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Arizona Corporation Commission

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16 **BEFORE THE ARIZONA CORPORATION COMMISSION**

17 IN THE MATTER OF THE APPLICATION)
18 OF ARIZONA WATER COMPANY, AN)
19 ARIZONA CORPORATION, FOR)
20 ADJUSTMENTS TO ITS RATES AND)
21 CHARGES FOR UTILITY SERVICE)
22 FURNISHED BY ITS NORTHERN GROUP)
23 AND FOR CERTAIN RELATED)
24 APPROVALS)

DOCKET NO. W-01445A-01-0962

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NOTICE OF CORRECTION

25 Notice is hereby given that page 1 of 2 of Exhibit RJK2-2 was inadvertently omitted from
26 the bound prepared testimony of Ralph J. Kennedy, which was filed on August 23, 2002. A true
27 copy of the omitted page is attached hereto, and is being provided to all parties.

28 RESPECTFULLY SUBMITTED this 30th day of August, 2002.

ARIZONA WATER COMPANY

By: Robert W. Geake / by J. Craig
Robert W. Geake
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ORIGINAL

1 AN ORIGINAL and ten (10) copies of the
2 foregoing filed this 30th day of August,
2002 with:

3 Docket Control
4 Arizona Corporation Commission
5 1200 W. Washington
Phoenix, AZ 85007

6 And copies of the foregoing,
7 mailed/delivered this 30th day of August,
2002, to:

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26 By: Robert W. Leake / by J. Craig
27
28



ARIZONA WATER COMPANY

Estimated Revenue Requirements of Arsenic MCL Facilities
Sedona Division - 10 PPB

Exhibit RJK2-2

	Estimated Costs			
	Division	Sedona	Pinewood	Rimrock
Capital Costs	3,950,449	2,413,008	-	1,537,441
O & M Costs-annual	1,075,432	544,364	-	531,068
Allowed Return On Rate base	9.64%	9.64%	9.64%	9.64%
Depreciation Rate	2.86%	2.86%	2.86%	2.86%
RR Property Taxes / Net Plant	1.58%	1.58%	1.58%	1.58%
Tax Conversion Factor	1.65026	1.65026	1.65026	1.65026

Operating Revenue Required	1,879,453	1,035,475	-	843,978
O & M Costs	1,075,432			
Capital Costs	804,021			

Operating Expenses				
Depreciation	112,983	69,012	-	43,971
Property Taxes	62,580	38,225	-	24,355
O & M Expenses	<u>1,075,432</u>	<u>544,364</u>	-	<u>531,068</u>
Subtotal	1,250,995	651,601	-	599,394

Pre-tax Operating Income	628,457	383,874	-	244,584
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Income Taxes	<u>247,633</u>	<u>151,259</u>	-	<u>96,374</u>
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Total Operating Expenses	1,498,629	802,860	-	695,768
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Net Operating Income	380,823	232,614	-	148,209
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Required Return	380,823	232,614	-	148,209
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Revenue Requirements				
Gross Return	628,457	383,874	-	244,584
Pre-tax Operating Expenses	<u>1,250,995</u>	<u>651,601</u>	-	<u>599,394</u>
Total	1,879,453	1,035,475	-	843,978

Actual 1999 Revenue	3,522,515	2,366,853	811,664	343,998
Customers @ 12/31/99	9,155	5,392	2,756	1,007
Revenue Per Customer	385	439	295	342

Required Increase Per Customer	205	192	-	838
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Required Percentage Increase	53.4%	43.7%	0.0%	245.3%
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