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BEFORE THE ARIZONA CORPORATION CU

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COMMISSIONERS

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

IN THE MATTER OF THE APPLICATION OF
CORONADO UTILITIES, INC., FOR A
CERTIFICATE OF CONVENIENCE AND
NECESSITY TO PROVIDE WASTEWATER
SERVICE IN PINAL COUNTY, ARIZONA.

DOCKET NO. SW-04305A-05-0086

IN THE MATTER OF THE APPLICATION OF
CORONADO UTILITIES, INC., AN ARIZONA
CORPORATION, FOR AUTHORITY TO ISSUE
SHORT AND LONG-TERM DEBT
INSTRUMENTS IN CONNECTION WITH
FINANCING THE ACQUISITION OF THE
WASTEWATER UTILITY PLANT OF BHP
COPPER, INC. AND CONSTRUCTING
IMPROVEMENTS THERETO.

DOCKET NO. SW-04305A-05-0087

STAFF'S LATE FILED EXHIBIT

Arizona Corporation Commission Staff submits its late-filed exhibit responsive to the Administrative Law Judge's inquiries about the TIER and DSC ratios, specifically for the first phase of rates proposed. The TIER and DSC ratios listed here are independent of Staff's proposed retained earnings condition. It is Staff's understanding that Coronado Utilities, Inc. ("Coronado") does not object to this document, but does not presume to preclude its right to respond, should it feel the need to do so.

RESPECTFULLY SUBMITTED this 23rd day of September, 2005.

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AZ CORP COMMISSION
DOCUMENT CONTROL

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PHASED IN RATES

FINANCIAL ANALYSIS

Staff Recommended Income Statements and Capital Structures Pro Forma First and Third Years
Including Immediate Effects of the Staff Recommended Capital Structure

	PHASE ONE		PHASE TWO		
	<i>Pro Forma</i>		<i>Pro Forma</i>		
	<i>End of First Year</i>		<i>End of Third Year</i>		
1	Operating Income	\$ 203,135	\$ 217,810		
2	Depreciation & Amort.	\$ -	\$ 151,936		
3	Income Tax Expense	\$ 112,396	\$ 139,517		
4					
5	Interest Expense	\$ 182,500	\$ 173,067		
6	Repayment of Principal	\$ 63,356	\$ 72,790		
7					
8					
9	TIER¹				
10	[1+3] ÷ [5]	1.73	2.06		
11	DSC				
12	[1+2+3] ÷ [5+6]	1.28	2.07		
13					
14					
15					
16					
17					
18	Short-term Debt	\$0	0.0%	\$0 0.0%	
19					
20	Long-term Debt	\$2,587,444	72.31%	\$2,446,745 68.59%	
21					
22	Common Equity	\$990,584	27.69%	\$1,120,382 31.41%	
23					
24	Total Capital	\$3,578,028	100.00%	\$3,567,127 100.00%	
25					
26					
27	¹ EBIT Interest coverage (earnings before interest and taxes)				