058	1,361,774
Return on Net Investment (a)									
7 L-T Debt (.3825%)	5,467	5,694	5,415	5,633	5,353	5,583	5,317	5,478	5,209
8 Preferred Equity (.0387%)	553	576	548	570	542	565	538	554	527
9 Common Equity (.6702%)	9,580	9,976	9,489	9,870	9,379	9,783	9,316	9,598	9,127
10 Total	15,600	16,245	15,452	16,073	15,273	15,931	15,171	15,629	14,862
11 Amortization Expense	103,470	118,483	119,733	119,353	120,738	113,810	114,765	114,189	115,751
12 Income Tax on Equity Returns	3,980	4,145	3,942	4,101	3,897	4,065	3,871	3,988	3,792
13 Revenue Requirement (10+11+12)	123,051	138,873	139,127	139,527	139,908	133,806	133,806	133,806	134,405
Revenues Forecasted:									
14 Retirements Units	375	273	275	276	276	264	264	267	267
15 Revenues @ \$127	47,625	34,671	34,925	35,052	35,052	33,528	33,528	33,909	33,909
16 Conventional Units	339	471	471	474	474	453	453	453	454
17 Revenues @ \$218	73,902	102,678	102,678	103,332	103,332	98,754	98,754	98,754	98,972
18 Commercial Units	12	12	12	9	12	12	12	9	12
19 Revenues @ \$127	1,524	1,524	1,524	1,143	1,524	1,524	1,524	1,143	1,524
20 Total	123,051	138,873	139,127	139,527	139,908	133,806	133,806	133,806	134,405
Current Period Excess of (Deficiency)	0	0	0	0	0	0	0	0	(0)
Cumulative Excess or (Deficiency)	0	0	0	0	0	0	0	0	(0)

(a) Quarterly equivalent of one-half the 8.73 percent annual rate of return (4.365 percent) authorized in Decision 60172.

1st Qtr 2003	2nd Qtr 2003	3rd Qtr 2003	4th Qtr 2003	1st Qtr 2004	2nd Qtr 2004	3rd Qtr 2004	4th Qtr 2004	1st Qtr 2005	2nd Qtr 2005	3rd Qtr 2005	4th Qtr 2005
3,283,002	3,466,413	3,466,413	3,623,724	3,623,724	3,781,035	3,781,035	3,905,046	3,905,046	4,029,057	4,029,057	4,123,368
183,411	157,311	157,311		157,311		124,011		124,011		94,311	
3,466,413	3,466,413	3,623,724	3,623,724	3,781,035	3,781,035	3,905,046	3,905,046	4,029,057	4,029,057	4,123,368	4,123,368
(1,145,146)	(1,251,577)	(1,357,325)	(1,464,344)	(1,563,360)	(1,663,463)	(1,763,329)	(1,864,856)	(1,959,382)	(2,055,140)	(2,150,874)	(2,248,052)
2,321,267	2,214,836	2,266,399	2,159,380	2,217,675	2,117,572	2,141,717	2,040,190	2,069,675	1,973,917	1,972,494	1,875,316
(911,794)	(869,988)	(890,241)	(848,204)	(871,103)	(831,782)	(841,266)	(801,387)	(812,968)	(775,355)	(774,796)	(736,624)
1,409,473	1,344,848	1,376,157	1,311,175	1,346,572	1,285,790	1,300,450	1,238,803	1,256,707	1,198,562	1,197,698	1,138,692
5,391	5,144	5,264	5,015	5,151	4,918	4,974	4,738	4,807	4,585	4,581	4,355
545	520	533	507	521	498	503	479	486	464	464	441
9,446	9,013	9,223	8,787	9,025	8,617	8,716	8,302	8,422	8,033	8,027	7,632
15,383	14,678	15,019	14,310	14,696	14,033	14,193	13,520	13,716	13,081	13,072	12,428
104,855	106,431	105,748	107,019	99,016	100,103	99,866	101,527	94,526	95,758	95,734	97,178
3,925	3,745	3,832	3,651	3,750	3,580	3,621	3,450	3,499	3,337	3,335	3,171
124,163	124,853	124,599	124,980	117,462	117,716	117,680	118,497	111,741	112,177	112,141	112,776
243	245	246	246	228	230	231	231	219	219	220	222
30,861	31,115	31,242	31,242	28,956	29,210	29,337	29,337	27,813	27,813	27,940	28,194
421	423	423	423	399	399	400	402	378	380	381	381
91,778	92,214	92,214	92,214	86,982	86,982	87,200	87,636	82,404	82,840	83,058	83,058
12	12	9	12	12	12	9	12	12	12	9	12
1,524	1,524	1,143	1,524	1,524	1,524	1,143	1,524	1,524	1,524	1,143	1,524
124,163	124,853	124,599	124,980	117,462	117,716	117,680	118,497	111,741	112,177	112,141	112,776
0	(0)	(0)	(0)	(0)	(0)	(0)	0	(0)	0	0	(0)
0	(0)	(0)	(0)	(0)	(0)	(0)	0	(0)	0	0	(0)

1st Qtr 2006	2nd Qtr 2006	3rd Qtr 2006	4th Qtr 2006	1st Qtr 2007	2nd Qtr 2007	3rd Qtr 2007	4th Qtr 2007	1st Qtr 2008	2nd Qtr 2008	3rd Qtr 2008	4th Qtr 2008
4,123,368	4,217,679	4,217,679	4,282,290	4,282,290	4,346,901	4,346,901	4,381,812	4,381,812	4,416,723	4,416,723	4,421,934
94,311		64,611		64,611		34,911		34,911		5,211	
4,217,679	4,217,679	4,282,290	4,282,290	4,346,901	4,346,901	4,381,812	4,381,812	4,416,723	4,416,723	4,421,934	4,421,934
(2,331,622)	(2,415,893)	(2,500,073)	(2,586,039)	(2,662,076)	(2,739,410)	(2,817,100)	(2,895,826)	(2,963,823)	(3,032,647)	(3,101,748)	(3,171,813)
1,886,057	1,801,786	1,782,217	1,696,251	1,684,825	1,607,491	1,564,712	1,485,986	1,452,900	1,384,076	1,320,186	1,250,121
(740,843)	(707,741)	(700,055)	(666,287)	(661,799)	(631,422)	(614,619)	(583,695)	(570,699)	(543,665)	(518,569)	(491,047)
1,145,214	1,094,044	1,082,162	1,029,963	1,023,026	976,068	950,093	902,291	882,201	840,411	801,617	759,073
4,380	4,185	4,139	3,940	3,913	3,733	3,634	3,451	3,374	3,215	3,066	2,903
443	423	419	399	396	378	368	349	341	325	310	294
7,675	7,332	7,253	6,903	6,856	6,542	6,368	6,047	5,913	5,632	5,372	5,087
12,499	11,940	11,811	11,241	11,165	10,653	10,369	9,848	9,628	9,172	8,749	8,285
83,570	84,271	84,180	85,966	76,037	77,334	77,690	78,726	67,997	68,824	69,101	70,065
3,189	3,046	3,013	2,868	2,849	2,718	2,646	2,512	2,457	2,340	2,232	2,114
99,258	99,258	99,004	100,075	90,051	90,705	90,705	91,086	80,082	80,336	80,082	80,463
234	234	235	237	213	213	216	216	186	188	189	189
29,718	29,718	29,845	30,099	27,051	27,051	27,432	27,432	23,622	23,876	24,003	24,003
312	312	312	314	282	285	285	285	252	252	252	252
68,016	68,016	68,016	68,452	61,476	62,130	62,130	62,130	54,936	54,936	54,936	54,936
12	12	9	12	12	12	9	12	12	12	9	12
1,524	1,524	1,143	1,524	1,524	1,524	1,143	1,524	1,524	1,524	1,143	1,524
99,258	99,258	99,004	100,075	90,051	90,705	90,705	91,086	80,082	80,336	80,082	80,463
0	0	(0)	(0)	0	0	0	(0)	0	(0)	0	(0)
0	0	(0)	(0)	0	0	0	(0)	0	(0)	0	(0)

1st Qtr 2009	2nd Qtr 2009	3rd Qtr 2009	4th Qtr 2009	1st Qtr 2010	2nd Qtr 2010	3rd Qtr 2010	4th Qtr 2010	1st Qtr 2011	2nd Qtr 2011	3rd Qtr 2011	4th Qtr 2011
4,421,934	4,427,145	4,427,145	4,427,145	4,427,145	4,427,145	4,427,145	4,427,145	4,427,145	4,427,145	4,427,145	4,427,145
5,211											
4,427,145	4,427,145	4,427,145	4,427,145	4,427,145	4,427,145	4,427,145	4,427,145	4,427,145	4,427,145	4,427,145	4,427,145
(3,241,378)	(3,311,783)	(3,382,522)	(3,454,239)	(3,516,449)	(3,578,961)	(3,641,485)	(3,704,918)	(3,769,561)	(3,834,747)	(3,900,095)	(3,966,047)
1,185,767	1,115,362	1,044,623	972,906	910,696	848,184	785,660	722,227	657,584	592,398	527,050	461,098
(465,769)	(438,114)	(410,328)	(382,157)	(357,721)	(333,167)	(308,607)	(283,691)	(258,299)	(232,694)	(207,025)	(181,119)
719,998	677,248	634,295	590,748	552,974	515,017	477,053	438,536	399,285	359,704	320,025	279,979
2,754	2,590	2,426	2,260	2,115	1,970	1,825	1,677	1,527	1,376	1,224	1,071
279	262	245	229	214	199	185	170	155	139	124	108
4,825	4,539	4,251	3,959	3,706	3,452	3,197	2,939	2,676	2,411	2,145	1,876
7,858	7,391	6,923	6,447	6,035	5,621	5,207	4,786	4,358	3,926	3,493	3,056
69,565	70,405	70,739	71,717	62,210	62,512	62,524	63,433	64,643	65,186	65,348	65,952
2,005	1,886	1,766	1,645	1,540	1,434	1,328	1,221	1,112	1,002	891	780
79,428	79,682	79,428	79,809	69,785	69,567	69,059	69,440	70,113	70,113	69,732	69,787
186	188	189	189	165	165	164	164	159	159	156	156
23,622	23,876	24,003	24,003	20,955	20,955	20,828	20,828	20,193	20,193	19,812	19,812
249	249	249	249	217	216	216	216	222	222	222	224
54,282	54,282	54,282	54,282	47,306	47,088	47,088	47,088	48,396	48,396	48,396	48,832
12	12	9	12	12	12	9	12	12	12	12	9
1,524	1,524	1,143	1,524	1,524	1,524	1,143	1,524	1,524	1,524	1,524	1,143
79,428	79,682	79,428	79,809	69,785	69,567	69,059	69,440	70,113	70,113	69,732	69,787
0	(0)	0	(0)	0	0	0	(0)	0	(0)	0	(0)
0	(0)	0	(0)	0	0	0	(0)	0	(0)	0	(0)

1st Qtr <u>2012</u>	2nd Qtr. <u>2012</u>	3rd. Qtr <u>2012</u>	4th Qtr <u>2012</u>	1st Qtr <u>2013</u>	2nd Qtr. <u>2013</u>
4,427,145	4,427,145	4,427,145	4,427,145	4,427,145	4,427,145
4,427,145	4,427,145	4,427,145	4,427,145	4,427,145	4,427,145
(4,032,881)	(4,100,275)	(4,167,850)	(4,236,047)	(4,305,145)	(4,374,823)
394,264	326,870	259,295	191,098	122,000	52,322
(154,867)	(128,394)	(101,851)	(75,063)	(47,922)	(20,552)
239,397	198,475	157,444	116,035	74,078	31,770
916	759	602	444	283	122
93	77	61	45	29	12
1,604	1,330	1,055	778	496	213
2,613	2,166	1,718	1,266	808	347
66,834	67,394	67,575	68,197	69,098	69,678
667	553	438	323	206	88
70,113	70,113	69,732	69,787	70,113	70,113
159	159	156	156	159	159
20,193	20,193	19,812	19,812	20,193	20,193
222	222	222	224	222	222
48,396	48,396	48,396	48,832	48,396	48,396
12	12	12	9	12	12
1,524	1,524	1,524	1,143	1,524	1,524
70,113	70,113	69,732	69,787	70,113	70,113
(0)	0	0	0	0	(0)
(0)	0	0	0	0	(0)