

ORIGINAL

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May 10, 2006

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Darren Carlson
Utilities Division
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, Arizona 85007-2927

AZ CORP COMMISSION
DOCUMENT CONTROL

Re: Utility Source, L.L.C
Applications for rate increase Docket No. WS-04⁴²³⁵~~325~~-A-06-0303

Dear Darren,

Attached is a revised cover sheet for the cost of capital testimony which reads 'water and sewer division' rather than 'sewer division' only. Also attached are the B-2 plant schedules 4a, 4b, and 4c for the water division application. The water division application erroneously included schedules for the sewer division

If you have any questions, or require further assistance, please contact me at 602-246-7150.

Sincerely,

Thomas J. Bourassa

Cc: Richard Sallquist, Esq. Sallquist, Drummond and O'Connor, P.C.
James Dorf, Chief, Financial and Regulatory Analysis Section, Utilities Division

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BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE
APPLICATION OF UTILITY
SOURCE, L.L.C., WATER AND
SEWER DIVISION, AN ARIZONA
CORPORATION, FOR A
DETERMINATION OF THE FAIR
VALUE OF ITS UTILITY PLANT
AND PROPERTY AND FOR
INCREASES IN ITS RATES AND
CHARGES FOR UTILITY
SERVICE BASED THEREON.

DOCKET NO: WS-0⁴²³⁵~~4325~~-A-06-303 _____

**COST OF CAPITAL
DIRECT TESTIMONY OF
THOMAS J. BOURASSA
(revised cover page)**

Utility Source, LLC - Water Division
Plant Additions and Retirements

Exhibit
 Schedule B-2
 Page 2a
 Witness: Bourassa
 WS-04325-A-06-0303

Account No.	Description	Deprec. Rate	12/31/2004	2004 Accum. Depr.	2004 Plant Additions	2004 Plant Adjustments	2004 Adjusted Plant Additions	2004 Plant Retirements	2004 Plant Balance	2004 Depr.
301	Organization Cost	0.00%	-	-	-	-	-	-	-	-
302	Franchise Cost	0.00%	-	-	-	-	-	-	-	-
303	Land and Land Rights	0.00%	-	-	-	-	-	-	-	-
304	Structures and Improvements	3.33%	-	-	-	-	-	-	-	-
305	Collecting and Impounding Res.	2.50%	-	-	-	-	-	-	-	-
306	Lake River and Other Intakes	2.50%	-	-	-	-	-	-	-	-
307	Wells and Springs	3.33%	-	-	-	-	-	-	-	-
308	Infiltration Galleries and Tunnels	6.67%	-	-	-	-	-	-	-	-
309	Supply Mains	2.00%	-	-	-	-	-	-	-	-
310	Power Generation Equipment	5.00%	-	-	-	-	-	-	-	-
311	Electric Pumping Equipment	12.50%	-	-	-	-	-	-	-	-
320	Water Treatment Equipment	3.33%	-	-	-	-	-	-	-	-
330	Distribution Reservoirs & Standpipe	2.22%	-	-	-	-	-	-	-	-
331	Transmission and Distribution Mains	2.00%	-	-	-	-	-	-	-	-
333	Services	3.33%	-	-	-	-	-	-	-	-
334	Meters	8.33%	-	-	-	-	-	-	-	-
335	Hydrants	2.00%	-	-	-	-	-	-	-	-
336	Backflow Prevention Devices	6.67%	-	-	-	-	-	-	-	-
339	Other Plant and Miscellaneous Equipment	6.67%	-	-	-	-	-	-	-	-
340	Office Furniture and Fixtures	6.67%	-	-	-	-	-	-	-	-
341	Transportation Equipment	20.00%	-	-	-	-	-	-	-	-
342	Stores Equipment	4.00%	-	-	-	-	-	-	-	-
343	Tools and Work Equipment	5.00%	-	-	-	-	-	-	-	-
344	Laboratory Equipment	10.00%	-	-	-	-	-	-	-	-
345	Power Operated Equipment	5.00%	-	-	-	-	-	-	-	-
346	Communications Equipment	10.00%	-	-	-	-	-	-	-	-
347	Miscellaneous Equipment	10.00%	-	-	-	-	-	-	-	-
348	Other Tangible Plant	10.00%	-	-	-	-	-	-	-	-
	Plant Held for Future Use	10.00%	-	-	-	-	-	-	-	-
TOTAL WATER PLANT										
Depreciation										
Staff Accumulated Depreciation Allocated to Plant.										
Retirements (excluding land)										
Accumulated Depreciation Balance										
Half Year Convention used on depreciation										

Utility Source, LLC - Water Division
 Plant Additions and Retirements

Exhibit
 Schedule B-2
 Page 4b
 Witness: Bourassa
 WS-04325-A-06-0303

Account No.	Description	Deprec. Rate	2005 Depreciable Balance	2005 Plant Additions	2005 Plant Adjustments	2005 Adjusted Plant Additions	2005 Plant Retirements	Plant Retirements To Date	2005 Plant Balance	2005 Deprec.
301	Organization Cost	0.00%	-	-	-	-	-	-	-	-
302	Franchise Cost	0.00%	-	-	-	-	-	-	-	-
303	Land and Land Rights	0.00%	-	210,000	-	210,000	-	-	210,000	-
304	Structures and Improvements	3.33%	-	109,250	-	109,250	-	-	109,250	1,819
305	Collecting and Impounding Res.	2.50%	-	-	-	-	-	-	-	-
306	Lake River and Other Intakes	2.50%	-	-	-	-	-	-	-	-
307	Wells and Springs	3.33%	-	2,233,883	-	2,233,883	-	-	2,233,883	37,194
308	Infiltration Galleries and Tunnels	6.67%	-	-	-	-	-	-	-	-
309	Supply Mains	2.00%	-	-	-	-	-	-	-	-
310	Power Generation Equipment	5.00%	-	87,400	-	87,400	-	-	87,400	2,185
311	Electric Pumping Equipment	12.50%	-	161,494	-	161,494	-	-	161,494	10,093
320	Water Treatment Equipment	3.33%	-	5,487	-	5,487	-	-	5,487	91
330	Distribution Reservoirs & Standpipe	2.22%	-	345,000	-	345,000	-	-	345,000	3,830
331	Transmission and Distribution Mains	2.00%	-	147,200	-	147,200	-	-	147,200	1,472
333	Services	3.33%	-	86,250	-	86,250	-	-	86,250	1,436
334	Meters	8.33%	-	-	-	-	-	-	-	-
335	Hydrants	2.00%	-	34,500	-	34,500	-	-	34,500	345
336	Backflow Prevention Devices	6.67%	-	-	-	-	-	-	-	-
339	Other Plant and Miscellaneous Equipment	6.67%	-	-	-	-	-	-	-	-
340	Office Furniture and Fixtures	6.67%	-	-	-	-	-	-	-	-
341	Transportation Equipment	20.00%	-	-	-	-	-	-	-	-
342	Stores Equipment	4.00%	-	-	-	-	-	-	-	-
343	Tools and Work Equipment	5.00%	-	-	-	-	-	-	-	-
344	Laboratory Equipment	10.00%	-	-	-	-	-	-	-	-
345	Power Operated Equipment	5.00%	-	-	-	-	-	-	-	-
346	Communications Equipment	10.00%	-	-	-	-	-	-	-	-
347	Miscellaneous Equipment	10.00%	-	-	-	-	-	-	-	-
348	Other Tangible Plant	10.00%	-	-	-	-	-	-	-	-
	Plant Held for Future Use		-	-	-	-	-	-	-	-
TOTAL WATER PLANT			-	3,420,464	-	3,420,464	-	-	3,420,464	58,465
Depreciation			-	-	-	-	-	-	58,465	-
Staff Accumulated Depreciation Allocated to Plant.			-	-	-	-	-	-	-	-
Retirements (excluding land)			-	-	-	-	-	-	-	-
Accumulated Depreciation Balance			-	-	-	-	-	-	-	-
Half Year Convention used on depreciation			-	-	-	-	-	-	58,465	-

(a)

Utility Source, LLC - Water Division
 Plant Additions and Retirements

Exhibit
 Schedule B-2
 Page 4c
 Witness: Bourassa
 WS-04325-A-06-0303

Account No.	Description	Deprec. Rate	Year End Accumulated Depreciation by Account	
			2004 Dec-04	2005 Dec-05
301	Organization Cost	0.00%	-	-
302	Franchise Cost	0.00%	-	-
303	Land and Land Rights	0.00%	-	-
304	Structures and Improvements	3.33%	-	1,819
305	Collecting and Impounding Res.	2.50%	-	-
306	Lake River and Other Intakes	2.50%	-	-
307	Wells and Springs	3.33%	-	37,194
308	Infiltration Galleries and Tunnels	6.67%	-	-
309	Supply Mains	2.00%	-	-
310	Power Generation Equipment	5.00%	-	2,185
311	Electric Pumping Equipment	12.50%	-	10,093
320	Water Treatment Equipment	3.33%	-	91
330	Distribution Reservoirs & Standpipe	2.22%	-	3,830
331	Transmission and Distribution Mains	2.00%	-	1,472
333	Services	3.33%	-	1,436
334	Meters	8.33%	-	-
335	Hydrants	2.00%	-	345
336	Backflow Prevention Devices	6.67%	-	-
339	Other Plant and Miscellaneous Equipment	6.67%	-	-
340	Office Furniture and Fixtures	6.67%	-	-
341	Transportation Equipment	20.00%	-	-
342	Stores Equipment	4.00%	-	-
343	Tools and Work Equipment	5.00%	-	-
344	Laboratory Equipment	10.00%	-	-
345	Power Operated Equipment	5.00%	-	-
346	Communications Equipment	10.00%	-	-
347	Miscellaneous Equipment	10.00%	-	-
348	Other Tangible Plant	10.00%	-	-
	Plant Held for Future Use	10.00%	-	-

(a) TOTAL WATER PLANT
 Depreciation
 Staff Accumulated Depreciation Allocated to Plant.
 Retirements (excluding land)
 Accumulated Depreciation Balance
 Half Year Convention used on depreciation

58,465