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EXHIBIT
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ARIZONA WATER COMPANY

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DIRECT TESTIMONY

OF

WILLIAM A. RIGSBY

ON BEHALF OF

THE

RESIDENTIAL UTILITY CONSUMER OFFICE

JULY 8, 2003

INTRODUCTION 1

SUMMARY OF TESTIMONY AND RECOMMENDATIONS 4

REVENUE REQUIREMENTS 9

RATEMAKING RULES AND PRINCIPLES 10

POST-TEST YEAR PLANT ADDITIONS 17

RATE BASE 19

Rate Base Adjustment #1 - Plant in Service/Post-Test Year Additions 19
Rate Base Adjustment #2 - Phoenix Office & Meter Shop Allocation 20
Rate Base Adjustment #3 – Accumulated Depreciation 21
Rate Base Adjustment #4 - Reconcile Phoenix Office & Meter Shop and Accumulated Depreciation 23
Rate Base Adjustment #5 - Remove CWIP from Phoenix Office Allocation 23
Rate Base Adjustment #6 - AIAC - 2002 Balance 24
Rate Base Adjustment #7 - CIAC - 2002 Balance 24
Rate Base Adjustment #8 - Accumulated Deferred Income Taxes 25
Rate Base Adjustment #9 - Working Capital 25
Rate Base Adjustment #10 - Deferred CAP Charges 26
[BEGIN ~~CONFIDENTIAL~~] CAR
Rate Base Adjustment #11 - Sharing of PCG Settlement 29
[END ~~CONFIDENTIAL~~] CAR

OPERATING INCOME 33

Operating Adjustment #1 - Reconcile Company Proposed Operating Income to 2002 Actual 33
Operating Adjustment #2 - Remove 2002 Regulatory Assessment & Sales Taxes 34
Operating Adjustment #3 - Eliminate PPAM and PWAM Revenues 34
Operating Adjustment #4 - Eliminate Unbilled Revenues & Expenses 35
Operating Adjustment #5 - Annualize Additional Revenues & Expenses 35
Operating Adjustment #6 - Amortization of Rate Case Expense 35
Operating Adjustment #7 - Remove MAP Surcharge Revenues 36
Operating Adjustment #8 - Depreciation & Amortization Expense 36
Operating Adjustment #9 - Property Tax Expense 38
Operating Adjustment #10 - Income Tax Expense 38
Operating Adjustment #11 - Purchased CAP Water Expense 39

RATE DESIGN 40

INTRODUCTION

Q. Please state your name, occupation, and business address.

A. My Name is William A. Rigsby. I am a Public Utilities Analyst V employed by the Residential Utility Consumer Office ("RUCO") located at 1110 W. Washington, Suite 220, Phoenix, Arizona 85007.

Q. Please state your educational background and your qualifications in the field of utilities regulation.

A. Appendix I, which is attached to this testimony, describes my educational background and also includes a list of the rate cases and regulatory matters that I have been involved with.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to present recommendations that are based on my analysis of Arizona Water Company's ("Arizona Water" or "Company") application for a permanent rate increase ("Application") for each of the eight water systems that comprise the Company's Eastern Group. Arizona Water's Application was filed with the Arizona Corporation Commission ("ACC" or "Commission") on August 14, 2002.

Q. What are the eight water systems that comprise Arizona Water's Eastern Group?

A. The Eastern Group is comprised of the Apache Junction, Bisbee, Miami, Oracle, San Manuel, Sierra Vista, Superior, and Winkelman systems.

Q. What systems will you provide direct testimony on?

A. My direct testimony will concentrate on revenue and rate base issues associated with the Apache Junction, Bisbee, Miami, and Superior systems. RUCO witness Timothy J. Coley will file direct testimony on revenue and rate base issues associated with the other four systems in the Company's Eastern Group.

Q. Were you responsible for conducting an analysis of Arizona Water's proposed rate design?

A. Yes. My rate design analysis includes all eight of the systems that comprise the Company's Eastern Group.

Q. Did you perform a cost of capital analysis to determine a recommended rate of return on the Company's invested capital?

A. Yes, I did. I have also filed, under separate cover, direct testimony on the cost of capital issues associated with this proceeding. As is common in cases that involve an operating segment or wholly owned subsidiary of a public utility, my cost of capital analysis was performed on a total company

basis as opposed to concentrating on the Eastern Group alone or on any one particular system within the Eastern Group.

Q. Please describe how you conducted your analysis of Arizona Water's Application.

A. I reviewed Arizona Water's Application and analyzed various accounting records that were provided to RUCO by the Company. During the course of my audit, I also obtained copies of various documents that are kept on file at the ACC. Other pertinent information and source documents were collected through a series of written data requests that were faxed and mailed to the Company. In addition to these methods of obtaining information, both Mr. Coley and myself had the opportunity to visually inspect most of the Company-proposed post-test year plant additions during a tour of the Eastern Group that was conducted in early January 2003 by Company witness and Vice President of Engineering for Arizona Water, Michael J. Whitehead. After compiling the aforementioned information and materials, I performed an analysis that provided additional insight into the Company's rate base, operating income and rate design proposals. The recommendations on rate base, operating revenue, and operating expenses for the four systems covered in this testimony are based on the results of my analysis. As I stated earlier, my recommendations on rate design will include all eight of the systems that

comprise the Company's Eastern Group, as will my cost of capital recommendations.

Q. Please identify the exhibits that you are sponsoring.

A. I am sponsoring a full set of separate schedules for each of the four systems that I am testifying on. This includes Schedules WAR-1 through WAR-20.

Q. Does your silence on any of the issues or matters addressed in the Company's Application constitute RUCO's acceptance of the Company's position on such issues or matters?

A. No, it does not.

SUMMARY OF TESTIMONY AND RECOMMENDATIONS

Q. Please summarize the recommendations and adjustments that you address in your testimony on operating revenue, operating expense and rate design.

A. My testimony will address the following issues:

Rate Base Adjustments:

Plant in Service/Post-Test Year Additions – This adjustment calculates the level of plant placed into service since the Company's last rate case proceeding and increases or decreases (depending on the particular

system) the levels of test year and post-test year plant additions that were placed into service by December 31, 2002.

Phoenix Office & Meter Shop Allocation – This adjustment increases gross plant in service by the levels of allocated Phoenix Office & Meter Shop additions that were placed into service by December 31, 2002.

Accumulated Depreciation – This adjustment calculates accumulated depreciation over the time period since the Company's last rate case proceeding and removes or adds (depending on the particular system) pro forma accumulated depreciation associated with test year and post-test year plant additions placed into service by December 31, 2002.

Reconcile Phoenix Office & Meter Shop and Accumulated Depreciation – This adjustment restates the Company-proposed level of allocated Phoenix Office and Meter Shop plant from a net figure to a gross figure, and restates the Company-proposed accumulated depreciation figure to reflect the amounts of accumulated depreciation associated with Phoenix Office & Meter Shop plant.

Remove CWIP from Phoenix Office Allocation – This adjustment removes construction work in progress ("CWIP") from Company-proposed levels of Phoenix Office plant in order to avoid a double count of post-test year plant additions placed into service during 2002.

AIAC - 2002 Balance – This adjustment was made to accurately reflect the balances of advances in aid of construction ("AIAC") that were recorded on the Company's books as of December 31, 2002.

CIAC - 2002 Balance – This adjustment was made to accurately reflect the balances of contributions in aid of construction ("CIAC") that were recorded on the Company's books as of December 31, 2002. The adjustment also calculates appropriate levels of pro forma amortization of CIAC through the end of the Company's 2002 operating period.

Accumulated Deferred Income Taxes – This adjustment was made to accurately reflect the balances of accumulated deferred income taxes ("ADIT") that were recorded on the Company's books as of December 31, 2002.

Working Capital – This adjustment recalculates levels of working capital based on RUCO's recommended operating expenses and lead/lag days.

Deferred CAP Charges – This adjustment, which decreases the Company-proposed Apache Junction system rate base by $59,696, reflects the $645,207 level of deferred Central Arizona Project ("CAP") charges that were recorded on the Company's books as of December 31, 2002. The adjustment is part of RUCO's recommendation to allow the Company to recover deferred CAP charges over a ten-year period and to treat future CAP costs as an operating expense.

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50/50 Sharing of PCG Settlement – This adjustment decreases the Miami System's rate base by $700,000. The adjustment is based on RUCO's recommendation that the Company be ordered to share $1.4 million in proceeds that were received by the Company as part of a settlement

agreement between Arizona Water and the Pinal Creek Group ("PCG"), a consortium of copper mining companies that entered into a consent decree with the Arizona Department of Environmental Quality ("ADEQ") over water contamination in the Miami area.

[END ~~CONFIDENTIAL~~]

Operating Adjustments:

Reconcile Company Proposed to 2002 Actual – This adjustment reconciles the Company's proposed operating revenue and expense levels with the actual levels of operating revenues and expense that were recorded by each of the Eastern Group systems during the period ended December 31, 2002.

Remove 2002 Regulatory Assessment & Sales Taxes – This adjustment removes actual 2002 regulatory assessment and state and local sales (transaction privilege) tax revenues and expenses that were recorded by each of the Eastern Group systems during the period ended December 31, 2002.

Eliminate PPAM and PWAM Revenues – This adjustment removes amounts collected from both the Company's purchased power adjuster mechanism ("PPAM") and the purchased water adjuster mechanism ("PWAM") during the period ended December 31, 2002.

Eliminate Unbilled Revenues & Expenses – This adjustment removes year-end unbilled revenue and expense accruals that were recorded on the Company's books during the period ended December 31, 2002.

Annualize Additional Revenues & Expenses – This adjustment annualizes revenues and associated expenses to levels recorded at the end of the 2002 operating period.

Amortization of Rate Case Expense – This adjustment reflects the Company's estimated rate case expense for the instant proceeding. RUCO recommends that the figure be subject to a "true-up" after the Company's final rate case expense has been tabulated.

Remove MAP Surcharge Revenues – This adjustment removes revenues collected under the ADEQ Monitoring Assistance Program ("MAP") for those Eastern Group systems serving populations of up to 10,000 people.

Depreciation & Amortization Expense – This pro forma adjustment calculates RUCO's recommended level of depreciation & amortization expense based on RUCO's recommended level of plant.

Property Tax Expense – This adjustment calculates property tax expense using the currently effective Arizona Department of Revenue ("DOR") formula.

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

Purchased CAP Water Expense – This adjustment calculates RUCO's recommended level of purchased CAP water expense for the Apache Junction system. The adjustment is part of RUCO's recommendation to allow the Company to recover deferred CAP charges over a ten-year period and to treat future CAP costs as an operating expense.

Rate Design:

Based on the data obtained in my analysis of Arizona Water, I am recommending a single-tier rate design that applies to all classes and meter sizes of customers. My testimony on rate design also includes a discussion on Arizona Water's proposal for partial rate consolidation between the Company's Apache Junction and Superior systems.

REVENUE REQUIREMENTS

Q. Please summarize the results of your analysis of Arizona Water's revenue requirements.

A. Based on the results of my audit, I am recommending that the level of revenue be increased by no more than $8,979,160 for Apache Junction, $1,639,067 for Bisbee, $1,750,757 for Miami and $980,894 for Superior. My recommended levels of revenue are exhibited in Schedule WAR-1 for each of the aforementioned systems. My original cost rate base ("OCRB") figures of $19,792,391 for Apache Junction, $3,603,099 for Bisbee, $3,600,871 for Miami and $2,471,297 for Superior are exhibited in Schedule WAR-1 for each of these systems. My supporting OCRB details for each of the four systems, is based on the original costs that Arizona Water has agreed to accept as the Company's fair value rate base. My recommended adjusted operating incomes of $1,718,542 for Apache Junction, $312,851 for Bisbee, $312,658 for Miami and $214,579 for Superior are also displayed in Schedule WAR-1 for each system.

Schedule WAR-9 for each of the four systems includes supporting detail for these operating income figures.

Q. What elements of operating revenue make up your recommended levels of total operating revenues?

A. My recommended increases and decreases in total operating revenue are comprised of both water sales revenue and other operating revenues recorded during the period ended December 31, 2002. I am recommending a $632,849 decrease for the Apache Junction system, a $314,074 increase for the Bisbee system, a $237,179 increase for the Miami system, and a $273,481 increase for the Superior system.

RATEMAKING RULES AND PRINCIPLES

Q. Please describe Arizona Water's rate application.

A. Arizona Water is requesting rate increases of $1,305,666 for the Apache Junction system, $612,649 for the Bisbee system, $722,718 for the Miami system, and $491,353 for the Superior system. Arizona Water's application is based on a test year ended December 31, 2001 ("Test Year") and a projected test year ended December 31, 2002. The Company seeks to include non-revenue producing post-test year plant placed into service prior to December 31, 2002. The Company's request to use the December 31, 2002 cut off date is based on a similar treatment

of post-test year plant, which was approved by the Commission during the Company's Northern Group rate case proceeding in 2001.

The Company is also seeking rate base treatment and the recovery of deferred CAP charges, incurred since 1986, over a 3-year period for the Apache Junction system. Arizona Water also seeks the recovery of future Apache Junction CAP water charges in rates on a going forward basis. The Company has further requested a partial rate consolidation for the Apache Junction and Superior systems.

In regard to the recovery of costs associated with the U.S. Environmental Protection Agency's ("EPA") revised arsenic standard of 10 parts per billion (scheduled to go into effect in January 2006), the Company has stated that it will abide by the ACC's decision on Arizona Water's pending request for an arsenic recovery cost mechanism ("ACRM") that is now before the Commission. RUCO witness Timothy J. Coley discusses this issue in more detail in his direct testimony on Arizona Water's Eastern Group systems.

Q. Does the Company's application adhere to generally accepted ratemaking principles and the Commission's own rules?

A. No. The Commission's rules require the use of an historical test year. Arizona Water's rate request for the Eastern Group is based in part on a

projected test year. The Company's application also violates the matching principle. Selected items, such as the revenue-neutral plant additions noted earlier, have been treated on a projected basis as opposed to an historical basis. As a result of this situation, the ratemaking components of the application are mismatched to provide results that are favorable to the Company.

Q. Can you provide an example of this?

A. A good example of this is the Company's exclusion of 2002 levels of CIAC from its projected test year.

Q. Why is this a problem?

A. Increased levels of CIAC result in lower levels of depreciation and amortization expense to the Company. This is because the amortization of CIAC reduces the level of depreciation and amortization expense that the Company collects in rates. Since depreciation expense is a non-cash charge, this results in a lower level of cash flow for the Company. By only permitting company-funded post-test year plant (which results in higher levels of depreciation expense and additional cash flow to the Company) the Company collects more in depreciation expense than it should and enjoys an improved cash flow position at the expense of ratepayers.

Q. Has this situation occurred in the instant case?

A. Yes. This can be seen in the Apache Junction system where the level of post-test year CIAC increased by $668,894. Applying the Company's composite rate of depreciation of 2.59 percent, results in a reduction to depreciation expense of $17,324. The exclusion of post-test year net CIAC, along with post-test year AIAC and post-test year ADIT, also result in a higher operating income, since each of these ratemaking elements are treated as deductions to rate base. Using Apache Junction as an example, the Company's failure to include the post-test year balances of AIAC, net CIAC and ADIT inflate rate base by approximately $2.2 million. This produces an additional $188,561 in operating income based on RUCO's recommended rate of return. The overall effect of the Company's failure to recognize selected post-test year balances is approximately $206,000 in additional cash flow to the Company or an additional ratepayer expense of $12.09 per year (based on an average customer count of 17,028).

Q. Is it normal regulatory practice to include post-test year plant in rate base?

A No. The normal regulatory treatment of plant in rate base is to include plant that meets both the historical test year and the used and useful (i.e. plant which is both necessary and available for the provision of utility service at the end of the test year) standards. The use of a historical test year is one of the fundamental concepts for ratemaking in the state of

Arizona. The inclusion of post-test year plant in rate base is a violation of the historical test year concept. On occasion, certain known and measurable changes will be taken into consideration.

Q. In what instances are known and measurable changes taken into consideration?

A. Under certain circumstances, known and measurable changes are recognized for revenues and expenses and for capital expenditures (i.e. additions to plant). It is difficult even under ideal circumstances to determine if plant additions are known and measurable and virtually impossible when there is not enough time to perform a proper analysis. In situations when the cost of post-test year plant additions can be accurately determined, such additions cannot be considered as known and measurable without determining the impact that the additions will have on other important factors. For instance, new plant additions may result in the subsequent retirement of other plant assets, the generation of additional revenue, lower operating and maintenance expenditures, and changes in the actual operating characteristics of the water system. Unless all of the factors impacted by the addition of new plant are identified and accurately estimated, a mismatch of revenues and expenses will occur and the resulting recommended revenue requirement will be incorrect.

Q. Are there other factors that must be considered before including post-test year plant in rate base?

A. Yes, the allowance of post-test year plant can result in the Company earning a rate of return on and a return of its investment over a period of time that exceeds the actual useful life of the plant. As a result, the Company may earn a return on its investment and recover the cost of plant through depreciation expense for more years than the plant is actually in service. This occurs because the Company will continue to recover such costs from the time that the plant's useful life has expired until the time that the Commission authorizes new rates in a future rate proceeding. In other words, the allowance of post-test year plant in rate base takes the future into consideration at the beginning of the plant's useful life, but fails to consider the past at the end of the plant's useful life.

Q. Has the Commission allowed post-test year additions in certain recent decisions?

A. Yes. Both RUCO and ACC Staff have continued to argue for the exclusion of post-test year plant additions and advocate for adherence to the historical test year concept. However, in certain circumstances, the Commission has allowed the inclusion of post-test year plant contrary to both the matching principle and the historical test year concept.

Q. Has RUCO changed its position in this particular case?

A. No. RUCO has not changed its position in this case regarding the importance of the historical test year concept and the matching principle. However, the specific timing of this particular case has given RUCO a unique opportunity to match all of the other post-test year ratemaking elements (i.e. operating revenues, operating expenses and rate base components) to the revenue neutral post-test year plant additions that the Company is seeking recovery on.

Q. How is this possible?

A. As a result of the Administrative Law Judge's decision to grant ACC Staff and intervenors with a 105-day extension of the discovery period in this case, RUCO has had the time to collect and analyze the Company's 2002 operating results. This is the same period for which the Company has requested post-test year additions for and has made pro forma adjustments for in its Application. In short, RUCO's recommendations in this particular case are based on the actual operating results of 2002 as opposed to developing and/or relying on Company pro forma adjustments to the 2001 test year period.

Q. Why has RUCO taken this approach when it believes that the historical test year concept should be adhered to?

A. As I noted earlier, in certain recent decisions the Commission has allowed post-test year additions in rate base. RUCO can support a 2002 post-test year approach only because the timing in this case renders it possible to utilize actual 2002 data. RUCO does not advocate or endorse the use of projected or future test years. In fact, it is hoped that RUCO's approach in this particular case will make it clear to the Commission why it is important *not* to adopt the use of future or projected test years or to continue to allow mismatched post-test year plant into rate base without considering the other essential ratemaking elements that such plant has an effect on.

POST-TEST YEAR PLANT ADDITIONS

Q. What post-test year plant is the Company seeking recovery on?

A. Arizona Water is seeking the recovery of Eastern Group projected post-test year plant and allocated Phoenix Office and Meter Shop additions placed into service by December 31, 2002.

Q. Has all of the Company-proposed post-test year plant been placed into service?

A. No. Just prior to the Administrative Law Judge's decision to allow the 105-day extension in this case, RUCO obtained final cost figures from the

Company on the projected post-test year plant projects that were completed and placed into service by the December 31, 2002 cutoff date.

Q. Is RUCO recommending the inclusion of these completed post-test year projects in the Company's plant in service account?

A. Yes. In making the decision as to which post-test year items should be included in rate base, RUCO conducted a scrutiny test that subjected each of the completed post-test year projects to the following standards:

1. Was the cost of the project known and measurable?
2. Were operating revenues matched to the investment in the project?
3. Were expenses matched to the investment in the project?
4. Did the project meet the used and useful standard?

The purpose of the scrutiny test is to assure that any recommended post-test year plant additions fall within the guidelines of generally accepted ratemaking principles. RUCO has consistently utilized this standard test whenever it considers the inclusion of post-test year projects in rate base. Only those projects that met all of the above standards passed the scrutiny test and were included in rate base. Based on this analysis, the decision to include all 2002 ratemaking elements, and my observations of the areas that the plant is providing service to (i.e. established

communities as opposed to new or speculative developments), RUCO is recommending that all of the completed post-test year projects be included in the Company's plant in service account.

RATE BASE

Rate Base Adjustment #1 - Plant in Service/Post-Test Year Additions

Q. Please explain your adjustment to the Company's plant in service account.

A. Rate Base Adjustment #1 calculates the level of gross plant placed into service since the Company's last rate case proceeding and increases or decreases (depending on the particular system) the levels of test year and post-test year gross plant additions that were placed into service by December 31, 2002.

The calculation of my recommended plant in service figure is exhibited in Schedule WAR-4, Pages 1 through 7, for each of the systems that I am providing testimony on. Schedule WAR-4 calculates plant additions and retirements that occurred from 1990 through the 2002 post-test year period. RUCO's calculated 2001 test year level of gross plant reconciled with the Company-proposed level for each of the systems in the Eastern Group. The difference between the Company-proposed level of gross plant and RUCO's recommended level of gross plant is that RUCO has included all of the Company's 2002 actual plant additions, whereas Arizona Water has included selected items on an estimated basis.

RUCO's recommended plant balances therefore are more accurate as they represent actual and fully matched rate base balances. The adjustment results in a $733,301 decrease for Apache Junction, a $187,076 increase for Bisbee, a $103,965 decrease for Miami and a $55,250 decrease for Superior.

Rate Base Adjustment #2 - Phoenix Office & Meter Shop Allocation

Q. Please describe your adjustment to the Company-proposed level of allocated Phoenix Office and Meter Shop plant.

A. The adjustment, displayed as a separate line item for clarity on Schedules WAR-2 and WAR-3, increases gross allocated Phoenix Office & Meter Shop plant in service by the levels of allocated Phoenix Office & Meter Shop additions placed into service by December 31, 2002. This adjustment is consistent with RUCO's recommendation to set rates based on a fully matched test year. The adjustment results in the following increases in gross allocated Phoenix Office & Meter Shop plant: $130,939 for Apache Junction; $28,987 for Bisbee; $26,995 for Miami; and, $12,423 for Superior. The associated accumulated depreciation on these 2002 allocated plant additions was also calculated on Schedule WAR-4 along with the additions and retirements for the individual systems that the post-test year Phoenix Office and Meter Shop plant additions were allocated to.

Q. Please explain the Company's method of recovering plant associated with the Phoenix Office and Meter Shop.

A. The Company calculates a set of annual allocation factors for each system within its three operating groups. The total Phoenix Office and Meter Shop plant is then multiplied by each system's allocation factor to determine how much Phoenix Office and Meter Shop plant should be allocated to a specific system. The allocation factors I have used in my recommended adjustment are consistent with the factors used by Arizona Water. The purpose of my adjustment is to match the Phoenix Office and Meter Shop balances on a 2002 basis.

Rate Base Adjustment #3 – Accumulated Depreciation

Q. Do you agree with the Company's calculation of accumulated depreciation expense?

A. No. The Company's calculation of accumulated depreciation includes an additional six months of depreciation expense to reflect a full year of accumulated depreciation on new additions that are subject to the half year convention.

Q. What is the half-year convention?

A. The half-year convention is a tax accounting concept that simplifies the procedure for recording depreciation expense on new assets placed into service during different times of the year. Under the half-year convention,

six months of depreciation expense is calculated on a new asset addition regardless of what date it goes into service. The same six-month's worth of depreciation is calculated on a new asset placed into service on January 1 as on a similar asset that goes into service on December 31.

Q. Was RUCO's calculation of accumulated depreciation performed under the half -year convention?

A. Yes. RUCO's adjusted accumulated depreciation figure for post-test year plant additions, including the Phoenix Office and Meter Shop allocations, only includes the six months of depreciation expense that should be recorded under the half year convention. The annual depreciation expense and accumulated depreciation balances from 1990 to the end of 2002 are exhibited in Schedule WAR-4.

Q. When should the unrecorded six months of depreciation be taken into account for ratemaking purposes?

A. A full year of depreciation expense should be calculated in order to arrive at the appropriate level of depreciation & amortization operating expense that the Company is entitled to receive in rates on a going forward basis. My calculation of pro forma depreciation & amortization expense using a full-year convention is exhibited in Schedule WAR-12.

Rate Base Adjustment #4 - Reconcile Phoenix Office & Meter Shop and Accumulated Depreciation

Q. What was your rationale for making the adjustment to the Company-proposed level of allocated Phoenix Office and Meter Shop plant?

A. The figures for allocated Phoenix Office & Meter Shop plant contained in the Company's application reflect amounts that are net of accumulated depreciation. My adjustment, which is exhibited in Schedule WAR-5, simply restates the Company-proposed level of allocated Phoenix Office and Meter Shop plant from a net figure to a gross figure, and then restates the Company-proposed accumulated depreciation figure to reflect the amounts of accumulated depreciation that are associated with the allocated Phoenix Office & Meter Shop plant. The main reason for the adjustment was to state the Company's proposed levels of allocated Phoenix Office & Meter Shop plant on the same gross basis as my adjusted post-test year allocated Phoenix Office & Meter Shop plant additions figure in Rate Base Adjustment #6.

Rate Base Adjustment #5 - Remove CWIP from Phoenix Office Allocation

Q. Why have you removed the CWIP contained in the Company-proposed level of allocated Phoenix Office plant in Rate Base Adjustment #5?

A. The adjustment, which is exhibited in Schedule WAR-6, avoids a double count of allocated post-test year Phoenix Office additions that were placed into service in each of the Eastern Group systems during 2002. The

adjustment also removes CWIP entirely from the rate bases of the Eastern Group systems.

Q. Is it a generally accepted practice to remove CWIP from rate base in Arizona?

A. Yes. Since these balances represent plant that does not provide service to customers in a test year, the ACC has historically excluded CWIP from rate base.

Rate Base Adjustment #6 - AIAC - 2002 Balance

Q. Why have you adjusted the Company-proposed level of AIAC?

A. The adjustment reflects the amount of AIAC that was recorded on the Company's books at December 31, 2002. The adjustment, along with Rate Base Adjustments #7, and #8, are needed in order to achieve the proper matching of rate base components that I discussed earlier in my testimony.

Rate Base Adjustment #7 - CIAC - 2002 Balance

Q. What was the purpose for your adjustment to the Company-proposed levels of CIAC and accumulated amortization of CIAC?

A. In addition to adjusting the Company-proposed level of CIAC to reflect the amount recorded on the Company's books at December 31, 2002 (as in Rate Base Adjustment #6), the adjustment also calculates the pro forma

amount of accumulated amortization of CIAC for the end of 2002. The calculation of accumulated amortization for post-test year CIAC additions was made under the half-year convention explained in Rate Base Adjustment #3.

Rate Base Adjustment #8 - Accumulated Deferred Income Taxes

Q. Why have you adjusted the levels of ADIT for each of the Eastern Group systems that you are testifying on?

A. The adjustment reflects the amount of ADIT that was recorded on the Company's books at December 31, 2002. Once again, the adjustment is needed to achieve a proper matching of rate base components.

Rate Base Adjustment #9 - Working Capital

Q. Have you adjusted the Company-proposed working capital figures for the four systems in the Eastern Group that you are providing testimony on?

A. Yes. My working capital adjustments, exhibited in Schedule WAR-7, result in a decrease of $561,523 in the working capital requirements for Apache Junction, a decrease of $59,546 for Bisbee, a decrease of $73,165 for Miami, and a decrease of $37,956 for Superior.

A detailed discussion and explanation for RUCO's method for calculating this adjustment is contained in the testimony of RUCO witness Timothy J. Coley.

Rate Base Adjustment #10 - Deferred CAP C

Q. Is Arizona Water seeking recovery of deferred CAP charges associated with the Company's Apache Junction system?

A. Yes. In its Application, Arizona Water requested rate base treatment for deferred CAP charges that the Company's Apache Junction system has incurred since 1986. Arizona Water is also requesting that the Company be permitted to amortize and recover these deferred CAP charges over a three-year period. The Company is further requesting that it be permitted to treat all future CAP charges as a regular operating expense.

Q. What is RUCO's position on Arizona Water being permitted to recover and earn a rate of return on the deferred CAP charges?

A. RUCO believes that the Company should be permitted to include the deferred CAP charges in rate base and earn a rate of return on those amounts. RUCO's opinion is based on the fact that the Company is actually utilizing approximately its entire Apache Junction system's CAP allocation and ratepayers are actually receiving the benefits associated with the CAP water.

Q. Is RUCO recommending that the Company be permitted to amortize and recover the deferred CAP charges over a three-year period?

A. No. RUCO differs with the Company on this point. RUCO believes that an amortization period of only three years will place an undue hardship on the

Company's Apache Junction ratepayers, particularly at a time when it is almost certain that Apache Junction ratepayers will be facing increased charges for the removal of arsenic. RUCO believes that ten years is a more reasonable recovery period. As I stated earlier, Arizona Water has been deferring the Apache Junction system CAP charges since 1986 and will continue to incur this cost on a going-forward basis. Given the lengthy deferral period and the continued annual CAP payment requirements, RUCO believes that a three-year amortization period would aggravate the intergenerational inequities inherent in deferral accounting and result in an undesirable compounding of costs. These intergenerational inequities result from deferral accounting because the body of ratepayers for which costs are incurred are not necessarily the same body of ratepayers that will be required to pay these costs. The longer the disparity between when costs are incurred and when ratepayers are required to pay such costs, the greater the intergenerational inequities and the doubling up of current costs with prior costs. For these reasons, RUCO is recommending that the Company be permitted to recover the deferred CAP charges over a period of not less than ten years.

Q. What amount of deferred CAP charges is RUCO recommending that the Company be permitted to recover and earn a rate of return on?

A. RUCO is recommending that the Company be permitted to recover no more than $645,207.

Q. How did RUCO arrive at its recommended deferred CAP charge figure for the Apache Junction system?

A. RUCO's recommended figure of $645,207 represents the actual balance of deferred CAP charges that were recorded by the Company at December 31, 2002. RUCO's recommended figure is $59,696 less than the estimated amount being proposed by the Company.

Q. What is RUCO's recommended method for the recovery of the deferred CAP charges?

A. RUCO recommends that the recovery of the deferred CAP charges be included in the Company's depreciation & amortization expense. Accordingly, RUCO has included one-tenth of its recommended level of deferred CAP charges in its recommended level of depreciation & amortization expense for the Company's Apache Junction system (Operating Adjustment #8).

Q. Should the Company be permitted to recover future CAP charges as an operating expense?

A. Yes. As I stated earlier, since the Company is actually utilizing close to the full amount of the Apache Junction system's CAP allocation and ratepayers are actually receiving the benefits associated with the CAP water, the Company should be permitted to recover its future CAP charges in rates as an operating expense. Accordingly, I have included

RUCO's recommended level of annual CAP water expense in my adjusted purchased water expense figure (Operating Adjustment #11).

[BEGIN ~~CONFIDENTIAL~~]

Rate Base Adjustment #11 - Sharing of PCG Settlement

Q. Please discuss the Pinal Creek Group or PCG?

A. Based on confidential information provided by Arizona Water, and on information obtained from other non-confidential sources, RUCO has learned that the Pinal Creek Group, or PCG, is a consortium of copper mining companies[1] that entered into a consent decree with ADEQ and the EPA over water contamination in the Miami area. Under the terms of the consent decree, the PCG agreed to pay fines to both the State of Arizona and the Federal Government and, more importantly, agreed to take responsibility for 100 percent of the cleanup effort in the affected area at an estimated cost of approximately $100 million.

During the latter part of 1997, Arizona Water filed objections against the aforementioned consent decree in Federal District Court. In Arizona Water's filing with the court, the Company argued that it would not be able to recover damages from the PCG if the consent decree were approved. Arizona Water also claimed that, over a number of years, the Company

[1] The Pinal Creek Group is comprised of the following companies: BHP Copper (formerly Magma Copper); Cyprus Miami Copper Corporation; and, Consolidated Copper Company.

had suffered approximately $5 million in damages as a result of water contamination in the Miami area (although the Company has not been able to fully quantify this figure in its responses to ACC Staff data requests). In July 1998, Arizona Water entered into a settlement agreement with the PCG. As part of the settlement agreement, Arizona Water received $1.4 million in cash over a three-year period (the Company recorded the full amount as Miscellaneous Non-operating Income during the 1998 operating period). In addition to paying out the aforementioned cash settlement, the PCG also agreed to provide replacement water (from various PCG wells and through an interconnection that links the PCG's water system with Arizona Water's Miami system) on an incremental basis beginning with an amount of 100 gallons per minute ("GPM") in October 1998, and increasing by 100 GPM per year up to 600 GPM in October 2003. After October 30, 2003, the PCG agreed to continue to provide an "aggregate volume of capacity" of 600 GPM until the expiration of the settlement agreement on October 30, 2028. Although the settlement agreement has provisions for the transfer of wells from the PCG to Arizona Water, there is no evidence that substantiates that any such transfers have occurred to date. In its response to ACC Staff data request TJS 13-10, Arizona Water stated that the Company has received a total of 456,927,300 gallons of water from the PCG pursuant to the settlement agreement.

Q. Was any of this information disclosed or discussed in Arizona Water's Application?

A. No.

Q. What adjustment to the Miami system rate base is RUCO recommending based on its analysis of the PCG settlement?

A. Based on the information that RUCO has been able to study to date, RUCO believes that, at this point in time, Arizona Water should be required to share the $1.4 million settlement amount with the ratepayers served by the affected Miami system. As customers on the Miami system, ratepayers have been affected and damaged by this water contamination and should share in any compensation agreed upon. This results in a reduction of $700,000 to the Miami system's rate base. RUCO is also recommending that the $700,000 be amortized over a 25-year period. This results in a decrease to the Miami system's depreciation & amortization expense of $28,000 per year through 2028. RUCO based its 25-year amortization period on the life of the settlement agreement between PCG and Arizona Water.

Q. Is there precedence for such a sharing between a public service corporation and its ratepayers?

A. This Commission has historically recognized the propriety of sharing utility generated gains on a 50/50 basis between ratepayers and shareholders.

Examples of this can be found in the following decisions: Arizona Public Service Company ("APS") Decision No. 55228, dated October 9, 1986; APS Decision No. 55175, dated August 21, 1986; APS Decision No. 55931, dated April 1, 1988, and Tucson Electric Power Decision No. 56659, dated October 24, 1989.

Q. Is RUCO also recommending any operating expense adjustments in connection with the PCG settlement agreement?

A. No.

Q. Why not?

A. Based on the information analyzed to date, RUCO cannot accurately quantify or make projections on what the total impact of the 600 GPM will be on the Miami System's operating expense figures. For this reason, RUCO is recommending that the Commission order Arizona Water to file a rate application at the end of three years and to provide detailed documentation on well transfers and any retirements of wells or other assets that are a direct result of the terms contained in the PCG settlement agreement. RUCO further believes that any transferred assets from the PCG to Arizona Water should be treated as CIAC's and booked at PCG's original cost to insure that ratepayers receive the benefits that would result from lower depreciation and amortization expenses recovered in rates. The requirement to book transferred assets at PCG's original

cost would avoid the possibility of Arizona Water booking contributed PCG assets at some token amount (i.e. $1.00) and allow the Company to avoid passing on additional savings to the Miami System's ratepayers through lower depreciation and amortization expense levels.

[END C~~ONFIDENTIA~~L]

OPERATING INCOME

Operating Adjustment #1 - Reconcile Company Proposed Operating Income to 2002 Actual

Q. What is the purpose of this adjustment?

A. The purpose of this adjustment is to reconcile, or "true-up," the Company-proposed revenue and expense levels with the actual revenue and expense levels that were booked during the 2002 operating period. The adjustment provides the complete matching of post-test year revenues and expenses with the post-test year plant additions that are being allowed in rate base. Schedule WAR-10, Page 1 exhibits the differences between the Company's estimated post-test year revenue and expense levels and the actual amounts. In addition, Page 2 of Schedule WAR-10 compares actual 2001 test year revenues and expenses with actual 2002 revenue and expenses. These schedules show that the Company has consistently over estimated its post-test year expenses and consistently under estimated its post-test year revenue. As a result, the Company's application overstates the required rate increase.

Q. Why were certain expense items not included in this adjustment?

A. Depreciation & amortization expense, property tax expense, and income tax expense were not included in this adjustment because these expense items must be calculated on RUCO's recommended levels of revenue and plant in service.

Operating Adjustment #2 - Remove 2002 Regulatory Assessment & Sales Taxes

Q. Please explain why you removed the 2002 regulatory assessment & sales taxes from your reconciled levels of revenue and expense?

A. These are pass-through items, recorded during the 2002 operating period, which are not included in base rates. The Company simply collects these amounts on behalf of the state or local agency that the assessment or taxes must be paid to. The adjustment is the same as the one proposed by the Company for amounts recorded in the Test Year.

Operating Adjustment #3 - Eliminate PPAM and PWAM Revenues

Q. Why has RUCO removed the PPAM and PWAM revenues for 2002?

A. The adjustment, which is similar to the one that is proposed by the Company, removes 2002 revenues that are collected through separate purchased power and purchased water surcharges and should not be included in the calculation of base rates.

Operating Adjustment #4 - Eliminate Unbilled Revenues & Expenses

Q. Please explain your removal of unbilled revenues and expenses?

A. This adjustment, which is similar to the one proposed by the Company for Test Year accruals, removes accrued amounts of revenues and expenses that were recorded during the 2002 operating period. The adjustment essentially restates period revenues and expenses from an accrual basis to a cash basis for ratemaking purposes.

Operating Adjustment #5 - Annualize Additional Revenues & Expenses

Q. Has RUCO annualized revenues to take into account the change in customers during the 2002 operating period?

A. Yes. Schedule WAR-11 for each of the systems I am providing testimony on presents RUCO's revenue and expense reconciliation based on the customer count in 2002. RUCO witness Timothy J. Coley discusses the adjustment in detail in his direct testimony on the Eastern Group systems.

Operating Adjustment #6 - Amortization of Rate Case Expense

Q. Please explain your adjustments to rate case expense for each of the four systems you are providing testimony on.

A. At this time I am not proposing an adjustment to the Company's requested level of rate case expense.

Q. Does this mean RUCO has adopted the Company's estimates in full?

A. No. RUCO has reviewed the amount of rate case expense billed to date and has decided that the prudent approach would be to wait until a final figure can be accurately calculated. At that point in time, possibly before the scheduled hearing date, RUCO will then "true-up" its final recommended level of amortized rate case expense for the Eastern Group systems.

Operating Adjustment #7 - Remove MAP Surcharge Revenues

Q. Why has RUCO removed the MAP surcharge revenues for those systems that fall under the ADEQ program?

A. The adjustment, which is similar to the one that is proposed by the Company, removes revenues that are collected through a surcharge that is completely separate from base rates. A detailed explanation for the adjustment is contained in the direct testimony of RUCO witness Timothy J. Coley.

Operating Adjustment #8 - Depreciation & Amortization Expense

Q. Have you recalculated Test Year depreciation and amortization expense?

A. Yes. The calculation is exhibited in Schedule WAR-12. As explained earlier in my testimony, I have recalculated a full year of depreciation and amortization expense based on RUCO's adjusted level of 2002 plant

balances including allocated post-test year Phoenix Office and Meter Shop additions.

Q. How did you calculate your recommended levels of depreciation and amortization expense for each of the four systems that you are providing testimony on?

A. As exhibited in Schedule WAR-12, my recommended levels of depreciation and amortization expense were calculated by applying the Company-proposed 2.59 percent composite depreciation rate to the level of plant in service calculated on Page 7 of Schedule WAR-4. The same 2.59 percent composite rate of depreciation was then applied to the Company's 2002 level of CIAC in order to arrive at the proper amount of amortization of CIAC to be deducted from depreciation expense. RUCO's recalculation of depreciation and amortization expense resulted in a decrease of $129,166 for Apache Junction, a $7,517 decrease for Bisbee, a $67,944 decrease for Miami, and an $8,768 decrease for Superior. Included in RUCO's recommended level of depreciation & amortization expense for the Company's Apache Junction system, is the $64,521 of amortization expense associated with RUCO's recommended figure of $645,207 in deferred CAP charges.

[BEGIN ~~CONFIDENTIAL~~] CAP

Deducted from RUCO's recommended level of depreciation & amortization expense for the Company's Miami system, is the $28,000 of

amortization expense associated with RUCO's proposed 50/50 sharing of Arizona Water's $1.4 million settlement with the PCG.

[END ~~CONFIDENTIAL~~]

Operating Adjustment #9 - Property Tax Expense

Q. Is RUCO recommending an adjustment to the Company-proposed levels of property tax expense for the Eastern Group systems?

A. Yes. The adjustment, exhibited in Schedule WAR-13, results in a $9,387 decrease for Apache Junction, a $19,510 decrease for Bisbee, a $19,180 decrease for Miami, and a $9,016 increase for Superior. The property tax calculation was made using the currently effective DOR formula. Please refer to the direct testimony of RUCO witness Timothy J. Coley for a detailed discussion on property tax issues in this case.

Operating Adjustment #10 - Income Tax Expense

Q. Have you calculated income tax expense based on RUCO's recommended adjusted operating income for each of the four Eastern Group systems you are providing testimony on?

A. Yes. This adjustment is shown on Schedules WAR-14 for each of the four systems I am providing testimony on.

Operating Adjustment #11 - Purchased CAP Water Expense

Q. What level of purchased CAP water expense are you recommending?

A. I am recommending a level of $130,225, which is $36,000 less than the Company-proposed figure of $166,225.

Q. Please explain the $36,000 difference between your recommended level of CAP water expense and the Company-proposed level of expense.

A. My level of CAP water expense, which is exhibited in Schedule WAR-15, is based on a $37 per acre-foot CAP municipal & industrial ("M&I") charge that was approved by the Central Arizona Water Conservation District ("CAWCD") Board of Directors in March 2003 as opposed to the $43.00 per acre foot M&I charge which expired in June 2003. The Company's proposed CAP water expense figure was based on the expired M&I rate of $43 per acre-foot. It should also be noted that the CAWCD Board of Directors have announced further reductions in the M&I rate. The present rate of $37 per acre-foot is scheduled to drop to $32 in 2004, to $28 per acre-foot in 2005, to $24 per acre-foot in 2006, and to $21 per acre-foot in 2007. I believe that these further reductions in the M&I rate, which will result in substantial savings to the Company over the next four years, present a strong argument as to why my recommended level of deferred CAP charges (explained in Rate Base Adjustment #10) should be capped at the $645,207 amount that was recorded at the end of the 2002 operating period.

RATE DESIGN

Q. Have you reviewed Arizona Water's proposed rate design?

A. Yes. A comparison of the present rates, Arizona Water's proposed rates, and my proposed rates are exhibited in Schedule WAR-17 for each of the Eastern Group systems I am providing direct testimony on and Schedule TJC-17 for each of the Eastern Group systems that RUCO witness Coley is providing direct testimony on.

Q. What is the Company proposing in its rate designs?

A. The Company is proposing to continue the existing single-tier rate structure for all meter sizes in all of the rate designs for the Eastern Group. The Company is also proposing that the monthly minimum charge, for each of the eight Eastern Group systems, contain zero gallons as opposed to the current design that includes 1,000 gallons in the minimum monthly charge.

Schedules WAR-17 and TJC-17 exhibit the changes in commodity charges that the Company is requesting. For the sake of clarity, I have stated the commodity charges for each of the Eastern Group systems in both per 100-gallon increments, as the Company did in its Application, and in the more common per 1,000-gallon increments.

Q. Please summarize your recommended rate design for Arizona Water.

A. I recommend that the current single-tier rate design be retained. I also recommend that uniform minimum charges be retained for both residential and commercial customers and that no gallons be included in the minimum charge for all meter sizes.

Schedules WAR-18 and TJC-18 compare my recommended monthly minimum charges for each of the Eastern Group systems with the Company's present and proposed monthly minimum charges. With the exception of several systems, I am recommending a uniform increase in each of the monthly minimum charges.

Q. Why does RUCO agree with the Company's proposal to eliminate all gallons from the monthly minimum charge?

A. RUCO believes that the elimination of gallons from the minimum will give ratepayers greater control over their monthly bills. Those ratepayers who use less than a thousand gallons per month would only be billed for their actual level of consumption as opposed to being billed for a full thousand gallons whether they use it or not.

Q. Please provide a comparison of what a monthly charge would be, at the median level of consumption for a 5/8 X 3/4-inch meter customer, with and without 1,000 gallons of water included in the minimum monthly charge.

A. I will use the Superior system as an example. My recommended rate design, with zero gallons in the minimum, sets the monthly minimum charge for a 5/8 X 3/4-inch meter at the same $18.13 level that Superior customers are presently paying. At the 5,009-gallon median level of consumption, a Superior system customer would be billed $48.25 ($18.13 minimum monthly charge + $30.12 commodity charge). With 1,000 gallons included in the minimum, the same customer would be billed $48.24 or $0.01 cent less.

Q. How is your proposed rate design different from the Company's?

A. My rate design is very similar to the one that the Company is proposing. The biggest area of contention between my rate design and the Company's rate design involves the Company's recommendation that the Commission adopt consolidated rates for the Apache Junction and Superior systems.

Q. What is the Company's rationale for consolidating Apache Junction and Superior rates?

A. In its Application, the Company stated that it expects to construct an interconnection between the two systems within the next several years.

However, no such interconnection or sharing of facilities is in effect at the present time.

Q. Did the Company state why it would build an interconnection between the two systems?

A. Yes. The Company stated that it is obligated to provide service to two new developments, known as Entrada Del Oro and Ranch 160, that are located near the Superior system's well field near Florence Junction. However, the Company also stated that it must obtain right of way clearance for a transmission line that is still under design review. The Company did not provide any specific dates regarding a construction schedule and did not provide a firm completion date for the proposed interconnection that would link the Apache Junction and Superior systems.

Q. Does RUCO support rate consolidation for the Apache Junction and Superior systems.

A. No. RUCO cannot support rate consolidation between the Apache Junction and Superior systems at this time. RUCO believes that the Company's consolidation proposal amounts to a subsidization of the Superior system's ratepayers by the Apache Junction System's ratepayers. RUCO believes that the Company's proposal would have a negative effect for Apache Junction ratepayers at this time. RUCO is also

concerned that this type of consolidation would set a bad precedent for consumers in Arizona.

Q. Does RUCO believe that Superior ratepayers would benefit from consolidation?

A. RUCO believes that the Company's proposal would result in lower rates for Superior system ratepayers, however these lower rates would be made possible by Apache Junction ratepayers who receive no real benefit from the Company-proposed consolidation of rates. Although it is true that both systems share a common problem regarding the removal of higher arsenic levels that exceed the new EPA standard of 10 parts per billion, neither system would be able to share facilities or realize any meaningful economies of scale until the actual interconnection between the two systems is completed. In the meantime, Apache Junction ratepayers would be paying for new plant improvements that only provide service to Superior ratepayers. For the reasons just stated, RUCO opposes the Company's request for rate consolidation. Accordingly, RUCO has designed rates that are based on the costs to provide service to ratepayers served by these two systems on a stand-alone basis.

Q. Would RUCO support rate consolidation if the projected interconnection is completed?

A. RUCO believes that the costs of service for the two systems should be studied in the context of a rate case proceeding after the projected interconnection is completed. If it is evident that customers on both systems are receiving the benefits of the interconnection, then rate consolidation might be viewed in a more favorable light.

Q. Will your rate design provide Arizona Water with the level of revenue recommended by RUCO?

A. Yes, it will. Based on the test year billing determinants as adjusted, my rate design will generate RUCO's recommended levels of revenue for each of the systems in the Eastern Group from water sales. This can be viewed in Schedules WAR-20 and TJC-20.

Q. Do you agree with the Company that there should be no difference in the minimum charges billed to either the residential or commercial classes of customers?

A. Yes, absent a cost analysis that demonstrates a significant incremental cost to the Company of providing service to commercial versus residential customers, uniform rates are appropriate.

Q. For each meter size used during the test year; did you prepare a schedule that shows at various consumption levels the resulting monthly bills under present and your proposed rates?

A. Yes. This information is displayed on Pages 1and 2 of Schedules WAR-19 and TJC-19. Pages 3 and 4 of these schedules, respectively, also display the difference in dollars and percent between the present rates and my proposed rates for each of the Eastern Group systems.

Q. Does this conclude your testimony on Arizona Water's Eastern Group systems?

A. Yes, it does.

Qualifications of William A. Rigsby

EDUCATION:

University of Phoenix
Master of Business Administration, Emphasis in Accounting, 1993

Arizona State University
College of Business
Bachelor of Science, Finance, 1990

Mesa Community College
Associate of Applied Science, Banking and Finance, 1986

Michigan State University
Institute of Public Utilities
N.A.R.U.C. Annual Regulatory Studies Program, 1997 &1999

Florida State University
Center for Professional Development & Public Service
N.A.R.U.C. Annual Western Utility Rate School, 1996

EXPERIENCE:

Public Utilities Analyst V
Residential Utility Consumer Office
Phoenix, Arizona
April 2001 – Present

Senior Rate Analyst
Accounting & Rates - Financial Analysis Unit
Arizona Corporation Commission, Utilities Division
Phoenix, Arizona
July 1999 – April 2001

Senior Rate Analyst
Residential Utility Consumer Office
Phoenix, Arizona
December 1997 – July 1999

Utilities Auditor II and III
Accounting & Rates – Revenue Requirements Analysis Unit
Arizona Corporation Commission, Utilities Division
Phoenix, Arizona
October 1994 – November 1997

Revenue Auditor II
Arizona Department of Revenue
Corporate Income Tax Audit Unit
Phoenix, Arizona
November 1993 – October 1994

Tax Examiner Technician I
Arizona Department of Revenue
Transaction Privilege Tax Audit Unit
Phoenix, Arizona
July 1991 – November 1993

RESUME OF RATE CASE AND REGULATORY PARTICIPATION

Utility Company	Docket No.	Type of Proceeding
ICR Water Users Association	U-2824-94-389	Original CC&N
Rincon Water Company	U-1723-95-122	Rate Increase
Ash Fork Development Association, Inc.	E-1004-95-124	Rate Increase
Parker Lakeview Estates Homeowners Association, Inc.	U-1853-95-328	Rate Increase
Mirabell Water Company, Inc.	U-2368-95-449	Rate Increase
Bonita Creek Land and Homeowner's Association	U-2195-95-494	Rate Increase
Pineview Land & Water Company	U-1676-96-161	Rate Increase
Pineview Land & Water Company	U-1676-96-352	Financing
Montezuma Estates Property Owners Association	U-2064-96-465	Rate Increase
Houghland Water Company	U-2338-96-603 et al	Rate Increase
Sunrise Vistas Utilities Company – Water Division	U-2625-97-074	Rate Increase
Sunrise Vistas Utilities Company – Sewer Division	U-2625-97-075	Rate Increase
Holiday Enterprises, Inc. dba Holiday Water Company	U-1896-97-302	Rate Increase
Gardener Water Company	U-2373-97-499	Rate Increase
Cienega Water Company	W-2034-97-473	Rate Increase
Rincon Water Company	W-1723-97-414	Financing/Auth. To Issue Stock
Vail Water Company	W-01651A-97-0539 et al	Rate Increase
Bermuda Water Company, Inc.	W-01812A-98-0390	Rate Increase
Bella Vista Water Company	W-02465A-98-0458	Rate Increase
Pima Utility Company	SW-02199A-98-0578	Rate Increase

RESUME OF RATE CASE AND REGULATORY PARTICIPATION (Cont.)

Utility Company	Docket No.	Type of Proceeding
Pineview Water Company	W-01676A-99-0261	WIFA Financing
I.M. Water Company, Inc.	W-02191A-99-0415	Financing
Marana Water Service, Inc.	W-01493A-99-0398	WIFA Financing
Tonto Hills Utility Company	W-02483A-99-0558	WIFA Financing
New Life Trust, Inc. dba Dateland Utilities	W-03537A-99-0530	Financing
GTE California, Inc.	T-01954B-99-0511	Sale of Assets
Citizens Utilities Rural Company, Inc.	T-01846B-99-0511	Sale of Assets
MCO Properties, Inc.	W-02113A-00-0233	Reorganization
American States Water Company	W-02113A-00-0233	Reorganization
Arizona American Water Company	W-01303A-00-0327	Financing
Arizona Electric Power Cooperative	E-01773A-00-0227	Financing
360networks (USA) Inc.	T-03777A-00-0575	Financing
Beardsley Water Company, Inc.	W-02074A-00-0482	WIFA Financing
Mirabell Water Company	W-02368A-00-0461	WIFA Financing
Rio Verde Utilities, Inc.	WS-02156A-00-0321 et al	Rate Increase/ Financing
Arizona Water Company	W-01445A-00-0749	Financing
Loma Linda Estates, Inc.	W-02211A-00-0975	Rate Increase
Arizona Water Company	W-01445A-00-0962	Rate Increase
Mountain Pass Utility Company	SW-03841A-01-0166	Financing
Picacho Sewer Company	SW-03709A-01-0165	Financing
Picacho Water Company	W-03528A-01-0169	Financing
Ridgeview Utility Company	W-03861A-01-0167	Financing
Green Valley Water Company	W-02025A-01-0559	Rate Increase
Bella Vista Water Company	W-02465A-01-0776	Rate Increase

ATTACHMENT 1

UTILITY STOCKS AND THE SIZE EFFECT: AN EMPIRICAL ANALYSIS

Annie Wong*

I. Introduction

The objective of this study is to examine whether the firm size effect exists in the public utility industry. Public utilities are regulated by federal, municipal, and state authorities. Every state has a public service commission with board and varying powers. Often their task is to estimate a fair rate of return to a utility's stockholders in order to determine the rates charged by the utility. The legal principles underlying rate regulation are that "the return to the equity owner should be commensurate with returns on investments in other enterprises having corresponding risks," and that the return to a utility should be sufficient to "attract capital and maintain credit worthiness." However, difficulties arise from the ambiguous interpretation of the legal definition of *fair and reasonable rate of return* to an equity owner.

Some finance researchers have suggested that the Capital Asset Pricing Model (CAPM) should be used in rate regulation because the CAPM beta can serve as a risk measure, thus making risk comparisons possible. This approach is consistent with the spirit of a Supreme Court ruling that equity owners sharing similar level of risk should be compensated by similar rate of return.

The empirical studies of Banz (1981) and Reinganum (1981) showed that small firms tend to earn higher returns than large firms after adjusting for beta. This phenomenon leads to the proposition that firm size is a proxy for omitted risk factors in determining stock returns. Barry and Brown (1984) and Brauer (1986) suggested that the omitted risk factor could be the differential information environment between small and large firms. Their argument is based on the fact that investors often have less publicly available information to assess the future cash flows of small firms than that of large firms. Therefore, an additional risk premium should be included to determine the appropriate rate of return to shareholders of small firms.

The samples used in prior studies are dominated by industrial firms, no one has examined the size effect in public utilities. The objective of this study is to extend the empirical findings of the existing studies by investigating whether the size effect is also present in the utility industry. The findings of this study have important implications for investors, public utility firms, and state regulatory agencies. If the size effect does exist in the utility industry, this would suggest that the size factor should be considered when the CAPM is being used to determine the fair rate of return for public utilities in regulatory proceedings.

II. Information Environment of Public Utilities

In general, utilities differ from industriales in that utilities are heavily regulated and they follow similar accounting procedures. A public utility's financial reporting is mainly regulated by the Securities and Exchange Commission (SEC) and the Federal Energy Regulatory Commission (FERC). Under the Public Utility Holding Company Act of 1935, the SEC is empowered to regulate the holding company systems of electric and gas utilities. The Act requires registration of public utility holding companies with the SEC. Only under strict conditions would the purchase, sale or issuance of securities by these holding companies be permitted. The purpose of the Act is to keep the SEC and investors informed of the financial conditions of these firms. Moreover, the FERC is in charge of the interstate operations of electric and gas companies. It requires utilities to follow the accounting procedures set forth in its Uniform Systems of Accounts. In particular, electric and gas utilities must request their Certified Public Accountants to certify that certain schedules in the financial reports are in conformity with the Commission's accounting requirements. These detailed reports are submitted annually and are open to the public.

*Western Connecticut State University. The author thanks Philip Perry, Robert Hagerman, Eric Press, the anonymous referee, and Clay Singleton for their helpful comments.

The FERC requires public utilities to keep accurate records of revenues, operating costs, depreciation expenses, and investment in plant and equipment. Specific financial accounting standards for these purposes are also issued by the Financial Accounting Standards Board (FASB). Uniformity is required so that utilities are not subject to different accounting regulations in each of the states in which they operate. The ultimate objective is to achieve comparability in financial reporting so that factual matters are not hidden from the public view by accounting flexibility.

Other regulatory reports tend to provide additional financial information about utilities. For example, utilities are required to file the FERC Form No. 1 with the state commission. This form is designed for state commissions to collect financial and operational information about utilities, and serves as a source for statistical reports published by state commissions.

Unlike industriales, a utility's earnings are predetermined to a certain extent. Before allowed earnings requests are approved, a utility's performance is analyzed in depth by the state commission, interest groups, and other witnesses. This process leads to the disclosure of substantial amount of information.

III. Hypothesis and Objective

Due to the Act of 1935, the Uniform Systems of Accounts, the uniform disclosure requirements, and the predetermined earnings, all utilities are reasonably homogeneous with respect to the information available to the public. Barry and Brown (1984) and Brauer (1986) suggested that the difference of risk-adjusted returns between small and large firms is due to their differential information environment. Assuming that the differential information hypothesis is true, then uniformity of information availability among utility firms would suggest that the size effect should not be observed in the public utility industry. The objective of this paper is to provide a test of the size effect in public utilities.

IV. Methodology

1. Sample and Data

To test for the size effect, a sample of public utilities and a sample of industriales matched by equity value are formed so that their results can be compared. Companies in both samples are listed on the Center for Research in Security Prices (CRSP) Daily and Monthly Returns files. The utility sample includes 152 electric and gas companies. For each utility in the sample, two industrial firms with similar firm size (one is slightly larger and the other is slightly smaller than the utility) are selected. Thus, the industrial sample includes 304 non-regulated firms.

The size variable is defined as the natural logarithm of market value of equity at the beginning of each year. Both the equally-weighted and value-weighted CRSP indices are employed as proxies for the market returns. Daily, weekly and monthly returns are used. The Fama-MacBeth (1973) procedure is utilized to examine the relation between risk-adjusted returns and firm size.

2. Research Design

All utilities in the sample are ranked according to the equity size at the beginning of the year, and the distribution is broken down into deciles. Decile one contains the stocks with the lowest market values while decile ten contains those with the highest market values. These portfolios are denoted by MV_1, MV_2, ..., and MV_{10}, respectively.

The combinations of the ten portfolios are updated annually. In the year after a portfolio is formed, equally-weighted portfolio returns are computed by combining the returns of the component stocks within the portfolio. The betas for each portfolio at year t, $\hat{\beta}_{pt}$'s, are estimated by regressing the previous five years of portfolio returns on market returns:

$$\tilde{R}_{pt} = \alpha_p + \hat{\beta}_{pt}\tilde{R}_{mt} + \tilde{U}_{pt} \qquad (1)$$

where

R_{pt} = periodic return in year t on portfolio p

R_{mt} = periodic market return in year t

U_{pt} = disturbance term.

Banz (1981) applied both the ordinary and generalized least squares regressions to estimate β; and concluded that the results are essentially identical (p.8). Since adjusting for heteroscedasticity does not necessarily lead to more efficient estimators, the ordinary least squares procedures are used in this study to estimate β in equation (1).

The following cross-sectional regression is then run for the portfolios to estimate γ_{it}, i = 0, 1, and 2:

$$R_{pt} = \gamma_{0t} + \gamma_{1t}\hat{\beta}_{pt} + \gamma_{2t}\hat{S}_{pt} + U_{pt} \qquad (2)$$

where

$\hat{\beta}_{pt}$ = estimated beta for portfolio p at year t, t=1968, ..., 1987

$\hat{S}_{pt}$ = mean of the logarithm of firm size in portfolio p at the beginning of year t

U_{pt} = disturbance term.

Depending on whether daily, weekly or monthly returns are used, a portfolio's average return changes periodically while its beta and size only change once a year. The γ_1 and γ_2 coefficients are estimated over the following four subperiods: 1968-72, 1973-77, 1978-82 and 1983-1987. If portfolio betas can fully account for the differences in returns, one would expect the average coefficient for the beta variable to be positive and for the size variable to be zero. A t-statistic will be used to test the hypothesis. The coefficients of a matched sample are also examined so that the results between industrial and utility firms can be compared.

V. Analysis of Results

1. Equity Value of the Utility Portfolios

The mean equity values of the ten size-based utility portfolios are reported in Table 1. Panels A and B present the average firm size of these portfolios at the beginning and end of the test period, 1968-1987. The first interesting observation from Table 1 is that the difference in magnitude between the smallest and the largest market value utility portfolios is tremendous. In Panel A, the average size of MV_1 is about $31 million while that of MV_{10} is over $1.4 billion. In Panel B, that is twenty years later, they are $62 million and $5.2 billion, respectively. Another interesting finding is that there is a substantial increase in average firm size from MV_9 to MV_{10}. Since these two findings are consistent over the entire test period, the average portfolio market values for interim years are not reported. These results are similar to the empirical evidence provided by Reinganum (1981).

The utility sample in this study contains 152 firms whereas Reinganum's sample contains 535 firms that are mainly industrial companies. Two conclusions may be drawn from the results of the Reinganum study and this one. First, utilities and industriales are similar in the sense that their market values vary over a wide spectrum. Second, the fact that there is a huge jump in firm size from MV_9 to MV_{10} indicates that the distribution of firm size is positively skewed. To correct for the skewness problem, the natural logarithm of the mean equity value of each portfolio is calculated. This variable is then used in later regressions instead of the actual mean equity value.

2. Betas of the Utility and Industrial Samples

The betas based on monthly, weekly and daily returns are reported for the utility and industrial samples. For simplicity, they will be referred to as monthly, weekly, and daily betas. In all cases, five years of returns are used to estimate the systematic risk. The betas estimated over the 1963-67 time period are used to proxy for the betas in 1968, which is the beginning of the test period. By the same token, the betas obtained from the time period 1982-86 are used as proxies for the betas in 1987, which is the end of the test period.

The betas from using the equally-weighted and value-weighted indices are calculated in order to check whether the results are affected by the choice of market index. Since the results are similar, only those obtained from the equally-weighted index are reported and analyzed.

Table 2 reports the monthly, weekly and daily betas of the two samples at the beginning and end of the test period. Panel A shows the various betas of the industrial portfolios. Two conclusions may be drawn. First, in the 1960's, smaller market value portfolios tend to have relatively larger betas. This is consistent with the empirical findings by Banz (1981) and Reinganum (1981). Second, this trend seems to vanish in the 1980's, especially when weekly and daily returns are used.

The betas of the utility portfolios are presented in Panel B. The table shows that none of the utility betas are greater than 0.71. A comparison between Panels A and B reveals that utility portfolios are relatively less risky than industrial portfolios after controlling for firm size. The comparison also reveals that, unlike industrial stocks, betas of the utility portfolios are not related to the market values of equity.

The negative correlation between firm size and beta in the industrial sample may introduce a multicolinearity problem in estimating equation (2). Banz (p.11) had addressed this issue and concluded that the test results are not sensitive to the

multicolinearity problem. For the utility sample, this problem does not exist.

3. Tests on the Coefficients of Beta and Size

The beta and firm size are used to estimate γ_1 and γ_2 in equation (2). A t-statistic is used to test if the mean values of the gammas are significantly different from zero. The tests were performed for four 5-year periods which are reported in Table 3. The mean of the gammas and their t-statistic are presented in Panel A for the utilities and in Panel B for the industrial firms.

The empirical results for the utility sample are reported in Panel A of Table 3. When monthly returns are used, 60 regressions were run to obtain 60 pairs of gammas for each of the 5-year periods. When daily returns are used, over 1200 regressions were run for each period to obtain the gammas. The results are similar: in all of the time periods tested, none of the average coefficients for beta and size are significantly different from zero. When weekly returns are used, 260 pairs of gammas were obtained. The average coefficients for beta are not significant in any test period, and the average coefficients for size are not significant in three of the test periods. For the test period of 1978-82, the average coefficient for size is significantly negative at a 5% level.

The test results for the industrial sample are reported in Panel B of Table 3. When monthly returns are used, the average coefficient estimates for size and beta are significant and have the expected sign only in the 1983-87 test period. When weekly returns are used, only the size variable is significantly negative in the 1978-82 period. When daily returns are used, the coefficient estimates for betas and size are not significant at any conventional level.

According to the CAPM, beta is the sole determinant of stock returns. It is expected that the coefficient for beta is significantly positive. However, the empirical findings reported in this study and in Fama and French (1992) only provide weak support for beta in explaining stock returns. The empirical findings in this study also suggest that the size effect varies over time. It is not unusual to document the firm size effect at certain time periods but not at others. Banz (1981) found that the size effect is not stable over time with substantial differences in the magnitude of the coefficient of the size factor (p.9, Table 1). Brown, Kleidon and Marsh (1983) not only have shown that size effect is not constant over time but also have reported a reversal of the size anomaly for certain years.

The research design of this study allows us to keep the sample, test period, and methodology the same with the holding-period being the only variable. The size effect is documented for the industrial sample in one of the four test periods when monthly returns are used and in another when weekly returns are used. When daily returns are used, no size effect is observed. For the utility sample, the size effect is significant in only one test period when weekly returns are used. When monthly and daily returns are used, no size effect is found. Therefore, this study concludes that the size effect is not only time-period specific but also holding-period specific.

VI. Concluding Remarks

The fact that the two samples show different, though weak, results indicates that utility and industrial stocks do not share the same characteristics. First, given firm size, utility stocks are consistently less risky than industrial stocks. Second, industrial betas tend to decrease with firm size but utility betas do not. These findings may be attributed to the fact that all public utilities operate in an environment with regional monopolistic power and regulated financial structure. As a result, the business and financial risks are very similar among the utilities regardless of their sizes. Therefore, utility betas would not necessarily be expected to be related to firm size.

The objective of this study is to examine if the size effect exists in the utility industry. After controlling for equity values, there is some weak evidence that firm size is a missing factor from the CAPM for the industrial but not for the utility stocks. This implies that although the size phenomenon has been strongly documented for the industriales, the findings suggest that there is no need to adjust for the firm size in utility rate regulations.

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Table 1

Average Equity Size of the Utility Portfolios at the Beginning and End of the Test Period
(Dollar figures in millions)

	A: Beginning (1968)	B: End (1987)
MV_1	$31	$62
MV_2	$77	$177
MV_3	$113	$334
MV_4	$161	$475
MV_5	$220	$715
MV_6	$334	$957
MV_7	$437	$1,279
MV_8	$505	$1,805
MV_9	$791	$2,665
MV_{10}	$1,447	$5,399

Table 2

Betas of the Two Samples at the Beginning and End of the Test Period

	Monthly Betas		Weekly Betas		Daily Betas	
	1963-67	1982-86	1963-67	1982-86	1963-67	1982-86
Panel A: Industrial Firms						
MV_1	0.89	1.00	1.15	0.95	1.11	0.92
MV_2	0.94	0.87	1.07	1.01	1.14	1.01
MV_3	0.88	0.82	1.12	0.86	1.14	1.04
MV_4	0.69	0.74	1.00	0.83	1.03	0.86
MV_5	0.73	0.80	1.05	0.96	1.13	1.01
MV_6	0.66	0.82	1.03	1.01	1.05	1.04
MV_7	0.64	0.81	0.97	1.04	0.98	1.09
MV_8	0.62	0.75	0.97	1.11	1.00	1.20
MV_9	0.52	0.78	0.84	1.06	0.94	1.16
MV_{10}	0.43	0.65	0.78	1.01	0.86	1.22
Panel B: Public Utilities						
MV_1	0.30	0.37	0.31	0.43	0.30	0.40
MV_2	0.28	0.38	0.37	0.47	0.36	0.44
MV_3	0.22	0.42	0.33	0.42	0.31	0.49
MV_4	0.27	0.35	0.36	0.52	0.34	0.54
MV_5	0.25	0.45	0.37	0.61	0.35	0.62
MV_6	0.25	0.41	0.39	0.54	0.40	0.65
MV_7	0.20	0.35	0.34	0.54	0.37	0.63
MV_8	0.17	0.38	0.34	0.65	0.33	0.68
MV_9	0.19	0.34	0.35	0.60	0.34	0.71
MV_{10}	0.18	0.29	0.38	0.59	0.39	0.71

Table 3

Tests on the Mean Coefficients of Beta (γ_1) and Size (γ_2)

$$R_{pt} = \gamma_{0t} + \gamma_{1t}\hat{\beta}_{pt} + \gamma_{2t}\hat{S}_{pt} + U_{pt}$$

Returns Used:		Monthly (t-value)	Weekly (t-value)	Daily (t-value)
Panel A: Utility Sample				
1968-72	γ_1	-0.46% (-0.26)	-0.32% (-0.42)	-0.02% (-0.18)
	γ_2	-0.07% (-0.78)	-0.01% (-0.51)	-0.00% (-0.46)
1973-77	γ_1	-0.28% (-0.13)	0.14% (0.14)	-0.03% (-0.21)
	γ_2	-0.11% (-0.70)	-0.03% (-0.67)	-0.00% (-0.53)
1978-82	γ_1	0.55% (0.36)	0.54% (1.00)	0.05% (0.43)
	γ_2	-0.10% (-0.75)	-0.05% (-1.71)*	-0.01% (-1.60)
1983-87	γ_1	1.74% (1.28)	-0.24% (-0.51)	-0.02% (-0.18)
	γ_2	-0.16% (-1.54)	-0.03% (-0.86)	-0.01% (-0.63)
Panel B: Industrial Sample				
1968-72	γ_1	-0.36% (-0.27)	-0.28% (-0.55)	-0.02% (-0.32)
	γ_2	0.07% (0.43)	-0.01% (-0.19)	0.00% (0.51)
1973-77	γ_1	1.34% (0.64)	-0.23% (-0.31)	0.14% (1.45)
	γ_2	-0.01% (-0.06)	-0.04% (-0.85)	-0.00% (-0.64)
1978-82	γ_1	-0.84% (-0.28)	-0.56% (-0.91)	-0.09% (-0.81)
	γ_2	-0.29% (-0.75)	-0.01% (-1.72)*	-0.00% (-1.33)
1983-87	γ_1	2.51% (1.83)*	0.34% (0.64)	0.11% (1.40)
	γ_2	-0.25% (-1.90)*	-0.01% (-0.43)	0.00% (0.14)

* Significant at the 5% level based on a one-tailed test.

ARIZONA WATER COMPANY
APACHE JUNCTION SYSTEM
DOCKET NO. W-1445A-02-0619
TABLE OF CONTENTS TO SCHEDULES WAR

SCHEDULE #	
WAR - 1	REVENUE REQUIREMENTS
WAR - 2	RATE BASE - ORIGINAL COST
WAR - 3	SUMMARY OF RATE BASE ADJUSTMENTS
WAR - 4	RATE BASE ADJUSTMENTS #1, #2 & #3 - PLANT IN SERVICE/POST TEST YEAR PLANT, PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION
WAR - 5	RATE BASE ADJ. #4 - RECONCILE TEST YEAR ALLOCATED PHOENIX OFFICE & METER SHOP AND ACCUMULATED DEPRECIATION BALANCES
WAR - 6	RATE BASE ADJ. #5 - REMOVE CWIP FROM PHOENIX OFFICE ALLOCATION
WAR - 7	RATE BASE ADJUSTMENT #9 - WORKING CAPITAL
WAR - 8	OPERATING INCOME - TEST YEAR AND RUCO PROPOSED
WAR - 9	SUMMARY OF OPERATING ADJUSTMENTS
WAR - 10	OPERATING ADJ. #1 - RECONCILE COMPANY PROPOSED OPERATING INCOME TO 2002 ACTUAL
WAR - 11	OPERATING ADJ. #5 - REVENUE ANNUALIZATION FOR 2002
WAR - 12	OPERATING ADJ. #8 - DEPRECIATION & AMORTIZATION EXPENSE
WAR - 13	OPERATING ADJ. #9 - PROPERTY TAX EXPENSE
WAR - 14	OPERATING ADJ. #10 - INCOME TAXES
WAR - 15	OPERATING ADJ. #11 - APACHE JUNCTION PURCHASED CAP WATER EXPENSE
WAR - 16	COST OF CAPITAL
WAR - 17	PROPOSED RATES
WAR - 18	MONTHLY MINIMUM CHARGES
WAR - 19	BILLING ANALYSIS
WAR - 20	REVENUE SUMMARY BY METER SIZE AND CUSTOMER CLASS

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
REVENUE REQUIREMENTS

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-1
PAGE 1 OF 2

LINE NO.	DESCRIPTION	(A) COMPANY REQUESTED	(B) RUCO RECOMMENDED
1	ADJUSTED RATE BASE	$ 24,207,015	$ 19,792,391
2	ADJUSTED OPERATING INCOME	1,862,935	2,106,211
3	CURRENT RATE OF RETURN (L2 / L1)	7.70%	10.64%
4	REQUIRED RATE OF RETURN	11.00%	8.68%
5	REQUIRED OPERATING INCOME (L4 * L1)	2,662,772	1,718,542
6	OPERATING INCOME DEFICIENCY (L5 - L2)	799,837	(387,668)
7	GROSS REVENUE CONVERSION FACTOR	1.63241	1.63245
8	GROSS REVENUE INCREASE	$ 1,305,661	$ (632,849)
9	CURRENT REVENUES T/Y ADJUSTED	8,943,927	9,612,009
10	PROPOSED ANNUAL REVENUE (L8 + L9)	10,249,588	8,979,160
11	PERCENTAGE AVERAGE INCREASE	14.60%	-6.58%

REFERENCES:
COLUMN (A): COMPANY SCHEDULE A-1
COLUMN (B): SCHEDULE WAR-1, PG. 2, WAR-2, AND WAR-8

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	AMOUNT	REFERENCE
1	REVENUE	1.0000	
2	UNCOLLECTIBLES	0.002316	COMPANY SCH. C-3
3	SUB-TOTAL	0.9977	LINE 1 - LINE 2
4	LESS: TAX RATE	38.51%	NOTE (a)
5	TOTAL	0.6126	LINE 3 - LINE 4
6	REVENUE CONVERSION FACTOR	1.63245	LINE 1/LINE 5

NOTE (a):
CALCULATION OF EFFECTIVE TAX RATE

OPERATING INCOME BEFORE TAXES	100.00%
ARIZONA STATE TAX	6.97%
TAXABLE INCOME FEDERAL	93.03%
FEDERAL INCOME TAX RATE	34.00%
SUBTOTAL	31.63%
ADD STATE TAX RATE	38.60%
LINE 3 ABOVE	99.77%
EFFECTIVE TAX RATE	38.51%

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
RATE BASE - ORIGINAL COST

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-2

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) RUCO ADJUSTMENTS	(C) RUCO AS ADJUSTED
1	PLANT IN SERVICE/POST-TEST YEAR ADDITIONS	$ 54,521,888	$ (733,301)	$ 53,788,587
2	PHOENIX OFFICE & METER SHOP ALLOCATION	870,209	214,642	1,084,851
3	DEFERRED CAP CHARGES	704,903	(59,696)	645,207
4	ACCUMULATED DEPRECIATION	(8,791,705)	(1,102,379)	(9,894,085)
5	NET PLANT IN SERVICE	$ 47,305,294	$ (1,680,734)	$ 45,624,560
6	CONSTRUCTION WORK IN PROGRESS (CWIP)	-	-	-
7	TOTAL NET PLANT	$ 47,305,294	$ (1,680,734)	$ 45,624,560
8	ADVANCES IN AID OF CONSTRUCTION (AIAC)	(15,443,377)	(1,264,007)	(16,707,384)
9	CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)	(6,228,486)	(668,894)	(6,897,380)
10	ACCUMULATED AMORTIZATION OF CIAC	713,806	169,980	883,786
11	DEFERRED INCOME TAXES	(2,699,309)	(409,446)	(3,108,755)
14	WORKING CAPITAL	559,087	(561,523)	(2,436)
15	TOTAL RATE BASE	$ 24,207,015	$ (4,414,624)	$ 19,792,391

REFERENCES:
COLUMN (A): COMPANY SCHEDULE B-1
COLUMN (B): SCHEDULE WAR-3
COLUMN (C): COLUMN (A) + COLUMN (B)

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
SUMMARY OF RATE BASE ADJUSTMENTS

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-3

LINE NO	DESCRIPTION	(A) COMPANY PROPOSED	(B) ADJ #1	(C) ADJ #2	(D) ADJ #3	(E) ADJ #4	(F) ADJ #5	(G) ADJ #6	(H) ADJ #7	(I) ADJ #8	(J) ADJ #9	(K) ADJ #10	(L) ADJ #11	(M) RUCO ADJUSTED
1	PLANT IN SERVICE/POST-TEST YEAR ADDITIONS	$54,521,888	($733,301)											$ 53,788,587
2	PHOENIX OFFICE & METER SHOP ALLOCATION	870,209 (a)		$130,939 (b)		113,863	(30,160)							1,084,851
3	DEFERRED CAP CHARGES	704,903										(59,696)		645,207
4	ACCUMULATED DEPRECIATION	(8,791,705)			($988,516) (c)	(113,863)								(9,894,085)
5	NET PLANT IN SERVICE	$47,305,294	$ (733,301)	$ 130,939	$ (988,516)	$ -	$ (30,160)	$ -	$ -	$ -	$ -	$ (59,696)	$ -	$ 45,624,560
6	CONSTRUCTION WORK IN PROGRESS (CWIP)	-												-
7	TOTAL NET PLANT	$47,305,294	$ (733,301)	$ 130,939	$ (988,516)	$ -	$ (30,160)	$ -	$ -	$ -	$ -	$ (59,696)	$ -	$ 45,624,560
8	ADVANCES IN AID OF CONSTRUCTION (AIAC)	(15,443,377)						(1,264,007)						(16,707,384)
9	CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)	(6,228,486)							(668,894)					(6,897,380)
10	ACCUMULATED AMORTIZATION OF CIAC	713,806							169,980					883,786
11	DEFERRED INCOME TAXES	(2,699,309)								(409,446)				(3,108,755)
12	WORKING CAPITAL	559,087									(561,523)			(2,436)
13	TOTAL RATE BASE	$24,207,015	$ (733,301)	$ 130,939	$ (988,516)	$ -	$ (30,160)	$(1,264,007)	$ (498,914)	$ (409,446)	$ (561,523)	$ (59,696)	$ -	$ 19,792,391

ADJUSTMENT #:	REFERENCE:
1. PLANT IN SERVICE/POST-TEST YEAR ADDITIONS	SCHEDULE WAR 4, PAGE 7
2. PHOENIX OFFICE & METER SHOP ALLOCATION	SCHEDULE WAR-4, PAGE 7
3. ACCUMULATED DEPRECIATION	SCHEDULE WAR 4, PAGE 7
4. RECONCILE PHX. OFFICE & METER SHOP AND ACCUM. DEPR.	SCHEDULE WAR-5
5. REMOVE CWIP FROM PHOENIX OFFICE ALLOCATION	SCHEDULE WAR-6
6. AIAC - 2002 BALANCE	RUCO D.R. NO. 6.3

ADJUSTMENT #:	REFERENCE:
7. CIAC - 2002 BAL. & AMORTIZATION	RUCO D.R. NO 6.3, TESTIMONY - WAR
8. ACUMULATED DEFERRED INCOME TAXES	RUCO D.R. NO. 6.3
9. WORKING CAPITAL	SCHEDULE WAR-7, PAGE 3
10. DEFERRED CAP CHARGES	TESTIMONY - WAR
11. NOT USED	N/A

NOTES:
(a) NET OF ACCUMULATED DEPRECIATION
(b) GROSS PHOENIX OFFFICE AND METER SHOP ADDITIONS ALLOCATED DURING 2002
(c) INCLUDES ACCUMULATED DEPRECIATION ON 2002 PHOENIX OFFICE AND METER SHOP ADDITIONS

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
RATE BASE ADJUSTMENTS #1, #2 & #3 - PLANT IN SERVICE/POST TEST YEAR PLANT, PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	1990 PLANT VALUE PER COMPANY	1990 ACCUM DEPR. PER COMPANY	1990 NET PLANT PER PRIOR ACC PER COMPANY	1991 ADDITIONS PER COMPANY	1991 (RETIREMENTS) PER COMPANY	1991 YEAR END PLANT VALUE PER RUCO	1991 DEPRECIATION EXPENSE PER RUCO	1991 ACCUMULATED DEPRECIATION PER RUCO	1991 YEAR END NET PLANT PER RUCO
1	301.0	INTANGIBLES: ORGANIZATION*	$0	$0	$0	$0	$0	$0	$0	$0	$0
2	302.0	INTANGIBLES: FRANCHISES*	0	0	0	0	0	0	0	0	0
3	303.0	INTANGIBLES: MISC.*	0	0	0	0	0	0	0	0	0
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	0	0	0	0	0	0	0	0	0
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS*	0	0	0	0	0	0	0	0	0
6	310.3	SOURCE OF SUPPLY: LAND - WELLS*	6,545	0	6,545	0	0	6,545	0	0	6,545
7	314.0	SOURCE OF SUPPLY: WELLS	260,702	39,338	221,364	14,195	0	274,897	6,481	45,818	229,079
8	320.0	PUMPING PLANT: LAND*	3,901	0	3,901	0	0	3,901	0	0	3,901
9	321.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	12,328	1,860	10,468	0	0	12,328	298	2,159	10,169
10	325.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	958,523	144,633	813,890	59,691	0	1,018,214	23,919	168,551	849,663
11	328.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	0	0	0	0	0	0	0	0	0
12	330.0	WATER TREATMENT PLANT: LAND*	0	0	0	0	0	0	0	0	0
13	331.0	WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	0	0	0	0	0	0	0	0	0
14	332.0	WATER TREATMENT PLANT: EQUIPMENT	4,211	635	3,576	0	0	4,211	102	737	3,474
15	340.0	TRANSMISSION & DISTRIBUTION: LAND - TANKS & MAINS*	55,552	0	55,552	0	0	55,552	0	0	55,552
16	340.1	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	0	0	0	0	0	0	0	0	0
17	341.0	TRANSMISSION & DISTRIBUTION: STRUCTURES	0	0	0	0	0	0	0	0	0
18	342.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	1,663,153	250,955	1,412,198	7,347	0	1,670,500	40,337	291,292	1,379,208
19	343.0	TRANSMISSION & DISTRIBUTION: MAINS	9,502,472	1,433,839	8,068,633	278,270	(8,806)	9,771,936	233,220	1,658,254	8,113,682
20	344.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	91,874	13,863	78,011	6,640	0	98,514	2,304	16,167	82,347
21	345.0	TRANSMISSION & DISTRIBUTION: SERVICES	1,999,217	301,664	1,697,553	118,842	(10,476)	2,107,583	49,692	340,881	1,766,702
22	346.0	TRANSMISSION & DISTRIBUTION: METERS	464,083	70,026	394,057	4,962	(3,428)	465,617	11,249	77,847	387,770
23	348.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	562,609	84,893	477,716	3,216	0	565,825	13,654	98,547	467,278
24	389.1	GENERAL PLANT: LAND - OFFICE*	6,307	0	6,307	0	0	6,307	0	0	6,307
25	389.2	GENERAL PLANT: LAND - WAREHOUSE*	63	0	63	0	0	63	0	0	63
26	389.3	GENERAL PLANT: LAND - MISC.*	0	0	0	0	0	0	0	0	0
27	390.1	GENERAL PLANT: OFFICE BUILDINGS	124,389	18,769	105,620	0	0	124,389	3,010	21,779	102,610
28	390.2	GENERAL PLANT: WAREHOUSE BUILDINGS	22,681	3,422	19,259	121	0	22,802	550	3,973	18,829
29	390.3	GENERAL PLANT: MISC. BUILDINGS	478	72	406	0	0	478	12	84	394
30	391.0	GENERAL PLANT: OFFICE EQUIPMENT	22,903	3,456	19,447	0	(139)	22,764	553	3,869	18,895
31	391.1	GENERAL PLANT: ELECTRICAL EQUIPMENT	18,824	2,840	15,984	1,213	0	20,037	470	3,311	16,726
32	391.2	GENERAL PLANT: OFFICE FURNITURE	16,241	2,451	13,790	339	0	16,580	397	2,848	13,732
33	393.0	GENERAL PLANT: WAREHOUSE EQUIPMENT	259	39	220	0	0	259	6	45	214
34	394.0	GENERAL PLANT: GARAGE EQUIPMENT	56,177	8,477	47,700	1,526	(37)	57,666	1,378	9,817	47,849
35	395.0	GENERAL PLANT: LAB EQUIPMENT	1,148	173	975	49	0	1,197	28	202	995
36	396.0	GENERAL PLANT: POWER EQUIPMENT	30,101	4,542	25,559	1,916	(514)	31,503	745	4,773	26,730
37	397.0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	126,784	19,131	107,653	0	0	126,784	3,068	22,199	104,585
38	397.1	GENERAL PLANT: MOBILE RADIOS	1,781	269	1,512	464	0	2,245	49	317	1,928
39	397.2	GENERAL PLANT: AUTO CONTROLS	59	9	50	1,460	0	1,519	19	28	1,491
40	398.0	GENERAL PLANT: MISC.	232	35	197	0	0	232	6	41	191
41		TOTALS	$16,013,597	$2,405,391	$13,608,206	$500,251	($23,400)	$16,490,448	$391,548	$2,773,539	$13,716,909

REFERENCE:
ACC STAFF D.R. NO. REL 1-24

NOTE:
* NON-DEPRECIABLE PLANT

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
RATE BASE ADJUSTMENTS #1, #2 & #3 - PLANT IN SERVICE/POST TEST YEAR PLANT,
PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	1992 ADDITIONS PER COMPANY	1992 (RETIREMENTS) PER COMPANY	1992 YEAR END PLANT VALUE PER RUCO	1992 DEPRECIATION EXPENSE PER RUCO	1992 ACCUMULATED DEPRECIATION PER RUCO	1992 YEAR END NET PLANT PER RUCO	1993 ADDITIONS PER COMPANY	1993 (RETIREMENTS) PER COMPANY	1993 YEAR END PLANT VALUE PER RUCO	1993 DEPRECIATION EXPENSE PER RUCO	1993 ACCUMULATED DEPRECIATION PER RUCO	1993 YEAR END NET PLANT PER RUCO
1	301.0	INTANGIBLES: ORGANIZATION*	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
2	302.0	INTANGIBLES: FRANCHISES*	0	0	0	0	0	0	0	0	0	0	0	0
3	303.0	INTANGIBLES: MISC.*	0	0	0	0	0	0	4,648	0	4,648	0	0	4,648
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	0	0	0	0	0	0	0	0	0	0	0	0
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS*	0	0	0	0	0	0	0	0	0	0	0	0
6	310.3	SOURCE OF SUPPLY: LAND - WELLS*	0	0	6,545	0	0	6,545	333	0	6,878	0	0	6,878
7	314.0	SOURCE OF SUPPLY: WELLS	541	0	275,438	6,659	52,477	222,961	278	0	275,716	7,137	59,615	216,101
8	320.0	PUMPING PLANT: LAND*	0	0	3,901	0	0	3,901	0	0	3,901	0	0	3,901
9	321.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	0	0	12,328	298	2,457	9,871	0	0	12,328	319	2,776	9,552
10	325.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	93,159	(32,177)	1,079,196	25,379	161,753	917,443	41,295	(9,246)	1,111,245	28,366	180,873	930,372
11	328.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	0	0	0	0	0	0	0	0	0	0	0	0
12	330.0	WATER TREATMENT PLANT: LAND*	0	0	0	0	0	0	0	0	0	0	0	0
13	331.0	WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	0	0	0	0	0	0	0	0	0	0	0	0
14	332.0	WATER TREATMENT PLANT: EQUIPMENT	41,065	0	45,276	599	1,336	43,940	4,024	0	49,300	1,225	2,561	46,739
15	340.0	TRANSMISSION & DISTRIBUTION: LAND - TANKS & MAINS*	0	0	55,552	0	0	55,552	0	0	55,552	0	0	55,552
16	340.1	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	0	0	0	0	0	0	0	0	0	0	0	0
17	341.0	TRANSMISSION & DISTRIBUTION: STRUCTURES	0	0	0	0	0	0	0	0	0	0	0	0
18	342.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	0	0	1,670,500	40,426	331,718	1,338,782	14,315	0	1,684,815	43,451	375,170	1,309,645
19	343.0	TRANSMISSION & DISTRIBUTION: MAINS	435,132	(20,215)	10,186,853	241,501	1,879,540	8,307,313	687,728	(60,523)	10,814,058	271,962	2,090,979	8,723,079
20	344.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	4,594	0	103,108	2,440	18,606	84,502	6,846	0	109,954	2,759	21,365	88,589
21	345.0	TRANSMISSION & DISTRIBUTION: SERVICES	153,716	(11,002)	2,250,297	52,730	382,609	1,867,688	177,879	(7,729)	2,420,447	60,486	435,366	1,985,081
22	346.0	TRANSMISSION & DISTRIBUTION: METERS	21,869	(11,634)	475,852	11,392	77,605	398,247	44,958	(12,212)	508,598	12,749	78,142	430,456
23	348.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	27,954	(2,241)	591,538	14,004	110,310	481,228	71,822	(8,601)	654,759	16,140	117,848	536,911
24	389.1	GENERAL PLANT: LAND - OFFICE*	0	0	6,307	0	0	6,307	0	0	6,307	0	0	6,307
25	389.2	GENERAL PLANT: LAND - WAREHOUSE*	0	0	63	0	0	63	0	0	63	0	0	63
26	389.3	GENERAL PLANT: LAND - MISC.*	0	0	0	0	0	0	0	0	0	0	0	0
27	390.1	GENERAL PLANT: OFFICE BUILDINGS	0	0	124,389	3,010	24,790	99,599	274,962	(16,682)	382,669	6,566	14,674	367,995
28	390.2	GENERAL PLANT: WAREHOUSE BUILDINGS	0	0	22,802	552	4,525	18,277	143,308	0	166,110	2,446	6,971	159,139
29	390.3	GENERAL PLANT: MISC. BUILDINGS	0	0	478	12	95	383	0	0	478	12	108	370
30	391.0	GENERAL PLANT: OFFICE EQUIPMENT	0	0	22,764	551	4,420	18,344	0	0	22,764	590	5,010	17,754
31	391.1	GENERAL PLANT: ELECTRICAL EQUIPMENT	1,211	0	21,248	500	3,810	17,438	3,131	0	24,379	591	4,401	19,978
32	391.2	GENERAL PLANT: OFFICE FURNITURE	835	0	17,415	411	3,259	14,156	800	0	18,215	461	3,721	14,494
33	393.0	GENERAL PLANT: WAREHOUSE EQUIPMENT	163	0	422	8	54	368	0	0	422	11	65	357
34	394.0	GENERAL PLANT: GARAGE EQUIPMENT	1,481	(9,055)	50,092	1,304	2,066	48,026	334	(874)	49,552	1,290	2,482	47,070
35	395.0	GENERAL PLANT: LAB EQUIPMENT	0	0	1,197	29	231	966	0	0	1,197	31	262	935
36	396.0	GENERAL PLANT: POWER EQUIPMENT	11,904	(846)	42,561	896	4,824	37,737	0	0	42,561	1,102	5,926	36,635
37	397.0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	0	0	126,784	3,068	25,267	101,517	0	0	126,784	3,284	28,551	98,233
38	397.1	GENERAL PLANT: MOBILE RADIOS	0	0	2,245	54	372	1,873	3,567	0	5,812	104	476	5,336
39	397.2	GENERAL PLANT: AUTO CONTROLS	1,596	0	3,115	56	84	3,031	2,423	0	5,538	112	196	5,342
40	398.0	GENERAL PLANT: MISC.	0	0	232	6	46	186	0	(40)	192	5	12	180
41		TOTALS	$795,220	($87,170)	$17,198,498	$405,885	$3,092,254	$14,106,244	$1,482,651	($115,907)	$18,565,242	$461,202	$3,437,548	$15,127,694

REFERENCE:
ACC STAFF D.R. NO. REL 1-24

NOTE:
* NON-DEPRECIABLE PLANT

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
RATE BASE ADJUSTMENTS #1, #2 & #3 - PLANT IN SERVICE/POST TEST YEAR PLANT,
PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	1994 ADDITIONS PER COMPANY	1994 (RETIREMENTS) PER COMPANY	1994 YEAR END PLANT VALUE PER RUCO	1994 DEPRECIATION EXPENSE PER RUCO	1994 ACCUMULATED DEPRECIATION PER RUCO	1994 YEAR END NET PLANT PER RUCO	1995 ADDITIONS PER COMPANY	1995 (RETIREMENTS) PER COMPANY	1995 YEAR END PLANT VALUE PER RUCO	1995 DEPRECIATION EXPENSE PER RUCO	1995 ACCUMULATED DEPRECIATION PER RUCO	1995 YEAR END NET PLANT PER RUCO
1	301.0	INTANGIBLES: ORGANIZATION*	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
2	302.0	INTANGIBLES: FRANCHISES*	0	0	0	0	0	0	0	0	0	0	0	0
3	303.0	INTANGIBLES: MISC.*	0	0	0	0	0	0	0	0	0	0	0	0
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	1,290	0	5,938	0	0	5,938	5,044	0	10,982	0	0	10,982
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS*	0	0	0	0	0	0	0	0	0	0	0	0
6	310.3	SOURCE OF SUPPLY: LAND - WELLS*	490	0	7,368	0	0	7,368	0	0	7,368	0	0	7,368
7	314.0	SOURCE OF SUPPLY: WELLS	2,244	0	277,960	7,170	66,785	211,175	555	(29,526)	248,989	6,824	44,083	204,906
8	320.0	PUMPING PLANT: LAND*	0	0	3,901	0	0	3,901	0	0	3,901	0	0	3,901
9	321.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	584	0	12,912	327	3,103	9,809	10,854	(1,238)	22,528	459	2,324	20,204
10	325.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	15,548	0	1,126,793	28,983	209,856	916,937	80,629	(1,718)	1,205,706	30,206	238,346	967,360
11	328.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	0	0	0	0	0	0	0	0	0	0	0	0
12	330.0	WATER TREATMENT PLANT: LAND*	0	0	0	0	0	0	0	0	0	0	0	0
13	331.0	WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	361	0	361	5	5	356	0	0	361	9	14	347
14	332.0	WATER TREATMENT PLANT: EQUIPMENT	3,357	0	52,657	1,320	3,881	48,776	0	0	52,657	1,364	5,245	47,412
15	340.0	TRANSMISSION & DISTRIBUTION: LAND - TANKS & MAINS*	0	0	55,552	0	0	55,552	0	0	55,552	0	0	55,552
16	340.1	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	0	0	0	0	0	0	0	0	0	0	0	0
17	341.0	TRANSMISSION & DISTRIBUTION: STRUCTURES	0	0	0	0	0	0	0	0	0	0	0	0
18	342.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	0	0	1,684,815	43,637	418,806	1,266,009	333	0	1,685,148	43,641	462,447	1,222,701
19	343.0	TRANSMISSION & DISTRIBUTION: MAINS	898,586	(39,829)	11,672,815	291,205	2,342,355	9,330,460	796,502	(38,876)	12,430,441	312,137	2,615,616	9,814,825
20	344.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	3,181	0	113,115	2,889	24,254	88,861	4,482	0	117,597	2,988	27,242	90,355
21	345.0	TRANSMISSION & DISTRIBUTION: SERVICES	245,332	(6,049)	2,659,730	65,768	495,105	2,164,625	393,197	(13,428)	3,039,499	73,805	555,482	2,484,017
22	346.0	TRANSMISSION & DISTRIBUTION: METERS	40,332	(8,548)	540,382	13,584	83,178	457,204	31,421	(8,502)	563,301	14,293	88,969	474,332
23	348.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	16,329	(1,884)	669,224	17,146	133,130	536,094	46,717	0	715,941	17,938	151,068	564,873
24	389.1	GENERAL PLANT: LAND - OFFICE*	0	0	6,307	0	0	6,307	0	0	6,307	0	0	6,307
25	389.2	GENERAL PLANT: LAND - WAREHOUSE*	0	0	63	0	0	63	0	0	63	0	0	63
26	389.3	GENERAL PLANT: LAND - MISC.*	0	0	0	0	0	0	0	0	0	0	0	0
27	390.1	GENERAL PLANT: OFFICE BUILDINGS	8,911	(864)	388,716	9,989	23,799	364,917	3,724	0	392,440	10,116	33,915	358,525
28	390.2	GENERAL PLANT: WAREHOUSE BUILDINGS	5,724	0	171,834	4,376	11,347	160,487	0	0	171,834	4,451	15,798	156,036
29	390.3	GENERAL PLANT: MISC. BUILDINGS	0	0	478	12	120	358	0	0	478	12	132	346
30	391.0	GENERAL PLANT: OFFICE EQUIPMENT	0	(630)	22,134	581	4,961	17,173	23,837	0	45,971	882	5,843	40,128
31	391.1	GENERAL PLANT: ELECTRICAL EQUIPMENT	867	0	25,246	643	5,044	20,202	0	0	25,246	654	5,698	19,548
32	391.2	GENERAL PLANT: OFFICE FURNITURE	1,128	0	19,343	486	4,207	15,136	0	0	19,343	501	4,708	14,635
33	393.0	GENERAL PLANT: WAREHOUSE EQUIPMENT	2,034	(620)	1,836	29	(526)	2,362	11,095	(553)	12,378	184	(895)	13,273
34	394.0	GENERAL PLANT: GARAGE EQUIPMENT	11,768	(295)	61,025	1,432	3,619	57,406	0	0	61,025	1,581	5,200	55,825
35	395.0	GENERAL PLANT: LAB EQUIPMENT	0	0	1,197	31	293	904	0	0	1,197	31	324	873
36	396.0	GENERAL PLANT: POWER EQUIPMENT	0	(352)	42,209	1,098	6,672	35,537	0	0	42,209	1,093	7,765	34,444
37	397.0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	0	0	126,784	3,284	31,834	94,950	4,633	0	131,417	3,344	35,178	96,239
38	397.1	GENERAL PLANT: MOBILE RADIOS	4,320	0	10,132	206	683	9,449	2,916	0	13,048	300	983	12,065
39	397.2	GENERAL PLANT: AUTO CONTROLS	137	0	5,675	145	341	5,334	8,394	(1,469)	12,600	237	(891)	13,491
40	398.0	GENERAL PLANT: MISC.	924	0	1,116	17	29	(12)	0	0	1,116	29	58	1,058
41		TOTALS	$1,261,427	($59,051)	$19,767,618	$494,384	$3,872,881	$15,893,638	$1,424,333	($95,308)	$21,096,643	$527,077	$4,304,851	$16,791,992

REFERENCE:
ACC STAFF D.R. NO. REL 1-24

NOTE:
* NON-DEPRECIABLE PLANT

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
RATE BASE ADJUSTMENTS #1, #2 & #3 - PLANT IN SERVICE/POST TEST YEAR PLANT,
PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	1996 ADDITIONS PER COMPANY	1996 (RETIREMENTS) PER COMPANY	1996 YEAR END PLANT VALUE PER RUCO	1996 DEPRECIATION EXPENSE PER RUCO	1996 ACCUMULATED DEPRECIATION PER RUCO	1996 YEAR END NET PLANT PER RUCO	1997 ADDITIONS PER COMPANY	1997 (RETIREMENTS) PER COMPANY	1997 YEAR END PLANT VALUE PER RUCO	1997 DEPRECIATION EXPENSE PER RUCO	1997 ACCUMULATED DEPRECIATION PER RUCO	1997 YEAR END NET PLANT PER RUCO
1	301.0	INTANGIBLES: ORGANIZATION*	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
2	302.0	INTANGIBLES: FRANCHISES*	0	0	0	0	0	0	0	0	0	0	0	0
3	303.0	INTANGIBLES: MISC.*	0	0	0	0	0	0	0	0	0	0	0	0
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	3,439	0	14,421	0	0	14,421	536	0	14,957	0	0	14,957
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS*	0	0	0	0	0	0	0	0	0	0	0	0
6	310.3	SOURCE OF SUPPLY: LAND - WELLS*	0	0	7,368	0	0	7,368	0	(2,595)	4,773	0	(2,595)	7,368
7	314.0	SOURCE OF SUPPLY: WELLS	75,402	(4,429)	319,962	7,368	47,022	272,940	61,984	0	381,946	9,090	56,112	325,834
8	320.0	PUMPING PLANT: LAND*	0	0	3,901	0	0	3,901	0	0	3,901	0	0	3,901
9	321.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	2,022	0	24,550	810	2,934	21,616	0	0	24,550	636	3,569	20,981
10	325.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	118,624	(6,303)	1,318,227	32,885	264,727	1,053,500	83,154	(10,606)	1,390,775	35,082	289,203	1,101,572
11	328.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	0	0	0	0	0	0	0	0	0	0	0	0
12	330.0	WATER TREATMENT PLANT: LAND*	0	0	0	0	0	0	0	0	0	0	0	0
13	331.0	WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	0	0	361	9	23	338	0	0	361	9	33	328
14	332.0	WATER TREATMENT PLANT: EQUIPMENT	26,024	0	78,681	1,701	6,946	71,735	251	0	78,932	2,041	8,987	69,945
15	340.0	TRANSMISSION & DISTRIBUTION: LAND - TANKS & MAINS*	0	0	55,552	0	0	55,552	0	0	55,552	0	0	55,552
16	340.1	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	0	0	0	0	0	0	0	0	0	0	0	0
17	341.0	TRANSMISSION & DISTRIBUTION: STRUCTURES	0	0	0	0	0	0	0	0	0	0	0	0
18	342.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	18,094	0	1,703,242	43,880	506,327	1,196,915	937	0	1,704,179	44,126	550,453	1,153,726
19	343.0	TRANSMISSION & DISTRIBUTION: MAINS	577,596	(39,124)	12,968,913	328,922	2,905,414	10,063,499	1,682,766	(40,575)	14,611,104	357,161	3,222,000	11,389,104
20	344.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	5,044	0	122,641	3,111	30,353	92,288	16,956	0	139,597	3,396	33,749	105,848
21	345.0	TRANSMISSION & DISTRIBUTION: SERVICES	442,324	(32,593)	3,449,230	84,029	606,918	2,842,312	517,254	(16,555)	3,949,929	95,819	686,182	3,263,747
22	346.0	TRANSMISSION & DISTRIBUTION: METERS	49,468	(12,374)	600,395	15,070	91,665	508,730	118,551	(16,401)	702,545	16,873	92,137	610,408
23	348.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	63,244	0	779,185	19,362	170,430	608,755	158,949	(13,228)	924,906	22,068	179,270	745,636
24	389.1	GENERAL PLANT: LAND - OFFICE*	0	0	6,307	0	0	6,307	0	0	6,307	0	0	6,307
25	389.2	GENERAL PLANT: LAND - WAREHOUSE*	0	0	63	0	0	63	0	0	63	0	0	63
26	389.3	GENERAL PLANT: LAND - MISC.*	0	0	0	0	0	0	0	0	0	0	0	0
27	390.1	GENERAL PLANT: OFFICE BUILDINGS	0	0	392,440	10,164	44,080	348,360	0	0	392,440	10,164	54,244	338,196
28	390.2	GENERAL PLANT: WAREHOUSE BUILDINGS	0	0	171,834	4,451	20,248	151,586	0	0	171,834	4,451	24,699	147,135
29	390.3	GENERAL PLANT: MISC. BUILDINGS	0	0	478	12	145	333	0	0	478	12	157	321
30	391.0	GENERAL PLANT: OFFICE EQUIPMENT	0	0	45,971	1,191	7,034	38,937	0	0	45,971	1,191	8,225	37,746
31	391.1	GENERAL PLANT: ELECTRICAL EQUIPMENT	5,675	0	30,921	727	6,425	24,496	0	0	30,921	801	7,226	23,695
32	391.2	GENERAL PLANT: OFFICE FURNITURE	1,508	0	20,851	521	5,228	15,623	1,940	0	22,791	565	5,794	16,997
33	393.0	GENERAL PLANT: WAREHOUSE EQUIPMENT	0	0	12,378	321	(575)	12,953	0	0	12,378	321	(254)	12,632
34	394.0	GENERAL PLANT: GARAGE EQUIPMENT	15,169	(1,369)	74,825	1,759	5,590	69,235	7,567	0	82,392	2,036	7,626	74,766
35	395.0	GENERAL PLANT: LAB EQUIPMENT	0	0	1,197	31	355	842	0	0	1,197	31	386	811
36	396.0	GENERAL PLANT: POWER EQUIPMENT	0	(1,207)	41,002	1,078	7,635	33,367	0	0	41,002	1,062	8,697	32,305
37	397.0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	0	0	131,417	3,404	38,582	92,835	0	0	131,417	3,404	41,985	89,432
38	397.1	GENERAL PLANT: MOBILE RADIOS	6,667	0	19,715	424	1,407	18,308	2,162	0	21,877	539	1,946	19,931
39	397.2	GENERAL PLANT: AUTO CONTROLS	234	0	12,834	329	(562)	13,396	1,599	0	14,433	353	(209)	14,642
40	398.0	GENERAL PLANT: MISC.	4,376	0	5,492	86	143	(58)	5,920	0	11,412	219	362	11,050
41		TOTALS	$1,415,110	($97,399)	$22,414,354	$561,243	$4,768,495	$17,640,453	$2,660,526	($99,960)	$24,974,920	$611,449	$5,279,983	$19,694,937

REFERENCE:
ACC STAFF D.R. NO. REL 1-24

NOTE:
* NON-DEPRECIABLE PLANT

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
RATE BASE ADJUSTMENTS #1, #2 & #3 - PLANT IN SERVICE/POST TEST YEAR PLANT,
PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	1998 ADDITIONS PER COMPANY	1998 (RETIREMENTS) PER COMPANY	1998 YEAR END PLANT VALUE PER RUCO	1998 DEPRECIATION EXPENSE PER RUCO	1998 ACCUMULATED DEPRECIATION PER RUCO	1998 YEAR END NET PLANT PER RUCO	1999 ADDITIONS PER COMPANY	1999 (RETIREMENTS) PER COMPANY	1999 YEAR END PLANT VALUE PER RUCO	1999 DEPRECIATION EXPENSE PER RUCO	1999 ACCUMULATED DEPRECIATION PER RUCO	1999 YEAR END NET PLANT PER RUCO
1	301.0	INTANGIBLES: ORGANIZATION*	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
2	302.0	INTANGIBLES: FRANCHISES*	1,435	0	1,435	0	0	1,435	0	0	1,435	0	0	1,435
3	303.0	INTANGIBLES: MISC.*	0	0	0	0	0	0	0	0	0	0	0	0
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	627	0	15,584	0	0	15,584	23,668	0	39,252	0	0	39,252
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS*	0	0	0	0	0	0	0	0	0	0	0	0
6	310.3	SOURCE OF SUPPLY: LAND - WELLS*	0	0	4,773	0	(2,595)	7,368	40,952	0	45,725	0	(2,595)	48,320
7	314.0	SOURCE OF SUPPLY: WELLS	61,932	(14,644)	429,234	10,505	51,972	377,262	609,823	(13,286)	1,025,771	18,842	57,529	968,242
8	320.0	PUMPING PLANT: LAND*	0	0	3,901	0	0	3,901	0	0	3,901	0	0	3,901
9	321.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	0	0	24,550	636	4,205	20,345	4,552	0	29,102	695	4,900	24,202
10	325.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	436,758	(118)	1,827,415	41,676	330,761	1,496,654	139,582	0	1,966,997	49,138	379,898	1,587,099
11	328.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	0	0	0	0	0	0	0	0	0	0	0	0
12	330.0	WATER TREATMENT PLANT: LAND*	0	0	0	0	0	0	0	0	0	0	0	0
13	331.0	WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	0	0	361	9	42	319	0	0	361	9	51	310
14	332.0	WATER TREATMENT PLANT: EQUIPMENT	0	0	78,932	2,044	11,031	67,901	1,004	0	79,936	2,057	13,089	66,847
15	340.0	TRANSMISSION & DISTRIBUTION: LAND - TANKS & MAINS*	52,142	0	107,694	0	0	107,694	75,765	0	183,459	0	0	183,459
16	340.1	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	0	0	0	0	0	0	0	0	0	0	0	0
17	341.0	TRANSMISSION & DISTRIBUTION: STRUCTURES	0	0	0	0	0	0	0	0	0	0	0	0
18	342.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	1,357,381	0	3,061,560	61,716	612,170	2,449,390	411,603	0	3,473,163	84,625	696,794	2,776,369
19	343.0	TRANSMISSION & DISTRIBUTION: MAINS	3,604,740	(26,938)	18,188,906	424,760	3,619,822	14,569,084	3,410,550	(30,806)	21,568,650	514,860	4,103,876	17,464,774
20	344.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	34,563	0	174,160	4,063	37,812	136,348	62,860	0	237,020	5,325	43,137	193,883
21	345.0	TRANSMISSION & DISTRIBUTION: SERVICES	789,137	(9,711)	4,729,355	112,397	788,868	3,940,487	1,036,559	(15,515)	5,750,399	135,713	909,066	4,841,333
22	346.0	TRANSMISSION & DISTRIBUTION: METERS	127,183	(5,308)	824,420	19,774	106,603	717,817	107,199	(6,213)	925,406	22,660	123,050	802,356
23	348.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	346,777	(2,503)	1,269,180	28,413	205,180	1,064,000	488,648	(7,611)	1,750,217	39,101	236,670	1,513,547
24	389.1	GENERAL PLANT: LAND - OFFICE*	0	0	6,307	0	0	6,307	0	0	6,307	0	0	6,307
25	389.2	GENERAL PLANT: LAND - WAREHOUSE*	0	0	63	0	0	63	0	0	63	0	0	63
26	389.3	GENERAL PLANT: LAND - MISC.*	0	0	0	0	0	0	40,646	0	40,646	0	0	40,646
27	390.1	GENERAL PLANT: OFFICE BUILDINGS	0	0	392,440	10,164	64,408	328,032	0	0	392,440	10,164	74,572	317,868
28	390.2	GENERAL PLANT: WAREHOUSE BUILDINGS	0	0	171,834	4,451	29,149	142,685	1,317	0	173,151	4,468	33,617	139,534
29	390.3	GENERAL PLANT: MISC. BUILDINGS	0	0	478	12	170	308	0	0	478	12	182	296
30	391.0	GENERAL PLANT: OFFICE EQUIPMENT	0	0	45,971	1,191	9,415	36,556	0	0	45,971	1,191	10,606	35,365
31	391.1	GENERAL PLANT: ELECTRICAL EQUIPMENT	17,624	0	48,545	1,029	8,255	40,290	33,438	0	81,983	1,690	9,945	72,038
32	391.2	GENERAL PLANT: OFFICE FURNITURE	608	0	23,399	598	6,392	17,007	3,712	0	27,111	654	7,046	20,065
33	393.0	GENERAL PLANT: WAREHOUSE EQUIPMENT	105	0	12,483	322	68	12,415	0	0	12,483	323	391	12,092
34	394.0	GENERAL PLANT: GARAGE EQUIPMENT	13,798	0	96,190	2,313	9,939	86,251	17,182	0	113,372	2,714	12,653	100,719
35	395.0	GENERAL PLANT: LAB EQUIPMENT	0	0	1,197	31	417	780	5,998	0	7,195	109	525	6,670
36	396.0	GENERAL PLANT: POWER EQUIPMENT	0	0	41,002	1,062	9,759	31,243	0	0	41,002	1,062	10,821	30,181
37	397.0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	0	0	131,417	3,404	45,389	86,028	0	0	131,417	3,404	48,793	82,624
38	397.1	GENERAL PLANT: MOBILE RADIOS	3,395	0	25,272	611	2,556	22,716	11,103	0	36,375	798	3,355	33,020
39	397.2	GENERAL PLANT: AUTO CONTROLS	377,076	0	391,509	5,257	5,048	386,461	34,225	0	425,734	10,583	15,632	410,102
40	398.0	GENERAL PLANT: MISC.	4,727	0	16,139	357	719	(362)	6,197	0	22,336	498	1,217	21,119
41		TOTALS	$7,230,008	($59,222)	$32,145,706	$736,794	$5,957,555	$26,172,368	$6,566,583	($73,431)	$38,638,858	$910,696	$6,794,821	$31,844,037

REFERENCE:
ACC STAFF D.R. NO. REL 1-24

NOTE:
* NON-DEPRECIABLE PLANT

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
RATE BASE ADJUSTMENTS #1, #2 & #3 - PLANT IN SERVICE/POST TEST YEAR PLANT,
PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	2000 ADDITIONS PER COMPANY	2000 (RETIREMENTS) PER COMPANY	2000 YEAR END PLANT VALUE PER RUCO	2000 DEPRECIATION EXPENSE PER RUCO	2000 ACCUMULATED DEPRECIATION PER RUCO	2000 YEAR END NET PLANT PER RUCO	2001 ADDITIONS PER COMPANY	2001 (RETIREMENTS) PER COMPANY	2001 YEAR END PLANT VALUE PER RUCO	2001 DEPRECIATION EXPENSE PER RUCO	2001 ACCUMULATED DEPRECIATION PER RUCO	2001 YEAR END NET PLANT PER RUCO
1	301.0	INTANGIBLES: ORGANIZATION*	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
2	302.0	INTANGIBLES: FRANCHISES*	0	0	1,435	0	0	1,435	0	0	1,435	0	0	1,435
3	303.0	INTANGIBLES: MISC.*	0	0	0	0	0	0	0	0	0	0	0	0
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	71,284	0	110,536	0	0	110,536	3,420	0	113,956	0	0	113,956
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS*	0	0	0	0	0	0	0	0	0	0	0	0
6	310.3	SOURCE OF SUPPLY: LAND - WELLS*	0	(6,774)	38,951	0	(9,369)	48,320	10,488	0	49,439	0	(9,369)	58,808
7	314.0	SOURCE OF SUPPLY: WELLS	114,403	0	1,140,174	28,049	85,578	1,054,596	1,365,263	0	2,505,437	47,211	132,788	2,372,649
8	320.0	PUMPING PLANT: LAND*	0	0	3,901	0	0	3,901	10,286	0	14,187	0	0	14,187
9	321.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	91	0	29,193	755	5,655	23,538	14,429	0	43,622	943	6,598	37,024
10	325.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	45,014	(8,875)	2,003,136	51,413	422,436	1,580,700	530,580	(72,125)	2,461,591	57,818	408,130	2,053,461
11	328.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	0	0	0	0	0	0	0	0	0	0	0	0
12	330.0	WATER TREATMENT PLANT: LAND*	0	0	0	0	0	0	0	0	0	0	0	0
13	331.0	WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	0	0	361	9	61	300	9,399	0	9,760	131	192	9,568
14	332.0	WATER TREATMENT PLANT: EQUIPMENT	44,574	(44,266)	80,244	2,074	(29,103)	109,347	42,500	0	122,744	2,629	(26,474)	149,218
15	340.0	TRANSMISSION & DISTRIBUTION: LAND - TANKS & MAINS*	0	0	183,459	0	0	183,459	339	0	183,798	0	0	183,798
16	340.1	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	0	0	0	0	0	0	0	0	0	0	0	0
17	341.0	TRANSMISSION & DISTRIBUTION: STRUCTURES	0	0	0	0	0	0	0	0	0	0	0	0
18	342.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	0	0	3,473,163	89,955	786,749	2,686,414	282,173	0	3,755,336	93,609	880,358	2,874,978
19	343.0	TRANSMISSION & DISTRIBUTION: MAINS	2,164,775	(28,041)	23,705,384	586,299	4,662,134	19,043,250	4,712,004	(87,919)	28,329,469	673,851	5,248,066	23,081,403
20	344.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	54,029	0	291,049	6,838	49,975	241,074	61,382	0	352,431	8,333	58,308	294,123
21	345.0	TRANSMISSION & DISTRIBUTION: SERVICES	707,721	(11,899)	6,446,221	157,946	1,055,113	5,391,108	1,013,319	(16,604)	7,442,936	179,865	1,218,374	6,224,562
22	346.0	TRANSMISSION & DISTRIBUTION: METERS	205,811	(15,747)	1,115,470	26,429	133,733	981,737	166,809	(19,007)	1,263,272	30,805	145,530	1,117,742
23	348.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	233,228	(1,270)	1,982,175	48,334	283,735	1,698,440	446,189	(5,877)	2,422,487	57,040	334,898	2,087,589
24	389.1	GENERAL PLANT: LAND - OFFICE*	0	0	6,307	0	0	6,307	0	0	6,307	0	0	6,307
25	389.2	GENERAL PLANT: LAND - WAREHOUSE*	0	0	63	0	0	63	0	0	63	0	0	63
26	389.3	GENERAL PLANT: LAND - MISC.*	0	0	40,646	0	0	40,646	0	0	40,646	0	0	40,646
27	390.1	GENERAL PLANT: OFFICE BUILDINGS	10,872	0	403,312	10,305	84,877	318,435	0	0	403,312	10,446	95,323	307,989
28	390.2	GENERAL PLANT: WAREHOUSE BUILDINGS	0	0	173,151	4,485	38,101	135,050	0	0	173,151	4,485	42,586	130,565
29	390.3	GENERAL PLANT: MISC. BUILDINGS	0	0	478	12	194	284	0	0	478	12	207	271
30	391.0	GENERAL PLANT: OFFICE EQUIPMENT	0	0	45,971	1,191	11,797	34,174	0	0	45,971	1,191	12,987	32,984
31	391.1	GENERAL PLANT: ELECTRICAL EQUIPMENT	2,673	0	84,656	2,158	12,103	72,553	7,820	0	92,476	2,294	14,397	78,079
32	391.2	GENERAL PLANT: OFFICE FURNITURE	2,968	0	30,079	741	7,786	22,293	9,365	0	39,444	900	8,687	30,757
33	393.0	GENERAL PLANT: WAREHOUSE EQUIPMENT	0	0	12,483	323	715	11,768	1,528	0	14,011	343	1,058	12,953
34	394.0	GENERAL PLANT: GARAGE EQUIPMENT	16,446	0	129,818	3,149	15,802	114,016	10,734	(3,500)	137,052	3,456	15,758	121,294
35	395.0	GENERAL PLANT: LAB EQUIPMENT	1,511	0	8,706	206	731	7,975	0	0	8,706	225	957	7,749
36	396.0	GENERAL PLANT: POWER EQUIPMENT	0	(10,555)	30,447	925	1,192	29,255	0	0	30,447	789	1,980	28,467
37	397.0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	0	0	131,417	3,404	52,197	79,220	0	0	131,417	3,404	55,600	75,817
38	397.1	GENERAL PLANT: MOBILE RADIOS	6,093	0	42,468	1,021	4,376	38,092	451	0	42,919	1,106	5,481	37,438
39	397.2	GENERAL PLANT: AUTO CONTROLS	34,715	0	460,449	11,476	27,108	433,341	43,800	0	504,249	12,493	39,601	464,648
40	398.0	GENERAL PLANT: MISC.	3,663	0	25,999	626	1,843	(1,217)	0	0	25,999	673	2,516	23,483
41		TOTALS	$3,719,871	($127,427)	$42,231,302	$1,038,125	$7,705,518	$34,500,411	$8,742,278	($205,032)	$50,768,548	$1,194,051	$8,694,537	$42,074,011

REFERENCE:
ACC STAFF D.R. NO. REL 1-24

NOTE:
* NON-DEPRECIABLE PLANT

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
RATE BASE ADJUSTMENTS #1, #2 & #3 - PLANT IN SERVICE/POST TEST YEAR PLANT,
PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	2002 ADDITIONS PER COMPANY	2002 (RETIREMENTS) PER COMPANY	2002 YEAR END PLANT VALUE PER RUCO	2002 DEPRECIATION EXPENSE PER RUCO	2002 ACCUMULATED DEPRECIATION PER RUCO	2002 YEAR END NET PLANT PER RUCO
1	301.0	INTANGIBLES: ORGANIZATION*	$0	$0	$0	$0	$0	$0
2	302.0	INTANGIBLES: FRANCHISES*	0	0	1,435	0	0	1,435
3	303.0	INTANGIBLES: MISC.*	0	0	0	0	0	0
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	16,998	0	130,954	0	0	130,954
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS*	0	0	0	0	0	0
6	310.3	SOURCE OF SUPPLY: LAND - WELLS*	0	0	49,439	0	(9,369)	58,808
7	314.0	SOURCE OF SUPPLY: WELLS	594,081	(24,552)	3,074,966	72,266	180,503	2,894,463
8	320.0	PUMPING PLANT: LAND*	0	0	14,187	0	0	14,187
9	321.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	1,790	0	45,412	1,153	7,751	37,661
10	325.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	399,104	(69,656)	2,791,039	68,022	406,495	2,384,544
11	328.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	0	0	0	0	0	0
12	330.0	WATER TREATMENT PLANT: LAND*	0	0	0	0	0	0
13	331.0	WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	0	0	9,760	253	445	9,315
14	332.0	WATER TREATMENT PLANT: EQUIPMENT	8,861	(26,754)	104,851	2,947	(50,281)	155,132
15	340.0	TRANSMISSION & DISTRIBUTION: LAND - TANKS & MAINS*	0	0	183,798	0	0	183,798
16	340.1	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	0	0	0	0	0	0
17	341.0	TRANSMISSION & DISTRIBUTION: STRUCTURES	0	0	0	0	0	0
18	342.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	45,648	0	3,800,984	97,854	978,213	2,822,771
19	343.0	TRANSMISSION & DISTRIBUTION: MAINS	1,161,156	(65,546)	29,425,079	747,921	5,930,442	23,494,637
20	344.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	14,968	0	367,399	9,322	67,630	299,769
21	345.0	TRANSMISSION & DISTRIBUTION: SERVICES	720,050	(9,951)	8,153,035	201,968	1,410,391	6,742,644
22	346.0	TRANSMISSION & DISTRIBUTION: METERS	112,121	(8,645)	1,366,748	34,059	170,944	1,195,804
23	348.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	146,918	(12,421)	2,556,984	64,484	386,961	2,170,023
24	389.1	GENERAL PLANT: LAND - OFFICE*	1,802	0	8,109	0	0	8,109
25	389.2	GENERAL PLANT: LAND - WAREHOUSE*	0	0	63	0	0	63
26	389.3	GENERAL PLANT: LAND - MISC.*	0	0	40,646	0	0	40,646
27	390.1	GENERAL PLANT: OFFICE BUILDINGS	26,162	0	429,474	10,785	106,108	323,367
28	390.2	GENERAL PLANT: WAREHOUSE BUILDINGS	0	0	173,151	4,485	47,071	126,080
29	390.3	GENERAL PLANT: MISC. BUILDINGS	0	0	478	12	219	259
30	391.0	GENERAL PLANT: OFFICE EQUIPMENT	137,836	(38,337)	145,469	2,479	(22,871)	168,340
31	391.1	GENERAL PLANT: ELECTRICAL EQUIPMENT	0	0	92,476	2,395	16,792	75,684
32	391.2	GENERAL PLANT: OFFICE FURNITURE	0	0	39,444	1,022	9,708	29,736
33	393.0	GENERAL PLANT: WAREHOUSE EQUIPMENT	0	0	14,857	374	1,432	13,425
34	394.0	GENERAL PLANT: GARAGE EQUIPMENT	846	(2,265)	147,135	3,680	17,173	129,961
35	395.0	GENERAL PLANT: LAB EQUIPMENT	12,348	0	10,551	249	1,206	9,344
36	396.0	GENERAL PLANT: POWER EQUIPMENT	1,845	0	30,447	789	2,769	27,678
37	397.0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	0	0	138,724	3,498	59,099	79,626
38	397.1	GENERAL PLANT: MOBILE RADIOS	7,307	0	42,919	1,112	6,593	36,326
39	397.2	GENERAL PLANT: AUTO CONTROLS	0	0	504,249	13,060	52,661	451,588
40	398.0	GENERAL PLANT: MISC.	0	0	25,264	664	2,139	(1,475)
41		TOTALS	306	(1,041)	$53,919,526	$1,344,852	$9,780,222	$44,114,704
			$3,410,146	($259,168)				
42		BALANCES PER COMPANY			$ 54,521,888		$ 8,791,705	
43					$ 53,919,526		$ 9,780,222	
44		BALANCES PER RUCO			$130,939			
45		LESS: POST-TEST YEAR ALLOCATED PHOENIX OFFICE & METER SHOP ADDITIONS**			$ (733,301)		$ 988,516	
46								
47								
48								
49		TOTAL ADJUSTMENTS						

REFERENCES:
ACC STAFF D.R. NO. REL 1-24
ACC STAFF D.R. NO. REL 18-1
RUCO D.R. NO. 6.2

NOTE:
* NON-DEPRECIABLE PLANT
** BASED ON AN ALLOCATION FACTOR OF 0.2498 PER RUCO D.R. NO. 4.2

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
RATE BASE ADJ. #4 - RECONCILE TEST YEAR ALLOCATED PHOENIX OFFICE & METER SHOP AND ACCUMULATED DEPRECIATION BALANCES

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-5

LINE NO.	DESCRIPTION	TEST YEAR COMPANY
1	GROSS PHOENIX OFFICE PLANT & METER SHOP	$ 4,002,988
2	ADD: PHOENIX OFFICE CONSTRUCTION WORK IN PROGRESS (CWIP)	126,565
3	GROSS PHOENIX OFFICE PLANT & METER SHOP WITH CWIP	$ 4,129,553
4	TIMES: ALLOCATION FACTOR	0.2383
5	ALLOCATED GROSS PHOENIX OFFICE PLANT & METER SHOP WITH CWIP	$ 984,072
6	NET ALLOCATED PHOENIX OFFICE PLANT & METER SHOP WITH CWIP	870,209
7	RUCO ADJUSTMENT TO PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION	$ 113,863

REFERENCES:
LINE 1: COMPANY SCHEDULE B-2 PAGES 10 AND 11
LINE 2: COMPANY SCHEDULE B-2 PAGE 10
LINE 3: LINE 1 + LINE 2
LINE 4: COMPANY SCHEDULE B-1 PAGE 1
LINE 5: LINE 3 x LINE 4
LINE 6: COMPANY SCHEDULE B-1 PAGE 1 (SUM OF LINES 6 AND 7)

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
RATE BASE ADJ. #5 - REMOVE CWIP FROM PHOENIX OFFICE ALLOCATION

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-6

LINE NO.	DESCRIPTION	(A) TEST YEAR COMPANY	(B) TEST YEAR RUCO	
1	GROSS PHOENIX OFFICE PLANT	$ 3,903,884	$ 3,903,884	COMPANY SCHEDULE B-2 PAGE 10
2	LESS: ACCUMULATED DEPRECIATION	453,222	453,222	COMPANY SCHEDULE B-2 PAGE 10
3	NET PHOENIX OFFICE PLANT	$ 3,450,662	$ 3,450,662	LINE 1 + LINE 2
4	ADD: CWIP	126,565	-	COMPANY SCHEDULE B-2 PAGE 10
5	TOTALS	$ 3,577,227	$ 3,450,662	LINE 3 + LINE 4
4	TIMES: ALLOCATION FACTOR	0.2383	0.2383	COMPANY SCHEDULE B-1 PAGE 2
5	ALLOCATED PHOENIX OFFICE PLANT	$ 852,453	$ 822,293	COMPANY SCHEDULE B-1 PAGE 2
6	RUCO ADJUSTMENT		$ (30,160)	LINE 5 COLUMN (B) - LINE 5 COLUMN (A)

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 1999
APACHE JUNCTION SYSTEM
RATE BASE ADJUSTMENT #9 - WORKING CAPITAL

LINE NO.	DESCRIPTION	AMOUNT	REFERENCE
1	CASH WORKING CAPITAL PER COMPANY	$ 328,417	COMPANY SCH. B-5, PG. 1
2	CASH WORKING CAPITAL PER RUCO	(217,595)	SCH. WAR-7, PG. 3
3	DECREASE IN CASH WORKING CAPITAL	(546,012)	LINE 2 - LINE 1
4	MATERIALS & SUPPLIES PER COMPANY	43,863	COMPANY SCH. B-5, PG. 1
5	MATERIALS & SUPPLIES PER RUCO	42,142	DATA REQUEST RUCO 6.4 a)
6	MATERIALS & SUPPLIES ADJUSTMENT	(1,721)	LINE 5 - LINE 4
7	PREPAYMENTS PER COMPANY AND SPECIAL DEPOSITS	68,040	COMPANY SCH. B-5, PG. 1
8	PREPAYMENTS PER RUCO	63,414	DATA REQUEST RUCO 6.4 b)
9	PREPAYMENTS ADJUSTMENT	(4,626)	LINE 8 - LINE 7
10	REQUIRED BANK BALANCES PER COMPANY	118,768	COMPANY SCH. B-5, PG. 1
11	REQUIRED BANK BALANCES PER RUCO	109,604	DATA REQUEST RUCO 6.4 c)
12	REQUIRED BANK BALANCE ADJUSTMENT	(9,164)	LINE 11 - LINE 10
13	TOTAL WORKING CAPITAL ADJUSTMENT	(561,523)	LINES 3, 6, 9 & 12

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
RATE BASE ADJUSTMENT #9 - WORKING CAPITAL
LEAD/LAG CALCULATION

LINE NO.	DESCRIPTION	EXPENSES PER COMPANY	RUCO ADJUSTMENTS	ADJUSTED EXPENSES	(LEAD)/LAG DAYS	$ DAYS
1	PURCHASED POWER	$ 645,378	$ 24,205	$ 669,583	27.97	$ 18,728,237
2	PAYROLL	1,170,887	47,955	1,218,842	14.00	17,063,793
3	PURCHASED WATER	971,436	(170,229)	801,207	(17.45)	(13,981,062)
4	CHEMICALS	52,405	10,667	63,072	25.00	1,576,800
5	PROPERTY & LIABILITY INSURANCE	20,666	(179)	20,487	(45.27)	(927,461)
6	WORKER'S COMPENSATION	15,713	2,532	18,245	(46.50)	(848,386)
7	HEALTH INSURANCE	228,778	(15,701)	213,077	(8.92)	(1,900,646)
8	OTHER O&M EXPENSES	873,925	(541,953)	331,972	(9.27)	(3,077,384)
9	DEPRECIATION & AMORTIZATION	1,425,604	(129,165)	1,296,439	N/A	N/A
10	FEDERAL & STATE INCOME TAXES	922,496	(168,251)	754,245	61.95	46,728,706
11	DEFERRED INCOME TAXES	165,955	N/A	N/A	N/A	N/A
12	FICA TAXES	87,552	4,770	92,322	14.00	1,292,508
13	FUTA & SUTA TAXES	1,919	260	2,179	83.10	181,075
14	PROPERTY TAXES	758,542	(16,482)	742,060	212.00	157,316,800
15	REG., CONTRACT, & MISCELLANEOUS FEES	145,480	10,837	156,317	(98.83)	(15,448,804)
16	SALES & OCCUPATION TAXES	715,798	56,022	771,820	37.53	28,966,405
17	PENSION EXPENSE	100,078	8,671	108,749	34.72	3,775,765
18	TOTAL	$ 8,302,612	$ (876,040)	$ 7,260,617 *	32.98	$ 239,446,345

NOTE
N/A = NON CASH CHARGES EXCLUDED FROM WORKING CAPITAL CALCULATION
* RUCO RECOMMENDED LEVEL OF OPERATING EXPENSE - SCHEDULE WAR-8, COLUMN (E), LINE 16

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
RATE BASE ADJUSTMENT #9 - WORKING CAPITAL
CALCULATION OF CASH WORKING CAPITAL

LINE NO.	DESCRIPTION	AMOUNT	REFERENCE
1	AVERAGE EXPENSE LAG	32.98	SCH. WAR-7, PG. 2
2	AVERAGE REVENUE COLLECTION LAG	22.04	CO. SCH. B-5, PG. 2
3	EXCESS EXPENSE OVER REVENUE LAG	(10.94)	LINE 2 - LINE 1
4	TOTAL EXPENSES	$ 7,260,617	SCH. WAR-7, PG. 2
5	CASH WORKING CAPITAL REQUIREMENT	(217,595)	(LINE 3 X LINE 4)/365 DAYS
6	PER COMPANY	$ 328,417	CO. SCH. B-5, PG. 2
7	INCREASE (DECREASE) IN WORKING CAPITAL	$ (546,012)	LINE 5 - LINE 6

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
RATE BASE ADJUSTMENT #9 - WORKING CAPITAL
CALCULATION OF INCOME TAX LAG

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-7

LINE NO.	(A) PAYMENT DATE	(B) SERVICE PERIOD MIDPOINT	(C) (LEAD)/LAG DAYS	(D) PAYMENT AMOUNT	(E) DOLLAR DAYS
1	04/12/99	07/01/99	(80.00)	$ 397,000	(31,760,000)
2	06/11/99	07/01/99	(20.00)	50,000	(1,000,000)
3	09/14/99	07/01/99	75.00	486,000	36,450,000
4	12/14/99	07/01/99	166.00	970,000	161,020,000
5	03/14/00	07/01/99	257.00	(240,000)	(61,680,000)
6	TOTALS			$ 1,663,000	103,030,000
7	INCOME TAX LAG		61.95		

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
OPERATING INCOME - TEST YEAR AND RUCO PROPOSED

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-8

LINE NO.	DESCRIPTION	(A) COMPANY TEST YEAR AS FILED	(B) RUCO TEST YEAR ADJUSTMENTS	(C) RUCO TEST YEAR AS ADJUSTED	(D) RUCO PROPOSED CHANGES	(E) RUCO RECOMMENDED
	REVENUES - WATER:					
1	REVENUE FROM WATER SALES	$ 8,943,927	$ 668,082	$ 9,612,009	$ (632,849)	$ 8,979,160
2	OTHER REVENUES	-	-	-		-
3	TOTAL OPERATING REVENUES	$ 8,943,927	$ 668,082	$ 9,612,009	$ (632,849)	$ 8,979,160
	OPERATING EXPENSES:					
2	PURCHASED WATER	$ 1,003,040	$ (71,608)	$ 931,432	$ -	$ 931,432
3	OTHER	23,251	136	23,387		23,387
4	PURCHASED POWER	618,711	65,047	683,758		683,758
5	PURCHASED GAS	-	-	-		-
6	OTHER	117,465	49,419	166,884		166,884
7	WATER TREATMENT	191,642	1,958	193,600		193,600
8	TRANSMISSION & DISTRIBUTION	758,594	13,231	771,825		771,825
9	CUSTOMER ACCOUNTS	636,246	28,603	664,849		664,849
10	SALES	2,059	(406)	1,653		1,653
11	ADMINISTRATIVE & GENERAL	896,828	39,156	935,984		935,984
12	DEPRECIATION & AMORTIZATION	1,425,605	(129,166)	1,296,439		1,296,439
13	PROPERTY TAXES	751,447	(9,387)	742,060		742,060
14	OTHER TAXES	70,454	24,048	94,501		94,501
15	INCOME TAXES	585,651	413,775	999,426	(245,181)	754,245
16	TOTAL OPERATING EXPENSES	$ 7,080,992	$ 424,806	7,505,798	$ (245,181)	$ 7,260,617
17	NET INCOME	$ 1,862,935	$ 243,276	$ 2,106,211	$ (387,668)	$ 1,718,542

REFERENCES:
COLUMN (A): CO. SCH. C-1, PG. 1
COLUMN (B): SCH. WAR-9
COLUMN (C): COLUMN (A) + COLUMN (B)
COLUMN (D): SCH. WAR-1
COLUMN (E): COLUMN (C) + COLUMN (D)

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
SUMMARY OF OPERATING ADJUSTMENTS

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-9

LINE NO.	DESCRIPTION	COMPANY PROPOSED	ADJ. #1	ADJ. #2	ADJ. #3	ADJ. #4	ADJ. #5	ADJ. #6	ADJ. #7	ADJ. #8	ADJ. #9	ADJ. #10	ADJ. #11	RUCO ADJUSTED
	REVENUES - WATER:													
1	REVENUE FROM WATER SALES	$ 8,943,927	$ 1,187,356	$ (771,820)	$ 49,226	$ (13,615)	$ 216,935		$ -					$ 9,612,009
2	OTHER REVENUES	-												-
3	TOTAL OPERATING REVENUES	$ 8,943,927	$ 1,187,356	$ (771,820)	$ 49,226	$ (13,615)	$ 216,935	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,612,009
	OPERATING EXPENSES:													
2	PURCHASED WATER	$ 1,003,040	$ (201,833)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 130,225	$ 931,432
3	OTHER	23,251	136											23,387
4	PURCHASED POWER	618,711	50,872			(3,791)	17,966							683,758
5	PURCHASED GAS	-	-											-
6	OTHER	117,465	49,419											166,884
7	WATER TREATMENT	191,642	(2,868)				4,826							193,600
8	TRANSMISSION & DISTRIBUTION	758,594	21,371			(8,140)								771,825
9	CUSTOMER ACCOUNTS	636,246	28,603											664,849
10	SALES	2,059	(406)											1,653
11	ADMINISTRATIVE & GENERAL	896,828	(43,101)	(19,504)			15,911	85,850						935,984
12	DEPRECIATION & AMORTIZATION	1,425,605								(129,166)				1,296,439
13	PROPERTY TAXES	751,447									(9,387)			742,060
14	OTHER TAXES	70,454	776,364	(752,316)										94,501
15	INCOME TAXES	585,651										413,775		999,426
16	TOTAL OPERATING EXPENSES	$ 7,080,992	$ 678,557	$ (771,820)	$ -	$ (11,931)	$ 38,703	$ 85,850	$ -	$ (129,166)	$ (9,387)	$ 413,775	$ 130,225	$ 7,505,798
17	NET INCOME	$ 1,862,935	$ 508,800	$ -	$ 49,226	$ (1,684)	$ 178,232	$ (85,850)	$ -	$ 129,166	$ 9,387	$ (413,775)	$ (130,225)	$ 2,106,211

ADJUSTMENT #:	REFERENCE:
1. RECONCILE COMPANY PROPOSED OPERATING INCOME TO 2002 ACTUAL	RUCO D.R. NO. 1.10
2. REMOVE 2002 REGULATORY ASSESSMENT & SALES TAXES	RUCO D.R. NO. 1.10 & ACC STAFF D.R. NO. REL 19-1
3. ELIMINATE PPAM AND PWAM REVENUES	RUCO D.R. NO. 7.1 & RUCO D.R. NO. 7.2
4. ELIMINATE UNBILLED REVENUES & EXPENSES	RUCO D.R. NO. 7.3
5. ANNUALIZE ADDITIONAL REVENUES & EXPENSES	RUCO D.R. NO. 6.6
6. AMORTIZATION OF RATE CASE EXPENSE	COMPANY SCHEDULE C-2, PAGE 7, TESTIMONY WAR

ADJUSTMENT #:	REFERENCE:
7. REMOVE MAP SURCHARGE REVENUES	TESTIMONY WAR
8. DEPRECIATION & AMORTIZATION EXPENSE	SCHEDULE WAR-12
9. PROPERTY TAX EXPENSE	SCHEDULE WAR-13
10. INCOME TAX EXPENSE	SCHEDULE WAR-14
11. PURCHASED CAP WATER EXPENSE	SCHEDULE WAR-15

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
OPERATING ADJ. #1 - RECONCILE COMPANY
PROPOSED OPERATING INCOME TO 2002 ACTUAL

LINE NO.	DESCRIPTION	(A) COMPANY PROPOSED	(B) 2002 ACTUAL	(C) DIFFERENCE	(D) RUCO ADJUSTMENT
	REVENUES - WATER:				
1	REVENUE FROM WATER SALES	$ 8,943,927	$ 10,131,283	$ 8,943,927	$ 1,187,356
2	OTHER REVENUES	0.00	0.00	0.00	0.00
3	TOTAL OPERATING REVENUES	$ 8,943,927	$ 10,131,283	$ 8,943,927	$ 1,187,356
	OPERATING EXPENSES:				
4	PURCHASED WATER	$ 1,003,040	$ 801,207	$ 1,003,040	$ (201,833)
5	OTHER	23,251	23,387	23,251	136
6	PURCHASED POWER	618,711	669,583	618,711	50,872
7	PURCHASED GAS	-	-	-	-
8	OTHER	117,465	166,884	117,465	49,419
9	WATER TREATMENT	191,642	188,774	191,642	(2,868)
10	TRANSMISSION & DISTRIBUTION	758,594	779,965	758,594	21,371
11	CUSTOMER ACCOUNTS	636,246	664,849	636,246	28,603
12	SALES	2,059	1,653	2,059	(406)
13	ADMINISTRATIVE & GENERAL	896,828	853,727	896,828	(43,101)
14	DEPRECIATION & AMORTIZATION	1,425,605	1,224,438	1,425,605	- (a)
15	PROPERTY TAXES	751,447	639,367	751,447	- (a)
16	OTHER TAXES	70,454	846,817	70,454	776,364
17	INCOME TAXES	585,651	868,112	585,651	- (a)
	TOTAL OPERATING EXPENSES	$ 7,080,992	$ 7,728,763	$ 7,080,992	$ 678,557
19	NET INCOME	$ 1,862,935	$ 2,402,520	$ 1,862,935	$ 508,800

REFERENCES:
COLUMN (A): COMPANY SCHEDULE C-1 PAGE 1 OF 5
COLUMN (B): DATA REQUEST RUCO 1.10
COLUMN (C): COLUMN (B) - COLUMN (A)
COLUMN (D): COLUMN (C) LINES 1 THRU 13, LINES 16, 18 & 19

NOTE:
(a) SEPARATE PRO FORMA ADJUSTMENTS NOT INCLUDED IN RECONCILIATION

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
OPERATING ADJ. #1 - RECONCILE COMPANY
PROPOSED OPERATING INCOME TO 2002 ACTUAL

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-10

LINE NO.	DESCRIPTION	(A) TEST YEAR ACTUAL	(B) 2002 ACTUAL	(C) DIFFERENCE
	REVENUES - WATER:			
1	REVENUE FROM WATER SALES	$ 9,314,017	$10,131,283	$ 817,266
2	OTHER REVENUES	0.00	0.00	0.00
3	TOTAL OPERATING REVENUES	$ 9,314,017	$10,131,283	$ 817,266
	OPERATING EXPENSES:			
4	PURCHASED WATER	805,211	801,207	(4,004)
5	OTHER	23,251	23,387	136
6	PURCHASED POWER	588,864	669,583	80,719
7	PURCHASED GAS	-	-	-
8	OTHER	117,465	166,884	49,419
9	WATER TREATMENT	189,843	188,774	(1,069)
10	TRANSMISSION & DISTRIBUTION	682,301	779,965	97,664
11	CUSTOMER ACCOUNTS	606,014	664,849	58,835
12	SALES	2,059	1,653	(406)
13	ADMINISTRATIVE & GENERAL	774,394	853,727	79,333
14	DEPRECIATION & AMORTIZATION	1,082,006	1,224,438	142,432
15	PROPERTY TAXES	647,720	639,367	(8,353)
16	OTHER TAXES	784,012	846,817	62,805
17	INCOME TAXES	889,813	868,112	(21,701)
	TOTAL OPERATING EXPENSES	7,192,953	7,728,763	535,810
19	NET INCOME	$ 2,121,064	$ 2,402,520	$ 281,456

REFERENCES:
COLUMN (A): COMPANY SCHEDULE C-1 PAGE 1 OF 5
COLUMN (B): DATA REQUEST RUCO 1.10
COLUMN (C): COLUMN (B) - COLUMN (A)

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-11

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
OPERATING ADJ. #5 - REVENUE ANNUALIZATION FOR 2002

LINE NO.	DESCRIPTION	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
1	YEAR END CUSTOMERS - 2002	17,027	17,027	17,027	17,027	17,027	17,027	17,027	17,027	17,027	17,027	17,027	17,027
2	2002 CUSTOMERS	16,198	16,244	16,329	16,403	16,512	16,597	16,680	16,765	16,847	16,877	16,961	17,027
3	INCREASE IN CUSTOMERS - 2002	829	783	698	624	515	430	347	262	180	150	66	-
4	AVERAGE REVENUE FOR THE MONTH	$ 39.24	$ 40.89	$ 40.95	$ 42.61	$ 46.87	$ 53.32	$ 52.31	$ 50.92	$ 50.74	$ 43.94	$ 44.39	$ 42.98
5	INCREASE IN REVENUES	$ 32,534	$ 32,017	$ 28,583	$ 26,590	$ 24,138	$ 22,927	$ 18,150	$ 13,342	$ 9,133	$ 6,591	$ 2,930	$ -
6	TOTAL INCREASE IN REVENUE	$ 216,935											
7	INCREASE IN REVENUE PER COMPANY	-											
8	REVENUE ADJUSTMENT	216,935											
9	GALLONS SOLD PER AVERAGE CUSTOMER	9,608	10,288	10,860	11,079	13,100	15,665	14,882	14,899	14,345	11,549	11,593	10,723
10	INCREASE IN CUSTOMERS	829	783	698	624	515	430	347	262	180	150	66	0
11	INCREASE IN GALLONS	7,964,884	8,055,563	7,580,244	6,913,234	6,746,344	6,735,820	5,163,905	3,903,598	2,582,046	1,732,348	765,144	0
12	TOTAL INCREASE IN GALLONS	58,143,131											
13	PUMPING COST PER GALLON	0.000309											
14	INCREASE IN PUMPING COST	17,966											
15	WATER TREATMENT COSTS PER GALLON	0.000083											
16	INCREASE IN WATER TREATMENT COSTS	4,826											
17	TOTAL INCREASE IN BILLS	4,884											
18	MONTHLY ACCOUNTING COST PER BILL	3.26											
19	INCREASE IN ACCOUNTING COST	15,911											

REFERENCES:
LINE #1 - RUCO DATA REQUEST #6.6
LINE #2 - RUCO DATA REQUEST #6.6
LINE #3 = LINE #1 MINUS LINE #2
LINE #4 - RUCO DR #1.10 = TOTAL MONTH REV. MINUS OTHER REV. / TOTAL MONTHLY CUSTOMERS FOR POST-TEST-YEAR
LINE #5 = LINE #3 MULTIPLIED BY LINE #4
LINE #6 = SUMMATION OF LINE #5
LINE #7 - NO REFERENCE
LINE #8 - LINE #6 MINUS LINE #7
LINE #9 - GALLONS SOLD, AWC's ANNUAL REPORT & MONTHLY CUSTOMERS, RUCO DR #6.6

LINE #10 = LINE #3
LINE #11 = LINE #9 MULTIPLIED BY LINE #10
LINE #12 = SUMMATION OF LINE #11
LINE #13 - CO. W/P C2-5, PAGE 3
LINE #14 = LINE #12 X LINE #13
LINE #15 - CO. W/P C2-5, PAGE 3
LINE #16 = LINE #12 MULTIPLIED BY LINE #15
LINE #17 = SUMMATION OF LINE #3
LINE #18 - CO. W/P C2-5, PAGE 4

LINE #19 = LINE #17 X LINE #18

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
OPERATING ADJ. #8 - DEPRECIATION & AMORTIZATION EXPENSE

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-12

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	(A) ACTUAL TEST YEAR BALANCE PER COMPANY	(B) RUCO ADJUSTMENTS	(C) RUCO ADJUSTED BALANCE	(D) COMPOSITE DEPRECIATION RATE	(E) RUCO RECOMMENDED DEPRECIATION EXPENSE
1	301.0	INTANGIBLES: ORGANIZATION*	$ -	$ -	$ -	0.00%	$ -
2	302.0	INTANGIBLES: FRANCHISES*	1,435	-	1,435	0.00%	-
3	303.0	INTANGIBLES: MISC.*	-	-	-	0.00%	-
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	113,958	(2)	113,956	0.00%	-
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS*	-	-	-	0.00%	-
6	310.3	SOURCE OF SUPPLY: LAND - WELLS*	49,438	2	49,439	0.00%	-
7	314.0	SOURCE OF SUPPLY: WELLS	2,505,438	(1)	2,505,437	2.59%	64,891
8	320.0	PUMPING PLANT: LAND*	14,187	-	14,187	0.00%	-
9	321.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	43,621	2	43,622	2.59%	1,130
10	325.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	2,461,590	1	2,461,591	2.59%	63,755
11	328.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	-	-	-	2.59%	-
12	330.0	WATER TREATMENT PLANT: LAND*	-	-	-	0.00%	-
13	331.0	WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	9,760	-	9,760	2.59%	253
14	332.0	WATER TREATMENT PLANT: EQUIPMENT	122,743	2	122,744	2.59%	3,179
15	340.0	TRANSMISSION & DISTRIBUTION: LAND - TANKS & MAINS*	183,798	-	183,798	0.00%	-
16	340.1	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	-	-	-	0.00%	-
17	341.0	TRANSMISSION & DISTRIBUTION: STRUCTURES	-	-	-	2.59%	-
18	342.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	3,755,335	1	3,755,336	2.59%	97,263
19	343.0	TRANSMISSION & DISTRIBUTION: MAINS	28,329,468	1	28,329,469	2.59%	733,733
20	344.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	352,430	2	352,431	2.59%	9,128
21	345.0	TRANSMISSION & DISTRIBUTION: SERVICES	7,442,934	2	7,442,936	2.59%	192,772
22	346.0	TRANSMISSION & DISTRIBUTION: METERS	1,263,272	-	1,263,272	2.59%	32,719
23	348.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	2,422,487	-	2,422,487	2.59%	62,742
24	389.1	GENERAL PLANT: LAND - OFFICE*	6,307	-	6,307	0.00%	-
25	389.2	GENERAL PLANT: LAND - WAREHOUSE*	63	-	63	0.00%	-
26	389.3	GENERAL PLANT: LAND - MISC.*.	40,646	-	40,646	0.00%	-
27	390.1	GENERAL PLANT: OFFICE BUILDINGS	403,312	-	403,312	2.59%	10,446
28	390.2	GENERAL PLANT: WAREHOUSE BUILDINGS	173,152	(1)	173,151	2.59%	4,485
29	390.3	GENERAL PLANT: MISC. BUILDINGS	478	-	478	2.59%	12
30	391.0	GENERAL PLANT: OFFICE EQUIPMENT	22,133	23,838	45,971	2.59%	1,191
31	391.1	GENERAL PLANT: ELECTRICAL EQUIPMENT	116,312	(23,836)	92,476	2.59%	2,395
32	391.2	GENERAL PLANT: OFFICE FURNITURE	39,445	(1)	39,444	2.59%	1,022
33	393.0	GENERAL PLANT: WAREHOUSE EQUIPMENT	3,469	10,542	14,011	2.59%	363
34	394.0	GENERAL PLANT: GARAGE EQUIPMENT	147,593	(10,541)	137,052	2.59%	3,550
35	395.0	GENERAL PLANT: LAB EQUIPMENT	8,707	(1)	8,706	2.59%	225
36	396.0	GENERAL PLANT: POWER EQUIPMENT	30,448	(1)	30,447	2.59%	789
	397.0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	126,784	4,633	131,417	2.59%	3,404
1	397.1	GENERAL PLANT: MOBILE RADIOS	44,636	(1,717)	42,919	2.59%	1,112
2	397.2	GENERAL PLANT: AUTO CONTROLS	500,241	4,008	504,249	2.59%	13,060
3	398.0	GENERAL PLANT: MISC.	32,926	(6,927)	25,999	2.59%	673
4							
5		TEST YEAR TOTALS	$ 50,768,542	$ 6	$ 50,768,548		$ 1,304,291
6							
7		POST TEST YEAR ADDITIONS	3,048,443	(28,404)	$3,020,039	2.59%	78,219
8							
9		GROSS DEPRECIABLE PHOENIX OFFICE AND METER SHOP ALLOCATION	953,912	129,137	1,083,049 **	2.59%	28,051
10							
11		2002 TOTALS	$ 54,770,897	$ 100,739	$ 54,871,635		$ 1,410,561
12							
13	ADD:						
14	AMORTIZATION OF DEFERRED CAP CHARGES INCURRED THROUGH 2002 ***						64,521
15							
16	LESS:						
17	AMORTIZATION OF CONTRIBUTIONS IN AID OF CONSTRUCTION @ 2.59% COMPOSITE RATE ****						178,642
18							
19	TOTAL PRO FORMA DEPRECIATION & AMORTIZATION EXPENSE						$ 1,296,439
20							
21	DEPRECIATION & AMORTIZATION EXPENSE PER COMPANY						1,425,605
22							
23	DEPRECIATION & AMORTIZATION EXPENSE ADJUSTMENT (LINE 56 - LINE 58)						$ (129,166)

REFERENCES:
COLUMN (A): COMPANY SCHEDULE E-5 PAGE 1 OF 4 AND STAFF DATA REQUEST REL 1-24
COLUMN (B): COLUMN (C) - COLUMN (A)
COLUMN (C): RUCO SCHEDULE WAR-4 PAGE 7
COLUMN (D): COMPOSITE DEPRECIATION RATE OF 2.59%
COLUMN (E): COLUMN (C) x COLUMN (D)

NOTES:
* NON-DEPRECIABLE PLANT ASSETS
** NET OF $1,802 IN NON-DEPRECIABLE LEASEHOLD IMPROVEMENTS ($7,215 x 0.2498 ALLOCATION FACTOR FOR 2002 = $1,802)
*** DEFERRED CAP CHARGES AMORTIZED OVER TEN YEARS = $645,207 ÷ 10 YEARS = $64,521
**** RUCO ADJUSTED CIAC BALANCE x COMPOSITE RATE = $6,897,380 x 2.59% = $178,642

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
OPERATING ADJ. #9 - PROPERTY TAX EXPENSE

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-13

LINE NO.	DESCRIPTION	AMOUNT	REFERENCE
1	REVENUES - 2000	$ 8,487,722	COMPANY SCH. C-2, W/P C2-19a
2	REVENUES - 2001	8,598,219	COMPANY SCH. C-2, W/P C2-19a
3	REVENUES - 2002	9,359,462	D. R. NO. REL 19-1
4	TOTAL	$ 26,445,403	SUM LINES 1, 2, & 3
5	3 YEAR AVERAGE	8,815,134	LINE 4/3 YEARS
6	MULTIPLIER FOR REVENUES (2 X LAST 3 YRS. AVERAGE REVENUE)	x 2	ADOR VALUATION FACTOR
7	REVENUES FOR FULL CASH VALUE	17,630,269	LINE 5 X 2 (MULTIPLIER FOR REVENUES
8	ADD: 10% OF CWIP BALANCE	11,268	COMPANY SCH. B-2, PG. 2; LINE 4 X 10%
9	LESS: LICENSED VEHICLES	-	STAFF DATA REQUEST REL 23-1
10	FULL CASH VALUE	17,641,537	LINE 7 + LINE 8 MINUS LINE 9
11	ASSESSMENT RATIO	25%	PER ADOR VALUATION METHOD
12	ASSESSED VALUE	4,410,384	LINE 10 X LINE 11
13	PROPERTY TAX RATE	16.8253%	PER TAX BILLS
14	PROPERTY TAXES PAYABLE PER RUCO	742,060	LINE 12 X LINE 13
15	PROPERTY TAXES PER COMPANY	751,447	COMPANY SCH. C-1, PG. 1
16	ADJUSTMENT	(9,387)	LINE 14 MINUS LINE 15

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
OPERATING ADJ. #10 - INCOME TAXES

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-14

LINE NO.	DESCRIPTION	AMOUNT	REFERENCE
	FEDERAL INCOME TAXES:		
1	OPERATING INCOME BEFORE INCOME TAXES	$ 3,105,636	SCH. WAR-9
	LESS:		
2	ARIZONA STATE TAX	180,420	LINE 11
3	INTEREST EXPENSE	516,375	NOTE (a)
4	FEDERAL TAXABLE INCOME	2,408,841	LINE 1 - LINES 2 & 3
5	FEDERAL INCOME TAX RATE	34.00%	TAX RATE
6	FEDERAL INCOME TAX EXPENSE	819,006	LINE 4 X LINE 5
	STATE INCOME TAXES:		
7	OPERATING INCOME BEFORE INCOME TAXES	3,105,636	LINE 1
	LESS:		
8	INTEREST EXPENSE	516,375	NOTE (A)
9	STATE TAXABLE INCOME	2,589,261	LINE 7 - LINE 8
10	STATE TAX RATE	6.968%	TAX RATE
11	STATE INCOME TAX EXPENSE	180,420	LINE 9 X LINE 10
12	TOTAL INCOME TAXES	999,426	LINE 6 + LINE 11
13	INCOME TAXES PER COMPANY	585,651	COMPANY SCH. C-1, PG. 2
14	ADJUSTMENT	$ 413,775	LINE 12 - LINE 13

NOTE (a):
INTEREST SYCHRONIZATION

ADJUSTED RATE BASE	$ 19,792,391
WEIGHTED COST OF DEBT	2.61%
	$ 516,375

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
OPERATING ADJ. #11 - APACHE JUNCTION PURCHASED CAP WATER EXPENSE

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-15

LINE NO.	DESCRIPTION	(A) PER COMPANY	(B) PER RUCO
1	CAWCD DELIVERY CHARGES (5,163 ACRE FEET)	$ 299,454	$ 299,454
2	M&I CHARGES (5,163 ACRE FEET)	144,061	144,061
3	MESA TREATMENT PLANT CHARGES	120,801	120,801
4	RESERVE CAPACITY & LEASE	137,769	137,769
5	TOTALS	$ 702,085	$ 702,085
5	TREATMENT COST NOVEMBER 2001 (120,801/11)=10,982 "CAP CANAL CLOSED NOV 2001 FOR REPAIRS.	$ 10,982	$ 10,982
6	ADDITIONAL M&I COST	113,939 (a)	77,939 (b)
7	ADDITIONAL CAWCD PER ACRE-FEET	41,304	41,304
8	TOTAL APACHE JUNCTION PURCHASED CAP WATER EXPENSE	$ 166,225	$ 130,225

REFERENCES:
COMPANY WORKPAPER FOR SCHEDULE C-2
CENTRAL ARIZONA WATER CONSERVATION DISTRICT WEB SITE

NOTES:
(a) BASED ON AN M&I CHARGE OF $43.00 PER ACRE FOOT IN EFFECT UNTIL JUNE 30, 2003
(B) BASED ON THE CURRENT M&I CHARGE OF $37.00 PER ACRE FOOT APPRVED BY THE CAWCD BOARD IN MARCH 2003

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
COST OF CAPITAL

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-16

LINE NO.	DESCRIPTION	(A) AMOUNT	(B) ADJUSTMENT	(C) ADJUSTED BALANCE	(D) CAPITAL RATIO	(E) COST	(F) WEIGHTED COST
1	SHORT-TERM DEBT	$ 2,850,000	$ 1,650,000	$ 4,500,000	5.62%	4.00%	0.22%
2	LONG-TERM DEBT:	23,000,677	(400,677)	22,600,000	28.24%	8.44%	2.38%
3	COMMON EQUITY	49,442,738	3,473,716	52,916,454	66.13%	9.18%	6.07%
4	TOTAL	$ 75,293,415	4,723,039	$ 80,016,454	100.00%		8.68%

REFERENCES:
COLUMN (A): COMPANY SCH. D - 1
COLUMN (B): TESTIMONY, WAR
COLUMN (C): COLUMN (A) + COLUMN (B)
COLUMN (D): COLUMN (C) ÷ COLUMN (C), LINE 5
COLUMN (E): TESTIMONY, WAR
COLUMN (F): COLUMN (D) x COLUMN (E)

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
PROPOSED RATES

DOCKET NO. W-01445A-02-0619
SCHEDULE WAR-17

LINE NO.	DESCRIPTION	PRESENT RATES	COMPANY PROPOSED	RUCO PROPOSED
1	**MONTHLY MINIMUM USAGE CHARGE:**			
2				
3	(RESIDENTIAL, COMMERCIAL AND MISC. CUSTOMERS)			
4	5/8 X 3/4 - INCH	$ 12.43	$ 18.13	$ 8.05
5	1 - INCH	24.86	40.79	20.98
6	2 - INCH	62.15	117.85	61.17
7	3 - INCH	103.58	211.58	115.35
8	4 - INCH	207.16	377.65	257.70
9	6 - INCH	362.53	717.59	500.60
10	8 - INCH	362.53	989.54	547.06
11	10 - INCH	673.27	1,624.09	1,104.33
12				
13	**GALLONS INCLUDED IN MONTHLY MINIMUM USAGE CHARGE:**			
14				
15	RESIDENTIAL, COMMERCIAL AND MISC. CUSTOMERS	1,000	0	0
16				
17	**COMMODITY RATE (PER 100 GAL. OVER MINIMUM):**	$ 0.25690	$ 0.25250	$ 0.25690
18				
19	**COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM):**	$ 2.56900	$ 2.52500	$ 2.56900

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
MONTHLY MINIMUM CHARGES

DOCKET NO. W-01445A-02-0619
SCHEDULE WAR-18

LINE NO.	METER SIZE	(A) COMPANY PRESENT RATES	(B) COMPANY PROPOSED RATES	(C) COMPANY DOLLAR INCREASE	(D) COMPANY PERCENT. INCREASE	(E) RUCO PROPOSED RATES	(F) RUCO DOLLAR INCREASE	(G) RUCO PERCENT. INCREASE
1	5/8 X 3/4 - INCH	$ 12.43	$ 18.13	$ 5.70	45.86%	$ 8.05	$ (4.38)	-35.24%
2	1 - INCH	24.86	40.79	15.93	64.08%	20.98	(3.88)	-15.61%
3	2 - INCH	62.15	117.85	55.70	89.62%	61.17	(0.98)	-1.58%
4	3 - INCH COMMERCIAL	103.58	211.58	108.00	104.27%	115.35	11.77	11.36%
5	4 - INCH COMMERCIAL	207.16	377.65	170.49	82.30%	257.70	50.54	24.40%
6	6 - INCH	362.53	717.59	355.06	97.94%	500.60	138.07	38.08%
7	8 - INCH	362.53	989.54	627.01	172.95%	547.06	184.53	50.90%
8	10 - INCH	673.27	1,624.09	950.82	141.22%	1,104.33	431.06	64.02%
9	GALLONS INCLUDED IN MONHTLY MINIMUM CHARGE	1,000	0			0		

REFERENCES
COLUMN (A) THRU COLUMN (D): COMPANY SCHEDULE H-3, PAGE 1 OF 4
COLUMN (E): TESTIMONY WAR
COLUMN (F): COLUMN (E) - COLUMN (A)
COLUMN (G): COLUMN (F) ÷ COLUMN (A)

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
BILLING ANALYSIS

DOCKET NO. W-01445A-02-0619
SCHEDULE WAR-19

PRESENT RATES

LINE NO.	CONSUMPTION IN GALLONS	(A) 5/8 - INCH	(B) 1 - INCH	(C) 2 - INCH	(D) 3 - INCH	(E) 4 - INCH	(F) 6 - INCH	(G) 8 - INCH	(H) 10 - INCH
1	0	$ 12.43	$ 24.86	$ 62.15	$ 103.58	$ 207.16	$ 362.53	$ 362.53	$ 673.27
2	1,000	12.43	24.86	62.15	103.58	207.16	362.53	362.53	673.27
3	2,000	15.00	27.43	64.72	106.15	209.73	365.10	365.10	675.84
4	3,000	17.57	30.00	67.29	108.72	212.30	367.67	367.67	678.41
5	4,000	20.14	32.57	69.86	111.29	214.87	370.24	370.24	680.98
6	5,000	22.71	35.14	72.43	113.86	217.44	372.81	372.81	683.55
7	6,000	25.28	37.71	75.00	116.43	220.01	375.38	375.38	686.12
8	7,000	27.84	40.27	77.56	118.99	222.57	377.94	377.94	688.68
9	8,000	30.41	42.84	80.13	121.56	225.14	380.51	380.51	691.25
10	9,000	32.98	45.41	82.70	124.13	227.71	383.08	383.08	693.82
11	10,000	35.55	47.98	85.27	126.70	230.28	385.65	385.65	696.39
12	15,000	48.40	60.83	98.12	139.55	243.13	398.50	398.50	709.24
13	20,000	61.24	73.67	110.96	152.39	255.97	411.34	411.34	722.08
14	25,000	74.09	86.52	123.81	165.24	268.82	424.19	424.19	734.93
15	50,000	138.31	150.74	188.03	229.46	333.04	488.41	488.41	799.15
16	75,000	202.54	214.97	252.26	293.69	397.27	552.64	552.64	863.38
17	100,000	266.76	279.19	316.48	357.91	461.49	616.86	616.86	927.60
18	125,000	330.99	343.42	380.71	422.14	525.72	681.09	681.09	991.83
19	150,000	395.21	407.64	444.93	486.36	589.94	745.31	745.31	1,056.05
20	175,000	459.44	471.87	509.16	550.59	654.17	809.54	809.54	1,120.28
21	200,000	523.66	536.09	573.38	614.81	718.39	873.76	873.76	1,184.50
22									
23	AVG. NO. OF CUST:	16,102	692	175	21	17	21	0	0
24									
25	AVG. USE (GAL.):	7,268	21,013	133,651	416,966	782,385	702,178	N/A	N/A
26	MONTHLY BILL:	$ 28.53	$ 76.27	$ 402.93	$ 1,172.20	$ 2,214.54	$ 2,163.86	N/A	N/A
27									
28	MEDIAN USE (GAL.) :	5,530	6,761	80,968	100,777	99,167	96,920	N/A	N/A
29	MONTHLY BILL:	$ 24.07	$ 39.66	$ 267.59	$ 359.91	$ 459.35	$ 608.95	N/A	N/A

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
BILLING ANALYSIS

DOCKET NO. W-01445A-02-0619
SCHEDULE WAR-19

RUCO PROPOSED RATES

LINE NO.	CONSUMPTION IN GALLONS	(A) 5/8 - INCH	(B) 1 - INCH	(C) 2 - INCH	(D) 3 - INCH	(E) 4 - INCH	(F) 6 - INCH	(G) 8 - INCH	(H) 10 - INCH
1	0	$ 8.05	$ 20.98	$ 61.17	$ 115.35	$ 257.70	$ 500.60	$ 362.80	$ 1,359.75
2	1,000	10.62	23.55	63.74	117.92	260.27	503.16	365.44	1,362.33
3	2,000	13.19	26.12	66.31	120.49	262.84	505.73	368.08	1,364.91
4	3,000	15.76	28.69	68.88	123.06	265.41	508.30	370.72	1,367.50
5	4,000	18.33	31.26	71.45	125.63	267.98	510.87	373.36	1,370.08
6	5,000	20.90	33.83	74.02	128.20	270.55	513.44	376.00	1,372.66
7	6,000	23.46	36.39	76.58	130.76	273.11	516.01	378.64	1,375.24
8	7,000	26.03	38.96	79.15	133.33	275.68	518.58	381.28	1,377.82
9	8,000	28.60	41.53	81.72	135.90	278.25	521.15	383.92	1,380.41
10	9,000	31.17	44.10	84.29	138.47	280.82	523.72	386.56	1,382.99
11	10,000	33.74	46.67	86.86	141.04	283.39	526.29	389.21	1,385.57
12	15,000	46.59	59.52	99.71	153.89	296.24	539.13	402.41	1,398.48
13	20,000	59.43	72.36	112.55	166.73	309.08	551.98	415.62	1,411.39
14	25,000	72.28	85.21	125.40	179.58	321.93	564.82	428.82	1,424.30
15	50,000	136.50	149.43	189.62	243.80	386.15	629.05	494.85	1,488.85
16	75,000	200.73	213.66	253.85	308.03	450.38	693.27	560.87	1,553.40
17	100,000	264.95	277.88	318.07	372.25	514.60	757.50	626.90	1,617.95
18	125,000	329.18	342.11	382.30	436.48	578.83	821.72	692.92	1,682.50
19	150,000	393.40	406.33	446.52	500.70	643.05	885.95	758.95	1,747.05
20	175,000	457.63	470.56	510.75	564.93	707.28	950.17	824.97	1,811.60
21	200,000	521.85	534.78	574.97	629.15	771.50	1,014.40	891.00	1,876.15
22									
23	AVG. NO. OF CUST:	16,102	692	175	21	17	21	0	0
24									
25	AVG. USE (GAL.):	7,268	21,013	133,651	416,966	782,385	702,178	N/A	N/A
26	MONTHLY BILL:	$ 26.72	$ 74.96	$ 404.52	$ 1,186.54	$ 2,267.65	$ 2,304.49	N/A	N/A
27									
28	MEDIAN USE (GAL.) :	5,530	6,761	80,968	100,777	99,167	96,920	N/A	N/A
29	MONTHLY BILL:	$ 22.26	$ 38.35	$ 269.18	$ 374.25	$ 512.46	$ 749.58	N/A	N/A

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
BILLING ANALYSIS

DOCKET NO. W-01445A-02-0619
SCHEDULE WAR-19
PAGE 3 OF 4

RUCO PROPOSED CHANGES EXPRESSED IN DOLLARS

LINE NO.	CONSUMPTION IN GALLONS	(A) 5/8 - INCH	(B) 1 - INCH	(C) 2 - INCH	(D) 3 - INCH	(E) 4 - INCH	(F) 6 - INCH	(G) 8 - INCH	(H) 10 - INCH
1	0	$ (4.38)	$ (3.88)	$ (0.98)	$ 11.77	$ 50.54	$ 138.07	$ 0.26	$ 686.48
2	1,000	(1.81)	(1.31)	1.59	14.34	53.11	140.63	2.91	689.06
3	2,000	(1.81)	(1.31)	1.59	14.34	53.11	140.63	2.98	689.08
4	3,000	(1.81)	(1.31)	1.59	14.34	53.11	140.63	3.05	689.09
5	4,000	(1.81)	(1.31)	1.59	14.34	53.11	140.63	3.12	689.10
6	5,000	(1.81)	(1.31)	1.59	14.34	53.11	140.63	3.19	689.11
7	6,000	(1.81)	(1.31)	1.59	14.34	53.11	140.63	3.27	689.13
8	7,000	(1.81)	(1.31)	1.59	14.34	53.11	140.63	3.34	689.14
9	8,000	(1.81)	(1.31)	1.59	14.34	53.11	140.63	3.41	689.15
10	9,000	(1.81)	(1.31)	1.59	14.34	53.11	140.63	3.48	689.17
11	10,000	(1.81)	(1.31)	1.59	14.34	53.11	140.63	3.55	689.18
12	15,000	(1.81)	(1.31)	1.59	14.34	53.11	140.63	3.91	689.24
13	20,000	(1.81)	(1.31)	1.59	14.34	53.11	140.63	4.27	689.31
14	25,000	(1.81)	(1.31)	1.59	14.34	53.11	140.63	4.63	689.37
15	50,000	(1.81)	(1.31)	1.59	14.34	53.11	140.63	6.43	689.70
16	75,000	(1.81)	(1.31)	1.59	14.34	53.11	140.63	8.23	690.02
17	100,000	(1.81)	(1.31)	1.59	14.34	53.11	140.63	10.03	690.35
18	125,000	(1.81)	(1.31)	1.59	14.34	53.11	140.63	11.83	690.67
19	150,000	(1.81)	(1.31)	1.59	14.34	53.11	140.63	13.63	691.00
20	175,000	(1.81)	(1.31)	1.59	14.34	53.11	140.63	15.43	691.32
21	200,000	(1.81)	(1.31)	1.59	14.34	53.11	140.63	17.23	691.65
22									
23	AVG. NO. OF CUST:	16,102	692	175	21	17	21	0	0
24									
25	AVG. USE (GAL.):	7,268	21,013	133,651	416,966	782,385	702,178	N/A	N/A
26	MONTHLY BILL:	$ (1.81)	$ (1.31)	$ 1.59	$ 14.34	$ 53.11	$ 140.63	N/A	N/A
27									
28	MEDIAN USE (GAL.) :	5,530	6,761	80,968	100,777	99,167	96,920	N/A	N/A
29	MONTHLY BILL:	$ (1.81)	$ (1.31)	$ 1.59	$ 14.34	$ 53.11	$ 140.63	N/A	N/A

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
BILLING ANALYSIS

DOCKET NO. W-01445A-02-0619
SCHEDULE WAR-19

RUCO PROPOSED CHANGES EXPRESSED AS A PERCENTAGE

LINE NO.	CONSUMPTION IN GALLONS	(A) 5/8 - INCH	(B) 1 - INCH	(C) 2 - INCH	(D) 3 - INCH	(E) 4 - INCH	(F) 6 - INCH	(G) 8 - INCH	(H) 10 - INCH
1	0	-35.2%	-15.6%	-1.6%	11.4%	24.4%	38.1%	0.1%	102.0%
2	1,000	-14.6%	-5.3%	2.6%	13.8%	25.6%	38.8%	0.8%	102.3%
3	2,000	-12.1%	-4.8%	2.5%	13.5%	25.3%	38.5%	0.8%	102.0%
4	3,000	-10.3%	-4.4%	2.4%	13.2%	25.0%	38.3%	0.8%	101.6%
5	4,000	-9.0%	-4.0%	2.3%	12.9%	24.7%	38.0%	0.8%	101.2%
6	5,000	-8.0%	-3.7%	2.2%	12.6%	24.4%	37.7%	0.9%	100.8%
7	6,000	-7.2%	-3.5%	2.1%	12.3%	24.1%	37.5%	0.9%	100.4%
8	7,000	-6.5%	-3.3%	2.0%	12.1%	23.9%	37.2%	0.9%	100.1%
9	8,000	-6.0%	-3.1%	2.0%	11.8%	23.6%	37.0%	0.9%	99.7%
10	9,000	-5.5%	-2.9%	1.9%	11.6%	23.3%	36.7%	0.9%	99.3%
11	10,000	-5.1%	-2.7%	1.9%	11.3%	23.1%	36.5%	0.9%	99.0%
12	15,000	-3.7%	-2.2%	1.6%	10.3%	21.8%	35.3%	1.0%	97.2%
13	20,000	-3.0%	-1.8%	1.4%	9.4%	20.7%	34.2%	1.0%	95.5%
14	25,000	-2.4%	-1.5%	1.3%	8.7%	19.8%	33.2%	1.1%	93.8%
15	50,000	-1.3%	-0.9%	0.8%	6.2%	15.9%	28.8%	1.3%	86.3%
16	75,000	-0.9%	-0.6%	0.6%	4.9%	13.4%	25.4%	1.5%	79.9%
17	100,000	-0.7%	-0.5%	0.5%	4.0%	11.5%	22.8%	1.6%	74.4%
18	125,000	-0.5%	-0.4%	0.4%	3.4%	10.1%	20.6%	1.7%	69.6%
19	150,000	-0.5%	-0.3%	0.4%	2.9%	9.0%	18.9%	1.8%	65.4%
20	175,000	-0.4%	-0.3%	0.3%	2.6%	8.1%	17.4%	1.9%	61.7%
21	200,000	-0.3%	-0.2%	0.3%	2.3%	7.4%	16.1%	2.0%	58.4%
22									
23	AVG. NO. OF CUST:	16,102	692	175	21	17	21	0	0
24									
25	AVG. USE (GAL.):	7,268	21,013	133,651	416,966	782,385	702,178	N/A	N/A
26	MONTHLY BILL:	-6.3%	-1.7%	0.4%	1.2%	2.4%	6.5%	N/A	N/A
27									
28	MEDIAN USE (GAL.) :	5,530	6,761	80,968	100,777	99,167	96,920	N/A	N/A
29	MONTHLY BILL:	-7.5%	-3.3%	0.6%	4.0%	11.6%	23.1%	N/A	N/A

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
APACHE JUNCTION SYSTEM
REVENUE SUMMARY BY METER SIZE AND CUSTOMER CLASS

DOCKET NO. W-01445A-02-061
SCHEDULE WAR-20

LINE NO.	DESCRIPTION	(A) RUCO PROPOSED MINIMUM REVENUE	(B) RUCO PROPOSED COMMODITY REVENUE	(C) RUCO PROPOSED TOTAL REVENUE	
1	5/8 X 3/4 - INCH	$ 1,555,429	$ 3,607,907	$ 5,163,336	
2	1 - INCH	174,134	448,054	622,188	
3	2 - INCH	128,396	720,688	849,084	
4	3 - INCH	29,068	269,939	299,007	
5	4 - INCH	52,571	410,029	462,600	
6	6 - INCH	127,151	458,189	585,341	
7	8 - INCH	0	0	0	
13	10 - INCH	0	0	0	
14					
15	TOTALS	$ 2,066,749	$ 5,914,806	$ 7,981,555	(a)
16					
17	PERCENTAGE OF TOTAL REVENUE	26.00%	74.00%	100.00%	

NOTE (a):

RUCO REQUIRED REVENUE		$ 8,979,160
LESS:		
FIRE SPRINKLER REVENUE	$ 6,530	
FIRE HYDRANT REVENUE	-	
MISCELLANEOUS REVENUE	835,820	
RENT - WATER PROPERTY REVENUE	-	
OTHER WATER REVENUE	155,255	
TOTAL		$ 997,605
REVENUE TO BE GENERATED FROM WATER SALES		$ 7,981,555

REFERENCE:
NOTE (a) 2002 REVENUE INFORMATION OBTAINED FROM RUCO D.R. NO. 1.10

ARIZONA WATER COMPANY
BISBEE SYSTEM
DOCKET NO. W-1445A-02-0619
TABLE OF CONTENTS TO SCHEDULES WAR

SCHEDULE #	
WAR - 1	REVENUE REQUIREMENTS
WAR - 2	RATE BASE - ORIGINAL COST
WAR - 3	SUMMARY OF RATE BASE ADJUSTMENTS
WAR - 4	RATE BASE ADJUSTMENTS #1, #2 & #3 - PLANT IN SERVICE/POST TEST YEAR PLANT, PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION
WAR - 5	RATE BASE ADJ. #4 - RECONCILE TEST YEAR ALLOCATED PHOENIX OFFICE & METER SHOP AND ACCUMULATED DEPRECIATION BALANCES
WAR - 6	RATE BASE ADJ. #5 - REMOVE CWIP FROM PHOENIX OFFICE ALLOCATION
WAR - 7	RATE BASE ADJUSTMENT #9 - WORKING CAPITAL
WAR - 8	OPERATING INCOME - TEST YEAR AND RUCO PROPOSED
WAR - 9	SUMMARY OF OPERATING ADJUSTMENTS
WAR - 10	OPERATING ADJ. #1 - RECONCILE COMPANY PROPOSED OPERATING INCOME TO 2002 ACTUAL
WAR - 11	OPERATING ADJ. #5 - REVENUE ANNUALIZATION FOR 2002
WAR - 12	OPERATING ADJ. #8 - DEPRECIATION & AMORTIZATION EXPENSE
WAR - 13	OPERATING ADJ. #9 - PROPERTY TAX EXPENSE
WAR - 14	OPERATING ADJ. #10 - INCOME TAXES
WAR - 15	OPERATING ADJ. #11 - NOT USED FOR THIS SYSTEM
WAR - 16	COST OF CAPITAL
WAR - 17	PROPOSED RATES
WAR - 18	MONTHLY MINIMUM CHARGES
WAR - 19	BILLING ANALYSIS
WAR - 20	REVENUE SUMMARY BY METER SIZE AND CUSTOMER CLASS

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
REVENUE REQUIREMENTS

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-1

LINE NO.	DESCRIPTION	(A) COMPANY REQUESTED	(B) RUCO RECOMMENDED
1	ADJUSTED RATE BASE	$ 3,700,113	$ 3,603,099
2	ADJUSTED OPERATING INCOME	31,709	120,328
3	CURRENT RATE OF RETURN (L2 / L1)	0.86%	3.34%
4	REQUIRED RATE OF RETURN	11.00%	8.68%
5	REQUIRED OPERATING INCOME (L4 * L1)	407,012	312,851
6	OPERATING INCOME DEFICIENCY (L5 - L2)	375,303	192,524
7	GROSS REVENUE CONVERSION FACTOR	1.63241	1.63135
8	GROSS REVENUE INCREASE	$ 612,649	$ 314,074
9	CURRENT REVENUES T/Y ADJUSTED	1,256,950	1,324,992
10	PROPOSED ANNUAL REVENUE (L8 + L9)	1,869,599	1,639,067
11	PERCENTAGE AVERAGE INCREASE	48.74%	23.70%

REFERENCES:
COLUMN (A): COMPANY SCHEDULE A-1
COLUMN (B): SCHEDULE WAR-1, PG. 2, WAR-2, AND WAR-8

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	AMOUNT	REFERENCE
1	REVENUE	1.0000	
2	UNCOLLECTIBLES	0.002316	COMPANY SCH. C-3
3	SUB-TOTAL	0.9977	LINE 1 - LINE 2
4	LESS: TAX RATE	38.47%	NOTE (a)
5	TOTAL	0.6130	LINE 3 - LINE 4
6	REVENUE CONVERSION FACTOR	1.63135	LINE 1/LINE 5

NOTE (a):
CALCULATION OF EFFECTIVE TAX RATE

OPERATING INCOME BEFORE TAXES	100.00%
ARIZONA STATE TAX	6.97%
TAXABLE INCOME FEDERAL	93.03%
FEDERAL INCOME TAX RATE	33.96%
SUBTOTAL	31.59%
ADD STATE TAX RATE	38.56%
LINE 3 ABOVE	99.77%
EFFECTIVE TAX RATE	38.47%

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
RATE BASE - ORIGINAL COST

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-2

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) RUCO ADJUSTMENTS	(C) RUCO AS ADJUSTED
1	PLANT IN SERVICE/POST-TEST YEAR ADDITIONS	$ 7,433,939	$ 187,076	$ 7,621,015
2	PHOENIX OFFICE & METER SHOP ALLOCATION	193,907	47,638	241,545
3	ACCUMULATED DEPRECIATION	(3,099,049)	(121,468)	(3,220,517)
4	NET PLANT IN SERVICE	$ 4,528,797	$ 113,246	$ 4,642,043
5	CONSTRUCTION WORK IN PROGRESS (CWIP)	-	-	-
6	TOTAL NET PLANT	$ 4,528,797	$ 113,246	$ 4,642,043
7	ADVANCES IN AID OF CONSTRUCTION (AIAC)	(190,083)	(11,491)	(201,574)
8	CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)	(372,133)	(2,425)	(374,558)
9	ACCUMULATED AMORTIZATION OF CIAC	55,613	9,670	65,283
10	DEFERRED INCOME TAXES	(423,066)	(146,467)	(569,533)
11	WORKING CAPITAL	100,985	(59,546)	41,439
12	TOTAL RATE BASE	$ 3,700,113	$ (97,014)	$ 3,603,099

REFERENCES:
COLUMN (A): COMPANY SCHEDULE B-1
COLUMN (B): SCHEDULE WAR-3
COLUMN (C): COLUMN (A) + COLUMN (B)

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
SUMMARY OF RATE BASE ADJUSTMENTS

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-3

LINE NO.	DESCRIPTION	(A) COMPANY PROPOSED	(B) ADJ #1	(C) ADJ #2	(D) ADJ #3	(E) ADJ #4	(F) ADJ #5	(G) ADJ #6	(H) ADJ #7	(I) ADJ #8	(J) ADJ #9	(K) ADJ #10	(L) ADJ #11	(M) RUCO ADJUSTED
1	PLANT IN SERVICE/POST-TEST YEAR ADDITIONS	$ 7,433,939	$187,076											$ 7,621,015
2	PHOENIX OFFICE & METER SHOP ALLOCATION	193,907 (a)		$28,987 (b)		25,372	(6,721)							241,545
3	ACCUMULATED DEPRECIATION	(3,099,049)			($96,096) (c)	(25,372)								(3,220,517)
4	NET PLANT IN SERVICE	$ 4,528,797	$ 187,076	$ 28,987	$ (96,096)	$ -	$ (6,721)	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,642,043
5	CONSTRUCTION WORK IN PROGRESS (CWIP)	-												-
6	TOTAL NET PLANT	$ 4,528,797	$ 187,076	$ 28,987	$ (96,096)	$ -	$ (6,721)	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,642,043
7	ADVANCES IN AID OF CONSTRUCTION (AIAC)	(190,083)						(11,491)						(201,574)
8	CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)	(372,133)							(2,425)					(374,558)
9	ACCUMULATED AMORTIZATION OF CIAC	55,613							9,670					65,283
10	DEFERRED INCOME TAXES	(423,066)								(146,467)				(569,533)
11	WORKING CAPITAL	100,985									(59,546)			41,439
12	TOTAL RATE BASE	$ 3,700,113	$ 187,076	$ 28,987	$ (96,096)	$ -	$ (6,721)	$ (11,491)	$ 7,245	$ (146,467)	$ (59,546)	$ -	$ -	$ 3,603,099

ADJUSTMENT #:	REFERENCE:
1. PLANT IN SERVICE/POST-TEST YEAR ADDITIONS	SCHEDULE WAR 4, PAGE 7
2. PHOENIX OFFICE & METER SHOP ALLOCATION	SCHEDULE WAR 4, PAGE 7
3. ACCUMULATED DEPRECIATION	SCHEDULE WAR 4, PAGE 7
4. RECONCILE PHX. OFFICE & METER SHOP AND ACCUM. DEPR.	SCHEDULE WAR-5
5. REMOVE CWIP FROM PHOENIX OFFICE ALLOCATION	SCHEDULE WAR-6
6. AIAC - 2002 BALANCE	RUCO D.R. NO. 6.3

ADJUSTMENT #:	REFERENCE:
7. CIAC - 2002 BAL. & AMORTIZATION	RUCO D.R. NO 6.3, TESTIMONY - WAR
8. ACUMULATED DEFERRED INCOME TAXES	RUCO D.R. NO. 6.3
9. WORKING CAPITAL	SCHEDULE WAR-7, PAGE 3
10. NOT USED	N/A
11. NOT USED	N/A

NOTES:
(a) NET OF ACCUMULATED DEPRECIATION
(b) GROSS PHOENIX OFFFICE AND METER SHOP ADDITIONS ALLOCATED DURING 2002
(c) INCLUDES ACCUMULATED DEPRECIATION ON 2002 PHOENIX OFFICE AND METER SHOP ADDITIONS

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
RATE BASE ADJUSTMENTS #1, #2 & #3 - PLANT IN SERVICE/POST TEST YEAR PLANT,
PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	1990 PLANT VALUE PER COMPANY	1990 ACCUM DEPR. PER COMPANY	1990 NET PLANT PER PRIOR ACC PER COMPANY	1991 ADDITIONS PER COMPANY	1991 (RETIREMENTS) PER COMPANY	1991 YEAR END PLANT VALUE PER RUCO	1991 DEPRECIATION EXPENSE PER RUCO	1991 ACCUMULATED DEPRECIATION PER RUCO	1991 YEAR END NET PLANT PER RUCO
1	301.0	INTANGIBLES: ORGANIZATION*	$0	$0	$0	$0	$0	$0	$0	$0	$0
2	302.0	INTANGIBLES: FRANCHISES*	0	0	0	0	0	0	0	0	0
3	303.0	INTANGIBLES: MISC.*	0	0	0	0	0	0	0	0	0
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	36	0	36	0	0	36	0	0	36
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS*	0	0	0	0	0	0	0	0	0
6	310.3	SOURCE OF SUPPLY: LAND - WELLS*	2,415	0	2,415	0	0	2,415	0	0	2,415
7	314.0	SOURCE OF SUPPLY: WELLS	33,511	12,642	20,869	0	0	33,511	811	13,453	20,058
8	320.0	PUMPING PLANT: LAND*	6,371	0	6,371	0	0	6,371	0	0	6,371
9	321.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	25,821	9,741	16,080	0	0	25,821	625	10,366	15,455
10	325.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	375,837	141,787	234,050	7,617	(724)	382,730	9,179	150,241	232,489
11	328.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	187,548	70,754	116,794	0	0	187,548	4,539	75,292	112,256
12	330.0	WATER TREATMENT PLANT: LAND*	0	0	0	0	0	0	0	0	0
13	331.0	WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	1,476	557	919	0	0	1,476	36	593	883
14	332.0	WATER TREATMENT PLANT: EQUIPMENT	21,084	7,954	13,130	0	0	21,084	510	8,464	12,620
15	340.0	TRANSMISSION & DISTRIBUTION: LAND - TANKS & MAINS*	5,044	0	5,044	0	0	5,044	0	0	5,044
16	340.1	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	0	0	0	0	0	0	0	0	0
17	341.0	TRANSMISSION & DISTRIBUTION: STRUCTURES	0	0	0	0	0	0	0	0	0
18	342.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	238,057	89,808	148,249	0	0	238,057	5,761	95,569	142,488
19	343.0	TRANSMISSION & DISTRIBUTION: MAINS	2,518,894	950,267	1,568,627	365,471	(5,804)	2,878,561	65,309	1,009,772	1,868,789
20	344.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	7,151	2,698	4,453	6,487	0	13,638	252	2,949	10,689
21	345.0	TRANSMISSION & DISTRIBUTION: SERVICES	400,625	151,138	249,487	51,234	(2,041)	449,818	10,290	159,387	290,431
22	346.0	TRANSMISSION & DISTRIBUTION: METERS	210,774	79,516	131,258	560	(392)	210,942	5,103	84,226	126,716
23	348.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	125,708	47,424	78,284	12,908	0	138,616	3,198	50,622	87,994
24	389.1	GENERAL PLANT: LAND - OFFICE*	0	0	0	0	0	0	0	0	0
25	389.2	GENERAL PLANT: LAND - WAREHOUSE*	0	0	0	0	0	0	0	0	0
26	389.3	GENERAL PLANT: LAND - MISC.*	0	0	0	0	0	0	0	0	0
27	390.1	GENERAL PLANT: OFFICE BUILDINGS	21,513	8,116	13,397	1,519	0	23,032	539	8,655	14,377
28	390.2	GENERAL PLANT: WAREHOUSE BUILDINGS	11,938	4,504	7,434	0	0	11,938	289	4,793	7,145
29	390.3	GENERAL PLANT: MISC. BUILDINGS	0	0	0	0	0	0	0	0	0
30	391.0	GENERAL PLANT: OFFICE EQUIPMENT	12,605	4,755	7,850	0	(127)	12,478	304	4,932	7,546
31	391.1	GENERAL PLANT: ELECTRICAL EQUIPMENT	14,919	5,628	9,291	576	0	15,495	368	5,996	9,499
32	391.2	GENERAL PLANT: OFFICE FURNITURE	10,811	4,079	6,732	146	0	10,957	263	4,342	6,615
33	393.0	GENERAL PLANT: WAREHOUSE EQUIPMENT	0	0	0	0	0	0	0	0	0
34	394.0	GENERAL PLANT: GARAGE EQUIPMENT	24,993	9,429	15,564	1,131	0	26,124	619	10,047	16,077
35	395.0	GENERAL PLANT: LAB EQUIPMENT	0	0	0	0	0	0	0	0	0
36	396.0	GENERAL PLANT: POWER EQUIPMENT	13,884	5,238	8,646	0	0	13,884	336	5,574	8,310
37	397.0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	48,810	18,414	30,396	0	0	48,810	1,181	19,595	29,215
38	397.1	GENERAL PLANT: MOBILE RADIOS	300	113	187	614	0	914	15	128	786
39	397.2	GENERAL PLANT: AUTO CONTROLS	95,233	35,927	59,306	11,373	0	106,606	2,442	38,369	68,237
40	398.0	GENERAL PLANT: MISC.	8,251	3,113	5,138	0	0	8,251	200	3,312	4,939
41		TOTALS	$4,423,609	$1,663,600	$2,760,009	$459,636	($9,088)	$4,874,157	$112,167	$1,766,679	$3,107,478

REFERENCE:
ACC STAFF D.R. NO. REL 1-24

NOTE:
* NON-DEPRECIABLE PLANT

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
RATE BASE ADJUSTMENTS #1, #2 & #3 - PLANT IN SERVICE/POST TEST YEAR PLANT,
PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	1992 ADDITIONS PER COMPANY	1992 (RETIREMENTS) PER COMPANY	1992 YEAR END PLANT VALUE PER RUCO	1992 DEPRECIATION EXPENSE PER RUCO	1992 ACCUMULATED DEPRECIATION PER RUCO	1992 YEAR END NET PLANT PER RUCO	1993 ADDITIONS PER COMPANY	1993 (RETIREMENTS) PER COMPANY	1993 YEAR END PLANT VALUE PER RUCO	1993 DEPRECIATION EXPENSE PER RUCO	1993 ACCUMULATED DEPRECIATION PER RUCO	1993 YEAR END NET PLANT PER RUCO
1	301.0	INTANGIBLES: ORGANIZATION*	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
2	302.0	INTANGIBLES: FRANCHISES*	0	0	0	0	0	0	0	0	0	0	0	0
3	303.0	INTANGIBLES: MISC.*	0	0	0	0	0	0	0	0	0	0	0	0
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	0	0	36	0	0	36	1,252	0	1,288	0	0	1,288
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS*	0	0	0	0	0	0	0	0	0	0	0	0
6	310.3	SOURCE OF SUPPLY: LAND - WELLS*	0	0	2,415	0	0	2,415	0	0	2,415	0	0	2,415
7	314.0	SOURCE OF SUPPLY: WELLS	0	0	33,511	811	14,264	19,247	178	0	33,689	870	15,134	18,555
8	320.0	PUMPING PLANT: LAND*	0	0	6,371	0	0	6,371	0	0	6,371	0	0	6,371
9	321.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	96	0	25,917	626	10,992	14,925	600	0	26,517	679	11,671	14,846
10	325.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	1,866	0	384,596	9,285	159,526	225,070	67,493	(7,617)	444,472	10,736	162,645	281,827
11	328.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	0	0	187,548	4,539	79,831	107,717	0	(24,000)	163,548	4,547	60,378	103,170
12	330.0	WATER TREATMENT PLANT: LAND*	0	0	0	0	0	0	0	0	0	0	0	0
13	331.0	WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	0	0	1,476	36	628	848	0	0	1,476	38	666	810
14	332.0	WATER TREATMENT PLANT: EQUIPMENT	425	0	21,509	515	8,980	12,529	0	0	21,509	557	9,537	11,972
15	340.0	TRANSMISSION & DISTRIBUTION: LAND - TANKS & MAINS*	0	0	5,044	0	0	5,044	0	0	5,044	0	0	5,044
16	340.1	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	0	0	0	0	0	0	0	0	0	0	0	0
17	341.0	TRANSMISSION & DISTRIBUTION: STRUCTURES	0	0	0	0	0	0	0	0	0	0	0	0
18	342.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	11,472	0	249,529	5,900	101,469	148,060	0	0	249,529	6,463	107,932	141,597
19	343.0	TRANSMISSION & DISTRIBUTION: MAINS	73,410	(354)	2,951,617	70,545	1,079,963	1,871,654	78,340	(794)	3,029,163	77,451	1,156,620	1,872,543
20	344.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	2,290	(22)	15,906	357	3,285	12,621	2,599	0	18,505	446	3,730	14,775
21	345.0	TRANSMISSION & DISTRIBUTION: SERVICES	20,475	(1,503)	468,790	11,115	169,000	299,790	43,707	(2,761)	509,736	12,672	178,910	330,826
22	346.0	TRANSMISSION & DISTRIBUTION: METERS	968	(4,535)	207,375	5,062	84,753	122,622	1,222	(1,065)	207,532	5,373	89,061	118,471
23	348.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	0	0	138,616	3,355	53,977	84,639	5,595	0	144,211	3,663	57,639	86,572
24	389.1	GENERAL PLANT: LAND - OFFICE*	0	0	0	0	0	0	0	0	0	0	0	0
25	389.2	GENERAL PLANT: LAND - WAREHOUSE*	0	0	0	0	0	0	0	0	0	0	0	0
26	389.3	GENERAL PLANT: LAND - MISC.*	0	0	0	0	0	0	0	0	0	0	0	0
27	390.1	GENERAL PLANT: OFFICE BUILDINGS	0	0	23,032	557	9,212	13,820	0	0	23,032	597	9,809	13,223
28	390.2	GENERAL PLANT: WAREHOUSE BUILDINGS	5,085	(1,000)	16,023	338	4,131	11,892	0	0	16,023	415	4,546	11,477
29	390.3	GENERAL PLANT: MISC. BUILDINGS	0	0	0	0	0	0	0	0	0	0	0	0
30	391.0	GENERAL PLANT: OFFICE EQUIPMENT	0	0	12,478	302	5,234	7,244	0	0	12,478	323	5,557	6,921
31	391.1	GENERAL PLANT: ELECTRICAL EQUIPMENT	360	0	15,855	379	6,376	9,479	3,392	0	19,247	455	6,830	12,417
32	391.2	GENERAL PLANT: OFFICE FURNITURE	31	0	10,988	266	4,607	6,381	0	0	10,988	285	4,892	6,096
33	393.0	GENERAL PLANT: WAREHOUSE EQUIPMENT	0	0	0	0	0	0	0	0	0	0	0	0
34	394.0	GENERAL PLANT: GARAGE EQUIPMENT	2,206	0	28,330	659	10,706	17,624	365	0	28,695	738	11,445	17,250
35	395.0	GENERAL PLANT: LAB EQUIPMENT	0	0	0	0	0	0	0	0	0	0	0	0
36	396.0	GENERAL PLANT: POWER EQUIPMENT	0	0	13,884	336	5,910	7,974	0	0	13,884	360	6,269	7,615
37	397.0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	0	0	48,810	1,181	20,776	28,034	0	(632)	48,178	1,256	21,400	26,778
38	397.1	GENERAL PLANT: MOBILE RADIOS	625	0	1,539	30	158	1,381	10,726	0	12,265	179	336	11,929
39	397.2	GENERAL PLANT: AUTO CONTROLS	1,798	0	108,404	2,602	40,971	67,433	1,151	0	109,555	2,823	43,794	65,761
40	398.0	GENERAL PLANT: MISC.	484	0	8,735	206	3,518	5,217	0	0	8,735	226	3,744	4,991
41		TOTALS	$121,591	($7,414)	$4,988,334	$119,001	$1,878,266	$3,110,068	$216,620	($36,869)	$5,168,085	$131,150	$1,972,547	$3,195,538

REFERENCE:
ACC STAFF D.R. NO. REL 1-24

NOTE:
* NON-DEPRECIABLE PLANT

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
RATE BASE ADJUSTMENTS #1, #2 & #3 - PLANT IN SERVICE/POST TEST YEAR PLANT, PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	1994 ADDITIONS PER COMPANY	1994 (RETIREMENTS) PER COMPANY	1994 YEAR END PLANT VALUE PER RUCO	1994 DEPRECIATION EXPENSE PER RUCO	1994 ACCUMULATED DEPRECIATION PER RUCO	1994 YEAR END NET PLANT PER RUCO	1995 ADDITIONS PER COMPANY	1995 (RETIREMENTS) PER COMPANY	1995 YEAR END PLANT VALUE PER RUCO	1995 DEPRECIATION EXPENSE PER RUCO	1995 ACCUMULATED DEPRECIATION PER RUCO	1995 YEAR END NET PLANT PER RUCO
1	301.0	INTANGIBLES: ORGANIZATION*	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
2	302.0	INTANGIBLES: FRANCHISES*	0	0	0	0	0	0	0	0	0	0	0	0
3	303.0	INTANGIBLES: MISC.*	0	0	0	0	0	0	0	0	0	0	0	0
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	334	0	1,622	0	0	1,622	1,257	0	2,879	0	0	2,879
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS*	0	0	0	0	0	0	0	0	0	0	0	0
6	310.3	SOURCE OF SUPPLY: LAND - WELLS*	0	0	2,415	0	0	2,415	0	0	2,415	0	0	2,415
7	314.0	SOURCE OF SUPPLY: WELLS	967	0	34,656	885	16,019	18,637	11,867	0	46,523	1,051	17,071	29,452
8	320.0	PUMPING PLANT: LAND*	0	0	6,371	0	0	6,371	0	0	6,371	0	0	6,371
9	321.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	0	0	26,517	687	12,358	14,159	0	0	26,517	687	13,045	13,472
10	325.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	60,582	(7,802)	497,252	12,195	167,039	330,213	14,746	(3,815)	508,183	13,020	176,244	331,939
11	328.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	0	0	163,548	4,236	64,613	98,935	0	0	163,548	4,236	68,849	94,699
12	330.0	WATER TREATMENT PLANT: LAND*	0	0	0	0	0	0	0	0	0	0	0	0
13	331.0	WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	0	0	1,476	38	705	771	30,479	(1,278)	30,677	416	(157)	30,834
14	332.0	WATER TREATMENT PLANT: EQUIPMENT	2,997	0	24,506	596	10,133	14,373	0	0	24,506	635	10,767	13,739
15	340.0	TRANSMISSION & DISTRIBUTION: LAND - TANKS & MAINS*	0	0	5,044	0	0	5,044	0	0	5,044	0	0	5,044
16	340.1	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	0	0	0	0	0	0	0	0	0	0	0	0
17	341.0	TRANSMISSION & DISTRIBUTION: STRUCTURES	0	0	0	0	0	0	0	0	0	0	0	0
18	342.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	0	0	249,529	6,463	114,395	135,134	6,217	0	255,746	6,543	120,938	134,808
19	343.0	TRANSMISSION & DISTRIBUTION: MAINS	127,570	(2,428)	3,154,305	80,076	1,234,268	1,920,037	121,707	(3,577)	3,272,435	83,226	1,313,917	1,958,518
20	344.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	0	0	18,505	479	4,210	14,295	0	0	18,505	479	4,689	13,816
21	345.0	TRANSMISSION & DISTRIBUTION: SERVICES	49,457	(764)	558,429	13,833	191,979	366,450	30,090	(1,094)	587,425	14,839	205,724	381,701
22	346.0	TRANSMISSION & DISTRIBUTION: METERS	0	(1,308)	206,224	5,358	93,111	113,113	0	(3,278)	202,946	5,299	95,132	107,814
23	348.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	0	0	144,211	3,735	61,375	82,836	0	0	144,211	3,735	65,110	79,101
24	389.1	GENERAL PLANT: LAND - OFFICE*	0	0	0	0	0	0	0	0	0	0	0	0
25	389.2	GENERAL PLANT: LAND - WAREHOUSE*	0	0	0	0	0	0	0	0	0	0	0	0
26	389.3	GENERAL PLANT: LAND - MISC.*	0	0	0	0	0	0	0	0	0	0	0	0
27	390.1	GENERAL PLANT: OFFICE BUILDINGS	0	0	23,032	597	10,405	12,627	262	(22,617)	677	307	(11,905)	12,582
28	390.2	GENERAL PLANT: WAREHOUSE BUILDINGS	0	0	16,023	415	4,961	11,062	0	0	16,023	415	5,376	10,647
29	390.3	GENERAL PLANT: MISC. BUILDINGS	0	0	0	0	0	0	0	0	0	0	0	0
30	391.0	GENERAL PLANT: OFFICE EQUIPMENT	0	(2,980)	9,498	285	2,862	6,636	0	0	9,498	246	3,108	6,390
31	391.1	GENERAL PLANT: ELECTRICAL EQUIPMENT	918	(60)	20,105	510	7,280	12,825	17,641	0	37,746	749	8,029	29,717
32	391.2	GENERAL PLANT: OFFICE FURNITURE	0	0	10,988	285	5,177	5,811	39	0	11,027	285	5,462	5,565
33	393.0	GENERAL PLANT: WAREHOUSE EQUIPMENT	0	0	0	0	0	0	0	0	0	0	0	0
34	394.0	GENERAL PLANT: GARAGE EQUIPMENT	474	0	29,169	749	12,194	16,975	1,541	0	30,710	775	12,969	17,741
35	395.0	GENERAL PLANT: LAB EQUIPMENT	0	0	0	0	0	0	0	0	0	0	0	0
36	396.0	GENERAL PLANT: POWER EQUIPMENT	0	0	13,884	360	6,629	7,255	0	0	13,884	360	6,989	6,895
37	397.0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	0	0	48,178	1,248	22,648	25,530	0	0	48,178	1,248	23,896	24,282
38	397.1	GENERAL PLANT: MOBILE RADIOS	125	0	12,390	319	656	11,734	1,767	0	14,157	344	999	13,158
39	397.2	GENERAL PLANT: AUTO CONTROLS	544	0	110,099	2,845	46,638	63,461	1,195	0	111,294	2,867	49,505	61,789
40	398.0	GENERAL PLANT: MISC.	0	0	8,735	226	3,970	(3,744)	0	0	8,735	226	4,197	4,538
41		TOTALS	$243,968	($15,342)	$5,396,711	$136,418	$2,093,624	$3,294,579	$238,808	($35,659)	$5,599,860	$141,989	$2,199,954	$3,399,906

REFERENCE:
ACC STAFF D.R. NO. REL 1-24

NOTE:
* NON-DEPRECIABLE PLANT
* NON-DEPRECIABLE PLANT

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
RATE BASE ADJUSTMENTS #1, #2 & #3 - PLANT IN SERVICE/POST TEST YEAR PLANT, PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	1996 ADDITIONS PER COMPANY	1996 (RETIREMENTS) PER COMPANY	1996 YEAR END PLANT VALUE PER RUCO	1996 DEPRECIATION EXPENSE PER RUCO	1996 ACCUMULATED DEPRECIATION PER RUCO	1996 YEAR END NET PLANT PER RUCO	1997 ADDITIONS PER COMPANY	1997 (RETIREMENTS) PER COMPANY	1997 YEAR END PLANT VALUE PER RUCO	1997 DEPRECIATION EXPENSE PER RUCO	1997 ACCUMULATED DEPRECIATION PER RUCO	1997 YEAR END NET PLANT PER RUCO
1	301.0	INTANGIBLES: ORGANIZATION*	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
2	302.0	INTANGIBLES: FRANCHISES*	0	0	0	0	0	0	0	0	0	0	0	0
3	303.0	INTANGIBLES: MISC.*	0	0	0	0	0	0	0	0	0	0	0	0
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	385	0	3,264	0	0	3,264	0	(763)	2,501	0	(763)	3,264
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS*	0	0	0	0	0	0	0	0	0	0	0	0
6	310.3	SOURCE OF SUPPLY: LAND - WELLS*	0	0	2,415	0	0	2,415	2,490	0	4,905	0	0	4,905
7	314.0	SOURCE OF SUPPLY: WELLS	364	0	46,887	1,210	18,280	28,607	0	0	46,887	1,214	19,495	27,392
8	320.0	PUMPING PLANT: LAND*	0	0	6,371	0	0	6,371	0	0	6,371	0	0	6,371
9	321.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	0	0	26,517	687	13,731	12,786	0	0	26,517	687	14,418	12,099
10	325.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	5,778	(729)	513,232	13,227	188,742	324,490	0	(74)	513,158	13,292	201,960	311,198
11	326.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	0	0	163,548	4,236	73,085	90,463	5,872	(5,335)	164,085	4,243	71,993	92,092
12	330.0	WATER TREATMENT PLANT: LAND*	0	0	0	0	0	0	0	0	0	0	0	0
13	331.0	WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	789	0	31,466	805	648	30,818	0	0	31,466	815	1,463	30,003
14	332.0	WATER TREATMENT PLANT: EQUIPMENT	13,004	(1,761)	35,749	780	9,787	25,962	0	0	35,749	926	10,713	25,036
15	340.0	TRANSMISSION & DISTRIBUTION: LAND - TANKS & MAINS*	0	0	5,044	0	0	5,044	671	0	5,715	0	0	5,715
16	340.1	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	0	0	0	0	0	0	0	0	0	0	0	0
17	341.0	TRANSMISSION & DISTRIBUTION: STRUCTURES	0	0	0	0	0	0	0	0	0	0	0	0
18	342.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	0	0	255,746	6,624	127,562	128,184	0	0	255,746	6,624	134,186	121,560
19	343.0	TRANSMISSION & DISTRIBUTION: MAINS	86,000	(688)	3,357,767	85,861	1,399,110	1,958,657	114,887	(5,340)	3,467,314	88,385	1,482,155	1,985,159
20	344.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	3,514	0	22,019	525	5,214	16,805	0	0	22,019	570	5,784	16,235
21	345.0	TRANSMISSION & DISTRIBUTION: SERVICES	59,038	(1,543)	644,920	15,959	220,140	424,780	32,178	(484)	676,612	17,114	236,770	439,842
22	346.0	TRANSMISSION & DISTRIBUTION: METERS	0	(3,703)	199,243	5,208	96,637	102,606	6,169	(2,670)	202,742	5,206	99,173	103,569
23	348.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	57	0	144,268	3,736	68,845	75,423	17,077	0	161,345	3,958	72,803	88,542
24	389.1	GENERAL PLANT: LAND - OFFICE*	0	0	0	0	0	0	0	0	0	0	0	0
25	389.2	GENERAL PLANT: LAND - WAREHOUSE*	0	0	0	0	0	0	0	0	0	0	0	0
26	389.3	GENERAL PLANT: LAND - MISC.*	0	0	0	0	0	0	0	0	0	0	0	0
27	390.1	GENERAL PLANT: OFFICE BUILDINGS	0	0	677	18	(11,887)	12,564	7,796	0	8,473	118	(11,769)	20,242
28	390.2	GENERAL PLANT: WAREHOUSE BUILDINGS	0	0	16,023	415	5,791	10,232	0	0	16,023	415	6,206	9,817
29	390.3	GENERAL PLANT: MISC. BUILDINGS	0	0	0	0	0	0	0	0	0	0	0	0
30	391.0	GENERAL PLANT: OFFICE EQUIPMENT	0	0	9,498	246	3,354	6,144	0	(479)	9,019	240	3,114	5,905
31	391.1	GENERAL PLANT: ELECTRICAL EQUIPMENT	1,025	0	38,771	991	9,020	29,751	992	0	39,763	1,017	10,037	29,726
32	391.2	GENERAL PLANT: OFFICE FURNITURE	0	0	11,027	286	5,747	5,280	3,472	0	14,499	331	6,078	8,421
33	393.0	GENERAL PLANT: WAREHOUSE EQUIPMENT	0	0	0	0	0	0	0	0	0	0	0	0
34	394.0	GENERAL PLANT: GARAGE EQUIPMENT	969	0	31,679	808	13,777	17,902	265	0	31,944	824	14,601	17,343
35	395.0	GENERAL PLANT: LAB EQUIPMENT	0	0	0	0	0	0	0	0	0	0	0	0
36	396.0	GENERAL PLANT: POWER EQUIPMENT	0	0	13,884	360	7,348	6,536	0	0	13,884	360	7,708	6,176
37	397.0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	0	(2,930)	45,248	1,210	22,176	23,072	0	0	45,248	1,172	23,348	21,900
38	397.1	GENERAL PLANT: MOBILE RADIOS	6,718	0	20,875	454	1,453	19,422	1,490	0	22,365	560	2,013	20,352
39	397.2	GENERAL PLANT: AUTO CONTROLS	0	0	111,294	2,883	52,388	58,906	56,104	(16,612)	150,786	3,394	39,170	111,616
40	398.0	GENERAL PLANT: MISC.	4,333	0	13,068	282	4,479	(4,197)	0	0	13,068	338	4,817	8,251
41		TOTALS	$181,974	($11,334)	$5,770,500	$146,808	$2,335,428	$3,422,286	$249,461	($31,757)	$5,988,204	$151,801	$2,455,472	$3,532,732

REFERENCE:
ACC STAFF D.R. NO. REL 1-24

NOTE:
* NON-DEPRECIABLE PLANT
* NON-DEPRECIABLE PLANT

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
RATE BASE ADJUSTMENTS #1, #2 & #3 - PLANT IN SERVICE/POST TEST YEAR PLANT, PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	1998 ADDITIONS PER COMPANY	1998 (RETIREMENTS) PER COMPANY	1998 YEAR END PLANT VALUE PER RUCO	1998 DEPRECIATION EXPENSE PER RUCO	1998 ACCUMULATED DEPRECIATION PER RUCO	1998 YEAR END NET PLANT PER RUCO	1999 ADDITIONS PER COMPANY	1999 (RETIREMENTS) PER COMPANY	1999 YEAR END PLANT VALUE PER RUCO	1999 DEPRECIATION EXPENSE PER RUCO	1999 ACCUMULATED DEPRECIATION PER RUCO	1999 YEAR END NET PLANT PER RUCO
1	301.0	INTANGIBLES: ORGANIZATION*	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
2	302.0	INTANGIBLES: FRANCHISES*	0	0	0	0	0	0	0	0	0	0	0	0
3	303.0	INTANGIBLES: MISC.*	0	0	0	0	0	0	0	0	0	0	0	0
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	102	0	2,603	0	(763)	3,366	911	0	3,514	0	(763)	4,277
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS*	0	0	0	0	0	0	0	0	0	0	0	0
6	310.3	SOURCE OF SUPPLY: LAND - WELLS*	0	0	4,905	0	0	4,905	0	0	4,905	0	0	4,905
7	314.0	SOURCE OF SUPPLY: WELLS	0	0	46,887	1,214	20,709	26,178	953	0	47,840	1,227	21,936	25,904
8	320.0	PUMPING PLANT: LAND*	683	0	7,054	0	0	7,054	0	0	7,054	0	0	7,054
9	321.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	66	0	26,583	688	15,106	11,477	0	0	26,583	688	15,794	10,789
10	325.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	3,016	0	516,174	13,330	215,290	300,884	8,849	(873)	524,150	13,472	227,889	296,261
11	328.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	0	0	164,085	4,250	76,243	87,842	0	0	164,085	4,250	80,493	83,592
12	330.0	WATER TREATMENT PLANT: LAND*	0	0	0	0	0	0	0	0	0	0	0	0
13	331.0	WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	0	0	31,466	815	2,278	29,188	0	0	31,466	815	3,093	28,373
14	332.0	WATER TREATMENT PLANT: EQUIPMENT	1,823	0	37,572	950	11,662	25,910	0	0	37,572	973	12,635	24,937
15	340.0	TRANSMISSION & DISTRIBUTION: LAND - TANKS & MAINS*	0	0	5,715	0	0	5,715	0	0	5,715	0	0	5,715
16	340.1	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	0	0	0	0	0	0	0	0	0	0	0	0
17	341.0	TRANSMISSION & DISTRIBUTION: STRUCTURES	0	0	0	0	0	0	0	0	0	0	0	0
18	342.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	4,390	(2,246)	257,890	6,652	138,591	119,299	0	0	257,890	6,679	145,271	112,619
19	343.0	TRANSMISSION & DISTRIBUTION: MAINS	102,628	(1,783)	3,568,159	91,109	1,571,482	1,996,677	114,804	(1,058)	3,681,905	93,888	1,664,312	2,017,593
20	344.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	0	0	22,019	570	6,354	15,665	7,527	0	29,546	668	7,022	22,524
21	345.0	TRANSMISSION & DISTRIBUTION: SERVICES	24,161	(166)	700,607	17,835	254,439	446,168	40,182	(1,629)	739,160	18,645	271,455	467,705
22	346.0	TRANSMISSION & DISTRIBUTION: METERS	4,841	(3,254)	204,329	5,272	101,191	103,138	7,579	(4,343)	207,565	5,334	102,182	105,383
23	348.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	6,973	(49)	168,269	4,269	77,023	91,246	2,635	0	170,904	4,392	81,415	89,489
24	389.1	GENERAL PLANT: LAND - OFFICE*	0	0	0	0	0	0	0	0	0	0	0	0
25	389.2	GENERAL PLANT: LAND - WAREHOUSE*	0	0	0	0	0	0	0	0	0	0	0	0
26	389.3	GENERAL PLANT: LAND - MISC.*	0	0	0	0	0	0	0	0	0	0	0	0
27	390.1	GENERAL PLANT: OFFICE BUILDINGS	0	0	8,473	219	(11,549)	20,022	0	0	8,473	219	(11,330)	19,803
28	390.2	GENERAL PLANT: WAREHOUSE BUILDINGS	0	0	16,023	415	6,621	9,402	0	0	16,023	415	7,036	8,987
29	390.3	GENERAL PLANT: MISC. BUILDINGS	0	0	0	0	0	0	0	0	0	0	0	0
30	391.0	GENERAL PLANT: OFFICE EQUIPMENT	0	0	9,019	234	3,348	5,671	0	0	9,019	234	3,582	5,437
31	391.1	GENERAL PLANT: ELECTRICAL EQUIPMENT	598	0	40,361	1,038	11,074	29,287	10,892	0	51,253	1,186	12,261	38,992
32	391.2	GENERAL PLANT: OFFICE FURNITURE	1,165	0	15,664	391	6,468	9,196	1,888	0	17,552	430	6,899	10,653
33	393.0	GENERAL PLANT: WAREHOUSE EQUIPMENT	0	0	0	0	0	0	0	0	0	0	0	0
34	394.0	GENERAL PLANT: GARAGE EQUIPMENT	302	0	32,246	831	15,433	16,813	3,356	0	35,602	879	16,311	19,291
35	395.0	GENERAL PLANT: LAB EQUIPMENT	0	0	0	0	0	0	1,141	0	1,141	15	15	1,126
36	396.0	GENERAL PLANT: POWER EQUIPMENT	0	0	13,884	360	8,067	5,817	0	0	13,884	360	8,427	5,457
37	397.0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	0	(197)	45,051	1,169	24,320	20,731	0	0	45,051	1,167	25,487	19,564
38	397.1	GENERAL PLANT: MOBILE RADIOS	1,345	0	23,710	597	2,610	21,100	11	0	23,721	614	3,224	20,497
39	397.2	GENERAL PLANT: AUTO CONTROLS	3,614	0	154,400	3,952	43,122	111,278	2,691	0	157,091	4,034	47,156	109,935
40	396.0	GENERAL PLANT: MISC.	0	0	13,068	338	5,156	(4,817)	6,994	0	20,062	429	5,585	14,477
41		TOTALS	$155,707	($7,695)	$6,136,216	$156,496	$2,604,274	$3,519,213	$210,413	($7,903)	$6,338,726	$161,014	$2,757,384	$3,581,342

REFERENCE:
ACC STAFF D.R. NO. REL 1-24

NOTE:
* NON-DEPRECIABLE PLANT
* NON-DEPRECIABLE PLANT

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
RATE BASE ADJUSTMENTS #1, #2 & #3 - PLANT IN SERVICE/POST TEST YEAR PLANT,
PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	2000 ADDITIONS PER COMPANY	2000 (RETIREMENTS) PER COMPANY	2000 YEAR END PLANT VALUE PER RUCO	2000 DEPRECIATION EXPENSE PER RUCO	2000 ACCUMULATED DEPRECIATION PER RUCO	2000 YEAR END NET PLANT PER RUCO	2001 ADDITIONS PER COMPANY	2001 (RETIREMENTS) PER COMPANY	2001 YEAR END PLANT VALUE PER RUCO	2001 DEPRECIATION EXPENSE PER RUCO	2001 ACCUMULATED DEPRECIATION PER RUCO	2001 YEAR END NET PLANT PER RUCO
1	301.0	INTANGIBLES: ORGANIZATION*	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
2	302.0	INTANGIBLES: FRANCHISES*	0	0	0	0	0	0	0	0	0	0	0	0
3	303.0	INTANGIBLES: MISC.*	0	0	0	0	0	0	0	0	0	0	0	0
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	0	0	3,514	0	(763)	4,277	181	0	3,695	0	(763)	4,458
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS*	726	0	726	0	0	726	0	0	726	0	0	726
6	310.3	SOURCE OF SUPPLY: LAND - WELLS*	0	0	4,905	0	0	4,905	0	0	4,905	0	0	4,905
7	314.0	SOURCE OF SUPPLY: WELLS	0	0	47,840	1,239	23,175	24,665	927	0	48,767	1,251	24,426	24,341
8	320.0	PUMPING PLANT: LAND*	0	0	7,054	0	0	7,054	0	0	7,054	0	0	7,054
9	321.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	0	0	26,583	688	16,483	10,100	0	0	26,583	688	17,171	9,412
10	325.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	2,055	(50)	526,155	13,601	241,441	284,714	10,556	(23,918)	512,793	13,454	230,977	281,816
11	328.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	0	0	164,085	4,250	84,742	79,343	672	0	164,757	4,259	89,001	75,756
12	330.0	WATER TREATMENT PLANT: LAND*	0	0	0	0	0	0	0	0	0	0	0	0
13	331.0	WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	0	0	31,466	815	3,908	27,558	465	0	31,931	821	4,729	27,202
14	332.0	WATER TREATMENT PLANT: EQUIPMENT	0	0	37,572	973	13,608	23,964	0	0	37,572	973	14,581	22,991
15	340.0	TRANSMISSION & DISTRIBUTION: LAND - TANKS & MAINS*	0	0	5,715	0	0	5,715	0	0	5,715	0	0	5,715
16	340.1	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	0	0	0	0	0	0	0	0	0	0	0	0
17	341.0	TRANSMISSION & DISTRIBUTION: STRUCTURES	0	0	0	0	0	0	0	0	0	0	0	0
18	342.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	102,475	(7,322)	353,043	7,912	145,860	207,183	0	0	353,043	9,144	155,004	198,039
19	343.0	TRANSMISSION & DISTRIBUTION: MAINS	127,183	(2,026)	3,807,062	96,982	1,759,268	2,047,794	159,335	(804)	3,965,593	100,656	1,859,120	2,106,473
20	344.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	0	0	29,546	765	7,787	21,759	0	0	29,546	765	8,553	20,993
21	345.0	TRANSMISSION & DISTRIBUTION: SERVICES	34,846	(4,309)	769,697	19,540	286,685	483,012	52,700	(5,329)	817,068	20,549	301,905	515,163
22	346.0	TRANSMISSION & DISTRIBUTION: METERS	2,275	(2,112)	207,728	5,378	105,448	102,280	4,670	(521)	211,877	5,434	110,361	101,516
23	348.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	12,735	0	183,639	4,591	86,006	97,633	10,245	(328)	193,556	4,885	90,563	102,993
24	389.1	GENERAL PLANT: LAND - OFFICE*	0	0	0	0	0	0	0	0	0	0	0	0
25	389.2	GENERAL PLANT: LAND - WAREHOUSE*	0	0	0	0	0	0	0	0	0	0	0	0
26	389.3	GENERAL PLANT: LAND - MISC.*	0	0	0	0	0	0	0	0	0	0	0	0
27	390.1	GENERAL PLANT: OFFICE BUILDINGS	0	0	8,473	219	(11,110)	19,583	0	0	8,473	219	(10,891)	19,364
28	390.2	GENERAL PLANT: WAREHOUSE BUILDINGS	0	0	16,023	415	7,451	8,572	0	0	16,023	415	7,866	8,157
29	390.3	GENERAL PLANT: MISC. BUILDINGS	0	0	0	0	0	0	0	0	0	0	0	0
30	391.0	GENERAL PLANT: OFFICE EQUIPMENT	0	0	9,019	234	3,815	5,204	0	0	9,019	234	4,049	4,970
31	391.1	GENERAL PLANT: ELECTRICAL EQUIPMENT	1,099	0	52,352	1,342	13,603	38,749	930	0	53,282	1,368	14,971	38,311
32	391.2	GENERAL PLANT: OFFICE FURNITURE	0	0	17,552	455	7,353	10,199	0	0	17,552	455	7,808	9,744
33	393.0	GENERAL PLANT: WAREHOUSE EQUIPMENT	0	0	0	0	0	0	0	0	0	0	0	0
34	394.0	GENERAL PLANT: GARAGE EQUIPMENT	1,117	(295)	36,424	933	16,949	19,475	1,258	0	37,682	960	17,909	19,773
35	395.0	GENERAL PLANT: LAB EQUIPMENT	0	0	1,141	30	44	1,097	543	0	1,684	37	81	1,603
36	396.0	GENERAL PLANT: POWER EQUIPMENT	558	0	14,442	367	8,794	5,648	0	0	14,442	374	9,168	5,274
37	397.0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	0	0	45,051	1,167	26,654	18,397	0	(17,142)	27,909	945	10,456	17,453
38	397.1	GENERAL PLANT: MOBILE RADIOS	655	0	24,376	623	3,847	20,529	4,168	0	28,544	685	4,532	24,012
39	397.2	GENERAL PLANT: AUTO CONTROLS	13,593	0	170,684	4,245	51,400	119,284	15,862	0	186,546	4,626	56,026	130,520
40	398.0	GENERAL PLANT: MISC.	0	0	20,062	520	6,105	(5,585)	0	0	20,062	520	6,624	13,438
41		TOTALS	$299,317	($16,114)	$6,621,929	$167,282	$2,908,553	$3,693,834	$262,512	($48,042)	$6,836,399	$173,715	$3,034,226	$3,802,173

REFERENCE:
ACC STAFF D.R. NO. REL 1-24

NOTE:
* NON-DEPRECIABLE PLANT
* NON-DEPRECIABLE PLANT

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
RATE BASE ADJUSTMENTS #1, #2 & #3 - PLANT IN SERVICE/POST TEST YEAR PLANT,
PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	2002 ADDITIONS PER COMPANY	2002 (RETIREMENTS) PER COMPANY	2002 YEAR END PLANT-VALUE PER RUCO	2002 DEPRECIATION EXPENSE PER RUCO	2002 ACCUMULATED DEPRECIATION PER RUCO	2002 YEAR END NET PLANT PER RUCO
1	301.0	INTANGIBLES: ORGANIZATION*	$0	$0	$0	$0	$0	$0
2	302.0	INTANGIBLES: FRANCHISES*	0	0	0	0	0	0
3	303.0	INTANGIBLES: MISC.*	0	0	0	0	0	0
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	3,564	0	7,259	0	(763)	8,022
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS*	0	0	726	0	0	726
6	310.3	SOURCE OF SUPPLY: LAND - WELLS*	0	0	4,905	0	0	4,905
7	314.0	SOURCE OF SUPPLY: WELLS	486,276	0	535,043	7,560	31,986	503,057
8	320.0	PUMPING PLANT: LAND*	0	0	7,054	0	0	7,054
9	321.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	7,028	0	33,611	780	17,951	15,660
10	325.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	131,452	(10,501)	633,744	14,848	235,324	398,420
11	328.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	0	0	164,757	4,267	93,268	71,489
12	330.0	WATER TREATMENT PLANT: LAND*	0	0	0	0	0	0
13	331.0	WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	0	0	31,931	827	5,556	26,375
14	332.0	WATER TREATMENT PLANT: EQUIPMENT	2,328	0	39,900	1,003	15,585	24,315
15	340.0	TRANSMISSION & DISTRIBUTION: LAND - TANKS & MAINS*	0	0	5,715	0	0	5,715
16	340.1	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	0	0	0	0	0	0
17	341.0	TRANSMISSION & DISTRIBUTION: STRUCTURES	0	0	0	0	0	0
18	342.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	1,716	0	354,759	9,166	164,170	190,589
19	343.0	TRANSMISSION & DISTRIBUTION: MAINS	124,382	(239)	4,089,736	104,317	1,963,198	2,126,538
20	344.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	0	0	29,546	765	9,318	20,228
21	345.0	TRANSMISSION & DISTRIBUTION: SERVICES	30,667	(3,106)	844,629	21,519	320,318	524,311
22	346.0	TRANSMISSION & DISTRIBUTION: METERS	1,871	(758)	212,990	5,502	115,105	97,885
23	348.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	6,640	0	200,196	5,099	95,662	104,534
24	389.1	GENERAL PLANT: LAND - OFFICE*	399	0	399	0	0	399
25	389.2	GENERAL PLANT: LAND - WAREHOUSE*	0	0	0	0	0	0
26	389.3	GENERAL PLANT: LAND - MISC.*	0	0	0	0	0	0
27	390.1	GENERAL PLANT: OFFICE BUILDINGS	382	0	8,855	224	(10,666)	19,521
28	390.2	GENERAL PLANT: WAREHOUSE BUILDINGS	0	0	16,023	415	8,281	7,742
29	390.3	GENERAL PLANT: MISC. BUILDINGS	0	0	0	0	0	0
30	391.0	GENERAL PLANT: OFFICE EQUIPMENT	33,843	(8,487)	34,375	562	(3,876)	38,251
31	391.1	GENERAL PLANT: ELECTRICAL EQUIPMENT	0	0	53,282	1,380	16,351	36,931
32	391.2	GENERAL PLANT: OFFICE FURNITURE	0	0	17,552	455	8,262	9,290
33	393.0	GENERAL PLANT: WAREHOUSE EQUIPMENT	0	0	0	0	0	0
34	394.0	GENERAL PLANT: GARAGE EQUIPMENT	5,936	0	43,618	1,053	18,961	24,657
35	395.0	GENERAL PLANT: LAB EQUIPMENT	0	0	1,684	44	125	1,559
36	396.0	GENERAL PLANT: POWER EQUIPMENT	0	0	14,442	374	9,542	4,900
37	397.0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	2,387	(2,965)	27,331	715	8,207	19,124
38	397.1	GENERAL PLANT: MOBILE RADIOS	0	0	28,544	739	5,271	23,273
39	397.2	GENERAL PLANT: AUTO CONTROLS	0	0	186,546	4,832	60,858	125,688
40	398.0	GENERAL PLANT: MISC.	788	0	20,850	530	7,154	(6,624)
41		TOTALS	$839,658	($26,056)	$7,650,001	$186,975	$3,195,145	$4,434,536
42								
43		BALANCES PER COMPANY			$ 7,433,939		$3,099,049	
44								
45		BALANCES PER RUCO			$7,650,001		$3,195,145	
46								
47		LESS: POST-TEST YEAR ALLOCATED PHOENIX OFFICE & METER SHOP ADDITIONS**			$28,987			
48								
49		TOTAL ADJUSTMENTS			$187,076		$96,096	

REFERENCES:
ACC STAFF D.R. NO. REL 1-24
ACC STAFF D.R. NO. REL 18-1
RUCO D.R. NO. 6.2

NOTE:
* NON-DEPRECIABLE PLANT
** BASED ON AN ALLOCATION FACTOR OF 0.0553 PER RUCO D.R. NO. 4.2

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
RATE BASE ADJ. #4 - RECONCILE TEST YEAR ALLOCATED PHOENIX OFFICE & METER SHOP AND ACCUMULATED DEPRECIATION BALANCES

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-5

LINE NO.	DESCRIPTION	TEST YEAR COMPANY
1	GROSS PHOENIX OFFICE PLANT & METER SHOP	$ 4,002,988
2	ADD: PHOENIX OFFICE CONSTRUCTION WORK IN PROGRESS (CWIP)	126,565
3	GROSS PHOENIX OFFICE PLANT & METER SHOP WITH CWIP	$ 4,129,553
4	TIMES: ALLOCATION FACTOR	0.0531
5	ALLOCATED GROSS PHOENIX OFFICE PLANT & METER SHOP WITH CWIP	$ 219,279
6	NET ALLOCATED PHOENIX OFFICE PLANT & METER SHOP WITH CWIP	193,907
7	RUCO ADJUSTMENT TO PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION	$ 25,372

REFERENCES:
LINE 1: COMPANY SCHEDULE B-2 PAGES 10 AND 11
LINE 2: COMPANY SCHEDULE B-2 PAGE 10
LINE 3: LINE 1 + LINE 2
LINE 4: COMPANY SCHEDULE B-1 PAGE 1
LINE 5: LINE 3 x LINE 4
LINE 6: COMPANY SCHEDULE B-1 PAGE 1 (SUM OF LINES 6 AND 7)

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
RATE BASE ADJ. #5 - REMOVE CWIP FROM PHOENIX OFFICE ALLOCATION

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-6

LINE NO.	DESCRIPTION	(A) TEST YEAR COMPANY	(B) TEST YEAR RUCO	
1	GROSS PHOENIX OFFICE PLANT	$ 3,903,884	$ 3,903,884	COMPANY SCHEDULE B-2 PAGE 10
2	LESS: ACCUMULATED DEPRECIATION	453,222	453,222	COMPANY SCHEDULE B-2 PAGE 10
3	NET PHOENIX OFFICE PLANT	$ 3,450,662	$ 3,450,662	LINE 1 + LINE 2
4	ADD: CWIP	126,565	-	COMPANY SCHEDULE B-2 PAGE 10
5	TOTALS	$ 3,577,227	$ 3,450,662	LINE 3 + LINE 4
4	TIMES: ALLOCATION FACTOR	0.0531	0.0531	COMPANY SCHEDULE B-1 PAGE 2
5	ALLOCATED PHOENIX OFFICE PLANT	$ 189,951	$ 183,230	COMPANY SCHEDULE B-1 PAGE 2
6	RUCO ADJUSTMENT		$ (6,721)	LINE 5 COLUMN (B) - LINE 5 COLUMN (A)

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 1999
BISBEE SYSTEM
RATE BASE ADJUSTMENT #9 - WORKING CAPITAL

LINE NO.	DESCRIPTION	AMOUNT	REFERENCE
1	CASH WORKING CAPITAL PER COMPANY	$ 28,193	COMPANY SCH. B-5, PG. 1
2	CASH WORKING CAPITAL PER RUCO	(29,701)	SCH. WAR-7, PG. 3
3	DECREASE IN CASH WORKING CAPITAL	(57,894)	LINE 2 - LINE 1
4	MATERIALS & SUPPLIES PER COMPANY	31,166	COMPANY SCH. B-5, PG. 1
5	MATERIALS & SUPPLIES PER RUCO	32,838	DATA REQUEST RUCO 6.4 a)
6	MATERIALS & SUPPLIES ADJUSTMENT	1,672	LINE 5 - LINE 4
7	PREPAYMENTS PER COMPANY AND SPECIAL DEPOSITS	15,161	COMPANY SCH. B-5, PG. 1
8	PREPAYMENTS PER RUCO	14,038	DATA REQUEST RUCO 6.4 b)
9	PREPAYMENTS ADJUSTMENT	(1,123)	LINE 8 - LINE 7
10	REQUIRED BANK BALANCES PER COMPANY	26,465	COMPANY SCH. B-5, PG. 1
11	REQUIRED BANK BALANCES PER RUCO	24,264	DATA REQUEST RUCO 6.4 c)
12	REQUIRED BANK BALANCE ADJUSTMENT	(2,201)	LINE 11 - LINE 10
13	TOTAL WORKING CAPITAL ADJUSTMENT	(59,546)	LINES 3, 6, 9 & 12

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
RATE BASE ADJUSTMENT #9 - WORKING CAPITAL
LEAD/LAG CALCULATION

LINE NO.	DESCRIPTION	EXPENSES PER COMPANY	RUCO ADJUSTMENTS	ADJUSTED EXPENSES	(LEAD)/LAG DAYS	$ DAYS
1	PURCHASED POWER	$ 186,397	$ 2,110	$ 188,507	34.13	$ 6,433,744
2	PAYROLL	344,997	3,389	348,386	14.00	4,877,407
3	PURCHASED WATER	-	-	-	N/A	N/A
4	CHEMICALS	37,321	(24,908)	12,413	27.94	346,819
5	PROPERTY & LIABILITY INSURANCE	5,386	(150)	5,236	(45.27)	(237,024)
6	WORKER'S COMPENSATION	4,761	605	5,366	(46.50)	(249,525)
7	HEALTH INSURANCE	69,198	(6,734)	62,464	(8.92)	(557,182)
8	OTHER O&M EXPENSES	183,157	(121,144)	62,013	(9.27)	(574,864)
9	DEPRECIATION & AMORTIZATION	200,874	(7,517)	193,357	N/A	N/A
10	FEDERAL & STATE INCOME TAXES	187,043	(48,973)	138,070	61.95	8,554,015
11	DEFERRED INCOME TAXES	7,138	N/A	N/A	N/A	N/A
12	FICA TAXES	26,530	6,180	32,710	14.00	457,940
13	FUTA & SUTA TAXES	582	186	768	83.10	63,821
14	PROPERTY TAXES	105,773	(18,688)	87,085	212.00	18,462,083
15	REG., CONTRACT, & MISCELLANEOUS FEES	31,809	1,361	33,170	(98.83)	(3,278,157)
16	SALES & OCCUPATION TAXES	104,739	13,398	118,137	37.53	4,433,682
17	PENSION EXPENSE	30,327	8,206	38,533	34.72	1,337,866
18	TOTAL	$ 1,526,032	$ (192,679)	$ 1,326,215 *	30.21	$ 40,070,624

NOTE
N/A = NON CASH CHARGES EXCLUDED FROM WORKING CAPITAL CALCULATION
* RUCO RECOMMENDED LEVEL OF OPERATING EXPENSE - SCHEDULE WAR-8, COLUMN (E), LINE 16

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
RATE BASE ADJUSTMENT #9 - WORKING CAPITAL
CALCULATION OF CASH WORKING CAPITAL

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-7

LINE NO.	DESCRIPTION	AMOUNT	REFERENCE
1	AVERAGE EXPENSE LAG	30.21	SCH. WAR-7, PG. 2
2	AVERAGE REVENUE COLLECTION LAG	22.04	CO. SCH. B-5, PG. 2
3	EXCESS EXPENSE OVER REVENUE LAG	(8.17)	LINE 2 - LINE 1
4	TOTAL EXPENSES	$ 1,326,215	SCH. WAR-7, PG. 2
5	CASH WORKING CAPITAL REQUIREMENT	(29,701)	(LINE 3 X LINE 4)/365 DAYS
6	PER COMPANY	$ 28,193	CO. SCH. B-5, PG. 2
7	INCREASE (DECREASE) IN WORKING CAPITAL	$ (57,894)	LINE 5 - LINE 6

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
RATE BASE ADJUSTMENT #9 - WORKING CAPITAL
CALCULATION OF INCOME TAX LAG

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-7

LINE NO.	(A) PAYMENT DATE	(B) SERVICE PERIOD MIDPOINT	(C) (LEAD)/LAG DAYS	(D) PAYMENT AMOUNT	(E) DOLLAR DAYS
1	04/12/99	07/01/99	(80.00)	$ 397,000	(31,760,000)
2	06/11/99	07/01/99	(20.00)	50,000	(1,000,000)
3	09/14/99	07/01/99	75.00	486,000	36,450,000
4	12/14/99	07/01/99	166.00	970,000	161,020,000
5	03/14/00	07/01/99	257.00	(240,000)	(61,680,000)
6	TOTALS			$ 1,663,000	103,030,000
7	INCOME TAX LAG		61.95		

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
OPERATING INCOME - TEST YEAR AND RUCO PROPOSED

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-8

LINE NO.	DESCRIPTION	(A) COMPANY TEST YEAR AS FILED	(B) RUCO TEST YEAR ADJUSTMENTS	(C) RUCO TEST YEAR AS ADJUSTED	(D) RUCO PROPOSED CHANGES	(E) RUCO RECOMMENDED
	REVENUES - WATER:					
1	REVENUE FROM WATER SALES	$ 1,256,950	$ 68,042	$ 1,324,992	$ 314,074	$ 1,639,067
2	OTHER REVENUES	0.00	-	0.00		0.00
3	TOTAL OPERATING REVENUES	$ 1,256,950	$ 68,042	$ 1,324,992	$ 314,074	$ 1,639,067
	OPERATING EXPENSES:					
2	PURCHASED WATER	$ -	$ -	$ -	$ -	$ -
3	OTHER	2,275	(141)	2,134		2,134
4	PURCHASED POWER	181,448	3,540	184,988		184,988
5	PURCHASED GAS	401	802	1,203		1,203
6	OTHER	43,218	(5,664)	37,554		37,554
7	WATER TREATMENT	47,494	(5,739)	41,755		41,755
8	TRANSMISSION & DISTRIBUTION	213,823	(17,959)	195,864		195,864
9	CUSTOMER ACCOUNTS	168,474	1,619	170,093		170,093
10	SALES	987	(751)	236		236
11	ADMINISTRATIVE & GENERAL	235,785	4,613	240,398		240,398
12	DEPRECIATION & AMORTIZATION	200,874	(7,517)	193,357		193,357
13	PROPERTY TAXES	106,595	(19,510)	87,085		87,085
14	OTHER TAXES	24,319	9,159	33,478		33,478
15	INCOME TAXES	(452)	16,971	16,519	121,550	138,070
16	TOTAL OPERATING EXPENSES	$ 1,225,241	$ (20,576)	$ 1,204,665	$ 121,550	$ 1,326,215
17	NET INCOME	$ 31,709	$ 88,619	$ 120,328	$ 192,524	$ 312,851

REFERENCES:
COLUMN (A): CO. SCH. C-1, PG. 2
COLUMN (B): SCH. WAR-9
COLUMN (C): COLUMN (A) + COLUMN (B)
COLUMN (D): SCH. WAR-1
COLUMN (E): COLUMN (C) + COLUMN (D)

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
SUMMARY OF OPERATING ADJUSTMENTS

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-9

LINE NO.	DESCRIPTION	(A) COMPANY PROPOSED	(B) ADJ #1	(C) ADJ #2	(D) ADJ #3	(E) ADJ #4	(F) ADJ #5	(G) ADJ #6	(H) ADJ #7	(I) ADJ #8	(J) ADJ #9	(K) ADJ #10	(L) ADJ #11	(M) RUCO ADJUSTED
	REVENUES - WATER:													
1	REVENUE FROM WATER SALES	$ 1,256,950	$ 165,828	$ (118,137)	$ 16,096	$ 3,212	$ 2,124		$ (1,081)					$ 1,324,992
2	OTHER REVENUES	-												-
3	TOTAL OPERATING REVENUES	$ 1,256,950	$ 165,828	$ (118,137)	$ 16,096	$ 3,212	$ 2,124	$ -	$ (1,081)	$ -	$ -	$ -	$ -	$ 1,324,992
2	OPERATING EXPENSES: PURCHASED WATER	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
3	OTHER	2,275	(141)											2,134
4	PURCHASED POWER	181,448	5,856			(2,651)	335							184,988
5	PURCHASED GAS	401	802											1,203
6	OTHER	43,218	(5,664)											37,554
7	WATER TREATMENT	47,494	(5,790)				51							41,755
8	TRANSMISSION & DISTRIBUTION	213,823	(16,174)			(1,785)								195,864
9	CUSTOMER ACCOUNTS	168,474	1,619											170,093
10	SALES	987	(751)											236
11	ADMINISTRATIVE & GENERAL	235,785	(2,842)	(2,777)			283	9,949						240,398
12	DEPRECIATION & AMORTIZATION	200,874								(7,517)				193,357
13	PROPERTY TAXES	106,595									(19,510)			87,085
14	OTHER TAXES	24,319	124,519	(115,360)										33,478
15	INCOME TAXES	(452)										16,971		16,519.46
16	TOTAL OPERATING EXPENSES	$ 1,225,241	$ 101,434	$ (118,137)	$ -	$ (4,436)	$ 670	$ 9,949	$ -	$ (7,517)	$ (19,510)	$ 16,971	$ -	1,204,665
17	NET INCOME	$ 31,709	$ 64,394	$ -	$ 16,096	$ 7,648	$ 1,455	$ (9,949)	$ (1,081)	$ 7,517	$ 19,510	$ (16,971)	$ -	$ 120,328

ADJUSTMENT #:	REFERENCE:
1. RECONCILE COMPANY PROPOSED OPERATING INCOME TO 2002 ACTUAL	RUCO D.R. NO. 1.10
2. REMOVE 2002 REGULATORY ASSESSMENT & SALES TAXES	RUCO D.R. NO. 1.10 & ACC STAFF D.R. NO. REL 19-1
3. ELIMINATE PPAM AND PWAM REVENUES	RUCO D.R. NO. 7.1 & RUCO D.R. NO. 7.2
4. ELIMINATE UNBILLED REVENUES & EXPENSES	RUCO D.R. NO. 7.3
5. ANNUALIZE ADDITIONAL REVENUES & EXPENSES	RUCO D.R. NO. 6.6
6. AMORTIZATION OF RATE CASE EXPENSE	COMPANY SCHEDULE C-2, PAGE 7, TESTIMONY WAR

ADJUSTMENT #:	REFERENCE:
7. REMOVE MAP SURCHARGE REVENUES	TESTIMONY WAR
8. DEPRECIATION & AMORTIZATION EXPENSE	SCHEDULE WAR-12
9. PROPERTY TAX EXPENSE	SCHEDULE WAR-13
10. INCOME TAX EXPENSE	SCHEDULE WAR-14
11. NOT USED	N/A

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
OPERATING ADJ. #1 - RECONCILE COMPANY
PROPOSED OPERATING INCOME TO 2002 ACTUAL

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-10

LINE NO.	DESCRIPTION	(A) COMPANY PROPOSED	(B) 2002 ACTUAL	(C) DIFFERENCE	(D) RUCO ADJUSTMENT
	REVENUES - WATER:				
1	REVENUE FROM WATER SALES	$ 1,256,950	$ 1,422,778	$ 1,256,950	$ 165,828
2	OTHER REVENUES	0.00	0.00	0.00	0.00
3	TOTAL OPERATING REVENUES	$ 1,256,950	$ 1,422,778	$ 1,256,950	$ 165,828
	OPERATING EXPENSES:				
4	PURCHASED WATER	$ -	$ -	$ -	$ -
5	OTHER	2,275	2,134	2,275	(141)
6	PURCHASED POWER	181,448	187,304	181,448	5,856
7	PURCHASED GAS	401	1,203	401	802
8	OTHER	43,218	37,554	43,218	(5,664)
9	WATER TREATMENT	47,494	41,704	47,494	(5,790)
10	TRANSMISSION & DISTRIBUTION	213,823	197,649	213,823	(16,174)
11	CUSTOMER ACCOUNTS	168,474	170,093	168,474	1,619
12	SALES	987	236	987	(751)
13	ADMINISTRATIVE & GENERAL	235,785	232,943	235,785	(2,842)
14	DEPRECIATION & AMORTIZATION	200,874	185,093	200,874	- (a)
15	PROPERTY TAXES	106,595	87,465	106,595	- (a)
16	OTHER TAXES	24,319	148,838	24,319	124,519
17	INCOME TAXES	(452)	34,513	(452)	- (a)
18	TOTAL OPERATING EXPENSES	$ 1,225,241	$ 1,326,729	$ 1,225,241	$ 101,434
19	NET INCOME	$ 31,709	$ 96,049	$ 31,709	$ 64,394

REFERENCES:
COLUMN (A): COMPANY SCHEDULE C-1 PAGE 2 OF 5
COLUMN (B): DATA REQUEST RUCO 1.10
COLUMN (C): COLUMN (B) - COLUMN (A)
COLUMN (D): COLUMN (C) LINES 1 THRU 13, LINES 16, 18 & 19

NOTE:
(a) SEPARATE PRO FORMA ADJUSTMENTS NOT INCLUDED IN RECONCILIATION

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
OPERATING ADJ. #1 - RECONCILE COMPANY
PROPOSED OPERATING INCOME TO 2002 ACTUAL

LINE NO.	DESCRIPTION	(A) TEST YEAR ACTUAL	(B) 2002 ACTUAL	(C) DIFFERENCE
	REVENUES - WATER:			
1	REVENUE FROM WATER SALES	$ 1,363,532	$ 1,422,778	$ 59,246
2	OTHER REVENUES	0.00	0.00	0.00
3	TOTAL OPERATING REVENUES	$ 1,363,532	$ 1,422,778	$ 59,246
	OPERATING EXPENSES:			
4	PURCHASED WATER	$ -	$ -	$ -
5	OTHER	2,279	2,134	(145)
6	PURCHASED POWER	180,807	187,304	6,497
7	PURCHASED GAS	401	1,203	802
8	OTHER	43,218	37,554	(5,664)
9	WATER TREATMENT	34,435	41,704	7,269
10	TRANSMISSION & DISTRIBUTION	203,387	197,649	(5,738)
11	CUSTOMER ACCOUNTS	167,213	170,093	2,880
12	SALES	987	236	(751)
13	ADMINISTRATIVE & GENERAL	204,408	232,943	28,535
14	DEPRECIATION & AMORTIZATION	173,245	185,093	11,848
15	PROPERTY TAXES	95,358	87,465	(7,893)
16	OTHER TAXES	128,331	148,838	20,507
17	INCOME TAXES	38,236	34,513	(3,723)
18	TOTAL OPERATING EXPENSES	1,272,305	1,326,729	54,424
19	NET INCOME	$ 91,227	$ 96,049	$ 4,822

REFERENCES:
COLUMN (A): COMPANY SCHEDULE C-1 PAGE 2 OF 5
COLUMN (B): DATA REQUEST RUCO 1.10
COLUMN (C): COLUMN (B) - COLUMN (A)

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-11

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
OPERATING ADJ. #5 - REVENUE ANNUALIZATION FOR 2002

LINE NO.	DESCRIPTION	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
1	YEAR END CUSTOMERS - 2002	3,406	3,406	3,406	3,406	3,406	3,406	3,406	3,406	3,406	3,406	3,406	3,406
2	2002 CUSTOMERS	3,388	3,387	3,397	3,394	3,408	3,405	3,406	3,404	3,403	3,406	3,399	3,406
3	INCREASE IN CUSTOMERS - 2002	18	19	9	12	(2)	1	-	2	3	-	7	0
4	AVERAGE REVENUE FOR THE MONTH	$ 29.03	$ 29.75	$ 30.60	$ 33.67	$ 38.10	$ 44.03	$ 45.67	$ 32.32	$ 35.27	$ 33.25	$ 31.30	$ 28.12
5	INCREASE IN REVENUES	$ 523	$ 565	$ 275	$ 404	$ (76)	$ 44	$ -	$ 65	$ 106	$ -	$ 219	0
6	TOTAL INCREASE IN REVENUE	2,124											
7	INCREASE IN REVENUE PER COMPANY	-											
8	REVENUE ADJUSTMENT	2,124											
9	GALLONS SOLD PER AVERAGE CUSTOMER	5,803	6,079	6,391	7,572	9,267	11,501	12,206	7,151	8,189	7,392	6,685	5,848
10	INCREASE IN CUSTOMERS	18	19	9	12	(2)	1	-	2	3	-	7	0
11	INCREASE IN GALLONS	104,446	115,507	57,515	90,869	(18,534)	11,501	-	14,303	24,567	-	46,798	0
12	TOTAL INCREASE IN GALLONS	446,971											
13	PUMPING COST PER GALLON	0.00075											
14	INCREASE IN PUMPING COST	335											
15	WATER TREATMENT COSTS PER GALLON	0.000115											
16	INCREASE IN WATER TREATMENT COSTS	51											
17	TOTAL INCREASE IN BILLS	69											
18	MONTHLY ACCOUNTING COST PER BILL	4.10											
19	INCREASE IN ACCOUNTING COST	283											

REFERENCES:
LINE #1 - RUCO DATA REQUEST #6.6
LINE #2 - RUCO DATA REQUEST #6.6
LINE #3 = LINE #1 MINUS LINE #2
LINE #4 - RUCO DR #1.10 = TOTAL MONTH REV. MINUS OTHER REV. / TOTAL MONTHLY CUSTOMERS FOR POST-TEST-YEAR
LINE #5 = LINE #3 MULTIPLIED BY LINE #4
LINE #6 = SUMMATION OF LINE #5
LINE #7 - NO REFERENCE
LINE #8 - LINE #6 MINUS LINE #7
LINE #9 - GALLONS SOLD, AWC's ANNUAL REPORT & MONTHLY CUSTOMERS, RUCO DR #6.6

LINE #10 = LINE #3
LINE #11 = LINE #9 MULTIPLIED BY LINE #10
LINE #12 = SUMMATION OF LINE #11
LINE #13 - CO. W/P C2-5, PAGE 3
LINE #14 = LINE #12 X LINE #13
LINE #15 - CO. W/P C2-5, PAGE 3
LINE #16 = LINE #12 MULTIPLIED BY LINE #15
LINE #17 = SUMMATION OF LINE #3
LINE #18 - CO. W/P C2-5, PAGE 4

LINE #19 = LINE #17 X LINE #18

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
OPERATING ADJ. #8 - DEPRECIATION & AMORTIZATION EXPENSE

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-12

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	(A) ACTUAL TEST YEAR BALANCE PER COMPANY	(B) RUCO ADJUSTMENTS	(C) RUCO ADJUSTED BALANCE	(D) COMPOSITE DEPRECIATION RATE	(E) RUCO RECOMMENDED DEPRECIATION EXPENSE
1	301.0	INTANGIBLES: ORGANIZATION*	$ -	$ -	$0	0.00%	$ -
2	302.0	INTANGIBLES: FRANCHISES*	-	-	-	0.00%	-
3	303.0	INTANGIBLES: MISC.*	-	-	-	0.00%	-
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	4,422	(727)	3,695	0.00%	-
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS*	-	726	726	0.00%	-
6	310.3	SOURCE OF SUPPLY: LAND - WELLS*	4,905	-	4,905	0.00%	-
7	314.0	SOURCE OF SUPPLY: WELLS	48,766	1	48,767	2.59%	1,263
8	320.0	PUMPING PLANT: LAND*	7,054	-	7,054	0.00%	-
9	321.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	26,509	74	26,583	2.59%	688
10	325.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	513,405	(612)	512,793	2.59%	13,281
11	328.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	164,220	537	164,757	2.59%	4,267
12	330.0	WATER TREATMENT PLANT: LAND*	-	-	-	0.00%	-
13	331.0	WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	31,930	1	31,931	2.59%	827
14	332.0	WATER TREATMENT PLANT: EQUIPMENT	38,243	(671)	37,572	2.59%	973
15	340.0	TRANSMISSION & DISTRIBUTION: LAND - TANKS & MAINS*	5,044	671	5,715	0.00%	-
16	340.1	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	-	-	-	0.00%	-
17	341.0	TRANSMISSION & DISTRIBUTION: STRUCTURES	-	-	-	2.59%	-
18	342.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	353,044	(1)	353,043	2.59%	9,144
19	343.0	TRANSMISSION & DISTRIBUTION: MAINS	3,965,590	3	3,965,593	2.59%	102,709
20	344.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	29,546	-	29,546	2.59%	765
21	345.0	TRANSMISSION & DISTRIBUTION: SERVICES	817,067	1	817,068	2.59%	21,162
22	346.0	TRANSMISSION & DISTRIBUTION: METERS	211,876	1	211,877	2.59%	5,488
23	348.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	193,556	-	193,556	2.59%	5,013
24	389.1	GENERAL PLANT: LAND - OFFICE*	-	-	-	0.00%	-
25	389.2	GENERAL PLANT: LAND - WAREHOUSE*	-	-	-	0.00%	-
26	389.3	GENERAL PLANT: LAND - MISC.*	-	-	-	0.00%	-
27	390.1	GENERAL PLANT: OFFICE BUILDINGS	8,474	(1)	8,473	2.59%	219
28	390.2	GENERAL PLANT: WAREHOUSE BUILDINGS	16,023	-	16,023	2.59%	415
29	390.3	GENERAL PLANT: MISC. BUILDINGS	-	-	-	2.59%	-
30	391.0	GENERAL PLANT: OFFICE EQUIPMENT	9,020	(1)	9,019	2.59%	234
31	391.1	GENERAL PLANT: ELECTRICAL EQUIPMENT	53,283	(1)	53,282	2.59%	1,380
32	391.2	GENERAL PLANT: OFFICE FURNITURE	17,552	-	17,552	2.59%	455
33	393.0	GENERAL PLANT: WAREHOUSE EQUIPMENT	-	-	-	2.59%	-
34	394.0	GENERAL PLANT: GARAGE EQUIPMENT	37,681	1	37,682	2.59%	976
35	395.0	GENERAL PLANT: LAB EQUIPMENT	1,684	-	1,684	2.59%	44
36	396.0	GENERAL PLANT: POWER EQUIPMENT	14,442	-	14,442	2.59%	374
37	397.0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	27,910	(1)	27,909	2.59%	723
38	397.1	GENERAL PLANT: MOBILE RADIOS	28,544	1	28,544	2.59%	739
39	397.2	GENERAL PLANT: AUTO CONTROLS	186,546	1	186,546	2.59%	4,832
40	398.0	GENERAL PLANT: MISC.	20,062	1	20,062	2.59%	520
41							
42		TEST YEAR TOTALS	$ 6,836,396	$ 3	$ 6,836,399		$ 176,490
43							
44		POST TEST YEAR ADDITIONS	597,543	187,073	$784,616	2.59%	20,322
45							
46		GROSS DEPRECIABLE PHOENIX OFFICE AND METER SHOP ALLOCATION	212,559	28,588	241,146 **	2.59%	6,246
47							
48		2002 TOTALS	$ 7,646,498	$ 215,663	$ 7,862,161		$ 203,058
49							
50	LESS:						
51	AMORTIZATION OF CONTRIBUTIONS IN AID OF CONSTRUCTION @ 2.59% COMPOSITE RATE ***						9,701
52							
53	TOTAL PRO FORMA DEPRECIATION & AMORTIZATION EXPENSE						$ 193,357
54							
55	DEPRECIATION & AMORTIZATION EXPENSE PER COMPANY						200,874
56							
57	DEPRECIATION & AMORTIZATION EXPENSE ADJUSTMENT (LINE 53 - LINE 55)						$ (7,517)

REFERENCES:
COLUMN (A): COMPANY SCHEDULE E-5 PAGE 1 OF 4 AND STAFF DATA REQUEST REL 1-24
COLUMN (B): COLUMN (C) - COLUMN (A)
COLUMN (C): RUCO SCHEDULE WAR-4 PAGE 7
COLUMN (D): COMPOSITE DEPRECIATION RATE OF 2.59%
COLUMN (E): COLUMN (C) x COLUMN (D)

NOTES:
* NON-DEPRECIABLE PLANT ASSETS
** NET OF $399 IN NON-DEPRECIABLE LEASEHOLD IMPROVEMENTS ($7,215 x 0.0553 ALLOCATION FACTOR FOR 2002 = $399)
*** RUCO ADJUSTED CIAC BALANCE x COMPOSITE RATE = $374,558 x 2.59% = $9,701

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
OPERATING ADJ. #9 - PROPERTY TAX EXPENSE

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-13

LINE NO.	DESCRIPTION	AMOUNT	REFERENCE
1	REVENUES - 2000	$ 1,322,741	COMPANY SCH. C-2, W/P C2-19a
2	REVENUES - 2001	1,258,793	COMPANY SCH. C-2, W/P C2-19a
3	REVENUES - 2002	1,304,641	D. R. NO. REL 19-1
4	TOTAL	$ 3,886,175	SUM LINES 1, 2, & 3
5	3 YEAR AVERAGE	1,295,392	LINE 4/3 YEARS
6	MULTIPLIER FOR REVENUES (2 X LAST 3 YRS. AVERAGE REVENUE)	x 2	ADOR VALUATION FACTOR
7	REVENUES FOR FULL CASH VALUE	2,590,783	LINE 5 X 2 (MULTIPLIER FOR REVENUES
8	ADD: 10% OF CWIP BALANCE	-	COMPANY SCH. B-2, PG. 3; LINE 4 X 10%
9	LESS: LICENSED VEHICLES	-	STAFF DATA REQUEST REL 23-1
10	FULL CASH VALUE	2,590,783	LINE 7 + LINE 8 MINUS LINE 9
11	ASSESSMENT RATIO	25%	PER ADOR VALUATION METHOD
12	ASSESSED VALUE	647,696	LINE 10 X LINE 11
13	PROPERTY TAX RATE	13.4454%	PER TAX BILLS
14	PROPERTY TAXES PAYABLE PER RUCO	87,085	LINE 12 X LINE 13
15	PROPERTY TAXES PER COMPANY	106,595	COMPANY SCH. C-1, PG. 2
16	ADJUSTMENT	(19,510)	LINE 14 MINUS LINE 15

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
OPERATING ADJ. #10 - INCOME TAXES

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-14

LINE NO.	DESCRIPTION	AMOUNT	REFERENCE
	FEDERAL INCOME TAXES:		
1	OPERATING INCOME BEFORE INCOME TAXES	$ 136,847	SCH. WAR-9
	LESS:		
2	ARIZONA STATE TAX	2,985	LINE 11
3	INTEREST EXPENSE	94,003	NOTE (a)
4	FEDERAL TAXABLE INCOME	39,858	LINE 1 - LINES 2 & 3
5	FEDERAL INCOME TAX RATE	33.96%	TAX RATE
6	FEDERAL INCOME TAX EXPENSE	13,534	LINE 4 X LINE 5
	STATE INCOME TAXES:		
7	OPERATING INCOME BEFORE INCOME TAXES	136,847	LINE 1
	LESS:		
8	INTEREST EXPENSE	94,003	NOTE (A)
9	STATE TAXABLE INCOME	42,844	LINE 7 - LINE 8
10	STATE TAX RATE	6.968%	TAX RATE
11	STATE INCOME TAX EXPENSE	2,985	LINE 9 X LINE 10
12	TOTAL INCOME TAXES	16,519	LINE 6 + LINE 11
13	INCOME TAXES PER COMPANY	(452)	COMPANY SCH. C-1, PG. 2
14	ADJUSTMENT	$ 16,971	LINE 12 - LINE 13

NOTE (a):
INTEREST SYCHRONIZATION

ADJUSTED RATE BASE	$ 3,603,099
WEIGHTED COST OF DEBT	2.61%
INTEREST EXPENSE	$ 94,003

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
OPERATING ADJ. #11 - NOT USED FOR THIS SYSTEM

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-15

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
COST OF CAPITAL

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-16

LINE NO.	DESCRIPTION	(A) AMOUNT	(B) ADJUSTMENT	(C) ADJUSTED BALANCE	(D) CAPITAL RATIO	(E) COST	(F) WEIGHTED COST
1	SHORT-TERM DEBT	$ 2,850,000	$ 1,650,000	$ 4,500,000	5.62%	4.00%	0.22%
2	LONG-TERM DEBT:	23,000,677	(400,677)	22,600,000	28.24%	8.44%	2.38%
3	COMMON EQUITY	49,442,738	3,473,716	52,916,454	66.13%	9.18%	6.07%
4	TOTAL	$ 75,293,415	4,723,039	$ 80,016,454	100.00%		8.68%

REFERENCES:
COLUMN (A): COMPANY SCH. D - 1
COLUMN (B): TESTIMONY, WAR
COLUMN (C): COLUMN (A) + COLUMN (B)
COLUMN (D): COLUMN (C) ÷ COLUMN (C), LINE 5
COLUMN (E): TESTIMONY, WAR
COLUMN (F): COLUMN (D) x COLUMN (E)

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
PROPOSED RATES

DOCKET NO. W-01445A-02-0619
SCHEDULE WAR-17

LINE NO.	DESCRIPTION	PRESENT RATES	COMPANY PROPOSED	RUCO PROPOSED
1	**MONTHLY MINIMUM USAGE CHARGE:**			
2				
3	(RESIDENTIAL, COMMERCIAL AND MISC. CUSTOMERS)			
4	5/8 X 3/4 - INCH	$13.47	$20.11	$14.82
5	1 - INCH	24.86	43.64	32.32
6	2 - INCH	62.15	126.89	93.23
7	3 - INCH	155.37	266.86	264.13
8	4 - INCH	207.16	406.02	390.92
9	6 - INCH	362.53	773.43	761.31
10	8 - INCH	362.53	1,075.08	833.82
11	10 - INCH	673.27	1,759.42	1,683.18
12				
13	**GALLONS INCLUDED IN MONTHLY MINIMUM USAGE CHARGE:**			
14				
15	RESIDENTIAL, COMMERCIAL AND MISC. CUSTOMERS	1,000	0	0
16				
17	**COMMODITY RATE (PER 100 GAL. OVER MINIMUM):**	$0.24860	$0.31600	$0.31020
18				
19	**COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM):**	$2.48600	$3.16000	$3.10200

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
MONTHLY MINIMUM CHARGES

DOCKET NO. W-01445A-02-0619
SCHEDULE WAR-18

LINE NO.	METER SIZE	(A) COMPANY PRESENT RATES	(B) COMPANY PROPOSED RATES	(C) COMPANY DOLLAR INCREASE	(D) COMPANY PERCENT. INCREASE	(E) RUCO PROPOSED RATES	(F) RUCO DOLLAR INCREASE	(G) RUCO PERCENT. INCREASE
1	5/8 X 3/4 - INCH	$13.47	$20.11	$6.64	49.29%	$14.82	$1.35	10.02%
2	1 - INCH	24.86	43.64	18.78	75.54%	32.32	7.46	30.01%
3	2 - INCH	62.15	126.89	64.74	104.17%	93.23	31.08	50.01%
4	3 - INCH COMMERCIAL	155.37	266.86	111.49	71.76%	264.13	108.76	70.00%
5	4 - INCH COMMERCIAL	207.16	406.02	198.86	95.99%	390.92	183.76	88.70%
6	6 - INCH	362.53	773.43	410.90	113.34%	761.31	398.78	110.00%
7	8 - INCH	362.53	1,075.08	712.55	196.55%	833.82	471.29	130.00%
8	10 - INCH	673.27	1,759.42	1,086.15	161.32%	1,683.18	1,009.91	150.00%
9	GALLONS INCLUDED IN MONHTLY MINIMUM CHARGE	1,000	0			0		

REFERENCES
COLUMN (A) THRU COLUMN (D): COMPANY SCHEDULE H-3, PAGE 1 OF 4
COLUMN (E): TESTIMONY WAR
COLUMN (F): COLUMN (E) - COLUMN (A)
COLUMN (G): COLUMN (F) ÷ COLUMN (A)

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
BILLING ANALYSIS

DOCKET NO. W-01445A-02-0619
SCHEDULE WAR-19

PRESENT RATES

LINE NO.	CONSUMPTION IN GALLONS	(A) 5/8 - INCH	(B) 1 - INCH	(C) 2 - INCH	(D) 3 - INCH	(E) 4 - INCH	(F) 6 - INCH	(G) 8 - INCH	(H) 10 - INCH
1	0	$13.47	$24.86	$62.15	$155.37	$207.16	$362.53	$362.53	$673.27
2	1,000	13.47	24.86	62.15	155.37	207.16	362.53	362.53	673.27
3	2,000	15.96	27.35	64.64	157.86	209.65	365.02	365.02	675.76
4	3,000	18.44	29.83	67.12	160.34	212.13	367.50	367.50	678.24
5	4,000	20.93	32.32	69.61	162.83	214.62	369.99	369.99	680.73
6	5,000	23.41	34.80	72.09	165.31	217.10	372.47	372.47	683.21
7	6,000	25.90	37.29	74.58	167.80	219.59	374.96	374.96	685.70
8	7,000	28.39	39.78	77.07	170.29	222.08	377.45	377.45	688.19
9	8,000	30.87	42.26	79.55	172.77	224.56	379.93	379.93	690.67
10	9,000	33.36	44.75	82.04	175.26	227.05	382.42	382.42	693.16
11	10,000	35.84	47.23	84.52	177.74	229.53	384.90	384.90	695.64
12	15,000	48.27	59.66	96.95	190.17	241.96	397.33	397.33	708.07
13	20,000	60.70	72.09	109.38	202.60	254.39	409.76	409.76	720.50
14	25,000	73.13	84.52	121.81	215.03	266.82	422.19	422.19	732.93
15	50,000	135.28	146.67	183.96	277.18	328.97	484.34	484.34	795.08
16	75,000	197.43	208.82	246.11	339.33	391.12	546.49	546.49	857.23
17	100,000	259.58	270.97	308.26	401.48	453.27	608.64	608.64	919.38
18	125,000	321.73	333.12	370.41	463.63	515.42	670.79	670.79	981.53
19	150,000	383.88	395.27	432.56	525.78	577.57	732.94	732.94	1,043.68
20	175,000	446.03	457.42	494.71	587.93	639.72	795.09	795.09	1,105.83
21	200,000	508.18	519.57	556.86	650.08	701.87	857.24	857.24	1,167.98
22									
23	AVG. NO. OF CUST:	3,273	83	47	0	3	0	0	0
24									
25	AVG. USE (GAL.):	5,904	19,466	71,039	N/A	279,472	N/A	N/A	N/A
26	MONTHLY BILL:	$25.66	$70.77	$236.27	N/A	$899.44	N/A	N/A	N/A
27									
28	MEDIAN USE (GAL.) :	4,191	9,154	40,433	N/A	100,714	N/A	N/A	N/A
29	MONTHLY BILL:	$21.40	$45.13	$160.18	N/A	$455.05	N/A	N/A	N/A

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
BILLING ANALYSIS

DOCKET NO. W-01445A-02-0619
SCHEDULE WAR-19
PAGE 2 OF 4

RUCO PROPOSED RATES

LINE NO.	CONSUMPTION IN GALLONS	(A) 5/8 - INCH	(B) 1 - INCH	(C) 2 - INCH	(D) 3 - INCH	(E) 4 - INCH	(F) 6 - INCH	(G) 8 - INCH	(H) 10 - INCH
1	0	$14.82	$32.32	$93.23	$0.00	$390.92	$0.00	$1,005.50	$1,508.25
2	1,000	17.92	35.42	96.33	5.36	394.02	5.36	1,008.70	1,511.45
3	2,000	21.02	38.52	99.43	10.72	397.12	10.72	1,011.90	1,514.65
4	3,000	24.13	41.63	102.54	16.09	400.23	16.09	1,015.10	1,517.85
5	4,000	27.23	44.73	105.64	21.45	403.33	21.45	1,018.30	1,521.05
6	5,000	30.33	47.83	108.74	26.81	406.43	26.81	1,021.50	1,524.25
7	6,000	33.43	50.93	111.84	32.17	409.53	32.17	1,024.69	1,527.44
8	7,000	36.53	54.03	114.94	37.53	412.63	37.53	1,027.89	1,530.64
9	8,000	39.64	57.14	118.05	42.90	415.74	42.90	1,031.09	1,533.84
10	9,000	42.74	60.24	121.15	48.26	418.84	48.26	1,034.29	1,537.04
11	10,000	45.84	63.34	124.25	53.62	421.94	53.62	1,037.49	1,540.24
12	15,000	61.35	78.85	139.76	80.43	437.45	80.43	1,053.49	1,556.24
13	20,000	76.86	94.36	155.27	107.24	452.96	107.24	1,069.48	1,572.23
14	25,000	92.37	109.87	170.78	134.05	468.47	134.05	1,085.48	1,588.23
15	50,000	169.92	187.42	248.33	268.10	546.02	268.10	1,165.45	1,668.20
16	75,000	247.47	264.97	325.88	402.15	623.57	402.15	1,245.43	1,748.18
17	100,000	325.02	342.52	403.43	536.20	701.12	536.20	1,325.40	1,828.15
18	125,000	402.57	420.07	480.98	670.25	778.67	670.25	1,405.38	1,908.13
19	150,000	480.12	497.62	558.53	804.30	856.22	804.30	1,485.35	1,988.10
20	175,000	557.67	575.17	636.08	938.35	933.77	938.35	1,565.33	2,068.08
21	200,000	635.22	652.72	713.63	1,072.40	1,011.32	1,072.40	1,645.30	2,148.05
22									
23	AVG. NO. OF CUST:	3,273	83	47	0	3	0	0	0
24									
25	AVG. USE (GAL.):	5,904	19,466	71,039	N/A	279,472	N/A	N/A	N/A
26	MONTHLY BILL:	$33.14	$92.70	$313.59	N/A	$1,257.84	N/A	N/A	N/A
27									
28	MEDIAN USE (GAL.) :	4,191	9,154	40,433	N/A	100,714	N/A	N/A	N/A
29	MONTHLY BILL:	$27.82	$60.72	$218.65	N/A	$703.34	N/A	N/A	N/A

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
BILLING ANALYSIS

DOCKET NO. W-01445A-02-0619
SCHEDULE WAR-19
PAGE 3 OF 4

RUCO PROPOSED CHANGES EXPRESSED IN DOLLARS

LINE NO.	CONSUMPTION IN GALLONS	(A) 5/8 - INCH	(B) 1 - INCH	(C) 2 - INCH	(D) 3 - INCH	(E) 4 - INCH	(F) 6 - INCH	(G) 8 - INCH	(H) 10 - INCH
1	0	$1.35	$7.46	$31.08	($155.37)	$183.76	($362.53)	$642.97	$834.98
2	1,000	4.45	10.56	34.18	(150.01)	186.86	(357.17)	646.17	838.18
3	2,000	5.07	11.18	34.80	(147.13)	187.48	(354.29)	646.88	838.89
4	3,000	5.68	11.79	35.41	(144.26)	188.09	(351.42)	647.60	839.61
5	4,000	6.30	12.41	36.03	(141.38)	188.71	(348.54)	648.31	840.32
6	5,000	6.92	13.03	36.65	(138.50)	189.33	(345.66)	649.02	841.03
7	6,000	7.53	13.64	37.26	(135.63)	189.94	(342.79)	649.73	841.74
8	7,000	8.15	14.26	37.88	(132.75)	190.56	(339.91)	650.45	842.46
9	8,000	8.76	14.87	38.49	(129.88)	191.17	(337.04)	651.16	843.17
10	9,000	9.38	15.49	39.11	(127.00)	191.79	(334.16)	651.87	843.88
11	10,000	10.00	16.11	39.73	(124.12)	192.41	(331.28)	652.59	844.60
12	15,000	13.08	19.19	42.81	(109.74)	195.49	(316.90)	656.15	848.16
13	20,000	16.16	22.27	45.89	(95.36)	198.57	(302.52)	659.72	851.73
14	25,000	19.24	25.35	48.97	(80.98)	201.65	(288.14)	663.28	855.29
15	50,000	34.64	40.75	64.37	(9.08)	217.05	(216.24)	681.11	873.12
16	75,000	50.04	56.15	79.77	62.82	232.45	(144.34)	698.93	890.94
17	100,000	65.44	71.55	95.17	134.72	247.85	(72.44)	716.76	908.77
18	125,000	80.84	86.95	110.57	206.62	263.25	(0.54)	734.58	926.59
19	150,000	96.24	102.35	125.97	278.52	278.65	71.36	752.41	944.42
20	175,000	111.64	117.75	141.37	350.42	294.05	143.26	770.23	962.24
21	200,000	127.04	133.15	156.77	422.32	309.45	215.16	788.06	980.07
22									
23	AVG. NO. OF CUST:	3,273	83	47	0	3	0	0	0
24									
25	AVG. USE (GAL.):	5,904	19,466	71,039	N/A	279,472	N/A	N/A	N/A
26	MONTHLY BILL:	$7.47	$21.94	$77.33	N/A	$358.40	N/A	N/A	N/A
27									
28	MEDIAN USE (GAL.) :	4,191	9,154	40,433	N/A	100,714	N/A	N/A	N/A
29	MONTHLY BILL:	$6.42	$15.58	$58.47	N/A	$248.29	N/A	N/A	N/A

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
BILLING ANALYSIS

DOCKET NO. W-01445A-02-0619
SCHEDULE WAR-19
PAGE 4 OF 4

RUCO PROPOSED CHANGES EXPRESSED AS A PERCENTAGE

LINE NO.	CONSUMPTION IN GALLONS	(A) 5/8 - INCH	(B) 1 - INCH	(C) 2 - INCH	(D) 3 - INCH	(E) 4 - INCH	(F) 6 - INCH	(G) 8 - INCH	(H) 10 - INCH
1	0	10.0%	30.0%	50.0%	-100.0%	88.7%	-100.0%	177.4%	124.0%
2	1,000	33.1%	42.5%	55.0%	-96.5%	90.2%	-98.5%	178.2%	124.5%
3	2,000	31.8%	40.9%	53.8%	-93.2%	89.4%	-97.1%	177.2%	124.1%
4	3,000	30.8%	39.5%	52.8%	-90.0%	88.7%	-95.6%	176.2%	123.8%
5	4,000	30.1%	38.4%	51.8%	-86.8%	87.9%	-94.2%	175.2%	123.4%
6	5,000	29.5%	37.4%	50.8%	-83.8%	87.2%	-92.8%	174.2%	123.1%
7	6,000	29.1%	36.6%	50.0%	-80.8%	86.5%	-91.4%	173.3%	122.8%
8	7,000	28.7%	35.8%	49.2%	-78.0%	85.8%	-90.1%	172.3%	122.4%
9	8,000	28.4%	35.2%	48.4%	-75.2%	85.1%	-88.7%	171.4%	122.1%
10	9,000	28.1%	34.6%	47.7%	-72.5%	84.5%	-87.4%	170.5%	121.7%
11	10,000	27.9%	34.1%	47.0%	-69.8%	83.8%	-86.1%	169.5%	121.4%
12	15,000	27.1%	32.2%	44.2%	-57.7%	80.8%	-79.8%	165.1%	119.8%
13	20,000	26.6%	30.9%	41.9%	-47.1%	78.1%	-73.8%	161.0%	118.2%
14	25,000	26.3%	30.0%	40.2%	-37.7%	75.6%	-68.2%	157.1%	116.7%
15	50,000	25.6%	27.8%	35.0%	-3.3%	66.0%	-44.6%	140.6%	109.8%
16	75,000	25.3%	26.9%	32.4%	18.5%	59.4%	-26.4%	127.9%	103.9%
17	100,000	25.2%	26.4%	30.9%	33.6%	54.7%	-11.9%	117.8%	98.8%
18	125,000	25.1%	26.1%	29.8%	44.6%	51.1%	-0.1%	109.5%	94.4%
19	150,000	25.1%	25.9%	29.1%	53.0%	48.2%	9.7%	102.7%	90.5%
20	175,000	25.0%	25.7%	28.6%	59.6%	46.0%	18.0%	96.9%	87.0%
21	200,000	25.0%	25.6%	28.2%	65.0%	44.1%	25.1%	91.9%	83.9%
22									
23	AVG. NO. OF CUST:	3,273	83	47	0	3	0	0	0
24									
25	AVG. USE (GAL.):	5,904	19,466	71,039	N/A	279,472	N/A	N/A	N/A
26	MONTHLY BILL:	29.1%	31.0%	32.7%	N/A	39.8%	N/A	N/A	N/A
27									
28	MEDIAN USE (GAL.) :	4,191	9,154	40,433	N/A	100,714	N/A	N/A	N/A
29	MONTHLY BILL:	30.0%	34.5%	36.5%	N/A	54.6%	N/A	N/A	N/A

REFERENCE
LINES 1 THRU 21 - COMPANY SCHEDULE H-4, PAGE 1 OF 4

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
BISBEE SYSTEM
REVENUE SUMMARY BY METER SIZE AND CUSTOMER CLASS

DOCKET NO. W-01445A-02-061
SCHEDULE WAR-20

LINE NO.	DESCRIPTION	(A) RUCO PROPOSED MINIMUM REVENUE	(B) RUCO PROPOSED COMMODITY REVENUE	(C) RUCO PROPOSED TOTAL REVENUE	
1	5/8 X 3/4 - INCH	$582,070	$719,360	$1,301,430	
2	1 - INCH	32,320	60,382	92,702	
3	2 - INCH	52,022	122,962	174,985	
4	3 - INCH	0	0	0	
5	4 - INCH	14,073	31,209	45,282	
6	6 - INCH	0	0	0	
7	8 - INCH	0	0	0	
13	10 - INCH	0	0	0	
14					
15	TOTALS	$680,486	$933,914	$1,614,399	(a)
16					
17	PERCENTAGE OF TOTAL REVENUE	42.00%	58.00%	100.00%	

NOTE (a):

RUCO REQUIRED REVENUE		$ 1,639,067
LESS:		
FIRE SPRINKLER REVENUE	$ 840	
FIRE HYDRANT REVENUE	-	
MISCELLANEOUS REVENUE	12,110	
RENT - WATER PROPERTY REVENUE	-	
OTHER WATER REVENUE	11,717	
TOTAL		$ 24,667
REVENUE TO BE GENERATED FROM WATER SALES		$ 1,614,400

REFERENCE:
NOTE (a) 2002 REVENUE INFORMATION OBTAINED FROM RUCO D.R. NO. 1.10

ARIZONA WATER COMPANY
MIAMI SYSTEM
DOCKET NO. W-1445A-02-0619
TABLE OF CONTENTS TO SCHEDULES WAR

SCHEDULE #	
WAR - 1	REVENUE REQUIREMENTS
WAR - 2	RATE BASE - ORIGINAL COST
WAR - 3	SUMMARY OF RATE BASE ADJUSTMENTS
WAR - 4	RATE BASE ADJUSTMENTS #1, #2 & #3 - PLANT IN SERVICE/POST TEST YEAR PLANT, PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION
WAR - 5	RATE BASE ADJ. #4 - RECONCILE TEST YEAR ALLOCATED PHOENIX OFFICE & METER SHOP AND ACCUMULATED DEPRECIATION BALANCES
WAR - 6	RATE BASE ADJ. #5 - REMOVE CWIP FROM PHOENIX OFFICE ALLOCATION
WAR - 7	RATE BASE ADJUSTMENT #9 - WORKING CAPITAL
WAR - 8	OPERATING INCOME - TEST YEAR AND RUCO PROPOSED
WAR - 9	SUMMARY OF OPERATING ADJUSTMENTS
WAR - 10	OPERATING ADJ. #1 - RECONCILE COMPANY PROPOSED OPERATING INCOME TO 2002 ACTUAL
WAR - 11	OPERATING ADJ. #5 - REVENUE ANNUALIZATION FOR 2002
WAR - 12	OPERATING ADJ. #8 - DEPRECIATION & AMORTIZATION EXPENSE
WAR - 13	OPERATING ADJ. #9 - PROPERTY TAX EXPENSE
WAR - 14	OPERATING ADJ. #10 - INCOME TAXES
WAR - 15	OPERATING ADJ. #11 - NOT USED FOR THIS SYSTEM
WAR - 16	COST OF CAPITAL
WAR - 17	PROPOSED RATES
WAR - 18	MONTHLY MINIMUM CHARGES
WAR - 19	BILLING ANALYSIS
WAR - 20	REVENUE SUMMARY BY METER SIZE AND CUSTOMER CLASS

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
MIAMI SYSTEM
REVENUE REQUIREMENTS

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-1

LINE NO.	DESCRIPTION	(A) COMPANY REQUESTED	(B) RUCO RECOMMENDED
1	ADJUSTED RATE BASE	$ 4,570,196	$ 3,600,871
2	ADJUSTED OPERATING INCOME	59,991	167,256
3	CURRENT RATE OF RETURN (L2 / L1)	1.31%	4.64%
4	REQUIRED RATE OF RETURN	11.00%	8.68%
5	REQUIRED OPERATING INCOME (L4 * L1)	502,722	312,658
6	OPERATING INCOME DEFICIENCY (L5 - L2)	442,731	145,402
7	GROSS REVENUE CONVERSION FACTOR	1.63241	1.63120
8	GROSS REVENUE INCREASE	$ 722,718	$ 237,179
9	CURRENT REVENUES T/Y ADJUSTED	1,456,939	1,513,578
10	PROPOSED ANNUAL REVENUE (L8 + L9)	2,179,657	1,750,757
11	PERCENTAGE AVERAGE INCREASE	49.61%	15.67%

REFERENCES:
COLUMN (A): COMPANY SCHEDULE A-1
COLUMN (B): SCHEDULE WAR-1, PG. 2, WAR-2, AND WAR-8

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
MIAMI SYSTEM
GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	AMOUNT	REFERENCE
1	REVENUE	1.0000	
2	UNCOLLECTIBLES	0.002316	COMPANY SCH. C-3
3	SUB-TOTAL	0.9977	LINE 1 - LINE 2
4	LESS: TAX RATE	38.46%	NOTE (A)
5	TOTAL	0.6130	LINE 3 - LINE 4
6	REVENUE CONVERSION FACTOR	1.63120	LINE 1/LINE 5

NOTE (a):
CALCULATION OF EFFECTIVE TAX RATE

OPERATING INCOME BEFORE TAXES	100.00%
ARIZONA STATE TAX	6.97%
TAXABLE INCOME FEDERAL	93.03%
FEDERAL INCOME TAX RATE	33.95%
SUBTOTAL	31.58%
ADD STATE TAX RATE	38.55%
LINE 3 ABOVE	99.77%
EFFECTIVE TAX RATE	38.46%

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
MIAMI SYSTEM
RATE BASE - ORIGINAL COST

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-2

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) RUCO ADJUSTMENTS	(C) RUCO AS ADJUSTED
1	PLANT IN SERVICE/POST-TEST YEAR ADDITIONS	$ 6,837,666	$ (103,965)	$ 6,733,700
2	PHOENIX OFFICE & METER SHOP ALLOCATION	197,194	45,963	243,157
3	ACCUMULATED DEPRECIATION	(1,713,976)	(13,420)	(1,727,396)
4	NET PLANT IN SERVICE	$ 5,320,883	$ (71,423)	$ 5,249,460
5	CONSTRUCTION WORK IN PROGRESS (CWIP)	-	-	-
6	TOTAL NET PLANT	$ 5,320,883	$ (71,423)	$ 5,249,460
7	ADVANCES IN AID OF CONSTRUCTION (AIAC)	(109,428)	6,180	(103,248)
8	CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)	(188,394)	(13,660)	(202,054)
9	ACCUMULATED AMORTIZATION OF CIAC	32,086	5,056	37,142
10	DEFERRED INCOME TAXES	(566,719)	(122,314)	(689,033)
12	50/50 SHARING OF $1.4 MILLION PCG SETTLEMENT	-	(700,000)	(700,000)
13	AMORTIZATION OF 50/50 SHARING OF PCG SETTLEMENT	-	-	-
14	WORKING CAPITAL	81,768	(73,165)	8,603
15	TOTAL RATE BASE	$ 4,570,196	$ (969,325)	$ 3,600,871

REFERENCES:
COLUMN (A): COMPANY SCHEDULE B-1
COLUMN (B): SCHEDULE WAR-3
COLUMN (C): COLUMN (A) + COLUMN (B)

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
MIAMI SYSTEM
SUMMARY OF RATE BASE ADJUSTMENTS

LINE NO.	DESCRIPTION	(A) COMPANY PROPOSED	(B) ADJ #1	(C) ADJ #2	(D) ADJ #3	(E) ADJ #4	(F) ADJ #5	(G) ADJ #6	(H) ADJ #7	(I) ADJ #8	(J) ADJ #9	(K) ADJ #10	(L) ADJ #11	(M) RUCO ADJUSTED
1	PLANT IN SERVICE/POST-TEST YEAR ADDITIONS	$ 6,837,666	($103,965)											$ 6,733,700
2	PHOENIX OFFICE & METER SHOP ALLOCATION	197,194 (a)		26,995 (b)		25,802	(6,835)							243,157
3	ACCUMULATED DEPRECIATION	(1,713,976)			12,382 (c)	(25,802)								(1,727,396)
4	NET PLANT IN SERVICE	$ 5,320,883	$ (103,965)	$ 26,995	$ 12,382	$ -	$ (6,835)	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,249,460
5	CONSTRUCTION WORK IN PROGRESS (CWIP)	-												-
6	TOTAL NET PLANT	$ 5,320,883	$ (103,965)	$ 26,995	$ 12,382	$ -	$ (6,835)	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,249,460
7	ADVANCES IN AID OF CONSTRUCTION (AIAC)	(109,428)						6,180						(103,248)
8	CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)	(188,394)							(13,660)					(202,054)
9	ACCUMULATED AMORTIZATION OF CIAC	32,086							5,056					37,142
10	DEFERRED INCOME TAXES	(566,719)								(122,314)				(689,033)
12	50/50 SHARING OF $1.4 MILLION PCG SETTLEMENT	-											(700,000)	(700,000)
13	AMORTIZATION OF 50/50 SHARING OF PCG SETTLEMENT	-										-	-	-
14	WORKING CAPITAL	81,768									(73,165)			8,603
15	TOTAL RATE BASE	$ 4,570,196	$ (103,965)	$ 26,995	$ 12,382	$ -	$ (6,835)	$ 6,180	$ (8,604)	$ (122,314)	$ (73,165)	$ -	$ (700,000)	$ 3,600,871

ADJUSTMENT #:
1. PLANT IN SERVICE/POST-TEST YEAR ADDITIONS
2. PHOENIX OFFICE & METER SHOP ALLOCATION
3. ACCUMULATED DEPRECIATION
4. RECONCILE PHX. OFFICE & METER SHOP AND ACCUM. DEPR.
5. REMOVE CWIP FROM PHOENIX OFFICE ALLOCATION
6. AIAC - 2002 BALANCE

REFERENCE:
SCHEDULE WAR 4, PAGE 7
SCHEDULE WAR-4, PAGE 7
SCHEDULE WAR 4, PAGE 7
SCHEDULE WAR-5
SCHEDULE WAR-6
RUCO D.R. NO. 6.3

ADJUSTMENT #:
7. CIAC - 2002 BAL. & AMORTIZATION
8. ACUMULATED DEFERRED INCOME TAXES
9. WORKING CAPITAL
10. NOT USED
11. 50/50 SHARING OF PCG SETTLEMENT

REFERENCE:
RUCO D.R. NO 6.3, TESTIMONY - WAR
RUCO D.R. NO. 6.3
SCHEDULE WAR-7, PAGE 3
N/A
TESTIMONY - WAR

NOTES:
(a) NET OF ACCUMULATED DEPRECIATION
(b) GROSS PHOENIX OFFFICE AND METER SHOP ADDITIONS ALLOCATED DURING 2002
(c) INCLUDES ACCUMULATED DEPRECIATION ON 2002 PHOENIX OFFICE AND METER SHOP ADDITIONS

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
MIAMI SYSTEM
RATE BASE ADJUSTMENTS #1, #2 & #3 - PLANT IN SERVICE/POST TEST YEAR PLANT,
PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	1990 PLANT VALUE PER COMPANY	1990 ACCUM DEPR. PER COMPANY	1990 NET PLANT PER PRIOR ACC PER COMPANY	1991 ADDITIONS PER COMPANY	1991 (RETIREMENTS) PER COMPANY	1991 YEAR END PLANT VALUE PER RUCO	1991 DEPRECIATION EXPENSE PER RUCO	1991 ACCUMULATED DEPRECIATION PER RUCO	1991 YEAR END NET PLANT PER RUCO
1	301.0	INTANGIBLES: ORGANIZATION*	$0	$0	$0	$0	$0	$0	$0	$0	$0
2	302.0	INTANGIBLES: FRANCHISES*	1,225	0	1,225	0	0	1,225	0	0	1,225
3	303.0	INTANGIBLES: MISC.*	0	0	0	0	0	0	0	0	0
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	15,023	0	15,023	0	0	15,023	0	0	15,023
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS*	0	0	0	0	0	0	0	0	0
6	310.3	SOURCE OF SUPPLY: LAND - WELLS*	34,237	135,630	34,237	0	0	34,237	0	0	34,237
7	314.0	SOURCE OF SUPPLY: WELLS	682,912	0	547,282	2,573	0	685,485	16,558	152,188	533,297
8	320.0	PUMPING PLANT: LAND*	3,885	3,939	3,885	0	0	3,885	0	0	3,885
9	321.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	19,835	88,312	15,896	0	0	19,835	480	4,419	15,416
10	325.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	444,659	0	356,347	73,931	(20,522)	498,068	11,407	79,197	418,871
11	328.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	0	0	0	0	0	0	0	0	0
12	330.0	WATER TREATMENT PLANT: LAND*	550	0	550	0	0	550	0	0	550
13	331.0	WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	3,932	781	3,151	0	0	3,932	95	876	3,056
14	332.0	WATER TREATMENT PLANT: EQUIPMENT	14,953	2,970	11,983	0	0	14,953	362	3,332	11,621
15	340.0	TRANSMISSION & DISTRIBUTION: LAND - TANKS & MAINS*	4,353	0	4,353	0	0	4,353	0	0	4,353
16	340.1	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	0	0	0	0	0	0	0	0	0
17	341.0	TRANSMISSION & DISTRIBUTION: STRUCTURES	0	0	0	0	0	0	0	0	0
18	342.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	208,114	41,333	166,781	5,499	(8,068)	213,613	5,103	46,435	167,178
19	343.0	TRANSMISSION & DISTRIBUTION: MAINS	1,401,122	278,270	1,122,852	68,364	0	1,461,418	34,637	304,839	1,156,579
20	344.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	17,360	3,448	13,912	2,902	(4,643)	20,262	455	3,903	16,359
21	345.0	TRANSMISSION & DISTRIBUTION: SERVICES	410,100	81,448	328,652	16,158	(2,495)	421,615	10,064	86,869	334,746
22	346.0	TRANSMISSION & DISTRIBUTION: METERS	182,513	36,248	146,265	4,326	(17)	184,344	4,439	38,192	146,152
23	348.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	85,554	16,991	68,563	2,381	0	87,918	2,099	19,074	68,844
24	389.1	GENERAL PLANT: LAND - OFFICE*	424	0	424	0	0	424	0	0	424
25	389.2	GENERAL PLANT: LAND - WAREHOUSE*	2,471	0	2,471	0	0	2,471	0	0	2,471
26	389.3	GENERAL PLANT: LAND - MISC.*	0	0	0	0	0	0	0	0	0
27	390.1	GENERAL PLANT: OFFICE BUILDINGS	17,344	3,445	13,899	0	0	17,344	420	3,864	13,480
28	390.2	GENERAL PLANT: WAREHOUSE BUILDINGS	7,361	1,462	5,899	0	0	7,361	178	1,640	5,721
29	390.3	GENERAL PLANT: MISC. BUILDINGS	6,201	1,232	4,969	0	0	6,201	150	1,382	4,819
30	391.0	GENERAL PLANT: OFFICE EQUIPMENT	14,685	2,917	11,768	0	0	14,685	355	3,272	11,413
31	391.1	GENERAL PLANT: ELECTRICAL EQUIPMENT	15,022	2,983	12,039	459	0	15,481	369	3,353	12,128
32	391.2	GENERAL PLANT: OFFICE FURNITURE	9,603	1,907	7,696	0	0	9,603	232	2,140	7,463
33	393.0	GENERAL PLANT: WAREHOUSE EQUIPMENT	713	142	571	0	0	713	17	159	554
34	394.0	GENERAL PLANT: GARAGE EQUIPMENT	39,974	7,939	32,035	212	0	40,186	970	8,909	31,277
35	395.0	GENERAL PLANT: LAB EQUIPMENT	1,014	201	813	54	0	1,068	25	227	841
36	396.0	GENERAL PLANT: POWER EQUIPMENT	5,338	1,060	4,278	0	0	5,338	129	1,189	4,149
37	397.0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	96,434	19,152	77,282	0	0	96,434	2,334	21,486	74,948
38	397.1	GENERAL PLANT: MOBILE RADIOS	424	84	340	191	0	615	13	97	518
39	397.2	GENERAL PLANT: AUTO CONTROLS	0	0	0	449	0	449	5	5	444
40	398.0	GENERAL PLANT: MISC.	3,564	708	2,856	0	0	3,564	86	794	2,770
41		TOTALS	$3,750,899	$732,602	$3,018,297	$177,499	($35,745)	$3,892,653	$90,983	$787,840	$3,104,813

REFERENCE:
ACC STAFF D.R. NO. REL 1-24

NOTE:
* NON-DEPRECIABLE PLANT

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
MIAMI SYSTEM
RATE BASE ADJUSTMENTS #1, #2 & #3 - PLANT IN SERVICE/POST TEST YEAR PLANT, PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	1992 ADDITIONS PER COMPANY	1992 (RETIREMENTS) PER COMPANY	1992 YEAR END PLANT VALUE PER RUCO	1992 DEPRECIATION EXPENSE PER RUCO	1992 ACCUMULATED DEPRECIATION PER RUCO	1992 YEAR END NET PLANT PER RUCO	1993 ADDITIONS PER COMPANY	1993 (RETIREMENTS) PER COMPANY	1993 YEAR END PLANT VALUE PER RUCO	1993 DEPRECIATION EXPENSE PER RUCO	1993 ACCUMULATED DEPRECIATION PER RUCO	1993 YEAR END NET PLANT PER RUCO
1	301.0	INTANGIBLES: ORGANIZATION*	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
2	302.0	INTANGIBLES: FRANCHISES*	0	0	1,225	0	0	1,225	0	0	1,225	0	0	1,225
3	303.0	INTANGIBLES: MISC.*	0	0	0	0	0	0	0	0	0	0	0	0
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	0	0	15,023	0	0	15,023	1,404	0	16,427	0	0	16,427
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS*	0	0	0	0	0	0	0	0	0	0	0	0
6	310.3	SOURCE OF SUPPLY: LAND - WELLS*	0	0	34,237	0	0	34,237	0	0	34,237	0	0	34,237
7	314.0	SOURCE OF SUPPLY: WELLS	45,975	0	731,460	17,145	169,333	562,127	16,100	0	747,560	19,153	188,486	559,074
8	320.0	PUMPING PLANT: LAND*	0	0	3,885	0	0	3,885	0	0	3,885	0	0	3,885
9	321.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	0	0	19,835	480	4,899	14,936	0	(231)	19,604	511	5,179	14,425
10	325.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	73,062	(66,642)	504,488	12,131	24,686	479,802	96,315	(29,281)	571,522	13,934	9,339	562,183
11	328.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	0	0	0	0	0	0	0	0	0	0	0	0
12	330.0	PUMPING PLANT: LAND*	0	0	550	0	0	550	0	0	550	0	0	550
13	331.0	WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	0	0	3,932	95	971	2,961	0	0	3,932	102	1,073	2,859
14	332.0	WATER TREATMENT PLANT: EQUIPMENT	0	0	14,953	362	3,693	11,260	0	0	14,972	388	4,081	10,891
15	340.0	TRANSMISSION & DISTRIBUTION: LAND - TANKS & MAINS*	0	0	4,353	0	0	4,353	19	0	4,353	0	0	4,353
16	340.1	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	0	0	0	0	0	0	0	0	0	0	0	0
17	341.0	TRANSMISSION & DISTRIBUTION: STRUCTURES	0	0	0	0	0	0	0	0	0	0	0	0
18	342.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	0	0	416,471	7,624	54,059	362,412	19,283	(1,654)	416,471	10,787	64,846	351,625
19	343.0	TRANSMISSION & DISTRIBUTION: MAINS	202,858	(3,194)	1,521,207	36,090	337,735	1,183,472	72	0	1,538,836	39,628	375,708	1,163,128
20	344.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	62,983	0	23,446	529	4,432	19,014	12,851	(614)	23,518	608	5,040	18,478
21	345.0	TRANSMISSION & DISTRIBUTION: SERVICES	3,184	(823)	444,772	10,483	96,529	348,243	11,128	(6,175)	457,009	11,678	107,593	349,416
22	346.0	TRANSMISSION & DISTRIBUTION: METERS	23,980	(3,599)	184,766	4,466	39,059	145,707	3,077	(287)	189,719	4,850	37,734	151,965
23	348.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	4,021	0	87,918	2,128	21,201	66,717	0	0	90,708	2,313	23,227	67,481
24	389.1	GENERAL PLANT: LAND - OFFICE*	0	0	424	0	0	424	0	0	424	0	0	424
25	389.2	GENERAL PLANT: LAND - WAREHOUSE*	0	0	2,471	0	0	2,471	0	0	2,471	0	0	2,471
26	389.3	GENERAL PLANT: LAND - MISC.*	0	0	0	0	0	0	0	0	0	0	0	0
27	390.1	GENERAL PLANT: OFFICE BUILDINGS	0	0	17,344	420	4,284	13,060	0	0	17,344	449	4,733	12,611
28	390.2	GENERAL PLANT: WAREHOUSE BUILDINGS	0	0	7,361	178	1,818	5,543	0	0	7,361	191	2,009	5,352
29	390.3	GENERAL PLANT: MISC. BUILDINGS	0	0	6,201	150	1,532	4,669	0	0	6,201	161	1,692	4,509
30	391.0	GENERAL PLANT: OFFICE EQUIPMENT	0	0	14,885	355	3,627	11,058	0	(120)	14,565	379	3,886	10,679
31	391.1	GENERAL PLANT: ELECTRICAL EQUIPMENT	0	0	15,536	375	3,728	11,808	2,599	0	18,135	436	4,164	13,971
32	391.2	GENERAL PLANT: OFFICE FURNITURE	55	0	9,603	232	2,372	7,231	265	0	9,868	252	2,624	7,244
33	393.0	GENERAL PLANT: WAREHOUSE EQUIPMENT	0	0	713	17	176	537	0	0	713	18	195	518
34	394.0	GENERAL PLANT: GARAGE EQUIPMENT	0	0	42,459	1,000	9,909	32,550	646	0	43,105	1,108	11,017	32,088
35	395.0	GENERAL PLANT: LAB EQUIPMENT	2,273	0	1,263	28	255	1,008	0	0	1,263	33	287	976
36	396.0	GENERAL PLANT: POWER EQUIPMENT	195	(1,500)	4,490	119	(192)	4,682	0	0	4,490	116	(75)	4,565
37	397.0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	652	(376)	96,058	2,329	23,439	72,619	0	0	96,058	2,488	25,927	70,131
38	397.1	GENERAL PLANT: MOBILE RADIOS	0	0	5,399	73	170	5,229	721	0	6,120	149	319	5,801
39	397.2	GENERAL PLANT: AUTO CONTROLS	4,784	0	5,684	74	80	5,604	4,393	0	10,077	204	284	9,793
40	398.0	GENERAL PLANT: MISC.	5,235	0	6,380	120	914	5,466	621	0	7,001	173	1,088	5,913
41		TOTALS	$432,073	($76,134)	$4,248,592	$97,005	$808,710	$3,439,882	$169,494	($38,362)	$4,379,724	$110,108	$880,456	$3,499,268

REFERENCE:
ACC STAFF D.R. NO. REL 1-24

NOTE:
* NON-DEPRECIABLE PLANT

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
MIAMI SYSTEM
RATE BASE ADJUSTMENTS #1, #2 & #3 - PLANT IN SERVICE/POST TEST YEAR PLANT,
PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	1994 ADDITIONS PER COMPANY	1994 (RETIREMENTS) PER COMPANY	1994 YEAR END PLANT VALUE PER RUCO	1994 DEPRECIATION EXPENSE PER RUCO	1994 ACCUMULATED DEPRECIATION PER RUCO	1994 YEAR END NET PLANT PER RUCO	1995 ADDITIONS PER COMPANY	1995 (RETIREMENTS) PER COMPANY	1995 YEAR END PLANT VALUE PER RUCO	1995 DEPRECIATION EXPENSE PER RUCO	1995 ACCUMULATED DEPRECIATION PER RUCO	1995 YEAR END NET PLANT PER RUCO
1	301.0	INTANGIBLES: ORGANIZATION*	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
2	302.0	INTANGIBLES: FRANCHISES*	0	0	1,225	0	0	1,225	0	0	1,225	0	0	1,225
3	303.0	INTANGIBLES: MISC.*	0	0	0	0	0	0	0	0	0	0	0	0
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	378	0	16,805	0	0	16,805	1,451	0	18,256	0	0	18,256
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS*	0	0	0	0	0	0	0	0	0	0	0	0
6	310.3	SOURCE OF SUPPLY: LAND - WELLS*	316	0	34,553	0	0	34,553	0	0	34,553	0	0	34,553
7	314.0	SOURCE OF SUPPLY: WELLS	636	0	748,196	19,370	207,856	540,340	79,177	0	827,373	20,404	228,260	599,113
8	320.0	PUMPING PLANT: LAND*	0	0	3,885	0	0	3,885	0	0	3,885	0	0	3,885
9	321.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	0	0	19,604	508	5,687	13,917	96,147	(40,279)	19,604	508	6,195	13,409
10	325.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	112,832	(65,103)	619,251	15,421	(40,344)	659,595	0	0	675,119	16,762	(63,880)	738,979
11	328.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	0	0	0	0	0	0	0	0	0	0	0	0
12	330.0	WATER TREATMENT PLANT: LAND*	0	0	550	0	0	550	0	0	550	0	0	550
13	331.0	WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	0	0	3,932	102	1,175	2,757	0	0	3,932	102	1,277	2,655
14	332.0	WATER TREATMENT PLANT: EQUIPMENT	0	0	14,972	388	4,469	10,503	0	0	14,972	388	4,857	10,115
15	340.0	TRANSMISSION & DISTRIBUTION: LAND - TANKS & MAINS*	0	0	4,353	0	0	4,353	0	0	4,353	0	0	4,353
16	340.1	TRANSMISSION & DISTRIBUTION: STRUCTURES	0	0	0	0	0	0	0	0	0	0	0	0
17	341.0	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	0	0	0	0	0	0	0	0	0	0	0	0
18	342.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	0	0	418,916	10,818	75,664	343,252	48,917	0	418,916	10,850	86,514	332,402
19	343.0	TRANSMISSION & DISTRIBUTION: MAINS	2,445	0	1,547,994	39,974	412,235	1,135,759	0	(4,357)	1,592,554	40,670	448,548	1,144,006
20	344.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	12,606	(3,448)	23,518	609	5,649	17,869	15,578	0	23,518	609	6,258	17,260
21	345.0	TRANSMISSION & DISTRIBUTION: SERVICES	0	0	474,488	12,063	119,403	355,085	1	(1,451)	488,615	12,472	130,424	358,191
22	346.0	TRANSMISSION & DISTRIBUTION: METERS	17,732	(253)	192,842	4,954	38,797	154,045	14,446	(1,821)	191,022	4,971	41,947	149,075
23	348.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	7,014	(3,891)	90,708	2,349	25,577	65,131	0	(979)	104,175	2,524	27,121	77,054
24	389.1	GENERAL PLANT: LAND - OFFICE*	0	0	424	0	0	424	0	0	424	0	0	424
25	389.2	GENERAL PLANT: LAND - WAREHOUSE*	0	0	2,471	0	0	2,471	0	0	2,471	0	0	2,471
26	389.3	GENERAL PLANT: LAND - MISC.*	0	0	0	0	0	0	0	0	0	0	0	0
27	390.1	GENERAL PLANT: OFFICE BUILDINGS	257	0	17,601	453	5,186	12,415	0	0	17,601	456	5,642	11,959
28	390.2	GENERAL PLANT: WAREHOUSE BUILDINGS	0	0	7,361	191	2,200	5,161	0	0	7,361	191	2,390	4,971
29	390.3	GENERAL PLANT: MISC. BUILDINGS	0	0	6,201	161	1,853	4,348	0	0	6,201	161	2,013	4,188
30	391.0	GENERAL PLANT: OFFICE EQUIPMENT	0	0	14,565	377	4,263	10,302	0	0	14,565	377	4,641	9,924
31	391.1	GENERAL PLANT: ELECTRICAL EQUIPMENT	0	0	18,669	477	4,640	14,029	19,790	0	38,459	740	5,380	33,079
32	391.2	GENERAL PLANT: OFFICE FURNITURE	534	0	9,978	257	2,881	7,097	0	0	9,978	258	3,140	6,838
33	393.0	GENERAL PLANT: WAREHOUSE EQUIPMENT	110	0	4,184	63	258	3,926	0	0	4,184	108	366	3,818
34	394.0	GENERAL PLANT: GARAGE EQUIPMENT	3,471	0	43,653	1,124	12,141	31,512	2,667	(266)	46,054	1,162	13,036	33,018
35	395.0	GENERAL PLANT: LAB EQUIPMENT	548	0	1,263	33	320	943	0	0	1,263	33	353	910
36	396.0	GENERAL PLANT: POWER EQUIPMENT	0	0	3,898	109	(559)	4,457	0	0	3,898	101	(458)	4,356
37	397.0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	0	(592)	96,058	2,488	28,415	67,643	0	(1,114)	94,944	2,473	29,774	65,170
38	397.1	GENERAL PLANT: MOBILE RADIOS	0	0	6,169	159	478	5,691	1,502	0	7,671	179	657	7,014
39	397.2	GENERAL PLANT: AUTO CONTROLS	49	0	13,175	301	585	12,590	2,170	0	15,345	369	954	14,391
40	398.0	GENERAL PLANT: MISC.	3,098	0	7,915	193	1,281	(1,088)	6,719	(122)	14,512	290	1,449	13,063
41		TOTALS	914	0	$4,469,377	$112,940	$920,110	$3,541,545	$288,565	($50,389)	$4,707,553	$117,158	$986,879	$3,720,674
			$162,940	($73,287)										

REFERENCE:
ACC STAFF D.R. NO. REL 1-24

NOTE:
* NON-DEPRECIABLE PLANT

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
MIAMI SYSTEM
RATE BASE ADJUSTMENTS #1, #2 & #3 - PLANT IN SERVICE/POST TEST YEAR PLANT, PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	1996 ADDITIONS PER COMPANY	1996 (RETIREMENTS) PER COMPANY	1996 YEAR END PLANT VALUE PER RUCO	1996 DEPRECIATION EXPENSE PER RUCO	1996 ACCUMULATED DEPRECIATION PER RUCO	1996 YEAR END NET PLANT PER RUCO	1997 ADDITIONS PER COMPANY	1997 (RETIREMENTS) PER COMPANY	1997 YEAR END PLANT VALUE PER RUCO	1997 DEPRECIATION EXPENSE PER RUCO	1997 ACCUMULATED DEPRECIATION PER RUCO	1997 YEAR END NET PLANT PER RUCO
1	301.0	INTANGIBLES: ORGANIZATION*	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
2	302.0	INTANGIBLES: FRANCHISES*	0	0	1,225	0	0	1,225	0	0	1,225	0	0	1,225
3	303.0	INTANGIBLES: MISC.*	0	0	0	0	0	0	0	0	0	0	0	0
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	445	0	18,701	0	0	18,701	127	0	18,828	0	0	18,828
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS*	0	0	0	0	0	0	0	0	0	0	0	0
6	310.3	SOURCE OF SUPPLY: LAND - WELLS*	0	0	34,553	0	0	34,553	0	0	34,553	0	0	34,553
7	314.0	SOURCE OF SUPPLY: WELLS	1,336	0	828,709	21,446	249,706	579,003	3,995	0	832,704	21,515	271,221	561,483
8	320.0	PUMPING PLANT: LAND*	0	0	3,885	0	0	3,885	0	0	3,885	0	0	3,885
9	321.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	0	0	19,604	508	6,702	12,902	11,903	(1,875)	29,632	638	5,465	24,167
10	325.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	79,763	(13,312)	741,570	18,346	(58,826)	800,396	43,736	(32,443)	752,863	19,353	(71,916)	824,779
11	328.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	0	0	0	0	0	0	0	0	0	0	0	0
12	330.0	WATER TREATMENT PLANT: LAND*	0	0	550	0	0	550	0	0	550	0	0	550
13	331.0	WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	0	0	3,932	102	1,379	2,553	0	0	3,932	102	1,480	2,452
14	332.0	WATER TREATMENT PLANT: EQUIPMENT	0	0	14,972	388	5,244	9,728	655	0	15,627	396	5,641	9,986
15	340.0	TRANSMISSION & DISTRIBUTION: LAND - TANKS & MAINS*	581	0	4,934	0	0	4,934	0	0	4,934	0	0	4,934
16	340.1	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	0	0	0	0	0	0	0	0	0	0	0	0
17	341.0	TRANSMISSION & DISTRIBUTION: STRUCTURES	0	0	0	0	0	0	0	0	0	0	0	0
18	342.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	0	0	418,916	10,850	97,364	321,552	0	0	418,916	10,850	108,214	310,702
19	343.0	TRANSMISSION & DISTRIBUTION: MAINS	10,001	(5,276)	1,597,279	41,308	484,580	1,112,699	76,819	(212)	1,673,886	42,362	526,730	1,147,156
20	344.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	1,976	0	25,494	635	6,893	18,601	4,086	0	29,580	713	7,606	21,974
21	345.0	TRANSMISSION & DISTRIBUTION: SERVICES	41,937	(587)	529,965	13,191	143,028	386,937	25,570	(173)	555,362	14,055	156,910	398,452
22	346.0	TRANSMISSION & DISTRIBUTION: METERS	8,558	(5,344)	194,236	4,989	41,592	152,644	5,422	(1,926)	197,732	5,076	44,742	152,990
23	348.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	4,516	(2,379)	106,312	2,726	27,468	78,844	15,281	(192)	121,401	2,949	30,225	91,176
24	389.1	GENERAL PLANT: LAND - OFFICE*	0	0	424	0	0	424	0	0	424	0	0	424
25	389.2	GENERAL PLANT: LAND - WAREHOUSE*	0	0	2,471	0	0	2,471	0	0	2,471	0	0	2,471
26	389.3	GENERAL PLANT: LAND - MISC.*	0	0	0	0	0	0	0	0	0	0	0	0
27	390.1	GENERAL PLANT: OFFICE BUILDINGS	57	0	17,658	457	6,098	11,560	0	(16,681)	977	241	(10,341)	11,318
28	390.2	GENERAL PLANT: WAREHOUSE BUILDINGS	0	0	7,361	191	2,581	4,780	16,753	0	24,114	408	2,988	21,126
29	390.3	GENERAL PLANT: MISC. BUILDINGS	0	0	6,201	181	2,174	4,027	0	0	6,201	161	2,335	3,866
30	391.0	GENERAL PLANT: OFFICE EQUIPMENT	0	0	14,565	377	5,018	9,547	0	0	14,565	377	5,395	9,170
31	391.1	GENERAL PLANT: ELECTRICAL EQUIPMENT	926	(4,096)	35,289	955	2,239	33,050	64	0	35,353	915	3,154	32,199
32	391.2	GENERAL PLANT: OFFICE FURNITURE	5,553	0	15,531	330	3,470	12,061	378	0	15,909	407	3,877	12,032
33	393.0	GENERAL PLANT: WAREHOUSE EQUIPMENT	0	0	4,184	108	475	3,709	0	0	4,184	108	583	3,601
34	394.0	GENERAL PLANT: GARAGE EQUIPMENT	1,775	0	47,829	1,216	14,252	33,577	6,562	0	54,391	1,324	15,576	38,815
35	395.0	GENERAL PLANT: LAB EQUIPMENT	0	0	1,263	33	386	877	0	0	1,263	33	418	845
36	396.0	GENERAL PLANT: POWER EQUIPMENT	0	0	3,898	101	(357)	4,255	0	0	3,898	101	(256)	4,154
37	397.0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	0	(2,331)	92,613	2,429	29,872	62,741	0	0	92,613	2,399	32,271	60,342
38	397.1	GENERAL PLANT: MOBILE RADIOS	573	0	8,244	206	863	7,381	1,132	0	9,376	228	1,091	8,285
39	397.2	GENERAL PLANT: AUTO CONTROLS	9,820	0	25,165	525	1,479	23,686	789	(45)	25,909	661	2,095	23,814
40	398.0	GENERAL PLANT: MISC.	1,051	0	15,563	389	1,839	(1,449)	1,003	0	16,566	416	2,255	14,311
41		TOTALS	$168,868	($33,325)	$4,843,096	$121,966	$1,075,519	$3,752,403	$214,275	($53,547)	$5,003,824	$125,787	$1,147,760	$3,856,064

REFERENCE:
ACC STAFF D.R. NO. REL 1-24

NOTE:
* NON-DEPRECIABLE PLANT

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
MIAMI SYSTEM
RATE BASE ADJUSTMENTS #1, #2 & #3 - PLANT IN SERVICE/POST TEST YEAR PLANT,
PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	1998 ADDITIONS PER COMPANY	1998 (RETIREMENTS) PER COMPANY	1998 YEAR END PLANT VALUE PER RUCO	1998 DEPRECIATION EXPENSE PER RUCO	1998 ACCUMULATED DEPRECIATION PER RUCO	1998 YEAR END NET PLANT PER RUCO	1999 ADDITIONS PER COMPANY	1999 (RETIREMENTS) PER COMPANY	1999 YEAR END PLANT VALUE PER RUCO	1999 DEPRECIATION EXPENSE PER RUCO	1999 ACCUMULATED DEPRECIATION PER RUCO	1999 YEAR END NET PLANT PER RUCO
1	301.0	INTANGIBLES: ORGANIZATION*	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
2	302.0	INTANGIBLES: FRANCHISES*	0	0	1,225	0	0	1,225	0	0	1,225	0	0	1,225
3	303.0	INTANGIBLES: MISC.*	0	0	0	0	0	0	0	0	0	0	0	0
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	307,164	0	325,992	0	0	325,992	1,331	0	327,323	0	0	327,323
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS*	0	0	0	0	0	0	0	0	0	0	0	0
6	310.3	SOURCE OF SUPPLY: LAND - WELLS*	26,165	0	60,718	0	0	60,718	0	0	60,718	0	0	60,718
7	314.0	SOURCE OF SUPPLY: WELLS	275,810	0	1,108,514	25,139	296,360	812,154	2,728	0	1,111,242	28,746	325,106	786,136
8	320.0	PUMPING PLANT: LAND*	838	0	4,723	0	0	4,723	0	0	4,723	0	0	4,723
9	321.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	745	0	30,377	777	6,242	24,135	2,051	0	32,428	813	7,055	25,373
10	325.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	86,177	(31,176)	807,864	20,211	(82,881)	890,745	49,849	(12,552)	845,161	21,407	(74,026)	919,187
11	328.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	1,104	(942)	162	2	(940)	1,102	0	0	162	4	(936)	1,098
12	330.0	WATER TREATMENT PLANT: LAND*	0	0	550	0	0	550	0	0	550	0	0	550
13	331.0	WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	0	0	3,932	102	1,582	2,350	14,095	0	18,027	284	1,867	16,160
14	332.0	WATER TREATMENT PLANT: EQUIPMENT	1,116	(231)	16,512	416	5,826	10,686	18,317	(1,324)	33,505	648	5,150	28,355
15	340.0	TRANSMISSION & DISTRIBUTION: LAND - TANKS & MAINS*	3	0	4,937	0	0	4,937	0	0	4,937	0	0	4,937
16	340.1	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	0	0	0	0	0	0	0	0	0	0	0	0
17	341.0	TRANSMISSION & DISTRIBUTION: STRUCTURES	0	0	418,916	10,850	119,064	299,852	343	0	419,259	10,854	129,918	289,341
18	342.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	0	(2,171)	1,713,862	43,871	568,430	1,145,432	71,759	(2,269)	1,783,352	45,289	611,450	1,171,902
19	343.0	TRANSMISSION & DISTRIBUTION: MAINS	42,147	0	29,580	766	8,372	21,208	0	0	29,580	766	9,138	20,442
20	344.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	0	(761)	571,065	14,587	170,736	400,329	28,121	(1,276)	597,910	15,138	184,598	413,312
21	345.0	TRANSMISSION & DISTRIBUTION: SERVICES	16,464	(2,481)	199,638	5,146	47,407	152,231	398	(930)	199,106	5,164	51,641	147,465
22	346.0	TRANSMISSION & DISTRIBUTION: METERS	4,387	0	130,413	3,261	33,486	96,927	7,468	0	137,881	3,474	36,960	100,921
23	348.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	9,012	0	424	0	0	424	0	0	424	0	0	424
24	389.1	GENERAL PLANT: LAND - OFFICE*	0	0	2,471	0	0	2,471	0	0	2,471	0	0	2,471
25	389.2	GENERAL PLANT: LAND - WAREHOUSE*	0	0	0	0	0	0	1,626	0	1,626	0	0	1,626
26	389.3	GENERAL PLANT: LAND - MISC.*	0	0	31,539	421	(9,920)	41,459	0	0	31,539	817	(9,103)	40,642
27	390.1	GENERAL PLANT: OFFICE BUILDINGS	30,562	0	25,780	646	3,635	22,145	0	0	25,780	668	4,302	21,478
28	390.2	GENERAL PLANT: WAREHOUSE BUILDINGS	1,666	0	8,440	190	2,524	5,916	12,186	0	20,626	376	2,901	17,725
29	390.3	GENERAL PLANT: MISC. BUILDINGS	2,239	0	14,565	377	5,772	8,793	0	0	14,565	377	6,149	8,416
30	391.0	GENERAL PLANT: OFFICE EQUIPMENT	0	0	34,114	900	2,484	31,630	6,519	0	40,633	968	3,452	37,181
31	391.1	GENERAL PLANT: ELECTRICAL EQUIPMENT	331	(1,570)	16,893	425	4,302	12,591	451	0	17,344	443	4,745	12,599
32	391.2	GENERAL PLANT: OFFICE FURNITURE	984	0	4,509	113	696	3,813	0	0	4,509	117	812	3,697
33	393.0	GENERAL PLANT: WAREHOUSE EQUIPMENT	325	0	58,663	1,464	17,040	41,623	801	0	59,464	1,530	18,570	40,894
34	394.0	GENERAL PLANT: GARAGE EQUIPMENT	4,272	0	1,263	33	451	812	0	0	1,263	33	484	779
35	395.0	GENERAL PLANT: LAB EQUIPMENT	0	0	3,898	101	(155)	4,053	0	0	3,898	101	(54)	3,952
36	396.0	GENERAL PLANT: POWER EQUIPMENT	0	0	92,613	2,399	34,670	57,943	0	0	92,613	2,399	37,068	55,545
37	397.0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	0	0	13,573	297	1,389	12,184	0	0	13,573	352	1,740	11,833
38	397.1	GENERAL PLANT: MOBILE RADIOS	4,197	0	26,556	679	2,775	23,781	2,344	0	28,900	718	3,493	25,407
39	397.2	GENERAL PLANT: AUTO CONTROLS	647	0	20,674	482	2,737	(2,255)	0	0	20,674	535	3,273	17,401
40	398.0	GENERAL PLANT: MISC.	4,108	0	$5,784,955	$133,655	$1,242,083	$4,522,680	$220,387	($18,351)	$5,986,991	$142,021	$1,365,753	$4,621,238
41		TOTALS	$820,463	($39,332)										

REFERENCE:
ACC STAFF D.R. NO. REL 1-24

NOTE:
* NON-DEPRECIABLE PLANT

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
MIAMI SYSTEM
RATE BASE ADJUSTMENTS #1, #2 & #3 - PLANT IN SERVICE/POST TEST YEAR PLANT,
PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	2000 ADDITIONS PER COMPANY	2000 (RETIREMENTS) PER COMPANY	2000 YEAR END PLANT VALUE PER RUCO	2000 DEPRECIATION EXPENSE PER RUCO	2000 ACCUMULATED DEPRECIATION PER RUCO	2000 YEAR END NET PLANT PER RUCO	2001 ADDITIONS PER COMPANY	2001 (RETIREMENTS) PER COMPANY	2001 YEAR END PLANT VALUE PER RUCO	2001 DEPRECIATION EXPENSE PER RUCO	2001 ACCUMULATED DEPRECIATION PER RUCO	2001 YEAR END NET PLANT PER RUCO
1	301.0	INTANGIBLES: ORGANIZATION*	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
2	302.0	INTANGIBLES: FRANCHISES*	0	0	1,225	0	0	1,225	0	0	1,225	0	0	1,225
3	303.0	INTANGIBLES: MISC.*	0	0	0	0	0	0	0	0	0	0	0	0
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	965	0	328,288	0	0	328,288	243	0	328,531	0	0	328,531
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS*	0	0	0	0	0	0	0	0	0	0	0	0
6	310.3	SOURCE OF SUPPLY: LAND - WELLS*	1,707	0	62,425	0	0	62,425	0	0	62,425	0	0	62,425
7	314.0	SOURCE OF SUPPLY: WELLS	20,837	0	1,132,079	29,051	354,157	777,922	1,099	0	1,133,178	29,335	383,492	749,686
8	320.0	PUMPING PLANT: LAND*	0	0	4,723	0	0	4,723	0	0	4,723	0	0	4,723
9	321.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	147	(450)	32,125	836	7,441	24,684	265	0	32,390	835	8,277	24,113
10	325.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	25,658	(10,834)	859,985	22,082	(62,779)	922,764	4,038	(549)	863,474	22,319	(41,009)	904,483
11	328.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	0	0	162	4	(932)	1,094	0	0	162	4	(927)	1,089
12	330.0	WATER TREATMENT PLANT: LAND*	0	0	550	0	0	550	0	0	550	0	0	550
13	331.0	WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	0	0	18,027	467	2,334	15,693	1,613	0	19,640	488	2,821	16,819
14	332.0	WATER TREATMENT PLANT: EQUIPMENT	30,632	0	64,137	1,264	6,414	57,723	8,610	(11,123)	61,624	1,629	(3,080)	64,704
15	340.0	TRANSMISSION & DISTRIBUTION: LAND - TANKS & MAINS*	0	0	4,937	0	0	4,937	898	0	5,835	0	0	5,835
16	340.1	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	0	0	0	0	0	0	0	0	0	0	0	0
17	341.0	TRANSMISSION & DISTRIBUTION: STRUCTURES	0	0	421,078	10,882	140,801	280,277	3,098	0	424,176	10,946	151,747	272,429
18	342.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	1,819	(4,085)	1,858,179	47,158	654,523	1,203,656	99,647	(656)	1,957,170	49,409	703,276	1,253,894
19	343.0	TRANSMISSION & DISTRIBUTION: MAINS	78,912	0	29,580	766	9,905	19,675	0	0	29,580	766	10,671	18,909
20	344.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	0	(2,224)	626,680	15,858	198,233	428,447	38,934	(1,119)	664,495	16,721	213,834	450,661
21	345.0	TRANSMISSION & DISTRIBUTION: SERVICES	30,994	(1,544)	201,814	5,192	55,289	146,525	1,839	(1,208)	202,445	5,235	59,316	143,129
22	346.0	TRANSMISSION & DISTRIBUTION: METERS	4,252	0	143,457	3,643	40,604	102,853	0	(51)	143,406	3,715	44,268	99,138
23	348.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	5,576	0	424	0	0	424	0	0	424	0	0	424
24	389.1	GENERAL PLANT: LAND - OFFICE*	0	0	2,471	0	0	2,471	0	0	2,471	0	0	2,471
25	389.2	GENERAL PLANT: LAND - WAREHOUSE*	0	0	(81)	0	(1,707)	1,626	0	0	(81)	0	(1,707)	1,626
26	389.3	GENERAL PLANT: LAND - MISC.*	0	(1,707)	31,539	817	(8,287)	39,826	0	0	31,539	817	(7,470)	39,009
27	390.1	GENERAL PLANT: OFFICE BUILDINGS	0	0	26,185	673	4,975	21,210	0	0	26,185	678	5,653	20,532
28	390.2	GENERAL PLANT: WAREHOUSE BUILDINGS	405	0	21,735	549	3,449	18,286	189	0	21,924	565	4,015	17,909
29	390.3	GENERAL PLANT: MISC. BUILDINGS	1,109	0	14,565	377	6,527	8,038	0	0	14,565	377	6,904	7,661
30	391.0	GENERAL PLANT: OFFICE EQUIPMENT	0	0	41,790	1,067	4,519	37,271	932	0	42,722	1,094	5,614	37,108
31	391.1	GENERAL PLANT: ELECTRICAL EQUIPMENT	1,157	0	18,315	462	5,207	13,108	0	0	18,315	474	5,681	12,634
32	391.2	GENERAL PLANT: OFFICE FURNITURE	971	0	4,509	117	929	3,580	0	0	4,509	117	1,046	3,463
33	393.0	GENERAL PLANT: WAREHOUSE EQUIPMENT	0	0	66,563	1,632	20,202	46,361	8,029	0	74,592	1,828	22,030	52,562
34	394.0	GENERAL PLANT: GARAGE EQUIPMENT	7,099	0	2,066	43	527	1,539	0	0	2,066	54	580	1,486
35	395.0	GENERAL PLANT: LAB EQUIPMENT	803	0	3,898	101	47	3,851	0	0	3,898	101	148	3,750
36	396.0	GENERAL PLANT: POWER EQUIPMENT	0	0	92,613	2,399	39,467	53,146	0	0	92,613	2,399	41,866	50,747
37	397.0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	0	0	13,978	357	2,097	11,881	147	0	14,125	364	2,461	11,664
38	397.1	GENERAL PLANT: MOBILE RADIOS	405	0	29,734	759	4,252	25,482	0	0	29,734	770	5,022	24,712
39	397.2	GENERAL PLANT: AUTO CONTROLS	834	0	20,674	535	3,808	(3,273)	1,388	0	22,062	553	4,361	17,701
40	398.0	GENERAL PLANT: MISC.	0	0	$6,180,429	$147,092	$1,492,001	$4,668,289	$170,969	($14,706)	$6,336,692	$151,593	$1,628,889	$4,707,803
41		TOTALS	$214,282	($20,844)										

REFERENCE:
ACC STAFF D.R. NO. REL 1-24

NOTE:
* NON-DEPRECIABLE PLANT

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
MIAMI SYSTEM
RATE BASE ADJUSTMENTS #1, #2 & #3 - PLANT IN SERVICE/POST TEST YEAR PLANT,
PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	2002 ADDITIONS PER COMPANY	2002 (RETIREMENTS) PER COMPANY	2002 YEAR END PLANT VALUE PER RUCO	2002 DEPRECIATION EXPENSE PER RUCO	2002 ACCUMULATED DEPRECIATION PER RUCO	2002 YEAR END NET PLANT PER RUCO
1	301.0	INTANGIBLES: ORGANIZATION*	$0	$0	$0	$0	$0	$0
2	302.0	INTANGIBLES: FRANCHISES*	0	0	1,225	0	0	1,225
3	303.0	INTANGIBLES: MISC.*	0	0	0	0	0	0
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	3,238	0	331,769	0	0	331,769
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS*	0	0	0	0	0	0
6	310.3	SOURCE OF SUPPLY: LAND - WELLS*	0	0	62,425	0	0	62,425
7	314.0	SOURCE OF SUPPLY: WELLS	3,329	0	1,136,507	29,392	412,884	723,623
8	320.0	PUMPING PLANT: LAND*	0	0	4,723	0	0	4,723
9	321.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	3,588	0	35,978	885	9,162	26,816
10	325.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	54,890	(43,728)	874,636	22,509	(62,228)	936,864
11	328.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	0	0	162	4	(923)	1,085
12	330.0	WATER TREATMENT PLANT: LAND*	0	0	550	0	0	550
13	331.0	WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	0	0	19,640	509	3,330	16,310
14	332.0	WATER TREATMENT PLANT: EQUIPMENT	918	0	62,542	1,608	(1,472)	64,014
15	340.0	TRANSMISSION & DISTRIBUTION: LAND - TANKS & MAINS*	0	0	5,835	0	0	5,835
16	340.1	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	0	0	0	0	0	0
17	341.0	TRANSMISSION & DISTRIBUTION: STRUCTURES	0	0	0	0	0	0
18	342.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	660	0	424,836	10,995	162,742	262,094
19	343.0	TRANSMISSION & DISTRIBUTION: MAINS	263,826	(13,449)	2,207,547	53,933	743,760	1,463,787
20	344.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	4,732	0	34,312	827	11,498	22,814
21	345.0	TRANSMISSION & DISTRIBUTION: SERVICES	92,132	(3,787)	752,840	18,354	228,402	524,438
22	346.0	TRANSMISSION & DISTRIBUTION: METERS	11,414	(562)	213,297	5,384	64,138	149,159
23	348.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	2,551	0	145,957	3,747	48,015	97,942
24	389.1	GENERAL PLANT: LAND - OFFICE*	453	0	877	0	0	877
25	389.2	GENERAL PLANT: LAND - WAREHOUSE*	0	0	2,471	0	0	2,471
26	389.3	GENERAL PLANT: LAND - MISC.*	0	0	(81)	0	(1,707)	1,626
27	390.1	GENERAL PLANT: OFFICE BUILDINGS	355	0	31,894	821	(6,648)	38,543
28	390.2	GENERAL PLANT: WAREHOUSE BUILDINGS	0	0	26,185	678	6,332	19,853
29	390.3	GENERAL PLANT: MISC. BUILDINGS	0	0	21,924	568	4,583	17,341
30	391.0	GENERAL PLANT: OFFICE EQUIPMENT	29,334	(7,904)	35,995	655	(345)	36,340
31	391.1	GENERAL PLANT: ELECTRICAL EQUIPMENT	0	0	42,722	1,106	6,720	36,002
32	391.2	GENERAL PLANT: OFFICE FURNITURE	0	0	18,315	474	6,156	12,159
33	393.0	GENERAL PLANT: WAREHOUSE EQUIPMENT	0	0	4,509	117	1,163	3,346
34	394.0	GENERAL PLANT: GARAGE EQUIPMENT	4,771	0	79,363	1,994	24,023	55,340
35	395.0	GENERAL PLANT: LAB EQUIPMENT	519	0	2,585	60	641	1,944
36	396.0	GENERAL PLANT: POWER EQUIPMENT	0	0	3,898	101	249	3,649
37	397.0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	32,851	(16,910)	108,554	2,605	27,561	80,993
38	397.1	GENERAL PLANT: MOBILE RADIOS	0	0	14,125	366	2,827	11,298
39	397.2	GENERAL PLANT: AUTO CONTROLS	0	0	29,734	770	5,792	23,942
40	398.0	GENERAL PLANT: MISC.	0	0	22,845	582	4,943	(4,361)
41		TOTALS	783	0	$6,760,695	$159,045	$1,701,594	$5,036,838
42			$510,343	($86,340)				
43		BALANCES PER COMPANY			$ 6,837,666		1,713,976	
44		BALANCES PER RUCO			$6,760,695		$1,701,594	
45		LESS: POST-TEST YEAR ALLOCATED PHOENIX OFFICE & METER SHOP ADDITIONS**			$26,995			
46					($103,965)		($12,382)	
47		TOTAL ADJUSTMENTS						
48								
49								

REFERENCES:
ACC STAFF D.R. NO. REL 1-24
ACC STAFF D.R. NO. REL 18-1
RUCO D.R. NO. 6.2

NOTE:
* NON-DEPRECIABLE PLANT
** BASED ON AN ALLOCATION FACTOR OF 0.0515 PER RUCO D.R. NO. 4.2

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-5

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
MIAMI SYSTEM
RATE BASE ADJ. #4 - RECONCILE TEST YEAR ALLOCATED PHOENIX OFFICE & METER SHOP AND ACCUMULATED DEPRECIATION BALANCES

LINE NO.	DESCRIPTION	TEST YEAR COMPANY
1	GROSS PHOENIX OFFICE PLANT & METER SHOP	$ 4,002,988
2	ADD: PHOENIX OFFICE CONSTRUCTION WORK IN PROGRESS (CWIP)	126,565
3	GROSS PHOENIX OFFICE PLANT & METER SHOP WITH CWIP	$ 4,129,553
4	TIMES: ALLOCATION FACTOR	0.0540
5	ALLOCATED GROSS PHOENIX OFFICE PLANT & METER SHOP WITH CWIP	$ 222,996
6	NET ALLOCATED PHOENIX OFFICE PLANT & METER SHOP WITH CWIP	197,194
7	RUCO ADJUSTMENT TO PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION	$ 25,802

REFERENCES:
LINE 1: COMPANY SCHEDULE B-2 PAGES 10 AND 11
LINE 2: COMPANY SCHEDULE B-2 PAGE 10
LINE 3: LINE 1 + LINE 2
LINE 4: COMPANY SCHEDULE B-1 PAGE 1
LINE 5: LINE 3 x LINE 4
LINE 6: COMPANY SCHEDULE B-1 PAGE 1 (SUM OF LINES 6 AND 7)

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-6

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
MIAMI SYSTEM
RATE BASE ADJ. #5 - REMOVE CWIP FROM PHOENIX OFFICE ALLOCATION

LINE NO.	DESCRIPTION	(A) TEST YEAR COMPANY	(B) TEST YEAR RUCO	
1	GROSS PHOENIX OFFICE PLANT	$ 3,903,884	$ 3,903,884	COMPANY SCHEDULE B-2 PAGE 10
2	LESS: ACCUMULATED DEPRECIATION	453,222	453,222	COMPANY SCHEDULE B-2 PAGE 10
3	NET PHOENIX OFFICE PLANT	$ 3,450,662	$ 3,450,662	LINE 1 + LINE 2
4	ADD: CWIP	126,565	-	COMPANY SCHEDULE B-2 PAGE 10
5	TOTALS	$ 3,577,227	$ 3,450,662	LINE 3 + LINE 4
4	TIMES: ALLOCATION FACTOR	0.0540	0.0540	COMPANY SCHEDULE B-1 PAGE 2
5	ALLOCATED PHOENIX OFFICE PLANT	$ 193,170	$ 186,336	COMPANY SCHEDULE B-1 PAGE 2
6	RUCO ADJUSTMENT		$ (6,835)	LINE 5 COLUMN (B) - LINE 5 COLUMN (A)

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 1999
MIAMI SYSTEM
RATE BASE ADJUSTMENT #9 - WORKING CAPITAL

LINE NO.	DESCRIPTION	AMOUNT	REFERENCE
1	CASH WORKING CAPITAL PER COMPANY	$ 30,159	COMPANY SCH. B-5, PG. 1
2	CASH WORKING CAPITAL PER RUCO	(37,212)	SCH. WAR-7, PG. 3
3	DECREASE IN CASH WORKING CAPITAL	(67,371)	LINE 2 - LINE 1
4	MATERIALS & SUPPLIES PER COMPANY	9,277	COMPANY SCH. B-5, PG. 1
5	MATERIALS & SUPPLIES PER RUCO	10,143	DATA REQUEST RUCO 6.4 a)
6	MATERIALS & SUPPLIES ADJUSTMENT	866	LINE 5 - LINE 4
7	PREPAYMENTS PER COMPANY AND SPECIAL DEPOSITS	15,418	COMPANY SCH. B-5, PG. 1
8	PREPAYMENTS PER RUCO	13,074	DATA REQUEST RUCO 6.4 b)
9	PREPAYMENTS ADJUSTMENT	(2,344)	LINE 8 - LINE 7
10	REQUIRED BANK BALANCES PER COMPANY	26,913	COMPANY SCH. B-5, PG. 1
11	REQUIRED BANK BALANCES PER RUCO	22,597	DATA REQUEST RUCO 6.4 c)
12	REQUIRED BANK BALANCE ADJUSTMENT	(4,316)	LINE 11 - LINE 10
13	TOTAL WORKING CAPITAL ADJUSTMENT	(73,165)	LINES 3, 6, 9 & 12

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
MIAMI SYSTEM
RATE BASE ADJUSTMENT #9 - WORKING CAPITAL
LEAD/LAG CALCULATION

LINE NO.	DESCRIPTION	EXPENSES PER COMPANY	RUCO ADJUSTMENTS	ADJUSTED EXPENSES	(LEAD)/LAG DAYS	$ DAYS
1	PURCHASED POWER	$ 155,214	$ (8,426)	$ 146,788	44.35	$ 6,510,048
2	PAYROLL	394,635	10,553	405,188	14.00	5,672,638
3	PURCHASED WATER	-	-	-	N/A	N/A
4	CHEMICALS	77,706	(64,504)	13,202	169.13	2,232,854
5	PROPERTY & LIABILITY INSURANCE	6,439	(78)	6,361	(45.27)	(287,942)
6	WORKER'S COMPENSATION	5,645	823	6,468	(46.50)	(300,745)
7	HEALTH INSURANCE	81,989	(6,840)	75,149	(8.92)	(670,325)
8	OTHER O&M EXPENSES	261,716	(84,943)	176,773	(9.27)	(1,638,681)
9	DEPRECIATION & AMORTIZATION	204,884	(67,944)	136,940	N/A	N/A
10	FEDERAL & STATE INCOME TAXES	206,404	(68,632)	137,772	61.95	8,535,571
11	DEFERRED INCOME TAXES	13,171	N/A	N/A	N/A	N/A
12	FICA TAXES	31,452	(107)	31,345	14.00	438,830
13	FUTA & SUTA TAXES	690	47	737	83.10	61,245
14	PROPERTY TAXES	122,648	(20,784)	101,864	212.00	21,595,062
15	REG., CONTRACT, & MISCELLANEOUS FEES	32,761	1,974	34,735	(98.83)	(3,432,900)
16	SALES & OCCUPATION TAXES	120,724	7,131	127,855	41.30	5,280,412
17	PENSION EXPENSE	35,951	973	36,924	34.72	1,282,001
18	TOTAL	$ 1,752,029	$ (300,759)	$ 1,438,099 *	31.48	$ 45,278,068

NOTE
N/A = NON CASH CHARGES EXCLUDED FROM WORKING CAPITAL CALCULATION
* RUCO RECOMMENDED LEVEL OF OPERATING EXPENSE - SCHEDULE WAR-8, COLUMN (E), LINE 16

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
MIAMI SYSTEM
RATE BASE ADJUSTMENT #9 - WORKING CAPITAL
CALCULATION OF CASH WORKING CAPITAL

LINE NO.	DESCRIPTION	AMOUNT	REFERENCE
1	AVERAGE EXPENSE LAG	31.48	SCH. WAR-7, PG. 2
2	AVERAGE REVENUE COLLECTION LAG	22.04	CO. SCH. B-5, PG. 2
3	EXCESS EXPENSE OVER REVENUE LAG	(9.44)	LINE 2 - LINE 1
4	TOTAL EXPENSES	$ 1,438,099	SCH. WAR-7, PG. 2
5	CASH WORKING CAPITAL REQUIREMENT	(37,212)	(LINE 3 X LINE 4)/365 DAYS
6	PER COMPANY	$ 30,159	CO. SCH. B-5, PG. 2
7	INCREASE (DECREASE) IN WORKING CAPITAL	$ (67,371)	LINE 5 - LINE 6

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
MIAMI SYSTEM
RATE BASE ADJUSTMENT #9 - WORKING CAPITAL
CALCULATION OF INCOME TAX LAG

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-7

LINE NO.	(A) PAYMENT DATE	(B) SERVICE PERIOD MIDPOINT	(C) (LEAD)/LAG DAYS	(D) PAYMENT AMOUNT	(E) DOLLAR DAYS
1	04/12/99	07/01/99	(80.00)	$ 397,000	(31,760,000)
2	06/11/99	07/01/99	(20.00)	50,000	(1,000,000)
3	09/14/99	07/01/99	75.00	486,000	36,450,000
4	12/14/99	07/01/99	166.00	970,000	161,020,000
5	03/14/00	07/01/99	257.00	(240,000)	(61,680,000)
6	TOTALS			$ 1,663,000	103,030,000
7	INCOME TAX LAG		61.95		

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
MIAMI SYSTEM
OPERATING INCOME - TEST YEAR AND RUCO PROPOSED

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-8

LINE NO.	DESCRIPTION	(A) COMPANY TEST YEAR AS FILED	(B) RUCO TEST YEAR ADJUSTMENTS	(C) RUCO TEST YEAR AS ADJUSTED	(D) RUCO PROPOSED CHANGES	(E) RUCO RECOMMENDED
	REVENUES - WATER:					
1	REVENUE FROM WATER SALES	$ 1,456,939	$ 56,639	$ 1,513,578	$ 237,179	$ 1,750,757
2	OTHER REVENUES	0.00	-	0.00		0.00
3	TOTAL OPERATING REVENUES	$ 1,456,939	$ 56,639	$ 1,513,578	$ 237,179	$ 1,750,757
	OPERATING EXPENSES:					
2	PURCHASED WATER	$ -	$ -	$ -	$ -	$ -
3	OTHER	8,832	388	9,220		9,220
4	PURCHASED POWER	151,322	(6,363)	144,959		144,959
5	PURCHASED GAS	-	22	22		22
6	OTHER	97,770	29,558	127,328		127,328
7	WATER TREATMENT	95,544	(52,550)	42,994		42,994
8	TRANSMISSION & DISTRIBUTION	263,028	21,449	284,477		284,477
9	CUSTOMER ACCOUNTS	190,636	268	190,904		190,904
10	SALES	1,311	53	1,364		1,364
11	ADMINISTRATIVE & GENERAL	246,728	(18,554)	228,174		228,174
12	DEPRECIATION & AMORTIZATION	204,884	(67,944)	136,940		136,940
13	PROPERTY TAXES	121,044	(19,180)	101,864		101,864
14	OTHER TAXES	28,957	3,125	32,082		32,082
15	INCOME TAXES	(13,108)	59,102	45,994	91,778	137,772
16	TOTAL OPERATING EXPENSES	$ 1,396,948	$ (50,626)	$ 1,346,322	$ 91,778	$ 1,438,099
17	NET INCOME	$ 59,991	$ 107,265	$ 167,256	$ 145,402	$ 312,658

REFERENCES:
COLUMN (A): CO. SCH. C-1, PG. 3
COLUMN (B): SCH. WAR-9
COLUMN (C): COLUMN (A) + COLUMN (B)
COLUMN (D): SCH. WAR-1
COLUMN (E): COLUMN (C) + COLUMN (D)

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-9

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
MIAMI SYSTEM
SUMMARY OF OPERATING ADJUSTMENTS

LINE NO.	DESCRIPTION	(A) COMPANY PROPOSED	(B) ADJ #1	(C) ADJ #2	(D) ADJ #3	(E) ADJ #4	(F) ADJ #5	(G) ADJ #6	(H) ADJ #7	(I) ADJ #8	(J) ADJ #9	(K) ADJ #10	(L) ADJ #11	(M) RUCO ADJUSTED
	REVENUES - WATER:													
1	REVENUE FROM WATER SALES	$ 1,456,939	$ 154,976	$ (127,855)	$ 14,067	$ 24,919	$ (8,571)		$ (897)					$ 1,513,578
2	OTHER REVENUES	-												-
3	TOTAL OPERATING REVENUES	$ 1,456,939	$ 154,976	$ (127,855)	$ 14,067	$ 24,919	$ (8,571)	$ -	$ (897)	$ -	$ -	$ -	$ -	$ 1,513,578
	OPERATING EXPENSES:													
2	PURCHASED WATER	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
3	OTHER	8,832	388											9,220
4	PURCHASED POWER	151,322	(4,556)			(387)	(1,420)							144,959
5	PURCHASED GAS	-	22											22
6	OTHER	97,770	29,558											127,328
7	WATER TREATMENT	95,544	(52,410)				(140)							42,994
8	TRANSMISSION & DISTRIBUTION	263,028	22,037			(588)								284,477
9	CUSTOMER ACCOUNTS	190,636	268											190,904
10	SALES	1,311	53											1,364
11	ADMINISTRATIVE & GENERAL	246,728	(24,551)	(3,157)			(964)	10,118						228,174
12	DEPRECIATION & AMORTIZATION	204,884								(67,944)				136,940
13	PROPERTY TAXES	121,044									(19,180)			101,864
14	OTHER TAXES	28,957	127,823	(124,698)										32,082
15	INCOME TAXES	(13,108)										59,102		45,994
16	TOTAL OPERATING EXPENSES	$ 1,396,948	$ 98,632	$ (127,855)	$ -	$ (975)	$ (2,524)	$ 10,118	$ -	$ (67,944)	$ (19,180)	$ 59,102	$ -	$ 1,346,322
17	NET INCOME	$ 59,991	$ 56,344	$ -	$ 14,067	$ 25,894	$ (6,047)	$ (10,118)	$ (897)	$ 67,944	$ 19,180	$ (59,102)	$ -	$ 167,256

ADJUSTMENT #:
1. RECONCILE COMPANY PROPOSED OPERATING INCOME TO 2002 ACTUAL
2. REMOVE 2002 REGULATORY ASSESSMENT & SALES TAXES
3. ELIMINATE PPAM AND PWAM REVENUES
4. ELIMINATE UNBILLED REVENUES & EXPENSES
5. ANNUALIZE ADDITIONAL REVENUES & EXPENSES
6. AMORTIZATION OF RATE CASE EXPENSE

REFERENCE:
RUCO D.R. NO. 1.10
RUCO D.R. NO. 1.10 & ACC STAFF D.R. NO. REL 19-1
RUCO D.R. NO. 7.1 & RUCO D.R. NO. 7.2
RUCO D.R. NO. 7.3
RUCO D.R. NO. 6.6
COMPANY SCHEDULE C-2, PAGE 7, TESTIMONY WAR

ADJUSTMENT #:
7. REMOVE MAP SURCHARGE REVENUES
8. DEPRECIATION & AMORTIZATION EXPENSE
9. PROPERTY TAX EXPENSE
10. INCOME TAX EXPENSE
11. NOT USED

REFERENCE:
TESTIMONY WAR
SCHEDULE WAR-12
SCHEDULE WAR-13
SCHEDULE WAR-14
N/A

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
MIAMI SYSTEM
OPERATING ADJ. #1 - RECONCILE COMPANY
PROPOSED OPERATING INCOME TO 2002 ACTUAL

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-10

LINE NO.	DESCRIPTION	(A) COMPANY PROPOSED	(B) 2002 ACTUAL	(C) DIFFERENCE	(D) RUCO ADJUSTMENT
	REVENUES - WATER:				
1	REVENUE FROM WATER SALES	$ 1,456,939	$ 1,611,915	$ 1,456,939	$ 154,976
2	OTHER REVENUES	0.00	0.00	0.00	0.00
3	TOTAL OPERATING REVENUES	$ 1,456,939	$ 1,611,915	$ 1,456,939	$ 154,976
	OPERATING EXPENSES:				
4	PURCHASED WATER	$ -	$ -	$ -	$ -
5	OTHER	8,832	9,220	8,832	388
6	PURCHASED POWER	151,322	146,766	151,322	(4,556)
7	PURCHASED GAS	-	22	-	22
8	OTHER	97,770	127,328	97,770	29,558
9	WATER TREATMENT	95,544	43,134	95,544	(52,410)
10	TRANSMISSION & DISTRIBUTION	263,028	285,065	263,028	22,037
11	CUSTOMER ACCOUNTS	190,636	190,904	190,636	268
12	SALES	1,311	1,364	1,311	53
13	ADMINISTRATIVE & GENERAL	246,728	222,177	246,728	(24,551)
14	DEPRECIATION & AMORTIZATION	204,884	166,150	204,884	- (a)
15	PROPERTY TAXES	121,044	102,755	121,044	- (a)
16	OTHER TAXES	28,957	156,780	28,957	127,823
17	INCOME TAXES	(13,108)	42,585	(13,108)	- (a)
18	TOTAL OPERATING EXPENSES	$ 1,396,948	$ 1,494,250	$ 1,396,948	$ 98,632
19	NET INCOME	$ 59,991	$ 117,665	$ 59,991	$ 56,344

REFERENCES:
COLUMN (A): COMPANY SCHEDULE C-1 PAGE 3 OF 5
COLUMN (B): DATA REQUEST RUCO 1.10
COLUMN (C): COLUMN (B) - COLUMN (A)
COLUMN (D): COLUMN (C) LINES 1 THRU 13, LINES 16, 18 & 19

NOTE:
(a) SEPARATE PRO FORMA ADJUSTMENTS NOT INCLUDED IN RECONCILIATION

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
MIAMI SYSTEM
OPERATING ADJ. #1 - RECONCILE COMPANY
PROPOSED OPERATING INCOME TO 2002 ACTUAL

LINE NO.	DESCRIPTION	(A) TEST YEAR ACTUAL	(B) 2002 ACTUAL	(C) DIFFERENCE
	REVENUES - WATER:			
1	REVENUE FROM WATER SALES	$ 1,577,658	$ 1,611,915	$ 34,257
2	OTHER REVENUES	0.00	0.00	0.00
3	TOTAL OPERATING REVENUES	$ 1,577,658	$ 1,611,915	$ 34,257
	OPERATING EXPENSES:			
4	PURCHASED WATER	$ -	$ -	$ -
5	OTHER	8,838	9,220	382
6	PURCHASED POWER	150,420	146,766	(3,654)
7	PURCHASED GAS	-	22	22
8	OTHER	97,770	127,328	29,558
9	WATER TREATMENT	24,368	43,134	18,766
10	TRANSMISSION & DISTRIBUTION	236,363	285,065	48,702
11	CUSTOMER ACCOUNTS	189,374	190,904	1,530
12	SALES	1,311	1,364	53
13	ADMINISTRATIVE & GENERAL	211,602	222,177	10,575
14	DEPRECIATION & AMORTIZATION	158,782	166,150	7,368
15	PROPERTY TAXES	111,042	102,755	(8,287)
16	OTHER TAXES	148,797	156,780	7,983
17	INCOME TAXES	70,648	42,585	(28,063)
18	TOTAL OPERATING EXPENSES	1,409,315	1,494,250	84,935
19	NET INCOME	$ 168,343	$ 117,665	$ (50,678)

REFERENCES:
COLUMN (A): COMPANY SCHEDULE C-1 PAGE 3 OF 5
COLUMN (B): DATA REQUEST RUCO 1.10
COLUMN (C): COLUMN (B) - COLUMN (A)

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
MIAMI SYSTEM
OPERATING ADJ. #5 - REVENUE ANNUALIZATION FOR 2002

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-11

LINE NO.	DESCRIPTION	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
1	YEAR END CUSTOMERS - 2002	3,010	3,010	3,010	3,010	3,010	3,010	3,010	3,010	3,010	3,010	3,010	3,010
2	2002 CUSTOMERS	3,031	3,018	3,013	3,018	3,021	3,028	3,037	3,025	3,031	3,043	3,030	3,010
3	INCREASE IN CUSTOMERS - 2002	(21)	(8)	(3)	(8)	(11)	(18)	(27)	(15)	(21)	(33)	(20)	-
4	AVERAGE REVENUE FOR THE MONTH	$ 35.27	$ 35.96	$ 37.46	$ 39.45	$ 46.21	$ 52.63	$ 56.04	$ 56.92	$ 52.01	$ 44.13	$ 37.19	$ 27.40
5	INCREASE IN REVENUES	$ (741)	$ (288)	$ (112)	$ (316)	$ (508)	$ (947)	$ (1,513)	$ (854)	$ (1,092)	$ (1,456)	$ (744)	$ -
6	TOTAL INCREASE IN REVENUE	$ (8,571)											
7	INCREASE IN REVENUE PER COMPANY	-											
8	REVENUE ADJUSTMENT	(8,571)											
9	GALLONS SOLD PER AVERAGE CUSTOMER	6,325	6,817	7,105	7,614	9,523	11,399	12,486	12,738	11,189	8,854	7,002	6,522
10	INCREASE IN CUSTOMERS	(21)	(8)	(3)	(8)	(11)	(18)	(27)	(15)	(21)	(33)	(20)	0
11	INCREASE IN GALLONS	(132,831)	(54,535)	(21,314)	(60,914)	(104,756)	(205,188)	(337,112)	(191,063)	(234,959)	(292,181)	(140,038)	0
12	TOTAL INCREASE IN GALLONS	(1,774,891)											
13	PUMPING COST PER GALLON	0.0008											
14	INCREASE IN PUMPING COST	(1,420)											
15	WATER TREATMENT COSTS PER GALLON	0.000079											
16	INCREASE IN WATER TREATMENT COSTS	(140)											
17	TOTAL INCREASE IN BILLS	(185)											
18	MONTHLY ACCOUNTING COST PER BILL	5.21											
19	INCREASE IN ACCOUNTING COST	(964)											

REFERENCES:
LINE #1 - RUCO DATA REQUEST #6.6
LINE #2 - RUCO DATA REQUEST #6.6
LINE #3 = LINE #1 MINUS LINE #2
LINE #4 - RUCO DR #1.10 = TOTAL MONTH REV. MINUS OTHER REV. / TOTAL MONTHLY CUSTOMERS FOR POST-TEST-YEAR
LINE #5 = LINE #3 MULTIPLIED BY LINE #4
LINE #6 = SUMMATION OF LINE #5
LINE #7 - NO REFERENCE
LINE #8 - LINE #6 MINUS LINE #7
LINE #9 - GALLONS SOLD, AWC's ANNUAL REPORT & MONTHLY CUSTOMERS, RUCO DR #6.6

LINE #10 = LINE #3
LINE #11 = LINE #9 MULTIPLIED BY LINE #10
LINE #12 = SUMMATION OF LINE #11
LINE #13 - CO. W/P C2-5, PAGE 3
LINE #14 = LINE #12 X LINE #13
LINE #15 - CO. W/P C2-5, PAGE 3
LINE #16 = LINE #12 MULTIPLIED BY LINE #15
LINE #17 = SUMMATION OF LINE #3
LINE #18 - CO. W/P C2-5, PAGE 4

LINE #19 = LINE #17 X LINE #18

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
MIAMI SYSTEM
OPERATING ADJ. #8 - DEPRECIATION & AMORTIZATION EXPENSE

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-12

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	(A) ACTUAL TEST YEAR BALANCE PER COMPANY	(B) RUCO ADJUSTMENTS	(C) RUCO ADJUSTED BALANCE	(D) COMPOSITE DEPRECIATION RATE	(E) RUCO RECOMMENDED DEPRECIATION EXPENSE
1	301.0	INTANGIBLES: ORGANIZATION*	$ -	$ -	$0	0.00%	$ -
2	302.0	INTANGIBLES: FRANCHISES*	1,225	-	1,225	0.00%	-
3	303.0	INTANGIBLES: MISC.*	-	-	-	0.00%	-
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	328,531	-	328,531	0.00%	-
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS*	-	-	-	0.00%	-
6	310.3	SOURCE OF SUPPLY: LAND - WELLS*	62,425	-	62,425	0.00%	-
7	314.0	SOURCE OF SUPPLY: WELLS	1,133,176	2	1,133,178	2.59%	29,349
8	320.0	PUMPING PLANT: LAND*	4,723	-	4,723	0.00%	-
9	321.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	32,391	(1)	32,390	2.59%	839
10	325.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	863,472	2	863,474	2.59%	22,364
11	328.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	163	(1)	162	2.59%	4
12	330.0	WATER TREATMENT PLANT: LAND*	550	-	550	0.00%	-
13	331.0	WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	19,640	-	19,640	2.59%	509
14	332.0	WATER TREATMENT PLANT: EQUIPMENT	61,624	-	61,624	2.59%	1,596
15	340.0	TRANSMISSION & DISTRIBUTION: LAND - TANKS & MAINS*	5,835	-	5,835	0.00%	-
16	340.1	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	-	-	-	0.00%	-
17	341.0	TRANSMISSION & DISTRIBUTION: STRUCTURES	-	-	-	2.59%	-
18	342.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	424,176	-	424,176	2.59%	10,986
19	343.0	TRANSMISSION & DISTRIBUTION: MAINS	1,957,169	1	1,957,170	2.59%	50,691
20	344.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	29,580	-	29,580	2.59%	766
21	345.0	TRANSMISSION & DISTRIBUTION: SERVICES	664,496	(1)	664,495	2.59%	17,210
22	346.0	TRANSMISSION & DISTRIBUTION: METERS	202,443	2	202,445	2.59%	5,243
23	348.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	143,406	-	143,406	2.59%	3,714
24	389.1	GENERAL PLANT: LAND - OFFICE*	424	-	424	0.00%	-
25	389.2	GENERAL PLANT: LAND - WAREHOUSE*	2,471	-	2,471	0.00%	-
26	389.3	GENERAL PLANT: LAND - MISC.*	(81)	-	(81)	0.00%	-
27	390.1	GENERAL PLANT: OFFICE BUILDINGS	31,539	-	31,539	2.59%	817
28	390.2	GENERAL PLANT: WAREHOUSE BUILDINGS	26,183	2	26,185	2.59%	678
29	390.3	GENERAL PLANT: MISC. BUILDINGS	21,924	-	21,924	2.59%	568
30	391.0	GENERAL PLANT: OFFICE EQUIPMENT	14,565	-	14,565	2.59%	377
31	391.1	GENERAL PLANT: ELECTRICAL EQUIPMENT	42,719	3	42,722	2.59%	1,106
32	391.2	GENERAL PLANT: OFFICE FURNITURE	18,315	-	18,315	2.59%	474
33	393.0	GENERAL PLANT: WAREHOUSE EQUIPMENT	4,509	-	4,509	2.59%	117
34	394.0	GENERAL PLANT: GARAGE EQUIPMENT	74,593	(1)	74,592	2.59%	1,932
35	395.0	GENERAL PLANT: LAB EQUIPMENT	2,066	-	2,066	2.59%	54
36	396.0	GENERAL PLANT: POWER EQUIPMENT	3,898	-	3,898	2.59%	101
37	397.0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	92,613	-	92,613	2.59%	2,399
38	397.1	GENERAL PLANT: MOBILE RADIOS	14,126	(1)	14,125	2.59%	366
39	397.2	GENERAL PLANT: AUTO CONTROLS	29,734	-	29,734	2.59%	770
40	398.0	GENERAL PLANT: MISC.	22,062	-	22,062	2.59%	571
41							
42		TEST YEAR TOTALS	$ 6,336,685	$ 7	$ 6,336,692		$ 153,602
43							
44		POST TEST YEAR ADDITIONS	500,981	(103,972)	$397,008	2.59%	10,283
45							
46		GROSS DEPRECIABLE PHOENIX OFFICE AND METER SHOP ALLOCATION	216,161	26,624	242,785 **	2.59%	6,288
47							
48		2002 TOTALS	$ 7,053,827	$ (77,342)	$ 6,976,485		$ 170,173
49							
50	LESS:						
51	AMORTIZATION OF CONTRIBUTIONS IN AID OF CONSTRUCTION @ 2.59% COMPOSITE RATE ***						5,233
52							
53	LESS:						
54	AMORTIZATION OF 50/50 SHARING OF $1.4 MILLION PCG SETTLEMENT ****						28,000
55							
56	TOTAL PRO FORMA DEPRECIATION & AMORTIZATION EXPENSE						$ 136,940
57							
58	DEPRECIATION & AMORTIZATION EXPENSE PER COMPANY						204,884
59							
60	DEPRECIATION & AMORTIZATION EXPENSE ADJUSTMENT (LINE 56 - LINE 58)						$ (67,944)

REFERENCES:
COLUMN (A): COMPANY SCHEDULE E-5 PAGE 2 OF 4 AND STAFF DATA REQUEST REL 1-24
COLUMN (B): COLUMN (C) - COLUMN (A)
COLUMN (C): RUCO SCHEDULE WAR-4 PAGE 7
COLUMN (D): COMPOSITE DEPRECIATION RATE OF 2.59%
COLUMN (E): COLUMN (C) x COLUMN (D)

NOTES:
* NON-DEPRECIABLE PLANT ASSETS
** NET OF $372 IN NON-DEPRECIABLE LEASEHOLD IMPROVEMENTS ($7,215 x 0.0515 ALLOCATION FACTOR FOR 2002 = $372)
*** RUCO ADJUSTED CIAC BALANCE x COMPOSITE RATE = $202,054 x 2.59% = $5,233
**** $700,000 ÷ 25 YEARS = $28,000

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
MIAMI SYSTEM
OPERATING ADJ. #9 - PROPERTY TAX EXPENSE

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-13

LINE NO.	DESCRIPTION	AMOUNT	REFERENCE
1	REVENUES - 2000	$ 1,522,007	COMPANY SCH. C-2, W/P C2-19a
2	REVENUES - 2001	1,456,934	COMPANY SCH. C-2, W/P C2-19a
3	REVENUES - 2002	1,484,061	D. R. NO. REL 19-1
4	TOTAL	$ 4,463,002	SUM LINES 1, 2, & 3
5	3 YEAR AVERAGE	1,487,667	LINE 4/3 YEARS
6	MULTIPLIER FOR REVENUES (2 X LAST 3 YRS. AVERAGE REVENUE)	x 2	ADOR VALUATION FACTOR
7	REVENUES FOR FULL CASH VALUE	2,975,335	LINE 5 X 2 (MULTIPLIER FOR REVENUES
8	ADD: 10% OF CWIP BALANCE	(2)	COMPANY SCH. B-2, PG. 5; LINE 4 X 10%
9	LESS: LICENSED VEHICLES	-	STAFF DATA REQUEST REL 23-1
10	FULL CASH VALUE	2,975,333	LINE 7 + LINE 8 MINUS LINE 9
11	ASSESSMENT RATIO	25%	PER ADOR VALUATION METHOD
12	ASSESSED VALUE	743,833	LINE 10 X LINE 11
13	PROPERTY TAX RATE	13.6944%	PER TAX BILLS
14	PROPERTY TAXES PAYABLE PER RUCO	101,864	LINE 12 X LINE 13
15	PROPERTY TAXES PER COMPANY	121,044	COMPANY SCH. C-1, PG. 3
16	ADJUSTMENT	(19,180)	LINE 14 MINUS LINE 15

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
MIAMI SYSTEM
OPERATING ADJ. #10 - INCOME TAXES

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-14

LINE NO.	DESCRIPTION	AMOUNT	REFERENCE
	FEDERAL INCOME TAXES:		
1	OPERATING INCOME BEFORE INCOME TAXES	$ 213,251	SCH. WAR-9
	LESS:		
2	ARIZONA STATE TAX	8,313	LINE 11
3	INTEREST EXPENSE	93,945	NOTE (a)
4	FEDERAL TAXABLE INCOME	110,992	LINE 1 - LINES 2 & 3
5	FEDERAL INCOME TAX RATE	33.95%	TAX RATE
6	FEDERAL INCOME TAX EXPENSE	37,681	LINE 4 X LINE 5
	STATE INCOME TAXES:		
7	OPERATING INCOME BEFORE INCOME TAXES	213,251	LINE 1
	LESS:		
8	INTEREST EXPENSE	93,945	NOTE (A)
9	STATE TAXABLE INCOME	119,305	LINE 7 - LINE 8
10	STATE TAX RATE	6.968%	TAX RATE
11	STATE INCOME TAX EXPENSE	8,313	LINE 9 X LINE 10
12	TOTAL INCOME TAXES	45,994	LINE 6 + LINE 11
13	INCOME TAXES PER COMPANY	(13,108)	COMPANY SCH. C-1, PG. 2
14	ADJUSTMENT	$ 59,102	LINE 12 - LINE 13

NOTE (a):
INTEREST SYCHRONIZATION

ADJUSTED RATE BASE	$ 3,600,871
WEIGHTED COST OF DEBT	2.61%
INTEREST EXPENSE	$ 93,945

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
MIAMI SYSTEM
OPERATING ADJ. #11 - NOT USED FOR THIS SYSTEM

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-15

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
MIAMI SYSTEM
COST OF CAPITAL

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-16

LINE NO.	DESCRIPTION	(A) AMOUNT	(B) ADJUSTMENT	(C) ADJUSTED BALANCE	(D) CAPITAL RATIO	(E) COST	(F) WEIGHTED COST
1	SHORT-TERM DEBT	$ 2,850,000	$ 1,650,000	$ 4,500,000	5.62%	4.00%	0.22%
2	LONG-TERM DEBT:	23,000,677	(400,677)	22,600,000	28.24%	8.44%	2.38%
3	COMMON EQUITY	49,442,738	3,473,716	52,916,454	66.13%	9.18%	6.07%
4	TOTAL	$ 75,293,415	4,723,039	$ 80,016,454	100.00%		8.68%

REFERENCES:
COLUMN (A): COMPANY SCH. D - 1
COLUMN (B): TESTIMONY, WAR
COLUMN (C): COLUMN (A) + COLUMN (B)
COLUMN (D): COLUMN (C) ÷ COLUMN (C), LINE 5
COLUMN (E): TESTIMONY, WAR
COLUMN (F): COLUMN (D) x COLUMN (E)

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
MIAMI SYSTEM
PROPOSED RATES

DOCKET NO. W-01445A-02-0619
SCHEDULE WAR-17

LINE NO.	DESCRIPTION	PRESENT RATES	COMPANY PROPOSED	RUCO PROPOSED
1	**MONTHLY MINIMUM USAGE CHARGE:**			
2				
3	(RESIDENTIAL, COMMERCIAL AND MISC. CUSTOMERS)			
4	5/8 X 3/4 - INCH	$ 13.47	$ 20.22	$ 17.00
5	1 - INCH	24.86	43.88	42.50
6	2 - INCH	62.15	127.59	85.00
7	3 - INCH	103.58	229.29	134.55
8	4 - INCH	207.16	408.24	255.00
9	6 - INCH	362.53	777.66	425.00
10	8 - INCH	362.53	1,080.96	850.00
11	10 - INCH	673.27	1,769.05	1,275.00
12				
13	**GALLONS INCLUDED IN MONTHLY MINIMUM USAGE CHARGE:**			
14				
15	RESIDENTIAL, COMMERCIAL AND MISC. CUSTOMERS	1,000	0	0
16				
17	**COMMODITY RATE (PER 100 GAL. OVER MINIMUM):**	$0.33040	$ 0.43300	$ 0.33330
18				
19	**COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM):**	$3.30400	$ 4.33000	$ 3.33300

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
MIAMI SYSTEM
MONTHLY MINIMUM CHARGES

DOCKET NO. W-01445A-02-0619
SCHEDULE WAR-18

LINE NO.	METER SIZE	(A) COMPANY PRESENT RATES	(B) COMPANY PROPOSED RATES	(C) COMPANY DOLLAR INCREASE	(D) COMPANY PERCENT. INCREASE	(E) RUCO PROPOSED RATES	(F) RUCO DOLLAR INCREASE	(G) RUCO PERCENT. INCREASE
1	5/8 X 3/4 - INCH	$ 13.47	$ 20.22	$ 6.75	50.11%	$ 17.00	$ 3.53	26.21%
2	1 - INCH	24.86	43.88	19.02	76.51%	42.50	17.64	70.96%
3	2 - INCH	62.15	127.59	65.44	105.29%	85.00	22.85	36.77%
4	3 - INCH COMMERCIAL	103.58	229.29	125.71	121.37%	134.55	30.97	29.90%
5	4 - INCH COMMERCIAL	207.16	408.24	201.08	97.07%	255.00	47.84	23.09%
6	6 - INCH	362.53	777.66	415.13	114.51%	425.00	62.47	17.23%
7	8 - INCH	362.53	1,080.96	718.43	198.17%	850.00	487.47	134.46%
8	10 - INCH	673.27	1,769.05	1,095.78	162.75%	1,275.00	601.73	89.37%
9	GALLONS INCLUDED IN MONHTLY MINIMUM CHARGE	1,000	0			0		

REFERENCES
COLUMN (A) THRU COLUMN (D): COMPANY SCHEDULE H-3, PAGE 2 OF 4
COLUMN (E): TESTIMONY WAR
COLUMN (F): COLUMN (E) - COLUMN (A)
COLUMN (G): COLUMN (F) ÷ COLUMN (A)

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
MIAMI SYSTEM
BILLING ANALYSIS

DOCKET NO. W-01445A-02-0619
SCHEDULE WAR-19

PRESENT RATES

LINE NO.	CONSUMPTION IN GALLONS	(A) 5/8 - INCH	(B) 1 - INCH	(C) 2 - INCH	(D) 3 - INCH	(E) 4 - INCH	(F) 6 - INCH	(G) 8 - INCH	(H) 10 - INCH
1	0	$ 13.47	$ 24.86	$ 62.15	$ 103.58	$ 207.16	$ 362.53	$ 362.53	$ 673.27
2	1,000	13.47	24.86	62.15	103.58	207.16	362.53	362.53	673.27
3	2,000	16.77	28.16	65.45	106.88	210.46	365.83	365.83	676.57
4	3,000	20.08	31.47	68.76	110.19	213.77	369.14	369.14	679.88
5	4,000	23.38	34.77	72.06	113.49	217.07	372.44	372.44	683.18
6	5,000	26.69	38.08	75.37	116.80	220.38	375.75	375.75	686.49
7	6,000	29.99	41.38	78.67	120.10	223.68	379.05	379.05	689.79
8	7,000	33.29	44.68	81.97	123.40	226.98	382.35	382.35	693.09
9	8,000	36.60	47.99	85.28	126.71	230.29	385.66	385.66	696.40
10	9,000	39.90	51.29	88.58	130.01	233.59	388.96	388.96	699.70
11	10,000	43.21	54.60	91.89	133.32	236.90	392.27	392.27	703.01
12	15,000	59.73	71.12	108.41	149.84	253.42	408.79	408.79	719.53
13	20,000	76.25	87.64	124.93	166.36	269.94	425.31	425.31	736.05
14	25,000	92.77	104.16	141.45	182.88	286.46	441.83	441.83	752.57
15	50,000	175.37	186.76	224.05	265.48	369.06	524.43	524.43	835.17
16	75,000	257.97	269.36	306.65	348.08	451.66	607.03	607.03	917.77
17	100,000	340.57	351.96	389.25	430.68	534.26	689.63	689.63	1,000.37
18	125,000	423.17	434.56	471.85	513.28	616.86	772.23	772.23	1,082.97
19	150,000	505.77	517.16	554.45	595.88	699.46	854.83	854.83	1,165.57
20	175,000	588.37	599.76	637.05	678.48	782.06	937.43	937.43	1,248.17
21	200,000	670.97	682.36	719.65	761.08	864.66	1,020.03	1,020.03	1,330.77
22									
23	AVG. NO. OF CUST:	2,898	64	43	3	1	1	0	0
24									
25	AVG. USE (GAL.):	6,186	21,082	93,451	224,331	963,417	948,583	N/A	N/A
26	MONTHLY BILL:	$ 30.60	$ 91.21	$ 367.61	$ 841.46	$ 3,386.98	$ 3,493.35	N/A	N/A
27									
28	MEDIAN USE (GAL.) :	4,636	6,946	30,650	100,000	N/M	N/M	N/A	N/A
29	MONTHLY BILL:	$ 25.48	$ 44.51	$ 160.11	$ 430.68	N/M	N/M	N/A	N/A

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
MIAMI SYSTEM
BILLING ANALYSIS

DOCKET NO. W-01445A-02-0619
SCHEDULE WAR-19

RUCO PROPOSED RATES

LINE NO.	CONSUMPTION IN GALLONS	(A) 5/8 - INCH	(B) 1 - INCH	(C) 2 - INCH	(D) 3 - INCH	(E) 4 - INCH	(F) 6 - INCH	(G) 8 - INCH	(H) 10 - INCH
1	0	$ 17.00	$ 42.50	$ 85.00	$ 134.55	$ 255.00	$ 425.00	$ 505.50	$ 1,011.00
2	1,000	20.33	45.83	88.33	137.88	258.33	428.33	510.04	1,015.53
3	2,000	23.67	49.17	91.67	141.22	261.67	431.67	514.58	1,020.07
4	3,000	27.00	52.50	95.00	144.55	265.00	435.00	519.11	1,024.60
5	4,000	30.33	55.83	98.33	147.88	268.33	438.33	523.65	1,029.14
6	5,000	33.67	59.17	101.67	151.22	271.67	441.67	528.19	1,033.67
7	6,000	37.00	62.50	105.00	154.55	275.00	445.00	532.73	1,038.20
8	7,000	40.33	65.83	108.33	157.88	278.33	448.33	537.27	1,042.74
9	8,000	43.66	69.16	111.66	161.21	281.66	451.66	541.80	1,047.27
10	9,000	47.00	72.50	115.00	164.55	285.00	455.00	546.34	1,051.81
11	10,000	50.33	75.83	118.33	167.88	288.33	458.33	550.88	1,056.34
12	15,000	67.00	92.50	135.00	184.55	305.00	475.00	573.57	1,079.01
13	20,000	83.66	109.16	151.66	201.21	321.66	491.66	596.26	1,101.68
14	25,000	100.33	125.83	168.33	217.88	338.33	508.33	618.95	1,124.35
15	50,000	183.65	209.15	251.65	301.20	421.65	591.65	732.40	1,237.70
16	75,000	266.98	292.48	334.98	384.53	504.98	674.98	845.85	1,351.05
17	100,000	350.30	375.80	418.30	467.85	588.30	758.30	959.30	1,464.40
18	125,000	433.63	459.13	501.63	551.18	671.63	841.63	1,072.75	1,577.75
19	150,000	516.95	542.45	584.95	634.50	754.95	924.95	1,186.20	1,691.10
20	175,000	600.28	625.78	668.28	717.83	838.28	1,008.28	1,299.65	1,804.45
21	200,000	683.60	709.10	751.60	801.15	921.60	1,091.60	1,413.10	1,917.80
22									
23	AVG. NO. OF CUST:	2,898	64	43	3	1	1	0	0
24									
25	AVG. USE (GAL.):	6,186	21,082	93,451	224,331	963,417	948,583	N/A	N/A
26	MONTHLY BILL:	$ 37.62	$ 112.77	$ 396.47	$ 882.24	$ 3,466.07	$ 3,586.63	N/A	N/A
27									
28	MEDIAN USE (GAL.) :	4,636	6,946	30,650	100,000	N/M	N/M	N/A	N/A
29	MONTHLY BILL:	$ 32.45	$ 65.65	$ 187.16	$ 467.85	N/M	N/M	N/A	N/A

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
MIAMI SYSTEM
BILLING ANALYSIS

DOCKET NO. W-01445A-02-0619
SCHEDULE WAR-19
PAGE 3 OF 4

RUCO PROPOSED CHANGES EXPRESSED IN DOLLARS

LINE NO.	CONSUMPTION IN GALLONS	(A) 5/8 - INCH	(B) 1 - INCH	(C) 2 - INCH	(D) 3 - INCH	(E) 4 - INCH	(F) 6 - INCH	(G) 8 - INCH	(H) 10 - INCH
1	0	$ 3.53	$ 17.64	$ 22.85	$ 30.97	$ 47.84	$ 62.47	$ 142.97	$ 337.73
2	1,000	6.86	20.97	26.18	34.30	51.17	65.80	147.51	342.26
3	2,000	6.89	21.00	26.21	34.33	51.20	65.83	148.74	343.49
4	3,000	6.92	21.03	26.24	34.36	51.23	65.86	149.98	344.72
5	4,000	6.95	21.06	26.27	34.39	51.26	65.89	151.21	345.95
6	5,000	6.98	21.09	26.30	34.42	51.29	65.92	152.44	347.18
7	6,000	7.01	21.12	26.33	34.45	51.32	65.95	153.68	348.41
8	7,000	7.04	21.15	26.36	34.48	51.35	65.98	154.91	349.64
9	8,000	7.07	21.18	26.39	34.51	51.38	66.01	156.15	350.87
10	9,000	7.10	21.21	26.42	34.54	51.41	66.04	157.38	352.10
11	10,000	7.12	21.23	26.44	34.56	51.43	66.06	158.61	353.33
12	15,000	7.27	21.38	26.59	34.71	51.58	66.21	164.78	359.48
13	20,000	7.41	21.52	26.73	34.85	51.72	66.35	170.95	365.63
14	25,000	7.56	21.67	26.88	35.00	51.87	66.50	177.12	371.78
15	50,000	8.28	22.39	27.60	35.72	52.59	67.22	207.97	402.53
16	75,000	9.01	23.12	28.33	36.45	53.32	67.95	238.82	433.28
17	100,000	9.73	23.84	29.05	37.17	54.04	68.67	269.67	464.03
18	125,000	10.46	24.57	29.78	37.90	54.77	69.40	300.52	494.78
19	150,000	11.18	25.29	30.50	38.62	55.49	70.12	331.37	525.53
20	175,000	11.91	26.02	31.23	39.35	56.22	70.85	362.22	556.28
21	200,000	12.63	26.74	31.95	40.07	56.94	71.57	393.07	587.03
22									
23	AVG. NO. OF CUST:	2,898	64	43	3	1	1	0	0
24									
25	AVG. USE (GAL.):	6,186	21,082	93,451	224,331	963,417	948,583	N/A	N/A
26	MONTHLY BILL:	$ 7.01	$ 21.56	$ 28.86	$ 40.78	$ 79.08	$ 93.28	N/A	N/A
27									
28	MEDIAN USE (GAL.) :	4,636	6,946	30,650	100,000	N/M	N/M	N/A	N/A
29	MONTHLY BILL:	$ 6.97	$ 21.15	$ 27.04	$ 37.17	N/M	N/M	N/A	N/A

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
MIAMI SYSTEM
BILLING ANALYSIS

DOCKET NO. W-01445A-02-0619
SCHEDULE WAR-19
PAGE 4 OF 4

RUCO PROPOSED CHANGES EXPRESSED AS A PERCENTAGE

LINE NO.	CONSUMPTION IN GALLONS	(A) 5/8 - INCH	(B) 1 - INCH	(C) 2 - INCH	(D) 3 - INCH	(E) 4 - INCH	(F) 6 - INCH	(G) 8 - INCH	(H) 10 - INCH
1	0	26.2%	71.0%	36.8%	29.9%	23.1%	17.2%	39.4%	50.2%
2	1,000	51.0%	84.4%	42.1%	33.1%	24.7%	18.2%	40.7%	50.8%
3	2,000	41.1%	74.6%	40.0%	32.1%	24.3%	18.0%	40.7%	50.8%
4	3,000	34.5%	66.8%	38.2%	31.2%	24.0%	17.8%	40.6%	50.7%
5	4,000	29.7%	60.6%	36.5%	30.3%	23.6%	17.7%	40.6%	50.6%
6	5,000	26.2%	55.4%	34.9%	29.5%	23.3%	17.5%	40.6%	50.6%
7	6,000	23.4%	51.0%	33.5%	28.7%	22.9%	17.4%	40.5%	50.5%
8	7,000	21.1%	47.3%	32.2%	27.9%	22.6%	17.3%	40.5%	50.4%
9	8,000	19.3%	44.1%	30.9%	27.2%	22.3%	17.1%	40.5%	50.4%
10	9,000	17.8%	41.3%	29.8%	26.6%	22.0%	17.0%	40.5%	50.3%
11	10,000	16.5%	38.9%	28.8%	25.9%	21.7%	16.8%	40.4%	50.3%
12	15,000	12.2%	30.1%	24.5%	23.2%	20.4%	16.2%	40.3%	50.0%
13	20,000	9.7%	24.6%	21.4%	21.0%	19.2%	15.6%	40.2%	49.7%
14	25,000	8.1%	20.8%	19.0%	19.1%	18.1%	15.1%	40.1%	49.4%
15	50,000	4.7%	12.0%	12.3%	13.5%	14.3%	12.8%	39.7%	48.2%
16	75,000	3.5%	8.6%	9.2%	10.5%	11.8%	11.2%	39.3%	47.2%
17	100,000	2.9%	6.8%	7.5%	8.6%	10.1%	10.0%	39.1%	46.4%
18	125,000	2.5%	5.7%	6.3%	7.4%	8.9%	9.0%	38.9%	45.7%
19	150,000	2.2%	4.9%	5.5%	6.5%	7.9%	8.2%	38.8%	45.1%
20	175,000	2.0%	4.3%	4.9%	5.8%	7.2%	7.6%	38.6%	44.6%
21	200,000	1.9%	3.9%	4.4%	5.3%	6.6%	7.0%	38.5%	44.1%
22									
23	AVG. NO. OF CUST:	2,898	64	43	3	1	1	0	0
24									
25	AVG. USE (GAL.):	6,186	21,082	93,451	224,331	963,417	948,583	N/A	N/A
26	MONTHLY BILL:	22.9%	23.6%	7.9%	4.8%	2.3%	2.7%	N/A	N/A
27									
28	MEDIAN USE (GAL.) :	4,636	6,946	30,650	100,000	N/M	N/M	N/A	N/A
29	MONTHLY BILL:	27.3%	47.5%	16.9%	8.6%	N/M	N/M	N/A	N/A

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
MIAMI SYSTEM
REVENUE SUMMARY BY METER SIZE AND CUSTOMER CLASS

DOCKET NO. W-01445A-02-061
SCHEDULE WAR-20

LINE NO.	DESCRIPTION	(A) RUCO PROPOSED MINIMUM REVENUE	(B) RUCO PROPOSED COMMODITY REVENUE	(C) RUCO PROPOSED TOTAL REVENUE	
1	5/8 X 3/4 - INCH	$ 591,192	$ 717,021	$ 1,308,213	
2	1 - INCH	32,810	54,247	87,057	
3	2 - INCH	43,520	159,474	202,994	
4	3 - INCH	4,844	26,917	31,761	
5	4 - INCH	3,060	38,533	41,593	
6	6 - INCH	5,100	37,940	43,040	
7	8 - INCH	0	0	0	
13	10 - INCH	0	0	0	
14					
15	TOTALS	$ 680,526	$ 1,034,130	$ 1,714,656	(a)
16					
17	PERCENTAGE OF TOTAL REVENUE	40.00%	60.00%	100.00%	

NOTE (a):

RUCO REQUIRED REVENUE		$ 1,750,757
LESS:		
FIRE SPRINKLER REVENUE	$ 714	
FIRE HYDRANT REVENUE	3,843	
MISCELLANEOUS REVENUE	22,583	
RENT - WATER PROPERTY REVENUE	683	
OTHER WATER REVENUE	8,278	
TOTAL		$ 36,101
REVENUE TO BE GENERATED FROM WATER SALES		$ 1,714,656

REFERENCE:
NOTE (a) 2002 REVENUE INFORMATION OBTAINED FROM RUCO D.R. NO. 1.10

ARIZONA WATER COMPANY
SUPERIOR SYSTEM
DOCKET NO. W-1445A-02-0619
TABLE OF CONTENTS TO SCHEDULES WAR

SCHEDULE #	
WAR - 1	REVENUE REQUIREMENTS
WAR - 2	RATE BASE - ORIGINAL COST
WAR - 3	SUMMARY OF RATE BASE ADJUSTMENTS
WAR - 4	RATE BASE ADJUSTMENTS #1, #2 & #3 - PLANT IN SERVICE/POST TEST YEAR PLANT, PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION
WAR - 5	RATE BASE ADJ. #4 - RECONCILE TEST YEAR ALLOCATED PHOENIX OFFICE & METER SHOP AND ACCUMULATED DEPRECIATION BALANCES
WAR - 6	RATE BASE ADJ. #5 - REMOVE CWIP FROM PHOENIX OFFICE ALLOCATION
WAR - 7	RATE BASE ADJUSTMENT #9 - WORKING CAPITAL
WAR - 8	OPERATING INCOME - TEST YEAR AND RUCO PROPOSED
WAR - 9	SUMMARY OF OPERATING ADJUSTMENTS
WAR - 10	OPERATING ADJ. #1 - RECONCILE COMPANY PROPOSED OPERATING INCOME TO 2002 ACTUAL
WAR - 11	OPERATING ADJ. #5 - REVENUE ANNUALIZATION FOR 2002
WAR - 12	OPERATING ADJ. #8 - DEPRECIATION & AMORTIZATION EXPENSE
WAR - 13	OPERATING ADJ. #9 - PROPERTY TAX EXPENSE
WAR - 14	OPERATING ADJ. #10 - INCOME TAXES
WAR - 15	OPERATING ADJ. #11 - NOT USED FOR THIS SYSTEM
WAR - 16	COST OF CAPITAL
WAR - 17	PROPOSED RATES
WAR - 18	MONTHLY MINIMUM CHARGES
WAR - 19	BILLING ANALYSIS
WAR - 20	REVENUE SUMMARY BY METER SIZE AND CUSTOMER CLASS

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
REVENUE REQUIREMENTS

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-1

LINE NO.	DESCRIPTION	(A) COMPANY REQUESTED	(B) RUCO RECOMMENDED
1	ADJUSTED RATE BASE	$ 2,673,576	$ 2,471,297
2	ADJUSTED OPERATING INCOME	(6,905)	40,357
3	CURRENT RATE OF RETURN (L2 / L1)	-0.26%	1.63%
4	REQUIRED RATE OF RETURN	11.00%	8.68%
5	REQUIRED OPERATING INCOME (L4 * L1)	294,093	214,579
6	OPERATING INCOME DEFICIENCY (L5 - L2)	300,998	174,222
7	GROSS REVENUE CONVERSION FACTOR	1.63241	1.5697
8	GROSS REVENUE INCREASE	$ 491,353	$ 273,481
9	CURRENT REVENUES T/Y ADJUSTED	698,968	707,413
10	PROPOSED ANNUAL REVENUE (L8 + L9)	1,190,321	980,894
11	PERCENTAGE AVERAGE INCREASE	70.30%	38.66%

REFERENCES:
COLUMN (A): COMPANY SCHEDULE A-1
COLUMN (B): SCHEDULE WAR-1, PG. 2, WAR-2, AND WAR-8

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
GROSS REVENUE CONVERSION FACTOR

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-1

LINE NO.	DESCRIPTION	AMOUNT	REFERENCE
1	REVENUE	1.0000	
2	UNCOLLECTIBLES	0.002316	COMPANY SCH. C-3
3	SUB-TOTAL	0.9977	LINE 1 - LINE 2
4	LESS: TAX RATE	36.06%	NOTE (a)
5	TOTAL	0.6371	LINE 3 - LINE 4
6	REVENUE CONVERSION FACTOR	1.56973	LINE 1/LINE 5

NOTE (a):
CALCULATION OF EFFECTIVE TAX RATE

OPERATING INCOME BEFORE TAXES	100.00%
ARIZONA STATE TAX	6.97%
TAXABLE INCOME FEDERAL	93.03%
FEDERAL INCOME TAX RATE	31.36%
SUBTOTAL	29.18%
ADD STATE TAX RATE	36.15%
LINE 3 ABOVE	99.77%
EFFECTIVE TAX RATE	36.06%

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
RATE BASE - ORIGINAL COST

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-2

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) RUCO ADJUSTMENTS	(C) RUCO AS ADJUSTED
1	PLANT IN SERVICE/POST-TEST YEAR ADDITIONS	$ 4,327,525	$ (55,250)	$ 4,272,275
2	PHOENIX OFFICE & METER SHOP ALLOCATION	91,658	21,240	112,898
3	ACCUMULATED DEPRECIATION	(986,086)	(63,277)	(1,049,363)
4	NET PLANT IN SERVICE	$ 3,433,097	$ (97,287)	$ 3,335,810
5	CONSTRUCTION WORK IN PROGRESS (CWIP)	-	-	-
6	TOTAL NET PLANT	$ 3,433,097	$ (97,287)	$ 3,335,810
7	ADVANCES IN AID OF CONSTRUCTION (AIAC)	(384,759)	1,718	(383,041)
8	CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)	(82,088)	-	(82,088)
9	ACCUMULATED AMORTIZATION OF CIAC	11,961	2,126	14,087
10	DEFERRED INCOME TAXES	(332,521)	(70,880)	(403,401)
11	WORKING CAPITAL	27,886	(37,956)	(10,070)
12	TOTAL RATE BASE	$ 2,673,576	$ (202,279)	$ 2,471,297

REFERENCES:
COLUMN (A): COMPANY SCHEDULE B-1
COLUMN (B): SCHEDULE WAR-3
COLUMN (C): COLUMN (A) + COLUMN (B)

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
SUMMARY OF RATE BASE ADJUSTMENTS

LINE NO.	DESCRIPTION	(A) COMPANY PROPOSED	(B) ADJ #1	(C) ADJ #2	(D) ADJ #3	(E) ADJ #4	(F) ADJ #5	(G) ADJ #6	(H) ADJ #7	(I) ADJ #8	(J) ADJ #9	(K) ADJ #10	(L) ADJ #11	(M) RUCO ADJUSTED
1	PLANT IN SERVICE/POST-TEST YEAR ADDITIONS	$ 4,327,525	($55,250)											$ 4,272,275
2	PHOENIX OFFICE & METER SHOP ALLOCATION	91,658 (a)		12,423 (b)		11,994	(3,177)							112,898
3	ACCUMULATED DEPRECIATION	(986,086)			(51,283) (c)	(11,994)								(1,049,363)
4	NET PLANT IN SERVICE	$ 3,433,097	$ (55,250)	$ 12,423	$ (51,283)	$ -	$ (3,177)	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,335,810
5	CONSTRUCTION WORK IN PROGRESS (CWIP)	-												-
6	TOTAL NET PLANT	$ 3,433,097	$ (55,250)	$ 12,423	$ (51,283)	$ -	$ (3,177)	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,335,810
7	ADVANCES IN AID OF CONSTRUCTION (AIAC)	(384,759)						1,718						(383,041)
8	CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)	(82,088)												(82,088)
9	ACCUMULATED AMORTIZATION OF CIAC	11,961							2,126					14,087
10	DEFERRED INCOME TAXES	(332,521)								(70,880)				(403,401)
11	WORKING CAPITAL	27,886									(37,956)			(10,070)
12	TOTAL RATE BASE	$ 2,673,576	$ (55,250)	$ 12,423	$ (51,283)	$ -	$ (3,177)	$ 1,718	$ 2,126	$ (70,880)	$ (37,956)	$ -	$ -	2,471,297

ADJUSTMENT #:
1. PLANT IN SERVICE/POST-TEST YEAR ADDITIONS
2. PHOENIX OFFICE & METER SHOP ALLOCATION
3. ACCUMULATED DEPRECIATION
4. RECONCILE PHX. OFFICE & METER SHOP AND ACCUM. DEPR.
5. REMOVE CWIP FROM PHOENIX OFFICE ALLOCATION
6. AIAC - 2002 BALANCE

REFERENCE:
SCHEDULE WAR 4, PAGE 7
SCHEDULE WAR 4, PAGE 7
SCHEDULE WAR 4, PAGE 7
SCHEDULE WAR-5
SCHEDULE WAR-6
RUCO D.R. NO. 6.3

ADJUSTMENT #:
7. CIAC - 2002 BAL. & AMORTIZATION
8. ACUMULATED DEFERRED INCOME TAXES
9. WORKING CAPITAL
10. NOT USED
11. NOT USED

REFERENCE:
RUCO D.R. NO 6.3, TESTIMONY - WAR
RUCO D.R. NO. 6.3
SCHEDULE WAR-7, PAGE 3
N/A
N/A

NOTES:
(a) NET OF ACCUMULATED DEPRECIATION
(b) GROSS PHOENIX OFFFICE AND METER SHOP ADDITIONS ALLOCATED DURING 2002
(c) INCLUDES ACCUMULATED DEPRECIATION ON 2002 PHOENIX OFFICE AND METER SHOP ADDITIONS

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
RATE BASE ADJUSTMENTS #1, #2 & #3 - PLANT IN SERVICE/POST TEST YEAR PLANT,
PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	1990 PLANT VALUE PER COMPANY	1990 ACCUM DEPR. PER COMPANY	1990 NET PLANT PER PRIOR ACC PER COMPANY	1991 ADDITIONS PER COMPANY	1991 (RETIREMENTS) PER COMPANY	1991 YEAR END PLANT VALUE PER RUCO	1991 DEPRECIATION EXPENSE PER RUCO	1991 ACCUMULATED DEPRECIATION PER RUCO	1991 YEAR END NET PLANT PER RUCO
1	301.0	INTANGIBLES: ORGANIZATION*	$0	$0	$0	$0	$0	$0	$0	$0	$0
2	302.0	INTANGIBLES: FRANCHISES*	4,209	0	4,209	0	0	4,209	0	0	4,209
3	303.0	INTANGIBLES: MISC.*	0	0	0	0	0	0	0	0	0
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	20,194	0	20,194	0	0	20,194	0	0	20,194
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS*	0	0	0	0	0	0	0	0	0
6	310.3	SOURCE OF SUPPLY: LAND - WELLS*	13,752	12,214	13,752	0	0	13,752	0	0	13,752
7	314.0	SOURCE OF SUPPLY: WELLS	74,013	0	61,799	0	0	74,013	1,791	14,005	60,008
8	320.0	PUMPING PLANT: LAND*	0	5,489	0	0	0	0	0	0	0
9	321.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	33,261	53,976	27,772	0	0	33,261	805	6,294	26,967
10	325.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	327,070	0	273,094	15,785	0	342,855	8,106	62,082	280,773
11	328.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	0	0	0	0	0	0	0	0	0
12	330.0	WATER TREATMENT PLANT: LAND*	0	140	708	0	0	0	0	0	0
13	331.0	WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	848	6,379	32,276	618	0	848	21	160	688
14	332.0	WATER TREATMENT PLANT: EQUIPMENT	38,655	0	1,975	0	0	39,273	943	7,322	31,951
15	340.0	TRANSMISSION & DISTRIBUTION: LAND - TANKS & MAINS*	1,975	0	0	0	0	1,975	0	0	1,975
16	340.1	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	0	0	0	0	0	0	0	0	0
17	341.0	TRANSMISSION & DISTRIBUTION: STRUCTURES	0	23,550	119,152	15,654	(471)	157,885	3,637	26,716	131,169
18	342.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	142,702	168,712	853,613	46,420	(2,567)	1,066,178	25,271	191,416	874,762
19	343.0	TRANSMISSION & DISTRIBUTION: MAINS	1,022,325	160	810	0	0	970	23	184	786
20	344.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	970	36,483	184,589	13,141	(1,785)	232,428	5,487	40,185	192,243
21	345.0	TRANSMISSION & DISTRIBUTION: SERVICES	221,072	14,420	72,957	182	0	87,559	2,117	16,536	71,023
22	346.0	TRANSMISSION & DISTRIBUTION: METERS	87,377	5,902	29,862	1,964	(1,684)	36,044	869	5,087	30,957
23	348.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	35,764	0	0	0	0	0	0	0	0
24	389.1	GENERAL PLANT: LAND - OFFICE*	0	0	0	0	0	0	0	0	0
25	389.2	GENERAL PLANT: LAND - WAREHOUSE*	0	0	0	0	0	0	0	0	0
26	389.3	GENERAL PLANT: LAND - MISC.*	0	0	0	0	0	0	0	0	0
27	390.1	GENERAL PLANT: OFFICE BUILDINGS	23,713	3,913	19,800	0	0	23,713	574	4,487	19,226
28	390.2	GENERAL PLANT: WAREHOUSE BUILDINGS	3,916	646	3,270	0	0	3,916	95	741	3,175
29	390.3	GENERAL PLANT: MISC. BUILDINGS	1,730	285	1,445	0	0	1,730	42	327	1,403
30	391.0	GENERAL PLANT: OFFICE EQUIPMENT	6,410	1,058	5,352	0	0	6,410	155	1,213	5,197
31	391.1	GENERAL PLANT: ELECTRICAL EQUIPMENT	7,585	1,252	6,333	241	0	7,826	186	1,438	6,388
32	391.2	GENERAL PLANT: OFFICE FURNITURE	4,600	759	3,841	953	0	5,553	123	882	4,671
33	393.0	GENERAL PLANT: WAREHOUSE EQUIPMENT	0	0	0	0	0	0	0	0	0
34	394.0	GENERAL PLANT: GARAGE EQUIPMENT	28,304	4,671	23,633	0	0	28,304	685	5,356	22,948
35	395.0	GENERAL PLANT: LAB EQUIPMENT	3,725	615	3,110	0	0	3,725	90	705	3,020
36	396.0	GENERAL PLANT: POWER EQUIPMENT	129	21	108	0	0	129	3	24	105
37	397.0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	15,825	2,612	13,213	1,465	0	17,290	401	3,012	14,278
38	397.1	GENERAL PLANT: MOBILE RADIOS	7,178	1,185	5,993	0	0	7,178	174	1,358	5,820
39	397.2	GENERAL PLANT: AUTO CONTROLS	1,556	257	1,299	0	0	1,556	38	294	1,262
40	398.0	GENERAL PLANT: MISC.	2,268	374	1,894	0	0	2,268	55	429	1,839
41		TOTALS	$2,131,126	$345,072	$1,786,054	$96,423	($6,507)	$2,221,042	$51,690	$390,255	$1,830,787

REFERENCE:
ACC STAFF D.R. NO. REL 1-24

NOTE:
* NON-DEPRECIABLE PLANT

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
RATE BASE ADJUSTMENTS #1, #2 & #3 - PLANT IN SERVICE/POST TEST YEAR PLANT,
PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	1992 ADDITIONS PER COMPANY	1992 (RETIREMENTS) PER COMPANY	1992 YEAR END PLANT VALUE PER RUCO	1992 DEPRECIATION EXPENSE PER RUCO	1992 ACCUMULATED DEPRECIATION PER RUCO	1992 YEAR END NET PLANT PER RUCO	1993 ADDITIONS PER COMPANY	1993 (RETIREMENTS) PER COMPANY	1993 YEAR END PLANT VALUE PER RUCO	1993 DEPRECIATION EXPENSE PER RUCO	1993 ACCUMULATED DEPRECIATION PER RUCO	1993 YEAR END NET PLANT PER RUCO
1	301.0	INTANGIBLES: ORGANIZATION*	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
2	302.0	INTANGIBLES: FRANCHISES*	0	0	4,209	0	0	4,209	0	0	4,209	0	0	4,209
3	303.0	INTANGIBLES: MISC.*	0	0	0	0	0	0	0	0	0	0	0	0
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	0	0	20,194	0	0	20,194	809	0	21,003	0	0	21,003
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS*	0	0	0	0	0	0	0	0	0	0	0	0
6	310.3	SOURCE OF SUPPLY: LAND - WELLS*	0	0	13,752	0	0	13,752	0	0	13,752	0	0	13,752
7	314.0	SOURCE OF SUPPLY: WELLS	0	0	74,013	1,791	15,796	58,217	206	0	74,219	1,920	17,716	56,503
8	320.0	PUMPING PLANT: LAND*	0	0	0	0	0	0	0	0	0	0	0	0
9	321.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	0	0	33,261	805	7,099	26,162	0	0	33,261	861	7,960	25,301
10	325.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	5,075	0	347,930	8,358	70,440	277,490	20,444	(585)	367,789	9,269	79,124	288,665
11	328.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	0	0	0	0	0	0	0	0	0	0	0	0
12	330.0	WATER TREATMENT PLANT: LAND*	0	0	0	0	0	0	0	0	0	0	0	0
13	331.0	WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	0	0	848	21	181	667	0	0	848	22	203	645
14	332.0	WATER TREATMENT PLANT: EQUIPMENT	14,625	0	53,898	1,127	8,449	45,449	12,113	(5,345)	60,666	1,484	4,588	56,078
15	340.0	TRANSMISSION & DISTRIBUTION: LAND - TANKS & MAINS*	0	0	1,975	0	0	1,975	0	0	1,975	0	0	1,975
16	340.1	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	0	0	0	0	0	0	0	0	0	0	0	0
17	341.0	TRANSMISSION & DISTRIBUTION: STRUCTURES	0	0	0	0	0	0	0	0	0	0	0	0
18	342.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	0	0	157,885	3,821	30,537	127,348	0	0	157,885	4,089	34,626	123,259
19	343.0	TRANSMISSION & DISTRIBUTION: MAINS	41,878	(689)	1,107,367	26,300	217,027	890,340	20,484	(234)	1,127,617	28,943	245,736	881,881
20	344.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	0	0	970	23	207	763	0	0	970	25	232	738
21	345.0	TRANSMISSION & DISTRIBUTION: SERVICES	34,746	(2,855)	264,319	6,011	43,341	220,978	19,628	(1,556)	282,391	7,080	48,865	233,526
22	346.0	TRANSMISSION & DISTRIBUTION: METERS	7,790	(2,457)	92,892	2,183	16,263	76,629	513	(1,314)	92,091	2,396	17,344	74,747
23	348.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	1,861	0	37,905	895	5,982	31,923	4,248	(399)	41,754	1,032	6,614	35,140
24	389.1	GENERAL PLANT: LAND - OFFICE*	0	0	0	0	0	0	0	0	0	0	0	0
25	389.2	GENERAL PLANT: LAND - WAREHOUSE*	0	0	0	0	0	0	0	0	0	0	0	0
26	389.3	GENERAL PLANT: LAND - MISC.*	0	0	0	0	0	0	0	0	0	0	0	0
27	390.1	GENERAL PLANT: OFFICE BUILDINGS	0	0	23,713	574	5,061	18,652	0	0	23,713	614	5,675	18,038
28	390.2	GENERAL PLANT: WAREHOUSE BUILDINGS	0	0	3,916	95	836	3,080	137	0	4,053	103	939	3,114
29	390.3	GENERAL PLANT: MISC. BUILDINGS	0	0	1,730	42	369	1,361	0	0	1,730	45	414	1,316
30	391.0	GENERAL PLANT: OFFICE EQUIPMENT	0	0	6,410	155	1,368	5,042	0	0	6,410	166	1,534	4,876
31	391.1	GENERAL PLANT: ELECTRICAL EQUIPMENT	2,601	0	10,427	221	1,659	8,768	710	0	11,137	279	1,938	9,199
32	391.2	GENERAL PLANT: OFFICE FURNITURE	0	0	5,553	134	1,016	4,537	470	0	6,023	150	1,166	4,857
33	393.0	GENERAL PLANT: WAREHOUSE EQUIPMENT	59	0	59	1	1	58	0	0	59	2	2	57
34	394.0	GENERAL PLANT: GARAGE EQUIPMENT	3,908	0	32,212	732	6,088	26,124	1,118	0	33,330	849	6,937	26,393
35	395.0	GENERAL PLANT: LAB EQUIPMENT	0	0	3,725	90	795	2,930	0	0	3,725	96	891	2,834
36	396.0	GENERAL PLANT: POWER EQUIPMENT	5,131	0	5,260	65	90	5,170	0	0	5,260	136	226	5,034
37	397.0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	0	0	17,290	418	3,431	13,859	0	0	17,290	448	3,878	13,412
38	397.1	GENERAL PLANT: MOBILE RADIOS	100	0	7,278	175	1,533	5,745	356	0	7,634	193	1,726	5,908
39	397.2	GENERAL PLANT: AUTO CONTROLS	16,509	0	18,065	237	532	17,533	15,323	0	33,388	666	1,198	32,190
40	398.0	GENERAL PLANT: MISC.	0	0	2,268	55	484	1,784	0	0	2,268	59	543	1,725
41		TOTALS	$134,283	($6,001)	$2,349,324	$54,330	$438,584	$1,910,740	$96,559	($9,433)	$2,436,450	$60,926	$490,077	$1,946,373

REFERENCE:
ACC STAFF D.R. NO. REL 1-24

NOTE:
* NON-DEPRECIABLE PLANT

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
RATE BASE ADJUSTMENTS #1, #2 & #3 - PLANT IN SERVICE/POST TEST YEAR PLANT, PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	1994 ADDITIONS PER COMPANY	1994 (RETIREMENTS) PER COMPANY	1994 YEAR END PLANT VALUE PER RUCO	1994 DEPRECIATION EXPENSE PER RUCO	1994 ACCUMULATED DEPRECIATION PER RUCO	1994 YEAR END NET PLANT PER RUCO	1995 ADDITIONS PER COMPANY	1995 (RETIREMENTS) PER COMPANY	1995 YEAR END PLANT VALUE PER RUCO	1995 DEPRECIATION EXPENSE PER RUCO	1995 ACCUMULATED DEPRECIATION PER RUCO	1995 YEAR END NET PLANT PER RUCO
1	301.0	INTANGIBLES: ORGANIZATION*	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
2	302.0	INTANGIBLES: FRANCHISES*	0	0	4,209	0	0	4,209	0	0	4,209	0	0	4,209
3	303.0	INTANGIBLES: MISC.*	0	0	0	0	0	0	0	0	0	0	0	0
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	222	0	21,225	0	0	21,225	878	0	22,101	0	0	22,101
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS*	0	0	0	0	0	0	0	0	0	0	0	0
6	310.3	SOURCE OF SUPPLY: LAND - WELLS*	0	0	13,752	0	0	13,752	0	0	13,752	0	0	13,752
7	314.0	SOURCE OF SUPPLY: WELLS	523	0	74,742	1,929	19,645	55,097	0	0	74,742	1,936	21,581	53,161
8	320.0	PUMPING PLANT: LAND*	0	0	0	0	0	0	0	0	0	0	0	0
9	321.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	0	0	33,261	861	8,822	24,439	14,554	(1,116)	46,699	1,035	8,741	37,958
10	325.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	13,826	(6,615)	375,000	9,619	82,128	292,872	41,153	(1,366)	414,787	10,228	90,990	323,797
11	328.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	0	0	0	0	0	0	0	0	0	0	0	0
12	330.0	WATER TREATMENT PLANT: LAND*	0	0	0	0	0	0	0	0	0	0	0	0
13	331.0	WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	0	0	848	22	225	623	0	0	848	22	247	601
14	332.0	WATER TREATMENT PLANT: EQUIPMENT	1,524	0	62,190	1,591	6,179	56,011	81,866	(23,831)	120,225	2,362	(15,290)	135,515
15	340.0	TRANSMISSION & DISTRIBUTION: LAND - TANKS & MAINS*	0	0	1,975	0	0	1,975	0	0	1,975	0	0	1,975
16	340.1	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	0	0	0	0	0	0	0	0	0	0	0	0
17	341.0	TRANSMISSION & DISTRIBUTION: STRUCTURES	0	0	0	0	0	0	0	0	0	0	0	0
18	342.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	0	0	157,885	4,089	38,715	119,170	1,547	0	159,432	4,109	42,824	116,608
19	343.0	TRANSMISSION & DISTRIBUTION: MAINS	79,908	(1,051)	1,206,474	30,226	274,911	931,563	21,458	(1,197)	1,226,733	31,510	305,224	921,509
20	344.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	0	0	970	25	257	713	0	0	970	25	282	688
21	345.0	TRANSMISSION & DISTRIBUTION: SERVICES	24,395	(1,434)	305,352	7,611	55,042	250,310	42,654	(2,439)	345,567	8,429	61,033	284,534
22	346.0	TRANSMISSION & DISTRIBUTION: METERS	0	0	92,091	2,385	19,729	72,362	4,327	(1,080)	95,338	2,427	21,077	74,261
23	348.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	0	(899)	40,855	1,070	8,785	34,070	3,371	(359)	43,867	1,097	7,523	36,344
24	389.1	GENERAL PLANT: LAND - OFFICE*	10,560	(574)	9,986	0	(574)	10,560	0	0	9,986	0	(574)	10,560
25	389.2	GENERAL PLANT: LAND - WAREHOUSE*	0	0	0	0	0	0	0	0	0	0	0	0
26	389.3	GENERAL PLANT: LAND - MISC.*	0	0	0	0	0	0	0	0	0	0	0	0
27	390.1	GENERAL PLANT: OFFICE BUILDINGS	0	0	23,713	614	6,289	17,424	1,609	(13,004)	12,318	467	(6,248)	18,566
28	390.2	GENERAL PLANT: WAREHOUSE BUILDINGS	0	0	4,053	105	1,044	3,009	0	0	4,053	105	1,149	2,904
29	390.3	GENERAL PLANT: MISC. BUILDINGS	0	0	1,730	45	459	1,271	0	0	1,730	45	504	1,226
30	391.0	GENERAL PLANT: OFFICE EQUIPMENT	0	0	6,410	166	1,700	4,710	0	0	6,410	166	1,866	4,544
31	391.1	GENERAL PLANT: ELECTRICAL EQUIPMENT	0	0	13,478	319	2,257	11,221	21,381	0	34,859	626	2,883	31,976
32	391.2	GENERAL PLANT: OFFICE FURNITURE	2,341	0	6,023	156	1,322	4,701	0	0	6,023	156	1,478	4,545
33	393.0	GENERAL PLANT: WAREHOUSE EQUIPMENT	0	0	59	2	4	55	0	0	59	2	5	54
34	394.0	GENERAL PLANT: GARAGE EQUIPMENT	0	0	33,288	863	6,546	26,742	4,733	(4,415)	33,606	866	2,997	30,609
35	395.0	GENERAL PLANT: LAB EQUIPMENT	1,212	(1,254)	3,725	96	988	2,737	0	0	3,725	96	1,084	2,641
36	396.0	GENERAL PLANT: POWER EQUIPMENT	0	0	5,260	136	362	4,898	0	0	5,260	136	498	4,762
37	397.0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	0	0	17,290	448	4,326	12,964	0	0	17,290	448	4,774	12,516
38	397.1	GENERAL PLANT: MOBILE RADIOS	0	0	7,672	198	1,925	5,747	66	0	7,738	200	2,124	5,614
39	397.2	GENERAL PLANT: AUTO CONTROLS	38	0	33,388	865	2,063	31,325	0	0	33,388	865	2,928	30,460
40	398.0	GENERAL PLANT: MISC.	0	(820)	1,448	48	(229)	277	438	(100)	1,786	42	(287)	2,073
41		TOTALS	$134,549	($12,647)	$2,558,352	$63,490	$540,920	$2,016,032	$240,031	($48,907)	$2,749,476	$67,400	$559,414	$2,190,062

REFERENCE:
ACC STAFF D.R. NO. REL 1-24

NOTE:
* NON-DEPRECIABLE PLANT

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
RATE BASE ADJUSTMENTS #1, #2 & #3 - PLANT IN SERVICE/POST TEST YEAR PLANT,
PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	1996 ADDITIONS PER COMPANY	1996 (RETIREMENTS) PER COMPANY	1996 YEAR END PLANT VALUE PER RUCO	1996 DEPRECIATION EXPENSE PER RUCO	1996 ACCUMULATED DEPRECIATION PER RUCO	1996 YEAR END NET PLANT PER RUCO	1997 ADDITIONS PER COMPANY	1997 (RETIREMENTS) PER COMPANY	1997 YEAR END PLANT VALUE PER RUCO	1997 DEPRECIATION EXPENSE PER RUCO	1997 ACCUMULATED DEPRECIATION PER RUCO	1997 YEAR END NET PLANT PER RUCO
1	301.0	INTANGIBLES: ORGANIZATION*	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
2	302.0	INTANGIBLES: FRANCHISES*	0	0	4,209	0	0	4,209	0	0	4,209	0	0	4,209
3	303.0	INTANGIBLES: MISC.*	0	0	0	0	0	0	0	0	0	0	0	0
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	299	0	22,400	0	0	22,400	86	0	22,486	0	0	22,486
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS*	0	0	0	0	0	0	0	0	0	0	0	0
6	310.3	SOURCE OF SUPPLY: LAND - WELLS*	0	0	13,752	0	0	13,752	0	0	13,752	0	0	13,752
7	314.0	SOURCE OF SUPPLY: WELLS	78,874	(18,561)	135,055	2,717	5,737	129,318	0	0	135,055	3,498	9,235	125,820
8	320.0	PUMPING PLANT: LAND*	0	0	0	0	0	0	0	0	0	0	0	0
9	321.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	0	0	46,699	1,210	9,951	36,748	0	0	46,699	1,210	11,160	35,539
10	325.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	96,473	(9,373)	501,887	11,871	93,488	408,399	12,636	0	514,523	13,163	106,650	407,873
11	328.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	0	0	0	0	0	0	0	0	0	0	0	0
12	330.0	WATER TREATMENT PLANT: LAND*	0	0	0	0	0	0	0	0	0	0	0	0
13	331.0	WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	0	0	848	22	269	579	0	0	848	22	291	557
14	332.0	WATER TREATMENT PLANT: EQUIPMENT	458	0	120,683	3,120	(12,170)	132,853	153	0	120,836	3,128	(9,042)	129,878
15	340.0	TRANSMISSION & DISTRIBUTION: LAND - TANKS & MAINS*	0	0	1,975	0	0	1,975	0	0	1,975	0	0	1,975
16	340.1	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	0	0	0	0	0	0	0	0	0	0	0	0
17	341.0	TRANSMISSION & DISTRIBUTION: STRUCTURES	0	0	0	0	0	0	0	0	0	0	0	0
18	342.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	0	0	175,082	4,332	47,158	127,926	74,880	(2,610)	175,082	4,535	51,691	123,391
19	343.0	TRANSMISSION & DISTRIBUTION: MAINS	15,650	(24,392)	1,362,741	33,534	314,366	1,048,375	0	0	1,434,991	36,231	347,986	1,087,005
20	344.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	180,400	0	970	25	308	662	0	(662)	970	25	333	637
21	345.0	TRANSMISSION & DISTRIBUTION: SERVICES	0	(524)	358,076	9,112	69,621	288,455	28,026	(234)	385,440	9,629	78,587	306,853
22	346.0	TRANSMISSION & DISTRIBUTION: METERS	13,033	(188)	95,152	2,467	23,358	71,794	1,481	(411)	96,399	2,481	25,604	70,795
23	348.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	0	(2,345)	45,290	1,155	6,333	38,957	1,557	0	46,436	1,188	7,110	39,326
24	389.1	GENERAL PLANT: LAND - OFFICE*	3,768	0	9,986	0	(574)	10,560	0	0	9,986	0	(574)	10,560
25	389.2	GENERAL PLANT: LAND - WAREHOUSE*	0	0	0	0	0	0	0	0	0	0	0	0
26	389.3	GENERAL PLANT: LAND - MISC.*	0	0	0	0	0	0	0	0	0	0	0	0
27	390.1	GENERAL PLANT: OFFICE BUILDINGS	0	0	12,318	319	(5,929)	18,247	0	0	12,318	319	(5,610)	17,928
28	390.2	GENERAL PLANT: WAREHOUSE BUILDINGS	0	0	4,465	110	1,259	3,206	0	0	4,465	116	1,375	3,090
29	390.3	GENERAL PLANT: MISC. BUILDINGS	412	0	1,730	45	548	1,182	0	0	1,730	45	593	1,137
30	391.0	GENERAL PLANT: OFFICE EQUIPMENT	0	0	6,410	166	2,032	4,378	0	0	6,410	166	2,198	4,212
31	391.1	GENERAL PLANT: ELECTRICAL EQUIPMENT	0	(5,354)	30,459	846	(1,825)	32,084	0	0	30,459	789	(836)	31,295
32	391.2	GENERAL PLANT: OFFICE FURNITURE	0	0	6,234	159	1,637	4,597	0	0	6,234	161	1,798	4,436
33	393.0	GENERAL PLANT: WAREHOUSE EQUIPMENT	954	0	59	2	7	52	0	0	59	2	8	51
34	394.0	GENERAL PLANT: GARAGE EQUIPMENT	211	0	38,738	937	3,897	34,841	180	0	38,918	1,006	4,902	34,016
35	395.0	GENERAL PLANT: LAB EQUIPMENT	0	(37)	3,725	96	1,181	2,544	0	0	3,725	96	1,277	2,448
36	396.0	GENERAL PLANT: POWER EQUIPMENT	5,169	0	5,260	136	635	4,625	0	0	5,260	136	771	4,489
37	397.0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	0	0	16,386	436	4,306	12,080	0	0	16,386	424	4,731	11,655
38	397.1	GENERAL PLANT: MOBILE RADIOS	0	(904)	10,597	237	2,362	8,235	217	0	10,814	277	2,639	8,175
39	397.2	GENERAL PLANT: AUTO CONTROLS	2,859	0	33,388	865	3,792	29,596	0	0	33,388	865	4,657	28,731
40	398.0	GENERAL PLANT: MISC.	0	0	2,406	54	(233)	287	0	0	2,406	62	(171)	2,577
41		TOTALS	620		$3,066,980	$73,972	$571,710	$2,492,919	$119,196	($3,917)	$3,182,259	$79,571	$647,364	$2,534,895
			$379,180	($61,876)										

REFERENCE:
ACC STAFF D.R. NO. REL 1-24

NOTE:
* NON-DEPRECIABLE PLANT

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
RATE BASE ADJUSTMENTS #1, #2 & #3 - PLANT IN SERVICE/POST TEST YEAR PLANT,
PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	1998 ADDITIONS PER COMPANY	1998 (RETIREMENTS) PER COMPANY	1998 YEAR END PLANT VALUE PER RUCO	1998 DEPRECIATION EXPENSE PER RUCO	1998 ACCUMULATED DEPRECIATION PER RUCO	1998 YEAR END NET PLANT PER RUCO	1999 ADDITIONS PER COMPANY	1999 (RETIREMENTS) PER COMPANY	1999 YEAR END PLANT VALUE PER RUCO	1999 DEPRECIATION EXPENSE PER RUCO	1999 ACCUMULATED DEPRECIATION PER RUCO	1999 YEAR END NET PLANT PER RUCO
1	301.0	INTANGIBLES: ORGANIZATION*	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
2	302.0	INTANGIBLES: FRANCHISES*	0	0	4,209	0	0	4,209	0	0	4,209	0	0	4,209
3	303.0	INTANGIBLES: MISC.*	0	0	0	0	0	0	0	0	0	0	0	0
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	81	0	22,567	0	0	22,567	748	0	23,315	0	0	23,315
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS*	0	0	0	0	0	0	0	0	0	0	0	0
6	310.3	SOURCE OF SUPPLY: LAND - WELLS*	0	0	13,752	0	0	13,752	0	0	13,752	0	0	13,752
7	314.0	SOURCE OF SUPPLY: WELLS	0	0	135,055	3,498	12,733	122,322	0	0	135,055	3,498	16,231	118,824
8	320.0	PUMPING PLANT: LAND*	0	0	0	0	0	0	0	0	0	0	0	0
9	321.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	0	0	46,699	1,210	12,370	34,329	0	0	46,699	1,210	13,579	33,120
10	325.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	6,080	0	520,603	13,405	120,055	400,548	1,082	0	521,685	13,498	133,553	388,132
11	328.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	0	0	0	0	0	0	0	0	0	0	0	0
12	330.0	WATER TREATMENT PLANT: LAND*	0	0	0	0	0	0	0	0	0	0	0	0
13	331.0	WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	0	0	848	22	313	535	0	0	848	22	335	513
14	332.0	WATER TREATMENT PLANT: EQUIPMENT	12,542	0	133,378	3,292	(5,750)	139,128	0	0	133,378	3,454	(2,296)	135,674
15	340.0	TRANSMISSION & DISTRIBUTION: LAND - TANKS & MAINS*	0	0	1,975	0	0	1,975	0	0	1,975	0	0	1,975
16	340.1	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	0	0	0	0	0	0	0	0	0	0	0	0
17	341.0	TRANSMISSION & DISTRIBUTION: STRUCTURES	0	0	0	0	0	0	0	0	0	0	0	0
18	342.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	0	0	175,082	4,535	56,226	118,856	0	0	175,082	4,535	60,760	114,322
19	343.0	TRANSMISSION & DISTRIBUTION: MAINS	35,479	(719)	1,469,751	37,616	384,884	1,084,867	105,395	(2,926)	1,572,220	39,394	421,351	1,150,869
20	344.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	0	0	970	25	358	612	0	0	970	25	383	587
21	345.0	TRANSMISSION & DISTRIBUTION: SERVICES	26,438	(660)	411,218	10,317	88,244	322,974	22,145	(49)	433,314	10,937	99,132	334,182
22	346.0	TRANSMISSION & DISTRIBUTION: METERS	0	(1,137)	95,262	2,482	26,949	68,313	1,672	(40)	96,894	2,488	29,398	67,496
23	348.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	2,921	0	49,357	1,241	8,350	41,007	16,482	0	65,839	1,492	9,842	55,997
24	389.1	GENERAL PLANT: LAND - OFFICE*	0	0	9,986	0	(574)	10,560	0	0	9,986	0	(574)	10,560
25	389.2	GENERAL PLANT: LAND - WAREHOUSE*	0	0	0	0	0	0	0	0	0	0	0	0
26	389.3	GENERAL PLANT: LAND - MISC.*	0	0	0	0	0	0	0	0	0	0	0	0
27	390.1	GENERAL PLANT: OFFICE BUILDINGS	0	0	12,318	319	(5,291)	17,609	0	0	12,318	319	(4,972)	17,290
28	390.2	GENERAL PLANT: WAREHOUSE BUILDINGS	0	0	4,465	116	1,491	2,974	0	0	4,465	116	1,606	2,859
29	390.3	GENERAL PLANT: MISC. BUILDINGS	0	0	1,730	45	638	1,092	0	0	1,730	45	683	1,047
30	391.0	GENERAL PLANT: OFFICE EQUIPMENT	0	0	6,410	166	2,364	4,046	0	0	6,410	166	2,530	3,880
31	391.1	GENERAL PLANT: ELECTRICAL EQUIPMENT	0	0	34,062	836	(1)	34,063	7,187	0	41,249	975	975	40,274
32	391.2	GENERAL PLANT: OFFICE FURNITURE	3,603	0	6,234	161	1,960	4,274	0	0	6,234	161	2,121	4,113
33	393.0	GENERAL PLANT: WAREHOUSE EQUIPMENT	0	0	59	2	10	49	0	0	59	2	11	48
34	394.0	GENERAL PLANT: GARAGE EQUIPMENT	0	0	39,231	1,012	5,914	33,317	221	0	39,452	1,019	6,933	32,519
35	395.0	GENERAL PLANT: LAB EQUIPMENT	313	0	3,725	96	1,374	2,351	0	0	3,725	96	1,470	2,255
36	396.0	GENERAL PLANT: POWER EQUIPMENT	0	0	5,260	136	907	4,353	0	0	5,260	136	1,043	4,217
37	397.0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	0	0	16,386	424	5,155	11,231	0	0	16,386	424	5,579	10,807
38	397.1	GENERAL PLANT: MOBILE RADIOS	0	0	11,644	291	2,930	8,714	0	0	11,644	302	3,231	8,413
39	397.2	GENERAL PLANT: AUTO CONTROLS	830	0	33,388	865	5,522	27,866	0	0	33,388	865	6,387	27,001
40	398.0	GENERAL PLANT: MISC.	0	0	2,406	62	(108)	171	0	0	2,406	62	(46)	2,452
41		TOTALS	$88,287	($2,516)	$3,268,030	$82,173	$727,021	$2,538,665	$154,932	($3,015)	$3,419,947	$85,240	$809,246	$2,610,701

REFERENCE:
ACC STAFF D.R. NO. REL 1-24

NOTE:
* NON-DEPRECIABLE PLANT

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
RATE BASE ADJUSTMENTS #1, #2 & #3 - PLANT IN SERVICE/POST TEST YEAR PLANT,
PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	2000 ADDITIONS PER COMPANY	2000 (RETIREMENTS) PER COMPANY	2000 YEAR END PLANT VALUE PER RUCO	2000 DEPRECIATION EXPENSE PER RUCO	2000 ACCUMULATED DEPRECIATION PER RUCO	2000 YEAR END NET PLANT PER RUCO	2001 ADDITIONS PER COMPANY	2001 (RETIREMENTS) PER COMPANY	2001 YEAR END PLANT VALUE PER RUCO	2001 DEPRECIATION EXPENSE PER RUCO	2001 ACCUMULATED DEPRECIATION PER RUCO	2001 YEAR END NET PLANT PER RUCO
1	301.0	INTANGIBLES: ORGANIZATION*	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
2	302.0	INTANGIBLES: FRANCHISES*	0	0	4,209	0	0	4,209	0	0	4,209	0	0	4,209
3	303.0	INTANGIBLES: MISC.*	0	0	0	0	0	0	0	0	0	0	0	0
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	555	0	23,870	0	0	23,870	140	0	24,010	0	0	24,010
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS*	0	0	0	0	0	0	0	0	0	0	0	0
6	310.3	SOURCE OF SUPPLY: LAND - WELLS*	0	0	13,752	0	0	13,752	0	0	13,752	0	0	13,752
7	314.0	SOURCE OF SUPPLY: WELLS	1,903	0	136,958	3,523	19,753	117,205	436	0	137,394	3,553	23,306	114,088
8	320.0	PUMPING PLANT: LAND*	0	0	0	0	0	0	0	0	0	0	0	0
9	321.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	0	0	46,699	1,210	14,789	31,910	1,206	0	47,905	1,225	16,014	31,891
10	325.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	67,848	(7,897)	581,636	14,288	139,944	441,692	3,295	(1,068)	583,863	15,093	153,969	429,894
11	328.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	0	0	0	0	0	0	0	0	0	0	0	0
12	330.0	WATER TREATMENT PLANT: LAND*	0	0	0	0	0	0	0	0	0	0	0	0
13	331.0	WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	7,186	0	8,034	115	450	7,584	26	0	8,060	208	658	7,402
14	332.0	WATER TREATMENT PLANT: EQUIPMENT	6,852	(11,007)	129,223	3,401	(9,902)	139,125	0	(1,769)	127,454	3,324	(8,347)	135,801
15	340.0	TRANSMISSION & DISTRIBUTION: LAND - TANKS & MAINS*	0	0	1,975	0	0	1,975	0	0	1,975	0	0	1,975
16	340.1	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	0	0	0	0	0	0	0	0	0	0	0	0
17	341.0	TRANSMISSION & DISTRIBUTION: STRUCTURES	0	0	0	0	0	0	0	0	0	0	0	0
18	342.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	1,865	0	176,947	4,559	65,319	111,628	3,429	0	180,376	4,627	69,946	110,430
19	343.0	TRANSMISSION & DISTRIBUTION: MAINS	325,071	(12,846)	1,884,445	44,764	453,269	1,431,176	110,561	(6,209)	1,988,797	50,158	497,219	1,491,578
20	344.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	7,348	0	8,318	120	503	7,815	0	0	8,318	215	719	7,599
21	345.0	TRANSMISSION & DISTRIBUTION: SERVICES	41,554	(28)	474,840	11,761	110,864	363,976	32,456	(115)	507,181	12,717	123,466	383,715
22	346.0	TRANSMISSION & DISTRIBUTION: METERS	1,335	(361)	97,848	2,522	31,538	66,310	909	(653)	98,104	2,538	33,423	64,681
23	348.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	25,741	0	91,580	2,039	11,881	79,699	3,342	(1,075)	93,847	2,401	13,207	80,640
24	389.1	GENERAL PLANT: LAND - OFFICE*	0	0	9,986	0	(574)	10,560	0	0	9,986	0	(574)	10,560
25	389.2	GENERAL PLANT: LAND - WAREHOUSE*	0	0	0	0	0	0	0	0	0	0	0	0
26	389.3	GENERAL PLANT: LAND - MISC.*	0	0	0	0	0	0	0	0	0	0	0	0
27	390.1	GENERAL PLANT: OFFICE BUILDINGS	0	0	12,318	319	(4,653)	16,971	0	0	12,318	319	(4,334)	16,652
28	390.2	GENERAL PLANT: WAREHOUSE BUILDINGS	0	0	4,465	116	1,722	2,743	407	0	4,872	121	1,843	3,029
29	390.3	GENERAL PLANT: MISC. BUILDINGS	0	0	1,730	45	728	1,002	0	0	1,730	45	772	958
30	391.0	GENERAL PLANT: OFFICE EQUIPMENT	0	0	6,410	166	2,696	3,714	0	0	6,410	166	2,862	3,548
31	391.1	GENERAL PLANT: ELECTRICAL EQUIPMENT	75	0	41,324	1,069	2,044	39,280	554	0	41,878	1,077	3,121	38,757
32	391.2	GENERAL PLANT: OFFICE FURNITURE	61	0	6,295	162	2,284	4,011	1,470	0	7,765	182	2,466	5,299
33	393.0	GENERAL PLANT: WAREHOUSE EQUIPMENT	0	0	59	2	13	46	0	0	59	2	14	45
34	394.0	GENERAL PLANT: GARAGE EQUIPMENT	433	0	39,885	1,027	7,961	31,924	0	0	39,885	1,033	8,994	30,891
35	395.0	GENERAL PLANT: LAB EQUIPMENT	0	0	3,725	96	1,567	2,158	0	0	3,725	96	1,663	2,062
36	396.0	GENERAL PLANT: POWER EQUIPMENT	0	0	5,260	136	1,179	4,081	0	0	5,260	136	1,316	3,944
37	397.0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	0	0	16,388	424	6,004	10,382	0	0	16,386	424	6,428	9,958
38	397.1	GENERAL PLANT: MOBILE RADIOS	338	0	11,982	306	3,537	8,445	354	0	12,336	315	3,852	8,484
39	397.2	GENERAL PLANT: AUTO CONTROLS	0	0	33,388	865	7,251	26,137	0	0	33,388	865	8,116	25,272
40	398.0	GENERAL PLANT: MISC.	0	0	2,406	62	16	46	0	0	2,406	62	79	2,327
41		TOTALS	$488,165	($32,159)	$3,875,953	$93,096	$870,183	$3,003,426	$158,585	($10,889)	$4,023,649	$100,905	$960,199	$3,063,450

REFERENCE:
ACC STAFF D.R. NO. REL 1-24

NOTE:
* NON-DEPRECIABLE PLANT

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
RATE BASE ADJUSTMENTS #1, #2 & #3 - PLANT IN SERVICE/POST TEST YEAR PLANT,
PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	2002 ADDITIONS PER COMPANY	2002 (RETIREMENTS) PER COMPANY	2002 YEAR END PLANT VALUE PER RUCO	2002 DEPRECIATION EXPENSE PER RUCO	2002 ACCUMULATED DEPRECIATION PER RUCO	2002 YEAR END NET PLANT PER RUCO
1	301.0	INTANGIBLES: ORGANIZATION*	$0	$0	$0	$0	$0	$0
2	302.0	INTANGIBLES: FRANCHISES*	0	0	4,209	0	0	4,209
3	303.0	INTANGIBLES: MISC.*	0	0	0	0	0	0
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	1,527	0	25,537	0	0	25,537
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS*	0	0	0	0	0	0
6	310.3	SOURCE OF SUPPLY: LAND - WELLS*	0	0	13,752	0	0	13,752
7	314.0	SOURCE OF SUPPLY: WELLS	0	0	137,394	3,559	26,864	110,530
8	320.0	PUMPING PLANT: LAND*	0	0	0	0	0	0
9	321.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	5,276	0	53,181	1,309	17,323	35,858
10	325.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	4,197	(2,552)	585,508	15,143	166,560	418,948
11	328.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	0	0	0	0	0	0
12	330.0	WATER TREATMENT PLANT: LAND*	0	0	0	0	0	0
13	331.0	WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	0	0	8,060	209	867	7,193
14	332.0	WATER TREATMENT PLANT: EQUIPMENT	1,286	0	128,740	3,318	(5,029)	133,769
15	340.0	TRANSMISSION & DISTRIBUTION: LAND - TANKS & MAINS*	0	0	1,975	0	0	1,975
16	340.1	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	0	0	0	0	0	0
17	341.0	TRANSMISSION & DISTRIBUTION: STRUCTURES	0	0	0	0	0	0
18	342.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	145	0	180,521	4,674	74,620	105,901
19	343.0	TRANSMISSION & DISTRIBUTION: MAINS	227,174	(22,170)	2,193,801	54,165	529,213	1,664,588
20	344.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	0	0	8,318	215	934	7,384
21	345.0	TRANSMISSION & DISTRIBUTION: SERVICES	28,873	(576)	535,478	13,502	136,393	399,085
22	346.0	TRANSMISSION & DISTRIBUTION: METERS	0	0	98,104	2,541	35,964	62,140
23	348.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	1,976	0	95,823	2,456	15,663	80,160
24	389.1	GENERAL PLANT: LAND - OFFICE*	171	0	10,157	0	(574)	10,731
25	389.2	GENERAL PLANT: LAND - WAREHOUSE*	0	0	0	0	0	0
26	389.3	GENERAL PLANT: LAND - MISC.*	0	0	0	0	0	0
27	390.1	GENERAL PLANT: OFFICE BUILDINGS	2,526	(69)	14,775	351	(4,052)	18,827
28	390.2	GENERAL PLANT: WAREHOUSE BUILDINGS	0	0	4,872	126	1,969	2,903
29	390.3	GENERAL PLANT: MISC. BUILDINGS	0	0	1,730	45	817	913
30	391.0	GENERAL PLANT: OFFICE EQUIPMENT	13,650	(3,637)	16,422	296	(479)	16,902
31	391.1	GENERAL PLANT: ELECTRICAL EQUIPMENT	0	0	41,878	1,085	4,206	37,672
32	391.2	GENERAL PLANT: OFFICE FURNITURE	0	0	7,765	201	2,667	5,098
33	393.0	GENERAL PLANT: WAREHOUSE EQUIPMENT	0	0	59	2	16	43
34	394.0	GENERAL PLANT: GARAGE EQUIPMENT	3,159	0	43,044	1,074	10,068	32,976
35	395.0	GENERAL PLANT: LAB EQUIPMENT	0	0	3,725	96	1,760	1,965
36	396.0	GENERAL PLANT: POWER EQUIPMENT	0	0	5,260	136	1,452	3,808
37	397.0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	65	0	16,451	425	6,853	9,598
38	397.1	GENERAL PLANT: MOBILE RADIOS	0	0	12,336	320	4,172	8,164
39	397.2	GENERAL PLANT: AUTO CONTROLS	0	0	33,388	865	8,981	24,407
40	398.0	GENERAL PLANT: MISC.	29	0	2,435	63	141	(79)
41		TOTALS	$290,053	($29,004)	$4,284,698	$106,174	$1,037,369	$3,244,957
42					$ 4,327,525		986,086	
43		BALANCES PER COMPANY			$4,284,698		$1,037,369	
44								
45		BALANCES PER RUCO			$12,423			
46								
47		LESS: POST-TEST YEAR ALLOCATED PHOENIX OFFICE & METER SHOP ADDITIONS**			($55,250)		$51,283	
48								
49		TOTAL ADJUSTMENTS						

REFERENCES:
ACC STAFF D.R. NO. REL 1-24
ACC STAFF D.R. NO. REL 18-1
RUCO D.R. NO. 6.2

NOTE:
* NON-DEPRECIABLE PLANT
** BASED ON AN ALLOCATION FACTOR OF 0.0237 PER RUCO D.R. NO. 4.2

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-5

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
RATE BASE ADJ. #4 - RECONCILE TEST YEAR ALLOCATED PHOENIX OFFICE & METER SHOP AND ACCUMULATED DEPRECIATION BALANCES

LINE NO.	DESCRIPTION	TEST YEAR COMPANY
1	GROSS PHOENIX OFFICE PLANT & METER SHOP	$ 4,002,988
2	ADD: PHOENIX OFFICE CONSTRUCTION WORK IN PROGRESS (CWIP)	126,565
3	GROSS PHOENIX OFFICE PLANT & METER SHOP WITH CWIP	$ 4,129,553
4	TIMES: ALLOCATION FACTOR	0.0251
5	ALLOCATED GROSS PHOENIX OFFICE PLANT & METER SHOP WITH CWIP	$ 103,652
6	NET ALLOCATED PHOENIX OFFICE PLANT & METER SHOP WITH CWIP	91,658
7	INCREASE/DECREASE TO PHOENIX OFFICE & METER SHOP ALLOCATION AND ACCUMULATED DEPRECIATION	$ 11,994

REFERENCES:
LINE 1: COMPANY SCHEDULE B-2 PAGES 10 AND 11
LINE 2: COMPANY SCHEDULE B-2 PAGE 10
LINE 3: LINE 1 + LINE 2
LINE 4: COMPANY SCHEDULE B-1 PAGE 2
LINE 5: LINE 3 x LINE 4
LINE 6: COMPANY SCHEDULE B-1 PAGE 2 (SUM OF LINES 6 AND 7)

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-6

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
RATE BASE ADJ. #5 - REMOVE CWIP FROM PHOENIX OFFICE ALLOCATION

LINE NO.	DESCRIPTION	(A) TEST YEAR COMPANY	(B) TEST YEAR RUCO	
1	GROSS PHOENIX OFFICE PLANT	$ 3,903,884	$ 3,903,884	COMPANY SCHEDULE B-2 PAGE 10
2	LESS: ACCUMULATED DEPRECIATION	453,222	453,222	COMPANY SCHEDULE B-2 PAGE 10
3	NET PHOENIX OFFICE PLANT	$ 3,450,662	$ 3,450,662	LINE 1 + LINE 2
4	ADD: CWIP	126,565	-	COMPANY SCHEDULE B-2 PAGE 10
5	TOTALS	$ 3,577,227	$ 3,450,662	LINE 3 + LINE 4
4	TIMES: ALLOCATION FACTOR	0.0251	0.0251	COMPANY SCHEDULE B-1 PAGE 2
5	ALLOCATED PHOENIX OFFICE PLANT	$ 89,788	$ 86,612	COMPANY SCHEDULE B-1 PAGE 2
6	RUCO ADJUSTMENT		$ (3,177)	LINE 5 COLUMN (B) - LINE 5 COLUMN (A)

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 1999
SUPERIOR SYSTEM
RATE BASE ADJUSTMENT #9 - WORKING CAPITAL

LINE NO.	DESCRIPTION	AMOUNT	REFERENCE
1	CASH WORKING CAPITAL PER COMPANY	$ 7,767	COMPANY SCH. B-5, PG. 1
2	CASH WORKING CAPITAL PER RUCO	(26,551)	SCH. WAR-7, PG. 3
3	DECREASE IN CASH WORKING CAPITAL	(34,318)	LINE 2 - LINE 1
4	MATERIALS & SUPPLIES PER COMPANY	443	COMPANY SCH. B-5, PG. 1
5	MATERIALS & SUPPLIES PER RUCO	67	DATA REQUEST RUCO 6.4 a)
6	MATERIALS & SUPPLIES ADJUSTMENT	(376)	LINE 5 - LINE 4
7	PREPAYMENTS PER COMPANY AND SPECIAL DEPOSITS	7,167	COMPANY SCH. B-5, PG. 1
8	PREPAYMENTS PER RUCO	6,016	DATA REQUEST RUCO 6.4 b)
9	PREPAYMENTS ADJUSTMENT	(1,151)	LINE 8 - LINE 7
10	REQUIRED BANK BALANCES PER COMPANY	12,510	COMPANY SCH. B-5, PG. 1
11	REQUIRED BANK BALANCES PER RUCO	10,399	DATA REQUEST RUCO 6.4 c)
12	REQUIRED BANK BALANCE ADJUSTMENT	(2,111)	LINE 11 - LINE 10
13	TOTAL WORKING CAPITAL ADJUSTMENT	(37,956)	LINES 3, 6, 9 & 12

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
RATE BASE ADJUSTMENT #9 - WORKING CAPITAL
LEAD/LAG CALCULATION

LINE NO.	DESCRIPTION	EXPENSES PER COMPANY	RUCO ADJUSTMENTS	ADJUSTED EXPENSES	(LEAD)/LAG DAYS	$ DAYS
1	PURCHASED POWER	$ 79,558	$ (15,686)	$ 63,872	31.85	$ 2,034,323
2	PAYROLL	189,736	250	189,986	14.00	2,659,806
3	PURCHASED WATER	-	-	-	N/A	N/A
4	CHEMICALS	17,199	(10,037)	7,162	27.61	197,743
5	PROPERTY & LIABILITY INSURANCE	2,626	(116)	2,510	(45.27)	(113,631)
6	WORKER'S COMPENSATION	2,266	263	2,529	(46.50)	(117,583)
7	HEALTH INSURANCE	32,884	(3,555)	29,329	(8.92)	(261,610)
8	OTHER O&M EXPENSES	184,740	(98,711)	86,029	(9.27)	(797,493)
9	DEPRECIATION & AMORTIZATION	118,817	(8,768)	110,049	N/A	N/A
10	FEDERAL & STATE INCOME TAXES	130,031	(44,425)	85,606	61.95	5,303,690
11	DEFERRED INCOME TAXES	2,400	N/A	N/A	N/A	N/A
12	FICA TAXES	12,623	(165)	12,458	14.00	174,412
13	FUTA & SUTA TAXES	276	18	294	83.10	24,431
14	PROPERTY TAXES	64,817	8,270	73,087	212.00	15,494,365
15	REG., CONTRACT, & MISCELLANEOUS FEES	15,142	499	15,641	(98.83)	(1,545,791)
16	SALES & OCCUPATION TAXES	74,997	(1,910)	73,087	41.30	3,018,478
17	PENSION EXPENSE	14,429	248	14,677	34.72	509,585
18	TOTAL	$ 942,541	$ (173,826)	$ 766,315 *	34.69	$ 26,580,725

NOTE
N/A = NON CASH CHARGES EXCLUDED FROM WORKING CAPITAL CALCULATION
* RUCO RECOMMENDED LEVEL OF OPERATING EXPENSE - SCHEDULE WAR-8, COLUMN (E), LINE 16

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
RATE BASE ADJUSTMENT #9 - WORKING CAPITAL
CALCULATION OF CASH WORKING CAPITAL

LINE NO.	DESCRIPTION	AMOUNT	REFERENCE
1	AVERAGE EXPENSE LAG	34.69	SCH. WAR-7, PG. 2
2	AVERAGE REVENUE COLLECTION LAG	22.04	CO. SCH. B-5, PG. 2
3	EXCESS EXPENSE OVER REVENUE LAG	(12.65)	LINE 2 - LINE 1
4	TOTAL EXPENSES	$ 766,315	SCH. WAR-7, PG. 2
5	CASH WORKING CAPITAL REQUIREMENT	(26,551)	(LINE 3 X LINE 4)/365 DAYS
6	PER COMPANY	$ 7,767	CO. SCH. B-5, PG. 2
7	INCREASE (DECREASE) IN WORKING CAPITAL	$ (34,318)	LINE 5 - LINE 6

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
RATE BASE ADJUSTMENT #9 - WORKING CAPITAL
CALCULATION OF INCOME TAX LAG

LINE NO.	(A) PAYMENT DATE	(B) SERVICE PERIOD MIDPOINT	(C) (LEAD)/LAG DAYS	(D) PAYMENT AMOUNT	(E) DOLLAR DAYS
1	04/12/99	07/01/99	(80.00)	$ 397,000	(31,760,000)
2	06/11/99	07/01/99	(20.00)	50,000	(1,000,000)
3	09/14/99	07/01/99	75.00	486,000	36,450,000
4	12/14/99	07/01/99	166.00	970,000	161,020,000
5	03/14/00	07/01/99	257.00	(240,000)	(61,680,000)
6	TOTALS			$ 1,663,000	103,030,000
7	INCOME TAX LAG		61.95		

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
OPERATING INCOME - TEST YEAR AND RUCO PROPOSED

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-8

LINE NO.	DESCRIPTION	(A) COMPANY TEST YEAR AS FILED	(B) RUCO TEST YEAR ADJUSTMENTS	(C) RUCO TEST YEAR AS ADJUSTED	(D) RUCO PROPOSED CHANGES	(E) RUCO RECOMMENDED
	REVENUES - WATER:					
1	REVENUE FROM WATER SALES	$ 698,968	$ 8,445	$ 707,413	$ 273,481	$ 980,894
2	OTHER REVENUES	-	35	35		35
3	TOTAL OPERATING REVENUES	$ 698,968	$ 8,480	$ 707,448	$ 273,481	$ 980,929
	OPERATING EXPENSES:					
2	PURCHASED WATER	$ -	$ -	$ -	$ -	$ -
3	OTHER	4,729	23	4,752		4,752
4	PURCHASED POWER	76,290	(13,099)	63,191		63,191
5	PURCHASED GAS	-	22	22		22
6	OTHER	54,189	24,376	78,565		78,565
7	WATER TREATMENT	30,792	(7,127)	23,665		23,665
8	TRANSMISSION & DISTRIBUTION	159,574	(51,756)	107,818		107,818
9	CUSTOMER ACCOUNTS	114,326	(5,494)	108,832		108,832
10	SALES	872	(615)	257		257
11	ADMINISTRATIVE & GENERAL	98,965	(1,246)	97,719		97,719
12	DEPRECIATION & AMORTIZATION	118,817	(8,768)	110,049		110,049
13	PROPERTY TAXES	64,071	9,016	73,087		73,087
14	OTHER TAXES	11,348	1,404	12,752		12,752
15	INCOME TAXES	(28,101)	14,449	(13,652)	99,259	85,606
16	TOTAL OPERATING EXPENSES	$ 705,873	$ (38,817)	$ 667,056	$ 99,259	$ 766,315
17	NET INCOME	$ (6,905)	$ 47,262	$ 40,357	$ 174,222	$ 214,579

REFERENCES:
COLUMN (A): CO. SCH. C-1, PG. 5
COLUMN (B): SCH. WAR-9
COLUMN (C): COLUMN (A) + COLUMN (B)
COLUMN (D): SCH. WAR-1
COLUMN (E): COLUMN (C) + COLUMN (D)

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-9

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
SUMMARY OF OPERATING ADJUSTMENTS

LINE NO.	DESCRIPTION	(A) COMPANY PROPOSED	(B) ADJ #1	(C) ADJ #2	(D) ADJ #3	(E) ADJ #4	(F) ADJ #5	(G) ADJ #6	(H) ADJ #7	(I) ADJ #8	(J) ADJ #9	(K) ADJ #10	(L) ADJ #11	(M) RUCO ADJUSTED
	REVENUES - WATER:													
1	REVENUE FROM WATER SALES	$ 698,968	$ 110,851	$ (76,119)	$ 2,193	$ (27,262)	$ (838)		$ (380)					$ 707,413
2	OTHER REVENUES	-			35									35
3	TOTAL OPERATING REVENUES	$ 698,968	$ 110,851	$ (76,119)	$ 2,228	$ (27,262)	$ (838)	$ -	$ (380)	$ -	$ -	$ -	$ -	$ 707,448
	OPERATING EXPENSES:													
2	PURCHASED WATER	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
3	OTHER	4,729	23											4,752
4	PURCHASED POWER	76,290	(12,440)			(506)	(153)							63,191
5	PURCHASED GAS	-	22											22
6	OTHER	54,189	24,376				(23)							78,565
7	WATER TREATMENT	30,792	(7,104)											23,665
8	TRANSMISSION & DISTRIBUTION	159,574	(50,843)			(913)								107,818
9	CUSTOMER ACCOUNTS	114,326	(5,494)											108,832
10	SALES	872	(615)											257
11	ADMINISTRATIVE & GENERAL	98,965	(4,347)	(1,484)			(118)	4,703						97,719
12	DEPRECIATION & AMORTIZATION	118,817								(8,768)				110,049
13	PROPERTY TAXES	64,071									9,016			73,087
14	OTHER TAXES	11,348	76,039	(74,635)										12,752
15	INCOME TAXES	(28,101)										14,449		(13,652)
16	TOTAL OPERATING EXPENSES	$ 705,873	$ 19,616	$ (76,119)	$ -	$ (1,419)	$ (294)	$ 4,703	$ -	$ (8,768)	$ 9,016	$ 14,449	$ -	$ 667,056
17	NET INCOME	$ (6,905)	$ 91,235	$ -	$ 2,228	$ (25,843)	$ (544)	$ (4,703)	$ (380)	$ 8,768	$ (9,016)	$ (14,449)	$ -	$ 40,392

ADJUSTMENT #:
1. RECONCILE COMPANY PROPOSED OPERATING INCOME TO 2002 ACTUAL
2. REMOVE 2002 REGULATORY ASSESSMENT & SALES TAXES
3. ELIMINATE PPAM AND PWAM REVENUES
4. ELIMINATE UNBILLED REVENUES & EXPENSES
5. ANNUALIZE ADDITIONAL REVENUES & EXPENSES
6. AMORTIZATION OF RATE CASE EXPENSE

REFERENCE:
RUCO D.R. NO. 1.10
RUCO D.R. NO. 1.10 & ACC STAFF D.R. NO: REL 19-1
RUCO D.R. NO. 7.1 & RUCO D.R. NO. 7.2
RUCO D.R. NO. 7.3
RUCO D.R. NO. 6.6
COMPANY SCHEDULE C-2, PAGE 7, TESTIMONY WAR

ADJUSTMENT #:
7. REMOVE MAP SURCHARGE REVENUES
8. DEPRECIATION & AMORTIZATION EXPENSE
9. PROPERTY TAX EXPENSE
10. INCOME TAX EXPENSE
11. NOT USED

REFERENCE:
TESTIMONY WAR
SCHEDULE WAR-12
SCHEDULE WAR-13
SCHEDULE WAR-14
N/A

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
OPERATING ADJ. #1 - RECONCILE COMPANY
PROPOSED OPERATING INCOME TO 2002 ACTUAL

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-10

LINE NO.	DESCRIPTION	(A) COMPANY PROPOSED	(B) 2002 ACTUAL	(C) DIFFERENCE	(D) RUCO ADJUSTMENT
	REVENUES - WATER:				
1	REVENUE FROM WATER SALES	$ 698,968	$ 809,819	$ 698,968	$ 110,851
2	OTHER REVENUES	0.00	0.00	0.00	0.00
3	TOTAL OPERATING REVENUES	$ 698,968	$ 809,819	$ 698,968	$ 110,851
	OPERATING EXPENSES:				
4	PURCHASED WATER	$ -	$ -	$ -	$ -
5	OTHER	4,729	4,752	4,729	23
6	PURCHASED POWER	76,290	63,850	76,290	(12,440)
7	PURCHASED GAS	-	22	-	22
8	OTHER	54,189	78,565	54,189	24,376
9	WATER TREATMENT	30,792	23,688	30,792	(7,104)
10	TRANSMISSION & DISTRIBUTION	159,574	108,731	159,574	(50,843)
11	CUSTOMER ACCOUNTS	114,326	108,832	114,326	(5,494)
12	SALES	872	257	872	(615)
13	ADMINISTRATIVE & GENERAL	98,965	94,618	98,965	(4,347)
14	DEPRECIATION & AMORTIZATION	118,817	108,088	118,817	- (a)
15	PROPERTY TAXES	64,071	73,380	64,071	- (a)
16	OTHER TAXES	11,348	87,387	11,348	76,039
17	INCOME TAXES	(28,101)	15,030	(28,101)	- (a)
18	TOTAL OPERATING EXPENSES	$ 705,873	$ 767,200	$ 705,873	$ 19,616
19	NET INCOME	$ (6,905)	$ 42,619	$ (6,905)	$ 91,235

REFERENCES:
COLUMN (A): COMPANY SCHEDULE C-1 PAGE 5 OF 5
COLUMN (B): DATA REQUEST RUCO 1.10
COLUMN (C): COLUMN (B) - COLUMN (A)
COLUMN (D): COLUMN (C) LINES 1 THRU 13, LINES 16, 18 & 19

NOTE:
(a) SEPARATE PRO FORMA ADJUSTMENTS NOT INCLUDED IN RECONCILIATION

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
OPERATING ADJ. #1 - RECONCILE COMPANY
PROPOSED OPERATING INCOME TO 2002 ACTUAL

LINE NO.	DESCRIPTION	(A) TEST YEAR ACTUAL	(B) 2002 ACTUAL	(C) DIFFERENCE
	REVENUES - WATER:			
1	REVENUE FROM WATER SALES	$ 773,405	$ 809,819	$ 36,414
2	OTHER REVENUES	0.00	0.00	0.00
3	TOTAL OPERATING REVENUES	$ 773,405	$ 809,819	$ 36,414
	OPERATING EXPENSES:			
4	PURCHASED WATER	$ -	$ -	$ -
5	OTHER	4,755	4,752	(3)
6	PURCHASED POWER	76,492	63,850	(12,642)
7	PURCHASED GAS	-	22	22
8	OTHER	54,189	78,565	24,376
9	WATER TREATMENT	19,636	23,688	4,052
10	TRANSMISSION & DISTRIBUTION	122,942	108,731	(14,211)
11	CUSTOMER ACCOUNTS	114,349	108,832	(5,517)
12	SALES	872	257	(615)
13	ADMINISTRATIVE & GENERAL	83,004	94,618	11,614
14	DEPRECIATION & AMORTIZATION	102,778	108,088	5,310
15	PROPERTY TAXES	65,046	73,380	8,334
16	OTHER TAXES	86,003	87,387	1,384
17	INCOME TAXES	12,662	15,030	2,368
18	TOTAL OPERATING EXPENSES	742,728	767,200	24,472
19	NET INCOME	$ 30,677	$ 42,619	$ 11,942

REFERENCES:
COLUMN (A): COMPANY SCHEDULE C-1 PAGE 5 OF 5
COLUMN (B): DATA REQUEST RUCO 1.10
COLUMN (C): COLUMN (B) - COLUMN (A)

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-11

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
OPERATING ADJ. #5 - REVENUE ANNUALIZATION FOR 2002

LINE NO.	DESCRIPTION	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
1	YEAR END CUSTOMERS - 2002	1,282	1,282	1,282	1,282	1,282	1,282	1,282	1,282	1,282	1,282	1,282	1,282
2	2002 CUSTOMERS	1,278	1,284	1,284	1,284	1,281	1,287	1,286	1,278	1,280	1,288	1,288	1,282
3	INCREASE IN CUSTOMERS - 2002	4	(2)	(2)	(2)	1	(5)	(4)	4	2	(6)	(6)	0
4	AVERAGE REVENUE FOR THE MONTH	$ 44.40	$ 40.97	$ 43.75	$ 47.60	$ 51.04	$ 57.60	$ 63.28	$ 51.46	$ 53.32	$ 48.79	$ 46.71	$ 65.72
5	INCREASE IN REVENUES	$ 178	$ (82)	$ (88)	$ (95)	$ 51	$ (288)	$ (253)	$ 206	$ 107	$ (293)	$ (280)	0
6	TOTAL INCREASE IN REVENUE	(838)											
7	INCREASE IN REVENUE PER COMPANY	-											
8	REVENUE ADJUSTMENT	(838)											
9	GALLONS SOLD PER AVERAGE CUSTOMER	5,968	5,213	5,848	6,729	7,599	9,130	10,319	7,646	7,956	7,035	7,081	6,269
10	INCREASE IN CUSTOMERS	4	(2)	(2)	(2)	1	(5)	(4)	4	2	(6)	(6)	0
11	INCREASE IN GALLONS	23,873	(10,425)	(11,697)	(13,458)	7,599	(45,650)	(41,276)	30,584	15,911	(42,207)	(42,489)	0
12	TOTAL INCREASE IN GALLONS	(129,234)											
13	PUMPING COST PER GALLON	0.001183											
14	INCREASE IN PUMPING COST	(153)											
15	WATER TREATMENT COSTS PER GALLON	0.000178											
16	INCREASE IN WATER TREATMENT COSTS	(23)											
17	TOTAL INCREASE IN BILLS	(16)											
18	MONTHLY ACCOUNTING COST PER BILL	7.36											
19	INCREASE IN ACCOUNTING COST	(118)											

REFERENCES:
LINE #1 - RUCO DATA REQUEST #6.6
LINE #2 - RUCO DATA REQUEST #6.6
LINE #3 = LINE #1 MINUS LINE #2
LINE #4 - RUCO DR #1.10 = TOTAL MONTH REV. MINUS OTHER REV. / TOTAL MONTHLY CUSTOMERS FOR POST-TEST-YEAR
LINE #5 = LINE #3 MULTIPLIED BY LINE #4
LINE #6 = SUMMATION OF LINE #5
LINE #7 - NO REFERENCE
LINE #8 - LINE #6 MINUS LINE #7
LINE #9 - GALLONS SOLD, AWC's ANNUAL REPORT & MONTHLY CUSTOMERS, RUCO DR #6.6

LINE #10 = LINE #3
LINE #11 = LINE #9 MULTIPLIED BY LINE #10
LINE #12 = SUMMATION OF LINE #11
LINE #13 - CO. W/P C2-5, PAGE 3
LINE #14 = LINE #12 X LINE #13
LINE #15 - CO. W/P C2-5, PAGE 3
LINE #16 = LINE #12 MULTIPLIED BY LINE #15
LINE #17 = SUMMATION OF LINE #3
LINE #18 - CO. W/P C2-5, PAGE 4

LINE #19 = LINE #17 X LINE #18

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
OPERATING ADJ. #8 - DEPRECIATION & AMORTIZATION EXPENSE

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-12

LINE NO.	ACCT. NO.	PLANT ACCOUNT NAME	(A) ACTUAL TEST YEAR BALANCE PER COMPANY	(B) RUCO ADJUSTMENTS	(C) RUCO ADJUSTED BALANCE	(D) COMPOSITE DEPRECIATION RATE	(E) RUCO RECOMMENDED DEPRECIATION EXPENSE
1	301.0	INTANGIBLES: ORGANIZATION*	$ -	$ -	$0	0.00%	$ -
2	302.0	INTANGIBLES: FRANCHISES*	4,209	-	4,209	0.00%	-
3	303.0	INTANGIBLES: MISC.*	-	-	-	0.00%	-
4	310.1	SOURCE OF SUPPLY: LAND - WATER RIGHTS*	24,009	1	24,010	0.00%	-
5	310.2	SOURCE OF SUPPLY: LAND - RESERVOIRS*	-	-	-	0.00%	-
6	310.3	SOURCE OF SUPPLY: LAND - WELLS*	13,752	-	13,752	0.00%	-
7	314.0	SOURCE OF SUPPLY: WELLS	137,392	2	137,394	2.59%	3,559
8	320.0	PUMPING PLANT: LAND*	-	-	-	0.00%	-
9	321.0	PUMPING PLANT: STRUCTURES & IMPROVEMENTS	47,905	-	47,905	2.59%	1,241
10	325.0	PUMPING PLANT: ELECTRICAL EQUIPMENT	583,864	(1)	583,863	2.59%	15,122
11	328.0	PUMPING PLANT: GAS ENGINE EQUIPMENT	-	-	-	2.59%	-
12	330.0	WATER TREATMENT PLANT: LAND*	-	-	-	0.00%	-
13	331.0	WATER TREATMENT PLANT: STRUCTURES & IMPROVEMENTS	8,061	(1)	8,060	2.59%	209
14	332.0	WATER TREATMENT PLANT: EQUIPMENT	127,455	(1)	127,454	2.59%	3,301
15	340.0	TRANSMISSION & DISTRIBUTION: LAND - TANKS & MAINS*	1,975	-	1,975	0.00%	-
16	340.1	TRANSMISSION & DISTRIBUTION: LAND RIGHTS - FEES*	-	-	-	0.00%	-
17	341.0	TRANSMISSION & DISTRIBUTION: STRUCTURES	-	-	-	2.59%	-
18	342.0	TRANSMISSION & DISTRIBUTION: STORAGE TANKS	180,377	(1)	180,376	2.59%	4,672
19	343.0	TRANSMISSION & DISTRIBUTION: MAINS	1,988,797	-	1,988,797	2.59%	51,510
20	344.0	TRANSMISSION & DISTRIBUTION: FIRE SPRINKLERS	8,318	-	8,318	2.59%	215
21	345.0	TRANSMISSION & DISTRIBUTION: SERVICES	507,180	1	507,181	2.59%	13,136
22	346.0	TRANSMISSION & DISTRIBUTION: METERS	97,206	898	98,104	2.59%	2,541
23	348.0	TRANSMISSION & DISTRIBUTION: HYDRANTS	104,732	(10,885)	93,847	2.59%	2,431
24	389.1	GENERAL PLANT: LAND - OFFICE*	-	9,986	9,986	0.00%	-
25	389.2	GENERAL PLANT: LAND - WAREHOUSE*	-	-	-	0.00%	-
26	389.3	GENERAL PLANT: LAND - MISC.*	-	-	-	0.00%	-
27	390.1	GENERAL PLANT: OFFICE BUILDINGS	12,318	-	12,318	2.59%	319
28	390.2	GENERAL PLANT: WAREHOUSE BUILDINGS	4,872	-	4,872	2.59%	126
29	390.3	GENERAL PLANT: MISC. BUILDINGS	1,730	-	1,730	2.59%	45
30	391.0	GENERAL PLANT: OFFICE EQUIPMENT	6,410	-	6,410	2.59%	166
31	391.1	GENERAL PLANT: ELECTRICAL EQUIPMENT	41,876	2	41,878	2.59%	1,085
32	391.2	GENERAL PLANT: OFFICE FURNITURE	7,765	-	7,765	2.59%	201
33	393.0	GENERAL PLANT: WAREHOUSE EQUIPMENT	59	-	59	2.59%	2
34	394.0	GENERAL PLANT: GARAGE EQUIPMENT	39,885	-	39,885	2.59%	1,033
35	395.0	GENERAL PLANT: LAB EQUIPMENT	3,725	-	3,725	2.59%	96
36	396.0	GENERAL PLANT: POWER EQUIPMENT	5,261	(1)	5,260	2.59%	136
37	397.0	GENERAL PLANT: COMMUNICATIONS EQUIPMENT	14,921	1,465	16,386	2.59%	424
38	397.1	GENERAL PLANT: MOBILE RADIOS	12,336	-	12,336	2.59%	320
39	397.2	GENERAL PLANT: AUTO CONTROLS	34,852	(1,464)	33,388	2.59%	865
40	398.0	GENERAL PLANT: MISC.	2,406	-	2,406	2.59%	62
41							
42		TEST YEAR TOTALS	$ 4,023,648	$ 1	$ 4,023,649		$ 102,816
43							
44		POST TEST YEAR ADDITIONS	303,877	(55,251)	$248,626	2.59%	6,439
45							
46		GROSS DEPRECIABLE PHOENIX OFFICE AND METER SHOP ALLOCATION	100,475	12,252	112,727 **	2.59%	2,920
47							
48		2002 TOTALS	$ 4,428,000	$ (42,998)	$ 4,385,002		$ 112,175
49							
50	LESS:						
51	AMORTIZATION OF CONTRIBUTIONS IN AID OF CONSTRUCTION @ 2.59% COMPOSITE RATE ***						2,126
52							
53	TOTAL PRO FORMA DEPRECIATION & AMORTIZATION EXPENSE						$ 110,049
54							
55	DEPRECIATION & AMORTIZATION EXPENSE PER COMPANY						118,817
56							
57	DEPRECIATION & AMORTIZATION EXPENSE ADJUSTMENT (LINE 53 - LINE 55)						$ (8,768)

REFERENCES:
COLUMN (A): COMPANY SCHEDULE E-5 PAGE 3 OF 4 AND STAFF DATA REQUEST REL 1-24
COLUMN (B): COLUMN (C) - COLUMN (A)
COLUMN (C): RUCO SCHEDULE WAR-4 PAGE 7
COLUMN (D): COMPOSITE DEPRECIATION RATE OF 2.59%
COLUMN (E): COLUMN (C) x COLUMN (D)

NOTES:
* NON-DEPRECIABLE PLANT ASSETS
** NET OF $171 IN NON-DEPRECIABLE LEASEHOLD IMPROVEMENTS ($7,215 x 0.2498 ALLOCATION FACTOR FOR 2002 = $171)
*** RUCO ADJUSTED CIAC BALANCE x COMPOSITE RATE = $82,088 x 2.59% = $2,126

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
OPERATING ADJ. #9 - PROPERTY TAX EXPENSE

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-13

LINE NO.	DESCRIPTION	AMOUNT	REFERENCE
1	REVENUES - 2000	$ 744,641	COMPANY SCH. C-2, W/P C2-19a
2	REVENUES - 2001	698,408	COMPANY SCH. C-2, W/P C2-19a
3	REVENUES - 2002	733,703	D. R. NO. REL 19-1
4	TOTAL	$ 2,176,752	SUM LINES 1, 2, & 3
5	3 YEAR AVERAGE	725,584	LINE 4/3 YEARS
6	MULTIPLIER FOR REVENUES (2 X LAST 3 YRS. AVERAGE REVENUE)	x 2	ADOR VALUATION FACTOR
7	REVENUES FOR FULL CASH VALUE	1,451,168	LINE 5 X 2 (MULTIPLIER FOR REVENUES
8	ADD: 10% OF CWIP BALANCE	-	COMPANY SCH. B-2, PG. 9; LINE 4 X 10%
9	LESS: LICENSED VEHICLES	-	STAFF DATA REQUEST REL 23-1
10	FULL CASH VALUE	1,451,168	LINE 7 + LINE 8 MINUS LINE 9
11	ASSESSMENT RATIO	25%	PER ADOR VALUATION METHOD
12	ASSESSED VALUE	362,792	LINE 10 X LINE 11
13	PROPERTY TAX RATE	20.1456%	PER TAX BILLS
14	PROPERTY TAXES PAYABLE PER RUCO	73,087	LINE 12 X LINE 13
15	PROPERTY TAXES PER COMPANY	64,071	COMPANY SCH. C-1, PG. 5
16	ADJUSTMENT	9,016	LINE 14 MINUS LINE 15

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
OPERATING ADJ. #10 - INCOME TAXES

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-14

LINE NO.	DESCRIPTION	AMOUNT	REFERENCE
	FEDERAL INCOME TAXES:		
1	OPERATING INCOME BEFORE INCOME TAXES	$ 26,705	SCH. WAR-9
	LESS:		
2	ARIZONA STATE TAX	(2,632)	LINE 11
3	INTEREST EXPENSE	64,475	NOTE (a)
4	FEDERAL TAXABLE INCOME	(35,139)	LINE 1 - LINES 2 & 3
5	FEDERAL INCOME TAX RATE	31.36%	TAX RATE
6	FEDERAL INCOME TAX EXPENSE	(11,020)	LINE 4 X LINE 5
	STATE INCOME TAXES:		
7	OPERATING INCOME BEFORE INCOME TAXES	26,705	LINE 1
	LESS:		
8	INTEREST EXPENSE	64,475	NOTE (A)
9	STATE TAXABLE INCOME	(37,770)	LINE 7 - LINE 8
10	STATE TAX RATE	6.968%	TAX RATE
11	STATE INCOME TAX EXPENSE	(2,632)	LINE 9 X LINE 10
12	TOTAL INCOME TAXES	(13,652)	LINE 6 + LINE 11
13	INCOME TAXES PER COMPANY	(28,101)	COMPANY SCH. C-1, PG. 2
14	ADJUSTMENT	$ 14,449	LINE 12 - LINE 13

NOTE (a):
INTEREST SYCHRONIZATION

ADJUSTED RATE BASE	$ 2,471,297
WEIGHTED COST OF DEBT	2.61%
INTEREST EXPENSE	$ 64,475

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
OPERATING ADJ. #11 - NOT USED FOR THIS SYSTEM

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-15

DOCKET NO. W-1445A-02-0619
SCHEDULE WAR-16

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
COST OF CAPITAL

LINE NO.	DESCRIPTION	(A) AMOUNT	(B) ADJUSTMENT	(C) ADJUSTED BALANCE	(D) CAPITAL RATIO	(E) COST	(F) WEIGHTED COST
1	SHORT-TERM DEBT	$ 2,850,000	$ 1,650,000	$ 4,500,000	5.62%	4.00%	0.22%
2	LONG-TERM DEBT:	23,000,677	(400,677)	22,600,000	28.24%	8.44%	2.38%
3	COMMON EQUITY	49,442,738	3,473,716	52,916,454	66.13%	9.18%	6.07%
4	TOTAL	$ 75,293,415	4,723,039	$ 80,016,454	100.00%		8.68%

REFERENCES:
COLUMN (A): COMPANY SCH. D - 1
COLUMN (B): TESTIMONY, WAR
COLUMN (C): COLUMN (A) + COLUMN (B)
COLUMN (D): COLUMN (C) ÷ COLUMN (C), LINE 5
COLUMN (E): TESTIMONY, WAR
COLUMN (F): COLUMN (D) x COLUMN (E)

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
PROPOSED RATES

DOCKET NO. W-01445A-02-0619
SCHEDULE WAR-17

LINE NO.	DESCRIPTION	PRESENT RATES	COMPANY PROPOSED	RUCO PROPOSED
1	**MONTHLY MINIMUM USAGE CHARGE:**			
2				
3	(RESIDENTIAL, COMMERCIAL AND MISC. CUSTOMERS)			
4	5/8 X 3/4 - INCH	$ 18.13	$ 18.13	$ 18.13
5	1 - INCH	38.84	40.79	38.84
6	2 - INCH	103.58	117.85	103.58
7	3 - INCH	155.37	211.58	157.14
8	4 - INCH	207.16	377.65	207.16
9	6 - INCH	362.53	717.59	362.53
10	8 - INCH	362.53	989.54	362.53
11	10 - INCH	673.27	1,624.09	673.27
12				
13	**GALLONS INCLUDED IN MONTHLY MINIMUM USAGE CHARGE:**			
14				
15	RESIDENTIAL, COMMERCIAL AND MISC. CUSTOMERS	1,000	0	0
16				
17	**COMMODITY RATE (PER 100 GAL. OVER MINIMUM):**	$0.40600	$ 0.40600	$ 0.60130
18				
19	**COMMODITY RATE (PER 1,000 GAL. OVER MINIMUM):**	$4.06000	$ 4.06000	$ 6.01300

DOCKET NO. W-01445A-02-0619
SCHEDULE WAR-18

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
MONTHLY MINIMUM CHARGES

LINE NO.	METER SIZE	(A) COMPANY PRESENT RATES	(B) COMPANY PROPOSED RATES	(C) COMPANY DOLLAR INCREASE	(D) COMPANY PERCENT. INCREASE	(E) RUCO PROPOSED RATES	(F) RUCO DOLLAR INCREASE	(G) RUCO PERCENT. INCREASE
1	5/8 X 3/4 - INCH	$ 18.13	$ 18.13	$ -	0.00%	$ 18.13	$ -	0.00%
2	1 - INCH	38.84	40.79	1.95	5.02%	38.84	0.00	0.00%
3	2 - INCH	103.58	117.85	14.27	13.78%	103.58	0.00	0.00%
4	3 - INCH COMMERCIAL	155.37	211.58	56.21	36.18%	157.14	1.77	1.14%
5	4 - INCH COMMERCIAL	207.16	377.65	170.49	82.30%	207.16	0.00	0.00%
6	6 - INCH	362.53	717.59	355.06	97.94%	362.53	0.00	0.00%
7	8 - INCH	362.53	989.54	627.01	172.95%	362.53	0.00	0.00%
8	10 - INCH	673.27	1,624.09	950.82	141.22%	673.27	0.00	0.00%
9	GALLONS INCLUDED IN MONHTLY MINIMUM CHARGE	1,000	0			0		

REFERENCES
COLUMN (A) THRU COLUMN (D): COMPANY SCHEDULE H-3, PAGE 4 OF 4
COLUMN (E): TESTIMONY WAR
COLUMN (F): COLUMN (E) - COLUMN (A)
COLUMN (G): COLUMN (F) ÷ COLUMN (A)

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
BILLING ANALYSIS

DOCKET NO. W-01445A-02-0619
SCHEDULE WAR-19

PRESENT RATES

LINE NO.	CONSUMPTION IN GALLONS	(A) 5/8 - INCH	(B) 1 - INCH	(C) 2 - INCH	(D) 3 - INCH	(E) 4 - INCH	(F) 6 - INCH	(G) 8 - INCH	(H) 10 - INCH
1	0	$ 18.13	$ 38.84	$ 103.58	$ 155.37	$ 207.16	$ 362.53	$ 362.53	$ 673.27
2	1,000	18.13	38.84	103.58	155.37	207.16	362.53	362.53	673.27
3	2,000	22.19	42.90	107.64	159.43	211.22	366.59	366.59	677.33
4	3,000	26.25	46.96	111.70	163.49	215.28	370.65	370.65	681.39
5	4,000	30.31	51.02	115.76	167.55	219.34	374.71	374.71	685.45
6	5,000	34.37	55.08	119.82	171.61	223.40	378.77	378.77	689.51
7	6,000	38.43	59.14	123.88	175.67	227.46	382.83	382.83	693.57
8	7,000	42.49	63.20	127.94	179.73	231.52	386.89	386.89	697.63
9	8,000	46.55	67.26	132.00	183.79	235.58	390.95	390.95	701.69
10	9,000	50.61	71.32	136.06	187.85	239.64	395.01	395.01	705.75
11	10,000	54.67	75.38	140.12	191.91	243.70	399.07	399.07	709.81
12	15,000	74.97	95.68	160.42	212.21	264.00	419.37	419.37	730.11
13	20,000	95.27	115.98	180.72	232.51	284.30	439.67	439.67	750.41
14	25,000	115.57	136.28	201.02	252.81	304.60	459.97	459.97	770.71
15	50,000	217.07	237.78	302.52	354.31	406.10	561.47	561.47	872.21
16	75,000	318.57	339.28	404.02	455.81	507.60	662.97	662.97	973.71
17	100,000	420.07	440.78	505.52	557.31	609.10	764.47	764.47	1,075.21
18	125,000	521.57	542.28	607.02	658.81	710.60	865.97	865.97	1,176.71
19	150,000	623.07	643.78	708.52	760.31	812.10	967.47	967.47	1,278.21
20	175,000	724.57	745.28	810.02	861.81	913.60	1,068.97	1,068.97	1,379.71
21	200,000	826.07	846.78	911.52	963.31	1,015.10	1,170.47	1,170.47	1,481.21
22									
23	AVG. NO. OF CUST:	1,258	9	13	2	0	0	0	0
24									
25	AVG. USE (GAL.):	6,350	19,096	40,640	233,858	N/A	N/A	N/A	N/A
26	MONTHLY BILL:	$ 39.85	$ 112.31	$ 264.52	$ 1,100.77	N/A	N/A	N/A	N/A
27									
28	MEDIAN USE (GAL.) :	5,009	2,607	9,500	98,000	N/A	N/A	N/A	N/A
29	MONTHLY BILL:	$ 34.41	$ 45.37	$ 138.09	$ 549.19	N/A	N/A	N/A	N/A

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
BILLING ANALYSIS

DOCKET NO. W-01445A-02-0619
SCHEDULE WAR-19
PAGE 2 OF 4

RUCO PROPOSED RATES

LINE NO.	CONSUMPTION IN GALLONS	(A) 5/8 - INCH	(B) 1 - INCH	(C) 2 - INCH	(D) 3 - INCH	(E) 4 - INCH	(F) 6 - INCH	(G) 8 - INCH	(H) 10 - INCH
1	0	$ 18.13	$ 38.84	$ 103.58	$ 157.14	$ 271.95	$ 453.25	$ 906.50	$ 1,359.75
2	1,000	24.14	44.85	109.59	163.15	276.05	457.35	910.60	1,363.85
3	2,000	30.16	50.87	115.61	169.17	280.15	461.45	914.70	1,367.95
4	3,000	36.17	56.88	121.62	175.18	284.25	465.55	918.80	1,372.05
5	4,000	42.18	62.89	127.63	181.19	288.35	469.65	922.90	1,376.15
6	5,000	48.20	68.91	133.65	187.21	292.45	473.75	927.00	1,380.25
7	6,000	54.21	74.92	139.66	193.22	296.55	477.85	931.10	1,384.35
8	7,000	60.22	80.93	145.67	199.23	300.65	481.95	935.20	1,388.45
9	8,000	66.23	86.94	151.68	205.24	304.75	486.05	939.30	1,392.55
10	9,000	72.25	92.96	157.70	211.26	308.85	490.15	943.40	1,396.65
11	10,000	78.26	98.97	163.71	217.27	312.95	494.25	947.50	1,400.75
12	15,000	108.33	129.04	193.78	247.34	333.45	514.75	968.00	1,421.25
13	20,000	138.39	159.10	223.84	277.40	353.95	535.25	988.50	1,441.75
14	25,000	168.46	189.17	253.91	307.47	374.45	555.75	1,009.00	1,462.25
15	50,000	318.78	339.49	404.23	457.79	476.95	658.25	1,111.50	1,564.75
16	75,000	469.11	489.82	554.56	608.12	579.45	760.75	1,214.00	1,667.25
17	100,000	619.43	640.14	704.88	758.44	681.95	863.25	1,316.50	1,769.75
18	125,000	769.76	790.47	855.21	908.77	784.45	965.75	1,419.00	1,872.25
19	150,000	920.08	940.79	1,005.53	1,059.09	886.95	1,068.25	1,521.50	1,974.75
20	175,000	1,070.41	1,091.12	1,155.86	1,209.42	989.45	1,170.75	1,624.00	2,077.25
21	200,000	1,220.73	1,241.44	1,306.18	1,359.74	1,091.95	1,273.25	1,726.50	2,179.75
22									
23	AVG. NO. OF CUST:	1,258	9	13	2	0	0	0	0
24									
25	AVG. USE (GAL.):	6,350	19,096	40,640	233,858	N/A	N/A	N/A	N/A
26	MONTHLY BILL:	$ 56.31	$ 153.67	$ 347.95	$ 1,563.33	N/A	N/A	N/A	N/A
27									
28	MEDIAN USE (GAL.) :	5,009	2,607	9,500	98,000	N/A	N/A	N/A	N/A
29	MONTHLY BILL:	$ 48.25	$ 54.52	$ 160.70	$ 746.41	N/A	N/A	N/A	N/A

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
BILLING ANALYSIS

DOCKET NO. W-01445A-02-0619
SCHEDULE WAR-19

RUCO PROPOSED CHANGES EXPRESSED IN DOLLARS

LINE NO.	CONSUMPTION IN GALLONS	(A) 5/8 - INCH	(B) 1 - INCH	(C) 2 - INCH	(D) 3 - INCH	(E) 4 - INCH	(F) 6 - INCH	(G) 8 - INCH	(H) 10 - INCH
1	0	$ -	$ -	$ -	$ 1.77	$ 64.79	$ 90.72	$ 543.97	$ 686.48
2	1,000	6.01	6.01	6.01	7.78	68.89	94.82	548.07	690.58
3	2,000	7.97	7.97	7.97	9.74	68.93	94.86	548.11	690.62
4	3,000	9.92	9.92	9.92	11.69	68.97	94.90	548.15	690.66
5	4,000	11.87	11.87	11.87	13.64	69.01	94.94	548.19	690.70
6	5,000	13.83	13.83	13.83	15.60	69.05	94.98	548.23	690.74
7	6,000	15.78	15.78	15.78	17.55	69.09	95.02	548.27	690.78
8	7,000	17.73	17.73	17.73	19.50	69.13	95.06	548.31	690.82
9	8,000	19.68	19.68	19.68	21.45	69.17	95.10	548.35	690.86
10	9,000	21.64	21.64	21.64	23.41	69.21	95.14	548.39	690.90
11	10,000	23.59	23.59	23.59	25.36	69.25	95.18	548.43	690.94
12	15,000	33.36	33.36	33.36	35.13	69.45	95.38	548.63	691.14
13	20,000	43.12	43.12	43.12	44.89	69.65	95.58	548.83	691.34
14	25,000	52.89	52.89	52.89	54.66	69.85	95.78	549.03	691.54
15	50,000	101.71	101.71	101.71	103.48	70.85	96.78	550.03	692.54
16	75,000	150.54	150.54	150.54	152.31	71.85	97.78	551.03	693.54
17	100,000	199.36	199.36	199.36	201.13	72.85	98.78	552.03	694.54
18	125,000	248.19	248.19	248.19	249.96	73.85	99.78	553.03	695.54
19	150,000	297.01	297.01	297.01	298.78	74.85	100.78	554.03	696.54
20	175,000	345.84	345.84	345.84	347.61	75.85	101.78	555.03	697.54
21	200,000	394.66	394.66	394.66	396.43	76.85	102.78	556.03	698.54
22									
23	AVG. NO. OF CUST:	1,258	9	13	2	0	0	0	0
24									
25	AVG. USE (GAL.):	6,350	19,096	40,640	233,858	N/A	N/A	N/A	N/A
26	MONTHLY BILL:	$ 16.46	$ 41.36	$ 83.43	$ 462.56	N/A	N/A	N/A	N/A
27									
28	MEDIAN USE (GAL.) :	5,009	2,607	9,500	98,000	N/A	N/A	N/A	N/A
29	MONTHLY BILL:	$ 13.84	$ 9.15	$ 22.61	$ 197.22	N/A	N/A	N/A	N/A

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
BILLING ANALYSIS

DOCKET NO. W-01445A-02-0619
SCHEDULE WAR-19

RUCO PROPOSED CHANGES EXPRESSED AS A PERCENTAGE

LINE NO.	CONSUMPTION IN GALLONS	(A) 5/8 - INCH	(B) 1 - INCH	(C) 2 - INCH	(D) 3 - INCH	(E) 4 - INCH	(F) 6 - INCH	(G) 8 - INCH	(H) 10 - INCH
1	0	0.0%	0.0%	0.0%	1.1%	31.3%	25.0%	150.0%	102.0%
2	1,000	33.2%	15.5%	5.8%	5.0%	33.3%	26.2%	151.2%	102.6%
3	2,000	35.9%	18.6%	7.4%	6.1%	32.6%	25.9%	149.5%	102.0%
4	3,000	37.8%	21.1%	8.9%	7.1%	32.0%	25.6%	147.9%	101.4%
5	4,000	39.2%	23.3%	10.3%	8.1%	31.5%	25.3%	146.3%	100.8%
6	5,000	40.2%	25.1%	11.5%	9.1%	30.9%	25.1%	144.7%	100.2%
7	6,000	41.1%	26.7%	12.7%	10.0%	30.4%	24.8%	143.2%	99.6%
8	7,000	41.7%	28.1%	13.9%	10.9%	29.9%	24.6%	141.7%	99.0%
9	8,000	42.3%	29.3%	14.9%	11.7%	29.4%	24.3%	140.3%	98.5%
10	9,000	42.8%	30.3%	15.9%	12.5%	28.9%	24.1%	138.8%	97.9%
11	10,000	43.1%	31.3%	16.8%	13.2%	28.4%	23.9%	137.4%	97.3%
12	15,000	44.5%	34.9%	20.8%	16.6%	26.3%	22.7%	130.8%	94.7%
13	20,000	45.3%	37.2%	23.9%	19.3%	24.5%	21.7%	124.8%	92.1%
14	25,000	45.8%	38.8%	26.3%	21.6%	22.9%	20.8%	119.4%	89.7%
15	50,000	46.9%	42.8%	33.6%	29.2%	17.4%	17.2%	98.0%	79.4%
16	75,000	47.3%	44.4%	37.3%	33.4%	14.2%	14.7%	83.1%	71.2%
17	100,000	47.5%	45.2%	39.4%	36.1%	12.0%	12.9%	72.2%	64.6%
18	125,000	47.6%	45.8%	40.9%	37.9%	10.4%	11.5%	63.9%	59.1%
19	150,000	47.7%	46.1%	41.9%	39.3%	9.2%	10.4%	57.3%	54.5%
20	175,000	47.7%	46.4%	42.7%	40.3%	8.3%	9.5%	51.9%	50.6%
21	200,000	47.8%	46.6%	43.3%	41.2%	7.6%	8.8%	47.5%	47.2%
22									
23	AVG. NO. OF CUST:	1,258	9	13	2	0	0	0	0
24									
25	AVG. USE (GAL.):	6,350	19,096	40,640	233,858	N/A	N/A	N/A	N/A
26	MONTHLY BILL:	41.3%	36.8%	31.5%	42.0%	N/A	N/A	N/A	N/A
27									
28	MEDIAN USE (GAL.) :	5,009	2,607	9,500	98,000	N/A	N/A	N/A	N/A
29	MONTHLY BILL:	40.2%	20.2%	16.4%	35.9%	N/A	N/A	N/A	N/A

ARIZONA WATER COMPANY
TEST YEAR ENDED DECEMBER 31, 2001
SUPERIOR SYSTEM
REVENUE SUMMARY BY METER SIZE AND CUSTOMER CLASS

DOCKET NO. W-01445A-02-061
SCHEDULE WAR-20

LINE NO.	DESCRIPTION	(A) RUCO PROPOSED MINIMUM REVENUE	(B) RUCO PROPOSED COMMODITY REVENUE	(C) RUCO PROPOSED TOTAL REVENUE	
1	5/8 X 3/4 - INCH	$ 273,654	$ 576,327	$ 849,982	
2	1 - INCH	4,311	12,746	17,057	
3	2 - INCH	16,469	38,855	55,324	
4	3 - INCH	3,771	33,749	37,520	
5	4 - INCH	0	0	0	
6	6 - INCH	0	0	0	
7	8 - INCH	0	0	0	
13	10 - INCH	0	0	0	
14					
15	TOTALS	$ 298,206	$ 661,677	$ 959,883	(a)
16					
17	PERCENTAGE OF TOTAL REVENUE	31.00%	69.00%	100.00%	

NOTE (a):

RUCO REQUIRED REVENUE		$ 980,894
LESS:		
FIRE SPRINKLER REVENUE	$ 336	
FIRE HYDRANT REVENUE	-	
MISCELLANEOUS REVENUE	16,073	
RENT - WATER PROPERTY REVENUE	-	
OTHER WATER REVENUE	4,602	
TOTAL		$ 21,011
REVENUE TO BE GENERATED FROM WATER SALES		$ 959,883

REFERENCE:
NOTE (a) 2002 REVENUE INFORMATION OBTAINED FROM RUCO D.R. NO. 1.10