

LAS QUINTAS SERENAS WATER CO

P.O. Box 68

Sahuarita, Arizona 85629

Telephone: 520.625.8040 Facsimile: 520.648.3520



0000012733

Arizona Corporation Commission

DOCKETED

OCT 27 2004

DOCKETED BY	<i>AM</i>
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PUBLIC NOTICE OF HEARING ON THE
RATE APPLICATION OF
LAS QUINTAS SERENAS WATER COMPANY
Docket No. W-01583A-04-0178

AZ CORP COMMISSION
DOCUMENT CONTROL

2004 OCT 27 PM 2:00

RECEIVED

3157

On March 9, 2004, Las Quintas Serenas Water Company ("Company") filed an application with the Arizona Corporation Commission for an increase in its rates. Copies of the Company's application and proposed tariffs are available at its office by appointment, as the Company does not have set office hours, and at the Commission's offices for public inspection during regular business hours.

The Commission will hold a public hearing on this matter beginning **October 13, 2004 at 10:00 a.m.** at the Commission's offices, Room 222, 400 West Congress Street, Tucson Arizona. Public comments will be taken on the first day of the hearing.

The law provides for an open public hearing at which, under appropriate circumstances, interested parties may intervene. Intervention shall be permitted to any person entitled by law to intervene and having a direct and substantial interest in the matter. Persons desiring to intervene must file a written motion to intervene with the Commission no later than **August 15, 2004**. The motion to intervene must be sent to the company or its counsel and to all parties of record, and shall contain the following:

1. The name, address, and telephone number of the proposed intervenor and of any party upon whom service of documents is to be made if different from the intervenor.
2. A short statement of the proposed intervenor's interest in the proceeding (e.g., a customer of the Company, a shareholder of the Company, etc.).
3. A statement certifying that a copy of the motion to intervene has been mailed to the Company or its counsel and to all parties of record in the case.

The granting of intervention, among other things, entitles a party to present sworn evidence at the hearing and to cross-examine other witnesses. However, failure to intervene will not preclude any interested person or entity from appearing at the hearing and providing public comment on the application or from filing written comments in the record of the case. You will not receive any further notice of this proceeding unless you request it.

If you wish to make written comments objecting to, or supporting this application, mail them to:

Arizona Corporation Commission
Attention: Docket Control
Re: Las Quintas Serenas Water Company
W-01583A-04-0178
1200 W. Washington Street
Phoenix, Arizona 85007

If you have any questions about this application, or want further information on intervention, you may contact the Consumer Services Section of the Commission at 1200 W. Washington Street, Phoenix, Arizona 85007 or call 1-800-222-7000.

The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting Yvonne McFarlin at YmcFarlin@admin.cc.state.az.us, the ADA Coordinator, voice phone number 602/542-3931. Requests should be made as early as possible to allow time to arrange the accommodation.

EXHIBIT	
tabbles	A-1
ADMITTED	

LAS QUINTAS SERENAS WATER COMPANY

P.O. Box 68

Sahuarita, Arizona 85629

Telephone: 520.625.8040 Facsimile: 520.648.3520

May 24, 2004

Dear LQS Customer;

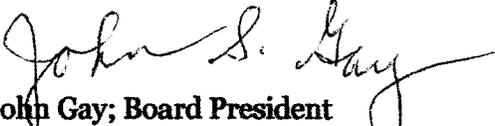
On March 9, 2004 Las Quintas Serenas Water Company applied to the Arizona Corporation Commission for an increase in the company's rates and charges due to increases in the cost of doing business, the need to upgrade/expand the company's facilities and equipment to meet our community's needs, and to comply with applicable state and federal regulations.

Las Quintas Serenas Water Company has not asked for a rate increase since 1984. During the intervening period of time, all profits were reinvested into the company. However, we have reached the point where we can no longer postpone increasing our rates.

We have enclosed a copy of the Public Notice of Hearing on the Rate Application for your information.

Please note, as specified in the Notice, that copies of the submitted Rate Application and proposed tariffs are available in our office for your review. As we do not have set business hours, should you want to inspect these documents, please contact the office to make an appointment, (520) 625-8040.

Thank you for your patronage.


John Gay; Board President
Las Quintas Serenas Water Company

LAS QUINTAS SERENAS WATER COMPANY

P.O. Box 68

Sahuarita, Arizona 85629

Telephone: 520.625.8040 Facsimile: 520.648.3520

AFFIDAVIT OF MAILING

STATE OF ARIZONA)
) SS
County of Pima)

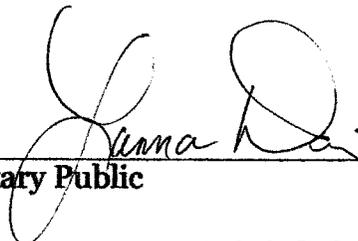
Kaycee Conger, being duly sworn, states that on Wednesday, May 26, 2004, she delivered Public Notices of Hearing on the Rate Application of Las Quintas Serenas Water Company complete with cover letter from the aforementioned company (copies of which are hereto attached) which were deposited in the United States Post Office in the town of Sahuarita, Arizona, within sealed envelopes, postage prepaid, and duly addressed to each consumer of record at his or her last known mailing address as it was recorded on the books of Las Quintas Serenas Water Company.

IN WITNESS WHEREOF, the undersigned party has executed this Affidavit of Mailing this 26th day of May 2004.

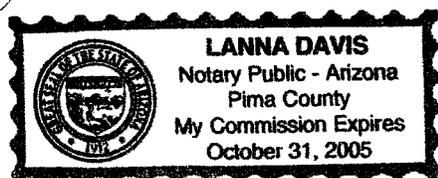
By: 
Kaycee Conger, Office Manager

SUBSCRIBED AND SWORN TO before me this 26th day of May 2004, by
Kaycee Conger Lanna Davis

My Commission Expires: 10/31/05


Notary Public

5/26/04



LAS QUINTAS SERENAS WATER COMPANY
16965 CAMINO DE LAS QUINTAS
P.O. BOX 68
SAHUARITA, ARIZONA 85629
(520) 625-8040 TELEPHONE (520) 648-3520 FACSIMILE
LQSWATER@AOL.COM

RATE CASE APPLICATION
TEST YEAR ENDING SEPTEMBER 30, 2003

RESPECTFULLY SUBMITTED BY:

John S. Gay

 John S. Gay, LOS Board President

March 3, 2004

 Date

Steven G. Gay

 Steven G. Gay, General Manager / Operator

3-3-04

 Date

EXHIBIT
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A-2

ADMITTED

Cover Sheet

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MAR 08 2004

ARIZONA CORP. COMM.
TUCSON, AZ

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COMPANY NAME:

LAS QUINTAS SERENAS WATER COMPANY

DBA (if applicable):

DOCKET NUMBER(s):

W-01583A-04

INSTRUCTIONS: Please choose the item that best describes the nature of the case/filing.

UTILITIES - NEW APPLICATION

- | | |
|---|--|
| <input type="checkbox"/> New CC&N | <input type="checkbox"/> Interconnection Agreement |
| <input type="checkbox"/> Extension of CC&N | <input checked="" type="checkbox"/> Rates |
| <input type="checkbox"/> Deletion of CC&N | <input type="checkbox"/> Financing |
| <input type="checkbox"/> Cancellation of CC&N | <input type="checkbox"/> Format Complaint |
| <input type="checkbox"/> Tariff (NEW) | |
| <input type="checkbox"/> Miscellaneous - Specify: _____ | |

UTILITIES - REVISIONS/AMENDMENTS/COMPLIANCE

Application

Decision No: _____
Docket No: _____

Tariff

Promotional: _____
Compliance: _____

MISCELLANEOUS FILINGS

- | | |
|---|--|
| <input type="checkbox"/> Affidavit (Publication, Public Notice) | <input type="checkbox"/> Motion to Intervene |
| <input type="checkbox"/> Request/Motion | <input type="checkbox"/> Notice of Errata |
| <input type="checkbox"/> Comments | <input type="checkbox"/> Testimony |
| <input type="checkbox"/> Exception | <input type="checkbox"/> Response/Reply |
| <input type="checkbox"/> Exhibit(s) | <input type="checkbox"/> Witness List |
| <input type="checkbox"/> Miscellaneous - Specify: _____ | |

03/08/04

Date

STEVEN G. GAY

Print name of the person who signed the document
(i.e. Contact Person, Respondent, Attorney, Applicant, etc.)

**LQS WATER COMPANY
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**LQS WATER COMPANY
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Las Quintas Serenas Water Company, an Arizona public service corporation ("Las Quintas Serenas Water Company" or "LQS Water Company") hereby applies for an order establishing the fair value of its plant and property used for the provision of public utility service and, based on such fair value, approving permanent rates and charges for utility service provided by LQS Water Company and designed to produce a fair return thereon.

1. LQS Water Company is a public service corporation engaged in providing water utility services in a portion of Southern Pima County, Arizona, pursuant to certificates of public convenience and necessity granted by the Arizona Corporation Commission (the "Commission") to LQS Water Company and its predecessors in interest. At the present time, LQS Water Company provides utility service to nearly 1,000 customers in Arizona.

2. LQS Water Company's business office is located at 16961 S. Camino de Las Quintas, Sahuarita Arizona 85629, the mailing address is P.O. Box 68, Sahuarita, Arizona 85629, and the telephone number is (520) 625-8040. LQS Water Company's President is John S. Gay. The primary management contact is Steven G. Gay. He is also responsible for overseeing LQS Water Company operations. Mr. Gay is responsible for overseeing and directing the conduct of this rate application. **All discoveries, data requests and other requests for information concerning this Application should be directed to Mr. Gay, with a copy to undersigned counsel for LQS Water Company.**

3. In this Application, LQS Water Company seeks a determination of the current, fair value of its property devoted to public service and approval of permanent adjustments to its rates and charges for utility service based thereon.

4. LQS Water Company's current rates were approved in Decision No. 54760, on November 13, 1985 and went into effect on December 1, 1985.

5. LQS Water Company maintains that revenues from its operations are presently inadequate to provide LQS Water Company a fair rate of return on the fair value of its utility plant and property devoted to public service. LQS Water Company's rate base has increased since the previous rate proceeding and operating expenses have increased dramatically due in large measure to current system demands and increase in cost of business. These increases have caused the revenues produced by the current rates and charges for services to become inadequate to meet operating expenses and to provide a reasonable rate of return. Therefore, LQS Water

Company requests that certain adjustments to its rates and charges for utility service be approved by the Commission so that LQS Water Company may earn a just and reasonable rate of return on the fair value of its property.

6. Filed concurrently herewith as separately bound exhibits included with LQS Water Company's direct testimony, are the schedules required pursuant to A.A.C. R14-2-103 for the rate applications by Class "C" water utilities. The test year utilized by LQS Water Company in connection with the preparation of such schedules is the 12-month period that ended September 30, 2003. LQS Water Company requests that the Commission utilize such test year in connection with this Application, with appropriate adjustments to LQS Water Company's operating expenses in order to obtain a normal or more realistic relationship between revenues, expenses and rate base during the period in which the rates established in this proceeding are in effect.

7. During the test year, LQS Water Company's adjusted gross revenues were \$287,332.00 and the adjusted operating income with pro forma adjustments was negative \$6,978.00. The adjusted fair value rate base was \$198,058.00 (Original Cost) and \$290,940.00 (Reconstructed Cost New). Thus, the rate of return on rate base during the test year was a negative 3.52% (Original Cost) and a negative 2.40% (Reconstructed Cost New). LQS Water Company submits that these rates of return are inadequate to allow it to pay a reasonable dividend to its stockholders, maintain a sound credit rating, and enable LQS Water Company to attract additional capital on reasonable and acceptable terms in order to continue the investment in utility plant necessary to adequately service customers.

8. LQS Water Company is requesting an increase in revenues equal to \$88,993.00, which constitutes an increase in revenues of 31.98%. The adjustments to LQS Water Company's rates and charges that are proposed herein, when fully implemented, will produce a rate of return on rate base equal to 30% (Original Cost) and 20% (Reconstructed Cost New).

9. Filed concurrently in support of this Application is the following direct testimony:

- (a) Dale R. Calvert; Dale Calvert, PLLC (discussion of the revenue requirement, including the schedules, development of the rate base and income statement adjustments, cost of equity capital, debt and related issues, proposed rates, and discussion of the effects of the proposed rates on customers' bills).

This direct testimony is contained along with the schedules in a separately bound volume filed with this Application.

WHEREFORE, LQS Water Company requests the following relief:

A. That the Commission, upon proper notice and at the earliest possible time, conduct a hearing in accordance with A.R.S. § 40-251 and determine the fair value of LQS Water Company's utility plant and property devoted to public service;

B. Based upon such determination, that the Commission approve permanent adjustments to the rates and charges for utility service provided by LQS Water Company, as proposed by LQS Water Company herein, or approve such other rates and charges as will produce a just and reasonable rate of return on the fair value of LQS Water Company's utility plant and property for this district;

C. That the Commission authorize such other and further relief as may be appropriate to ensure that LQS Water Company has an opportunity to earn a just and reasonable return on the fair value of their utility plant and property and as may otherwise be required under Arizona law.

I. INTRODUCTION AND QUALIFICATIONS

Q. PLEASE STATE YOUR NAME AND ADDRESS

A. My name is Dale R. Calvert. My business address is 2970 N. Swan Road #220, Tucson, Arizona 85712

Q. WHAT IS YOUR PROFESSION AND BACKGROUND?

A. I am a Certified Public Accountant and am self-employed, providing accounting services to utility companies as well as general accounting services. I have a B.S. in Accounting from the University of Arizona (1970).

Q. COULD YOU BRIEFLY SUMMARIZE YOUR PRIOR WORK AND REGULATORY EXPERIENCE?

A. Yes. I have been in private practice since 1979 where I have provided accounting and tax services to several water utilities including Rincon Ranch Estates Water Co., Inc., K & V Enterprises, Inc., Nicksville Water and Las Quintas Serenas Water Company. I have prepared several rate cases for Rincon Ranch Estates Water Co and I am an Officer and Director of that company.

Prior to entering private practice I was employed by Norman and Evans, Ltd, CPA's where I annually worked on the audit of the Salt River Indian Community. As a part of that work I did the audit tests on their water utility. After that I was employed by Riordan, Crouse and Collins, CPA's in Tucson where I annually did the audit of the Flowing Wells Irrigation District.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEDURE?

A. I am testifying in this procedure on behalf of Las Quintas Serenas Water Company("LQS" or "the Company"). Las Quintas Serenas Water is seeking increases in its rates and charges for utility service for their franchise area located in Pima

County north of the unincorporated community of Green Valley and South and west of Town of Sahuarita.

Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?

A. I will testify in support of the Company's proposed rates. My testimony will focus on the revenue requirement for this system. I am sponsoring Schedules A through H, which are filed concurrently herewith in support of this application. I was responsible for the preparation of these schedules based on my investigation and review of the relevant books and records of the Company.

Q. HOW WILL YOUR TESTIMONY BE ORGANIZED?

A. My direct testimony is presented in two parts. The first part addresses rate base issues. the second part addresses income statement issues. I will also testify on the other schedules required in the standard filing requirement set by the Arizona Corporation Commission ("Commission").

Q. WOULD YOU PLEASE SUMMARIZE THE COMPANY'S RATE CASE?

A. Yes. LQS has proposed a test year ending September 30, 2003, with pro forma adjustments necessary to obtain a normal or realistic relationship between revenues, expenses and rate base. A return of 30% on the Company's original cost rate base and 20% on its reconstructed cost new. The increase in revenue needed to provide that return for the Company is approximately \$88,000. This represents an increase of approximately 31% over the adjusted and annualized test year revenues.

Q. WHY IS THE COMPANY FILING FOR RATE INCREASES AT THIS TIME?

A. The Company's last rate increase was granted on October 4, 1985 based upon a test year of June 30, 1984. The costs associated with operating the system and the additional utility plant added since the last case have exceeded the revenues gained from customer growth and cost savings from more efficient operations.

Q. BEFORE YOU BEGIN YOUR TESTIMONY ON THE RATE BASE AND INCOME STATEMENT, WOULD YOU PLEASE DESCRIBE THE SCHEDULES LABELED AS A, E. AND F?

A. The A-1 Schedule is a summary of the adjusted rate base, adjusted operating income, required operating income, operating income deficiency, and increase in gross revenue requirements.

The A-2 Schedule is a summary of results of operations for the test year, prior years and a projected year at proposed rates.

Schedule A-4 contains the construction expenditures, and plant in service for the test year and prior years. While the Company anticipates construction expenditures in 2004 and later years sufficient information on specific projects, their anticipated costs and there projected completion dates have not been developed. Accordingly, we have not included any projected construction expenditures for 2004.

The E Schedules are based on the Company's actual operating results. The E-1 Schedule contains the Comparative Statement of Assets, Capital and Liabilities as of September 30, 2001, 2002 and 2003.

Schedule E-2, contains the Comparative Statement of revenue and expense for the year ended September 30, 2001, 2002 and 2003.

Schedule E-5 contains the plant in service at the end of the test year, and one year prior to the end of the test year. It also reflects an adjustment in the plant assets for errors in recording previous year's acquisitions.

Schedule E-7 contains Operating Statistics for the nine months ended September 30, 2003 and the years ended December 31, 2002 and 2001.

Schedule E-8 contains the taxes charged to operations.

Schedule E-9 contains selected information regarding the accounting method, Utility Plant in Service and the income taxes.

Schedule F-1 contains the results of operations at the present rates for the year ended September 30, 2003, at the proposed rates for the year ended September 30, 2003 and the proposed rates for the year ended September 30, 2004.

Schedule F-3 has the construction requirements for the test year September 30, 2003 and the projected for the years ended September 30, 2004 and 2005.

II. RATE BASE

Q. **WOULD YOU PLEASE EXPLAIN THE RATE BASE SCHEDULES WHICH ARE LABELED AS THE B SCHEDULES?**

A. Yes. I will start with Schedule B-5, which is the working capital allowance. The results produced by the "formula method" of computing the working capital allowance are shown for informational purposes on Schedule B-5. However, the Company is not requesting a working capital allowance in this case, as reflected on Schedules B-1, B-2 and B-3, in order to simplify this filing and to reduce issues in the case.

Q. **PLEASE CONTINUE WITH YOUR DESCRIPTIONS OF THE RATE BASE SCHEDULES?**

A. The B-4 contains reconstruction cost new less depreciation ("RCND") plant information. The RCN plant costs were developed using the Handy-Whitman Public Utility Semiannual Indexes Used in Deriving Estimates of the Value of Construction Put in Place in Constant Dollars. The RCN cost was determined by multiplying the appropriate index (by month and year of acquisition) by the original cost to derive the cost in current dollars. Accumulated depreciation was calculated based upon the 5% per year rate approved in the last rate case.

Schedule B-2 and B-3 are to reflect the proforma adjustments to the original cost rate base and the reconstructed cost rate base. The Company is not proposing any adjustments to either of the rate bases, accordingly, the adjustments are reflected as zero.

Schedule B-1 summarizes the original cost and reconstructed cost new totals for net utility plant in service, customers advances for construction, contributions in aid of construction and total rate base.

III. INCOME STATEMENT

Q. LET'S MOVE ON TO THE INCOME STATEMENT. WOULD YOU PLEASE EXPLAIN THE ADJUSTMENTS YOU ARE PROPOSING TO THE INCOME STATEMENT AS SHOWN ON SCHEDULES C-1 AND C-2?

A. The details of the adjustments are shown on Schedule C-2. The adjustments are then carried forward to the C-1 Schedule, which contains the adjusted test year income statement.

The first adjustment modifies the depreciation rate from the composite five per cent rate that was approved in the 1985 rate order to current Commission rates. This results in a \$14,642 decrease in the depreciation expense but will more accurately reflect depreciation in the future. The Company requests to utilize these rates in the future.

The second adjustment is to amortize the estimated rate case expense from the current rate case over the test year and the year following. Since the Company has not had a rate case since 1985 there were no rate case expenses reflected in the actual test year.

The third adjustment is to annualize the pay raises granted by the Company to its employee's the began April 1, 2003.

Q. DOES THAT CONCLUDE YOUR TESTIMONY?

A. Yes.

DALE R. CALVERT, PLLC

CERTIFIED PUBLIC ACCOUNTANT

2970 N. SWAN ROAD, #220
TUCSON, AZ 85712

Voice (520) 325-1544

Fax (520) 325-1121

E-mail cpa@azstarnet.com

February 4, 2004

Board of Directors
Las Quintas Serenas Water Company, Inc.
Sahuarita, Arizona

The accompanying comparative balance sheet of Las Quintas Serenas Water Company, Inc. as of September 30, 2003, 2002 and 2001 and the related comparative statement of income for the years then ended and the supplementary information contained in the supporting schedules of gross revenue requirements, summary results of operations, construction expenditures and gross utility plant in service, summary of original cost and RCND, Original Cost Rate Base Pro Forma Adjustments, RCND Rate Base Pro Forma Adjustments, computation of working capital, RCND study, adjusted test year income statement, income statement pro forma adjustments, computation of gross revenue conversion factor, summary cost of capital, detail of utility plant, operating statistics, taxes charged to operations, income statements for the test year using current and proposed rates, summary of revenues by customer, changes in representative rate schedules, typical bill analysis and bill count summary were not audited by us and accordingly, we do not express an opinion on them.

Management has elected to omit substantially all of the disclosures and the statements of cash flows and retained earnings required by generally accepted accounting principles. If the omitted disclosures and statements of cash flow and retained earnings were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We have compiled the accompanying projected statement of income and statement of projected construction requirements for the year ended September 30, 2004 in accordance with attestation standards established by the American Institute of Certified Public Accountants. The accompanying projections were prepared to provide information to evaluate the effect of proposed rate increases for purposes of a rate application before the Arizona Corporation Commission.

A compilation is limited to presenting in the form of a projection information that is the representation of management and does not include evaluation of the support for the assumptions underlying the projection. We have not examined the projection and, accordingly, do not express an opinion or any other form of assurance on the accompanying statements or assumptions. Furthermore, even if the proposed rates were granted, there will usually be differences between the projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Management has elected to omit the summary of significant accounting policies required by the guidelines for presentation of a projection established by the American Institute of Certified Public Accountants. If the omitted disclosures were included in the projection, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows of the projection period. Accordingly, this projection is not designed for those who are not informed about such matters.

The accompanying projection and this report are intended solely for the information and use of the Arizona Corporation Commission and are not intended to be and should not be used by anyone other than this specified party.

Dale R. Calvert
Certified Public Accountant

Las Quintas Serenas Water Company
Gross Revenue Requirements

	<u>Original Cost</u>	<u>Reconstructed Cost New</u>
Adjusted Rate Base See Schedule B-1	\$198,058	\$290,940
Adjusted Operating Income See Schedule C-1	(\$6,978)	(\$6,978)
Required Operating Income	\$59,417	\$58,188
Required Rate of Return	30.00%	20.00%
Operating Income Deficiency		(\$66,395)
Gross Revenue Conversion Factor		1.3294
Increase in Gross Revenue Requirements		\$88,266

<u>Customer Classification</u>	<u>Projected Revenue Increase Due to Rates</u>	<u>% Dollar Increase</u>
All Customers	\$88,993	31.28%

Las Quintas Serenas Water Company
 Summary Results of Operations
 For The Years Ended September 30, 2004, 2003, 2002 and 2001

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Gross Revenues	\$376,325	\$287,332	\$289,174	\$245,292
Operating Expenses	<u>321,662</u>	<u>301,590</u>	<u>279,576</u>	<u>322,009</u>
Operating Income	54,663	(14,258)	9,598	(76,717)
Other Income	<u>7,286</u>	<u>7,286</u>	<u>9,988</u>	<u>11,697</u>
Net Income	<u>\$61,949</u>	<u>(\$6,972)</u>	<u>\$19,586</u>	<u>(\$65,020)</u>
Earned Per Average Common Share	\$242.94	(\$27.34)	\$76.81	(\$254.98)
Dividends Per Common Share	\$0.00	\$0	\$0	\$0
Payout Ratio	0	0	0	0
Return on Year End Common Equity	11.09%	-1.69%	4.58%	-15.94%

Las Quintas Serenas Water Company
Construction Expenditures and Gross Utility Plant in Service
For The Years Ended September 30, 2004, 2003, 2002 and 2001

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Construction Expenditures	<u>\$0</u>	<u>\$27,031</u>	<u>\$74,363</u>	<u>\$156,775</u>
Gross Utility Plant in Service	<u>\$1,461,863</u>	<u>\$1,461,863</u>	<u>\$1,443,214</u>	<u>\$1,368,851</u>

Las Quintas Serenas Water Company
Summary of Original Cost and RCND
As Of September 30, 2003

<u>Description</u>	<u>Original Cost</u>	<u>RCN</u>
Net Utility Plant in Service	\$776,312	\$869,194
Less: Customers Advances for Construction	(508,411)	(508,411)
Contributions in Aid of Construction	(69,843)	(69,843)
Add: Allowance for Working Capital	<u>0</u>	<u>0</u>
Total Rate Base	<u>\$198,058</u>	<u>\$290,940</u>

Las Quintas Serenas Water Company
Original Cost Rate Base Pro Forma Adjustments
For The Year Ended September 30, 2003

Description	Original Cost	Adjustments	Adjusted
Land and Land Rights	\$5,217	\$0	\$5,217
Structures and Improvements	6,599		6,599
Wells and Structures	259,402		259,402
Pumping Equipment	154,555		154,555
Water Treatment Equipment	0		0
Distribution Reservoirs and Standpipes	82,215		82,215
Transmission and Distribution Mains	822,434		822,434
Services	2,427		2,427
Meter and Meter Installations	99,647		99,647
Office Furniture and Equipment	13,424		13,424
Transportation Equipment	9,000		9,000
Miscellaneous Equipment	6,943		6,943
Total Plant in Service	1,461,863		1,461,863
Less Accumulated Depreciation	685,551		685,551
Net Utility Plant in Service	<u>776,312</u>	<u>\$0</u>	<u>776,312</u>

Las Quintas Serenas Water Company
 RCND Rate Base Pro Forma Adjustments
 For The Year Ended September 30, 2003

Description	<u>RCN</u>	<u>Adjustments</u>	<u>Adjusted</u>
Land and Land Rights	\$5,217	\$0	\$5,217
Structures and Improvements	6,585		6,585
Wells and Structures	330,403		330,403
Pumping Equipment	230,813		230,813
Water Treatment Equipment	0		0
Distribution Reservoirs and Standpipes	103,645		103,645
Transmission and Distribution Mains	1,247,923		1,247,923
Services	2,580		2,580
Meter and Meter Installations	137,481		137,481
Office Furniture and Equipment	13,424		13,424
Transportation Equipment	9,000		9,000
Miscellaneous Equipment	6,943		6,943
Total Plant in Service	2,094,014		2,094,014
Less Accumulated Depreciation	1,224,820		1,224,820
Net Utility Plant in Service	<u>\$869,194</u>	<u>\$0</u>	<u>\$869,194</u>

Las Quintas Serenas Water Company
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Acct #	Acct Title	Year Acquired	Original Cost	Cost Index Numbers	RCN	% Deprec At 5% Year	Total Depreciation	RCN Less Depreciation
307	Wells and Springs							
	No. 4 Well	1964	2,079	326 / 64	10,590	100.00%	(10,590)	0
	Improvements	1965	1,763	326 / 65	16,979	100.00%	(16,979)	0
	No. 5 Well	1972	7,945	326 / 94	27,554	100.00%	(27,554)	0
	Improvements	1973	943	326 / 100	3,074	100.00%	(3,074)	0
	Improvements	1981	1,523	326 / 215	2,309	100.00%	(2,309)	0
	06/30/84 Rate Case Adjustment	1984	(1,422)	326 / 228	(2,033)	100.00%	2,033	0
	Anamex Adjustment	1984	(10,000)	326 / 228	(14,298)	100.00%	14,298	0
	No. 5 Overhaul	01/01/1994	24,369	326 / 263	30,206	50.00%	(15,103)	15,103
	Sprinkler No. 6 Well	06/05/1995	191	326 / 274	227	45.00%	(102)	125
	No. 6 Overhaul	01/31/1996	15,324	326 / 281	17,778	40.00%	(7,111)	10,667
	Pump Overhaul	03/31/1996	9,166	326 / 281	10,634	40.00%	(4,254)	6,380
	Natural Gas Well Engine	07/31/1996	10,090	326 / 288	11,421	40.00%	(4,569)	6,853
	Natural Gas Engine	04/01/1997	9,992	326 / 291	11,194	35.00%	(3,918)	7,276
	Pressure Tanks	09/15/1998	3,050	326 / 301	3,303	30.00%	(991)	2,312
	No. 5 Improvements	04/07/1999	946	326 / 305	1,011	25.00%	(253)	758
	No. 6 Improvements	07/30/1999	2,999	326 / 306	3,195	25.00%	(799)	2,396
	Standpipe	04/07/1999	1,024	326 / 305	1,095	25.00%	(274)	821
	Move Pressure Tanks	05/21/1999	419	326 / 305	448	25.00%	(112)	336
	Sandblasting Tanks	09/17/1999	8,480	326 / 306	9,034	25.00%	(2,259)	6,776
					<u>143,722</u>		<u>(83,918)</u>	<u>59,803</u>
103	Off-Site Engineering & Planning							
	No. 6 Storage and Booster	02/28/1995	3,090	326 / 274	3,676	45.00%	(1,654)	2,022
	Hydrogeological Services	08/31/1997	772	326 / 296	850	35.00%	(298)	553
	Off-Site Engineering No 7	01/01/1998	35,787	326 / 298	39,150	30.00%	(11,745)	27,405
	Off-Site Engineering No 7	09/30/1998	118	326 / 301	128	30.00%	(38)	89
			<u>39,767</u>		<u>43,804</u>		<u>(13,735)</u>	<u>30,069</u>
103.1	Off-Site Well Site							
	No. 6 Storage and Booster	05/22/1995	1,400	326 / 274	1,666	45.00%	(750)	916
	Motor Replacement No 7	08/22/2000	5,000	326 / 315	5,175	35.00%	(1,811)	3,363
	Off-Site Improvements No 7	03/31/1998	124,353	326 / 298	136,037	30.00%	(40,811)	95,226
			<u>130,753</u>		<u>142,877</u>		<u>(43,372)</u>	<u>99,506</u>
	Total Wells (Source of Supply Plant)		<u>259,401</u>		<u>330,403</u>		<u>(141,025)</u>	<u>189,378</u>

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Acct #	Acct Title	Year Acquired	Original Cost	Cost Index Numbers	RCN	% Deprec At 5% Year	Total Depreciation	RCN Less Depreciation
311	Electric Pumping Equipment							
	20 hp submersible pump	1964	1,144	546 / 73	8,556	100.00%	(8,556)	0
	30 hp submersible pump	1965	7,569	546 / 74	55,847	100.00%	(55,847)	0
	Electrical Equipment	1969	458	546 / 84	2,977	100.00%	(2,977)	0
	Transformers	1971	253	546 / 93	1,485	100.00%	(1,485)	0
	Submersible Pump	1981	2,940	546 / 245	6,552	100.00%	(6,552)	0
	Submersible Pump	1982	1,251	546 / 260	2,627	100.00%	(2,627)	0
	06/30/84 Rate Case Adjustment	1984	3,706	546 / 277	7,305	100.00%	(7,305)	0
	Electrical Equipment	06/19/1987	126	546 / 299	230	85.00%	(196)	35
	Electrical Equipment	05/09/1988	527	546 / 330	872	80.00%	(698)	174
	Electrical Equipment	05/26/1988	199	546 / 330	329	80.00%	(263)	66
	Electrical Equipment	09/14/1988	551	546 / 303	993	80.00%	(794)	199
	Electrical Equipment	05/08/1989	522	546 / 309	922	75.00%	(692)	231
	Electrical Equipment	08/09/1989	628	546 / 336	1,021	75.00%	(765)	255
	Electrical Equipment	03/06/1990	581	546 / 340	933	70.00%	(653)	280
	Radio Control System	12/18/2000	11,855	546 / 532	12,167	15.00%	(1,825)	10,342
	Radio Control System	01/30/2001	7,828	546 / 531	8,049	15.00%	(1,207)	6,842
	Radio Control System	03/16/2001	9,289	546 / 531	9,551	15.00%	(1,433)	8,119
	Radio Control System	04/03/2001	5,494	546 / 531	5,649	15.00%	(847)	4,802
	Radio Control System	07/03/2001	773	546 / 531	795	15.00%	(119)	676
	Radio Control System - Gateway	08/30/2001	1,690	546 / 531	1,738	15.00%	(261)	1,477
	No. 5 Well Repair	02/07/2002	10,379	546 / 516	10,982	10.00%	(1,098)	9,884
	No. 7 Well Upgrade	06/05/2002	68,950	546 / 516	72,959	10.00%	(7,296)	65,663
	Radio Control System	12/04/2001	3,161	546 / 531	3,250	10.00%	(325)	2,925
	No. 6 Well Gear Drive	07/22/2002	5,790	546 / 533	5,931	10.00%	(593)	5,338
	Radio Control System	06/05/2003	8,891	546 / 534	9,091	5.00%	(455)	8,636
			<u>154,555</u>		<u>230,813</u>		<u>(104,870)</u>	<u>125,942</u>
304	Structures and Improvements							
	No. 5 Well Fence	01/02/2002	923	364 / 352	954	10.00%	(95)	859
	Correction to 01/02/2002 entry	09/30/2002	151	364 / 365	151	10.00%	(15)	136
	Water Stand	02/10/2003	5,525	364 / 367	5,480	5.00%	(274)	5,206
			<u>6,599</u>		<u>6,585</u>		<u>(384)</u>	<u>6,200</u>
	Total Pumping Plant		<u>161,154</u>		<u>237,398</u>		<u>(105,255)</u>	<u>132,143</u>

Las Quintas Serenas Water Company
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Acct #	Acct Title	Year Acquired	Original Cost	Cost Index Numbers	RCN	% Deprec At 5% Year	Total Depreciation	RCN Less Depreciation
330	Dist. Resv. and Standpipe Engineering & Design	1970	150	275 / 75	550	100.00%	(550)	0
	Engineering & Design	1971	596	275 / 82	1,999	100.00%	(1,999)	0
	Engineering & Design	1983	72	275 / 182	109	100.00%	(109)	0
	Installation of standpipe w/40 meters	1983	15,207	275 / 182	22,978	100.00%	(22,978)	0
	Installation of 30,000 gal storage tank	1984	8,663	275 / 184	12,947	100.00%	(12,947)	0
	Hussar Electric Supply	06/18/1987	72	275 / 196	101	85.00%	(86)	15
	Pima County Health Dept	08/12/1988	105	275 / 221	131	80.00%	(105)	26
	JR Dominguez	08/30/1988	175	275 / 221	218	80.00%	(174)	44
	WECO Equipment Company	09/07/1988	466	275 / 221	580	80.00%	(464)	116
	Fenn Pipe & Supply	05/08/1989	37	275 / 223	46	75.00%	(34)	11
	Desert Earth Engineering	09/21/1989	1,000	275 / 209	1,316	75.00%	(987)	329
	Robert Marcum	11/10/1989	220	275 / 209	289	70.00%	(203)	87
	Park Corp	03/06/1990	9,813	275 / 221	12,211	70.00%	(8,548)	3,663
	Pima County Records	03/07/1990	18	275 / 221	22	70.00%	(16)	7
	Park Corp	03/22/1990	10	275 / 221	12	70.00%	(9)	4
	Blackwell Excavating	04/17/1990	456	275 / 221	567	70.00%	(397)	170
	Dana Kepner	04/17/1990	275	275 / 221	342	70.00%	(240)	103
	ADEQ	04/21/1990	126	275 / 221	157	70.00%	(110)	47
	AWECO Welding	04/26/1990	107	275 / 221	133	70.00%	(93)	40
	Sierrita Mining & Ranching	05/08/1990	1,395	275 / 221	1,736	70.00%	(1,215)	521
	Steve Gay	05/09/1990	9	275 / 221	11	70.00%	(8)	3
	Greiner Engineering	05/23/1990	100	275 / 221	124	70.00%	(87)	37
	Pima County Treasurer	10/09/1990	10	275 / 232	12	65.00%	(8)	4
	Smith Pipe & Steel	11/05/1990	209	275 / 232	248	65.00%	(161)	87
	Keenan Supply	11/09/1990	1,400	275 / 232	1,659	65.00%	(1,079)	581
	Keenan Supply	11/30/1990	1,737	275 / 232	2,059	65.00%	(1,338)	721
	JR Dominguez	11/19/1990	160	275 / 232	190	65.00%	(123)	66
	Granite Construction	11/29/1990	56	275 / 232	66	65.00%	(43)	23
	Sierrita Mining & Ranching	12/17/1990	1,051	275 / 232	1,246	65.00%	(810)	436
	Keenan Supply	01/10/1991	122	275 / 232	145	65.00%	(94)	51
	Thorson Supply	01/18/1991	83	275 / 232	98	65.00%	(64)	34
	Thorson Supply	03/01/1991	335	275 / 232	397	65.00%	(258)	139
	Thorson Supply	03/08/1991	317	275 / 232	376	65.00%	(244)	132
	Blackwell Excavating	03/29/1991	540	275 / 232	640	65.00%	(416)	224
	WW Grainger	04/24/1991	88	275 / 232	104	65.00%	(68)	37

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Acct #	Acct Title	Year Acquired	Original Cost	Cost Index Numbers	RCN	% Deprec At 5% Year	Total Depreciation	RCN Less Depreciation
330	Dist Resv and Standpipe (cont'd)							
	Desert Survivors	05/07/1991	148	275 / 232	175	65.00%	(114)	61
	Rash Tank Painting	05/20/1991	6,836	275 / 232	8,103	65.00%	(5,267)	2,836
	Copper State Bolt & Nut	05/23/1991	103	275 / 232	122	65.00%	(79)	43
	Home Depot	06/24/1991	20	275 / 232	24	65.00%	(15)	8
	Ace Hardware	06/25/1991	22	275 / 232	26	65.00%	(17)	9
	Fenn Pipe & Supply	06/28/1991	117	275 / 232	139	65.00%	(90)	49
	Blackwell Excavating	06/28/1991	90	275 / 232	107	65.00%	(69)	37
	Standpipe Meters/Locks	02/06/1995	689	275 / 246	770	45.00%	(347)	424
	Brewers Hose - Standpipe	06/08/1995	300	275 / 246	335	45.00%	(151)	184
	Brewers Hose - Standpipe	06/14/1995	236	275 / 246	263	45.00%	(119)	145
	Control Unit - Standpipe	05/31/1996	465	275 / 246	520	40.00%	(208)	312
	Standpipe Upgrade	04/01/1997	8,682	275 / 251	9,512	35.00%	(3,329)	6,183
	Standpipe Upgrade	03/31/1998	4,726	275 / 268	4,849	30.00%	(1,455)	3,395
	Tank Upgrade	03/31/1998	4,156	275 / 268	4,265	30.00%	(1,279)	2,985
	Standpipe Upgrade	07/01/1999	1,401	275 / 268	1,438	25.00%	(359)	1,078
	Standpipe Pressure Tanks	12/17/1999	1,551	275 / 268	1,592	20.00%	(318)	1,273
	Standpipe Upgrade	04/26/2000	1,416	275 / 268	1,453	20.00%	(291)	1,162
	Standpipe Upgrade	11/22/2000	2,608	275 / 270	2,656	15.00%	(398)	2,258
	Standpipe Upgrade	02/19/2001	374	275 / 270	381	15.00%	(57)	324
	Standpipe Upgrade	10/16/2001	1,791	275 / 275	1,791	10.00%	(179)	1,612
	10 Key Lock Totalizer	04/22/2003	647	275 / 275	647	5.00%	(32)	615
	Standpipe Upgrade	07/08/2003	658	275 / 275	658	5.00%	(33)	625
			<u>82,215</u>		<u>103,645</u>		<u>(70,270)</u>	<u>33,375</u>

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Acct #	Acct Title	Year Acquired	Original Cost	Cost Index Numbers	RCN	% Deprec At 5% Year	Total Depreciation	RCN Less Depreciation
331	Transmission & Distribution Mains							
	Two Inch & Four Inch Pipe	1964	3,192	342 / 78	13,996	100.00%	(13,996)	0
	Six Inch Pipe	1965	24,074	342 / 77	106,926	100.00%	(106,926)	0
	Two, Three & Four Inch Line	1968	18,649	342 / 80	79,724	100.00%	(79,724)	0
	Six Inch Line	1969	5,184	342 / 83	21,361	100.00%	(21,361)	0
		1970	764	342 / 87	3,003	100.00%	(3,003)	0
		1971	18,267	342 / 95	65,761	100.00%	(65,761)	0
	Four Inch Line	1972	393	342 / 98	1,371	100.00%	(1,371)	0
		1973	12,454	342 / 100	42,593	100.00%	(42,593)	0
	Six Inch Line	1974	6,721	342 / 133	17,283	100.00%	(17,283)	0
	Four Inch Line	1975	12,240	342 / 151	27,722	100.00%	(27,722)	0
	Six Inch Line	1976	6,397	342 / 159	13,760	100.00%	(13,760)	0
	Two Inch Line	1977	6,651	342 / 166	13,703	100.00%	(13,703)	0
		1979	56	342 / 193	99	100.00%	(99)	0
	Six Inch Line	1980	14,691	342 / 209	24,040	100.00%	(24,040)	0
	Four Inch Line	1981	11,603	342 / 224	17,715	100.00%	(17,715)	0
		1982	423	342 / 239	605	100.00%	(605)	0
		1983	141	342 / 246	196	100.00%	(196)	0
		1984	54,725	342 / 244	76,705	100.00%	(76,705)	0
	Six Inch Line	1984	(15,515)	342 / 244	(21,746)	100.00%	21,746	0
	06/30/1984 Rate Case Adjustment	1984	5,207	342 / 244	7,298	100.00%	(7,298)	0
	Year Ended 09/30/84	09/30/1984	6,510	342 / 248	8,978	95.00%	(8,529)	566
	Year Ended 09/30/85	09/30/1985	2,621	342 / 245	3,659	90.00%	(3,293)	3,084
	Year Ended 09/30/86	09/01/1988	2,185	342 / 264	2,831	80.00%	(2,264)	2,159
	Year Ended 09/30/88	12/05/1988	9,522	342 / 264	12,335	75.00%	(9,251)	1,061
	Year Ended 09/30/89	11/03/1989	5,745	342 / 273	7,197	70.00%	(5,038)	11,557
	Year Ended 09/30/90	08/09/1990	2,845	342 / 275	3,538	70.00%	(2,477)	6,725
	Line Extension 17 - LCN	12/21/1989	30,750	342 / 273	38,522	70.00%	(26,965)	15,338
	Line Extension 18 - LCN II	09/17/1991	15,675	342 / 279	19,215	65.00%	(12,489)	16,928
	Line Extension 19 - Rancho Buena Vista	09/17/1991	35,750	342 / 279	43,823	65.00%	(28,485)	9,309
	Year Ended 09/30/93	06/30/1993	30,907	342 / 281	37,617	55.00%	(20,689)	8,716
	Line Extension 21 - Rancho Buena Vista	09/30/1993	17,239	342 / 285	20,687	55.00%	(11,378)	15,324
	Line Extension 22 - Rancho Buena Vista	09/30/1993	16,140	342 / 285	19,368	55.00%	(10,652)	5,810
	Line Extension 23 - Rancho Buena Vista	09/30/1993	10,760	342 / 285	12,912	55.00%	(7,102)	18,923
	Line Extension 24 - Colonias La Canada	09/30/1994	25,899	342 / 289	30,649	50.00%	(15,324)	44,751
	Line Extension 27 - Mesquite Heights	03/15/1994	18,353	342 / 291	21,570	50.00%	(10,785)	14,388
	Line Extension 25 - Colonias La Canada	04/11/1995	29,275	342 / 291	34,406	45.00%	(15,483)	35,656
	Line Extension 29 - LCN II	05/20/1996	63,027	342 / 289	74,586	40.00%	(29,834)	42,543
	Line Extension 26 - Santo Thomas	03/31/1997	19,223	342 / 297	22,136	35.00%	(7,747)	29,439
	Line Extension 30 - Santo Thomas	12/01/1998	41,703	342 / 300	47,541	25.00%	(11,885)	50,909
	Line Extension 31 - Santo Thomas	02/01/1999	48,670	342 / 313	53,179	20.00%	(10,636)	11,903
	Line Extension 32 - Santo Thomas	04/15/2000	33,140	342 / 308	36,798	20.00%	(7,360)	90,630
	Line Extension 33 - Santo Thomas	04/13/2000	57,310	342 / 308	63,636	20.00%	(12,727)	446,505
	Cobre Tie-In	05/23/2001	13,103	342 / 320	14,004	15.00%	(2,101)	
	Line Extension 26 - Mesquite Heights	03/15/2001	99,765	342 / 320	106,624	15.00%	(15,994)	
			822,434		1,247,923		(800,603)	
331	Services							
	6" Cla-Val Pressure Relief Valve	05/01/2001	2,427	303 / 285	2,580	15.00%	(387)	2,193

Las Quintas Serenas Water Company
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Acct #	Acct Title	Year Acquired	Original Cost	Cost Index Numbers	RCN	% Deprec At 5% Year	Total Depreciation	RCN Less Depreciation
334 Meters								
		1964	425	207 / 87	1,011	100.00%	(1,011)	0
		1966	806	207 / 101	1,652	100.00%	(1,652)	0
		1967	441	207 / 101	904	100.00%	(904)	0
		1968	5,896	207 / 101	12,084	100.00%	(12,084)	0
		1971	1,621	207 / 108	3,107	100.00%	(3,107)	0
		1972	3,084	207 / 106	6,023	100.00%	(6,023)	0
		1973	910	207 / 100	1,884	100.00%	(1,884)	0
		1974	1,392	207 / 93	3,098	100.00%	(3,098)	0
		1975	2,061	207 / 93	4,587	100.00%	(4,587)	0
		1976	904	207 / 98	1,909	100.00%	(1,909)	0
		1977	1,381	207 / 101	2,830	100.00%	(2,830)	0
		1978	1,116	207 / 105	2,200	100.00%	(2,200)	0
		1979	4,433	207 / 108	8,497	100.00%	(8,497)	0
		1980	968	207 / 122	1,642	100.00%	(1,642)	0
		1981	1,412	207 / 127	2,301	100.00%	(2,301)	0
		1982	448	207 / 128	725	100.00%	(725)	0
		1983	392	207 / 141	575	100.00%	(575)	0
			27,690					
	06/30/1984 Rate Case Adjustment	06/30/1984	11,287	207 / 148	15,787	100.00%	(15,787)	0
	Year Ended 09/30/87	06/18/1987	566	207 / 137	855	85.00%	(727)	128
	Year Ended 09/30/89	03/31/1989	2,855	207 / 135	4,378	75.00%	(3,283)	1,094
	Year Ended 09/30/90	03/31/1990	3,683	207 / 178	4,283	70.00%	(2,998)	1,285
	Year Ended 09/30/92	03/31/1992	1,589	207 / 164	2,006	60.00%	(1,203)	802
	Meters	01/01/1993	2,656	207 / 207	2,656	55.00%	(1,461)	1,195
	Meters	01/01/1994	1,566	207 / 171	1,896	50.00%	(948)	948
	Meters	10/11/1994	450	207 / 171	545	45.00%	(245)	300
	Meter Boxes	10/24/1994	569	207 / 171	689	45.00%	(310)	379
	Meter Boxes	10/26/1994	67	207 / 171	81	45.00%	(36)	45
	Concrete Meter Box	01/09/1995	478	207 / 188	526	45.00%	(237)	289
	Mat for New Meter	01/16/1995	549	207 / 188	604	45.00%	(272)	332
	Mat for New Meter	01/16/1995	198	207 / 188	218	45.00%	(98)	120
	Park Meter	01/27/1995	186	207 / 188	205	45.00%	(92)	113
	Park Meter	01/27/1995	400	207 / 188	440	45.00%	(198)	242
	Park Meter	01/24/1995	15	207 / 188	17	45.00%	(7)	9
	Park Meter	01/26/1995	30	207 / 188	33	45.00%	(15)	18
	Park Meter	01/31/1995	41	207 / 188	45	45.00%	(20)	25
	Meter Parts	02/08/1995	1,132	207 / 188	1,246	45.00%	(561)	686

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Acct #	Acct Title	Year Acquired	Original Cost	Cost Index Numbers	RCN	% Deprec At 5% Year	Total Depreciation	RCN Less Depreciation
334	Meters (cont'd)							
	Fenn Pipe	04/21/1995	471	207 / 188	519	45.00%	(233)	285
	Valve for Resettlers Installation	05/01/1995	163	207 / 188	179	45.00%	(81)	99
	Contractors	05/22/1995	959	367 / 303	1,162	45.00%	(523)	639
	Contractors	07/06/1995	293	367 / 303	355	45.00%	(160)	195
	Contractors	07/17/1995	504	367 / 303	610	45.00%	(275)	336
	Contractors	09/12/1995	1,244	367 / 303	1,507	45.00%	(678)	829
	Contractors	09/12/1995	697	367 / 303	844	45.00%	(380)	464
	Meter Parts	11/30/1995	712	207 / 201	733	40.00%	(293)	440
	Meter Parts	12/31/1995	1,075	207 / 201	1,107	40.00%	(443)	664
	Meter Parts	09/30/1996	691	207 / 210	681	40.00%	(272)	409
	Meters	04/01/1997	4,425	207 / 197	4,650	35.00%	(1,627)	3,022
	Meters	03/31/1998	6,443	207 / 197	6,770	30.00%	(2,031)	4,739
	Meters	04/01/1999	11,789	207 / 197	12,387	25.00%	(3,097)	9,291
	Meters	10/25/1999	1,379	207 / 197	1,449	20.00%	(290)	1,159
	Meters	11/22/1999	1,347	207 / 197	1,415	20.00%	(283)	1,132
	Meters	12/17/1999	1,144	207 / 197	1,202	20.00%	(240)	962
	Meters	01/27/2000	1,694	207 / 200	1,754	20.00%	(351)	1,403
	Meters	03/31/2001	1,205	207 / 206	1,211	15.00%	(182)	1,029
	Meters	03/31/2002	1,743	207 / 207	1,743	10.00%	(174)	1,569
	Meters	05/07/2003	4,462	207 / 207	4,462	5.00%	(223)	4,239
	Four Inch Meter	07/01/2003	718	207 / 207	718	5.00%	(36)	682
	Meter Parts	03/31/2003	483	207 / 207	483	5.00%	(24)	459
			<u>99,648</u>		<u>137,481</u>		<u>(95,425)</u>	<u>42,056</u>
340	Office Equipment							
	Various assets purchased from 01/01/93 through 04/04/03		<u>13,423</u>	N/A	<u>13,423</u>		<u>(5,969)</u>	<u>7,454</u>
341	Transportation Equipment							
	3/4 Ton Pickup	01/01/1993	4,000	N/A	4,000		(3,000)	1,000
	1996 Chevy Truck w/ utility bed	06/20/2003	5,000	N/A	5,000		(63)	4,937
			<u>9,000</u>		<u>9,000</u>		<u>(3,063)</u>	<u>5,937</u>
348	Other Tangible Plant							
	Various small tools	Various	<u>6,943</u>	N/A	<u>6,943</u>		<u>(2,823)</u>	<u>4,120</u>

Las Quintas Serenas Water Company
Computation of Working Capital
For The Year Ended September 30, 2003

Meter Deposits	(\$31,649)
Materials and Supplies Inventory	9,396
1/24 Purchased Power	2,575
1/8 Operations and Maintenance	<u>23,591</u>
Total Working Capital Allowance	<u><u>3,913</u></u>

Amount not included in rate base calculation.

Las Quintas Serenas Water Company
Adjusted Test Year Income Statement
For The Year Ended September 30, 2003

	<u>Actual</u>	<u>Adjustments</u>	<u>Adjusted</u>	<u>Proposed Rate Increase</u>	<u>Adjusted With Rate Increase</u>
Operating Revenue					
Metered Sales	\$284,549		\$284,549	\$88,993	\$373,542
Other Water Revenue	2,783		2,783		2,783
Total Operating Revenue	<u>287,332</u>	<u>0</u>	<u>287,332</u>	<u>88,993</u>	<u>376,325</u>
Operating Expenses					
Salaries and Wages	110,106	1,362	111,468		111,468
Purchased Power	30,902		30,902		30,902
Repairs and Supplies	17,851		17,851		17,851
Water Testing	4,804		4,804		4,804
Office Supplies & Expenses	7,295		7,295		7,295
Contractual Services	11,177		11,177		11,177
Rate Case Expense	0	6,000	6,000		6,000
Rent	5,245		5,245		5,245
Transportation Expenses	5,862		5,862		5,862
Insurances	9,762		9,762		9,762
Miscellaneous Expenses	7,275		7,275		7,275
Depreciation	67,591	(14,642)	52,949		52,949
Taxes Other than Property & Income	9,352		9,352		9,352
Property Taxes	19,568		19,568		19,568
Income Taxes	(1,040)		(1,040)		22,044
Deferred Income Taxes	(4,160)		(4,160)		(4,160)
Total Operating Expenses	<u>301,590</u>	<u>(7,280)</u>	<u>294,310</u>	<u>0</u>	<u>317,394</u>
Operating Income \ (Loss)	<u>(14,258)</u>	<u>7,280</u>	<u>(6,978)</u>	<u>88,993</u>	<u>58,931</u>
Other Income					
Dividend and Interest Income	5,954		5,954		5,954
Nonutility Income	1,332		1,332		1,332
Total Other Income	<u>7,286</u>	<u>0</u>	<u>7,286</u>	<u>0</u>	<u>7,286</u>
Net Income \ (Loss)	<u>(\$6,972)</u>	<u>\$7,280</u>	<u>\$308</u>	<u>\$88,993</u>	<u>\$66,217</u>

Depreciation includes \$5,241 negative amortization
of Contributions in Aid of Construction and Off-Site Hookup Fees

Las Quintas Serenas Water Company
Income Statement Pro Forma Adjustments
For The Year Ended September 30, 2003

	Adjust Depreciation Rates to ACC Rates	Rate Case Expenses One Half of 12,000 Total	Annualize Payraises Received April 1, 2003	Total
Revenues	\$0	\$0	\$0	\$0
Expenses	(14,642)	6,000	1,362	(7,280)
Operating Income	14,642	(6,000)	(1,362)	7,280
Other Income	0	0	0	0
Net Income	<u>14,642</u>	<u>(6,000)</u>	<u>(1,362)</u>	<u>7,280</u>

Las Quintas Serenas Water Company
Computation of Gross Revenue Conversion Factor

		Percentage of Incremental Gross Revenues
Federal Income Taxes		17.73%
State Income Taxes		7.05%
Total Taxes		24.78%
Operating Income		75.22%
Gross Revenue Conversion Factor =	$\frac{1}{0.7522}$	1.3294

Las Quintas Serenas Water Company
Summary of Cost of Capital
As of September 30, 2003

	<u>Shares</u>	<u>Cost Per Share</u>	<u>Total Cost</u>
Common Stock	255	\$10	\$2,550

Las Quintas Serenas Water Company
Comparative Statement of Assets, Capital and Liabilities
September 30, 2003, 2002 and 2001

	ASSETS		
	2003	2002	2001
Utility Plant In Service			
Franchises and Consents	\$0	\$0	\$0
Land and Land Rights	5,217	14,739	14,739
Structures and Improvements	6,599	1,075	0
Wells and Springs	259,402	260,924	260,924
Electric Pumping Equipment	154,555	142,826	54,547
Water Treatment Equipment	0	830	830
Distribution Reservoirs	82,215	82,563	80,772
Transmission and Distribution Mains	822,434	815,524	834,200
Services	2,427	10,868	10,868
Meters	99,647	85,866	84,123
Office Equipment	13,424	16,325	16,174
Transportation Equipment	9,000	4,000	4,000
Miscellaneous Equipment	6,943	7,674	7,674
Utility Plant in Service	1,461,865	1,443,214	1,368,851
Accumulated Depreciation	(685,551)	(612,719)	(541,295)
Net Utility Plant in Service	776,314	830,495	827,556
Plant Held for Future Use	0	0	0
Net Utility Plant	776,314	830,495	827,556
Current Assets			
Cash	72,674	52,002	67,788
Available for Sale Securities	201,828	199,850	181,703
Accounts Receivable	4,273	9,095	5,867
Income Taxes Receivable	0	0	0
Materials and Supplies	9,396	8,915	6,415
Miscellaneous Current/Accrued Assets	1,584	2,937	7,750
Deferred Income Taxes - Current	35,375	37,805	41,875
Total Current Assets	325,130	310,604	311,397
Deferred Charges			
Deferred Income Tax Asset	0	0	0
Total Deferred Charges	0	0	0
Total Assets	\$1,101,444	\$1,141,099	\$1,138,953

Las Quintas Serenas Water Company
Comparative Statement of Assets, Capital and Liabilities
September 30, 2003, 2002 and 2001

	<u>2003</u>	<u>2002</u>	<u>2001</u>
Capitalization			
Common Stock - Par Value \$10; 10,000 Shares			
Authorized; 255 Shares Issued and Outstanding	\$2,550	\$2,550	\$2,550
Other Paid-In Capital	5,180	5,180	5,180
Retained Earnings	404,406	419,759	400,173
Accumulated Other Comprehensive Income	0	0	0
Total Capital Stock and Retained Earnings	<u>412,136</u>	<u>427,488</u>	<u>407,903</u>
Current Liabilities			
Accounts Payable	0	0	0
Accrued Taxes	18,575	16,032	11,713
Miscellaneous Current/Accrued Liabilities	<u>36,804</u>	<u>36,079</u>	<u>36,748</u>
Total Current Liabilities	<u>55,379</u>	<u>52,111</u>	<u>48,461</u>
Deferred Credits	<u>55,675</u>	<u>62,265</u>	<u>63,935</u>
Advances in Aid of Construction	<u>508,411</u>	<u>524,150</u>	<u>538,328</u>
Contributions in Aid of Construction	104,829	104,829	104,829
Accumulated Amortization of			
Contributions in Aid of Construction	<u>(34,986)</u>	<u>(29,745)</u>	<u>(24,503)</u>
Net Contributions in Aid of Construction	<u>69,843</u>	<u>75,084</u>	<u>80,326</u>
Total Capital and Liabilities	<u>\$1,101,444</u>	<u>\$1,141,099</u>	<u>\$1,138,953</u>

Las Quintas Serenas Water Company
Comparative Statement of Revenue and Expense
For the Years Ended
September 30, 2003, 2002 and 2001

	<u>2003</u>	<u>%</u>	<u>2002</u>	<u>%</u>	<u>2001</u>	<u>%</u>
Operating Revenue						
Metered Sales	\$284,549	99.03	\$285,000	98.56	\$243,122	99.12
Other Water Revenue	2,783	0.97	4,174	1.44	2,170	0.88
Total Operating Revenue	<u>287,333</u>	<u>100.00</u>	<u>289,174</u>	<u>100.00</u>	<u>245,292</u>	<u>100.00</u>
Operating Expenses						
Salaries and Wages	110,106	38.32	93,123	32.20	88,622	36.13
Purchased Power	30,902	10.75	35,737	12.36	24,868	10.14
Repairs and Supplies	17,851	6.21	4,168	1.44	11,225	4.58
Water Testing	4,804	1.67	4,725	1.63	3,816	1.56
Office Supplies & Expenses	7,295	2.54	7,753	2.68	6,565	2.68
Contractual Services	11,177	3.89	8,887	3.07	13,767	5.61
Rate Case Expense	0	0.00	0	0.00	0	0.00
Rent	5,245	1.83	6,124	2.12	5,678	2.31
Transportation Expenses	5,862	2.04	5,379	1.86	4,606	1.88
Insurances	9,762	3.40	8,837	3.06	9,116	3.72
Miscellaneous Expenses	7,275	2.53	6,614	2.29	6,778	2.76
Depreciation	67,591	23.52	66,182	22.89	62,464	25.47
Taxes Other than Property & Income	9,352	3.25	8,230	2.85	8,164	3.33
Property Taxes	19,568	6.81	21,343	7.38	16,045	6.54
Income Taxes	(1,040)	(0.36)	73	0.03	1,845	0.75
Deferred Income Taxes	(4,160)	(1.45)	2,400	0.83	58,450	23.83
Total Operating Expenses	<u>301,591</u>	<u>104.96</u>	<u>279,576</u>	<u>96.68</u>	<u>322,009</u>	<u>131.28</u>
Operating Income or (Loss)	<u>(14,258)</u>	<u>(4.96)</u>	<u>9,598</u>	<u>3.32</u>	<u>(76,717)</u>	<u>(31.28)</u>
Other Income						
Dividend and Interest Income	5,954	2.07	5,840	2.02	10,425	4.25
Nonutility Income	1,332	0.46	4,148	1.43	1,273	0.52
Total Other Income	<u>7,286</u>	<u>2.54</u>	<u>9,988</u>	<u>3.45</u>	<u>11,697</u>	<u>4.77</u>
Net Income or (Loss)	<u>\$(6,972)</u>	<u>(2.43)</u>	<u>\$19,585</u>	<u>6.77</u>	<u>\$(65,020)*</u>	<u>(26.51)</u>

See Accountant's Report

Las Quintas Serenas Water Company
Detail of Utility Plant
For The Years Ended September 30, 2003 and 2002

Acct No.	Description	September 30, 2002	Activity	Adjustment	September 30, 2003
303	Land and Land Rights	14,739		(9,522)	5,217
304	Structures and Improvements	1,075	5,524		6,599
307	Wells and Structures	260,924		(1,522)	259,402
311	Pumping Equipment	142,826	8,890	2,839	154,555
320	Water Treatment Equipment	830		(830)	0
330	Distribution Reservoirs and Standpipes	82,563	1,305	(1,653)	82,215
331	Transmission and Distribution Mains	815,524		6,910	822,434
333	Services	10,868		(8,441)	2,427
334	Meter and Meter Installations	85,866	5,663	8,118	99,647
340	Office Furniture and Equipment	16,325	647	(3,548)	13,424
341	Transportation Equipment	4,000	5,000		9,000
347	Miscellaneous Equipment	7,674		(731)	6,943
	Total Plant in Service	1,443,214	27,029	(8,380)	1,461,863
	Accumulated Depreciation	612,719	72,832		685,551
	Net Plant in Service	830,495	(45,803)	(8,380)	776,312

Note: Plant Assets were adjusted after an examination of the Company's records revealed errors in recording previous year's acquisitions.

Las Quintas Serenas Water Company
 Operating Statistics
 For the Nine Months Ended September 30, 2003
 And the Years Ended December 31, 2002 and 2001

	<u>09/30/2003</u>	<u>12/31/2002</u>	<u>12/31/2001</u>
Total Gallons Sold	115,622,500 *	152,882,200 **	123,043,500 **
Average Monthly Number of Customers	883	875 **	917 **
Average Annual Gallons Per Customer	131,239	174,345	140,777
Average Annual Revenue Per Residential Customer	\$264.01	\$324.06	\$277.13
Pumping Costs Per 1,000 Gallons	\$0.19	-----	-----

* Information is for nine month period January 1, 2003 thru September 30, 2003

** See Annual Water Report

Las Quintas Serenas Water Company
Taxes Charged to Operations
For The Years Ended September 30, 2003, 2002 and 2001

	<u>2003</u>	<u>2002</u>	<u>2001</u>
Federal Taxes	(\$1,090)	\$0	\$1,090
State Taxes	50	73	755
Payroll Taxes	8,740	9,782	9,833
Property Taxes	<u>19,568</u>	<u>21,343</u>	<u>16,045</u>
Total Taxes	<u><u>\$27,268</u></u>	<u><u>\$31,198</u></u>	<u><u>\$27,723</u></u>

LAS QUINTAS SERENAS WATER COMPANY, INC.
Selected Information-Substantially All Disclosures Required by
Generally Accepted Accounting Principles Are Not Included
September 30, 2003

Note 1: Accounting Method:

The Company's accounting is done on the accrual method and it utilizes the Uniform System of Accounts for Class C Utilities promulgated by the National Association of Regulatory Utility Commissioners.

Note 2: Utility Plant in Service:

Utility plant in service is stated at cost. For the test year, depreciation is computed by the straight-line method using a composite rate of five (5) percent as approved in the Company's last rate case. For the projected year, depreciation is computed by the straight-line method using the estimated useful lives as promulgated by the Arizona Corporation Commission for public water utilities and are as follows:

Asset Category

Structures and Improvements	30
Wells and Springs	30
Electric Pumping Equipment	8
Water Treatment Equipment	30
Distribution Reservoirs	45
Transmission and Distribution Mains	50
Services	30
Meters	12
Office Equipment	15
Transportation Equipment	5
Miscellaneous Equipment	10

Note 3: Income Taxes:

The Company is liable for filing and paying both Federal and Arizona income tax. It accounts for tax credits on the flow through method.

See Accountant's Report

Las Quintas Serenas Water Company
 Projected Income Statements
 For The Year Ended September 30, 2004 and 2003

	09/30/2004 Proposed Rates	09/30/2003 Proposed Rates	09/30/2003 Present Rates
Operating Revenue			
Metered Sales	\$373,542	\$373,542	\$284,549
Other Water Revenue	2,783	2,783	2,783
Total Operating Revenue	<u>376,325</u>	<u>376,325</u>	<u>287,332</u>
Operating Expenses			
Salaries and Wages	115,611	111,468	110,106
Purchased Power	30,902	30,902	30,902
Repairs and Supplies	17,851	17,851	17,851
Water Testing	4,804	4,804	4,804
Office Supplies & Expenses	7,295	7,295	7,295
Contractual Services	11,177	11,177	11,177
Rate Case Expense	6,000	6,000	0
Rent	5,245	5,245	5,245
Transportation Expenses	5,862	5,862	5,862
Insurances	9,762	9,762	9,762
Miscellaneous Expenses	7,275	7,275	7,275
Depreciation	52,931	52,949	67,591
Taxes Other than Property & Income	9,352	9,352	9,352
Property Taxes	19,568	19,568	19,568
Income Taxes	22,187	22,044	(1,040)
Deferred Income Taxes	(4,160)	(4,160)	(4,160)
Total Operating Expenses	<u>321,662</u>	<u>317,394</u>	<u>301,590</u>
Operating Income \ (Loss)	<u>54,663</u>	<u>58,931</u>	<u>(14,258)</u>
Other Income			
Dividend and Interest Income	5,954	5,954	5,954
Nonutility Income	1,332	1,332	1,332
Total Other Income	<u>7,286</u>	<u>7,286</u>	<u>7,286</u>
Net Income \ (Loss)	<u>\$61,949</u>	<u>\$66,217</u>	<u>(\$6,972)</u>

Las Quintas Serenas Water Company
Projected Constructions Requirements

Acct No.	Description	Test Year <u>09/30/2003</u>	Projected <u>09/30/2004</u>	Projected <u>09/30/2005</u>
303	Land and Land Rights			
304	Structures and Improvements	5,524		
307	Wells and Structures		375,000	
311	Pumping Equipment	8,890		
320	Water Treatment Equipment		125,000	125,000
330	Distribution Reservoirs and Standpipes	1,305		
331	Transmission and Distribution Mains			
333	Services			
334	Meter and Meter Installations	5,663		
335	Hydrants		10,000	10,000
340	Office Furniture and Equipment	647		
341	Transportation Equipment	5,000		
347	Miscellaneous Equipment			
	Total Plant Acquisitions	<u>27,029</u>	<u>510,000</u>	<u>135,000</u>

Assumptions: The amounts shown as requirements for '04 and '05 fiscal years represent management's estimates of constructions costs. The projects are still in the planning stage and no firm commitments have been made by the Company. These costs are not included in the calculation of rate bases. See Schedule B-1.

Las Quintas Serenas Water Company
 Summary of Revenues by Customer
 Present and Proposed Rates

	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Revenues	Percent of Proposed Revenues
Three Quarter Inch Meters	\$196,343.28	\$250,926.68	\$54,583.40	27.80%	69.00%	67.17%
One Inch Meters	17,114.20	22,549.97	\$5,435.77	31.76%	6.01%	6.04%
One and One Half Inch Meters	11,843.80	18,144.28	\$6,300.48	53.20%	4.16%	4.86%
Two Inch Meters	5,518.80	9,647.99	\$4,129.19	74.82%	1.94%	2.58%
Four Inch Meters	2,715.52	4,543.70	\$1,828.18	67.32%	0.95%	1.22%
Standpipe	51,013.88	67,730.06	\$16,716.18	32.77%	17.93%	18.13%
Total Revenue - Proposed	<u>284,549.48</u>	<u>373,542.68</u>	<u>88,993.20</u>	<u>31.28%</u>	<u>100.00%</u>	<u>100.00%</u>

Las Quintas Serenas Water Company
Changes in Representative Rate Schedules

<u>Customer Classification & Meter Size</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Change</u>	<u>Percent Change</u>
MONTHLY USAGE CHARGE				
All Customers:				
Three Quarter Inch Meters	\$10.00	\$12.50	\$2.50	25.00%
One Inch Meters	10.00	12.50	\$2.50	25.00%
One and One Half Inch Meters	10.00	25.00	\$15.00	150.00%
Two Inch Meters Including Turbo Compound	10.00	50.00	\$40.00	400.00%
Two and One Half Inch Meters	N/A	100.00	\$100.00	
Three Inch Meters Including Turbo Compound	N/A	150.00	\$150.00	
Four Inch Meters Including Turbo Compound	250.00	250.00	\$0.00	0.00%
Five Inch Meters	N/A	300.00	\$300.00	
Six Inch Meters Including Turbo Compound	N/A	400.00	\$400.00	
Standpipe	10.00	12.50	\$2.50	25.00%

Las Quintas Serenas Water Company
Changes in Representative Rate Schedules

Customer Classification & Meter Size	Present Rates	Proposed Rates	Change	Percent Change
GALLONS IN MINIMUM				
All Customers:				
Three Quarter Inch Meters	2,000	0		
One Inch Meters	2,000	0		
One and One Half Inch Meters	2,000	0		
Two Inch Meters Including Turbo Compound	2,000 2,000	0 0		
Two and One Half Inch Meters	N/A	0		
Three Inch Meters Including Turbo Compound	N/A	0		
Four Inch Meters Including Turbo Compound	50,000	0		
Five Inch Meters	N/A	0		
Six Inch Meters Including Turbo Compound	N/A	0		
Standpipe	2,000	0		

Las Quintas Serenas Water Company
Changes in Representative Rate Schedules

Customer Classification & Meter Size	Present Rates	Proposed Rates	Change	Percent Change
TIER 1: GALLONS/UPPER LIMIT				
All Customers:				
Three Quarter Inch Meters	99,999,999	20,000		
One Inch Meters	99,999,999	20,000		
One and One Half Inch Meters	99,999,999	20,000		
Two Inch Meters Including Turbo Compound	99,999,999	20,000		
Two and One Half Inch Meters	N/A	20,000		
Three Inch Meters Including Turbo Compound	N/A	20,000		
Four Inch Meters Including Turbo Compound	99,999,999	20,000		
Five Inch Meters	N/A	20,000		
Six Inch Meters Including Turbo Compound	N/A	20,000		
Standpipe	99,999,999	20,000		

Las Quintas Serenas Water Company
Changes in Representative Rate Schedules

<u>Customer Classification & Meter Size</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Change</u>	<u>Percent Change</u>
TIER 2: GALLONS OVER:				
All Customers				
Three Quarter Inch Meters	N/A	20,000		
One Inch Meters	N/A	20,000		
One and One Half Inch Meters	N/A	20,000		
Two Inch Meters Including Turbo Compound	N/A	20,000		
Two and One Half Inch Meters	N/A	20,000		
Three Inch Meters Including Turbo Compound	N/A	20,000		
Four Inch Meters Including Turbo Compound	N/A	20,000		
Five Inch Meters	N/A	20,000		
Six Inch Meters Including Turbo Compound	N/A	20,000		
Standpipe	N/A	20,000		

Las Quintas Serenas Water Company
Changes in Representative Rate Schedules

Customer Classification & Meter Size	Present Rates	Proposed Rates	Change	Percent Change
COMMODITY RATES (PER ,1000 GALLONS OVER MINIMUM AND PER TIER				
All Customers				
Three Quarter Inch Meters				
Tier 1	\$1.36	\$1.36	0.00	0.00%
Tier 2	1.36	2.05	0.69	50.74%
One Inch Meters				
Tier 1	1.36	1.36	0.00	0.00%
Tier 2	1.36	2.05	0.69	50.74%
One and One Half Inche Meters				
Tier 1	1.36	1.36	0.00	0.00%
Tier 2	1.36	2.05	0.69	50.74%
Two Inch Meters				
Tier 1	1.36	1.36	0.00	0.00%
Tier 2	1.36	2.05	0.69	50.74%
Four Inch Meters				
Tier 1	1.36	1.36	0.00	0.00%
Tier 2	1.36	2.05	0.69	50.74%
Standpipe				
Tier 1	1.36	1.36	0.00	0.00%
Tier 2	1.36	2.05	0.69	50.74%

OTHER SERVICE CHARGES:

All Customers

Establishment Fee	\$10.00	\$20.00		
Establishment Fee (After Hours)	\$15.00	\$30.00		
Re-Establishment Fee (Within 12 Months)	\$7.28			
Late Fee	\$0.00	\$0.00		
Meter Testing by Customer Request	\$15.00	\$25.00		
Meter Re-Read by Customer Request	\$10.00	\$15.00		
NSF Check Fee	\$10.00	\$15.00		
Reconnect Fee	\$10.00	\$20.00		
Reconnect Fee (After Hours/Customer Request)	\$0.00	\$30.00		
Off-Site Facilities Hook-Up Fees	\$250.00	\$500.00		

Las Quintas Serenas Water Company
Changes in Representative Rate Schedules

Customer Classification & Meter Size	Present Rates	Proposed Rates	Change	Percent Change
OTHER SERVICE CHARGES:				
Meter Size				
5/8 - 3/4 inch	\$150.00	\$150.00		
3/4 inch	\$150.00	\$160.00		
1 inch	\$225.00	\$225.00		
1 1/2 inch	\$350.00	\$475.00		
2 inch		\$525.00		
2 inch Turbo	\$500.00	\$625.00		
2 inch Compound		\$1,450.00		
3 inch Turbo		\$850.00		
3 inch Compound		\$1,625.00		
4 inch Turbo	\$2,200.00	\$1,800.00		
4 inch Compound	\$2,820.00	\$3,500.00		
6 Inch Turbo		\$3,000.00		
6 inch Compound		\$5,850.00		

Service Installation

A separate non-refundable "cost plus" charge should be included in the rate structure for services requested "outside" of the existing system (extending service to provide meter to non-developed lot(s) with the franchise boundaries. Note: This cost would be over and above the Refundable Main Extension Agreements - payable by whoever requests service.

Standpipe Charges - Separate

Small Standpipe (2")

Large Standpipe (4')

Minimum monthly charges preferred due to monthly maintenance and labor costs.

Increased costs for large standpipe due to greater drain or pull on system when in use.

Original Key Deposit (1Gate Key/ 1 Account Key)	\$25.00	\$40.00
Additional Set	\$5.00	\$10.00

Las Quintas Serenas Water Company
Typical Bill Analysis

Usage Gallons	Present Bill	Proposed Bill	Dollar Increase	Percentage Increase
Three Quarter Inch:				
0	\$10.00	\$12.50	\$2.50	25.00%
1,000	10.00	13.86	3.86	38.60%
2,000	10.00	15.22	5.22	52.20%
3,000	11.36	16.58	5.22	45.95%
4,000	12.72	17.94	5.22	41.04%
5,000	14.08	19.30	5.22	37.07%
6,000	15.44	20.66	5.22	33.81%
7,000	16.80	22.02	5.22	31.07%
8,000	18.16	23.38	5.22	28.74%
9,000	19.52	24.74	5.22	26.74%
10,000	20.88	26.10	5.22	25.00%
11,000	22.24	27.46	5.22	23.47%
12,000	23.60	28.82	5.22	22.12%
13,000	24.96	30.18	5.22	20.91%
14,000	26.32	31.54	5.22	19.83%
15,000	27.68	32.90	5.22	18.86%
16,000	29.04	34.26	5.22	17.98%
17,000	30.40	35.62	5.22	17.17%
18,000	31.76	36.98	5.22	16.44%
19,000	33.12	38.34	5.22	15.76%
20,000	34.48	39.70	5.22	15.14%
21,000	35.84	41.75	5.91	16.49%
22,000	37.20	43.80	6.60	17.74%
23,000	38.56	45.85	7.29	18.91%
24,000	39.92	47.90	7.98	19.99%
25,000	41.28	49.95	8.67	21.00%
26,000	42.64	52.00	9.36	21.95%
27,000	44.00	54.05	10.05	22.84%
28,000	45.36	56.10	10.74	23.68%
29,000	46.72	58.15	11.43	24.46%
30,000	48.08	60.20	12.12	25.21%
31,000	49.44	62.25	12.81	25.91%
32,000	50.80	64.30	13.50	26.57%
33,000	52.16	66.35	14.19	27.20%
34,000	53.52	68.40	14.88	27.80%
35,000	54.88	70.45	15.57	28.37%
36,000	56.24	72.50	16.26	28.91%
37,000	57.60	74.55	16.95	29.43%
38,000	58.96	76.60	17.64	29.92%
39,000	60.32	78.65	18.33	30.39%
40,000	61.68	80.70	19.02	30.84%

Las Quintas Serenas Water Company
Typical Bill Analysis

Usage Gallons	Present Bill	Proposed Bill	Dollar Increase	Percentage Increase
One Inch:				
0	\$10.00	\$12.50	\$2.50	25.00%
1,000	10.00	13.86	3.86	38.60%
2,000	10.00	15.22	5.22	52.20%
3,000	11.36	16.58	5.22	45.95%
4,000	12.72	17.94	5.22	41.04%
5,000	14.08	19.30	5.22	37.07%
6,000	15.44	20.66	5.22	33.81%
7,000	16.80	22.02	5.22	31.07%
8,000	18.16	23.38	5.22	28.74%
9,000	19.52	24.74	5.22	26.74%
10,000	20.88	26.10	5.22	25.00%
11,000	22.24	27.46	5.22	23.47%
12,000	23.60	28.82	5.22	22.12%
13,000	24.96	30.18	5.22	20.91%
14,000	26.32	31.54	5.22	19.83%
15,000	27.68	32.90	5.22	18.86%
16,000	29.04	34.26	5.22	17.98%
17,000	30.40	35.62	5.22	17.17%
18,000	31.76	36.98	5.22	16.44%
19,000	33.12	38.34	5.22	15.76%
20,000	34.48	39.70	5.22	15.14%
21,000	35.84	41.75	5.91	16.49%
22,000	37.20	43.80	6.60	17.74%
23,000	38.56	45.85	7.29	18.91%
24,000	39.92	47.90	7.98	19.99%
25,000	41.28	49.95	8.67	21.00%
26,000	42.64	52.00	9.36	21.95%
27,000	44.00	54.05	10.05	22.84%
28,000	45.36	56.10	10.74	23.68%
29,000	46.72	58.15	11.43	24.46%
30,000	48.08	60.20	12.12	25.21%
31,000	49.44	62.25	12.81	25.91%
32,000	50.80	64.30	13.50	26.57%
33,000	52.16	66.35	14.19	27.20%
34,000	53.52	68.40	14.88	27.80%
35,000	54.88	70.45	15.57	28.37%
36,000	56.24	72.50	16.26	28.91%
37,000	57.60	74.55	16.95	29.43%
38,000	58.96	76.60	17.64	29.92%
39,000	60.32	78.65	18.33	30.39%
40,000	61.68	80.70	19.02	30.84%

Las Quintas Serenas Water Company
Typical Bill Analysis

<u>Usage Gallons</u>	<u>Present Bill</u>	<u>Proposed Bill</u>	<u>Dollar Increase</u>	<u>Percentage Increase</u>
One and One Half Inch:				
0	\$10.00	\$25.00	\$15.00	150.00%
1,000	10.00	26.36	16.36	163.60%
2,000	10.00	27.72	17.72	177.20%
3,000	11.36	29.08	17.72	155.99%
4,000	12.72	30.44	17.72	139.31%
5,000	14.08	31.80	17.72	125.85%
6,000	15.44	33.16	17.72	114.77%
7,000	16.80	34.52	17.72	105.48%
8,000	18.16	35.88	17.72	97.58%
9,000	19.52	37.24	17.72	90.78%
10,000	20.88	38.60	17.72	84.87%
11,000	22.24	39.96	17.72	79.68%
12,000	23.60	41.32	17.72	75.08%
13,000	24.96	42.68	17.72	70.99%
14,000	26.32	44.04	17.72	67.33%
15,000	27.68	45.40	17.72	64.02%
16,000	29.04	46.76	17.72	61.02%
17,000	30.40	48.12	17.72	58.29%
18,000	31.76	49.48	17.72	55.79%
19,000	33.12	50.84	17.72	53.50%
20,000	34.48	52.20	17.72	51.39%
21,000	35.84	54.25	18.41	51.37%
22,000	37.20	56.30	19.10	51.34%
23,000	38.56	58.35	19.79	51.32%
24,000	39.92	60.40	20.48	51.30%
25,000	41.28	62.45	21.17	51.28%
26,000	42.64	64.50	21.86	51.27%
27,000	44.00	66.55	22.55	51.25%
28,000	45.36	68.60	23.24	51.23%
29,000	46.72	70.65	23.93	51.22%
30,000	48.08	72.70	24.62	51.21%
31,000	49.44	74.75	25.31	51.19%
32,000	50.80	76.80	26.00	51.18%
33,000	52.16	78.85	26.69	51.17%
34,000	53.52	80.90	27.38	51.16%
35,000	54.88	82.95	28.07	51.15%
36,000	56.24	85.00	28.76	51.14%
37,000	57.60	87.05	29.45	51.13%
38,000	58.96	89.10	30.14	51.12%
39,000	60.32	91.15	30.83	51.11%
40,000	61.68	93.20	31.52	51.10%
70,000	102.48	154.70	52.22	50.96%
210,000	292.88	441.70	148.82	50.81%
500,000	687.25	1,036.20	348.95	50.77%

Las Quintas Serenas Water Company
Typical Bill Analysis

Usage Gallons	Present Bill	Proposed Bill	Dollar Increase	Percentage Increase
Two Inch:				
0	\$10.00	\$50.00	\$40.00	400.00%
1,000	10.00	51.36	41.36	413.60%
2,000	10.00	52.72	42.72	427.20%
3,000	11.36	54.08	42.72	376.06%
4,000	12.72	55.44	42.72	335.85%
5,000	14.08	56.80	42.72	303.41%
6,000	15.44	58.16	42.72	276.68%
7,000	16.80	59.52	42.72	254.29%
8,000	18.16	60.88	42.72	235.24%
9,000	19.52	62.24	42.72	218.85%
10,000	20.88	63.60	42.72	204.60%
11,000	22.24	64.96	42.72	192.09%
12,000	23.60	66.32	42.72	181.02%
13,000	24.96	67.68	42.72	171.15%
14,000	26.32	69.04	42.72	162.31%
15,000	27.68	70.40	42.72	154.34%
16,000	29.04	71.76	42.72	147.11%
17,000	30.40	73.12	42.72	140.53%
18,000	31.76	74.48	42.72	134.51%
19,000	33.12	75.84	42.72	128.99%
20,000	34.48	77.20	42.72	123.90%
21,000	35.84	79.25	43.41	121.12%
22,000	37.20	81.30	44.10	118.55%
23,000	38.56	83.35	44.79	116.16%
24,000	39.92	85.40	45.48	113.93%
25,000	41.28	87.45	46.17	111.85%
26,000	42.64	89.50	46.86	109.90%
27,000	44.00	91.55	47.55	108.07%
28,000	45.36	93.60	48.24	106.35%
29,000	46.72	95.65	48.93	104.73%
30,000	48.08	97.70	49.62	103.20%
31,000	49.44	99.75	50.31	101.76%
32,000	50.80	101.80	51.00	100.39%
33,000	52.16	103.85	51.69	99.10%
34,000	53.52	105.90	52.38	97.87%
35,000	54.88	107.95	53.07	96.70%
36,000	56.24	110.00	53.76	95.59%
37,000	57.60	112.05	54.45	94.53%
38,000	58.96	114.10	55.14	93.52%
39,000	60.32	116.15	55.83	92.56%
40,000	61.68	118.20	56.52	91.63%
70,000	102.48	179.70	77.22	75.35%
210,000	292.88	466.70	173.82	59.35%
500,000	687.25	1,061.20	373.95	54.41%

Las Quintas Serenas Water Company
Typical Bill Analysis

<u>Usage Gallons</u>	<u>Present Bill</u>	<u>Proposed Bill</u>	<u>Dollar Increase</u>	<u>Percentage Increase</u>
Four Inch:				
0	\$10.00	\$250.00	\$240.00	2400.00%
1,000	10.00	251.36	241.36	2413.60%
2,000	10.00	252.72	242.72	2427.20%
3,000	11.36	254.08	242.72	2136.62%
4,000	12.72	255.44	242.72	1908.18%
5,000	14.08	256.80	242.72	1723.86%
6,000	15.44	258.16	242.72	1572.02%
7,000	16.80	259.52	242.72	1444.76%
8,000	18.16	260.88	242.72	1336.56%
9,000	19.52	262.24	242.72	1243.44%
10,000	20.88	263.60	242.72	1162.45%
11,000	22.24	264.96	242.72	1091.37%
12,000	23.60	266.32	242.72	1028.47%
13,000	24.96	267.68	242.72	972.44%
14,000	26.32	269.04	242.72	922.19%
15,000	27.68	270.40	242.72	876.88%
16,000	29.04	271.76	242.72	835.81%
17,000	30.40	273.12	242.72	798.42%
18,000	31.76	274.48	242.72	764.23%
19,000	33.12	275.84	242.72	732.85%
20,000	34.48	277.20	242.72	703.94%
21,000	35.84	279.25	243.41	679.16%
22,000	37.20	281.30	244.10	656.18%
23,000	38.56	283.35	244.79	634.83%
24,000	39.92	285.40	245.48	614.93%
25,000	41.28	287.45	246.17	596.34%
26,000	42.64	289.50	246.86	578.94%
27,000	44.00	291.55	247.55	562.61%
28,000	45.36	293.60	248.24	547.27%
29,000	46.72	295.65	248.93	532.81%
30,000	48.08	297.70	249.62	519.18%
31,000	49.44	299.75	250.31	506.29%
32,000	50.80	301.80	251.00	494.09%
33,000	52.16	303.85	251.69	482.53%
34,000	53.52	305.90	252.38	471.56%
35,000	54.88	307.95	253.07	461.13%
36,000	56.24	310.00	253.76	451.21%
37,000	57.60	312.05	254.45	441.75%
38,000	58.96	314.10	255.14	432.73%
39,000	60.32	316.15	255.83	424.12%
40,000	61.68	318.20	256.52	415.89%
800,000	1,095.28	1,876.20	780.92	71.30%
1,100,000	1,503.28	2,493.25	989.97	65.85%

Las Quintas Serenas Water Company
Typical Bill Analysis

Usage Gallons	Present Bill	Proposed Bill	Dollar Increase	Percentage Increase
Standpipe:				
0	\$10.00	\$12.50	\$2.50	25.00%
1,000	10.00	13.86	3.86	38.60%
2,000	10.00	15.22	5.22	52.20%
3,000	11.36	16.58	5.22	45.95%
4,000	12.72	17.94	5.22	41.04%
5,000	14.08	19.30	5.22	37.07%
6,000	15.44	20.66	5.22	33.81%
7,000	16.80	22.02	5.22	31.07%
8,000	18.16	23.38	5.22	28.74%
9,000	19.52	24.74	5.22	26.74%
10,000	20.88	26.10	5.22	25.00%
11,000	22.24	27.46	5.22	23.47%
12,000	23.60	28.82	5.22	22.12%
13,000	24.96	30.18	5.22	20.91%
14,000	26.32	31.54	5.22	19.83%
15,000	27.68	32.90	5.22	18.86%
16,000	29.04	34.26	5.22	17.98%
17,000	30.40	35.62	5.22	17.17%
18,000	31.76	36.98	5.22	16.44%
19,000	33.12	38.34	5.22	15.76%
20,000	34.48	39.70	5.22	15.14%
21,000	35.84	41.75	5.91	16.49%
22,000	37.20	43.80	6.60	17.74%
23,000	38.56	45.85	7.29	18.91%
24,000	39.92	47.90	7.98	19.99%
25,000	41.28	49.95	8.67	21.00%
26,000	42.64	52.00	9.36	21.95%
27,000	44.00	54.05	10.05	22.84%
28,000	45.36	56.10	10.74	23.68%
29,000	46.72	58.15	11.43	24.46%
30,000	48.08	60.20	12.12	25.21%
31,000	49.44	62.25	12.81	25.91%
32,000	50.80	64.30	13.50	26.57%
33,000	52.16	66.35	14.19	27.20%
34,000	53.52	68.40	14.88	27.80%
35,000	54.88	70.45	15.57	28.37%
36,000	56.24	72.50	16.26	28.91%
37,000	57.60	74.55	16.95	29.43%
38,000	58.96	76.60	17.64	29.92%
39,000	60.32	78.65	18.33	30.39%
40,000	61.68	80.70	19.02	30.84%

LAS QUINAS SERENAS WATER COMPANY
 BILL COUNT FOR TEST YEAR 2002/2003
 SUMMARY BY MONTH

Usage Groups	Number of Accounts by Month												Total Accounts/Usage Group
	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	
Zero Usage	48	40	41	44	37	54	34	34	29	23	33	39	456
1 - 900	21	22	22	25	18	35	33	28	24	18	29	31	306
1000 - 1900	31	22	32	47	28	39	34	28	23	25	26	32	367
2000 - 2900	52	57	42	68	41	81	39	45	25	31	36	43	560
3000 - 3900	41	51	50	80	51	86	61	48	32	27	29	58	614
4000 - 4900	65	71	78	90	69	98	76	58	33	32	52	59	781
5000 - 5900	58	63	68	72	61	88	86	71	47	43	49	64	770
6000 - 6900	72	58	64	83	66	88	69	57	34	35	43	53	702
7000 - 7900	49	45	46	54	63	63	55	47	44	39	41	58	604
8000 - 8900	49	49	60	46	65	48	49	61	45	41	42	41	596
9000 - 9900	37	35	56	62	52	50	52	51	46	37	33	36	547
10000 - 10900	44	38	43	32	44	20	37	35	24	32	47	51	447
11000 - 11900	27	38	44	24	35	18	34	46	28	30	35	42	401
12000 - 12900	25	39	25	21	25	21	30	32	33	34	29	33	351
13000 - 13900	22	19	21	13	25	17	21	23	30	23	31	21	266
14000 - 14900	23	26	22	17	21	16	18	18	36	29	22	15	263
15000 - 15900	22	22	23	11	16	8	14	17	24	39	33	16	245
16000 - 16900	14	14	8	4	16	5	14	24	34	19	18	20	190
17000 - 17900	16	8	7	3	16	10	6	11	16	17	21	23	154
18000 - 18900	9	14	12	4	16	11	8	14	20	24	24	10	168
19000 - 19900	11	10	7	5	7	1	10	7	14	14	11	12	109
20000 - 20900	13	7	12	9	5	4	7	10	21	15	12	14	129
21000 - 21900	11	19	7	6	5	5	5	7	14	17	15	14	125
22000 - 22900	8	8	8	5	6	2	11	3	14	18	15	9	107
23000 - 23900	3	7	2	1	11	3	8	9	18	15	9	10	96
24000 - 24900	10	3	7	1	6	2	7	7	9	14	15	9	90
25000 - 25900	5	7	3	3	3	3	4	8	8	8	11	11	74
26000 - 26900	8	8	5	1	5	3	5	7	5	8	11	6	72
27000 - 27900	6	2	1	4	4	1	6	10	10	11	7	5	67
28000 - 28900	3	1	4	1	2	2	7	6	7	14	9	5	61
29000 - 29900	6	3	3	4	1	2	4	4	3	8	6	4	48
30000 - 30900	3	6	3	2	3	2	1	5	3	6	7	3	44
31000 - 31900	5	4	2	2	2	2	1	1	8	8	3	6	40
32000 - 32900	3	3	1	1	1	3	1	3	7	6	4	2	30
33000 - 33900	2	5	3	1	1	1	1	3	7	2	7	3	36
34000 - 34900	2	2	1	1	3	1	1	1	4	9	4	1	29
35000 - 35900	1	2	3	3	1	1	1	2	3	6	2	4	27
36000 - 36900	3	3	2	1	2	1	3	3	3	10	8	1	37
37000 - 37900	6	1	1	1	1	4	4	1	4	2	4	3	30
38000 - 38900	1	1	1	1	1	2	2	1	4	5	4	4	18
39000 - 39900	1	1	1	1	1	1	1	1	5	7	4	3	24
40000 - 40900	2	1	2	2	2	3	1	1	3	7	5	2	21
41000 - 41900	2	1	1	2	3	1	1	1	2	5	3	1	11
42000 - 42900	1	1	1	1	1	1	1	1	9	4	4	1	25
43000 - 43900	1	1	1	1	1	1	1	1	6	2	1	1	13
44000 - 44900	1	1	1	1	1	1	1	1	6	2	2	1	10
45000 - 45900	1	2	1	1	3	1	1	1	2	2	3	1	19

LAS QUINTAS SERENAS WATER COMPANY
 BILL COUNT FOR TEST YEAR 2002/2003
 SUMMARY BY MONTH

Usage Groups	Number of Accounts by Month												Total Accounts/Usage Group
	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	
46000 -	1	1	1					1	3	4	1		11
47000 -		2			1				2	1	2		9
48000 -							1	2	2	4	4	1	14
49000 -	1	2	1		1	1			2	3	1	1	12
50000 -	2					1	1	2	5	3	1	1	16
51000 -	1	1		1		1		1	3	3	3	1	12
52000 -			1					1	2	3			7
53000 -									2	1	3		6
54000 -	1	1					1	1	1	1		1	6
55000 -		2	1						2	1	1		7
56000 -	2		1	1	1	1		1	3	3	1		14
57000 -		1	1	1					1	2	2		7
58000 -							1		1	2	1		5
59000 -	1	1							3	3	1		8
60000 -									1	3	3	1	8
61000 -		1	2		1		1		1	2	1		9
62000 -			2					1		1			4
63000 -				1	1	1			1	1			4
64000 -	1	1							3	1			6
65000 -			1						2				3
66000 -										2			2
67000 -	1		1							1		1	4
68000 -	1	1			1								3
69000 -		1	1					1		2			5
70000 -					1					1	2		4
71000 -	1						2						5
72000 -									1				1
73000 -		1	1					1					3
74000 -								1					1
75000 -													0
76000 -									1	1			3
77000 -		1									1		3
78000 -		1					1		1			1	3
79000 -			1					1		1	1		4
80000 -				1						1			2
81000 -			1										2
82000 -													0
83000 -													0
84000 -												1	1
85000 -												1	2
86000 -										2		1	3
87000 -		1								2			1
88000 -	1			1				1					3
89000 -	1							1	1				3
90000 -					1								2
91000 -								1		1			1
92000 -						1							1

LAS QUINTAS SERENAS WATER COMPANY
 BILL COUNT FOR TEST YEAR 2002/2003
 SUMMARY BY MONTH

Usage Groups	Number of Accounts by Month												Total Accounts/Usage Group
	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	
93000 - 93900					1		1	1		1			0
94000 - 94900		1								1			5
95000 - 95900										1		1	2
96000 - 96900										1		1	2
97000 - 97900													0
98000 - 98900	1												1
99000 - 99900											1		1
100,000 +													
10000 - 100900												100,900	1
10100 - 101900	101,000									101,800		102,000	2
10200 - 102900								102,000	102000 / 102000				4
10300 - 103900		103,000											1
10600 - 106900										106,400			1
10800 - 108900							108,300						1
10900 - 109900						109,000							1
11000 - 110900		109,100						110,000	113000 / 113000	110,000	110,000		2
11300 - 113900													3
11500 - 115900												115,700	2
11600 - 116900	116,600							116,000					1
11800 - 118900								118,400					2
11900 - 119900								119,000		119,000			2
12000 - 120900				120,000									3
12400 - 124900						124,400		124,400		124,100			1
12500 - 125900													1
12700 - 127900						127,300							1
12800 - 128900													1
12900 - 129900				129,800	129,000			128,000		129,100			3
13300 - 133900													1
13700 - 137900								137,000					1
13800 - 138900						138,000							1
13900 - 139900					139,000						139,100		2
14100 - 141900											141,700		1
14400 - 144900									144,200				1
14500 - 145900		145,700											1
14600 - 146900										146,700			1
14700 - 147900									147,000				2
15200 - 152900											152,500		1
15400 - 154900					154,700								1
15500 - 155900													1
15700 - 157900									157,800				1
15800 - 158900												158,000	1
16000 - 160900				160,000									1
16100 - 161900													1
16200 - 162900	162,800												1
16300 - 163900													1
16960 - 169900			169,600										1
17200 - 172900		172,200											1

LAS QUINTAS SERENAS WATER COMPANY
 BILL COUNT FOR TEST YEAR 2002/2003
 SUMMARY BY MONTH

Usage Groups	Number of Accounts by Month												Total Accounts/Usage Group	
	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03		
518000 - 518900							518,000							1
530000 - 530900			530,000											1
535000 - 535900										535,800				1
537000 - 537900								537,000						1
592000 - 592900										592,000				1
594000 - 594900									594,000					1
613000 - 613900									613,800					1
614000 - 614900			614,000											1
620000 - 620900										620,000				1
623000 - 623900			623,000											1
628000 - 628900		628,000												1
647000 - 647900					647,000									1
665000 - 665900												665,000		1
806000 - 806900								806,000						1
823000 - 823900										823,000				1
873000 - 873900											873,700			1
877000 - 877900									877,000					1
1112000 - 1112900										1,112,400				1
Total Accounts/Month	868	866	866	867	867	885	878	876	885	891	901	897		10,547
Total Revenues/Month	\$23,466.00	\$23,170.86	\$21,003.34	\$17,900.16	\$21,246.74	\$16,674.02	\$20,026.96	\$21,804.16	\$32,199.96	\$33,967.59	\$28,978.88	\$23,734.07		\$284,172.78

LAS QUINTAS SERENAS WATER COMPANY
 BILL COUNT FOR TEST YEAR 2002/2003
 3/4" METER SIZE / SUMMARY PER MONTH

Usage Groups	Number of Accounts by Month												Total Accounts/Usage Group
	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	
Zero Usage	13	9	10	9	7	21	8	9	8	7	10	13	124
1 - 900	12	13	15	20	12	22	25	23	19	12	19	17	209
1000 - 1900	19	13	17	29	19	27	17	11	15	17	17	25	226
2000 - 2900	39	37	29	44	27	55	24	29	13	20	25	25	367
3000 - 3900	30	39	41	63	33	69	48	35	23	16	18	40	455
4000 - 4900	49	51	61	73	52	82	59	45	22	23	35	50	602
5000 - 5900	48	55	53	64	51	76	72	59	33	36	34	47	628
6000 - 6900	59	47	53	71	54	62	59	48	29	25	34	35	576
7000 - 7900	44	38	39	49	58	52	47	39	34	33	34	49	516
8000 - 8900	42	46	57	41	57	44	43	52	32	29	31	35	509
9000 - 9900	29	28	46	60	48	45	44	44	37	33	27	31	472
10000 - 10900	38	31	37	27	38	17	34	32	23	27	39	47	390
11000 - 11900	22	36	39	21	28	17	29	44	24	22	32	38	352
12000 - 12900	24	36	22	19	24	19	26	26	26	27	23	28	300
13000 - 13900	20	18	20	13	24	16	19	21	27	20	29	19	246
14000 - 14900	20	24	21	12	19	14	16	16	29	22	20	20	227
15000 - 15900	21	21	22	10	13	8	14	14	20	29	27	15	214
16000 - 16900	12	14	6	4	16	4	14	24	29	18	17	18	176
17000 - 17900	16	7	6	1	14	6	6	9	12	15	18	22	132
18000 - 18900	9	14	10	4	15	9	8	14	18	20	22	10	153
19000 - 19900	11	10	6	4	7	1	9	6	14	14	10	9	101
20000 - 20900	12	6	12	9	5	3	7	7	19	13	12	12	117
21000 - 21900	10	15	6	6	5	4	4	7	13	15	12	13	110
22000 - 22800	8	7	7	4	5	2	9	3	13	18	14	8	98
23000 - 23900	2	4	2	1	11	2	8	8	17	12	13	9	84
24000 - 24900	8	3	5	2	5	2	4	6	9	11	13	9	75
25000 - 25900	4	7	3	2	3	2	3	5	7	6	10	10	62
26000 - 26900	7	8	5	1	4	1	3	5	5	7	9	6	61
27000 - 27900	6	1	1	2	3	1	6	10	9	10	7	3	59
28000 - 28900	2	3	3	1	2	1	6	3	7	13	9	5	52
29000 - 29900	5	3	3	4	1	2	2	4	3	8	6	4	45
30000 - 30900	3	5	3	2	3	2	1	5	3	5	6	2	40
31000 - 31900	4	4	2	2	1	2	1	8	1	6	1	6	33
32000 - 32900	0	1	1	1	1	2	1	3	3	5	3	2	23
33000 - 33900	2	3	3	1	1	1	1	3	6	2	7	2	32
34000 - 34900	1	2	1	1	3	1	1	1	4	7	4	1	26
35000 - 35900	1	1	2	1	1	1	1	2	3	6	1	4	22
36000 - 36900	3	1	1	1	2	1	2	3	3	9	8	1	33
37000 - 37900	4	1	1	1	4	4	4	4	5	2	4	2	24
38000 - 38900	1	1	1	1	1	1	1	1	4	5	3	3	15
39000 - 39900	1	1	1	1	1	1	1	1	5	7	3	3	21
40000 - 40900	1	1	1	2	1	1	1	1	3	7	3	1	18
41000 - 41900	2	1	1	2	1	1	1	1	3	7	5	3	10

KSConger, Office Manager

LAS VEGAS SEWER WATER COMPANY
 BILL COUNT FOR TEST YEAR 2002/2003
 3/4" METER SIZE / SUMMARY PER MONTH

Usage Groups	Number of Accounts by Month												Total Accounts/Usage Group
	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	
42000 -	1				1				6	3	4	1	17
43000 -	1	1	1					6	6	2	1		12
44000 -	1	1	1	1		1		1	1	2	2	1	10
45000 -	1	1	1	1	2			1	1	1	2	1	12
46000 -	1	1	1					1	3	4	1		10
47000 -	1	1	1					2	2	1	2		6
48000 -					1			1	2	4	2		9
49000 -		2						2	2	3		1	9
50000 -	1					1		2	5	3		1	13
51000 -	1	1	1					1	1	3	2	1	7
52000 -			1					2	2	3			6
53000 -								2	2		2		4
54000 -	1	1	1			1		1	2	1	1		4
55000 -	1	1	1					1	2	2			4
56000 -	2				1			1	2	2			6
57000 -	1	1						2	2	2			9
58000 -								1	1	2	1		5
59000 -	1	1						2	2	3	1		4
60000 -									1	3	3		7
61000 -	1	1	2					1	2	2			7
62000 -			1						1	1			3
63000 -				1		1			1	1			4
64000 -	1							3	3				4
65000 -								1	1				1
66000 -										2			2
67000 -	1		1						1	1			3
68000 -		1											1
69000 -										1			1
70000 -										1			1
71000 -									1				1
72000 -									1				1
73000 -													0
74000 -													0
75000 -													0
76000 -									1	1			2
77000 -									1				0
78000 -		1								1			2
79000 -												1	1
80000 -													1
81000 -													1
82000 -													0
83000 -													0
84000 -													0

LAS QUINTAS SERENAS WATER COMPANY
 BILL COUNT FOR TEST YEAR 2002/2003
 3/4" METER SIZE / SUMMARY PER MONTH

Usage Groups	Number of Accounts by Month	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Total Accounts/Usage Group
85000 - 85900										2			1	2
86000 - 86900														1
87000 - 87900														0
88000 - 88900														0
89000 - 89900														0
90000 - 90900														0
91000 - 91900														0
92000 - 92900														0
93000 - 93900														0
94000 - 94900														0
95000 - 95900														0
96000 - 96900											1		1	2
97000 - 97900														0
98000 - 98900	1													1
99000 - 99900											1			1
100,000 +														1
100000 - 100900											101,800		100,900	1
101000 - 101900														1
102000 - 102900														0
103000 - 103900														0
104000 - 104900														0
105000 - 105900														0
106000 - 106900														0
107000 - 107900														0
108000 - 108900														0
109000 - 109900														0
110000 - 110900									113,800					1
111000 - 111900												110,000		1
112000 - 112900														0
113000 - 113900														0
114000 - 114900														0
115000 - 115900														0
116000 - 116900														0
117000 - 117900						118,400				118,800				2
118000 - 118900														1
119000 - 119900													119,100	1
120000 - 120900														0
121000 - 121900														0
122000 - 122900														0
123000 - 123900														0
124000 - 124900						124,400		124,400			124,100			3
125000 - 125900														0
126000 - 126900														0
127000 - 127900														0
128000 - 128900														0
129000 - 129900										129,100				1
130000 - 130900														0
131000 - 131900														0
132000 - 132900														0
133000 - 133900														0
134000 - 134900														0
135000 - 135900														0
136000 - 136900														0
137000 - 137900														0
138000 - 138900														0
139000 - 139900														0
140000 - 140900													141,700	1
141000 - 141900														0
142000 - 142900														0
143000 - 143900														0
144000 - 144900														0
145000 - 145900														1
146000 - 146900											146,700			1

KSConger, Office Manager

LAS QUINIAS SERENAS WATER COMPANY
 BILL COUNT FOR TEST YEAR 2002/2003
 3/4" METER SIZE / SUMMARY PER MONTH

Usage Groups	Number of Accounts by Month												Total Accounts/Usage Group
	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	
147000 - 147900													0
152000 - 152900											152,500		1
154000 - 154900													0
155000 - 155900										155,800			1
157000 - 157900													0
158000 - 158900													0
160000 - 160900													0
161000 - 161900									161,900				1
162000 - 162900													0
163000 - 163900													0
169600 - 169900													0
172000 - 172900													0
174000 - 174900													0
175000 - 175900													0
180000 - 180900													0
181000 - 181900													0
183000 - 183900													0
184000 - 184900													0
185000 - 185900													0
190000 - 190900													0
191000 - 191900													0
192000 - 192900													0
194000 - 194900													0
197000 - 197900													0
198000 - 198900													1
200000 - 200900													0
201000 - 201900													0
204000 - 204900													0
206000 - 206900													0
208000 - 208900													0
210000 - 210900													0
221000 - 221900													0
229000 - 229900													0
231000 - 231900													0
237000 - 237900													0
242000 - 242900													0
249000 - 249900													0
251000 - 251900													0
252000 - 252900													0
254000 - 254900													0
262000 - 262900													0
267000 - 267900													0
271000 - 271900													0

LAS QUINTAS SERENAS WATER COMPANY
 BILL COUNT FOR TEST YEAR 2002/2003
 3/4" METER SIZE / SUMMARY PER MONTH

Usage Groups	Number of Accounts by Month	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Total Accounts/Usage Group
272000 - 272900														0
284000 - 284900														0
297000 - 297900														0
307000 - 307900														0
313000 - 313900														0
323000 - 323900														0
336000 - 336900														0
353000 - 353900														0
356000 - 356900														0
368000 - 368900														0
389000 - 389900														0
397000 - 397900														0
412000 - 412900														0
457000 - 457900														0
487000 - 487900														0
513000 - 513900														0
518000 - 518900														0
530000 - 530900														0
535000 - 535900														0
537000 - 537900														0
592000 - 592900														0
594000 - 594900														0
613000 - 613900														0
614000 - 614900										613,800				1
620000 - 620900														0
623000 - 623900														0
628000 - 628900														0
647000 - 647900														0
665000 - 665900														0
806000 - 806900														0
823000 - 823900														0
873000 - 873900														0
877000 - 877900														0
1112000 - 1112900														0
Total Accounts/Month		676	676	679	679	680	696	690	687	692	696	701	700	8,252
														8,252

LAS QUINTAS SERENAS WATER COMPANY
 BILL COUNT FOR TEST YEAR 2002/2003
 1" METER SIZE / SUMMARY PER MONTH

Usage Groups	Number of Accounts by Month												Total Accounts/Usage Group	
	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03		
Zero Usage	1													5
1 - 900	1	1	2	1	1	1	1	2	1	1	2	4		16
1000 - 1900	1	1	2	2	1	1	3	2	3	1	1	1		18
2000 - 2900	1	2	2	2	4	4	3	2	2	3	2	1		17
3000 - 3900	1	2	2	2	6	2	3	3	2	1	1	2		23
4000 - 4900	1	2	2	2	1	2	1	2	1	1	3	1		19
5000 - 5900	3	1	2	2	1	3	2	2	2	1	1	2		16
6000 - 6900	2	1	1	3	1	1	2	2	1	1	2	2		14
7000 - 7900	1	2	2	1	1	5	1	2	1	2	1	1		16
8000 - 8900	1	1	1	1	1	1	1	1	2	2	1	1		9
9000 - 9900	1	2	2	1	2	1	4	2	2	1	1	1		18
10000 - 10900	1	1	2	2	2	2	3	1	1	1	1	1		10
11000 - 11900	3	1	1	1	1	1	3	2	1	1	1	2		13
12000 - 12900	1	2	1	1	2	1	1	2	1	1	2	1		14
13000 - 13900	1	1	1	1	1	1	1	1	1	2	1	1		6
14000 - 14900				4	2	1	1	1	1	2	1	1		8
15000 - 15900			1	1	2	2	2	1	1	1	1	1		5
16000 - 16900			2	1	2	3	1	1	2	2	2	1		5
17000 - 17900			1	1	2	1	1	1	2	2	2	1		12
18000 - 18900			2	2	1	1	1	1	1	2	2	1		7
19000 - 19900			1	1	1	1	1	1	1	1	1	1		4
20000 - 20900		1				1	1	2	1	1	1	1		6
21000 - 21900	1	3	1	1	1	1	2	2	1	1	1	1		9
22000 - 22900		1		1	1	1	1	1	1	1	1	1		8
23000 - 23900	1	1		1	1	1	3	1	1	2	1	1		7
24000 - 24900	2		1	1	1	1	1	3	1	1	1	1		10
25000 - 25900	1	1		1	1	1	2	3	1	1	1	1		8
26000 - 26900	1			1	1	1	2	2	2	2	2	1		9
27000 - 27900				1	1	1	1	1	1	1	1	1		3
28000 - 28900		1	1				2	1	1	1	1	1		3
29000 - 29900	1						1	1	1	1	1	1		3
30000 - 30900		1					2	1	1	1	1	1		3
31000 - 31900					1			1	1	2	1	1		5
32000 - 32900		2				1		1	1	1	1	1		6
33000 - 33900		1						1	1	2	1	1		3
34000 - 34900														2
35000 - 35900		1	1	2										4
36000 - 36900			2											3
37000 - 37900	1				1		1	1	1			1		3
38000 - 38900							1	1	1			1		2
39000 - 39900							1	1		1	1	1		2
40000 - 40900	1				1							1		3
41000 - 41900									1					1

KSConger, Office Manager

FYE September 30, 2003

LAS QUINTAS SERENAS WATER COMPANY
 BILL COUNT FOR TEST YEAR 2002/2003
 1" METER SIZE / SUMMARY PER MONTH

Usage Groups	Number of Accounts by Month	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Total Accounts/Usage Group
42000 - 42900		1			1	2				1	1			5
43000 - 43900					1									1
44000 - 44900														0
45000 - 45900			1			1				1		1		4
46000 - 46900														0
47000 - 47900		1				1								2
48000 - 48900									1			2	1	4
49000 - 49900		1		1			1							3
50000 - 50900		1					1					1		3
51000 - 51900									1	2				3
52000 - 52900												1		1
53000 - 53900										1	1			2
54000 - 54900										1		1	1	2
55000 - 55900			1											1
56000 - 56900				1						1	1			3
57000 - 57900										1				2
58000 - 58900														0
59000 - 59900										1				1
60000 - 60900													1	1
61000 - 61900						1				1				2
62000 - 62900														0
63000 - 63900										1				0
64000 - 64900			1								1			2
65000 - 65900										1				1
66000 - 66900														0
67000 - 67900														0
68000 - 68900														0
69000 - 69900			1						1		1			3
70000 - 70900														1
71000 - 71900		1						1				1		2
72000 - 72900														0
73000 - 73900			1		1				1					3
74000 - 74900														0
75000 - 75900														0
76000 - 76900						1								1
77000 - 77900			1					1					1	2
78000 - 78900														1
79000 - 79900									1			1		2
80000 - 80900														0
81000 - 81900														0
82000 - 82900														0
83000 - 83900														0
84000 - 84900													1	1

LAS QUINTAS SERENAS WATER COMPANY
 BILL COUNT FOR TEST YEAR 2002/2003
 1" METER SIZE / SUMMARY PER MONTH

Usage Groups	Number of Accounts by Month												Total Accounts/Usege Group
	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	
147000 - 147900													0
152000 - 152900													0
154000 - 154900													0
155000 - 155900													0
157000 - 157900													0
158000 - 158900													0
160000 - 160900													0
161000 - 161900													0
162000 - 162900													1
163000 - 163900													0
169600 - 169900													0
172000 - 172900													1
174000 - 174900													0
175000 - 175900													0
180000 - 180900													0
181000 - 181900													0
183000 - 183900													0
184000 - 184900													0
185000 - 185900													0
190000 - 190900													0
191000 - 191900													0
192000 - 192900													0
194000 - 194900													1
197000 - 197900													1
198000 - 198900													0
200000 - 200900													0
201000 - 201900													0
204000 - 204900													0
206000 - 206900													0
208000 - 208900													0
210000 - 210900													0
221000 - 221900													0
229000 - 229900													0
231000 - 231900													0
237000 - 237900													0
242000 - 242900													0
249000 - 249900													0
251000 - 251900													0
252000 - 252900													0
254000 - 254900													0
262000 - 262900													0
267000 - 267900													0
271000 - 271900													0
										194,500			1
										197,400			1

LAS QUINTAS SERENAS WATER COMPANY
 BILL COUNT FOR TEST YEAR 2002/2003
 1" METER SIZE / SUMMARY PER MONTH

Usage Groups	Number of Accounts by Month												Total Accounts/Usage Group	
	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03		
272000 - 272900														0
294000 - 294900														0
297000 - 297900														0
307000 - 307900														0
313000 - 313900														0
323000 - 323900														0
336000 - 336900														0
353000 - 353900														0
356000 - 356900														0
369000 - 369900														0
389000 - 389900														0
397000 - 397900														0
412000 - 412900														0
457000 - 457900														0
487000 - 487900														0
513000 - 513900														0
518000 - 518900														0
530000 - 530900														0
535000 - 535900														0
537000 - 537900														0
592000 - 592900														0
594000 - 594900														0
613000 - 613900														0
614000 - 614900														0
620000 - 620900														0
623000 - 623900														0
628000 - 628900														0
647000 - 647900														0
665000 - 665900														0
806000 - 806900														0
823000 - 823900														0
873000 - 873900														0
877000 - 877900														0
1112000 - 1112900														0
Total Accounts/Month	36	36	36	36	36	36	36	36	36	36	36	36	36	432
														432

LAS QUINTAS SERENAS WATER COMPANY
 BILL COUNT FOR TEST YEAR 2002/2003
 1-1/2" METER SIZE / SUMMARY PER MONTH

Usage Groups	Number of Accounts by Month												Total Accounts/Usage Group
	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	
Zero Usage													0
1 - 900						2							2
1000 - 1900				1									1
2000 - 2900	1	1				1							3
3000 - 3900					1								1
4000 - 4900													0
5000 - 5900			1										1
6000 - 6900			1	1		1					1		5
7000 - 7900													1
8000 - 8900								1		1			2
9000 - 9900						1		1					2
10000 - 10900		1											2
11000 - 11900		1					1						3
12000 - 12900				1							1		2
13000 - 13900													1
14000 - 14900						1		1	1	1			6
15000 - 15900													1
16000 - 16900												1	2
17000 - 17900			1	1		1							2
18000 - 18900													0
19000 - 19900													0
20000 - 20900												1	1
21000 - 21900									1				1
22000 - 22900													1
23000 - 23900													0
24000 - 24900											1		1
25000 - 25900													0
26000 - 26900													0
27000 - 27900												1	2
28000 - 28900													3
29000 - 29900													0
30000 - 30900													0
31000 - 31900													1
32000 - 32900													0
33000 - 33900													0
34000 - 34900													1
35000 - 35900													0
36000 - 36900													0
37000 - 37900													0
38000 - 38900													0
39000 - 39900													0
40000 - 40900				1									1
41000 - 41900													0

LAS QUINTAS SERENAS WATER COMPANY
 BILL COUNT FOR TEST YEAR 2002/2003
 1-1/2" METER SIZE / SUMMARY PER MONTH

Usage Groups	Number of Accounts by Month												Total Accounts/Usage Group	
	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03		
42000 - 42900									1					2
43000 - 43900														0
44000 - 44900														0
45000 - 45900				1										1
46000 - 46900														0
47000 - 47900														0
48000 - 48900														0
49000 - 49900														0
50000 - 50900														0
51000 - 51900														0
52000 - 52900														0
53000 - 53900														0
54000 - 54900														0
55000 - 55900														0
56000 - 56900														0
57000 - 57900														0
58000 - 58900														0
59000 - 59900														0
60000 - 60900														0
61000 - 61900												1		1
62000 - 62900														0
63000 - 63900														0
64000 - 64900														0
65000 - 65900														0
66000 - 66900														0
67000 - 67900														0
68000 - 68900												1		1
69000 - 69900														1
70000 - 70900														2
71000 - 71900												1		2
72000 - 72900														0
73000 - 73900														0
74000 - 74900														0
75000 - 75900														1
76000 - 76900														0
77000 - 77900														0
78000 - 78900														0
79000 - 79900														0
80000 - 80900														0
81000 - 81900														0
82000 - 82900														0
83000 - 83900														0
84000 - 84900														0

FYE September 30, 2003

KSConger; Office Manager

LAS QUINTAS SERENAS WATER COMPANY
 BILL COUNT FOR TEST YEAR 2002/2003
 1-1/2" METER SIZE / SUMMARY PER MONTH

Usage Groups	Number of Accounts by Month	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Total Accounts/Usage Group
85000 - 85900														0
86000 - 86900														0
87000 - 87900	1													1
88000 - 88900									1					1
89000 - 89900									1	1				2
90000 - 90900											1			1
91000 - 91900														0
92000 - 92900														0
93000 - 93900														0
94000 - 94900			1					1						2
95000 - 95900													1	1
96000 - 96900														0
97000 - 97900														0
98000 - 98900														0
99000 - 99900														0
100,000 +														0
100000 - 100900														0
101000 - 101900									102,000					1
102000 - 102900														1
103000 - 103900														0
106000 - 106900														0
108000 - 108900														0
109000 - 109900									108,300					1
110000 - 110900														0
113000 - 113900														0
115000 - 115900														0
116000 - 116900														0
118000 - 118900														0
119000 - 119900														0
120000 - 120900														0
124000 - 124900														0
125000 - 125900														0
127000 - 127900														0
128000 - 128900														0
129000 - 129900														0
133000 - 133900														0
137000 - 137900														0
138000 - 138900														0
139000 - 139900														0
141000 - 141900														0
144000 - 144900														0
145000 - 145900														0
146000 - 146900														0

LAS VULINAS SENEAS WATER COMPANY
 BILL COUNT FOR TEST YEAR 2002/2003
 1-1/2" METER SIZE / SUMMARY PER MONTH

Usage Groups	Number of Accounts by Month												Total Accounts/Usege Group
	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	
147000 - 147900													0
152000 - 152900													0
154000 - 154900													0
155000 - 155900													0
157000 - 157900									157,800				1
158000 - 158900													0
160000 - 160900													0
161000 - 161900													0
162000 - 162900													0
163000 - 163900											163,300		1
169600 - 169900													0
172000 - 172900													0
174000 - 174900					174,900								1
175000 - 175900													0
180000 - 180900													0
181000 - 181900											181,000		1
183000 - 183900			183,300										1
184000 - 184900													0
185000 - 185900													0
190000 - 190900													0
191000 - 191900													0
192000 - 192900													0
194000 - 194900													0
197000 - 197900													0
198000 - 198900													0
200000 - 200900													0
201000 - 201900				201,800	201,100								2
204000 - 204900										204,200			1
206000 - 206900													0
208000 - 208900													0
210000 - 210900													1
221000 - 221900													0
229000 - 229900													0
231000 - 231900													1
237000 - 237900													0
242000 - 242900													0
249000 - 249900													0
251000 - 251900													1
252000 - 252900													0
254000 - 254900													0
262000 - 262900													0
267000 - 267900													0
271000 - 271900													0

LAS QUINTAS SERENAS WATER COMPANY
 BILL COUNT FOR TEST YEAR 2002/2003
 1-1/2" METER SIZE / SUMMARY PER MONTH

Usage Groups	Number of Accounts by Month												Total Accounts/Usage Group	
	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03		
272000 - 272900														0
284000 - 284900														0
297000 - 297900														0
307000 - 307900														0
313000 - 313900														0
323000 - 323900														0
336000 - 336900														0
353000 - 353900														0
356000 - 356900			356,900											0
369000 - 369900														1
389000 - 389900														0
389000 - 389900			389,200											1
397000 - 397900			397,400											1
412000 - 412900														0
457000 - 457900														0
487000 - 487900														0
513000 - 513900									513,500					0
518000 - 518900														1
530000 - 530900														0
535000 - 535900										535,800				0
537000 - 537900														1
592000 - 592900														0
594000 - 594900										594,000				0
613000 - 613900														1
614000 - 614900														0
620000 - 620900											620,000			0
623000 - 623900														1
628000 - 628900														0
647000 - 647900														0
665000 - 665900														0
806000 - 806900														0
823000 - 823900														0
873000 - 873900														0
877000 - 877900														0
1112000 - 1112900														0
Total Accounts/Month	8	8	8	8	8	8	8	8	8	8	8	8	6	94
														94

LAS QUINTAS SERENAS WATER COMPANY
 BILL COUNT FOR TEST YEAR 2002/2003
 2" METER SIZE / SUMMARY PER MONTH

Usage Groups	Number of Accounts by Month												Total Accounts/Usage Group			
	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03				
Zero Usage																
1 - 900																0
1000 - 1900																0
2000 - 2900																0
3000 - 3900																0
4000 - 4900		1		1		1										3
5000 - 5900					1											2
6000 - 6900			1													1
7000 - 7900						1										0
8000 - 8900																1
9000 - 9900																0
10000 - 10900							1						1			2
11000 - 11900				1												1
12000 - 12900					1			1								2
13000 - 13900																0
14000 - 14900									1							1
15000 - 15900								1				1				4
16000 - 16900	1												1			1
17000 - 17900																0
18000 - 18900									1							1
19000 - 19900																0
20000 - 20900	1															1
21000 - 21900													1			2
22000 - 22900																0
23000 - 23900																1
24000 - 24900																1
25000 - 25900																0
26000 - 26900																0
27000 - 27900																0
28000 - 28900																0
29000 - 29900																0
30000 - 30900																0
31000 - 31900																0
32000 - 32900																0
33000 - 33900																0
34000 - 34900																0
35000 - 35900																0
36000 - 36900																0
37000 - 37900																1
38000 - 38900																0
39000 - 39900																0
40000 - 40900																0
41000 - 41900																0

LAS QUINTAS SERENAS WATER COMPANY
 BILL COUNT FOR TEST YEAR 2002/2003
 2" METER SIZE / SUMMARY PER MONTH

Usage Groups	Number of Accounts by Month												Total Accounts/Usage Group
	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	
42000 - 42900													0
43000 - 43900													0
44000 - 44900													0
45000 - 45900													0
46000 - 46900													0
47000 - 47900													0
48000 - 48900													1
49000 - 49900													0
50000 - 50900													0
51000 - 51900													0
52000 - 52900													0
53000 - 53900													0
54000 - 54900													0
55000 - 55900													0
56000 - 56900													2
57000 - 57900													0
58000 - 58900													0
59000 - 59900													0
60000 - 60900													0
61000 - 61900													0
62000 - 62900													0
63000 - 63900													0
64000 - 64900													0
65000 - 65900													0
66000 - 66900													0
67000 - 67900													0
68000 - 68900													1
69000 - 69900													0
70000 - 70900													0
71000 - 71900													0
72000 - 72900													0
73000 - 73900													0
74000 - 74900													0
75000 - 75900													0
76000 - 76900													0
77000 - 77900													1
78000 - 78900													0
79000 - 79900													0
80000 - 80900													0
81000 - 81900													1
82000 - 82900													0
83000 - 83900													0
84000 - 84900													0

LAS QUINTAS SERENAS WATER COMPANY
 BILL COUNT FOR TEST YEAR 2002/2003
 2" METER SIZE / SUMMARY PER MONTH

Usage Groups	Number of Accounts by Month												Total Accounts/Usage Group
	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	
85000 - 85900													0
86000 - 86900													0
87000 - 87900													0
88000 - 88900													0
89000 - 89900													0
90000 - 90900													0
91000 - 91900													0
92000 - 92900													0
93000 - 93900													0
94000 - 94900								1		1			2
95000 - 95900													0
96000 - 96900													0
97000 - 97900													0
98000 - 98900													0
99000 - 99900													0
100,000 +													0
100000 - 100900													0
101000 - 101900													0
102000 - 102900													0
103000 - 103900													0
106000 - 106900													0
108000 - 108900													0
109000 - 109900													1
110000 - 110900													0
113000 - 113900													0
115000 - 115900													1
116000 - 116900													0
118000 - 118900													0
119000 - 119900													0
120000 - 120900													0
124000 - 124900													0
125000 - 125900													0
127000 - 127900													1
128000 - 128900													0
129000 - 129900													1
133000 - 133900													1
137000 - 137900													0
138000 - 138900													0
139000 - 139900													0
141000 - 141900													0
144000 - 144900													0
145000 - 145900													0
146000 - 146900													0
109,100													0
115,700													0
127,300													0
129,800													0
133,200													0

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 BILL COUNT FOR TEST YEAR 2002/2003
 2" METER SIZE / SUMMARY PER MONTH

Usage Groups	Number of Accounts by Month												Total Accounts/Usage Group
	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	
272000 - 272900													0
284000 - 284900													0
297000 - 297900													0
307000 - 307900									307,900				1
313000 - 313900													0
323000 - 323900													0
336000 - 336900										336,100			1
353000 - 353900													0
356000 - 356900													0
369000 - 369900													0
389000 - 389900													0
397000 - 397900													0
412000 - 412900													0
457000 - 457900													0
487000 - 487900													0
513000 - 513900													0
518000 - 518900													0
530000 - 530900													0
535000 - 535900													0
537000 - 537900													0
592000 - 592900													0
594000 - 594900													0
613000 - 613900													0
614000 - 614900													0
620000 - 620900													0
623000 - 623900													0
628000 - 628900													0
647000 - 647900													0
665000 - 665900													0
806000 - 806900													0
823000 - 823900													0
873000 - 873900													0
877000 - 877900													0
1112000 - 1112900													0
Total Accounts/Month	4	4	4	4	4	4	4	4	4	4	4	4	48
													48

LAS QUINTAS SERENAS WATER COMPANY
 BILL COUNT FOR TEST YEAR 2002/2003
 4" COMPOUND METER SIZE / SUMMARY PER MONTH

Usage Groups	Number of Accounts by Month	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Total Accounts/Usage Group
Zero Usage														0
873000 - 873900												1,112,400	873,700	1
1112000 - 1112900														1
Total Accounts/Month												1	1	2
														2

LAS QUINTAS SERENAS WATER COMPANY
 BILL COUNT FOR TEST YEAR 2002/2003
 STANDPIPE / SUMMARY PER MONTH

Usage Groups	Number of Accounts by Month												Total Accounts/Usage Group
	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	
Zero Usage	34	31	31	34	30	32	25	25	20	16	23	26	327
1 - 900	8	8	5	4	5	10	8	3	5	5	8	10	79
1000 - 1900	11	8	13	15	8	11	14	15	5	7	8	7	122
2000 - 2900	11	17	11	22	14	21	15	16	12	8	9	17	173
3000 - 3900	10	12	9	15	11	15	10	10	7	10	10	16	135
4000 - 4900	15	17	15	14	16	13	16	11	10	8	14	8	157
5000 - 5900	7	7	12	6	9	9	13	12	12	7	14	15	123
6000 - 6900	11	10	8	8	11	5	7	9	5	9	8	15	106
7000 - 7800	4	5	5	4	4	5	8	6	10	6	6	8	71
8000 - 8900	6	2	3	4	8	2	5	8	13	9	10	5	75
9000 - 9900	6	5	8	1	2	3	3	4	7	4	6	4	53
10000 - 10900	5	5	4	3	3	3	2	3	1	5	7	2	43
11000 - 11900	2	1	4	1	5	1	1	1	4	7	3	2	32
12000 - 12900	1	1	2		1	1	1	1	7	6	3	4	33
13000 - 13900	1	1	1	1	1	1	1	1	2	3	2	2	13
14000 - 14900	3	2	1	1	1	1	1	1	5	4	2	1	21
15000 - 15900	1	1	1	1	1	1	1	2	3	9	5	1	21
16000 - 16900	1	1	1	1	1	1	1	1	3	1	1	1	6
17000 - 17900	1	1	1	1	1	1	1	1	1	2	1	1	8
18000 - 18900				1		2			1	2			5
19000 - 19900						1					1	1	3
20000 - 20900				1				1		1		1	4
21000 - 21900		1								1	1	1	3
22000 - 22900			1						1	1	1	1	4
23000 - 23900		1											4
24000 - 24900					1				1	2			3
25000 - 25900							1		1	1	1		4
26000 - 26900						1			1	1			2
27000 - 27900				1					1	1			3
28000 - 28900	1						1	1					3
29000 - 29900													0
30000 - 30900										1			1
31000 - 31900	1												1
32000 - 32900									1				1
33000 - 33900		1											1
34000 - 34900												1	0
35000 - 35900													1
36000 - 36900								1		1			2
37000 - 37900	1										1		1
38000 - 38900													1
39000 - 39900													0
40000 - 40900													0
41000 - 41900													0

LAS QUINTAS SERENAS WATER COMPANY
 BILL COUNT FOR TEST YEAR 2002/2003
 STANDPIPE / SUMMARY PER MONTH

Usage Groups	Number of Accounts by Month												Total Accounts/Useage Group
	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	
42000 - 42900									1				1
43000 - 43900													0
44000 - 44900					1								1
45000 - 45900										1			1
46000 - 46900			1										1
47000 - 47900			1										1
48000 - 48900													0
49000 - 49900													0
50000 - 50900													0
51000 - 51900								1					2
52000 - 52900													0
53000 - 53900													0
54000 - 54900													0
55000 - 55900													0
56000 - 56900													0
57000 - 57900													0
58000 - 58900													0
59000 - 59900													0
60000 - 60900													0
61000 - 61900							1						1
62000 - 62900				1									1
63000 - 63900													0
64000 - 64900													0
65000 - 65900													0
66000 - 66900													0
67000 - 67900													0
68000 - 68900													0
69000 - 69900													0
70000 - 70900													0
71000 - 71900													0
72000 - 72900													0
73000 - 73900													0
74000 - 74900													0
75000 - 75900													0
76000 - 76900													0
77000 - 77900													0
78000 - 78900													0
79000 - 79900			1										1
80000 - 80900													1
81000 - 81900													0
82000 - 82900													0
83000 - 83900													0
84000 - 84900													0

LAS QUINIAS SERENAS WATER COMPANY
 BILL COUNT FOR TEST YEAR 2002/2003
 STANDPIPE / SUMMARY PER MONTH

Usage Groups	Number of Accounts by Month	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Total Accounts/Usage Group
85000 - 85900														0
86000 - 86900														0
87000 - 87900														0
88000 - 88900					1									1
89000 - 89900														1
90000 - 90900	1					1								1
91000 - 91900							1							1
92000 - 92900														0
93000 - 93900														0
94000 - 94900											1			1
95000 - 95900														0
96000 - 96900														0
97000 - 97900														0
98000 - 98900														0
99000 - 99900														0
100,000 +														0
100000 - 100900														0
101000 - 101900														0
102000 - 102900										102,000			102,000	2
103000 - 103900			103,000											1
106000 - 106900														0
108000 - 108900														0
109000 - 109900							109,000							1
110000 - 110900									110,000					2
113000 - 113900									113,000					1
115000 - 115900								116,000						0
116000 - 116900														1
118000 - 118900														0
119000 - 119900								119,000				119,000		2
120000 - 120900					120,000									1
124000 - 124900														0
125000 - 125900														0
127000 - 127900														0
128000 - 128900										128,000				1
129000 - 129900						129,000								1
133000 - 133900														0
137000 - 137900							137,000							1
138000 - 138900							138,000							1
139000 - 139900						139,000								1
141000 - 141900														0
144000 - 144900														0
145000 - 145900														0
146000 - 146900														0

LAS QUINTAS SERENAS WATER COMPANY
 BILL COUNT FOR TEST YEAR 2002/2003
 STANDPIPE / SUMMARY PER MONTH

Usage Groups	Number of Accounts by Month												Total Accounts/Usage Group	
	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03		
272000 - 272900	272,000												1	
294000 - 294900					294,000								1	
297000 - 297900		297,000											1	
307000 - 307900													0	
313000 - 313900									323,000	313,000			1	
323000 - 323900													1	
336000 - 336900											353,000		0	
353000 - 353900													1	
356000 - 356900													0	
369000 - 369900		369,000											1	
389000 - 389900													0	
397000 - 397900													1	
412000 - 412900									412,000				1	
457000 - 457900		457,000											1	
487000 - 487900						487,000							1	
513000 - 513900													0	
518000 - 518900							518,000						1	
530000 - 530900													1	
535000 - 535900													0	
537000 - 537900								537,000					1	
592000 - 592900										592,000			1	
594000 - 594900													0	
613000 - 613900													0	
614000 - 614900													1	
620000 - 620900													0	
623000 - 623900													1	
628000 - 628900		628,000											1	
647000 - 647900													1	
665000 - 665900												665,000	1	
806000 - 806900									806,000				1	
823000 - 823900											823,000		1	
873000 - 873900													0	
877000 - 877900										877,000			1	
1112000 - 1112900													0	
Total Accounts/Month	144	142	139	140	139	141	140	141	141	145	147	151	150	1,719
														1,719

Arizona Department of Environmental Quality
Water Quality Compliance Assurance Unit
1110 W. Washington Street, 5415B-1
Phoenix, AZ 85007

Drinking Water Compliance Status Report

Public Water System Name: Las Quintas Sernas Water Company

Public Water System ID #: 10-064

Overall Compliance Status: No Major Deficiencies Major Deficiencies

Monitoring and Reporting Status: No Major Deficiencies Major Deficiencies
Comments:

Operation and Maintenance Status: No Major Deficiencies Major Deficiencies

Major unresolved/ongoing operation and maintenance deficiencies:

- | | |
|---|---|
| <input type="checkbox"/> unable to maintain 20psi | <input type="checkbox"/> inadequate storage |
| <input type="checkbox"/> cross connection/backflow problems | <input type="checkbox"/> surface water treatment rule |
| <input type="checkbox"/> treatment deficiencies | <input type="checkbox"/> approval of construction |
| <input type="checkbox"/> certified operator | <input type="checkbox"/> other |

Date of last inspection / sanitary survey: 1-4-01

Administrative Orders:

Is an ADEQ administrative order in effect? Yes No

Comments:

System information:

Number of Points of Entry 3 Number of Sources 3 Population Served 4073

Service Connections 950 Initial Monitoring Year 1993 Initial MAP year 1999

Evaluation completed by: Jim Puckett

Phone: 602-771-4649 Date: 11-5-03

Based on data submitted by the water system, ADEQ has determined that this system is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, Chapter 4. This compliance status report does not guarantee the water quality for this system in the future. This compliance status report does not reflect the status of any other water system owned by this utility company.

Company Name: LAS QUINTAS SERENAS WATER CO	Test Year Ended: 09/30/2003
---	------------------------------------

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (feet)	Casing Diameter (inches)	Meter Size (inches)	Year Drilled
55-60-8531	40	200	513 - 805	10" - 8"	4"	1976
55-60-8530	75	350 - 450	837	12"	6"	1971
55-56-6940	150	650 - 900	910	12"	8'	1998

*Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
N/A	N/A	N/A

BOOSTER PUMPS

Horsepower	Quantity
N/A	N/A

FIRE HYDRANTS

Quantity Standard	Quantity Other
N/A	N/A

STORAGE TANKS

Capacity	Quantity
30,000	1
60,000	1

PRESSURE TANKS

Capacity	Quantity
3,000	1
5,000	5

Company Name: **LAS QUINTAS SERENAS WATER CO** | Test Year Ended: **09/30/2003**

WATER COMPANY PLANT DESCRIPTION CONTINUED

MAINS		
Size (in inches)	Material	Length (in feet)
2	Copper	250
3	Transite	240
4	Transite	19,840
5	N/A	N/A
6	Transite	37,793
8	Transite	2,760
10	Transite	420
12	Transite	1,340
2	Plastic	1,550
4	Plastic	4,509
6	Plastic	17,510
8	Plastic	1,468
12	Plastic	1,950

CUSTOMER METERS	
Size (in inches)	Quantity
5/8 x 3/4	700
3/4	1
1	36
1 1/2	6
2	4
Comp. 3	
Turbo 3	
Comp. 4	1
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, please list the utility owned assets in each category.

TREATMENT EQUIPMENT:

STRUCTURES:

Steel Portable Shed - 8'0 x 20'0 (#5 Well)

OTHER:

WATER USE DATA SHEET

NAME OF COMPANY	LAS QUINTAS SERENAS WATER COMPANY
ADEQ Public Water System Number:	10064

MONTH/YEAR (12 Months of Test Year)	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	
1	10/2002	868	12,461,600	13,139,500
2	11/2002	866	12,279,100	12,947,100
3	12/2002	866	10,680,800	11,261,800
4	01/2003	867	8,368,600	8,787,000
5	02/2003	867	10,863,800	11,407,000
6	03/2003	885	7,445,800	7,817,800
7	04/2003	878	9,887,200	10,351,800
8	05/2003	876	11,239,000	11,811,000
9	06/2003	885	18,831,900	19,773,500
10	07/2003	891	20,118,100	21,124,000
11	08/2003	901	16,358,100	17,176,000
12	09/2003	897	12,510,000	13,131,500
TOTAL	N/A	151,044,000	158,728,000	*

Is the water utility located in an ADWR Active Management Area ("AMA")?

YES NO

Does the Company have an ADWR gallons per capita day ("GPCD") requirement?

YES NO

If Yes, please provide the GPCD amount:

121.0

Note: If you are filing for more than one system, please provide separate data sheets for each system. For explanation of any of the above, please contact the Engineering Supervisor at 602-542-7277.

**Gallons pumped cannot equal or be less than the gallons sold.*



MONITORING ASSISTANCE PROGRAM ANNUAL SAMPLING FEE INVOICE



Pursuant to A.R.S. § 49-113, interest will be charged if full payment is not received by the specified due date. If you dispute the amount listed, please contact ADEQ as soon as possible. To reduce interest costs on an unpaid invoice, you may remit an amount that you believe is not in dispute. However, if nonpayment is due to willful neglect, you may suffer an additional five percent penalty of up to twenty-five percent of the amount due for each month or fraction of a month the amount is past due.

If you have any questions about your invoice, contact
W. Scott Steinhagen at (602) 771-4445
or toll-free within Arizona at (800) 234-5677, extension 4445

Pursuant to A.R.S. § 49-360 F and A.A.C. R18-4-224 through R18-4-226, "The director shall establish fees for the monitoring assistance program to be collected from all public water systems..."

Account/PWSID #: 10064	Invoice Number 59944
To: LAS QUINTAS SERENAS W C PO BOX 68 SAHUARITA, AZ 85629 	Billing for Calendar Year: 2003
	Due Date: December 16, 2002
	Total Amount Due \$ 2,328.28
	Amount Paid \$

↑ Keep the top portion for your records. ↑

ADEQ Federal Tax #866004791

↓ This entire bottom portion must be returned to ADEQ. ↓

ADEQ Federal Tax #866004791

Annual Sampling Fee Invoice

Invoice # 59944

LAS QUINTAS SERENAS W C PO BOX 68 SAHUARITA, AZ 85629	Account/PWSID #: 10064	MAP
	Billing for Calendar Year: 2003	
	Due Date: 12/16/2002	

ANNUAL SAMPLING FEE WORKSHEET

Base Fee (all MAP systems)	\$	250.00
Fee per Connection 1,004 connections X \$ 2.57	\$	2,580.28
Subtotal	\$	2,830.28
(Less) 1,004 connections X \$ 0.50	\$	< 502.00
2003 subsidy from MAP surplus		
Total Sampling Fee	\$	2,328.28
Plus Paid Interest Charges and/or Other Adjustments	\$	0.00
Plus Unpaid Interest Charges as of 10/31/2002	\$	0.00
Minus Payments Received and/or Other Adjustments	\$	0.00
Amount Due	\$	2,328.28
Amount received by ADEQ (Make check payable to State of Arizona)	\$	



A \$12 fee will be charged for any check not honored by the bank.

Do not write below this line

Make your check or money order payable to State of Arizona
THIS FORM MUST ACCOMPANY YOUR REMITTANCE.

Mail to: Arizona Department of Environmental Quality
PO Box 18228
Phoenix, AZ 85066-0228

Check Number: _____
 Received: _____
 Postmarked: _____

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

MARC SPITZER, Chairman
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
MIKE GLEASON
KRISTIN K. MAYES

RECEIVED
SEP 20 2004
BY:

IN THE MATTER OF THE APPLICATION OF) DOCKET NO. W-01583A-04-0178
LAS QUINTAS SERENAS WATER CO. FOR A)
RATE INCREASE) **REBUTTAL TESTIMONY OF**
) **DALE R. CALVERT**
)
)

INTRODUCTIONS AND QUALIFICATIONS

Q. Please state your name and address?

A. My name is Dale R. Calvert. My business address is 2970 N. Swan Road #220, Tucson, Arizona 85712.

Q. What is your profession and background?

A. I am a Certified Public Accountant and am self-employed, providing accounting services to utility companies as well as general accounting services. I have a B.S. in Accounting from the University of Arizona (1970).

Q. Could you briefly summarize your prior work and regulatory experience?

A. Yes, I have been in private practice since 1979 where I have provided accounting and tax services to several water utilities including Rincon Ranch Estates Water Co., Inc., K & V Enterprises, Inc., Nicksville Water and Las Quintas Serenas Water Company. I have prepared several rate cases for Rincon Ranch Estates Water Co. and I am an Officer and Director of that

MUNGER CHADWICK, P.L.C.
ATTORNEYS AT LAW
NATIONAL BANK PLAZA
333 NORTH WILMOT, SUITE 300
TUCSON, ARIZONA 85711
(520) 721-1900

EXHIBIT
tabbler
A-3
ADMITTED

1
2 Company. Prior to entering private practice I was employed by Norman and Evans, Ltd., CPA's
3 where I annually worked on the audit of the Salt River Indian Community. As a part of that work
4 I did the audit tests on their water utility. After that I was employed by Riordan, Crouse and
5 Collins, CPA's in Tucson where I annually did the audit of the Flowing Wells Irrigation District.

6
7 Q. On whose behalf are you testifying in this procedure?

8 A. I am testifying in this procedure on behalf of Las Quintas Serenas Water Company
9 ("LQS" or "the Company"). Las Quintas Serenas Water is seeking increases in its rates and
10 charges for utility service for their franchise area located in Pima County north of the
11 unincorporated community of Green Valley and south and west of the Town of Sahuarita.

12
13 Q. What is the purpose of your rebuttal testimony?

14 A. To provide testimony regarding adjustments and issues raised by the staff in its direct
15 testimony and report.

16 PLANT IN SERVICE AND ACCUMULATED DEPRECIATION

17 Q. The Staff has recommended a \$942 adjustment in the plant in service at the end of the test
18 period and \$2,935 increase in the accumulated depreciation that was calculated by the Company.
19 Do you have any comment on these adjustments.
20

21 A. The Company accepts the adjustments proposed by the staff and wishes to thank the staff
22 for their diligent efforts in reviewing over \$1,000,000 of plant additions over an eighteen year
23 period of time.

24 METER ADVANCES

25 Q. The Staff has reduced the rate base by the \$31,649 of meter advances. Do you agree with
26 this adjustment.
27
28

1
2 A. Yes

3 DEFERRED INCOME TAX CREDITS

4 Q. The Staff has reduced the rate base by \$1,191 for deferred income tax credits. Do you
5 agree with this adjustment.

6
7 A. Yes

8 OPERATING EXPENSES

9 Q. The Staff has proposed an adjustment of the claimed Salaries and Wages of \$2,065. Is
10 the Company in agreement with that adjustment?

11 A. No the Company does not agree with that adjustment. Staff cites the Company Board of
12 Directors minutes for the approved rates, but fails to reflect that the Board of Directors have also
13 approved a policy of time and a half for after hours call out work and approved raises during the
14 year for the employees. In addition, in regard to Kaycee Conger, staff used her base rate of pay
15 without her hourly allowance for fringe benefits. However, Staff confirms the accuracy of the
16 Company records by showing that their analysis determines only a 1.85% differential from the
17 Company records even though they did not include all the factors used in calculating the
18 employee's compensation. Accordingly, the full \$111,468 of compensation should be allowed.

19
20
21 Q. The Staff has proposed an adjustment of \$9,931 to the Repairs and Supplies for the
22 cleaning of a well because the expense is extraordinary and will not be repeated in the
23 foreseeable future. Do you agree with that adjustment?

24 A. We agree that an adjustment is appropriate because cleaning out a well is maintenance
25 work that will not be done on an annual basis. However, considering the age of the Company's
26 wells we do not agree that the Company will not incur similar well cleaning expenses on this or
27
28

1
2 other wells in the future. In fact, I have been advised that the Company expects that within the
3 next 4 years that it will incur similar well cleaning expenses so we feel that this item ought to be
4 normalized over that number of years. Thus, \$2,483 of the \$9,931 should be allowed to be added
5 to the other repairs and supplies expenses.

6
7 Q. The Staff has proposed that Water Testing Expense be adjusted by \$752. Do you have a
8 comment on this adjustment.

9 A. Steve Gay the Operator/Manager of the Las Quintas Serenas will have further comment
10 on this issue in his testimony. The required tests for health purposes are minimum standards to
11 protect the health of the system and there are many instances where the operator may in his
12 judgment make additional tests to better operate the system and assure water quality. There is no
13 assertion by the staff that any of the reported \$4,804 of water testing cost was not expended for
14 that purpose, and thus this expense should have been allowed by the staff.

15
16 Q. The Staff has proposed adjusting the Rate Case Expense from \$6,000 to \$2,000. Do you
17 agree with that adjustment?

18 A. No, for a couple of reasons. First on exhibit C-2 of the Company filing explaining the
19 Company adjustments on exhibit C-1 we explained that the \$6,000 was one half of the \$12,000
20 total estimated cost. Consequently the Staff's adjustment (hopefully inadvertently) normalizes
21 the actual cost a second time in effect spreading the cost over six years rather than two or three.
22 Second, we elected to use a two year normalization period rather than a three year because of the
23 high probably that the Company will need to file again for a rate increase within the next year or
24 two. Third, at the time of the audit we discussed with the Staff that the actual expense had
25 already exceeded the \$12,000 estimate. Through August 31, 2004 the Company has expended
26
27
28

1
2 \$20,058.55 in connection with preparing the application, responding to a number of staff data
3 requests and participating in the staff's field audit. In addition to the amount already expended
4 the Company will incur additional costs related to the preparation for the hearing including our
5 response to the Staffs report and testimony and actual hearing time which is estimated at
6 \$12,500. Accordingly, our current estimate of the total cost is \$32,558.55. If we adopt the staffs
7 recommended three year normalization period the adjustment should be \$10,853.
8

9 Q. Staff has adjusted the transportation expense by \$2,789. Do you agree with that
10 adjustment?

11 A. We do not agree with that adjustment. The Staff indicates that the Company had four
12 vehicles, two which were owned by the Company and two which were owned by employees who
13 were paid mileage for the use of those vehicles. Accordingly, they concluded the mileage
14 reimbursement for the vehicle owned by Steve Gay, the Operator/Manager of the system and his
15 wife Janice, should be disallowed. The payments were made to Mrs. Gay because several years
16 ago the Company's former accountant erroneously had included those payments in Mr. Gay's W-
17 2 as part of his taxable income so at that time the Company adopted the policy of writing the
18 checks to Mrs. Gay to avoid confusion.
19
20

21 What the staffs analysis ignores is that the Company acquired the second owned vehicle
22 on June 20, 2003 of the test year that ended September 30, 2003 and terminated the mileage
23 reimbursement arrangement with Mr. Gay at that time. Accordingly, the Company did not
24 operate a fourth vehicle except for the inevitable transition period when moving from one vehicle
25 to another. If an adjustment is going to be made it should include both the removal of Mr. Gay's
26 reimbursement and the annualization of the costs of the truck acquired during the year.
27
28

1
2 Q. The Staff recommends an adjustment to the Miscellaneous Expense of \$673 for out of
3 state long distance telephone calls. Do you agree with that adjustment?

4 A. We do not agree with that adjustment for a couple of reasons. First we were unable to
5 determine how the Staff arrived at \$673 of out of state long distance charges. The Company
6 created their own analysis of the telephone bills and determined that there were only \$102 out of
7 state long distance charges out of total long distance charges of \$296 during the test period.
8 Secondly, stating that it is not an appropriate expense for the Company to make out of state long
9 distance calls arbitrarily assumes only in-state calls are business related. A review of the
10 identified telephone calls shows that many were made to customers of the system who were
11 either moving into or out of the Company service area, own rental properties in the service area
12 or had business with the Company because they leave their property for extended periods of time
13 and were out of state at the time. In addition many of the calls were made to vendors such as
14 Symantec an international software company, Rockwell Automation and other vendors.
15

16 Q. Staff has adjusted the Company Depreciation calculation of \$52,949 by \$5,082 to a staff
17 proposed amount of \$47,867. Do you wish to comment on this adjustment.
18

19 A. In the last rate case for the Company in 1984 the Commission had approved the Company
20 use of a composite twenty year life for all assets. As a part of our application we requested that
21 this depreciation method be modified to Arizona Corporation Commission approved current
22 rates. We had already adjusted the depreciation amount for the test year by \$14,642 in our
23 exhibit C-1 from the expense under the old rates of \$67,591 in anticipation of this change.
24 Accordingly, we agree with this adjustment.
25
26
27
28

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ATTORNEYS AT LAW
NATIONAL BANK PLAZA
333 NORTH WILMOT, SUITE 300
TUCSON, ARIZONA 85711
(520) 721-1900

1
2 Q. The staff has adjusted the property taxes by \$1. Do you wish to comment on this
3 adjustment.

4 A. No

5 Q. The Staff has increased the Federal and State Income Tax Expense by \$4,654. Does the
6 Company agree with that adjustment?
7

8 A. Yes

9 RATE OF RETURN

10 Q. The Staff has determined that the capital structure is 100 percent equity. Do you agree
11 with that determination?

12 A. I agree that it reflects the current capitalization of the Company. But considering the
13 Company needs for capital investment associated with arsenic treatment and other growth needs I
14 would expect the Company to be requesting a modification of that situation in the near future. In
15 that regard, in his rebuttal testimony, Steve Gay indicates that the Company is considering
16 requesting Commission approval to incur debt to fund its capital facilities investment for arsenic
17 treatment. In addition, as the Company approaches 1,000 customers, with substantial additions
18 in the foreseeable future, it is reasonable that its capital structure will move towards a
19 combination of debt and equity. In this regard, as the staff cost of capital witness has testified,
20 (1) as a company increases its debt, its cost of equity increases, and (2) the average capital
21 structure for the sample water utilities he used in this case is 50.3 percent equity and 49.7 percent
22 debt. These considerations are worth noting in terms of what might be an appropriate capital
23 structure for this company prospectively, as well as its cost of capital.
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Q. The Staff has recommended an overall rate of return of 8.5%. Do you wish to comment on that determination.

A. Yes we agree with a 8.5% rate of return for this rate case.

Q. What would be the Adjusted Operating Income (Loss) be if the modifications to which you have testified above were made to line 2 of staffs exhibit ENZ-1?

A. Operating expenses would be increased by \$15,550 which consists of \$2,483 of repairs, \$752 of water testing, \$8,853 of rate case expenses, \$2,789 of transportation and \$673 of telephone. The total of \$15,550 would decrease the Adjusted Operating Income from \$13,659 to an \$1,891 Adjusted Operating Loss. Under these circumstances, a slight increase in rates would appear to be in order.

Q. Does this conclude your testimony?

A. Yes

MUNGER CHADWICK, P.L.C.
ATTORNEYS AT LAW
NATIONAL BANK PLAZA
333 NORTH WILMOT, SUITE 300
TUCSON, ARIZONA 85711
15201 721-1900

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Original and fifteen (15) copies of the foregoing FILED this 17th day of September, 2004 with:

Arizona Corporation Commission
Docket Control
400 W. Congress, #218
Tucson, Arizona 85701

Copies of the foregoing mailed/emailed this 17th day of September, 2004 to:

Mr. Steve Gray
General Manager/ Operator
Las Quintas Serenas Water Company
16965 Camino De Las Quintas
P.O. Box 68
Sahuarita, Az 85629

Christopher Kempely, Chief Counsel
Legal Division
ARIZONA CORPORATION COMMISSION
1200 W. Washington Street
Phoenix, Arizona 85007

Ernest Johnson, Director
Utilities Division
ARIZONA CORPORATION COMMISSION
1200 W. Washington Street
Phoenix, Arizona 85007

Arizona Reporting Service, Inc
2627 N. Third Street, Suite Three
Phoenix, Arizona 85004-1103



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TUCSON, ARIZONA 85711
(520) 721-1900

OPERATING INCOME - TEST YEAR

Line No.	Description	Company Filed	Staff Report	Staff's Surrebuttal Testimony	Company Filed as Modified for Agreed Changes	Differences
<i>Revenue</i>						
1	Total Operating Revenue	\$287,332	\$287,332	\$287,332	\$287,332	\$0
<i>Expenses</i>						
2	Salaries and Wages	111,468	109,403	111,468	111,468	0
3	Purchased Power	30,902	30,902	30,902	30,902	0
4	Repairs and Supplies	17,851	7,920	7,920	8,094	174
5	Water Testing	4,804	4,052	4,052	4,052	0
6	Office Supplies and Expenses	7,295	7,295	7,295	7,295	0
7	Contractual Services	11,177	11,177	11,177	11,177	0
8	Rate Case Expense	6,000	2,000	4,000	9,934	5,934
9	Rent	5,245	5,245	5,245	5,245	0
10	Transportation Expenses	5,862	3,073	3,073	4,610	1,537
11	Insurance	9,762	9,762	9,762	9,762	0
12	Miscellaneous Expense	7,275	6,602	6,602	7,244	642
13	Taxes Other than Property and Income	9,352	9,352	9,352	9,352	0
14	Administrative Expenses	-	-	-	-	-
	Total Operation and Maintenance	226,993	206,783	210,848	219,135	8,287
15	Depreciation and Amortization	52,949	47,867	47,867	47,867	0
16	Ad Valorem (Property)	19,568	19,569	19,650	19,650	0
Taxes:						
17	Federal & State Income Tax	(1,040)	3,614	2,746	2,746	0
18	Other	(4,160)	(4,160)	(4,160)	(4,160)	0
19	Total Operating Expenses	\$294,310	\$273,673	\$276,951	\$285,238	\$8,287
20	Operating Income (Loss)	(\$6,978)	\$13,659	\$10,381	\$2,094	(\$8,287)

EXHIBIT
tabbles **A-4**
ADMITTED

REVENUE REQUIREMENT

<u>Line No.</u>	<u>Description</u>	<u>Company Filed</u>	<u>Staff Report</u>	<u>Staff's Surrebuttal Testimony</u>	<u>Company Filed as Modified for Agreed Changes</u>	<u>Differences</u>
1	Adjusted Rate Base	198,058	161,341	161,341	161,341	0
2	Adjusted Operating Income (Loss)	(6,978)	13,659	10,380	2,094	8,286
3	Current Rate of Return (L2 / L1)	-3.52%	8.47%	6.43%	1.30%	5.14%
4	Required Rate of Return	30.00%	8.47%	8.10%	8.10%	0.00%
5	Required Operating Income (L4 * L1)	59,417	13,659	13,069	13,069	0
6	Operating Income Deficiency (L5 - L2)	66,395	0	2,688	10,974	(8,286)
7	Gross Revenue Conversion Factor	1.26459	1.26459	1.26459	1.26459	0.00000
8	Increase In Gross Revenue (L7 * L6)	83,962	0	3,400	13,878	(10,478)
9	Adjusted Test Year Revenue	287,332	287,332	287,332	287,332	0
10	Proposed Annual Revenue (L8 + L9)	371,294	287,332	290,732	301,210	(10,478)
11	Required Increase in Revenue (%) (L8/L9)	29.22%	0.00%	1.18%	4.83%	-3.65%

DALE R. CALVERT, PELC

CERTIFIED PUBLIC ACCOUNTANT

2970 N. SWAN ROAD, #220
TUCSON, AZ 85712

Voice (520) 325-1544

Fax (520) 325-1121

E-mail drcalvert@cpatucson.com

October 4, 2004

Ms. Elena Zestrijan
Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007

Re: Las Quintas Serenas Water Company

Dear Ms. Zestrijan

We are submitting the following information for your consideration based upon our conference on Friday October 1, 2004. Please contact me directly if you have any questions about this information.

Rate Case Expense

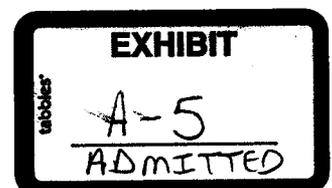
I have prepared and enclosed a spreadsheet of the billings to date and the estimated cost to complete the rate case. I have also enclosed a copy of all invoices to date. I have broken down the costs based upon the various steps in the process. We understand that some of the rate costs may be higher than normal because of the extended period of time since the last case.

Accordingly, I broke out the time spent on documenting the additions to rate base and we would suggest that only half of that amount be included in the calculation of rate expense. We propose that the resulting rate case expense totaling \$29,801.40 be spread over three years for a rate case adjustment of \$9,933.68.

Transportation Expense

I have enclosed copies of the title, annual registration (paid on December 3, 2003), insurance invoice and mileage information on the 1996 Chevrolet Truck purchased on June 20th that we feel should be normalized. I have updated my calculation of the adjustment and included a copy for you. The total mileage at purchase is listed on the title and we have enclosed the Company's year end odometer reading sheet. Please remember that the original cost of this vehicle is already in rate base and a copy of the invoice is included in our answer to your inquiry ENZ 1-1. We have not included any repairs in the adjustment because there was no repairs during the test year. We propose a normalization adjustment of \$1,537.

MEMBER
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
ARIZONA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS



Water Testing

In reviewing the water testing expenses we have isolated \$174.13 of treatment chemicals. I have included the invoices for your review. Per your suggestion at our meeting on Friday we will capitalize the Arsenic testing done to design the arsenic removal system. After removal of the Arsenic testing we feel the only modification that should be made is the \$174.13 which should have been included in repairs and supplies.

Telephone Expense

I have enclosed a spreadsheet titled Analysis of Telephone Charges based upon the attached telephone bills which were available at the time of the audit. I have also enclosed a spreadsheet listing the telephone calls, to whom the calls were made and the business nature of the relationship for most of the long distance calls on the office line. There are \$33.10 of telephone calls that the Company did not have time to identify.

As you can see the majority of the calls are instate and made for business purposes. We discussed the Symantec calls on Friday and Kaycee explained that those calls were made by Paul Crookston, the computer technician for the SCADA System, to a specific technician at Symantec not available on their 800 line to deal with a specific software problem. For your information the SCADA System monitors operation of the water system status including tank levels, pumps and electrical hook up with the Company's power supplier. The reimbursement to Steve Gay is for telephone calls made to or on his personal cell phone regarding Company business while he was on vacation.

Thank you and the other members of the Commission's Staff with whom we met for the opportunity to submit this additional data for your review and consideration. As we indicated during our meeting last Friday, representatives of the Company are available to answer questions or discuss this data further, either in person or by telephone.

Sincerely,



Dale R. Calvert

Las Quintas Serenas Water Company
Summary of Rate Case Expense
As of October 2, 2004

Date of Bill	Billing From:	Total Invoice	Portion Related to Rate Case	Preparation of Original Company Exhibits Including Testimony of Related Exhibits	Assistance with Reconstruction of Invoice Files and Preparation of Related Exhibits	Responses to ACC Staff Inquiries and Representation at Audit	Preparation of Rebuttal Testimony & Conference with ACC Staff	Estimated Hearing Costs
<u>Billings Through October 2, 2004</u>								
April 1, 2003	Dale R. Calvert, CPA	\$385.51	\$97.50	\$97.50				
July 1, 2003	Dale R. Calvert, CPA	1,122.50	1,122.50	467.50	\$655.00			
Aug. 4, 2003	Dale R. Calvert, CPA	42.50	21.25		21.25			
Sept. 3, 2003	Dale R. Calvert, CPA	948.75	948.75	85.00	863.75			
Oct. 2, 2003	Dale R. Calvert, CPA	1,555.00	1,555.00	692.50	862.50			
Nov. 4, 2003	Dale R. Calvert, CPA	662.50	662.50	577.50	85.00			
Dec. 3, 2003	Dale R. Calvert, CPA	5,235.47	3,595.47	3,115.47	480.00			
Jan. 1, 2004	Dale R. Calvert, CPA	2,558.76	2,200.01	1,568.76	631.25			
Feb. 2, 2004	Dale R. Calvert, CPA	800.00	800.00	800.00				
Mar. 1, 2004	Dale R. Calvert, CPA	1,375.00	1,155.00	1,155.00		\$672.50		
Apr. 1, 2004	Dale R. Calvert, CPA	2,252.24	757.50	85.00		148.75		
May 3, 2004	Dale R. Calvert, CPA	318.75	318.75	170.00				
May 30, 2004	Dale R. Calvert, CPA	4,102.56	4,102.56		1,916.28	2,186.28		
July 5, 2004	Dale R. Calvert, CPA	2,151.76	2,151.76			2,151.76		
Sept. 1, 2004	Dale R. Calvert, CPA	570.00	570.00			570.00		
Oct. 2, 2004	Dale R. Calvert, CPA	2,947.50	2,947.50				\$2,947.50	
Billed to Date		\$27,028.80	\$23,006.05	\$8,814.23	\$5,515.03	\$5,729.29	\$2,947.50	\$0.00
<u>Estimated Additional Amounts to be Billed</u>								
Dale R. Calvert, CPA		2,052.50	2,052.50				1,052.50	1,000.00
Larry Robertson, Attorney		7,500.00	7,500.00			2,500.00	4,000.00	1,000.00
Total Estimated Cost		\$36,581.30	\$32,558.55	\$8,814.23	\$5,515.03	\$8,229.29	\$8,000.00	\$2,000.00

DALE R. CALVERT, P.C.

Certified Public Accountant
2970 North Swan Road, Suite 220
Tucson, AZ 85712

LQS Water Co.
C/O Steve Gay
P. O. Box 68
Sahuarita AZ 85629

April 1, 2003

Invoice #18735

Professional services

	<u>Amount</u>
Completion of annual Arizona Corporation Commission Water Utility Report.	288.01
Preliminary discussions with Kaycee regarding Water Rate Case.	97.50
	<hr/>
For professional services rendered	\$385.51
Previous balance	\$340.00
3/19/03 Payment - thank you	(\$340.00)
	<hr/>
Balance due	<u>\$385.51</u>

Thank you for your continued business.

D. E. R. CALVERT, P.C.

Certified Public Accountant
2970 North Swan Road, Suite 220
Tucson, AZ 85712

LQS Water Co.
C/O Steve Gay
P. O. Box 68
Sahuarita AZ 85629

July 1, 2003

Invoice #19094

Professional services

	<u>Amount</u>
Work through June 30, 2003 on preparation of water rate case for filing with the Arizona Corporation Commission.	1,122.50
For professional services rendered	<u>\$1,122.50</u>
Balance due	<u><u>\$1,122.50</u></u>

Thank you for your continued business.

DAVE R. CALVERT, PLLC

Certified Public Accountant
2970 North Swan Road, Suite 220
Tucson, AZ 85712

LQS Water Co.
C/O Steve Gay
P. O. Box 68
Sahuarita AZ 85629

September 3, 2003

Invoice #19231

Professional services

	<u>Amount</u>
Work through August 31, 2003 on rate case filing with the Arizona Corporation Commission.	948.75
For professional services rendered	<u>\$948.75</u>
Previous balance	\$42.50
8/22/03 Payment - thank you	(\$42.50)
Balance due	<u><u>\$948.75</u></u>

Thank you for your continued business.

D. E. R. CALVERT, P.C.

Certified Public Accountant
2970 North Swan Road, Suite 220
Tucson, AZ 85712

LQS Water Co.
C/O Steve Gay
P. O. Box 68
Sahuarita AZ 85629

August 4, 2003

Invoice #19159

Professional services

	<u>Amount</u>
Phone call from Kaycee to discuss progress in tracking asset additions since last rate case.	21.25
Phone call regarding various payroll tax issues.	21.25
For professional services rendered	<u>\$42.50</u>
Previous balance	\$1,122.50
7/17/03 Payment - thank you	(\$1,122.50)
Balance due	<u><u>\$42.50</u></u>

Thank you for your continued business.

D. E. R. CALVERT, PLLC

Certified Public Accountant
2970 North Swan Road, Suite 220
Tucson, AZ 85712

LQS Water Co.
C/O Steve Gay
P. O. Box 68
Sahuarita AZ 85629

October 2, 2003

Invoice #19309

Professional services

	<u>Amount</u>
Work through September 30, 2003 on rate case filing with the Arizona Corporation Commission.	1,555.00
For professional services rendered	\$1,555.00
Previous balance	\$948.75
9/10/03 Payment - thank you	(\$948.75)
Balance due	<u>\$1,555.00</u>

Thank you for your continued business.

D. R. CALVERT, P.C.

Certified Public Accountant
2970 North Swan Road, Suite 220
Tucson, AZ 85712

LQS Water Co.
C/O Steve Gay
P. O. Box 68
Sahuarita AZ 85629

November 4, 2003

Invoice #19362

Professional services

	<u>Amount</u>
Work through October 31, 2003 on rate case filing with Arizona Corporation Commission.	662.50
For professional services rendered	<u>\$662.50</u>
Previous balance	\$1,555.00
10/20/03 Payment - thank you	(\$1,555.00)
Balance due	<u><u>\$662.50</u></u>

Thank you for your continued business.

D. E. R. CALVERT, P.C.

Certified Public Accountant
2970 North Swan Road, Suite 220
Tucson, AZ 85712

LQS Water Co.
C/O Steve Gay
P. O. Box 68
Sahuarita AZ 85629

December 3, 2003

Invoice #19411

Professional services

	<u>Amount</u>
Work through December 2, 2003 on year ended September 30, 2003 Federal and Arizona C Corporation income tax return and related accounting services	1,640.00
Work through December 2, 2003 on rate case filing with Arizona Corporation Commission	5,531.50
Adjust November time charges for rate case	(1,936.03)
For professional services rendered	\$5,235.47
Previous balance	\$662.50
Balance due	<u><u>\$5,897.97</u></u>

Thank you for your continued business.

D. E. R. CALVERT, P.C.

Certified Public Accountant
2970 North Swan Road, Suite 220
Tucson, AZ 85712

LQS Water Co.
C/O Steve Gay
P. O. Box 68
Sahuarita AZ 85629

January 2, 2004

Invoice #19449

Professional services

	<u>Amount</u>
Phone call from Kaycee to discuss changes in payroll tax rates and new W-4's and A-4's for 2004.	21.25
Work through December 31, 2003 on year ended September 30, 2003 Federal and Arizona income tax returns and related accounting services	337.50
Work through December 31, 2003 on rate case filing with Arizona Corporation Commission at one half of normal rates	2,200.01
For professional services rendered	<u>\$2,558.76</u>
Previous balance	\$5,897.97
12/4/03 Payment - thank you	(\$662.50)
12/19/03 Payment - thank you	(\$5,235.47)
Total payments	<u>(\$5,897.97)</u>
Balance due	<u><u>\$2,558.76</u></u>

D. R. CALVERT, P.C.

Certified Public Accountant
2970 North Swan Road, Suite 220
Tucson, AZ 85712

LQS Water Co.
C/O Steve Gay
P. O. Box 68
Sahuarita AZ 85629

February 2, 2004

Invoice #19534

Professional services

	<u>Amount</u>
Work through January 31, 2004 on rate case filing with Arizona Corporation Commission	1,178.75
Adjust fee for January	(378.75)
For professional services rendered	\$800.00
Previous balance	\$2,558.76
1/7/04 Payment - thank you	(\$2,558.76)
Balance due	<u>\$800.00</u>

Thank you for your continued business.

DALE R. CALVERT, P.C.

Certified Public Accountant
2970 N. Swan Road, Suite 220
Tucson, Arizona 85712

LQS Water Co.
C/O Steve Gay
P. O. Box 68
Sahuarita, AZ 85629

March 1, 2004

Invoice #19629

Professional Services

	<u>Amount</u>
Work through February 29, 2004 on year ended September 30, 2003 Federal and Arizona Corporation Income Tax Returns and related accounting services.	\$ 220.00
Preparation of rate case testimony.	\$ 620.00.
Modifications to rate case submission as requested by the Commission at 60% of normal rates.	\$ 535.00
For professional services rendered	\$1,375.00
Previous balance	\$ 800.00
2/10/04 Payment - thank you	<u>(\$ 800.00)</u>
Balance due	<u>\$1,375.00</u>

Thank you for your continued business.

DAVE R. CALVERT, PLLC

Certified Public Accountant
2970 North Swan Road, Suite 220
Tucson, AZ 85712

LQS Water Co.
C/O Steve Gay
P. O. Box 68
Sahuarita AZ 85629

April 1, 2004

Invoice #19740

Professional services

	<u>Amount</u>
Completion of year ended September 30, 2003 Federal and Arizona C Corporation income tax returns	937.50
Telephone calls and related work with rate case as Arizona Corporation Commission staff works with application	757.50
Preparation of Arizona Corporation Commission annual water utility report	557.24
	<hr/>
For professional services rendered	\$2,252.24
Previous balance	\$1,375.00
3/19/04 Payment - thank you	(\$1,375.00)
Balance due	<hr/> <u>\$2,252.24</u>

Thank you for your continued business.

DAVID R. CALVERT, PLLC

Certified Public Accountant
2970 North Swan Road, Suite 220
Tucson, AZ 85712

LQS Water Co.
C/O Steve Gay
P. O. Box 68
Sahuarita AZ 85629

May 3, 2004

Invoice #19999

Professional services

	<u>Amount</u>
) Telephone calls and related work with rate case as Corporation Commission staff works with application.	318.75
Assistance with year end journal entries.	85.00
	<hr/>
For professional services rendered	\$403.75
Previous balance	\$2,252.24
4/21/04 Payment - thank you	(\$2,252.24)
Balance due	<hr/> <u>\$403.75</u>

Thank you for your continued business.

D. E. R. CALVERT, P.C.

Certified Public Accountant
2970 North Swan Road, Suite 220
Tucson, AZ 85712

LQS Water Co.
C/O Steve Gay
P. O. Box 68
Sahuarita AZ 85629

May 30, 2004

Invoice #20016

Professional services.

	<u>Amount</u>
Work through May 29, 2003 on first data requests from Arizona Corporation Commission regarding rate case including reindexing and referencing invoices for Commission Staff. Billed at 75% of normal rates.	2,246.28
Preparation of second data request including conference with Steve Gay, various telephone conferences, etc. Billed at 75% of normal rates	1,773.78
Telephone calls and faxes with Kasey regarding additional questions from Dorothy Hains at the Commission. Billed at 75% of normal rates.	82.50
For professional services rendered	<u>\$4,102.56</u>
Previous balance	\$403.75
5/20/04 Payment - thank you	(\$403.75)
Balance due	<u><u>\$4,102.56</u></u>

DONALD R. CALVERT, P.C.

Certified Public Accountant
2970 North Swan Road, Suite 220
Tucson, AZ 85712

LQS Water Co.
C/O Steve Gay
P. O. Box 68
Sahuarita AZ 85629

July 5, 2004

Invoice #20096

Professional services

	<u>Amount</u>
Preparation of response to Arizona Corporation Commission question ENZ 1-1 at 75% of normal rates	539.84
Preparation of responses to third and fourth data requests from the Arizona Corporation Commission at 75% of normal rates	986.28
Representation at Arizona Corporation Commission audit regarding rate request	440.00
Work to date on review of request and company's response at 75% of normal rates	185.64
	<hr/>
For professional services rendered	\$2,151.76
Previous balance	\$4,102.56
6/3/04 Payment - thank you	(\$4,102.56)
Balance due	<hr/> <u>\$2,151.76</u>

DALE R. CALVERT, PLLC

Certified Public Accountant
2970 North Swan Road, Suite 220
Tucson, AZ 85712

LQS Water Co.
C/O Steve Gay
P. O. Box 68
Sahuarita AZ 85629

September 1, 2004

Invoice #20249

Professional services

	<u>Amount</u>
Answer various inquiries from Commission staff and Kasey Conger during July and August at 50% of normal rates	570.00
	<hr/>
For professional services rendered	\$570.00
Previous balance	\$2,151.76
7/20/04 Payment - thank you	(\$2,151.76)
Balance due	<hr/> <u>\$570.00</u>

Thank you for your continued business.

D. LE R. CALVERT, P.C.

Certified Public Accountant
2970 North Swan Road, Suite 220
Tucson, AZ 85712

LQS Water Co.
C/O Steve Gay
P. O. Box 68
Sahuarita AZ 85629

October 2, 2004

Invoice #20293

Professional services

	<u>Amount</u>
Review staff report and related testimony. Prepare related rebuttal testimony.	2,147.50
Conference with Arizona Corporation Commission Staff including preparation of schedule on auto expense for meeting	800.00
For professional services rendered	<u>\$2,947.50</u>
Previous balance	\$570.00
9/24/04 Payment - thank you	(\$570.00)
Balance due	<u><u>\$2,947.50</u></u>

Thank you for your continued business.

Las Quintas Serenas Water Company
Proposed Normalization Adjustment for Vehicle Purchased June 20, 2003

Cost of Gasoline		
Cost of Fuel for June 21, 2003 through July 30, 2003 per attached invoices	\$172.92	
Average cost per day (\$172.92/46 days)	<u>3.76</u>	
Estimated Annual Cost (365 x \$.47)	1,372	
Cost already included in expenses	<u>-173</u>	
Proposed Adjustment for Fuel		1,199
Test Estimate based upon mileage		
December 31, 2003 Odometer Reading	112,938	
Mileage at date of Registration per Title	<u>108,159</u>	
Mileage truck driven from June 20, 2003 to December 31, 2003	<u>4,779</u>	
Average mileage truck driven each month	<u>797</u>	
Estimated annual mileage	9,558	
Estimated miles per gallon	<u>12</u>	
Estimated Gallons of Fuel needed	797	
Estimated Cost per Gallon	<u>\$2</u>	
Estimated Cost of Fuel	<u>\$1,593</u>	
Cost of Insurance - \$518 for eight months ending 2/21/2004 per attached invoice		
Cost of Eight Months Insurance for June 20, 2003 to February 20, 2004	\$518	
Factor to Adjust to Annual Cost	<u>1.4</u>	
Estimated Cost of Insurance	725	
Less Cost Already Included	<u>(518)</u>	
Proposed Adjustment for Insurance		207
Annual Registration Fee per attached vehicle registration		<u>131</u>
Proposed Normalization Adjustment		<u>\$1,537</u>

ARIZONA CERTIFICATE OF TITLE



Motor Vehicle Division
ADOT

Inventory Control
6902364

48-7200 R09/01
 Vehicle Identification Number: 1GCCG24R3TE187297
 Year: 1996
 Make: CHEV
 Model:
 Body Style: SR
 First Registered: 04/1996
 List Price: 017926
 Mobile Home Manufacturer:
 Unit Number:

LAS QUINTAS SERENAS WATER CO
 P. O BOX 68
 SAHUARITA AZ 85629

Title Number: T020003171027
 Issue Date: 06202003
 Film Number: D171T02013
 Odometer Miles (no tenths): 0108159 A
 Previous Title Number: T12V961000143 AZ
 State: AZ
 Issue Date: 04101996
 Previous Film Number: 6100007H11
 *A - Actual Mileage
 B - Mileage in excess of the odometer mechanical limits
 C - NOT Actual Mileage, WARNING ODOMETER DISCREPANCY

Arizona Brands

Previous Brand: State Previous Brand: State Previous Brand: State Other States With Brands:

Owners/Lessees
 LAS QUINTAS SERENAS WATER CO

Lienholders

LIEN RELEASE

Lienholder Name			Acknowledged before me this date.		Notary Public Signature		
Lien Amount	Lien Date	Lienholder Signature	Date	County	State	Commission Expires	

2004 ~~re~~ dings

1-1-04

GMC Truck 266,138

Chevy Truck 112,938

92 ASTRO

03 ASTRO 13,458

89 TOYOTA 267,820

#5 well 87,172,200 Hal
18,585 KW

7744 hrs
18,558 KW X 40

#6 well 33,665,100
2034 hrs Nat Gas
38746 CF Gas

3648 hrs elect 2165 KW
2164 KW

87412
202000
563112

#7 well 171,502 Hal

5194 KW 5192 KW X 80

18180 hrs
103 = Drive hrs

Los Angeles 023,771 AF

Sak School 22,854,200

Sopris School 72,201,600

Cat 62,789,300

SP Masters 2 = 123,361,000

SP1 N 08,214,700

SP1 S 22,168,900

Las Quintas Serenas Water Company
Fuel for Chevrolet Truck

Date	Purchased From	Amount
06/21/2003	Diamond Shamrock	\$10.69
06/30/2003	Grand Station	38.40
07/08/2003	Diamond Shamrock	38.15
07/17/2003	Giant	34.81
07/21/2003	Safeway	23.15
07/30/2003	Safeway	27.72
		<hr/> <hr/> <u>172.92</u>

-L05

DIAMOND SHAMROCK
.....1617.....

VALERO.COM/MARKETING
VISIT US ONLINE

8:12AM JUN 21 2003

AUTH # 45189

VISA

ACCOUNT NUMBER
VSXXXXXXXXXXXX5948
GAY/STEVE

PUMP	PRODUCT	PRICE
8	UNLEADED	1.549

QTY	TOTAL
6.901	10.69

1810 W. PRINCE
TUCSON, AZ

LOS
-chevy

LOS
white truck

DIAMOND SHAMROCK
.....#1627.....

VALERO.COM/MARKETING
VISIT US ONLINE

2:13PM ~~TUE 08-28-03~~

AUTH # 52458

VISA

ACCOUNT NUMBER
USXXXXXXXXXXXXXXXX5948
GAY/STEVE

PUMP PRODUCT PRICE
11 UNLEADED 1.479

QTY TOTAL ~~38.40~~ 38.15

1895 E. VALENCIA RD
TUCSON, AZ

THE GRAND STATION
1051 W BETA ST
GREEN VALLEY AZ
DLR# 00353714
DATE: ~~08/28/03~~

STEVE GAY
VISA ACCT#
XXXX XXXX XXXX 5948
627MR564D3RP
INV# 091110 07/05
REF# 921 31-016
AUTH# 00-053056

PUMP# 5 SELF
UNL PLUS 87 23.426G
PRICE/GAL \$1.639

~~FUEL TOTAL 38.40~~

Thank You 38.40
For Choosing
The Spirit of 76

THANK YOU

WELCOME

GIANT 6924
761 W AJO
TUCSON AZ

****CHARGE****

Store ID#: 974701591-1
VISA
REF#: 7654
DATE: ~~07/21/03~~ 28:24
AUTH#: 077168
PUMP #5
UNLD 23.537G
SELF-SERVE
PRICE/GAL: \$ 1.479

~~FUEL TOTAL 38.40~~ 34.81
CUSTOMER AGREES TO
PAY THE ABOVE TOTAL
AMOUNT ACCORDING
TO THE CARD
ISSUER AGREEMENT

THANK YOU PLEASE

COME AGAIN

fuel; LOS truck

SAFEMAN
1305 W. Duval Rd.
Sahuarita, AZ 85629
STORE #1771

DATE: ~~07-30-03~~
TIME: 08:54:27am
APPROVE#: 1361
TRANS#: 1102

CARD: VS
XXXXXXXXXX5948

PRODUCT: Regular
PUMP#: 5
GALLONS: 18.869 G
PRICE: \$1.469
TOTAL: \$27.72 *23.15*

THANK YOU!

SAFEMAN
1305 W. Duval Rd.
Sahuarita, AZ 85629
STORE #1771

DATE: ~~07-30-03~~
TIME: 11:00:03am
APPROVE#: 2319
TRANS#: 14121

CARD: VS
XXXXXXXXXX5948

PRODUCT: Regular
PUMP#: 5
GALLONS: 18.869 G
PRICE: \$1.469
TOTAL: \$27.72 *27.72*

THANK YOU!

U.S. Williams Blvd. Ste. 135 Tucson, AZ 85711 P.O. Box 13598 Tucson, AZ 85732 Tel: 520.571.7737 Fax: 520.571.9115 • 1201 S. Alma School Rd. Ste. 4550 Mesa, AZ 85210 Tel: 480.775.1811 Fax: 480.688.1936



GBP
Risk Solutions

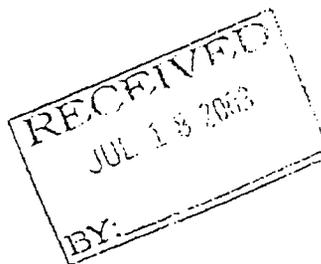
July 15, 2003

Las Quintas Serenas Water Co.
P O Box 68
Sahuarita, AZ 85629

ENDORSEMENT

Please attach the enclosed endorsement to your policy:

Description:	Adding 1996 Chevy Pickup.
Effective:	06/20/2003
Premium:	\$518.00
Billing Type:	XX GBP Invoice Enclosed
Kind of Policy:	Package
Company:	Cincinnati Insurance Co
Policy Number:	CPP0691988



Please contact me at (520) 571-7737 or (800) 933-9646 if you have any questions.

Sincerely,

Dee Alfson, CISR
Dee@gbprs.com

enclosure

GBP Risk Solutions

www.GBPrs.com
P O Box 13598
Tucson, AZ 85732-3598
(520)571-7737

Invoice

Client	Las Quintas Serenas Water Co.
Date	07/15/2003
Client	House Account
Service	Dec Alfson, CISR
Page	1 of 1

Las Quintas Serenas Water Co.
P O Box 68
Sahuarita, AZ 85629

Payment Information	
Invoice Summary	518.00
Payment Amount	
Payment for:	Invoice #90721
CPP0691988	

Thank you

Please detach and return with payment

Client: Las Quintas Serenas Water Co.

Invoice	Effective	Transaction	Description	Amount
90721	06/20/2003	Policy change	Policy #CPP0691988 02/21/2002-02/21/2004 Cincinnati Insurance Co Package - Add 96 Chevy #7297	518.00

RECEIVED
JUL 13 2003
BY: _____

PAYMENT DUE IN FULL UPON RECEIPT, OR BY EFFECTIVE DATE, WHICHEVER IS LATER

Total
518.00

Thank you

GBP Risk Solutions
(520)571-7737

Date
07/15/2003



**Motor
Vehicle
Division**

48-7106 R10/00

VEHICLE REGISTRATION

I consent to the release of personal driver license and vehicle record information to any individual or entity that makes a proper request. (Consent applies to all owners.)

Plate	CC14212	Category	C	Comments			
VIN	1GCGC24R3TE187297						
Year	1996	Make	CHEV	Body Style	SR	VLT	80.46
First Reg	AFR 1996	List Price	017926	GVW	008600	REG	8.25
City	PIMA	Type	FUL	Assessed Value	2784	CRF	4.00
Fuel	G					WGT	36.00
						AQF	1.50
						PST	0.37
				EMISSIONS TEST REQUIRED		CR-	0.00

PAY THIS TOTAL

130.58

Penalty

Adjusted Total

EXPIRES

DEC 31
2004

RECORD NUMBER

01514489

Make Check Payable to:
Motor Vehicle Division

LAS QUINTAS SERENAS WATER CO

P O BOX 68
SAHUARITA AZ 85629

12/3/03
130.58
W

* Additional Owners On Record

When validated, must be carried in vehicle at all times.

LPS
clz system

WAL*MART

ALWAYS LOW PRICES. ALWAYS WAL-MART.

Always

WE SELL FOR LESS
MANAGER GARY CERESA
(520) 625 - 3808

ST# 1411	OP# 00001686	TER 73	TR# 07111	
SUPSOKITSLB	007318751406			14.47 J
SUPSOKITSLB	007318751406			14.47 J
SUPSOKITSLB	007318751406			14.47 J
SUPSOKITSLB	007318751406			14.47 J
			SUBTOTAL	57.88
		TAX 1	7.600 %	4.40
			TOTAL	62.28
		VISA	TEND	62.28

ACCOUNT #5948
 APPROVAL #006801
 TRANS ID -0003035860473891
 VALIDATION -GJX2
 PAYMENT SERVICE - E
 CHANGE DUE 0.00

ITEMS SOLD 4

NEED A MONEY ORDER? WAL-MART HAS IT!
02/04/03 16:54:08

CUSTOMER COPY

LQS
Cash

WAL★MART

ALWAYS LOW PRICES.

Always.

WE SELL FOR LESS
MANAGER GARY CERESA
(520) 625 - 3808

STB 1411	OP# 00001615	YES 07	IR# 03982
SUPSOKIT5LB	D07318751406		11.44 J
	SUBTOTAL		11.44
TAX 1	7.600 %		0.87
	TOTAL		12.31
	CASH TEND		20.01
	CHANGE DUE		7.70

ITEMS SOLD 1

TR# 7297 5122 5800 ROOM 0076

DESIGN YOUR ENGAGEMENT RING
ONLINE AT WWW.WALMART.COM
03/07/03 14:04:57

LPS

THE HOME DEPOT

1155 W. IRVINGTON RD
520-294-1233

cl2 system

0467 00017 40604 ~~09/21/00~~
SALE 11 496 12:33 PM

office phone



32.91

017541607940	S-PLUS 5X1	10.97
017541607940	S-PLUS 5X1	10.97
017541607940	S-PLUS 5X1	10.97
079000310075	WALL JACK	4.87
079000403951	LINE CORD	6.25
079000308614	2IN1MODADP	3.48
049332996216	CORNER SHE	22.97
086876131574	TRASH CAN	32.97

73.75

101.45	SUBTOTAL	101.45
	TAX AZ 7.600	7.71
	TOTAL	109.16
	VISA/MC	109.16

XXXXXXXXXXXX5948
AUTH CODE 032750 170790 IA

*32.91 chlorine
2.60 tax (7.6%)*

35.41

YOUR OPINION COUNTS! COMPLETE A SURVEY
AT WWW.HOMEDEPOTOPINION.COM AND ENTER
TO WIN A \$300 HOME DEPOT GIFT CARD!

Cash LQS

WAL★MART

ALWAYS LOW PRICES.

Always.

WE SELL FOR LESS
MANAGER GARY CERESA
(520) 625 - 3808

ST# 1411	OP# 00001202	TE# 41	TR# 01865
SUPSOKITSLB	007318751406		11.92 J
	SUBTOTAL		11.92
TAX 1	7.600 %		0.91
	TOTAL		12.83
	CASH TEND		20.00
	CHANGE DUE		7.17

ITEMS SOLD 1

TR# 7014 0074 1101 5514 1170

THANK YOU FOR SHOPPING WITH US
 GARY STEVE
 ORDER YOUR PERSONAL CHECKS
 AT WWW.WALMARTCHECKS.COM
 06/03/03 18:30:09

LQS
Clz #5well

WAL★MART

ALWAYS LOW PRICES.

Always.

WE SELL FOR LESS
MANAGER GARY CERESA
(520) 625 - 3808

ST# 1411	OP# 00001624	TE# 28	TR# 05088
SUPSOKITSLB	007318751406		11.92 J
SUPSOKITSLB	007318751406		11.92 J
SUPSOKITSLB	007318751406		11.92 J
SUPSOKITSLB	007318751406		11.92 J
	SUBTOTAL		47.68
TAX 1	7.600 %		3.62
	↓ TOTAL		51.30
	VISA TEND		51.30

ACCOUNT #5948
 APPROVAL #017477
 TRANS ID -0003194623063602
 VALIDATION -LQSS
 PAYMENT SERVICE - E
 CHANGE DUE 0.00

ITEMS SOLD 4

TC# 1647 5135 9479 8598 1996

LEVEL SIGNATURE APPAREL
 COMING JULY 15!
 07/13/03 10:18:29

CUSTOMER COPY

**Las Quintas Serenas Water Company
Analysis of Telephone Charges
For Year Ended September 30, 2003**

Date	Check Number	Payee	Amount	Office Line				Fax Line				Reimburse Steve Gay				
				Basic Service		Long Distance		Basic Service		Long Distance						
				Charges	Toll	Charges	Access	Charges	Tax	Charges	Minimum		Charges	Tax		
10/03/2002	6337	QWest	\$80.01	\$60.72	\$18.40	\$0.89										
10/03/2002	6338	QWest	53.35			\$53.35								\$22.60		
10/03/2002	6339	Verizon	22.60													
10/16/2002	6354	QWest	74.90	69.79	4.39	0.63										
11/01/2002	6373	A T & T	0.85													
11/01/2002	6374	QWest	47.96													
11/01/2002	6375	Verizon	22.60											22.60		
11/18/2002	6386	A T & T	0.19													
11/18/2002	6387	QWest	89.52	57.79	26.33	3.78	1.62									
12/02/2002	6402	QWest	48.72													
12/02/2002	6403	Verizon	22.60											22.60		
12/17/2002	6411	QWest	77.88	55.33	15.92	5.71	0.92									
01/02/2003	6429	Verizon	22.60											22.60		
01/02/2003	6430	QWest	47.96													
01/28/2003	6451	QWest	75.70	57.73	11.66	5.20	1.11									
02/04/2003	6468	Qwest	48.32													
02/04/2003	6469	QWest	22.60											22.60		
02/18/2003	6483	QWest	74.81	55.28	14.07	4.22	1.24									
03/03/2003	6500	QWest	50.08													
03/03/2003	6501	Verizon	22.12											22.12		
03/17/2003	6510	A T & T	19.59													
03/17/2003	6511	QWest	75.96	56.51	13.71	4.36	1.38									
04/03/2003	6527	QWest	47.91													
04/03/2003	6528	Verizon	41.94											41.94		
04/03/2003	6528	Verizon	69.25	54.76	9.58	3.98	0.93									
04/16/2003	6545	QWest	19.96													
05/01/2003	6559	A T & T	45.45													
05/01/2003	6560	QWest	49.55											49.55		
05/01/2003	6561	Verizon	94.86	53.80	34.71	3.86	2.49									
05/16/2003	6573	QWest	19.95													
06/02/2003	6593	A T & T	43.42											43.42		
06/02/2003	6594	Verizon	88.07	53.80	26.75	5.20	2.32									
06/17/2003	6609	QWest	22.96													
07/01/2003	6632	A T & T	43.44											43.44		
07/01/2003	6633	Verizon	19.75													
08/01/2003	6668	A T & T	84.01												84.01	
08/01/2003	6669	Network Services	26.54													
08/01/2003	6670	QWest	107.77	54.50	44.72	4.39	4.16									
08/01/2003	6671	QWest	72.01											72.01		
08/01/2003	6672	Verizon	86.34	56.93	23.62	4.47	1.32									
08/19/2003	6705	QWest	20.00													
09/02/2003	6724	A T & T	45.58													
09/02/2003	6725	QWest	82.47											82.47		
09/02/2003	6726	Verizon	80.05	55.67	16.03	6.86	1.49									
09/16/2003	6742	QWest	76.16													
09/19/2003	6750	Verizon	20.21													
09/24/2003	6751	A T & T														
			2,308.57	742.61	259.89	52.12	20.50							467.95	84.01	76.16
														458.49	8.54	131.57
														6.74	6.74	84.01

Las Quintas Serenas Water Company
Office Line Toll Charges
For Year Ended September 30, 2003

October 3, 2002

Date	Location	Telephone	Contact	Amount	Totals
07/16/2002	Angels Camp, CA	209-753-2050	Donald Gill; Customer	3.22	
07/17/2002	Darlington, SC	843-393-5778		1.12	
07/18/2002	Delta, CO	970-874-2593	Jeff Goldy; Customer	0.54	
07/19/2002	Denver, CO	303-321-2579	J. Slevin; Customer	4.29	
07/23/2002	Evergreen, CO	303-674-8770	BW Benham; Customer (Fax)	0.54	
07/24/2002	Evergreen, CO	303-674-8770	BW Benham; Customer	3.75	
07/26/2002	Brunswick, GA	912-554-4986	Susan Gie; Customer	0.56	14.02

In State

07/24/2002	Nogales, AZ	520-377-9397	Bustamante; Customer	1.25	
07/25/2004	Pinetop, AZ	928-369-7620		1.57	
08/20/2002	Phoenix, AZ	602-778-0307	Stellar Capital Management	0.26	
08/23/2002	Flagstaff, AZ	928-213-1539	Octavio Molera; Customer	0.52	
08/26/2002	Phoenix, AZ	602-778-0309		0.26	
08/26/2002	Flagstaff, AZ	928-213-1539	Octavio Molera; Customer	0.52	4.38
					<u>18.40</u>

October 16, 2002

Date	Location	Telephone	Contact	Amount	Totals
08/07/2002	Pinedale, AZ	928-739-4512	Paul Crookston; SCADA	2.82	
08/12/2002	Phoenix, AZ	602-659-7500	Arizona Blue Stake	0.94	
08/15/2002	Pinetop, AZ	928-369-7620		0.63	4.39
					<u>4.39</u>

In State

November 18, 2002

Date	Location	Telephone	Contact	Amount	Totals
09/11/2002	Madison, WI	608-216-0926	Disconnected	0.56	
09/17/2002	Eugene, OR	541-335-7000	Syantec	5.62	
09/17/2002	Eugene, OR	541-335-7000	Syantec	7.86	
09/18/2002	Pond, MO	636-273-4225	Disconnected	0.56	
09/23/2002	Vancouver, WA	360-576-6904	Disconnected	0.56	
09/26/2002	Plant City, FL	813-719-2188	Louise Mayo; Customer	1.12	
09/27/2002	Riverside, CA	909-830-9245	Patty Humphries; Customer	0.51	16.79

Out of State

Las Quintas Serenas Water Company
Office Line Toll Charges
For Year Ended September 30, 2003

In State	Date	Location	Telephone	Contact	Amount	Totals
	09/10/2002	Phoenix, AZ	602-659-7500	Arizona Blue Stake	0.63	
	09/17/2002	Pinedale, AZ	928-739-4512	Paul Crookston; SCADA	2.82	
	09/18/2002	Pinedale, AZ	928-739-4512	Paul Crookston; SCADA	0.31	
	09/20/2002	Pinedale, AZ	928-739-4512	Paul Crookston; SCADA	0.31	
	09/20/2002	Pinedale, AZ	928-739-4512	Paul Crookston; SCADA	0.31	
	09/23/2002	Pinedale, AZ	928-739-4512	Paul Crookston; SCADA	0.31	
	09/24/2002	Deer Valley, AZ	623-582-1235	Northern Pipeline Construction	2.19	
	09/27/2002	Phoenix, AZ	602-542-0745	Arizona Corporation Commission	0.94	
	09/30/2002	Phoenix, AZ	602-542-7272	Arizona Corporation Commission	0.94	
	10/02/2002	Phoenix, AZ	602-909-2062		0.78	
					9.54	
					<u>26.33</u>	

December 17, 2002

Out of State	Date	Location	Telephone	Contact	Amount	Totals
	10/07/2002	Idaho Falls, ID	208-522-9178	Ronald Stone; Customer	2.14	
	10/08/2002	Evergreen, CO	303-674-8770	BW Benam; Customer	8.04	
	10/24/2002	Benton, IL	618-438-0039	Paul Austin; Customer	1.12	
	11/01/2002	Anaheim, CA	714-666-0200	Hunt; Customer	0.51	
	11/01/2002	Anaheim, CA	714-666-0200	Hunt; Customer	0.51	
					12.32	
					<u>15.92</u>	

In State

	10/06/2002	Flagstaff, AZ	928-606-3458		0.78	
	10/16/2002	Phoenix, AZ	602-771-7626		0.63	
	10/17/2002	Phoenix, AZ	602-771-7626		0.31	
	10/28/2002	Pinedale, AZ	928-739-4512	Paul Crookston; SCADA	1.88	
					3.60	
					<u>15.92</u>	

January 28, 2003

Out of State	Date	Location	Telephone	Contact	Amount	Totals
	11/06/2002	Lubbock, TX	806-746-6926	Deran Gear, Inc.	2.14	
	11/08/2002	Daytona Beach, FL	386-672-1379	Mike Estruch; Customer	1.68	
					3.82	

	11/07/2002	Phoenix, AZ	602-542-0818	Arizona Corporation Commission	0.31	
	11/12/2002	Phoenix, AZ	602-542-0818	Arizona Corporation Commission	0.94	
	11/12/2002	Pinedale, AZ	928-739-4512	Paul Crookston; SCADA	1.57	
	11/26/2002	Chandler, AZ	480-895-1106	AquaStore Southwest, Inc.	3.45	
	12/03/2002	Pinedale, AZ	928-739-4512	Paul Crookston; SCADA	1.57	
					7.84	
					<u>11.66</u>	

In State

Las Quintas Serenas Water Company
Office Line Toll Charges
For Year Ended September 30, 2003

February 18, 2003

Date	Location	Telephone	Contact	Amount	Totals
12/30/2002	Folsom, CA	916-355-1778	Olsen Communications	1.07	
12/31/2002	Stevenson, WA	509-427-5539	Gerard Pahissa	1.68	
01/02/2003	Colonie, NY	518-783-1281	National Trade Publications	2.25	5.00
12/11/2002	Phoenix, AZ	602-254-8369		1.25	
12/11/2002	Pinedale, AZ	928-739-4512	Paul Crookston; SCADA	0.31	
12/11/2002	Phoenix, AZ	602-542-3285	Arizona State Government	2.19	
12/18/2002	Pinedale, AZ	928-739-4512	Paul Crookston; SCADA	0.31	
12/18/2002	Pinedale, AZ	928-739-4512	Paul Crookston; SCADA	1.25	
12/19/2002	Pinedale, AZ	928-739-4512	Paul Crookston; SCADA	3.13	
12/24/2002	Pinedale, AZ	928-739-4512	Paul Crookston; SCADA	0.63	9.07
					<u>14.07</u>

March 17, 2003

Date	Location	Telephone	Contact	Amount	Totals
01/21/2003	Denver, CO	303-623-6161	Dana Kepner Company	1.07	
01/21/2003	Denver, CO	303-623-6161	Dana Kepner Company	1.61	2.68
01/13/2003	Pinedale, AZ	928-739-4512	Paul Crookston; SCADA	0.31	
01/13/2003	Pinedale, AZ	928-739-4512	Paul Crookston; SCADA	4.70	
01/13/2003	Pinedale, AZ	928-739-4512	Paul Crookston; SCADA	0.31	
01/13/2003	Higley, AZ	480-987-3240	Queen Creek Water; ASUA	0.63	
01/14/2003	Pinedale, AZ	928-739-4512	Paul Crookston; SCADA	0.31	
01/18/2003	Seligman, AZ	928-422-4565		1.95	
01/20/2003	North Phoenix, AZ	623-869-2243	CAGRD	1.57	
01/21/2003	North Phoenix, AZ	623-869-2243	CAGRD	0.63	
02/03/2003	Phoenix, AZ	602-256-0991	Inland Container Transport	0.31	
02/03/2003	Phoenix, AZ	602-254-8369		0.31	11.03
					<u>13.71</u>

April 16, 2003

Date	Location	Telephone	Contact	Amount	Totals
02/20/2003	Marion, OH	740-389-5991	Aqua Tech Environmental Labs	1.12	1.12

Las Quintas Serenas Water Company

Office Line Toll Charges

For Year Ended September 30, 2003

In State	02/05/2003	Phoenix, AZ	602-254-8369	ACS	1.57
	02/05/2003	Phoenix, AZ	602-793-8439	ACS	0.31
	02/06/2003	Phoenix, AZ	602-793-8439	ACS	0.31
	02/10/2003	Williams, AZ	928-635-0895	David Green; Customer	0.63
	02/12/2003	Benson, AZ	520-720-4143	Marshall Waite	3.76
	02/12/2003	Benson, AZ	520-720-4143	Marshall Waite	1.88
					<u>8.46</u>
					<u><u>9.58</u></u>

May 16, 2003

Out of State

Date	Location	Telephone	Contact	Amount	Totals
03/10/2003	Evergreen, CO	303-674-8770	BW Benham; Customer	2.68	
03/14/2003	Lyndhurst, OH	440-646-6800	Rockwell Automation	9.55	
03/20/2003	Westerville, OH	614-523-4008		0.56	
04/02/2003	Caledonia, MO	573-779-8939	Vern Cooper (wrong number)	0.56	
04/02/2003	Caledonia, MO	573-779-8939	Vern Cooper (wrong number)	0.56	
04/02/2003	West Chester, OH	513-779-8939	Steven R. Dell; Customer	1.68	15.59

In State

03/10/2003	Higley, AZ	480-987-3240	Queen Creek Water; ASUA	0.63	
03/14/2003	Higley, AZ	480-987-3240	Queen Creek Water; ASUA	0.63	
03/17/2003	Pinedale, AZ	928-739-4512	Paul Crookston; SCADA	12.84	
03/17/2003	Pinedale, AZ	928-739-4512	Paul Crookston; SCADA	1.57	
03/25/2003	North Phoenix, AZ	623-869-2216	CAGRD	0.63	
03/26/2003	Higley, AZ	480-987-3240	Queen Creek Water; ASUA	0.63	
03/31/2003	Pinedale, AZ	928-739-4512	Paul Crookston; SCADA	2.19	19.12
					<u><u>34.71</u></u>

June 17, 2003

Out of State

Date	Location	Telephone	Contact	Amount	Totals
04/10/2003	Pittsburgh, PA	412-247-3431		0.56	
04/14/2003	Vancouver, WA	360-576-6904		0.56	
04/21/2003	Canton, MA	781-575-2723		5.62	6.74

Las Quintas Serenas Water Company
Office Line Toll Charges
For Year Ended September 30, 2003

In State	Date	Location	Telephone	Contact	Amount
	04/04/2003	Gilbert, AZ	602-370-4952		0.31
	04/07/2003	Pinedale, AZ	928-739-4512	Paul Crookston; SCADA	0.31
	04/07/2003	Gilbert, AZ	602-370-4952		0.31
	04/07/2003	Nogales, AZ	520-980-1496		3.45
	04/07/2003	Winslow, AZ	928-587-9201		0.39
	04/07/2003	Winslow, AZ	928-587-9102	Paul Crookston; SCADA (cell)	2.72
	04/09/2003	Nogales, AZ	520-980-1496		0.31
	04/21/2003	Phoenix, AZ	602-242-7105		1.25
	04/23/2003	Pinedale, AZ	928-739-4512	Paul Crookston; SCADA	5.32
	04/23/2003	Phoenix, AZ	623-764-2194		0.94
	04/23/2003	Pinedale, AZ	928-739-4512	Paul Crookston; SCADA	0.31
	04/28/2003	Pinedale, AZ	928-739-4512	Paul Crookston; SCADA	1.57
	04/28/2003	Pinedale, AZ	928-739-4512	Paul Crookston; SCADA	1.88
	04/28/2003	Glendale, AZ	623-939-9171		0.31
	04/28/2003	Phoenix, AZ	623-764-2194		0.63
					20.01
					<u>26.75</u>

August 1, 2003

Out of State

Date	Location	Telephone	Contact	Amount	Totals
05/12/2003	Las Vegas, NV	702-440-8711	Alex Alvidrez; Customer	2.57	
05/12/2003	Lake Villa, IL	847-356-3757		3.37	
05/22/2003	Atlanta NW, GA	770-657-1021		0.56	
05/29/2003	Capitrvly, CA	949-481-0909	Royal Equity Investors	1.03	
					<u>7.53</u>

Las Quintas Serenas Water Company
Office Line Toll Charges
For Year Ended September 30, 2003

In State	Out of State	Amount	Totals
05/05/2003 Winslow, AZ	06/05/2003 Lyndhurst, OH	0.94	15.72
05/07/2003 Nogales, AZ	06/11/2003 Petaluma, CA	2.51	0.54
05/08/2003 Glendale, AZ	06/18/2003 Albuquerque, NM	0.31	1.03
05/19/2003 Pinedale, AZ		0.31	
05/19/2003 Winslow, AZ		0.63	
05/19/2003 Winslow, AZ		0.31	
05/19/2003 Phoenix, AZ		0.31	
05/19/2003 Pinedale, AZ		0.39	
05/20/2003 Pinedale, AZ		14.41	
05/20/2003 Phoenix, AZ		0.31	
05/21/2003 Pinedale, AZ		0.94	
05/22/2003 Pinedale, AZ		7.00	
05/22/2003 Winslow, AZ		0.31	
05/23/2003 Pinedale, AZ		1.57	
05/24/2003 Pinedale, AZ		0.31	
05/27/2003 Nogales, AZ		0.39	
05/28/2003 Phoenix, AZ		1.25	
05/29/2003 Phoenix, AZ		0.31	
05/29/2003 Phoenix, AZ		0.31	
05/30/2003 Pinedale, AZ		0.63	
06/03/2003 Phoenix, AZ		3.11	
		0.63	
		37.19	
		<u>44.72</u>	

August 19, 2003

Date	Location	Telephone	Contact	Amount	Totals
06/05/2003	Lyndhurst, OH	440-646-5800	Rockwell Automation	15.72	
06/11/2003	Petaluma, CA	707-664-2059	Norm Dickenson; Customer	0.54	
06/18/2003	Albuquerque, NM	505-400-9363	John Dellinger; Customer	1.03	17.29

Las Quintas Serenas Water Company
Office Line Toll Charges

For Year Ended September 30, 2003

In State	Date	Location	Telephone	Contact	Amount	Totals
	06/04/2003	Winslow, AZ	928-587-9102	Paul Crookston; SCADA (cell)	0.31	
	06/05/2003	Winslow, AZ	928-587-9102	Paul Crookston; SCADA (cell)	0.63	
	06/09/2003	Pinedale, AZ	928-739-4512	Paul Crookston; SCADA	1.57	
	06/13/2003	Sierra Vista, AZ	520-803-0850	Nelson Construction Services	0.31	
	06/16/2003	Sierra Vista, AZ	520-803-0850	Nelson Construction Services	0.31	
	06/16/2003	Scottsdale, AZ	480-874-1652	Reed Hammond; Customer	0.31	
	06/23/2003	Phoenix, AZ	602-793-7038		0.31	
	06/27/2003	Sierra Vista, AZ	520-803-0850	Nelson Construction Services	0.39	
	07/01/2003	Pinedale, AZ	928-739-4512	Paul Crookston; SCADA	1.88	6.33
	07/01/2003	Winslow, AZ	928-587-9102	Paul Crookston; SCADA (cell)		<u>23.62</u>

September 16, 2003

Out of State	Date	Location	Telephone	Contact	Amount	Totals
	07/10/2003	Medford, OR	541-245-3580	John James; Customer	0.56	
	07/14/2003	Medford, OR	541-245-3580	John James; Customer	1.12	
	07/17/2003	Sammamish, WA	425-868-0458	John Bentley; Customer	0.56	
	07/21/2003	Central City, CO	303-582-9160	James Jenkins; Customer	0.54	
	07/31/2003	Central City, CO	303-582-9160	James Jenkins; Customer	0.54	
	07/31/2003	W Yellowstone, MT	406-646-7600	Yellowstone Police Department	2.14	5.46

In State	Date	Location	Telephone	Contact	Amount	Totals
	07/08/2003	Phoenix, AZ	602-272-0911	Cochise Contractors	1.25	
	07/10/2003	Mesa, AZ	480-835-0003	Tower Printing	1.88	
	07/15/2003	Mesa, AZ	480-835-0003	Tower Printing	1.57	
	07/17/2003	Phoenix, AZ	602-366-8093	Phelps Dodge Sierrita; Head Office	0.31	
	07/23/2003	Phoenix, AZ	480-205-2449	Gary DuFault; Accountant (Past)	0.94	
	07/25/2003	Benson, AZ	520-720-4613	Marshall Waite	1.57	
	07/30/2003	Pinedale, AZ	928-739-4512	Paul Crookston; SCADA	0.78	
	07/31/2003	Pinedale, AZ	928-739-4512	Paul Crookston; SCADA	0.39	
	07/31/2003	Winslow, AZ	928-587-9102	Paul Crookston; SCADA (cell)	1.88	10.57
						<u>16.03</u>

Total Out-of-State Charges 108.36
Total In-State Charges 151.53

Total Long distance charges 259.89

ACCOUNT DETAIL

ITEMIZED CALLS 18.40
TAXES 1.89
USBI TOTAL \$19.29

ITEMIZED CALLS

NO.	DATE	TIME	TO PLACE	TO AREA NUMBER	TYPE	MINUTES	AMOUNT
BUSINESS DISC PLAN							
1	JUL 16	2:56P	ANGELSCAMP CA	209 753-2050	D	5	3.22
2	JUL 17	1:19P	DARLINGTON SC	843 393-5778	D	2	1.12
3	JUL 18	11:12A	DELTA CO	970 874-2593	D	1	.54
4	JUL 19	10:52A	DENVER CO	303 321-2579	D	8	4.29
5	JUL 23	10:56A	EVERGREEN CO	303 674-8770	D	1	.54
	JUL 24	11:01A	EVERGREEN CO	303 674-8770	D	7	3.75
	JUL 24	11:13A	NOGALES AZ	520 377-9397	D	4	1.25
	JUL 25	2:21P	PINETOP AZ	928 369-7620	D	1	.25
	JUL 26	10:27A	BRUNSWICK GA	912 554-4986	D	5	1.97
			SUBTOTAL			16.84	.56

LCR TELECOM LLC							
10	AUG 20	10:32A	PHOENIX AZ	602 778-0307	D	1	.26
11	AUG 23	10:50A	FLAGSTAFF AZ	928 213-1539	D	2	.52
12	AUG 26	11:38A	PHOENIX AZ	602 778-0309	D	1	.26
13	AUG 26	11:40A	FLAGSTAFF AZ	928 213-1539	D	2	.52
			SUBTOTAL			1.56	

USBI SUBTOTAL OF ITEMIZED CALLS \$18.40

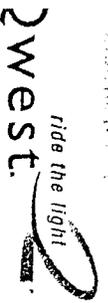
TAX SUMMARY

FEDERAL EXCISE TAX	USBI SUBTOTAL OF TAXES	.55
STATE TAX		.25
CITY TAX	USBI CURRENT CHARGES	.09
		\$.89
		\$19.29

Type of Long Distance Calls:
D - Dial Day - Full Rate

THE CHARGES APPEARING ON THIS PORTION OF YOUR BILL ARE FROM A NEW SERVICE PROVIDER.

THIS PORTION OF YOUR BILL IS PROVIDED AS A SERVICE TO USBI THERE IS NO CONNECTION BETWEEN USBI AND QWEST.



Visit us 24 hours a day at www.qwest.com

Total Amount Due	Due Date for New Charges
\$53.35	October 12, 2002

Summary

Previous Balance	53.72
Charges	53.72 ^R
Payment	\$.00
Balance Forward	
▼ New Charges	53.35
Qwest	
For questions call 1-800-603-6000	
Total New Charges	\$53.35
TOTAL AMOUNT DUE	\$53.35

Thank you for your payment

Did you know you can view your bill online at www.qwest.com?

Qwest, PO Box 29060, Phoenix, AZ 85038-9060

LQS WATER CO
 Bill Date: Sep 22, 2002
 Account No: [REDACTED]

QWEST SERVICES

- ▼ ITEMIZED MONTHLY SERVICE
- MONTHLY SERVICE - SEP 22 THRU OCT 21
- BASIC SERVICES
- These services are necessary for you to use your telephone.
- 1 PRIVATE BUSINESS LINE 34.80

▼ SERVICE ADDITIONS AND CHANGES

- 1. CHARGE FOR CHANGE OF LONG DISTANCE COMPANY OUTSIDE 5.00
- THE LOCAL TOLL CALLING AREA ON 09-04-02

▼ TAXES, FEES & SURCHARGES

- The following charges are billed at the request of local, state and Federal government and/or to support government programs. For additional information visit our website at www.qwest.com.
- FEDERAL EXCISE TAX 1.30
 - STATE TAX 2.31
 - CITY TAX .80
 - FEDERAL ACCESS CHARGE 7.39
 - FEDERAL UNIVERSAL SERV FUND .56
 - ARIZONA UNIVERSAL SERVICE FUND @ \$.01 PER LINE .01
 - TELECOM SERVICES EXCISE TAX .38
 - 911 EXCISE TAX .37
 - FEDERAL CHARGE - SERVICE .43
 - PROVIDER NUMBER PORTABILITY

TOTAL QWEST SERVICES

\$53.35

FOR YOUR INFORMATION

You are responsible for the payment of all charges on your bill. Failure to pay these charges may result in collection action as well as termination of the unpaid service. Your basic telephone service will not be disconnected for non-payment of charges for:

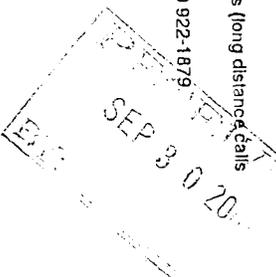
- (1) Qwest Unregulated Services (or other itemized services),
- (2) services of other Qwest companies, or (3) services of other companies included in your bill. Qwest packages of features and the amounts in the Summary may include both basic and charges that are not basic.

Any amount left unpaid 30 days after bill date is subject to a 1.5% late payment charge.

The company you have chosen for InterLATA calls (long distance calls outside your local toll calling area) is AT&T

The company you have chosen for IntraLATA calls (long distance calls inside your local toll calling area) is QWEST

If this company has not been authorized call 1 800 922-1879





Account Name: QUINTAS WATER CO
 Account No.: [REDACTED]
 Bill Close Date: 09/20/02

Bill Summary

Due Date	Current Charges	Amount Due
10/14/02	\$22.60	\$22.60

Verizon Wireless offers a variety of flexible payment options. Call us to arrange the best payment option for you.

Previous Balance	37.56	
Payments - Thank you.	37.56CR	
Balance Forward		\$0.00
Current Charges		
Monthly Activity - 1 Service(s)	20.47	
Taxes, Fees, & Government Charges	2.13	
Total Current Charges		\$22.60
Total Amount Due		\$22.60

RECEIVED
 SEP 30 2002
 BY: _____

NEW HOURS OF OPERATION FOR CUSTOMER SERVICE

In an effort to focus on providing service when you need us the most, customer service hours of operation will change from 24-hours to 6am to 11pm, seven days a week. 24-hour emergency technical support will still be available. For 24-hour customer service options, please visit us at verizonwireless.com and sign up for VZServe.

SPK'N TXT WITH MOBILE MESSENGER(sm)

Now, send and receive text messages coast-to-coast, on your 2-way capable phone, even if your friends and family use different wireless carriers. Messages sent are 10 cents each and messages received are 2 cents each. Check out our website at www.verizonwireless.com.



Account Name: QUINTAS WATER CO
Account No.: [REDACTED]
Bill Close Date: 09/20/02

Account Charges Summary

Payments

Date	Amount
09/06/02	37.56CR

Total Payments **\$37.56CR**

Monthly Activity

Summary for 520/403-9354, STEVE GAY
AIRTOUCH 60

Service Charges & Credits	20.47
Airtime & Usage Charges	0.00
Taxes, Fees, & Government Charges	2.13

Sub-total for 520/403-9354 **\$22.60**

Total Monthly Activity Charges ▶ **\$22.60**



Account Name: LAS QUINTAS WATER CO
 Account No.: [REDACTED]
 Bill Close Date: 09/20/02

Monthly Activity Detail for 520/403-9354
 STEVE GAY

Service Charges & Credits

Service	Beginning	Ending	Total Charges
AIRTOUCH 60	09/21/02	10/20/02	19.95
CALL FORWARDING			INCLUDED
CALLER ID	09/21/02	10/20/02	0.00
FEDERAL UNIVERSAL SVC & REGULATORY CHG			0.52
Total Service Charges & Credits			\$20.47

VOICE REVIEW

Used	Rate	Charged
Anytime Bundle	41:00	0.00
Total Usage	41:00	\$0.00

VOICE CALL DETAIL

Date	Per Time	Origin	Destination	Number	Fee	Min:Sec	Charge	Charge	Charge
08/23	P 11:18A	TUCSON	AZ GREEN VLY	AZ 520/625-8040	6:00	0:00	0.00	0.00	0.00
08/27	P 11:11A	TUCSON	AZ TUCSON	AZ 520/887-1212	1:00	0:00	0.00	0.00	0.00
08/27	P 11:11A	TUCSON	AZ GREEN VLY	AZ 520/525-8040	2:00	0:00	0.00	0.00	0.00
08/28	P 05:56P	TUCSON	AZ GREEN VLY	AZ 520/848-2614	2:00	0:00	0.00	0.00	0.00
08/28	P 07:19P	TUCSON	AZ GREEN VLY	AZ 520/625-4040	1:00	0:00	0.00	0.00	0.00
08/28	P 07:39P	TUCSON	AZ GREEN VLY	AZ 520/625-2402	2:00	0:00	0.00	0.00	0.00
08/28	P 08:22P	TUCSON	AZ GREEN VLY	AZ 520/648-2614	2:00	0:00	0.00	0.00	0.00
08/29	P 05:06P	TUCSON	AZ GREEN VLY	AZ 520/525-4040	1:00	0:00	0.00	0.00	0.00
08/29	P 05:07P	TUCSON	AZ GREEN VLY	AZ 520/207-7218	1:00	0:00	0.00	0.00	0.00
08/31	W 11:50A	TUCSON	AZ GREEN VLY	AZ 520/625-4496	1:00	0:00	0.00	0.00	0.00
08/31	W 12:20P	TUCSON	AZ GREEN VLY	AZ 520/625-4496	2:00	0:00	0.00	0.00	0.00
09	06:48P	TUCSON	AZ GREEN VLY	AZ 520/648-0814	1:00	0:00	0.00	0.00	0.00
09/1	08:12A	TUCSON	AZ TUCSON	AZ 520/982-2619	1:00	0:00	0.00	0.00	0.00
09/1	06:17P	TUCSON	AZ GREEN VLY	AZ 520/648-0814	1:00	0:00	0.00	0.00	0.00
09/08	06:01P	TUCSON	AZ GREEN VLY	AZ 520/648-0814	1:00	0:00	0.00	0.00	0.00
09/08	W 06:06P	TUCSON	AZ GREEN VLY	AZ 520/648-0814	3:00	0:00	0.00	0.00	0.00
09/08	P 02:58P	TUCSON	AZ GREEN VLY	AZ 520/625-8040	2:00	0:00	0.00	0.00	0.00
09/10	P 06:21P	TUCSON	AZ GREEN VLY	AZ 520/648-0814	1:00	0:00	0.00	0.00	0.00
09/12	P 04:41P	TUCSON	AZ TUCSON	AZ 520/887-1212	1:00	0:00	0.00	0.00	0.00
09/14	W 06:26P	TUCSON	AZ GREEN VLY	AZ 520/648-0814	2:00	0:00	0.00	0.00	0.00
09/16	P 04:30P	TUCSON	AZ GREEN VLY	AZ 520/625-8040	1:00	0:00	0.00	0.00	0.00
09/16	P 05:10P	TUCSON	AZ TUCSON	AZ 520/889-3179	2:00	0:00	0.00	0.00	0.00
09/17	P 05:31P	TUCSON	AZ VAIL	AZ 520/752-0068	2:00	0:00	0.00	0.00	0.00
09/20	P 12:39P	TUCSON	AZ TUCSON	AZ 520/304-7744	2:00	0:00	0.00	0.00	0.00
Total Call Detail Charges					41:00	0.00	0.00	0.00	0.00

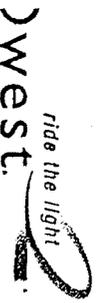
Per: Legend for Time Periods
 P=Peak
 W=Weekend
 O=Off-Peak

Monthly Activity Detail for 520/403-9354
 STEVE GAY - Continued

Taxes, Fees, & Government Charges

Federal Excise Tax	19.95
St & Loc Tax On Commun.	0.00
9-1-1 Charge (Wireless)	0.52
Total Taxes, Fees, & Government Charges	\$20.47

Sub-total of Monthly Activity for 520/403-9354



Visit us 24 hours a day at www.qwest.com

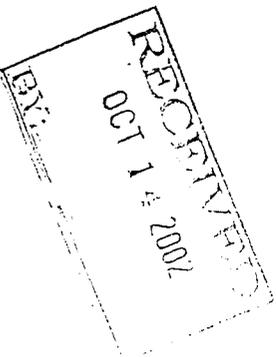
LAS QUINTAS SERENAS
WATER COMPANY
Bill Date: Oct 7, 2002
Account No: [REDACTED]

Page 1

Total Amount Due	Due Date for New Charges
\$74.90	October 26, 2002

Summary

▼ Previous Balance	80.24
Charges	5.53 ^R
Adjustments	80.01 ^R
Payment	\$5.30 ^R
Balance Forward	
Thank you for your payment	
▼ New Charges	69.79
Qwest	
USBI	10.41
For questions call 1-800-603-6000	
Total New Charges	\$80.20
For questions call 1-888-481-8724	
TOTAL AMOUNT DUE	\$74.90



Did you know you can view your bill online at www.qwest.com?

Qwest, PO Box 29060, Phoenix, AZ 85038-9060

QWEST SERVICES

▼ ITEMIZED MONTHLY SERVICE	MONTHLY SERVICE - OCT 07 THRU NOV 06	34.80
BASIC SERVICES	These services are necessary for you to use your telephone.	
1 PRIVATE BUSINESS LINE		7.95
OPTIONAL SERVICES	These services are provided at your request and are not required as part of your basic telephone service.	
1 * CALLER IDENTIFICATION		.00
1 * SERVICE IDENTIFICATION EQUIPMENT		

▼ SERVICE ADDITIONS AND CHANGES		
1. CHARGE FOR CHANGE OF LONG DISTANCE COMPANY OUTSIDE	ON 09-10-02	5.00
2. THE LOCAL TOLL CALLING AREA OF DISTANCE COMPANY OUTSIDE	CHARGE FOR CHANGE OF LONG DISTANCE COMPANY OUTSIDE	5.00
THE LOCAL TOLL CALLING AREA ON 09-12-02		

▼ DIRECTORY ASSISTANCE	3 CALLS @ 1.11	3.33
DIRECTORY ASSISTANCE		

▼ TAXES, FEES & SURCHARGES		
The following charges are billed at the request of local, state and Federal government and/or to support government programs. For additional information visit our website at www.qwest.com .		
FEDERAL EXCISE TAX		1.59
STATE TAX		3.25
CITY TAX		1.12
FEDERAL ACCESS CHARGE		6.00
FEDERAL UNIVERSAL SERVICE FUND		.56
ARIZONA UNIVERSAL SERVICE FUND @ \$.01 PER LINE		.01
TELECOM SERVICES EXCISE TAX		.38
911 EXCISE TAX		.37
FEDERAL CHARGE - SERVICE PROVIDER NUMBER PORTABILITY		.43

TOTAL QWEST SERVICES	\$69.79
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FOR YOUR INFORMATION

You are responsible for the payment of all charges on your bill. Failure to pay these charges may result in collection action as well as termination of the unpaid service. Your basic telephone service will not be discontinued for non-payment of charges for:

- (1) Qwest Unregulated Services for other itemized services,
- identified by an * above, (2) services included in your bill, or
- (3) services of other companies included in the Summary.

Qwest packages of features and the amounts in the Summary may include both basic and charges that are not basic.

* Qwest Unregulated Products & Services are not under the jurisdiction of your state commission.

Any amount left unpaid 30 days after bill date is subject to a 1.5% late payment charge.

The company you have chosen for IntraLATA calls (long distance calls outside your local toll calling area) is AT&T

The company you have chosen for IntraLATA calls (long distance calls inside your local toll calling area) is AT&T

If this company has not been authorized call 1 800 922-1879.

* Qwest Unregulated Services (additional details in For Your Information)

ACCOUNT DETAIL
 ITEMIZED CALLS
 TAXES
 USBI TOTAL \$10.41

ITEMIZED CALLS

NO.	DATE	TIME	TO PLACE	TO AREA NUMBER	TYPE	MINUTES	AMOUNT	
1	AUG 07	4:31P	PINEDALE AZ	928 738-4512	D	9	2.82	
2	AUG 12	9:59A	PHOENIX AZ	602 659-7500	D	3	.94	
3	AUG 15	4:25P	PINETOP AZ	928 369-7620	D	2	.63	
SUBTOTAL							4.39	

ILLUSTRATIVE CHARGES AND CREDITS

NO.	DATE	ITEM	TAX CODE	AMOUNT
4	AUG 31	UNIV SERV FD	00	1.61
5	SEP 04	NETWORK ACCESS CHARGE	00	3.78
SUBTOTAL				5.39
USBI SUBTOTAL OF ITEMIZED CALLS				\$9.78

TAX SUMMARY

FEDERAL EXCISE TAX		.29
STATE TAX		.25
CITY TAX		.09
USBI SUBTOTAL OF TAXES		\$.63
USBI CURRENT CHARGES		\$10.41

ADJUSTMENTS-ALREADY APPLIED TO ACCOUNT(SEE SUMMARY)

CREDIT ADJUSTMENT ON 09-25-02 USBI SUBTOTAL OF ADJUSTMENTS 5.53CR
 Type of Long Distance Calls: D - Dial Day - Full Rate \$5.53CR

THIS PORTION OF YOUR BILL IS PROVIDED AS A SERVICE TO USBI
 IS NO CONNECTION BETWEEN USBI AND QWEST.

Account Number	Bill Date	Payment Due Date
[REDACTED]	OCT 7, 2002	NOV 7, 2002



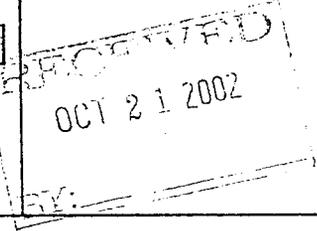
LAS QUINTAS SERENAS WATER
 PO BOX 68
 SAHUJARITA AZ 85629-0068

REF # 520 648 3520

AT&T All in One Service

For Product Info: www.att.com/small_business/
 For Customer Care: 1 877 325-0445

ACCOUNT STATUS		AT&T All in One Service	
PREVIOUS BALANCE	\$0.00	AT&T LONG DISTANCE	\$0.85
PAYMENTS	\$0.00		
ADJUSTMENTS	\$0.00	TOTAL CURRENT CHARGES	\$0.85
TOTAL CURRENT CHARGES	\$0.85		
TOTAL AMOUNT DUE	\$0.85		



***** Important News About Your Account *****

Just For Your Business

Effective November 15, 2002, the Payment Due Date for your AT&T bill will be changed to five days prior to the bill date. Due to this change, automatic deduction from your checking account or credit card will be made two days sooner. If your Bill Cycle needs to be changed to allow on-time payment of your bill or to adjust the Auto payment withdrawal date, please call the Customer Care number on the first page of your bill.

See next page for more news!

Please make checks payable to AT&T and include your account number on payment.
 Make sure that the AT&T P.O. Box address is showing through the envelope window.
 AT&T will no longer reply to comments on this document. Submit correspondence to www.att.com/bcs

Account Number
[REDACTED]

Bill Date
OCT 7, 2002

Payment Due Date
NOV 7, 2002



LAS QUINTAS SERENAS WATER
PO BOX 68
SAHJARITA AZ 85629-0068
REF # 520 648 3520

AT&T All in One Service
Summary of Charges

EXPLANATION	AMOUNT
USAGE CHARGES	
LONG DISTANCE SERVICE	\$0.75
SUBTOTAL	\$0.75
REGULATORY FEES	
LONG DISTANCE SERVICE Universal Connectivity Charge Federal Interstate/International	\$0.06
SUBTOTAL	\$0.06
TAXES	
LONG DISTANCE SERVICE Federal Tax State Tax MISCELLANEOUS SURCHARGES	\$0.02 0.01 0.01
SUBTOTAL	\$0.04
TOTAL CURRENT CHARGES	\$0.85

[REDACTED]

Account Number	Bill Date	Payment Due Date
[REDACTED]	OCT 7, 2002	NOV 7, 2002



LAS QUINTAS SERENAS WATER
 PO BOX 68
 SAHUJARITA AZ 85629-0068

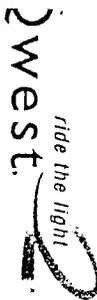
REF # 520 648 3520

Subaccount: [REDACTED]

AT&T All in One Service

Call Detail

ITEM	DATE	TIME (hh:mm:ss)	PLACE	AREA CODE/ NUMBER	DURATION (hh:mm:ss)	CALL TYPE	RATE PERIOD	AMOUNT
LONG DISTANCE SERVICE								
BILLED NUMBER: 520 648-3520								
1	9/11/02	10:49:11A	TO PHOENIX	AZ 602 659-7510	1:02	DDC	MFLAT	0.12
2	10/07/02	12:03:59P	TO SANTA CRUZ	CA 831 425-8741	7:58	DDC	MFLAT	0.63
SUBTOTAL FOR 520 648-3520								\$0.75
TOTAL FOR LONG DISTANCE SERVICE								\$0.75

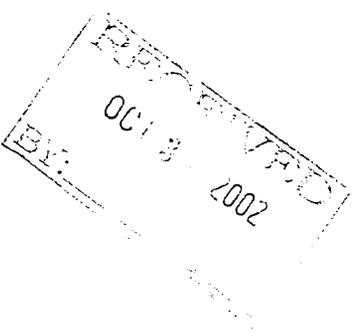


Visit us 24 hours a day at www.qwest.com

Total Amount Due	Due Date for New Charges
\$47.96	November 13, 2002

Summary

▼ Previous Balance	53.35
Charges	53.35 ^{Rs}
Payment	\$.00
Balance Forward	
▼ New Charges	47.96
Qwest	
<i>For questions call 1-800-603-6000</i>	
Total New Charges	\$47.96
TOTAL AMOUNT DUE	\$47.96



Did you know you can view your bill online at www.qwest.com?

Qwest, PO Box 29060, Phoenix, AZ 85038-9060

LOS WATER CO
Bill Date: Oct 22, 2002
Account No: [REDACTED]

QWEST SERVICES

- ▼ ITEMIZED MONTHLY SERVICE
- MONTHLY SERVICE - OCT 22 THRU NOV 21
- BASIC SERVICES
- These services are necessary for you to use your telephone.*
- 1 PRIVATE BUSINESS LINE 34.80

▼ TAXES, FEES & SURCHARGES

- The following charges are billed at the request of local, state and Federal government and/or to support government programs. For additional information visit our website at www.qwest.com.*
- FEDERAL EXCISE TAX 1.30
- STATE TAX 2.02
- CITY TAX .70
- FEDERAL ACCESS CHARGE 7.39
- FEDERAL UNIVERSAL SERV FUND .58
- ARIZONA UNIVERSAL SERVICE FUND @ \$.01 PER LINE .01
- TELECOM SERVICES EXCISE TAX .38
- 911 EXCISE TAX .37
- FEDERAL CHARGE - SERVICE .43
- PROVIDER NUMBER PORTABILITY

TOTAL QWEST SERVICES **\$47.96**

FOR YOUR INFORMATION

You are responsible for the payment of all charges on your bill. Failure to pay these charges may result in collection action as well as termination of the unpaid service. Your basic telephone service will not be disconnected for non-payment of charges for:

- (1) Qwest Unregulated Services (or other itemized services);
- (2) services of other Qwest companies; or
- (3) services of other companies included in your bill. Qwest packages of features and the amounts in the Summary may include both basic and charges that are not basic.

Any amount left unpaid 30 days after bill date is subject to a 1.5% late payment charge.

Bill Summary

RECEIVED
OCT 30 2002
BY: _____

Due Date	Current Charges	Amount Due
11/13/02	\$22.60	\$22.60

Verizon Wireless offers a variety of flexible payment options.
Call us to arrange the best payment option for you.

Previous Balance	22.60	
Payments - Thank you.	22.60CR	
Balance Forward		\$0.00
Current Charges		
Monthly Activity - 1 Service(s)	20.47	
Taxes, Fees, & Government Charges	2.13	
Total Current Charges		\$22.60

Total Amount Due ▶ \$22.60

LOGIN TO VZSERVE(sm) AND SAVE ON ACCESSORIES!

Login to VZServe before 11/11/02 and save 25% on accessories for your wireless phone! With VZServe Express Customer Service, you can check your balance, view and pay your bill, add or delete features, and more. It's fast, free and simple. Why wait? Access your account today at www.verizonwireless.com.

NEW SERVICE FROM VERIZON WIRELESS COMING 11/15/02!

Voice Browsing will soon be available by dialing #84 SEND. Get news, sports, weather, business, and horoscopes read to you over your wireless phone! Each call to #84 is \$.50 plus airtime. Packages are available.



Account Name: QUINTAS WATER CO
Account No.: [REDACTED]
Bill Close Date: 10/20/02

Account Charges Summary

Payments

Date	Amount
10/08/02	22.60CR

Total Payments **\$22.60CR**

Monthly Activity

Summary for 520/403-9354, STEVE GAY
AIRTOUCH 60

Service Charges & Credits	20.47
Airtime & Usage Charges	0.00
Taxes, Fees, & Government Charges	2.13

Sub-total for 520/403-9354 **\$22.60**

Total Monthly Activity Charges ▶ **\$22.60**



Account Name: LAS QUINTAS WATER CO
 Account No.: [REDACTED]
 Bill Close Date: 10/20/02

Monthly Activity Detail for 520/403-9354
 STEVE GAY

Service Charges & Credits

Beginning	Ending	Total Charges
10/21/02	11/20/02	19.95
		INCLUDED
10/21/02	11/20/02	0.00
		0.62
Total Service Charges & Credits		\$20.47

VOICE
 CALL FORWARDING

Date Per Time	Origin	Destination	Number	Fee	Min:Sec	Charge	LD/Toll
10/17 P 06:30P	TUCSON	AZ	TUCSON	520/270-4612	11:00	0.00	0.00
Total Call Detail Charges 52:00 0.00 0.00							

VOICE
 ALL DETAIL

Date Per Time	Origin	Destination	Number	Fee	Min:Sec	Charge	LD/Toll
9/21 W 07:28P	TUCSON	AZ	GREEN VLY AZ 520/648-0814	3:00	0:00	0.00	0.00
9/22 W 08:16A	TUCSON	AZ	GREEN VLY AZ 520/648-0814	1:00	0:00	0.00	0.00
9/22 W 05:22P	TUCSON	AZ	GREEN VLY AZ 520/648-0814	1:00	0:00	0.00	0.00
9/23 P 12:16P	TUCSON	AZ	GREEN VLY AZ 520/625-8040	1:00	0:00	0.00	0.00
9/23 P 12:50P	TUCSON	AZ	TUCSON AZ 520/349-9446	1:00	0:00	0.00	0.00
9/24 P 08:56A	TUCSON	AZ	CORONADO AZ 520/358-5888	2:00	0:00	0.00	0.00
9/24 P 10:42A	TUCSON	AZ	GREEN VLY AZ 520/648-3680	2:00	0:00	0.00	0.00
9/24 P 10:50A	TUCSON	AZ	GREEN VLY AZ 520/625-8040	2:00	0:00	0.00	0.00
9/24 P 11:20A	TUCSON	AZ	TUCSON AZ 520/682-8853	2:00	0:00	0.00	0.00
9/24 P 11:22A	TUCSON	AZ	TUCSON AZ 520/770-5718	1:00	0:00	0.00	0.00
9/24 P 11:23A	TUCSON	AZ	INGOMING CL 520/403-9354	4:00	0:00	0.00	0.00
9/24 P 11:28A	TUCSON	AZ	GREEN VLY AZ 520/625-8040	4:00	0:00	0.00	0.00
9/24 P 11:43A	TUCSON	AZ	INGOMING CL 520/403-9354	2:00	0:00	0.00	0.00
9/27 P 11:06P	TUCSON	AZ	GREEN VLY AZ 520/648-0814	1:00	0:00	0.00	0.00
9/27 P 11:28P	TUCSON	AZ	GREEN VLY AZ 520/625-8040	1:00	0:00	0.00	0.00
9/30 P 10:16A	TUCSON	AZ	GREEN VLY AZ 520/648-0814	1:00	0:00	0.00	0.00
9/30 P 10:16A	TUCSON	AZ	GREEN VLY AZ 520/648-0814	1:00	0:00	0.00	0.00
9/30 P 05:33P	TUCSON	AZ	GREEN VLY AZ 520/625-3327	2:00	0:00	0.00	0.00
10/10 P 10:10P	TUCSON	AZ	GREEN VLY AZ 520/648-0814	2:00	0:00	0.00	0.00
10/12 W 08:32A	TUCSON	AZ	GREEN VLY AZ 520/648-0814	1:00	0:00	0.00	0.00
10/12 W 09:19P	TUCSON	AZ	GREEN VLY AZ 520/399-5159	2:00	0:00	0.00	0.00
10/12 W 05:20P	TUCSON	AZ	GREEN VLY AZ 520/648-2945	1:00	0:00	0.00	0.00
10/12 W 05:43P	TUCSON	AZ	GREEN VLY AZ 520/648-0814	1:00	0:00	0.00	0.00
10/15 P 01:38P	TUCSON	AZ	TUCSON AZ 520/975-7873 MM	3:00	0:00	0.00	0.00
10/17 P 05:17P	TUCSON	AZ	TUCSON AZ 520/270-4612	2:00	0:00	0.00	0.00

Monthly Activity Detail for 520/403-9354
 STEVE GAY - Continued

VOICE
 CALL DETAIL

Date Per Time	Origin	Destination	Number	Fee	Min:Sec	Charge	LD/Ch
10/17 P 06:30P	TUCSON	AZ	TUCSON	520/270-4612	11:00	0.00	0.00
Total Call Detail Charges 52:00 0.00 0.00							

Par: Legend for Time Periods O=Off-Peak W=Weekend
 P=Peak
 Fea: Legend for Call Features
 MM=Mobile-to-Mobile

Taxes, Fees, & Government Charges
 Federal Excise Tax
 St & Loc Tax On Commun.
 9-1-1 Charge (Wireless)

Total Taxes, Fees, & Government Charges

Sub-total of Monthly Activity for 520/403-9354

Account Number	Bill	Payment Due Date
[REDACTED]	NOV 7, 2002	DEC 7, 2002



LAS QUINTAS SERENAS WATER
PO BOX 68
SAHUJARITA AZ 85629-0068

REF # 520 648 3520

AT&T All in One Service

For Product Info: www.att.com/small_business/
For Customer Care: 1-877-325-0445

ACCOUNT STATUS

PREVIOUS BALANCE	\$0.85
PAYMENT RECEIVED 11/07/02	\$0.85 _R
ADJUSTMENTS	\$0.00
TOTAL CURRENT CHARGES	\$0.19

TOTAL AMOUNT DUE \$0.19

AT&T All in One Service

AT&T LONG DISTANCE	\$0.19	
AT&T LOCAL		*
TOTAL CURRENT CHARGES	\$0.19	

* See Important News About Your Account

***** Important News About Your Account *****

Just For Your Business

Start the new year off right with a high speed internet connection. Call us at 1-866-467-8288 to see if AT&T DSL is in your area and to learn more about some GREAT rebates and offers to get you on your way!

Effective November 15, 2002, the Payment Due Date for your AT&T bill will be changed to five days prior to the bill date. Due to this change, automatic deduction from your checking account or credit card will be made two days sooner.

See next page for more news!

NOV 18 2002

Please make checks payable to AT&T and include your account number on payment.
Make sure that the AT&T P.O. Box address is showing through the envelope window.
AT&T will no longer reply to comments on this document. Submit correspondence to www.att.com/bcs

Account Number	Bill Date	Payment Due Date
[REDACTED]	NOV 7, 2002	DEC 7, 2002



AT&T

LAS QUINTAS SERENAS WATER
 PO BOX 68
 SAHUARITA AZ 85629-0068
 REF # 520 648 3520

AT&T All in One Service
Summary of Charges

EXPLANATION	AMOUNT
USAGE CHARGES	
LONG DISTANCE SERVICE	\$0.16
SUBTOTAL	\$0.16
REGULATORY FEES	
LONG DISTANCE SERVICE Universal Connectivity Charge Federal Interstate/International	\$0.02
SUBTOTAL	\$0.02
TAXES	
LONG DISTANCE SERVICE Federal Tax	\$0.01
SUBTOTAL	\$0.01
TOTAL CURRENT CHARGES	\$0.19

Account Number	Bill	Payment Due Date
[REDACTED]	NOV 07, 2002	DEC 07, 2002



LAS QUINTAS SERENAS WATER
 PO BOX 68
 SAHRIARITA AZ 85629-0068
 200 DATA TUE 0011
 REF # 520 648 3520

Subaccount: 072

AT&T All in One Service
Call Detail

ITEM	DATE	TIME (hh:mm:ss)	PLACE	AREA CODE/NUMBER	DURATION (hh:mm:ss)	CALL TYPE	RATE PERIOD	AMOUNT
LONG DISTANCE SERVICE								
BILLED NUMBER: 520 648-3520								
1	10/08/02	4:45:58P	TO SANTA CRUZ	CA 831 425-8741	1:00	DDC	MFLAT	0.08
2	10/18/02	9:20:33A	TO CAPITRNVLY	CA 949 481-0910	1:00	DDC	MFLAT	0.08
SUBTOTAL FOR 520 648-3520								\$0.16
TOTAL FOR LONG DISTANCE SERVICE								\$0.16



Visit us 24 hours a day at www.qwest.com

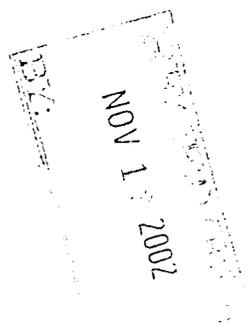
LAST QUARTER'S GENERAL WATER COMPANY
Bill Date: Nov 7 2002
Account No: [REDACTED]

Total Amount Due	Due Date for New Charges
\$89.52	November 27, 2002

Summary

▼ Previous Balance	74.90
Charges	74.90 ^R
Payment	\$0.00
Balance Forward	
▼ New Charges	57.79
Qwest	
USBI	31.73
For questions call 1-800-603-6000	
Total New Charges	\$89.52
For questions call 1-888-481-8724	
TOTAL AMOUNT DUE	\$89.52

Thank you for your payment



Some invoices may have omitted all or a portion of applicable Federal Universal Service Fund charges on Digital Switched Service since inception. Corrections are effective with invoices dated November 16, 2002. No backbilling will occur.

Qwest, PO Box 29060, Phoenix, AZ 85038-9060
The bill is protected by one or more of the following U.S. Patents:
Des. 385,298; 3,501,595; 5,845,942; and 5,951,052.

QWEST SERVICES

▼ ITEMIZED MONTHLY SERVICE	MONTHLY SERVICE - NOV 07 THRU DEC 08	
BASIC SERVICES	These services are necessary for you to use your telephone.	
1 PRIVATE BUSINESS LINE		34.80
OPTIONAL SERVICES	These services are provided at your request and are not required as part of your basic telephone service.	
1 CALLER IDENTIFICATION		7.95
1 * SERVICE AND/OR EQUIPMENT		.00

▼ DIRECTORY ASSISTANCE	2 CALLS @ 1.11	2.22
DIRECTORY ASSISTANCE		

▼ TAXES, FEES & SURCHARGES

The following charges are billed at the request of local, state and Federal government and/or to support government programs. For additional information visit our website at www.qwest.com.

FEDERAL EXCISE TAX	1.58
STATE TAX	2.61
CITY TAX	.90
FEDERAL ACCESS CHARGE	6.00
FEDERAL UNIVERSAL SERV FUND	58
ARIZONA UNIVERSAL SERVICE FUND @ \$.01 PER LINE	.01
TELECOM SERVICES EXCISE TAX	.38
911 EXCISE TAX	.37
FEDERAL CHARGE - SERVICE PROVIDER NUMBER PORTABILITY	.43

TOTAL QWEST SERVICES	\$57.79
----------------------	---------

FOR YOUR INFORMATION

You are responsible for the payment of all charges on your bill. Failure to pay these charges may result in collection action as well as termination of the unpaid service. Your basic telephone service will not be disconnected for non-payment of charges for:

- (1) Qwest Unregulated Services for other itemized services, identified by an * above;
- (2) services of other Qwest companies, or
- (3) services of other companies included in your bill.

Qwest packages of features and the amounts in the Summary may include both basic and charges that are not basic.

* Qwest Unregulated Products & Services are not under the jurisdiction of your state commission.

Any amount left unpaid 30 days after bill date is subject to a 1.5% late payment charge.

* Qwest Unregulated Services (additional details in For Your Information)

continued on back



Total Amount Due	Due Date for New Charges
\$48.72	December 14, 2002

Summary

▼ Previous Balance	47.96
Charges Payment	47.96 ^R
Balance Forward	\$.00
▼ New Charges	47.96
Qwest	
For questions call 1-800-603-6000	
AT&T	.76
For questions call 1-800-325-0138	
Total New Charges	\$48.72
TOTAL AMOUNT DUE	\$48.72

Some invoices may have omitted all or a portion of applicable Federal Universal Service Fund charges on Digital Switched Service since inception. Corrections are effective with invoices dated November 16, 2002. No backbilling will occur.

Qwest, PO Box 29060, Phoenix, AZ 85038-9060
This bill is protected by one or more of the following U.S. Patents:

LOS WATER CO
Bill Date: Nov 22, 2002
Account No: [REDACTED]

QWEST SERVICES

- ▼ ITEMIZED MONTHLY SERVICE
- MONTHLY SERVICE - NOV 22 THRU DEC 21
- BASIC SERVICES
- These services are necessary for you to use your telephone.
- 1 PRIVATE BUSINESS LINE 34.80

▼ TAXES, FEES & SURCHARGES

- The following charges are billed at the request of local, state and Federal government and/or to support government programs. For additional information visit our website at www.qwest.com.
- FEDERAL EXCISE TAX 1.30
 - FEDERAL EXCISE TAX 2.02
 - STATE TAX 2.70
 - CITY TAX 7.39
 - FEDERAL ACCESS CHARGE 56
 - FEDERAL UNIVERSAL SERV FUND 01
 - ARIZONA UNIVERSAL SERVICE FUND @ \$01 PER LINE 38
 - TELECOM SERVICES EXCISE TAX 37
 - 911 EXCISE TAX .43
 - FEDERAL CHARGE - SERVICE
 - PROVIDER NUMBER PORTABILITY

TOTAL QWEST SERVICES

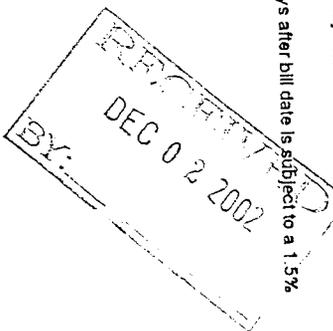
\$47.96

FOR YOUR INFORMATION

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- (1) Qwest Unregulated Services (or other itemized services).
- (2) services of other Qwest companies, or (3) services of other companies included in your bill. Qwest packages of features and the amounts in the Summary may include both basic and charges that are not basic.

Any amount left unpaid 30 days after bill date is subject to a 1.5% late payment charge.





Account No: [REDACTED]
 For billing questions, call 1-800-325-0138
 For service questions, call 1-800-222-0400

MOVING? ADDING LOCATIONS? NEED ADVICE ON LONG DISTANCE SERVICE?
 CALL AT&T ON 1-800-222-0400.

ACCOUNT DETAIL

ITEMIZED CALLS	AT&T	TOTAL	.74
TAXES			.02
	AT&T	TOTAL	\$.76

ITEMIZED CALLS

NO.	DATE	TIME	TO PLACE	TO AREA NUMBER	TYPE	MINUTES	AMOUNT
1	NOV 08	2:46P	OGDEN UT	801 457-4817	D	1	.74
SUBTOTAL							.74
AT&T SUBTOTAL OF ITEMIZED CALLS							\$.74

TAX SUMMARY

2 FEDERAL EXCISE TAX	AT&T SUBTOTAL OF TAXES	.02
	AT&T CURRENT CHARGES	\$.76

Type of Long Distance Calls:
 D - Dial Day - Full Rate

This portion of your bill is provided as a service to AT&T. There is no connection between Qwest and AT&T.

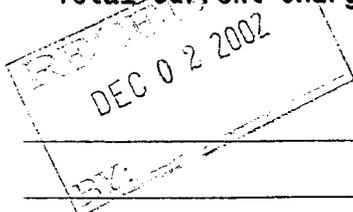


Bill Summary

Due Date	Current Charges	Amount Due
12/14/02	\$22.60	\$22.60

Verizon Wireless offers a variety of flexible payment options. Call us to arrange the best payment option for you.

Previous Balance	22.60	
Payments - Thank you.	22.60CR	
Balance Forward		\$0.00
Current Charges		
Monthly Activity - 1 Service(s)	20.47	
Taxes, Fees, & Government Charges	2.13	
Total Current Charges		\$22.60



Total Amount Due ▶ **\$22.60**

SAFETY COMES FIRST WHEN YOU'RE ON THE ROAD

Voice-Activated Dialing lets you make a call with the sound of your voice so you can keep your eyes on the road. And, with Voice Browsing, you can get information like news, sports scores and more read aloud to you. Each service is available for a low monthly fee plus airtime. Visit verizonwireless.com for details.

NEW VERIZON WIRELESS HOPELINE(sm)

If you or someone you know is in a violent relationship, contact the National Domestic Violence Hotline by dialing #HOPE from your Verizon Wireless phone or dial 1-800-799-SAFE. Turn your old phone into a HopeLine: visit verizonwireless.com/HopeLine for details.



Account Name: QUINTAS WATER CO
Account No.: [REDACTED]
Bill Close Date: 11/20/02

Account Charges Summary

Payments

Date	Amount
11/07/02	22.60CR

Total Payments **\$22.60CR**

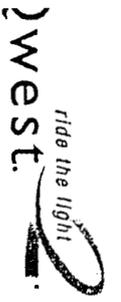
Monthly Activity

Summary for 520/403-9354, STEVE GAY
AIRTOUCH 60

Service Charges & Credits	20.47
Airtime & Usage Charges	0.00
Taxes, Fees, & Government Charges	2.13

Sub-total for 520/403-9354 **\$22.60**

Total Monthly Activity Charges ▶ **\$22.60**



Visit us 24 hours a day at www.qwest.com

Total Amount Due	Due Date for New Charges
\$77.88	December 27, 2002

Summary

▼ Previous Balance	Charges Payment	Balance Forward	New Charges	USBI	Total New Charges	TOTAL AMOUNT DUE
	89.52	89.52 ^R	55.33	22.55	\$77.88	\$77.88
		\$.00				

Thank you for your payment

For questions call 1-800-603-6000

For questions call 1-888-481-8724



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Qwest, PO Box 29060, Phoenix, AZ 85038-9060

LAS QUINTAS SERENAS
WATER COMPANY
Bill Date: Dec 7, 2002
Account No: [REDACTED]

QWEST SERVICES

▼ ITEMIZED MONTHLY SERVICE
MONTHLY SERVICE - DEC 07 THRU JAN 06

BASIC SERVICES
These services are necessary for you to use your telephone.

1 PRIVATE BUSINESS LINE	34.80
-------------------------	-------

OPTIONAL SERVICES
These services are provided at your request and are not required as part of your basic telephone service.

1 CALLER IDENTIFICATION	7.95
1 * SERVICE AND/OR EQUIPMENT	.00

TAXES, FEES & SURCHARGES
The following charges are billed at the request of local, state and Federal government and/or to support government programs. For additional information visit our website at www.qwest.com.

FEDERAL EXCISE TAX	1.49
STATE TAX	2.48
CITY TAX	.88
FEDERAL ACCESS CHARGE	6.00
FEDERAL UNIVERSAL SERV FUND	.56
ARIZONA UNIVERSAL SERVICE FUND @ \$.01 PER LINE	.01
TELECOM SERVICES EXCISE TAX	.38
911 EXCISE TAX	.37
FEDERAL CHARGE - SERVICE PROVIDER NUMBER PORTABILITY	.43

TOTAL QWEST SERVICES \$55.33

FOR YOUR INFORMATION

You are responsible for the payment of all charges on your bill. Failure to pay these charges may result in collection action as well as termination of the unpaid service. Your basic telephone service will not be disconnected for non-payment of charges for:

(1) Qwest Unregulated Services (or other itemized services), identified by an * above, (2) services of other Qwest companies, or (3) services of other companies included in your bill. Qwest packages or features and the amounts in the Summary may include both basic and charges that are not basic.

* Qwest Unregulated Products & Services are not under the jurisdiction of your state commission.

Any amount left unpaid 30 days after bill date is subject to a 1.5% late payment charge.

* Qwest Unregulated Services (additional details in For Your Information)



ACCOUNT DETAIL
 ITEMIZED CALLS
 TAXES
 USBI TOTAL \$22.55

NO.	DATE	TIME	TO PLACE	TO AREA NUMBER	TYPE	MINUTES	AMOUNT
BUSINESS DISC PLAN							
1	OCT 06	3:17P	FLAGSTAFF AZ	928 606-3458	N	2	.78
2	OCT 07	2:11P	IDAHOFALLS ID	208 522-9178	D	4	2.14
3	OCT 08	12:16P	EVERGREEN CO	303 674-8770	D	15	8.04
4	OCT 16	11:06A	PHOENIX AZ	602 771-7626	D	2	.63
5	OCT 17	3:04P	PHOENIX AZ	602 771-7626	D	2	.63
6	OCT 24	10:34A	BENTON IL	818 438-0039	D	1	.31
7	OCT 24	10:04A	PINEDALE AZ	928 739-4512	D	2	1.12
8	OCT 28	10:04A	PINEDALE AZ	928 739-4512	D	6	1.88
9	NOV 01	3:08P	ANALHEIM CA	714 666-0200	D	1	.51
10	NOV 01	3:09P	ANALHEIM CA	714 666-0200	D	1	.51
SUBTOTAL							15.92

MISCELLANEOUS CHARGES AND CREDITS

NO.	DATE	ITEM	TAX CODE	AMOUNT
10	OCT 31	UNIV SERV FD	00	1.93
11	NOV 04	NETWORK ACCESS CHARGE	00	3.78
SUBTOTAL				5.71
USBI SUBTOTAL OF ITEMIZED CALLS				\$21.63

TAX SUMMARY

FEDERAL EXCISE TAX	.65
STATE TAX	.20
CITY TAX	.07
USBI SUBTOTAL OF TAXES \$1.92	
USBI CURRENT CHARGES \$22.55	

Type of Long Distance Calls:
 D - Dial Day - Full Rate
 N - Dial Night - Discount Rate

THE PORTION OF YOUR BILL IS PROVIDED AS A SERVICE TO USBI
 THERE IS NO CONNECTION BETWEEN USBI AND OWEST.



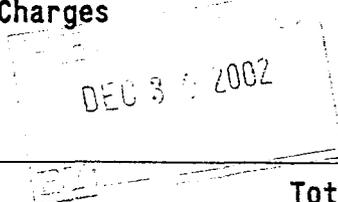
Account Name: JINTAS WATER CO
 Account No.: [REDACTED]
 Bill Close Date: 12/20/02

Bill Summary

Due Date	Current Charges	Amount Due
01/13/03	\$22.60	\$22.60

Verizon Wireless offers a variety of flexible payment options. Call us to arrange the best payment option for you.

Previous Balance	22.60	
Payments - Thank you.	22.60CR	
Balance Forward		\$0.00
Current Charges		
Monthly Activity - 1 Service(s)	20.47	
Taxes, Fees, & Government Charges	2.13	
Total Current Charges		\$22.60



Total Amount Due ▶ \$22.60

[FREEUP] THE HOLIDAYS WITH A GIFT EVERYONE WILL LOVE

With [FREEUP] there are no long-term contracts, no credit checks and no monthly bills. It's a one-time cost, and that means you'll have money left over for other holiday gifts. [FREEUP] has features everyone will love, a card with minutes to get started and a cool Motorola v120c wireless phone, all in one box. For more information go to FREEUP.com.

REGISTER FOR VZSERVE(sm) AND SAVE \$10

Manage your account online with VZServe Express Customer Service and you'll save money too. Register for VZServe before 01/13/03 and you'll save \$10 on select accessories of \$19.99 or more. With VZServe you can check your balance, view and pay your bill, add or delete features and more. Access your account today at verizonwireless.com/customerservice.



Account Name: QUINTAS WATER CO
Account No.: [REDACTED]
Bill Close Date: 12/20/02

Account Charges Summary

Payments

Date	Amount
12/11/02	22.60CR

Total Payments **\$22.60CR**

Monthly Activity

Summary for 520/403-9354, STEVE GAY
AIRTOUCH 60

Service Charges & Credits	20.47
Airtime & Usage Charges	0.00
Taxes, Fees, & Government Charges	2.13

Sub-total for 520/403-9354 **\$22.60**

Total Monthly Activity Charges ▶ **\$22.60**



Account Name: LAS QUINTAS WATER CO
 Account No.: [REDACTED]
 Bill Close Date: 12/20/02

Monthly Activity Detail for 520/403-9354
 STEVE GAY

Service Charges & Credits

Service	Beginning	Ending	Total Charges
AIRTOUCH 60	12/21/02	01/20/03	19.95
CALL FORWARDING			INCLUDED
CALLER ID			0.00
FEDERAL UNIVERSAL SVC & REGULATORY CHG	12/21/02	01/20/03	0.52
Total Service Charges & Credits			\$20.47

VOICE REVIEW

Bundle	Used	Rate	Charged
Any	26:00	0.00	0.00
Total Usage	26:00		\$0.00

VOICE CALL DETAIL

Date	Per Time	Origin	Destination	Number	Fee	Min:Sec	Charge	Charge	Charge
11/23	W 08:13A	TUCSON	AZ GREEN VLY	AZ 520/648-0814	7:00	0:00	0.00	0.00	0.00
11/24	W 03:53P	TUCSON	AZ GREEN VLY	AZ 520/648-0814	1:00	0:00	0.00	0.00	0.00
11/27	0:08:00P	TUCSON	AZ GREEN VLY	AZ 520/648-0814	1:00	0:00	0.00	0.00	0.00
11/27	0:09:04P	TUCSON	AZ GREEN VLY	AZ 520/648-0814	1:00	0:00	0.00	0.00	0.00
11/27	0:09:38P	TUCSON	AZ GREEN VLY	AZ 520/648-0814	2:00	0:00	0.00	0.00	0.00
11/27	0:09:43P	TUCSON	AZ GREEN VLY	AZ 520/648-0814	1:00	0:00	0.00	0.00	0.00
12/06	P 08:02A	TUCSON	AZ GREEN VLY	AZ 520/648-0814	1:00	0:00	0.00	0.00	0.00
12/08	W 06:26P	TUCSON	AZ GREEN VLY	AZ 520/625-8040	2:00	0:00	0.00	0.00	0.00
12/08	W 06:52P	TUCSON	AZ GREEN VLY	AZ 520/648-0814	1:00	0:00	0.00	0.00	0.00
12/11	P 07:07P	TUCSON	AZ GREEN VLY	AZ 520/625-5645	2:00	0:00	0.00	0.00	0.00
12/16	P 11:56A	TUCSON	AZ GREEN VLY	AZ 520/399-4803	2:00	0:00	0.00	0.00	0.00
12	09:47P	TUCSON	AZ GREEN VLY	AZ 520/625-8040	1:00	0:00	0.00	0.00	0.00
12	02:00P	TUCSON	AZ GREEN VLY	AZ 520/625-8040	1:00	0:00	0.00	0.00	0.00
12/17	P 03:07P	TUCSON	AZ GREEN VLY	AZ 520/625-8040	2:00	0:00	0.00	0.00	0.00
Total Call Detail Charges					25:00	0.00	0.00	0.00	0.00

Per: Legend for Time Periods
 P=Peak O=Off-Peak W=Weekend

Taxes, Fees, & Government Charges

Federal Excise Tax	0.61
St & Loc Tax On Commun.	1.15

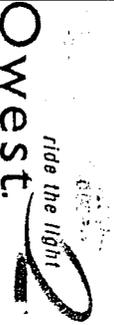
Monthly Activity Detail for 520/403-9354
 STEVE GAY - Continued

Taxes, Fees, & Government Charges

9-1-1 Charge (Wireless)

Total Taxes, Fees, & Government Charges

Sub-total of Monthly Activity for 520/403-9354



Visit us 24 hours a day at www.qwest.com

Total Amount Due	Due Date for New Charges
\$47.96	January 15, 2003

Summary

Previous Balance 48.72
 Charges 48.72
 Payment - \$0.00
 Balance Forward \$0.00

Thank you for your payment

▼ New Charges 47.96
 Qwest

For questions call 1-800-603-6000

Total New Charges \$47.96

TOTAL AMOUNT DUE \$47.96

JAN 02 2003
 10:41

Some invoices may have omitted all or a portion of applicable Federal Universal Service Fund charges on Digital Switched Service since inception. Corrections are effective with invoices dated November 16, 2002. No backbilling will occur.

Qwest, PO Box 29060, Phoenix, AZ 85038-9060
 This bill is protected by one or more of the following U.S. Patents:

LCS WA1EH CU
 Bill Date: Dec 22, 2002
 Account No: [REDACTED]

QWEST SERVICES

▼ ITEMIZED MONTHLY SERVICE
 MONTHLY SERVICE - DEC 22 THRU JAN 21
 BASIC SERVICES
 These services are necessary for you to use your telephone.
 1 PRIVATE BUSINESS LINE 34.80

▼ TAXES, FEES & SURCHARGES

The following charges are billed at the request of local, state and Federal government and/or to support government programs. For additional information visit our website at www.qwest.com.

FEDERAL EXCISE TAX 1.30
 STATE TAX 2.02
 CITY TAX 7.70
 FEDERAL ACCESS CHARGE 7.39
 FEDERAL UNIVERSAL SERV FUND 56
 ARIZONA UNIVERSAL SERVICE FUND @ \$.01 PER LINE 01
 TELECOM SERVICES EXCISE TAX 38
 911 EXCISE TAX 37
 FEDERAL CHARGE - SERVICE PROVIDER NUMBER PORTABILITY .43

TOTAL QWEST SERVICES \$47.96

FOR YOUR INFORMATION

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 (1) Qwest Unregulated Services (or other itemized services),
 (2) services of other Qwest companies, or (3) services of other companies included in your bill. Qwest packages of features and the amounts in the Summary may include both basic and charges that are not basic.

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Visit us 24 hours a day at www.qwest.com

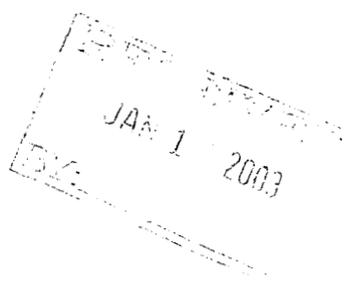
LAS QUINTAS SERENAS
WATER COMPANY
Bill Date: Jan 7, 2003
Account No: [REDACTED]

Total Amount Due	Due Date for New Charges
\$75.70	January 29, 2003

Summary

▼ Previous Balance	77.88
Charges Payment	77.88 ^R
Balance Forward	\$.00
▼ New Charges	57.73
Qwest	
USBI	17.97
For questions call 1-800-603-6000	
Total New Charges	\$75.70
For questions call 1-888-481-8724	
TOTAL AMOUNT DUE	\$75.70

Thank you for your payment



QWEST SERVICES

▼ ITEMIZED MONTHLY SERVICE	
MONTHLY SERVICE - JAN 07 THRU FEB 06	
BASIC SERVICES	34.80
These services are necessary for you to use your telephone.	
1 PRIVATE BUSINESS LINE	
OPTIONAL SERVICES	7.95
These services are provided at your request and are not required as part of your basic telephone service.	
1 CALLER IDENTIFICATION	.00
1 * SERVICE AND/OR EQUIPMENT	

▼ DIRECTORY ASSISTANCE	2 CALLS @ 1.11	2.22
DIRECTORY ASSISTANCE		

▼ TAXES, FEES & SURCHARGES

The following charges are billed at the request of local, state and Federal government and/or to support government programs. For additional information visit our website at www.qwest.com.

FEDERAL EXCISE TAX	1.56
STATE TAX	2.61
CITY TAX	.90
FEDERAL ACCESS CHARGE	6.00
FEDERAL UNIVERSAL SERV FUND	.50
ARIZONA UNIVERSAL SERVICE FUND @ \$01 PER LINE	.01
TELECOM SERVICES EXCISE TAX	.38
911 EXCISE TAX	.37
FEDERAL CHARGE - SERVICE PROVIDER NUMBER PORTABILITY	.43
TOTAL QWEST SERVICES	\$57.73

FOR YOUR INFORMATION

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- (1) Qwest Unregulated Services (or other itemized services) identified by an * above.
- (2) services of other Qwest companies, or
- (3) services of other companies included in your bill.

Qwest packages of features and the amounts in the Summary may include both basic and charges that are not basic.

* Qwest Unregulated Products & Services are not under the jurisdiction of your state commission.

Any amount left unpaid 30 days after bill date is subject to a 1.5% late payment charge.

Qwest Tax Identification Number: 84-0273800

M

ACCOUNT DETAIL

ITEMIZED CALLS	16.86
TAXES	1.11
USBI TOTAL	\$17.97

ITEMIZED CALLS

NO.	DATE	TIME	TO PLACE	TO AREA NUMBER	TYPE	MINUTES	AMOUNT
THE FOLLOWING TRANSACTION IS BILLED ON BEHALF OF:							
BUSINESS DISC PLAN							
1	NOV 06	10:22A	LUBBOCK TX		D	4	2.14
2	NOV 07	12:45P	PHOENIX AZ		D	1	.31
3	NOV 08	1:50P	DAYTONABCH FL		D	3	1.68
	NOV 12	11:13A	PHOENIX AZ		D	3	.94
	NOV 12	1:07P	PINEDALE AZ		D	5	1.57
	NOV 26	2:32P	CHANDLER AZ		D	11	3.45
	DEC 03	9:36A	PINEDALE AZ		D	5	1.57
			SUBTOTAL				11.66

MISCELLANEOUS CHARGES AND CREDITS

NO.	DATE	ITEM	TAX CODE	AMOUNT
8	NOV 30	UNIV SERV FD	00	1.42
9	DEC 04	NETWORK ACCESS	00	3.78
		SUBTOTAL		5.20

USBI SUBTOTAL OF ITEMIZED CALLS \$16.86

TAX SUMMARY

FEDERAL EXCISE TAX	.51
STATE TAX	.44
CITY TAX	.16
USBI SUBTOTAL OF TAXES	\$1.11
USBI CURRENT CHARGES	\$17.97

Type of Long Distance Calls:
D - Dial Day - Full Rate

PORTION OF YOUR BILL IS PROVIDED AS A SERVICE TO USBI
THERE IS NO CONNECTION BETWEEN USBI AND ONEST.



Qwest
Spirit of Service™

Visit us 24 hours a day at www.qwest.com

Total Amount Due	Due Date for New Charges
\$48.32	February 13, 2003

Summary

▼ Previous Balance
Charges Payment 47.96
Balance Forward Thank you for your payment \$0.00

▼ New Charges
Qwest 47.87
For questions call 1-800-603-6000
AT&T .45
For questions call 1-800-325-0138
Total New Charges \$48.32

TOTAL AMOUNT DUE \$48.32



Qwest, PO Box 29060, Phoenix, AZ 85038-9060
This bill is generated by one or more of the following: 11 © 2002

LOS WATER CO
Bill Date: Jan 22, 2003
Account No: [REDACTED]

QWEST SERVICES

▼ ITEMIZED MONTHLY SERVICE
MONTHLY SERVICE - JAN 22 THRU FEB 21
BASIC SERVICES 34.80
These services are necessary for you to use your telephone.
1 PRIVATE BUSINESS LINE

▼ TAXES, FEES & SURCHARGES

The following charges are billed at the request of local, state and Federal government and/or to support government programs. For additional information visit our website at www.qwest.com.

FEDERAL EXCISE TAX 1.29
STATE TAX 2.02
CITY TAX .70
FEDERAL ACCESS CHARGE 7.39
FEDERAL UNIVERSAL SERV FUND .48
ARIZONA UNIVERSAL SERVICE FUND @ \$.01 PER LINE .01
TELECOM SERVICES EXCISE TAX .38
911 EXCISE TAX .37
FEDERAL CHARGE - SERVICE .43
PROVIDER NUMBER PORTABILITY

TOTAL QWEST SERVICES \$47.87

FOR YOUR INFORMATION

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Any amount left unpaid 30 days after bill date is subject to a 1.5% late payment charge.

Qwest Tax Identification Number: 84-0273800



For billing questions, call 1-800-325-0138
 For service questions, call 1-800-222-0400
 www.att.com

MOVING? ADDING LOCATIONS? NEED ADVICE ON LONG DISTANCE SERVICE?
 CALL AT&T ON 1-800-222-0400.

ACCOUNT DETAIL

ITEMIZED CALLS TAXES	AT&T	TOTAL
		.41
		.04
		\$.45

ITEMIZED CALLS

NO.	DATE	TIME	TO PLACE	TO AREA NUMBER	TYPE	MINUTES	AMOUNT
1	JAN 06	1:58P	PHOENIX AZ	602 542-2129	D	.41	.41
SUBTOTAL							.41
AT&T SUBTOTAL OF ITEMIZED CALLS							\$.41

TAXES

1	JANUARY						.01
2	FEDERAL EXCISE TAX						.02
3	STATE TAX						.01
4	CITY TAX						.04
AT&T SUBTOTAL OF TAXES							\$.04
AT&T CURRENT CHARGES							\$.45

Type of Long Distance Calls:
 D - Dial Day - Full Rate

This portion of your bill is provided as a service to AT&T. There is no connection between Qwest and AT&T.



Account Name: **UNITAS WATER CO**
 Account No.: **[REDACTED]**
 Bill Close Date: 01/20/03

Bill Summary

Due Date	Current Charges	Amount Due
02/13/03	\$22.60	\$22.60

Verizon Wireless offers a variety of flexible payment options. Call us to arrange the best payment option for you.

Previous Balance	22.60	
Payments - Thank you.	22.60CR	
Balance Forward		\$0.00
Current Charges		
Monthly Activity - 1 Service(s)	20.47	
Taxes, Fees, & Government Charges	2.13	
Total Current Charges		\$22.60

JAN 2 2003

Total Amount Due ▶ \$22.60

SEND & RECEIVE TXT MESSAGES ON YOUR DIGITAL PHONE

Now you can send and receive TXT Messages coast-to-coast, even if your friends and family use a different wireless carrier. Just enter the 10-digit wireless number and type your message. It's just 10 cents to send and 2 cents to receive from a wireless phone. Try it today or for more information and a tutorial go to www.vtext.com.

"NEWS CENTER" "SPORTS PAGE" "MOVIE INFO"

These are just some of the choices you have with Voice Browsing from Verizon Wireless. Dial #84 from anywhere on the Verizon Wireless network, choose a topic name and listen as the requested information is read aloud. Try it today for just \$0.50 per call plus airtime.



Account Name: QUINTAS WATER CO
Account No.: [REDACTED]
Bill Close Date: 01/20/03

Account Charges Summary

Payments

Date	Amount
01/08/03	22.60CR

Total Payments \$22.60CR

Monthly Activity

Summary for 520/403-9354, STEVE GAY
AIRTOUCH 60

Service Charges & Credits	20.47
Airtime & Usage Charges	0.00
Taxes, Fees, & Government Charges	2.13

Sub-total for 520/403-9354 \$22.60

Total Monthly Activity Charges ▶ \$22.60



Account Name: LAS QUINTAS WATER CO
 Account No.: [REDACTED]
 Bill Close Date: 01/20/03

Monthly Activity Detail for 520/403-9354
 STEVE GAY

Service Charges & Credits

	Beginning	Ending	Total Charges
AIRTOUCH 60	01/21/03	02/20/03	19.96
CALL FORWARDING			INCLUDED
CALLER ID	01/21/03	02/20/03	0.00
FEDERAL UNIVERSAL SVC & REGULATORY CHG			0.52
Total Service Charges & Credits			\$20.47

VOICE REVIEW

Usr	Used	Rate	Charged
Anytime Bundle	10:00	0.00	0.00
Total Usage	10:00		\$0.00

VOICE CALL DETAIL

Date Per Time	Origin	Destination	Number	Fee	Min:Sec	Charge	LD/Toll
12/24 P 11:08A	TUCSON	AZ TUCSON	AZ 620/294-1348	1:00	0.00	0.00	0.00
12/26 P 12:28P	TUCSON	AZ GREEN VLY	AZ 620/625-8040	1:00	0.00	0.00	0.00
12/30 P 12:00P	TUCSON	AZ GREEN VLY	AZ 620/625-8040	1:00	0.00	0.00	0.00
12/30 P 12:01P	TUCSON	AZ INCOMING	CL 620/403-9354	1:00	0.00	0.00	0.00
01/06 P 10:26A	TUCSON	AZ GREEN VLY	AZ 620/625-8040	1:00	0.00	0.00	0.00
01/06 P 10:27A	TUCSON	AZ INCOMING	CL 620/403-9354	1:00	0.00	0.00	0.00
01/17 P 09:48A	TUCSON	AZ TUCSON	AZ 620/603-2968	MM	1:00	0.00	0.00
01/20 P 10:15A	TUCSON	AZ TUCSON	AZ 620/322-5497	1:00	0.00	0.00	0.00
01/20 P 10:16A	TUCSON	AZ TUCSON	AZ 620/322-5479	4:00	0.00	0.00	0.00
Total Call Detail Charges			10:00	0.00	0.00	0.00	0.00

Legend for Time Periods
 P=Peak
 Legend for Call Features
 MM-Mobile-to-Mobile

Taxes, Fees, & Government Charges

Federal Excise Tax	0.61
St & Loc Tax On Commun.	1.16
9-1-1 Charge (Wireless)	0.37
Total Taxes, Fees, & Government Charges	2.13

Sub-total of Monthly Activity for 520/403-9354 22.60



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Visit us 24 hours a day at www.qwest.com

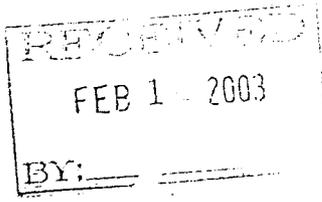
WATER COMPANY
Bill Date: Feb 7, 2003
Account No: [REDACTED]

Page 1

Total Amount Due	Due Date for New Charges
\$74.81	February 27, 2003

Summary

Previous Balance	75.70
Charges Payment	75.70 ^{FC}
Balance Forward	\$.00
Thank you for your payment	
▼ New Charges	55.28
Qwest	
USBI	19.53
For questions call 1-800-603-6000	
Total New Charges	\$74.81
For questions call 1-888-481-8724	
TOTAL AMOUNT DUE	\$74.81



QWEST SERVICES

- ▼ ITEMIZED MONTHLY SERVICE
- MONTHLY SERVICE - FEB 07 THRU MAR 08
- BASIC SERVICES
- These services are necessary for you to use your telephone.
- 34.80
- 1 PRIVATE BUSINESS LINE
- OPTIONAL SERVICES
- These services are provided at your request and are not required as part of your basic telephone service.
- 7.95
- 1 CALLER IDENTIFICATION
- 1 * SERVICE AND/OR EQUIPMENT
- .00

▼ TAXES, FEES & SURCHARGES

- The following charges are billed at the request of local, state and Federal government and/or to support government programs. For additional information visit our website at www.qwest.com.
- 1.49
- FEDERAL EXCISE TAX
- 2.48
- STATE TAX
- .88
- CITY TAX
- 6.00
- FEDERAL ACCESS CHARGE
- .51
- FEDERAL UNIVERSAL SERV FUND
- .01
- ARIZONA UNIVERSAL SERVICE FUND @ \$.01 PER LINE
- .38
- TELECOM SERVICES EXCISE TAX
- .37
- 911 EXCISE TAX
- .43
- FEDERAL CHARGE - SERVICE
- PROVIDER NUMBER PORTABILITY

TOTAL QWEST SERVICES \$55.28

FOR YOUR INFORMATION

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Qwest, PO Box 29060, Phoenix, AZ 85038-9060
 This bill is protected by one or more of the following U.S. Patents:
 Des. 385,298; 390,599; 5,845,942; and 5,951,052.

* Qwest Unregulated Services (additional details in For Your Information)

continued on back

ACCOUNT DETAIL

ITEMIZED CALLS 18.29
 TAXES 1.24
 USBI TOTAL \$19.53

ITEMIZED CALLS

NO.	DATE	TIME	TO PLACE	TO AREA NUMBER	TYPE	MINUTES	AMOUNT
THE FOLLOWING TRANSACTION IS BILLED ON BEHALF OF:							
BUSINESS DISC PLAN							
1	DEC 11	10:27A	PHOENIX AZ	602 254-8369	D	4	1.25
2	DEC 11	10:45A	PINEDALE AZ	928 739-4512	D	1	.31
3	DEC 11	12:13P	PHOENIX AZ	602 542-3285	D	7	2.19
4	DEC 18	9:48A	PINEDALE AZ	928 739-4512	D	1	.31
5	DEC 18	11:46A	PINEDALE AZ	928 739-4512	D	4	1.25
6	DEC 19	10:49A	PINEDALE AZ	928 739-4512	D	10	3.13
7	DEC 24	8:16A	PINEDALE AZ	928 739-4512	D	2	.63
8	DEC 30	2:08P	FOLSOM CA	916 355-1778	D	2	1.07
9	DEC 31	12:58P	STEVENSON WA	509 427-5539	D	3	1.68
10	JAN 02	12:07P	COLONIE NY	518 783-1281	D	4	2.25
			SUBTOTAL			14.07	

MISCELLANEOUS CHARGES AND CREDITS

NO.	DATE	ITEM	TAX CODE	AMOUNT
11	DEC 31	UNIV SERV FD	00	.44
12	JAN 04	NETWORK ACCESS CHARGE	00	3.78
		SUBTOTAL		4.22
		USBI SUBTOTAL OF ITEMIZED CALLS		\$18.29

TAX SUMMARY

FEDERAL EXCISE TAX .55
 STATE TAX .31
 CITY TAX .18
 USBI SUBTOTAL OF TAXES \$1.24
 USBI CURRENT CHARGES \$19.53

Type of Long Distance Calls:
 D - Dial Day - Full Rate

THIS PORTION OF YOUR BILL IS PROVIDED AS A SERVICE TO USBI
 THERE IS NO CONNECTION BETWEEN USBI AND OWEST.

Qwest
Spirit of Service™

Visit us 24 hours a day at www.qwest.com

Total Amount Due	Due Date for New Charges
\$50.08	March 15, 2003

Summary

Previous Balance	48.32
Charges Payment	48.32 ^{FR}
Balance Forward	\$.00
▼ New Charges	
Qwest	47.91
<i>For questions call 1-800-603-6000</i>	
AT&T	2.17
<i>For questions call 1-800-325-0138</i>	
Total New Charges	\$50.08
TOTAL AMOUNT DUE	\$50.08

Qwest, PO Box 29060, Phoenix, AZ 85038-9060

LQS WATER CO
 Bill Date: Feb 22, 2003
 Account No: [REDACTED]

QWEST SERVICES

- ▼ ITEMIZED MONTHLY SERVICE
- MONTHLY SERVICE - FEB 22 THRU MAR 21
- BASIC SERVICES**
- These services are necessary for you to use your telephone.*
- 1 PRIVATE BUSINESS LINE 34.80

▼ TAXES, FEES & SURCHARGES

- The following charges are billed at the request of local, state and Federal government and/or to support government programs. For additional information visit our website at www.qwest.com.*
- FEDERAL EXCISE TAX 1.30
 - FEDERAL EXCISE TAX 2.02
 - STATE TAX .70
 - CITY TAX 7.39
 - FEDERAL ACCESS CHARGE .51
 - FEDERAL UNIVERSAL SERVICE FUND .01
 - ARIZONA UNIVERSAL SERVICE FUND @ \$.01 PER LINE .01
 - TELECOM SERVICES EXCISE TAX .38
 - 911 EXCISE TAX .37
 - FEDERAL CHARGE - SERVICE .43
 - PROVIDER NUMBER PORTABILITY

TOTAL QWEST SERVICES \$47.91

FOR YOUR INFORMATION

You are responsible for the payment of all charges on your bill. Failure to pay these charges may result in collection action as well as termination of the unpaid service. Your basic telephone service will not be disconnected for non-payment of charges for:

- (1) Qwest Unregulated Services (or other itemized services).
- (2) services of other Qwest companies, or (3) services of other companies included in your bill. Qwest packages of features and the amounts in the Summary may include both basic and charges that are not basic.

Any amount left unpaid 30 days after bill date is subject to a 1.5% late payment charge.

RECEIVED
 MAR 03 2003

M



For billing questions, call 1-800-323-0136
 For service questions, call 1-800-222-0400
 www.att.com

MOVING? ADDING LOCATIONS? NEED ADVICE ON LONG DISTANCE SERVICE?
 CALL AT&T ON 1-800-222-0400.

ACCOUNT DETAIL

ITEMIZED CALLS	2.08
TAXES	.09
AT&T TOTAL	\$2.17

ITEMIZED CALLS

NO.	DATE	TIME	TO PLACE	TO AREA NUMBER	TYPE	MINUTES	AMOUNT
1	JAN 16	1:37P	OGDEN UT	801 457-4817	D	2	1.67
2	FEB 05	10:08A	PHOENIX AZ	602 256-0991	D	1	.41
				SUBTOTAL		2.08	\$2.08
AT&T SUBTOTAL OF ITEMIZED CALLS							\$2.08
3 FEDERAL EXCISE TAX 4 STATE TAX 5 CITY TAX 7 JANUARY							.06 .02 .01 \$1.09
AT&T SUBTOTAL OF TAXES							\$2.17
AT&T CURRENT CHARGES							\$2.17

Type of Long Distance Calls:
 D - Day Day - Full Rate

This portion of your bill is provided as a service to AT&T. There is no connection between Qwest and AT&T.

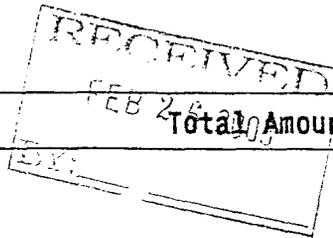
Bill Summary

Due Date	Current Charges	Amount Due
03/16/03	\$22.12	\$22.12

Verizon Wireless offers a variety of flexible payment options. Call us to arrange the best payment option for you.

Previous Balance	22.60	
Payments - Thank you.	22.60CR	
Balance Forward		\$0.00

Current Charges		
Monthly Activity - 1 Service(s)	19.36	
Taxes, Fees, & Government Charges	2.76	
Total Current Charges		\$22.12



Total Amount Due ▶ \$22.12

YOUR NEW BILLING PERIOD

We've adjusted our billing cycles. Your access and airtime will now bill through the 20th of each month. Any partial month charges incurred as a result of the 2-day adjustment were removed from your account prior to issuing this bill. Thank you for your patience as we upgrade our system.



Account Name: QUINTAS WATER CO
Account No.: [REDACTED]
Bill Close Date: 02/20/03

Account Charges Summary

Payments

Date	Amount
02/11/03	22.60CR

Total Payments \$22.60CR

Monthly Activity

Summary for 520/403-9354, STEVE GAY
DIGITALCHOICE 350

Service Charges & Credits	19.36
Airtime & Usage Charges	0.00
Taxes, Fees, & Government Charges	2.76

Sub-total for 520/403-9354 \$22.12

Total Monthly Activity Charges ▶ \$22.12

Monthly Activity Detail for 520/403-9354
 STEVE GAY

Service Charges & Credits

Date Per Time	Orign	Destination	Number	Fee	Min:Sec	Charge	LD/Toll	Call Service	Charge	Total Charges
01/21/03	P 01:46P	TUCSON	AZ 520/322-6479	1:00	0.00	0.00	0.00	0.00	0.00	19.98CR
01/21/03	P 01:30P	TUCSON	AZ 520/752-0068	9:00	0.00	0.00	0.00	0.00	0.00	36.00
01/21/03	P 08:52A	TUCSON	AZ 520/648-2936	1:00	0.00	0.00	0.00	0.00	0.00	36.00
01/21/03	P 08:56A	TUCSON	AZ 520/399-3974	1:00	0.00	0.00	0.00	0.00	0.00	INCLUDED
01/21/03	P 08:57A	TUCSON	AZ 520/399-9646	1:00	0.00	0.00	0.00	0.00	0.00	INCLUDED
01/21/03	P 08:57A	TUCSON	AZ 520/648-3954	1:00	0.00	0.00	0.00	0.00	0.00	INCLUDED
01/21/03	P 08:58A	TUCSON	AZ 520/399-2666	2:00	0.00	0.00	0.00	0.00	0.00	INCLUDED
01/21/03	P 08:58A	TUCSON	AZ 520/626-6618	2:00	0.00	0.00	0.00	0.00	0.00	INCLUDED
01/21/03	P 08:00A	TUCSON	AZ 520/398-8539	1:00	0.00	0.00	0.00	0.00	0.00	INCLUDED
01/21/03	P 08:02A	TUCSON	AZ 520/398-8539	1:00	0.00	0.00	0.00	0.00	0.00	INCLUDED
01/21/03	P 08:06A	TUCSON	AZ 520/626-3963	1:00	0.00	0.00	0.00	0.00	0.00	INCLUDED
01/21/03	P 08:06A	TUCSON	AZ 520/626-0788	1:00	0.00	0.00	0.00	0.00	0.00	INCLUDED
01/21/03	P 08:08A	TUCSON	AZ 520/626-4498	1:00	0.00	0.00	0.00	0.00	0.00	INCLUDED
01/21/03	P 08:09A	TUCSON	AZ 520/399-1490	7:00	0.00	0.00	0.00	0.00	0.00	INCLUDED
01/21/03	P 08:17A	TUCSON	AZ 520/752-8737	1:00	0.00	0.00	0.00	0.00	0.00	INCLUDED

VOICE USAGE REVIEW

Anytime Bundle	Used	Rate	Charged
Anytime Bundle	68:00	0.00	0.00
Call Usage	68:00	0.00	\$0.00

VOICE CALL DETAIL

Date Per Time	Orign	Destination	Number	Fee	Min:Sec	Charge	LD/Toll	Call Service	Charge
01/21 P 01:46P	TUCSON	AZ	520/322-6479	1:00	0.00	0.00	0.00	0.00	0.00
01/21 W 08:30P	TUCSON	AZ	520/752-0068	9:00	0.00	0.00	0.00	0.00	0.00
01/21 W 08:52A	TUCSON	AZ	520/648-2936	1:00	0.00	0.00	0.00	0.00	0.00
01/21 W 08:56A	TUCSON	AZ	520/399-3974	1:00	0.00	0.00	0.00	0.00	0.00
01/21 W 08:57A	TUCSON	AZ	520/399-9646	1:00	0.00	0.00	0.00	0.00	0.00
01/21 W 08:57A	TUCSON	AZ	520/648-3954	1:00	0.00	0.00	0.00	0.00	0.00
01/21 W 08:58A	TUCSON	AZ	520/399-2666	2:00	0.00	0.00	0.00	0.00	0.00
01/21 W 08:58A	TUCSON	AZ	520/626-6618	2:00	0.00	0.00	0.00	0.00	0.00
01/21 W 08:00A	TUCSON	AZ	520/398-8539	1:00	0.00	0.00	0.00	0.00	0.00
01/21 W 08:02A	TUCSON	AZ	520/398-8539	1:00	0.00	0.00	0.00	0.00	0.00
01/21 W 08:06A	TUCSON	AZ	520/626-3963	1:00	0.00	0.00	0.00	0.00	0.00
01/21 W 08:06A	TUCSON	AZ	520/626-0788	1:00	0.00	0.00	0.00	0.00	0.00
01/21 W 08:08A	TUCSON	AZ	520/626-4498	1:00	0.00	0.00	0.00	0.00	0.00
01/21 W 08:09A	TUCSON	AZ	520/399-1490	7:00	0.00	0.00	0.00	0.00	0.00
01/21 W 08:17A	TUCSON	AZ	520/752-8737	1:00	0.00	0.00	0.00	0.00	0.00

Monthly Activity Detail for 520/403-9354
 STEVE GAY - Continued

VOICE CALL DETAIL

Date Per Time	Orign	Destination	Number	Fee	Min:Sec	Charge	LD/Toll	Call Service	Charge
01/26 W 10:13A	TUCSON	AZ	520/399-0397	1:00	0.00	0.00	0.00	0.00	0.00
01/26 W 10:30A	TUCSON	AZ	520/207-7882	1:00	0.00	0.00	0.00	0.00	0.00
01/26 W 10:32A	TUCSON	AZ	520/648-3860	1:00	0.00	0.00	0.00	0.00	0.00
02/04 P 04:57P	TUCSON	AZ	520/648-0814	1:00	0.00	0.00	0.00	0.00	0.00
02/05 P 01:46P	TUCSON	AZ	520/955-1156	1:00	0.00	0.00	0.00	0.00	0.00
02/05 P 06:41P	TUCSON	AZ	520/752-9036	4:00	0.00	0.00	0.00	0.00	0.00
02/05 P 06:59P	TUCSON	AZ	520/648-3860	2:00	0.00	0.00	0.00	0.00	0.00
02/05 P 07:02P	TUCSON	AZ	520/270-4612	2:00	0.00	0.00	0.00	0.00	0.00
02/12 P 06:37P	TUCSON	AZ	520/626-8382	2:00	0.00	0.00	0.00	0.00	0.00
02/12 P 07:17P	TUCSON	AZ	520/626-8382	1:00	0.00	0.00	0.00	0.00	0.00
02/13 P 06:56P	TUCSON	AZ	520/320-4840	1:00	0.00	0.00	0.00	0.00	0.00
02/13 P 08:54P	TUCSON	AZ	520/403-9354	2:00	0.00	0.00	0.00	0.00	0.00
02/13 P 08:59P	TUCSON	AZ	520/648-0814	SP	0:20	0.00	0.00	0.00	0.00
02/13 P 08:59P	TUCSON	AZ	520/648-0814	SP	1:40	0.00	0.00	0.00	0.00
02/14 P 00:55A	TUCSON	AZ	520/626-8040	1:00	0.00	0.00	0.00	0.00	0.00
02/14 P 00:55A	TUCSON	AZ	520/626-8040	1:00	0.00	0.00	0.00	0.00	0.00
02/14 P 00:55A	TUCSON	AZ	520/403-9354	1:00	0.00	0.00	0.00	0.00	0.00
02/14 P 03:47P	TUCSON	AZ	520/648-0814	2:00	0.00	0.00	0.00	0.00	0.00
02/14 P 04:55P	TUCSON	AZ	520/648-0814	2:00	0.00	0.00	0.00	0.00	0.00
02/15 W 09:56A	TUCSON	AZ	520/399-3410	2:00	0.00	0.00	0.00	0.00	0.00
02/15 W 09:56A	TUCSON	AZ	520/648-0814	1:00	0.00	0.00	0.00	0.00	0.00
02/15 W 11:38A	TUCSON	AZ	520/603-2826	MM	2:00	0.00	0.00	0.00	0.00
02/15 W 11:39A	TUCSON	AZ	520/603-2826	MM	1:00	0.00	0.00	0.00	0.00
02/15 W 12:00P	TUCSON	AZ	520/648-0814	1:00	0.00	0.00	0.00	0.00	0.00
02/15 W 12:01P	TUCSON	AZ	520/603-2826	MM	1:00	0.00	0.00	0.00	0.00
02/16 W 10:53A	TUCSON	AZ	520/648-0814	1:00	0.00	0.00	0.00	0.00	0.00
02/17 W 10:47A	TUCSON	AZ	520/648-0814	1:00	0.00	0.00	0.00	0.00	0.00
02/18 P 02:11P	TUCSON	AZ	520/875-5626	WC	1:00	0.00	0.00	0.00	0.00
02/19 P 01:10P	TUCSON	AZ	520/403-9354	1:00	0.00	0.00	0.00	0.00	0.00

Total Call Detail Charges 68:00 0.00 0.00

Per: Legend for Time Periods O=Off-Peak W=Weekend
 P=Peak
 Fee: Legend for Call Features SP=Spanned Call WC=Wide Area Calling
 MM=Mobile-to-Mobile

Taxes, Fees, & Government Charges

Federal Excise Tax
 St & Loc Tax On Commun.
 9-1-1 Charge (Wireless)
 Total Taxes, Fees, & Government Charges

Sub-total of Monthly Activity for 520/403-9354

Account Number	Bill Date	Payment Due Date
[REDACTED]	MAR 7, 2003	APR 2, 2003



LQS WATER CO
 PO BOX 68
 SAHUARITA AZ 85629-0068

TELEPHONE NUMBER: 520 648 3520

AT&T All in One Service

Summary of Charges

For Customer Care: 1 877 325-0445

EXPLANATION	AMOUNT
LONG DISTANCE SERVICE	
MONTHLY CHARGES	
Minimum Usage Charge	\$14.95
MONTHLY CHARGES SUBTOTAL	\$14.95
REGULATORY FEES	
Federal Universal Connectivity Charge	\$1.65
Federal Carrier Line Charge 1 Multi Line(s) At \$2.20	2.20
REGULATORY FEES SUBTOTAL	\$3.85
TAXES	
Federal Tax	\$0.57
MISCELLANEOUS SURCHARGES	
Other Surcharge/Tax	0.15
	0.07
TAXES SUBTOTAL	\$0.79
TOTAL LONG DISTANCE CHARGES	\$19.59
TOTAL CURRENT CHARGES	\$19.59

Account Number	Bill Date	Payment Due Date
[REDACTED]	MAR 7, 2003	APR 2, 2003



LQS WATER CO
PO BOX 68
SAHUARITA AZ 85629-0068

TELEPHONE NUMBER: 520 648 3520

For Customer Care: 1-877-325-0445

AT&T All in One Service

AT&T All in One Service		ACCOUNT STATUS	
AT&T LONG DISTANCE	\$19.59	PREVIOUS BALANCE	\$0.00
AT&T LOCAL	*	PAYMENTS	\$0.00
TOTAL CURRENT CHARGES	\$19.59	ADJUSTMENTS	\$0.00
		TOTAL CURRENT CHARGES	\$19.59
		TOTAL AMOUNT DUE	\$19.59

* See News From AT&T

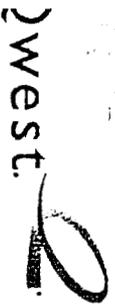
**** News From AT&T ****

Just For Your Business

Get your business a low-fee, high-speed Internet connection 24 hours-a-day, 7 days-a-week. AT&T DSL Internet Service gives you a full-time, dedicated connection to the Internet up to 25 times faster than using a typical 56K modem. Just call 1-800-822-2175 or visit our website for more information at http://www.att.com/dsl_order.

See next page for more news!

Please make checks payable to AT&T and include your account number on payment. Make sure that the AT&T P.O. Box address is showing through the envelope window. AT&T is not able to reply to inquiries written on this remittance document. Please submit correspondence to www.att.com/bcs.



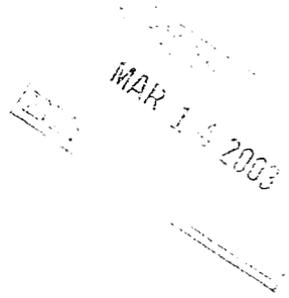
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Total Amount Due	Due Date for New Charges
\$75.96	March 28, 2003

Summary

▼ Previous Balance	74.81
Charges Payment	74.81
Balance Forward	\$.00
▼ New Charges	56.51
Qwest	
USBI	19.45
For questions call 1-800-603-6000	
Total New Charges	\$75.96
For questions call 1-888-481-8724	
TOTAL AMOUNT DUE	\$75.96



Directory Assistance calls will be \$1.15 per call effective April 1, 2003. One free call allowance is offered each month and exemptions remain for certified special needs customers.

Qwest, PO Box 29060, Phoenix, AZ 85038-9060

LAS QUINTAS SERENAS
WATER COMPANY
Bill Date: Mar 7, 2003
Account No: [REDACTED]

QWEST SERVICES

▼ ITEMIZED MONTHLY SERVICE	MONTHLY SERVICE - MAR 07 THRU APR 06	
... SIC SERVICES	(These services are necessary for you to use your telephone.)	
1 PRIVATE BUSINESS LINE		34.80
OPTIONAL SERVICES	(These services are provided at your request and are not required as part of your basic telephone service.)	
1 * CALLER IDENTIFICATION		7.95
1 * SERVICE AND/OR EQUIPMENT		.00

▼ DIRECTORY ASSISTANCE	1 CALLS @ 1.11	1.11
DIRECTORY ASSISTANCE		

▼ TAXES, FEES & SURCHARGES

The following charges are billed at the request of local, state and Federal government and/or to support government programs. For additional information visit our website at www.qwest.com.

FEDERAL EXCISE TAX	1.53
STATE TAX	2.54
CITY TAX	.88
FEDERAL ACCESS CHARGE	6.00
FEDERAL UNIVERSAL SERVICE FUND	.51
ARIZONA UNIVERSAL SERVICE FUND @ \$.01 PER LINE	.01
TELECOM SERVICES EXCISE TAX	.38
911 EXCISE TAX	.37
FEDERAL CHARGE - SERVICE PROVIDER NUMBER PORTABILITY	.43

TOTAL QWEST SERVICES	\$56.51
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FOR YOUR INFORMATION

You are responsible for the payment of all charges on your bill. Failure to pay these charges may result in collection action as well as termination of the unpaid service. Your basic telephone service will not be disconnected for non-payment of charges for:

- (1) Qwest Unregulated Services (or other itemized services) identified by an * above,
- (2) services of other Qwest companies, or
- (3) services of other companies included in your bill.

Qwest packages of features and the amounts in the Summary may include both basic and charges that are not basic.

* Qwest Unregulated Products & Services are not under the jurisdiction of your state commission.

Any amount left unpaid 30 days after bill date is subject to a 1.5% late payment charge.

Qwest Tax Identification Number: 84-0273800

* Qwest Unregulated Services (additional details in For Your Information)

ACCOUNT DETAIL

ITEMIZED CALLS

USBI TOTAL 18.07
1.38
\$19.45

ITEMIZED CALLS

NO.	DATE	TIME	TO PLACE	TO AREA NUMBER	TYPE	MINUTES	AMOUNT
THE FOLLOWING TRANSACTION IS BILLED ON BEHALF OF:							
BUSINESS DISC PLAN							
1	JAN 13	8:12A	PINEDALE AZ	928 739-4512	D	1	.31
2	JAN 13	3:54P	PINEDALE AZ	928 739-4512	D	15	4.70
3	JAN 13	4:09P	PINEDALE AZ	928 739-4512	D	1	.31
4	JAN 13	4:13P	HIGLEY AZ	480 987-3240	D	2	.63
5	JAN 14	2:26P	PINEDALE AZ	928 739-4512	D	1	.31
6	JAN 18	9:27A	SELIGMAN AZ	928 422-4565	N	5	1.95
7	JAN 20	2:46P	NO PHOENIX AZ	623 869-2243	D	5	1.57
8	JAN 21	11:27A	DENVER CO	303 623-6161	D	2	1.07
9	JAN 21	12:18P	NO PHOENIX AZ	623 869-2243	D	2	.63
10	JAN 21	12:21P	DENVER CO	303 623-6161	D	3	1.61
11	FEB 03	4:24P	PHOENIX AZ	602 256-0991	D	3	1.31
12	FEB 03	4:24P	PHOENIX AZ	602 254-8369	D	1	.31
							SUBTOTAL
							13.71

MISCELLANEOUS CHARGES AND CREDITS

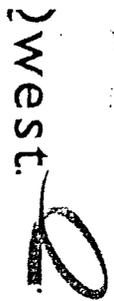
NO.	DATE	ITEM	TAX CODE	AMOUNT
13	JAN 31	UNIV SERV FD	00	.58
14	FEB 04	NETWORK ACCESS CHARGE	00	3.78
		NETWORK ACCESS CHARGE	00	0.00
		SUBTOTAL		4.36
		USBI SUBTOTAL OF ITEMIZED CALLS		\$18.07

TAX SUMMARY

FEDERAL EXCISE TAX		.54
STATE TAX		.62
CITY TAX		.22
USBI SUBTOTAL OF TAXES		\$1.38
USBI CURRENT CHARGES		\$19.45

Type of Long Distance Calls:
D - Dial Day - Full Rate
N - Dial Night - Discount Rate

THIS PORTION OF YOUR BILL IS PROVIDED AS A SERVICE TO USBI
THERE IS NO CONNECTION BETWEEN USBI AND OWEST.



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Visit us 24 hours a day at www.qwest.com

Total Amount Due	Due Date for New Charges
\$47.91	April 12, 2003

Summary

Previous Balance	50.08
Charges	50.08
Payment	\$0.00
Balance Forward	\$0.00
▼ New Charges	47.91
Qwest	
<i>For questions call 1-800-603-6000</i>	
Total New Charges	\$47.91
TOTAL AMOUNT DUE	\$47.91

Thank you for your payment

Directory Assistance calls will be \$1.15 per call effective April 1, 2003. One free call allowance is offered each month and exemptions remain for certified special needs customers.

Qwest, PO Box 29060, Phoenix, AZ 85038-9060

LOS WATER CO
Bill Date: Mar 22, 2003
Account No: [REDACTED]

QWEST SERVICES

- ITEMIZED MONTHLY SERVICE
- MONTHLY SERVICE - MAR 22 THRU APR 21
- BASIC SERVICES
- These services are necessary for you to use your telephone.
- 1 PRIVATE BUSINESS LINE

34.80

TAXES, FEES & SURCHARGES

- The following charges are billed at the request of local, state and Federal government and/or to support government programs. For additional information visit our website at www.qwest.com.
- FEDERAL EXCISE TAX 1.30
- STATE TAX 2.02
- CITY TAX .70
- FEDERAL ACCESS CHARGE 7.39
- FEDERAL UNIVERSAL SERV FUND .51
- ARIZONA UNIVERSAL SERVICE FUND @ \$.01 PER LINE .01
- TELECOM SERVICES EXCISE TAX .38
- 911 EXCISE TAX .37
- FEDERAL CHARGE - SERVICE .43
- PROVIDER NUMBER PORTABILITY

TOTAL QWEST SERVICES \$47.91

FOR YOUR INFORMATION

You are responsible for the payment of all charges on your bill. Failure to pay these charges may result in collection action as well as termination of the unpaid service. Your basic telephone service will not be disconnected for non-payment of charges for:

- (1) Qwest Unregulated Services (or other itemized services),
- (2) services of other Qwest companies, or (3) services of other companies included in your bill. Qwest packages of features and the amounts in the Summary may include both basic and charges that are not basic.

Any amount left unpaid 30 days after bill date is subject to a 1.5% late payment charge.

Qwest Tax Identification Number: 84-0273800

MAR 22 2003

M.



Account Name: JINTAS WATER CO
Account No.: [REDACTED]
Bill Close Date: 03/20/03

Bill Summary

Due Date	Current Charges	Amount Due
04/13/03	\$41.94	\$41.94

Verizon Wireless offers a variety of flexible payment options. Call us to arrange the best payment option for you.

Previous Balance	22.12	
Payments - Thank you.	22.12CR	
Balance Forward		\$0.00
Current Charges		
Monthly Activity - 1 Service(s)	38.51	
Taxes, Fees, & Government Charges	3.43	
Total Current Charges		\$41.94

MAR 23 2003

Total Amount Due ▶ \$41.94

NEW ACCOUNT NUMBER AND NEW LOOK TO YOUR BILL IN APRIL

We're upgrading our billing system to continue to offer you high quality service. This upgrade requires a change to your account number and to the look of your bill beginning April 4. If you store your account number in an online payment application, please update your records with your new account number prior to payment. Thank you for your patience.

CHANGES IN REGULATORY CHARGES

Effective April 1, regulatory charges will be listed separately, as a Federal Universal Service Charge (FUSC) and a Regulatory Charge (RC). These are Verizon Wireless charges which recover our government imposed costs. The FUSC may vary monthly based upon an assessment rate and your assessable wireless charges. The RC may also vary.



Account Name: QUINTAS WATER CO
Account No.: [REDACTED]
Bill Close Date: 03/20/03

Account Charges Summary

Payments

Date	Amount
03/07/03	22.12CR

Total Payments **\$22.12CR**

Monthly Activity

Summary for 520/403-9354, STEVE GAY
DIGITALCHOICE 350

Service Charges & Credits	38.51
Airtime & Usage Charges	0.00
Taxes, Fees, & Government Charges	3.43

Sub-total for 520/403-9354 **\$41.94**

Total Monthly Activity Charges ▶ **\$41.94**

Monthly Activity Detail for 520/403-9354
 STEVE GAY

Service Charges & Credits

Beginning	Ending	Total Charges
03/21/03	04/20/03	36.00
DIGITALCHOICE 350		
CALL WAITING		
THREE WAY CALLING		
CALL WAITING		
THREE WAY CALLING		
CALL FORWARDING		
VOICE MAIL WITH PAGING		
CALL FORWARDING		
CALL ID		
TX: MESSAGING		
WIRELESS PHONE PROTECTION		
FEDERAL UNIVERSAL SVC & REGULATORY CHG		
03/21/03	04/20/03	0.00
03/21/03	04/20/03	0.00
03/21/03	04/20/03	2.99
03/21/03	04/20/03	0.52

Total Service Charges & Credits \$36.51

VOICE USAGE REVIEW

Anytime Bundle	Used	Rate	Charged
101:00	101:00	0.00	0.00
Total Usage	101:00		\$0.00

VOICE CALL DETAIL

Date Per Time	OrigIn	Destination	Number	Fee Min:Sec	Charge	Charge	LD/Toll
02/21 P 09:53A	TUCSON	AZ GREEN VLY	AZ 520/625-8040	1:00	0.00	0.00	0.00
02/21 P 09:53A	TUCSON	AZ INCOMING	CL 520/403-9354	1:00	0.00	0.00	0.00
02/21 P 11:59A	TUCSON	AZ GREEN VLY	AZ 520/625-8040	1:00	0.00	0.00	0.00
02/21 P 10:27P	TUCSON	AZ GREEN VLY	AZ 520/625-8040	1:00	0.00	0.00	0.00
02/21 P 10:28P	TUCSON	AZ VMAIL *86	CL 520/403-9354	1:00	0.00	0.00	0.00
02/23 P 01:09A	TUCSON	AZ VAIL	AZ 520/762-8737	3:00	0.00	0.00	0.00
02/23 P 01:14A	TUCSON	AZ GREEN VLY	AZ 520/399-9442	3:00	0.00	0.00	0.00
02/23 W 10:17A	TUCSON	AZ GREEN VLY	AZ 520/393-1490	7:00	0.00	0.00	0.00
02/23 W 10:28A	TUCSON	AZ GREEN VLY	AZ 520/648-0814	1:00	0.00	0.00	0.00
02/26 P 12:40P	TUCSON	AZ GREEN VLY	AZ 520/648-0814	5:00	0.00	0.00	0.00
02/26 P 12:46P	TUCSON	AZ GREEN VLY	AZ 520/625-3327	4:00	0.00	0.00	0.00
02/26 P 12:49P	TUCSON	AZ TUCSON	AZ 520/741-4600	1:00	0.00	0.00	0.00
02/26 P 12:50P	TUCSON	AZ TUCSON	AZ 520/547-7510	1:00	0.00	0.00	0.00
02/26 P 12:50P	TUCSON	AZ GREEN VLY	AZ 520/626-3327	3:00	0.00	0.00	0.00
02/26 P 03:39P	SUPERIOR	AZ GREEN VLY	AZ 520/648-0814 WC	2:00	0.00	0.00	0.00
02/26 P 05:44P	TUCSON	AZ GREEN VLY	AZ 520/648-0814	2:00	0.00	0.00	0.00
02/26 P 07:42P	TUCSON	AZ GREEN VLY	AZ 520/625-3327	5:00	0.00	0.00	0.00
02/27 P 03:31P	TUCSON	AZ GREEN VLY	AZ 520/648-3364	1:00	0.00	0.00	0.00
02/27 P 03:32P	TUCSON	AZ GREEN VLY	AZ 520/648-6732	1:00	0.00	0.00	0.00
02/27 P 03:46P	TUCSON	AZ GREEN VLY	AZ 520/399-2265	2:00	0.00	0.00	0.00
02/27 P 04:45P	TUCSON	AZ TUCSON	AZ 520/603-2826 MM	1:00	0.00	0.00	0.00
02/28 P 09:16A	TUCSON	AZ VOICE MAI	CL 520/403-9354	1:00	0.00	0.00	0.00

Monthly Activity Detail for 520/403-9354
 STEVE GAY - Continued

VOICE CALL DETAIL

Date Per Time	OrigIn	Destination	Number	Fee Min:Sec	Charge	Charge	LD
02/28 P 10:29A	TUCSON	AZ GREEN VLY	AZ 520/625-8040	2:00	0.00	0.00	0.00
02/28 P 06:19P	TUCSON	AZ TUCSON	AZ 520/603-2826 MM	1:00	0.00	0.00	0.00
03/02 W 09:58A	TUCSON	AZ GREEN VLY	AZ 520/207-7882	2:00	0.00	0.00	0.00
03/02 W 10:00A	TUCSON	AZ GREEN VLY	AZ 520/648-0814	1:00	0.00	0.00	0.00
03/02 W 02:16P	TUCSON	AZ GREEN VLY	AZ 520/625-3327	2:00	0.00	0.00	0.00
03/03 P 09:36A	TUCSON	AZ INCOMING	CL 520/403-9354	2:00	0.00	0.00	0.00
03/04 P 04:50P	TUCSON	AZ GREEN VLY	AZ 520/625-8775	3:00	0.00	0.00	0.00
03/05 P 11:05A	TUCSON	AZ GREEN VLY	AZ 520/625-8040	8:00	0.00	0.00	0.00
03/06 P 03:20P	TUCSON	AZ GREEN VLY	AZ 520/648-0814	1:00	0.00	0.00	0.00
03/06 P 03:26P	TUCSON	AZ GREEN VLY	AZ 520/648-0814	1:00	0.00	0.00	0.00
03/06 P 04:57P	TUCSON	AZ VMAIL *86	CL 520/403-9354	1:00	0.00	0.00	0.00
03/08 W 12:11P	TUCSON	AZ GREEN VLY	AZ 520/648-0814	1:00	0.00	0.00	0.00
03/08 W 12:12P	TUCSON	AZ TUCSON	AZ 520/603-2826 MM	1:00	0.00	0.00	0.00
03/09 W 04:53P	TUCSON	AZ GREEN VLY	AZ 520/625-6161	1:00	0.00	0.00	0.00
03/09 W 04:54P	TUCSON	AZ VAIL	AZ 520/762-8737	1:00	0.00	0.00	0.00
03/10 P 07:02P	TUCSON	AZ INCOMING	CL 520/403-9354	1:00	0.00	0.00	0.00
03/12 P 04:32P	TUCSON	AZ INCOMING	CL 520/403-9354	1:00	0.00	0.00	0.00
03/12 P 05:06P	TUCSON	AZ INCOMING	CL 520/403-9354	2:00	0.00	0.00	0.00
03/12 P 06:59P	TUCSON	AZ GREEN VLY	AZ 520/207-1187	2:00	0.00	0.00	0.00
03/12 P 07:53P	TUCSON	AZ TUCSON	AZ 520/238-0958	1:00	0.00	0.00	0.00
03/13 P 04:43P	TUCSON	AZ GREEN VLY	AZ 520/648-0814	1:00	0.00	0.00	0.00
03/13 P 05:59P	TUCSON	AZ GREEN VLY	AZ 520/648-4208	3:00	0.00	0.00	0.00
03/13 P 06:03P	TUCSON	AZ INCOMING	CL 520/603-2826 MM	1:00	0.00	0.00	0.00
03/13 P 08:48P	TUCSON	AZ VMAIL *86	CL 520/403-9354	1:00	0.00	0.00	0.00
03/17 P 06:46P	TUCSON	AZ GREEN VLY	AZ 520/648-0814	1:00	0.00	0.00	0.00
03/17 P 06:47P	TUCSON	AZ GREEN VLY	AZ 520/648-0814	1:00	0.00	0.00	0.00
03/19 P 03:16P	TUCSON	AZ INCOMING	CL 520/403-9354	3:00	0.00	0.00	0.00
03/19 P 07:34P	TUCSON	AZ GREEN VLY	AZ 520/625-2699	2:00	0.00	0.00	0.00
03/20 P 11:40A	TUCSON	AZ GREEN VLY	AZ 520/648-0814	2:00	0.00	0.00	0.00
03/20 P 03:39P	TUCSON	AZ INCOMING	CL 520/403-9354	2:00	0.00	0.00	0.00
03/20 P 04:44P	TUCSON	AZ GREEN VLY	AZ 520/245-3252	1:00	0.00	0.00	0.00

Total Call Detail Charges 101:00 0.00 0.00

Per: Legend for Time Periods
 P=Peak W=Weekend
 Fea: Legend for Call Features
 MM=Mobile-to-Mobile WC=Wide Area Calling

Taxes, Fees, & Government Charges

Federal Excise Tax
 St & Loc Tax On Commun.



Spirit of Service™

Visit us 24 hours a day at www.qwest.com

WATER COMPANY
Bill Date: Apr 7, 2003
Account No: [REDACTED]

Page 1

Total Amount Due	Due Date for New Charges
\$69.25	April 26, 2003

Summary

▼ Previous Balance	75.96
Charges Payment	75.96 ^R
Balance Forward	\$.00
▼ New Charges	54.76
Qwest	
For questions call 1-800-603-6000	
USBI	14.49
For questions call 1-888-481-8724	
Total New Charges	\$69.25
TOTAL AMOUNT DUE	\$69.25



Thank you for choosing Qwest. On April 1, 2003 the Federal Universal Service Fee(s) on your Qwest bill will change. The monthly fee is based on a percentage set by the FCC and applied to interstate charges. These rates can change quarterly. For questions, please call the toll free number listed in "New Charges" section of your bill.

Qwest, PO Box 29060, Phoenix, AZ 85038-9060

This bill is protected by one or more of the following U.S. Patents:
Pat. Nos. 6,845,000; 6,845,001; 6,845,002; 6,845,003; 6,845,004; 6,845,005; 6,845,006; 6,845,007; 6,845,008; 6,845,009; 6,845,010; 6,845,011; 6,845,012; 6,845,013; 6,845,014; 6,845,015; 6,845,016; 6,845,017; 6,845,018; 6,845,019; 6,845,020; 6,845,021; 6,845,022; 6,845,023; 6,845,024; 6,845,025; 6,845,026; 6,845,027; 6,845,028; 6,845,029; 6,845,030; 6,845,031; 6,845,032; 6,845,033; 6,845,034; 6,845,035; 6,845,036; 6,845,037; 6,845,038; 6,845,039; 6,845,040; 6,845,041; 6,845,042; 6,845,043; 6,845,044; 6,845,045; 6,845,046; 6,845,047; 6,845,048; 6,845,049; 6,845,050; 6,845,051; 6,845,052

QWEST SERVICES

▼ ITEMIZED MONTHLY SERVICE		
MONTHLY SERVICE - APR 07 THRU MAY 06		
BASIC SERVICES		
<i>These services are necessary for you to use your telephone.</i>		
1 PRIVATE BUSINESS LINE		33.40
OPTIONAL SERVICES		
<i>These services are provided at your request and are not required as part of your basic telephone service.</i>		
1 * CALLER IDENTIFICATION		7.95
1 * SERVICE AND/OR EQUIPMENT		.00

▼ SERVICE ADDITIONS AND CHANGES		
1. NET CHANGE IN MONTHLY BILLING DUE TO RATE CHANGE		.28 ^R
FROM 04-01-03 TO 04-07-03		

▼ DIRECTORY ASSISTANCE	1 CALLS @ 1.15	1.15
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▼ TAXES, FEES & SURCHARGES

The following charges are billed at the request of local, state and Federal government and/or to support government programs. For additional information visit our website at www.qwest.com.

FEDERAL EXCISE TAX	1.48
STATE TAX	2.45
CITY TAX	.85
FEDERAL ACCESS CHARGE	6.00
FEDERAL UNIVERSAL SERV FUND	.59
ARIZONA UNIVERSAL SERVICE FUND @ \$.01 PER LINE	.01
TELECOM SERVICES EXCISE TAX	.36
911 EXCISE TAX	.37
FEDERAL CHARGE - SERVICE PROVIDER NUMBER PORTABILITY	.43

TOTAL QWEST SERVICES	\$54.76
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FOR YOUR INFORMATION

You are responsible for the payment of all charges on your bill. Failure to pay these charges may result in collection action as well as termination of the unpaid service. Your basic telephone service will not be disconnected for non-payment of charges for:

(1) Qwest Unregulated Services (or other itemized services) identified by an * above, (2) services of other Qwest companies, or (3) services of other companies included in your bill. Qwest packages of features and the amounts in the Summary may include both basic and charges that are not basic.

* Qwest Unregulated Products & Services are not under the jurisdiction of your state commission.

Any amount left unpaid 30 days after bill date is subject to a 1.5% late payment charge.

* Qwest Unregulated Services (additional details in For Your Information)

continued on back



ACCOUNT DETAIL

ITEMIZED CALLS 13.56
 TAXES .93
 USBI TOTAL \$14.49

ITEMIZED CALLS

NO.	DATE	TIME	TO PLACE	TO AREA NUMBER	TYPE	MINUTES	AMOUNT
THE FOLLOWING TRANSACTION IS BILLED ON BEHALF OF:							
BUSINESS DISC PLAN							
1	FEB 05	10:02A	PHOENIX AZ	602 254-8369	D	5	1.57
2	FEB 05	4:17P	PHOENIX AZ	602 793-8439	D	1	.31
3	FEB 06	10:12A	PHOENIX AZ	602 793-8439	D	1	.31
4	FEB 10	12:14P	WILLIAMS AZ	928 635-0895	D	2	.83
5	FEB 12	4:54P	BENSON AZ	520 720-4143	MR	12	3.76
6	FEB 12	4:54P	BENSON AZ	520 720-4143	D	6	1.88
7	FEB 20	10:53A	MARION OH	740 389-5991	D	2	1.12
			SUBTOTAL				9.58

MISCELLANEOUS CHARGES AND CREDITS

NO.	DATE	ITEM	TAX CODE	AMOUNT
8	FEB 28	UNIV SERV FD	00	.20
9	MAR 04	NETWORK ACCESS CHARGE	00	3.78
		SUBTOTAL		3.98
		USBI SUBTOTAL OF ITEMIZED CALLS		\$13.56

TAX SUMMARY

FEDERAL EXCISE TAX .29
 STATE TAX .47
 CITY TAX .17
 USBI SUBTOTAL OF TAXES \$.93
 USBI CURRENT CHARGES \$14.49

Type of Long Distance Calls:
 D - Dial Day - Full Rate
 MR - Multiple Rate Period - Call Starts in One Rate Period, Ends in Another

3 PORTION OF YOUR BILL IS PROVIDED AS A SERVICE TO USBI
 THERE IS NO CONNECTION BETWEEN USBI AND QWEST.

Total Amount Due	Due Date for New Charges
\$45.45	May 14, 2003

Summary

▼ Previous Balance	
Charges Payment	47.91
Balance Forward	47.91 ^R
	\$.00
▼ New Charges	
Qwest	45.45
For questions call 1-800-603-6000	
Total New Charges	\$45.45
TOTAL AMOUNT DUE	\$45.45

Any amount left unpaid 30 days after bill date is subject to a 1.5% late payment charge.

Thank you for choosing Qwest. On April 1, 2003 the Federal Universal Service Fee(s) on your Qwest bill will change. The monthly fee is based on a percentage set by the FCC and applied to interstate charges. These rates can change quarterly. For questions, please call the toll free number listed in "New Charges" section of your bill.

Qwest, PO Box 29060, Phoenix, AZ 85038-9060
This bill is protected by one or more of the following U.S. Patents:

QWEST SERVICES

▼ ITEMIZED MONTHLY SERVICE
MONTHLY SERVICE - APR 22 THRU MAY 21
BASIC SERVICES
These services are necessary for you to use your telephone.

1 PRIVATE BUSINESS LINE 33.40

▼ SERVICE ADDITIONS AND CHANGES

1. NET CHANGE IN MONTHLY BILLING DUE TO RATE CHANGE .98^R
FROM 04-01-03 TO 04-22-03

▼ TAXES, FEES & SURCHARGES
The following charges are billed at the request of local, state and Federal government and/or to support government programs. For additional information visit our website at www.qwest.com.

FEDERAL EXCISE TAX	1.23
STATE TAX	1.88
CITY TAX	.65
FEDERAL ACCESS CHARGE	7.39
FEDERAL UNIVERSAL SERV FUND	.71
ARIZONA UNIVERSAL SERVICE FUND @ \$01 PER LINE	.01
TELECOM SERVICES EXCISE TAX	.36
911 EXCISE TAX	.37
FEDERAL CHARGE - SERVICE PROVIDER NUMBER PORTABILITY	.43
TOTAL QWEST SERVICES	\$45.45

FOR YOUR INFORMATION

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- (1) Qwest Unregulated Services (or other itemized services),
- (2) services of other Qwest companies, or (3) services of other companies included in your bill. Qwest packages of features and the amounts in the Summary may include both basic and charges that are not basic.

RECEIVED
APR 30 2003
BY: [REDACTED]

Mk

Account Number	Bill Date	Payment Due
[REDACTED]	APR 7, 2003	MAY 2, 2003



LQS WATER CO
PO BOX 68
SAHUJARITA AZ 85629-0068

TELEPHONE NUMBER: 520 648 3520

For Customer Care: 1-877-325-0445

AT&T All in One Service

AT&T All in One Service

AT&T LONG DISTANCE	\$19.96
AT&T LOCAL	
TOTAL CURRENT CHARGES	\$19.96

*

ACCOUNT STATUS

PREVIOUS BALANCE	\$19.59
PAYMENT RECEIVED 3/21/03	\$19.59 _R
ADJUSTMENTS	\$0.00
TOTAL CURRENT CHARGES	\$19.96

TOTAL AMOUNT DUE

\$19.96

* See News From AT&T

APR 1 2003

News From AT&T

Just For Your Business

Get your business a low-fee, high-speed Internet connection 24 hours-a-day, 7 days-a-week. AT&T DSL Internet Service gives you a full-time, dedicated connection to the Internet up to 25 times faster than using a typical 56K modem. Just visit our website for more information at <http://www.att.com/dsl-order>.

See next page for more news!

Please make checks payable to AT&T and include your account number on payment.
Make sure that the AT&T P.O. Box address is showing through the envelope window.
AT&T is not able to reply to inquiries written on this remittance document.
Please submit correspondence to www.att.com/bcs.

Account Number	Bill Date	Payment Due Date
[REDACTED]	APR 7, 2003	MAY 2, 2003



LQS WATER CO
 PO BOX 68
 SAHUARITA AZ 85629-0068
 TELEPHONE NUMBER: 520 648 3520

AT&T All in One Service
Summary of Charges For Customer Care: 1 877 325-0445

EXPLANATION	AMOUNT
LONG DISTANCE SERVICE	
MONTHLY CHARGES Minimum Usage Charge	\$14.95
MONTHLY CHARGES SUBTOTAL	\$14.95
USAGE CHARGES In-State (includes Local Toll calls) State-to-State	\$0.21 0.08
USAGE CHARGES SUBTOTAL	\$0.29
REGULATORY FEES Federal Universal Connectivity Charge	\$1.57
Federal Carrier Line Charge 1 Multi Line(s) At \$2.20	2.20
REGULATORY FEES SUBTOTAL	\$3.77
TAXES Federal Tax State Tax	\$0.58 0.01
MISCELLANEOUS SURCHARGES Other Surcharge/Tax	0.22 0.14
TAXES SUBTOTAL	\$0.95
TOTAL LONG DISTANCE CHARGES	\$19.96
TOTAL CURRENT CHARGES	\$19.96

Account Number	Bill Date	Payment Due Date
[REDACTED]	APR 7, 2003	MAY 2, 2003



LQS WATER CO
 PO BOX 68
 SAHUARITA AZ 85629-0068
 TELEPHONE NUMBER: 520 648 3520

Location: 017 184 8780 001

AT&T All in One Service
 Call Detail For Customer Care: 1 877 325-0445

ITEM	DATE	TIME (hh:mm:ss)	DAY OF WEEK	PLACE	AREA CODE/NUMBER	DURATION (hh:mm:ss)	CALL TYPE	AMOUNT
LONG DISTANCE SERVICE BILLED NUMBER: 520 648-3520								
STATE-TO-STATE CALLS								
1	3/26/03	1:40:14P	WED	TO CHALFONT	PA 215 997-4062	1:00	DDC	0.08
SUBTOTAL						0:01:00		50.08
IN-STATE CALLS								
2	3/19/03	1:30:44P	WED	TO PHOENIX	AZ 602 542-2072	1:48	DDC	0.21
SUBTOTAL						0:01:48		50.21
TOTALS FOR 520 648-3520						0:02:48		50.29
TOTALS FOR LOCATION 017 184 8780 001						0:02:48		50.29

AT&T Call Type Information: DDC-Direct Dialed Call, CCS-Calling Card Station Call, ODR-Operator Handled Station Call-Dial Rate, DHP-Operator Handled Person Call, OCP-Operator Handled Person Collect Call

Account Number [REDACTED]
Invoice Number 1764985206
Billing Date April 20, 2003

80018567 2 AT 0.517 AUTO T8 3 40200 85429-0068 123 0423DEMT



LAS QUINTAS WATER CO
ATTN STEVE GAY
PO BOX 68
SAHUARITA AZ 85629-0068

Account Summary

Previous Balance	41.94
Payments - Thank you	41.94 Credit
Balance Forward	.00
Current Charges	49.55
Total Amount Due by 05/15/03	\$49.55

Verizon Wireless News

Manage your account online with VZServe Express Customer Service. Why wait? Visit verizonwireless.com for details.



View and pay your bill online. Visit us on our web site at verizonwireless.com

Call Customer Service toll free at 1-800-922-0204 (or *611 from your wireless phone).
Please see reverse side for a description of our charges and the correspondence address.

Account Summary

Account Number.....
 Invoice Number..... 1764985206
 Billing Date..... April 20, 2003

Previous Balance **\$41.94**

Payments

Thank you

Payment Received on 04/09/2003 41.94 Credit

Total Payments **\$41.94 Credit**

Total Balance Forward **\$0.00**

Current Charges

Monthly Access 35.00
 Additional Services 2.99
 Roam Usage and Charges 5.83
 Verizon Wireless' Other Charges and Credits .69
 Taxes, Governmental Surcharges and Fees 5.04

Total Current Charges **\$49.55**

Total Amount Due By 05/15/03 **\$49.55**

Charges for Wireless Number (520) 403-9354 Steve Gay

Your Wireless Plan Details

Current Plan - 041710 DIG CHOICE 350/35.00/1015/1Y

Monthly Access	Monthly Allowance Minutes (defined by your Calling Plan)	Additional Per Minute Charge (defined by your Calling Plan)		
		\$.45 peak	\$.45 off-peak	\$.45 weekend
\$35.00	350 general			

Active Additional Services: 3-Party-Conference - Enhanced Voice Mail - Call Waiting - Call Delivery - CDMA Digital W/Txt Msg - CallerID - New Every Two - Call Forwd,Nat, Busy Xfer - Detail Billing - Expanded Long Distance

Monthly Access Charges

Monthly Access from 04/21/03 to 05/20/03 35.00

Total Monthly Access Charges **\$35.00**

Additional Service Charges

Wpp-Insurance-Asurion from 04/21/03 to 05/20/03 2.99

Total Additional Service Charges **\$2.99**

Account Number.....
 Invoice Number 1764985206
 Billing Date April 20, 2003

Home Usage and Charges			Peak	Weekend	Amount
Current Month's Airtime Usage					
Airtime (Minutes)			109	18	
Monthly Allowance			109	18	Included
Current Month's Billable Airtime					
Current Month's Airtime Charges			0	0	
			0.00	0.00	\$0.00
Total Home Usage and Charges					\$0.00

Roam Usage and Charges		Totals	Amount
Current Month's Roam Usage and Charges			
Airtime (Minutes)		7	
Airtime Charges			4.83
Other Call Charges			1.00
Total Roam Usage and Charges			\$5.83

Verizon Wireless' Other Charges and Credits		Amount
Fed Universal Service Charge		.64
Regulatory Charge		.05
Total Verizon Wireless' Other Charges and Credits		\$.69

Taxes, Governmental Surcharges and Fees		Amount
AZ State E911 Fee		.37
Federal Tax		1.25
State Tax:		
AZ State Telecomm Tax		2.00
Total State Tax		2.00
Local Tax:		
Tucson Utility License Tax		.71
Tucson City Telecomm Tax		.71
Total Local Tax		1.42
Total Taxes, Governmental Surcharges and Fees		\$5.04

Total Current Charges for Wireless Number (520) 403-9354 **\$49.55**

Account Number
 Invoice Number 1764985206
 Billing Date April 20, 2003

Wireless Details for (520) 403-9354 Steve Gay

HOME AREA

#	Date	Time	Rate Period	Call Origination+	Called Phone Number	Call Destination	Minutes	Usage Type	Home Airtime Charges	Other Call Type	Other Call Charges	Total Charges
1	03/26	05:34P	P	Tucson AZ	(520) 235-0968	Tucson AZ	1	A	Included		.00	.00
2	03/26	06:33P	P	Green Vail AZ	(520) 393-1490	Green Vly AZ	11	A	Included		.00	.00
3	03/26	06:44P	P	Green Vail AZ	(520) 648-2614	Green Vly AZ	2	A	Included		.00	.00
4	03/26	06:47P	P	Green Vail AZ	(520) 240-0385	Tucson AZ	1	A	Included		.00	.00
5	03/27	04:57P	P	Tucson AZ	(520) 403-9354	Incoming CL	1	A	Included		.00	.00
6	03/27	07:09P	P	Green Vail AZ	(520) 625-1667	Green Vly AZ	3	A	Included		.00	.00
7	03/28	05:30P	P	Green Vail AZ	(520) 648-0814	Green Vly AZ	1	A	Included		.00	.00
8	03/28	05:47P	P	Tucson AZ	(520) 648-0814	Green Vly AZ	1	A	Included		.00	.00
9	03/30	09:57A	W	Green Vail AZ	(520) 648-0814	Green Vly AZ	1	A	Included		.00	.00
10	03/30	09:59A	W	Vail AZ	(520) 207-1187	Tucson AZ	1	A	Included		.00	.00
11	03/30	10:00A	W	Green Vail AZ	(520) 403-9354	Incoming CL	1	A	Included		.00	.00
12	04/02	11:26A	P	Tucson AZ	(520) 648-1630	Green Vly AZ	1	A	Included		.00	.00
13	04/02	07:00P	P	Green Vail AZ	(520) 625-6161	Green Vly AZ	2	A	Included		.00	.00
14	04/02	07:03P	P	Green Vail AZ	(520) 762-8737	Vail AZ	3	A	Included		.00	.00
15	04/02	07:07P	P	Green Vail AZ	(520) 648-3354	Green Vly AZ	2	A	Included		.00	.00
16	04/02	07:11P	P	Green Vail AZ	(520) 762-0068	Vail AZ	7	A	Included		.00	.00
17	04/02	07:18P	P	Green Vail AZ	(520) 762-1400	Vail AZ	2	A	Included		.00	.00
18	04/02	07:21P	P	Green Vail AZ	(520) 270-4627	Tucson AZ	2	A	Included		.00	.00
19	04/02	07:22P	P	Green Vail AZ	(520) 648-8732	Green Vly AZ	2	A	Included		.00	.00
20	04/02	07:24P	P	Green Vail AZ	(520) 762-9036	Vail AZ	3	A	Included		.00	.00
21	04/03	01:34P	P	Green Vail AZ	(520) 241-9449	Tucson AZ	2	A	Included		.00	.00
22	04/04	07:20A	P	Tucson AZ	(520) 625-8040	Green Vly AZ	2	A	Included		.00	.00
23	04/05	09:54A	W	Tucson AZ	(520) 603-2826	Tucson AZ	1	AM	Included		.00	.00
24	04/05	05:41P	W	Tucson AZ	(520) 648-3230	Green Vly AZ	4	A	Included		.00	.00
25	04/05	06:04P	W	Green Vail AZ	(520) 648-3230	Green Vly AZ	2	A	Included		.00	.00
26	04/07	12:43P	P	Green Vail AZ	(520) 403-9354	Incoming CL	1	A	Included		.00	.00
27	04/07	12:55P	P	Green Vail AZ	(520) 889-0600	Tucson AZ	2	A	Included		.00	.00
28	04/09	10:58A	P	Green Vail AZ	(520) 625-8040	Green Vly AZ	2	A	Included		.00	.00
29	04/09	11:35A	P	Green Vail AZ	(520) 403-9354	Incoming CL	2	A	Included		.00	.00
30	04/09	06:40P	P	Green Vail AZ	(520) 548-3860	Tucson AZ	1	A	Included		.00	.00
31	04/09	06:42P	P	Tucson AZ	(520) 762-8737	Vail AZ	1	A	Included		.00	.00
32	04/09	06:42P	P	Green Vail AZ	(520) 762-8737	Vail AZ	1	A	Included		.00	.00
33	04/09	06:44P	P	Green Vail AZ	(520) 270-4627	Tucson AZ	2	A	Included		.00	.00
34	04/10	11:10A	P	Green Vail AZ	(520) 625-8040	Green Vly AZ	2	A	Included		.00	.00
35	04/10	11:11A	P	Green Vail AZ	(520) 648-1972	Green Vly AZ	1	A	Included		.00	.00
36	04/10	03:54P	P	Green Vail AZ	(800) 638-3748	Toll-Free CL	5	A	Included		.00	.00
37	04/11	10:00A	P	Green Vail AZ	(520) 625-8040	Green Vly AZ	1	A	Included		.00	.00
38	04/11	10:39A	P	Green Vail AZ	(520) 625-8040	Green Vly AZ	2	A	Included		.00	.00
39	04/11	11:57A	P	Green Vail AZ	(520) 648-1630	Green Vly AZ	1	A	Included		.00	.00
40	04/11	12:19P	P	Tucson AZ	(520) 648-0814	Green Vly AZ	1	A	Included		.00	.00
41	04/11	03:18P	P	Tucson AZ	(520) 403-9354	Incoming CL	1	AM	Included		.00	.00
42	04/12	08:59A	W	Tucson AZ	(520) 603-2826	Tucson AZ	3	AM	Included		.00	.00
43	04/12	10:48A	W	Tucson AZ	(520) 404-6974	Tucson AZ	1	AM	Included		.00	.00
44	04/13	04:05P	W	Tucson AZ	(520) 403-9354	Incoming CL	1	A	Included		.00	.00
45	04/14	08:25A	P	Tucson AZ	(520) 403-9354	Incoming CL	5	A	Included		.00	.00
46	04/14	10:46A	P	Green Vail AZ	(520) 648-1630	Green Vly AZ	1	A	Included		.00	.00
47	04/14	12:05P	P	Green Vail AZ	(520) 648-0814	Green Vly AZ	1	A	Included		.00	.00
48	04/14	04:29P	P	Vail AZ	(520) 403-9354	Incoming CL	1	A	Included		.00	.00
49	04/15	11:23A	P	Green Vail AZ	(520) 625-8040	Green Vly AZ	2	A	Included		.00	.00

Account Number.....
 Invoice Number 1764985206
 Billing Date April 20, 2003

Continued from previous page . . .

HOME AREA

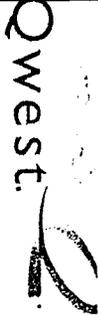
#	Date	Time	Rate Period	Call Origination+	Called Phone Number	Call Destination	Minutes	Usage Type	Home Airtime Charges	Other Call Type	Other Call Charges	Total Charges
50	04/15	12:03P	P	Green Vall AZ	(520) 625-8040	Green Vly AZ	2	A	Included		.00	.00
51	04/15	02:23P	P	Green Vall AZ	(520) 625-8040	Green Vly AZ	6	A	Included		.00	.00
52	04/15	02:29P	P	Green Vall AZ	(860) 000-0000	Mailbox CL	1	AR	Included		.00	.00
53	04/15	05:22P	P	Green Vall AZ	(520) 235-0968	Tucson AZ	2	A	Included		.00	.00
54	04/16	01:17P	P	Tempe AZ	(520) 625-8040	Green Vly AZ	9	A	Included		.00	.00
55	04/16	05:28P	P	Maricopa C AZ	(520) 625-8040	Green Vly AZ	2	A	Included		.00	.00
56	04/16	06:53P	P	Tucson AZ	(520) 403-9354	Incoming CL	2	A	Included		.00	.00
57	04/19	05:14P	W	Tucson AZ	(520) 625-3327	Green Vly AZ	2	A	Included		.00	.00
58	04/19	05:28P	W	Tucson AZ	(520) 648-0814	Green Vly AZ	1	A	Included		.00	.00

ROAM

#	Date	Time	Call Origination+	Called Phone Number	Call Destination	Minutes	Usage Type	Roam Airtime Charges	Other Call Type	Other Call Charges	Total Charges
1	03/21	11:52A	Portland/B OR	(520) 625-8040	Green Vly AZ	2		1.38		.20	1.58
2	03/23	08:51A	Portland/B OR	(520) 603-2826	Tucson AZ	2	M	1.38		.20	1.58
3	03/24	10:44A	Portland/B OR	(520) 625-8040	Green Vly AZ	3		2.07		.60	2.67

+Designates the location, city and state, of the cell tower or switching center which processed the call.

Legends:	
Rate Period	P = Peak W = Weekend
Usage Type	A = Price Plan Allowance M = Mobile to Mobile R = Voice Mail Retrieval



Spirit of Service™

Visit us 24 hours a day at www.qwest.com

WATER COMPANY
Bill Date: May 7, 2003
Account No: [REDACTED]

Page 1

Total Amount Due	Due Date for New Charges
\$94.86	May 27, 2003

Summary

▼ Previous Balance	Charges	69.25
	Payment	69.25 ^R
	Balance Forward	\$.00
▼ New Charges	Qwest	53.80
	USBI	41.06
	Total New Charges	\$94.86
	TOTAL AMOUNT DUE	\$94.86

Any amount left unpaid 30 days after bill date is subject to a 1.5% late payment charge.

Qwest, PO Box 29060, Phoenix, AZ 85038-9060

This bill is protected by one or more of the following U.S. Patents:
Des. 395,298; 390,599; 5,845,942; and 5,951,052.

QWEST SERVICES

- ▼ ITEMIZED MONTHLY SERVICE
- MONTHLY SERVICE - MAY 07 THRU JUN 06
- BASIC SERVICES**
- These services are necessary for you to use your telephone.
- 1 PRIVATE BUSINESS LINE 33.40
- OPTIONAL SERVICES**
- These services are provided at your request and are not required as part of your basic telephone service.
- 1 CALLER IDENTIFICATION 7.95
- 1 * SERVICE AND/OR EQUIPMENT .00

▼ TAXES, FEES & SURCHARGES

- The following charges are billed at the request of local, state and Federal government and/or to support government programs. For additional information visit our website at www.qwest.com.
- FEDERAL EXCISE TAX 1.45
 - STATE TAX 2.40
 - CITY TAX .83
 - FEDERAL ACCESS CHARGE 8.00
 - FEDERAL UNIVERSAL SERV FUND .59
 - ARIZONA UNIVERSAL SERVICE FUND @ \$.01 PER LINE .01
 - TELECOM SERVICES EXCISE TAX .37
 - 911 EXCISE TAX .37
 - FEDERAL CHARGE - SERVICE PROVIDER NUMBER PORTABILITY .43

TOTAL QWEST SERVICES \$53.80

FOR YOUR INFORMATION

You are responsible for the payment of all charges on your bill. Failure to pay these charges may result in collection action as well as termination of the unpaid service. Your basic telephone service will not be disconnected for non-payment of charges for:

- (1) Qwest Unregulated Services (or other itemized services)
- (2) services of other Qwest companies, identified by an * above,
- (3) services of other companies included in your bill.

Qwest packages of features and the amounts in the Summary may include both basic and charges that are not basic.

* Qwest Unregulated Products & Services are not under the jurisdiction of your state commission.



* Qwest Unregulated Services (additional details in For Your Information)

not provided on back



ACCOUNT DETAIL
 ITEMIZED CALLS 38.57
 TAXES 2.49
 USBI TOTAL \$41.06

ITEMIZED CALLS

NO.	DATE	TIME	TO PLACE	TO AREA NUMBER	TYPE	MINUTES	AMOUNT
THE FOLLOWING TRANSACTION IS BILLED ON BEHALF OF:							
BUSINESS DISC PLAN							
1	MAR 10	10:07A	EVERGREEN CO		D	5	2.68
2	MAR 10	10:23A	HIGLEY AZ		D	2	.63
3	MAR 14	9:44A	HIGLEY AZ		N	17	9.55
4	MAR 14	11:16A	LYNDHURST OH		N	41	12.84
5	MAR 17	9:00A	PINEDALE AZ		N	5	1.57
6	MAR 17	12:23P	PINEDALE AZ		N	1	.56
7	MAR 20	2:12P	WESTERVL OH		D	2	.63
8	MAR 25	2:41P	NO PHOENIX AZ		D	2	.63
9	MAR 26	1:29P	HIGLEY AZ		N	7	2.19
10	MAR 31	10:33A	PINEDALE AZ		D	1	.56
11	APR 02	1:05P	CALEDONIA MO		D	1	.56
12	APR 02	1:07P	CALEDONIA MO		D	1	.56
13	APR 02	1:09P	W CHESTER OH		D	3	1.68
			SUBTOTAL				34.71

MISCELLANEOUS CHARGES AND CREDITS

NO.	DATE	ITEM	TAX CODE	AMOUNT
14	MAR 31	UNIV SERV FD	00	.08
15	APR 04	NETWORK ACCESS CHARGE	00	3.78
		SUBTOTAL		3.86

USBI SUBTOTAL OF ITEMIZED CALLS \$38.57

TAX SUMMARY
 FEDERAL EXCISE TAX 1.04
 STATE TAX 1.07
 CITY TAX \$2.38
 USBI SUBTOTAL OF TAXES \$41.06
 USBI CURRENT CHARGES

Type of Long Distance Calls:
 D - Dial Day - Full Rate
 N - Dial Night - Discount Rate

THIS PORTION OF YOUR BILL IS PROVIDED AS A SERVICE TO USBI
 THERE IS NO CONNECTION BETWEEN USBI AND QWEST.

Account Number	Bill Date	Payment Due Date
[REDACTED]	MAY 7, 2003	JUN 2, 2003



LQS WATER CO
PO BOX 68
SAHUJARITA AZ 85629-0068

TELEPHONE NUMBER: 520 648 3520

For Customer Care: 1 877 325-0445

AT&T All in One Service

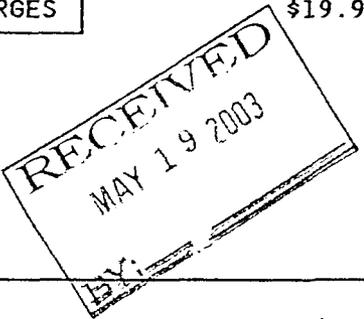
AT&T All in One Service

AT&T LONG DISTANCE	\$19.95
AT&T LOCAL	
TOTAL CURRENT CHARGES	\$19.95

ACCOUNT STATUS

PREVIOUS BALANCE	\$19.96
PAYMENT RECEIVED 5/03/03	\$19.96 _R
ADJUSTMENTS	\$0.00
TOTAL CURRENT CHARGES	\$19.95

TOTAL AMOUNT DUE **\$19.95**



* See News From AT&T

News From AT&T

Just For Your Business

Up to 20% discount on domain name registration. Build your online presence today. Register.com, Inc. is a leading provider of domain name registration services for individuals and businesses that wish to have a unique address and branded identity on the Internet. It's easier than ever to get on the Web and it's easier than ever to get the name you really want. Log on to <http://my.register.com/attsmallbiz/> to search for your own Web address through our domain name registration service. Domain names cost as little as \$58 for two years.

See next page for more news!

Please make checks payable to AT&T and include your account number on payment. Make sure that the AT&T P.O. Box address is showing through the envelope window. AT&T is not able to reply to inquiries written on this remittance document. Please submit correspondence to www.att.com/bcs.

Account Number	Bill Date	Payment Due Date
[REDACTED]	MAY 7, 2003	JUN 2, 2003



LQS WATER CO
 PO BOX 68
 SAHUJARITA AZ 85629-0068

TELEPHONE NUMBER: 520 648 3520

AT&T All in One Service

Summary of Charges

For Customer Care: 1 877 325-0445

EXPLANATION	AMOUNT
LONG DISTANCE SERVICE	
MONTHLY CHARGES	
Minimum Usage Charge	\$14.95
MONTHLY CHARGES SUBTOTAL	\$14.95
USAGE CHARGES	
In-State (includes Local Toll calls)	\$0.27
USAGE CHARGES SUBTOTAL	\$0.27
REGULATORY FEES	
Federal Universal Connectivity Charge	\$1.56
Federal Carrier Line Charge	
1 Multi Line(s) At \$2.20	2.20
REGULATORY FEES SUBTOTAL	\$3.76
TAXES	
Federal Tax	\$0.58
State Tax	0.02
Local Tax	0.01
MISCELLANEOUS SURCHARGES	0.22
Other Surcharge/Tax	0.14
TAXES SUBTOTAL	\$0.97
TOTAL LONG DISTANCE CHARGES	\$19.95
TOTAL CURRENT CHARGES	\$19.95

Account Number	Bill Date	Payment Due Date
[REDACTED]	MAY 7, 2003	JUN 2, 2003



LQS WATER CO
 PO BOX 68
 SAHUARITA AZ 85629-0068

TELEPHONE NUMBER: 520 648 3520

Location: [REDACTED]

AT&T All in One Service
 Call Detail For Customer Care: 1 877 325-0445

ITEM	DATE	TIME (hh:mm:ss)	DAY OF WEEK	PLACE	AREA CODE/NUMBER	DURATION (hh:mm:ss)	CALL TYPE	AMOUNT
LONG DISTANCE SERVICE								
BILLED NUMBER: 520 648-3520								
IN-STATE CALLS								
1	4/24/03	1:36:37P	THU	TO GLENDALE	AZ 623 939-7100	1:00	DDC	0.12
2	4/28/03	2:40:22P	MON	TO PHOENIX	AZ 623 594-7732	1:17	DDC	0.15
SUBTOTAL						0:02:17		\$0.27
TOTALS FOR 520 648-3520						0:02:17		\$0.27
TOTALS FOR LOCATION 017 184 8780 001						0:02:17		\$0.27

AT&T Call Type Information:
 DDC-Direct Dialed Call CCO-Operator Handled Card Call ODR-Operator Handled Station Call-Dial Rate
 CCS-Calling Card Station Call CCP-Calling Card Person Call OHP-Operator Handled Person Call
 OHS-Operator Handled Station Call OCP-Operator Handled Person Collect Call

P.O. BOX 96082
BELLEVUE, WA. 98009-9682

Account Number
Invoice Number 1768782686
Billing Date May 20, 2003

80017274 1 AT 0.292 AUTO T4 5 4120D 85629-0068 1 3 0522DEMT



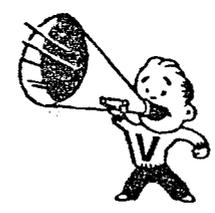
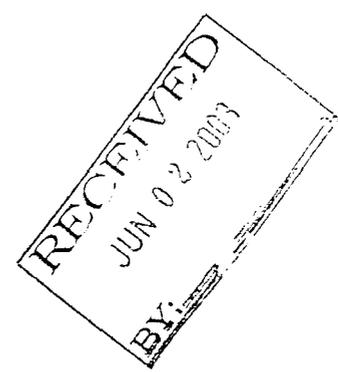
LAS QUINTAS WATER CO
ATTN STEVE GAY
PO BOX 68
SAHUARITA AZ 85629-0068

Account Summary

Previous Balance	49.55
Payments - Thank you	49.55 Credit
Balance Forward	.00
Current Charges	43.42
Total Amount Due by 06/15/03	\$43.42

Verizon Wireless News

Save time and energy by managing your account online. Check your balance, view and pay your bill, add calling features, and more. Visit verizonwireless.com/customerservice for details.



View and pay your bill online. Visit us on our web site at verizonwireless.com

Call Customer Service toll free at 1-800-922-0204 (or *611 from your wireless phone).
Please see reverse side for a description of our charges and the correspondence address.

Account Summary

Account Number
 Invoice Number 1768782686
 Billing Date May 20, 2003

Previous Balance **\$49.55**

Payments

Thank you

Payment Received on 05/05/2003

49.55 Credit

Total Payments **\$49.55 Credit**

Total Balance Forward **\$0.00**

Current Charges

Monthly Access	35.00
Additional Services	2.99
Verizon Wireless' Other Charges and Credits	.58
Taxes, Governmental Surcharges and Fees	4.85

Total Current Charges **\$43.42**

Total Amount Due By 06/15/03 **\$43.42**

Charges for Wireless Number (520) 403-9354 Steve Gay

CELEBRATE THE SECOND ANNIVERSARY OF OUR WORRY FREE GUARANTEE

As a customer of Verizon Wireless, you are covered under our Worry Free Guarantee. We are the only wireless provider to offer this type of promise -- and we've done so for two years. To find out what this means to you, go on-line at verizonwireless.com or visit a Verizon Wireless Communications Store near you to pick up a brochure.

CALL LONG DISTANCE TO MEXICO FOR ONLY 10 CENTS A MINUTE

Now keeping in touch with family and friends just got easier. Beginning May 6th, for just \$2.99 a month, call to Mexico for only 10 cents a minute from your local calling area. Hurry, limited time offer...Call 866-396-3444 to sign up (certain restrictions apply).

REFER A FRIEND AND WE'LL GIVE YOU \$25

A \$25 bill credit is our way of saying "thanks" when you refer a new customer to Verizon Wireless. Ask your friends to stop by a Verizon Wireless Communications store or call 1-800-2-JOIN IN to activate their services with Verizon Wireless.

Your Wireless Plan Details

Current Plan - 041710 DIGITAL CHOICE 350 \$35.00 1Y 1002

Monthly Access	Monthly Allowance Minutes (defined by your Calling Plan)	Additional Per Minute Charge (defined by your Calling Plan)		
		\$.45 peak	\$.45 off-peak	\$.45 weekend
\$35.00	350 general			

Active Additional Services: 3-Party-Conference - Enhanced Voice Mail - Call Waiting - Call Delivery - CDMA Digital W/Txt Msg - CallerID - New Every Two - Call Forwd,Nat, Busy Xfer - Detail Billing - Expanded Long Distance



Account Number
Invoice Number 1768782686
Billing Date May 20, 2003

Monthly Access Charges		Amount
Monthly Access	from 05/21/03 to 06/20/03	35.00
Total Monthly Access Charges		\$35.00

Additional Service Charges		Amount
Wpp-Insurance-Asurion	from 05/21/03 to 06/20/03	2.99
Total Additional Service Charges		\$2.99

Home Usage and Charges	Peak	Weekend	Amount
	Current Month's Airtime Usage Airtime (Minutes)	107	
Monthly Allowance	107	19	Included
Current Month's Billable Airtime	0	0	
Current Month's Airtime Charges	0.00	0.00	\$0.00
Total Home Usage and Charges			\$0.00

Verizon Wireless' Other Charges and Credits		Amount
Fed Universal Service Charge		.53
Regulatory Charge		.05
Total Verizon Wireless' Other Charges and Credits		\$0.58

Taxes, Governmental Surcharges and Fees		Amount
AZ State E911 Fee		.37
Federal Tax		1.07
State Tax:		
AZ State Telecomm Tax		1.99
Total State Tax		1.99
Local Tax:		
Tucson Utility License Tax		.71
Tucson City Telecomm Tax		.71
Total Local Tax		1.42
Total Taxes, Governmental Surcharges and Fees		\$4.85

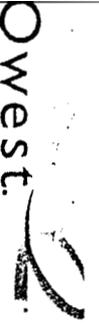
Total Current Charges for Wireless Number (520) 403-9354 \$43.42

Account Number.....
 Invoice Number 1768782686
 Billing Date May 20, 2003

Wireless Details for (520) 403-9354 Steve Gay

HOME AREA

#	Date	Time	Rate Period	Call Origination+	Called Phone Number	Call Destination	Minutes	Usage Type	Home Airtime Charges	Other Call Type	Other Call Charges	Total Charges
1	04/21	06:24A	P	Green Vail	AZ (520) 648-0814	Green Vly	AZ	1	A	Included	.00	.00
2	04/21	10:01A	P	Green Vail	AZ (520) 625-0063	Green Vly	AZ	1	A	Included	.00	.00
3	04/21	01:19P	P	Vail	AZ (520) 603-2826	Tucson	AZ	1	AM	Included	.00	.00
4	04/21	02:01P	P	Vail	AZ (520) 603-2826	Tucson	AZ	1	AM	Included	.00	.00
5	04/21	08:12P	P	Yuma /	AZ (520) 648-0814	Green Vly	AZ	1	A	Included	.00	.00
6	04/21	08:42P	P	Yuma /	AZ (520) 625-3327	Green Vly	AZ	5	A	Included	.00	.00
7	04/22	06:08A	P	Yuma /	AZ (520) 648-0814	Green Vly	AZ	1	A	Included	.00	.00
8	04/24	09:31A	P	Tucson	AZ (520) 352-6208	Tucson	AZ	2	A	Included	.00	.00
9	04/24	02:00P	P	Tucson	AZ (520) 625-8040	Green Vly	AZ	2	A	Included	.00	.00
10	04/24	02:28P	P	Tucson	AZ (520) 648-0814	Green Vly	AZ	3	A	Included	.00	.00
11	04/24	07:29P	P	Tucson	AZ (520) 648-0814	Green Vly	AZ	1	A	Included	.00	.00
12	04/25	04:52P	P	Tucson	AZ (520) 207-7218	Tucson	AZ	1	A	Included	.00	.00
13	04/25	05:07P	P	Tucson	AZ (520) 625-3327	Green Vly	AZ	2	A	Included	.00	.00
14	04/26	08:18A	W	Green Vail	AZ (520) 648-0814	Green Vly	AZ	1	A	Included	.00	.00
15	04/26	08:31A	W	Tucson	AZ (520) 625-3327	Green Vly	AZ	1	A	Included	.00	.00
16	04/26	11:51A	W	Green Vail	AZ (520) 603-2826	Tucson	AZ	1	AM	Included	.00	.00
17	04/26	11:51A	W	Green Vail	AZ (520) 403-9354	Incoming	CL	2	AM	Included	.00	.00
18	04/26	02:02P	W	Vail	AZ (520) 603-5284	Tucson	AZ	2	AM	Included	.00	.00
19	04/26	02:59P	W	Tucson	AZ (520) 403-9354	Incoming	CL	1	AM	Included	.00	.00
20	04/26	10:58P	W	Tucson	AZ (520) 648-3309	Green Vly	AZ	1	A	Included	.00	.00
21	04/26	10:58P	W	Tucson	AZ (520) 399-2330	Green Vly	AZ	1	A	Included	.00	.00
22	04/27	11:22A	W	Green Vail	AZ (520) 648-7513	Green Vly	AZ	2	A	Included	.00	.00
23	04/27	11:23A	W	Green Vail	AZ (520) 648-7513	Green Vly	AZ	2	A	Included	.00	.00
24	04/28	11:49A	P	Green Vail	AZ (520) 393-1848	Green Vly	AZ	1	A	Included	.00	.00
25	04/28	06:38P	P	Green Vail	AZ (520) 403-9354	Incoming	CL	1	A	Included	.00	.00
26	04/30	11:58A	P	Tucson	AZ (520) 625-8040	Green Vly	AZ	2	A	Included	.00	.00
27	04/30	06:20P	P	Green Vail	AZ (860) 000-0000	Mailbox	CL	1	AR	Included	.00	.00
28	05/01	04:45P	P	Green Vail	AZ (520) 419-4201	Tucson	AZ	1	A	Included	.00	.00
29	05/01	04:46P	P	Green Vail	AZ (520) 399-2265	Green Vly	AZ	1	A	Included	.00	.00
30	05/05	03:30P	P	Vail	AZ (520) 403-9354	Incoming	CL	1	A	Included	.00	.00
31	05/06	10:57A	P	Green Vail	AZ (520) 403-9354	Incoming	CL	2	A	Included	.00	.00
32	05/08	11:30A	P	Tucson	AZ (520) 625-6469	Green Vly	AZ	1	A	Included	.00	.00
33	05/08	03:26P	P	Green Vail	AZ (520) 403-9354	Incoming	CL	1	AM	Included	.00	.00
34	05/09	06:39A	P	Green Vail	AZ (520) 403-9354	Incoming	CL	1	A	Included	.00	.00
35	05/09	09:44A	P	Green Vail	AZ (520) 403-9354	Incoming	CL	1	A	Included	.00	.00
36	05/09	09:50A	P	Green Vail	AZ (520) 625-8040	Green Vly	AZ	2	A	Included	.00	.00
37	05/09	10:44A	P	Green Vail	AZ (520) 625-8040	Green Vly	AZ	2	A	Included	.00	.00
38	05/09	11:07A	P	Green Vail	AZ (520) 403-9354	Incoming	CL	3	A	Included	.00	.00
39	05/10	02:07P	W	Green Vail	AZ (520) 403-9354	Incoming	CL	1	AM	Included	.00	.00
40	05/12	01:37P	P	Green Vail	AZ (520) 399-9442	Green Vly	AZ	1	A	Included	.00	.00
41	05/12	02:27P	P	Vail	AZ (520) 625-8040	Green Vly	AZ	2	A	Included	.00	.00
42	05/12	03:47P	P	Vail	AZ (520) 403-9354	Incoming	CL	1	A	Included	.00	.00
43	05/12	05:16P	P	Tucson	AZ (520) 403-9354	Incoming	CL	1	A	Included	.00	.00
44	05/13	06:53A	P	Green Vail	AZ (520) 979-1742	Tucson	AZ	3	A	Included	.00	.00
45	05/13	09:11A	P	Tucson	AZ (520) 403-9354	Incoming	CL	3	A	Included	.00	.00
46	05/14	09:30A	P	Green Vail	AZ (520) 403-9354	Incoming	CL	2	A	Included	.00	.00
47	05/14	09:48A	P	Tucson	AZ (520) 399-3370	Green Vly	AZ	1	A	Included	.00	.00
48	05/14	09:48A	P	Tucson	AZ (520) 625-8040	Green Vly	AZ	1	A	Included	.00	.00
49	05/14	07:49P	P	Green Vail	AZ (520) 648-3354	Green Vly	AZ	1	A	Included	.00	.00



Spirit of Service™

Visit us 24 hours a day at www.qwest.com

WATER COMPANY
Bill Date: Jun 7, 2003
Account No: [REDACTED]

Total Amount Due	Due Date for New Charges
\$88.07	June 27, 2003

Summary

▼ Previous Balance Thank you for your payment

Charges 94.86
Payment 94.86
Balance Forward \$.00

▼ New Charges 53.80
Qwest 53.80
USBI 34.27

For questions call 1-888-481-8724
Total New Charges \$88.07
TOTAL AMOUNT DUE **\$88.07**

Any amount left unpaid 30 days after bill date is subject to a 1.5% late payment charge.

RECEIVED
JUN 16 2003
BY: _____

QWEST SERVICES

- ▼ ITEMIZED MONTHLY SERVICE
MONTHLY SERVICE - JUN 07 THRU JUL 06
BASIC SERVICES 33.40
These services are necessary for you to use your telephone.
- 1 PRIVATE BUSINESS LINE
- OPTIONAL SERVICES
These services are provided at your request and are not required as part of your basic telephone service.
- 1 CALLER IDENTIFICATION 7.95
- 1 * SERVICE AND/OR EQUIPMENT .00

▼ TAXES, FEES & SURCHARGES

- The following charges are billed at the request of local, state and Federal government and/or to support government programs. For additional information visit our website at www.qwest.com.
- FEDERAL EXCISE TAX 1.45
 - STATE TAX 2.40
 - CITY TAX .83
 - FEDERAL ACCESS CHARGE 6.00
 - FEDERAL UNIVERSAL SERV FUND .99
 - ARIZONA UNIVERSAL SERVICE FUND @ \$.01 PER LINE .01
 - TELECOM SERVICES EXCISE TAX .37
 - 911 EXCISE TAX .37
 - FEDERAL CHARGE - SERVICE PROVIDER NUMBER PORTABILITY .43

TOTAL QWEST SERVICES **\$53.80**

FOR YOUR INFORMATION

You are responsible for the payment of all charges on your bill. Failure to pay these charges may result in collection action as well as termination of the unpaid service. Your basic telephone service will not be disconnected for non-payment of charges for: (1) Qwest Unregulated Services (or other itemized services) identified by an * above, (2) services of other Qwest companies, or (3) services of other companies included in your bill. Qwest packages of features and the amounts in the Summary may include both basic and charges that are not basic.

* Qwest Unregulated Products & Services are not under the jurisdiction of your state commission.

Qwest, PO Box 29060, Phoenix, AZ 85038-9060
This bill is protected by one or more of the following U.S. Patents:
Des. 355,299; 390,599; 5,945,942; and 5,951,052.

* Qwest Unregulated Services (additional details in For Your Information)

continued on back



ACCOUNT DETAIL

ITEMIZED CALLS 31.95
 TAXES 2.32
 USBI TOTAL \$34.27

ITEMIZED CALLS

NO. DATE TIME TO PLACE TO AREA NUMBER TYPE MINUTES AMOUNT

THE FOLLOWING TRANSACTION IS BILLED ON BEHALF OF:

NO.	DATE	TIME	TO PLACE	TO AREA NUMBER	TYPE	MINUTES	AMOUNT
BUSINESS DISC PLAN							
1	APR 04	2:12P	GILBERT AZ	602 370-4952	D	1	.31
2	APR 07	8:19A	PINEDALE AZ	928 739-4512	D	1	.31
3	APR 07	11:50A	GILBERT AZ	602 370-4952	N	1	.31
4	APR 07	12:41P	NOGALES AZ	520 980-1496	N	1	3.45
5	APR 07	6:46P	WINSLOW AZ	928 587-9201	E	1	.39
6	APR 07	7:21P	WINSLOW AZ	928 587-9102	E	7	2.72
7	APR 09	12:42P	NOGALES AZ	520 980-1496	D	1	.31
8	APR 10	1:11P	PITTSBURGH PA	412 247-3431	N	1	.56
9	APR 14	10:33A	VANCOUVER WA	360 576-6904	D	1	.56
10	APR 21	11:27A	PHOENIX AZ	602 242-7105	D	4	1.25
11	APR 21	1:33P	CANTON MA	781 575-2723	D	10	5.62
12	APR 23	10:17A	PINEDALE AZ	928 739-4512	D	17	5.32
13	APR 23	1:17P	PHOENIX AZ	623 784-2194	D	3	.94
14	APR 23	4:53P	PINEDALE AZ	928 739-4512	D	1	.31
15	APR 28	8:55A	PINEDALE AZ	928 739-4512	N	5	1.57
16	APR 28	9:15A	PINEDALE AZ	928 739-4512	N	6	1.88
17	APR 28	2:32P	PHOENIX AZ	623 939-9171	N	1	.31
18	APR 28	2:32P	PHOENIX AZ	623 784-2194	N	2	.83
SUBTOTAL							26.75

MISCELLANEOUS CHARGES AND CREDITS

NO.	DATE	ITEM	TAX CODE	AMOUNT
19	APR 30	UNIV SERV FD	00	1.42
20	MAY 04	NETWORK ACCESS CHARGE	00	3.78
SUBTOTAL				5.20

USBI SUBTOTAL OF ITEMIZED CALLS \$31.95

TAX SUMMARY

FEDERAL EXCISE TAX	.80
STATE TAX	1.12
CITY TAX	.40
USBI SUBTOTAL OF TAXES	\$2.32
USBI CURRENT CHARGES	\$34.27

Type of Long Distance Calls:
 D - Dial Day - Full Rate
 E - Dial Evening - Discount Rate
 N - Dial Night - Discount Rate

THIS PORTION OF YOUR BILL IS PROVIDED AS A SERVICE TO USBI
 THERE IS NO CONNECTION BETWEEN USBI AND QWEST.

Account Number	Bill Date	Pay it Due
[REDACTED]	JUN 7, 2003	JUL 2, 2003



LQS WATER CO
PO BOX 68
SAHUARITA AZ 85629-0068

TELEPHONE NUMBER: 520 648 3520

For Customer Care: 1-877-325-0445

AT&T All in One Service

AT&T All in One Service

AT&T LONG DISTANCE	\$22.96
AT&T LOCAL	
TOTAL CURRENT CHARGES	\$22.96

*

ACCOUNT STATUS

PREVIOUS BALANCE	\$19.95
PAYMENT RECEIVED 6/07/03	\$19.95 _R
ADJUSTMENTS	\$0.00
TOTAL CURRENT CHARGES	\$22.96

TOTAL AMOUNT DUE

\$22.96

* See News From AT&T

RECEIVED
 JUN 20 2003
 BY: _____

News From AT&T

See next page for more news!

Please make checks payable to AT&T and include your account number on payment.
 Make sure that the AT&T P.O. Box address is showing through the envelope window.
 AT&T is not able to reply to inquiries written on this remittance document.
 Please submit correspondence to www.att.com/bcs.

Account Number	Bill Date	Pay Date	Due Date
[REDACTED]	JUN 7, 2003	JUL 2, 2003	



LQS WATER CO
PO BOX 68
SAHUARITA AZ 85629-0068

TELEPHONE NUMBER: 520 648 3520

AT&T All-in-One Service
Summary of Charges For Customer Care: 1 877 325-0445

EXPLANATION	AMOUNT
LONG DISTANCE SERVICE	
MONTHLY CHARGES	
Minimum Usage Charge	\$14.95
MONTHLY CHARGES SUBTOTAL	\$14.95
USAGE CHARGES	
In-State (includes Local Toll calls)	\$0.12
State-to-State	2.79
USAGE CHARGES SUBTOTAL	\$2.91
REGULATORY FEES	
Federal Universal Connectivity Charge	\$1.81
Federal Carrier Line Charge	
1 Multi Line(s) At \$2.20	2.20
REGULATORY FEES SUBTOTAL	\$4.01
TAXES	
Federal Tax	\$0.67
State Tax	0.01
MISCELLANEOUS SURCHARGES	
Other Surcharge/Tax	0.16
TAXES SUBTOTAL	\$1.09
TOTAL LONG DISTANCE CHARGES	\$22.96
TOTAL CURRENT CHARGES	\$22.96

Account Number	Bill Date	Payr Due
[REDACTED]	JUN 7, 2003	JUL 2, 2003



LQS WATER CO
 PO BOX 68
 SAHUARITA AZ 85629-0068
 TELEPHONE NUMBER: 520 648 3520

Location: 017.184 8780 001

AT&T All in One Service
 Call Detail For Customer Care: 1 877 325-0445

ITEM	DATE	TIME (hh:mm:ss)	DAY OF WEEK	PLACE	AREA CODE/NUMBER	DURATION (hh:mm:ss)	CALL TYPE	AMOUNT
LONG DISTANCE SERVICE BILLED NUMBER: 520 648-3520								
STATE-TO-STATE CALLS								
1	5/20/03	8:56:35A	TUE	TO LYNDBURST	OH 440 646-5800	35:16	DDC	2.79
SUBTOTAL						0:35:16		\$2.79
IN-STATE CALLS								
2	5/20/03	7:34:44A	TUE	TO SHOW LOW	AZ 928 739-4512	1:00	DDC	0.12
SUBTOTAL						0:01:00		\$0.12
TOTALS FOR 520 648-3520						0:36:16		\$2.91
TOTALS FOR LOCATION 017 184 8780 001						0:36:16		\$2.91

AT&T Call Type Information:
 DDC-Direct Dialed Call CCS-Operator Handled Card Call ODR-Operator Handled Station Call-Dial Rate
 CCS-Calling Card Station Call CCP-Calling Card Person Call OHP-Operator Handled Person Call
 CCS-Calling Card Station Call ONS-Operator Handled Station Call OCP-Operator Handled Person Collect Call



P.O. BOX 96082
BELLEVUE, WA. 98009-9682

Account Number
Invoice Number 1773085560
Billing Date June 20, 2003

60015958 1 AT 0.292 AUTO T7 9 4220D 85629-0068 1 0624DEMT



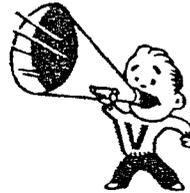
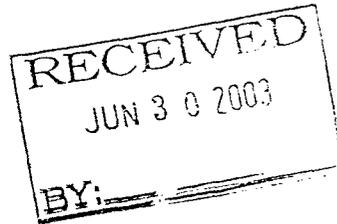
LAS QUINTAS WATER CO
ATTN STEVE GAY
PO BOX 68
SAHUARITA AZ 85629-0068

Account Summary

Previous Balance	43.42
Payments - Thank you	43.42 Credit
Balance Forward	.00
Current Charges	43.44
Total Amount Due by 07/15/03	\$43.44

Verizon Wireless News

Save time and energy by managing your account online. Check your balance, view and pay your bill, add calling features, and more. Visit verizonwireless.com/customerservice for details.



View and pay your bill online. Visit us on our web site at verizonwireless.com

Call Customer Service toll free at 1-800-922-0204 (or *611 from your wireless phone).
Please see reverse side for a description of our charges and the correspondence address.

Account Summary

Account Number
 Invoice Number 1773085560
 Billing Date June 20, 2003

Previous Balance **\$43.42**

Payments

Payment Received on 06/06/2003

Thank you

43.42 Credit

Total Payments **\$43.42 Credit**

Total Balance Forward **\$0.00**

Current Charges

Monthly Access	35.00
Additional Services	2.99
Data Usage and Charges	.02
Verizon Wireless' Other Charges and Credits	.58
Taxes, Governmental Surcharges and Fees	4.85

Total Current Charges **\$43.44**

Total Amount Due By 07/15/03 **\$43.44**

Charges for Wireless Number (520) 403-9354 Steve Gay

EXCLUSIVE ONLINE OFFER: SAVE 40% ON SELECT WIRELESS HEADSETS

Manage your account online to save time and take advantage of a great headset deal. Login to your account and receive a 40% discount on select wireless headsets. That's a savings of up to \$15.99 off the regular price, and shipping is free. Visit www.verizonwireless.com/safety for details. This is a limited-time offer, so login to your online account today. Limit one headset per wireless phone number. Subject to online terms and conditions. May not be combined with any other offers.

R U TXT Messaging?

TXT Messaging is a fun, fast and easy way to stay in touch. Whether you're in a meeting and can't talk or just want to say hi and don't want to get stuck on a call, TXT Messaging is for you. With TXT Messaging, it's easier than ever to stay in contact with virtually anyone, anytime. Call us at *611 from your mobile phone or 800-922-0204 from a landline phone before August 2, and ask how you can Double Your TXT Messaging allowance for life.

Your Wireless Plan Details

Current Plan - 041710 DIGITAL CHOICE 350 \$35.00 1Y 1002

Monthly Access	Monthly Allowance Minutes (defined by your Calling Plan)	Additional Per Minute Charge (defined by your Calling Plan)		
		\$.45 peak	\$.45 off-peak	\$.45 weekend
\$35.00	350 general			

Active Additional Services: 3-Party-Conference - Enhanced Voice Mail - Call Waiting - Call Delivery - CDMA Digital W/Txt Msg- CallerID - New Every Two - Call Forwd,Nat, Busy Xfer - Detail Billing - Expanded Long Distance



Account Number.....
Invoice Number 1773085560
Billing Date June 20, 2003

Monthly Access Charges		Amount
Monthly Access	from 06/21/03 to 07/20/03	35.00
Total Monthly Access Charges		\$35.00

Additional Service Charges		Amount
Wpp-Insurance-Asurion	from 06/21/03 to 07/20/03	2.99
Total Additional Service Charges		\$2.99

Home Usage and Charges	Peak	Weekend	Amount
	Current Month's Airtime Usage Airtime (Minutes)	104	
Monthly Allowance	104	47	Included
Current Month's Billable Airtime	0	0	
Current Month's Airtime Charges	0.00	0.00	\$0.00
Total Home Usage and Charges			\$0.00

Data Usage and Charges	Messages	Amount
Current Month's Home Usage		
Txt Messaging - Received	1	0.02
Total Number of Units	1	
Total Data Usage and Charges		\$0.02

Verizon Wireless' Other Charges and Credits		Amount
Fed Universal Service Charge		.53
Regulatory Charge		.05
Total Verizon Wireless' Other Charges and Credits		\$.58

Account Number
 Invoice Number 1773085560
 Billing Date June 20, 2003

Taxes, Governmental Surcharges and Fees

	Amount
AZ State E911 Fee	.37
Federal Tax	1.07
State Tax:	
AZ State Telecomm Tax	1.99
Total State Tax	1.99
Local Tax:	
Tucson Utility License Tax	.71
Tucson City Telecomm Tax	.71
Total Local Tax	1.42
Total Taxes, Governmental Surcharges and Fees	\$4.85

Total Current Charges for Wireless Number (520) 403-9354 **\$43.44**

Wireless Details for (520) 403-9354 Steve Gay

HOME AREA

#	Date	Time	Rate Period	Call Origination+	Called Phone Number	Call Destination	Minutes	Usage Type	Home Airtime Charges	Other Call Type	Other Call Charges	Total Charges
1	05/21	01:11P	P	Green Vall AZ	(520) 403-9354	Incoming	CL	1	A	Included	.00	.00
2	05/22	10:39A	P	Green Vall AZ	(520) 625-8040	Green Vly	AZ	1	A	Included	.00	.00
3	05/22	10:40A	P	Green Vall AZ	(520) 625-8040	Green Vly	AZ	3	A	Included	.00	.00
4	05/22	10:42A	P	Green Vall AZ	(928) 739-4512	Pinedale	AZ	3	A	Included	.00	.00
5	05/22	11:00A	P	Green Vall AZ	(520) 403-9354	Incoming	CL	2	A	Included	.00	.00
6	05/22	12:01P	P	Green Vall AZ	(928) 739-4512	Pinedale	AZ	2	A	Included	.00	.00
7	05/22	01:40P	P	Green Vall AZ	(928) 587-9102	Winslow	AZ	4	AM	Included	.00	.00
8	05/23	03:12P	P	Mesa AZ	(520) 625-3327	Green Vly	AZ	1	A	Included	.00	.00
9	05/23	03:14P	P	Mesa AZ	(520) 625-8706	Green Vly	AZ	5	A	Included	.00	.00
10	05/25	09:13A	W	Green Vall AZ	(520) 648-2614	Green Vly	AZ	2	A	Included	.00	.00
11	05/25	10:18A	W	Green Vall AZ	(520) 207-7139	Tucson	AZ	2	A	Included	.00	.00
12	05/25	10:21A	W	Green Vall AZ	(520) 207-1187	Tucson	AZ	2	A	Included	.00	.00
13	05/25	10:23A	W	Green Vall AZ	(520) 648-2335	Green Vly	AZ	2	A	Included	.00	.00
14	05/27	02:38P	P	Green Vall AZ	(520) 403-9354	Incoming	CL	2	A	Included	.00	.00
15	05/27	03:43P	P	Green Vall AZ	(520) 403-9354	Incoming	CL	1	A	Included	.00	.00
16	05/28	05:51P	P	Tucson AZ	(520) 403-9354	Incoming	CL	1	AM	Included	.00	.00
17	05/30	12:50P	P	Tucson AZ	(520) 403-9354	Incoming	CL	2	A	Included	.00	.00
18	05/31	09:01A	W	Green Vall AZ	(520) 603-2826	Tucson	AZ	1	AM	Included	.00	.00
19	06/02	01:04P	P	Tucson AZ	(520) 403-9354	Incoming	CL	1	A	Included	.00	.00
20	06/03	08:46A	P	Tucson AZ	(520) 393-0898	Green Vly	AZ	1	A	Included	.00	.00
21	06/03	09:34A	P	Tucson AZ	(860) 000-0000	Mailbox	CL	1	AR	Included	.00	.00
22	06/03	09:50A	P	Tucson AZ	(520) 741-8897	Tucson	AZ	1	A	Included	.00	.00
23	06/03	09:51A	P	Tucson AZ	(520) 393-0898	Green Vly	AZ	2	A	Included	.00	.00
24	06/03	11:30A	P	Tucson AZ	(520) 320-4839	Tucson	AZ	1	A	Included	.00	.00
25	06/03	06:10P	P	Vail AZ	(520) 403-9354	Mailbox	CL	1	AR	Included	.00	.00
26	06/03	06:12P	P	Green Vall AZ	(520) 403-9354	Mailbox	CL	1	AR	Included	.00	.00
27	06/03	06:42P	P	Green Vall AZ	(520) 648-0814	Green Vly	AZ	1	A	Included	.00	.00
28	06/04	08:19A	P	Tucson AZ	(860) 000-0000	Mailbox	CL	1	AR	Included	.00	.00
29	06/04	03:45P	P	Tucson AZ	(860) 000-0000	Mailbox	CL	1	AR	Included	.00	.00

Account Number.....
 Invoice Number 1773085560
 Billing Date June 20, 2003

Continued from previous page . . .

HOME AREA

#	Date	Time	Rate Period	Call Origination+	Called Phone Number	Call Destination	Minutes	Usage Type	Home Airtime Charges	Other Call Type	Other Call Charges	Total Charges
30	06/04	03:48P	P	Tucson	AZ (860) 000-0000	Mailbox	CL	1	AR	Included	.00	.00
31	06/04	03:48P	P	Tucson	AZ (860) 000-0000	Mailbox	CL	1	AR	Included	.00	.00
32	06/04	03:49P	P	Tucson	AZ (860) 000-0000	Mailbox	CL	1	AR	Included	.00	.00
33	06/05	09:27A	P	Green Vail	AZ (520) 403-9354	Incoming	CL	1	A	Included	.00	.00
34	06/05	09:29A	P	Green Vail	AZ (520) 625-3327	Green Vly	AZ	1	A	Included	.00	.00
35	06/05	09:30A	P	Green Vail	AZ (520) 648-0814	Green Vly	AZ	1	A	Included	.00	.00
36	06/05	09:51A	P	Green Vail	AZ (520) 648-0814	Green Vly	AZ	1	A	Included	.00	.00
37	06/05	11:39A	P	Vail	AZ (520) 648-0814	Green Vly	AZ	1	A	Included	.00	.00
38	06/05	11:40A	P	Green Vail	AZ (520) 625-8040	Green Vly	AZ	1	A	Included	.00	.00
39	06/05	07:41P	P	Nogales	AZ (520) 298-1430	Tucson	AZ	3	A	Included	.00	.00
40	06/06	04:24P	P	Tucson	AZ (520) 403-9354	Incoming	CL	2	A	Included	.00	.00
41	06/06	04:25P	P	Tucson	AZ (520) 403-9354	Incoming	CL	1	A	Included	.00	.00
42	06/06	06:32P	P	Pinal Coun	AZ (520) 625-3327	Green Vly	AZ	3	A	Included	.00	.00
43	06/08	08:10P	W	Tucson	AZ (860) 000-0000	Mailbox	CL	2	AR	Included	.00	.00
44	06/10	09:10A	P	Vail	AZ (520) 403-9354	Incoming	CL	1	A	Included	.00	.00
45	06/10	12:36P	P	Tucson	AZ (520) 648-0814	Green Vly	AZ	2	A	Included	.00	.00
46	06/10	04:40P	P	Yuma /	AZ (520) 403-9354	Incoming	CL	2	A	Included	.00	.00
47	06/11	01:19P	P	Tucson	AZ (520) 403-9354	Incoming	CL	2	A	Included	.00	.00
48	06/11	03:05P	P	Green Vail	AZ (520) 403-9354	Incoming	CL	3	A	Included	.00	.00
49	06/12	10:16A	P	Green Vail	AZ (520) 403-9354	Incoming	CL	2	A	Included	.00	.00
50	06/14	08:54P	W	Tucson	AZ (520) 298-1430	Tucson	AZ	6	A	Included	.00	.00
51	06/14	09:13P	W	Tucson	AZ (520) 207-1179	Tucson	AZ	1	A	Included	.00	.00
52	06/15	06:34P	W	Green Vail	AZ (520) 744-2944	Tucson	AZ	3	A	Included	.00	.00
53	06/15	08:20P	W	Tucson	AZ (520) 403-9354	Incoming	CL	25	A	Included	.00	.00
54	06/15	08:41P	W	Tucson	AZ (520) 403-9354	Tucson	AZ	1	AMC	Included	.00	.00
55	06/16	12:53P	P	Tucson	AZ (520) 403-9354	Incoming	CL	2	A	Included	.00	.00
56	06/17	08:26A	P	Vail	AZ (520) 403-9354	Incoming	CL	6	A	Included	.00	.00
57	06/17	01:06P	P	Green Vail	AZ (520) 403-9354	Incoming	CL	2	A	Included	.00	.00
58	06/18	12:17P	P	Tucson	AZ (520) 393-1490	Green Vly	AZ	4	A	Included	.00	.00
59	06/18	12:30P	P	Tucson	AZ (520) 625-8040	Green Vly	AZ	4	A	Included	.00	.00
60	06/18	02:32P	P	Tucson	AZ (520) 320-9834	Tucson	AZ	1	A	Included	.00	.00
61	06/18	02:33P	P	Tucson	AZ (520) 358-5989	Tucson	AZ	1	A	Included	.00	.00
62	06/18	04:32P	P	Tucson	AZ (520) 990-6901	Tucson	AZ	1	A	Included	.00	.00
63	06/18	04:39P	P	Tucson	AZ (520) 990-6910	Tucson	AZ	2	A	Included	.00	.00
64	06/18	07:31P	P	Green Vail	AZ (520) 625-3327	Green Vly	AZ	3	A	Included	.00	.00
65	06/19	01:33P	P	Vail	AZ (520) 648-0814	Green Vly	AZ	1	A	Included	.00	.00
66	06/20	11:27A	P	Green Vail	AZ (520) 625-8040	Green Vly	AZ	2	A	Included	.00	.00
67	06/20	11:49A	P	Green Vail	AZ (520) 403-9354	Incoming	CL	1	A	Included	.00	.00
68	06/20	11:52A	P	Green Vail	AZ (520) 648-0814	Green Vly	AZ	1	A	Included	.00	.00
69	06/20	01:46P	P	Tucson	AZ (520) 403-9354	Incoming	CL	3	A	Included	.00	.00

+Designates the location, city and state, of the cell tower or switching center which processed the call.

Legends:	
Rate Period	P = Peak W = Weekend
Usage Type	A = Price Plan Allowance C = Call Waiting M = Mobile to Mobile R = Voice Mail Retrieval

Account Number	Bill Date	Payment Due Date
[REDACTED]	JUL 7, 2003	AUG 2, 2003



LQS WATER CO
 PO BOX 68
 SAHUARITA AZ 85629-0068

TELEPHONE NUMBER: 520 648 3520

AT&T All in One Service

For Customer Care: 1-877-325-0445

AT&T All in One Service		ACCOUNT STATUS	
AT&T LONG DISTANCE	\$19.75	PREVIOUS BALANCE	\$22.96
TOTAL CURRENT CHARGES	\$19.75	PAYMENT RECEIVED 7/03/03	\$22.96 ⁹⁹
		ADJUSTMENTS	\$0.00
		TOTAL CURRENT CHARGES	\$19.75
		TOTAL AMOUNT DUE	\$19.75

**** News From AT&T ****

See next page for more news!

RECEIVED
 JUL 21 2003
 BY: _____

Please make checks payable to AT&T and include your account number on payment.
 Make sure that the AT&T P.O. Box address is showing through the envelope window.
 AT&T is not able to reply to inquiries written on this remittance document.
 Please submit correspondence to www.att.com/bcs.

Account Number	Bill Date	Payment Due Date
[REDACTED]	JUL 7, 2003	AUG 2, 2003



LQS WATER CO
 PO BOX 68
 SAHUJARITA AZ 85629-0068
 TELEPHONE NUMBER: 520 648 3520

AT&T All in One Service
Summary of Charges For Customer Care: 1 877 325-0445

EXPLANATION	AMOUNT
LONG DISTANCE SERVICE	
MONTHLY CHARGES Minimum Usage Charge	\$14.95
MONTHLY CHARGES SUBTOTAL	
\$14.95	
REGULATORY FEES	
Federal Universal Connectivity Charge	\$1.63
Federal Carrier Line Charge 1 Multi Line(s) At \$2.20	2.20
REGULATORY FEES SUBTOTAL	
\$3.83	
TAXES	
Federal Tax	\$0.58
MISCELLANEOUS SURCHARGES	0.25
Other Surcharge/Tax	0.14
TAXES SUBTOTAL	
\$0.97	
TOTAL LONG DISTANCE CHARGES	
\$19.75	
TOTAL CURRENT CHARGES	
\$19.75	

Qwest
Spirit of Service™

Visit us 24 hours a day at www.qwest.com

Total Amount Due	Due Date for New Charges
\$26.54	August 13, 2003

Summary

▼ Previous Balance Charges Balance Forward 18.09[¢]
 ▼ New Charges Qwest \$18.09[¢]
 For questions call 1-800-603-6000 44.63
 Total New Charges \$44.63
TOTAL AMOUNT DUE \$26.54

Any amount left unpaid 30 days after bill date is subject to a 1.5% late payment charge.

RECEIVED
 JUL 31 2003
 BY: _____

Charges for Qwest's Automated and Operator Assisted Calling Card and selected Collect Call services (0+ number dialed) in Arizona are changing effective 8/1/03. The new operator surcharge rates are: Calling Card - Automated/\$2.00, Operator Assisted/\$3.00; Inmate Collect/\$1.45. If you have questions, please call: Residence 1-800-244-1111, Business 1-800-603-6000.

Qwest, PO Box 29060, Phoenix, AZ 85038-9060
 This bill is protected by one or more of the following U.S. Patents:

LQS WATER CO
 Bill Date: Jul 22, 2003
 Account No: [REDACTED]

QWEST SERVICES
 ▼ ITEMIZED MONTHLY SERVICE
 MONTHLY SERVICE - JUL 22 THRU AUG 21
BASIC SERVICES
 These services are necessary for you to use your telephone.
 1 PRIVATE BUSINESS LINE 33.40

▼ TAXES, FEES & SURCHARGES
 The following charges are billed at the request of local, state and Federal government and/or to support government programs. For additional information visit our website at www.qwest.com.
 FEDERAL EXCISE TAX 1.20
 CITY TAX 1.94
 STATE TAX .67
 FEDERAL UNIVERSAL SERV FUND .58
 ARIZONA UNIVERSAL SERVICE FUND @ \$01 PER LINE .01
 TELECOM SERVICES EXCISE TAX .37
 911 EXCISE TAX .43
 FEDERAL CHARGE - SERVICE PROVIDER NUMBER PORTABILITY 5.66
 FEDERAL ACCESS CHARGE++
 ++ Federal Access Charge is a per line fee authorized by the FCC to cover the cost of providing access to the telephone network.

TOTAL QWEST SERVICES \$44.63

FOR YOUR INFORMATION
 You are responsible for the payment of all charges on your bill. Failure to pay these charges may result in collection action as well as termination of the unpaid service. Your basic telephone service will not be disconnected for non-payment of charges for:
 (1) Qwest Unregulated Services (or other itemized services) identified by an * above, (2) services of other Qwest companies, or (3) services of other companies included in your bill. Qwest packages of features and the amounts in the Summary may include both basic and charges that are not basic.
 * Qwest Unregulated Products & Services are not under the jurisdiction of your state commission.

M

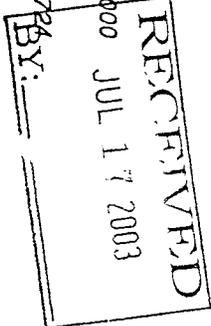
Visit us 24 hours a day at www.qwest.com

Total Amount Due	Due Date for New Charges
\$107.77	July 29, 2003

Summary

▼ Previous Balance 88.07
Charges Payment 88.07
Balance Forward \$.00
Thank you for your payment

▼ New Charges 54.50
Qwest
USBI 53.27
For questions call 1-800-603-6000
Total New Charges \$107.77
TOTAL AMOUNT DUE \$107.77



Any amount left unpaid 30 days after bill date is subject to a 1.5% late payment charge.

Charges for Qwest's Automated and Operator Assisted Calling Card and selected Collect Call services (0+ number dialed) in Arizona are changing effective 8/1/03. The new operator surcharge rates are: Calling Card - Automated/\$2.00, Operator Assisted/\$3.00; Inmate Collect/\$1.45. If you have questions, please call: Residence 1-800-244-1111, Business 1-800-603-6000.

Qwest, PO Box 29060, Phoenix, AZ 85038-9060
This bill is protected by one or more of the following U.S. Patents:

LAS QUINTAS SERENAS
WATER COMPANY
Bill Date: Jul 7, 2003
Account No. [REDACTED]

QWEST SERVICES

- ▼ ITEMIZED MONTHLY SERVICE - JUL 07 THRU AUG 06
- BASIC SERVICES 33.40
These services are necessary for you to use your telephone.
- 1 PRIVATE BUSINESS LINE
- OPTIONAL SERVICES
These services are provided at your request and are not required as part of your basic telephone service.
- 1 CALLER IDENTIFICATION 7.95

▼ TAXES, FEES & SURCHARGES

- The following charges are billed at the request of local, state and Federal government and/or to support government programs. For additional information visit our website at www.qwest.com.
- FEDERAL EXCISE TAX 1.47
 - STATE TAX 2.40
 - CITY TAX .83
 - FEDERAL ACCESS CHARGE 6.80
 - FEDERAL UNIVERSAL SERV FUND .67
 - ARIZONA UNIVERSAL SERVICE FUND @ \$.01 PER LINE .01
 - TELECOM SERVICES EXCISE TAX .37
 - 911 EXCISE TAX .37
 - FEDERAL CHARGE - SERVICE PROVIDER NUMBER PORTABILITY .43

TOTAL QWEST SERVICES \$54.50

FOR YOUR INFORMATION

You are responsible for the payment of all charges on your bill. Failure to pay these charges may result in collection action as well as termination of the unpaid service. Your basic telephone service will not be disconnected for non-payment of charges for:
(1) Qwest Unregulated Services (or other licensed services),
(2) services of other Qwest companies, or (3) services of other companies included in your bill. Qwest packages of features and the amounts in the Summary may include both basic and charges that are not basic.

ACCOUNT DETAIL

ITEMIZED CALLS TAXES	USB1	TOTAL
	49.11	
	4.16	
	\$53.27	

ITEMIZED CALLS

NO.	DATE	TIME	TO PLACE	TO AREA NUMBER	TYPE	MINUTES	AMOUNT
THE FOLLOWING TRANSACTION IS BILLED ON BEHALF OF:							
BUSINESS DISC PLAN							
1	MAY 05	3:38P	WINSLOW AZ	928 587-9102	D	3	.94
2	MAY 07	11:04A	NOGALES AZ	520 281-7134	D	8	2.51
3	MAY 08	10:08A	GLENDALE AZ	623 939-9171	D	1	.31
4	MAY 12	11:10A	LAS VEGAS NV	702 440-8711	N	5	2.57
5	MAY 12	11:17A	LAKE VILLA IL	847 356-3757	N	6	3.37
6	MAY 12	9:30A	PINEDALE AZ	928 739-4512	N	6	.63
7	MAY 19	9:21A	WINSLOW AZ	928 587-9102	N	2	.31
8	MAY 19	10:59A	WINSLOW AZ	928 587-9102	N	1	.31
9	MAY 19	2:52P	PHOENIX AZ	602 771-4751	N	1	.39
10	MAY 19	6:34P	PHOENIX AZ	928 739-4512	E	1	.39
11	MAY 20	8:47A	PHOENIX AZ	928 739-4512	D	46	14.41
12	MAY 20	11:33A	PHOENIX AZ	602 771-4649	D	1	.31
13	MAY 21	4:13P	PINEDALE AZ	928 739-4512	D	3	.94
14	MAY 21	6:56A	PINEDALE AZ	928 739-4512	D	18	7.00
15	MAY 22	10:42A	ATLANTA NV GA	770 637-1021	N	1	.56
16	MAY 22	12:54P	WINSLOW AZ	928 587-9102	N	1	.31
17	MAY 22	12:55P	PINEDALE AZ	928 739-4512	N	5	1.37
18	MAY 23	11:32A	PINEDALE AZ	928 739-4512	D	1	.31
19	MAY 23	11:35A	PINEDALE AZ	928 739-4512	D	1	.31
20	MAY 24	12:00P	NOGALES AZ	520 841-2818	D	4	1.25
21	MAY 28	12:23P	PHOENIX AZ	602 366-8093	D	1	.31
22	MAY 29	11:53A	PHOENIX AZ	602 366-8093	D	1	.31
23	MAY 29	11:54A	PHOENIX AZ	602 366-8093	D	2	.63
24	MAY 29	2:54P	CAPITRNVLV CA	949 481-0909	D	2	1.03
25	MAY 30	7:08A	PINEDALE AZ	928 739-4512	D	8	3.11
26	JUN 03	10:39A	PHOENIX AZ	602 272-0911	D	2	.63
			SUBTOTAL				44.72

MISCELLANEOUS CHARGES AND CREDITS

NO.	DATE	ITEM	TAX CODE	AMOUNT
	MAY 31	UNIV SERV FD	00	.61
	JUN 04	NETWORK ACCESS CHARGE	00	3.78
		SUBTOTAL		4.39

USB1 SUBTOTAL OF ITEMIZED CALLS \$49.11

TAX SUMMARY

FEDERAL EXCISE TAX	1.3
STATE TAX	2.0
CITY TAX	.7
USB1 SUBTOTAL OF TAXES	\$4.1
USB1 CURRENT CHARGES	\$53.2

Type of Long Distance Calls:
 D - Dial Day - Full Rate
 E - Dial Evening - Discount Rate
 N - Dial Night - Discount Rate

THIS PORTION OF YOUR BILL IS PROVIDED AS A SERVICE TO USB1
 THERE IS NO CONNECTION BETWEEN USB1 AND OWEST.

Account Number
Invoice Number 1792407038
Billing Date July 20, 2003

10016081 2 AT 0.517 AUTO T6 1 4320D 85629-0068 1 3 0724DEMT



LAS QUINTAS WATER CO
ATTN STEVE GAY
PO BOX 68
SAHUARITA AZ 85629-0068

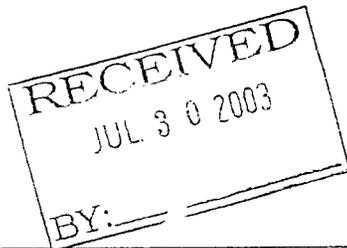
Account Summary

Previous Balance	43.44
Payments - Thank you	43.44 Credit
Balance Forward	.00
Current Charges*	72.01
Total Amount Due by 08/15/03	\$72.01

* Includes prorate (partial month). Explanation on page 2.

Verizon Wireless News

Save time and energy by managing your account online. Check your balance, view and pay your bill, add calling features, and more. Visit verizonwireless.com/customerservice for details.



Thank you for choosing to add Enhanced Services.



View and pay your bill online. Visit us on our web site at verizonwireless.com

Call Customer Service toll free at 1-800-922-0204 (or *611 from your wireless phone).
Please see reverse side for a description of our charges and the correspondence address.

Account Summary

Account Number.....
 Invoice Number..... 1792407038
 Billing Date..... July 20, 2003

Previous Balance **\$43.44**

Payments

Payment Received on 07/05/2003

Thank you

43.44 Credit

Total Payments **\$43.44 Credit**

Total Balance Forward **\$0.00**

Current Charges

Monthly Access * 62.82
 Monthly Access Prorate (partial month)..... 2.83
 Additional Services * .29 Credit
 Verizon Wireless' Other Charges and Credits 1.13
 Taxes, Governmental Surcharges and Fees 8.35

Total Current Charges **\$72.01**

Total Amount Due By 08/15/03 **\$72.01**

Account Summary By Wireless Number

Primary User / Wireless Number	Page #	Monthly Access*	Additional Services*	Equipment Charges	Home Usage & Charges	Roam Usage & Charges	Data & Special Svc Usage & Charges	VZW's Other Charges & Credits	Taxes, Governmental Surcharges and Fees	Total Charges
Account	3	.00	.00	.00	.00	.00	.00	.00	.00	.00
Steve Gay 520-403-9354	4	40.82	.29 CR	.00	.00	.00	.00	.72	5.61	46.86
Lasias Quintas Water CO 520-820-1695	8	22.00	.00	.00	.00	.00	.00	.41	2.74	25.15
Totals		62.82	.29 CR	.00	.00	.00	.00	1.13	8.35	72.01

* Prorate explanation on Page 2.
 CR represents a credit amount.

Account Number.....
 Invoice Number 1792407038
 Billing Date July 20, 2003

Charges for Wireless Number (520) 403-9354 Steve Gay

Your price plan was changed effective 07/17/2003.

FUSC CHANGE

Beginning July 1, the Federal Universal Service Charge (FUSC) will change to 2.06% of assessable wireless charges. The FUSC is a Verizon Wireless charge that recovers government mandated costs and is subject to change each calendar quarter based on an FCC assessment rate.

ADD A LINE FOR ONLY \$20 MONTHLY ACCESS

Activate a new primary line on America's Choice Family SharePlan with a minimum monthly access of \$39.99, and add up to three additional lines for a monthly access fee of \$20 per line. For more details visit a Verizon Wireless Communications store or call 877-483-2281 today. Ask about our latest wireless phone offers.

Your Wireless Plan Details

Current Plan - 048992 AMERICA'S CHOICE FAMILYSHARE PRIMARY 400 ANYTIME \$39.99 1Y 0603

Monthly Access	Monthly Allowance Minutes (defined by your Calling Plan)	Additional Per Minute Charge (defined by your Calling Plan)		
		\$.45 peak	\$.45 off-peak	\$.45 weekend
\$39.99	400 general			

Active Additional Services: 3-Party-Conference - Call Forward Busy - Call Forwarding - Call Forward No Answer - Call Waiting - Call Delivery - CDMA Digital W/Txt Msg - CallerID - Message Waiting Ind - Nat Mob to Mob -1000 Mins - Roamer Toll - Home Toll - Voice Mail Plus - Express Network

Previous Plan - 049515 DIGITAL CHOICE FAMILYSHARE PRIMARY 500 \$39.99 1Y 0603

Monthly Access	Monthly Allowance Minutes (defined by your Calling Plan)	Additional Per Minute Charge (defined by your Calling Plan)		
		\$.45 peak	\$.45 off-peak	\$.45 weekend
\$39.99	500 general			

Previous Plan - 041710 DIGITAL CHOICE 350 \$35.00 1Y 1002

Monthly Access	Monthly Allowance Minutes (defined by your Calling Plan)	Additional Per Minute Charge (defined by your Calling Plan)		
		\$.45 peak	\$.45 off-peak	\$.45 weekend
\$35.00	350 general			

Your Promotional Details

	Start Date
Unlimited Night & Weekend Promotion No Charge 1y	07/16/03

Monthly Access Charges

	Amount
Monthly Access Prorate (partial month)*	from 07/16/03 to 07/16/03 1.33
Monthly Access Prorate (partial month)*	from 07/16/03 to 07/20/03 5.83 Credit
Monthly Access Prorate (partial month)*	from 07/17/03 to 07/20/03 5.33
Monthly Access	from 07/21/03 to 08/20/03 39.99

Total Monthly Access Charges

\$40.82

* Prorate explanation on Page 2.

Account Number.....
 Invoice Number 1792407038
 Billing Date July 20, 2003

Additional Service Charges	Amount
Wpp-Insurance-Asurion Prorate (partial month)* from 07/18/03 to 07/20/03	.29 Credit
Total Additional Service Charges	\$.29 Credit

* Prorate explanation on Page 2.

Home Usage and Charges	Peak	Off-Peak	Weekend	Amount
Current Month's Airtime Usage				
Airtime (Minutes)	137	9	61	
Promotional Allowance/Minutes	0	1	19	Included
Prorated Monthly Allowance*	137	8	42	Included
Current Month's Billable Airtime	0	0	0	
Current Month's Airtime Charges	0.00	0.00	0.00	\$0.00
Total Home Usage and Charges				\$0.00

* Prorate explanation on Page 2.

Verizon Wireless' Other Charges and Credits	Amount
Fed Universal Service Charge	.67
Regulatory Charge	.05
Total Verizon Wireless' Other Charges and Credits	\$.72

Taxes, Governmental Surcharges and Fees	Amount
AZ State E911 Fee	.37
Federal Tax	1.25
State Tax:	
AZ State Telecomm Tax	2.33
Total State Tax	2.33
Local Tax:	
Tucson Utility License Tax	.83
Tucson City Telecomm Tax	.83
Total Local Tax	1.66
Total Taxes, Governmental Surcharges and Fees	\$5.61

Total Current Charges for Wireless Number (520) 403-9354 **\$46.86**

Account Number
 Invoice Number 1792407038
 Billing Date July 20, 2003

Wireless Details for (520) 403-9354 Steve Gay

HOME AREA

#	Date	Time	Rate Period	Call Origination+	Called Phone Number	Call Destination	Minutes	Usage Type	Home Airtime Charges	Other Call Type	Other Call Charges	Total Charges
1	06/23	10:49A	P	Gila Count	AZ (520) 625-8040	Green Vly	AZ	1	A	Included	.00	.00
2	06/24	09:40P	O	Tucson	AZ (520) 403-9354	Mailbox	CL	1	AR	Included	.00	.00
3	06/25	09:43A	P	Green Vail	AZ (520) 403-9354	Incoming	CL	1	A	Included	.00	.00
4	06/26	07:43A	P	Green Vail	AZ (520) 648-0814	Green Vly	AZ	2	A	Included	.00	.00
5	06/26	08:54A	P	Green Vail	AZ (520) 403-9354	Incoming	CL	1	A	Included	.00	.00
6	06/26	09:28A	P	Green Vail	AZ (520) 648-0814	Green Vly	AZ	1	A	Included	.00	.00
7	06/26	11:08A	P	Tucson	AZ (520) 625-8040	Green Vly	AZ	1	A	Included	.00	.00
8	06/26	02:14P	P	Vail	AZ (520) 625-8040	Green Vly	AZ	1	A	Included	.00	.00
9	06/29	10:05A	W	Green Vail	AZ (520) 625-8819	Green Vly	AZ	2	A	Included	.00	.00
10	06/29	10:06A	W	Green Vail	AZ (520) 648-0814	Green Vly	AZ	1	A	Included	.00	.00
11	06/29	11:55A	W	Green Vail	AZ (000) 000-0000	Data	CL	1	AU	Included	.00	.00
12	06/30	11:27A	P	Tucson	AZ (860) 000-0000	Mailbox	CL	2	AR	Included	.00	.00
13	06/30	11:29A	P	Tucson	AZ (520) 299-0099	Tucson	AZ	3	A	Included	.00	.00
14	06/30	01:42P	P	Tucson	AZ (520) 625-8040	Green Vly	AZ	3	A	Included	.00	.00
15	06/30	01:57P	P	Tucson	AZ (520) 625-3327	Green Vly	AZ	1	A	Included	.00	.00
16	06/30	08:00P	P	Tucson	AZ (520) 403-9354	Incoming	CL	5	A	Included	.00	.00
17	06/30	08:33P	P	Green Vail	AZ (520) 403-9354	Incoming	CL	4	A	Included	.00	.00
18	06/30	09:02P	O	Tucson	AZ (520) 403-9354	Incoming	CL	2	A	Included	.00	.00
19	06/30	09:28P	O	Green Vail	AZ (520) 403-9354	Incoming	CL	2	A	Included	.00	.00
20	07/01	10:57A	P	Green Vail	AZ (520) 403-9354	Incoming	CL	1	A	Included	.00	.00
21	07/01	10:58A	P	Green Vail	AZ (520) 349-6291	Tucson	AZ	2	A	Included	.00	.00
22	07/01	12:57P	P	Tucson	AZ (520) 403-9354	Incoming	CL	1	A	Included	.00	.00
23	07/04	12:39P	O	Tucson	AZ (520) 403-9354	Incoming	CL	1	A	Included	.00	.00
24	07/07	08:00A	P	Vail	AZ (520) 399-0936	Green Vly	AZ	1	A	Included	.00	.00
25	07/07	08:04A	P	Tucson	AZ (520) 403-9354	Incoming	CL	2	A	Included	.00	.00
26	07/07	08:09A	P	Tucson	AZ (520) 403-9354	Incoming	CL	2	A	Included	.00	.00
27	07/07	08:29A	P	Green Vail	AZ (520) 455-0431	Elgin	AZ	6	A	Included	.00	.00
28	07/07	09:04A	P	Green Vail	AZ (520) 403-9354	Incoming	CL	2	A	Included	.00	.00
29	07/07	09:56A	P	Vail	AZ (520) 648-0814	Green Vly	AZ	1	A	Included	.00	.00
30	07/07	11:54A	P	Green Vail	AZ (520) 403-9354	Incoming	CL	2	A	Included	.00	.00
31	07/07	04:18P	P	Tucson	AZ (520) 625-8040	Green Vly	AZ	1	A	Included	.00	.00
32	07/08	08:14A	P	Tucson	AZ (520) 403-9354	Incoming	CL	1	A	Included	.00	.00
33	07/08	10:48A	P	Green Vail	AZ (520) 403-9354	Incoming	CL	7	A	Included	.00	.00
34	07/08	12:41P	P	Vail	AZ (520) 403-9354	Incoming	CL	2	A	Included	.00	.00
35	07/08	12:42P	P	Green Vail	AZ (520) 850-0410	Tucson	AZ	3	A	Included	.00	.00
36	07/08	12:45P	P	Vail	AZ (520) 648-0814	Green Vly	AZ	2	A	Included	.00	.00
37	07/08	12:51P	P	Vail	AZ (520) 403-9354	Incoming	CL	2	A	Included	.00	.00
38	07/08	02:38P	P	Vail	AZ (520) 403-9354	Incoming	CL	1	A	Included	.00	.00
39	07/09	08:01P	P	Green Vail	AZ (520) 403-9354	Incoming	CL	5	A	Included	.00	.00
40	07/10	11:28A	P	Tucson	AZ (520) 298-1430	Tucson	AZ	1	A	Included	.00	.00
41	07/12	08:04P	W	San Manuel	AZ (520) 625-3327	Green Vly	AZ	2	A	Included	.00	.00
42	07/12	08:31P	W	San Manuel	AZ (520) 403-9354	Incoming	CL	7	A	Included	.00	.00
43	07/12	09:04P	W	San Manuel	AZ (520) 403-9354	Incoming	CL	1	A	Included	.00	.00
44	07/12	09:28P	W	San Manuel	AZ (520) 625-3327	Green Vly	AZ	9	A	Included	.00	.00
45	07/12	09:55P	W	San Manuel	AZ (520) 625-3327	Green Vly	AZ	3	A	Included	.00	.00
46	07/12	11:04P	W	Oracle Jcn	AZ (520) 403-9354	Mailbox	CL	2	AR	Included	.00	.00
47	07/12	11:05P	W	Pinal Coun	AZ (520) 403-9354	Mailbox	CL	5	AR	Included	.00	.00
48	07/12	11:30P	W	Pinal Coun	AZ (520) 298-1430	Tucson	AZ	1	A	Included	.00	.00
49	07/13	09:38A	W	Tucson	AZ (520) 403-9354	Mailbox	CL	3	AR	Included	.00	.00



Account Number.....
 Invoice Number 1792407038
 Billing Date July 20, 2003

Continued from previous page . . .

HOME AREA

#	Date	Time	Rate Period	Call Origination+	Called Phone Number	Call Destination	Minutes	Usage Type	Home Airtime Charges	Other Call Type	Other Call Charges	Total Charges
50	07/13	10:38A	W	Green Vail AZ	(520) 403-9354	Incoming CL	5	A	Included		.00	.00
51	07/14	09:50A	P	Tucson AZ	(520) 403-9354	Incoming CL	2	A	Included		.00	.00
52	07/14	10:35A	P	Oracle Jcn AZ	(520) 625-8040	Green Vly AZ	5	A	Included		.00	.00
53	07/14	12:32P	P	Pinal Coun AZ	(520) 648-0814	Green Vly AZ	3	A	Included		.00	.00
54	07/14	01:36P	P	Tucson AZ	(520) 603-2826	Tucson AZ	3	AM	Included		.00	.00
55	07/14	02:08P	P	Tucson AZ	(520) 403-9354	Incoming CL	2	A	Included		.00	.00
56	07/14	02:31P	P	Tucson AZ	(520) 403-9354	Mailbox CL	2	AR	Included		.00	.00
57	07/14	03:25P	P	Tucson AZ	(520) 403-9354	Incoming CL	2	A	Included		.00	.00
58	07/14	03:47P	P	Tucson AZ	(480) 838-1234	Tempe AZ	3	A	Included		.00	.00
59	07/14	03:53P	P	Tucson AZ	(480) 833-3456	Mesa AZ	3	A	Included		.00	.00
60	07/14	04:41P	P	Pinal Coun AZ	(520) 403-9354	Incoming CL	1	A	Included		.00	.00
61	07/14	06:10P	P	Tempe AZ	(520) 403-9354	Incoming CL	1	AF	Included		.00	.00
62	07/14	06:11P	P	Guadalupe AZ	(520) 625-3327	Green Vly AZ	3	A	Included		.00	.00
63	07/14	06:44P	P	Tempe AZ	(520) 403-9354	Incoming CL	8	AF	Included		.00	.00
64	07/14	07:02P	P	Tempe AZ	(520) 403-9354	Incoming CL	1	AF	Included		.00	.00
65	07/14	08:21P	P	Mesa AZ	(480) 838-1234	Tempe AZ	3	A	Included		.00	.00
66	07/14	08:56P	P	Tempe AZ	(520) 403-9354	Incoming CL	1	AM	Included		.00	.00
67	07/14	09:39P	O	Tempe AZ	(520) 648-0814	Green Vly AZ	2	A	Included		.00	.00
68	07/15	01:35P	P	Tucson AZ	(520) 399-0859	Green Vly AZ	7	A	Included		.00	.00
69	07/15	01:43P	P	Tucson AZ	(480) 838-1234	Tempe AZ	4	A	Included		.00	.00
70	07/15	02:29P	P	Tucson AZ	(520) 403-9354	Incoming CL	1	A	Included		.00	.00
71	07/15	06:22P	P	Patagonia AZ	(520) 540-8319	Tucson AZ	1	A	Included		.00	.00
72	07/15	06:55P	P	Patagonia AZ	(520) 648-0814	Green Vly AZ	2	A	Included		.00	.00
73	07/16	05:49P	P	Green Vail AZ	(520) 403-9354	Incoming CL	5	A	Included		.00	.00
74	07/16	08:13P	P	Tucson AZ	(520) 762-0068	Vail AZ	1	A	Included		.00	.00
75	07/18	10:00A	P	Green Vail AZ	(520) 403-9354	Incoming CL	2	A	Included		.00	.00
76	07/18	09:22P	O	Tucson AZ	(860) 000-0000	Mailbox CL	1	YMR	Included		.00	.00
77	07/19	11:36A	W	Green Vail AZ	(520) 625-3327	Green Vly AZ	2	Y	Included		.00	.00
78	07/19	03:02P	W	Phoenix AZ	(520) 403-9354	Incoming CL	1	YMF	Included		.00	.00
79	07/20	09:16A	W	Lake Pow/B UT	(435) 734-1850	Brigham Cy UT	1	Y	Included		.00	.00
80	07/20	02:02P	W	Lake Pow/B UT	(520) 625-3327	Green Vly AZ	2	Y	Included		.00	.00
81	07/20	02:09P	W	Lake Pow/B UT	(435) 734-1850	Brigham Cy UT	1	Y	Included		.00	.00
82	07/20	09:41P	W	Logan /B UT	(520) 625-3327	Green Vly AZ	12	Y	Included		.00	.00

+Designates the location, city and state, of the cell tower or switching center which processed the call.

Legends:		
Rate Period	P = Peak	Q = Off-Peak
		W = Weekend
Usage Type	A = Price Plan Allowance	M = Mobile to Mobile
	F = Call Forwarding	U = Data
		R = Voice Mail Retrieval
		Y = Promotional Allowance

Account Number
 Invoice Number 1792407038
 Billing Date July 20, 2003

Charges for Wireless Number (520) 820-1595 . Laslas Quintas Water CO

Your Wireless Plan Details

Current Plan - 049061 AMERICA'S CHOICE FAMILYSHARE SECONDARY ANYTIME \$20.00 2Y 0603

Monthly Access	Monthly Allowance Minutes (defined by your Calling Plan)			Additional Per Minute Charge (defined by your Calling Plan)		
	0 peak	0 off-peak	0 weekend	\$.45 peak	\$.45 off-peak	\$.45 weekend
\$20.00	0 peak	0 off-peak	0 weekend	\$.45 peak	\$.45 off-peak	\$.45 weekend

Active Additional Services: 3-Party-Conference - Call Forward Busy - Call Forwarding - Call Forward No Answer - Call Waiting - Call Delivery - CDMA Digital W/Txt Msg- CallerID - Message Waiting Ind - Nat Mob to Mob -1000 Mins - Roamer Toll - Home Toll - Voice Mail Plus - Express Network

Your Promotional Details

	Start Date
Unlimited Night & Weekend Promotion No Charge 2y	07/17/03
Unlimited Night & Weekend Promotion No Charge 2y	07/17/03

Monthly Access Charges

	Amount
Monthly Access Prorate (partial month)*	from 07/18/03 to 07/20/03 2.00
Monthly Access	from 07/21/03 to 08/20/03 20.00
Total Monthly Access Charges	\$22.00

* Prorate explanation on Page 2.

Verizon Wireless' Other Charges and Credits

	Amount
Fed Universal Service Charge	.36
Regulatory Charge	.05
Total Verizon Wireless' Other Charges and Credits	\$.41

Taxes, Governmental Surcharges and Fees

	Amount
AZ State E911 Fee	.37
Federal Tax	.67
State Tax:	
AZ State Telecomm Tax	1.25
Total State Tax	1.25
Local Tax:	
Sahuarita City Telecomm Tax	.45
Total Local Tax	.45
Total Taxes, Governmental Surcharges and Fees	\$2.74

Total Current Charges for Wireless Number (520) 820-1595 \$25.15

Qwest

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Total Amount Due	Due Date for New Charges
\$86.34	August 27, 2003

Summary

▼ Previous Balance		107.77
Charges Payment	Thank you for your payment	107.77 ^R
Balance Forward		\$.00
▼ New Charges		56.93
Qwest	For questions call 1-800-603-6000	
USBI	For questions call 1-888-481-8724	29.41
Total New Charges		\$86.34
TOTAL AMOUNT DUE		\$86.34

Any amount left unpaid 30 days after bill date is subject to a 1.5% late payment charge.



Introducing the Qwest Wireless Anytime Unlimited Plan!
 Unlimited Minutes & Unlimited National Long Distance for calls placed using the Qwest
 expanded 14-state Wireless Network. As low as \$69.99 a month (plus tax &
 surcharges). One year agreement required. Other restrictions apply.
 Call 1-800-996-2094 today!

Qwest, PO Box 29060, Phoenix, AZ 85038-9060
 This bill is protected by one or more of the following U.S. Patents:
 7,062,206; 7,062,208; 7,062,209; 7,062,210; 7,062,211; 7,062,212; 7,062,213; 7,062,214; 7,062,215; 7,062,216; 7,062,217; 7,062,218; 7,062,219; 7,062,220; 7,062,221; 7,062,222; 7,062,223; 7,062,224; 7,062,225; 7,062,226; 7,062,227; 7,062,228; 7,062,229; 7,062,230; 7,062,231; 7,062,232; 7,062,233; 7,062,234; 7,062,235; 7,062,236; 7,062,237; 7,062,238; 7,062,239; 7,062,240; 7,062,241; 7,062,242; 7,062,243; 7,062,244; 7,062,245; 7,062,246; 7,062,247; 7,062,248; 7,062,249; 7,062,250; 7,062,251; 7,062,252; 7,062,253; 7,062,254; 7,062,255; 7,062,256; 7,062,257; 7,062,258; 7,062,259; 7,062,260; 7,062,261; 7,062,262; 7,062,263; 7,062,264; 7,062,265; 7,062,266; 7,062,267; 7,062,268; 7,062,269; 7,062,270; 7,062,271; 7,062,272; 7,062,273; 7,062,274; 7,062,275; 7,062,276; 7,062,277; 7,062,278; 7,062,279; 7,062,280; 7,062,281; 7,062,282; 7,062,283; 7,062,284; 7,062,285; 7,062,286; 7,062,287; 7,062,288; 7,062,289; 7,062,290; 7,062,291; 7,062,292; 7,062,293; 7,062,294; 7,062,295; 7,062,296; 7,062,297; 7,062,298; 7,062,299; 7,062,300; 7,062,301; 7,062,302; 7,062,303; 7,062,304; 7,062,305; 7,062,306; 7,062,307; 7,062,308; 7,062,309; 7,062,310; 7,062,311; 7,062,312; 7,062,313; 7,062,314; 7,062,315; 7,062,316; 7,062,317; 7,062,318; 7,062,319; 7,062,320; 7,062,321; 7,062,322; 7,062,323; 7,062,324; 7,062,325; 7,062,326; 7,062,327; 7,062,328; 7,062,329; 7,062,330; 7,062,331; 7,062,332; 7,062,333; 7,062,334; 7,062,335; 7,062,336; 7,062,337; 7,062,338; 7,062,339; 7,062,340; 7,062,341; 7,062,342; 7,062,343; 7,062,344; 7,062,345; 7,062,346; 7,062,347; 7,062,348; 7,062,349; 7,062,350; 7,062,351; 7,062,352; 7,062,353; 7,062,354; 7,062,355; 7,062,356; 7,062,357; 7,062,358; 7,062,359; 7,062,360; 7,062,361; 7,062,362; 7,062,363; 7,062,364; 7,062,365; 7,062,366; 7,062,367; 7,062,368; 7,062,369; 7,062,370; 7,062,371; 7,062,372; 7,062,373; 7,062,374; 7,062,375; 7,062,376; 7,062,377; 7,062,378; 7,062,379; 7,062,380; 7,062,381; 7,062,382; 7,062,383; 7,062,384; 7,062,385; 7,062,386; 7,062,387; 7,062,388; 7,062,389; 7,062,390; 7,062,391; 7,062,392; 7,062,393; 7,062,394; 7,062,395; 7,062,396; 7,062,397; 7,062,398; 7,062,399; 7,062,400; 7,062,401; 7,062,402; 7,062,403; 7,062,404; 7,062,405; 7,062,406; 7,062,407; 7,062,408; 7,062,409; 7,062,410; 7,062,411; 7,062,412; 7,062,413; 7,062,414; 7,062,415; 7,062,416; 7,062,417; 7,062,418; 7,062,419; 7,062,420; 7,062,421; 7,062,422; 7,062,423; 7,062,424; 7,062,425; 7,062,426; 7,062,427; 7,062,428; 7,062,429; 7,062,430; 7,062,431; 7,062,432; 7,062,433; 7,062,434; 7,062,435; 7,062,436; 7,062,437; 7,062,438; 7,062,439; 7,062,440; 7,062,441; 7,062,442; 7,062,443; 7,062,444; 7,062,445; 7,062,446; 7,062,447; 7,062,448; 7,062,449; 7,062,450; 7,062,451; 7,062,452; 7,062,453; 7,062,454; 7,062,455; 7,062,456; 7,062,457; 7,062,458; 7,062,459; 7,062,460; 7,062,461; 7,062,462; 7,062,463; 7,062,464; 7,062,465; 7,062,466; 7,062,467; 7,062,468; 7,062,469; 7,062,470; 7,062,471; 7,062,472; 7,062,473; 7,062,474; 7,062,475; 7,062,476; 7,062,477; 7,062,478; 7,062,479; 7,062,480; 7,062,481; 7,062,482; 7,062,483; 7,062,484; 7,062,485; 7,062,486; 7,062,487; 7,062,488; 7,062,489; 7,062,490; 7,062,491; 7,062,492; 7,062,493; 7,062,494; 7,062,495; 7,062,496; 7,062,497; 7,062,498; 7,062,499; 7,062,500; 7,062,501; 7,062,502; 7,062,503; 7,062,504; 7,062,505; 7,062,506; 7,062,507; 7,062,508; 7,062,509; 7,062,510; 7,062,511; 7,062,512; 7,062,513; 7,062,514; 7,062,515; 7,062,516; 7,062,517; 7,062,518; 7,062,519; 7,062,520; 7,062,521; 7,062,522; 7,062,523; 7,062,524; 7,062,525; 7,062,526; 7,062,527; 7,062,528; 7,062,529; 7,062,530; 7,062,531; 7,062,532; 7,062,533; 7,062,534; 7,062,535; 7,062,536; 7,062,537; 7,062,538; 7,062,539; 7,062,540; 7,062,541; 7,062,542; 7,062,543; 7,062,544; 7,062,545; 7,062,546; 7,062,547; 7,062,548; 7,062,549; 7,062,550; 7,062,551; 7,062,552; 7,062,553; 7,062,554; 7,062,555; 7,062,556; 7,062,557; 7,062,558; 7,062,559; 7,062,560; 7,062,561; 7,062,562; 7,062,563; 7,062,564; 7,062,565; 7,062,566; 7,062,567; 7,062,568; 7,062,569; 7,062,570; 7,062,571; 7,062,572; 7,062,573; 7,062,574; 7,062,575; 7,062,576; 7,062,577; 7,062,578; 7,062,579; 7,062,580; 7,062,581; 7,062,582; 7,062,583; 7,062,584; 7,062,585; 7,062,586; 7,062,587; 7,062,588; 7,062,589; 7,062,590; 7,062,591; 7,062,592; 7,062,593; 7,062,594; 7,062,595; 7,062,596; 7,062,597; 7,062,598; 7,062,599; 7,062,600; 7,062,601; 7,062,602; 7,062,603; 7,062,604; 7,062,605; 7,062,606; 7,062,607; 7,062,608; 7,062,609; 7,062,610; 7,062,611; 7,062,612; 7,062,613; 7,062,614; 7,062,615; 7,062,616; 7,062,617; 7,062,618; 7,062,619; 7,062,620; 7,062,621; 7,062,622; 7,062,623; 7,062,624; 7,062,625; 7,062,626; 7,062,627; 7,062,628; 7,062,629; 7,062,630; 7,062,631; 7,062,632; 7,062,633; 7,062,634; 7,062,635; 7,062,636; 7,062,637; 7,062,638; 7,062,639; 7,062,640; 7,062,641; 7,062,642; 7,062,643; 7,062,644; 7,062,645; 7,062,646; 7,062,647; 7,062,648; 7,062,649; 7,062,650; 7,062,651; 7,062,652; 7,062,653; 7,062,654; 7,062,655; 7,062,656; 7,062,657; 7,062,658; 7,062,659; 7,062,660; 7,062,661; 7,062,662; 7,062,663; 7,062,664; 7,062,665; 7,062,666; 7,062,667; 7,062,668; 7,062,669; 7,062,670; 7,062,671; 7,062,672; 7,062,673; 7,062,674; 7,062,675; 7,062,676; 7,062,677; 7,062,678; 7,062,679; 7,062,680; 7,062,681; 7,062,682; 7,062,683; 7,062,684; 7,062,685; 7,062,686; 7,062,687; 7,062,688; 7,062,689; 7,062,690; 7,062,691; 7,062,692; 7,062,693; 7,062,694; 7,062,695; 7,062,696; 7,062,697; 7,062,698; 7,062,699; 7,062,700; 7,062,701; 7,062,702; 7,062,703; 7,062,704; 7,062,705; 7,062,706; 7,062,707; 7,062,708; 7,062,709; 7,062,710; 7,062,711; 7,062,712; 7,062,713; 7,062,714; 7,062,715; 7,062,716; 7,062,717; 7,062,718; 7,062,719; 7,062,720; 7,062,721; 7,062,722; 7,062,723; 7,062,724; 7,062,725; 7,062,726; 7,062,727; 7,062,728; 7,062,729; 7,062,730; 7,062,731; 7,062,732; 7,062,733; 7,062,734; 7,062,735; 7,062,736; 7,062,737; 7,062,738; 7,062,739; 7,062,740; 7,062,741; 7,062,742; 7,062,743; 7,062,744; 7,062,745; 7,062,746; 7,062,747; 7,062,748; 7,062,749; 7,062,750; 7,062,751; 7,062,752; 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7,063,026; 7,063,027; 7,063,028; 7,063,029; 7,063,030; 7,063,031; 7,063,032; 7,063,033; 7,063,034; 7,063,035; 7,063,036; 7,063,037; 7,063,038; 7,063,039; 7,063,040; 7,063,041; 7,063,042; 7,063,043; 7,063,044; 7,063,045; 7,063,046; 7,063,047; 7,063,048; 7,063,049; 7,063,050; 7,063,051; 7,063,052; 7,063,053; 7,063,054; 7,063,055; 7,063,056; 7,063,057; 7,063,058; 7,063,059; 7,063,060; 7,063,061; 7,063,062; 7,063,063; 7,063,064; 7,063,065; 7,063,066; 7,063,067; 7,063,068; 7,063,069; 7,063,070; 7,063,071; 7,063,072; 7,063,073; 7,063,074; 7,063,075; 7,063,076; 7,063,077; 7,063,078; 7,063,079; 7,063,080; 7,063,081; 7,063,082; 7,063,083; 7,063,084; 7,063,085; 7,063,086; 7,063,087; 7,063,088; 7,063,089; 7,063,090; 7,063,091; 7,063,092; 7,063,093; 7,063,094; 7,063,095; 7,063,096; 7,063,097; 7,063,098; 7,063,099; 7,063,100; 7,063,101; 7,063,102; 7,063,103; 7,063,104; 7,063,105; 7,063,106; 7,063,107; 7,063,108; 7,063,109; 7,063,110; 7,063,111; 7,063,112; 7,063,113; 7,063,114; 7,063,115; 7,063,116; 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ACCOUNT DETAIL

ITEMIZED CALLS 28.09
 TAXES 1.32
 USBI TOTAL \$29.41

ITEMIZED CALLS

NO. DATE TIME TO PLACE TO AREA NUMBER TYPE MINUTES AMOUNT

THE FOLLOWING TRANSACTION IS BILLED ON BEHALF OF:

NO.	DATE	TIME	TO PLACE	TO AREA NUMBER	TYPE	MINUTES	AMOUNT
BUSINESS DISC PLAN							
1	JUN 04	3:37P	WINSLOW AZ	928 587-9102	D	1	.31
2	JUN 05	9:37A	WINSLOW AZ	928 587-9102	N	2	.63
3	JUN 05	12:50P	LYNDHURST OH	440 646-5800	N	28	15.72
	JUN 09	11:18A	PINEDALE AZ	928 739-4512	D	5	1.57
	JUN 11	12:25P	PETALUMA CA	707 664-2059	D	1	.54
	JUN 13	12:45P	SIERRAVIST AZ	520 803-0850	D	1	.31
	JUN 16	9:16A	SIERRAVIST AZ	520 803-0850	D	1	.31
	JUN 16	3:15P	SCOTTSDALE AZ	480 874-1652	N	1	.31
	JUN 18	11:33A	ALBUQUERQUE NM	505 400-9363	N	2	1.03
	JUN 23	11:25A	PHOENIX AZ	602 793-7038	N	1	.31
	JUN 27	9:40A	SIERRAVIST AZ	520 803-0850	N	1	.31
	JUL 01	8:51A	PINEDALE AZ	928 739-4512	N	1	.39
	JUL 01	10:19A	WINSLOW AZ	928 587-9102	D	6	1.88
				SUBTOTAL			23.62

MISCELLANEOUS CHARGES AND CREDITS

NO.	DATE	ITEM	TAX CODE	AMOUNT
14	JUN 30	UNIV SERV FD	00	.69
15	JUL 04	NETWORK ACCESS CHARGE	00	3.78
		SUBTOTAL		4.47

USBI SUBTOTAL OF ITEMIZED CALLS \$28.09

TAX SUMMARY

FEDERAL EXCISE TAX .84
 STATE TAX .35
 CITY TAX .13
 USBI SUBTOTAL OF TAXES \$1.32
 USBI CURRENT CHARGES \$29.41

Type of Long Distance Calls:
 D - Dial Day - Full Rate
 N - Dial Night - Discount Rate

THIS PORTION OF YOUR BILL IS PROVIDED AS A SERVICE TO USBI
 THERE IS NO CONNECTION BETWEEN USBI AND QWEST.

Account Number	Bill Date	nt Due Date
[REDACTED]	AUG 7, 2003	SEP 2, 2003



LQS WATER CO
 PO BOX 68
 SAHUJARITA AZ 85629-0068

TELEPHONE NUMBER: 520 648 3520

For Customer Care: 1 877 325-0445

AT&T All in One Service

<p style="text-align: center;">AT&T All in One Service</p> <table border="0"> <tr> <td>AT&T LONG DISTANCE</td> <td style="text-align: right;">\$20.00</td> </tr> <tr> <td>TOTAL CURRENT CHARGES</td> <td style="text-align: right;">\$20.00</td> </tr> </table>	AT&T LONG DISTANCE	\$20.00	TOTAL CURRENT CHARGES	\$20.00	<p style="text-align: center;">ACCOUNT STATUS</p> <table border="0"> <tr> <td>PREVIOUS BALANCE</td> <td style="text-align: right;">\$19.75</td> </tr> <tr> <td>PAYMENT RECEIVED 8/06/03</td> <td style="text-align: right;">\$19.75_R</td> </tr> <tr> <td>ADJUSTMENTS</td> <td style="text-align: right;">\$0.00</td> </tr> <tr> <td>TOTAL CURRENT CHARGES</td> <td style="text-align: right;">\$20.00</td> </tr> <tr> <td> TOTAL AMOUNT DUE</td> <td style="text-align: right;"> \$20.00</td> </tr> </table>	PREVIOUS BALANCE	\$19.75	PAYMENT RECEIVED 8/06/03	\$19.75 _R	ADJUSTMENTS	\$0.00	TOTAL CURRENT CHARGES	\$20.00	 TOTAL AMOUNT DUE	 \$20.00
AT&T LONG DISTANCE	\$20.00														
TOTAL CURRENT CHARGES	\$20.00														
PREVIOUS BALANCE	\$19.75														
PAYMENT RECEIVED 8/06/03	\$19.75 _R														
ADJUSTMENTS	\$0.00														
TOTAL CURRENT CHARGES	\$20.00														
 TOTAL AMOUNT DUE	 \$20.00														

RECEIVED
 AUG 20 2003
 BY: _____

*** News From AT&T ***

Just For Your Business

WHY WAIT? AT&T Business Class DSL Service can provide your small business with fast, reliable Internet connections that are always on. With FREE equipment and FREE professional installation if you order by September 30, 2003, as well as a 30-day satisfaction guarantee, there's no reason to wait anymore. Visit our website to find out more http://www.att.com/dsl_order, order online by September 30, 2003 and receive a \$75 web certificate.

AT&T Telephones and Accessories for your Small Office or Home Office. Visit <http://www.telephones.att.com> for the latest in cordless and corded single line and multi-line telephones and systems. High Quality AT&T Telephones and Systems available at great prices including the new 5.8Ghz Multi-handset Cordless Phone and AT&T's Four Line System, perfect for a Small Office.

See next page for more news!

Please make checks payable to AT&T and include your account number on payment.
Make sure that the AT&T P.O. Box address is showing through the envelope window.
AT&T is not able to reply to inquiries written on this remittance document.
Please submit correspondence to www.att.com/bcs.

Account Number	Bill Date	Payment Due Date
[REDACTED]	AUG 7, 2003	SEP 2, 2003



AT&T

LQS WATER CO
PO BOX 68
SAHUARITA AZ 85629-0068

TELEPHONE NUMBER: 520 648 3520

AT&T All in One Service

Summary of Charges

For Customer Care: 1 877 325-0445

EXPLANATION	AMOUNT
LONG DISTANCE SERVICE	
MONTHLY CHARGES Minimum Usage Charge	\$14.95
MONTHLY CHARGES SUBTOTAL	\$14.95
USAGE CHARGES In-State (includes Local Toll calls)	\$0.24
USAGE CHARGES SUBTOTAL	\$0.24
REGULATORY FEES Federal Universal Connectivity Charge	\$1.63
Federal Carrier Line Charge 1 Multi Line(s) At \$2.20	2.20
REGULATORY FEES SUBTOTAL	\$3.83
TAXES Federal Tax	\$0.58
State Tax	0.01
MISCELLANEOUS SURCHARGES Other Surcharge/Tax	0.25 0.14
TAXES SUBTOTAL	\$0.98
TOTAL LONG DISTANCE CHARGES	\$20.00
TOTAL CURRENT CHARGES	\$20.00

Account Number	Bill Date	if Due Date
[REDACTED]	AUG 7, 2003	SEP 2, 2003



LQS WATER CO
 PO BOX 68
 SAHUJARITA - AZ 85629-0068
 TELEPHONE NUMBER: 520 648 3520

Location: [REDACTED]

AT&T All in One Service

Call Detail

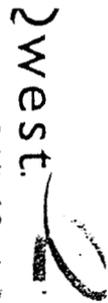
For Customer Care: 1 877 325-0445

ITEM	DATE	TIME (hh:mm:ss)	DAY OF WEEK	PLACE	AREA CODE/ NUMBER	DURATION (hh:mm:ss)	CALL TYPE	AMOUNT
LONG DISTANCE SERVICE								
BILLED NUMBER: 520 648-3520								
IN-STATE CALLS								
1	7/14/03	9:45:38P	MON	TO TEMPE	AZ 480 839-8808	1:00	DDC	0.12
2	7/15/03	1:54:07P	TUE	TO TEMPE	AZ 480 820-1437	1:00	DDC	0.12
SUBTOTAL						0:02:00		\$0.24
TOTALS FOR 520 648-3520						0:02:00		\$0.24
TOTALS FOR LOCATION 017 184 8780 001						0:02:00		\$0.24

AT&T Call Type Information:
 DDC-Direct Dialed Call
 CCS-Calling Card Station Call

CCO-Operator Handled Card Call
 CCP-Calling Card Person Call
 OMS-Operator Handled Station Call

DDR-Operator Handled Station Call-Dial Rate
 OHP-Operator Handled Person Call
 OCP-Operator Handled Person Collect Call



Spirit of Service

Visit us 24 hours a day at www.qwest.com

Total Amount Due	Due Date for New Charges
\$45.58	September 12, 2003

Summary

▼ Previous Balance
Charges Payment
Balance Forward

26.54
26.54^R
\$.00

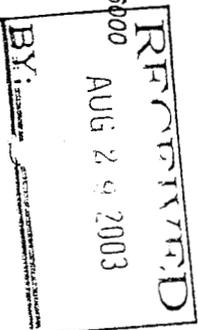
Thank you for your payment

▼ New Charges
Qwest

45.58

For questions call 1-800-603-6000

Total New Charges \$45.58



TOTAL AMOUNT DUE \$45.58

Any amount left unpaid 30 days after bill date is subject to a 1.5% late payment charge.

Introducing the Qwest Wireless Anytime Unlimited Plan!
 Unlimited Minutes & Unlimited National Long Distance for calls placed using the Qwest expanded 14-state Wireless Network. As low as \$69.99 a month (plus tax & surcharges). One year agreement required. Other restrictions apply.
 Call 1-800-996-2094 today!

Qwest, PO Box 29060, Phoenix, AZ 85038-9060
 This bill is protected by one or more of the following U.S. Patents:
 Nos. 7,457,746; 7,457,747; 7,457,748; 7,457,749; and 7,457,750

Bill Date: Aug 22, 2003
 Account No. [REDACTED]

QWEST SERVICES

▼ ITEMIZED MONTHLY SERVICE
 MONTHLY SERVICE - AUG 22 THRU SEP 21
 BASIC SERVICES
These services are necessary for you to use your telephone.
 1 PRIVATE BUSINESS LINE 33.40

TAXES, FEES & SURCHARGES

The following charges are billed at the request of local, state and Federal government and/or to support government programs. For additional information visit our website at www.qwest.com.

FEDERAL EXCISE TAX 1.23
 STATE TAX 1.94
 CITY TAX .67
 FEDERAL UNIVERSAL SERV FUND .66
 ARIZONA UNIVERSAL SERVICE FUND @ \$.01 PER LINE .01
 TELECOM SERVICES EXCISE TAX .37
 911 EXCISE TAX .37
 FEDERAL CHARGE - SERVICE .43
 PROVIDER NUMBER PORTABILITY
 FEDERAL ACCESS CHARGE++ 6.50

++ Federal Access Charge is a per line fee authorized by the FCC to cover the cost of providing access to the telephone network.

TOTAL QWEST SERVICES \$45.58

FOR YOUR INFORMATION

You are responsible for the payment of all charges on your bill. Failure to pay these charges may result in collection action as well as termination of the unpaid service. Your basic telephone service will not be disconnected for non-payment of charges for:
 (1) Qwest Unregulated Services (or other itemized services),
 (2) services of other Qwest companies, or (3) services of other companies included in your bill. Qwest packages of features and the amounts in the Summary may include both basic and charges that are not basic.

P.O. BOX 96082
BELLEVUE, WA. 98009-0682

Account Number
Invoice Number 1797643370
Billing Date August 20, 2003

20016851 2 AT 0.517 AUTO T9 2 4420D 85629-0068 1 3 0823DEMT



LAS QUINTAS WATER CO
ATTN STEVE GAY
PO BOX 68
SAHUARITA AZ 85629-0068



Account Summary

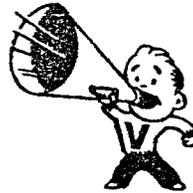
Previous Balance	72.01
Payments - Thank you	72.01 Credit
Balance Forward	.00
Current Charges*	82.47
Total Amount Due by 09/15/03	\$82.47

* Includes prorata (partial month). Explanation on page 2.

Verizon Wireless News

Save time and energy by managing your account online. Check your balance, view and pay your bill, add calling features, and more. Visit verizonwireless.com/customerservice for details.

Thank you for choosing to add Enhanced Services.



View and pay your bill online. Visit us on our web site at verizonwireless.com

Call Customer Service toll free at 1-800-922-0204 (or *611 from your wireless phone).

Please see reverse side for a description of our charges and the correspondence address.

Account Summary

Account Number
 Invoice Number 1797643370
 Billing Date August 20, 2003

Previous Balance **\$72.01**

Payments **Thank you**

Payment Received on 08/08/2003 72.01 Credit

Total Payments **\$72.01 Credit**

Total Balance Forward **\$0.00**

Current Charges

Monthly Access 59.99
 Additional Services * 13.34
 Data and Special Services Usage and Charges .04
 Verizon Wireless' Other Charges and Credits 1.08
 Taxes, Governmental Surcharges and Fees 8.02

Total Current Charges **\$82.47**

* Prorate explanation on page 2

Total Amount Due By 09/15/03 **\$82.47**

Account Summary By Wireless Number

Primary User / Wireless Number	Page #	Monthly Access*	Additional Services*	Equipment Charges	Home Usage & Charges	Roam Usage & Charges	Data & Special Svc Usage & Charges	VZW's Other Charges & Credits	Taxes, Governmental Surcharges and Fees	Total Charges
Account	3	.00	.00	.00	.00	.00	.00	.00	.00	.00
Steve Gay 520-403-9354	4	39.99	7.64	.00	.00	.00	.02	.70	5.49	53.84
Lasias Quintas Water CO 520-820-1595	8	20.00	5.70	.00	.00	.00	.02	.38	2.53	28.63
Totals		59.99	13.34	.00	.00	.00	.04	1.08	8.02	82.47

* Prorate explanation on Page 2.

Account Number.....
 Invoice Number 1797643370
 Billing Date August 20, 2003

Charges for Wireless Number (520) 403-9354 Steve Gay

INTERNATIONAL LONG DISTANCE CHARGES

Please be advised that calls to Mexico, Guam and Saipan were incorrectly billed as domestic calls and did not include the international long distance charge. Effective as of 8/24/03 calls to these countries will be billed correctly and will include the standard, per minute, international long distance rates: Mexico = \$0.20 per minute or less if you subscribe to our call Mexico package, Guam = \$0.65 per minute, Saipan = \$2.74 per minute. International long distance rates are billed in addition to standard airtime charges. For more information about international calling and long distance rates go to: www.verizonwireless.com.

CAMERA PHONES ARE HERE

Now you can snap and send pictures in a few simple steps with your new camera phone and Picture Messaging service available with Get It Now. Visit www.verizonwireless.com/getitnow for an on-line demo or visit your nearest Verizon Wireless store for more information.

REFER A FRIEND AND WE'LL GIVE YOU \$25

A \$25 bill credit is our way of saying "thanks" when you refer a new customer to Verizon Wireless. Ask your friends to stop by a Verizon Wireless Communications store or call 1-800-2-JOIN IN to activate their services with Verizon Wireless.

Your Wireless Plan Details

Current Plan - 048992 AMERICA'S CHOICE FAMILYSHARE PRIMARY 400 ANYTIME \$39.99 1Y 0603

Monthly Access	Monthly Allowance Minutes (defined by your Calling Plan)	Additional Per Minute Charge (defined by your Calling Plan)		
		\$		
\$39.99	400 general	\$.45 peak	.45 off-peak .45 weekend

Active Additional Services: 3-Party-Conference - Call Forward Busy - Call Forwarding - Call Forward No Answer - Call Waiting - Call Delivery - CDMA Digital W/Txt Msg - CallerID - Message Waiting Ind - Nat Mob to Mob - 1000 Mins - Roamer Toll - Home Toll - Voice Mail Plus - Express Network

Your Promotional Details

	Start Date
Unlimited Night & Weekend Promotion No Charge 1y	07/16/03

Monthly Access Charges

	Amount
Monthly Access	from 08/21/03 to 09/20/03 39.99
Total Monthly Access Charges	\$39.99

Additional Service Charges

	Amount
Wpp-Insurance-Asurion Prorate (partial month)*	from 07/23/03 to 08/20/03 3.69
Wpp-Insurance-Asurion	from 08/21/03 to 09/20/03 3.95
Total Additional Service Charges	\$7.64

* Prorate explanation on Page 2.



1797643370

Account Number.....
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Home Usage and Charges

	Peak	Weekend	Amount
Current Month's Airtime Usage			
Airtime (Minutes)	124	21	
Promotional Allowance/Minutes	0	21	Included
Monthly Allowance	105	0	Included
Mobile to Mobile Allowance Minutes	19	0	Included
Current Month's Billable Airtime	0	0	
Current Month's Airtime Charges	0.00	0.00	\$0.00
Total Home Usage and Charges			\$0.00

Data and Special Services Usage and Charges

	Minutes	Messages	Amount
Current Month's Home Usage			
Txt Messaging - Received	0	1	0.02
Other Charges	0	0	0.00
Total Number of Units	0	1	
Total Data and Special Services Usage and Charges			\$0.02

Verizon Wireless' Other Charges and Credits

	Amount
Fed Universal Service Charge	.65
Regulatory Charge	.05
Total Verizon Wireless' Other Charges and Credits	\$0.70

Taxes, Governmental Surcharges and Fees

	Amount
AZ State E911 Fee	.37
Federal Tax	1.22
State Tax:	
AZ State Telecomm Tax	2.28
Total State Tax	2.28
Local Tax:	
Tucson Utility License Tax	.81
Tucson City Telecomm Tax	.81
Total Local Tax	1.62
Total Taxes, Governmental Surcharges and Fees	\$5.49

Total Current Charges for Wireless Number (520) 403-9354 **\$53.84**

Account Number.....
 Invoice Number..... 1797643370
 Billing Date..... August 20, 2003

Wireless Details for (520) 403-9354 Steve Gay

HOME AREA

#	Date	Time	Rate Period	Call Origination+	Called Phone Number	Call Destination	Minutes	Usage Type	Home Airtime Charges	Other Call Type	Other Call Charges	Total Charges
1	07/21	10:36A	P	Logan /B UT	(520) 625-8040	Green Vly AZ	1	A	Included		.00	.00
2	07/21	04:16P	P	Bozeman /B MT	(520) 403-9354	Incoming CL	1	A	Included		.00	.00
3	08/05	10:30A	P	Green Vail AZ	(520) 403-9354	Incoming CL	2	MN	.00		.00	.00
4	08/05	02:00P	P	Tucson AZ	(520) 625-8040	Green Vly AZ	1	A	Included		.00	.00
5	08/06	08:42A	P	Green Vail AZ	(520) 403-9354	Incoming CL	1	MN	.00		.00	.00
6	08/06	09:28A	P	Green Vail AZ	(520) 403-9354	Incoming CL	1	MN	.00		.00	.00
7	08/06	10:03A	P	Green Vail AZ	(520) 403-9354	Incoming CL	2	A	Included		.00	.00
8	08/06	10:04A	P	Green Vail AZ	(520) 349-5849	Tucson AZ	2	A	Included		.00	.00
9	08/06	10:20A	P	Green Vail AZ	(520) 403-9354	Incoming CL	2	A	Included		.00	.00
10	08/06	10:27A	P	Green Vail AZ	(520) 625-8040	Green Vly AZ	2	A	Included		.00	.00
11	08/06	10:32A	P	Green Vail AZ	(520) 403-9354	Incoming CL	1	A	Included		.00	.00
12	08/06	11:14A	P	Green Vail AZ	(520) 403-9354	Incoming CL	2	A	Included		.00	.00
13	08/06	11:44A	P	Green Vail AZ	(520) 625-8040	Green Vly AZ	4	A	Included		.00	.00
14	08/06	02:43P	P	Tucson AZ	(520) 403-9354	Incoming CL	1	A	Included		.00	.00
15	08/07	09:16A	P	Green Vail AZ	(520) 625-8040	Green Vly AZ	2	A	Included		.00	.00
16	08/07	11:08A	P	Green Vail AZ	(520) 625-8040	Green Vly AZ	2	A	Included		.00	.00
17	08/07	11:12A	P	Green Vail AZ	(520) 403-9354	Incoming CL	10	A	Included		.00	.00
18	08/07	11:34A	P	Green Vail AZ	(520) 403-9354	Incoming CL	2	A	Included		.00	.00
19	08/07	12:55P	P	Green Vail AZ	(520) 403-9354	Incoming CL	1	A	Included		.00	.00
20	08/08	07:34A	P	Green Vail AZ	(520) 744-2944	Tucson AZ	2	A	Included		.00	.00
21	08/08	11:28A	P	Green Vail AZ	(520) 403-9354	Incoming CL	2	A	Included		.00	.00
22	08/09	02:51P	W	Phoenix AZ	(520) 625-8040	Green Vly AZ	1	Y	Included		.00	.00
23	08/09	02:52P	W	Phoenix AZ	(520) 625-3327	Green Vly AZ	2	Y	Included		.00	.00
24	08/11	07:57A	P	Green Vail AZ	(860) 000-0000	Mailbox CL	1	MNR	.00		.00	.00
25	08/11	08:41A	P	Green Vail AZ	(520) 403-9354	Incoming CL	2	A	Included		.00	.00
26	08/11	11:28A	P	Tucson AZ	(520) 403-9354	Incoming CL	1	A	Included		.00	.00
27	08/11	02:04P	P	Tucson AZ	(520) 403-9354	Incoming CL	2	A	Included		.00	.00
28	08/11	02:16P	P	Tucson AZ	(520) 625-8040	Green Vly AZ	1	A	Included		.00	.00
29	08/11	03:07P	P	Tucson AZ	(520) 620-0230	Tucson AZ	1	A	Included		.00	.00
30	08/11	06:07P	P	Nogales AZ	(520) 403-9354	Incoming CL	1	MN	.00		.00	.00
31	08/12	04:20P	P	Tucson AZ	(520) 648-1900	Green Vly AZ	4	A	Included		.00	.00
32	08/12	07:25P	P	Tucson AZ	(520) 403-9354	Incoming CL	1	MN	.00		.00	.00
33	08/13	01:07P	P	Green Vail AZ	(520) 625-8040	Green Vly AZ	3	A	Included		.00	.00
34	08/13	03:21P	P	Green Vail AZ	(860) 000-0000	Mailbox CL	2	MNR	.00		.00	.00
35	08/13	03:22P	P	Green Vail AZ	(520) 887-3333	Tucson AZ	2	A	Included		.00	.00
36	08/13	03:25P	P	Vail AZ	(520) 349-6865	Tucson AZ	3	A	Included		.00	.00
37	08/13	04:57P	P	Green Vail AZ	(520) 403-9354	Incoming CL	5	A	Included		.00	.00
38	08/13	08:14P	P	Green Vail AZ	(520) 625-5467	Green Vly AZ	2	A	Included		.00	.00
39	08/14	08:04A	P	Tucson AZ	(860) 000-0000	Mailbox CL	1	MNR	.00		.00	.00
40	08/14	12:36P	P	Green Vail AZ	(520) 403-9354	Incoming CL	1	A	Included		.00	.00
41	08/14	03:13P	P	Green Vail AZ	(520) 403-9354	Incoming CL	1	A	Included		.00	.00
42	08/14	03:16P	P	Green Vail AZ	(520) 403-9354	Incoming CL	2	A	Included		.00	.00
43	08/14	06:38P	P	Tucson AZ	(520) 358-5989	Tucson AZ	2	A	Included		.00	.00
44	08/14	08:34P	P	Tucson AZ	(520) 207-2596	Tucson AZ	2	A	Included		.00	.00
45	08/15	03:29P	P	Green Vail AZ	(860) 000-0000	Mailbox CL	2	MNR	.00		.00	.00
46	08/15	07:58P	P	Vail AZ	(520) 207-2596	Tucson AZ	2	A	Included		.00	.00
47	08/16	10:40A	W	Vail AZ	(520) 648-0814	Green Vly AZ	7	Y	Included		.00	.00
48	08/16	11:13A	W	Vail AZ	(520) 625-3963	Green Vly AZ	2	Y	Included		.00	.00
49	08/16	11:20A	W	Vail AZ	(520) 398-0040	Tubac AZ	1	Y	Included		.00	.00



Account Number.....
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HOME AREA

#	Date	Time	Rate Period	Call Origination+	Called Phone Number	Call Destination	Minutes	Usage Type	Home Airtime Charges	Other Call Type	Other Call Charges	Total Charges
50	08/16	11:20A	W	Vail	AZ (520) 398-0040	Tubac AZ	1	Y	Included		.00	.00
51	08/16	11:24A	W	Vail	AZ (520) 648-1544	Green Vly AZ	1	Y	Included		.00	.00
52	08/16	11:25A	W	Green Vall	AZ (520) 625-4040	Green Vly AZ	1	Y	Included		.00	.00
53	08/17	03:41P	W	Green Vall	AZ (520) 648-0814	Green Vly AZ	2	Y	Included		.00	.00
54	08/17	03:49P	W	Green Vall	AZ (520) 648-0814	Green Vly AZ	1	Y	Included		.00	.00
55	08/17	10:34P	W	Tucson	AZ (520) 403-9354	Mailbox CL	2	YMR	Included		.00	.00
56	08/18	12:26P	P	Mesa	AZ (520) 625-8040	Green Vly AZ	1	A	Included		.00	.00
57	08/18	02:36P	P	Apache Jun	AZ (520) 625-8040	Green Vly AZ	2	A	Included		.00	.00
58	08/18	02:38P	P	Apache Jun	AZ (520) 403-9354	Incoming CL	4	AF	Included		.00	.00
59	08/18	08:44P	P	Navajo Cou	AZ (520) 603-3883	Tucson AZ	3	MN	.00		.00	.00
60	08/19	12:39P	P	Navajo Cou	AZ (520) 625-8040	Green Vly AZ	4	A	Included		.00	.00
61	08/19	12:44P	P	Navajo Cou	AZ (502) 573-0243	Frankfort KY	1	A	Included		.00	.00
62	08/19	07:42P	P	Navajo Cou	AZ (520) 648-0814	Green Vly AZ	8	A	Included		.00	.00
63	08/20	08:23A	P	Navajo Cou	AZ (520) 603-3883	Tucson AZ	4	MN	.00		.00	.00
64	08/20	03:54P	P	Navajo Cou	AZ (520) 740-3358	Tucson AZ	1	A	Included		.00	.00
65	08/20	04:08P	P	Navajo Cou	AZ (520) 573-0243	Tucson AZ	2	A	Included		.00	.00
66	08/20	04:38P	P	Navajo Cou	AZ (520) 625-8040	Green Vly AZ	2	A	Included		.00	.00
67	08/20	07:31P	P	Navajo Cou	AZ (520) 648-0814	Green Vly AZ	4	A	Included		.00	.00

+Designates the location, city and state, of the cell tower or switching center which processed the call.

Legends:		
Rate Period	P = Peak	W = Weekend
Usage Type	A = Price Plan Allowance F = Call Forwarding	M = Mobile to Mobile N = Mob to Mob Allow Mins R = Voice Mail Retrieval Y = Promotional Allowance

Account Number.....
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 Billing Date..... August 20, 2003

Charges for Wireless Number (520) 820-1595 . Laslas Quintas Water CO

Your Wireless Plan Details

Current Plan - 049061 AMERICA'S CHOICE FAMILYSHARE SECONDARY ANYTIME \$20.00 2Y 0603

Monthly Access	Monthly Allowance Minutes (defined by your Calling Plan)			Additional Per Minute Charge (defined by your Calling Plan)		
	0 peak	0 off-peak	0 weekend	\$.45 peak	\$.45 off-peak	\$.45 weekend
\$20.00	0 peak	0 off-peak	0 weekend	\$.45 peak	\$.45 off-peak	\$.45 weekend

Active Additional Services: 3-Party-Conference - Call Forward Busy - Call Forwarding - Call Forward No Answer - Call Waiting - Call Delivery - CDMA Digital W/Txt Msg - CallerID - Message Waiting Ind - Nat Mob to Mob -1000 Mins - Roamer Toll - Home Toll - Voice Mail Plus - Express Network

Your Promotional Details

	Start Date
Unlimited Night & Weekend Promotion No Charge 2y	07/17/03
Unlimited Night & Weekend Promotion No Charge 2y	07/17/03

Monthly Access Charges

	Amount
Monthly Access from 08/21/03 to 09/20/03	20.00
Total Monthly Access Charges	\$20.00

Additional Service Charges

	Amount
Wpp-Insurance-Asurion Prorate (partial month)* from 07/23/03 to 08/20/03	2.75
Wpp-Insurance-Asurion from 08/21/03 to 09/20/03	2.95
Total Additional Service Charges	\$5.70

* Prorate explanation on Page 2.

Home Usage and Charges

	Peak	Off-Peak	Weekend	Amount
Current Month's Airtime Usage				
Airtime (Minutes)	124	1	5	
Promotional Allowance/Minutes	0	1	5	Included
Mobile to Mobile Allowance Minutes	44	0	0	Included
Shared Allowance Minutes	80	0	0	Included
Current Month's Billable Airtime	0	0	0	
Current Month's Airtime Charges	0.00	0.00	0.00	\$0.00
Total Home Usage and Charges				\$0.00

Data and Special Services Usage and Charges

	Minutes	Messages	Amount
Current Month's Home Usage			
Txt Messaging - Received	0	1	0.02
Other Charges	0	0	0.00

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Data and Special Services Usage and Charges

Minutes	Messages	Amount
0	1	

Total Number of Units

Total Data and Special Services Usage and Charges \$0.02

Verizon Wireless' Other Charges and Credits

Fed Universal Service Charge .33
 Regulatory Charge .05

Total Verizon Wireless' Other Charges and Credits \$0.38

Taxes, Governmental Surcharges and Fees

AZ State E911 Fee .37
 Federal Tax .61
 State Tax:
 AZ State Telecomm Tax 1.14
 Total State Tax 1.14
 Local Tax:
 Sahuarita City Telecomm Tax .41
 Total Local Tax .41

Total Taxes, Governmental Surcharges and Fees \$2.53

Total Current Charges for Wireless Number (520) 820-1595 \$28.63

Wireless Details for (520) 820-1595 . Laslas Quintas Water CO

HOME AREA

#	Date	Time	Rate Period	Call Origination	Called Phone Number	Call Destination	Minutes	Usage Type	Home Airtime Charges	Other Call Type	Other Call Charges	Total Charges
1	07/22	01:22P	P	Tucson	AZ (860) 000-0000	Mailbox	CL	2	MNR	.00	.00	.00
2	07/22	01:24P	P	Tucson	AZ (860) 000-0000	Mailbox	CL	15	MNR	.00	.00	.00
3	07/23	09:42A	P	Green Vail	AZ (520) 399-2683	Green Vly	AZ	1	A	Included	.00	.00
4	07/24	12:25P	P	Green Vail	AZ (520) 820-1595	Mailbox	CL	5	MNR	.00	.00	.00
5	07/24	12:33P	P	Green Vail	AZ (860) 000-0000	Mailbox	CL	2	MNR	.00	.00	.00
6	07/24	12:35P	P	Green Vail	AZ (860) 000-0000	Mailbox	CL	1	MNR	.00	.00	.00
7	07/24	12:37P	P	Tucson	AZ (860) 000-0000	Mailbox	CL	7	MNR	.00	.00	.00
8	07/24	01:24P	P	Tucson	AZ (520) 820-1595	Incoming	CL	1	MN	.00	.00	.00
9	07/24	06:39P	P	Tucson	AZ (520) 399-2683	Green Vly	AZ	2	A	Included	.00	.00
10	07/24	06:43P	P	Tucson	AZ (860) 000-0000	Mailbox	CL	1	MNR	.00	.00	.00
11	07/24	06:44P	P	Green Vail	AZ (520) 399-2683	Green Vly	AZ	1	A	Included	.00	.00
12	07/24	06:45P	P	Tucson	AZ (520) 399-2683	Green Vly	AZ	1	A	Included	.00	.00
13	07/24	07:04P	P	Green Vail	AZ (860) 000-0000	Mailbox	CL	1	MNR	.00	.00	.00
14	07/24	07:15P	P	Green Vail	AZ (520) 820-1595	Incoming	CL	1	A	Included	.00	.00
15	07/24	07:16P	P	Green Vail	AZ (860) 000-0000	Mailbox	CL	2	MNR	.00	.00	.00
16	07/24	07:19P	P	Green Vail	AZ (860) 000-0000	Mailbox	CL	1	MNR	.00	.00	.00

Account Number
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HOME AREA

#	Date	Time	Rate Period	Call Origination+	Called Phone Number	Call Destination	Minutes	Usage Type	Home Airtime Charges	Other Call Type	Other Call Charges	Total Charges
17	07/25	10:25A	P	Tucson AZ	(520) 820-1595	Incoming CL	2	A	Included		.00	.00
18	07/25	11:18A	P	Tucson AZ	(520) 820-1595	Incoming CL	5	A	Included		.00	.00
19	07/25	12:03P	P	Green Vail AZ	(520) 820-1595	Incoming CL	8	A	Included		.00	.00
20	07/25	12:21P	P	Tucson AZ	(520) 820-1595	Incoming CL	3	A	Included		.00	.00
21	07/25	12:54P	P	Green Vail AZ	(860) 000-0000	Mailbox CL	3	MNR	.00		.00	.00
22	07/25	01:43P	P	Green Vail AZ	(520) 820-1595	Incoming CL	3	A	Included		.00	.00
23	07/25	02:47P	P	Green Vail AZ	(520) 625-8040	Green Vly AZ	3	A	Included		.00	.00
24	07/25	03:05P	P	Green Vail AZ	(520) 820-1595	Incoming CL	6	A	Included		.00	.00
25	07/26	08:44A	W	Green Vail AZ	(520) 820-1595	Incoming CL	1	Y	Included		.00	.00
26	07/28	12:41P	P	Tucson AZ	(520) 820-1595	Incoming CL	1	MN	.00		.00	.00
27	07/29	12:36P	P	Green Vail AZ	(520) 625-8040	Green Vly AZ	1	A	Included		.00	.00
28	07/30	12:49P	P	Tucson AZ	(520) 820-1595	Incoming CL	1	A	Included		.00	.00
29	08/02	09:01A	W	Pinal Coun AZ	(520) 820-1595	Mailbox CL	2	YMR	Included		.00	.00
30	08/02	05:30P	W	Tucson AZ	(520) 625-8040	Green Vly AZ	1	Y	Included		.00	.00
31	08/02	05:57P	W	Tucson AZ	(520) 603-2826	Tucson AZ	1	YM	Included		.00	.00
32	08/04	03:21P	P	Green Vail AZ	(520) 820-1595	Incoming CL	5	A	Included		.00	.00
33	08/05	12:46P	P	Green Vail AZ	(520) 393-1324	Green Vly AZ	1	A	Included		.00	.00
34	08/05	01:53P	P	Tucson / AZ	(520) 625-8040	Green Vly AZ	1	A	Included		.00	.00
35	08/05	06:56P	P	Tucson AZ	(520) 399-2683	Green Vly AZ	3	A	Included		.00	.00
36	08/05	08:11P	P	Tucson AZ	(520) 512-1922	Tucson AZ	1	A	Included		.00	.00
37	08/05	08:12P	P	Tucson AZ	(520) 325-7204	Tucson AZ	2	A	Included		.00	.00
38	08/05	08:15P	P	Tucson AZ	(520) 296-2333	Tucson AZ	2	A	Included		.00	.00
39	08/05	08:17P	P	Tucson AZ	(520) 881-8700	Tucson AZ	2	A	Included		.00	.00
40	08/06	06:57A	P	Green Vail AZ	(520) 648-8467	Green Vly AZ	2	A	Included		.00	.00
41	08/06	08:42A	P	Green Vail AZ	(520) 403-9354	Tucson AZ	1	MN	.00		.00	.00
42	08/06	09:28A	P	Vail AZ	(520) 403-9354	Tucson AZ	1	MN	.00		.00	.00
43	08/06	10:00A	P	Tucson AZ	(520) 820-1595	Incoming CL	2	A	Included		.00	.00
44	08/06	10:02A	P	Vail AZ	(520) 625-1640	Green Vly AZ	3	A	Included		.00	.00
45	08/06	08:07P	P	Green Vail AZ	(520) 648-0814	Green Vly AZ	1	A	Included		.00	.00
46	08/06	09:28P	O	Green Vail AZ	(520) 820-1595	Incoming CL	1	Y	Included		.00	.00
47	08/08	08:57A	P	Vail AZ	(520) 625-8040	Green Vly AZ	3	A	Included		.00	.00
48	08/11	05:02P	P	Green Vail AZ	(520) 399-2492	Green Vly AZ	2	A	Included		.00	.00
49	08/12	12:07P	P	Vail AZ	(520) 820-1595	Incoming CL	1	A	Included		.00	.00
50	08/12	03:31P	P	Tucson / AZ	(520) 820-1595	Incoming CL	3	A	Included		.00	.00
51	08/12	05:03P	P	Green Vail AZ	(520) 625-8040	Green Vly AZ	1	A	Included		.00	.00
52	08/12	05:12P	P	Vail AZ	(520) 399-2683	Green Vly AZ	2	A	Included		.00	.00
53	08/19	09:42A	P	Green Vail AZ	(520) 820-1595	Incoming CL	2	A	Included		.00	.00
54	08/19	11:35A	P	Vail AZ	(520) 820-1595	Incoming CL	1	A	Included		.00	.00
55	08/19	03:04P	P	Green Vail AZ	(520) 820-1595	Incoming CL	2	A	Included		.00	.00

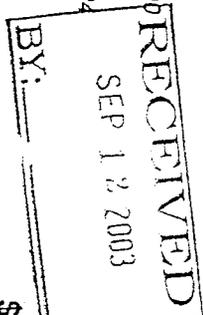
+Designates the location, city and state, of the cell tower or switching center which processed the call.

Legends:			
Rate Period	P = Peak	O = Off-Peak	W = Weekend
Usage Type	A = Price Plan Allowance M = Mobile to Mobile	N = Mob to Mob Allow Mins R = Voice Mail Retrieval	Y = Promotional Allowance

Total Amount Due	Due Date for New Charges
\$80.05	September 26, 2003

Summary

▼ Previous Balance	86.34
Charges Payment	86.34 ^R
Balance Forward	\$.00
▼ New Charges	55.67
Qwest	24.38
USBI	\$80.05
For questions call 1-800-603-6000	
For questions call 1-888-481-8724	
Total New Charges	\$80.05
TOTAL AMOUNT DUE	\$80.05



Any amount left unpaid 30 days after bill date is subject to a 1.5% late payment charge.

QWEST SERVICES

▼ ITEMIZED MONTHLY SERVICE	
MONTHLY SERVICE - SEP 07 THRU OCT 06	
BASIC SERVICES	33.40
<i>These services are necessary for you to use your telephone.</i>	
1 PRIVATE BUSINESS LINE	
OPTIONAL SERVICES	
<i>These services are provided at your request and are not required as part of your basic telephone service.</i>	
1 CALLER IDENTIFICATION	7.95

▼ DIRECTORY ASSISTANCE	1.15
1 CALLS @ 1.15	

▼ TAXES, FEES & SURCHARGES

The following charges are billed at the request of local, state and Federal government and/or to support government programs. For additional information visit our website at www.qwest.com

FEDERAL EXCISE TAX	1.51
STATE TAX	2.47
CITY TAX	.85
FEDERAL UNIVERSAL SERV FUND	.66
ARIZONA UNIVERSAL SERVICE FUND @ \$.01 PER LINE	.01
TELECOM SERVICES EXCISE TAX	.37
911 EXCISE TAX	.43
FEDERAL CHARGE - SERVICE PROVIDER NUMBER PORTABILITY	6.50
FEDERAL ACCESS CHARGE**	
** Federal Access Charge is a per line fee authorized by the FCC to cover the cost of providing access to the telephone network.	

TOTAL QWEST SERVICES	\$35.67
-----------------------------	----------------

FOR YOUR INFORMATION

You are responsible for the payment of all charges on your bill. Failure to pay these charges may result in collection action as well as termination of the unpaid service. Your basic telephone service will not be discontinued for non-payment of charges for:

- (1) Qwest Unregulated Services (or other itemized services).
- (2) services of other Qwest companies, or (3) services of other companies included in your bill. Qwest packages of features and the amounts in the Summary may include both basic and charges that are not basic.

ACCOUNT DETAIL

ITEMIZED CALLS	22.89
TAXES	1.49
USB1 TOTAL	\$24.38

ITEMIZED CALLS

NO.	DATE	TIME	TO PLACE	TO AREA NUMBER	TYPE	MINUTES	AMOUNT
THE FOLLOWING TRANSACTION IS BILLED ON BEHALF OF:							
BUSINESS DISC PLAN							
1	JUL 08	11:36A	PHOENIX AZ	602 272-0911	N	4	1.25
2	JUL 10	12:35P	MESA AZ	480 835-0003	D	6	1.88
3	JUL 10	2:01P	MEDFORD OR	541 245-3580	D	2	1.12
4	JUL 14	3:40P	MESA AZ	480 835-0003	D	5	1.57
5	JUL 15	10:18A	MESA AZ	480 835-0003	D	5	1.56
6	JUL 17	12:34P	SAMMAMISH WA	425 888-0458	N	1	.31
7	JUL 17	12:34P	PHOENIX AZ	602 366-8093	N	1	.54
8	JUL 21	3:39P	CENTRAL AZ	303 582-9160	D	1	.94
9	JUL 23	2:39P	PHOENIX AZ	480 205-2449	D	3	1.57
10	JUL 25	1:32P	BENSON AZ	520 720-4613	D	5	.78
11	JUL 30	7:22P	PINEDALE AZ	928 799-4512	E	2	.39
12	JUL 31	8:35A	CENTRAL AZ	928 987-9102	D	6	1.88
13	JUL 31	10:14A	WINSLOW AZ	303 582-9180	D	1	1.54
14	JUL 31	3:03P	WYELLOWSTN MT	406 846-7600	D	4	2.14
15	JUL 31						
						16.03	
							2.14

MISCELLANEOUS CHARGES AND CREDITS

NO.	DATE	ITEM	TAX CODE	AMOUNT
16	JUL 31	CARRIERGOSTRECOVERFEE	00	1.44
17	JUL 31	UNIV SERV FD	00	1.64
18	AUG 04	NETWORK ACCESS CHARGE	00	3.78
		SUBTOTAL		6.86

USB1 SUBTOTAL OF ITEMIZED CALLS \$22.89

TAX SUMMARY

FEDERAL EXCISE TAX	.69
STATE TAX	.59
TY TAX	.21
USB1 SUBTOTAL OF TAXES	\$1.49
USB1 CURRENT CHARGES	\$24.38

Type of Long Distance Calls:
 D - Dial Day - Full Rate
 E - Dial Evening - Discount Rate
 N - Dial Night - Discount Rate

THIS PORTION OF YOUR BILL IS PROVIDED AS A SERVICE TO USB1
 THERE IS NO CONNECTION BETWEEN USB1 AND OWEST.

Account Number	Bill Date	Due Date
[REDACTED]	SEP 7, 2003	OCT 2, 2003



LQS WATER CO
PO BOX 68
SAHUARITA AZ 85629-0068

Location: [REDACTED]

TELEPHONE NUMBER: 520 648 3520

AT&T All in One Service

Call Detail

For Customer Care: 1 877 325-0445

ITEM	DATE	TIME (hh:mm:ss)	DAY OF WEEK	PLACE	AREA CODE/ NUMBER	DURATION (hh:mm:ss)	CALL TYPE	AMOUNT
LONG DISTANCE SERVICE								
BILLED NUMBER: 520 648-3520								
STATE-TO-STATE CALLS								
1	8/21/03	10:52:45P	THU	TO NORTH DADE	FL 305 999-0195	1:14	DDC	0.10
2	8/26/03	2:44:34P	TUE	TO WASHINGTON	DC 202 456-2461	3:45	DDC	0.30
SUBTOTAL						0:04:59		\$0.40
TOTALS FOR 520 648-3520						0:04:59		\$0.40
TOTALS FOR LOCATION 017 184 8780 001						0:04:59		\$0.40

AT&T Call Type Information:
DDC-Direct Dialed Call
CCS-Calling Card Station Call

CCO-Operator Handled Card Call
CCP-Calling Card Person Call
OHS-Operator Handled Station Call

CDR-Operator Handled Station Call-Dial Rate
OHP-Operator Handled Person Call
OCP-Operator Handled Person Collect Call

Account Number	Bill Date	Payment Due Date
[REDACTED]	SEP 7, 2003	OCT 2, 2003



LQS WATER CO
 PO BOX 68
 SAHUARITA AZ 85629-0068

TELEPHONE NUMBER: 520 648 3520

For Customer Care: 1 877 325-0445

AT&T All in One Service

<p style="text-align: center;">AT&T All in One Service</p> <table style="width: 100%;"> <tr> <td style="width: 70%;">AT&T LONG DISTANCE</td> <td style="text-align: right;">\$20.21</td> </tr> <tr> <td style="border: 1px solid black;">TOTAL CURRENT CHARGES</td> <td style="text-align: right; border: 1px solid black;">\$20.21</td> </tr> </table>	AT&T LONG DISTANCE	\$20.21	TOTAL CURRENT CHARGES	\$20.21	<p style="text-align: center;">ACCOUNT STATUS</p> <table style="width: 100%;"> <tr> <td style="width: 70%;">PREVIOUS BALANCE</td> <td style="text-align: right;">\$20.00</td> </tr> <tr> <td>PAYMENT RECEIVED 9/05/03</td> <td style="text-align: right;">\$20.00_R</td> </tr> <tr> <td>ADJUSTMENTS</td> <td style="text-align: right;">\$0.00</td> </tr> <tr> <td>TOTAL CURRENT CHARGES</td> <td style="text-align: right;">\$20.21</td> </tr> <tr> <td> </td> <td></td> </tr> <tr> <td>TOTAL AMOUNT DUE</td> <td style="text-align: right; border: 1px solid black;">\$20.21</td> </tr> </table>	PREVIOUS BALANCE	\$20.00	PAYMENT RECEIVED 9/05/03	\$20.00 _R	ADJUSTMENTS	\$0.00	TOTAL CURRENT CHARGES	\$20.21	 		TOTAL AMOUNT DUE	\$20.21
AT&T LONG DISTANCE	\$20.21																
TOTAL CURRENT CHARGES	\$20.21																
PREVIOUS BALANCE	\$20.00																
PAYMENT RECEIVED 9/05/03	\$20.00 _R																
ADJUSTMENTS	\$0.00																
TOTAL CURRENT CHARGES	\$20.21																
TOTAL AMOUNT DUE	\$20.21																

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News From AT&T

Just For Your Business

Login now at <http://www.att.com/loginnow> to view your billing call details online. Then, when you're ready, select your preferred method of payment:

- PAY ONLINE - Once logged in, click "Pay Your Bills" to setup one-time or monthly payments with a credit card or bank account.
- PAY BY PHONE - Call the toll-free number at the top of this page to setup a one-time payment with a credit card or bank account.
- PAY BY MAIL - Submit the lower portion of this page with a check payable to AT&T.

Whatever's most convenient for you!

See next page for more news!

Please make checks payable to AT&T and include your account number on payment.
Make sure that the AT&T P.O. Box address is showing through the envelope window.
AT&T is not able to reply to inquiries written on this remittance document.
Please submit correspondence to www.att.com/bcs.

Account Number	Bill Date	Pay if Due Date
[REDACTED]	SEP 7, 2003	OCT 2, 2003



AT&T

LQS WATER CO
PO BOX 68
SAHUARITA AZ 85629-0068

TELEPHONE NUMBER: 520 648 3520

AT&T All in One Service

Summary of Charges

For Customer Care: 1 877 325-0445

EXPLANATION	AMOUNT
LONG DISTANCE SERVICE	
MONTHLY CHARGES	
Minimum Usage Charge	\$14.95
MONTHLY CHARGES SUBTOTAL	
\$14.95	
USAGE CHARGES	
State-to-State	\$0.40
USAGE CHARGES SUBTOTAL	
\$0.40	
REGULATORY AND OTHER FEES	
Federal Universal Connectivity Charge	\$1.67
Federal Carrier Line Charge	
1 Single Line(s) At \$2.20	2.20
REGULATORY AND OTHER FEES SUBTOTAL	
\$3.87	
TAXES	
Federal Tax	\$0.59
MISCELLANEOUS SURCHARGES	
Other Surcharge/Tax	0.26
	0.14
TAXES SUBTOTAL	
\$0.99	
TOTAL LONG DISTANCE CHARGES	
\$20.21	
TOTAL CURRENT CHARGES	
\$20.21	



P.O. BOX 96082
BELLEVUE, WA. 98009-9682

Account Number
Invoice Number 1797612313
Billing Date August 20, 2003

60014517 1 AT 0.292 AUTO T3 2 4420D 85629-1004 1 3 0823DEMT



STEVE G GAY
PO BOX 1235
SAHUARITA AZ 85629-1004

Account Summary

Previous Balance	28.53
Payments - Thank you	28.53 Credit
Balance Forward	.00
Current Charges	104.69
Total Amount Due by 09/15/03	\$104.69

Verizon Wireless News

Save time and energy by managing your account online. Check your balance, view and pay your bill, add calling features, and more. Visit verizonwireless.com/customerservice for details.



View and pay your bill online. Visit us on our web site at verizonwireless.com

Call Customer Service toll free at 1-800-922-0204 (or *611 from your wireless phone).
Please see reverse side for a description of our charges and the correspondence address.

Account Summary

Account Number.....
 Invoice Number 1797612313
 Billing Date August 20, 2003

Previous Balance **\$28.53**

Payments

Thank you

Payment Received on 08/04/2003

28.53 Credit

Total Payments **\$28.53 Credit**

Total Balance Forward **\$0.00**

Current Charges

Monthly Access	25.00
Home Usage and Charges	3.20
Roam Usage and Charges	69.00
Verizon Wireless' Other Charges and Credits	1.94
Taxes, Governmental Surcharges and Fees	5.55

Total Current Charges **\$104.69**

Total Amount Due By 09/15/03 **\$104.69**

Charges for Wireless Number (520) 603-2826 Steve G Gay

INTERNATIONAL LONG DISTANCE CHARGES

Please be advised that calls to Mexico, Guam and Saipan were incorrectly billed as domestic calls and did not include the international long distance charge. Effective as of 8/24/03 calls to these countries will be billed correctly and will include the standard, per minute, international long distance rates: Mexico = \$0.20 per minute or less if you subscribe to our call Mexico package, Guam = \$0.65 per minute, Saipan = \$2.74 per minute. International long distance rates are billed in addition to standard airtime charges. For more information about international calling and long distance rates go to: www.verizonwireless.com.

CAMERA PHONES ARE HERE

Now you can snap and send pictures in a few simple steps with your new camera phone and Picture Messaging service available with Get It Now. Visit www.verizonwireless.com/getitnow for an on-line demo or visit your nearest Verizon Wireless store for more information.

REFER A FRIEND AND WE'LL GIVE YOU \$25

A \$25 bill credit is our way of saying "thanks" when you refer a new customer to Verizon Wireless. Ask your friends to stop by a Verizon Wireless Communications store or call 1-800-2-JOIN IN to activate their services with Verizon Wireless.

Your Wireless Plan Details

Current Plan - 041707 DIGITAL CHOICE 100 \$25.00 1Y 1002

Monthly Access	Monthly Allowance Minutes (defined by your Calling Plan)	Additional Per Minute Charge (defined by your Calling Plan)		
		\$.45 peak	\$.45 off-peak	\$.45 weekend
\$25.00	100 general			



Account Number.....
 Invoice Number 1797612313
 Billing Date August 20, 2003

Active Additional Services: 3-Party-Conference - Call Forward Busy - Call Forwarding - Enhanced Voice Mail - Call Forward No Answer - Call Waiting - Call Delivery - CDMA Digital W/Txt Msg - CallerID - Detail Billing - Expanded Long Distance

Monthly Access Charges		Amount
Monthly Access	from 08/21/03 to 09/20/03	25.00
Total Monthly Access Charges		\$25.00

Home Usage and Charges	Peak	Off-Peak	Weekend	Amount
Current Month's Airtime Usage				
Airtime (Minutes)	34	0	4	
Monthly Allowance	34	0	4	Included
Current Month's Billable Airtime	0	0	0	
Current Month's Airtime Charges	0.00	0.00	0.00	\$0.00
Other Call Charges				
Long Distance - Verizon Wireless				3.20
Total Home Usage and Charges				\$3.20

Roam Usage and Charges	Totals	Amount
Current Month's Roam Usage and Charges		
Airtime (Minutes)	80	
Airtime Charges		55.20
Other Call Charges		13.80
Total Roam Usage and Charges		\$69.00

Verizon Wireless' Other Charges and Credits	Amount	
Fed Universal Service Charge	1.89	
Regulatory Charge	.05	
Total Verizon Wireless' Other Charges and Credits		\$1.94

Account Number.....
 Invoice Number..... 1797612313
 Billing Date..... August 20, 2003

Taxes, Governmental Surcharges and Fees

	Amount
AZ State E911 Fee	.37
Federal Tax	2.97
State Tax:	
AZ State Telecomm Tax	1.63
Total State Tax	1.63
Local Tax:	
Sahuarita City Telecomm Tax	.58
Total Local Tax	.58
Total Taxes, Governmental Surcharges and Fees	\$5.55

Total Current Charges for Wireless Number (520) 603-2826 \$104.69

Wireless Details for (520) 603-2826 Steve G Gay

HOME AREA

#	Date	Time	Rate Period	Call Origination+	Called Phone Number	Call Destination	Minutes	Usage Type	Home Airtime Charges	Other Call Type	Other Call Charges	Total Charges
1	07/25	10:59A	T	Tucson AZ	(605) 366-XXXX	Cl Deliver	13	F	.00	VWL	2.60	2.60
2	07/25	01:38P	T	Tucson AZ	(605) 366-XXXX	Cl Deliver	1	F	.00	VWL	.20	.20
3	07/25	01:39P	T	Tucson AZ	(605) 366-XXXX	Cl Deliver	2	F	.00	VWL	.40	.40
4	07/28	05:04P	P	Denver /B	CO (520) 625-8040	Green Vly	5	A	Included		.00	.00
5	07/29	07:48A	P	Pueblo /B	CO (520) 403-9354	Tucson	1	AM	Included		.00	.00
6	07/29	12:01P	P	Santa Fe/A	NM (520) 625-8706	Green Vly	2	A	Included		.00	.00
7	07/29	12:02P	P	Santa Fe/A	NM (520) 625-8040	Green Vly	1	A	Included		.00	.00
8	07/30	11:55A	P	Navajo Cou	AZ (520) 625-8040	Green Vly	1	A	Included		.00	.00
9	07/31	10:44A	P	Green Vall	AZ (520) 625-8040	Green Vly	1	A	Included		.00	.00
10	07/31	10:50A	P	Vail	AZ (520) 625-8040	Green Vly	1	A	Included		.00	.00
11	08/01	10:13A	P	Tucson	AZ (520) 648-0814	Green Vly	2	A	Included		.00	.00
12	08/03	08:10P	W	Green Vail	AZ (520) 548-3860	Tucson	2	A	Included		.00	.00
13	08/04	09:23A	P	Tucson	AZ (520) 648-0814	Green Vly	2	A	Included		.00	.00
14	08/04	10:12A	P	Tucson	AZ (520) 648-0814	Green Vly	1	A	Included		.00	.00
15	08/04	11:26A	P	Tucson	AZ (520) 603-2826	Incoming	2	A	Included		.00	.00
16	08/04	01:03P	P	Green Vail	AZ (520) 603-2826	Incoming	2	A	Included		.00	.00
17	08/05	10:29A	P	Green Vail	AZ (520) 403-9354	Tucson	2	AM	Included		.00	.00
18	08/06	08:54A	P	Tucson	AZ (860) 000-0000	Mailbox	2	AR	Included		.00	.00
19	08/06	10:17A	P	Tucson	AZ (860) 000-0000	Mailbox	4	AR	Included		.00	.00
20	08/07	02:42P	P	Green Vail	AZ (520) 648-0814	Green Vly	1	A	Included		.00	.00
21	08/07	03:48P	P	Tucson	AZ (520) 603-2826	Incoming	1	A	Included		.00	.00
22	08/09	06:39P	W	Green Vail	AZ (520) 603-2826	Mailbox	2	AR	Included		.00	.00
23	08/11	06:06P	P	Nogales	AZ (520) 403-9354	Tucson	1	AM	Included		.00	.00
24	08/12	07:25P	P	Tucson	AZ (520) 403-9354	Tucson	1	AM	Included		.00	.00
25	08/12	08:08P	P	Tucson	AZ (520) 241-5462	Tucson	1	A	Included		.00	.00

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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

MARC SPITZER, Chairman
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
MIKE GLEASON
KRISTIN K. MAYES

RECEIVED
SEP 20 2004
BY:

IN THE MATTER OF THE APPLICATION OF) DOCKET NO. W-01583A-04-0178
LAS QUINTAS SERENAS WATER CO. FOR A)
RATE INCREASE) **REBUTTAL TESTIMONY OF**
) **STEVE GAY**
)
)

INTRODUCTION

Q. Please state your name and business address.

A. My name is Steve Gay. My business address is 75 Calle de las Tiendas, Suite 115B, Green Valley Arizona 85614. My business mailing address is P.O. Box 68, Sahuarita Arizona 85629.

Q. By whom are you employed and in what capacity?

A. I am employed by Las Quintas Serenas Water Company (LQS). I am their Operator/Manager.

Q. Please describe your work experience.

A. After graduating from high school I worked for Anaconda/ANAMAX mining company for twenty (20) years as a mechanic and electrician. In this position I worked with hydraulics, water systems, pumping systems, electric and electronic control systems, etc.

MUNGER CHADWICK, P.L.C.
ATTORNEYS AT LAW
NATIONAL BANK PLAZA
333 NORTH WILMOT, SUITE 300
TUCSON, ARIZONA 85711
(520) 721-1900

EXHIBIT
tabbles
A-6
ADMITTED

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In 1983, John Gay and I responded to an RFP for proposals to conduct the operations of LQS and we were awarded the contract by ANAMAX Mining Company to run LQS Water Company. I subsequently attended Pima College for a course on Water and Wastewater; I passed this course and subsequently tested for Grade I Water, Water Treatment, Wastewater and Wastewater Treatment. I passed these tests. A year later, I tested and passed the tests for Grade II in each of these four (4) areas. My operator number is 03833.

From 1983 until approximately ten (10) years ago, my employee responsibilities with LQS were of a part time nature. During this same time period I also worked for Quail Creek Water Company as an Operator for about five (5) years; Rancho Sahuarita Water Company as an Operator/Manager for about seven (7) years; Sahuarita Schools as an Operator for eight (8) years, as well as other small water companies.

During the last ten (10) years, I have served as LQS Operator/Manager on a full time basis. In addition, I continue to devote between eight (8) to ten (10) hours per month towards assisting Sahuarita Schools and other small water systems.

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

A. First, to provide an overview of the LQS system from an operational perspective. Second, to provide certain testimony, which is intended to rebut some of the testimony and conclusions set forth in the Commission Staff's August 20th testimony and exhibits.

SYSTEM OVERVIEW

Q. How does the LQS system work?

A. LQS has three (3) isolated wells all pumping directly into the distribution system. These wells are within one (1) mile of each other.

#5 Well was drilled in 1968 by Anaconda Mining Company to 533 feet using 10" casing. The Well was deepened in 1976 to 807 feet by Anaconda with 8" casing.

#6 Well was drilled in 1971 by Anaconda Mining Company. This well was drilled to 837 feet with a 12" casing.

#7 Well was drilled in 1998 by LQS to a depth of 920 feet with a 12" casing.

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2 There are 90,000 gallons of storage acting as a buffer to the system (i.e. should the
3 pumping capacity of the wells exceed the demand on the system at any given time the
4 storage tanks fill, likewise, should the pumping capacity not meet the demand on the
5 system at any given time, the water stored in the tanks will make up the difference).
6 The system is controlled by a radio control system (SCADA) that monitors the storage
7 tank level and controls the well pumping activity based on the monitoring data.
8 The distribution lines of the Company's water system, as set forth in the ACC Annual
9 Report for 2003, is made up of 3,290 ft. of 12" main, 4,228 ft. of 8" main, 55,303 ft. of 6"
10 main, 24,349 ft. of 4" main, and 1,800 ft. of 2" main.

11 **Q.** How many customers did LQS have during the test year?

12 **A.** There were about 804-metered customers averaged in the test year. This includes 674
13 services and 130 individually metered standpipe customers. These numbers come from
14 the bill count in the test year.

15 **Q.** Does LQS have the well production and storage facilities necessary to serve its current
16 and projected customer load(s)?

17 **A.** No.

18 As illustrated in the tables below, LQS is 72,000 gallons short in meeting the maximum
19 daily demand placed on the system by the current customer base alone should the
20 system lose the production capacity of the #7 Well.

21 **With approximately 900-metered customers (2004) LQS presently has a maximum
22 demand of 750 GPM.**

23 Bulletin #10 Formula

24 900 customers		Instantaneous Demand
25 176 @ 231 GPM		231 GPM
26 724 Customers x 0.7	GPM	506 GPM
27 #5 Well	200 GPM	

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#6 Well **425 GPM**
60,000 Gallon Storage **62 GPM**
(Usable)
 (60,000/60 Min/*16 hrs = 62.56 GPM) **687 GPM Capacity (IF #7 Well is down)**
 *16 hrs = Nature of Peak Demand
737 GPM Minimum Capacity Requirements
687 GPM Maximum Available IF #7 Well is down
50 GPM Short
 X **60 Minutes**
 X **24 Hours**
72,000 Gallons Short for Storage (2004)

Current System Capabilities:

Storage (60,000 Gallons Usable)	62 GPM	62 GPM
#5 Well	200 GPM	200 GPM
#6 Well – Electric		325 GPM
#6 Well – Natural Gas	425 GPM	
#7 Well	850 GPM	850 GPM
	1,537 GPM	1,437 GPM

Q. Does the company anticipate growth?

A. Yes.

Q. Please describe the nature and size of the growth anticipated.

A. LQS has a number of existing and projected subdivisions within its franchise in various stages of development and is considering the possibility of expanding its current franchise boundaries. The following table describes the Company's anticipated growth.

Projected Growth (Within LQS Franchise Boundaries)

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Developed Subdivision(s) with Available Lots

Colonias @ La Canada	03 Lots/Year	02 GPM
Rancho Buena Vista	04 Lots/Year	03 GPM
Mesquite Heights	23 Lots/Year	16 GPM
Estates @ La Canada	29 Lots/Year	20 GPM
Various (Old) Subdivisions	15 Lots/Year	11 GPM
Standpipe Customers	07 Lots/Year	05 GPM

Platted Subdivision(s) – Approved to Construct (PDEQ)

Santa Cruz Meadows	239 Total Lots	167 GPM
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Vacant – Undeveloped Land

Park / Anamax	200 Total Lots	140GPM
AZ State Trust Foundation	80 Total Lots	56 GPM

Second Pressure Zone

Woodward	50 Total Lots	35 GPM
Kittle/Park Corporation	50 Total Lots	35 GPM

Proposed / Anticipated Growth (Expansion of LQS Franchise Boundaries)

Third Pressure Zone

Park/Aries/Ruby Star	3,000 – 5,000 Total Lots	2,800 GPM
----------------------	--------------------------	-----------

Q. What are the indicated increases in storage capacity and production capacity to serve that growth?

A. The Buck Lewis Engineering Report was designed to take the Company to complete build-out of the franchise (1 x 2 mile CC&N with approximately 1,500 service connections including standpipe).

According to Mr. Lewis, the built-out franchise would require either 900,000 gallons of storage or one (1) new well and at least 600,000 of storage. (it has been noted in previous testimony that LQS opted for the additional well (#7) and at least 600,000 gallons of storage).

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Q. Has the Company made proposals to fund portion of additional growth?

A. Yes.

We proposed an increase from \$250 to \$500 in the Off-Site Facilities Hook-Up Fee to help offset costs.

Q. What has Staff recommended with regard to that proposal?

A. That no increase be made to the Off-Site Facilities Hook-Up Fee.

Q. What was Staff's reasoning?

A. The Staff reasons that the system has adequate production and storage capacity to support the existing customer base, including standpipe customers.

The Staff also refers to a statement made on page 7 of the Buck Lewis Engineering Report provided by the Company at the time of the Staff's Data Request dated June 9, 2004, in which Mr. Lewis notes that "An additional 200,000 gallons of storage is recommended which should consist of two (2) 100,000 gallon tanks", by proposing in their testimony that "...the approved hook-up fee amount of \$250 per new connection should be sufficient to fund the purchase and installation of two (2) new 100,000 gallon storage tanks..."

Q. Does the Company believe staff is wrong, and, if so, why?

A. Yes, we believe the Staff is wrong.

The Company currently has only 90,000 gallons of storage (60,000 gallons – usable). In order for us to meet the current demands on the system and the projected growth of the Company's customer base we will need at least 900,000 gallons of storage, as set forth on page 6 of the Buck Lewis Report that states; "...build-out additional storage is about 900,000 gallons. To offset some of the storage, at least one additional well is recommended. Furthermore, a well...can substitute for 500,000 gallons of storage in a multiple well system." The Company opted to satisfy this recommendation by drilling

1 the #7 Well in 1998 and offsetting the 900,000 gallon storage recommendation by
 2 500,000 gallons. The two (2) 100,000 gallon tanks proposed by the Staff are in addition
 3 to the build-out storage capacity of 900,000 gallons as set forth in the Buck Lewis
 4 Report in it's entirety (pages 6 & 7) or the 600,000 gallons needed by the Company.
 5 The storage capacities the Company is proposing (i.e. 500,000 gallons and 150,000
 6 gallons equaling 650,000) will replace the existing 90,000 gallons of storage and will
 7 support the current customer base and the projected growth.

8 **HOOK UP FEES**

9
10 **Q.** Why does the Company want to raise its current Hook-Up Fees?

11 **A.** LQS is proposing an increase in the Off-Site Facilities Hook-Up Fees from \$250 to
12 \$500, for the reasons listed below;

Balance of #7 Well Addition Construction Costs	\$ 76,000.00
--	--------------

14 *Note: Balance due to the Company for funds provided to pay for #7 Well Construction. There
15 were not enough moneys collected through the current Off-Site Facilities Hook-Up Fees to pay
16 for the Well addition to the system.*

Proposed Additions to Storage – 500,000 Gallons @ #3 Tailings	\$ 310,000.00
---	---------------

Proposed Additions to Storage – 150,000 Gallons @ #6 Well	\$ 200,000.00
---	---------------

18 *Note: Storage requirements as per the Buck Lewis Engineering Report dated September 1991
19 (pages 6-7). Please refer to previous testimony for further detail. Costs for additional storage are
20 projected.*

Total Amount Needed	\$ 586,000.00
----------------------------	----------------------

21 Estimated Revenue from proposed Off-Site Facilities Hook-Up Fees

22 300 Additional homes in approximately next three (3) years

300 @ \$500.00	\$ 150,000.00
----------------	---------------

24 500 Additional homes over the next four (4) to twenty (20) years

500 @ \$500.00	\$ 250,000.00
----------------	---------------

Total provided from proposed Off-Site Facilities Hook-Up Fees	\$ 400,000.00
--	----------------------

27 **WATER TESTING**

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Q. Why does the Company test the water?

A. LQS, by law, must take a number of water samples per month. In addition to the required water samples, LQS has opted to take extra bacteria samples throughout the year to assure that any and all repairs to the system do not contaminate the water supply. Should one (1) sample test positive for bacteria an additional five (5) samples are then required to be taken after the water is treated to assure that the bacteria has been removed.

LQS has been tracking the arsenic levels on a monthly basis throughout the system in order to collect data and ultimately record any trends that may appear.

LQS has also been taking the arsenic samples to assist the arsenic media manufacturers in their bids to provide the arsenic remediation for the Company.

LQS is also tracking the sulfates within the system because the water company to the South of LQS (Community Water) is currently dealing with sulfates at high levels, causing complaints.

In my professional judgment, all of the water samples were necessary.

ARSENIC REMOVAL

Q. Does the Company have an arsenic problem that must be remedied by January 2006?

A. Yes.

Arsenic levels have been rising over the last couple of years and now are 11 PPB (#5 Well), 15 PPB (#6 Well), and 13 PPB (#7 Well).

Q. What has the Company done to investigate a remediation program?

A. Because the #5 Well had been historically under 10 PPB arsenic for over fifteen (15) years of testing, LQS was looking into the option of re-drilling #5 Well or drilling a new well next at the #5 Well site. This was discouraged by Errol L. Montgomery & Associates; Consultants in Hydrogeology, Phelps Dodge Sierrita Senior Hydro-geologist Lee Wilkening, and Malcolm Pirnie, Engineering and Consulting. Their joint concern

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was that actually being able to get low arsenic concentrations out of a well at the #5 Well site was not assured and there is a possibility that the #5 Well will be impacted by sulfates in the next few years.

Malcolm Pirnie did a study for the Company in arsenic remediation Spring/Summer 2004. They proposed four (4) different options with the capital associated with these options ranging between \$1,080,000 dollars to \$1,280,000 dollars and yearly operation expenses ranged from \$166,000 dollars to \$318,000 dollars.

I might note that Malcolm Pirnie was the engineering company that did the ADEQ Arsenic Master Plan.

In addition, the Company has requested proposals from several other consulting firms, which would involve alternative remediation approaches or using similar approaches with different medias. We have just recently received those proposals and are in the process of reviewing them. LQS is also receiving information from the Arsenic Remediation Coalition, Arizona Small Utilities Association, Arizona Water Utilities Association, Arizona Water and Pollution Control Association, etc.

Q. How does the Company intend to pay for the arsenic remediation treatment methodology it ultimately selects?

A. At present, our thinking is that we will probably request approval from the Commission to borrow the funds for the capital facilities. We may also seek rate authorization to recover projected operating costs in a future proceeding.

Q. Will the Company's arsenic compliance program be in place as of December 2004 as the ACC's Staff witness appears to assume?

A. LQS intends to submit a progress report to the ACC at that time; however, its facilities will probably not be installed at that time. The Company fully expects to be in compliance by January 23, 2006.

Q. Does this conclude your rebuttal testimony?

A. Yes.

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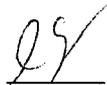
Copies of the foregoing mailed/emailed this 17th day of September, 2004 to:

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1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 COMMISSIONERS

3
4 MARC SPITZER, Chairman
5 WILLIAM A. MUNDELL
6 JEFF HATCH-MILLER
7 MIKE GLEASON
8 KRISTIN K. MAYES

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9 IN THE MATTER OF THE APPLICATION OF) DOCKET NO. W-01583A-04-0178
10 LAS QUINTAS SERENAS WATER CO. FOR A)
11 RATE INCREASE) **REBUTTAL TESTIMONY OF**
12) **KATHLEEN (KAYCEE) CONGER**
13)
14)

15 **INTRODUCTION**

16 **Q.** Please state your name and business address.

17 **A.** My name is Kathleen or Kaycee Conger. My business address is 75 Calle de las
18 Tiendas, Suite 115B, Green Valley Arizona 85614. My business mailing address is
19 P.O. Box 68, Sahuarita Arizona 85629.

20 **Q.** By whom are you employed and in what capacity?

21 **A.** I am employed by Las Quintas Serenas Water Company (LQS) as their Office Manager.

22 **Q.** Please describe your work experience.

23 **A.** I completed my education in 1979 in Seattle Washington. I have been employed within
24 the office framework in several different venues since that time. My responsibilities
25 have included all of the basic office duties, human resources, statistics, and accounting
26 functions (i.e. accounts payable, accounts receivable, payroll, billing, budgets, etc.).
27 On April 1, 2000 I was hired by Las Quintas Serenas Water Company to perform all of
28 the office functions for the company.

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EXHIBIT
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ADMITTED

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PURPOSE OF TESTIMONY

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

A. To provide certain testimony, which is intended to rebut some of the testimony and conclusions set forth in the Commission Staff's August 20th testimony and exhibits pertaining to the Staff's recommended Rate Design for Las Quintas Serenas Water Company.

RATE DESIGN

Q. Does the Company agree with the Staff's recommended Rate Design as set forth in Schedule ENZ 20, pages 1-3?

A. No.

Q. Why Not?

A. Assuming that the Staff's calculations are based on the Bill Count for the Test Year, which was provided with the Company's Rate Case Application, there is no provision in the Staff Rate design proposal to capture or retain reductions or loss of revenues which would otherwise occur by reason of customer reaction to the new rate design.

Q. What would be the nature of such customer reaction?

A. Based on the Bill Count, there were thirty (30) residential and forty (40) commercial accounts which, at the time, received service through a larger meter than the 5/8" - 3/4" standard meter. According to the Staff's proposal, these accounts would be billed the brunt of the Company's revenue requirement, because their rates would be raised while the majority or rest of the Company's customers rates would be lowered. This could essentially cause the thirty (30) affected residential accounts to change out their larger meters for the smaller standard size. The result would be decreased revenue from these customers, with no opportunity for the Company to recover the lost revenues from other customers under the Staff proposal.

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1
2 Q. Does the Company believe these meter change outs will occur?

3
4 A. Yes.

5 Q. How many customers does the Company think will make these changes to their water
6 services should the Staff's Rate Design be implemented?

7
8 A. After reviewing the detail of the Bill Count and based on the knowledge of our
9 customers, we conservatively estimate at least 50% of the residential accounts will
10 reduce the size of their meter.

11
12
13 Q. Have you calculated what the monthly savings would be for the customers who changed
14 out to the smaller 5/8" - 3/4" standard meter?

15 A. Yes.

16 To illustrate the savings to the customer, the following tables compare the Staff's
17 recommended Rate Design as it would be applied to the average gallon/month water
18 usage for the Company's Test Year using a 5/8" - 3/4" standard meter versus a 1",
19 1-1/2" meter, and 2" meter.

20 1" - 17,000 Average Gallons/Month Billing

Meter	Commodity Rates		Usage	Water Cost	Monthly Usage	Total
5/8"-3/4"	0.95	0-4,000 Gallons	4,000	3.80		
	1.15	4,001-23,000 Gallons	13,000	14.95	9.05	27.80
1"	1.15	0-40,000 Gallons	17,000	19.55	22.50	42.05

22 The difference would be a savings of \$14.25 per month should the customer choose to change their meter.

23
24 1 1/2" - 54,000 Average Gallons/Month Billing

Meter	Commodity Rates		Usage	Water Cost	Monthly Usage	Total
5/8"-3/4"	0.95	0-4,000 Gallons	4,000	3.80		
	1.15	4,001-23,000 Gallons	19,000	21.85		
	1.35	23,001 + Gallons	31,000	41.85	9.05	76.55
1 1/2"	1.15	0-100,000 Gallons	54,000	62.10	53.00	115.10

26
27 The difference would be a savings of \$38.55 per month should the customer choose to change their meter.
28

2" - 11,000 Average Gallons/Month Billing

Meter	Commodity Rates	Usage	Water Cost	Monthly Usage	Total
5/8"-3/4"	0.95 0-4,000 Gallons	4,000	3.80		
	1.15 4,001-23,000 Gallons	7,000	8.05	9.05	20.90
2"	1.15 0-150,000 Gallons	11,000	12.65	66.00	78.65

The difference would be a savings of \$57.75 per month should the customer choose to change their meter.

If fifteen (15) of the thirty (30) larger meter residential customers changed out, the monthly revenue loss to the Company would be \$296.25, and annually the loss would be \$3,555. Add \$296 annually to that loss amount for each change out over those fifteen (15) customers.

As a result of changing out their meters, the fifteen (15) customers accounts would no longer be generating the revenues that the Staff has assumed would be available to offset the reduced rates, which Staff has proposed for the majority of customer accounts.

Thus, under the Staff's recommended Rate Design, there would be no way to make-up this loss or generate a positive cash flow.

Q. Has the Company considered the incentives to encourage conservation of water?

A. Yes.

In our preparation of the Company's Rate Case Application, we concluded that we would best serve our customer base and the goal of conservation by proposing a two-tier rate design primarily focused on water usage. That is, billing the customer for the amount of water they actually use per month.

Q. Do you still believe that is the appropriate Rate Design for this water company's system?

A. Yes, we do; and, for the reasons indicated, we believe that the Staff's Rate Design proposal is not.

Q. Does this conclude your rebuttal testimony?

A. Yes.

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BEFORE THE ARIZONA CORPORATION COMMISSION

MARC SPITZER
Chairman
WILLIAM A. MUNDELL
Commissioner
JEFF HATCH-MILLER
Commissioner
MIKE GLEASON
Commissioner
KRISTIN MAYES
Commissioner

IN THE MATTER OF THE APPLICATION OF)
LAS QUINTAS SERENAS WATER COMPANY)
FOR AN INCREASE IN ITS WATER RATES)
FOR CUSTOMERS WITHIN PIMA COUNTY,)
ARIZONA)
_____)

DOCKET NO. W-01583A-04-0178

DIRECT
TESTIMONY
OF
ALEJANDRO RAMIREZ
PUBLIC UTILITIES ANALYST I
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

AUGUST 20, 2004

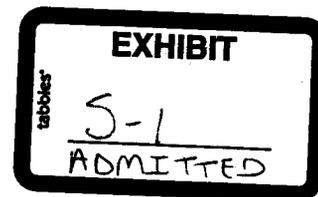


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EXECUTIVE SUMMARY

The direct testimony of Staff witness Alejandro Ramirez addresses the following issues:

Capital Structure – Staff recommends the Commission adopt Las Quintas Serenas’ actual capital structure consisting of 100 percent equity.

Cost of Equity – Staff recommends the Commission adopt an 8.5 percent return on equity (“ROE”). Staff estimated an 8.1 percent ROE for the Applicant based on cost of equity estimates ranging from 7.5 percent (CAPM) to 8.7 percent (DCF). An 8.1 percent ROE would result in a \$764 reduction in the revenue requirement. Since a \$764 impact to the revenue requirement is de minimis, Staff recommends an 8.5 percent ROE to provide no change in the revenue requirement. An 8.5 percent ROE is consistent with Staff’s 7.5 percent to 8.7 percent cost of equity estimate range.

Overall Rate of Return - Staff recommends the Commission adopt an overall rate of return (“ROR”) of 8.5 percent.

1 **INTRODUCTION**

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

3 A. My name is Alejandro Ramirez. I am a Public Utilities Analyst employed by the Arizona
4 Corporation Commission ("ACC" or "Commission") in the Utilities Division ("Staff").
5 My business address is 1200 West Washington Street, Phoenix, Arizona 85007.

6
7 **Q. Briefly describe your responsibilities as a Public Utilities Analyst.**

8 A. In my position as a Public Utilities Analyst, I perform studies to estimate the cost of
9 capital component of revenue requirement in rate proceedings. I also perform other
10 financial analyses.

11
12 **Q. Please describe your educational background and professional experience.**

13 A. In 2002, I graduated summa cum laude from Arizona State University, receiving a
14 Bachelor of Science degree in Global Business with a specialization in finance. While
15 attending Arizona State University, I successfully completed the Barrett Honors College
16 curriculum. My course of studies included classes in corporate and international finance,
17 investments, accounting, statistics, and economics. I began employment as a Staff Public
18 Utilities Analyst in 2003. Since that time, I have provided recommendations to the
19 Commission on financings and prepared various studies in the field of cost of capital and
20 econometrics. I have also attended seminars related to general regulatory and business
21 issues.

22

23

24

25

1 **Q. What is the scope of your testimony in this case?**

2 A. I provide Staff's recommended rate of return in this case. I discuss the appropriate rate of
3 return ("ROR") for establishing the revenue requirement for Las Quintas Serenas Water
4 Company ("Las Quintas Serenas" or "Applicant").

5

6 **SUMMARY OF TESTIMONY AND RECOMMENDATIONS**

7 **Q. Briefly summarize how Staff's cost of capital testimony is organized.**

8 A. Staff's cost of capital testimony is organized in five sections. Section I presents Staff's
9 recommended capital structure. Section II discusses the concepts of risk and expected
10 returns, and presents the methods employed to estimate those returns. Section III presents
11 the findings of Staff's cost of equity capital analysis which relies in the discounted cash
12 flow ("DCF") model and the capital asset pricing model ("CAPM"). Section IV discusses
13 Staff's final cost of equity estimates for the Applicant. Section V presents Staff's ROR
14 recommendation for Las Quintas Serenas.

15

16 **Q. Have you prepared any exhibits to your testimony?**

17 A. Yes. I prepared eight schedules (AXR-1 to AXR-8) that support Staff's cost of capital
18 analysis.

19

20 **Q. What is Staff's recommended rate of return for Las Quintas Serenas?**

21 A. Staff recommends an 8.5 percent ROR, which is based on cost of equity estimates that
22 range from 7.5 percent to 8.7 percent. This rate is calculated on Schedule AXR-1.

23

24

25

1 **I. LAS QUINTAS SERENAS' CAPITAL STRUCTURE**

2 **Q. What capital structure does the Company propose?**

3 A. The Company proposes its actual capital structure which consists of 100 percent equity.
4

5 **Q. Does Staff agree with the Company's proposed capital structure?**

6 A. Yes.
7

8 **II. RISK AND RETURN ON EQUITY**

9 **Capital Costs in General**

10 **Q. What has been the general trend of capital costs in recent years?**

11 A. Interest rates have decreased in recent years. Chart 1 graphs intermediate U.S. treasury
12 rates from January 1999 to April 2004:

13 **Chart 1: Average Yield on 5-, 7-, 10-Year Treasuries**



19 Source: Federal Reserve

20 **Q. What do interest rates imply for equity costs?**

21 A. The capital asset pricing model ("CAPM") suggests that the cost of equity moves in the
22 same direction as interest rates.

23

24

1 **Q. What has been the long-term trend in interest rates and what does it suggest for**
2 **capital costs?**

3 Chart 2 shows that interest rates have declined in the past twenty years and are currently at
4 levels comparable to the 1950's and 1960's. Chart 2 suggests that capital costs, including
5 the cost of equity, have recently been lower than what they have been in decades.

7 **Chart 2: History of 5- and 10-Year Treasury Yields**



11 Source: Federal
12 Reserve

13 **Q. What have historical returns been for average risk securities?**

14 A. Jeremy Siegel, a Wharton School finance professor, found that the average arithmetic and
15 compound annual returns on U.S. equities have been 9.7 percent and 8.3 percent,
16 respectively, using 199 years of data through 2001.¹

17
18 **Q. Do the returns presented in Professor Siegel's study represent the cost of equity for**
19 **those years?**

20 A. No. The cost of equity represents investors' expected returns. The returns presented by
21 Professor Siegel are actual returns and not expected returns. However, an allowed ROE at

¹ Siegel, Jeremy J. *Stocks for the Long Run*, third edition. McGraw-Hill, New York. 2002. p.13.

1 or above 10.0 percent clearly exceeds the arithmetic and compound average historical
2 return on U.S. equities for the period studied by Professor Siegel.

3
4 **Q. What information is available to provide insight into the relationship between the**
5 **required return on equity for a regulated water utility and the average return on the**
6 **market?**

7 A. The average beta $(0.63)^2$ for a water utility is lower than the theoretical average beta for all
8 stocks (1.0). This implies that the required return on equity for a regulated water utility is
9 below the average required return on the market.

10
11 **Capital Structure and Risk**

12 **Q. Please define risk.**

13 A. Risk can be defined as the level of uncertainty which is inherent in a financial
14 opportunity³. Risk is usually separated into two categories: market risk (also known as
15 systematic risk) and nonmarket risk (also known as unique risk).

16
17 **Q. Could you please differentiate market risk and nonmarket risk?**

18 A. Market risk is defined as the sensitivity of an investment's return to market returns.
19 Market risk affects all stocks and is related to economy-wide perils which threaten all
20 businesses such as inflation, interest rates, and general business cycles. While each of
21 these perils affects all stocks, the impact on each company is not necessarily the same.
22 Market risk is nondiversifiable. Market risk is the only type of risk that affects the cost of
23 equity. Market risk is measured by beta. Beta reflects both the business risk and the
24 financial risk of a firm.

² See Schedule AXR-5

³ Jacob, Nancy, Pettit, Richardson R. *Investments*, second edition. Irwin, Homewood. 1988. p.34.

1 Nonmarket risk, also known as unique risk, is usually uncorrelated across firms in the
2 economy. Unique risk is related to an individual project or company. Investors eliminate
3 this risk by holding a diversified portfolio. Unique risk is not measured by beta, nor does it
4 affect the cost of equity because these firm-specific risks can be eliminated through
5 shareholder diversification. Diversifiable risks are reflected in estimates of expected future
6 cash-flows, not in the cost of equity.

7
8 Investors who hold diversified portfolios do not require additional return for unique risk;
9 therefore, it does not affect the cost of capital. Because investors who choose to be less
10 than fully diversified must compete in the market with fully diversified investors, the
11 former cannot expect to be compensated for unique risk.

12
13 **Q. Do both business and financial risk affect the cost of equity?**

14 **A.** Yes, they do.

15
16 **Q. How are business risk and financial risk defined?**

17 **A.** Business risk is that risk which is associated with the fluctuation in earnings due to the
18 basic nature of a firm's business. Financial risk is that risk which affects shareholders due
19 to a firm's reliance on debt financing.

20
21 **Q. What is the relationship between the capital structure and financial risk?**

22 **A.** A greater percentage of debt in a capital structure results in a higher level of financial risk.
23
24

1 **Q. How does Las Quintas Serenas' capital structure compare to capital structures of**
2 **publicly traded water utilities?**

3 A. Las Quintas Serenas' capital structure is composed of 100 percent equity. The Applicant's
4 shareholders do not bear any financial risk due to the lack of leverage in Las Quintas
5 Serenas' capital structure. Schedule AXR-2 shows the capital structures of six publicly
6 traded water companies ("sample water companies") as of 2003, as well as Las Quintas
7 Serenas' capital structure. As of December 2003, the sample water utilities were
8 capitalized with approximately 49.7 percent debt and 50.3 percent equity, while Las
9 Quintas Serenas capital structure consists of 100 percent equity.

10
11 **Fair and Reasonable Return on Equity**

12 **Q. Define the term "cost of equity."**

13 A. The cost of equity to a firm is the rate of return investors expect to earn on their equity
14 investment in that firm given its risk. The cost of equity is equally defined as the rate of
15 return the investor expects to earn on other investments of similar risk.

16
17 **Methods Employed to Estimate the Return on Equity**

18 **Q. What models did Staff use to estimate Las Quintas Serenas' cost of equity?**

19 A. Staff used two market-based models: the discounted cash flow ("DCF") model and the
20 capital asset pricing model ("CAPM") to estimate Las Quintas Serenas' cost of equity.
21 Staff chose to use market-based models because the cost of equity is determined by the
22 market.

23
24
25

1 **Q. Explain why Staff chose the DCF and CAPM market-based models?**

2 A. Staff chose to use the DCF and CAPM models because they are widely recognized and
3 used in Finance. Further explanation of those models is provided later in Staff's testimony.
4

5 **Q. Did Staff apply the DCF model and the CAPM to Las Quintas Serenas directly?**

6 A. No, Staff did not apply the models directly to Las Quintas Serenas for two reasons. First,
7 Las Quintas Serenas does not have publicly traded stock; therefore, the required
8 information to apply the market-base models is unavailable. Second, any estimate of the
9 cost of equity for a single company stock would inevitably contain a high degree of
10 random fluctuations and thus be subject to considerable error. Using samples of similar
11 companies to estimate the cost of equity gives a more reliable estimate. Accordingly, Staff
12 applied the DCF and CAPM models to a sample of water utilities to estimate Las Quintas
13 Serenas' cost of equity.
14

15 **Q. What companies did Staff select as proxies or comparables for Las Quintas Serenas?**

16 A. Staff selected six publicly traded water utilities shown on Schedule AXR-2. These
17 companies represent the water utilities that are currently analyzed by *The Value Line*
18 *Investment Survey Small and Mid Cap Edition* ("Value Line Small Cap") and *The Value*
19 *Line Investment Survey* ("Value Line") that have a significant amount of revenues derived
20 from regulated operations.
21
22
23

1 **Discounted Cash Flow Model Analysis**

2 **Q. Please provide a brief summary of the theory upon which the DCF method of**
3 **estimating the cost of equity is based.**

4 A. The DCF method of estimating the cost of capital is based on the theory that the present
5 value of a stock (current market price) is calculated the same way as it is for the present
6 value of any other asset. In other words, the current market price of a stock (asset) is equal
7 to the present value of all expected future dividends (cash flows). Through a mathematical
8 formula, the discount rate, or cost of capital, can be estimated from the expected dividend,
9 the market price, and a dividend growth rate. The formula is then applied to each company
10 included in the sample that exhibits similar risk to the company whose cost of equity is
11 being estimated. The results are averaged to arrive to the estimate of the cost of equity.

12
13 **Q. How did the DCF model become a recognized method for estimating the cost of**
14 **equity capital for a public utility?**

15 A. In the 1960s, Professor Myron Gordon pioneered the use of the DCF method to estimate
16 the cost of capital for a public utility. This model has become widely used due to its
17 theoretical merit and its simplicity. In 1998, Professor Gordon discussed the simplicity of
18 his model when he gave the Keynote Address at the 30th Financial Analyst Forum of the
19 Society of Utility and Regulatory Financial Analysts:

20
21 On its simplicity, the model made it extremely difficult, if not
22 impossible, for a banker from Goldman Sachs or some other Wall
23 Street firm, or for a finance professor from a prestige university to
24 use the authority of his/her position to make extravagant claims
25 before a regulatory agency. An independent expert or a member of
26 a commission staff with far less impressive credentials could

1 politely, firmly and effectively deflate any bombast in their
2 testimony.⁴

3
4 **Q. How did Staff apply the DCF Model?**

5 A. Staff applied two different versions of the DCF model. The first version of the DCF used
6 by Staff is the constant-growth DCF Model. The second version is a multi-stage or non-
7 constant growth DCF. The constant-growth DCF Model assumes that a company will
8 grow at the same rate indefinitely. The main assumption and advantage in the non-
9 constant growth DCF model is that it does not assume that dividends grow at a constant
10 rate over time.

11 *The Constant-Growth DCF*

12 **Q. What is the constant-growth DCF formula used in Staff's analysis?**

13 A. The constant-growth DCF formula used in Staff's analysis is:

Equation 1:

$$K = \frac{D_1}{P_0} + g$$

where : K = the cost of equity
 D₁ = the expected annual dividend
 P₀ = the current stock price
 g = the expected infinite annual growth rate of dividends

14 Equation 1 assumes that the company has a constant retention rate and that its earnings are
15 expected to grow at a constant rate. Therefore, if a stock has a current market price of \$10
16 per share, an expected annual dividend of \$.25 per share, and if its dividends were
17 expected to grow 5 percent per year, then the cost of equity to the company would be 7.5
18 percent (the 2.5 percent dividend yield plus the growth rate of 5.0 percent per year).

⁴ Gordon, M. J. Keynote Address at the 30th Financial Forum of the Society of Utility and Regulatory Financial Analysts. May 8, 1998. Transparency 2.

1 **Q. How did Staff calculate the dividend yield component (D_1/P_0) of the constant-growth**
2 **DCF formula?**

3 A. Staff calculated the yield component of the DCF formula by dividing the expected annual
4 dividend by the spot stock price after the close of the market on July 7th, 2004, as reported
5 by *Yahoo Finance*.

6
7 Staff used the current market stock price (spot stock price) rather than an average to be
8 consistent with finance theory. According to the efficient market hypothesis (“EMH”), the
9 current stock price includes investors’ expectations of future returns and it is the best
10 indicator of those expectations.

11
12 **Q. How did Staff estimate the dividend growth (g) component of the DCF model?**

13 A. As shown in Equation 1, the DCF model is predicated on dividend growth. Therefore,
14 Staff used a combination of historical and projected dividend-per-share (“DPS”) growth
15 provided by *Value Line*. Staff also examined historical and projected growth in earnings-
16 per-share (“EPS”) and intrinsic growth to estimate the dividend growth rate.

17
18 **Q. How did Staff estimate historical DPS growth?**

19 A. Staff estimated historical DPS growth by calculating the average rate of growth in DPS of
20 the sample water companies from 1993 to 2003. The results of the analysis are shown on
21 Schedule AXR-3. Staff’s analysis indicates an average historical DPS growth rate of 2.6
22 percent for the sample water utilities.

23

24

25

1 **Q. What DPS growth rate does *Value Line* project for the sample water utilities?**

2 A. *Value Line* projects a 3.3 percent DPS growth rate for the sample water utilities, also
3 shown in Schedule AXR-3.

4
5 **Q. Why did Staff examine EPS growth to estimate the dividend growth component of
6 the constant-growth DCF model?**

7 A. Staff examined EPS growth to estimate the dividend growth component of the constant-
8 growth DCF model because dividends and earnings are not independent. It is unreasonable
9 to assume investors expect long-term dividend growth to exceed long-term earnings
10 growth because it would lead to payout ratios in excess of 100 percent, which are not
11 sustainable. Therefore, Staff considered historical and projected EPS growth when
12 estimating expected dividend growth.

13
14 **Q. What is Staff's historical EPS growth rate?**

15 A. Schedule AXR-3 shows Staff's historical average rate of growth in EPS for the sample
16 water utilities. Staff's average historical EPS growth rate is 1.7 percent for the period
17 1993 to 2003.

18
19 **Q. What EPS growth rate does *Value Line* project?**

20 A. *Value Line's* projected EPS growth rate is 14.3 percent for the sample water utilities, as
21 shown in Schedule AXR-3. Analysts' projections of the future earnings are usually high⁵
22 and vary widely.

⁵ See Seigel, Jeremy J. *Stocks for the Long Run*. 2002. McGraw-Hill. New York. p. 100. Malkiel, Burton G. *A Random Walk Down Wall Street*. 1999. W.W. Norton & Co. New York. p. 169. Dreman, David. *Contrarian Investment Strategies: The Next Generation*. 1998. Simon & Schuster. New York. pp. 97-98. Testimony of Professors Myron J. Gordon and Lawrence I. Gould, consultant to the Trial Staff (Common Carrier Bureau), FCC Docket 79-63, p. 95.

1 **Q. How was Staff's intrinsic growth rate calculated?**

2 A. Staff's intrinsic growth rate was calculated by adding the retention growth rate term (br) to
3 the stock financing growth rate term (vs).

4
5 **Q. What is retention growth?**

6 A. Retention growth is the product of the retention ratio and the book/accounting return on
7 equity. This concept is based on the theory that dividend growth will not be achieved
8 unless the company retains some of its earnings. Retention growth is a component of
9 Staff's intrinsic growth calculation.

10

11 **Q. What is the formula for the retention growth rate?**

12 A. The retention growth rate formula is:

13

Equation 2 :

$$g = br$$

where : g = retention growth
 b = the retention ratio (1 – dividend payout ratio)
 r = the accounting/book return on common equity

14

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1 **Q. What historical retention (br) growth rate did Staff calculate for the sample water**
2 **utilities?**

3 A. Staff calculated a historical average retention (br) growth of 3.1 percent for the sample
4 water utilities, as it is shown on Schedule AXR-4. This rate was calculated by averaging
5 the retention growth rate for the years 1994 through 2003.

6
7 **Q. Does *Value Line* project retention growth?**

8 A. Yes, it does. *Value Line* projects an average retention growth rate of 4.3 percent for the
9 period 2007-2009 for the sample water utilities, as shown on Schedule AXR-4.

10
11 **Q. Under what circumstances is the br growth rate method a reasonable estimate of**
12 **future dividend growth?**

13 A. The br growth rate is a reasonable estimate of future dividend growth when the retention
14 ratio is fairly constant and the company's market price to book value ("market-to-book
15 ratio") is expected to be 1.0. The average retention ratio has been fairly constant over the
16 past several years. However, the market to book ratio for the sample water utilities is
17 higher than 1.0 (As shown is Schedule AXR-5, it is 2.1). Staff assumes that investors
18 expect the market-to-book ratio to remain above 1.0.

19
20 **Q. What is the financial implication of a market-to-book ratio greater than 1.0?**

21 A. The financial implication of a market-to-book ratio greater than 1.0 is that investors expect
22 the company to earn an accounting/book return on its equity higher than its cost of equity.

23

24

1 **Q. How has Staff accounted for the assumption that investors expect the average**
2 **market-to-book ratio of the sample water utilities to remain above 1.0?**

3 A. Staff added a second growth term to the br growth rate to account for the assumption that
4 investors expect the average market-to-book ratio of the sample water utilities to remain
5 above 1.0.

6
7 **Q. What is the second growth term Staff used to account for the assumption that**
8 **investors expect the average market-to-book ratio of the sample water utilities to**
9 **remain above 1.0?**

10 A. The second growth term used, referred to by Staff as the stock financing growth term
11 (“vs”), is the product of the variable v times the variable s. The vs growth term, derived by
12 Myron Gordon in his book, *The Cost of Capital to a Public Utility*⁶, represents the growth
13 in the company’s dividends due to the sale of stock. The variable v represents the fraction
14 of the funds raised from the sale of stock that accrues to existing shareholders, and s
15 represents the funds raised from the sale of stock as a fraction of the existing common
16 equity.

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⁶ Gordon, Myron J. *The Cost of Capital to a Public Utility*. MSU Public Utilities Studies, Michigan, 1974. pp 31-35.

1 **Q. How is the variable v presented above calculated?**

2 A. Variable v is calculated as follows:

3

4

Equation 3:

$$v = 1 - \left(\frac{\text{book value}}{\text{market value}} \right)$$

5

6 For example, let's assume that a share of stock has a \$20 book value and is selling for \$25.

7 Then, to find the value of v, the formula is applied:

$$v = 1 - \left(\frac{20}{25} \right)$$

8

In this example, v would be equal to 0.20. Staff found that the average v for the sample water utilities is 0.50.

9

10

11 **Q. How is the variable s presented above calculated?**

12 A. Variable s is calculated as follows:

13

Equation 4:

14

15

$$s = \frac{\text{Funds raised from the issuance of stock}}{\text{Total existing common equity before the issuance}}$$

16

17

18

19

20

1 For example, assume that a company has \$100 in existing equity, and it sells \$10 of stock.
2 Then, to find the value of s , the formula is applied:

$$s = \left(\frac{10}{100} \right)$$

3 In this example, s would be equal to 10.0 percent. Staff found the average s for the sample
4 water utilities to be 3.7 percent.

5
6 **Q. How does the vs term work?**

7 A. If investors expect a company to earn an accounting/book return on its equity equal to the
8 cost of equity, then the market-to-book ratio will equal 1.0. If the market-to-book ratio is
9 equal to 1.0, the term v will be equal zero (0.0), and consequently, vs will be zero (0.0).
10 When the market-to-book ratio equals 1.0, no funds raised from sale of stock will accrue
11 to existing stock holders, and the dividend growth will depend on the br term.

12
13 On the other hand, if investors expect the company to earn an accounting/book return on
14 its equity that is higher than the cost of equity, the market-to-book ratio will be higher than
15 1.0. The term v will be positive, and consequently, vs will be different from zero. When
16 new shares are issued and sold, the book value per share of outstanding stock is less than
17 the contribution per share of the new stockholders. This excess per share contribution over
18 the book value per share will accrue to existing stockholders in the form of a higher book
19 value. The resulting higher book value leads to a higher expected earnings and dividends.

20
21 The average market-to-book value of the sample water utilities is 2.1. Accordingly, Staff
22 added the vs term to the br growth rate to calculate the intrinsic dividend growth ($g = br +$

1 vs) term of the DCF. The vs term of each of the companies comprised in the sample water
2 utilities is show in Schedule AXR-4.

3
4 **Q. Should utilities' market-to-book ratios fall to 1.0 if their authorized ROEs are set**
5 **equal to their costs of equity?**

6 A. Yes. In theory, if a utility's authorized ROE is set equal to its cost of equity, the utility's
7 market-to-book ratio should decline to 1.0. This would imply that in the long-run, the term
8 vs is unnecessary. However, in reality, rate orders might not force the market-to-book
9 ratios to 1.0 for a variety of reasons. For example, the company might have sources of
10 income that are not regulated, and regulatory commissions do not issue orders
11 simultaneously for utilities that operate in different jurisdictions. Staff's inclusion of the vs
12 term in its constant-growth DCF analysis might result in an over estimate of its intrinsic
13 dividend growth rate and the resulting DCF estimate. Staff's DCF estimates are too high if
14 investors expect the average market-to-book ratio of the sample water utilities' to fall to
15 1.0 due to falling authorized ROEs.

16
17 **Q. What is Staff's intrinsic growth rate?**

18 A. Staff estimated an intrinsic growth rate of 5.1 percent when using historical retention
19 growth and an intrinsic growth rate of 7.0 percent when using retention growth projected
20 by *Value Line*. Schedule AXR-4 presents Staff's estimates of intrinsic growth rate.

21
22 **Q. What is Staff's expected infinite annual growth rate in dividends?**

23 A. Staff calculated the expected infinite annual growth rate in dividends by averaging
24 historical and projected growth rate in dividends per share ("DPS"), earnings per share

1 (“EPS”), and intrinsic growth. Schedule AXR-6 presents the calculation of the expected
2 infinite annual growth rate in dividends. Staff’s estimate is 5.7 percent.
3

4 *The Multi-Stage DCF*

5 **Q. Why did Staff implement the multi-stage DCF model to estimate Las Quintas**
6 **Serenas cost of equity?**

7 A. Staff implemented the multi-stage DCF model to account for the assumption that
8 dividends may not grow at a constant rate. Staff’s multi-stage DCF model incorporates
9 two growth rates: a near term growth rate and a long-term growth rate.
10

11 **Q. What is the multi-stage DCF formula?**

12 A. The multi-stage DCF formula is shown in the following equation:
13

Equation 5 :

$$P_0 = \sum_{t=1}^n \frac{D_t}{(1+K)^t} + \frac{D_n(1+g_n)}{K-g_n} \left[\frac{1}{(1+K)} \right]^n$$

Where : P_0 = current stock price
 D_t = dividends expected during stage 1
 K = cost of equity
 n = years of non – constant growth
 D_n = dividend expected in year n
 g_n = constant rate of growth expected after year n

1 As mentioned above, Staff incorporated two growth rates. This assumes that investors
2 expect dividends to grow at a certain rate in the near-term ("Stage -1 growth"), and then to
3 grow at another rate in the long-term ("Stage-2 growth").
4

5 **Q. How did Staff implement the multi-stage DCF model?**

6 A. Staff found the cost of equity by first forecasting a stream of dividends, and then finding
7 that rate (cost of equity) which equates the present value of the stream of dividends to the
8 current stock price for each of the sample water utilities, consistent with Equation 5. The
9 stream of forecasted dividends grows at two different rates (near-term growth and long-
10 term growth).
11

12 **Q. How did Staff calculate stage-1 growth?**

13 A. Staff forecasted four years of dividends for each of the sample water utilities using
14 expected dividends over the next twelve months for the first year and *Value Line's*
15 projected DPS growth rate for the subsequent years.
16

17 **Q. How did Staff estimate stage-2 growth?**

18 A. Staff used the rate of growth in gross domestic product ("GDP") from 1929 to 2003. This
19 historical growth is appropriate because it assumes that the water utility industry is
20 expected to grow neither faster, nor slower, than the overall economy.
21

22 **Q. What is the historical growth in GDP that Staff used to estimate stage-2 growth?**

23 A. The historical growth in GDP that Staff used to estimate stage-2 growth is 6.5 percent
24 (1929-2003).

1 **Capital Asset Pricing Model**

2 **Q. Please describe the capital asset pricing model.**

3 A. The CAPM is the best known model of risk and return. In 1990, Professors Harry
4 Markowitz, William Sharpe, and Merton Miller earned the Nobel Prize in Economic
5 Sciences for their contribution to the development of the CAPM. This model is concerned
6 with the determination of the prices of capital assets in a competitive market. The CAPM
7 assumes that investors are risk averse - they require a greater return for bearing greater
8 risk. The model also assumes that investors diversify because it allows them to reduce
9 their level of risk exposure for a given level of expected return.⁷ Mathematically
10 represented, the expected return on a risky asset is equal to the prevailing risk-free interest
11 rate plus the market risk premium which is adjusted for the riskiness of the investment
12 relative to the market.

13
14 **Q. What is the CAPM formula?**

15 A. The CAPM formula is shown in the following equation:

Equation 6 :

$$K = R_f + \beta (R_m - R_f)$$

where : R_f = risk free rate
 R_m = return on market
 β = beta
 $R_m - R_f$ = market risk premium
 K = expected return

⁷ The CAPM also assumes the following: 1. Single holding period 2. Perfect and competitive securities market 3. No transaction costs 4. No restrictions on short selling or borrowing 5. The existence of a risk-free rate 6. Homogeneous expectations.

1 **Q. What does the beta measure?**

2 A. Beta measures the systematic risk of a company. As stated previously, systematic risk is
3 the only form of risk that is relevant when estimating a company's required return because
4 it is the only risk that cannot be eliminated through diversification. The market's beta is
5 1.0; therefore, a security with a beta higher than 1.0 is riskier than the market, and a
6 security with a beta lower than 1.0 is less risky than the market.

7
8 **Q. How was the CAPM implemented to estimate Las Quintas Serenas' cost of equity?**

9 A. Staff implemented the CAPM on the same sample water utilities used in Staff's DCF
10 analysis.

11
12 **Q. What risk-free rate of interest did Staff estimate?**

13 A. Staff calculated an estimate of the risk-free rate of interest by averaging intermediate-term
14 U.S. Treasury securities' spot rates published in *The Wall Street Journal*. Staff used
15 published spot rates which are determined by the capital markets because they are
16 verifiable, objective and readily available. Staff averaged the yields-to-maturity of three
17 intermediate-term⁸ (five-, seven, and ten-year) U.S. Treasury securities published in the
18 July 7, 2004, edition of *The Wall Street Journal*. Staff estimated the risk-free rate to be 4.0
19 percent.⁹

20

⁸ The use of intermediate-term securities is based on the theoretical specification that the time to maturity approximates the investor's holding period, and assumes that most investors consider the intermediate time frame (5-10 years) a more appropriate investment horizon. See Reilly, Frank K., and Keith C. Brown. Investment Analysis and Portfolio Management. 2003. South-Western. Mason, OH. p. 439.

⁹ Average yield on 5-, 7-, and 10-year Treasury notes according to the July 7th, 2004, edition of *The Wall Street Journal*: 3.63%, 4.03%, and 4.48%, respectively.

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Q. What beta (β) did Staff use?

A. Staff estimated Las Quintas Serenas' beta (β) to be 0.63. Staff averaged the *Value Line* betas of the sample water utilities, and used this average as a proxy for Las Quintas Serenas' beta. Schedule AXR-5 shows the *Value Line* betas for each of the sample water utilities.

Q. Could you please describe the expected market risk premium ($R_m - R_f$)?

A. The expected market risk premium is the additional amount of return over the risk-free rate that investors expect to receive from investing in the market (or an average-risk security). Staff used two approaches to calculate the market risk premium: the historical market risk premium approach and the current market risk premium approach.

Q. Could you describe the historical market risk premium estimate approach?

A. In this approach, Staff assumed that if one consistently uses the long-run average market risk premium to estimate the expected market risk premium, one should, on average, be correct. In this approach Staff assumed that the average historical market risk premium estimate is a reasonable estimate of the expected market risk premium.

For the market risk premium estimate, Staff used the intermediate-horizon equity risk premium published in the Ibbotson Associates' *Stocks, Bonds, Bills, and Inflation 2003 Yearbook* for the period 1926-2002. Ibbotson Associates calculated the historical risk premium by averaging the historical arithmetic differences between the S&P 500 and the intermediate-term government bond income returns. Staff's historical market risk premium estimate is 7.4 percent.

1 **Q. Could you describe the current market risk premium estimate approach?**

2 A. In this approach, Staff found a DCF-derived ROE using the expected dividend yield (over
3 the next twelve months) and growth that *Value Line* projects on all dividend-paying stocks
4 under its review (July 2, 2004). Given the DCF-derived ROE, the market's average beta of
5 1.0 and the current long-term risk-free rate, Staff implemented the CAPM to find the
6 implied current market risk premium.

7
8 According to the July 2, 2004, edition of *Value Line*, the expected dividend yield is 1.6
9 percent and the expected annual growth in share price is 9.73 percent.¹⁰ Therefore, the
10 constant-growth DCF estimate of the cost of equity to all dividend-paying stocks followed
11 by *Value Line* is 11.33 percent (9.73percent +1.6 percent). The current market risk
12 premium implied by the CAPM equation using the yield on the 30-year Treasury note
13 (5.22 percent) is 6.1 percent.¹¹

14
15 **Q. What is Staff's expected market risk premium estimate?**

16 A. Staff's market risk premium estimate is 6.1 percent to 7.4 percent.
17
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¹⁰ 3 to 5 year price appreciation potential is 45%. $1.45^{1/4} - 1 = 9.73\%$

¹¹ $11.33\% = 5.22\% + (1) (6.11\%)$

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**III. FINDINGS OF STAFF'S COST OF EQUITY CAPITAL ANALYSIS FOR THE
SAMPLE WATER UTILITIES**

Q. What is the result of Staff's constant-growth DCF analysis?

A. Schedule AXR-8 shows the result of Staff's constant-growth DCF Analysis. The result of Staff's constant-growth DCF analysis is as follows:

$$k = 3.5\% + 5.7\%$$

$$k = 9.2\%$$

Staff's constant-growth DCF estimate of the cost of equity to the sample water utilities is 9.2 percent.

Q. What is the result of Staff's multi-stage DCF analysis?

A. Schedule AXR-7 shows the result of Staff's multi-stage DCF Analysis. The result of Staff's multi-stage DCF analysis is:

Company	Equity Cost Estimate (k)
American States Water	10.1%
California Water	10.1%
Aqua America	9.1%
Connecticut Water	9.8%
Middlesex Water	9.8%
SJW Corp	9.3%
Average	9.7%

Staff's multi-stage DCF estimate of the cost of equity to the sample water utilities is 9.7 percent.

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Q. What is the result of Staff's CAPM analysis using the historical market risk premium estimate?

A. Schedule AXR-8 shows the result of Staff's CAPM analysis using the historical risk premium estimate. The result is as follows:

$$k = 4.0\% + 0.63*(7.4\%)$$

$$k = 8.7\%$$

Staff's CAPM estimate (using the historical market risk premium) of the cost of equity to the sample water utilities is 8.7 percent.

Q. What is the result of Staff's CAPM analysis using the current market risk premium estimate?

A. Schedule AXR-8 shows the result of Staff's CAPM Analysis using the ^{current} ~~historical~~ risk premium estimate. The result is:

$$k = 4.0\% + 0.63*(6.1\%)$$

$$k = 7.8\%$$

Staff's CAPM estimate (using the current market risk premium) of the cost of equity to the sample water utilities is 7.8 percent.

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Q. Please summarize the results of Staff's cost of equity analysis.

A. The following table shows the results of Staff's cost of equity analysis:

Table 1

Method	Estimate
Average DCF Estimate	9.5%
Average CAPM Estimate	8.3%
Overall Average	8.9%

Staff's average estimate of the cost of equity to the sample water utilities is 8.9 percent.

IV. FINAL COST OF EQUITY ESTIMATES FOR LAS QUINTAS SERENAS

Q. Does Las Quintas Serenas' cost of equity depend on its capital structure?

A. Yes, it does. As a company increases its leverage (debt), its cost of equity increases. The average capital structure for the water sample utilities is composed of 50.3 percent equity and 49.7 percent debt as shown on Schedule AXR-2. As mentioned previously, Las Quintas Serenas' capital structure is composed of 100 percent equity; therefore, its stockholders do not bear any financial risk, and its cost of equity is lower than that of the water sample utilities.

Q. Did Staff calculate the effect of Las Quintas Serenas' capital structure on its cost of equity?

A. Yes. Staff relied on the methodology developed by Professor Robert Hamada of the University of Chicago, which incorporates capital structure theory with the CAPM, to estimate the effect of Las Quintas Serenas' capital structure on its cost of equity. Staff calculated a financial risk adjustment for Las Quintas Serenas of negative 80 basis points.

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After applying the financial risk adjuster to Staff's average estimate of the cost of equity to the sample water utilities, Staff estimated an 8.1 percent cost of equity for Las Quintas Serenas.

The calculation is as follows:

Equation 7:

Adjusted ROE = Overall average estimated ROE + Financial risk adj.

Adjusted ROE for Las Quintas Serenas = 8.9% + (-0.8%)

Adjusted ROE for Las Quintas Serenas = 8.1%

Q. What is Staff's ROE recommendation for Las Quintas Serenas?

A. Staff estimated an 8.1 percent ROE for the Applicant based on cost of equity estimates ranging from 7.5 percent (CAPM) to 8.7 percent (DCF). An 8.1 percent ROE would result in a \$764 reduction in the revenue requirement. Since a \$764 impact to the revenue requirement is de minimis, Staff recommends an 8.5 percent ROE to provide no change in the revenue requirement. An 8.5 percent ROE is consistent with Staff's 7.5 percent to 8.7 percent cost of equity estimate range.

V. RATE OF RETURN RECOMMENDATION

Q. What is Staff's overall rate of return recommendation for Las Quintas Serenas?

A. Staff recommends a ROR of 8.5 percent for Las Quintas Serenas, as shown in Schedule AXR-1 and the following table:

1

Table 2

	Weight	Cost	Weighted Cost
Long-term Debt	0.0%	0.0%	0.0%
Common Equity	100.0%	8.5%	<u>8.5%</u>
Cost of Capital/ROR			8.5%

2

3

CONCLUSION

4

Q. Please summarize Staff's recommendations.

5

A. Staff recommends that the Commission adopt an overall rate of return of 8.5 percent.

6

Staff's recommendation is based on a 100 percent equity capital structure and an 8.5 percent return on equity.

7

8

9

Q. Does this conclude your direct testimony?

10

A. Yes, it does.

BEFORE THE ARIZONA CORPORATION COMMISSION

MARC SPITZER
Chairman
WILLIAM A. MUNDELL
Commissioner
JEFF HATCH-MILLER
Commissioner
MIKE GLEASON
Commissioner
KRISTIN MAYES
Commissioner

IN THE MATTER OF THE APPLICATION OF)
LAS QUINTAS SERENAS WATER COMPANY)
FOR PERMANENT RATE INCREASES FOR)
WATER)
_____)

DOCKET NO. W-01583A-04-0178

SURREBUTTAL

TESTIMONY

OF

ALEJANDRO RAMIREZ

PUBLIC UTILITIES ANALYST I

UTILITIES DIVISION

ARIZONA CORPORATION COMMISSION

OCTOBER 1, 2004

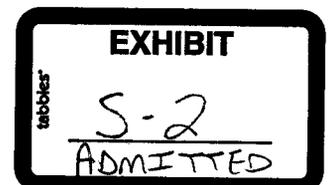


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EXECUTIVE SUMMARY

The Surrebuttal of Staff witness Alejandro Ramirez addresses the following issues:

Cost of Equity – Staff presents its updated cost of equity estimates. Staff's updated estimate of the cost of equity to Las Quintas Serenas Water Company is 8.1 percent.

Staff recommends the Commission adopt an 8.1 percent return on equity ("ROE"). Staff bases its ROE recommendation on its discounted cash flow ("DCF") and capital asset pricing model ("CAPM") analyses. Staff's recommendation is based on cost of equity estimates ranging from 7.8 percent to 8.4 percent.

Staff's updated analysis shows that an 8.5 percent ROE is not in the updated 7.8 to 8.4 percent cost of equity estimate range. Accordingly, a reduction in Staff's ROE recommendation is appropriate.

Overall Rate of Return - Staff recommends the Commission adopt an overall rate of return ("ROR") of 8.1 percent.

1 **INTRODUCTION**

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

3 A. My name is Alejandro Ramirez. I am a Public Utilities Analyst employed by the Arizona
4 Corporation Commission ("ACC" or "Commission") in the Utilities Division ("Staff").
5 My business address is 1200 West Washington Street, Phoenix, Arizona 85007.

6
7 **Q. Are you the same Alejandro Ramirez who filed direct testimony in this proceeding?**

8 A. Yes, I am.

9
10 **Q. What is the purpose of your surrebuttal testimony?**

11 A. The purpose of surrebuttal testimony is to present an updated analysis of the cost of capital
12 for Las Quintas Serenas, and to present Staff's updated recommendation in that regard.

13
14 **Q. Have you prepared any exhibits to your testimony?**

15 A. Yes. I have updated eight schedules from my direct testimony (AXR-1 to AXR-8) that
16 support Staff's cost of capital analysis.

17
18 **Q. What is Staff's updated recommended rate of return for Las Quintas Serenas?**

19 A. Staff recommends an 8.1 percent ROR, which is based on updated cost of equity estimates
20 that range from 7.8 percent to 8.4 percent. This rate is calculated on Schedule AXR-1.

21
22
23
24
25

1 **I. UPDATED COST OF EQUITY CAPITAL ANALYSIS FOR THE SAMPLE**
2 **WATER UTILITY**

3 **Q. Did you update your cost of equity capital analysis for the sample water utilities?**

4 **A.** Yes. I have updated Staff's cost of equity capital estimate with market data of September
5 15, 2004. Staff also updated data from *The Value Line Investment Survey* ("*Value Line*").
6

7 **Q. What is the result of Staff's updated constant-growth DCF analysis?**

8 **A.** Schedule AXR-8 shows the result of Staff's constant-growth DCF Analysis using updated
9 information. Staff's constant-growth DCF updated estimate of the cost of equity to the
10 sample water utilities is 9.1 percent.
11

12 **Q. What is the result of Staff's updated multi-stage DCF analysis?**

13 **A.** Schedule AXR-7 shows the updated result of Staff's multi-stage DCF Analysis. Staff's
14 updated multi-stage DCF estimate of the cost of equity to the sample water utilities is 9.5
15 percent.
16

17 **Q. What is the result of Staff's updated CAPM analysis using the historical market risk**
18 **premium estimate?**

19 **A.** Schedule AXR-8 shows the result of Staff's updated CAPM analysis using the historical
20 risk premium estimate. Staff's updated CAPM estimate (using the historical market risk
21 premium) of the cost of equity to the sample water utilities is 8.8 percent.
22
23
24

1 **Q. What is the result of Staff's updated CAPM analysis using the current market risk**
2 **premium estimate?**

3 A. Schedule AXR-8 shows the result of Staff's updated CAPM Analysis using the current
4 risk premium estimate. Staff's updated CAPM estimate (using the current market risk
5 premium) of the cost of equity to the sample water utilities is 8.7 percent.

6
7 **Q. Please summarize the results of Staff's cost of equity analysis.**

8 A. The following table shows the results of Staff's updated cost of equity analysis:

9
10 **Table 1**

Method	Estimate
Average DCF Estimate	9.30%
Average CAPM Estimate	8.75%
Overall Average	9.03%

11
12 Staff's updated average estimate of the cost of equity to the sample water utilities is 9.0
13 percent.

14
15 **II. FINAL COST OF EQUITY ESTIMATES FOR LAS QUINTAS SERENAS**

16 **Q. Do you have any comment on Las Quintas Serenas capital structure?**

17 A. Yes, I do. As stated in my direct testimony, Stockholders do not bear any financial risk
18 due Las Quintas Serenas' capital structure, which is composed of 100 percent equity
19 (Ramirez Direct, Page 27, Ln 13-16). The updated average capital structure for the sample
20 water utilities is composed of 50.0 percent equity and 50.0 percent debt as shown on
21 Schedule AXR-2. Staff has updated the effect of Las Quintas Serenas' capital structure on

1 its cost of equity using the same methodology used in Staff's direct testimony. Staff
2 calculated a financial risk adjustment for Las Quintas Serenas of negative 92 basis points.
3

4 **Q. How did Staff estimate its ROE estimate for Las Quintas Serenas?**

5 **A.** Staff applied the negative 92 basis point financial risk adjuster to Staff's updated estimate
6 of the cost of equity to the sample water utilities.
7

8 **Q. What is Staff's ROE estimate for Las Quintas Serenas?**

9 **A.** Staff's ROE estimate is 8.1 percent for the Applicant. Staff's ROE estimate is based on
10 cost of equity estimates ranging from 7.8 percent (CAPM) to 8.4 percent (DCF).
11

12 **Q. What is Staff's ROE recommendation for Las Quintas Serenas?**

13 **A.** Staff recommends and 8.1 percent ROE based on the updated cost of equity estimates
14 ranging from 7.8 percent and 8.4 percent.
15

16 **Q. In Staff's direct testimony, Staff recommended and ROE of 8.5 percent for Las
17 Quintas Serenas. What has made you revise your recommendation at this time?**

18 **A.** In Staff's direct testimony, Staff estimated an ROE for the Applicant of 8.1 percent
19 (Ramirez Direct, Executive Summary, Page 28 ln 3, 14) based on Staff's 7.5 percent to 8.7
20 percent cost of equity estimate range. Staff's updated ROE estimate, using more current
21 data, has produced the same ROE estimate of 8.1 percent for Las Quintas Serenas based
22 on updated cost of equity estimates ranging from 7.8 percent to 8.4 percent.
23

24 Staff previously recommended an 8.5 percent ROE for Las Quintas Serenas because at
25 that time, Staff's ROE estimate of 8.1 percent would have resulted in a revenue

1 requirement decrease of \$764. Staff considered that the decrease in revenue requirement
2 of \$764 was de minimis, and decided to recommend an ROE which ultimately would not
3 decrease Las quintas Serenas' revenues. Staff's initial recommendation of 8.5 percent was
4 consistent with Staff's 7.5 percent to 8.7 percent cost of equity estimate range.

5

6 Staff has revised its recommendation for two reasons:

7

8

9

10

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12

13

14

III. RATE OF RETURN RECOMMENDATION

15

Q. What is Staff's overall rate of return recommendation for Las Quintas Serenas?

16

A. Staff recommends a ROR of 8.1 percent for Las Quintas Serenas, as shown in Schedule
17 AXR-1 and the following table:

18

19

Table 2

	Weight	Cost	Weighted Cost
Long-term Debt	0.0%	0.0%	0.0%
Common Equity	100.0%	8.1%	<u>8.1%</u>
Cost of Capital/ROR			8.1%

20

21

22

1 **CONCLUSION**

2 **Q. Please summarize Staff's recommendations.**

3 A. Staff recommends that the Commission adopt an overall rate of return of 8.1 percent.
4 Staff's recommendation is based on a 100 percent equity capital structure and an 8.1
5 percent return on equity.

6

7

8 **Q. Does this conclude your surrebuttal testimony?**

9 A. Yes, it does.

Las Quintas Serenas Water Company
 Capital Structure
 And Weighted Cost of Capital

[A]	[B]	[C]	[D]
<u>Description</u>	<u>Weight (%)</u>	<u>Cost</u>	<u>Weighted Cost</u>
Long-term Debt	0.0%	0.00%	0.00%
Common Equity	100.0%	8.1%	8.1%
Weighted Average Cost of Capital/ROR			8.1%

Las Quintas Serenas Water Company
Average Capital Structure of Sample Water Utilities

[A] <u>Company</u>	[B] Long-Term <u>Debt</u>	[C] Common <u>Equity</u>	[D] <u>Total</u>
American States Water	50.7%	49.3%	100.0%
California Water	52.3%	47.7%	100.0%
Aqua America	50.9%	49.1%	100.0%
Connecticut Water	43.4%	56.6%	100.0%
Middlesex Water	55.7%	44.3%	100.0%
SJW Corp	<u>47.1%</u>	<u>52.9%</u>	<u>100.0%</u>
Average Sample Water Utilities	50.0%	50.0%	100.0%
Las Quintas Serenas Water Company	0.0%	100.0%	100.0%

Source: Value Line, Las Quintas Serenas' application

Las Quintas Serenas Water Company
Growth in Earnings and Dividends
Sample Water Utilities

[A] Company	[B] Dividends Per Share 1993 to 2003 <u>DPS</u>	[C] Dividends Per Share Projected <u>DPS</u>	[D] Earnings Per Share 1993 to 2003 <u>EPS</u>	[E] Earnings Per Share Projected <u>EPS</u>
American States Water	1.1%	1.8%	-3.5%	20.7%
California Water	1.6%	1.0%	-1.1%	11.1%
Aqua America	5.5%	6.8%	8.7%	9.6%
Connecticut Water	1.3%	No Projection	2.6%	No Projection
Middlesex Water	2.5%	No Projection	-0.9%	No Projection
SJW Corp	<u>3.6%</u>	<u>No Projection</u>	<u>4.2%</u>	<u>No Projection</u>
Average Sample Water Utilities	2.6%	3.2%	1.7%	13.8%

Source: Value Line

Las Quintas Serenas Water Company
Intrinsic Growth
Sample Water Utilities

[A]	[B]	[C]	[D]	[E]	[F]
Company	Retention Growth 1994 to 2003 br	Retention Growth Projected br	Stock Financing Growth vs	Intrinsic Growth 1994 to 2003 br + vs	Intrinsic Growth Projected br + vs
American States Water	2.5%	4.5%	1.1%	3.7%	5.6%
California Water	2.5%	5.5%	1.4%	3.9%	6.9%
Aqua America	4.0%	6.0%	6.6%	10.6%	12.6%
Connecticut Water	3.0%	No Projection	0.6%	3.5%	No Projection
Middlesex Water	1.7%	No Projection	3.5%	5.2%	No Projection
SJW Corp	<u>4.8%</u>	<u>No Projection</u>	<u>0.0%</u>	<u>4.8%</u>	<u>No Projection</u>
Average Sample Water Utilities	3.1%	5.3%	2.2%	5.3%	8.4%

Source: Value Line, MSN Money

Las Quintas Serenas Water Company
 Selected Financial Data of Sample Water Utilities

[A]	[B]	[C]	[D]	[E]	[F]	[G]
Company	Symbol	Spot Price 9/15/04	Book Value 9/15/04	Mkt To Book	Value Line Beta β	Raw Beta β_{raw}
American States Water	AWR	25.60	14.70	1.7	0.70	0.52
California Water	CWT	29.30	15.12	1.9	0.70	0.52
Aqua America	WTR	22.02	7.42	3.0	0.75	0.60
Connecticut Water	CTWS	26.75	10.62	2.5	0.65	0.45
Middlesex Water	MSEX	18.48	7.42	2.5	0.60	0.37
SJW Corp	SJW	35.05	18.11	1.9	0.55	0.30
Average				2.3	0.66	0.46

Source: Msn Money, Value Line

Las Quintas Serenas Water Company
Calculation of Expected Infinite Annual Growth in Dividends
Sample Water Utilities

[A]	[B]
<u>Description</u>	g
DPS Growth - Historical	2.6%
DPS Growth - Projected	3.2%
EPS Growth - Historical	1.7%
EPS Growth - Projected	13.8%
Intrinsic Growth - Historical	5.3%
<u>Intrinsic Growth - Projected</u>	<u>8.4%</u>
Average	5.8%

Supporting Schedules: Schedule AXR-3 and Schedule AXR-4

Las Quintas Serenas Water Company
 Multi-Stage DCF Estimates
 Sample Water Utilities

[A] Company	[B] Current Mkt. Price (P_0)	[C] Projected Dividends ¹ (stage 1 growth) (D_t)				[E] d_3	[F] d_4	[H] Stage 2 growth ² (g_n)	[I] Equity Cost Estimate (K)
		d_1	d_2	d_3	d_4				
American States Water	25.6	0.90	0.92	0.94	0.96			6.5%	9.6%
California Water	29.3	1.13	1.15	1.16	1.18			6.5%	9.9%
Aqua America	22.0	0.52	0.56	0.60	0.64			6.5%	8.9%
Connecticut Water	26.8	0.88	0.91	0.94	0.98			6.5%	9.5%
Middlesex Water	18.5	0.69	0.71	0.74	0.77			6.5%	10.0%
SJW Corp	35.1	1.05	1.09	1.13	1.17			6.5%	9.3%

Average **9.5%**

$$P_0 = \sum_{t=1}^n \frac{D_t}{(1+K)^t} + \frac{D_n(1+g_n)}{K - g_n} \left[\frac{1}{(1+K)} \right]^n$$

Where : P_0 = current stock price
 D_t = dividends expected during stage 1
 K = cost of equity
 n = years of non - constant growth
 D_n = dividend expected in year n
 g_n = constant rate of growth expected after year n

¹ d_t = "Est'd Div'd next 12 mos." 09/03/2004, Value Line Summary & Index.
² Average annual growth in GDP 1929 - 2003 in current dollars. <http://www.bea.doc.gov/>

Las Quintas Serenas Water Company
Final Cost of Equity Estimates
Sample Water Utilities

[A]	[B]	[C]	[D]	[E]
<u>Constant Growth DCF</u>				
Constant Growth DCF Estimate		$\frac{D_1}{P_0}$	g	k
Multi-Stage DCF Estimate		3.3%	5.8%	9.1%
Average of DCF Estimates				<u>9.5%</u>
				9.30%
<u>CAPM Method</u>				
Historical Market Risk Premium	R_f	β	(R_p)	k
Current Market Risk Premium	3.8%	0.66	7.6%	8.8%
Average of CAPM Estimates	3.8%	0.66	7.4%	<u>8.7%</u>
			Average	9.03%

Source: The Wall Street Journal, Value Line, Ibbotson Associates S&P 500 2004 Yearbook
Supporting Schedules: Schedule AXR-7

BEFORE THE ARIZONA CORPORATION COMMISSION

MARC SPITZER
Chairman
WILLIAM A. MUNDELL
Commissioner
JEFF HATCH-MILLER
Commissioner
MIKE GLEASON
Commissioner
KRISTIN K. MAYES
Commissioner

IN THE MATTER OF THE APPLICATION OF)
LAS QUINTAS SERENAS WATER COMPANY)
FOR AN INCREASE IN ITS WATER RATES)
FOR CUSTOMERS WITHIN PIMA COUNTY,)
ARIZONA)
_____)

DOCKET NO. W-01583A-04-0178

DIRECT TESTIMONY

OF

DOROTHY HAINS

UTILITIES ENGINEER

UTILITIES DIVISION

AUGUST 20, 2004

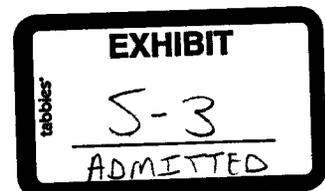


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Engineering Report for Las Quintas Serenas Water Company	EXHIBIT-1
--	-----------

1 **INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is Dorothy Hains. My business address is 1200 West Washington Street,
4 Phoenix, Arizona 85007.

5
6 **Q. By whom and in what position are you employed?**

7 A. I am employed by the Arizona Corporation Commission ("Commission" "ACC") as a
8 Utilities Engineer - Water/Wastewater in the Utilities Division.

9
10 **Q. How long have you been employed by the Commission?**

11 A. I have been employed by the Commission since January 1998.

12
13 **Q. What are your responsibilities as a Utilities Engineer - Water/Wastewater?**

14 A. My main responsibilities are to inspect, investigate and evaluate water and wastewater
15 systems. This includes obtaining data, preparing reconstruction cost new and/or original
16 cost studies, cost of service studies and investigative reports, interpreting rules and
17 regulations, and to suggest corrective action and provide technical recommendations on
18 water and wastewater system deficiencies. I also provide written and oral testimony in
19 rate cases and other cases before the Commission.

20
21 **Q. How many companies have you analyzed for the Utilities Division?**

22 A. I have analyzed approximately 78 companies covering these various responsibilities for
23 Utilities Division Staff ("Staff").

24
25 **Q. Have you previously testified before this Commission?**

26 A. Yes, I have testified before this Commission.

27

1 **Q. What is your educational background?**

2 A. I graduated from Alabama University in Birmingham in 1987 with a Bachelor of Science
3 degree in Civil Engineering.

4
5 **Q. Briefly describe your pertinent work experience.**

6 A. Before my employment with the Commission, I was an Environmental Engineer for the
7 Arizona Department of Environmental Quality, for ten years. Prior to that time, I was an
8 Engineering Technician with C. F. Hains, Hydrology in Northport, Alabama for
9 approximately five years.

10
11 **Q. Please state your professional membership, registrations, and licenses.**

12 A. I am a member of the American Society of Civil Engineering ("ASCE") and American
13 Water Works Association ("AWWA"). I am a registered Civil Engineer in Arizona.

14
15 **PURPOSE OF TESTIMONY**

16 **Q. What was your assignment in this rate proceeding?**

17 A. My assignment was to provide Staff's engineering evaluation of the Las Quintas Serenas
18 Water Company ("Las Quintas Serenas" or "Company").

19
20 **Q. What is the purpose of your testimony in this proceeding?**

21 A. To present the findings of Staff's engineering evaluation of Las Quintas Serenas'
22 operation. Those findings are contained in the Engineering Report that I have prepared
23 for this proceeding. This report is included as Exhibit-1, in this pre-filed testimony.

24
25

1 **ENGINEERING REPORT**

2 **Q. Would you briefly describe what was involved in preparing the Engineering Report**
3 **for the water operations in this rate proceeding?**

4 A. After reviewing Las Quintas Serenas' rate application, I physically inspected the water
5 system to evaluate its operations and to determine which plant items were or were not
6 used and useful. I contacted the Arizona Department of Environmental Quality
7 ("ADEQ") to determine if the system was in compliance with ADEQ requirements. I
8 obtained information from Las Quintas Serenas regarding water testing and water usage
9 and analyzed that information. Based on this data, I made my evaluations and prepared
10 the Engineering Report attached as Exhibit 1.

11
12 **Q. Please describe the information contained in Exhibit 1.**

13 A. Exhibit 1 is the Engineering Report for Las Quintas Serenas' operation, this Report is
14 divided into three general sections: 1) *Executive Summary*; 2) *Engineering Report*
15 *Discussion*, and 3) *Engineering Report Exhibits*. The *Discussions* section can be further
16 divided into twelve subsections: A) Purpose of Report; B) Location of System; C)
17 Description of System; D) Arsenic; E) Water Usage; F) Growth Projection; G) ADEQ
18 Compliance; H) Arizona Department of Water Resources ("ADWR") Compliance; I)
19 Arizona Corporation Commission ("ACC") Compliance; J) Water Testing Expenses; K)
20 Depreciation Rates; and L) Other Issues. These subsections provide information about
21 the Las Quintas Serenas water system.

22
23 **CONCLUSIONS AND RECOMMENDATIONS**

24 **Q. What are Staff's conclusions and recommendations regarding Las Quintas Serenas'**
25 **operation?**

26 A. Based upon Staff's engineering evaluation of Las Quintas Serenas' operation, Staff
27 concludes the following about the Company:

1 1) According to the Utilities Division Compliance Section, the Company has no
2 outstanding ACC compliance issues;

3
4 2) The Company is in the ADWR Tucson Active Management Area and is in
5 compliance with ADWR monitoring and reporting requirements.

6
7 3) ADEQ has determined that Las Quintas Serenas is currently delivering water that
8 meets water quality standards required by Arizona Administrative Code, Title 18,
9 Chapter 4.

10
11 4) Staff calculated a non-account water loss of 3.69 percent, which is within
12 acceptable limits.

13
14 5) Staff has calculated a preliminary estimate of arsenic removal costs for Las Quintas
15 Serenas system using the ADEQ Arsenic Master Plan ("AMP") in case the
16 Company's blending plan is not acceptable to ADEQ. Staff's estimate includes
17 \$186,992 in capital cost, \$124,122 for annual O&M cost and \$28,049 in engineering
18 cost.

19
20 Staff's recommends the following eight provisions be part of any Commission order on
21 this application:

22 1) That the Company use depreciation rates approved by the National Association of
23 Regulatory Utility Commissioners ("NARUC") category, as delineated in Exhibit 6 in the
24 future.

25
26 2) That the Company submit its detailed arsenic removal plan to ADEQ or the Pima
27 County Department of Environmental Quality ("PCDEQ") by December 31, 2004, for
28 review and approval. A copy of this plan shall also be submitted to the Director of the
29 Utilities Division by December 31, 2004.

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3) That the Company's proposed service line and meter installation charges be accepted.

4) That the hook-up fee approved in Decision No. 58839 be continued.

5) That the proposed curtailment tariff filed by Las Quintas Serenas be approved. Staff further recommends that the Company docket the approved curtailment tariff within thirty days of the effective date of the final Decision and Order in this matter.

6) That the plant-in-service reclassifications listed in Table 11 in the Engineering Report be used.

7) That the adjusted Plant-in-Service amounts listed in Table 12 in the Engineering Report be used for purposes of establishing rates in the subject application.

8) That the annual water testing expenses be adjusted to \$4,052.

Q. Does this conclude your pre-filed testimony?

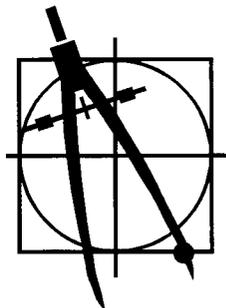
A. Yes, it does.

EXHIBIT 1

ENGINEERING REPORT FOR LAS QUINTAS SERENAS WATER COMPANY

BY DOROTHY HAINS

AUGUST 20, 2004



**Engineering Report
For Las Quintas Serenas Water Company
By Dorothy Hains
Docket No. W-01583A-04-0178
(Rate Application)
August 20, 2004**

EXECUTIVE SUMMARY

Recommendations:

1. Staff recommends that the Company submit its detailed arsenic removal plan to Arizona Department of Environmental Quality ("ADEQ") or Pima County Department of Environmental Quality ("PCDEQ") by December 31, 2004, for review and approval. A copy of this plan shall also be submitted to the Director of the Utilities Division by December 31, 2004. (See §D of report for a discussion and a tabulation of the recommended rates.)
2. Staff recommends that the Company use depreciation rates approved by the National Association of Regulatory Utility Commissioners ("NARUC") category, as delineated in Exhibit 6 in the future. (See §K and Exhibit 6 for a discussion and a tabulation of the recommended rates.)
3. Staff recommends accepting the Company's proposed service line and meter installation charges. (See §L of report for discussion and details.)
4. Staff recommends that the hook-up fee, which was approved in Decision No. 58839, be continued. (See §L of report for discussion and details.)
5. Staff recommends that the proposed curtailment tariff filed by Las Quintas Serenas be approved. Staff further recommends that the Company file this approved curtailment tariff within thirty days of the effective date of the final Decision and Order in this matter. (See §L of report for discussion and details.)
6. Staff recommends that plant-in-service reclassifications listed in Table 11 in the Engineering Report be used. (See §L of report for discussion and details.)
7. Staff recommends that the adjusted Plant-in-Service amounts listed in Table 12 in the Engineering Report be used for purposes of establishing rates in the subject application. (See §L of report for discussion and details.)

8. Water testing expenses are based upon participation in the ADEQ Monitoring Assistance Program ("MAP"). Annual testing expenses should be adjusted to \$4,052. (See §J and Table 9 for discussion and details.)

Conclusions:

1. According to the Utilities Division Compliance Section, the Company has no outstanding ACC compliance issues.
2. The Company is in the Arizona Department of Water Resources ("ADWR") Tucson Active Management Area and is in compliance with ADWR monitoring and reporting requirements.
3. ADEQ has determined that Las Quintas Serenas Water Co. is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, Chapter 4.
4. Staff calculated a non-account water loss of 3.69 percent which is within acceptable limits. (See §E of report for discussion and details.)
5. Using the ADEQ Arsenic Master Plan ("AMP"), Staff has calculated a preliminary estimate of arsenic removal costs for Las Quintas Serenas system. Staff's estimate includes \$186,992 in capital cost, \$124,122 for annual O&M cost and \$28,049 in engineering cost. Staff's estimate assumes (1) arsenic removal will be required for new Well Number 7 only and treatment will occur at the well head, (2) arsenic will be removed to meet 8 micrograms per liter (" $\mu\text{g/l}$ ") or parts per billion ("ppb") by Single Column Fe-AA (iron-modified active alumina) Treatment, (3) engineering cost will equal 15 percent of the capital cost and (4) the Company will implement the lowest cost option. These costs were calculated to demonstrate what costs the Company may incur for arsenic treatment if its blending plan is not accepted by ADEQ. (See §L and Attachment 2 for discussion and details.)

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ATTACHMENT 2. ARSENIC TREATMENT COST

**ENGINEERING REPORT
FOR
LAS QUINTAS SERENAS WATER COMPANY, INC.
DOCKET NO. W-01583A-04-0178 (RATES)**

A. PURPOSE OF REPORT

This report was prepared in response to the application for a rate increase by Las Quintas Serenas Water Company. ("Las Quintas Serenas" or "Company"). An inspection and evaluation of the Company's water system was conducted by Dorothy Hains, Utilities Engineer, in the accompaniment of Steve Gay, the Company's water system Operator and Manager on April 28, 2004.

B. LOCATION OF SYSTEM

The Company serves an area which is approximately 20 miles southwest of the City of Tucson in Pima County near the Town of Green Valley. Exhibit 1 shows the approximate two and one-half square miles of its certificated area, and Exhibit 2 shows the location of the Company within Pima County.

C. DESCRIPTION OF SYSTEM

I. System Description

The Company owns and operates a water system that consists of three wells, two storage tanks and a distribution system to serve 904 metered customers. This number includes customers who use the Company's standpipe service. The Company has developed a method to track each standpipe user and has determined that it has more customers using the standpipe service than regular metered customers. The standpipe service site is equipped with two 5,000 gallon pressure tanks. Well sites 5 and 6 are each equipped with a tool shed/maintenance building. The building at Well site 6 was installed in 2002. Exhibit 3 is a schematic drawing of the water system. A detailed listing of the Company's water system facilities is as follows:

Table 1. Active Well Data

Well Name	ADWR ID No.	Pump HP	Yield (in GPM)	Casing Size (in inch) & Depth (in ft)	(Meter Size inch)	Year drilled
Well #5	55-608531	40	200	10" x 805'	4	1976
Well #6	55-608530	75	350 (electric pump) 450 (gas pump)	12"x837'	6	1971
Well #7	55-566940	150	650 (55 Hz) 850 (59 Hz)	12"x910'	8	1998
		TOTAL:	1,200 - 1,500			

Table 2. Abandoned Well Data

Well Name	ADWR ID No.	Location	Year drilled	Year abandoned
Well #1	55-806902	Lot #17095 La Canada Dr	1957 (est)	1994
Well #4	N/A	Lot #1203 Camino De Las Quintas	1967 (est)	1994

Table 3. Storage Tanks

Capacity (Gallons)	Quantity	Location
30,000	1	On the berm of a tailing pond, near Camino Antigua Rd
60,000	1	On the berm of a tailing pond, near Camino Antigua Rd
Totals: 90,000 gallons		

Table 4. Pressure Tanks

Capacity (Gallons)	Quantity
3,000	1
5,000*	5
Totals: 28,000 gallons	

Note: (1) No booster pumps are equipped with those pressure tanks.
(2) * means this pressure tank is not functioning as a pressure tank; it is functioning as if it were a "storage tank".

Table 5. Distribution Mains

Diameter (inches)	Material	Length (feet)
2	copper	250
2	polyvinyl chloride ("PVC")	1,550
3	Transite	240
4	Transite	19,840
4	PVC	4,509
6	Transite)	37,793
6	PVC	17,510
8	Transite	2,760
8	PVC	1,468
10	Transite	420
12	Transite	1,340
12	PVC	1,950

Table 6. Meters

Size (inches)	Quantity
5/8 x 3/4	700
3/4	1
1	36
1 1/2	6
2	4
4 (Comp)	1
Total	748

The Company delivers the water by gravity feed through its distribution system.

II. System Analysis

The system has adequate production and storage capacity to support the existing customer base (including standpipe customers).

D. ARSENIC

The U.S. Environmental Protection Agency (“EPA”) has reduced the arsenic maximum contaminant level (“MCL”) in drinking water from 50 micrograms per liter (“µg/l”) or parts per billion (“ppb”) to 10 µg/l. The date for compliance with the new MCL is January 23, 2006. The most recent lab analysis provided by the Company indicates that the arsenic level in Well Number 7 is 12 µg/l which is above the new arsenic MCL. Arsenic levels in Wells 5 and 6 are below the new arsenic standard. The Company’s water system operator (Mr. Gay) indicated that the Company would use “blending” to reduce arsenic concentrations in the system; however the Company’s blending plan has not been submitted to ADEQ or Pima County Department of Environmental Quality (“PCDEQ”) for review and approval. Therefore, Staff recommends that the Company submit its detailed arsenic removal plan to ADEQ or PCDEQ by December 31, 2004, for review and approval. A copy of this plan shall also be submitted to the Director of the Utilities Division by December 31, 2004. (See Section L and Attachment 2 for further discussion of the Arsenic issue.)

E. WATER USAGE

Table 6 summarizes water usage in the Company’s CC&N area. Attached as Exhibit 4, is a graph that shows water consumption data in gallons per day per connection for the period of February 2003 through February 2004.

Table 7. Water Usage

Month	Number of Customers (including standpipe customers)	Water Sold (gallons)	Water pumped (gallons)	Water purchased (gallons)	Daily Average (gal/day/customer)
Feb 03	867	10,863,800	11,407,000	0	448
Mar 03	885	7,445,800	7,817,800	0	271

Apr 03	878	9,887,200	10,351,800	0	375
May 03	876	11,239,000	11,811,000	0	414
Jun 03	885	18,831,900	19,773,500	0	709
Jul 03	891	20,118,100	21,124,000	0	728
Aug 03	901	16,358,100	17,176,000	0	586
Sep 03	897	12,510,000	13,131,500	0	465
Oct 03	895	12,713,700	12,714,400	0	458
Nov 03	898	12,531,400	12,782,000	0	465
Dec 03	904	88,399,900	8,840,900	0	315
Jan 04	909	10,419,500	10,643,700	0	370
Feb 04	915	8,028,400	9,425,600	0	313
Total		159,786,800	166,999,200	0	
Average					455

I. Water Sold

Based on information provided by the Company, during this period, the Company experienced a daily average use of 455 gallons per day (“gpd”) per customer, a high use of 728 gpd per customer and a low use of 271 gpd per customer. The highest total monthly use occurred in July, when 20,118,100 gallons were sold to 891 customers. The lowest total monthly use occurred in March, when 7,445,800 gallons were sold to 885 customers.

II. Non-account Water

Non-account water should be not more than 10 percent. It is important to be able to reconcile the difference between water sold and the water produced by the source. A water balance will allow a water company to identify water and revenue losses due to leakage, theft, and flushing. Non-account water for Las Quintas Serenas was calculated to be 3.69 percent for the period of February 2003 through January 2004 which is within an acceptable limit.

F. GROWTH PROJECTION

Exhibit 5 details total actual and projected growth for the system using linear regression analysis. The number of service connections was obtained from annual reports submitted to the Commission. Based on the service meter data contained in these reports, the number of customers increased from 542 at the end of 1995 to 904 by the end of 2003, with an average growth rate of 52 customers per year. Based on the linear regression analysis, the Company could have over 1,200 customers by the end of 2008. The following table summarizes actual and projected growth in the Company’s existing certificated service area.

Table 8. Actual and Projected Growth

Year	Nos. of Customers	
1995	524	Reported
1996	595	Reported
1997	601	Reported
1998	643	Reported
1999	683	Reported
2000	813	Reported

2001	917	Reported
2002	890	Reported
2003	904	Reported
2004	993	Estimated
2005	1,046	Estimated
2006	1,098	Estimated
2007	1,150	Estimated
2008	1,202	Estimated

G. ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY (“ADEQ”) COMPLIANCE

Staff received a compliance status report from ADEQ dated March 17, 2004, in which ADEQ stated that it has determined that the Company is currently delivering water that meets the water quality standards required by Arizona Administrative Code, Title 18, Chapter 4.

H. ARIZONA DEPARTMENT OF WATER RESOURCES (“ADWR”) COMPLIANCE

Las Quintas Serenas is in the ADWR Tucson Active Management Area. The Company is in compliance with ADWR’s monitoring and reporting requirements.

I. ARIZONA CORPORATION COMMISSION (“ACC”) COMPLIANCE

According to the Utilities Division Compliance Section, the Company has no outstanding ACC compliance issues.

J. WATER TESTING EXPENSES

Las Quintas Serenas is subject to mandatory participation in the ADEQ Monitoring Assistance Program (“MAP”). Staff calculated the testing costs based on the following assumptions:

1. MAP will do baseline testing on everything except copper, lead, nitrates, and bacteria.
2. ADEQ testing is performed in 3-year-compliance cycles. Therefore, monitoring costs are estimated for a 3-year-compliance period and then presented as a pro forma expense on an annualized basis.
3. MAP fees were calculated from the ADEQ MAP rules.
4. All monitoring expenses are based on Staff’s best knowledge of lab costs and methodology and two points of entry.

5. The estimated water testing expenses represent a minimum cost based on no "hits" other than lead and copper, and assume compositing of well samples. If any constituents were found, then the testing costs would dramatically increase.

Table 8 shows the estimated annual monitoring expense, assuming participation in the MAP program. Water testing expenses should be adjusted to the annual expense amount shown in Table 8, which is \$ 4,052.

Table 9 Water Testing Cost

Monitoring – 3 wells (Tests per 3 years, unless noted.)	Cost per test	No. of tests per 3 years	Total 3 year cost	Annual Cost
Bacteriological – monthly	\$15	108	\$1,620	\$540
Inorganics (& secondary)	\$240	9	\$2,160	\$720
Radiochemical – (1/ 4 yr)	\$55			MAP
IOC's, SOC's, VOC's				MAP
Nitrites	\$15			MAP
Nitrates – annual	\$25	9	\$225	\$75
Asbestos – per 9 years	\$180			MAP
Lead & Copper – annual	\$25	60	\$1,500	\$500
MAP fees (annual)				\$2,216.50
Total				\$4,052

K. DEPRECIATION RATES

Staff has developed typical and customary depreciation rates within the range of anticipated equipment life. These rates are presented in Exhibit 6, and should be used to calculate the annual depreciation expense for the Company in this application. It is recommended that the Company use depreciation rates approved by the National Association of Regulatory Utility Commissioners ("NARUC") category, as delineated in Exhibit 6 in the future.

L. OTHER ISSUES

I. Service Line and Meter Installation Charges

The Company is proposing to establish meter and service line installation charges. These charges will be refundable advances and the Company's proposed charges are within Staff's experience of what are reasonable and customary charges. Therefore, Staff accepts the Company's proposed meter and service line installation charges.

Table 10. Service Line and Meter Installation Charges

Meter Size	Current Charges	Proposed Charges	Staff Recommendation
5/8 x3/4-inch	N/A	\$368	\$368
3/4-inch	N/A	\$368	\$368
1-inch	N/A	\$393	\$393
1-1/2-inch	N/A	\$693	\$693
2-inch	N/A	\$827	\$827
3-inch	N/A	\$2,061	\$2,061
4-inch	N/A	\$2,909	\$2,909
6-inch	N/A	\$3,670	\$3,670

II. Hook-up Fees

In 1994, the Company filed a hook-up fee tariff that was approved in Decision No. 58839 (the Commissioners approved a hook-up fee amount of \$250 per new connection.) As part of the subject application, the Company has requested that the hook-up fee be increased to \$500 per connection. According to the Company, this increase is needed to fund the purchase and installation of two new storage tanks with a total storage capacity of 650,000 gallons (a 400,000-gallon increase in new storage capacity over the Company's original plan)¹. Staff requested, but did not receive any information from the Company that supports the need for the significant increase in storage capacity. Using the growth estimates provided by the Company and 2003 cost data, Staff's calculations show that the approved hook-up fee amount of \$250 per new connection should be sufficient to fund the purchase and installation of two new 100,000-gallon storage tanks as originally planned. The company has not provided sufficient justification to support the proposed increase in the hook-up fee. Therefore, Staff recommends that the hookup fee, which was approved in Decision No. 58839, be continued.

III. Curtailment Tariff

The Company submitted a proposed curtailment tariff as part of the subject application². Staff has reviewed the Company's proposed curtailment tariff and has determined that it is consistent with the model curtailment tariff template that has been approved by the Arizona Corporation Commission for use by other water utilities. Therefore, Staff recommends that the proposed curtailment tariff filed by Las Quintas Serenas be approved. Staff further recommends that the Company file the approved curtailment tariff within thirty days of the effective date of the final Decision and Order in this matter.

¹ Referred to the Company response to staff's data request dated June 9, 2004.

² The Company submitted its proposed curtailment tariff in a supplemental filing dated April 29, 2004.

IV. Reproduction Cost New ("RCN") Study & Adjusted Plant-in-Service

The Company withdrew its RCN Study that was submitted with the subject application³. Staff does not object to this withdrawal. Staff recommends the following plant-in-service reclassifications:

Table 11. Plant-in-Service Account Reclassification

Acct. used	Co.	description	Asset Ref	Yr acquitted	Original cost	Staff recommended acct
307		Pump overhaul	W&S-4	3-31-1996	9,166	311
307		Natural Gas Well Engine	W&S-5	7-31-1996	10,090	311
307		Natural Gas Engine	W&S-6	4-01-1997	9,992	311
307		Pressure Tanks	W&S-7	9-15-1998	3,050	330
307		Standpipe	W&S-10	4-7-1999	1,024	330
307		Move pressure tanks	W&S-11	5-21-1999	419	330
307		Sand blasting tanks	W&S-12	9-17-1999	8,480	330
103		#6 Storage and booster	OSE&P-1	2-26-1995	3,090	330
103		Hydrogeological Services	OSE&P-2	8-31-1997	772	307
103		Off-site engineering #7	OSE&P-3	1-1-1996	35,787	307
103		Off-site engineering #7	OSE&P-4	9-30-1998	118	307
103.1		#6 Storage and booster	OSW&S-1	5-22-1995	1,400	330
103.1		Motor Replacement #7	OSW&S-2	8-22-2000	5,000	311
103.1		Off-site improvement #7	OSW&S-3	3-31-1998	124,353	307
311		#5 Well repair	EP&E-14	2-7-2002	10,379	307
311		#7 Well upgrade	EP&E-15	6-5-2002	68,950	307
311		#6 Well Gear Drive	EP&E-17	7-22-2002	5790	307

Based on the recommended reclassifications listed above, Staff recommends that the adjusted Plant-in-Service amounts listed below be used for purposes of establishing rates in the subject application.

³ See letter dated June 24, 2004 to Elena Zestrijan.

Table 12. Adjusted Plant-in-Service

Acct #	Description	2004 Co. Filing (\$)	Previous Staff Report (-84) in \$	Additions & Deletions (\$)	Staff's Total Plant
303	Land & Land Right	5,217	217		217
304	Structures & Improvement Well #5 Fencing (-02) Well #6 Tool shade (-03) Water stand (-03)	6,599	0	1,074 2,105 3,420	6,599
307	Wells & Springs Well #1 -94 (retired) Well #4 -94 (retired) Well #5 -94 -99 -02 Well #6 -95 -96 -99 -02 Well #7 -97 -98 -02	259,402	14,253	(0) (3,842) 24,369 946 10,379 191 15,324 2,999 5,790 772 160,258 68,950	300,389
311	Pumping Equip -87 -88 -89 -90 -96 -97 -00 -01 -03	154,555	17,321	126 1,277 1,150 581 19,256 9,992 16,855 28,235 8,891	103,684
320	Water Treatment Equip -85	0	0	830	830
330	Dist Reservoir & Standpipe -87 -88 -89 -90 -91 -95 -96 -97 -98 -99 -00 -01	82,215	25,434	72 746 1,257 16,932 8,821 1,225 465 8,682 10,795 12,875 4,024 2,165	94,798

	-03			1,305	
331	Trans & Dist Mains	822,434	184,375		820,492
	-85			6,510	
	-86			2,621	
	-88			11,707	
	-89			36,495	
	-90			2,845	
	-91			51,425	
	-93			75,046	
	-94			44,252	
	-95			29,275	
	-96			63,027	
	-97			19,223	
	-98			41,703	
	-99			48,670	
	-00			90,450	
	-01			112,868	
333	Services	2,427	0		2,427
	-01-			2,427	
334	Meters	99,647	39,940		100,611
	-87			566	
	-89			2,855	
	-90			3,683	
	-92			1,589	
	-93			2,656	
	-94			2,652	
	-95			9,147	
	-96			691	
	-97			4,425	
	-98			6,443	
	-99			15,659	
	-00			1,694	
	-01			1,205	
	-02			1,743	
	-03			5,663	
336	Backflow Preventors	1,137			1,137
	-98			1,137	
340	Office Furniture & Equip	13,424	0		11,888
	-89			151	
	-91			1,021	
	-93			1,832	
	-94			148	
	-95			245	
	-96			3,077	
	-97			908	
	-98			3,210	
	-99			2,157	
	-01			364	
	-03			607	
341	Transportation	9,000	0		9,000
	-93			4,000	
	-03			5,000	
345	Power tools	0	0		2,592
	-00			2,592	
348	Other tangible plant	6,943	0		4,424
	-87			290	

	-88			243	
	-89			423	
	-90			341	
	-94			1,515	
	-97			875	
	-99			737	
	Total	1,461,863	281,540	1,179,380	1,460,920

IV. Staff's Estimate of Arsenic Removal Costs

The most recent lab analysis by the Company indicated that the arsenic level in Well 7 is 12 $\mu\text{g/l}$ which is above the new arsenic MCL. The Company plans an arsenic removal technique by a "blending" mechanism. For the planning purpose if "blending" technique fails, Staff has calculated a preliminary estimate of arsenic removal costs for Las Quintas Serenas based on the ADEQ Arsenic Master Plan (AMP). Staff's estimate includes \$186,992 in capital cost, \$124,122 for annual O&M cost and \$28,049 in engineering cost. Staff's estimate assumes (1) arsenic removal will be required for Well Number 7 only and treatment will occur at the well head, (2) arsenic will be removed to meet 5 $\mu\text{g/l}$ by Single Column Fe-AA (iron-modified active alumina) Treatment, (3) engineering cost will equal 15 percent of the capital cost and (4) the Company will implement the lowest cost option.

Staff's estimate of the cost to remove arsenic from Well 7 is consistent with ADEQ's AMP. (See Attachment 2 for further discussion of the AMP and Staff's cost estimate.)

EXHIBIT 1

Las Quintas Serenas' Certificate Service Area

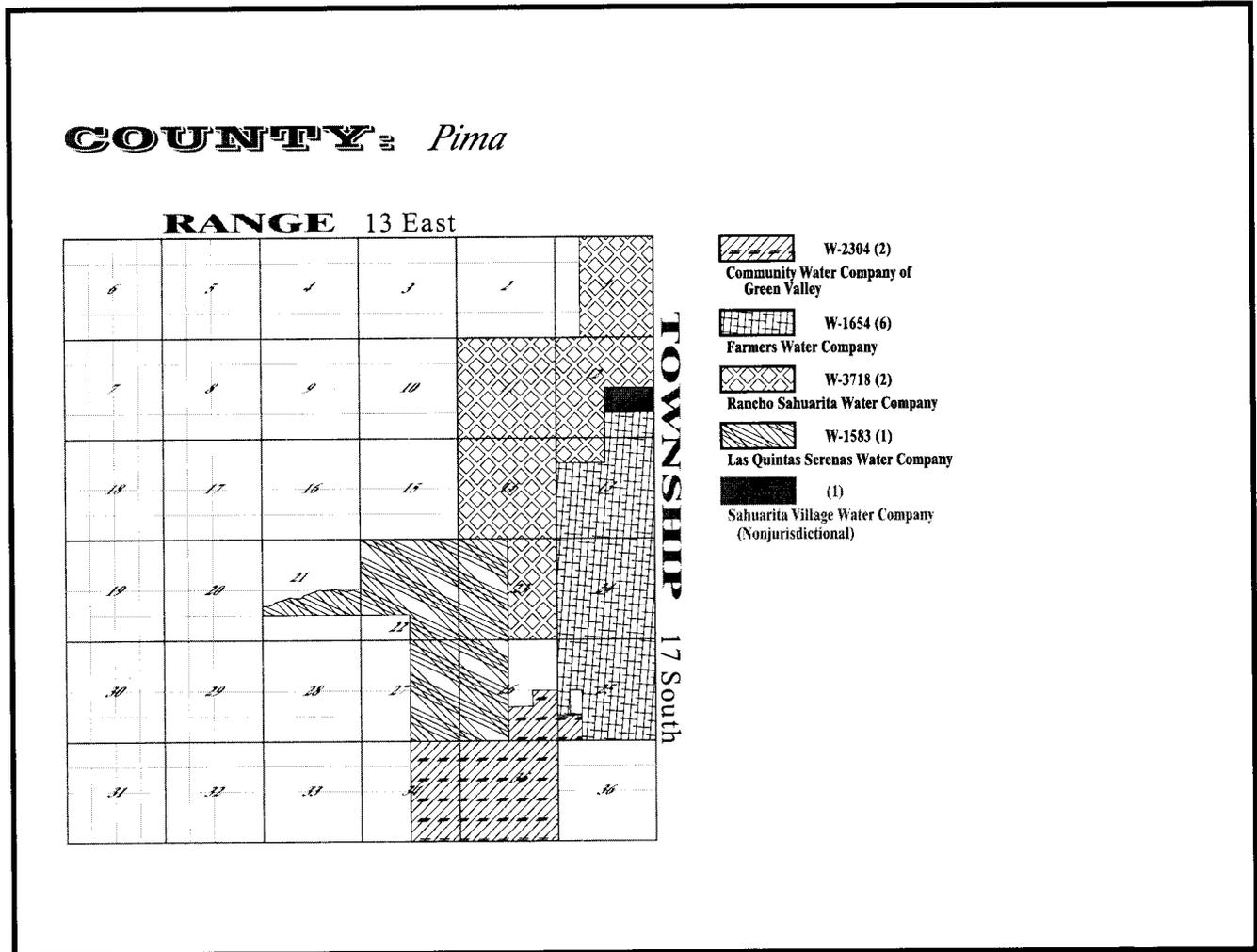


EXHIBIT 3.
SYSTEMATIC DRAWING

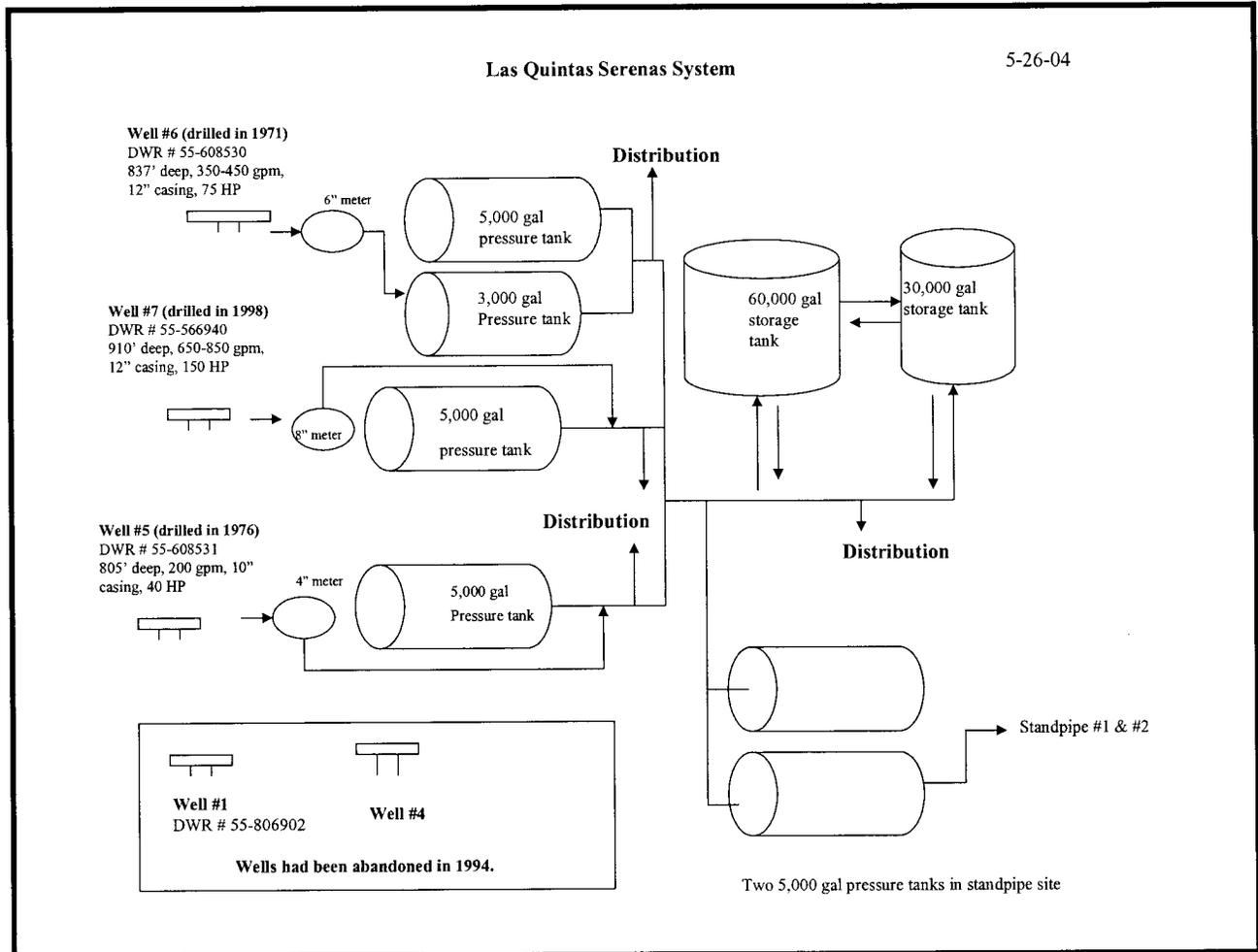


EXHIBIT 4

WATER USAGE ON THE LAS QUINTAS SERENAS WATER COMPANY SERVICE
AREA

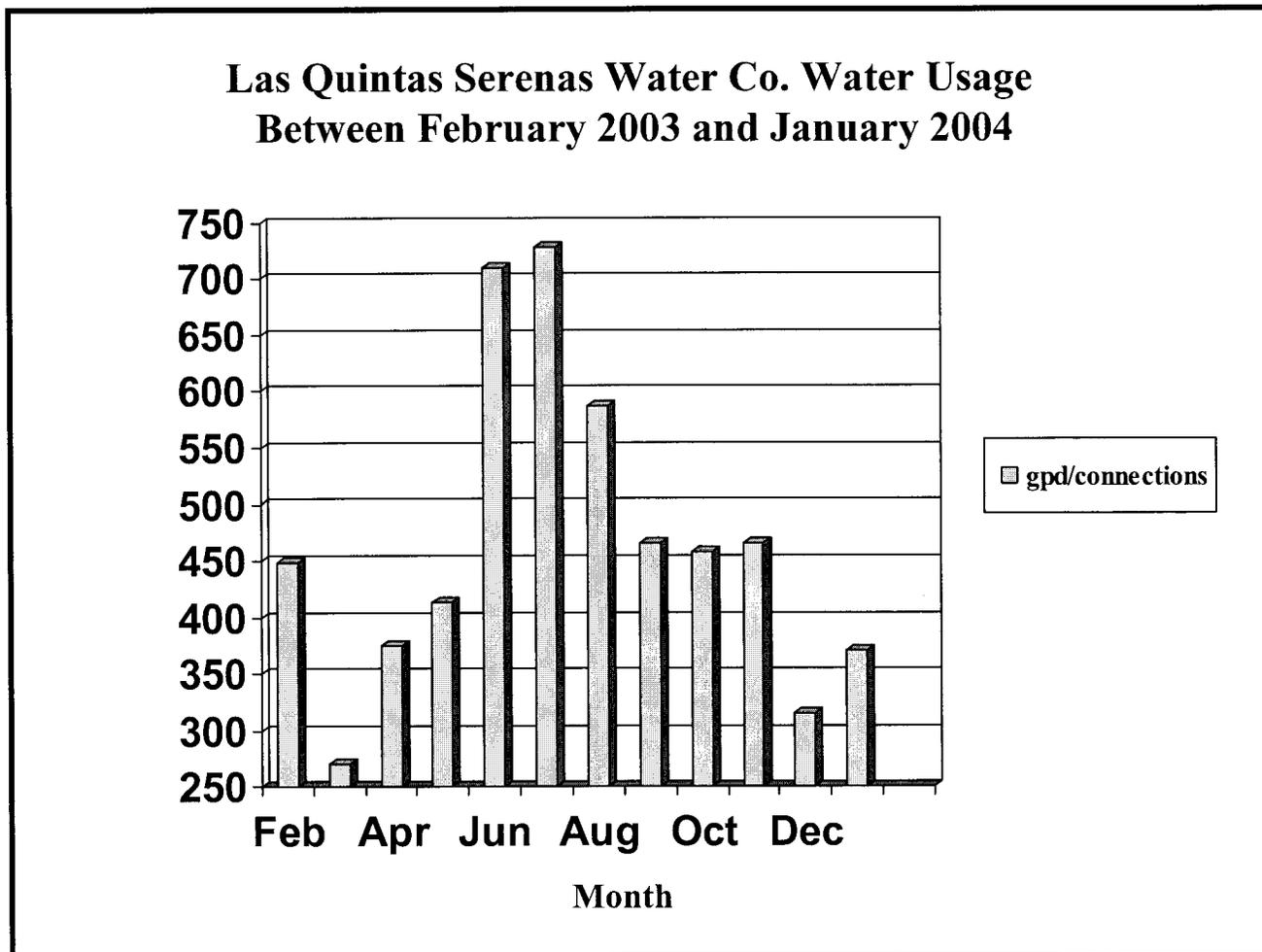


EXHIBIT 5

**ACTUAL AND PROJECTED GROWTH IN LAS QUINTAS SERENAS WATER
COMPANY SERVICE AREA**

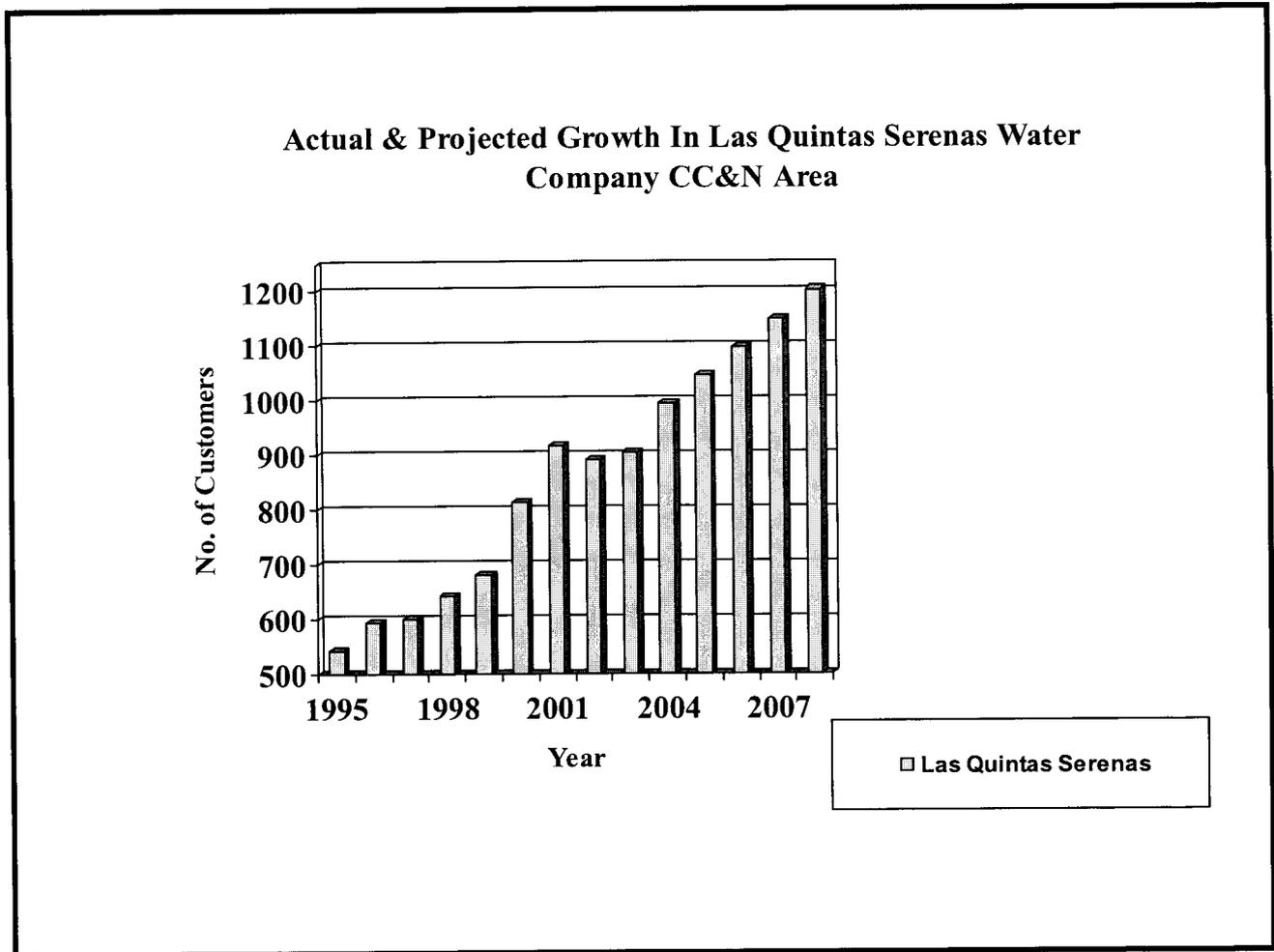


Exhibit 6

Water Depreciation Rates

Acct. No.	Depreciable Plant	Average Service Life (Years)	Annual Accrual Rate (%)
304	Structures & Improvements	30	3.33
305	Collecting & Impounding Reservoirs	40	2.50
306	Lake, River, Canal Intakes	40	2.50
307	Wells & Springs	30	3.33
308	Infiltration Galleries	15	6.67
309	Raw Water Supply Mains	50	2.00
310	Power Generation Equipment	20	5.00
311	Pumping Equipment	8	12.5
320	Water Treatment Equipment		
320.1	Water Treatment Plants	30	3.33
320.2	Solution Chemical Feeders	5	20.0
330	Distribution Reservoirs & Standpipes		
330.1	Storage Tanks	45	2.22
330.2	Pressure Tanks	20	5.00
331	Transmission & Distribution Mains	50	2.00
333	Services	30	3.33
334	Meters	12	8.33
335	Hydrants	50	2.00
336	Backflow Prevention Devices	15	6.67
339	Other Plant & Misc Equipment	15	6.67
340	Office Furniture & Equipment	15	6.67
340.1	Computers & Software	5	20.00
341	Transportation Equipment	5	20.00
342	Stores Equipment	25	4.00
343	Tools, Shop & Garage Equipment	20	5.00
344	Laboratory Equipment	10	10.00
345	Power Operated Equipment	20	5.00
346	Communication Equipment	10	10.00
347	Miscellaneous Equipment	10	10.00
348	Other Tangible Plant	----	----

MEMORANDUM

DATE: July 22, 2004

FROM: Dorothy Hains, Utilities Engineer

RE: **Las Quintas Serenas Water Company – Arsenic Treatment Cost
Docket No. W-1004B-03-0722 (Rates)**

Introduction

Las Quintas Serenas Water Company (“Company”) serves an area near the Town of Green Valley in Pima County. The most recent lab analysis by the Company indicated that the arsenic level in Well Number 7 is 12 micrograms per liter (“ $\mu\text{g/l}$ ”) or parts per billion (“ppb”) which is above the new arsenic maximum contaminant level (“MCL”). The Company did not file an arsenic treatment plan with the Commission in connection with the pending rate case. Using the ADEQ Arsenic Master Plan (“AMP”), Staff has calculated a preliminary estimate of arsenic removal costs for the Company’s system.

ADEQ Arsenic Master Plan

ADEQ initiated the Arsenic AMP in early 2002 to assist water systems in Arizona that are affected by the new arsenic rule. To assist these affected small water systems, compliance options were developed to categorize systems serving less than 10,000 persons and develop costs for funding arsenic mitigation projects for the systems. The focus of the AMP is on small groundwater systems serving fewer than 10,000 persons, although the report should also prove useful for larger groundwater systems.

Treatment Alternatives and Cost Models

The AMP report provides detailed discussion of the potential arsenic removal technologies for small water systems and the associated costs. Iron-modified activated alumina (Fe-AA), granular iron media such as granular ferric hydroxide (GFH) or Sorb-33, coagulation with granular media filtration and point-of-use (“POU”) devices (reverse osmosis and adsorption media) were determined as the feasible treatment options. Detailed information on site plans and schematics, and design criteria for each treatment alternative, were presented in the report. Cost models were developed for varying configuration options and media types, using Arizona specific cost factor models. Based on the cost models, capital and operation & maintenance (“O&M”) costs were estimated for each category of system based on its flow capacity.

Cost Evaluation

Capital and O&M costs were developed on a statewide basis for each of the feasible treatment alternatives. From these treatment alternatives, the two lowest cost options, from an annualized treatment cost perspective were selected (annualized cost is equal to capital cost amortized over 20 years at a 6 percent interest rate plus annual O&M cost.). A list of the two lowest cost options for each of the 473 impacted point-of-entries ("POEs") was presented in the report. The AMP recommends the use of the two lowest cost options for each POE as arsenic mitigation strategies.

The cost estimates do not include the engineering fees for design for these facilities. According to the AMP, a 30 percent factor should be used to estimate the engineering fee.

Estimated Arsenic Capital and O&M Costs

The AMP selected a treatment method and listed capital and O&M costs as follows:

<u>System No.</u>	<u>System Name</u>	<u>AMP Selected Alternative</u>	<u>Capital Cost</u>	<u>Annual O&M Cost</u>
10-064 (Well #7)	Las Quintas Serenas	1b	\$384,944	\$32,033

Using the AMP and applying updated system information, evaluating the latest lab results regarding arsenic concentration, using current system well production (in gpm), and the current number of service connections, Staff estimated capital and O&M arsenic treatment costs for Well 7 as follows:

<u>System No.</u>	<u>System Name</u>	<u>AMP Selected Treatment</u>	<u>Capital Cost</u>	<u>Annual O&M Cost</u>
10-064 (Well #7)	Las Quintas Serenas	1b	\$186,992	\$124,122

Engineering at 15%: \$28,049 (Staff believes 15% is reasonable.)

Staff Total: \$215,041

Using AMP and updated system information, Staff's estimated total arsenic treatment capital cost for Well 7 is \$215,041.

Conclusion and Recommendation

The most recent lab analysis by the Company indicated that the arsenic level in Well 7 is 12 $\mu\text{g}/\text{l}$ which is above the new arsenic MCL. Using the AMP, Staff has calculated a preliminary estimate of arsenic removal costs for Well 7 (a more accurate arsenic treatment cost will be determined once the final engineering design work has been completed). Staff's estimate includes \$186,992 in capital cost, \$124,122 for annual O&M cost (excluding the cost of engineering) and \$28,049 in engineering cost. Staff's estimate assumes (1) arsenic removal will be required for Well 7 only and treatment will occur at the well head, (2) arsenic will be removed to meet 8 $\mu\text{g}/\text{l}$ by Single Column Fe-AA (iron-modified active alumina) Treatment, (3) engineering cost will equal 15 percent of the capital cost and (4) the Company will implement the lowest cost option.

BEFORE THE ARIZONA CORPORATION COMMISSION

MARC SPITZER
Chairman
WILLIAM A. MUNDELL
Commissioner
JEFF HATCH-MILLER
Commissioner
MIKE GLEASON
Commissioner
KRISTIN K. MAYES
Commissioner

IN THE MATTER OF THE APPLICATION OF) DOCKET NO. W-01583A-04-0178
LAS QUINTAS SERENAS WATER COMPANY, INC.,)
AN ARIZONA CORPORATION, FOR A RATE)
INCREASE)

SURREBUTTAL TESTIMONY

OF

DOROTHY HAINS

UTILITIES ENGINEER

UTILITIES DIVISION

OCTOBER 1, 2004

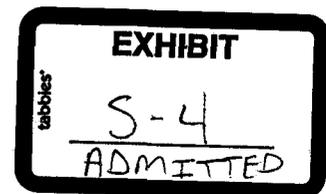


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1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 **A. My name is Dorothy Hains. My business address is 1200 West Washington Street,**
4 **Phoenix, Arizona 85007.**

5
6 **Q. Are you the same Dorothy Hains who has previously filed testimony in this Las**
7 **Quintas Serenas Water Company ("Company") rate proceeding?**

8 **A. Yes.**

9
10 **Q. What is the purpose of your surrebuttal testimony?**

11 **A. I will be responding to three issues raised by the Company's witness, Mr. Gay, in his**
12 **rebuttal testimony filed on September 20, 2004. My responses specifically address the**
13 **following issues: (1) the estimated annual water testing costs; (2) the Company's storage**
14 **and production capacity; and (3) the Company's proposal to raise its current off-site**
15 **Hookup Fees.**

16
17 **II. WATER TESTING COSTS**

18 **Q. Do the water testing costs in your direct testimony include expenses for testing when**
19 **the Company has to replace or repair damaged pipelines or test for arsenic and/or**
20 **sulfate? Please explain.**

21 **A. No. The estimated water testing expenses included in Staff's direct testimony are for**
22 **monitoring the water quality in the source and distribution system on a routine basis that is**
23 **required per Arizona Department of Environmental Quality ("ADEQ") regulations. This**
24 **testing would include, for example, annual testing for nitrate and monthly testing for**
25 **bacteria. (See page 9 of Exhibit 1 in Dorothy Hains direct testimony.) Mr. Gay mentions**

1 in his rebuttal testimony that the Company conducts disinfection and tests chlorine residual
2 in the water lines whenever the Company has to repair and/or replace pipes. Staff
3 considers this type of testing to be an Operation and Maintenance ("O&M") expense which
4 is not accounted for in the same manner that regularly scheduled annual testing expenses
5 are. Mr. Gay further stated that the Company test arsenic on a monthly basis and the
6 Company is researching arsenic removal technologies for possible use to meet the new
7 arsenic standards. The expense for the regular annual testing for arsenic is included in
8 ADEQ's Monitoring Assistance Program ("MAP") that is listed in Table 9 in Exhibit 1 of
9 the Engineering Staff Report. Staff believes that one or two tests should be adequate to
10 confirm if the source contains arsenic, it is unnecessary to test twelve times per year to
11 determine the arsenic level. Staff disagrees that this cost should be included in the
12 regularly scheduled annual testing expenses. Costs that occur in the determination of an
13 appropriate arsenic removal technique should be recovered in conjunction with the
14 Company's arsenic removal plan, not in the ongoing regularly scheduled annual water
15 testing expenses used in this rate case. Mr. Gay also stated the Company was testing for
16 sulfate due to an expectation that high sulfates existed in the source. ADEQ does not
17 require an operator to monitor sulfate in their sources, therefore the expenses associated
18 with this type of testing should be included as an O&M expense or in the arsenic removal
19 plan not as a "water testing" expense.

20
21 **Q. Should any of these extra ordinary testing expenses be included as O&M in Staff's**
22 **revenue requirement analysis?**

23 **A.** Yes, expenses of chlorine residual and sulfate testings should be included in the O&M
24 account.

25

1 **III. STORAGE AND PRODUCTION CAPACITY**

2 **Q. Does the Company have adequate storage and production capacity?**

3 **A.** Yes, Staff believes that the Company has adequate storage and production capacity. The
4 Company owns three wells which have a total flow rate of 1,200 gallons per minutes
5 ("GPM") to 1,500 GPM. The Company also owns and operates two storage tanks with a
6 total storage capacity of 90,000 gallons. If the Company operates its plant at its rated
7 capacity, an additional 296 customers could be served by the existing system. While Staff
8 would agree that the Company would not have adequate capacity to serve growth if its
9 wells or tanks were down for an extended period of time, the Company has not reported
10 any problems, such as, declining well water levels, recurring well pump failures, leaking
11 storage tanks, etc. which would reduce the production and storage capability of the
12 Company. Therefore, Staff concludes that the Company has adequate storage and
13 production capacity.

14
15 **Q. Did Staff include the Park/Aries/Ruby Star areas in its production and storage
16 capacity calculations?**

17 **A.** No. Mr. Gay's rebuttal states that an estimated 3,000 to 5,000 lots will be served by the
18 Company in the Park/Aries/Ruby Star areas. However, these areas are not within the
19 Company's certificated service area. In addition, there is no pending case before the
20 Commission that would add the subject area to the Company's Certificate of Convenience
21 and Necessity. Furthermore, there are four other water companies in the surrounding area;
22 they are Farmers Water, Community Water Company of Green Valley, Rancho Sahuraita
23 Water and Sahuraita Village Water. Any one of these water companies could file an
24 application to serve the subject area, therefore it would be premature to conclude that the

1 Company will be the provider of water service in the subject areas. For these reasons, Staff
2 excluded the subject areas from its capacity calculations.

3
4 **Q. Did the Company propose to add a new well and additional storage capacity to serve**
5 **new customers within the Company's existing certificated service area?**

6 **A.** Yes, the Company projected that an additional 700 connections would be added to the
7 system due to development in the Company's existing service area and 3,000 to 5,000 lots
8 will be served by the Company in the Park/Aries/Ruby Star areas which are not in the
9 Company's certificated service area. The Company proposed to add a new well and
10 650,000 gallons of additional storage capacity to meet this new demand.

11
12 **Q. Does Staff agree that a new well is needed to service this growth?**

13 **A.** No, with the addition of the 200,000 gallons of storage capacity the Company would have
14 adequate production and storage capacity to serve 768 new connections. Staff however
15 believes that if the anticipated growth materializes at some point in the future it may be
16 appropriate to add an additional well which could be used as a backup well in an
17 emergency.

18
19 **IV. INCREASE IN EXISTING OFF-SITE HOOK-UP FEES**

20 **Q. Please explain why Staff excluded the cost of Well No. 7 in its hook-up fee**
21 **calculations.**

22 **A.** Staff observed during its site inspection that Well No. 7 is already in-service. As a result
23 Well No. 7 has been included as plant in-service in Staff's rate base determination in this
24 case. Well No. 7 was needed to serve existing as well as new customers. Since the hook-
25 up fees will only apply to new connections for service, only future plant items necessary

1 to provide service to the new connections should be included in the hook-up fee
2 calculations.

3

4 **Q. Which plant items were included in the existing hook-up fees that have not been**
5 **installed?**

6 **A.** The original off-site hook-up fee project included the installation of two 100,000 gallon
7 storage tanks, Well No. 7 installation, Well No. 5 and No. 6 upgrades, and pipelines
8 associated with the interconnection of new plant. These plant items were projected to serve
9 775 new connections. Other than two 100,000 gallon storage tanks the proposed plant
10 additions listed above have been completed and are in-service.

11

12 **Q. Will the 200,000 gallons of additional storage capacity be adequate to meet the**
13 **current projections of 700 new connections?**

14 **A.** Yes. Based on the latest water usage data, the Company experienced annual average water
15 use of 728 gallons per day per customer in 2003 during the peak month. Because the
16 Company's system was not designed for fire flow usage, the minimum water storage
17 requirement is the annual average daily consumption during the peak month, which is
18 based on ADEQ's storage tank design guidelines. After the 200,000 gallon storage
19 capacity has been added to the system, the Company will have a total of 1,226,000 gallons
20 storage capacity. Staff estimates that the average daily demand during the peak month will
21 be 1,168,000 gallons, including the 700 new connections. Therefore, Staff concludes that
22 the 200,000 gallons of additional storage capacity will be adequate.

23

24

25

1 **Q. What is Staff's estimated cost to install the two 100,000 gallon storage tanks?**

2 **A.** Staff estimates that it will cost \$164,000 to install the two 100,000 gallon storage tanks
3 today, this estimate includes \$80,000 for the tanks themselves, \$4,000 for plumbing work,
4 and \$80,000 for control panels and electrical work.

5
6 **Q. Please summarize what was included in Staff's off-site hook-up fee calculation and
7 Staff's conclusion.**

8 **A.** Staff's calculations included the two 100,000 gallon storage tanks at an estimated cost of
9 \$164,000. Assuming there are 700 new connections, each new customer would need to
10 contribute \$234 to cover the cost of constructing these tanks. Because this amount is below
11 the limit of \$250 established in Decision No. 58839, Staff concluded that the existing hook-
12 up fee amounts were adequate and that these fees should not be increased at this time as
13 proposed by the Company.

14
15 **Q. Does Staff have any corrections it would like to make to its prefiled direct testimony
16 at this time?**

17 **A.** Yes. Staff found a typographical error in Table 11 on page 11 in Exhibit 1 which is the
18 Engineering Staff Report. It should read \$3,050 instead of \$3.050 under the column
19 heading "Original Cost", the fifth item down labeled "Account 307".

20
21 **Q. Does this conclude your surrebuttal testimony?**

22 **A.** Yes, it does.

BEFORE THE ARIZONA CORPORATION COMMISSION

MARC SPITZER
Chairman
WILLIAM A. MUNDELL
Commissioner
JEFF HATCH-MILLER
Commissioner
MIKE GLEASON
Commissioner
KRISTIN K. MAYES
Commissioner

IN THE MATTER OF THE APPLICATION OF) DOCKET NO. W-01583A-04-0178
LAS QUINTAS SERENAS WATER COMPANY)
FOR AN INCREASE IN ITS WATER RATES)
FOR CUSTOMERS WITHIN PIMA COUNTY,)
ARIZONA)
_____)

DIRECT
TESTIMONY
OF
ELENA ZESTRIJAN
PUBLIC UTILITIES ANALYST III
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

AUGUST 20, 2004

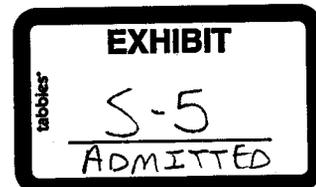


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EXECUTIVE SUMMARY
LAS QUINTAS SERENAS WATER COMPANY
DOCKET NO. W-01583A-04-0178

Las Quintas Serenas Water Company ("LQS" or "Company") is an Arizona public service corporation engaged in providing water utility services in a portion of southern Pima County, Arizona, pursuant to certificates of convenience and necessity granted by the Arizona Corporation Commission to LQS and its predecessors. At the present time, LQS provides utility service to approximately 905 customers within its certificated area located in the vicinity of Green Valley, south of Tucson, Arizona. LQS's previous rate case was based on a test year ended June 30, 1984.

The Company requested an increase in revenues of \$88,993, or 30.97 percent, on an original cost rate base ("OCRB") of \$198,058, for an overall rate of return of 30.00 percent. This would increase the typical residential bill having a median usage of 8,831 gallons from \$19.29 to \$24.51, for an increase of \$5.22 or 27.06 percent

Staff proposes no change in revenue, on an OCRB of \$161,341 for an 8.47 percent rate of return. Due to the Staff's recommended three tier rates, the typical residential bill having a median usage of 8,831 gallons will decrease from \$19.29 to \$18.41, for a decrease of \$.88 or 4.56 percent.

1 **INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is Elena Zestrijan. My business address is 1200 West Washington Street,
4 Phoenix, Arizona 85007.

5
6 **Q. By whom are you employed and in what capacity?**

7 A. I am employed by the Utilities Division of the Arizona Corporation Commission
8 (“Commission” or “ACC”) as a Public Utilities Analyst III.

9
10 **Q. Please describe your work experience.**

11 A. I completed my education and began my accounting career in 1968, in Melbourne,
12 Australia. In 1978 I was hired by the Phoenix Newspapers, Inc. in the capacity of
13 Budget/Financial Analyst until March of 2000. My responsibilities included coordination
14 of annual operating budgets/forecasts, capital expenditures, quarterly
15 projections/revisions, monthly budget/history variance commentary/analysis, quarterly
16 Board of Director’s schedules. I also participated in the implementation of two budget
17 systems.

18
19 On September 18, 2000, I joined the Financial Regulatory Analysis Section within the
20 Utilities Division (“Staff”) of the Commission. My duties include review and analysis of
21 financial records and other documents of regulated utilities for accuracy, consistency,
22 completeness, and reasonableness. I also prepare work papers and schedules supporting
23 expert testimony and Staff reports in connection with utility applications for changes in
24 rates.

1 **PURPOSE OF TESTIMONY**

2 **Q. What is the purpose of your testimony in this proceeding?**

3 A. The purpose of my testimony in this proceeding is to present Staff's analysis and
4 recommendations concerning the original cost rate base ("OCRB"), revenue requirement,
5 and the rate design regarding the Las Quintas Serenas Water Company ("LQS" or
6 "Company") rate increase application received on March 9, 2004.

7
8 **BACKGROUND**

9 **Q. Please provide a brief description of LQS and the service it provides.**

10 A. LQS is an Arizona public service corporation, serving approximately 905 customers in a
11 portion of southern Pima County, Arizona.

12
13 LQS's current rates were approved in Decision No. 54760, dated November 13, 1985, and
14 went into effect on December 1, 1985. LQS is using a test year ending September 30,
15 2003 in this proceeding.

16
17 **SUMMARY OF TESTIMONY AND RECOMMENDATIONS**

18 **Q. Please summarize the Company's and Staff's proposals.**

19 A. The Company's rate application requests an increase in total revenues of \$88,993 from the
20 test year adjusted amount of \$287,332 or a 30.97 percent increase over its test year
21 revenue as shown in Schedule ENZ-1.

22
23 Staff is recommending no change in revenue from the test year adjusted amount of
24 \$287,332.

25
26 The Company proposed a rate of return of 30 percent on an OCRB of 198,058.

1 Staff recommends a rate of return of 8.47 percent on Staff's recommended OCRB of
2 \$161,341.

3
4 **Q. What is the basis of Staff's recommendations?**

5 A. Staff performed a regulatory audit of the Company's books and records to determine
6 whether sufficient evidence exists to support the Company's request for an increase in its
7 rates and charges. The regulatory audit consisted of examining and testing the Company's
8 accounting ledgers and reports, checking the accumulation of amounts in the records,
9 tracing recorded amounts to source documents, verifying the correct application of data
10 with applicable standards of third parties, and verifying whether the accounting principles
11 applied are in accordance with the Commission-authorized National Association of
12 Regulatory Utility Commissioners ("NARUC") Uniform System of Accounts ("USOA").
13 In preparing its case, Staff visited the office of Dale R. Calvert, Certified Public
14 Accountants, whose office is providing accounting services to LQS, to conduct an audit.
15 Staff also reviewed previous rate and other Commission Decisions applicable to this
16 Company. Staff held discussions with Company representatives and composed a number
17 of written requests for data.

18
19 **Q. What test year was used by the Company in this filing?**

20 A. LQS Water Company used a historical test year covering the twelve months ending
21 September 30, 2003.

22
23 **Q. Did Staff accept the test year as filed by the Company?**

24 A. Yes. The September 30, 2003, test year selected was a 12-month period which was recent
25 enough for purposes of preparing the rate case filing. The Company chose not to include
26 pro forma plant or revenue, but included expense adjustments. Staff evaluated and either
27 accepted or removed Company's adjustments.

1 **ORIGINAL COST RATE BASE**

2 **Q. Has Staff prepared a schedule detailing the Company's proposed OCRB and Staff's**
3 **recommended OCRB?**

4 A. Yes. Schedule ENZ-3 shows the Company's proposed OCRB and Staff's recommended
5 OCRB.

6
7 **Q. Is Staff recommending any changes to the Company's proposed OCRB?**

8 A. Yes. The Company proposed an OCRB of \$198,058. Staff recommends an OCRB of
9 \$161,341, or a reduction of \$36,717.

10
11 **Q Did the Company prepare a schedule of Reconstruction Cost New Less Depreciation**
12 **Rate Base ("RCND")?**

13 A. Yes. The Company did file RCND schedules, but withdrew them at a later date.
14 Consequently, OCRB is the same as fair value rate base ("FVRB") in this case.

15
16 **PLANT IN SERVICE**

17 **Q. Please outline your adjustments to Plant in Service.**

18 A. Staff's adjustments to plant in service resulted in a decrease of \$942, as shown on
19 Schedule ENZ-3.

20
21 **Q. Please explain Staff's adjustment to plant in service.**

22 A. The adjustment to reduce plant in service by \$942 represents the total of numerous errors
23 in various additions and deletions occurring over the last twenty years, since the
24 Company's prior rate case.

1 **ACCUMULATED DEPRECIATION**

2 **Q. Please explain Staff's adjustment to accumulated depreciation.**

3 A. Staff recommends accumulated depreciation of \$688,486, a \$2,935 increase to the
4 Company-proposed amount of \$685,551, as shown on Schedule ENZ -3.

5
6 Staff calculated accumulated depreciation by adding depreciation expense for the
7 intervening years to the Commission-approved balance of June 30, 1984, which was the
8 test year in the prior rate case. Staff's accumulated depreciation calculation resulted in an
9 increase to accumulated depreciation of \$2,935.

10
11 **METER ADVANCES**

12 **Q. Please explain Staff's adjustment to meter advances.**

13 A. Staff's adjustment of \$31,649, is to record meter advances not included in the Company's
14 application. This amount was reflected in the Company's books and records.

15
16 **DEFERRED INCOME TAX CREDITS**

17 **Q. Please explain Staff's adjustment to deferred income tax credits.**

18 A. The Company did not report any deferred income tax in its application but its balance
19 sheet reflected deferred credits in excess of \$55,000. After discussion with the
20 Company's accountant, the deferred credit was revised to \$1,191. This item is included
21 by Staff as a reduction to rate base because \$1,191 represents taxes paid by ratepayers but
22 not yet paid by the Company.

23
24 **OPERATING REVENUE**

25 **Q. Did Staff prepare a schedule showing the Company's proposed test year revenue and**
26 **Staff's recommended test year revenues?**

27 A. Yes. This information is found on Schedule ENZ-9.

1 **Q. Has Staff recommended any changes to the Company's test year operating revenue?**

2 A. No. Staff concurs with the Company's revenue as filed.
3

4 **OPERATING EXPENSES**

5 **Q. What is the Company's proposed operating expenses and Staff recommended**
6 **operating expenses?**

7 A. This information is found on Schedule ENZ-9. The Company claimed expenses of
8 \$294,310. Staff is recommending operating expenses of \$273,673, or a \$20,637 decrease.
9 Staff's recommended change is detailed below.
10

11 **Q. Please discuss Staff's \$2,065 adjustment to Salaries and Wages.**

12 A. Staff's disallowance of \$2,065 in salaries and wages is based on information received
13 from the Company's Board of Director's minutes, which approved hourly rates and Staff's
14 review of actual time sheets. Staff's calculation was strictly based on the hourly rate and
15 time sheets provided by the Company. Staff accepted Company's annualized salaries for
16 six months of the test year in the amount of \$1,362.
17

18 **Q. Please explain Staff's \$9,931 adjustment to Repairs and Supplies.**

19 A. Staff reduced repairs and maintenance expense, a one-time cleaning around the wells by
20 \$9,931. This expense is extraordinary and will not be repeated in the foreseeable future.
21

22 **Q Please explain Staff's \$752 adjustment to Water Testing Expense.**

23 A Staff reduced water testing expense by \$752 to reflect Staff Engineer's recommendation.
24
25
26

27 **Q Please explains Staff's \$4,000 adjustment to Rate Case Expense.**

1 A LQS's application included a pro forma rate case expense in the amount of \$6,000. Staff
2 normalized the \$6,000 over three years to allow the Company to recover incurred
3 expenses over a traditional period.

4
5 **Q Please explain Staff's \$2,789 adjustment to Transportation Expense.**

6 A Staff reduced transportation expense by \$2,789, to disallow a mileage reimbursement to
7 Ms. Janice Gay a non-employee of LQS. The Company owns two trucks and the gas and
8 maintenance expense is already included in the transportation expense category. A
9 Company employee's mileage reimbursement was accepted by Staff. LQS has three
10 employees, two part-time and one full-time, therefore the use of a fourth vehicle was not
11 necessary and is not in the interest of the ratepayers.

12
13 **Q Please explain Staff's \$673 adjustment to Miscellaneous Expense.**

14 A Staff reduced miscellaneous expense for the long distance telephone charges. As a result
15 of Staff's audit findings that some out of state long distance telephone numbers appeared
16 on the telephone bill multiple times. LQS is engaged in serving local customers, and did
17 not confirm its need for long distance calls.

18
19 **Q. Please explain Staff's adjustment to decrease Depreciation Expense.**

20 A. Staff calculated depreciation expense on a going-forward basis using the recommended
21 depreciation rates as shown in Section J of the Engineering Report. This resulted in a
22 decrease in depreciation expense of \$5,082.

23
24 **Q. Please explain Staff's adjustment to Property Taxes.**

25 A. Staff's adjustment in the amount of \$1 increased property taxes, as a result of Staff's use
26 of Arizona Department of Revenue methodology and rates for property tax calculation.

27 **Q. Please explain Staff's adjustment to Federal and State Income Tax Expense.**

1 A. Adjustment in the amount of \$4,654 increases federal and state income tax due to Staff
2 audit findings increasing operating income in the test year.
3

4 **REVENUE REQUIREMENT**

5 **Q. What is the Company's proposed revenue requirement and Staff's recommended**
6 **revenue requirement?**

7 A. The Company's proposed rates produce operating revenues of \$376,325 and operating
8 income of \$59,417 or a 30.00 percent rate of return on an OCRB of \$198,058.

9
10 Staff's recommended rates result in operating revenues of \$287,332 and operating income
11 of \$13,659 for an 8.47 percent rate of return on an OCRB of \$161,341.
12

13 **Q. Did Staff prepare a schedule summarizing its recommended revenue requirement?**

14 A. Yes. Please refer to Schedule ENZ-1
15

16 **RATE DESIGN**

17 **Q. Please explain Staff's proposed rate design.**

18 A. Staff's proposed rates produce a revenue level of \$287,332. This represents no change
19 from adjusted test year revenues of \$287,332. However, due to Staff's recommended
20 three tier rates for the residential consumers, the typical residential bill having a median
21 usage of 8,831 gallons will decrease from \$19.29 to \$18.41 for a decrease of \$.88, or 4.56
22 percent.
23

24 The present rate design consists of a single tier commodity rate and the Company's
25 proposed rates consist of two tiers for all classes of customers.
26

1 The residential customer class consumed 87 percent of the total water sold. Consequently,
2 Staff recommended a three-tier rate structure that was designed for the usage of residential
3 customers and a two-tier rate structure that was designed for the usage of commercial
4 customers. This is compatible with water conservation efforts.

5
6 The first tier break at 4,000 gallons applies to 100 percent of the residential customers.
7 The second tier break at 23,000 gallons applies to 71 percent of the residential customers.
8 The third tier break is in excess of 23,000 gallons and applies to 12 percent of the
9 residential customers.

10
11 **ARSENIC REMOVAL**

12 **Q. Does the Company have an arsenic problem?**

13 A. Yes. The Company hopes to solve it by blending. Staff also offered analysis if blending
14 is not viable. Staff estimated arsenic removal equipment cost amounting to approximately
15 \$215,000 (see Engineering Report).

16
17 **Q. Has Staff proposed any financing mechanism for the possibility the Company might
18 have to expend \$215,000?**

19 A. No, Staff has confirmed that the Company has liquid assets in excess of \$200,000 that is
20 ear-marked for arsenic treatment.

21
22 **STAFF RECOMMENDATIONS**

23 **Q. Please summarize Staff's recommendations.**

24 A. Staff recommends approval of its rates and charges as depicted on Schedule ENZ - 9.

25
26 Staff further recommends an 8.47 percent rate of return on Staff's recommended OCRB of
27 \$161,341.

1 Staff further recommends that LQS be ordered to use the depreciation rates as shown in
2 Exhibit 6 of the Engineering Report.

3
4 LQS has submitted a curtailment tariff. Staff has reviewed the Company's proposed
5 curtailment tariff and has determined that it is consistent with the model curtailment tariff
6 template which has been approved by the Arizona Corporation Commission for use by
7 water utilities. Therefore, Staff recommends that the proposed curtailment tariff filed by
8 LQS be approved.

9
10 Staff further recommends that LQS submit its detailed arsenic removal plan to the
11 Director of the Utilities Division by December 2004 (see Engineering Report, Section L).

12
13 Staff further recommends a provision be included in the Company's tariff to allow for the
14 flow-through of all appropriate state and local taxes as provided for in Arizona
15 Administrative Code Rule 14-2-409(D)(5).

16
17 **Q. Does this conclude your direct testimony?**

18 **A.** Yes, it does.

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	[A] COMPANY ORIGINAL COST	[B] STAFF ORIGINAL COST
1	Adjusted Rate Base	\$ 198,058	\$ 161,341
2	Adjusted Operating Income (Loss)	\$ (6,978)	\$ 13,659
3	Current Rate of Return (L2 / L1)	-3.52%	8.47%
4	Required Rate of Return	30.00%	8.47%
5	Required Operating Income (L4 * L1)	\$ 59,417	\$ 13,659
6	Operating Income Deficiency (L5 - L2)	\$ 66,395	\$ 0
7	Gross Revenue Conversion Factor	1.32940	1.26459
8	Increase In Gross Revenue (L7 * L6) Note A	\$ 88,993	\$ 0
9	Adjusted Test Year Revenue	\$ 287,332	\$ 287,332
10	Proposed Annual Revenue (L8 + L9) Note B	\$ 376,325	\$ 287,332
11	Required Increase in Revenue (%) (L8/L9) Note C	30.97%	0.00%
A	Company's application indicates Based on Staff's formula, correct figure is increase In Gross Revenue (L7 * L6)	\$ 88,993 \$ 88,266	
B	Company's application Based on Staff's formula, correct figure is Proposed Annual Revenue (L8 + L9)	\$ 376,325 \$ 375,598	
C	Company's application Based on Staff's formula, correct percent is Required Increase in Revenue (%) (L8/L9)	30.72%	

Staff used Company's application amounts but also reflects actual amounts in NOTES so that actual results can be seen.

GROSS REVENUE CONVERSION FACTOR

Line
No.

Calculation of Gross Revenue Conversion Factor:

1	Recommended Revenue Increase:		
2	Billings		1.000000
3	Combined Federal and State Income Tax Rate	20.92280%	
4	Uncollectible Rate After Income Taxes	0.00000%	
5	Total Tax Rate		<u>20.92280%</u>
6	Gross Revenue Conversion Factor		<u><u>1.264587</u></u>

Calculation of Effective Income Tax Rate:

7	Operating Income Before Taxes (Arizona Taxable Income)	100.00000%
8	Arizona State Income Tax Rate	<u>6.96800%</u>
9	Federal Taxable Income (L7 - L8)	93.03200%
10	Applicable Federal Income Tax Rate (Line 36)	<u>15.00000%</u>
11	Effective Federal Income Tax Rate (L9 x L10)	<u>13.95480%</u>
12	Combined Federal and State Income Tax Rate (L8 +L11)	<u><u>20.92280%</u></u>

Calculation of Uncollectible Rate After Income Taxes:

13	Uncollectible Rate		0.00000%
14	Combined Federal and State Income Tax Rate	20.92280%	
15	1 minus Combined Federal and State Income Tax Rate		<u>79.07720%</u>
16	Uncollectible Rate After Income Taxes		<u><u>0.00000%</u></u>

Revenue Reconciliation:

17	Recommended Increase in Revenue (from ENZ-1, L8)	\$ 0	
18	Uncollectible Rate	0.000000%	
19	Required Increase in Revenue to Provide for Uncollectibles		\$ -
20	Recommended Increase in Revenue (from ENZ-1,L8)	\$ 0	
21	Required Increase in Revenue to Provide for Uncollectibles	-	
22	Incremental Taxable Income	\$ 0	
23	Combined Federal and State Income Tax Rate	<u>20.92280%</u>	
24	Required Increase in Revenue to Provide for Income Taxes		0
25	Required Operating Income	\$ 13,659	
26	Adjusted Test Year Operating Income (Loss)	<u>13,659</u>	
27	Required Increase in Operating Income		0
28	Total Required Increase/Decrease In Revenue		<u><u>\$ 0</u></u>

Calculation of Income Tax:

	Test Year		STAFF Recommended	
29	Revenue	\$ 287,332	\$ 287,332	
30	Less: Operating Expenses Excluding Income Taxes	\$ 270,059	\$ 270,059	
31	Less: Synchronized Interest	\$ -	\$ -	
32	Arizona Taxable Income	\$ 17,273	\$ 17,273	
33	Arizona State Income Tax Rate	6.968%	6.968%	
34	Arizona Income Tax	\$ 1,204	\$ 1,204	
35	Federal Taxable Income	\$ 16,069	\$ 16,070	
36	Federal Income Tax @ 15%	\$ 2,410	\$ 2,410	
37	Combined Federal and State Income Tax	<u>\$ 3,614</u>	<u>\$ 3,614</u>	
			\$ 0	

Calculation of Interest Synchronization:

38	Rate Base	\$ 161,341
39	Weighted Average Cost of Debt	0.000%
40	Synchronized Interest	<u>\$ -</u>

RATE BASE - ORIGINAL COST

LINE NO.	(A) COMPANY AS FILED	(B) STAFF ADJUSTMENTS	(C) STAFF AS ADJUSTED
1	Plant in Service	\$ 1,461,863	\$ 1,460,921
2	Less: Accumulated Depreciation	(685,551)	(688,486)
4	Net Plant in Service	<u>\$ 776,312</u>	<u>\$ 772,435</u>
 <i>LESS:</i>			
5	Advances in Aid of Construction (AIAC)	(508,411)	(508,411)
6	Contributions in Aid of Construction (CIAC)	\$ (104,829)	\$ (104,829)
7	Less: Accumulated Amortization	34,986	34,986
8	Net CIAC	<u>(69,843)</u>	<u>(69,843)</u>
9	Total Advances and Contributions	(578,254)	(578,254)
10	Customer Deposits	-	-
11	Meter Advances	-	(31,649)
12	Deferred Income Tax Credits	-	(1,191)
 <i>ADD:</i>			
13	Working Capital	-	-
14	Other Additions	-	-
15	Total Rate Base	<u>\$ 198,058</u>	<u>\$ 161,341</u>

Las Quintas Serenas Water Company
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SUMMARY OF RATE BASE ADJUSTMENTS

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) ADJ No.1	(C) ADJ No.2	(D) ADJ No.3	(E) ADJ No.4	(N) ADJ No.	(O) STAFF ADJUSTED
<u>PLANT IN SERVICE:</u>								
1	Organization	\$ -	\$ -	\$ -	\$ -	\$ -	-	-
2	Land and Land Rights	5,217	-	-	-	-	-	5,217
3	Structures and Improvements	6,599	-	-	-	-	-	6,599
4	Wells and Structures	259,402	-	-	-	-	-	259,402
5	Pumping Equipment	154,555	-	-	-	-	-	154,555
6	Water Treatment Equipment	-	-	-	-	-	-	-
7	Distribution Reservoirs and Standpipes	82,215	-	-	-	-	-	82,215
8	Transmission and Distribution Mains	822,434	-	-	-	-	-	822,434
9	Services	2,427	(942)	-	-	-	-	1,485
10	Meter and Meter Installations	99,647	-	-	-	-	-	99,647
11	Office Furniture and Equipment	13,424	-	-	-	-	-	13,424
12	Transportation Equipment	9,000	-	-	-	-	-	9,000
13	Miscellaneous Equipment	6,943	-	-	-	-	-	6,943
31	Total Plant in Service - Actual	<u>1,461,863</u>	<u>(942)</u>	-	-	-	-	<u>1,460,921</u>
35	Less: Accumulated Depreciation - Actual	\$ (685,551)	-	(2,935)	-	-	-	(688,486)
41	Net Plant in Service	<u>\$ 776,312</u>	<u>(942)</u>	<u>\$ (2,935)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 772,435</u>
<u>LESS:</u>								
42	Advances in Aid of Construction (AIAC)	\$ (508,411)	-	\$ -	\$ -	\$ -	-	(508,411)
43	Contributions in Aid of Construction (CIAC)	(104,829)	-	-	-	-	-	(104,829)
44	Less: Accumulated Amortization	34,986	-	-	-	-	-	34,986
45	Net CIAC (L25 - L26)	<u>(69,843)</u>	-	-	-	-	-	<u>(69,843)</u>
46	Total Advances and Contributions	(578,254)	-	-	-	-	-	(578,254)
47	Customer Deposits	-	-	-	-	-	-	-
48	Meter Advances	-	-	-	(31,649)	-	-	(31,649)
49	Deferred Tax Credits	-	-	-	-	(1,191)	-	(1,191)
<u>ADD:</u>								
50	Working Capital Allowance	-	-	-	-	-	-	-
56	Deferred Debits	-	-	-	-	-	-	-
57	Other Additions	-	-	-	-	-	-	-
58	Total Rate Base	<u>\$ 198,058</u>	<u>(942)</u>	<u>\$ (2,935)</u>	<u>\$ (31,649)</u>	<u>\$ (1,191)</u>	<u>\$ -</u>	<u>\$ 161,341</u>

RATE BASE ADJUSTMENT NO. 1 - PLANT IN SERVICE

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Actual Test Year Plant	\$ 1,461,863	\$ (942)	\$ 1,460,921

References:

- Column: [A] Company Schedule B-2
- Column: [B] Testimony ENZ
- Column: [C] Column [A] plus column [B]

RATE BASE ADJUSTMENT NO. 2 - ACCUMULATED DEPRECIATION

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Accumulated Depreciation, Actual	\$ (685,551)	\$ (2,935)	\$ (688,486)

References:

- Column [A]: Company Schedule E-5
- Column [B]: Testimony ENZ
- Column [C]: Column [A] plus column [B]

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RATE BASE ADJUSTMENT NO. 3 - METER ADVANCES

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Meter Advances	\$ -	\$ (31,649)	\$ (31,649)

References:

- Column [A]: Company Schedule B-5
- Column [B]: Testimony ENZ
- Column [C]: Column [A] plus column [B]

RATE BASE ADJUSTMENT NO. 4 - DEFERRED INCOME TAX CREDITS

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Deferred Income Tax Credits	\$ -	\$ (1,191)	\$ (1,191)

References:

- Column [A]: Company Schedule B-5
- Column [B]: Testimony ENZ
- Column [C]: Column [A] plus column [B]

OPERATING INCOME - TEST YEAR AND STAFF PROPOSED

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF TEST YEAR ADJUSTMENTS	[C] STAFF TEST YEAR AS ADJUSTED	[D] STAFF PROPOSED CHANGES	[E] STAFF RECOMMENDED
<u>REVENUES:</u>						
1	Total Operating Revenues	\$ 287,332	\$ -	\$ 287,332	\$ 0	\$ 287,332
<u>EXPENSES:</u>						
2	Salaries and Wages	111,468	(2,065)	109,403	-	109,403
3	Purchased Power	30,902	-	30,902	-	30,902
4	Repairs and Supplies	17,851	(9,931)	7,920	-	7,920
5	Water Testing	4,804	(752)	4,052	-	4,052
6	Office Supplies and Expense	7,295	-	7,295	-	7,295
7	Contractual Services	11,177	-	11,177	-	11,177
8	Rate Case Expense	6,000	(4,000)	2,000	-	2,000
9	Rent	5,245	-	5,245	-	5,245
10	Transportation Expenses	5,862	(2,789)	3,073	-	3,073
11	Insurance	9,762	-	9,762	-	9,762
12	Miscellaneous Expense	7,275	(673)	6,602	-	6,602
13	Taxes Other than Property and Income	9,352	-	9,352	-	9,352
14	Administrative Expenses	-	-	-	-	-
	Total Operation and Maintenance	226,993	(20,210)	206,783	-	206,783
15	Depreciation and Amortization	52,949	(5,082)	47,867	-	47,867
16	Ad Valorem (Property)	19,568	1	19,569	-	19,569
	Taxes:					
17	Federal & State Income Tax	(1,040)	4,654	3,614	0	3,614
18	Other	(4,160)	-	(4,160)	-	(4,160)
19	Total Operating Expenses	<u>\$ 294,310</u>	<u>\$ (20,637)</u>	<u>\$ 273,673</u>	<u>\$ 0</u>	<u>\$ 273,673</u>
20	Operating Income (Loss)	<u>\$ (6,978)</u>	<u>\$ 20,637</u>	<u>\$ 13,659</u>	<u>\$ 0</u>	<u>\$ 13,659</u>

Las Quintas Serenas Water Company
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SUMMARY OF OPERATING INCOME ADJUSTMENTS - TEST YEAR

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) ADJ #1	(C) ADJ #2	(D) ADJ #3	(J) ADJ #4	(E) ADJ #5	(F) ADJ #6	(G) ADJ #7	(H) ADJ #8	(I) ADJ #9	(K) ADJ #10	(L) STAFF ADJUSTED
1	Metered Water Revenue	284,549											
2	Other Water Revenue	2,783											
3	Total Operating Revenues	\$ 287,332											\$ 287,332
REVENUES:													
4	Salaries and Wages	111,468	(2,065)										109,403
5	Purchased Power	30,902											30,902
6	Repairs and Supplies	17,851		(9,931)									7,920
7	Water Testing	4,804			(752)								4,052
8	Office Supplies and Expense	7,295											7,295
9	Contractual Services	11,177											11,177
10	Rate Case Expense	6,000				(4,000)							2,000
11	Rent	5,245											5,245
12	Transportation Expense	5,862					(2,789)						3,073
13	Insurance	9,762						(673)					9,762
14	Miscellaneous Expense	7,275											6,802
15	Taxes Other than Property and Income	9,352											9,352
16	Administrative Expenses												
17	Total Operation and Maintenance	226,993	(2,065)	(9,931)	(752)	(4,000)	(2,789)	(673)	(5,082)				206,783
18	Depreciation and Amortization	52,949											47,867
19	Ad Valorem (Property) Taxes	19,568								1			19,569
20	Federal & State Income Tax	(1,040)									4,654		3,614
21	Other (Deferred Income Tax)	(4,160)											(4,160)
22	Total Operating Expenses	\$ 294,310	\$ (2,065)	\$ (9,931)	\$ (752)	\$ (4,000)	\$ (2,789)	\$ (673)	\$ (5,082)	\$ 1	\$ 4,654	\$ -	\$ 273,673
23	Operating Income (Loss)	\$ (6,978)	\$ 2,065	\$ 9,931	\$ 752	\$ 4,000	\$ 2,789	\$ 673	\$ 5,082	\$ (1)	\$ (4,654)	\$ -	\$ 13,659

OPERATING INCOME ADJUSTMENT NO 1 - SALARIES EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENT	[C] STAFF AS ADJUSTED
1	Salaries	\$ 111,468	\$ (2,065)	\$ 109,403
	Total	<u>\$ 111,468</u>	<u>\$ (2,065)</u>	<u>\$ 109,403</u>

Steve Gay's earnings based on company provided information:

Number of hours worked	2,458	
Board of directors minutes, per hour earnings	26.20	
Hours worked earnings for the test year		64,400
Bonus approved by the board		<u>5,500</u>
Total earnings		69,900

Kathleen Conger' earnings

Number of hours worked	1,659	
Board of directors minutes, per hour earnings	15.43	
Hours worked earnings for the test year		25,598
Bonus approved by the board		<u>1,650</u>
Total earnings		27,248

Charles Grife's earnings

Number of hours worked	691	
Board of directors minutes, per hour earnings	15.04	
Hours worked earnings for the test year		10,393
Bonus approved by the board		<u>500</u>
Total earnings		10,893

Test year 3% increase - annualization

1,362

Total Earnings for the test year

109,403

References:

Column [A]: Company Schedule C-1

Column [B]: Testimony ENZ

Column [C]: Column [A] plus column [B]

Staff's adjustment	(2,065)
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Schedule ENZ- 12

OPERATING INCOME ADJUSTMENT NO 2 - REPAIRS AND SUPPLIES EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENT	[C] STAFF AS ADJUSTED
1	Repairs and Supplies	17,851	\$ (9,931)	7,920
	Total	<u>\$ 17,851</u>	<u>\$ (9,931)</u>	<u>\$ 7,920</u>

References:

Column [A]: Company Schedule C-1
Column [B]: Testimony ENZ
Column [C]: Column [A] plus column [B]

Las Quintas Serenas Water Company
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Schedule ENZ- 13

OPERATING INCOME ADJUSTMENT NO 3 - TRANSPORTATION EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENT	[C] STAFF AS ADJUSTED
1	Vehicle Expense - Janice Gay	5,862	(2,789)	3,073
	Total	<u>\$ 5,862</u>	<u>\$ (2,789)</u>	<u>\$ 3,073</u>

References:

Column [A]: Company Schedule C-1
Column [B]: Testimony ENZ
Column [C]: Column [A] plus column [B]

OPERATING INCOME ADJUSTMENT NO. 4 - MISCELLANEOUS EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENT	[C] STAFF AS ADJUSTED
1	Miscellaneous	7,275	(673)	6,602
	Total	\$ 7,275	\$ (673)	\$ 6,602

References:

- Column [A]: Company Schedule C-1
- Column [B]: Testimony ENZ
- Column [C]: Column [A] plus column [B]

1 Miscellaneous Expense: Adjustment made to the phone bills.
 Staff disallowed long distance/out of state calls

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Schedule ENZ- 15

OPERATING INCOME ADJUSTMENT NO. 5 - WATER TESTING EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] ADJUSTMENT	[C] STAFF AS ADJUSTED
1	Water Testing Cost	\$ 4,804	\$ (752)	\$ 4,052

References:

Column [A]: Company Schedule C-1
Column [B]: Testimony ENZ
Column [C]: Column [A] plus column [B]

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Schedule ENZ- 16

OPERATING INCOME ADJUSTMENT NO. 6 - RATE CASE EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] ADJUSTMENT	[C] STAFF AS ADJUSTED
1	Annual Rate Case Expense	\$ 6,000	\$ -	\$ 6,000
2	Number of Years Normalized	1		3
3	Annual Rate Case Expense	\$ 6,000	\$ (4,000)	\$ 2,000

References:

Column [A]: Company Schedule C-1
Column [B]: Testimony ENZ
Column [C]: Column [A] plus column [B]

OPERATING INCOME ADJUSTMENT NO. 7 - DEPRECIATION EXPENSE

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENT	STAFF AS ADJUSTED
1	Depreciation Expense	\$ 52,949	\$ 159	\$ 53,108
2	CIAC Amortization	-	(5,241)	(5,241)
		<u>\$ 52,949</u>	<u>\$ (5,082)</u>	<u>\$ 47,867</u>

References:

- Column [A]: Company Schedule C-1
- Column [B]: Testimony ENZ
- Column [C]: Column [A] plus column [B]

OPERATING INCOME ADJUSTMENT NO. 8 - PROPERTY TAX EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENT	[C] STAFF AS ADJUSTMENT
1	2001 Annual Gross Revenues			\$ 245,292
2	2002 Annual Gross Revenues			\$ 289,174
3	2003 Annual Gross Revenues			\$ 287,332
4	Plus Staff's Recommended Increase			\$ -
5	Subtotal (Lines 1 + 2 + 3 + 4)			\$ 821,798
6	Three Year Average Calculation			3
7	Three Year Average (Line 5 / Line 6)			\$ 273,933
8	Department of Revenue Multiplier			2
9	Revenue Base Value (Line 7 x Line 8)			\$ 547,865
10	Plus: 10% of 2001 CWIP			-
11	Less: Net Book Value of Leased Vehicles			\$ -
12	Full Cash Value (Line 9 + Line 10 - Line 11)			\$ 547,865
13	Assessment Ratio			0.25
14	Assessed Value (Line 12 x Line 13)			\$ 136,966
15	Composite Property Tax Rate			0.142877
16	Staff Proposed Property Tax Expense (Line 14 x Line 15)	\$ 19,568	\$ 1	\$ 19,569

References:

- Column [A]: Company Schedule C-1
- Column [B]: Testimony ENZ
- Column [C]: Column [A] plus column [B]

OPERATING INCOME ADJUSTMENT NO. 9 - INCOME TAX EXPENSE

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENT	STAFF AS ADJUSTED
1	Federal Income Taxes	\$ (697)	\$ 3,107	\$ 2,410
2	State Income Taxes	(343)	\$ 1,547	1,204
3	Total Income Taxes	\$ (1,040)	\$ 4,654	\$ 3,614

References:

- Column [A]: Company Schedule C-1
- Column [B]: Testimony ENZ
- Column [C]: Column [A] plus column [B]

RATE DESIGN

Minimum Monthly Usage Charge		
Present Rates	---Proposed Rates---	
	Company	Staff

Monthly Usage Charge:

5/8" x 3/4" Meter	\$ 10.00	\$ 12.50	\$ 9.05
1" Meter	\$ 10.00	\$ 12.50	\$ 22.50
1 1/2" Meter	\$ 10.00	\$ 25.00	\$ 53.00
2" Meter	\$ 10.00	\$ 50.00	\$ 66.00
2 1/2" Meter	\$ -	\$ 100.00	\$ 90.00
3" Meter	\$ -	\$ 150.00	\$ 125.00
4" Meter	\$ 250.00	\$ 250.00	\$ 225.00
5" Meter	\$ -	\$ 300.00	\$ 275.00
6" Meter	\$ -	\$ 400.00	\$ 350.00
 Standpipe	 \$ 10.00	 \$ 12.50	 \$ 9.05

Gallons Included in Minimum Charge:

5/8" x 3/4" Meter	2,000	0	0
1" Meter	2,000	0	0
2" Meter	2,000	0	0
2 1/2" Meter	N/A	0	0
3" Meter	N/A	0	0
4" Meter	50,000	0	0
5" Meter	N/A	0	0
6" Meter	N/A	0	0
 Standpipe	 2,000	 0	 0

RATE DESIGN

Present Rates	---Proposed Rates---	
	Company	Staff

Commodity Rates :

5/8" x 3/4" Meter

Per 1,000 Gallons	0 to 20,000 Gallons	\$ 1.36	\$ 1.36	N/A
Per 1,000 Gallons	0 to 4,000 Gallons	\$ 1.36	\$ 1.36	\$ 0.95
Per 1,000 Gallons	Over 20,000 Gallons	\$ 1.36	\$ 2.05	N/A
Per 1,000 Gallons	4,001 to 23,000 Gallons	\$ 1.36	\$ 2.05	\$ 1.15
Per 1,000 Gallons	Over 23,000 Gallons	\$ 1.36	\$ 2.05	\$ 1.35

Commodity Rates :

1" Meter

Per 1,000 Gallons	0 to 20,000 Gallons	\$ 1.36	\$ 1.36	N/A
Per 1,000 Gallons	0 to 40,000 Gallons	\$ 1.36	N/A	\$ 1.15
Per 1,000 Gallons	Over 20,000 Gallons	\$ 1.36	\$ 2.05	N/A
Per 1,000 Gallons	Over 40,000 Gallons	\$ 1.36	\$ 2.05	\$ 1.35

Commodity Rates :

1 1/2" Meter

Per 1,000 Gallons	0 to 20,000 Gallons	\$ 1.36	\$ 1.36	N/A
Per 1,000 Gallons	0 to 100,000 Gallons	\$ 1.36	N/A	\$ 1.15
Per 1,000 Gallons	Over 20,000 Gallons	\$ 1.36	\$ 2.05	N/A
Per 1,000 Gallons	Over 100,000 Gallons	\$ 1.36	N/A	\$ 1.35

Commodity Rates :

2" Meter

Per 1,000 Gallons	0 to 20,000 Gallons	\$ 1.36	\$ 1.36	N/A
Per 1,000 Gallons	0 to 150,000 Gallons	\$ 1.36	N/A	\$ 1.15
Per 1,000 Gallons	Over 20,000 Gallons	\$ 1.36	\$ 2.05	N/A
Per 1,000 Gallons	Over 150,000 Gallons	\$ 1.36	N/A	\$ 1.35

Commodity Rates :

4" Meter

Per 1,000 Gallons	0 to 20,000 Gallons	\$ 1.36	\$ 1.36	N/A
Per 1,000 Gallons	0 to 400,000 Gallons	\$ 1.36	N/A	\$ 1.15
Per 1,000 Gallons	Over 20,000 Gallons	\$ 1.36	\$ 2.05	N/A
Per 1,000 Gallons	Over 400,000 Gallons	\$ 1.36	N/A	\$ 1.35

Commodity Rates :

Standpipe

Per 1,000 Gallons	0 to 20,000 Gallons	\$ 1.36	\$ 1.36	N/A
Per 1,000 Gallons	0 to 4,000 Gallons	\$ 1.36	\$ 1.36	\$ 0.95
Per 1,000 Gallons	Over 20,000 Gallons	\$ 1.36	\$ 2.05	N/A
Per 1,000 Gallons	4,001 to 23,000 Gallons	\$ 1.36	\$ 2.05	\$ 1.15
Per 1,000 Gallons	Over 23,000 Gallons	\$ 1.36	\$ 2.05	\$ 1.35

RATE DESIGN

Service Line and Meter Installation Charge:

	Present Rates	---Proposed Rates---	
		Company	Staff
5/8" x 3/4" Meter	\$ 150.00	\$ 150.00	\$ 150.00
1" Meter	\$ 225.00	\$ 225.00	\$ 225.00
1 1/2" Meter	\$ 350.00	\$ 475.00	\$ 475.00
2" Meter	\$ 500.00	\$ 625.00	\$ 625.00
3" Meter	N/A	\$ 850.00	\$ 850.00
4" Meter	\$ 2,200.00	\$ 1,800.00	\$ 1,800.00
6" Meter	N/A	\$ 3,000.00	\$ 3,000.00

Standpipe Charges

Original Key Deposit (1 Gate Key/ 1 Account Key)	\$ 25.00	\$ 40.00	\$ 30.00
Additional Set	\$ 5.00	\$ 10.00	\$ 5.00

Service Charges:

Establishment	\$ 10.00	\$ 20.00	\$ 15.00
Establishment Fee (After hours)	\$ 15.00	\$ 30.00	\$ 20.00
Re-Establishment Fee (Within 12 Months)	\$ 7.28	\$ -	(a)
Meter Testing by Customer Request	\$ 15.00	\$ 25.00	\$ 20.00
Meter Re-Read by Customer Request	\$ 10.00	\$ 15.00	\$ 15.00
NSF Check Fee	\$ 10.00	\$ 15.00	\$ 10.00
Reconnect Fee	\$ 10.00	\$ 20.00	\$ 10.00
Reconnect Fee (After Hours/Customer Request)	\$ -	\$ 30.00	\$ 15.00
Off Site Facilities Hook-Up Fees	\$ 250.00	\$ 500.00	\$ 250.00
Guarantee Deposit	(b)	(b)	(b)
Late Payment Fee	N/A	(c)	(c)

(a) Number of months off system X minimum monthly charge

(b) Per Commission Rule A.A.C. R14-2-403B

(c) 1.5 percent per Commission Rule.B25

TYPICAL BILL ANALYSIS

General Service 5/8 x 3/4 - Inch Meter

Average Number of Customers: 688

<u>Company Proposed</u>	<u>Gallons</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
Average Usage	12,172	\$23.83	\$29.05	\$5.22	21.9%
Median Usage	8,831	\$19.29	\$24.51	\$5.22	27.1%
<u>Staff Proposed</u>					
Average Usage	12,172	\$23.83	\$22.25	(\$1.58)	-6.6%
Median Usage	8,831	\$19.29	\$18.41	(\$0.88)	-4.6%

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

<u>Gallons Consumption</u>	<u>Present Rates</u>	<u>Company Proposed Rates</u>	<u>% Increase</u>	<u>Staff Proposed Rates</u>	<u>% Increase</u>
0	\$10.00	\$12.50	25.0%	\$9.05	-9.5%
1,000	10.00	13.86	38.6%	10.00	0.0%
2,000	10.00	15.22	52.2%	10.95	9.5%
3,000	11.36	16.58	46.0%	11.90	4.8%
4,000	12.72	17.94	41.0%	12.85	1.0%
5,000	14.08	19.30	37.1%	14.00	-0.6%
6,000	15.44	20.66	33.8%	15.15	-1.9%
7,000	16.80	22.02	31.1%	16.30	-3.0%
8,000	18.16	23.38	28.7%	17.45	-3.9%
9,000	19.52	24.74	26.7%	18.60	-4.7%
10,000	20.88	26.10	25.0%	19.75	-5.4%
15,000	27.68	32.90	18.9%	25.50	-7.9%
20,000	34.48	39.70	15.1%	31.25	-9.4%
25,000	41.28	49.95	21.0%	37.40	-9.4%
50,000	75.28	101.20	34.4%	71.15	-5.5%
75,000	109.28	152.45	39.5%	104.90	-4.0%
100,000	143.28	203.70	42.2%	138.65	-3.2%
125,000	177.28	254.95	43.8%	172.40	-2.8%
150,000	211.28	306.20	44.9%	206.15	-2.4%
175,000	245.28	357.45	45.7%	239.90	-2.2%
200,000	279.28	408.70	46.3%	273.65	-2.0%

BEFORE THE ARIZONA CORPORATION COMMISSION

MARC SPITZER
Chairman
WILLIAM A. MUNDELL
Commissioner
JEFF HATCH-MILLER
Commissioner
MIKE GLEASON
Commissioner
KRISTIN K. MAYES
Commissioner

IN THE MATTER OF THE APPLICATION OF) DOCKET NO. W-01583A-04-0178
LAS QUINTAS SERENAS WATER COMPANY)
FOR AN INCREASE IN ITS WATER RATES)
FOR CUSTOMERS WITHIN PIMA COUNTY,)
ARIZONA)
_____)

SURREBUTTAL

TESTIMONY

OF

ELENA ZESTRIJAN

PUBLIC UTILITIES ANALYST III

UTILITIES DIVISION

ARIZONA CORPORATION COMMISSION

OCTOBER 1, 2004

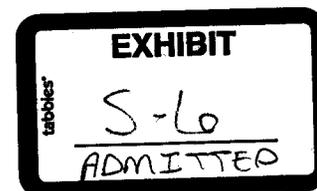


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EXECUTIVE SUMMARY
LAS QUINTAS SERENAS WATER COMPANY
Docket No. W-01583A-04-0178

The surrebuttal testimony of Elena Zestrijan responds to Las Quintas Serenas Water Company's rebuttal on the following issues:

1. Staff's recommended Rate Design
2. Salaries and Wages
3. Repairs and Supplies
4. Water Testing Expense
5. Rate Case Expense
6. Transportation Expense
7. Miscellaneous Expense

Staff's position on each of the adjustments and issues remains unchanged from its direct testimony with the exception of the revisions to Salaries and Wages and Rate Case Expense.

1 **INTRODUCTION**

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

3 A. My name is Elena Zestrijan. I am a Public Utilities Analyst III employed by the Arizona
4 Corporation Commission ("ACC" or "Commission") in the Utilities Division ("Staff").
5 My business address is 1200 West Washington Street, Phoenix, Arizona 85007.

6
7 **Q. Are you the same Elena Zestrijan who previously filed direct testimony in this case?**

8 A. Yes, I am.

9
10 **Q. What is the purpose of your surrebuttal testimony in this proceeding?**

11 A. The purpose of my surrebuttal testimony in this proceeding is to present Staff's response
12 to the rebuttal testimony of Las Quintas Serenas Water Company ("LQS" or "Company")
13 witnesses Ms. Kathleen (Kaycee) Conger regarding rate design and Mr. Dale R. Calvert
14 regarding operating expenses. In addition, I am presenting Staff's surrebuttal schedules
15 ENZ-1, ENZ-2, ENZ-9, ENZ-20, and ENZ-21. These schedules reflect Staff's revised
16 adjusted operating income, revised current rate of return, revised required rate of return,
17 revised required operating income, revised operating income deficiency, revised increase
18 in gross revenue, revised proposed annual revenue, revised required increase in revenue,
19 revised rate design, and revised typical bill analysis.

20
21 **Q. What other Staff witnesses are involved in the presentation of Staff's responses to
22 rebuttal testimonies?**

23 A. Staff witnesses Mr. Alejandro Ramirez and Ms. Dorothy Hains are presenting Staff
24 responses to other aspects of the rebuttal testimonies.

25
26 **Q. How is the remainder of your surrebuttal testimony organized?**

1 A. I will rebut two of the opposing witnesses in the same order as listed previously and
2 within each section I will rebut issues in the order used by that witness. Then I will
3 review Staff's specific changes to operating income, rates, and the related results.

4
5 **Q. Does the fact that Staff does not respond to any of the Company's issues raised in its**
6 **rebuttal testimony indicate Staff's agreement with the Company position?**

7 A. No. Staff's lack of response to any issue in its surrebuttal testimony should not be
8 construed as agreement with the Company's rebuttal. Rather, Staff relies on its original
9 direct testimony where there is no response.

10

11 **LQS WITNESS, MS. KATHLEEN (KAYCEE) CONGER**

12 **RATE DESIGN**

13 **Q. After review of Ms. Conger's rebuttal testimony, what is Staff's understanding of her**
14 **position on rate design?**

15 A. Ms. Conger's position is that the Company's proposed two-tier rate design is the correct
16 one to use in this proceeding. Further, she states that Staff's three-tier rate design would
17 adversely affect the revenue stream as larger metered customers would switch to smaller
18 meters to reduce their bill.

19

20 **Q. Does Staff agree with Ms. Conger that Staff's rate design would cause larger metered**
21 **size customers to request their meters be replaced with smaller size meters?**

22 A. No. Staff recognizes the Company's concerns but Staff notes that the current rate design
23 charges all customers the exact same amount for the monthly minimum charge and
24 commodity charge regardless of the meter size on 5/8", 1", 1-1/2", and 2" meters. This
25 may have sent the wrong message to customers. Staff believes that any customer should
26 have the smallest meter possible that will meet his regular and peak needs. This will

1 minimize the Company's supply and pumping obligations. The larger a meter size,
2 regardless of usage, requires the Company to commit resources to enable it to meet
3 inflated possibilities that may never be needed. Any customer with a 1", 1-1/2", or 2"
4 meter should need it for some flow requirement (i.e. manufacturing, irrigation, fire
5 protection, etc.). Failing that need, the customer should be served by a 5/8" meter. This
6 will allow the Company to minimize its supply and pumping needs.

7
8 Staff notes that although Ms. Conger complains that this "cross-over" of larger sized
9 meter customers to smaller meters is in Staff's rate design, it also is present in the
10 Company's proposed rate design. Further, Staff believes this type of cross-over is
11 ultimately beneficial to the Company and supports conservation.

12
13 Staff's recommended rates have a lesser impact on a customer's monthly bill than the
14 Company's proposed rates. Staff continues to recommend its three-tier rate design as the
15 correct one in this proceeding.

16
17 **LQS WITNESS, MR. DALE R. CALVERT**

18 **OPERATING EXPENSES**

19 **Salaries and Wages**

20 **Q. After review of Mr. Calvert's rebuttal testimony, what is Staff's understanding of his**
21 **position on salaries and wages?**

22 **A.** Mr. Calvert's position is that the Company's salaries and wages level proposed in its
23 application is the correct one to use in this proceeding.

24
25 **Q. Does Staff agree with Mr. Calvert that the Company's proposed salaries and wages**
26 **should be the one used in this proceeding?**

1 A. Yes. Staff inadvertently missed information that confirmed a post-test year salary
2 increase. Therefore, Staff's original pro forma adjustment reducing salaries and wages is
3 not necessary. Staff now concurs with the Company's proposed salaries and wages.
4

5 **Repairs and Supplies**

6 **Q. After review of Mr. Calvert's rebuttal testimony, what is Staff's understanding of his**
7 **position on repairs and supplies?**

8 A. Mr. Calvert's position is that the Company's repairs and supplies level proposed in its
9 application was excessive due to the inclusion of an extraordinary expense. Further he
10 proposes to normalize the extraordinary expense over four years.
11

12 **Q. Does Staff agree with Mr. Calvert that the Company's proposed repairs and supplies**
13 **level is excessive due to inclusion of an extraordinary expense?**

14 A. Yes. Staff concurs with Mr. Calvert that Staff's pro forma adjustment was correct when it
15 removed the extraordinary expense from repairs and supplies.
16

17 **Q. Does Staff agree with Mr. Calvert that the Commission should allow the Company to**
18 **normalize the extraordinary expense over four years?**

19 A. No. Mr. Calvert contends that this extraordinary expense (well-site cleaning) is going to
20 become a regular expense every four years. Mr. Calvert did not offer a past record to
21 substantiate well-site cleaning every four years. He does state that the Company will incur
22 similar expenses in the future. Staff notes that there is no history to support the well-site
23 cleaning as anything more than an extraordinary item. Staff also notes that the well-site
24 cleaning was abandoned by the contractor doing the work and has not been completed.
25 Staff believes that this item is not known and measurable, should not be included in
26 operating expenses, and should not be normalized over any period of time.

1 **Water Testing Expense**

2 **Q. After review of Mr. Calvert's rebuttal testimony, what is Staff's understanding of his**
3 **position on water testing expense?**

4 A. Mr. Calvert's position is that the Company's proposed water testing expense is the correct
5 one to use in this proceeding. Additionally, Mr. Calvert states that the test year expense
6 level was correct.

7
8 **Q. Does Staff agree with Mr. Calvert that the Company's water testing expense level**
9 **proposed is the correct one to use in this proceeding?**

10 A. No. Staff believes that Mr. Calvert may misunderstand Staff's pro forma adjustment of
11 this item. Staff did not reduce water testing expenses by removing any disallowed
12 payments, etc. Staff's pro forma adjustment was recommended to adjust the expense to
13 the recommended amount calculated by the Staff Engineer. The Staff Engineer has
14 reviewed the calculations and continues to support Staff's recommended level of water
15 testing expense. It is the common practice of this Commission to calculate water testing
16 expenses on a going-forward basis so that all known and necessary testing expense is
17 considered in the proceeding.

18
19 **Q. Should Staff include the testing for sulfate and chlorine residual in its O & M**
20 **expenses?**

21 A. Yes.

22
23 **Rate Case Expense**

24 **Q. After review of Mr. Calvert's rebuttal testimony, what is Staff's understanding of his**
25 **position on rate case expense?**

1 A. Mr. Calvert's position is that Staff erred in utilizing only \$6,000 for the total expense
2 when the Company actually proposed \$12,000, normalized over two years. Additionally,
3 Mr. Calvert is proposing to add another \$20,559 of rate case expense to the current
4 proceeding. Mr. Calvert also conceded to a three year normalization period.

5
6 **Q. Does Staff agree with Mr. Calvert that the Company's revised rate case expense
7 proposed in rebuttal is the correct one to use in this proceeding?**

8 A. No. Mr. Calvert is correct in identifying Staff's error in recognizing only \$6,000 in
9 expense when \$12,000 was proposed by the Company. However, the Company has yet to
10 substantiate any rate case expense or even submit a summary of its rate case expenses.
11 Staff believes that we are too late in the process to audit any bills available and/or review
12 the estimates for reasonableness. Staff will issue a revised schedule reflecting rate case
13 expense of \$12,000 normalized over three years.

14
15 **Transportation Expense**

16 **Q. After review of Mr. Calvert's rebuttal testimony, what is Staff's understanding of his
17 position on transportation expense?**

18 A. Mr. Calvert's position is that the Company's transportation expense proposed in its
19 application is the correct one to use in this proceeding. Further, he complains that we
20 should offset Staff's pro forma adjustment with an annualization of a vehicle purchase in
21 the test year.

22
23 **Q. Does Staff agree with Mr. Calvert that the Company's transportation expense as
24 proposed in its application is the correct one to use in this proceeding?**

25 A. No. The Staff pro forma adjustment to remove \$2,789 is correct. This was paid to Mrs.
26 Janice Gay in the test year. Mrs. Gay is not an employee of the Company but is the wife

1 of an employee. The unorthodox explanation for this, offered in rebuttal by Mr. Calvert,
2 does not justify the added expense. Staff believes that the mileage reimbursement to a
3 non-employee in the manner done in this case is not in the best interest of the ratepayers.
4 Staff continues to believe its pro forma adjustment produces the correct transportation
5 expense in this case.

6 **Miscellaneous Expense**

7 **Q. After review of Mr. Calvert's rebuttal testimony, what is Staff's understanding of his**
8 **position on miscellaneous expense?**

9 A. Mr. Calvert's position is that the Company's miscellaneous expense proposed in its
10 application is the correct one to use in this proceeding. Mr. Calvert also indicates that
11 Staff's pro forma adjustment to remove long distance telephone charges was
12 inappropriate.

13
14 **Q. Does Staff agree with Mr. Calvert that the Company's proposed miscellaneous**
15 **expense is the correct one to use in this proceeding?**

16 A. No. Staff continues to believe that its pro forma adjustment was correct and that Staff's
17 recommended miscellaneous expense is the correct one to use in this proceeding. Staff's
18 recommended pro forma adjustment was a reduction of \$673, for out of state long distance
19 telephone calls. During Staff's field trip it was disclosed that the Company only has one
20 telephone line, one fax line and a cellular phone. The Company is in business to serve
21 local customers. Staff also learned that the Company is managing other businesses out of
22 the same office with the same equipment. Staff analyzed the telephone bills and requested
23 further information on the long distance calls. Staff did not receive any substantiation that
24 any long distance calls were related to the utility business.

25

1 In Mr. Calvert's rebuttal testimony, he contends that most of the out of state long distance
2 telephone calls were utility business. Staff does not believe that such a co-mingling of
3 expenses and assets between a utility and other businesses run by a common owner is in
4 the best interests of ratepayers. Staff does not believe that there is a proper allocation of
5 the office assets and expenses and likely other assets and expenses, as well. Staff believes
6 that there may be some cross-subsidization of expenses that is detrimental to the
7 ratepayers. Staff continues to believe that its recommended miscellaneous expense is the
8 correct one to use in this proceeding.

9
10 **SURREBUTTAL ADJUSTMENTS SUMMARY**

11 **Q. Please summarize Staff's adjustments that you are sponsoring in this surrebuttal**
12 **testimony.**

13 **A. Staff adjustments made in this surrebuttal are:**

- 14
15 1. Increase in proposed revenue by \$3,400 reflected on Schedule ENZ-9
16 2. Removal of Staff adjustment to salaries and wages on Schedule ENZ-9
17 3. Increase in rate case expense to \$12,000 normalized over 3 years ENZ-9
18 4. Increase in income tax expense by \$711 due to above changes on ENZ-9
19 and calculated on Schedule ENZ-2

20
21 The results of the above changes are reflected on Schedules ENZ-1, ENZ-2, ENZ-9, ENZ-
22 20, and ENZ-21.

23
24 **Q. Does this conclude your surrebuttal testimony?**

25 **A. Yes.**
26

REVENUE REQUIREMENT

<u>LINE NO.</u>	<u>DESCRIPTION</u>	<u>[A] COMPANY ORIGINAL COST</u>	<u>[B] STAFF ORIGINAL COST</u>
1	Adjusted Rate Base	\$ 198,058	\$ 161,341
2	Adjusted Operating Income (Loss)	\$ (6,978)	\$ 10,380
3	Current Rate of Return (L2 / L1)	-3.52%	6.43%
4	Required Rate of Return	30.00%	8.10%
5	Required Operating Income (L4 * L1)	\$ 59,417	\$ 13,069
6	Operating Income Deficiency (L5 - L2)	\$ 66,395	\$ 2,688
7	Gross Revenue Conversion Factor	1.32940	1.26459
8	Increase In Gross Revenue (L7 * L6) Note A	\$ 88,993	\$ 3,400
9	Adjusted Test Year Revenue	\$ 287,332	\$ 287,332
10	Proposed Annual Revenue (L8 + L9) Note B	\$ 376,325	\$ 290,732
11	Required Increase in Revenue (%) (L8/L9) Note C	30.97%	1.18%

NOTES:

A	Company's application indicates	\$ 88,993	
	Based on Staff's formula, correct figure is increase in Gross Revenue (L7 * L6)	\$ 88,266	
B	Company's application	\$ 376,325	
	Based on Staff's formula, correct figure is Proposed Annual Revenue (L8 + L9)	\$ 375,598	
C	Company's application	30.97%	
	Based on Staff's formula, correct percent is Required Increase in Revenue (%) (L8/L9)	30.72%	

Staff used Company's application amounts but also reflects actual amounts in NOTES so that actual results can be seen.

GROSS REVENUE CONVERSION FACTOR

Line
No.

Calculation of Gross Revenue Conversion Factor:

1 Recommended Revenue Increase:		
2 Billings		1.000000
3 Combined Federal and State Income Tax Rate	20.92280%	
4 Uncollectible Rate After Income Taxes	0.00000%	
5 Total Tax Rate		<u>20.92280%</u>
6 Gross Revenue Conversion Factor		<u><u>1.264587</u></u>

Calculation of Effective Income Tax Rate:

7 Operating Income Before Taxes (Arizona Taxable Income)	100.00000%
8 Arizona State Income Tax Rate	<u>6.96800%</u>
9 Federal Taxable Income (L7 - L8)	93.03200%
10 Applicable Federal Income Tax Rate (Line 36)	<u>15.00000%</u>
11 Effective Federal Income Tax Rate (L9 x L10)	<u>13.95480%</u>
12 Combined Federal and State Income Tax Rate (L8 +L11)	<u><u>20.92280%</u></u>

Calculation of Uncollectible Rate After Income Taxes:

13 Uncollectible Rate		0.00000%
14 Combined Federal and State Income Tax Rate	20.92280%	
15 1 minus Combined Federal and State Income Tax Rate		<u>79.07720%</u>
16 Uncollectible Rate After Income Taxes		<u><u>0.00000%</u></u>

Revenue Reconciliation:

17 Recommended Increase in Revenue (from ENZ-1, L8)	<u>\$ 3,400</u>	
18 Uncollectible Rate	0.000000%	
19 Required Increase in Revenue to Provide for Uncollectibles		\$ -
20 Recommended Increase in Revenue (from ENZ-1,L8)	<u>\$ 3,400</u>	
21 Required Increase in Revenue to Provide for Uncollectibles	-	
22 Incremental Taxable Income	<u>\$ 3,400</u>	
23 Combined Federal and State Income Tax Rate	20.92280%	
24 Required Increase in Revenue to Provide for Income Taxes		711
25 Required Operating Income	\$ 13,069	
26 Adjusted Test Year Operating Income (Loss)	<u>10,380</u>	
27 Required Increase in Operating Income		2,688
28 Total Required Increase/Decrease In Revenue		<u><u>\$ 3,400</u></u>

Calculation of Income Tax:

	Test Year	STAFF Recommended
29 Revenue	<u>\$ 287,332</u>	\$ 290,732
30 Less: Operating Expenses Excluding Income Taxes	\$ 274,205	\$ 274,205
31 Less: Synchronized Interest	\$ -	\$ -
32 Arizona Taxable Income	\$ 13,127	\$ 16,526
33 Arizona State Income Tax Rate	6.968%	6.968%
34 Arizona Income Tax	\$ 915	\$ 1,152
35 Federal Taxable Income	\$ 12,212	\$ 15,375
36 Federal Income Tax @ 15%	<u>\$ 1,832</u>	<u>\$ 2,306</u>
37 Combined Federal and State Income Tax	<u><u>\$ 2,746</u></u>	<u><u>\$ 3,458</u></u>
		\$ 711

Calculation of Interest Synchronization:

38 Rate Base	<u>\$ 161,341</u>
39 Weighted Average Cost of Debt	0.000%
40 Synchronized Interest	<u><u>\$ -</u></u>

OPERATING INCOME - TEST YEAR AND STAFF PROPOSED

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF TEST YEAR ADJUSTMENTS	[C] STAFF TEST YEAR AS ADJUSTED	[D] STAFF PROPOSED CHANGES	[E] STAFF RECOMMENDED
<u>REVENUES:</u>						
1	Total Operating Revenues	\$ 287,332	\$ -	\$ 287,332	\$ 3,400	\$ 290,732
<u>EXPENSES:</u>						
2	Salaries and Wages	111,468	-	111,468	-	111,468
3	Purchased Power	30,902	-	30,902	-	30,902
4	Repairs and Supplies	17,851	(9,931)	7,920	-	7,920
5	Water Testing	4,804	(752)	4,052	-	4,052
6	Office Supplies and Expense	7,295	-	7,295	-	7,295
7	Contractual Services	11,177	-	11,177	-	11,177
8	Rate Case Expense	6,000	(2,000)	4,000	-	4,000
9	Rent	5,245	-	5,245	-	5,245
10	Transportation Expenses	5,862	(2,789)	3,073	-	3,073
11	Insurance	9,762	-	9,762	-	9,762
12	Miscellaneous Expense	7,275	(673)	6,602	-	6,602
13	Taxes Other than Property and Income	9,352	-	9,352	-	9,352
14	Administrative Expenses	-	-	-	-	-
	Total Operation and Maintenance	226,993	(16,145)	210,848	-	210,848
15	Depreciation and Amortization	52,949	(5,082)	47,867	-	47,867
16	Ad Valorem (Property)	19,568	82	19,650	-	19,650
	Taxes:					
17	Federal & State Income Tax	(1,040)	3,786	2,746	711	3,458
18	Other	(4,160)	-	(4,160)	-	(4,160)
19	Total Operating Expenses	\$ 294,310	\$ (17,358)	\$ 276,952	\$ 711	\$ 277,663
20	Operating Income (Loss)	\$ (6,978)	\$ 17,358	\$ 10,380	\$ 2,688	\$ 13,069

RATE DESIGN

	Minimum Monthly Usage Charge			
	Present Rates	---Proposed Rates---	Staff	Surrebuttal Revised
Monthly Usage Charge:				
5/8" x 3/4" Meter	\$ 10.00	\$ 12.50	\$ 9.05	\$ 9.35
1" Meter	\$ 10.00	\$ 12.50	\$ 22.50	\$ 22.50
1 1/2" Meter	\$ 10.00	\$ 25.00	\$ 53.00	\$ 53.00
2" Meter	\$ 10.00	\$ 50.00	\$ 66.00	\$ 66.00
2 1/2" Meter	\$ -	\$ 100.00	\$ 90.00	\$ 90.00
3" Meter	\$ -	\$ 150.00	\$ 125.00	\$ 125.00
4" Meter	\$ 250.00	\$ 250.00	\$ 225.00	\$ 225.00
5" Meter	\$ -	\$ 300.00	\$ 275.00	\$ 275.00
6" Meter	\$ -	\$ 400.00	\$ 350.00	\$ 350.00
 Standpipe	 \$ 10.00	 \$ 12.50	 \$ 9.05	 \$ 9.60
Gallons Included In Minimum Charge:				
5/8" x 3/4" Meter	2,000	0	0	0
1" Meter	2,000	0	0	0
2" Meter	2,000	0	0	0
2 1/2" Meter	N/A	0	0	0
3" Meter	N/A	0	0	0
4" Meter	50,000	0	0	0
5" Meter	N/A	0	0	0
6" Meter	N/A	0	0	0
 Standpipe	 2,000	 0	 0	 0

RATE DESIGN

		Present Rates	---Proposed Rates---		Surrebuttal Revised
			Company	Staff	
Commodity Rates :					
<u>5/8" x 3/4" Meter</u>					
Per 1,000 Gallons	0 to 20,000 Gallons	\$ 1.36	\$ 1.36	N/A	N/A
Per 1,000 Gallons	0 to 4,000 Gallons	\$ 1.36	\$ 1.36	\$ 0.95	\$ 0.95
Per 1,000 Gallons	Over 20,000 Gallons	\$ 1.36	\$ 2.05	N/A	N/A
Per 1,000 Gallons	4,001 to 23,000 Gallons	\$ 1.36	\$ 2.05	\$ 1.15	\$ 1.15
Per 1,000 Gallons	Over 23,000 Gallons	\$ 1.36	\$ 2.05	\$ 1.35	\$ 1.35
Commodity Rates :					
<u>1" Meter</u>					
Per 1,000 Gallons	0 to 20,000 Gallons	\$ 1.36	\$ 1.36	N/A	N/A
Per 1,000 Gallons	0 to 40,000 Gallons	\$ 1.36	N/A	\$ 1.15	\$ 1.15
Per 1,000 Gallons	Over 20,000 Gallons	\$ 1.36	\$ 2.05	N/A	N/A
Per 1,000 Gallons	Over 40,000 Gallons	\$ 1.36	\$ 2.05	\$ 1.35	\$ 1.35
Commodity Rates :					
<u>1 1/2" Meter</u>					
Per 1,000 Gallons	0 to 20,000 Gallons	\$ 1.36	\$ 1.36	N/A	N/A
Per 1,000 Gallons	0 to 100,000 Gallons	\$ 1.36	N/A	\$ 1.15	\$ 1.15
Per 1,000 Gallons	Over 20,000 Gallons	\$ 1.36	\$ 2.05	N/A	N/A
Per 1,000 Gallons	Over 100,000 Gallons	\$ 1.36	N/A	\$ 1.35	\$ 1.35
Commodity Rates :					
<u>2" Meter</u>					
Per 1,000 Gallons	0 to 20,000 Gallons	\$ 1.36	\$ 1.36	N/A	N/A
Per 1,000 Gallons	0 to 150,000 Gallons	\$ 1.36	N/A	\$ 1.15	\$ 1.15
Per 1,000 Gallons	Over 20,000 Gallons	\$ 1.36	\$ 2.05	N/A	N/A
Per 1,000 Gallons	Over 150,000 Gallons	\$ 1.36	N/A	\$ 1.35	\$ 1.35
Commodity Rates :					
<u>4" Meter</u>					
Per 1,000 Gallons	0 to 20,000 Gallons	\$ 1.36	\$ 1.36	N/A	N/A
Per 1,000 Gallons	0 to 400,000 Gallons	\$ 1.36	N/A	\$ 1.15	\$ 1.15
Per 1,000 Gallons	Over 20,000 Gallons	\$ 1.36	\$ 2.05	N/A	N/A
Per 1,000 Gallons	Over 400,000 Gallons	\$ 1.36	N/A	\$ 1.35	\$ 1.35
Commodity Rates :					
<u>Standpipe</u>					
Per 1,000 Gallons	0 to 20,000 Gallons	\$ 1.36	\$ 1.36	N/A	N/A
Per 1,000 Gallons	0 to 4,000 Gallons	\$ 1.36	\$ 1.36	\$ 0.95	\$ 0.95
Per 1,000 Gallons	Over 20,000 Gallons	\$ 1.36	\$ 2.05	N/A	N/A
Per 1,000 Gallons	4,001 to 23,000 Gallons	\$ 1.36	\$ 2.05	\$ 1.15	\$ 1.15
Per 1,000 Gallons	Over 23,000 Gallons	\$ 1.36	\$ 2.05	\$ 1.35	\$ 1.35

RATE DESIGN

	Present Rates	---Proposed Rates--- Company	Staff	Surrebuttal Revised
Service Line and Meter Installation Charge:				
5/8" x 3/4" Meter	\$ 150.00	\$ 150.00	\$ 150.00	\$ 150.00
1" Meter	\$ 225.00	\$ 225.00	\$ 225.00	\$ 225.00
1 1/2" Meter	\$ 350.00	\$ 475.00	\$ 475.00	\$ 475.00
2" Meter	\$ 500.00	\$ 625.00	\$ 625.00	\$ 625.00
3" Meter	N/A	\$ 850.00	\$ 850.00	\$ 850.00
4" Meter	\$ 2,200.00	\$ 1,800.00	\$ 1,800.00	\$ 1,800.00
6" Meter	N/A	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00
Standpipe Charges				
Original Key Deposit (1Gate Key/ 1 Account Key)	\$ 25.00	\$ 40.00	\$ 30.00	\$ 30.00
Additional Set	\$ 5.00	\$ 10.00	\$ 5.00	\$ 5.00
Service Charges:				
Establishment	\$ 10.00	\$ 20.00	\$ 15.00	\$ 15.00
Establishment Fee (After hours)	\$ 15.00	\$ 30.00	\$ 20.00	\$ 20.00
Re-Establishment Fee (Within 12 Months)	\$ 7.28	\$ -	(a)	(a)
Meter Testing by Customer Request	\$ 15.00	\$ 25.00	\$ 20.00	\$ 20.00
Meter Re-Read by Customer Request	\$ 10.00	\$ 15.00	\$ 15.00	\$ 15.00
NSF Check Fee	\$ 10.00	\$ 15.00	\$ 10.00	\$ 10.00
Reconnect Fee	\$ 10.00	\$ 20.00	\$ 10.00	\$ 10.00
Reconnect Fee (After Hours/Customer Request)	\$ -	\$ 30.00	\$ 15.00	\$ 15.00
Off Site Facilities Hook-Up Fees	\$ 250.00	\$ 500.00	\$ 250.00	\$ 250.00
Guarantee Deposit	(b)	(b)	(b)	(b)
Late Payment Fee	N/A	(c)	(c)	(c)

- (a) Number of months off system X minimum monthly charge
- (b) Per Commission Rule A.A.C. R14-2-403B
- (c) 1.5 percent per Commission Rule.B25

Las Quintas Serenas Water Company
 Docket No. W-01583A-04-0178
 Test Year Ended September 30, 2003

Schedule ENZ 21

TYPICAL BILL ANALYSIS

General Service 5/8 x 3/4 - Inch Meter

Average Number of Customers: 688

<u>Company Proposed</u>	<u>Gallons</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
Average Usage	12,172	\$23.83	\$29.05	\$5.22	21.9%
Median Usage	8,831	\$19.29	\$24.51	\$5.22	27.1%
<u>Staff Proposed</u>					
Average Usage	12,172	\$23.83	\$22.25	(\$1.58)	-6.6%
Median Usage	8,831	\$19.29	\$18.41	(\$0.88)	-4.6%

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

<u>Gallons Consumption</u>	<u>Present Rates</u>	<u>Company Proposed Rates</u>	<u>% Increase</u>	<u>Staff Proposed Rates</u>	<u>% Increase</u>
0	\$10.00	\$12.50	25.0%	\$9.05	-9.5%
1,000	10.00	13.86	38.6%	10.00	0.0%
2,000	10.00	15.22	52.2%	10.95	9.5%
3,000	11.36	16.58	46.0%	11.90	4.8%
4,000	12.72	17.94	41.0%	12.85	1.0%
5,000	14.08	19.30	37.1%	14.00	-0.6%
6,000	15.44	20.66	33.8%	15.15	-1.9%
7,000	16.80	22.02	31.1%	16.30	-3.0%
8,000	18.16	23.38	28.7%	17.45	-3.9%
9,000	19.52	24.74	26.7%	18.60	-4.7%
10,000	20.88	26.10	25.0%	19.75	-5.4%
15,000	27.68	32.90	18.9%	25.50	-7.9%
20,000	34.48	39.70	15.1%	31.25	-9.4%
25,000	41.28	49.95	21.0%	37.40	-9.4%
50,000	75.28	101.20	34.4%	71.15	-5.5%
75,000	109.28	152.45	39.5%	104.90	-4.0%
100,000	143.28	203.70	42.2%	138.65	-3.2%
125,000	177.28	254.95	43.8%	172.40	-2.8%
150,000	211.28	306.20	44.9%	206.15	-2.4%
175,000	245.28	357.45	45.7%	239.90	-2.2%
200,000	279.28	408.70	46.3%	273.65	-2.0%