

ORIGINAL



0000067704

BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

MIKE GLEASON - Chairman
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
KRISTIN K. MAYES
GARY PIERCE

2007 MAR 12 P 3: 35

AZ CORP COMMISSION
DOCUMENT CONTROL

28
Arizona Corporation Commission
DOCKETED

MAR 12 2007

DOCKETED BY
KK NR

IN THE MATTER OF THE APPLICATION OF) Docket No. SW -20494A-06-0769
GLOBAL WATER - PICACHO COVE UTILITIES)
COMPANY FOR A CERTIFICATE OF)
CONVENIENCE AND NECESSITY.)

IN THE MATTER OF THE APPLICATION) Docket No. W-20495A-06-0769
GLOBAL WATER - PICACHO COVE WATER)
COMPANY FOR A CERTIFICATE OF) **NOTICE OF FILING**
CONVENIENCE AND NECESSITY.) **RESPONSE TO STAFF'S**
) **INSUFFICIENCY LETTER**
) **DATED JANUARY 8, 2007**

Global Water - Picacho Cove Utilities Company and Global Water - Picacho Cove
Water Company (collectively "Picacho" or the "Picacho Companies") hereby files its response
to Staff's Insufficiency Letter dated January 8, 2007. The response consists of the following
Exhibits:

Exhibit 1 - Well Data Map;

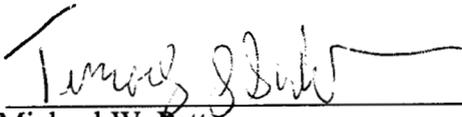
Exhibit 2 - Revised Infrastructure Cost Estimates;

Exhibit 3 - Proposed Rate Schedule and Pro Forma Financial Statements -
wastewater; and

Exhibit 4 - Proposed Rate Schedule and Pro Forma Financial Statements - water.

1 RESPECTFULLY SUBMITTED this 12th day of March 2007.

2 ROSHKA DEWULF & PATTEN, PLC

3
4
5 By 

6 Michael W. Patten
7 Timothy J. Sabo
8 One Arizona Center
9 400 East Van Buren Street, Suite 800
10 Phoenix, Arizona 85004

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Original + 15 copies of the foregoing
filed this 12th day of March 2007, with:

Docket Control
ARIZONA CORPORATION COMMISSION
1200 West Washington
Phoenix, Arizona 85007

Copies of the foregoing hand-delivered/mailed
This 12th day of March 2007, to:

Lyn A. Farmer, Esq.
Chief Administrative Law Judge
Hearing Division
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Christopher C. Kempley, Esq.
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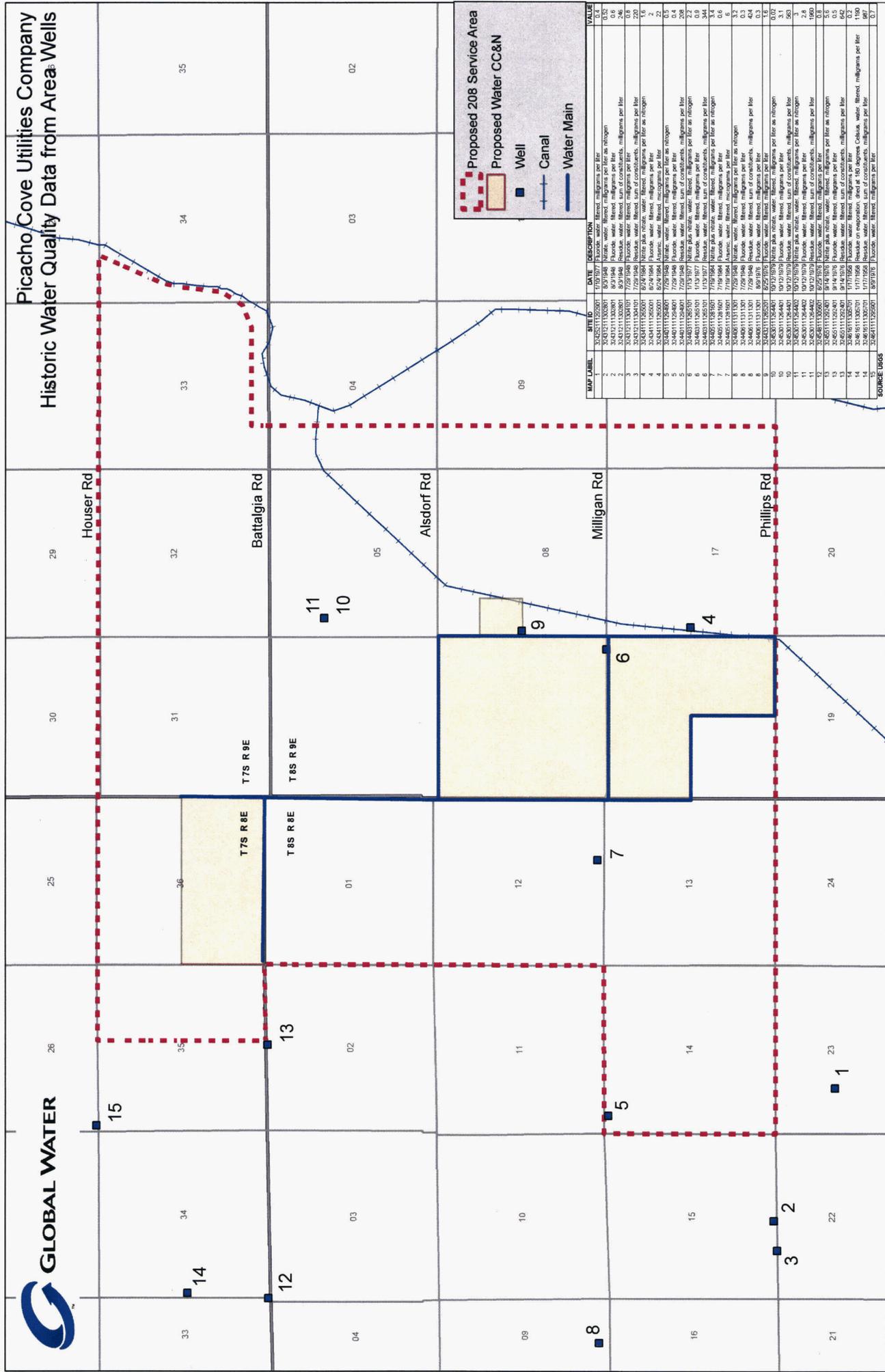
By *Rebecca A. Munn*

EXHIBIT

"1"



Picacho Cove Utilities Company
Historic Water Quality Data from Area 6 Wells



MAP LABEL	WELL ID	DATE	DESCRIPTION	VALUE
1	324252111262001	1/19/1977	Fluoride, water, filtered, milligrams per liter	0.4
2	324252111300201	8/3/1948	Nitrate, water, filtered, milligrams per liter as nitrogen	0.32
3	324252111300201	8/3/1948	Fluoride, water, filtered, milligrams per liter	0.8
4	324252111300201	8/3/1948	Residual, water, filtered, sum of constituents, milligrams per liter	2.86
5	324252111300201	7/29/1948	Fluoride, water, filtered, milligrams per liter	0.8
6	324252111300201	7/29/1948	Residual, water, filtered, sum of constituents, milligrams per liter	2.0
7	324252111300201	6/29/1958	Nitrate plus nitrite, water, filtered, milligrams per liter as nitrogen	2
8	324252111262001	8/24/1964	Fluoride, water, filtered, milligrams per liter	0.4
9	324252111262001	8/24/1964	Residual, water, filtered, sum of constituents, milligrams per liter	2.2
10	324403111262001	7/29/1948	Fluoride, water, filtered, milligrams per liter	0.4
11	324403111262001	7/29/1948	Residual, water, filtered, sum of constituents, milligrams per liter	2.08
12	324403111262001	1/13/1977	Nitrate plus nitrite, water, filtered, milligrams per liter as nitrogen	0.9
13	324403111262001	1/13/1977	Fluoride, water, filtered, milligrams per liter	0.9
14	324403111262001	7/19/1958	Nitrate plus nitrite, water, filtered, milligrams per liter as nitrogen	3.44
15	324403111262001	7/19/1958	Residual, water, filtered, sum of constituents, milligrams per liter	3.44
16	324403111262001	7/19/1958	Fluoride, water, filtered, milligrams per liter	0.4
17	324403111262001	7/19/1958	Residual, water, filtered, sum of constituents, milligrams per liter	6
18	324403111313001	7/29/1948	Nitrate, water, filtered, milligrams per liter as nitrogen	3.2
19	324403111313001	7/29/1948	Fluoride, water, filtered, milligrams per liter	0.3
20	324403111313001	8/9/1976	Residual, water, filtered, sum of constituents, milligrams per liter	4.24
21	324650111262401	10/23/1976	Fluoride, water, filtered, milligrams per liter	0.3
22	324650111262401	10/23/1976	Residual, water, filtered, sum of constituents, milligrams per liter	1.02
23	324650111262401	10/23/1976	Nitrate plus nitrite, water, filtered, milligrams per liter as nitrogen	3.1
24	324650111262401	10/23/1976	Fluoride, water, filtered, milligrams per liter	5.93
25	324650111262401	10/23/1976	Residual, water, filtered, sum of constituents, milligrams per liter	2.8
26	324650111262401	10/23/1976	Nitrate plus nitrite, water, filtered, milligrams per liter as nitrogen	1.99
27	324650111262401	10/23/1976	Fluoride, water, filtered, milligrams per liter	0.5
28	324650111262401	10/23/1976	Residual, water, filtered, sum of constituents, milligrams per liter	6.72
29	324650111262401	10/23/1976	Nitrate plus nitrite, water, filtered, milligrams per liter as nitrogen	5.8
30	324650111262401	10/23/1976	Fluoride, water, filtered, milligrams per liter	0.5
31	324650111262401	10/23/1976	Residual, water, filtered, sum of constituents, milligrams per liter	1.00
32	324650111262401	10/23/1976	Nitrate plus nitrite, water, filtered, milligrams per liter as nitrogen	9.87
33	324650111262401	10/23/1976	Fluoride, water, filtered, milligrams per liter	0.7

SOURCE: WQ65

EXHIBIT

"2"

YEAR 1 - Backbone Water and Sewer Infrastructure Needs in the Picacho Cove Utilities Company CC1 Application

Year 1 NUMBER OF DU'S	UNIT	UNIT COST	TOTAL
WATER INFRASTRUCTURE			
16" WATER DISTRIBUTION MAIN	LF	\$58	\$1,378,080
WATER PRODUCTION PLANT	MGD		
0.17 gpm/du	2	\$500,000	\$1,000,000
Develop 2" wells (1 for back up)			
Note: min well cost \$250,000			
BOOSTER PUMP	MGD		
Booster Pump Capacity 0.58 gpm/du * 1500 gpm fire flow	0.21	\$200,000	\$41,950
WATER STORAGE	MGD		
355 gpd/du peak no demand =	0.09		
Firm Capacity** =	0.03		
Storage Requirement	0.06		
Add 0.5 MG fire flow	0.56		
Construct 1 MG Reservoir as smallest reservoir	1.00	\$2,300,000	\$2,300,000
SEWER INFRASTRUCTURE	LF		
12" Collection Main		\$85	\$0
18" Collection Main		\$95	\$0
21" Collection Main	2,640	\$105	\$277,200
30" Collection Main	1590	\$125	\$198,750
36" Collection Main	2,640	\$156	\$411,840
42" collection Main	1,056	\$190	\$200,640
			\$1,088,430
WRF CAPACITY	MGD		
WRF Capacity needed 187 gpd/du = .1 MGD***	0.04655		
Construct 1 MGD Treatment Plant as smallest Plant - 0.1 MGD	0.4	\$11,000,000	\$4,400,000
for as equipment may be added later			
RECLAIMED WATER			
12" Reclaimed Water Main	10,560	\$45	\$475,200
Recharge Wells Assume each at .33 MGD	1	\$350,000	\$350,000
WATER TREATMENT	MGD		
Media Based Arsenic Treatment Installed at Well Capacity	0.25	\$1,000,000	\$250,000
TOTAL COST FOR YEAR 1			\$12,372,090

**Two wells have been identified for further evaluation for conversion to potable source: 55-622279 at 815 gpm and 55-622278 at 1938 gpm

**Assume conservatively a firm capacity equivalent to half of demand
 ***1 MGD WRF costs \$11 M. Because of the growth planned, a 1 MGD facility will be built Year 1 but not completely fitted with equipment for the full 1 MGD; a fully equipped 1 MGD plant costs \$11 M

Year 2 NUMBER OF DU'S Additional	UNIT	UNIT COST	TOTAL
WATER INFRASTRUCTURE			
16" WATER DISTRIBUTION MAIN	LF 6000	\$58	\$348,000
WATER PRODUCTION PLANT	MGD 0.12		
0.17 gpm/du			
1 MGD Installed Year 1: .09 + .18 = .27 MGD needed	0	\$500,000	\$0
Have 1 (.27) = .73 MGD surplus			
Note: min well cost \$250,000			
BOOSTER PUMP	MGD		
Booster Pump Capacity 0.58 gpm/du + 1500 gpm fire flow	0.42		
Additional Booster Capacity Required	0.21	\$200,000	\$41,650
WATER STORAGE	MGD		
355 gpd/du peak mo demand =	0.18		
Firm Capacity** =	0.06		
Storage Requirement	0.12		
Add 0.5 MG fire flow	0.62		
Storage Built	0.00	\$2,300,000	\$0
SEWER INFRASTRUCTURE	LF		
12" Collection Main	1310	\$85	\$111,350
18" Collection Main	2112	\$95	\$200,640
21" Collection Main		\$105	\$0
30" Collection Main		\$125	\$0
36" Collection Main		\$156	\$0
42" collection Main		\$190	\$18
			\$312,008
WRF CAPACITY	MGD		
Add'l WRF Capacity needed @187 gpd/du	0.0931		
	0	\$11,000,000	\$0
RECLAIMED WATER			
12" Reclaimed Water Main	2,640	\$45	\$118,800
Recharge Wells Assume each at .33 MGD	0	\$350,000	\$0
WATER TREATMENT	MGD		
Media Based Arsenic Treatment Installed at Well Capacity	0.00	\$1,000,000	\$0
TOTAL COST FOR YEAR 2			\$784,465

Year 3 NUMBER OF DU'S Additional 1200	UNIT	UNIT COST	TOTAL
WATER INFRASTRUCTURE			
	LF		
16" WATER DISTRIBUTION MAIN	6000	\$58	\$348,000
WATER PRODUCTION PLANT			
0.17 gpm/du	0.25		
1 MGD Installed Year 1: .09 + .18+.29=.56 MGD needed	0	\$500,000	\$0
Have 1-(.56)=.44 MGD surplus			
Note: min well cost \$250,000			
BOOSTER PUMP			
Booster Pump Capacity 0.58 gpm/du + 1500 gpm fire flow	0.83		
	0.21	\$200,000	\$41,350
WATER STORAGE			
355 gpd/du peak mo demand =	0.36		
Firm Capacity** =	0.12		
Storage Requirement	0.23		
Add 0.5 MG fire flow	0.73		
Storage Built	0.00	\$2,300,000	\$0
SEWER INFRASTRUCTURE			
	LF		
12" Collection Main	1310	\$85	\$111,350
18" Collection Main	2112	\$95	\$200,640
21' Collection Main		\$105	\$0
30" Collection Main		\$125	\$0
36" Collection Main		\$156	\$0
42" collection Main		\$190	\$0
			\$311,990
WRF CAPACITY			
Add'l WRF Capacity needed @187 gpd/du	MGD		
	0.1862		
	0	\$11,000,000	\$0
RECLAIMED WATER			
12" Reclaimed Water Main	2,640	\$45	\$118,800
Recharge Wells Assume each at .33 MGD	0	\$350,000	\$0
WATER TREATMENT			
Media Based Arsenic Treatment Installed at Well Capacity	0.00	\$1,000,000	\$0
TOTAL COST FOR YEAR 3			\$1,132,130

Year 4 NUMBER OF DU'S Additional	UNIT	UNIT COST	TOTAL
WATER INFRASTRUCTURE			
	LF		
16" WATER DISTRIBUTION MAIN	6000	\$58	\$348,000
WATER PRODUCTION PLANT			
0.17 gpm/du	0.37		
1 MGD Installed Year 1: .09 + .18 + .29 + .29 = .85 MGD needed	0	\$500,000	\$0
Have 1 - (.85) = .15 MGD surplus			
Note: min well cost \$250,000			
BOOSTER PUMP			
	MGD		
Booster Pump Capacity 0.58 gpm/du + 1500 gpm fire flow	1.25		
	0.63	\$200,000	\$125,250
WATER STORAGE			
	MGD		
355 gpd/du peak no demand =	0.53		
Firm Capacity** =	0.18		
Storage Requirement	0.35		
Add 0.5 MG fire flow	0.85		
Storage Built	0.00	\$2,300,000	\$0
SEWER INFRASTRUCTURE			
	LF		
12" Collection Main	1310	\$85	\$111,350
18" Collection Main		\$95	\$0
21" Collection Main		\$105	\$0
30" Collection Main		\$125	\$0
36" Collection Main		\$156	\$0
42" collection Main		\$190	\$0
			\$111,350
WRF CAPACITY			
	MGD		
Add'l WRF Capacity needed @187 gpd/du	0.2793		
total needed 0.65; add equipment to gain full 1 MGD capacity	0	\$11,000,000	\$0
RECLAIMED WATER			
12" Reclaimed Water Main	2,640	\$45	\$118,800
Recharge Wells Assume each at .33 MGD	0	\$350,000	\$0
WATER TREATMENT			
	MGD		
Media Based Arsenic Treatment Installed at Well Capacity	0.00	\$1,000,000	\$0
TOTAL COST FOR YEAR 4			\$814,750

Year 5 NUMBER OF DU'S Additional 1200	UNIT	UNIT COST	TOTAL
WATER INFRASTRUCTURE			
	LF		
16" WATER DISTRIBUTION MAIN	8400	\$58	\$487,200
WATER PRODUCTION PLANT			
0.17 gpm/du	0.49		
1 MGD Installed Year 1: .09 + .18 + .29 + .29 = 1.14 MGD needed	0	\$500,000	\$0
Install additional well of .5 MGD Note: min well cost \$250,000			
BOOSTER PUMP			
Booster Pump Capacity 0.58 gpm/du + 1500 gpm fire flow	1.67		
	0.42	\$200,000	\$83,300
WATER STORAGE			
355 gpd/du peak mo demand =	0.53		
Firm Capacity** =	0.25		
Storage Requirement	0.29		
Add 0.5 MG fire flow	0.79		
Storage Built	0.00	\$2,300,000	\$0
SEWER INFRASTRUCTURE			
	LF		
12" Collection Main	1310	\$85	\$111,350
18" Collection Main		\$95	\$0
21" Collection Main		\$105	\$0
30" Collection Main		\$125	\$0
36" Collection Main		\$156	\$0
42" collection Main		\$190	\$0
			\$111,350
WRF CAPACITY			
Add'l WRF Capacity needed @187 gpd/du	MGD		
	0.3724		
Have 1 MGD: total needed 0.87	0	\$11,000,000	\$0
RECLAIMED WATER			
12" Reclaimed Water Main	2,640	\$45	\$118,800
Recharge Wells Assume each at .33 MGD	1	\$350,000	\$350,000
WATER TREATMENT			
Media Based Arsenic Treatment Installed at Well Capacity	0.00	\$1,000,000	\$0
TOTAL COST FOR YEAR 5			\$774,800

Buildout 5300 Dus		UNIT	UNIT COST	TOTAL
WATER INFRASTRUCTURE				
		LF		
	16" WATER DISTRIBUTION MAIN	50160	\$58	\$2,909,280
	WATER PRODUCTION PLANT	MGD		
0.17	0.17 gpm/du	1.30		
	Wells 0.5 MGD Per Well	3	\$500,000	\$1,500,000
1500	Note: min well cost \$250,000			
	BOOSTER PUMP	MGD		
0.578	r Pump Capacity 0.58 gpm/du + 1500 gpm f	4.42	\$200,000	\$883,280
1500				
	WATER STORAGE	MGD		
354.96	355 gpd/du peak mo demand =	1.88		
	Firm Capacity* =	0.65		
	Storage Requirement	1.23	\$2,300,000	\$2,837,223
	Fire Flow 0.5 MGD	0.5	\$2,300,000	\$1,150,000
	SEWER INFRASTRUCTURE	LF		
	12" Collection Main	14784	\$85	\$1,256,640
	18" Collection Main	6864	\$95	\$652,080
	21" Collection Main	5,280	\$105	\$554,400
	30" Collection Main	1056	\$125	\$132,000
	36" Collection Main	5,280	\$156	\$823,680
	42" Collection Main	1,056	\$190	\$200,640
	WRF CAPACITY	MGD		
	WRF Capacity needed 187 gpd/du			
	Build 1.0 MGD	1.0	\$11,000,000	\$11,000,000
	RECLAIMED WATER			
	12" Reclaimed Water Main	10,560	\$45	\$475,200
	Recharge Wells Assume each at .33 MGD	4	\$350,000	\$1,400,000
	WATER TREATMENT	MGD		
	Media Based Arsenic Treatment at Average Day Flow	1.30	\$1,000,000	\$1,298,500
	TOTAL COST			\$27,072,923

	DU Totals	
Year 1	250	\$12,372,090
Year 2	500	\$784,465
Year 3	1000	\$1,132,130
Year 4	1500	\$814,750
Year 5	2000	\$774,800
Buildout	5300	\$27,072,923
Water Buildout		\$9,279,783
Wastewater Buildout		\$14,619,440
Reclaimed Water Buildout		\$475,200

ENTER VALUES HERE			
		Original Value	
	Population per Dwelling Unit	2.45	2.45
	Average Day Demand per capita	100	100
	Peak Month Factor	1.45	1.45
	Well Capacity per well MGD	0.5	0.5
Increased from 250 to 500	Peak Day Factor	3.4	3.4
	Fire Flow, gpm	1500	1500
	Fire Flow Duration, hours	5.5	5.5
Increased from 125 to 200	Wastewater Demand per Capita	76	76
	Recharge Well Capacity	0.33	0.33
Calculated Values			
	Average Day Demand	1.2985 MGD	1.2985
	GPD per Dwelling unit	245	245
	gpm/du	0.170139	0.170139
	Peak Day	0.578472	0.578472
	Peak Month Usage	355.25	355.25
	Fire Flow Storage	0.495	0.495
	Wastewater GPD/DU	186.2	186.2
	Wastewater Plant Required	0.98686	0.98686

EXHIBIT

"3"

**Picacho
REPRESENTATIVE RATE SCHEDULE**

Exhibit
Schedule 4
Page 1
Witness:

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PROPOSED RATES

LINE
NO.

MONTHLY
CHARGE (a)

1	<u>METER SIZE</u>	
2		
3	MONTHLY MINIMUMS:	
4	5/8 x 3/4 and	\$ 62.00
5	3/4	\$ 62.00
6	1	\$ 155.00
7	1 1/2	\$ 310.00
8	2	\$ 496.00
9	3	\$ 992.00
10	4	\$ 1,550.00
11	6	\$ 3,100.00
12		
13	Treated Effluent per Acre Foot (For General Irrigation)	\$ 900.00
14	Treated Effluent per 1,000 Gallons (For General Irrigation)	\$ 2.76
15		
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21	(a) Monthly minimums (Flat Rate) based on meter size.	
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**Picacho
REPRESENTATIVE RATE SCHEDULES
STATEMENT OF CHARGES**

Exhibit
Schedule 5
Page 1
Witness:

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LINE
NO.

Proposed

1	A. Establishment of Service	\$ 30.00
2	Establishment of Service, after hours	\$ 50.00
3		
4	B. Re-establishment of Service	see (a)
5		
6	C. Reconnection of service	\$ 30.00
7		
8	D. After hours service charge, per hour	\$ 50.00
9		
10	E. Minimum Security Deposit	Two Times Monthly Bill
11		
12	F. Charge for NSF Check	\$ 35.00
13		
14	G. Late payment charge for delinquent bills	1.50%
15		
16	H. Deferred Payment Finance Charge	1.50%
17		
18	I. Main Extension and additional facilities agreements,	@ COST (b)
19		
20		
21	J. All Revenue related taxes will be charged customers.	
22		
23	K. Deferred Payment	1.50% Per Month
24	L. Late Payment	1.50% Per Month

RULES AND REGULATIONS

* The Company has adopted the Rules and Regulation established by the Commission as the basis for its operating procedures. Arizona Corporation Commission Rules will be controlling of Company procedures, unless specific Commission Orders provide otherwise.

(a) Monthly minimum times months off the system

(b) Cost to include parts, labor, overhead, and all applicable taxes, including income tax, if applicable.

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ATTACHMENT C

PROFORMA BALANCE SHEET (SEWER)

Picacho

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
<u>ASSETS</u>					
<u>Current Assets</u>					
Cash	\$ 532,235	\$ 1,003,549	\$ 1,675,343	\$ 1,968,275	\$ 3,163,094
Accounts Receivable	0	0	0	0	0
Other	0	0	0	0	0
Total Current Assets	\$ 532,235	\$ 1,003,549	\$ 1,675,343	\$ 1,968,275	\$ 3,163,094
<u>Fixed Assets</u>					
Utility Plant	\$ 8,096,130	\$ 8,594,438	\$ 9,155,228	\$ 10,218,778	\$ 10,928,928
(Less) Accumulated Depreciation	(99,570)	(314,574)	(562,086)	(847,915)	(1,175,882)
Net Plant in Service	\$ 7,996,560	\$ 8,279,864	\$ 8,593,142	\$ 9,370,863	\$ 9,753,045
Total Assets	\$ 8,528,795	\$ 9,283,413	\$ 10,268,485	\$ 11,339,138	\$ 12,916,140
<u>LIABILITIES AND CAPITAL</u>					
<u>Current and Accrued Liabilities</u>					
Accounts Payable	0	0	0	0	0
Notes Payable	0	0	0	0	0
Accrued Taxes	0	0	0	0	0
Accrued Interest	0	0	0	0	0
Other	0	0	0	0	0
Total Current and Accrued Liabilities	0	0	0	0	0

ATTACHMENT C

PROFORMA BALANCE SHEET (SEWER)

Picacho

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
<u>Long-Term Debt</u>					
<u>Deferred Credits</u>					
Advances in Aid of Construction	\$ 651,563	\$ 651,563	\$ 1,003,125	\$ 2,514,875	\$ 3,286,300
Contribution in Aid of Construction, Net of Amortization	-	-	-	-	-
Accumulated Deferred Income Tax	-	-	-	-	-
Total Deferred Credits	\$ 651,563	\$ 651,563	\$ 1,003,125	\$ 2,514,875	\$ 3,286,300
<u>CAPITAL ACCOUNT</u>					
Common Stock	8,100,000	8,700,000	8,700,000	8,700,000	8,700,000
Preferred	0	0	0	0	0
Paid in Capital	0	0	0	0	0
Retained Earnings	(253,768)	(450,712)	(399,765)	(32,237)	641,640
Total Capital	\$ 7,846,232	\$ 8,249,288	\$ 8,300,235	\$ 8,667,763	\$ 9,341,640
TOTAL LIABILITIES AND CAPITAL	\$ 8,497,795	\$ 8,900,850	\$ 9,303,360	\$ 11,182,638	\$ 12,627,940

PROFORMA INCOME STATEMENT (SEWER)
Picacho

	<u>Year One</u>	<u>Year Two</u>	<u>Year Three</u>	<u>Year Four</u>	<u>Year Five</u>
Flat Rate Revenues	\$ 100,500	\$ 286,500	\$ 573,000	\$ 945,000	\$ 1,332,000
Measured Revenues	14,613	43,750	87,500	145,834	204,167
Establishment Charges	7,530	7,500	7,500	15,000	15,000
Other Operating Revenue					
Total Operating Revenue	\$ 122,643	\$ 337,750	\$ 668,000	\$ 1,105,834	\$ 1,551,167
OPERATING EXPENSES:					
Pumping Power - All	\$ 7,887	\$ 23,661	\$ 47,322	\$ 78,870	\$ 110,418
Wages	130,000	133,900	137,917	142,055	146,316
Payroll Burden	42,900	44,187	45,513	46,878	48,284
Permits (Not Capitalized to Plant)	5,000	5,000	5,000	5,000	5,000
Licenses (Not Capitalized to Plant)	2,000	2,060	2,122	2,185	2,251
Engineering (Not Capitalized to Plant)	2,000	2,060	2,122	2,185	2,251
Chemicals	6,000	9,000	12,000	15,000	18,000
Supplies	4,000	5,000	6,000	7,000	8,000
Repairs	12,000	16,000	19,000	22,000	25,000
Insurance (b)	4,000	4,120	4,244	4,371	4,502
Office Expense	1,000	3,000	5,000	7,000	9,000
Billing, Postage, Operations	4,518	13,536	27,036	45,036	63,036
Contract Labor	6,000	6,180	6,365	6,556	6,753
Rentals	-	-	-	-	-
Solids Handling	3,000	6,180	12,731	19,669	27,012
Rentals	3,000	3,090	3,183	3,278	3,377
Recharge Site Maintenance	3,000	3,090	3,183	3,278	3,377
Depreciation net of Amortization of CIAC	99,570	215,004	247,512	285,829	327,967
Vehicles Expenses	5,000	5,150	5,305	5,464	5,628
Legal & Accounting	15,000	15,450	15,914	16,391	16,883
Miscellaneous Expenses	4,800	4,944	5,092	5,245	5,402
Testing	10,000	12,000	14,000	16,000	18,000
Income Taxes	-	-	21,398	154,362	283,028
Property Taxes	6,111	10,441	21,031	39,198	60,487
Total Operating Expenses	\$ 376,786	\$ 543,053	\$ 647,590	\$ 778,489	\$ 916,944
Operating income (loss)	\$ (254,143)	\$ (205,303)	\$ 27,910	\$ 327,345	\$ 619,223
Less:					
Interest (Expense) Income on Work. Cap.	375	8,359	23,037	40,183	54,654
Interest Expense Long-term Debt	-	-	-	-	-
Net Income	\$ (253,768)	\$ (196,944)	\$ 50,947	\$ 367,528	\$ 673,877

CS-4
PROFORMA UTILITY PLANT IN SERVICE (SEWER)
 FIRST YEAR
 Picacho

PLANT	ORIGINAL COST	ACCUM DEPRC	ORIG. COST LESS DEPREC.
Organization	\$ 25,000	\$ -	\$ 25,000
Franchises	-	-	-
Land and Land Rights	130,000	-	130,000
Structures and Improvements	350,000	5,828	344,173
Power Generation Equipment	200,000	5,000	195,000
Collection sewers -Force	-	-	-
Collection Sewers - Gravity (AIAC)	1,088,430	10,884	1,077,546
Special Collecting Structures	-	-	-
Services to customers / Residential	-	-	-
Services to customers - None Residential	-	-	-
Flow measuring Devices	-	-	-
Flow measuring Installations	-	-	-
Reuse Services	-	-	-
Reuse Meters and Meter Install	15,000	625	14,375
Receiving Wells	350,000	5,828	344,173
Pumping Equipment	720,000	45,000	675,000
Reuse Distribution Reservoirs	62,500	781	61,719
Reuse Transmission and Distrib	475,200	5,940	469,260
Treatment and Disposal Equipment*	4,400,000	5,209	4,394,791
Plant Sewers	-	-	-
Outfall Sewer Lines	-	-	-
Other Plant and Miscellaneous	-	-	-
Office Furniture and Equipment	15,000	500	14,500
Transportation Equipment	45,000	4,500	40,500
Stores Equipment	5,000	100	4,900
Tools, Shop and Garage Equipme	15,000	375	14,625
Laboratory Equipment	40,000	2,000	38,000
Power Operated Equipment	40,000	1,000	39,000
Communication Equipment	120,000	6,000	114,000
Miscellaneous Equipment	-	-	-
Other Tangible Plant	-	-	-
TOTAL PLANT IN SERVICE	\$ 8,096,130	\$ 99,570	\$ 7,996,560

CS-4
PROFORMA UTILITY PLANT IN SERVICE (SEWER)
 SECOND YEAR
 Picacho

PLANT	ORIGINAL COST	ACCUM DEPRC	ORIG. COST LESS DEPREC.
Organization	\$ 25,000	\$ -	\$ 25,000
Franchises	-	-	-
Land and Land Rights	130,000	-	130,000
Structures and Improvements	350,000	17,483	332,518
Power Generation Equipment	200,000	15,000	185,000
Collection sewers -Force	-	-	-
Collection Sewers - Gravity (AIAC)	1,400,438	35,773	1,364,665
Special Collecting Structures	-	-	-
Services to customers / Residential	-	-	-
Services to customers - None Residential	-	-	-
Flow measuring Devices	-	-	-
Flow measuring Installations	-	-	-
Reuse Services	-	-	-
Reuse Meters and Meter Install	15,000	1,874	13,126
Receiving Wells	350,000	17,483	332,518
Pumping Equipment	720,000	135,000	585,000
Reuse Distribution Reservoirs	125,000	3,125	121,875
Reuse Transmission and Distrib	594,000	19,305	574,695
Treatment and Disposal Equipment*	4,400,000	26,006	4,373,994
Plant Sewers	-	-	-
Outfall Sewer Lines	-	-	-
Other Plant and Miscellaneous	-	-	-
Office Furniture and Equipment	15,000	1,501	13,499
Transportation Equipment	45,000	13,500	31,500
Stores Equipment	10,000	400	9,600
Tools, Shop and Garage Equipme	15,000	1,125	13,875
Laboratory Equipment	40,000	6,000	34,000
Power Operated Equipment	40,000	3,000	37,000
Communication Equipment	120,000	18,000	102,000
Miscellaneous Equipment	-	-	-
Other Tangible Plant	-	-	-
Totals	\$ 8,594,438	\$ 314,574	\$ 8,279,864

CS-4
PROFORMA UTILITY PLANT IN SERVICE (SEWER)
 THIRD YEAR
 Picacho

PLANT	ORIGINAL COST	ACCUM DEPRC	ORIG. COST LESS DEPREC.
Organization	\$ 25,000	\$ -	\$ 25,000
Franchises	0	-	-
Land and Land Rights	130,000	-	130,000
Structures and Improvements	350,000	29,138	320,863
Power Generation Equipment	200,000	25,000	175,000
Collection sewers -Force	-	-	-
Collection Sewers - Gravity (AIAC)	1,712,428	66,902	1,645,526
Special Collecting Structures	-	-	-
Services to customers / Residential	-	-	-
Services to customers - None Residential	-	-	-
Flow measuring Devices	-	-	-
Flow measuring Installations	-	-	-
Reuse Services	-	-	-
Reuse Meters and Meter Install	15,000	3,124	11,876
Receiving Wells	350,000	29,138	320,863
Pumping Equipment	720,000	225,000	495,000
Reuse Distribution Reservoirs	250,000	7,813	242,188
Reuse Transmission and Distrib	712,800	35,640	677,160
Treatment and Disposal Equipment*	4,400,000	67,557	4,332,443
Plant Sewers	-	-	-
Outfall Sewer Lines	-	-	-
Other Plant and Miscellaneous	-	-	-
Office Furniture and Equipment	15,000	2,501	12,499
Transportation Equipment	45,000	22,500	22,500
Stores Equipment	15,000	900	14,100
Tools, Shop and Garage Equipme	15,000	1,875	13,125
Laboratory Equipment	40,000	10,000	30,000
Power Operated Equipment	40,000	5,000	35,000
Communication Equipment	120,000	30,000	90,000
Miscellaneous Equipment	-	-	-
Other Tangible Plant	-	-	-
TOTAL PLANT IN SERVICE	\$ 9,155,228	\$ 562,086	\$ 8,593,142

CS-4
PROFORMA UTILITY PLANT IN SERVICE (SEWER)
 FOURTH YEAR
 Picacho

PLANT	ORIGINAL COST	ACCUM DEPRC	ORIG. COST LESS DEPREC.
Organization	\$ 25,000	\$ -	\$ 25,000
Franchises	0	-	-
Land and Land Rights	130,000	-	130,000
Structures and Improvements	350,000	40,793	309,208
Power Generation Equipment	200,000	35,000	165,000
Collection sewers -Force	-	-	-
Collection Sewers - Gravity (AIAC)	2,527,178	109,298	2,417,880
Special Collecting Structures	-	-	-
Services to customers / Residential	-	-	-
Services to customers - None Residential	-	-	-
Flow measuring Devices	-	-	-
Flow measuring Installations	-	-	-
Reuse Services	-	-	-
Reuse Meters and Meter Install	15,000	4,373	10,627
Receiving Wells	350,000	40,793	309,208
Pumping Equipment	720,000	315,000	405,000
Reuse Distribution Reservoirs	375,000	15,625	359,375
Reuse Transmission and Distrib	831,600	54,945	776,655
Treatment and Disposal Equipment*	4,400,000	129,862	4,270,138
Plant Sewers	-	-	-
Outfall Sewer Lines	-	-	-
Other Plant and Miscellaneous	-	-	-
Office Furniture and Equipment	15,000	3,502	11,498
Transportation Equipment	45,000	31,500	13,500
Stores Equipment	20,000	1,600	18,400
Tools, Shop and Garage Equipme	15,000	2,625	12,375
Laboratory Equipment	40,000	14,000	26,000
Power Operated Equipment	40,000	7,000	33,000
Communication Equipment	120,000	42,000	78,000
Miscellaneous Equipment	-	-	-
Other Tangible Plant	-	-	-
TOTAL PLANT IN SERVICE	\$ 10,218,778	\$ 847,915	\$ 9,370,863

CS-4
PROFORMA UTILITY PLANT IN SERVICE (SEWER)
 FIFTH YEAR
Picacho

PLANT	ORIGINAL COST	ACCUM DEPRC	ORIG. COST LESS DEPREC.
Organization	\$ 25,000	\$ -	\$ 25,000
Franchises	0	-	-
Land and Land Rights	130,000	-	130,000
Structures and Improvements	350,000	52,448	297,553
Power Generation Equipment	200,000	45,000	155,000
Collection sewers -Force	-	-	-
Collection Sewers - Gravity (AIAC)	2,638,528	160,955	2,477,573
Special Collecting Structures	-	-	-
Services to customers / Residential	-	-	-
Services to customers - None Residential	-	-	-
Flow measuring Devices	-	-	-
Flow measuring Installations	-	-	-
Reuse Services	-	-	-
Reuse Meters and Meter Install	15,000	5,623	9,377
Receiving Wells	700,000	58,275	641,725
Pumping Equipment	720,000	405,000	315,000
Reuse Distribution Reservoirs	500,000	26,563	473,438
Reuse Transmission and Distrib	950,400	77,220	873,180
Treatment and Disposal Equipment*	4,400,000	212,923	4,187,077
Plant Sewers	-	-	-
Outfall Sewer Lines	-	-	-
Other Plant and Miscellaneous	-	-	-
Office Furniture and Equipment	15,000	4,502	10,498
Transportation Equipment	45,000	40,500	4,500
Stores Equipment	25,000	2,500	22,500
Tools, Shop and Garage Equipme	15,000	3,375	11,625
Laboratory Equipment	40,000	18,000	22,000
Power Operated Equipment	40,000	9,000	31,000
Communication Equipment	120,000	54,000	66,000
Miscellaneous Equipment	-	-	-
Other Tangible Plant	-	-	-
TOTAL PLANT IN SERVICE	\$ 10,928,928	\$ 1,175,882	\$ 9,753,045

CW-4
ATTACHMENT "D"
SEWER TARIFF SCHEDULE

UTILITY: Picacho

RATES AND CHARGES

FLAT RATE

RESIDENTIAL AND COMMERCIAL
BASED ON WATER METER SIZE

5/8 x 3/4 And	\$ 62.00	PER MONTH
3/4	\$ 62.00	PER MONTH
1	\$ 155.00	PER MONTH
1 1/2	\$ 310.00	PER MONTH
2	\$ 496.00	PER MONTH
3	\$ 992.00	PER MONTH
4	\$ 1,550.00	PER MONTH
6	\$ 3,100.00	PER MONTH

BASED ON WATER USAGE

RESIDENTIAL MINIMUM	<u>N/A</u>	FOR	<u>N/A</u>	GALLONS
EXCESS OF MINIMUM	<u>N/A</u>	FOR	<u>N/A</u>	GALLONS
COMMERCIAL MINIMUM	<u>N/A</u>	FOR	<u>N/A</u>	GALLONS
EXCESS OF MINIMUM	<u>N/A</u>	FOR	<u>N/A</u>	GALLONS

EFFLUENT SALES: (if applicable)

\$ 900.00	PER ACRE FOOT (FOR GENERAL IRRIGATION)
\$ 2.76	PER 1,000 GALLONS (FOR GENERAL IRRIGATION)

SERVICE LINE CONNECTION CHARGE \$ _____ (TO BE CONTRIBUTED BY BUILDER)

SERVICE CHARGES:

1.	ESTABLISHMENT (R14-2-603.D.1)	\$ 30.00
2.	RECONNECTION / DELINQUENT (R14-2-603.D.1)	\$ 50.00
3.	DEPOSIT (R14-2-603.B.3)	_____ per rule
4.	DEPOSIT INTEREST (R14-2-608.E.1)	_____ % per rule
5.	REESTABLISHMENT WITHIN 12 MONTHS (R14-2-608.F.1)	(a)
6.	NSF CHECK (R14-2-608.E.1)	\$ 35.00
7.	LATE PAYMENT PENALTY (R14-2-608.F.1)	1.50% Per Month
	DEFERRED PAYMENT PLAN	1.50% Per Month

All Revenue related taxes will be charged customers.

Main Extension and additional facilities agreements, @ COST (b)
RULES AND REGULATIONS

* The Company has adopted the Rules and Regulation established by the Commission as the basis for its operating procedures. Arizona Corporation Commission Rules will be controlling of Company procedures, unless specific Commission Orders provide otherwise.

(a) Monthly minimum times months off the system

(b) Cost to include parts, labor, overhead, and all applicable taxes, including income tax.

Picacho
Projected Balance Sheets
For the Years Ended

Exhibit
Schedule 1
Page 1
Witness:

0

Line No.	Label	Year				
		1	2	3	4	5
3	Assets					
4	Utility Plant	8,096,130	8,594,438	9,155,228	10,218,778	10,928,928
6	Accumulated Depreciation	(99,570)	(314,574)	(562,086)	(847,915)	(1,175,882)
7	Cash	507,235	1,003,549	1,675,343	1,968,275	3,163,094
10	Total Assets	<u>\$ 8,503,795</u>	<u>\$ 9,283,413</u>	<u>\$ 10,268,485</u>	<u>\$ 11,339,138</u>	<u>\$ 12,916,140</u>
13	Equity and Liabilities					
15	Equity					
17	Common Stock	8,075,000	8,700,000	8,700,000	8,700,000	8,700,000
19	Retained Earnings	(253,768)	(450,712)	(399,765)	(32,237)	641,640
20	Total Equity	<u>\$ 7,821,232</u>	<u>\$ 8,249,288</u>	<u>\$ 8,300,235</u>	<u>\$ 8,667,763</u>	<u>\$ 9,341,640</u>
22	Liabilities & Deferred Credits					
23	Advances in Aid of Construction	651,563	1,003,125	1,906,250	2,514,875	3,286,300
24	Contributions in Aid of Construction	-	-	-	-	-
25	Construction	-	-	-	-	-
26	Less: Amortization	-	-	-	-	-
27	Customer Deposits	31,000	31,000	62,000	62,000	62,000
29	Long-Term Debt	-	-	-	-	-
31	Total Liabilities and Deferred Credits	<u>682,563</u>	<u>1,034,125</u>	<u>1,968,250</u>	<u>2,576,875</u>	<u>3,348,300</u>
35	Total Equity & Liab.	<u>\$ 8,503,795</u>	<u>\$ 9,283,413</u>	<u>\$ 10,268,485</u>	<u>\$ 11,244,638</u>	<u>\$ 12,689,940</u>

(a) Plant Additions (See Schedule 1a)
(b) Depreciation Computations (See Schedule 1a)
(c) Change in cash (Please Schedule 3)
(d) Common Stock issuance and or repurchase. (See Schedule 1b)
(e) Profit or loss from operations (See Schedule 2)
(f) Advances in Aid of Construction (See Schedule 1c)
(g) Contributions in Aid of Construction (See Schedule 1e)
(h) Amortization of Contributions in Aid of Construction, if applicable (See Schedule 1e)
(i) Security deposits (2 times average bill), Not Shown as assumed security deposit refunded after one year

Picacho

Summary Listing of Plant Additions by Year

Exhibit
Schedule 1a
Summary Page
Witness: 0

Acct. No	Year 1	Year 2	Year 3	Year 4	Year 5	Totals
351 Organization	25,000	-	-	-	-	25,000
352 Franchises	-	-	-	-	-	-
353 Land and Land Rights	130,000	-	-	-	-	130,000
354 Structures and Improvements	350,000	-	-	-	-	350,000
355 Power Generation Equipment	200,000	-	-	-	-	200,000
360 Collection sewers -Force	-	-	-	-	-	-
361 Collection Sewers - Gravity (AIAC)	1,088,430	312,008	311,990	814,750	111,350	2,638,528
362 Special Collecting Structures	-	-	-	-	-	-
363 Services to customers / Residential	-	-	-	-	-	-
363 Services to customers - None Residential	-	-	-	-	-	-
364 Flow measuring Devices	-	-	-	-	-	-
365 Flow measuring Installations	-	-	-	-	-	-
366 Reuse Services	-	-	-	-	-	-
367 Reuse Meters and Meter Install	15,000	-	-	-	-	15,000
370 Receiving Wells	350,000	-	-	-	350,000	700,000
371 Pumping Equipment	720,000	-	-	-	-	720,000
374 Reuse Distribution Reservoirs	62,500	62,500	125,000	125,000	125,000	500,000
375 Reuse Transmission and Distrib	475,200	118,800	118,800	118,800	118,800	950,400
380 Treatment and Disposal Equipment*	4,400,000	-	-	-	-	4,400,000
381 Plant Sewers	-	-	-	-	-	-
382 Outfall Sewer Lines	-	-	-	-	-	-
389 Other Plant and Miscellaneous	-	-	-	-	-	-
390 Office Furniture and Equipment	15,000	-	-	-	-	15,000
391 Transportation Equipment	45,000	-	-	-	-	45,000
392 Stores Equipment	5,000	5,000	5,000	5,000	5,000	25,000
393 Tools, Shop and Garage Equipme	15,000	-	-	-	-	15,000
394 Laboratory Equipment	40,000	-	-	-	-	40,000
395 Power Operated Equipment	40,000	-	-	-	-	40,000
396 Communication Equipment	120,000	-	-	-	-	120,000
397 Miscellaneous Equipment	-	-	-	-	-	-
398 Other Tangible Plant	-	-	-	-	-	-
Totals	8,096,130	498,308	560,790	1,063,550	710,150	10,928,928

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\$ 703,125.00

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\$ 200,000.00

\$ 903,125.00

Picacho
Plant
Projected Years

Line No.	Account	Description	CIAC Spread	Depreciation Rate	Estimate	Engineering Permits, Etc.	Year 1			Balance	A/D Balance
							Gross Amt	Additions	Depreciation*		
1	351	Organization		0.00%	25,000		25,000		25,000		
2	352	Franchises		0.00%							
3	353	Land and Land Rights		0.00%	130,000		130,000		130,000		
4	354	Structures and Improvements		3.33%	350,000		350,000	5,828	350,000	5,828	
5	355	Power Generation Equipment		5.00%	200,000		200,000	5,000	200,000	5,000	
6	360	Collection sewers - Force (AIAC)		2.00%							
7	361	Collection Sewers - Gravity (AIAC)		2.00%	1,088,430		1,088,430	10,884	1,088,430	10,884	
8	362	Special Collecting Structures		2.00%							
9	363	Services to customers - Residential (AIAC)	100.00%	2.00%							
10	363	Services to customers - None Residential	100.00%	2.00%							
11	364	Flow measuring Devices		10.00%							
12	365	Flow measuring Installations		10.00%							
13	366	Reuse Services (AIAC)		2.00%							
14	367	Reuse Meters and Meter Install		8.33%	15,000		15,000	625	15,000	625	
15	370	Receiving Wells		3.33%	350,000		350,000	5,828	350,000	5,828	
16	371	Pumping Equipment		12.50%	720,000		720,000	45,000	720,000	45,000	
17	374	Reuse Distribution Reservoirs		2.50%	62,500		62,500	781	62,500	781	
18	375	Reuse Transmission and Distrib (AIAC)		2.50%	475,200		475,200	5,940	475,200	5,940	
19	380	Treatment and Disposal Equipment*		5.00%	4,400,000		4,400,000	5,209	4,400,000	5,209	
20	381	Plant Sewers		5.00%							
21	382	Outfall Sewer Lines (AIAC)		3.33%							
22	389	Other Plant and Miscellaneous		6.67%	15,000		15,000	500	15,000	500	
23	390	Office Furniture and Equipment		6.67%	45,000		45,000	4,500	45,000	4,500	
24	391	Transportation Equipment		20.00%	5,000		5,000	100	5,000	100	
25	392	Stores Equipment		4.00%	15,000		15,000	375	15,000	375	
26	393	Tools, Shop and Garage Equipme		5.00%	40,000		40,000	2,000	40,000	2,000	
27	394	Laboratory Equipment		10.00%	40,000		40,000	1,000	40,000	1,000	
28	395	Power Operated Equipment		5.00%	40,000		40,000	1,000	40,000	1,000	
29	396	Communication Equipment		10.00%	120,000		120,000	6,000	120,000	6,000	
30	397	Miscellaneous Equipment		10.00%							
31	398	Other Tangible Plant		5.00%							
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Totals	\$ 8,096,130	\$ 8,096,130	\$ 8,096,130	\$ 99,570	\$ 8,096,130	\$ 99,570
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Composite Rate with 1/2 yr convention on Plant Additions

1.25%

Licenses, Taxes, Permits	\$ -
Engineering and Contingency	\$ -
Total	\$ -

*Capacity Adjustment to Depreciation Expense -
380 Treatment Plant (Requires an Accounting Order)
Customer connections 251
Capacity (in customer connections) 5,300
Capacity Factor 4.74%

Picacho
Plant
Projected Years

Line No.	Account	Description	Depreciation Rate	CIAC Spread	Year		Estimate	Engineering Permits, Etc.	Gross Amt	Additions	Depreciation*	Balance	AID Balance
					1	2							
1		With Treatment Plant Depreciation computed on Percent of Capacity											
2	351	Organization	0.00%										
3	352	Franchises	0.00%										
4	353	Land and Land Rights	0.00%										
5	354	Structures and Improvements	3.33%										
6	355	Power Generation Equipment	5.00%										
7	360	Collection sewers - Force (AIAC)	2.00%										
8	361	Collection Sewers - Gravity (AIAC)	2.00%										
9	362	Special Collecting Structures	2.00%										
10	363	Services to customers - Residential (AIAC)	2.00%	100.00%									
11	363	Services to customers - None Residential	2.00%	100.00%									
12	364	Flow measuring Devices	10.00%										
13	364	Flow measuring Installations	10.00%										
14	366	Reuse Services (AIAC)	2.00%										
15	367	Reuse Meters and Meter Install	3.33%										
16	370	Receiving Wells	3.33%										
17	371	Pumping Equipment	12.50%										
18	374	Reuse Distribution Reservoirs	2.50%										
19	375	Reuse Transmission and Distrib (AIAC)	2.50%										
20	380	Treatment and Disposal Equipment*	5.00%										
21	381	Plant Sewers	5.00%										
22	382	Outfall Sewer Lines (AIAC)	3.33%										
23	389	Other Plant and Miscellaneous	6.67%										
24	390	Office Furniture and Equipment	6.67%										
25	391	Transportation Equipment	20.00%										
26	392	Stores Equipment	4.00%										
27	393	Tools, Shop and Garage Equipme	5.00%										
28	394	Laboratory Equipment	10.00%										
29	395	Power Operated Equipment	5.00%										
30	396	Communication Equipment	10.00%										
31	397	Miscellaneous Equipment	10.00%										
32	398	Other Tangible Plant	5.00%										
33													
34													
35													
36													
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51													
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53													

Totals	\$ 498,308	\$ -	\$ 498,308	\$ 498,308	\$ 215,004	\$ 8,594,438	\$ 314,574
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2.55%

Composite Rate with 1/2 yr convention on Plant Additions

Licenses, Taxes, Permits	\$ -
Engineering and Contingency	\$ -
Total	\$ -

*Capacity Adjustment to Depreciation Expense -	501
380 Treatment Plant (Requires an Accounting Order)	5,300
Customer connections	9.45%
Capacity (in customer connections)	
Capacity Factor	

**Picacho
Plant
Projected Years**

Exhibit
Schedule 1a
Page 3
Witness: 0

Line No.	Account	Description	With Treatment Plant Depreciation computed on Percent of Capacity	CIAC Spread	Depreciation Rate	Estimate	Engineering Permits, Etc.	Gross Amt	Additions	Depreciation*	Balance	A/D Balance
						\$	\$	\$	\$	\$	\$	\$
1	351	Organization			0.00%						25,000	
2	352	Franchises			0.00%							
3	353	Land and Land Rights			0.00%						130,000	
4	354	Structures and Improvements			3.33%					11,655	350,000	29,138
5	355	Power Generation Equipment			5.00%					10,000	200,000	25,000
6	356	Collection sewers - Force (AIAC)			2.00%							
7	357	Collection Sewers - Gravity (AIAC)			2.00%	311,990		311,990	311,990	31,129	1,712,428	66,902
8	358	Special Collecting Structures			2.00%							
9	359	Services to customers - Residential (AIAC)		100.00%	2.00%							
10	360	Services to customers - None Residential		100.00%	2.00%							
11	361	Flow measuring Devices			10.00%							
12	362	Flow measuring Installations			10.00%							
13	363	Reuse Services (AIAC)			2.00%					1,250	15,000	3,124
14	364	Reuse Meters and Meter Install			8.33%					11,655	350,000	29,138
15	365	Receiving Wells			3.33%					90,000	720,000	225,000
16	366	Pumping Equipment			12.50%					4,688	250,000	7,813
17	367	Reuse Distribution Reservoirs			2.50%	125,000		125,000	125,000	16,335	712,800	35,640
18	368	Reuse Transmission and Distrib (AIAC)			2.50%	118,800		118,800	118,800	41,551	4,400,000	67,557
19	369	Treatment and Disposal Equipment*			5.00%							
20	370	Plant Sewers			5.00%							
21	371	Outfall Sewer Lines (AIAC)			3.33%							
22	372	Other Plant and Miscellaneous			6.67%					1,001	15,000	2,501
23	373	Office Furniture and Equipment			6.67%					9,000	45,000	22,500
24	374	Transportation Equipment			20.00%					500	15,000	900
25	375	Stores Equipment			4.00%	5,000		5,000	5,000	750	15,000	1,875
26	376	Tools, Shop and Garage Equipme			5.00%					4,000	40,000	10,000
27	377	Laboratory Equipment			10.00%					2,000	40,000	5,000
28	378	Power Operated Equipment			5.00%					12,000	120,000	30,000
29	379	Communication Equipment			10.00%							
30	380	Miscellaneous Equipment			10.00%							
31	381	Other Tangible Plant			5.00%							
32	382											
33	383											
34	384											
35	385											
36	386											
37	387											
38	388											
39	389											
40	390											
41	391											
42	392											
43	393											
44	394											
45	395											
46	396											
47	397											
48	398											
49	399											
50	400											
51	401											
52	402											
53	403											

Totals	\$ 560,790	\$ -	\$ 560,790	\$ 560,790	\$ 247,512	\$ 9,155,228	\$ 562,086
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Composite Rate with 1/2 yr convention on Plant Additions 2.75%

Licenses, Taxes, Permits	\$ -
Engineering and Contingency	\$ -
Total	\$ -

*Capacity Adjustment to Depreciation Expense -
380 Treatment Plant (Requires an Accounting Order)
Customer connections 1,001
Capacity (in customer connections) 5,300
Capacity Factor 18.89%

Picacho
Plant
Projected Years

Line No.	Account	Description	With Treatment Plant Depreciation computed on Percent of Capacity	CIAC Spread	Depreciation Rate	Estimate	Engineering Permits, Etc.	Gross Amt	Additions	Depreciation*	Balance	AID Balance
1	351	Organization			0.00%						25,000	
2	352	Franchises			0.00%							
3	353	Land and Land Rights			0.00%						130,000	
4	354	Structures and Improvements			3.33%					11,655	350,000	40,793
5	355	Power Generation Equipment			5.00%					10,000	200,000	35,000
6	360	Collection sewers - Force (AIAC)			2.00%							
7	361	Collection Sewers - Gravity (AIAC)			2.00%	814,750		814,750	814,750	42,396	2,527,178	109,298
8	362	Special Collecting Structures			2.00%							
9	363	Services to customers - Residential (AIAC)	100.00%		2.00%							
10	363	Services to customers - None Residential	100.00%		2.00%							
11	364	Flow measuring Devices			10.00%							
12	365	Flow measuring Installations			10.00%							
13	366	Reuse Services (AIAC)			2.00%						15,000	4,373
14	367	Reuse Meters and Meter Install			8.33%					11,655	350,000	40,793
15	370	Receiving Wells			3.33%					90,000	720,000	315,000
16	371	Pumping Equipment			12.50%					7,813	375,000	15,625
17	374	Reuse Distribution Reservoirs			2.50%	125,000		125,000	125,000	19,305	831,600	54,945
18	375	Reuse Transmission and Distrib (AIAC)			2.50%	118,800		118,800	118,800	62,306	4,400,000	129,862
19	380	Treatment and Disposal Equipment*			5.00%							
20	381	Plant Sewers			5.00%							
21	382	Outfall Sewer Lines (AIAC)			3.33%							
22	389	Other Plant and Miscellaneous			6.67%					1,001	15,000	3,502
23	390	Office Furniture and Equipment			6.67%					9,000	45,000	31,500
24	391	Transportation Equipment			20.00%					700	20,000	1,600
25	392	Stores Equipment			4.00%	5,000		5,000	5,000	750	15,000	2,625
26	393	Tools, Shop and Garage Equipme			5.00%					4,000	40,000	14,000
27	394	Laboratory Equipment			10.00%					2,000	40,000	7,000
28	395	Power Operated Equipment			5.00%							
29	396	Communication Equipment			10.00%					12,000	120,000	42,000
30	397	Miscellaneous Equipment			10.00%							
31	397	Miscellaneous Equipment			10.00%							
32	398	Other Tangible Plant			5.00%							
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53												

Totals	\$ 1,063,550	\$ -	\$ 1,063,550	\$ 1,063,550	\$ 285,829	\$ 10,218,778	\$ 847,915
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Composite Rate with 1/2 yr convention on Plant Additions 2.84%

Licenses, Taxes, Permits	\$ -
Engineering and Contingency	\$ -
Total	\$ -

*Capacity Adjustment to Depreciation Expense -
380 Treatment Plant (Requires an Accounting Order)
Customer connections 1,501
Capacity (in customer connections) 5,300
Capacity Factor 28.32%

Picacho Plant
Projected Years

Exhibit
Schedule 1a
Page 5
Witness:

0

Line No.

		With Treatment Plant Depreciation computed on Percent of Capacity					Year 5			
Account	Description	CIAC Spread	Depreciation Rate	Estimate	Engineering Permits, Etc.	Gross Amt	Additions	Depreciation*	Balance	AID Balance
351	Organization		0.00%						\$ 25,000	\$ -
352	Franchises		0.00%							
353	Land and Land Rights		0.00%						130,000	
354	Structures and Improvements		3.33%					11,655	350,000	52,448
355	Power Generation Equipment		5.00%					10,000	200,000	45,000
360	Collection sewers - Force (AIAC)		2.00%							
361	Collection Sewers - Gravity (AIAC)		2.00%	111,350		111,350	111,350	51,657	2,638,528	160,955
362	Special Collecting Structures		2.00%							
363	Services to customers - Residential (AIAC)	100.00%	2.00%							
363	Services to customers - None Residential	100.00%	2.00%							
364	Flow measuring Devices		10.00%							
365	Flow measuring Installations		10.00%							
366	Reuse Services (AIAC)		2.00%							
367	Reuse Meters and Meter Install		8.33%							
370	Receiving Wells		3.33%	350,000		350,000	350,000	1,250	15,000	5,623
371	Pumping Equipment		12.50%						700,000	58,275
374	Reuse Distribution Reservoirs		2.50%	125,000		125,000	125,000	90,000	720,000	405,000
375	Reuse Transmission and Distrib (AIAC)		2.50%	118,800		118,800	118,800	10,938	500,000	26,563
380	Treatment and Disposal Equipment*		5.00%					22,275	950,400	77,220
381	Plant Sewers		5.00%					83,060	4,400,000	212,923
382	Outfall Sewer Lines (AIAC)		3.33%							
389	Other Plant and Miscellaneous		6.67%							
390	Office Furniture and Equipment		6.67%							
391	Transportation Equipment		20.00%					1,001	15,000	4,502
392	Stores Equipment		4.00%	5,000		5,000	5,000	900	45,000	40,500
393	Tools, Shop and Garage Equipme		5.00%					750	25,000	2,500
394	Laboratory Equipment		10.00%					4,000	15,000	3,375
395	Power Operated Equipment		5.00%					2,000	40,000	18,000
396	Communication Equipment		10.00%						40,000	9,000
397	Miscellaneous Equipment		10.00%						120,000	54,000
398	Other Tangible Plant		5.00%							

Totals	\$ 710,150	\$ -	\$ 710,150	\$ 710,150	\$ 327,967	\$ 10,928,928	\$ 1,175,882
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Composite Rate with 1/2 yr convention on Plant Additions

3.04%

Licenses, Taxes, Permits	\$ -
Engineering and Contingency	-
Total	\$ -

*Capacity Adjustment to Depreciation Expense -
380 Treatment Plant (Requires an Accounting Order)
Customer connections
Capacity (in customer connections)
Capacity Factor

2,001
5,300
37.75%

Picacho
 Projected Capital Financing
 Projected Years Ended

Exhibit
 Schedule 1b
 Page 1
 Witness: 0

	0	1	2	3	4	5	Totals
		Year					
Plant to be Constructed	\$ -	\$ 8,096,130	\$ 498,308	\$ 560,790	\$ 1,063,550	\$ 710,150	\$ 10,928,928
<u>Financing:</u>							
Contributions-in-aid of Construction (Service Lines)		\$ 651,563	\$ 351,563	\$ 903,125	\$ 703,125	\$ 903,125	\$ 3,512,500
Common Equity Issued for Plant Construction		31,000	31,000	62,000	62,000	62,000	248,000
Common Equity Issued For Working Capital		-	-	-	-	-	-
Debt Financing Issued for Plant Construction	25,000	8,000,000	600,000	-	-	-	8,600,000
		75,000	-	-	-	-	100,000
Total Financing	\$ 25,000	\$ 8,757,563	\$ 982,563	\$ 965,125	\$ 765,125	\$ 965,125	\$ 12,460,500

**Picacho
Schedule of Developer Advances and Refunds
Projected Years**

Exhibit
Schedule 1c
Page 1
Witness:

0

Line No.	Year					
	0	1	2	3	4	5
<u>Developer Advances Collected</u> Internal Parcel Infrastructure		\$ 651,563	\$ 351,563	\$ 903,125	\$ 703,125	\$ 903,125
Total Collected	\$ -	\$ 651,563	\$ 351,563	\$ 903,125	\$ 703,125	\$ 903,125
Cumulative Collected	\$ -	\$ 651,563	\$ 1,003,125	\$ 1,906,250	\$ 2,609,375	\$ 3,512,500
<u>Developer Advances Refunded (a)</u> Advances Refunds at 10% of None Effluent Revenues			-	-	94,500	131,700
Total Refunds	\$ -	\$ -	\$ -	\$ -	\$ 94,500	\$ 131,700
Cumulative Refunds	\$ -	\$ -	\$ -	\$ -	\$ 94,500	\$ 226,200
Cumulative Balance	\$ -	\$ 651,563	\$ 1,003,125	\$ 1,906,250	\$ 2,514,875	\$ 3,286,300
(a) Refund Rate per Year					10% of Revenue from Customers served by line extension	

Picacho
Schedule of Security Deposits Collected and Refunded
Projected Years

Exhibit
 Schedule 1d
 Page 1
 Witness: 0

Line No.	0	1	2	3	4	5
	Year					
Security Deposits						
Residential	\$	31,000	\$ 31,000	\$ 62,000	\$ 62,000	\$ 62,000
Commercial		-	-	-	-	-
School		-	-	-	-	-
Total Collected	\$ -	\$ 31,000	\$ 31,000	\$ 62,000	\$ 62,000	\$ 62,000
Cummulative Collected	\$ -	\$ 31,000	\$ 62,000	\$ 124,000	\$ 186,000	\$ 248,000
Security Deposits Refunded (a)						
Security Deposits from Year 1			\$ 31,000			
Security Deposits from Year 2				\$ 31,000		
Security Deposits from Year 3					62,000	
Security Deposits from Year 4						62,000
Security Deposits from Year 5						62,000
Total Refunds	\$ -	\$ -	\$ 31,000	\$ 31,000	\$ 62,000	\$ 62,000
Cummulative Refunds	\$ -	\$ -	\$ 31,000	\$ 62,000	\$ 124,000	\$ 186,000
Cummulative Balance	\$ -	\$ 31,000	\$ 31,000	\$ 62,000	\$ 62,000	\$ 62,000

(a) Assumed that are Security Deposits are refunded in full in following year.

**Picacho
Schedule of Contributions-in-Aid of Construction
Projected Years**

Exhibit
Schedule 1e
Page 1
Witness: 0

Line No.	0	1	2	3	4	5
Contributions (Service Lines)						
Residential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commercial & School	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Collected	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cummulative Collected	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Amortization						
Composite Rate (1/2 Yr Conv.)	0.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Amortization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cummulative Amortization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cummulative Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**Picacho
Projected Statements of Income
For the 12 Months Ended**

Exhibit
Schedule 2
Page 1
Witness:

0

Line No.	Description	Year				
		1	2	3	4	5
1		\$ 122,643	\$	\$ 675,500	\$ 1,105,834	\$ 1,536,167
2	Total estimated Revenues					
3	Expenses					
4	Pumping Power - All	7,887	23,661	47,322	78,870	110,418
5	Wages	130,000	133,900	137,917	142,055	146,316
6	Payroll Burden	42,900	44,187	45,513	46,878	48,284
7	Permits (Not Capitalized to Plant)	5,000	5,000	5,000	5,000	5,000
8	Licenses (Not Capitalized to Plant)	2,000	2,060	2,122	2,185	2,251
9	Engineering (Not Capitalized to Plant)	2,000	2,060	2,122	2,185	2,251
10	Chemicals	6,000	9,000	12,000	15,000	18,000
11	Supplies	4,000	5,000	6,000	7,000	8,000
12	Repairs	12,000	16,000	19,000	22,000	25,000
13	Insurance	4,000	4,120	4,244	4,371	4,502
14	Office Expense	1,000	3,000	5,000	7,000	9,000
15	Billing, Postage, Operations (a)	4,518	13,536	27,036	45,036	63,036
16	Contract Labor	6,000	6,180	6,365	6,556	6,753
17	Rentals					
18	Solids Handling	3,000	6,180	12,731	19,669	27,012
19	Rentals	3,000	3,090	3,183	3,278	3,377
20	Recharge Site Maintenance	3,000	3,090	3,183	3,278	3,377
21	Depreciation net of Amortization of CIAC from schedules 1a and 1e	99,570	215,004	247,512	285,829	327,967
22	Vehicles Expenses (b)	\$ 5,000	\$ 5,150	\$ 5,305	\$ 5,464	\$ 5,628
23	Legal & Accounting (b)	\$ 15,000	\$ 15,450	\$ 15,914	\$ 16,391	\$ 16,883
24	Miscellaneous Expenses (b) (e)	\$ 4,800	\$ 4,944	\$ 5,092	\$ 5,245	\$ 5,402
25	Testing (d)	10,000	12,000	14,000	16,000	18,000
26	Property Taxes (f)	6,111	10,441	21,031	39,198	60,487
27	Total Operating Expenses	\$ 376,786	\$ 543,053	\$ 647,590	\$ 778,489	\$ 916,944
28	Operating income (loss)	\$ (254,143)	\$ (205,303)	\$ 27,910	\$ 327,345	\$ 619,223
29	Less:					
30	Interest (Expense) Income on Work. Cap. (c)	375	8,359	23,037	40,183	54,654
31	Interest Expense Long-term Debt (c)					
32	Net Income (EBIT)	\$ (253,768)	\$ (196,944)	\$ 50,947	\$ 367,528	\$ 673,877
33	Income	\$ (253,768)	\$ (196,944)	\$ 29,549	\$ 213,166	\$ 390,849
34	Loss Carryforward Utilized in years in which income tax is \$50 (State of Arizona Filing Fee)					
35	(a) Per customer per month					
36	(b) Annual Inflation of:					
37	(c) If Applicable					
38	(d) Based on Testing cost at other utilities. Assumed Annual \$2,000 annual increase.					
39	(e) Miscellaneous Expenses of \$400 per month					
40	(f) See Property Tax Calculation. Recognizes decreasing assessment ratio.					

1.20 per 1,000 gals

3.00 Per Customer

3.00%

Picacho
Schedule of Projected Revenues
For the Years Ended

Exhibit
Schedule 2a
Page 1
Witness: 0

Line No.	Year				
	1	2	3	4	5
3 Residential					
4 5/8 Inch	\$ 100,500	\$ 286,500	\$ 573,000	\$ 945,000	\$ 1,317,000
5 Establishment Fees	7,500	7,500	15,000	15,000	15,000
6 Total Residential Revenues	108,000	294,000	588,000	960,000	1,332,000
7 Commercial					
8 5/8 Inch	-	-	-	-	-
9 Establishment Fees	-	-	-	-	-
10 Total Commercial Revenues	-	-	-	-	-
11					
12 Effluent Revenues	14,613	43,750	87,500	145,834	204,167
13 Establishment Fees	30				
14 Total Effluent Revenues	14,643	43,750	87,500	145,834	204,167
15					
16 School	-	-	-	-	-
17 Establishment Fees	-	-	-	-	-
18 Total Revenues from School	-	-	-	-	-
19					
20 Total	\$ 122,643	\$ 337,750	\$ 675,500	\$ 1,105,834	\$ 1,536,167
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					

**Picacho
Customer Counts
For Projected Years Ended**

Exhibit
Schedule 2a
Page 2
Witness: 0

Line No.	<u>Year Ended</u>	<u>Year</u>	<u>Year</u>	<u>Year</u>	<u>Year</u>
1	250	500	1,000	1,500	2,000
2	-	-	-	-	-
3	-	-	-	-	-
4	-	-	-	-	-
5	1	1	1	1	1
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17	Total	251	501	1,001	1,501
18					2,001
19					
20					
21	<u>1/2 Year Convention</u>				
22	<u>Year Ended</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
23	<u>Residential</u>	125.00	375.00	750.00	1,250.00
24	<u>5/8 Inch</u>				1,750.00
25	<u>Commercial</u>				
26	<u>5/8 Inch</u>	-	-	-	-
27	<u>1 Inch</u>	-	-	-	-
28	<u>2 Inch</u>	-	-	-	-
29					
30	<u>Irrigation</u>	0.50	1	1	1
31					
32					
33					
34					
35					
36	Total	125.50	376.00	751.00	1,251.00
					1,751.00

**Picacho
Gallons Treated (1,000's)
For Projected Years Ended**

Exhibit
Schedule 2a
Page 3
Witness: 0

Line No.	Year	1	2	3	4	5
1	<u>Year Ended</u>					
2	<u>Residential</u>					
3	5/8 Inch	6,600	19,800	39,600	66,000	92,400
4						
5						
6	<u>Commercial</u>					
7	5/8 Inch	-	-	-	-	-
8	1 Inch	-	-	-	-	-
9	2 Inch	-	-	-	-	-
10						
11	<u>Irrigation</u>					
12						
13	<u>School 2 Inch</u>	-	-	-	-	-
14						
15						
16						
17	Total	6,600	19,800	39,600	66,000	92,400
18						
19	Commercial & School	-	-	-	-	-
20						
21						
22						

Picacho
Schedule of Projected Revenues
For the Years Ended

Exhibit
 Schedule 2a
 Page 4
 Witness:

Line No.	Year	1	2	3	4	5
<u>Projected Customers / Residential 5/8 Inch Meter</u>						
6	Estimated connections installed by year end (Cumulative)	250	500	1,000	1,500	2,000
8	Estimated connection installed during the year	250	250	500	500	500
10	1/2 Year Convention for Revenue	125.00	375.00	750.00	1,250.00	1,750.00
<u>Projected Revenue</u>						
14	Annual gallonage delivered (in 1,000's)*	6,600	19,800	39,600	66,000	92,400
15	Assuming average usage per month of 5500 Gals.					
16	Daily Gallons	14,667	44,000	88,000	146,667	205,333
17	Residential:					
18	Monthly Mins. \$ 62.00 Minimum Charge	\$ 93,000	\$ 279,000	\$ 558,000	\$ 930,000	\$ 1,302,000
20	(Assumes water usage of 8,000 gallons per month)					
25	Establishment Fees at	\$ 7,500	\$ 7,500	\$ 15,000	\$ 15,000	\$ 15,000
26	Total Revenue	\$ 100,500	\$ 286,500	\$ 573,000	\$ 945,000	\$ 1,317,000
27	263.01 = Gallons per Household per day					
28	30.42 = Days in Average Month					
29	*Flow through factor 80% = Wastewater Recovery Rate					

Picacho
Schedule of Projected Revenues
For the Years Ended

Exhibit
 Schedule 2a
 Page 6
 Witness: 0

Line No.	Description	Year				
		1	2	3	4	5
<u>Projected Customers / Commercial 5/8 Inch Meter</u>						
6	Estimated connections installed by year end (Cumulative)	0	0	0	0	0
7	Estimated connection installed during the year	0	0	0	0	0
9	1/2 Year Convention for Revenue	-	-	-	-	-
<u>Projected Revenue</u>						
14	Annual gallonage delivered (in 1,000's)*	1	-	-	-	-
15	Assuming average usage per month of:					
16	Daily Gallons					
17	Commercial					
18	Monthly Mins. 5/8 Inch Meter	\$	\$	\$	\$	\$
19						
20						
21						
22						
23						
24						
25	Establishment Fees at	\$	\$	\$	\$	\$
26	Total Revenue	\$	\$	\$	\$	\$
27						
28						
29	*Flow through factor					
30						
31						
32						

1,000 = Gallons per Business per day
 30.42 = Days in Average Month
 100% = Wastewater Recovery Rate

**Picacho
Schedule of Projected Revenues / Effluent
For the Years Ended**

Exhibit
Schedule 2a
Page 9
Witness: 0

Line No.	Description	Year				
		1	2	3	4	5
7	Projected Revenue					
8	Customers / Residential					
9	Annual gallonage delivered (in 1,000's) at					
10	Annual gallonage delivered (in Acre Feet)	5,280	15,840	31,680	52,800	73,920
11	Customers / Commercial					
12	Annual gallonage delivered (in 1,000's) at					
13	Annual gallonage delivered (in Acre Feet)	16.20	48.61	97.22	162.04	226.85
14	Customers / School					
15	Annual gallonage delivered (in 1,000's) at					
16	Annual gallonage delivered (in Acre Feet)*	-	-	-	-	-
17	Totals					
18	Annual gallonage delivered (in 1,000's) at	5,280.00	15,840.00	31,680.00	52,800.00	73,920.00
19	Annual gallonage delivered (in Acre Feet)*	16.20	48.61	97.22	162.04	226.85
20						
21	Charge per Acre Foot	\$ 14,583	\$ 43,750	\$ 87,500	\$ 145,834	\$ 204,167
22	Percent of Effluent Sold (a)					
23						
24	Price per 1,000 gallons =	\$	\$ 2.76			
25						
26	Establishment Fee					
27						
28						
29	Total Effluent Revenue	\$ 14,613	\$ 43,750	\$ 87,500	\$ 145,834	\$ 204,167
30	Customers	1	1	1	1	1
31	(a) Assumed that Effluent sales would total only 80% of available effluent, due to inability to utilize all effluent. In Winter Months, effluent will also be recharged.					
32						
33						
34						
35						

Picacho
Schedule of Projected Revenues
For the Years Ended

Exhibit
 Schedule 2a
 Page 5
 Witness:

0

Line No.		1	2	3	4	5
	<u>Projected Customers / School 2 Inch Meter:</u>					
6	Estimated connections installed by year end (Cumulative)					
8	Estimated connection installed during the year					
10	1/2 Year Convention for Revenue					
12	<u>Projected Revenue</u>					
14	Annual gallonage delivered (in 1,000's)*	1	-	-	-	-
15	Assuming average usage per month of:					
16	Daily Gallons					
17	School:					
18	Monthly Mins. 2 Inch Meter	\$	\$	\$	\$	\$
19	Minimum Charge					
25	Establishment Fees at	\$	\$	\$	\$	\$
26	Total Revenue	\$	\$	\$	\$	\$
27	Based on 750 students at 20 gpd flow, year round classes					
29	*Flow through factor					1

Picacho
Schedule for the Computation of Projected
Property Taxes for the Years Ended

Exhibit
 Schedule 2b
 Page 1
 Witness: 0

Line No.	Year					
	1	2	3	4	5	
1						
2						
3	Revenue Component 1	\$ 122,643	\$ 122,643	\$ 122,643	\$ 337,750	\$ 675,500
4	Revenue Component 2	122,643	122,643	337,750	675,500	1,105,834
5	Revenue Component 3	122,643	337,750	675,500	1,105,834	1,536,167
6						
7	Average 3 years of revenue, multiplied by 2	\$ 245,287	\$ 388,691	\$ 757,262	\$ 1,412,722	\$ 2,211,667
8	Add:					
9	Construction Work in Progress at 10%	0	0	0	0	0
10	Deduct:					
11	Book Value of Transportation Equipment	40,500	31,500	22,500	13,500	4,500
12						
13	Full Cash Value	\$ 204,787	\$ 357,191	\$ 734,762	\$ 1,399,222	\$ 2,207,167
14						
15						
16	Times Assessment Ratio	24.50%	24.00%	23.50%	23.00%	22.50%
17						
18	Assessed Value	\$ 50,173	\$ 85,726	\$ 172,669	\$ 321,821	\$ 496,613
19						
20	Property Tax Rate (State Wide Rate Used)	12.18%	12.18%	12.18%	12.18%	12.18%
21						
22	Computed Property Tax	\$ 6,111	\$ 10,441	\$ 21,031	\$ 39,198	\$ 60,487
23						
24						
25						
26						

Picacho
Projected Cash Flows
For the Years Ended

Exhibit
Schedule 3
Page 1
Witness:

0

Line No.	0	1	2	3	4	5
	<u>Year</u>					
Cash from Operations						
Beginning Cash Balance	\$ -	\$ 25,000	\$ 532,235	\$ 1,003,549	\$ 1,675,343	\$ 1,968,275
Income from Operations		(253,768)	(196,944)	50,947	367,528	673,877
Add Depreciation expense		99,570	215,004	247,512	285,829	327,967
Total Cash From Operations	\$ -	\$ (154,198)	\$ 18,059	\$ 298,459	\$ 653,357	\$ 1,001,844
Cash from Financing						
Common Equity	\$ 25,000	\$ 8,075,000	\$ 600,000	\$ -	\$ -	\$ -
Advances in Aid of Const.	-	651,563	351,563	903,125	703,125	903,125
Contribution in Aid of Const. (Service Lines)	-	-	-	-	-	-
Deposits (security) collected	-	31,000	31,000	62,000	62,000	62,000
Total Cash from Financing	\$ 25,000	\$ 8,757,563	\$ 982,563	\$ 965,125	\$ 765,125	\$ 965,125
Uses of Cash:						
Deposit (Security) refunded	\$ -	\$ -	\$ 31,000	\$ 31,000	\$ 62,000	\$ 62,000
Capital Improvements - Plant	-	8,096,130	498,308	560,790	1,063,550	710,150
Total Cash Uses	\$ -	\$ 8,096,130	\$ 529,308	\$ 591,790	\$ 1,125,550	\$ 772,150
Ending Cash Balance	\$ 25,000	\$ 532,235	\$ 1,003,549	\$ 1,675,343	\$ 1,968,275	\$ 3,163,094
Interest Income: Assuming Earning Equal to Inflation Factor on Average Cash Balance	\$ 12,500	\$ 278,617	\$ 767,892	\$ 1,339,446	\$ 1,821,809	\$ 2,565,685
Average Cash Balance	\$ 375	\$ 8,359	\$ 23,037	\$ 40,183	\$ 54,654	\$ 76,971
Interest Earned						

Picacho
Schedule of Projected Revenues
For the Years Ended

Exhibit
 Schedule 2a
 Page 7
 Witness:

0

Line No.	Year	1	2	3	4	5
<u>Projected Customers / Commercial 1 Inch Meter</u>						
6	Estimated connections installed by year end (Cumulative)	-	-	-	-	-
8	Estimated connection installed during the year	-	-	-	-	-
10	1/2 Year Convention for Revenue	-	-	-	-	-
<u>Projected Revenue</u>						
14	Annual gallonage delivered (in 1,000's)*	0.6	-	-	-	-
15	Assuming average usage per month of:					
16	Daily Gallons					
17	Commercial					
18	Monthly Mins. 1 Inch Meter	\$	\$	\$	\$	\$
19	Minimum Charge					
25	Establishment Fees at	\$	\$	\$	\$	\$
26	Total Revenue	\$	\$	\$	\$	\$
29	*Flow through factor					0.6
30	** Not collected if sewer customer is also taking water service.					

Picacho
Schedule of Projected Revenues
For the Years Ended

Exhibit
 Schedule 2a
 Page 8
 Witness:

0

Line No.	Year	1	2	3	4	5
<u>Projected Customers / Commercial 2 Inch Meter</u>						
6	Estimated connections installed by year end (Cumulative)	-	-	-	-	-
8	Estimated connection installed during the year	-	-	-	-	-
10	1/2 Year Convention for Revenue	-	-	-	-	-
<u>Projected Revenue</u>						
14	Annual gallonage delivered (in 1,000's)*	0.6	-	-	-	-
15	Assuming average usage per month of:					
16	Daily Gallons	18,000	-	-	-	-
17	Commercial					
18	Monthly Mins. 2 Inch Meter	\$ 496.00	\$ -	\$ -	\$ -	\$ -
19	Minimum Charge	-	-	-	-	-
25	Establishment Fees at	\$ 30.00 **	\$ -	\$ -	\$ -	\$ -
26	Total Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
29	*Flow through factor					
30	** Not collected if sewer customer is also taking water service.					

EXHIBIT

"4"

**Picacho
REPRESENTATIVE RATE SCHEDULE**

Exhibit
Schedule 4
Page 1
Witness:

0

PROPOSED RATES

<u>LINE NO.</u>		<u>MONTHLY CHARGE (a)</u>
1	<u>METER SIZE</u>	
2		
3	MONTHLY MINIMUMS:	
4	5/8 x 3/4 and	\$ 29.50
5	3/4	\$ 29.50
6	1	\$ 73.75
7	1 1/2	\$ 147.50
8	2	\$ 236.00
9	3	\$ 472.00
10	4	\$ 737.50
11	6	\$ 1,475.00
12		
13	Treated Effluent per Acre Foot (For General Irrigation)	\$ -
14	Treated Effluent per 1,000 Gallons (For General Irrigation)	\$ -
15		
16	Consumptive Charge Tier 1	3.5
17	Consumptive Charge Tier 2	4
18	Consumptive Charge Tier 3	5
19		
20		
21	(a) Monthly minimums (Flat Rate) based on meter size.	
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		

**Picacho
REPRESENTATIVE RATE SCHEDULES
STATEMENT OF CHARGES**

Exhibit
Schedule 5
Page 1
Witness: 0

LINE
NO.

		Proposed
1	A. Establishment of Service	\$ 30.00
2	Establishment of Service, after hours	\$ 50.00
3		
4	B. Re-establishment of Service	see (a)
5		
6	C. Reconnection of service	\$ 30.00
7		
8	D. After hours service charge, per hour	\$ 50.00
9		
10	E. Minimum Security Deposit	Two Times Monthly Bill
11		
12	F. Charge for NSF Check	\$ 35.00
13		
14	G. Late payment charge for delinquent bills	1.50%
15		
16	H. Deferred Payment Finance Charge	1.50%
17		
18	I. Main Extension and additional facilities agreements,	@ COST (b)
19		
20		
21	J. All Revenue related taxes will be charged customers.	
22		
23	K. Deferred Payment	1.50% Per Month
24	L. Late Payment	1.50% Per Month
25		
26		

RULES AND REGULATIONS

* The Company has adopted the Rules and Regulation established by the Commission as the basis for its operating procedures. Arizona Corporation Commission Rules will be controlling of Company procedures, unless specific Commission Orders provide otherwise.

(a) Monthly minimum times months off the system

(b) Cost to include parts, labor, overhead, and all applicable taxes, including income tax, if applicable.

35
36
37
38

ATTACHMENT C

PROFORMA BALANCE SHEET (SEWER)

Picacho

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
<u>ASSETS</u>					
<u>Current Assets</u>					
Cash	\$ (4,917,466)	\$ (5,018,543)	\$ (4,654,882)	\$ (4,152,516)	\$ (3,503,242)
Accounts Receivable	0	0	0	0	0
Other	0	0	0	0	0
Total Current Assets	\$ (4,917,466)	\$ (5,018,543)	\$ (4,654,882)	\$ (4,152,516)	\$ (3,503,242)
<u>Fixed Assets</u>					
Utility Plant	\$ 5,287,530	\$ 5,682,180	\$ 6,076,530	\$ 6,554,780	\$ 7,130,280
(Less) Accumulated Depreciation	(77,734)	(239,230)	(412,761)	(603,241)	(814,525)
Net Plant in Service	\$ 5,209,796	\$ 5,442,950	\$ 5,663,769	\$ 5,951,539	\$ 6,315,755
Total Assets	\$ 292,330	\$ 424,408	\$ 1,008,887	\$ 1,799,023	\$ 2,812,513
<u>LIABILITIES AND CAPITAL</u>					
<u>Current and Accrued Liabilities</u>					
Accounts Payable	0	0	0	0	0
Notes Payable	0	0	0	0	0
Accrued Taxes	0	0	0	0	0
Accrued Interest	0	0	0	0	0
Other	0	0	0	0	0
Total Current and Accrued Liabilities	0	0	0	0	0

ATTACHMENT C

PROFORMA BALANCE SHEET (SEWER)

Picacho

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
<u>Long-Term Debt</u>					
<u>Deferred Credits</u>					
Advances in Aid of Construction	\$ 351,563	\$ 351,563	\$ 703,125	\$ 2,109,375	\$ 2,812,500
Contribution in Aid of Construction, Net of Amortization	-	-	-	-	-
Accumulated Deferred Income Tax	-	-	-	-	-
Total Deferred Credits	\$ 351,563	\$ 351,563	\$ 703,125	\$ 2,109,375	\$ 2,812,500
<u>CAPITAL ACCOUNT</u>					
Common Stock	100,000	100,000	100,000	100,000	100,000
Preferred	0	0	0	0	0
Paid in Capital	0	0	0	0	0
Retained Earnings	(173,983)	(393,467)	(526,863)	(439,852)	(129,487)
Total Capital	\$ (73,983)	\$ (293,467)	\$ (426,863)	\$ (339,852)	\$ (29,487)
TOTAL LIABILITIES AND CAPITAL	\$ 277,580	\$ 58,095	\$ 276,262	\$ 1,769,523	\$ 2,783,013

PROFORMA INCOME STATEMENT (SEWER)
Picacho

	Year One	Year Two	Year Three	Year Four	Year Five
Flat Rate Revenues	\$ -	\$ -	\$ -	\$ -	\$ 1,023,750
Measured Revenues	-	-	-	-	-
Establishment Charges	-	-	-	-	-
Other Operating Revenue	-	-	-	-	-
Total Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ 1,023,750
OPERATING EXPENSES:					
Pumping Power - All	\$ 1,650	\$ 4,950	\$ 9,900	\$ 16,500	\$ 23,100
Wages	50,000	51,500	53,045	54,636	56,275
Payroll Burden	16,500	16,995	17,505	18,030	18,571
Permits (Not Capitalized to Plant)	5,000	5,000	5,000	5,000	5,000
Licenses (Not Capitalized to Plant)	2,000	2,060	2,122	2,185	2,251
Engineering (Not Capitalized to Plant)	2,000	2,060	2,122	2,185	2,251
Chemicals	6,000	9,000	12,000	15,000	18,000
Supplies	4,000	5,000	6,000	7,000	8,000
Repairs	12,000	16,000	19,000	22,000	25,000
Insurance (b)	4,000	4,120	4,244	4,371	4,502
Office Expense	1,000	3,000	5,000	7,000	9,000
Billing, Postage, Operations	4,518	13,536	27,036	45,036	63,036
Contract Labor	6,000	6,180	6,365	6,556	6,753
Rentals	-	-	-	-	-
Solids Handling	2,063	6,188	12,375	20,625	28,875
Rentals	-	-	-	-	-
Recharge Site Maintenance	-	-	-	-	-
Depreciation net of Amortization of CIAC	77,734	161,495	173,532	190,479	211,284
Vehicles Expenses	5,000	5,150	5,305	5,464	5,628
Legal & Accounting	15,000	15,450	15,914	16,391	16,883
Miscellaneous Expenses	4,800	4,944	5,092	5,245	5,402
Testing	24,000	26,000	28,000	30,000	32,000
Income Taxes	-	-	-	36,545	130,353
Property Taxes	4,218	6,845	13,550	25,433	39,463
Total Operating Expenses	\$ 247,483	\$ 365,473	\$ 423,106	\$ 499,137	\$ 581,274
Operating income (loss)	\$ (247,483)	\$ (146,098)	\$ 15,644	\$ 232,113	\$ 442,476
Less:					
Interest (Expense) Income on Work. Cap.	375	(73,387)	(149,040)	(145,101)	(132,111)
Interest Expense Long-term Debt	-	-	-	-	-
Net Income	\$ (173,993)	\$ (219,485)	\$ (133,396)	\$ 87,012	\$ 310,365

CS-4
PROFORMA UTILITY PLANT IN SERVICE (SEWER)
 FIRST YEAR
Picacho

PLANT	ORIGINAL COST	ACCUM DEPRC	ORIG. COST LESS DEPREC.
Organization	\$ -	\$ -	\$ -
Franchises	-	-	-
Land and Land Rights	-	-	-
Structures and Improvements	1,000,000	16,667	983,333
Power Generation Equipment	-	-	-
Collection sewers -Force	-	-	-
Collection Sewers - Gravity (AIAC)	-	-	-
Special Collecting Structures	37,755	2,360	35,395
Services to customers / Residential	-	-	-
Services to customers - None Residential	287,500	4,792	282,708
Flow measuring Devices	-	-	-
Flow measuring Installations	-	-	-
Reuse Services	2,300,000	25,556	2,274,444
Reuse Meters and Meter Install	4,195	105	4,090
Receiving Wells	1,378,080	13,781	1,364,299
Pumping Equipment	-	-	-
Reuse Distribution Reservoirs	-	-	-
Reuse Transmission and Distrib	-	-	-
Treatment and Disposal Equipment*	-	-	-
Plant Sewers	-	-	-
Outfall Sewer Lines	15,000	500	14,500
Other Plant and Miscellaneous	-	-	-
Office Furniture and Equipment	45,000	4,500	40,500
Transportation Equipment	5,000	100	4,900
Stores Equipment	15,000	375	14,625
Tools, Shop and Garage Equipme	40,000	2,000	38,000
Laboratory Equipment	40,000	1,000	39,000
Power Operated Equipment	120,000	6,000	114,000
Communication Equipment	-	-	-
Miscellaneous Equipment	-	-	-
Other Tangible Plant	-	-	-
TOTAL PLANT IN SERVICE	\$ 5,287,530	\$ 77,734	\$ 5,209,796

CS-4
PROFORMA UTILITY PLANT IN SERVICE (SEWER)
 SECOND YEAR
Picacho

PLANT	ORIGINAL COST	ACCUM DEPRC	ORIG. COST LESS DEPREC.
Organization	\$ -	\$ -	\$ -
Franchises	-	-	-
Land and Land Rights	-	-	-
Structures and Improvements	1,000,000	50,000	950,000
Power Generation Equipment	-	-	-
Collection sewers -Force	-	-	-
Collection Sewers - Gravity (AIAC)	-	-	-
Special Collecting Structures	75,240	9,422	65,818
Services to customers / Residential	-	-	-
Services to customers - None Residential	287,500	14,375	273,125
Flow measuring Devices	-	-	-
Flow measuring Installations	-	-	-
Reuse Services '	2,300,000	76,667	2,223,333
Reuse Meters and Meter Install	8,360	419	7,941
Receiving Wells	1,726,080	44,822	1,681,258
Pumping Equipment	-	-	-
Reuse Distribution Reservoirs	-	-	-
Reuse Transmission and Distrib	-	-	-
Treatment and Disposal Equipment*	-	-	-
Plant Sewers	-	-	-
Outfall Sewer Lines	15,000	1,500	13,500
Other Plant and Miscellaneous	-	-	-
Office Furniture and Equipment	45,000	13,500	31,500
Transportation Equipment	10,000	400	9,600
Stores Equipment	15,000	1,125	13,875
Tools, Shop and Garage Equipme	40,000	6,000	34,000
Laboratory Equipment	40,000	3,000	37,000
Power Operated Equipment	120,000	18,000	102,000
Communication Equipment	-	-	-
Miscellaneous Equipment	-	-	-
Other Tangible Plant	-	-	-
Totals	\$ 5,682,180	\$ 239,230	\$ 5,442,950

CS-4
PROFORMA UTILITY PLANT IN SERVICE (SEWER)
 THIRD YEAR
 Picacho

PLANT	ORIGINAL COST	ACCUM DEPRC	ORIG. COST LESS DEPREC.
Organization	\$ -	\$ -	\$ -
Franchises	0	-	-
Land and Land Rights	-	-	-
Structures and Improvements	1,000,000	83,333	916,667
Power Generation Equipment	-	-	-
Collection sewers -Force	-	-	-
Collection Sewers - Gravity (AIAC)	-	-	-
Special Collecting Structures	112,455	21,153	91,302
Services to customers / Residential	-	-	-
Services to customers - None Residential	287,500	23,958	263,542
Flow measuring Devices	-	-	-
Flow measuring Installations	-	-	-
Reuse Services '	2,300,000	127,778	2,172,222
Reuse Meters and Meter Install	12,495	940	11,555
Receiving Wells	2,074,080	82,824	1,991,256
Pumping Equipment	-	-	-
Reuse Distribution Reservoirs	-	-	-
Reuse Transmission and Distrib	-	-	-
Treatment and Disposal Equipment*	-	-	-
Plant Sewers	-	-	-
Outfall Sewer Lines	15,000	2,500	12,500
Other Plant and Miscellaneous	-	-	-
Office Furniture and Equipment	45,000	22,500	22,500
Transportation Equipment	15,000	900	14,100
Stores Equipment	15,000	1,875	13,125
Tools, Shop and Garage Equipme	40,000	10,000	30,000
Laboratory Equipment	40,000	5,000	35,000
Power Operated Equipment	120,000	30,000	90,000
Communication Equipment	-	-	-
Miscellaneous Equipment	-	-	-
Other Tangible Plant	-	-	-
TOTAL PLANT IN SERVICE	\$ 6,076,530	\$ 412,761	\$ 5,663,769

CS-4
PROFORMA UTILITY PLANT IN SERVICE (SEWER)
 FOURTH YEAR
Picacho

PLANT	ORIGINAL COST	ACCUM DEPRC	ORIG. COST LESS DEPREC.
Organization	\$ -	\$ -	\$ -
Franchises	0	-	-
Land and Land Rights	-	-	-
Structures and Improvements	1,000,000	116,667	883,333
Power Generation Equipment	-	-	-
Collection sewers -Force	-	-	-
Collection Sewers - Gravity (AIAC)	-	-	-
Special Collecting Structures	225,180	42,255	182,925
Services to customers / Residential	-	-	-
Services to customers - None Residential	287,500	33,542	253,958
Flow measuring Devices	-	-	-
Flow measuring Installations	-	-	-
Reuse Services '	2,300,000	178,889	2,121,111
Reuse Meters and Meter Install	25,020	1,878	23,142
Receiving Wells	2,422,080	127,786	2,294,294
Pumping Equipment	-	-	-
Reuse Distribution Reservoirs	-	-	-
Reuse Transmission and Distrib	-	-	-
Treatment and Disposal Equipment*	-	-	-
Plant Sewers	-	-	-
Outfall Sewer Lines	15,000	3,500	11,500
Other Plant and Miscellaneous	-	-	-
Office Furniture and Equipment	45,000	31,500	13,500
Transportation Equipment	20,000	1,600	18,400
Stores Equipment	15,000	2,625	12,375
Tools, Shop and Garage Equipme	40,000	14,000	26,000
Laboratory Equipment	40,000	7,000	33,000
Power Operated Equipment	120,000	42,000	78,000
Communication Equipment	-	-	-
Miscellaneous Equipment	-	-	-
Other Tangible Plant	-	-	-
TOTAL PLANT IN SERVICE	\$ 6,554,780	\$ 603,241	\$ 5,951,539

CS-4
PROFORMA UTILITY PLANT IN SERVICE (SEWER)
 FIFTH YEAR
Picacho

PLANT	ORIGINAL COST	ACCUM DEPRC	ORIG. COST LESS DEPREC.
Organization	\$ -	\$ -	\$ -
Franchises	0	-	-
Land and Land Rights	-	-	-
Structures and Improvements	1,000,000	150,000	850,000
Power Generation Equipment	-	-	-
Collection sewers -Force	-	-	-
Collection Sewers - Gravity (AIAC)	-	-	-
Special Collecting Structures	300,150	75,088	225,062
Services to customers / Residential	-	-	-
Services to customers - None Residential	287,500	43,125	244,375
Flow measuring Devices	-	-	-
Flow measuring Installations	-	-	-
Reuse Services	2,300,000	230,000	2,070,000
Reuse Meters and Meter Install	33,350	3,337	30,013
Receiving Wells	2,909,280	181,099	2,728,181
Pumping Equipment	-	-	-
Reuse Distribution Reservoirs	-	-	-
Reuse Transmission and Distrib	-	-	-
Treatment and Disposal Equipment*	-	-	-
Plant Sewers	-	-	-
Outfall Sewer Lines	15,000	4,500	10,500
Other Plant and Miscellaneous	-	-	-
Office Furniture and Equipment	45,000	40,500	4,500
Transportation Equipment	25,000	2,500	22,500
Stores Equipment	15,000	3,375	11,625
Tools, Shop and Garage Equipme	40,000	18,000	22,000
Laboratory Equipment	40,000	9,000	31,000
Power Operated Equipment	120,000	54,000	66,000
Communication Equipment	-	-	-
Miscellaneous Equipment	-	-	-
Other Tangible Plant	-	-	-
TOTAL PLANT IN SERVICE	\$ 7,130,280	\$ 814,525	\$ 6,315,755

CW-4
ATTACHMENT "D"
SEWER TARIFF SCHEDULE

UTILITY: Picacho

RATES AND CHARGES

FLAT RATE

RESIDENTIAL AND COMMERCIAL
BASED ON WATER METER SIZE

5/8 x 3/4 And	\$ 29.50	PER MONTH
3/4	\$ 29.50	PER MONTH
1	\$ 73.75	PER MONTH
1 1/2	\$ 147.50	PER MONTH
2	\$ 236.00	PER MONTH
3	\$ 472.00	PER MONTH
4	\$ 737.50	PER MONTH
6	\$ 1,475.00	PER MONTH

BASED ON WATER USAGE

RESIDENTIAL MINIMUM	N/A	FOR	N/A	GALLONS
EXCESS OF MINIMUM	N/A	FOR	N/A	GALLONS
COMMERCIAL MINIMUM	N/A	FOR	N/A	GALLONS
EXCESS OF MINIMUM	N/A	FOR	N/A	GALLONS

EFFLUENT SALES: (if applicable)

\$ -	PER ACRE FOOT (FOR GENERAL IRRIGATION)
\$ -	PER 1,000 GALLONS (FOR GENERAL IRRIGATION)

SERVICE LINE CONNECTION CHARGE \$ _____ (TO BE CONTRIBUTED BY BUILDER)

SERVICE CHARGES:

1.	ESTABLISHMENT (R14-2-603.D.1)	\$ 30.00
2.	RECONNECTION / DELINQUENT (R14-2-603.D.1)	\$ 50.00
3.	DEPOSIT (R14-2-603.B.3)	_____ per rule
4.	DEPOSIT INTEREST (R14-2-608.E.1)	_____ % per rule
5.	REESTABLISHMENT WITHIN 12 MONTHS (R14-2-608.F.1)	(a)
6.	NSF CHECK (R14-2-608.E.1)	\$ 35.00
7.	LATE PAYMENT PENALTY (R14-2-608.F.1)	1.50% Per Month
	DEFERRED PAYMENT PLAN	1.50% Per Month

All Revenue related taxes will be charged customers.

Main Extension and additional facilities agreements, @ COST (b)
RULES AND REGULATIONS

* The Company has adopted the Rules and Regulation established by the Commission as the basis for its operating procedures. Arizona Corporation Commission Rules will be controlling of Company procedures, unless specific Commission Orders provide otherwise.

(a) Monthly minimum times months off the system

(b) Cost to include parts, labor, overhead, and all applicable taxes, including income tax.

Picacho
Projected Balance Sheets
For the Years Ended

Exhibit
Schedule 1
Page 1
Witness:

0

Line No.	Beginning of Year	Label	1st year Changes	1	2	3	4	5
3		Assets						
5	-	(a) Utility Plant	5,287,530	5,287,530	5,682,180	6,076,530	6,554,780	7,130,280
6	-	(b) Accumulated Depreciation	(77,734)	(77,734)	(239,230)	(412,761)	(603,241)	(814,525)
8	25,000	Cash	(4,942,466)	(4,917,466)	(5,018,543)	(4,654,882)	(4,152,516)	(3,503,242)
11	\$ 25,000	Total Assets	\$ 267,330	\$ 292,330	\$ 424,408	\$ 1,008,887	\$ 1,799,023	\$ 2,812,513
13		Equity and Liabilities						
15		Equity						
17	25,000	(d) Common Stock	75,000	100,000	100,000	100,000	100,000	100,000
19		(e) Retained Earnings	(173,983)	(173,983)	(393,467)	(526,863)	(439,852)	(129,487)
20	\$ 25,000	Total Equity	\$ (98,983)	\$ (73,983)	\$ (293,467)	\$ (426,863)	\$ (339,852)	\$ (29,487)
22		Liabilities & Deferred Credits						
23		(f) Advances in Aid of Construction	-	351,563	703,125	1,406,250	2,109,375	2,812,500
24		(g) Contributions in Aid of Construction	-	-	-	-	-	-
25		(h) Construction	-	-	-	-	-	-
26		(i) Less: Amortization	-	-	-	-	-	-
27		Customer Deposits	14,750	14,750	14,750	29,500	29,500	29,500
29		Long-Term Debt	-	-	-	-	-	-
31		Total Liabilities and Deferred Credits	366,313	366,313	717,875	1,435,750	2,138,875	2,842,000
35	\$ 25,000	Total Equity & Liab.	\$ 267,330	\$ 292,330	\$ 424,408	\$ 1,008,887	\$ 1,799,023	\$ 2,812,513

(a) Plant Additions (See Schedule 1a)
 (b) Depreciation Computations (See Schedule 1a)
 (c) Change in cash (Please Schedule 3)
 (d) Common Stock issuance and or repurchase. (See Schedule 1b)
 (e) Profit or loss from operations (See Schedule 2)
 (f) Advances in Aid of Construction (See Schedule 1c)
 (g) Contributions in Aid of Construction (See Schedule 1e)
 (h) Amortization of Contributions in Aid of Construction, if applicable (See Schedule 1e)
 (i) Security deposits (2 times average bill), Not Shown as assumed security deposit refunded after one year

Picacho

Summary Listing of Plant Additions by Year

Exhibit
Schedule 1a
Summary Page
Witness: 0

Acct. No	Year 1	Year 2	Year 3	Year 4	Year 5	Totals
351 Organization	-	-	-	-	-	-
352 Franchises	-	-	-	-	-	-
353 Land and Land Rights	-	-	-	-	-	-
354 Structures and Improvements	1,000,000	-	-	-	-	1,000,000
355 Power Generation Equipment	-	-	-	-	-	-
360 Collection sewers -Force	-	-	-	-	-	-
361 Collection Sewers - Gravity (AIAC)	-	-	-	-	-	-
362 Special Collecting Structures	37,755	37,485	37,215	112,725	74,970	300,150
363 Services to customers / Residential	-	-	-	-	-	-
363 Services to customers - None Residential	250,000	-	-	-	-	250,000
364 Flow measuring Devices	-	-	-	-	-	-
365 Flow measuring Installations	-	-	-	-	-	-
366 Reuse Services	2,300,000	-	-	-	-	2,300,000
367 Reuse Meters and Meter Install	4,195	4,165	4,135	12,525	8,330	33,350
370 Receiving Wells	1,378,080	348,000	348,000	348,000	487,200	2,909,280
371 Pumping Equipment	-	-	-	-	-	-
374 Reuse Distribution Reservoirs	-	-	-	-	-	-
375 Reuse Transmission and Distrib	-	-	-	-	-	-
380 Treatment and Disposal Equipment*	-	-	-	-	-	-
381 Plant Sewers	-	-	-	-	-	-
382 Outfall Sewer Lines	15,000	-	-	-	-	15,000
389 Other Plant and Miscellaneous	-	-	-	-	-	-
390 Office Furniture and Equipment	45,000	-	-	-	-	45,000
391 Transportation Equipment	5,000	5,000	5,000	5,000	5,000	25,000
392 Stores Equipment	15,000	-	-	-	-	15,000
393 Tools, Shop and Garage Equipme	40,000	-	-	-	-	40,000
394 Laboratory Equipment	40,000	-	-	-	-	40,000
395 Power Operated Equipment	120,000	-	-	-	-	120,000
396 Communication Equipment	-	-	-	-	-	-
397 Miscellaneous Equipment	-	-	-	-	-	-
398 Other Tangible Plant	-	-	-	-	-	-
Totals	5,250,030	394,650	394,350	478,250	575,500	7,092,780

Year 1

Water Distribution Pipeline (AIAC)

42"	\$	-
36"	\$	-
30"	\$	-
24"	\$	-
21"	\$	-
18"	\$	-
16"	\$	-
12"	\$	-
10"	\$	-
8"	\$	-

Sub-Total	\$	-
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In-Parcel Distribution (AIAC)

DU's	90000 ft/sq.mi.	250	\$	351,562.50
	4 DU's/acre			
\$	40.00			

Sub-Total	\$	351,562.50
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Booster Pump Station (AIAC)

Wells	EA	\$	-
Pump Station	perMGD	\$	-

Sub-Total	\$	-
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Water Storage(AIAC)

Storage per MG	perMGD	\$	-
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NA	\$	-
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Total AIAC	\$	351,562.50
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Picacho
Plant
Projected Years

Line No.	Account	Description	CI/ Depreciation Rate	Estimate	Engineering Permits, Etc.	Year 1		Balance	
						Gross Amt	Additions		
With Treatment Plant Depreciation computed on Percent of Capacity									
304		Structures and Improvements	3.33%						
305		Collecting & Impounding Reservoirs	2.50%						
306		Land and Land Rights	2.50%	1,000,000		1,000,000	16,667	1,000,000	
307		Wells & Springs	3.33%						
308		Infiltration Galleries	6.67%						
309		Raw Water Supply Mains	2.00%						
310		Power Generation Equipment	5.00%	37,755	37,755	37,755	2,360	37,755	
311		Pumping Equipment	12.50%						
320		Water Treatment Equipment							
320.1		Water Treatment Plants		250,000	287,500	287,500	4,792	287,500	
320.2		Solution Chemical Feeders	3.33%						
330		Distribution Reservoirs & Standpipes	20.00%						
330.1		Storage Tanks	2.22%	2,300,000	2,300,000	2,300,000	25,556	2,300,000	
330.2		Pressure Tanks	5.00%	4,195	4,195	4,195	105	4,195	
331		Transmission & Distribution Mains	2.00%	1,378,080	1,378,080	1,378,080	13,781	1,378,080	
333		Services	3.33%						
334		Meters	8.33%						
335		Hydrants	2.00%						
336		Backflow Prevention Devices	6.67%						
339		Other Plant & Misc Equipment	6.67%						
340		Office Furniture and Equipment	6.67%						
340.1		Computers & Software	6.67%	15,000	15,000	15,000	500	15,000	
341		Transportation Equipment	20.00%						
342		Stores Equipment	20.00%	45,000	45,000	45,000	4,500	45,000	
343		Tools, Shop and Garage Equipme	4.00%	5,000	5,000	5,000	100	5,000	
344		Laboratory Equipment	5.00%	15,000	15,000	15,000	375	15,000	
345		Power Operated Equipment	10.00%	40,000	40,000	40,000	2,000	40,000	
346		Communication Equipment	5.00%	40,000	40,000	40,000	1,000	40,000	
347		Miscellaneous Equipment	10.00%	120,000	120,000	120,000	6,000	120,000	
348		Other Tangible Plant	10.00%						
Totals									
				\$ 5,250,030	\$ 37,500	\$ 5,287,530	\$ 77,734	\$ 5,287,530	
									1.47%

Composite Rate with 1/2 yr convention on Plant Additions

\$	-
\$	-

*Capacity Adjustment to Depreciation Expense -
380 Treatment Plant (Requires an Accounting Order)
Customer connections 251
Capacity (in customer connections) 5,700
Capacity Factor 4.40%

Picacho Plant
Projected Years

0

Line No.

With Treatment Plant Depreciation computed on Percent of Capacity

Account	Description	CI/ Depreciation Rate	A/D Balance
304	Structures and Improvements	3.33%	\$ -
305	Collecting & Impounding Reservoirs	2.50%	-
306	Land and Land Rights	2.50%	-
307	Wells & Springs	3.33%	16,667
308	Infiltration Galleries	6.67%	-
309	Raw Water Supply Mains	2.00%	-
310	Power Generation Equipment	5.00%	-
311	Pumping Equipment	12.50%	2,360
320	Water Treatment Equipment	-	-
320.1	Water Treatment Plants	3.33%	4,792
320.2	Solution Chemical Feeders	20.00%	-
330	Distribution Reservoirs & Standpipes	-	-
330.1	Storage Tanks	2.22%	25,556
330.2	Pressure Tanks	5.00%	105
331	Transmission & Distribution Mains	2.00%	13,781
333	Services	3.33%	-
334	Meters	8.33%	-
335	Hydrants	2.00%	-
336	Backflow Prevention Devices	6.67%	-
339	Other Plant & Misc Equipment	6.67%	-
340	Office Furniture and Equipment	6.67%	500
340.1	Computers & Software	6.67%	-
341	Transportation Equipment	20.00%	-
342	Stores Equipment	20.00%	4,500
343	Tools, Shop and Garage Equipme	4.00%	100
344	Laboratory Equipment	5.00%	375
345	Power Operated Equipment	10.00%	2,000
346	Communication Equipment	5.00%	1,000
347	Miscellaneous Equipment	10.00%	6,000
348	Other Tangible Plant	10.00%	-
36			-
37			-
38			-
39			-
40			-
41			-
42			-
43			-
44			-
45			-
46			-
47			-
48			-
49			-
50			-
51			-
52			-
53			-
Totals			\$ 77,734

Composite Rate with 1/2 yr convention on Plant Additions

Licenses, Taxes, Permits
Engineering and Contingency
Total

*Capacity Adjustment to Depreciation Expense -
380 Treatment Plant (Requires an Accounting Order)
Customer connections
Capacity (in customer connections)
Capacity Factor

Picacho
Plant
Projected Years

Line No.	Account	Description	CI/ Depreciation Rate	Estimate	Engineering Permits, Etc.	Gross Amt	Additions	Depreciation*	Balance
With Treatment Plant Depreciation computed on Percent of Capacity									
1	304	Structures and Improvements	3.33%						
2	305	Collecting & Impounding Reservoirs	2.50%						
3	306	Land and Land Rights	2.50%						
4	307	Wells & Springs	3.33%					33,333	1,000,000
5	308	Infiltration Galleries	6.67%						
6	309	Raw Water Supply Mains	2.00%						
7	310	Power Generation Equipment	5.00%						
8	311	Pumping Equipment	12.50%	37,485		37,485	37,485	7,062	75,240
9	320	Water Treatment Equipment							
10	320.1	Water Treatment Plants	3.33%					9,583	287,500
11	320.2	Solution Chemical Feeders	20.00%						
12	330	Distribution Reservoirs & Standpipes							
13	330.1	Storage Tanks	2.22%					51,111	2,300,000
14	330.2	Pressure Tanks	5.00%	4,165		4,165	4,165	314	8,360
15	331	Transmission & Distribution Mains	2.00%	348,000		348,000	348,000	31,042	1,726,080
16	333	Services	3.33%						
17	334	Meters	8.33%						
18	335	Hydrants	2.00%						
19	336	Backflow Prevention Devices	6.67%						
20	339	Other Plant & Misc Equipment	6.67%						
21	340	Office Furniture and Equipment	6.67%						
22	340.1	Computers & Software	20.00%					1,000	15,000
23	341	Transportation Equipment	20.00%						
24	342	Stores Equipment	4.00%	5,000		5,000	5,000		45,000
25	343	Tools, Shop and Garage Equipme	5.00%					300	10,000
26	344	Laboratory Equipment	10.00%					750	15,000
27	345	Power Operated Equipment	5.00%					4,000	40,000
28	346	Communication Equipment	10.00%					2,000	40,000
29	347	Miscellaneous Equipment	10.00%					12,000	120,000
30	348	Other Tangible Plant							
31									
32									
33									
34									
35									
36									
37									
38									
39									
40									
41									
42									
43									
44									
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47									
48									
49									
50									
51									
52									
53									

Totals	\$ 394,650	\$ -	\$ 394,650	\$ 394,650	\$ 161,495	\$ 5,682,180
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Composite Rate with 1/2 yr convention on Plant Additions

2.84%

Licenses, Taxes, Permits	\$ -
Engineering and Contingency	\$ -
Total	\$ -

*Capacity Adjustment to Depreciation Expense -
380 Treatment Plant (Requires an Accounting Order)
Customer connections
Capacity (in customer connections)
Capacity Factor

501	5,700
51	8,79%

Picacho Plant
Projected Years

0

Line No.

With Treatment Plant Depreciation computed on Percent of Capacity

Account	Description	CI/ Depreciation Rate %	A/D Balance \$
304	Structures and Improvements	3.33%	-
305	Collecting & Impounding Reservoirs	2.50%	-
306	Land and Land Rights	2.50%	-
307	Wells & Springs	3.33%	50,000
308	Infiltration Galleries	6.67%	-
309	Raw Water Supply Mains	2.00%	-
310	Power Generation Equipment	5.00%	-
311	Pumping Equipment	12.50%	9,422
320	Water Treatment Equipment	-	-
320.1	Water Treatment Plants	3.33%	14,375
320.2	Solution Chemical Feeders	20.00%	-
330	Distribution Reservoirs & Standpipes	-	-
330.1	Storage Tanks	2.22%	76,667
330.2	Pressure Tanks	5.00%	419
331	Transmission & Distribution Mains	2.00%	44,822
333	Services	3.33%	-
334	Meters	8.33%	-
335	Hydrants	2.00%	-
336	Backflow Prevention Devices	6.67%	-
339	Other Plant & Misc Equipment	6.67%	-
340	Office Furniture and Equipment	6.67%	-
340.1	Computers & Software	6.67%	1,500
341	Transportation Equipment	20.00%	-
342	Stores Equipment	20.00%	13,500
343	Tools, Shop and Garage Equipme	4.00%	400
344	Laboratory Equipment	5.00%	1,125
345	Power Operated Equipment	10.00%	6,000
346	Communication Equipment	5.00%	3,000
347	Miscellaneous Equipment	10.00%	18,000
348	Other Tangible Plant	10.00%	-
35			-
36			-
37			-
38			-
39			-
40			-
41			-
42			-
43			-
44			-
45			-
46			-
47			-
48			-
49			-
50			-
51			-
52			-
53			-

Totals \$ 239,230

Composite Rate with 1/2 yr convention on Plant Additions

Licenses, Taxes, Permits
Engineering and Contingency
Total

*Capacity Adjustment to Depreciation Expense -
380 Treatment Plant (Requires an Accounting Order)
Customer connections
Capacity (in customer connections)
Capacity Factor

Picacho
Plant
Projected Years

Line No.	Account	Description	CI/ Depreciation Rate	Estimate	Engineering Permits, Etc.	Year 3		Balance
						Gross Amt	Additions	
With Treatment Plant Depreciation computed on Percent of Capacity								
1	304	Structures and Improvements	3.33%					
2	305	Collecting & Impounding Reservoirs	2.50%					
3	306	Land and Land Rights	3.33%					1,000,000
4	307	Wells & Springs	6.67%					
5	308	Infiltration Galleries	2.00%					
6	309	Raw Water Supply Mains	5.00%					
7	310	Power Generation Equipment	12.50%	37,215		37,215	37,215	112,455
8	311	Pumping Equipment						
9	320	Water Treatment Equipment	3.33%					287,500
10	320.1	Water Treatment Plants	20.00%					
11	320.2	Solution Chemical Feeders						
12	330	Distribution Reservoirs & Standpipes	2.22%					2,300,000
13	330.1	Storage Tanks	5.00%	4,135		4,135	4,135	12,495
14	330.2	Pressure Tanks	2.00%	348,000		348,000	348,000	2,074,080
15	331	Transmission & Distribution Mains	3.33%					
16	333	Services	8.33%					
17	334	Meters	2.00%					
18	335	Hydrants	6.67%					
19	336	Backflow Prevention Devices	6.67%					
20	339	Other Plant & Misc Equipment	6.67%					15,000
21	340	Office Furniture and Equipment	20.00%					
22	340.1	Computers & Software	20.00%					
23	341	Transportation Equipment	4.00%	5,000		5,000	5,000	45,000
24	342	Stores Equipment	5.00%					15,000
25	343	Tools, Shop and Garage Equipme	10.00%					15,000
26	344	Laboratory Equipment	5.00%					40,000
27	345	Power Operated Equipment	10.00%					40,000
28	346	Communication Equipment	10.00%					120,000
29	347	Miscellaneous Equipment						
30	348	Other Tangible Plant						
Totals								
				\$ 394,350	\$ -	\$ 394,350	\$ 394,350	\$ 6,076,530
Composite Rate with 1/2-yr convention on Plant Additions								
2.86%								
Licenses, Taxes, Permits								
Engineering and Contingency								
Total								
\$ -								
Total								
\$ -								
1,001								
5,700								
17.56%								

\$ 394,350 \$ - \$ 394,350 \$ 394,350 \$ 6,076,530

Composite Rate with 1/2-yr convention on Plant Additions

\$ -
\$ -

*Capacity Adjustment to Depreciation Expense -
380 Treatment Plant (Requires an Accounting Order)
Customer connections
Capacity (in customer connections)
Capacity Factor

Picacho
Plant
Projected Years

0

Line

No.

With Treatment Plant Depreciation computed on Percent of Capacity

Account	Description	CI/ Depreciation Rate	A/D Balance
304	Structures and Improvements	3.33%	\$ -
305	Collecting & Impounding Reservoirs	2.50%	-
306	Land and Land Rights	2.50%	-
307	Wells & Springs	3.33%	83,333
308	Infiltration Galleries	6.67%	-
309	Raw Water Supply Mains	2.00%	-
310	Power Generation Equipment	5.00%	-
311	Pumping Equipment	12.50%	21,153
320	Water Treatment Equipment	-	-
320.1	Water Treatment Plants	3.33%	23,958
320.2	Solution Chemical Feeders	20.00%	-
330	Distribution Reservoirs & Standpipes	-	-
330.1	Storage Tanks	2.22%	127,778
330.2	Pressure Tanks	5.00%	940
331	Transmission & Distribution Mains	2.00%	82,824
333	Services	3.33%	-
334	Meters	8.33%	-
335	Hydrants	2.00%	-
336	Backflow Prevention Devices	6.67%	-
339	Other Plant & Misc Equipment	6.67%	-
340	Office Furniture and Equipment	6.67%	-
340.1	Computers & Software	6.67%	2,500
341	Transportation Equipment	20.00%	-
342	Stores Equipment	20.00%	22,500
343	Tools, Shop and Garage Equipme	4.00%	900
344	Laboratory Equipment	5.00%	1,875
345	Power Operated Equipment	10.00%	10,000
346	Communication Equipment	5.00%	5,000
347	Miscellaneous Equipment	10.00%	30,000
348	Other Tangible Plant	10.00%	-

Totals \$ 412,761

Composite Rate with 1/2 yr convention on Plant Additions

Licenses, Taxes, Permits
Engineering and Contingency
Total

*Capacity Adjustment to Depreciation Expense -
380 Treatment Plant (Requires an Accounting Order)
Customer connections
Capacity (in customer connections)
Capacity Factor

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Picacho Plant
Projected Years

Line No.	Description	C/I	Depreciation Rate	Estimate	Engineering Permits, Etc.	Year 4		
						Gross Amt	Additions	Depreciation*
1	With Treatment Plant Depreciation computed on Percent of Capacity							
2	Account							
3	304	Structures and Improvements	3.33%					
4	305	Collecting & Impounding Reservoirs	2.50%					
5	306	Land and Land Rights	3.33%					33,333
6	307	Wells & Springs	6.67%					
7	308	Infiltration Galleries	2.00%					
8	309	Raw Water Supply Mains	5.00%					
9	310	Power Generation Equipment	12.50%	112,725		112,725		21,102
10	311	Pumping Equipment						
11	320	Water Treatment Equipment						9,583
12	320.1	Water Treatment Plants	3.33%					
13	320.2	Solution Chemical Feeders	20.00%					
14	330	Distribution Reservoirs & Standpipes						
15	330.1	Storage Tanks	2.22%					51,111
16	330.2	Pressure Tanks	5.00%	12,525		12,525		938
17	331	Transmission & Distribution Mains	2.00%	348,000		348,000		44,962
18	333	Services	3.33%					
19	334	Meters	6.33%					
20	335	Hydrants	2.00%					
21	336	Backflow Prevention Devices	6.67%					
22	339	Other Plant & Misc Equipment	6.67%					1,000
23	340	Office Furniture and Equipment	6.67%					
24	340.1	Computers & Software	6.67%					
25	341	Transportation Equipment	20.00%					9,000
26	342	Stores Equipment	20.00%	5,000		5,000		700
27	343	Tools, Shop and Garage Equipme	4.00%					750
28	344	Laboratory Equipment	5.00%					
29	345	Power Operated Equipment	10.00%					4,000
30	346	Communication Equipment	5.00%					2,000
31	347	Miscellaneous Equipment	10.00%					12,000
32	348	Other Tangible Plant	10.00%					
33								
34								
35								
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53								

Totals	\$ 478,250	\$ -	\$ 478,250	\$ 478,250	\$ 190,479
--------	------------	------	------------	------------	------------

2.91%

\$	-
\$	-

1,501
5,700
26.33%

*Capacity Adjustment to Depreciation Expense -
380 Treatment Plant (Requires an Accounting Order)
Customer connections
Capacity (in customer connections)
Capacity Factor

Picacho
Plant
Projected Years

Line No.	Account	Description	CI/ Depreciation Rate	Balance	AVD Balance
1		With Treatment Plant Depreciation computed on Percent of Capacity			
2					
3					
4					
5	304	Structures and Improvements	3.33%	-	-
6	305	Collecting & Impounding Reservoirs	2.50%	-	-
7	306	Land and Land Rights	2.50%	-	-
8	307	Wells & Springs	3.33%	1,000,000	116,667
9	308	Infiltration Galleries	6.67%	-	-
10	309	Raw Water Supply Mains	2.00%	-	-
11	310	Power Generation Equipment	5.00%	-	-
12	311	Pumping Equipment	12.50%	225,180	42,255
13	320	Water Treatment Equipment			
14	320.1	Water Treatment Plants		287,500	33,542
15	320.2	Solution Chemical Feeders			
16	330	Distribution Reservoirs & Standpipes	3.33%	-	-
17	330.1	Storage Tanks	2.22%	2,300,000	178,889
18	330.2	Pressure Tanks	5.00%	25,020	1,878
19	331	Transmission & Distribution Mains	2.00%	2,422,080	127,786
20	333	Services	3.33%	-	-
21	334	Meters	8.33%	-	-
22	335	Hydrants	2.00%	-	-
23	336	Backflow Prevention Devices	6.67%	-	-
24	339	Other Plant & Misc Equipment	6.67%	-	-
25	340	Office Furniture and Equipment	6.67%	15,000	3,500
26	340.1	Computers & Software	6.67%	-	-
27	341	Transportation Equipment	20.00%	-	-
28	342	Stores Equipment	20.00%	45,000	31,500
29	343	Tools, Shop and Garage Equipme	4.00%	20,000	1,600
30	344	Laboratory Equipment	5.00%	15,000	2,625
31	345	Power Operated Equipment	10.00%	40,000	14,000
32	346	Communication Equipment	5.00%	40,000	7,000
33	347	Miscellaneous Equipment	10.00%	120,000	42,000
34	348	Other Tangible Plant	10.00%	-	-
35					
36					
37					
38					
39					
40					
41					
42					
43					
44					
45					
46					
47					
48					
49					
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51					
52					
53					

Totals \$ 6,554,780 \$ 603,241

Composite Rate with 1/2 yr convention on Plant Additions

Licenses, Taxes, Permits
Engineering and Contingency
Total

*Capacity Adjustment to Depreciation Expense -
380 Treatment Plant (Requires an Accounting Order)
Customer connections
Capacity (in customer connections)
Capacity Factor

Picacho
Plant
Projected Years

Line No.	Account	Description	CI/ Depreciation Rate	Estimate	Engineering Permits, Etc.	Gross Amt	Additions	Depreciation*	Balance
With Treatment Plant Depreciation computed on Percent of Capacity									
4	304	Structures and Improvements	3.33%						
5	305	Collecting & Impounding Reservoirs	2.50%						
6	306	Land and Land Rights	2.50%						1,000,000
7	307	Wells & Springs	3.33%					33,333	
8	308	Infiltration Galleries	6.67%						
9	309	Raw Water Supply Mains	2.00%						
10	310	Power Generation Equipment	5.00%						
11	311	Pumping Equipment	12.50%	74,970		74,970	74,970	32,833	300,150
12	312	Water Treatment Equipment							
13	320	Water Treatment Plants	3.33%		0			9,583	287,500
14	320.1	Water Treatment Plants	20.00%						
15	320.2	Solution Chemical Feeders							
16	330	Distribution Reservoirs & Standpipes							
17	330.1	Storage Tanks	2.22%						
18	330.2	Pressure Tanks	5.00%	8,330		8,330	8,330	51,111	2,300,000
19	331	Transmission & Distribution Mains	2.00%	487,200		487,200	487,200	53,314	2,909,280
20	333	Services	3.33%						
21	334	Meters	8.33%						
22	335	Hydrants	2.00%						
23	336	Backflow Prevention Devices	6.67%						
24	339	Other Plant & Misc Equipment	6.67%						
25	340	Office Furniture and Equipment							
26	340.1	Computers & Software							
27	341	Transportation Equipment							
28	342	Stores Equipment							
29	343	Tools, Shop and Garage Equipme							
30	344	Laboratory Equipment							
31	345	Power Operated Equipment	5.00%	5,000		5,000	5,000	9,000	45,000
32	346	Communication Equipment	4.00%					750	25,000
33	347	Miscellaneous Equipment	10.00%					4,000	15,000
34	348	Other Tangible Plant	10.00%					12,000	40,000
35									40,000
36									120,000
37									
38									
39									
40									
41									
42									
43									
44									
45									
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47									
48									
49									
50									
51									
52									
53									

Totals
\$ 575,500 \$ - \$ 575,500 \$ 575,500 \$ 211,284 \$ 7,130,280

Composite Rate with 1/2 yr convention on Plant Additions

2.96%

\$ -
\$ -
\$ -

2,001
5,700
35.11%

*Capacity Adjustment to Depreciation Expense -
380 Treatment Plant (Requires an Accounting Order)
Customer connections
Capacity (in customer connections)
Capacity Factor

Picacho
Plant
Projected Years

0

Line No.	Account	Description	CI/ Depreciation Rate	A/D Balance
1		With Treatment Plant Depreciation computed on Percent of Capacity		
2				
3				
4				
5	304	Structures and Improvements	3.33%	-
6	305	Collecting & Impounding Reservoirs	2.50%	-
7	306	Land and Land Rights	2.50%	-
8	307	Wells & Springs	3.33%	150,000
9	308	Infiltration Galleries	6.67%	-
10	309	Raw Water Supply Mains	2.00%	-
11	310	Power Generation Equipment	5.00%	-
12	311	Pumping Equipment	12.50%	75,088
13	320	Water Treatment Equipment		
14	320.1	Water Treatment Plants	3.33%	49,125
15	320.2	Solution Chemical Feeders	20.00%	-
16	330	Distribution Reservoirs & Standpipes		
17	330.1	Storage Tanks	2.22%	230,000
18	330.2	Pressure Tanks	5.00%	3,337
19	331	Transmission & Distribution Mains	2.00%	181,099
20	333	Services	3.33%	-
21	334	Meters	8.33%	-
22	335	Hydrants	2.00%	-
23	336	Backflow Prevention Devices	6.67%	-
24	339	Other Plant & Misc Equipment	6.67%	-
25	340	Office Furniture and Equipment	6.67%	4,500
26	340.1	Computers & Software	6.67%	-
27	341	Transportation Equipment	20.00%	-
28	342	Stores Equipment	20.00%	40,500
29	343	Tools, Shop and Garage Equipment	4.00%	2,500
30	344	Laboratory Equipment	5.00%	3,375
31	345	Power Operated Equipment	10.00%	18,000
32	346	Communication Equipment	5.00%	9,000
33	347	Miscellaneous Equipment	10.00%	54,000
34	348	Other Tangible Plant	10.00%	-
35				
36				
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50				
51				
52				
53				
		Totals		\$ 814,525

Composite Rate with 1/2 yr convention on Plant Additions

Licenses, Taxes, Permits
Engineering and Contingency
Total

*Capacity Adjustment to Depreciation Expense -
380 Treatment Plant (Requires an Accounting Order)
Customer connections
Capacity (in customer connections)
Capacity Factor

Picacho
 Projected Capital Financing
 Projected Years Ended

Exhibit
 Schedule 1b
 Page 1
 Witness:

0

	0	1	2	3	4	5	Totals
Plant to be Constructed	\$ -	\$ 5,287,530	\$ 394,650	\$ 394,350	\$ 478,250	\$ 575,500	\$ 7,130,280
<u>Financing:</u>							
Contributions-in-aid of Construction (Service Lines)		\$ 351,563	\$ 351,563	\$ 703,125	\$ 703,125	\$ 703,125	\$ 2,812,500
Common Equity Issued for Plant Construction		14,750	14,750	29,500	29,500	29,500	118,000
Common Equity Issued For Working Capital		-	-	-	-	-	-
Debt Financing Issued for Plant Construction		25,000	75,000	-	-	-	100,000
Total Financing	\$ 25,000	\$ 441,313	\$ 366,313	\$ 732,625	\$ 732,625	\$ 732,625	\$ 3,030,500

**Picacho
Schedule of Developer Advances and Refunds
Projected Years**

Exhibit
Schedule 1c
Page 1
Witness:

0

Line No.	Year					
	0	1	2	3	4	5
Developer Advances Collected						
Internal Parcel Infrastructure	\$	351,563	\$ 351,563	\$ 703,125	\$ 703,125	\$ 703,125
Total Collected	\$ -	\$ 351,563	\$ 351,563	\$ 703,125	\$ 703,125	\$ 703,125
Cummulative Collected	\$ -	\$ 351,563	\$ 703,125	\$ 1,406,250	\$ 2,109,375	\$ 2,812,500
Developer Advances Refunded (a)						
Advances Refunds at 10% of None Effluent Revenues	-	-	-	-	-	-
Total Refunds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cummulative Refunds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cummulative Balance	\$ -	\$ 351,563	\$ 703,125	\$ 1,406,250	\$ 2,109,375	\$ 2,812,500
(a) Refund Rate per Year	10% of Revenue from Customers served by line extension					

Picacho
Schedule of Security Deposits Collected and Refunded
Projected Years

Exhibit
 Schedule 1d
 Page 1
 Witness: 0

Line No.	0	1	2	3	4	5
	Year					
Security Deposits						
Residential	\$	14,750	\$ 14,750	\$ 29,500	\$ 29,500	\$ 29,500
Commercial		-	-	-	-	-
School		-	-	-	-	-
Total Collected	\$ -	\$ 14,750	\$ 14,750	\$ 29,500	\$ 29,500	\$ 29,500
Cummulative Collected	\$ -	\$ 14,750	\$ 29,500	\$ 59,000	\$ 88,500	\$ 118,000
Security Deposits Refunded (a)						
Security Deposits from Year 1			\$ 14,750			
Security Deposits from Year 2				\$ 14,750		
Security Deposits from Year 3					29,500	
Security Deposits from Year 4						29,500
Security Deposits from Year 5						29,500
Total Refunds	\$ -	\$ -	\$ 14,750	\$ 14,750	\$ 29,500	\$ 29,500
Cummulative Refunds	\$ -	\$ -	\$ 14,750	\$ 29,500	\$ 59,000	\$ 88,500
Cummulative Balance	\$ -	\$ 14,750	\$ 14,750	\$ 29,500	\$ 29,500	\$ 29,500

(a) Assumed that are Security Deposits are refunded in full in following year.

Line No. 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30

Picacho
Projected Statements of Income
For the 12 Months Ended

Exhibit
Schedule 2
Page 1
Witness: 0

Line No.	Description	Year				
		1	2	3	4	5
1		\$ 73,125	\$ 219,375	\$ 438,750	\$ 731,250	\$ 1,023,750
2						
3	Total estimated Revenues					
4	Expenses					
5	Pumping Power - All	1,650	4,950	9,900	16,500	23,100
6	Wages	50,000	51,500	53,045	54,636	56,275
7	Payroll Burden	16,500	16,995	17,505	18,030	18,571
8	Permits (Not Capitalized to Plant)	5,000	5,000	5,000	5,000	5,000
9	Licenses (Not Capitalized to Plant)	2,000	2,060	2,122	2,185	2,251
10	Engineering (Not Capitalized to Plant)	2,000	2,060	2,122	2,185	2,251
11	Chemicals	6,000	9,000	12,000	15,000	18,000
12	Supplies	4,000	5,000	6,000	7,000	8,000
13	Repairs	12,000	16,000	19,000	22,000	25,000
14	Insurance	4,000	4,120	4,244	4,371	4,502
15	Office Expense	1,000	3,000	5,000	7,000	9,000
16	Billing, Postage, Operations (a)	4,518	13,536	27,036	45,036	63,036
17	Contract Labor	6,000	6,180	6,365	6,556	6,753
18	Rentals					
19	Arsenic Media Replacement	2,063	6,188	12,375	20,625	28,875
20		-	-	-	-	-
21		-	-	-	-	-
22	Depreciation net of Amortization of CIAC from schedules 1a and 1e	77,734	161,495	173,532	190,479	211,284
23	Vehicles Expenses (b)	5,000	5,150	5,305	5,464	5,628
24	Legal & Accounting (b)	15,000	15,450	15,914	16,391	16,883
25	Miscellaneous Expenses (b) (e)	4,800	4,944	5,092	5,245	5,402
26	Testing (d)	24,000	26,000	28,000	30,000	32,000
27						
28	Property Taxes (f)	4,218	6,845	13,550	25,433	39,463
29						
30	Total Operating Expenses	\$ 247,483	\$ 365,473	\$ 423,106	\$ 499,137	\$ 581,274
31	Operating Income (loss)	\$ (174,358)	\$ (146,098)	\$ 15,644	\$ 232,113	\$ 442,476
32	Less:					
33	Interest (Expense) Income on Work. Cap. (c)	375	(73,387)	(149,040)	(145,101)	(132,111)
34	Interest Expense Long-term Debt (c)	-	-	-	-	-
35	Net Income (EBIT)	\$ (173,983)	\$ (219,485)	\$ (133,396)	\$ 87,012	\$ 310,365
36	Income	\$ (173,983)	\$ (219,485)	\$ (133,396)	\$ 87,012	\$ 310,365
37	Loss Carryforward Utilized in years in which income tax is \$50 (State of Arizona Filing Fee)					
38	(a) Per customer per month					
39	(b) Annual Inflation of:					
40	(c) If Applicable					
41	(d) Based on Testing cost at other utilities. Assumed Annual \$2,000 annual increase.					

41 (e) Miscellaneous Expenses of \$400 per month

42 (f) See Property Tax Calculation. Recognizes decreasing assessment ratio.

**Picacho
Schedule of Projected Revenues
For the Years Ended**

Exhibit
Schedule 2a
Page 1
Witness:

0

Line No.	Year				
1	2	3	4	5	
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
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20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
	\$ 73,125	\$ 219,375	\$ 438,750	\$ 731,250	\$ 1,023,750

**Picacho
Customer Counts
For Projected Years Ended**

Exhibit
Schedule 2a
Page 2
Witness: 0

Line No.	Year	Year	Year	Year	Year
	1	2	3	4	5
1	250	500	1,000	1,500	2,000
2	-	-	-	-	-
3	-	-	-	-	-
4	-	-	-	-	-
5	1	1	1	1	1
6	-	-	-	-	-
7	-	-	-	-	-
8	-	-	-	-	-
9	-	-	-	-	-
10	-	-	-	-	-
11	-	-	-	-	-
12	-	-	-	-	-
13	-	-	-	-	-
14	-	-	-	-	-
15	-	-	-	-	-
16	-	-	-	-	-
17	251	501	1,001	1,501	2,001
18					
19					
20					
21	125.00	375.00	750.00	1,250.00	1,750.00
22	-	-	-	-	-
23	-	-	-	-	-
24	-	-	-	-	-
25	0.50	1	1	1	1
26	-	-	-	-	-
27	-	-	-	-	-
28	-	-	-	-	-
29	-	-	-	-	-
30	-	-	-	-	-
31	-	-	-	-	-
32	-	-	-	-	-
33	-	-	-	-	-
34	-	-	-	-	-
35	125.50	376.00	751.00	1,251.00	1,751.00
36					

**Picacho
Gallons Treated (1,000's)
For Projected Years Ended**

Exhibit
Schedule 2a
Page 3
Witness:

0

Line No.	Year	1	2	3	4	5
1	<u>Year Ended</u>					
2	<u>Residential</u>					
3	5/8 Inch	8,250	24,750	49,500	82,500	115,500
4						
5	<u>Commercial</u>					
6	5/8 Inch	-	-	-	-	-
7	1 Inch	-	-	-	-	-
8	2 Inch	-	-	-	-	-
9						
10	<u>Irrigation</u>					
11						
12	<u>School 2 Inch</u>	-	-	-	-	-
13						
14						
15						
16	<u>Total</u>	8,250	24,750	49,500	82,500	115,500
17						
18						
19	<u>Commercial & School</u>	-	-	-	-	-
20						
21						
22						

**Picacho
Schedule of Projected Revenues
For the Years Ended**

Exhibit
Schedule 2a
Page 4
Witness: 0

Line No.	Year	1	2	3	4	5
<u>Projected Customers / Residential 5/8 Inch Meter</u>						
1						
2						
3						
4						
5						
6						
7		250	500	1,000	1,500	2,000
8		250	250	500	500	500
9						
10		125.00	375.00	750.00	1,250.00	1,750.00
11						
12						
13						
14		8,250	24,750	49,500	82,500	115,500
15						
16		22,917	68,750	137,500	229,167	320,833
17						
18		\$ 44,250	\$ 132,750	\$ 265,500	\$ 442,500	\$ 619,500
19						
20						
21						
22						
23						
24						
25						
26						
27		\$ 7,500	\$ 7,500	\$ 15,000	\$ 15,000	\$ 15,000
28		\$ 51,750	\$ 140,250	\$ 280,500	\$ 457,500	\$ 634,500
29						
30						
31						
32						

Estimated connections installed by year end (Cumulative)
Estimated connection installed during the year
1/2 Year Convention for Revenue

Projected Revenue
Annual gallonage delivered (in 1,000's)* Flow through factor
Assuming average usage per month of 5500 Gals.
Daily Gallons
Residential:
Monthly Mins. \$ 29.50 Minimum Charge
(Assumes water usage of 8,000 gallons per month)

Establishment Fees at

Total Revenue
263.01 = Gallons per Household per day
30.42 = Days in Average Month
100% = Wastewater Recovery Rate
SET TO 100 PERCENT IN WATER MODEL

*Flow through factor

Picacho
Schedule of Projected Revenues
For the Years Ended

Exhibit
 Schedule 2a
 Page 6
 Witness: 0

Line No.	Year	1	2	3	4	5
<u>Projected Customers / Commercial 5/8 Inch Meter</u>						
6	Estimated connections installed by year end (Cumulative)	0	0	0	0	0
8	Estimated connection installed during the year	0	0	0	0	0
10	1/2 Year Convention for Revenue	-	-	-	-	-
12	<u>Projected Revenue</u>					
14	Annual gallonage delivered (in 1,000's)*	1	-	-	-	-
15	Assuming average usage per month of:					
16	Daily Gallons					
17	Commercial					
18	Monthly Mins. 5/8 Inch Meter	\$	29.50	Minimum Charge	\$	-
19						
20						
21						
22						
23						
24						
25	Establishment Fees at	\$	30.00	Total Revenue	\$	-
26		\$	-	= Gallons per Business per day	\$	-
27				1,000	\$	-
28				30.42	= Days in Average Month	-
29	*Flow through factor			100%	= Wastewater Recovery Rate	-
30						
31						
32						

Picacho
Schedule of Projected Revenues / Effluent
For the Years Ended

Exhibit
 Schedule 2a
 Page 9
 Witness:

0

Line No.		1	2	3	4	5
7	Projected Revenue					
8	Customers / Residential					
9	Annual gallonage delivered (in 1,000's) at	-	-	-	-	-
10	Annual gallonage delivered (in Acre Feet)	-	-	-	-	-
11	Customers / Commercial					
12	Annual gallonage delivered (in 1,000's) at	-	-	-	-	-
13	Annual gallonage delivered (in Acre Feet)	-	-	-	-	-
14	Customers / School					
15	Annual gallonage delivered (in 1,000's) at	-	-	-	-	-
16	Annual gallonage delivered (in Acre Feet)	-	-	-	-	-
17	Totals					
18	Annual gallonage delivered (in 1,000's) at	-	-	-	-	-
19	Annual gallonage delivered (in Acre Feet)*	-	-	-	-	-
20						
21	Charge per Acre Foot	\$	-	-	-	-
22	Percent of Effluent Sold (a)	\$	-	-	-	-
23						
24	Price per 1,000 gallons =	\$	-	-	-	-
25						
26	Establishment Fee	0				
27						
28						
29	Total Effluent Revenue	\$	-	-	-	-
30	Customers	1	1	1	1	1
31	(a) Assumed that Effluent sales would total only 80% of available effluent, due to inability to utilize all effluent. In Winter Months, effluent will also be recharged.					
32						
33						
34						
35						

Picacho
Schedule of Projected Revenues
For the Years Ended

Exhibit
 Schedule 2a
 Page 5
 Witness:

0

Line No.	Year	1	2	3	4	5
<u>Projected Customers / School 2 Inch Meter:</u>						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						

Estimated connections installed by year end (Cumulative)						
Estimated connection installed during the year						
1/2 Year Convention for Revenue						
<u>Projected Revenue</u>						
Annual gallonage delivered (in 1,000's)*	1	-	-	-	-	-
Flow through factor						
Assuming average usage per month of:						
Daily Gallons						
School:						
Monthly Mins. 2 Inch Meter		\$	236.00	\$	236.00	\$
Minimum Charge						
Establishment Fees at		\$	30.00	\$	30.00	\$
Total Revenue		\$		\$		\$
Based on 750 students at 20 gpd flow, year round classes						
*Flow through factor						1

Picacho
 Schedule for the Computation of Projected
 Property Taxes for the Years Ended

Exhibit
 Schedule 2b
 Page 1
 Witness:

0

Line No.	Year				
	1	2	3	4	5
Revenue Component 1	\$ 73,125	\$ 73,125	\$ 73,125	\$ 219,375	\$ 438,750
Revenue Component 2	73,125	73,125	219,375	438,750	731,250
Revenue Component 3	73,125	219,375	438,750	731,250	1,023,750
Average 3 years of revenue, multiplied by 2	\$ 146,250	\$ 243,750	\$ 487,500	\$ 926,250	\$ 1,462,500
Add:					
Construction Work in Progress at 10%	0	0	0	0	0
Deduct:					
Book Value of Transportation Equipment	4,900	9,600	14,100	18,400	22,500
Full Cash Value	\$ 141,350	\$ 234,150	\$ 473,400	\$ 907,850	\$ 1,440,000
Times Assessment Ratio	24.50%	24.00%	23.50%	23.00%	22.50%
Assessed Value	\$ 34,631	\$ 56,196	\$ 111,249	\$ 208,806	\$ 324,000
Property Tax Rate (State Wide Rate Used)	12.18%	12.18%	12.18%	12.18%	12.18%
Computed Property Tax	\$ 4,218	\$ 6,845	\$ 13,550	\$ 25,433	\$ 39,463

Picacho
Schedule of Projected Revenues
For the Years Ended

Exhibit
 Schedule 2a
 Page 7
 Witness:

0

Line No.	Year	1	2	3	4	5
<u>Projected Customers / Commercial 1 Inch Meter</u>						
6	Estimated connections installed by year end (Cumulative)	-	-	-	-	-
7	Estimated connection installed during the year	-	-	-	-	-
9	1/2 Year Convention for Revenue	-	-	-	-	-
<u>Projected Revenue</u>						
14	Annual gallonage delivered (in 1,000's)*	-	-	-	-	-
15	Assuming average usage per month of: 12,000	-	-	-	-	-
16	Daily Gallons	-	-	-	-	-
17	Commercial	-	-	-	-	-
18	Monthly Mins. 1 Inch Meter \$	73.75	Minimum Charge	\$	-	\$
25	Establishment Fees at	\$	-	**	\$	-
26	Total Revenue	\$	-	\$	-	\$
29	*Flow through factor	0.6				
30	** Not collected if sewer customer is also taking water service.					

**Picacho
Schedule of Projected Revenues
For the Years Ended**

Exhibit
Schedule 2a
Page 8
Witness:

0

Line No.	Year	1	2	3	4	5
<u>Projected Customers / Commercial 2 Inch Meter</u>						
6	Estimated connections installed by year end (Cumulative)	-	-	-	-	-
8	Estimated connection installed during the year	-	-	-	-	-
9	1/2 Year Convention for Revenue	-	-	-	-	-
<u>Projected Revenue</u>						
14	Annual gallonage delivered (in 1,000's)*	-	-	-	-	-
15	Assuming average usage per month of: 18,000	-	-	-	-	-
16	Daily Gallons	-	-	-	-	-
17	Commercial	-	-	-	-	-
18	Monthly Mins. 2 Inch Meter \$ 236.00	\$ -	\$ -	\$ -	\$ -	\$ -
19	Minimum Charge	\$ -	\$ -	\$ -	\$ -	\$ -
25	Establishment Fees at \$ 30.00 **	\$ -	\$ -	\$ -	\$ -	\$ -
26	Total Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
29	*Flow through factor 0.6					
30	** Not collected if sewer customer is also taking water service.					