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ARIZONA CORPORATION COMMISSION
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IN THE MATTER OF THE APPLICATION)
OF ARIZONA-AMERICAN WATER)
COMPANY, INC., AN ARIZONA)
CORPORATION, FOR A)
DETERMINATION OF THE CURRENT)
FAIR VALUE OF ITS UTILITY PLANT)
AND PROPERTY AND FOR INCREASES)
IN ITS RATES AND CHARGES BASED)
THEREON FOR UTILITY SERVICE BY)
ITS SUN CITY WEST WATER AND)
WASTEWATER DISTRICTS.)

DOCKET NO. WS-01303A-02-0867

Arizona Corporation Commission
DOCKETED

SEP 05 2003

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IN THE MATTER OF THE APPLICATION)
OF ARIZONA-AMERICAN WATER)
COMPANY, INC., AN ARIZONA)
CORPORATION, FOR A)
DETERMINATION OF THE CURRENT)
FAIR VALUE OF ITS UTILITY PLANT)
AND PROPERTY AND FOR INCREASES)
IN ITS RATES AND CHARGES BASED)
THEREON FOR UTILITY SERVICE BY)
ITS SUN CITY WATER AND)
WASTEWATER DISTRICTS.)

DOCKET NO. WS-01303A-02-0868

IN THE MATTER OF THE APPLICATION)
OF ARIZONA-AMERICAN WATER)
COMPANY, INC., AN ARIZONA)
CORPORATION, FOR A)
DETERMINATION OF THE CURRENT)
FAIR VALUE OF ITS UTILITY PLANT)
AND PROPERTY AND FOR INCREASES)
IN ITS RATES AND CHARGES BASED)
THEREON FOR UTILITY SERVICE BY)
ITS MOHAVE WATER DISTRICT AND)
ITS HAVASU WATER DISTRICTS.)

DOCKET NO. WS-01303A-02-0869

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IN THE MATTER OF THE APPLICATION) DOCKET NO. WS-01303A-02-0870
OF ARIZONA-AMERICAN WATER)
COMPANY, INC., AN ARIZONA)
CORPORATION, FOR A)
DETERMINATION OF THE CURRENT)
FAIR VALUE OF ITS UTILITY PLANT)
AND PROPERTY AND FOR INCREASES)
IN ITS RATES AND CHARGES BASED)
THEREON FOR UTILITY SERVICE BY)
ITS ANTHEM WATER DISTRICT, ITS)
AGUA FRIA WATER DISTRICT, AND)
ITS ANTHEM/AGUA FRIA)
WASTEWATER DISTRICT.)

IN THE MATTER OF THE APPLICATION) DOCKET NO. ~~W~~01303A-02-0908
OF ARIZONA-AMERICAN WATER)
COMPANY, INC., AN ARIZONA)
CORPORATION, FOR A)
DETERMINATION OF THE CURRENT)
FAIR VALUE OF ITS UTILITY PLANT)
AND PROPERTY AND FOR INCREASES)
IN ITS RATES AND CHARGES BASED)
THEREON FOR UTILITY SERVICE BY)
ITS TUBAC WATER DISTRICT.)

**TOWN OF YOUNGTOWN'S NOTICE OF FILING
PREFILED DIRECT TESTIMONY**

Town of Youngtown, by and through its attorneys, hereby files the Prefiled
Direct Testimony of Michael E. Burton and Andrew J. Burnham of the utility finance and
economics consulting firm of Burton & Associates, Inc.

RESPECTFULLY SUBMITTED, this 5th day of September, 2003.

MARTINEZ & CURTIS, P.C.

Paul R. Michaud

William P. Sullivan
Paul R. Michaud
Attorneys for Town of Youngtown

1 **Original and twenty-one (21) copies of**
2 **the foregoing filed this 5th day of September, 2003 with:**

3 Docket Control Division
4 ARIZONA CORPORATION COMMISSION
5 1200 West Washington Street
6 Phoenix, Arizona 85007

7 **Copies of the foregoing hand-delivered and/or mailed**
8 **this 5th day of September, 2003 to:**

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PREFILED DIRECT TESTIMONY OF MICHAEL E. BURTON

ON BEHALF OF TOWN OF YOUNGTOWN

- Docket No. WS-01303A-02-0867**
- Docket No. WS-01303A-02-0868**
- Docket No. WS-01303A-02-0869**
- Docket No. WS-01303A-02-0870**
- Docket No. WS-01303A-02-0908**

SEPTEMBER 5, 2003

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1 **I. INTRODUCTION AND QUALIFICATIONS**

2
3 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

4 A. My name is Michael E. Burton and my business address is 2902 Isabella Blvd.,
5 Suite 20, Jacksonville Beach, Florida.

6
7 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

8 A. I am the President and Owner of Burton & Associates, Inc., a utility finance and
9 economics consulting firm.

10
11
12 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND**
13 **BUSINESS EXPERIENCE.**

14 A. I graduated from the University of Florida with a Bachelor of Science Degree in
15 Industrial Engineering. I also completed MBA coursework in Finance at Georgia
16 State University. I have over 30 years experience in water resources economics
17 management consulting, ten years of which have been with Arthur Young &
18 Company (now Cap Gemini Ernst & Young), one of the largest accounting and
19 management-consulting firms in the nation. I was a principal of that firm and
20 served as Director of the Florida Utility Finance Consulting Practice. My lengthy
21 experience in the financial management of water, wastewater, reclaimed water
22 and stormwater utilities has included rate case assistance to private utilities, rate
23 regulation assistance to jurisdictional counties, utility acquisition analyses and
24 consensus building, user charge/rate studies, impact fee studies, financial advisory
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1 services for the issuance of revenue bonds, bond issue feasibility studies/forecasts,
2 expert witness testimony, and strategic planning for the provision of utility
3 services for governmental jurisdictions and private developers. A copy of my
4 resume detailing my education and work experience is attached to this testimony
5 as MEB Exhibit 1.
6

7
8 **Q. PLEASE DESCRIBE BURTON & ASSOCIATES, INC.**

9 A. I founded Burton & Associates in April of 1988. Since that time, the firm has
10 specialized in utility economics. Burton & Associates has developed proprietary
11 software and an interactive process specifically to accomplish the integration of
12 the financial planning and ratemaking process with the capital planning process.
13 The firm provides services in multiple areas, including retail and wholesale cost
14 of service and rate studies, utility economics, financial program development,
15 system and property valuation and analyses, operations and performance reviews,
16 strategic planning, financial feasibility analyses, privatization and managed
17 competition analyses, and development of capital finance plans integrated with
18 the client's overall financial management program. A copy of the firm resume is
19 attached to this testimony as Exhibit MEB 2.
20
21
22
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1 **Q. WHAT ARE YOUR RESPONSIBILITIES WITH BURTON &**
2 **ASSOCIATES, INC.?**

3 A. As President and Owner of Burton & Associates, I provide expert professional
4 utility economics services to the firm's clients, manage each client project as
5 Project Director, and oversee my staff's provision of professional services to our
6 clients on behalf of the firm. I also define and upgrade all technical tools used by
7 firm staff to deliver services to our clients. I oversee the education of firm staff
8 regarding industry and regulatory changes and have written a number of papers
9 for and have made multiple presentations to industry participants and professional
10 organizations that have a stake or interest in water resources. I upgrade and
11 change our services delivery process in response to feedback from our clients and
12 from industry professionals on a regular basis. I am personally involved in each
13 and every consulting project for the firm.

14
15
16
17 **Q. WHAT IS YOUR EXPERIENCE IN UTILITY RATE REGULATION?**

18 A. As explained in detail in my resume, I served for over ten years as the regulatory
19 consultant to the St. John's County Water and Sewer Authority ("SJCWSA"). In
20 this capacity, I reviewed all rate case applications and proceedings brought before
21 the authority and developed recommendations with regard to SJCWSA actions
22 relating to those proceedings. In addition, I have assisted in the preparation of
23 rate case applications and related proceedings for private utilities regulated by the
24
25
26

1 Florida Public Service Commission ("FPSC"). I have served as an expert witness
2 in numerous proceedings before both the SJCWSA and the FPSC.

3
4 **Q. ARE YOU A MEMBER OF ANY INDUSTRY GROUPS OR**
5 **ORGANIZATIONS?**
6

7 A. Yes. I am currently a member of the American Water Works Association, where
8 I serve as a member of its Rate and Charges Subcommittee. As a member of that
9 subcommittee, I am currently serving on a task force as a co-author of a Small
10 System Rates Manual.
11

12 **Q. WHAT MANUALS, PAPERS OR ARTICLES HAVE YOU WRITTEN**
13 **AND WHAT PRESENTATIONS HAVE YOU MADE AS A UTILITY**
14 **ECONOMICS PROFESSIONAL CONSULTANT?**
15

16 A. I have written, co-authored or presented the following: 1) AWWA MANUAL-
17 RATE MAKING FOR SMALL UTILITIES-Co-Authoring for AWWA. Due for
18 publication in 2004; 2) INTEGRATION OF CAPITAL AND FINANCIAL PLANNING-
19 Written and presented at the Florida Water Resources Conference-2003 -Tampa,
20 Florida; 3) FINANCIAL IMPLICATION OF ALTERNATIVE WATER SUPPLY - Written
21 and presented at the Florida Water Resources Conference-2003 Tampa, Florida;
22 4) THE EFFECT OF INCLINING BLOCK WATER RATES UPON WATER USAGE &
23 REVENUE -Presented at the Florida Water Resources Conference-2003 Tampa,
24 Florida; 5) IMPLEMENTATION OF RECLAIMED WATER RATES & METERING - Co-
25
26

1 Authored With Al Castro, P.E. – Orange County Utilities, written and presented at
2 the Florida Water Resources Conference-2002 Orlando, Florida, and published in
3 the FWR Journal – 2002; 6) WATER RATE MAKING FOR GOVERNMENTAL
4 UTILITIES - Written for presentation to the St. Johns River Water Management
5 District under contract with the Orange County Public Utilities (utilities serving
6 the greater Orlando area) – 2001; 7) EVALUATING & SETTING RATES-Written and
7 presented at the Water Environment Federation, Dallas, Texas 1998; 8)
8 RECLAIMED WATER RATE MAKING - Written and presented at the AWWA 1998
9 Water Reuse Symposium in Orlando, Florida (February 1998); 8) AN
10 AUTOMATED COMPUTER MODEL FOR THE FUNDING AND MANAGEMENT OF
11 REUSE SYSTEMS - Written and presented at the AWWA 1994 Water Reuse
12 Symposium in Dallas, Texas (March 1994).

13
14
15
16 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS RATE CASE?**

17 A. I am testifying on behalf of the Town of Youngtown (“Youngtown” or “Town”).
18 Youngtown and its residents are customers of Arizona-American Water Company
19 (“Arizona American” or “Company”) and thus have a direct and substantial
20 interest in the outcome of the Company’s requested rate increase. As such, my
21 associate Andrew J. Burnham and I expended a considerable amount of time
22 analyzing the Arizona-American’s Rate Increase Application to determine
23 whether the Company’s requested rate increase was in the public interest and fair
24 and reasonable to Youngtown and its residents.
25
26

1 **II. SUMMARY OF RECOMMENDATIONS**

2
3 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS**
4 **RATE CASE?**

5
6 A. The purpose of my Direct Testimony is to make the following four
7 recommendations to the Administrative Law Judge (“ALJ”), based on my
8 analysis of Arizona-American’s Rate Increase Application, in deciding the
9 outcome of this proceeding:

10
11 First, the Original Cost Rate Base (“OCRB”) should be utilized as Fair Value
12 Rate Base (“FVRB”) in this rate case.

13
14
15 Second, that as a matter of public interest, the Commission should defer the
16 accounting treatment of any acquisition adjustment from Arizona-American’s
17 purchase of Citizens’ assets until such point in time that the Company formally
18 requests recovery of an actual acquisition adjustment amount and there is
19 sufficient experience so the Commission can properly evaluate whether the
20 customers are receiving any demonstrable benefits as a result of the acquisition.

21
22
23 Third, that as matter of fairness to all of Arizona-American’s customers in the Sun
24 City Water District, the Company should revise its irrigation water rate tariff to

1 also include service to Youngtown, including Maricopa Lake maintained by
2 Youngtown and open to the public.

3
4 Lastly, the Commission should require Arizona-American to work with the
5 Youngtown Mayor and City Counsel as well as the Fire Marshal for the Sun City
6 Fire Department to develop a long-range plan to remedy any and all existing
7 water service adequacy problems to Youngtown's fire hydrants located within the
8 Company's Sun City Water District.
9

10
11 **III. DETERMINATION OF FVRB**

12
13 **Q. HOW DOES ARIZONA-AMERICAN PROPOSE TO CALCULATE FVRB**
14 **FOR ITS VARIOUS WATER AND WASTEWATER DISTRICTS?**

15 A. Arizona-American proposes to use its calculation of Reconstruction Cost New
16 less Depreciation ("RCND") rate base as FVRB for each of the Company's
17 districts. The RCND method is a calculated representation, in current dollars, of
18 what it might cost to reconstruct the existing plant that multiplies the original cost
19 of the facilities by a selected index (by month and year of acquisition). Arizona-
20 American made adjustments for retirements and additions, and trended
21 accumulated depreciation balances based on the ratio of total RCN plant value to
22 total original plant costs and subtracted those balances from the RCN. This
23 calculation was then used by Arizona-American as the FVRB.
24
25
26

1 **Q. DO YOU BELIEVE THAT ARIZONA-AMERICAN'S APPROACH TO**
2 **CALCULATE FVRB FOR ITS VARIOUS WATER AND WASTEWATER**
3 **DISTRICTS IS APPROPRIATE?**

4 A. No.

5
6
7 **Q. WHAT DO YOU BELIEVE IS THE APPROPRIATE APPROACH TO**
8 **CALCULATE THE CURRENT VALUE OF WATER AND**
9 **WASTEWATER ASSETS?**

10 A. Clearly the best approach to determine the fair value of assets upon which a utility
11 may earn a return is one that utilizes a combination of multiple valuation methods
12 that would likely include RCND and an income approach, based upon OCRB and
13 any other relevant factors that are relevant to the particular utility.

14
15
16 **Q. WHY THEN ARE YOU ADVOCATING THE USE OF OCRB ALONE AS**
17 **FVRB IN THIS INSTANCE?**

18 A. Because Arizona Corporation Commission ("Commission") Decision No. 63584,
19 dated April 24, 2001, approving Arizona-American's purchase of Citizens' water
20 and wastewater assets, essentially mandates that the use of RCND in a fair value
21 determination must be deferred until such time as Arizona-American requests
22 recovery of an acquisition amount. A copy of Decision No. 63584 is attached to
23 this testimony as MEB Exhibit 3. Furthermore, as I read the Decision, Arizona-
24 American's purchase of Citizens' water and wastewater assets included the
25
26

1 express condition that any request for an acquisition must include a showing of a
2 clear and quantifiable public benefit that would not have existed had the sale not
3 occurred.

4
5
6 **Q. YOU MENTIONED THE SHOWING OF “PUBLIC BENEFIT” IN YOUR**
7 **PRIOR ANSWER. DO YOU BELIEVE THAT PUBLIC BENEFITS**
8 **FACTOR INTO THE FVRB DETERMINATION?**

9 A. Yes. The OCRB reflects the amount actually paid for property when it was
10 initially devoted to a public purpose, less the amount consumed through use (i.e.,
11 depreciation). Use of any FVRB greater than the OCRB causes the ratepayers to
12 provide a return on dollars that were not actually expended on property devoted to
13 a public purpose. On the other hand, RCND is an estimate of the depreciated
14 value of the property adjusted for current prices. If a FVRB based on RCND
15 causes rates to be higher than what they would be under a straight OCRB
16 approach as in this case, then the utility must demonstrate a public benefit
17 justifying the use of RCND in the FVRB determination. For Arizona-American’s
18 assets acquired from Citizens to be worth more than OCRB, the Company must
19 prove that awarding additional “worth” resulting from using RCND in the FVRB
20 determination provides incremental public benefit above that provided if OCRB
21 were used as FVRB. If no additional public benefit can be proven from the
22 awarding of higher rates resulting from a FVRB calculation relying upon RCND,
23 there should not be a premium of value above OCRB.
24
25
26

1 **Q. PLEASE EXPLAIN WHY THE RECOVERY OF AN ACQUISITION**
2 **ADJUSTMENT AND THE USE OF RCND RATE BASE FOR**
3 **CALCULATING FVRB MUST BE CONSIDERED SIMULTANEOUSLY**
4 **IN THE CASE OF ARIZONA-AMERICAN.**

5
6 **A.** As I mentioned, RCND is one factor, that when considered in conjunction with
7 other valuation methods and all other factors relevant to the utility, can assist a
8 regulatory body, such as the Commission, in establishing a reasonable estimation
9 of fair value of the plant. A purchaser in determining what to pay for a utility
10 should consider these same factors. On the other hand, an acquisition adjustment
11 seeks to adjust the utility's books so that the plant's book value is closer to the
12 amount paid by the willing buyer. Thus, two recovery of an acquisition
13 adjustment and the use of RCND rate base for calculating FVRB are related and
14 are intended to accomplish the same purpose – to reflect the value of the plant
15 placed in service.

16
17
18 The Commission, however, has already set forth the criteria that must be met
19 before Arizona-American can request recovery of an amount above the original
20 costs of these assets. Because of Arizona-American's proposal to defer the
21 determination of an acquisition adjustment amount, any determination of current
22 fair value that is based on anything but original cost has in essence been held in
23 abeyance. By deferring its request for an amount of an acquisition adjustment,
24 Arizona-American has effectively deferred the Commission's determination of
25
26

1 the appropriateness of valuing Arizona-American's utility assets above original
2 cost less depreciation. By allowing any use of RCND in determining FVRB now,
3 the Commission would be allowing Arizona-American to side-step a condition
4 from the previous Decision and Order (Decision No. 63584) and achieve a
5 premium in value (indicative of an acquisition adjustment) without demonstrating
6 public benefit. Therefore, with the decision still looming regarding the recovery
7 and size of an acquisition adjustment, the Commission should require the use of
8 OCRB as the FVRB.
9

10
11 **Q THEN WHY DO YOU BELIEVE THAT ARIZONA-AMERICAN HAS**
12 **REQUESTED DEFERRAL OF AN ACQUISITION ADJUSTMENT IF IT**
13 **IS CRITICAL TO THE DETERMINATION OF FAIR VALUE?**
14

15 **A.** An acquisition adjustment is an adjustment to rate base to reflect the difference
16 between OCRB and the fair value of the utility acquired. As I stated before, the
17 Commission has conditioned the award of the amount of an acquisition
18 adjustment, if any, by requiring that Arizona-American clearly demonstrate the
19 public benefit of the acquisition. I believe that logically, Arizona-American must
20 know that demonstrating a public benefit will be difficult; therefore, the strategy
21 of asking for RCND as FVRB, prior to having to demonstrate public benefit,
22 effectively bypasses the issue. Furthermore, if the Commission accepts Arizona-
23 American's proposal to use RCND as FVRB in this proceeding, the Commission
24 will have effectively approved an acquisition adjustment without Arizona-
25
26

1 American having to comply with the provision of the Commission's prior
2 Decision and Order that public benefit must be demonstrated.

3
4 **IV. DEFERRAL OF ACCOUNTING TREATMENT FOR**
5 **ACQUISITION ADJUSTMENT**
6

7
8 **Q. WHAT IS YOUR POSITION REGARDING ARIZONA-AMERICAN'S**
9 **REQUEST TO RECEIVE REGULATORY APPROVAL FOR CERTAIN**
10 **ACCOUNTING TREATMENT OF AN ACQUISITION ADJUSTMENT,**
11 **BUT DEFER THE DETERMINATION OF AN ACTUAL AMOUNT OF**
12 **THE ACQUISITION ADJUSTMENT?**

13 **A.** Arizona-American's request for accounting treatment prior to establishing the
14 dollar amount which, the accounting would be applied, is simply illogical and
15 inappropriate. The more prudent, and appropriate approach is to have the specific
16 dollar amount and the accounting treatment for that dollar amount established
17 simultaneously for the following reasons:

- 18 1. The appropriate accounting approach for an acquisition adjustment
19 may well vary depending upon the amount of the adjustment;
- 20 2. The establishment of accounting treatment for something that may
21 not exist could result in a wasted effort if an acquisition adjustment
22 is not awarded; and
- 23 3. This proceeding likely has different participants than will the
24 proceeding in which the dollar value of any acquisition adjustment
25
26

1 is to be established due to the fundamental topical differences and
2 timing. That means that parties who would take issue with any and
3 all aspects of an acquisition adjustment in a future proceeding will
4 be bound by the results of this proceeding (in regards to accounting
5 treatment of an acquisition adjustment), of which they might not
6 have been a participant.
7

8
9 **V. IRRIGATION WATER TARIFF**

10
11 **Q. DOES ARIZONA-AMERICAN CURRENTLY HAVE IN ITS RATE**
12 **STRUCTURE AN IRRIGATION WATER TARIFF FOR THE**
13 **COMPANY'S SUN CITY WATER DISTRICT?**

14 **A.** Yes. Arizona-American has in its existing rate structure an irrigation water tariff,
15 which applies to recreation lakes located in the Company's Sun City Water
16 District.
17

18
19 **Q. DOES ARIZONA-AMERICAN'S IRRIGATION WATER TARIFF ALSO**
20 **APPLY TO THE RECREATION LAKES IN YOUNGTOWN?**

21 **A.** No. Arizona-American's irrigation water tariff is currently not available to the
22 recreation lake in Youngtown; namely the Maricopa Lake. Because the irrigation
23 water tariff is a lower rate than general service rates, Youngtown currently pays
24 more for water service to its recreation lake than Arizona-American's other
25 recreation lake customers in the Company's Sun City Water District.
26

1 Town Council. A copy of the letter is attached to this testimony as MEB Exhibit
2 5.

3
4 Youngtown, as well as the Sun City Fire Department, are concerned that several
5 areas of Arizona-American's water system serving Youngtown may have sub-
6 standard size main and branch lines to support the required size and type fire
7 hydrant to achieve required fire flows for residential and commercial structures.
8 They are also concerned that pocket areas of Youngtown may lack fire hydrants
9 altogether. Lastly, they are concerned with flow pressure depending on location
10 of fire hydrant within Youngtown and time of day the fire hydrant would need to
11 be used by the fire department.
12
13

14
15 **Q. DOES YOUNGTOWN PROPOSED A SOLUTION TO REMEDYING THE**
16 **DEFICIENCIES IN ARIZONA-AMERICAN'S WATER SERVICE TO**
17 **YOUNGTOWN'S FIRE HYDRANTS?**

18 A. Yes. Youngtown proposes that Arizona-American commence a "Fire Hydrant
19 Water Service Improvement Plan", which would be a five-year plan, to remedy
20 any identified deficiencies in the Company's water service to Youngtown's fire
21 hydrants, including those deficiencies specifically identified above by the Sun
22 City Fire Department in MEB Exhibit 5. This proposal includes the requirement
23 that Arizona-American include the participation of Youngtown, as well as the Sun
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City Fire Department, in the Company's development of the five-year Fire Hydrant Water Service Improvement Plan.

Q. DOES THIS CONCLUDE YOUR PREFILED DIRECT TESTIMONY?

A. Yes.

MICHAEL E. BURTON



SUMMARY

Mr. Burton has over **30 years experience** in water resources economics management consulting, ten years of which have been with Arthur Young & Company, one of the "Big Eight" national accounting and management consulting firms. Mr. Burton was a principal of the firm and served as Director of the Florida Governmental Services - Utility Finance Consulting Practice.

His experience in the financial management of water, wastewater, reclaimed water and stormwater utilities includes user charge/rate studies, impact fee studies, financial advisory services for the issuance of revenue bonds, bond issue feasibility studies/forecasts, strategic planning for the provision of utility services for governmental jurisdictions and private developers, rate case assistance to private utilities, rate regulation assistance to jurisdictional counties, utility acquisition analyses and consensus building.

PROFESSIONAL EXPERIENCE

Mr. Burton's experience includes the following areas of practice:

γ Water, Wastewater, Reclaimed Water, and Stormwater -

- Revenue sufficiency analysis,
- Cost allocation determination,
- CIP program development,
- Funding analyses,
- Financial management programs,
- Regulatory assistance,
- Rates programs,
- Rate structure design,
- Impact fees,
- Unaccounted for water audits
- Utility valuations,
- Acquisition planning and analyses,
- Strategic planning and economic impact quantification,
- Water resources planning including alternative source of supply, and
- Rate case assistance
- Expert Witness Testimony

γ Governmental Services - Impact fees, capital improvement programs, user fees, contracting with the private sector, general government financial analysis and management program development.

γ Solid Waste - Governmental, regulated private franchises, rates, tipping fees, operations audits.

MICHAEL E. BURTON



- γ Regulatory Agencies - Counties, municipalities, Public Service Commissions, Department of Environmental Regulation, U. S. Environmental Protection Agency, water management districts, water and sewer authorities.

γ EXPERTISE

Functional areas of expertise and direct consulting experience include:

- γ Fully Allocated Cost of Service, Water, Wastewater, Reclaimed Water and Stormwater Rate Studies
 - < Determination of operations & maintenance costs
 - \$ Direct costs
 - \$ Indirect costs identification of capital costs
 - \$ Capital improvement Programs
 - \$ Debt service requirements
 - \$ Renewal & replacement
 - < Determination of rate base (regulated utilities)
 - \$ Fixed assets/plant investments
 - \$ Contributions in aid of construction (CIAC)
 - \$ Service availability fees
 - \$ Used and useful analysis
 - \$ Weighted cost of capital to include:
 - T *Debt/equity ratios*
 - T *Cost of money*
 - T *Return on equity*
 - < Allocation of costs
 - \$ Fixed
 - \$ Variable
 - \$ Capacity
 - \$ Demand
 - \$ Special services
 - < Commodity demand projections
 - < Rate structure design
 - \$ ERC Determination
 - \$ Fixed or minimum charges
 - \$ Usage/commodity charges
 - \$ Specific service charges

MICHAEL E. BURTON



γ Impact Fee Development

EXPERTISE - CONTINUED

Functional areas of expertise and direct consulting experience include:

γ Fully Allocated Cost of Service, Water, Wastewater, Reclaimed Water and Stormwater Rate Studies - Continued

- < Utility impact fees
 - \$ Water & sewer
 - \$ Solid waste
- < Municipal services impact fees
 - \$ Parks and recreation
 - \$ Fire
 - \$ Police
 - \$ Transportation
 - \$ General government

γ Capital Improvement Programs

- < Concurrency management plans
- < Regulatory compliance
- < Funding source analysis
- < Financial feasibility analysis
- < Developer regulations/agreements

γ Special Fee Determination (consumptive use permits application fees, etc.)

γ Regulatory Compliance

γ Operations Audit/Analysis

- < Organization and staffing
- < Customer service
- < Resource management

γ Revenue Bond Financing

- < Financial advisory services
 - \$ Underwriter evaluation/selection
 - \$ Structure of financing
- < Feasibility studies/forecasts

γ Inventory and Valuation of Fixed Assets

γ Utility Valuation for Sale/Acquisition

Burton & Associates

MICHAEL E. BURTON



EXPERTISE - CONTINUED

γ Strategic Planning

- < Governmental jurisdictions
 - § Definition of service objectives
 - T *Service area(s)*
 - T *Service area jurisdiction policy*
 - T *Level of service*
 - § Regulatory policies and procedures
 - § Definition of framework for growth
 - T *Facilities and operations*
 - .. Main extension policies
 - .. Utility acquisition plans
 - .. Organization and staffing requirements
 - .. Regulatory resources (staff, consultants, etc.)
 - T *Funding*
 - .. Utility acquisition funding strategy
 - .. Cost impact/rate projections
 - .. Capital requirements
 - .. Contributions in aid of construction policy
 - .. Assessment policies
 - .. Impact fees
- < Private utilities and developers
 - § Utility planning relative to regulatory constraints and development plan alternatives
 - § Capital requirements, projected rates, plant investment strategy
 - T *Phasing relative to growth and impact on used and useful plant*
 - T *Analysis of debt/equity ratios to maximize return*

MICHAEL E. BURTON



PUBLICATIONS & PRESENTATIONS

Recent publications and presentations written, co-written and presented by Mr. Burton include:

AAWWA MANUAL - RATE MAKING FOR SMALL UTILITIES - Co-Authored for AWWA. Due for publication in 2004.

AINTEGRATION OF CAPITAL AND FINANCIAL PLANNING - Written and presented at the Florida Water Resources Conference-2003 -Tampa, Florida

AFINANCIAL IMPLICATION OF ALTERNATIVE WATER SUPPLY - Written and presented at the Florida Water Resources Conference-2003 Tampa, Florida

ATHE EFFECT OF INCLINING BLOCK WATER RATES UPON WATER USAGE & REVENUE
Presented at the Florida Water Resources Conference-2003 Tampa, Florida

AIMPLEMENTATION OF RECLAIMED WATER RATES & METERING - Co-Authored With Al Castro, P.E. - Orange County Utilities, written and presented at the Florida Water Resources Conference-2002 Orlando, Florida, and published in the FWR Journal - 2002

AWATER RATE MAKING FOR GOVERNMENTAL UTILITIES - Written for presentation to the St. Johns River Water Management District under contract with the Orange County Public Utilities (utilities serving the greater Orlando area) - 2001

AEVALUATING & SETTING RATES - Written and presented at the Water Environment Federation, Dallas, Texas 1998

ARECLAIMED WATER RATE MAKING - Written and presented at the AWWA 1998 Water Reuse Symposium in Orlando, Florida (February 1998)

AAN AUTOMATED COMPUTER MODEL FOR THE FUNDING AND MANAGEMENT OF REUSE SYSTEMS - Written and presented at the AWWA 1994 Water Reuse Symposium in Dallas, Texas (March 1994)

AWATER RATE MAKING FOR GOVERNMENTAL UTILITIES - Currently developing this paper for presentation to the St. Johns River Water Management District under contract with the Orange County Public Utilities (utilities serving the greater Orlando area)

MICHAEL E. BURTON



BUSINESS EXPERIENCE

President

*Burton & Associates
Jacksonville Beach, FL*

Director of Consulting

*Florida Systems Consulting Group, Inc.
Jacksonville, FL*

Principal

*Arthur Young & Company
Director of Florida Governmental Services
Jacksonville, FL*

Associate Vice President

*Plantec Corporation
Director of Financial & Planning Consulting Services Division
Jacksonville, FL*

EDUCATION

MBA Coursework, Finance
Georgia State University
Atlanta, GA

BSIE
University of Florida
Gainesville, FL

Burton & Associates

Burton & Associates

As a specialty firm, **Burton & Associates** has successfully provided financial assistance to our governmental utility clients for more than a decade in the following areas of practice:

- Utility economics**
- Financial program development**
- System & property valuation and analyses**
- Retail and wholesale cost of service & rate studies**
- Operations and performance reviews, strategic planning, financial feasibility analyses and reports, annexation analyses and reports**
- Privatization and managed competition analyses and reports**
- Administrative and negotiations assistance with ordinances, interlocal agreements, regulatory mandates and impact analyses**
- Bond feasibility reports for inclusion in the office statements of revenue bonds**
- The development of capital finance plans integrated with the utility's overall financial management program**
- The development of an interactive automated process which allows us to quickly evaluate revenue sufficiency, alternative capital plans and alternative financing scenarios with regard to those plans in order to evaluate the implications regarding all aspects of the utility's financial management program**



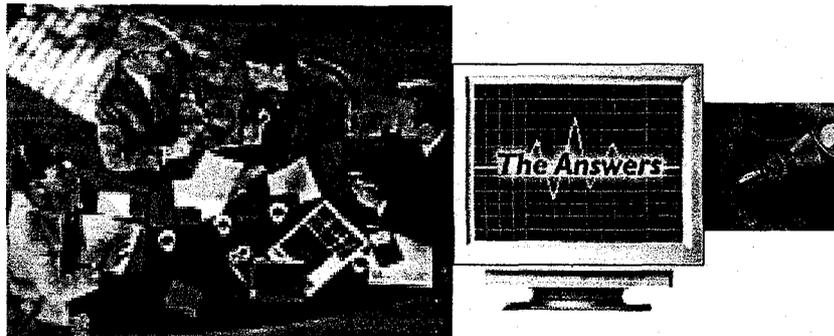
- **Coordination with rating agencies in support of our bond feasibility reports for the issuance of revenue bonds.**
- **Evaluation of and assistance in negotiations with regard to contract services, utility acquisitions, developer agreements and utility main extension policies.**
- **Development of capital cost recovery fees.**

A. Our Utility Economics Experience

Michael Burton, President of Burton & Associates has over 30 years of direct experience providing revenue sufficiency analyses services. He has provided those services as a rate consultant, project manager, and project director for many local governments over the past 30 years. In the early 1990s, Mike developed a unique interactive process for his clients that has set him and Burton & Associates apart from others providing similar services. This powerful proprietary process, coupled with his lengthy and extensive experience as a Utility Economics Consultant has placed him as the most senior and knowledgeable resource available to you. Mike and his staff provide the most effective and efficient utility economics services (especially revenue sufficiency analyses services) available.

FAMS-XL©

Recently, Mike has developed a new version of the model used in this process. The new model is an EXCEL version of FAMS known as FAMS-XL©.



This powerful new version encompasses many improvements over the original FAMS model including:

- γ A more straight forward depiction of the flow of funds
- γ Projection of revenues that includes consideration of:
 - the effect of growth in customers upon fixed charge revenues and,
 - the effects of growth in customers and changes in usage patterns upon usage charge revenues
- γ The ability to perform:
 - a *capital requirements driven analysis* which determines the level of revenue necessary to fund specified capital improvement program requirements, and/or
 - a *revenues driven analysis* which determines the window of funding available for capital improvement program requirements in each year of the forecast period given the specified limit on rate revenue increases.
- γ The ability to provide extended projection periods of up to 10-years, with anticipatory projection periods for up to 20 years.

We are currently using FAMS-XL© in projects for many cities and counties.

To further demonstrate the ability of our Firm to provide superior utility economics services, it is important to note that Mike currently sits on the Rates and Charges Subcommittee for the AWWA, where he is co-authoring a Rates, Fees and Charges Manual for publication by the AWWA.

What is significant to this project is that the section of this manual for which Mike has sole responsibility is the Revenue Requirements Determination section. The other members of the AWWA Rates and Charges Committee felt that Mike had the most "hands-on" experience and overall knowledge where local government utility revenue sufficiency, capital planning and rate making in general were concerned.

Mike has written, been published, educated and/or made presentations on water, wastewater, reclaimed water and stormwater issues including water and wastewater revenue sufficiency for the following:

*/American Water Works Association
/Florida Water Resources Conference
/Volusian Water Alliance
/Orange County Utility Consortium
/St. Johns River Water Mgt. District,
/Lee County Water Authority,*

*/St. Johns Co. Water & Sewer Authority,
/US Environmental Protection Agency,
/Florida Department of Environmental
Regulation, Bureau of Wastewater
Management and Grants,*

Mike has written and presented many papers and articles which speak to the issues included in a study such as this. These include:

- ∅ **AWWA MANUAL - RATE MAKING FOR SMALL UTILITIES** - *Co-Authored for AWWA. Due for publication in 2004.*
- ∅ **INTEGRATION OF CAPITAL AND FINANCIAL PLANNING** - *Written and presented at the Florida Water Resources Conference-2003 -Tampa, Florida*
- ∅ **FINANCIAL IMPLICATIONS OF ALTERNATIVE WATER SUPPLY** - *Written and presented at the Florida Water Resources Conference-2003 Tampa, Florida*
- ∅ **THE EFFECT OF INCLINING BLOCK WATER RATES UPON WATER USAGE & REVENUE** *Presented at the Florida Water Resources Conference-2003 Tampa, Florida*
- ∅ **Utility Rate Studies** - *A paper and presentation to the Gulf Coast Chapter of the Florida Governmental Finance Officers Association - 2002.*
- ∅ **IMPLEMENTATION OF RECLAIMED WATER RATES & METERING** - *Co-Authored With Al Castro, P.E. - Orange County Utilities, written and presented at the Florida Water Resources Conference-2002 Orlando, Florida, and published in the FWR Journal - 2002*
- ∅ **EVALUATING & SETTING RATES** - *Written and presented at the Water Environment Federation, Dallas, Texas 1998*
- ∅ **RECLAIMED WATER RATE MAKING** - *Written and presented at the AWWA 1998 Water Reuse Symposium in Orlando, Florida (February 1998)*
- ∅ **AN AUTOMATED COMPUTER MODEL FOR THE FUNDING AND MANAGEMENT OF REUSE SYSTEMS** - *Written and presented at the AWWA 1994 Water Reuse Symposium in Dallas, Texas (March 1994)*
- ∅ **WATER RATE MAKING FOR GOVERNMENTAL UTILITIES** - *This paper was developed for presentation to the St. Johns River Water Management District under contract with the Orange County Public Utilities (utilities serving the greater Orlando area)*

Mr. Burton has also assisted his clients in the development of rate programs that meet the requirements and mandates of:

- γ *The Southwest Florida Water Management District,*
- γ *The South Florida Water Management District,*
- γ *The Suwannee River Water Management District,*
- γ *The Northwest Florida Water Management District, and*
- γ *The St. Johns River Water Management District*

Burton & Associates is a vital company emerging as one of the premiere Utility Consulting companies in the Southeast. Our consultants possess the breadth and depth of knowledge that will enhance each project and provide our clients with substantial resources.

B. Key Members Of Our Staff

Steven McDonald has recently provided water, sewer, stormwater and/or reclaimed utility economics consulting services to Clay County Utility Authority, the Cities of Clearwater, Cape Coral, Cooper City and Fort Myers. His other Burton & Associates clients include New Port Richey and Tarpon Springs, where he has provided billing unit analyses and bill frequency analyses in support of the rate making process. Steven is an economist who has over thirteen years of experience in the development of econometric models for the purpose of demand forecasting analyses, and financial analyses.

Steven began his career with Fishkind & Associates, a Florida based economic consulting firm, where he provided these services to his clients for six years, and has continued to apply his expertise on projects focusing on economic and environmental issues for local governments in Florida. Over the past twelve years, he has developed a high degree of technical expertise balanced with strategic management experience from high profile, innovative public and private projects. His education and technical expertise lies in the areas of public policy and financing, financial modeling and analysis, economic modeling and forecasting, strategic planning and analysis, and market and industry analysis.

Steven's consulting, business, teaching, and government experience has allowed him to develop a solid understanding of political environments, financial and capital markets, economic principles, and statistical and research methods. In addition to his ability to perform fully allocated cost of service rate studies, he has the qualifications and unique skills required to successfully model and analyze water use patterns, perform unaccounted water audits, and customer billing and bill frequency analyses.

Another member of our team is **Andrew Burnham**. Andy is a Utilities Rate Analyst. He has four years of experience on utility projects that include revenue sufficiency analyses and development of comprehensive financial plans, modeling of financial implications of energy policies, rate design, wholesale cost of service analyses, and contract administration. He has frequently prepared expert witness testimony and provided affidavits in state and federal proceedings. Andy has been responsible for a variety of issues and initiatives, including the coordination of federal regulatory filings for our client, Consumers Energy Company - a public electric and gas utility that serves over 3 million customers. He has performed utility revenue and profit margins on a macro and micro level and has coordinated our client's initiatives in federal regulatory proceedings.

Finally, **Cynthia Griffin** served as a support consultant for our team. Over the past 13 years, Cyndy has conducted over 65 utility rate surveys for our clients. She has written ordinances, resolutions and developed policy manuals as well as rates fees and charges handbooks for our clients. She provides project management assistance to the project manager and serves as client liaison regarding project deliverables and quality control.

C. History of Firm

Burton & Associates, a Florida firm, was founded by Mr. Michael Burton in April of 1988 and has specialized since its inception in water resources economics, that is, water and wastewater rate structure review, utility revenue sufficiency analyses, cost of service analyses, utility financial planning, rate making and the integration of financial planning and rate making with the capital planning process. Burton & Associates has developed proprietary software and an interactive process specifically to accomplish the integration of the financial planning and rate making process with the capital planning process.

Burton and Associates is a specialty firm. The focus of our practice is water resources economics. We assist numerous local governments throughout the state of Florida in the conduct of water, wastewater, reclaimed water and stormwater rate studies (which include rate structure review and revenue sufficiency analyses), the development of Five Year Financial Plans for these utilities and in the development of Capital Finance Plans for the funding of required water, wastewater, reclaimed and stormwater infrastructure. Burton and Associates is headquartered in Jacksonville Beach, Florida with an office also in Orlando, Florida. Since our inception in 1988, our practice has focused almost exclusively with City and County governments, private utilities, agencies, authorities and special districts.

D. Our Services

We regularly use our proprietary Funding Analysis and Management System (FAMS-XL©), in the conduct of revenue sufficiency analyses for our clients.

Our city and county clients have the need to regularly meet financial goals and regulatory requirements and therefore request that we conduct periodic studies for them that evaluate the overall financial condition of their utility. During the course of these studies, we utilize our proprietary interactive process and FAMS-XL© in order to cost effectively examine all viable funding sources, capital requirements, and means of financing. We then develop short term (five years), medium term (10 years) and/or long term (20+ years) financial management programs, including a capital finance plan that will:

- 1) Provide adequate funding to meet projected capital improvement program requirements as well as other funding requirements facing the Utility,*
- 2) Comply with outstanding and/or new bond covenants,*

- 3) *Address and comply with regulatory requirements, and*
- 4) *Minimize the impact upon the Utility's customers.*

Each of these criteria is important for the conduct of a successful revenue sufficiency analysis. Also, each utility is unique and it is important to newly consider review each aspect of the utility each time a revenue sufficiency analysis is conducted.

Rate structure changes can also be reviewed and redesigned interactively with customer impact assessment, allowing clear vision of the implications of rate making decisions during this process.

1) Cost of Service/Rate Studies & Financial Management Programs

We regularly use our proprietary Funding Analysis and Management System (FAMS-XL©), in the conduct of revenue sufficiency analyses, retail and wholesale cost of service and rate studies and utility valuation analyses for water, sewer and storm water utilities. In the development of feasible rate programs, FAMS-XL© allows 1) cost effective testing of "what-if" scenarios regarding funding of alternative capital requirements, 2) evaluation of alternative sources and means of financing, and 3) development of viable short term (five years) medium term (10 years) and long term (20+ years) financial management programs, including a capital finance plan to provide adequate funding to meet projected capital improvement program requirements and a rate plan to meet annual revenue requirements. During our development of a rate adjustment plan that will adequately respond to the fiscal requirements of the Utility while meeting regulatory mandates, we try to structure a plan structure that will keep rates as low as possible. Required adjustments can be developed interactively with customer impact assessments, allowing clear vision of the implications of rate making decisions.

2) Interactive Decision Workshops

We regularly use our FAMS-XL© automated model as a decision support tool in the conduct of "real time" decision workshops with utility staff, management and elected officials. In these sessions, we use state of the art automated presentation and analysis techniques to demonstrate, with the FAMS-XL© model "up and running", the impact of various assumptions. Through this interactive process, we are able to assist in the development of optimum solutions regarding alternative capital improvement programs, service delivery configurations, financing sources, rates and charges and the impact of each alternative scenario upon rate payers within various classes of customers.

3) Integration of Financial and Capital Planning

In addition to our cost of service and rate making expertise, we also bring a unique perspective and contribution to engineering planning and evaluation projects that is not adequately addressed by the typical approach to such projects. That is the ability, by use of our automated modeling, to quickly evaluate the full financial impact of

alternative capital plans and financing sources as part of the master planning and or capital improvement program development process.

4) Capital Finance Plans

We also work regularly with financial advisors and underwriters in the development of capital finance plans for municipal clients, and have prepared numerous Rate Consultant's Reports, including revenue forecasts, for inclusion in the Official Statements of Water and Wastewater revenue bond issues or in applications for low interest State loans.

5) Rate Design

We are also industry leaders in the evaluation of rate structure and the development of rate structure design, including conservation rate programs, capacity fees and specific service charges. We are at the leading edge in the development of water conservation rates as evidenced by our recent work with the St. Johns River Water Management District.

6) Interjurisdictional Coordination

We are regularly involved in the conduct of cost of service and rate studies where the ultimate service is provided to users in multiple jurisdictions. Sometimes this involves the development of wholesale rates in accordance with specific interlocal agreements, sometimes this involves the development of a wholesale rate to be applied by ordinance to all wholesale or bulk use customers and sometimes this involves the development of rates to be charged to individual end users in other jurisdictions. We are also experienced in the development of outside of jurisdiction surcharges based upon cost of service and in the compilation of data and the allocation of costs in such a way as to derive fair and equitable rates for all of the above referenced types of interjurisdictional service.

7) Utility Valuations

We regularly assist clients in the conduct of utility valuation analyses. Burton & Associates has extensive experience in the use and proper allocation of all commonly used system and property valuation approaches, such as the depreciated replacement cost approach, the comparable sales approach, the income approach, etc. However, the differentiating factor regarding our approach to utility valuation is our ability to use our FAMS-XL© modeling approach to precisely determine 1) the funds available for acquisition supportable solely from the revenues of the acquired system, including consideration of required remedial capital improvements, and 2) the effects upon the rates of the acquiring utility, if any, of "negotiated" acquisition price alternatives if negotiations for purchase are initiated.

8) *Expert Witness Testimony*

We regularly provide expert witness testimony regarding utility litigation and regulatory matters. We have provided such expert witness testimony in circuit court cases.

9) *Leader in Use of Automated Analysis Techniques*

We have developed for our clients a truly revolutionary interactive process utilizing FAMS-XL©. Our automated utility financial planning and rate allocation modeling system which we use in the conduct of a study such as this. FAMS-XL© and our interactive process are described on the following page. We use our unique process and interactive model on each of our revenue sufficiency analysis projects with great success. We tailor our model to meet each client's specific financial requirements and utility management objectives using their specific data. We provide for them a clear vision of all viable options with regard to the financial management of their utility and the implications of possible decisions upon utility customers.

THE INTERACTIVE PROCESS

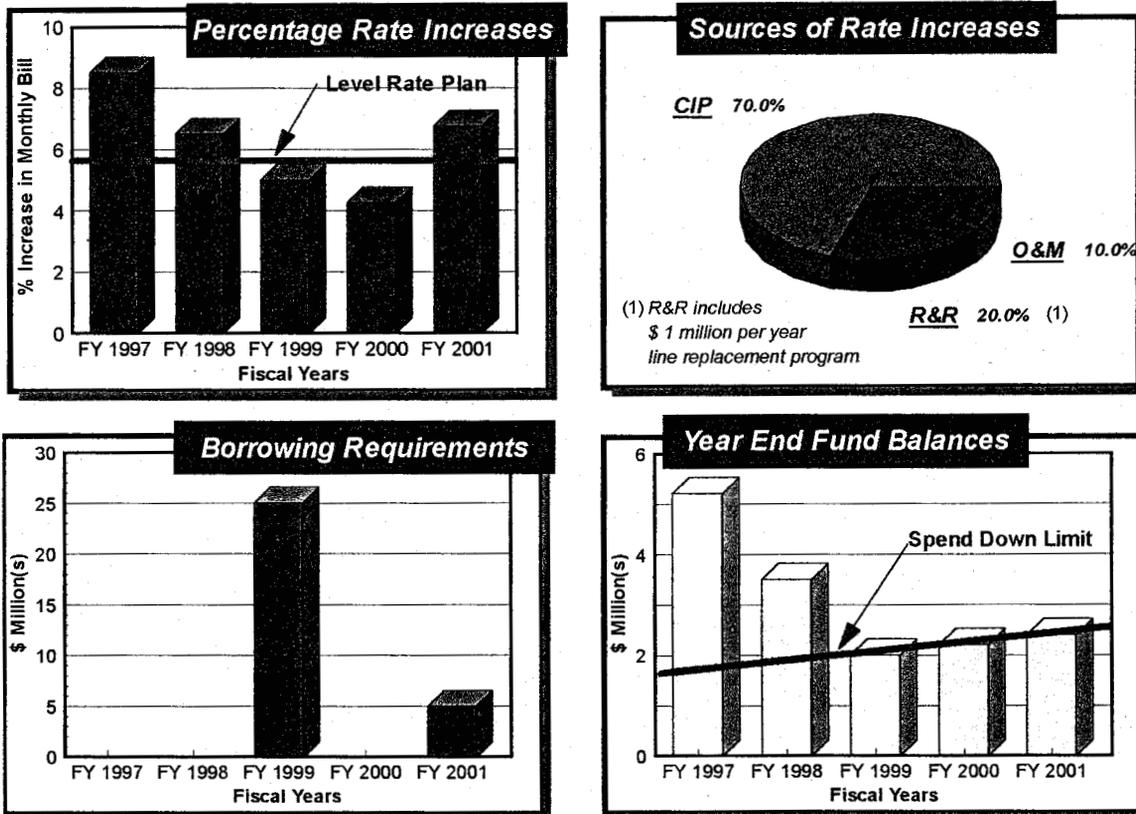
We have developed a truly revolutionary interactive, automated process. This process utilizes FAMS-XL©, our automated utility financial planning and rate allocation modeling system which we use to develop alternative Five Year Financial Management Plans for your utility. The Plans are necessary to develop alternative rate programs to provide the required resources to support the above mentioned Financial Management Plans. A FAMS-XL© schematic is presented on the following page.

The truly differentiating aspects of our interactive, automated process are that:

1. FAMS-XL© simulates *all* aspects of your utility's financial dynamics over a five year forecast period,
2. FAMS-XL© presents key financial indicators graphically on a "control panel" which allows you to visually see the implications upon key financial indicators of alternative scenarios, and
3. We conduct alternative scenario analyses in "interactive sessions" with you, so that in one morning or afternoon you can explore, and receive immediate feedback, regarding numerous "what if" scenarios such as alternative capital improvement programs, lower or higher levels of working capital reserves, alternative funding sources for capital projects, etc.

The most important aspect of this process is the *interactive work sessions* we conduct at several points during the course of the project. During these interactive sessions we have our computer models up and running and use the latest in computer monitor projection equipment to display the outputs from our analysis in various graphical formats on a four by five foot screen. Descriptions of the graphical representations presented in interactive work sessions are presented on below.

Five Year Revenue Sufficiency Analysis: We typically present the results of our analyses by displaying key financial indicators in four quadrants of a colorful graphical display, projected with our state-of-the-art monitor/projector equipment during interactive client work sessions. An example of such a display is presented below.



This display presents the results of a five year revenue sufficiency analysis. In this display the upper left quadrant shows the required percentage rate increases required in each year of a five year rate plan. This quadrant also shows a level rate plan which dampens rate shock in any one year. The pie chart in the upper right quadrant shows the sources of the rate increase. This gives insights into areas in which cost controls might reduce the required rate increases. The chart in the lower right quadrant shows year end fund balances of unrestricted reserves after funding eligible capital projects and R&R expenses and compares the reserve levels with the working capital reserve target, and the chart in the lower left quadrant shows the bond issues necessary to fund the five year Capital Improvement Program after funding as much as possible with unrestricted reserves and capital cost recovery fees.

Other financial indicators can also be monitored graphically as we test "what if" scenarios, depending upon the circumstances of the City. For example, we often include a five year bar chart of debt service coverage. This is often important in cases where rate covenants do not provide a revenue "buffer" such as capital cost recovery fees in the coverage calculation.

We can run numerous alternative scenarios during these interactive sessions and City staff can see graphically the implications, to key financial and customer impact indicators, of changes to variables in the rate making process such as timing and amount of capital projects funded in the capital improvements program (CIP), various levels of renewal and replacement expenditures, adjusting spend-down limits on reserve funds, rate structure changes, alternatives for levelizing rate increases over multiple years, growth rates, cost escalation factors and numerous other variables.

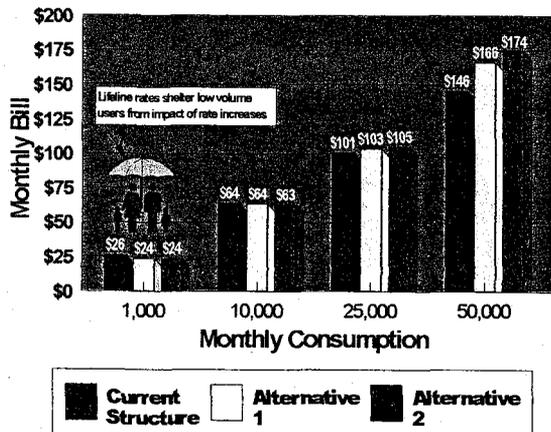
These interactive sessions provide the basis for you to make informed decisions relating to the rate making process by allowing you to see and understand, first hand, and maybe for the first time, the full range of the financial dynamics of your utility, all displayed at the same time.

Rate Design : As with the development of a five year revenue sufficiency analysis and financial management program, in these work sessions, we will conduct alternative scenario analyses regarding alternative rate structure designs interactively with City staff with our rate models up and running on the computer. This allows us to develop final rates and fees that generate sufficient revenues, yet are structured so as to be sensitive to your objectives with regard to customer impact. Customer impact will be examined for each utility rate structure alternative identified. This analysis examines the impact of alternative rates upon customers of varying sizes and with various usage profiles within customer classes.

Examples of two types of customer impact analysis charts used in our interactive work sessions are presented on the following page.

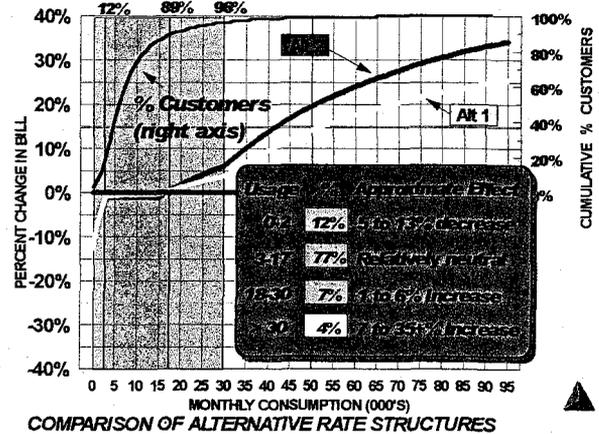
Comparison of Monthly Bills - All Alternatives

Residential Customers - 5/8" X 3/4" METERS



RESIDENTIAL CUSTOMERS

5/8" X 3/4" METERS - WATER & SEWER



The chart on the left examines the impact of two rate structure alternatives on single family customers at various identified levels of water usage. The chart on the right examines the impact of the same two rate structure alternatives in terms of percentage increase in monthly bill along a continuum of water usage from 0 to 95,000 gallons per month. This chart also shows the percentage of customers at all levels of usage. This can be used to determine the percentage of customers affected by each rate structure alternative at different levels of usage.

BEFORE THE ARIZONA CORPORATION COMMISSION
DOCKETED

1
2 WILLIAM A. MUNDELL
CHAIRMAN
3 JIM IRVIN
COMMISSIONER
4 MARC SPITZER
COMMISSIONER
5

APR 24 2001

DOCKETED BY 

6 IN THE MATTER OF THE JOINT
7 APPLICATION OF CITIZENS UTILITIES
8 COMPANY; AGUA FRIA WATER DIVISION
9 OF CITIZENS UTILITIES COMPANY;
10 MOHAVE WATER DIVISION OF CITIZENS
11 UTILITIES COMPANY; SUN CITY WATER
12 COMPANY; SUN CITY SEWER COMPANY;
13 SUN CITY WEST UTILITIES COMPANY;
14 CITIZENS WATER SERVICES COMPANY
15 OF ARIZONA; CITIZENS WATER
16 RESOURCES COMPANY OF ARIZONA;
HAVASU WATER COMPANY AND TUBAC
VALLEY WATER COMPANY, INC., FOR
APPROVAL OF THE TRANSFER OF THEIR
WATER AND WASTEWATER UTILITY
ASSETS AND THE TRANSFER OF THEIR
CERTIFICATES OF PUBLIC CONVENIENCE
AND NECESSITY TO ARIZONA-
AMERICAN WATER COMPANY AND FOR
CERTAIN RELATED APPROVALS.

DOCKET NOS. W-01032A-00-0192
W-01032B-00-0192
W-01032C-00-0192
S-02276A-00-0192
WS-02334A-00-0192
WS-03454A-00-0192
WS-03455A-00-0192
W-02013A-00-0192
W-01595A-00-0192
W-01303A-00-0192

DECISION NO. 63584

OPINION AND ORDER

17 DATE OF HEARING: September 27, 2000

18 PLACE OF HEARING: Phoenix, Arizona

19 PRESIDING ADMINISTRATIVE
20 LAW JUDGE: Karen E. Nally¹

21 IN ATTENDANCE: Chairman William A. Mundell and
Commissioner Jim Irvin

22 APPEARANCES: Mr. Michael M. Grant, GALLAGHER &
23 KENNEDY, and Mr. Craig Marks, Associate
24 General Counsel, on behalf of Citizens
25 Communications Company;

26 ¹ This Recommended Opinion and Order was prepared by Administrative Law Judge Marc E. Stern upon review of the testimony and exhibits admitted into evidence in the proceeding.

1 Mr. Norman D. James, FENNEMORE CRAIG, on
2 behalf of Arizona-American Water Company;

3 Mr. Daniel W. Pozefsky, Staff Attorney, on behalf
4 of Residential Utility Consumer Office;

5 Mr. Bill Meek on behalf of the Arizona Utility
6 Investors Association; and

7 Ms. Teena Wolfe, Staff Attorney, Legal Division,
8 on behalf of the Utilities Division of the Arizona
9 Corporation Commission.

10 BY THE COMMISSION:

11 On March 24, 2000, Citizens Utilities Company, now known as Citizens
12 Communications Company, together with its Agua Fria Water Division, Mohave Water
13 Division, Sun City Water Company, Sun City Sewer Company, Sun City West Utilities
14 Company, Citizens Water Services Company of Arizona, Citizens Water Resources Company of
15 Arizona, Havasu Water Company and Tubac Valley Water Company (collectively "Citizens"),
16 and Arizona-American Water Company ("Arizona-American") filed with the Arizona Corporation
17 Commission ("Commission") a Joint Application to Transfer Assets and Related Approvals
18 ("Application") of Citizens' water and wastewater utility assets in Arizona including Citizens'
19 Certificates of Convenience and Necessity ("Certificates") held by Citizens to Arizona-American.

20 On May 17, 2000 and on June 1, 2000, the Residential Utility Consumer Office
21 ("RUCO") and the Arizona Utility Investors Association ("AUIA") filed applications for leave to
22 intervene. Subsequently, intervention was granted to RUCO and to AUIA.²

23 On May 30, 2000, by Procedural Order, a hearing was scheduled on the above-captioned
24 matter for September 27, 2000. Citizens and Arizona-American caused public notice of the
25 Application and hearing thereon to be published in various newspapers throughout Arizona. In

26 ² On April 10, 2000, Mr. Marvin Lustiger filed an application to intervene in the above-captioned matter.
However, by subsequent filing, Mr. Lustiger clarified that he was only interested in electric or telephone
service in Mohave County, and therefore, Mr. Lustiger's request to intervene was deemed to have been
withdrawn.

1 addition. Citizens notified all its customers of the Application by means of a written bill insert.

2 On September 14, 2000, a formal public comment session was held in Sun City.

3 On September 26, 2000, the Commission's Utilities Division ("Staff") filed a Settlement
4 Agreement ("Agreement") marked Exhibit A which is incorporated by reference and attached
5 hereto.

6 On September 27, 2000, a full public hearing took place at the offices of the Commission
7 in Phoenix, Arizona. Citizens, Arizona-American, RUCO, AUIA and Staff were present with
8 counsel. Following the presentation of evidence, Citizens and RUCO submitted written briefs on
9 the issue of whether Citizens should be required to pay a portion of the gain resulting from the
10 sale of its utility assets to Citizens' customers. The matter was then taken under advisement
11 pending submission of a recommended Opinion and Order to the Commission.

12 DISCUSSION

13 Parties to the Transaction

14 Citizens, through its various divisions and subsidiaries, provides water, wastewater,
15 electric, natural gas and telecommunications services to approximately 1.8 million customers in
16 22 states, including in excess of 100,000 customers in Arizona. Citizens' current business
17 strategy is to focus on the provision of telecommunications services and the expansion of those
18 operations through the acquisition of wire centers and access lines from other providers,
19 primarily in rural areas, as was the case in the recently approved transfer of rural wire centers by
20 Qwest Corporation to Citizens Utilities Rural Company, Inc.

21 In connection with this business strategy, Citizens intends to sell its water, wastewater,
22 electric, and natural gas utilities and to apply the proceeds to finance acquisitions and other
23 business activities in the telecommunications area. In April 2000, Citizens also announced the
24 sale of its Louisiana natural gas operations for \$375 million.

25 The Commission granted Arizona-American a Certificate of Convenience and Necessity
26 to provide water service to approximately 4,600 customers in portions of the Town of Paradise

1 Valley, the City of Scottsdale and certain unincorporated portions of Maricopa County. Arizona-
2 American is a wholly owned subsidiary of American Water Works Company, Inc. ("AWW")
3 which is the largest privately-owned water utility system in the United States, providing water,
4 wastewater and other water resource management services to approximately 3 million customers
5 in 23 states, and with a reported consolidated net plant of \$5.1 billion and operating revenues of
6 \$1.26 billion. AWW's December 31, 1999, balance sheet reflected a capital structure of 58.4
7 percent long-term debt, 2.3 percent preferred stock and 39.3 percent common equity.

8 In 1999, AWW's subsidiaries invested \$467 million in improving and upgrading their
9 facilities, and for the past several years, AWW has made similar expenditures averaging nearly
10 \$400 million per year. According to AWW witnesses, AWW's acquisition policy is motivated,
11 at least in part, by anticipated capital expenditures resulting from new regulatory requirements
12 and programs and the need to replace or upgrade aged infrastructure to maintain high quality
13 service. With the additional water and wastewater systems, AWW and its subsidiaries hope to
14 obtain economies of scale and to strengthen their financial capability by expanding their
15 customer base.

16 The Transaction

17 On October 15, 1999, Citizens, Arizona-American and AWW entered into an agreement
18 under which Arizona-American is to acquire the water and wastewater assets and the Certificates
19 held by Citizens in Arizona ("the Acquired Assets") for approximately \$231 million, subject to
20 adjustment at the time of closing. The purchase price will be increased based on utility plant
21 added by Citizens after June 30, 1999, and will be reduced based on plant retirements occurring
22 after such date. The Acquired Assets include all utility plant, property and interests relating to
23 Citizens' water and wastewater operations in Arizona, with certain exceptions, including assets
24 commonly used by Citizens in connection with other utility operations, cash and cash
25 equivalents, and assets related to benefit plans. Citizens will also retain certain liabilities,
26 including obligations for taxes payable, obligations relating to employee compensation and

1 benefits, and refunds of certain advances in aid of construction. Arizona-American will assume
2 and be liable for all contracts and permits assigned at closing, certain Industrial Development
3 Revenue Bonds ("IDRBs"), and unperformed obligations.

4 Arizona-American will finance the purchase of the Acquired Assets by a combination of
5 debt and equity. AWW has recently formed a new subsidiary, American Water Capital
6 Corporation ("AWCC"), that will provide loans and other financial services to AWW
7 subsidiaries. Initially, Arizona-American will borrow funds from AWCC on a short-term basis,
8 and receive additional funds in the form of common equity directly from AWW. Within 12
9 months, the short-term debt will be converted to long-term debt with a planned capital structure
10 which will contain 55 to 60 percent debt and 45 to 40 percent common equity, including
11 Arizona-American's existing debt and equity capital and the Citizens' IDRBs that will be
12 assumed.³

13 The Position of Staff and the Staff Settlement Agreement

14 Staff generally supported the application, and recommended that the transfer of the
15 Acquired Assets to Arizona-American be approved, subject to several conditions.

16 First, Staff recommended that the Commission defer any decision on the ratemaking
17 treatment of an acquisition adjustment, deferred taxes, excess deferred taxes, and investment tax
18 credits until a future rate proceeding.

19 Second, Staff recommended that the decision to allow recovery of an acquisition
20 adjustment be based on Arizona-American's ability to demonstrate that clear, quantifiable and
21 substantial net benefits have been realized by ratepayers, which would not have been realized
22 had the transaction not occurred.

23 Third, Staff recommended that Arizona-American should be ordered to file, 13 months
24

25 ³ Arizona-American has filed an application for authority to issue short-term and long-term debt in
26 connection with financing the purchase of the Acquired Assets, which is pending in Docket No. W-
01303A-00-0929.

1 after the closing of the transaction, a report comparing the number of complaints received by the
2 Commission prior to and after the transaction. The report should provide an explanation of any
3 significant changes in the number and importance of the complaints. Staff would then review
4 this report and, if necessary, make a recommendation to the Commission of any further action to
5 be taken.

6 Fourth, Staff recommended that an imputation of the benefits related to advances in aid
7 of construction ("AIAC") and contributions in aid of construction ("CIAC") received by
8 Arizona-American be made in subsequent rate proceedings for each former Citizens' system.
9 The purpose of the imputation would be to recognize those portions of the Acquired Assets that
10 were financed by AIAC and CIAC which Arizona-American will not be assuming. Staff also
11 recommended that imputed AIAC be amortized over a period of 10 years, while imputed CIAC
12 would be amortized below the line in the same manner as would have otherwise occurred.

13 Fifth, Staff recommended that Arizona-American be required to seek Commission
14 approval of any amendments to, or transfers of agreements relating to the purchase of water,
15 such as Citizens' Central Arizona Project ("CAP") water subcontracts.

16 Finally, Staff recommended that the Commission order Arizona-American to charge
17 ratepayers for services based on the rates, charges, and service tariffs in effect at the time of
18 closing in each Citizens service territory, until such time as Arizona-American files general rate
19 proceedings for each service territory.

20 In its rebuttal filing, Arizona-American indicated that it would stipulate to the conditions
21 recommended by Staff, including the deferral of a decision concerning the recognition of an
22 acquisition adjustment and the conditions under which an acquisition adjustment would be
23 recognized, and would adopt and utilize the rates and charges for service, and all other service
24 tariffs currently in effect in each of the affected Citizens service territories. However, Arizona-
25 American disagreed with imputing Citizens' AIAC and CIAC to Arizona-American.

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DECISION NO. 63584

1 Subsequently, Staff and Arizona-American entered into the Agreement, which resolved
2 all areas of disagreement relating to the terms and conditions under which the Acquired Assets
3 would be transferred to Arizona-American.

4 Pursuant to the terms of the Agreement, Citizens' AIAC and CIAC will be imputed to
5 Arizona-American for ratemaking purposes. This adjustment will reduce rate base. The amount
6 of the AIAC and CIAC to be imputed to Arizona-American for ratemaking purposes will be
7 based on the actual balances shown on Citizens' regulatory books as of the date of the transfer of
8 the Acquired Assets, adjusted as follows: an amount equal to 5 percent of Citizens' AIAC
9 balance at the time of the transfer will be reclassified as CIAC and added to the CIAC balance,
10 and the same amount will be deducted from Citizens' AIAC balance. The adjusted amount of
11 AIAC will be amortized below the line (i.e., no impact on expenses) over a period of 6.5 years,
12 with the amortization period beginning on the day on which the transfer takes place. The
13 adjusted amount of CIAC will be amortized above the line (i.e., as a reduction to depreciation
14 expense that would otherwise be recoverable in rates) over a period of 10 years, with the
15 amortization period beginning on the day on which the transfer takes place. The imputation of
16 AIAC and CIAC to Arizona-American is solely for ratemaking purposes, and not for financial
17 accounting or any other purpose.

18 In addition to agreeing to the imputation of AIAC and CIAC, Arizona-American agreed
19 that the Commission may adopt Staff's remaining conditions concerning the sale and transfer of
20 the Acquired Assets. Staff and Arizona-American also agreed that Arizona-American's request
21 for an accounting order to establish the amortization method for any acquisition adjustment
22 resulting from the transaction should be deferred until a future rate case.

23 Based on these agreements by Arizona-American, Staff is recommending that the
24 Commission should approve the transfer of the Acquired Assets to Arizona-American and should
25 not impose any additional terms, conditions or requirements on Arizona-American.
26

1 During the hearing, Staff and Arizona-American voiced their support of the Agreement,
2 believing that its terms are reasonable and in the public interest. AUIA also expressed its
3 support for the Agreement. However, the remaining party to the proceeding, RUCO, objects to
4 the approval of the Agreement and to the transaction generally, as discussed below.

5 Position of RUCO

6 RUCO maintains the proposed transaction believing that it is not in the public interest
7 and should not be approved unless it is restructured. RUCO argued that the transaction could
8 possibly, in the future, impact on ratepayers. While RUCO did not disagree that consideration of
9 an acquisition adjustment should be deferred until a future ratecase, RUCO argued that the gain
10 resulting from the sale of the Acquired Assets received by Citizens, i.e., the difference between
11 the net book value of the Acquired Assets and the purchase price being paid by Arizona-
12 American, should be shared equally between Citizens stockholders and the ratepayers. RUCO
13 further argued that the Commission should adopt a set of criteria to determine what, if any,
14 acquisition adjustment should be allowed in a future rate proceeding. RUCO also suggested that
15 to make this transaction in the public interest, among other things, the transaction should be
16 contingent upon Arizona-American's Board of Director's approving a letter pledging to invest no
17 less than 15 percent of the purchase price in acquisitions and capital improvements of "resources
18 stressed" water and/or wastewater utilities in Arizona no later than 72 months after the date the
19 Commission authorizes the transaction.

20 Analysis of Disposition of Gain Issue

21 RUCO contended that fundamental principles of fairness support sharing the gain in this
22 case. RUCO maintained that ratepayers have shared in the risk associated with the operation of
23 the utility assets and that it necessarily follows that ratepayers should share in the gain realized
24 from the sale of those assets. According to RUCO, this risk sharing results from the accounting
25 treatment provided in the National Association of Regulatory Utility Commissioners
26 ("NARUC") Uniform System of Accounts when an asset is retired prematurely, i.e., before a

1 utility fully recovers its original cost via depreciation. RUCO also stated that prior Commission
2 decisions support gain sharing.

3 In response, Citizens argued that ratepayers have assumed no risk in connection with the
4 operation of Citizens' water and wastewater utility business. Investors have provided the
5 utility's capital and bear the financial risks associated with its operations. Therefore, the
6 investors should be entitled to receive any gain resulting from the transaction. As to prior
7 Commission decisions, Citizens cited three analogous cases involving a sale of an entire line of
8 utility business in which the Commission did not order gain sharing.⁴ Citizens also cited
9 Decision No. 60167 (April 17, 1997) in which a utility's natural gas business was sold at a loss.
10 In that case, the Commission did not order the customers to share in the loss.⁵

11 This proceeding is similar to the three cases cited earlier by Citizens since it is selling its
12 entire business and will have no further water and wastewater operations in Arizona. The
13 Commission has never required gain sharing under these circumstances. In the Contel of the
14 West matter, in which Citizens was authorized to acquire all of Contel's telephone properties in
15 Arizona, Staff urged that the gain resulting from the sale be shared equally with ratepayers.
16 However, the Commission rejected gain sharing in that case.

17 We also do not believe that ratepayers bear a substantial risk by virtue of receiving utility
18 service in this case. The particular accounting treatment for depreciable plant provided under the
19 Uniform System of Accounts does not shift risk to customers, but rather prescribes particular
20 accounting adjustments to properly reflect rate base before and after the retirement of a plant
21 item. The utility's owners, i.e., its shareholders, ultimately bear the risks associated with the
22 utility's business. While regulation may reduce those risks relative to most non-regulated
23

24
25 ⁴ Citizens/Southern Union, Decision No. 57647 (December 2, 1991); Contel/Citizens, Decision No. 58819,
(October 17, 1994); and GTE/Citizens, Decision No. 62648 (June 13, 2000).

26 ⁵ Ajo Improvement Company/Southwest Gas, Decision No. 60167 (April 17, 1997).

1 businesses. regulation does not shift that risk to ratepayers, who are entitled to receive utility
2 service at rates set by the Commission.

3 Accordingly, we do not find it appropriate under the circumstances in this case to require
4 Citizens to share with ratepayers any part of the gain it receives from the sale of the Acquired
5 Assets to Arizona-American. However, this will not preclude the Commission from protecting
6 the ratepayers in the future. In any claim for an acquisition adjustment in a future rate case, the
7 Commission can strictly scrutinize the foundation of the claim and determine what amount, if
8 any, should be approved.

9 Analysis of Remaining RUCO Recommendations

10 RUCO's other recommendations pertained to the structure of the transaction and
11 RUCO's concerns that this structure could lead to rate increases in the future. RUCO's concern
12 primarily relates to the fact that Arizona-American will not be assuming all of Citizens'
13 liabilities associated with AIAC and CIAC, which totaled approximately \$80.8 million and \$4.7
14 million, respectively, at December 31, 1999. According to RUCO, the structure of the
15 transaction will result in the elimination of AIAC and CIAC as reductions from rate base, which
16 will in turn result in an increase in rate base and, eventually, to rate increases.

17 We believe that the Agreement appropriately deals with this issue. Citizens' AIAC and
18 CIAC will be recognized for ratemaking purposes by Arizona-American, even though Arizona-
19 American is not assuming those liabilities. By virtue of this imputation, the impact of the
20 structure of the transaction will be ameliorated. Based on the evidence and the testimony, the
21 approach utilized in the Agreement is reasonable.

22 Further, the evidence indicates that the transaction between Citizens, Arizona-American
23 and AWW was the product of arms-length negotiations that occurred after Citizens had adopted
24 its current business strategy of focusing on telecommunications services and divesting itself of
25 its water and wastewater systems, as well as its electric and natural gas systems throughout the
26

1 country. This is not a transaction between affiliated companies. The payment by Arizona-
2 American will constitute an investment in the Acquired Assets.

3 RUCO also expressed concern regarding the impact of the transaction on Citizens'
4 accumulated deferred income taxes ("ADITs"), which totaled approximately \$5.2 million as of
5 December 31, 1999, and Citizens' investment tax credits ("ITCs"), which totaled approximately
6 \$2.2 million as of the same date. Under the Agreement, any decision on the treatment of ADITs
7 and ITCs will be deferred until Arizona-American seeks new rates in a future proceeding.
8 Staff's recommendation is appropriate under the circumstances herein.

9 Next, RUCO questioned the approach proposed by Arizona-American and Staff, as
10 adopted in the Agreement, for dealing with the possible future recognition of an acquisition
11 adjustment in rates. RUCO agreed with Arizona-American and Staff that it is appropriate to
12 defer consideration of any acquisition adjustment resulting from the transaction until a future rate
13 proceeding, in order to afford Arizona-American an opportunity to demonstrate that the
14 acquisition has provided a net benefit to ratepayers by virtue of improved operating efficiencies,
15 economies of scale and other synergies. However, RUCO's witnesses also contended that the
16 Commission should adopt a set formula that would be used in connection with any future
17 determination of the amount of the acquisition adjustment.

18 We have concerns about the adoption of a set, mechanical formula to quantify a future
19 acquisition adjustment. We believe that such a determination should be made at the time all the
20 facts and circumstances are known. Staff's recommendation concerning the basis on which the
21 Commission will allow the recovery of an acquisition adjustment is reasonable and in the public
22 interest. Arizona-American is cautioned that the Commission will require Arizona-American to
23 demonstrate that clear, quantifiable and substantial net benefits to ratepayers have resulted from
24 the acquisition of Citizens' systems that would not have been realized had the transaction not
25 occurred before the Commission will consider recovery of any acquisition adjustment in a future
26 rate proceeding.

1 RUCO was also critical of Arizona-American's failure to assume all of Citizens' IDRBs.
2 As stated, Arizona-American will assume certain IDRBs, which total approximately \$10.6
3 million. The IDRBs that will be assumed constitute low-cost capital. The average cost of the
4 IDRBs that will be assumed by Arizona-American was 3.55 percent per annum during 1999.
5 RUCO believes that there may be three additional Citizens bond issues, representing low-cost
6 capital, that will not be assumed in connection with the transaction.

7 Arizona-American, in its testimony, has acknowledged that other bonds have been issued
8 by Citizens. The evidence indicates, however, that in contrast to the IDRBs that will be
9 assumed, the other bonds would require unanimous consent from all bond holders in order to be
10 assumed, which would be administratively difficult, if not impossible, to accomplish within the
11 time frame of the transaction. The additional costs to Arizona-American to replace these low-
12 cost IDRBs with alternative forms of financing was not ascertained.

13 We find that it would not be feasible for Arizona-American to assume the remaining
14 bonds and it would not be reasonable to impute these bonds to Arizona-American's capital
15 structure. The remaining bonds will continue to be an obligation of Citizens and will continue to
16 be included in Citizens' capital structure in its ongoing telecommunications business.

17 Finally, RUCO recommends that authorization of the transaction be made contingent on
18 Arizona-American pledging to invest not less than 15 percent of the purchase price for the
19 Acquired Assets, or approximately \$35 million, in acquisitions and capital improvements of
20 "resource stressed" water and/or wastewater utilities in Arizona. These acquisitions and capital
21 improvements would have to be made within 72 months from the date on which the Commission
22 approves the transaction.

23 The Commission recognizes that there are small water and wastewater utilities in Arizona
24 that may need technical and financial assistance. Indeed, the Commission has provided such
25 assistance to small water and wastewater utilities through workshops and the development of
26 policies aimed at improving their financial viability. However, it is not reasonable to compel a

1 private utility to spend in excess of \$35 million to solve these problems, nor is it clear that the
2 Commission has the authority to do so.

3 Arizona-American has indicated its willingness to work with the Commission in
4 developing solutions to service problems being experienced by small, troubled utilities. By
5 virtue of acquiring Citizens' systems in Arizona, Arizona-American will be in closer proximity
6 to a number of these systems, and the Commission would expect Arizona-American, as
7 circumstances warrant, to seriously consider acquiring these systems or otherwise provide
8 technical or financial assistance. For these reasons, we do not believe it is appropriate to impose
9 such a mandate on Arizona-American.

10 * * * * *

11 Having considered the entire record herein and being fully advised in the premises, the
12 Commission finds, concludes, and orders that:

13 FINDINGS OF FACT

14 1. Pursuant to authority granted by the Commission, Citizens provides public water,
15 wastewater, electric, natural gas and telecommunications services in various parts of Arizona.

16 2. Pursuant to authority by the Commission, Arizona-American, a wholly owned
17 subsidiary of AWW, provides public water service to approximately 4,600 customers in the
18 Town of Paradise Valley, the City of Scottsdale and in certain unincorporated portions of
19 Maricopa County, Arizona. Arizona-American is presently classified as a Class B water utility.

20 3. On March 24, 2000, Citizens and Arizona-American filed an Application
21 requesting approval of the sale and transfer of Citizens' water and wastewater utility assets in
22 Arizona together with the transfer of Citizens' Certificates to Arizona-American.

23 4. RUCO and the AUIA were granted intervention in this Docket.

24 5. Public notice of the Application and hearing thereon was published in various
25 newspapers throughout Arizona within and in the vicinity of Citizens' and Arizona-American's
26 certificated service areas.

1 6. Customers of Citizens were also notified of the Application by means of a written
2 bill insert.

3 7. Citizens' current business strategy is to focus on the provision of
4 telecommunication services and to expand its telecommunications subsidiaries' operations
5 through the acquisition of wire centers and access lines from other providers, primarily in rural
6 areas.

7 8. In the furtherance of this business strategy, Citizens is selling its water,
8 wastewater, electric and natural gas utilities and applying the proceeds to finance acquisitions
9 and other business activities in the telecommunications industry.

10 9. AWW and its subsidiaries, including Arizona-American, are the largest privately-
11 owned water utility system in the United States, providing water, wastewater and other water
12 resource management services to approximately three million customers in 23 states.

13 10. AWW is financially sound, and has the experience, expertise and resources to
14 assume and perform Citizens' public service obligations.

15 11. On October 15, 1999, Citizens, Arizona-American and AWW entered into an
16 asset purchase agreement under which Arizona-American will acquire all of the water and
17 wastewater utility assets together with the requisite Certificates held by Citizens in Arizona.

18 12. Arizona-American will pay a purchase price of approximately \$231 million which
19 includes the assumption of approximately \$10.6 million of existing debt in the form of
20 outstanding IDRBs. The purchase price is subject to adjustment either higher or lower based on
21 plant additions and retirements occurring after June 30, 1999.

22 13. Arizona-American will finance the transaction through a combination of debt and
23 equity, resulting in Arizona-American having a capital structure of 55 to 60 percent debt and 45
24 to 40 percent common equity. This debt to equity ratio is comparable to the capital structures of
25 most large, publicly-traded water utilities.

26

1 14. Staff is recommending that the Application be approved for the sale and transfer
2 of Citizens' water and wastewater utility assets including the Certificates to Arizona-American
3 subject to the following conditions:

- 4 • that any decision on the ratemaking treatment of an acquisition adjustment, deferred taxes, excess deferred taxes and investment tax credits be deferred until a
5 future rate proceeding;
- 6 • that if recovery of any acquisition adjustment is authorized in the future it should
7 be based on Arizona-American's ability to demonstrate that clear, quantifiable
8 and substantial net benefits have been realized by ratepayers in the affected areas,
9 which would not have been realized had the transaction not occurred;
- 10 • that Arizona-American file, 30 days after the first anniversary of the transaction, a
11 report which compares the number of complaints received by the Commission
12 under Citizens' ownership and under Arizona-American's ownership and provide
13 an explanation of any significant changes in the number and importance of the
14 complaints received. Staff should review the data and, if necessary, make a
15 recommendation to the Commission of any further action to be taken;
- 16 • that an imputation of the benefits related to AIAC and CIAC received by Arizona-
17 American should be made in subsequent rate proceedings for each former
18 Citizens system as recommended by Staff in its direct testimony;
- 19 • that Arizona-American shall be required to secure prior Commission approval of
20 any amendments to, or transfers of agreements relating to the purchase of water,
21 such as Citizens' CAP water subcontracts; and
- 22 • that Arizona-American shall charge ratepayers for services based on the rates,
23 charges, and service tariffs in effect at the time of closing in each Citizens service
24 territory, until such time as Arizona-American files general rate proceedings for
25 each service territory.

19 15. On September 26, 2000, Staff filed the Agreement that is marked Exhibit A. The
20 Agreement resolves all issues relating to the terms and conditions under which the Acquired
21 Assets may be sold and transferred to Arizona-American.

22 16. In the Agreement, Arizona-American acknowledged that it will follow Staff's
23 recommendations if they are adopted by the Commission.

24 17. While RUCO did not oppose the treatment of the acquisition adjustment in a
25 future rate proceeding, it neither joined in signing the Agreement nor suggested a workable
26

1 alternative approach to that agreed upon by Arizona-American and Staff in the Agreement in this
2 instance based on our prior treatment of similar transactions.

3 18. Arizona-American is a fit and proper entity to acquire Citizens' utility assets and
4 Certificates and to assume Citizens' public service obligations for the operation of the utility
5 systems in Arizona.

6 19. Staff and Arizona-American believe that the approval of the Agreement attached
7 hereto as Exhibit A is in the public interest.

8 20. Based on our review of the evidence, Staff's recommendations in Findings of Fact
9 No. 14 and the Agreement are reasonable and in the public interest. Therefore, the transfer of
10 Citizens' water and wastewater utility assets and Certificates to Arizona-American should be
11 approved.

12 CONCLUSIONS OF LAW

13
14 1. Citizens and Arizona-American are public service corporations within the
15 meaning of Article XV of the Arizona Constitution and A.R.S. §§ 40-281, 40-282 and 40-285.

16 2. The Commission has jurisdiction over Citizens and Arizona-American and over
17 the subject matter of the Application.

18 3. Citizens and Arizona-American provided notice of this proceeding in accordance
19 with the law.

20 4. There is a continuing need for public water and wastewater service in the
21 certificated service areas of Citizens.

22 5. Arizona-American is a fit and proper entity to receive the Certificates of Citizens.

23 6. The Application of Citizens and Arizona-American, the Agreement and the
24 conditions recommended by Staff in Findings of Fact No. 14 should be approved.
25
26

ORDER

1
2 IT IS THEREFORE ORDERED that the Joint Application for Approval to Transfer the
3 Assets and Certificates of Convenience and Necessity of Citizens Utilities Company, now known
4 as Citizens Communications Company, together with its Agua Fria Water Division, Mohave
5 Water Division. Sun City Water Company, Sun City Sewer Company, Sun City West Utilities
6 Company, Citizens Water Services Company of Arizona, Citizens Water Resources Company of
7 Arizona, Havasu Water Company and Tubac Valley Water Company, to Arizona-American
8 Water Company be. and is hereby. approved.

9 IT IS FURTHER ORDERED that Arizona-American Water Company shall comply with
10 the terms, conditions and requirements as set forth in the Staff Settlement Agreement, attached
11 hereto as Exhibit A. and with Staff's recommendations in Findings of Fact No. 14 hereinabove.

12 IT IS FURTHER ORDERED that Arizona-American Water Company shall file, within
13 30 days from the date on which the acquisition has been completed, with the Director of the
14 Commission's Utilities Division, appropriate documentation evidencing its acquisition of the
15 Citizens Utilities Company now known as Citizens Communications Company's Arizona water
16 and wastewater utility assets.

17 IT IS FURTHER ORDERED that Arizona-American Water Company shall notify its
18 customers of the effective date of the transfer of the utility assets and of its assumption of the
19 obligation to provide water and wastewater utility services at the existing rates by means of an
20 insert in its first regular monthly billing or by other appropriate means immediately following the
21 date it files the documentation with the Director of the Utilities Division.

22 IT IS FURTHER ORDERED that Arizona-American Water Company shall file, within
23 15 days of the date it files the documentation with the Director of the Utilities Division, a copy
24 of the notice it provides its customers.
25
26

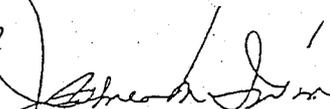
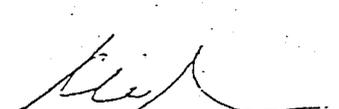
1 IT IS FURTHER ORDERED that Arizona-American Water Company shall continue to
2 charge the existing rates and charges of the transferred utility companies until further Order by
3 the Commission.

4 IT IS FURTHER ORDERED that Arizona-American Water Company shall continue to
5 file all periodic reports, and comply with all outstanding compliance matters previously required
6 of Citizens Utilities Company, now known as Citizens Communications Company relative to the
7 acquired water and wastewater operations.

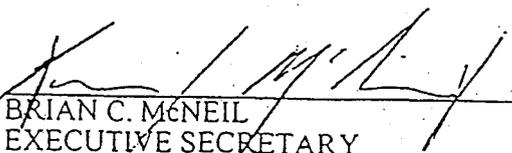
8 IT IS FURTHER ORDERED that Citizens Utilities Company shall maintain its books
9 and records for the transferred utility companies for a period of 5 years from the effective date of
10 this Decision.

11 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

12 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

13 
14 CHAIRMAN  COMMISSIONER 
15 COMMISSIONER

16 IN WITNESS WHEREOF, I, BRIAN C. McNEIL,
17 Executive Secretary of the Arizona Corporation
18 Commission, have hereunto set my hand and caused the
19 official seal of the Commission to be affixed at the Capitol,
20 in the City of Phoenix, this 24th day of
April, 2001

21 
22 BRIAN C. McNEIL
23 EXECUTIVE SECRETARY

24 DISSENT _____
25
26

1 SERVICE LIST FOR:

CITIZENS COMMUNICATIONS COMPANY
ET AL.

2 DOCKET NOS.:

3 W-01032A-00-0192; W-01032B-00-0192; W-
4 01032C-00-0192; S-02276A-00-0192; WS-
5 02334A-00-0192; WS-03454A-00-0192; WS-
6 03455A-00-0192; W-02013A-00-0192; W-01595A-
7 00-0192; and W-01303A-00-0192

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26

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DECISION NO. 63584

1 CARL J. KUNASEK
CHAIRMAN
2 JIM IRVIN
COMMISSIONER
3 WILLIAM A. MUNDELL
COMMISSIONER
4

BEFORE THE ARIZONA CORPORATION COMMISSION

5
6 IN THE MATTER OF THE JOINT
APPLICATION OF CITIZENS UTILITIES
7 COMPANY; AGUA FRIA WATER
DIVISION OF CITIZENS UTILITIES
8 COMPANY; MOHAVE WATER DIVISION
OF CITIZENS UTILITIES COMPANY; SUN
9 CITY WATER COMPANY; SUN CITY
SEWER COMPANY; SUN CITY WEST
10 UTILITIES COMPANY; CITIZENS WATER
SERVICES COMPANY OF ARIZONA;
11 CITIZENS WATER RESOURCES
COMPANY OF ARIZONA; HAVASU
12 WATER COMPANY AND TUBAC VALLEY
WATER COMPANY, INC., FOR
13 APPROVAL OF THE TRANSFER OF THEIR
WATER AND WASTEWATER UTILITY
14 ASSETS AND THE TRANSFER OF THEIR
CERTIFICATES OF PUBLIC CONVENIENCE
15 AND NECESSITY TO ARIZONA-
AMERICAN WATER COMPANY AND FOR
16 CERTAIN RELATED APPROVALS.

DOCKET NOS. W-01032A-00-0192
W-01032B-00-0192
W-01032C-00-0192
S-02276A-00-0192
WS-02334A-00-0192
WS-03454A-00-0192
WS-03455A-00-0192
W-02013A-00-0192
W-01595A-00-0192
W-01303A-00-0192

SETTLEMENT AGREEMENT BETWEEN
ARIZONA CORPORATION
COMMISSION STAFF AND ARIZONA-
AMERICAN WATER COMPANY

17 On March 24, 2000, Citizens Utilities Company (now known as Citizens
18 Communications Company), its Agua Fria Water Division, its Mohave Water
19 Division, Sun City Water Company, Sun City Sewer Company, Sun City West
20 Utilities Company, Citizens Water Services Company of Arizona, Citizens Water
21 Resources Company of Arizona, Havasu Water Company and Tubac Valley Water
22 Company (collectively, "Citizens") and Arizona-American Water Company
23 ("Arizona-American") filed with the Arizona Corporation Commission
24 ("Commission") a joint application for the approval of the sale and transfer of
25 Citizens water and wastewater utility plant, property and assets in Arizona,
26 including transfer of Citizens' certificates of convenience and necessity

FENNEMORE CRAIG
ATTORNEYS AT LAW
PHOENIX

PHX/NJAMES/1109126.1/73244.021

DECISION NO. 63584

1 ("Certificates"), to Arizona-American pursuant to A.R.S. § 40-285.

2 The Commission's Utilities Division Staff ("Staff") has investigated the
3 application and has recommended that the application be approved by the
4 Commission, subject, however, to certain conditions and requirements, which are
5 set forth in the Direct Testimony of Linda A. Jaress, filed in this docket on August
6 14, 2000, at pages 18-19 ("Staff Recommendations"). Arizona-American has
7 indicated that it is willing to accept the Staff Recommendations, with the exception
8 of the recommendation that Citizens' advances in aid of construction ("AIAC") and
9 contributions in aid of construction ("CIAC") be imputed to Arizona-American.

10 Representatives of Staff and Arizona-American have had discussions
11 concerning the matters in dispute with respect to the application and have reached
12 a settlement. The purpose of this Settlement Agreement is to memorialize the
13 agreement that has been made by and among Staff and Arizona-American, which
14 resolves all areas of disagreement relating to the terms and conditions under which
15 Citizens' Arizona water and wastewater assets and Citizens' Certificates may be
16 transferred to Arizona-American.

17 1. AIAC Imputation; Amortization. As of December 31, 1999, Citizens'
18 AIAC balance was \$80,818,669. Citizens' AIAC balance as of the date on which
19 Citizens' water and wastewater assets and Certificates are transferred to Arizona-
20 American and Arizona-American becomes responsible for the provision of water
21 and wastewater services will be imputed to Arizona-American. Such imputation
22 shall be solely for ratemaking purposes. The total amount of AIAC imputed will be
23 adjusted as more particularly provided below. The adjusted amount of AIAC will be
24 amortized below the line (i.e., no impact on expenses) over a period of 6.5 years,
25 with the amortization period beginning on the day on which the transfer takes
26 place.

1 2. CIAC Imputation; Amortization. As of December 31, 1999, Citizens'
2 CIAC balance was \$4,734,430. Citizens' CIAC balance as of the date on which
3 Citizens' water and wastewater assets and Certificates are transferred to Arizona-
4 American and Arizona-American become responsible for the provision of water and
5 wastewater services will also be imputed to Arizona-American. Such imputation
6 shall be solely for ratemaking purposes. The total amount of CIAC to be imputed
7 to Arizona-American will also be adjusted as provided below. The adjusted CIAC
8 balance imputed to Arizona-American will be amortized above the line (i.e., as a
9 reduction to depreciation expense) over a period of 10 years, with the amortization
10 period beginning on the day on which the transfer takes place.

11 3. Adjustment to Recorded AIAC and CIAC Balances. The amounts of
12 AIAC and CIAC to be imputed to Arizona-American for ratemaking purposes will be
13 based on the actual balances shown on Citizens' regulatory books as of the date of
14 the transfer, adjusted as follows: An amount equal to five percent (5%) of
15 Citizens' AIAC balance at the time of the transfer will be reclassified as CIAC and
16 added to the CIAC balance, and the same amount will be deducted from Citizens'
17 AIAC balance in computing the amounts to be imputed to Arizona-American for
18 ratemaking purposes hereunder.

19 4. Adoption of Remaining Staff Recommendations. Arizona-American
20 agrees that the Commission may adopt the remaining Staff Recommendations, as
21 set forth in the Direct Testimony of Linda A. Jaress.

22 5. Deferral of Determination of Amortization Method. The parties agree
23 that Arizona-American's request for an accounting order to establish the
24 amortization method for any acquisition adjustment resulting from the transaction
25 should be deferred until a future rate case.

26 6. Transfer in the Public Interest. Based on the foregoing agreements

1 and understandings, Staff agrees that Arizona-American is a fit and proper entity to
2 acquire the Certificates and that the Commission should authorize and approve the
3 transfer of Citizens' Arizona water and wastewater assets to Arizona-American on
4 the terms set forth herein. No additional terms, conditions or requirements are
5 necessary or appropriate.

6 7. Support and Defend. This Settlement Agreement will be introduced as
7 an exhibit during the hearing on the application, presently set for September 27,
8 2000. Arizona-American and Staff will jointly request that the Settlement
9 Agreement be received into evidence, and agree to support and defend this
10 Settlement Agreement and the transfer of Citizens' water and wastewater assets
11 and the Certificates to Arizona-American on the terms set forth herein as just,
12 reasonable and appropriate based on the particular circumstances presented in this
13 application.

14 8. Compromise; No Precedent. This Settlement Agreement represents a
15 compromise in the positions of the parties hereto. By entering into this Settlement
16 Agreement, neither Staff nor Arizona-American acknowledges the validity or
17 invalidity of any particular method, theory or principle of regulation, or agrees that
18 any method, theory or principle of regulation employed in reaching a settlement is
19 appropriate for resolving any issue in any other proceeding, including (without
20 limitation) any issues that are deferred to a subsequent rate proceeding. Except as
21 specifically agreed upon in this Settlement Agreement, nothing contained herein
22 will constitute a settled regulatory practice or other precedent.

23 9. Privileged and Confidential Negotiations. All negotiations and other
24 communications relating to this Settlement Agreement are privileged and
25 confidential, and no party is bound by any position asserted during the
26 negotiations, except to the extent expressly stated in this Settlement Agreement.

1 As such, evidence of statements that were made or other conduct occurring during
2 the course of the negotiation of this Settlement Agreement is not admissible in any
3 proceeding before the Commission or a court.

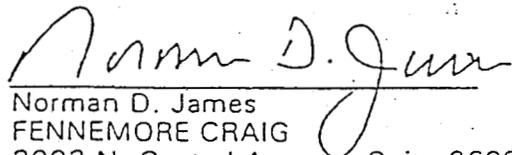
4 10. Complete Agreement. This Settlement Agreement represents the
5 complete agreement of the parties with respect to its subject matter. There are no
6 understandings or commitments other than those expressly set forth herein.

7 DATED this 26 day of September, 2000.

8 ARIZONA CORPORATION
9 COMMISSION STAFF

ARIZONA-AMERICAN WATER COMPANY

10 By: 
11 Steven M. Olea
12 Acting Director, Utilities Division
13 Arizona Corporation Commission
14 1200 West Washington Street
15 Phoenix, Arizona 85007

By: 
16 Norman D. James
17 FENNEMORE CRAIG
18 3003 N. Central Avenue, Suite 2600
19 Phoenix, Arizona 85012-2913
20 Attorneys for Arizona-American
21 Water Company

22 An original and 10 copies of the
23 foregoing was delivered this
24 ___ day of September, 2000, to:

25 Docket Control
26 Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007

A copy of the foregoing
was delivered this ___ day of
September, 2000, to:

Karen E. Nally
Assistant Chief Administrative
Law Judge
Hearing Division
Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007

1 A copy of the foregoing
2 was telecopied/delivered and mailed this ____
3 day of September, 2000, to:

4 Daniel W. Pozefsky
5 Staff Attorney
6 Residential Utility Consumer Office
7 2828 North Central Avenue
8 Suite 1200
9 Phoenix, AZ 85004
10 (602) 285-0350
11 Walter W. Meek, President
12 Arizona Utility Investors Association
13 P. O. Box 34805
14 Phoenix, AZ 85067
15 (602) 254-4300

16 Craig A. Marks
17 Associate General Counsel
18 Citizens Communications Company
19 2901 N. Central, Suite 1660
20 Phoenix, AZ 85012
21 (602) 265-3415

22 By: _____
23
24
25
26



Arizona-American Water Company

19820 North 7th Street, Suite 201 • Phoenix, Arizona 85024 • (623) 445-2400 • Fax (623) 445-2454

January 7, 2003

Daphne J. Green
Mayor
Town of Youngtown
12030 Clubhouse Square
Youngtown, Arizona 85363

SUBJECT: IRRIGATION WATER TARIFF**Maricopa Lake**

Dear Mayor:

Earlier last month I had the pleasure of meeting with Town Manager, Mr. Mark Fooks, and Public Works Director, Jesse Mendez, to discuss Arizona-American Water Company's (AAWC's) service to the Town of Youngtown (the "Town"). One of the discussion points covered in our meeting concerned Maricopa Lake and the desire by the Town to reduce its cost of water service by, among other things, changing service to a lower cost irrigation water rate rather than the current convention of billing pursuant to the general rate tariff. While the water district serving the Town does in fact have in its existing rate structure an irrigation water tariff, that rate is currently not available to the Town's water accounts.

AAWC does not have the authority to change rates for services to its customers; that power rests with the Arizona Corporation Commission. As you know, in November 2002, AAWC submitted applications for general rate increases for many of its water and wastewater systems, including the district serving Youngtown. This general rate proceeding provides an appropriate regulatory forum for the Town to request a revision to the irrigation water rate to allow it to cover service to the Town. The Town may do so by moving to intervene in the rate proceeding for such purpose. AAWC would not oppose such a motion and believes that this course of action will best suit both the needs of the Town and the resources of the ACC. Assuming the Town can demonstrate that the requested rate change is in the public interest and that no other party to the proceeding opposes the Town's request, it will likely be granted.

Kuta to Green

Page 2

1/7/2003

I trust that you will contact me should you have concerns on this matter or any other issues related to your service from AAWC. I look forward to continuing to work closely with your staff to learn how we may better serve Youngtown.

Sincerely,



Robert J. Kuta

Manager

Arizona-American Water Company

C: Mark Fooks, Town of Youngtown
Ray Jones, AAWC
David Stephenson, AWSC
Brian Biesemeyer, AAWC

Sun City Fire Department

August 17, 2003

Town of Youngtown
12030 North Clubhouse Square
Youngtown, Arizona 85363

Mayor Bryan Hackbarth,

This letter is to express concerns the Sun City Fire Department has with the current water system established inside the Town of Youngtown, Arizona.

There are several areas of the water system that have sub-standard size main and branch lines to support the required size and type of fire hydrants. These lines are to achieve required fire flows for residential and commercial structures. This requirement is in accordance with the Uniform Fire Code 1997 edition, which has been adopted by the Town of Youngtown as well the Sun City Fire District, in which the Town of Youngtown is a part of. Additional areas of concern are pocket areas of the Town of Youngtown in which there is a lack of fire hydrants as required per code. The standard required spacing for fire hydrants is 600 feet of travel distance.

The flow pressure of the water system is a concern. Appropriate flow pressure for fire departments use during emergency activities, pressure variants from static and residuals range wildly depending on the location and time of day the flow test are conducted.

I believe that long range planning and engineering with all parties involved is required. Planning with the water system operators, inclusive of the systems owners, Town Officials and the fire department is imperative. With proper planning we can provide adequate relief from it's current condition and provide a systematic upgrade to substandard areas of the system.

If you have need for additional information please feel free to contact me at your convenience at 6230974-2321 ext 13.

Sun City Fire Department



Steve D. Morrow Fire Marshal

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PREFILED DIRECT TESTIMONY OF ANDREW J. BURNHAM
ON BEHALF OF TOWN OF YOUNGTOWN

Docket No. WS-01303A-02-0867
Docket No. WS-01303A-02-0868
Docket No. WS-01303A-02-0869
Docket No. WS-01303A-02-0870
Docket No. WS-01303A-02-0908

SEPTEMBER 5, 2003

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I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Andrew J. Burnham and my business address is 2902 Isabella Blvd., Suite 20, Jacksonville Beach, Florida.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by Burton & Associates, Inc., a utility finance and economics consulting firm, as a Utility Rate Consultant.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE.

A. I earned a Bachelor of Business Administration degree as well as an Associate of PC Specialist degree from Lake Superior State University. In addition, I have completed a number of special courses on ratemaking and utility economics sponsored by industry organizations. I have been a Utility Rate Consultant with Burton & Associates since July of this year. Prior to joining Burton & Associates, I was employed by Consumers Energy Company in Michigan as a General Rate Analyst. A copy of my resume detailing my education and work experience is attached to this testimony as AJB Exhibit 1.

1 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS RATE CASE?**

2 **A.** I am testifying on behalf of the Town of Youngtown (“Youngtown” or “Town”).
3 As explained by Michael E. Burton (“Mr. Burton”) in his Direct Testimony,
4 Youngtown and its residents are customers of Arizona-American Water Company
5 (“Arizona American” or “Company”) and thus have a direct and substantial
6 interest in the outcome of the Company’s requested rate increase. As such, Mr.
7 Burton and I thoroughly analyzed Arizona-American’s Rate Increase Application
8 and associated schedules to determine whether the Company’s requested rate
9 increase was in the public interest and fair and reasonable to Youngtown and its
10 residents.
11

12
13
14 **II. SUMMARY OF RECOMMENDATIONS**

15 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
16 **PROCEEDING?**

17
18 **A.** I present the calculations of Burton & Associates’ recommendations as they apply
19 to certain components of the rate increase proposal put forth by Arizona-
20 American for the Sun City Water and Wastewater Districts. In conjunction with
21 certain calculations, I provide explanations as to the appropriateness of the
22 adjustments. I am sponsoring these as exhibits in connection with my testimony,
23 which have been made as modifications to the Arizona-American standard
24 schedules A- F for the Sun City Water and Wastewater Districts as filed by the
25 Company. I have not created a Schedule G or modified Arizona-American’s
26

1 filed Schedule H because our proposed adjustments are directly related to the total
2 amount of revenue necessary for the Sun City Water and Wastewater Districts,
3 and are independent of the allocation of any final revenue adjustments ultimately
4 authorized by the Commission in this rate case proceeding. The adjustments Mr.
5
6 Burton and I recommend on behalf of Youngtown are as follows:

- 7 1. The use of Original Cost Rate Base (“OCRB”) alone as the basis
8 for determining Fair Value Rate Base (“FVRB”) and deferring the
9 accounting treatment of the acquisition adjustment;
- 10 2. Extending the period used as the basis for annualizing certain
11 operating expenses;
- 12 3. Extending the time period over which rate case costs are amortized;
13 and
14
- 15 4. Modifying the phase-in of any rate increase, depending upon the
16 level of rate increase, which may be authorized by the Commission
17 in this proceeding.

18 Mr. Burton provides a thorough discussion and explanation for adjustment 1
19 above in his Direct Testimony. All of these specific adjustments are necessary to
20 the filed rate increase proposal of Arizona-American in order to produce fair and
21 reasonable rates that do not cause undue harm and burden to the ratepayers of the
22 Company’s Sun City Water and Wastewater Districts, including the Town of
23 Youngtown.
24
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1 **Q. PLEASE SUMMARIZE HOW THE ABOVE RECOMMENDED**
2 **ADJUSTMENTS WOULD AFFECT ARIZONA-AMERICAN'S**
3 **PROPOSED RATE INCREASE FOR THE SUN CITY WATER AND**
4 **WASTEWATER DISTRICTS?**

5
6 **A.** As explained in detail below, our analysis and the resulting recommended
7 adjustments show that a maximum potential rate increase of \$2,369,086 for the
8 Company's Sun City Water District can be justified. This represents a 38.25%
9 increase in Arizona-American's existing rates instead of the approximate 87%
10 increase proposed by the Company. Using our recommended phase-in approach
11 results in a 19.125% rate increase in the first year, and a subsequent 19.125%
12 increase in the second year, following a Commission order in this proceeding.
13 This compares to a 40% and 47% increase in the first and second years following
14 the Commission's order as proposed by Arizona-American.

15
16
17 For the Arizona-American's Sun City Wastewater District, our recommended
18 adjustments result in a (\$562,342) or an 11.05% decrease in the Company's
19 existing rates instead of the approximate 15% increase proposed by Arizona-
20 American. This full rate decrease would be effective immediately following the
21 Commission's order approving the rate decrease.

1 **III. OCRB AS FVRB AND DEFERRAL OF ACCOUNTING**
2
3 **TREATMENT OF ACQUISITION ADJUSTMENT**

4 **Q HOW DID YOU CALCULATE FVRB FOR THE SUN CITY WATER AND**
5 **WASTEWATER DISTRICTS?**

6 A. As recommended by Mr. Burton in his Direct Testimony, OCRB should serve as
7 FVRB instead of Reconstruction Cost New less Depreciation (“RCND”) rate base
8 as proposed by Arizona-American. Exhibit Schedule B-1 attached to this
9 testimony shows this calculation. For this calculation, the modified OCRB
10 calculation is simply carried over into the Fair Value Rate Base Column, which
11 serves as rate base for ratemaking purposes. The result is a FVRB of \$22,220,302
12 for the Company’s Sun City Water District and a FVRB of \$8,777,097 for the
13 Company’s Sun City Wastewater District.
14

15
16
17 **Q. ARE ANY EXPENSE AMOUNTS ATTRIBUTABLE TO ARIZONA-**
18 **AMERICAN’S SUN CITY WATER AND WASTEWATER DISTRICTS**
19 **AFFECTED BY THE USE OF OCRB AS FVRB?**

20 A. Yes. Exhibit Schedule C-2, pages X and Xa attached to this testimony, assume
21 that OCRB is to be used as FVRB for all of Arizona-American’s water and
22 wastewater districts that are the subject of this rate case. The resulting FVRB
23 values for each of Arizona-American’s districts are different from those proposed
24 by the Company as are the subsequent FVRB allocators, which are used for
25 allocating certain Arizona-American expenses such as insurance and office
26

1 expenses to each district. For the Company's Sun City Water District, the
2 allocation of annual insurance expense is reduced from \$84,152 to \$62,200, while
3 the allocation of annual office expenses is reduced from \$207,343 to \$153,255.
4 For Arizona-American's Sun City Wastewater District, the Company's proposed
5 allocation of annual insurance expense is reduced from \$34,960 to \$24,569, while
6 Arizona-American's proposed allocation of annual office expenses is reduced
7 from \$86,139 to \$60,536.
8

9
10 Another calculation affected is the synchronized interest expense. Since the
11 modified FVRB is lower than that proposed by Arizona-American, the calculated
12 interest expense is lower, and a larger adjustment to the test-year interest expense
13 is needed for each of the Company's districts. Exhibit Schedule C-2 Page 8
14 attached to this testimony shows the necessary adjustments. For Arizona-
15 American's Sun City Water District, the Company's proposed synchronization
16 interest expense was \$1,533,935, and the adjustment to the test-year interest
17 expense was (\$1,883,331). However, with the lower FVRB, the synchronization
18 interest expense is reduced to \$699,837, and the adjustment to the test-year
19 interest expense is (\$2,717,429). For Arizona-American's Sun City Wastewater
20 District, the Company's proposed synchronization interest expense was \$637,265,
21 and the adjustment to the test-year interest expense was (\$418,941). With the
22 lower FVRB, the synchronization interest expense is reduced to \$276,438, and the
23 adjustment to the test-year interest expense is (\$779,767).
24
25
26

1 The final calculated expense affected is annual property tax and the corresponding
2 adjustment to the test-year amount recorded. Arizona-American proposes to use
3 the same method as the Arizona Department of Revenue (“ADOR”), which I
4 understand determines annual property tax expense by using the average of three
5 years of revenue as the utility's full cash value and applies an assessment ratio to
6 calculate the assessed value to which the property tax is applied. Arizona-
7 American proposes to use as part of its 3-year revenue average the annual
8 proposed revenues for each of its districts, which are the sum of the amount of the
9 rate increase and the adjusted test-year revenues. Making our recommended
10 adjustments, the amount of the Company’s proposed rate increase is reduced. As
11 such, the annual calculation of property tax and the associated adjustment to the
12 test-year expense are affected. Arizona-American’s proposed annual expense for
13 its Sun City Water District was \$284,477 and the adjustment required to the test-
14 year expense was (\$51,855). After the appropriate adjustments are made, the
15 annual expense is reduced to \$248,483, which has a corresponding adjustment to
16 the test-year expense of (\$87,849). Arizona-American’s proposed annual expense
17 for its Sun City Wastewater District is \$193,701 and the adjustment required to
18 the test-year expense was \$43,837. After our proposed adjustments are made, the
19 annual expense is reduced to \$178,483, which has a corresponding adjustment to
20 the test-year expense of \$28,619. These calculations are shown on Schedule C-2,
21 Page 7 attached to this testimony.

1 **Q. WHAT MODIFICATIONS NEED TO BE MADE TO THE**
2 **CALCULATION OF OCRB FOR THE SUN CITY WATER AND**
3 **WASTEWATER DISTRICTS AS PROPOSED BY ARIZONA-**
4 **AMERICAN?**

5
6 **A. The Citizens' Acquisition Adjustment amounts on Exhibit Schedules B-1 and B-2**
7 (b shown attached to this testimony) were reduced to zero to reflect our position
8 that the determination of appropriate accounting treatment for an acquisition
9 adjustment should be deferred. Explanation for removing the acquisition
10 adjustment is provided in the Direct Testimony of Mr. Burton.

11
12
13 **Q. WHAT EXPENSE AMOUNTS ARE DIRECTLY AFFECTED BY**
14 **REMOVING THE ACQUISITION ADJUSTMENT RELATED TO**
15 **CITIZENS' ASSETS?**

16 **A. Only the depreciation expense amount and the corresponding adjustment to the**
17 test-year are affected. This is because the depreciation expense amount was
18 calculated by Arizona-American to include the amount of principal reduction of
19 the acquisition adjustment during the second year of the amortization schedule as
20 a depreciable expense. The expense associated with the amortization of the
21 acquisition adjustment for the Sun City Water District as proposed by Arizona-
22 American was \$20,500, which produced a total depreciation expense of
23 \$1,025,028 and an adjustment to the test-year depreciation expense of (\$174,912).
24 Deferring the acquisition adjustment reduces the total annual expense to
25
26

1 \$1,004,528, and the adjustment to the test-year expense of (\$195,412). According
2 to Arizona-American, the expense associated with the amortization of the
3 acquisition adjustment for the Sun City Wastewater District is \$11,100, which
4 produced a total depreciation expense of \$514,852 and an adjustment to the test-
5 year depreciation expense of (\$29,653). However, deferring the acquisition
6 adjustment, as we recommend, reduces the total annual expense to \$503,752, and
7 the adjustment to the test-year expense to (\$40,753). The modified expense
8 values are shown on Exhibit Schedule C-2, Page 6 attached to this testimony.
9

10
11 **Q. IF THE COMMISSION WAS TO DECIDE THE ISSUE OF**
12 **ACCOUNTING TREATMENT AND ALLOCATION OF AN**
13 **ACQUISITION ADJUSTMENT IN THIS PROCEEDING, DESPITE YOUR**
14 **POSITION TO THE CONTRARY, DO YOU AGREE WITH THE**
15 **PROPOSAL AS PUT FORTH BY ARIZONA-AMERICAN?**
16

17 **A.** We do not disagree with the proposed accounting treatment, however, we believe
18 the allocation of the acquisition adjustment among the Company's water and
19 wastewater districts should be based on net plant in service values as opposed to
20 gross plant values at the time the sale of the assets to Arizona-American closed.
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1 **Q. WHY IS IT MORE APPROPRIATE TO MAKE AN ALLOCATION**
2 **BASED UPON NET PLANT RATHER THAN GROSS PLANT?**

3 A. Because gross plant, or un-depreciated original cost, does not completely reflect
4 current value. Depreciation must be considered in the determination of current
5 value. Therefore, at the time the sale of Citizens' assets to Arizona-American was
6 closed, net plant values for each district, which consider depreciation, would
7 provide a better basis for allocating any acquisition adjustment to each district.
8

9
10 **IV. EXTENDING PERIODS OF CERTAIN EXPENSES FOR**
11 **ANNUALIZING COSTS**

12
13 **Q. WHAT ANNUALIZED EXPENSES SHOULD HAVE EXTENDED**
14 **PERIODS OF RECORDED COSTS USED IN CALCULATING ANNUAL**
15 **EXPENSE AMOUNTS?**

16 A. The Arizona-American group insurance expense, as well as the management fee
17 expense, should be based upon extended time periods for which cost data is
18 available. The group insurance expense on Exhibit 3 attached to this testimony
19 has appropriate cost data available extending back to the month of January.
20 However, the annualized expense as proposed by Arizona-American was based
21 on the time period of March to July only, despite the fact that the costs incurred in
22 January and February are indeed comparable to the months of June and July and
23 in fact are greater than the amount recorded in May. The Company's proposed
24 annual expense for group insurance was \$622,145. When the annualized expense
25
26

1 is calculated based on the monthly average cost spanning from January to July,
2 the annual expense is reduced to \$552,847. The group insurance annual expense
3 is part of the total salary and wage classification on Schedule C-2, Page Xa
4 attached to this testimony. Thus, Arizona-American's proposed cost allocation of
5 salary and wages to its Sun City Water and Wastewater Districts is reduced from
6 \$432,625 and \$72,104 to \$413,726 and \$68,954 respectively. The annualized
7 management fee expense as proposed by Arizona-American was based upon a
8 monthly cost average from April to July. Cost data was recorded from January
9 through July, and while January and February do appear to be incomplete, the
10 cost information recorded for March is very comparable to the costs recorded for
11 April through July and in fact is almost identical to the cost recorded in June. As
12 such, the annualized expense should be based on the cost information recorded
13 from March to July. As proposed by Arizona-American, the annualized expense
14 was \$5,153,711, of which \$926,122 was allocated to the Sun City Water District
15 and \$522,586 was allocated to the Sun City Wastewater District. When the
16 annualized expense is based on the March to July time period, however, the
17 annual expense is reduced to \$5,060,811, of which \$909,428 is allocated to the
18 Sun City Water District and \$513,166 is allocated to the Sun City Wastewater
19 District. These specific recalculated expenses for each district are shown on
20 Exhibit 4 attached to this testimony. Exhibit Schedule C-2, Page 11 attached to
21 this testimony shows a categorical summary of the total annual Arizona-American
22 expense allocations to each district.
23
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1 **V. AMORTIZATION PERIOD FOR RATE CASE EXPENSES**

2
3 **Q. WHAT IS THE APPROPRIATE TIME PERIOD OVER WHICH RATE**
4 **CASE EXPENSES SHOULD BE AMORTIZED?**

5 A. The appropriate time period over which rate case costs should be amortized is a
6 time period adequate to give the filing entity enough time to recover the total rate
7 case expense prior to it filing a new rate proceeding. Based on recent history, for
8 the Sun City Districts, this time period is approximately five (5) years. The most
9 recent rate order pertaining to the Sun City Water and Wastewater Districts came
10 on May 7, 1997, over five (5) years after the previous rate order issued on
11 February 21, 1992. The current rate case proceeding was initially filed with the
12 Commission on November 22, 2002, and will likely create a time span between
13 Commission Decisions of greater than six (6) years. As Arizona-American
14 proposes, the estimated rate case expenses would be amortized over a 3-year
15 period and the amount of the amortized annual expense above the level in the test-
16 year would be added as an adjustment to each district. As such, the Company's
17 total rate case expense proposed for its Sun City Water District was \$40,874,
18 which requires an adjustment to the test-year expense of \$29,000. The
19 Company's total rate case expense proposed for its Sun City Wastewater District
20 was \$33,583, which requires an adjustment to the test-year expense of \$21,019.
21 Re-calculating the expense based on a five (5) year amortization period produces
22 a total expense for the Sun City Water District of \$24,525, which requires an
23 adjustment to the test-year expense of \$12,651. Making the same re-calculation
24
25
26

1 for the Sun City Wastewater District produces a total expense of \$20,150, which
2 requires an adjustment to the test-year expense of \$7,586. The recalculated
3 expenses and test-year adjustments are identified on Exhibit Schedule C-2, Page 9
4 attached to this testimony.
5

6
7 **VI. CONFORMING CHANGES TO EXPENSES**

8
9 **Q. ARE THERE ANY EXPENSES THAT ARE AFFECTED BY YOUR**
10 **PROPOSED ADJUSTMENTS?**

11 A. Yes. The calculation of income taxes is a direct result of Arizona-American's net
12 profit or loss, which essentially equals revenues minus expenses. Because test-
13 year revenues remain constant and many of our proposed adjustments affect
14 expenses, the Sun City Water and Wastewater Districts' test-year profit or loss
15 calculations are subsequently affected. Since our proposed adjustments serve to
16 reduce adjusted test-year expense amounts, they increase the amount of profit or
17 reduce the magnitude of loss for the test-year, which therefore increases the
18 amount of the income tax expense. Once the entire rate related adjustments we
19 recommend are implemented, the cumulative effects on this expense can be
20 observed. As proposed by Arizona-American, the annual income tax expense for
21 the adjusted test-year for the Sun City Water District was (\$665,050) and for the
22 Sun City Wastewater District it was \$216,390. After our proposed adjustments
23 have been made, the expense for the Sun City Water District is (\$271,892) and for
24 the Sun City Wastewater District it is \$389,754. The recalculated expenses for
25
26

1 the adjusted test-year for each district are identified on Exhibit Schedule C-1
2 attached to this testimony along with all other test-year adjusted expenses.
3 Exhibit Schedule C-2, Page 1 attached to this testimony contains a summary of
4 the recalculated adjustments made to certain test-year expenses for each of the
5 Sun City Districts.
6

7
8 **VII. RATE INCREASE PHASE-IN PERIOD**

9
10 **Q. WHAT DO YOU RECOMMEND TO MITIGATE POTENTIAL RATE**
11 **SHOCK TO CUSTOMERS DEPENDING UPON THE ORDER OF**
12 **MAGNITUDE OF THE FINAL RATE INCREASE AUTHORIZED BY**
13 **THE COMMISSION?**

14 **A.** I recommend that if the final rate increase authorized for any of the Sun City
15 Districts is greater than or equal to 20% and less than or equal to 40%, it be
16 equally divided over a two-year period immediately following a Commission
17 order. If the final authorized rate increase is greater than 40%, it should be
18 equally divided over a three-year period. As proposed by Arizona-American,
19 customers would see no more than a 40% increase in their rates in the first year
20 following a Commission order in this proceeding, and the balance would be
21 recovered in the subsequent year. As proposed by Arizona-American, customers
22 in the Sun City Water District, would see a 40% hike in the first year following a
23 Commission order and approximately a 47% increase in the second year. Under
24 my recommended approach, should Arizona-American's rate relief request be
25
26

1 adopted, customers would see approximately a 29% increase in their rates each
2 year for the next three (3) years. My recommended approach goes further to
3 mitigate rate shock, which is especially critical for communities comprised of a
4 significant number of citizens with low and/or fixed incomes.
5

6
7 **VIII. SUMMARY AND RESULTS**

8
9 **Q. WHAT IS THE MAXIMUM RATE INCREASE YOU BELIEVE MAY BE**
10 **JUSTIFIED FOR ARIZONA-AMERICAN'S SUN CITY WATER AND**
11 **WASTEWATER DISTRICTS BASED UPON YOUR ANALYSIS OF THE**
12 **COMPANY'S RATE INCREASE APPLICATION?**

13 **A.** Our analysis shows that an ultimate rate increase no higher than \$2,369,086 for
14 Arizona-American's Sun City Water District is justified based on the evidence
15 presented by the Company in its Rate Increase Application. This represents a
16 38.25% increase above Arizona-American's existing rates instead of the
17 approximate 87% increase proposed by the Company. This would result in a
18 19.125% increase in the first year following the Commission order approving the
19 rate increase and a subsequent 19.125% increase in the second year following the
20 Commission's order. This compares to a 40% and 47% increase in the first and
21 second years following the Commission's order as proposed by the Company.
22

23
24 For Arizona-American's Sun City Wastewater District, the justifiable annual rate
25 increase would be (\$562,342) or an 11.05% decrease from the Company's
26

1 existing rates instead of the approximate 15% increase proposed by Arizona-
2 American. This full rate decrease would be effective immediately following the
3 Commission's order approving such a decrease.
4

5
6 The final rate increase or decrease warranted for each of Arizona-American's Sun
7 City Districts is shown on Exhibit Schedule A-1 attached to this testimony, which
8 then flows into Exhibit Schedule A-2 for determining net income. The net
9 income from Exhibit Schedule A-2 is then used on Exhibit Schedule A-5 attached
10 to this testimony, which is the summary statement of cash flows.
11

12
13 Of course these figures assume the cost of capital and return values requested by
14 Arizona-American are fair and reasonable, that all plant claimed to be in service
15 by Arizona-American is servicing the public and that no other adjustments to
16 expenses or plant is found to be necessary or appropriate by the Commission.
17 Such issues were beyond the scope of Burton & Associates' initial investigation
18 and the failure of Mr. Burton or myself to comment on any of them should not be
19 taken as acceptance of Arizona-American's position.
20

21
22 **Q. DOES THIS CONCLUDE YOUR PREFILED DIRECT TESTIMONY?**

23 **A. Yes.**
24

ANDREW BURNHAM

RESUME



SUMMARY

Mr. Burnham is a Utility Rate Consultant. He has experience on utility projects that include revenue sufficiency analyses and development of comprehensive financial plans, modeling of financial implications of energy policies, rate design, wholesale cost of service analyses, and contract administration. He has frequently prepared expert witness testimony and provided affidavits in state and federal proceedings.

Andy has been also responsible for a variety of issues and initiatives, including the coordination of federal regulatory filings for Consumers Energy Company, a public electric and gas utility that serves over 3 million customers. He has performed utility revenue and profit margins on a macro and micro level to determine the utility's financial exposure in competitive markets and has coordinated company initiatives in federal regulatory proceedings. He has analyzed the financial impacts upon utilities of the implementation of federal utility policy, and he has assisted with filings that comply with regulatory directives. He has diverse financial and analytical skills, including statistical modeling, revenue and load forecasting and budgeting, as well as the creation of innovative pricing structures.

Prior to joining Burton & Associates, Andy was a General Rate Analyst and Federal Regulatory Affairs Section representative for Consumers Energy. Consumers Energy is one of the largest combination utilities, providing electric and natural gas service to more than 6 million of Michigan's 9.5 million residents, in all 68 of the counties of Michigan's Lower Peninsula. While at Consumers, his responsibilities encompassed federal energy policy Federal Energy Regulatory Commission ("FERC") actions. Andy served as the key technical expert in evaluating proposed transmission rate filings and was responsible for identifying and quantifying their fundamental effects and financial impacts. Frequently he represented Consumers Energy as its rate expert in federal settlement negotiations, stakeholder processes, and trade associations.

EXPERTISE

Functional areas of expertise and direct consulting experience include:

- Utility Financial Modeling & Analyses Including Cost of Service
- Revenue Sufficiency Analyses

- Continued -

Burton & Associates

ANDREW BURNHAM

RESUME



EXPERTISE - CONTINUED

- Utility Rate Structure Design
- Budget Preparation & Financial Reporting
- Specific Service Charge Analyses
- Strategic Planning & Analyses
- Expert Witness Testimony
- Settlement Negotiations & Representation
- Billing Processes & Daily Operations Analyses
- Development & Evaluation of Innovative Rate Structures utilized in a RTO

BUSINESS EXPERIENCE

Rate Analyst & Consultant 2003 – Present
Burton & Associates

General Rate Analyst 2003
Federal Regulatory Affairs
Consumers Energy Company

Rate Analyst 2001-2003
Federal Regulatory Affairs
Consumers Energy Company

Rate Analyst 2001
Rate Administration
Consumers Energy Company

Burton & Associates

ANDREW BURNHAM

RESUME



EDUCATION

Bachelor of Business Administration
Lake Superior State University US-Michigan-Sault Ste. Marie
Graduated Magna Cum Laude
Recipient of Outstanding Business Student Award
December 2000

Associate Of Personal Computer Specialist
Lake Superior State University US-Michigan-Sault Ste. Mari
December 2000

Youngtown - Sun City Water
Index of Modified Standard Filing Schedules
Reflecting Town of Youngtown's Proposed Adjustments

Schedule
No.

- | | |
|-----|--|
| A-1 | Summary of the Increase in revenue requirement and the spread of the revenue increase by customer classification |
| A-2 | Summary of the results of operations for the test year and for the test year and the two fiscal years ended prior to the end of the test year, compared with the projected year. |
| A-5 | Summary of changes in financial position for the test year and the two fiscal years ended prior to the test year, compared to the projected year |
| B-1 | Schedule showing the elements of original cost and RCND rate bases. |
| B-2 | Schedule listing pro forma adjustments to gross plant in service and accumulated depreciation for the original cost rate base |
| C-1 | Test year income statement, with pro forma adjustments. |
| C-2 | Schedule showing the detail of all pro forma adjustments. |
| F-1 | Projected income statements for the projected year compared with the test year, at present and proposed rates. |
| F-2 | Projected changes in financial position for the projected year compared with the test year, at present and proposed rates |

Youngtown - Sun City Water
 Test Year Ended December 31, 2001
 Computation of Increase in Gross Revenue
 Requirements As Adjusted

Exhibit
 Schedule A-1
 Page
 Witness: Burnham

Line
No.

1	Fair Value Rate Base				
2					\$ 22,220,302
3	Adjusted Operating Income				267,326
4					
5	Current Rate of Return				1.20%
6					
7	Required Operating Income				\$ 1,721,971
8					
9	Required Rate of Return on Fair Value Rate Base				7.75%
10					
11	Operating Income Deficiency				\$ 1,454,646
12					
13	Gross Revenue Conversion Factor				1.6286
14					
15	Increase in Gross Revenue Requirement				\$ 2,369,086
16					
17					

19	Customer	Present	Proposed	Dollar	Percent
20	<u>Classification</u>	<u>Rates</u>	<u>Rates</u>	<u>Increase</u>	<u>Increase</u>
21	5/8 X 3/4 Inch Meter			\$ -	38.25%
22	1 Inch Meter			-	38.25%
23	1.5 Inch Meter - Commercial			-	38.25%
24	2 Inch Meter			-	38.25%
25	Construction Water			-	38.25%
26	Church			-	38.25%
27	Golf Course			-	38.25%
28	Private Fire			-	38.25%
29	Public Authority			-	38.25%
30	Miscellaneous Revenues			-	38.25%
31				-	38.25%
32	Total of Water Revenues	\$0	\$0	\$ -	38.25%
33					
34					
35					

36 SUPPORTING SCHEDULES:
 37 B-1
 38 C-1
 39 C-3
 40 H-1

Youngtown - Sun City Water
 Test Year Ended December 31, 2001
 Summary of Results of Operations

Exhibit
 Schedule A-2
 Page 1
 Witness: Burnham

Line No.	Description	Prior Years Ended			Test Year		Projected Year	
		12/31/1998	12/31/1999	12/31/2000	Actual 12/31/2001	Adjusted 12/31/2001	Present Rates 12/31/2002	Proposed Rates 12/31/2002
1	Gross Revenues	\$ 6,265,249	\$ 6,433,486	\$ 7,139,309	\$ 6,559,683	\$ 6,193,090	\$ 6,193,090	\$ 8,562,177
2								
3	Revenue Deductions and	5,434,325	6,184,488	6,510,567	6,258,802	5,925,765	5,925,765	6,840,206
4	Operating Expenses							
5								
6	Operating Income	\$ 830,924	\$ 248,998	\$ 628,742	\$ 301,081	\$ 267,326	\$ 267,326	\$ 1,721,971
7								
8	Other Income and	(30,460)	(121,446)	(185,926)	(37,045)	-	-	-
9	Deductions							
10								
11	Interest Expense	-	13	101	3,417,266	699,837	699,837	699,837
12								
13	Net Income	\$ 800,464	\$ 127,539	\$ 442,715	\$ (3,153,230)	\$ (432,512)	\$ (432,512)	\$ 1,022,134
14								
15	Earned Per Average							
16	Common Share	1.74	0.28	0.96	(6.85)	(0.94)	(0.94)	2.22
17								
18	Dividends Per							
19	Common Share	-	-	-	-	-	-	1.67
20								
21	Payout Ratio	-	-	-	-	-	-	0.75
22								
23	Return on Average							
24	Invested Capital	4.94%	0.39%	1.25%	-9.13%	-1.17%	-1.56%	3.68%
25								
26	Return on Year End							
27	Capital	2.47%	0.39%	1.17%	-9.13%	-1.17%	-1.45%	3.42%
28								
29	Return on Average							
30	Common Equity	4.17%	0.40%	1.39%	-10.35%	-1.38%	-3.89%	9.19%
31								
32	Return on Year End							
33	Common Equity	2.54%	0.40%	1.38%	-10.92%	-1.37%	-3.61%	8.54%
34								
35	Times Bond Interest Earned							
36	Before Income Taxes	-	11,289.85	7,479.17	0.12	(0.01)	(0.01)	3.38
37								
38	Times Total Interest and							
39	Preferred Dividends Earned							
40	After Income Taxes	-	9,811.69	4,384.32	0.08	0.38	0.38	2.46
41								
42								
43	<u>SUPPORTING SCHEDULES</u>							
44	C-1							
45	E-2							
46	F-1							

Youngtown - Sun City Water
 Test Year Ended December 31, 2001
 Summary Statements of Cash Flows

Exhibit
 Schedule A-5
 Page 1
 Witness: Burnham

Line
 No.

	Prior Year Ended <u>12/31/1998</u>	Prior Year Ended <u>12/31/1999</u>	Prior Year Ended <u>12/31/2000</u>	Test Year Ended <u>12/31/2001</u>	Projected Year Present Proposed Rates Rates <u>12/31/2002 12/31/2002</u>	
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
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45						

SUPPORTING SCHEDULES:

E-3

F-2

Youngtown - Sun City Water
 Test Year Ended December 31, 2001
 Summary of Rate Base

Exhibit
 Schedule B-1
 Page 1
 Witness: Burnham

<u>Lino</u> <u>No.</u>		<u>Original Cost</u> <u>Rate base</u>	<u>RCND</u> <u>Rate base</u>	<u>Fair Value</u> <u>Rate base (OCRB Only)</u>
1				
2	Gross Utility Plant In Service	\$ 39,396,793	\$ 87,395,276	\$ 39,396,793
3	Less: Accumulated Depreciation	13,717,002	31,018,998	13,717,002
4				
5	Net Utility Plant In Service	\$ 25,679,791	\$ 56,376,278	\$ 25,679,791
6				
7	Less:			
8	Advances in Aid of			
9	Construction	2,331,186	5,171,351	2,331,186
10	Contributions In Aid of			
11	Construction - Net of amortization	1,127,078	2,500,237	1,127,078
12	Customer Meter Deposits	1,225	1,225	1,225
13	Deferred Income Taxes & Credits	-	-	-
14	Investment tax Credits	-	-	-
15	Plus:			
16	Unamortized Finance			
17	Charges	-	-	-
18	Deferred Tax Assets	-	-	-
19	Allowance for Working Capital	-	-	-
20	Citizens Acquisition Adjustment	-	-	-
21				
22	Total Rate Base	\$ 22,220,302	\$ 48,703,466	\$ 22,220,302

26 SUPPORTING SCHEDULES:
 27 B-2
 28 B-3
 29 B-5
 30 E-1

RECAP SCHEDULES:
 A-1

Youngtown - Sun City Water
 Test Year Ended December 31, 2001
 Original Cost Rate Base Proforma Adjustments

Exhibit
 Schedule B-2
 Page 1
 Witness: Burnham

Line No.		Actual at End of <u>Test Year</u>	Proforma Adjustments <u>Label</u>	<u>Amount</u>	Adjusted at end of <u>Test Year</u>
1	Gross Utility				
2	Plant In Service	\$ 36,367,124	(1)	897,345	\$ 39,396,793
3			(2)	2,002,900	
4	Less:		(6)	-	
5			(8)	129,424	
6	Accumulated				
7	Depreciation	<u>13,169,068</u>	(3)	547,933	<u>13,717,002</u>
8					
9	Net Utility Plant				
10	In Service	\$ 23,198,056			\$ 25,679,791
11					
12	Less:				
13	Advances in Aid of				
14	Construction (Ratemaking Purposes Only)	2,441,606	(4a)	-	2,331,186
15			(5a)	(110,420)	
16	Contributions in Aid of				
17	Construction - Net (Ratemaking	1,017,908	(4b)	(1,250)	1,127,078
18	Purposes Only)		(5b)	110,420	
19	Customer Meter Deposits	1,225			1,225
20	Deferred Income Taxes	-			-
21	Investment Tax Credits	-			-
22	Plus:				
23	Unamortized Finance				
24	Charges	-			-
25	Deferred Tax Assets	-			-
26	Working capital	-			-
27	Citizens Acquisition Adjustment	-	(7)	-	-
28					
29	Total	<u><u>\$ 19,737,317</u></u>			<u><u>\$ 22,220,302</u></u>
30					
31					

- 32 (1) Additional Plant at Closing
- 33 (2) Plant to be completed by 12/31/2002.
- 34 (3) Additional Accumulated Depreciation at Closing
- 35 (4) Increase (decrease) AIAC (4a) and CIAC (4b) to Amount at Closing
- 36 (5) Adjust AIAC (5a) and CIAC (5b) for Ratemaking Purposes
- 37 (6) Intentionally Left Blank
- 38 (7) Acquisition Adjustment Premium

40 SUPPORTING SCHEDULES:

41 B-2
 42 E-1

RECAP SCHEDULES:

B-1

Youngtown - Sun City Water
 Test Year Ended December 31, 2001
 Income Statement

Exhibit
 Schedule C-1
 Page 1
 Witness: Burnham

Line No.		Test Year Book Results	Label	Adjustment	Test Year Adjusted Results	Proposed Rate Increase	Adjusted with Rate Increase
1	Revenues						
2	Metered Water Revenues	\$ 6,446,264	11/17	(366,593)	\$ 6,079,671	2,389,086	\$ 8,448,758
3	Unmetered Water Revenues						
4	Other Water Revenues	113,419			113,419		113,419
5		<u>\$ 6,559,683</u>		<u>\$ (366,593)</u>	<u>\$ 6,193,090</u>	<u>\$ 2,389,086</u>	<u>\$ 8,582,177</u>
6	Operating Expenses						
7	Salaries and Wages	\$ 833,869	2a, 4a, 10a	314,205	\$ 1,148,174		\$ 1,148,174
8	Purchased Water	515,909	18	(515,909)	-		-
9	Purchased Power	1,377,044	1b, 16	39,366	1,416,410		1,416,410
10	Chemicals	17,413	1c	-	17,413		17,413
11	Repairs and Maintenance	540,312	1d	37	540,349		540,349
12	Office Supplies and Expenses	169,518	1a, 10b	259,534	429,053		429,053
13	Outside Services	104,564	1f	(70,923)	93,641		93,641
14	Service Company Charges	-	3	909,428	909,428		909,428
15	Water Testing	-	13	6,878	6,878		6,878
16	Rents	2,570	1a, 12	25,799	28,369		28,369
17	Transportation Expenses	22			22		22
18	Insurance - General Liability	78,436	1h, 10c	(12,540)	65,896		65,896
19	Insurance - health and Life	-			-		-
20	Regulatory Commission Expense - Rate Case	11,074	8	12,651	24,525		24,525
21	Miscellaneous Expense	864,694	11, 10d	(564,572)	300,122		300,122
22	Depreciation Expense	1,199,940	5	(195,412)	1,004,528		1,004,528
23	Taxes Other Than Income	114,600	1a, 2b, 4b	(52,615)	62,065		62,065
24	Property Taxes	238,634	6	(67,849)	150,785		150,785
25	Income Tax	129,022			(271,892)		842,549
26							
27	Total Operating Expenses	<u>\$ 6,258,802</u>		<u>\$ 68,077</u>	<u>\$ 5,925,765</u>	<u>\$ -</u>	<u>\$ 6,840,208</u>
28	Operating Income	<u>\$ 301,081</u>		<u>\$ (434,669)</u>	<u>\$ 267,328</u>	<u>\$ 2,389,086</u>	<u>\$ 1,721,971</u>
29	Other Income (Expense)						
30	Interest Income				-		-
31	Other Income	26,688	14a	(26,688)	-		-
32	Interest Expense	(3,417,266)	7	2,717,429	(699,837)		(699,837)
33	Other Expense	(63,731)	14b	63,731	-		-
34	Gain/Loss Sale of Fixed Assets				-		-
35	Total Other Income (Expense)	<u>\$ (3,454,309)</u>		<u>\$ 2,751,472</u>	<u>\$ (699,837)</u>	<u>\$ -</u>	<u>\$ (699,837)</u>
36	Net Profit (Loss)	<u>\$ (3,153,228)</u>		<u>\$ 2,319,802</u>	<u>\$ (432,512)</u>	<u>\$ 2,389,086</u>	<u>\$ 1,022,134</u>

37
 38 SUPPORTING SCHEDULES:
 39 C-2
 40 E-2

RECAP SCHEDULES:
 A-1

Youngtown - Sun City Water
 Test Year Ended December 31, 2001
 Adjustments to Revenues and Expenses

Exhibit
 Schedule C-2
 Page 1
 Witness: Burnham

Line No.	<u>Adjustments to Revenues and Expenses</u>						<u>Subtotal</u>	
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>		
1	Revenues							
2								
3	Expenses	(741,541)	(948,649)	909,428	796,513	(195,412)	(87,849)	
4							(267,510)	
5	Operating							
6	Income	741,541	948,649	(909,428)	(796,513)	195,412	87,849	
7							267,510	
8	Interest							
9	Expense							
10	Other							
11	Income /							
12	Expense							
13								
14	Net Income	741,541	948,649	(909,428)	(796,513)	195,412	87,849	
15							267,510	
16								
17								
18		<u>Adjustments to Revenues and Expenses</u>						
19	Revenues	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>	
20						100,185	Subtotal	
21	Expenses		12,651	-	766,041		100,185	
22						25,799	536,981	
23	Operating							
24	Income	-	(12,651)	-	(766,041)	100,185	(25,799)	
25							(436,795)	
26	Interest							
27	Expense	2,717,429						
28	Other						2,717,429	
29	Income /							
30	Expense							
31								
32	Net Income	2,717,429	(12,651)	-	(766,041)	100,185	(25,799)	
33							2,280,633	
34								
35								
36		<u>Adjustments to Revenues and Expenses</u>						
37	Revenues	<u>13</u>	<u>14</u>	<u>15</u>	<u>16</u>	<u>17</u>	<u>18</u>	
38						(466,778)	Total	
39	Expenses	6,878		-	40,127		(366,593)	
40						(515,909)	68,077	
41	Operating							
42	Income	(6,878)	-	-	(40,127)	(466,778)	515,909	
43							(434,669)	
44	Interest							
45	Expense							
46	Other						2,717,429	
47	Income /		37,043					
48	Expense						37,043	
49								
50	Net Income	(6,878)	37,043	-	(40,127)	(466,778)	515,909	
							2,319,802	

Youngtown - Sun City Water
Test Year Ended December 31, 2001
Adjustments to Revenues and Expenses
Adjustment Number 3

Exhibit
Schedule C-2
Page 4
Witness: Burnham

Line No.			
1	<u>Service Company Charges</u>		
2			
3	Total Service Charges	\$ 5,060,811	
4	Allocation Factor (4 Factor Formula)	0.1797	
5	Total Charges		<u>\$ 909,428</u>
6			
7			
8			
9			
10			
11			
12			
13	Adjustment to Revenues and/or Expenses		<u>\$ 909,428</u>

Youngtown - Sun City Water
 Test Year Ended December 31, 2001
 Adjustments to Revenues and Expenses
 Adjustment Number 5

Exhibit
 Schedule C-2
 Page 6
 Withnott, Burnham

Line No.	Account No.	Description	Original Cost	Rate	Depreciation Expense
1	<u>Depreciation Expense</u>				
2					
3					
4		Intangible			
5					
6	301.00	Organization	\$ 471	0.00%	\$ -
7	302.00	Franchises	2,851	0.00%	-
8	303.00	Miscellaneous Intangibles	4,591	0.00%	-
9		Subtotal Intangible	<u>\$ 7,913</u>		<u>\$ -</u>
10					
11		Source of Supply			
12	310.00	Land and Land Rights	\$ 180,083	0.00%	\$ -
13	311.00	Structures and Improvements	881,796	2.50%	18,546
14	312.00	Collecting and Impounding Res.	314	2.50%	8
15	313.00	Lakes, Rivers, Other Intakes	-	0.00%	-
16	314.00	Wells and Springs	2,387,315	2.52%	60,180
17		Subtotal Source of Supply	<u>\$ 3,229,508</u>		<u>\$ 78,713</u>
18					
19		Pumping			
20	320.00	Land and Land Rights	\$ 8,458	0.00%	\$ -
21	321.00	Structures and Improvements	582,491	1.87%	9,728
22	323.00	Other Power Production	9,554	4.42%	422
23	325.00	Electric Pumping Equipment	8,603,888	4.42%	291,979
24	328.00	Diesel Pumping Equipment	25,151	5.00%	1,258
25	328.10	Gas Engine Pumping Equipment	248,781	5.01%	12,514
26		Subtotal Pumping	<u>\$ 7,481,300</u>		<u>\$ 315,801</u>
27					
28		Water Treatment			
29	330.00	Land and Land Rights	\$ -	0.00%	\$ -
30	331.00	Structures and Improvements	80,580	1.87%	1,346
31	332.00	Water Treatment Equipment	407,427	4.00%	10,297
32		Subtotal Water Treatment	<u>\$ 488,007</u>		<u>\$ 17,643</u>
33					
34		Transmission and Distribution			
35	340.00	Land and Land Rights	\$ 10,483	0.00%	\$ -
36	341.00	Structures and Improvements	28,804	2.00%	572
37	342.00	Distribution, Reservoirs, & ST	1,374,148	1.87%	22,948
38	343.00	Transmission and Distribution	12,357,895	1.53%	189,076
39	344.00	Fire Mains	-	0.00%	-
40	345.00	Services	4,783,798	2.48%	118,030
41	346.00	Motors	3,232,044	2.51%	81,124
42	348.00	Hydrants	1,797,909	2.00%	36,958
43	349.00	Other Transmission & Distribution	523	2.00%	10
44		Subtotal Transmission and Distribution	<u>\$ 23,585,412</u>		<u>\$ 448,327</u>
45					
46		General			
47	388.00	Land and Land Rights	\$ 1,183	0.00%	\$ -
48	380.00	Structures and Improvements	798,274	1.87%	13,331
49	381.00	Office Furniture and Equipment	237,788	4.59%	10,914
50	391.10	Computer Equipment	340,444	4.59%	15,628
51	392.00	Transportation Equipment	428,409	25.00%	107,102
52	393.00	Stores Equipment	6,847	3.91%	268
53	394.00	Tools, Shop and Garage	97,973	4.02%	3,939
54	395.00	Laboratory Equipment	31,035	3.71%	1,151
55	396.00	Power Operated Equipment	28,679	5.20%	1,481
56	397.00	Communication Equipment	137,843	10.30%	14,177
57	398.00	Miscellaneous Equipment	68,047	4.93%	3,258
58		Subtotal General	<u>\$ 2,174,303</u>		<u>\$ 171,207</u>
59					
60					
61		Youngtown Plant	(148,487)	2.83%	(4,205)
62		ADFUC adjustment 3/95	(450,822)	2.83%	(12,788)
63		TOTALS	<u>\$ 30,367,124</u>		<u>\$ 1,012,889</u>
64					
65					
66					
67		Proforma Plant (to be completed by 12/31/2002)	\$ 3,029,889	2.8318%	85,794
68					
69		Amortization of Deferred Regulatory Assets	\$ 660,877	2.8318%	18,673
70					
71		Less: Amortization of Contributions	\$ 1,127,078	10.0000%	(112,708)
72					
73		Total Depreciation Expense			<u>\$ 1,004,528</u>
74					
75		Test Year Depreciation Expense			<u>1,199,840</u>
76					
77		Increase (decrease) in Depreciation Expense			<u>(195,412)</u>
78					
79		Adjustment to Revenues and/or Expenses			<u>\$ (195,412)</u>

Youngtown - Sun City Water
Test Year Ended December 31, 2001
Adjustments to Revenues and Expenses
Adjustment Number 6

Exhibit
 Schedule C-2
 Page 7
 Witness: Burnham

Line No.		
1	<u>Adjust Property Taxes to Reflect Proposed Revenues:</u>	
2		
3	Revenues in year ended 12/31/01	\$ 6,559,883
4	Adjusted Revenues in year ended 12/31/01	6,193,090
5	Proposed Revenues	<u>8,562,177</u>
6	Average of three year's of revenue	<u>\$7,104,983</u>
7	Average of three year's of revenue, times 2	<u>\$14,209,967</u>
8	Add:	
9	Construction Work in Progress at 10%	
10	Deduct:	
11	Book Value of Transportation Equipment	247,444
12	Book Value of Transportation Equipment (proforma)	<u>176,600</u>
13	Total Book Value of Transportation Equipment	<u>\$ 424,044</u>
14		
15	Full Cash Value	\$ 13,785,923
16	Assessment Ratio	25%
17	Assessed Value	<u>3,446,481</u>
18	Property Tax Rate	7.205292%
19		
20	Property Tax	248,329
21	Tax on Parcels	154
22		
23	Total Property Tax at Proposed Rates	<u>\$ 248,483</u>
24	Property Taxes in the test year	<u>336,332</u>
25	Change in Property Taxes	<u>\$ (87,849)</u>
26		
27		
28	Adjustment to Revenues and/or Expenses	<u>\$ (87,849)</u>

Youngtown - Sun City Water
Test Year Ended December 31, 2001
Adjustments to Revenues and Expenses
Adjustment Number 7

Exhibit
Schedule C-2
Page 8
Witness: Burnham

Line No.		
1	<u>Interest Synchronization with Rate Base</u>	
2		
3	Fair Value Rate Base	\$22,220,302
4	Weighted Cost of Debt from Schedule D-1	3.15%
5	Synchronized Interest Expense	<u>699,837</u>
6	Test Year Interest Expense, Per Books	<u>3,417,266</u>
7	Increase in Interest Expense	<u>\$ (2,717,429)</u>
8		
9	Adjustment to Revenues and/or Expense	<u>2,717,429</u>

Youngtown - Sun City Water
Test Year Ended December 31, 2001
ADJUSTMENTS TO REVENUES AND/OR EXPENSES
Adjustment Number 8

Exhibit
Schedule C-2
Page 9
Witness: Burnham

Line
No.

1	<u>Rate Case Expense</u>		
2			
3	Estimated Rate Case Expense	\$	122,623
4			
5	Estimated Amortization Period in Years		5
6			
7	Annual Rate Case Expense	\$	<u>24,525</u>
8			
9	Test Year Rate Case Expense	\$	11,874
10			
11	Increase(decrease) Rate Case Expense	\$	<u>12,651</u>
12			
13	Adjustment to Revenue and/or Expense	\$	<u>24,525</u>

Youngtown • Sun City Water
Test Year Ended December 31, 2001
ADJUSTMENTS TO REVENUES AND/OR EXPENSES
Adjustment Number 10

Exhibit
Schedule C-2
Page 11
Witness: Burnham

Line No.			Adjustment Label
1	<u>Projected Additional Expenses</u>		
2			
3			
4	Salaries & Wagos	\$ 413,726	10a
5	Office Expense	286,670	10b
6	Insurance	62,200	10c
7	Misc Expense	3,446	10d
8			
9			
10			
11	Adjustment to Revenue and/or Expense	<u>\$ 766,041</u>	

Youngtown - Sun City Water
 Test Year Ended December 31, 2001
 Adjustments to Revenues and Expenses

Exhibit
 Schedule C-2
 Page 1
 Witness: Burnham

Line No.	Adjustments to Revenues and Expenses						Subtotal
	1 Remove Citizens Corp. Allocations	2 Remove T.Y. Salaries & Wages	3 Service Company Charges	4 Projected Salaries & Wages	5 Depreciation Expense	6 Property Taxes	
3	Revenues						
5	(741,541)	(948,849)	909,428	796,513	(195,412)	(87,849)	(267,510)
7	Expenses						
8	741,541	948,849	(909,428)	(796,513)	195,412	87,849	267,510
10	Interest Expense						
11	Other Income / Expense						
16	741,541	948,849	(909,428)	(796,513)	195,412	87,849	267,510
19	Adjustments to Revenues and Expenses						
20	7	8	9	10	11	12	Subtotal
21	Interest Exp. Synch. W/ Rate Base	Rate Case Expense	INTENTIONALLY LEFT BLANK	Projected Additional Expenses	Revenue Annualization	Corporate Office Lease	
23					100,185		100,185
25	Expenses						
26		12,051	-	788,041		25,799	530,981
28	Operating Income						
29		(12,051)	-	(788,041)	100,185	(25,799)	(436,790)
31	Interest Expense						
32	Other Income / Expense						
36	2,717,429						2,717,429
38	2,717,429	(12,051)	-	(788,041)	100,185	(25,799)	2,280,833
39	Adjustments to Revenues and Expenses						
40	13	14	15	16	17	18	Total
41	Local Water Testing Expense	Remove Other Revenues/Expenses	INTENTIONALLY LEFT BLANK	Power Costs Adjustment	Ground Water Savings Revenues	Purchased Water	
43					(488,778)		(368,583)
45	Expenses						
46	6,878			40,127		(515,909)	88,077
47	Operating Income						
48	(6,878)			(40,127)	(488,778)	515,909	(434,869)
51	Interest Expense						
52	Other Income / Expense						
53		37,043					37,043
56	(6,878)	37,043	-	(40,127)	(488,778)	515,909	2,319,802

Youngtown - Sun City Water
 Test Year Ended December 31, 2001
 Projected Income Statements - Present & Proposed Rates

Exhibit
 Schedule F-1
 Page 1
 Witness: Burnham

Line No.		Test Year Actual Results	At Present Rates Year Ended 12/31/2002	At Proposed Rates Year Ended 12/31/2002
1	Revenues			
2	Metered Water Revenues	\$ 6,446,264	\$ 6,079,671	\$ 8,448,758
3	Unmetered Water Revenues	-	-	-
4	Other Water Revenues	113,419	113,419	113,419
5		<u>\$ 6,559,683</u>	<u>\$ 6,193,090</u>	<u>\$ 8,562,177</u>
6	Operating Expenses			
7	Salaries and Wages	\$ 833,969	\$ 1,148,174	\$ 1,148,174
8	Purchased Water	515,909	-	-
9	Purchased Power	1,377,044	1,416,410	1,416,410
10	Chemicals	17,413	17,413	17,413
11	Repairs and Maintenance	540,312	540,349	540,349
12	Office Supplies and Expense	169,519	429,053	429,053
13	Outside Services	184,564	93,641	93,641
14	Service Company Charges	-	909,428	909,428
15	Water Testing	-	6,878	6,878
16	Rents	2,570	28,369	28,369
17	Transportation Expenses	22	22	22
18	Insurance - General Liability	78,436	65,896	65,896
19	Insurance - health and Life	-	-	-
20	Regulatory Commission Expense - Rate Case	11,874	24,525	24,525
21	Miscellaneous Expense	864,694	300,122	300,122
22	Depreciation Expense	1,199,940	1,004,528	1,004,528
23	Taxes Other Than Income	114,680	62,065	62,065
24	Property Taxes	238,634	150,785	150,785
25	Income Tax	129,022	(271,892)	642,549
26				
27	Total Operating Expenses	<u>\$ 6,258,602</u>	<u>\$ 5,925,765</u>	<u>\$ 6,840,206</u>
28	Operating Income	<u>\$ 301,081</u>	<u>\$ 267,326</u>	<u>\$ 1,721,971</u>
29	Other Income (Expense)			
30	Interest Income	-	-	-
31	Other income	26,688	-	-
32	Interest Expense	(3,417,266)	(699,837)	(699,837)
33	Other Expense	(63,731)	-	-
34	Gain/Loss Sale of Fixed Assets	-	-	-
35	Total Other Income (Expense)	<u>\$ (3,454,309)</u>	<u>\$ (699,837)</u>	<u>\$ (699,837)</u>
36	Net Profit (Loss)	<u>\$ (3,153,228)</u>	<u>\$ (432,512)</u>	<u>\$ 1,022,134</u>
37				

Youngtown - Sun City Water
 Test Year Ended December 31, 2001
 Projected Statements of Changes in Financial Position
 Present and Proposed Rates

Exhibit
 Schedule F-2
 Page 1
 Witness: Burnham

Line No.		Test Year Ended <u>12/31/2001</u>	At Present Rates Year Ended <u>12/31/2002</u>	At Proposed Rates Year Ended <u>12/31/2002</u>
5	Cash Flows from Operating Activities			
6	Net Income	\$ (3,153,230)	\$ (432,512)	\$ 1,022,134
7	Adjustments to reconcile net income to net cash provided by operating activities:			
9	Depreciation and Amortization	1,199,940		
10	Deferred Income Taxes	(244,429)		
11	Accumulated Deferred ITC	(31,748)		
12	Changes in Certain Assets and Liabilities:			
13	Accounts Receivable	496,979		
14	Materials & Supplies	55,084		
15	Prepaid Expenses	(5,912)		
16	Misc Current Assets and Deferred Expense	(120,971)		
17	Accounts Payable and Accrued Liabilities	(23,046)		
18	Accrued Taxes	76,876		
19	Net Cash Flow provided by Operating Activities	<u>\$ (1,750,457)</u>	<u>\$ (432,512)</u>	<u>\$ 1,022,134</u>
20	Cash Flow From Investing Activities:			
21	Capital Expenditures	(1,555,385)	(5,346,205)	(5,346,205)
22	Plant Held for Future Use	-		
23	Non-Utility Property	33,810		
24	Net Cash Flows from Investing Activities	<u>\$ (1,521,575)</u>	<u>\$ (5,346,205)</u>	<u>\$ (5,346,205)</u>
25	Cash Flow From Financing Activities			
26	(Decrease) Increase in Net Amounts due to Parent and Affiliates	3,067,674		
28	Customer Deposits	(17,059)		
29	Changes in Advances for Construction	246,295		
30	Changes in Contributions for Construction	(24,878)		
31	Proceeds from Long-Term Debt Borrowing	-		
32	Repayments of Long-Term Debt	-		
33	Dividends Paid	-		(766,600)
34	Deferred Financing Costs	-		
35	Net Cash Flows Provided by Financing Activities	<u>\$ 3,272,032</u>	<u>\$ -</u>	<u>\$ (766,600)</u>
36	Increase(decrease) in Cash and Cash Equivalents	<u>\$ -</u>	<u>\$ (5,778,717)</u>	<u>\$ (5,090,672)</u>
37	Cash and Cash Equivalents at Beginning of Year	2,050	2,050	2,050
38	Cash and Cash Equivalents at End of Year	<u>\$ 2,050</u>	<u>\$ (5,776,667)</u>	<u>\$ (5,088,622)</u>
41	SUPPORTING SCHEDULES:			
42	E-3			
43	F-3			

Arizona American - Other Expenses
per 168 Actual (no Svc Co Expenses included)

EXHIBIT 3
Schedule C-2
Witness: Burnham

Arizona	Actual							YTD	Forecast			REVISION	TYPE CODE	TYPE CATEGORY	AMOUNT
	January	February	March	April	May	June	July		Mar-July	YE Forecast	REVISION				
	Monthly Avg								Mar-July	YE Forecast	REVISION				
Directors Fees					1,260		1,250	2,500	500	5,000	5,000	CC	MISC	6,000	
Bank Svc Charges CA		1,380	5,784	1,304	796	3,369	925	13,569	2,142	25,307	25,307	CC	OFFICE		
BI Inserts -CA			440			925		1,264	341	3,070	1,056	CC	OFFICE		
Collection Agencies							145	145	73	593	670	CC	OFFICE		
Bank Svc Chg AG		326					265		541	770	524	CC	OFFICE		
Forms			1,285	265	3,524	172	1,758	7,114	1,423	14,224	17,073	CC	OFFICE		
Required Notifications		100	3,160		78,731	3,193	5,819	59,053	19,191	192,006	239,297	CC	OFFICE		
BI Inserts AG					10,630		70	10,670	2,124	21,140	26,009	CC	OFFICE		
Brochures and Handouts			834					334	209	1,477	1,523	CC	OFFICE		
Community Relations			76	1,786	699		660	3,220	844	6,411	7,720	CC	OFFICE		
Postage CA			31	199	50,401	18,939	27,910	137,481	27,456	274,581	124,582	CC	OFFICE	647,981	
Incentive Plan	1,290	1,250	16,683	20,280	14,196	17,256	25,830	97,004	18,685	191,429	128,600	EE	S&W		
Group Insurance	32,563	20,669	60,156	83,721	74,043	47,031	14,314	322,495	69,071	562,818	432,846	EE	S&W		
PBOP	5,295	3,826	104,922	32,363	25,550	28,133	27,369	227,879	23,449	370,172	311,502	EE	S&W		
Works Comp	260	484	(156)	3,748	(7,845)	(1,317)	(2,333)	(6,578)	(1,580)	(14,520)	(19,080)	EE	S&W		
Dues/Memberships Deduct		697	873	362	170	(170)	170	2,202	501	3,707	1,617	EE	S&W		
Dues/Memberships NonDeduct		40	147	53	546	(389)	770	1,167	225	2,294	2,704	EE	S&W		
Employee Exp		175	3,716	11,498	32,563	(10,476)	10,313	48,169	3,668	56,203	116,234	EE	S&W		
Employee Exp Conf/Registration			1,067	770	1,373	2,294	4,744	10,249	2,050	20,497	24,565	EE	S&W		
Meals/Travel		239	1,775	4,378	10,818	(3,693)	3,160	16,805	3,713	33,371	39,756	EE	S&W		
Other Welfare			120	472	759	559	335	2,285	641	4,991	6,453	EE	S&W		
Employee Awards					42			42	21	147	252	EE	S&W		
Employee Physicals			270	205	79	60		614	154	1,382	1,842	EE	S&W		
Tuition			1,620	2,430	5,906	(3,396)	5,738	12,298	2,460	24,596	29,519	EE	S&W		
Training			530	170	2,263	(1,846)	9,224	10,241	2,068	20,682	24,816	EE	S&W		
401K	297	5,732	5,883	8,674	5,876	5,217	5,377	37,070	6,708	64,117	74,601	EE	S&W		
ESCP	2,045	7,491	7,522	10,724	6,834	6,703	6,450	47,769	7,547	66,002	61,159	EE	S&W		
Trustee Fees			1,500	1,243	1,610	1,233	1,600	8,528	1,422	16,630	17,058	FFP	MISC	17,053	
Credit Line Fees	101	103	1,094	369	215	1,166	634	3,683	596	7,161	3,347	FFP	OFFICE	8,347	
General Liab Insurance, Property	2,509	2,509	3,169	2,568	2,674	5,603	3,263	22,241	3,445	58,464	41,304	RB	INS	41,335	
Security Svc CA				1,005	460	458	448	2,372	593	6,337	7,158	RB	OFFICE		
Security Svc		15,516	44,104	52,184	50,296	32,047	44,029	279,177	52,532	540,837	631,964	RB	OFFICE	637,500	
Insurance Other, Gen. Liability	1,911	2,311	1,911	14,511	23,509	20,026	14,411	69,597	19,112	160,181	217,501	RB	INS	217,401	
Co Dues/Memberships Deduct		190	2,500	2,020		(1,950)	4,211	6,931	1,348	13,672	16,078	NOT ALLOCATED			
Co Dues/Memberships NonDeduct			495	8,501	340	2,700		12,036	3,000	27,131	36,095	NOT ALLOCATED			
Co Dues/Memberships AWWA Deduct			20	109		156		294	74	662	642	NOT ALLOCATED			
Co Dues/Memberships AWWA NonDeduct			443	152		51		643	162	1,460	1,447	NOT ALLOCATED			
Charitable Contributions Deduct				450	533	(109)		875	292	2,332	2,500	NOT ALLOCATED			
Charitable Contributions NonDeduct				100	100			200	67	533	600	NOT ALLOCATED			
Property Taxes	23,403	23,403	23,403	24,553	773,403	174,471	174,471	1,217,107	174,471	2,069,462	2,092,632		Total	3,092,617	

Yonngtown Revised Annualization of Arizona-American Management Fee

Management Fees
 per 168 Line 13

Arizona
 per Debka amt includes Amort One Time Costs
 per 168 Line 13 less Amort One Time Costs

Call Ctr
 SSC

Actual									Forecast		
January	February	March	April	May	June	July	ytd	MAR 2002	July - AVG	YE Forecast	Annual Est
22,441	215,344	398,649	429,178	471,821	356,921	451,837	2,384,191	429,281	4,530,597	5,151,374	
		(5,881)	(4,295)	(4,295)	(6,681)	(6,681)	(21,951)				
22,441	215,344	390,768	422,923	465,214	387,425	442,341	2,346,458	421,734	4,455,127	5,060,811	

Customers

Current

AZ Total Water
 AZ Total Sewer
 Total Customers

74,325
 40,198
 114,523

Customers

Per JDE STAT Report

	Total	Residential	Commercial	Industrial	Fine	CPA	Resale
Paradise Valley	4,669	4,350	239	-	55	8	19
WhiteStone Water	-	-	-	-	-	-	-
WhiteStone WasteWater	-	-	-	-	-	-	-
Agua Fria - Water	13,566	13,271	248	-	44	1	4
Sun City Water	22,068	21,118	713	-	113	123	1
Sun City WasteWater	21,144	20,606	448	-	-	-	-
Sun City West Water	15,303	14,825	337	-	41	-	-
Sun City West WasteWater	14,889	14,697	192	-	-	-	-
Treatco Water	46	1	5	-	-	40	-
Treatco WasteWater	7	1	4	-	-	2	-
Disco Water	3,307	3,208	83	-	16	-	-
Disco WasteWater	3,593	3,557	36	-	-	-	-
Tusayan	-	-	-	-	-	-	-
Surprise Water	23	15	8	-	-	-	-
Cave Creek	-	-	-	-	-	-	-
Tubac Water	458	426	62	-	-	-	-
Mohave Water	13,823	12,741	688	-	98	88	-
Sonorson WasteWater	585	553	5	-	-	2	-
Havasas Water	1,232	1,184	48	-	-	-	-
Havasas WasteWater	-	-	-	-	-	-	-
Check total	114,523						

Youngtown Revised Arizona American
Expense Allocations

Exhibit
Schedule C2
Page Xa
Witness: Burnham

Line
No.
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16

Expense Category	Rate Case	Depr Study	Directors Fees			Trustee Fees			Insurance	Office Exp.	Insurance	Rents	Crcom Costs	Organizational
Amount	\$ 706,000	\$ -	Misc Exp. \$ 6,000	Office Exp. \$ 647,581	Sal. & Wages \$ 1,516,595	Misc Exp. \$ 17,058	Office Exp. \$ 8,347	\$ 41,335	\$ 637,500	\$ 217,401	\$ 171,049	\$ 607,722	\$ -	
Factor Basis*	ATYR	FVRB	CC	CC	EE	PPF	PPF	FVRB	FVRB	FVRB	ATYR	4F	ATYR	
Property														
Sun City Water	\$ 122,623	\$ -	\$ 1,225	\$ 132,328	\$ 413,726	\$ 2,221	\$ 1,087	\$ 9,937	\$ 153,255	\$ 52,263	\$ 25,799	\$ 129,424	\$ -	
Sun City Wastewater	100,749	-	1,167	126,062	38,954	81	40	3,925	60,536	20,644	21,197	101,300	-	
Sun City West Water	66,939	-	800	92,695	103,431	239	117	5,285	81,512	27,797	14,083	78,774	-	
Sun City West Wastewater	70,006	-	322	88,769	155,147	58	48	3,957	61,035	20,814	14,729	78,774	-	
Agua Fria Water	122,482	-	718	77,531	120,670	4,279	2,094	7,401	114,147	38,927	25,770	73,137	-	
Anthem Water	79,413	-	180	19,490	206,663	4,119	2,016	4,100	63,235	21,564	16,768	30,952	-	
Agua Fria/Anthem WW	36,958	-	140	15,168	103,431	4,035	1,974	1,228	18,946	6,461	7,776	30,652	-	
Tubac Valley	5,039	-	27	2,845	17,239	194	95	509	7,855	2,879	1,060	5,617	-	
McHale Sewer	6,017	-	32	3,452	17,239	158	77	303	4,670	1,583	1,266	7,035	-	
McHale Water	87,018	-	762	82,253	258,579	656	321	4,286	66,107	22,544	18,305	63,313	-	
Havasupai Water	8,730	-	65	7,889	51,716	977	478	402	6,202	2,115	1,837	8,445	-	
Totals	\$ 706,000	\$ -	\$ 6,000	\$ 647,581	\$ 1,516,595	\$ 17,058	\$ 8,347	\$ 41,335	\$ 637,500	\$ 217,401	\$ 171,049	\$ 607,722	\$ -	

Youngtown - Sun City Wastewater
Index of Standard Filing Schedules

Schedule
No.

- | | |
|-----|--|
| A-1 | Summary of the increase in revenue requirement and the spread of the revenue increase by customer classification |
| A-2 | Summary of the results of operations for the test year and for the test year and the two fiscal years ended prior to the end of the test year, compared with the projected year. |
| A-5 | Summary of changes in financial position for the test year and the two fiscal years ended prior to the test year, compared to the projected year |
| B-1 | Schedule showing the elements of original cost and RCND rate bases. |
| B-2 | Schedule listing pro forma adjustments to gross plant in service and accumulated depreciation for the original cost rate base |
| C-1 | Test year income statement, with pro forma adjustments. |
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| F-1 | Projected income statements for the projected year compared with the test year, at present and proposed rates. |
| F-2 | Projected changes in financial position for the projected year compared with the test year, at present and proposed rates |

Youngtown - Sun City Wastewater
 Test Year Ended December 31, 2001
 Computation of Increase In Gross Revenue
 Requirements As Adjusted

Exhibit
 Schedule A-1
 Page
 Witness: Burnham

Line
No.

1	Fair Value Rate Base	\$ 8,777,097
2		
3	Adjusted Operating Income	1,025,469
4		
5	Current Rate of Return	11.68%
6		
7	Required Operating Income	\$ 680,185
8		
9	Required Rate of Return on Fair Value Rate Base	7.75%
10		
11	Operating Income Deficiency	\$ (345,284)
12		
13	Gross Revenue Conversion Factor	1.6286
14		
15	Increase in Gross Revenue	
16	Requirement	\$ (562,342)
17		

			<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
18	Customer					
19	<u>Classification</u>					
20	5/8 X 3/4 Inch Meter	\$			-	-11.05%
21	1 Inch Meter				-	-11.05%
22	1.5 Inch Meter - Commercial				-	-11.05%
23	2 Inch Meter				-	-11.05%
24	Construction Water				-	-11.05%
25	Church				-	-11.05%
26	Golf Course				-	-11.05%
27	Private Fire				-	-11.05%
28	Public Authority				-	-11.05%
29	Miscellaneous Revenues				-	-11.05%
30					-	-11.05%
31					-	-11.05%
32	Total of Water Revenues		\$0	\$0	\$	-
33						-11.05%
34						

35

36 SUPPORTING SCHEDULES:

- 37 B-1
- 38 C-1
- 39 C-3
- 40 H-1

Youngtown - Sun City Wastewater
 Test Year Ended December 31, 2001
 Summary of Results of Operations

Exhibit
 Schedule A-2
 Page 1
 Witness: Burnham

Line No.	Description	Prior Years Ended			Test Year		Projected Year	
		12/31/1998	12/31/1999	12/31/2000	Actual 12/31/2001	Adjusted 12/31/2001	Present Rates 12/31/2002	Proposed Rates 12/31/2002
1	Gross Revenues	\$ 4,927,913	\$ 4,958,136	\$ 5,001,158	\$ 5,055,107	\$ 5,088,340	\$ 5,088,340	\$ 4,525,998
2								
3	Revenue Deductions and	4,098,505	4,524,321	4,301,143	4,727,432	4,062,871	4,062,871	3,845,814
4	Operating Expenses							
5								
6	Operating Income	\$ 829,408	\$ 433,815	\$ 700,015	\$ 327,675	\$ 1,025,469	\$ 1,025,469	\$ 680,185
7								
8	Other Income and	3,559	20,816	(26,685)	59,772	-	-	-
9	Deductions							
10								
11	Interest Expense	-	-	75	1,185,235	405,468	405,468	405,468
12								
13	Net Income	\$ 832,967	\$ 454,631	\$ 673,255	\$ (797,788)	\$ 620,001	\$ 620,001	\$ 274,717
14								
15	Earned Per Average							
16	Common Share	1.81	0.99	1.46	(1.73)	1.35	1.35	0.60
17								
18	Dividends Per							
19	Common Share	-	-	-	-	-	1.01	0.45
20								
21	Payout Ratio	-	-	-	-	-	0.75	0.75
22								
23	Return on Average							
24	Invested Capital	16.00%	3.96%	3.23%	-2.85%	2.24%	3.48%	1.54%
25								
26	Return on Year End							
27	Capital	8.00%	3.62%	2.31%	-2.85%	2.26%	3.52%	1.56%
28								
29	Return on Average							
30	Common Equity	6.07%	2.19%	3.16%	-3.75%	2.82%	8.69%	3.85%
31								
32	Return on Year End							
33	Common Equity	4.06%	2.17%	3.11%	-3.82%	2.78%	8.79%	3.90%
34								
35	Times Bond Interest Earned							
36	Before Income Taxes	-	-	14,555.91	0.54	3.49	3.49	2.10
37								
38	Times Total Interest and							
39	Preferred Dividends Earned							
40	After Income Taxes	-	-	8,977.73	0.33	2.53	2.53	1.68
41								
42								
43	<u>SUPPORTING SCHEDULES</u>							
44	C-1							
45	E-2							
46	F-1							

Youngtown - Sun City Wastewater
 Test Year Ended December 31, 2001
 Summary Statements of Cash Flows

Exhibit
 Schedule A-5
 Page 1
 Witness: Burnham

Line
 No.

	Prior Year Ended <u>12/31/1998</u>	Prior Year Ended <u>12/31/1999</u>	Prior Year Ended <u>12/31/2000</u>	Test Year Ended <u>12/31/2001</u>	Projected Year Present Rates Proposed Rates Rates <u>12/31/2002 12/31/2002</u>	
5 Cash Flows from Operating Activities						
6 Net Income	\$ -	\$ 454,031	\$ 673,265	\$ (797,788)	\$ 620,001	\$ 274,717
7 Adjustments to reconcile net income to net cash 8 provided by operating activities:						
9 Depreciation and Amortization	-	415,643	538,018	644,505	503,752	503,752
10 Deferred Income Taxes	-	(358,964)	(193,031)	(166,145)		
11 Accumulated Deferred ITC	-	(8,598)	(7,024)	(8,546)		
12 Changes in Certain Assets and Liabilities:						
13 Accounts Receivable	-	(175,898)	658,981	(638,375)		
14 Materials & Supplies	-	-	-	-		
15 Prepaid Expenses	-	-	-	(23)		
16 Misc Current Assets and Deferred Expense	-	804,397	27,745	12,718		
17 Accounts Payable and Accrued Liabilities	-	539,154	395,947	672,931		
18 Accrued Income Taxes	-	(21,160)	2,916	(5,080)		
19 Net Cash Flow provided by Operating Activities	\$ -	\$ 1,449,205	\$ 2,096,185	\$ (388,785)	\$ 1,129,753	\$ 778,489
20 Cash Flow From Investing Activities:						
21 Capital Expenditures	-	(2,731,842)	(905,902)	(194,689)	(195,718)	(195,718)
22 Plant Held for Future Use	-	-	-	-		
23 Non-Utility Property	-	110,974	(37,214)	179,944		
24 Net Cash Flows from Investing Activities	\$ -	\$ (2,620,868)	\$ (843,116)	\$ (14,745)	\$ (195,718)	\$ (195,718)
25 Cash Flow From Financing Activities						
26 (Decrease) Increase in Net Amounts due to Parent and 27 Affiliates	-	(300,303)	(1,060,477)	1,289,559		
28 Customer Deposits	-	175	(175)	-		
29 Changes in Advances for Construction	-	1,543,112	543,281	(988,029)		
30 Changes in Contributions for Construction	-	(5,321)	(35,078)	-		
31 Proceeds from Long-Term Debt Borrowing	-	-	-	-		
32 Repayments of Long-Term Debt	-	-	-	-		
33 Dividends Paid	-	-	-	-	(465,001)	(208,038)
34 Deferred Financing Costs	-	-	-	-		
35 Paid in Capital	-	-	-	-		
36 Net Cash Flows Provided by Financing Activities	\$ -	\$ 1,171,883	\$ (1,153,089)	\$ 401,530	\$ (465,001)	\$ (208,038)
37 Increase(decrease) in Cash and Cash Equivalents	-	-	-	-	463,034	376,713
38 Cash and Cash Equivalents at Beginning of Year	-	-	-	-	-	-
39 Cash and Cash Equivalents at End of Year	\$ -	\$ -	\$ -	\$ -	\$ 463,034	\$ 376,713

43 SUPPORTING SCHEDULES:
 44 E-3
 45 F-2

Youngtown - Sun City Wastewater
 Test Year Ended December 31, 2001
 Summary of Fair Value Rate Base

Exhibit
 Schedule B-1
 Page 1
 Witness: Burnham

Line No.		Original Cost Rate base	RCND Rate base	Fair Value Rate base (OCRB Only)
1				
2	Gross Utility Plant In Service	\$ 19,962,780	\$ 51,811,232	\$ 19,962,780
3	Less: Accumulated Depreciation	7,189,539	20,408,401	7,189,539
4				
5	Net Utility Plant in Service	\$ 12,773,241	\$ 31,402,831	\$ 12,773,241
6				
7	<u>Less:</u>			
8	Advances in Aid of			
9	Construction	3,309,005	8,588,165	3,309,005
10	Contributions in Aid of			
11	Construction - Net of amortization	1,187,139	3,081,090	1,187,139
12	Customer Meter Deposits	-	-	-
13	Deferred Income Taxes & Credits	-	-	-
14	Investment tax Credits	-	-	-
15	<u>Plus:</u>			
16	Toileson Trickling			
17	Filter	500,000	500,000	500,000
18	Deferred Tax Assets	-	-	-
19	Allowance for Working Capital	-	-	-
20	Citizens Acquisition Adjustment	-	-	-
21				
22	Total Rate Base	\$ 8,777,097	\$ 20,233,577	\$ 8,777,097

SUPPORTING SCHEDULES:

- 27 B-2
- 28 B-3
- 29 B-5
- 30 E-1

RECAP SCHEDULES:

- A-1

Youngtown - Sun City Wastewater
Test Year Ended December 31, 2001
Original Cost Rate Base Proforma Adjustments

Exhibit
Schedule B-2
Page 1
Witness: Burnham

Line No.		Actual at End of Test Year	Proforma Adjustments Label	Amount	Adjusted at end of Test Year
1	Gross Utility				
2	Plant in Service	\$ 19,643,850	(1)	1,330	\$ 19,962,780
3			(2)	216,300	
4			(6)	-	
5	Less:		(8)	101,300	
6	Accumulated				
7	Depreciation	<u>6,967,677</u>	(3)	221,862	<u>7,189,539</u>
8					
9	Net Utility Plant				
10	in Service	\$ 12,676,172			\$ 12,773,241
11					
12	Less:				
13	Advances in Aid of				
14	Construction (Ratemaking Purposes Only)	3,479,030	(4a)	-	3,309,005
15			(5a)	(170,025)	
16	Contributions in Aid of				
17	Construction - Net (Ratemaking	1,018,380	(4b)	(1,266)	1,187,139
18	Purposes Only)		(5b)	170,025	
19	Customer Meter Deposits	-			-
20	Deferred Income Taxes	-			-
21	Investment Tax Credits	-			-
22	Plus:				
23	Tolleson Trickling				
24	Filter	-	(9)	500,000	500,000
25	Deferred Assets	-			-
26	Working capital	-			-
27	Citizens Acquisition Adjustment	-	(7)	-	-
28					
29	Total	<u>\$ 8,178,762</u>			<u>\$ 8,777,097</u>
30					
31					

- 32 (1) Additional Plant at Closing
- 33 (2) Plant to be completed by 12/31/2002.
- 34 (3) Additional Accumulated Depreciation at Closing
- 35 (4) Increase (decrease) AIAC (4a) and CIAC (4b) to Amount at Closing
- 36 (5) Adjust AIAC (5a) and CIAC (5b) for Ratemaking Purposes
- 37 (6) Intentionally Left Blank
- 38 (7) Acquisition Adjustment Premium
- 39 (8) Orcom Costs
- 40 (9) Tolleson Trickling Filter

41
42 SUPPORTING SCHEDULES:
43 B-2
44 E-1

RECAP SCHEDULES:
B-1

Youngtown - Sun City Wastewater
 Test Year Ended December 31, 2001
 Income Statement

Exhibit
 Schedule C-1
 Page 1
 Witness: Burnham

Line No.	Test Year Book Results	Label	Adjustment	Test Year Adjusted Results	Proposed Rate Increase	Adjusted with Rate Increase
1	Revenues					
2	\$ 5,052,248	11	33,233	\$ 5,085,481	(562,342)	\$ 4,523,139
3	-					
4	-					
5	<u>2,859</u>			<u>2,859</u>		<u>2,859</u>
6	\$ 5,055,107		\$ 33,233	\$ 5,088,340	\$ (562,342)	\$ 4,525,998
7	Operating Expenses					
7	\$ 332,898	2a,4a,10a	(175,194)	\$ 157,504		\$ 157,504
8	2,728,855	1c,16a,17,18	(1,736,408)	992,447		992,447
9	1,621	1b,15	(111)	1,510		1,510
10	-			-		-
11	-			-		-
12	108,581	1d	(2,885)	105,696		105,696
13	-			-		-
14	-	1e,10b	179,039	179,039		179,039
15	32,119	1f	(28,998)	3,123		3,123
16	-	3	513,166	513,166		513,166
17	-			-		-
18	68	1g,12	21,197	21,265		21,265
19	-			-		-
20	50,858	1h,10c	(24,849)	26,009		26,009
21	-			-		-
22	12,564	8	7,586	20,150		20,150
23	492,448	1i,10d	(347,318)	145,130		145,130
24	544,505	5	(40,753)	503,752		503,752
25	24,872	1a,2b,4b	(17,118)	7,754		7,754
26	149,864	6	28,619	178,483		178,483
27	248,379			389,754		172,697
28	-	16b	818,091	818,091		818,091
29	<u>\$ 4,727,432</u>		<u>\$ (805,936)</u>	<u>\$ 4,062,871</u>	<u>\$ -</u>	<u>\$ 3,845,814</u>
30	\$ 327,675		\$ 839,169	\$ 1,025,469	\$ (562,342)	\$ 680,165
31	Other Income (Expense)					
32	-			-		-
33	69,616	13a	(69,616)	-		-
34	(1,185,235)	7	779,767	(405,468)		(405,468)
35	(9,844)	13b	9,844	-		-
36	-			-		-
37	<u>\$ (1,125,463)</u>		<u>\$ 719,995</u>	<u>\$ (405,468)</u>	<u>\$ -</u>	<u>\$ (405,468)</u>
38	<u>\$ (797,788)</u>		<u>\$ 1,559,164</u>	<u>\$ 620,001</u>	<u>\$ (562,342)</u>	<u>\$ 274,717</u>

40 SUPPORTING SCHEDULES:
 41 C-2
 42 E-2

RECAP SCHEDULES:
 A-1

Youngtown - Sun City Wastewater
 Test Year Ended December 31, 2001
 Adjustments to Revenues and Expenses

Exhibit
 Schedule C-2
 Page 1
 Witness: Burnham

Line No.	<u>Adjustments to Revenues and Expenses</u>						Subtotal
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	
1							
2							
3							
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Line No.	<u>Adjustments to Revenues and Expenses</u>						Subtotal
	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>	
19							
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Line No.	<u>Adjustments to Revenues and Expenses</u>						Total
	<u>13</u>	<u>14</u>	<u>15</u>	<u>16</u>	<u>17</u>	<u>18</u>	
37							
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Youngtown - Sun City Wastewater
Test Year Ended December 31, 2001
Adjustments to Revenues and Expenses
Adjustment Number 3

Exhibit
Schedule C-2
Page 4
Witness: Burnham

Line

<u>No.</u>			
1	<u>Service Company Charges</u>		
2			
3	Total Service Charges	\$ 5,060,811	
4	Allocation Factor (4 Factor Formula)	0.1014	
5	Total Charges		<u>\$ 513,168</u>
6			
7			
8			
9			
10			
11			
12			
13	Adjustment to Revenues and/or Expenses		<u>\$ 513,168</u>

Youngtown - Sun City Wastewater
 Test Year Ended December 31, 2001
 Adjustments to Revenues and Expenses
 Adjustment Number 5

Exhibit
 Schedule C-2
 Page 6
 Witness: Burnham

Line No.	Account No.	Description	Original Cost	Rate	Depreciation Expense
1	Depreciation Expense				
2					
3					
4					
5		Intangible			
6	301.00	Organization	\$ 122,373	0.00%	\$ -
7	302.00	Franchises	6,132	0.00%	-
8	303.00	Miscellaneous Intangibles	10,495	0.00%	-
9		Subtotal Intangible	<u>\$ 139,000</u>		<u>\$ -</u>
10					
11		Treatment & Discharge			
12	310.00	Land and Land Rights	\$ 6,565	0.00%	\$ -
13	311.00	Structures and Improvements	22,095	2.50%	552
14	312.00	Preliminary Treatment	453	0.00%	-
15	313.00	Primary Treatment Equipment	-	0.00%	-
16	314.00	Secondary Treatment Equipment	2,575	2.52%	65
17	315.00	Tertiary Equipment	-	0.00%	-
18	316.00	Disinfection Equipment	-	0.00%	-
19	317.00	Effluent Lift Station E	1,503	2.00%	30
20	318.00	Outfall Line	291	2.00%	6
21	319.00	Sludge, Treatment & Distribution	-	2.50%	-
22	321.00	Influent Lift Station	178	2.00%	4
23	322.00	General Treatment Equipment	18,743	2.00%	375
24		Subtotal Treatment & Discharge	<u>\$ 52,403</u>		<u>\$ 1,032</u>
25					
26		Collection and Influent			
27	340.00	Land and Land Rights	\$ -	0.00%	\$ -
28	341.00	Structures and Improvements	350,713	2.00%	7,014
29	342.00	Collection System Lift	1,229,723	8.40%	103,297
30	343.00	Collection Mains	9,886,964	2.04%	201,694
31	344.00	Force Mains	1,300,266	2.07%	26,916
32	345.00	Discharge Services	2,307,454	2.04%	47,072
33	348.00	Manholes	2,495,785	2.03%	50,664
34		Subtotal Collection and Influent	<u>\$ 17,570,906</u>		<u>\$ 436,657</u>
35					
36		General			
37	389.00	Land and Land Rights	\$ 1,108	0.00%	\$ -
38	390.00	Structures and Improvements	760,473	1.68%	12,782
39	391.00	Office Furniture and Equipment	228,528	4.55%	10,296
40	391.10	Computer Equipment	324,323	4.55%	14,741
41	392.00	Transportation Equipment	408,123	25.00%	102,031
42	393.00	Stores Equipment	6,523	3.92%	256
43	394.00	Tools, Shop and Garage	93,334	4.14%	3,860
44	395.00	Laboratory Equipment	29,565	3.71%	1,097
45	396.00	Power Operated Equipment	27,321	5.14%	1,405
46	397.00	Communication Equipment	131,126	10.28%	13,478
47	398.00	Miscellaneous Equipment	62,919	4.98%	3,133
48		Subtotal General	<u>\$ 2,071,343</u>		<u>\$ 183,077</u>
49					
50		Youngtown Plant "	(86,727)	2.80%	(2,709)
51		ADFUC adjustment 3/95 **	(93,075)	2.80%	(2,608)
52		TOTALS	<u>\$ 19,643,850</u>		<u>\$ 595,450</u>
53					
54					
55		Proforma Plant (to be completed by 12/31/2002)	\$ 318,930	2.80%	8,931
56		Tolleson Trickling Filter	\$ 500,000	2.80%	14,002
57					
58		Amortization of Deferred Regulatory Assets	\$ 145,771	2.80%	4,082
59					
60		Loss: Amortization of Contributions	\$ 1,187,139	10.00%	(118,714)
61					
62		Total Depreciation Expense			<u>\$ 503,752</u>
63					
64		Test Year Depreciation Expense			<u>544,505</u>
65					
66		Increase (decrease) in Depreciation Expense			<u>(40,753)</u>
67					
68		Adjustment to Revenues and/or Expenses			<u>\$ (40,753)</u>

Youngtown - Sun City Wastewater
 Test Year Ended December 31, 2001
 Adjustments to Revenues and Expenses
 Adjustment Number 6

Exhibit
 Schedule C-2
 Page 7
 Witness: Burnham

Line No.		
1	<u>Adjust Property Taxes to Reflect Proposed Revenues:</u>	
2		
3	Revenues in year ended 12/31/01	\$ 5,055,107
4	Adjusted Revenues in year ended 12/31/01	5,088,340
5	Proposed Revenues	4,525,998
6	Average of three year's of revenue	<u>\$4,889,815</u>
7	Average of three year's of revenue, times 2	\$9,779,630
8	Add:	
9	Construction Work in Progress at 10%	
10	Deduct:	
11	Book Value of Transportation Equipment	408,123
12	Book Value of Transportation Equipment (proforma)	-
13	Total Book Value of Transportation Equipment	<u>\$ 408,123</u>
14		
15	Full Cash Value	\$ 9,371,507
16	Assessment Ratio	25%
17	Assessed Value	<u>2,342,877</u>
18	Property Tax Rate	7.618094%
19		
20	Property Tax	178,483
21	Tax on Parcels	
22		
23	Total Property Tax at Proposed Rates	<u>\$ 178,483</u>
24	Property Taxes in the test year	149,864
25	Change in Property Taxes	<u>\$ 28,619</u>
26		
27		
28	Adjustment to Revenues and/or Expenses	<u>\$ 28,619</u>

Youngtown - Sun City Wastewater
Test Year Ended December 31, 2001
Adjustments to Revenues and Expenses
Adjustment Number 7

Exhibit
Schedule C-2
Page 8
Witness: Burnham

Line
No.

1	<u>Interest Synchronization with Rate Base</u>	
2	Fair Value Rate Base	\$8,777,097
3	Weighted Cost of Debt from Schedule D-1	3.15%
4	Synchronized Interest Expense	<u>276,438</u>
5	Tolleson Bond Interest Differential	<u>129,029</u>
6	Total Proposed Interest Expense	<u>405,468</u>
7	Test Year Interest Expense, Per Books	<u>1,185,235</u>
8	Increase In Interest Expense	<u>\$ (779,767)</u>
9		
10	Adjustment to Revenues and/or Expense	<u>779,767</u>

Youngtown - Sun City Wastewater
Test Year Ended December 31, 2001
ADJUSTMENTS TO REVENUES AND/OR EXPENSES
Adjustment Number 8

Exhibit
Schedule C-2
Page 9
Witness: Burnham

Line
No.

1	<u>Rate Case Expense</u>		
2			
3	Estimated Rate Case Expense	\$	100,749
4			
5	Estimated Amortization Period In Years		5
6			
7	Annual Rate Case Expense	\$	20,150
8			
9	Test Year Rate Case Expense	\$	12,564
10			
11	Increase(decrease) Rate Case Expense	\$	7,586
12			
13	Adjustment to Revenue and/or Expense	\$	7,586

Youngtown - Sun City Wastewater
Test Year Ended December 31, 2001
ADJUSTMENTS TO REVENUES AND/OR EXPENSES
Adjustment Number 10

Exhibit
Schedule C-2
Page 11
Witness: Burnham

Line No.			Adjustment Label
1	<u>Projected Additional Expenses</u>		
2			
3			
4	Salaries & Wages	\$ 68,954	10a
5	Office Expense	186,638	10b
6	Insurance	24,568	10c
7	Misc Expense	1,249	10d
8			
9			
10			
11	Adjustment to Revenue and/or Expense	<u>\$ 281,410</u>	

Youngtown - Sun City Wastewater
 Test Year Ended December 31, 2001
 Adjustments to Revenues and Expenses

Exhibit
 Schedule C-2
 Page 1
 Witness: Burnham

Line No.	Adjustments to Revenues and Expenses						Subtotal
	1 Remove Citizens Corp. Allocations	2 Remove T.Y. Salaries & Wages	3 Service Company Charges	4 Projected Salaries & Wages	5 Depreciation Expense	6 Property Taxes	
1							
2							
3	Revenues						
4							
5	(937,588)	(357,570)	513,168	96,303	(40,753)	28,619	(697,823)
6							
7	Operating Income						
8	937,588	357,570	(513,168)	(96,303)	40,753	(28,619)	697,823
9							
10	Interest Expense						
11							
12	Other Income / Expense						
13							
14							
15							
16	Net Income						
17	937,588	357,570	(513,168)	(96,303)	40,753	(28,619)	697,823

Line No.	Adjustments to Revenues and Expenses						Subtotal
	7 Interest Exp. Synch. W/ Rate Base	8 Rate Case Expense	9 INTENTIONALLY LEFT BLANK	10 Projected Additional Expenses	11 Revenue Annualization	12 Corporate Office Lease	
20							
21							
22	Revenues						
23					33,233		33,233
24							
25		7,586	-	281,410		21,197	(307,630)
26							
27	Operating Income						
28		(7,586)	-	(281,410)	33,233	(21,197)	420,883
29							
30	Interest Expense						
31	779,767						779,767
32	Other Income / Expense						
33							
34							
35							
36	Net Income						
37	779,767	(7,586)	-	(281,410)	33,233	(21,197)	1,200,630

Line No.	Adjustments to Revenues and Expenses						Total
	13 Remove Other Revenues/Expenses	14 INTENTIONALLY LEFT BLANK	15 Power Costs Adjustment	16 Tollson Year Fees	17 Tollson Replacement & Contingencies	18 Projected Tollson O&M	
40							
41							
42	Revenues						
43							33,233
44							
45				283,056	(203,433)	(477,940)	(805,938)
46							
47	Operating Income						
48			(11)	(283,056)	203,433	477,940	839,168
49							
50	Interest Expense						
51							779,767
52	Other Income / Expense						
53	(59,772)						(59,772)
54							
55							
56	Net Income						
57	(59,772)	-	(11)	(283,056)	203,433	477,940	1,559,194

Youngtown - Sun City Wastewater
 Test Year Ended December 31, 2001
 Projected Income Statements - Present & Proposed Rates

Exhibit
 Schedule F-1
 Page 1
 Witness: Burnham

Line No.		Test Year Actual Results	At Present Rates Year Ended 12/31/2002	At Proposed Rates Year Ended 12/31/2002
1	Revenues			
2	Flat Rate Revenues	\$ 5,052,248	\$ 5,085,481	\$ 4,523,139
3	Measured Revenues	-	-	-
4	Other Wastewater Revenues	2,859	2,859	2,859
5		<u>\$ 5,055,107</u>	<u>\$ 5,088,340</u>	<u>\$ 4,525,998</u>
6	Operating Expenses			
7	Salaries and Wages	\$ 332,698	\$ 157,504	\$ 157,504
8	Purchased Wastewater Treatment	2,728,855	992,447	992,447
9	Purchased Power	1,621	1,510	1,510
10	Fuel for Power Production	-	-	-
11	Chemicals	-	-	-
12	Materials and Supplies	108,581	105,696	105,696
13	Repairs and Maintenance	-	-	-
14	Office Supplies and Expense	-	179,039	179,039
15	Outside Services	32,119	3,123	3,123
16	Service Company Charges	-	513,166	513,166
17	Water Testing	-	-	-
18	Rents	68	21,265	21,265
19	Transportation Expenses	-	-	-
20	Insurance - General Liability	50,858	26,009	26,009
21	Insurance - Health and Life	-	-	-
22	Regulatory Commission Expense - Rate Case	12,564	20,150	20,150
23	Miscellaneous Expense	492,448	145,130	145,130
24	Depreciation Expense	544,505	503,752	503,752
25	Taxes Other Than Income	24,872	7,754	7,754
26	Property Taxes	149,864	178,483	178,483
27	Income Tax	248,379	389,754	172,697
28	Tolleson Bond	-	818,091	818,091
29	Total Operating Expenses	<u>\$ 4,727,432</u>	<u>\$ 4,062,871</u>	<u>\$ 3,845,814</u>
30	Operating Income	<u>\$ 327,675</u>	<u>\$ 1,025,469</u>	<u>\$ 680,185</u>
31	Other Income (Expense)			
32	Interest Income	-	-	-
33	Other income	69,616	-	-
34	Interest Expense	(1,185,235)	(405,468)	(405,468)
35	Other Expense	(9,844)	-	-
36	Gain/Loss Sale of Fixed Assets	-	-	-
37	Total Other Income (Expense)	<u>\$ (1,125,463)</u>	<u>\$ (405,468)</u>	<u>\$ (405,468)</u>
38	Net Profit (Loss)	<u>\$ (797,788)</u>	<u>\$ 620,001</u>	<u>\$ 274,717</u>

Youngtown - Sun City Wastewater
 Test Year Ended December 31, 2001
 Projected Statements of Changes in Financial Position
 Present and Proposed Rates

Exhibit
 Schedule F-2
 Page 1
 Witness: Burnham

Line No.		Test Year Ended <u>12/31/2001</u>	At Present Rates Year Ended <u>12/31/2002</u>	At Proposed Rates Year Ended <u>12/31/2002</u>
5	Cash Flows from Operating Activities			
6	Net Income	\$ (797,788)	\$ 620,001	\$ 274,717
7	Adjustments to reconcile net income to net cash			
8	provided by operating activities:			
9	Depreciation and Amortization	544,505	503,752	503,752
10	Deferred Income Taxes	(166,145)		
11	Accumulated Deferred ITC	(9,546)		
12	Changes in Certain Assets and Liabilities:			
13	Accounts Receivable	(638,375)		
14	Materials & Supplies	-		
15	Prepaid Expenses	(23)		
16	Misc Current Assets and Deferred Expense	12,716		
17	Accounts Payable and Accrued Liabilities	672,931		
18	Accrued Taxes	(5,060)		
19	Net Cash Flow provided by Operating Activities	<u>\$ (386,785)</u>	<u>\$ 1,123,753</u>	<u>\$ 778,469</u>
20	Cash Flow From Investing Activities:			
21	Capital Expenditures	(194,689)	(195,718)	(195,718)
22	Plant Held for Future Use	-		
23	Non-Utility Property	179,944		
24	Net Cash Flows from Investing Activities	<u>\$ (14,745)</u>	<u>\$ (195,718)</u>	<u>\$ (195,718)</u>
25	Cash Flow From Financing Activities			
26	(Decrease) Increase in Net Amounts due to Parent and			
27	Affiliates	1,289,559		
28	Customer Deposits	-		
29	Changes in Advances for Construction	(888,029)		
30	Changes in Contributions for Construction	-		
31	Proceeds from Long-Term Debt Borrowing	-		
32	Repayments of Long-Term Debt	-		
33	Dividends Paid	-	(465,001)	(206,038)
34	Deferred Financing Costs	-		
35	Net Cash Flows Provided by Financing Activities	<u>\$ 401,530</u>	<u>\$ (465,001)</u>	<u>\$ (206,038)</u>
36	Increase(decrease) In Cash and Cash Equivalents	<u>\$ -</u>	<u>\$ 463,034</u>	<u>\$ 376,713</u>
37	Cash and Cash Equivalents at Beginning of Year	-	-	-
38	Cash and Cash Equivalents at End of Year	<u>\$ -</u>	<u>\$ 463,034</u>	<u>\$ 376,713</u>
41	SUPPORTING SCHEDULES:			
42	E-3			
43	F-3			

ARIZONA-AMERICAN WATER COMPANY

DOCKET NO. W-01303A-02-0867 et al.

DIRECT TESTIMONY

OF

TIMOTHY J. COLEY

ON BEHALF OF

THE

RESIDENTIAL UTILITY CONSUMER OFFICE

SEPTEMBER 5, 2003

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COST OF CAPITAL..... 16

RATE DESIGN 16

1 **INTRODUCTION**

2 Q. Please state your name and business address.

3 A. My name is Timothy J. Coley. My business address is 1110 W.
4 Washington, Suite 220, Phoenix, AZ 85007.

5

6 Q. By whom are you employed and in what capacity?

7 A. I am employed by the Residential Utility Consumer Office (RUCO) in the
8 position of Public Utilities Analyst V.

9

10 Q. Briefly summarize your educational and professional credentials related to
11 your work in the field of utility regulation.

12 A. I have a Master Degree in Public Administration and Bachelor of Science
13 Degree in Business Management and Administration. I am currently
14 working on my Post-Baccalaureate Certificate in the Accountancy
15 Program at Arizona State University – West. My utility experience
16 includes nine combined years in various utility auditing and rate analyst
17 positions with RUCO and the Georgia Public Service Commission.

18

19 Q. Have you previously testified in rate proceedings before the Arizona
20 Corporation Commission (ACC)?

21 A. Yes, I have previously presented testimony regarding revenue
22 requirements in rate case proceedings before the ACC.

23

1 Q. Please state the purpose of your testimony.

2 A. The purpose of my testimony is to present findings and recommendations
3 resulting from my analysis and review of Arizona-American Water
4 Company, Inc. ("AZ-AM" or "Company") Rate Application for a permanent
5 rate increase. The Company is comprised of twelve individual water and
6 wastewater systems in Arizona. AZ-AM has filed for rate increases in ten
7 of its twelve districts. My analysis will specifically focus on the Mohave
8 and Havasu water districts that provide water services in Mohave County.
9 RUCO witnesses Marylee Diaz Cortez and Rodney Moore will present the
10 Company's other eight systems. RUCO witness Bill Rigsby will sponsor
11 the cost of capital and capital structure issues.

12
13 Q. Please briefly describe RUCO's work effort that provides the basis for
14 RUCO's recommendations.

15 A. RUCO performed the following procedures to determine whether
16 sufficient, relevant, and reliable evidence exists to support the financial
17 data and claims in the Company's application: reviewed and analyzed the
18 Company's application and supporting work papers; reviewed all other
19 intervenor's data requests; prepared written data requests and evaluated
20 the Company's responses; and reviewed past ACC decisions.

21

22

1 Q. What test-year did the Company use for the rate application?

2 A. The Company used a historical test-year that included the calendar year
3 twelve months ending on December 31, 2001. RUCO's recommendations
4 reflect the use of the test-year ending December 31, 2001 that adheres to
5 the historical test-year to achieve consistency.

6

7 RUCO would urge the Commission to deny the Company's rate request
8 altogether, for the reasons set forth in the testimony of Mr. Moore and Ms.
9 Diaz Cortez. If the Commission does not deny the application, RUCO
10 recommends the adjustments be made that are within my testimony.

11

12 Q. What areas will you address in your testimony?

13 A. I will address rate base and net operating income issues as well as
14 sponsor RUCO's recommended revenue requirements for the Mohave
15 and Havasu water districts.

16

17 Q. Please identify the Exhibits you are presenting in your Direct Testimony.

18 A. I am presenting Schedules TJC-1 through TJC-16 for Mohave and Havasu
19 water districts.

20

21

22

1 Q. Please summarize the recommendations and adjustments addressed in
2 your testimony on RUCO's behalf.

3 A. **RATE BASE ADJUSTMENTS:**

4 My testimony addresses the following issues:

5 Prior Test Year Plant Placed in Service – This adjustment calculates plant
6 placed in service since the Company's last rate case. This adjustment
7 also recognizes the additions or retirements (dependent on the individual
8 system) in rate base by the actual amount of plant placed in service by
9 December 31, 2001. I reconstructed the test year plant-in-service balance
10 starting from the last Commission decisions that set authorized rate base
11 component balances. Decision No's. 56806 (Mohave) and 57743
12 (Havasu) set the authorized rate base balances that I used. In addition,
13 this adjustment recognizes rate base items on an original cost basis,
14 whereas, the Company's filing reflects rate base on a reconstruction basis.
15 For further explanation regarding the original cost rate base versus RCND
16 rate base, see the testimony of Marylee Diaz Cortez.

17 Prior Test Year Accumulated Depreciation – This adjustment calculates
18 accumulated depreciation since the Companies' last rate case proceeding.
19 It reduces or increases the level of accumulated depreciation (dependent
20 upon the particular system) that was in the Company's rate application.

21 Proforma Plant – This adjustment takes the actual year-end 2002 plant
22 additions and reductions and adjusts the Company's estimated figures.
23 The 2002 actual plant figures are the most recent known and measurable

1 balances. See RUCO witness Rodney Moore's testimony for more detail
2 pertaining to the proforma plant adjustment.

3 Acquisition Adjustment – This adjustment simply reverses the Company's
4 acquisition premium found in its rate application. For complete details
5 regarding the acquisition adjustment, see RUCO witness Rodney Moore's
6 testimony.

7 Contributions-In-Aid-Of-Construction (CIAC) – This adjustment corrects
8 the Company's rate application AIAC and CIAC balances in the Mohave
9 District only.

10
11 **OPERATING INCOME:**

12 Citizens Payroll – RUCO witness Rodney Moore addresses background
13 information regarding AZ-AM and the prior owner of these systems. This
14 adjustment is necessary to remove the former owner's payroll and replace
15 AZ-AM salaries & wages along with any payroll taxes.

16 Arizona-American Allocations – This adjustment is necessary to properly
17 account for the new and current owner's, AZ-AM, general administrative
18 and management allocated costs proportionately among all systems.

19 Arizona-American Payroll – This adjustment accounts for any differences
20 between what AZ-AM filed in its rate application and what was found in the
21 Company's general ledger.

1 Depreciation & Amortization Expense – This adjustment calculates
2 depreciation and amortization expense based on RUCO's recommended
3 plant levels.

4 Property Tax Expense – This adjustment calculates property tax expense
5 based on the currently effective Arizona Department of Revenue (DOR)
6 formula.

7 Rate Case Expense – This adjustment is necessary to reflect RUCO's
8 recommended allowable rate case expenditures. See RUCO witness
9 Marylee Diaz Cortez's direct testimony regarding RUCO's rationale on this
10 adjustment.

11 Arizona-American Overheads – This adjustment is necessary to properly
12 account for the overhead expenses incurred by each system. RUCO
13 witness Rodney Moore discusses in his testimony the basis on which this
14 adjustment is made.

15 Income Tax Expense – This adjustment calculates the appropriate level of
16 income tax expense given RUCO's recommended operating income.

17
18 **REVENUE REQUIREMENTS**

19 Q. Please summarize the results of your analysis of Arizona-American Water
20 Company and your recommended revenue requirement.

21 A. Arizona-American revenue should be reduced by \$(713,885) for the
22 Mohave system and increased by not more than \$2,467 for the Havasu
23 district. These recommendations are summarized on Schedule TJC-1,

1 page 1 for each system respectively. My recommended original cost rate
2 base ("OCRB") is \$8,304,450 for Mohave and \$766,406 for Havasu, which
3 are shown on TJC-2. The supporting detail for the OCRB can be found on
4 Schedules TJC-3. RUCO's recommended adjusted operating income is
5 \$545,652 for Mohave and \$48,406 for Havasu and is shown on Schedules
6 TJC-6. Additionally, the detail that supports my recommendations can be
7 found on Schedules TJC-7.

8
9 **RATE BASE**

10 **Rate Base Adjustment #1 – Prior Test-Year Plant**

11 Q. Please explain your prior test-year rate base adjustment.

12 A. The Mohave District's last rate case utilized a test-year ended on March
13 31, 1988. In that case, the Commission authorized a specific rate base
14 amount. I went back to that decision (No. 56806) and constructed plant
15 schedules beginning with the authorized rate base and plant balances
16 deemed appropriate by the Commission. Through data requests, the
17 Company provided me with all plant additions, retirements, and
18 adjustments from March 31, 1988 through the end of the current rate case
19 test-year – December 31, 2001. I progressively built the plant schedules
20 using those additions and retirements and depreciated the plant annually
21 using the Commission's authorized depreciation rates. That exercise
22 provided the plant in service balance through the test-year. An adjustment
23 to decrease plant by \$(75,764) for Mohave and \$(96,825) for Havasu was

1 necessary. An adjustment to increase accumulated depreciation by
2 \$1,226,050 for Mohave and \$23,504 for Havasu was necessary to
3 properly recognize accumulated depreciation balances.

4
5 Q. Why do you think that your beginning test-year accumulated depreciation
6 balances are more accurate than those of the Company?

7 A. The Company did not reconstruct the accumulated depreciation balances
8 since the last rate case that prescribed and authorized a specific rate base
9 amount and depreciation rate as I did.

10
11 Q. What methodology did the Company utilize to obtain its beginning test-
12 year accumulated depreciation figures?

13 A. The Company used the beginning balances found on the books as of
14 December 31, 2001. The plant reconstruction analysis that I performed
15 yield a more accurate starting point. My recommended adjustment to the
16 test year plant and accumulated depreciation balances are shown on the
17 last page of Schedule TJC-4.

18
19 **Rate Base Adjustment #2 – Proforma Plant**

20 Q. Please explain the proforma plant adjustment.

21 A. The proforma plant adjustment is necessary because when the rate
22 application was filed, actual 2002 post-test-year (PTY) end figures were

1 not available. An adjustment is necessary to true up the Company's
2 proforma adjustments to 2002 actuals.

3

4 Q. Why do you believe your adjustment is more reliable than that of the
5 Company?

6 A. Proforma figures are mere estimates. Actual numbers are accurate and
7 reliable as opposed to estimates or predictions.

8

9 Q. What adjustment was necessary to true up the proforma amounts to
10 actuals?

11 A. The adjustment increased plant in Mohave by \$40,944 and decreased
12 plant in Havasu by \$(10,101). A corresponding adjustment to increase
13 accumulated depreciation by \$19,416 in Mohave and \$2,405 in Havasu
14 was also necessary.

15

16 **Rate Base Adjustment #3 – Acquisition Adjustment**

17 Q. Please explain the acquisition adjustment to rate base.

18 A. RUCO witness Rodney Moore discusses the acquisition adjustment fully
19 in his testimony. Please refer to his testimony for RUCO's rationale that
20 led to this adjustment.

21

22

23

1 Q. What adjustment was necessary for the Mohave and Havasu systems?

2 A. The adjustment decreased Mohave's rate base by \$(6,121,931) and
3 decreased Havasu's rate base by \$(523,302).

4

5 **Rate Base Adjustment #4 – Advances in Aid of Construction (AIAC) and**
6 **Contributions In Aid of Construction (CIAC)**

7 Q. Please explain your AIAC and CIAC adjustments.

8 A. This adjustment affects only the Mohave Water district and merely
9 corrects for the Company's use of an erroneous AIAC balance in the
10 Mohave rate application.

11

12 Q. How did you identify this error?

13 A. During the course of my audit I reviewed the Citizens' year ended
14 December 31, 2001 general ledger and compared that to the per books
15 amount included in the Company's application and noted a discrepancy
16 between the AIAC balances of \$4,412,115 reflected on Citizens' general
17 ledger vs. the \$3,627,074 AIAC balance used in the Company's
18 application.

19

20 Q. Does your correction of this AIAC error affect any other rate base
21 balances?

22 A. Yes. Decision No. 63584, the sale and transfer docket, required that AZ-
23 AM be required to convert 5% of the AIAC balances on its books and

1 records at the time of acquisition to CIAC. Since the Company has
2 transferred an incorrect amount of AIAC, likewise, its calculation of the 5%
3 is also incorrect. I have corrected both the AIAC and CIAC balances on
4 Schedule TJC-3, Adjustment #4.

5
6 **OPERATING INCOME**

7 **Operating Adjustment #1 – Citizens’ Corporate Allocations**

8 Q. Please discuss Operating Adjustment #1.

9 A. Operating Adjustment #1 simply corrects for a Company error that creates
10 a discrepancy between the corporate allocations reflected in its application
11 and those actually recorded on the test year general ledger. This
12 adjustment is applicable only to the Havasu division, and increases
13 operating expenses by \$112.

14
15 **Operating Adjustment #2 – Citizens Payroll**

16 Q. What adjustments are necessary to Citizens Payroll?

17 A. The adjustment decreased salaries and wages by \$19,328 in Mohave and
18 by \$223 in Havasu. RUCO witness Rodney Moore provides full details
19 regarding this adjustment in his testimony.

1 **Operating Adjustment #3 – Arizona-American Allocations**

2 Q. What adjustments are necessary for Arizona-American Allocations?

3 A. It was necessary to decrease "Service Company Fees" by \$79,576 in
4 Mohave and by \$11,492 in Havasu. RUCO witness Marylee Diaz Cortez
5 explains this adjustment completely in her testimony.

6

7 **Operating Adjustment #4 – Arizona-American Payroll**

8 Q. Was there an adjustment necessary for Arizona-American Payroll?

9 A. Yes, an adjustment to decrease salaries & wages by \$124,349 in Mohave
10 was necessary and a decrease to Havasu by \$33,948 was required. Ms.
11 Diaz Cortez provides a complete description in her testimony regarding
12 this adjustment.

13

14 **Operating Adjustment #5 – Depreciation Expense**

15 Q. What amount of total depreciation & amortization expense has the
16 Company requested?

17 A. The Company is requesting depreciation & amortization expense of
18 \$692,199 for its Mohave system, \$73,315 for its Havasu system.

19

20 Q. Have you recomputed depreciation expense?

21 A. Yes. It was necessary for me to recalculate depreciation expense based
22 on the actual 2002 year-end plant balances rather than the Company's
23 2001 proforma amounts. I have accepted the Company's proposed

1 depreciation rate; accordingly, the differences in my recommended
2 depreciation and amortization expense versus the Company's are
3 attributable solely to balance differences.

4
5 Q. What is your recommended adjustment?

6 A. My depreciation adjustment for the Mohave system is (\$22,505), the
7 Havasu system also requires a reduction of depreciation expense as
8 compared to the Company's amount filed in its Rate Application of
9 (\$6,897). The details of my calculations are shown on Schedule TJC-11.

10
11 Q. Does that complete RUCO's Depreciation Adjustment?

12 A. Yes.

13
14 **Operating Adjustment #6 – Property Tax Expense**

15 Q. Have you reviewed the property tax calculation that the Company used in
16 determining its revenue requirement?

17 A. Yes.

18
19 Q. How did the Company arrive at its property tax amount as reported in its
20 filing?

21 A. The Company computed its property tax calculation using the same
22 methodology as I did as prescribed by the Arizona Department of
23 Revenue (ADOR). However, the Company has used its actual 2001

1 revenues, adjusted 2001 revenues and proposed revenues for purposes
2 of valuation as opposed to its historical revenue.

3 The Company failed to recognize any Construction Work In Progress
4 (CWIP). AZ-AM also utilizes a greater net book value for its transportation
5 equipment. Since I reconstructed all plant accounts going back to the last
6 rate case in 1988 and 1990, respective to the particular water districts as
7 opposed to relying on the general ledger, I maintain that my figure is more
8 reliable. As noted in the paragraph above, the Company's property tax
9 calculation is skewed by not utilizing historical revenues also. Other than
10 those differences, there are no significant differentiations.

11
12 Q. What adjustment is necessary?

13 A. It was necessary and proper to re-compute the property taxes based on
14 historical revenues as required by the ADOR formula. Mohave and
15 Havasu systems required the following adjusted decreases of (\$2,427)
16 and (\$7,656) respectively. The adjustment is detailed on Schedule TJC-
17 12.

18
19 **Operating Adjustment #7 – Rate Case Expense**

20 Q. What adjustment is necessary for RUCO's recommendation regarding the
21 rate case expense?

22 A. The following adjustment to Mohave decreases rate case expense by
23 \$(11,645) and Havasu by \$(1,168). RUCO witness Ms. Diaz Cortez

1 discusses RUCO's position pertaining to the rate case expense
2 adjustment.

3
4 **Operating Adjustment #8 – Arizona-American Overheads**

5 Q. What adjustment is necessary for Arizona-American overheads?

6 A. This adjustment decreases Service Company Fees by \$(206,129) for the
7 Mohave system and by \$(42,514) for the Havasu district. Mr. Moore
8 provides the discussion regarding this adjustment in his testimony.

9
10 **Operating Adjustment #10 – Income Tax Expense**

11 Q. Please discuss your income tax expense adjustment.

12 A. As shown on Schedule TJC-15, I calculated Arizona-American Water
13 Company's state and federal income taxes based on RUCO's
14 recommended level of operating income at present water rates.

15
16 Q. After reviewing the Company's income tax expense as reported in its
17 filing, do you agree with the tax rates the Company used?

18 A. No. RUCO has used the stand-alone method for calculating income taxes
19 whereas the Company utilized the corporate-wide approach. This also
20 accounts in part for the difference in the Company's and RUCO's "Gross
21 Revenue Conversion Factor". The Company has computed its Federal
22 Income Tax rate based on total Company income. This Commission has
23 required proforma income taxes to be computed on a "stand-alone" basis

1 for each system. My income tax calculations therefore utilize stand-alone
2 net income to determine the tax liability. My calculations are supported in
3 detail on Schedule TJC-15.

4

5 **COST OF CAPITAL**

6 Q. Has RUCO determined cost of capital and a fair return on common
7 equity?

8 A. Yes. Mr. Rigsby will sponsor that section of the Rate Application in his
9 testimony. His recommended cost of capital is shown on WAR-1.

10

11 **RATE DESIGN**

12 Q. Have you prepared a schedule showing your recommended monthly
13 minimum and commodity rates?

14 A. Yes. These rates are shown on Schedule TJC-16, page 1.

15

16 Q. How did you design your rates?

17 A. My rate design maintains the current rate relationship between meter
18 sizes and also between commodity vs. monthly minimums. Since a cost
19 of service study was not performed in this case I am not proposing any
20 change to those current rate relationships.

21

22

23

1 Q. What changes have you made to the Havasu and Mohave water rates?

2 A. My rate design is based on my recommended revenue increase and
3 decrease for Havasu and Mohave, respectively. I have also removed all
4 gallonage from both divisions' monthly minimums. Both the Mohave and
5 Havasu rates were set more than ten years ago and do not currently
6 reflect the Commissions policy of "no free water". Exclusion of the free
7 water will provide more conservation incentive. I have also designed
8 Havasu's rates to reflect one commodity rate for the entire year. Havasu's
9 current rates are based on two commodity rates – one for summer, which
10 is higher, and one for winter, which is lower.

11

12 Q. Why have you moved to one rate for all seasons?

13 A. I believe the two season rates are no longer warranted. First, all other AZ-
14 AM water systems are based on one annual commodity rate, and moving
15 Havasu to one rate will be consistent and administratively efficient.
16 Second, at one time Havasu's customer base was highly seasonal. Over
17 the years that has stabilized, and during the test year there was little
18 variance between summer and winter bill counts. Third, setting winter
19 rates lower than summer rates creates cost subsidizations, where winter
20 visitors pay lower over all rates than permanent residents. For these
21 reasons I am recommending a flat commodity charge year around.

22

23

1 My proposed rates are shown on Schedule TJC-16, page 1. A
2 comparison of the current, company proposed, and RUCO recommended
3 rates is shown on Schedule TJC-16, page 2.

4

5 Q. Does this complete your testimony on behalf of RUCO?

6 A. Yes.

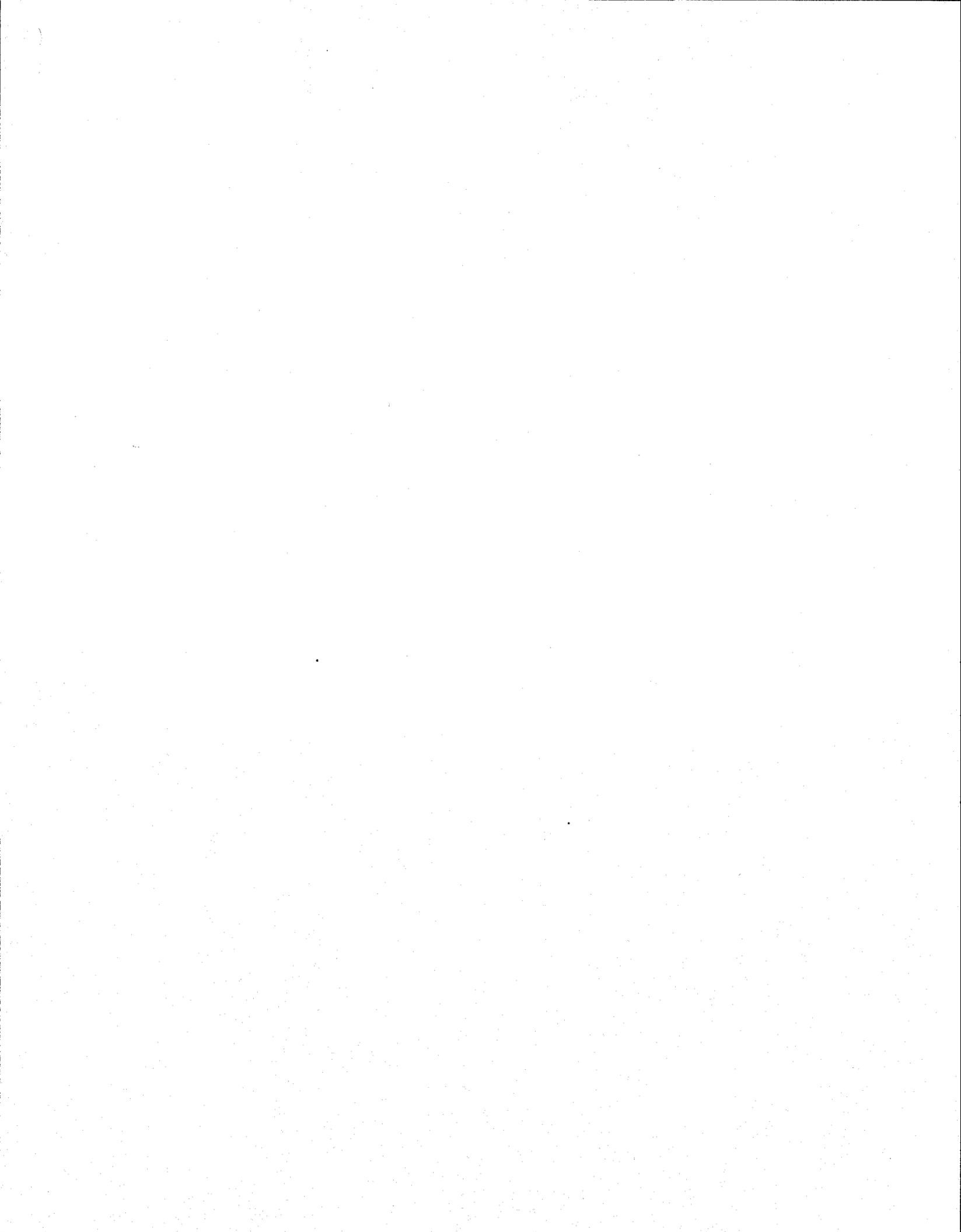


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REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	(A) PER COMPANY RCND	(B) ADJUSTMENTS TO RESTATE TO ORIGINAL COST	(C) PER COMPANY ORIG. COST	(D) RUCO ORIGINAL COST
1	Fair Value Rate Base	\$ 1,369,042	\$ 53,501	\$ 1,422,543	\$ 766,406
2	Adjusted Operating Income (Loss)	\$ (16,329)		\$ (16,329)	\$ 48,406
3	Current Rate Of Return (L2 / L1)	-1.19%		-1.15%	6.32%
4	Required Operating Income (L5 X L1)	\$ 106,094		\$ 110,247	\$ 50,357
5	Required Rate Of Return On Fair Value Rate Base	7.75%		7.75%	6.57%
6	Operating Income Deficiency (L4 - L2)	\$ 122,424		\$ 126,576	\$ 1,951
7	Gross Revenue Conversion Factor (Sch. RLM-2)	1.6286		1.6286	1.2646
8	Increase In Gross Revenue Requirement (L7 X L6)	\$ 199,384		\$ 206,142	\$ 2,467
9	Adjusted Test Year Revenue	\$ 440,924		\$ 440,924	\$ 440,924
10	Proposed Annual Revenue (L8 + L9)	\$ 640,308		\$ 647,066	\$ 443,391
11	Required Percentage Increase In Revenue (L8 / L9)	45.22%		46.75%	0.56%
12	Rate Of Return On Common Equity	11.50%		11.50%	9.11%

References:
Column (A): Company Schedules A-1 and C-1
Column (B): RUCO Schedules TJC-2
Column (C): Recalculated After Adjusting To OCRB
Column (D): RUCO SCHEDULES TJC-3, TJC-6

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
CALCULATION OF GROSS REVENUE CONVERSION FACTOR:					
1	Revenue	1.0000			
2	Less: Combined Federal And State Tax Rate (L10)	0.2092			
3	Subtotal (L1 - L2)	0.7908			
4	Revenue Conversion Factor (L1 / L3)	1.2646			
CALCULATION OF EFFECTIVE TAX RATE:					
5	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%			
6	Arizona State Income Tax Rate	6.9680%			
7	Federal Taxable Income (L5 - L6)	93.0320%			
8	Applicable Federal Income Tax Rate (Col. (D), L34)	15.0000%			
9	Effective Federal Income Tax Rate (L7 X L8)	13.9548%			
10	Combined Federal And State Income Tax Rate (L6 + L9)	20.9228%			
11	Required Operating Income (Sch. TJC-1, Col. (B), L4)	\$ 50,357			
12	Adj'd T.Y. Oper'g Income (Loss) (Sch. TJC-1, Col. (B), L2)	48,406			
13	Required Increase In Operating Income (L11 - L12)		\$ 1,951		
14	Income Taxes On Recommended Revenue (Col. (D), L31)	\$ 7,409			
15	Income Taxes On Test Year Revenue (Col. (D), L32)	6,893			
16	Required Increase In Revenue To Provide For Income Taxes (L14 - L15)		\$ 516		
17	Total Required Increase In Revenue (L13 + L16)		\$ 2,467		
CALCULATION OF INCOME TAX:					
18	Revenue (Sch. TJC-1, Col. (B), L10)			Recommended	
19	Less: Opr'g Exp. Excl. Inc. Tax (TJC-6, Col. (E), L25 - L23)			\$ 443,391	
20	Less: Synchronized Interest (Col. (C), L37)			385,625	
21	Arizona Taxable Income (L18 - L19 - L20)			22,354	
22	Arizona State Income Tax Rate			\$ 35,413	
23	Arizona Income Tax (L21 X L22)			6.9680%	
24	Fed. Taxable Income (L21 - L23)			\$ 32,945	\$ 2,468
25	Fed. Tax On 1st Inc. Bracket (\$1 - \$50,000) @ 15%			\$ 4,942	
26	Fed. Tax On 2nd Inc. Bracket (\$50,001 - \$75,000) @ 25%			-	
27	Fed. Tax On 3rd Inc. Bracket (\$75,001 - \$100,000) @ 34%			-	
28	Fed. Tax On 4th Inc. Bracket (\$100,001 - \$335,000) @ 39%			-	
29	Fed. Tax On 5th Inc. Bracket (\$335,001 - \$10M) @ 34%			-	
30	Total Federal Income Tax (L25 + L26 + L27 + L28 + L29)				\$ 4,942
31	Combined Federal And State Income Tax (L23 + L30)				\$ 7,409
32	Test Year Combined Income Tax, RUCO As Adjusted (TJC-6, Col. (C), L23)				\$ 6,893
33	Adjustment (L31 - L32) (See TJC-6, Col. (D), L23)				\$ 516
34	Applicable Federal Income Tax Rate (Col. (D), L30 / Col. (C), L24)				15.00%
CALCULATION OF INTEREST SYNCHRONIZATION:					
35	Rate Base (Sch. TJC-3, Col. (C), L16)			\$ 766,406	
36	Weighted Avg. Cost Of Debt (Sch. TJC-13, Col. (F), L1 + L2)			2.92%	
37	Synchronized Interest (L35 X L36)			\$ 22,354	

FAIR VALUE RATE BASE - RCND ADJUSTED TO OCRB

LINE NO.	DESCRIPTION	(A) COMPANY FILED AS RCND	(B) RUCO ADJM'TS TO OCRB	(C) COMPANY FILED AS OCRB	(D) RUCO OCRB ADJM'TS	(E) RUCO ADJUSTED AS OCRB
1	Gross Utility Plant In Service	\$ 3,347,492	\$ (1,182,084)	\$ 2,165,408	\$ (106,926)	\$ 2,058,482
	Less:					
2	Accumulated Depreciation	885,921	(330,390)	555,531	25,909	581,440
3	Net Utility Plant In Service (L1 - L2)	<u>\$ 2,461,571</u>	<u>\$ (851,694)</u>	<u>\$ 1,609,877</u>	<u>\$ (132,835)</u>	<u>\$ 1,477,042</u>
	Less:					
4	Advances In Aid Of Const. ("AIAC")	\$ 647,272	\$ (228,568)	\$ 418,704	\$ 0	\$ 418,704
5	Contribution In Aid Of Const. ("CIAC")	\$ 434,191	\$ (153,324)	\$ 280,867	\$ 0	\$ 280,867
6	Less: Accumulated Amortization	-	-	-	-	-
7	NET CIAC (L4 - L5)	<u>\$ 434,191</u>	<u>\$ (153,324)</u>	<u>\$ 280,867</u>	<u>\$ 0</u>	<u>\$ 280,867</u>
8	Customer Meter Deposits	\$ 11,066	\$ 0	\$ 11,066	\$ 0	\$ 11,066
9	Deferred Income Taxes And Credits	-	-	-	-	-
10	Investment Tax Credits	-	-	-	-	-
	Plus:					
11	Unamortized Finance Charges	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
12	Deferred Tax Assets	-	-	-	-	-
13	Allowance For Working Capital	-	-	-	-	0
14	Citizens Acquisition Adjustment	-	-	523,302	(523,302)	-
15	Adjustment Due To Rounding	-	-	1	-	1
16	TOTAL RATE BASE	<u>\$ 1,369,042</u>	<u>\$ (469,802)</u>	<u>\$ 1,422,543</u>	<u>\$ (656,137)</u>	<u>\$ 766,406</u>

References:
Column (A): Company Schedule B-1
Column (B): Column (C) Minus Column (A)
Column (C): Company Schedule B-1, page 1
Column (D): Schedule TJC-3
Column (E): Column (C) + Column (D)

SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS

LINE NO.	DESCRIPTION	(A) COMPANY FILED AS OCRB	(B) RUCO ADJMT # 1	(C) RUCO ADJMT # 2	(D) RUCO ADJMT # 3	(E) RUCO ADJUSTED AS OCRB
1	Gross Utility Plant In Service	\$ 2,165,408	\$ (96,825)	\$ (10,101)	\$ 0	\$ 2,058,482
	Less:					
2	Accumulated Depreciation	555,531	23,504	2,405	-	581,440
3	Net Plant	<u>\$ 1,609,877</u>	<u>\$ (120,329)</u>	<u>\$ (12,506)</u>	<u>\$ 0</u>	<u>\$ 1,477,042</u>
	Less:					
4	Advances In Aid Of Const. ("AIAC")	\$ 418,704	\$ -	\$ -	\$ 0	\$ 418,704
5	Contribution In Aid Of Const. ("CIAC")	\$ 280,867	\$ -	\$ -	\$ 0	\$ 280,867
6	Less: Accumulated Amortization	-	-	-	-	-
7	NET CIAC (L4 - L5)	<u>\$ 280,867</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 280,867</u>
8	Customer Meter Deposits	\$ 11,066	\$ 0	\$ -	\$ 0	\$ 11,066
9	Deferred Income Taxes And Credits	-	-	-	-	-
10	Investment Tax Credits	-	-	-	-	-
	Plus:					
11	Unamortized Finance Charges	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
12	Deferred Tax Assets	-	-	-	-	-
13	Allowance For Working Capital	-	-	-	-	-
14	Citizens Acquisition Adjustment	523,302	-	-	(523,302)	-
15	Adjustment Due To Rounding	1	-	-	-	1
16	TOTAL RATE BASE	<u>\$ 1,422,543</u>	<u>\$ (120,329)</u>	<u>\$ (12,506)</u>	<u>\$ (523,302)</u>	<u>\$ 766,406</u>

References:

- Column (A): Company Schedule B-2 and TJC-2, Col. (C)
- Column (B): Adjustment To Test Year Total Plant and Accumulated Depreciation (See TJC-4, Page 17, Col. (E) and (F), Line 48)
- Column (B): Adjustment To Test Year Total Plant and Accumulated Depreciation (See TJC-5, Page 1, Col. (E) and (F), Line 50)
- Column (D): Adjustment To Citizens Acquisition Adjustment (See Schedule TJC-2)
- Column (E): Sum of Columns (A) Thru (D)

**ADJUSTMENTS TO PRIOR TEST YEAR (12/31/90) TOTAL PLANT
COMPANY'S PRESENT FILING VERSUS TOTAL PLANT FILED IN PRIOR RATE CASE - DECISION NO. 57743**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ALLOCATION FACTOR	(B) CO. AS FILED PRIOR T. Y. 12/31/1990 TOTAL PLANT	(C) ADJUSTMENT TO 12/31/90 PRIOR T. Y.	(D) ACTUAL 12/31/90 PRIOR T. Y. TOTAL PLANT
1	301.0C	Organization	0.000C	\$ 0	\$ 0	\$ 0
2	302.0C	Franchises	0.000C	-	-	0
3	303.0C	Miscellaneous Intangibles	0.000C	-	-	0
4		SUBTOTAL INTANGIBLE		\$ 0	\$ 0	\$ 0
		SOURCE OF SUPPLY				
5	310.0C	Land And Land Rights	0.0147	\$ 5,800	(1,022)	\$ 4,778
6	311.0C	Structures And Improvements	0.0576	22,734	(4,007)	18,727
7	312.0C	Collecting And Impounding Res.	0.000C	-	-	0
8	313.0C	Lakes, Rivers, Other Intakes	0.000C	-	-	0
9	314.0C	Wells And Springs	0.042C	16,55C	(2,917)	13,633
10		SUBTOTAL SUPPLY		\$ 45,084	\$ (7,946)	\$ 37,138
		PUMPING				
11	320.0C	Land And Land Rights	0.000C	\$ 0	\$ 0	\$ 0
12	321.0C	Structures And Improvements	0.000C	-	-	0
13	323.0C	Other Power Productior	0.000C	-	-	0
14	325.0C	Electric Pumping Equipment	0.249C	98,227	(17,312)	80,915
15	326.0C	Diesel Pumping Equipment	0.000C	-	-	0
16	328.1C	Gas Engine Pumping Equipment	0.000C	-	-	0
17		SUBTOTAL PUMPING		\$ 98,227	\$ (17,312)	\$ 80,915
		WATER TREATMENT				
18	330.0C	Land And Land Rights	0.000C	\$ 0	\$ 0	\$ 0
19	331.0C	Structures And Improvements	0.000C	-	-	0
20	332.0C	Water Treatment Equipment	0.000C	-	-	0
21		SUBTOTAL TREATMENT		\$ 0	\$ 0	\$ 0
		TRANSMISSION & DISTRIBUTION				
22	340.0C	Land And Land Rights	0.000C	\$ 0	\$ 0	\$ 0
23	341.0C	Structures And Improvements	0.000C	-	-	0
24	342.0C	Distribution, Reservoirs, & ST	0.0532	20,991	(3,700)	17,291
25	343.0C	Trans. And Dist. Mains	0.3857	152,136	(28,814)	125,322
26	344.0C	Fire Mains	0.000C	-	-	0
27	345.0C	Services	0.0743	29,291	(5,163)	24,128
28	346.0C	Meters	0.1235	48,702	(8,584)	40,118
29	348.0C	Hydrants	0.000C	-	-	0
30	349.0C	Other Trans. And Dist.	0.000C	-	-	0
31		SUBTOTAL TRANS. & DIST.		\$ 251,12C	\$ (44,260)	\$ 206,86C
		GENERAL				
32	389.0C	Land And Land Rights		\$ 0	\$ 0	\$ 0
33	390.0C	Structures And Improvements		54,586	-	54,586
34	391.0C	Office Furniture And Equipment		6,746	-	6,746
35	391.1C	Computer Equipment		-	-	0
36	392.0C	Transportation Equipment		24,002	-	24,002
37	393.0C	Stores Equipment		-	-	0
38	394.0C	Tools, Shop And Garage		4,304	-	4,304
39	395.0C	Laboratory Equipment		-	-	0
40	396.0C	Power Operated Equipment		4,800	-	4,800
41	397.0C	Communication Equipment		816	-	816
42	398.0C	* Miscellaneous Equipment		28,981	-	28,981
43		SUBTOTAL GENERAL		\$ 124,235	\$ 0	\$ 124,235
		TOTAL WATER PLANT		\$ 518,666	\$ (69,518)	\$ 449,148
44		ALLOCATED PLANT ADJ. PER DECISION #5774:	\$ (69,518)	\$ 0	\$ 0	\$ 0
45		Adjustment Due To Rounding		-	-	0
46		ADJUSTED WATER PLANT		\$ 518,666	\$ (69,518)	\$ 449,148

References:

Column (A): Ratio Of Depreciable Plant Item To The Total Plant Value (Col. (B), L47) (Excluding General Plan
Column (B): Company Adjusted Plant Balances Per Decision No. 5774:
Column (C): Column (A) (Line Item Allocation Factor) X Total Adjustment of Plant for (\$69,518) As Per Prior ACC Decision No. 5774
Column (D): Columns (B) + (C). Prior Rate Case Decision No. 57743, Commission Approved Adjustment:

* Havasu Gardens Plant Adjustment

TEST YEAR PLANT SCHEDULES
ACC APPROVED PRIOR TEST YEAR ENDED DECEMBER 31, 1990

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) APPROVED DEP. RATE	(B) FULLY DEP. PLANT	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
INTANGIBLE								
1	301.00	Organization	0.00%	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
2	302.00	Franchises	0.00%	-	-	0	-	0
3	303.00	Miscellaneous Intangibles	0.00%	-	-	0	-	0
4		SUBTOTAL INTANGIBLE		\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF SUPPLY								
5	310.00	Land And Land Rights	0.00%	\$ 0	\$ 0	\$ 4,778	\$ 0	\$ 4,778
6	311.00	Structures And Improvements	2.79%	-	-	18,727	-	18,727
7	312.00	Collecting And Impounding Reservoirs	2.54%	-	-	-	-	0
8	313.00	Lakes, Rivers, Other Intakes	0.00%	-	-	-	-	0
9	314.00	Wells And Springs	2.54%	-	-	13,633	-	13,633
10		SUBTOTAL SOURCE OF SUPPLY		\$ 0	\$ 0	\$ 37,138	\$ 0	\$ 37,138
PUMPING								
11	320.00	Land And Land Rights	0.00%	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
12	321.00	Structures And Improvements	0.00%	-	-	-	-	0
13	323.00	Other Power Production	5.12%	-	-	-	-	0
14	325.00	Electric Pumping Equipment	3.71%	-	-	80,915	-	80,915
15	326.00	Diesel Pumping Equipment	0.00%	-	-	-	-	0
16	328.10	Gas Engine Pumping Equipment	0.00%	-	-	0	-	0
17		SUBTOTAL PUMPING		\$ -	\$ 0	\$ 80,915	\$ 0	\$ 80,915
WATER TREATMENT								
18	330.00	Land And Land Rights	0.00%	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
19	331.00	Structures And Improvements	0.00%	-	-	-	-	0
20	332.00	Water Treatment Equipment	12.00%	-	-	-	-	0
21		SUBTOTAL WATER TREATMENT		\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
TRANSMISSION AND DISTRIBUTION								
22	340.00	Land And Land Rights	0.00%	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
23	341.00	Structures And Improvements	0.00%	-	-	-	-	0
24	342.00	Distribution, Reservoirs, & ST	2.33%	-	-	17,291	-	17,291
25	343.00	Transmission And Distribution Mains	2.10%	-	-	125,322	-	125,322
26	344.00	Fire Mains	0.00%	-	-	-	-	0
27	345.00	Services	2.89%	-	-	24,128	-	24,128
28	346.00	Meters	3.52%	-	-	40,118	-	40,118
29	348.00	Hydrants	0.00%	-	-	-	-	0
30	349.00	Other Transmission And Distribution	0.00%	-	-	-	-	0
31		SUBTOTAL TRANS. AND DIST.		\$ 0	\$ 0	\$ 206,860	\$ 0	\$ 206,860
GENERAL								
32	389.00	Land And Land Rights	0.00%	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
33	390.00	Structures And Improvements	2.03%	-	-	54,586	-	54,586
34	391.00	Office Furniture And Equipment	4.10%	-	-	6,746	-	6,746
35	391.10	Computer Equipment	4.10%	-	-	0	-	0
36	392.00	Transportation Equipment	25.00%	-	-	24,002	-	24,002
37	393.00	Stores Equipment	3.93%	-	-	-	-	0
38	394.00	Tools, Shop And Garage	7.55%	-	-	4,304	-	4,304
39	395.00	Laboratory Equipment	3.06%	-	-	-	-	0
40	396.00	Power Operated Equipment	9.23%	-	-	4,800	-	4,800
41	397.00	Communication Equipment	4.10%	-	-	816	0	816
42	398.00	Miscellaneous Equipment	6.19%	-	-	28,981	-	28,981
43		SUBTOTAL GENERAL		\$ 0	\$ 0	\$ 124,235	\$ 0	\$ 124,235
44		Acc. Depre. December 31, 1990					\$ 193,465	
45		Adjustment Due To Rounding		-	-	-	-	0
46		TOTAL WATER PLANT		\$ 0	\$ 0	\$ 449,148	\$ 193,465	\$ 255,683

References:
Column (A): Prior Decision No. 57743 and Company Schedule C-2, Page 6
Column (B): Intentionally Left Blank
Column (C): Company Response To RUCO Data Request No. 1.22
Column (D): Schedule TJC-4, Page 1 of 14
Column (E): Schedule TJC-4, Page 1
Column (F): Column (D) - Column (E)

* Havasu Gardens Plant Adjustment

TEST YEAR PLANT SCHEDULES
YEAR ENDED DECEMBER 31, 1991

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) FULL DEP. PLT	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 10,144	\$ 0	\$ 0	\$ 0	\$ 10,144	\$ 0	\$ 10,144
2	302.00	Franchises	-	-	-	-	-	-	0
3	303.00	Miscellaneous Intangibles	-	-	-	-	-	-	0
4		SUBTOTAL INTANGIBLE	\$ 10,144	\$ 0	\$ 0	\$ 0	\$ 10,144	\$ 0	\$ 10,144
SOURCE OF SUPPLY									
5	310.00	Land And Land Rights	\$ 999	\$ 0	\$ 0	\$ 0	\$ 5,777	\$ 0	\$ 5,777
6	311.00	Structures And Improvements	-	-	-	522	18,727	522	18,205
7	312.00	Collecting And Impounding Res.	-	-	-	-	-	-	0
8	313.00	Lakes, Rivers, Other Intakes	-	-	-	-	-	-	0
9	314.00	Wells And Springs	511	(441)	-	358	14,585	11,030	3,555
10		SUBTOTAL SUPPLY	\$ 1,510	\$ (441)	\$ 0	\$ 881	\$ 39,089	\$ 11,553	\$ 27,536
PUMPING									
11	320.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)
12	321.00	Structures And Improvements	-	-	-	-	-	-	0
13	323.00	Other Power Production	-	-	-	-	-	-	0
14	325.00	Electric Pumping Equipment	38,457	3,102	-	3,658	116,270	556	115,714
15	326.00	Diesel Pumping Equipment	-	-	-	-	-	-	0
16	328.10	Gas Engine Pumping Equipment	-	-	-	-	0	-	0
17		SUBTOTAL PUMPING	\$ 38,457	\$ 3,102	\$ 0	\$ 3,658	\$ 116,271	\$ 556	\$ 115,715
WATER TREATMENT									
18	330.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
19	331.00	Structures And Improvements	-	-	-	-	-	-	0
20	332.00	Water Treatment Equipment	13,332	-	-	800	13,332	800	12,532
21		SUBTOTAL TREATMENT	\$ 13,332	\$ 0	\$ 0	\$ 800	\$ 13,332	\$ 800	\$ 12,532
TRANSMISSION & DISTRIBUTION									
22	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)
23	341.00	Structures And Improvements	-	-	-	-	-	-	0
24	342.00	Distribution, Reservoirs, & ST	38,821	-	-	855	56,112	855	55,257
25	343.00	Trans. And Dist. Mains	24,926	9,700	-	2,792	140,548	(6,908)	147,457
26	344.00	Fire Mains	-	-	-	-	-	-	0
27	345.00	Services	24,196	1,229	-	1,029	47,095	(200)	47,295
28	346.00	Meters	13,128	101	-	1,641	53,145	1,540	51,605
29	348.00	Hydrants	-	-	-	-	-	-	0
30	349.00	Other Trans. And Dist.	-	-	-	-	-	-	0
31		SUBTOTAL TRANS. & DIST.	\$ 101,071	\$ 11,030	\$ 0	\$ 6,317	\$ 296,901	\$ (4,713)	\$ 301,614
GENERAL									
32	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)
33	390.00	Structures And Improvements	-	-	-	1,108	54,586	1,108	53,478
34	391.00	Office Furniture And Equipment	-	-	-	277	6,746	277	6,469
35	391.10	Computer Equipment	-	-	-	0	0	0	0
36	392.00	Transportation Equipment	-	-	-	6,001	24,002	6,001	18,002
37	393.00	Stores Equipment	-	-	-	-	-	-	0
38	394.00	Tools, Shop And Garage	2,742	-	-	428	7,046	428	6,618
39	395.00	Laboratory Equipment	-	-	-	-	-	-	0
40	396.00	Power Operated Equipment	-	-	-	443	4,800	443	4,357
41	397.00	Communication Equipment	-	-	-	33	816	33	783
42	398.00	Miscellaneous Equipment	-	-	-	1,794	28,981	1,794	27,187
43		SUBTOTAL GENERAL	\$ 2,742	\$ 0	\$ 0	\$ 10,084	\$ 126,977	\$ 10,084	\$ 116,893
44		Acc. Depre. December 31, 1990						\$ 193,465	
45		Adjustment Due To Rounding	1	-	-	-	2	-	0
46		TOTAL WATER PLANT	\$ 167,257	\$ 13,691	\$ 0	\$ 21,740	\$ 602,716	\$ 211,745	\$ 390,969

References:

Columns (A) & (B): Company Response To RUCO Data Request No. 1.22

Column (C): Intentionally Left Blank

Column (D): 0.75 X [(Col. (A) + Col. (B)) X TJC-4, Page 2, Col. (A) X 1/2 yr. conv.] + [TJC-4, Page 2, Col. (D) - Col. (C)] X TJC-4, Page 1, Col. (A)

Column (E): Schedule TJC-4, Page 2, Column (D) + Column (A) - Column (B)

Column (F): Schedule TJC-4, Page 2, Column (E) - Column (B) + Column (D)

Column (G): Column (E) - Column (F)

TEST YEAR PLANT SCHEDULES
YEAR ENDED DECEMBER 31, 1992

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) FULL DEP. PL'T	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,144	\$ 0	\$ 10,144
2	302.00	Franchises	-	-	-	-	-	-	-
3	303.00	Miscellaneous Intangibles	-	-	-	-	-	-	0
4		SUBTOTAL INTANGIBLE	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,144	\$ 0	\$ 10,144
SOURCE OF SUPPLY									
5	310.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,777	\$ 0	\$ 5,777
6	311.00	Structures And Improvements	-	-	-	522	18,727	1,045	17,682
7	312.00	Collecting And Impounding Res.	-	-	-	-	-	-	0
8	313.00	Lakes, Rivers, Other Intakes	-	-	-	-	-	-	0
9	314.00	Wells And Springs	-	-	-	370	14,585	11,401	3,184
10		SUBTOTAL SUPPLY	\$ 0	\$ 0	\$ 0	\$ 893	\$ 39,088	\$ 12,446	\$ 26,642
PUMPING									
11	320.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)
12	321.00	Structures And Improvements	-	-	-	-	-	-	-
13	323.00	Other Power Production	22,738	-	-	582	22,738	582	22,156
14	325.00	Electric Pumping Equipment	46	-	-	4,314	116,316	4,870	111,446
15	326.00	Diesel Pumping Equipment	-	-	-	-	-	-	0
16	328.10	Gas Engine Pumping Equipment	-	-	-	-	0	-	0
17		SUBTOTAL PUMPING	\$ 22,784	\$ 0	\$ 0	\$ 4,897	\$ 139,054	\$ 5,452	\$ 133,602
WATER TREATMENT									
18	330.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
19	331.00	Structures And Improvements	-	-	-	-	-	-	-
20	332.00	Water Treatment Equipment	269	-	-	1,616	13,601	2,416	11,185
21		SUBTOTAL TREATMENT	\$ 269	\$ 0	\$ 0	\$ 1,616	\$ 13,601	\$ 2,416	\$ 11,185
TRANSMISSION & DISTRIBUTION									
22	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
23	341.00	Structures And Improvements	-	-	-	-	-	-	0
24	342.00	Distribution, Reservoirs, & ST	-	-	-	1,307	56,112	2,163	53,950
25	343.00	Trans. And Dist. Mains	4,429	-	-	2,998	144,977	(3,910)	148,888
26	344.00	Fire Mains	-	-	-	-	-	-	0
27	345.00	Services	5,353	-	-	1,438	52,448	1,239	51,210
28	346.00	Meters	11,963	-	-	2,081	65,108	3,622	61,487
29	348.00	Hydrants	-	-	-	-	-	-	0
30	349.00	Other Trans. And Dist.	-	-	-	-	-	-	0
31		SUBTOTAL TRANS. & DIST.	\$ 21,745	\$ 0	\$ 0	\$ 7,825	\$ 318,646	\$ 3,113	\$ 315,534
GENERAL									
32	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
33	390.00	Structures And Improvements	-	-	-	1,108	54,586	2,216	52,370
34	391.00	Office Furniture And Equipment	-	-	-	277	6,746	553	6,193
35	391.10	Computer Equipment	-	-	-	0	0	0	0
36	392.00	Transportation Equipment	-	-	-	6,001	24,002	12,001	12,001
37	393.00	Stores Equipment	-	-	-	-	-	-	-
38	394.00	Tools, Shop And Garage	673	-	-	557	7,719	986	6,733
39	395.00	Laboratory Equipment	-	-	-	-	-	-	-
40	396.00	Power Operated Equipment	-	-	-	443	4,800	886	3,914
41	397.00	Communication Equipment	-	-	-	33	816	67	749
42	398.00	Miscellaneous Equipment	377	-	-	1,806	29,358	3,600	25,758
43		SUBTOTAL GENERAL	\$ 1,050	\$ 0	\$ 0	\$ 10,225	\$ 128,026	\$ 20,309	\$ 107,717
44		Acc. Depre. December 31, 1990	-	-	-	-	4	\$ 193,465	-
45		Adjustment Due To Rounding	-	-	-	-	-	-	(1)
46		TOTAL WATER PLANT	\$ 45,848	\$ 0	\$ 0	\$ 25,455	\$ 648,563	\$ 237,200	\$ 411,359

References:

- Columns (A) & (B): Company Response To RUCO Data Request No. 1.22
- Column (C): Intentionally Left Blank
- Column (D): [(Col. (A) + Col. (B)) X TJC-4, Page 2, Col. (A) X 1/2 yr. conv.] + [TJC-4, Page 3, Col. (D) - Col. (C)] X TJC-4, Page 2, Col. (A)
- Column (E): Schedule TJC-4, Page 3, Column (D) + Column (A) - Column (B)
- Column (F): Schedule TJC-4, Page 3, Column (E) - Column (B) + Column (D)
- Column (G): Column (E) - Column (F)

TEST YEAR PLANT SCHEDULES
YEAR ENDED DECEMBER 31, 1993

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) FULL DEP. PLT	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,144	\$ 0	\$ 10,144
2	302.00	Franchises	-	-	-	-	-	-	-
3	303.00	Miscellaneous Intangibles	-	-	-	-	-	-	0
4		SUBTOTAL INTANGIBLE	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,144	\$ 0	\$ 10,144
SOURCE OF SUPPLY									
5	310.00	Land And Land Rights	\$ 1,746	\$ 0	\$ 0	\$ 0	\$ 7,523	\$ 0	\$ 7,523
6	311.00	Structures And Improvements	1,929	-	-	549	20,656	1,594	19,061
7	312.00	Collecting And Impounding Res.	-	-	-	-	-	-	-
8	313.00	Lakes, Rivers, Other Intakes	-	-	-	-	-	-	0
9	314.00	Wells And Springs	89,236	4,265	-	1,558	99,556	8,694	90,862
10		SUBTOTAL SUPPLY	\$ 92,911	\$ 4,265	\$ 0	\$ 2,107	\$ 127,734	\$ 10,288	\$ 117,446
PUMPING									
11	320.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)
12	321.00	Structures And Improvements	-	-	-	-	-	-	-
13	323.00	Other Power Production	-	-	-	1,164	22,738	1,746	20,992
14	325.00	Electric Pumping Equipment	66,310	-	-	5,545	182,626	10,416	172,210
15	326.00	Diesel Pumping Equipment	-	-	-	-	-	-	-
16	328.10	Gas Engine Pumping Equipment	-	-	-	-	0	-	0
17		SUBTOTAL PUMPING	\$ 66,310	\$ 0	\$ 0	\$ 6,710	\$ 205,364	\$ 12,162	\$ 193,203
WATER TREATMENT									
18	330.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
19	331.00	Structures And Improvements	-	-	-	-	-	-	-
20	332.00	Water Treatment Equipment	-	-	-	1,632	13,601	4,048	9,553
21		SUBTOTAL TREATMENT	\$ 0	\$ 0	\$ 0	\$ 1,632	\$ 13,601	\$ 4,048	\$ 9,553
TRANSMISSION & DISTRIBUTION									
22	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
23	341.00	Structures And Improvements	-	-	-	-	-	-	0
24	342.00	Distribution, Reservoirs, & ST	76,890	-	-	2,203	133,002	4,366	128,637
25	343.00	Trans. And Dist. Mains	190,866	-	-	5,049	335,843	1,138	334,705
26	344.00	Fire Mains	-	-	-	-	-	-	-
27	345.00	Services	30,587	-	-	1,958	83,035	3,196	79,839
28	346.00	Meters	17,961	-	-	2,608	83,069	6,230	76,840
29	348.00	Hydrants	18,712	-	-	-	18,712	-	18,712
30	349.00	Other Trans. And Dist.	-	-	-	-	-	-	0
31		SUBTOTAL TRANS. & DIST.	\$ 335,016	\$ 0	\$ 0	\$ 11,817	\$ 653,662	\$ 14,930	\$ 638,732
GENERAL									
32	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
33	390.00	Structures And Improvements	-	-	-	1,108	54,586	3,324	51,262
34	391.00	Office Furniture And Equipment	4,502	-	-	369	11,248	922	10,326
35	391.10	Computer Equipment	-	-	-	0	0	0	0
36	392.00	Transportation Equipment	-	-	-	6,001	24,002	18,002	6,001
37	393.00	Stores Equipment	-	-	-	-	-	-	-
38	394.00	Tools, Shop And Garage	1,455	-	-	638	9,174	1,624	7,550
39	395.00	Laboratory Equipment	-	-	-	-	-	-	-
40	396.00	Power Operated Equipment	-	-	-	443	4,800	1,329	3,471
41	397.00	Communication Equipment	2,727	-	-	89	3,543	156	3,386
42	398.00	Miscellaneous Equipment	-	-	-	1,817	29,358	5,417	23,941
43		SUBTOTAL GENERAL	\$ 8,684	\$ 0	\$ 0	\$ 10,465	\$ 136,710	\$ 30,774	\$ 105,937
44		Acc. Depre. December 31, 1990	-	-	-	-	-	\$ 193,465	-
45		Adjustment Due To Rounding	-	-	-	-	5	-	0
46		TOTAL WATER PLANT	\$ 502,921	\$ 4,265	\$ 0	\$ 32,731	\$ 1,147,220	\$ 265,667	\$ 881,549

References:

- Columns (A) & (B): Company Response To RUCO Data Request No. 1.22
- Column (C): Intentionally Left Blank
- Column (D): [(Col. (A) + Col. (B)) X TJC-4, Page 2, Col. (A) X 1/2 yr. conv.] + [TJC-4, Page 4, Col. (D) - Col. (C)] X TJC-4, Page 2, Col. (A)
- Column (E): Schedule TJC-4, Page 4, Column (D) + Column (A) - Column (B)
- Column (F): Schedule TJC-4, Page 4, Column (E) - Column (B) + Column (D)
- Column (G): Column (E) - Column (F)

TEST YEAR PLANT SCHEDULES
YEAR ENDED DECEMBER 31, 1994

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) FULL DEP. PL'T	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCU.M. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,144	\$ 0	\$ 10,144
2	302.00	Franchises	-	-	-	-	-	-	-
3	303.00	Miscellaneous Intangibles	-	-	-	-	-	-	0
4		SUBTOTAL INTANGIBLE	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,144	\$ 0	\$ 10,144
SOURCE OF SUPPLY									
5	310.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,523	\$ 0	\$ 7,523
6	311.00	Structures And Improvements	-	-	-	576	20,656	2,171	18,485
7	312.00	Collecting And Impounding Res.	-	-	-	-	-	-	-
8	313.00	Lakes, Rivers, Other Intakes	-	-	-	-	-	-	0
9	314.00	Wells And Springs	-	-	-	2,529	99,556	11,222	88,333
10		SUBTOTAL SUPPLY	\$ 0	\$ 0	\$ 0	\$ 3,105	\$ 127,734	\$ 13,393	\$ 114,341
PUMPING									
11	320.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)
12	321.00	Structures And Improvements	-	-	-	-	-	-	-
13	323.00	Other Power Production	-	-	-	1,164	22,738	2,910	19,828
14	325.00	Electric Pumping Equipment	996	-	-	6,794	183,622	17,210	166,413
15	326.00	Diesel Pumping Equipment	-	-	-	-	-	-	-
16	328.10	Gas Engine Pumping Equipment	-	-	-	-	1	-	1
17		SUBTOTAL PUMPING	\$ 996	\$ 0	\$ 0	\$ 7,958	\$ 206,361	\$ 20,120	\$ 186,241
WATER TREATMENT									
18	330.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
19	331.00	Structures And Improvements	-	-	-	-	-	-	-
20	332.00	Water Treatment Equipment	4,549	-	-	1,905	18,150	5,953	12,197
21		SUBTOTAL TREATMENT	\$ 4,549	\$ 0	\$ 0	\$ 1,905	\$ 18,150	\$ 5,953	\$ 12,197
TRANSMISSION & DISTRIBUTION									
22	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
23	341.00	Structures And Improvements	-	-	-	-	-	-	0
24	342.00	Distribution, Reservoirs, & ST	-	-	-	3,099	133,002	7,465	125,538
25	343.00	Trans. And Dist. Mains	7,763	1,744	-	7,153	341,862	6,547	335,315
26	344.00	Fire Mains	-	-	-	-	-	-	-
27	345.00	Services	10,789	770	-	2,567	93,054	4,993	88,061
28	346.00	Meters	16,254	2,426	-	3,253	96,897	7,056	89,841
29	348.00	Hydrants	-	-	-	-	18,712	-	18,712
30	349.00	Other Trans. And Dist.	-	-	-	-	-	-	-
31		SUBTOTAL TRANS. & DIST.	\$ 34,806	\$ 4,940	\$ 0	\$ 16,071	\$ 683,528	\$ 26,061	\$ 657,467
GENERAL									
32	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
33	390.00	Structures And Improvements	19	-	-	1,108	54,605	4,433	50,172
34	391.00	Office Furniture And Equipment	101	-	-	463	11,349	1,385	9,964
35	391.10	Computer Equipment	-	-	-	0	0	0	0
36	392.00	Transportation Equipment	27,895	24,002	-	12,488	27,895	6,487	21,408
37	393.00	Stores Equipment	-	-	-	-	-	-	-
38	394.00	Tools, Shop And Garage	1,345	-	-	743	10,519	2,367	8,152
39	395.00	Laboratory Equipment	-	-	-	-	-	-	-
40	396.00	Power Operated Equipment	-	4,800	-	665	0	(2,806)	2,806
41	397.00	Communication Equipment	-	-	-	145	3,542	301	3,241
42	398.00	Miscellaneous Equipment	580	377	-	1,847	29,560	6,887	22,673
43		SUBTOTAL GENERAL	\$ 29,940	\$ 29,179	\$ 0	\$ 17,459	\$ 137,470	\$ 19,054	\$ 118,416
44		Acc. Depre. December 31, 1990	-	-	-	-	-	\$ 193,465	-
45		Adjustment Due To Rounding	-	-	-	-	4	-	0
46		TOTAL WATER PLANT	\$ 70,291	\$ 34,119	\$ 0	\$ 46,498	\$ 1,183,392	\$ 278,046	\$ 905,342

References:

Columns (A) & (B): Company Response To RUCO Data Request No. 1.22

Column (C): Intentionally Left Blank

Column (D): [(Col. (A) + Col. (B)) X TJC-4, Page 2, Col. (A) X 1/2 yr. conv.] + [TJC-4, Page 5, Col. (D) - Col. (C)] X TJC-4, Page 2, Col. (A)

Column (E): Schedule TJC-4, Page 5, Column (D) + Column (A) - Column (B)

Column (F): Schedule TJC-4, Page 5, Column (E) - Column (B) + Column (D)

Column (G): Column (E) - Column (F)

TEST YEAR PLANT SCHEDULES
YEAR ENDED DECEMBER 31, 1995

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) FULL DEP. PL'T	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,144	\$ 0	\$ 10,144
2	302.00	Franchises	-	-	-	-	-	-	-
3	303.00	Miscellaneous Intangibles	-	-	-	-	-	-	0
4		SUBTOTAL INTANGIBLE	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,144	\$ 0	\$ 10,144
SOURCE OF SUPPLY									
5	310.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,523	\$ 0	\$ 7,523
6	311.00	Structures And Improvements	533	-	-	584	21,189	2,754	18,435
7	312.00	Collecting And Impounding Res.	-	-	-	-	-	-	-
8	313.00	Lakes, Rivers, Other Intakes	-	-	-	-	-	-	0
9	314.00	Wells And Springs	-	-	-	2,529	99,556	13,751	85,805
10		SUBTOTAL SUPPLY	\$ 533	\$ 0	\$ 0	\$ 3,112	\$ 128,268	\$ 16,506	\$ 111,762
PUMPING									
11	320.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)
12	321.00	Structures And Improvements	-	-	-	-	-	-	-
13	323.00	Other Power Production	-	-	-	1,164	22,738	4,075	18,663
14	325.00	Electric Pumping Equipment	881	-	-	6,829	184,503	24,038	160,465
15	326.00	Diesel Pumping Equipment	-	-	-	-	-	-	-
16	328.10	Gas Engine Pumping Equipment	-	-	-	-	1	-	1
17		SUBTOTAL PUMPING	\$ 881	\$ 0	\$ 0	\$ 7,993	\$ 207,241	\$ 28,113	\$ 179,129
WATER TREATMENT									
18	330.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
19	331.00	Structures And Improvements	-	-	-	-	-	-	-
20	332.00	Water Treatment Equipment	306	-	-	2,196	18,456	8,149	10,307
21		SUBTOTAL TREATMENT	\$ 306	\$ 0	\$ 0	\$ 2,196	\$ 18,456	\$ 8,149	\$ 10,307
TRANSMISSION & DISTRIBUTION									
22	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
23	341.00	Structures And Improvements	-	-	-	-	-	-	0
24	342.00	Distribution, Reservoirs, & ST	483	-	-	3,105	133,485	10,569	122,916
25	343.00	Trans. And Dist. Mains	578	-	-	7,185	342,440	13,732	328,708
26	344.00	Fire Mains	-	-	-	-	-	-	-
27	345.00	Services	11,587	46	-	2,857	104,595	7,804	96,791
28	346.00	Meters	17,297	96	-	3,717	114,098	10,677	103,421
29	348.00	Hydrants	-	-	-	-	18,712	-	18,712
30	349.00	Other Trans. And Dist.	-	-	-	-	-	-	0
31		SUBTOTAL TRANS. & DIST.	\$ 29,945	\$ 142	\$ 0	\$ 16,864	\$ 713,331	\$ 42,783	\$ 670,548
GENERAL									
32	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
33	390.00	Structures And Improvements	-	-	-	1,108	54,605	5,541	49,064
34	391.00	Office Furniture And Equipment	207	-	-	470	11,556	1,855	9,701
35	391.10	Computer Equipment	-	-	-	0	0	0	0
36	392.00	Transportation Equipment	-	-	-	6,974	27,895	13,461	14,434
37	393.00	Stores Equipment	-	-	-	-	-	-	-
38	394.00	Tools, Shop And Garage	1,047	-	-	834	11,566	3,201	8,365
39	395.00	Laboratory Equipment	-	-	-	-	-	-	-
40	396.00	Power Operated Equipment	-	-	-	0	0	(2,806)	2,806
41	397.00	Communication Equipment	-	-	-	145	3,542	447	3,095
42	398.00	Miscellaneous Equipment	-	-	-	1,830	29,560	8,716	20,844
43		SUBTOTAL GENERAL	\$ 1,254	\$ 0	\$ 0	\$ 11,360	\$ 138,724	\$ 30,414	\$ 108,310
44		Acc. Depre. December 31, 1990						\$ 193,465	
45		Adjustment Due To Rounding	1	-	-	-	5	-	0
46		TOTAL WATER PLANT	\$ 32,920	\$ 142	\$ 0	\$ 41,526	\$ 1,216,170	\$ 319,430	\$ 896,735

References:

- Columns (A) & (B): Company Response To RUCO Data Request No. 1.22
- Column (C): Intentionally Left Blank
- Column (D): [(Col. (A) + Col. (B)) X TJC-4, Page 2, Col. (A) X 1/2 yr. conv.] + [TJC-4, Page 6, Col. (D) - Col. (C)] X TJC-4, Page 2, Col. (A)
- Column (E): Schedule TJC-4, Page 6, Column (D) + Column (A) - Column (B)
- Column (F): Schedule TJC-4, Page 6, Column (E) - Column (B) + Column (D)
- Column (G): Column (E) - Column (F)

TEST YEAR PLANT SCHEDULES
YEAR ENDED DECEMBER 31, 1996

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) FULL DEP. PLT	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,144	\$ 0	\$ 10,144
2	302.00	Franchises	-	-	-	-	-	-	-
3	303.00	Miscellaneous Intangibles	-	-	-	-	-	-	0
4		SUBTOTAL INTANGIBLE	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,144	\$ 0	\$ 10,144
SOURCE OF SUPPLY									
5	310.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,523	\$ 0	\$ 7,523
6	311.00	Structures And Improvements	78	-	-	592	21,267	3,347	17,921
7	312.00	Collecting And Impounding Res.	148,279	-	-	1,883	148,279	1,883	146,396
8	313.00	Lakes, Rivers, Other Intakes	-	-	-	-	-	-	0
9	314.00	Wells And Springs	-	-	-	2,529	99,556	16,280	83,276
10		SUBTOTAL SUPPLY	\$ 148,357	\$ 0	\$ 0	\$ 5,004	\$ 276,625	\$ 21,510	\$ 255,115
PUMPING									
11	320.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)
12	321.00	Structures And Improvements	-	-	-	-	-	(0)	0
13	323.00	Other Power Production	-	-	-	1,164	22,738	5,239	17,499
14	325.00	Electric Pumping Equipment	48,392	537	-	7,753	232,358	31,253	201,105
15	326.00	Diesel Pumping Equipment	-	-	-	-	-	-	-
16	328.10	Gas Engine Pumping Equipment	-	-	-	-	1	-	1
17		SUBTOTAL PUMPING	\$ 48,392	\$ 537	\$ 0	\$ 8,917	\$ 255,096	\$ 36,492	\$ 218,605
WATER TREATMENT									
18	330.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)
19	331.00	Structures And Improvements	-	-	-	-	-	-	-
20	332.00	Water Treatment Equipment	6,859	-	-	2,626	25,315	10,776	14,539
21		SUBTOTAL TREATMENT	\$ 6,859	\$ 0	\$ 0	\$ 2,626	\$ 25,315	\$ 10,776	\$ 14,539
TRANSMISSION & DISTRIBUTION									
22	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)
23	341.00	Structures And Improvements	-	-	-	-	-	-	0
24	342.00	Distribution, Reservoirs, & ST	5,249	-	-	3,171	138,734	13,741	124,994
25	343.00	Trans. And Dist. Mains	177,471	-	-	9,055	519,911	22,787	497,125
26	344.00	Fire Mains	-	-	-	-	-	-	-
27	345.00	Services	43,784	-	-	3,655	148,379	11,460	136,920
28	346.00	Meters	18,537	3,188	-	4,399	129,447	11,888	117,559
29	348.00	Hydrants	-	-	-	-	18,712	-	18,712
30	349.00	Other Trans. And Dist.	-	-	-	-	-	-	0
31		SUBTOTAL TRANS. & DIST.	\$ 245,041	\$ 3,188	\$ 0	\$ 20,280	\$ 955,184	\$ 59,875	\$ 895,309
GENERAL									
32	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
33	390.00	Structures And Improvements	-	-	-	1,108	54,605	6,650	47,955
34	391.00	Office Furniture And Equipment	438	-	-	483	11,994	2,338	9,656
35	391.10	Computer Equipment	-	-	-	0	0	0	0
36	392.00	Transportation Equipment	-	-	-	6,974	27,895	20,435	7,460
37	393.00	Stores Equipment	-	-	-	-	-	0	(0)
38	394.00	Tools, Shop And Garage	198	-	-	881	11,764	4,082	7,682
39	395.00	Laboratory Equipment	-	-	-	-	-	-	-
40	396.00	Power Operated Equipment	-	-	-	0	0	(2,806)	2,806
41	397.00	Communication Equipment	-	-	-	145	3,542	592	2,950
42	398.00	Miscellaneous Equipment	-	-	-	1,830	29,560	10,547	19,013
43		SUBTOTAL GENERAL	\$ 636	\$ 0	\$ 0	\$ 11,421	\$ 139,360	\$ 41,837	\$ 97,523
44		Acc. Depre. December 31, 1990	-	-	-	-	-	\$ 193,465	-
45		Adjustment Due To Rounding	-	-	-	-	-	-	0
46		TOTAL WATER PLANT	\$ 449,285	\$ 3,725	\$ 0	\$ 48,248	\$ 1,661,725	\$ 363,954	\$ 1,297,771

References:

- Columns (A) & (B): Company Response To RUCO Data Request No. 1.22
- Column (C): Intentionally Left Blank
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- Column (E): Schedule TJC-4, Page 7, Column (D) + Column (A) - Column (B)
- Column (F): Schedule TJC-4, Page 7, Column (E) - Column (B) + Column (D)
- Column (G): Column (E) - Column (F)

TEST YEAR PLANT SCHEDULES
YEAR ENDED DECEMBER 31, 1997

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) FULL DEP. PL'T	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,144	\$ 0	\$ 10,144
2	302.00	Franchises	-	-	-	-	-	-	-
3	303.00	Miscellaneous Intangibles	-	-	-	-	-	-	0
4		SUBTOTAL INTANGIBLE	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,144	\$ 0	\$ 10,144
SOURCE OF SUPPLY									
5	310.00	Land And Land Rights	\$ (1)	\$ 0	\$ 0	\$ 0	\$ 7,522	\$ 0	\$ 7,522
6	311.00	Structures And Improvements	(141)	-	-	591	21,126	3,938	17,188
7	312.00	Collecting And Impounding Res.	-	-	-	3,766	148,279	5,649	142,630
8	313.00	Lakes, Rivers, Other Intakes	-	-	-	-	-	-	0
9	314.00	Wells And Springs	-	-	-	2,529	99,556	18,809	80,747
10		SUBTOTAL SUPPLY	\$ (142)	\$ 0	\$ 0	\$ 6,886	\$ 276,483	\$ 28,396	\$ 248,087
PUMPING									
11	320.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)
12	321.00	Structures And Improvements	-	-	-	-	-	(1)	1
13	323.00	Other Power Production	-	-	-	1,164	22,738	6,403	16,335
14	325.00	Electric Pumping Equipment	(30,086)	-	-	8,062	202,272	39,315	162,957
15	326.00	Diesel Pumping Equipment	-	-	-	-	-	-	-
16	328.10	Gas Engine Pumping Equipment	-	-	-	-	1	-	1
17		SUBTOTAL PUMPING	\$ (30,086)	\$ 0	\$ 0	\$ 9,227	\$ 225,010	\$ 45,717	\$ 179,294
WATER TREATMENT									
18	330.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)
19	331.00	Structures And Improvements	-	-	-	-	-	-	-
20	332.00	Water Treatment Equipment	-	-	-	3,038	25,315	13,814	11,502
21		SUBTOTAL TREATMENT	\$ 0	\$ 0	\$ 0	\$ 3,038	\$ 25,315	\$ 13,814	\$ 11,501
TRANSMISSION & DISTRIBUTION									
22	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)
23	341.00	Structures And Improvements	-	-	-	-	-	-	0
24	342.00	Distribution, Reservoirs, & ST	8,652	-	-	3,333	147,386	17,074	130,312
25	343.00	Trans. And Dist. Mains	33,575	-	-	11,271	553,486	34,057	519,429
26	344.00	Fire Mains	-	-	-	-	-	-	-
27	345.00	Services	2,616	-	-	4,326	150,995	15,786	135,210
28	346.00	Meters	4,340	-	-	4,633	133,787	16,521	117,266
29	348.00	Hydrants	-	-	-	-	18,712	-	18,712
30	349.00	Other Trans. And Dist.	-	-	-	-	-	-	0
31		SUBTOTAL TRANS. & DIST.	\$ 49,183	\$ 0	\$ 0	\$ 23,563	\$ 1,004,367	\$ 83,438	\$ 920,929
GENERAL									
32	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)	\$ 0	\$ 0
33	390.00	Structures And Improvements	-	-	-	1,108	54,605	7,758	46,847
34	391.00	Office Furniture And Equipment	(8,740)	-	-	313	3,254	2,650	604
35	391.10	Computer Equipment	8,376	-	-	172	8,376	172	8,204
36	392.00	Transportation Equipment	-	-	-	6,974	27,895	27,408	487
37	393.00	Stores Equipment	-	-	-	-	-	1	(1)
38	394.00	Tools, Shop And Garage	-	-	-	888	11,764	4,971	6,793
39	395.00	Laboratory Equipment	-	-	-	-	-	-	-
40	396.00	Power Operated Equipment	33,093	-	-	1,527	33,093	(1,279)	34,372
41	397.00	Communication Equipment	1,227	-	-	170	4,769	763	4,006
42	398.00	Miscellaneous Equipment	-	-	-	1,830	29,560	12,377	17,183
43		SUBTOTAL GENERAL	\$ 33,956	\$ 0	\$ 0	\$ 12,982	\$ 173,316	\$ 54,821	\$ 118,495
44		Acc. Depr. December 31, 1990	-	-	-	-	-	\$ 193,465	-
45		Adjustment Due To Rounding	-	-	-	-	-	-	0
46		TOTAL WATER PLANT	\$ 52,911	\$ 0	\$ 0	\$ 55,696	\$ 1,714,636	\$ 419,651	\$ 1,294,986

References:

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- Column (C): Intentionally Left Blank
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- Column (E): Schedule TJC-4, Page 8, Column (D) + Column (A) - Column (B)
- Column (F): Schedule TJC-4, Page 8, Column (E) - Column (B) + Column (D)
- Column (G): Column (E) - Column (F)

TEST YEAR PLANT SCHEDULES
YEAR ENDED DECEMBER 31, 1998

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) FULL DEP. PLT	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,144	\$ 0	\$ 10,144
2	302.00	Franchises	-	-	-	-	-	-	-
3	303.00	Miscellaneous Intangibles	-	-	-	-	-	-	0
4		SUBTOTAL INTANGIBLE	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,144	\$ 0	\$ 10,144
SOURCE OF SUPPLY									
5	310.00	Land And Land Rights	\$ -	\$ 0	\$ 0	\$ 0	\$ 7,522	\$ 0	\$ 7,522
6	311.00	Structures And Improvements	-	-	-	589	21,126	4,527	16,599
7	312.00	Collecting And Impounding Res.	(26)	-	-	3,766	148,253	9,415	138,838
8	313.00	Lakes, Rivers, Other Intakes	-	-	-	-	-	-	0
9	314.00	Wells And Springs	-	-	-	2,529	99,556	21,337	78,219
10		SUBTOTAL SUPPLY	\$ (26)	\$ 0	\$ 0	\$ 6,884	\$ 276,457	\$ 35,280	\$ 241,177
PUMPING									
11	320.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)
12	321.00	Structures And Improvements	-	-	-	-	-	(1)	1
13	323.00	Other Power Production	-	-	-	1,164	22,738	7,567	15,171
14	325.00	Electric Pumping Equipment	21,635	9,697	-	8,086	214,210	37,703	176,507
15	326.00	Diesel Pumping Equipment	-	-	-	-	-	-	-
16	328.10	Gas Engine Pumping Equipment	-	-	-	-	1	-	1
17		SUBTOTAL PUMPING	\$ 21,635	\$ 9,697	\$ 0	\$ 9,250	\$ 236,948	\$ 45,269	\$ 191,680
WATER TREATMENT									
18	330.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)
19	331.00	Structures And Improvements	-	-	-	-	-	-	-
20	332.00	Water Treatment Equipment	-	-	-	3,038	25,315	16,851	8,464
21		SUBTOTAL TREATMENT	\$ 0	\$ 0	\$ 0	\$ 3,038	\$ 25,315	\$ 16,851	\$ 8,464
TRANSMISSION & DISTRIBUTION									
22	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)
23	341.00	Structures And Improvements	-	-	-	-	-	-	0
24	342.00	Distribution, Reservoirs, & ST	-	-	-	3,434	147,386	20,508	126,878
25	343.00	Trans. And Dist. Mains	70,129	-	-	12,360	623,615	46,417	577,198
26	344.00	Fire Mains	-	-	-	-	-	-	-
27	345.00	Services	15,964	302	-	4,599	166,657	20,083	146,575
28	346.00	Meters	20,286	6,724	-	5,185	147,349	14,982	132,368
29	348.00	Hydrants	-	-	-	-	18,712	-	18,712
30	349.00	Other Trans. And Dist.	-	-	-	-	-	-	0
31		SUBTOTAL TRANS. & DIST.	\$ 106,379	\$ 7,026	\$ 0	\$ 25,577	\$ 1,103,720	\$ 101,989	\$ 1,001,731
GENERAL									
32	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)	\$ 0	\$ 0
33	390.00	Structures And Improvements	-	-	-	1,108	54,605	8,867	45,738
34	391.00	Office Furniture And Equipment	-	-	-	133	3,254	2,784	470
35	391.10	Computer Equipment	-	-	-	343	8,376	515	7,861
36	392.00	Transportation Equipment	-	-	-	6,974	27,895	34,382	(6,487)
37	393.00	Stores Equipment	-	-	-	-	-	1	(1)
38	394.00	Tools, Shop And Garage	76	-	-	891	11,840	5,862	5,978
39	395.00	Laboratory Equipment	-	-	-	-	-	-	-
40	396.00	Power Operated Equipment	-	-	-	3,054	33,093	1,775	31,318
41	397.00	Communication Equipment	-	-	-	196	4,769	959	3,810
42	398.00	Miscellaneous Equipment	-	-	-	1,830	29,560	14,207	15,353
43		SUBTOTAL GENERAL	\$ 76	\$ 0	\$ 0	\$ 14,530	\$ 173,392	\$ 69,353	\$ 104,039
44		Acc. Depr. December 31, 1990	-	-	-	-	-	\$ 193,465	-
45		Adjustment Due To Rounding	-	-	-	-	4	-	0
46		TOTAL WATER PLANT	\$ 128,064	\$ 16,723	\$ 0	\$ 59,279	\$ 1,825,981	\$ 462,208	\$ 1,363,770

References:

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- Column (C): Intentionally Left Blank
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- Column (E): Schedule TJC-4, Page 9, Column (D) + Column (A) - Column (B)
- Column (F): Schedule TJC-4, Page 9, Column (E) - Column (B) + Column (D)
- Column (G): Column (E) - Column (F)

TEST YEAR PLANT SCHEDULES
YEAR ENDED DECEMBER 31, 1999

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) FULL DEP. PLT	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,144	\$ 0	\$ 10,144
2	302.00	Franchises	-	-	-	-	-	-	-
3	303.00	Miscellaneous Intangibles	-	-	-	-	-	-	0
4		SUBTOTAL INTANGIBLE	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,144	\$ 0	\$ 10,144
SOURCE OF SUPPLY									
5	310.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,522	\$ 0	\$ 7,522
6	311.00	Structures And Improvements	-	-	-	589	21,126	5,117	16,009
7	312.00	Collecting And Impounding Res.	-	-	-	3,766	148,253	13,181	135,072
8	313.00	Lakes, Rivers, Other Intakes	-	-	-	-	-	-	0
9	314.00	Wells And Springs	-	-	-	2,529	99,556	23,866	75,690
10		SUBTOTAL SUPPLY	\$ 0	\$ 0	\$ 0	\$ 6,884	\$ 276,457	\$ 42,164	\$ 234,293
PUMPING									
11	320.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)
12	321.00	Structures And Improvements	-	-	-	-	-	(2)	2
13	323.00	Other Power Production	-	-	-	1,164	22,738	8,731	14,007
14	325.00	Electric Pumping Equipment	-	-	-	7,947	214,210	45,650	168,560
15	326.00	Diesel Pumping Equipment	-	-	-	-	-	-	-
16	328.10	Gas Engine Pumping Equipment	-	-	-	-	1	-	1
17		SUBTOTAL PUMPING	\$ 0	\$ 0	\$ 0	\$ 9,111	\$ 236,948	\$ 54,380	\$ 182,570
WATER TREATMENT									
18	330.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)
19	331.00	Structures And Improvements	-	-	-	-	-	-	-
20	332.00	Water Treatment Equipment	-	-	-	3,038	25,315	19,889	5,426
21		SUBTOTAL TREATMENT	\$ 0	\$ 0	\$ 0	\$ 3,038	\$ 25,315	\$ 19,889	\$ 5,426
TRANSMISSION & DISTRIBUTION									
22	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)
23	341.00	Structures And Improvements	-	-	-	-	-	-	0
24	342.00	Distribution, Reservoirs, & ST	-	-	-	3,434	147,386	23,942	123,444
25	343.00	Trans. And Dist. Mains	59,976	-	-	13,725	683,591	60,143	623,448
26	344.00	Fire Mains	-	-	-	-	-	-	-
27	345.00	Services	13,518	-	-	5,012	180,176	25,094	155,081
28	346.00	Meters	0	-	-	5,187	147,350	20,168	127,181
29	348.00	Hydrants	-	-	-	-	18,712	-	18,712
30	349.00	Other Trans. And Dist.	-	-	-	-	-	-	0
31		SUBTOTAL TRANS. & DIST.	\$ 73,494	\$ 0	\$ 0	\$ 27,358	\$ 1,177,215	\$ 129,347	\$ 1,047,867
GENERAL									
32	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)	\$ 0	\$ 0
33	390.00	Structures And Improvements	-	-	-	1,108	54,605	9,975	44,630
34	391.00	Office Furniture And Equipment	-	-	-	133	3,254	2,917	337
35	391.10	Computer Equipment	-	-	-	343	8,376	859	7,517
36	392.00	Transportation Equipment	-	-	-	6,974	27,895	41,356	(13,461)
37	393.00	Stores Equipment	-	-	-	-	-	2	(2)
38	394.00	Tools, Shop And Garage	-	-	-	894	11,840	6,756	5,084
39	395.00	Laboratory Equipment	-	-	-	-	-	-	-
40	396.00	Power Operated Equipment	-	-	-	3,054	33,093	4,830	28,263
41	397.00	Communication Equipment	-	-	-	196	4,769	1,155	3,614
42	398.00	Miscellaneous Equipment	-	-	-	1,830	29,560	18,037	13,523
43		SUBTOTAL GENERAL	\$ 0	\$ 0	\$ 0	\$ 14,533	\$ 173,392	\$ 83,887	\$ 89,505
44		Acc. Depr. December 31, 1990	-	-	-	-	-	\$ 193,465	-
45		Adjustment Due To Rounding	-	-	-	-	-	-	0
46		TOTAL WATER PLANT	\$ 73,494	\$ 0	\$ 0	\$ 60,924	\$ 1,899,471	\$ 523,133	\$ 1,376,339

References:

- Columns (A) & (B): Company Response To RUCO Data Request No. 1.22
- Column (C): Intentionally Left Blank
- Column (D): [(Col. (A) + Col. (B)) X TJC-4, Page 2, Col. (A) X 1/2 yr. conv.] + [TJC-4, Page 10, Col. (D) - Col. (C)] X TJC-4, Page 2, Col. (A)
- Column (E): Schedule TJC-4, Page 10, Column (D) + Column (A) - Column (B)
- Column (F): Schedule TJC-4, Page 10, Column (E) - Column (B) + Column (D)
- Column (G): Column (E) - Column (F)

TEST YEAR PLANT SCHEDULES
YEAR ENDED DECEMBER 31, 2000

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) FULL DEP. PLT	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,144	\$ 0	\$ 10,144
2	302.00	Franchises	-	-	-	-	-	-	-
3	303.00	Miscellaneous Intangibles	-	-	-	-	-	-	0
4		SUBTOTAL INTANGIBLE	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,144	\$ 0	\$ 10,144
SOURCE OF SUPPLY									
5	310.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,522	\$ 0	\$ 7,522
6	311.00	Structures And Improvements	-	-	-	589	21,126	5,706	15,420
7	312.00	Collecting And Impounding Res.	-	-	-	3,766	148,253	16,947	131,306
8	313.00	Lakes, Rivers, Other Intakes	-	-	-	-	-	-	0
9	314.00	Wells And Springs	-	-	-	2,529	99,556	26,395	73,161
10		SUBTOTAL SUPPLY	\$ 0	\$ 0	\$ 0	\$ 6,884	\$ 276,457	\$ 49,048	\$ 227,409
PUMPING									
11	320.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)
12	321.00	Structures And Improvements	-	-	-	-	-	(2)	2
13	323.00	Other Power Production	-	-	-	1,164	22,738	9,896	12,842
14	325.00	Electric Pumping Equipment	-	-	-	7,947	214,210	53,597	160,613
15	326.00	Diesel Pumping Equipment	-	-	-	-	-	-	-
16	328.10	Gas Engine Pumping Equipment	-	-	-	-	1	-	1
17		SUBTOTAL PUMPING	\$ 0	\$ 0	\$ 0	\$ 9,111	\$ 236,948	\$ 63,490	\$ 173,459
WATER TREATMENT									
18	330.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)
19	331.00	Structures And Improvements	-	-	-	-	-	-	-
20	332.00	Water Treatment Equipment	-	-	-	3,038	25,315	22,927	2,388
21		SUBTOTAL TREATMENT	\$ 0	\$ 0	\$ 0	\$ 3,038	\$ 25,315	\$ 22,927	\$ 2,388
TRANSMISSION & DISTRIBUTION									
22	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)
23	341.00	Structures And Improvements	-	-	-	-	-	-	0
24	342.00	Distribution, Reservoirs, & ST	-	-	-	3,434	147,386	27,376	120,010
25	343.00	Trans. And Dist. Mains	(4,360)	6	-	14,310	679,225	74,446	604,779
26	344.00	Fire Mains	-	-	-	-	-	-	-
27	345.00	Services	(6,177)	(6)	-	5,118	174,005	30,218	143,787
28	346.00	Meters	1,825	1,607	-	5,247	147,568	23,871	123,697
29	348.00	Hydrants	-	18,712	-	-	(0)	(18,712)	18,712
30	349.00	Other Trans. And Dist.	-	-	-	-	-	-	0
31		SUBTOTAL TRANS. & DIST.	\$ (6,711)	\$ 20,319	\$ 0	\$ 28,109	\$ 1,148,184	\$ 137,199	\$ 1,010,985
GENERAL									
32	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)	\$ 0	\$ 0
33	390.00	Structures And Improvements	-	-	-	1,108	54,605	11,083	43,522
34	391.00	Office Furniture And Equipment	-	-	-	133	3,254	3,050	204
35	391.10	Computer Equipment	2,591	-	-	397	10,967	1,255	9,712
36	392.00	Transportation Equipment	38,277	26,170	-	15,030	40,002	30,216	9,787
37	393.00	Stores Equipment	-	-	-	-	-	2	(2)
38	394.00	Tools, Shop And Garage	-	-	-	894	11,840	7,651	4,189
39	395.00	Laboratory Equipment	-	-	-	-	-	-	-
40	396.00	Power Operated Equipment	-	-	-	3,054	33,093	7,884	25,209
41	397.00	Communication Equipment	-	-	-	196	4,769	1,351	3,418
42	398.00	Miscellaneous Equipment	-	-	-	1,830	29,560	17,868	11,692
43		SUBTOTAL GENERAL	\$ 40,868	\$ 26,170	\$ 0	\$ 22,642	\$ 188,090	\$ 80,361	\$ 107,729
44		Acc. Depr. December 31, 1990	-	-	-	-	-	\$ 193,465	-
45		Adjustment Due To Rounding	-	-	-	-	-	-	0
46		TOTAL WATER PLANT	\$ 32,157	\$ 46,489	\$ 0	\$ 69,783	\$ 1,885,138	\$ 546,490	\$ 1,338,649

References:

- Columns (A) & (B): Company Response To RUCO Data Request No. 1.22
- Column (C): Intentionally Left Blank
- Column (D): [(Col. (A) + Col. (B)) X TJC-4, Page 2, Col. (A) X 1/2 yr. conv.] + [TJC-4, Page 11, Col. (D) - Col. (C)] X TJC-4, Page 2, Col. (A)
- Column (E): Schedule TJC-4, Page 11, Column (D) + Column (A) - Column (B)
- Column (F): Schedule TJC-4, Page 11, Column (E) - Column (B) + Column (D)
- Column (G): Column (E) - Column (F)

TEST YEAR PLANT SCHEDULES
YEAR ENDED DECEMBER 31, 2001

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETRM'TS	(C) FULL DEP. PLT	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,144	\$ 0	\$ 10,144
2	302.00	Franchises	-	-	-	-	-	-	-
3	303.00	Miscellaneous Intangibles	-	-	-	-	-	-	0
4		SUBTOTAL INTANGIBLE	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,144	\$ 0	\$ 10,144
SOURCE OF SUPPLY									
5	310.00	Land And Land Rights	\$ 1,105	\$ 1,105	\$ 0	\$ 0	\$ 7,522	\$ 0	\$ 7,522
6	311.00	Structures And Improvements	-	-	-	589	21,126	6,296	14,830
7	312.00	Collecting And Impounding Res.	-	-	-	3,766	148,253	20,712	127,541
8	313.00	Lakes, Rivers, Other Intakes	-	-	-	-	-	-	0
9	314.00	Wells And Springs	5,200	5,200	-	2,661	99,556	29,056	70,500
10		SUBTOTAL SUPPLY	\$ 6,305	\$ 6,305	\$ 0	\$ 7,016	\$ 276,457	\$ 56,064	\$ 220,393
PUMPING									
11	320.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)
12	321.00	Structures And Improvements	-	-	-	-	-	(3)	3
13	323.00	Other Power Production	-	-	-	1,164	22,738	11,060	11,678
14	325.00	Electric Pumping Equipment	14,160	-	-	8,210	228,370	61,806	166,564
15	326.00	Diesel Pumping Equipment	-	-	-	-	-	-	-
16	328.10	Gas Engine Pumping Equipment	-	-	-	-	1	-	1
17		SUBTOTAL PUMPING	\$ 14,160	\$ 0	\$ 0	\$ 9,374	\$ 251,108	\$ 72,863	\$ 178,246
WATER TREATMENT									
18	330.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)
19	331.00	Structures And Improvements	-	-	-	-	-	-	-
20	332.00	Water Treatment Equipment	-	-	-	3,038	25,315	25,965	(650)
21		SUBTOTAL TREATMENT	\$ 0	\$ 0	\$ 0	\$ 3,038	\$ 25,315	\$ 25,965	\$ (650)
TRANSMISSION & DISTRIBUTION									
22	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)
23	341.00	Structures And Improvements	-	-	-	-	-	-	0
24	342.00	Distribution, Reservoirs, & ST	-	-	-	3,434	147,386	30,810	116,576
25	343.00	Trans. And Dist. Mains	11,727	4,365	-	14,433	686,586	88,879	597,707
26	344.00	Fire Mains	-	-	-	-	-	-	-
27	345.00	Services	4,619	1,039	-	5,110	177,585	35,329	142,256
28	346.00	Meters	26,455	9,307	-	5,824	164,715	21,480	143,236
29	348.00	Hydrants	-	-	-	-	(0)	(18,712)	18,712
30	349.00	Other Trans. And Dist.	-	-	-	-	-	-	0
31		SUBTOTAL TRANS. & DIST.	\$ 42,801	\$ 14,712	\$ 0	\$ 28,801	\$ 1,176,273	\$ 157,785	\$ 1,018,488
GENERAL									
32	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)	\$ 0	\$ 0
33	390.00	Structures And Improvements	-	-	-	1,108	54,605	12,192	42,413
34	391.00	Office Furniture And Equipment	-	-	-	133	3,254	3,184	70
35	391.10	Computer Equipment	-	-	-	450	10,967	1,705	9,262
36	392.00	Transportation Equipment	50,670	5,785	-	17,057	84,887	47,273	37,614
37	393.00	Stores Equipment	-	-	-	-	-	3	(3)
38	394.00	Tools, Shop And Garage	-	-	-	894	11,840	8,545	3,295
39	395.00	Laboratory Equipment	-	-	-	-	-	-	-
40	396.00	Power Operated Equipment	-	-	-	3,054	33,093	10,939	22,154
41	397.00	Communication Equipment	4,447	-	-	287	9,216	1,639	7,578
42	398.00	Miscellaneous Equipment	-	-	-	1,830	29,560	19,698	9,862
43		SUBTOTAL GENERAL	\$ 55,117	\$ 5,785	\$ 0	\$ 24,814	\$ 237,422	\$ 105,177	\$ 132,245
44		Acc. Depre. December 31, 1990	-	-	-	-	-	\$ 193,465	-
45		Adjustment Due To Rounding	-	-	-	-	-	-	0
46		TOTAL WATER PLANT	\$ 118,383	\$ 26,802	\$ 0	\$ 73,043	\$ 1,976,718	\$ 611,318	\$ 1,365,401

References:

- Columns (A) & (B): Company Response To RUCO Data Request No. 1.22
- Column (C): Intentionally Left Blank
- Column (D): [(Col. (A) + Col. (B)) X TJC-4, Page 2, Col. (A) X 1/2 yr. conv.] + [TJC-4, Page 12, Col. (D) - Col. (C)] X TJC-4, Page 2, Col. (A)
- Column (E): Schedule TJC-4, Page 12, Column (D) + Column (A) - Column (B)
- Column (F): Schedule TJC-4, Page 12, Column (E) - Column (B) + Column (D)
- Column (G): Column (E) - Column (F)

RATE BASE ADJUSTMENT #1 - TEST YEAR PLANT & ACCUMULATED DEPRECIATION
2001 TEST YEAR ADJUSTMENT TO GENERAL PLANT ALLOCATION - CITIZENS VERSUS ARIZONA AMERICAN

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PRE-AQUISITION		(C) ADJUSTMENTS		(E) POST-ACQUISITION		(G)
			TOTAL PLANT VALUE	ACCUM. DEP.	TOTAL PLANT VALUE	ACCUM. DEP.	TOTAL PLANT VALUE	ACCUM. DEP.	NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 10,144	\$ 0	\$ 0	\$ 0	\$ 10,144	\$ 0	\$ 10,144
2	302.00	Franchises	-	-	-	-	-	-	-
3	303.00	Miscellaneous Intangibles	-	-	-	-	-	-	0
4		SUBTOTAL INTANGIBLE	\$ 10,144	\$ 0	\$ 0	\$ 0	\$ 10,144	\$ 0	\$ 10,144
SOURCE OF SUPPLY									
5	310.00	Land And Land Rights	\$ 7,522	\$ 0	\$ 0	\$ 0	\$ 7,522	\$ 0	\$ 7,522
6	311.00	Structures & Improvements	21,126	6,296	-	-	21,126	6,296	14,830
7	312.00	Collecting & Impound Res.	148,253	20,712	-	-	148,253	20,712	127,541
8	313.00	Lakes, Rivers, Other Intakes	-	-	-	-	-	-	0
9	314.00	Wells And Springs	99,556	29,056	-	-	99,556	29,056	70,500
10		SUBTOTAL SUPPLY	\$ 276,457	\$ 56,064	\$ 0	\$ 0	\$ 276,457	\$ 56,064	\$ 220,393
PUMPING									
11	320.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)
12	321.00	Structures & Improvements	-	(3)	-	-	-	(3)	3
13	323.00	Other Power Production	22,738	11,060	-	-	22,738	11,060	11,678
14	325.00	Electric Pumping Equipment	228,370	61,806	-	-	228,370	61,806	166,564
15	326.00	Diesel Pumping Equipment	-	-	-	-	-	-	-
16	328.10	Gas Engine Pumping Equip.	1	-	-	-	1	-	1
17		SUBTOTAL PUMPING	\$ 251,109	\$ 72,863	\$ 0	\$ 0	\$ 251,108	\$ 72,863	\$ 178,246
WATER TREATMENT									
18	330.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)
19	331.00	Structures & Improvements	-	-	-	-	-	-	-
20	332.00	Water Treatment Equipment	25,315	25,965	-	-	25,315	25,965	(650)
21		SUBTOTAL TREATMENT	\$ 25,315	\$ 25,965	\$ 0	\$ 0	\$ 25,315	\$ 25,965	\$ (650)
TRANS. & DIST.									
22	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)
23	341.00	Structures & Improvements	-	-	-	-	-	-	0
24	342.00	Dist., Res., & ST	147,386	30,810	-	-	147,386	30,810	116,576
25	343.00	Trans. And Dist. Mains	686,586	88,879	-	-	686,586	88,879	597,707
26	344.00	Fire Mains	-	-	-	-	-	-	0
27	345.00	Services	177,585	35,329	-	-	177,585	35,329	142,256
28	346.00	Meters	164,715	21,480	-	-	164,715	21,480	143,236
29	348.00	Hydrants	(0)	(18,712)	-	-	(0)	(18,712)	18,712
30	349.00	Other Trans. And Dist.	-	-	-	-	-	-	0
31		SUB TRANS. & DIST.	\$ 1,176,273	\$ 157,785	\$ 0	\$ 0	\$ 1,176,273	\$ 157,785	\$ 1,018,488
GENERAL									
32	389.00	Land And Land Rights	\$ (0)	\$ 0	\$ 25	\$ 0	\$ 25	\$ 0	\$ 25
33	390.00	Structures & Improvements	54,605	12,192	(44,028)	(7,114)	10,577	5,078	5,499
34	391.00	Office Furniture & Equip.	3,254	3,184	6,839	(2,371)	10,093	813	9,280
35	391.10	Computer Equipment	10,967	1,705	14,037	(9,102)	25,004	(7,397)	32,401
36	392.00	Transportation Equipment	84,887	47,273	(39,653)	(40,782)	45,234	24,571	45,071
37	393.00	Stores Equipment	-	3	247	444	247	163	(6,244)
38	394.00	Tools, Shop And Garage	11,840	8,545	(1,736)	(4,421)	10,104	6,491	9,657
39	395.00	Laboratory Equipment	-	-	627	1,198	627	447	(3,497)
40	396.00	Power Operated Equipment	33,093	10,939	(26,949)	(10,302)	6,144	4,124	4,946
41	397.00	Communication Equipment	9,216	1,639	(1,739)	34,487	7,477	1,198	6,840
42	398.00	Miscellaneous Equipment	29,560	19,698	(28,626)	16,428	934	637	(35,192)
43		SUBTOTAL GENERAL	\$ 237,422	\$ 105,177	\$ (120,956)	\$ (21,534)	\$ 116,466	\$ 36,126	\$ 68,786
44		Acc. Depre. December 31, 1990	\$ -	\$ 193,465	\$ 0	\$ 0	\$ 0	\$ 193,465	0
45		Adjustm't Due To Rounding	-	-	-	-	-	-	0
46		TOTAL WATER PLANT	\$ 1,976,719	\$ 611,318	\$ (120,956)	\$ (21,534)	\$ 1,855,763	\$ 542,267	\$ 1,301,942
47		Company As Filed B-2					1,952,588	518,763	
48		Line #46 minus Line #47					(96,825)	23,504	

References:

- Column (A): Schedule TJC-4, Page 16, Column (E)
- Column (B): Schedule TJC-4, Page 16, Column (F)
- Columns (C) & (D): Adjustment To Replace Citizens' Utilities General Plant With Arizona Water Common Plant Allocation
- Column (E): Column (A) - Column (C) As Per Company Schedule B-2, Page 3
- Column (F): Column (B) - Column (D) As Per Company Schedule B-2, Page 3
- Column (G): Column (E) - Column (F)

**PROFORMA PLANT
ADJUSTMENTS TO THE 2001 PROFORMA TEST YEAR**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) REVENUE NEUTRAL PLANT ADD'N	(B) ORCOM & PLANT AT CLOSING	(C) ADDIT'NAL ACC. DEP. AT CLOSING	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,144	\$ 0	\$ 10,144
2	302.00	Franchises	-	8,445	-	-	8,445	-	8,445
3	303.00	Miscellaneous Intangibles	-	-	-	-	-	-	0
4		SUBTOTAL INTANGIBLE	\$ 0	\$ 8,445	\$ 0	\$ 0	\$ 18,589	\$ 0	\$ 18,589
SOURCE OF SUPPLY									
5	310.00	Land And Land Rights	\$ 2,970	\$ 0	\$ 0	\$ 0	\$ 10,492	\$ 0	\$ 10,492
6	311.00	Structures And Improvements	38,584	-	357	538	59,710	7,191	52,519
7	312.00	Collecting And Impounding Res.	-	-	1,882	-	148,253	22,594	125,659
8	313.00	Lakes, Rivers, Other Intakes	-	-	-	-	-	-	0
9	314.00	Wells And Springs	-	-	1,359	-	99,556	30,415	69,141
10		SUBTOTAL SUPPLY	\$ 41,554	\$ 0	\$ 3,598	\$ 538	\$ 318,011	\$ 60,200	\$ 257,811
PUMPING									
11	320.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)
12	321.00	Structures And Improvements	-	-	-	-	-	(3)	3
13	323.00	Other Power Production	-	-	582	-	22,738	11,642	11,096
14	325.00	Electric Pumping Equipment	-	-	4,727	-	228,370	66,533	161,837
15	326.00	Diesel Pumping Equipment	-	-	-	-	-	-	-
16	328.10	Gas Engine Pumping Equipment	-	-	-	-	1	-	1
17		SUBTOTAL PUMPING	\$ 0	\$ 0	\$ 5,309	\$ 0	\$ 251,108	\$ 78,172	\$ 172,937
WATER TREATMENT									
18	330.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)
19	331.00	Structures And Improvements	-	-	-	-	-	-	-
20	332.00	Water Treatment Equipment	-	-	1,518	-	25,315	27,483	(2,168)
21		SUBTOTAL TREATMENT	\$ 0	\$ 0	\$ 1,518	\$ 0	\$ 25,315	\$ 27,483	\$ (2,168)
TRANSMISSION & DISTRIBUTION									
22	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)
23	341.00	Structures And Improvements	-	-	-	-	-	-	0
24	342.00	Distribution, Reservoirs, & ST	74,786	-	1,759	871	222,172	33,441	188,732
25	343.00	Trans. And Dist. Mains	60,041	-	6,832	630	746,627	96,341	650,286
26	344.00	Fire Mains	-	-	-	-	-	-	-
27	345.00	Services	-	-	2,632	-	177,585	37,961	139,624
28	346.00	Meters	-	-	3,103	-	164,715	24,583	140,133
29	348.00	Hydrants	-	-	-	-	(0)	(18,712)	18,712
30	349.00	Other Trans. And Dist.	-	-	-	-	-	-	0
31		SUBTOTAL TRANS. & DIST.	\$ 134,827	\$ 0	\$ 14,326	\$ 1,502	\$ 1,311,100	\$ 173,613	\$ 1,137,487
GENERAL									
32	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 25	\$ 0	\$ 25
33	390.00	Structures And Improvements	-	-	-	-	10,577	5,078	5,499
34	391.00	Office Furniture And Equipment	12,354	-	96	253	22,446	1,162	21,284
35	391.10	Computer Equipment	-	-	221	-	25,004	(7,176)	32,180
36	392.00	Transportation Equipment	-	-	10,607	-	45,234	35,178	10,056
37	393.00	Stores Equipment	-	-	-	-	247	163	84
38	394.00	Tools, Shop And Garage	-	-	266	-	10,104	6,757	3,347
39	395.00	Laboratory Equipment	-	-	-	-	627	447	180
40	396.00	Power Operated Equipment	-	-	422	-	6,144	4,546	1,598
41	397.00	Communication Equipment	5,539	-	386	114	13,017	1,698	11,319
42	398.00	Miscellaneous Equipment	-	-	18	-	935	655	280
43		SUBTOTAL GENERAL	\$ 17,893	\$ 0	\$ 12,016	\$ 367	\$ 134,359	\$ 48,508	\$ 85,852
44		Acc. Depre. December 31, 1990	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 193,465	\$ (193,465)
45		Adjustment Due To Rounding	4	-	1	-	-	-	(1)
46		TOTAL WATER PLANT	\$ 194,278	\$ 8,445	\$ 36,768	\$ 2,407	\$ 2,058,481	\$ 581,440	\$ 1,477,042
Company As Filed B-2							2,165,408	555,531	
Difference In Post Test Year Gross Plant							\$ (106,927)	\$ 25,909	
Adjustment To Test Year Gross Plant As Per TJC-4, Page 14, Col. (E), Line #4							(96,825)	23,504	
Adjustment To Post Test Year Total Plant and Acc. Dep. (See TJC-4, Col. (C), Line #'s 1 &							\$ (10,101)	\$ 2,405	

References:

- Column (A): Company's Response To Staff Data Request No. DWC 12-1 To 12-3
- Column (B) & (C): Company Schedule B-2, Pages 1 and 8
- Column (D): ((Col. (A) + Col. (B)) X TJC-4, Page 2, Col. (A) X 1/2 yr. Conv.) + (TJC-4, Page 17, Col. (E)) X TJC-4, Page 2, Col. (C)
- Column (E): Schedule TJC-4, Page 17, Column (D) + Column (A) + Column (B)
- Column (F): Schedule TJC-4, Page 17, Column (F) + Column (C) + Column (D)
- Column (G): Column (E) - Column (F)

OPERATING INCOME

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)	(E)
		COMPANY AS FILED	RUCO ADJ'TMENTS	RUCO TEST YEAR AS ADJUSTED	RUCO PROPOSED IN(DE)CREASE	RUCO AS RECOMMENDED
OPERATING REVENUES:						
1	Metered Water Revenues	\$ 430,392	\$ 0	\$ 430,392	\$ 2,467	\$ 432,859
2	Unmetered Water Revenues	0	-	-	-	0
3	Other Water Revenues	10,532	-	10,532	-	10,532
4	TOTAL OPERATING REVENUES	\$ 440,924	\$ 0	\$ 440,924	\$ 2,467	\$ 443,391
OPERATING EXPENSES:						
5	Salaries And Wages	\$ 171,419	\$ (34,171)	\$ 137,248	\$ 0	\$ 137,248
6	Purchased Water	806	-	806	-	806
7	Purchased Power	47,018	-	47,018	-	47,018
8	Chemicals	1,266	-	1,266	-	1,266
9	Repairs And Maintenance	75,805	-	75,805	-	75,805
10	Office Supplies And Expenses	21,243	-	21,243	-	21,243
11	Outside Services	2,462	-	2,462	-	2,462
12	Service Company Fees	75,244	(53,894)	21,350	-	21,350
13	Water Testing	-	-	-	-	-
14	Rents	1,837	-	1,837	-	1,837
15	Transportation Expenses	-	-	(0)	-	-
16	Insurance - General Liability	2,365	-	2,365	-	2,365
17	Insurance - Health And Life	-	-	(0)	-	-
18	Regulatory Comm. Exp. - Rate Case	2,910	(1,168)	1,742	-	1,742
19	Miscellaneous Expense	1,977	-	1,977	-	1,977
20	Depreciation Expense	46,650	(6,897)	39,753	-	39,753
21	Taxes Other Than Income	9,712	-	9,712	-	9,712
22	Property Taxes	28,696	(7,656)	21,040	-	21,040
23	Income Tax	(32,156)	39,049	6,893	516	7,409
	Adjustment Due To Rounding	(1)	-	-	-	-
24	TOTAL OPERATING EXPENSES	\$ 457,253	\$ (64,736)	\$ 392,518	\$ 516	\$ 393,034
25	OPERATING INCOME (LOSS)	\$ (16,329)	\$ 64,736	\$ 48,406	\$ 1,951	\$ 50,357
Other Income (Expense):						
26	Interest Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
27	Other Income	0	-	-	-	0
28	Interest Expense	(34,824)	-	(34,824)	-	(34,824)
29	Other Expense	0	-	-	-	0
30	Gain/Loss Sale Of Assets	0	-	-	-	0
31	TOTAL OTHER INCOME (EXPENSE)	\$ (34,824)	\$ 0	\$ (34,824)	\$ 0	\$ (34,824)
32	NET PROFIT (LOSS)	\$ (51,153)	\$ 64,736	\$ 13,582	\$ 1,951	\$ 15,533

References:
Column (A): Company Schedule C-1
Column (B): Schedule TJC-7
Column (C): Column (A) + Column (B)
Column (D): Schedule TJC-1
Column (E): Column (C) + Column (D)

SUMMARY OF OPERATING INCOME ADJUSTMENTS

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) ADJ #1	(C) ADJ #2	(D) ADJ #3	(E) ADJ #4	(F) ADJ #5	(G) ADJ #6	(H) ADJ #7	(I) ADJ #8	(J) ADJ #9	(K) ADJ #10	(L) RUCCO AS AD'ED
OPERATING REVENUES:													
1	Metered Water Revenues	\$ 430,392	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 430,392
2	Unmetered Water Revenues	0	-	-	-	-	-	-	-	-	-	-	0
3	Other Water Revenues	10,532	-	-	-	-	-	-	-	-	-	-	10,532
4	TOTAL OPERATING REVENUES	\$ 440,924	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 440,924
OPERATING EXPENSES:													
5	Salaries And Wages	\$ 171,419	\$ -	\$ (223)	\$ 0	\$ (33,949)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 137,248
6	Purchased Water	806	-	-	-	-	-	-	-	-	-	-	806
7	Purchased Power	47,018	-	-	-	-	-	-	-	-	-	-	47,018
8	Chemicals	1,266	-	-	-	-	-	-	-	-	-	-	1,266
9	Repairs And Maintenance	75,805	-	-	-	-	-	-	-	-	-	-	75,805
10	Office Supplies And Expenses	21,243	-	-	-	-	-	-	-	-	-	-	21,243
11	Outside Services	2,462	-	-	-	-	-	-	-	-	-	-	2,462
12	Service Company Fees	75,244	112	-	(11,492)	-	-	-	-	(42,514)	-	-	21,350
13	Water Testing	-	-	-	-	-	-	-	-	-	-	-	-
14	Rents	1,637	-	-	-	-	-	-	-	-	-	-	1,637
15	Transportation Expenses	-	-	-	-	-	-	-	-	-	-	-	-
16	Insurance - General Liability	2,365	-	-	-	-	-	-	-	-	-	-	2,365
17	Insurance - Health And Life	-	-	-	-	-	-	-	-	-	-	-	-
18	Regulatory Comm. Exp. - Rate Case	2,610	-	-	-	-	-	-	(1,168)	-	-	-	1,742
19	Miscellaneous Expense	1,977	-	-	-	-	-	-	-	-	-	-	1,977
20	Depreciation Expense	46,650	-	-	-	-	(6,897)	-	-	-	-	-	39,753
21	Taxes Other Than Income	9,712	-	-	-	-	-	-	-	-	-	-	9,712
22	Property Taxes	29,696	-	-	-	-	-	(7,656)	-	-	-	-	21,040
23	Income Tax	(32,166)	-	-	-	-	-	-	-	-	-	39,049	6,893
24	Adjustment Due To Rounding	(1)	-	-	-	-	-	-	-	-	-	-	-
25	TOTAL OPERATING EXPENSES	\$ 457,253	\$ 112	\$ (223)	\$ (11,492)	\$ (33,949)	\$ (6,897)	\$ (7,656)	\$ (1,168)	\$ (42,514)	\$ 0	\$ 39,049	\$ 392,518
26	OPERATING INCOME (LOSS)	\$ (16,329)	\$ (112)	\$ 223	\$ 11,492	\$ 33,948	\$ 6,897	\$ 7,656	\$ 1,168	\$ 42,514	\$ 0	\$ (39,049)	\$ 49,406
Other Income (Expense):													
27	Interest Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
28	Other Income	0	-	-	-	-	-	-	-	-	-	-	0
29	Interest Expense	(34,924)	-	-	-	-	-	-	-	-	-	-	(34,924)
30	Other Expense	0	-	-	-	-	-	-	-	-	-	-	0
31	Gain/Loss Sale Of Assets	0	-	-	-	-	-	-	-	-	-	-	0
32	TOTAL OTHER INCOME (EXPENSE)	\$ (34,924)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (34,924)
33	NET PROFIT (LOSS)	\$ (51,153)	\$ (112)	\$ 223	\$ 11,492	\$ 33,948	\$ 6,897	\$ 7,656	\$ 1,168	\$ 42,514	\$ 0	\$ (39,049)	\$ 13,582

ADJUSTMENT NO.	REFERENCE
1 - Intentionally Left Blank	
2 - Remove Citizens Test Year's Salaries & Wages	TJC-8
3 - Service Company Fees - AZ-AM	TJC-9
4 - Projected Salaries & Wages - AZ-AM	TJC-10
5 - Depreciation Expense	TJC-11
6 - Property Taxes	TJC-12
7 - Rate Case Expense	TJC-13
8 - Projected Additional Corporate Overhead Expenses	TJC-14
9 - Intentionally Left Blank	
10 - Income Tax	TJC-15

References:
Col. (A): Company Sch. C-1
Cols. (B) Thru (N): Adj's #1 Thru #13
Col. (O): Sum Of Cols. (A) Thru (N)

**OPERATING INCOME ADJUSTMENT NO. 2
CITIZENS SALARIES & WAGES**

LINE NO.	DISTRICT	ACCOUNT	CITIZENS BUSINESS UNIT	(A) COMPANY AS FILED	(B) RUCO AS ADJ'D	(C) ADJMT
	MOHAVE WATER		2373			
1		Salaries & Wages		\$ 59,846	\$ 59,846	\$ -
2		Payroll Tax		7,949	8,172	(223)
3		TOTAL		<u>67,795</u>	<u>68,018</u>	<u>(223)</u>

References:

Column (A): Company Sch. C-2, Page 3

Column (B): Company Provided Data on Citizens 2001 Payroll

Column (C): Column (B) minus Column (A)

**OPERATING INCOME ADJUSTMENT NO. 3
AZ-AM SERVICE COMPANY ALLOCATIONS**

LINE NO.	DISTRICT	213	(A) TOTAL SERVICE CHARGES		(C) FOUR FACTOR	(D) ALLOCATED SERVICE CHARGES		(F) ADJ'MENT	
			COMPANY AS FILED	RUCO AS ADJ'TED		COMPANY AS FILED	RUCO AS ADJ'TED		
1	Mohave Water	2371	5,153,711	4,366,610	0.1011	521,040	441,464	(79,576)	
2	Havasu Water	2373	5,153,711	4,366,610	0.0146	75,244	63,753	(11,492)	
3	HAVASU WATER							(11,492)	
			Arizona-American Service Company Allocation						

REFERENCES:

- Columns (A) & (C): Company Sch. C-2, Page 4
- Column (B): Company Response to RUCO Data Request #3
- Column (D): Column (A) X Column (C)
- Column (E): Column (B) X Column (C)
- Column (F): Column (E) minus Column (D)

**OPERATING INCOME ADJUSTMENT NO. 4
PROJECTED SALARIES & WAGES**

LINE NO.	COMPANY	AZ-AM BUSINESS UNIT	(A) GROSS PAYROLL	(B) CAPITAL'D PAYROLL	(C) NET PAYROLL	(D) EMP. COUNT	(E) PAYROLL TAX
1	Mohave Water	212	\$ 627,649	\$ 169,465	\$ 458,184	15	\$ 38,726
2	Havasu Water	2373	117,542	31,736	85,806	3	7,299

		COMPANY AS FILED	RUCO AS ADJ'TED	ADJUSTM'T
3	HAVASU WATER			
	Salaries & Wages	\$ 117,341	\$ 85,806	\$ (31,535)
4	Payroll Tax	9,712	7,299	(2,413)
5	TOTAL	\$ 127,053	\$ 93,105	\$ (33,948)

References:
Columns (A) & (D): Company Provided Data on AZ-AM 2002 Payroll
Column (B): 27% of Column (A) - Calculated as Representative of Labor Associated with Capital Projects
Column (C): Column (A) minus Column (B)
Column (E): Column (C) X 7.65% (FICA) + \$245 X Column (D) (FUTA & SUTA)

OPERATING INCOME ADJUSTMENT NO. 5
TEST YEAR DEPRECIATION EXPENSE

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) TOTAL RUCO PLANT	(B) APR'D DEP. RATE	(C) TEST YEAR DEPREC'N EXPENSE
		INTANGIBLE			
1	301.00	Organization	\$ 10,144	0.00%	\$ -
2	302.00	Franchises	8,445	0.00%	-
3	303.00	Miscellaneous Intangibles	-	0.00%	-
4		SUBTOTAL INTANGIBLE	\$ 18,589		\$ -
		SOURCE OF SUPPLY			
5	310.00	Land And Land Rights	\$ 10,492	0.00%	\$ -
6	311.00	Structures And Improvements	59,710	2.79%	1,666
7	312.00	Collecting And Impounding Res.	148,253	2.54%	3,766
8	313.00	Lakes, Rivers, Other Intakes	-	0.00%	-
9	314.00	Wells And Springs	99,556	2.54%	2,529
10		SUBTOTAL SUPPLY	\$ 318,011		\$ 7,960
		PUMPING			
11	320.00	Land And Land Rights	\$ 0	0.00%	\$ -
12	321.00	Structures And Improvements -	(1)	0.00%	-
13	323.00	Other Power Production	22,738	5.12%	1,164
14	325.00	Electric Pumping Equipment	228,369	3.71%	8,472
15	326.00	Diesel Pumping Equipment	1	0.00%	-
16	328.10	Gas Engine Pumping Equipment	1	0.00%	-
17		SUBTOTAL PUMPING	\$ 251,108		\$ 9,637
		WATER TREATMENT			
18	330.00	Land And Land Rights	\$ 0	0.00%	\$ -
19	331.00	Structures And Improvements	1	0.00%	-
20	332.00	Water Treatment Equipment	25,315	12.00%	3,038
21		SUBTOTAL TREATMENT	\$ 25,316		\$ 3,038
		TRANSMISSION & DISTRIBUTION			
22	340.00	Land And Land Rights	\$ 0	0.00%	\$ -
23	341.00	Structures And Improvements	-	0.00%	-
24	342.00	Distribution, Reservoirs, & ST	222,172	2.33%	5,177
25	343.00	Trans. And Dist. Mains	748,627	2.10%	15,679
26	344.00	Fire Mains	-	0.00%	-
27	345.00	Services	177,585	2.89%	5,132
28	346.00	Meters	164,715	3.52%	5,798
29	348.00	Hydrants	(0)	0.00%	-
30	349.00	Other Trans. And Dist.	-	0.00%	-
31		SUBTOTAL TRANS. & DIST.	\$ 1,311,100		\$ 31,786
		GENERAL			
32	389.00	Land And Land Rights	25	0.00%	\$ -
33	390.00	Structures And Improvements	10,577	2.03%	215
34	391.00	Office Furniture And Equipment	22,446	4.10%	920
35	391.10	Computer Equipment	25,004	4.10%	1,025
36	392.00	Transportation Equipment	45,234	25.00%	11,309
37	393.00	Stores Equipment	247	3.93%	10
38	394.00	Tools, Shop And Garage	10,104	7.55%	763
39	395.00	Laboratory Equipment	627	3.06%	19
40	396.00	Power Operated Equipment	6,144	9.23%	567
41	397.00	Communication Equipment	13,017	4.10%	534
42	398.00	Miscellaneous Equipment	935	6.19%	58
43		SUBTOTAL GENERAL	\$ 134,359		\$ 15,419
44		TOTAL WATER PLANT	\$ 2,058,483		\$ 67,840
45		CIAC	280,867	10.00%	28,087
46		TOTAL DEPRECIATION & AMORTIZATION			39,753
47		Per Company			46,650
48		ADJUSTMENT			(6,897)

References:

Column (A): Schedule TJC-5, Page 1, Column (E)
Column (B): Schedule TJC-4, Page 2, Column (A)
Column (C): Column (A) X Column (B)

**OPERATING INCOME ADJUSTMENT NO. 6
PROPERTY TAX COMPUTATION**

LINE NO.	DESCRIPTION	(A)	(B)
Calculation Of The Company's Full Cash Value:			
Annual Operating Revenues:			
1	1999	\$ 277,910	
2	2000	359,521	
3	2001	443,802	
4	Total Three Year Operating Revenues (L1 + L2 + L3)	\$ 1,081,233	
5	Average Annual Operating Revenues (L4 / 3)	360,411	
6	Two Times Three Year Average Operating Revenues (L5 X 2)		\$ 720,822
ADD: Ten Percent Of Construction Work In Progress ("CWIP"):			
7	Test Year CWIP	\$ 6,555	
8	10% Of CWIP (L7 X 10%)		\$ 656
LESS: Transportation At Book Value:			
9	Original Cost Of Transportation Equipment (Sch. TJC-12(17))	\$ 45,234	
10	Accumulated Depreciation Of Transportation Equipment (TJC-12(17))	35,178	
11	Net Book Value Of Transportation Equipment (L9 - L10)		\$ 10,056
12	COMPANY'S FULL CASH VALUE (L6 + L8 + L11)		\$ 711,422
Calculation Of The Company's Tax Liability:			
MULTIPLY: Company Full Cash Value By Valuation Assessment Ratio And Then By Property Tax Rates:			
13	Assessment Ratio (ADOR Directive)	25%	
14	Assessed Value (L12 X L13)	\$ 177,855	
Property Tax Rates:			
15	Property Tax Rate (2001 Tax Notice - Co.'s Data Response - "Property Tax")	11.83%	
16	COMPANY'S TAX LIABILITY - Based On Full Cash Value (L14 X L17)		\$ 21,040
17	Test Year Adjusted Property Tax Expense Per Co.'s Filing (Sch. TJC-6, Col. (A), L22)	\$ 28,696	
18	Increase (Decrease) In Property Tax Expense (L16 - L17)	\$ (7,656)	
19	Adjustment To Property Tax Expense From Company's Direct Filing (See TJC-6 Col. (B), L22)		\$ (7,656)

**OPERATING INCOME ADJUSTMENT NO. 7
RATE CASE EXPENSE**

LINE NO.	COMPANY	(A) REVISED T.Y. REV. FACTORS	(B) COMPANY AS FILED	(C) RUCO AS ADJUSTED	(D) TOTAL DIFFERENCE	(E) 3 YEAR AMORTIZED DIFFERENCE
1	Total Rate Case Expense	212	\$ 699,954	\$ 418,941	\$ (281,013)	\$ (93,671)
2	Mohave Water	0.1243	87,016	52,081	(34,935)	(11,645)
3	Havasu Water	0.0125	8,730	5,225	(3,505)	(1,168)

			COMPANY AS FILED	RUCO AS ADJUSTED	TOTAL DIFFERENCE	3 YEAR AMORTIZED DIFFERENCE
	HAVASU WATER					
4	Rate Case Expense		8,730	5,225	(3,505)	(1,168)

References:

- Column (A): Revised Company Adjusted Test Year Revenue Factors To Remove Mohave Sewer from Allocation
- Column (B): Company Response to Data Request less the Mohave Sewer allocation of \$6,017
- Column (C): Column (A) X RUCO's Recommended Total Rate Case Expense
- Column (D): Column (C) minus Column (B)
- Column (E): Column (D) Divided by 3 (Three Year Amortization Period)

**OPERATING INCOME ADJUSTMENT NO. 8
PROJECTED CORPORATE OVERHEAD**

LINE NO.	DISTRICT	EXPENSE ACCOUNT	(A) COMPANY AS FILED	(B) RUCO AS ADJUSTED	(C) ADJUSTMENT
	HAVASU WATER				
1		Salaries & Wages	\$ 54,078	\$ 11,232	\$ (42,846)
2		Office Supplies & Expense	13,395	14,208	813
3		Insurance	2,365	1,630	(735)
4		Miscellaneous Expense	1,043	1,297	254
5		TOTAL	70,881	28,367	\$ (42,514)

References:
Column (A): Company Schedule C-2, Page 11
Column (B): Allocated Amounts From TJC-14, Pg 2, Line 24
Column (C): Column (B) - Column (A)

OPERATING INCOME ADJUSTMENT NO. 10
INCOME TAX EXPENSE

LINE NO.	DESCRIPTION	(A) REFERENCE	(B) AMOUNT
FEDERAL INCOME TAXES:			
1	Operating Income Before Taxes	Sch. TJC-6, Col. (C), L25 + L23	\$ 55,299
LESS:			
2	Arizona State Tax	Line 11	2,296
3	Interest Expense	Note (A) Line 19	22,354
4	Federal Taxable Income	Line 1 - Line 2 - Line 3	\$ 30,650
5	Federal Tax Rate	Sch. TJC-2, Col.(D), L34	15.00%
6	Federal Income Tax Expense	Line 4 X line 5	\$ 4,597
STATE INCOME TAXES:			
7	Operating Income Before Taxes	Line 1	\$ 55,299
LESS:			
8	Interest Expense	Note (A) Line 19	22,354
9	State Taxable Income	Line 7 - Line 8	\$ 32,945
10	State Tax Rate	Tax Rate	6.97%
11	State Income Tax Expense	Line 9 X Line 10	\$ 2,296
TOTAL INCOME TAX EXPENSE:			
12	Federal Income Tax Expense	Line 6	\$ 4,597
13	State Income Tax Expense	Line 11	2,296
14	Total Income Tax Expense Per RUCO	Line 12 + Line 13	\$ 6,893
15	Total Income Tax Expense Per Company (Per Company Sch. C-1)		(32,156)
16	Total Income Tax Adjustment (See Sch. TJC-6, Col. (B), L23)	Line 14 - Line 15	\$ 39,049

NOTE (A):

Interest Synchronization:

17	Adjusted Rate Base (Sch. TJC-3, Col. (C), L17)	\$ 766,406
18	Weighted Cost Of Debt	2.92%
19	Interest Expense (L17 X L18)	\$ 22,354

RATE DESIGN - PROOF OF REVENUE CONTD

LINE NO.	DESCRIPTION	(A) RUCO PROPOSED RATE DES'N	(B) ANNUALIZED BILL & GAL. COUNT	(C) RUCO PROPOSED REVENUE
MONTHLY MINIMUM USAGE CHARGE:				
1	5/8 Inch Residential	\$ 10.75	13,608	\$ 146,286
2	1 Inch Residential	18.00	-	0
3	1.5 Inch Residential	25.00	-	-
4	2 Inch Residential	32.00	-	-
5	3 Inch Residential	44.00	0	0
6	4 Inch Residential	61.00	-	-
7	6 Inch Residential	215.00	0	0
8				
9	5/8 Inch Commercial	10.75	420	4,515
10	1 Inch Commercial	18.00	60	1,080
11	2 Inch Commercial	32.00	24	768
12	3 Inch Commercial	44.00	36	1,584
13	4 Inch Commercial	61.00	12	732
14	6 Inch Commercial	215.00	0	
15				
16	Multi-Family - All Meter Sizes	10.75	108	1,161
17				
18	TOTAL ANNUALIZED MONTHLY CUSTOMER COUNT AND BASIC CHARGE		<u>14,268</u>	<u>\$ 156,126</u>
19				
20	NO GALLONS INCLUDED OR PROPOSED IN THE MONTHLY MINIMUM USAGE CHARGE			
21				
22	COMMODITY RATES - ALL METERS (Per 1,000 Gallons):			
23				
24	Havasu	\$ 1.72	160,957	\$ 276,846
25				
26	TOTAL ANNUALIZED COMMODITY USAGE AND CHARGES		<u>160,957</u>	<u>\$ 276,846</u>
27				
28				
29	Miscellaneous Revenue			10,532
30				
31	TOTAL PROPOSED ANNUALIZED REVENUE			<u><u>\$ 443,504</u></u>
32				
33	Required Revenue (As Per Schedule TJC-6, Col (E), L4)			\$ 443,391
34	Difference			\$ 113

References:
Column (A): TJC-16, Page 2 - Recommended/Proposed Rates
Column (B): Response To RUCO Data Request No. 1.04
Column (C): Columns (A) X (B)

RATE DESIGN - MONTHLY MINIMUM AND COMMODITY CHARGES

LINE NO.	DESCRIPTION	(A) PRESENT RATES	(B) COMPANY PROPOSED	(C) RUCO PROPOSED
MONTHLY MINIMUM USAGE CHARGE:				
1	5/8 Inch Residential	\$ 10.00	\$ 14.61	\$ 10.75
2	1 Inch Residential	17.10	24.98	18.00
3	1.5 Inch Residential	24.00	35.06	25.00
4	2 Inch Residential	33.60	49.09	32.00
5	3 Inch Residential	45.60	66.62	44.00
6	4 Inch Residential	57.60	84.15	61.00
7	6 Inch Residential	200.00	292.20	215.00
8	8 Inch Residential	400.00	584.40	430.00
9				
10	5/8 Inch Commercial	10.00	14.61	10.75
11	1 Inch Commercial	17.10	24.98	18.00
12	2 Inch Commercial	33.60	49.09	32.00
13	3 Inch Commercial	45.60	66.62	44.00
14	4 Inch Commercial	57.60	84.15	61.00
15	6 Inch Commercial	200.00	292.20	215.00
16	8 Inch Commercial	400.00	584.40	430.00
17				
18	Multi-Family - All Meter Sizes	10.00	14.61	10.75
19				
20	<u>Gallons In Minimum</u>			
21	All, except Multi-Unit Properties	1000	1,000	0
22	Multi-Units based on multiple of 5/8 x 3/4			
23				
24	<u>Tier 1: Gallons up to 999,999,999</u>			
25	All, except Multi-Unit Properties	999,999,999	999,999,999.00	999,999,999.00
26	Multi-Units based on multiple of 5/8 x 3/4			
27				
28				
29	COMMODITY RATES - ALL METERS (Per 1,000 Gallons):			
30				
31	Summer Rate	1.42	2.07	1.72
32	Winter Rate	1.31	1.91	1.72
33				
34				
35				
36	References:			
37	Columns (A) & (B): Company Schedule H-3, Pages 1 & 2			
38	Column (C): TJC-16, Page 1			

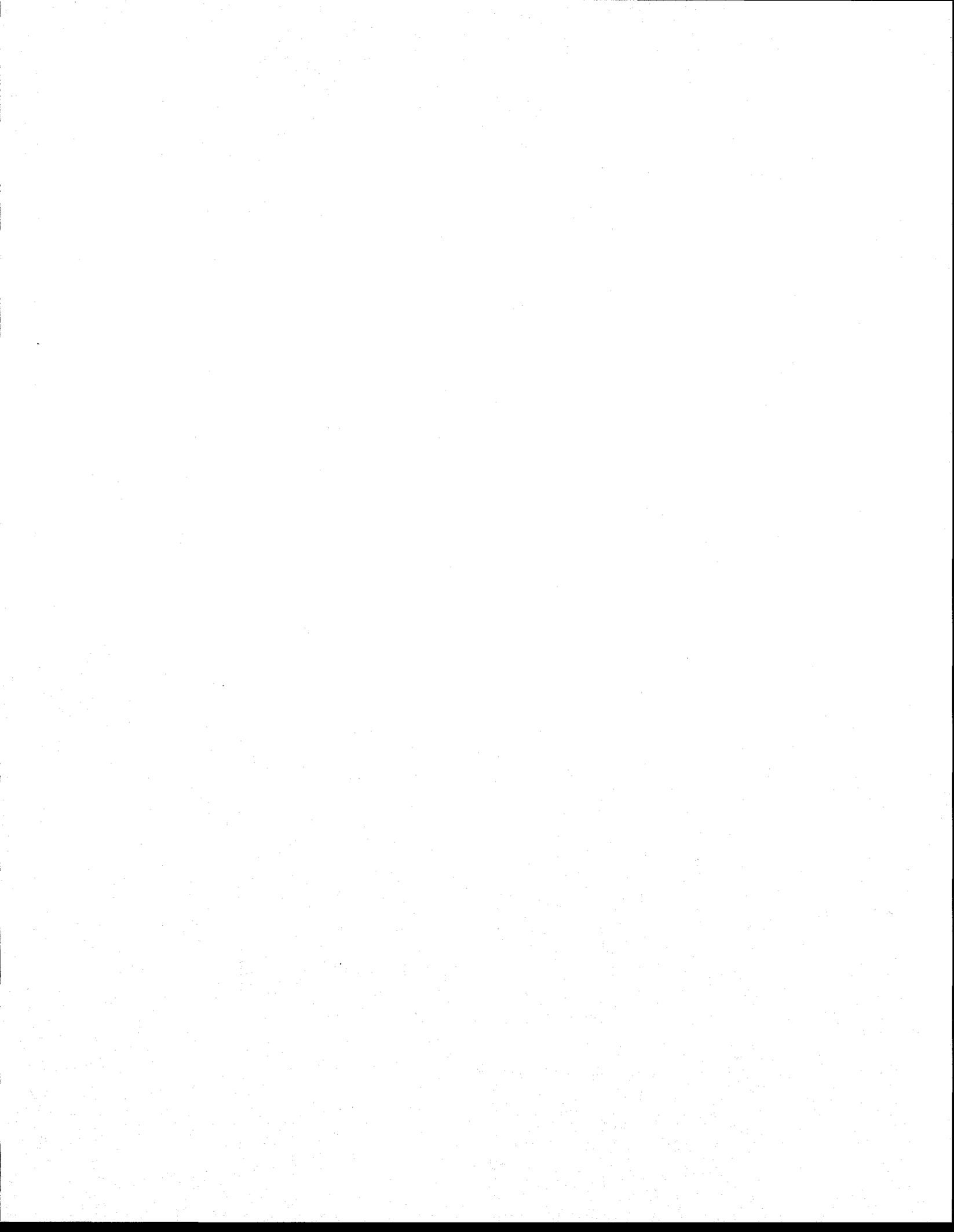


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TJC-16	1 TO 2	RATE DESIGN - MONTHLY MINIMUM, COMMODITY AND SERVICE CHARGES

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	(A) PER COMPANY RCND	(B) ADJUSTMENTS TO RESTATE TO ORIGINAL COST	(C) PER COMPANY ORIG. COST	(D) RUCO ORIGINAL COST
1	Fair Value Rate Base	\$ 15,212,898	\$ 493,771	\$ 15,706,667	\$ 7,531,475
2	Adjusted Operating Income (Loss)	\$ 796,077		\$ 796,077	\$ 972,325
3	Current Rate Of Return (L2 / L1)	5.23%		5.07%	12.91%
4	Required Operating Income (L5 X L1)	\$ 1,178,929		\$ 1,217,267	\$ 494,863
5	Required Rate Of Return On Fair Value Rate Base	7.75%		7.75%	6.57%
6	Operating Income Deficiency (L4 - L2)	\$ 382,853		\$ 421,190	\$ (477,463)
7	Gross Revenue Conversion Factor (Sch. TJC-1, page 2)	1.6286		1.6286	1.6549
8	Increase In Gross Revenue Requirement (L7 X L6)	\$ 623,527		\$ 685,950	\$ (790,139)
9	Adjusted Test Year Revenue	\$ 4,394,775		\$ 4,394,775	\$ 4,394,775
10	Proposed Annual Revenue (L8 + L9)	\$ 5,018,302		\$ 5,080,725	\$ 3,604,636
11	Required Percentage Increase In Revenue (L8 / L9)	14.19%		15.61%	-17.98%
12	Rate Of Return On Common Equity	11.50%		11.50%	9.11%

References:

- Column (A): Company Schedules A-1 and C-1
- Column (B): RUCO Schedules TJC-2
- Column (C): Recalculated After Adjusting To OCRB
- Column (D): RUCO SCHEDULES TJC-3, TJC-6, and TJC-19

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
CALCULATION OF GROSS REVENUE CONVERSION FACTOR:					
1	Revenue	1.0000			
2	Less: Combined Federal And State Tax Rate (L10)	0.3957			
3	Subtotal (L1 - L2)	0.6043			
4	Revenue Conversion Factor (L1 / L3)	1.6549			
CALCULATION OF EFFECTIVE TAX RATE:					
5	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%			
6	Arizona State Income Tax Rate	6.9680%			
7	Federal Taxable Income (L5 - L6)	93.0320%			
8	Applicable Federal Income Tax Rate (Col. (D), L34)	35.0464%			
9	Effective Federal Income Tax Rate (L7 X L8)	32.6043%			
10	Combined Federal And State Income Tax Rate (L6 + L9)	39.5723%			
11	Required Operating Income (Sch. TJC-1, Col. (B), L4)	\$ 494,863			
12	Adj'd T.Y. Oper'g Income (Loss) (Sch. TJC-1, Col. (B), L2)	972,325			
13	Required Increase In Operating Income (L11 - L12)		\$ (477,463)		
14	Income Taxes On Recommended Revenue (Col. (D), L31)	\$ 180,214			
15	Income Taxes On Test Year Revenue (Col. (D), L32)	492,891			
16	Required Increase In Revenue To Provide For Income Taxes (L14 - L15)		\$ (312,677)		
17	Total Required Increase In Revenue (L13 + L16)		\$ (790,139)		
CALCULATION OF INCOME TAX:					
RUCO					
Recommended					
18	Revenue (Sch. TJC-1, Col. (B), L10)			\$ 3,604,636	
19	Less: Opr'g Exp. Excl. Inc. Tax (TJC-6, Col. (E), L25 - L23)			2,929,558	
20	Less: Synchronized Interest (Col. (C), L37)			219,672	
21	Arizona Taxable Income (L18 - L19 - L20)			\$ 455,405	
22	Arizona State Income Tax Rate			6.9680%	
23	Arizona Income Tax (L21 X L22)			\$ 31,733	
24	Fed. Taxable Income (L21 - L23)			\$ 423,672	
25	Fed. Tax On 1st Inc. Bracket (\$1 - \$50,000) @ 15%			\$ 7,500	
26	Fed. Tax On 2nd Inc. Bracket (\$50,001 - \$75,000) @ 25%			6,250	
27	Fed. Tax On 3rd Inc. Bracket (\$75,001 - \$100,000) @ 34%			8,500	
28	Fed. Tax On 4th Inc. Bracket (\$100,001 - \$335,000) @ 39%			126,232	
29	Fed. Tax On 5th Inc. Bracket (\$335,001 - \$10M) @ 34%			-	
30	Total Federal Income Tax (L25 + L26 + L27 + L28 + L29)			\$ 148,482	
31	Combined Federal And State Income Tax (L23 + L30)			\$ 180,214	
32	Test Year Combined Income Tax, RUCO As Adjusted (TJC-6, Col. (C), L23)			\$ 492,891	
33	Adjustment (L31 - L32) (See TJC-6, Col. (D), L23)			\$ (312,677)	
34	Applicable Federal Income Tax Rate (Col. (D), L30 / Col. (C), L24)				35.05%
CALCULATION OF INTEREST SYNCHRONIZATION:					
35	Rate Base (Sch. TJC-3, Col. (C), L16)			\$ 7,531,475	
36	Weighted Avg. Cost Of Debt (Sch. TJC-13, Col. (F), L1 + L2)			2.92%	
37	Synchronized Interest (L35 X L36)			\$ 219,672	

FAIR VALUE RATE BASE - RCND ADJUSTED TO OCRB

LINE NO.	DESCRIPTION	(A) COMPANY FILED AS RCND	(B) RUCO ADJM'TS TO OCRB	(C) COMPANY FILED AS OCRB	(D) RUCO OCRB ADJM'TS	(E) RUCO ADJUSTED AS OCRB
1	Gross Utility Plant In Service	\$ 37,349,632	\$ (13,516,553)	\$ 23,833,079	\$ (22,525)	\$ 23,810,554
	Less:					
2	Accumulated Depreciation	12,174,906	(4,322,261)	7,852,645	1,245,256	9,097,901
3	Net Utility Plant In Service (L1 - L2)	<u>\$ 25,174,726</u>	<u>\$ (9,194,292)</u>	<u>\$ 15,980,434</u>	<u>\$ (1,267,781)</u>	<u>\$ 14,712,653</u>
	Less:					
4	Advances In Aid Of Const. ("AIAC")	\$ 5,425,697	\$ (1,963,519)	\$ 3,462,178	\$ 0	\$ 4,208,406
5	Contribution In Aid Of Const. ("CIAC")	\$ 4,428,421	\$ (1,602,612)	\$ 2,825,809	\$ 0	\$ 2,865,061
6	Less: Accumulated Amortization	-	-	-	-	0
7	NET CIAC (L4 - L5)	<u>\$ 4,428,421</u>	<u>\$ (1,602,612)</u>	<u>\$ 2,825,809</u>	<u>\$ 0</u>	<u>\$ 2,865,061</u>
8	Customer Meter Deposits	\$ 107,711	\$ 0	\$ 107,711	\$ 0	\$ 107,711
9	Deferred Income Taxes And Credits	-	-	-	-	0
10	Investment Tax Credits	-	-	-	-	0
	Plus:					
11	Unamortized Finance Charges	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
12	Deferred Tax Assets	-	-	-	-	0
13	Allowance For Working Capital	-	-	-	-	0
14	Citizens Acquisition Adjustment	-	-	6,121,931	(6,121,931)	0
15	Adjustment Due To Rounding	(1)	-	-	-	0
16	TOTAL RATE BASE	<u>\$ 15,212,896</u>	<u>\$ (5,628,161)</u>	<u>\$ 15,706,667</u>	<u>\$ (7,389,712)</u>	<u>\$ 7,531,475</u>

References:

- Column (A): Company Schedule B-1
- Column (B): Column (C) Minus Column (A)
- Column (C): Company Schedule B-1, page 1
- Column (D): Schedule TJC-3
- Column (E): Column (C) + Column (D)

SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS

LINE NO.	DESCRIPTION	(A) COMPANY FILED AS OCRB	(B) RUCO ADJMT # 1	(C) RUCO ADJMT # 2	(D) RUCO ADJMT # 3	(E) RUCO ADJMT # 4	(F) RUCO ADJUSTED AS OCRB
1	Gross Utility Plant In Service	\$ 23,833,079	\$ (71,666)	\$ 49,141	\$ 0	\$ 0	\$ 23,810,554
	Less:						
2	Accumulated Depreciation	7,852,645	1,225,841	19,416	-		9,097,901
3	Net Utility Plant In Service (L1 - L2)	<u>\$ 15,980,434</u>	<u>\$ (1,297,507)</u>	<u>\$ 29,725</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 14,712,653</u>
	Less:						
4	Advances In Aid Of Const. ("AIAC")	\$ 3,462,178	\$ -	\$ -	\$ 0	746,228	\$ 4,208,406
5	Contribution In Aid Of Const. ("CIAC")	\$ 2,825,809	-	\$ -	\$ 0	39,252	2,865,061
6	Less: Accumulated Amortization	-	-	-	-	-	-
7	NET CIAC (L5 - L6)	<u>\$ 2,825,809</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 39,252</u>	<u>\$ 2,865,061</u>
8	Customer Meter Deposits	\$ 107,711	\$ -	\$ -	\$ 0	\$ 0	\$ 107,711
9	Deferred Income Taxes And Credits	-	-	-	-	-	-
10	Investment Tax Credits	-	-	-	-	-	-
	Plus:						
11	Unamortized Finance Charges	\$ 0	0	\$ 0	\$ 0		\$ 0
12	Deferred Tax Assets	-	-	-	-	-	-
13	Allowance For Working Capital	-	-	-	-	-	-
14	Citizens Acquisition Adjustment	6,121,931	-	-	(6,121,931)		-
15	Adjustment Due To Rounding	-	-	-	-	-	-
16	TOTAL RATE BASE	<u>\$ 15,706,667</u>	<u>\$ (1,297,507)</u>	<u>\$ 29,725</u>	<u>\$ (6,121,931)</u>	<u>\$ (785,480)</u>	<u>\$ 7,531,475</u>

References:

- Column (A): Company Schedule B-2 and TJC-2, Col. (C)
- Column (B): Adjustment To Test Year Total Plant and Accumulated Depreciation (See TJC-4, Page 17, Col. (E) and (F), Line 48)
- Column (B): Adjustment To Test Year Total Plant and Accumulated Depreciation (See TJC-5, Page 1, Col: (E) and (F), Line 50)
- Column (D): Adjustment To Citizens Acquisition Adjustment (See Schedule TJC-2)
- Column (E): Sum of Columns (A) Thru (D)

**RATE BASE ADJUSTMENT #1 - TEST YEAR PLANT & ACCUMULATED DEPRECIATION
COMPANY'S PRESENT FILING VERSUS TOTAL PLANT FILED IN PRIOR RATE CASE - DECISION NO. 56806**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ALLOCATION FACTOR	(B) CO. AS FILED PRIOR T. Y. 03/31/1988 TOTAL PLANT	(C) ADJUSTMENT TO 03/31/88 PRIOR T. Y.	(D) ACTUAL 03/31/88 PRIOR T. Y. TOTAL PLANT
		INTANGIBLE				
1	301.00	Organization	0.0020	\$ 17,866	\$ (19)	\$ 17,847
2	302.00	Franchises	0.0008	7,299	(8)	7,291
3	303.00	Miscellaneous Intangibles	0.0000	-	-	0
4		SUBTOTAL INTANGIBLE		\$ 25,165	\$ (27)	\$ 25,138
		SOURCE OF SUPPLY				
5	310.00	Land And Land Rights	0.0204	\$ 185,441	\$ (201)	\$ 185,240
6	311.00	Structures And Improvements	0.0132	119,525	(129)	119,396
7	312.00	Collecting And Impounding Res.	0.0000	-	-	0
8	313.00	Lakes, Rivers, Other Intakes	0.0000	-	-	0
9	314.00	Wells And Springs	0.0434	394,398	(427)	393,971
10		SUBTOTAL SUPPLY		\$ 699,364	\$ (757)	\$ 698,607
		PUMPING				
11	320.00	Land And Land Rights	0.0003	\$ 2,361	\$ (3)	\$ 2,358
12	321.00	Structures And Improvements	0.0011	10,193	(11)	10,182
13	323.00	Other Power Production	0.0000	-	-	0
14	325.00	Electric Pumping Equipment	0.0854	775,565	(840)	774,725
15	326.00	Diesel Pumping Equipment	0.0000	-	-	0
16	328.10	Gas Engine Pumping Equipment	0.0000	-	-	0
17		SUBTOTAL PUMPING		\$ 788,119	\$ (853)	\$ 787,266
		WATER TREATMENT				
18	330.00	Land And Land Rights	0.0000	\$ -	\$ 0	\$ 0
19	331.00	Structures And Improvements	0.0017	15,157	(16)	15,141
20	332.00	Water Treatment Equipment	0.0036	32,926	(36)	32,890
21		SUBTOTAL TREATMENT		\$ 48,083	\$ (52)	\$ 48,031
		TRANSMISSION & DISTRIBUTION				
22	340.00	Land And Land Rights	0.0010	\$ 8,725	\$ (9)	\$ 8,716
23	341.00	Structures And Improvements	0.0005	4,583	(5)	4,578
24	342.00	Distribution, Reservoirs, & ST	0.0512	464,691	(503)	464,188
25	343.00	Trans. And Dist. Mains	0.5633	5,114,645	(5,537)	5,109,108
26	344.00	Fire Mains	0.0000	-	-	0
27	345.00	Services	0.1084	983,897	(1,065)	982,832
28	346.00	Meters	0.1003	911,134	(986)	910,148
29	348.00	Hydrants	0.0035	31,385	(34)	31,351
30	349.00	Other Trans. And Dist.	0.0000	-	-	0
31		SUBTOTAL TRANS. & DIST.		\$ 7,519,060	\$ (8,140)	\$ 7,510,920
		GENERAL				
32	389.00	Land And Land Rights	0.0000	\$ 330	\$ 0	\$ 330
33	390.00	Structures And Improvements	0.0000	140,300	-	140,300
34	391.00	Office Furniture And Equipment	0.0000	42,355	-	42,355
35	391.10	Computer Equipment	0.0000	-	-	0
36	392.00	Transportation Equipment	0.0000	153,995	-	153,995
37	393.00	Stores Equipment	0.0000	3,610	-	3,610
38	394.00	Tools, Shop And Garage	0.0000	41,990	-	41,990
39	395.00	Laboratory Equipment	0.0000	4,661	-	4,661
40	396.00	Power Operated Equipment	0.0000	56,826	-	56,826
41	397.00	Communication Equipment	0.0000	18,601	-	18,601
42	398.00	Miscellaneous Equipment	0.0000	10,449	-	10,449
43		SUBTOTAL GENERAL		\$ 473,117	\$ 0	\$ 473,117
44		TOTAL WATER PLANT		\$ 9,552,908	\$ (9,829)	\$ 9,543,079
45		ACC Decision No. 56806 Allowed Rate Base Adjustment (\$9,829)		\$ -	\$ 0	\$ 0
46		Adjustment Due To Rounding		-	-	0
47		ADJUSTED WATER PLANT		\$ 9,552,908	\$ (9,829)	\$ 9,543,079

References:
Column (A): Ratio Of Depreciable Plant Item To The Total Plant Value (Col. (B), L47) (Excluding General Plant)
Column (B): Company Adjusted Plant Balances Per Decision No. 56806, Staff Schedule DKP-3, Page 4 of 4 on File at ACC
Column (C): Column (A) (Line Item Allocation Factor) X Total Adjustment of Plant for (\$9,829) As Per Prior ACC Decision No. 56806
Column (D): Columns (B) + (C). Prior Rate Case Decision No. 56806, Commission Approved Adjustments

**RATE BASE ADJUSTMENT #1 - TEST YEAR PLANT & ACCUMULATED DEPRECIATION
PRIOR TEST YEAR ENDED MARCH 31, 1988**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) APPROVED DEP. RATE	(B) FULLY DEP. PLANT	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
INTANGIBLE								
1	301.00	Organization	0.00%	\$ 0	\$ 0	\$ 17,847	\$ 0	\$ 17,847
2	302.00	Franchises	0.00%	-	-	7,291	-	7,291
3	303.00	Miscellaneous Intangibles	0.00%	-	-	0	-	0
4		SUBTOTAL INTANGIBLE		\$ 0	\$ 0	\$ 25,138	\$ 0	\$ 25,138
SOURCE OF SUPPLY								
5	310.00	Land And Land Rights	0.00%	\$ 0	\$ 0	\$ 185,240	\$ 0	\$ 185,240
6	311.00	Structures And Improvements	2.83%	-	-	119,396	-	119,396
7	312.00	Collecting And Impounding Reservoirs	2.54%	-	-	0	-	0
8	313.00	Lakes, Rivers, Other Intakes	0.00%	-	-	0	-	0
9	314.00	Wells And Springs	2.70%	-	-	393,971	-	393,971
10		SUBTOTAL SOURCE OF SUPPLY		\$ 0	\$ 0	\$ 698,607	\$ 0	\$ 698,607
PUMPING								
11	320.00	Land And Land Rights	0.00%	\$ 0	\$ 0	\$ 2,361	\$ 0	\$ 2,358
12	321.00	Structures And Improvements	2.39%	-	-	10,193	-	10,182
13	323.00	Other Power Production	0.00%	-	-	-	-	0
14	325.00	Electric Pumping Equipment	5.12%	-	-	775,565	-	774,725
15	326.00	Diesel Pumping Equipment	0.00%	-	-	-	-	0
16	328.10	Gas Engine Pumping Equipment	0.00%	-	-	0	-	0
17		SUBTOTAL PUMPING		\$ -	\$ 0	\$ 788,119	\$ 0	\$ 787,266
WATER TREATMENT								
18	330.00	Land And Land Rights	0.00%	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
19	331.00	Structures And Improvements	2.50%	-	-	15,157	-	15,141
20	332.00	Water Treatment Equipment	12.00%	-	-	32,926	-	32,890
21		SUBTOTAL WATER TREATMENT		\$ 0	\$ 0	\$ 48,083	\$ 0	\$ 48,031
TRANSMISSION AND DISTRIBUTION								
22	340.00	Land And Land Rights	0.00%	\$ 0	\$ 0	\$ 8,725	\$ 0	\$ 8,716
23	341.00	Structures And Improvements	1.81%	-	-	4,583	-	4,578
24	342.00	Distribution, Reservoirs, & ST	1.81%	-	-	464,691	-	464,188
25	343.00	Transmission And Distribution Mains	2.61%	-	-	5,090,918	-	5,109,108
26	344.00	Fire Mains	0.00%	-	-	-	-	0
27	345.00	Services	5.41%	-	-	981,190	-	982,832
28	346.00	Meters	6.53%	-	-	893,986	-	910,148
29	348.00	Hydrants	0.00%	-	-	31,385	-	31,351
30	349.00	Other Transmission And Distribution	0.00%	-	-	-	-	0
31		SUBTOTAL TRANS. AND DIST.		\$ 0	\$ 0	\$ 7,475,478	\$ 0	\$ 7,510,920
GENERAL								
32	389.00	Land And Land Rights	0.00%	\$ 0	\$ 0	\$ 330	\$ 0	\$ 330
33	390.00	Structures And Improvements	2.03%	-	-	140,300	-	140,300
34	391.00	Office Furniture And Equipment	4.10%	-	-	42,355	-	42,355
35	391.10	Computer Equipment	4.10%	-	-	0	-	0
36	392.00	Transportation Equipment	25.00%	-	-	153,995	-	153,995
37	393.00	Stores Equipment	3.93%	-	-	3,610	-	3,610
38	394.00	Tools, Shop And Garage	7.55%	-	-	41,990	-	41,990
39	395.00	Laboratory Equipment	3.06%	-	-	4,661	-	4,661
40	396.00	Power Operated Equipment	9.23%	-	-	56,826	-	56,826
41	397.00	Communication Equipment	4.10%	-	-	18,601	0	18,601
42	398.00	Miscellaneous Equipment	6.19%	-	-	10,449	-	10,449
43		SUBTOTAL GENERAL		\$ 0	\$ 0	\$ 473,117	\$ 0	\$ 473,117
44		Acc. Depre. March 31, 1988		-	-	-	\$ 1,570,861	-
45		Adjustment Due To Rounding	4.00%	-	-	-	-	0
46		TOTAL WATER PLANT		\$ 0	\$ 0	\$ 9,508,542	\$ 1,570,861	\$ 7,972,218

References:

Column (D): Schedule TJC-4, Page 1 and ACC Authorized Plant Balances Per Decision No. 56806 for Test Year Ended March 31, 1988
Column (E): ACC Decision No. 56806 Authorized Accumulated Depreciation Balance as of March 31, 1988
Column (F): Column (D) - Column (E)

**RATE BASE ADJUSTMENT #1 - TEST YEAR PLANT & ACCUMULATED DEPRECIATION
YEAR END DECEMBER 31, 1988**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) FULL DEP. PLT	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 3,462	\$ 0	\$ 0	\$ 0	\$ 21,309	\$ 0	\$ 21,309
2	302.00	Franchises	-	-	-	-	7,291	-	7,291
3	303.00	Miscellaneous Intangibles	-	-	-	-	0	-	0
4		SUBTOTAL INTANGIBLE	\$ 3,462	\$ 0	\$ 0	\$ 0	\$ 28,600	\$ 0	\$ 28,600
SOURCE OF SUPPLY									
5	310.00	Land And Land Rights	\$ 16,585	\$ 0	\$ 0	\$ 0	\$ 201,825	\$ 0	\$ 201,825
6	311.00	Structures And Improvements	-	-	-	2,534	119,396	2,534	116,861
7	312.00	Collecting And Impounding Res.	3,119	-	-	30	3,119	30	3,089
8	313.00	Lakes, Rivers, Other Intakes	-	-	-	-	0	-	0
9	314.00	Wells And Springs	88,160	-	-	8,871	482,131	8,871	473,261
10		SUBTOTAL SUPPLY	\$ 107,864	\$ 0	\$ 0	\$ 11,434	\$ 806,471	\$ 11,434	\$ 795,037
PUMPING									
11	320.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,361	\$ 0	\$ 2,361
12	321.00	Structures And Improvements	-	-	-	183	10,193	183	10,010
13	323.00	Other Power Production	-	-	-	-	-	-	0
14	325.00	Electric Pumping Equipment	51,894	-	-	30,778	827,459	30,778	796,681
15	326.00	Diesel Pumping Equipment	-	-	-	-	-	-	0
16	328.10	Gas Engine Pumping Equipment	-	-	-	-	0	-	0
17		SUBTOTAL PUMPING	\$ 51,894	\$ 0	\$ 0	\$ 30,961	\$ 840,013	\$ 30,961	\$ 809,052
WATER TREATMENT									
18	330.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
19	331.00	Structures And Improvements	-	-	-	284	15,157	284	14,873
20	332.00	Water Treatment Equipment	-	-	-	2,963	32,926	2,963	29,963
21		SUBTOTAL TREATMENT	\$ 0	\$ 0	\$ 0	\$ 3,248	\$ 48,083	\$ 3,248	\$ 44,835
TRANSMISSION & DISTRIBUTION									
22	340.00	Land And Land Rights	\$ 884	\$ 0	\$ 0	\$ 0	\$ 9,609	\$ 0	\$ 9,609
23	341.00	Structures And Improvements	-	-	-	62	4,583	62	4,521
24	342.00	Distribution, Reservoirs, & ST	72,701	-	-	6,802	537,392	6,802	530,590
25	343.00	Trans. And Dist. Mains	935,620	-	-	108,812	6,026,538	108,812	5,917,726
26	344.00	Fire Mains	-	-	-	-	-	-	0
27	345.00	Services	47,942	-	-	40,784	1,029,132	40,784	988,348
28	346.00	Meters	75,985	-	-	45,644	969,971	45,644	924,327
29	348.00	Hydrants	-	-	-	-	31,385	-	31,385
30	349.00	Other Trans. And Dist.	-	-	-	-	-	-	0
31		SUBTOTAL TRANS. & DIST.	\$ 1,133,132	\$ 0	\$ 0	\$ 202,104	\$ 8,608,610	\$ 202,104	\$ 8,406,506
GENERAL									
32	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 330	\$ 0	\$ 330
33	390.00	Structures And Improvements	-	-	-	2,136	140,300	2,136	138,164
34	391.00	Office Furniture And Equipment	360	-	-	1,308	42,715	1,308	41,407
35	391.10	Computer Equipment	-	-	-	0	0	0	0
36	392.00	Transportation Equipment	-	-	-	28,874	153,995	28,874	125,121
37	393.00	Stores Equipment	1,348	-	-	126	4,958	126	4,832
38	394.00	Tools, Shop And Garage	-	-	-	2,378	41,990	2,378	39,612
39	395.00	Laboratory Equipment	-	-	-	107	4,661	107	4,554
40	396.00	Power Operated Equipment	-	-	-	3,934	56,826	3,934	52,892
41	397.00	Communication Equipment	89	-	-	573	18,690	573	18,117
42	398.00	Miscellaneous Equipment	2,504	-	-	543	12,953	543	12,410
43		SUBTOTAL GENERAL	\$ 4,301	\$ 0	\$ 0	\$ 39,979	\$ 477,418	\$ 39,979	\$ 437,439
44		Acc. Depre. March 31, 1988	-	-	-	-	-	\$ 1,570,861	-
45		Adjustment Due To Rounding	-	-	-	-	-	-	0
46		TOTAL WATER PLANT	\$ 1,300,653	\$ 0	\$ 0	\$ 287,726	\$ 10,809,195	\$ 1,858,587	\$ 8,950,608

References:

- Columns (A) & (B): Company Response To RUCO Data Request No. 1.22
- Column (C): Intentionally Left Blank
- Column (D): $0.75 \times [(\text{Col. (A)} + \text{Col. (B)}) \times \text{TJC-4, Page 2, Col. (A)} \times 1/2 \text{ yr. conv.}] + [\text{TJC-4, Page 2, Col. (D)} - \text{Col. (C)}] \times \text{TJC-4, Page 1, Col. (A)}$
- Column (E): Schedule TJC-4, Page 2, Column (D) + Column (A) - Column (B)
- Column (F): Schedule TJC-4, Page 2, Column (E) - Column (B) + Column (D)
- Column (G): Column (E) - Column (F)

**RATE BASE ADJUSTMENT #1 - TEST YEAR PLANT & ACCUMULATED DEPRECIATION
YEAR ENDED DECEMBER 31, 1989**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) FULL DEP. PL'T	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCU. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 21,309	\$ 0	\$ 21,309
2	302.00	Franchises	-	-	-	-	7,291	-	7,291
3	303.00	Miscellaneous Intangibles	-	-	-	-	0	-	0
4		SUBTOTAL INTANGIBLE	\$ 0	\$ 0	\$ 0	\$ 0	\$ 28,600	\$ 0	\$ 28,600
SOURCE OF SUPPLY									
5	310.00	Land And Land Rights	\$ 28,324	\$ 0	\$ 0	\$ 0	\$ 230,149	\$ 0	\$ 230,149
6	311.00	Structures And Improvements	-	-	-	3,379	119,396	5,913	113,483
7	312.00	Collecting And Impounding Res.	2,293	-	-	108	5,412	138	5,274
8	313.00	Lakes, Rivers, Other Intakes	-	-	-	-	0	-	0
9	314.00	Wells And Springs	97,663	-	-	14,336	579,794	23,207	556,588
10		SUBTOTAL SUPPLY	\$ 128,280	\$ 0	\$ 0	\$ 17,823	\$ 934,751	\$ 29,258	\$ 905,493
PUMPING									
11	320.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,361	\$ 0	\$ 2,361
12	321.00	Structures And Improvements	-	-	-	244	10,193	426	9,767
13	323.00	Other Power Production	-	-	-	-	-	-	0
14	325.00	Electric Pumping Equipment	189,316	-	-	47,212	1,016,775	77,990	938,785
15	326.00	Diesel Pumping Equipment	-	-	-	-	-	-	0
16	328.10	Gas Engine Pumping Equipment	-	-	-	-	0	-	0
17		SUBTOTAL PUMPING	\$ 189,316	\$ 0	\$ 0	\$ 47,456	\$ 1,029,329	\$ 78,417	\$ 950,913
WATER TREATMENT									
18	330.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
19	331.00	Structures And Improvements	-	-	-	379	15,157	663	14,494
20	332.00	Water Treatment Equipment	5,314	-	-	4,270	38,240	7,233	31,007
21		SUBTOTAL TREATMENT	\$ 5,314	\$ 0	\$ 0	\$ 4,649	\$ 53,397	\$ 7,896	\$ 45,501
TRANSMISSION & DISTRIBUTION									
22	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,609	\$ 0	\$ 9,609
23	341.00	Structures And Improvements	-	-	-	83	4,583	145	4,438
24	342.00	Distribution, Reservoirs, & ST	6,253	-	-	9,783	543,645	16,585	527,060
25	343.00	Trans. And Dist. Mains	593,132	-	-	165,033	6,619,670	273,845	6,345,825
26	344.00	Fire Mains	-	-	-	-	-	-	0
27	345.00	Services	85,094	-	-	57,978	1,114,226	98,762	1,015,464
28	346.00	Meters	47,629	-	-	64,894	1,017,600	110,538	907,062
29	348.00	Hydrants	-	-	-	-	31,385	-	31,385
30	349.00	Other Trans. And Dist.	-	-	-	-	-	-	0
31		SUBTOTAL TRANS. & DIST.	\$ 732,108	\$ 0	\$ 0	\$ 297,771	\$ 9,340,718	\$ 499,875	\$ 8,840,843
GENERAL									
32	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 330	\$ 0	\$ 330
33	390.00	Structures And Improvements	-	-	-	2,848	140,300	4,984	135,316
34	391.00	Office Furniture And Equipment	3,169	-	-	1,816	45,884	3,124	42,760
35	391.10	Computer Equipment	-	-	-	0	0	0	0
36	392.00	Transportation Equipment	-	-	-	38,499	153,995	67,373	86,622
37	393.00	Stores Equipment	-	-	-	195	4,958	321	4,637
38	394.00	Tools, Shop And Garage	-	-	-	3,170	41,990	5,548	36,442
39	395.00	Laboratory Equipment	-	-	-	143	4,661	250	4,411
40	396.00	Power Operated Equipment	-	-	-	5,245	56,826	9,179	47,647
41	397.00	Communication Equipment	-	-	-	766	18,690	1,340	17,350
42	398.00	Miscellaneous Equipment	393	-	-	814	13,346	1,357	11,989
43		SUBTOTAL GENERAL	\$ 3,562	\$ 0	\$ 0	\$ 53,496	\$ 480,980	\$ 93,475	\$ 387,505
44		Acc. Depre. March 31, 1988	-	-	-	-	-	\$ 1,570,861	-
45		Adjustment Due To Rounding	-	-	-	-	-	-	0
46		TOTAL WATER PLANT	\$ 1,058,580	\$ 0	\$ 0	\$ 421,196	\$ 11,867,775	\$ 2,279,783	\$ 9,587,993

References:

Columns (A) & (B): Company Response To RUCO Data Request No. 1.22

Column (C): Intentionally Left Blank

Column (D): [(Col. (A) + Col. (B)) X TJC-4, Page 2, Col. (A) X 1/2 yr. conv.] + [TJC-4, Page 3, Col. (D) - Col. (C)] X TJC-4, Page 2, Col. (A)

Column (E): Schedule TJC-4, Page 3, Column (D) + Column (A) - Column (B)

Column (F): Schedule TJC-4, Page 3, Column (E) - Column (B) + Column (D)

Column (G): Column (E) - Column (F)

**RATE BASE ADJUSTMENT #1 - TEST YEAR PLANT & ACCUMULATED DEPRECIATION
YEAR ENDED DECEMBER 31, 1990**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) FULL DEP. PLT	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 1,421	\$ 0	\$ 0	\$ 0	\$ 22,730	\$ 0	\$ 22,730
2	302.00	Franchises	-	-	-	0	7,291	0	7,291
3	303.00	Miscellaneous Intangibles	-	-	-	0	0	0	0
4		SUBTOTAL INTANGIBLE	\$ 1,421	\$ 0	\$ 0	\$ 0	\$ 30,021	\$ 0	\$ 30,021
SOURCE OF SUPPLY									
5	310.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 230,149	\$ 0	\$ 230,149
6	311.00	Structures And Improvements	90,091	-	-	4,654	209,486	10,567	198,919
7	312.00	Collecting And Impounding Res.	19,803	-	-	389	25,215	527	24,688
8	313.00	Lakes, Rivers, Other Intakes	-	-	-	0	0	0	0
9	314.00	Wells And Springs	-	119,565	-	17,269	460,229	40,475	419,753
10		SUBTOTAL SUPPLY	\$ 109,894	\$ 119,565	\$ 0	\$ 22,311	\$ 925,079	\$ 51,569	\$ 873,510
PUMPING									
11	320.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,361	\$ 0	\$ 2,361
12	321.00	Structures And Improvements	-	-	-	244	10,193	670	9,523
13	323.00	Other Power Production	-	-	-	0	-	0	-
14	325.00	Electric Pumping Equipment	79,886	79,105	-	56,129	1,017,556	134,120	883,437
15	326.00	Diesel Pumping Equipment	-	-	-	0	-	0	-
16	328.10	Gas Engine Pumping Equipment	-	-	-	0	0	0	0
17		SUBTOTAL PUMPING	\$ 79,886	\$ 79,105	\$ 0	\$ 56,373	\$ 1,030,110	\$ 134,789	\$ 895,322
WATER TREATMENT									
18	330.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
19	331.00	Structures And Improvements	-	-	-	379	15,157	1,042	14,115
20	332.00	Water Treatment Equipment	16,777	-	-	5,595	55,017	12,829	42,188
21		SUBTOTAL TREATMENT	\$ 16,777	\$ 0	\$ 0	\$ 5,974	\$ 70,174	\$ 13,871	\$ 56,303
TRANSMISSION & DISTRIBUTION									
22	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,609	\$ 0	\$ 9,609
23	341.00	Structures And Improvements	-	-	-	83	4,583	228	4,355
24	342.00	Distribution, Reservoirs, & ST	-	68,617	-	10,461	475,028	27,046	447,982
25	343.00	Trans. And Dist. Mains	238,816	496,170	-	182,365	6,362,316	456,210	5,906,106
26	344.00	Fire Mains	-	-	-	0	-	0	-
27	345.00	Services	105,606	-	-	63,136	1,219,832	161,899	1,057,933
28	346.00	Meters	136,348	-	-	70,901	1,153,948	181,439	972,509
29	348.00	Hydrants	1	-	-	0	31,386	0	31,386
30	349.00	Other Trans. And Dist.	-	-	-	0	-	0	-
31		SUBTOTAL TRANS. & DIST.	\$ 480,771	\$ 564,787	\$ 0	\$ 326,946	\$ 9,256,702	\$ 826,822	\$ 8,429,880
GENERAL									
32	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 330	\$ 0	\$ 330
33	390.00	Structures And Improvements	-	1,040	-	2,859	139,260	7,843	131,417
34	391.00	Office Furniture And Equipment	77,274	-	-	3,485	123,158	6,590	116,568
35	391.10	Computer Equipment	277	277	-	11	0	11	(11)
36	392.00	Transportation Equipment	50,157	-	-	44,768	204,152	112,141	92,011
37	393.00	Stores Equipment	-	1,120	-	217	3,838	538	3,300
38	394.00	Tools, Shop And Garage	13,428	-	-	3,677	55,418	9,225	46,193
39	395.00	Laboratory Equipment	-	-	-	143	4,661	392	4,269
40	396.00	Power Operated Equipment	6,295	-	-	5,536	63,121	14,714	48,407
41	397.00	Communication Equipment	8,855	-	-	948	27,545	2,287	25,257
42	398.00	Miscellaneous Equipment	-	2,505	-	904	10,841	2,261	8,580
43		SUBTOTAL GENERAL	\$ 156,286	\$ 4,942	\$ 0	\$ 62,527	\$ 632,323	\$ 156,003	\$ 476,320
44		Acc. Depre. March 31, 1988	-	-	-	-	-	\$ 1,570,861	-
45		Adjustment Due To Rounding	-	-	-	-	-	-	0
46		TOTAL WATER PLANT	\$ 845,035	\$ 768,399	\$ 0	\$ 474,132	\$ 11,944,409	\$ 2,753,915	\$ 9,190,495

References:

- Columns (A) & (B): Company Response To RUCO Data Request No. 1.22
- Column (C): Intentionally Left Blank
- Column (D): [(Col. (A) + Col. (B)) X TJC-4, Page 2, Col. (A) X 1/2 yr. conv.] + [TJC-4, Page 4, Col. (D) - Col. (C)] X TJC-4, Page 2, Col. (A)
- Column (E): Schedule TJC-4, Page 4, Column (D) + Column (A) - Column (B)
- Column (F): Schedule TJC-4, Page 4, Column (E) - Column (B) + Column (D)
- Column (G): Column (E) - Column (F)

**RATE BASE ADJUSTMENT #1 - TEST YEAR PLANT & ACCUMULATED DEPRECIATION
YEAR ENDED DECEMBER 31, 1991**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) FULL DEP. PL'T	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 22,730	\$ 0	\$ 22,730
2	302.00	Franchises	-	-	-	-	7,291	0	7,291
3	303.00	Miscellaneous Intangibles	-	-	-	-	0	0.00	0
4		SUBTOTAL INTANGIBLE	\$ 0	\$ 0	\$ 0	\$ 0	\$ 30,021	\$ 0	\$ 30,021
SOURCE OF SUPPLY									
5	310.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 230,149	\$ 0	\$ 230,149
6	311.00	Structures And Improvements	1,087	-	-	5,944	210,573	16,511	194,063
7	312.00	Collecting And Impounding Res.	-	-	-	640	25,215	1,167	24,048
8	313.00	Lakes, Rivers, Other Intakes	-	-	-	-	0	0	0
9	314.00	Wells And Springs	285	-	-	12,430	460,514	52,905	407,608
10		SUBTOTAL SUPPLY	\$ 1,372	\$ 0	\$ 0	\$ 19,014	\$ 926,451	\$ 70,583	\$ 855,868
PUMPING									
11	320.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,361	\$ 0	\$ 2,361
12	321.00	Structures And Improvements	-	-	-	244	10,193	914	9,279
13	323.00	Other Power Production	-	-	-	-	-	0	-
14	325.00	Electric Pumping Equipment	40,764	9,758	-	53,392	1,048,562	177,754	870,809
15	326.00	Diesel Pumping Equipment	-	-	-	-	-	0	(0)
16	328.10	Gas Engine Pumping Equipment	-	-	-	-	0	0	0
17		SUBTOTAL PUMPING	\$ 40,764	\$ 9,758	\$ 0	\$ 53,636	\$ 1,061,116	\$ 178,667	\$ 882,450
WATER TREATMENT									
18	330.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
19	331.00	Structures And Improvements	-	-	-	379	15,157	1,421	13,736
20	332.00	Water Treatment Equipment	-	-	-	6,802	55,017	19,431	35,586
21		SUBTOTAL TREATMENT	\$ 0	\$ 0	\$ 0	\$ 6,981	\$ 70,174	\$ 20,852	\$ 49,322
TRANSMISSION & DISTRIBUTION									
22	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,609	\$ 0	\$ 9,609
23	341.00	Structures And Improvements	-	-	-	83	4,583	311	4,272
24	342.00	Distribution, Reservoirs, & ST	260,425	-	-	10,955	735,453	38,001	697,452
25	343.00	Trans. And Dist. Mains	104,970	24,310	-	167,744	6,442,976	599,644	5,843,332
26	344.00	Fire Mains	-	-	-	-	-	0	(0)
27	345.00	Services	129,976	3,052	-	69,591	1,346,756	228,438	1,118,318
28	346.00	Meters	114,077	49,825	-	80,704	1,218,200	212,318	1,005,882
29	348.00	Hydrants	6,673	1	-	-	38,058	0	38,058
30	349.00	Other Trans. And Dist.	-	-	-	-	-	0	-
31		SUBTOTAL TRANS. & DIST.	\$ 616,121	\$ 77,188	\$ 0	\$ 329,077	\$ 9,795,635	\$ 1,078,711	\$ 8,716,924
GENERAL									
32	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 330	\$ 0	\$ 330
33	390.00	Structures And Improvements	-	1,104	-	2,838	138,156	9,577	128,579
34	391.00	Office Furniture And Equipment	49,853	910	-	6,090	172,101	11,770	160,331
35	391.10	Computer Equipment	-	-	-	0	0	11	(11)
36	392.00	Transportation Equipment	19,185	2	-	53,436	223,335	165,576	57,759
37	393.00	Stores Equipment	-	-	-	151	3,838	689	3,149
38	394.00	Tools, Shop And Garage	4,949	744	-	4,399	59,623	12,880	46,743
39	395.00	Laboratory Equipment	3,010	-	-	189	7,671	581	7,090
40	396.00	Power Operated Equipment	-	-	-	5,826	63,121	20,540	42,581
41	397.00	Communication Equipment	50,937	23,409	-	2,653	55,073	(18,468)	73,541
42	398.00	Miscellaneous Equipment	174	-	-	676	11,015	2,937	8,077
43		SUBTOTAL GENERAL	\$ 128,108	\$ 26,169	\$ 0	\$ 76,259	\$ 734,262	\$ 206,093	\$ 528,169
44		Acc. Depre. March 31, 1988						\$ 1,570,861	
45		Adjustment Due To Rounding	(1)	(1)	-	-	-	-	0
46		TOTAL WATER PLANT	\$ 786,364	\$ 113,114	\$ 0	\$ 484,967	\$ 12,617,659	\$ 3,125,768	\$ 9,491,892

References:

Columns (A) & (B): Company Response To RUCO Data Request No. 1.22

Column (C): Intentionally Left Blank

Column (D): [(Col. (A) + Col. (B)) X TJC-4, Page 2, Col. (A) X 1/2 yr. conv.] + [TJC-4, Page 5, Col. (D) - Col. (C)] X TJC-4, Page 2, Col. (A)

Column (E): Schedule TJC-4, Page 5, Column (D) + Column (A) - Column (B)

Column (F): Schedule TJC-4, Page 5, Column (E) - Column (B) + Column (D)

Column (G): Column (E) - Column (F)

**RATE BASE ADJUSTMENT #1 - TEST YEAR PLANT & ACCUMULATED DEPRECIATION
YEAR ENDED DECEMBER 31, 1992**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETRIM'TS	(C) FULL DEP. PL'T	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 22,730	\$ 0	\$ 22,730
2	302.00	Franchises	-	-	-	-	7,291	0	7,291
3	303.00	Miscellaneous Intangibles	-	-	-	-	0	0	0
4		SUBTOTAL INTANGIBLE	\$ 0	\$ 0	\$ 0	\$ 0	\$ 30,021	\$ 0	\$ 30,021
SOURCE OF SUPPLY									
5	310.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 230,149	\$ 0	\$ 230,149
6	311.00	Structures And Improvements	52	-	-	5,960	210,625	22,471	188,155
7	312.00	Collecting And Impounding Res.	1,029	-	-	654	26,244	1,821	24,423
8	313.00	Lakes, Rivers, Other Intakes	-	-	-	-	0	0	0
9	314.00	Wells And Springs	-	-	-	12,434	460,514	65,339	395,175
10		SUBTOTAL SUPPLY	\$ 1,081	\$ 0	\$ 0	\$ 19,047	\$ 927,532	\$ 89,631	\$ 837,901
PUMPING									
11	320.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,361	\$ 0	\$ 2,361
12	321.00	Structures And Improvements	-	-	-	244	10,193	1,157	9,036
13	323.00	Other Power Production	-	-	-	-	-	0	(0)
14	325.00	Electric Pumping Equipment	70,673	12,318	-	55,811	1,106,917	221,247	885,671
15	326.00	Diesel Pumping Equipment	-	-	-	-	-	0	(0)
16	328.10	Gas Engine Pumping Equipment	-	-	-	-	1	0	1
17		SUBTOTAL PUMPING	\$ 70,673	\$ 12,318	\$ 0	\$ 56,055	\$ 1,119,472	\$ 222,404	\$ 897,069
WATER TREATMENT									
18	330.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
19	331.00	Structures And Improvements	-	-	-	379	15,157	1,800	13,357
20	332.00	Water Treatment Equipment	1,682	-	-	6,703	56,699	26,134	30,565
21		SUBTOTAL TREATMENT	\$ 1,682	\$ 0	\$ 0	\$ 7,082	\$ 71,856	\$ 27,934	\$ 43,922
TRANSMISSION & DISTRIBUTION									
22	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,609	\$ 0	\$ 9,609
23	341.00	Structures And Improvements	-	-	-	83	4,583	394	4,189
24	342.00	Distribution, Reservoirs, & ST	-	-	-	13,312	735,453	51,313	684,140
25	343.00	Trans. And Dist. Mains	455,633	76	-	174,109	6,898,533	773,676	6,124,857
26	344.00	Fire Mains	-	-	-	-	-	0	(0)
27	345.00	Services	102,256	954	-	75,651	1,448,058	303,135	1,144,923
28	346.00	Meters	100,867	43,998	-	84,278	1,275,069	252,598	1,022,471
29	348.00	Hydrants	-	-	-	-	38,058	0	38,058
30	349.00	Other Trans. And Dist.	-	-	-	-	-	0	(0)
31		SUBTOTAL TRANS. & DIST.	\$ 658,756	\$ 45,028	\$ 0	\$ 347,433	\$ 10,409,383	\$ 1,381,118	\$ 9,028,247
GENERAL									
32	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 330	\$ 0	\$ 330
33	390.00	Structures And Improvements	-	-	-	2,805	138,156	12,382	125,774
34	391.00	Office Furniture And Equipment	24,519	-	-	7,559	196,620	19,328	177,292
35	391.10	Computer Equipment	-	-	-	0	0	11	(11)
36	392.00	Transportation Equipment	56,139	33,527	-	67,042	245,947	199,091	46,856
37	393.00	Stores Equipment	-	-	-	151	3,838	840	2,998
38	394.00	Tools, Shop And Garage	12,898	134	-	4,986	72,187	17,732	54,455
39	395.00	Laboratory Equipment	-	-	-	235	7,671	816	6,855
40	396.00	Power Operated Equipment	3,679	-	-	5,996	66,800	26,536	40,264
41	397.00	Communication Equipment	4,539	-	-	2,351	59,611	(16,117)	75,728
42	398.00	Miscellaneous Equipment	121	-	-	886	11,135	3,623	7,512
43		SUBTOTAL GENERAL	\$ 101,695	\$ 33,661	\$ 0	\$ 91,809	\$ 802,295	\$ 264,241	\$ 538,054
44		Acc. Depre. March 31, 1988						\$ 1,570,861	
45		Adjustment Due To Rounding	(1)	-	-	-	(1)	-	0
46		TOTAL WATER PLANT	\$ 833,886	\$ 91,007	\$ 0	\$ 521,426	\$ 13,360,538	\$ 3,556,187	\$ 9,804,353

References:

- Columns (A) & (B): Company Response To RUCO Data Request No. 1.22
- Column (C): Intentionally Left Blank
- Column (D): [(Col. (A) + Col. (B)) X TJC-4, Page 2, Col. (A) X 1/2 yr. conv.] + [TJC-4, Page 6, Col. (D) - Col. (C)] X TJC-4, Page 2, Col. (A)
- Column (E): Schedule TJC-4, Page 6, Column (D) + Column (A) - Column (B)
- Column (F): Schedule TJC-4, Page 6, Column (E) - Column (B) + Column (D)
- Column (G): Column (E) - Column (F)

**RATE BASE ADJUSTMENT #1 - TEST YEAR PLANT & ACCUMULATED DEPRECIATION
YEAR ENDED DECEMBER 31, 1993**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETRIM'TS	(C) FULL DEP. PLT	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCU.M. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 22,730	\$ 0	\$ 22,730
2	302.00	Franchises	-	-	-	-	7,291	0	7,291
3	303.00	Miscellaneous Intangibles	-	-	-	-	0	0	0
4		SUBTOTAL INTANGIBLE	\$ 0	\$ 0	\$ 0	\$ 0	\$ 30,021	\$ 0	\$ 30,021
SOURCE OF SUPPLY									
5	310.00	Land And Land Rights	\$ 3,454	\$ 10,679	\$ 0	\$ 0	\$ 222,924	\$ (10,679)	\$ 233,603
6	311.00	Structures And Improvements	188,402	2,741	-	8,665	396,287	28,395	367,892
7	312.00	Collecting And Impounding Res.	-	-	-	667	26,244	2,488	23,756
8	313.00	Lakes, Rivers, Other Intakes	-	-	-	-	0	0	0
9	314.00	Wells And Springs	-	-	-	12,434	460,514	77,773	382,741
10		SUBTOTAL SUPPLY	\$ 191,856	\$ 13,420	\$ 0	\$ 21,766	\$ 1,105,969	\$ 97,976	\$ 1,007,993
PUMPING									
11	320.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,361	\$ 0	\$ 2,361
12	321.00	Structures And Improvements	-	-	-	244	10,193	1,401	8,792
13	323.00	Other Power Production	-	-	-	-	-	0	-
14	325.00	Electric Pumping Equipment	43,822	18,562	-	58,271	1,132,177	260,956	871,222
15	326.00	Diesel Pumping Equipment	-	-	-	-	-	0	(0)
16	328.10	Gas Engine Pumping Equipment	-	-	-	-	1	0	1
17		SUBTOTAL PUMPING	\$ 43,822	\$ 18,562	\$ 0	\$ 58,515	\$ 1,144,731	\$ 262,357	\$ 882,376
WATER TREATMENT									
18	330.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
19	331.00	Structures And Improvements	-	-	-	379	15,157	2,179	12,978
20	332.00	Water Treatment Equipment	-	-	-	6,804	56,699	32,938	23,761
21		SUBTOTAL TREATMENT	\$ 0	\$ 0	\$ 0	\$ 7,183	\$ 71,856	\$ 35,116	\$ 36,740
TRANSMISSION & DISTRIBUTION									
22	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,609	\$ 0	\$ 9,609
23	341.00	Structures And Improvements	-	-	-	83	4,583	477	4,106
24	342.00	Distribution, Reservoirs, & ST	284,827	28,412	-	16,147	991,868	39,047	952,821
25	343.00	Trans. And Dist. Mains	571,136	6,995	-	187,596	7,462,674	954,278	6,508,396
26	344.00	Fire Mains	-	-	-	-	-	0	(0)
27	345.00	Services	178,158	11,367	-	83,467	1,614,849	375,235	1,239,614
28	346.00	Meters	188,689	48,438	-	91,004	1,415,320	295,165	1,120,155
29	348.00	Hydrants	5,827	-	-	-	43,885	0	43,885
30	349.00	Other Trans. And Dist.	-	-	-	-	-	0	-
31		SUBTOTAL TRANS. & DIST.	\$ 1,228,637	\$ 95,212	\$ 0	\$ 378,297	\$ 11,542,788	\$ 1,664,201	\$ 9,878,587
GENERAL									
32	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 330	\$ 0	\$ 330
33	390.00	Structures And Improvements	-	-	-	2,805	138,156	15,186	122,970
34	391.00	Office Furniture And Equipment	118,223	1,162	-	10,509	313,681	28,675	285,006
35	391.10	Computer Equipment	-	-	-	0	0	11	(11)
36	392.00	Transportation Equipment	33,530	17,565	-	67,874	261,912	249,399	12,513
37	393.00	Stores Equipment	-	-	-	151	3,838	990	2,848
38	394.00	Tools, Shop And Garage	15,283	529	-	6,047	86,941	23,250	63,691
39	395.00	Laboratory Equipment	-	-	-	235	7,671	1,050	6,621
40	396.00	Power Operated Equipment	-	-	-	6,166	66,800	32,702	34,098
41	397.00	Communication Equipment	2,625	-	-	2,498	62,236	(13,619)	75,855
42	398.00	Miscellaneous Equipment	72	304	-	701	10,903	4,020	6,883
43		SUBTOTAL GENERAL	\$ 169,733	\$ 19,560	\$ 0	\$ 96,984	\$ 952,468	\$ 341,665	\$ 610,803
44		Acc. Depre. March 31, 1988	-	-	-	-	-	\$ 1,570,861	0
45		Adjustment Due To Rounding	-	-	-	-	(1)	-	0
46		TOTAL WATER PLANT	\$ 1,634,048	\$ 146,754	\$ 0	\$ 562,744	\$ 14,847,832	\$ 3,972,177	\$ 10,875,655

References:

Columns (A) & (B): Company Response To RUCO Data Request No. 1.22

Column (C): Intentionally Left Blank

Column (D): [(Col. (A) + Col. (B)) X TJC-4, Page 2, Col. (A) X 1/2 yr. conv.] + [TJC-4, Page 7, Col. (D) - Col. (C)] X TJC-4, Page 2, Col. (A)

Column (E): Schedule TJC-4, Page 7, Column (D) + Column (A) - Column (B)

Column (F): Schedule TJC-4, Page 7, Column (E) - Column (B) + Column (D)

Column (G): Column (E) - Column (F)

**RATE BASE ADJUSTMENT #1 - TEST YEAR PLANT & ACCUMULATED DEPRECIATION
YEAR ENDED DECEMBER 31, 1994**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETRIM'TS	(C) FULL DEP. PL'T	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCU. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 22,730	\$ 0	\$ 22,730
2	302.00	Franchises	-	-	-	-	7,291	0	7,291
3	303.00	Miscellaneous Intangibles	-	-	-	-	0	0	0
4		SUBTOTAL INTANGIBLE	\$ 0	\$ 0	\$ 0	\$ 0	\$ 30,021	\$ 0	\$ 30,021
SOURCE OF SUPPLY									
5	310.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 222,924	\$ (10,679)	\$ 233,603
6	311.00	Structures And Improvements	12,176	-	-	11,387	408,463	39,782	368,681
7	312.00	Collecting And Impounding Res.	-	-	-	667	26,244	3,154	23,090
8	313.00	Lakes, Rivers, Other Intakes	-	-	-	-	0	0	0
9	314.00	Wells And Springs	-	-	-	12,434	460,514	90,207	370,307
10		SUBTOTAL SUPPLY	\$ 12,176	\$ 0	\$ 0	\$ 24,488	\$ 1,118,145	\$ 122,464	\$ 995,681
PUMPING									
11	320.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,361	\$ 0	\$ 2,361
12	321.00	Structures And Improvements	-	-	-	244	10,193	1,644	8,549
13	323.00	Other Power Production	-	-	-	-	-	0	-
14	325.00	Electric Pumping Equipment	30,856	25,164	-	59,402	1,137,869	295,193	842,676
15	326.00	Diesel Pumping Equipment	-	-	-	-	-	0	(0)
16	328.10	Gas Engine Pumping Equipment	-	-	-	-	1	0	1
17		SUBTOTAL PUMPING	\$ 30,856	\$ 25,164	\$ 0	\$ 59,645	\$ 1,150,423	\$ 296,837	\$ 853,586
WATER TREATMENT									
18	330.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)
19	331.00	Structures And Improvements	-	-	-	379	15,157	2,558	12,599
20	332.00	Water Treatment Equipment	685	-	-	6,845	57,384	39,783	17,601
21		SUBTOTAL TREATMENT	\$ 685	\$ 0	\$ 0	\$ 7,224	\$ 72,541	\$ 42,340	\$ 30,201
TRANSMISSION & DISTRIBUTION									
22	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,609	\$ 0	\$ 9,609
23	341.00	Structures And Improvements	-	-	-	83	4,583	560	4,023
24	342.00	Distribution, Reservoirs, & ST	14,734	-	-	18,086	1,006,602	57,133	949,469
25	343.00	Trans. And Dist. Mains	192,243	6,441	-	197,369	7,648,476	1,145,205	6,503,271
26	344.00	Fire Mains	-	-	-	-	-	0	(0)
27	345.00	Services	175,518	2,457	-	92,178	1,787,910	464,955	1,322,955
28	346.00	Meters	173,720	44,060	-	99,531	1,544,980	350,636	1,194,344
29	348.00	Hydrants	-	-	-	-	43,885	0	43,885
30	349.00	Other Trans. And Dist.	-	-	-	-	-	0	-
31		SUBTOTAL TRANS. & DIST.	\$ 556,215	\$ 52,956	\$ 0	\$ 407,246	\$ 12,046,045	\$ 2,018,489	\$ 10,027,556
GENERAL									
32	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 330	\$ 0	\$ 330
33	390.00	Structures And Improvements	1,604	-	-	2,821	139,760	18,007	121,753
34	391.00	Office Furniture And Equipment	6,261	5,715	-	13,106	314,227	36,067	278,160
35	391.10	Computer Equipment	13,612	-	-	279	13,612	290	13,322
36	392.00	Transportation Equipment	42,676	45,065	-	76,446	259,523	280,780	(21,257)
37	393.00	Stores Equipment	-	-	-	151	3,838	1,142	2,696
38	394.00	Tools, Shop And Garage	17,336	1,190	-	7,263	103,087	29,324	73,763
39	395.00	Laboratory Equipment	-	-	-	235	7,671	1,285	6,386
40	396.00	Power Operated Equipment	-	-	-	6,166	66,800	38,868	27,932
41	397.00	Communication Equipment	2,177	-	-	2,596	64,413	(11,022)	75,435
42	398.00	Miscellaneous Equipment	1,262	174	-	719	11,991	4,566	7,426
43		SUBTOTAL GENERAL	\$ 84,928	\$ 52,144	\$ 0	\$ 109,782	\$ 985,252	\$ 399,305	\$ 585,947
44		Acc. Depre. March 31, 1988						\$ 1,570,861	
45		Adjustment Due To Rounding	1	-	-	-	-	-	0
46		TOTAL WATER PLANT	\$ 684,861	\$ 130,266	\$ 0	\$ 608,385	\$ 15,402,427	\$ 4,450,297	\$ 10,952,131

References:

- Columns (A) & (B): Company Response To RUCO Data Request No. 1.22
- Column (C): Intentionally Left Blank
- Column (D): [(Col. (A) + Col. (B)) X TJC-4, Page 2, Col. (A) X 1/2 yr. conv.] + [TJC-4, Page 8, Col. (D) - Col. (C)] X TJC-4, Page 2, Col. (A)
- Column (E): Schedule TJC-4, Page 8, Column (D) + Column (A) - Column (B)
- Column (F): Schedule TJC-4, Page 8, Column (E) - Column (B) + Column (D)
- Column (G): Column (E) - Column (F)

**RATE BASE ADJUSTMENT #1 - TEST YEAR PLANT & ACCUMULATED DEPRECIATION
YEAR ENDED DECEMBER 31, 1995**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) FULL DEP. PL'T	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 16,138	\$ 0	\$ 0	\$ 0	\$ 38,868	\$ 0	\$ 38,868
2	302.00	Franchises	-	-	-	-	7,291	0	7,291
3	303.00	Miscellaneous Intangibles	-	-	-	-	0	0	0
4		SUBTOTAL INTANGIBLE	\$ 16,138	\$ 0	\$ 0	\$ 0	\$ 46,159	\$ 0	\$ 46,159
SOURCE OF SUPPLY									
5	310.00	Land And Land Rights	\$ 19,320	\$ 0	\$ 0	\$ 0	\$ 242,244	\$ (10,679)	\$ 252,923
6	311.00	Structures And Improvements	14,943	-	-	11,771	423,406	51,553	371,853
7	312.00	Collecting And Impounding Res.	342	-	-	671	26,586	3,825	22,761
8	313.00	Lakes, Rivers, Other Intakes	-	-	-	-	0	0	0
9	314.00	Wells And Springs	-	-	-	12,434	460,514	102,641	357,873
10		SUBTOTAL SUPPLY	\$ 34,605	\$ 0	\$ 0	\$ 24,876	\$ 1,152,750	\$ 147,340	\$ 1,005,410
PUMPING									
11	320.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,361	\$ 0	\$ 2,361
12	321.00	Structures And Improvements	-	-	-	244	10,193	1,887	8,306
13	323.00	Other Power Production	-	-	-	-	-	-	0
14	325.00	Electric Pumping Equipment	50,547	2,920	-	59,828	1,185,496	351,900	833,596
15	326.00	Diesel Pumping Equipment	-	-	-	-	-	0	(0)
16	328.10	Gas Engine Pumping Equipment	-	-	-	-	1	0	1
17		SUBTOTAL PUMPING	\$ 50,547	\$ 2,920	\$ 0	\$ 59,871	\$ 1,198,050	\$ 353,787	\$ 844,264
WATER TREATMENT									
18	330.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)
19	331.00	Structures And Improvements	-	-	-	379	15,157	2,937	12,220
20	332.00	Water Treatment Equipment	600	4,294	-	7,180	53,690	42,668	11,022
21		SUBTOTAL TREATMENT	\$ 600	\$ 4,294	\$ 0	\$ 7,559	\$ 68,847	\$ 45,605	\$ 23,242
TRANSMISSION & DISTRIBUTION									
22	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,609	\$ 0	\$ 9,609
23	341.00	Structures And Improvements	-	-	-	83	4,583	643	3,940
24	342.00	Distribution, Reservoirs, & ST	49,390	-	-	18,666	1,055,992	75,800	980,192
25	343.00	Trans. And Dist. Mains	456,465	-	-	205,582	8,104,941	1,350,787	6,754,154
26	344.00	Fire Mains	-	-	-	-	-	0	(0)
27	345.00	Services	315,641	936	-	105,289	2,102,615	569,309	1,533,306
28	346.00	Meters	215,136	30,006	-	108,891	1,730,110	429,521	1,300,589
29	348.00	Hydrants	45,000	-	-	-	88,885	0	88,885
30	349.00	Other Trans. And Dist.	-	-	-	-	-	0	-
31		SUBTOTAL TRANS. & DIST.	\$ 1,081,632	\$ 30,942	\$ 0	\$ 438,512	\$ 13,096,735	\$ 2,426,059	\$ 10,670,676
GENERAL									
32	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 330	\$ 0	\$ 330
33	390.00	Structures And Improvements	-	-	-	2,837	139,760	20,844	118,916
34	391.00	Office Furniture And Equipment	46,493	4,538	-	13,929	356,182	45,458	310,724
35	391.10	Computer Equipment	4,184	-	-	644	17,796	934	16,862
36	392.00	Transportation Equipment	-	-	-	64,881	259,523	345,661	(86,138)
37	393.00	Stores Equipment	-	-	-	151	3,838	1,293	2,545
38	394.00	Tools, Shop And Garage	8,026	-	-	8,086	111,113	37,410	73,703
39	395.00	Laboratory Equipment	-	-	-	235	7,671	1,520	6,151
40	396.00	Power Operated Equipment	39,675	-	-	7,997	106,475	46,864	59,611
41	397.00	Communication Equipment	-	-	-	2,641	64,413	(8,381)	72,794
42	398.00	Miscellaneous Equipment	-	-	-	742	11,991	5,308	6,683
43		SUBTOTAL GENERAL	\$ 98,378	\$ 4,538	\$ 0	\$ 102,143	\$ 1,079,092	\$ 496,912	\$ 582,180
44		Acc. Depr. March 31, 1988						\$ 1,570,861	
45		Adjustment Due To Rounding	(2)	(1)	-	-	(1)	-	0
46		TOTAL WATER PLANT	\$ 1,281,898	\$ 42,693	\$ 0	\$ 632,960	\$ 16,841,832	\$ 5,040,564	\$ 11,601,070

References:

Columns (A) & (B): Company Response To RUCO Data Request No. 1.22

Column (C): Intentionally Left Blank

Column (D): [(Col. (A) + Col. (B)) X TJC-4, Page 2, Col. (A) X 1/2 yr. conv.] + [TJC-4, Page 9, Col. (D) - Col. (C)] X TJC-4, Page 2, Col. (A)

Column (E): Schedule TJC-4, Page 9, Column (D) + Column (A) - Column (B)

Column (F): Schedule TJC-4, Page 9, Column (E) - Column (B) + Column (D)

Column (G): Column (E) - Column (F)

**RATE BASE ADJUSTMENT #1 - TEST YEAR PLANT & ACCUMULATED DEPRECIATION
YEAR ENDED DECEMBER 31, 1996**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) FULL DEP. PL'T	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 38,868	\$ 0	\$ 38,868
2	302.00	Franchises	-	-	-	-	7,291	0	7,291
3	303.00	Miscellaneous Intangibles	-	-	-	-	0	0	0
4		SUBTOTAL INTANGIBLE	\$ 0	\$ 0	\$ 0	\$ 0	\$ 46,159	\$ 0	\$ 46,159
SOURCE OF SUPPLY									
5	310.00	Land And Land Rights	\$ 4,081	\$ 0	\$ 0	\$ 0	\$ 246,325	\$ (10,679)	\$ 257,004
6	311.00	Structures And Improvements	3,217	2,947	-	12,070	423,676	60,676	363,000
7	312.00	Collecting And Impounding Res.	325,135	5	-	4,805	351,716	8,630	343,086
8	313.00	Lakes, Rivers, Other Intakes	-	-	-	-	0	0	0
9	314.00	Wells And Springs	162,178	-	-	14,623	622,692	117,264	505,428
10		SUBTOTAL SUPPLY	\$ 494,611	\$ 2,952	\$ 0	\$ 31,497	\$ 1,644,409	\$ 175,890	\$ 1,468,519
PUMPING									
11	320.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,361	\$ 0	\$ 2,361
12	321.00	Structures And Improvements	-	-	-	244	10,193	2,130	8,063
13	323.00	Other Power Production	-	-	-	-	-	0	-
14	325.00	Electric Pumping Equipment	206,144	44,355	-	67,110	1,347,285	374,719	972,567
15	326.00	Diesel Pumping Equipment	-	-	-	-	-	0	(0)
16	328.10	Gas Engine Pumping Equipment	-	-	-	-	1	0	1
17		SUBTOTAL PUMPING	\$ 206,144	\$ 44,355	\$ 0	\$ 67,354	\$ 1,359,839	\$ 376,849	\$ 982,991
WATER TREATMENT									
18	330.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)
19	331.00	Structures And Improvements	-	-	-	379	15,157	3,316	11,841
20	332.00	Water Treatment Equipment	2,582	12	-	6,598	56,260	49,267	6,993
21		SUBTOTAL TREATMENT	\$ 2,582	\$ 12	\$ 0	\$ 6,977	\$ 71,417	\$ 52,582	\$ 18,835
TRANSMISSION & DISTRIBUTION									
22	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,609	\$ 0	\$ 9,609
23	341.00	Structures And Improvements	-	-	-	83	4,583	726	3,857
24	342.00	Distribution, Reservoirs, & ST	59,621	-	-	19,653	1,115,613	95,453	1,020,160
25	343.00	Trans. And Dist. Mains	964,736	6,094	-	224,208	9,063,583	1,574,430	7,489,153
26	344.00	Fire Mains	-	-	-	-	-	0	(0)
27	345.00	Services	162,805	558	-	118,170	2,264,862	686,921	1,577,941
28	346.00	Meters	185,150	83,009	-	121,732	1,832,251	481,417	1,350,834
29	348.00	Hydrants	-	-	-	-	88,885	0	88,885
30	349.00	Other Trans. And Dist.	-	-	-	-	-	0	-
31		SUBTOTAL TRANS. & DIST.	\$ 1,372,312	\$ 89,661	\$ 0	\$ 483,846	\$ 14,379,386	\$ 2,838,946	\$ 11,540,440
GENERAL									
32	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 330	\$ 0	\$ 330
33	390.00	Structures And Improvements	-	-	-	2,837	139,760	23,681	116,079
34	391.00	Office Furniture And Equipment	5,279	1,530	-	14,743	359,931	58,680	301,251
35	391.10	Computer Equipment	-	-	-	730	17,796	1,664	16,132
36	392.00	Transportation Equipment	42,514	82,925	-	80,561	219,112	343,296	(124,184)
37	393.00	Stores Equipment	-	-	-	151	3,838	1,444	2,394
38	394.00	Tools, Shop And Garage	5,697	3,181	-	8,724	113,629	42,954	70,675
39	395.00	Laboratory Equipment	-	-	-	235	7,671	1,755	5,916
40	396.00	Power Operated Equipment	1,655	-	-	9,904	108,130	56,768	51,362
41	397.00	Communication Equipment	-	-	-	2,641	64,413	(5,740)	70,153
42	398.00	Miscellaneous Equipment	168	-	-	747	12,159	6,056	6,103
43		SUBTOTAL GENERAL	\$ 55,313	\$ 87,636	\$ 0	\$ 121,273	\$ 1,046,769	\$ 530,559	\$ 516,210
44		Acc. Depre. March 31, 1988	-	-	-	-	-	\$ 1,570,861	-
45		Adjustment Due To Rounding	-	-	-	-	(2)	-	0
46		TOTAL WATER PLANT	\$ 2,130,962	\$ 224,616	\$ 0	\$ 710,947	\$ 18,547,977	\$ 5,545,689	\$ 13,002,292

References:

- Columns (A) & (B): Company Response To RUCO Data Request No. 1.22
- Column (C): Intentionally Left Blank
- Column (D): [(Col. (A) + Col. (B)) X TJC-4, Page 2, Col. (A) X 1/2 yr. conv.] + [TJC-4, Page 10, Col. (D) - Col. (C)] X TJC-4, Page 2, Col. (A)
- Column (E): Schedule TJC-4, Page 10, Column (D) + Column (A) - Column (B)
- Column (F): Schedule TJC-4, Page 10, Column (E) - Column (B) + Column (D)
- Column (G): Column (E) - Column (F)

**RATE BASE ADJUSTMENT #1 - TEST YEAR PLANT & ACCUMULATED DEPRECIATION
YEAR ENDED DECEMBER 31, 1997**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) FULL DEP. PL'T	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 38,868	\$ 0	\$ 38,868
2	302.00	Franchises	-	-	-	-	7,291	0	7,291
3	303.00	Miscellaneous Intangibles	-	-	-	-	0	0.00	0
4		SUBTOTAL INTANGIBLE	\$ 0	\$ 0	\$ 0	\$ 0	\$ 46,159	\$ 0	\$ 46,159
SOURCE OF SUPPLY									
5	310.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 246,325	\$ (10,679)	\$ 257,004
6	311.00	Structures And Improvements	(10,307)	-	-	11,844	413,369	72,520	340,849
7	312.00	Collecting And Impounding Res.	-	-	-	8,934	351,716	17,563	334,153
8	313.00	Lakes, Rivers, Other Intakes	-	-	-	-	0	0	0
9	314.00	Wells And Springs	156,897	-	-	18,931	779,589	136,195	643,394
10		SUBTOTAL SUPPLY	\$ 146,590	\$ 0	\$ 0	\$ 39,709	\$ 1,790,999	\$ 215,599	\$ 1,575,400
PUMPING									
11	320.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,361	\$ 0	\$ 2,361
12	321.00	Structures And Improvements	(3,071)	-	-	207	7,122	2,337	4,785
13	323.00	Other Power Production	-	-	-	-	-	0	-
14	325.00	Electric Pumping Equipment	112,006	-	-	71,848	1,459,291	446,567	1,012,725
15	326.00	Diesel Pumping Equipment	-	-	-	-	-	0	(0)
16	328.10	Gas Engine Pumping Equipment	-	-	-	-	1	0	1
17		SUBTOTAL PUMPING	\$ 108,935	\$ 0	\$ 0	\$ 72,055	\$ 1,468,774	\$ 448,903	\$ 1,019,872
WATER TREATMENT									
18	330.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)
19	331.00	Structures And Improvements	-	-	-	379	15,157	3,695	11,462
20	332.00	Water Treatment Equipment	(7,263)	-	-	6,315	48,997	55,582	(6,585)
21		SUBTOTAL TREATMENT	\$ (7,263)	\$ 0	\$ 0	\$ 6,694	\$ 64,154	\$ 59,277	\$ 4,877
TRANSMISSION & DISTRIBUTION									
22	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,609	\$ 0	\$ 9,609
23	341.00	Structures And Improvements	-	-	-	83	4,583	809	3,774
24	342.00	Distribution, Reservoirs, & ST	92,512	-	-	21,030	1,208,125	116,483	1,091,642
25	343.00	Trans. And Dist. Mains	896,901	-	-	248,264	9,960,484	1,822,694	8,137,790
26	344.00	Fire Mains	-	-	-	-	-	0	(0)
27	345.00	Services	157,837	-	-	126,799	2,422,699	813,720	1,608,979
28	346.00	Meters	106,231	-	-	123,114	1,938,482	604,532	1,333,950
29	348.00	Hydrants	-	-	-	-	88,885	0	88,885
30	349.00	Other Trans. And Dist.	-	-	-	-	-	0	-
31		SUBTOTAL TRANS. & DIST.	\$ 1,253,481	\$ 0	\$ 0	\$ 519,290	\$ 15,632,367	\$ 3,358,236	\$ 12,274,631
GENERAL									
32	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 330	\$ 0	\$ 330
33	390.00	Structures And Improvements	(203)	-	-	2,835	139,557	26,516	113,041
34	391.00	Office Furniture And Equipment	(243,695)	-	-	9,761	118,236	68,442	47,794
35	391.10	Computer Equipment	206,513	-	-	4,963	224,309	6,627	217,682
36	392.00	Transportation Equipment	146,655	-	-	73,110	365,767	416,406	(50,639)
37	393.00	Stores Equipment	-	-	-	151	3,838	1,596	2,242
38	394.00	Tools, Shop And Garage	1,058	-	-	8,619	114,687	51,574	63,113
39	395.00	Laboratory Equipment	(23)	-	-	234	7,648	1,989	5,659
40	396.00	Power Operated Equipment	(33,098)	-	-	8,453	75,032	65,221	9,811
41	397.00	Communication Equipment	(1,227)	-	-	2,616	63,186	(3,123)	66,309
42	398.00	Miscellaneous Equipment	2,504	-	-	830	14,683	6,887	7,778
43		SUBTOTAL GENERAL	\$ 78,484	\$ 0	\$ 0	\$ 111,573	\$ 1,125,253	\$ 642,134	\$ 483,119
44		Acc. Depre. March 31, 1988	-	-	-	-	(2)	\$ 1,570,861	0
45		Adjustment Due To Rounding	-	-	-	-	(2)	-	-
46		TOTAL WATER PLANT	\$ 1,580,227	\$ 0	\$ 0	\$ 749,321	\$ 20,128,204	\$ 6,295,010	\$ 13,833,197

References:

- Columns (A) & (B): Company Response To RUCO Data Request No. 1.22
- Column (C): Intentionally Left Blank
- Column (D): [(Col. (A) + Col. (B)) X TJC-4, Page 2, Col. (A) X 1/2 yr. conv.] + [TJC-4, Page 11, Col. (D) - Col. (C)] X TJC-4, Page 2, Col. (A)
- Column (E): Schedule TJC-4, Page 11, Column (D) + Column (A) - Column (B)
- Column (F): Schedule TJC-4, Page 11, Column (E) - Column (B) + Column (D)
- Column (G): Column (E) - Column (F)

RATE BASE ADJUSTMENT #1 - TEST YEAR PLANT & ACCUMULATED DEPRECIATION
YEAR ENDED DECEMBER 31, 1998

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETIRMTS	(C) FULL DEP. PLT	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 38,868	\$ 0	\$ 38,868
2	302.00	Franchises	29,762	-	-	-	37,053	0	37,053
3	303.00	Miscellaneous Intangibles	-	-	-	-	0	0.00	0
4		SUBTOTAL INTANGIBLE	\$ 29,762	\$ 0	\$ 0	\$ 0	\$ 75,921	\$ 0	\$ 75,921
SOURCE OF SUPPLY									
5	310.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 246,325	\$ (10,679)	\$ 257,004
6	311.00	Structures And Improvements	171	-	-	11,701	413,540	84,221	329,319
7	312.00	Collecting And Impounding Res.	312,228	-	-	12,899	663,944	30,462	633,482
8	313.00	Lakes, Rivers, Other Intakes	-	-	-	-	0	0	0
9	314.00	Wells And Springs	13,755	-	-	21,235	793,344	157,429	635,915
10		SUBTOTAL SUPPLY	\$ 326,154	\$ 0	\$ 0	\$ 45,834	\$ 2,117,153	\$ 261,433	\$ 1,855,720
PUMPING									
11	320.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,361	\$ 0	\$ 2,361
12	321.00	Structures And Improvements	-	-	-	170	7,122	2,506	4,616
13	323.00	Other Power Production	-	-	-	-	-	0	-
14	325.00	Electric Pumping Equipment	137,918	10,484	-	78,515	1,586,725	514,597	1,072,128
15	326.00	Diesel Pumping Equipment	-	-	-	-	-	0	(0)
16	328.10	Gas Engine Pumping Equipment	-	-	-	-	1	0	1
17		SUBTOTAL PUMPING	\$ 137,918	\$ 10,484	\$ 0	\$ 78,685	\$ 1,596,208	\$ 517,103	\$ 1,079,106
WATER TREATMENT									
18	330.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)
19	331.00	Structures And Improvements	-	-	-	379	15,157	4,073	11,084
20	332.00	Water Treatment Equipment	11,505	-	-	6,570	60,502	62,152	(1,650)
21		SUBTOTAL TREATMENT	\$ 11,505	\$ 0	\$ 0	\$ 6,949	\$ 75,659	\$ 66,226	\$ 9,433
TRANSMISSION & DISTRIBUTION									
22	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,609	\$ 0	\$ 9,609
23	341.00	Structures And Improvements	-	-	-	83	4,583	892	3,691
24	342.00	Distribution, Reservoirs, & ST	5	-	-	21,867	1,208,130	138,350	1,069,780
25	343.00	Trans. And Dist. Mains	485,957	12,713	-	266,476	10,433,728	2,076,457	8,357,271
26	344.00	Fire Mains	-	-	-	-	-	0	(0)
27	345.00	Services	121,839	10,724	-	134,654	2,533,814	937,649	1,596,165
28	346.00	Meters	129,603	28,595	-	131,748	2,039,490	707,685	1,331,805
29	348.00	Hydrants	-	-	-	-	88,885	0	88,885
30	349.00	Other Trans. And Dist.	-	-	-	-	-	0	-
31		SUBTOTAL TRANS. & DIST.	\$ 737,404	\$ 52,032	\$ 0	\$ 554,828	\$ 16,318,239	\$ 3,861,032	\$ 12,457,207
GENERAL									
32	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 330	\$ 0	\$ 330
33	390.00	Structures And Improvements	-	-	-	2,833	139,557	29,349	110,208
34	391.00	Office Furniture And Equipment	14,658	-	-	5,066	130,894	73,508	57,386
35	391.10	Computer Equipment	37,706	4,261	-	10,057	257,754	12,423	245,331
36	392.00	Transportation Equipment	31,388	-	-	95,365	397,155	511,771	(114,616)
37	393.00	Stores Equipment	-	-	-	151	3,838	1,747	2,091
38	394.00	Tools, Shop And Garage	7,702	1,028	-	8,988	121,361	59,534	61,827
39	395.00	Laboratory Equipment	-	-	-	234	7,648	2,223	5,425
40	396.00	Power Operated Equipment	-	-	-	6,925	75,032	72,147	2,885
41	397.00	Communication Equipment	117	-	-	2,593	63,303	(530)	63,833
42	398.00	Miscellaneous Equipment	-	2,078	-	972	12,585	5,781	6,804
43		SUBTOTAL GENERAL	\$ 91,571	\$ 7,367	\$ 0	\$ 133,185	\$ 1,209,457	\$ 767,954	\$ 441,503
44		Acc. Depre. March 31, 1988						\$ 1,570,861	
45		Adjustment Due To Rounding	(2)	-	-	-	(4)	-	0
46		TOTAL WATER PLANT	\$ 1,334,312	\$ 69,883	\$ 0	\$ 819,481	\$ 21,392,633	\$ 7,044,609	\$ 14,348,029

References:

- Columns (A) & (B): Company Response To RUCO Data Request No. 1.22
- Column (C): Intentionally Left Blank
- Column (D): [(Col. (A) + Col. (B)) X TJC-4, Page 2, Col. (A) X 1/2 yr. conv.] + [TJC-4, Page 12, Col. (D) - Col. (C)] X TJC-4, Page 2, Col. (A)
- Column (E): Schedule TJC-4, Page 12, Column (D) + Column (A) - Column (B)
- Column (F): Schedule TJC-4, Page 12, Column (E) - Column (B) + Column (D)
- Column (G): Column (E) - Column (F)

**RATE BASE ADJUSTMENT #1 - TEST YEAR PLANT & ACCUMULATED DEPRECIATION
YEAR ENDED DECEMBER 31, 1999**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) FULL DEP. PL'T	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCU. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 38,868	\$ 0	\$ 38,868
2	302.00	Franchises	-	-	-	-	37,053	0	37,053
3	303.00	Miscellaneous Intangibles	-	-	-	-	0	0.00	0
4		SUBTOTAL INTANGIBLE	\$ 0	\$ 0	\$ 0	\$ 0	\$ 75,921	\$ 0	\$ 75,921
SOURCE OF SUPPLY									
5	310.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 246,325	\$ (10,679)	\$ 257,004
6	311.00	Structures And Improvements	-	-	-	11,703	413,540	95,924	317,616
7	312.00	Collecting And Impounding Res.	-	559	-	16,871	663,385	46,774	616,611
8	313.00	Lakes, Rivers, Other Intakes	-	-	-	-	0	0	0
9	314.00	Wells And Springs	-	125	-	21,422	793,219	178,726	614,493
10		SUBTOTAL SUPPLY	\$ 0	\$ 685	\$ 0	\$ 49,996	\$ 2,116,468	\$ 310,745	\$ 1,805,723
PUMPING									
11	320.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,361	\$ 0	\$ 2,361
12	321.00	Structures And Improvements	-	-	-	170	7,122	2,676	4,446
13	323.00	Other Power Production	-	-	-	-	-	0	-
14	325.00	Electric Pumping Equipment	26,868	-	-	81,928	1,613,593	596,525	1,017,069
15	326.00	Diesel Pumping Equipment	-	-	-	-	-	0	(0)
16	328.10	Gas Engine Pumping Equipment	-	-	-	-	1	0	1
17		SUBTOTAL PUMPING	\$ 26,868	\$ 0	\$ 0	\$ 82,098	\$ 1,623,076	\$ 599,201	\$ 1,023,877
WATER TREATMENT									
18	330.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)
19	331.00	Structures And Improvements	-	-	-	379	15,157	4,452	10,705
20	332.00	Water Treatment Equipment	2,741	-	-	7,425	63,243	69,577	(6,334)
21		SUBTOTAL TREATMENT	\$ 2,741	\$ 0	\$ 0	\$ 7,804	\$ 78,400	\$ 74,029	\$ 4,371
TRANSMISSION & DISTRIBUTION									
22	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,609	\$ 0	\$ 9,609
23	341.00	Structures And Improvements	-	-	-	83	4,583	975	3,608
24	342.00	Distribution, Reservoirs, & ST	4,805	-	-	21,911	1,212,935	160,260	1,052,675
25	343.00	Trans. And Dist. Mains	654,965	-	-	280,868	11,088,693	2,357,325	8,731,368
26	344.00	Fire Mains	-	-	-	-	-	0	(0)
27	345.00	Services	121,487	-	-	140,366	2,655,301	1,078,015	1,577,286
28	346.00	Meters	61,649	-	-	135,192	2,101,139	842,876	1,258,263
29	348.00	Hydrants	-	-	-	-	88,885	0	88,885
30	349.00	Other Trans. And Dist.	-	-	-	-	-	0	-
31		SUBTOTAL TRANS. & DIST.	\$ 842,906	\$ 0	\$ 0	\$ 578,418	\$ 17,161,145	\$ 4,439,451	\$ 12,721,694
GENERAL									
32	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 330	\$ 0	\$ 330
33	390.00	Structures And Improvements	-	-	-	2,833	139,557	32,182	107,375
34	391.00	Office Furniture And Equipment	-	-	-	5,367	130,894	78,874	52,020
35	391.10	Computer Equipment	169,672	-	-	14,046	427,426	26,469	400,957
36	392.00	Transportation Equipment	-	-	-	99,289	397,155	611,060	(213,905)
37	393.00	Stores Equipment	-	-	-	151	3,838	1,898	1,940
38	394.00	Tools, Shop And Garage	-	-	-	9,163	121,361	68,699	52,663
39	395.00	Laboratory Equipment	-	-	-	234	7,648	2,457	5,191
40	396.00	Power Operated Equipment	54,942	-	-	9,461	129,974	81,608	48,366
41	397.00	Communication Equipment	-	-	-	2,595	63,303	2,066	61,237
42	398.00	Miscellaneous Equipment	-	-	-	779	12,585	6,561	6,024
43		SUBTOTAL GENERAL	\$ 224,614	\$ 0	\$ 0	\$ 143,918	\$ 1,434,071	\$ 911,874	\$ 522,197
44		Acc. Depre. March 31, 1988	-	-	-	-	-	\$ 1,570,861	0
45		Adjustment Due To Rounding	-	-	-	-	-	-	0
46		TOTAL WATER PLANT	\$ 1,097,129	\$ 685	\$ 0	\$ 862,234	\$ 22,489,081	\$ 7,906,160	\$ 14,582,922

References:

Columns (A) & (B): Company Response To RUCO Data Request No. 1.22

Column (C): Intentionally Left Blank

Column (D): [(Col. (A) + Col. (B)) X TJC-4, Page 2, Col. (A) X 1/2 yr. conv.] + [TJC-4, Page 13, Col. (D) - Col. (C)] X TJC-4, Page 2, Col. (A)

Column (E): Schedule TJC-4, Page 13, Column (D) + Column (A) - Column (B)

Column (F): Schedule TJC-4, Page 13, Column (E) - Column (B) + Column (D)

Column (G): Column (E) - Column (F)

**RATE BASE ADJUSTMENT #1 - TEST YEAR PLANT & ACCUMULATED DEPRECIATION
YEAR ENDED DECEMBER 31, 2000**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) FULL DEP. PLT	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 38,868	0	\$ 38,868
2	302.00	Franchises	-	-	-	-	37,053	0	37,053
3	303.00	Miscellaneous Intangibles	-	-	-	-	0	0	0
4		SUBTOTAL INTANGIBLE	\$ 0	\$ 0	\$ 0	\$ 0	\$ 75,921	\$ 0	\$ 75,921
SOURCE OF SUPPLY									
5	310.00	Land And Land Rights	\$ 0	\$ 584	\$ 0	\$ 0	\$ 245,741	(10,679)	\$ 256,420
6	311.00	Structures And Improvements	-	10,791	-	11,856	402,748	107,780	294,969
7	312.00	Collecting And Impounding Res.	-	-	-	16,850	663,385	63,624	599,761
8	313.00	Lakes, Rivers, Other Intakes	-	-	-	-	0	0	0
9	314.00	Wells And Springs	-	950	-	21,430	792,269	199,206	593,063
10		SUBTOTAL SUPPLY	\$ 0	\$ 12,325	\$ 0	\$ 50,136	\$ 2,104,143	\$ 359,930	\$ 1,744,213
PUMPING									
11	320.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,361	0	\$ 2,361
12	321.00	Structures And Improvements	-	1,849.00	-	192	5,273	2,868	2,405
13	323.00	Other Power Production	-	-	-	-	-	0	-
14	325.00	Electric Pumping Equipment	72,234	38,107	-	85,441	1,647,721	681,966	965,755
15	326.00	Diesel Pumping Equipment	-	-	-	-	-	0	(0)
16	328.10	Gas Engine Pumping Equipment	-	-	-	-	1	0	1
17		SUBTOTAL PUMPING	\$ 72,234	\$ 39,956	\$ 0	\$ 85,633	\$ 1,655,355	\$ 684,834	\$ 970,522
WATER TREATMENT									
18	330.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0	\$ (0)
19	331.00	Structures And Improvements	-	-	-	379	15,157	4,831	10,326
20	332.00	Water Treatment Equipment	-	730	-	7,633	62,513	77,210	(14,697)
21		SUBTOTAL TREATMENT	\$ 0	\$ 730	\$ 0	\$ 8,012	\$ 77,670	\$ 82,041	\$ (4,371)
TRANSMISSION & DISTRIBUTION									
22	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,609	0	\$ 9,609
23	341.00	Structures And Improvements	-	-	-	83	4,583	1,058	3,525
24	342.00	Distribution, Reservoirs, & ST	(4,230)	5	-	21,916	1,208,701	182,176	1,026,524
25	343.00	Trans. And Dist. Mains	345,504	22,085	-	294,212	11,412,112	2,651,536	8,760,575
26	344.00	Fire Mains	-	-	-	-	-	0	(0)
27	345.00	Services	102,417	72	-	146,424	2,757,646	1,224,439	1,533,207
28	346.00	Meters	24,917	275,044	-	146,998	1,851,012	989,874	861,137
29	348.00	Hydrants	-	88,885	-	-	(0)	0	(0)
30	349.00	Other Trans. And Dist.	-	-	-	-	-	0	-
31		SUBTOTAL TRANS. & DIST.	\$ 468,507	\$ 388,091	\$ 0	\$ 609,633	\$ 17,243,661	\$ 5,049,084	\$ 12,194,578
GENERAL									
32	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 330	0	\$ 330
33	390.00	Structures And Improvements	-	1,121	-	2,844	138,436	35,027	103,409
34	391.00	Office Furniture And Equipment	15,890	38,891	-	6,490	107,894	85,364	22,530
35	391.10	Computer Equipment	23,581	114,277	-	20,351	336,730	46,820	289,911
36	392.00	Transportation Equipment	225,481	165,473	-	148,158	457,163	759,218	(302,055)
37	393.00	Stores Equipment	-	606	-	163	3,232	2,061	1,171
38	394.00	Tools, Shop And Garage	-	45,643	-	10,886	75,718	79,583	(3,865)
39	395.00	Laboratory Equipment	-	25	-	234	7,623	2,691	4,932
40	396.00	Power Operated Equipment	(48,933)	33,702	-	11,294	47,339	92,901	(45,563)
41	397.00	Communication Equipment	23,960	-	-	3,087	87,263	5,153	82,111
42	398.00	Miscellaneous Equipment	-	940	-	808	11,645	7,369	4,276
43		SUBTOTAL GENERAL	\$ 239,980	\$ 400,678	\$ 0	\$ 204,314	\$ 1,273,373	\$ 1,116,188	\$ 157,186
44		Acc. Depre. March 31, 1988	-	-	-	-	-	\$ 1,570,861	0
45		Adjustment Due To Rounding	-	-	-	-	-	-	0
46		TOTAL WATER PLANT	\$ 780,821	\$ 839,779	\$ 0	\$ 957,727	\$ 22,430,123	\$ 8,862,938	\$ 13,567,187

References:

- Columns (A) & (B): Company Response To RUCO Data Request No. 1.22
- Column (C): Intentionally Left Blank
- Column (D): [(Col. (A) + Col. (B)) X TJC-4, Page 2, Col. (A) X 1/2 yr. conv.] + [TJC-4, Page 14, Col. (D) - Col. (C)] X TJC-4, Page 2, Col. (A)
- Column (E): Schedule TJC-4, Page 14, Column (D) + Column (A) - Column (B)
- Column (F): Schedule TJC-4, Page 14, Column (E) - Column (B) + Column (D)
- Column (G): Column (E) - Column (F)

**RATE BASE ADJUSTMENT #1 - TEST YEAR PLANT & ACCUMULATED DEPRECIATION
YEAR ENDED DECEMBER 31, 2001**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETIRMNTS	(C) FULL DEP. PLT	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 38,868	\$ 0	\$ 38,868
2	302.00	Franchises	-	-	-	-	37,053	0	37,053
3	303.00	Miscellaneous Intangibles	-	-	-	-	0	0.00	0
4		SUBTOTAL INTANGIBLE	\$ 0	\$ 0	\$ 0	\$ 0	\$ 75,921	\$ 0	\$ 75,921
SOURCE OF SUPPLY									
5	310.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 245,741	\$ (10,679)	\$ 258,420
6	311.00	Structures And Improvements	-	15,404	-	11,616	387,345	103,992	283,353
7	312.00	Collecting And Impounding Res.	-	-	-	16,850	663,385	80,474	582,911
8	313.00	Lakes, Rivers, Other Intakes	-	-	-	-	0	0	0
9	314.00	Wells And Springs	-	1,500	-	21,412	790,769	219,117	571,652
10		SUBTOTAL SUPPLY	\$ 0	\$ 16,904	\$ 0	\$ 49,877	\$ 2,037,239	\$ 392,904	\$ 1,694,335
PUMPING									
11	320.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,361	\$ 0	\$ 2,361
12	321.00	Structures And Improvements	-	3,586	-	169	1,687	(549)	2,236
13	323.00	Other Power Production	-	-	-	-	-	0	-
14	325.00	Electric Pumping Equipment	172,013	111,205	-	91,614	1,708,529	662,374	1,046,155
15	326.00	Diesel Pumping Equipment	-	-	-	-	-	0	(0)
16	328.10	Gas Engine Pumping Equipment	-	-	-	-	1	0	1
17		SUBTOTAL PUMPING	\$ 172,013	\$ 114,791	\$ 0	\$ 91,783	\$ 1,712,577	\$ 661,825	\$ 1,050,754
WATER TREATMENT									
18	330.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)
19	331.00	Structures And Improvements	-	-	-	379	15,157	5,210	9,947
20	332.00	Water Treatment Equipment	6,396	19,713	-	9,068	49,196	66,565	(17,369)
21		SUBTOTAL TREATMENT	\$ 6,396	\$ 19,713	\$ 0	\$ 9,447	\$ 64,353	\$ 71,775	\$ (7,422)
TRANSMISSION & DISTRIBUTION									
22	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,609	\$ 0	\$ 9,609
23	341.00	Structures And Improvements	-	-	-	83	4,583	1,141	3,442
24	342.00	Distribution, Reservoirs, & ST	-	19,171	-	22,051	1,189,530	185,056	1,004,473
25	343.00	Trans. And Dist. Mains	241,868	52,024	-	301,691	11,601,956	2,953,228	8,648,728
26	344.00	Fire Mains	-	-	-	-	-	0	(0)
27	345.00	Services	98,292	10,488	-	152,131	2,845,450	1,375,815	1,469,635
28	346.00	Meters	77,272	99,853	-	126,654	1,828,431	1,016,676	811,755
29	348.00	Hydrants	-	-	-	-	(0)	0	(0)
30	349.00	Other Trans. And Dist.	-	-	-	-	-	0	0
31		SUBTOTAL TRANS. & DIST.	\$ 417,432	\$ 181,536	\$ 0	\$ 602,611	\$ 17,479,558	\$ 5,531,915	\$ 11,947,643
GENERAL									
32	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 330	\$ 0	\$ 330
33	390.00	Structures And Improvements	-	-	-	2,810	138,436	37,837	100,599
34	391.00	Office Furniture And Equipment	33,188	18,366	-	5,480	122,716	72,479	50,237
35	391.10	Computer Equipment	5,489	37,408	-	14,685	304,811	24,098	280,714
36	392.00	Transportation Equipment	50,071	-	-	120,549	507,233	879,767	(372,534)
37	393.00	Stores Equipment	-	-	-	127	3,232	2,189	1,043
38	394.00	Tools, Shop And Garage	5,304	194	-	5,924	80,828	85,315	(4,486)
39	395.00	Laboratory Equipment	-	-	-	233	7,623	2,925	4,698
40	396.00	Power Operated Equipment	-	-	-	4,369	47,339	97,271	(49,932)
41	397.00	Communication Equipment	1,398	-	-	3,606	88,662	8,760	79,902
42	398.00	Miscellaneous Equipment	-	-	-	721	11,645	8,090	3,555
43		SUBTOTAL GENERAL	\$ 95,449	\$ 55,967	\$ 0	\$ 158,507	\$ 1,312,855	\$ 1,218,729	\$ 94,126
44		Acc. Depre. March 31, 1998	-	-	-	-	-	\$ 1,570,861	0
45		Adjustment Due To Rounding	-	-	-	-	-	-	0
46		TOTAL WATER PLANT	\$ 691,290	\$ 388,910	\$ 0	\$ 912,224	\$ 22,732,503	\$ 9,448,009	\$ 13,284,495

References:

- Columns (A) & (B): Company Response To RUCO Data Request No. 1.22
- Column (C): Intentionally Left Blank
- Column (D): [(Col. (A) + Col. (B)) X TJC-4, Page 2, Col. (A) X 1/2 yr. conv.] + [TJC-4, Page 15, Col. (D) - Col. (C)] X TJC-4, Page 2, Col. (A)
- Column (E): Schedule TJC-4, Page 15, Column (D) + Column (A) - Column (B)
- Column (F): Schedule TJC-4, Page 15, Column (E) - Column (B) + Column (D)
- Column (G): Column (E) - Column (F)

RATE BASE ADJUSTMENT #1 - TEST YEAR PLANT & ACCUMULATED DEPRECIATION
2001 TEST YEAR ADJUSTMENT TO GENERAL PLANT ALLOCATION - CITIZENS VERSUS ARIZONA AMERICAN

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PRE-AQUISITION		(C) ADJUSTMENTS		(E) POST-ACQUISITION		(G) NET PLANT VALUE
			TOTAL PLANT VALUE	ACCUM. DEP.	TOTAL PLANT VALUE	ACCUM. DEP.	TOTAL PLANT VALUE	ACCUM. DEP.	
INTANGIBLE									
1	301.00	Organization	\$ 38,868	\$ 0	\$ 0	\$ 0	\$ 38,868	\$ 0	\$ 38,868
2	302.00	Franchises	37,053	0	-	-	37,053	0	37,053
3	303.00	Miscellaneous Intangibles	0	0	-	-	0	0	0
4		SUBTOTAL INTANGIBLE	\$ 75,921	\$ 0	\$ 0	\$ 0	\$ 75,921	\$ 0	\$ 75,921
SOURCE OF SUPPLY									
5	310.00	Land And Land Rights	\$ 245,741	\$ (10,679)	\$ 0	\$ 0	\$ 245,741	\$ (10,679)	\$ 256,420
6	311.00	Structures & Improvements	387,345	103,992	-	-	387,345	103,992	283,353
7	312.00	Collecting & Impound Res.	663,385	80,474	-	-	663,385	80,474	582,911
8	313.00	Lakes, Rivers, Other Intakes	0	0	-	-	0	0	0
9	314.00	Wells And Springs	790,769	219,117	-	-	790,769	219,117	571,652
10		SUBTOTAL SUPPLY	\$ 2,087,239	\$ 392,904	\$ 0	\$ 0	\$ 2,087,239	\$ 392,904	\$ 1,694,335
PUMPING									
11	320.00	Land And Land Rights	\$ 2,361	\$ 0	\$ 0	\$ 0	\$ 2,361	\$ 0	\$ 2,361
12	321.00	Structures & Improvements	1,687	(549)	-	-	1,687	(549)	2,236
13	323.00	Other Power Production	-	0	-	-	-	0	-
14	325.00	Electric Pumping Equipment	1,708,529	662,374	-	-	1,708,529	662,374	1,046,155
15	326.00	Diesel Pumping Equipment	-	0	-	-	-	0	(0)
16	328.10	Gas Engine Pumping Equip.	1	0	-	-	1	0	1
17		SUBTOTAL PUMPING	\$ 1,712,578	\$ 661,825	\$ 0	\$ 0	\$ 1,712,577	\$ 661,825	\$ 1,050,754
WATER TREATMENT									
18	330.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)
19	331.00	Structures & Improvements	15,157	5,210	-	-	15,157	5,210	9,947
20	332.00	Water Treatment Equipment	49,196	66,565	-	-	49,196	66,565	(17,369)
21		SUBTOTAL TREATMENT	\$ 64,353	\$ 71,775	\$ 0	\$ 0	\$ 64,353	\$ 71,775	\$ (7,422)
TRANS. & DIST.									
22	340.00	Land And Land Rights	\$ 9,609	\$ 0	\$ 0	\$ 0	\$ 9,609	\$ 0	\$ 9,609
23	341.00	Structures & Improvements	4,583	1,141	-	-	4,583	1,141	3,442
24	342.00	Dist., Res., & ST	1,189,530	185,056	-	-	1,189,530	185,056	1,004,473
25	343.00	Trans. And Dist. Mains	11,601,956	2,953,228	-	-	11,601,956	2,953,228	8,648,728
26	344.00	Fire Mains	-	0	-	-	-	0	-
27	345.00	Services	2,845,450	1,375,815	-	-	2,845,450	1,375,815	1,469,635
28	346.00	Meters	1,828,431	1,016,676	-	-	1,828,431	1,016,676	811,755
29	348.00	Hydrants	(0)	0	-	-	(0)	0	(0)
30	349.00	Other Trans. And Dist.	-	0	-	-	-	0	-
31		SUB TRANS. & DIST.	\$ 17,479,558	\$ 5,531,915	\$ 0	\$ 0	\$ 17,479,558	\$ 5,531,915	\$ 11,947,643
GENERAL									
32	389.00	Land And Land Rights	\$ 330	\$ 0	\$ (37)	\$ 0	\$ 293	\$ 0	\$ 293
33	390.00	Structures & Improvements	138,436	37,837	(15,709)	21,083	122,727	58,920	63,807
34	391.00	Office Furniture & Equip.	122,716	72,479	(5,610)	(63,041)	117,106	9,438	107,668
35	391.10	Computer Equipment	304,811	24,098	(14,691)	(109,920)	290,120	(65,822)	375,942
36	392.00	Transportation Equipment	507,233	879,767	17,624	(804,457)	524,857	285,102	239,755
37	393.00	Stores Equipment	3,232	2,189	(367)	3,002	2,865	1,896	969
38	394.00	Tools, Shop And Garage	80,828	85,315	36,414	(37,459)	117,242	75,310	41,932
39	395.00	Laboratory Equipment	7,623	2,925	(396)	10,970	7,227	5,191	2,036
40	396.00	Power Operated Equipment	47,339	97,271	23,955	(89,883)	71,294	47,856	23,438
41	397.00	Communication Equipment	88,662	8,760	(1,901)	410,415	86,761	13,895	72,866
42	398.00	Miscellaneous Equipment	11,645	8,090	(809)	411,085	10,836	7,388	3,448
43		SUBTOTAL GENERAL	\$ 1,312,355	\$ 1,218,729	\$ 38,473	\$ (248,203)	\$ 1,351,328	\$ 419,175	\$ 932,154
44		Acc. Depre. March 31, 1988	\$ -	\$ 1,570,861	\$ 0	\$ 0	\$ 0	\$ 1,570,861	0
45		Adjustm't Due To Rounding	-	-	-	-	-	-	-
46		TOTAL WATER PLANT	\$ 22,732,504	\$ 9,448,009	\$ 38,473	\$ (248,203)	\$ 22,770,976	\$ 8,648,455	\$ 14,122,523
47		Company As Filed B-2					22,842,842	7,422,614	
48		Line #46 minus Line #47					(71,866)	1,225,841	

References:

- Column (A): Schedule TJC-4, Page 16, Column (E)
- Column (B): Schedule TJC-4, Page 16, Column (F)
- Columns (C) & (D): Adjustment To Replace Citizens' Utilities General Plant With Arizona Water Common Plant Allocation
- Column (E): Column (A) - Column (C) As Per Company Schedule B-2, Page 3
- Column (F): Column (B) - Column (D) As Per Company Schedule B-2, Page 3
- Column (G): Column (E) - Column (F)

**RATE BASE ADJUSTMENT #2 - POST-TEST YEAR PLANT & ACCUMULATED DEPRECIATION
ADJUSTMENTS TO THE 2001 PROFORMA TEST YEAR**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) REVENUE NEUTRAL PLANT ADD'N	(B) ORCOM & PLANT AT CLOSING	(C) ADDIT'NAL ACC. DEP. AT CLOSING	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 38,868	\$ 0	\$ 38,868
2	302.00	Franchises	-	63,313	-	-	(26,260)	0	(26,260)
3	303.00	Miscellaneous Intangibles	-	-	-	-	0	0	0
4		SUBTOTAL INTANGIBLE	\$ 0	\$ 63,313	\$ 0	\$ 0	\$ 12,608	\$ 0	\$ 12,608
SOURCE OF SUPPLY									
5	310.00	Land And Land Rights	\$ 26,820	\$ 0	\$ 0	\$ 0	\$ 272,561	\$ (10,679)	\$ 283,240
6	311.00	Structures And Improvements	348,253	-	5,480	4,928	735,598	114,400	621,198
7	312.00	Collecting And Impounding Res.	-	-	8,429	-	663,385	88,903	574,482
8	313.00	Lakes, Rivers, Other Intakes	-	-	-	-	0	0	0
9	314.00	Wells And Springs	-	-	10,578	-	790,769	229,795	560,974
10		SUBTOTAL SUPPLY	\$ 375,073	\$ 0	\$ 24,587	\$ 4,928	\$ 2,462,312	\$ 422,419	\$ 2,039,894
PUMPING									
11	320.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,361	\$ 0	\$ 2,361
12	321.00	Structures And Improvements	-	-	20	-	1,687	(529)	2,216
13	323.00	Other Power Production	-	-	-	-	-	0	-
14	325.00	Electric Pumping Equipment	146,091	-	43,719	3,740	1,854,620	709,833	1,144,788
15	326.00	Diesel Pumping Equipment	-	-	-	-	-	0	(0)
16	328.10	Gas Engine Pumping Equipment	-	-	-	-	1	0	1
17		SUBTOTAL PUMPING	\$ 146,091	\$ 0	\$ 43,739	\$ 3,740	\$ 1,858,658	\$ 709,304	\$ 1,149,366
WATER TREATMENT									
18	330.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)
19	331.00	Structures And Improvements	-	-	7,145	-	15,157	12,355	2,802
20	332.00	Water Treatment Equipment	1,674	-	(4,005)	100	50,870	62,660	(11,790)
21		SUBTOTAL TREATMENT	\$ 1,674	\$ 0	\$ 3,140	\$ 100	\$ 66,027	\$ 75,015	\$ (8,989)
TRANSMISSION & DISTRIBUTION									
22	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,609	\$ 0	\$ 9,609
23	341.00	Structures And Improvements	-	-	41	-	4,583	1,182	3,401
24	342.00	Distribution, Reservoirs, & ST	432,020	-	10,761	3,910	1,621,550	199,727	1,421,823
25	343.00	Trans. And Dist. Mains	-	-	152,117	-	11,601,956	3,105,345	8,496,611
26	344.00	Fire Mains	-	-	-	-	-	0	(0)
27	345.00	Services	-	-	77,433	-	2,845,450	1,453,248	1,392,202
28	346.00	Meters	-	-	59,580	-	1,828,431	1,076,256	752,175
29	348.00	Hydrants	-	-	-	-	(0)	0	(0)
30	349.00	Other Trans. And Dist.	-	-	-	-	-	0	-
31		SUBTOTAL TRANS. & DIST	\$ 432,020	\$ 0	\$ 299,932	\$ 3,910	\$ 17,911,578	\$ 5,835,757	\$ 12,075,821
GENERAL									
32	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 293	\$ 0	\$ 293
33	390.00	Structures And Improvements	-	(56,876)	(23,920)	(577)	179,603	34,423	145,180
34	391.00	Office Furniture And Equipment	169,811	-	2,601	3,481	286,916	15,520	271,396
35	391.10	Computer Equipment	-	-	6,387	-	290,120	(79,435)	369,555
36	392.00	Transportation Equipment	21,278	-	63,379	2,660	546,135	351,141	194,994
37	393.00	Stores Equipment	-	-	63	-	2,865	1,959	906
38	394.00	Tools, Shop And Garage	16,549	-	4,726	625	133,791	80,681	53,130
39	395.00	Laboratory Equipment	-	-	126	-	7,227	5,317	1,910
40	396.00	Power Operated Equipment	-	-	3,289	-	71,294	51,145	20,149
41	397.00	Communication Equipment	26,850	(1)	1,622	550	113,613	16,067	97,545
42	398.00	Miscellaneous Equipment	-	-	360	-	10,837	7,748	3,089
43		SUBTOTAL GENERAL	\$ 234,488	\$ (56,877)	\$ 58,633	\$ 6,739	\$ 1,642,693	\$ 484,546	\$ 1,158,148
44		Acc. Depre. March 31, 1988	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,570,861	\$ (1,570,861)
45		Adjustment Due To Rounding	-	-	-	(1)	-	-	(1)
46		TOTAL WATER PLANT	\$ 1,189,346	\$ 6,436	\$ 430,031	\$ 19,416	\$ 23,953,886	\$ 9,097,901	\$ 14,855,985
47		Company As Filed B-2					23,833,079	7,852,645	
48		Difference In Post Test Year Gross Plant					\$ 120,807	\$ 1,245,256	
49		Adjustment To Test Year Gross Plant As Per TJC-12, Page 9, Col. (E), Line #48					(71,666)	1,225,841	
50		Adjustment To Post Test Year Total Plant and Acc. Dep. (See TJC-4, Col. (C), Line #'s 1 & 2)					\$ 49,141	\$ 19,416	

References:

- Column (A): Company's Response To Staff Data Request No. DWC 12-1 To 12-3
- Column (B) & (C): Company Schedule B-2, Pages 1 and 8
- Column (D): ((Col. (A) + Col. (B)) X TJC-4, Page 2, Col. (A) X 1/2 yr. Conv.) + (TJC-4, Page 17, Col. (E)) X TJC-4, Page 2, Col. (A)
- Column (E): Schedule TJC-4, Page 17, Column (D) + Column (A) + Column (B)
- Column (F): Schedule TJC-4, Page 17, Column (F) + Column (C) + Column (D)
- Column (G): Column (E) - Column (F)

OPERATING INCOME

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)	(E)
		COMPANY AS FILED	RUCO ADJTMNTS	RUCO TEST YEAR AS ADJUSTED	RUCO PROPOSED IN(DE)CREASE	RUCO AS RECOMMENDED
OPERATING REVENUES:						
1	Metered Water Revenues	\$ 4,286,070	\$ 0	\$ 4,286,070	\$ (790,139)	\$ 3,495,931
2	Unmetered Water Revenues	-	-	(0)	-	-
3	Other Water Revenues	108,705	-	108,705	-	108,705
4	TOTAL OPERATING REVENUES	\$ 4,394,775	\$ 0	\$ 4,394,775	\$ (790,139)	\$ 3,604,636
OPERATING EXPENSES:						
5	Salaries And Wages	\$ 844,087	\$ (143,677)	\$ 700,410	\$ 0	\$ 700,410
6	Purchased Water	5,040	-	5,040	-	5,040
7	Purchased Power	294,603	-	294,603	-	294,603
8	Chemicals	8,150	-	8,150	-	8,150
9	Repairs And Maintenance	301,313	-	301,313	-	301,313
10	Office Supplies And Expenses	249,611	-	249,611	-	249,611
11	Outside Services	5,177	-	5,177	-	5,177
12	Service Company Fees	521,040	(285,705)	235,335	-	235,335
13	Water Testing	-	-	-	-	-
14	Rents	18,307	-	18,307	-	18,307
15	Transportation Expenses	-	-	(0)	-	-
16	Insurance - General Liability	27,385	-	27,385	-	27,385
17	Insurance - Health And Life	-	-	(0)	-	-
18	Regulatory Comm. Exp. - Rate Case	29,013	(11,645)	17,368	-	17,368
19	Miscellaneous Expense	83,386	-	83,386	-	83,386
20	Depreciation Expense	692,199	(26,445)	665,754	-	665,754
21	Taxes Other Than Income	47,563	-	47,563	-	47,563
22	Property Taxes	272,584	(2,427)	270,157	-	270,157
23	Income Tax	199,240	293,651	492,891	(312,677)	180,214
	Adjustment Due To Rounding	-	-	-	-	-
24	TOTAL OPERATING EXPENSES	\$ 3,598,698	\$ (176,248)	\$ 3,422,450	\$ (312,677)	\$ 3,109,773
25	OPERATING INCOME (LOSS)	\$ 796,077	\$ 176,248	\$ 972,325	\$ (477,463)	\$ 494,863
Other Income (Expense):						
26	Interest Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
27	Other Income	0	-	-	-	0
28	Interest Expense	(479,136)	-	(479,136)	-	(479,136)
29	Other Expense	-	-	(0)	-	-
30	Gain/Loss Sale Of Assets	-	-	(0)	-	-
31	TOTAL OTHER INCOME (EXPENSE)	\$ (479,136)	\$ 0	\$ (479,136)	\$ 0	\$ (479,136)
32	NET PROFIT (LOSS)	\$ 316,941	\$ 176,248	\$ 493,189	\$ (477,463)	\$ 15,727

References:

- Column (A): Company Schedule C-1
- Column (B): Schedule TJC-7
- Column (C): Column (A) + Column (B)
- Column (D): Schedule TJC-1
- Column (E): Column (C) + Column (D)

SUMMARY OF OPERATING INCOME ADJUSTMENTS

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) ADJ #1	(C) ADJ #2	(D) ADJ #3	(E) ADJ #4	(F) ADJ #5	(G) ADJ #6	(H) ADJ #7	(I) ADJ #8	(J) ADJ #9	(K) ADJ #10	RUCO AS AD'ED
OPERATING REVENUES:													
1	Metered Water Revenues	\$ 4,286,070	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,286,070
2	Unmetered Water Revenues	-	-	-	-	-	-	-	-	-	-	-	-
3	Other Water Revenues	108,705	-	-	-	-	-	-	-	-	-	-	108,705
4	TOTAL OPERATING REVENUES	\$ 4,394,775	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,394,775
OPERATING EXPENSES:													
5	Salaries And Wages	\$ 844,087	\$ 0	\$ (19,328)	\$ 0	\$ (124,349)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 700,410
6	Purchased Water	5,040	-	-	-	-	-	-	-	-	-	-	5,040
7	Purchased Power	294,603	-	-	-	-	-	-	-	-	-	-	294,603
8	Chemicals	8,150	-	-	-	-	-	-	-	-	-	-	8,150
9	Repairs And Maintenance	301,313	-	-	-	-	-	-	-	-	-	-	301,313
10	Office Supplies And Expenses	249,611	-	-	-	-	-	-	-	-	-	-	249,611
11	Outside Services	5,177	-	-	-	-	-	-	-	-	-	-	5,177
12	Service Company Fees	521,040	-	-	(79,576)	-	-	-	-	(206,129)	-	-	235,335
13	Water Testing	-	-	-	-	-	-	-	-	-	-	-	-
14	Rents	18,307	-	-	-	-	-	-	-	-	-	-	18,307
15	Transportation Expenses	-	-	-	-	-	-	-	-	-	-	-	-
16	Insurance - General Liability	27,385	-	-	-	-	-	-	-	-	-	-	27,385
17	Insurance - Health And Life	-	-	-	-	-	-	-	-	-	-	-	-
18	Regulatory Comm. Exp. - Rate Case	29,013	-	-	-	-	-	-	(11,845)	-	-	-	17,368
19	Miscellaneous Expense	83,386	-	-	-	-	-	-	-	-	-	-	83,386
20	Depreciation Expense	692,199	-	-	-	-	(26,445)	-	-	-	-	-	665,754
21	Taxes Other Than Income	47,563	-	-	-	-	-	-	-	-	-	-	47,563
22	Property Taxes	272,584	-	-	-	-	-	(2,427)	-	-	-	-	270,157
23	Income Tax	199,240	-	-	-	-	-	-	-	-	-	293,651	492,891
24	Adjustment Due To Rounding	-	-	-	-	-	-	-	-	-	-	-	-
25	TOTAL OPERATING EXPENSES	\$ 3,588,696	\$ 0	\$ (19,328)	\$ (79,576)	\$ (124,349)	\$ (26,445)	\$ (2,427)	\$ (11,845)	\$ (206,129)	\$ 0	\$ 293,651	\$ 3,422,450
26	OPERATING INCOME (LOSS)	\$ 796,077	\$ 0	\$ 19,328	\$ 79,576	\$ 124,349	\$ 26,445	\$ 2,427	\$ 11,845	\$ 206,129	\$ 0	\$ (293,651)	\$ 972,325
Other Income (Expense):													
27	Interest Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
28	Other Income	0	-	-	-	-	-	-	-	-	-	-	0
29	Interest Expense	(479,136)	-	-	-	-	-	-	-	-	-	-	(479,136)
30	Other Expense	-	-	-	-	-	-	-	-	-	-	-	0
31	Gain/Loss Sale Of Assets	-	-	-	-	-	-	-	-	-	-	-	0
32	TOTAL OTHER INCOME (EXPENSE)	\$ (479,136)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (479,136)
33	NET PROFIT (LOSS)	\$ 316,941	\$ 0	\$ 19,328	\$ 79,576	\$ 124,349	\$ 26,445	\$ 2,427	\$ 11,845	\$ 206,129	\$ 0	\$ (293,651)	\$ 493,189

ADJUSTMENT NO.

REFERENCE

- 1 - Intentionally Left Blank
- 2 - Remove Citizens Test Year's Salaries & Wages
- 3 - Service Company Fees - AZ-AM
- 4 - Projected Salaries & Wages - AZ-AM
- 5 - Depreciation Expense
- 6 - Property Taxes
- 7 - Rate Case Expense
- 8 - Projected Additional Corporate Overhead Expenses
- 9 - Intentionally Left Blank
- 10 - Income Tax

- TJC-9
- TJC-9
- TJC-10
- TJC-11
- TJC-12
- TJC-13
- TJC-14
- TJC-15

References:
Col. (A): Company Sch. C-1
Cols. (B) Thru (K): Adjs. #1 Thru #10
Col. (L): Sum of Cols. (A) Thru (K)

**OPERATING INCOME ADJUSTMENT NO. 2
CITIZENS SALARIES & WAGES**

LINE NO.	DISTRICT	ACCOUNT	CITIZENS BUSINESS UNIT	(A) COMPANY AS FILED	(B) RUCO AS ADJ'D	(C) ADJMT
	MOHAVE WATER					
1		Salaries & Wages		\$ 614,283	\$ 614,283	\$ -
2		Payroll Tax		37,941	57,269	(19,328)
3		TOTAL		<u>652,224</u>	<u>671,552</u>	<u>(19,328)</u>

References:

Column (A): Company Sch. C-2, Page 3

Column (B): Company Provided Data on Citizens 2001 Payroll

Column (C): Column (B) minus Column (A)

**OPERATING INCOME ADJUSTMENT NO. 3
 AZ-AM SERVICE COMPANY ALLOCATIONS**

LINE NO.	DISTRICT	AZ-AM BUS. UNIT	(A) TOTAL SERVICE CHARGES		(C) FOUR FACTOR	(D) ALLOCATED SERVICE CHARGES		(F) ADJ'MENT	
			COMPANY AS FILED	RUCO AS ADJ'TED		COMPANY AS FILED	RUCO AS ADJ'TED		
1	Mohave Water	2371	5,153,711	4,366,610	0.1011	521,040	441,464	(79,576)	
2	Havasu Water	2373	5,153,711	4,366,610	0.0146	75,244	63,753	(11,492)	
3	MOHAVE WATER								
			Arizona-American Service Company Allocation						(79,576)

REFERENCES:

- Columns (A) & (C): Company Sch. C-2, Page 4
- Column (B): Company Response to RUCO Data Request #3
- Column (D): Column (A) X Column (C)
- Column (E): Column (B) X Column (C)
- Column (F): Column (E) minus Column (D)

**OPERATING INCOME ADJUSTMENT NO. 4
PROJECTED SALARIES & WAGES**

LINE NO.	COMPANY	AZ-AM BUSINESS UNIT	(A) GROSS PAYROLL	(B) CAPITAL'D PAYROLL	(C) NET PAYROLL	(D) EMP. COUNT	(E) PAYROLL TAX
1	Mohave Water	2371	\$ 627,649	\$ 169,465	\$ 458,184	15	\$ 38,726
2	Havasu Water	2373	117,542	31,736	85,806	3	7,299

		COMPANY AS FILED	RUCO AS ADJ'TED	ADJUSTM'T
3	MOHAVE WATER			
	Salaries & Wages	\$ 573,696	\$ 458,184	\$ (115,512)
4	Payroll Tax	47,563	38,726	(8,837)
5	TOTAL	\$ 621,259	\$ 496,910	\$ (124,349)

References:

- Columns (A) & (D): Company Provided Data on AZ-AM 2002 Payroll
- Column (B): 27% of Column (A) - Calculated as Representative of Labor Associated with Capital Projects
- Column (C): Column (A) minus Column (B)
- Column (E): Column (C) X 7.65% (FICA) + \$245 X Column (D) (FUTA & SUTA)

OPERATING INCOME ADJUSTMENT NO. 5
FULL TEST YEAR DEPRECIATION EXPENSE AND PROPOSED DEPRECIATION EXPENSE

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) TOTAL RUCO PLANT	(B) APR'D DEP. RATE	(C) TEST YEAR DEPRECIATION EXPENSE
INTANGIBLE					
1	301.00	Organization	\$ 38,868	0.00%	\$ -
2	302.00	Franchises	(26,260)	0.00%	-
3	303.00	Miscellaneous Intangibles	0	0.00%	-
4		SUBTOTAL INTANGIBLE	\$ 12,608		\$ -
SOURCE OF SUPPLY					
5	310.00	Land And Land Rights	\$ 272,561	0.00%	-
6	311.00	Structures And Improvements	735,598	2.83%	20,817
7	312.00	Collecting And Impounding Res.	663,385	2.54%	16,850
8	313.00	Lakes, Rivers, Other Intakes	0	0.00%	-
9	314.00	Wells And Springs	790,769	2.70%	21,351
10		SUBTOTAL SUPPLY	\$ 2,462,312		\$ 59,018
PUMPING					
11	320.00	Land And Land Rights	\$ 2,361	0.00%	-
12	321.00	Structures And Improvements	1,686	2.39%	40
13	323.00	Other Power Production	-	0.00%	-
14	325.00	Electric Pumping Equipment	1,854,819	5.12%	94,957
15	326.00	Diesel Pumping Equipment	1	0.00%	-
16	328.10	Gas Engine Pumping Equipment	1	0.00%	-
17		SUBTOTAL PUMPING	\$ 1,858,668		\$ 94,997
WATER TREATMENT					
18	330.00	Land And Land Rights	\$ 0	0.00%	-
19	331.00	Structures And Improvements	15,158	2.50%	379
20	332.00	Water Treatment Equipment	50,870	12.00%	6,104
21		SUBTOTAL TREATMENT	\$ 66,028		\$ 6,483
TRANSMISSION & DISTRIBUTION					
22	340.00	Land And Land Rights	\$ 9,609	0.00%	-
23	341.00	Structures And Improvements	4,583	1.81%	83
24	342.00	Distribution, Reservoirs, & ST	1,621,550	1.81%	29,350
25	343.00	Trans. And Dist. Mains	11,601,956	2.61%	302,811
26	344.00	Fire Mains	-	0.00%	-
27	345.00	Services	2,845,450	5.41%	153,939
28	346.00	Meters	1,828,431	6.53%	119,397
29	348.00	Hydrants	(0)	0.00%	-
30	349.00	Other Trans. And Dist.	-	0.00%	-
31		SUBTOTAL TRANS. & DIST.	\$ 17,911,578		\$ 605,579
GENERAL					
32	389.00	Land And Land Rights	\$ 293	0.00%	-
33	390.00	Structures And Improvements	179,603	2.03%	3,646
34	391.00	Office Furniture And Equipment	286,916	4.10%	11,784
35	391.10	Computer Equipment	290,120	4.10%	11,895
36	392.00	Transportation Equipment	546,135	25.00%	136,534
37	393.00	Stores Equipment	2,865	3.93%	113
38	394.00	Tools, Shop And Garage	133,791	7.55%	10,101
39	395.00	Laboratory Equipment	7,227	3.06%	221
40	396.00	Power Operated Equipment	71,294	9.23%	6,580
41	397.00	Communication Equipment	113,613	4.10%	4,658
42	398.00	Miscellaneous Equipment	10,837	6.19%	671
43		SUBTOTAL GENERAL	\$ 1,642,692		\$ 186,182
				2.68%	
44		TOTAL WATER PLANT	\$ 23,953,887		952,260
45		CIAC	\$ 2,865,061	10.00%	286,506
46		TOTAL DEPRECIATION & AMORTIZATION			665,754
47		PER COMPANY			692,199
48		ADJUSTMENT			(26,445)

References:

Column (A): Schedule TJC-5, Page 1, Column (E)
Column (B): Schedule TJC-4, Page 2, Column (A)
Column (C): Column (A) X Column (B)

**OPERATING INCOME ADJUSTMENT NO. 6
PROPERTY TAX COMPUTATION**

LINE NO.	DESCRIPTION	(A)	(B)
Calculation Of The Company's Full Cash Value:			
Annual Operating Revenues:			
1	Year 1999 (Company Schedule E-2)	\$ 4,545,331	
2	Year 2000 (Company Schedule E-2)	4,527,349	
3	Year 2001 (Company Schedule E-2)	4,348,715	
4	Total Three Year Operating Revenues (L1 + L2 + L3)	\$ 13,421,395	
5	Average Annual Operating Revenues (L4 / 3)	4,473,798	
6	Two Times Three Year Average Operating Revenues (L5 X 2)		\$ 8,947,597
ADD: Ten Percent Of Construction Work In Progress ("CWIP"):			
7	Test Year CWIP	\$ 187,183	
8	10% Of CWIP (L7 X 10%)		\$ 18,718
LESS: Transportation At Book Value:			
9	Original Cost Of Transportation Equipment (Sch. TJC-12(17))	\$ 546,135	
10	Accumulated Depreciation Of Transportation Equipment (TJC-12(17))	351,141	
11	Net Book Value Of Transportation Equipment (L9 - L10)		\$ 194,994
12	COMPANY'S FULL CASH VALUE (L6 + L8 + L11)		\$ 8,771,321
Calculation Of The Company's Tax Liability:			
MULTIPLY: Company Full Cash Value By Valuation Assessment Ratio And Then By Property Tax Rates:			
13	Assessment Ratio (ADOR Directive)		25%
14	Assessed Value (L12 X L13)	\$ 2,192,830	
Property Tax Rates:			
15	Property Tax Rate (2001 Tax Notice - Co.'s Data Response - "Property Tax")	12.32%	
16	COMPANY'S TAX LIABILITY - Based On Full Cash Value (L14 X L17)		\$ 270,157
17	Test Year Adjusted Property Tax Expense Per Co.'s Filing (Sch. TJC-6, Col. (A), L29)	\$ 272,584	
18	Increase (Decrease) In Property Tax Expense (L16 - L17)	\$ (2,427)	
19	Adjustment To Property Tax Expense From Company's Direct Filing (See TJC-6 Col. (B), L22)		\$ (2,427)

**OPERATING INCOME ADJUSTMENT NO. 7
RATE CASE EXPENSE**

LINE NO.	COMPANY	(A) REVISED T.Y. REV. FACTORS	(B) COMPANY AS FILED	(C) RUCO AS ADJUSTED	(D) TOTAL DIFFERENCE	(E) 3 YEAR AMORTIZED DIFFERENCE
1	Total Rate Case Expense		\$ 699,954	\$ 418,941	\$ (281,013)	\$ (93,671)
2	Mohave Water	0.1243	87,016	52,081	(34,935)	(11,645)
3	Havasu Water	0.0125	8,730	5,225	(3,505)	(1,168)

			COMPANY AS FILED	RUCO AS ADJUSTED	TOTAL DIFFERENCE	3 YEAR AMORTIZED DIFFERENCE
	MOHAVE WATER					
4	Rate Case Expense		87,016	52,081	(34,935)	(11,645)

References:

- Column (A): Revised Company Adjusted Test Year Revenue Factors To Remove Mohave Sewer from Allocation
- Column (B): Company Response to Data Request less the Mohave Sewer allocation of \$6,017
- Column (C): Column (A) X RUCO's Recommended Total Rate Case Expense
- Column (D): Column (C) minus Column (B)
- Column (E): Column (D) Divided by 3 (Three Year Amortization Period)

OPERATING INCOME ADJUSTMENT NO. 8
PROJECTED CORPORATE OVERHEAD

LINE NO.	DISTRICT	EXPENSE ACCOUNT	(A) COMPANY AS FILED	(B) RUCO AS ADJUSTED	(C) ADJUSTMENT
	MOHAVE WATER				
1		Salaries And Wages	\$ 270,391	\$ 56,161	\$ (214,230)
2		Office Supplies & Expense	147,339	163,185	15,846
3		Insurance	26,286	18,113	(8,173)
4		Miscellaneous Expense	1,418	1,846	428
5		TOTAL	445,434	239,305	\$ (206,129)

References:

- Column (A): Company Schedule C-2, Page 11
- Column (B): Allocated Amounts From TJC-14, Pg 2, Line 24
- Column (C): Column (B) - Column (A)

OPERATING INCOME ADJUSTMENT NO. 8 - CONT'D
PROJECTED CORPORATE OVERHEAD

LINE NO.	CATEGORY	(A) COMPANY AS FILED	(B) RUCO AS ADJUSTED	(C) DIFFERENCE	(D)
1	Employee Benefits	\$ 964,147	\$ 374,404	\$ 589,743	
2	Directors Fees: Office Supplies & Exp.	1,270,126	1,030,972	239,154	
3	Miscellaneous Expenses	6,000	8,500	(2,500)	
4	Trustees Fees: Office Supplies & Exp.	645,847	447,842	198,005	
5	Miscellaneous Expenses	17,058	21,881	(4,823)	
6	Insurance	258,736	215,200	43,536	
7	Subtotal	<u>\$ 3,161,914</u>	<u>\$ 2,098,797</u>	<u>\$ 1,063,117</u>	
8	Non-Applicable Accounts	\$ 2,153,067	\$ 2,117,294	\$ 35,773	
9	TOTAL (See TJC-14, Pg 3, L 45)	<u>\$ 5,314,981</u>	<u>\$ 4,216,091</u>	<u>\$ 1,098,890</u>	
	ALLOCATION FACTORS	FAIR VALUE RATE BASE	YEAR-END CUST. COUNT	EMPLOYEE COUNT	PROFORMA PLANT
10	Sun City West Water	0.0908	0.1375	0.0600	0.0135
11	Sun City West Wastewater	0.0744	0.1314	0.0900	0.0056
12	Sun City Water	0.2695	0.1958	0.2400	0.1254
13	Sun City Wastewater	0.1119	0.1866	0.0400	0.0046
14	Tubac	0.0109	0.0044	0.0100	0.0110
15	Agua Fria	0.1052	0.1147	0.0700	0.2417
16	Anthem Water	0.0544	0.0284	0.1200	0.2326
17	Agua Fria, Anthem Wastewater	0.0158	0.0224	0.0600	0.2279
18	Mohave Water	0.0842	0.1217	0.1500	0.0371
19	Havasu Water	0.0076	0.0105	0.0300	0.0552
20	Subtotal	<u>0.8247</u>	<u>0.9534</u>	<u>0.8700</u>	<u>0.9544</u>
21	Mohave Sewer	0.0037	0.0051	0.0100	0.0089
22	Paradise Valley (Est. - 2001 Annual Report)	0.1715	0.0414	0.1200	0.0367
23	TOTAL	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>
	ALLOCATED AMOUNTS	EMP. BEN.	OFF. SUP/EXP	INSURANCE	MISC. EXP.
24	Sun City West Water	\$ 22,464	\$ 182,392	\$ 19,535	\$ 1,464
25	Sun City West Wastewater	33,696	168,783	16,021	1,238
26	Sun City Water	89,857	322,580	57,988	4,408
27	Sun City Wastewater	14,976	242,477	24,091	1,686
28	Tubac	3,744	9,386	2,351	277
29	Agua Fria	26,208	165,421	22,645	6,263
30	Anthem Water	44,928	53,684	11,712	5,332
31	Agua Fria, Anthem Wastewater	22,464	30,213	3,398	5,176
32	Mohave Water	56,161	163,185	18,113	1,846
33	Havasu Water	11,232	14,208	1,630	1,297
34	Subtotal	<u>\$ 325,731</u>	<u>\$ 1,352,330</u>	<u>\$ 177,484</u>	<u>\$ 28,987</u>
35	Mohave Sewer	3,744	6,945	806	238
36	Paradise Valley (Est. - 2001 Annual Report)	44,928	119,539	36,910	1,155
37	Subtotal	<u>\$ 48,672</u>	<u>\$ 126,483</u>	<u>\$ 37,716</u>	<u>\$ 1,393</u>
38	TOTAL	<u>\$ 374,404</u>	<u>\$ 1,478,813</u>	<u>\$ 215,200</u>	<u>\$ 30,381</u>
39	TOTAL RUCO ADJUSTMENT (See TJC-14, pg 2, Column (B), Line 7 Above)			<u>\$ 2,098,797</u>	

References:

Allocation Factors - As Provided By Co. Except For Paradise Valley, Which Were Estimated From 2001 Annual Report
Allocation Amounts - Calculated Using Same Methodology As Company

**OPERATING INCOME ADJUSTMENT NO. 10
INCOME TAX EXPENSE**

LINE NO.	DESCRIPTION	(A) REFERENCE	(B) AMOUNT
FEDERAL INCOME TAXES:			
1	Operating Income Before Taxes	Sch. TJC-6, Col. (C), L25 + L23	\$ 1,465,217
	LESS:		
2	Arizona State Tax	Line 11	86,790
3	Interest Expense	Note (A) Line 19	219,672
4	Federal Taxable Income	Line 1 - Line 2 - Line 3	<u>\$ 1,158,755</u>
5	Federal Tax Rate	Sch. TJC-1, Pg. 2 Col.(D), L34	35.05%
6	Federal Income Tax Expense	Line 4 X line 5	<u>\$ 406,102</u>
STATE INCOME TAXES:			
7	Operating Income Before Taxes	Line 1	\$ 1,465,217
	LESS:		
8	Interest Expense	Note (A) Line 19	219,672
9	State Taxable Income	Line 7 - Line 8	<u>\$ 1,245,544</u>
10	State Tax Rate	Tax Rate	6.97%
11	State Income Tax Expense	Line 9 X Line 10	<u>\$ 86,790</u>
TOTAL INCOME TAX EXPENSE:			
12	Federal Income Tax Expense	Line 6	\$ 406,102
13	State Income Tax Expense	Line 11	86,790
14	Total Income Tax Expense Per RUCO	Line 12 + Line 13	<u>\$ 492,891</u>
15	Total Income Tax Expense Per Company (Per Company Sch. C-1)		<u>199,240</u>
16	Total Income Tax Adjustment (See Sch. TJC-6, Col. (B), L23)	Line 14 - Line 15	<u><u>\$ 293,651</u></u>
NOTE (A):			
Interest Synchronization:			
17	Adjusted Rate Base (Sch. TJC-3, Col. (E), L16)	\$ 7,531,475	
18	Weighted Cost Of Debt (Sch. TJC-19, Col. (F), L1 + L2)	2.92%	
19	Interest Expense (L17 X L18)	<u>\$ 219,672</u>	

RATE DESIGN

LINE NO.	CUSTOMER CLASSIFICATION and/or Meter Size	(A) RUCO PROPOSED RATE DES'N	(B) ANNUALIZED BILL & GAL. COUNT	(C) RUCO PROPOSED REVENUE	
MONTHLY MINIMUM USAGE CHARGE:					
1					
2	Residential 5/8 Inct	7.45	145,86C	1,086,657	
3	Residential 1 Inct	12.90	372	4,798	
4	Residential 1.5 Inct	21.55	-	0	
5	Residential 2 Inct	25.80	108	2,786	
6					
7	Residential Multi-Family 5/8 Inct	7.45	1,056	7,867	
8	Residential Multi-Family 1 Inct	7.45	456	3,397	
9	Residential Multi-Family 1.5 Inct	7.45	36	268	
10	Residential Multi-Family 2 Inct	7.45	1,308	9,745	
11	Residential Multi-Family 4 Inct	7.45	24	179	
12	Residential Multi-Family 6 Inct	7.45	24	179	
13					
14	<u>Residential Rio Water</u>				
15	5/8 Inct (a)	6.65	3,276	21,801	
16	1 Inct (a)	6.65	12	80	
17	2 Inct (a)	6.65	12	80	
18					
19	Commercial 5/8 Inct	7.45	4,608	34,33C	
20	Commercial 1 Inct	12.90	1,680	21,67C	
21	Commercial 1.5 Inct	21.50	192	4,128	
22	Commercial 2 Inct	25.85	2,016	52,11C	
23	Commercial 3 Inct	51.65	192	9,916	
24					
25	Commercial Multi-Unit 5/8 Inct	7.45	240	1,788	
26	Commercial Multi-Unit 1 Inct	7.45	60	447	
27	Commercial Multi-Unit 1.5 Inct	7.45	12	89	
28	Commercial Multi-Unit 2 Inct	7.45	24	179	
29					
30	Public Authority 5/8 Inct	7.45	324	2,414	
31	Public Authority 1 Inct	12.90	96	1,238	
32	Public Authority 1.5 Inct	21.50	60	1,290	
33	Public Authority 2 Inct	25.80	432	11,145	
34	Public Authority 3 Inct	51.65	12	620	
35	Public Authority 4 Inct	77.50	8	620	
36	Public Authority 6 Inct	172.25	12	2,067	
37					
38	Private Fire 2 Inct	2.55	132	337	
39	Private Fire 4 Inct	5.15	759	3,907	
40	Private Fire 6 Inct	7.75	180	1,395	
41	Private Fire 8 Inct	10.30	60	618	
42	Private Fire 10 Inct	12.90	12	155	
43	Private Fire Hydrant	6.55	1,884	12,34C	
44					
45	TOTAL ANNUALIZED MONTHLY CUSTOMER COUNT AND BASIC CHARGE		<u>165,539</u>	<u>1,300,641</u>	
46					
47	NO GALLONS INCLUDED OR PROPOSED IN THE MONTHLY MINIMUM USAGE CHARGE				
48					
49	COMMODITY RATES - ALL METERS (Per 1,000 Gallons):				
50					
51	Mohave	\$ 1.24	1,727,834	\$ 2,142,514	
52	Rio Water	\$ 1.34	39,406	\$ 52,804	
53					
54	TOTAL ANNUALIZED COMMODITY USAGE AND CHARGES		<u>1,767,24C</u>	<u>\$ 2,195,318</u>	
55					
56	Miscellaneous Revenue			108,705	
57					
58	TOTAL PROPOSED ANNUALIZED REVENUE			<u>\$ 3,604,664</u>	
59					
60	Required Revenue (As Per Schedule TJC-6, Col (E), L4)			3,604,636	
61	Difference			<u>\$ 29</u>	

References:
Column (A): TJC-16, Page 2 - Recommended/Proposed Rates
Column (B): Response To RUCO Data Request No. 1.04
Column (C): Columns (A) X (B)

RATE DESIGN - MONTHLY MINIMUM AND COMMODITY CHARGES

LINE NO.	DESCRIPTION	(A) PRESENT RATES	(B) COMPANY PROPOSED	(C) RUCO PROPOSED
MONTHLY MINIMUM USAGE CHARGE:				
1	5/8 X 3/4 - Inch (a)	\$ 8.65	\$ 9.84	\$ 7.45
2	3/4 - Inch	-	-	-
3	1 - Inch	15.00	17.07	12.90
4	1 1/2 - Inch	25.00	28.45	21.50
5	2 - Inch	30.00	34.14	25.85
6	3 - Inch	60.00	68.28	51.65
7	4 - Inch	90.00	102.42	77.50
8	6 - Inch	200.00	227.60	172.25
9	8 - Inch	400.00	455.20	344.50
10	10 - Inch	N/A	787.20	596.00
<u>Residential Rio Water</u>				
11	5/8 X 3/4 Inch (a)	7.75	8.82	6.65
12	1 Inch (a)	7.75	8.82	6.65
13	2 Inch (a)	7.75	8.82	6.65
<u>Private Fire</u>				
14	2 Inch or Smaller (a)	3.00	3.41	2.60
15	4 Inch (a)	6.00	6.83	5.15
16	6 Inch (a)	9.00	10.24	7.75
17	8 Inch (a)	12.00	13.66	10.35
18	10 Inch	15.00	17.07	12.90
19	12 Inch (a)	18.00	20.48	15.50
20	14 Inch (a)	21.00	23.90	18.10
21	20 Inch	30.00	34.14	25.85
22	Per Sprinkler Head (a)	0.51	0.58	0.44
23	Per each Private Fire Hydrant (a)	7.64	8.69	6.55
<u>Gallons In Minimum</u>				
24	All (except Rio Water)	1000	1,000	0
25	Multi-Units based on multiple of 5/8 x 3/4			
26	Rio Water	2000	2,000	0
<u>Tier 1: Gallons up to 999,999,999</u>				
27	All (except Rio Water)	999,999,999	999,999,999.00	999,999,999.00
28	(Multi-Units based on multiple of 5/8 x 3/4)			
29	Rio Water	999,999,999	999,999,999.00	999,999,999.00
COMMODITY RATES - ALL METERS (Per 1,000 Gallons):				
28	All (a)	1.48	1.68	1.24
29	Rio Water (a)	1.75	1.99	1.43

(a) Rounded to nearest whole cent

ARIZONA-AMERICAN WATER COMPANY

DOCKET NO. W-01303A-02-0867 et al.

DIRECT TESTIMONY

OF

RODNEY L. MOORE

ON BEHALF OF

THE

RESIDENTIAL UTILITY CONSUMER OFFICE

SEPTEMBER 5, 2003

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1 **INTRODUCTION**

2 Q. Please state your name, position, employer and address.

3 A. Rodney L. Moore, Public Utilities Analyst V

4 Residential Utility Consumer Office ("RUCO")

5 1110 West Washington Street, Suite 220

6 Phoenix, Arizona 85007

7

8 Q. Please state your educational background and work experience.

9 A. I obtained a Bachelor's Degree in Business Administration in 1993 from
10 Athabasca University. I have attended several training classes and courses
11 regarding auditing, rate design, income taxes, and other utility related
12 matters. From 1966 to 1993, I was employed by Telus Corporation, Inc., a
13 large telecommunication company, where I assumed various positions from
14 lineman to office administrator. In 1995, I began my employment with the
15 Arizona Corporation Commission ("ACC" or "Commission"). I worked in the
16 Consumer Service Section until accepting a position as an Auditor in October
17 1999 with the Accounting and Rates Section. In May of 2001, I succeeded to
18 my current position at RUCO. My duties include review and analysis of
19 financial records and other documents of regulated utilities for accuracy,
20 completeness, and reasonableness. I am also responsible for the
21 preparation of work papers and Schedules resulting in testimony and/or
22 reports regarding utility applications for increase in rates, financings, and
23 other matters.

24 ...

1 Q. Please state the purpose of your testimony.

2 A. The purpose of my testimony is to present RUCO's recommendations
3 regarding Arizona-American Corporation's ("Company", "Arizona-American"
4 or "AZ-AM") applications for a determination of the current fair value of its
5 utility plant and property and for increases in its rates and charges based
6 thereon for utility service by its water and wastewater Districts.

7

8 Q. Do you have any reservations concerning the accuracy, validity and/or
9 relevancy of your testimony?

10 A. Yes, I do. Basic principles expressed by the National Association of
11 Regulator Utility Commissioners ("NARUC") require the Company to readily
12 furnish full information as to any item included in any account. Each entry
13 shall be supported by such detailed information as will permit a ready
14 identification, analysis and verification of all facts relevant thereto.

15

16 My testimony is based on the investigation and analysis of the application, the
17 Company's response to discovery requests and direct communication with
18 Company witnesses.

19

20 However, after more than 300 questions on 39 sets of data requests,
21 numerous telephone conversations and several face-to-face meetings, a
22 large percentage of the information provided by the Company was irrelevant,
23 stale, incomplete, non-verifiable, poorly formatted, suspect and/or untimely.

24 The sheer number of requests for substantive data is an indicator that the

1 original Company's filing was inadequate to make any fair and reasonable
2 determination of basic ratemaking principles.

3
4 Q. What were some of the major problems you encountered?

5 A. Briefly:

- 6 1. Bill Counts – I spent numerous hours trying to reconcile three different
7 versions of the Bill Count. The final version in electronic format was
8 massive, very user unfriendly and time consuming to interpret;
- 9 2. Test Year – The Company filed 2001 as its historical test year.
10 However, AZ-AM did not complete the purchase and begin operation
11 of the utilities until January 15, 2002. Therefore, much of the data
12 contained in the filing was not relevant under AZ-AM's ownership. The
13 historical test year reflects conditions under the control of Citizens' and
14 does not represent Arizona-American operational control;
- 15 3. Pro Forma Adjustments – In order to obtain relevant data under AZ-
16 AM's ownership it became necessary to look at 2002 data. It was time
17 consuming to obtain new data (some actual, some estimated), analyze
18 it and develop a proper correlation between revenue and expenses;
- 19 4. Prior Test Year 1995 Gross Plant Balance – The Company was
20 unable to provide the Commission's approved 1995 plant item values.
21 Therefore, values had to be extrapolated from reviewing the previous
22 application and Decision No. 60172. This was labor intensive;

23 ...

24 ...

1 5. Plant Additions and Retirements – Many entries had to be analyzed
2 without verification due to the lack of source documents. Therefore,
3 many hours were spent determining the reasonableness and/or
4 acceptability of plant additions, adjustments and retirements as
5 proposed by the Company; and

6 6. Allocation Factors – RUCO requested in its third data request the
7 specific allocation factors per District. Instead the Company
8 responded with aggregated numbers, which then had to be
9 recalculated for each District at the expense of valuable time.

10
11 Q. What is RUCO's recommendation?

12 A. Based on the findings of my review and analysis of the Company's
13 application and records, RUCO recommends the application be denied, and
14 the Company be required to file a rate application using a typical historical
15 test year.

16
17 RUCO strongly believes that any determination of the ratemaking elements
18 based on this application as filed would not accurately represent the actual
19 present value of the rate base, operating income, operating expenses and /or
20 revenue requirement.

21
22 In the alternative, several adjustments are proposed in this testimony, which
23 are reasonable and could be considered by the Commission in its final
24 determination.

1 **BACKGROUND**

2 Q. Please summarize the application.

3 A. This consolidated proceeding requests increases in the rates and charges for
4 ten systems ("Districts") under the ownership umbrella of Arizona-American.
5 The rate cases for these ten Districts were filed in five separate applications:

6 1. First Application:

7 Sun City West Water..... Docket No.: W-01303A-02-0867

8 Sun City West Wastewater..... Docket No.: SW-01303A-02-0867

9 2. Second Application:

10 Sun City Water..... Docket No.: W-01303A-02-0868

11 Sun City Wastewater..... Docket No.: SW-01303A-02-0868

12 3. Third Application:

13 Mohave Water..... Docket No. W-01303A-02-0869

14 Havasu Water..... Docket No.: W-01303A-02-0869

15 4. Fourth Application:

16 Agua Fria Water..... Docket No.: W-01303A-02-0870

17 Anthem Water..... Docket No.: W-01303A-02-0870

18 Anthem/Agua Fria Wastewater..... Docket No.: SW-01303A-02-0870

19 5. Fifth Application:

20 Tubac Water..... Docket No.: - W-01303A-02-0908

21

22 These ten Districts were previously owned by Citizens' Communications
23 ("Citizens" or "CUC"). Arizona-American purchased all of the water and
24 wastewater assets of Citizens in Arizona as approved by the Commission in

1 Decision No. 63584, dated April 24, 2001, with AZ-AM assuming operational
2 control on January 15, 2002.

3
4 RUCO assigned several analysts to review this filing. My testimony and
5 analysis was primarily focused on the following five Districts:

- 6 1. Sun City West Water District ("Sun City West Water");
- 7 2. Sun City West Wastewater District ("Sun City Wastewater");
- 8 3. Sun City Water District ("Sun City Water");
- 9 4. Sun City Wastewater District ("Sun City Wastewater"); and
- 10 5. Tubac Water District ("Tubac").

11
12 I prepared five sets of Schedules, RLM-1 through RLM-19, which are filed
13 concurrently in support of my testimony.

14
15 Many ratemaking issues are common throughout this consolidated
16 application; therefore, to provide a thorough analysis and a consistent
17 implementation of recognized ratemaking principles, generic adjustments will
18 be sponsored by other RUCO witnesses. The following is a breakdown of the
19 testimony that will be sponsored:

- 20
21 1. Rodney L. Moore will sponsor:
 - 22 a. Prior Test Year Plant;
 - 23 b. Pro Forma Plant;
 - 24 c. Acquisition Premium;

- 1 d. Removal of Citizens' test year salaries and wages; and
- 2 e. Projected Arizona-American's additional overhead expenses.

3

4 2. Marylee Diaz Cortez will sponsor:

- 5 a. Accepting original cost rate base ("OCRB") versus
- 6 reconstruction cost new depreciated ("RCND") as the rate
- 7 base;
- 8 b. Problems with using 2001 as the test year;
- 9 c. Allocation of AZ-AM's Service Company charges;
- 10 d. Projected Arizona-American's salaries and wages; and
- 11 e. Rate case expense.

12

13 3. Timothy J. Coley will sponsor:

- 14 a. Contributions in aid of construction ("CIAC");
- 15 b. Depreciation expenses;
- 16 c. Property taxes; and
- 17 d. Income tax expenses.

18

19 4. William A Rigsby will sponsor:

- 20 a. Cost of Capital.

21 ...

22 ...

23 ...

24 ...

1 **SUMMARY OF ADJUSTMENTS**

2 Q. Please summarize the adjustments to rate base, operating expenses, cost of
3 capital, and rate design issues addressed in your testimony.

4 A. My testimony addresses the following issues:

5 **Rate Base**

6 Fair Value Rate Base – RUCO did not consider the Company’s position on
7 using RCND plant information; instead, I calculated fair value rate base
8 (“FVRB”) as OLCB.

9 Test Year Plant In Service and Accumulated Depreciation - The adjustment is
10 based on my reconstruction of the gross utility plant and accumulated
11 depreciation balance from the prior 1995 test year through the instant 2001
12 test year.

13 Post-Test Year Plant In Service and Accumulated Depreciation - The
14 adjustment is based on my reconstruction of the revenue neutral plant and
15 accumulated depreciation balance from the end of the 2001 test year through
16 the end of 2002 post-test year.

17 Acquisition Adjustment - The adjustment is based on my removal of the
18 Company’s entire request for an Acquisition Adjustment.

19 **Operating Expenses**

20 Operating Income – There were no adjustments made to the test year total
21 operating revenues.

22 ...

23 ...

24 ...

1 Salaries and Wages Expense – The adjustments are based on RUCO's
2 calculation of the differences between Citizens' corporate allocations and AZ-
3 AM's Service Company charges.

4 Chemicals – (For the Sun City Wastewater District Only). I reinstated the
5 \$105,695 expense documented but not included in the total adjusted
6 operating expenses of Sun City Wastewater.

7 Office Supplies and Expense – The adjustments are based on my calculation
8 of the differences between Citizens' corporate allocations and AZ-AM's
9 Service Company charges.

10 Service Company Charges – The adjustments are based on my calculation of
11 the differences between Citizens' corporate allocations and AZ-AM's Service
12 Company charges.

13 Insurance – Generally Liability – The adjustments are based on my
14 calculation of the differences between Citizens' corporate allocations and AZ-
15 AM's Service Company charges.

16 Regulatory Commission Expense – Rate case – The adjustment is based on
17 RUCO's determination of the fair and reasonable cost to AZ-AM's ratepayers
18 for this application process.

19 Miscellaneous Expense – The adjustments are based on my calculation of
20 the differences between Citizens' corporate allocations and AZ-AM's Service
21 Company charges.

22 Depreciation Expense – This adjustment decreases test year operating
23 expenses to reflect computations based on RUCO's recommended total plant
24 value using the Commission's approved depreciation rates.

1 Taxes Other Than Income - The adjustments are based on RUCO's
2 calculation of the payroll tax differences between Citizens' corporate
3 allocations and AZ-AM's Service Company charges.

4 Property Taxes Expense - This adjustment reflects the Company's property
5 tax based on the use of the Arizona Department of Revenue formula.

6 Income Tax Expense - This adjustment reflects income tax expenses
7 calculated on RUCO's recommended revenues and expenses.

8 **Cost Of Capital**

9 This adjustment decreased the Company's weighted cost of capital to 6.57
10 percent versus the 7.75 percent proposed in the Company's filing.

11 **Rate Design**

12 I am recommending a rate design that is generally consistent with the
13 Company's proposed rate design, but reflects RUCO's recommended
14 revenue requirement.

15
16 **REVENUE REQUIREMENTS**

17 Q. Please summarize the results of your analysis of the Company's filing and
18 state RUCO's recommended revenue requirements.

19 A. As outlined in Schedule RLM-1, I am recommending the Company Districts'
20 revenue requirement not to exceed:

	<u>AZ-AM</u>	<u>RUCO</u>	<u>DIFF.</u>
21 Sun City West Water	\$4,863,188	\$3,860,482	\$1,002,706
22 Sun City West Wastewater	\$5,494,492	\$4,563,072	\$931,420
23 Sun City Water	\$11,559,457	\$8,156,424	\$3,403,033

1	Sun City Wastewater	\$5,727,731	\$4,193,565	\$1,534,166
2	Tubac Water	\$469,847	\$295,298	\$174,549

3

4 My recommended decrease in FVRB based on the OCRB is summarized on
 5 Schedule RLM-1 for each District:

6		<u>AZ-AM – FVRB/RCND</u>	<u>RUCO – FVRB/OCRB</u>	<u>DIFF.</u>
7	Sun City West Water	\$16,407,508	\$11,366,817	\$5,040,691
8	Sun City West Wastewater	\$13,455,978	\$10,470,538	\$2,985,440
9	Sun City Water	\$48,703,466	\$22,304,176	\$26,399,290
10	Sun City Wastewater	\$20,233,577	\$8,893,529	\$11,340,048
11	Tubac Water	\$1,903,764	\$1,172,012	\$731,752

12 The detail supporting my recommended rate base is presented on Schedule
 13 RLM-2.

14

15 My recommended adjusted decrease in operating income is shown on
 16 Schedule RLM-1 as:

17		<u>AZ-AM</u>	<u>RUCO</u>	<u>DIFF.</u>
18	Sun City West Water	\$1,271,506	\$746,868	\$524,638
19	Sun City West Wastewater	\$1,042,776	\$687,977	\$354,799
20	Sun City Water	\$3,774,295	\$1,465,517	\$2,308,778
21	Sun City Wastewater	\$1,568,009	\$584,358	\$983,651
22	Tubac Water	\$147,501	\$77,008	\$70,493

23 The detail supporting this recommendation is presented on Schedule RLM-7.

24 ...

1 My recommended revenue requirement increases versus the Company's
2 proposals are as follows:

3		<u>AZ-AM</u>	<u>RUCO</u>	<u>DIFF.</u>
4	Sun City West Water	43.85%	14.19%	29.66%
5	Sun City West Wastewater	55.60%	29.06%	26.54%
6	Sun City Water	86.74%	31.70%	55.04%
7	Sun City Wastewater	12.57%	-17.58%	30.15%
8	Tubac Water	85.06%	16.04%	69.02%

9 Schedule RLM-1 presents the calculation of my recommended requirements.

10

11 **RATE BASE**

12 Rate Base Recommendation

13 Q. Please state the methodology used to determine the Rate Base RUCO is
14 recommending.

15 A. The Company has requested its reconstruction cost new less depreciation
16 represent its fair value rate base; however, RUCO is recommending the
17 original cost rate base represent its fair value, as shown on Schedule RLM-2.

18

19 Q. Does RUCO support the use of a reconstruction cost new depreciated rate
20 base, as proposed by the Company?

21 A. No, it does not. RUCO is recommending the use of original cost rate base.
22 This adjustment is fully explained in the testimony of RUCO witness Marylee
23 Diaz Cortez.

24 ...

1 Rate Base Adjustment No. 1 – Test Year Original Cost Rate Base

2 Q. Please explain the basis for your adjustments to the test year gross utility
3 plant and accumulated depreciation.

4 A. This adjustment consists of three elements as presented on Schedule RLM-3.
5 First, I determined the value of the 1995 prior test year plant and the
6 accumulated depreciation based on the FVRB approved by the Commission
7 in Decision No. 60172, dated May 7, 1997. Second, I proceeded to
8 reconstruct the plant value through the years to the end of the 2001 test year.
9 Third, I reconciled the difference between the value of Citizens' general plant
10 and AZ-AM's common plant.

11
12 Q. Please explain your first element of this adjustment.

13 A. Through arduous investigation of Citizens' prior rate case application and
14 review of Decision No. 60172, specifically Exhibit A, I was able to reconstruct
15 the approved value of the 1995 prior test year gross plant and accumulated
16 depreciation. The detail supporting this adjustment is presented on Schedule
17 RLM-4, page 1 through page 3.

18
19 Q. Please explain the second element of this adjustment.

20 A. Having established, for ratemaking purposes, the initial value of the gross
21 plant and accumulated depreciation, I then analyzed Citizens' plant records of
22 additions, adjustments and retirements from the prior test year of March 31,
23 1995 through the instant test year of December 31, 2001. Also, several data
24 requests dealing with rate base had to be reviewed. Specifically, the

1 Company's response to Staff data request No. JAC 28-3 resulted in the
2 reduction of Sun City West Wastewater 2001 total plant by \$213,110. My
3 assessment culminated in a statement of the 2001 test year gross plant and
4 accumulated depreciation under the operation and ownership of Citizens.
5 The detail supporting these adjustments are presented on Schedule RLM-4,
6 page 4 through page 11.

7
8 Q. Please explain your third element of this adjustment.

9 A. Since Citizens sold its assets to AZ-AM after the end of the 2001 test year, an
10 adjustment was made to reflect the removal of Citizens' general plant and the
11 insertion of AZ-AM's common plant allocated to each District. This
12 adjustment represents, on a going forward basis, the value of test year total
13 plant under AZ-AM's administration. This allocated general/common plant
14 component consists of each company's respective office buildings, office
15 furniture and equipment, transportation equipment, and other general
16 equipment, which was/is used jointly by each District. The detail supporting
17 these adjustments is presented on Schedule RLM-4, page 12.

18
19 Rate Base Adjustment No. 2 – Post-test Year Original Cost Rate Base

20 Q. Please explain your adjustment to the post-test year OCRB.

21 A. This adjustment is the difference between the estimated amounts of revenue
22 neutral projects proposed in the Company's filing and the actual costs of
23 these projects that were completed by the end of the calendar year 2002.
24 Revenue neutral projects were those capital plant additions utilized solely to

1 service existing customers. Moreover, the accumulated depreciation was
2 adjusted, using the half-year convention, to reflect this post-test year plant
3 and necessitated by the need to match the rate base elements. The detail
4 supporting these adjustments is presented on Schedule RLM-5, page 1.

5
6 Rate Base Adjustment No. 3 – Citizens' Acquisition Adjustment

7 Q. What is the appropriate ratemaking treatment for an acquisition premium
8 adjustment?

9 A. Generally, the adjustment or premium associated with an acquisition should
10 not be recoverable from ratepayers. Inclusion of this premium in a general
11 rate case artificially inflates the cost of the assets and in turn rates. After the
12 acquisition, the same assets will serve the same customers. Thus, the mere
13 transfer should not serve to increase rates.

14
15 Q. Are you aware of any instances where regulatory authorities have allowed
16 rate recovery of acquisition adjustments?

17 A. On occasion, regulatory authorities have considered rate recovery of some
18 portion of the premium if the utility is able to demonstrate definitive savings
19 and benefits attributable to the acquisition.

20
21 Q. How does AZ-AM propose to treat the acquisition adjustment in this filing?

22 A. In the instant filing, the Company has made an alternative proposal using
23 OCRB instead of RCND as its FVRB. In this scenario, the Company has
24 requested an increase to each Districts' OCRB by the proportionate share of

1 the Citizens' Acquisition Adjustment. The amounts of these adjustments are
2 detailed in supporting Schedule RLM-3.

	<u>AZ-AM</u>	<u>RUCO</u>	
3			
4	Sun City West Water	\$8,164,652	\$0
5	Sun City West Wastewater	\$10,401,376	\$0
6	Sun City Water	\$9,746,553	\$0
7	Sun City Wastewater	\$5,264,640	\$0
8	Tubac Water	\$531,184	\$0

9
10 Q. Do you agree with this procedure?

11 A. No, I do not. As illuminated in Arizona-American's witness Mr. Stephenson
12 testimony and supported in his exhibit 1, the prior settlement agreement
13 attached to Decision No. 63584, which mandated the Commission's
14 evaluation of Arizona-American's acquisition adjustment, specifically states in
15 part:

16 The decision to allow recovery of the acquisition adjustment must be
17 based on Arizona-American's ability to demonstrate that clear,
18 quantifiable and substantial net benefits have been realized by
19 ratepayers, which would not have been realized had the transaction
20 not occurred.
21

22 I believe it is premature to propose any ratemaking treatment for a potential
23 acquisition adjustment related to AZ-AM. At the time of the filing Arizona-
24 American had not operated the Company long enough to demonstrate any
25 operational and administrative efficiencies and/or customer benefits the
26 acquisition has brought to customers. Absent a clear and definitive showing

1 of operational efficiencies both accepted ratemaking principles and Decision
2 No. 63584 preclude the recognition of the acquisition premium.

3
4 Q. What treatment do you recommend for the Acquisition Adjustment?

5 A. To meet the terms and conditions of Decision No. 63584, the acquisition
6 premium should not receive rate recognition until such time as the Company
7 demonstrates substantial benefits of the acquisition. AZ-AM has not done so
8 in the instant filing. Therefore, any consideration of the acquisition premium
9 should be postponed until AZ-AM's next Arizona general rate case.

10
11 **OPERATING INCOME**

12 Q. What changes are you recommending to the Company's test year operating
13 revenue?

14 A. As shown on Schedule RLM-6, column (B), line 1 through line 4, I did not
15 make any adjustments to test year operating revenues.

	<u>AZ-AM</u>	<u>RUCO</u>	<u>DIFF.</u>	
16				
17	Sun City West Water	\$3,380,774	\$3,380,774	\$0
18	Sun City West Wastewater	\$3,535,680	\$3,535,680	\$0
19	Sun City Water	\$6,193,090	\$6,193,090	\$0
20	Sun City Wastewater	\$5,088,340	\$5,088,340	\$0
21	Tubac Water	\$254,486	\$254,486	\$0

22 ...

23 ...

24 ...

1 **OPERATING EXPENSE**

2 Operating Expenses Summary

3 Q. Are you recommending any changes to the Company's proposed operating
4 expenses?

5 A. Yes I am. As shown on Schedule RLM-7, column (B) through column (K),
6 RUCO made ten adjustments to the operating expenses of each District as
7 explained below.

8
9 Q. Please summarize your adjustments to reflect the sale of assets from Citizens
10 to Arizona-American.

11 A. Adjustments No. 1 through No. 4 and No. 8 are all related. These
12 adjustments concern the transition of ownership from Citizens to Arizona-
13 American and projected test year expenses under AZ-AM's corporate
14 administration, while removing the appropriate costs associated with CUC's
15 overhead.

16
17 Adjustments No. 5, 6, 7 and 10 address: depreciation, property tax, rate case
18 and income tax expenses, respectively.

19
20 Adjustment No. 9 deals specifically with a computation error associated with
21 the Material and Supplies Expense account for Sun City Wastewater.

22 ...

23 ...

24 ...

1 Operating Expense Adjustment No. 1 – Citizens’ Corporate Allocations

2 Q. Please explain your adjustment to Citizens’ general plant allocation.

3 A. I did not make any adjustments to the Company’s proposed removal of
4 Citizens’ corporate expenses for the five Districts I analyzed.

5
6 Operating Income Adjustment No. 2 – Citizens’ Test Year Salaries and Wages

7 Q. Please explain your adjustment to the removal of Citizens’ salaries, wages
8 and payroll taxes.

9 A. According to data provided through discovery, Citizens’ test year salaries and
10 wages were accurately recorded. However, from the general ledger, the
11 payroll tax account differed from the amount recorded by AZ-AM in this filing.

	<u>AZ-AM</u>	<u>RUCO</u>	<u>DIFF.</u>	
12				
13	Sun City West Water	\$4,764	\$9,108	\$4,344
14	Sun City West Wastewater	\$67,189	\$67,189	\$0
15	Sun City Water	\$114,680	\$72,671	\$ (42,009)
16	Sun City Wastewater	\$24,872	\$21,907	\$ (2,965)
17	Tubac Water	\$26,283	\$4,857	\$ (21,426)

18
19 Therefore, since the Company deemed the general ledger information
20 provided in Staff data request 1.03 to be correct, the appropriate adjustments
21 were made. The detail supporting these adjustments is presented on
22 Schedule RLM-8.

23 ...

24 ...

1 Operating Income Adjustment No. 3 – AZ-AM's Service Company Charges

2 Q. Please explain your adjustment to the allocations of AZ-AM's Service
3 Company charges.

4 A. In companion with Adjustment No. 1 above, this adjustment inserts Arizona-
5 American's similar expenses to reflect known and measurable changes to
6 test year expenses. However, discovery provided evidence indicating the
7 allowable amount of the total service charges differed from the amount
8 requested by AZ-AM in this filing.

	<u>AZ-AM</u>	<u>RUCO</u>	<u>DIFF.</u>	
9				
10	Sun City West Water	\$515,886	\$437,098	\$ (78,789)
11	Sun City West Wastewater	\$552,478	\$468,101	\$ (84,377)
12	Sun City Water	\$926,122	\$784,680	\$ (141,442)
13	Sun City Wastewater	\$522,586	\$442,774	\$ (79,812)
14	Tubac Water	\$38,653	\$32,750	\$ (5,903)

15 The detail supporting these adjustments is presented on Schedule RLM-9.

16
17 This adjustment is fully explained in the testimony of RUCO witness Marylee
18 Diaz Cortez.

19
20 Operating Income Adjustment No. 4 – AZ-AM's Salaries and Wages

21 Q. Please explain your adjustment to the allocation of AZ-AM's salaries and
22 wages.

23 A. AZ-AM's filing projected estimated amounts for these expenses; however,
24 through discovery, the actual values were determined. Moreover, an

1 accurate assessment of the non-allowable capitalized portion of labor costs
2 was calculated and removed from the allocation.

	<u>AZ-AM</u>	<u>RUCO</u>	<u>DIFF.</u>
3 Sun City West Water	\$375,805	\$270,185	\$ (105,620)
4 Sun City West Wastewater	\$481,323	\$331,161	\$ (150,162)
5 Sun City Water	\$796,513	\$609,524	\$ (186,989)
6 Sun City Wastewater	\$96,303	\$63,850	\$ (32,453)
7 Tubac Water	\$64,473	\$53,717	\$ (10,756)

8 The detail supporting these adjustments is presented on Schedule RLM-10.
9

10
11 This adjustment is fully explained in the testimony of RUCO witness Marylee
12 Diaz Cortez.
13

14 Operating Income Adjustment No. 5 – Depreciation Expense

15 Q. Please explain your adjustment to increase/decrease the Depreciation
16 Expense account.

17 A. As shown on Schedule RLM-11, I adjusted depreciation expenses to reflect
18 the Commission's approved depreciation rates applied to my restated plant
19 balances.

	<u>AZ-AM</u>	<u>RUCO</u>	<u>DIFF.</u>
20 Sun City West Water	\$750,150	\$743,357	\$ (6,793)
21 Sun City West Wastewater	\$1,432,265	\$1,380,585	\$ (51,680)
22 Sun City Water	\$1,025,028	\$1,002,034	\$ (22,994)
23 Sun City Wastewater	\$514,852	\$520,421	\$5,569

1 Tubac Water \$37,208 \$35,563 \$ (1,645)

2

3 Operating Income Adjustment No. 6 – Property Tax Expense

4 Q. Please explain your adjustment to the Real Estate Taxes Expense account.

5 A. As shown on Schedule RLM-12, the real estate tax expenses were adjusted
6 to reflect the Company's property tax based on the use of the Arizona
7 Department of Revenue ("ADOR") formula.

8		<u>AZ-AM</u>	<u>RUCO</u>	<u>DIFF.</u>
9	Sun City West Water	\$148,220	\$153,950	\$ (6,793)
10	Sun City West Wastewater	\$168,501	\$141,609	\$ (26,892)
11	Sun City Water	\$186,779	\$238,803	\$52,024
12	Sun City Wastewater	\$193,701	\$206,027	\$12,326
13	Tubac Water	\$23,752	\$20,054	\$ (3,698)

14

15 This adjustment is fully explained in the testimony of RUCO witness Timothy
16 J. Coley.

17

18 Operating Income Adjustment No. 7 – Rate Case Expense

19 Q. Please explain the adjustment to the allocation of AZ-AM's rate case
20 expense.

21 A. RUCO made a determination of what should be the financial burden on the
22 ratepayers for the cost incurred by the Company for prematurely filing this
23 rate case application.

24 ...

1 This fair and reasonable expense was then allocated according to the test
2 year revenue of each District (the same methodology used by the Company).

3		<u>AZ-AM</u>	<u>RUCO</u>	<u>DIFF.</u>
4	Sun City West Water	\$66,939	\$40,065	\$ (26,874)
5	Sun City West Wastewater	\$70,006	\$41,901	\$ (28,106)
6	Sun City Water	\$122,623	\$73,393	\$ (49,230)
7	Sun City Wastewater	\$100,749	\$60,301	\$ (40,448)
8	Tubac Water	\$5,039	\$3,016	\$ (2,023)

9

10 The above amounts would then be amortized over three years. The detail
11 supporting these adjustments is presented on Schedule RLM-13.

12

13 This adjustment is fully explained in the testimony of RUCO witness Marylee
14 Diaz Cortez.

15

16 Operating Income Adjustment No. 8 – Additional Corporate Overhead

17 Q. Please explain your adjustment to the allocation of AZ-AM's projected
18 corporate overhead.

19 A. At the time of the Company's filing there were no actual annual costs
20 associated with AZ-AM's administration and operation of these ten Districts
21 for the 2001 test year. Thus, this adjustment is a true-up to actual costs
22 versus the estimated values requested by the Company.

23 ...

24 ...

1 The actual costs were obtained through discovery and represent AZ-AM's
2 corporate overhead expenses for the year 2002. I used the same
3 methodology as the Company to categorize and allocate the expense across
4 the ten Districts.

5

6 Q. Please explain the methodology used to allocated the appropriate expense to
7 each District.

8 A. As shown on Schedule RLM-14, page 1 through page 3, I obtained the actual
9 value for each of 44 expense categories from the general ledger, I classified
10 them into five groups: employee benefits (stated as Salaries and Wages by
11 the Company), office expense, insurance, miscellaneous and a not allocated
12 group. Each allocated group was then proportioned to the Districts by
13 different allocation factors. For instance: employee benefits were allocated
14 by a factor representative of the number of employees per District; director's
15 fees office and miscellaneous expenses by a factor representative of the
16 customer count per District; trustee's fees office, and miscellaneous
17 expenses by a factor representative of the proforma plant per District; and
18 general liability insurance by a factor representative of the FVRB per District.

19 ...

20 ...

21 ...

22 ...

23 ...

24 ...

1 Q. Did you have to revise any of allocation factors?

2 A. Yes, I did. The Company's filing allocated expenses to the Mohave Sewer
3 District, but excluded the Paradise Valley Water District. Since the general
4 ledger indicated these overhead expenses were considered to be Arizona
5 wide corporate expenditures, I revised the allocation factors to recognize the
6 Paradise Valley Water District.

7

8 Q. How did you determine the Paradise Valley Water District's allocation
9 factors?

10 A. Through data obtained from Arizona-American's 2001 annual report, I was
11 able to extrapolate its FVRB and employee count and thus estimate the
12 allocation factors for Paradise Valley Water District. The resulting allocation
13 of corporate overhead is as follows:

	<u>AZ-AM</u>	<u>RUCO</u>	<u>DIFF.</u>
14 Sun City West Water	\$300,468	\$225,855	\$ (74,613)
15 Sun City West Wastewater	\$332,507	\$219,739	\$ (112,768)
16 Sun City Water	\$320,555	\$474,833	\$154,278
17 Sun City Wastewater	\$320,555	\$283,230	\$ (37,325)
18 Tubac Water	\$33,106	\$15,758	\$ (17,348)

19 ...
20 ...
21 ...
22 ...
23 ...
24 ...

1 Operating Income Adjustment No. 9 – Sun City Wastewater Only – Material and
2 Supplies Expenses

3 Q. Please explain your adjustment to the material and supplies expenses for
4 Sun City Wastewater.

5 A. The Company inadvertently failed to record the adjusted test year amount of
6 \$105,696 in this account on the Company's Schedule C-1, line 12. The detail
7 supporting this adjustment is presented on Sun City Wastewater's Schedule
8 RLM-6, line 10.

9

10 Operating Income Adjustment No. 10 – Income Tax Expenses

11 Q. What adjustments have you made to the test year Income Tax Expense
12 account?

13 A. As shown on Schedule RLM-15, I revised total test year income taxes to
14 reflect calculations based on my adjusted test year revenue and expenses.

15		<u>AZ-AM</u>	<u>RUCO</u>	<u>DIFF.</u>
16	Sun City West Water	\$ (97,736)	\$75,928	\$ 173,664
17	Sun City West Wastewater	\$ (369,763)	\$ (156,059)	\$213,704
18	Sun City Water	\$ (665,050)	\$ (245,509)	\$419,541
19	Sun City Wastewater	\$257,188	\$341,728	\$84,540
20	Tubac Water	\$ (28,505)	\$2,792	\$31,297

21 ...

22 ...

23 ...

24 ...

1 Q. Have you also prepared a Schedule showing the calculation of Income Tax
2 Expense on your proposed revenues?

3 A. Yes, I have. Schedule RLM-1, page 2, presents a calculation of income taxes
4 on my proposed revenues. This Schedule provides proof that my proposed
5 revenues will provide for all state and federal income taxes and result in the
6 operating income I am recommending. This Schedule also shows the
7 calculation of the revenue conversion factor that reconciles the required
8 increase in revenue with the test year and required operating incomes.

9

10 **COST OF CAPITAL**

11 Q. Have you made any adjustments to the Company proposed capital structure?

12 A. Yes, I have. As shown on Schedule RLM-16, this adjustment decreased the
13 Company's cost of long-term debt by 38 basis points from 5.25 to 4.87
14 percent; and, the Company's cost of common equity by 239 basis points from
15 11.50 to 9.11 percent to reflect current market conditions. This reduced the
16 weighted cost of capital to 6.57 percent versus the 7.75 percent proposed in
17 the Company's filing.

18

19 This adjustment will be fully explained in the testimony of RUCO witness
20 William A Rigsby.

21 ...

22 ...

23 ...

24 ...

1 **RATE DESIGN**

2 Q. Have you prepared Schedules presenting your recommended rate designs?

3 A. Yes, I have. My recommended rate designs are presented on Schedule
4 RLM-17, page 1. I am recommending a rate design that is consistent with
5 RUCO's recommended revenue allocations and requirement.
6

7 **PROOF OF RECOMMENDED REVENUE**

8 Q. Have you prepared a Schedule presenting proof of your recommended
9 revenue?

10 A. Yes, I have. Proof that my recommended rate designs will produce the
11 projected required revenue as illustrated, is presented on Schedule RLM-18.
12

13 Q. Have you prepared a Schedule presenting the impact of your rate design on
14 the typical residential customer?

15 A. Yes, I have. Schedule RLM-19 analysis the monthly charges for the typical
16 residential customer under the present rate structure, the Company's
17 proposal and RUCO's recommended rate design.
18

19 **CONCLUSIONS AND RECOMMENDATIONS**

20 Q. Please summarize your conclusions and recommendations.

21 A. In Arizona, rate case applications are based on accurate, reliable and
22 relevant data generated from a historical test year. Since the Company
23 grossly abused and distorted this pillar of ratemaking principles, RUCO
24 recommends this application be denied and the Company be required to file a

1 new rate case using a historical test year. In lieu of a complete denial of the
2 Company's filing, RUCO alternatively recommends:

3

4 1. For ratemaking purposes, the proposed revenue requirements should
5 not exceed:

6 Sun City West Water \$3,860,482

7 Sun City West Wastewater \$4,563,072

8 Sun City Water \$8,156,424

9 Sun City Wastewater \$4,193,534

10 Tubac Water \$295,298

11

12 2. For ratemaking purposes, the OCRB and FVRB for test year ending
13 December 31, 2001 should be:

14 Sun City West Water \$11,366,817

15 Sun City West Wastewater \$10,470,538

16 Sun City Water \$22,304,176

17 Sun City Wastewater \$8,893,529

18 Tubac Water \$1,172,012

19

20 3. A fair and reasonable rate of return of FVRB is 6:57 percent.

21

22 Q. Does this conclude your direct testimony?

23 A. Yes, it does.

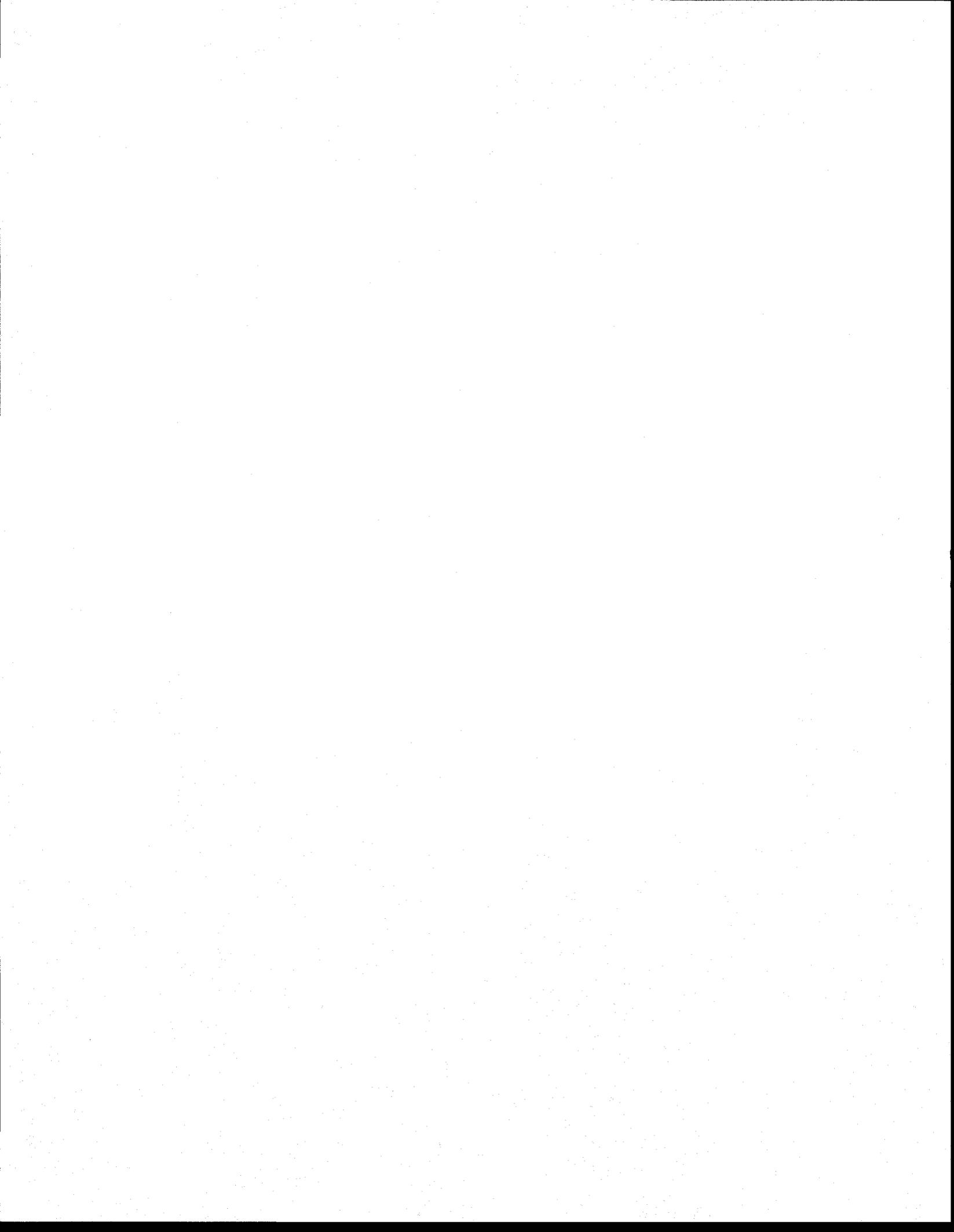


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REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	(A) COMPANY RCND	(B) ADJ'MENT TO RESTATE TO ORIGINAL COST	(C) COMPANY ORIGINAL COST	(D) RUCO ORIGINAL COST
1	Fair Value Rate Base	\$ 16,407,508	\$ 3,575,535	\$ 19,983,043	\$ 11,366,817
2	Adjusted Operating Income (Loss)	\$ 361,287		\$ 361,287	\$ 452,321
3	Current Rate Of Return (L2 / L1)	2.20%		1.81%	3.98%
4	Required Operating Income (L5 X L1)	\$ 1,271,506		\$ 1,548,686	\$ 746,868
5	Required Rate Of Return On Fair Value Rate Base	7.75%		7.75%	6.57%
6	Operating Income Deficiency (L4 - L2)	\$ 910,219		\$ 1,187,399	\$ 294,546
7	Gross Revenue Conversion Factor (RLM-1, Pg 2)	1.6286		1.6286	1.6286
8	Increase In Gross Revenue Requirement (L7 X L6)	\$ 1,482,414		\$ 1,933,798	\$ 479,708
9	Adjusted Test Year Revenue	\$ 3,380,774		\$ 3,380,774	\$ 3,380,774
10	Proposed Annual Revenue (L8 + L9)	\$ 4,863,188		\$ 5,314,572	\$ 3,860,482
11	Required Percentage Increase In Revenue (L8 / L9)	43.85%		57.20%	14.19%
12	Rate Of Return On Common Equity	11.50%		11.50%	9.11%

References:

Column (A): Company Schedules A-1 and C-1

Column (B): RUCO Schedule RLM-2

Column (C): Recalculated After Adjusting To OCRB

Column (D): RUCO Schedules RLM-3, RLM-6 And RLM-19

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
CALCULATION OF GROSS REVENUE CONVERSION FACTOR:					
1	Revenue	1.0000			
2	Less: Combined Federal And State Tax Rate (L10)	0.3860			
3	Subtotal (L1 - L2)	0.6140			
4	Revenue Conversion Factor (L1 / L3)	1.6286			
CALCULATION OF EFFECTIVE TAX RATE:					
5	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%			
6	Arizona State Income Tax Rate	6.9680%			
7	Federal Taxable Income (L5 - L6)	93.0320%			
8	Applicable Federal Income Tax Rate (Col. (D), L34)	34.0000%			
9	Effective Federal Income Tax Rate (L7 X L8)	31.6309%			
10	Combined Federal And State Income Tax Rate (L6 + L9)	38.5989%			
11	Required Operating Income (Sch. RLM-1, Col. (D), L4)	\$ 746,868			
12	Adj'd T.Y. Oper'g Income (Loss) (Sch. RLM-1, Col. (D), L2)	452,321			
13	Required Increase In Operating Income (L11 - L12)		\$ 294,546		
14	Income Taxes On Recommended Revenue (Col. (D), L31)	\$ 261,090			
15	Income Taxes On Test Year Revenue (Col. (D), L32)	75,928			
16	Required Increase In Revenue To Provide For Income Taxes (L14 - L15)		\$ 185,162		
17	Total Required Increase In Revenue (L13 + L16)		\$ 479,708		
CALCULATION OF INCOME TAX:					
18	Revenue (Sch. RLM-1, Col. (D), L10)			RUCO Recommended	
19	Less: Opr'g Exp. Excl. Inc. Tax (RLM-6, Col. (E), L25 - L23)			\$ 3,860,482	
20	Less: Synchronized Interest (Col. (C), L37)			2,852,524	
21	Arizona Taxable Income (L18 - L19 - L20)			331,538	
22	Arizona State Income Tax Rate			\$ 676,419	
23	Arizona Income Tax (L21 X L22)			6.9680%	\$ 47,133
24	Fed. Taxable Income (L21 - L23)			\$ 629,287	
25	Fed. Tax On 1st Inc. Bracket (\$1 - \$50,000) @ 15%			\$ 7,500	
26	Fed. Tax On 2nd Inc. Bracket (\$50,001 - \$75,000) @ 25%			6,250	
27	Fed. Tax On 3rd Inc. Bracket (\$75,001 - \$100,000) @ 34%			8,500	
28	Fed. Tax On 4th Inc. Bracket (\$100,001 - \$335,000) @ 39%			91,650	
29	Fed. Tax On 5th Inc. Bracket (\$335,001 - \$10M) @ 34%			100,057	
30	Total Federal Income Tax (L25 + L26 + L27 + L28 + L29)			\$ 213,957	
31	Combined Federal And State Income Tax (L23 + L30)			\$ 261,090	
32	Test Year Combined Income Tax, RUCO As Adjusted (RLM-6, Col. (C), L23)			\$ 75,928	
33	Adjustment (L31 - L32) (See RLM-6, Col. (D), L23)			\$ 185,162	
34	Applicable Federal Income Tax Rate (Col. (D), L30 / Col. (C), L24)				34.00%
CALCULATION OF INTEREST SYNCHRONIZATION:					
35	Rate Base (Sch. RLM-1, Pg 2, Col. (E), L16)			\$ 11,366,817	
36	Weighted Avg. Cost Of Debt (Sch. RLM-16, Col. (F), L1)			2.92%	
37	Synchronized Interest (L35 X L36)			\$ 331,538	

FAIR VALUE RATE BASE - RCND ADJUSTED TO OCRB

LINE NO.	DESCRIPTION	(A) COMPANY FILED AS RCND	(B) RUCO ADJM'TS TO OCRB	(C) RUCO ADJUSTED TO OCRB	(D) RUCO OCR ADJM'TS	(E) RUCO ADJUSTED AS OCRB
1	Gross Utility Plant In Service	\$ 43,820,833	\$ (12,667,454)	\$ 31,153,379	\$ (186,187)	\$ 30,967,192
	Less:					
2	Accumulated Depreciation	8,953,449	(2,742,425)	6,211,024	265,393	6,476,417
3	Net Utility Plant In Service (L1 - L2)	<u>\$ 34,867,384</u>	<u>\$ (9,925,029)</u>	<u>\$ 24,942,355</u>	<u>\$ (451,580)</u>	<u>\$ 24,490,775</u>
	Less:					
4	Advances In Aid Of Const. ("AIAC")	\$ 17,092,013	\$ (4,940,853)	\$ 12,151,160	\$ 0	\$ 12,151,160
5	Contribution In Aid Of Const. ("CIAC")	\$ 1,366,637	\$ (395,059)	\$ 971,578	\$ 0	\$ 971,578
6	Less: Accumulated Amortization	-	-	-	-	-
7	NET CIAC (L4 - L5)	<u>\$ 1,366,637</u>	<u>\$ (395,059)</u>	<u>\$ 971,578</u>	<u>\$ 0</u>	<u>\$ 971,578</u>
8	Customer Meter Deposits	\$ 1,225	\$ 0	\$ 1,225	\$ 0	\$ 1,225
9	Deferred Income Taxes And Credits	-	-	-	-	0
10	Investment Tax Credits	-	-	-	-	0
	Plus:					
11	Unamortized Finance Charges	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
12	Deferred Tax Assets	-	-	-	-	0
13	Allowance For Working Capital	-	-	-	-	0
14	Citizens Acquisition Adjustment	-	8,164,652	8,164,652	(8,164,652)	0
15	Adjustment Due To Rounding	(1)	-	(1)	-	5
16	TOTAL RATE BASE	<u>\$ 16,407,508</u>	<u>\$ 3,575,535</u>	<u>\$ 19,983,043</u>	<u>\$ (8,616,232)</u>	<u>\$ 11,366,817</u>

References:

- Column (A): Company Schedule B-1
- Column (B): Testimony, RLM
- Column (C): Column (A) + Column (B)
- Column (D): Schedule RLM-3
- Column (E): Column (C) + Column (D)

SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)	(E)
		COMPANY FILED AS OCRB	RUCO ADJM'T # 1	RUCO ADJM'T # 2	RUCO ADJM'T # 3	RUCO ADJUSTED AS OCRB
1	Gross Utility Plant In Service	\$ 31,153,379	\$ (24,607)	\$ (161,580)	\$ 0	\$ 30,967,192
	Less:					
2	Accumulated Depreciation	6,211,024	251,494	13,899	-	6,476,417
3	Net Utility Plant In Service (L1 - L2)	<u>\$ 24,942,355</u>	<u>\$ (276,101)</u>	<u>\$ (175,479)</u>	<u>\$ 0</u>	<u>\$ 24,490,775</u>
	Less:					
4	Advances In Aid Of Const. ("AIAC")	\$ 12,151,160	\$ 0	\$ 0	\$ 0	\$ 12,151,160
5	Contribution In Aid Of Const. ("CIAC")	\$ 971,578	\$ 0	\$ 0	\$ 0	\$ 971,578
6	Less: Accumulated Amortization					-
7	NET CIAC (L4 - L5)	<u>\$ 971,578</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 971,578</u>
8	Customer Meter Deposits	\$ 1,225	\$ 0	\$ 0	\$ 0	\$ 1,225
9	Deferred Income Taxes And Credits	-	-	-	-	\$ 0
10	Investment Tax Credits	-	-	-	-	\$ 0
	Plus:					
11	Unamortized Finance Charges	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
12	Deferred Tax Assets	-	-	-	-	0
13	Allowance For Working Capital	-	-	-	-	0
14	Citizens Acquisition Adjustment	8,164,652	-	-	(8,164,652)	0
15	Adjustment Due To Rounding	(1)	-	-	-	5
16	TOTAL RATE BASE	<u>\$ 19,983,043</u>	<u>\$ (276,101)</u>	<u>\$ (175,479)</u>	<u>\$ (8,164,652)</u>	<u>\$ 11,366,817</u>

References:

- Column (A): Company As Filed Per Schedule B-2 And RLM-2, Col (C)
- Column (B): Adjustment To Test Year Total Plant And Accumulated Depreciation (See RLM-4, Page 12, Col (E) & (F), L 48)
- Column (C): Adjustment To Post Test Year Plant And Accumulated Depreciation (See RLM-5, Page 1, Col (E) & (F), L 50)
- Column (D): Adjustment To Citizens Acquisition Adjustment (See Testimony, RLM)
- Column (E): Sum Of Columns (A) Thru (D)

TEST YEAR PLANT SCHEDULES
COMPANY'S PRESENT FILING VERSUS TOTAL PLANT FILED IN PRIOR RATE CASE - DECISION NO. 60172

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ALLOCATION FACTOR	(B) CO. AS FILED PRIOR T. Y. 03/31/1995 TOTAL PLANT	(C) ADJUSTMENT TO 03/31/95 PRIOR T. Y. TOTAL PLANT	(D) ACTUAL 03/31/95 PRIOR T. Y. TOTAL PLANT
INTANGIBLE						
1	301.00	Organization	0.0009	\$ 20,086	\$ (12)	\$ 20,074
2	302.00	Franchises	0.0001	1,676	(1)	1,675
3	303.00	Miscellaneous Intangibles	0.0000	-	-	0
4		SUBTOTAL INTANGIBLE		\$ 21,762	\$ (13)	\$ 21,749
SOURCE OF SUPPLY						
5	310.00	Land And Land Rights	0.0000	\$ 11,651	\$ 0	\$ 11,651
6	311.00	Structures And Improvements	0.0121	285,295	(173)	285,122
7	312.00	Collecting And Impounding Res.	0.0000	-	-	0
8	313.00	Lakes, Rivers, Other Intakes	0.0000	-	-	0
9	314.00	Wells And Springs	0.0294	692,944	(420)	692,524
10		SUBTOTAL SUPPLY		\$ 989,890	\$ (593)	\$ 989,297
PUMPING						
11	320.00	Land And Land Rights	0.0000	\$ 44,957	\$ 0	\$ 44,957
12	321.00	Structures And Improvements	0.0097	228,397	(138)	228,259
13	323.00	Other Power Production	0.0000	-	-	0
14	325.00	Electric Pumping Equipment	0.1478	3,485,513	(2,113)	3,483,400
15	326.00	Diesel Pumping Equipment	0.0000	913	(1)	912
16	328.10	Gas Engine Pumping Equipment	0.0000	429	(0)	429
17		SUBTOTAL PUMPING		\$ 3,760,209	\$ (2,252)	\$ 3,757,957
WATER TREATMENT						
18	330.00	Land And Land Rights	0.0000	\$ 0	\$ 0	\$ 0
19	331.00	Structures And Improvements	0.0008	20,012	(365)	19,647
20	332.00	Water Treatment Equipment	0.0051	119,409	(2,176)	117,233
21		SUBTOTAL TREATMENT		\$ 139,421	\$ (2,540)	\$ 136,881
TRANSMISSION & DISTRIBUTION						
22	340.00	Land And Land Rights	0.0000	\$ 0	\$ 0	\$ 0
23	341.00	Structures And Improvements	0.0000	-	-	0
24	342.00	Distribution, Reservoirs, & ST	0.0271	638,531	(387)	638,144
25	343.00	Trans. And Dist. Mains	0.4287	10,110,289	(6,128)	10,104,161
26	344.00	Fire Mains	0.0000	169	(0)	169
27	345.00	Services	0.2153	5,076,981	(3,077)	5,073,904
28	346.00	Meters	0.0581	1,370,167	(830)	1,369,337
29	348.00	Hydrants	0.0603	1,422,680	(862)	1,421,818
30	349.00	Other Trans. And Dist.	0.0000	-	-	0
31		SUBTOTAL TRANS. & DIST.		\$ 18,618,817	\$ (11,285)	\$ 18,607,533
GENERAL						
32	389.00	Land And Land Rights	0.0000	\$ 0	\$ 0	\$ 0
33	390.00	Structures And Improvements	0.0000	17,268	-	17,268
34	391.00	Office Furniture And Equipment	0.0000	94,425	-	94,425
35	391.10	Computer Equipment	0.0000	-	-	0
36	392.00	Transportation Equipment	0.0000	265,428	-	265,428
37	393.00	Stores Equipment	0.0000	487	-	487
38	394.00	Tools, Shop And Garage	0.0000	23,426	-	23,426
39	395.00	Laboratory Equipment	0.0000	4,359	-	4,359
40	396.00	Power Operated Equipment	0.0000	24,055	-	24,055
41	397.00	Communication Equipment	0.0000	32,563	-	32,563
42	398.00	Miscellaneous Equipment	0.0000	24,607	-	24,607
43		SUBTOTAL GENERAL		\$ 486,618	\$ 0	\$ 486,618
44		TOTAL WATER PLANT		\$ 24,016,717	\$ (16,683)	\$ 24,000,034
45		AFUDC ADJUSTMENT 3/95		\$ (431,998)	\$ 431,998	\$ 0
46		Adjustment Due To Rounding		-	-	0
47		ADJUSTED WATER PLANT		\$ 23,584,719	\$ 415,315	\$ 24,000,034

References:

- Column (A): Ratio Of Depreciable Plant Item To The Total Plant Value (Col. (B), L47) (Excluding General Plant)
- Column (B): Company Schedule B-2, Page 6a
- Column (C): Column (A) (Line Item Allocation Factor) X Total Adjustment Of (\$16,683) As Per Prior Application Schedule B-2
- Column (D): Columns (B) + (C). Prior Rate Case Decision No. 60172, Exhibit A - Before Commission Approved Adjustments

TEST YEAR PLANT SCHEDULES CONT'D
COMPANY'S PRIOR FILING VERSUS TOTAL PLANT ADJUSTMENTS APPROVED IN PRIOR RATE CASE - DECISION NO. 60172

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ALLOC'N FACTOR	(B) ACTUAL 03/31/1995 PRIOR T. Y. TOTAL PLANT	(C) ADJMT # 1 TO 03/31/95 PRIOR T. Y. TOTAL PLANT	(D) ADJMT # 2 TO 03/31/95 PRIOR T. Y. TOTAL PLANT	(E) ADJMT # 3 TO 03/31/95 PRIOR T. Y. TOTAL PLANT	(F) ACC APPR'D ADJUSTED PRIOR T. Y. TOTAL PLANT
INTANGIBLE								
1	301.00	Organization	0.0000	\$ 20,074	\$ 0	\$ 0	\$ 0	\$ 20,074
2	302.00	Franchises	0.0000	1,675	-	-	-	1,675
3	303.00	Miscellaneous Intangibles	0.0000	-	-	-	-	0
4		SUBTOTAL INTANGIBLE		\$ 21,749	\$ 0	\$ 0	\$ 0	\$ 21,749
SOURCE OF SUPPLY								
5	310.00	Land And Land Rights	0.0000	\$ 11,651	\$ 0	\$ 0	\$ 0	\$ 11,651
6	311.00	Structures And Improvements	0.0119	285,122	(5,352)	-	-	279,770
7	312.00	Collecting And Impounding Res.	0.0000	-	-	-	-	0
8	313.00	Lakes, Rivers, Other Intakes	0.0000	-	-	-	-	0
9	314.00	Wells And Springs	0.0289	692,524	(13,000)	-	-	679,524
10		SUBTOTAL SUPPLY		\$ 989,297	\$ (18,352)	\$ 0	\$ 0	\$ 970,945
PUMPING								
11	320.00	Land And Land Rights	0.0000	\$ 44,957	\$ 0	\$ 0	\$ 0	\$ 44,957
12	321.00	Structures And Improvements	0.0095	228,259	(4,285)	-	-	223,974
13	323.00	Other Power Production	0.0000	-	-	-	-	0
14	325.00	Electric Pumping Equipment	0.1451	3,483,400	(65,390)	-	-	3,418,011
15	326.00	Diesel Pumping Equipment	0.0000	912	(17)	-	-	895
16	328.10	Gas Engine Pumping Equipment	0.0000	429	(8)	-	-	421
17		SUBTOTAL PUMPING		\$ 3,757,957	\$ (69,700)	\$ 0	\$ 0	\$ 3,688,257
WATER TREATMENT								
18	330.00	Land And Land Rights	0.0000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
19	331.00	Structures And Improvements	0.0008	19,647	(369)	-	-	19,279
20	332.00	Water Treatment Equipment	0.0049	117,233	(2,201)	-	-	115,033
21		SUBTOTAL TREATMENT		136,881	\$ (2,570)	\$ 0	\$ 0	\$ 134,311
TRANSMISSION & DISTRIBUTION								
22	340.00	Land And Land Rights	0.0000	0	\$ 0	\$ 0	\$ 0	\$ 0
23	341.00	Structures And Improvements	0.0000	-	-	-	-	0
24	342.00	Distribution, Reservoirs, & ST	0.0266	638,144	(11,979)	-	-	626,165
25	343.00	Trans. And Dist. Mains	0.4210	10,104,161	(189,674)	-	-	9,914,487
26	344.00	Fire Mains	0.0000	169	(3)	-	-	166
27	345.00	Services	0.2114	5,073,904	(95,247)	-	-	4,978,657
28	346.00	Meters	0.0571	1,369,337	(25,705)	-	-	1,343,632
29	348.00	Hydrants	0.0592	1,421,818	(26,690)	-	-	1,395,128
30	349.00	Other Trans. And Dist.	0.0000	-	-	-	-	0
31		SUBTOTAL TRANS. & DIST.		\$ 18,607,533	\$ (349,298)	\$ 0	\$ 0	\$ 18,258,235
GENERAL								
32	389.00	Land And Land Rights	0.0000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
33	390.00	Structures And Improvements	0.0000	17,268	-	-	-	17,268
34	391.00	Office Furniture And Equipment	0.0000	94,425	-	-	-	94,425
35	391.10	Computer Equipment	0.0000	-	-	-	-	0
36	392.00	Transportation Equipment	0.0000	265,428	-	-	-	265,428
37	393.00	Stores Equipment	0.0000	487	-	-	-	487
38	394.00	Tools, Shop And Garage	0.0000	23,426	-	-	-	23,426
39	395.00	Laboratory Equipment	0.0000	4,359	-	-	-	4,359
40	396.00	Power Operated Equipment	0.0000	24,055	-	-	-	24,055
41	397.00	Communication Equipment	0.0000	32,563	-	-	-	32,563
42	398.00	Miscellaneous Equipment	0.0000	24,607	-	-	-	24,607
43		SUBTOTAL GENERAL		\$ 486,618	\$ 0	\$ 0	\$ 0	\$ 486,618
44		TOTAL WATER PLANT		\$ 24,000,034	\$ (439,920)	\$ 0	\$ 0	\$ 23,560,114
45		AFUDC ADJUSTMENT 3/95		\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
46		Adjustment Due To Rounding		-	-	-	-	0
47		ADJUSTED WATER PLANT		\$ 24,000,034	\$ (439,920)	\$ 0	\$ 0	\$ 23,560,114

References:

- Column (A): Ratio Of Depreciable Plant Item To The Total Plant Value (Col. (B), L47) (Excluding General Plant)
- Column (B): Prior Rate Case Decision No. 60172, Exhibit A - Before Commission Approved Adjustments
- Column (C): Commission Approved Adjustment Decision No. 60172, Exhibit A Per AR-13
- Column (D): Intentionally Left Blank
- Column (E): Intentionally Left Blank
- Column (F): Sum Of Cols. (B) Thru (E). Prior Rate Case Decision No. 60172, Exhibit A - After Commission Approved Adjustments

TEST YEAR PLANT SCHEDULES CONT'D
COMPANY'S PRIOR FILING VERSUS ACCUMULATED DEPRECIATION ADJUSTMENTS APPROVED IN PRIOR RATE CASE - DECISION NO. 60172

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ALLOC'N FACTOR	(B) PREV. APPL'N CO. AS FILED 12/31/1994 ACC. DEP.	(C) ADJM'T NO. 1 TO 12/31/94 ACC. DEP.	(D) ACTUAL 03/31/1995 PRIOR T. Y. ACC. DEP.	(E) ADJM'T NO. 2 TO 03/31/95 PRIOR T. Y. ACC. DEP.	(F) ACC APPR'D ADJUSTED PRIOR T. Y. ACC. DEP.
INTANGIBLE								
1	301.00	Organization	0.0000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
2	302.00	Franchises	0.0000	-	-	-	-	0
3	303.00	Miscellaneous Intangibles	0.0000	-	-	-	-	0
4		SUBTOTAL INTANGIBLE		\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF SUPPLY								
5	310.00	Land And Land Rights	0.0000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
6	311.00	Structures And Improvements	0.0119	46,816	1,616	48,432	295	48,727
7	312.00	Collecting And Impounding Res.	0.0000	-	-	-	-	0
8	313.00	Lakes, Rivers, Other Intakes	0.0000	-	-	-	-	0
9	314.00	Wells And Springs	0.0266	104,413	3,605	108,018	658	108,676
10		SUBTOTAL SUPPLY		\$ 151,229	\$ 5,221	\$ 156,450	\$ 953	\$ 157,403
PUMPING								
11	320.00	Land And Land Rights	0.0000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
12	321.00	Structures And Improvements	0.0117	46,016	1,589	47,605	290	47,895
13	323.00	Other Power Production	0.0000	-	-	-	-	0
14	325.00	Electric Pumping Equipment	0.2561	1,005,340	34,706	1,040,046	6,336	1,046,382
15	326.00	Diesel Pumping Equipment	0.0001	264	9	273	2	275
16	328.10	Gas Engine Pumping Equipment	0.0000	7	-	7	-	7
17		SUBTOTAL PUMPING		\$ 1,051,627	\$ 36,304	\$ 1,087,931	\$ 6,627	\$ 1,094,558
WATER TREATMENT								
18	330.00	Land And Land Rights	0.0000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
19	331.00	Structures And Improvements	0.0006	2,243	77	2,320	14	2,335
20	332.00	Water Treatment Equipment	0.0062	24,213	836	25,049	153	25,201
21		SUBTOTAL TREATMENT		\$ 26,456	\$ 913	\$ 27,369	\$ 167	\$ 27,536
TRANSMISSION & DISTRIBUTION								
22	340.00	Land And Land Rights	0.0000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
23	341.00	Structures And Improvements	0.0000	-	-	-	-	0
24	342.00	Distribution, Reservoirs, & ST	0.0200	78,625	2,714	81,339	495	81,835
25	343.00	Trans. And Dist. Mains	0.3485	1,368,224	47,234	1,415,458	8,622	1,424,080
26	344.00	Fire Mains	0.0000	13	-	13	-	13
27	345.00	Services	0.1738	682,456	23,560	706,016	4,301	710,317
28	346.00	Meters	0.0544	213,554	7,372	220,926	1,346	222,272
29	348.00	Hydrants	0.0581	227,945	7,869	235,814	1,436	237,251
30	349.00	Other Trans. And Dist.	0.0000	-	-	-	-	0
31		SUBTOTAL TRANS. & DIST.		\$ 2,570,817	\$ 88,749	\$ 2,659,566	\$ 16,201	\$ 2,675,767
GENERAL								
32	389.00	Land And Land Rights	0.0000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
33	390.00	Structures And Improvements	0.0010	4,024	139	4,163	25	4,188
34	391.00	Office Furniture And Equipment	0.0068	26,509	915	27,424	167	27,591
35	391.10	Computer Equipment	0.0000	-	-	-	-	0
36	392.00	Transportation Equipment	0.0154	60,604	2,092	62,696	382	63,078
37	393.00	Stores Equipment	0.0001	222	8	230	1	231
38	394.00	Tools, Shop And Garage	0.0010	4,080	141	4,221	26	4,247
39	395.00	Laboratory Equipment	0.0002	865	30	895	5	900
40	396.00	Power Operated Equipment	0.0006	2,286	79	2,365	14	2,379
41	397.00	Communication Equipment	0.0050	19,496	673	20,169	123	20,292
42	398.00	Miscellaneous Equipment	0.0019	7,426	256	7,682	47	7,729
43		SUBTOTAL GENERAL		\$ 125,512	\$ 4,333	\$ 129,845	\$ 791	\$ 130,636
44		TOTAL WATER PLANT ACC. DEP.		\$ 3,925,641	\$ 135,520	\$ 4,061,161	\$ 24,739	\$ 4,085,900
45		AFUDC ADJUSTMENT 3/95		\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
46		Adjustment Due To Rounding		-	-	-	-	0
47		ADJUSTED WATER PLANT ACC. DEP.		\$ 3,925,641	\$ 135,520	\$ 4,061,161	\$ 24,739	\$ 4,085,900

References:

- Column (A): Ratio Of Depreciable Plant Item To The Total Accumulated Depreciation Value (Col. (B), L47)
- Column (B): Company Prior Application Exhibit RJM-4c
- Column (C): Column (A) (Line Item Allocation Factor) X Total Adjustment Of \$135,520
- Column (D): Prior Rate Case Decision No. 60172, Exhibit A - Before Commission Approved Adjustments
- Column (E): Commission Approved Adjustment Decision No. 60172, Exhibit A Per Accumulated Depreciation Adjustment
- Column (F): Prior Rate Case Decision No. 60172, Exhibit A - After Commission Approved Adjustments

TEST YEAR PLANT SCHEDULES CONT'D
PRIOR TEST YEAR ENDED MARCH 31, 1995

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) APPROVED DEP. RATE	(B) FULLY DEP. PLANT	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
INTANGIBLE								
1	301.00	Organization	0.00%	\$ 0	\$ 0	\$ 20,074	\$ 0	\$ 20,074
2	302.00	Franchises	0.00%	-	-	1,675	-	1,675
3	303.00	Miscellaneous Intangibles	0.00%	-	-	-	-	0
4		SUBTOTAL INTANGIBLE		\$ 0	\$ 0	\$ 21,749	\$ 0	\$ 21,749
SOURCE OF SUPPLY								
5	310.00	Land And Land Rights	0.00%	\$ 0	\$ 0	\$ 11,651	\$ 0	\$ 11,651
6	311.00	Structures And Improvements	2.50%	-	-	279,770	48,727	231,043
7	312.00	Collecting And Impounding Reservoirs	0.00%	-	-	-	-	0
8	313.00	Lakes, Rivers, Other Intakes	0.00%	-	-	-	-	0
9	314.00	Wells And Springs	2.52%	-	-	679,524	108,676	570,848
10		SUBTOTAL SOURCE OF SUPPLY		\$ 0	\$ 0	\$ 970,945	\$ 157,403	\$ 813,542
PUMPING								
11	320.00	Land And Land Rights	0.00%	\$ 0	\$ 0	\$ 44,957	\$ 0	\$ 44,957
12	321.00	Structures And Improvements	1.67%	-	-	223,974	47,895	176,079
13	323.00	Other Power Production	0.00%	-	-	-	-	0
14	325.00	Electric Pumping Equipment	4.42%	-	-	3,418,011	1,046,382	2,371,629
15	326.00	Diesel Pumping Equipment	4.42%	-	-	895	275	621
16	328.10	Gas Engine Pumping Equipment	4.42%	-	-	421	7	414
17		SUBTOTAL PUMPING		\$ -	\$ 0	\$ 3,688,257	\$ 1,094,558	\$ 2,593,699
WATER TREATMENT								
18	330.00	Land And Land Rights	0.00%	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
19	331.00	Structures And Improvements	1.67%	-	-	19,279	2,335	16,944
20	332.00	Water Treatment Equipment	4.00%	-	-	115,033	25,201	89,831
21		SUBTOTAL WATER TREATMENT		\$ 0	\$ 0	\$ 134,311	\$ 27,536	\$ 106,775
TRANSMISSION AND DISTRIBUTION								
22	340.00	Land And Land Rights	0.00%	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
23	341.00	Structures And Improvements	0.00%	-	-	-	-	0
24	342.00	Distribution, Reservoirs, & ST	1.67%	-	-	626,165	81,835	544,331
25	343.00	Transmission And Distribution Mains	1.53%	-	-	9,914,487	1,424,080	8,490,407
26	344.00	Fire Mains	1.53%	-	-	166	13	153
27	345.00	Services	2.48%	-	-	4,978,657	710,317	4,268,341
28	346.00	Meters	2.51%	-	-	1,343,632	222,272	1,121,359
29	348.00	Hydrants	2.00%	-	-	1,395,128	237,251	1,157,877
30	349.00	Other Transmission And Distribution	0.00%	-	-	-	-	0
31		SUBTOTAL TRANS. AND DIST.		\$ 0	\$ 0	\$ 18,258,235	\$ 2,675,767	\$ 15,582,467
GENERAL								
32	389.00	Land And Land Rights	0.00%	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
33	390.00	Structures And Improvements	1.68%	-	-	17,268	4,188	13,080
34	391.00	Office Furniture And Equipment	4.55%	-	-	94,425	27,591	66,834
35	391.10	Computer Equipment	4.55%	-	-	-	-	0
36	392.00	Transportation Equipment	25.00%	-	-	265,428	63,078	202,350
37	393.00	Stores Equipment	3.92%	-	-	487	231	256
38	394.00	Tools, Shop And Garage	4.14%	-	-	23,426	4,247	19,179
39	395.00	Laboratory Equipment	3.71%	-	-	4,359	900	3,459
40	396.00	Power Operated Equipment	5.14%	-	-	24,055	2,379	21,676
41	397.00	Communication Equipment	10.28%	-	-	32,563	20,292	12,271
42	398.00	Miscellaneous Equipment	4.98%	-	-	24,607	7,729	16,877
43		SUBTOTAL GENERAL		\$ 0	\$ 0	\$ 486,618	\$ 130,636	\$ 355,982
44		AFUDC ADJUSTMENT 3/95	3.84%	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
45		Adjustment Due To Rounding		-	-	-	-	0
46		TOTAL WATER PLANT		\$ 0	\$ 0	\$ 23,560,114	\$ 4,085,900	\$ 19,474,214

References:
Column (A): Prior Decision No. 60172 And Company Schedule C-2, Page 6
Column (B): Company Response To RUCO Data Request No. 1.22
Column (C): Company Response To RUCO Data Request No. 1.22
Column (D): Schedule RLM-4, Page 2
Column (E): Schedule RLM-4, Page 3
Column (F): Column (D) - Column (E)

TEST YEAR PLANT SCHEDULES CONT'D
FROM MARCH 31, 1995 TO DECEMBER 31, 1995

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) FULL DEP. PL'T	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,074	\$ 0	\$ 20,074
2	302.00	Franchises	-	-	-	-	1,675	-	1,675
3	303.00	Miscellaneous Intangibles	-	-	-	-	-	-	0
4		SUBTOTAL INTANGIBLE	\$ 0	\$ 0	\$ 0	\$ 0	\$ 21,749	\$ 0	\$ 21,749
SOURCE OF SUPPLY									
5	310.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,651	\$ 0	\$ 11,651
6	311.00	Structures And Improvements	4,761	-	-	5,290	284,531	54,018	230,513
7	312.00	Collecting And Impounding Res.	-	-	-	-	-	-	0
8	313.00	Lakes, Rivers, Other Intakes	-	-	-	-	-	-	0
9	314.00	Wells And Springs	-	-	-	12,843	679,524	121,519	558,005
10		SUBTOTAL SUPPLY	\$ 4,761	\$ 0	\$ 0	\$ 18,133	\$ 975,706	\$ 175,536	\$ 800,170
PUMPING									
11	320.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 44,957	\$ 0	\$ 44,957
12	321.00	Structures And Improvements	-	-	-	2,805	223,974	50,700	173,274
13	323.00	Other Power Production	-	-	-	-	-	-	0
14	325.00	Electric Pumping Equipment	230,411	20,284	-	117,462	3,628,138	1,143,560	2,484,577
15	326.00	Diesel Pumping Equipment	-	-	-	30	895	304	591
16	328.10	Gas Engine Pumping Equipment	683	-	-	25	1,104	32	1,071
17		SUBTOTAL PUMPING	\$ 231,094	\$ 20,284	\$ 0	\$ 120,323	\$ 3,899,067	\$ 1,194,597	\$ 2,704,470
WATER TREATMENT									
18	330.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
19	331.00	Structures And Improvements	-	-	-	241	19,279	2,576	16,703
20	332.00	Water Treatment Equipment	6,995	-	-	3,556	122,028	28,757	93,270
21		SUBTOTAL TREATMENT	\$ 6,995	\$ 0	\$ 0	\$ 3,797	\$ 141,306	\$ 31,333	\$ 109,973
TRANSMISSION & DISTRIBUTION									
22	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
23	341.00	Structures And Improvements	-	-	-	-	-	-	0
24	342.00	Distribution, Reservoirs, & ST	-	-	-	7,843	626,165	89,678	536,488
25	343.00	Trans. And Dist. Mains	499,707	385	-	116,638	10,413,809	1,540,333	8,873,476
26	344.00	Fire Mains	-	-	-	2	166	15	151
27	345.00	Services	1,134,820	437,114	-	107,222	5,676,363	380,425	5,295,939
28	346.00	Meters	39,070	-	-	25,662	1,382,702	247,934	1,134,768
29	348.00	Hydrants	70,748	-	-	21,458	1,465,876	258,708	1,207,167
30	349.00	Other Trans. And Dist.	-	-	-	-	-	-	0
31		SUBTOTAL TRANS. & DIST.	\$ 1,744,345	\$ 437,499	\$ 0	\$ 278,824	\$ 19,565,081	\$ 2,517,092	\$ 17,047,989
GENERAL									
32	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
33	390.00	Structures And Improvements	-	-	-	218	17,268	4,406	12,863
34	391.00	Office Furniture And Equipment	8,136	-	-	3,357	102,561	30,949	71,613
35	391.10	Computer Equipment	-	-	-	-	-	-	0
36	392.00	Transportation Equipment	38,702	13,451	-	54,657	290,679	104,284	186,395
37	393.00	Stores Equipment	-	-	-	14	487	245	242
38	394.00	Tools, Shop And Garage	-	-	-	727	23,426	4,973	18,453
39	395.00	Laboratory Equipment	-	-	-	121	4,359	1,022	3,337
40	396.00	Power Operated Equipment	1,216	-	-	951	25,271	3,331	21,940
41	397.00	Communication Equipment	-	-	-	2,510	32,563	22,802	9,761
42	398.00	Miscellaneous Equipment	-	-	-	919	24,607	8,648	15,958
43		SUBTOTAL GENERAL	\$ 48,054	\$ 13,451	\$ 0	\$ 63,474	\$ 521,221	\$ 180,659	\$ 340,562
44		AFUDC ADJUSTMENT 3/95	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
45		Adjustment Due To Rounding	2	-	-	-	(2)	-	0
46		TOTAL WATER PLANT	\$ 2,035,251	\$ 471,234	\$ 0	\$ 484,551	\$ 25,124,128	\$ 4,099,218	\$ 21,024,912

References:

- Columns (A) (B): Company's Response To RUCO Data Request No. 1.22
- Column (C): Intentionally Left Blank
- Column (D): $0.75 \times [(\text{Col. (A)} + \text{Col. (B)}) \times \text{RLM-4, Page 4, Col. (A)} \times 1/2 \text{ yr. conv.}] + [\text{RLM-4, Page 4, Col. (D)} - \text{Col. (C)}] \times \text{RLM-4, Page 4, Col. (A)}$
- Column (E): Schedule RLM-4, Page 4, Column (D) + Column (A) - Column (B)
- Column (F): Schedule RLM-4, Page 4, Column (E) - Column (B) + Column (D)
- Column (G): Column (E) - Column (F)

TEST YEAR PLANT SCHEDULES CONT'D
YEAR ENDED DECEMBER 31, 1996

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) FULL DEP. PLT	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
		INTANGIBLE							
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,074	\$ 0	\$ 20,074
2	302.00	Franchises	-	-	-	-	1,675	-	1,675
3	303.00	Miscellaneous Intangibles	-	-	-	-	-	-	0
4		SUBTOTAL INTANGIBLE	\$ 0	\$ 0	\$ 0	\$ 0	\$ 21,749	\$ 0	\$ 21,749
		SOURCE OF SUPPLY							
5	310.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,651	\$ 0	\$ 11,651
6	311.00	Structures And Improvements	57,846	2,577	-	7,869	339,800	59,309	280,491
7	312.00	Collecting And Impounding Res.	-	-	-	-	-	-	0
8	313.00	Lakes, Rivers, Other Intakes	-	-	-	-	-	-	0
9	314.00	Wells And Springs	618,438	-	-	24,916	1,297,962	146,435	1,151,527
10		SUBTOTAL SUPPLY	\$ 676,284	\$ 2,577	\$ 0	\$ 32,785	\$ 1,649,413	\$ 205,744	\$ 1,443,669
		PUMPING							
11	320.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 44,957	\$ 0	\$ 44,957
12	321.00	Structures And Improvements	5,260	-	-	3,784	229,234	54,484	174,750
13	323.00	Other Power Production	-	-	-	-	-	-	0
14	325.00	Electric Pumping Equipment	526,201	12,790	-	172,275	4,141,549	1,303,046	2,838,503
15	326.00	Diesel Pumping Equipment	4,205	-	-	133	5,100	437	4,663
16	328.10	Gas Engine Pumping Equipment	693	-	-	64	1,797	96	1,700
17		SUBTOTAL PUMPING	\$ 536,359	\$ 12,790	\$ 0	\$ 176,256	\$ 4,422,635	\$ 1,358,063	\$ 3,064,573
		WATER TREATMENT							
18	330.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
19	331.00	Structures And Improvements	18,569	-	-	477	37,848	3,053	34,795
20	332.00	Water Treatment Equipment	41,380	332	-	5,715	163,076	34,141	128,935
21		SUBTOTAL TREATMENT	\$ 59,949	\$ 332	\$ 0	\$ 6,192	\$ 200,923	\$ 37,194	\$ 163,730
		TRANSMISSION & DISTRIBUTION							
22	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
23	341.00	Structures And Improvements	-	-	-	-	-	-	0
24	342.00	Distribution, Reservoirs, & ST	-	-	-	10,457	626,165	100,134	526,031
25	343.00	Trans. And Dist. Mains	399,343	-	-	162,386	10,813,152	1,702,720	9,110,433
26	344.00	Fire Mains	-	-	-	3	166	17	148
27	345.00	Services	1,081,826	20,190	-	154,439	6,737,999	514,673	6,223,326
28	346.00	Meters	193,426	1,022	-	37,146	1,575,106	284,058	1,291,048
29	348.00	Hydrants	74,712	-	-	30,065	1,540,588	288,773	1,251,815
30	349.00	Other Trans. And Dist.	-	-	-	-	-	-	0
31		SUBTOTAL TRANS. & DIST.	\$ 1,749,307	\$ 21,212	\$ 0	\$ 394,495	\$ 21,293,176	\$ 2,890,375	\$ 18,402,800
		GENERAL							
32	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
33	390.00	Structures And Improvements	-	-	-	290	17,268	4,696	12,572
34	391.00	Office Furniture And Equipment	-	-	-	4,661	102,561	35,610	66,951
35	391.10	Computer Equipment	-	-	-	-	-	-	0
36	392.00	Transportation Equipment	25,898	1,109	-	76,045	315,468	179,220	136,248
37	393.00	Stores Equipment	-	-	-	19	487	264	223
38	394.00	Tools, Shop And Garage	145	-	-	972	23,571	5,945	17,626
39	395.00	Laboratory Equipment	-	-	-	162	4,359	1,183	3,176
40	396.00	Power Operated Equipment	-	-	-	1,300	25,271	4,630	20,641
41	397.00	Communication Equipment	-	-	-	3,347	32,563	26,149	6,414
42	398.00	Miscellaneous Equipment	-	-	-	1,225	24,607	9,874	14,733
43		SUBTOTAL GENERAL	\$ 26,043	\$ 1,109	\$ 0	\$ 88,021	\$ 546,155	\$ 267,572	\$ 278,583
44		AFUDC ADJUSTMENT 3/95	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)
45		Adjustment Due To Rounding	(1)	-	-	-	(3)	-	0
46		TOTAL WATER PLANT	\$ 3,047,941	\$ 38,020	\$ 0	\$ 697,750	\$ 28,134,048	\$ 4,758,948	\$ 23,375,104

References:

Columns (A) (B): Company's Response To RUCO Data Request No. 1.22

Column (C): Intentionally Left Blank

Column (D): [(Col. (A) + Col. (B)) X RLM-4, Page 4, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 5, Col. (D) - Col. (C)] X RLM-4, Page 4, Col. (A)

Column (E): Schedule RLM-4, Page 5, Column (D) + Column (A) - Column (B)

Column (F): Schedule RLM-4, Page 5, Column (E) - Column (B) + Column (D)

Column (G): Column (E) - Column (F)

TEST YEAR PLANT SCHEDULES CONT'D
YEAR ENDED DECEMBER 31, 1997

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETRIM'TS	(C) FULL DEP. PLT	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,074	\$ 0	\$ 20,074
2	302.00	Franchises	-	88	-	-	1,587	-	1,587
3	303.00	Miscellaneous Intangibles	-	-	-	-	-	-	0
4		SUBTOTAL INTANGIBLE	\$ 0	\$ 88	\$ 0	\$ 0	\$ 21,661	\$ 0	\$ 21,661
SOURCE OF SUPPLY									
5	310.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,651	\$ 0	\$ 11,651
6	311.00	Structures And Improvements	-	1,790	-	8,517	338,010	66,036	271,973
7	312.00	Collecting And Impounding Res.	-	-	-	-	-	-	0
8	313.00	Lakes, Rivers, Other Intakes	-	-	-	-	-	-	0
9	314.00	Wells And Springs	-	16,190	-	32,913	1,281,772	163,158	1,118,615
10		SUBTOTAL SUPPLY	\$ 0	\$ 17,980	\$ 0	\$ 41,430	\$ 1,631,433	\$ 229,194	\$ 1,402,239
PUMPING									
11	320.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 44,957	\$ 0	\$ 44,957
12	321.00	Structures And Improvements	-	4,456	-	100	224,778	50,129	174,649
13	323.00	Other Power Production	-	-	-	-	-	-	0
14	325.00	Electric Pumping Equipment	281,494	12,121	-	14,103	4,410,922	1,305,028	3,105,893
15	326.00	Diesel Pumping Equipment	-	68	-	7	5,032	376	4,656
16	328.10	Gas Engine Pumping Equipment	-	46	-	4	1,750	54	1,696
17		SUBTOTAL PUMPING	\$ 281,494	\$ 16,692	\$ 0	\$ 14,215	\$ 4,687,437	\$ 1,355,586	\$ 3,331,852
WATER TREATMENT									
18	330.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
19	331.00	Structures And Improvements	-	249	-	10	37,599	2,814	34,784
20	332.00	Water Treatment Equipment	19,664	44,556	-	1,513	138,184	(8,902)	147,086
21		SUBTOTAL TREATMENT	\$ 19,664	\$ 44,805	\$ 0	\$ 1,523	\$ 175,782	\$ (8,088)	\$ 181,870
TRANSMISSION & DISTRIBUTION									
22	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
23	341.00	Structures And Improvements	-	-	-	-	-	-	0
24	342.00	Distribution, Reservoirs, & ST	-	16,099	-	309	610,066	84,345	525,722
25	343.00	Trans. And Dist. Mains	123,131	-	-	3,426	10,936,283	1,706,146	9,230,137
26	344.00	Fire Mains	-	-	-	0	166	17	148
27	345.00	Services	87,762	245,500	-	7,963	6,580,261	277,136	6,303,125
28	346.00	Meters	115,320	-	-	2,380	1,690,426	286,437	1,403,989
29	348.00	Hydrants	8,837	-	-	690	1,549,425	289,462	1,259,963
30	349.00	Other Trans. And Dist.	-	-	-	-	-	-	0
31		SUBTOTAL TRANS. & DIST.	\$ 335,051	\$ 261,599	\$ 0	\$ 14,767	\$ 21,366,628	\$ 2,643,544	\$ 18,723,084
GENERAL									
32	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
33	390.00	Structures And Improvements	-	-	-	5	17,268	4,701	12,567
34	391.00	Office Furniture And Equipment	-	79,933	-	2,028	22,628	(42,294)	64,923
35	391.10	Computer Equipment	68,382	-	-	1,554	68,382	1,554	66,828
36	392.00	Transportation Equipment	21,261	-	-	21,669	336,729	200,889	135,840
37	393.00	Stores Equipment	-	-	-	1	487	265	222
38	394.00	Tools, Shop And Garage	-	5,437	-	153	18,134	660	17,474
39	395.00	Laboratory Equipment	-	605	-	17	3,754	596	3,158
40	396.00	Power Operated Equipment	-	1,089	-	95	24,182	3,636	20,546
41	397.00	Communication Equipment	-	1,783	-	436	30,780	24,801	5,978
42	398.00	Miscellaneous Equipment	-	1,238	-	92	23,369	8,727	14,641
43		SUBTOTAL GENERAL	\$ 89,643	\$ 90,085	\$ 0	\$ 26,049	\$ 545,713	\$ 203,536	\$ 342,177
44		AFUDC ADJUSTMENT 3/95	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)
45		Adjustment Due To Rounding	-	-	-	-	(4)	-	(1)
46		TOTAL WATER PLANT	\$ 725,852	\$ 431,249	\$ 0	\$ 97,985	\$ 28,428,650	\$ 4,425,771	\$ 24,002,883

References:

- Columns (A) (B): Company's Response To RUCO Data Request No. 1.22
- Column (C): Intentionally Left Blank
- Column (D): [(Col. (A) + Col. (B)) X RLM-4, Page 4, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 6, Col. (D) - Col. (C)] X RLM-4, Page 4, Col. (A)
- Column (E): Schedule RLM-4, Page 6, Column (D) + Column (A) - Column (B)
- Column (F): Schedule RLM-4, Page 6, Column (E) - Column (B) + Column (D)
- Column (G): Column (E) - Column (F)

TEST YEAR PLANT SCHEDULES CONT'D
YEAR ENDED DECEMBER 31, 1998

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) FULL DEP. PLT	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,074	\$ 0	\$ 20,074
2	302.00	Franchises	-	-	-	-	1,587	-	1,587
3	303.00	Miscellaneous Intangibles	-	-	-	-	-	-	0
4		SUBTOTAL INTANGIBLE	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 21,661</u>	<u>\$ 0</u>	<u>\$ 21,661</u>
SOURCE OF SUPPLY									
5	310.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,651	\$ 0	\$ 11,651
6	311.00	Structures And Improvements	855	1,109	-	8,475	337,756	73,402	264,354
7	312.00	Collecting And Impounding Res.	924	-	-	-	924	-	924
8	313.00	Lakes, Rivers, Other Intakes	-	-	-	-	-	-	0
9	314.00	Wells And Springs	15,676	-	-	32,498	1,297,449	195,656	1,101,793
10		SUBTOTAL SUPPLY	<u>\$ 17,456</u>	<u>\$ 1,109</u>	<u>\$ 0</u>	<u>\$ 40,973</u>	<u>\$ 1,647,780</u>	<u>\$ 269,058</u>	<u>\$ 1,378,722</u>
PUMPING									
11	320.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 44,957	\$ 0	\$ 44,957
12	321.00	Structures And Improvements	2,239	-	-	3,772	227,017	53,901	173,116
13	323.00	Other Power Production	-	-	-	-	-	-	0
14	325.00	Electric Pumping Equipment	206,383	68,196	-	201,031	4,549,109	1,437,863	3,111,246
15	326.00	Diesel Pumping Equipment	-	546	-	234	4,486	64	4,422
16	328.10	Gas Engine Pumping Equipment	5	-	-	77	1,755	131	1,624
17		SUBTOTAL PUMPING	<u>\$ 208,627</u>	<u>\$ 68,742</u>	<u>\$ 0</u>	<u>\$ 205,115</u>	<u>\$ 4,827,323</u>	<u>\$ 1,491,960</u>	<u>\$ 3,335,364</u>
WATER TREATMENT									
18	330.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
19	331.00	Structures And Improvements	26	-	-	628	37,625	3,442	34,182
20	332.00	Water Treatment Equipment	24,384	23,443	-	6,484	139,125	(25,861)	164,986
21		SUBTOTAL TREATMENT	<u>\$ 24,410</u>	<u>\$ 23,443</u>	<u>\$ 0</u>	<u>\$ 7,112</u>	<u>\$ 176,749</u>	<u>\$ (22,419)</u>	<u>\$ 199,168</u>
TRANSMISSION & DISTRIBUTION									
22	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
23	341.00	Structures And Improvements	-	-	-	-	-	-	0
24	342.00	Distribution, Reservoirs, & ST	1,711	-	-	10,202	611,777	94,547	517,230
25	343.00	Trans. And Dist. Mains	14,938	11,447	-	167,527	10,939,774	1,862,226	9,077,548
26	344.00	Fire Mains	-	-	-	3	166	20	146
27	345.00	Services	-	413,917	-	168,323	6,166,344	31,542	6,134,802
28	346.00	Meters	-	120,074	-	43,937	1,570,352	210,300	1,360,052
29	348.00	Hydrants	7,783	-	-	31,066	1,557,208	320,529	1,236,679
30	349.00	Other Trans. And Dist.	-	-	-	-	-	-	0
31		SUBTOTAL TRANS. & DIST.	<u>\$ 24,432</u>	<u>\$ 545,438</u>	<u>\$ 0</u>	<u>\$ 421,058</u>	<u>\$ 20,845,622</u>	<u>\$ 2,519,164</u>	<u>\$ 18,326,458</u>
GENERAL									
32	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
33	390.00	Structures And Improvements	-	-	-	290	17,268	4,991	12,277
34	391.00	Office Furniture And Equipment	5,510	-	-	1,154	28,138	(41,141)	69,279
35	391.10	Computer Equipment	-	-	-	3,108	68,382	4,662	63,720
36	392.00	Transportation Equipment	1,621	30,934	-	88,251	307,416	258,206	49,210
37	393.00	Stores Equipment	-	-	-	19	487	284	203
38	394.00	Tools, Shop And Garage	1,508	-	-	781	19,642	1,441	18,201
39	395.00	Laboratory Equipment	12	-	-	139	3,766	735	3,030
40	396.00	Power Operated Equipment	116	-	-	1,247	24,298	4,883	19,415
41	397.00	Communication Equipment	184	-	-	3,173	30,964	27,974	2,989
42	398.00	Miscellaneous Equipment	23,551	-	-	1,750	46,920	10,478	36,442
43		SUBTOTAL GENERAL	<u>\$ 32,502</u>	<u>\$ 30,934</u>	<u>\$ 0</u>	<u>\$ 99,913</u>	<u>\$ 547,281</u>	<u>\$ 272,514</u>	<u>\$ 274,766</u>
44		AFUDC ADJUSTMENT 3/95	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	(0)
45		Adjustment Due To Rounding	-	-	-	-	(4)	-	(1)
46		TOTAL WATER PLANT	<u><u>\$ 307,427</u></u>	<u><u>\$ 669,666</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 774,171</u></u>	<u><u>\$ 28,066,411</u></u>	<u><u>\$ 4,530,276</u></u>	<u><u>\$ 23,536,139</u></u>

References:

- Columns (A) (B): Company's Response To RUCO Data Request No. 1.22
- Column (C): Intentionally Left Blank
- Column (D): ((Col. (A) + Col. (B)) X RLM-4, Page 4, Col. (A) X 1/2 yr. conv.) + [RLM-4, Page 7, Col. (D) - Col. (C)] X RLM-4, Page 4, Col. (A)
- Column (E): Schedule RLM-4, Page 7, Column (D) + Column (A) - Column (B)
- Column (F): Schedule RLM-4, Page 7, Column (E) - Column (B) + Column (D)
- Column (G): Column (E) - Column (F)

TEST YEAR PLANT SCHEDULES CONT'D
YEAR ENDED DECEMBER 31, 1999

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) FULL DEP. PLT	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,074	\$ 0	\$ 20,074
2	302.00	Franchises	-	-	-	-	1,587	-	1,587
3	303.00	Miscellaneous Intangibles	-	-	-	-	-	-	0
4		SUBTOTAL INTANGIBLE	\$ 0	\$ 0	\$ 0	\$ 0	\$ 21,661	\$ 0	\$ 21,661
SOURCE OF SUPPLY									
5	310.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,651	\$ 0	\$ 11,651
6	311.00	Structures And Improvements	-	-	-	8,444	337,756	81,846	255,910
7	312.00	Collecting And Impounding Res.	-	-	-	-	924	-	924
8	313.00	Lakes, Rivers, Other Intakes	-	-	-	-	-	-	0
9	314.00	Wells And Springs	5,270	-	-	32,762	1,302,719	228,418	1,074,301
10		SUBTOTAL SUPPLY	\$ 5,270	\$ 0	\$ 0	\$ 41,206	\$ 1,653,050	\$ 310,264	\$ 1,342,786
PUMPING									
11	320.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 44,957	\$ 0	\$ 44,957
12	321.00	Structures And Improvements	-	-	-	3,791	227,017	57,692	169,325
13	323.00	Other Power Production	-	-	-	-	-	-	0
14	325.00	Electric Pumping Equipment	82,055	-	-	202,884	4,631,164	1,640,747	2,990,417
15	326.00	Diesel Pumping Equipment	-	-	-	198	4,486	263	4,223
16	328.10	Gas Engine Pumping Equipment	-	-	-	78	1,755	209	1,546
17		SUBTOTAL PUMPING	\$ 82,055	\$ 0	\$ 0	\$ 206,951	\$ 4,909,378	\$ 1,698,911	\$ 3,210,468
WATER TREATMENT									
18	330.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
19	331.00	Structures And Improvements	-	-	-	628	37,625	4,071	33,554
20	332.00	Water Treatment Equipment	2,579	-	-	5,617	141,704	(20,245)	161,949
21		SUBTOTAL TREATMENT	\$ 2,579	\$ 0	\$ 0	\$ 6,245	\$ 179,328	\$ (16,174)	\$ 195,503
TRANSMISSION & DISTRIBUTION									
22	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
23	341.00	Structures And Improvements	-	-	-	-	-	-	0
24	342.00	Distribution, Reservoirs, & ST	-	-	-	10,217	611,777	104,764	507,014
25	343.00	Trans. And Dist. Mains	159,557	-	-	168,599	11,099,331	2,030,825	9,068,506
26	344.00	Fire Mains	-	-	-	3	166	23	143
27	345.00	Services	404,856	-	-	157,946	6,571,200	189,487	6,381,713
28	346.00	Meters	46,451	-	-	39,999	1,616,803	250,299	1,366,504
29	348.00	Hydrants	33,455	-	-	31,479	1,590,663	352,007	1,238,656
30	349.00	Other Trans. And Dist.	-	-	-	-	-	-	0
31		SUBTOTAL TRANS. & DIST.	\$ 644,319	\$ 0	\$ 0	\$ 408,241	\$ 21,489,941	\$ 2,927,405	\$ 18,562,535
GENERAL									
32	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
33	390.00	Structures And Improvements	-	-	-	290	17,268	5,282	11,987
34	391.00	Office Furniture And Equipment	-	-	-	1,279	28,138	(39,862)	68,000
35	391.10	Computer Equipment	-	-	-	3,108	68,382	7,770	60,612
36	392.00	Transportation Equipment	79,064	-	-	86,736	386,480	344,942	41,538
37	393.00	Stores Equipment	-	-	-	19	487	303	184
38	394.00	Tools, Shop And Garage	-	-	-	812	19,642	2,254	17,388
39	395.00	Laboratory Equipment	-	-	-	140	3,766	875	2,891
40	396.00	Power Operated Equipment	-	-	-	1,250	24,298	6,133	18,165
41	397.00	Communication Equipment	-	-	-	3,182	30,964	31,156	(193)
42	398.00	Miscellaneous Equipment	-	-	-	2,337	46,920	12,814	34,105
43		SUBTOTAL GENERAL	\$ 79,064	\$ 0	\$ 0	\$ 99,153	\$ 626,345	\$ 371,668	\$ 254,677
44		AFUDC ADJUSTMENT 3/95	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	(0)
45		Adjustment Due To Rounding	-	-	-	-	(3)	-	(1)
46		TOTAL WATER PLANT	\$ 813,287	\$ 0	\$ 0	\$ 761,797	\$ 28,879,699	\$ 5,292,073	\$ 23,587,629

References:

- Columns (A) (B): Company's Response To RUCO Data Request No. 1.22
- Column (C): Intentionally Left Blank
- Column (D): [(Col. (A) + Col. (B)) X RLM-4, Page 4, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 8, Col. (D) - Col. (C)] X RLM-4, Page 4, Col. (A)
- Column (E): Schedule RLM-4, Page 8, Column (D) + Column (A) - Column (B)
- Column (F): Schedule RLM-4, Page 8, Column (E) - Column (B) + Column (D)
- Column (G): Column (E) - Column (F)

TEST YEAR PLANT SCHEDULES CONT'D
YEAR ENDED DECEMBER 31, 2000

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) FULL DEP. PLT	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,074	\$ 0	\$ 20,074
2	302.00	Franchises	-	-	-	-	1,587	-	1,587
3	303.00	Miscellaneous Intangibles	-	-	-	-	-	-	0
4		SUBTOTAL INTANGIBLE	\$ 0	\$ 0	\$ 0	\$ 0	\$ 21,661	\$ 0	\$ 21,661
SOURCE OF SUPPLY									
5	310.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,651	\$ 0	\$ 11,651
6	311.00	Structures And Improvements	-	355	-	8,448	337,401	89,939	247,461
7	312.00	Collecting And Impounding Res.	-	-	-	-	924	-	924
8	313.00	Lakes, Rivers, Other Intakes	-	-	-	-	-	-	0
9	314.00	Wells And Springs	-	10,011	-	32,955	1,292,708	251,361	1,041,346
10		SUBTOTAL SUPPLY	\$ 0	\$ 10,366	\$ 0	\$ 41,403	\$ 1,642,684	\$ 341,301	\$ 1,301,383
PUMPING									
11	320.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 44,957	\$ 0	\$ 44,957
12	321.00	Structures And Improvements	-	-	-	3,791	227,017	61,483	165,534
13	323.00	Other Power Production	-	-	-	-	-	-	0
14	325.00	Electric Pumping Equipment	181,407	99,267	-	210,900	4,713,304	1,752,380	2,960,923
15	326.00	Diesel Pumping Equipment	-	-	-	198	4,486	461	4,025
16	328.10	Gas Engine Pumping Equipment	-	-	-	78	1,755	286	1,469
17		SUBTOTAL PUMPING	\$ 181,407	\$ 99,267	\$ 0	\$ 214,967	\$ 4,991,518	\$ 1,814,611	\$ 3,176,908
WATER TREATMENT									
18	330.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
19	331.00	Structures And Improvements	-	1	-	628	37,624	4,698	32,926
20	332.00	Water Treatment Equipment	5,236	4,515	-	5,863	142,425	(18,331)	160,755
21		SUBTOTAL TREATMENT	\$ 5,236	\$ 4,516	\$ 0	\$ 6,492	\$ 180,048	\$ (13,633)	\$ 193,681
TRANSMISSION & DISTRIBUTION									
22	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
23	341.00	Structures And Improvements	-	-	-	-	-	-	0
24	342.00	Distribution, Reservoirs, & ST	-	-	-	10,217	611,777	114,980	496,797
25	343.00	Trans. And Dist. Mains	174,639	43	-	171,156	11,273,927	2,201,938	9,071,989
26	344.00	Fire Mains	-	-	-	3	166	25	141
27	345.00	Services	42,146	488,951	-	169,551	6,124,395	317	6,124,078
28	346.00	Meters	23,301	44,623	-	41,434	1,595,481	247,110	1,348,371
29	348.00	Hydrants	31,769	2,626	-	32,157	1,619,806	381,539	1,238,267
30	349.00	Other Trans. And Dist.	-	-	-	-	-	-	0
31		SUBTOTAL TRANS. & DIST.	\$ 271,855	\$ 536,243	\$ 0	\$ 424,518	\$ 21,225,553	\$ 2,945,909	\$ 18,279,643
GENERAL									
32	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
33	390.00	Structures And Improvements	-	-	-	290	17,268	5,572	11,697
34	391.00	Office Furniture And Equipment	1,607	-	-	1,315	29,745	(38,546)	68,292
35	391.10	Computer Equipment	51,401	-	-	4,276	119,783	12,047	107,736
36	392.00	Transportation Equipment	93,109	94,856	-	120,115	384,733	370,201	14,532
37	393.00	Stores Equipment	-	-	-	19	487	322	165
38	394.00	Tools, Shop And Garage	-	-	-	812	19,642	3,066	16,576
39	395.00	Laboratory Equipment	-	-	-	140	3,766	1,014	2,751
40	396.00	Power Operated Equipment	-	-	-	1,250	24,298	7,383	16,915
41	397.00	Communication Equipment	3,199	-	-	3,347	34,163	34,503	(341)
42	398.00	Miscellaneous Equipment	-	-	-	2,337	46,920	15,151	31,769
43		SUBTOTAL GENERAL	\$ 149,316	\$ 94,856	\$ 0	\$ 133,901	\$ 680,805	\$ 410,712	\$ 270,092
44		AFUDC ADJUSTMENT 3/95	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	(0)
45		Adjustment Due To Rounding	-	-	-	-	(5)	-	(1)
46		TOTAL WATER PLANT	\$ 607,814	\$ 745,248	\$ 0	\$ 821,281	\$ 28,742,263	\$ 5,498,901	\$ 23,243,367

References:

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- Column (E): Schedule RLM-4, Page 9, Column (D) + Column (A) - Column (B)
- Column (F): Schedule RLM-4, Page 9, Column (E) - Column (B) + Column (D)
- Column (G): Column (E) - Column (F)

TEST YEAR PLANT SCHEDULES CONT'D
TEST YEAR ENDED DECEMBER 31, 2001

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) FULL DEP. PL'T	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,074	\$ 0	\$ 20,074
2	302.00	Franchises	-	-	-	-	1,587	-	1,587
3	303.00	Miscellaneous Intangibles	-	-	-	-	-	-	0
4		SUBTOTAL INTANGIBLE	\$ 0	\$ 0	\$ 0	\$ 0	\$ 21,661	\$ 0	\$ 21,661
SOURCE OF SUPPLY									
5	310.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,651	\$ 0	\$ 11,651
6	311.00	Structures And Improvements	-	-	-	8,435	337,401	98,375	239,026
7	312.00	Collecting And Impounding Res.	-	-	-	-	924	-	924
8	313.00	Lakes, Rivers, Other Intakes	-	-	-	-	-	-	0
9	314.00	Wells And Springs	-	-	-	32,576	1,292,708	283,938	1,008,770
10		SUBTOTAL SUPPLY	\$ 0	\$ 0	\$ 0	\$ 41,011	\$ 1,642,684	\$ 382,312	\$ 1,260,372
PUMPING									
11	320.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 44,957	\$ 0	\$ 44,957
12	321.00	Structures And Improvements	-	-	-	3,791	227,017	65,275	161,743
13	323.00	Other Power Production	-	-	-	-	-	-	0
14	325.00	Electric Pumping Equipment	85,460	5,407	-	210,336	4,793,357	1,957,310	2,836,047
15	326.00	Diesel Pumping Equipment	-	-	-	198	4,486	659	3,827
16	328.10	Gas Engine Pumping Equipment	-	-	-	78	1,755	364	1,391
17		SUBTOTAL PUMPING	\$ 85,460	\$ 5,407	\$ 0	\$ 214,403	\$ 5,071,571	\$ 2,023,607	\$ 3,047,965
WATER TREATMENT									
18	330.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
19	331.00	Structures And Improvements	-	-	-	628	37,624	5,326	32,297
20	332.00	Water Treatment Equipment	2,887	-	-	5,755	145,312	(12,576)	157,888
21		SUBTOTAL TREATMENT	\$ 2,887	\$ 0	\$ 0	\$ 6,383	\$ 182,936	\$ (7,250)	\$ 190,185
TRANSMISSION & DISTRIBUTION									
22	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
23	341.00	Structures And Improvements	-	-	-	-	-	-	0
24	342.00	Distribution, Reservoirs, & ST	-	-	-	10,217	611,777	125,197	486,580
25	343.00	Trans. And Dist. Mains	278,123	-	-	174,619	11,552,050	2,376,557	9,175,493
26	344.00	Fire Mains	-	-	-	3	166	28	138
27	345.00	Services	399,449	-	-	156,838	6,523,844	157,155	6,366,689
28	346.00	Meters	56,118	-	-	40,751	1,651,599	287,861	1,363,738
29	348.00	Hydrants	35,538	-	-	32,752	1,655,344	414,290	1,241,054
30	349.00	Other Trans. And Dist.	-	-	-	-	-	-	0
31		SUBTOTAL TRANS. & DIST.	\$ 769,228	\$ 0	\$ 0	\$ 415,178	\$ 21,994,781	\$ 3,361,088	\$ 18,633,693
GENERAL									
32	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
33	390.00	Structures And Improvements	-	-	-	290	17,268	5,862	11,406
34	391.00	Office Furniture And Equipment	-	-	-	1,352	29,745	(37,194)	66,940
35	391.10	Computer Equipment	-	19,425	-	5,886	100,358	(1,492)	101,850
36	392.00	Transportation Equipment	54,429	62,106	-	110,749	377,056	418,844	(41,788)
37	393.00	Stores Equipment	-	-	-	19	487	342	145
38	394.00	Tools, Shop And Garage	-	-	-	812	19,642	3,878	15,764
39	395.00	Laboratory Equipment	-	-	-	140	3,766	1,154	2,611
40	396.00	Power Operated Equipment	-	-	-	1,250	24,298	8,632	15,666
41	397.00	Communication Equipment	-	-	-	3,511	34,163	38,014	(3,852)
42	398.00	Miscellaneous Equipment	-	3,049	-	2,413	43,871	14,514	29,356
43		SUBTOTAL GENERAL	\$ 54,429	\$ 84,580	\$ 0	\$ 126,422	\$ 650,654	\$ 452,554	\$ 198,099
44		AFUDC ADJUSTMENT 3/95	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)
45		Adjustment Due To Rounding	-	-	-	-	(6)	-	(1)
46		TOTAL WATER PLANT	\$ 912,004	\$ 89,987	\$ 0	\$ 803,398	\$ 29,564,280	\$ 6,212,312	\$ 23,351,973

References:

- Columns (A) (B): Company's Response To RUCO Data Request No. 1.22
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- Column (E): Schedule RLM-4, Page 10, Column (D) + Column (A) - Column (B)
- Column (F): Schedule RLM-4, Page 10, Column (E) - Column (B) + Column (D)
- Column (G): Column (E) - Column (F)

TEST YEAR PLANT SCHEDULES CONT'D
2001 TEST YEAR ADJUSTMENT TO GENERAL PLANT ALLOCATION - CITIZENS VERSUS ARIZONA-AMERICAN

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A)	(B)	(C)	(D)	(E)	(F)	(G)
			TOTAL PLANT VALUE	ACCUM. DEP.	TOTAL PLANT VALUE	ACCUM. DEP.	TOTAL PLANT VALUE	ACCUM. DEP.	NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 20,074	\$ 0	\$ 0	\$ 0	\$ 20,074	\$ 0	\$ 20,074
2	302.00	Franchises	1,587	-	-	-	1,587	-	1,587
3	303.00	Miscellaneous Intangibles	-	-	-	-	-	-	0
4		SUBTOTAL INTANGIBLE	\$ 21,661	\$ 0	\$ 0	\$ 0	\$ 21,661	\$ 0	\$ 21,661
SOURCE OF SUPPLY									
5	310.00	Land And Land Rights	\$ 11,651	\$ 0	\$ 0	\$ 0	\$ 11,651	\$ 0	\$ 11,651
6	311.00	Structures & Improvements	337,401	98,375	-	-	337,401	98,375	239,026
7	312.00	Collecting & Impound Res.	924	-	-	-	924	-	924
8	313.00	Lakes, Rivers, Other Intakes	-	-	-	-	-	-	0
9	314.00	Wells And Springs	1,292,708	283,938	-	-	1,292,708	283,938	1,008,770
10		SUBTOTAL SUPPLY	\$ 1,642,684	\$ 382,312	\$ 0	\$ 0	\$ 1,642,684	\$ 382,312	\$ 1,260,372
PUMPING									
11	320.00	Land And Land Rights	\$ 44,957	\$ 0	\$ 0	\$ 0	\$ 44,957	\$ 0	\$ 44,957
12	321.00	Structures & Improvements	227,017	65,275	-	-	227,017	65,275	161,743
13	323.00	Other Power Production	-	-	-	-	-	-	0
14	325.00	Electric Pumping Equipment	4,793,357	1,957,310	-	-	4,793,357	1,957,310	2,836,047
15	326.00	Diesel Pumping Equipment	4,486	659	-	-	4,486	659	3,827
16	328.10	Gas Engine Pumping Equip.	1,755	364	-	-	1,755	364	1,391
17		SUBTOTAL PUMPING	\$ 5,071,572	\$ 2,023,607	\$ 0	\$ 0	\$ 5,071,571	\$ 2,023,607	\$ 3,047,965
WATER TREATMENT									
18	330.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
19	331.00	Structures & Improvements	37,624	5,326	-	-	37,624	5,326	32,297
20	332.00	Water Treatment Equipment	145,312	(12,576)	-	-	145,312	(12,576)	157,888
21		SUBTOTAL TREATMENT	\$ 182,935	\$ (7,250)	\$ 0	\$ 0	\$ 182,935	\$ (7,250)	\$ 190,185
TRANS. & DIST.									
22	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
23	341.00	Structures & Improvements	-	-	-	-	-	-	0
24	342.00	Dist., Res., & ST	611,777	125,197	-	-	611,777	125,197	486,580
25	343.00	Trans. And Dist. Mains	11,552,050	2,376,557	-	-	11,552,050	2,376,557	9,175,493
26	344.00	Fire Mains	166	28	-	-	166	28	138
27	345.00	Services	6,523,844	157,155	-	-	6,523,844	157,155	6,366,689
28	346.00	Meters	1,651,599	287,861	-	-	1,651,599	287,861	1,363,738
29	348.00	Hydrants	1,655,344	414,290	-	-	1,655,344	414,290	1,241,054
30	349.00	Other Trans. And Dist.	-	-	-	-	-	-	0
31		SUB TRANS. & DIST.	\$ 21,994,781	\$ 3,361,088	\$ 0	\$ 0	\$ 21,994,781	\$ 3,361,088	\$ 18,633,693
GENERAL									
32	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 817	\$ 0	\$ 817	\$ 0	\$ 817
33	390.00	Structures & Improvements	17,268	5,862	543,124	46,169	560,392	52,031	508,361
34	391.00	Office Furniture & Equip.	29,745	(37,194)	137,183	97,514	166,928	60,320	106,608
35	391.10	Computer Equipment	100,358	(1,492)	138,635	(71,243)	238,993	(72,735)	311,728
36	392.00	Transportation Equipment	377,056	418,844	(76,310)	(417,542)	300,746	173,707	127,039
37	393.00	Stores Equipment	487	342	4,320	2,709	4,807	1,302	3,505
38	394.00	Tools, Shop And Garage	19,642	3,878	49,136	(37)	68,778	3,051	65,727
39	395.00	Laboratory Equipment	3,766	1,154	18,021	6,010	21,787	3,841	17,946
40	396.00	Power Operated Equipment	24,298	8,632	(4,165)	47,019	20,133	7,164	12,969
41	397.00	Communication Equipment	34,163	38,014	62,463	(16,521)	96,626	55,651	40,975
42	398.00	Miscellaneous Equipment	43,871	14,514	2,494	291,311	46,365	21,493	24,872
43		SUBTOTAL GENERAL	\$ 650,654	\$ 452,554	\$ 875,718	\$ (14,611)	\$ 1,526,371	\$ 305,825	\$ 1,220,547
44		AFUDC ADJUSTMENT 3/95	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
45		Adjustm't Due To Rounding	-	-	-	-	(4)	-	0
46		TOTAL WATER PLANT	\$ 29,564,286	\$ 6,212,312	\$ 875,718	\$ (14,611)	\$ 30,439,998	\$ 6,065,582	\$ 24,374,422
47		Company As Filed B-2					30,464,605	5,814,088	
48		Adjustment To Test Year Total Plant And Accumulated Depreciation (See RLM-3, Col (B), Lines 1 & 2)					(24,607)	\$ 251,494	

References:

- Column (A): Schedule RLM-4, Page 11, Column (E)
- Column (B): Schedule RLM-4, Page 11, Column (F)
- Columns (C) (D): Adjustment To Replace Citizens' Utilities General Plant With Arizona Water Common Plant Allocation As Per Company Schedule B-2, Pg 2
- Column (E): Column (A) - Column (C) As Per Company Schedule B-2, Page 3
- Column (F): Column (B) - Column (D) As Per Company Schedule B-2, Page 3
- Column (G): Column (E) - Column (F)

POST-TEST YEAR 2001 PLANT

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) REVENUE NEUTRAL PLANT ADD'N	(B) ORCOM & PLANT AT CLOSING	(C) ADDIT'NAL ACC. DEP. AT CLOS'G	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,074	\$ 0	\$ 20,074
2	302.00	Franchises	-	78,774	-	-	80,361	-	80,361
3	303.00	Miscellaneous Intangibles	-	-	-	-	-	-	0
4		SUBTOTAL INTANGIBLE	\$ 0	\$ 78,774	\$ 0	\$ 0	\$ 100,435	\$ 0	\$ 100,435
SOURCE OF SUPPLY									
5	310.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,651	\$ 0	\$ 11,651
6	311.00	Structures And Improvements	-	-	4,284	-	337,401	102,659	234,742
7	312.00	Collecting And Impounding Res.	-	-	-	-	924	-	924
8	313.00	Lakes, Rivers, Other Intakes	-	-	-	-	-	-	0
9	314.00	Wells And Springs	-	-	16,462	-	1,292,708	300,400	992,308
10		SUBTOTAL SUPPLY	\$ 0	\$ 0	\$ 20,746	\$ 0	\$ 1,642,684	\$ 403,058	\$ 1,239,626
PUMPING									
11	320.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 44,957	\$ 0	\$ 44,957
12	321.00	Structures And Improvements	-	-	1,932	-	227,017	67,207	159,811
13	323.00	Other Power Production	-	-	-	-	-	-	0
14	325.00	Electric Pumping Equipment	167,104	-	107,380	3,693	4,960,461	2,068,383	2,892,078
15	326.00	Diesel Pumping Equipment	-	-	100	-	4,486	759	3,727
16	328.10	Gas Engine Pumping Equipment	-	-	39	-	1,755	403	1,352
17		SUBTOTAL PUMPING	\$ 167,104	\$ 0	\$ 109,451	\$ 3,693	\$ 5,238,675	\$ 2,136,751	\$ 3,101,925
WATER TREATMENT									
18	330.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
19	331.00	Structures And Improvements	-	-	6,456	-	37,624	11,782	25,841
20	332.00	Water Treatment Equipment	463	-	(3,143)	9	145,775	(15,710)	161,484
21		SUBTOTAL TREATMENT	\$ 463	\$ 0	\$ 3,313	\$ 9	\$ 183,398	\$ (3,927)	\$ 187,326
TRANSMISSION & DISTRIBUTION									
22	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
23	341.00	Structures And Improvements	-	-	-	-	-	-	0
24	342.00	Distribution, Reservoirs, & ST	145,791	-	5,209	1,217	757,568	131,623	625,945
25	343.00	Trans. And Dist. Mains	12,909	-	89,831	99	11,564,959	2,466,487	9,098,473
26	344.00	Fire Mains	-	-	1	-	166	29	137
27	345.00	Services	-	-	82,081	-	6,523,844	239,236	6,284,608
28	346.00	Meters	-	-	21,051	-	1,651,599	308,912	1,342,687
29	348.00	Hydrants	-	-	16,821	-	1,655,344	431,111	1,224,233
30	349.00	Other Trans. And Dist.	-	-	-	-	-	-	0
31		SUBTOTAL TRANS. & DIST.	\$ 158,700	\$ 0	\$ 214,994	\$ 1,316	\$ 22,153,481	\$ 3,577,398	\$ 18,576,083
GENERAL									
32	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 817	\$ 0	\$ 817
33	390.00	Structures And Improvements	23,166	-	144	195	583,558	52,370	531,188
34	391.00	Office Furniture And Equipment	22,137	-	645	503	189,065	61,468	127,597
35	391.10	Computer Equipment	-	-	1,711	-	238,993	(71,024)	310,017
36	392.00	Transportation Equipment	57,511	-	42,174	7,189	358,257	223,070	135,187
37	393.00	Stores Equipment	-	-	10	-	4,807	1,312	3,495
38	394.00	Tools, Shop And Garage	-	-	394	-	68,778	3,445	65,333
39	395.00	Laboratory Equipment	-	-	70	-	21,787	3,911	17,876
40	396.00	Power Operated Equipment	-	-	610	-	20,133	7,774	12,359
41	397.00	Communication Equipment	19,335	-	1,594	994	115,961	58,239	57,722
42	398.00	Miscellaneous Equipment	-	-	1,081	-	46,365	22,574	23,791
43		SUBTOTAL GENERAL	\$ 122,149	\$ 0	\$ 48,433	\$ 8,880	\$ 1,648,520	\$ 363,138	\$ 1,285,383
44		AFUDC ADJUSTMENT 3/95	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)
45		Adjustment Due To Rounding	-	-	(2)	-	-	(1)	(1)
46		TOTAL WATER PLANT	\$ 448,416	\$ 78,774	\$ 396,935	\$ 13,899	\$ 30,967,192	\$ 6,476,417	\$ 24,490,775
47		Company As Filed B-2, Pg 1					31,153,379	6,211,024	
48		Difference In Post Test Year Gross Plant					(186,187)	265,393	
49		Adjustment To Test Year Gross Plant As Per RLM-4, Page 12, Cols (E) And (F), L 48					(24,607)	251,494	
50		Adjustment To Post Test Year Total Plant And Acc. Dep. (See RLM-3, Col (C), L 1 & L 2)					(161,580)	13,899	

References:

- Column (A): Company's Response To Staff Data Request No. DWC 12-1 To 12-3
- Columns (B) (C): Company Schedule B-2, Pages 1 And 8
- Column (D): [(Col. (A) + Col. (B)) X RLM-4, Page 4, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 12, Col. (E)] X RLM-4, Page 4, Col. (A)
- Column (E): Schedule RLM-4, Page 12, Column (D) + Column (A) + Column (B)
- Column (F): Schedule RLM-4, Page 12, Column (F) + Column (C) + Column (D)
- Column (G): Column (E) - Column (F)

OPERATING INCOME

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)	(E)
		COMPANY AS FILED	RUCO TEST YEAR ADJTMENTS	RUCO TEST YEAR AS ADJUSTED	RUCO PROPOSED CHANGES	RUCO AS RECOMMENDED
OPERATING REVENUES:						
1	Metered Water Revenues	\$ 3,343,134	\$ 0	\$ 3,343,134	\$ 479,708	\$ 3,822,842
2	Unmetered Water Revenues	0	-	-	-	0
3	Other Water Revenues	37,640	-	37,640	-	37,640
4	TOTAL OPERATING REVENUES	<u>\$ 3,380,774</u>	<u>\$ 0</u>	<u>\$ 3,380,774</u>	<u>\$ 479,708</u>	<u>\$ 3,860,482</u>
OPERATING EXPENSES:						
5	Salaries And Wages	\$ 455,889	\$ (183,805)	\$ 272,084	\$ 0	\$ 272,084
6	Purchased Water	0	-	-	-	0
7	Purchased Power	585,941	-	585,941	-	585,941
8	Chemicals	20,407	-	20,407	-	20,407
9	Repairs And Maintenance	170,058	-	170,058	-	170,058
10	Office Supplies And Expenses	190,041	19,529	209,570	-	209,570
11	Outside Services	32,432	-	32,432	-	32,432
12	Service Company Fees	515,886	(78,789)	437,097	-	437,097
13	Water Testing	6,069	-	6,069	-	6,069
14	Rents	14,134	-	14,134	-	14,134
15	Transportation Expenses	0	-	-	-	0
16	Insurance - General Liability	28,990	(8,815)	20,175	-	20,175
17	Insurance - Health And Life	0	-	-	-	0
18	Regulatory Comm. Exp. - Rate Case	22,313	(8,958)	13,355	-	13,355
19	Miscellaneous Expense	148,620	365	148,985	-	148,985
20	Depreciation Expense	750,150	(6,793)	743,357	-	743,357
21	Taxes Other Than Income	28,072	(3,162)	24,910	-	24,910
22	Property Taxes	148,220	5,730	153,950	-	153,950
23	Income Tax	(97,736)	173,664	75,928	185,162	261,090
24	Adjustment Due To Rounding	1	-	1	-	1
25	TOTAL OPERATING EXPENSES	<u>\$ 3,019,487</u>	<u>\$ (91,034)</u>	<u>\$ 2,928,453</u>	<u>\$ 185,162</u>	<u>\$ 3,113,615</u>
26	OPERATING INCOME (LOSS)	<u>\$ 361,287</u>	<u>\$ 91,034</u>	<u>\$ 452,321</u>	<u>\$ 294,546</u>	<u>\$ 746,868</u>
Other Income (Expense):						
27	Interest Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
28	Other Income	0	-	-	-	0
29	Interest Expense	(516,761)	(185,223)	331,538	-	331,538
30	Other Expense	0	-	-	-	0
31	Gain/Loss Sale Of Assets	0	-	-	-	0
32	TOTAL OTHER INCOME (EXPENSE)	<u>\$ (516,761)</u>	<u>\$ (185,223)</u>	<u>\$ 331,538</u>	<u>\$ 0</u>	<u>\$ 331,538</u>
33	NET PROFIT (LOSS)	<u>\$ (155,474)</u>	<u>\$ (94,188)</u>	<u>\$ 783,860</u>	<u>\$ 294,546</u>	<u>\$ 1,078,406</u>

References:

- Column (A): Company Schedule C-1
- Column (B): Testimony, RLM And Schedule RLM-7
- Column (C): Column (A) + Column (B)
- Column (D): Testimony, RLM And Schedule RLM-1
- Column (E): Column (C) + Column (D)

SUMMARY OF OPERATING INCOME ADJUSTMENTS
TEST YEAR AS FILED AND ADJUSTED

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) ADJ #1	(C) ADJ #2	(D) ADJ #3	(E) ADJ #4	(F) ADJ #5	(G) ADJ #6	(H) ADJ #7	(I) ADJ #8	(J) ADJ #9	(K) ADJ #10	(L) RUCO AS ADTDED
OPERATING REVENUES:													
1	Metered Water Revenues	\$ 3,343,134	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,343,134
2	Unmetered Water Revenues	0	-	-	-	-	-	-	-	-	-	-	0
3	Other Water Revenues	37,640	-	-	-	-	-	-	-	-	-	-	37,640
4	TOTAL OPERATING REVENUES	\$ 3,380,774	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,380,774
OPERATING EXPENSES:													
5	Salaries And Wages	\$ 455,889	\$ 0	\$ -	\$ 0	\$ (98,114)	\$ 0	\$ 0	\$ 0	\$ (85,692)	\$ 0	\$ 0	\$ 272,084
6	Purchased Water	0	-	-	-	-	-	-	-	-	-	-	0
7	Purchased Power	585,941	-	-	-	-	-	-	-	-	-	-	585,941
8	Chemicals	20,407	-	-	-	-	-	-	-	-	-	-	20,407
9	Repairs And Maintenance	170,058	-	-	-	-	-	-	-	-	-	-	170,058
10	Office Supplies And Expenses	190,041	-	-	-	-	-	-	-	19,529	-	-	209,570
11	Outside Services	32,432	-	-	-	-	-	-	-	-	-	-	32,432
12	Service Company Fees	515,886	-	-	(78,789)	-	-	-	-	-	-	-	437,097
13	Water Testing	6,069	-	-	-	-	-	-	-	-	-	-	6,069
14	Rents	14,134	-	-	-	-	-	-	-	-	-	-	14,134
15	Transportation Expenses	0	-	-	-	-	-	-	-	-	-	-	0
16	Insurance - General Liability	28,990	-	-	-	-	-	-	-	(8,815)	-	-	20,175
17	Insurance - Health And Life	0	-	-	-	-	-	-	-	-	-	-	0
18	Regulatory Comm. Exp. - Rate Case	22,313	-	-	-	-	-	-	(8,958)	-	-	-	13,355
19	Miscellaneous Expense	148,620	-	-	-	-	-	-	-	365	-	-	148,985
20	Depreciation Expense	750,150	-	-	-	-	(6,793)	-	-	-	-	-	743,357
21	Taxes Other Than Income	28,072	-	4,344	-	(7,506)	-	-	-	-	-	-	24,910
22	Property Taxes	148,220	-	-	-	-	-	5,730	-	-	-	-	153,950
23	Income Tax	(97,730)	-	-	-	-	-	-	-	-	-	173,664	75,928
24	Adjustment Due To Rounding	1	-	-	-	-	-	-	-	-	-	-	1
25	TOTAL OPERATING EXPENSES	\$ 3,019,487	\$ 0	\$ 4,344	\$ (78,789)	\$ (105,620)	\$ (6,793)	\$ 5,730	\$ (8,958)	\$ (74,613)	\$ 0	\$ 173,664	\$ 2,928,453
26	OPERATING INCOME (LOSS)	\$ 361,287	\$ 0	\$ (4,344)	\$ 78,789	\$ 105,620	\$ 6,793	\$ (5,730)	\$ 8,958	\$ 74,613	\$ 0	\$ (173,664)	\$ 452,321
Other Income (Expense):													
27	Interest Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
28	Other Income	0	-	-	-	-	-	-	-	-	-	-	0
29	Interest Expense	(516,761)	-	-	-	-	-	-	-	(185,223)	-	-	(701,984)
30	Other Expense	0	-	-	-	-	-	-	-	-	-	-	0
31	Gain/Loss Sale Of Assets	0	-	-	-	-	-	-	-	-	-	-	0
32	TOTAL OTHER INCOME (EXPENSE)	\$ (516,761)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (185,223)	\$ 0	\$ 0	\$ (701,984)
33	NET PROFIT (LOSS)	\$ (155,474)	\$ 0	\$ (4,344)	\$ 78,789	\$ 105,620	\$ 6,793	\$ (5,730)	\$ 8,958	\$ 74,613	\$ (185,223)	\$ (173,664)	\$ (249,662)

ADJUSTMENT NO.

- 1 - Intentionally Left Blank
- 2 - Remove Test Year Salaries And Wages
- 3 - Service Company Fees
- 4 - Projected Salaries And Wages
- 5 - Depreciation Expense
- 6 - Property Taxes
- 7 - Rate Case Expense
- 8 - Projected Additional Corporate Overhead Expenses
- 9 - Intentionally Left Blank
- 10 - Income Tax

REFERENCE

- Testimony, RLM And Schedule RLM-8
- Testimony, RLM And Schedule RLM-9
- Testimony, RLM And Schedule RLM-10
- Testimony, RLM And Schedule RLM-11
- Testimony, RLM And Schedule RLM-12
- Testimony, RLM And Schedule RLM-13
- Testimony, RLM And Schedule RLM-14
- Testimony, RLM And Schedule RLM-15

References:

- Col. (A): Company Sch. C-1
- Cols. (B) Thru (K): Adj's #1 Thru #10
- Col. (L): Sum Of Cols. (A) Thru (K)

**EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 2
CITIZENS SALARIES AND WAGES**

LINE NO.	DISTRICT	ACCOUNT	CITIZENS BUSINESS UNIT	(A) COMPANY AS FILED	(B) RUCO AS ADJ'D	(C) ADJM'T
	SUN CITY WEST WATER		4005-4506			
1		Salaries And Wages		\$ 392,024	\$ 392,024	\$ -
2		Payroll Tax		4,764	9,108	4,344
3		TOTAL		<u>\$ 396,788</u>	<u>\$ 401,132</u>	<u>\$ 4,344</u>

References:

- Column (A): Company Schedule C-2, Page 3
- Column (B): Company Provided Data On Citizens 2001 Payroll
- Column (C): Column (B) - Column (A)

**EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 3
AZ-AM SERVICE COMPANY ALLOCATIONS**

LINE NO.	DISTRICT	AZ-AM BUS. UNIT	(A) TOTAL SERVICE CHARGES			(D) ALLOCATED SERVICE CHARGES		
			COMPANY AS FILED	RUCO AS ADJ'TED	FOUR FACT'R	COMPANY AS FILED	RUCO AS ADJ'TED	(F) ADJ'MENT
1	Sun City West Water	2364	\$ 5,153,711	\$ 4,366,610	0.1001	\$ 515,886	\$ 437,098	\$ (78,789)
2	Sun City West Wastewater	2365	\$ 5,153,711	\$ 4,366,610	0.1072	\$ 552,478	\$ 468,101	\$ (84,377)
3	Sun City Water	2362	\$ 5,153,711	\$ 4,366,610	0.1797	\$ 926,122	\$ 784,680	\$ (141,442)
4	Sun City Wastewater	2363	\$ 5,153,711	\$ 4,366,610	0.1014	\$ 522,586	\$ 442,774	\$ (79,812)
5	Tubac	2389	\$ 5,153,711	\$ 4,366,610	0.0075	\$ 38,653	\$ 32,750	\$ (5,903)
SUN CITY WEST WATER						COMPANY AS FILED	RUCO AS ADJ'TED	ADJUSTM'T
6	Arizona-American Service Company Allocation					\$ 515,886	\$ 437,098	\$ (78,789)

References:
Columns (A) (C): Company Schedule C-2, Page 4
Column (B): Company Response To RUCO Third Data Request
Column (D): Column (A) X Column (C)
Column (E): Column (B) X Column (C)
Column (F): Column (E) - Column (D)

**EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 4
PROJECTED SALARIES AND WAGES**

LINE NO.	COMPANY	AZ-AM BUSINESS UNIT	(A)	(B)	(C)	(D)	(E)
			GROSS PAYROLL	CAPITAL'D PAYROLL	NET PAYROLL	EMP. COUNT	PAYROLL TAX
1	Sun City West Water	2364	\$ 341,944	\$ 92,325	\$ 249,619	6	\$ 20,566
2	Sun City West Wastewater	2365	418,601	113,022	305,579	9	25,582
3	Sun City Water	2362	806,792	217,834	588,958	24	50,935
4	Sun City Wastewater	2363	80,003	21,601	58,402	4	5,448
5	Tubac	2389	68,044	18,372	49,672	1	4,045
SUN CITY WEST WATER				COMPANY AS FILED	RUCO AS ADJ'TED	ADJUSTM'T	
6		Salaries And Wages		\$ 347,733	\$ 249,619	\$ (98,114)	
7		Payroll Tax		28,072	20,566	(7,506)	
8		TOTAL		\$ 375,805	\$ 270,185	\$ (105,620)	

References:

- Columns (A) (D): Company Provided Data On AZ-AM 2002 Payroll
- Column (B): 27% Of Column (A) - Calculated As Representative Of Labor Associated With Capital Projects
- Column (C): Column (A) - Column (B)
- Column (E): Column (C) X 7.65% (FICA) + \$245 X Column (D) (FUTA & SUTA)

**EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 5
TEST YEAR DEPRECIATION EXPENSE**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) TOTAL PLANT VALUE	(B) APR'D DEP. RATE	(C) TEST YEAR DEPREC'N EXPENSE
		INTANGIBLE			
1	301.00	Organization	\$ 20,074	0.00%	\$ 0
2	302.00	Franchises	80,361	0.00%	0
3	303.00	Miscellaneous Intangibles	-	0.00%	0
4		SUBTOTAL INTANGIBLE	\$ 100,435		\$ 0
		SOURCE OF SUPPLY			
5	310.00	Land And Land Rights	\$ 11,651	0.00%	\$ 0
6	311.00	Structures And Improvements	337,401	2.50%	8,435
7	312.00	Collecting And Impounding Reservoir	924	0.00%	0
8	313.00	Lakes, Rivers, Other Intakes	-	0.00%	0
9	314.00	Wells And Springs	1,292,708	2.52%	32,576
10		SUBTOTAL SUPPLY	\$ 1,642,684		\$ 41,011
		PUMPING			
11	320.00	Land And Land Rights	\$ 44,957	0.00%	\$ 0
12	321.00	Structures And Improvements	227,016	1.67%	3,791
13	323.00	Other Power Production	-	0.00%	0
14	325.00	Electric Pumping Equipment	4,960,460	4.42%	219,252
15	326.00	Diesel Pumping Equipment	4,487	4.42%	198
16	328.10	Gas Engine Pumping Equipment	1,755	4.42%	78
17		SUBTOTAL PUMPING	\$ 5,238,675		\$ 223,319
		WATER TREATMENT			
18	330.00	Land And Land Rights	\$ 0	0.00%	\$ 0
19	331.00	Structures And Improvements	37,624	1.67%	628
20	332.00	Water Treatment Equipment	145,775	4.00%	5,831
21		SUBTOTAL TREATMENT	\$ 183,400		\$ 6,459
		TRANSMISSION AND DISTRIBUTION			
22	340.00	Land And Land Rights	\$ 0	0.00%	\$ 0
23	341.00	Structures And Improvements	-	0.00%	0
24	342.00	Distribution, Reservoirs, And Structures	757,568	1.67%	12,651
25	343.00	Transmission And Distribution Mains	11,564,959	1.53%	176,944
26	344.00	Fire Mains	166	1.53%	3
27	345.00	Services	6,523,844	2.48%	161,791
28	346.00	Meters	1,651,599	2.51%	41,455
29	348.00	Hydrants	1,655,344	2.00%	33,107
30	349.00	Other Transmission And Distribution	-	0.00%	0
31		SUBTOTAL TRANSMISSION AND DISTRIBUTION	\$ 22,153,481		\$ 425,951
		GENERAL			
32	389.00	Land And Land Rights	\$ 817	0.00%	\$ 0
33	390.00	Structures And Improvements	583,558	1.68%	9,808
34	391.00	Office Furniture And Equipment	189,065	4.55%	8,593
35	391.10	Computer Equipment	238,993	4.55%	10,863
36	392.00	Transportation Equipment	358,257	25.00%	89,564
37	393.00	Stores Equipment	4,807	3.92%	188
38	394.00	Tools, Shop And Garage	68,778	4.14%	2,844
39	395.00	Laboratory Equipment	21,787	3.71%	808
40	396.00	Power Operated Equipment	20,133	5.14%	1,036
41	397.00	Communication Equipment	115,961	10.28%	11,918
42	398.00	Miscellaneous Equipment	46,365	4.98%	2,309
43		SUBTOTAL GENERAL	\$ 1,648,520		\$ 137,932
44		TOTAL	\$ 30,967,192		\$ 834,672
45		Amortization Of Deferred Regulatory Assets	\$ 217,667	2.68%	\$ 5,841
46		Amortization Of Contribution In Aid Of Construction ("CIAC")	(971,578)	10.00%	(97,158)
47		Adjustment Due To Rounding	(1)		1
48		TOTAL WATER PLANT	\$ 31,184,859		\$ 743,357
49		Company As Filed As Per Schedule C-2, Pg 6, Line 73			\$ 750,150
50		Adjustment To Depreciation Expense (See RLM-6, Col (B), Line 20)			\$ (6,793)

References:

Column (A): Schedule RLM-5, Page 1, Column (E)
Column (B): Schedule RLM-4, Page 4, Column (A)
Column (C): Column (A) X Column (B)

EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 6
PROPERTY TAX COMPUTATION

LINE NO.	DESCRIPTION	(A)	(B)
Calculation Of The Company's Full Cash Value:			
Annual Operating Revenues:			
1	Year 1999 (Company Schedule E-2)	\$ 3,540,905	
2	Year 2000 (Company Schedule E-2)	3,903,820	
3	Year 2001 (Company Schedule E-2)	3,637,365	
4	Total Three Year Operating Revenues (L1 + L2 + L3)	<u>\$ 11,082,090</u>	
5	Average Annual Operating Revenues (L4 / 3)	3,694,030	
6	Two Times Three Year Average Operating Revenues (L5 X 2)		\$ 7,388,060
ADD: Ten Percent Of Construction Work In Progress ("CWIP"):			
7	Test Year CWIP	\$ 43,456	
8	10% Of CWIP (L7 X 10%)		\$ 4,346
SUBTRACT: Transportation At Book Value:			
9	Original Cost Of Transportation Equipment (RLM-5, Pg 1, Col (E), L 36)	\$ 358,257	
10	Acc. Dep. Of Transportation Equipment (RLM-5, Pg 1, Col (F), L 36)	<u>223,070</u>	
11	Book Value Of Transportation Equipment (L9 - L10)		\$ 135,187
12	COMPANY'S FULL CASH VALUE (L6 + L8 + L11)		<u>\$ 7,257,218</u>
Calculation Of The Company's Tax Liability:			
MULTIPLY: Company Full Cash Value By Valuation Assessment Ratio And Then By Property Tax Rates:			
13	Assessment Ratio (ADOR Directive)	25%	
14	Assessed Value (L12 X L13)	\$ 1,814,305	
Property Tax Rates:			
15	Primary Tax Rate (2001 Tax Notice - Co.'s Data Response - "Property Tax")	8.49%	
16	Secondary Tax Rate (2001 Tax Notice - Co.'s Data Response - "Property Tax")	0.00%	
17	Estimated Tax Rate Liability (L14 + L15)	<u>8.49%</u>	
18	COMPANY'S TAX LIABILITY - Based On Full Cash Value (L14 X L17)		<u>\$ 153,950</u>
19	Test Year Adjusted Property Tax Expense Per Co.'s Filing (Sch. RLM-6, Col. (A), L22)	\$ 148,220	
20	Increase (Decrease) In Property Tax Expense (L18 - L19)	\$ 5,730	
21	Adjustment To Property Tax Expense From Company's Direct Filing (See RLM-6 Col. (B), L22)		<u>\$ 5,730</u>

**EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 7
RATE CASE EXPENSE**

LINE NO.	(A) REVISED T. Y. REV. FACTORS	(B) COMPANY AS FILED	(C) RUCO AS ADJUSTED	(D) TOTAL DIFFERENCE	(E) 3 YEAR AMORTIZED DIFFERENCE
1	Total Rate Case Expense	\$ 699,954	\$ 418,941	\$ (281,013)	\$ (93,671)
2	Sun City West Water	0.0956 \$ 66,939	\$ 40,065	\$ (26,874)	\$ (8,958)
3	Sun City West Wastewater	0.1000 70,006	41,901	(28,106)	(9,369)
4	Sun City Water	0.1752 122,623	73,393	(49,230)	(16,410)
5	Sun City Wastewater	0.1439 100,749	60,301	(40,448)	(13,483)
6	Tubac	0.0072 5,039	3,016	(2,023)	(674)
7	Agua Fria	0.1750 122,482	73,309	(49,173)	(16,391)
8	Anthem Water	0.1135 79,413	47,531	(31,882)	(10,627)
9	Agua Fria, Anthem Wastewater	0.0528 36,958	22,120	(14,837)	(4,946)
10	Mohave Water	0.1243 87,016	52,081	(34,935)	(11,645)
11	Havasas Water	0.0125 8,730	5,225	(3,505)	(1,168)
12	TOTAL	<u>1.0000</u> <u>\$ 699,954</u>	<u>\$ 418,941</u>	<u>\$ (281,013)</u>	<u>\$ (93,671)</u>
SUN CITY WEST WATER					
13	Rate Case Expense	\$ 66,939	\$ 40,065	\$ (26,874)	\$ (8,958)

References:

- Column (A) : Revised Company Adjusted Test Year Revenue Factors To Remove Mohave Sewer From Allocation
- Column (B): Company Response To Data Request Minus The Mohave Sewer Allocated Value Of \$6,017
- Column (C): Column (A) X RUCO's Recommended Total Rate Case Expense
- Column (D): Column (C) - Column (B)
- Column (E): Column (D) Divided By 3 (The Three Year Amortization Period)

**EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 8
PROJECTED CORPORATE OVERHEAD**

LINE NO.	DISTRICT	EXPENSE ACCOUNT	(A) COMPANY AS FILED	(B) RUCO AS ADJUSTED	(C) ADJUSTMENT
	SUN CITY WEST WATER				
1		Salaries And Wages	\$ 108,156	\$ 22,464	\$ (85,692)
2		Office Supplies & Expense	162,863	182,392	19,529
3		Insurance	28,350	19,535	(8,815)
4		Miscellaneous Expense	1,099	1,464	365
5		TOTAL	<u>\$ 300,468</u>	<u>\$ 225,855</u>	<u>\$ (74,613)</u>

References:

- Column (A): Company Schedule C-2, Page 11
- Column (B): Allocated Amounts From RLM-14, Pg 2, Line 24
- Column (C): Column (B) - Column (A)

EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 8 - CONT'D
PROJECTED CORPORATE OVERHEAD

LINE NO.	CATEGORY	(A) COMPANY AS FILED	(B) RUCO AS ADJUSTED	(C) DIFFERENCE	(D)
1	Employee Benefits	\$ 964,147	\$ 374,404	\$ 589,743	
2	Directors Fees: Office Supplies & Exp.	1,270,126	1,030,972	239,154	
3	Miscellaneous Expenses	6,000	8,500	(2,500)	
4	Trustees Fees: Office Supplies & Exp.	645,847	447,842	198,005	
5	Miscellaneous Expenses	17,058	21,881	(4,823)	
6	Insurance	258,736	215,200	43,536	
7	Subtotal	<u>\$ 3,161,914</u>	<u>\$ 2,098,797</u>	<u>\$ 1,063,117</u>	
8	Non-Applicable Accounts	\$ 2,153,067	\$ 2,117,294	\$ 35,773	
9	TOTAL (See RLM-14, Pg 3, L45)	<u>\$ 5,314,981</u>	<u>\$ 4,216,091</u>	<u>\$ 1,098,890</u>	
	ALLOCATION FACTORS	FAIR VALUE RATE BASE	YEAR-END CUST. COUNT	EMPLOYEE COUNT	PROFORMA PLANT
10	Sun City West Water	0.0908	0.1375	0.0600	0.0135
11	Sun City West Wastewater	0.0744	0.1314	0.0900	0.0056
12	Sun City Water	0.2695	0.1958	0.2400	0.1254
13	Sun City Wastewater	0.1119	0.1866	0.0400	0.0046
14	Tubac	0.0109	0.0044	0.0100	0.0110
15	Agua Fria	0.1052	0.1147	0.0700	0.2417
16	Anthem Water	0.0544	0.0284	0.1200	0.2326
17	Agua Fria, Anthem Wastewater	0.0158	0.0224	0.0600	0.2279
18	Mohave Water	0.0842	0.1217	0.1500	0.0371
19	Havasu Water	0.0076	0.0105	0.0300	0.0552
20	Subtotal	<u>0.8247</u>	<u>0.9534</u>	<u>0.8700</u>	<u>0.9544</u>
21	Mohave Sewer	0.0037	0.0051	0.0100	0.0089
22	Paradise Valley (Est. - 2001 Annual Report)	0.1715	0.0414	0.1200	0.0367
23	TOTAL	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>
	ALLOCATED AMOUNTS	EMP. BEN.	OFF. SUP/EXP	INSURANCE	MISC. EXP.
24	Sun City West Water	\$ 22,464	\$ 182,392	\$ 19,535	\$ 1,464
25	Sun City West Wastewater	33,696	168,783	16,021	1,238
26	Sun City Water	89,857	322,580	57,988	4,408
27	Sun City Wastewater	14,976	242,477	24,091	1,686
28	Tubac	3,744	9,386	2,351	277
29	Agua Fria	26,208	165,421	22,645	6,263
30	Anthem Water	44,928	53,684	11,712	5,332
31	Agua Fria, Anthem Wastewater	22,464	30,213	3,398	5,176
32	Mohave Water	56,161	163,185	18,113	1,846
33	Havasu Water	11,232	14,208	1,630	1,297
34	Subtotal	<u>\$ 325,731</u>	<u>\$ 1,352,330</u>	<u>\$ 177,484</u>	<u>\$ 28,987</u>
35	Mohave Sewer	3,744	6,945	806	238
36	Paradise Valley (Est. - 2001 Annual Report)	44,928	119,539	36,910	1,155
37	Subtotal	<u>\$ 48,672</u>	<u>\$ 126,483</u>	<u>\$ 37,716</u>	<u>\$ 1,393</u>
38	TOTAL	<u>\$ 374,404</u>	<u>\$ 1,478,813</u>	<u>\$ 215,200</u>	<u>\$ 30,381</u>
39	TOTAL RUCO ADJUSTMENT (See RLM-14, pg 2, Column (B), Line 7 Above)			<u>\$ 2,098,797</u>	

References:

Allocation Factors - As Provided By Co. Except For Paradise Valley, Which Were Estimated From 2001 Annual Report
Allocation Amounts - Calculated Using Same Methodology As Company

EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 8 - CONT'D
PROJECTED CORPORATE OVERHEAD

LINE NO.	DESCRIPTION	CATEGORY	(A)	(B)	(C)	(D)
				COMPANY AS FILED	RUCO AS ADJUSTED	DIFFERENCE
1	Directors Fees	MISC	\$ 6,000	\$ 8,500	\$ 2,500	
2	Bank Service Charges	OFFICE	29,863	124,896	95,033	
3	Bill Insert	OFFICE	29,703	35,304	5,601	
4	Collection Agencies	OFFICE	870	6,673	5,803	
5	Forms AG	OFFICE	17,074	13,051	(4,023)	
6	Advertising (Required Notification)	OFFICE	230,287	130,698	(99,589)	
7	Brochures And Handouts	OFFICE	2,502	834	(1,668)	
8	Community Relations	OFFICE	7,730	6,662	(1,068)	
9	Postage	OFFICE	329,952	125,443	(204,509)	
10	Group Insurance	OFFICE	622,145	587,410	(34,735)	
11	IncentivePlan Expenses	EMP. BENFITS	226,620	21,252	(205,368)	
12	PBOP Operations AG	EMP. BENFITS	341,502	16,737	(324,765)	
13	Workman Compensation	EMP. BENFITS	(19,061)	(3,359)	15,702	
14	Dues Deducted	EMP. BENFITS	3,612	13,660	10,048	
15	Dues Non-Deducted	EMP. BENFITS	2,705	5,052	2,347	
16	Dues-Membership Deducted	EMP. BENFITS	-	2,959	2,959	
17	Employee Expenses AG	EMP. BENFITS	115,234	60,267	(54,967)	
18	Employee Exp Conference-Registration	EMP. BENFITS	24,595	15,666	(8,929)	
19	Meals And Travel Deducted	EMP. BENFITS	39,758	20,433	(19,325)	
20	Meals And Travel Non-Deduct	EMP. BENFITS	-	13,037	13,037	
21	Other Welfare Operations	EMP. BENFITS	6,495	19,906	13,411	
22	Employee Awards	EMP. BENFITS	252	1,144	892	
23	Employee Physical Exams	EMP. BENFITS	1,842	716	(1,126)	
24	Tuition Aid	EMP. BENFITS	29,515	15,528	(13,987)	
25	Training	EMP. BENFITS	24,818	28,944	4,126	
26	401K	EMP. BENFITS	74,501	61,288	(13,213)	
27	ESOP	EMP. BENFITS	91,759	81,175	(10,584)	
28	Trustee Fees	MISC	17,058	21,881	4,823	
29	Credit Line Fees	OFFICE	8,347	24,728	16,381	
30	Insurance General Liability	INS	41,335	77,430	36,095	
31	Security Services	OFFICE	637,500	423,114	(214,386)	
32	Insurance Other	INS	217,401	137,770	(79,631)	
33	Company Dues-Membership Deduct	N/A	16,178	4,422	(11,756)	
34	Company Dues-Membership Non-deducted	N/A	36,108	2,846	(33,262)	
35	Company Dues-Membership AWWA Ded.	N/A	882	495	(387)	
36	Company Dues-Membership AWWA Non	N/A	1,947	649	(1,298)	
37	Company Dues-Membership Non-Deducted	N/A	-	18,075	18,075	
38	Charitable Contribution Deducted	N/A	3,500	2,075	(1,425)	
39	Charitable Contribution Non-Deduct	N/A	800	200	(600)	
40	Property Taxes	N/A	2,093,652	1,648,841	(444,811)	
41	Business Services-Project Expense	N/A	-	390,309	390,309	
42	Pcard Undistributed	N/A	-	39,882	39,882	
43	Water Reservoir Conservation	N/A	-	4,001	4,001	
44	Pension Operation AG	N/A	-	5,499	5,499	
45	TOTAL		<u>\$ 5,314,981</u>	<u>\$ 4,216,091</u>	<u>\$ (1,098,890)</u>	

References:
Columns (A) (C): Company Response To RUCO Third Data Request
Column (B): Company As Filed
Column (D): Column (C) - Column (B)

**EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 10
INCOME TAX EXPENSE**

LINE NO.	DESCRIPTION	(A) REFERENCE	(B) AMOUNT
FEDERAL INCOME TAXES:			
1	Operating Income Before Taxes	Sch. RLM-6, Col. (C), L25 + L23	\$ 528,250
LESS:			
2	Arizona State Tax	Line 11	13,707
3	Interest Expense	Note (A) Line 19	331,538
4	Federal Taxable Income	Line 1 - Line 2 - Line 3	\$ 183,004
5	Federal Tax Rate	Sch. RLM-1, Pg 2, Col.(D), L34	34.00%
6	Federal Income Tax Expense	Line 4 X line 5	\$ 62,221
STATE INCOME TAXES:			
7	Operating Income Before Taxes	Line 1	\$ 528,250
LESS:			
8	Interest Expense	Note (A) Line 19	331,538
9	State Taxable Income	Line 7 - Line 8	\$ 196,711
10	State Tax Rate	Tax Rate	6.97%
11	State Income Tax Expense	Line 9 X Line 10	\$ 13,707
TOTAL INCOME TAX EXPENSE:			
12	Federal Income Tax Expense	Line 6	\$ 62,221
13	State Income Tax Expense	Line 11	13,707
14	Total Income Tax Expense Per RUCO	Line 12 + Line 13	\$ 75,928
15	Total Income Tax Expense Per Company (Per Company Sch. C-1)		(97,736)
16	Total Income Tax Adjustment (See Sch. RLM 6, Col. (B), L23)	Line 14 - Line 15	\$ 173,664
NOTE (A):			
Interest Synchronization:			
17	Adjusted Rate Base (Sch. RLM-3, Col. (E), L16)	\$ 11,366,817	
18	Weighted Cost Of Debt (Sch. RLM-16, Col. (F), L1)	2.92%	
19	Interest Expense (L17 X L18)	\$ 331,538	

COST OF CAPITAL

LINE NO.	DESCRIPTION	(A) CAPITAL'TION PER COMPANY	(B) RUCO ADJ'TS	(C) RUCO ADJUSTED CAPITAL'TION	(D) CAPITAL RATIO	(E) COST	(F) WEIGHTED COST RATE
1	Long-Term Debt	\$ 165,583,119	\$ 0	\$ 165,583,119	59.89%	4.87%	2.92%
2	Common Equity	\$ 110,888,158	\$ 0	\$ 110,888,158	40.11%	9.11%	3.65%
3	TOTAL CAPITAL	<u>\$ 276,471,277</u>	<u>\$ 0</u>	<u>\$ 276,471,277</u>	<u>100.00%</u>		
4	COST OF CAPITAL						<u>6.57%</u>

References:

- Column (A): Staff Data Request Nos. JMR 8-3 And JMR 8-4
- Column (B): Testimony, WAR
- Column (C): Column (A) + Column (B)
- Column (D): Column (C), Line Item / Total Capital (L5)
- Column (E): Testimony, WAR
- Column (F): Column (D) X Column (E)

RATE DESIGN - MONTHLY MINIMUM, COMMODITY AND SERVICE CHARGES

LINE NO.	DESCRIPTION	(A)	(B)	(C)
		PRESENT RATES	COMPANY PROPOSED	RUCO PROPOSED
MONTHLY MINIMUM USAGE CHARGE:				
1	5/8 X 3/4 - Inch	\$ 5.00	\$ 7.23	\$ 5.00
2	3/4 - Inch	5.00	7.23	5.00
3	1 - Inch	13.00	18.80	13.00
4	1 1/2 - Inch	28.00	40.49	28.00
5	2 - Inch	41.00	59.29	41.00
6	3 - Inch	70.00	101.22	70.00
7	4 - Inch	103.00	148.94	103.00
8	6 - Inch	141.00	203.89	141.00
9	Construction (To Be Canceled - N/A)	8.00	N/A	N/A
10	General Fire Sprinkler Rate 4 - Inch	30.00	43.38	30.00
11	General Fire Sprinkler Rate 6 - Inch	45.00	65.07	45.00
12	General Fire Sprinkler Rate 8 - Inch	60.00	86.76	60.00
13	General Fire Sprinkler Rate 10 - Inch	120.00	173.52	120.00

NO GALLONS INCLUDED OR PROPOSED IN THE MONTHLY MINIMUM USAGE CHARGE

COMMODITY RATES - ALL METERS (Per 1,000 Gallons):

14	Tier 1 (0 to 8,000 Gallons)	\$ 0.93	\$ 1.34	\$ 1.14
15	Tier 2 (Above 8,001 Gallons)	1.12	1.62	1.38
16	Effluent Sales (Per Acre Foot)	150.00	216.90	216.90
17	CAP - Raw Water (Per 1,000 Gallons)	0.50	0.72	0.72

In Addition, Company Shall Collect Groundwater Saving Fee Per Decision No. 62203
Ground Waterdrawal Fees Shall Be Collected As An Assessment,
And is Subject To Annual Revisions As Required Due To Changes
In Rates Charged By The Arizona Department Of Water Resources (ADWR).
Includes An Allowance Of 10% Lost And Unaccounted For Water.

RATE DESIGN - MONTHLY MINIMUM, COMMODITY AND SERVICE CHARGES CONT'D

LINE NO.	DESCRIPTION	(A)	(B)	(C)
		PRESENT RATES	COMPANY PROPOSED	RUCO PROPOSED
SERVICE LINE AND METER INSTALLATION CHARGES:				
1	5/8 X 3/4 - Inch Meter	\$ 320.00	\$ 410.00	\$ 410.00
2	3/4 - Inch Meter	360.00	410.00	410.00
3	1 - Inch Meter	415.00	520.00	520.00
4	1 1/2 - Inch Meter	725.00	660.00	660.00
5	2 - Inch Meter	1,090.00	1,155.00	1,155.00
6	3 - Inch Meter	Cost	1,625.00	1,625.00
7	4 - Inch Meter	Cost	2,500.00	2,500.00
8	6 - Inch Meter	Cost	4,500.00	4,500.00
9	8 - Inch Meter	Cost	8,200.00	8,200.00
SERVICE CHARGES:				
10	Establishment Of Service	\$ 30.00	\$ 50.00	\$ 50.00
11	Establishment Of Service (After Hours)	40.00	60.00	60.00
12	Re-Connection (Delinquent)	N/A	N/A	N/A
13	Re-Connection (After Hours)	N/A	N/A	N/A
14	Meter Test Fee (If Correct)	10.00	10.00	10.00
15	Deposit		As Per ACC R14-2-403.B	
16	Deposit Interest		As Per ACC R14-2-403.B	
17	Re-Establishment - (Within 12 Months)		Monthly Minimum Times Months Disconnected - As Per ACC R14-2-403.D	
18	NSF Charge (Per Month)	10.00	10.00	10.00
19	Deferred Payment	1.50%	1.50%	1.50%
20	Meter Re-Read - (If Correct)	5.00	5.00	5.00
21	Meter Moved - Customer Requested	Cost	Cost	Cost
22	Late Payment Charge	1.50%	1.50%	1.50%
23	Damages To Locks, Valves, Seals	Cost	Cost	Cost

All Advances (AIAC) And/Or Contributions (CIAC) Are To Include Labor, Materials, Overhead,
And All Applicable Taxes, Including All Gross-Up Taxes For Income Taxes

References:

Columns (A) (B): Company Schedule H-3, Page 3
Column (C): Testimony, RLM

PROOF OF RECOMMENDED REVENUE

LINE NO.	DESCRIPTION	(A) RUCO PROPOSED RATE DES'N	(B) ANNUALIZED CUST. & GAL. COUNT	(C) RUCO PROPOSED REVENUE
MONTHLY MINIMUM USAGE CHARGE:				
1	5/8 X 3/4 - Inch	\$ 5.00	174,696	\$ 873,480
2	3/4 - Inch	5.00	12	60
3	1 - Inch	13.00	2,163	28,122
4	1 1/2 - Inch	28.00	6,348	177,753
5	2 - Inch	41.00	3,045	124,853
6	3 - Inch	70.00	168	11,760
7	4 - Inch	103.00	24	2,472
8	6 - Inch	141.00	12	1,692
9	Construction (To Be Canceled - N/A)	N/A	0	0
10	General Fire Sprinkler Rate 4 - Inch	30.00	156	4,680
11	General Fire Sprinkler Rate 6 - Inch	45.00	264	11,880
12	General Fire Sprinkler Rate 8 - Inch	60.00	84	5,040
13	General Fire Sprinkler Rate 10 - Inch	120.00	0	0
14	TOTAL ANNUALIZED MONTHLY CUSTOMER COUNT AND BASIC CHARGE		<u>186,972</u>	<u>\$ 1,241,792</u>
NO GALLONS INCLUDED OR PROPOSED IN THE MONTHLY MINIMUM USAGE CHARGE				
COMMODITY RATES - ALL METERS (Per 1,000 Gallons):				
15	Tier 1 (0 to 8,000 Gallons)	\$ 1.14	1,071,770,072	\$ 1,221,089
16	Tier 2 (Above 8,001 Gallons)	1.38	972,672,411	1,344,736
17	Effluent Sales (Per Acre Foot)	216.90	0	0
18	CAP - Raw Water (Per 1,000 Gallons)	0.72	0	0
19	TOTAL ANNUALIZED COMMODITY USAGE AND CHARGES		<u>2,044,442,483</u>	<u>\$ 2,565,825</u>
20	Unmetered Revenue			\$ 0
21	Other Revenue			37,640
22	Difference Between Bill Count And Revenue As Recorded			15,225
23	TOTAL PROPOSED ANNUALIZED REVENUE			<u>\$ 3,860,482</u>
24	Required Revenue (As Per Schedule RLM-1, Col (D), L10)			<u>3,860,482</u>
25	Difference			<u>\$ 0</u>

In Addition, Company Shall Collect Groundwater Saving Fee Per Decision No. 62203
Ground Waterdrawal Fees Shall Be Collected As An Assessment,
And Is Subject To Annual Revisions As Required Due To Changes
In Rates Charged By The Arizona Department Of Water Resources (ADWR).
Includes An Allowance Of 10% Lost And Unaccounted For Water.

References:
Column (A): RLM-17, Page 1, Column (C)
Column (B): Response To RUCO Data Request No. 1.04
Column (C): Columns (A) X (B)

**TYPICAL BILL ANALYSIS
RESIDENTIAL WATER SERVICE TO 5/8 X 3/4 INCH METERS**

COMPANY PROPOSED		(A)	(B)	(C)	(D)	(E)
LINE NO.	USAGE	GALLONS CONSUMED	PRESENT RATES	PROPOSED RATES	DOLLAR INCREASE	PERCENT INCREASE
1	Average	7,102	\$11.60	\$16.75	\$5.14	44.3%
2	Median	5,610	\$10.22	\$14.75	\$4.53	44.3%
RUCO PROPOSED						
3	Average	7,102	\$11.60	\$13.09	\$1.49	12.8%
4	Median	5,610	\$10.22	\$11.39	\$1.17	11.5%
5	Average Number Of Customers:		14,463			

PRESENT AND PROPOSED RATES (WITHOUT TAXES)

	Gallons Consumed	Present Rates	Company		RUCO	
			Prop'd Rates	% Increase	Prop'd Rates	% Increase
6	0	\$5.00	\$7.23	44.6%	\$5.00	0.0%
7	1,000	5.93	8.57	44.5%	6.13	3.3%
8	2,000	6.86	9.91	44.5%	7.25	5.7%
9	3,000	7.79	11.25	44.4%	8.38	7.6%
10	4,000	8.72	12.59	44.4%	9.50	9.0%
11	5,000	9.65	13.93	44.4%	10.63	10.2%
12	6,000	10.58	15.27	44.3%	11.76	11.1%
13	7,000	11.51	16.61	44.3%	12.88	11.9%
14	8,000	12.44	17.95	44.3%	14.01	12.6%
15	9,000	13.56	19.57	44.3%	15.38	13.4%
16	10,000	14.68	21.19	44.3%	16.74	14.0%
17	15,000	20.28	29.29	44.4%	23.57	16.2%
18	20,000	25.88	37.39	44.5%	30.41	17.5%
19	25,000	31.48	45.49	44.5%	37.24	18.3%
20	50,000	59.48	85.99	44.6%	71.40	20.0%
21	75,000	87.48	126.49	44.6%	105.56	20.7%
22	100,000	115.48	166.99	44.6%	139.73	21.0%
23	125,000	143.48	207.49	44.6%	173.89	21.2%
24	150,000	171.48	247.99	44.6%	208.05	21.3%
25	175,000	199.48	288.49	44.6%	242.21	21.4%
26	200,000	227.48	328.99	44.6%	276.37	21.5%

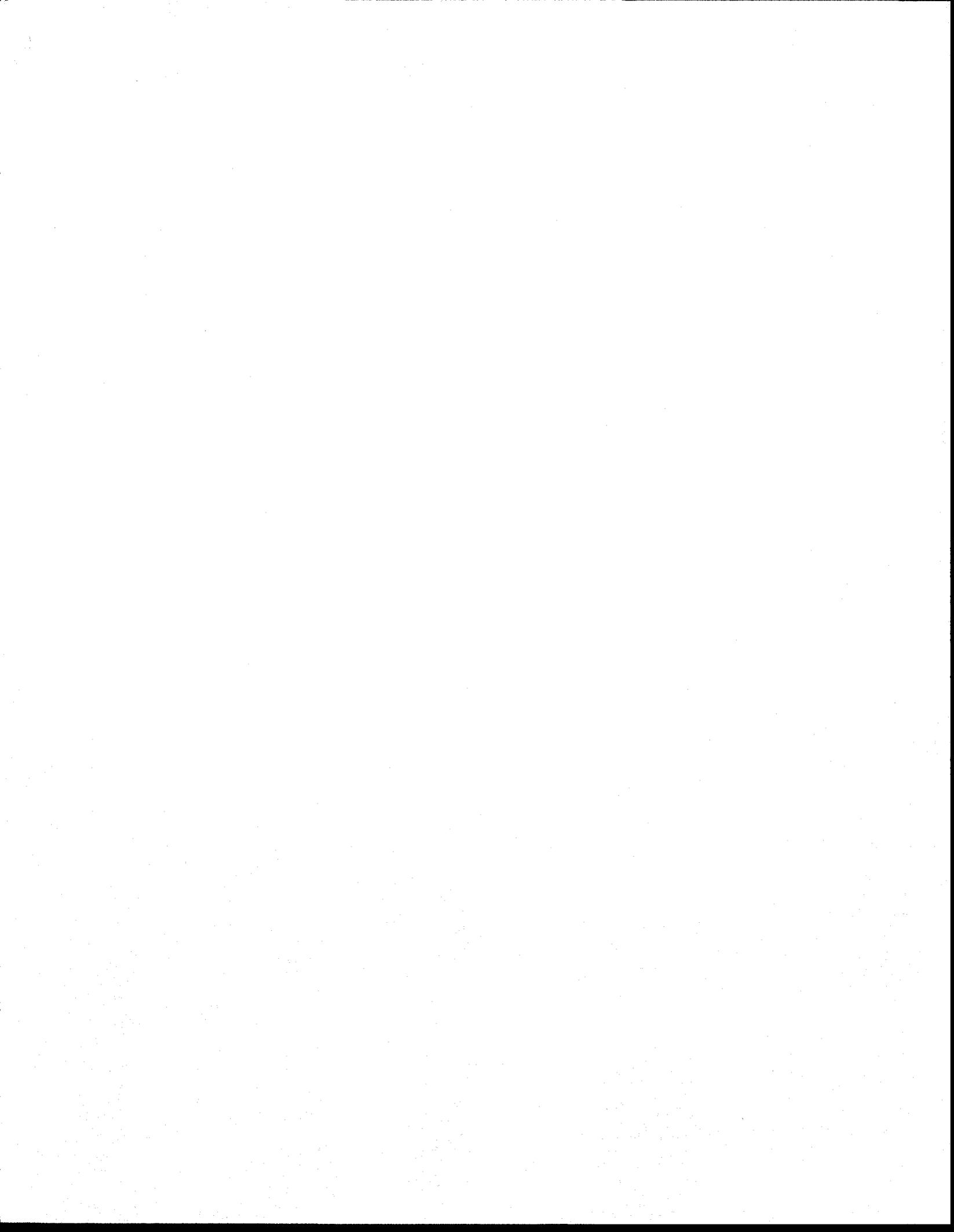


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RLM-3	1	SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS
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RLM-19	1	TYPICAL BILL ANALYSIS

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	(A) COMPANY RCND	(B) ADJ'MENT TO RESTATE TO ORIGINAL COST	(C) COMPANY ORIGINAL COST	(D) RUCO ORIGINAL COST
1	Fair Value Rate Base	\$ 13,455,978	\$ 5,794,789	\$ 19,250,767	\$ 10,470,538
2	Adjusted Operating Income (Loss)	\$ (164,369)		\$ (164,369)	\$ 57,146
3	Current Rate Of Return (L2 / L1)	-1.22%		-0.85%	0.55%
4	Required Operating Income (L5 X L1)	\$ 1,042,776		\$ 1,491,934	\$ 687,977
5	Required Rate Of Return On Fair Value Rate Base	7.75%		7.75%	6.57%
6	Operating Income Deficiency (L4 - L2)	\$ 1,207,145		\$ 1,656,303	\$ 630,830
7	Gross Revenue Conversion Factor (RLM-1, PG 2)	1.6286		1.6286	1.6286
8	Increase In Gross Revenue Requirement (L7 X L6)	\$ 1,965,956		\$ 2,697,456	\$ 1,027,392
9	Adjusted Test Year Revenue	\$ 3,535,680		\$ 3,535,680	\$ 3,535,680
10	Proposed Annual Revenue (L8 + L9)	\$ 5,494,492		\$ 6,233,136	\$ 4,563,072
11	Required Percentage Increase In Revenue (L8 / L9)	55.60%		76.29%	29.06%
12	Rate Of Return On Common Equity	11.50%		11.50%	9.11%

References:

Column (A): Company Schedules A-1 and C-1

Column (B): RUCO Schedule RLM-2

Column (C): Recalculated After Adjusted To OCRB

Column (D): RUCO Schedules RLM-3, RLM-6 And RLM-19

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
CALCULATION OF GROSS REVENUE CONVERSION FACTOR:					
1	Revenue	1.0000			
2	Less: Combined Federal And State Tax Rate (L10)	0.3860			
3	Subtotal (L1 - L2)	<u>0.6140</u>			
4	Revenue Conversion Factor (L1 / L3)	1.6286			
CALCULATION OF EFFECTIVE TAX RATE:					
5	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%			
6	Arizona State Income Tax Rate	6.9680%			
7	Federal Taxable Income (L5 - L6)	<u>93.0320%</u>			
8	Applicable Federal Income Tax Rate (Col. (D), L34)	34.0000%			
9	Effective Federal Income Tax Rate (L7 X L8)	<u>31.6309%</u>			
10	Combined Federal And State Income Tax Rate (L6 + L9)	<u>38.5989%</u>			
11	Required Operating Income (Sch. RLM-1, Col. (D), L4)	\$ 687,977			
12	Adj'd T.Y. Oper'g Income (Loss) (Sch. RLM-1, Col. (D), L2)	<u>57,146</u>			
13	Required Increase In Operating Income (L11 - L12)		\$ 630,830		
14	Income Taxes On Recommended Revenue (Col. (D), L31)	\$ 240,503			
15	Income Taxes On Test Year Revenue (Col. (D), L32)	<u>(156,059)</u>			
16	Required Increase In Revenue To Provide For Income Taxes (L14 - L15)		\$ 396,562		
17	Total Required Increase In Revenue (L13 + L16)		<u>\$ 1,027,392</u>		
				RUCO	
				Recommended	
18	Revenue (Sch. RLM-1, Col. (D), L10)			\$ 4,563,072	
19	Less: Opr'g Exp. Excl. Inc. Tax (RLM-6, Col. (E), L27 - L25)			3,634,592	
20	Less: Synchronized Interest (Col. (C), L37)			<u>305,396</u>	
21	Arizona Taxable Income (L18 - L19 - L20)			\$ 623,083	
22	Arizona State Income Tax Rate			6.97%	
23	Arizona Income Tax (L21 X L22)				\$ 43,416
24	Fed. Taxable Income (L21 - L23)			<u>\$ 579,667</u>	
25	Fed. Tax On 1st Inc. Bracket (\$1 - \$50,000) @ 15%			\$ 7,500	
26	Fed. Tax On 2nd Inc. Bracket (\$50,001 - \$75,000) @ 25%			6,250	
27	Fed. Tax On 3rd Inc. Bracket (\$75,001 - \$100,000) @ 34%			8,500	
28	Fed. Tax On 4th Inc. Bracket (\$100,001 - \$335,000) @ 39%			91,650	
29	Fed. Tax On 5th Inc. Bracket (\$335,001 - \$10M) @ 34%			<u>83,187</u>	
30	Total Federal Income Tax (L25 + L26 + L27 + L28 + L29)				\$ 197,087
31	Combined Federal And State Income Tax (L23 + L30)				<u>\$ 240,503</u>
32	Test Year Combined Income Tax, RUCO As Adjusted (RLM-6, Col. (C), L25)				\$ (156,059)
33	Adjustment (L31 - L32) (See RLM-6, Col. (D), L25)				<u>\$ 396,562</u>
34	Applicable Federal Income Tax Rate (Col. (D), L30 / Col. (C), L24)				34.00%
CALCULATION OF INTEREST SYNCHRONIZATION:					
35	Rate Base (Sch. RLM-1, Pg 2, Col. (E), L16)			\$ 10,470,538	
36	Weighted Avg. Cost Of Debt (Sch. RLM-16, Col. (F), L1)			<u>2.92%</u>	
37	Synchronized Interest (L35 X L36)			<u>\$ 305,396</u>	

FAIR VALUE RATE BASE - RCND ADJUSTED TO OCRB

LINE NO.	DESCRIPTION	(A) COMPANY FILED AS RCND	(B) RUCO ADJM'TS TO OCRB	(C) RUCO ADJUSTED TO OCRB	(D) RUCO OCRB ADJM'TS	(E) RUCO ADJUSTED AS OCRB
1	Gross Utility Plant In Service	\$ 58,932,134	\$ (19,830,322)	\$ 39,101,812	\$ (868,145)	\$ 38,233,667
	Less:					
2	Accumulated Depreciation	21,419,094	(7,128,849)	14,290,245	(2,489,292)	11,800,953
3	Net Utility Plant In Service (L1 - L2)	<u>\$ 37,513,040</u>	<u>\$ (12,701,473)</u>	<u>\$ 24,811,567</u>	<u>\$ 1,621,147</u>	<u>\$ 26,432,714</u>
	Less:					
4	Advances In Aid Of Const. ("AIAC")	<u>\$ 21,858,105</u>	<u>\$ (7,355,126)</u>	<u>\$ 14,502,979</u>	<u>\$ 0</u>	<u>\$ 14,502,979</u>
5	Contribution In Aid Of Const. ("CIAC")	\$ 2,198,432	\$ (739,760)	\$ 1,458,672	\$ 0	\$ 1,458,672
6	Less: Accumulated Amortization	-	-	-	-	0
7	NET CIAC (L5 - L6)	<u>\$ 2,198,432</u>	<u>\$ (739,760)</u>	<u>\$ 1,458,672</u>	<u>\$ 0</u>	<u>\$ 1,458,672</u>
8	Customer Meter Deposits	\$ 525	\$ 0	\$ 525	\$ 0	\$ 525
9	Deferred Income Taxes And Credits	-	-	-	-	0
10	Investment Tax Credits	-	-	-	-	0
	Plus:					
11	Deferred Finance Charges	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
12	Deferred Tax Assets	-	-	-	-	0
13	Allowance For Working Capital	-	-	-	-	0
14	Citizens Acquisition Adjustment	-	10,401,376	10,401,376	(10,401,376)	0
15	Adjustment Due To Rounding	-	-	-	-	0
16	TOTAL RATE BASE	<u><u>\$ 13,455,978</u></u>	<u><u>\$ 5,794,789</u></u>	<u><u>\$ 19,250,767</u></u>	<u><u>\$ (8,780,229)</u></u>	<u><u>\$ 10,470,538</u></u>

References:
Column (A): Company Schedule B-1
Column (B): Testimony, RLM
Column (C): Column (A) + Column (B)
Column (D): Schedule RLM-3
Column (E): Column (C) + Column (D)

SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)	(E)
		COMPANY FILED AS OCRB	RUCO ADJM'T # 1	RUCO ADJM'T # 2	RUCO ADJM'T # 3	RUCO ADJUSTED AS OCRB
1	Gross Utility Plant In Service	\$ 39,101,812	\$ (861,163)	\$ (6,982)	\$ 0	\$ 38,233,667
	Less:					
2	Accumulated Depreciation	14,290,245	(2,495,572)	6,279	-	11,800,953
3	Net Utility Plant In Service (L1 - L2)	<u>\$ 24,811,567</u>	<u>\$ 1,634,408</u>	<u>\$ (13,261)</u>	<u>\$ 0</u>	<u>\$ 26,432,714</u>
	Less:					
4	Advances In Aid Of Const. ("AIAC")	\$ 14,502,979	\$ 0	\$ 0	\$ 0	\$ 14,502,979
5	Contribution In Aid Of Const. ("CIAC")	\$ 1,458,672	\$ 0	\$ 0	\$ 0	1,458,672
6	Less: Accumulated Amortization	-	-	-	-	-
7	NET CIAC (L4 - L5)	<u>\$ 1,458,672</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,458,672</u>
8	Customer Meter Deposits	\$ 525	\$ 0	\$ 0	\$ 0	\$ 525
9	Deferred Income Taxes And Credits	-	-	-	-	0
10	Investment Tax Credits	-	-	-	-	0
	Plus:					
11	Deferred Finance Charges	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
12	Deferred Tax Assets	-	-	-	-	0
13	Allowance For Working Capital	-	-	-	-	0
14	Citizens Acquisition Adjustment	10,401,376	-	-	(10,401,376)	0
15	Adjustment Due To Rounding	-	-	-	-	0
16	TOTAL RATE BASE	<u>\$ 19,250,767</u>	<u>\$ 1,634,408</u>	<u>\$ (13,261)</u>	<u>\$ (10,401,376)</u>	<u>\$ 10,470,538</u>

References:

- Column (A): Company As Filed Per Schedule B-2 And RLM-2, Col (C)
- Column (B): Adjustment To Test Year Total Plant And Accumulated Depreciation (See RLM-4, Page 12, Col (E) & (F), L 43)
- Column (C): Adjustment To Post Test Year Plant And Accumulated Depreciation (See RLM-5, Page 1, Col (E) & (F), L 45)
- Column (D): Adjustment To Citizens Acquisition Adjustment (See Testimony, RLM)
- Column (E): Sum Of Columns (A) Thru (D)

TEST YEAR PLANT SCHEDULES
COMPANY'S PRESENT FILING VERSUS TOTAL PLANT FILED IN PRIOR RATE CASE - DECISION NO. 60172

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ALLOC'N FACTOR	(B) CO. AS FILED PRIOR T. Y. 03/31/1995 TOTAL PLANT	(C) ADJM'T # 1 TO 03/31/95 CO. AS FILED TOTAL PLANT	(D) PRIOR APP'N CO. AS FILED 3/31/1995 TOTAL PLANT	(E) ADJM'T # 2 TO 03/31/95 CO. AS FILED TOTAL PLANT	(F) ACTUAL 03/31/95 PRIOR T. Y. TOTAL PLANT
INTANGIBLE								
1	301.00	Organization	0.0000	\$ 4,078	\$ 0	\$ 4,078	\$ 0	\$ 4,078
2	302.00	Franchises	0.0000	1,427	-	1,427	-	1,427
3	303.00	Miscellaneous Intangibles	0.0000	-	-	-	-	0
4		SUBTOTAL INTANGIBLE		\$ 5,505	\$ 0	\$ 5,505	\$ 0	\$ 5,505
TREATMENT AND DISCHARGE								
5	310.00	Land And Land Rights	0.0000	\$ 342,851	\$ 0	\$ 342,851	\$ 0	\$ 342,851
6	311.00	Structures And Improvements	0.0831	2,437,762	(33,541)	2,404,221	(20,993)	2,383,228
7	312.00	Preliminary Treatment	0.0369	1,080,969	(14,873)	1,066,096	(9,309)	1,056,787
8	313.00	Primary Treatment Equipment	0.0301	882,795	(12,146)	870,649	(7,602)	863,046
9	314.00	Secondary Treatment Equipment	0.1485	4,353,946	(59,906)	4,294,040	(37,494)	4,256,546
10	315.00	Tertiary Equipment	0.0802	2,350,904	(32,346)	2,318,558	(20,245)	2,298,313
11	316.00	Disinfection Equipment	0.0074	217,489	(2,992)	214,497	(1,873)	212,624
12	317.00	Effluent Lift Station E	0.0112	328,026	(4,513)	323,513	(2,825)	320,688
13	318.00	Outfall Line	0.0032	94,680	(1,303)	93,377	(815)	92,562
14	319.00	Sludge, Treatment And Distribution	0.0225	659,242	(9,071)	650,171	(5,677)	644,494
15	321.00	Influent Lift Station	0.0006	17,496	(241)	17,255	(151)	17,105
16	322.00	General Treatment Equipment	0.0074	217,915	(2,998)	214,917	(1,877)	213,040
17		SUBTOTAL TREATMENT AND DISCHARGE		\$ 12,984,075	\$ (173,931)	\$ 12,810,144	\$ (108,860)	\$ 12,701,283
COLLECTION AND INFLUENT								
18	340.00	Land And Land Rights	0.0000	\$ 20,747	\$ 0	\$ 20,747	\$ 0	\$ 20,747
19	341.00	Structures And Improvements	0.0156	456,045	(6,275)	449,770	(3,927)	445,843
20	342.00	Collection System Lift	0.0289	847,154	(11,656)	835,498	(7,295)	828,203
21	343.00	Collection Mains	0.3072	9,006,715	(123,924)	8,882,791	(77,561)	8,805,230
22	344.00	Force Mains	0.0257	752,939	(10,360)	742,579	(6,484)	736,095
23	345.00	Discharge Services	0.0820	2,404,138	(33,079)	2,371,059	(20,703)	2,350,356
24	348.00	Manholes	0.0976	2,860,833	(39,362)	2,821,471	(24,636)	2,796,835
25		SUBTOTAL COLLECTION AND INFLUENT		\$ 16,348,571	\$ (224,655)	\$ 16,123,916	\$ (140,607)	\$ 15,983,309
GENERAL								
26	389.00	Land And Land Rights	0.0000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
27	390.00	Structures And Improvements	0.0000	-	-	-	-	0
28	391.00	Office Furniture And Equipment	0.0000	64,689	-	64,689	-	64,689
29	391.10	Computer Equipment	0.0000	-	-	-	-	0
30	392.00	Transportation Equipment	0.0000	83,876	-	83,876	-	83,876
31	393.00	Stores Equipment	0.0000	3,853	-	3,853	-	3,853
32	394.00	Tools, Shop And Garage	0.0000	22,788	-	22,788	-	22,788
33	395.00	Laboratory Equipment	0.0000	16,994	-	16,994	-	16,994
34	396.00	Power Operated Equipment	0.0000	-	-	-	-	0
35	397.00	Communication Equipment	0.0000	2,866	-	2,866	-	2,866
36	398.00	Miscellaneous Equipment	0.0000	28,071	-	28,071	-	28,071
37		SUBTOTAL GENERAL		\$ 223,137	\$ 0	\$ 223,137	\$ 0	\$ 223,137
38		TOTAL WASTEWATER PLANT		\$ 29,561,288	\$ (398,587)	\$ 29,162,701	\$ (249,468)	\$ 28,913,234
39		AFUDC ADJUSTMENT 3/95		\$ (242,717)	\$ 0	\$ (242,717)	\$ 242,717	\$ 0
40		Adjustment Due To Rounding		-	-	-	-	0
41		ADJUSTED WASTEWATER PLANT		\$ 29,318,571	\$ (398,587)	\$ 28,919,984	\$ (6,751)	\$ 28,913,234

References:

Column (A): Ratio Of Depreciable Plant Item To The Total Plant Value (Col. (B), L41)

Column (B): Company Schedule B-2, Page 6a

Column (C): Column (A) (Line Item Allocation Factor) X Total Adjustment Of Total Plant Of (\$398,587)

Column (D): Column (B) + Column (C) As Per Prior Application Exhibit KHD-2, Schedule A page 5

Column (E): Column (A) (Line Item Allocation Factor) X Total Adjustment Of Total Plant Of (\$6,751) As Per Prior Application Schedule B-2

Column (F): Prior Rate Case Decision No. 60172, Exhibit A - Before Commission Approved Adjustments

TEST YEAR PLANT SCHEDULES CONT'D
COMPANY'S PRIOR FILING VERSUS TOTAL PLANT ADJUSTMENTS APPROVED IN PRIOR RATE CASE - DECISION NO. 60172

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ALLOC'N FACTOR	(B) ACTUAL 03/31/1995 PRIOR T. Y. TOTAL PLANT	(C) ADJMT # 1 TO 03/31/95 PRIOR T. Y. TOTAL PLANT	(D) ADJMT # 2 TO 03/31/95 PRIOR T. Y. TOTAL PLANT	(E) ACC APPR'D ADJUSTED PRIOR T. Y. TOTAL PLANT
INTANGIBLE							
1	301.00	Organization	0.0000	\$ 4,078	\$ 0	\$ 0	\$ 4,078
2	302.00	Franchises	0.0000	1,427	-	-	1,427
3	303.00	Miscellaneous Intangibles	0.0000	-	-	-	0
4		SUBTOTAL INTANGIBLE		\$ 5,505	\$ 0	\$ 0	\$ 5,505
TREATMENT AND DISCHARGE							
5	310.00	Land And Land Rights	0.0000	\$ 342,851	\$ 0	\$ 0	\$ 342,851
6	311.00	Structures And Improvements	0.0824	2,383,228	(30,462)	-	2,352,766
7	312.00	Preliminary Treatment	0.0366	1,056,787	-	-	1,056,787
8	313.00	Primary Treatment Equipment	0.0298	863,046	-	-	863,046
9	314.00	Secondary Treatment Equipment	0.1472	4,256,546	-	-	4,256,546
10	315.00	Tertiary Equipment	0.0795	2,298,313	-	-	2,298,313
11	316.00	Disinfection Equipment	0.0074	212,624	-	-	212,624
12	317.00	Effluent Lift Station E	0.0111	320,688	(4,099)	-	316,589
13	318.00	Outfall Line	0.0032	92,562	(1,183)	-	91,379
14	319.00	Sludge, Treatment And Distribution	0.0223	644,494	-	-	644,494
15	321.00	Influent Lift Station	0.0006	17,105	(219)	-	16,886
16	322.00	General Treatment Equipment	0.0074	213,040	(2,723)	-	210,317
17		SUBTOTAL TREATMENT AND DISCHARGE		\$ 12,701,283	\$ (38,686)	\$ 0	\$ 12,662,597
COLLECTION AND INFLUENT							
18	340.00	Land And Land Rights	0.0000	\$ 20,747	\$ 0	\$ 0	\$ 20,747
19	341.00	Structures And Improvements	0.0154	445,843	(5,699)	-	440,144
20	342.00	Collection System Lift	0.0286	828,203	(10,586)	-	817,617
21	343.00	Collection Mains	0.3045	8,805,230	(112,547)	-	8,692,683
22	344.00	Force Mains	0.0255	736,095	(9,409)	-	726,687
23	345.00	Discharge Services	0.0813	2,350,356	(30,042)	-	2,320,314
24	348.00	Manholes	0.0967	2,796,835	(35,749)	-	2,761,086
25		SUBTOTAL COLLECTION AND INFLUENT		\$ 15,983,309	\$ (204,031)	\$ 0	\$ 15,779,278
GENERAL							
26	389.00	Land And Land Rights	0.0000	\$ 0	\$ 0	\$ 0	\$ 0
27	390.00	Structures And Improvements	0.0000	-	-	-	0
28	391.00	Office Furniture And Equipment	0.0000	64,689	-	-	64,689
29	391.10	Computer Equipment	0.0000	-	-	-	0
30	392.00	Transportation Equipment	0.0000	83,876	-	-	83,876
31	393.00	Stores Equipment	0.0000	3,853	-	-	3,853
32	394.00	Tools, Shop And Garage	0.0000	22,788	-	-	22,788
33	395.00	Laboratory Equipment	0.0000	16,994	-	-	16,994
34	396.00	Power Operated Equipment	0.0000	-	-	-	0
35	397.00	Communication Equipment	0.0000	2,866	-	-	2,866
36	398.00	Miscellaneous Equipment	0.0000	28,071	-	-	28,071
37		SUBTOTAL GENERAL		\$ 223,137	\$ 0	\$ 0	\$ 223,137
38		TOTAL WASTEWATER PLANT		\$ 28,913,234	\$ (242,717)	\$ 0	\$ 28,670,517
39		AFUDC ADJUSTMENT 3/95		\$ 0	\$ 0	\$ 0	\$ 0
40		Adjustment Due To Rounding		-	-	-	0
41		ADJUSTED WASTEWATER PLANT		\$ 28,913,234	\$ (242,717)	\$ 0	\$ 28,670,517

References:

- Column (A): Ratio Of Depreciable Plant Item To The Total Plant Value (Col. (B), L42) (Excluding General Plant)
- Column (B): Prior Rate Case Decision No. 60172, Exhibit A - Before Commission Approved Adjustments
- Column (C): Commission Approved Adjustment Decision No. 60172, Exhibit A Per AR-13
- Column (D): Intentionally Left Blank
- Column (E): Prior Rate Case Decision No. 60172, Exhibit A - After Commission Approved Adjustments

TEST YEAR PLANT SCHEDULES CONT'D
COMPANY'S PRESENT FILING VERSUS ACCUMULATED DEPRECIATION FILED IN PRIOR RATE CASE - DECISION NO. 60172

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ALLOC'N FACTOR	(B) PREV. APPL'N CO. AS FILED 12/31/1994 ACC. DEP.	(C) ADJM'T NO. 1 TO 12/31/94 ACC. DEP.	(D) ACTUAL 03/31/1995 PRIOR T. Y. ACC. DEP.	(E) ADJM'T NO. 2 TO 03/31/95 PRIOR T. Y. ACC. DEP.	(F) ACC APPR'D ADJUSTED PRIOR T. Y. ACC. DEP.
INTANGIBLE								
1	301.00	Organization	0.0000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
2	302.00	Franchises	0.0000	-	-	-	-	0
3	303.00	Miscellaneous Intangibles	0.0000	-	-	-	-	0
4		SUBTOTAL INTANGIBLE		\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
TREATMENT AND DISCHARGE								
5	310.00	Land And Land Rights	0.0000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
6	311.00	Structures And Improvements	0.1396	1,146,873	(560,448)	586,425	2,206	588,631
7	312.00	Preliminary Treatment	0.0440	361,802	-	361,802	696	362,498
8	313.00	Primary Treatment Equipment	0.0327	268,372	-	268,372	516	268,888
9	314.00	Secondary Treatment Equipment	0.1923	1,580,359	-	1,580,359	3,040	1,583,399
10	315.00	Tertiary Equipment	0.0938	770,735	-	770,735	1,483	772,218
11	316.00	Disinfection Equipment	0.0149	122,433	-	122,433	236	122,669
12	317.00	Effluent Lift Station E	0.0328	269,217	(131,560)	137,657	518	138,175
13	318.00	Outfall Line	0.0067	54,868	(26,813)	28,055	106	28,161
14	319.00	Sludge, Treatment And Distribution	0.0366	300,618	-	300,618	578	301,196
15	321.00	Influent Lift Station	0.0007	6,132	(2,997)	3,135	12	3,147
16	322.00	General Treatment Equipment	0.0002	1,979	(967)	1,012	4	1,015
17		SUBTOTAL TREATMENT AND DISCHARGE		\$ 4,883,388	\$ (722,785)	\$ 4,160,603	\$ 9,394	\$ 4,169,997
COLLECTION AND INFLUENT								
18	340.00	Land And Land Rights	0.0000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
19	341.00	Structures And Improvements	0.0011	8,867	(4,333)	4,534	17	4,551
20	342.00	Collection System Lift	0.0818	671,848	(328,315)	343,533	1,292	344,825
21	343.00	Collection Mains	0.1838	1,510,628	(738,206)	772,422	2,906	775,328
22	344.00	Force Mains	0.0126	103,389	(50,524)	52,865	199	53,064
23	345.00	Discharge Services	0.0477	392,003	(191,562)	200,441	754	201,195
24	348.00	Manholes	0.0652	535,530	(261,700)	273,830	1,030	274,860
25		SUBTOTAL COLLECTION AND INFLUENT		\$ 3,222,265	\$ (1,574,641)	\$ 1,647,624	\$ 6,199	\$ 1,653,822
GENERAL								
26	389.00	Land And Land Rights	0.0000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
27	390.00	Structures And Improvements	0.0000	-	-	-	-	0
28	391.00	Office Furniture And Equipment	0.0027	21,778	21,778	43,556	42	43,598
29	391.10	Computer Equipment	0.0002	1,924	1,924	3,848	4	3,852
30	392.00	Transportation Equipment	0.0079	64,723	64,723	129,446	125	129,571
31	393.00	Stores Equipment	0.0001	1,036	1,036	2,072	2	2,074
32	394.00	Tools, Shop And Garage	0.0007	5,421	5,421	10,842	10	10,852
33	395.00	Laboratory Equipment	0.0008	6,178	6,178	12,356	12	12,368
34	396.00	Power Operated Equipment	0.0000	-	-	-	-	0
35	397.00	Communication Equipment	0.0003	2,151	2,151	4,302	4	4,306
36	398.00	Miscellaneous Equipment	0.0010	8,379	8,379	16,758	16	16,774
37		SUBTOTAL GENERAL		\$ 111,590	\$ 111,590	\$ 223,180	\$ 215	\$ 223,395
38		TOTAL WASTEWATER PLANT ACC. DEP.		\$ 8,217,243	\$ (2,185,837)	\$ 6,031,406	\$ 15,808	\$ 6,047,214
39		AFUDC ADJUSTMENT 3/95		\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
40		Adjustment Due To Rounding		-	-	-	-	0
41		ADJUSTED WASTEWATER PLANT ACC. DEP.		\$ 8,217,243	\$ (2,185,837)	\$ 6,031,406	\$ 15,808	\$ 6,047,214

References:

- Column (A): Ratio Of Depreciable Plant Item To The Total Accumulated Depreciation Value (Col. (B), L42)
- Column (B): Company Prior Application Exhibit RJM-4b
- Column (C): Column (A) (Line Item Allocation Factor) X Total Adjustment Of \$2,185,837
- Column (D): Prior Rate Case Decision No. 60172, Exhibit A - Before Commission Approved Adjustments
- Column (E): Column (A) (Line Item Allocation Factor) X Total Accumulated Depreciation Adjustment Of \$15,808 As Per Decision 60172 Exhibit A
- Column (F): Prior Rate Case Decision No. 60172, Exhibit A - After Commission Approved Adjustments

TEST YEAR PLANT SCHEDULES CONT'D
PRIOR TEST YEAR ENDED MARCH 31, 1995

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) APPROVED DEP. RATE	(B) FULLY DEP. PLANT	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
INTANGIBLE								
1	301.00	Organization	0.00%	\$ 0	\$ 0	\$ 4,078	\$ 0	\$ 4,078
2	302.00	Franchises	0.00%	-	-	1,427	-	1,427
3	303.00	Miscellaneous Intangibles	0.00%	-	-	-	-	0
4		SUBTOTAL INTANGIBLE		\$ 0	\$ 0	\$ 5,505	\$ 0	\$ 5,505
TREATMENT AND DISCHARGE								
5	310.00	Land And Land Rights	0.00%	\$ 0	\$ 0	\$ 342,851	\$ 0	\$ 342,851
6	311.00	Structures And Improvements	5.00%	-	-	2,352,766	588,631	1,764,135
7	312.00	Preliminary Treatment	5.00%	-	-	1,056,787	362,498	694,289
8	313.00	Primary Treatment Equipment	5.00%	-	-	863,046	268,888	594,158
9	314.00	Secondary Treatment Equipment	5.00%	-	-	4,256,546	1,583,399	2,673,147
10	315.00	Tertiary Equipment	5.00%	-	-	2,298,313	772,218	1,526,095
11	316.00	Disinfection Equipment	5.00%	-	-	212,624	122,669	89,955
12	317.00	Effluent Lift Station E	8.40%	-	-	316,589	138,175	178,414
13	318.00	Outfall Line	5.00%	-	-	91,379	28,161	63,218
14	319.00	Sludge, Treatment And Distribution	5.00%	-	-	644,494	301,196	343,298
15	321.00	Influent Lift Station	8.40%	-	-	16,886	3,147	13,739
16	322.00	General Treatment Equipment	5.00%	-	-	210,317	1,015	209,302
17		SUBTOTAL TREATMENT AND DISCHARGE		\$ 0	\$ 0	\$ 12,662,597	\$ 4,169,997	\$ 8,492,600
COLLECTION AND INFLUENT								
18	340.00	Land And Land Rights	0.00%	\$ 0	\$ 0	\$ 20,747	\$ 0	\$ 20,747
19	341.00	Structures And Improvements	1.67%	-	-	440,144	4,551	435,594
20	342.00	Collection System Lift	8.40%	-	-	817,617	344,825	472,792
21	343.00	Collection Mains	2.04%	-	-	8,692,683	775,328	7,917,355
22	344.00	Force Mains	2.07%	-	-	726,687	53,064	673,623
23	345.00	Discharge Services	2.04%	-	-	2,320,314	201,195	2,119,119
24	348.00	Manholes	2.03%	-	-	2,761,086	274,860	2,486,226
25		SUBTOTAL COLLECTION AND INFLUENT		\$ 0	\$ 0	\$ 15,779,278	\$ 1,653,822	\$ 14,125,455
GENERAL								
26	389.00	Land And Land Rights	0.00%	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
27	390.00	Structures And Improvements	1.68%	-	-	-	-	0
28	391.00	Office Furniture And Equipment	4.55%	-	-	64,689	43,598	21,091
29	391.10	Computer Equipment	4.55%	-	-	-	3,852	(3,852)
30	392.00	Transportation Equipment	25.00%	-	-	83,876	129,571	(45,695)
31	393.00	Stores Equipment	3.92%	-	-	3,853	2,074	1,779
32	394.00	Tools, Shop And Garage	4.14%	-	-	22,788	10,852	11,936
33	395.00	Laboratory Equipment	3.71%	-	-	16,994	12,368	4,626
34	396.00	Power Operated Equipment	5.14%	-	-	-	-	0
35	397.00	Communication Equipment	10.28%	-	-	2,866	4,306	(1,440)
36	398.00	Miscellaneous Equipment	4.98%	-	-	28,071	16,774	11,297
37		SUBTOTAL GENERAL		\$ 0	\$ 0	\$ 223,137	\$ 223,395	\$ (258)
38		AFUDC ADJUSTMENT 3/95	3.55%	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
39		Adjustment Due To Rounding		-	-	-	-	0
40		TOTAL WASTEWATER PLANT		\$ 0	\$ 0	\$ 28,670,517	\$ 6,047,214	\$ 22,623,303

References:
Column (A): Prior Decision No. 60172 And Company Schedule C-2, Page 6
Column (B): Company Response To RUCO Data Request No. 1.22
Column (C): Company Response To RUCO Data Request No. 1.22
Column (D): Schedule RLM-4, Page 2
Column (E): Schedule RLM-4, Page 3
Column (F): Column (D) - Column (E)

TEST YEAR PLANT SCHEDULES CONT'D
FROM MARCH 31, 1995 TO DECEMBER 31, 1995

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) FULL DEP. PL'T	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,078	\$ 0	\$ 4,078
2	302.00	Franchises	-	-	-	-	1,427	-	1,427
3	303.00	Miscellaneous Intangibles	-	-	-	-	-	-	0
4		SUBTOTAL INTANGIBLE	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,505</u>	<u>\$ 0</u>	<u>\$ 5,505</u>
TREATMENT AND DISCHARGE									
5	310.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 342,851	\$ 0	\$ 342,851
6	311.00	Structures And Improvements	75,934	-	-	89,652	2,428,700	678,284	1,750,416
7	312.00	Preliminary Treatment	52,645	-	-	40,617	1,109,432	403,115	706,317
8	313.00	Primary Treatment Equipment	129,617	-	-	34,795	992,663	303,683	688,981
9	314.00	Secondary Treatment Equip.	56,634	-	-	160,682	4,313,180	1,744,082	2,569,098
10	315.00	Tertiary Equipment	35,276	-	-	86,848	2,333,589	859,066	1,474,523
11	316.00	Disinfection Equipment	-	200	-	7,977	212,423	130,445	81,978
12	317.00	Effluent Lift Station E	-	2,738	-	20,031	313,850	155,468	158,382
13	318.00	Outfall Line	-	-	-	3,427	91,379	31,587	59,791
14	319.00	Sludge, Treatment & Dist.	5,220	-	-	24,266	649,714	325,463	324,252
15	321.00	Influent Lift Station	802	-	-	1,089	17,688	4,236	13,452
16	322.00	General Treatment Equipment	15,374	-	-	8,175	225,691	9,190	216,501
17		SUBTOTAL TREAT. & DIS.	<u>\$ 371,502</u>	<u>\$ 2,939</u>	<u>\$ 0</u>	<u>\$ 477,560</u>	<u>\$ 13,031,160</u>	<u>\$ 4,644,618</u>	<u>\$ 8,386,542</u>
COLLECTION AND INFLUENT									
18	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,747	\$ 0	\$ 20,747
19	341.00	Structures And Improvements	-	172,877	-	6,595	267,267	(161,731)	428,998
20	342.00	Collection System Lift	9,167	-	-	51,799	826,784	396,624	430,160
21	343.00	Collection Mains	368,683	-	-	135,818	9,061,366	911,147	8,150,219
22	344.00	Force Mains	-	-	-	11,282	726,687	64,346	662,341
23	345.00	Discharge Services	179,842	-	-	36,877	2,500,156	238,071	2,262,085
24	348.00	Manholes	199,737	-	-	43,558	2,960,823	318,418	2,642,405
25		SUBTOTAL COLL. & INFLU.	<u>\$ 757,429</u>	<u>\$ 172,877</u>	<u>\$ 0</u>	<u>\$ 285,929</u>	<u>\$ 16,363,830</u>	<u>\$ 1,766,874</u>	<u>\$ 14,596,955</u>
GENERAL									
26	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
27	390.00	Structures And Improvements	-	-	-	-	-	-	0
28	391.00	Office Furniture & Equipment	2,146	-	-	2,242	66,835	45,840	20,995
29	391.10	Computer Equipment	-	-	-	-	-	3,852	(3,852)
30	392.00	Transportation Equipment	832	-	-	15,805	84,708	145,375	(60,667)
31	393.00	Stores Equipment	56	-	-	114	3,909	2,188	1,721
32	394.00	Tools, Shop And Garage	3,947	-	-	768	26,735	11,620	15,114
33	395.00	Laboratory Equipment	1,411	-	-	492	18,405	12,860	5,544
34	396.00	Power Operated Equipment	-	-	-	-	-	-	0
35	397.00	Communication Equipment	-	-	-	221	2,866	4,527	(1,661)
36	398.00	Miscellaneous Equipment	-	-	-	1,048	28,071	17,823	10,248
37		SUBTOTAL GENERAL	<u>\$ 8,391</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 20,690</u>	<u>\$ 231,528</u>	<u>\$ 244,085</u>	<u>\$ (12,557)</u>
38		AFUDC ADJUSTMENT 3/95	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
39		Adjustment Due To Rounding	-	-	-	-	-	-	0
40		TOTAL WASTEWATER PLT	<u>\$ 1,137,322</u>	<u>\$ 175,816</u>	<u>\$ 0</u>	<u>\$ 784,179</u>	<u>\$ 29,632,023</u>	<u>\$ 6,655,577</u>	<u>\$ 22,976,446</u>

References:

Columns (A) (B): Company Schedule B-2, Page 6a

Column (C): Intentionally Left Blank

Column (D): $0.75 \times [(\text{Col. (A)} + \text{Col. (B)}) \times \text{RLM-4, Page 4, Col. (A)} \times 1/2 \text{ yr. conv.}] + [\text{RLM-4, Page 4, Col. (D)} - \text{Col. (C)}] \times \text{RLM-4, Page 4, Col. (A)}$

Column (E): Schedule RLM-4, Page 4, Column (D) + Column (A) - Column (B)

Column (F): Schedule RLM-4, Page 4, Column (E) - Column (B) + Column (D)

Column (G): Column (E) - Column (F)

TEST YEAR PLANT SCHEDULES CONT'D
YEAR ENDED DECEMBER 31, 1996

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) FULL DEP. PL'T	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,078	\$ 0	\$ 4,078
2	302.00	Franchises	-	-	-	-	1,427	-	1,427
3	303.00	Miscellaneous Intangibles	-	-	-	-	-	-	0
4		SUBTOTAL INTANGIBLE	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,505	\$ 0	\$ 5,505
TREATMENT AND DISCHARGE									
5	310.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 342,851	\$ 0	\$ 342,851
6	311.00	Structures And Improvements	60,969	-	-	122,959	2,489,669	801,243	1,688,426
7	312.00	Preliminary Treatment	8,786	-	-	55,691	1,118,218	458,806	659,412
8	313.00	Primary Treatment Equipment	12,003	-	-	49,933	1,004,666	353,616	651,050
9	314.00	Secondary Treatment Equip.	69,995	-	-	217,409	4,383,175	1,961,490	2,421,684
10	315.00	Tertiary Equipment	3,027	-	-	116,755	2,336,616	975,821	1,360,795
11	316.00	Disinfection Equipment	577	-	-	10,636	213,000	141,081	71,919
12	317.00	Effluent Lift Station E	12,511	-	-	26,889	326,361	182,357	144,005
13	318.00	Outfall Line	-	-	-	4,569	91,379	36,156	55,223
14	319.00	Sludge, Treatment & Dist.	193,870	-	-	37,332	843,584	362,795	480,789
15	321.00	Influent Lift Station	3,918	-	-	1,650	21,606	5,886	15,720
16	322.00	General Treatment Equipment	873	-	-	11,306	226,564	20,497	206,067
17		SUBTOTAL TREAT. & DIS.	\$ 366,529	\$ 0	\$ 0	\$ 655,130	\$ 13,397,689	\$ 5,299,748	\$ 8,097,941
COLLECTION AND INFLUENT									
18	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,747	\$ (0)	\$ 20,747
19	341.00	Structures And Improvements	19,019	-	-	4,622	286,286	(157,109)	443,395
20	342.00	Collection System Lift	570,326	-	-	93,404	1,397,110	490,027	907,083
21	343.00	Collection Mains	234,552	-	-	187,244	9,295,918	1,098,391	8,197,527
22	344.00	Force Mains	-	-	-	15,042	726,687	79,388	647,298
23	345.00	Discharge Services	91,310	-	-	51,935	2,591,467	290,006	2,301,461
24	348.00	Manholes	104,327	-	-	61,164	3,065,150	379,582	2,685,569
25		SUBTOTAL COLL. & INFLU.	\$ 1,019,534	\$ 0	\$ 0	\$ 413,411	\$ 17,383,365	\$ 2,180,285	\$ 15,203,080
GENERAL									
26	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
27	390.00	Structures And Improvements	-	-	-	-	-	-	0
28	391.00	Office Furniture & Equipment	2,346	-	-	3,091	69,181	48,931	20,250
29	391.10	Computer Equipment	-	-	-	-	-	3,852	(3,852)
30	392.00	Transportation Equipment	-	-	-	21,177	84,708	166,552	(81,844)
31	393.00	Stores Equipment	5,796	-	-	267	9,705	2,455	7,250
32	394.00	Tools, Shop And Garage	8,795	-	-	1,287	35,530	12,908	22,622
33	395.00	Laboratory Equipment	15,353	-	-	968	33,758	13,828	19,930
34	396.00	Power Operated Equipment	3,984	-	-	102	3,984	102	3,882
35	397.00	Communication Equipment	-	-	-	295	2,866	4,822	(1,956)
36	398.00	Miscellaneous Equipment	-	-	-	1,398	28,071	19,221	8,850
37		SUBTOTAL GENERAL	\$ 36,274	\$ 0	\$ 0	\$ 28,585	\$ 267,802	\$ 272,669	\$ (4,867)
38		AFUDC ADJUSTMENT 3/95	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
39		Adjustment Due To Rounding	-	-	-	-	-	-	0
40		TOTAL WASTEWATER PLT	\$ 1,422,337	\$ 0	\$ 0	\$ 1,097,125	\$ 31,054,361	\$ 7,752,703	\$ 23,301,658

References:

Columns (A) (B): Company Schedule B-2, Page 6a

Column (C): Intentionally Left Blank

Column (D): [(Col. (A) + Col. (B)) X RLM-4, Page 4, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 5, Col. (D) - Col. (C)] X RLM-4, Page 4, Col. (A)]

Column (E): Schedule RLM-4, Page 5, Column (D) + Column (A) - Column (B)

Column (F): Schedule RLM-4, Page 5, Column (E) - Column (B) + Column (D)

Column (G): Column (E) - Column (F)

TEST YEAR PLANT SCHEDULES CONT'D
YEAR ENDED DECEMBER 31, 1997

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) FULL DEP. PLT	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,078	\$ 0	\$ 4,078
2	302.00	Franchises	-	55	-	-	1,372	-	1,372
3	303.00	Miscellaneous Intangibles	5,184	-	-	-	5,184	-	5,184
4		SUBTOTAL INTANGIBLE	\$ 5,184	\$ 55	\$ 0	\$ 0	\$ 10,634	\$ 0	\$ 10,634
TREATMENT AND DISCHARGE									
5	310.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 342,851	\$ 0	\$ 342,851
6	311.00	Structures And Improvements	14,156	-	-	124,837	2,503,825	926,080	1,577,745
7	312.00	Preliminary Treatment	-	48,476	-	57,123	1,069,742	467,453	602,289
8	313.00	Primary Treatment Equipment	69,148	-	-	51,962	1,073,814	405,578	668,236
9	314.00	Secondary Treatment Equip.	33,988	-	-	220,008	4,417,163	2,181,499	2,235,664
10	315.00	Tertiary Equipment	784,974	-	-	136,455	3,121,590	1,112,276	2,009,314
11	316.00	Disinfection Equipment	726	-	-	10,668	213,726	151,749	61,977
12	317.00	Effluent Lift Station E	6,146	-	-	27,673	332,508	210,029	122,479
13	318.00	Outfall Line	-	-	-	4,569	91,379	40,725	50,654
14	319.00	Sludge, Treatment & Dist.	-	1,769	-	42,223	841,815	403,250	438,566
15	321.00	Influent Lift Station	-	542	-	1,838	21,064	7,182	13,882
16	322.00	General Treatment Equipment	6,886	-	-	11,500	233,450	31,997	201,453
17		SUBTOTAL TREAT & DIS.	\$ 916,025	\$ 50,787	\$ 0	\$ 688,857	\$ 14,262,927	\$ 5,937,818	\$ 8,325,109
COLLECTION AND INFLUENT									
18	340.00	Land And Land Rights	\$ 0	\$ 56	\$ 0	\$ 0	\$ 20,691	\$ (56)	\$ 20,747
19	341.00	Structures And Improvements	-	2,897	-	4,805	283,389	(155,201)	438,590
20	342.00	Collection System Lift	-	89,351	-	121,110	1,307,759	521,786	785,973
21	343.00	Collection Mains	-	75,013	-	190,402	9,220,905	1,213,780	8,007,125
22	344.00	Force Mains	-	-	-	15,042	726,687	94,431	632,256
23	345.00	Discharge Services	-	35,844	-	53,232	2,555,622	307,393	2,248,229
24	348.00	Manholes	-	15,136	-	62,376	3,050,014	426,821	2,623,193
25		SUBTOTAL COLL. & INFLU.	\$ 0	\$ 218,298	\$ 0	\$ 446,967	\$ 17,165,067	\$ 2,408,954	\$ 14,756,113
GENERAL									
26	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
27	390.00	Structures And Improvements	-	-	-	-	-	-	0
28	391.00	Office Furniture & Equipment	-	35,377	-	3,948	33,804	17,502	16,302
29	391.10	Computer Equipment	5,168	-	-	117	5,168	3,969	1,199
30	392.00	Transportation Equipment	-	1,824	-	21,405	82,884	186,133	(103,249)
31	393.00	Stores Equipment	4,201	-	-	463	13,906	2,918	10,988
32	394.00	Tools, Shop And Garage	5,146	-	-	1,576	40,676	14,483	26,192
33	395.00	Laboratory Equipment	11,359	-	-	1,463	45,117	15,291	29,825
34	396.00	Power Operated Equipment	-	-	-	205	3,984	307	3,677
35	397.00	Communication Equipment	4,247	-	-	513	7,113	5,334	1,779
36	398.00	Miscellaneous Equipment	17,633	-	-	1,837	45,704	21,058	24,646
37		SUBTOTAL GENERAL	\$ 47,755	\$ 37,201	\$ 0	\$ 31,527	\$ 278,355	\$ 266,995	\$ 11,360
38		AFUDC ADJUSTMENT 3/95	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
39		Adjustment Due To Rounding	-	-	-	-	-	-	0
40		TOTAL WASTEWATER PLT	\$ 968,964	\$ 306,341	\$ 0	\$ 1,167,351	\$ 31,716,983	\$ 8,613,767	\$ 23,103,216

References:

Columns (A) (B): Company Schedule B-2, Page 6b

Column (C): Intentionally Left Blank

Column (D): [(Col. (A) + Col. (B)) X RLM-4, Page 4, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 6, Col. (D) - Col. (C)] X RLM-4, Page 4, Col. (A)]

Column (E): Schedule RLM-4, Page 6, Column (D) + Column (A) - Column (B)

Column (F): Schedule RLM-4, Page 6, Column (E) - Column (B) + Column (D)

Column (G): Column (E) - Column (F)

TEST YEAR PLANT SCHEDULES CONT'D
YEAR ENDED DECEMBER 31, 1998

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) FULL DEP. PL'T	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,078	\$ 0	\$ 4,078
2	302.00	Franchises	-	-	-	-	1,372	-	1,372
3	303.00	Miscellaneous Intangibles	-	-	-	-	5,184	-	5,184
4		SUBTOTAL INTANGIBLE	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 10,634</u>	<u>\$ 0</u>	<u>\$ 10,634</u>
TREATMENT AND DISCHARGE									
5	310.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 342,851	\$ 0	\$ 342,851
6	311.00	Structures And Improvements	82,151	-	-	127,245	2,585,976	1,053,325	1,532,851
7	312.00	Preliminary Treatment	8,683	-	-	53,704	1,078,425	521,157	557,268
8	313.00	Primary Treatment Equipment	-	21,485	-	54,228	1,052,329	438,321	614,008
9	314.00	Secondary Treatment Equip.	52,335	-	-	222,167	4,469,498	2,403,665	2,065,832
10	315.00	Tertiary Equipment	305,362	-	-	163,714	3,426,952	1,275,990	2,150,962
11	316.00	Disinfection Equipment	4,849	-	-	10,808	218,575	162,556	56,019
12	317.00	Effluent Lift Station E	-	901	-	27,968	331,607	237,097	94,510
13	318.00	Outfall Line	-	-	-	4,569	91,379	45,294	46,085
14	319.00	Sludge, Treatment & Dist.	50,579	-	-	43,355	892,394	446,605	445,789
15	321.00	Influent Lift Station	-	3,675	-	1,924	17,389	5,431	11,958
16	322.00	General Treatment Equipment	22,550	-	-	12,236	256,000	44,233	211,767
17		SUBTOTAL TREAT & DIS.	<u>\$ 526,509</u>	<u>\$ 26,061</u>	<u>\$ 0</u>	<u>\$ 721,917</u>	<u>\$ 14,763,375</u>	<u>\$ 6,633,674</u>	<u>\$ 8,129,701</u>
COLLECTION AND INFLUENT									
18	340.00	Land And Land Rights	\$ 56	\$ 0	\$ 0	\$ 0	\$ 20,747	\$ 0	\$ 20,747
19	341.00	Structures And Improvements	70	-	-	4,733	283,459	(150,467)	433,927
20	342.00	Collection System Lift	857	-	-	109,888	1,308,616	631,674	676,942
21	343.00	Collection Mains	46,719	-	-	188,583	9,267,624	1,402,363	7,865,261
22	344.00	Force Mains	-	-	-	15,042	726,687	109,473	617,214
23	345.00	Discharge Services	551	-	-	52,140	2,556,173	359,533	2,196,640
24	348.00	Manholes	14,204	-	-	62,059	3,064,218	488,881	2,575,337
25		SUBTOTAL COLL. & INFLU.	<u>\$ 62,457</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 432,446</u>	<u>\$ 17,227,524</u>	<u>\$ 2,841,456</u>	<u>\$ 14,386,067</u>
GENERAL									
26	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
27	390.00	Structures And Improvements	-	-	-	-	-	-	0
28	391.00	Office Furniture & Equipment	110,466	-	-	5,548	144,270	23,050	121,220
29	391.10	Computer Equipment	-	-	-	-	5,168	3,969	1,199
30	392.00	Transportation Equipment	341	-	-	21,219	83,225	207,352	(124,127)
31	393.00	Stores Equipment	58	-	-	154	13,964	3,072	10,892
32	394.00	Tools, Shop And Garage	5,166	-	-	1,212	45,842	15,696	30,146
33	395.00	Laboratory Equipment	-	3,108	-	740	42,009	12,924	29,085
34	396.00	Power Operated Equipment	-	-	-	-	3,984	307	3,677
35	397.00	Communication Equipment	311,693	-	-	16,312	318,806	21,647	297,159
36	398.00	Miscellaneous Equipment	24,547	-	-	2,009	70,251	23,067	47,184
37		SUBTOTAL GENERAL	<u>\$ 452,271</u>	<u>\$ 3,108</u>	<u>\$ 0</u>	<u>\$ 47,196</u>	<u>\$ 727,518</u>	<u>\$ 311,083</u>	<u>\$ 416,435</u>
38		AFUDC ADJUSTMENT 3/95	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
39		Adjustment Due To Rounding	-	-	-	-	-	-	0
40		TOTAL WASTEWATER PLT	<u><u>\$ 1,041,237</u></u>	<u><u>\$ 29,169</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 1,201,559</u></u>	<u><u>\$ 32,729,051</u></u>	<u><u>\$ 9,786,214</u></u>	<u><u>\$ 22,942,837</u></u>

References:

Columns (A) (B): Company Schedule B-2, Page 6b

Column (C): Intentionally Left Blank

Column (D): [(Col. (A) + Col. (B)) X RLM-4, Page 4, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 7, Col. (D) - Col. (C)] X RLM-4, Page 4, Col. (A)]

Column (E): Schedule RLM-4, Page 7, Column (D) + Column (A) - Column (B)

Column (F): Schedule RLM-4, Page 7, Column (E) - Column (B) + Column (D)

Column (G): Column (E) - Column (F)

TEST YEAR PLANT SCHEDULES CONT'D
YEAR ENDED DECEMBER 31, 1999

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) FULL DEP. PL'T	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,078	\$ 0	\$ 4,078
2	302.00	Franchises	-	-	-	-	1,372	-	1,372
3	303.00	Miscellaneous Intangibles	-	-	-	-	5,184	-	5,184
4		SUBTOTAL INTANGIBLE	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,634	\$ 0	\$ 10,634
TREATMENT AND DISCHARGE									
5	310.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 342,851	\$ 0	\$ 342,851
6	311.00	Structures And Improvements	-	-	-	129,299	2,585,976	1,182,624	1,403,352
7	312.00	Preliminary Treatment	-	-	-	55,472	1,078,425	458,586	619,839
8	313.00	Primary Treatment Equipment	-	-	-	49,633	1,052,329	353,316	699,013
9	314.00	Secondary Treatment Equip.	392,870	-	-	225,481	4,862,368	1,969,562	2,892,806
10	315.00	Tertiary Equipment	241,617	-	-	122,720	3,668,569	981,786	2,686,783
11	316.00	Disinfection Equipment	-	-	-	10,621	218,575	141,066	77,509
12	317.00	Effluent Lift Station E	1,118	-	-	26,410	332,725	181,878	150,847
13	318.00	Outfall Line	-	-	-	4,569	91,379	36,156	55,223
14	319.00	Sludge, Treatment & Dist.	13,869	-	-	32,832	906,263	358,295	547,968
15	321.00	Influent Lift Station	1,558	-	-	1,551	18,947	5,787	13,160
16	322.00	General Treatment Equipment	-	-	-	11,285	256,000	20,475	235,525
17		SUBTOTAL TREAT & DIS.	\$ 651,032	\$ 0	\$ 0	\$ 669,873	\$ 15,414,407	\$ 5,689,532	\$ 9,724,875
COLLECTION AND INFLUENT									
18	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,747	\$ 0	\$ 20,747
19	341.00	Structures And Improvements	-	-	-	4,734	283,460	(145,734)	429,193
20	342.00	Collection System Lift	105	-	-	109,928	1,308,720	741,602	567,118
21	343.00	Collection Mains	15,371	-	-	189,216	9,282,994	1,591,579	7,691,415
22	344.00	Force Mains	-	-	-	15,042	726,686	124,515	602,171
23	345.00	Discharge Services	1,451	-	-	52,161	2,557,625	411,694	2,145,931
24	348.00	Manholes	10,365	-	-	62,309	3,074,584	551,190	2,523,394
25		SUBTOTAL COLL. & INFLU.	\$ 27,293	\$ 0	\$ 0	\$ 433,390	\$ 17,254,816	\$ 3,274,846	\$ 13,979,969
GENERAL									
26	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
27	390.00	Structures And Improvements	250,266	-	-	2,103	250,266	2,103	248,163
28	391.00	Office Furniture & Equipment	1,723	-	-	6,596	145,993	29,646	116,347
29	391.10	Computer Equipment	-	-	-	235	5,168	4,204	964
30	392.00	Transportation Equipment	-	-	-	20,806	83,225	228,158	(144,933)
31	393.00	Stores Equipment	-	-	-	547	13,964	3,619	10,345
32	394.00	Tools, Shop And Garage	14,040	-	-	2,186	59,882	17,881	42,000
33	395.00	Laboratory Equipment	16,704	-	-	1,868	58,712	14,792	43,920
34	396.00	Power Operated Equipment	-	-	-	205	3,984	512	3,472
35	397.00	Communication Equipment	-	-	-	32,766	318,807	54,413	264,394
36	398.00	Miscellaneous Equipment	-	-	-	3,498	70,250	26,565	43,685
37		SUBTOTAL GENERAL	\$ 282,732	\$ 0	\$ 0	\$ 70,812	\$ 1,010,251	\$ 381,895	\$ 628,356
38		AFUDC ADJUSTMENT 3/95	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
39		Adjustment Due To Rounding	-	-	-	-	-	-	0
40		TOTAL WASTEWATER PLT	\$ 961,057	\$ 0	\$ 0	\$ 1,174,075	\$ 33,690,108	\$ 9,346,274	\$ 24,343,834

References:

Columns (A) (B): Company Schedule B-2, Page 6b

Column (C): Intentionally Left Blank

Column (D): [(Col. (A) + Col. (B)) X RLM-4, Page 4, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 8, Col. (D) - Col. (C)] X RLM-4, Page 4, Col. (A)

Column (E): Schedule RLM-4, Page 8, Column (D) + Column (A) - Column (B)

Column (F): Schedule RLM-4, Page 8, Column (E) - Column (B) + Column (D)

Column (G): Column (E) - Column (F)

TEST YEAR PLANT SCHEDULES CONT'D
YEAR ENDED DECEMBER 31, 2000

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) FULL DEP. PLT	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,078	\$ 0	\$ 4,078
2	302.00	Franchises	-	-	-	-	1,372	-	1,372
3	303.00	Miscellaneous Intangibles	-	-	-	-	5,184	-	5,184
4		SUBTOTAL INTANGIBLE	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 10,634</u>	<u>\$ 0</u>	<u>\$ 10,634</u>
TREATMENT AND DISCHARGE									
5	310.00	Land And Land Rights	\$ 199,468	\$ 0	\$ 0	\$ 0	\$ 542,319	\$ 0	\$ 542,319
6	311.00	Structures And Improvements	11,819	18,140	-	130,048	2,579,655	1,294,532	1,285,123
7	312.00	Preliminary Treatment	13	-	-	53,922	1,078,438	512,508	565,930
8	313.00	Primary Treatment Equipment	-	628	-	52,632	1,051,701	405,320	646,381
9	314.00	Secondary Treatment Equip.	825,309	173,914	-	268,099	5,513,763	2,063,747	3,450,016
10	315.00	Tertiary Equipment	1,558,885	520,449	-	235,412	4,707,005	696,749	4,010,256
11	316.00	Disinfection Equipment	20,223	367	-	11,444	238,431	152,143	86,288
12	317.00	Effluent Lift Station E	661,100	921	-	55,754	992,904	236,711	756,193
13	318.00	Outfall Line	-	-	-	4,569	91,379	40,725	50,654
14	319.00	Sludge, Treatment & Dist.	429,894	13,600	-	56,401	1,322,557	401,096	921,462
15	321.00	Influent Lift Station	1,101	344	-	1,652	19,704	7,095	12,609
16	322.00	General Treatment Equipment	636,165	690	-	28,721	891,475	48,506	842,969
17		SUBTOTAL TREAT. & DIS.	<u>\$ 4,343,977</u>	<u>\$ 729,053</u>	<u>\$ 0</u>	<u>\$ 898,653</u>	<u>\$ 19,029,332</u>	<u>\$ 5,859,132</u>	<u>\$ 13,170,200</u>
COLLECTION AND INFLUENT									
18	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,747	\$ 0	\$ 20,747
19	341.00	Structures And Improvements	-	-	-	4,734	283,460	(141,000)	424,460
20	342.00	Collection System Lift	141,295	-	-	115,867	1,450,015	857,469	592,546
21	343.00	Collection Mains	148,361	1,704	-	190,904	9,429,651	1,780,779	7,648,872
22	344.00	Force Mains	-	-	-	15,042	726,686	139,558	587,128
23	345.00	Discharge Services	3,766	53	-	52,214	2,561,338	463,907	2,097,431
24	348.00	Manholes	15,400	365	-	62,574	3,089,618	613,764	2,475,855
25		SUBTOTAL COLL. & INFLU.	<u>\$ 308,822</u>	<u>\$ 2,122</u>	<u>\$ 0</u>	<u>\$ 441,335</u>	<u>\$ 17,561,515</u>	<u>\$ 3,714,476</u>	<u>\$ 13,847,039</u>
GENERAL									
26	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
27	390.00	Structures And Improvements	1,249,834	-	-	14,710	1,500,100	16,813	1,483,287
28	391.00	Office Furniture & Equipment	-	-	-	6,635	145,993	36,282	109,711
29	391.10	Computer Equipment	33,277	-	-	991	38,445	5,195	33,250
30	392.00	Transportation Equipment	37,990	25,429	-	28,733	95,786	231,463	(135,677)
31	393.00	Stores Equipment	-	-	-	547	13,964	4,167	9,797
32	394.00	Tools, Shop And Garage	489	879	-	2,504	59,492	19,507	39,985
33	395.00	Laboratory Equipment	2,828	2,704	-	2,281	58,836	15,966	42,870
34	396.00	Power Operated Equipment	8,970	-	-	436	12,954	948	12,006
35	397.00	Communication Equipment	-	-	-	32,766	318,807	87,179	231,628
36	398.00	Miscellaneous Equipment	-	-	-	3,498	70,250	30,064	40,187
37		SUBTOTAL GENERAL	<u>\$ 1,333,388</u>	<u>\$ 29,012</u>	<u>\$ 0</u>	<u>\$ 93,103</u>	<u>\$ 2,314,627</u>	<u>\$ 447,583</u>	<u>\$ 1,867,044</u>
38		AFUDC ADJUSTMENT 3/95	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
39		Adjustment Due To Rounding	-	-	-	-	-	-	0
40		TOTAL WASTEWATER PLT	<u>\$ 5,986,187</u>	<u>\$ 760,187</u>	<u>\$ 0</u>	<u>\$ 1,433,091</u>	<u>\$ 38,916,108</u>	<u>\$ 10,021,191</u>	<u>\$ 28,894,917</u>

References:

Columns (A) (B): Company Schedule B-2, Page 6c

Column (C): Intentionally Left Blank

Column (D): [(Col. (A) + Col. (B)) X RLM-4, Page 4, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 9, Col. (D) - Col. (C)] X RLM-4, Page 4, Col. (A)]

Column (E): Schedule RLM-4, Page 9, Column (D) + Column (A) - Column (B)

Column (F): Schedule RLM-4, Page 9, Column (E) - Column (B) + Column (D)

Column (G): Column (E) - Column (F)

TEST YEAR PLANT SCHEDULES CONT'D
TEST YEAR ENDED DECEMBER 31, 2001

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETRM'TS	(C) FULL DEP. PL'T	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,078	\$ 0	\$ 4,078
2	302.00	Franchises	-	-	-	-	1,372	-	1,372
3	303.00	Miscellaneous Intangibles	-	-	-	-	5,184	-	5,184
4		SUBTOTAL INTANGIBLE	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,634	\$ 0	\$ 10,634
TREATMENT AND DISCHARGE									
5	310.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 542,319	\$ 0	\$ 542,319
6	311.00	Structures And Improvements	45,757	14,548	-	130,490	2,610,864	1,410,474	1,200,390
7	312.00	Preliminary Treatment	2,014	35,691	-	54,865	1,044,761	531,681	513,080
8	313.00	Primary Treatment Equipment	12,722	-	-	52,903	1,064,423	458,224	606,200
9	314.00	Secondary Treatment Equip.	104,516	1,203	-	278,331	5,617,076	2,340,876	3,276,200
10	315.00	Tertiary Equipment	-	8,406	-	235,560	4,698,598	923,903	3,774,695
11	316.00	Disinfection Equipment	1,772	213,110	-	17,294	27,094	(43,673)	70,767
12	317.00	Effluent Lift Station E	-	-	-	83,404	992,904	320,115	672,789
13	318.00	Outfall Line	-	-	-	4,569	91,379	45,294	46,085
14	319.00	Sludge, Treatment & Dist.	-	-	-	66,128	1,322,557	467,223	855,334
15	321.00	Influent Lift Station	71,231	-	-	4,647	90,935	11,742	79,193
16	322.00	General Treatment Equipment	2,987	-	-	44,648	894,462	93,155	801,308
17		SUBTOTAL TREAT. & DIS.	\$ 240,999	\$ 272,958	\$ 0	\$ 972,839	\$ 18,997,373	\$ 6,559,013	\$ 12,438,360
COLLECTION AND INFLUENT									
18	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,747	\$ 0	\$ 20,747
19	341.00	Structures And Improvements	-	-	-	4,734	283,460	(136,266)	419,726
20	342.00	Collection System Lift	-	123,386	-	126,983	1,326,629	861,066	465,563
21	343.00	Collection Mains	44,572	-	-	192,820	9,474,223	1,973,598	7,500,625
22	344.00	Force Mains	-	-	-	15,042	726,686	154,601	572,085
23	345.00	Discharge Services	-	-	-	52,251	2,561,338	516,158	2,045,180
24	348.00	Manholes	-	-	-	62,719	3,089,618	676,483	2,413,135
25		SUBTOTAL COLL. & INFLU.	\$ 44,572	\$ 123,386	\$ 0	\$ 454,550	\$ 17,482,701	\$ 4,045,640	\$ 13,437,061
GENERAL									
26	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
27	390.00	Structures And Improvements	-	303,984	-	27,768	1,196,116	(259,403)	1,455,519
28	391.00	Office Furniture & Equipment	-	3,279	-	6,710	142,714	39,713	103,001
29	391.10	Computer Equipment	-	4,378	-	1,847	34,067	2,664	31,403
30	392.00	Transportation Equipment	141,241	2,275	-	41,886	234,752	271,074	(36,322)
31	393.00	Stores Equipment	-	2,694	-	600	11,270	2,073	9,197
32	394.00	Tools, Shop And Garage	48,768	3,616	-	3,543	104,644	19,434	85,210
33	395.00	Laboratory Equipment	4,923	7,350	-	2,410	56,409	11,026	45,383
34	396.00	Power Operated Equipment	-	-	-	666	12,955	1,614	11,340
35	397.00	Communication Equipment	-	-	-	32,766	318,807	119,946	198,861
36	398.00	Miscellaneous Equipment	-	-	-	3,498	70,250	33,563	36,688
37		SUBTOTAL GENERAL	\$ 194,932	\$ 327,576	\$ 0	\$ 121,696	\$ 2,181,983	\$ 241,703	\$ 1,940,280
38		AFUDC ADJUSTMENT 3/95	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
39		Adjustment Due To Rounding	-	-	-	-	(2)	2	0
40		TOTAL WASTEWATER PLT	\$ 480,503	\$ 723,920	\$ 0	\$ 1,549,084	\$ 38,672,689	\$ 10,846,359	\$ 27,826,334

References:

- Columns (A) (B): Company Schedule B-2, Page 6c
- Column (C): Intentionally Left Blank
- Column (D): [(Col. (A) + Col. (B)) X RLM-4, Page 4, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 10, Col. (E) - Col. (C)] X RLM-4, Page 4, Col. (A)]
- Column (E): Schedule RLM-4, Page 10, Column (D) + Column (A) - Column (B)
- Column (F): Schedule RLM-4, Page 10, Column (E) - Column (B) + Column (D)
- Column (G): Column (E) - Column (F)

TEST YEAR PLANT SCHEDULES CONT'D
2001 TEST YEAR ADJUSTMENT TO GENERAL PLANT ALLOCATION - CITIZENS VERSUS ARIZONA-AMERICAN

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PRE-ACQUISITION		(C) ADJUSTMENTS		(E) POST-ACQUISITION		(G)
			TOTAL PLANT VALUE	ACCUM. DEP.	TOTAL PLANT VALUE	ACCUM. DEP.	TOTAL PLANT VALUE	ACCUM. DEP.	NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 4,078	\$ 0	\$ 0	\$ 0	\$ 4,078	\$ 0	\$ 4,078
2	302.00	Franchises	1,372	-	-	-	1,372	-	1,372
3	303.00	Miscellaneous Intangibles	5,184	-	-	-	5,184	-	5,184
4		SUBTOTAL INTANGIBLE	<u>\$ 10,634</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 10,634</u>	<u>\$ 0</u>	<u>\$ 10,634</u>
TREATMENT AND DISCHARGE									
5	310.00	Land And Land Rights	\$ 542,319	\$ 0	\$ 0	\$ 0	\$ 542,319	\$ 0	\$ 542,319
6	311.00	Structures & Improvements	2,610,864	1,410,474	-	-	2,610,864	1,410,474	1,200,390
7	312.00	Preliminary Treatment	1,044,761	531,681	-	-	1,044,761	531,681	513,080
8	313.00	Primary Treatment Equip.	1,064,423	458,224	-	-	1,064,423	458,224	606,200
9	314.00	Secondary Treatment Equip.	5,617,076	2,340,876	-	-	5,617,076	2,340,876	3,276,200
10	315.00	Tertiary Equipment	4,698,598	923,903	-	-	4,698,598	923,903	3,774,695
11	316.00	Disinfection Equipment	27,094	(43,673)	-	-	27,094	(43,673)	70,767
12	317.00	Effluent Lift Station E	992,904	320,115	-	-	992,904	320,115	672,789
13	318.00	Outfall Line	91,379	45,294	-	-	91,379	45,294	46,085
14	319.00	Sludge, Treatment & Dist.	1,322,557	467,223	-	-	1,322,557	467,223	855,334
15	321.00	Influent Lift Station	90,935	11,742	-	-	90,935	11,742	79,193
16	322.00	General Treatment Equip.	894,462	93,155	-	-	894,462	93,155	801,308
17		SUBTOTAL TREAT. & DIS.	<u>\$ 18,997,373</u>	<u>\$ 6,559,013</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 18,997,373</u>	<u>\$ 6,559,013</u>	<u>\$ 12,438,360</u>
COLLECTION AND INFLUENT									
18	340.00	Land And Land Rights	\$ 20,747	\$ 0	\$ 0	\$ 0	\$ 20,747	\$ 0	\$ 20,747
19	341.00	Structures & Improvements	283,460	(136,266)	-	-	283,460	(136,266)	419,726
20	342.00	Collection System Lift	1,326,629	861,066	-	-	1,326,629	861,066	465,563
21	343.00	Collection Mains	9,474,223	1,973,598	-	-	9,474,223	1,973,598	7,500,625
22	344.00	Force Mains	726,686	154,601	-	-	726,686	154,601	572,085
23	345.00	Discharge Services	2,561,338	516,158	-	-	2,561,338	516,158	2,045,180
24	348.00	Manholes	3,089,618	676,483	-	-	3,089,618	676,483	2,413,135
25		SUB COLL. & INFLU.	<u>\$ 17,482,701</u>	<u>\$ 4,045,640</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 17,482,701</u>	<u>\$ 4,045,640</u>	<u>\$ 13,437,061</u>
GENERAL									
26	389.00	Land And Land Rights	\$ 0	\$ 0	\$ (780)	\$ 0	\$ 780	\$ 0	\$ 780
27	390.00	Structures & Improvements	1,196,116	(259,403)	660,613	(330,011)	535,503	70,608	464,895
28	391.00	Office Furniture & Equip.	142,714	39,713	(16,801)	(42,143)	159,515	81,856	77,659
29	391.10	Computer Equipment	34,067	2,664	(194,312)	101,368	228,379	(98,704)	327,083
30	392.00	Transportation Equipment	234,752	271,074	(52,637)	35,347	287,389	235,727	51,662
31	393.00	Stores Equipment	11,270	2,073	6,677	306	4,593	1,767	2,826
32	394.00	Tools, Shop And Garage	104,644	19,434	38,921	15,293	65,723	4,141	61,582
33	395.00	Laboratory Equipment	56,409	11,026	35,590	5,814	20,819	5,212	15,607
34	396.00	Power Operated Equipment	12,955	1,614	(6,284)	(8,107)	19,239	9,721	9,518
35	397.00	Communication Equipment	318,807	119,946	226,472	44,425	92,335	75,521	16,814
36	398.00	Miscellaneous Equipment	70,250	33,563	25,944	4,396	44,306	29,167	15,139
37		SUBTOTAL GENERAL	<u>\$ 2,181,983</u>	<u>\$ 241,703</u>	<u>\$ 723,402</u>	<u>\$ (173,313)</u>	<u>\$ 1,458,580</u>	<u>\$ 415,016</u>	<u>\$ 1,043,565</u>
39		AFUDC ADJUSTMENT 3/95	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
40		Adjustm't Due To Rounding	-	-	-	-	-	-	0
41		TOT. WASTEWTR PLT	<u>\$ 38,672,691</u>	<u>\$ 10,846,357</u>	<u>\$ 723,402</u>	<u>\$ (173,313)</u>	<u>\$ 37,949,288</u>	<u>\$ 11,019,669</u>	<u>\$ 26,929,619</u>
42		Company As Filed B-2					38,810,451	13,515,241	
43		Adjustment To Test Year Total Plant And Accumulated Depreciation (See RLM-3, Col (B), Lines 1 & 2)					<u>\$ (861,163)</u>	<u>\$ (2,495,572)</u>	

References:

- Column (A): Schedule RLM-4, Page 11, Column (E)
- Column (B): Schedule RLM-4, Page 11, Column (F)
- Columns (C) (D): Adjustment To Replace Citizens' Utilities General Plant With Arizona Water's Common Plant Allocation As Per Company Schedule B-2, Pg 2
- Column (E): Column (A) - Column (C) As Per Company Schedule B-2, Page 3
- Column (F): Column (B) - Column (D) As Per Company Schedule B-2, Page 3
- Column (G): Column (E) - Column (F)

POST-TEST YEAR 2001 PLANT

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ACTUAL PLANT ADDIT'NS	(B) ORCOM & PLANT AT CLOSING	(C) ADDIT'NAL ACC. DEP. AT CLOS'G	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,078	\$ 0	\$ 4,078
2	302.00	Franchises	-	78,774	-	-	80,146	-	80,146
3	303.00	Miscellaneous Intangibles	-	-	-	-	5,184	-	5,184
4		SUBTOTAL INTANGIBLE	\$ 0	\$ 78,774	\$ 0	\$ 0	\$ 89,408	\$ 0	\$ 89,408
TREATMENT AND DISCHARGE									
5	310.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 542,319	\$ 0	\$ 542,319
6	311.00	Structures And Improvements	-	-	67,369	-	2,610,864	1,477,843	1,133,021
7	312.00	Preliminary Treatment	-	-	26,713	-	1,044,761	558,394	486,367
8	313.00	Primary Treatment Equipment	-	-	27,093	-	1,064,423	485,317	579,107
9	314.00	Secondary Treatment Equip.	-	-	142,804	-	5,617,076	2,483,680	3,133,396
10	315.00	Tertiary Equipment	-	1,336,791	644,863	33,420	6,035,389	1,602,186	4,433,203
11	316.00	Disinfection Equipment	-	-	6,124	-	27,094	(37,549)	64,643
12	317.00	Effluent Lift Station E	-	-	42,165	-	992,904	362,280	630,624
13	318.00	Outfall Line	18,461	-	2,366	462	109,840	48,121	61,719
14	319.00	Sludge, Treatment & Dist.	-	(1,337,304)	(492,725)	(33,433)	(14,747)	(58,934)	44,187
15	321.00	Influent Lift Station	-	-	3,843	-	90,935	15,585	75,350
16	322.00	General Treatment Equipment	-	-	22,542	-	894,462	115,697	778,766
17		SUBTOTAL TREAT. & DIS.	\$ 18,461	\$ (513)	\$ 493,157	\$ 449	\$ 19,015,321	\$ 7,052,619	\$ 11,962,702
COLLECTION AND INFLUENT									
18	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,747	\$ 0	\$ 20,747
19	341.00	Structures And Improvements	-	(299,361)	(46,184)	(2,500)	(15,901)	(184,950)	169,049
20	342.00	Collection System Lift	-	-	56,936	-	1,326,629	918,002	408,627
21	343.00	Collection Mains	56	3,189,365	1,107,398	32,532	12,663,644	3,113,528	9,550,116
22	344.00	Force Mains	-	-	7,790	-	726,686	162,391	564,295
23	345.00	Discharge Services	-	-	26,969	-	2,561,338	543,127	2,018,211
24	348.00	Manholes	-	(3,189,365)	(975,240)	(32,372)	(99,747)	(331,129)	231,383
25		SUBTOTAL COLL. & INFLU.	\$ 56	\$ (299,361)	\$ 177,669	\$ (2,340)	\$ 17,183,396	\$ 4,220,969	\$ 12,962,426
GENERAL									
26	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 780	\$ 0	\$ 780
27	390.00	Structures And Improvements	22,137	299,361	48,683	2,702	857,001	121,993	735,008
28	391.00	Office Furniture & Equipment	104,170	34,067	2,851	3,141	297,752	87,848	209,904
29	391.10	Computer Equipment	-	(34,067)	1,205	(774)	194,312	(98,273)	292,585
30	392.00	Transportation Equipment	-	-	29,332	-	287,389	265,059	22,330
31	393.00	Stores Equipment	-	-	220	-	4,593	1,987	2,606
32	394.00	Tools, Shop And Garage	1,620	-	2,314	33	67,343	6,488	60,855
33	395.00	Laboratory Equipment	-	-	1,046	-	20,819	6,258	14,561
34	396.00	Power Operated Equipment	-	-	325	-	19,239	10,046	9,193
35	397.00	Communication Equipment	59,673	-	16,412	3,067	152,008	95,000	57,008
36	398.00	Miscellaneous Equipment	-	-	1,791	-	44,306	30,958	13,348
37		SUBTOTAL GENERAL	\$ 187,600	\$ 299,361	\$ 104,179	\$ 8,169	\$ 1,945,542	\$ 527,364	\$ 1,418,178
38		AFUDC ADJUSTMENT 3/95	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
39		Adjustment Due To Rounding	-	-	(1)	1	-	-	0
40		TOTAL WASTEWATER PLT	\$ 206,117	\$ 78,261	\$ 775,004	\$ 6,279	\$ 38,233,667	\$ 11,800,953	\$ 26,432,714
41		Company As Filed B-2					39,101,812	14,290,245	
42		Difference In Post Test Year Gross Plant					\$ (868,145)	\$ (2,489,292)	
43		Adjustment To Test Year Gross Plant As Per RLM-4, Page 12, Cols (E) And (F), L 43					(861,163)	(2,495,572)	
45		Adjustment To Post Test Year Total Plant And Acc. Dep. (See RLM-3, Col (C), L 1 & L 2)					\$ (6,982)	\$ 6,279	

References:

- Column (A): Company Response To Staff Request Nos. 12-1 Thru 12-3
- Columns (B) (C): Company Schedule B-2, Pages 1 And 8
- Column (D): [(Col. (A) + Col. (B)) X RLM-4, Page 4, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 12, Col. (E)] X RLM-4, Page 4, Col. (A)]
- Column (E): Schedule RLM-4, Page 12, Column (D) + Column (A) + Column (B)
- Column (F): Schedule RLM-4, Page 12, Column (F) + Column (C) + Column (D)
- Column (G): Column (E) - Column (F)

OPERATING INCOME

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)	(E)
		COMPANY AS FILED	RUCO TEST YEAR ADJTMENTS	RUCO TEST YEAR AS ADJUSTED	RUCO PROPOSED CHANGES	RUCO AS RECOMMENDED
OPERATING REVENUES:						
1	Flat Rate Revenues	\$ 3,534,678	\$ 0	\$ 3,534,678	\$ 1,027,392	\$ 4,562,070
2						
3	Other Wastewater Revenues	1,002	-	1,002	-	1,002
4	TOTAL OPERATING REVENUES	\$ 3,535,680	\$ 0	\$ 3,535,680	\$ 1,027,392	\$ 4,563,072
OPERATING EXPENSES:						
5	Salaries And Wages	\$ 607,304	\$ (268,029)	\$ 339,275	\$ 0	\$ 339,275
6	Purchased Wastewater Treatment	0	-	-	-	0
7	Purchased Power	1,426	-	1,426	-	1,426
8	Fuel For Power Production	0	-	-	-	0
9	Chemicals	375,064	-	375,064	-	375,064
10	Material And Supplies	392,206	-	392,206	-	392,206
11	Repairs And Maintenance	0	-	-	-	0
12	Office Supplies And Expense	136,282	22,680	158,962	-	158,962
13	Outside Services	(14,005)	-	(14,005)	-	(14,005)
14	Service Company Charges	552,478	(84,377)	468,101	-	468,101
15	Water Testing	0	-	-	-	0
16	Rents	91,410	-	91,410	-	91,410
17	Transportation Expenses	0	-	-	-	0
18	Insurance - General Liability	24,187	(7,229)	16,958	-	16,958
19	Insurance - Health And Life	0	-	-	-	0
20	Regulatory Comm. Exp. - Rate Case	23,335	(9,369)	13,966	-	13,966
21	Miscellaneous Expense	243,134	318	243,452	-	243,452
22	Depreciation Expense	1,432,265	(51,680)	1,380,585	-	1,380,585
23	Taxes Other Than Income	36,253	(10,671)	25,582	-	25,582
24	Property Taxes	168,501	(26,892)	141,609	-	141,609
25	Income Tax	(369,763)	213,704	(156,059)	396,562	240,503
26	Adjustment Due To Rounding	2	-	-	2	0
27	TOTAL OPERATING EXPENSES	\$ 3,700,079	\$ (221,543)	\$ 3,478,534	\$ 396,564	\$ 3,875,096
28	OPERATING INCOME (LOSS)	\$ (164,399)	\$ 221,543	\$ 57,146	\$ 630,828	\$ 687,977
Other Income (Expense):						
29	Interest Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
30	Other Income	0	-	-	-	0
31	Interest Expense	(423,801)	118,405	(305,396)	-	(305,396)
32	Other Expense	0	-	-	-	0
33	Gain/Loss Sale Of Assets	0	-	-	-	0
34	TOTAL OTHER INCOME (EXPENSE)	\$ (423,801)	\$ 118,405	\$ (305,396)	\$ 0	\$ (305,396)
35	NET PROFIT (LOSS)	\$ (588,200)	\$ 339,948	\$ (248,250)	\$ 630,828	\$ 382,580

References:

- Column (A): Company Schedule C-1
- Column (B): Testimony, RLM And Schedule RLM-7
- Column (C): Column (A) + Column (B)
- Column (D): Testimony, RLM And Schedule RLM-1
- Column (E): Column (C) + Column (D)

**SUMMARY OF OPERATING INCOME ADJUSTMENTS
TEST YEAR AS FILED AND ADJUSTED**

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) ADJ #1	(C) ADJ #2	(D) ADJ #3	(E) ADJ #4	(F) ADJ #5	(G) ADJ #6	(H) ADJ #7	(I) ADJ #8	(J) ADJ #9	(K) ADJ #10	(L) RUCO AS AD'TED
OPERATING REVENUES:													
1	Flat Rate Revenues	\$ 3,534,678	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,534,678
2		0	-	-	-	-	-	-	-	-	-	-	0
3	Other Wastewater Revenues	1,002	-	-	-	-	-	-	-	-	-	-	1,002
4	TOTAL OPERATING REVENUES	\$ 3,535,680	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,535,680
OPERATING EXPENSES:													
5	Salaries And Wages	\$ 607,304	\$ 0	\$ -	\$ 0	\$ (139,491)	\$ 0	\$ 0	\$ 0	\$ (128,538)	\$ 0	\$ 0	\$ 339,275
6	Purchased Wastewater Treatment	0	-	-	-	-	-	-	-	-	-	-	0
7	Purchased Power	1,426	-	-	-	-	-	-	-	-	-	-	1,426
8	Fuel For Power Production	0	-	-	-	-	-	-	-	-	-	-	0
9	Chemicals	375,064	-	-	-	-	-	-	-	-	-	-	375,064
10	Material And Supplies	392,206	-	-	-	-	-	-	-	-	-	-	392,206
11	Repairs And Maintenance	0	-	-	-	-	-	-	-	-	-	-	0
12	Office Supplies And Expenses	136,282	-	-	-	-	-	-	-	22,680	-	-	158,962
13	Outside Services	(14,005)	-	-	-	-	-	-	-	-	-	-	(14,005)
14	Service Company Charges	552,478	-	-	(84,377)	-	-	-	-	-	-	-	468,101
15	Water Testing	0	-	-	-	-	-	-	-	-	-	-	0
16	Rents	91,410	-	-	-	-	-	-	-	-	-	-	91,410
17	Transportation Expenses	0	-	-	-	-	-	-	-	-	-	-	0
18	Insurance - General Liability	24,187	-	-	-	-	-	-	-	(7,229)	-	-	16,958
19	Insurance - Health And Life	0	-	-	-	-	-	-	-	-	-	-	0
20	Regulatory Comm. Exp. - Rate Case	23,335	-	-	-	-	-	-	(9,369)	-	-	-	13,966
21	Miscellaneous Expense	243,134	-	-	-	-	-	-	-	318	-	-	243,452
22	Depreciation Expense	1,432,265	-	-	-	-	(51,680)	-	-	-	-	-	1,380,585
23	Taxes Other Than Income	36,253	-	-	-	(10,671)	-	-	-	-	-	-	25,582
24	Property Taxes	168,501	-	-	-	-	-	(26,892)	-	-	-	-	141,609
25	Income Tax	(369,763)	-	-	-	-	-	-	-	-	-	213,704	(156,059)
26	Adjustment Due To Rounding	2	-	-	-	-	-	-	-	-	-	-	2
27	TOTAL OPERATING EXPENSES	\$ 3,700,079	\$ 0	\$ -	\$ (84,377)	\$ (150,162)	\$ (51,680)	\$ (26,892)	\$ (9,369)	\$ (112,768)	\$ 0	\$ 213,704	\$ 3,478,534
28	OPERATING INCOME (LOSS)	\$ (164,399)	\$ 0	\$ 0	\$ 84,377	\$ 150,162	\$ 51,680	\$ 26,892	\$ 9,369	\$ 112,768	\$ 0	\$ (213,704)	\$ 57,146
Other Income (Expense):													
29	Interest Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
30	Other Income	0	-	-	-	-	-	-	-	-	-	-	0
31	Interest Expense	(423,801)	-	-	-	-	-	-	-	-	129,520	-	(294,281)
32	Other Expense	0	-	-	-	-	-	-	-	-	-	-	0
33	Gain/Loss Sale Of Assets	0	-	-	-	-	-	-	-	-	-	-	0
34	TOTAL OTHER INCOME (EXPENSE)	\$ (423,801)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 129,520	\$ 0	\$ (294,281)
35	NET PROFIT (LOSS)	\$ (588,200)	\$ 0	\$ 0	\$ 84,377	\$ 150,162	\$ 51,680	\$ 26,892	\$ 9,369	\$ 112,768	\$ 129,520	\$ (213,704)	\$ (237,135)
ADJUSTMENT NO. REFERENCE													
1	Intentionally Left Blank												
2	Remove Test Year Salaries And Wages	Testimony, RLM And Schedule RLM-8											
3	Service Company Fees	Testimony, RLM And Schedule RLM-9											
4	Projected Salaries And Wages	Testimony, RLM And Schedule RLM-10											
5	Depreciation Expense	Testimony, RLM And Schedule RLM-11											
6	Property Taxes	Testimony, RLM And Schedule RLM-12											
7	Rate Case Expense	Testimony, RLM											
8	Projected Additional Corporate Overhead Expenses	Testimony, RLM And Schedule RLM-13											
9	Intentionally Left Blank												
10	Income Tax	Testimony, RLM And Schedule RLM-14											

References:
Column (A): Company Schedule C-1
Columns (B) Thru (K): Adjs #1 Thru #10
Column (L): Sum Of Columns (A) Thru (K)

**EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 2
 CITIZENS SALARIES AND WAGES**

LINE NO.	DISTRICT	ACCOUNT	CITIZENS BUSINESS UNIT	(A) COMPANY AS FILED	(B) RUCO AS ADJ'D	(C) ADJM'T
	SUN CITY WEST WASTEWATER		4005-4507			
1		Salaries And Wages		\$ 673,037	\$ 673,037	\$ -
2		Payroll Tax		67,189	67,189	-
3		TOTAL		<u>\$ 740,226</u>	<u>\$ 740,226</u>	<u>\$ -</u>

References:

- Column (A): Company Schedule C-2, Page 3
- Column (B): Company Provided Data On Citizens 2001 Payroll
- Column (C): Column (B) - Column (A)

**EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 3
AZ-AM SERVICE COMPANY ALLOCATIONS**

LINE NO.	DISTRICT	AZ-AM BUS. UNIT	TOTAL SERVICE CHARGES			ALLOCATED SERVICE CHARGES		
			(A) COMPANY AS FILED	(B) RUCO AS ADJ'TED	(C) FOUR FACT'R	(D) COMPANY AS FILED	(E) RUCO AS ADJ'TED	(F) ADJ'MENT
1	Sun City West Water	2364	\$ 5,153,711	\$ 4,366,610	0.1001	\$ 515,886	\$ 437,098	\$ (78,789)
2	Sun City West Wastewater	2365	\$ 5,153,711	\$ 4,366,610	0.1072	\$ 552,478	\$ 468,101	\$ (84,377)
3	Sun City Water	2362	\$ 5,153,711	\$ 4,366,610	0.1797	\$ 926,122	\$ 784,680	\$ (141,442)
4	Sun City Wastewater	2363	\$ 5,153,711	\$ 4,366,610	0.1014	\$ 522,586	\$ 442,774	\$ (79,812)
5	Tubac	2389	\$ 5,153,711	\$ 4,366,610	0.0075	\$ 38,653	\$ 32,750	\$ (5,903)
SUN CITY WEST WASTEWATER						COMPANY AS FILED	RUCO AS ADJ'TED	ADJUSTM'T
6	Arizona-American Service Company Allocation					\$ 552,478	\$ 468,101	\$ (84,377)

References:
Columns (A) (C): Company Schedule C-2, Page 4
Column (B): Company Response To RUCO Third Data Request
Column (D): Column (A) X Column (C)
Column (E): Column (B) X Column (C)
Column (F): Column (E) - Column (D)

**EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 4
PROJECTED SALARIES AND WAGES**

LINE NO.	COMPANY	AZ-AM BUSINESS UNIT	(A)	(B)	(C)	(D)	(E)
			GROSS PAYROLL	CAPITAL'D PAYROLL	NET PAYROLL	EMP. COUNT	PAYROLL TAX
1	Sun City West Water	2364	\$ 341,944	\$ 92,325	\$ 249,619	6	\$ 20,566
2	Sun City West Wastewater	2365	418,601	113,022	305,579	9	25,582
3	Sun City Water	2362	806,792	217,834	588,958	24	50,935
4	Sun City Wastewater	2363	80,003	21,601	58,402	4	5,448
5	Tubac	2389	68,044	18,372	49,672	1	4,045
SUN CITY WEST WASTEWATER				COMPANY	RUCO		
6		Salaries And Wages		<u>AS FILED</u>	<u>AS ADJ'TED</u>	<u>ADJUSTMT</u>	
7		Payroll Tax		\$ 445,070	\$ 305,579	\$ (139,491)	
8		TOTAL		36,253	25,582	(10,671)	
				<u>\$ 481,323</u>	<u>\$ 331,161</u>	<u>\$ (150,162)</u>	

References:

- Columns (A) (D): Company Provided Data On AZ-AM 2002 Payroll
- Column (B): 27% Of Column (A) - Calculated As Representative Of Labor Associated With Capital Projects
- Column (C): Column (A) - Column (B)
- Column (E): Column (C) X 7.65% (FICA) + \$245 X Column (D) (FUTA & SUTA)

EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 5
TEST YEAR DEPRECIATION EXPENSE

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) TOTAL UNDEPREC'D PLANT	(B) APR'D DEP. RATE	(C) TEST YEAR DEPRECIATION EXPENSE
INTANGIBLE					
1	301.00	Organization	\$ 4,078	0.00%	\$ 0
2	302.00	Franchises	80,146	0.00%	-
3	303.00	Miscellaneous Intangibles	5,184	0.00%	-
4		SUBTOTAL INTANGIBLE	\$ 89,408		\$ 0
TREATMENT AND DISCHARGE					
5	310.00	Land And Land Rights	\$ 542,319	0.00%	\$ 0
6	311.00	Structures And Improvements	2,610,864	5.00%	130,543
7	312.00	Preliminary Treatment	1,044,761	5.00%	52,238
8	313.00	Primary Treatment Equipment	1,064,423	5.00%	53,221
9	314.00	Secondary Treatment Equip.	5,617,076	5.00%	280,854
10	315.00	Tertiary Equipment	6,035,389	5.00%	301,769
11	316.00	Disinfection Equipment	27,094	5.00%	1,355
12	317.00	Effluent Lift Station E	992,904	8.40%	83,404
13	318.00	Outfall Line	109,840	5.00%	5,492
14	319.00	Sludge, Treatment & Dist.	(14,747)	5.00%	(737)
15	321.00	Influent Lift Station	90,935	8.40%	7,639
16	322.00	General Treatment Equipment	894,462	5.00%	44,723
17		SUBTOTAL TREAT. & DIS.	\$ 19,015,321		\$ 960,501
COLLECTION AND INFLUENT					
18	340.00	Land And Land Rights	\$ 20,747	0.00%	\$ 0
19	341.00	Structures And Improvements	(15,901)	1.67%	(266)
20	342.00	Collection System Lift	1,326,629	8.40%	111,437
21	343.00	Collection Mains	12,663,644	2.04%	258,338
22	344.00	Force Mains	726,686	2.07%	15,042
23	345.00	Discharge Services	2,561,338	2.04%	52,251
24	348.00	Manholes	(99,747)	2.03%	(2,025)
25		SUBTOTAL COLL. & INFLU.	\$ 17,183,396		\$ 434,778
GENERAL					
26	389.00	Land And Land Rights	\$ 780	0.00%	\$ 0
27	390.00	Structures And Improvements	857,001	1.68%	14,404
28	391.00	Office Furniture & Equipment	297,752	4.55%	13,533
29	391.10	Computer Equipment	194,312	4.55%	8,832
30	392.00	Transportation Equipment	287,389	25.00%	71,847
31	393.00	Stores Equipment	4,593	3.92%	180
32	394.00	Tools, Shop And Garage	67,343	4.14%	2,785
33	395.00	Laboratory Equipment	20,819	3.71%	772
34	396.00	Power Operated Equipment	19,239	5.14%	990
35	397.00	Communication Equipment	152,008	10.28%	15,623
36	398.00	Miscellaneous Equipment	44,306	4.98%	2,206
37		SUBTOTAL GENERAL	\$ 1,945,542		\$ 131,172
TOTAL			\$ 38,233,667		\$ 1,526,451
38		Amortization Of Contributions In Aid Of Construction ("CIAC")	\$ (1,458,672)	10.00%	\$ (145,867)
39		Adjustment Due To Rounding	-		1
40		TOTAL WASTEWATER PLT	\$ 37,949,288		\$ 1,380,585
41		Company As Filed As Per Schedule C-2, Pg 6, Line 62			\$ 1,432,265
42		Adjustment To Depreciation Expense (See RLM-6, Col (B), Line 22)			\$ (51,680)

References:

Column (A): Schedule RLM-5, Page 1, Column (E)
Column (B): Schedule RLM-4, Page 4, Column (A)
Column (C): Column (A) X Column (B)

**EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 6
PROPERTY TAX COMPUTATION**

LINE NO.	DESCRIPTION	(A)	(B)
Calculation Of The Company's Full Cash Value:			
Annual Operating Revenues:			
1	Year 1999 (Company Schedule E-2)	\$ 3,545,468	
2	Year 2000 (Company Schedule E-2)	3,548,880	
3	Year 2001 (Company Schedule E-2)	3,524,634	
4	Total Three Year Operating Revenues (L1 + L2 + L3)	\$ 10,618,982	
5	Average Annual Operating Revenues (L4 / 3)	3,539,661	
6	Two Times Three Year Average Operating Revenues (L5 X 2)		\$ 7,079,321
ADD: Ten Percent Of Construction Work In Progress ("CWIP"):			
7	Test Year CWIP	\$ 33,267	
8	10% Of CWIP (L7 X 10%)		\$ 3,327
SUBTRACT: Transportation At Book Value:			
9	Original Cost Of Transportation Equipment (RLM-5, Pg 1, Col (E), L 30)	\$ 287,389	
10	Acc. Dep. Of Transportation Equipment (RLM-5, Pg 1, Col (F), L 30)	-	
11	Book Value Of Transportation Equipment (L9 - L10)		\$ 287,389
12	COMPANY'S FULL CASH VALUE (L6 + L8 - L11)		\$ 6,795,259
Calculation Of The Company's Tax Liability:			
MULTIPLY: Company Full Cash Value By Valuation Assessment Ratio And Then By Property Tax Rates:			
13	Assessment Ratio (ADOR Directive)	25%	
14	Assessed Value (L12 X L13)	\$ 1,698,815	
Property Tax Rates:			
15	Primary Tax Rate (2001 Tax Notice - Co.'s Data Response - "Property Tax")	8.34%	
16	Secondary Tax Rate (2001 Tax Notice - Co.'s Data Response - "Property Tax")	0.00%	
17	Estimated Tax Rate Liability (L14 + L15)	8.34%	
18	COMPANY'S TAX LIABILITY - Based On Full Cash Value (L14 X L17)		\$ 141,609
19	Test Year Adjusted Property Tax Expense Per Co.'s Filing (Sch. RLM-6, Col. (A), L29)	\$ 168,501	
20	Increase (Decrease) In Property Tax Expense (L18 - L19)	\$ (26,892)	
21	Adjustment To Property Tax Expense From Company's Direct Filing (See RLM-6 Col. (B), L22)		\$ (26,892)

EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 7
RATE CASE EXPENSE

LINE NO.	(A) REVISED T. Y. REV. FACTORS	(B) COMPANY AS FILED	(C) RUCO AS ADJUSTED	(D) TOTAL DIFFERENCE	(E) 3 YEAR AMORTIZED DIFFERENCE	
1	Total Rate Case Expense	\$ 699,954	\$ 418,941	\$ (281,013)	\$ (93,671)	
2	Sun City West Water	0.0956 \$ 66,939	\$ 40,065	\$ (26,874)	\$ (8,958)	
3	Sun City West Wastewater	0.1000 70,006	41,901	(28,106)	(9,369)	
4	Sun City Water	0.1752 122,623	73,393	(49,230)	(16,410)	
5	Sun City Wastewater	0.1439 100,749	60,301	(40,448)	(13,483)	
6	Tubac	0.0072 5,039	3,016	(2,023)	(674)	
7	Agua Fria	0.1750 122,482	73,309	(49,173)	(16,391)	
8	Anthem Water	0.1135 79,413	47,531	(31,882)	(10,627)	
9	Agua Fria, Anthem Wastewater	0.0528 36,958	22,120	(14,837)	(4,946)	
10	Mohave Water	0.1243 87,016	52,081	(34,935)	(11,645)	
11	Havasu Water	0.0125 8,730	5,225	(3,505)	(1,168)	
12	TOTAL	<u>1.0000</u> \$ <u>699,954</u>	<u>\$ 418,941</u>	<u>\$ (281,013)</u>	<u>\$ (93,671)</u>	
	SUN CITY WEST WASTEWATER		COMPANY AS FILED	RUCO AS ADJUSTED	TOTAL DIFFERENCE	3 YEAR AMORTIZED DIFFERENCE
13	Rate Case Expense	\$ 70,006	\$ 41,901	\$ (28,106)	\$ (9,369)	

References:

- Column (A) : Revised Company Adjusted Test Year Revenue Factors To Remove Mohave Sewer From Allocation
- Column (B): Company Response To Data Request Minus The Mohave Sewer Allocated Value Of \$6,017
- Column (C): Column (A) X RUCO's Recommended Total Rate Case Expense
- Column (D): Column (C) - Column (B)
- Column (E): Column (D) Divided By 3 (The Three Year Amortization Period)

EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 8
PROJECTED CORPORATE OVERHEAD

LINE NO.	DISTRICT	EXPENSE ACCOUNT	(A) COMPANY AS FILED	(B) RUCO AS ADJUSTED	(C) ADJUSTMENT
	SUN CITY WEST WASTEWATER				
1		Salaries And Wages	\$ 162,234	\$ 33,696	\$ (128,538)
2		Office Supplies & Expense	146,103	168,783	22,680
3		Insurance	23,250	16,021	(7,229)
4		Miscellaneous Expense	920	1,238	318
5		TOTAL	<u>\$ 332,507</u>	<u>\$ 219,739</u>	<u>\$ (112,768)</u>

References:

- Column (A): Company Schedule C-2, Page 11
- Column (B): Allocated Amounts From RLM-13, Pg 2, Line 25
- Column (C): Column (B) - Column (A)

EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 8 - CONT'D
PROJECTED CORPORATE OVERHEAD

LINE NO.	CATEGORY	(A) COMPANY AS FILED	(B) RUCO AS ADJUSTED	(C) DIFFERENCE	(D)
1	Employee Benefits	\$ 964,147	\$ 374,404	\$ 589,743	
2	Directors Fees: Office Supplies & Exp.	1,270,126	1,030,972	239,154	
3	Miscellaneous Expenses	6,000	8,500	(2,500)	
4	Trustees Fees: Office Supplies & Exp.	645,847	447,842	198,005	
5	Miscellaneous Expenses	17,058	21,881	(4,823)	
6	Insurance	258,736	215,200	43,536	
7	Subtotal	\$ 3,161,914	\$ 2,098,797	\$ 1,063,117	
8	Non-Applicable Accounts	\$ 2,153,067	\$ 2,117,294	\$ 35,773	
9	TOTAL (See RLM-14, Pg 3, L 45)	\$ 5,314,981	\$ 4,216,091	\$ 1,098,890	
	ALLOCATION FACTORS	FAIR VALUE RATE BASE	YEAR-END CUST. COUNT	EMPLOYEE COUNT	PROFORMA PLANT
10	Sun City West Water	0.0908	0.1375	0.0600	0.0135
11	Sun City West Wastewater	0.0744	0.1314	0.0900	0.0056
12	Sun City Water	0.2695	0.1958	0.2400	0.1254
13	Sun City Wastewater	0.1119	0.1866	0.0400	0.0046
14	Tubac	0.0109	0.0044	0.0100	0.0110
15	Agua Fria	0.1052	0.1147	0.0700	0.2417
16	Anthem Water	0.0544	0.0284	0.1200	0.2326
17	Agua Fria, Anthem Wastewater	0.0158	0.0224	0.0600	0.2279
18	Mohave Water	0.0842	0.1217	0.1500	0.0371
19	Havasas Water	0.0076	0.0105	0.0300	0.0552
20	Subtotal	0.8247	0.9534	0.8700	0.9544
21	Mohave Sewer	0.0037	0.0051	0.0100	0.0089
22	Paradise Valley (Est. - 2001 Annual Report)	0.1715	0.0414	0.1200	0.0367
23	TOTAL	1.0000	1.0000	1.0000	1.0000
	ALLOCATED AMOUNTS	EMP. BEN.	OFF. SUP/EXP	INSURANCE	MISC. EXP.
24	Sun City West Water	\$ 22,464	\$ 182,392	\$ 19,535	\$ 1,464
25	Sun City West Wastewater	33,696	168,783	16,021	1,238
26	Sun City Water	89,857	322,580	57,988	4,408
27	Sun City Wastewater	14,976	242,477	24,091	1,686
28	Tubac	3,744	9,386	2,351	277
29	Agua Fria	26,208	165,421	22,645	6,263
30	Anthem Water	44,928	53,684	11,712	5,332
31	Agua Fria, Anthem Wastewater	22,464	30,213	3,398	5,176
32	Mohave Water	56,161	163,185	18,113	1,846
33	Havasas Water	11,232	14,208	1,630	1,297
34	Subtotal	\$ 325,731	\$ 1,352,330	\$ 177,484	\$ 28,987
35	Mohave Sewer	3,744	6,945	806	238
36	Paradise Valley (Est. - 2001 Annual Report)	44,928	119,539	36,910	1,155
37	Subtotal	\$ 48,672	\$ 126,483	\$ 37,716	\$ 1,393
38	TOTAL	\$ 374,404	\$ 1,478,813	\$ 215,200	\$ 30,381
39	TOTAL RUCO ADJUSTMENT (See RLM-14, pg 2, Column (B), Line 7 Above)			\$ 2,098,797	

References:

Allocation Factors - As Provided By Co. Except For Paradise Valley, Which Were Estimated From 2001 Annual Report
Allocation Amounts - Calculated Using Same Methodology As Company

EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 8 - CONT'D
PROJECTED CORPORATE OVERHEAD

LINE NO.	DESCRIPTION	CATEGORY	(A)	(B)	(C)	(D)
				COMPANY AS FILED	RUCO AS ADJUSTED	DIFFERENCE
1	Directors Fees	MISC	\$ 6,000	\$ 8,500	\$ 2,500	
2	Bank Service Charges	OFFICE	29,863	124,896	95,033	
3	Bill Insert	OFFICE	29,703	35,304	5,601	
4	Collection Agencies	OFFICE	870	6,673	5,803	
5	Forms AG	OFFICE	17,074	13,051	(4,023)	
6	Advertising (Required Notification)	OFFICE	230,287	130,698	(99,589)	
7	Brochures And Handouts	OFFICE	2,502	834	(1,668)	
8	Community Relations	OFFICE	7,730	6,662	(1,068)	
9	Postage	OFFICE	329,952	125,443	(204,509)	
10	Group Insurance	OFFICE	622,145	587,410	(34,735)	
11	IncentivePlan Expenses	EMP. BENFITS	226,620	21,252	(205,368)	
12	PBOP Operations AG	EMP. BENFITS	341,502	16,737	(324,765)	
13	Workman Compensation	EMP. BENFITS	(19,061)	(3,359)	15,702	
14	Dues Deducted	EMP. BENFITS	3,612	13,660	10,048	
15	Dues Non-Deducted	EMP. BENFITS	2,705	5,052	2,347	
16	Dues-Membership Deducted	EMP. BENFITS	-	2,959	2,959	
17	Employee Expenses AG	EMP. BENFITS	115,234	60,267	(54,967)	
18	Employee Exp Conference-Registration	EMP. BENFITS	24,595	15,666	(8,929)	
19	Meals And Travel Deducted	EMP. BENFITS	39,758	20,433	(19,325)	
20	Meals And Travel Non-Deduct	EMP. BENFITS	-	13,037	13,037	
21	Other Welfare Operations	EMP. BENFITS	6,495	19,906	13,411	
22	Employee Awards	EMP. BENFITS	252	1,144	892	
23	Employee Physical Exams	EMP. BENFITS	1,842	716	(1,126)	
24	Tuition Aid	EMP. BENFITS	29,515	15,528	(13,987)	
25	Training	EMP. BENFITS	24,818	28,944	4,126	
26	401K	EMP. BENFITS	74,501	61,288	(13,213)	
27	ESOP	EMP. BENFITS	91,759	81,175	(10,584)	
28	Trustee Fees	MISC	17,058	21,881	4,823	
29	Credit Line Fees	OFFICE	8,347	24,728	16,381	
30	Insurance General Liability	INS	41,335	77,430	36,095	
31	Security Services	OFFICE	637,500	423,114	(214,386)	
32	Insurance Other	INS	217,401	137,770	(79,631)	
33	Company Dues-Membership Deduct	N/A	16,178	4,422	(11,756)	
34	Company Dues-Membership Non-deducted	N/A	36,108	2,846	(33,262)	
35	Company Dues-Membership AWWA Ded.	N/A	882	495	(387)	
36	Company Dues-Membership AWWA Non	N/A	1,947	649	(1,298)	
37	Company Dues-Membership Non-Deducted	N/A	-	18,075	18,075	
38	Charitable Contribution Deducted	N/A	3,500	2,075	(1,425)	
39	Charitable Contribution Non-Deduct	N/A	800	200	(600)	
40	Property Taxes	N/A	2,093,652	1,648,841	(444,811)	
41	Business Services-Project Expense	N/A	-	390,309	390,309	
42	Pcard Undistributed	N/A	-	39,882	39,882	
43	Water Reservoir Conservation	N/A	-	4,001	4,001	
44	Pension Operation AG	N/A	-	5,499	5,499	
45	TOTAL		\$ 5,314,981	\$ 4,216,091	\$ (1,098,890)	

References:

Columns (A) (C): Company Response To RUCO Third Data Request
Column (B): Company As Filed
Column (D): Column (C) - Column (B)

**EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 10
INCOME TAX EXPENSE**

LINE NO.	DESCRIPTION	(A) REFERENCE	(B) AMOUNT
FEDERAL INCOME TAXES:			
1	Operating Income Before Taxes	Sch. RLM-6, Col. (C), L28 + L25	\$ (98,912)
	LESS:		
2	Arizona State Tax	Line 11	(28,172)
3	Interest Expense	Note (A), Line 19	305,396
4	Federal Taxable Income	Line 1 - Line 2 - Line 3	<u>\$ (376,137)</u>
5	Federal Tax Rate	Sch. RLM-1, Pg 2, Col. (D), L34	<u>34.00%</u>
6	Federal Income Tax Expense	Line 4 X line 5	<u>\$ (127,886)</u>
STATE INCOME TAXES:			
7	Operating Income Before Taxes	Line 1	\$ (98,912)
	LESS:		
8	Interest Expense	Note (A), Line 19	305,396
9	State Taxable Income	Line 7 - Line 8	<u>\$ (404,309)</u>
10	State Tax Rate	Tax Rate	6.97%
11	State Income Tax Expense	Line 9 X Line 10	<u>\$ (28,172)</u>
TOTAL INCOME TAX EXPENSE:			
12	Federal Income Tax Expense	Line 6	\$ (127,886)
13	State Income Tax Expense	Line 11	\$ (28,172)
14	Total Income Tax Expense Per RUCO	Line 6 + Line 11	<u>\$ (156,059)</u>
15	Total Income Tax Expense Per Company	Company Sch. C-1	<u>\$ (369,763)</u>
16	Total Income Tax Adjustment (See Sch. RLM-6, Col. (B), L25)	Line 14 - Line 15	<u>\$ 213,704</u>

NOTE (A):

Interest Synchronization:

17	Adjusted Rate Base (Sch. RLM-3, Col. (E), L16)	\$ 10,470,538
18	Weighted Cost Of Debt (Sch. RLM-16, Col. (F), L1)	2.92%
19	Interest Expense (L17 X L18)	<u>\$ 305,396</u>

LINE NO.	DESCRIPTION	COST OF CAPITAL					
		(A) CAPITAL'TION PER COMPANY	(B) RUCO ADJ'TS	(C) RUCO ADJUSTED CAPITAL'TION	(D) CAPITAL RATIO	(E) COST	(F) WEIGHTED COST RATE
1	Long-Term Debt	\$ 165,583,119	\$ 0	\$ 165,583,119	59.89%	4.87%	2.92%
2	Common Equity	\$ 110,888,158	\$ 0	\$ 110,888,158	40.11%	9.11%	3.65%
3	TOTAL CAPITAL	<u>\$ 276,471,277</u>	<u>\$ 0</u>	<u>\$ 276,471,277</u>	<u>100.00%</u>		
4	COST OF CAPITAL						<u>6.57%</u>

References:

- Column (A): Staff Data Request Nos. JMR 8-3 And JMR 8-4
- Column (B): Testimony, WAR
- Column (C): Column (A) + Column (B)
- Column (D): Column (C), Line Item / Total Capital (L5)
- Column (E): Testimony, WAR
- Column (F): Column (D) X Column (E)

RATE DESIGN - MONTHLY MINIMUM, COMMODITY AND SERVICE CHARGES

LINE NO.	DESCRIPTION	(A)	(B)	(C)
		PRESENT RATES	COMPANY PROPOSED	RUCO PROPOSED
MONTHLY MINIMUM USAGE CHARGE:				
1	Residential Units (WSR)	\$ 16.24	\$ 25.27	\$ 20.90
2	Commercial Units (SSC)	23.09	35.93	29.72
3	Commercial Larger User (WS6 Based On Consumption)	45.42	70.67	58.46
4	Multi-Family Residential Units (AC WSRE)	16.24	25.27	20.90
5	WS1 (Commercial, Additional Toilets)	5.30	8.25	6.82
6	WS2 (Commercial Restaurant, Per Dishwasher Or Garbage Grinder)	42.58	66.25	54.81
7	WS3 (Commercial Laundromat, Per Washing Machine)	9.93	15.45	12.78
8	WS4 (Commercial, Per Wash Rack)	20.81	32.38	26.79
GALLONS IN MINIMUM				
9	Commercial Larger User SS6	20,000	20,000	20,000
COMMODITY RATES (Per 1,000 Gallons Over Minimum)				
10	Commercial Larger User SS6	\$ 0.98	\$ 1.52	\$ 2.50
ANNUAL FEE FOR INDUSTRIAL DISCHARGE SERVICE				
For Those Customers Consuming An Amount Of Water Less Than Or Equal To 50,000 Gallons Per Month Through One Or More Water Meters To The Same Facility, Inclusive Of Meters Used For Irrigation.				
11		\$ 500.00	\$ 500.00	\$ 500.00
For Those Customers Consuming An Amount Of Water Greater Than 50,000 Gallons Per Month Through One Or More Water Meters To The Same Facility, Inclusive Of Meters Used For Irrigation.				
12		\$ 1,000.00	\$ 1,000.00	\$ 1,000.00
Annual Fee For Industrial Discharge Service Charges Shall Be Non-Refundable And Shall Be Assessed In Advance Each January By The Company By Special Billing. For New Customers Receiving This Service, A Prorated Charge Shall Be Assessed.				

References:

Columns (A) (B): Company Schedule H-3, Page 2 Revised
Column (C): Testimony, RLM

RATE DESIGN - MONTHLY MINIMUM, COMMODITY AND SERVICE CHARGES CONT'D

LINE NO.	DESCRIPTION	(A)	(B)	(C)
		PRESENT RATES	COMPANY PROPOSED	RUCO PROPOSED
SERVICE CHARGES:				
1	Establishment Of Service	\$ 30.00	\$ 50.00	\$ 50.00
2	Establishment Of Service (After Hours)	\$ 40.00	\$ 60.00	\$ 60.00
3	Re-Connection (Delinquent)	N/A	N/A	N/A
4	Re-Connection (After Hours)	N/A	N/A	N/A
5	Meter Test Fee (If Correct)	\$ 10.00	\$ 10.00	\$ 10.00
6	Deposit			As Per ACC R14-2-403.B
7	Deposit Interest			As Per ACC R14-2-403.B
8	Re-Establishment - (Within 12 Months)	Monthly Minimum Times Months Disconnected - As Per ACC R14-2-403.D		
9	NSF Charge (Per Month)	\$ 10.00	\$ 10.00	\$ 10.00
10	Deferred Payment	1.50%	1.50%	1.50%
11	Meter Re-Read - (If Correct)	\$ 5.00	\$ 5.00	\$ 5.00
12	Meter Moved - Customer Requested	Cost	Cost	Cost
13	Late Payment Charge	1.50%	1.50%	1.50%
14	Damages To Locks, Valves, Seals	Cost	Cost	Cost

All Advances (AIAC) And/Or Contributions (CIAC) Are To Include Labor, Materials, Overhead,
And All Applicable Taxes, Including All Gross-Up Taxes For Income Taxes

References:
Columns (A) (B): Company Schedule H-3, Page 2 Revised
Column (C): Testimony, RLM

PROOF OF RECOMMENDED REVENUE

LINE NO.	DESCRIPTION	(A) RUCO PROPOSED RATE DES'N	(B) ANNUALIZED CUST. & GAL. COUNT	(C) RUCO PROPOSED REVENUE
MONTHLY MINIMUM USAGE CHARGE:				
1	Residential Units (WSR)	\$ 20.90	171,984	\$ 3,595,240
2	Commercial Units (SSC)	29.72	3,600	107,003
3	Commercial Larger User (WS6 Based On Consumption)	58.46	72	4,209
4	Multi-Family Residential Units (AC WSRE)	20.90	34,068	712,175
5	WS1 (Commercial, Additional Toilets)	6.82	13,236	90,333
6	WS2 (Com. Restaurant, Per Dishwasher Or Garbage Grinder)	54.81	264	14,469
7	WS3 (Commercial Laundromat, Per Washing Machine)	12.78	384	4,908
8	WS4 (Commercial, Per Wash Rack)	26.79	120	3,214
9				
10	TOTAL ANNUALIZED MONTHLY CUSTOMER COUNT AND BASIC CHARGE		<u>223,728</u>	<u>\$ 4,531,550</u>
GALLONS IN MINIMUM				
11	Commercial Larger User SS6	20,000		
12	COMMODITY RATES (Per 1,000 Gallons Over Minimum)			
13	Commercial Larger User SS6	\$ 2.50		
	Total Annualized Gallons Consumed		10,324,000	
	Minus Minimum Gallonage Included In Basic Service Charges		(24,000)	
14	TOTAL ANNUALIZED COMMODITY CHARGES		<u>10,300,000</u>	<u>\$ 25,750</u>
15	Other Wastewater Revenue			\$ 1,002
16	Difference Between Bill Count And Revenue As Recorded			4,770
17	TOTAL ANNUALIZED PROPOSED REVENUE			<u>\$ 4,563,072</u>
18	Required Revenue (As Per Schedule RLM-1, Column (D), Line 10)			<u>\$ 4,563,072</u>
19	Difference			<u>0</u>

ANNUAL FEE FOR INDUSTRIAL DISCHARGE SERVICE

For Those Customers Consuming An Amount Of Water Less Than Or Equal To 50,000 Gallons Per Month Through One Or More Water Meters To The Same Facility, Inclusive Of Meters Used For Irrigation.

20 \$ 500.00

For Those Customers Consuming An Amount Of Water Greater Than 50,000 Gallons Per Month Through One Or More Water Meters To The Same Facility, Inclusive Of Meters Used For Irrigation.

21 \$ 1,000.00

Annual Fee For Industrial Discharge Service Charges Shall Be Non-Refundable And Shall Be Assessed In Advance Each January By The Company By Special Billing. For New Customers Receiving This Service, A Prorated Charge Shall Be Assessed.

References:

- Column (A): RLM-17, Page 1, Column (C)
- Column (B): Response To RUCO Data Request No. 1.04
- Column (C): Columns (A) X (B)

**TYPICAL BILL ANALYSIS
 WASTEWATER SERVICE TO RESIDENTIAL UNITS**

	(A)	(B)	(C)	(D)	(E)	
COMPANY PROPOSED						
<u>LINE NO.</u>	<u>USAGE</u>	<u>GALLONS CONSUMED</u>	<u>PRESENT RATES</u>	<u>PROPOSED RATES</u>	<u>DOLLAR INCREASE</u>	<u>PERCENT INCREASE</u>
1	Average	0	\$16.24	\$25.27	\$9.03	55.6%
RUCO PROPOSED						
2	Average	0	\$16.24	\$ 20.90	\$4.66	28.7%
3	Average Number Of Customers:		14,316			

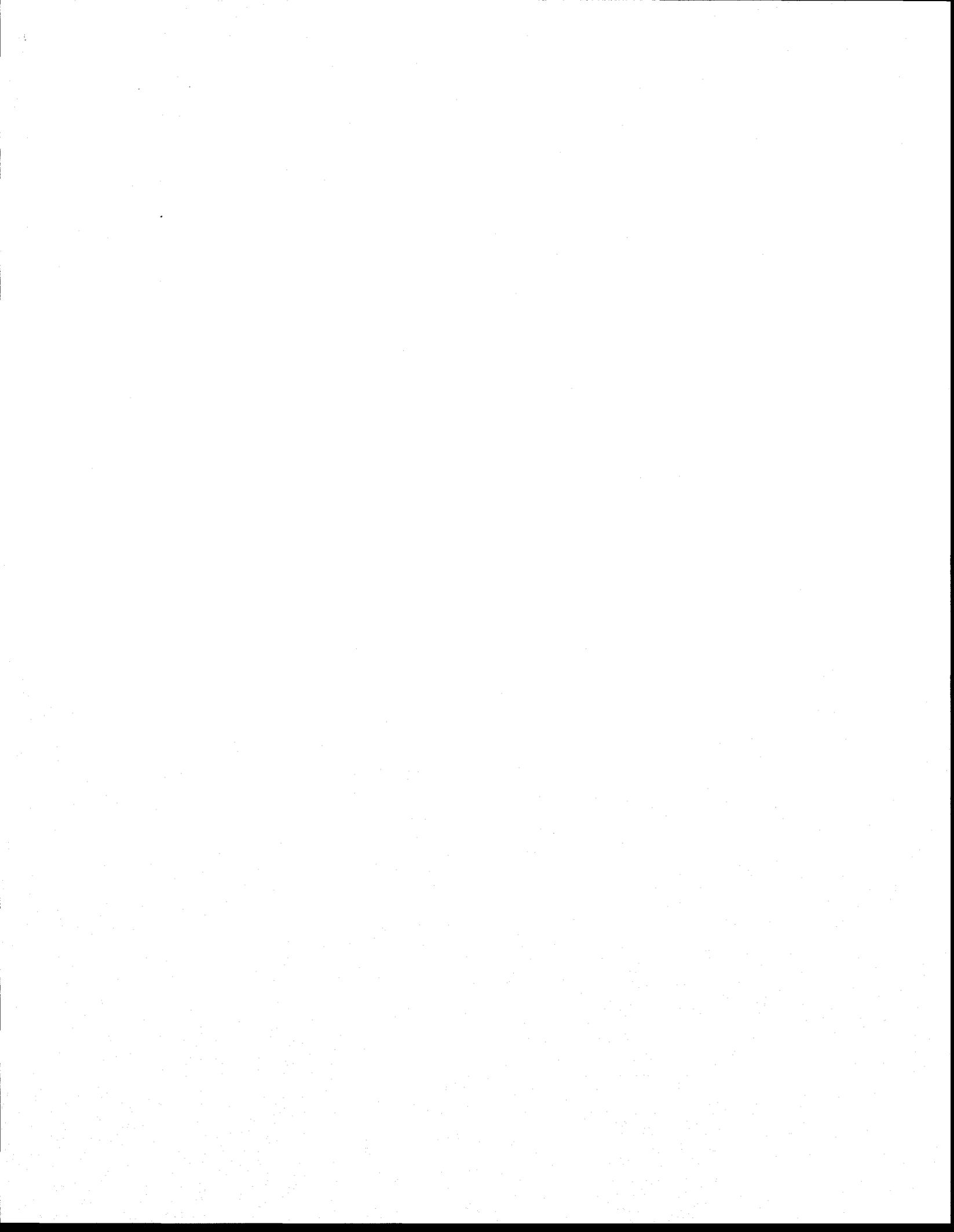


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RLM-18	1	PROOF OF RECOMMENDED REVENUE
RLM-19	1	TYPICAL BILL ANALYSIS

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	(A) COMPANY RCND	(B) ADJ'MENT TO RESTATE TO ORIGINAL COST	(C) COMPANY ORIGINAL COST	(D) RUCO ORIGINAL COST
1	Fair Value Rate Base	\$ 48,703,466	\$ (16,736,610)	\$ 31,966,856	\$ 22,304,176
2	Adjusted Operating Income (Loss)	\$ 476,007		\$ 476,007	\$ 260,008
3	Current Rate Of Return (L2 / L1)	0.98%		1.49%	1.17%
4	Required Operating Income (L5 X L1)	\$ 3,774,295		\$ 2,477,431	\$ 1,465,517
5	Required Rate Of Return On Fair Value Rate Base	7.75%		7.75%	6.57%
6	Operating Income Deficiency (L4 - L2)	\$ 3,298,287		\$ 2,001,424	\$ 1,205,509
7	Gross Revenue Conversion Factor (RLM-1, Pg 2)	1.6286		1.6286	1.6286
8	Increase In Gross Revenue Requirement (L7 X L6)	\$ 5,371,706		\$ 3,259,520	\$ 1,963,334
9	Adjusted Test Year Revenue	\$ 6,193,090		\$ 6,193,090	\$ 6,193,090
10	Proposed Annual Revenue (L8 + L9)	\$ 11,559,457		\$ 9,452,610	\$ 8,156,424
11	Required Percentage Increase In Revenue (L8 / L9)	86.74%		52.63%	31.70%
12	Rate Of Return On Common Equity	11.50%		11.50%	9.11%

References:

- Column (A): Company Schedules A-1 and C-1
- Column (B): RUCO Schedule RLM-2
- Column (C): Recalculated After Adjusting To OCRB
- Column (D): RUCO Schedules RLM-3, RLM-6 And RLM-19

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
CALCULATION OF GROSS REVENUE CONVERSION FACTOR:					
1	Revenue	1.0000			
2	Less: Combined Federal And State Tax Rate (L10)	0.3860			
3	Subtotal (L1 - L2)	0.6140			
4	Revenue Conversion Factor (L1 / L3)	1.6286			
CALCULATION OF EFFECTIVE TAX RATE:					
5	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%			
6	Arizona State Income Tax Rate	6.9680%			
7	Federal Taxable Income (L5 - L6)	93.0320%			
8	Applicable Federal Income Tax Rate (Col. (D), L34)	34.0000%			
9	Effective Federal Income Tax Rate (L7 X L8)	31.6309%			
10	Combined Federal And State Income Tax Rate (L6 + L9)	38.5989%			
11	Required Operating Income (Sch. RLM-1, Col. (D), L4)	\$ 1,465,517			
12	Adj'd T.Y. Oper'g Income (Loss) (Sch. RLM-1, Col. (D), L2)	260,008			
13	Required Increase In Operating Income (L11 - L12)		\$ 1,205,509		
14	Income Taxes On Recommended Revenue (Col. (D), L31)	\$ 512,316			
15	Income Taxes On Test Year Revenue (Col. (D), L32)	(245,509)			
16	Required Increase In Revenue To Provide For Income Taxes (L14 - L15)		\$ 757,825		
17	Total Required Increase In Revenue (L13 + L16)		\$ 1,963,334		
CALCULATION OF INCOME TAX:					
18	Revenue (Sch. RLM-1, Col. (D), L10)			RUCO Recommended	
19	Less: Opr'g Exp. Excl. Inc. Tax (RLM-6, Col. (E), L25 + L23)			\$ 8,156,424	
20	Less: Synchronized Interest (Col. (C), L37)			6,178,591	
21	Arizona Taxable Income (L18 - L19 - L20)			650,551	
22	Arizona State Income Tax Rate			\$ 1,327,283	
23	Arizona Income Tax (L21 X L22)			6.9680%	\$ 92,485
24	Fed. Taxable Income (L21 - L23)			\$ 1,234,798	
25	Fed. Tax On 1st Inc. Bracket (\$1 - \$50,000) @ 15%			\$ 7,500	
26	Fed. Tax On 2nd Inc. Bracket (\$50,001 - \$75,000) @ 25%			6,250	
27	Fed. Tax On 3rd Inc. Bracket (\$75,001 - \$100,000) @ 34%			8,500	
28	Fed. Tax On 4th Inc. Bracket (\$100,001 - \$335,000) @ 39%			91,650	
29	Fed. Tax On 5th Inc. Bracket (\$335,001 - \$10M) @ 34%			305,931	
30	Total Federal Income Tax (L25 + L26 + L27 + L28 + L29)				\$ 419,831
31	Combined Federal And State Income Tax (L23 + L30)				\$ 512,316
32	Test Year Combined Income Tax, RUCO As Adjusted (RLM-6, Col. (C), L23)				\$ (245,509)
33	Adjustment (L31 - L32) (See RLM-6, Col. (D), L23)				\$ 757,825
34	Applicable Federal Income Tax Rate (Col. (D), L30 / Col. (C), L24)				34.00%
CALCULATION OF INTEREST SYNCHRONIZATION:					
35	Rate Base (Sch. RLM-1, Pg 2, Col. (E), L16)			\$ 22,304,176	
36	Weighted Avg. Cost Of Debt (Sch. RLM-19, Col. (F), L1 + L2)			2.92%	
37	Synchronized Interest (L35 X L36)			\$ 650,551	

FAIR VALUE RATE BASE - RCND ADJUSTED TO OCRB

LINE NO.	DESCRIPTION	(A) COMPANY FILED AS RCND	(B) RUCO ADJM'TS TO OCRB	(C) COMPANY FILED AS OCRB	(D) RUCO OCR ADJM'TS	(E) RUCO ADJUSTED AS OCRB
1	Gross Utility Plant In Service	\$ 87,395,276	\$ (47,998,483)	\$ 39,396,793	\$ (648,587)	\$ 38,748,206
	Less:					
2	Accumulated Depreciation	31,018,998	(17,301,996)	13,717,002	(732,462)	12,984,540
3	Net Utility Plant In Service (L1 - L2)	<u>\$ 56,376,278</u>	<u>\$ (30,696,487)</u>	<u>\$ 25,679,791</u>	<u>\$ 83,874</u>	<u>\$ 25,763,665</u>
	Less:					
4	Advances In Aid Of Const. ("AIAC")	\$ 5,171,351	\$ (2,840,165)	\$ 2,331,186	\$ 0	\$ 2,331,186
5	Contribution In Aid Of Const. ("CIAC")	\$ 2,500,237	\$ (1,373,159)	\$ 1,127,078	\$ 0	\$ 1,127,078
6	Less: Accumulated Amortization	-	-	-	-	0
7	NET CIAC (L4 - L5)	<u>\$ 2,500,237</u>	<u>\$ (1,373,159)</u>	<u>\$ 1,127,078</u>	<u>\$ 0</u>	<u>\$ 1,127,078</u>
8	Customer Meter Deposits	\$ 1,225	\$ 0	\$ 1,225	\$ 0	\$ 1,225
9	Deferred Income Taxes And Credits	-	-	-	-	0
10	Investment Tax Credits	-	-	-	-	0
	Plus:					
11	Unamortized Finance Charges	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
12	Deferred Tax Assets	-	-	-	-	0
13	Allowance For Working Capital	-	-	-	-	0
14	Citizens Acquisition Adjustment	-	9,746,553	9,746,553	(9,746,553)	0
15	Adjustment Due To Rounding	1	-	1	-	0
16	TOTAL RATE BASE	<u>\$ 48,703,466</u>	<u>\$ (16,736,610)</u>	<u>\$ 31,966,856</u>	<u>\$ (9,662,679)</u>	<u>\$ 22,304,176</u>

References:

Column (A): Company Schedule B-1

Column (B): Testimony, RLM

Column (C): Column (A) + Column (B) As Per Company Schedules B-1 And B-2 Revised

Column (D): Schedule RLM-3 And Testimony, RLM

Column (E): Column (C) + Column (D)

SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)	(E)
		COMPANY FILED AS OCRB	RUCO ADJM'T # 1	RUCO ADJM'T # 2	RUCO ADJM'T # 3	RUCO ADJUSTED AS OCRB
1	Gross Utility Plant In Service	\$ 39,396,793	\$ (741,787)	\$ 93,200	\$ 0	\$ 38,748,206
	Less:					
2	Accumulated Depreciation	13,717,002	(782,113)	49,651	-	12,984,540
3	Net Utility Plant In Service (L1 - L2)	<u>\$ 25,679,791</u>	<u>\$ 40,326</u>	<u>\$ 43,549</u>	<u>\$ 0</u>	<u>\$ 25,763,666</u>
	Less:					
4	Advances In Aid Of Const. ("AIAC")	\$ 2,331,186	\$ 0	\$ 0	\$ 0	\$ 2,331,186
5	Contribution In Aid Of Const. ("CIAC")	\$ 1,127,078	\$ 0	\$ 0	\$ 0	1,127,078
6	Less: Accumulated Amortization	-	-	-	-	-
7	NET CIAC (L4 - L5)	<u>\$ 1,127,078</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,127,078</u>
8	Customer Meter Deposits	\$ 1,225	\$ 0	\$ 0	\$ 0	\$ 1,225
9	Deferred Income Taxes And Credits	-	-	-	-	0
10	Investment Tax Credits	-	-	-	-	0
	Plus:					
11	Unamortized Finance Charges	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
12	Deferred Tax Assets	-	-	-	-	0
13	Allowance For Working Capital	-	-	-	-	0
14	Citizens Acquisition Adjustment	9,746,553	-	-	(9,746,553)	0
15	Adjustment Due To Rounding	1				(1)
16	TOTAL RATE BASE	<u>\$ 31,966,856</u>	<u>\$ 40,326</u>	<u>\$ 43,549</u>	<u>\$ (9,746,553)</u>	<u>\$ 22,304,176</u>

References:

- Column (A): Company As Filed Per Schedule B-2 And RLM-2, Col (C)
- Column (B): Adjustment To Test Year Total Plant And Accumulated Depreciation (See RLM-4, Page 12, Col (E) & (F), L 49)
- Column (C): Adjustment To Post Test Year Plant And Accumulated Depreciation (See RLM-5, Page 1, Col (E) & (F), L 51)
- Column (D): Adjustment To Citizens Acquisition Adjustment (See Testimony, RLM)
- Column (E): Sum Of Columns (A) Thru (D)

TEST YEAR PLANT SCHEDULES
COMPANY'S PRESENT FILING VERSUS TOTAL PLANT FILED IN PRIOR RATE CASE - DECISION NO. 60172

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ALLOCATION FACTOR	(B) CO. AS FILED PRIOR T. Y. 03/31/1995 TOTAL PLANT	(C) ADJUSTMENT TO 03/31/95 PRIOR T. Y. TOTAL PLANT	(D) ACTUAL 03/31/95 PRIOR T. Y. TOTAL PLANT
INTANGIBLE						
1	301.00	Organization	0.0000	\$ 0	\$ 0	\$ 0
2	302.00	Franchises	0.0000	837	-	837
3	303.00	Miscellaneous Intangibles	0.0000	4,583	-	4,583
4		SUBTOTAL INTANGIBLE		\$ 5,420	\$ 0	\$ 5,420
SOURCE OF SUPPLY						
5	310.00	Land And Land Rights	0.0000	\$ 152,268	\$ 0	\$ 152,268
6	311.00	Structures And Improvements	0.0195	548,418	(12,263)	536,155
7	312.00	Collecting And Impounding Res.	0.0000	-	-	0
8	313.00	Lakes, Rivers, Other Intakes	0.0000	-	-	0
9	314.00	Wells And Springs	0.0526	1,479,268	(33,077)	1,446,191
10		SUBTOTAL SUPPLY		\$ 2,179,954	\$ (45,339)	\$ 2,134,615
PUMPING						
11	320.00	Land And Land Rights	0.0000	\$ 8,458	\$ 0	\$ 8,458
12	321.00	Structures And Improvements	0.0203	570,299	(12,752)	557,547
13	323.00	Other Power Production	0.0001	1,424	(32)	1,392
14	325.00	Electric Pumping Equipment	0.1605	4,516,641	(100,992)	4,415,649
15	326.00	Diesel Pumping Equipment	0.0003	8,114	(181)	7,933
16	328.10	Gas Engine Pumping Equipment	0.0065	183,309	(4,099)	179,210
17		SUBTOTAL PUMPING		\$ 5,288,245	\$ (118,056)	\$ 5,170,189
WATER TREATMENT						
18	330.00	Land And Land Rights	0.0000	\$ 0	\$ 0	\$ 0
19	331.00	Structures And Improvements	0.0031	87,118	(1,948)	85,170
20	332.00	Water Treatment Equipment	0.0098	275,909	(6,169)	269,740
21		SUBTOTAL TREATMENT		\$ 363,027	\$ (8,117)	\$ 354,910
TRANSMISSION & DISTRIBUTION						
22	340.00	Land And Land Rights	0.0000	\$ 10,493	\$ 0	\$ 10,493
23	341.00	Structures And Improvements	0.0000	-	-	0
24	342.00	Distribution, Reservoirs, & ST	0.0372	1,048,173	(23,437)	1,024,736
25	343.00	Trans. And Dist. Mains	0.3248	9,140,184	(204,375)	8,935,809
26	344.00	Fire Mains	0.0000	-	-	0
27	345.00	Services	0.1328	3,738,400	(83,591)	3,654,809
28	346.00	Meters	0.0730	2,053,992	(45,927)	2,008,065
29	348.00	Hydrants	0.0478	1,345,524	(30,086)	1,315,438
30	349.00	Other Trans. And Dist.	0.0000	523	-	523
31		SUBTOTAL TRANS. & DIST.		\$ 17,337,289	\$ (387,417)	\$ 16,949,872
GENERAL						
32	389.00	Land And Land Rights	0.0000	\$ 2,125	\$ 0	\$ 2,125
33	390.00	Structures And Improvements	0.0000	1,230,644	-	1,230,644
34	391.00	Office Furniture And Equipment	0.0000	1,486,491	-	1,486,491
35	391.10	Computer Equipment	0.0000	-	-	0
36	392.00	Transportation Equipment	0.0000	441,389	-	441,389
37	393.00	Stores Equipment	0.0000	14,806	-	14,806
38	394.00	Tools, Shop And Garage	0.0000	118,035	-	118,035
39	395.00	Laboratory Equipment	0.0000	7,906	-	7,906
40	396.00	Power Operated Equipment	0.0000	58,338	-	58,338
41	397.00	Communication Equipment	0.0000	145,722	-	145,722
42	398.00	Miscellaneous Equipment	0.0000	63,564	-	63,564
43		SUBTOTAL GENERAL		\$ 3,569,020	\$ 0	\$ 3,569,020
44		TOTAL WATER PLANT		\$ 28,742,955	\$ (558,930)	\$ 28,184,025
45		Youngtown Plant		\$ (148,497)	\$ 148,497	\$ 0
46		AFUDC ADJUSTMENT 3/95		(450,822)	450,822	0
47		Adjustment Due To Rounding		-	-	0
48		ADJUSTED WATER PLANT		\$ 28,143,636	\$ 40,389	\$ 28,184,025

References:

Column (A): Ratio Of Depreciable Plant Item To The Total Plant Value (Col. (B), L48) (Excluding General Plant)

Column (B): Company Schedule B-2, Page 6a

Column (C): Column (A) (Line Item Allocation Factor) X Total Adjustment Of \$40,389 As Per Prior Application Schedule B-2

Column (D): Prior Rate Case Decision No. 60172, Exhibit A - Before Commission Approved Adjustments

TEST YEAR PLANT SCHEDULES CONT'D
COMPANY'S PRIOR FILING VERSUS TOTAL PLANT ADJUSTMENTS APPROVED IN PRIOR RATE CASE - DECISION NO. 60172

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ALLOC'N FACTOR	(B) ACTUAL 03/31/1995 PRIOR T. Y. TOTAL PLANT	(C) ADJMT # 1 TO 03/31/95 PRIOR T. Y. TOTAL PLANT	(D) ADJMT # 2 TO 03/31/95 PRIOR T. Y. TOTAL PLANT	(E) ADJMT # 3 TO 03/31/95 PRIOR T. Y. TOTAL PLANT	(F) ACC APPR'D ADJUSTED PRIOR T. Y. TOTAL PLANT
INTANGIBLE								
1	301.00	Organization	0.0000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
2	302.00	Franchises	0.0000	837	-	-	-	837
3	303.00	Miscellaneous Intangibles	0.0000	4,583	-	-	-	4,583
4		SUBTOTAL INTANGIBLE		\$ 5,420	\$ 0	\$ 0	\$ 0	\$ 5,420
SOURCE OF SUPPLY								
5	310.00	Land And Land Rights	0.0000	\$ 152,268	\$ 0	\$ 0	\$ 0	\$ 152,268
6	311.00	Structures And Improvements	0.0190	536,155	(11,319)	-	-	524,836
7	312.00	Collecting And Impounding Res.	0.0000	-	-	-	-	0
8	313.00	Lakes, Rivers, Other Intakes	0.0000	-	-	-	-	0
9	314.00	Wells And Springs	0.0513	1,446,191	(30,532)	(88,746)	-	1,326,914
10		SUBTOTAL SUPPLY		\$ 2,134,615	\$ (41,851)	\$ (88,746)	\$ 0	\$ 2,004,018
PUMPING								
11	320.00	Land And Land Rights	0.0000	\$ 8,458	\$ 0	\$ 0	\$ 0	\$ 8,458
12	321.00	Structures And Improvements	0.0198	557,547	(11,771)	-	-	545,776
13	323.00	Other Power Production	0.0000	1,392	(29)	-	-	1,363
14	325.00	Electric Pumping Equipment	0.1567	4,415,649	(93,222)	-	-	4,322,426
15	326.00	Diesel Pumping Equipment	0.0003	7,933	(168)	-	-	7,765
16	328.10	Gas Engine Pumping Equipment	0.0064	179,210	(3,784)	-	-	175,427
17		SUBTOTAL PUMPING		\$ 5,170,189	\$ (108,974)	\$ 0	\$ 0	\$ 5,061,215
WATER TREATMENT								
18	330.00	Land And Land Rights	0.0000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
19	331.00	Structures And Improvements	0.0030	85,170	(1,798)	-	-	83,372
20	332.00	Water Treatment Equipment	0.0096	269,740	(5,695)	-	-	264,045
21		SUBTOTAL TREATMENT		\$ 354,910	\$ (7,493)	\$ 0	\$ 0	\$ 347,417
TRANSMISSION & DISTRIBUTION								
22	340.00	Land And Land Rights	0.0004	\$ 10,493	\$ 0	\$ 0	\$ 0	\$ 10,493
23	341.00	Structures And Improvements	0.0000	-	-	-	-	0
24	342.00	Distribution, Reservoirs, & ST	0.0364	1,024,736	(21,634)	-	-	1,003,102
25	343.00	Trans. And Dist. Mains	0.3171	8,935,809	(188,651)	-	-	8,747,158
26	344.00	Fire Mains	0.0000	-	-	-	-	0
27	345.00	Services	0.1297	3,654,809	(77,160)	-	-	3,577,649
28	346.00	Meters	0.0712	2,008,065	(42,394)	-	-	1,965,671
29	348.00	Hydrants	0.0467	1,315,438	(27,771)	-	-	1,287,667
30	349.00	Other Trans. And Dist.	0.0000	523	(11)	-	-	512
31		SUBTOTAL TRANS. & DIST.		\$ 16,949,872	\$ (357,621)	\$ 0	\$ 0	\$ 16,592,251
GENERAL								
32	389.00	Land And Land Rights	0.0000	\$ 2,125	\$ 0	\$ 0	\$ 0	\$ 2,125
33	390.00	Structures And Improvements	0.0437	1,230,644	-	-	(2,700)	1,227,944
34	391.00	Office Furniture And Equipment	0.0527	1,486,491	-	-	(3,261)	1,483,230
35	391.10	Computer Equipment	0.0000	-	-	-	-	0
36	392.00	Transportation Equipment	0.0157	441,389	-	-	(968)	440,421
37	393.00	Stores Equipment	0.0005	14,806	-	-	(32)	14,774
38	394.00	Tools, Shop And Garage	0.0042	118,035	-	-	(259)	117,776
39	395.00	Laboratory Equipment	0.0003	7,906	-	-	(17)	7,889
40	396.00	Power Operated Equipment	0.0021	58,338	-	-	(128)	58,210
41	397.00	Communication Equipment	0.0052	145,722	-	-	(320)	145,402
42	398.00	Miscellaneous Equipment	0.0023	63,564	-	-	(139)	63,425
43		SUBTOTAL GENERAL		\$ 3,569,020	\$ 0	\$ 0	\$ (7,826)	\$ 3,561,194
44		TOTAL WATER PLANT		\$ 28,184,025	\$ (515,939)	\$ (88,746)	\$ (7,826)	\$ 27,571,515
45		Youngtown Plant		\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
46		AFUDC ADJUSTMENT 3/95		-	-	-	-	0
47		Adjustment Due To Rounding		-	-	-	-	0
48		ADJUSTED WATER PLANT		\$ 28,184,025	\$ (515,939)	\$ (88,746)	\$ (7,826)	\$ 27,571,515

References:

- Column (A): Ratio Of Depreciable Plant Item To The Total Plant Value (Col. (B), L48) (Excluding General Plant)
- Column (B): Prior Rate Case Decision No. 60172, Exhibit A - Before Commission Approved Adjustments
- Column (C): Commission Approved Adjustment Decision No. 60172, Exhibit A Per AR-13, Youngtown Plant And Youngtown Adjustment
- Column (D): Commission Approved Adjustment Decision No. 60172, Exhibit A Per Observation Wells - Plant
- Column (E): Commission Approved Adjustment Decision No. 60172, Exhibit A Per SAO Common Plant
- Column (F): Prior Rate Case Decision No. 60172, Exhibit A - After Commission Approved Adjustments

TEST YEAR PLANT SCHEDULES CONT'D

COMPANY'S PRIOR FILING VERSUS ACCUMULATED DEPRECIATION ADJUSTMENTS APPROVED IN PRIOR RATE CASE - DECISION NO. 60172

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ALLOCN FACTOR	(B) PREV. APPL'N CO. AS FILED 12/31/1994 ACC. DEP.	(C) ADJMT # 1 TO 12/31/94 ACC. DEP.	(D) ACTUAL 03/31/1995 PRIOR T. Y. ACC. DEP.	(E) ADJMT # 2 TO 03/31/95 PRIOR T. Y. ACC. DEP.	(F) ACC APPR'D ADJUSTED PRIOR T. Y. ACC. DEP.
INTANGIBLE								
1	301.00	Organization	0.0000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
2	302.00	Franchises	0.0000	-	-	-	-	0
3	303.00	Miscellaneous Intangibles	0.0000	-	-	-	-	0
4		SUBTOTAL INTANGIBLE		\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF SUPPLY								
5	310.00	Land And Land Rights	0.0000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
6	311.00	Structures And Improvements	0.0229	228,077	599	228,676	-	228,676
7	312.00	Collecting And Impounding Res.	0.0000	-	-	-	-	0
8	313.00	Lakes, Rivers, Other Intakes	0.0000	-	-	-	-	0
9	314.00	Wells And Springs	0.0580	578,487	1,520	580,007	33,764	613,771
10		SUBTOTAL SUPPLY		\$ 806,564	\$ 2,120	\$ 808,684	\$ 33,764	\$ 842,448
PUMPING								
11	320.00	Land And Land Rights	0.0000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
12	321.00	Structures And Improvements	0.0176	175,877	462	176,339	-	176,339
13	323.00	Other Power Production	0.0000	174	-	174	-	174
14	325.00	Electric Pumping Equipment	0.2505	2,498,786	6,567	2,505,353	-	2,505,353
15	326.00	Diesel Pumping Equipment	0.0005	5,395	14	5,409	-	5,409
16	328.10	Gas Engine Pumping Equipment	0.0072	72,000	189	72,189	-	72,189
17		SUBTOTAL PUMPING		\$ 2,752,232	\$ 7,233	\$ 2,759,465	\$ 0	\$ 2,759,465
WATER TREATMENT								
18	330.00	Land And Land Rights	0.0000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
19	331.00	Structures And Improvements	0.0008	8,207	22	8,229	-	8,229
20	332.00	Water Treatment Equipment	0.0082	81,336	214	81,550	-	81,550
21		SUBTOTAL TREATMENT		\$ 89,543	\$ 235	\$ 89,778	\$ 0	\$ 89,778
TRANSMISSION & DISTRIBUTION								
22	340.00	Land And Land Rights	0.0000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
23	341.00	Structures And Improvements	0.0000	-	-	-	-	0
24	342.00	Distribution, Reservoirs, & ST	0.0336	335,621	882	336,503	-	336,503
25	343.00	Trans. And Dist. Mains	0.2442	2,436,649	6,404	2,443,053	-	2,443,053
26	344.00	Fire Mains	0.0000	-	-	-	-	0
27	345.00	Services	0.1550	1,546,386	4,064	1,550,450	-	1,550,450
28	346.00	Meters	0.0888	885,900	2,328	888,228	-	888,228
29	348.00	Hydrants	0.0452	450,469	1,184	451,653	-	451,653
30	349.00	Other Trans. And Dist.	0.0000	156	-	156	-	156
31		SUBTOTAL TRANS. & DIST.		\$ 5,655,181	\$ 14,862	\$ 5,670,043	\$ 0	\$ 5,670,043
GENERAL								
32	389.00	Land And Land Rights	0.0000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
33	390.00	Structures And Improvements	0.0140	139,665	367	140,032	-	140,032
34	391.00	Office Furniture And Equipment	0.0138	137,425	361	137,786	-	137,786
35	391.10	Computer Equipment	0.0000	-	-	-	-	0
36	392.00	Transportation Equipment	0.0235	234,049	615	234,664	-	234,664
37	393.00	Stores Equipment	0.0003	3,378	9	3,387	-	3,387
38	394.00	Tools, Shop And Garage	0.0033	32,503	85	32,588	-	32,588
39	395.00	Laboratory Equipment	0.0001	1,022	3	1,025	-	1,025
40	396.00	Power Operated Equipment	0.0037	36,484	96	36,580	-	36,580
41	397.00	Communication Equipment	0.0060	60,150	158	60,308	-	60,308
42	398.00	Miscellaneous Equipment	0.0028	28,432	75	28,507	-	28,507
43		SUBTOTAL GENERAL		\$ 673,108	\$ 1,769	\$ 674,877	\$ 0	\$ 674,877
44		TOTAL WATER PLANT ACC. DEP.		\$ 9,976,628	\$ 26,219	\$ 10,002,847	\$ 33,764	\$ 10,036,611
45		Youngtown Plant		\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
46		AFUDC ADJUSTMENT 3/95		-	-	-	-	0
47		Adjustment Due To Rounding		-	1	1	-	0
48		ADJUSTED WATER PLANT ACC. DEP.		\$ 9,976,628	\$ 26,220	\$ 10,002,848	\$ 33,764	\$ 10,036,611

References:

- Column (A): Ratio Of Depreciable Plant Item To The Total Adjustment To Accumulated Depreciation Value (Col. (C), L48)
- Column (B): Company Prior Application Exhibit RJM-4a
- Column (C): Column (A) (Line Item Allocation Factor) X Total Adjustment Of \$26,220
- Column (D): Prior Rate Case Decision No. 60172, Exhibit A - Before Commission Approved Adjustments
- Column (E): Commission Approved Adjustment Decision No. 60172, Exhibit A Per Observation Wells Adjustment
- Column (F): Prior Rate Case Decision No. 60172, Exhibit A - After Commission Approved Adjustments

TEST YEAR PLANT SCHEDULES CONT'D
ACC APPROVED PRIOR TEST YEAR ENDED MARCH 31, 1995

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) APPROVED DEP. RATE	(B) FULLY DEP. PLANT	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
INTANGIBLE								
1	301.00	Organization	0.00%	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
2	302.00	Franchises	0.00%	-	-	837	-	837
3	303.00	Miscellaneous Intangibles	0.00%	-	-	4,583	-	4,583
4		SUBTOTAL INTANGIBLE		<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,420</u>	<u>\$ 0</u>	<u>\$ 5,420</u>
SOURCE OF SUPPLY								
5	310.00	Land And Land Rights	0.00%	\$ 0	\$ 0	\$ 152,268	\$ 0	\$ 152,268
6	311.00	Structures And Improvements	2.50%	-	-	524,836	228,676	296,160
7	312.00	Collecting And Impounding Reservoirs	2.50%	-	-	-	-	0
8	313.00	Lakes, Rivers, Other Intakes	0.00%	-	-	-	-	0
9	314.00	Wells And Springs	2.52%	-	-	1,326,914	613,771	713,142
10		SUBTOTAL SOURCE OF SUPPLY		<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,004,018</u>	<u>\$ 842,448</u>	<u>\$ 1,161,570</u>
PUMPING								
11	320.00	Land And Land Rights	0.00%	\$ 0	\$ 0	\$ 8,458	\$ 0	\$ 8,458
12	321.00	Structures And Improvements	1.67%	-	-	545,776	176,339	369,437
13	323.00	Other Power Production	4.42%	-	-	1,363	174	1,189
14	325.00	Electric Pumping Equipment	4.42%	-	-	4,322,426	2,505,353	1,817,073
15	326.00	Diesel Pumping Equipment	5.00%	-	-	7,765	5,409	2,356
16	328.10	Gas Engine Pumping Equipment	5.01%	-	-	175,427	72,189	103,237
17		SUBTOTAL PUMPING		<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,061,215</u>	<u>\$ 2,759,465</u>	<u>\$ 2,301,750</u>
WATER TREATMENT								
18	330.00	Land And Land Rights	0.00%	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
19	331.00	Structures And Improvements	1.67%	-	-	83,372	8,229	75,143
20	332.00	Water Treatment Equipment	4.00%	-	-	264,045	81,550	182,495
21		SUBTOTAL WATER TREATMENT		<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 347,417</u>	<u>\$ 89,778</u>	<u>\$ 257,638</u>
TRANSMISSION AND DISTRIBUTION								
22	340.00	Land And Land Rights	0.00%	\$ 0	\$ 0	\$ 10,493	\$ 0	\$ 10,493
23	341.00	Structures And Improvements	2.00%	-	-	-	-	0
24	342.00	Distribution, Reservoirs, & ST	1.67%	-	-	1,003,102	336,503	666,599
25	343.00	Transmission And Distribution Mains	1.53%	-	-	8,747,158	2,443,053	6,304,105
26	344.00	Fire Mains	0.000%	-	-	0.0009	-	0
27	345.00	Services	2.48%	-	-	3,577,649	1,550,450	2,027,199
28	346.00	Meters	2.51%	-	-	1,965,671	888,228	1,077,442
29	348.00	Hydrants	2.00%	-	-	1,287,667	451,653	836,014
30	349.00	Other Transmission And Distribution	2.00%	-	-	512	156	356
31		SUBTOTAL TRANS. AND DIST.		<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 16,592,251</u>	<u>\$ 5,670,043</u>	<u>\$ 10,922,208</u>
GENERAL								
32	389.00	Land And Land Rights	0.00%	\$ 0	\$ 0	\$ 2,125	\$ 0	\$ 2,125
33	390.00	Structures And Improvements	1.67%	-	-	1,227,944	140,032	1,087,912
34	391.00	Office Furniture And Equipment	4.59%	-	-	1,483,230	137,786	1,345,443
35	391.10	Computer Equipment	4.59%	-	-	-	-	0
36	392.00	Transportation Equipment	25.00%	-	-	440,421	234,664	205,756
37	393.00	Stores Equipment	3.91%	-	-	14,774	3,387	11,387
38	394.00	Tools, Shop And Garage	4.02%	-	-	117,776	32,588	85,188
39	395.00	Laboratory Equipment	3.71%	-	-	7,889	1,025	6,864
40	396.00	Power Operated Equipment	5.20%	-	-	58,210	36,580	21,630
41	397.00	Communication Equipment	10.30%	-	-	145,402	60,308	85,094
42	398.00	Miscellaneous Equipment	4.93%	-	-	63,425	28,507	34,918
43		SUBTOTAL GENERAL		<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,561,194</u>	<u>\$ 674,877</u>	<u>\$ 2,886,317</u>
44		Youngtown Plant	2.83%	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
45		AFUDC ADJUSTMENT 3/95	2.83%	-	-	-	-	0
46		Adjustment Due To Rounding		-	-	-	-	0
47		TOTAL WATER PLANT		<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 27,571,515</u>	<u>\$ 10,036,611</u>	<u>\$ 17,534,903</u>

References:
Column (A): Prior Decision No. 60172 And Company Schedule C-2, Page 6
Column (B): Company Response To RUCO Data Request No. 1.22
Column (C): Company Response To RUCO Data Request No. 1.22
Column (D): Schedule RLM-4, Page 2
Column (E): Schedule RLM-4, Page 3
Column (F): Column (D) - Column (E)

TEST YEAR PLANT SCHEDULES CONT'D
FROM MARCH 31, 1995 TO DECEMBER 31, 1995

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) FULL DEP. PLT	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
2	302.00	Franchises	972	-	-	-	1,809	-	1,809
3	303.00	Miscellaneous Intangibles	-	-	-	-	4,583	-	4,583
4		SUBTOTAL INTANGIBLE	<u>\$ 972</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,392</u>	<u>\$ 0</u>	<u>\$ 6,392</u>
SOURCE OF SUPPLY									
5	310.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 152,268	\$ 0	\$ 152,268
6	311.00	Structures And Improvements	37,090	-	-	10,188	561,926	238,865	323,061
7	312.00	Collecting And Impounding Res.	-	-	-	-	-	-	0
8	313.00	Lakes, Rivers, Other Intakes	-	-	-	-	-	-	0
9	314.00	Wells And Springs	-	58,652	-	25,633	1,268,262	580,753	687,509
10		SUBTOTAL SUPPLY	<u>\$ 37,090</u>	<u>\$ 58,652</u>	<u>\$ 0</u>	<u>\$ 35,821</u>	<u>\$ 1,982,456</u>	<u>\$ 819,618</u>	<u>\$ 1,162,839</u>
PUMPING									
11	320.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,458	\$ 0	\$ 8,458
12	321.00	Structures And Improvements	187	-	-	6,837	545,963	183,176	362,787
13	323.00	Other Power Production	-	-	-	45	1,363	219	1,144
14	325.00	Electric Pumping Equipment	553,012	22,000	-	152,819	4,853,438	2,636,172	2,217,266
15	326.00	Diesel Pumping Equipment	-	-	-	291	7,765	5,700	2,065
16	328.10	Gas Engine Pumping Equipment	12,558	4,000	-	6,903	183,985	75,092	108,893
17		SUBTOTAL PUMPING	<u>\$ 565,757</u>	<u>\$ 26,000</u>	<u>\$ 0</u>	<u>\$ 166,895</u>	<u>\$ 5,600,972</u>	<u>\$ 2,900,360</u>	<u>\$ 2,700,612</u>
WATER TREATMENT									
18	330.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
19	331.00	Structures And Improvements	-	-	-	1,044	83,372	9,273	74,099
20	332.00	Water Treatment Equipment	17,466	2,083	-	8,215	279,428	87,681	191,747
21		SUBTOTAL TREATMENT	<u>\$ 17,466</u>	<u>\$ 2,083</u>	<u>\$ 0</u>	<u>\$ 9,259</u>	<u>\$ 362,800</u>	<u>\$ 96,954</u>	<u>\$ 265,846</u>
TRANSMISSION & DISTRIBUTION									
22	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,493	\$ 0	\$ 10,493
23	341.00	Structures And Improvements	-	-	-	-	-	-	0
24	342.00	Distribution, Reservoirs, & ST	-	-	-	12,564	1,003,102	349,067	654,035
25	343.00	Trans. And Dist. Mains	54,718	7,000	-	100,728	8,794,876	2,536,781	6,258,095
26	344.00	Fire Mains	-	-	-	-	-	-	0
27	345.00	Services	224,915	10,000	-	68,729	3,792,564	1,609,179	2,183,385
28	346.00	Meters	199,986	68,612	-	39,532	2,097,045	859,148	1,237,896
29	348.00	Hydrants	7,198	-	-	19,369	1,294,865	471,022	823,843
30	349.00	Other Trans. And Dist.	-	-	-	8	512	164	348
31		SUBTOTAL TRANS. & DIST.	<u>\$ 486,817</u>	<u>\$ 85,612</u>	<u>\$ 0</u>	<u>\$ 240,929</u>	<u>\$ 16,993,456</u>	<u>\$ 5,825,360</u>	<u>\$ 11,168,096</u>
GENERAL									
32	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,125	\$ 0	\$ 2,125
33	390.00	Structures And Improvements	23,084	-	-	15,525	1,251,028	155,557	1,095,471
34	391.00	Office Furniture And Equipment	131,706	63,050	-	54,412	1,551,886	129,149	1,422,737
35	391.10	Computer Equipment	-	-	-	-	-	-	0
36	392.00	Transportation Equipment	81,589	16,642	-	91,787	505,368	309,810	195,558
37	393.00	Stores Equipment	-	-	-	433	14,774	3,820	10,953
38	394.00	Tools, Shop And Garage	17,569	6,696	-	3,917	128,649	29,809	98,840
39	395.00	Laboratory Equipment	961	-	-	233	8,850	1,258	7,592
40	396.00	Power Operated Equipment	21,702	2,543	-	2,743	77,369	36,780	40,589
41	397.00	Communication Equipment	24,067	-	-	12,162	169,469	72,470	96,999
42	398.00	Miscellaneous Equipment	1,476	-	-	2,372	64,901	30,879	34,021
43		SUBTOTAL GENERAL	<u>\$ 302,154</u>	<u>\$ 88,931</u>	<u>\$ 0</u>	<u>\$ 183,585</u>	<u>\$ 3,774,417</u>	<u>\$ 769,531</u>	<u>\$ 3,004,887</u>
44		Youngtown Plant	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
45		AFUDC ADJUSTMENT 3/95	-	-	-	-	-	-	0
46		Adjustment Due To Rounding	-	-	-	-	-	-	0
47		TOTAL WATER PLANT	<u><u>\$ 1,410,256</u></u>	<u><u>\$ 261,278</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 636,489</u></u>	<u><u>\$ 28,720,493</u></u>	<u><u>\$ 10,411,823</u></u>	<u><u>\$ 18,308,670</u></u>

References:

- Columns (A) (B): Company's Response To RUCO Data Request No. 1.22
- Column (C): Intentionally Left Blank
- Column (D): 0.75 X [(Col. (A) + Col. (B)) X RLM-4, Page 4, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 4, Col. (D) - Col. (C)] X RLM-4, Page 4, Col. (A)
- Column (E): Schedule RLM-4, Page 4, Column (D) + Column (A) - Column (B)
- Column (F): Schedule RLM-4, Page 4, Column (E) - Column (B) + Column (D)
- Column (G): Column (E) - Column (F)

TEST YEAR PLANT SCHEDULES CONT'D
YEAR ENDED DECEMBER 31, 1996

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETIROM'TS	(C) FULL DEP. PL'T	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	0	\$ 0	\$ 0	\$ 0
2	302.00	Franchises	-	-	-	-	1,809	-	1,809
3	303.00	Miscellaneous Intangibles	-	-	-	-	4,583	-	4,583
4		SUBTOTAL INTANGIBLE	\$ 0	\$ 0	\$ 0	0	\$ 6,392	\$ 0	\$ 6,392
SOURCE OF SUPPLY									
5	310.00	Land And Land Rights	\$ 27,851	\$ 0	\$ 0	0	\$ 180,119	\$ 0	\$ 180,119
6	311.00	Structures And Improvements	73,143	12,000	-	15,112	623,069	241,977	381,092
7	312.00	Collecting And Impounding Res.	344	-	-	4	344	4	340
8	313.00	Lakes, Rivers, Other Intakes	-	-	-	-	-	-	0
9	314.00	Wells And Springs	64,122	1,800	-	32,791	1,330,584	611,744	718,841
10		SUBTOTAL SUPPLY	\$ 165,460	\$ 13,800	\$ 0	\$ 47,908	\$ 2,134,116	\$ 853,725	\$ 1,280,391
PUMPING									
11	320.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	0	\$ 8,458	\$ 0	\$ 8,458
12	321.00	Structures And Improvements	15,651	-	-	9,248	561,614	192,425	369,190
13	323.00	Other Power Production	-	-	-	60	1,363	279	1,083
14	325.00	Electric Pumping Equipment	288,673	57,065	-	222,163	5,085,046	2,801,270	2,283,776
15	326.00	Diesel Pumping Equipment	-	-	-	388	7,765	6,089	1,676
16	328.10	Gas Engine Pumping Equipment	8,320	387	-	9,436	191,918	84,141	107,777
17		SUBTOTAL PUMPING	\$ 312,644	\$ 57,452	\$ 0	\$ 241,295	\$ 5,856,164	\$ 3,084,203	\$ 2,771,960
WATER TREATMENT									
18	330.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	0	\$ 0	\$ 0	\$ 0
19	331.00	Structures And Improvements	-	-	-	1,392	83,372	10,665	72,707
20	332.00	Water Treatment Equipment	17,980	17,593	-	11,889	279,815	81,977	197,838
21		SUBTOTAL TREATMENT	\$ 17,980	\$ 17,593	\$ 0	\$ 13,281	\$ 363,187	\$ 92,642	\$ 270,545
TRANSMISSION & DISTRIBUTION									
22	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	0	\$ 10,493	\$ 0	\$ 10,493
23	341.00	Structures And Improvements	-	-	-	-	-	-	0
24	342.00	Distribution, Reservoirs, & ST	330,336	-	-	19,510	1,333,438	368,577	964,861
25	343.00	Trans. And Dist. Mains	780,763	3,794	-	140,563	9,571,845	2,673,550	6,898,295
26	344.00	Fire Mains	-	-	-	-	-	-	0
27	345.00	Services	137,419	16,649	-	95,966	3,913,334	1,688,496	2,224,838
28	346.00	Meters	908,427	155,391	-	65,987	2,850,081	769,744	2,080,337
29	348.00	Hydrants	126,105	2,282	-	27,181	1,418,688	495,921	922,767
30	349.00	Other Trans. And Dist.	-	-	-	10	512	174	338
31		SUBTOTAL TRANS. & DIST.	\$ 2,283,050	\$ 178,116	\$ 0	\$ 349,218	\$ 19,098,390	\$ 5,996,462	\$ 13,101,928
GENERAL									
32	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	0	\$ 2,125	\$ 0	\$ 2,125
33	390.00	Structures And Improvements	75,325	-	-	21,521	1,326,353	177,078	1,149,275
34	391.00	Office Furniture And Equipment	233,438	23,038	-	77,118	1,762,286	183,228	1,579,057
35	391.10	Computer Equipment	-	-	-	-	-	-	0
36	392.00	Transportation Equipment	102,970	36,696	-	143,799	571,642	416,913	154,729
37	393.00	Stores Equipment	-	-	-	578	14,774	4,398	10,376
38	394.00	Tools, Shop And Garage	79,473	8,997	-	6,950	199,125	27,762	171,363
39	395.00	Laboratory Equipment	108	-	-	330	8,958	1,588	7,370
40	396.00	Power Operated Equipment	669	26,607	-	4,732	51,431	14,905	36,526
41	397.00	Communication Equipment	6,528	-	-	17,792	175,997	90,262	85,735
42	398.00	Miscellaneous Equipment	372	-	-	3,209	65,273	34,088	31,185
43		SUBTOTAL GENERAL	\$ 498,883	\$ 95,339	\$ 0	\$ 276,029	\$ 4,177,962	\$ 950,221	\$ 3,227,741
44		Youngtown Plant	\$ 0	\$ 0	\$ 0	0	\$ 0	\$ 0	\$ 0
45		AFUDC ADJUSTMENT 3/95	-	-	-	-	-	-	0
46		Adjustment Due To Rounding	-	1	-	-	(2)	-	0
47		TOTAL WATER PLANT	\$ 3,278,017	\$ 362,301	\$ 0	\$ 927,730	\$ 31,636,209	\$ 10,977,254	\$ 20,658,957

References:

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- Column (C): Intentionally Left Blank
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- Column (E): Schedule RLM-4, Page 5, Column (D) + Column (A) - Column (B)
- Column (F): Schedule RLM-4, Page 5, Column (E) - Column (B) + Column (D)
- Column (G): Column (E) - Column (F)

TEST YEAR PLANT SCHEDULES CONT'D
YEAR ENDED DECEMBER 31, 1997

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) FULL DEP. PL'T	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
2	302.00	Franchises	1,043	-	-	-	2,852	-	2,852
3	303.00	Miscellaneous Intangibles	-	-	-	-	4,583	-	4,583
4		SUBTOTAL INTANGIBLE	\$ 1,043	\$ 0	\$ 0	\$ 0	\$ 7,435	\$ 0	\$ 7,435
SOURCE OF SUPPLY									
5	310.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 180,119	\$ 0	\$ 180,119
6	311.00	Structures And Improvements	3,510	-	-	15,621	626,579	257,598	368,981
7	312.00	Collecting And Impounding Res.	-	-	-	9	344	13	331
8	313.00	Lakes, Rivers, Other Intakes	-	-	-	-	-	-	0
9	314.00	Wells And Springs	13,398	37,916	-	34,177	1,306,066	608,005	698,061
10		SUBTOTAL SUPPLY	\$ 16,908	\$ 37,916	\$ 0	\$ 49,806	\$ 2,113,108	\$ 865,616	\$ 1,247,492
PUMPING									
11	320.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,458	\$ 0	\$ 8,458
12	321.00	Structures And Improvements	-	1,355	-	166	560,259	191,235	369,024
13	323.00	Other Power Production	8,117	-	-	182	9,480	461	9,018
14	325.00	Electric Pumping Equipment	26,130	33,028	-	11,127	5,078,148	2,779,369	2,298,779
15	326.00	Diesel Pumping Equipment	111	-	-	22	7,877	6,111	1,766
16	328.10	Gas Engine Pumping Equipment	-	581	-	487	191,336	84,047	107,289
17		SUBTOTAL PUMPING	\$ 34,359	\$ 34,964	\$ 0	\$ 11,984	\$ 5,855,559	\$ 3,061,224	\$ 2,794,334
WATER TREATMENT									
18	330.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
19	331.00	Structures And Improvements	-	2,566	-	45	80,806	8,144	72,662
20	332.00	Water Treatment Equipment	52,513	-	-	1,526	332,328	83,503	248,825
21		SUBTOTAL TREATMENT	\$ 52,513	\$ 2,566	\$ 0	\$ 1,570	\$ 413,134	\$ 91,647	\$ 321,487
TRANSMISSION & DISTRIBUTION									
22	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,493	\$ 0	\$ 10,493
23	341.00	Structures And Improvements	-	-	-	-	-	-	0
24	342.00	Distribution, Reservoirs, & ST	-	3,960	-	359	1,329,478	364,976	964,502
25	343.00	Trans. And Dist. Mains	734,080	-	-	7,766	10,305,925	2,681,316	7,624,608
26	344.00	Fire Mains	-	-	-	-	-	-	0
27	345.00	Services	89,689	-	-	3,492	4,003,023	1,691,988	2,311,035
28	346.00	Meters	39,775	-	-	2,155	2,889,856	771,899	2,117,956
29	348.00	Hydrants	10,128	-	-	645	1,428,816	496,566	932,250
30	349.00	Other Trans. And Dist.	-	-	-	0	512	174	338
31		SUBTOTAL TRANS. & DIST.	\$ 873,672	\$ 3,960	\$ 0	\$ 14,418	\$ 19,968,102	\$ 6,006,920	\$ 13,961,182
GENERAL									
32	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,125	\$ 0	\$ 2,125
33	390.00	Structures And Improvements	-	54,634	-	816	1,271,719	123,259	1,148,460
34	391.00	Office Furniture And Equipment	-	1,239,038	-	31,976	523,248	(1,023,834)	1,547,082
35	391.10	Computer Equipment	1,253,430	1,285	-	28,796	1,252,145	27,511	1,224,634
36	392.00	Transportation Equipment	176,527	-	-	58,015	748,169	474,928	273,241
37	393.00	Stores Equipment	-	704	-	36	14,070	3,730	10,339
38	394.00	Tools, Shop And Garage	921	28,479	-	870	171,567	153	171,414
39	395.00	Laboratory Equipment	-	99	-	14	8,859	1,503	7,356
40	396.00	Power Operated Equipment	-	1,753	-	292	49,678	13,444	36,234
41	397.00	Communication Equipment	-	4,557	-	2,067	171,440	87,772	83,668
42	398.00	Miscellaneous Equipment	-	591	-	173	64,682	33,670	31,012
43		SUBTOTAL GENERAL	\$ 1,430,878	\$ 1,331,140	\$ 0	\$ 123,055	\$ 4,277,700	\$ (257,864)	\$ 4,535,564
44		Youngtown Plant	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
45		AFUDC ADJUSTMENT 3/95	-	-	-	-	-	-	0
46		Adjustment Due To Rounding	-	-	-	-	(1)	-	0
47		TOTAL WATER PLANT	\$ 2,409,373	\$ 1,410,546	\$ 0	\$ 200,834	\$ 32,635,036	\$ 9,767,542	\$ 22,867,495

References:

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- Column (E): Schedule RLM-4, Page 6, Column (D) + Column (A) - Column (B)
- Column (F): Schedule RLM-4, Page 6, Column (E) - Column (B) + Column (D)
- Column (G): Column (E) - Column (F)

TEST YEAR PLANT SCHEDULES CONT'D
YEAR ENDED DECEMBER 31, 1998

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) FULL DEP. PL'T	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
2	302.00	Franchises	-	-	-	-	2,852	-	2,852
3	303.00	Miscellaneous Intangibles	-	-	-	-	4,583	-	4,583
4		SUBTOTAL INTANGIBLE	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,435	\$ 0	\$ 7,435
SOURCE OF SUPPLY									
5	310.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 180,119	\$ 0	\$ 180,119
6	311.00	Structures And Improvements	375	185	-	15,671	626,769	273,084	353,684
7	312.00	Collecting And Impounding Res.	-	30	-	9	314	(8)	322
8	313.00	Lakes, Rivers, Other Intakes	-	-	-	-	-	-	0
9	314.00	Wells And Springs	-	166	-	32,915	1,305,900	640,754	665,146
10		SUBTOTAL SUPPLY	\$ 375	\$ 381	\$ 0	\$ 48,595	\$ 2,113,102	\$ 913,830	\$ 1,199,272
PUMPING									
11	320.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,458	\$ 0	\$ 8,458
12	321.00	Structures And Improvements	-	2,290	-	9,375	557,969	198,321	359,648
13	323.00	Other Power Production	15	-	-	419	9,495	881	8,614
14	325.00	Electric Pumping Equipment	303,990	48,203	-	232,238	5,333,935	2,963,404	2,370,531
15	326.00	Diesel Pumping Equipment	1,086	-	-	421	8,963	6,532	2,431
16	328.10	Gas Engine Pumping Equipment	54,889	5,800	-	11,106	240,426	89,353	151,072
17		SUBTOTAL PUMPING	\$ 359,980	\$ 56,293	\$ 0	\$ 253,560	\$ 6,159,246	\$ 3,258,490	\$ 2,900,756
WATER TREATMENT									
18	330.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
19	331.00	Structures And Improvements	273	-	-	1,352	81,079	9,496	71,584
20	332.00	Water Treatment Equipment	55,520	6,108	-	14,526	381,740	91,920	289,820
21		SUBTOTAL TREATMENT	\$ 55,793	\$ 6,108	\$ 0	\$ 15,877	\$ 462,818	\$ 101,416	\$ 361,403
TRANSMISSION & DISTRIBUTION									
22	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,493	\$ 0	\$ 10,493
23	341.00	Structures And Improvements	-	-	-	-	-	-	0
24	342.00	Distribution, Reservoirs, & ST	-	402	-	22,206	1,329,076	386,780	942,296
25	343.00	Trans. And Dist. Mains	95,176	31,548	-	158,650	10,369,553	2,808,418	7,561,134
26	344.00	Fire Mains	-	-	-	-	-	-	0
27	345.00	Services	4,110	6,213	-	99,403	4,000,920	1,785,178	2,215,742
28	346.00	Meters	-	14,146	-	72,713	2,875,710	830,466	2,045,243
29	348.00	Hydrants	86,942	-	-	29,446	1,515,758	526,012	989,746
30	349.00	Other Trans. And Dist.	-	-	-	10	512	184	328
31		SUBTOTAL TRANS. & DIST.	\$ 186,229	\$ 52,309	\$ 0	\$ 382,428	\$ 20,102,021	\$ 6,337,039	\$ 13,764,982
GENERAL									
32	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,125	\$ 0	\$ 2,125
33	390.00	Structures And Improvements	5,157	-	-	21,281	1,276,876	144,540	1,132,336
34	391.00	Office Furniture And Equipment	53,585	-	-	25,247	576,833	(998,587)	1,575,420
35	391.10	Computer Equipment	69,449	-	-	59,067	1,321,594	86,578	1,235,016
36	392.00	Transportation Equipment	22,476	48,301	-	195,888	722,344	622,515	99,829
37	393.00	Stores Equipment	65	-	-	551	14,135	4,281	9,853
38	394.00	Tools, Shop And Garage	26,943	-	-	7,439	198,510	7,592	190,918
39	395.00	Laboratory Equipment	356	-	-	335	9,215	1,838	7,376
40	396.00	Power Operated Equipment	139	-	-	2,587	49,817	16,031	33,786
41	397.00	Communication Equipment	28,642	-	-	19,133	200,082	106,905	93,177
42	398.00	Miscellaneous Equipment	415	213	-	3,204	64,884	36,661	28,223
43		SUBTOTAL GENERAL	\$ 207,228	\$ 48,514	\$ 0	\$ 334,733	\$ 4,436,413	\$ 28,354	\$ 4,408,058
44		Youngtown Plant	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
45		AFUDC ADJUSTMENT 3/95	-	-	-	-	-	-	0
46		Adjustment Due To Rounding	1	-	-	-	3	-	(1)
47		TOTAL WATER PLANT	\$ 809,606	\$ 163,605	\$ 0	\$ 1,035,193	\$ 33,281,038	\$ 10,639,129	\$ 22,641,905

References:

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- Column (E): Schedule RLM-4, Page 7, Column (D) + Column (A) - Column (B)
- Column (F): Schedule RLM-4, Page 7, Column (E) - Column (B) + Column (D)
- Column (G): Column (E) - Column (F)

TEST YEAR PLANT SCHEDULES CONT'D
YEAR ENDED DECEMBER 31, 1999

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETIRMTS	(C) FULL DEP. PL'T	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
2	302.00	Franchises	-	-	-	-	2,852	-	2,852
3	303.00	Miscellaneous Intangibles	-	-	-	-	4,583	-	4,583
4		SUBTOTAL INTANGIBLE	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,435	\$ 0	\$ 7,435
SOURCE OF SUPPLY									
5	310.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 180,119	\$ 0	\$ 180,119
6	311.00	Structures And Improvements	62,688	-	-	16,453	689,456	289,537	399,919
7	312.00	Collecting And Impounding Res.	-	-	-	8	314	(8)	322
8	313.00	Lakes, Rivers, Other Intakes	-	-	-	-	-	-	0
9	314.00	Wells And Springs	494,712	-	-	39,142	1,800,612	679,896	1,120,716
10		SUBTOTAL SUPPLY	\$ 557,399	\$ 0	\$ 0	\$ 55,603	\$ 2,670,501	\$ 969,425	\$ 1,701,076
PUMPING									
11	320.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,458	\$ 0	\$ 8,458
12	321.00	Structures And Improvements	-	-	-	9,318	557,969	207,639	350,330
13	323.00	Other Power Production	-	-	-	420	9,495	1,300	8,194
14	325.00	Electric Pumping Equipment	777,852	-	-	252,950	6,111,787	3,216,354	2,895,433
15	326.00	Diesel Pumping Equipment	15,839	-	-	844	24,802	7,376	17,426
16	328.10	Gas Engine Pumping Equipment	6,548	-	-	12,209	246,974	101,563	145,411
17		SUBTOTAL PUMPING	\$ 800,239	\$ 0	\$ 0	\$ 275,742	\$ 6,959,485	\$ 3,534,232	\$ 3,425,253
WATER TREATMENT									
18	330.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
19	331.00	Structures And Improvements	1,359	-	-	1,365	82,438	10,861	71,577
20	332.00	Water Treatment Equipment	5,653	-	-	15,383	387,393	107,303	280,090
21		SUBTOTAL TREATMENT	\$ 7,012	\$ 0	\$ 0	\$ 16,748	\$ 469,831	\$ 118,164	\$ 351,667
TRANSMISSION & DISTRIBUTION									
22	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,493	\$ 0	\$ 10,493
23	341.00	Structures And Improvements	-	-	-	-	-	-	0
24	342.00	Distribution, Reservoirs, & ST	-	-	-	22,196	1,329,076	408,975	920,101
25	343.00	Trans: And Dist. Mains	960,445	-	-	166,002	11,329,998	2,974,420	8,355,578
26	344.00	Fire Mains	-	-	-	-	-	-	0
27	345.00	Services	288,574	-	-	102,801	4,289,494	1,887,979	2,401,515
28	346.00	Meters	183,568	-	-	74,484	3,059,278	904,950	2,154,327
29	348.00	Hydrants	114,462	-	-	31,460	1,630,220	557,471	1,072,748
30	349.00	Other Trans. And Dist.	-	-	-	10	512	195	317
31		SUBTOTAL TRANS. & DIST.	\$ 1,547,049	\$ 0	\$ 0	\$ 396,952	\$ 21,649,070	\$ 6,733,991	\$ 14,915,079
GENERAL									
32	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,125	\$ 0	\$ 2,125
33	390.00	Structures And Improvements	-	-	-	21,324	1,276,876	165,864	1,111,012
34	391.00	Office Furniture And Equipment	22,337	-	-	26,989	599,170	(971,598)	1,570,768
35	391.10	Computer Equipment	730,369	-	-	77,423	2,051,963	164,001	1,887,962
36	392.00	Transportation Equipment	141,567	13,674	-	199,990	850,237	808,831	41,406
37	393.00	Stores Equipment	-	-	-	553	14,135	4,834	9,300
38	394.00	Tools, Shop And Garage	14,947	-	-	8,281	213,457	15,873	197,585
39	395.00	Laboratory Equipment	328	-	-	348	9,543	2,186	7,356
40	396.00	Power Operated Equipment	28,409	-	-	3,329	78,226	19,360	58,866
41	397.00	Communication Equipment	19,468	-	-	21,611	219,550	128,516	91,034
42	398.00	Miscellaneous Equipment	3,938	-	-	3,296	68,822	39,957	28,865
43		SUBTOTAL GENERAL	\$ 961,363	\$ 13,674	\$ 0	\$ 363,143	\$ 5,384,102	\$ 377,823	\$ 5,006,278
44		Youngtown Plant	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
45		AFUDC ADJUSTMENT 3/95	-	-	-	-	-	-	0
46		Adjustment Due To Rounding	-	-	-	-	2	-	0
47		TOTAL WATER PLANT	\$ 3,873,062	\$ 13,674	\$ 0	\$ 1,108,188	\$ 37,140,426	\$ 11,733,635	\$ 25,406,789

References:

- Columns (A) (B): Company's Response To RUCO Data Request No. 1.22
- Column (C): Intentionally Left Blank
- Column (D): [(Col. (A) + Col. (B)) X RLM-4, Page 4, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 8, Col. (D) - Col. (C)] X RLM-4, Page 4, Col. (A)
- Column (E): Schedule RLM-4, Page 8, Column (D) + Column (A) - Column (B)
- Column (F): Schedule RLM-4, Page 8, Column (E) - Column (B) + Column (D)
- Column (G): Column (E) - Column (F)

TEST YEAR PLANT SCHEDULES CONT'D
YEAR ENDED DECEMBER 31, 2000

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETRIM'TS	(C) FULL DEP. PL'T	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
2	302.00	Franchises	-	-	-	-	2,852	-	2,852
3	303.00	Miscellaneous Intangibles	9	-	-	-	4,592	-	4,592
4		SUBTOTAL INTANGIBLE	\$ 9	\$ 0	\$ 0	\$ 0	\$ 7,444	\$ 0	\$ 7,444
SOURCE OF SUPPLY									
5	310.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 180,119	\$ 0	\$ 180,119
6	311.00	Structures And Improvements	-	51,109	-	17,875	638,347	256,303	382,044
7	312.00	Collecting And Impounding Res.	-	-	-	8	314	-	314
8	313.00	Lakes, Rivers, Other Intakes	-	-	-	-	-	-	0
9	314.00	Wells And Springs	174,974	534	-	47,587	1,975,052	726,949	1,248,103
10		SUBTOTAL SUPPLY	\$ 174,974	\$ 51,643	\$ 0	\$ 65,470	\$ 2,793,832	\$ 983,252	\$ 1,810,580
PUMPING									
11	320.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,458	\$ 0	\$ 8,458
12	321.00	Structures And Improvements	116	-	-	9,319	558,085	216,958	341,127
13	323.00	Other Power Production	-	-	-	420	9,495	1,720	7,775
14	325.00	Electric Pumping Equipment	259,457	319,156	-	282,928	6,052,088	3,180,127	2,871,962
15	326.00	Diesel Pumping Equipment	-	-	-	1,240	24,802	8,616	16,186
16	328.10	Gas Engine Pumping Equipment	264	9,347	-	12,614	237,891	104,830	133,061
17		SUBTOTAL PUMPING	\$ 259,837	\$ 328,503	\$ 0	\$ 306,521	\$ 6,890,818	\$ 3,512,250	\$ 3,378,569
WATER TREATMENT									
18	330.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
19	331.00	Structures And Improvements	-	5,604	-	1,424	76,834	6,680	70,154
20	332.00	Water Treatment Equipment	17,263	15,336	-	16,148	389,320	108,115	281,205
21		SUBTOTAL TREATMENT	\$ 17,263	\$ 20,940	\$ 0	\$ 17,571	\$ 466,154	\$ 114,795	\$ 351,359
TRANSMISSION & DISTRIBUTION									
22	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,493	\$ 0	\$ 10,493
23	341.00	Structures And Improvements	9,794	-	-	98	9,794	98	9,696
24	342.00	Distribution, Reservoirs, & ST	-	-	-	22,196	1,329,076	431,171	897,905
25	343.00	Trans. And Dist. Mains	245,132	153,960	-	176,402	11,421,170	2,996,862	8,424,308
26	344.00	Fire Mains	-	-	-	-	-	-	0
27	345.00	Services	135,622	38,014	-	108,533	4,387,102	1,958,498	2,428,604
28	346.00	Meters	114,760	323,259	-	82,285	2,850,779	663,976	2,186,802
29	348.00	Hydrants	38,006	2,799	-	33,012	1,665,427	587,685	1,077,742
30	349.00	Other Trans. And Dist.	-	-	-	10	512	205	307
31		SUBTOTAL TRANS. & DIST.	\$ 543,314	\$ 518,032	\$ 0	\$ 422,536	\$ 21,674,352	\$ 6,638,495	\$ 15,035,857
GENERAL									
32	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,125	\$ 0	\$ 2,125
33	390.00	Structures And Improvements	-	-	-	21,324	1,276,876	187,188	1,089,688
34	391.00	Office Furniture And Equipment	-	230	-	27,507	598,940	(944,321)	1,543,261
35	391.10	Computer Equipment	78,125	866,256	-	115,859	1,263,832	(586,396)	1,850,228
36	392.00	Transportation Equipment	52,927	210,079	-	245,433	693,085	844,185	(151,100)
37	393.00	Stores Equipment	-	-	-	553	14,135	5,387	8,748
38	394.00	Tools, Shop And Garage	5,115	1,899	-	8,722	216,673	22,695	193,978
39	395.00	Laboratory Equipment	-	-	-	354	9,543	2,540	7,002
40	396.00	Power Operated Equipment	-	-	-	4,068	78,226	23,428	54,798
41	397.00	Communication Equipment	1,584	-	-	22,695	221,134	151,211	69,922
42	398.00	Miscellaneous Equipment	1,993	257	-	3,448	70,558	43,148	27,409
43		SUBTOTAL GENERAL	\$ 139,744	\$ 1,078,721	\$ 0	\$ 449,963	\$ 4,445,125	\$ (250,935)	\$ 4,696,060
44		Youngtown Plant	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
45		AFUDC ADJUSTMENT 3/95	-	-	-	-	-	-	0
46		Adjustment Due To Rounding	-	2	-	-	-	-	0
47		TOTAL WATER PLANT	\$ 1,135,141	\$ 1,997,841	\$ 0	\$ 1,262,061	\$ 36,277,725	\$ 10,997,857	\$ 25,279,868

References:

- Columns (A) (B): Company's Response To RUCO Data Request No. 1.22
- Column (C): Intentionally Left Blank
- Column (D): [(Col. (A) + Col. (B)) X RLM-4, Page 4, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 9, Col. (D) - Col. (C)] X RLM-4, Page 4, Col. (A)
- Column (E): Schedule RLM-4, Page 9, Column (D) + Column (A) - Column (B)
- Column (F): Schedule RLM-4, Page 9, Column (E) - Column (B) + Column (D)
- Column (G): Column (E) - Column (F)

TEST YEAR PLANT SCHEDULES CONT'D
TEST YEAR ENDED DECEMBER 31, 2001

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) FULL DEP. PL'T	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 471	\$ 0	\$ 0	\$ 0	\$ 471	\$ 0	\$ 471
2	302.00	Franchises	-	1	-	-	2,851	-	2,851
3	303.00	Miscellaneous Intangibles	-	1	-	-	4,591	-	4,591
4		SUBTOTAL INTANGIBLE	\$ 471	\$ 2	\$ 0	\$ 0	\$ 7,913	\$ 0	\$ 7,913
SOURCE OF SUPPLY									
5	310.00	Land And Land Rights	\$ 0	\$ 36	\$ 0	\$ 0	\$ 180,083	\$ 0	\$ 180,083
6	311.00	Structures And Improvements	-	133	-	15,960	638,214	272,130	366,083
7	312.00	Collecting And Impounding Res.	-	-	-	8	314	8	306
8	313.00	Lakes, Rivers, Other Intakes	-	-	-	-	-	-	0
9	314.00	Wells And Springs	82,418	-	-	50,810	2,057,470	777,758	1,279,711
10		SUBTOTAL SUPPLY	\$ 82,418	\$ 170	\$ 0	\$ 66,778	\$ 2,876,080	\$ 1,049,897	\$ 1,826,183
PUMPING									
11	320.00	Land And Land Rights	\$ 0	\$ 2	\$ 0	\$ 0	\$ 8,456	\$ 0	\$ 8,456
12	321.00	Structures And Improvements	-	117	-	9,321	557,968	226,162	331,806
13	323.00	Other Power Production	-	2	-	420	9,493	2,138	7,355
14	325.00	Electric Pumping Equipment	401,156	41,591	-	277,287	6,411,653	3,415,823	2,995,831
15	326.00	Diesel Pumping Equipment	-	-	-	1,240	24,802	9,856	14,946
16	328.10	Gas Engine Pumping Equipment	4,008	-	-	12,019	241,899	116,848	125,050
17		SUBTOTAL PUMPING	\$ 405,165	\$ 41,712	\$ 0	\$ 300,287	\$ 7,254,271	\$ 3,770,827	\$ 3,483,444
WATER TREATMENT									
18	330.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
19	331.00	Structures And Improvements	-	-	-	1,283	76,834	7,964	68,871
20	332.00	Water Treatment Equipment	6,243	-	-	15,698	395,563	123,812	271,750
21		SUBTOTAL TREATMENT	\$ 6,243	\$ 0	\$ 0	\$ 16,981	\$ 472,397	\$ 131,776	\$ 340,621
TRANSMISSION & DISTRIBUTION									
22	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,493	\$ 0	\$ 10,493
23	341.00	Structures And Improvements	18,810	-	-	384	28,604	482	28,122
24	342.00	Distribution, Reservoirs, & ST	-	-	-	22,196	1,329,076	453,366	875,709
25	343.00	Trans. And Dist. Mains	569,075	25,377	-	179,291	11,964,868	3,150,777	8,814,091
26	344.00	Fire Mains	-	-	-	-	-	-	0
27	345.00	Services	252,677	16,732	-	112,141	4,623,047	2,053,907	2,569,141
28	346.00	Meters	310,236	17,291	-	75,665	3,143,724	722,350	2,421,373
29	348.00	Hydrants	78,732	4,108	-	34,137	1,740,051	617,714	1,122,337
30	349.00	Other Trans. And Dist.	-	-	-	10	512	215	297
31		SUBTOTAL TRANS. & DIST.	\$ 1,229,530	\$ 63,509	\$ 0	\$ 423,824	\$ 22,840,374	\$ 6,998,811	\$ 15,841,563
GENERAL									
32	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,125	\$ 0	\$ 2,125
33	390.00	Structures And Improvements	9,388	-	-	21,402	1,286,264	208,590	1,077,674
34	391.00	Office Furniture And Equipment	2,404	-	-	27,547	601,344	(916,774)	1,518,118
35	391.10	Computer Equipment	69,625	85,097	-	61,561	1,248,360	(609,932)	1,858,292
36	392.00	Transportation Equipment	201,874	89,428	-	209,683	805,531	964,439	(158,909)
37	393.00	Stores Equipment	-	614	-	565	13,521	5,337	8,183
38	394.00	Tools, Shop And Garage	6,303	-	-	8,837	222,976	31,532	191,444
39	395.00	Laboratory Equipment	-	-	-	354	9,543	2,894	6,648
40	396.00	Power Operated Equipment	-	-	-	4,068	78,226	27,495	50,731
41	397.00	Communication Equipment	-	-	-	22,777	221,134	173,988	47,146
42	398.00	Miscellaneous Equipment	5,794	1,056	-	3,647	75,296	45,739	29,556
43		SUBTOTAL GENERAL	\$ 295,388	\$ 176,195	\$ 0	\$ 360,439	\$ 4,564,318	\$ (66,690)	\$ 4,631,008
44		Youngtown Plant	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	(0)
45		AFUDC ADJUSTMENT 3/95	-	-	-	-	-	-	0
46		Adjustment Due To Rounding	3	-	-	-	-	-	(1)
47		TOTAL WATER PLANT	\$ 2,019,218	\$ 281,588	\$ 0	\$ 1,168,309	\$ 38,015,353	\$ 11,884,620	\$ 26,130,732

References:

- Columns (A) (B): Company's Response To RUCO Data Request No. 1.22 And Staff Data Request 26.4
- Column (C): Intentionally Left Blank
- Column (D): [(Col. (A) + Col. (B)) X RLM-4, Page 4, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 10, Col. (D) - Col. (C)] X RLM-4, Page 4, Col. (A)
- Column (E): Schedule RLM-4, Page 10, Column (D) + Column (A) - Column (B)
- Column (F): Schedule RLM-4, Page 10, Column (E) - Column (B) + Column (D)
- Column (G): Column (E) - Column (F)

TEST YEAR PLANT SCHEDULES CONT'D
2001 TEST YEAR ADJUSTMENT TO GENERAL PLANT ALLOCATION - CITIZENS VERSUS ARIZONA-AMERICAN

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A)	(B)	(C)	(D)	(E)	(F)	(G)
			TOTAL PLANT VALUE	ACCUM. DEP.	TOTAL PLANT VALUE	ACCUM. DEP.	TOTAL PLANT VALUE	ACCUM. DEP.	NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 471	\$ 0	\$ 0	\$ 0	\$ 471	\$ 0	\$ 471
2	302.00	Franchises	2,851	-	-	-	2,851	-	2,851
3	303.00	Miscellaneous Intangibles	4,591	-	-	-	4,591	-	4,591
4		SUBTOTAL INTANGIBLE	\$ 7,913	\$ 0	\$ 0	\$ 0	\$ 7,913	\$ 0	\$ 7,913
SOURCE OF SUPPLY									
5	310.00	Land And Land Rights	\$ 180,083	\$ 0	\$ 0	\$ 0	\$ 180,083	\$ 0	\$ 180,083
6	311.00	Structures & Improvements	638,214	272,130	-	-	638,214	272,130	366,083
7	312.00	Collecting & Impound Res.	314	8	-	-	314	8	306
8	313.00	Lakes, Rivers, Other Intakes	-	-	-	-	-	-	0
9	314.00	Wells And Springs	2,057,470	777,758	-	-	2,057,470	777,758	1,279,711
10		SUBTOTAL SUPPLY	\$ 2,876,080	\$ 1,049,897	\$ 0	\$ 0	\$ 2,876,080	\$ 1,049,897	\$ 1,826,183
PUMPING									
11	320.00	Land And Land Rights	\$ 8,456	\$ 0	\$ 0	\$ 0	\$ 8,456	\$ 0	\$ 8,456
12	321.00	Structures & Improvements	557,968	226,162	-	-	557,968	226,162	331,806
13	323.00	Other Power Production	9,493	2,138	-	-	9,493	2,138	7,355
14	325.00	Electric Pumping Equipment	6,411,653	3,415,823	-	-	6,411,653	3,415,823	2,995,831
15	326.00	Diesel Pumping Equipment	24,802	9,856	-	-	24,802	9,856	14,946
16	328.10	Gas Engine Pumping Equip.	241,899	116,848	-	-	241,899	116,848	125,050
17		SUBTOTAL PUMPING	\$ 7,254,271	\$ 3,770,827	\$ 0	\$ 0	\$ 7,254,270	\$ 3,770,827	\$ 3,483,444
WATER TREATMENT									
18	330.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
19	331.00	Structures & Improvements	76,834	7,964	-	-	76,834	7,964	68,871
20	332.00	Water Treatment Equipment	395,563	123,812	-	-	395,563	123,812	271,750
21		SUBTOTAL TREATMENT	\$ 472,397	\$ 131,776	\$ 0	\$ 0	\$ 472,397	\$ 131,776	\$ 340,621
TRANS. & DIST.									
22	340.00	Land And Land Rights	\$ 10,493	\$ 0	\$ 0	\$ 0	\$ 10,493	\$ 0	\$ 10,493
23	341.00	Structures & Improvements	28,604	482	-	-	28,604	482	28,122
24	342.00	Dist., Res., & ST	1,329,076	453,366	-	-	1,329,076	453,366	875,709
25	343.00	Trans. And Dist. Mains	11,964,868	3,150,777	-	-	11,964,868	3,150,777	8,814,091
26	344.00	Fire Mains	-	-	-	-	-	-	0
27	345.00	Services	4,623,047	2,053,907	-	-	4,623,047	2,053,907	2,569,141
28	346.00	Meters	3,143,724	722,350	-	-	3,143,724	722,350	2,421,373
29	348.00	Hydrants	1,740,051	617,714	-	-	1,740,051	617,714	1,122,337
30	349.00	Other Trans. And Dist.	512	215	-	-	512	215	297
31		SUB TRANS. & DIST.	\$ 22,840,374	\$ 6,998,812	\$ 0	\$ 0	\$ 22,840,374	\$ 6,998,811	\$ 15,841,563
GENERAL									
32	389.00	Land And Land Rights	\$ 2,125	\$ 0	\$ (962)	\$ 0	\$ 1,163	\$ 0	\$ 1,163
33	390.00	Structures & Improvements	1,286,264	208,590	(487,990)	(134,472)	798,274	74,118	724,156
34	391.00	Office Furniture & Equip.	601,344	(916,774)	(363,556)	1,002,699	237,788	85,925	151,863
35	391.10	Computer Equipment	1,248,360	(609,932)	(907,916)	506,322	340,444	(103,610)	444,054
36	392.00	Transportation Equipment	805,531	964,439	(377,122)	(716,995)	428,409	247,444	180,965
37	393.00	Stores Equipment	13,521	5,337	(6,674)	(3,482)	6,847	1,855	4,992
38	394.00	Tools, Shop And Garage	222,976	31,532	(125,003)	(27,185)	97,973	4,347	93,626
39	395.00	Laboratory Equipment	9,543	2,894	21,492	2,577	31,035	5,471	25,564
40	396.00	Power Operated Equipment	78,226	27,495	(49,547)	(17,291)	28,679	10,204	18,475
41	397.00	Communication Equipment	221,134	173,988	(83,491)	(94,713)	137,643	79,275	58,368
42	398.00	Miscellaneous Equipment	75,296	45,739	(9,249)	(15,122)	66,047	30,617	35,430
43		SUBTOTAL GENERAL	\$ 4,564,318	\$ (66,690)	\$ (2,390,016)	\$ 502,336	\$ 2,174,303	\$ 435,645	\$ 1,738,656
44		Youngtown Plant	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
45		AFUDC ADJUSTMENT 3/95	-	-	-	-	-	-	0
46		Adjustm't Due To Rounding	-	2	-	-	-	-	0
47		TOTAL WATER PLANT	\$ 38,015,353	\$ 11,884,623	\$ (2,390,016)	\$ 502,336	\$ 35,625,337	\$ 12,386,955	\$ 23,238,381
48		Company As Filed B-2					36,367,124	13,169,068	
49		Adjustment To Test Year Total Plant And Accumulated Depreciation (See RLM-3, Col (B), Lines 1 & 2)					\$ (741,787)	\$ (782,113)	

References:

- Column (A): Schedule RLM-4, Page 11, Column (E)
- Column (B): Schedule RLM-4, Page 11, Column (F)
- Columns (C) (D): Adjustment To Replace Citizens' Utilities General Plant With Arizona Water Common Plant Allocation As Per Company Schedule B-2, Pg 2
- Column (E): Column (A) - Column (C) As Per Company Schedule B-2, Page 3
- Column (F): Column (B) - Column (D) As Per Company Schedule B-2, Page 3
- Column (G): Column (E) - Column (F)

POST-TEST YEAR 2001 PLANT

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) REVENUE NEUTRAL PLANT ADD'N	(B) ORCOM & PLANT AT CLOSING	(C) ADDIT'NAL ACC. DEP. AT CLOS'G	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 471	\$ 0	\$ 471
2	302.00	Franchises	-	129,424	-	-	132,275	-	132,275
3	303.00	Miscellaneous Intangibles	-	-	-	-	4,591	-	4,591
4		SUBTOTAL INTANGIBLE	\$ 0	\$ 129,424	\$ 0	\$ 0	\$ 137,337	\$ 0	\$ 137,337
SOURCE OF SUPPLY									
5	310.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 180,083	\$ 0	\$ 180,083
6	311.00	Structures And Improvements	107,102	-	8,269	1,339	745,316	281,738	463,578
7	312.00	Collecting And Impounding Res.	-	-	4	-	314	12	302
8	313.00	Lakes, Rivers, Other Intakes	-	-	-	-	-	-	0
9	314.00	Wells And Springs	-	-	30,068	-	2,057,470	807,826	1,249,643
10		SUBTOTAL SUPPLY	\$ 107,102	\$ 0	\$ 38,341	\$ 1,339	\$ 2,983,182	\$ 1,089,576	\$ 1,893,605
PUMPING									
11	320.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,456	\$ 0	\$ 8,456
12	321.00	Structures And Improvements	73,346	-	4,862	612	631,314	231,636	399,678
13	323.00	Other Power Production	-	-	211	-	9,493	-	7,144
14	325.00	Electric Pumping Equipment	265,461	569	145,941	5,879	6,677,683	3,567,643	3,110,040
15	326.00	Diesel Pumping Equipment	-	-	628	-	24,802	10,484	14,318
16	328.10	Gas Engine Pumping Equipment	-	-	6,254	-	241,899	123,102	118,796
17		SUBTOTAL PUMPING	\$ 338,807	\$ 569	\$ 157,896	\$ 6,492	\$ 7,593,647	\$ 3,935,215	\$ 3,658,432
WATER TREATMENT									
18	330.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
19	331.00	Structures And Improvements	-	-	673	-	76,834	8,637	68,198
20	332.00	Water Treatment Equipment	5,357	-	8,145	107	400,920	132,065	268,855
21		SUBTOTAL TREATMENT	\$ 5,357	\$ 0	\$ 8,818	\$ 107	\$ 477,754	\$ 140,701	\$ 337,053
TRANSMISSION & DISTRIBUTION									
22	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,493	\$ 0	\$ 10,493
23	341.00	Structures And Improvements	-	-	286	-	28,604	768	27,836
24	342.00	Distribution, Reservoirs, & ST	457,578	-	11,469	3,821	1,786,654	468,656	1,317,998
25	343.00	Trans. And Dist. Mains	681,787	994,421	94,455	12,823	13,641,076	3,258,055	10,383,021
26	344.00	Fire Mains	-	-	-	-	-	-	0
27	345.00	Services	-	1	59,294	-	4,623,048	2,113,201	2,509,848
28	346.00	Meters	-	-	40,545	-	3,143,724	762,895	2,380,828
29	348.00	Hydrants	16,772	-	17,971	168	1,756,823	635,853	1,120,970
30	349.00	Other Trans. And Dist.	-	-	5	-	512	220	292
31		SUBTOTAL TRANS. & DIST.	\$ 1,156,137	\$ 994,422	\$ 224,025	\$ 16,811	\$ 24,990,933	\$ 7,239,647	\$ 17,751,286
GENERAL									
32	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,163	\$ 0	\$ 1,163
33	390.00	Structures And Improvements	33,000	-	10,758	276	831,274	85,152	746,122
34	391.00	Office Furniture And Equipment	269,506	1	13,869	6,185	507,295	105,979	401,316
35	391.10	Computer Equipment	-	(97,647)	(25,763)	(2,241)	242,797	(131,614)	374,411
36	392.00	Transportation Equipment	150,937	-	100,772	18,867	579,346	367,083	212,263
37	393.00	Stores Equipment	-	-	265	-	6,847	2,120	4,727
38	394.00	Tools, Shop And Garage	-	-	4,483	-	97,973	8,830	89,143
39	395.00	Laboratory Equipment	-	-	(823)	-	31,035	4,648	26,387
40	396.00	Power Operated Equipment	-	-	2,035	-	28,679	12,239	16,440
41	397.00	Communication Equipment	35,254	-	11,400	1,816	172,897	92,491	80,406
42	398.00	Miscellaneous Equipment	-	-	1,858	-	66,047	32,475	33,572
43		SUBTOTAL GENERAL	\$ 488,697	\$ (97,646)	\$ 118,854	\$ 24,902	\$ 2,565,353	\$ 579,402	\$ 1,985,951
44		Youngtown Plant	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
45		AFUDC ADJUSTMENT 3/95	-	-	-	-	-	-	0
46		Adjustment Due To Rounding	-	-	(1)	-	-	(1)	0
47		TOTAL WATER PLANT	\$ 2,096,100	\$ 1,026,769	\$ 547,933	\$ 49,651	\$ 38,748,206	\$ 12,984,540	\$ 25,763,664
48		Company As Filed B-2					39,396,793	13,717,002	
49		Difference In Post Test Year Gross Plant					<u>\$ (648,587)</u>	<u>\$ (732,462)</u>	
50		Adjustment To Test Year Gross Plant As Per RLM-4, Page 12, Cols (E) And (F), L 49					<u>(741,787)</u>	<u>(782,113)</u>	
51		Adjustment To Post Test Year Total Plant And Acc. Dep. (See RLM-3, Col (C), L 1 & L 2)					<u>\$ 93,200</u>	<u>\$ 49,651</u>	

References:

- Column (A): Company's Response To Staff Data Request No. DWC 12-1 To 12-3
- Column (B): Additional Plant At Closing And ORCOM
- Column (C): Additional Accumulated Depreciation At Closing
- Column (D): [(Col. (A) + Col. (B)) X RLM-4, Page 4, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 12, Col. (E)] X RLM-4, Page 4, Col. (A)
- Column (E): Schedule RLM-4, Page 12, Column (D) + Column (A) + Column (B)
- Column (F): Schedule RLM-4, Page 12, Column (F) + Column (C) + Column (D)
- Column (G): Column (E) - Column (F)

OPERATING INCOME

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) RUCO TEST YEAR ADJ'TMENTS	(C) RUCO TEST YEAR AS ADJUSTED	(D) RUCO PROPOSED CHANGES	(E) RUCO AS RECOMMENDED
OPERATING REVENUES:						
1	Metered Water Revenues	\$ 6,079,671	\$ 0	\$ 6,079,671	\$ 1,963,334	\$ 8,043,005
2	Unmetered Water Revenues	0	-	-	-	0
3	Other Water Revenues	113,419	-	113,419	-	113,419
4	TOTAL OPERATING REVENUES	\$ 6,193,090	\$ 0	\$ 6,193,090	\$ 1,963,334	\$ 8,156,424
OPERATING EXPENSES:						
5	Salaries And Wages	\$ 1,167,073	\$ (127,737)	\$ 1,039,336	\$ 0	\$ 1,039,336
6	Purchased Water	0	-	-	-	0
7	Purchased Power	1,416,410	-	1,416,410	-	1,416,410
8	Chemicals	17,413	-	17,413	-	17,413
9	Repairs And Maintenance	540,349	-	540,349	-	540,349
10	Office Supplies And Expenses	483,141	110,339	593,480	-	593,480
11	Outside Services	93,641	-	93,641	-	93,641
12	Service Company Fees	926,122	(141,442)	784,680	-	784,680
13	Water Testing	6,878	-	6,878	-	6,878
14	Rents	28,369	-	28,369	-	28,369
15	Transportation Expenses	22	-	22	-	22
16	Insurance - General Liability	87,848	23,027	110,875	-	110,875
17	Insurance - Health And Life	0	-	0	-	0
18	Regulatory Comm. Exp. - Rate Case	40,874	(16,410)	24,464	-	24,464
19	Miscellaneous Expense	300,122	3,159	303,281	-	303,281
20	Depreciation Expense	1,025,028	(22,994)	1,002,034	-	1,002,034
21	Taxes Other Than Income	62,065	(83,508)	(21,443)	-	(21,443)
22	Property Taxes	186,779	52,024	238,803	-	238,803
23	Income Tax	(665,050)	419,541	(245,509)	757,825	512,316
24	Adjustment Due To Rounding	(1)	-	-	-	-
25	TOTAL OPERATING EXPENSES	\$ 5,717,083	\$ 215,998	\$ 5,933,082	\$ 757,825	\$ 6,690,907
26	OPERATING INCOME (LOSS)	\$ 476,007	\$ (215,998)	\$ 260,008	\$ 1,205,509	\$ 1,465,517
Other Income (Expense):						
27	Interest Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
28	Other Income	0	-	-	-	0
29	Interest Expense	(1,533,935)	883,384	(650,551)	-	(650,551)
30	Other Expense	0	-	-	-	0
31	Gain/Loss Sale Of Assets	0	-	-	-	0
32	TOTAL OTHER INCOME (EXPENSE)	\$ (1,533,935)	\$ 883,384	\$ (650,551)	\$ 0	\$ (650,551)
33	NET PROFIT (LOSS)	\$ (1,057,928)	\$ 667,386	\$ (390,543)	\$ 1,205,509	\$ 814,966

References:

- Column (A): Company Schedule C-1
- Column (B): Testimony, RLM And Schedule RLM-7
- Column (C): Column (A) + Column (B)
- Column (D): Testimony, RLM And Schedule RLM-1
- Column (E): Column (C) + Column (D)

SUMMARY OF OPERATING INCOME ADJUSTMENTS
TEST YEAR AS FILED AND ADJUSTED

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) ADJ #1	(C) ADJ #2	(D) ADJ #3	(E) ADJ #4	(F) ADJ #5	(G) ADJ #6	(H) ADJ #7	(I) ADJ #8	(J) ADJ #9	(K) ADJ #10	(L) RUCO AS ADT'ED
OPERATING REVENUES:													
1	Metered Water Revenues	\$ 6,079,671	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,079,671
2	Unmetered Water Revenues	0	-	-	-	-	-	-	-	-	-	-	0
3	Other Water Revenues	113,419	-	-	-	-	-	-	-	-	-	-	113,419
4	TOTAL OPERATING REVENUES	\$ 6,193,090	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,193,090
OPERATING EXPENSES:													
5	Salaries And Wages	\$ 1,167,073	\$ 0	\$ 0	\$ 0	\$ (145,490)	\$ 0	\$ 0	\$ 0	\$ 17,753	\$ 0	\$ 0	\$ 1,039,336
6	Purchased Water	0	-	-	-	-	-	-	-	-	-	-	0
7	Purchased Power	1,416,410	-	-	-	-	-	-	-	-	-	-	1,416,410
8	Chemicals	17,413	-	-	-	-	-	-	-	-	-	-	17,413
9	Repairs And Maintenance	540,349	-	-	-	-	-	-	-	-	-	-	540,349
10	Office Supplies And Expenses	483,141	-	-	-	-	-	-	-	110,339	-	-	593,480
11	Outside Services	93,641	-	-	-	-	-	-	-	-	-	-	93,641
12	Service Company Fees	926,122	-	-	(141,442)	-	-	-	-	-	-	-	784,680
13	Water Testing	6,876	-	-	-	-	-	-	-	-	-	-	6,876
14	Rents	28,369	-	-	-	-	-	-	-	-	-	-	28,369
15	Transportation Expenses	22	-	-	-	-	-	-	-	-	-	-	22
16	Insurance - General Liability	87,846	-	-	-	-	-	-	-	23,027	-	-	110,875
17	Insurance - Health And Life	0	-	-	-	-	-	-	-	-	-	-	0
18	Regulatory Comm. Exp. - Rate Case	40,874	-	-	-	-	-	-	(16,410)	-	-	-	24,464
19	Miscellaneous Expense	300,122	-	-	-	-	-	-	-	3,159	-	-	303,281
20	Depreciation Expense	1,025,028	-	-	-	-	(22,994)	-	-	-	-	-	1,002,034
21	Taxes Other Than Income	62,065	-	(42,009)	-	(41,496)	-	-	-	-	-	-	(21,443)
22	Property Taxes	186,779	-	-	-	-	-	52,024	-	-	-	-	238,803
23	Income Tax	(865,060)	-	-	-	-	-	-	-	-	-	419,541	(245,509)
24	Adjustment Due To Rounding	(1)	-	-	-	-	-	-	-	-	-	-	0
25	TOTAL OPERATING EXPENSES	\$ 5,717,083	\$ 0	\$ (42,009)	\$ (141,442)	\$ (186,989)	\$ (22,994)	\$ 52,024	\$ (16,410)	\$ 154,278	\$ 0	\$ 419,541	\$ 5,933,062
26	OPERATING INCOME (LOSS)	\$ 476,007	\$ 0	\$ 42,009	\$ 141,442	\$ 186,989	\$ 22,994	\$ (52,024)	\$ 16,410	\$ (154,278)	\$ 0	\$ (419,541)	\$ 260,008
Other Income (Expense):													
27	Interest Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
28	Other Income	0	-	-	-	-	-	-	-	-	-	-	0
29	Interest Expense	(1,533,935)	-	-	-	-	-	-	-	-	883,384	-	(650,551)
30	Other Expense	0	-	-	-	-	-	-	-	-	-	-	0
31	Gain/Loss Sale Of Assets	0	-	-	-	-	-	-	-	-	-	-	0
32	TOTAL OTHER INCOME (EXPENSE)	\$ (1,533,935)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 883,384	\$ 0	\$ (650,551)
33	NET PROFIT (LOSS)	\$ (1,057,928)	\$ 0	\$ 42,009	\$ 141,442	\$ 186,989	\$ 22,994	\$ (52,024)	\$ 16,410	\$ (154,278)	\$ 883,384	\$ (419,541)	\$ (390,543)

ADJUSTMENT NO.

- 1 - Intentionally Left Blank
- 2 - Remove Test Year Salaries And Wages
- 3 - Service Company Fees
- 4 - Projected Salaries And Wages
- 5 - Depreciation Expense
- 6 - Property Taxes
- 7 - Rate Case Expense
- 8 - Projected Additional Corporate Overhead Expenses
- 9 - Intentionally Left Blank
- 10 - Income Tax

REFERENCE

- Testimony, RLM And Schedule RLM-8
- Testimony, RLM And Schedule RLM-9
- Testimony, RLM And Schedule RLM-10
- Testimony, RLM And Schedule RLM-11
- Testimony, RLM And Schedule RLM-12
- Testimony, RLM And Schedule RLM-13
- Testimony, RLM And Schedule RLM-14
- Testimony, RLM And Schedule RLM-15

References:

- Column (A): Company Schedule C-1
- Columns (B) Thru (K): Adjustments #1 Thru #10
- Column (L): Sum Of Columns (A) Thru (K)

**EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 2
CITIZENS SALARIES AND WAGES**

LINE NO.	DISTRICT	ACCOUNT	CITIZENS BUSINESS UNIT	(A) COMPANY AS FILED	(B) RUCO AS ADJ'D	(C) ADJM'T
	SUN CITY WATER		4003-4504			
1		Salaries And Wages		\$ 833,969	\$ 833,969	\$ -
2		Payroll Tax		114,680	72,671	(42,009)
3		TOTAL		<u>\$ 948,649</u>	<u>\$ 906,640</u>	<u>\$ (42,009)</u>

References:
Column (A): Company Schedule C-2, Page 3
Column (B): Company Provided Data On Citizens 2001 Payroll
Column (C): Column (B) - Column (A)

**EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 3
AZ-AM SERVICE COMPANY ALLOCATIONS**

LINE NO.	DISTRICT	AZ-AM BUS. UNIT	(A) TOTAL SERVICE CHARGES			(D) ALLOCATED SERVICE CHARGES		
			COMPANY AS FILED	RUCO AS ADJ'TED	FOUR FACT'R	COMPANY AS FILED	RUCO AS ADJ'TED	(F) ADJ'MENT
1	Sun City West Water	2364	\$ 5,153,711	\$ 4,366,610	0.1001	\$ 515,886	\$ 437,098	\$ (78,789)
2	Sun City West Wastewater	2365	\$ 5,153,711	\$ 4,366,610	0.1072	\$ 552,478	\$ 468,101	\$ (84,377)
3	Sun City Water	2362	\$ 5,153,711	\$ 4,366,610	0.1797	\$ 926,122	\$ 784,680	\$ (141,442)
4	Sun City Wastewater	2363	\$ 5,153,711	\$ 4,366,610	0.1014	\$ 522,586	\$ 442,774	\$ (79,812)
5	Tubac	2389	\$ 5,153,711	\$ 4,366,610	0.0075	\$ 38,653	\$ 32,750	\$ (5,903)
SUN CITY WATER						COMPANY AS FILED	RUCO AS ADJ'TED	ADJUSTM'T
6	Arizona-American Service Company Allocation					\$ 926,122	\$ 784,680	\$ (141,442)

References:
Columns (A) (C): Company Schedule C-2, Page 4
Column (B): Company Response To RUCO Third Data Request
Column (D): Column (A) X Column (C)
Column (E): Column (B) X Column (C)
Column (F): Column (E) - Column (D)

**EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 4
PROJECTED SALARIES AND WAGES**

LINE NO.	COMPANY	AZ-AM BUSINESS UNIT	(A)	(B)	(C)	(D)	(E)
			GROSS PAYROLL	CAPITAL'D PAYROLL	NET PAYROLL	EMP. COUNT	PAYROLL TAX
1	Sun City West Water	2364	\$ 341,944	\$ 92,325	\$ 249,619	6	\$ 20,566
2	Sun City West Wastewater	2365	418,601	113,022	305,579	9	25,582
3	Sun City Water	2362	806,792	217,834	588,958	24	50,935
4	Sun City Wastewater	2363	80,003	21,601	58,402	4	5,448
5	Tubac	2389	68,044	18,372	49,672	1	4,045
SUN CITY WATER				COMPANY	RUCO		
6		Salaries And Wages		AS FILED	AS ADJ'TED	ADJUSTM'T	
7		Payroll Tax		\$ 734,448	\$ 588,958	\$ (145,490)	
8		TOTAL		62,065	20,566	(41,499)	
				<u>\$ 796,513</u>	<u>\$ 609,524</u>	<u>\$ (186,989)</u>	

References:

- Columns (A) (D): Company Provided Data On AZ-AM 2002 Payroll
- Column (B): 27% Of Column (A) - Calculated As Representative Of Labor Associated With Capital Projects
- Column (C): Column (A) - Column (B)
- Column (E): Column (C) X 7.65% (FICA) + \$245 X Column (D) (FUTA & SUTA)

EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 5
TEST YEAR DEPRECIATION EXPENSE

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) TOTAL PLANT VALUE	(B) APR'D DEP. RATE	(C) TEST YEAR DEPREC'N EXPENSE
INTANGIBLE					
1	301.00	Organization	\$ 471	0.00%	\$ 0
2	302.00	Franchises	132,275	0.00%	0
3	303.00	Miscellaneous Intangibles	4,591	0.00%	0
4		SUBTOTAL INTANGIBLE	<u>\$ 137,337</u>		<u>\$ 0</u>
SOURCE OF SUPPLY					
5	310.00	Land And Land Rights	\$ 180,083	0.00%	\$ 0
6	311.00	Structures And Improvements	745,316	2.50%	18,633
7	312.00	Collecting And Impounding Reservoir	314	2.50%	8
8	313.00	Lakes, Rivers, Other Intakes	-	0.00%	0
9	314.00	Wells And Springs	2,057,470	2.52%	51,848
10		SUBTOTAL SUPPLY	<u>\$ 2,983,182</u>		<u>\$ 70,489</u>
PUMPING					
11	320.00	Land And Land Rights	\$ 8,456	0.00%	\$ 0
12	321.00	Structures And Improvements	631,313	1.67%	10,543
13	323.00	Other Power Production	9,493	4.42%	420
14	325.00	Electric Pumping Equipment	6,677,682	4.42%	295,154
15	326.00	Diesel Pumping Equipment	24,803	5.00%	1,240
16	328.10	Gas Engine Pumping Equipment	241,899	5.01%	12,119
17		SUBTOTAL PUMPING	<u>\$ 7,593,646</u>		<u>\$ 319,475</u>
WATER TREATMENT					
18	330.00	Land And Land Rights	\$ 0	0.00%	\$ 0
19	331.00	Structures And Improvements	76,835	1.67%	1,283
20	332.00	Water Treatment Equipment	400,920	4.00%	16,037
21		SUBTOTAL TREATMENT	<u>\$ 477,756</u>		<u>\$ 17,320</u>
TRANSMISSION AND DISTRIBUTION					
22	340.00	Land And Land Rights	\$ 10,493	0.00%	\$ 0
23	341.00	Structures And Improvements	28,604	2.00%	572
24	342.00	Distribution, Reservoirs, And Structures	1,786,654	1.67%	29,837
25	343.00	Transmission And Distribution Mains	13,641,076	1.53%	208,708
26	344.00	Fire Mains	-	0.00%	0
27	345.00	Services	4,623,048	2.48%	114,652
28	346.00	Meters	3,143,724	2.51%	78,907
29	348.00	Hydrants	1,756,823	2.00%	35,136
30	349.00	Other Transmission And Distribution	512	2.00%	10
31		SUBTOTAL TRANSMISSION AND DISTRIBUTION	<u>\$ 24,990,933</u>		<u>\$ 467,823</u>
GENERAL					
32	389.00	Land And Land Rights	\$ 1,163	0.00%	\$ 0
33	390.00	Structures And Improvements	831,274	1.67%	13,882
34	391.00	Office Furniture And Equipment	507,295	4.59%	23,285
35	391.10	Computer Equipment	242,797	4.59%	11,144
36	392.00	Transportation Equipment	579,346	25.00%	144,836
37	393.00	Stores Equipment	6,847	3.91%	268
38	394.00	Tools, Shop And Garage	97,973	4.02%	3,939
39	395.00	Laboratory Equipment	31,035	3.71%	1,151
40	396.00	Power Operated Equipment	28,679	5.20%	1,491
41	397.00	Communication Equipment	172,897	10.30%	17,808
42	398.00	Miscellaneous Equipment	66,047	4.93%	3,256
43		SUBTOTAL GENERAL	<u>\$ 2,565,352</u>		<u>\$ 221,060</u>
44		TOTAL	<u>\$ 38,748,206</u>		<u>\$ 1,096,168</u>
45		Amortization Of Deferred Regulatory Assets	\$ 655,877	2.83%	18,573
46		Amortization Of Contribution In Aid Of Construction ("CIAC")	(1,127,078)	10.00%	(112,708)
47		Adjustment Due To Rounding	-		-
48		TOTAL WATER PLANT	<u>\$ 37,621,127</u>		<u>\$ 1,002,034</u>
49		Company As Filed As Per Schedule C-2, Pg 6, Line 73			\$ 1,025,028
50		Adjustment To Depreciation Expense (See RLM-6, Col (B), Line 20)			<u>\$ (22,994)</u>

References:

Column (A): Schedule RLM-5, Page 1, Column (E)
Column (B): Schedule RLM-4, Page 4, Column (A)
Column (C): Column (A) X Column (B)

EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 6
PROPERTY TAX COMPUTATION

LINE NO.	DESCRIPTION	(A)	(B)
Calculation Of The Company's Full Cash Value:			
Annual Operating Revenues:			
1	Year 1999 (Company Schedule E-2)	\$ 6,433,486	
2	Year 2000 (Company Schedule E-2)	7,139,309	
3	Year 2001 (Company Schedule E-2)	6,559,683	
4	Total Three Year Operating Revenues (L1 + L2 + L3)	<u>\$ 20,132,478</u>	
5	Average Annual Operating Revenues (L4 / 3)	6,710,826	
6	Two Times Three Year Average Operating Revenues (L5 X 2)		\$ 13,421,652
ADD: Ten Percent Of Construction Work In Progress ("CWIP"):			
7	Test Year CWIP	\$ 163,964	
8	10% Of CWIP (L7 X 10%)		\$ 16,396
SUBTRACT: Transportation At Book Value:			
9	Original Cost Of Transportation Equipment (RLM-5. Pg 1, Col (E), L 36)	\$ 428,409	
10	Acc. Dep. Of Transportation Equipment (RLM-5. Pg 1, Col (F), L 36)	\$ 247,444	
11	Book Value Of Transportation Equipment (L9 - L10)		\$ 180,965
12	COMPANY'S FULL CASH VALUE (L6 + L8 + L11)		<u>\$ 13,257,083</u>
Calculation Of The Company's Tax Liability:			
MULTIPLY: Company Full Cash Value By Valuation Assessment Ratio And Then By Property Tax Rates:			
13	Assessment Ratio (ADOR Directive)		25%
14	Assessed Value (L12 X L13)	\$ 3,314,271	
Property Tax Rates:			
15	Primary Tax Rate (2001 Tax Notice - Co.'s Data Response - "Property Tax")		7.21%
16	Secondary Tax Rate (2001 Tax Notice - Co.'s Data Response - "Property Tax")		0.00%
17	Estimated Tax Rate Liability (L14 + L15)		<u>7.21%</u>
18	COMPANY'S TAX LIABILITY - Based On Full Cash Value (L14 X L17)		<u>\$ 238,803</u>
19	Test Year Adjusted Property Tax Expense Per Co.'s Filing (Sch. RLM-6, Col. (A), L29)	\$ 186,779	
20	Increase (Decrease) In Property Tax Expense (L18 - L19)	\$ 52,024	
21	Adjustment To Property Tax Expense From Company's Direct Filing (See RLM-6 Col. (B), L22)		<u>\$ 52,024</u>

EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 7
RATE CASE EXPENSE

LINE NO.		(A) REVISED T. Y. REV. FACTORS	(B) COMPANY AS FILED	(C) RUCO AS ADJUSTED	(D) TOTAL DIFFERENCE	(E) 3 YEAR AMORTIZED DIFFERENCE
1	Total Rate Case Expense		\$ 699,954	\$ 418,941	\$ (281,013)	\$ (93,671)
2	Sun City West Water	0.0956	\$ 66,939	\$ 40,065	\$ (26,874)	\$ (8,958)
3	Sun City West Wastewater	0.1000	70,006	41,901	(28,106)	(9,369)
4	Sun City Water	0.1752	122,623	73,393	(49,230)	(16,410)
5	Sun City Wastewater	0.1439	100,749	60,301	(40,448)	(13,483)
6	Tubac	0.0072	5,039	3,016	(2,023)	(674)
7	Agua Fria	0.1750	122,482	73,309	(49,173)	(16,391)
8	Anthem Water	0.1135	79,413	47,531	(31,882)	(10,627)
9	Agua Fria, Anthem Wastewater	0.0528	36,958	22,120	(14,837)	(4,946)
10	Mohave Water	0.1243	87,016	52,081	(34,935)	(11,645)
11	Havasu Water	0.0125	8,730	5,225	(3,505)	(1,168)
12	TOTAL	<u>1.0000</u>	<u>\$ 699,954</u>	<u>\$ 418,941</u>	<u>\$ (281,013)</u>	<u>\$ (93,671)</u>
	SUN CITY WATER		COMPANY AS FILED	RUCO AS ADJUSTED	TOTAL DIFFERENCE	3 YEAR AMORTIZED DIFFERENCE
13	Rate Case Expense		\$ 122,623	\$ 73,393	\$ (49,230)	\$ (16,410)

References:

- Column (A) : Revised Company Adjusted Test Year Revenue Factors To Remove Mohave Sewer From Allocation
- Column (B): Company Response To Data Request Minus The Mohave Sewer Allocated Value Of \$6,017
- Column (C): Column (A) X RUCO's Recommended Total Rate Case Expense
- Column (D): Column (C) - Column (B)
- Column (E): Column (D) Divided By 3 (The Three Year Amortization Period)

EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 8
PROJECTED CORPORATE OVERHEAD

LINE NO.	DISTRICT	EXPENSE ACCOUNT	(A) COMPANY AS FILED	(B) RUCO AS ADJUSTED	(C) ADJUSTMENT
	SUN CITY WATER				
1		Salaries And Wages	\$ 72,104	\$ 89,857	\$ 17,753
2		Office Supplies & Expense	212,241	322,580	110,339
3		Insurance	34,961	57,988	23,027
4		Miscellaneous Expense	1,249	4,408	3,159
5		TOTAL	<u>\$ 320,555</u>	<u>\$ 474,833</u>	<u>\$ 154,278</u>

References:

- Column (A): Company Schedule C-2, Page 11
- Column (B): Allocated Amounts From RLM-14, Pg 2, Line 26
- Column (C): Column (B) - Column (A)

EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 8 - CONT'D
PROJECTED CORPORATE OVERHEAD

LINE NO.	CATEGORY	(A) COMPANY AS FILED	(B) RUCO AS ADJUSTED	(C) DIFFERENCE	(D)
1	Employee Benefits	\$ 964,147	\$ 374,404	\$ 589,743	
2	Directors Fees: Office Supplies & Exp.	1,270,126	1,030,972	239,154	
3	Miscellaneous Expenses	6,000	8,500	(2,500)	
4	Trustees Fees: Office Supplies & Exp.	645,847	447,842	198,005	
5	Miscellaneous Expenses	17,058	21,881	(4,823)	
6	Insurance	258,736	215,200	43,536	
7	Subtotal	<u>\$ 3,161,914</u>	<u>\$ 2,098,797</u>	<u>\$ 1,063,117</u>	
8	Non-Applicable Accounts	\$ 2,153,067	\$ 2,117,294	\$ 35,773	
9	TOTAL (See RLM-14, Pg 3, L 45)	<u>\$ 5,314,981</u>	<u>\$ 4,216,091</u>	<u>\$ 1,098,890</u>	
	ALLOCATION FACTORS	FAIR VALUE RATE BASE	YEAR-END CUST. COUNT	EMPLOYEE COUNT	PROFORMA PLANT
10	Sun City West Water	0.0908	0.1375	0.0600	0.0135
11	Sun City West Wastewater	0.0744	0.1314	0.0900	0.0056
12	Sun City Water	0.2695	0.1958	0.2400	0.1254
13	Sun City Wastewater	0.1119	0.1866	0.0400	0.0046
14	Tubac	0.0109	0.0044	0.0100	0.0110
15	Agua Fria	0.1052	0.1147	0.0700	0.2417
16	Anthem Water	0.0544	0.0284	0.1200	0.2326
17	Agua Fria, Anthem Wastewater	0.0158	0.0224	0.0600	0.2279
18	Mohave Water	0.0842	0.1217	0.1500	0.0371
19	Havasu Water	0.0076	0.0105	0.0300	0.0552
20	Subtotal	<u>0.8247</u>	<u>0.9534</u>	<u>0.8700</u>	<u>0.9544</u>
21	Mohave Sewer	0.0037	0.0051	0.0100	0.0089
22	Paradise Valley (Est. - 2001 Annual Report)	0.1715	0.0414	0.1200	0.0367
23	TOTAL	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>
	ALLOCATED AMOUNTS	EMP. BEN.	OFF. SUP/EXP	INSURANCE	MISC. EXP.
24	Sun City West Water	\$ 22,464	\$ 182,392	\$ 19,535	\$ 1,464
25	Sun City West Wastewater	33,696	168,783	16,021	1,238
26	Sun City Water	89,857	322,580	57,988	4,408
27	Sun City Wastewater	14,976	242,477	24,091	1,686
28	Tubac	3,744	9,386	2,351	277
29	Agua Fria	26,208	165,421	22,645	6,263
30	Anthem Water	44,928	53,684	11,712	5,332
31	Agua Fria, Anthem Wastewater	22,464	30,213	3,398	5,176
32	Mohave Water	56,161	163,185	18,113	1,846
33	Havasu Water	11,232	14,208	1,630	1,297
34	Subtotal	<u>\$ 325,731</u>	<u>\$ 1,352,330</u>	<u>\$ 177,484</u>	<u>\$ 28,987</u>
35	Mohave Sewer	3,744	6,945	806	238
36	Paradise Valley (Est. - 2001 Annual Report)	44,928	119,539	36,910	1,155
37	Subtotal	<u>\$ 48,672</u>	<u>\$ 126,483</u>	<u>\$ 37,716</u>	<u>\$ 1,393</u>
38	TOTAL	<u>\$ 374,404</u>	<u>\$ 1,478,813</u>	<u>\$ 215,200</u>	<u>\$ 30,381</u>
39	TOTAL RUCO ADJUSTMENT (See RLM-14, pg 2, Column (B), Line 7 Above)			<u>\$ 2,098,797</u>	

References:

Allocation Factors - As Provided By Co. Except For Paradise Valley, Which Were Estimated From 2001 Annual Report
Allocation Amounts - Calculated Using Same Methodology As Company

EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 8 - CONT'D
PROJECTED CORPORATE OVERHEAD

LINE NO.	DESCRIPTION	(A) CATEGORY	(B)	(C)	(D)
			COMPANY AS FILED	RUCO AS ADJUSTED	DIFFERENCE
1	Directors Fees	MISC	\$ 6,000	\$ 8,500	\$ 2,500
2	Bank Service Charges	OFFICE	29,863	124,896	95,033
3	Bill Insert	OFFICE	29,703	35,304	5,601
4	Collection Agencies	OFFICE	870	6,673	5,803
5	Forms AG	OFFICE	17,074	13,051	(4,023)
6	Advertising (Required Notification)	OFFICE	230,287	130,698	(99,589)
7	Brochures And Handouts	OFFICE	2,502	834	(1,668)
8	Community Relations	OFFICE	7,730	6,662	(1,068)
9	Postage	OFFICE	329,952	125,443	(204,509)
10	Group Insurance	OFFICE	622,145	587,410	(34,735)
11	Incentive Plan Expenses	EMP. BENEFITS	226,620	21,252	(205,368)
12	PBOP Operations AG	EMP. BENEFITS	341,502	16,737	(324,765)
13	Workman Compensation	EMP. BENEFITS	(19,061)	(3,359)	15,702
14	Dues Deducted	EMP. BENEFITS	3,612	13,660	10,048
15	Dues Non-Deducted	EMP. BENEFITS	2,705	5,052	2,347
16	Dues-Membership Deducted	EMP. BENEFITS	-	2,959	2,959
17	Employee Expenses AG	EMP. BENEFITS	115,234	60,267	(54,967)
18	Employee Exp Conference-Registration	EMP. BENEFITS	24,595	15,666	(8,929)
19	Meals And Travel Deducted	EMP. BENEFITS	39,758	20,433	(19,325)
20	Meals And Travel Non-Deduct	EMP. BENEFITS	-	13,037	13,037
21	Other Welfare Operations	EMP. BENEFITS	6,495	19,906	13,411
22	Employee Awards	EMP. BENEFITS	252	1,144	892
23	Employee Physical Exams	EMP. BENEFITS	1,842	716	(1,126)
24	Tuition Aid	EMP. BENEFITS	29,515	15,528	(13,987)
25	Training	EMP. BENEFITS	24,818	28,944	4,126
26	401K	EMP. BENEFITS	74,501	61,288	(13,213)
27	ESOP	EMP. BENEFITS	91,759	81,175	(10,584)
28	Trustee Fees	MISC	17,058	21,881	4,823
29	Credit Line Fees	OFFICE	8,347	24,728	16,381
30	Insurance General Liability	INS	41,335	77,430	36,095
31	Security Services	OFFICE	637,500	423,114	(214,386)
32	Insurance Other	INS	217,401	137,770	(79,631)
33	Company Dues-Membership Deduct	N/A	16,178	4,422	(11,756)
34	Company Dues-Membership Non-deducted	N/A	36,108	2,846	(33,262)
35	Company Dues-Membership AWWA Ded.	N/A	882	495	(387)
36	Company Dues-Membership AWWA Non	N/A	1,947	649	(1,298)
37	Company Dues-Membership Non-Deducted	N/A	-	18,075	18,075
38	Charitable Contribution Deducted	N/A	3,500	2,075	(1,425)
39	Charitable Contribution Non-Deduct	N/A	800	200	(600)
40	Property Taxes	N/A	2,093,652	1,648,841	(444,811)
41	Business Services-Project Expense	N/A	-	390,309	390,309
42	Pcard Undistributed	N/A	-	39,882	39,882
43	Water Reservoir Conservation	N/A	-	4,001	4,001
44	Pension Operation AG	N/A	-	5,499	5,499
45	TOTAL		<u>\$ 5,314,981</u>	<u>\$ 4,216,091</u>	<u>\$ (1,098,890)</u>

References:

Columns (A) (C): Company Response To RUCO Third Data Request

Column (B): Company As Filed

Column (D): Column (C) - Column (B)

EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 10
INCOME TAX EXPENSE

LINE NO.	DESCRIPTION	(A) REFERENCE	(B) AMOUNT
FEDERAL INCOME TAXES:			
1	Operating Income Before Taxes	Sch. RLM-6, Col. (C), L25 + L23	\$ 14,499
LESS:			
2	Arizona State Tax	Line 11	(44,320)
3	Interest Expense	Note (A) Line 19	650,551
4	Federal Taxable Income	Line 1 - Line 2 - Line 3	<u>\$ (591,732)</u>
5	Federal Tax Rate	Sch. RLM-1, Page 2, Col.(D), L 34	34.00%
6	Federal Income Tax Expense	Line 4 X line 5	<u>\$ (201,189)</u>
STATE INCOME TAXES:			
7	Operating Income Before Taxes	Line 1	\$ 14,499
LESS:			
8	Interest Expense	Note (A) Line 19	650,551
9	State Taxable Income	Line 7 - Line 8	<u>\$ (636,052)</u>
10	State Tax Rate	Tax Rate	6.97%
11	State Income Tax Expense	Line 9 X Line 10	<u>\$ (44,320)</u>
TOTAL INCOME TAX EXPENSE:			
12	Federal Income Tax Expense	Line 6	\$ (201,189)
13	State Income Tax Expense	Line 11	(44,320)
14	Total Income Tax Expense Per RUCO	Line 12 + Line 13	<u>\$ (245,509)</u>
15	Total Income Tax Expense Per Company (Per Company Sch. C-1)		<u>(665,050)</u>
16	Total Income Tax Adjustment (See Sch. RLM 6, Col. (B), L23)	Line 14 - Line 15	<u>\$ 419,541</u>

NOTE (A):

Interest Synchronization:

17	Adjusted Rate Base (Sch. RLM-3, Col. (E), L16)	\$ 22,304,176
18	Weighted Cost Of Debt (Sch. RLM-16, Col. (F), L1)	2.92%
19	Interest Expense (L17 X L18)	<u>\$ 650,551</u>

COST OF CAPITAL

LINE NO.	DESCRIPTION	(A) CAPITAL'TION PER COMPANY	(B) RUCO ADJ'TS	(C) RUCO ADJUSTED CAPITAL'TION	(D) CAPITAL RATIO	(E) COST	(F) WEIGHTED COST RATE
1	Long-Term Debt	\$ 165,583,119	\$ 0	\$ 165,583,119	59.89%	4.87%	2.92%
2	Common Equity	\$ 110,888,158	\$ 0	\$ 110,888,158	40.11%	9.11%	3.65%
3	TOTAL CAPITAL	<u>\$ 276,471,277</u>	<u>\$ 0</u>	<u>\$ 276,471,277</u>	<u>100.00%</u>		
4	COST OF CAPITAL						<u>6.57%</u>

References:

- Column (A): Staff Data Request Nos. JMR 8-3 And JMR 8-4
- Column (B): Testimony, WAR
- Column (C): Column (A) + Column (B)
- Column (D): Column (C), Line Item / Total Capital (L5)
- Column (E): Testimony, WAR
- Column (F): Column (D) X Column (E)

RATE DESIGN - MONTHLY MINIMUM, COMMODITY AND SERVICE CHARGES

LINE NO.	DESCRIPTION	(A) PRESENT RATES	(B) COMPANY PROPOSED	(C) RUCO PROPOSED
MONTHLY MINIMUM USAGE CHARGE:				
Residential, Commercial				
1	5/8 X 3/4 - Inch	\$ 5.00	\$ 9.43	\$ 5.00
2	3/4 - Inch	5.00	9.43	5.00
3	1 - Inch	13.00	24.51	13.00
4	1 1/2 - Inch	28.00	52.78	27.84
5	2 - Inch	41.00	77.29	40.98
6	3 - Inch	70.00	131.95	69.96
7	4 - Inch	103.00	194.16	102.95
8	6 - Inch	141.00	265.79	140.93
Private Fire Protection				
9	Flat Rate 3 - Inch	\$ 6.00	\$ 11.31	\$ 6.00
10	Flat Rate 4 - Inch	9.00	16.97	9.00
11	Flat Rate 6 - Inch	12.50	23.56	12.50
12	Flat Rate 8 - Inch	20.00	37.70	20.00
13	Flat Rate 10 - Inch	30.00	56.55	30.00
14	Standby	\$ 3.50	\$ 6.60	\$ 3.50
Public Interruptible				
15	3 - Inch	\$ 0.00	\$ 0.00	\$ 0.00
16	8 - Inch	0.00	0.00	0.00
Irrigation				
17	1 - Inch	\$ 13.00	\$ 24.51	\$ 13.00
18	1 1/2 - Inch	28.00	52.78	27.99
19	2 - Inch	41.00	77.29	40.99
20	3 - Inch	70.00	131.95	69.99
21	4 - Inch	103.00	194.16	102.98
22	6 - Inch	141.00	265.48	140.81

NO GALLONS INCLUDED OR PROPOSED IN THE MONTHLY MINIMUM USAGE CHARGE

COMMODITY RATES (Per 1,000 Gallons)

All Meters (Except construction, irrigation, public interruptible):				
23	Tier 1 (0 to 8,000 Gallons)	\$ 0.73	\$ 1.38	\$ 0.99
24	Tier 2 (Above 8,001 Gallons)	0.92	1.73	1.29
Construction, Irrigation, Public Interruptible Meters:				
25	Construction / Untreated CAP	\$ 0.50	\$ 0.94	\$ 1.49
26	Irrigation	0.65	1.23	1.96
27	Public Interruptible	0.50	0.94	1.49

References:
Columns (A) (B): Company Schedule H-3, Pages 1 And 2
Column (C): Testimony, RLM

RATE DESIGN - MONTHLY MINIMUM, COMMODITY AND SERVICE CHARGES CONT'D

LINE NO.	DESCRIPTION	(A) PRESENT RATES		(B)	(C)
		Service Line	Meter	COMPANY PROPOSED	RUCO PROPOSED
SERVICE LINE AND METER INSTALLATION CHARGES:					
1	5/8 X 3/4 - Inch Meter	\$ 255.00	\$ 65.00	\$ 500.00	\$ 500.00
2	3/4 - Inch Meter	255.00	105.00	575.00	575.00
3	1 - Inch Meter	275.00	145.00	660.00	660.00
4	1 1/2 - Inch Meter	290.00	345.00	900.00	900.00
5	2 - Inch Meter	315.00	775.00	2,220.00	2,220.00
6	3 - Inch Meter	Cost	Cost	Cost	Cost
7	4 - Inch Meter	Cost	Cost	Cost	Cost
8	6 - Inch Meter	Cost	Cost	Cost	Cost
9	8 - Inch Meter	Cost	Cost	Cost	Cost
10	Meters Larger Than 8 - Inches	Cost	Cost	Cost	Cost
SERVICE CHARGES:					
11	Establishment Of Service		\$ 30.00	\$ 50.00	\$ 50.00
12	Establishment Of Service (After Hours)		40.00	60.00	60.00
13	Re-Connection (Deliquent)		N/A	N/A	N/A
14	Re-Connection (After Hours)		N/A	N/A	N/A
15	Meter Test Fee (If Correct)		10.00	10.00	10.00
16	Deposit			As Per ACC R14-2-403.B	
17	Deposit Interest			As Per ACC R14-2-403.B	
18	Re-Establishment - (Within 12 Months)		Monthly Minimum Times Months Disconnected - As Per ACC R14-2-403.D		
19	NSF Charge (Per Month)		10.00	10.00	10.00
20	Deferred Payment		1.50%	1.50%	1.50%
21	Meter Re-Read - (If Correct)		5.00	5.00	5.00
22	Meter Moved - Customer Requested		Cost	Cost	Cost
23	Late Payment Charge		1.50%	1.50%	1.50%
24	Damages To Locks, Valves, Seals		Cost	Cost (Plus \$40)	Cost (Plus \$40)

GROUNDWATER WITHDRAWAL ASSESSMENT

Groundwater Withdrawal Fees Shall Be Collected As An Assessment, And Is Subject To Annual Revisions As Required Due To Changes In Rates Charged By The Arizona Department Of Water Resources. Includes An Allowance Of 10% Lost And Unaccounted For Water.

All Advances (AIAC) And/Or Contributions (CIAC) Are To Include Labor, Materials, Overhead, And All Applicable Taxes, Including All Gross-Up Taxes For Income Taxes

References:
Columns (A) (B): Company Schedule H-3, Page 3
Column (C): Testimony, RLM

PROOF OF RECOMMENDED REVENUE

LINE NO.	DESCRIPTION	(A) RUCO PROPOSED	(B) ANNUALIZED CUST'R & USAGE COUNT	(C) RUCO PROPOSED REVENUE
MONTHLY MINIMUM USAGE CHARGE:				
Residential, Commercial				
1	5/8 X 3/4 - Inch	\$ 5.00	233,988	\$ 1,169,940
2	3/4 - Inch	5.00	348	1,740
3	1 - Inch	13.00	2,916	37,896
4	1 1/2 - Inch	27.84	17,980	500,599
5	2 - Inch	40.98	7,019	287,645
6	3 - Inch	69.96	300	20,989
7	4 - Inch	102.95	60	6,177
8	6 - Inch	140.93	108	15,220
Private Fire Protection				
9	Flat Rate 3 - Inch	\$ 6.00	12	\$ 72
10	Flat Rate 4 - Inch	9.00	660	5,942
11	Flat Rate 6 - Inch	12.50	588	7,349
12	Flat Rate 8 - Inch	20.00	120	2,400
13	Flat Rate 10 - Inch	30.00	0	0
14	Standby	\$ 3.50	756	\$ 2,646
Public Interruptible				
15	3 - Inch	\$ 0.00	0	\$ 0
16	8 - Inch	0.00	12	0
Irrigation				
17	1 - Inch	\$ 13.00	26	\$ 338
18	1 1/2 - Inch	27.99	1,404	39,304
19	2 - Inch	40.99	12	492
20	3 - Inch	69.99	12	840
21	4 - Inch	102.98	0	0
22	6 - Inch	140.81	24	3,379
23	TOTAL ANNUALIZED MONTHLY CUSTOMER COUNT AND BASIC CHARGE		<u>266,345</u>	<u>\$ 2,102,968</u>
COMMODITY RATES (Per 1,000 Gallons)				
All Meters (Except construction, irrigation, public interruptible):				
24	Tier 1 (0 to 8,000 Gallons)	\$ 0.99	1,615,632,000	\$ 1,606,139
25	Tier 2 (Above 8,001 Gallons)	1.29	2,742,040,000	3,543,707
Construction, Irrigation, Public Interruptible Meters:				
26	Construction / Untreated CAP	\$ 1.49	0	\$ 0
27	Irrigation	1.96	396,750,000	776,466
28	Public Interruptible	1.49	0	0
29	TOTAL ANNUALIZED COMMODITY USAGE AND CHARGES		<u>4,754,422,000</u>	<u>\$ 5,926,312</u>
30	Unmetered Revenue			\$ 0
31	Other Revenue			113,419
32	Difference Between Bill Count And Revenue As Recorded			13,726
33	TOTAL PROPOSED ANNUALIZED REVENUE			<u>\$ 8,156,424</u>
34	Required Revenue (As Per Schedule RLM-1, Col. (D), L 10)			<u>8,156,424</u>
35	Difference			<u>\$ 0</u>

References:

Column (A): RLM-17, Page 1, Column (C)
Column (B): RUCO Data Request 1.04
Column (C): Columns (A) X (B)

**TYPICAL BILL ANALYSIS
RESIDENTIAL WATER SERVICE TO 5/8 X 3/4 INCH METERS**

COMPANY PROPOSED		(A)	(B)	(C)	(D)	(E)
LINE NO.	USAGE	GALLONS CONSUMED	PRESENT RATES	PROPOSED RATES	DOLLAR INCREASE	PERCENT INCREASE
1	Average	8,361	\$11.17	\$21.09	\$9.92	88.8%
2	Median	6,516	\$9.76	\$18.42	\$8.67	88.8%
RUCO PROPOSED						
3	Average	8,361	\$11.17	\$13.42	\$2.25	20.1%
4	Median	6,516	\$9.76	\$11.48	\$1.72	17.6%
5	Average Number Of Customers:		19214			

PRESENT AND PROPOSED RATES (WITHOUT TAXES)

	Gallons Consumed	Present Rates	Company		RUCO	
			Prop'd Rates	% Increase	Prop'd Rates	% Increase
6	0	\$5.00	\$9.43	88.6%	\$5.00	0.0%
7	1,000	5.73	10.81	88.7%	5.98	4.4%
8	2,000	6.46	12.19	88.7%	6.97	7.9%
9	3,000	7.19	13.57	88.7%	7.95	10.6%
10	4,000	7.92	14.95	88.8%	8.94	12.8%
11	5,000	8.65	16.33	88.8%	9.92	14.7%
12	6,000	9.38	17.71	88.8%	10.90	16.2%
13	7,000	10.11	19.09	88.8%	11.89	17.6%
14	8,000	10.84	20.47	88.8%	12.87	18.7%
15	9,000	11.76	22.20	88.8%	14.15	20.3%
16	10,000	12.68	23.93	88.7%	15.43	21.7%
17	15,000	17.28	32.58	88.5%	21.82	26.3%
18	20,000	21.88	41.23	88.4%	28.22	29.0%
19	25,000	26.48	49.88	88.4%	34.61	30.7%
20	50,000	49.48	93.13	88.2%	66.59	34.6%
21	75,000	72.48	136.38	88.2%	98.57	36.0%
22	100,000	95.48	179.63	88.1%	130.54	36.7%
23	125,000	118.48	222.88	88.1%	162.52	37.2%
24	150,000	141.48	266.13	88.1%	194.49	37.5%
25	175,000	164.48	309.38	88.1%	226.47	37.7%
26	200,000	187.48	352.63	88.1%	258.44	37.9%

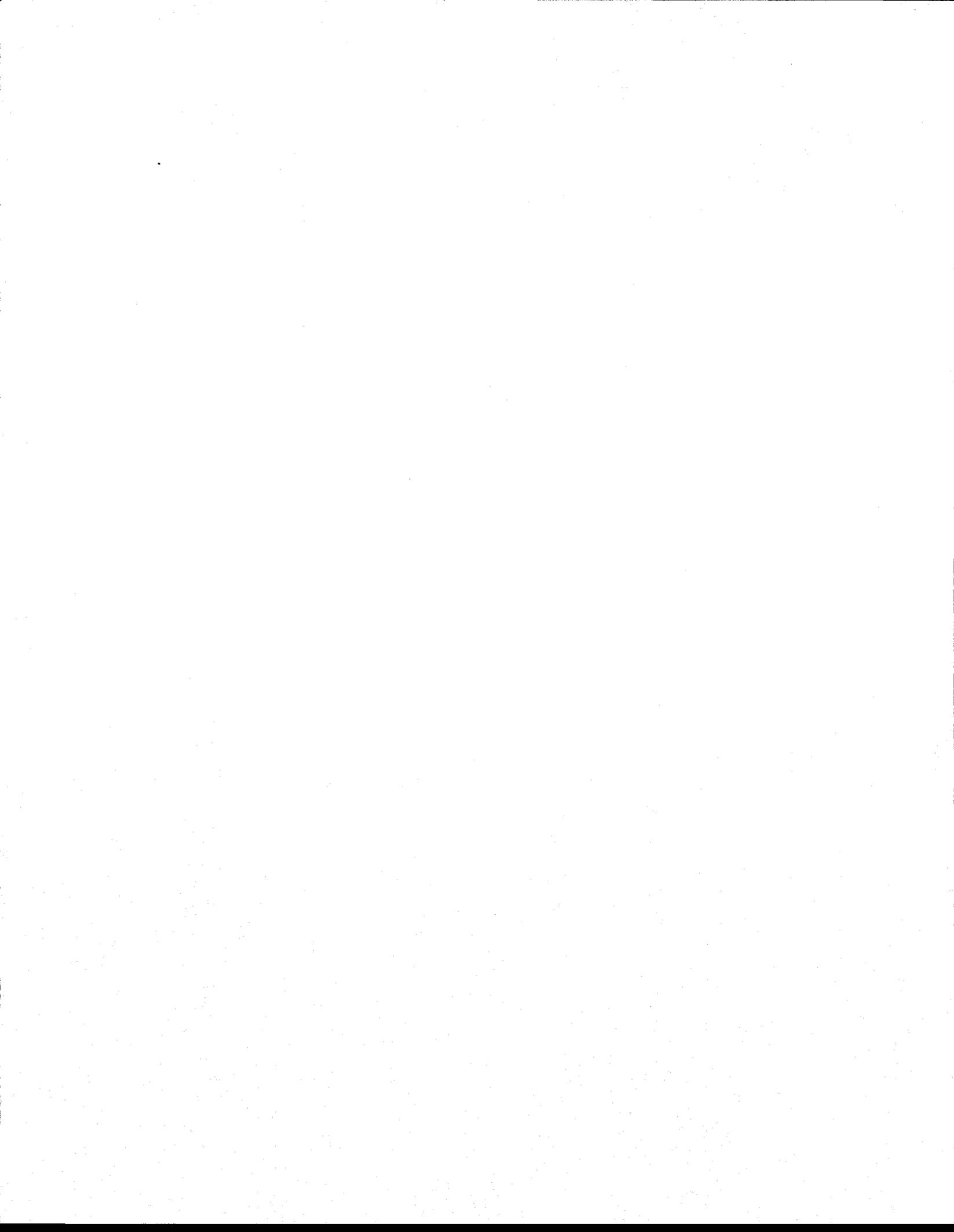


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REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	(A) COMPANY RCND	(B) ADJ'MENT TO RESTATE TO ORIGINAL COST	(C) COMPANY ORIGINAL COST	(D) RUCO ORIGINAL COST
1	Fair Value Rate Base	\$ 20,233,577	\$ (6,191,840)	\$ 14,041,737	\$ 8,893,529
2	Adjusted Operating Income (Loss)	\$ 1,175,416		\$ 1,175,416	\$ 1,133,760
3	Current Rate Of Return (L2 / L1)	5.81%		8.37%	12.75%
4	Required Operating Income (L5 X L1)	\$ 1,568,009		\$ 1,088,235	\$ 584,358
5	Required Rate Of Return On Fair Value Rate Base	7.75%		7.75%	6.57%
6	Operating Income Deficiency (L4 - L2)	\$ 392,593		\$ (87,181)	\$ (549,402)
7	Gross Revenue Conversion Factor (RLM-1, Pg 2)	1.6286		1.6286	1.6286
8	Increase In Gross Revenue Requirement (L7 X L6)	\$ 639,391		\$ (141,984)	\$ (894,775)
9	Adjusted Test Year Revenue	\$ 5,088,340		\$ 5,088,340	\$ 5,088,340
10	Proposed Annual Revenue (L8 + L9)	\$ 5,727,731		\$ 4,946,356	\$ 4,193,565
11	Required Percentage Increase In Revenue (L8 / L9)	12.57%		-2.79%	-17.58%
12	Rate Of Return On Common Equity	11.50%		11.50%	9.11%

References:

- Column (A): Company Schedules A-1 and C-1
- Column (B): RUCO Schedule RLM-2
- Column (C): Recalculated After Adjusting To OCRB
- Column (D): RUCO Schedules RLM-3, RLM-6 And RLM-19

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
CALCULATION OF GROSS REVENUE CONVERSION FACTOR:					
1	Revenue	1.0000			
2	Less: Combined Federal And State Tax Rate (L10)	0.3860			
3	Subtotal (L1 - L2)	0.6140			
4	Revenue Conversion Factor (L1 / L3)	1.6286			
CALCULATION OF EFFECTIVE TAX RATE:					
5	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%			
6	Arizona State Income Tax Rate	6.9680%			
7	Federal Taxable Income (L5 - L6)	93.0320%			
8	Applicable Federal Income Tax Rate (Col. (D), L34)	34.0000%			
9	Effective Federal Income Tax Rate (L7 X L8)	31.6309%			
10	Combined Federal And State Income Tax Rate (L6 + L9)	38.5989%			
11	Required Operating Income (Sch. RLM-1, Col. (D), L4)	\$ 584,358			
12	Adj'd T.Y. Oper'g Income (Loss) (Sch. RLM-1, Col. (D), L2)	1,133,760			
13	Required Increase In Operating Income (L11 - L12)		\$ (549,402)		
14	Income Taxes On Recommended Revenue (Col. (D), L31)	\$ 124,023			
15	Income Taxes On Test Year Revenue (Col. (D), L32)	341,728			
16	Required Increase In Revenue To Provide For Income Taxes (L14 - L15)		\$ (217,705)		
17	Total Required Increase In Revenue (L13 + L16)		\$ (767,107)		
RUCO					
Recommended					
18	Revenue (Sch. RLM-1, Col. (D), L10)			\$ 4,193,565	
19	Less: Opr'g Exp. Excl. Inc. Tax (RLM-6, Col. (E), L27 - L25)			3,612,852	
20	Less: Synchronized Interest (Col. (C), L37)			259,400	
21	Arizona Taxable Income (L18 - L19 - L20)			\$ 321,313	
22	Arizona State Income Tax Rate			6.97%	
23	Arizona Income Tax (L21 X L22)				\$ 22,389
24	Fed. Taxable Income (L21 - L23)			\$ 298,924	
25	Fed. Tax On 1st Inc. Bracket (\$1 - \$50,000) @ 15%			\$ 7,500	
26	Fed. Tax On 2nd Inc. Bracket (\$50,001 - \$75,000) @ 25%			6,250	
27	Fed. Tax On 3rd Inc. Bracket (\$75,001 - \$100,000) @ 34%			8,500	
28	Fed. Tax On 4th Inc. Bracket (\$100,001 - \$335,000) @ 39%			91,650	
29	Fed. Tax On 5th Inc. Bracket (\$335,001 - \$10M) @ 34%			(12,266)	
30	Total Federal Income Tax (L25 + L26 + L27 + L28 + L29)				\$ 101,634
31	Combined Federal And State Income Tax (L23 + L30)				\$ 124,023
32	Test Year Combined Income Tax, RUCO As Adjusted (RLM-6, Col. (C), L25)				\$ 341,728
33	Adjustment (L31 - L32) (See RLM-6, Col. (D), L25)				\$ (217,705)
34	Applicable Federal Income Tax Rate (Col. (D), L30 / Col. (C), L24)				34.00%
CALCULATION OF INTEREST SYNCHRONIZATION:					
35	Rate Base (Sch. RLM-1, Pg 2, Col. (E), L16)			\$ 8,893,529	
36	Weighted Avg. Cost Of Debt (Sch. RLM-16, Col. (F), L1)			2.92%	
37	Synchronized Interest (L35 X L36)			\$ 259,400	

FAIR VALUE RATE BASE - RCND ADJUSTED TO OCRB

LINE NO.	DESCRIPTION	(A) COMPANY FILED AS RCND	(B) RUCO ADJM'TS TO OCRB	(C) RUCO ADJUSTED TO OCRB	(D) RUCO OCRB ADJM'TS	(E) RUCO ADJUSTED AS OCRB
1	Gross Utility Plant In Service	\$ 51,811,232	\$ (31,848,452)	\$ 19,962,780	\$ 596,198	\$ 20,558,978
	Less:					
2	Accumulated Depreciation	20,408,401	(13,218,862)	7,189,539	479,766	7,669,305
3	Net Utility Plant In Service (L1 - L2)	<u>\$ 31,402,831</u>	<u>\$ (18,629,590)</u>	<u>\$ 12,773,241</u>	<u>\$ 116,432</u>	<u>\$ 12,889,673</u>
	Less:					
4	Advances In Aid Of Const. ("AIAC")	<u>\$ 8,588,165</u>	<u>\$ 0</u>	<u>\$ 3,309,005</u>	<u>\$ 0</u>	<u>\$ 3,309,005</u>
5	Contribution In Aid Of Const. ("CIAC")	\$ 3,081,090	\$ (1,893,951)	\$ 1,187,139	\$ 0	\$ 1,187,139
6	Less: Accumulated Amortization	-	-	-	-	0
7	NET CIAC (L5 - L6)	<u>\$ 3,081,090</u>	<u>\$ (1,893,951)</u>	<u>\$ 1,187,139</u>	<u>\$ 0</u>	<u>\$ 1,187,139</u>
8	Customer Meter Deposits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
9	Deferred Income Taxes And Credits	-	-	-	-	0
10	Investment Tax Credits	-	-	-	-	0
	Plus:					
11	Tolleson Trickling Filter	\$ 500,000	\$ 0	\$ 500,000	\$ 0	\$ 500,000
12	Deferred Tax Assets	-	-	-	-	0
13	Allowance For Working Capital	-	-	-	-	0
14	Citizens Acquisition Adjustment	-	5,264,640	5,264,640	(5,264,640)	0
15	Adjustment Due To Rounding	1	-	(1)	-	0
16	TOTAL RATE BASE	<u><u>\$ 20,233,577</u></u>	<u><u>\$ (11,470,999)</u></u>	<u><u>\$ 14,041,736</u></u>	<u><u>\$ (5,148,208)</u></u>	<u><u>\$ 8,893,529</u></u>

References:

- Column (A): Company Schedule B-1
- Column (B): Testimony, RLM
- Column (C): Column (A) + Column (B)
- Column (D): Schedule RLM-4
- Column (E): Column (C) + Column (D)

SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)	(E)
		COMPANY FILED AS OCRB	RUCO ADJM'T # 1	RUCO ADJM'T # 2	RUCO ADJM'T # 3	RUCO ADJUSTED AS OCRB
1	Gross Utility Plant In Service	\$ 19,962,780	\$ 608,623	\$ (12,425)	\$ 0	\$ 20,558,978
	Less:					
2	Accumulated Depreciation	7,189,539	474,486	5,280	-	7,669,305
3	Net Utility Plant In Service (L1 - L2)	<u>\$ 12,773,241</u>	<u>\$ 134,138</u>	<u>\$ (17,705)</u>	<u>\$ 0</u>	<u>\$ 12,889,673</u>
	Less:					
4	Advances In Aid Of Const. ("AIAC")	\$ 3,309,005	\$ 0	\$ 0	\$ 0	\$ 3,309,005
5	Contribution In Aid Of Const. ("CIAC")	\$ 1,187,139	\$ 0	\$ 0	\$ 0	1,187,139
6	Less: Accumulated Amortization	-	-	-	-	-
7	NET CIAC (L4 - L5)	<u>\$ 1,187,139</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,187,139</u>
8	Customer Meter Deposits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
9	Deferred Income Taxes And Credits	-	-	-	-	0
10	Investment Tax Credits	-	-	-	-	0
	Plus:					
11	Tolleson Trickling Filter	\$ 500,000	\$ 0	\$ 0	\$ 0	\$ 500,000
12	Deferred Tax Assets	-	-	-	-	0
13	Allowance For Working Capital	-	-	-	-	0
14	Citizens Acquisition Adjustment	5,264,640	-	-	(5,264,640)	0
15	Adjustment Due To Rounding	1				0
16	TOTAL RATE BASE	<u>\$ 14,041,738</u>	<u>\$ 134,138</u>	<u>\$ (17,705)</u>	<u>\$ (5,264,640)</u>	<u>\$ 8,893,529</u>

References:

- Column (A): Company As Filed Per Schedule B-2 And RLM-2, Col (C)
- Column (B): Adjustment To Test Year Total Plant And Accumulated Depreciation (See RLM-4, Page 12, Col (E) & (F), L 43)
- Column (C): Adjustment To Post Test Year Plant And Accumulated Depreciation (See RLM-5, Page 1, Col (E) & (F), L 51)
- Column (D): Adjustment To Citizens Acquisition Adjustment (See Testimony, RLM)
- Column (E): Sum Of Columns (A) Thru (D)

TEST YEAR PLANT SCHEDULES
COMPANY'S PRESENT FILING VERSUS TOTAL PLANT FILED IN PRIOR RATE CASE - DECISION NO. 60172

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ALLOC'N FACTOR	(B) CO. AS FILED PRIOR T. Y. 03/31/1995 TOTAL PLANT	(C) ADJMT # 1 TO 03/31/95 CO. AS FILED TOTAL PLANT	(D) ADJMT # 2 TO 03/31/95 CO. AS FILED TOTAL PLANT	(E) ADJMT # 3 TO 03/31/95 CO. AS FILED TOTAL PLANT	(F) ACTUAL 03/31/95 PRIOR T. Y. TOTAL PLANT
INTANGIBLE								
1	301.00	Organization	0.0000	\$ 34	\$ 0	\$ 0	\$ 0	\$ 34
2	302.00	Franchises	0.0000	3,787	-	-	-	3,787
3	303.00	Miscellaneous Intangibles	0.0000	868	-	-	-	868
4		SUBTOTAL INTANGIBLE		\$ 4,689	\$ 0	\$ 0	\$ 0	\$ 4,689
TREATMENT AND DISCHARGE								
5	310.00	Land And Land Rights	0.0000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
6	311.00	Structures And Improvements	0.0004	5,164	-	(158)	389	5,395
7	312.00	Preliminary Treatment	0.0000	-	-	-	-	0
8	313.00	Primary Treatment Equipment	0.0000	-	-	-	-	0
9	314.00	Secondary Treatment Equipment	0.0000	-	-	-	-	0
10	315.00	Tertiary Equipment	0.0000	-	-	-	-	0
11	316.00	Disinfection Equipment	0.0000	-	-	-	-	0
12	317.00	Effluent Lift Station E	0.0001	1,630	-	(50)	123	1,703
13	318.00	Outfall Line	0.0000	295	-	(9)	22	308
14	319.00	Sludge, Treatment And Distribution	0.0000	-	-	-	0	0
15	321.00	Influent Lift Station	0.0006	8,082	-	(247)	608	8,443
16	322.00	General Treatment Equipment	0.0010	13,396	-	(409)	1,008	13,995
17		SUBTOTAL TREATMENT AND DISCHARGE		\$ 28,567	\$ 0	\$ (873)	\$ 2,150	\$ 29,844
COLLECTION AND INFLUENT								
18	340.00	Land And Land Rights	0.0000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
19	341.00	Structures And Improvements	0.0073	98,208	-	(3,000)	7,388	102,596
20	342.00	Collection System Lift	0.0450	603,199	-	(18,426)	45,378	630,151
21	343.00	Collection Mains	0.6216	8,324,927	-	(254,298)	626,274	8,696,903
22	344.00	Force Mains	0.0162	216,804	-	(6,623)	16,310	226,491
23	345.00	Discharge Services	0.1570	2,102,359	-	(64,220)	158,158	2,196,297
24	348.00	Manholes	0.1585	2,123,221	-	(64,857)	159,727	2,218,091
25		SUBTOTAL COLLECTION AND INFLUENT		\$ 13,468,718	\$ 0	\$ (411,424)	\$ 1,013,236	\$ 14,070,530
GENERAL								
26	389.00	Land And Land Rights	0.0000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
27	390.00	Structures And Improvements	0.0266	-	355,671	-	26,767	382,438
28	391.00	Office Furniture And Equipment	0.0351	-	469,479	-	35,328	504,807
29	391.10	Computer Equipment	0.0327	-	438,421	-	32,992	471,413
30	392.00	Transportation Equipment	0.0000	2,485	180	-	24	2,689
31	393.00	Stores Equipment	0.0000	-	-	-	10	10
32	394.00	Tools, Shop And Garage	0.0003	55,689	4,004	-	311	60,004
33	395.00	Laboratory Equipment	0.0000	1,375	100	-	18	1,493
34	396.00	Power Operated Equipment	0.0000	-	-	-	10	10
35	397.00	Communication Equipment	0.0000	-	-	-	10	10
36	398.00	Miscellaneous Equipment	0.0001	20,005	1,439	-	118	21,563
37		SUBTOTAL GENERAL		\$ 79,554	\$ 1,269,295	\$ 0	\$ 95,588	\$ 1,444,437
38		TOTAL WASTEWATER PLANT		\$ 13,581,528	\$ 1,269,295	\$ (412,297)	\$ 1,110,974	\$ 15,549,500
39		Youngtown Plant		\$ (96,727)	\$ 0	\$ 0	\$ 96,727	\$ 0
40		AFUDC ADJUSTMENT 3/95		(93,075)	-	-	93,075	0
41		Adjustment Due To Rounding		-	-	-	-	0
42		ADJUSTED WASTEWATER PLANT		\$ 13,391,726	\$ 1,269,295	\$ (412,297)	\$ 1,300,776	\$ 15,549,500

References:

Column (A): Ratio Of Depreciable Plant Item To The Total Plant Value (Col. (B), L42)

Column (B): Company Schedule B-2, Page 6a

Column (C): Column (A) (Line Item Allocation Factor) X Total Adjustment Of General Plant Of \$1,269,295 As Per Prior Application Schedule B-2

Column (D): Column (A) (Line Item Allocation Factor) X Total Adjustment Of AFUDC Of (\$412,297) As Per Prior Application Schedule B-2

Column (E): Column (A) (Line Item Allocation Factor) X Total Adjustment Of Youngtown Acquisition Of \$1,110,974 As Per Prior Application Schedule B-2

Column (F): Prior Rate Case Decision No. 60172, Exhibit A - Before Commission Approved Adjustments

TEST YEAR PLANT SCHEDULES CONT'D
COMPANY'S PRIOR FILING VERSUS TOTAL PLANT ADJUSTMENTS APPROVED IN PRIOR RATE CASE - DECISION NO. 60172

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ALLOC'N FACTOR	(B) ACTUAL 03/31/1995 PRIOR T. Y. TOTAL PLANT	(C) ADJM'T # 1 TO 03/31/95 PRIOR T. Y. TOTAL PLANT	(D) ADJM'T # 2 TO 03/31/95 PRIOR T. Y. TOTAL PLANT	(E) ACC APPR'D ADJUSTED PRIOR T. Y. TOTAL PLANT
INTANGIBLE							
1	301.00	Organization	0.0000	\$ 34	\$ 0	\$ 0	\$ 34
2	302.00	Franchises	0.0000	3,787	-	-	3,787
3	303.00	Miscellaneous Intangibles	0.0000	868	-	-	868
4		SUBTOTAL INTANGIBLE		<u>\$ 4,689</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,689</u>
TREATMENT AND DISCHARGE							
5	310.00	Land And Land Rights	0.0000	\$ 0	\$ 0	\$ 0	\$ 0
6	311.00	Structures And Improvements	0.0003	5,395	(71)	-	5,324
7	312.00	Preliminary Treatment	0.0000	-	-	-	0
8	313.00	Primary Treatment Equipment	0.0000	-	-	-	0
9	314.00	Secondary Treatment Equipment	0.0000	-	-	-	0
10	315.00	Tertiary Equipment	0.0000	-	-	-	0
11	316.00	Disinfection Equipment	0.0000	-	-	-	0
12	317.00	Effluent Lift Station E	0.0001	1,703	(22)	-	1,680
13	318.00	Outfall Line	0.0000	308	(4)	-	304
14	319.00	Sludge, Treatment And Distribution	0.0000	-	-	-	0
15	321.00	Influent Lift Station	0.0005	8,443	(111)	-	8,332
16	322.00	General Treatment Equipment	0.0009	13,995	(184)	-	13,811
17		SUBTOTAL TREATMENT AND DISCHARGE		<u>\$ 29,844</u>	<u>\$ (393)</u>	<u>\$ 0</u>	<u>\$ 29,451</u>
COLLECTION AND INFLUENT							
18	340.00	Land And Land Rights	0.0000	\$ 0	\$ 0	\$ 0	\$ 0
19	341.00	Structures And Improvements	0.0066	102,596	(1,349)	-	101,247
20	342.00	Collection System Lift	0.0405	630,151	(8,287)	-	621,864
21	343.00	Collection Mains	0.5593	8,696,903	(114,369)	-	8,582,534
22	344.00	Force Mains	0.0146	226,491	(2,979)	-	223,513
23	345.00	Discharge Services	0.1412	2,196,297	(28,883)	-	2,167,415
24	348.00	Manholes	0.1426	2,218,091	(29,169)	-	2,188,922
25		SUBTOTAL COLLECTION AND INFLUENT		<u>\$ 14,070,530</u>	<u>\$ (185,035)</u>	<u>\$ 0</u>	<u>\$ 13,885,495</u>
GENERAL							
26	389.00	Land And Land Rights	0.0000	\$ 0	\$ 0	\$ 0	\$ 0
27	390.00	Structures And Improvements	0.0246	382,438	-	-	382,438
28	391.00	Office Furniture And Equipment	0.0325	504,807	-	(13,792)	491,016
29	391.10	Computer Equipment	0.0303	471,413	-	(12,879)	458,534
30	392.00	Transportation Equipment	0.0002	2,689	-	(73)	2,615
31	393.00	Stores Equipment	0.0000	10	-	-	10
32	394.00	Tools, Shop And Garage	0.0039	60,004	-	(1,639)	58,365
33	395.00	Laboratory Equipment	0.0001	1,493	-	(41)	1,452
34	396.00	Power Operated Equipment	0.0000	10	-	-	10
35	397.00	Communication Equipment	0.0000	10	-	-	10
36	398.00	Miscellaneous Equipment	0.0014	21,563	-	(589)	20,974
37		SUBTOTAL GENERAL		<u>\$ 1,444,437</u>	<u>\$ 0</u>	<u>\$ (29,014)</u>	<u>\$ 1,415,424</u>
38		TOTAL WASTEWATER PLANT		<u>\$ 15,549,500</u>	<u>\$ (185,428)</u>	<u>\$ (29,014)</u>	<u>\$ 15,335,058</u>
39		Youngtown Plant		\$ 0	\$ 0	\$ 0	\$ 0
40		AFUDC ADJUSTMENT 3/95		-	-	-	0
41		Adjustment Due To Rounding		-	-	-	0
42		ADJUSTED WASTEWATER PLANT		<u>\$ 15,549,500</u>	<u>\$ (185,428)</u>	<u>\$ (29,014)</u>	<u>\$ 15,335,058</u>

References:

- Column (A): Ratio Of Depreciable Plant Item To The Total Plant Value (Col. (B), L42)
- Column (B): Prior Rate Case Decision No. 60172, Exhibit A - Before Commission Approved Adjustments
- Column (C): Commission Approved Adjustment Decision No. 60172, Exhibit A Per AR-13, Youngtown Plant And Youngtown Adjustment
- Column (D): Commission Approved Adjustment Decision No. 60172, Exhibit A Per SAO Common Plant
- Column (E): Prior Rate Case Decision No. 60172, Exhibit A - After Commission Approved Adjustments

TEST YEAR PLANT SCHEDULES CONT'D
COMPANY'S PRESENT FILING VERSUS ACCUMULATED DEPRECIATION FILED IN PRIOR RATE CASE - DECISION NO. 60172

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ALLOC'N FACTOR	(B) PREV. APPL'N CO. AS FILED 12/31/1994 ACC. DEP.	(C) ADJMT # 1 TO 12/31/94 ACC. DEP.	(D) ACTUAL 03/31/1995 PRIOR T. Y. ACC. DEP.	(E) ADJMT # 2 TO 03/31/95 PRIOR T. Y. ACC. DEP.	(F) ACC APPR'D ADJUSTED PRIOR T. Y. ACC. DEP.
INTANGIBLE								
1	301.00	Organization	0.0000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
2	302.00	Franchises	0.0000	-	-	-	-	0
3	303.00	Miscellaneous Intangibles	0.0000	-	-	-	-	0
4		SUBTOTAL INTANGIBLE		\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
TREATMENT AND DISCHARGE								
5	310.00	Land And Land Rights	0.0000	\$ 0	0	\$ 0	\$ 0	\$ 0
6	311.00	Structures And Improvements	0.0001	240	31	271	-	271
7	312.00	Preliminary Treatment	0.0000	-	-	-	-	0
8	313.00	Primary Treatment Equipment	0.0000	-	-	-	-	0
9	314.00	Secondary Treatment Equipment	0.0000	-	-	-	-	0
10	315.00	Tertiary Equipment	0.0000	-	-	-	-	0
11	316.00	Disinfection Equipment	0.0000	-	-	-	-	0
12	317.00	Effluent Lift Station E	0.0000	151	20	171	-	171
13	318.00	Outfall Line	0.0000	41	5	46	-	46
14	319.00	Sludge, Treatment And Distribution	0.0000	-	-	-	-	0
15	321.00	Influent Lift Station	0.0000	(2,195)	5	(2,190)	-	(2,190)
16	322.00	General Treatment Equipment	0.0004	1,732	225	1,957	-	1,957
17		SUBTOTAL TREATMENT AND DISCHARGE		\$ (31)	\$ 285	\$ 254	\$ 0	\$ 254
COLLECTION AND INFLUENT								
18	340.00	Land And Land Rights	0.0000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
19	341.00	Structures And Improvements	0.0010	4,378	567	4,945	-	4,945
20	342.00	Collection System Lift	0.0327	146,042	18,898	164,940	-	164,940
21	343.00	Collection Mains	0.6212	2,771,656	358,645	3,130,301	-	3,130,301
22	344.00	Force Mains	0.0056	24,789	3,208	27,997	-	27,997
23	345.00	Discharge Services	0.1718	766,545	99,189	865,734	-	865,734
24	348.00	Manholes	0.1610	718,170	92,929	811,099	-	811,099
25		SUBTOTAL COLLECTION AND INFLUENT		\$ 4,431,580	\$ 573,436	\$ 5,005,016	\$ 0	\$ 5,005,016
GENERAL								
26	389.00	Land And Land Rights	0.0000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
27	390.00	Structures And Improvements	0.0000	-	-	-	-	0
28	391.00	Office Furniture And Equipment	0.0000	-	-	-	-	0
29	391.10	Computer Equipment	0.0000	-	-	-	-	0
30	392.00	Transportation Equipment	0.0002	985	128	1,113	-	1,113
31	393.00	Stores Equipment	0.0000	-	-	-	-	0
32	394.00	Tools, Shop And Garage	0.0020	8,867	1,147	10,014	-	10,014
33	395.00	Laboratory Equipment	0.0003	1,243	161	1,404	-	1,404
34	396.00	Power Operated Equipment	0.0000	-	-	-	-	0
35	397.00	Communication Equipment	0.0000	-	-	-	-	0
36	398.00	Miscellaneous Equipment	0.0042	18,794	2,432	21,226	-	21,226
37		SUBTOTAL GENERAL		\$ 29,889	\$ 3,868	\$ 33,757	\$ 0	\$ 33,757
38		TOTAL WASTEWATER PLANT ACC. DEP.		\$ 4,461,438	\$ 577,589	\$ 5,039,027	\$ 0	\$ 5,039,027
39		Youngtown Plant		\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
40		AFUDC ADJUSTMENT 3/95		-	-	-	-	0
41		Adjustment Due To Rounding		-	-	-	-	0
42		ADJUSTED WASTEWATER PLANT ACC. DEP.		\$ 4,461,438	\$ 577,589	\$ 5,039,027	\$ 0	\$ 5,039,027

References:

- Column (A): Ratio Of Depreciable Plant Item To The Total Accumulated Depreciation Value (Col. (B), L42)
- Column (B): Company Prior Application Exhibit RJM-4b
- Column (C): Column (A) (Line Item Allocation Factor) X Total Adjustment Of \$26,220
- Column (D): Prior Rate Case Decision No. 60172, Exhibit A - Before Commission Approved Adjustments
- Column (E): Intentionally Left Blank
- Column (F): Prior Rate Case Decision No. 60172, Exhibit A - After Commission Approved Adjustments

TEST YEAR PLANT SCHEDULES CONT'D
PRIOR TEST YEAR ENDED MARCH 31, 1995

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) APPROVED DEP. RATE	(B) FULLY DEP. PLANT	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
INTANGIBLE								
1	301.00	Organization	0.00%	\$ 0	\$ 0	\$ 34	\$ 0	\$ 34
2	302.00	Franchises	0.00%	-	-	3,787	-	3,787
3	303.00	Miscellaneous Intangibles	0.00%	-	-	868	-	868
4		SUBTOTAL INTANGIBLE		\$ 0	\$ 0	\$ 4,689	\$ 0	\$ 4,689
TREATMENT AND DISCHARGE								
5	310.00	Land And Land Rights	0.00%	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)
6	311.00	Structures And Improvements	2.50%	-	-	5,324	271	5,053
7	312.00	Preliminary Treatment	0.00%	-	-	-	-	-
8	313.00	Primary Treatment Equipment	0.00%	-	-	-	-	-
9	314.00	Secondary Treatment Equipment	2.52%	-	-	-	-	-
10	315.00	Tertiary Equipment	0.00%	-	-	-	-	-
11	316.00	Disinfection Equipment	0.00%	-	-	-	-	-
12	317.00	Effluent Lift Station E	2.00%	-	-	1,680	171	1,510
13	318.00	Outfall Line	2.00%	-	-	304	46	258
14	319.00	Sludge, Treatment And Distribution	2.50%	-	-	-	-	0
15	321.00	Influent Lift Station	2.00%	-	-	8,332	(2,190)	10,523
16	322.00	General Treatment Equipment	2.00%	-	-	13,811	1,957	11,854
17		SUBTOTAL TREATMENT AND DISCHARGE		\$ 0	\$ 0	\$ 29,451	\$ 254	\$ 29,197
COLLECTION AND INFLUENT								
18	340.00	Land And Land Rights	0.00%	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
19	341.00	Structures And Improvements	2.00%	-	-	101,247	4,945	96,302
20	342.00	Collection System Lift	8.40%	-	-	621,864	164,940	456,925
21	343.00	Collection Mains	2.04%	-	-	8,582,534	3,130,301	5,452,232
22	344.00	Force Mains	2.07%	-	-	223,513	27,997	195,516
23	345.00	Discharge Services	2.04%	-	-	2,167,415	865,734	1,301,680
24	348.00	Manholes	2.03%	-	-	2,188,922	811,099	1,377,823
25		SUBTOTAL COLLECTION AND INFLUENT		\$ 0	\$ 0	\$ 13,885,495	\$ 5,005,016	\$ 8,880,479
GENERAL								
26	389.00	Land And Land Rights	0.00%	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
27	390.00	Structures And Improvements	1.68%	-	-	382,438	-	382,438
28	391.00	Office Furniture And Equipment	4.55%	-	-	491,016	-	491,016
29	391.10	Computer Equipment	4.55%	-	-	458,534	-	458,534
30	392.00	Transportation Equipment	25.00%	-	-	2,615	1,113	1,503
31	393.00	Stores Equipment	3.92%	-	-	10	-	10
32	394.00	Tools, Shop And Garage	4.14%	-	-	58,365	10,014	48,351
33	395.00	Laboratory Equipment	3.71%	-	-	1,452	1,404	48
34	396.00	Power Operated Equipment	5.14%	-	-	10	-	10
35	397.00	Communication Equipment	10.28%	-	-	10	-	10
36	398.00	Miscellaneous Equipment	4.98%	-	-	20,974	21,226	(252)
37		SUBTOTAL GENERAL		\$ 0	\$ 0	\$ 1,415,424	\$ 33,757	\$ 1,381,667
39		Youngtown Plant	2.80%	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
40		AFUDC ADJUSTMENT 3/95	2.80%	-	-	-	-	0
41		Adjustment Due To Rounding		-	-	-	-	0
42		TOTAL WASTEWATER PLANT		\$ 0	\$ 0	\$ 15,335,058	\$ 5,039,027	\$ 10,296,031

References:

- Column (A): Prior Decision No. 60172 And Company Schedule C-2, Page 6
- Column (B): Company Response To RUCO Data Request No. 1.22
- Column (C): Company Response To RUCO Data Request No. 1.22
- Column (D): Schedule RLM-4, Page 2
- Column (E): Schedule RLM-4, Page 3
- Column (F): Column (D) + Column (E)

TEST YEAR PLANT SCHEDULES CONT'D
FROM MARCH 31, 1995 TO DECEMBER 31, 1995

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) FULL DEP. PLT	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 34	\$ 0	\$ 34
2	302.00	Franchises	1,427	-	-	-	5,214	-	5,214
3	303.00	Miscellaneous Intangibles	-	-	-	-	868	-	868
4		SUBTOTAL INTANGIBLE	<u>\$ 1,427</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,116</u>	<u>\$ 0</u>	<u>\$ 6,116</u>
TREATMENT AND DISCHARGE									
5	310.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)
6	311.00	Structures And Improvements	306	-	-	103	5,630	374	5,256
7	312.00	Preliminary Treatment	-	-	-	-	-	-	-
8	313.00	Primary Treatment Equipment	-	-	-	-	-	-	-
9	314.00	Secondary Treatment Equip.	-	-	-	-	-	-	-
10	315.00	Tertiary Equipment	-	-	-	-	-	-	-
11	316.00	Disinfection Equipment	-	-	-	-	-	-	-
12	317.00	Effluent Lift Station E	-	-	-	25	1,680	196	1,485
13	318.00	Outfall Line	-	-	-	5	304	51	253
14	319.00	Sludge, Treatment & Dist.	-	-	-	-	-	-	0
15	321.00	Influent Lift Station	-	-	-	125	8,332	(2,065)	10,398
16	322.00	General Treatment Equipment	3	1,112	-	216	12,702	1,060	11,641
17		SUBTOTAL TREAT. & DIS.	<u>\$ 309</u>	<u>\$ 1,112</u>	<u>\$ 0</u>	<u>\$ 473</u>	<u>\$ 28,648</u>	<u>\$ (385)</u>	<u>\$ 29,033</u>
COLLECTION AND INFLUENT									
18	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
19	341.00	Structures And Improvements	12,965	-	-	1,616	114,212	6,561	107,651
20	342.00	Collection System Lift	85,017	2,300	-	41,928	704,581	204,567	500,014
21	343.00	Collection Mains	34,085	1,440	-	131,585	8,615,179	3,260,446	5,354,733
22	344.00	Force Mains	185,990	-	-	4,914	409,503	32,910	376,592
23	345.00	Discharge Services	5,854	-	-	33,206	2,173,269	898,940	1,274,328
24	348.00	Manholes	11,421	-	-	33,413	2,200,343	844,513	1,355,830
25		SUBTOTAL COLL. & INFLU.	<u>\$ 335,332</u>	<u>\$ 3,740</u>	<u>\$ 0</u>	<u>\$ 246,662</u>	<u>\$ 14,217,087</u>	<u>\$ 5,247,938</u>	<u>\$ 8,969,149</u>
GENERAL									
26	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
27	390.00	Structures And Improvements	-	-	-	4,821	382,438	4,821	377,617
28	391.00	Office Furniture & Equipment	-	-	-	16,738	491,016	16,738	474,278
29	391.10	Computer Equipment	-	-	-	15,631	458,534	15,631	442,903
30	392.00	Transportation Equipment	-	-	-	490	2,615	1,603	1,012
31	393.00	Stores Equipment	-	-	-	0	10	0	10
32	394.00	Tools, Shop And Garage	-	-	-	1,810	58,365	11,824	46,541
33	395.00	Laboratory Equipment	-	-	-	40	1,452	1,444	8
34	396.00	Power Operated Equipment	-	-	-	0	10	0	10
35	397.00	Communication Equipment	-	-	-	1	10	1	9
36	398.00	Miscellaneous Equipment	-	-	-	783	20,974	22,009	(1,036)
37		SUBTOTAL GENERAL	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 40,316</u>	<u>\$ 1,415,424</u>	<u>\$ 74,073</u>	<u>\$ 1,341,351</u>
38		Youngtown Plant	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
39		AFUDC ADJUSTMENT 3/95	-	-	-	-	-	-	-
40		Adjustment Due To Rounding	1	-	-	-	1	-	0
41		TOTAL WASTEWATER PLT	<u>\$ 337,069</u>	<u>\$ 4,852</u>	<u>\$ 0</u>	<u>\$ 287,450</u>	<u>\$ 15,667,275</u>	<u>\$ 5,321,625</u>	<u>\$ 10,345,649</u>

References:

Columns (A) (B): Company Response To RUCO Data Request No. 1.22

Column (C): Intentionally Left Blank

Column (D): [(Col. (A) + Col. (B)) X RLM-4, Page 4, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 4, Col. (D) - Col. (C)] X RLM-4, Page 4, Col. (A)

Column (E): Schedule RLM-4, Page 4, Column (D) + Column (A) - Column (B)

Column (F): Schedule RLM-4, Page 4, Column (E) - Column (B) + Column (D)

Column (G): Column (E) - Column (F)

TEST YEAR PLANT SCHEDULES CONT'D
YEAR ENDED DECEMBER 31, 1996

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) FULL DEP. PL'T	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 122,339	\$ 0	\$ 0	\$ 0	\$ 122,373	\$ 0	\$ 122,373
2	302.00	Franchises	-	-	-	-	5,214	-	5,214
3	303.00	Miscellaneous Intangibles	9,627	-	-	-	10,495	-	10,495
4		SUBTOTAL INTANGIBLE	<u>\$ 131,966</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 138,082</u>	<u>\$ 0</u>	<u>\$ 138,082</u>
TREATMENT AND DISCHARGE									
5	310.00	Land And Land Rights	\$ 5,656	\$ 0	\$ 0	\$ 0	\$ 5,656	\$ 0	\$ 5,656
6	311.00	Structures And Improvements	18,450	-	-	371	24,080	745	23,335
7	312.00	Preliminary Treatment	-	-	-	-	-	-	-
8	313.00	Primary Treatment Equipment	-	-	-	-	-	-	-
9	314.00	Secondary Treatment Equip.	-	-	-	-	-	-	-
10	315.00	Tertiary Equipment	-	-	-	-	-	-	-
11	316.00	Disinfection Equipment	-	-	-	-	-	-	-
12	317.00	Effluent Lift Station E	-	-	-	34	1,680	229	1,451
13	318.00	Outfall Line	-	-	-	6	304	57	247
14	319.00	Sludge, Treatment & Dist.	-	-	-	-	-	-	-
15	321.00	Influent Lift Station	-	-	-	167	8,332	(1,899)	10,231
16	322.00	General Treatment Equipment	-	-	-	254	12,702	1,314	11,387
17		SUBTOTAL TREAT. & DIS.	<u>\$ 24,106</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 832</u>	<u>\$ 52,754</u>	<u>\$ 447</u>	<u>\$ 52,307</u>
COLLECTION AND INFLUENT									
18	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
19	341.00	Structures And Improvements	4,039	-	-	2,325	118,251	8,885	109,366
20	342.00	Collection System Lift	19,599	-	-	60,008	724,180	264,575	459,605
21	343.00	Collection Mains	881,845	-	-	184,744	9,497,024	3,445,190	6,051,833
22	344.00	Force Mains	-	123,366	-	9,754	286,137	(80,702)	366,839
23	345.00	Discharge Services	21,425	-	-	44,553	2,194,694	943,494	1,251,200
24	348.00	Manholes	81,686	-	-	45,496	2,282,030	890,009	1,392,021
25		SUBTOTAL COLL. & INFLU.	<u>\$ 1,008,594</u>	<u>\$ 123,366</u>	<u>\$ 0</u>	<u>\$ 346,880</u>	<u>\$ 15,102,316</u>	<u>\$ 5,471,451</u>	<u>\$ 9,630,864</u>
GENERAL									
26	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
27	390.00	Structures And Improvements	-	-	-	6,428	382,438	11,249	371,189
28	391.00	Office Furniture & Equipment	24,109	-	-	22,865	515,125	39,603	475,522
29	391.10	Computer Equipment	-	-	-	20,842	458,534	36,473	422,061
30	392.00	Transportation Equipment	5,596	-	-	1,353	8,211	2,956	5,255
31	393.00	Stores Equipment	-	-	-	0	10	1	9
32	394.00	Tools, Shop And Garage	55,781	-	-	3,567	114,146	15,391	98,755
33	395.00	Laboratory Equipment	-	-	-	54	1,452	1,498	(46)
34	396.00	Power Operated Equipment	-	-	-	1	10	1	9
35	397.00	Communication Equipment	-	-	-	1	10	2	8
36	398.00	Miscellaneous Equipment	-	-	-	1,044	20,974	23,054	(2,080)
37		SUBTOTAL GENERAL	<u>\$ 85,486</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 56,155</u>	<u>\$ 1,500,910</u>	<u>\$ 130,228</u>	<u>\$ 1,370,682</u>
38		Youngtown Plant	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
39		AFUDC ADJUSTMENT 3/95	-	-	-	-	-	-	-
40		Adjustment Due To Rounding	-	-	-	-	(1)	-	(1)
41		TOTAL WASTEWATER PLT	<u>\$ 1,250,152</u>	<u>\$ 123,366</u>	<u>\$ 0</u>	<u>\$ 403,867</u>	<u>\$ 16,794,060</u>	<u>\$ 5,602,126</u>	<u>\$ 11,191,934</u>

References:

Columns (A) (B): Company Response To RUCO Data Request No. 1.22

Column (C): Intentionally Left Blank

Column (D): [(Col. (A) + Col. (B)) X RLM-4, Page 4, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 5, Col. (E) - Col. (C)] X RLM-4, Page 4, Col. (A)

Column (E): Schedule RLM-4, Page 5, Column (D) + Column (A) - Column (B)

Column (F): Schedule RLM-4, Page 5, Column (E) - Column (B) + Column (D)

Column (G): Column (E) - Column (F)

TEST YEAR PLANT SCHEDULES CONT'D
YEAR ENDED DECEMBER 31, 1997

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) FULL DEP. PLT	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 122,373	\$ 0	\$ 122,373
2	302.00	Franchises	918	-	-	-	6,132	-	6,132
3	303.00	Miscellaneous Intangibles	-	-	-	-	10,495	-	10,495
4		SUBTOTAL INTANGIBLE	\$ 918	\$ 0	\$ 0	\$ 0	\$ 139,000	\$ 0	\$ 139,000
TREATMENT AND DISCHARGE									
5	310.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,656	\$ 0	\$ 5,656
6	311.00	Structures And Improvements	-	370	-	607	23,710	982	22,728
7	312.00	Preliminary Treatment	-	-	-	-	-	-	-
8	313.00	Primary Treatment Equipment	-	-	-	-	-	-	-
9	314.00	Secondary Treatment Equip.	-	-	-	-	-	-	-
10	315.00	Tertiary Equipment	-	-	-	-	-	-	-
11	316.00	Disinfection Equipment	-	-	-	-	-	-	-
12	317.00	Effluent Lift Station E	-	146	-	35	1,534	118	1,416
13	318.00	Outfall Line	-	-	-	6	304	63	241
14	319.00	Sludge, Treatment & Dist.	-	-	-	-	-	-	0
15	321.00	Influent Lift Station	-	577	-	172	7,755	(2,303)	10,058
16	322.00	General Treatment Equipment	-	150	-	256	12,552	1,420	11,132
17		SUBTOTAL TREAT & DIS.	\$ 0	\$ 1,243	\$ 0	\$ 1,076	\$ 51,511	\$ 280	\$ 51,231
COLLECTION AND INFLUENT									
18	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
19	341.00	Structures And Improvements	-	635	-	2,371	117,616	10,622	106,994
20	342.00	Collection System Lift	4,929	22,311	-	61,975	706,798	304,240	402,559
21	343.00	Collection Mains	96,310	10,813	-	194,832	9,582,521	3,629,209	5,953,311
22	344.00	Force Mains	-	6,411	-	5,989	279,726	(81,124)	360,849
23	345.00	Discharge Services	2,704	-	-	44,799	2,197,398	988,293	1,209,105
24	348.00	Manholes	2,178	4,758	-	46,396	2,279,450	931,646	1,347,803
25		SUBTOTAL COLL & INFLU.	\$ 106,121	\$ 44,928	\$ 0	\$ 356,363	\$ 15,163,509	\$ 5,782,886	\$ 9,380,622
GENERAL									
26	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
27	390.00	Structures And Improvements	-	-	-	6,428	382,438	17,677	364,761
28	391.00	Office Furniture & Equipment	-	24,109	-	23,961	491,016	39,454	451,561
29	391.10	Computer Equipment	-	-	-	20,842	458,534	57,315	401,219
30	392.00	Transportation Equipment	-	5,796	-	2,777	2,415	(63)	2,478
31	393.00	Stores Equipment	-	-	-	0	10	1	9
32	394.00	Tools, Shop And Garage	-	63,793	-	6,039	50,354	(42,362)	92,716
33	395.00	Laboratory Equipment	7,627	-	-	195	9,080	1,693	7,386
34	396.00	Power Operated Equipment	-	-	-	1	10	1	9
35	397.00	Communication Equipment	-	-	-	1	10	3	7
36	398.00	Miscellaneous Equipment	-	33	-	1,045	20,941	24,067	(3,126)
37		SUBTOTAL GENERAL	\$ 7,627	\$ 93,730	\$ 0	\$ 61,289	\$ 1,414,807	\$ 97,786	\$ 1,317,021
38		Youngtown Plant	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
39		AFUDC ADJUSTMENT 3/95	-	-	-	-	\$ -	-	-
40		Adjustment Due To Rounding	-	-	-	-	(2)	-	0
41		TOTAL WASTEWATER PLT	\$ 114,666	\$ 139,901	\$ 0	\$ 418,728	\$ 16,768,825	\$ 5,880,952	\$ 10,887,874

References:

Columns (A) (B): Company Response To RUCO Data Request No. 1.22

Column (C): Intentionally Left Blank

Column (D): [(Col. (A) + Col. (B)) X RLM-4, Page 4, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 6, Col. (E) - Col. (C)] X RLM-4, Page 4, Col. (A)]

Column (E): Schedule RLM-4, Page 6, Column (D) + Column (A) - Column (B)

Column (F): Schedule RLM-4, Page 6, Column (E) - Column (B) + Column (D)

Column (G): Column (E) - Column (F)

TEST YEAR PLANT SCHEDULES CONT'D
YEAR ENDED DECEMBER 31, 1998

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) FULL DEP. PL'T	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 122,373	\$ 0	\$ 122,373
2	302.00	Franchises	-	-	-	-	6,132	-	6,132
3	303.00	Miscellaneous Intangibles	-	-	-	-	10,495	-	10,495
4		SUBTOTAL INTANGIBLE	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 139,000</u>	<u>\$ 0</u>	<u>\$ 139,000</u>
TREATMENT AND DISCHARGE									
5	310.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,656	\$ 0	\$ 5,656
6	311.00	Structures And Improvements	-	1,455	-	611	22,255	138	22,117
7	312.00	Preliminary Treatment	-	-	-	-	-	-	-
8	313.00	Primary Treatment Equipment	-	-	-	-	-	-	-
9	314.00	Secondary Treatment Equip.	-	-	-	-	-	-	-
10	315.00	Tertiary Equipment	-	-	-	-	-	-	-
11	316.00	Disinfection Equipment	-	-	-	-	-	-	-
12	317.00	Effluent Lift Station E	19	-	-	31	1,553	149	1,404
13	318.00	Outfall Line	-	-	-	6	304	69	235
14	319.00	Sludge, Treatment & Dist.	-	-	-	-	-	-	0
15	321.00	Influent Lift Station	77	-	-	156	7,832	(2,147)	9,980
16	322.00	General Treatment Equipment	20	-	-	251	12,572	1,671	10,901
17		SUBTOTAL TREAT & DIS.	<u>\$ 116</u>	<u>\$ 1,455</u>	<u>\$ 0</u>	<u>\$ 1,055</u>	<u>\$ 50,172</u>	<u>\$ (120)</u>	<u>\$ 50,292</u>
COLLECTION AND INFLUENT									
18	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
19	341.00	Structures And Improvements	9,463	-	-	2,447	127,079	13,068	114,011
20	342.00	Collection System Lift	21,327	-	-	60,267	728,126	364,507	363,619
21	343.00	Collection Mains	-	11,677	-	195,603	9,570,844	3,813,135	5,757,709
22	344.00	Force Mains	-	677	-	5,797	279,049	(76,003)	355,052
23	345.00	Discharge Services	236	-	-	44,829	2,197,634	1,033,122	1,164,512
24	348.00	Manholes	-	4,146	-	46,315	2,275,303	973,816	1,301,487
25		SUBTOTAL COLL. & INFLU.	<u>\$ 31,027</u>	<u>\$ 16,500</u>	<u>\$ 0</u>	<u>\$ 355,258</u>	<u>\$ 15,178,036</u>	<u>\$ 6,121,645</u>	<u>\$ 9,056,391</u>
GENERAL									
26	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
27	390.00	Structures And Improvements	-	-	-	6,428	382,438	24,105	358,333
28	391.00	Office Furniture & Equipment	8,671	-	-	22,514	499,687	61,968	437,718
29	391.10	Computer Equipment	-	-	-	20,842	458,534	78,157	380,377
30	392.00	Transportation Equipment	27	-	-	657	2,442	595	1,848
31	393.00	Stores Equipment	-	-	-	0	10	1	9
32	394.00	Tools, Shop And Garage	998	-	-	2,434	51,352	(39,928)	91,280
33	395.00	Laboratory Equipment	-	6,621	-	177	2,459	(4,751)	7,210
34	396.00	Power Operated Equipment	-	-	-	1	10	2	8
35	397.00	Communication Equipment	-	-	-	1	10	4	6
36	398.00	Miscellaneous Equipment	33	-	-	1,045	20,974	25,112	(4,138)
37		SUBTOTAL GENERAL	<u>\$ 9,729</u>	<u>\$ 6,621</u>	<u>\$ 0</u>	<u>\$ 54,099</u>	<u>\$ 1,417,915</u>	<u>\$ 145,264</u>	<u>\$ 1,272,651</u>
38		Youngtown Plant	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)	\$ 0
39		AFUDC ADJUSTMENT 3/95	-	-	-	-	-	-	-
40		Adjustment Due To Rounding	(1)	-	-	-	(1)	-	(1)
41		TOTAL WASTEWATER PLT	<u>\$ 40,871</u>	<u>\$ 24,576</u>	<u>\$ 0</u>	<u>\$ 410,412</u>	<u>\$ 16,785,122</u>	<u>\$ 6,266,789</u>	<u>\$ 10,518,333</u>

References:

Columns (A) (B): Company Response To RUCO Data Request No. 1.22

Column (C): Intentionally Left Blank

Column (D): [(Col. (A) + Col. (B)) X RLM-4, Page 4, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 7, Col. (E) - Col. (C)] X RLM-4, Page 4, Col. (A)

Column (E): Schedule RLM-4, Page 7, Column (D) + Column (A) - Column (B)

Column (F): Schedule RLM-4, Page 7, Column (E) - Column (B) + Column (D)

Column (G): Column (E) - Column (F)

TEST YEAR PLANT SCHEDULES CONT'D
YEAR ENDED DECEMBER 31, 1999

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) FULL DEP. PLT	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 122,373	\$ 0	\$ 122,373
2	302.00	Franchises	-	-	-	-	6,132	-	6,132
3	303.00	Miscellaneous Intangibles	-	-	-	-	10,495	-	10,495
4		SUBTOTAL INTANGIBLE	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 139,000</u>	<u>\$ 0</u>	<u>\$ 139,000</u>
TREATMENT AND DISCHARGE									
5	310.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,656	\$ 0	\$ 5,656
6	311.00	Structures And Improvements	55,490	-	-	1,250	77,745	1,388	76,357
7	312.00	Preliminary Treatment	453	-	-	-	453	-	453
8	313.00	Primary Treatment Equipment	-	-	-	-	-	-	-
9	314.00	Secondary Treatment Equip.	833	-	-	10	833	10	822
10	315.00	Tertiary Equipment	-	-	-	-	-	-	-
11	316.00	Disinfection Equipment	-	-	-	-	-	-	-
12	317.00	Effluent Lift Station E	-	-	-	34	1,553	229	1,324
13	318.00	Outfall Line	-	-	-	6	304	57	247
14	319.00	Sludge, Treatment & Dist.	-	-	-	-	-	-	0
15	321.00	Influent Lift Station	-	-	-	167	7,832	(1,899)	9,731
16	322.00	General Treatment Equipment	-	-	-	254	12,572	1,314	11,257
17		SUBTOTAL TREAT. & DIS.	<u>\$ 56,776</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,721</u>	<u>\$ 106,948</u>	<u>\$ 1,100</u>	<u>\$ 105,847</u>
COLLECTION AND INFLUENT									
18	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
19	341.00	Structures And Improvements	-	-	-	2,542	127,080	15,610	111,470
20	342.00	Collection System Lift	194,395	-	-	69,327	922,520	433,834	488,687
21	343.00	Collection Mains	204,676	-	-	197,333	9,775,520	4,010,468	5,765,052
22	344.00	Force Mains	1,836,903	-	-	24,788	2,115,952	(51,215)	2,167,167
23	345.00	Discharge Services	92,604	-	-	45,776	2,290,238	1,078,898	1,211,340
24	348.00	Manholes	167,853	-	-	47,892	2,443,157	1,021,708	1,421,448
25		SUBTOTAL COLL. & INFLU.	<u>\$ 2,496,431</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 387,659</u>	<u>\$ 17,674,468</u>	<u>\$ 6,509,303</u>	<u>\$ 11,165,164</u>
GENERAL									
26	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
27	390.00	Structures And Improvements	5,000	-	-	6,470	387,438	30,575	356,863
28	391.00	Office Furniture & Equipment	-	-	-	22,711	499,687	84,680	415,007
29	391.10	Computer Equipment	-	-	-	20,842	458,534	98,999	359,535
30	392.00	Transportation Equipment	-	-	-	611	2,442	1,205	1,237
31	393.00	Stores Equipment	-	-	-	0	10	2	8
32	394.00	Tools, Shop And Garage	-	-	-	2,123	51,352	(37,805)	89,157
33	395.00	Laboratory Equipment	-	-	-	91	2,459	(4,660)	7,119
34	396.00	Power Operated Equipment	-	-	-	1	10	2	8
35	397.00	Communication Equipment	-	-	-	1	10	5	5
36	398.00	Miscellaneous Equipment	4,886	-	-	1,166	25,859	26,278	(419)
37		SUBTOTAL GENERAL	<u>\$ 9,886</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 54,016</u>	<u>\$ 1,427,801</u>	<u>\$ 199,281</u>	<u>\$ 1,228,520</u>
38		Youngtown Plant	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	(0)	\$ 0
39		AFUDC ADJUSTMENT 3/95	-	-	-	-	-	-	-
40		Adjustment Due To Rounding	(1)	-	-	-	(2)	-	0
41		TOTAL WASTEWATER PLT	<u><u>\$ 2,563,092</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 443,396</u></u>	<u><u>\$ 19,348,214</u></u>	<u><u>\$ 6,709,684</u></u>	<u><u>\$ 12,638,532</u></u>

References:

Columns (A) (B): Company Response To RUCO Data Request No. 1.22

Column (C): Intentionally Left Blank

Column (D): [(Col. (A) + Col. (B)) X RLM-4, Page 4, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 8, Col. (E) - Col. (C)] X RLM-4, Page 4, Col. (A)]

Column (E): Schedule RLM-4, Page 8, Column (D) + Column (A) - Column (B)

Column (F): Schedule RLM-4, Page 8, Column (E) - Column (B) + Column (D)

Column (G): Column (E) - Column (F)

TEST YEAR PLANT SCHEDULES CONT'D
YEAR ENDED DECEMBER 31, 2000

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) FULL DEP. PL'T	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 122,373	\$ 0	\$ 122,373
2	302.00	Franchises	-	-	-	-	6,132	-	6,132
3	303.00	Miscellaneous Intangibles	-	-	-	-	10,495	-	10,495
4		SUBTOTAL INTANGIBLE	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 139,000</u>	<u>\$ 0</u>	<u>\$ 139,000</u>
TREATMENT AND DISCHARGE									
5	310.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,656	\$ 0	\$ 5,656
6	311.00	Structures And Improvements	-	-	-	1,944	77,745	3,331	74,413
7	312.00	Preliminary Treatment	-	-	-	-	453	-	453
8	313.00	Primary Treatment Equipment	-	-	-	-	-	-	-
9	314.00	Secondary Treatment Equip.	-	-	-	21	833	31	801
10	315.00	Tertiary Equipment	-	-	-	-	-	-	-
11	316.00	Disinfection Equipment	-	-	-	-	-	-	-
12	317.00	Effluent Lift Station E	-	-	-	31	1,553	260	1,293
13	318.00	Outfall Line	-	4	-	6	300	59	241
14	319.00	Sludge, Treatment & Dist.	-	-	-	-	-	-	-
15	321.00	Influent Lift Station	-	7,403	-	231	429	(9,071)	9,500
16	322.00	General Treatment Equipment	-	2	-	251	12,570	1,564	11,006
17		SUBTOTAL TREAT. & DIS.	<u>\$ 0</u>	<u>\$ 7,409</u>	<u>\$ 0</u>	<u>\$ 2,484</u>	<u>\$ 99,539</u>	<u>\$ (3,825)</u>	<u>\$ 103,364</u>
COLLECTION AND INFLUENT									
18	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
19	341.00	Structures And Improvements	-	-	-	2,542	127,080	18,152	108,928
20	342.00	Collection System Lift	1,858	85,049	-	81,142	839,330	429,927	409,403
21	343.00	Collection Mains	248,860	8,810	-	202,049	10,015,569	4,203,707	5,811,863
22	344.00	Force Mains	23,189	85,040	-	44,920	2,054,101	(91,335)	2,145,436
23	345.00	Discharge Services	53,608	6	-	47,268	2,343,840	1,126,166	1,217,674
24	348.00	Manholes	53,524	239	-	50,142	2,496,441	1,071,611	1,424,830
25		SUBTOTAL COLL. & INFLU.	<u>\$ 381,039</u>	<u>\$ 179,144</u>	<u>\$ 0</u>	<u>\$ 428,062</u>	<u>\$ 17,876,362</u>	<u>\$ 6,758,227</u>	<u>\$ 11,118,135</u>
GENERAL									
26	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
27	390.00	Structures And Improvements	-	-	-	6,512	387,438	37,087	350,351
28	391.00	Office Furniture & Equipment	47,250	-	-	23,785	546,937	108,464	438,472
29	391.10	Computer Equipment	-	-	-	20,842	458,534	119,841	338,693
30	392.00	Transportation Equipment	-	-	-	611	2,442	1,816	627
31	393.00	Stores Equipment	-	-	-	0	10	2	8
32	394.00	Tools, Shop And Garage	-	-	-	2,123	51,351	(35,682)	87,033
33	395.00	Laboratory Equipment	-	-	-	91	2,459	(4,569)	7,027
34	396.00	Power Operated Equipment	-	-	-	1	10	3	7
35	397.00	Communication Equipment	-	-	-	1	10	6	4
36	398.00	Miscellaneous Equipment	-	-	-	1,288	25,859	27,566	(1,706)
37		SUBTOTAL GENERAL	<u>\$ 47,250</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 55,254</u>	<u>\$ 1,475,050</u>	<u>\$ 254,534</u>	<u>\$ 1,220,516</u>
38		Youngtown Plant	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)	\$ 0
39		AFUDC ADJUSTMENT 3/95	-	-	-	-	-	-	-
40		Adjustment Due To Rounding	-	-	-	-	(1)	-	0
41		TOTAL WASTEWATER PLT	<u>\$ 428,289</u>	<u>\$ 186,553</u>	<u>\$ 0</u>	<u>\$ 485,800</u>	<u>\$ 19,589,950</u>	<u>\$ 7,008,937</u>	<u>\$ 12,581,014</u>

References:

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- Column (E): Schedule RLM-4, Page 9, Column (D) + Column (A) - Column (B)
- Column (F): Schedule RLM-4, Page 9, Column (E) - Column (B) + Column (D)
- Column (G): Column (E) - Column (F)

TEST YEAR PLANT SCHEDULES CONT'D
TEST YEAR ENDED DECEMBER 31, 2001

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) FULL DEP. PL'T	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 122,373	\$ 0	\$ 122,373
2	302.00	Franchises	-	-	-	-	6,132	-	6,132
3	303.00	Miscellaneous Intangibles	-	-	-	-	10,495	-	10,495
4		SUBTOTAL INTANGIBLE	\$ 0	\$ 0	\$ 0	\$ 0	\$ 139,000	\$ 0	\$ 139,000
TREATMENT AND DISCHARGE									
5	310.00	Land And Land Rights	\$ 909	\$ 0	\$ 0	\$ 0	\$ 6,565	\$ 0	\$ 6,564
6	311.00	Structures And Improvements	-	55,490	-	2,637	22,255	(49,522)	71,777
7	312.00	Preliminary Treatment	-	-	-	-	453	(0)	453
8	313.00	Primary Treatment Equipment	-	-	-	-	-	1	(0)
9	314.00	Secondary Treatment Equip.	1,743	-	-	43	2,576	75	2,501
10	315.00	Tertiary Equipment	-	-	-	-	-	1	(0)
11	316.00	Disinfection Equipment	-	-	-	-	-	1	(0)
12	317.00	Effluent Lift Station E	-	-	-	31	1,553	292	1,262
13	318.00	Outfall Line	-	-	-	6	300	65	236
14	319.00	Sludge, Treatment & Dist.	-	-	-	-	-	(0)	0
15	321.00	Influent Lift Station	-	-	-	9	429	(9,063)	9,491
16	322.00	General Treatment Equipment	9,465	2,878	-	375	19,158	(940)	20,098
17		SUBTOTAL TREAT. & DIS.	\$ 12,117	\$ 58,368	\$ 0	\$ 3,101	\$ 53,288	\$ (59,093)	\$ 112,380
COLLECTION AND INFLUENT									
18	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
19	341.00	Structures And Improvements	226,672	-	-	4,808	353,752	22,960	330,792
20	342.00	Collection System Lift	432,903	23,843	-	89,687	1,248,390	495,771	752,619
21	343.00	Collection Mains	229,001	100,000	-	207,673	10,144,570	4,311,380	5,833,190
22	344.00	Force Mains	-	745,965	-	50,241	1,308,136	(41,093)	1,349,230
23	345.00	Discharge Services	28,669	-	-	48,107	2,372,509	1,174,273	1,198,236
24	348.00	Manholes	65,044	-	-	51,338	2,561,485	1,122,949	1,438,536
25		SUBTOTAL COLL. & INFLU.	\$ 982,289	\$ 869,808	\$ 0	\$ 451,854	\$ 17,988,843	\$ 7,086,239	\$ 10,902,604
GENERAL									
26	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
27	390.00	Structures And Improvements	-	5,000	-	6,554	382,438	38,641	343,797
28	391.00	Office Furniture & Equipment	-	-	-	24,859	546,937	133,323	413,613
29	391.10	Computer Equipment	-	-	-	20,842	458,534	140,682	317,851
30	392.00	Transportation Equipment	-	-	-	611	2,442	2,426	16
31	393.00	Stores Equipment	-	-	-	0	10	3	7
32	394.00	Tools, Shop And Garage	-	-	-	2,123	51,351	(33,558)	84,909
33	395.00	Laboratory Equipment	-	2,381	-	135	77	(6,814)	6,892
34	396.00	Power Operated Equipment	-	-	-	1	10	3	7
35	397.00	Communication Equipment	-	-	-	1	10	7	3
36	398.00	Miscellaneous Equipment	-	5,017	-	1,413	20,842	23,962	(3,120)
37		SUBTOTAL GENERAL	\$ 0	\$ 12,398	\$ 0	\$ 56,539	\$ 1,462,652	\$ 298,676	\$ 1,163,976
38		Youngtown Plant	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (0)	\$ 0
39		AFUDC ADJUSTMENT 3/95	-	-	-	-	-	-	-
40		Adjustment Due To Rounding	-	-	-	-	-	2	0
41		TOTAL WASTEWATER PLT	\$ 994,406	\$ 940,575	\$ 0	\$ 511,493	\$ 19,643,782	\$ 7,325,824	\$ 12,317,960

References:

- Columns (A) (B): Company Response To RUCO Data Request No. 1.22
- Column (C): Intentionally Left Blank
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- Column (E): Schedule RLM-4, Page 10, Column (D) + Column (A) - Column (B)
- Column (F): Schedule RLM-4, Page 10, Column (E) - Column (B) + Column (D)
- Column (G): Column (E) - Column (F)

TEST YEAR PLANT SCHEDULES CONT'D
2001 TEST YEAR ADJUSTMENT TO GENERAL PLANT ALLOCATION - CITIZENS VERSUS ARIZONA-AMERICAN

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PRE-ACQUISITION		(C) ADJUSTMENTS		(E) POST-ACQUISITION		(G)
			TOTAL PLANT VALUE	ACCUM. DEP.	TOTAL PLANT VALUE	ACCUM. DEP.	TOTAL PLANT VALUE	ACCUM. DEP.	NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 122,373	\$ 0	\$ 0	\$ 0	\$ 122,373	\$ 0	\$ 122,373
2	302.00	Franchises	6,132	-	-	-	6,132	-	6,132
3	303.00	Miscellaneous Intangibles	10,495	-	-	-	10,495	-	10,495
4		SUBTOTAL INTANGIBLE	\$ 139,000	\$ 0	\$ 0	\$ 0	\$ 139,000	\$ 0	\$ 139,000
TREATMENT AND DISCHARGE									
5	310.00	Land And Land Rights	\$ 6,565	\$ 0	\$ 0	\$ 0	\$ 6,565	\$ 0	\$ 6,564
6	311.00	Structures & Improvements	22,255	(49,522)	-	-	22,255	(49,522)	71,777
7	312.00	Preliminary Treatment	453	-	-	-	453	-	453
8	313.00	Primary Treatment Equip.	-	1	-	-	-	1	(0)
9	314.00	Secondary Treatment Equip.	2,576	75	-	-	2,576	75	2,501
10	315.00	Tertiary Equipment	-	1	-	-	-	1	(0)
11	316.00	Disinfection Equipment	-	1	-	-	-	1	(0)
12	317.00	Effluent Lift Station E	1,553	292	-	-	1,553	292	1,262
13	318.00	Outfall Line	300	65	-	-	300	65	236
14	319.00	Sludge, Treatment & Dist.	-	-	-	-	-	-	-
15	321.00	Influent Lift Station	429	(9,063)	-	-	429	(9,063)	9,491
16	322.00	General Treatment Equip.	19,158	(940)	-	-	19,158	(940)	20,098
17		SUBTOTAL TREAT & DIS.	\$ 53,288	\$ (59,092)	\$ 0	\$ 0	\$ 53,288	\$ (59,092)	\$ 112,380
COLLECTION AND INFLUENT									
18	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
19	341.00	Structures & Improvements	353,752	22,960	-	-	353,752	22,960	330,792
20	342.00	Collection System Lift	1,248,390	495,771	-	-	1,248,390	495,771	752,619
21	343.00	Collection Mains	10,144,570	4,311,380	-	-	10,144,570	4,311,380	5,833,190
22	344.00	Force Mains	1,308,136	(41,093)	-	-	1,308,136	(41,093)	1,349,230
23	345.00	Discharge Services	2,372,509	1,174,273	-	-	2,372,509	1,174,273	1,198,236
24	348.00	Manholes	2,561,485	1,122,949	-	-	2,561,485	1,122,949	1,438,536
25		SUB COLL. & INFLU.	\$ 17,988,843	\$ 7,086,239	\$ 0	\$ 0	\$ 17,988,843	\$ 7,086,239	\$ 10,902,604
GENERAL									
26	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 1,108	\$ 0	\$ 1,108	\$ 0	\$ 1,108
27	390.00	Structures & Improvements	382,438	38,641	378,035	31,967	760,473	70,608	689,865
28	391.00	Office Furniture & Equip.	546,937	133,323	(320,409)	(51,467)	226,528	81,856	144,672
29	391.10	Computer Equipment	458,534	140,682	(134,211)	(239,386)	324,323	(98,704)	423,027
30	392.00	Transportation Equipment	2,442	2,426	405,681	233,301	408,123	235,727	172,396
31	393.00	Stores Equipment	10	3	6,513	1,764	6,523	1,767	4,756
32	394.00	Tools, Shop And Garage	51,351	(33,558)	41,983	37,699	93,334	4,141	89,193
33	395.00	Laboratory Equipment	77	(6,814)	29,488	12,026	29,565	5,212	24,353
34	396.00	Power Operated Equipment	10	3	27,311	9,718	27,321	9,721	17,600
35	397.00	Communication Equipment	10	7	131,116	75,514	131,126	75,521	55,605
36	398.00	Miscellaneous Equipment	20,842	23,962	42,077	5,205	62,919	29,167	33,752
37		SUBTOTAL GENERAL	\$ 1,462,652	\$ 298,676	\$ 608,691	\$ 116,340	\$ 2,071,343	\$ 415,016	\$ 1,656,327
38		Youngtown Plant	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
39		AFUDC ADJUSTMENT 3/95	-	-	-	-	-	-	-
40		Adjustm't Due To Rounding	-	-	-	-	-	-	0
41		TOT. WASTEWTR PLT	\$ 19,643,782	\$ 7,325,822	\$ 608,691	\$ 116,340	\$ 20,252,473	\$ 7,442,163	\$ 12,810,311
42		Company As Filed B-2					19,643,850	6,967,677	
43		Adjustment To Test Year Total Plant And Accumulated Depreciation (See RLM-3, Col (B), Lines 1 & 2)					\$ 608,623	\$ 474,486	

References:

Column (A): Schedule RLM-4, Page 11, Column (E)

Column (B): Schedule RLM-4, Page 11, Column (F)

Columns (C) (D): Adjustment To Replace Citizens' Utilities General Plant With Arizona Water's Common Plant Allocation As Per Company Schedule B-2, Pg 2

Column (E): Column (A) - Column (C) As Per Company Schedule B-2, Page 3

Column (F): Column (B) - Column (D) As Per Company Schedule B-2, Page 3

Column (G): Column (E) - Column (F)

POST-TEST YEAR 2001 PLANT

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) REVENUE NEUTRAL PLANT ADD'N	(B) ORCOM & PLANT AT CLOSING	(C) ADDIT'NAL ACC. DEP. AT CLOS'G	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 122,373	\$ 0	\$ 122,373
2	302.00	Franchises	-	101,300	-	-	107,432	-	107,432
3	303.00	Miscellaneous Intangibles	-	-	-	-	10,495	-	10,495
4		SUBTOTAL INTANGIBLE	<u>\$ 0</u>	<u>\$ 101,300</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 240,300</u>	<u>\$ 0</u>	<u>\$ 240,300</u>
TREATMENT AND DISCHARGE									
5	310.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,565	\$ 0	\$ 6,564
6	311.00	Structures And Improvements	-	-	-	-	22,255	(49,522)	71,777
7	312.00	Preliminary Treatment	-	-	276	-	453	276	177
8	313.00	Primary Treatment Equipment	-	-	-	-	-	1	(0)
9	314.00	Secondary Treatment Equip.	-	-	-	-	2,576	75	2,501
10	315.00	Tertiary Equipment	-	-	-	-	-	1	(0)
11	316.00	Disinfection Equipment	-	-	-	-	-	1	(0)
12	317.00	Effluent Lift Station E	-	-	15	-	1,553	307	1,247
13	318.00	Outfall Line	-	-	3	-	300	68	233
14	319.00	Sludge, Treatment & Dist.	-	-	-	-	-	-	0
15	321.00	Influent Lift Station	-	-	2	-	429	(9,061)	9,489
16	322.00	General Treatment Equipment	-	-	187	-	19,158	(753)	19,911
17		SUBTOTAL TREAT. & DIS.	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 483</u>	<u>\$ 0</u>	<u>\$ 53,288</u>	<u>\$ (58,609)</u>	<u>\$ 111,897</u>
COLLECTION AND INFLUENT									
18	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
19	341.00	Structures And Improvements	-	-	3,648	-	353,752	26,608	327,144
20	342.00	Collection System Lift	-	-	51,627	-	1,248,390	547,398	700,992
21	343.00	Collection Mains	290	2,497,115	1,164,864	25,474	12,641,975	5,501,717	7,140,258
22	344.00	Force Mains	-	-	13,452	-	1,308,136	(27,641)	1,335,778
23	345.00	Discharge Services	-	-	23,526	-	2,372,509	1,197,799	1,174,710
24	348.00	Manholes	-	(2,495,785)	(1,038,722)	(25,332)	65,700	58,895	6,805
25		SUBTOTAL COLL. & INFLU.	<u>\$ 290</u>	<u>\$ 1,330</u>	<u>\$ 218,395</u>	<u>\$ 141</u>	<u>\$ 17,990,463</u>	<u>\$ 7,304,775</u>	<u>\$ 10,685,688</u>
GENERAL									
26	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,108	\$ 0	\$ 1,108
27	390.00	Structures And Improvements	31,437	-	(142)	264	791,910	70,730	721,180
28	391.00	Office Furniture & Equipment	138,562	1	1,243	3,149	365,091	86,248	278,843
29	391.10	Computer Equipment	-	-	-	-	324,323	(98,704)	423,027
30	392.00	Transportation Equipment	-	-	289	-	408,123	236,016	172,107
31	393.00	Stores Equipment	-	-	-	-	6,523	1,767	4,756
32	394.00	Tools, Shop And Garage	-	-	1,087	-	93,334	5,228	88,106
33	395.00	Laboratory Equipment	-	-	-	-	29,565	5,212	24,353
34	396.00	Power Operated Equipment	-	-	-	-	27,321	9,721	17,600
35	397.00	Communication Equipment	33,585	-	-	1,726	164,711	77,247	87,464
36	398.00	Miscellaneous Equipment	-	-	507	-	62,919	29,674	33,245
37		SUBTOTAL GENERAL	<u>\$ 203,584</u>	<u>\$ 1</u>	<u>\$ 2,984</u>	<u>\$ 5,139</u>	<u>\$ 2,274,928</u>	<u>\$ 423,139</u>	<u>\$ 1,851,789</u>
38		Youngtown Plant	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
39		AFUDC ADJUSTMENT 3/95	-	-	-	-	-	-	-
40		Adjustment Due To Rounding	-	-	-	-	-	-	0
41		TOTAL WASTEWATER PLT	<u>\$ 203,874</u>	<u>\$ 102,631</u>	<u>\$ 221,862</u>	<u>\$ 5,280</u>	<u>\$ 20,558,978</u>	<u>\$ 7,669,305</u>	<u>\$ 12,889,673</u>
42		Company As Filed B-2					19,962,780	7,189,539	
43		Difference In Post Test Year Gross Plant					\$ 596,198	\$ 479,766	
44		Adjustment To Test Year Gross Plant As Per RLM-4, Page 12, Cols (E) And (F), L 43					608,623	474,486	
45		Adjustment To Post Test Year Total Plant And Acc. Dep. (See RLM-3, Col (C), L 1 & L 2)					\$ (12,425)	\$ 5,280	

References:

- Column (A): Company Response To Staff Data Request No. 12-1 Thru 12-3
- Columns (B) (C): Company Schedule B-2, Pages 1 And 8
- Column (D): [(Col. (A) + Col. (B)) X RLM-4, Page 4, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 12, Col. (E)] X RLM-4, Page 4, Col. (A)]
- Column (E): Schedule RLM-4, Page 12, Column (D) + Column (A) + Column (B)
- Column (F): Schedule RLM-4, Page 12, Column (F) + Column (C) + Column (D)
- Column (G): Column (E) - Column (F)

OPERATING INCOME

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)	(E)
		COMPANY AS FILED	RUCO TEST YEAR ADJTMENTS	RUCO TEST YEAR AS ADJUSTED	RUCO PROPOSED CHANGES	RUCO AS RECOMMENDED
OPERATING REVENUES:						
1	Flat Rate Revenues	\$ 5,085,481	\$ 0	\$ 5,085,481	\$ (894,775)	\$ 4,190,706
2	Measured Revenues	0	-	0	-	0
3	Other Wastewater Revenues	2,859	-	2,859	-	2,859
4	TOTAL OPERATING REVENUES	\$ 5,088,340	\$ 0	\$ 5,088,340	\$ (894,775)	\$ 4,193,565
OPERATING EXPENSES:						
5	Salaries And Wages	\$ 160,653	\$ (87,275)	\$ 73,378	\$ 0	\$ 73,378
6	Purchased Wastewater Treatment	992,447	-	992,447	-	992,447
7	Purchased Power	1,509	-	1,509	-	1,509
8	Fuel For Power Production	0	-	0	-	0
9	Chemicals	0	-	0	-	0
10	Material And Supplies	0	105,696	105,696	-	105,696
11	Repairs And Maintenance	0	-	0	-	0
12	Office Supplies And Expense	204,642	30,236	234,878	-	234,878
13	Outside Services	3,123	-	3,123	-	3,123
14	Service Company Charges	522,586	(79,812)	442,774	-	442,774
15	Water Testing	0	-	0	-	0
16	Rents	21,265	-	21,265	-	21,265
17	Transportation Expenses	0	-	0	-	0
18	Insurance - General Liability	36,400	(10,870)	25,530	-	25,530
19	Insurance - Health And Life	0	-	0	-	0
20	Regulatory Comm. Exp. - Rate Case	33,583	(13,483)	20,100	-	20,100
21	Miscellaneous Expense	145,130	-	145,130	-	145,130
22	Depreciation Expense	514,852	5,569	520,421	-	520,421
23	Taxes Other Than Income	7,754	(5,271)	2,483	-	2,483
24	Property Taxes	193,701	12,326	206,027	-	206,027
25	Income Tax	257,188	84,540	341,728	(217,705)	124,023
26	Tolleson Wastewater User Fees	818,091	-	818,091	-	818,091
27	Adjustment Due To Rounding	0	-	-	-	0
28	TOTAL OPERATING EXPENSES	\$ 3,912,924	\$ 41,656	\$ 3,954,580	\$ (217,705)	\$ 3,736,876
29	OPERATING INCOME (LOSS)	\$ 1,175,416	\$ (41,656)	\$ 1,133,760	\$ (677,071)	\$ 456,689
Other Income (Expense):						
30	Interest Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
31	Other Income	0	-	-	-	0
32	Interest Expense	(766,294)	1,025,694	259,400	-	259,400
33	Other Expense	0	-	-	-	0
34	Gain/Loss Sale Of Assets	0	-	-	-	0
35	TOTAL OTHER INCOME (EXPENSE)	\$ (766,294)	\$ 1,025,694	\$ 259,400	\$ 0	\$ 259,400
36	NET PROFIT (LOSS)	\$ 409,122	\$ 984,037	\$ 1,393,159	\$ (677,071)	\$ 716,089

References:

- Column (A): Company Schedule C-1
- Column (B): Testimony, RLM And Schedule RLM-7
- Column (C): Column (A) + Column (B)
- Column (D): Testimony, RLM And Schedule RLM-1
- Column (E): Column (C) + Column (D)

SUMMARY OF OPERATING INCOME ADJUSTMENTS
TEST YEAR AS FILED AND ADJUSTED

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) ADJ #1	(C) ADJ #2	(D) ADJ #3	(E) ADJ #4	(F) ADJ #5	(G) ADJ #6	(H) ADJ #7	(I) ADJ #8	(J) ADJ #9	(K) ADJ #10	(L) RUCO AS ADTDED
OPERATING REVENUES:													
1	Flat Rate Revenues	\$ 5,085,481	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,085,481
2	Measured Revenues	0	-	-	-	-	-	-	-	-	-	-	0
3	Other Wastewater Revenues	2,859	-	-	-	-	-	-	-	-	-	-	2,859
4	TOTAL OPERATING REVENUES	\$ 5,088,340	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,088,340
OPERATING EXPENSES:													
5	Salaries And Wages	\$ 160,653	\$ 0	\$ 0	\$ 0	\$ (30,147)	\$ 0	\$ 0	\$ 0	\$ (57,128)	\$ 0	\$ 0	\$ 73,378
6	Purchased Wastewater Treatment	992,447	-	-	-	-	-	-	-	-	-	-	992,447
7	Purchased Power	1,509	-	-	-	-	-	-	-	-	-	-	1,509
8	Fuel For Power Production	0	-	-	-	-	-	-	-	-	-	-	0
9	Chemicals	0	-	-	-	-	-	-	-	-	-	-	0
10	Material And Supplies	0	-	-	-	-	-	-	-	-	105,696	-	105,696
11	Repairs And Maintenance	0	-	-	-	-	-	-	-	-	-	-	0
12	Office Supplies And Expenses	204,642	-	-	-	-	-	-	-	30,236	-	-	234,878
13	Outside Services	3,123	-	-	-	-	-	-	-	-	-	-	3,123
14	Service Company Charges	522,586	-	-	(79,812)	-	-	-	-	-	-	-	442,774
15	Water Testing	0	-	-	-	-	-	-	-	-	-	-	0
16	Rents	21,265	-	-	-	-	-	-	-	-	-	-	21,265
17	Transportation Expenses	0	-	-	-	-	-	-	-	-	-	-	0
18	Insurance - General Liability	36,400	-	-	-	-	-	-	-	(10,870)	-	-	25,530
19	Insurance - Health And Life	0	-	-	-	-	-	-	-	-	-	-	0
20	Regulatory Comm. Exp. - Rate Case	33,583	-	-	-	-	-	-	(13,483)	-	-	-	20,100
21	Miscellaneous Expense	145,130	-	-	-	-	-	-	-	437	-	-	145,567
22	Depreciation Expense	514,852	-	-	-	-	5,569	-	-	-	-	-	520,421
23	Taxes Other Than Income	7,754	-	(2,965)	-	(2,306)	-	-	-	-	-	-	2,483
24	Property Taxes	193,701	-	-	-	-	-	12,326	-	-	-	-	206,027
25	Income Tax	257,188	-	-	-	-	-	-	-	-	-	84,540	341,728
26	Tolleson Wastewater User Fees	818,091	-	-	-	-	-	-	-	-	-	-	818,091
27	Adjustment Due To Rounding	0	-	-	-	-	-	-	-	-	-	-	0
28	TOTAL OPERATING EXPENSES	\$ 3,912,924	\$ 0	\$ (2,965)	\$ (79,812)	\$ (32,453)	\$ 5,569	\$ 12,326	\$ (13,483)	\$ (37,325)	\$ 105,696	\$ 84,540	\$ 3,955,017
29	OPERATING INCOME (LOSS)	\$ 1,175,416	\$ 0	\$ 2,965	\$ 79,812	\$ 32,453	\$ (5,569)	\$ (12,326)	\$ 13,483	\$ 37,325	\$ (105,696)	\$ (84,540)	\$ 1,133,323
Other Income (Expense):													
30	Interest Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
31	Other Income	0	-	-	-	-	-	-	-	-	-	-	0
32	Interest Expense	(766,294)	-	-	-	-	-	-	-	-	1,025,694	-	259,400
33	Other Expense	0	-	-	-	-	-	-	-	-	-	-	0
34	Gain/Loss Sale Of Assets	0	-	-	-	-	-	-	-	-	-	-	0
35	TOTAL OTHER INCOME (EXPENSE)	\$ (766,294)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,025,694	\$ 0	\$ 259,400
36	NET PROFIT (LOSS)	\$ 409,122	\$ 0	\$ 2,965	\$ 79,812	\$ 32,453	\$ (5,569)	\$ (12,326)	\$ 13,483	\$ 37,325	\$ 919,998	\$ (84,540)	\$ 1,392,722

ADJUSTMENT NO.

REFERENCE

- 1 - Intentionally Left Blank
- 2 - Remove Test Year Salaries And Wages
Testimony, RLM And Schedule RLM-8
- 3 - Service Company Fees
Testimony, RLM And Schedule RLM-9
- 4 - Projected Salaries And Wages
Testimony, RLM And Schedule RLM-10
- 5 - Depreciation Expense
Testimony, RLM And Schedule RLM-11
- 6 - Property Taxes
Testimony, RLM And Schedule RLM-12
- 7 - Rate Case Expense
Testimony, RLM And Schedule RLM-13
- 8 - Projected Additional Corporate Overhead Expenses
Testimony, RLM And Schedule RLM-14
- 9 - Material And Supplies
Testimony, RLM
- 10 - Income Tax
Testimony, RLM And Schedule RLM-15

References:

Column (A): Company Schedule C-1
Columns (B) Thru (K): Adjustments #1 Thru #10
Column (L): Sum Of Columns (A) Thru (K)

**EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 2
 CITIZENS SALARIES AND WAGES**

LINE NO.	DISTRICT	ACCOUNT	CITIZENS BUSINESS UNIT	(A)	(B)	(C)
				COMPANY AS FILED	RUCO AS ADJ'D	ADJM'T
	SUN CITY WASTEWATER		4004-4505			
1		Salaries And Wages		\$ 332,698	\$ 332,698	\$ -
2		Payroll Tax		24,872	21,907	(2,965)
3		TOTAL		\$ 357,570	\$ 354,605	\$ (2,965)

References:

- Column (A): Company Schedule C-2, Page 3
- Column (B): Company Provided Data On Citizens 2001 Payroll
- Column (C): Column (B) - Column (A)

**EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 3
AZ-AM SERVICE COMPANY ALLOCATIONS**

LINE NO.	DISTRICT	AZ-AM BUS. UNIT	(A) (B) (C) TOTAL SERVICE CHARGES			(D) (E) (F) ALLOCATED SERVICE CHARGES		
			COMPANY AS FILED	RUCO AS ADJ'TED	FOUR FACT'R	COMPANY AS FILED	RUCO AS ADJ'TED	ADJ'MENT
1	Sun City West Water	2364	\$ 5,153,711	\$ 4,366,610	0.1001	\$ 515,886	\$ 437,098	\$ (78,789)
2	Sun City West Wastewater	2365	\$ 5,153,711	\$ 4,366,610	0.1072	\$ 552,478	\$ 468,101	\$ (84,377)
3	Sun City Water	2362	\$ 5,153,711	\$ 4,366,610	0.1797	\$ 926,122	\$ 784,680	\$ (141,442)
4	Sun City Wastewater	2363	\$ 5,153,711	\$ 4,366,610	0.1014	\$ 522,586	\$ 442,774	\$ (79,812)
5	Tubac	2389	\$ 5,153,711	\$ 4,366,610	0.0075	\$ 38,653	\$ 32,750	\$ (5,903)
						COMPANY	RUCO	
SUN CITY WASTEWATER						AS FILED	AS ADJ'TED	ADJUSTM'T
6	Arizona-American Service Company Allocation					\$ 522,586	\$ 442,774	\$ (79,812)

References:

- Columns (A) (C): Company Schedule C-2, Page 4
- Column (B): Company Response To RUCO Third Data Request
- Column (D): Column (A) X Column (C)
- Column (E): Column (B) X Column (C)
- Column (F): Column (E) - Column (D)

**EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 4
PROJECTED SALARIES AND WAGES**

LINE NO.	COMPANY	AZ-AM BUSINESS UNIT	(A) GROSS PAYROLL	(B) CAPITAL'D PAYROLL	(C) NET PAYROLL	(D) EMP. COUNT	(E) PAYROLL TAX
1	Sun City West Water	2364	\$ 341,944	\$ 92,325	\$ 249,619	6	\$ 20,566
2	Sun City West Wastewater	2365	418,601	113,022	305,579	9	25,582
3	Sun City Water	2362	806,792	217,834	588,958	24	50,935
4	Sun City Wastewater	2363	80,003	21,601	58,402	4	5,448
5	Tubac	2389	68,044	18,372	49,672	1	4,045

		COMPANY AS FILED	RUCO AS ADJ'TED	ADJUSTMT
6	SUN CITY WASTEWATER			
	Salaries And Wages	\$ 88,549	\$ 58,402	\$ (30,147)
7	Payroll Tax	7,754	5,448	(2,306)
8	TOTAL	\$ 96,303	\$ 63,850	\$ (32,453)

References:

- Columns (A) (D): Company Provided Data On AZ-AM 2002 Payroll
- Column (B): 27% Of Column (A) - Calculated As Representative Of Labor Associated With Capital Projects
- Column (C): Column (A) - Column (B)
- Column (E): Column (C) X 7.65% (FICA) + \$245 X Column (D) (FUTA & SUTA)

EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 5
TEST YEAR DEPRECIATION EXPENSE

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) TOTAL PLANT VALUE	(B) APR'D DEP. RATE	(C) TEST YEAR DEPREC'N EXPENSE
INTANGIBLE					
1	301.00	Organization	\$ 122,373	0.00%	\$ 0
2	302.00	Franchises	107,432	0.00%	0
3	303.00	Miscellaneous Intangibles	10,495	0.00%	0
4		SUBTOTAL INTANGIBLE	\$ 240,300		\$ 0
TREATMENT AND DISCHARGE					
5	310.00	Land And Land Rights	\$ 6,565	0.00%	\$ 0
6	311.00	Structures And Improvements	22,255	2.50%	556
7	312.00	Preliminary Treatment	453	0.00%	0
8	313.00	Primary Treatment Equipment	-	0.00%	0
9	314.00	Secondary Treatment Equipment	2,576	2.52%	65
10	315.00	Tertiary Equipment	-	0.00%	0
11	316.00	Disinfection Equipment	-	0.00%	0
12	317.00	Effluent Lift Station E	1,553	2.00%	31
13	318.00	Outfall Line	300	2.00%	6
14	319.00	Sludge, Treatment & Distribution	-	2.50%	0
15	321.00	Influent Lift Station	429	2.00%	9
16	322.00	General Treatment Equipment	19,158	2.00%	383
17		SUBTOTAL TREATMENT AND DISTRIBUTION	\$ 53,288		\$ 1,050
COLLECTION AND INFLUENT					
18	340.00	Land And Land Rights	\$ 0	0.00%	\$ 0
19	341.00	Structures And Improvements	353,752	2.00%	7,075
20	342.00	Collection System Lift	1,248,390	8.40%	104,865
21	343.00	Collection Mains	12,641,975	2.04%	257,896
22	344.00	Force Mains	1,308,136	2.07%	27,078
23	345.00	Discharge Services	2,372,509	2.04%	48,399
24	348.00	Manholes	65,700	2.03%	1,334
25		SUBTOTAL COLLECTION AND INFLUENT	\$ 17,990,463		\$ 446,647
GENERAL					
26	389.00	Land And Land Rights	\$ 1,108	0.00%	\$ 0
27	390.00	Structures And Improvements	791,910	1.68%	13,310
28	391.00	Office Furniture And Equipment	365,091	4.55%	16,594
29	391.10	Computer Equipment	324,323	4.55%	14,742
30	392.00	Transportation Equipment	408,123	25.00%	102,030
31	393.00	Stores Equipment	6,523	3.92%	256
32	394.00	Tools, Shop And Garage	93,334	4.14%	3,859
33	395.00	Laboratory Equipment	29,565	3.71%	1,097
34	396.00	Power Operated Equipment	27,321	5.14%	1,405
35	397.00	Communication Equipment	164,711	10.28%	16,929
36	398.00	Miscellaneous Equipment	62,919	4.98%	3,133
37		SUBTOTAL GENERAL	\$ 2,274,928		\$ 173,355
TOTAL			\$ 20,558,978		\$ 621,052
38		Tolleson Tricking Filter	\$ 500,000	2.80%	14,000
39		Amortization Of Deferred Regulatory Assets	145,771	2.80%	4,082
40		Amortization Of Contribution In Aid Of Const. ("CIAC")	(1,187,139)	10.00%	(118,714)
41		Adjustment Due To Rounding	-		1
42		TOTAL WASTEWATER PLANT	\$ 19,517,610		\$ 520,421
43		Company As Filed As Per Schedule C-2, Pg 6, Line 64			\$ 514,852
44		Adjustment To Depreciation Expense (See RLM-6, Col (B), Line 22)			\$ 5,569

References:

- Column (A): Schedule RLM-5, Page 1, Column (E)
- Column (B): Schedule RLM-4, Page 4, Column (A)
- Column (C): Column (A) X Column (B)

**EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 6
PROPERTY TAX COMPUTATION**

LINE NO.	DESCRIPTION	(A)	(B)
Calculation Of The Company's Full Cash Value:			
Annual Operating Revenues:			
1	Year 1999 (Company Schedule E-2)	\$ 4,958,136	
2	Year 2000 (Company Schedule E-2)	5,001,158	
3	Year 2001 (Company Schedule E-2)	5,055,107	
4	Total Three Year Operating Revenues (L1 + L2 + L3)	<u>\$ 15,014,401</u>	
5	Average Annual Operating Revenues (L4 / 3)	5,004,800	
6	Two Times Three Year Average Operating Revenues (L5 X 2)		\$ 10,009,601
ADD: Ten Percent Of Construction Work In Progress ("CWIP"):			
7	Test Year CWIP	\$ 244,725	
8	10% Of CWIP (L7 X 10%)		\$ 24,473
SUBTRACT: Transportation At Book Value:			
9	Original Cost Of Transportation Equipment (RLM-5, Pg 1, Col (E), L 30)	\$ 408,123	
10	Acc. Dep. Of Transportation Equipment (RLM-5, Pg 1, Col (F), L 30)	<u>236,016</u>	
11	Book Value Of Transportation Equipment (L9 - L10)		\$ 172,107
12	COMPANY'S FULL CASH VALUE (L6 + L8 - L11)		<u>\$ 9,861,966</u>
Calculation Of The Company's Tax Liability:			
MULTIPLY: Company Full Cash Value By Valuation Assessment Ratio And Then By Property Tax Rates:			
13	Assessment Ratio (ADOR Directive)	25%	
14	Assessed Value (L12 X L13)	<u>\$ 2,465,492</u>	
Property Tax Rates:			
15	Primary Tax Rate (2001 Tax Notice - Co.'s Data Response - "Property Tax")	8.34%	
16	Secondary Tax Rate (2001 Tax Notice - Co.'s Data Response - "Property Tax")	0.00%	
17	Estimated Tax Rate Liability (L14 + L15)	<u>8.36%</u>	
18	COMPANY'S TAX LIABILITY - Based On Full Cash Value (L14 X L17)		<u>\$ 206,027</u>
19	Test Year Adjusted Property Tax Expense Per Co.'s Filing (Sch. RLM-6, Col. (A), L29)	\$ 193,701	
20	Increase (Decrease) In Property Tax Expense (L18 - L19)	<u>\$ 12,326</u>	
21	Adjustment To Property Tax Expense From Company's Direct Filing (See RLM-6 Col. (B), L22)		<u>\$ 12,326</u>

EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 7
RATE CASE EXPENSE

LINE NO.	(A) REVISED T. Y. REV. FACTORS	(B) COMPANY AS FILED	(C) RUCO AS ADJUSTED	(D) TOTAL DIFFERENCE	(E) 3 YEAR AMORTIZED DIFFERENCE	
1	Total Rate Case Expense	\$ 699,954	\$ 418,941	\$ (281,013)	\$ (93,671)	
2	Sun City West Water	0.0956 \$ 66,939	\$ 40,065	\$ (26,874)	\$ (8,958)	
3	Sun City West Wastewater	0.1000 70,006	41,901	(28,106)	(9,369)	
4	Sun City Water	0.1752 122,623	73,393	(49,230)	(16,410)	
5	Sun City Wastewater	0.1439 100,749	60,301	(40,448)	(13,483)	
6	Tubac	0.0072 5,039	3,016	(2,023)	(674)	
7	Agua Fria	0.1750 122,482	73,309	(49,173)	(16,391)	
8	Anthem Water	0.1135 79,413	47,531	(31,882)	(10,627)	
9	Agua Fria, Anthem Wastewater	0.0528 36,958	22,120	(14,837)	(4,946)	
10	Mohave Water	0.1243 87,016	52,081	(34,935)	(11,645)	
11	Havasu Water	0.0125 8,730	5,225	(3,505)	(1,168)	
12	TOTAL	<u>1.0000</u> <u>\$ 699,954</u>	<u>\$ 418,941</u>	<u>\$ (281,013)</u>	<u>\$ (93,671)</u>	
	SUN CITY WASTEWATER		COMPANY AS FILED	RUCO AS ADJUSTED	TOTAL DIFFERENCE	3 YEAR AMORTIZED DIFFERENCE
13	Rate Case Expense	\$ 100,749	\$ 60,301	\$ (40,448)	\$ (13,483)	

References:

- Column (A) : Revised Company Adjusted Test Year Revenue Factors To Remove Mohave Sewer From Allocation
- Column (B): Company Response To Data Request Minus The Mohave Sewer Allocated Value Of \$6,017
- Column (C): Column (A) X RUCO's Recommended Total Rate Case Expense
- Column (D): Column (C) - Column (B)
- Column (E): Column (D) Divided By 3 (The Three Year Amortization Period)

EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 8
PROJECTED CORPORATE OVERHEAD

LINE NO.	DISTRICT	EXPENSE ACCOUNT	(A) COMPANY AS FILED	(B) RUCO AS ADJUSTED	(C) ADJUSTMENT
	SUN CITY WASTEWATER				
1		Salaries And Wages	\$ 72,104	\$ 14,976	\$ (57,128)
2		Office Supplies & Expense	212,241	242,477	30,236
3		Insurance	34,961	24,091	(10,870)
4		Miscellaneous Expense	1,249	1,686	437
5		TOTAL	<u>\$ 320,555</u>	<u>\$ 283,230</u>	<u>\$ (37,325)</u>

References:

- Column (A): Company Schedule C-2, Page 11
- Column (B): Allocated Amounts From RLM-14, Pg 2, Line 27
- Column (C): Column (B) - Column (A)

EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 8 - CONT'D
PROJECTED CORPORATE OVERHEAD

LINE NO.	CATEGORY	(A) COMPANY AS FILED	(B) RUCO AS ADJUSTED	(C) DIFFERENCE	(D)
1	Employee Benefits	\$ 964,147	\$ 374,404	\$ 589,743	
2	Directors Fees: Office Supplies & Exp.	1,270,126	1,030,972	239,154	
3	Miscellaneous Expenses	6,000	8,500	(2,500)	
4	Trustees Fees: Office Supplies & Exp.	645,847	447,842	198,005	
5	Miscellaneous Expenses	17,058	21,881	(4,823)	
6	Insurance	258,736	215,200	43,536	
7	Subtotal	\$ 3,161,914	\$ 2,098,797	\$ 1,063,117	
8	Non-Applicable Accounts	\$ 2,153,067	\$ 2,117,294	\$ 35,773	
9	TOTAL (See RLM-14, Pg 3, L 45)	\$ 5,314,981	\$ 4,216,091	\$ 1,098,890	
	ALLOCATION FACTORS	FAIR VALUE RATE BASE	YEAR-END CUST. COUNT	EMPLOYEE COUNT	PROFORMA PLANT
10	Sun City West Water	0.0908	0.1375	0.0600	0.0135
11	Sun City West Wastewater	0.0744	0.1314	0.0900	0.0056
12	Sun City Water	0.2695	0.1958	0.2400	0.1254
13	Sun City Wastewater	0.1119	0.1866	0.0400	0.0046
14	Tubac	0.0109	0.0044	0.0100	0.0110
15	Agua Fria	0.1052	0.1147	0.0700	0.2417
16	Anthem Water	0.0544	0.0284	0.1200	0.2326
17	Agua Fria, Anthem Wastewater	0.0158	0.0224	0.0600	0.2279
18	Mohave Water	0.0842	0.1217	0.1500	0.0371
19	Havasu Water	0.0076	0.0105	0.0300	0.0552
20	Subtotal	0.8247	0.9534	0.8700	0.9544
21	Mohave Sewer	0.0037	0.0051	0.0100	0.0089
22	Paradise Valley (Est. - 2001 Annual Report)	0.1715	0.0414	0.1200	0.0367
23	TOTAL	1.0000	1.0000	1.0000	1.0000
	ALLOCATED AMOUNTS	EMP. BEN.	OFF. SUP/EXP	INSURANCE	MISC. EXP.
24	Sun City West Water	\$ 22,464	\$ 182,392	\$ 19,535	\$ 1,464
25	Sun City West Wastewater	33,696	168,783	16,021	1,238
26	Sun City Water	89,857	322,580	57,988	4,408
27	Sun City Wastewater	14,976	242,477	24,091	1,686
28	Tubac	3,744	9,386	3,351	277
29	Agua Fria	26,208	165,421	22,645	6,263
30	Anthem Water	44,928	53,684	11,712	5,332
31	Agua Fria, Anthem Wastewater	22,464	30,213	3,398	5,176
32	Mohave Water	56,161	163,185	18,113	1,846
33	Havasu Water	11,232	14,208	1,630	1,297
34	Subtotal	\$ 325,731	\$ 1,352,330	\$ 177,484	\$ 28,987
35	Mohave Sewer	3,744	6,945	806	238
36	Paradise Valley (Est. - 2001 Annual Report)	44,928	119,539	36,910	1,155
37	Subtotal	\$ 48,672	\$ 126,483	\$ 37,716	\$ 1,393
38	TOTAL	\$ 374,404	\$ 1,478,813	\$ 215,200	\$ 30,381
39	TOTAL RUCO ADJUSTMENT (See RLM-14, pg 2, Column (B), Line 7 Above)			\$ 2,098,797	

References:

Allocation Factors - As Provided By Co. Except For Paradise Valley, Which Were Estimated From 2001 Annual Report
Allocation Amounts - Calculated Using Same Methodology As Company

EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 8 - CONT'D
PROJECTED CORPORATE OVERHEAD

LINE NO.	DESCRIPTION	CATEGORY	(A)	(B)	(C)	(D)
				COMPANY AS FILED	RUCO AS ADJUSTED	DIFFERENCE
1	Directors Fees	MISC	\$ 6,000	\$ 6,000	\$ 8,500	\$ 2,500
2	Bank Service Charges	OFFICE	29,863	29,863	124,896	95,033
3	Bill Insert	OFFICE	29,703	29,703	35,304	5,601
4	Collection Agencies	OFFICE	870	870	6,673	5,803
5	Forms AG	OFFICE	17,074	17,074	13,051	(4,023)
6	Advertising (Required Notification)	OFFICE	230,287	230,287	130,698	(99,589)
7	Brochures And Handouts	OFFICE	2,502	2,502	834	(1,668)
8	Community Relations	OFFICE	7,730	7,730	6,662	(1,068)
9	Postage	OFFICE	329,952	329,952	125,443	(204,509)
10	Group Insurance	OFFICE	622,145	622,145	587,410	(34,735)
11	Incentive Plan Expenses	EMP. BENFITS	226,620	226,620	21,252	(205,368)
12	PBOP Operations AG	EMP. BENFITS	341,502	341,502	16,737	(324,765)
13	Workman Compensation	EMP. BENFITS	(19,061)	(19,061)	(3,359)	15,702
14	Dues Deducted	EMP. BENFITS	3,612	3,612	13,660	10,048
15	Dues Non-Deducted	EMP. BENFITS	2,705	2,705	5,052	2,347
16	Dues-Membership Deducted	EMP. BENFITS	-	-	2,959	2,959
17	Employee Expenses AG	EMP. BENFITS	115,234	115,234	60,267	(54,967)
18	Employee Exp Conference-Registration	EMP. BENFITS	24,595	24,595	15,666	(8,929)
19	Meals And Travel Deducted	EMP. BENFITS	39,758	39,758	20,433	(19,325)
20	Meals And Travel Non-Deduct	EMP. BENFITS	-	-	13,037	13,037
21	Other Welfare Operations	EMP. BENFITS	6,495	6,495	19,906	13,411
22	Employee Awards	EMP. BENFITS	252	252	1,144	892
23	Employee Physical Exams	EMP. BENFITS	1,842	1,842	716	(1,126)
24	Tuition Aid	EMP. BENFITS	29,515	29,515	15,528	(13,987)
25	Training	EMP. BENFITS	24,818	24,818	28,944	4,126
26	401K	EMP. BENFITS	74,501	74,501	61,288	(13,213)
27	ESOP	EMP. BENFITS	91,759	91,759	81,175	(10,584)
28	Trustee Fees	MISC	17,058	17,058	21,881	4,823
29	Credit Line Fees	OFFICE	8,347	8,347	24,728	16,381
30	Insurance General Liability	INS	41,335	41,335	77,430	36,095
31	Security Services	OFFICE	637,500	637,500	423,114	(214,386)
32	Insurance Other	INS	217,401	217,401	137,770	(79,631)
33	Company Dues-Membership Deduct	N/A	16,178	16,178	4,422	(11,756)
34	Company Dues-Membership Non-deducted	N/A	36,108	36,108	2,846	(33,262)
35	Company Dues-Membership AWWA Ded.	N/A	882	882	495	(387)
36	Company Dues-Membership AWWA Non	N/A	1,947	1,947	649	(1,298)
37	Company Dues-Membership Non-Deducted	N/A	-	-	18,075	18,075
38	Charitable Contribution Deducted	N/A	3,500	3,500	2,075	(1,425)
39	Charitable Contribution Non-Deduct	N/A	800	800	200	(600)
40	Property Taxes	N/A	2,093,652	2,093,652	1,648,841	(444,811)
41	Business Services-Project Expense	N/A	-	-	390,309	390,309
42	Pcard Undistributed	N/A	-	-	39,882	39,882
43	Water Reservoir Conservation	N/A	-	-	4,001	4,001
44	Pension Operation AG	N/A	-	-	5,499	5,499
45	TOTAL		\$ 5,314,981	\$ 5,314,981	\$ 4,216,091	\$ (1,098,890)

References:

Columns (A) (C): Company Response To RUCO Third Data Request

Column (B): Company As Filed

Column (D): Column (C) - Column (B)

EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 10
INCOME TAX EXPENSE

LINE NO.	DESCRIPTION	(A) REFERENCE	(B) AMOUNT
FEDERAL INCOME TAXES:			
1	Operating Income Before Taxes	Sch. RLM-6, Col. (C), L28 + L25	\$ 1,475,488
	LESS:		
2	Arizona State Tax	Line 11	61,690
3	Interest Expense	Note (A), Line 19	590,157
4	Federal Taxable Income	Line 1 - Line 2 - Line 3	\$ 823,641
5	Federal Tax Rate	Sch. RLM-1, Page 2, Col. (D), L 34	34.00%
6	Federal Income Tax Expense	Line 4 X line 5	\$ 280,038
STATE INCOME TAXES:			
7	Operating Income Before Taxes	Line 1	\$ 1,475,488
	LESS:		
8	Interest Expense	Note (A), Line 19	590,157
9	State Taxable Income	Line 7 - Line 8	\$ 885,330
10	State Tax Rate	Tax Rate	6.97%
11	State Income Tax Expense	Line 9 X Line 10	\$ 61,690
TOTAL INCOME TAX EXPENSE:			
12	Federal Income Tax Expense	Line 6	\$ 280,038
13	State Income Tax Expense	Line 11	\$ 61,690
14	Total Income Tax Expense Per RUCO	Line 6 + Line 11	\$ 341,728
15	Total Income Tax Expense Per Company	Company Sch. C-1	\$ 257,188
16	Total Income Tax Adjustment (See Sch. RLM-6, Col. (B), L25)	Line 14 - Line 15	\$ 84,540

NOTE (A):

Interest Synchronization:

17	Adjusted Rate Base (Sch. RLM-3, Col. (E), L16)	\$ 20,233,577
18	Weighted Cost Of Debt (Sch. RLM-16, Col. (F), L1)	2.92%
19	Interest Expense (L17 X L18)	\$ 590,157

COST OF CAPITAL

LINE NO.	DESCRIPTION	(A) CAPITAL'TION PER COMPANY	(B) RUCO ADJ'TS	(C) RUCO ADJUSTED CAPITAL'TION	(D) CAPITAL RATIO	(E) COST	(F) WEIGHTED COST RATE
1	Long-Term Debt	\$ 165,583,119	\$ 0	\$ 165,583,119	59.89%	4.87%	2.92%
2	Common Equity	\$ 110,888,158	\$ 0	\$ 110,888,158	40.11%	9.11%	3.65%
3	TOTAL CAPITAL	<u>\$ 276,471,277</u>	<u>\$ 0</u>	<u>\$ 276,471,277</u>	<u>100.00%</u>		
4	COST OF CAPITAL						<u>6.57%</u>

References:

- Column (A): Staff Data Request Nos. JMR 8-3 And JMR 8-4
- Column (B): Testimony, WAR
- Column (C): Column (A) + Column (B)
- Column (D): Column (C), Line Item / Total Capital (L5)
- Column (E): Testimony, WAR
- Column (F): Column (D) X Column (E)

RATE DESIGN - MONTHLY MINIMUM, COMMODITY AND SERVICE CHARGES

LINE NO.	DESCRIPTION	(A)	(B)	(C)
		PRESENT RATES	COMPANY PROPOSED	RUCO PROPOSED
MONTHLY MINIMUM USAGE CHARGE:				
1	Residential Units (SSR)	\$ 12.87	\$ 14.48	\$ 10.58
2	Comercial/Residential Units (SSR)	12.87	14.48	10.58
3	Commercial Units (SSC)	15.46	17.39	12.71
4	Commercial Larger User (SS6) (Based On Consumption)	32.80	36.90	26.97
5	Multi-Family Residential Units (AC SSR)	12.87	14.48	10.58
6	SS1 (Commercial, Additional Toilets)	3.78	4.25	3.11
7	SS2 (Commercial Restaurant, Per Dishwasher Or Garbage Grinder)	29.10	32.74	23.93
8	SS3 (Commercial Laundromat, Per Washing Machine)	7.06	7.94	5.80
9	SS4 (Commercial, Per Wash Rack)	14.40	16.20	11.84
10	Rental Rooms	7.99	8.99	6.57
11	Paradise Resort Park, Contract Rate	3.94	3.94	2.88
GALLONS IN MINIMUM				
12	Commercial SS6 And Paradise Park Resort	20,000	20,000	20,000
COMMODITY RATES (Per 1,000 Gallons Over Minimum)				
13	Commercial SS6 And Paradise Park Resort	\$ 1.24	\$ 1.40	\$ 1.20
ANNUAL FEE FOR INDUSTRIAL DISCHARGE SERVICE				
For Those Customers Consuming An Amount Of Water Less Than Or Equal To 50,000 Gallons Per Month Through One Or More Water Or Equal To 50,000 Gallons Per Month Through One Or More Water Meters To The Same Facility, Inclusive Of Meters Used For Irrigation.				
14		\$ 500.00	\$ 500.00	\$ 500.00
For Those Customers Consuming An Amount Of Water Greater Than 50,000 Gallons Per Month Through One Or More Water Meters To The Same Facility, Inclusive Of Meters Used For Irrigation.				
15		\$ 1,000.00	\$ 1,000.00	\$ 1,000.00
Annual Fee For Industrial Discharge Service Charges Shall Be Non-Refundable And Shall Be Assessed In Advance Each January By The Company By Special Billing. For New Customers Receiving This Service, A Prorated Charge Shall Be Assessed.				

References:

Columns (A) (B): Company Schedule H-3, Page 2 Revised
Column (C): Testimony, RLM

RATE DESIGN - MONTHLY MINIMUM, COMMODITY AND SERVICE CHARGES CONT'D

LINE NO.	DESCRIPTION	(A) PRESENT RATES	(B) COMPANY PROPOSED	(C) RUCO PROPOSED
SERVICE CHARGES:				
1	Establishment Of Service	\$ 30.00	\$ 50.00	\$ 50.00
2	Establishment Of Service (After Hours)	40.00	60.00	60.00
3	Re-Connection (Deliquent)	N/A	N/A	N/A
4	Re-Connection (After Hours)	N/A	N/A	N/A
5	Meter Test Fee (If Correct)	10.00	10.00	10.00
6	Deposit		As Per ACC R14-2-403.B	
7	Deposit Interest		As Per ACC R14-2-403.B	
8	Re-Establishment - (Within 12 Months)	Monthly Minimum Times Months Disconnected - As Per ACC R14-2-403.D		
9	NSF Charge (Per Month)	10.00	10.00	10.00
10	Deferred Payment	1.50%	1.50%	1.50%
11	Meter Re-Read - (If Correct)	5.00	5.00	5.00
12	Meter Moved - Customer Requested	Cost	Cost	Cost
13	Late Payment Charge	1.50%	1.50%	1.50%
14	Damages To Locks, Valves, Seals	Cost	Cost	Cost

All Advances (AIAC) And/Or Contributions (CIAC) Are To Include Labor, Materials, Overhead,
And All Applicable Taxes, Including All Gross-Up Taxes For Income Taxes

References:

Columns (A) (B): Company Schedule H-3, Page 2 Revised
Column (C): Testimony, RLM

PROOF OF RECOMMENDED REVENUE

LINE NO.	DESCRIPTION	(A) RUCO PROPOSED RATE DES'N	(B) ANNUALIZED CUST. & GAL. COUNT	(C) RUCO PROPOSED REVENUE
MONTHLY MINIMUM USAGE CHARGE:				
1	Residential Units (SSR)	\$ 10.58	227,916	\$ 2,411,864
2	Comercial/Residential Units (SSR)	10.58	0	0
3	Commercial Units (SSC)	12.71	6,900	87,692
4	Commercial Larger User (SS6) (Based On Consumption)	26.97	48	1,294
5	Multi-Family Residential Units (AC SSR)	10.58	140,700	1,488,923
6	SS1 (Commercial, Additional Toilets)	3.11	35,388	109,914
7	SS2 (Com. Restaurant, Per Dishwasher Or Garbage Grinder)	23.93	936	22,396
8	SS3 (Commercial Laundromat, Per Washing Machine)	5.80	780	4,526
9	SS4 (Commercial, Per Wash Rack)	11.84	192	2,273
10	Rental Rooms	6.57	0	0
11	Paradise Resort Park, Contract Rate	2.88	0	0
12	Total Annualized Monthly Minimum Usage Charge		<u>412,860</u>	<u>\$ 4,128,882</u>
GALLONS IN MINIMUM				
13	Commercial SS6 And Paradise Park Resort	20,000		
14			Total 51,841,505	
15	COMMODITY RATES (Per 1,000 Gallons Over Minimum)		Min. (600,000)	
16	Commercial SS6 And Paradise Park Resort	\$ 1.20	<u>51,241,505</u>	
TOTAL ANNUALIZED COMMODITY USAGE AND CHARGES				<u>\$ 61,346</u>
17	Other Wastewater Revenue			\$ 2,859
18	Difference Between Bill Count and Revenue As Recorded			478
19	TOTAL PROPOSED ANNUALIZED REVENUE			<u>\$ 4,193,565</u>
20	Required Revenue (As Per Schedule RLM-1, Col. (D), L 10)			<u>\$ 4,193,565</u>
21	Difference			<u>\$ 0</u>
ANNUAL FEE FOR INDUSTRIAL DISCHARGE SERVICE				
For Those Customers Consuming An Amount Of Water Less Than Or Equal To 50,000 Gallons Per Month Through One Or More Water Or Equal To 50,000 Gallons Per Month Through One Or More Water Meters To The Same Facility, Inclusive Of Meters Used For Irrigation.				
22		\$ 500.00		
For Those Customers Consuming An Amount Of Water Greater Than 50,000 Gallons Per Month Through One Or More Water Meters To The Same Facility, Inclusive Of Meters Used For Irrigation.				
23		\$ 1,000.00		
Annual Fee For Industrial Discharge Service Charges Shall Be Non-Refundable And Shall Be Assessed In Advance Each January By The Company By Special Billing. For New Customers Receiving This Service, A Prorated Charge Shall Be Assessed.				

References:

- Column (A): RLM-17, Page 1, Column (C)
- Column (B): Response To RUCO Data Request No. 1.04
- Column (C): Columns (A) X (B)

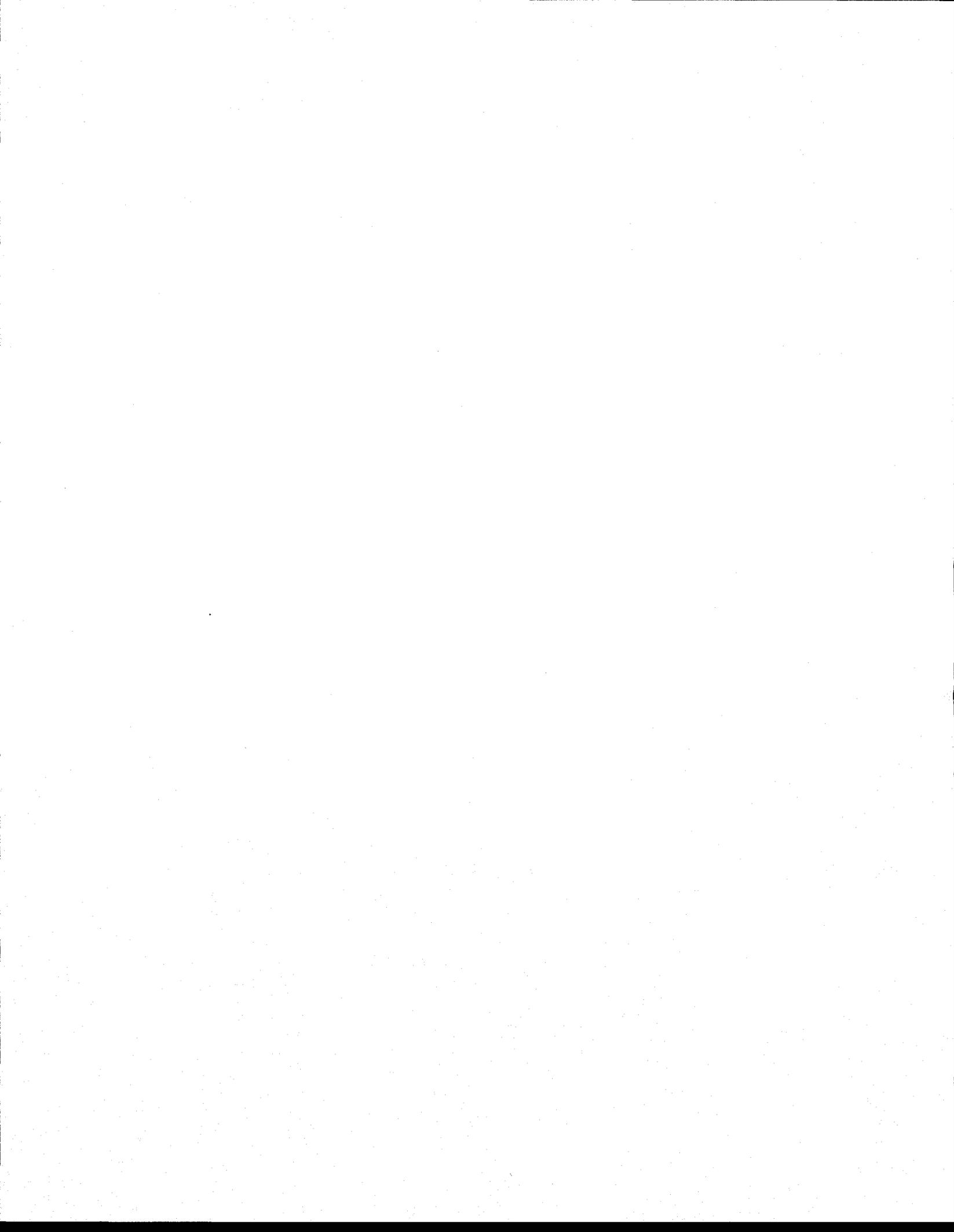


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RLM-18	1	PROOF OF RECOMMENDED REVENUE
RLM-19	1	TYPICAL BILL ANALYSIS

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	(A) COMPANY RCND	(B) ADJ'MENT TO RESTATE TO ORIGINAL COST	(C) COMPANY ORIGINAL COST	(D) RUCO ORIGINAL COST
1	Fair Value Rate Base	\$ 1,903,764	\$ (289,243)	\$ 1,614,521	\$ 1,172,012
2	Adjusted Operating Income (Loss)	\$ 14,583		\$ 14,583	\$ 44,735
3	Current Rate Of Return (L2 / L1)	0.77%		0.90%	3.82%
4	Required Operating Income (L5 X L1)	\$ 147,501		\$ 125,125	\$ 77,008
5	Required Rate Of Return On Fair Value Rate Base	7.75%		7.75%	6.57%
6	Operating Income Deficiency (L4 - L2)	\$ 132,918		\$ 110,542	\$ 32,273
7	Gross Revenue Conversion Factor (RLM-1, Pg 2)	1.6286		1.6286	1.2646
8	Increase In Gross Revenue Requirement (L7 X L6)	\$ 216,475		\$ 180,029	\$ 40,812
9	Adjusted Test Year Revenue	\$ 254,486		\$ 254,486	\$ 254,486
10	Proposed Annual Revenue (L8 + L9)	\$ 469,847		\$ 434,515	\$ 295,298
11	Required Percentage Increase In Revenue (L8 / L9)	85.06%		70.74%	16.04%
12	Rate Of Return On Common Equity	11.50%		11.50%	6.57%

References:

Column (A): Company Schedules A-1 and C-1

Column (B): RUCO Schedule RLM-2

Column (C): Recalculated After Adjusting To OCRB

Column (D): RUCO Schedules RLM-3, RLM-6 And RLM-19

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
CALCULATION OF GROSS REVENUE CONVERSION FACTOR:					
1	Revenue	1.0000			
2	Less: Combined Federal And State Tax Rate (L10)	0.2092			
3	Subtotal (L1 - L2)	0.7908			
4	Revenue Conversion Factor (L1 / L3)	1.2646			
CALCULATION OF EFFECTIVE TAX RATE:					
5	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%			
6	Arizona State Income Tax Rate	6.9680%			
7	Federal Taxable Income (L5 - L6)	93.0320%			
8	Applicable Federal Income Tax Rate (Col. (D), L34)	15.0000%			
9	Effective Federal Income Tax Rate (L7 X L8)	13.9548%			
10	Combined Federal And State Income Tax Rate (L6 + L9)	20.9228%			
11	Required Operating Income (Sch. RLM-1, Col. (D), L4)	\$ 77,008			
12	Adj'd T.Y. Oper'g Income (Loss) (Sch. RLM-1, Col. (D), L2)	44,735			
13	Required Increase In Operating Income (L11 - L12)		\$ 32,273		
14	Income Taxes On Recommended Revenue (Col. (D), L31)	\$ 11,331			
15	Income Taxes On Test Year Revenue (Col. (D), L32)	2,792			
16	Required Increase In Revenue To Provide For Income Taxes (L14 - L15)		\$ 8,539		
17	Total Required Increase In Revenue (L13 + L16)		\$ 40,812		
CALCULATION OF INCOME TAX:					
18	Revenue (Sch. RLM-1, Col. (D), L10)			Recommended	
19	Less: Opr'g Exp. Excl. Inc. Tax (RLM-6, Col. (E), L25 - L23)			\$ 295,298	
20	Less: Synchronized Interest (Col. (C), L37)			206,959	
21	Arizona Taxable Income (L18 - L19 - L20)			34,184	
22	Arizona State Income Tax Rate			\$ 54,154	
23	Arizona Income Tax (L21 X L22)			6.9680%	\$ 3,773
24	Fed. Taxable Income (L21 - L23)			\$ 50,381	
25	Fed. Tax On 1st Inc. Bracket (\$1 - \$50,000) @ 15%			\$ 7,557	
26	Fed. Tax On 2nd Inc. Bracket (\$50,001 - \$75,000) @ 25%			-	
27	Fed. Tax On 3rd Inc. Bracket (\$75,001 - \$100,000) @ 34%			-	
28	Fed. Tax On 4th Inc. Bracket (\$100,001 - \$335,000) @ 39%			-	
29	Fed. Tax On 5th Inc. Bracket (\$335,001 - \$10M) @ 34%			-	
30	Total Federal Income Tax (L25 + L26 + L27 + L28 + L29)			\$ 7,557	
31	Combined Federal And State Income Tax (L23 + L30)			\$ 11,331	
32	Test Year Combined Income Tax, RUCO As Adjusted (RLM-6, Col. (C), L23)			\$ 2,792	
33	Adjustment (L31 - L32) (See RLM-6, Col. (D), L23)			\$ 8,539	
34	Applicable Federal Income Tax Rate (Col. (D), L30 / Col. (C), L24)				15.00%
CALCULATION OF INTEREST SYNCHRONIZATION:					
35	Rate Base (Sch. RLM-1, Pg 2, Col. (E), L16)			\$ 1,172,012	
36	Weighted Avg. Cost Of Debt (Sch. RLM-16, Col. (F), L1)			2.92%	
37	Synchronized Interest (L35 X L36)			\$ 34,184	

FAIR VALUE RATE BASE - RCND ADJUSTED TO OCRB

LINE NO.	DESCRIPTION	(A) COMPANY FILED AS RCND	(B) RUCO ADJM'TS TO OCRB	(C) RUCO ADJUSTED TO OCRB	(D) RUCO OCR ADJM'TS	(E) RUCO ADJUSTED AS OCRB
1	Gross Utility Plant In Service	\$ 3,441,929	\$ (1,473,088)	\$ 1,968,841	\$ 54,224	\$ 2,023,065
	Less:					
2	Accumulated Depreciation	989,066	(417,908)	571,158	(34,451)	536,707
3	Net Utility Plant In Service (L1 - L2)	<u>\$ 2,452,863</u>	<u>\$ (1,055,180)</u>	<u>\$ 1,397,683</u>	<u>\$ 88,675</u>	<u>\$ 1,486,358</u>
	Less:					
4	Advances In Aid Of Const. ("AIAC")	\$ 297,336	\$ (127,255)	\$ 170,081	\$ 0	\$ 170,081
5	Contribution In Aid Of Const. ("CIAC")	\$ 251,172	\$ (107,497)	\$ 143,675	\$ 0	\$ 143,675
6	Less: Accumulated Amortization	-	-	-	-	-
7	NET CIAC (L4 - L5)	<u>\$ 251,172</u>	<u>\$ (107,497)</u>	<u>\$ 143,675</u>	<u>\$ 0</u>	<u>\$ 143,675</u>
8	Customer Meter Deposits	\$ 590	\$ 0	\$ 590	\$ 0	\$ 590
9	Deferred Income Taxes And Credits	-	-	-	-	0
10	Investment Tax Credits	-	-	-	-	0
	Plus:					
11	Unamortized Finance Charges	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
12	Deferred Tax Assets	-	-	-	-	0
13	Allowance For Working Capital	-	-	-	-	0
14	Citizens Acquisition Adjustment	-	531,184	531,184	(531,184)	0
15	Adjustment Due To Rounding	(1)	1	-	-	0
16	TOTAL RATE BASE	<u>\$ 1,903,764</u>	<u>\$ (289,243)</u>	<u>\$ 1,614,521</u>	<u>\$ (442,509)</u>	<u>\$ 1,172,012</u>

References:
Column (A): Company Schedule B-1
Column (B): Testimony, RLM
Column (C): Column (A) + Column (B)
Column (D): Schedule RLM-3
Column (E): Column (C) + Column (D)

SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS

LINE NO.	DESCRIPTION	(A) COMPANY FILED AS OCRB	(B) RUCO ADJM'T # 1	(C) RUCO ADJM'T # 2	(D) RUCO ADJM'T # 3	(E) RUCO ADJUSTED AS OCRB
1	Gross Utility Plant In Service	\$ 1,968,841	\$ 10,073	\$ 44,151	\$ 0	\$ 2,023,065
	Less:					
2	Accumulated Depreciation	571,158	(34,713)	262	-	536,707
3	Net Utility Plant In Service (L1 - L2)	<u>\$ 1,397,683</u>	<u>\$ 44,786</u>	<u>\$ 43,889</u>	<u>\$ 0</u>	<u>\$ 1,486,358</u>
	Less:					
4	Advances In Aid Of Const. ("AIAC")	\$ 170,081	\$ 0	\$ 0	\$ 0	\$ 170,081
5	Contribution In Aid Of Const. ("CIAC")	\$ 143,675	\$ 0	\$ 0	\$ 0	143,675
6	Less: Accumulated Amortization	-	-	-	-	-
7	NET CIAC (L4 - L5)	<u>\$ 143,675</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 143,675</u>
8	Customer Meter Deposits	\$ 590	\$ 0	\$ 0	\$ 0	\$ 590
9	Deferred Income Taxes And Credits	-	-	-	-	0
10	Investment Tax Credits	-	-	-	-	0
	Plus:					
11	Unamortized Finance Charges	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
12	Deferred Tax Assets	-	-	-	-	0
13	Allowance For Working Capital	-	-	-	-	0
14	Citizens Acquisition Adjustment	531,184	-	-	(531,184)	0
15	Adjustment Due To Rounding	-	-	-	-	0
16	TOTAL RATE BASE	<u><u>\$ 1,614,521</u></u>	<u><u>\$ 44,786</u></u>	<u><u>\$ 43,889</u></u>	<u><u>\$ (531,184)</u></u>	<u><u>\$ 1,172,012</u></u>

References:
Column (A): Company As Filed Per Schedule B-2 And RLM-2, Col (C)
Column (B): Adjustment To Test Year Total Plant And Accumulated Depreciation (See RLM-4, Page 12, Col (E) & (F), L 48)
Column (C): Adjustment To Post Test Year Plant And Accumulated Depreciation (See RLM-5, Page 1, Col (E) & (F), L 50)
Column (D): Adjustment To Citizens Acquisition Adjustment (See Testimony, RLM)
Column (E): Sum Of Columns (A) Thru (D)

TEST YEAR PLANT SCHEDULES
COMPANY'S PRESENT FILING VERSUS TOTAL PLANT FILED IN PRIOR RATE CASE - DECISION NO. 60172

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ALLOCATION FACTOR	(B) CO. AS FILED PRIOR T. Y. 03/31/1995 TOTAL PLANT	(C) ADJUSTMENT TO 03/31/95 PRIOR T. Y. TOTAL PLANT	(D) ACTUAL 03/31/95 PRIOR T. Y. TOTAL PLANT
INTANGIBLE						
1	301.00	Organization	0.0004	\$ 567	\$ 4	\$ 571
2	302.00	Franchises	0.0016	2,033	14	2,047
3	303.00	Miscellaneous Intangibles	0.0000	-	-	0
4		SUBTOTAL INTANGIBLE		\$ 2,600	\$ 18	\$ 2,618
SOURCE OF SUPPLY						
5	310.00	Land And Land Rights	0.0000	\$ 11,317	\$ 0	\$ 11,317
6	311.00	Structures And Improvements	0.0040	5,181	35	5,216
7	312.00	Collecting And Impounding Res.	0.0000	-	-	0
8	313.00	Lakes, Rivers, Other Intakes	0.0000	-	-	0
9	314.00	Wells And Springs	0.0931	121,061	816	121,877
10		SUBTOTAL SUPPLY		\$ 137,559	\$ 851	\$ 138,410
PUMPING						
11	320.00	Land And Land Rights	0.0000	\$ 50	\$ 0	\$ 50
12	321.00	Structures And Improvements	0.0106	13,792	93	13,885
13	323.00	Other Power Production	0.0000	-	-	0
14	325.00	Electric Pumping Equipment	0.1119	145,545	981	146,526
15	326.00	Diesel Pumping Equipment	0.0000	-	-	0
16	328.10	Gas Engine Pumping Equipment	0.0185	24,004	-	24,004
17		SUBTOTAL PUMPING		\$ 183,391	\$ 1,074	\$ 184,465
WATER TREATMENT						
18	330.00	Land And Land Rights	0.0000	\$ 50	\$ 0	\$ 50
19	331.00	Structures And Improvements	0.0000	-	-	0
20	332.00	Water Treatment Equipment	0.0000	-	-	0
21		SUBTOTAL TREATMENT		\$ 50	\$ 0	\$ 50
TRANSMISSION & DISTRIBUTION						
22	340.00	Land And Land Rights	0.0000	\$ 539	\$ 0	\$ 539
23	341.00	Structures And Improvements	0.0001	156	-	156
24	342.00	Distribution, Reservoirs, & ST	0.1102	143,216	965	144,181
25	343.00	Trans. And Dist. Mains	0.4485	583,090	3,930	587,020
26	344.00	Fire Mains	0.0000	-	-	0
27	345.00	Services	0.0923	119,954	809	120,763
28	346.00	Meters	0.0606	78,739	531	79,270
29	348.00	Hydrants	0.0113	14,639	99	14,738
30	349.00	Other Trans. And Dist.	0.0000	-	-	0
31		SUBTOTAL TRANS. & DIST.		\$ 940,333	\$ 6,334	\$ 946,667
GENERAL						
32	389.00	Land And Land Rights	0.0000	\$ 2,755	\$ 0	\$ 2,755
33	390.00	Structures And Improvements	0.0000	-	-	0
34	391.00	Office Furniture And Equipment	0.0000	1,616	-	1,616
35	391.10	Computer Equipment	0.0000	-	-	0
36	392.00	Transportation Equipment	0.0000	21,462	-	21,462
37	393.00	Stores Equipment	0.0000	3,431	-	3,431
38	394.00	Tools, Shop And Garage	0.0000	7,378	-	7,378
39	395.00	Laboratory Equipment	0.0000	-	-	0
40	396.00	Power Operated Equipment	0.0000	-	-	0
41	397.00	Communication Equipment	0.0000	1,426	-	1,426
42	398.00	Miscellaneous Equipment	0.0000	-	-	0
43		SUBTOTAL GENERAL		\$ 38,068	\$ 0	\$ 38,068
44		TOTAL WATER PLANT		\$ 1,302,001	\$ 8,276	\$ 1,310,277
45		AFUDC ADJUSTMENT 3/95		\$ (1,835)	\$ 1,835	\$ 0
46		Adjustment Due To Rounding		-	-	0
47		ADJUSTED WATER PLANT		\$ 1,300,166	\$ 10,111	\$ 1,310,277

References:

- Column (A): Ratio Of Depreciable Plant Item To The Total Plant Value (Col. (B), L47) (Excluding General Plant)
- Column (B): Company Schedule B-2, Page 6a
- Column (C): Column (A) (Line Item Allocation Factor) X Total Adjustment Of Plant Of \$8,276
- Column (D): Columns (B) + (C). Prior Rate Case Decision No. 60172, Exhibit A - Before Commission Approved Adjustments

TEST YEAR PLANT SCHEDULES CONT'D
COMPANY'S PRIOR FILING VERSUS TOTAL PLANT ADJUSTMENTS APPROVED IN PRIOR RATE CASE - DECISION NO. 60172

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ALLOC'N FACTOR	(B) ACTUAL 03/31/1995 PRIOR T. Y. TOTAL PLANT	(C) ADJMT # 1 TO 03/31/95 PRIOR T. Y. TOTAL PLANT	(D) ADJMT # 2 TO 03/31/95 PRIOR T. Y. TOTAL PLANT	(E) ADJMT # 3 TO 03/31/95 PRIOR T. Y. TOTAL PLANT	(F) ACC APPR'D ADJUSTED PRIOR T. Y. TOTAL PLANT
INTANGIBLE								
1	301.00	Organization	0.0000	\$ 571	\$ 0	\$ 0	\$ 0	\$ 571
2	302.00	Franchises	0.0000	2,047	-	-	-	2,047
3	303.00	Miscellaneous Intangibles	0.0000	-	-	-	-	0
4		SUBTOTAL INTANGIBLE		<u>\$ 2,618</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,618</u>
SOURCE OF SUPPLY								
5	310.00	Land And Land Rights	0.0000	\$ 11,317	\$ 0	\$ 0	\$ 0	\$ 11,317
6	311.00	Structures And Improvements	0.0040	5,216	(12)	-	-	5,204
7	312.00	Collecting And Impounding Res.	0.0000	-	-	-	-	0
8	313.00	Lakes, Rivers, Other Intakes	0.0000	-	-	-	-	0
9	314.00	Wells And Springs	0.0930	121,877	(285)	(1,674)	-	119,918
10		SUBTOTAL SUPPLY		<u>\$ 138,410</u>	<u>\$ (298)</u>	<u>\$ (1,674)</u>	<u>\$ 0</u>	<u>\$ 136,438</u>
PUMPING								
11	320.00	Land And Land Rights	0.0000	\$ 50	\$ 0	\$ 0	\$ 0	\$ 50
12	321.00	Structures And Improvements	0.0106	13,885	(33)	-	-	13,852
13	323.00	Other Power Production	0.0000	-	-	-	-	0
14	325.00	Electric Pumping Equipment	0.1118	146,526	(343)	-	-	146,183
15	326.00	Diesel Pumping Equipment	0.0000	-	(0)	-	-	(0)
16	328.10	Gas Engine Pumping Equipment	0.0183	24,004	(56)	-	-	23,948
17		SUBTOTAL PUMPING		<u>\$ 184,465</u>	<u>\$ (432)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 184,033</u>
WATER TREATMENT								
18	330.00	Land And Land Rights	0.0000	\$ 50	\$ 0	\$ 0	\$ 0	\$ 50
19	331.00	Structures And Improvements	0.0000	-	-	-	-	0
20	332.00	Water Treatment Equipment	0.0000	-	-	-	-	0
21		SUBTOTAL TREATMENT		<u>50</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 50</u>
TRANSMISSION & DISTRIBUTION								
22	340.00	Land And Land Rights	0.0000	\$ 539	\$ 0	\$ 0	\$ 0	\$ 539
23	341.00	Structures And Improvements	0.0001	156	-	-	-	156
24	342.00	Distribution, Reservoirs, & ST	0.1100	144,181	(338)	-	-	143,844
25	343.00	Trans. And Dist. Mains	0.4480	587,020	(1,375)	-	-	585,646
26	344.00	Fire Mains	0.0000	-	-	-	-	0
27	345.00	Services	0.0922	120,763	(283)	-	-	120,480
28	346.00	Meters	0.0605	79,270	(186)	-	-	79,084
29	348.00	Hydrants	0.0112	14,738	(35)	-	-	14,703
30	349.00	Other Trans. And Dist.	0.0000	-	-	-	-	0
31		SUBTOTAL TRANS. & DIST.		<u>\$ 946,667</u>	<u>\$ (2,215)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 944,451</u>
GENERAL								
32	389.00	Land And Land Rights	0.0000	\$ 2,755	\$ 0	\$ 0	\$ 0	\$ 2,755
33	390.00	Structures And Improvements	0.0000	-	-	-	-	0
34	391.00	Office Furniture And Equipment	0.0000	1,616	-	-	-	1,616
35	391.10	Computer Equipment	0.0000	-	-	-	-	0
36	392.00	Transportation Equipment	0.0000	21,462	-	-	-	21,462
37	393.00	Stores Equipment	0.0000	3,431	-	-	-	3,431
38	394.00	Tools, Shop And Garage	0.0000	7,378	-	-	-	7,378
39	395.00	Laboratory Equipment	0.0000	-	-	-	-	0
40	396.00	Power Operated Equipment	0.0000	-	-	-	-	0
41	397.00	Communication Equipment	0.0000	1,426	-	-	-	1,426
42	398.00	Miscellaneous Equipment	0.0000	-	-	-	-	0
43		SUBTOTAL GENERAL		<u>\$ 38,068</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 38,068</u>
44		TOTAL WATER PLANT		<u>\$ 1,310,277</u>	<u>\$ (2,945)</u>	<u>\$ (1,674)</u>	<u>\$ 0</u>	<u>\$ 1,305,658</u>
45		AFUDC ADJUSTMENT 3/95		\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
46		Adjustment Due To Rounding		-	-	-	-	0
47		ADJUSTED WATER PLANT		<u>\$ 1,310,277</u>	<u>\$ (2,945)</u>	<u>\$ (1,674)</u>	<u>\$ 0</u>	<u>\$ 1,305,658</u>

References:

- Column (A): Ratio Of Depreciable Plant Item To The Total Plant Value (Col. (B), L 47) (Excluding General Plant)
- Column (B): Prior Rate Case Decision No. 60172, Exhibit A - Before Commission Approved Adjustments
- Column (C): Commission Approved Adjustment Decision No. 60172, Exhibit A Per AR-13 And Plant In Service
- Column (D): Commission Approved Adjustment Decision No. 60172, Exhibit A Per Observation Wells - Plant
- Column (E): Intentionally Left Blank
- Column (F): Sum Of Cols. (B) Thru (E). Prior Rate Case Decision No. 60172, Exhibit A - After Commission Approved Adjustments

TEST YEAR PLANT SCHEDULES CONT'D
COMPANY'S PRIOR FILING VERSUS ACCUMULATED DEPRECIATION ADJUSTMENTS APPROVED IN PRIOR RATE CASE - DEC. NO. 60172

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ALLOC'N FACTOR	(B) PREV. APPL'N CO. AS FILED 12/31/1994 ACC. DEP.	(C) ADJMT NO. 1 TO 12/31/94 ACC. DEP.	(D) ACTUAL 03/31/1995 PRIOR T. Y. ACC. DEP.	(E) ADJMT NO. 2 TO 03/31/95 PRIOR T. Y. ACC. DEP.	(F) ACC APPR'D ADJUSTED PRIOR T. Y. ACC. DEP.
INTANGIBLE								
1	301.00	Organization	0.0000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
2	302.00	Franchises	0.0000	-	-	-	-	0
3	303.00	Miscellaneous Intangibles	0.0000	-	-	-	-	0
4		SUBTOTAL INTANGIBLE		\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF SUPPLY								
5	310.00	Land And Land Rights	0.0000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
6	311.00	Structures And Improvements	0.0058	1,801	73	1,874	(1)	1,873
7	312.00	Collecting And Impounding Res.	0.0000	-	-	-	-	0
8	313.00	Lakes, Rivers, Other Intakes	0.0000	-	-	-	-	0
9	314.00	Wells And Springs	0.1327	41,517	1,882	43,199	549	43,748
10		SUBTOTAL SUPPLY		\$ 43,318	\$ 1,755	\$ 45,073	\$ 548	\$ 45,621
PUMPING								
11	320.00	Land And Land Rights	0.0000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
12	321.00	Structures And Improvements	0.0191	5,975	242	6,217	(2)	6,215
13	323.00	Other Power Production	0.0000	-	-	-	-	0
14	325.00	Electric Pumping Equipment	0.1473	46,076	1,866	47,942	(17)	47,926
15	326.00	Diesel Pumping Equipment	0.0000	-	-	-	-	0
16	328.10	Gas Engine Pumping Equipment	0.0001	42	-	42	-	42
17		SUBTOTAL PUMPING		\$ 52,093	\$ 2,108	\$ 54,201	\$ (19)	\$ 54,183
WATER TREATMENT								
18	330.00	Land And Land Rights	0.0000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
19	331.00	Structures And Improvements	0.0000	-	-	-	-	0
20	332.00	Water Treatment Equipment	0.0000	-	-	-	-	0
21		SUBTOTAL TREATMENT		\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
TRANSMISSION & DISTRIBUTION								
22	340.00	Land And Land Rights	0.0000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
23	341.00	Structures And Improvements	0.0002	61	2	63	-	0
24	342.00	Distribution, Reservoirs, & ST	0.0407	12,724	515	13,239	(5)	13,235
25	343.00	Trans. And Dist. Mains	0.4865	152,194	6,165	158,359	(55)	158,304
26	344.00	Fire Mains	0.0000	-	-	-	-	0
27	345.00	Services	0.0963	30,132	1,221	31,353	(11)	31,342
28	346.00	Meters	0.0513	16,034	649	16,683	(6)	16,678
29	348.00	Hydrants	0.0083	2,592	105	2,697	(1)	2,696
30	349.00	Other Trans. And Dist.	0.0000	-	-	-	-	0
31		SUBTOTAL TRANS. & DIST.		\$ 213,737	\$ 8,658	\$ 222,395	\$ (77)	\$ 222,254
GENERAL								
32	389.00	Land And Land Rights	0.0000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
33	390.00	Structures And Improvements	0.0000	-	-	-	-	0
34	391.00	Office Furniture And Equipment	0.0006	177	7	184	-	184
35	391.10	Computer Equipment	0.0010	307	12	319	-	0
36	392.00	Transportation Equipment	0.0086	2,684	109	2,793	(1)	2,792
37	393.00	Stores Equipment	0.0003	108	4	112	-	112
38	394.00	Tools, Shop And Garage	0.0012	376	15	391	-	391
39	395.00	Laboratory Equipment	0.0000	-	-	-	-	0
40	396.00	Power Operated Equipment	0.0000	-	-	-	-	0
41	397.00	Communication Equipment	0.0001	43	2	45	-	45
42	398.00	Miscellaneous Equipment	0.0000	-	-	-	-	0
43		SUBTOTAL GENERAL		\$ 3,695	\$ 150	\$ 3,845	\$ (1)	\$ 3,524
44		TOTAL WATER PLANT ACC. DEP.		\$ 312,843	\$ 12,670	\$ 325,513	\$ 451	\$ 325,582
45		AFUDC ADJUSTMENT 3/95		\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
46		Adjustment Due To Rounding		-	-	-	-	0
47		ADJUSTED WATER PLANT ACC. DEP.		\$ 312,843	\$ 12,670	\$ 325,513	\$ 451	\$ 325,582

References:

- Column (A): Ratio Of Depreciable Plant Item To The Total Accumulated Depreciation Value (Col. (B), L 47)
- Column (B): Company Prior Application Exhibit RJM-4f
- Column (C): Column (A) (Line Item Allocation Factor) X Total Adjustment Of \$135,520
- Column (D): Prior Rate Case Decision No. 60172, Exhibit A - Before Commission Approved Adjustments
- Column (E): Commission Approved Adjustment Decision No. 60172, Exhibit A Per Acc. Dep. Adjustment On Total Plant And On Observation Wells
- Column (F): Prior Rate Case Decision No. 60172, Exhibit A - After Commission Approved Adjustments

TEST YEAR PLANT SCHEDULES CONT'D
ACC APPROVED PRIOR TEST YEAR ENDED MARCH 31, 1995

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) APPROVED DEP. RATE	(B) FULLY DEP. PLANT	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
INTANGIBLE								
1	301.00	Organization	0.00%	\$ 0	\$ 0	\$ 571	\$ 0	\$ 571
2	302.00	Franchises	0.00%	-	-	2,047	-	2,047
3	303.00	Miscellaneous Intangibles	0.00%	-	-	0	-	0
4		SUBTOTAL INTANGIBLE		\$ 0	\$ 0	\$ 2,618	\$ 0	\$ 2,618
SOURCE OF SUPPLY								
5	310.00	Land And Land Rights	0.00%	\$ 0	\$ 0	\$ 11,317	\$ 0	\$ 11,317
6	311.00	Structures And Improvements	2.40%	-	-	5,204	1,873	3,330
7	312.00	Collecting And Impounding Reservoirs	0.00%	-	-	-	-	0
8	313.00	Lakes, Rivers, Other Intakes	0.00%	-	-	-	-	0
9	314.00	Wells And Springs	3.08%	-	-	119,918	43,748	76,170
10		SUBTOTAL SOURCE OF SUPPLY		\$ 0	\$ 0	\$ 136,438	\$ 45,621	\$ 90,817
PUMPING								
11	320.00	Land And Land Rights	0.00%	\$ 0	\$ 0	\$ 50	\$ 0	\$ 50
12	321.00	Structures And Improvements	1.94%	-	-	13,852	6,215	7,638
13	323.00	Other Power Production	0.00%	-	-	-	-	0
14	325.00	Electric Pumping Equipment	4.24%	-	-	146,183	47,926	98,257
15	326.00	Diesel Pumping Equipment	5.00%	-	-	-	-	0
16	328.10	Gas Engine Pumping Equipment	4.24%	-	-	23,948	42	23,906
17		SUBTOTAL PUMPING		\$ -	\$ 0	\$ 184,033	\$ 54,183	\$ 129,851
WATER TREATMENT								
18	330.00	Land And Land Rights	0.00%	\$ 0	\$ 0	\$ 50	\$ 0	\$ 0
19	331.00	Structures And Improvements	0.00%	-	-	-	-	0
20	332.00	Water Treatment Equipment	4.00%	-	-	-	-	0
21		SUBTOTAL WATER TREATMENT		\$ 0	\$ 0	\$ 50	\$ 0	\$ 0
TRANSMISSION AND DISTRIBUTION								
22	340.00	Land And Land Rights	0.00%	\$ 0	\$ 0	\$ 539	\$ 0	\$ 539
23	341.00	Structures And Improvements	1.92%	-	-	156	-	156
24	342.00	Distribution, Reservoirs, & ST	1.62%	-	-	143,844	13,235	130,609
25	343.00	Transmission And Distribution Mains	1.97%	-	-	585,646	158,304	427,342
26	344.00	Fire Mains	0.00%	-	-	-	-	0
27	345.00	Services	2.45%	-	-	120,480	31,342	89,138
28	346.00	Meters	2.42%	-	-	79,084	16,678	62,406
29	348.00	Hydrants	1.97%	-	-	14,703	2,696	12,007
30	349.00	Other Transmission And Distribution	0.00%	-	-	-	-	0
31		SUBTOTAL TRANS. AND DIST.		\$ 0	\$ 0	\$ 944,451	\$ 222,254	\$ 722,197
GENERAL								
32	389.00	Land And Land Rights	0.00%	\$ 0	\$ 0	\$ 2,755	\$ 0	\$ 2,755
33	390.00	Structures And Improvements	2.89%	-	-	-	-	0
34	391.00	Office Furniture And Equipment	3.28%	-	-	1,616	184	1,432
35	391.10	Computer Equipment	3.28%	-	-	-	-	0
36	392.00	Transportation Equipment	25.00%	-	-	21,462	2,792	18,670
37	393.00	Stores Equipment	4.00%	-	-	3,431	112	3,319
38	394.00	Tools, Shop And Garage	3.42%	-	-	7,378	391	6,987
39	395.00	Laboratory Equipment	0.00%	-	-	-	-	0
40	396.00	Power Operated Equipment	0.00%	-	-	-	-	0
41	397.00	Communication Equipment	5.03%	-	-	1,426	45	1,381
42	398.00	Miscellaneous Equipment	4.93%	-	-	-	-	0
43		SUBTOTAL GENERAL		\$ 0	\$ 0	\$ 38,068	\$ 3,524	\$ 34,544
44		AFUDC ADJUSTMENT 3/95	0.00%	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
45		Adjustment Due To Rounding		-	-	-	-	0
46		TOTAL WATER PLANT		\$ 0	\$ 0	\$ 1,305,658	\$ 325,582	\$ 980,027

References:
Column (A): Prior Decision No. 60172 And Company Schedule C-2, Page 6
Columns (B) (C): Company Response To RUCO Data Request No. 1.22
Column (D): Schedule RLM-4, Page 2
Column (E): Schedule RLM-4, Page 3
Column (F): Column (D) - Column (E)

TEST YEAR PLANT SCHEDULES CONT'D
FROM MARCH 31, 1995 TO DECEMBER 31, 1995

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) FULL DEP. PLT	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 571	\$ 0	\$ 571
2	302.00	Franchises	-	-	-	-	2,047	-	2,047
3	303.00	Miscellaneous Intangibles	-	-	-	-	-	-	0
4		SUBTOTAL INTANGIBLE	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,618	\$ 0	\$ 2,618
SOURCE OF SUPPLY									
5	310.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,317	\$ 0	\$ 11,317
6	311.00	Structures And Improvements	-	-	-	94	5,204	1,967	3,237
7	312.00	Collecting And Impounding Res.	-	-	-	-	-	-	0
8	313.00	Lakes, Rivers, Other Intakes	-	-	-	-	-	-	0
9	314.00	Wells And Springs	-	-	-	2,770	119,918	46,518	73,400
10		SUBTOTAL SUPPLY	\$ 0	\$ 0	\$ 0	\$ 2,864	\$ 136,438	\$ 48,485	\$ 87,954
PUMPING									
11	320.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 50	\$ 0	\$ 50
12	321.00	Structures And Improvements	-	-	-	202	13,852	6,416	7,436
13	323.00	Other Power Production	-	-	-	-	-	-	0
14	325.00	Electric Pumping Equipment	12,487	431	-	4,854	158,238	52,349	105,890
15	326.00	Diesel Pumping Equipment	-	-	-	-	-	-	0
16	328.10	Gas Engine Pumping Equipment	4,354	-	-	831	28,301	873	27,429
17		SUBTOTAL PUMPING	\$ 16,840	\$ 431	\$ 0	\$ 5,886	\$ 200,442	\$ 59,638	\$ 140,804
WATER TREATMENT									
18	330.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 50	\$ 0	\$ 50
19	331.00	Structures And Improvements	-	-	-	-	-	-	0
20	332.00	Water Treatment Equipment	-	-	-	-	-	-	0
21		SUBTOTAL TREATMENT	\$ 0	\$ 0	\$ 0	\$ 0	\$ 50	\$ 0	\$ 50
TRANSMISSION & DISTRIBUTION									
22	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 539	\$ 0	\$ 539
23	341.00	Structures And Improvements	-	-	-	2	156	2	154
24	342.00	Distribution, Reservoirs, & ST	235	-	-	1,749	144,079	14,984	129,095
25	343.00	Trans. And Dist. Mains	79,443	3,908	-	9,269	661,181	163,664	497,516
26	344.00	Fire Mains	-	-	-	-	-	-	0
27	345.00	Services	31,610	1,426	-	2,517	150,664	32,433	118,231
28	346.00	Meters	4,466	3,143	-	1,504	80,408	15,039	65,368
29	348.00	Hydrants	396	-	-	220	15,100	2,916	12,183
30	349.00	Other Trans. And Dist.	-	-	-	-	-	-	0
31		SUBTOTAL TRANS. & DIST.	\$ 116,151	\$ 8,477	\$ 0	\$ 15,262	\$ 1,052,125	\$ 229,039	\$ 823,086
GENERAL									
32	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,755	\$ 0	\$ 2,755
33	390.00	Structures And Improvements	-	-	-	-	-	-	0
34	391.00	Office Furniture And Equipment	1,543	-	-	59	3,159	243	2,916
35	391.10	Computer Equipment	-	-	-	-	-	-	0
36	392.00	Transportation Equipment	-	-	-	4,024	21,462	6,816	14,646
37	393.00	Stores Equipment	-	-	-	103	3,431	215	3,216
38	394.00	Tools, Shop And Garage	-	-	-	189	7,378	580	6,798
39	395.00	Laboratory Equipment	-	-	-	-	-	-	0
40	396.00	Power Operated Equipment	-	-	-	-	-	-	0
41	397.00	Communication Equipment	450	-	-	62	1,876	107	1,769
42	398.00	Miscellaneous Equipment	-	-	-	-	-	-	0
43		SUBTOTAL GENERAL	\$ 1,993	\$ 0	\$ 0	\$ 4,437	\$ 40,061	\$ 7,962	\$ 32,099
44		AFUDC ADJUSTMENT 3/95	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
45		Adjustment Due To Rounding	-	-	-	-	-	-	(1)
46		TOTAL WATER PLANT	\$ 134,984	\$ 8,908	\$ 0	\$ 28,449	\$ 1,431,734	\$ 345,123	\$ 1,086,610

References:

- Columns (A) (B): Company Response To RUCO Data Request No. 1.22
- Column (C): Intentionally Left Blank
- Column (D): $0.75 \times [(\text{Col. (A)} + \text{Col. (B)}) \times \text{RLM-4, Page 4, Col. (A)} \times 1/2 \text{ yr. conv.}] + [\text{RLM-4, Page 4, Col. (D)} - \text{Col. (C)}] \times \text{RLM-4, Page 4, Col. (A)}$
- Column (E): Schedule RLM-4, Page 4, Column (D) + Column (A) - Column (B)
- Column (F): Schedule RLM-4, Page 4, Column (E) - Column (B) + Column (D)
- Column (G): Column (E) - Column (F)

TEST YEAR PLANT SCHEDULES CONT'D
YEAR ENDED DECEMBER 31, 1996

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETRIM'TS	(C) FULL DEP. PL'T	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 571	\$ 0	\$ 571
2	302.00	Franchises	-	-	-	-	2,047	-	2,047
3	303.00	Miscellaneous Intangibles	-	-	-	-	-	-	0
4		SUBTOTAL INTANGIBLE	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,618	\$ 0	\$ 2,618
SOURCE OF SUPPLY									
5	310.00	Land And Land Rights	\$ 9,424	\$ 0	\$ 0	\$ 0	\$ 20,741	\$ 0	\$ 20,741
6	311.00	Structures And Improvements	-	-	-	125	5,204	2,092	3,112
7	312.00	Collecting And Impounding Res.	-	-	-	-	-	-	0
8	313.00	Lakes, Rivers, Other Intakes	-	-	-	-	-	-	0
9	314.00	Wells And Springs	57,856	-	-	4,584	177,774	51,102	126,671
10		SUBTOTAL SUPPLY	\$ 67,280	\$ 0	\$ 0	\$ 4,709	\$ 203,718	\$ 53,194	\$ 150,524
PUMPING									
11	320.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 50	\$ 0	\$ 50
12	321.00	Structures And Improvements	-	-	-	269	13,852	6,685	7,167
13	323.00	Other Power Production	-	-	-	-	-	-	0
14	325.00	Electric Pumping Equipment	605	-	-	6,722	158,844	59,071	99,773
15	326.00	Diesel Pumping Equipment	-	-	-	-	-	-	0
16	328.10	Gas Engine Pumping Equipment	-	-	-	1,200	28,302	2,073	26,229
17		SUBTOTAL PUMPING	\$ 605	\$ 0	\$ 0	\$ 8,191	\$ 201,047	\$ 67,829	\$ 133,219
WATER TREATMENT									
18	330.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 50	\$ 0	\$ 50
19	331.00	Structures And Improvements	-	-	-	-	-	-	0
20	332.00	Water Treatment Equipment	-	-	-	-	-	-	0
21		SUBTOTAL TREATMENT	\$ 0	\$ 0	\$ 0	\$ 0	\$ 50	\$ 0	\$ 50
TRANSMISSION & DISTRIBUTION									
22	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 539	\$ 0	\$ 539
23	341.00	Structures And Improvements	-	-	-	3	156	5	151
24	342.00	Distribution, Reservoirs, & ST	-	-	-	2,334	144,079	17,318	126,761
25	343.00	Trans. And Dist. Mains	41,692	69	-	13,437	702,804	177,032	525,772
26	344.00	Fire Mains	-	-	-	-	-	-	0
27	345.00	Services	18,379	-	-	3,916	169,043	36,349	132,693
28	346.00	Meters	1,850	-	-	1,968	82,258	17,007	65,250
29	348.00	Hydrants	2,625	-	-	323	17,725	3,240	14,485
30	349.00	Other Trans. And Dist.	-	-	-	-	-	-	0
31		SUBTOTAL TRANS. & DIST.	\$ 64,546	\$ 69	\$ 0	\$ 21,982	\$ 1,116,602	\$ 250,952	\$ 865,651
GENERAL									
32	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,755	\$ 0	\$ 2,755
33	390.00	Structures And Improvements	498	-	-	7	498	7	491
34	391.00	Office Furniture And Equipment	6,151	-	-	204	9,310	447	8,863
35	391.10	Computer Equipment	-	-	-	-	-	-	0
36	392.00	Transportation Equipment	-	-	-	5,366	21,462	12,181	9,281
37	393.00	Stores Equipment	-	-	-	137	3,431	353	3,078
38	394.00	Tools, Shop And Garage	265	-	-	257	7,643	837	6,806
39	395.00	Laboratory Equipment	-	-	-	-	-	-	0
40	396.00	Power Operated Equipment	-	-	-	-	-	-	0
41	397.00	Communication Equipment	400	-	-	104	2,276	211	2,065
42	398.00	Miscellaneous Equipment	-	-	-	-	-	-	0
43		SUBTOTAL GENERAL	\$ 7,314	\$ 0	\$ 0	\$ 6,076	\$ 47,375	\$ 14,037	\$ 33,338
44		AFUDC ADJUSTMENT 3/95	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
45		Adjustment Due To Rounding	(1)	-	-	-	-	-	(1)
46		TOTAL WATER PLANT	\$ 139,744	\$ 69	\$ 0	\$ 40,958	\$ 1,571,410	\$ 386,012	\$ 1,185,399

References:

Columns (A) (B): Company Response To RUCCO Data Request No. 1.22

Column (C): Intentionally Left Blank

Column (D): [(Col. (A) + Col. (B)) X RLM-4, Page 4, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 5, Col. (D) - Col. (C)] X RLM-4, Page 4, Col. (A)

Column (E): Schedule RLM-4, Page 5, Column (D) + Column (A) - Column (B)

Column (F): Schedule RLM-4, Page 5, Column (E) - Column (B) + Column (D)

Column (G): Column (E) - Column (F)

TEST YEAR PLANT SCHEDULES CONT'D
YEAR ENDED DECEMBER 31, 1997

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) FULL DEP. PLT	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 571	\$ 0	\$ 571
2	302.00	Franchises	-	8	-	-	2,039	-	2,039
3	303.00	Miscellaneous Intangibles	-	-	-	-	-	-	0
4		SUBTOTAL INTANGIBLE	\$ 0	\$ 8	\$ 0	\$ 0	\$ 2,610	\$ 0	\$ 2,610
SOURCE OF SUPPLY									
5	310.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,741	\$ 0	\$ 20,741
6	311.00	Structures And Improvements	14,886	-	-	304	20,089	2,395	17,694
7	312.00	Collecting And Impounding Res.	-	-	-	-	-	-	0
8	313.00	Lakes, Rivers, Other Intakes	-	-	-	-	-	-	0
9	314.00	Wells And Springs	3,175	-	-	5,524	180,948	56,627	124,322
10		SUBTOTAL SUPPLY	\$ 18,061	\$ 0	\$ 0	\$ 5,828	\$ 221,778	\$ 59,022	\$ 162,756
PUMPING									
11	320.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 50	\$ 0	\$ 50
12	321.00	Structures And Improvements	816	-	-	13	14,668	6,698	7,970
13	323.00	Other Power Production	-	-	-	-	-	-	0
14	325.00	Electric Pumping Equipment	67,288	555	-	1,723	225,577	60,239	165,338
15	326.00	Diesel Pumping Equipment	-	-	-	-	-	-	0
16	328.10	Gas Engine Pumping Equipment	5,432	-	-	166	33,734	2,239	31,495
17		SUBTOTAL PUMPING	\$ 73,537	\$ 555	\$ 0	\$ 1,902	\$ 274,029	\$ 69,176	\$ 204,854
WATER TREATMENT									
18	330.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 50	\$ 0	\$ 50
19	331.00	Structures And Improvements	-	-	-	-	-	-	0
20	332.00	Water Treatment Equipment	505	-	-	10	505	10	495
21		SUBTOTAL TREATMENT	\$ 505	\$ 0	\$ 0	\$ 10	\$ 555	\$ 10	\$ 545
TRANSMISSION & DISTRIBUTION									
22	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 539	\$ 0	\$ 539
23	341.00	Structures And Improvements	-	-	-	0	156	5	151
24	342.00	Distribution, Reservoirs, & ST	-	1,382	-	49	142,697	15,985	126,712
25	343.00	Trans. And Dist. Mains	143,869	-	-	1,682	846,673	178,714	667,959
26	344.00	Fire Mains	-	-	-	-	-	-	0
27	345.00	Services	20,178	898	-	354	188,323	35,806	152,517
28	346.00	Meters	5,421	1,605	-	133	86,074	15,535	70,539
29	348.00	Hydrants	1,009	1,472	-	31	17,262	1,798	15,464
30	349.00	Other Trans. And Dist.	-	-	-	-	-	-	0
31		SUBTOTAL TRANS. & DIST.	\$ 170,478	\$ 5,357	\$ 0	\$ 2,248	\$ 1,281,723	\$ 247,843	\$ 1,033,880
GENERAL									
32	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,755	\$ 0	\$ 2,755
33	390.00	Structures And Improvements	-	-	-	0	498	7	491
34	391.00	Office Furniture And Equipment	-	641	-	17	8,669	(176)	8,845
35	391.10	Computer Equipment	4,489	5	-	74	4,484	69	4,415
36	392.00	Transportation Equipment	26,518	-	-	4,656	47,980	16,837	31,143
37	393.00	Stores Equipment	-	34	-	6	3,397	325	3,072
38	394.00	Tools, Shop And Garage	433	-	-	16	8,076	854	7,222
39	395.00	Laboratory Equipment	-	-	-	-	-	-	0
40	396.00	Power Operated Equipment	-	-	-	-	-	-	0
41	397.00	Communication Equipment	175	-	-	10	2,451	221	2,229
42	398.00	Miscellaneous Equipment	659	-	-	16	659	16	642
43		SUBTOTAL GENERAL	\$ 32,274	\$ 680	\$ 0	\$ 4,796	\$ 78,968	\$ 18,153	\$ 60,815
44		AFUDC ADJUSTMENT 3/95	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
45		Adjustment Due To Rounding	(1)	-	-	-	1	-	(1)
46		TOTAL WATER PLANT	\$ 294,854	\$ 6,600	\$ 0	\$ 14,784	\$ 1,859,664	\$ 394,204	\$ 1,465,459

References:

- Columns (A) (B): Company Response To RUCO Data Request No. 1.22
- Column (C): Intentionally Left Blank
- Column (D): [(Col. (A) + Col. (B)) X RLM-4, Page 4, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 6, Col. (D) - Col. (C)] X RLM-4, Page 4, Col. (A)
- Column (E): Schedule RLM-4, Page 6, Column (D) + Column (A) - Column (B)
- Column (F): Schedule RLM-4, Page 6, Column (E) - Column (B) + Column (D)
- Column (G): Column (E) - Column (F)

TEST YEAR PLANT SCHEDULES CONT'D
YEAR ENDED DECEMBER 31, 1998

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETRIM'TS	(C) FULL DEP. PLT	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 571	\$ 0	\$ 571
2	302.00	Franchises	5	-	-	-	2,044	-	2,044
3	303.00	Miscellaneous Intangibles	-	-	-	-	-	-	0
4		SUBTOTAL INTANGIBLE	\$ 5	\$ 0	\$ 0	\$ 0	\$ 2,615	\$ 0	\$ 2,615
SOURCE OF SUPPLY									
5	310.00	Land And Land Rights	\$ 0	\$ 327	\$ 0	\$ 0	\$ 20,414	\$ (327)	\$ 20,741
6	311.00	Structures And Improvements	-	75	-	483	20,014	2,803	17,211
7	312.00	Collecting And Impounding Res.	-	-	-	-	-	-	0
8	313.00	Lakes, Rivers, Other Intakes	-	-	-	-	-	-	0
9	314.00	Wells And Springs	-	537	-	5,581	180,411	61,671	118,740
10		SUBTOTAL SUPPLY	\$ 0	\$ 939	\$ 0	\$ 6,065	\$ 220,839	\$ 64,147	\$ 156,692
PUMPING									
11	320.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 50	\$ 0	\$ 50
12	321.00	Structures And Improvements	-	-	-	285	14,668	6,983	7,686
13	323.00	Other Power Production	-	-	-	-	-	-	0
14	325.00	Electric Pumping Equipment	17,455	299	-	9,941	242,733	69,881	172,852
15	326.00	Diesel Pumping Equipment	-	-	-	-	-	-	0
16	328.10	Gas Engine Pumping Equipment	9,205	-	-	1,625	42,939	3,864	39,075
17		SUBTOTAL PUMPING	\$ 26,660	\$ 299	\$ 0	\$ 11,851	\$ 300,390	\$ 80,728	\$ 219,663
WATER TREATMENT									
18	330.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 50	\$ 0	\$ 50
19	331.00	Structures And Improvements	-	-	-	-	-	-	0
20	332.00	Water Treatment Equipment	-	-	-	20	505	30	475
21		SUBTOTAL TREATMENT	\$ 0	\$ 0	\$ 0	\$ 20	\$ 555	\$ 30	\$ 525
TRANSMISSION & DISTRIBUTION									
22	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 539	\$ 0	\$ 539
23	341.00	Structures And Improvements	-	-	-	3	156	8	148
24	342.00	Distribution, Reservoirs, & ST	351	20,853	-	2,483	122,195	(2,385)	124,579
25	343.00	Trans. And Dist. Mains	52,701	-	-	17,199	899,374	195,912	703,461
26	344.00	Fire Mains	-	-	-	-	-	-	0
27	345.00	Services	18,410	2,749	-	4,873	203,984	37,930	166,054
28	346.00	Meters	3,222	1,593	-	2,141	87,703	16,083	71,619
29	348.00	Hydrants	6,992	-	-	409	24,254	2,207	22,046
30	349.00	Other Trans. And Dist.	-	-	-	-	-	-	0
31		SUBTOTAL TRANS. & DIST.	\$ 81,675	\$ 25,195	\$ 0	\$ 27,108	\$ 1,338,203	\$ 249,756	\$ 1,088,447
GENERAL									
32	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,755	\$ 0	\$ 2,755
33	390.00	Structures And Improvements	-	-	-	14	498	22	476
34	391.00	Office Furniture And Equipment	2,783	-	-	330	11,452	154	11,298
35	391.10	Computer Equipment	3,655	-	-	207	8,139	276	7,863
36	392.00	Transportation Equipment	17,044	-	-	14,126	65,024	30,963	34,061
37	393.00	Stores Equipment	21	-	-	136	3,418	461	2,957
38	394.00	Tools, Shop And Garage	1,119	-	-	295	9,195	1,149	8,046
39	395.00	Laboratory Equipment	-	-	-	-	-	-	0
40	396.00	Power Operated Equipment	-	-	-	-	-	-	0
41	397.00	Communication Equipment	10	-	-	124	2,461	345	2,116
42	398.00	Miscellaneous Equipment	-	-	-	32	659	49	610
43		SUBTOTAL GENERAL	\$ 24,632	\$ 0	\$ 0	\$ 15,265	\$ 103,600	\$ 33,417	\$ 70,183
44		AFUDC ADJUSTMENT 3/95	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
45		Adjustment Due To Rounding	-	-	-	-	2	-	(1)
46		TOTAL WATER PLANT	\$ 132,972	\$ 26,433	\$ 0	\$ 60,308	\$ 1,966,204	\$ 428,080	\$ 1,538,123

References:

- Columns (A) (B): Company Response To RUCO Data Request No. 1.22
- Column (C): Intentionally Left Blank
- Column (D): [(Col. (A) + Col. (B)) X RLM-4, Page 4, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 7, Col. (D) - Col. (C)] X RLM-4, Page 4, Col. (A)
- Column (E): Schedule RLM-4, Page 7, Column (D) + Column (A) - Column (B)
- Column (F): Schedule RLM-4, Page 7, Column (E) - Column (B) + Column (D)
- Column (G): Column (E) - Column (F)

TEST YEAR PLANT SCHEDULES CONT'D
YEAR ENDED DECEMBER 31, 1999

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETIRMTS	(C) FULL DEP. PLT	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 571	\$ 0	\$ 571
2	302.00	Franchises	-	-	-	-	2,044	-	2,044
3	303.00	Miscellaneous Intangibles	-	-	-	-	-	-	0
4		SUBTOTAL INTANGIBLE	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,615	\$ 0	\$ 2,615
SOURCE OF SUPPLY									
5	310.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,414	\$ (327)	\$ 20,741
6	311.00	Structures And Improvements	-	-	-	480	20,014	3,284	16,730
7	312.00	Collecting And Impounding Res.	-	-	-	-	-	-	0
8	313.00	Lakes, Rivers, Other Intakes	-	-	-	-	-	-	0
9	314.00	Wells And Springs	-	-	-	5,557	180,411	67,228	113,183
10		SUBTOTAL SUPPLY	\$ 0	\$ 0	\$ 0	\$ 6,037	\$ 220,839	\$ 70,184	\$ 150,655
PUMPING									
11	320.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 50	\$ 0	\$ 50
12	321.00	Structures And Improvements	-	-	-	285	14,668	7,267	7,401
13	323.00	Other Power Production	-	-	-	-	-	-	0
14	325.00	Electric Pumping Equipment	4,097	-	-	10,379	246,830	80,260	166,571
15	326.00	Diesel Pumping Equipment	879	-	-	22	879	22	857
16	328.10	Gas Engine Pumping Equipment	-	-	-	1,821	42,940	5,685	37,255
17		SUBTOTAL PUMPING	\$ 4,976	\$ 0	\$ 0	\$ 12,506	\$ 305,368	\$ 93,234	\$ 212,134
WATER TREATMENT									
18	330.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 50	\$ 0	\$ 50
19	331.00	Structures And Improvements	-	-	-	-	-	-	0
20	332.00	Water Treatment Equipment	-	-	-	20	505	51	455
21		SUBTOTAL TREATMENT	\$ 0	\$ 0	\$ 0	\$ 20	\$ 505	\$ 51	\$ 505
TRANSMISSION & DISTRIBUTION									
22	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 539	\$ 0	\$ 539
23	341.00	Structures And Improvements	-	-	-	3	156	11	145
24	342.00	Distribution, Reservoirs, & ST	-	-	-	1,980	122,195	(405)	122,600
25	343.00	Trans. And Dist. Mains	2,712	-	-	17,744	902,086	213,657	688,429
26	344.00	Fire Mains	-	-	-	-	-	-	0
27	345.00	Services	5,780	-	-	5,068	209,764	42,998	166,766
28	346.00	Meters	-	-	-	2,122	87,703	18,206	69,497
29	348.00	Hydrants	-	-	-	478	24,254	2,685	21,569
30	349.00	Other Trans. And Dist.	-	-	-	-	-	-	0
31		SUBTOTAL TRANS. & DIST.	\$ 8,492	\$ 0	\$ 0	\$ 27,396	\$ 1,346,695	\$ 277,152	\$ 1,069,544
GENERAL									
32	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,755	\$ 0	\$ 2,755
33	390.00	Structures And Improvements	-	-	-	14	498	36	462
34	391.00	Office Furniture And Equipment	-	-	-	376	11,452	529	10,923
35	391.10	Computer Equipment	2,770	-	-	312	10,909	588	10,321
36	392.00	Transportation Equipment	-	-	-	16,256	65,024	47,219	17,805
37	393.00	Stores Equipment	-	-	-	137	3,418	598	2,820
38	394.00	Tools, Shop And Garage	-	-	-	314	9,195	1,463	7,732
39	395.00	Laboratory Equipment	-	-	-	-	-	-	0
40	396.00	Power Operated Equipment	-	-	-	-	-	-	0
41	397.00	Communication Equipment	-	-	-	124	2,460	468	1,992
42	398.00	Miscellaneous Equipment	-	-	-	32	658	81	577
43		SUBTOTAL GENERAL	\$ 2,770	\$ 0	\$ 0	\$ 17,566	\$ 106,369	\$ 50,983	\$ 55,386
44		AFUDC ADJUSTMENT 3/95	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
45		Adjustment Due To Rounding	(1)	-	-	-	-	-	(1)
46		TOTAL WATER PLANT	\$ 16,237	\$ 0	\$ 0	\$ 63,524	\$ 1,982,441	\$ 491,604	\$ 1,490,836

References:

- Columns (A) (B): Company Response To RUCO Data Request No. 1.22
- Column (C): Intentionally Left Blank
- Column (D): [(Col. (A) + Col. (B)) X RLM-4, Page 4, Col. (A) X 1/2 yr. conv.] + [RLM-11, Page 8, Col. (D) - Col. (C)] X RLM 4, Page 4, Col. (A)
- Column (E): Schedule RLM-4, Page 8, Column (D) + Column (A) - Column (B)
- Column (F): Schedule RLM-4, Page 8, Column (E) - Column (B) + Column (D)
- Column (G): Column (E) - Column (F)

TEST YEAR PLANT SCHEDULES CONT'D
YEAR ENDED DECEMBER 31, 2000

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) FULL DEP. PLT	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 571	\$ 0	\$ 571
2	302.00	Franchises	-	-	-	-	2,044	-	2,044
3	303.00	Miscellaneous Intangibles	-	-	-	-	-	-	0
4		SUBTOTAL INTANGIBLE	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,615	\$ 0	\$ 2,615
SOURCE OF SUPPLY									
5	310.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,414	\$ (327)	\$ 20,741
6	311.00	Structures And Improvements	-	-	-	480	20,015	3,764	16,251
7	312.00	Collecting And Impounding Res.	-	-	-	-	-	-	0
8	313.00	Lakes, Rivers, Other Intakes	-	-	-	-	-	-	0
9	314.00	Wells And Springs	-	576	-	5,566	179,836	72,217	107,618
10		SUBTOTAL SUPPLY	\$ 0	\$ 576	\$ 0	\$ 6,046	\$ 220,264	\$ 75,654	\$ 144,610
PUMPING									
11	320.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 50	\$ 0	\$ 50
12	321.00	Structures And Improvements	-	-	-	285	14,668	7,552	7,116
13	323.00	Other Power Production	-	-	-	-	-	-	0
14	325.00	Electric Pumping Equipment	-	3,516	-	10,540	243,314	87,284	156,030
15	326.00	Diesel Pumping Equipment	-	-	-	44	879	66	813
16	328.10	Gas Engine Pumping Equipment	-	-	-	1,821	42,940	7,506	35,434
17		SUBTOTAL PUMPING	\$ 0	\$ 3,516	\$ 0	\$ 12,889	\$ 301,851	\$ 102,407	\$ 199,444
WATER TREATMENT									
18	330.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 50	\$ 0	\$ 50
19	331.00	Structures And Improvements	-	-	-	-	-	-	0
20	332.00	Water Treatment Equipment	-	-	-	20	505	71	434
21		SUBTOTAL TREATMENT	\$ 0	\$ 0	\$ 0	\$ 20	\$ 555	\$ 71	\$ 484
TRANSMISSION & DISTRIBUTION									
22	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 539	\$ 0	\$ 539
23	341.00	Structures And Improvements	-	-	-	3	156	14	142
24	342.00	Distribution, Reservoirs, & ST	-	-	-	1,980	122,195	1,575	120,620
25	343.00	Trans. And Dist. Mains	5,038	177	-	17,822	906,947	231,302	675,644
26	344.00	Fire Mains	-	-	-	-	-	-	0
27	345.00	Services	3,707	597	-	5,192	212,873	47,592	165,281
28	346.00	Meters	44	1,475	-	2,141	86,272	18,872	67,400
29	348.00	Hydrants	-	-	-	478	24,254	3,163	21,091
30	349.00	Other Trans. And Dist.	-	-	-	-	-	-	0
31		SUBTOTAL TRANS. & DIST.	\$ 8,789	\$ 2,249	\$ 0	\$ 27,616	\$ 1,353,235	\$ 302,518	\$ 1,050,717
GENERAL									
32	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,755	\$ 0	\$ 2,755
33	390.00	Structures And Improvements	-	-	-	14	498	51	447
34	391.00	Office Furniture And Equipment	-	-	-	376	11,452	905	10,547
35	391.10	Computer Equipment	-	1,474	-	382	9,435	(504)	9,939
36	392.00	Transportation Equipment	-	47,858	-	22,238	17,166	21,599	(4,433)
37	393.00	Stores Equipment	-	-	-	137	3,418	734	2,684
38	394.00	Tools, Shop And Garage	-	1,034	-	332	8,161	761	7,400
39	395.00	Laboratory Equipment	-	-	-	-	-	-	0
40	396.00	Power Operated Equipment	-	-	-	-	-	-	0
41	397.00	Communication Equipment	-	-	-	124	2,460	592	1,868
42	398.00	Miscellaneous Equipment	-	-	-	32	658	114	544
43		SUBTOTAL GENERAL	\$ 0	\$ 50,366	\$ 0	\$ 23,635	\$ 56,003	\$ 24,252	\$ 31,751
44		AFUDC ADJUSTMENT 3/95	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
45		Adjustment Due To Rounding	(1)	-	-	-	(1)	-	(1)
46		TOTAL WATER PLANT	\$ 8,788	\$ 56,707	\$ 0	\$ 70,006	\$ 1,934,522	\$ 504,903	\$ 1,429,620

References:

- Columns (A) (B): Company Response To RUCO Data Request No. 1.22
- Column (C): Intentionally Left Blank
- Column (D): [(Col. (A) + Col. (B)) X RLM-4, Page 4, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 9, Col. (D) - Col. (C)] X RLM-4, Page 4, Col. (A)
- Column (E): Schedule RLM-4, Page 9, Column (D) + Column (A) - Column (B)
- Column (F): Schedule RLM-4, Page 9, Column (E) - Column (B) + Column (D)
- Column (G): Column (E) - Column (F)

TEST YEAR PLANT SCHEDULES CONT'D
TEST YEAR ENDED DECEMBER 31, 2001

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) FULL DEP. PL'T	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 571	\$ 0	\$ 571
2	302.00	Franchises	-	-	-	-	2,044	-	2,044
3	303.00	Miscellaneous Intangibles	-	-	-	-	-	-	0
4		SUBTOTAL INTANGIBLE	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,615	\$ 0	\$ 2,615
SOURCE OF SUPPLY									
5	310.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,414	\$ (327)	\$ 20,741
6	311.00	Structures And Improvements	-	-	-	480	20,015	4,244	15,770
7	312.00	Collecting And Impounding Res.	-	-	-	-	-	-	0
8	313.00	Lakes, Rivers, Other Intakes	-	-	-	-	-	-	0
9	314.00	Wells And Springs	-	-	-	5,539	179,836	77,756	102,079
10		SUBTOTAL SUPPLY	\$ 0	\$ 0	\$ 0	\$ 6,019	\$ 220,264	\$ 81,674	\$ 138,591
PUMPING									
11	320.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 50	\$ 0	\$ 50
12	321.00	Structures And Improvements	-	-	-	285	14,668	7,836	6,832
13	323.00	Other Power Production	-	-	-	-	-	-	0
14	325.00	Electric Pumping Equipment	624	-	-	10,330	243,938	97,613	146,325
15	326.00	Diesel Pumping Equipment	-	-	-	44	879	110	769
16	328.10	Gas Engine Pumping Equipment	-	-	-	1,821	42,940	9,326	33,614
17		SUBTOTAL PUMPING	\$ 624	\$ 0	\$ 0	\$ 12,479	\$ 302,475	\$ 114,885	\$ 187,590
WATER TREATMENT									
18	330.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 50	\$ 0	\$ 50
19	331.00	Structures And Improvements	-	-	-	-	-	-	0
20	332.00	Water Treatment Equipment	-	-	-	20	505	91	414
21		SUBTOTAL TREATMENT	\$ 0	\$ 0	\$ 0	\$ 20	\$ 555	\$ 91	\$ 464
TRANSMISSION & DISTRIBUTION									
22	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 539	\$ 0	\$ 539
23	341.00	Structures And Improvements	-	-	-	3	156	17	139
24	342.00	Distribution, Reservoirs, & ST	20,853	-	-	2,148	143,048	3,723	139,325
25	343.00	Trans. And Dist. Mains	1,845	20,784	-	18,090	888,008	228,608	659,400
26	344.00	Fire Mains	-	-	-	-	-	-	0
27	345.00	Services	60,593	-	-	5,958	273,466	53,550	219,916
28	346.00	Meters	2,025	-	-	2,112	88,297	20,984	67,313
29	348.00	Hydrants	-	-	-	478	24,254	3,641	20,613
30	349.00	Other Trans. And Dist.	-	-	-	-	-	-	0
31		SUBTOTAL TRANS. & DIST.	\$ 85,316	\$ 20,784	\$ 0	\$ 28,789	\$ 1,417,767	\$ 310,523	\$ 1,107,244
GENERAL									
32	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,755	\$ 0	\$ 2,755
33	390.00	Structures And Improvements	-	-	-	14	498	65	433
34	391.00	Office Furniture And Equipment	-	-	-	376	11,452	1,280	10,172
35	391.10	Computer Equipment	-	-	-	309	9,435	(194)	9,629
36	392.00	Transportation Equipment	-	-	-	4,292	17,166	25,891	(8,725)
37	393.00	Stores Equipment	-	-	-	137	3,418	872	2,546
38	394.00	Tools, Shop And Garage	-	-	-	279	8,161	1,041	7,120
39	395.00	Laboratory Equipment	-	-	-	-	-	-	0
40	396.00	Power Operated Equipment	-	-	-	-	-	-	0
41	397.00	Communication Equipment	1	-	-	124	2,461	716	1,745
42	398.00	Miscellaneous Equipment	-	-	-	32	658	147	511
43		SUBTOTAL GENERAL	\$ 1	\$ 0	\$ 0	\$ 5,563	\$ 56,004	\$ 29,817	\$ 26,187
44		AFUDC ADJUSTMENT 3/95	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
45		Adjustment Due To Rounding	1	-	-	-	-	-	(1)
46		TOTAL WATER PLANT	\$ 85,942	\$ 20,784	\$ 0	\$ 52,870	\$ 1,999,680	\$ 536,991	\$ 1,462,689

References:

- Columns (A) (B): Company Response To RUCO Data Request No. 1.22
- Column (C): Intentionally Left Blank
- Column (D): [(Col. (A) + Col. (B)) X RLM-4, Page 4, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 10, Col. (D) - Col. (C)] X RLM-4, Page 4, Col. (A)
- Column (E): Schedule RLM-4, Page 10, Column (D) + Column (A) - Column (B)
- Column (F): Schedule RLM-4, Page 10, Column (E) - Column (B) + Column (D)
- Column (G): Column (E) - Column (F)

TEST YEAR PLANT SCHEDULES CONT'D
2001 TEST YEAR ADJUSTMENT TO GENERAL PLANT ALLOCATION - CITIZENS VERSUS ARIZONA-AMERICA

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A)	(B)	(C)	(D)	(E)	(F)	(G)
			PRE-AQUISITION TOTAL PLANT VALUE	ACCUM. DEP.	ADJUSTMENTS TOTAL PLANT VALUE	ACCUM. DEP.	POST-ACQUISITION TOTAL PLANT VALUE	ACCUM. DEP.	NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 571	\$ 0	\$ 0	\$ 0	\$ 571	\$ 0	\$ 571
2	302.00	Franchises	2,044	-	-	-	2,044	-	2,044
3	303.00	Miscellaneous Intangibles	-	-	-	-	-	-	0
4		SUBTOTAL INTANGIBLE	\$ 2,615	\$ 0	\$ 0	\$ 0	\$ 2,615	\$ 0	\$ 2,615
SOURCE OF SUPPLY									
5	310.00	Land And Land Rights	\$ 20,414	\$ (327)	\$ 0	\$ 0	\$ 20,414	\$ (327)	\$ 20,741
6	311.00	Structures & Improvements	20,015	4,244	-	-	20,015	4,244	15,770
7	312.00	Collecting & Impound Res.	-	-	-	-	-	-	0
8	313.00	Lakes, Rivers, Other Intakes	-	-	-	-	-	-	0
9	314.00	Wells And Springs	179,836	77,756	-	-	179,836	77,756	102,079
10		SUBTOTAL SUPPLY	\$ 220,264	\$ 81,674	\$ 0	\$ 0	\$ 220,264	\$ 81,674	\$ 138,591
PUMPING									
11	320.00	Land And Land Rights	\$ 50	\$ 0	\$ 0	\$ 0	\$ 50	\$ 0	\$ 50
12	321.00	Structures & Improvements	14,668	7,836	-	-	14,668	7,836	6,832
13	323.00	Other Power Production	-	-	-	-	-	-	0
14	325.00	Electric Pumping Equipment	243,938	97,613	-	-	243,938	97,613	146,325
15	326.00	Diesel Pumping Equipment	879	110	-	-	879	110	769
16	328.10	Gas Engine Pumping Equip.	42,940	9,326	-	-	42,940	9,326	33,614
17		SUBTOTAL PUMPING	\$ 302,476	\$ 114,885	\$ 0	\$ 0	\$ 302,475	\$ 114,885	\$ 187,590
WATER TREATMENT									
18	330.00	Land And Land Rights	\$ 50	\$ 0	\$ 0	\$ 0	\$ 50	\$ 0	\$ 50
19	331.00	Structures & Improvements	-	-	-	-	-	-	0
20	332.00	Water Treatment Equipment	505	91	-	-	505	91	414
21		SUBTOTAL TREATMENT	\$ 555	\$ 91	\$ 0	\$ 0	\$ 555	\$ 91	\$ 464
TRANS. & DIST.									
22	340.00	Land And Land Rights	\$ 539	\$ 0	\$ 0	\$ 0	\$ 539	\$ 0	\$ 539
23	341.00	Structures & Improvements	156	17	-	-	156	17	139
24	342.00	Dist., Res., & ST	143,048	3,723	-	-	143,048	3,723	139,325
25	343.00	Trans. And Dist. Mains	888,008	228,608	-	-	888,008	228,608	659,400
26	344.00	Fire Mains	-	-	-	-	-	-	0
27	345.00	Services	273,466	53,550	-	-	273,466	53,550	219,916
28	346.00	Meters	88,297	20,984	-	-	88,297	20,984	67,313
29	348.00	Hydrants	24,254	3,641	-	-	24,254	3,641	20,613
30	349.00	Other Trans. And Dist.	-	-	-	-	-	-	0
31		SUB TRANS. & DIST.	\$ 1,417,767	\$ 310,523	\$ 0	\$ 0	\$ 1,417,767	\$ 310,523	\$ 1,107,244
GENERAL									
32	389.00	Land And Land Rights	\$ 2,755	\$ 0	\$ (2,729)	\$ 0	\$ 26	\$ 0	\$ 26
33	390.00	Structures & Improvements	498	65	17,269	1,585	17,767	1,650	16,117
34	391.00	Office Furniture & Equip.	11,452	1,280	(6,159)	632	5,293	1,912	3,381
35	391.10	Computer Equipment	9,435	(194)	(1,858)	(2,112)	7,577	(2,306)	9,883
36	392.00	Transportation Equipment	17,166	25,891	(7,631)	(25,794)	9,535	5507	4,028
37	393.00	Stores Equipment	3,418	872	(3,266)	(750)	152	41	111
38	394.00	Tools, Shop And Garage	8,161	1,041	(5,980)	(814)	2,181	97	2,084
39	395.00	Laboratory Equipment	-	-	691	1,764	691	122	569
40	396.00	Power Operated Equipment	-	-	638	681	638	227	411
41	397.00	Communication Equipment	2,461	716	603	8,980	3,064	1,764	1,300
42	398.00	Miscellaneous Equipment	658	147	812	9,549	1,470	681	789
43		SUBTOTAL GENERAL	\$ 56,004	\$ 29,817	\$ (7,610)	\$ (6,278)	\$ 48,394	\$ 9,696	\$ 38,699
44		AFUDC ADJUSTMENT 3/95	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
45		Adjustm't Due To Rounding	(1)	-	(1)	-	(1)	-	0
46		TOTAL WATER PLANT	\$ 1,999,680	\$ 536,991	\$ (7,611)	\$ (6,278)	\$ 1,992,069	\$ 516,869	\$ 1,475,203
47		Company As Filed B-2					1,981,996	551,582	
48		Adjustment To Test Year Total Plant And Accumulated Depreciation (See RLM-3, Col (B), Lines 1 & 2)					\$ 10,073	\$ (34,713)	

References:

- Column (A): Schedule RLM-4, Page 11, Column (E)
- Column (B): Schedule RLM-4, Page 11, Column (F)
- Columns (C) (D): Adjustment To Replace Citizens' Utilities General Plant With Arizona Water Common Plant Allocation As Per Company Schedule B-2, Pg 2
- Column (E): Column (A) - Column (C) As Per Company Schedule B-2, Page 3
- Column (F): Column (B) - Column (D) As Per Company Schedule B-2, Page 3
- Column (G): Column (E) - Column (F)

POST TEST YEAR 2001 PLANT

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) REVENUE NEUTRAL PLANT ADD'N	(B) ORCOM & PLANT AT CLOSING	(C) ADDIT'NAL ACC. DEP. CLOS'G	(D) DEP. EXP.	(E) TOTAL PLANT VALUE	(F) ACCUM. DEP.	(G) NET PLANT VALUE
INTANGIBLE									
1	301.00	Organization	\$ 0	\$ 0	\$ 0	\$ 0	\$ 571	\$ 0	\$ 571
2	302.00	Franchises	-	5,617	-	-	7,661	-	7,661
3	303.00	Miscellaneous Intangibles	-	-	-	-	-	-	0
4		SUBTOTAL INTANGIBLE	\$ 0	\$ 5,617	\$ 0	\$ 0	\$ 8,232	\$ 0	\$ 8,232
SOURCE OF SUPPLY									
5	310.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,414	\$ (327)	\$ 20,741
6	311.00	Structures And Improvements	-	-	240	-	20,015	4,484	15,530
7	312.00	Collecting And Impounding Res.	-	-	-	-	-	-	0
8	313.00	Lakes, Rivers, Other Intakes	-	-	-	-	-	-	0
9	314.00	Wells And Springs	-	(63,321)	(4,920)	(975)	116,515	71,861	44,654
10		SUBTOTAL SUPPLY	\$ 0	\$ (63,321)	\$ (4,680)	\$ (975)	\$ 156,943	\$ 76,018	\$ 80,925
PUMPING									
11	320.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 50	\$ 0	\$ 50
12	321.00	Structures And Improvements	-	50	142	-	14,718	7,978	6,740
13	323.00	Other Power Production	-	-	-	-	-	-	0
14	325.00	Electric Pumping Equipment	28,825	-	5,123	611	272,763	103,347	169,416
15	326.00	Diesel Pumping Equipment	-	-	-	-	879	110	769
16	328.10	Gas Engine Pumping Equipment	-	-	911	-	42,940	10,237	32,703
17		SUBTOTAL PUMPING	\$ 28,825	\$ 50	\$ 6,176	\$ 611	\$ 331,350	\$ 121,672	\$ 209,678
WATER TREATMENT									
18	330.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 50	\$ 0	\$ 50
19	331.00	Structures And Improvements	-	-	-	-	-	-	0
20	332.00	Water Treatment Equipment	-	-	10	-	505	101	404
21		SUBTOTAL TREATMENT	\$ 0	\$ 0	\$ 10	\$ 0	\$ 555	\$ 101	\$ 454
TRANSMISSION & DISTRIBUTION									
22	340.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 539	\$ 0	\$ 539
23	341.00	Structures And Improvements	-	-	1	-	156	18	138
24	342.00	Distribution, Reservoirs, & ST	-	-	1,153	-	143,048	4,876	138,172
25	343.00	Trans. And Dist. Mains	55,070	-	8,704	542	943,078	237,854	705,223
26	344.00	Fire Mains	-	-	-	-	-	-	0
27	345.00	Services	-	-	3,342	-	273,466	56,892	216,574
28	346.00	Meters	-	-	1,063	-	88,297	22,047	66,250
29	348.00	Hydrants	-	-	238	-	24,254	3,879	20,375
30	349.00	Other Trans. And Dist.	-	-	-	-	-	-	0
31		SUBTOTAL TRANS. & DIST.	\$ 55,070	\$ 0	\$ 14,501	\$ 542	\$ 1,472,837	\$ 325,567	\$ 1,147,271
GENERAL									
32	389.00	Land And Land Rights	\$ 0	\$ 0	\$ 0	\$ 0	\$ 26	\$ 0	\$ 26
33	390.00	Structures And Improvements	734	-	7	11	18,501	1,668	16,833
34	391.00	Office Furniture And Equipment	3,237	-	188	53	8,530	2,153	6,377
35	391.10	Computer Equipment	-	-	943	-	7,577	(1,363)	8,940
36	392.00	Transportation Equipment	-	-	2,145	-	9,535	7,652	1,883
37	393.00	Stores Equipment	-	-	68	-	152	109	43
38	394.00	Tools, Shop And Garage	-	-	139	-	2,181	236	1,945
39	395.00	Laboratory Equipment	-	-	-	-	691	122	569
40	396.00	Power Operated Equipment	-	-	-	-	638	227	411
41	397.00	Communication Equipment	785	(1)	62	20	3,848	1,846	2,002
42	398.00	Miscellaneous Equipment	-	-	16	-	1,470	697	773
43		SUBTOTAL GENERAL	\$ 4,756	\$ (1)	\$ 3,568	\$ 83	\$ 53,148	\$ 13,346	\$ 39,803
44		AFUDC ADJUSTMENT 3/95	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
45		Adjustment Due To Rounding	-	-	1	-	-	2	(1)
46		TOTAL WATER PLANT	\$ 88,651	\$ (57,655)	\$ 19,576	\$ 262	\$ 2,023,065	\$ 536,707	\$ 1,486,361
47		Company As Filed B-2					1,968,841	571,158	
48		Difference In Post Test Year Gross Plant					54,224	(34,451)	
49		Adjustment To Test Year Gross Plant As Per RLM-4, Page 12, Cols (E) And (F), L 48					10,073	(34,713)	
50		Adjustment To Post Test Year Total Plant And Acc. Dep. (See RLM-3, Col (C), L 1 & L 2)					44,151	262	

References:

Column (A): Company's Response To Staff Data Request No. DWC 12-1 To 12-5

Columns (B) (C): Company Schedule B-2, Pages 1 And 8

Column (D): [(Col. (A) + Col. (B)) X RLM-4, Page 4, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 12, Col. (E)] X RLM-4, Page 4, Col. (A)

Column (E): Schedule RLM-4, Page 12, Column (D) + Column (A) + Column (B)

Column (F): Schedule RLM-4, Page 12, Column (F) + Column (C) + Column (D)

Column (G): Column (E) - Column (F)

OPERATING INCOME

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)	(E)
		COMPANY AS FILED	RUCO TEST YEAR ADJTMENTS	RUCO TEST YEAR AS ADJUSTED	RUCO PROPOSED CHANGES	RUCO AS RECOMMENDED
OPERATING REVENUES:						
1	Metered Water Revenues	\$ 251,795	\$ 0	\$ 251,795	\$ 40,812	\$ 292,607
2	Unmetered Water Revenues	0	-	-	-	0
3	Other Water Revenues	2,691	-	2,691	-	2,691
4	TOTAL OPERATING REVENUES	\$ 254,486	\$ 0	\$ 254,486	\$ 40,812	\$ 295,298
OPERATING EXPENSES:						
5	Salaries And Wages	\$ 77,690	\$ (24,274)	\$ 53,416	\$ 0	\$ 53,416
6	Purchased Water	0	-	-	-	0
7	Purchased Power	20,767	-	20,767	-	20,767
8	Chemicals	16	-	16	-	16
9	Repairs And Maintenance	18,029	-	18,029	-	18,029
10	Office Supplies And Expenses	19,965	(2,061)	17,904	-	17,904
11	Outside Services	10,516	-	10,516	-	10,516
12	Service Company Fees	38,653	(5,903)	32,750	-	32,750
13	Water Testing	1,420	-	1,420	-	1,420
14	Rents	3,454	-	3,454	-	3,454
15	Transportation Expenses	0	-	-	-	0
16	Insurance - General Liability	3,428	(1,061)	2,367	-	2,367
17	Insurance - Health And Life	0	-	-	-	0
18	Regulatory Comm. Exp. - Rate Case	1,680	(674)	1,006	-	1,006
19	Miscellaneous Expense	7,022	56	7,078	-	7,078
20	Depreciation Expense	37,208	(1,645)	35,563	-	35,563
21	Taxes Other Than Income	4,809	(22,190)	(17,381)	-	(17,381)
22	Property Taxes	23,752	(3,698)	20,054	-	20,054
23	Income Tax	(28,505)	31,297	2,792	8,539	11,331
24	Adjustment Due To Rounding	-	-	-	-	0
25	TOTAL OPERATING EXPENSES	\$ 239,904	\$ (30,153)	\$ 209,751	\$ 8,539	\$ 218,289
26	OPERATING INCOME (LOSS)	\$ 14,582	\$ 30,153	\$ 44,735	\$ 32,273	\$ 77,008
Other Income (Expense):						
27	Interest Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
28	Other Income	0	-	-	-	0
29	Interest Expense	(516,761)	482,577	(34,184)	-	(34,184)
30	Other Expense	0	-	-	-	0
31	Gain/Loss Sale Of Assets	0	-	-	-	0
32	TOTAL OTHER INCOME (EXPENSE)	\$ (516,761)	\$ 482,577	\$ (34,184)	\$ 0	\$ (34,184)
33	NET PROFIT (LOSS)	\$ (502,179)	\$ 512,730	\$ 10,551	\$ 32,273	\$ 42,824

References:
Column (A): Company Schedule C-1
Column (B): Testimony, RLM And Schedule RLM-7
Column (C): Column (A) + Column (B)
Column (D): Testimony, RLM And Schedule RLM-1
Column (E): Column (C) + Column (D)

**SUMMARY OF OPERATING INCOME ADJUSTMENTS
TEST YEAR AS FILED AND ADJUSTED**

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) ADJ #1	(C) ADJ #2	(D) ADJ #3	(E) ADJ #4	(F) ADJ #5	(G) ADJ #6	(H) ADJ #7	(I) ADJ #8	(J) ADJ #9	(K) ADJ #10	(L) RUCO AS AD'ED
OPERATING REVENUES:													
1	Metered Water Revenues	\$ 251,795	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 251,795
2	Unmetered Water Revenues	0	-	-	-	-	-	-	-	-	-	-	0
3	Other Water Revenues	2,691	-	-	-	-	-	-	-	-	-	-	2,691
4	TOTAL OPERATING REVENUES	\$ 254,486	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 254,486
OPERATING EXPENSES:													
5	Salaries And Wages	\$ 77,690	\$ 0	\$ 0	\$ 0	\$ (9,992)	\$ 0	\$ 0	\$ 0	\$ (14,282)	\$ 0	\$ 0	\$ 53,416
6	Purchased Water	0	-	-	-	-	-	-	-	-	-	-	0
7	Purchased Power	20,767	-	-	-	-	-	-	-	-	-	-	20,767
8	Chemicals	16	-	-	-	-	-	-	-	-	-	-	16
9	Repairs And Maintenance	18,029	-	-	-	-	-	-	-	-	-	-	18,029
10	Office Supplies And Expenses	19,965	-	-	-	-	-	-	-	(2,061)	-	-	17,904
11	Outside Services	10,516	-	-	-	-	-	-	-	-	-	-	10,516
12	Service Company Fees	38,653	-	-	(5,903)	-	-	-	-	-	-	-	32,750
13	Water Testing	1,420	-	-	-	-	-	-	-	-	-	-	1,420
14	Rents	3,454	-	-	-	-	-	-	-	-	-	-	3,454
15	Transportation Expenses	0	-	-	-	-	-	-	-	-	-	-	0
16	Insurance - General Liability	3,428	-	-	-	-	-	-	-	(1,061)	-	-	2,367
17	Insurance - Health And Life	0	-	-	-	-	-	-	-	-	-	-	0
18	Regulatory Comm. Exp. - Rate Case	1,680	-	-	-	-	-	-	(674)	-	-	-	1,006
19	Miscellaneous Expense	7,022	-	-	-	-	-	-	-	56	-	-	7,078
20	Depreciation Expense	37,208	-	-	-	-	(1,645)	-	-	-	-	-	35,563
21	Taxes Other Than Income	4,809	-	(21,426)	-	(764)	-	-	-	-	-	-	(17,381)
22	Property Taxes	23,752	-	-	-	-	-	(3,698)	-	-	-	-	20,054
23	Income Tax	(28,505)	-	-	-	-	-	-	-	-	-	31,297	2,792
24	Adjustment Due To Rounding												0
25	TOTAL OPERATING EXPENSES	\$ 239,904	\$ 0	\$ (21,426)	\$ (5,903)	\$ (10,756)	\$ (1,645)	\$ (3,698)	\$ (674)	\$ (17,348)	\$ 0	\$ 31,297	\$ 209,751
26	OPERATING INCOME (LOSS)	\$ 14,582	\$ 0	\$ 21,426	\$ 5,903	\$ 10,756	\$ 1,645	\$ 3,698	\$ 674	\$ 17,348	\$ 0	\$ (31,297)	\$ 44,735
Other Income (Expense):													
27	Interest Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
28	Other Income	0	-	-	-	-	-	-	-	-	-	-	0
29	Interest Expense	(516,761)	-	-	-	-	-	-	-	-	482,577	-	(34,184)
30	Other Expense	0	-	-	-	-	-	-	-	-	-	-	0
31	Gain/Loss Sale Of Assets	0	-	-	-	-	-	-	-	-	-	-	0
32	TOTAL OTHER INCOME (EXPENSE)	\$ (516,761)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 482,577	\$ 0	\$ (34,184)
33	NET PROFIT (LOSS)	\$ (502,179)	\$ 0	\$ 21,426	\$ 5,903	\$ 10,756	\$ 1,645	\$ 3,698	\$ 674	\$ 17,348	\$ 482,577	\$ (31,297)	\$ 10,551
ADJUSTMENT NO. REFERENCE													
1 - Removing Citizens Corporate Allocations Testimony, RLM													
2 - Remove Test Year Salaries And Wages Testimony, RLM													
3 - Service Company Fees Testimony, RLM													
4 - Projected Salaries And Wages Testimony, RLM													
5 - Depreciation Expense Testimony, RLM And Schedule RLM-8													
6 - Property Taxes Testimony, RLM And Schedule RLM-9													
7 - Rate Case Expense Testimony, RLM													
8 - Projected Additional Corporate Overhead Expenses Testimony, RLM													
9 - Intentionally Left Blank													
10 - Income Tax Testimony, RLM And Schedule RLM-10													

References:
Col. (A): Company Sch. C-1
Cols. (B) Thru (K): Adjs #1 Thru #13
Col. (L): Sum Of Cols. (A) Thru (K)

**EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 2
CITIZENS SALARIES AND WAGES**

LINE NO.	DISTRICT	ACCOUNT	CITIZENS BUSINESS UNIT	(A) COMPANY AS FILED	(B) RUCO AS ADJ'D	(C) ADJM'T
	TUBAC		4002-4503			
1		Salaries And Wages		\$ 60,229	\$ 60,229	\$ -
2		Payroll Tax		26,283	4,857	(21,426)
3		TOTAL		<u>\$ 86,512</u>	<u>\$ 65,086</u>	<u>\$ (21,426)</u>

References:

- Column (A): Company Schedule C-2, Page 3
- Column (B): Company Provided Data On Citizens 2001 Payroll
- Column (C): Column (B) - Column (A)

**EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 3
AZ-AM SERVICE COMPANY ALLOCATIONS**

LINE NO.	DISTRICT	AZ-AM BUS. UNIT	TOTAL SERVICE CHARGES			ALLOCATED SERVICE CHARGES		
			(A) COMPANY AS FILED	(B) RUCO AS ADJ'TED	(C) FOUR FACT'R	(D) COMPANY AS FILED	(E) RUCO AS ADJ'TED	(F) ADJ'MENT
1	Sun City West Water	2364	\$ 5,153,711	\$ 4,366,610	0.1001	\$ 515,886	\$ 437,098	\$ (78,789)
2	Sun City West Wastewater	2365	\$ 5,153,711	\$ 4,366,610	0.1072	\$ 552,478	\$ 468,101	\$ (84,377)
3	Sun City Water	2362	\$ 5,153,711	\$ 4,366,610	0.1797	\$ 926,122	\$ 784,680	\$ (141,442)
4	Sun City Wastewater	2363	\$ 5,153,711	\$ 4,366,610	0.1014	\$ 522,586	\$ 442,774	\$ (79,812)
5	Tubac	2389	\$ 5,153,711	\$ 4,366,610	0.0075	\$ 38,653	\$ 32,750	\$ (5,903)
						COMPANY	RUCO	
						AS FILED	AS ADJ'TED	ADJUSTM'T
6	TUBAC	Arizona-American Service Company Allocation				\$ 38,653	\$ 32,750	\$ (5,903)

References:
Columns (A) (C): Company Schedule C-2, Page 4
Column (B): Company Response To RUCO Third Data Request
Column (D): Column (A) X Column (C)
Column (E): Column (B) X Column (C)
Column (F): Column (E) - Column (D)

**EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 4
PROJECTED SALARIES AND WAGES**

LINE NO.	COMPANY	AZ-AM BUSINESS UNIT	(A)	(B)	(C)	(D)	(E)
			GROSS PAYROLL	CAPITAL'D PAYROLL	NET PAYROLL	EMP. COUNT	PAYROLL TAX
1	Sun City West Water	2364	\$ 341,944	\$ 92,325	\$ 249,619	6	\$ 20,566
2	Sun City West Wastewater	2365	418,601	113,022	305,579	9	25,582
3	Sun City Water	2362	806,792	217,834	588,958	24	50,935
4	Sun City Wastewater	2363	80,003	21,601	58,402	4	5,448
5	Tubac	2389	68,044	18,372	49,672	1	4,045
TUBAC				COMPANY AS FILED	RUCO AS ADJ'TED	ADJUSTM'T	
6		Salaries And Wages		\$ 59,664	\$ 49,672	\$ (9,992)	
7		Payroll Tax		4,809	4,045	(764)	
8		TOTAL		\$ 64,473	\$ 53,717	\$ (10,756)	

References:

- Columns (A) (D): Company Provided Data On AZ-AM 2002 Payroll
- Column (B): 27% Of Column (A) - Calculated As Representative Of Labor Associated With Capital Projects
- Column (C): Column (A) - Column (B)
- Column (E): Column (C) X 7.65% (FICA) + \$245 X Column (D) (FUTA & SUTA)

**EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 5
TEST YEAR DEPRECIATION EXPENSE**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) TOTAL UNDEPREC'D PLANT	(B) APR'D DEP. RATE	(C) TEST YEAR DEPREC'N EXPENSE
		INTANGIBLE			
1	301.00	Organization	\$ 571	0.00%	\$ 0
2	302.00	Franchises	7,661	0.00%	-
3	303.00	Miscellaneous Intangible:	-	0.00%	-
4		SUBTOTAL INTANGIBLE	<u>\$ 8,232</u>		<u>\$ 0</u>
		SOURCE OF SUPPLY			
5	310.00	Land And Land Rights	\$ 20,414	0.00%	\$ 0
6	311.00	Structures And Improvements	20,015	2.40%	480
7	312.00	Collecting And Impounding Res.	-	0.00%	-
8	313.00	Lakes, Rivers, Other Intake:	-	0.00%	-
9	314.00	Wells And Springs	116,515	3.08%	3,589
10		SUBTOTAL SUPPLY	<u>\$ 156,943</u>		<u>\$ 4,069</u>
		PUMPING			
11	320.00	Land And Land Rights	\$ 50	0.00%	\$ 0
12	321.00	Structures And Improvements	14,718	1.94%	286
13	323.00	Other Power Production	-	0.00%	-
14	325.00	Electric Pumping Equipment	272,763	4.24%	11,565
15	326.00	Diesel Pumping Equipment	879	5.00%	44
16	328.10	Gas Engine Pumping Equipment	42,940	4.24%	1,821
17		SUBTOTAL PUMPING	<u>\$ 331,350</u>		<u>\$ 13,715</u>
		WATER TREATMENT			
18	330.00	Land And Land Rights	\$ 50	0.00%	\$ 0
19	331.00	Structures And Improvements	-	0.00%	-
20	332.00	Water Treatment Equipment	505	4.00%	20
21		SUBTOTAL TREATMENT	<u>\$ 555</u>		<u>\$ 20</u>
		TRANSMISSION & DISTRIBUTION			
22	340.00	Land And Land Rights	\$ 539	0.00%	\$ 0
23	341.00	Structures And Improvements	156	1.92%	3
24	342.00	Distribution, Reservoirs, & ST	143,048	1.62%	2,317
25	343.00	Trans. And Dist. Mains	943,078	1.97%	18,579
26	344.00	Fire Mains	-	0.00%	-
27	345.00	Services	273,466	2.45%	6,700
28	346.00	Meters	88,297	2.42%	2,137
29	348.00	Hydrants	24,254	1.97%	478
30	349.00	Other Trans. And Dist.	-	0.00%	-
31		SUBTOTAL TRANS. & DIST.	<u>\$ 1,472,837</u>		<u>\$ 30,214</u>
		GENERAL			
32	389.00	Land And Land Rights	\$ 26	0.00%	\$ 0
33	390.00	Structures And Improvements	18,501	2.89%	535
34	391.00	Office Furniture And Equipment	8,530	3.28%	280
35	391.10	Computer Equipment	7,577	3.28%	249
36	392.00	Transportation Equipmen	9,535	25.00%	2,384
37	393.00	Stores Equipment	152	4.00%	6
38	394.00	Tools, Shop And Garage	2,181	3.42%	75
39	395.00	Laboratory Equipmen	691	0.00%	-
40	396.00	Power Operated Equipmen	638	0.00%	-
41	397.00	Communication Equipment	3,848	5.03%	194
42	398.00	Miscellaneous Equipmen	1,470	4.93%	72
43		SUBTOTAL GENERAL	<u>\$ 53,148</u>		<u>\$ 3,793</u>
44		TOTAL	<u>\$ 2,023,065</u>		<u>\$ 51,811</u>
45		Amortization Of Deferred Regulatory Assets	\$ 4,596	2.58%	\$ 118
46		Depreciation On Well-Not-In-Service	\$ (64,945)	3.08%	\$ (2,000)
47		Amortization On CIAC	\$ (143,675)	10.00%	\$ (14,368)
48		Adjustment Due To Rounding	-		1
49		TOTAL WATER PLANT	<u>\$ 2,023,065</u>		<u>\$ 35,563</u>
50		Company As Filed As Per Schedule C-2, Pg 6, Line 73			37,208
51		Adjustment To Depreciation Expense (See RLM-6, Col (B), Line 20)			<u>(1,645)</u>

References:

Column (A): Schedule RLM-5, Page 1, Column (E)
Column (B): Schedule RLM-4, Page 4, Column (A)
Column (C): Column (A) X Column (B)

**EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 6
PROPERTY TAX COMPUTATION**

LINE NO.	DESCRIPTION	(A)	(B)
Calculation Of The Company's Full Cash Value:			
Annual Operating Revenues:			
1	Year 1999 (Company Schedule E-2)	\$ 289,142	
2	Year 2000 (Company Schedule E-2)	272,516	
3	Year 2001 (Company Schedule E-2)	252,010	
4	Total Three Year Operating Revenues (L1 + L2 + L3)	\$ 813,668	
5	Average Annual Operating Revenues (L4 / 3)	271,223	
6	Two Times Three Year Average Operating Revenues (L5 X 2)		\$ 542,445
ADD: Ten Percent Of Construction Work In Progress ("CWIP"):			
7	Test Year CWIP	\$ 15,645	
8	10% Of CWIP (L7 X 10%)		\$ 1,565
SUBTRACT: Transportation At Book Value:			
9	Original Cost Of Transportation Equipment (RLM-5, Pg 1, Col (E), L 36)	\$ 9,535	
10	Acc. Dep. Of Transportation Equipment (RLM-5, Pg 1, Col (F), L 36)	7,652	
11	Book Value Of Transportation Equipment (L9 - L10)		\$ 1,883
12	COMPANY'S FULL CASH VALUE (L6 + L8 + L11)		\$ 542,127
Calculation Of The Company's Tax Liability:			
MULTIPLY: Company Full Cash Value By Valuation Assessment Ratio And Then By Property Tax Rates:			
13	Assessment Ratio (ADOR Directive)	25%	
14	Assessed Value (L12 X L13)	\$ 135,532	
Property Tax Rates:			
15	Primary Tax Rate (2001 Tax Notice - Co.'s Data Response - "Property Tax")	14.80%	
16	Secondary Tax Rate (2001 Tax Notice - Co.'s Data Response - "Property Tax")	0.00%	
17	Estimated Tax Rate Liability (L14 + L15)	14.80%	
18	COMPANY'S TAX LIABILITY - Based On Full Cash Value (L14 X L17)		\$ 20,054
19	Test Year Adjusted Property Tax Expense Per Co.'s Filing (Sch. RLM-6, Col. (A), L29)	\$ 23,752	
20	Increase (Decrease) In Property Tax Expense (L18 - L19)	\$ (3,698)	
21	Adjustment To Property Tax Expense From Company's Direct Filing (See RLM-6 Col. (B), L22)		\$ (3,698)

**EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 7
RATE CASE EXPENSE**

LINE NO.		(A) REVISED T. Y. REV. FACTORS	(B) COMPANY AS FILED	(C) RUCO AS ADJUSTED	(D) TOTAL DIFFERENCE	(E) 3 YEAR AMORTIZED DIFFERENCE
1	Total Rate Case Expense		\$ 699,954	\$ 418,941	\$ (281,013)	\$ (93,671)
2	Sun City West Water	0.0956	\$ 66,939	\$ 40,065	\$ (26,874)	\$ (8,958)
3	Sun City West Wastewater	0.1000	70,006	41,901	(28,106)	(9,369)
4	Sun City Water	0.1752	122,623	73,393	(49,230)	(16,410)
5	Sun City Wastewater	0.1439	100,749	60,301	(40,448)	(13,483)
6	Tubac	0.0072	5,039	3,016	(2,023)	(674)
7	Agua Fria	0.1750	122,482	73,309	(49,173)	(16,391)
8	Anthem Water	0.1135	79,413	47,531	(31,882)	(10,627)
9	Agua Fria, Anthem Wastewater	0.0528	36,958	22,120	(14,837)	(4,946)
10	Mohave Water	0.1243	87,016	52,081	(34,935)	(11,645)
11	Havasu Water	0.0125	8,730	5,225	(3,505)	(1,168)
12	TOTAL	<u>1.0000</u>	<u>\$ 699,954</u>	<u>\$ 418,941</u>	<u>\$ (281,013)</u>	<u>\$ (93,671)</u>
	TUBAC		<u>COMPANY AS FILED</u>	<u>RUCO AS ADJUSTED</u>	<u>TOTAL DIFFERENCE</u>	<u>3 YEAR AMORTIZED DIFFERENCE</u>
13	Rate Case Expense		\$ 5,039	\$ 3,016	\$ (2,023)	\$ (674)

References:
Column (A) : Revised Company Adjusted Test Year Revenue Factors To Remove Mohave Sewer From Allocation
Column (B): Company Response To Data Request Minus The Mohave Sewer Allocated Value Of \$6,017
Column (C): Column (A) X RUCO's Recommended Total Rate Case Expense
Column (D): Column (C) - Column (B)
Column (E): Column (D) Divided By 3 (The Three Year Amortization Period)

EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 8
PROJECTED CORPORATE OVERHEAD

LINE NO.	DISTRICT	EXPENSE ACCOUNT	(A) COMPANY AS FILED	(B) RUCO AS ADJUSTED	(C) ADJUSTMENT
	TUBAC				
1		Salaries And Wages	\$ 18,026	\$ 3,744	\$ (14,282)
2		Office Supplies & Expense	11,447	9,386	(2,061)
3		Insurance	3,412	2,351	(1,061)
4		Miscellaneous Expense	221	277	56
5		TOTAL	<u>\$ 33,106</u>	<u>\$ 15,758</u>	<u>\$ (17,348)</u>

References:

- Column (A): Company Schedule C-2, Page 11
- Column (B): Allocated Amounts From RLM-13, Pg 2, Line 28
- Column (C): Column (B) - Column (A)

EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 8 - CONT'D
PROJECTED CORPORATE OVERHEAD

LINE NO.	CATEGORY	(A) COMPANY AS FILED	(B) RUCO AS ADJUSTED	(C) DIFFERENCE	(D)
1	Employee Benefits	\$ 964,147	\$ 374,404	\$ 589,743	
2	Directors Fees: Office Supplies & Exp.	1,270,126	1,030,972	239,154	
3	Miscellaneous Expenses	6,000	8,500	(2,500)	
4	Trustees Fees: Office Supplies & Exp.	645,847	447,842	198,005	
5	Miscellaneous Expenses	17,058	21,881	(4,823)	
6	Insurance	258,736	215,200	43,536	
7	Subtotal	\$ 3,161,914	\$ 2,098,797	\$ 1,063,117	
8	Non-Applicable Accounts	\$ 2,153,067	\$ 2,117,294	\$ 35,773	
9	TOTAL (See RLM-13, Pg 3)	\$ 5,314,981	\$ 4,216,091	\$ 1,098,890	
	ALLOCATION FACTORS	FAIR VALUE RATE BASE	YEAR-END CUST. COUNT	EMPLOYEE COUNT	PROFORMA PLANT
10	Sun City West Water	0.0908	0.1375	0.0600	0.0135
11	Sun City West Wastewater	0.0744	0.1314	0.0900	0.0056
12	Sun City Water	0.2695	0.1958	0.2400	0.1254
13	Sun City Wastewater	0.1119	0.1866	0.0400	0.0046
14	Tubac	0.0109	0.0044	0.0100	0.0110
15	Agua Fria	0.1052	0.1147	0.0700	0.2417
16	Anthem Water	0.0544	0.0284	0.1200	0.2326
17	Agua Fria, Anthem Wastewater	0.0158	0.0224	0.0600	0.2279
18	Mohave Water	0.0842	0.1217	0.1500	0.0371
19	Havasas Water	0.0076	0.0105	0.0300	0.0552
20	Subtotal	0.8247	0.9534	0.8700	0.9544
21	Mohave Sewer	0.0037	0.0051	0.0100	0.0089
22	Paradise Valley (Est. - 2001 Annual Report)	0.1715	0.0414	0.1200	0.0367
23	TOTAL	1.0000	1.0000	1.0000	1.0000
	ALLOCATED AMOUNTS	EMP. BEN.	OFF. SUP/EXP	INSURANCE	MISC. EXP.
24	Sun City West Water	22,464	182,392	19,535	1,464
25	Sun City West Wastewater	33,696	168,783	16,021	1,238
26	Sun City Water	\$ 89,857	\$ 322,580	\$ 57,988	\$ 4,408
27	Sun City Wastewater	14,976	242,477	24,091	1,686
28	Tubac	3,744	9,386	2,351	277
29	Agua Fria	26,208	165,421	22,645	6,263
30	Anthem Water	44,928	53,684	11,712	5,332
31	Agua Fria, Anthem Wastewater	22,464	30,213	3,398	5,176
32	Mohave Water	56,161	163,185	18,113	1,846
33	Havasas Water	11,232	14,208	1,630	1,297
34	Subtotal	\$ 325,731	\$ 1,352,330	\$ 177,484	\$ 28,987
35	Mohave Sewer	3,744	6,945	806	238
36	Paradise Valley (Est. - 2001 Annual Report)	44,928	119,539	36,910	1,155
37	Subtotal	\$ 48,672	\$ 126,483	\$ 37,716	\$ 1,393
38	TOTAL	\$ 374,404	\$ 1,478,813	\$ 215,200	\$ 30,381
39	TOTAL RUCO ADJUSTMENT (See RLM-13, pg 2, Column (B), Line 9 Above)			\$ 2,098,797	

References:

Allocation Factors - As Provided By Co. Except For Paradise Valley, Which Were Estimated From 2001 Annual Report
Allocation Amounts - Calculated Using Same Methodology As Company

EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 8 - CONT'D
PROJECTED CORPORATE OVERHEAD

LINE NO.	DESCRIPTION	(A) CATEGORY	(B) COMPANY AS FILED	(C) RUCO AS ADJUSTED	(D) DIFFERENCE
1	Directors Fees	MISC	\$ 6,000	\$ 8,500	\$ 2,500
2	Bank Service Charges	OFFICE	29,863	124,896	95,033
3	Bill Insert	OFFICE	29,703	35,304	5,601
4	Collection Agencies	OFFICE	870	6,673	5,803
5	Forms AG	OFFICE	17,074	13,051	(4,023)
6	Advertising (Required Notification)	OFFICE	230,287	130,698	(99,589)
7	Brochures And Handouts	OFFICE	2,502	834	(1,668)
8	Community Relations	OFFICE	7,730	6,662	(1,068)
9	Postage	OFFICE	329,952	125,443	(204,509)
10	Group Insurance	OFFICE	622,145	587,410	(34,735)
11	IncentivePlan Expenses	EMP. BENFITS	226,620	21,252	(205,368)
12	PBOP Operations AG	EMP. BENFITS	341,502	16,737	(324,765)
13	Workman Compensation	EMP. BENFITS	(19,061)	(3,359)	15,702
14	Dues Deducted	EMP. BENFITS	3,612	13,660	10,048
15	Dues Non-Deducted	EMP. BENFITS	2,705	5,052	2,347
16	Dues-Membership Deducted	EMP. BENFITS	-	2,959	2,959
17	Employee Expenses AG	EMP. BENFITS	115,234	60,267	(54,967)
18	Employee Exp Conference-Registration	EMP. BENFITS	24,595	15,666	(8,929)
19	Meals And Travel Deducted	EMP. BENFITS	39,758	20,433	(19,325)
20	Meals And Travel Non-Deduct	EMP. BENFITS	-	13,037	13,037
21	Other Welfare Operations	EMP. BENFITS	6,495	19,906	13,411
22	Employee Awards	EMP. BENFITS	252	1,144	892
23	Employee Physical Exams	EMP. BENFITS	1,842	716	(1,126)
24	Tuition Aid	EMP. BENFITS	29,515	15,528	(13,987)
25	Training	EMP. BENFITS	24,818	28,944	4,126
26	401K	EMP. BENFITS	74,501	61,288	(13,213)
27	ESOP	EMP. BENFITS	91,759	81,175	(10,584)
28	Trustee Fees	MISC	17,058	21,881	4,823
29	Credit Line Fees	OFFICE	8,347	24,728	16,381
30	Insurance General Liability	INS	41,335	77,430	36,095
31	Security Services	OFFICE	637,500	423,114	(214,386)
32	Insurance Other	INS	217,401	137,770	(79,631)
33	Company Dues-Membership Deduct	N/A	16,178	4,422	(11,756)
34	Company Dues-Membership Non-deducted	N/A	36,108	2,846	(33,262)
35	Company Dues-Membership AWWA Ded.	N/A	882	495	(387)
36	Company Dues-Membership AWWA Non	N/A	1,947	649	(1,298)
37	Company Dues-Membership Non-Deducted	N/A	-	18,075	18,075
38	Charitable Contribution Deducted	N/A	3,500	2,075	(1,425)
39	Charitable Contribution Non-Deduct	N/A	800	200	(600)
40	Property Taxes	N/A	2,093,652	1,648,841	(444,811)
41	Business Services-Project Expense	N/A	-	390,309	390,309
42	Pcard Undistributed	N/A	-	39,882	39,882
43	Water Reservoir Conservation	N/A	-	4,001	4,001
44	Pension Operation AG	N/A	-	5,499	5,499
45	TOTAL		<u>\$ 5,314,981</u>	<u>\$ 4,216,091</u>	<u>\$ (1,098,890)</u>

References:

Columns (A) (C): Company Response To RUCO Third Data Request
Column (B): Company As Filed
Column (D): Column (C) - Column (B)

**EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 10
INCOME TAX EXPENSE**

LINE NO.	DESCRIPTION	(A) REFERENCE	(B) AMOUNT
FEDERAL INCOME TAXES:			
1	Operating Income Before Taxes	Sch. RLM-6, Col. (C), L25 + L23	\$ 47,527
LESS:			
2	Arizona State Tax	Line 11	930
3	Interest Expense	Note (A) Line 19	34,184
4	Federal Taxable Income	Line 1 - Line 2 - Line 3	\$ 12,413
5	Federal Tax Rate	Sch. RLM-1, Page 2, Col.(D), L34	15.00%
6	Federal Income Tax Expense	Line 4 X line 5	\$ 1,862
STATE INCOME TAXES:			
7	Operating Income Before Taxes	Line 1	\$ 47,527
LESS:			
8	Interest Expense	Note (A) Line 19	34,184
9	State Taxable Income	Line 7 - Line 8	\$ 13,343
10	State Tax Rate	Tax Rate	6.97%
11	State Income Tax Expense	Line 9 X Line 10	\$ 930
TOTAL INCOME TAX EXPENSE:			
12	Federal Income Tax Expense	Line 6	\$ 1,862
13	State Income Tax Expense	Line 11	930
14	Total Income Tax Expense Per RUCO	Line 12 + Line 13	\$ 2,792
15	Total Income Tax Expense Per Company (Per Company Sch. C-1)		(28,505)
16	Total Income Tax Adjustment (See Sch. RLM 6, Col. (B), L23)	Line 14 - Line 15	\$ 31,297
NOTE (A):			
Interest Synchronization:			
17	Adjusted Rate Base (Sch. RLM-3, Col. (E), L16)	\$ 1,172,012	
18	Weighted Cost Of Debt (Sch. RLM-16, Col. (F), L1)	2.92%	
19	Interest Expense (L17 X L18)	\$ 34,184	

COST OF CAPITAL

LINE NO.	DESCRIPTION	(A) CAPITAL'TION PER COMPANY	(B) RUCO ADJ'TS	(C) RUCO ADJUSTED CAPITAL'TION	(D) CAPITAL RATIO	(E) COST	(F) WEIGHTED COST RATE
1	Long-Term Debt	\$ 165,583,119	\$ 0	\$ 165,583,119	59.89%	4.87%	2.92%
2	Common Equity	\$ 110,888,158	\$ 0	\$ 110,888,158	40.11%	9.11%	3.65%
3	TOTAL CAPITAL	<u>\$ 276,471,277</u>	<u>\$ 0</u>	<u>\$ 276,471,277</u>	<u>100.00%</u>		
4	COST OF CAPITAL						<u>6.57%</u>

References:

- Column (A): Staff Data Request Nos. JMR 8-3 And JMR 8-4
- Column (B): Testimony, WAR
- Column (C): Column (A) + Column (B)
- Column (D): Column (C), Line Item / Total Capital (L5)
- Column (E): Testimony, WAR
- Column (F): Column (D) X Column (E)

RATE DESIGN - MONTHLY MINIMUM, COMMODITY AND SERVICE CHARGES

LINE NO.	DESCRIPTION	(A)	(B)	(C)
		PRESENT RATES	COMPANY PROPOSED	RUCO PROPOSED
MONTHLY MINIMUM USAGE CHARGE:				
1	5/8 X 3/4 - Inch	\$ 15.35	\$ 28.58	\$ 15.00
2	3/4 - Inch	15.35	28.58	15.00
3	1 - Inch	23.00	42.83	22.48
4	1 1/2 - Inch	46.00	85.66	44.96
5	2 - Inch	76.00	141.52	74.28
6	3 - Inch	90.00	167.59	87.96
7	4 - Inch	132.00	245.79	129.00
8	6 - Inch	180.00	335.17	175.91
9	8 - Inch	N/A	2,858.00	1,500.00
NO GALLONS INCLUDED OR PROPOSED IN THE MONTHLY MINIMUM USAGE CHARGE				
COMMODITY RATES - ALL METERS (Per 1,000 Gallons):				
10	Tier 1 (0 to 8,000 Gallons)	\$ 1.66	\$ 3.09	\$ 2.13
11	Tier 2 (Above 8,001 Gallons)	2.04	3.79	2.61

In Addition, Company Shall Collect Groundwater Saving Fee Per Decision No. 62203
Ground Waterdrawal Fees Shall Be Collected As An Assessment,
And Is Subject To Annual Revisions As Required Due To Changes
In Rates Charged By The Arizona Department Of Water Resources (ADWR).
Includes An Allowance Of 10% Lost And Unaccounted For Water.

References:
Columns (A) (B): Company Schedule H-3, Page 3
Column (C): Testimony, RLM

RATE DESIGN - MONTHLY MINIMUM, COMMODITY AND SERVICE CHARGES CONT'D

LINE NO.	DESCRIPTION	(A) PRESENT RATES		(B)	(C)
		Service Line	Meter	COMPANY PROPOSED	RUCO PROPOSED
SERVICE LINE AND METER INSTALLATION CHARGES:					
1	5/8 X 3/4 - Inch Meter	\$ 255.00	\$ 65.00	\$ 500.00	\$ 500.00
2	3/4 - Inch Meter	255.00	105.00	575.00	575.00
3	1 - Inch Meter	275.00	145.00	660.00	660.00
4	1 1/2 - Inch Meter	290.00	345.00	900.00	900.00
5	2 - Inch Meter	315.00	775.00	2,220.00	2,220.00
6	3 - Inch Meter	Cost	Cost	Cost	Cost
7	4 - Inch Meter	Cost	Cost	Cost	Cost
8	6 - Inch Meter	Cost	Cost	Cost	Cost
9	8 - Inch Meter	Cost	Cost	Cost	Cost
10	Meters Larger Than 8 - Inches	Cost	Cost	Cost	Cost
SERVICE CHARGES:					
11	Establishment Of Service	\$ 30.00	\$ 50.00	\$ 50.00	\$ 50.00
12	Establishment Of Service (After Hours)	40.00	60.00	60.00	60.00
13	Re-Connection (Delinquent)	N/A	N/A	N/A	N/A
14	Re-Connection (after Hours)	N/A	N/A	N/A	N/A
15	Meter Test Fee (If Correct)	10.00	10.00	10.00	10.00
16	Deposit			As Per ACC R14-2-403.B	
17	Deposit Interest			As Per ACC R14-2-403.B	
18	Re-Establishment - (Within 12 Months)		Monthly Minimum Times Months Disconnected - As Per ACC R14-2-403.D		
19	NSF Charge (Per Month)	10.00	10.00	10.00	10.00
20	Deferred Payment	1.50%	1.50%	1.50%	1.50%
21	Meter Re-Read - (If Correct)	5.00	5.00	5.00	5.00
22	Meter Moved - Customer Requested	Cost	Cost	Cost	Cost
23	Late Payment Charge	1.50%	1.50%	1.50%	1.50%
24	Damages To Locks, Valves, Seals	Cost	Cost (Plus \$40)	Cost (Plus \$40)	Cost (Plus \$40)

GROUNDWATER WITHDRAWAL ASSESSMENT

Groundwater Withdrawal Fees Shall Be Collected As An Assessment,
And Is Subject To Annual Revisions As Required Due To Changes In
Rates Charged By The Arizona Department Of Water Resources.
Includes An Allowance Of 10% Lost And Unaccounted For Water.

All Advances (AIAC) And/Or Contributions (CIAC) Are To Include Labor, Materials, Overhead,
And All Applicable Taxes, Including All Gross-Up Taxes For Income Taxes

References:

Columns (A) (B): Company Schedule H-3, Page 3
Column (C): Testimony, RLM

PROOF OF RECOMMENDED REVENUE

LINE NO.	DESCRIPTION	(A) RUCO PROPOSED RATE DES'N	(B) ANNUALIZED CUST. & GAL. COUNT	(C) RUCO PROPOSED REVENUE
MONTHLY MINIMUM USAGE CHARGE:				
1	5/8 X 3/4 - Inch	\$ 15.00	5,484	\$ 82,260
2	3/4 - Inch	15.00	0	0
3	1 - Inch	22.48	348	7,823
4	1 1/2 - Inch	44.96	36	1,618
5	2 - Inch	74.28	36	2,674
6	3 - Inch	87.96	19	1,671
7	4 - Inch	129.00	0	0
8	6 - Inch	175.91	0	0
9	8 - Inch	1,500.00	0	0
10	TOTAL ANNUALIZED MONTHLY CUSTOMER COUNT AND BASIC CHARGE		<u>5,923</u>	<u>\$ 96,046</u>
NO GALLONS INCLUDED OR PROPOSED IN THE MONTHLY MINIMUM USAGE CHARGE				
COMMODITY RATES - ALL METERS (Per 1,000 Gallons):				
11	Tier 1 (0 to 8,000 Gallons)	\$ 2.130135	34,288,180	\$ 73,038
12	Tier 2 (Above 8,001 Gallons)	2.61	47,019,829	122,848
13	Effluent Sales (Per Acre Foot)	0.00	0	0
14	CAP - Raw Water (Per 1,000 Gallons)	0.00	0	0
15	TOTAL ANNUALIZED COMMODITY USAGE AND CHARGES		<u>81,308,009</u>	<u>\$ 195,887</u>
16	Unmetered Revenue			0
17	Other Revenue			2,691
18	Difference Between Bill Count And Revenue As Recorded			674
19	TOTAL PROPOSED ANNUALIZED REVENUE			<u><u>\$ 295,298</u></u>
20	Required Revenue (As Per Schedule RLM-1, Pg 1, Col (D), L10)			<u>295,298</u>
21	Difference			<u>\$ 0</u>

In Addition, Company Shall Collect Groundwater Saving Fee Per Decision No. 62203
Ground Waterdrawal Fees Shall Be Collected As An Assessment,
And Is Subject To Annual Revisions As Required Due To Changes
In Rates Charged By The Arizona Department Of Water Resources (ADWR).
Includes An Allowance Of 10% Lost And Unaccounted For Water.

References:

- Column (A): RLM-17, Page 1, Column (C)
- Column (B): Response To RUCO Data Request No. 1.04
- Column (C): Columns (A) X (B)

**TYPICAL BILL ANALYSIS
RESIDENTIAL WATER SERVICE TO 5/8 X 3/4 INCH METERS**

COMPANY PROPOSED		(A)	(B)	(C)	(D)	(E)
LINE NO.	USAGE	GALLONS CONSUMED	PRESENT RATES	PROPOSED RATES	DOLLAR INCREASE	PERCENT INCREASE
1	Average	13,177	\$39.19	\$72.92	\$33.73	86.06%
2	Median	7,535	\$27.86	\$51.86	\$24.00	86.17%

RUCO PROPOSED

3	Average	13,177	\$39.19	\$45.57	\$6.38	16.27%
4	Median	7,535	\$27.86	\$31.05	\$3.19	11.46%
5	Average Number Of Customers:		401			

PRESENT AND PROPOSED RATES (WITHOUT TAXES)

	Gallons Consumed	Present Rates	Company		RUCO	
			Prop'd Rates	% Increase	Prop'd Rates	% Increase
6	0	\$15.35	\$28.58	86.2%	\$15.00	-2.3%
7	1,000	17.01	31.67	86.2%	17.10	0.5%
8	2,000	18.67	34.76	86.2%	19.20	2.8%
9	3,000	20.33	37.85	86.2%	21.30	4.8%
10	4,000	21.99	40.94	86.2%	23.40	6.4%
11	5,000	23.65	44.03	86.2%	25.50	7.8%
12	6,000	25.31	47.12	86.2%	27.60	9.1%
13	7,000	26.97	50.21	86.2%	29.70	10.1%
14	8,000	28.63	53.30	86.2%	31.81	11.1%
15	9,000	30.67	57.09	86.1%	34.38	12.1%
16	10,000	32.71	60.88	86.1%	36.96	13.0%
17	15,000	42.91	79.83	86.0%	49.84	16.2%
18	20,000	53.11	98.78	86.0%	62.72	18.1%
19	25,000	63.31	117.73	86.0%	75.61	19.4%
20	50,000	114.31	212.48	85.9%	140.02	22.5%
21	75,000	165.31	307.23	85.9%	204.43	23.7%
22	100,000	216.31	401.98	85.8%	268.85	24.3%
23	125,000	267.31	496.73	85.8%	333.26	24.7%
24	150,000	318.31	591.48	85.8%	397.67	24.9%
25	175,000	369.31	686.23	85.8%	462.09	25.1%
26	200,000	420.31	780.98	85.8%	526.50	25.3%