



0000096901

**Transcript Exhibit(s)**

**Docket #(s):** W-03067A-08-0380

W-03067A-08-0266

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**Exhibit #:** A1, A2, 31, 52

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AZ CORP COMMISSION  
DOCKET CONTROL

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MAIN (602) 274-9944  
FAX (602) 277-4264

To: Docket Control  
  
Re: Beaver Dam Company                      W-03067A-08-0266, et al.  
April 27, 2009

### STATUS OF ORIGINAL EXHIBITS

*FILED WITH DOCKET CONTROL  
05-12-2009*

STAFF (S Exhibits)

1 and 2

BEAVER DAM (A Exhibits)

1 and 2

***ORIGINAL EXHIBITS RETURNED TO PARTIES***

BEAVER DAM (A Exhibits)

3                      Not moved by design or oversight

Copy to:

Dwight Nodes, ALJ (letter only)  
Staff (Robin Mitchell, Esq.)  
Beaver Dam (Bob Frisby)

LEGAL

APR 16 2009

TO: Docket Control  
FROM: Beaver Dam Water Company  
DATE: April 16, 2009

RECEIVED

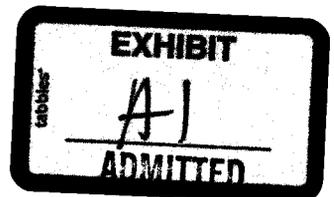
2009 APR 16 P 12:01

AZ CORP COMMISSION  
DOCKET CONTROL

RE: BEAVER DAM WATER COMPANY (DOCKET NOS. W-03067A-08-0380 AND W-03067A-08-0266)

Attached is Beaver Dam Water Company response to Staff Report dated April 6, 2009 and Response to Fred Oedekoven request for Intervention Exhibit "OA"

**FILE COPY**



**Beaver Dam Water Company  
DOCKET NOS. W-03067A & W-08-0266**

**Response to Staff Report and Intervenors Testimony**

**April 16, 2009**

**Response to Staff Report and Intervenors Testimony  
Beaver Dam Water Company  
Docket Nos. W-03067A-08-0380 et al**

The Company has reviewed the OPERATING INCOME STATEMENT- TEST YEAR AND STAFF RECOMMENDED report dated April 6, 2009. The Company has several issues as listed below:

**Revenues:**

Water Sells-Unmetered

The Company filed a Rate Application with the Arizona Corporation Commission July 18, 2008. On Page 6 of the application is our PRO- FORMA STATEMENT OF INCOME AND EXPENCE see Exhibit "A" showing zero dollars anticipated revenues from Unmetered Water Revenues (Bulk Water sales). The footnote "A" states the following "water sales should not be included because the revenue from them are inconsistent and unreliable and only occur when new large land developments occur. Based on the current economy with the declining building projects, we are not expecting any more bulk water sells for some time".

The Company's made an error on the Bulk Water Sales report submitted to Staff. We have separated some Service Line / Meter Charges from the actual Bulk Water Sales.

Service Line / Meter Charge		
02/15/08	Hafen C.	\$1,105.00
2/20/08	Womack B.	\$ 780.00
4/14/08	Price P.	\$ 690.00
06/13/08	Millenia Investment	\$2,566.56
Total		\$5,141.56

Amended Bulk Water Sales 2008		
02/20/08	Falcon Construction	\$ 8,040.38
02/20/2008	Kokapelli Construction	\$ 642.90
04/26/2008	Falcon Construction	\$ 3,401.00
04/26/2008	Longveiw Construction	\$ 539.00
06/13/2008	Highway Tech	\$ 425.00
06/13/2008	Falcon Construction	\$ 7,430.00
Total		\$19,836.00

The Bulk Sales of water used on the Shadow Ridge subdivision by Falcon Construction doing the earthwork equals \$18,871 of our 2008 Bulk Water Sales or 95%. The Project is complete and the Company has not had any Bulk Water since June 2008

Falcon Construction / Shadow Ridge Subdivision		
02/20/08	Falcon Construction	\$ 8,040.38
04/26/2008	Falcon Construction	\$ 3,401.00
06/13/2008	Falcon Construction	\$ 7,430.00
Total		\$18,871.83

The Company stands by our statement made in the Rate Application and that by anticipating revenues from Bulk Water Sales in this economy would be unfair to the Company and that Staff's Recommended Revenue of Bulk Water Sales of \$17,491 should not be included in the Company's anticipated Revenues.

**Operating Expenses:**

**Salaries and Wages**

The Company disagrees with the Adjustment to decrease this account by \$17,960, to \$101,140 as shown on schedule BCA 17, page 1.

In a response to the Staff's Third Set of Data Requests 3.5 March 3, 2009 see Exhibit "B" the Company made a statement with regards to the Annual Salaries for the **test year** 2007 as follows:

"The Company requests that the annual salary of Bob Frisby \$30,000 and Josie Frisby of \$30,000 be added in to the **test year**"

These remarks were in support of annual salaries paid during the **test year** 2007 and were not ever intended as requests by the Company to reduce the Annual Salaries and Wages. The Company therefore asks that \$17,960 be added back in two the Company's operating expenses.

**Insurance – Health and Life**

**Health & Life Insurance** – March 14, 2009 the Company responded to Staff's Second Data Request and submitted the Operating Revenues and Operating Expenses - **Insurance - Health and Life** -\$8,000 for 2008 and \$8,500 for 2009 see Exhibit "C". The Company has also attached the paid invoices for the year 2007 and 2008. The monthly premium increased by \$142.40 a month between 2007 and 2008 and believes the increase insurance costs for 2009 will increase approximately \$100. The policy is currently being evaluated and no numbers are available at this time for 2009, but we anticipate premium to exceed the \$8,500 that we submitted to Staff and therefore believe that \$8,500 for Health and Life insurance that we proposed for 2009 should be allowed.

Miscellaneous

The Company has a 10 year lease agreement beginning January 1, 2002 with Bob and Josie Frisby for use of parcels of land. Costs of the least are payment of the property taxes. Enclosed are the Property taxes paid by the Company for use of the Storage Yards see Exhibit "D". The Company requests that these costs be added to the Revenue for and additional **\$786.40**.

	Annual Property Taxes
Beaver Dam Water # 2 Storage Yard	\$686.70
Beaver Dam Water Tank Site	\$ 99.70
Total	\$786.40

Rent Equipment- Significant Post Year Developments

The Company explained in our Narrative Description of the Rate Application the need for Revenue adjustment as follows: "increasing costs for personnel, electricity, water quality testing, equipment rental, vehicle costs and professional fees are requiring the company to seek a rate increase at this time". The Company has listed below two narratives and tables, one that addresses Equipment Rental and the other that addresses Service Trucks.

Rental Equipment - Over the last 10 years Bob Frisby has been the General Manager of Beaver Dam Development Inc. Because of the low cash flow available to Beaver Dam Water Company Mr. Frisby has allowed the Company's maintenance personnel to use their Backhoe, Dump Truck and Transportation Trailer at no cost. However, because of the recent housing trends, Beaver Dam Development has gone out of the home construction business see Exhibit "E" and is not going to have equipment available to the Company in the future. Listed below is the Equipment that we need to maintain and repair the water systems. The Company needs 24 hour access 7 days a week to a Backhoe, Dump Truck and Trailer see Exhibit "F" to expose and repair broken waterlines. A total of **\$ 43,642.22** needs to added to the operating expenses.

Equipment	Monthly Insurance Cost	Monthly Arizona License	Monthly Lease Payment
Backhoe	\$ 94.40	0	\$ 1,283.19
Dump Truck	\$ 77.69	\$ 133.33	\$ 1,577.09
Transportation Trailer	\$ 23.43	\$ 10.50	\$ 437.23
Total Cost Annually	\$ 2,346.24	\$ 1,725.96	\$ 39,570.12

Service Trucks - The Company's CC&N area covers more than 14 sections of land with 2 separate water systems and a 3<sup>rd</sup> about to go online. The total distance between our customers's is 17.22 miles. Two trucks are needed to operate the systems one for the General Manager and the other for the Maintenance Person. The Company's 10-year-old Truck needs replaced because of safety concerns (front-end suspension/ engine) and the

costs of repairs are more than the truck is worth. The Company had proposed an additional Truck, but now finds that 2 are needed. Listed below are the monthly Leases to replace the used service truck and add a new truck see Exhibit "G". A total of **\$26,401.20** needs to be added to the operating expenses.

	Monthly Lease payment	Monthly Arizona License	Monthly Insurance Costs
Chev 2500 Utility	\$ 631.05	\$ 133	\$ 336
Chev 2500 Utility	\$ 631.05	\$ 133	\$ 336
Total Cost Annually	\$15,145.20	\$ 3,192.00	\$ 8,064.00

#### Revenue Requirement

In the test year of 2007, Beaver Dam Water Company's annual revenue was \$229,086. The staff found it necessary to increase this amount by \$61,700, or 26.93 percent to \$290,786 (without bulk water sells). This amount would provide an operating income of \$20,642 for an 8.00 percent rate of return on a rate base of \$258,030 and produce a debt service coverage ratio ("DSC") of 2.70 on the current outstanding loan of \$161,325 and a new \$104,283 20-year amortizing loan at 3.675 percent. Staff's recommended rates would decrease the typical 5/8 x 3/4-inch meter residential bill by \$0.50, or 1.96 percent, from \$25.50 to \$25.00 per month, for customers subject to the rates approved in Decision No. 55788. For customer subject to the rates approved in Decision No. 64662, Staff's recommended rates would increase the typical 5/8 x 3/4-inch meter residential bill by \$3.30, or 15.21 percent, from \$21.70 to \$25.00.

Upon further review Beaver Dam Water Company took all meter readings from the 2007 test year and applied the Staff's proposed rate into their own spreadsheet and found that the annual revenue actually decreases to \$222,326. The Staff's recommended rates would have decreased the actual 2007 annual revenue by **\$6,760** and is actually **\$68,460** dollars lower than the \$290,786 that the Staff found necessary for Beaver Dam Water Company to operate functionally. See Exhibit "H" for calculations.

The Staff has permitted Beaver Dam Water Company to review their calculation spreadsheet. One error found was they used a meter count of: 51.5 – 5/8-inch meters, 198 – 1-inch meters, 0 – 1 1/2-inch meter, 1 – 2-inch meter, 1 – 3-inch meter, 1.5 – 4-inch meter, and 1 – 6-inch meter. When in reality there were: 252 – 5/8-inch meters, 3 – 1-inch meters, 1 – 1 1/2-inch meter, 0 – 2-inch meter, 1 – 3-inch meter, 1.5 – 4-inch meter, and

2 – 6-inch meters. The biggest discrepancy found was that the Staff used approximately 195 connections on the 1-inch that should have been on the 5/8-inch. Because recommendations for a 5/8-inch meter to be \$15.00 per connection and 1-inch meter to be \$37.50 per connection, this is a difference of **\$4,387.50** monthly and **\$52,650** annually. See Exhibit “T” for Staff’s calculations. The Company believes that by using actual meter readings of our customers during the test year 2007 that the calculation are more realistic of what the Company can expect from Revenues based on Staff’s Proposed Rates .

Also recommended by the staff is to eliminate the Beaver Dam Home Owner Association (177 residential 5/8-inch meter) and replace it with one 6-inch meter (this meter also is missing from the Staff’s meter count found in the above paragraph). Under the current tariff Decision 55788 see Exhibit “J” Beaver Dam Water Company charges a flat rate fee of \$15.00 per connection and \$1.50 per 1000 gallons. Under the recommended tariff a \$750.00 flat rate fee would be charged for the 6-inch meter and \$2.00 per gallon under 600,000 gallons and \$2.46 per gallon over 600,000 gallons. Applying both rates to the 2007 test year numbers it was discovered that the Staff’s recommended rates would have actually decreased in annual revenue by **\$6,006**. The 177 lot owner of the Beaver Dam Resort makes up approximately 29 percent of Beaver Dam Water Company’s customers. In order to meet the 26.93 percent increased proposed by the Staff, the other 71 percent of the customers would have to increase dramatically to make up the difference. Above all, the Beaver Dam Resort Property Owners is a recorded subdivision with individual property owners and should not be exempt from helping meet the increase demand and eliminate the \$15.00 per connection fee that was created by the ACC in the 1988 tariff. See Exhibit “K” for calculations.

The Company has attached an **OPERATING INCOME STATEMENT-TEST YEAR** and added adjustments for Revenue Requirement from the above. See Exhibit “L”.

# **EXHIBIT A**

PRO-FORMA STATEMENT OF INCOME & EXPENSES

Acct. No.	Account Name	Test Year	Company Reference	Adjustments Amount	Company Adjusted	Company Proposed Rate Increase	Company At Proposed Rate
<b>OPERATING REVENUES</b>							
461	Metered Water Revenue	\$ 211,595	(a)	\$ (23,190)	\$ 211,595	\$ 259,617	\$ 471,212
460	Unmetered Water Revenue (Bulk Water Sales)	23,190		0	0	0	0
474	Other Water Revenues			0	0	0	0
	<b>TOTAL OPERATING REVENUES</b>	<b>\$ 234,785</b>		<b>\$ (23,190)</b>	<b>\$ 211,595</b>	<b>\$ 259,617</b>	<b>\$ 471,212</b>
<b>OPERATING EXPENSES</b>							
601	Salaries & Wages	\$ 53,233	(g)	\$ 65,867	\$ 119,100	\$	\$ 119,100
610	Purchased Water	6,781	(f)	(6,781)	0		0
615	Purchased Power/Utilities	27,985	(e)	3,300	31,285		31,285
618	Chemicals	3,085			3,085		3,085
620	Repairs & Maintenance	55,053			55,053		55,053
621	Office Expenses	3,915			3,915		3,915
630	Outside Services & Engineering Maint.	71,992			71,992		71,992
635	Water Testing	6,835			6,835		6,835
641.1	Rents - Equipment		(h)	5,400	5,400		5,400
650	Transportation Expenses	7,780	(b)	15,936	15,936		15,936
657	Insurance - General Liability	12,872	(i)	2,000	12,872		12,872
659	Insurance - Health & Life				0		0
666	Regulatory Commission Expense - Rate Case		(c)	1,500	1,500		1,500
675	Miscellaneous Expenses	12,376	(d)	3,097	15,473		15,473
403	Depreciation Expense	24,420	(d)	4,668	29,088		29,088
408	Taxes Other Than Income	10,948			10,948		10,948
408.11	Property Taxes	8,426			8,426		8,426
409	Income Taxes			0	0		16,361
	<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 305,701</b>		<b>\$ 94,987</b>	<b>\$ 400,688</b>	<b>\$ 16,361</b>	<b>\$ 417,049</b>
	<b>OPERATING INCOME/(LOSS)</b>	<b>\$ (70,916)</b>		<b>\$ (118,177)</b>	<b>\$ (189,093)</b>	<b>\$ 243,256</b>	<b>\$ 54,183</b>
<b>OTHER INCOME/(EXPENSES)</b>							
419	Interest & Dividend Income	1			1		1
421	Amortizations of Contributions	4,237			4,237		4,237
426	Miscellaneous Non-Utility Expenses	(4,912)	(d)	(3,097)	(8,009)		(8,009)
427	Interest Expense	(674)		(3,097)	(3,771)		(3,771)
	<b>TOTAL OTHER INCOME/(EXPENSES)</b>	<b>\$ (71,590)</b>		<b>\$ (121,274)</b>	<b>\$ (192,864)</b>	<b>\$ 243,256</b>	<b>\$ 50,392</b>

(a) - Bulk water sales should not be included because the revenue from them are inconsistent and unreliable and only occur when new large land developments occur. Based on the current economy with declining building projects, we are not expecting any more bulk water sales for some time.

(b) - New monthly lease of \$1,328 for building with office and warehouse.

(c) - Estimated rate case expenses amortized over 3 years. (\$4,500 / 3 = \$1,500)

(d) - We are currently applying for a new WIFA loan in the amount of \$104,283 to help finance the construction of a new storage tank expected to cost \$210,254. We have calculated the interest & WIFA loan fees on this new loan to be \$3,097 each and the depreciation expense to be \$4,668 per year.

(e) - New phone & utility services for new building lease. \$275 per month.

(f) - Water purchase contract has expired in 2007 and none expected in future.

(g) - Salaries adjusted to reflect the following: Office Staff \$18,900, Maintenance Crew \$41,400, Manager \$58,800.

(h) - New work truck lease estimated at \$450 per month.

(i) - Estimated increase in truck fuel costs.

# EXHIBIT B

3.5 *Attached PDF W-2's*

The Company has not had sufficient revenue to pay wages for Bob and Josie Frisby in 2007. The Board of Directors approved a wage of \$2,500.00 per month for each of the Frisby's. They were actually paid as follows:

Salaries 2007	January	February	March	April	May	June	July	August	September	October	November	Dec.
Bob Frisby	0	0	0	0	0	0	0	\$3,700	\$3,700	\$3,700	\$3,700	\$3,700
Josie Frisby	0	0	0	0	0	0	0	0	0	0	0	0

The Company request's that the annual salary of Bob Frisby \$30,000 and Josie Frisby of \$30,000 be added in to the test year.

# EXHIBIT C

<b>Operating Revenues</b>	<b>2008</b>	<b>2009</b>
Metered Water Revenues	\$480,636	504,600
Bulk Water Sales	\$5,000	6,000
<b>Total Operating Revenues</b>	<b>485,626</b>	<b>510,600</b>
<b>Operating Expenses</b>		
Salaries and Wages	131,000	144,100
Purchased Water	0	0
Purchased Power/ Utilities	32,850	34,500
Chemicals	3,300	3,600
Maintenance and Repairs	57,800	60,700
Office Expenses	4,100	4,300
*Outside Services and Engineering Maint.	75,600	79,400
Water Testing	7,200	7,500
Rents – Equipment	5,670	6,000
Rents - Building	16,000	16,000
Transportation Expenses	10,200	10,700
Insurance-General liability	13,500	14,100
Insurance-Health and Life	8,000	8,500
Accounting-Legal		
Miscellaneous Expenses	16,300	17,200
Taxes other than Income	11,500	12,100
Property Taxes	8,500	9,500
Income Taxes	11,000	12,000
<b>Total Operating Expenses</b>	<b>412,520</b>	<b>440,200</b>

\*



# Regence BlueCross BlueShield of Utah

P O Box 30270  
Salt Lake City, UT 84130-0270

An Independent Licensee of the Blue Cross and Blue Shield Association

## NOTICE OF PAYMENT DUE

DUE DATE JAN 01 2007

PAY THIS AMOUNT \$536.60

*pd*



\*\*\*AUTO\*\* 3-DIGIT 840  
2047:008:00:343

G ROBERT FRISBY  
PO BOX 356

CONTRACT NUMBER 950025516  
GROUP NUMBER 6059100000  
INVOICE NUMBER 6345004219  
STATUS FAMILY  
BILLING PERIOD JAN 01 2007 TO FEB 01 2007

Dear Subscriber:

Are your membership records correct? Notification of a member change must be submitted, in writing, within 30 days of the change. Keeping your records up to date is important to assure proper coverage. Your premium may be affected by the addition or deletion of a member.

Members who are no longer eligible for coverage should contact us if they wish to continue coverage on an individual policy. If you or your spouse have reached age 65, please contact us. You may continue coverage with our Medicare supplement program.

If you wish to terminate your coverage, you are obligated to provide us notice prior to the date on which you wish your coverage to end.

If you have any questions, or if we may be of service to you, please contact our Customer Service department at:

- 333-2100 - In Salt Lake area
- 375-2090 - In Provo area
- 476-9140 - In Ogden area
- 1-800-662-3398 - Elsewhere in Utah

PLEASE REMIT ALL PAYMENTS TO:  
Regence BlueCross BlueShield of Utah  
PO Box 31605  
Salt Lake City, UT 84131-0605

CORRESPONDENCE SHOULD BE ADDRESSED TO:  
Regence BlueCross BlueShield of Utah  
Membership Department  
PO Box 30270  
Salt Lake City, UT 84130-0270

PAYEE INFORMATION					ID DESCRIPTION / NO.					
BLUE CROSS & BLUE SHIELD					BADGE	MEMBER NAME				
					DRIVERS LICENSE					
					OTHER					
					<input checked="" type="checkbox"/> PERSONAL <input type="checkbox"/> MULTI-TRAN					
BEAVER DAM WATER CO										

DATE	ACCOUNT NO.	SFX	TRAN CODE	AMOUNT OF CHECK	FEE	BALANCE	FREQ	METHOD	CHECK PREPARED BY	
01/25/07	[REDACTED]	009		\$536.60	\$0.00				080 011 FT	
MO. PAYMENT	NEW NOTE NUMBER	SFX	LOAN TYPE	RATE	DI	AGREED PAYMENT	PAYMENT INDEX	PUR-SEC CODE	AMOUNT OF LOAN	CHECK RECEIVED BY

Beginning Balance: [REDACTED]  
 Withdrawal Amount: \$536.60  
 Fee: \$0.00  
 Withholding: \$0.00  
 Cash Adv Fee: \$0.00  
 Ending Balance (CHECKING): [REDACTED]

**IMPORTANT NOTICE:**  
**HANDLE THIS CHECK AS YOU WOULD CASH.**  
 You cannot place a "Stop Payment" on this check. There are limited situations in which this check can be replaced if it is lost, stolen or destroyed.

DETACH AND RETAIN FOR YOUR RECORDS



NOTICE OF PAYMENT DUE

DUE DATE FEB 01 2007

PAY THIS AMOUNT \$536.60



AUTO\*\*SCH 3-DIGIT 840  
 2047:004:00:329

G ROBERT FRISBY  
 PO BOX 356

CONTRACT NUMBER 950025516  
 GROUP NUMBER 6059100000  
 INVOICE NUMBER 7017001554  
 STATUS FAMILY  
 BILLING PERIOD FEB 01 2007 TO MAR 01 2007

Dear Subscriber:

Are your membership records correct? Notification of a member change must be submitted, in writing, within 30 days of the change. Keeping your records up to date is important to assure proper coverage. Your premium may be affected by the addition or deletion of a member.

Members who are no longer eligible for coverage should contact us if they wish to continue coverage on an individual policy. If you or your spouse have reached age 65, please contact us. You may continue coverage with our Medicare supplement program.

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- 476-9140 - In Ogden area
- 1-800-662-3398 - Elsewhere in Utah

PLEASE REMIT ALL PAYMENTS TO:  
 Regence BlueCross BlueShield of Utah  
 PO Box 31605

CORRESPONDENCE SHOULD BE ADDRESSED TO:  
 Regence BlueCross BlueShield of Utah  
 Membership Department

PAYEE INFORMATION					ID DESCRIPTION / NO					
REGENTS BLUE CROSS					AZ DL d03330057 exp:09/16					
					MEMBER NAME					
					BEAVER DAM WATER CO					
DATE	ACCOUNT NO	SFX	TRAN CODE	AMOUNT OF CHECK	FEE	BALANCE	FREQ	METHOD	CHECK PREPARED BY	
02/24/07		009		\$536.60	\$0.00				040 017 LB	
MO. PAYMENT	NEW NOTE NUMBER	SFX	LOAN TYPE	RATE	DI	AGREED PAYMENT	PAYMENT INDEX	PUR-SEC CODE	AMOUNT OF LOAN	CHECK RECEIVED BY
Beginning Balance:					[REDACTED]					
Withdrawal Amount:					\$536.60					
Fee:					\$0.00					
Withholding:					\$0.00					
Cash Adv Fee:					\$0.00					
Ending Balance (CHECKING):					[REDACTED]					
<p><b>IMPORTANT NOTICE:</b>  <b>HANDLE THIS CHECK AS YOU WOULD CASH.</b>                  You cannot place a "Stop Payment" on this check. There are limited situations in which this check can be replaced if it is lost, stolen or destroyed.</p>										

DETACH AND RETAIN FOR YOUR RECORDS



NOTICE OF PAYMENT DUE

DUE DATE MAR 01 2007

PAY THIS AMOUNT \$536.60



AUTO\*\*SCH 3-DIGIT 840  
2047:007:00:325

G ROBERT FRISBY  
PO BOX 356

CONTRACT NUMBER 950025516  
 GROUP NUMBER 6059100000  
 INVOICE NUMBER 7044003526  
 STATUS FAMILY  
 BILLING PERIOD MAR 01 2007 TO APR 01 2007

Dear Subscriber:

Are your membership records correct? Notification of a member change must be submitted, in writing, within 30 days of the change. Keeping your records up to date is important to assure proper coverage. Your premium may be affected by the addition or deletion of a member.

Members who are no longer eligible for coverage should contact us if they wish to continue coverage on an individual policy. If you or your spouse have reached age 65, please contact us. You may continue coverage with our Medicare supplement program.

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 Regence BlueCross BlueShield of Utah  
 PO Box 31605

CORRESPONDENCE SHOULD BE ADDRESSED TO:  
 Regence BlueCross BlueShield of Utah  
 Membership Department

PAYEE INFORMATION					ID DESCRIPTION / NO						
BLUE CROSS BLUE SHIELD					BADGE	AZ DL D03330057 exp:09/16					
					X DRIVERS LICENSE	MEMBER NAME					
					OTHER						
					PERSONAL						
					MULTI-TRAN	BEAVER DAM WATER CO					
DATE	ACCOUNT NO.	SFX	TRAN CODE	AMOUNT OF CHECK	FEE	BALANCE	FREQ.	METHOD	CHECK PREPARED BY		
03/27/07		009		\$536.60	\$0.00				040 017 LB		
MO. PAYMENT	NEW NOTE NUMBER	SFX	LOAN TYPE	RATE	DI	AGREED PAYMENT	PAYMENT INDEX	PUR-SEC CODE	AMOUNT OF LOAN	CHECK RECEIVED BY	
Beginning Balance:							IMPORTANT NOTICE:				
Withdrawal Amount:						\$536.60	<b>HANDLE THIS CHECK</b>				
Fee:						\$0.00	<b>AS YOU WOULD CASH.</b>				
Withholding:						\$0.00	You cannot place a "Stop Payment"				
Cash Adv Fee:						\$0.00	on this check. There are limited				
Ending Balance (CHECKING):							situations in which this check can				
							be replaced if it is lost, stolen or				
							destroyed.				

DETACH AND RETAIN FOR YOUR RECORDS



NOTICE OF PAYMENT DUE

DUE DATE APR 01 2007

PAY THIS AMOUNT \$536.60



AUTO\*\*SCH 3-DIGIT 840  
2047:009:00:018

G ROBERT FRISBY  
PO BOX 356

CONTRACT NUMBER 950025516  
GROUP NUMBER 6059100000  
INVOICE NUMBER 7068003988  
STATUS FAMILY  
BILLING PERIOD APR 01 2007 TO MAY 01 2007

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- 333-2100 - In Salt Lake area
- 375-2090 - In Provo area
- 476-9140 - In Ogden area
- 1-800-662-3398 - Elsewhere in Utah

PLEASE REMIT ALL PAYMENTS TO:  
Regence BlueCross BlueShield of Utah  
PO Box 31605

CORRESPONDENCE SHOULD BE ADDRESSED TO:  
Regence BlueCross BlueShield of Utah  
Membership Department

PAYEE INFORMATION					ID DESCRIPTION / NO.					
REGENCE BLUE CROSS					BADGE	AZ DL d03330057 exp:09/16				
					X DRIVERS LICENSE					
					OTHER	MEMBER NAME				
					PERSONAL	BEAVER DAM DEVELOPMENT				
MULTI-TRAN										

DATE	ACCOUNT NO.	SFX	TRAN CODE	AMOUNT OF CHECK	FEE	BALANCE	FREQ.	METHOD	CHECK PREPARED BY	
04/25/07	[REDACTED]	009		\$536.60	\$0.00				056 029 TF	
MO. PAYMENT	NEW NOTE NUMBER	SFX	LOAN TYPE	RATE	DI	AGREED PAYMENT	PAYMENT INDEX	PUR-SEC CODE	AMOUNT OF LOAN	CHECK RECEIVED BY

Beginning Balance: [REDACTED]  
 Withdrawal Amount: \$536.60  
 Fee: \$0.00  
 Withholding: \$0.00  
 Cash Adv Fee: \$0.00  
 Ending Balance (CHECKING): [REDACTED]

**IMPORTANT NOTICE:**  
**HANDLE THIS CHECK AS YOU WOULD CASH.**  
 You cannot place a "Stop Payment" on this check. There are limited situations in which this check can be replaced if it is lost, stolen or destroyed.

DETACH AND RETAIN FOR YOUR RECORDS

PAYEE INFORMATION					ID DESCRIPTION / NO.					
REGENCE BLUECROSS					AZ DL d03330057 exp:09/16					
					MEMBER NAME					
					BEAVER DAM WATER CO					
DATE	ACCOUNT NO	SFX	TRAN CODE	AMOUNT OF CHECK	FEE	BALANCE	FREQ.	METHOD	CHECK PREPARED BY	
05/26/07		009		\$536.60	\$0.00				040 009 KM	
MO. PAYMENT	NEW NOTE NUMBER	SFX	LOAN TYPE	RATE	DI	AGREED PAYMENT	PAYMENT INDEX	PUR-SEC CODE	AMOUNT OF LOAN	CHECK RECEIVED BY
Beginning Balance:					[REDACTED]					
Withdrawal Amount:					\$536.60					
Fee:					\$0.00					
Withholding:					\$0.00					
Cash Adv Fee:					\$0.00					
Ending Balance (CHECKING):					[REDACTED]					
<p><b>IMPORTANT NOTICE:</b>  <b>HANDLE THIS CHECK AS YOU WOULD CASH.</b>                  You cannot place a "Stop Payment" on this check. There are limited situations in which this check can be replaced if it is lost, stolen or destroyed.</p>										

DETACH AND RETAIN FOR YOUR RECORDS



NOTICE OF PAYMENT DUE

DUE DATE JUN 01 2007

PAY THIS AMOUNT \$536.60



AUTO\*\*SCH 3-DIGIT 840  
 2047:003:00:211

G ROBERT FRISBY  
 PO BOX 356

CONTRACT NUMBER 950025516  
 GROUP NUMBER 6059100000  
 INVOICE NUMBER 7130001831  
 STATUS FAMILY  
 BILLING PERIOD JUN 01 2007 TO JUL 01 2007

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 Regence BlueCross BlueShield of Utah  
 PO Box 31605

CORRESPONDENCE SHOULD BE ADDRESSED TO:  
 Regence BlueCross BlueShield of Utah  
 Membership Department

PAYEE INFORMATION					ID DESCRIPTION / NO														
BLUE CROSS					MEMBER NAME														
					BEAVER DAM WATER CO														
					<table border="1"> <tr> <td>BADGE</td> <td></td> </tr> <tr> <td>DRIVERS LICENSE</td> <td></td> </tr> <tr> <td>OTHER</td> <td></td> </tr> <tr> <td><input checked="" type="checkbox"/> PERSONAL</td> <td></td> </tr> <tr> <td>MULTI-TRAN</td> <td></td> </tr> </table>					BADGE		DRIVERS LICENSE		OTHER		<input checked="" type="checkbox"/> PERSONAL		MULTI-TRAN	
					BADGE														
DRIVERS LICENSE																			
OTHER																			
<input checked="" type="checkbox"/> PERSONAL																			
MULTI-TRAN																			
DATE	ACCOUNT NO	SFX	TRAN CODE	AMOUNT OF CHECK	FEE	BALANCE	FREQ	METHOD	CHECK PREPARED BY										
06/29/07		009		\$536.60	\$0.00				039 021 JE										
MO. PAYMENT	NEW NOTE NUMBER	SFX	LOAN TYPE	RATE	DI	AGREED PAYMENT	PAYMENT INDEX	PUR-SEC CODE	AMOUNT OF LOAN	CHECK RECEIVED BY									
Beginning Balance:					[REDACTED]														
Withdrawal Amount:					\$536.60														
Fee:					\$0.00														
Withholding:					\$0.00														
Cash Adv Fee:					\$0.00														
Ending Balance (CHECKING):					[REDACTED]														
<p><b>IMPORTANT NOTICE:</b>  <b>HANDLE THIS CHECK AS YOU WOULD CASH.</b>                  You cannot place a "Stop Payment" on this check. There are limited situations in which this check can be replaced if it is lost, stolen or destroyed.</p>																			

DETACH AND RETAIN FOR YOUR RECORDS



NOTICE OF PAYMENT DUE

DUE DATE ~~06~~ 01 2007

PAY THIS AMOUNT \$536.60



AUTO\*\*SCH 3-DIGIT 840  
 2047:008:00:013

G ROBERT FRISBY  
 PO BOX 356

*July*

CONTRACT NUMBER 950025516  
 GROUP NUMBER 6059100000  
 INVOICE NUMBER 7101003326  
 STATUS FAMILY  
 BILLING PERIOD MAY 01 2007 TO JUN 01 2007

*pd*

Dear Subscriber:

Are your membership records correct? Notification of a member change must be submitted, in writing, within 30 days of the change. Keeping your records up to date is important to assure proper coverage. Your premium may be affected by the addition or deletion of a member.

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PLEASE REMIT ALL PAYMENTS TO:  
 Regence BlueCross BlueShield of Utah  
 PO Box 31605  
 Salt Lake City, UT 84131-0605

CORRESPONDENCE SHOULD BE ADDRESSED TO:  
 Regence BlueCross BlueShield of Utah  
 Membership Department  
 PO Box 30270

PAYEE INFORMATION					ID DESCRIPTION / NO					
REGENCE BLUE CROSS BLUE SHIELD OF UTAH					BAOGE					
					DRIVERS LICENSE					
					OTHER					
					MEMBER NAME					
X PERSONAL					BEAVER DAM WATER CO					
MULTI-TRAN										
DATE	ACCOUNT NO	SFX	TRAN CODE	AMOUNT OF CHECK	FEE	BALANCE	FREQ	METHOD	CHECK PREPARED BY	
07/16/07		009		\$821.40	\$0.00				080 005 CK	
MO. PAYMENT	NEW NOTE NUMBER	SFX	LOAN TYPE	RATE	DI	AGREED PAYMENT	PAYMENT INDEX	PUR-SEC CODE	AMOUNT OF LOAN	CHECK RECEIVED BY
Beginning Balance:					[REDACTED]					
Withdrawal Amount:					\$821.40					
Fee:					\$0.00					
Withholding:					\$0.00					
Cash Adv Fee:					\$0.00					
Ending Balance (CHECKING):					[REDACTED]					
<p><b>IMPORTANT NOTICE:</b>  <b>HANDLE THIS CHECK AS YOU WOULD CASH.</b>          You cannot place a "Stop Payment" on this check. There are limited situations in which this check can be replaced if it is lost, stolen or destroyed.</p>										

DETACH AND RETAIN FOR YOUR RECORDS



NOTICE OF PAYMENT DUE

DUE DATE *Aug* 01 2007

PAY THIS AMOUNT \$679.00



AUTO\*\*SCH 3-DIGIT 840  
2047:009:00:053

G ROBERT FRISBY  
PO BOX 356

CONTRACT NUMBER 950025516  
 GROUP NUMBER 605910000  
 INVOICE NUMBER 7166003928  
 STATUS FAMILY  
 BILLING PERIOD JUL 01 2007 TO AUG 01 2007

536.60  
+142.40

679.00

142.40  
821.40

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 Salt Lake City, UT 84131-0605

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 PO Box 30270

PAYEE INFORMATION					ID DESCRIPTION / NO.					
BLUE CROSS					BADGE	MEMBER NAME				
					DRIVERS LICENSE					
					OTHER					
					<input checked="" type="checkbox"/> PERSONAL <input type="checkbox"/> MULTI-TRAN					
					BEAVER DAM WATER CO					
DATE	ACCOUNT NO	SFX	TRAN CODE	AMOUNT OF CHECK	FEE	BALANCE	FREQ	METHOD	CHECK PREPARED BY	
08/21/07	[REDACTED]	009		\$679.00	\$0.00				039 012 EM	
MO. PAYMENT	NEW NOTE NUMBER	SFX	LOAN TYPE	RATE	DI	AGREED PAYMENT	PAYMENT INDEX	PUR-SEC CODE	AMOUNT OF LOAN	CHECK RECEIVED BY
Beginning Balance:					[REDACTED]	IMPORTANT NOTICE:				
Withdrawal Amount:					\$679.00	HANDLE THIS CHECK				
Fee:					\$0.00	AS YOU WOULD CASH.				
Withholding:					\$0.00	You cannot place a "Stop Payment"				
Cash Adv Fee:					\$0.00	on this check. There are limited				
Ending Balance (CHECKING):					[REDACTED]	situations in which this check can				
						be replaced if it is lost, stolen or				
						destroyed.				

DETACH AND RETAIN FOR YOUR RECORDS



**Regence BlueCross BlueShield of Utah**  
 P O Box 30270  
 Salt Lake City, UT 84130-0270  
 An Independent Licensee of the Blue Cross and Blue Shield Association

NOTICE OF PAYMENT DUE

DUE DATE

PAY THIS AMOUNT \$679.00



AUTO\*\*SCH 3-DIGIT 840  
 2047:009:00:089

G ROBERT FRISBY  
 PO BOX 356

*Sept*

CONTRACT NUMBER 950025516  
 GROUP NUMBER 6059100000  
 INVOICE NUMBER 7192003226  
 STATUS FAMILY  
 BILLING PERIOD

Dear Subscriber:

Are your membership records correct? Notification of a member change must be submitted, in writing, within 30 days of the change. Keeping your records up to date is important to assure proper coverage. Your premium may be affected by the addition or deletion of a member.

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 Regence BlueCross BlueShield of Utah  
 Membership Department  
 PO Box 30270  
 Salt Lake City, UT 84130-0270

PAYEE INFORMATION					ID DESCRIPTION / NO.					
BLUE CROSS					BEAVER DAM WATER CO					
					MEMBER NAME					
					BEAVER DAM WATER CO					
DATE	ACCOUNT NO.	SFX	TRAN CODE	AMOUNT OF CHECK	FEE	BALANCE	FREQ.	METHOD	CHECK PREPARED BY	
09/11/07		009		\$679.00	\$0.00				039 024 SL	
MO. PAYMENT	NEW NOTE NUMBER	SFX	LOAN TYPE	RATE	DI	AGREED PAYMENT	PAYMENT INDEX	PUR-SEC CODE	AMOUNT OF LOAN	CHECK RECEIVED BY
Beginning Balance:					[REDACTED]					
Withdrawal Amount:					\$679.00					
Fee:					\$0.00					
Withholding:					\$0.00					
Cash Adv Fee:					\$0.00					
Ending Balance (CHECKING):					[REDACTED]					
<p><b>IMPORTANT NOTICE:</b>  <b>HANDLE THIS CHECK AS YOU WOULD CASH.</b>                  You cannot place a "Stop Payment" on this check. There are limited situations in which this check can be replaced if it is lost, stolen or destroyed.</p>										

DETACH AND RETAIN FOR YOUR RECORDS



NOTICE OF PAYMENT DUE

DUE DATE Oct 1

**PAY THIS AMOUNT \$679.00**



AUTO\*\*SCH 3-DIGIT 840  
 2047:009:00:089

G ROBERT FRISBY  
 PO BOX 356

CONTRACT NUMBER 950025516  
 GROUP NUMBER 6059100000  
 INVOICE NUMBER 7192003226  
 STATUS FAMILY  
 BILLING PERIOD

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 Salt Lake City, UT 84131-0605

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 Membership Department  
 PO Box 30270  
 Salt Lake City, UT 84130-0270

PAYEE INFORMATION					ID DESCRIPTION / NO					
BLUE CROSS					BADGE	MEMBER NAME				
					DRIVERS LICENSE					
					OTHER					
					PERSONAL					
					MULTI-TRAN.	BEAVER DAM WATER CO				
DATE	ACCOUNT NO.	SFX	TRAN. CODE	AMOUNT OF CHECK	FEE	BALANCE	FREQ.	METHOD	CHECK PREPARED BY	
10/19/07		009		\$679.00	\$0.00				080 023 NM	
MO. PAYMENT	NEW NOTE NUMBER	SFX	LOAN TYPE	RATE	DI	AGREED PAYMENT	PAYMENT INDEX	PUR-SEC CODE	AMOUNT OF LOAN	CHECK RECEIVED BY

Beginning Balance: [REDACTED]  
 Withdrawal Amount: \$679.00  
 Fee: \$0.00  
 Withholding: \$0.00  
 Cash Adv Fee: \$0.00  
 Ending Balance (CHECKING): [REDACTED]

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DETACH AND RETAIN FOR YOUR RECORDS



NOTICE OF PAYMENT DUE

DUE DATE

PAY THIS AMOUNT \$679.00



AUTO\*\*SCH 3-DIGIT 840  
 2047:009:00:089

G ROBERT FRISBY  
 PO BOX 356

CONTRACT NUMBER 950025516  
 GROUP NUMBER 6059100000  
 INVOICE NUMBER 7192003226  
 STATUS FAMILY  
 BILLING PERIOD

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PAYEE INFORMATION					ID DESCRIPTION / NO.					
REGENCE BLUECROSS BLUESHIELD OF UTAH					BADGE	MEMBER NAME <b>BEAVER DAM WATER CO</b>				
					DRIVERS LICENSE					
					OTHER					
					<input checked="" type="checkbox"/> PERSONAL					
					<input type="checkbox"/> MULTI-TRAN.					
DATE	ACCOUNT NO.	SFX	TRAN. CODE	AMOUNT OF CHECK	FEE	BALANCE	FREQ.	METHOD	CHECK PREPARED BY	
12/17/07	[REDACTED]	009		\$679.00	\$0.00				080 017 MA	
MO. PAYMENT	NEW NOTE NUMBER	SFX	LOAN TYPE	RATE	DI	AGREED PAYMENT	PAYMENT INDEX	PUR-SEC CODE	AMOUNT OF LOAN	CHECK RECEIVED BY

Beginning Balance: [REDACTED]  
 Withdrawal Amount: \$679.00  
 Fee: \$0.00  
 Withholding: \$0.00  
 Cash Adv Fee: \$0.00  
 Ending Balance (CHECKING): [REDACTED]

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DETACH AND RETAIN FOR YOUR RECORDS

PAYEE INFORMATION					ID DESCRIPTION / NO.					
BLUECROSS BLUESHIELD					BADGE	MEMBER NAME				
					DRIVERS LICENSE					
					OTHER					
					<input checked="" type="checkbox"/> PERSONAL					
					<input type="checkbox"/> MULTI-TRAN	BEAVER DAM WATER CO				
DATE	ACCOUNT NO.	SFX	TRAN CODE	AMOUNT OF CHECK	FEE	BALANCE	FREQ.	METHOD	CHECK PREPARED BY	
01/15/08	[REDACTED]	009		\$679.00	\$0.00				080 005 CK	
MO. PAYMENT	NEW NOTE NUMBER	SFX	LOAN TYPE	RATE	DI	AGREED PAYMENT	PAYMENT INDEX	PUR-SEC CODE	AMOUNT OF LOAN	CHECK RECEIVED BY

Beginning Balance: [REDACTED]  
 Withdrawal Amount: [REDACTED]  
 Fee: [REDACTED]  
 Withholding: [REDACTED]  
 Cash Adv Fee: [REDACTED]  
 Ending Balance (CHECKING): [REDACTED]

\$679.00  
 \$0.00  
 \$0.00  
 \$0.00

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DETACH AND RETAIN FOR YOUR RECORDS

PAYEE INFORMATION					ID DESCRIPTION / NO						
BLUECROSS BLUESHIED # 950025516					BADGE						
					DRIVERS LICENSE						
					OTHER	MEMBER NAME					
					<input checked="" type="checkbox"/> PERSONAL	BEAVER DAM WATER CO					
DATE	ACCOUNT NO	SFX	TRAN. CODE	AMOUNT OF CHECK	FEE	BALANCE	FREQ.	METHOD	CHECK PREPARED BY		
02/14/08		009		\$679.00	\$0.00				080 023 NM		
MO. PAYMENT	NEW NOTE NUMBER	SFX	LOAN TYPE	RATE	DI	AGREED PAYMENT	PAYMENT INDEX	PUR-SEC CODE	AMOUNT OF LOAN	CHECK RECEIVED BY	
Beginning Balance:					[REDACTED]					<b>IMPORTANT NOTICE:</b> <b>HANDLE THIS CHECK AS YOU WOULD CASH.</b> You cannot place a "Stop Payment" on this check. There are limited situations in which this check can be replaced if it is lost, stolen or destroyed.	
Withdrawal Amount:					\$679.00						
Fee:					\$0.00						
Withholding:					\$0.00						
Ending Balance (CHECKING):					[REDACTED]						

DETACH AND RETAIN FOR YOUR RECORDS



**Regence**

PO BOX 30270  
SALT LAKE CITY, UT 84130-0270

000002187

Regence BlueCross BlueShield of Utah is an Independent Licensee of the Blue Cross and Blue Shield Association

NOTICE OF PAYMENT DUE

DUE DATE FEB 01 2008

**PAY THIS AMOUNT \$679.00**



002187

G ROBERT FRISBY  
PO BOX 356



CONTRACT NUMBER 950025516  
 GROUP NUMBER 6059100000  
 INVOICE NUMBER 8011002715  
 STATUS FAMILY  
 BILLING PERIOD FEB 01 2008 TO MAR 01 2008

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 PO Box 31605  
 Salt Lake City, UT 84131-0605

CORRESPONDENCE SHOULD BE ADDRESSED TO:  
 Regence BlueCross BlueShield of Utah  
 Membership Department  
 PO Box 30270  
 Salt Lake City, UT 84130-0270

PAYEE INFORMATION					ID DESCRIPTION / NO					
BLUE CROSS					BADGE	MEMBER NAME				
					DRIVERS LICENSE					
					OTHER					
					<input checked="" type="checkbox"/> PERSONAL					
					BEAVER DAM WATER CO					
DATE	ACCOUNT NO.	SFX	TRAN. CODE	AMOUNT OF CHECK	FEE	BALANCE	FREQ.	METHOD	CHECK PREPARED BY	
03/13/08		009		\$679.00	\$0.00				080 011 FT	
MO. PAYMENT	NEW NOTE NUMBER	SFX	LOAN TYPE	RATE	DI	AGREED PAYMENT	PAYMENT INDEX	PUR-SEC CODE	AMOUNT OF LOAN	CHECK RECEIVED BY
Beginning Balance:					[REDACTED]					<b>IMPORTANT NOTICE:</b> <b>HANDLE THIS CHECK AS YOU WOULD CASH.</b> You cannot place a "Stop Payment" on this check. There are limited situations in which this check can be replaced if it is lost, stolen or destroyed.
Withdrawal Amount:					\$679.00					
Fee:					\$0.00					
Withholding:					\$0.00					
Ending Balance (CHECKING):					\$ [REDACTED]					

DETACH AND RETAIN FOR YOUR RECORDS



**Regence**

PO BOX 30270  
SALT LAKE CITY, UT 84130-0270

00001781

Regence BlueCross BlueShield of Utah is an Independent Licensee of the Blue Cross and Blue Shield Association

NOTICE OF PAYMENT DUE

DUE DATE *April* 01 2008

PAY THIS AMOUNT \$679.00



001781

G ROBERT FRISBY  
PO BOX 356



CONTRACT NUMBER 950025516  
 GROUP NUMBER 6059100000  
 INVOICE NUMBER 8044002958  
 STATUS FAMILY  
 BILLING PERIOD MAR 01 2008 TO APR 01 2008

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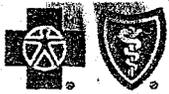
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 Membership Department  
 PO Box 30270  
 Salt Lake City UT 84130-0270



# Regence BlueCross BlueShield of Utah

P O Box 30270  
Salt Lake City, UT 84130-0270  
An Independent Licensee of the Blue Cross and Blue Shield Association

## NOTICE OF PAYMENT DUE

DUE DATE *June* 01 2007

PAY THIS AMOUNT	\$679.00
-----------------	----------



AUTO\*\*SCH 3-DIGIT 840  
2047:009:00:034

G ROBERT FRISBY  
PO BOX 356

CONTRACT NUMBER 950025516  
GROUP NUMBER 6059100000  
INVOICE NUMBER 7254003576  
STATUS FAMILY  
BILLING PERIOD OCT 01 2007 TO NOV 01 2007

Dear Subscriber:

Are your membership records correct? Notification of a member change must be submitted, in writing, within 30 days of the change. Keeping your records up to date is important to assure proper coverage. Your premium may be affected by the addition or deletion of a member.

Members who are no longer eligible for coverage should contact us if they wish to continue coverage on an individual policy. If you or your spouse have reached age 65, please contact us. You may continue coverage with our Medicare supplement program.

If you wish to terminate your coverage, you are obligated to provide us notice prior to the date on which you wish your coverage to end.

If you have any questions, or if we may be of service to you, please contact our Customer Service department at:

- 333-2100 - In Salt Lake area
- 375-2090 - In Provo area
- 476-9140 - In Ogden area
- 1-800-662-3398 - Elsewhere in Utah

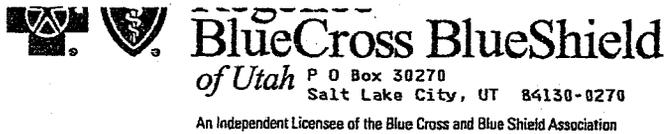
PLEASE REMIT ALL PAYMENTS TO:  
Regence BlueCross BlueShield of Utah  
PO Box 31605  
Salt Lake City, UT 84131-0605

CORRESPONDENCE SHOULD BE ADDRESSED TO:  
Regence BlueCross BlueShield of Utah  
Membership Department  
PO Box 30270  
Salt Lake City, UT 84130-0270

1 10 20 1

PAYEE INFORMATION					ID DESCRIPTION / NO.					
BLUE CROSS					BADGE	MEMBER NAME BEAVER DAM WATER CO				
					DRIVERS LICENSE					
					OTHER					
					X PERSONAL					
MULTI-TRAN										
DATE	ACCOUNT NO.	SFX	TRAN CODE	AMOUNT OF CHECK	FEE	BALANCE	FREQ	METHOD	CHECK PREPARED BY	
06/24/08		009		\$679.00	\$0.00				080 005 CK	
MO. PAYMENT	NEW NOTE NUMBER	SFX	LOAN TYPE	RATE	DI	AGREED PAYMENT	PAYMENT INDEX	PUR-SEC CODE	AMOUNT OF LOAN	CHECK RECEIVED BY
Beginning Balance:					[REDACTED]					
Withdrawal Amount:					\$679.00					
Fee:					\$0.00					
Withholding:					\$0.00					
Cash Adv Fee:					\$0.00					
Ending Balance (CHECKING):					\$ [REDACTED]					
<b>IMPORTANT NOTICE:</b> HANDLE THIS CHECK AS YOU WOULD CASH. You cannot place a "Stop Payment" on this check. There are limited situations in which this check can be replaced if it is lost, stolen or destroyed.										

DETACH AND RETAIN FOR YOUR RECORDS



NOTICE OF PAYMENT DUE

DUE DATE *July 1 2008*

PAY THIS AMOUNT \$679.00



AUTO\*\*SCH 3-DIGIT 840  
2047:007:00:012

G ROBERT FRISBY  
PO BOX 356

CONTRACT NUMBER 950025516  
GROUP NUMBER 6059100000  
INVOICE NUMBER 7221003229  
STATUS FAMILY  
BILLING PERIOD SEP 01 2007 TO OCT 01 2007

Dear Subscriber:

Are your membership records correct? Notification of a member change must be submitted, in writing, within 30 days of the change. Keeping your records up to date is important to assure proper coverage. Your premium may be affected by the addition or deletion of a member.

Members who are no longer eligible for coverage should contact us if they wish to continue coverage on an individual policy. If you or your spouse have reached age 65, please contact us. You may continue coverage with our Medicare supplement program.

If you wish to terminate your coverage, you are obligated to provide us notice prior to the date on which you wish your coverage to end.

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- 375-2090 - In Provo area
- 476-9140 - In Ogden area
- 1-800-662-3398 - Elsewhere in Utah

PLEASE REMIT ALL PAYMENTS TO:  
Regence BlueCross BlueShield of Utah  
PO Box 31605  
Salt Lake City, UT 84131-0605

CORRESPONDENCE SHOULD BE ADDRESSED TO:  
Regence BlueCross BlueShield of Utah  
Membership Department  
PO Box 30270

PAYEE INFORMATION					ID DESCRIPTION / NO.					
REGENCE BLUE CROSS					BADGE					
					DRIVERS LICENSE					
					OTHER	MEMBER NAME				
					<input checked="" type="checkbox"/> PERSONAL	BEAVER DAM WATER CO				
					MULTI-TRAN.					
DATE	ACCOUNT NO.	SFX	TRAN CODE	AMOUNT OF CHECK	FEE	BALANCE	FREQ.	METHOD	CHECK PREPARED BY	
08/04/08	[REDACTED]	009		\$679.00	\$0.00				080 005 CK	
MO. PAYMENT	NEW NOTE NUMBER	SFX	LOAN TYPE	RATE	DI	AGREED PAYMENT	PAYMENT INDEX	PUR-SEC CODE	AMOUNT OF LOAN	CHECK RECEIVED BY
Beginning Balance:					[REDACTED]					<b>IMPORTANT NOTICE:</b> <b>HANDLE THIS CHECK AS YOU WOULD CASH.</b> You cannot place a "Stop Payment" on this check. There are limited situations in which this check can be replaced if it is lost, stolen or destroyed.
Withdrawal Amount:					\$679.00					
Fee:					\$0.00					
Withholding:					\$0.00					
Cash Adv Fee:					\$0.00					
Ending Balance (CHECKING):					[REDACTED]					

DETACH AND RETAIN FOR YOUR RECORDS



NOTICE OF PAYMENT DUE

DUE DATE *Aug 1*

PAY THIS AMOUNT \$679.00



AUTO\*\*SCH 3-DIGIT 840  
2047:007:00:012

G ROBERT FRISBY  
PO BOX 356

CONTRACT NUMBER 950025516  
GROUP NUMBER 6059100000  
INVOICE NUMBER 7221003229  
STATUS FAMILY  
BILLING PERIOD SEP 01 2007 TO OCT 01 2007

Dear Subscriber:

Are your membership records correct? Notification of a member change must be submitted, in writing, within 30 days of the change. Keeping your records up to date is important to assure proper coverage. Your premium may be affected by the addition or deletion of a member.

Members who are no longer eligible for coverage should contact us if they wish to continue coverage on an individual policy. If you or your spouse have reached age 65, please contact us. You may continue coverage with our Medicare supplement program.

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Salt Lake City, UT 84131-0605

CORRESPONDENCE SHOULD BE ADDRESSED TO:  
Regence BlueCross BlueShield of Utah  
Membership Department  
PO Box 30270  
Salt Lake City, UT 84130-0270

PAYEE INFORMATION					ID DESCRIPTION / NO.					
BLUE CROSS					BADGE	MEMBER NAME				
					DRIVERS LICENSE					
					OTHER					
					<input checked="" type="checkbox"/> PERSONAL					
					BEAVER DAM WATER CO					
DATE	ACCOUNT NO.	SFX	TRAN CODE	AMOUNT OF CHECK	FEE	BALANCE	FREQ.	METHOD	CHECK PREPARED BY	
09/23/08	[REDACTED]	009		\$679.00	\$0.00				080 015 BF	
MO. PAYMENT	NEW NOTE NUMBER	SFX	LOAN TYPE	RATE	DI	AGREED PAYMENT	PAYMENT INDEX	PUR. SEC CODE	AMOUNT OF LOAN	CHECK RECEIVED BY

Beginning Balance: [REDACTED]  
 Withdrawal Amount: \$679.00  
 Fee: \$0.00  
 Withholding: \$0.00  
 Cash Adv Fee: \$0.00  
 Ending Balance (CHECKING): [REDACTED]

**IMPORTANT NOTICE:**  
**HANDLE THIS CHECK AS YOU WOULD CASH.**  
 You cannot place a "Stop Payment" on this check. There are limited situations in which this check can be replaced if it is lost, stolen or destroyed.

DETACH AND RETAIN FOR YOUR RECORDS



**Regence**

PO BOX 30270  
 SALT LAKE CITY, UT 84130-0270

000004347

Regence BlueCross BlueShield of Utah is an Independent Licensee of the Blue Cross and Blue Shield Association

NOTICE OF PAYMENT DUE

DUE DATE *Oct 1, 2008*

PAY THIS AMOUNT **\$679.85**



004347

G ROBERT FRISBY  
 PO BOX 356



CONTRACT NUMBER 950025516  
 GROUP NUMBER 6317200000  
 INVOICE NUMBER 8177043694  
 STATUS FAMILY  
 BILLING PERIOD *Oct 1 - Nov 1 - 2008*

Dear Subscriber:

Are your membership records correct? Notification of a member change must be submitted, in writing, within 30 days of the change. Keeping your records up to date is important to assure proper coverage. Your premium may be affected by the addition or deletion of a member.

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- 476-9140 - In Ogden area
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PLEASE REMIT ALL PAYMENTS TO:  
 Regence BlueCross BlueShield of Utah  
 PO Box 31605  
 Salt Lake City, UT 84131-0605

CORRESPONDENCE SHOULD BE ADDRESSED TO:  
 Regence BlueCross BlueShield of Utah  
 PO Box 1127  
 Lewiston, ID 83501-1127  
 Salt Lake City, UT 84130-0270

PAYEE INFORMATION					ID DESCRIPTION / NO					
REGENCE BLUE CROSS BLUESHIELD					BEAVER DAM WATER CO					
					MEMBER NAME					
					<input type="checkbox"/> BADGE <input type="checkbox"/> DRIVERS LICENSE <input type="checkbox"/> OTHER <input checked="" type="checkbox"/> PERSONAL <input type="checkbox"/> MULTI-TRAN:					
DATE	ACCOUNT NO.	SFX	TRAN CODE	AMOUNT OF CHECK	FEE	BALANCE	FREQ	METHOD	CHECK PREPARED BY	
10/21/08		009		\$679.85	\$0.00				039 011 SM	
MO. PAYMENT	NEW NOTE NUMBER	SFX	LOAN TYPE	RATE	DI	AGREED PAYMENT	PAYMENT INDEX	PUR-SEC CODE	AMOUNT OF LOAN	CHECK RECEIVED BY
Beginning Balance:					[REDACTED]					
Withdrawal Amount:					\$679.85					
Fee:					\$0.00					
Withholding:					\$0.00					
Cash Adv Fee:					\$0.00					
Ending Balance (Checking):					[REDACTED]					
<p><b>IMPORTANT NOTICE:</b>                  HANDLE THIS CHECK AS YOU WOULD CASH.                  You cannot place a "Stop Payment" on this check. There are limited situations in which this check can be replaced if it is lost, stolen or destroyed.</p>										

DETACH AND RETAIN FOR YOUR RECORDS



Regence

PO BOX 30270  
SALT LAKE CITY, UT 84130-0270

00001783

Regence BlueCross BlueShield of Utah is an Independent Licensee of the Blue Cross and Blue Shield Association

NOTICE OF PAYMENT DUE

DUE DATE NOV 01 2008

PAY THIS AMOUNT \$679.85



001783

G ROBERT FRISBY  
PO BOX 356



CONTRACT NUMBER 950025516  
 GROUP NUMBER 6317200000  
 INVOICE NUMBER 8284018483  
 STATUS FAMILY  
 BILLING PERIOD NOV 01 2008 TO DEC 01 2008

Dear Subscriber:

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PLEASE REMIT ALL PAYMENTS TO:  
 Regence BlueCross BlueShield of Utah  
 PO Box 31605  
 Salt Lake City, UT 84131-0605

CORRESPONDENCE SHOULD BE ADDRESSED TO:  
 Regence BlueCross BlueShield of Utah  
 PO Box 1127  
 Lewiston, ID 83501-1127  
 Salt Lake City, UT 84130-0270

PAYEE INFORMATION					ID DESCRIPTION / NO.					
BLUE CROSS					BADGE					
					DRIVERS LICENSE					
					OTHER					
					MEMBER NAME					
X PERSONAL					BEAVER DAM WATER CO					
MULTI-TRAN										
DATE	ACCOUNT NO.	SFX	TRAN CODE	AMOUNT OF CHECK	FEE	BALANCE	FREQ	METHOD	CHECK PREPARED BY	
11/20/08	[REDACTED]	009		\$679.85	\$0.00				039 014 MA	
MO. PAYMENT	NEW NOTE NUMBER	SFX	LOAN TYPE	RATE	DI	AGREED PAYMENT	PAYMENT INDEX	PUR-SEC CODE	AMOUNT OF LOAN	CHECK RECEIVED BY
Beginning Balance:					[REDACTED]					<b>IMPORTANT NOTICE:</b> <b>HANDLE THIS CHECK AS YOU WOULD CASH.</b> You cannot place a "Stop Payment" on this check. There are limited situations in which this check can be replaced if it is lost, stolen or destroyed.
Withdrawal Amount:					\$679.85					
Fee:					\$0.00					
Withholding:					\$0.00					
Ending Balance (Checking):					[REDACTED]					

DETACH AND RETAIN FOR YOUR RECORDS



**Regence**

PO BOX 30270  
SALT LAKE CITY, UT 84130-0270

000001569

Regence BlueCross BlueShield of Utah is an independent licensee of the Blue Cross and Blue Shield Association

NOTICE OF PAYMENT DUE

DUE DATE DEC 01 2008

PAY THIS AMOUNT \$679.85

001569

G ROBERT FRISBY  
PO BOX 356

CONTRACT NUMBER 950025516  
GROUP NUMBER 6317200000  
INVOICE NUMBER 8315017811  
STATUS FAMILY  
BILLING PERIOD DEC 01 2008 TO JAN 01 2009

Dear Subscriber:

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- 375-2090 - In Provo area
- 476-9140 - In Ogden area
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PLEASE REMIT ALL PAYMENTS TO:  
Regence BlueCross BlueShield of Utah  
PO Box 31605  
Salt Lake City, UT 84131-0605

CORRESPONDENCE SHOULD BE ADDRESSED TO:  
Regence BlueCross BlueShield of Utah  
PO Box 1127  
Lewiston, ID 83501-1127

PAYEE INFORMATION					ID DESCRIPTION / NO.					
BLUE CROSS					BEAVER DAM WATER CO					
					MEMBER NAME					
					BEAVER DAM WATER CO					
DATE	ACCOUNT NO.	SFX	TRAN. CODE	AMOUNT OF CHECK	FEE	BALANCE	FREQ	METHOD	CHECK PREPARED BY	
12/22/08		009		\$679.85	\$0.00				080 005 CK	
MO. PAYMENT	NEW NOTE NUMBER	SFX	LOAN TYPE	RATE	DI	AGREED PAYMENT	PAYMENT INDEX	PUR-SEC CODE	AMOUNT OF LOAN	CHECK RECEIVED BY
Beginning Balance:					[REDACTED]					
Withdrawal Amount:					\$679.85					
Fee:					\$0.00					
Withholding:					\$0.00					
Cash Adv Fee:					\$0.00					
Ending Balance (Checking):					[REDACTED]					
					<b>IMPORTANT NOTICE:</b>					
					<b>HANDLE THIS CHECK AS YOU WOULD CASH.</b>					
					You cannot place a "Stop Payment" on this check. There are limited situations in which this check can be replaced if it is lost, stolen or destroyed.					

DETACH AND RETAIN FOR YOUR RECORDS



**Regence**

PO BOX 30270  
SALT LAKE CITY, UT 84130-0270

000003627

Regence BlueCross BlueShield of Utah is an Independent Licensee of the Blue Cross and Blue Shield Association

NOTICE OF PAYMENT DUE

DUE DATE JAN 01 2009

PAY THIS AMOUNT \$679.85



003627



G ROBERT FRISBY  
PO BOX 356

CONTRACT NUMBER 950025516  
GROUP NUMBER 6317200000  
INVOICE NUMBER 8346036324  
STATUS FAMILY  
BILLING PERIOD JAN 01 2009 TO FEB 01 2009

Dear Subscriber:

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- 375-2090 - In Provo area
- 476-9140 - In Ogden area
- 1-800-662-3398 - Elsewhere in Utah

PLEASE REMIT ALL PAYMENTS TO:  
Regence BlueCross BlueShield of Utah  
PO BOX 91062  
SEATTLE, WA 98111-9162

CORRESPONDENCE SHOULD BE ADDRESSED TO:  
Regence BlueCross BlueShield of Utah  
PO Box 1127  
Lewiston, ID 83501-1127

# EXHIBIT D

PARCEL IDENTIFICATION 40261059	ROLL NUMBER 0000000	TAX AREA CODE 970	SITUS ADDRESS 2851 E FRONT ST
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VIRGIN ACRES TRACT 1 BLK 221 LOT 4 AND BLK 222 LOT 1 CONT 19,718 SQ FT OR 0.45 AC 402-61-039G(402-61-039L & 059) 402-61-040C(402-61-058 THRU 063)

FRISBY GEORGE R

PO BOX 550  
BEAVER DAM AZ 86432

*Water*

PRIMARY PROPERTY TAX CALCULATION (1)			
ITEM	LIMITED VALUE	ASSMT. %	ASSESSED VALUE
LAND,BLDGS, ETC.	24298	24.00	5831
PERSONAL PROP	0		0
<b>TOTALS →</b>	<b>24298</b>		<b>5831</b>
ITEM	EXEMPTION	TAX RATE	AD VALOREM TAX
LAND,BLDGS, ETC.	0	6.6331	386.76
PERSONAL PROP			
<b>TOTALS →</b>	<b>0</b>		<b>386.76</b>
SECONDARY PROPERTY TAX CALCULATION (2)			
ITEM	FULL CASH VALUE	ASSMT. %	ASSESSED VALUE
LAND,BLDGS, ETC.	33214	24.00	7971
PERSONAL PROP	0		0
<b>TOTALS →</b>	<b>33214</b>		<b>7971</b>
ITEM	EXEMPTION	TAX RATE	AD VALOREM TAX
LAND,BLDGS, ETC.	0	3.7628	299.94
PERSONAL PROP			
<b>TOTALS →</b>	<b>0</b>		<b>299.94</b>

TAX DISTRIBUTION (4)					TAX SUMMARY (3)	
TAX CODE	TAX JURISDICTION	2007 TAX	2006 TAX	CURRENT RATE/100		
2000	MOHAVE COUNTY	89.20	87.66	1.52980	PRIMARY AD VALOREM TAX	386.76
5009	LITTLEFIELD ELEM SD #9	.00	.00	.00000	LESS STATE AID TO EDUCATION	.00
7009	LITTLEFIELD/MT TRUMBEL USD #9	249.64	201.08	4.28120	NET PRIMARY AD VALOREM TAX	386.76
8150	MOHAVE COMMUNITY COLLEGE	47.92	46.92	.82210	SECONDARY AD VALOREM TAX	299.94
11218	BEAVER DAM/LITTLEFIELD FD	199.28	203.42	2.50000	SPECIAL DISTRICT TAX	.00
11900	FIRE DIST ASSIST FUND	7.98	8.14	.10000	SPECIAL ASSESSMENTS	.00
14900	MOHAVE COUNTY LIBRARY DISTRICT	25.78	26.32	.32360	<b>TOTAL TAX DUE →</b>	<b>686.70</b>
15000	MOHAVE COUNTY FLOOD CONTROL DI	39.86	40.70	.50000	<b>HALF TAX →</b>	<b>343.35</b>
28000	MO CO TV CID	6.92	7.04	.08670	DELINQUENT DATES	
67009	SD #9 CLASS A BONDS	20.12	32.06	.25250	THIS IS THE ONLY NOTICE YOU WILL RECEIVE. NO RECEIPT WILL BE SENT UNLESS REQUESTED.	
<b>TOTALS →</b>		<b>686.70</b>	<b>653.34</b>			

PARCEL IDENTIFICATION 40234074	ROLL NUMBER 0000000	TAX AREA CODE 970	SITUS ADDRESS
-----------------------------------	------------------------	----------------------	---------------

A PARCEL OF LAND SITUATED IN THE E2 OF SAID SEC 5 DESCRIBED AS FOLL: BEG AT A POINT WHICH IS NORTH A DIST OF 2552.32' AND WEST A DIST OF 1205.07' FROM THE SE CORNER OF SEC 5; TH N58 DEG 27'25 W 197.78'; TH S45 DEG 37'04 W 176.80'; TH S36 DEG 32'57 E 192.30'; TH N45 DEG 55'28 E 251.11' TO THE POB CONT 0.94 ACRES 402-30-

FRISBY G ROBERT

PO BOX 307  
LITTLEFIELD AZ 86432

*Water*

PRIMARY PROPERTY TAX CALCULATION (1)			
ITEM	LIMITED VALUE	ASSMT. %	ASSESSED VALUE
LAND,BLDGS, ETC.	5993	16.00	959
PERSONAL PROP	0		0
<b>TOTALS →</b>	<b>5993</b>		<b>959</b>
ITEM	EXEMPTION	TAX RATE	AD VALOREM TAX
LAND,BLDGS, ETC.	0	6.6331	63.62
PERSONAL PROP			
<b>TOTALS →</b>	<b>0</b>		<b>63.62</b>
SECONDARY PROPERTY TAX CALCULATION (2)			
ITEM	FULL CASH VALUE	ASSMT. %	ASSESSED VALUE
LAND,BLDGS, ETC.	5993	16.00	959
PERSONAL PROP	0		0
<b>TOTALS →</b>	<b>5993</b>		<b>959</b>
ITEM	EXEMPTION	TAX RATE	AD VALOREM TAX
LAND,BLDGS, ETC.	0	3.7628	36.08
PERSONAL PROP			
<b>TOTALS →</b>	<b>0</b>		<b>36.08</b>

TAX DISTRIBUTION (4)					TAX SUMMARY (3)	
TAX CODE	TAX JURISDICTION	2007 TAX	2006 TAX	CURRENT RATE/100		
2000	MOHAVE COUNTY	14.68	16.10	1.52980	PRIMARY AD VALOREM TAX	63.62
5009	LITTLEFIELD ELEM SD #9	.00	.00	.00000	LESS STATE AID TO EDUCATION	.00
7009	LITTLEFIELD/MT TRUMBEL USD #9	41.06	36.90	4.28120	NET PRIMARY AD VALOREM TAX	63.62
8150	MOHAVE COMMUNITY COLLEGE	7.88	8.60	.82210	SECONDARY AD VALOREM TAX	36.08
11218	BEAVER DAM/LITTLEFIELD FD	23.98	23.98	2.50000	SPECIAL DISTRICT TAX	.00
11900	FIRE DIST ASSIST FUND	.96	.96	.10000	SPECIAL ASSESSMENTS	.00
14900	MOHAVE COUNTY LIBRARY DISTRICT	3.10	3.10	.32360	<b>TOTAL TAX DUE →</b>	<b>99.70</b>
15000	MOHAVE COUNTY FLOOD CONTROL DI	4.80	4.80	.50000	<b>HALF TAX →</b>	<b>.00</b>
28000	MO CO TV CID	.82	.84	.08670	DELINQUENT DATES	
67009	SD #9 CLASS A BONDS	2.42	3.78	.25250	THIS IS THE ONLY NOTICE YOU WILL RECEIVE. NO RECEIPT WILL BE SENT UNLESS REQUESTED.	
<b>TOTALS →</b>		<b>100.72</b>	<b>97.18</b>			

**EXHIBIT E**



IMPORTANT NOTICE  
YOU MUST:

- DISASSOCIATION OF QUALIFYING PARTY IN WRITING WITHIN 15 DAYS. [SEE A.R.S. § 32-1151.01]
- REPORT A CHANGE OF ADDRESS IN WRITING WITHIN 30 DAYS. [SEE A.R.S. § 32-1122(B)(1)]
- REPORT ANY TRANSFER OF OWNERSHIP OF 50% OR MORE IMMEDIATELY. (SEE A.R.S. § 32-1151.01)
- REPORT ANY CHANGE IN LEGAL ENTITY SUCH AS ANY CHANGE IN THE OWNERSHIP OF SOLE PROPRIETORSHIP OR CHANGE OF A PARTNER IN A PARTNERSHIP OR THE CREATION OF A NEW CORPORATE ENTITY. (SEE RULE R4-9-110)

BEAVER DAM DEVELOPMENT CORP  
P O BOX 550  
BEAVER DAM AZ 86432

THIS IS YOUR IDENTIFICATION CARD  
DO NOT DESTROY



CORP

LICENSE EFFECTIVE THROUGH: FEB 2009  
STATE OF ARIZONA

Registrar of Contractors CERTIFIES THAT  
BEAVER DAM DEVELOPMENT CORP



CONTRACTORS LICENSE NO. ROC204177 CLASS B-  
GENERAL RESIDENTIAL CONTRACTOR

RESIDENTIAL ONLY

THIS CARD MUST BE  
PRESENTED UPON DEMAND

*Fidelis V. Garcia*  
DIRECTOR

IMPORTANT NOTICE  
YOU MUST:

- DISASSOCIATION OF QUALIFYING PARTY IN WRITING WITHIN 15 DAYS. [SEE A.R.S. § 32-1154(A)(19) AND § 32-1151.01]
- REPORT A CHANGE OF ADDRESS IN WRITING WITHIN 30 DAYS. [SEE A.R.S. § 32-1122(B)(1)]
- REPORT ANY TRANSFER OF OWNERSHIP OF 50% OR MORE IMMEDIATELY. (SEE A.R.S. § 32-1151.01)
- REPORT ANY CHANGE IN LEGAL ENTITY SUCH AS ANY CHANGE IN THE OWNERSHIP OF SOLE PROPRIETORSHIP OR CHANGE OF A PARTNER IN A PARTNERSHIP OR THE CREATION OF A NEW CORPORATE ENTITY. (SEE RULE R4-9-110)

BEAVER DAM DEVELOPMENT CORP  
P O BOX 550  
BEAVER DAM AZ 86432

THIS IS YOUR IDENTIFICATION CARD  
DO NOT DESTROY



CORP

LICENSE EFFECTIVE THROUGH: FEB 2009  
STATE OF ARIZONA

Registrar of Contractors CERTIFIES THAT  
BEAVER DAM DEVELOPMENT CORP



CONTRACTORS LICENSE NO. ROC204177 CLASS B-  
GENERAL RESIDENTIAL CONTRACTOR

RESIDENTIAL ONLY

THIS CARD MUST BE  
PRESENTED UPON DEMAND

*Fidelis V. Garcia*  
DIRECTOR

# EXHIBIT F



Attn: Bob Frisby  
From: Mark Mathie  
5 pages

Caterpillar Financial Services Corporation  
2120 West End Avenue  
Nashville, TN 37203-0001  
Phone: (615) 341-1000

**FINANCE PROPOSAL**

Bob Frisby

Dealer: WHEELER MACHINERY CO.  
Sales person:  
Quoted by: Andrew Spears  
Quote date: 04/15/2009  
Quote #: ASS31735

This is Caterpillar Financial Services Corporation's confirmation of the following finance proposal. This is a proposal only and is subject to credit approval, execution of documentation, and execution and approval of the application survey.

**Terms**

Financing Type: Cat value option  
Number of Payments: 60 Monthly  
Payments: in Advance

**Good if:**  
Acknowledged by: May-15-09  
Funded by: May-15-09

	Model	ADR Code	Ann. Hours	Qty	Amount Financed	Payment	Purchase Option
New	420E HLS(4X4)CAB	15.00	500	1	89,300.00	1,283.19	37,485.00

	Model	Insurance	Payment w/Insurance
New	420E HLS(4X4)CAB	94.40	1,377.59

*The estimate for insurance is provided through Caterpillar Insurance Company (Provided by Westchester Insurance Company in Rhode Island) and is not an offer to contract for insurance.*

**Conditions**

**Sales/Use/Property taxes:** Lessee's responsibility (May not be included in the above payment amount).

**Insurance:** Insurance is the responsibility of the Borrower or Lessee. Physical damage coverage is required on all equipment whether financed or leased. On leased equipment, general liability coverage, minimum \$ 1,000,000 per occurrence is required.

- Please note:**
- 1) This finance proposal is acceptable only in its entirety and is subject to final credit approval by Caterpillar Financial Services Corporation.
  - 2) Equipment cannot be delivered until documents are executed by Caterpillar Financial Services Corporation.
  - 3) Equipment must reside in United States at all times.

**We appreciate the opportunity to provide you with a proposal for this transaction.**

Proposed by:

Acknowledged by:

\_\_\_\_\_  
Caterpillar Financial Services Corporation

\_\_\_\_\_  
Bob Frisby



Caterpillar Financial Services Corporation  
 2120 West End Avenue  
 Nashville, TN 37203-0001  
 Phone: (615) 341-1000

## FINANCE PROPOSAL

Bob Frisby- Window Lease

Dealer: WHEELER MACHINERY CO.  
 Sales person:  
 Quoted by: Andrew Spears  
 Quote date: 04/15/2009  
 Quote #: ASS31731

This is Caterpillar Financial Services Corporation's confirmation of the following finance proposal. This is a proposal only and is subject to credit approval, execution of documentation, and execution and approval of the application survey.

### Terms

Financing Type: Cat value option  
 Number of Payments: 60 Monthly  
 Payments: in Advance

Good if:  
 Acknowledged by: May-15-09  
 Funded by: May-15-09

	Model	ADR Code	Ann. Hours	Qty	Amount Financed	Payment	Purchase Option
New	420E HLS(4X4)CAB	15.00	500	1	89,300.00	1,283.19	37,485.00

48 MONTH WINDOW = \$49,000

	Model	Insurance	Payment w/Insurance
New	420E HLS(4X4)CAB	94.40	1,377.59

*The estimate for insurance is provided through Caterpillar Insurance Company (Provided by Westchester Insurance Company in Rhode Island) and is not an offer to contract for insurance.*

### Conditions

Sales/Use/Property taxes: Lessee's responsibility (May not be included in the above payment amount).

Insurance: Insurance is the responsibility of the Borrower or Lessee. Physical damage coverage is required on all equipment whether financed or leased. On leased equipment, general liability coverage, minimum \$ 1,000,000 per occurrence is required.

Please note:

- 1) This finance proposal is acceptable only in its entirety and is subject to final credit approval by Caterpillar Financial Services Corporation.
- 2) Equipment cannot be delivered until documents are executed by Caterpillar Financial Services Corporation.
- 3) Equipment must reside in United States at all times.

We appreciate the opportunity to provide you with a proposal for this transaction.

Proposed by:

Acknowledged by:

\_\_\_\_\_  
 Caterpillar Financial Services Corporation

\_\_\_\_\_  
 Bob Frisby- Window Lease

## Bob Frisby

---

**From:** Knudson, Todd [TKnudson01@vtaig.com]  
**Sent:** Tuesday, April 14, 2009 2:13 PM  
**To:** Bob@pikx.com  
**Subject:** C7500 Chevrolet 33K GVW Dump / 5 pages attached

**Attachments:** scan0019.pdf



scan0019.pdf (231  
KB)

Hello Bob Frisby,

I am sending the C7500 Dump Truck quote separate from the 2500 Service Body. I have included a 48 Commercial Trac Lease quote with a 20% residual (\$14,797.80) at end of term.

The quote includes \$3,921.30 cash down and 47 remaining payments of \$1,577.09 with \$14,797.80 due at the end of term, OAC.

My quote includes the C7500 chassis, elliptical dump body, manual tarp, hitch plate with pintel hitch, glad hands, 7 way wiring harness, and electric brake controller. If you want to upgrade to the electric tarp, the cost is \$800 additional.

I would approximate the annual fee schedule for this truck at; 1st year \$1,930.46 2nd year \$1,600.00 3rd year \$1,300.00 4th year \$980.00

I currently have access to this chassis and this quote is subject to product availability and the money factor from the lender offered OAC.

Please email or call me on my mobile phone at 480-254-8800 with any questions.

Thank you,

Todd Knudson

Commercial Sales Manager

Midway Commercial Truck center

<<scan0019.pdf>>

Vehicle Type Medium  
 Vin # 0

Customer: BEAVER DAM WATER COMPANY

Garaging Address: 0  
ARIZONA

**Vehicle Description:**

Term: (months) 48

Year: 2009  
 Make: Chevrolet  
 Model: C7500 33K DUMP

Vehicle Price Component	
Selling Price	\$ 73,989.00
Dealer Installed Options:	
0	\$ -
<b>Total Selling Price</b>	<b>\$ 73,989.00</b>
Administrative Fee	\$ 595.00
Negative Trade Equity	\$ -
Fees and Taxes (List)	\$ -
0	\$ -
0	\$ -
Mechanical Serv. Contract	\$ -
Credit Life Insurance	\$ -
A/H Insurance	\$ -
<b>Capitalized Cost</b>	<b>\$ 74,584.00</b>
Less: Cap. Cost Reduction	\$ -
Less: Trade-in Equity	\$ -
Less: Rebate	\$ -
<b>Net Capitalized Cost</b>	<b>\$ 74,584.00</b>

Monthly Payment Calculation		
Base Monthly Payment		\$ 1,577.09
Sales/Use Tax Rate	0.00 (%)	\$ -
Personal Property Tax	Mill Rate 0.00	\$ -
	BMSRP 0.00	
	MSRP 0.00	
	Factor 0.00	\$ -
<b>Total Monthly Payment</b>		<b>\$ 1,577.09</b>

Computation of Depreciation	
Net Capitalized Cost	\$ 74,584.00
Less: Adjusted Residual Value	\$ 14,797.80
<b>Depreciation</b>	<b>\$ 59,786.20</b>

Computation of Lease Charges	
Base Monthly Payment	\$ 1,577.09
Times Lease Term (in months)	\$ 48.00
Total Base Monthly Payments	\$ 75,700.32
Less: Depreciation	\$ 59,786.20
<b>Total Lease Charges</b>	<b>\$ 15,914.12</b>

Residual Value Computation	
Selling Price plus	
Dealer Installed Options	\$ 73,989.00
Residual Factor (%)	\$ 20.00
<b>Residual Value</b>	<b>\$ 14,797.80</b>

**Quote Expires On This Date**  
4/28/2009

Payment Due At Lease Signing	
Cap. Cost Reduction	\$ -
Net Trade-in Allowance	\$ -
Rebate	\$ -
First Monthly Payment	\$ 1,577.09
Title, License & Registration Fees	\$ 2,344.21
CA Tire Tax Fee (for Calif residents only)	\$ -
Other Charges (tax on cap reduction)	\$ -
Due Date Change Charges	\$ -
<b>Total Payment Due At Lease Signing</b>	<b>\$ 3,921.30</b>

Today's Date: 04/14/09 Prepared by: 0

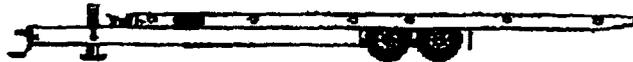
HTN: Bob 2 pages

Apr 14 09 02:32p Bob Frisby, Manager  
04/14/2009 12:29 FAX

928 347-5003

p.1  
@002

# **TWAMCO** TRAILER COMPANY

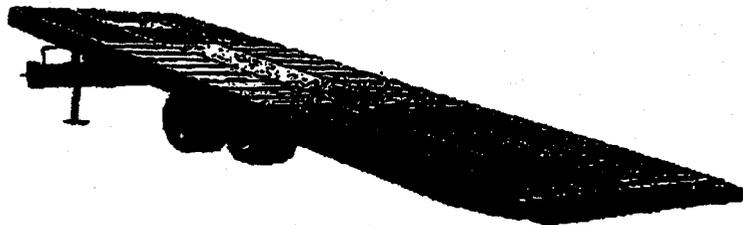


**TODD WELDING & MACHINE CO.**

1920 WEST 3500 SOUTH  
WEST VALLEY CITY, UTAH 84119

PHONE (801) 972-5325

FAX (801) 973-0224



## **20-TON PULL TYPE TILT DECK TRAILER**

**Make:** TWAMCO

**Year:** 2009

**Style:** Pull type tilt deck trailer

**Model:** PTTDM2

**Capacity:** 20-ton payload with 15% load transfer decal on deck

**Overall Trailer Length:** 32'0" minimum

**Tilt Deck Length:** 26'

**Tilt Angle:** 13 degrees

**Deck Width:** 8'

**Deck Height:** 35" unloaded

**Tongue Length:** 6'0" front of deck to center of hitch

**Hitch Height:** 3 adjustments in 4 1/2" increments

**Hitch Type:** Pintal eye (1 5/8" x 3") with 1/2" x 36" safety chains

**Deck Lock:** 1 ea positive spring loaded latch type

**Suspension Type:** TWAMCO T-90,000 Walker Beam, 5" x 48" lubricated

**Axles:** 2 ea. 22,500 lb. (45,000 lb. gross) 65 1/2" track, 10 stud, oil bath hubs, 5" round axle beams

**Wheels:** 8 ea. 6.75" x 17.5" #28112; 10 hole disc, tubeless

**Tires:** 8 ea. 215/75R 17.5 min. 12 ply tubeless radials

**Brakes:** 12 1/4" x 7.5", full air with spring brakes and anti lock protection

**Emergency Break Away Protection:** Standard air relay valve meets all federal regulations.

**Lights:** Fully lighted to meet all federal ICC regulations, sealed Truck Lite brand grommeted L.E.D. lights with reflective tape

**Light Plug Coupler (Trailer to Truck):** 7 pole male velvac wired into a multi-conductor cable

**Wiring:** Color coded and enclosed in metal conduit and asphalt loom for protection.

**Paint:** Primed 100% and then painted white in all showing areas

Apr 14 09 02:32p Bob Frisby, Manager  
04/14/2009 12:29 FAX

928 347-5003

p.2  
003

**Decking:** 2' rough cut oak attached to every cross member with 1/4" torx screws  
**Main Frame:** High tensile wide flange main beams with 4" 5.4# channel cross members  
**1" Tie Down Rings:** 5 ea. per side of trailer (forged steel type)  
**Deck Cushioning Cylinders:** 1 ea. 4" x 16" hydraulic self circulating  
**Parking Jack:** 1 ea. 12,000 lb. spring loaded quick drop, crank type with a 74 sq. in. sand pad.  
**Ramp:** 1 ea tapered full width stationary  
**Mud Flaps:** 2 ea  
**Price:** \$22,500 plus taxes FOB SLC Utah

Bob, if we did a lease on a trailer similar to the TWACO a monthly lease payment on 60 months would be approx. \$437.23/mo. plus taxes. O.A.C.

Mark F. Mathis  
CFSC

**EXHIBIT G**

## Bob Frisby

---

**From:** Knudson, Todd [TKnudson01@vtaig.com]  
**Sent:** Tuesday, April 14, 2009 2:38 PM  
**To:** Bob@pikx.com  
**Cc:** Ball, Gregg  
**Subject:** 2009 Silverado 2500 HD Utility Body / 2 pages attached

**Attachments:** scan0020.pdf



scan0020.pdf (101  
KB)

Hello Bob Frisby,

This quote includes the 2500 HD gas chassis, Harbor Service Body with flip top lids, ladder rack, one additional leaf spring on rear axle on each side, receiver hitch and wiring harness.

The quote includes \$1,560.99 cash down, 47 remaining payments of \$631.05, and \$5,380.00 at end of term, OAC.

The tax has been calculated at the Phoenix rate of 8.3% and will automatically adjust up or down for the address of the titlework.

I currently have 2 identical chassis on my lot. This quote is subject to manufacturer model year price increases and variable money factor, OAC, stipulated by the lender.

Please email or call me on my mobile phone at 480-254-8800 with any questions.

Thank you,

Todd Knudson

Commercial Sales Manager

Midway Commercial Truck Center

<<scan0020.pdf>>

Vehicle Type Light  
 Vin #: 0

Customer: BEAVER DAM WATER COMPANY

Garaging Address: 0  
ARIZONA

**Vehicle Description:**

Term: (months) 48

Year: 2009  
 Make: Chevrolet  
 Model: SILVERADO UTILITY

Vehicle Price Component	
Selling Price	\$ 26,900.00
Dealer Installed Options:	
0	\$ -
<b>Total Selling Price</b>	<b>\$ 26,900.00</b>
Administrative Fee	\$ 595.00
Negative Trade Equity	\$ -
Fees and Taxes (List)	\$ -
0	\$ -
0	\$ -
Mechanical Serv. Contract	\$ -
Credit Life Insurance	\$ -
A/H Insurance	\$ -
<b>Capitalized Cost</b>	<b>\$ 27,495.00</b>
Less: Cap. Cost Reduction	\$ -
Less: Trade-in Equity	\$ -
Less: Rebate	\$ -
<b>Net Capitalized Cost</b>	<b>\$ 27,495.00</b>

Monthly Payment Calculation		
Base Monthly Payment		\$ 582.69
Sales/Use Tax Rate	<u>8.30</u> (%)	\$ 48.36
Personal Property Tax	Mill Rate 0.00	\$ -
	BMSRP 0.00	
	MSRP 0.00	
	Factor 0.00	\$ -
<b>Total Monthly Payment</b>		<b>\$ 631.05</b>

Computation of Depreciation	
Net Capitalized Cost	\$ 27,495.00
Less: Adjusted Residual Value	\$ 5,380.00
<b>Depreciation</b>	<b>\$ 22,115.00</b>

Computation of Lease Charges	
Base Monthly Payment	\$ 582.69
Times Lease Term (in months)	\$ 48.00
Total Base Monthly Payments	\$ 27,969.12
Less: Depreciation	\$ 22,115.00
<b>Total Lease Charges</b>	<b>\$ 5,854.12</b>

Residual Value Computation	
Selling Price plus	
Dealer Installed Options	\$ 26,900.00
Residual Factor (%)	\$ 20.00
<b>Residual Value</b>	<b>\$ 5,380.00</b>

Quote Expires On This Date	
4/28/2009	

Payment Due At Lease Signing	
Cap. Cost Reduction	\$ -
Net Trade-in Allowance	\$ -
Rebate	\$ -
First Monthly Payment	\$ 631.05
Title, License & Registration Fees	\$ 929.94
CA Tire Tax Fee (for Calif residents only)	\$ -
Other Charges (tax on cap reduction)	\$ -
Due Date Change Charges	\$ -
<b>Total Payment Due At Lease Signing</b>	<b>\$ 1,560.99</b>

Today's Date: 04/14/09 Prepared by: 0

2009 SILVERADO 2500 2WD W/T REG CAB  
 50U SUMMIT WHITE /V8G  
 88B DARK TITANIUM  
 ORDER NO. MWPXWS/TSC STOCK NO.  
 VIN 1GB HC44 K0 9E106269

GENERAL MOTORS CORPORATION  
 & SUBSIDIARIES  
 RENAISSANCE CENTER  
 DETROIT MI 48243-1114  
 VEHICLE INVOICE 1AD32588849

\*\*\*\*\*13\*39225S

MODEL & FACTORY OPTIONS	MSRP	INV AMT	RETAIL - STOCK
CC20903 SILVERADO 2500 2WD W/T RE	24915.00	22797.23	INVOICE 01/27/09
C6W GVW RATING - 9,200 LBS	N/C	N/C	SHIPPED 09/22/08
C67 AIR CONDITIONING, MANUAL	870.00	722.10	EXP I/T 10/04/08
DF2 CAMPER STYLE EXTERIOR MIRRORS	70.00	58.10	INT COM 02/11/09
GT4 REAR AXLE - 3.73 RATIO	N/C	N/C	PRC EFF 09/22/08
K34 CRUISE CONTROL	250.00	207.50	KEYS XXXXX XXXXX
LY6 VORTEC 6.0L V8 SFI GAS	N/C	N/C	WFP-S QTR OPT-1
MYD 6-SPEED AUTOMATIC TRANSMISSION	N/C	N/C	FAN: 000858926
R9C GAUGE CREDIT	100.00-	83.00-	BANK: GMAC - 061
YF5 50-STATE EMISSIONS	N/C	N/C	CHG-TO 39-225
ZIZ 16" ALS BW SPARE TIRE	334.00	277.22	SHIP-TO 59-882
ZW9 PICKUP BOX DELETE: DELETES PICKUP BOX, REAR BUMPER AND SPARE TIRE	665.00-	551.95-	HARBOR TRUCK BODI BREA CA

HARBOR TRUCK BODIES, INC.

SHIP WT: 4822  
 HP: 51.2  
 GVWR: 9200  
 GAWR.FT: 4200  
 GAWR.RR: 6084  
 GMS: 23781.98  
 SUPPLR: 24845.42  
 MRM: 26649.00  
 NTR: 3/4  
 DAN: 43479  
 MEMO: 1133.70  
 GSU: 293.17

THIS EQUIPMENT LIST  
 AND PRICING REPRESENTS  
 THE 2500HD CHASSIS  
 UTILITY BED & RACK ARE  
 ADDITIONAL COST

TOTAL MODEL & OPTIONS	25674.00	23427.20	ACT 237	23631.98
DESTINATION CHARGE	975.00	975.00	H/B 261	770.22

TOTAL	26649.00	24402.20	PAY 310	24402.20
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# EXHIBIT H

BEAVER DAM WATER COMPANY, INC  
 RATE TABLE SUMMARY FOR 2007  
 Recommended Staff Rates Applied

RATE TABLE	Jan-07	FLAT RATE CHARGE PER #	CONNECTION #	GALLONS USED	USAGE CHARGE	FLAT RATE CHARGE	TOTAL CHARGE
RESIDENTIAL 5/8" METER		\$15.00	235	1,328,924	\$2,257.42	\$3,525.00	\$5,782.42
JERRY KENNEDY 1" METER		\$37.50	1	66,140	\$148.90	\$37.50	\$186.40
RV PARK LITTLEFIELD 1" METER		\$37.50	1	24,180	\$48.36	\$37.50	\$85.86
LITTLEFIELD SCHOOL DIST. 1" METER		\$37.50	1	31,580	\$63.89	\$37.50	\$101.39
LDS CHURCH 1 1/2" METER		\$75.00	1	60,700	\$121.72	\$75.00	\$196.72
CANYON VIEW 3" METER		\$240.00	1	91,760	\$183.52	\$240.00	\$423.52
PALMS GOLF COURSE 4" METER		\$375.00	1	869,300	\$2,000.48	\$375.00	\$2,375.48
DESERT SKIES RV RESORT 6" METER		\$750.00	1	529,000	\$1,058.00	\$750.00	\$1,808.00
BEAVER DAM HOA 6" METER		\$750.00	1	427,680	\$855.36	\$750.00	\$1,605.36
<b>MONTHLY TOTALS =</b>			<b>243</b>	<b>3,429,264</b>	<b>\$6,737.65</b>	<b>\$5,827.50</b>	<b>\$12,565.15</b>

RATE TABLE	Feb-07	FLAT RATE CHARGE PER #	CONNECTION #	GALLONS USED	USAGE CHARGE	FLAT RATE CHARGE	TOTAL CHARGE
RESIDENTIAL 5/8" METER		\$15.00	235	1,678,254	\$2,912.91	\$3,525.00	\$6,437.91
JERRY KENNEDY 1" METER		\$37.50	1	66,500	\$149.79	\$37.50	\$187.29
RV PARK LITTLEFIELD 1" METER		\$37.50	1	53,140	\$116.92	\$37.50	\$154.42
LITTLEFIELD SCHOOL DIST. 1" METER		\$37.50	1	11,530	\$23.06	\$37.50	\$60.56
LDS CHURCH 1 1/2" METER		\$75.00	1	77,900	\$164.03	\$75.00	\$239.03
CANYON VIEW 3" METER		\$240.00	1	98,155	\$196.31	\$240.00	\$436.31
PALMS GOLF COURSE 4" METER		\$375.00	1	631,530	\$1,415.56	\$375.00	\$1,790.56
DESERT SKIES RV RESORT 6" METER		\$750.00	1	733,000	\$1,527.18	\$750.00	\$2,277.18
BEAVER DAM HOA 6" METER		\$750.00	1	667,000	\$1,134.00	\$750.00	\$1,884.00
<b>MONTHLY TOTALS =</b>			<b>243</b>	<b>3,917,009</b>	<b>\$7,639.77</b>	<b>\$5,827.50</b>	<b>\$13,467.27</b>

RATE TABLE	Mar-07	FLAT RATE CHARGE PER #	CONNECTION #	GALLONS USED	USAGE CHARGE	FLAT RATE CHARGE	TOTAL CHARGE
RESIDENTIAL 5/8" METER		\$15.00	235	1,574,401	\$2,693.52	\$3,525.00	\$6,218.52
JERRY KENNEDY 1" METER		\$37.50	1	74,230	\$168.81	\$37.50	\$206.31
RV PARK LITTLEFIELD 1" METER		\$37.50	1	45,860	\$98.02	\$37.50	\$136.52
LITTLEFIELD SCHOOL DIST. 1" METER		\$37.50	1	10,620	\$21.24	\$37.50	\$58.74
LDS CHURCH 1 1/2" METER		\$75.00	1	61,500	\$123.69	\$75.00	\$198.69
CANYON VIEW 3" METER		\$240.00	1	99,711	\$198.42	\$240.00	\$438.42
PALMS GOLF COURSE 4" METER		\$375.00	1	532,330	\$1,171.53	\$375.00	\$1,546.53
DESERT SKIES RV RESORT 6" METER		\$750.00	1	751,000	\$1,571.46	\$750.00	\$2,321.46
BEAVER DAM HOA 6" METER		\$750.00	1	701,162	\$1,448.86	\$750.00	\$2,198.86
<b>MONTHLY TOTALS =</b>			<b>243</b>	<b>3,850,814</b>	<b>\$7,497.55</b>	<b>\$5,827.50</b>	<b>\$13,325.05</b>

RATE TABLE		RATE TABLE		RATE TABLE		RATE TABLE		RATE TABLE	
Apr-07		May-07		Jun-07		Apr-07		May-07	
FLAT RATE CHARGE PER #	CONNECTION #	GALLONS USED	USAGE CHARGE	FLAT RATE CHARGE	TOTAL CHARGE	FLAT RATE CHARGE PER #	CONNECTION #	GALLONS USED	USAGE CHARGE
\$15.00	234	2,215,363	\$4,125.14	\$3,510.00	\$7,635.14	\$15.00	234	2,215,363	\$4,125.14
\$37.50	1	90,100	\$207.85	\$37.50	\$245.35	\$37.50	1	90,100	\$207.85
\$37.50	1	46,280	\$100.05	\$37.50	\$137.55	\$37.50	1	46,280	\$100.05
\$37.50	1	56,160	\$124.35	\$37.50	\$161.85	\$37.50	1	56,160	\$124.35
\$75.00	1	147,200	\$334.51	\$75.00	\$409.51	\$75.00	1	147,200	\$334.51
\$240.00	1	105,280	\$210.56	\$240.00	\$450.56	\$240.00	1	105,280	\$210.56
\$375.00	1	740,320	\$1,683.19	\$375.00	\$2,058.19	\$375.00	1	740,320	\$1,683.19
\$750.00	1	800,000	\$1,692.00	\$750.00	\$2,442.00	\$750.00	1	800,000	\$1,692.00
\$750.00	1	1,128,256	\$2,499.51	\$750.00	\$3,249.51	\$750.00	1	1,128,256	\$2,499.51
MONTHLY TOTALS =		242	\$10,977.15	\$5,812.50	\$16,789.65	MONTHLY TOTALS =		242	\$10,977.15

RATE TABLE		RATE TABLE		RATE TABLE		RATE TABLE		RATE TABLE	
May-07		Jun-07		Jul-07		May-07		Jun-07	
FLAT RATE CHARGE PER #	CONNECTION #	GALLONS USED	USAGE CHARGE	FLAT RATE CHARGE	TOTAL CHARGE	FLAT RATE CHARGE PER #	CONNECTION #	GALLONS USED	USAGE CHARGE
\$15.00	237	2,376,980	\$4,456.60	\$3,555.00	\$8,011.60	\$15.00	237	2,376,980	\$4,456.60
\$37.50	1	216,373	\$518.48	\$37.50	\$555.98	\$37.50	1	216,373	\$518.48
\$37.50	1	47,640	\$103.39	\$37.50	\$140.89	\$37.50	1	47,640	\$103.39
\$37.50	1	72,270	\$163.98	\$37.50	\$201.48	\$37.50	1	72,270	\$163.98
\$75.00	1	61,420	\$123.49	\$75.00	\$198.49	\$75.00	1	61,420	\$123.49
\$240.00	1	119,351	\$238.70	\$240.00	\$478.70	\$240.00	1	119,351	\$238.70
\$375.00	1	405,300	\$859.04	\$375.00	\$1,234.04	\$375.00	1	405,300	\$859.04
\$750.00	1	662,000	\$1,352.52	\$750.00	\$2,102.52	\$750.00	1	662,000	\$1,352.52
\$750.00	1	2,303,000	\$5,389.38	\$750.00	\$6,139.38	\$750.00	1	2,303,000	\$5,389.38
MONTHLY TOTALS =		245	\$13,205.59	\$5,857.50	\$19,063.09	MONTHLY TOTALS =		245	\$13,205.59

RATE TABLE		RATE TABLE		RATE TABLE		RATE TABLE		RATE TABLE	
Jun-07		Jul-07		Aug-07		Jun-07		Jul-07	
FLAT RATE CHARGE PER #	CONNECTION #	GALLONS USED	USAGE CHARGE	FLAT RATE CHARGE	TOTAL CHARGE	FLAT RATE CHARGE PER #	CONNECTION #	GALLONS USED	USAGE CHARGE
\$15.00	242	2,344,562	\$4,338.52	\$3,630.00	\$7,968.52	\$15.00	242	2,344,562	\$4,338.52
\$37.50	1	204,357	\$488.92	\$37.50	\$526.42	\$37.50	1	204,357	\$488.92
\$37.50	1	57,240	\$127.01	\$37.50	\$164.51	\$37.50	1	57,240	\$127.01
\$37.50	1	64,600	\$145.12	\$37.50	\$182.62	\$37.50	1	64,600	\$145.12
\$75.00	1	1,270,500	\$3,097.83	\$75.00	\$3,172.83	\$75.00	1	1,270,500	\$3,097.83
\$240.00	1	120,130	\$240.26	\$240.00	\$480.26	\$240.00	1	120,130	\$240.26
\$375.00	1	370,140	\$772.54	\$375.00	\$1,147.54	\$375.00	1	370,140	\$772.54
\$750.00	1	569,000	\$1,118.00	\$750.00	\$1,868.00	\$750.00	1	569,000	\$1,118.00
\$750.00	1	1,825,667	\$4,215.14	\$750.00	\$4,965.14	\$750.00	1	1,825,667	\$4,215.14
MONTHLY TOTALS =		280	\$14,543.34	\$5,932.50	\$20,475.84	MONTHLY TOTALS =		280	\$14,543.34

RATE TABLE		FLAT RATE CHARGE PER #		CONNECTION #		GALLONS USED		USAGE CHARGE		FLAT RATE CHARGE		TOTAL CHARGE	
JUL-07													
RESIDENTIAL 5/8" METER	\$15.00	247	3,681,031	\$7,580.67	\$3,705.00	\$11,285.67							
JERRY KENNEDY 1" METER	\$37.50	1	311,691	\$752.96	\$37.50	\$790.46							
RV PARK LITTLEFIELD 1" METER	\$37.50	1	52,010	\$114.14	\$37.50	\$151.64							
LITTLEFIELD SCHOOL DIST. 1" METER	\$37.50	1	73,230	\$166.35	\$37.50	\$203.85							
LDS CHURCH 1 1/2" METER	\$75.00	1	297,200	\$703.51	\$75.00	\$778.51							
CANYON VIEW 3" METER	\$240.00	1	121,731	\$243.46	\$240.00	\$483.46							
PALMS GOLF COURSE 4" METER	\$375.00	1	406,060	\$860.91	\$375.00	\$1,235.91							
DESERT SKIES RV RESORT 6" METER	\$750.00	1	489,000	\$978.00	\$750.00	\$1,728.00							
BEAVER DAM HOA 6" METER	\$750.00	1	2,608,607	\$6,141.17	\$750.00	\$6,891.17							
MONTHLY TOTALS =													
		255	8,040,560	\$17,541.17	\$6,007.50	\$23,548.67							

RATE TABLE		FLAT RATE CHARGE PER #		CONNECTION #		GALLONS USED		USAGE CHARGE		FLAT RATE CHARGE		TOTAL CHARGE	
AUG-07													
RESIDENTIAL 5/8" METER	\$15.00	251	3,566,037	\$7,238.49	\$3,765.00	\$11,003.49							
JERRY KENNEDY 1" METER	\$37.50	1	340,009	\$822.62	\$37.50	\$860.12							
RV PARK LITTLEFIELD 1" METER	\$37.50	1	54,620	\$120.57	\$37.50	\$158.07							
LITTLEFIELD SCHOOL DIST. 1" METER	\$37.50	1	46,009	\$99.38	\$37.50	\$136.88							
LDS CHURCH 1 1/2" METER	\$75.00	1	450,100	\$1,079.65	\$75.00	\$1,154.65							
CANYON VIEW 3" METER	\$240.00	1	123,001	\$246.00	\$240.00	\$486.00							
PALMS GOLF COURSE 4" METER	\$375.00	1	479,990	\$1,042.78	\$375.00	\$1,417.78							
DESERT SKIES RV RESORT 6" METER	\$750.00	1	709,000	\$1,468.14	\$750.00	\$2,218.14							
BEAVER DAM HOA 6" METER	\$750.00	1	2,460,576	\$5,777.02	\$750.00	\$6,527.02							
MONTHLY TOTALS =													
		259	8,229,342	\$17,894.64	\$6,067.50	\$23,962.14							

RATE TABLE		FLAT RATE CHARGE PER #		CONNECTION #		GALLONS USED		USAGE CHARGE		FLAT RATE CHARGE		TOTAL CHARGE	
SEP-07													
RESIDENTIAL 5/8" METER	\$15.00	250	2,664,100	\$5,134.97	\$3,750.00	\$8,884.97							
JERRY KENNEDY 1" METER	\$37.50	1	311,091	\$751.48	\$37.50	\$788.98							
RV PARK LITTLEFIELD 1" METER	\$37.50	1	42,490	\$90.73	\$37.50	\$128.23							
LITTLEFIELD SCHOOL DIST. 1" METER	\$37.50	1	112,771	\$263.62	\$37.50	\$301.12							
LDS CHURCH 1 1/2" METER	\$75.00	1	341,800	\$813.23	\$75.00	\$888.23							
CANYON VIEW 3" METER	\$240.00	1	121,600	\$243.20	\$240.00	\$483.20							
PALMS GOLF COURSE 4" METER	\$375.00	1	392,340	\$827.16	\$375.00	\$1,202.16							
DESERT SKIES RV RESORT 6" METER	\$750.00	1	609,000	\$1,222.14	\$750.00	\$1,972.14							
BEAVER DAM HOA 6" METER	\$750.00	1	3,063,618	\$7,260.50	\$750.00	\$8,010.50							
MONTHLY TOTALS =													
		258	7,658,810	\$16,607.03	\$6,062.50	\$22,669.53							

RATE TABLE		Oct-07		RATE TABLE		Oct-07	
RESIDENTIAL 5/8" METER	FLAT RATE CHARGE PER #	CONNECTION #	GALLONS USED	USAGE CHARGE	FLAT RATE CHARGE	TOTAL CHARGE	
JERRY KENNEDY 1" METER	\$15.00	252	2,608,705	\$4,948.11	\$3,780.00	\$8,728.11	
RV PARK LITTLEFIELD 1" METER	\$37.50	1	291,390	\$604.62	\$37.50	\$642.12	
LITTLEFIELD SCHOOL DIST. 1" METER	\$37.50	1	48,440	\$105.36	\$37.50	\$142.86	
LDS CHURCH 1 1/2" METER	\$37.50	1	53,697	\$118.29	\$37.50	\$155.79	
CANYON VIEW 3" METER	\$75.00	1	284,400	\$672.02	\$75.00	\$747.02	
PALMS GOLF COURSE 4" METER	\$240.00	1	100,978	\$201.96	\$240.00	\$441.96	
DESERT SKIES RV RESORT 6" METER	\$375.00	1	410,600	\$872.08	\$375.00	\$1,247.08	
BEAVER DAM HOA 6" METER	\$750.00	1	686,000	\$1,411.56	\$750.00	\$2,161.56	
	\$750.00	1	3,165,502	\$7,511.13	\$750.00	\$8,261.13	
MONTHLY TOTALS =		260	7,609,712	\$16,445.13	\$6,082.50	\$22,527.63	

RATE TABLE		Nov-07		RATE TABLE		Nov-07	
RESIDENTIAL 5/8" METER	FLAT RATE CHARGE PER #	CONNECTION #	GALLONS USED	USAGE CHARGE	FLAT RATE CHARGE	TOTAL CHARGE	
JERRY KENNEDY 1" METER	\$15.00	252	2,634,847	\$4,933.98	\$3,780.00	\$8,713.98	
RV PARK LITTLEFIELD 1" METER	\$37.50	1	116,670	\$273.21	\$37.50	\$310.71	
LITTLEFIELD SCHOOL DIST. 1" METER	\$37.50	1	52,750	\$115.97	\$37.50	\$153.47	
LDS CHURCH 1 1/2" METER	\$37.50	1	54,301	\$119.78	\$37.50	\$157.28	
CANYON VIEW 3" METER	\$75.00	1	213,400	\$497.36	\$75.00	\$572.36	
PALMS GOLF COURSE 4" METER	\$240.00	1	98,713	\$197.43	\$240.00	\$437.43	
DESERT SKIES RV RESORT 6" METER	\$375.00	1	250,140	\$500.28	\$375.00	\$875.28	
BEAVER DAM HOA 6" METER	\$750.00	1	625,000	\$1,261.50	\$750.00	\$2,011.50	
	\$750.00	1	1,755,698	\$4,043.02	\$750.00	\$4,793.02	
MONTHLY TOTALS =		260	5,801,519	\$11,942.52	\$6,082.50	\$18,025.02	

RATE TABLE		Dec-07		RATE TABLE		Dec-07	
RESIDENTIAL 5/8" METER	FLAT RATE CHARGE PER #	CONNECTION #	GALLONS USED	USAGE CHARGE	FLAT RATE CHARGE	TOTAL CHARGE	
JERRY KENNEDY 1" METER	\$15.00	252	2,306,442	\$4,270.34	\$3,780.00	\$8,050.34	
RV PARK LITTLEFIELD 1" METER	\$37.50	1	73,230	\$166.35	\$37.50	\$203.85	
LITTLEFIELD SCHOOL DIST. 1" METER	\$37.50	1	34,160	\$70.23	\$37.50	\$107.73	
LDS CHURCH 1 1/2" METER	\$37.50	1	54,860	\$121.16	\$37.50	\$158.66	
CANYON VIEW 3" METER	\$75.00	1	107,700	\$237.34	\$75.00	\$312.34	
PALMS GOLF COURSE 4" METER	\$240.00	1	98,102	\$196.20	\$240.00	\$436.20	
DESERT SKIES RV RESORT 6" METER	\$375.00	1	447,820	\$963.64	\$375.00	\$1,338.64	
BEAVER DAM HOA 6" METER	\$750.00	1	872,000	\$1,869.12	\$750.00	\$2,619.12	
	\$750.00	1	900,850	\$1,940.09	\$750.00	\$2,690.09	
MONTHLY TOTALS =		260	4,895,164	\$9,834.47	\$6,082.50	\$15,916.97	

ANNUAL SUMMARY

JANUARY  
 FEBRUARY  
 MARCH  
 APRIL  
 MAY  
 JUNE  
 JULY  
 AUGUST  
 SEPTEMBER  
 OCTOBER  
 NOVEMBER  
 DECEMBER

TOTALS FOR YEAR 2007

CONNECTION #	GALLONS USED	USAGE CHARGE	FLAT RATE CHARGE	TOTAL CHARGE
243	3,429,264	\$6,737.65	\$5,827.50	\$12,565.15
243	3,917,009	\$7,639.77	\$5,827.50	\$13,467.27
243	3,850,814	\$7,497.55	\$5,827.50	\$13,325.05
242	5,328,959	\$10,977.15	\$5,812.50	\$16,789.65
245	6,264,334	\$13,205.59	\$5,857.50	\$19,063.09
250	6,816,196	\$14,543.34	\$5,932.50	\$20,475.84
255	8,040,560	\$17,541.17	\$6,007.50	\$23,548.67
259	8,229,342	\$17,894.64	\$6,067.50	\$23,962.14
258	7,658,810	\$16,607.03	\$6,052.50	\$22,659.53
260	7,609,712	\$16,445.13	\$6,082.50	\$22,527.63
260	5,801,519	\$11,942.52	\$6,082.50	\$18,025.02
260	4,895,164	\$9,834.47	\$6,082.50	\$15,916.97
<b>3018</b>	<b>71,841,683</b>	<b>\$150,866.01</b>	<b>\$71,460.00</b>	<b>\$222,326.01</b>

TOTAL OPERATING REVENUES = **\$222,326.01**

TOTAL ACC SAID NEEDED = **\$290,786.00**

COMPANY SHORTAGE = **\$68,459.99**

# EXHIBIT I



**EXHIBIT J**

MARCIA WEEKS  
CHAIRMAN

RENZ D. JENNING'S  
COMMISSIONER

DALE H. MORGAN  
COMMISSIONER



WESS MATTHEWS  
EXECUTIVE SECRETARY

ARIZONA CORPORATION COMMISSION

DATE: November 17, 1987

TO: Mr. G. Robert Frisby  
Beaver Dam Water Company  
P.O. Box 1080  
Mesquite, Nevada 89024

RE: DOCKET NO. U-2499-87-156  
DECISION NO. 55788  
EFFECTIVE DATE December 1, 1987

Enclosed are copies of the tariffs prepared by Commission Staff pursuant to the rates and charges approved in the above-referenced Decision. As part of the Commission's continuing desire to provide assistance to water utilities, we have completed the tariff filing requirements for you.

We have also included under "Other Rates and Charges Approved By Order", the tariff for a collection of a proportionate share of any privilege, sales, or use tax pursuant to A.C.R.R. R14-2-409.D.5..

If you have any questions regarding the filing of the tariffs, please contact me.

A handwritten signature in cursive script that reads "Rene A. Nicastro".

Rene A. Nicastro  
Tariff Specialist  
Utilities Division

Enclosures

TARIFF SCHEDULE

Utility: BEAVER DAM WATER COMPANY  
Docket No. U-2499-87-156

Page 1 of 2  
Decision No. 55788  
Effective: December 1, 1987

RATES AND CHARGES

Customer/Minimum Charge/Month:

Customer/Minimum Charge/Month:

Residential

Commercial, Industrial, Irrigation

	<u>Charge</u>		<u>Gallons</u>
5/8 x 3/4"	\$ <u>15.00</u>	For	<u>No Water</u>
3/4"	\$ _____	For	_____
1"	\$ _____	For	_____
1 1/2"	\$ _____	For	_____
2"	\$ _____	For	_____
3"	\$ _____	For	_____
4"	\$ _____	For	_____
5"	\$ _____	For	_____
6" Homeowners Association	\$ <u>15.00</u>	For	<u>No Water</u>
Per month times the number of lots served.			
8"	\$ <u>1,500.00</u>	For	<u>No Water</u>

	<u>Charge</u>		<u>Gallons</u>
5/8 x 3/4"	\$ _____	For	_____
3/4"	\$ _____	For	_____
1"	\$ _____	For	_____
1 1/2"	\$ _____	For	_____
2"	\$ _____	For	_____
3"	\$ _____	For	_____
4"	\$ _____	For	_____
5"	\$ _____	For	_____
6"	\$ _____	For	_____

Commodity Charge (Excess of Minimum):

Commodity Charge (Excess of Minimum):

\$ 1.50 Per 1,000 Gallons

\$ \_\_\_\_\_ Per \_\_\_\_\_ Gallons

Stand Pipe Rate Per 1,000 Gallons \$9.00\*\*

\*\* The Company may provide bulk water service within and outside the CC&N area at \$9.00 per 1,00 gallons after all the service area customers are served and upon availability of water.

Flat Rate \$ \_\_\_\_\_ Per Month

Flat Rate \$ \_\_\_\_\_ Per Month

OTHER RATES AND CHARGES APPROVED BY ORDER:

In addition to the collection of its regular rates and charges, the Company shall collect from its customers their proportionate share of any privilege, sales or use tax.

TARIFF SCHEDULE (CONT'D)

Utility: BEAVER DAM WATER COMPANY  
 Docket No. U-2499-87-156

Page 2 of 2  
 Decision No. 55788  
 Effective: December 1, 1987

RATES AND CHARGES (CONT'D)

SERVICE LINE & METER INSTALLATION CHARGES (R14-2-405.B.2)

5/8 x 3/4"	\$ <u>225.00</u>	3"	<u>          </u>
3/4"	\$ <u>          </u>	4"	<u>1,375.00 (Turbo)</u>
1"	\$ <u>          </u>	5"	<u>          </u>
1 1/2"	\$ <u>          </u>	6"	<u>2,900.00 (Turbo)</u>
2"	\$ <u>          </u>	8"	<u>4,500.00 (Turbo)</u>

SERVICE CHARGES

Establishment (R14-2-403.D.1)	\$ <u>35.00</u>	Reestablishment (Within 12 Months) (R14-2-403.D.1)	\$ <u>**</u>
Establishment (After Hour) (R14-2-403.D.2)	\$ <u>45.00</u>	NSF Check (R14-2-409.F.1)	\$ <u>10.00</u>
Reconnection (Delinquent) (R14-2-403.D.1)	\$ <u>50.00</u>	Deferred Payment (R14-2-409.G.6)	<u>          </u>
Meter Test (R14-2-408.F.1) (If not defective)	\$ <u>20.00</u>	Re-read (R14-2-408.C.2)	\$ <u>10.00 (If correct)</u>
Deposit (Interest) (R14-2-403.B.3)	* <u>          </u> % (Security)	Late Payment Charge	\$ <u>1.5% per month</u>
Security Deposit	* <u>          </u>		

OTHER RATES AND CHARGES APPROVED BY ORDER:

\* Pursuant to A.A.C. R14-2-403B.

\*\* Number of months off system times monthly minimum.

1 IT IS FURTHER ORDERED that Beaver Dam Water Company shall be authorized  
 2 and directed to file with the Commission on or before December 1, 1987, the  
 3 following schedule of rates and charges:

4 Monthly Usage Charge:  
 (Includes No Gallons)

5	5/8" x 3/4" Meter	\$ 15.00
6	4" Meter	120.00
7	6" Meter - Homeowners Association	15.00 per month times the number of lots served.
8	8" Meter	1,500.00

9 Commodity Charge

10	Per 1,000 Gallons	\$ 1.50
11	Stand Pipe Rate Per 1,000 Gallons	\$ 9.00 **

12 \*\* The Company may provide bulk water service within and outside the CC&N  
 13 area at \$9.00 per 1,000 gallons after all the service area customers are  
 served and upon availability of water.

14 Service Line and Meter Installation Charges:  
 (Refundable Pursuant to A.A.C. R14-2-405)

15	5/8" x 3/4" Meter	\$ 225
16	4" Meter Turbo	1,375
17	6" Meter Turbo	2,900
18	8" Meter Turbo	4,500

18 Service Charges

19	Establishment	\$35.00
20	Establishment (after hours)	45.00
21	Reconnection (Delinquent)	50.00
22	Meter Test (If not defective)	20.00
23	Security Deposit	*
24	Security Deposit Interest	*
25	Re-Establishment within 12-Months	No. of months off system times monthly minimum

26 \* Pursuant to A.A.C. R14-2-403B.

27	NSF Check	\$10.00
28	Re-Read (If correct)	10.00
	Late Payment Charge	1.5% per month

29 IT IS FURTHER ORDERED that Beaver Dam Water Company shall notify the  
 30 Commission within thirty (30) days of the commencement of actual operations.

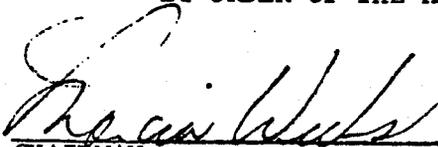
1 IT IS FURTHER ORDERED that within thirty (30) months from commencing  
2 operations, Beaver Dam Water Company shall file for rate review.

3 IT IS FURTHER ORDERED that Beaver Dam Water Company file a schedule for  
4 the collection of any proportionate share of any privilege, sales, or use tax  
5 pursuant to A.A.C. R14-2-409(D)(5).

6 IT IS FURTHER ORDERED that Beaver Dam Water Company shall maintain its  
7 books and records in conformity with the NARUC Uniform System of Accounts for  
8 Class C Water Utilities.

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

11 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

12   
13

CHAIRMAN

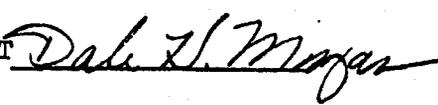
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COMMISSIONER

COMMISSIONER

16 IN WITNESS WHEREOF, I, JAMES MATTHEWS, Executive  
17 Secretary of the Arizona Corporation Commission,  
18 have hereunto set my hand and caused the official  
19 seal of this Commission to be affixed at the  
20 Capitol, in the City of Phoenix, this 13 day  
of November, 1987.

21   
22 JAMES MATTHEWS  
Executive Secretary

23 DISSENT   
24

25 JLR:11  
26  
27  
28

# EXHIBIT K

Home Owner Association

ACC RECOMMENDATION

1 (6") Connection

\$750 per connection + \$2 per gallon under 600,000  
and 2.46 per gallon above 600,000

	GALLONS USED	FLAT RATE CHARGE PER #	CONNECTION #	USAGE CHARGE	FLAT RATE CHARGE	TOTAL CHARGE
January	427,680	\$750.00	1	\$855.36	\$750.00	\$1,605.36
February	567,000	\$750.00	1	\$1,134.00	\$750.00	\$1,884.00
March	701,162	\$750.00	1	\$1,448.86	\$750.00	\$2,198.86
April	1,128,256	\$750.00	1	\$2,499.51	\$750.00	\$3,249.51
May	2,303,000	\$750.00	1	\$5,389.38	\$750.00	\$6,139.38
June	1,825,667	\$750.00	1	\$4,215.14	\$750.00	\$4,965.14
July	2,608,607	\$750.00	1	\$6,141.17	\$750.00	\$6,891.17
August	2,460,576	\$750.00	1	\$5,777.02	\$750.00	\$6,527.02
September	3,063,618	\$750.00	1	\$7,260.50	\$750.00	\$8,010.50
October	3,165,502	\$750.00	1	\$7,511.13	\$750.00	\$8,261.13
November	1,755,698	\$750.00	1	\$4,043.02	\$750.00	\$4,793.02
December	900,850	\$750.00	1	\$1,940.09	\$750.00	\$2,690.09
TOTAL =						<b>\$57,215.18</b>

Test Year 2007

177 (5/8") Connection

\$15 per connection + \$1.50 per gallon

	GALLONS USED	FLAT RATE CHARGE PER #	CONNECTION #	USAGE CHARGE	FLAT RATE CHARGE	TOTAL CHARGE
January	427,680	\$15.00	177	\$641.52	\$2,655.00	\$3,296.52
February	567,000	\$15.00	177	\$850.50	\$2,655.00	\$3,505.50
March	701,162	\$15.00	177	\$1,051.74	\$2,655.00	\$3,706.74
April	1,128,256	\$15.00	177	\$1,692.38	\$2,655.00	\$4,347.38
May	2,303,000	\$15.00	177	\$3,454.50	\$2,655.00	\$6,109.50
June	1,825,667	\$15.00	177	\$2,738.50	\$2,655.00	\$5,393.50
July	2,608,607	\$15.00	177	\$3,912.91	\$2,655.00	\$6,567.91
August	2,460,576	\$15.00	177	\$3,690.86	\$2,655.00	\$6,345.86
September	3,063,618	\$15.00	177	\$4,595.43	\$2,655.00	\$7,250.43
October	3,165,502	\$15.00	177	\$4,748.25	\$2,655.00	\$7,403.25
November	1,755,698	\$15.00	177	\$2,633.55	\$2,655.00	\$5,288.55
December	900,850	\$15.00	177	\$1,351.28	\$2,655.00	\$4,006.28
TOTAL =						<b>\$63,221.42</b>

Difference = **-\$6,006.24**

ACC recommendation annually is \$6,006.24 lower than the current rates

Month	HOA USAGE	TOTAL USAGE	HOA % OF USAGE
January	427,680	3,429,264	12.47%
February	567,000	3,917,009	14.48%
March	701,162	3,850,814	18.21%
April	1,128,256	5,328,959	21.17%
May	2,303,000	6,264,334	36.76%
June	1,825,667	6,816,196	26.78%
July	2,608,607	8,040,560	32.44%
August	2,460,576	8,229,342	29.90%
September	3,063,618	7,658,810	40.00%
October	3,165,502	7,609,712	41.60%
November	1,755,698	5,801,519	30.26%
December	900,850	4,895,164	18.40%
Year Total	20,907,616	71,841,683	29.10%

**EXHIBIT L**

**Unable to compete Exhibit "L" before April 17, 2009 Deadline  
The Company will forward to Staff & Docket Control when  
our CPA can work on it.**

**Exhibit OA**

Beaver Dam Water Company  
P. o. Box 550  
Beaver Dam, AZ 86432

March 27, 2009

Fred Oedekoven  
P.O. Box 1013  
Beaver Dam, AZ 86432

RE: Motion to Intervene Odekoven/Beaver Dam Water Company Docket No.  
W-03067A-08-0380

Mr. Odekoven

We have reviewed your comments with regard to the above referenced lot and found that from when you purchased the lot 524 from Barbra Lefler 03-03-04 thru the period 10-05-04 that meter readings were correct however, from 10-5-04 thru 5-05-05 your account was billed for 129,139 gallons of water that was not used. Therefore, we are refunding you the amount of \$207.50.

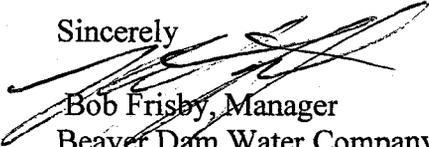
The Company does not show that you paid a meter deposit. The Company executed an agreement with the Leflers wherein we agreed to refund 10% of the annual water sales not to exceed the Line Extension fee for a period of 10 years. The Leflers received their annual refund beginning 1996 – 2003 in the amount of \$194.53. There is a \$43.82 amount due for 2004. We are refunding that amount to you assuming that Leflers have assigned you as a successor of their agreement.

We appreciate you bringing this to our attention. However, if you had contacted us or the Arizona Corporation Commission in 2005 we could have taken care of it then.

Beaver Dam Water Company has served at least 1 of your 3 lots for over 5 years without any problems and to say that we are dishonest because there was a mistake made in your meter reading for 4 months which was never brought to our attention is an unfair statement.

We believe that the reason you drilled your own well was that the Company caught you serving 2 lots off of one residential meter. Dishonesty is serving 2 lots off of one residential meter.

Sincerely



Bob Frisby, Manager  
Beaver Dam Water Company

Pc: Arizona Corporation Commission / Docket Control/ Phoenix, Arizona

## Exhibit OA

Beaver Dam Water Company was training a new Meter Reader during this time period. The Company believes that Meter Reader made a mistake. The graph below illustrates that the customer was over billed 129,139 gallons. The Company has also enclosed the actual meter reading for all of Mr. Oedekoven's properties which represent dozens of meter reading made by the company that were correct.

Block 220 Lot 9 (lot 524)	Gallons Used(corrected)
10-05-04	2878490
Final Meter Reading	2898050
Usage	19560
Incorrect Usage Billed	1486999
Adjusted credit	129139

Lot 524 was over billed over billed by 129,139gallons. 129,130 gallons divided by 1,000 X \$1.50 = **\$193.71**

Beaver Dam Water Company refunded the Lefler's \$194.63 which represents 10% of the water usage between 1996-2003. Mr. Lefler past away and Mr. Lefler moved. The Company has refunded **\$43.32** to Mr. Oedekoven assuming that he is a successor of their agreement. We have listed below 2 charts that illustrate the refunds.

### Amounts Refunded to Lefler's on lot 524 1996-2003

Lot 524	*1997/98/99	2000	2001	2002	2003	2004	2005	2006	2007
Barbra Lefler	\$69.30	\$25.21	\$25.21	\$25.21	\$49.60	0	0	0	0

### Amount Refunded to Oedekoven on lot 524 2004

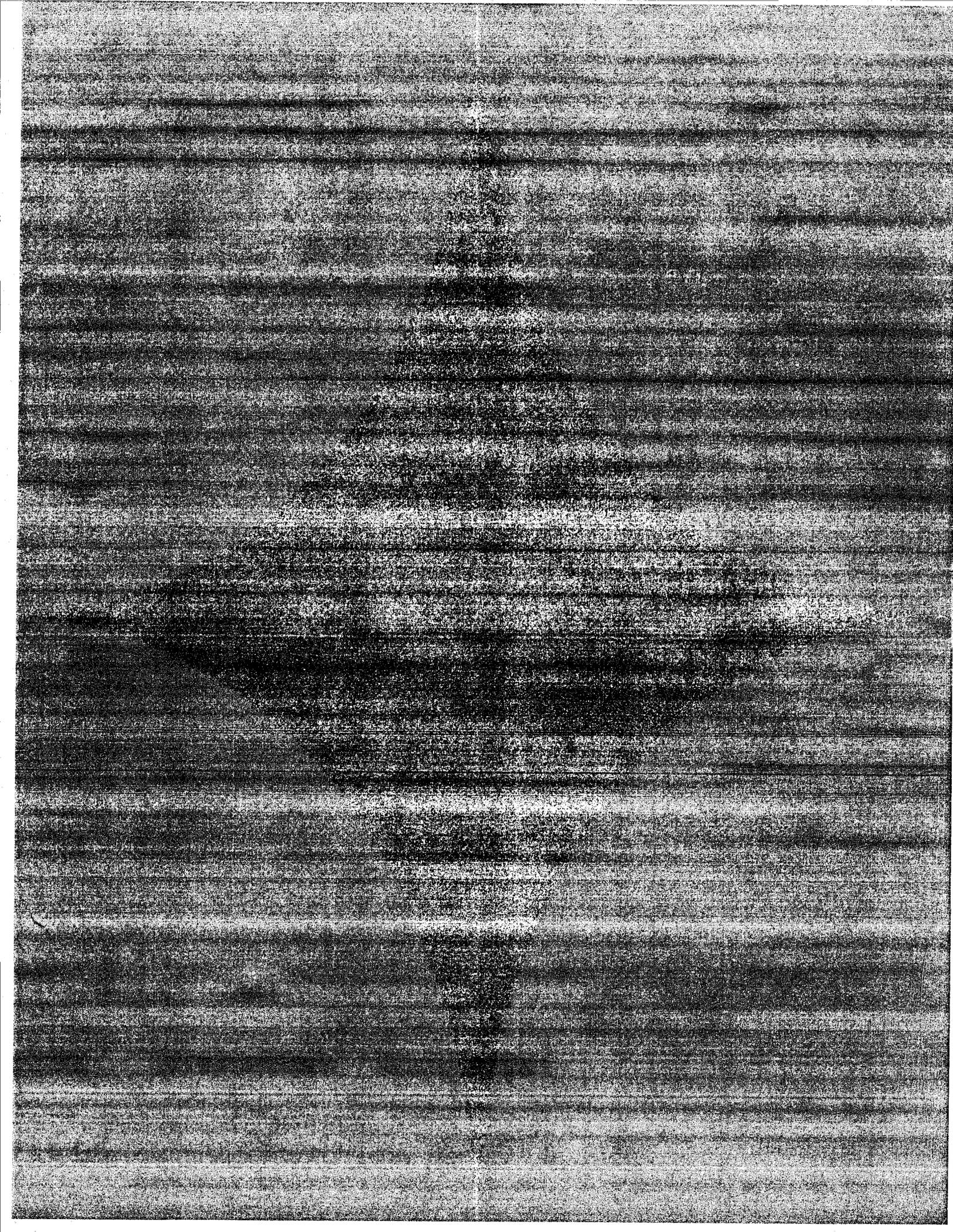
Total Water Usage 2004	292,140 gallon
	292,140 Gallons divided by 1000 X \$1.50 = \$438.21 10% refund <b>\$43.32</b>

Total refund Fred Oedekoven March 27, 2009 **\$237.32**

Block 220 Lot 9

<u>Meter read</u>	<u>Meter Reading</u>	<u>Usage</u>
03-03-04	2619240	13330
04-05-04	2653410	34170
05-04-04	2687820	34410
06-04-04	2721650	33830
07-02-04	2751860	30210
08-04-04	2789780	37920
09-03-04	2840110	50330
10-05-04	2878490	38380
11-08-04	2896910	18420
12-03-04	2896910	1140
01-05-05	2899200	1150
02-04-05	2923858	24658
03-08-05	2616226	25368
04-05-05	2998050	48824
05-05-05	3027189	29139
06-04-05	2898050	0
07-06-05	2898050	0
08-06-05	2898050	0
09-05-05	2898050	0
10-06-05	2898050	0
11-07-05	2898050	0
12-06-05	2898050	0
01-05-06	2898050	0
02-07-06	2898050	0
03-07-06	2898050	0
04-05-06	2898050	0
04-26-06	2898050	0

Acct #	Name\Service Addr	Billed	Reading	Usage
205	OEDEKOVEN, FRED	LOT 11 BLK 220		
		04/05/05	2,023,890	11,630
		05/05/05	2,034,470	10,580
		06/04/05	2,042,180	7,710
		07/06/05	2,049,970	7,790
		08/06/05	2,060,480	10,510
		09/05/05	2,066,590	6,110
		10/06/05	2,078,600	12,010
		11/07/05	2,087,070	8,470
		12/06/05	2,102,180	15,110
		01/05/06	2,110,180	8,000
		02/07/06	2,125,470	15,290
		03/07/06	2,136,120	10,650
		04/07/06	2,147,250	11,130
		05/06/06	2,157,760	10,510
		06/05/06	2,168,058	10,298
		07/05/06	2,191,810	23,752
		08/07/06	2,205,190	13,380
		09/05/06	2,217,100	11,910
		10/09/06	2,233,560	16,460
		11/04/06	2,246,570	13,010
		12/07/06	2,261,110	14,540
		01/05/07	2,271,360	10,250
		02/05/07	2,289,040	17,680
		03/07/07	2,304,560	15,520
		04/04/07	2,318,740	14,180
		05/05/07	2,336,430	17,690
		06/08/07	2,346,290	9,860
		07/03/07	2,362,000	15,710
		08/06/07	2,376,770	14,770
		09/04/07	2,387,980	11,210
		10/08/07	2,400,630	12,650
		11/06/07	2,415,650	15,020
		12/10/07	2,431,460	15,810
		01/07/08	2,442,350	10,890
		02/06/08	2,456,040	13,690
		03/06/08	2,470,130	14,090
		04/08/08	2,485,330	15,200
		05/05/08	2,498,630	13,300
		06/03/08	2,510,820	12,190
		07/04/08	2,539,200	28,380
		08/05/08	2,541,890	2,690
		09/05/08	2,552,580	10,690
		10/03/08	2,571,790	19,210
		10/30/08	2,583,170	11,380
		12/04/08	2,596,690	13,520
		01/05/09	2,608,450	11,760
		02/03/09	2,622,260	13,810
		03/04/09	2,635,240	12,980
		04/04/09	2,647,050	11,810
		Total		634,790
		Average		12,954



ORIGINAL

April 20, 2009  
Beaver Dam Water Company  
P.O. Box 550

Docket Control  
Arizona Corporation Commission  
1200 W. Washington St.  
Phoenix, AZ 85007

RE: Docket No. W-03067A-08-0380

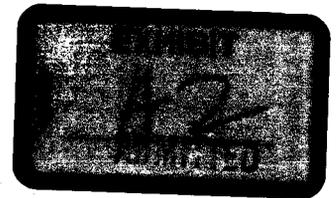
W-03067A-08-0266

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**EXHIBIT "L"**

In the test year of 2007, Beaver Dam Water Company's annual revenue was \$229,086. The staff found it necessary to increase this amount by \$61,700, or 26.93 percent to **\$290,786** (without bulk water sells). This amount would provide an operating income of \$20,642 for and 8.00 percent rate of return on a rate base of \$258,030 and produce a debt service coverage ratio ("DSC") of 2.70 on the current outstanding loan of \$161,325 and a new \$104,283 20-year amortizing loan at 3.675 percent. Staff's recommended rates would decrease the typical 5/8 x 3/4-inch meter residential bill by \$0.50, or 1.96 percent, from \$25.50 to \$25.00 per month, for customers subject to the rates approved in Decision No. 55788. For customer subject to the rates approved in Decision No. 64662, Staff's recommended rates would increase the typical 5/8 x 3/4-inch meter residential bill by \$3.30, or 15.21 percent, from \$21.70 to \$25.00.

Upon further review Beaver Dam Water Company has found that in order to function properly, the amount found necessary by the Staff of \$290,786 (Schedule BCA-16) is not adequate. The Company also feels that the amount of \$290,786 would not be achievable by the Staff's proposed rates (See Exhibit H). As shown in page 3 (**Company's Revised Rates**) of this Exhibit, Beaver Dam Water Company needs approximately \$419,354 in Annual Revenue to meet all operating cost.

In the Company's responds to Staff's recommendations, the proposed rates have been revised. The Company feels that the Staff's recommendations in their excel spreadsheet labeled Beaver Dam 08-0380 Bill Count had many discrepancy including meter sizes and usage by customer. The Company has responded by importing the actual monthly gallons used by the customers used during the test year of 2007 (See Exhibit H) by demonstrating the deficiencies by Staff's proposed rates and demonstrating the companies proposed rates. The Company has listed below the **Company's Revised Rates**.

Usage Rate	\$2.65	\$3.25	\$3.70
Meter (Size)	1 <sup>st</sup> Tier	2 <sup>nd</sup> Tier	3 <sup>rd</sup> Tier
5/8" (residential)	5,000	12,000	Infinite
1"		30,000	Infinite
1.5"		60,000	Infinite
2"		96,000	Infinite
3"		192,000	Infinite
4"		300,000	Infinite
6"		600,000	Infinite

TABLE 1: Commodity Charges

FLAT (minimum) RATES

5/8" = \$30.00

1" = \$45.00

1.5" = \$400

3" = \$600

4" = \$1000

6" = \$1600

Under the Company's current tariff, Beaver Dam Water Company is allowed to charge the 177 homeowners individually \$15 flat rate. In the Company's Revised Rates the Company has included a \$30 per month flat rate for each of the 177 homeowners in the association. The Staff recommendation is that they be charged for one 6-inch meter in place of the current system and a flat rate for that size of meter \$750. The Staff's recommendations would decrease the Company's monthly revenue approximately \$1,905 monthly and \$4,560 monthly off the Company's Revised Rates. The Company proposes that the homeowners association continue to be billed as stated in the original tariff.

The result from the above rates and changes when applied to the 2007 test year shows that Beaver Dam Water Company would attain \$419,354 annually and give them the required amount to properly function. See page 4-8 of his Exhibit for spread sheet results.

**Note:**

Beaver Dam Water Company propose the Rate Base should include the \$104,283 cost of the Company's portion of the new capital improvement (Tank). When this \$104,283 is added back to our rate base the new Required Operating Income would increase by \$8,343 for a total of \$28,985. Which is equal to 8.0% of the adjusted Rate Base.

OPERATING INCOME STATEMENT - TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	(A) COMPANY TEST YEAR AS FILED	(B) STAFF TEST YEAR ADJUSTMENTS	(C) STAFF TEST YEAR AS ADJUSTED	(D) STAFF PROPOSED CHANGES	(E) STAFF RECOMMENDED	(F) COMPANY RESPONSE TO STAFF REPORT	(G) COMPANY REVISED
1	Metered Water Sales	\$ 211,595		\$ 211,595	\$ 79,191	\$ 290,786	\$ 128,568	\$ 419,354
2	Water Sales - Unmetered		17,491	17,491		17,491	(17,491)	0
3	Other Operating Revenue			0		0		0
4	Total Operating Revenues	\$ 211,595	\$ 17,491	\$ 229,086	\$ 79,191	\$ 308,277	\$ 111,077	\$ 419,354
5								
6	OPERATING EXPENSES:							
7	Salaries and Wages	\$ 119,100	(17,960)	\$ 101,140	\$	\$ 101,140	\$ 17,960	\$ 119,100
8	Purchased Water			0		0		0
9	Chemicals	31,285		31,285		31,285		31,285
10	Repairs and Maintenance	3,085		3,085		3,085		3,085
11	Office Supplies and Expense	55,053	(41,879)	13,374		13,374		13,374
12	Outside Services	71,992	(45,667)	26,305		26,305		26,305
13	Water Testing	6,835	(3,056)	3,779		3,779		3,779
14	Rent - Equipment	5,400		5,400		5,400		5,400
15	Rent - Building	15,936		15,936		15,936		15,936
16	Transportation Expenses	9,780	(2,997)	6,783		6,783		6,783
17	Insurance - General Liability	12,872	(9,320)	3,552		3,552		3,552
18	Insurance - Health and Life			0		0		0
19	Reg. Comm. Exp.-Rate Case	1,500	3,500	5,000		5,000		5,000
20	Miscellaneous	15,473	(8,192)	7,281		7,281		7,281
21	Depreciation Expense	29,088	7,956	37,044		37,044		37,044
22	Taxes Other than Income	10,948	3,486	14,434		14,434		14,434
23	Property Taxes	8,426	(2,468)	5,958	701	6,659	1,338 (c)	15,772
24	Income Taxes		(14,878)	(14,878)	17,541	2,663	4,107 (b)	6,659
25	Intentionally Left Blank(Rounding)							6,770
27	Total Operating Expenses	400,888	(131,295)	269,593	18,242	287,835	102,734	390,569
28	Operating Income (Loss)	(189,093)	148,766	(40,307)	60,949	20,642	8,343 (a)	28,985

References:

- Column (A): Company's Rate Application
- Column (B): Column (C) - Column (A)
- Column (C): Column (A) + Column (B)
- Column (D): Schedules BCA-1 and BCA-2
- Column (E): Column (C) + Column (D)
- Column (F): Company's Response to Staff Report
- Column (G): Column (E) + Column (F)

Notes to Column F:

- (a) We propose the Rate Base should include the \$104,283 cost of the Company's portion of the new capital improvement ("tank"). When this \$104,283 is added back to our rate base the new Required Operating Income would increase by \$8,343 for a total of \$28,985. Which is equal to 8.0% of the adjusted Rate Base.
- (b) Income taxes recalculated and increased by \$4,107.
- (c) Payroll taxes recalculated and increased by \$1,338.

BEAVER DAM WATER COMPANY, INC  
 RATE TABLE SUMMARY FOR 2007  
 COMPANY'S REVISED RATE

RATE TABLE Jan-07		CONNECTION #	GALLONS USED	USAGE CHARGE	FLAT RATE CHARGE	TOTAL CHARGE
RESIDENTIAL 5/8" METER	\$30.00	412	1,756,604	\$5,153.72	\$12,360.00	\$17,513.72
JERRY KENNEDY 1" METER	\$45.00	1	66,140	\$231.22	\$45.00	\$276.22
RV PARK LITTLEFIELD 1" METER	\$45.00	1	24,180	\$78.59	\$45.00	\$123.59
LITTLEFIELD SCHOOL DIST. 1" METER	\$45.00	1	31,580	\$103.35	\$45.00	\$148.35
LDS CHURCH 1 1/2" METER	\$400.00	1	60,700	\$197.59	\$400.00	\$597.59
CANYON VIEW 3" METER	\$600.00	1	91,760	\$298.22	\$600.00	\$898.22
PALMS GOLF COURSE 4" METER	\$1,000.00	1	869,300	\$3,081.41	\$1,000.00	\$4,081.41
DESERT SKIES RV RESORT 6" METER	\$1,600.00	1	529,000	\$1,719.25	\$1,600.00	\$3,319.25
MONTHLY TOTALS =						\$26,958.34

RATE TABLE Feb-07		CONNECTION #	GALLONS USED	USAGE CHARGE	FLAT RATE CHARGE	TOTAL CHARGE
RESIDENTIAL 5/8" METER	\$30.00	412	2,245,254	\$6,603.59	\$12,360.00	\$18,963.59
JERRY KENNEDY 1" METER	\$45.00	1	66,500	\$232.55	\$45.00	\$277.55
RV PARK LITTLEFIELD 1" METER	\$45.00	1	53,140	\$183.12	\$45.00	\$228.12
LITTLEFIELD SCHOOL DIST. 1" METER	\$45.00	1	11,530	\$37.47	\$45.00	\$82.47
LDS CHURCH 1 1/2" METER	\$400.00	1	77,900	\$261.23	\$400.00	\$661.23
CANYON VIEW 3" METER	\$600.00	1	98,155	\$319.00	\$600.00	\$919.00
PALMS GOLF COURSE 4" METER	\$1,000.00	1	631,530	\$2,201.66	\$1,000.00	\$3,201.66
DESERT SKIES RV RESORT 6" METER	\$1,600.00	1	733,000	\$2,442.10	\$1,600.00	\$4,042.10
MONTHLY TOTALS =						\$28,375.72

RATE TABLE Mar-07		CONNECTION #	GALLONS USED	USAGE CHARGE	FLAT RATE CHARGE	TOTAL CHARGE
RESIDENTIAL 5/8" METER	\$30.00	412	2,275,563	\$6,614.31	\$12,360.00	\$18,974.31
JERRY KENNEDY 1" METER	\$45.00	1	74,230	\$261.15	\$45.00	\$306.15
RV PARK LITTLEFIELD 1" METER	\$45.00	1	45,860	\$156.18	\$45.00	\$201.18
LITTLEFIELD SCHOOL DIST. 1" METER	\$45.00	1	10,620	\$34.52	\$45.00	\$79.52
LDS CHURCH 1 1/2" METER	\$400.00	1	61,500	\$200.55	\$400.00	\$600.55
CANYON VIEW 3" METER	\$600.00	1	99,711	\$324.06	\$600.00	\$924.06
PALMS GOLF COURSE 4" METER	\$1,000.00	1	532,330	\$1,634.62	\$1,000.00	\$2,634.62
DESERT SKIES RV RESORT 6" METER	\$1,600.00	1	751,000	\$2,508.70	\$1,600.00	\$4,108.70
MONTHLY TOTALS =						\$28,928.09

RATE TABLE Apr-07		CONNECTION #	GALLONS USED	USAGE CHARGE	FLAT RATE CHARGE	TOTAL CHARGE
RESIDENTIAL 5/8" METER	\$30.00	411	3,343,619	\$10,092.03	\$12,330.00	\$22,422.03
JERRY KENNEDY 1" METER	\$45.00	1	90,100	\$319.87	\$45.00	\$364.87
RV PARK LITTLEFIELD 1" METER	\$45.00	1	46,280	\$157.74	\$45.00	\$202.74
LITTLEFIELD SCHOOL DIST. 1" METER	\$45.00	1	56,160	\$194.29	\$45.00	\$239.29
LDS CHURCH 1 1/2" METER	\$400.00	1	147,200	\$517.64	\$400.00	\$917.64
CANYON VIEW 3" METER	\$600.00	1	105,280	\$342.16	\$600.00	\$942.16
PALMS GOLF COURSE 4" METER	\$1,000.00	1	740,320	\$2,604.18	\$1,000.00	\$3,604.18
DESERT SKIES RV RESORT 6" METER	\$1,600.00	1	800,000	\$2,690.00	\$1,600.00	\$4,290.00
MONTHLY TOTALS =						\$22,922.91

RATE TABLE May-07		CONNECTION #	GALLONS USED	USAGE CHARGE	FLAT RATE CHARGE	TOTAL CHARGE
RESIDENTIAL 5/8" METER	\$30.00	414	3,757,898	\$11,164.44	\$12,420.00	\$23,584.44
JERRY KENNEDY 1" METER	\$45.00	1	216,373	\$787.08	\$45.00	\$832.08
RV PARK LITTLEFIELD 1" METER	\$45.00	1	47,640	\$162.77	\$45.00	\$207.77
LITTLEFIELD SCHOOL DIST. 1" METER	\$45.00	1	72,270	\$253.90	\$45.00	\$298.90
LDS CHURCH 1 1/2" METER	\$400.00	1	61,420	\$200.25	\$400.00	\$600.25
CANYON VIEW 3" METER	\$600.00	1	119,351	\$387.89	\$600.00	\$987.89
PALMS GOLF COURSE 4" METER	\$1,000.00	1	405,300	\$1,364.61	\$1,000.00	\$2,364.61
DESERT SKIES RV RESORT 6" METER	\$1,600.00	1	662,000	\$2,179.40	\$1,600.00	\$3,779.40
MONTHLY TOTALS =						\$32,653.34

RATE TABLE Jun-07		CONNECTION #	GALLONS USED	USAGE CHARGE	FLAT RATE CHARGE	TOTAL CHARGE
RESIDENTIAL 5/8" METER	\$30.00	419	4,170,229	\$12,777.33	\$12,570.00	\$25,347.33
JERRY KENNEDY 1" METER	\$45.00	1	204,357	\$742.62	\$45.00	\$787.62
RV PARK LITTLEFIELD 1" METER	\$45.00	1	57,240	\$198.29	\$45.00	\$243.29
LITTLEFIELD SCHOOL DIST. 1" METER	\$45.00	1	64,600	\$225.52	\$45.00	\$270.52
LDS CHURCH 1 1/2" METER	\$400.00	1	1,270,500	\$4,673.85	\$400.00	\$5,073.85
CANYON VIEW 3" METER	\$600.00	1	120,130	\$390.42	\$600.00	\$990.42
PALMS GOLF COURSE 4" METER	\$1,000.00	1	370,140	\$1,234.52	\$1,000.00	\$2,234.52
DESERT SKIES RV RESORT 6" METER	\$1,600.00	1	559,000	\$1,816.75	\$1,600.00	\$3,416.75
MONTHLY TOTALS =						\$38,364.30

RATE TABLE		July-07		Aug-07		Sep-07	
	FLAT RATE CHARGE PER #	CONNECTION #	GALLONS USED	USAGE CHARGE	FLAT RATE CHARGE	TOTAL CHARGE	
RESIDENTIAL 5/8" METER	\$30.00	424	6,289,638	\$20,441.08	\$12,720.00	\$33,161.08	
JERRY KENNEDY 1" METER	\$45.00	1	311,691	\$1,139.76	\$45.00	\$1,184.76	
RV PARK LITTLEFIELD 1" METER	\$45.00	1	52,010	\$1,781.94	\$45.00	\$2,223.94	
LITTLEFIELD SCHOOL DIST. 1" METER	\$45.00	1	73,230	\$2,574.45	\$45.00	\$3,024.45	
LDS CHURCH 1 1/2" METER	\$400.00	1	297,200	\$1,072.64	\$400.00	\$1,472.64	
CANYON VIEW 3" METER	\$600.00	1	121,731	\$395.63	\$600.00	\$995.63	
PALMS GOLF COURSE 4" METER	\$1,000.00	1	406,060	\$1,367.42	\$1,000.00	\$2,367.42	
DESERT SKIES RV RESORT 6" METER	\$1,600.00	1	489,000	\$1,589.25	\$1,600.00	\$3,189.25	
MONTHLY TOTALS =				\$26,442.16	\$16,455.00	\$42,897.16	

RATE TABLE		Aug-07		Sep-07		
	FLAT RATE CHARGE PER #	CONNECTION #	GALLONS USED	USAGE CHARGE	FLAT RATE CHARGE	TOTAL CHARGE
RESIDENTIAL 5/8" METER	\$30.00	428	6,026,613	\$19,415.45	\$12,840.00	\$32,255.45
JERRY KENNEDY 1" METER	\$45.00	1	340,009	\$1,244.53	\$45.00	\$1,289.53
RV PARK LITTLEFIELD 1" METER	\$45.00	1	54,620	\$1,885.59	\$45.00	\$2,335.59
LITTLEFIELD SCHOOL DIST. 1" METER	\$45.00	1	46,009	\$1,566.73	\$45.00	\$2,011.73
LDS CHURCH 1 1/2" METER	\$400.00	1	450,100	\$1,638.37	\$400.00	\$2,038.37
CANYON VIEW 3" METER	\$600.00	1	123,001	\$399.75	\$600.00	\$999.75
PALMS GOLF COURSE 4" METER	\$1,000.00	1	479,990	\$1,640.96	\$1,000.00	\$2,640.96
DESERT SKIES RV RESORT 6" METER	\$1,600.00	1	709,000	\$2,353.30	\$1,600.00	\$3,953.30
MONTHLY TOTALS =				\$27,037.70	\$16,575.00	\$43,612.70

RATE TABLE		Sep-07				
	FLAT RATE CHARGE PER #	CONNECTION #	GALLONS USED	USAGE CHARGE	FLAT RATE CHARGE	TOTAL CHARGE
RESIDENTIAL 5/8" METER	\$30.00	427	5,727,718	\$18,404.37	\$12,810.00	\$31,214.37
JERRY KENNEDY 1" METER	\$45.00	1	311,091	\$1,137.54	\$45.00	\$1,182.54
RV PARK LITTLEFIELD 1" METER	\$45.00	1	42,490	\$1,437.71	\$45.00	\$1,887.71
LITTLEFIELD SCHOOL DIST. 1" METER	\$45.00	1	112,771	\$403.75	\$45.00	\$448.75
LDS CHURCH 1 1/2" METER	\$400.00	1	341,800	\$1,237.66	\$400.00	\$1,637.66
CANYON VIEW 3" METER	\$600.00	1	121,600	\$395.20	\$600.00	\$995.20
PALMS GOLF COURSE 4" METER	\$1,000.00	1	392,340	\$1,316.66	\$1,000.00	\$2,316.66
DESERT SKIES RV RESORT 6" METER	\$1,600.00	1	609,000	\$1,983.30	\$1,600.00	\$3,583.30
MONTHLY TOTALS =				\$25,022.19	\$16,545.00	\$41,567.19

RATE TABLE		CONNECTION		GALLONS USED		USAGE CHARGE		FLAT RATE CHARGE		TOTAL CHARGE	
Oct-07		#	#	USED	CHARGE	CHARGE	CHARGE	CHARGE	CHARGE	CHARGE	
RESIDENTIAL 5/8" METER	\$30.00	429		5,774,207	\$18,536.09	\$12,870.00	\$31,406.09				
JERRY KENNEDY 1" METER	\$45.00	1		251,390	\$916.64	\$45.00	\$961.64				
RV PARK LITTLEFIELD 1" METER	\$45.00	1		48,440	\$165.73	\$45.00	\$210.73				
LITTLEFIELD SCHOOL DIST. 1" METER	\$45.00	1		53,697	\$185.18	\$45.00	\$230.18				
LDS CHURCH 1 1/2" METER	\$400.00	1		284,400	\$1,025.28	\$400.00	\$1,425.28				
CANYON VIEW 3" METER	\$600.00	1		100,978	\$328.18	\$600.00	\$928.18				
PALMS GOLF COURSE 4" METER	\$1,000.00	1		410,600	\$1,384.22	\$1,000.00	\$2,384.22				
DESERT SKIES RV RESORT 6" METER	\$1,600.00	1		686,000	\$2,268.20	\$1,600.00	\$3,868.20				
MONTHLY TOTALS =											
		436		7,609,712	\$24,809.52	\$16,605.00	\$41,414.52				

RATE TABLE		CONNECTION		GALLONS USED		USAGE CHARGE		FLAT RATE CHARGE		TOTAL CHARGE	
Nov-07		#	#	USED	CHARGE	CHARGE	CHARGE	CHARGE	CHARGE	CHARGE	
RESIDENTIAL 5/8" METER	\$30.00	429		3,276,767	\$9,263.67	\$12,870.00	\$22,133.67				
JERRY KENNEDY 1" METER	\$45.00	1		116,670	\$418.18	\$45.00	\$463.18				
RV PARK LITTLEFIELD 1" METER	\$45.00	1		52,750	\$181.68	\$45.00	\$226.68				
LITTLEFIELD SCHOOL DIST. 1" METER	\$45.00	1		54,301	\$187.41	\$45.00	\$232.41				
LDS CHURCH 1 1/2" METER	\$400.00	1		213,400	\$762.58	\$400.00	\$1,162.58				
CANYON VIEW 3" METER	\$600.00	1		98,713	\$320.82	\$600.00	\$920.82				
PALMS GOLF COURSE 4" METER	\$1,000.00	1		250,140	\$812.96	\$1,000.00	\$1,812.96				
DESERT SKIES RV RESORT 6" METER	\$1,600.00	1		625,000	\$2,042.50	\$1,600.00	\$3,642.50				
MONTHLY TOTALS =											
		436		4,687,741	\$13,989.79	\$16,605.00	\$20,594.79				

RATE TABLE		CONNECTION		GALLONS USED		USAGE CHARGE		FLAT RATE CHARGE		TOTAL CHARGE	
Dec-07		#	#	USED	CHARGE	CHARGE	CHARGE	CHARGE	CHARGE	CHARGE	
RESIDENTIAL 5/8" METER	\$30.00	429		3,207,292	\$9,658.20	\$12,870.00	\$22,528.20				
JERRY KENNEDY 1" METER	\$45.00	1		73,230	\$257.45	\$45.00	\$302.45				
RV PARK LITTLEFIELD 1" METER	\$45.00	1		34,160	\$112.89	\$45.00	\$157.89				
LITTLEFIELD SCHOOL DIST. 1" METER	\$45.00	1		54,860	\$189.48	\$45.00	\$234.48				
LDS CHURCH 1 1/2" METER	\$400.00	1		107,700	\$371.49	\$400.00	\$771.49				
CANYON VIEW 3" METER	\$600.00	1		98,102	\$318.83	\$600.00	\$918.83				
PALMS GOLF COURSE 4" METER	\$1,000.00	1		447,820	\$1,521.93	\$1,000.00	\$2,521.93				
DESERT SKIES RV RESORT 6" METER	\$1,600.00	1		872,000	\$2,956.40	\$1,600.00	\$4,556.40				
MONTHLY TOTALS =											
		436		4,895,164	\$15,386.69	\$16,605.00	\$31,991.69				

ANNUAL SUMMARY	CONNECTION #	GALLONS USED	USAGE CHARGE	FLAT RATE CHARGE	TOTAL CHARGE
JANUARY	419	3,429,264	\$10,863.34	\$16,095.00	\$26,958.34
FEBRUARY	419	3,917,009	\$12,280.72	\$16,095.00	\$28,375.72
MARCH	419	3,850,814	\$11,934.09	\$16,095.00	\$28,029.09
APRIL	418	5,328,959	\$16,917.91	\$16,065.00	\$32,982.91
MAY	421	5,342,252	\$16,500.34	\$16,155.00	\$32,655.34
JUNE	426	6,816,196	\$22,059.30	\$16,305.00	\$38,364.30
JULY	431	8,040,560	\$26,442.16	\$16,455.00	\$42,897.16
AUGUST	435	8,229,342	\$27,037.70	\$16,575.00	\$43,612.70
SEPTEMBER	434	7,658,810	\$25,022.19	\$16,545.00	\$41,567.19
OCTOBER	436	7,609,712	\$24,809.52	\$16,605.00	\$41,414.52
NOVEMBER	436	4,687,741	\$13,989.79	\$16,605.00	\$30,594.79
DECEMBER	436	4,895,164	\$15,386.69	\$16,605.00	\$31,991.69
TOTALS FOR YEAR 2007	5130	69,805,823	\$223,243.75	\$196,200.00	\$419,443.75

TOTAL OPERATING REVENUES = **\$419,443.75**

TOTAL ACC SAID NEEDED = **\$290,786.00**

DIFFERENCE = **\$128,657.75**

LEGAL

MEMORANDUM

TO: Docket Control  
FROM: Ernest Johnson  
Director  
Utilities Division

EA for EGJ

APR 7 2009

DATE April 6, 2009

RE: STAFF REPORT FOR BEAVER DAM WATER COMPANY (DOCKET NOS. W-03067A-08-0380 AND W-03067A-08-0266)

Attached is the Staff Report for Beaver Dam Water Company applications for a permanent rate increase and a financing approval. Staff recommends approval of its rates and charges as shown in Schedule BCA-32. Staff further recommends approval of financing.

EGJ:BCA:red

Originator: Brendan C. Aladi

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Service List for: Beaver Dam Water Company  
Docket Nos. W-03067A-08-0380 and W-03067A-08-0266

Mr. Robert Frisby  
President, Beaver Dam Water Company  
PO Box 550  
Littlefield, Arizona 86432

Ms. Fran Moore  
President, Beaver Dam Resort Homeowners Association  
PO Box 1255  
Beaver Dam, AZ 86432

Patricia L. and Gene E. Litton  
2787 Sierra Vista (Box 1127)  
Beaver Dam, AZ 86432

Ms. Janice Alward  
Chief, Legal Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Mr. Ernest G. Johnson  
Director, Utilities Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Ms. Lyn Farmer  
Chief, Hearing Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

**STAFF REPORT  
UTILITIES DIVISION  
ARIZONA CORPORATION COMMISSION**

**BEAVER DAM WATER COMPANY  
DOCKET NOS. W-03067A-08-0380 & W-03067A-08-0266**

**APPLICATION FOR A  
PERMANENT RATE INCREASE  
AND FINANCING AUTHORITY**

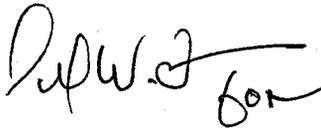
**APRIL 6, 2009**

## STAFF ACKNOWLEDGMENT

The Staff Report for Beaver Dam Water Company (Docket Nos. W-03067A-08-0380 and W-03067A-08-0266) is the responsibility of the Staff members listed below. Brendan C. Aladi is responsible for the review and analysis of the permanent rate increase and financing authority applications, Staff's revenue requirement, rate base, rate design, and debt service capacity. Jian Liu is responsible for the engineering and technical analysis. Brad Morton is responsible for reviewing customer complaints filed with the Commission.



Brendan C. Aladi  
Public Utilities Analyst III



Jian Liu  
Utilities Engineer

Brad Morton  
Public Utilities Consumer Analyst III



**EXECUTIVE SUMMARY**  
**BEAVER DAM WATER COMPANY**  
**DOCKET NOS. W-03067A-08-0380 AND W-03067A-08-0266**

Beaver Dam Water Company ("Beaver Dam" or "Company") is a for-profit Arizona Class "C" public service corporation and is located in the extreme northwest corner of the State of Arizona in Mohave County. The Company provides water service to approximately 443 customers. The Company is not located in an Active Management Area ("AMA").

The Company proposed total operating revenue of \$500,172, an increase of \$288,577, or 136.38 percent over its test year revenue of \$211,595. The Company's proposed revenue, as filed, would provide an operating income of \$83,123 for an 8.68 percent rate of return on a rate base of \$957,636. The Company has two water systems with separate rates approved in Decision Nos. 55788 and 64662. The Company's requested rates, as filed, would increase the typical 5/8 x 3/4-inch meter residential bill (with a median usage of 7,000 gallons) by \$27.75, or 108.82 percent, from \$25.50 to \$53.25 for those customers subject to the rates approved in Decision No. 55788 as shown on Schedule BCA-33. For customers subject to the rates approved in Decision No. 64662, the Company's requested rates, as filed, would increase the typical 5/8 x 3/4-inch meter residential bill (with a median usage of 7,000 gallons) by \$31.55, or 145.39 percent, from \$21.70 to \$53.25 as shown on Schedule BCA-33.

The Company also requests authorization to obtain a long-term loan of \$104,283 at approximately 3.675 percent to finance additional storage capacity of 275,000 gallons for emergency backup and fire protection.

Staff recommends total operating revenue of \$308,277, an increase of \$79,191, or 34.57 percent above the adjusted test year revenue of \$229,086. Staff's recommended revenues would provide an operating income of \$20,642 for an 8.00 percent rate of return on a rate base of \$258,030 and produce a debt service coverage ratio ("DSC") of 2.70 on the current outstanding loan of \$161,325 and a new \$104,283 20-year amortizing loan at 3.675 percent. Staff's recommended rates would decrease the typical 5/8 x 3/4-inch meter residential bill (with a median usage of 7,000 gallons) by \$0.50, or 1.96 percent, from \$25.50 to \$25.00 per month, for customers subject to the rates approved in Decision No. 55788 as shown on Schedule BCA-33. For customers subject to the rates approved in Decision No. 64662, Staff's recommended rates would increase the typical 5/8 x 3/4-inch meter residential bill (with a median usage of 7,000 gallons) by \$3.30, or 15.21 percent, from \$21.70 to \$25.00 as shown on Schedule BCA-33.

Staff's recommended rates and service charges are presented on Schedule BCA-32 of this report.

Staff reviewed the capital improvement projects the Company proposes to fund with its requested \$104,283 long-term debt authorization and found them to be appropriate and the cost estimates reasonable.

Staff concludes that the Company's issuance of a long-term amortizing loan of 18- to 20-years for the \$104,283 estimated cost of the capital improvements at a rate not to exceed 5.00

percent is appropriate, is within its corporate powers, is compatible with the public interest, would not impair its ability to provide services and would be consistent with sound financial practices.

Staff recommends:

- Approval of Staff's rates and charges as shown on Schedule BCA-32. In addition to collection of its regular rates and charges, the Company may collect from its customers a proportionate share of any privilege, sales or use tax per Commission Rule (14-2-409D.5).
- Approval of Staff's Service Line and Meter Installation Charges as shown in Table C of the Engineering Report (Attachment A).
- Authorization of the depreciation rates shown in Table B of the Engineering Report (Attachment A).
- That the Commission order Beaver Dam to maintain its records in accordance with the National Association of Regulatory Utility Commissioners ("NARUC") Uniform System of Accounts ("USOA").
- That the Company file with Docket Control, as a compliance item in this docket, a schedule of its approved rates and charges within 30 days after the Decision in this matter is issued.
- That the Commission authorizes Beaver Dam to obtain an 18- to 20-year amortizing loan for an amount not to exceed \$104,283 at a rate not to exceed 5.00 percent to finance the Staff recommended capital improvements.
- That the Commission authorize the Company to encumber its assets pursuant to A.R.S. § 40-285 as necessary to secure the loan authorized herein.
- Authorizing Beaver Dam to engage in any transactions and to execute any documents necessary to effectuate the authorizations granted.
- That a copy of the executed loan documents be filed with Docket Control, as a Compliance item in this docket, within 60 days of the execution of any transactions.
- That Beaver Dam submit a copy of all Approvals to Construct and Approvals of Construction as they are obtained from Arizona Department of Environmental Quality for all projects covered by this financing within two years of the effective date of the order in this proceeding.

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### ATTACHMENTS

Engineering Report (Rates).....	Attachment A
Engineering Report (Financing) .....	Attachment B

**RATE CASE**

**Fact Sheet**

**Company:**

Current Rates: Decision No. 55788, dated November 13, 1987 and Decision No. 64662, dated March 25, 2002.

Type of Ownership: Corporation

Location: The Company is located in the extreme northwest corner of the State of Arizona in Mohave County. The Company is not located in an Active Management Area ("AMA").

**Rates:**

Permanent rate increase application filed: July 23, 2008.

Current test year ended: December 31, 2007.

Prior test year ended: CC&N granted November 13, 1987.

**Monthly Charges:**

	<u>Current Rates Dec. No. 55788</u>	<u>Company Proposed Rates</u>	<u>Staff Recommended Rates</u>
Monthly Minimum Charge 5/8 x 3/4 – inch meter	\$15.00	\$30.00	\$15.00
Gallons in Minimum	0	0	0
Commodity Charge: (Per 1,000 gallons)	\$1.50		
0 to 4,000 gallons (per 1,000 gallons)		\$3.00	
4,000 to 7,000 gallons (per 1,000 gallons)		\$3.75	
Over 7,000 gallons (per 1,000 gallons)		\$4.75	
0 to 5,000 gallons (per 1,000 gallons)			\$1.20
5,001 to 10,000 gallons (per 1,000 gallons)			\$2.00
Over 10,000 gallons (per 1,000 gallons)			\$2.46

<u>Typical residential bill:</u>	Current Rates	Association Proposed Rates	Staff Recommended Rates
Average use (15,279 gallons)	\$37.92	\$92.58	\$68.16
Median use (7,000 gallons)	\$25.50	\$53.25	\$25.80

	Current Rates Dec. No. 64662	Company Proposed Rates	Staff Recommended Rates
Monthly Minimum Charge 5/8 x 3/4 – inch meter	\$13.30	\$30.00	\$15.00
Gallons in Minimum	0	0	0
Commodity Charge:			
0 to 24,000 gallons (per 1,000 gallons)	\$1.20		
25,000 to 49,000 gallons (per 1,000 gallons)	\$1.35		
50,000 to 99,000 gallons (per 1,000 gallons)	\$1.50		
Over 100,000 gallons (per 1,000 gallons)	\$1.75		
0 to 4,000 gallons (per 1,000 gallons)		\$3.00	
4,000 to 7,000 gallons (per 1,000 gallons)		\$3.75	
Over 7,000 gallons (per 1,000 gallons)		\$4.75	
0 to 3,000 gallons (per 1,000 gallons)			\$1.20
3,001 to 10,000 gallons (per 1,000 gallons)			\$2.00
Over 10,000 gallons (per 1,000 gallons)			\$2.46

<u>Typical residential bill:</u>	Current Rates	Company Proposed Rates	Staff Recommended Rates
Average use (15,279 gallons)	\$37.92	\$92.58	\$68.16
Median use (7,000 gallons)	\$25.50	\$53.25	\$25.80

**Customers:**

Number of customers in prior test year: Zero, CC&N was granted on November 13, 1987.

Number of customers in the current test year (12/31/07): 443

Current test year customers by meter size:

5/8 X 3/4 – inch:	258
1-Inch:	4
1 1/2-Inch:	1
Turbo 3	1
Turbo 4	1
Turbo 6	<u>178</u>
Total	<u>443</u>

Seasonal customers: The Company does not show seasonal customers.

Customer notification for financing application sent: May 24, 2008.

Customer notification for rate application sent: July 17, 2008

Number of customer complaints and/or opinions concerning rate/financing applications filed: 19  
(All were against the rate increase)

Percentage of complaints to customer base: 4%

### *Summary of Filing*

The test year results for Beaver Dam Water Company ("Beaver Dam" or "Company"), as adjusted by the Arizona Corporation Commission ("Commission") Utilities Division ("Staff"), show total operating revenue of \$229,068 and an operating loss of \$40,307 on an Original Cost Rate Base ("OCRB") of \$258,030, as shown in Schedule BCA-1.

The Company's proposed rates would produce total operating revenue of \$500,172 and operating income of \$83,123, or an 8.68 rate of return. The Company's requested rates, as filed, would increase the typical 5/8 x 3/4-inch meter residential bill (with a median usage of 7,000 gallons) by \$27.75, or 108.82 percent, from \$25.50 to \$53.25 for those customers subject to the rates approved in Decision No. 55788 as shown on Schedule BCA-33. For customers subject to the rates approved in Decision No. 64662, the Company's requested rates, as filed, would increase the typical 5/8 x 3/4-inch meter residential bill (with a median usage of 7,000 gallons) by \$31.55, or 145.39 percent, from \$21.70 to \$53.25 as shown on Schedule BCA-33.

Staff recommends rates that would produce total operating revenue of \$308,277, an increase of \$79,191, or 34.57 percent above the adjusted test year revenue of \$229,086. Staff's recommended revenues would provide an operating income of \$60,950 for an 8.00 percent rate of return on a rate base of \$258,030 and produce a debt service coverage ratio ("DSC") of 2.70 on the current outstanding loan of \$161,325 and a new \$104,283 20-year amortizing loan at 3.675 percent. Staff's recommended rates would decrease the typical 5/8 x 3/4-inch meter residential bill (with a median usage of 7,000 gallons) by \$0.50, or 1.96 percent, from \$25.50 to \$25.00 per month, for customers subject to the rates approved in Decision No. 55788 as shown on Schedule BCA-33. For customers subject to the rates approved in Decision No. 64662, Staff's recommended rates would increase the typical 5/8 x 3/4-inch meter residential bill (with a median usage of 7,000 gallons) by \$3.30, or 15.21 percent, from \$21.70 to \$25.00 as shown on Schedule BCA-33.

### *Background*

Beaver Dam is a class "C" Arizona Company engaged in the business of providing water services in areas located in the extreme northwest corner of the State of Arizona, in Mohave County. The Company received its Certificate of Convenience and Necessity ("CC&N") in Decision No. 55788, dated November 13, 1987, in which its current rates were established. Presently the Company has one Commission-approved long-term debt.

On May 27, 2008, Beaver Dam filed a financing application (Docket No. W-03067A-08-0266). On July 23, 2008 Beaver Dam filed an application for a permanent rate increase (Docket No. W-03067A-08-0380). On August 22, 2008 and October 8, 2008 Staff filed a Letter of Insufficiency. Staff issued a Letter of Sufficiency November 21, 2008. The financing application and the application for a permanent rate increase were combined per a Procedural Order issued on September 5, 2008. A subsequent Procedural Order dated January 23, 2009, directed Staff to file its report by April 6, 2009. The Company provided evidence in its

Application that customers had been notified of the rate case filing of the rate case by mail on July 17, 2008, and subsequently, of the financing request by mail on February 11, 2009.

Staff's review revealed that the Company does not maintain adequate records and could not produce supporting documentation for its plant additions. The Company indicated in its application that it lost its records for the period 1987 through 2001 in the Beaver Dam Wash flood in 2005. The Association's recordkeeping is not in compliance with the National Association of Regulatory Utility Commissioners ("NARUC") Uniform System of Accounts ("USOA").

#### *Consumer Services*

Staff reviewed the Commission's records and found zero complaint, one inquiry for tariff interpretation and twenty opinions (all against the rate increase) for the period January 1, 2006 to March 3, 2009.

#### *Engineering Analysis and Recommendations*

Staff inspected the Company's plant facilities on January 15, 2009. A complete discussion of Staff's technical findings and recommendations and a complete description of the water system are provided in the attached Engineering Report (Attachment A).

Staff recommends that the Company use Staff's depreciation rates as shown in Table B of the Engineering Report.

Staff recommends approval of Staff's Service Line and Meter Installation Charges as shown in Table C of the Engineering Report.

Staff recommends that the Company install a storage tank with a storage capacity of 275,000 gallons for System #2 (PWS #08-127) within two years of the effective date of the order in this proceeding.

Staff further recommends that the Company file, as a compliance item in this docket within two years of the effective date of the order in this proceeding, a copy of the authorization to construct issued by the Arizona Department of Environmental Quality for the storage facility.

Staff recommends that Beaver Dam be required to separate out the water use data (to include customer count information and bulk water sales) and plant summary information for each of its water systems in future annual reports.

#### *Compliance*

Beaver Dam is current on its Utilities and Corporations annual reports. Beaver Dam is also current on its property tax payments.

Decision No. 69243, dated January 17, 2007 issued an order preliminary to Beaver Dam for extension of its CC&N and ordered the Company to file a copy of the developer's letter of adequate water supply or a physical availability determination and approval to construct for the water facilities needed to service the extension area by January 19, 2009.

Beaver Dam has not filed the compliance items. Staff filed for administrative closure of Docket No. W-03067A-06-0117 and the docket was administratively closed on March 31, 2009.

#### *Rate Base*

Staff's adjustments decreased the Company's proposed rate base by \$699,606, from \$957,636 to \$258,030, as shown in Schedule BCA-3. Details of Staff's adjustments are discussed below.

#### *Plant in Service*

Staff's adjustments to plant in service resulted in a net decrease of \$34,199 as shown on Schedule BCA-3. Staff made several adjustments to plant to reflect unrecorded plant additions and to reclassify plant costs that were erroneously recorded as operating expenses.

Adjustment 2 removes \$210,254 from Distribution Reservoirs and Standpipes to reflect the total estimated cost for proposed plant, as shown on Schedule BCA-6.

Adjustment 3 reclassifies \$75,551 in operating expenses to plant, as shown on Schedule BCA-7.

Adjustment 4 removes \$40,854 from construction work in progress that was completed in 2007 and billed in 2008 and reclassifies it to transmission and distribution main, as shown on Schedule BCA-8.

Adjustment 5 increases plant accounts by \$6,590, from \$16,570 to \$23,160 to add plant assets the Company failed to record, as shown on Schedule BCA-9.

Adjustment 6 recognizes \$162,312 in plant additions for the years 2005 and 2006 the Company erroneously removed as out of service plant cost, as shown on Schedule BCA-10.

Adjustment 7 increases accumulated amortization of contribution-in-aid-of-construction by \$6,357, from \$21,187 to \$27,544, to reflect use of the mid-year convention in Staff's calculations.

Advance-in-Aid-of-Construction (AIAC) – Adjustment 8 decreases the rate base by \$654,491 to reflect the test year-end AIAC balance in rate base as shown on Schedule BCA-12.

The Company's balance sheet shows \$613,895 in AIAC. Staff calculated \$654,491 for the AIAC balance. This amount is excluded from the rate base.

Customer Meter Deposit – Adjustment 9 decreases rate base by \$47,433 to reflect the test year-end customer deposit balance in rate base as shown on Schedule BCA-13. The Company's general ledger reports a balance of \$47,433 at the end of the test year.

Accumulated Depreciation – Adjustment 10 decreases Accumulated Depreciation by \$7,094, from \$307,919 to \$300,825, as shown on schedule BCA-14. Staff calculated its balance by applying the authorized depreciation rates to Staff's recommended plant balances for the intervening years.

Working Capital – Adjustment 11 remove a cash working capital allowance of \$45,332 based on the formula method. The formula method recognizes one-eighth of the operating expenses excluding depreciation, taxes, purchased power expenses plus one twenty-fourth of purchased power expenses. In general, the formula method is appropriate for Class D and E companies due to the small size of those utilities, since the cost and time involved in performing the lead-lag study is generally not cost effective for small utilities due to the relatively minor impact of cash working capital on the rate base. Cash working capital can be a positive or negative component of rate base. Staff removes Beaver Dam's cash working capital allowance because the Company did not perform a lead-lag study.

#### *Operating Income Statement*

Staff's adjustments decreased the Company's proposed operating loss by \$148,786, from \$189,093 to \$40,307, as shown in Schedule BCA-16. Details of Staff's adjustments to operating revenues and expenses are discussed below.

#### *Operating Revenue*

Unmetered Water Revenue – Adjustment 1 increases unmetered water revenue by \$17,491, from \$0 to \$17,491, to reflect the normalization of unmetered water revenues for calendar years 2005, 2006 and 2007 as shown on Schedule 18.

#### *Operating Expenses*

Staff's adjustments to operating expenses resulted in a net decrease of \$131,295, from \$400,688 to \$269,393 as shown on schedule BCA-16.

Salaries and Wages – Adjustment 2 decreases this account by \$17,960, from 119,100 to \$101,140 as shown on Schedule BCA 17, page 1. The Company reported test year amount of \$119,100 in salaries and wages expense. In response to a data request, the Company requested \$101,140 in salaries and wages expense (Manager \$30,000 + Office Staff \$30,000 + Maintenance Crew \$41,140).

Repair and Maintenance Expense – Adjustment 3 decreases this account by \$41,679, from \$55,053 to \$13,374, to reclassify engineering cost to electrical pumping equipment as shown on Schedule BCA 17, page 1.

Outside Services Expense – Adjustment 4 decreases this account by \$18,208, from \$18,208 to \$0, to reclassify engineering services cost to wells and springs as shown on Schedule BCA -21.

Water Study Cost – Adjustment 5 removes \$26,234 in water study cost from outside services expense, as shown on Schedule BCA-22. This cost is not necessary to provide service to existing customers. Beaver Dam hired AMEC Earth and Environmental to conduct a water study for the purpose of obtaining a designation of “adequate water supply” for the certified areas. Decision No. 69243 required Beaver Dam to file with the Commission a copy of the developer’s letter of adequate water supply by January 19, 2009 for the extension area. Beaver Dam has not filed the developer’s letter of adequate water supply.

Rate Case Expense – Adjustment 6 increases the rate case expense by \$2,255, from \$2,745 to \$5,000, to reclassify cost from outside services expense to rate case expense and normalize annual rate case expense, as shown on Schedule BCA 23.

Water Testing – Adjustment 7 reduces water testing expense by \$3,056, from \$6,835 to \$3,779, and reclassifies cost from water testing to wells and springs as discussed in the attached Engineering Report.

Transportation Expense – Adjustment 8 decreases this account by \$2,997, from \$9,780 to \$6,783, to reflect the total documented test year expenses, as shown on Schedule BCA-25.

General Liability Insurance – Adjustment 9 decreases this account by \$9,320, from \$12,872 to \$3,552, to reflect the total documented test year expenses as shown on Schedule BCA-26.

Miscellaneous Expense – Adjustment 10 decreases this account by \$8,192, from \$12,376 to \$4,184, as shown on Schedule BCA-27. This adjustment removes duplicate purchased water amount of \$3,054, WIFA loan fee amount of \$4,912 and Desert Spring Water Company’s payments received and deposited in error of \$227.

Depreciation Expense – Adjustment 11 increases this account by \$7,956, from \$29,088 to \$37,044, as shown on Schedule BCA-28. This adjustment reflects application of Staff’s recommended depreciation rates as shown in Table B of the Engineering Report to Staff’s recommended depreciable plant balances on a going forward basis.

Taxes Other Than Income Expense – Adjustment 12 increases this account by \$3,486, from \$10,948 to \$14,434, to reflect calculation of taxes other than income on Staff’s adjusted test year salaries and wages, as shown on Schedule BCA-30.

Property Taxes – Adjustment 13 decreases this account by \$1,868, from \$8,426 to \$6,558 to reflect the property tax calculated on the modified Arizona Department of Revenue (“ADOR”) methodology adopted by the Commission for water and wastewater utilities, as shown on Schedule BCA-30.

Income Tax Expense – Adjustment 14 decreased this account by \$14,878, from \$0 to negative \$14,878 to reflect calculation of income tax expense on Staff’s adjusted test year taxable income.

### *Revenue Requirement*

Staff recommends total operating revenue of \$308,277 a \$79,191 or 34.57 percent increase over the Staff adjusted test year operating revenue of \$229,086. Staff’s recommended revenue provides an operating income of \$20,642 and an 8.00 percent rate of return on an OCRB of \$258,030, as shown on Schedule BCA-1.

Staff’s recommended revenue produces a pro forma 2.19 Debt Service Coverage (“DSC”) on the current outstanding loan of \$161,325 and a new \$104,283 20-year amortizing loan at 3.675 percent<sup>2</sup>, and it would provide sufficient cash flow for all obligations.

### *Rate Design*

Schedule BCA-32 presents a complete list of the Company’s present, proposed, and Staff’s recommended rates and charges.

The present rate design (Decision No. 64662) is an inverted, four-tier commodity rate structure with breakover points at 24,000, 59,000 and 99,000 gallons for 1-inch meter size and larger with no gallons in the minimum. The present rate design (Decision No. 55788) has a single commodity rate for all gallons at \$1.50 per 1000 gallons.

The Company proposes to use an inverted three-tier rate structure with breakover points at 4,000 and 7,000 gallons for all meter sizes with no gallons in the minimum. The Company’s proposed rates would increase the median usage (7,000 gallon) 5/8 x 3/4-inch meter residential customer’s bill from \$25.50 to \$53.25, an increase of \$27.75 or 108.82 percent for the rates approved in Decision No. 55788. For Decision No. 64662, the Company’s proposed rates would increase the typical residential bill (with a median usage of 7,000 gallons) by \$31.55, from \$21.70 to \$53.25, as shown on Schedule BCA-33.

Staff recommends a three-tier, inverted rate structure for 5/8 x 3/4-inch and 3/4-inch meters and a two-tier, inverted rate structure for larger meters. The breakover points for 5/8 x 3/4-inch and 3/4-inch meters are at 5,000 and 12,000 gallons. The breakover points for larger meters increase with size. Staff’s recommended rates would decrease the median usage (7,000

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<sup>2</sup> The \$104,283 loan is discussed below.

gallons) 5/8 x 3/4-inch meter residential customer's bill by \$0.50, or 1.96 percent, from \$25.50 to \$25.00 for the rates approved in Decision No. 55788. For Decision No. 64662, Staff's recommended rates would increase the typical residential bill with a median usage of 7,000 gallons by \$3.30, from \$21.70 to \$25.00 as shown on Schedule BCA-33.

The Company proposes new services line and meter installation charges as shown in Revised Schedule BCA-32. Staff recommends approval of the "total" charges as shown in Table C of the Revised Engineering Report, with separate charges for the service line and meter portions.

The Company proposes to increase service charges for Establishment Fee from \$35 to \$55. Staff finds \$35 to be a reasonable and normal charge and recommends it.

The Company proposes to increase service charges for Establishment (after hours) from \$45 to \$65. Staff finds \$45 to be a reasonable and normal charge and recommends it.

The Company proposes to increase service charges for Reconnection (delinquent) from \$50 to \$75. Staff finds \$50 to be a reasonable and normal charge and recommends it.

The Company proposes no service charge for Reconnection delinquent (After hours). Staff recommends \$65 to be a reasonable and normal charge.

The Company proposes to increase Meter Tests (if correct) from \$20 to \$40. Staff finds \$25 to be a reasonable and normal charge and recommends it.

The Company proposes Re-establishment (Within 12 months) a charge equal to the monthly minimum charge times the number of months off the system, per A.C.C. R14-2-403 D. Staff recommends a charge equal to the monthly minimum charge times the number of months off the system, per A.C.C. R14-2-403 D.

The Company proposes to increase non-sufficient funds ("NSF") charges from \$10 to \$25. Staff finds \$25 to be a reasonable and normal charge and recommends it.

The Company proposes a Deferred Payments (per month) of 1.5 percent. Staff finds 1.50 percent of the monthly outstanding balance to be a reasonable and normal charge and recommends it.

The Company proposes to increase Meter Re-reads (if correct) from \$10 to \$15. Staff finds \$15 to be a reasonable and normal charge and recommends it.

The Company proposes a late payment charge-per month of 1.5 percent. Staff finds 1.50 percent of the monthly outstanding balance to be a reasonable and normal charge and recommends it.

*Staff Recommendations - Rates*

Staff recommends:

- Approval of Staff's rates and charges as shown in Revised Schedule BCA-32. In addition to collection of its regular rates and charges, the Company may collect from its customers a proportionate share of any privilege, sales or use tax per Commission Rule (14-2-409D.5).
- Approval of Staff's Service Line and Meter Installation Charges as shown in Table C of the Engineering Report (Attachment A)
- Authorization of the depreciation rates shown in Table B of the Engineering Report.
- That the Commission order Beaver Dam to maintain its records in accordance with the National Association of Regulatory Utility Commissioners ("NARUC") Uniform System of Accounts ("USOA").
- That the Company file with Docket Control, as a compliance item in this docket, a schedule of its approved rates and charges within 30 days after a Decision in this matter is issued.

**FINANCING**

*Introduction*

On May 27, 2007, Beaver Dam filed a financing application with the Commission requesting authorization to obtain a Water Infrastructure Finance Authority ("WIFA") long-term loan for additional storage capacity.

The Company's cost estimate for the proposed capital improvements is \$104,283. Staff finds the proposed capital improvements appropriate and estimated cost to be reasonable. Staff's recommended revenue requirement is sufficient to provide debt service on a \$104,283 20-year amortizing loan at 3.675 percent per annum.

*Public Notice*

Per Procedural Order issued January 23, 2009, a copy of the Public Notice shall be mailed to each customer and published in a newspaper of general circulation in the Company's service area by the first billing cycle in February 2009. On February 10, 2009, the Company mailed notice to its customers. Notice was published in the *Spectrum*, a daily newspaper published at St. George, Washington County, State of Utah on February 12, 2009. The Company filed the Affidavit of Publication on February 23, 2008. A copy of the affidavit and notice are attached.

### *Purpose and Terms of the Proposed Financing*

The Company is requesting authorization to obtain a \$104,283, long-term, WIFA loan at 3.675 percent interest to fund additional storage capacity of 275,000 gallons for emergency backup and fire protection.

### *Engineering Analysis*

Based on the recent water use data for Beaver Dam's System #2 (PWS #08-127), approximately 170,000 gallons of additional storage capacity is needed. Staff finds the additional capital improvements and estimated costs to be reasonable and appropriate. The Engineering Report (Attachment B) provides details for the construction projects. Staff makes no "used and useful" determination of the proposed plant and no particular future treatment should be inferred for rate-making or rate base purposes.

### *Financial Analysis*

Staff's analysis is based on Staff's adjusted test year operating results and Staff's recommended revenue requirement. The financial analysis shown in Schedule BCA-34 presents selected financial information from the test year operating results and the pro forma effect of a new \$104,283, 20-year amortizing loan at 3.675 percent per annum combined with Staff's recommended revenues and expenses from the rate case. Schedule BCA-34 also shows the capital structure and both debt service coverage ("DSC") and times interest earned ("TIER") ratios.

### *Capital Structure*

As of December 31, 2007, Beaver Dam's capital structure consisted of 0.0 percent short-term debt, 67.7 percent long-term debt, and 32.3 percent equity. Beaver Dam's drawing of the entire proposed loan of \$104,283 would result in a pro forma capital structure comprised of 1.1 percent short-term debt, 76.4 percent long-term debt and 22.5 percent equity as shown in Schedule BCA-34.

### *Interest and Debt Service Coverage*

Staff also examined the effects of the proposed financing on the Company's TIER and DSC.

DSC represents the number of times internally generated cash (i.e., earnings before interest, income tax, depreciation and amortization expenses) covers required principle and interest payments on debt. A DSC greater than 1.0 means operating cash flow is sufficient to cover debt obligations.

TIER represents the number of times earnings before income tax expense covers interest expense on short-term and long-term debt. A TIER greater than 1.0 means that operating income is greater than interest expense. A TIER less than 1.0 is not sustainable in the long term but does not necessarily mean that debt obligations cannot be met in the short term.

Schedule BCA-34 shows that for the year ending December 31, 2007, Beaver Dam had a TIER and a DSC that are not meaningful. The pro forma analysis shows that Staff's recommended revenue with a fully drawn \$104,283 20-year, 3.675 percent amortizing loan results in a pro forma 1.71 TIER and 2.70 DSC. The pro forma TIER and DSC show that Beaver Dam would have adequate cash flow to meet all obligations, including the proposed debt.

#### *Conclusions and Recommendations - Financing*

Staff concludes that issuance of a long-term amortizing loan of 18- to 22-years for the \$104,283 estimated cost of the capital improvements at a rate not to exceed 5.00 percent is appropriate, within Beaver Dam's corporate powers, is compatible with the public interest, would not impair Beaver Dam's ability to provide services and would be consistent with sound financial practices.

Staff recommends that the Commission authorize Beaver Dam to obtain an 18- to 22-year amortizing loan for an amount not to exceed \$104,283 at a rate not to exceed 5.00 percent to finance the Staff recommended capital improvements.

Staff further recommends that the Commission authorize the Company to encumber its assets pursuant to A.R.S. § 40-285 as necessary to secure the loan authorized herein.

Staff further recommends authorizing Beaver Dam to engage in any transactions and to execute any documents necessary to effectuate the authorizations granted.

Staff further recommends that a copy of the executed loan documents be filed with Docket Control, as a Compliance item in this docket, within 60 days of the execution of any transactions.

STAFF REPORT

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BCA-4	SUMMARY OF RATE BASE ADJUSTMENTS
BCA-5	RATE BASE ADJUSTMENT #1 - NOT USED
BCA-6	RATE BASE ADJUSTMENT #2 - REMOVE PROPOSED PLANT
BCA-7	RATE BASE ADJUSTMENT #3 - RECLASSIFY OPERATING EXPENSES TO PLANT
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BCA-11	RATE BASE ADJUSTMENT #7 - ACCULATED AMORTIZATION OF CONTRIBUTION-IN-AID-OF-CONSTRUCTION (CIAC)
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BCA-13	RATE BASE ADJUSTMENT #9 - CUSTOMER METER DEPOSIT
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BCA-16	OPERATING INCOME STATEMENT - TEST YEAR AND STAFF RECOMMENDED
BCA-17	SUMMARY OF OPERATING INCOME ADJUSTMENTS - TEST YEAR
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BCA-19	OPERATING INCOME ADJUSTMENT #2 - REMOVE UNSUPPORTED SALARIES AND WAGES EXPENSE
BCA-20	OPERATING INCOME ADJUSTMENT #3 - RECLASSIFICATION OF REPAIRS AND MAINTENANCE EXPENSE TO PLANT
BCA-21	OPERATING INCOME ADJUSTMENT #4 - RECLASSIFY OUTSIDE SERVICES EXPENSE TO PLANT
BCA-22	OPERATING INCOME ADJUSTMENT #5 - REMOVE COST NOT NECESSARY TO PROVISION OF SERVICE TO EXISTING CUSTOMI
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BCA-31	OPERATING INCOME ADJUSTMENT #14- INCOME TAXES
BCA-32	RATE DESIGN
BCA-33	TYPICAL BILL ANALYSIS
BCA-34	WIFA LOAN FINANCIAL ANALYSIS

ATTACHMENTS

ENGINEERING REPORT - RATE CASE .....ATTACHMENT A

ENGINEERING REPORT - FINANCING.....ATTACHMENT B

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	(A) COMPANY ORIGINAL COST	(B) COMPANY FAIR VALUE	(C) STAFF ORIGINAL COST	(D) STAFF FAIR VALUE
1	Adjusted Rate Base - Fair Value equals Original Cost	\$ 957,636	\$ 957,636	\$ 258,030	\$ 258,030
2	Adjusted Operating Income (Loss)	\$ (189,093)	\$ (189,093)	\$ (40,307)	\$ (40,307)
3	Current Rate of Return (L2 / L1)	-19.75%	-19.75%	-15.62%	-15.62%
4	Required Rate of Return	8.68%	8.68%	8.00%	8.00%
5	Required Operating Income: Col. A & B (L1 * L4); Col. C & D	\$ 83,123	\$ 83,123	\$ 20,642	\$ 20,642
6	Operating Income Deficiency/(Excess) (L5 - L2)	\$ 272,216	\$ 272,216	\$ 60,950	\$ 60,950
7	Gross Revenue Conversion Factor	1.0601	1.0601	1.2993	1.2993
8	Required Revenue Increase/(Decrease) (L7 * L6)	\$ 288,577	\$ 288,577	\$ 79,191	\$ 79,191
9	Adjusted Test Year Revenue	\$ 211,595	\$ 211,595	\$ 229,086	\$ 229,086
10	Proposed Annual Revenue (L8 + L9)	\$ 500,172	\$ 500,172	\$ 308,277	\$ 308,277
11	Required Increase/(Decrease) in Revenue (%)	136.38%	136.38%	34.57%	34.57%
12	Rate of Return on Equity (%)	12.00%	12.00%	12.00%	12.00%

References:

Columns [A] and [B]: Company's Application  
Columns [C] and [D]: STAFF Schedules BCA-2, BCA-3 and BCA-11

NMF - Not Meaningful

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)	(E)	(F)
<u>Calculation of Gross Revenue Conversion Factor:</u>							
1	Revenue	100.0000%					
2	Uncollectible Factor (Line 11)	0.0000%					
3	Revenues (L1 - L2)	100.0000%					
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)	23.0347%					
5	Subtotal (L3 - L4)	76.9653%					
6	Revenue Conversion Factor (L1 / L5)	1.299286					
<u>Calculation of Uncollectible Factor:</u>							
7	Unity	100.0000%					
8	Combined Federal and State Tax Rate (Line 23)	22.3474%					
9	One Minus Combined Income Tax Rate (L7 - L8)	77.6526%					
10	Uncollectible Rate	0.0000%					
11	Uncollectible Factor (L9 * L10)	0.0000%					
<u>Calculation of Effective Tax Rate:</u>							
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%					
13	Arizona State Income Tax Rate	6.9680%					
14	Federal Taxable Income (L12 - L13)	93.0320%					
15	Applicable Federal Income Tax Rate (Line 55)	16.5313%					
16	Effective Federal Income Tax Rate (L14 x L15)	15.3794%					
17	Combined Federal and State Income Tax Rate (L13 +L16)		22.3474%				
<u>Calculation of Effective Property Tax Factor</u>							
18	Unity	100.0000%					
19	Combined Federal and State Income Tax Rate (L17)	22.3474%					
20	One Minus Combined Income Tax Rate (L18-L19)	77.6526%					
21	Property Tax Factor (BCA-16, L21)	0.8850%					
22	Effective Property Tax Factor (L20*L21)		0.6872%				
23	Combined Federal and State Income Tax and Property Tax Rate (L17+L22)			23.0347%			
24	Required Operating Income (Schedule BCA-1, Line 5)	\$ 20,642					
25	Adjusted Test Year Operating Income (Loss) (Schedule BCA-11, Line 28)	(40,307)					
26	Required Increase in Operating Income (L24 - L25)		\$ 60,950				
27	Income Taxes on Recommended Revenue (Col. [E], L52)	\$ 2,663					
28	Income Taxes on Test Year Revenue (Col. [B], L52)	(14,878)					
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		17,541				
30	Recommended Revenue Requirement (Schedule BCA-1, Line 10)	\$ 308,277					
31	Uncollectible Rate (Line 10)	0.0000%					
32	Uncollectible Expense on Recommended Revenue (L30*L31)	\$ -					
33	Adjusted Test Year Uncollectible Expense	\$ -					
34	Required Increase in Revenue to Provide for Uncollectible Exp. (L32-L33)						
35	Property Tax with Recommended Revenue (BCA-20, Col B, L16)	\$ 6,659					
36	Property Tax on Test Year Revenue (BCA-16, Col A, L16)	5,958					
37	Increase in Property Tax Due to Increase in Revenue (L35-L36)		701				
38	Total Required Increase in Revenue (L26 + L29 + L34 + L37)		\$ 79,191				

Calculation of Income Tax:

39	Revenue (Schedule BCA-10, Col. [C], Line 4 & Sch. BCA-1, Col. [D] Line 10)	\$ -	\$ 229,086	\$ -	\$ -	\$ -	\$ -
40	Operating Expenses Excluding Income Taxes	\$ -	\$ 284,271	\$ -	\$ -	\$ -	\$ -
41	Synchronized Interest (L56)	\$ -	\$ 10,579	\$ -	\$ -	\$ -	\$ -
42	Arizona Taxable Income (L39 - L40 - L41)	\$ -	\$ (65,764)	\$ -	\$ -	\$ -	\$ -
43	Arizona State Income Tax Rate	6.9680%	6.9680%	6.9680%			
44	Arizona Income Tax (L42 x L43)	\$ -	\$ (4,582)	\$ -	\$ -	\$ -	\$ -
45	Federal Taxable Income (L42 - L44)	\$ -	\$ (61,182)	\$ -	\$ -	\$ -	\$ -
46	Federal Tax on First Income Bracket (\$1 - \$50,000) @ 15%	\$ -	\$ (7,500)	\$ -	\$ -	\$ -	\$ -
47	Federal Tax on Second Income Bracket (\$51,001 - \$75,000) @ 25%	\$ -	\$ (2,795)	\$ -	\$ -	\$ -	\$ -
48	Federal Tax on Third Income Bracket (\$75,001 - \$100,000) @ 34%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
49	Federal Tax on Fourth Income Bracket (\$100,001 - \$335,000) @ 39%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
50	Federal Tax on Fifth Income Bracket (\$335,001 - \$10,000,000) @ 34%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
51	Total Federal Income Tax	\$ -	\$ (10,295)	\$ -	\$ -	\$ -	\$ -
52	Combined Federal and State Income Tax (L44 + L51)	\$ -	\$ (14,878)	\$ -	\$ -	\$ -	\$ -

Test Year		
\$ -	\$ 229,086	\$ -
\$ -	\$ 284,271	\$ -
\$ -	\$ 10,579	\$ -
\$ -	\$ (65,764)	\$ -
6.9680%	6.9680%	6.9680%
\$ -	\$ (4,582)	\$ -
\$ -	\$ (61,182)	\$ -
\$ -	\$ (7,500)	\$ -
\$ -	\$ (2,795)	\$ -
\$ -	\$ -	\$ -
\$ -	\$ -	\$ -
\$ -	\$ -	\$ -
\$ -	\$ -	\$ -
\$ -	\$ (10,295)	\$ -
\$ -	\$ (14,878)	\$ -

Staff Recommended		
\$ -	\$ 308,277	\$ -
\$ -	\$ 284,972	\$ -
\$ -	\$ 10,579	\$ -
\$ -	\$ 12,726	\$ -
6.9680%	6.9680%	6.9680%
\$ -	\$ 887	\$ -
\$ -	\$ 11,839	\$ -
\$ -	\$ 1,776	\$ -
\$ -	\$ -	\$ -
\$ -	\$ -	\$ -
\$ -	\$ -	\$ -
\$ -	\$ -	\$ -
\$ -	\$ -	\$ -
\$ -	\$ 1,776	\$ -
\$ -	\$ 2,663	\$ -

53 Applicable Federal Income Tax Rate [Col. [E], L51 - Col. [B], L51] / [Col. [E], L45 - Col. [B], L45]

55  
56

16.5313%

Calculation of Interest Synchronization: Not Applicable In This Docket

57	Rate Base (Schedule BCA-3, Col. (C), Line 17)	\$ 258,030
58	Weighted Average Cost of Debt (Schedule BCA-35, Col. [F] L2)	4.1000%
59	Synchronized Interest (L45 X L46)	\$ 10,579

**RATE BASE - ORIGINAL COST**

LINE NO.	(A) COMPANY AS FILED	(B) STAFF ADJUSTMENTS	(C) STAFF AS ADJUSTED
1	Plant in Service	\$ 1,283,786	\$ 1,317,985
2	Less: Accumulated Depreciation	307,919	300,825
3	Net Plant in Service	<u>\$ 975,867</u>	<u>\$ 1,017,160</u>
<u>LESS:</u>			
4	Contributions in Aid of Construction (CIAC)	\$ 84,750	\$ 84,750
5	Less: Accumulated Amortization	21,187	27,544
6	Net CIAC	<u>63,563</u>	<u>57,206</u>
7	Advances in Aid of Construction (AIAC)	-	654,491
8	Customer Meter Deposits	-	47,433
9	Deferred Income Tax Credits	-	-
<u>ADD:</u>			
10	Unamortized Finance Charges	-	-
11	Deferred Income Tax Debits	-	-
12	Working Capital	45,332	(45,332)
13	Intensionally Left Blank	-	-
17	<b>Original Cost Rate Base</b>	<u>\$ 957,636</u>	<u>\$ 258,030</u>

References:

Column [A], Company's Rate Application  
Column [B]: Column [C] - Column [A]  
Column [C]: Schedule BCA-4 Column [S].

SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS

LINE NO.	ACCT. NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) ADJ #1	(C) ADJ #2	(D) ADJ #3	(E) ADJ #4	(F) ADJ #5	(G) ADJ #6	(H) ADJ #7
<b>PLANT IN SERVICE:</b>										
1		Intangible Plant								
2	301.00	Organization	\$ 20,335	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	302.00	Franchises	-	-	-	-	-	-	-	-
4	303.00	Land & Land Rights	35,596	-	-	-	-	-	-	-
5		Subtotal Intangible	55,931	-	-	-	-	-	-	-
6										
7		Source of Supply								
8	304	Structures & Improvements	\$ 6,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9	305	Collecting and Impounding Res.	-	-	-	-	-	-	-	-
10	306	Lake River and Other Intakes	-	-	-	-	-	-	-	-
11	307	Wells and Springs	77,913	-	-	21,264	-	-	36,463	-
12	308	Infiltration Galleries and Tunnels	-	-	-	-	-	-	-	-
13	309	Supply Mains	-	-	-	-	-	-	-	-
14	310	Power Generating Equipment	-	-	-	-	-	-	-	-
15	311	Electric Pumping Equipment	16,702	-	-	41,679	-	2,320	-	-
16	312	Collecting & Impounding Reservoirs	-	-	-	-	-	-	-	-
17	313	Lakes, Rivers, Other Intakes	-	-	-	-	-	-	-	-
18		Subtotal Source of Supply	\$ 100,615	\$ -	\$ -	\$ 62,943	\$ -	\$ 2,320	\$ 36,463	\$ -
19										
20		Water Treatment								
21	320	Water Treatment Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22	321	Structures & Improvements	-	-	-	-	-	-	-	-
23	323	Other Power Production	-	-	-	-	-	-	-	-
24	325	Electric Pumping Equipment	-	-	-	-	-	-	-	-
25	326	Diesel Pumping Equipment	-	-	-	-	-	-	-	-
26	328.10	Gas Engine Pumping Equipment	-	-	-	-	-	-	-	-
27		Subtotal Water Treatment	-	-	-	-	-	-	-	-
28										
29		Transmission & Distribution								
30	330	Distribution Reservoirs & Standpipe(Storage Tank)	\$ 381,199	\$ -	\$ (210,254)	\$ -	\$ -	\$ -	\$ 11,647	\$ -
31	331	Transmission and Distribution Mains	664,017	-	-	12,608	40,854	-	105,985	-
32	332	Services	-	-	-	-	-	-	-	-
33	334	Meters	11,587	-	-	-	-	3,113	7,390	-
34	335	Hydrants	-	-	-	-	-	-	827	-
35	336	Backflow Prevention Devices	-	-	-	-	-	-	-	-
36	339	Other Plant and Miscellaneous Equipment	-	-	-	-	-	-	-	-
37		Subtotal Transmission & Distribution	1,056,803	-	(210,254)	12,608	40,854	3,113	125,849	-
38										
39		General Plant								
40	340	Office Furniture and Equipment	\$ 6,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
41	340.1	Computer and Software	4,983	-	-	-	-	1,157	-	-
42	341	Transportation Equipment	16,100	-	-	-	-	-	-	-
43	342	Stores Equipment	-	-	-	-	-	-	-	-
44	343	Tools and Work Equipment	2,000	-	-	-	-	-	-	-
45	344	Laboratory Equipment	-	-	-	-	-	-	-	-
46	345	Power Operated Equipment	-	-	-	-	-	-	-	-
47	346	Communications Equipment	-	-	-	-	-	-	-	-
48	347	Miscellaneous Equipment	-	-	-	-	-	-	-	-
49	349	Other Tangible Plant	-	-	-	-	-	-	-	-
50		Intentionally Left Blank	-	-	-	-	-	-	-	-
51		Subtotal General Plant	29,583	-	-	-	-	1,157	-	-
52										
53		Total	1,242,932	-	(210,254)	75,551	40,854	6,590	162,312	-
54	Add:									
55	105	Construction Work in Progress (Completed in 2008)	40,854	-	-	-	(40,854)	-	-	-
56	Less:									
57										
58										
59										
60		Total Plant in Service	\$ 1,283,786	\$ -	\$ (210,254)	\$ 75,551	\$ -	\$ 6,590	\$ 162,312	\$ -
61		Less: Accumulated Depreciation	307,919	-	-	-	-	-	-	-
62		Net Plant in Service (L59 - L 60)	\$ 975,867	\$ -	\$ (210,254)	\$ 75,551	\$ -	\$ 6,590	\$ 162,312	\$ -
63										
64		LESS:								
65		Contributions in Aid of Construction (CIAC)	\$ 84,750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
66		Less: Accumulated Amortization of CIAC	21,187	-	-	-	-	-	-	6,357
67		Net CIAC (L25 - L26)	\$ 63,563	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (6,357)
68		Advances in Aid of Construction (AIAC)	-	-	-	-	-	-	-	-
69		Customer Meter Deposits	-	-	-	-	-	-	-	-
70		Deferred Income Tax Credits	-	-	-	-	-	-	-	-
71										
72										
73										
74										
75		ADD:								
76		Unamortized Finance Charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
77		Deferred Income Tax Debts	-	-	-	-	-	-	-	-
78		Working Capital	45,332	-	-	-	-	-	-	-
79		Intentionally Left Blank	-	-	-	-	-	-	-	-
80		Original Cost Rate Base	\$ 957,636	\$ -	\$ (210,254)	\$ 75,551	\$ -	\$ 6,590	\$ 162,312	\$ 6,357

ADJ #	References:
1	Schedule BCA-5
2	Schedule BCA-6
3	Schedule BCA-7
4	Schedule BCA-8
5	Schedule BCA-9
6	Schedule BCA-10
7	Schedule BCA-11
8	Schedule BCA-12
9	Schedule BCA-13
10	Schedule BCA-14
11	Schedule BCA-15

SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS

LINE NO.	ACCT. NO.	DESCRIPTION	[I] ADJ #8	[J] ADJ #9	[K] ADJ #10	[L] ADJ #11	[M]	[N] STAFF ADJUSTED
<b>PLANT IN SERVICE:</b>								
1		Intangible Plant						
2	301.00	Organization	\$ -	\$ -	\$ -	\$ -	\$ -	20,335
3	302.00	Franchises	-	-	-	-	-	-
4	303.00	Land & Land Rights	-	-	-	-	-	35,596
5		Subtotal Intangible	-	-	-	-	-	55,931
6								
7		Source of Supply						
8	304	Structures & Improvements	\$ -	\$ -	\$ -	\$ -	\$ -	6,000
9	305	Collecting and Impounding Res.	-	-	-	-	-	-
10	306	Lake River and Other Intakes	-	-	-	-	-	-
11	307	Wells and Springs	-	-	-	-	-	135,640
12	308	Infiltration Galleries and Tunnels	-	-	-	-	-	-
13	309	Supply Mains	-	-	-	-	-	-
14	310	Power Generating Equipment	-	-	-	-	-	-
15	311	Electric Pumping Equipment	-	-	-	-	-	60,701
16	312	Collecting & Impounding Reservoirs	-	-	-	-	-	-
17	313	Lakes, Rivers, Other Intakes	-	-	-	-	-	-
18		Subtotal Source of Supply	\$ -	\$ -	\$ -	\$ -	\$ -	202,341
19								
20		Water Treatment						
21	320	Water Treatment Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	-
22	321	Structures & Improvements	-	-	-	-	-	-
23	323	Other Power Production	-	-	-	-	-	-
24	325	Electric Pumping Equipment	-	-	-	-	-	-
25	326	Diesel Pumping Equipment	-	-	-	-	-	-
26	328.10	Gas Engine Pumping Equipment	-	-	-	-	-	-
27		Subtotal Water Treatment	-	-	-	-	-	-
28								
29		Transmission & Distribution						
30	330	Distribution Reservoirs & Standpipe(Storage Tank)	\$ -	\$ -	\$ -	\$ -	\$ -	182,592
31	331	Transmission and Distribution Mains	-	-	-	-	-	823,464
32	332	Services	-	-	-	-	-	-
33	334	Meters	-	-	-	-	-	22,090
34	335	Hydrants	-	-	-	-	-	827
35	336	Backflow Prevention Devices	-	-	-	-	-	-
36	339	Other Plant and Miscellaneous Equipment	-	-	-	-	-	-
37		Subtotal Transmission & Distribution	-	-	-	-	-	1,028,973
38								
39		General Plant						
40	340	Office Furniture and Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	6,500
41	340.1	Computer and Software	-	-	-	-	-	6,140
42	341	Transportation Equipment	-	-	-	-	-	16,100
43	342	Stores Equipment	-	-	-	-	-	-
44	343	Tools and Work Equipment	-	-	-	-	-	2,000
45	344	Laboratory Equipment	-	-	-	-	-	-
46	345	Power Operated Equipment	-	-	-	-	-	-
47	346	Communications Equipment	-	-	-	-	-	-
48	347	Miscellaneous Equipment	-	-	-	-	-	-
49	349	Other Tangible Plant	-	-	-	-	-	-
50		Intentionally Left Blank	-	-	-	-	-	-
51		Subtotal General Plant	-	-	-	-	-	30,740
52								
53		Total	-	-	-	-	-	1,317,985
54	Add:							
55	105	Construction Work in Progress (Completed in 2008)	-	-	-	-	-	-
56	Less:							
57								
58								
59								
60		Total Plant in Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,317,985
61		Less: Accumulated Depreciation	-	-	(7,094)	-	-	300,825
62		Net Plant in Service (L59 - L 60)	-	-	-	-	-	\$ 1,017,160
63								
64	LESS:							
65		Contributions in Aid of Construction (CIAC)	\$ -	\$ -	\$ -	\$ -	\$ -	84,750
66		Less: Accumulated Amortization of CIAC	-	-	-	-	-	27,544
67		Net CIAC (L25 - L26)	\$ -	\$ -	\$ -	\$ -	\$ -	57,206
68		Advances in Aid of Construction (AIAC)	654,491	-	-	-	-	654,491
71		Customer Meter Deposits	-	47,433	-	-	-	47,433
72		Deferred Income Tax Credits	-	-	-	-	-	-
73								
74								
75	ADD:							
76		Unamortized Finance Charges	\$ -	\$ -	\$ -	\$ -	\$ -	-
77		Deferred Income Tax Debits	-	-	-	-	-	-
78		Working Capital	-	-	-	(45,332)	-	-
79		Intentionally Left Blank	-	-	-	-	-	-
80		Original Cost Rate Base	\$ (654,491)	\$ (47,433)	\$ -	\$ (45,332)	\$ -	\$ 258,030

ADJ #	References:
1	Schedule BCA-5
2	Schedule BCA-6
3	Schedule BCA-7
4	Schedule BCA-8
5	Schedule BCA-9
6	Schedule BCA-10
7	Schedule BCA-11
8	Schedule BCA-12
9	Schedule BCA-13
10	Schedule BCA-14
11	Schedule BCA-15

Beaver Dam Water Company, Inc.  
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Test Year December 31, 2007

BCA-5

**RATE BASE ADJUSTMENT #1 - NOT USED**

<u>LINE</u>	<u>Acct.</u>		<u>[A]</u>	<u>[B]</u>	<u>[C]</u>
<u>NO.</u>	<u>No.</u>	<u>DESCRIPTION</u>	<u>COMPANY</u>	<u>STAFF</u>	<u>STAFF</u>
			<u>PROPOSED</u>	<u>ADJUSTMENTS</u>	<u>RECOMMENDED</u>

**RATE BASE ADJUSTMENT #2 - REMOVE PROPOSED PLANT**

<u>LINE NO.</u>	<u>Acct No.</u>	<u>DESCRIPTION</u>	<u>[A] COMPANY AS FILED</u>	<u>[B] STAFF ADJUSTMENTS</u>	<u>[C] STAFF RECOMMENDED</u>
1	330	Distribution Reservoirs & Standpipes - (Proposed storage tank)	<u>210,254</u>	<u>(210,254)</u>	<u>-</u>

References

[A]: Company's Rate Application

[B]: Col [C] - Col [A]

[C]: Staff Report

Beaver Dam Water Company  
 Docket No. W-03067A-08-0380  
 Test Year Ended December 31, 2007

BCA-7

**RATE BASE ADJUSTMENT #3 - RECLASSIFY OPERATING EXPENSES TO PLANT**

LINE NO.	Acct. No.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	331	Transmission & Distribution Mains	\$ -	\$ 12,608	\$ 12,608
2	307	Wells and Springs	\$ -	\$ 18,208	\$ 18,208
3	307	Wells and Springs	\$ -	\$ 3,056	\$ 3,056
4	311	Electric Pumping Equipment	\$ -	\$ 41,679	\$ 41,679
5		Total	\$ -	\$ 75,551	\$ 75,551

**RATE BASE ADJUSTMENT #4 - RECLASSIFY CWIP TO PLANT**

LINE NO.	Acct. No.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	105	Construction Work in Progress - (Completed and recorded in 2008)	\$ 40,854	\$ (40,854)	\$ -
2	331	Transmission and Distribution Main	\$ -	\$ 40,854	\$ 40,853.73
			<u>\$ 40,854</u>	<u>\$ -</u>	<u>\$ 40,854</u>

References

- [A]: Company's Rate Application
- [B]: Col [C] - Col [A]
- [C]: Staff Report

**RATE BASE ADJUSTMENT #5 - ADD SUPPORTED PLANT**

LINE NO.	Acct. No.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	334	Meters & Meter Installations	\$ 11,587	\$ 3,113	\$ 14,700
2	340	Computers and Software	\$ 4,983	\$ 1,157	\$ 6,140
3	311	Electric Pumping Equipment	\$ -	\$ 2,320	\$ 2,320
4		Total	<u>\$ 16,570</u>	<u>\$ 6,590</u>	<u>\$ 23,160</u>

References

- [A]: Company's Rate Application
- [B]: Col [C] - Col [A]
- [C]: Staff Report

**RATE BASE ADJUSTMENT #6 - RECOGNIZE PLANT ASSETS NOT BOOKED BY THE COMPANY**

LINE NO.	Acct. No.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	307	Wells and Springs	\$ -	\$ 36,463	36,463
2	330	Distribution , Reservoirs & Standpipes	\$ -	\$ 11,647	11,647
3	331	Transmission and Distribution Mains	\$ -	\$ 105,985	105,985
4	334	Meters and Meter Installations	\$ -	\$ 7,390	7,390
5	335	Hydrants	\$ -	\$ 827	827
		Total	\$ -	\$ 162,312	\$ 162,312

References

- [A]: Company's Rate Application
- [B]: Col [C] - Col [A]
- [C]: Staff Report

Recognize \$145,231 out of services costs  
excluded from plant

**RATE BASE ADJUSTMENT #7 - ACCULATED AMORTIZATION OF CONTRIBUTION-IN-AID-OF-CONSTRUCTION (CIAC)**

LINE	Acct.		[A]	[B]	[C]
<u>NO.</u>	<u>No.</u>	<u>DESCRIPTION</u>	COMPANY AS <u>FILED</u>	STAFF <u>ADJUSTMENTS</u>	STAFF <u>RECOMMENDED</u>
1	307	Accumulated Amortization of CIAC	\$ 21,187	\$ 6,357	\$ 27,544

References

[A]: Company's Rate Application

[B]: Col [C] - Col [A]

[C]: Staff Report

Beaver Dam Water Company  
Docket No. W-03067A-08-0380 et al  
Test Year Ended December 31, 2007

BCA-12

**RATE BASE ADJUSTMENT #8 - ADVANCE-IN-AID-OF-CONSTRUCTION (AIAC)**

LINE NO.	Acct. No.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1		Advance- in- Aid- of- Construction	\$ -	\$ 654,491	\$ 654,491

References

[A]: Company's Rate Application

[B]: Col [C] - Col [A]

[C]: Staff Report

Beaver Dam Water Company  
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Test Year Ended December 31, 2007

BCA-13

**RATE BASE ADJUSTMENT #9 - CUSTOMER METER DEPOSIT**

LINE	Acct.		[A]	[B]	[C]
<u>NO.</u>	<u>No.</u>	<u>DESCRIPTION</u>	<u>COMPANY</u>	<u>STAFF</u>	<u>STAFF</u>
			<u>AS</u>	<u>ADJUSTMENTS</u>	<u>RECOMMENDED</u>
			<u>FILED</u>		
1		Customer Meter Deposit	\$ -	\$ 47,433	\$ 47,433

References

- [A]: Company's Rate Application
- [B]: Col [C] - Col [A]
- [C]: Staff Report

Beaver Dam Water Company  
Docket No. W-03067A-08-0380 et al  
Test Year Ended December 31, 2007

BCA-14

**RATE BASE ADJUSTMENT #10 - ACCUMULATED DEPRECIATION EXPENSE**

LINE NO.	Acct. No.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1		Accumulated Depreciation Expense	\$ 307,919	\$ (7,094)	\$ 300,825

References

[A]: Company's Rate Application  
[B]: Col [C] - Col [A]  
[C]: Staff Report

Beaver Dam Water Company  
 Docket No. W-03067A-08-0380 et al  
 Test Year Ended December 31, 2007

BCA-15

**RATE BASE ADJUSTMENT #11 - WORKING CAPITAL ALLOWANCE**

LINE NO.	Acct. No.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1		Working Capital Allowance ( 1/8 of Operating & Maint. Ex	\$ 44,028	\$ (44,028)	-
2		Working Capital Allowance ( 1/24 of Purchase Power)	\$ 1,304	\$ (1,304)	-
3		Total	<u>\$ 45,332</u>	<u>\$ (45,332)</u>	<u>\$ -</u>

References

- [A]: Company's Rate Application
- [B]: Col [C] - Col [A]
- [C]: Staff Report

**OPERATING INCOME STATEMENT - TEST YEAR AND STAFF RECOMMENDED**

LINE NO.	DESCRIPTION	[A] COMPANY TEST YEAR AS FILED	[B] STAFF TEST YEAR ADJUSTMENTS	[C] STAFF TEST YEAR AS ADJUSTED	[D] STAFF PROPOSED CHANGES	[E] STAFF RECOMMENDED
<b>REVENUES:</b>						
1	Metered Water Sales	\$ 211,595	\$ -	\$ 211,595	\$ 79,191	\$ 290,786
2	Water Sales - Unmetered	-	17,491	17,491	-	17,491
3	Other Operating Revenue	-	-	-	-	-
4	<b>Total Operating Revenues</b>	<b>\$ 211,595</b>	<b>\$ 17,491</b>	<b>\$ 229,086</b>	<b>\$ 79,191</b>	<b>\$ 308,277</b>
<b>OPERATING EXPENSES:</b>						
7	Salaries and Wages	\$ 119,100	(17,960)	\$ 101,140	\$ -	\$ 101,140
8	Purchased Water	-	-	-	-	-
9	Purchased Power	31,285	-	31,285	-	31,285
10	Chemicals	3,085	-	3,085	-	3,085
11	Repairs and Maintenance	55,053	(41,679)	13,374	-	13,374
12	Office Supplies and Expense	3,915	-	3,915	-	3,915
13	Outside Services	71,992	(45,687)	26,305	-	26,305
14	Water Testing	6,835	(3,056)	3,779	-	3,779
15	Rent - Equipment	5,400	-	5,400	-	5,400
	Rent - Building	15,936	-	15,936	-	15,936
16	Transportation Expenses	9,780	(2,997)	6,783	-	6,783
17	Insurance - General Liability	12,872	(9,320)	3,552	-	3,552
18	Insurance - Health and Life	-	-	-	-	-
19	Reg. Comm. Exp.- Rate Case	1,500	3,500	5,000	-	5,000
20	Miscellaneous Expenses	15,473	(8,192)	7,281	-	7,281
21	Depreciation Expense	29,088	7,956	37,044	-	37,044
22	Taxes Other than Income	10,948	3,486	14,434	-	14,434
23	Property Taxes	8,426	(2,468)	5,958	701	6,659
24	Income Taxes	-	(14,878)	(14,878)	17,541	2,663
25	Intentionally Left blank(Rounding)	-	-	-	-	-
27	<b>Total Operating Expenses</b>	<b>400,688</b>	<b>(131,295)</b>	<b>269,393</b>	<b>18,241</b>	<b>287,634</b>
28	<b>Operating Income (Loss)</b>	<b>\$ (189,093)</b>	<b>\$ 148,786</b>	<b>\$ (40,307)</b>	<b>\$ 60,950</b>	<b>\$ 20,642</b>

**References:**

- Column (A): Company's Rate Application
- Column (B): Column (C) - Column (A)
- Column (C): Column (A) + Column (B)
- Column (D): Schedules BCA-1 and BCA-2
- Column (E): Column (C) + Column (D)

SUMMARY OF OPERATING INCOME ADJUSTMENTS - TEST YEAR

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) ADJ #1	(C) ADJ #2	(D) ADJ #3	(E) ADJ #4	(F) ADJ #5	(G) ADJ #6	(H) ADJ #7	(I) ADJ #8	
<b>REVENUES:</b>											
1	Metered Water Sales	\$ 211,595	-	-	-	-	-	-	-	-	
2	Water Sales - Unmetered (Bulk Water Sales)	\$ 17,491	-	-	-	-	-	-	-	-	
3	Other Operating Revenue	\$ -	-	-	-	-	-	-	-	-	
4	Total Operating Revenues	\$ 211,595	\$ 17,491	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
5	<b>OPERATING EXPENSES:</b>										
6	Salaries and Wages	\$ 119,100	-	\$ (17,960)	-	-	-	-	-	-	
7	Purchased Water	-	-	-	-	-	-	-	-	-	
8	Purchased Power	31,285	-	-	-	-	-	-	-	-	
9	Chemicals	3,085	-	-	-	-	-	-	-	-	
10	Repairs and Maintenance	55,053	-	-	(41,679)	-	-	-	-	-	
11	Office Supplies and Expense	3,915	-	-	-	-	-	-	-	-	
12	Outside Services	71,992	-	-	-	(18,208)	-	(1,245)	-	-	
13	Water Testing	6,835	-	-	-	-	-	-	-	-	
14	Rent - Equipment	5,400	-	-	-	-	-	-	-	-	
15	Rent - Building	15,936	-	-	-	-	-	-	-	-	
16	Transportation Expenses	9,780	-	-	-	-	-	-	-	-	
17	Insurance - General Liability	12,872	-	-	-	-	-	-	-	(2,997)	
18	Insurance - Health and Life	-	-	-	-	-	-	-	-	-	
19	Reg. Comm. Exp. - Rate Case	1,500	-	-	-	-	-	3,500	-	-	
20	Miscellaneous Expenses	15,473	-	-	-	-	-	-	-	-	
21	Depreciation Expense	29,088	-	-	-	-	-	-	-	-	
22	Taxes Other than Income	10,948	-	-	-	-	-	-	-	-	
23	Property Taxes	8,426	-	-	-	-	-	-	-	-	
24	Income Taxes	-	-	-	-	-	-	-	-	-	
25	Intentionally Left blank(Rounding)	-	-	-	-	-	-	-	-	-	
27	Total Operating Expenses	\$ 400,688	\$ -	\$ (17,960)	\$ (41,679)	\$ (18,208)	\$ (26,234)	\$ 2,255	\$ (3,056)	\$ (2,997)	
28	Operating Income (Loss)	\$ (189,093)	\$ 17,491	\$ 17,960	\$ 41,679	\$ 18,208	\$ 26,234	\$ (2,255)	\$ 3,056	\$ 2,997	

ADJ #	References:
9	Schedule BCA-26
10	Schedule BCA-27
11	Schedule BCA-28
12	Schedule BCA-29
13	Schedule BCA-30
14	Schedule BCA-31

ADJ #	References:
1	Schedule BCA-18
2	Schedule BCA-19
3	Schedule BCA-20
4	Schedule BCA-21
5	Schedule BCA-22
6	Schedule BCA-23
7	Schedule BCA-24
8	Schedule BCA-25

**SUMMARY OF OPERATING INCOME ADJUSTMENTS - TEST**

LINE NO.	DESCRIPTION	[J] ADJ #9	[K] ADJ #10	[K] ADJ #11	[K] ADJ #12	[K] ADJ #13	[L] ADJ #14	[M] ADJ #15	[N] STAFF ADJUSTED
<b>REVENUES:</b>									
1	Metered Water Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 211,595
2	Water Sales - Unmetered (Bulk Water Sales)	-	-	-	-	-	-	-	17,491
3	Other Operating Revenue	-	-	-	-	-	-	-	-
4	Total Operating Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 229,086
<b>OPERATING EXPENSES:</b>									
6	Salaries and Wages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 101,140
7	Purchased Water	-	-	-	-	-	-	-	-
8	Purchased Power	-	-	-	-	-	-	-	31,285
9	Chemicals	-	-	-	-	-	-	-	3,085
10	Repairs and Maintenance	-	-	-	-	-	-	-	13,374
11	Office Supplies and Expense	-	-	-	-	-	-	-	3,915
12	Outside Services	-	-	-	-	-	-	-	26,305
13	Water Testing	-	-	-	-	-	-	-	3,779
14	Rent - Equipment	-	-	-	-	-	-	-	5,400
15	Rent - Building	-	-	-	-	-	-	-	15,936
16	Transportation Expenses	-	-	-	-	-	-	-	6,783
17	Insurance - General Liability	(9,320)	-	-	-	-	-	-	3,552
18	Insurance - Health and Life	-	-	-	-	-	-	-	-
19	Reg. Comm. Exp. - Rate Case	-	-	-	-	-	-	-	-
20	Miscellaneous Expenses	-	(8,192)	7,956	-	-	-	-	-
21	Depreciation Expense	-	-	-	-	-	-	-	37,044
22	Taxes Other than Income	-	-	-	3,486	-	-	-	14,434
23	Property Taxes	-	-	-	-	(2,468)	-	-	5,958
24	Income Taxes	-	-	-	-	-	(14,878)	-	(14,878)
25	Intentionally Left blank(Rounding)	-	-	-	-	-	-	-	-
27	Total Operating Expenses	\$ (9,320)	\$ (8,192)	\$ 7,956	\$ 3,486	\$ (2,468)	\$ (14,878)	\$ -	\$ 289,393
28	Operating Income (Loss)	\$ 9,320	\$ 8,192	\$ (7,956)	\$ (3,486)	\$ 2,468	\$ 14,878	\$ -	\$ (40,307)

ADJ #	References:
9	Schedule BCA-26
10	Schedule BCA-27
11	Schedule BCA-28
12	Schedule BCA-29
13	Schedule BCA-30
14	Schedule BCA-31

ADJ #	References:
1	Schedule BCA-18
2	Schedule BCA-19
3	Schedule BCA-20
4	Schedule BCA-21
5	Schedule BCA-22
6	Schedule BCA-23
7	Schedule BCA-24
8	Schedule BCA-25

OPERATING INCOME ADJUSTMENT #1 - NORMALIZATION OF UNMETERED WATER REVENUES

LINE NO.	Acct. No.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	1	Unmetered Water Revenue	\$ -	\$ 17,491	\$ 17,491
	2	Other Water Revenue (Bulk Sales)- Company test year 2007			23,190
	3	Other Water Revenue - 2006			29,282
	4	Other Water Revenue - 2005			-
	5	Other Water Revenue, past three years			52,472
	6	Average Other Water Revenue (line 5/3)			17,491

References:

Col [A]: Company's Rate Application  
Col [B]: Col [C] - Col [A]  
Col [C], lines 2-4: Company's response to DR BCA 3.16

OPERATING INCOME ADJUSTMENT #2 - REMOVE UNSUPPORTED SALARIES AND WAGES EXPENSE

<u>Line No.</u>	<u>Acct. #</u>	<u>DESCRIPTION</u>	<u>[A] COMPANY PROPOSED</u>	<u>[B] STAFF ADJUSTMENTS</u>	<u>[C] STAFF RECOMMENDED</u>
1		Salaries and Wages Expense	\$ 119,100	\$ (17,960)	\$ 101,140

References:  
Col [A]: Company's Rate Application  
Col [B]: Col [C] - Col [A]  
Col [C]: Line 1: Company's response to BCA DR 3>5

OPERATING INCOME ADJUSTMENT #3 - RECLASSIFICATION OF REPAIRS AND MAINTENANCE EXPENSE TO PLANT

<u>LINE NO.</u>	<u>Acct. No.</u>	<u>DESCRIPTION</u>	<u>[A] COMPANY PROPOSED</u>	<u>[B] STAFF ADJUSTMENTS</u>	<u>[C] STAFF RECOMMENDED</u>
1		Repairs and Maintenance Expense	\$ 55,053	\$ (41,679)	\$ 13,374

References:

Col [A]: Company's Rate Application  
Col [B]: Col [C] - Col [A]  
Col [C]: Staff Report

Reclassify \$41,678.62 from repairs and maintenance expense to electrical pumping equipment.

**OPERATING INCOME ADJUSTMENT #4 - RECLASSIFY OUTSIDE SERVICES EXPENSE TO PLANT**

<u>LINE NO.</u>	<u>Acct. No.</u>	<u>DESCRIPTION</u>	<u>[A] COMPANY PROPOSED</u>	<u>[B] STAFF ADJUSTMENTS</u>	<u>[C] STAFF RECOMMENDED</u>
1		Wells and Springs (LESLIE)	\$ 18,208	\$ (18,208)	\$ -

References:

Col [A]: Company's Application - Supporting documentation.

Col [B]: Col [C] - Col [A]

Col [C]: Staff Report

Reclassify \$18,208 from Outside Services expense to Wells and Springs.

**OPERATING INCOME ADJUSTMENT #5 - REMOVE COST NOT NECESSARY TO PROVISION OF SERVICE TO EXISTING CUSTOMERS**

<u>LINE</u> <u>NO.</u>	<u>Acct.</u> <u>No.</u>	<u>DESCRIPTION</u>	<u>[A]</u> <u>COMPANY</u> <u>PROPOSED</u>	<u>[B]</u> <u>STAFF</u> <u>ADJUSTMENTS</u>	<u>[C]</u> <u>STAFF</u> <u>RECOMMENDED</u>
1		Water Study Cost (AMEC)	\$ 26,234	\$ (26,234)	\$ -
2					
3					
4					

References:

Col [A]: Company's Application - Supporting documentation.  
Col [B]: Col [C] - Col [A]  
Col [C]: Staff Report

Remove \$26,234 pertaining to a Water Study by AMEC from Outside Services expense.

OPERATING INCOME ADJUSTMENT #6 - RECLASSIFY AND NORMALIZE RATE CASE EXPENSE

LINE NO.	Acct. No.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1		Rate Case Expense - Outside Services	\$ 1,245	\$ (1,245)	\$ -
2		Rate Case Expense - Regulatory Commission Expense	\$ 1,500	\$ 3,500	\$ 5,000
3		Total	<u>\$ 2,745</u>	<u>\$ 2,255</u>	<u>\$ 5,000</u>

References:

Col [A]: Company's Rate Application - Supporting documentation.

Col [B]: Col [C] - Col [A]

Col [C]: Staff Report

Reclassify \$1,245 from Outside Services expense to Regulatory Commission Expense and allow a normalized annual rate case expense of \$5,000.

**OPERATING INCOME ADJUSTMENT #7 - RECLASSIFY COST FROM WATER TESTING TO WELLS AND SPRINGS**

<u>LINE NO.</u>	<u>DESCRIPTION</u>	<u>[A] COMPANY PROPOSED</u>	<u>[B] STAFF ADJUSTMENTS</u>	<u>[C] STAFF RECOMMENDED</u>
1	Water Testing Expense	<u>\$ 6,835</u>	<u>\$ (3,056)</u>	<u>\$ 3,779</u>

References:

Col [A]: Company's Rate Application

Col [B]: Col [C] - Col [A]

Col [C]: Staff Report

Reclassify \$3,056 from water testing expense to  
Wells and Springs

OPERATING INCOME ADJUSTMENT #8 - REMOVE UNSUPPORTED TRANSPORTATION EXPENSE

<u>LINE</u> <u>NO.</u>	<u>Acct.</u> <u>No.</u>	<u>DESCRIPTION</u>	<u>[A]</u> <u>COMPANY</u> <u>PROPOSED</u>	<u>[B]</u> <u>STAFF</u> <u>ADJUSTMENTS</u>	<u>[C]</u> <u>STAFF</u> <u>RECOMMENDED</u>
1		Transportation Expense	<u>\$ 9,780</u>	<u>\$ (2,997)</u>	<u>\$ 6,783</u>

References:

Col [A]: Company's Rate Application  
Col [B]: Col [C] - Col [A]  
Col [C]: Staff Report

**OPERATING INCOME ADJUSTMENT #9 - REMOVE UNSUPPORTED GENERAL LIABILITY INSURANCE EXPENSE**

<u>LINE NO.</u>	<u>DESCRIPTION</u>	<u>[A] COMPANY PROPOSED</u>	<u>[B] STAFF ADJUSTMENTS</u>	<u>[C] STAFF RECOMMENDED</u>
1	Insurance - General Liability	<u>\$ 12,872</u>	<u>\$ (9,320)</u>	<u>\$ 3,552</u>

References:

Col [A]: Company's Rate Application  
Col [B]: Col [C] - Col [A]  
Col [C]: Staff Report

**OPERATING INCOME ADJUSTMENT #10 - REMOVE INAPPROPRIATE MISCELLANEOUS  
EXPENSE**

<u>LINE NO.</u>	<u>DESCRIPTION</u>	<u>[A] COMPANY PROPOSED</u>	<u>[B] STAFF ADJUSTMENTS</u>	<u>[C] STAFF RECOMMENDED</u>
1	Miscellaneous Expense	<u>\$ 12,376</u>	<u>\$ (8,192)</u>	<u>\$ 4,184</u>

References:

Col [A]: Company's rate Application

Col [B]: Col [C] - Col [A]

Col [C]: Staff Report

**OPERATING INCOME ADJUSTMENT #11 - DEPRECIATION EXPENSE**

Line No.	ACCT NO.	DESCRIPTION	[A] AMOUNT	[B] PROJECTED RATE	[C] DEPRECIATION EXPENSE
<b>Plant In Service</b>					
1	301	Organization	\$ 20,335	0.00%	\$ -
2	302	Franchises	-	0.00%	\$ -
3	303	Land and Land Rights	35,596	0.00%	\$ -
4	304	Structures & Improvements	6,000	3.33%	\$ 200
5	305	Collecting & Impounding Reservoirs	-	2.50%	\$ -
6	306	Lakes, Rivers, Other Intakes	-	2.50%	\$ -
7	307	Wells and Springs	135,640	3.33%	\$ 4,517
8	308	Infiltration Galleries and Tunnels	-	6.67%	\$ -
9	309	Supply Mains	-	2.00%	\$ -
10	310	Power Generation Equipment	-	5.00%	\$ -
11	311	Electric Pumping Equipment	60,701	12.50%	\$ 7,588
12	320	Water Treatment Equipment	-	3.33%	\$ -
13	330	Distribution Reservoirs & Standpipes	182,592	2.22%	\$ 4,054
14	331	Transmission & Distribution Mains	823,464	2.00%	\$ 16,469
15	333	Services	-	3.33%	\$ -
16	334	Meters & Meter Installation	22,090	8.33%	\$ 1,840
17	335	Hydrants	827	2.00%	\$ 17
18	336	Backflow Prevention Devices	-	6.67%	\$ -
19	339	Other Plant & Misc. Equipment	-	6.67%	\$ -
20	340	Office Furniture & Equipment	6,500	6.67%	\$ 434
21	340	Computer & Software	6,140	20.00%	\$ 1,228
22	341	Transportation Equipment	16,100	20.00%	\$ 3,220
23	342	Stores Equipment	-	4.00%	\$ -
24	343	Tools, Ship & Garage Equipment	2,000	5.00%	\$ 100
25	344	Laboratory Equipment	-	10.00%	\$ -
26	345	Power Operated Equipment	-	5.00%	\$ -
27	346	Communication Equipment	-	10.00%	\$ -
28	347	Miscellaneous Equipment	-	10.00%	\$ -
29	348	Other Tangible Plant	-	10.00%	\$ -
30					
31		Subtotal General	\$ 1,317,985		\$ 39,665
32		Less: Non- depreciable Account(s) (L2 + L3)	35,596		
33		Depreciable Plant (L29-L30)	\$ 1,282,389		
34					
35		Contributions-in-Aid-of-Construction (CIAC)	\$ 84,750		
36		Composite Depreciation/Amortization Rate	3.09%		
37		Less: Amortization of CIAC (L34 x L35)			\$ 2,621
38		<b>Depreciation Expense - STAFF [Col. (C), L30 - L36]</b>			<b>\$ 37,044</b>

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
38	Depreciation Expense	\$ 29,088	\$ 7,956	\$ 37,044

**OPERATING INCOME ADJUSTMENT #12 - TAXES OTHER THAN INCOME**

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Taxes Other Than Income	\$ 10,948	\$ 3,486	\$ 14,434
	Salaries and Wages	\$ 101,140		
	FICA	7.45%	\$ 7,535	
	No. of Employees	3		
	Salary Subject to Unemployment Tax	\$ 7,000		
	Total Taxable Unemployment Salaries	\$ 21,000		
	Combined SUTA & FUTA Rate	13.50%	\$ 2,835	
	SUTA Rate	0.073		
	FUTA Rate	0.062		
	Combined SUTA & FUTA Rate	0.135		
	Franchise Tax		\$ 3,734	
	Other Taxes and Fees		\$ 330	
	Total Taxes Other Than Income			\$ 14,434

References:

Col [A]: Company's Rate Application  
Col [B]: Col [C] - Col [A]  
Col [C]: Staff Report

**OPERATING INCOME ADJUSTMENT #13 - PROPERTY TAX EXPENSE**

LINE NO.	DESCRIPTION	[A]	[B]
		STAFF AS ADJUSTED	STAFF RECOMMENDED
1	Staff Adjusted Test Year Revenues - 2007	\$ 229,086	\$ 229,086
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	\$ 458,171	\$ 458,171
4	Staff Recommended Revenue	229,086	\$ 308,277
5	Subtotal (Line 4 + Line 5)	\$ 687,257	\$ 766,448
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	\$ 229,086	\$ 255,483
8	Department of Revenue Mutilplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	\$ 458,171	\$ 510,965
10	Plus: 10% of CWIP	-	-
11	Less: Net Book Value of Licensed Vehicles	9,321	9,321
12	Full Cash Value (Line 9 + Line 10 - Line 11)	\$ 448,850	\$ 501,644
13	Assessment Ratio	22.50%	22.50%
14	Assessment Value (Line 12 * Line 13)	\$ 100,991	\$ 112,870
15	Composite Property Tax Rate - Obtained from ADOR	5.9000%	5.9000%
16	Staff Test Year Adjusted Property Tax Expense (Line 14 * Line 15)	\$ 5,958	
17	Company Proposed Property Tax	8,426	
18	Staff Test Year Adjustment (Line 16 - Line 17)	\$ (2,468)	
19	Property Tax - Staff Recommended Revenue (Line 14 * Line 15)		\$ 6,659
20	Staff Test Year Adjusted Property Tax Expense (Line 16)		\$ 5,958
21	Increase (Decrease) in Property Tax Due to Increase in Revenue Requirement		\$ 701
22	Increase (Decrease) in Property Tax Due to Increase in Revenue Requirement (Line 21)		\$ 701
23	Increase (Decrease) in Revenue Requirement		\$ 79,191
24	Increase in Property Tax Per Dollar Increase in Revenue (Line 22 / Line 23)		0.88500%

REFERENCES:

- Line 15: Composite Tax Rate obtained from Arizona Department of Revenue
- Line 17: Company Schedule BCA-17
- Line 21: Line 19 - Line 20
- Line 23: Schedule BCA-1

Beaver Dam Water Company, Inc.  
Docket No. W-03067A-08-0380 et al  
Test Year December 31, 2007

BCA-31

**OPERATING INCOME ADJUSTMENT #14- INCOME TAXES**

<u>LINE NO.</u>	<u>DESCRIPTION</u>	<u>[A] COMPANY PROPOSED</u>	<u>[B] STAFF ADJUSTMENTS</u>	<u>[C] STAFF RECOMMENDED</u>
1	Income Tax Expense	<u>\$ -</u>	<u>\$ (14,878)</u>	<u>\$ (14,878)</u>

References:

Col [A]: Company's Rate Application

Col [B]: Col [C] - Col [A]

Col [C]: Schedule BCA-2, Line 52

Monthly Usage Charge

Beaver Dam Water Company  
 RATE DESIGN

Decision No. 55788  
 Gallons in the minimum  
 5/8" x 3/4" Meter  
 3/4" Meter  
 1" Meter  
 1.5" Meter  
 2" Meter  
 4" Meter  
 6" Meter (HOA)  
 8" Meter  
 10" Meter  
 12" Meter

Present Rates	Company Proposed	Staff Recommended
\$ 15.00	\$ 30.00	\$ 15.00
N/T	N/T	\$ 22.50
N/T	N/T	\$ 37.50
N/T	N/T	\$ 75.00
N/T	N/T	\$ 120.00
\$ 120.00	\$ 1,000.00	\$ 375.00
\$ 15.00	\$ 30.00	\$ 750.00
N/T	N/T	\$ 1,200.00
N/T	N/T	\$ 1,725.00
N/T	N/T	\$ 3,225.00

Decision No. 47690  
 Gallons in the minimum  
 5/8" x 3/4" Meter  
 3/4" Meter  
 1" Meter  
 1.5" Meter  
 2" Meter  
 4" Meter  
 6" Meter  
 8" Meter  
 10" Meter  
 12" Meter

\$ 4,000	\$ 30.00	\$ 15.00
\$ 17.00	N/T	\$ 22.50
N/T	N/T	\$ 37.50
N/T	N/T	\$ 75.00
N/T	N/T	\$ 120.00
N/T	N/T	\$ 375.00
N/T	N/T	\$ 750.00
N/T	N/T	\$ 1,200.00
N/T	N/T	\$ 1,725.00
N/T	N/T	\$ 3,225.00

Decision No. 64662  
 Gallons in the minimum  
 5/8" x 3/4" Meter  
 3/4" Meter  
 1" Meter  
 1.5" Meter  
 2" Meter  
 3" Meter  
 4" Meter  
 6" Meter  
 8" Meter  
 10" Meter  
 12" Meter

\$ 13.30	\$ 30.00	\$ 15.00
N/T	N/T	\$ 22.50
\$ 33.25	\$ 45.00	\$ 37.50
\$ 66.50	\$ 400.00	\$ 75.00
\$ 126.35	\$ 500.00	\$ 120.00
\$ 465.50	\$ 600.00	\$ 240.00
\$ 731.50	\$ 1,000.00	\$ 375.00
\$ 997.50	\$ 1,600.00	\$ 750.00
N/T	N/T	\$ 1,200.00
N/T	N/T	\$ 1,725.00
N/T	N/T	\$ 3,225.00



**Service Line and Meter Installation Charges**

	Present Rates		Company Proposed Charges		Staff Recommended		
	Total				Service Line	Meter Install.	Total
5/8" x 3/4" Meter	\$ 225.00		\$ 580.00		\$ 425.00	\$ 155.00	\$ 580.00
3/4" Meter	N/T		N/T		\$ 445.00	\$ 255.00	\$ 700.00
1" Meter	N/T		700.00		\$ 460.00	\$ 255.00	\$ 700.00
1.5" Meter	N/T		880.00		\$ 615.00	\$ 420.00	\$ 880.00
2" Turbine Meter	N/T		1,380.00		\$ 615.00	\$ 765.00	\$ 1,380.00
2" Compound Meter	N/T		1,460.00		\$ 615.00	\$ 845.00	\$ 1,460.00
3" Turbine Meter	N/T		1,930.00		\$ 745.00	\$ 1,185.00	\$ 1,930.00
3" Compound Meter	N/T		2,010.00		\$ 745.00	\$ 1,265.00	\$ 2,010.00
4" Turbine Meter	\$ 1,375.00		2,935.00		\$ 1,050.00	\$ 1,885.00	\$ 2,935.00
4" Compound Meter	N/T		3,020.00		\$ 1,050.00	\$ 1,970.00	\$ 3,020.00
6" Meter Turbine	\$ 2,900.00		4,120.00		\$ 1,250.00	\$ 2,870.00	\$ 4,120.00
6" Compound Meter	N/T		5,960.00		\$ 1,250.00	\$ 4,710.00	\$ 5,960.00
8" Turbine	N/T		6,775.00		At Cost	At Cost	At Cost
10" Turbine	N/T		12,150.00		At Cost	At Cost	At Cost
12" Turbine	N/T		16,800.00		At Cost	At Cost	At Cost

Service Charges	Present		Company Proposed		Staff Recommended	
Establishment (After Hours)	\$ 35.00	\$ 35.00	\$ 55.00	\$ 35.00	\$ 45.00	\$ 35.00
Reconnection (Delinquent)	\$ 45.00	\$ 45.00	\$ 65.00	\$ 45.00	\$ 50.00	\$ 45.00
Reconnection (Delinquent)- After Hours	\$ 50.00	\$ 50.00	\$ 75.00	\$ 50.00	\$ 65.00	\$ 50.00
Meter Test (If Correct)	N/T	N/T	N/T	N/T	\$ 25.00	\$ 25.00
Deposit - Note 1	\$ 20.00	\$ 20.00	\$ 40.00	\$ 20.00	\$ 25.00	\$ 25.00
Deposit Interest - Note 1	(1)	(1)	(1)	(1)	(1)	(1)
Re-Establishment (Within 12 Months)- Note 2	(1)	(1)	(1)	(1)	(1)	(1)
NSF Check	(2)	(2)	(2)	(2)	(2)	(2)
Deferred Payment, per Month	\$ 10.00	\$ 10.00	\$ 25.00	\$ 10.00	\$ 25.00	\$ 10.00
Meter Re-Read (If Correct)	N/T	N/T	1.50%	1.50%	1.50%	1.50%
Late Charge per Month	\$ 10.00	\$ 10.00	\$ 15.00	\$ 10.00	\$ 15.00	\$ 10.00
	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%

Note 1 Per Commission Rules (R14-2-403.B)  
 Note 2 Months off system times the minimum (R14-2-403.D)

NT = No Tariff

**TYPICAL BILL ANALYSIS - 5/8-INCH RESIDENTIAL**

**DECISION NO. 55788**

CURRENT			
AVERAGE		MEDIAN	
USAGE	DOLLARS	USAGE	DOLLARS
15,279	\$ 37.92	7,000	\$ 25.50

COMPANY PROPOSED					
AVERAGE	INCREASE	PERCENT	MEDIAN	INCREASE	PERCENT
\$ 92.58	\$ 54.66	144.14%	\$ 53.25	\$ 27.75	108.82%

STAFF RECOMMENDED					
AVERAGE	INCREASE	PERCENT	MEDIAN	INCREASE	PERCENT
\$ 43.07	\$ 5.15	13.57%	\$ 25.00	\$ (0.50)	-1.96%

**DECISION NO. 64662**

CURRENT			
AVERAGE		MEDIAN	
USAGE	DOLLARS	USAGE	DOLLARS
15,279	\$ 31.64	7,000	\$ 21.70

COMPANY PROPOSED					
AVERAGE	INCREASE	PERCENT	MEDIAN	INCREASE	PERCENT
\$ 92.58	\$ 60.94	192.63%	\$ 53.25	\$ 31.55	145.39%

STAFF RECOMMENDED					
AVERAGE	INCREASE	PERCENT	MEDIAN	INCREASE	PERCENT
\$ 43.07	\$ 11.43	36.13%	\$ 25.00	\$ 3.30	15.21%

**WIFA LOAN FINANCIAL ANALYSIS**

Staff Adjusted Test Year and Recommended Revenue Reflecting  
the Effects of the Staff Recommended \$104,283 Debt<sup>1</sup>

**INCOME STATEMENT**

	<u>Test Year</u>	<u>Pro Forma</u>
Operating Revenue:	\$211,595	\$ 308,277
Operating Expenses:		
Purchased Water/Pumping Power	\$31,285	\$31,285
Admin. & General	\$178,396	178,396
Maintenance & Testing	\$17,153	17,153
Depreciation (d)	\$37,044	37,044
Property Taxes	\$5,958	6,659
Other taxes	14,434	14,434
Total Operating Expense	<u>\$284,271</u>	<u>\$284,972</u>
Pre-Tax Operating Income (a)	(\$72,676)	\$23,305
Interest Expense (b)	<u>9,844</u>	<u>13,615</u>
Pre-Tax Net Income	<u>(\$82,520)</u>	<u>\$9,690</u>
Principal Repayment (c)	\$5,027	\$ 8,710
Reserve/Replacement Deposit (e)	2,974	4,465
<b>TIER (Times Interest Earned Ratio)</b>		
(a) ÷ (b)	N/M	1.71
<b>DSC</b>		
[(a) ÷ (d)] ÷ [(b) ÷ (c)]	N/M	2.70

**CAPITAL STRUCTURE**

Short-term Debt	\$0	0.0%	\$ 3,683.36	1.1%
Long-term Debt	\$161,325	67.7%	\$261,925	76.4%
Common Equity	\$77,138	32.3%	\$77,138	22.5%
Total Capital	\$238,463	100.0%	\$342,746	100.0%

<sup>1</sup> Twenty-year amortizing loan at 3.675 percent per annum.

CHAPARRAL CITY WATER COMPANY  
 Docket No. W-02113A-04-0616  
 Test Year Ended December 31, 2003

Beaver Dam Water Company  
 Docket No. W-03067A-08-0380 et al  
 Test Year December 31, 2007

BCA-35

**COST OF CAPITAL SUMMARY**

LINE NO.	DESCRIPTION	(A) AMOUNT PER COMPANY	(B) STAFF ADJUSTMENTS	(C) STAFF AS ADJUSTED	(D) PERCENT	(E) COST RATE	(F) WEIGHTED COST RATE
1	Short-term Debt	\$ -	\$ -	\$ -	0.0%	0.00%	0.00%
2	Long-term Debt	\$ 265,258	\$ (104,283)	\$ 160,975	67.6%	6.00%	4.10%
3	Preferred Stock	\$ -	\$ -	\$ -	0.0%	0.00%	0.00%
4	Common Equity	\$ 77,138	\$ -	\$ 77,138	32.4%	12.00%	3.90%
5	Deferrals	\$ -	\$ -	\$ -	0.0%	0.00%	0.00%
6	Total Capital	<u>\$ 342,396</u>	<u>\$ (104,283)</u>	<u>\$ 238,113</u>	<u>100.00%</u>		<u>8.00%</u>



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Halcyon Acres Annex #2 Water Company

Docket No. W-02312A-06-0211

5. Staff recommends that the charges listed under "Staff's Recommendation" in Table C be adopted.

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**FIGURES**

County Map.....	FIGURE 1
Certificated Area.....	FIGURE 2
Process Schematic.....	FIGURE 3

**A. LOCATION OF COMPANY**

Beaver Dam Water Company, Inc. (“Beaver Dam” or “the Company”) has been operating a Certificate of Convenience and Necessity (“CC&N”) for water service since 1988. The Company’s existing CC&N for water has an area totaling approximately 14 square miles. The Beaver Dam water system currently is serving approximately 443 connections. The Company is located in the extreme northwest corner of the state in Mohave County. Figure 1 shows the location of the Company within Mohave County and Figure 2 shows the certificated area.

**B. DESCRIPTION OF THE WATER SYSTEM**

The plant facilities were visited on January 15, 2009, by Jian Liu, Staff Utilities Engineer, in the accompaniment of Bob Frisby of the Company.

Beaver Dam has two water systems. System #1 (PWS #08-006) serves an area in the vicinity of the community of Littlefield, Arizona. The facility consists of three wells, three storage tanks totaling 194,000 gallons (a 50,000 gallon storage tank, a 44,000 gallon storage tank, and a 100,000 gallon storage tank), and a distribution system. Figure 3 provides a process schematic for the water system.

System #2 (PWS #08-127) serves an area along Interstate 15 near the Arizona/Nevada border. The facility consists of one well, a storage tank totaling 36,424 gallons, and a distribution system. Figure 4 provides a process schematic for the water system.

*(Tabular Description of Water System)*

Well Data - PWS #08-006

	Well No 1	Well No 2	Well No 3	
ADWR ID No.	55-607609	55-525516	55-589874	
Casing Size	12 inch	16 inch	8 inch	
Casing Depth	50 ft	100 ft	544 ft	
Pump Size	7 Hp	10 Hp	30 Hp	
Pump Yield	160 gal/min	125 gal/min	300 gal/min	
Meter Size	2 inch	2 inch	4 inch	
Year Drilled	1982	1989	2002	

Storage, Pumping- PWS #08-006

Structure or equipment	Location	Capacity
booster pumps	Near Well No 3	Two 10 HP
Storage tank	Near Well No 3	One 100,000 gallons
Storage tank	Near Well No 1	One 50,000 gallons

Storage tank	Near Well No 3	One 44,000 gallons
--------------	----------------	--------------------

Distribution Mains- PWS #08-006

Diameter (inch)	Material	Length(ft)
4	PVC	6,470
6	PVC	1,220
8	PVC	10,500
10	PVC	1,110

Meters- PWS #08-006

Size (inch)	Quantity
5/8 X 3/4	228
Turbo 6	1 – 177 HOA Customers
Total	405 service connections

Well Data - PWS #08-127

	Well No 1			
ADWR ID No.	55-551856			
Casing Size	20 inch			
Casing Depth	928 ft			
Pump Size	125 Hp VFD*			
Pump Yield	550 gal/min			
Meter Size	6 inch			
Year Drilled	1995			

\*A **variable-frequency drive (VFD)** is a system for controlling the rotational speed of an alternating current (AC) electric motor by controlling the frequency of the electrical power supplied to the motor.

Storage, Pumping- PWS #08-127

Structure or equipment	Location	Capacity
Storage tank	Near Well No 1	One 36,424 gallons

Distribution Mains- PWS #08-127

Diameter (inch)	Material	Length(ft)
6	PVC	3,080

10	PVC	7,000

Meters- PWS #08-127

Size (inch)	Quantity
5/8 X 3/4	30
1	4
1 1/2	1
Turbo 3	1 – Mobile Home Park
Turbo 4	1 – Palm Club House
Turbo 6	1 – R.V. Park
Total	38 service connections

Water System Analysis

Based on recent water use data Beaver Dam's System #2 (PWS #08-127) needs minimum 170,000 gallons of additional storage based on 38 service connections during the test year 2007. Beaver Dam's financing application is requesting approval for a Water Infrastructure Finance Authority ("WIFA") loan in the amount of \$104,283 to fund approximately 50% of Company's estimated cost to add storage capacity of 275,000 gallons. The remaining 50% of the cost will be financed by a line extension agreement (approximately 38%) and capital investment by Beaver Dam (approximately 12%). According to the Company the 275,000 gallons of additional storage capacity is needed for emergency backup and fire protection. Since the Company projects that Water System #2 could have approximately 60 service connections by 2012, Staff recommends that acceptance of the Company's proposed 275,000 gallons of additional storage capacity.

Staff recommends that the Company install a storage tank with a storage capacity of 275,000 gallons for System #2 (PWS #08-127) within two years of the effective date of the order in this proceeding. Staff further recommends that the Company file, as a compliance item in this docket, within two years of the effective date of the order in this proceeding, a copy of the AOC issued by ADEQ for this storage facility.

Staff recommends that Beaver Dam be required to separate out the Water Use Data (to include customer count information, and bulk water sales) and Plant Summary information for each of its water systems in future Annual Reports.

**C. ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY COMPLIANCE  
("ADEQ")**

ADEQ reported that the Beaver Dam drinking water systems are in compliance with regulatory agency requirements and are currently delivering water that meets State and Federal drinking water quality standards required by the Arizona Administrative Code, Title 18, Chapter 4. (ADEQ report dated 08/25/08).

**D. ARIZONA CORPORATION COMMISSION ("ACC") COMPLIANCE**

A check with the Utilities Division Compliance Section showed 2 outstanding Compliance items as follows (ACC Compliance Section Email dated 3/13/09).

In Decision No. 69243, the Company was granted an extension of its CC&N and ordered to file a copy of the APPROVAL TO CONSTRUCT for the water facilities needed to service the extension area as described in this Decision by January 19, 2009. In the event the Company did not timely comply with the above condition, the subject Order Preliminary would be deemed null and void. In such event, staff was to file a memorandum to close the docket.

In the same Decision, the Company was also ordered to file a copy of the developer's LETTER OF ADEQUATE WATER SUPPLY or a PHYSICAL AVAILABILITY DETERMINATION for the extension area by January 19, 2009. In the event the Company did not timely comply with this condition, the subject Order Preliminary would be deemed null and void. In such event, staff was to file a memorandum to close the docket.

Beaver Dam has not been able to provide the above mentioned Compliance items. Therefore, Staff has filed for Administrative Closure of Docket #W-03067A-06-0117. This action is tentatively scheduled for Commission deliberation at the Regular Open Meeting on March 31, 2009.

**E. ARIZONA DEPARTMENT OF WATER RESOURCES ("ADWR")  
COMPLIANCE**

The Company is not located in any Active Management Area ("AMA") and is not subject to any AMA reporting and conservation requirements.

Staff received an ADWR compliance status report on September 2008, ADWR reported that it has determined that Beaver Dam is currently in compliance with departmental requirements governing water providers and/or community water systems.

**F. WATER TESTING EXPENSES**

The Company is subject to mandatory participation in the Monitoring Assistance Program ("MAP"). Starting January 1, 2002, water companies paid a fixed \$250 per year fee, plus an additional fee of \$2.57 per service connection regardless of meter size for participation in MAP. Participation in the MAP program is mandatory for water systems, which serve less than 10,000 persons (approximately 3,300 service connections).

The Company reported its total water testing expense \$6,835 during the test year including \$3,056 for New Source Approval (new well). Staff reclassified this \$3,056 as Wells & Springs expense, so total water testing expense was reduced to \$3,779 during the test year. Staff has reviewed the Company's testing expense and has recalculated the testing costs as reflected in Table 1 and Table 1A which show Staff's annual monitoring expense estimate of \$3,663 with participation in the MAP. Staff therefore recommends acceptance of the Company's annual water testing expense of \$3,779 for purposes of this application.

**Table 1 Water Testing Cost – PWS 08-006**

Monitoring – 3 wells (Tests per 3 years, unless noted.)	Cost per test	No. of tests per 3 years	Total 3 year cost	Annual Cost
Bacteriological – monthly	\$45	72	3240	1080
MAP – IOCs, SOCs, & VOCs	MAP	MAP	MAP	893
Lead & Copper - annual	\$40	40	1600	533
Total				<b>\$2,506</b>

Note: ADEQ's MAP invoice was \$892.50

**Table 1A Water Testing Cost – PWS 08-127**

Monitoring – 1 well (Tests per 3 years, unless noted.)	Cost per test	No. of tests per 3 years	Total 3 year cost	Annual Cost
Bacteriological – monthly	\$45	36	1620	540
MAP – IOCs, SOCs, & VOCs	MAP	MAP	MAP	350
Lead & Copper - annual	\$40	20	800	267
Total				<b>\$1,157</b>

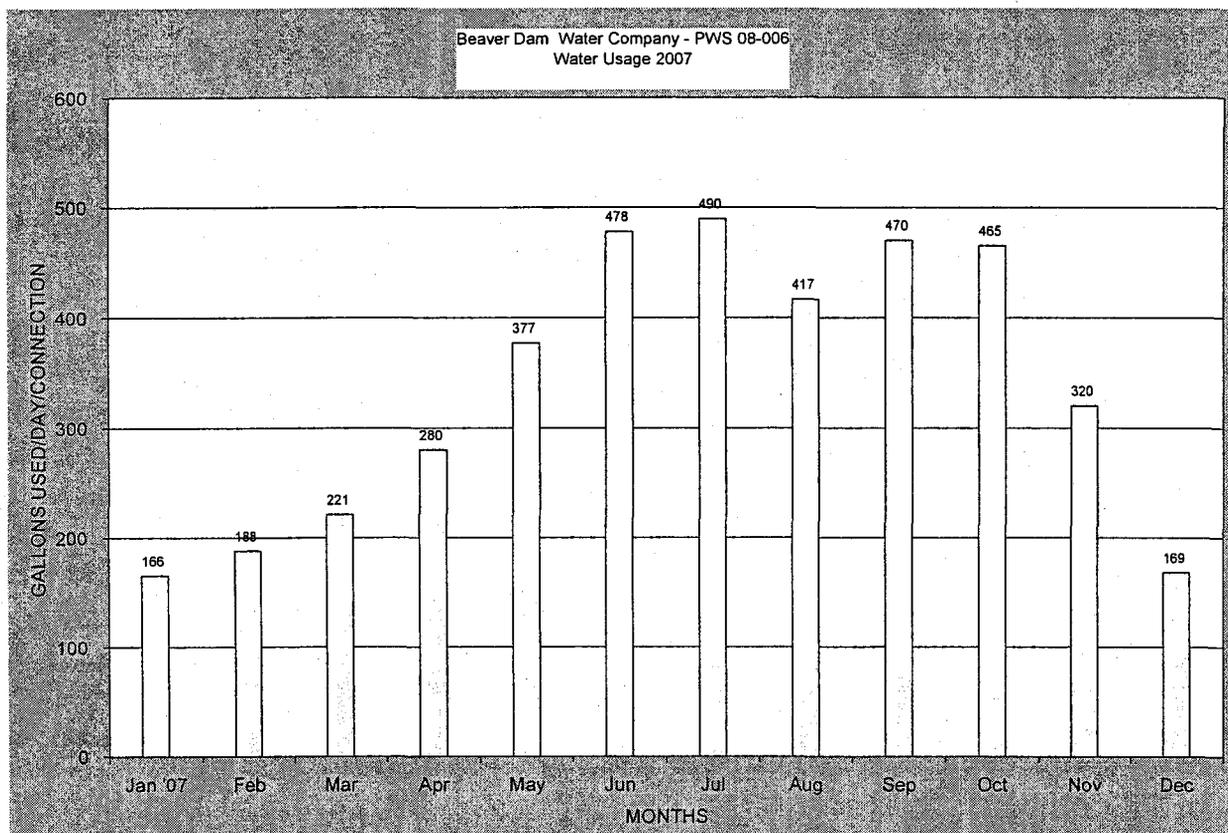
Note: ADEQ's MAP invoice was \$350.23

### G. WATER USE

#### Water Sold

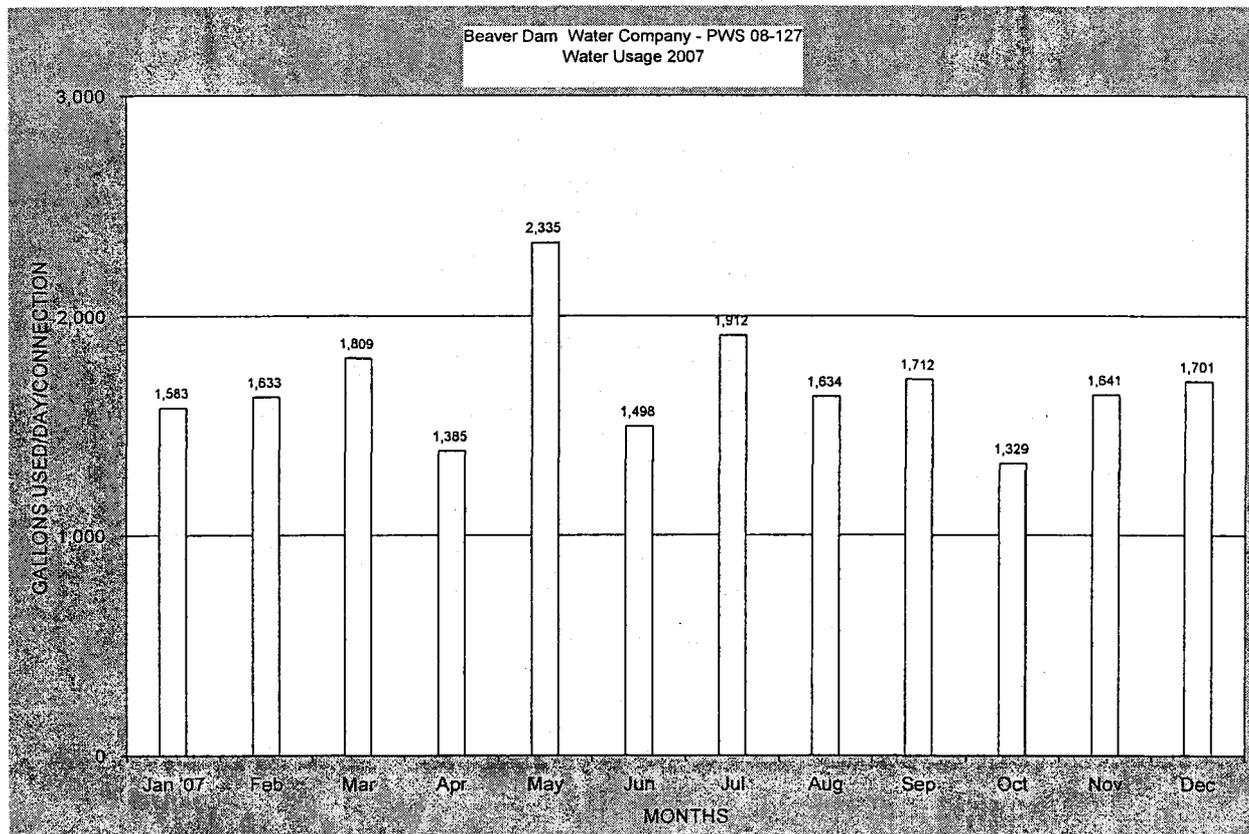
#### System #1 (PWS #08-006)

Based on the information provided by the Company, water use for the year 2007 is presented below. The high monthly domestic water use was 490 gallons per day (“GPD”) per service connection in July and the low monthly domestic water use was 166 GPD per service connection in January. The average annual use was 337 GPD per service connection.



#### System #2 (PWS #08-127)

Based on the information provided by the Company, water use for the year 2007 is presented below. The high monthly domestic water use was 2,335\* GPD per service connection in May and the low monthly domestic water use was 1,329 GPD per service connection in October. The average annual use was 1,681 GPD per service connection.



\* Excluding bulk water sold 4,178,200, 4,378,900, and 4,693,000 gallons in March, April, and July respectively.

Non-account Water

System #1 (PWS #08-006)

Non-account water should be 10% or less and never more than 15%. It is important to be able to reconcile the difference between water sold and the water produced by the source. A water balance will allow a water company to identify water and revenue losses due to leakage, theft, and flushing. The Company reported 51,347,000 gallons pumped and 48,819,000 gallons sold, resulting in a water loss of 4.92% for 2007.

System #2 (PWS #08-127)

The Company reported 25,220,900 gallons pumped and 23,545,900 gallons sold, resulting in a water loss of 6.64% for 2007.

**H. GROWTH**

System #1 (PWS #08-006)

During the test year 2007, the Company had 405 service connections and it is projected that the Company could have approximately 456 service connections by 2012.

System #2 (PWS #08-127)

During the test year 2007, the Company had 38 service connections and it is projected that the Company could have approximately 60 service connections by 2012.

**I. DEPRECIATION RATES**

Staff recommends that the Company use Staff's depreciation rates by individual National Association of Regulatory Utility Commissioners ("NARUC") category on a going forward bases. Individual depreciation rates by NARUC category are presented in Table B.

Table B. Depreciation Rates

NARUC Acct. No.	Depreciable Plant	Average Service Life (Years)	Annual Accrual Rate (%)
304	Structures & Improvements	30	3.33
305	Collecting & Impounding Reservoirs	40	2.50
306	Lake, River, Canal Intakes	40	2.50
307	Wells & Springs	30	3.33
308	Infiltration Galleries	15	6.67
309	Raw Water Supply Mains	50	2.00
310	Power Generation Equipment	20	5.00
311	Pumping Equipment	8	12.5
320	Water Treatment Equipment		
320.1	Water Treatment Plants	30	3.33
320.2	Solution Chemical Feeders	5	20.0
330	Distribution Reservoirs & Standpipes		
330.1	Storage Tanks	45	2.22
330.2	Pressure Tanks	20	5.00
331	Transmission & Distribution Mains	50	2.00
333	Services	30	3.33

334	Meters	12	8.33
335	Hydrants	50	2.00
336	Backflow Prevention Devices	15	6.67
339	Other Plant & Misc Equipment	15	6.67
340	Office Furniture & Equipment	15	6.67
340.1	Computers & Software	5	20.00
341	Transportation Equipment	5	20.00
342	Stores Equipment	25	4.00
343	Tools, Shop & Garage Equipment	20	5.00
344	Laboratory Equipment	10	10.00
345	Power Operated Equipment	20	5.00
346	Communication Equipment	10	10.00
347	Miscellaneous Equipment	10	10.00
348	Other Tangible Plant	----	----

NOTES:

1. These depreciation rates represent average expected rates. Water companies may experience different rates due to variations in construction, environment, or the physical and chemical characteristics of the water.
2. Acct. 348, Other Tangible Plant may vary from 5% to 50%. The depreciation rate would be set in accordance with the specific capital items in this account.

**J. CURTAILMENT PLAN TARIFF**

The Company has an approved Curtailment Plan Tariff on file with the Commission.

**K. METER AND SERVICE LINE INSTALLATION CHARGES**

The Company has requested changes in its service line and meter installation charges. These charges are refundable advances and the Company's proposed charges are below Staff's recommended range for these charges. Since the Company may at times install meters on existing service lines, it would be appropriate for some customers to only be charged for the meter installation. Therefore, separate service line and meter charges have been developed by Staff. Staff recommends that the charges listed under "Staff's Recommendation" in Table C be adopted.

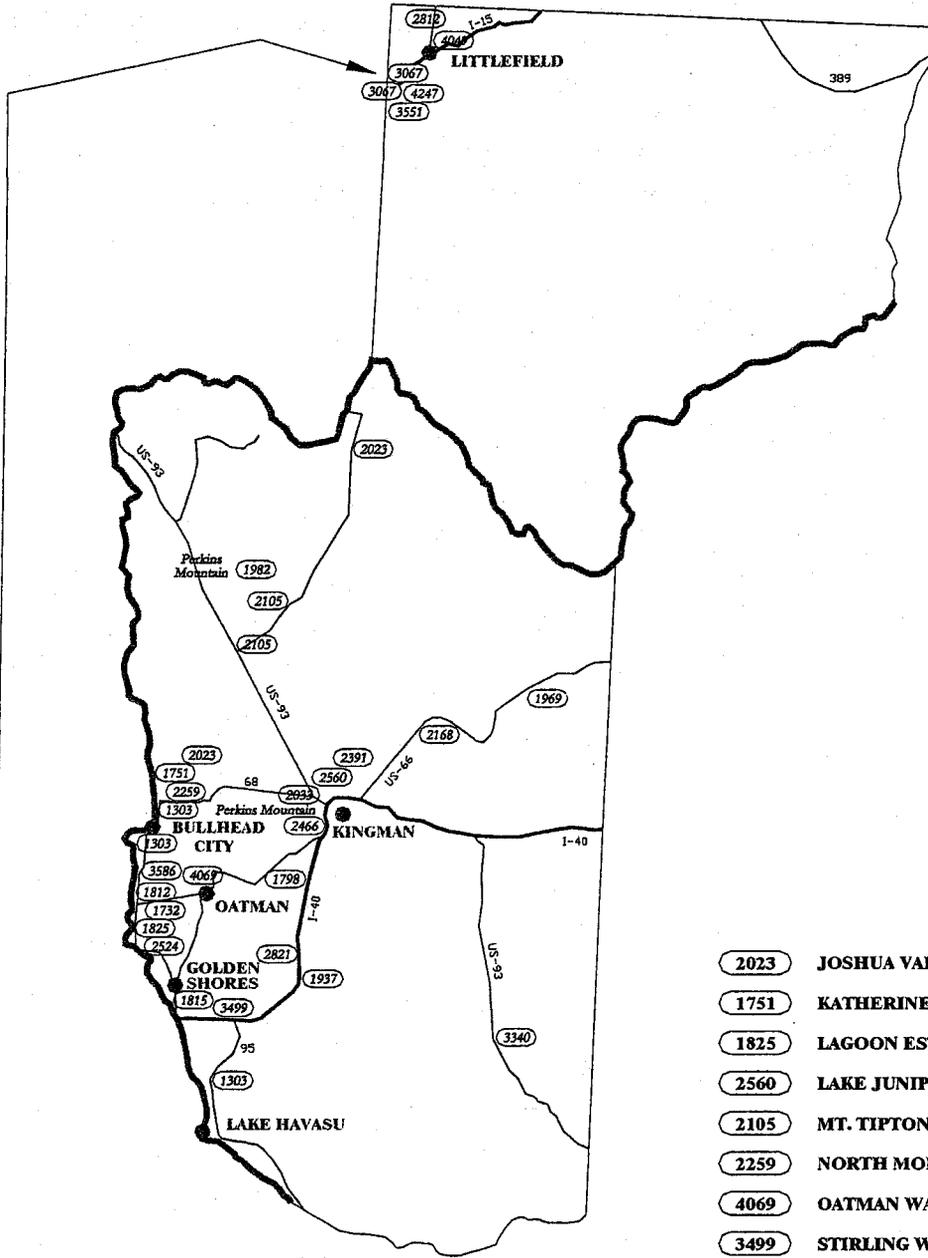
**Table C. Service Line and Meter Installation Charges**

Meter Sizes	Current Charges	Company Proposed Charges	Staff recommended Service Line Charges	Staff recommended * Meter Charges	Staff recommended Total Charges
5/8" x 3/4"	225	580	425	155	580

3/4"	No Tariff	No Tariff	445	255	700
1"	No Tariff	700	445	255	700
1-1/2"	No Tariff	880	460	420	880
2" - Turbine	No Tariff	1,380	615	765	1,380
2" - Compound	No Tariff	1,460	615	845	1,460
3" - Turbine	No Tariff	1,930	745	1185	1,930
3" - Compound	No Tariff	2,010	745	1,265	2,010
4" - Turbine	1,375	2,935	1,050	1,885	2,935
4" - Compound	No Tariff	3,020	1,050	1,970	3,020
6" - Turbine	2,900	4,120	1,250	2,870	4,120
6" - Compound	No Tariff	5,960	1,250	4,710	5,960
8" - Turbine	4,500	6,775	At Cost	At Cost	At Cost
10" - Turbine	No Tariff	12,150	At Cost	At Cost	At Cost
12" - Turbine	No Tariff	16,800	At Cost	At Cost	At Cost

\*Note: Meter charge includes meter box or vault.

# MOHAVE COUNTY

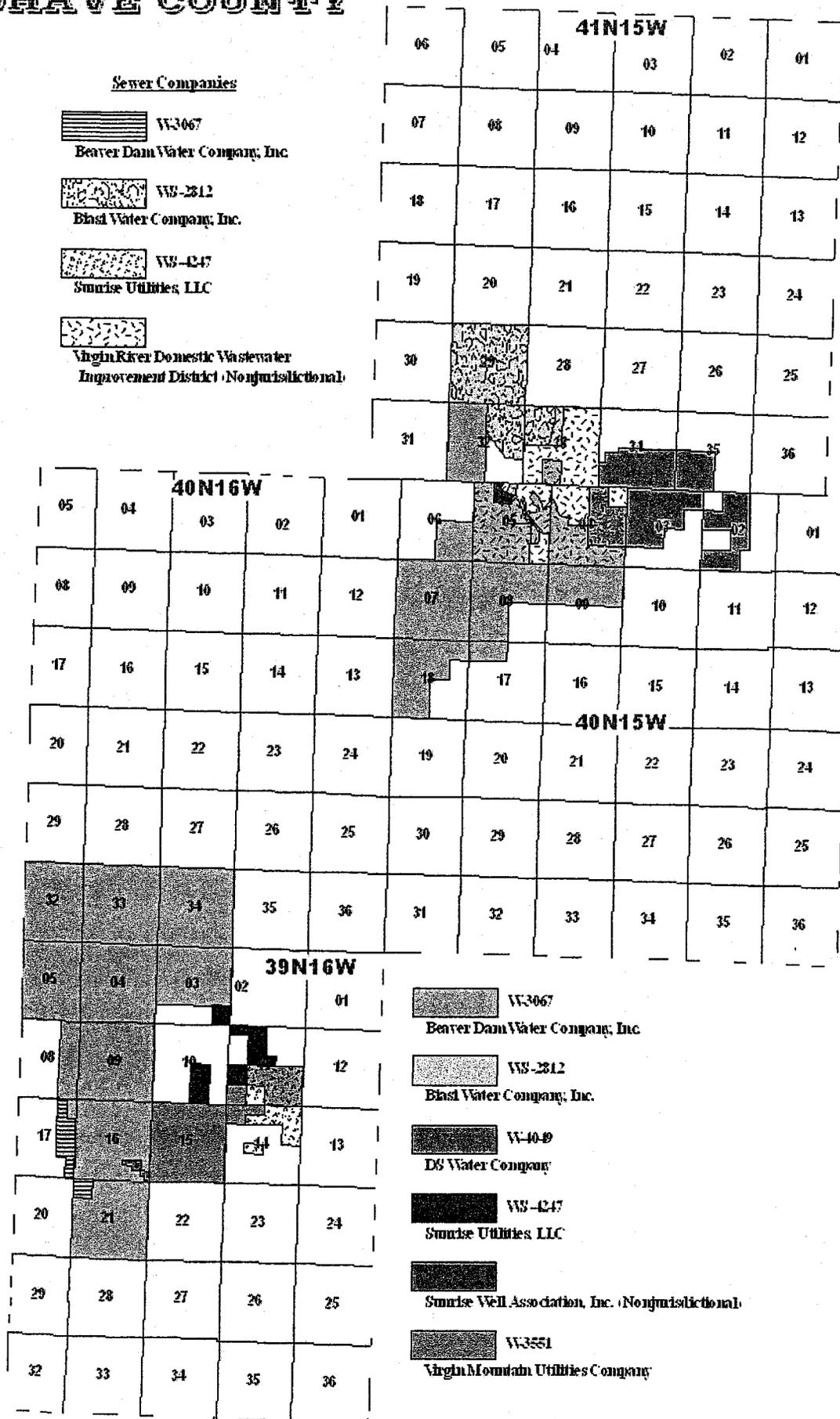


- 1303 ARIZONA-AMERICAN WATER COMPANY
- 3067 BEAVER DAM WATER COMPANY, INC.
- 1812 BERMUDA WATER COMPANY, INC.
- 2812 BIASI WATER COMPANY, INC.
- 2391 CERBAT WATER COMPANY
- 2821 DOUBLE R WATER DISTRIBUTORS, INC.
- 4049 DS WATER COMPANY
- 2524 FORT MOHAVE INDIAN TRIBE
- 1815 GOLDEN SHORES WATER COMPANY, INC.
- 1969 HATCH VALLEY WATER COMPANY

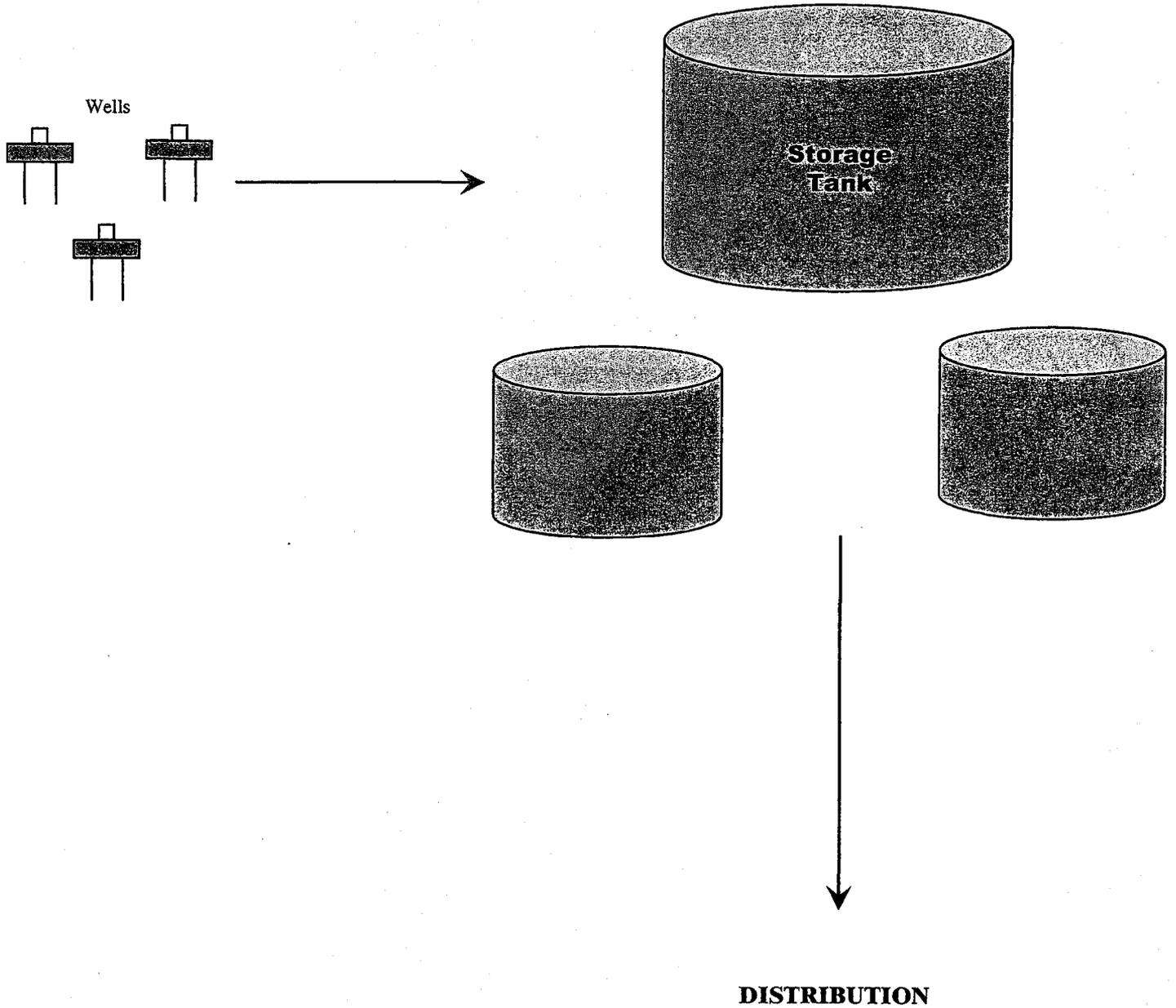
- 2023 JOSHUA VALLEY UTILITY COMPANY
- 1751 KATHERINE RESORT WATER COMPANY
- 1825 LAGOON ESTATES WATER COMPANY, INC.
- 2560 LAKE JUNIPER WATER COMPANY, INC.
- 2105 MT. TIPTON WATER COMPANY, INC.
- 2259 NORTH MOHAVE VALLEY CORPORATION
- 4069 OATMAN WATER COMPANY, LLC
- 3499 STIRLING WATER COMPANY
- 4247 SUNRISE UTILITIES, LLC
- 3586 SUNRISE VISTAS UTILITIES COMPANY
- 1798 SUNSET WATER COMPANY
- 2168 TRUXTON CANYON WATER COMPANY, INC.
- 2033 VALLEY PIONEER'S WATER COMPANY, INC.
- 3551 VIRGIN MOUNTAIN UTILITIES COMPANY
- 2466 WALNUT CREEK WATER COMPANY, INC.
- 1982 WHITE HILLS WATER COMPANY, INC.
- 1732 WILLOW VALLEY WATER COMPANY, INC.
- 3340 WOODY'S ENTERPRISES, LTD
- 1937 YUCCA WATER ASSOCIATION, INC.

**Figure 1: Mohave County Map**

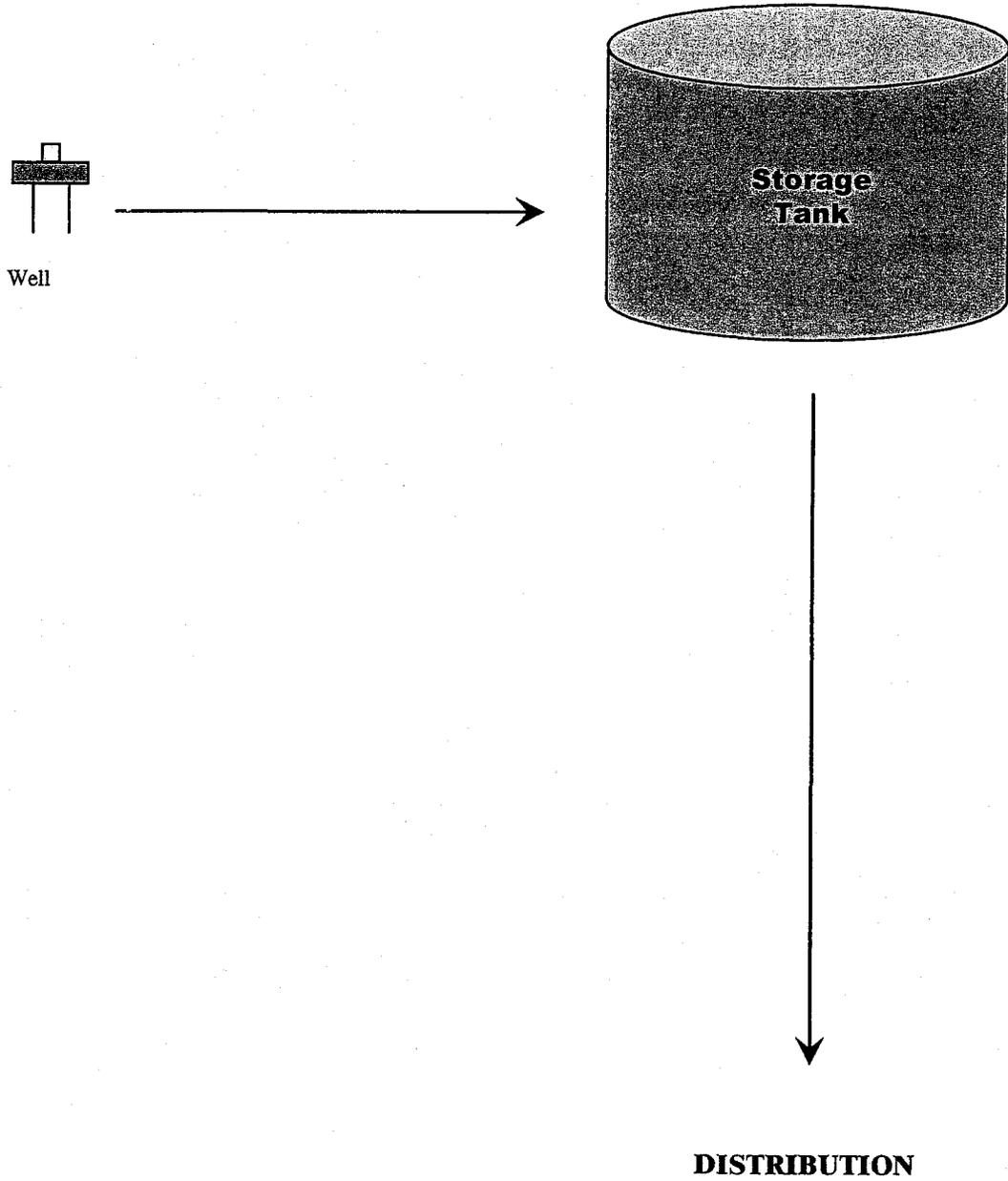
# MOHAVE COUNTY



**Figure 2: Certificated Area**



**Figure 3. System #1: Process Schematic**



**Figure 4. System #2: Process Schematic**

**MEMORANDUM**

DATE: March 23, 2009

TO: Brendan Aladi  
Public Utilities Analyst III  
Utilities Division

FROM: Jian W. Liu   
Utilities Engineer  
Utilities Division

RE: Beaver Dam Water Company, Inc.  
Docket No. W-03067A-08-0266 (Financing)

---

**Introduction**

Beaver Dam Water Company, Inc. ("Beaver Dam" or "the Company") has been operating a Certificate of Convenience and Necessity ("CC&N") for water service since 1988. The Company's existing CC&N for water has an area totaling approximately 14 square miles. The Beaver Dam water system currently is serving approximately 443 connections. The Company is located in the extreme northwest corner of the state in Mohave County.

**Financing Application**

On May 27, 2008, the Company filed a finance application with the Arizona Corporation Commission ("Commission"). Beaver Dam's financing application is requesting approval for a Water Infrastructure Finance Authority ("WIFA") loan in the amount of \$104,283 to fund approximately 50% of Company's estimated cost to add storage capacity of 275,000 gallons. The remaining 50% of the cost will be financed by a line extension agreement (approximately 38%) and capital investment by Beaver Dam (approximately 12%).

**Engineering Analysis**

Based on recent water use data coupled with the 38 service connections the company was serving during the test year 2007, Beaver Dam's System #2 (PWS #08-127) needs a minimum 170,000 gallons of additional storage. According to the Company the 275,000 gallons of additional storage capacity is needed for emergency backup and fire protection.

Beaver Dam Water Company, Inc.

W-03067A-08-0266 (Financing)

Page 2

Since the Company projects that Water System #2 (PWS #08-127) could have approximately 60 service connections by 2012, Staff concludes that the proposed 275,000 gallons of additional storage capacity is appropriate.

### **Cost Analysis**

The Company's estimated cost is \$104,283 to fund approximately 50% of the cost to add storage capacity of 275,000 gallons.

Staff has reviewed the Company's estimates and concludes that it is reasonable. However, no "used and useful" determination of the proposed plant was made, and no particular future treatment should be inferred for rate making or rate base purposes.

### **Compliance**

#### Arizona Department of Environmental Quality ("ADEQ") Compliance

ADEQ reported that the Beaver Dam drinking water systems are in compliance with regulatory agency requirements and are currently delivering water that meets State and Federal drinking water quality standards required by the Arizona Administrative Code, Title 18, Chapter 4. (ADEQ report dated 08/25/08).

#### Commission Compliance

A check with the Utilities Division Compliance Section showed 2 outstanding Compliance items as follows (ACC Compliance Section Email dated 3/13/09).

In Decision No. 69243, the Company was granted an extension of its CC&N and ordered to file a copy of the Approval to Construct for the water facilities needed to service the extension area as described in this Decision by January 19, 2009. In the event the Company did not timely comply with the above condition, the subject Order Preliminary would be deemed null and void. In such event, staff was to file a memorandum to close the docket.

In the same Decision, the Company was also ordered to file a copy of the developer's Letter of Adequate Water Supply or a Physical Availability Determination for the extension area by January 19, 2009. In the event the Company did not timely comply with this condition, the subject Order Preliminary would be deemed null and void. In such event, staff was to file a memorandum to close the docket.

Beaver Dam has not been able to provide the above mentioned Compliance items. Therefore, Staff has filed for Administrative Closure of Docket #W-03067A-06-0117. This action is tentatively scheduled for Commission deliberation at the Regular Open Meeting on March 31, 2009.

Beaver Dam Water Company, Inc.

W-03067A-08-0266 (Financing)

Page 3

**Conclusion**

Staff concludes that the plant additions and their associated costs are reasonable and appropriate. However, no "used and useful" determination of the proposed plant was made, and no particular future treatment should be inferred for rate making or rate base purposes.

STAFF REPORT

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BCA-3	RATE BASE - ORIGINAL COST
BCA-4	SUMMARY OF RATE BASE ADJUSTMENTS
BCA-5	RATE BASE ADJUSTMENT #1 - NOT USED
BCA-6	RATE BASE ADJUSTMENT #2 - REMOVE PROPOSED PLANT
BCA-7	RATE BASE ADJUSTMENT #3 - RECLASSIFY OPERATING EXPENSES TO PLANT
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BCA-9	RATE BASE ADJUSTMENT #5 - ADD SUPPORTED PLANT
BCA-10	RATE BASE ADJUSTMENT #6 - RECOGNIZE PLANT ASSETS NOT BOOKED BY THE COMPANY
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BCA-12	RATE BASE ADJUSTMENT #8 - ADVANCE-IN-AID-OF-CONSTRUCTION (AIAC)
BCA-13	RATE BASE ADJUSTMENT #9 - CUSTOMER METER DEPOSIT
BCA-14	RATE BASE ADJUSTMENT #10 - ACCUMULATED DEPRECIATION EXPENSE
BCA-15	RATE BASE ADJUSTMENT #11 - WORKING CAPITAL ALLOWANCE
BCA-16	OPERATING INCOME STATEMENT - TEST YEAR AND STAFF RECOMMENDED
BCA-17	SUMMARY OF OPERATING INCOME ADJUSTMENTS - TEST YEAR
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BCA-19	OPERATING INCOME ADJUSTMENT #2 - REMOVE UNSUPPORTED SALARIES AND WAGES EXPENSE
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BCA-21	OPERATING INCOME ADJUSTMENT #4 - RECLASSIFY OUTSIDE SERVICES EXPENSE TO PLANT
BCA-22	OPERATING INCOME ADJUSTMENT #5 - REMOVE COST NOT NECESSARY TO PROVISION OF SERVICE TO EXISTING CUSTOMI
BCA-23	OPERATING INCOME ADJUSTMENT #6 - RECLASSIFY AND NORMALIZE RATE CASE EXPENSE
BCA-24	OPERATING INCOME ADJUSTMENT #7 - RECLASSIFY COST FROM WATER TESTING TO WELLS AND SPRINGS
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BCA-27	OPERATING INCOME ADJUSTMENT #10 - REMOVE INAPPROPRIATE MISCELLANEOUS
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BCA-34	WIFA LOAN FINANCIAL ANALYSIS
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BCA-36	OPERATING INCOME ADJUSTMENT #16 - RECOGNIZE HEALTH INSURANCE EXPENSE

ATTACHMENTS

ENGINEERING REPORT - RATE CASE .....ATTACHMENT A

ENGINEERING REPORT - FINANCING.....ATTACHMENT B



REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	(A) COMPANY ORIGINAL COST	(B) COMPANY FAIR VALUE	(C) STAFF ORIGINAL COST	(D) STAFF FAIR VALUE
1	Adjusted Rate Base - Fair Value equals Original Cost	\$ 957,636	\$ 957,636	\$ 258,030	\$ 258,030
2	Adjusted Operating Income (Loss)	\$ (189,093)	\$ (189,093)	\$ (58,795)	\$ (58,795)
3	Current Rate of Return (L2 / L1)	-19.75%	-19.75%	-22.79%	-22.79%
4	Required Rate of Return	8.68%	8.68%	8.00%	8.00%
5	Required Operating Income: Col. A & B (L1 * L4); Col. C & D	\$ 83,123	\$ 83,123	\$ 20,642	\$ 20,642
6	Operating Income Deficiency/(Excess) (L5 - L2)	\$ 272,216	\$ 272,216	\$ 79,437	\$ 79,437
7	Gross Revenue Conversion Factor	1.0601	1.0601	1.3536	1.3536
8	Required Revenue Increase/(Decrease) (L7 * L6)	\$ 288,577	\$ 288,577	\$ 107,526	\$ 107,526
9	Adjusted Test Year Revenue	\$ 211,595	\$ 211,595	\$ 229,086	\$ 229,086
10	Proposed Annual Revenue (L8 + L9)	\$ 500,172	\$ 500,172	\$ 336,611	\$ 336,611
11	Required Increase/(Decrease) in Revenue (%)	136.38%	136.38%	46.94%	46.94%
12	Rate of Return on Equity (%)	12.00%	12.00%	12.00%	12.00%

References:

Columns [A] and [B]: Company's Application  
Columns [C] and [D]: STAFF Schedules BCA-2, BCA-3 and BCA-11

NMF - Not Meaningful



**RATE BASE - ORIGINAL COST**

LINE NO.	(A) COMPANY AS FILED	(B) STAFF ADJUSTMENTS	(C) STAFF AS ADJUSTED
1	\$ 1,283,786	\$ 34,199	\$ 1,317,985
2	307,919	(7,094)	300,825
3	<u>\$ 975,867</u>	<u>\$ 41,293</u>	<u>\$ 1,017,160</u>
 <i>LESS:</i>			
4	\$ 84,750	\$ -	\$ 84,750
5	21,187	6,357	27,544
6	<u>63,563</u>	<u>(6,357)</u>	<u>57,206</u>
7	-	654,491	654,491
8	-	47,433	47,433
9	-	-	-
 <i>ADD:</i>			
10	-	-	-
11	-	-	-
12	45,332	(45,332)	-
13	-	-	-
17	<u>\$ 957,636</u>	<u>\$ (699,606)</u>	<u>\$ 258,030</u>

References:

Column [A], Company's Rate Application  
Column [B]: Column [C] - Column [A]  
Column [C]: Schedule BCA-4 Column [S].

SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] ADJ #1	[C] ADJ #2	[D] ADJ #3	[E] ADJ #4	[F] ADJ #5	[G] ADJ #6	[H] ADJ #7
<b>PLANT IN SERVICE:</b>										
1		Intangible Plant								
2	301.00	Organization	\$ 20,335	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	302.00	Franchises	-	-	-	-	-	-	-	-
4	303.00	Land & Land Rights	35,596	-	-	-	-	-	-	-
5		Subtotal Intangible	55,931	-	-	-	-	-	-	-
6										
7		Source of Supply								
8	304	Structures & Improvements	\$ 6,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9	305	Collecting and Impounding Res.	-	-	-	-	-	-	-	-
10	306	Lake River and Other Intakes	-	-	-	21,264	-	-	36,463	-
11	307	Wells and Springs	77,913	-	-	-	-	-	-	-
12	308	Infiltration Galleries and Tunnels	-	-	-	-	-	-	-	-
13	309	Supply Mains	-	-	-	-	-	-	-	-
14	310	Power Generating Equipment	-	-	-	-	-	-	-	-
15	311	Electric Pumping Equipment	16,702	-	-	41,679	-	2,320	-	-
16	312	Collecting & Impounding Reservoirs	-	-	-	-	-	-	-	-
17	313	Lakes, Rivers, Other Intakes	-	-	-	-	-	-	-	-
18		Subtotal Source of Supply	\$ 100,615	\$ -	\$ -	\$ 62,943	\$ -	\$ 2,320	\$ 36,463	\$ -
19										
20		Water Treatment								
21	320	Water Treatment Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22	321	Structures & Improvements	-	-	-	-	-	-	-	-
23	323	Other Power Production	-	-	-	-	-	-	-	-
24	325	Electric Pumping Equipment	-	-	-	-	-	-	-	-
25	326	Diesel Pumping Equipment	-	-	-	-	-	-	-	-
26	328.10	Gas Engine Pumping Equipment	-	-	-	-	-	-	-	-
27		Subtotal Water Treatment	-	-	-	-	-	-	-	-
28										
29		Transmission & Distribution								
30	330	Distribution Reservoirs & Standpipe(Storage Tank)	\$ 381,199	\$ -	\$ (210,254)	\$ -	\$ -	\$ -	\$ 11,647	\$ -
31	331	Transmission and Distribution Mains	664,017	-	-	12,608	40,854	-	105,985	-
32	332	Services	-	-	-	-	-	-	-	-
33	334	Meters	11,587	-	-	-	-	3,113	7,390	-
34	335	Hydrants	-	-	-	-	-	-	827	-
35	336	Backflow Prevention Devices	-	-	-	-	-	-	-	-
36	339	Other Plant and Miscellaneous Equipment	-	-	-	-	-	-	-	-
37		Subtotal Transmission & Distribution	1,056,803	-	(210,254)	12,608	40,854	3,113	125,849	-
38										
39		General Plant								
40	340	Office Furniture and Equipment	\$ 6,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
41	340.1	Computer and Software	4,983	-	-	-	-	1,157	-	-
42	341	Transportation Equipment	16,100	-	-	-	-	-	-	-
43	342	Stores Equipment	-	-	-	-	-	-	-	-
44	343	Tools and Work Equipment	2,000	-	-	-	-	-	-	-
45	344	Laboratory Equipment	-	-	-	-	-	-	-	-
46	345	Power Operated Equipment	-	-	-	-	-	-	-	-
47	346	Communications Equipment	-	-	-	-	-	-	-	-
48	347	Miscellaneous Equipment	-	-	-	-	-	-	-	-
49	349	Other Tangible Plant	-	-	-	-	-	-	-	-
50		Intentionally Left Blank	-	-	-	-	-	-	-	-
51		Subtotal General Plant	29,583	-	-	-	-	1,157	-	-
52										
53		Total	1,242,932	-	(210,254)	75,551	40,854	6,590	162,312	-
54	Add:									
55	105	Construction Work in Progress (Completed in 2008)	40,854	-	-	-	(40,854)	-	-	-
56										
57	Less:									
58										
59										
60		Total Plant in Service	\$ 1,283,786	\$ -	\$ (210,254)	\$ 75,551	\$ -	\$ 6,590	\$ 162,312	\$ -
61		Less: Accumulated Depreciation	307,919	-	-	-	-	-	-	-
62		Net Plant in Service (L59 - L 60)	\$ 975,867	\$ -	\$ (210,254)	\$ 75,551	\$ -	\$ 6,590	\$ 162,312	\$ -
63										
64	LESS:									
65		Contributions in Aid of Construction (CIAC)	\$ 84,750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
66		Less: Accumulated Amortization of CIAC	21,187	-	-	-	-	-	-	6,357
67		Net CIAC (L25 - L26)	\$ 63,563	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (6,357)
68		Advances in Aid of Construction (AIAC)	-	-	-	-	-	-	-	-
69		Customer Meter Deposits	-	-	-	-	-	-	-	-
70		Deferred Income Tax Credits	-	-	-	-	-	-	-	-
71										
72										
73										
74										
75	ADD:									
76		Unamortized Finance Charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
77		Deferred Income Tax Debits	-	-	-	-	-	-	-	-
78		Working Capital	45,332	-	-	-	-	-	-	-
79		Intentionally Left Blank	-	-	-	-	-	-	-	-
80		Original Cost Rate Base	\$ 957,636	\$ -	\$ (210,254)	\$ 75,551	\$ -	\$ 6,590	\$ 162,312	\$ 6,357

ADJ #	References:
1	Schedule BCA-5
2	Schedule BCA-6
3	Schedule BCA-7
4	Schedule BCA-8
5	Schedule BCA-9
6	Schedule BCA-10
7	Schedule BCA-11
8	Schedule BCA-12
9	Schedule BCA-13
10	Schedule BCA-14
11	Schedule BCA-15

SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS

LINE NO.	ACCT. NO.	DESCRIPTION	[I] ADJ #8	[J] ADJ #9	[K] ADJ #10	[L] ADJ #11	[M]	[N] STAFF ADJUSTED
<b>PLANT IN SERVICE:</b>								
1		Intangible Plant						20,335
2	301.00	Organization	\$ -	\$ -	\$ -	\$ -	\$ -	-
3	302.00	Franchises	-	-	-	-	-	-
4	303.00	Land & Land Rights	-	-	-	-	-	35,596
5		Subtotal Intangible	-	-	-	-	-	55,931
6								
7		Source of Supply						
8	304	Structures & Improvements	\$ -	\$ -	\$ -	\$ -	\$ -	6,000
9	305	Collecting and Impounding Res.	-	-	-	-	-	-
10	306	Lake River and Other Intakes	-	-	-	-	-	135,640
11	307	Wells and Springs	-	-	-	-	-	-
12	308	Infiltration Galleries and Tunnels	-	-	-	-	-	-
13	309	Supply Mains	-	-	-	-	-	-
14	310	Power Generating Equipment	-	-	-	-	-	-
15	311	Electric Pumping Equipment	-	-	-	-	-	60,701
16	312	Collecting & Impounding Reservoirs	-	-	-	-	-	-
17	313	Lakes, Rivers, Other Intakes	-	-	-	-	-	-
18		Subtotal Source of Supply	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 202,341
19								
20		Water Treatment						
21	320	Water Treatment Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	-
22	321	Structures & Improvements	-	-	-	-	-	-
23	323	Other Power Production	-	-	-	-	-	-
24	325	Electric Pumping Equipment	-	-	-	-	-	-
25	326	Diesel Pumping Equipment	-	-	-	-	-	-
26	328.10	Gas Engine Pumping Equipment	-	-	-	-	-	-
27		Subtotal Water Treatment	-	-	-	-	-	-
28								
29		Transmission & Distribution						
30	330	Distribution Reservoirs & Standpipe(Storage Tank)	\$ -	\$ -	\$ -	\$ -	\$ -	182,592
31	331	Transmission and Distribution Mains	-	-	-	-	-	823,464
32	332	Services	-	-	-	-	-	-
33	334	Meters	-	-	-	-	-	22,090
34	335	Hydrants	-	-	-	-	-	827
35	336	Backflow Prevention Devices	-	-	-	-	-	-
36	339	Other Plant and Miscellaneous Equipment	-	-	-	-	-	-
37		Subtotal Transmission & Distribution	-	-	-	-	-	1,028,973
38								
39		General Plant						
40	340	Office Furniture and Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	6,500
41	340.1	Computer and Software	-	-	-	-	-	6,140
42	341	Transportation Equipment	-	-	-	-	-	16,100
43	342	Stores Equipment	-	-	-	-	-	-
44	343	Tools and Work Equipment	-	-	-	-	-	2,000
45	344	Laboratory Equipment	-	-	-	-	-	-
46	345	Power Operated Equipment	-	-	-	-	-	-
47	346	Communications Equipment	-	-	-	-	-	-
48	347	Miscellaneous Equipment	-	-	-	-	-	-
49	349	Other Tangible Plant	-	-	-	-	-	-
50		Intentionally Left Blank	-	-	-	-	-	-
51		Subtotal General Plant	-	-	-	-	-	30,740
52								
53		Total	-	-	-	-	-	1,317,985
54	Add:							
55	105	Construction Work in Progress (Completed in 2008)	-	-	-	-	-	-
56								
57	Less:							
58								
59								
60		Total Plant in Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,317,985
61		Less: Accumulated Depreciation	-	-	(7,094)	-	-	300,825
62		Net Plant in Service (L59 - L 60)	-	-	-	-	-	\$ 1,017,160
63								
64	LESS:							
65		Contributions in Aid of Construction (CIAC)	\$ -	\$ -	\$ -	\$ -	\$ -	84,750
66		Less: Accumulated Amortization of CIAC	-	-	-	-	-	27,544
67		Net CIAC (L25 - L26)	\$ -	\$ -	\$ -	\$ -	\$ -	57,206
68		Advances in Aid of Construction (AIAC)	654,491	-	-	-	-	654,491
69		Customer Meter Deposits	-	47,433	-	-	-	47,433
70		Deferred Income Tax Credits	-	-	-	-	-	-
71								
72								
73								
74								
75	ADD:							
76		Unamortized Finance Charges	\$ -	\$ -	\$ -	\$ -	\$ -	-
77		Deferred Income Tax Debits	-	-	-	-	-	-
78		Working Capital	-	-	-	(45,332)	-	-
79		Intentionally Left Blank	-	-	-	-	-	-
80		Original Cost Rate Base	\$ (654,491)	\$ (47,433)	\$ -	\$ (45,332)	\$ -	\$ 258,030

ADJ #	References:
1	Schedule BCA-5
2	Schedule BCA-6
3	Schedule BCA-7
4	Schedule BCA-8
5	Schedule BCA-9
6	Schedule BCA-10
7	Schedule BCA-11
8	Schedule BCA-12
9	Schedule BCA-13
10	Schedule BCA-14
11	Schedule BCA-15

Beaver Dam Water Company, Inc.  
Docket No. W-03067A-08-0380 et al  
Test Year December 31, 2007

BCA-5  
Revised 4-27-09

**RATE BASE ADJUSTMENT #1 - NOT USED**

LINE	Acct.		[A]	[B]	[C]
<u>NO.</u>	<u>No.</u>	<u>DESCRIPTION</u>	<u>COMPANY</u>	<u>STAFF</u>	<u>STAFF</u>
			<u>PROPOSED</u>	<u>ADJUSTMENTS</u>	<u>RECOMMENDED</u>

Beaver Dam Water Company, Inc.  
Docket No. W-03067A-08-0380 et al  
Test Year December 31, 2007

BCA-6  
Revised 4-27-09

**RATE BASE ADJUSTMENT #2 - REMOVE PROPOSED PLANT**

<u>LINE NO.</u>	<u>Acct No.</u>	<u>DESCRIPTION</u>	<u>[A] COMPANY AS FILED</u>	<u>[B] STAFF ADJUSTMENTS</u>	<u>[C] STAFF RECOMMENDED</u>
1	330	Distribution Reservoirs & Standpipes - (Proposed storage tank)	<u>210,254</u>	<u>(210,254)</u>	<u>-</u>

References

[A]: Company's Rate Application  
[B]: Col [C] - Col [A]  
[C]: Staff Report

Beaver Dam Water Company  
 Docket No. W-03067A-08-0380  
 Test Year Ended December 31, 2007

BCA-7  
 Revised 4-27-09

**RATE BASE ADJUSTMENT #3 - RECLASSIFY OPERATING EXPENSES TO PLANT**

LINE NO.	Acct. No.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	331	Transmission & Distribution Mains	\$ -	\$ 12,608	\$ 12,608
2	307	Wells and Springs	\$ -	\$ 18,208	\$ 18,208
3	307	Wells and Springs	\$ -	\$ 3,056	\$ 3,056
4	311	Electric Pumping Equipment	\$ -	\$ 41,679	\$ 41,679
5		Total	\$ -	\$ 75,551	\$ 75,551

Beaver Dam Water Company  
 Docket No. W-03067A-08-0380 et al  
 Test Year Ended December 31, 2007

BCA-8  
 Revised 4-27-09

**RATE BASE ADJUSTMENT #4 - RECLASSIFY CWIP TO PLANT**

LINE NO.	Acct. No.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	105	Construction Work in Progress - (Completed and recorded in 2008)	\$ 40,854	\$ (40,854)	\$ -
2	331	Transmission and Distribution Main	\$ -	\$ 40,854	\$ 40,853.73
			<u>\$ 40,854</u>	<u>\$ -</u>	<u>\$ 40,854</u>

References

- [A]: Company's Rate Application
- [B]: Col [C] - Col [A]
- [C]: Staff Report

Beaver Dam Water Company  
 Docket No. W-03067A-08-0380 et al  
 Test Year Ended December 31, 2007

BCA-9  
 Revised 4-27-09

**RATE BASE ADJUSTMENT #5 - ADD SUPPORTED PLANT**

LINE	Acct.		[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
<u>NO.</u>	<u>No.</u>	<u>DESCRIPTION</u>			
1	334	Meters & Meter Installations	\$ 11,587	\$ 3,113	\$ 14,700
2	340	Computers and Software	\$ 4,983	\$ 1,157	\$ 6,140
3	311	Electric Pumping Equipment	\$ -	\$ 2,320	\$ 2,320
4		Total	<u>\$ 16,570</u>	<u>\$ 6,590</u>	<u>\$ 23,160</u>

References

- [A]: Company's Rate Application
- [B]: Col [C] - Col [A]
- [C]: Staff Report

Beaver Dam Water Company  
 Docket No. W-03067A-08-0380 et al  
 Test Year Ended December 31, 2007

BCA-10  
 Revised 4-27-09

**RATE BASE ADJUSTMENT #6 - RECOGNIZE PLANT ASSETS NOT BOOKED BY THE COMPANY**

LINE NO.	Acct. No.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	307	Wells and Springs	\$ -	\$ 36,463	36,463
2	330	Distribution , Reservoirs & Standpipes	\$ -	\$ 11,647	11,647
3	331	Transmission and Distribution Mains	\$ -	\$ 105,985	105,985
4	334	Meters and Meter Installations	\$ -	\$ 7,390	7,390
5	335	Hydrants	\$ -	\$ 827	827
		Total	\$ -	\$ 162,312	\$ 162,312

References

[A]: Company's Rate Application

[B]: Col [C] - Col [A]

[C]: Staff Report

Recognize \$162,312 out of services costs  
 excluded from plant

Beaver Dam Water Company  
Docket No. W-03067A-08-0380 et al  
Test Year Ended December 31, 2007

BCA-11  
Revised 4-27-09

**RATE BASE ADJUSTMENT #7 - ACCULULATED AMORTIZATION OF CONTRIBUTION-IN-AID-OF-CONSTRUCTION (CIAC)**

LINE	Acct.		[A]	[B]	[C]
<u>NO.</u>	<u>No.</u>	<u>DESCRIPTION</u>	<u>COMPANY</u> <u>AS</u> <u>FILED</u>	<u>STAFF</u> <u>ADJUSTMENTS</u>	<u>STAFF</u> <u>RECOMMENDED</u>
1	307	Accumulated Amortization of CIAC	\$ 21,187	\$ 6,357	\$ 27,544

References

[A]: Company's Rate Application

[B]: Col [C] - Col [A]

[C]: Staff Report

Beaver Dam Water Company  
Docket No. W-03067A-08-0380 et al  
Test Year Ended December 31, 2007

BCA-12  
Revised 4-27-09

**RATE BASE ADJUSTMENT #8 - ADVANCE-IN-AID-OF-CONSTRUCTION (AIAC)**

LINE NO.	Acct. No.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1		Advance- in- Aid- of- Construction	\$ -	\$ 654,491	\$ 654,491

References

- [A]: Company's Rate Application
- [B]: Col [C] - Col [A]
- [C]: Staff Report

Beaver Dam Water Company  
Docket No. W-03067A-08-0380 et al  
Test Year Ended December 31, 2007

BCA-13  
Revised 4-27-09

**RATE BASE ADJUSTMENT #9 - CUSTOMER METER DEPOSIT**

LINE	Acct.		[A]	[B]	[C]
<u>NO.</u>	<u>No.</u>	<u>DESCRIPTION</u>	COMPANY AS <u>FILED</u>	STAFF <u>ADJUSTMENTS</u>	STAFF <u>RECOMMENDED</u>
1		Customer Meter Deposit	\$ -	\$ 47,433	\$ 47,433

References

- [A]: Company's Rate Application
- [B]: Col [C] - Col [A]
- [C]: Staff Report

Beaver Dam Water Company  
Docket No. W-03067A-08-0380 et al  
Test Year Ended December 31, 2007

BCA-14  
Revised 4-27-09

**RATE BASE ADJUSTMENT #10 - ACCUMULATED DEPRECIATION EXPENSE**

LINE NO.	Acct. No.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1		Accumulated Depreciation Expense	\$ 307,919	\$ (7,094)	\$ 300,825

References

[A]: Company's Rate Application

[B]: Col [C] - Col [A]

[C]: Staff Report

Beaver Dam Water Company  
 Docket No. W-03067A-08-0380 et al  
 Test Year Ended December 31, 2007

BCA-15  
 Revised 4-27-09

**RATE BASE ADJUSTMENT #11 - WORKING CAPITAL ALLOWANCE**

LINE NO.	Acct. No.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1		Working Capital Allowance ( 1/8 of Operating & Maint. Ex	\$ 44,028	\$ (44,028)	-
2		Working Capital Allowance ( 1/24 of Purchase Power)	\$ 1,304	\$ (1,304)	-
3		Total	\$ 45,332	\$ (45,332)	\$ -

References

- [A]: Company's Rate Application
- [B]: Col [C] - Col [A]
- [C]: Staff Report

**OPERATING INCOME STATEMENT - TEST YEAR AND STAFF RECOMMENDED**

LINE NO.	DESCRIPTION	[A] COMPANY TEST YEAR AS FILED	[B] STAFF TEST YEAR ADJUSTMENTS	[C] STAFF TEST YEAR AS ADJUSTED	[D] STAFF PROPOSED CHANGES	[E] STAFF RECOMMENDED
<b>REVENUES:</b>						
1	Metered Water Sales	\$ 211,595	\$ -	\$ 211,595	\$ 107,526	\$ 319,121
2	Water Sales - Unmetered	-	17,491	17,491	-	17,491
3	Other Operating Revenue	-	-	-	-	-
4	<b>Total Operating Revenues</b>	<b>\$ 211,595</b>	<b>\$ 17,491</b>	<b>\$ 229,086</b>	<b>\$ 107,526</b>	<b>\$ 336,612</b>
<b>OPERATING EXPENSES:</b>						
7	Salaries and Wages	\$ 119,100	-	\$ 119,100	\$ -	\$ 119,100
8	Purchased Water	-	-	-	-	-
9	Purchased Power	31,285	-	31,285	-	31,285
10	Chemicals	3,085	-	3,085	-	3,085
11	Repairs and Maintenance	55,053	(41,679)	13,374	-	13,374
12	Office Supplies and Expense	3,915	-	3,915	-	3,915
13	Outside Services	71,992	(45,687)	26,305	-	26,305
14	Water Testing	6,835	(3,056)	3,779	-	3,779
15	Rent - Equipment	5,400	-	5,400	-	5,400
	Rent - Building	15,936	-	15,936	-	15,936
16	Transportation Expenses	9,780	(2,997)	6,783	-	6,783
17	Insurance - General Liability	12,872	(9,320)	3,552	-	3,552
18	Insurance - Health and Life	-	8,000	8,000	-	8,000
19	Reg. Comm. Exp.- Rate Case	1,500	3,500	5,000	-	5,000
20	Miscellaneous Expenses	15,473	(7,406)	8,067	-	8,067
21	Depreciation Expense	29,088	7,956	37,044	-	37,044
22	Taxes Other than Income	10,948	4,824	15,772	-	15,772
23	Property Taxes	8,426	(2,468)	5,958	952	6,910
24	Income Taxes	-	(24,474)	(24,474)	27,137	2,663
25	Intentionally Left blank(Rounding)	-	-	-	-	-
27	<b>Total Operating Expenses</b>	<b>400,688</b>	<b>(112,806)</b>	<b>287,880</b>	<b>28,089</b>	<b>315,969</b>
28	<b>Operating Income (Loss)</b>	<b>\$ (189,093)</b>	<b>\$ 130,298</b>	<b>\$ (58,795)</b>	<b>\$ 79,437</b>	<b>\$ 20,643</b>

**References:**

- Column (A): Company's Rate Application
- Column (B): Column (C) - Column (A)
- Column (C): Column (A) + Column (B)
- Column (D): Schedules BCA-1 and BCA-2
- Column (E): Column (C) + Column (D)

Beaver Dam Water Company, Inc.  
Docket No. W-03067A-08-0380 et al  
Test Year December 31, 2007

**SUMMARY OF OPERATING INCOME ADJUSTMENTS - TEST YEAR**

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) ADJ #1	(C) ADJ #2	(D) ADJ #3	(E) ADJ #4	(F) ADJ #5	(G) ADJ #6	(H) ADJ #7	(I) ADJ #8
<b>REVENUES:</b>										
1	Metered Water Sales	\$ 211,595	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Water Sales - Unmetered (Bulk Water Sales)	\$ -	\$ 17,491	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	Other Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4	<b>Total Operating Revenues</b>	<b>\$ 211,595</b>	<b>\$ 17,491</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>OPERATING EXPENSES:</b>										
5	Salaries and Wages	\$ 119,100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6	Purchased Water	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7	Purchased Power	\$ 31,285	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	Chemicals	\$ 3,085	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9	Repairs and Maintenance	\$ 55,053	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10	Office Supplies and Expense	\$ 3,915	\$ -	\$ -	(41,679)	\$ -	\$ -	\$ -	\$ -	\$ -
11	Outside Services	\$ 71,992	\$ -	\$ -	\$ -	(18,208)	(26,234)	(1,245)	\$ -	\$ -
12	Water Testing	\$ 6,835	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	(3,056)	\$ -
13	Rent - Equipment	\$ 5,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14	Rent - Building	\$ 15,936	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15	Transportation Expenses	\$ 9,780	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16	Insurance - General Liability	\$ 12,872	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
17	Insurance - Health and Life	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	(2,997)
18	Reg. Comm. Exp. - Rate Case	\$ 1,500	\$ -	\$ -	\$ -	\$ -	\$ -	3,500	\$ -	\$ -
19	Miscellaneous Expenses	\$ 15,473	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
20	Depreciation Expense	\$ 29,088	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21	Taxes Other than Income	\$ 10,948	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22	Property Taxes	\$ 8,426	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
23	Income Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24	Intentionally Left blank(Rounding)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
25	<b>Total Operating Expenses</b>	<b>\$ 400,688</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (41,679)</b>	<b>\$ (18,208)</b>	<b>\$ (26,234)</b>	<b>\$ 2,255</b>	<b>\$ (3,056)</b>	<b>\$ (2,997)</b>
27	<b>Operating Income (Loss)</b>	<b>\$ (189,093)</b>	<b>\$ 17,491</b>	<b>\$ -</b>	<b>\$ 41,679</b>	<b>\$ 18,208</b>	<b>\$ 26,234</b>	<b>\$ (2,255)</b>	<b>\$ 3,056</b>	<b>\$ 2,997</b>

ADJ #	References:
9	Schedule BCA-26
10	Schedule BCA-27
11	Schedule BCA-28
12	Schedule BCA-29
13	Schedule BCA-30
14	Schedule BCA-31

ADJ #	References:
1	Schedule BCA-18
2	Schedule BCA-19
3	Schedule BCA-20
4	Schedule BCA-21
5	Schedule BCA-22
6	Schedule BCA-23
7	Schedule BCA-24
8	Schedule BCA-25

**SUMMARY OF OPERATING INCOME ADJUSTMENTS - TEST**

LINE NO.	DESCRIPTION	[J] ADJ #9	[K] ADJ #10	[K] ADJ #11	[K] ADJ #12	[K] ADJ #13	[L] ADJ #14	[M] ADJ #15	[N] ADJ #16	[N] STAFF ADJUSTED
<b>REVENUES:</b>										
1	Metered Water Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 211,595
2	Water Sales - Unmetered (Bulk Water Sales)	-	-	-	-	-	-	-	-	17,491
3	Other Operating Revenue	-	-	-	-	-	-	-	-	-
4	Total Operating Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 229,086
<b>OPERATING EXPENSES:</b>										
6	Salaries and Wages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 119,100
7	Purchased Water	-	-	-	-	-	-	-	-	-
8	Purchased Power	-	-	-	-	-	-	-	-	31,285
9	Chemicals	-	-	-	-	-	-	-	-	3,085
10	Repairs and Maintenance	-	-	-	-	-	-	-	-	13,374
11	Office Supplies and Expense	-	-	-	-	-	-	-	-	3,915
12	Outside Services	-	-	-	-	-	-	-	-	26,305
13	Water Testing	-	-	-	-	-	-	-	-	3,779
14	Rent - Equipment	-	-	-	-	-	-	-	-	5,400
15	Rent - Building	-	-	-	-	-	-	-	-	15,936
16	Transportation Expenses	-	-	-	-	-	-	-	-	6,783
17	Insurance - General Liability	(9,320)	-	-	-	-	-	-	-	3,552
18	Insurance - Health and Life	-	-	-	-	-	-	-	-	8,000
19	Reg. Comm. Exp. - Rate Case	-	(8,192)	-	-	-	-	-	-	5,000
20	Miscellaneous Expenses	-	-	7,956	-	-	-	-	-	8,067
21	Depreciation Expense	-	-	-	4,824	-	-	786	-	37,044
22	Taxes Other than Income	-	-	-	-	(2,468)	-	-	-	15,772
23	Property Taxes	-	-	-	-	-	(24,474)	-	-	5,958
24	Income Taxes	-	-	-	-	-	-	-	-	(24,474)
25	Intentionally Left blank (Rounding)	-	-	-	-	-	-	-	-	-
27	Total Operating Expenses	\$ (9,320)	\$ (8,192)	\$ 7,956	\$ 4,824	\$ (2,468)	\$ (24,474)	\$ 786	\$ 8,000	\$ 287,980
28	Operating Income (Loss)	\$ 9,320	\$ 8,192	\$ (7,956)	\$ (4,824)	\$ 2,468	\$ 24,474	\$ (786)	\$ (8,000)	\$ (58,795)

**References:**

ADJ #	Reference
9	Schedule BCA-26
10	Schedule BCA-27
11	Schedule BCA-28
12	Schedule BCA-29
13	Schedule BCA-30
14	Schedule BCA-31

**References:**

ADJ #	Reference
1	Schedule BCA-18
2	Schedule BCA-19
3	Schedule BCA-20
4	Schedule BCA-21
5	Schedule BCA-22
6	Schedule BCA-23
7	Schedule BCA-24
8	Schedule BCA-25

**OPERATING INCOME ADJUSTMENT #1 - NORMALIZATION OF UNMETERED WATER REVENUES**

LINE NO.	Acct. No.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1		1 Unmetered Water Revenue	\$ -	\$ 17,491	\$ 17,491
		2 Other Water Revenue (Bulk Sales)- Company test year 2007			23,190
		3 Other Water Revenue - 2006			29,282
		4 Other Water Revenue - 2005			-
		5 Other Water Revenue, past three years			52,472
		6 Average Other Water Revenue (line 5/3)			17,491

References:

- Col [A]: Company's Rate Application
- Col [B]: Col [C] - Col [A]
- Col [C], lines 2-4: Company's response to DR BCA 3.16

**OPERATING INCOME ADJUSTMENT #2 - REMOVE UNSUPPORTED SALARIES AND WAGES EXPENSE**

<u>Line No.</u>	<u>Acct. #</u>	<u>DESCRIPTION</u>	<u>[A] COMPANY PROPOSED</u>	<u>[B] STAFF ADJUSTMENTS</u>	<u>[C] STAFF RECOMMENDED</u>
1		Salaries and Wages Expense	\$ 119,100	\$ -	\$ 119,100

References:

Col [A]: Company's Rate Application  
Col [B]: Col [C] - Col [A]  
Col [C]: Line 1: Company's response to BCA DR 3>5

Beaver Dam Water Company, Inc.  
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BCA-20  
Revised 4-27-09

OPERATING INCOME ADJUSTMENT #3 - RECLASSIFICATION OF REPAIRS AND MAINTENANCE EXPENSE TO PLANT

LINE NO.	Acct. No.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1		Repairs and Maintenance Expense	\$ 55,053	\$ (41,679)	\$ 13,374

References:

Col [A]: Company's Rate Application  
Col [B]: Col [C] - Col [A]  
Col [C]: Staff Report

Reclassify \$41,678.62 from repairs and maintenance expense to  
electrical pumping equipment.

Beaver Dam Water Company, Inc.  
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Test Year December 31, 2007

BCA-21  
Revised 4-27-09

**OPERATING INCOME ADJUSTMENT #4 - RECLASSIFY OUTSIDE SERVICES EXPENSE TO PLANT**

<u>LINE</u> <u>NO.</u>	<u>Acct.</u> <u>No.</u>	<u>DESCRIPTION</u>	<u>[A]</u> <u>COMPANY</u> <u>PROPOSED</u>	<u>[B]</u> <u>STAFF</u> <u>ADJUSTMENTS</u>	<u>[C]</u> <u>STAFF</u> <u>RECOMMENDED</u>
1		Wells and Springs (LESLIE)	\$ 18,208	\$ (18,208)	\$ -

References:

Col [A]: Company's Application - Supporting documentation.

Col [B]: Col [C] - Col [A]

Col [C]: Staff Report

Reclassify \$18,208 from Outside Services expense to  
Wells and Springs.

**OPERATING INCOME ADJUSTMENT #5 - REMOVE COST NOT NECESSARY TO PROVISION OF SERVICE TO EXISTING CUSTOMERS**

<u>LINE NO.</u>	<u>Acct. No.</u>	<u>DESCRIPTION</u>	<u>[A] COMPANY PROPOSED</u>	<u>[B] STAFF ADJUSTMENTS</u>	<u>[C] STAFF RECOMMENDED</u>
1		Water Study Cost (AMEC)	\$ 26,234	\$ (26,234)	\$ -
2					
3					
4					

References:

Col [A]: Company's Application - Supporting documentation.

Col [B]: Col [C] - Col [A]

Col [C]: Staff Report

Remove \$26,234 pertaining to a Water Study by AMEC from Outside Services expense.

**OPERATING INCOME ADJUSTMENT #6 - RECLASSIFY AND NORMALIZE RATE CASE EXPENSE**

<u>LINE NO.</u>	<u>Acct. No.</u>	<u>DESCRIPTION</u>	<u>[A] COMPANY PROPOSED</u>	<u>[B] STAFF ADJUSTMENTS</u>	<u>[C] STAFF RECOMMENDED</u>
1		Rate Case Expense - Outside Services	\$ 1,245	\$ (1,245)	\$ -
2		Rate Case Expense - Regulatory Commission Expense	\$ 1,500	\$ 3,500	\$ 5,000
3		Total	<u>\$ 2,745</u>	<u>\$ 2,255</u>	<u>\$ 5,000</u>

References:

Col [A]: Company's Rate Application - Supporting documentation.

Col [B]: Col [C] - Col [A]

Col [C]: Staff Report

Reclassify \$1,245 from Outside Services expense to Regulatory Commission Expense and allow a normalized annual rate case expense of \$5,000.

Beaver Dam Water Company, Inc.  
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Test Year December 31, 2007

BCA-24  
Revised 4-27-09

**OPERATING INCOME ADJUSTMENT #7 - RECLASSIFY COST FROM WATER TESTING TO WELLS AND SPRINGS**

<u>LINE NO.</u>	<u>DESCRIPTION</u>	<u>[A] COMPANY PROPOSED</u>	<u>[B] STAFF ADJUSTMENTS</u>	<u>[C] STAFF RECOMMENDED</u>
1	Water Testing Expense	<u>\$ 6,835</u>	<u>\$ (3,056)</u>	<u>\$ 3,779</u>

References:

Col [A]: Company's Rate Application

Col [B]: Col [C] - Col [A]

Col [C]: Staff Report

Reclassify \$3,056 from water testing expense to  
Wells and Springs

Beaver Dam Water Company, Inc.  
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BCA-25  
Revised 4-27-09

OPERATING INCOME ADJUSTMENT #8 - REMOVE UNSUPPORTED TRANSPORTATION EXPENSE

LINE NO.	Acct. No.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1		Transportation Expense	\$ 9,780	\$ (2,997)	\$ 6,783

References:

Col [A]: Company's Rate Application  
Col [B]: Col [C] - Col [A]  
Col [C]: Staff Report

Beaver Dam Water Company, Inc.  
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BCA-26  
Revised 4-27-09

**OPERATING INCOME ADJUSTMENT #9 - REMOVE UNSUPPORTED GENERAL LIABILITY INSURANCE EXPENSE**

<u>LINE NO.</u>	<u>DESCRIPTION</u>	<u>[A] COMPANY PROPOSED</u>	<u>[B] STAFF ADJUSTMENTS</u>	<u>[C] STAFF RECOMMENDED</u>
1	Insurance - General Liability	<u>\$ 12,872</u>	<u>\$ (9,320)</u>	<u>\$ 3,552</u>

References:

Col [A]: Company's Rate Application  
Col [B]: Col [C] - Col [A]  
Col [C]: Staff Report

Beaver Dam Water Company, Inc.  
Docket No. W-03067A-08-0380 et al  
Test Year December 31, 2007

BCA-27  
Revised 4-27-09

**OPERATING INCOME ADJUSTMENT #10 - REMOVE INAPPROPRIATE MISCELLANEOUS  
EXPENSE**

<u>LINE NO.</u>	<u>DESCRIPTION</u>	<u>[A] COMPANY PROPOSED</u>	<u>[B] STAFF ADJUSTMENTS</u>	<u>[C] STAFF RECOMMENDED</u>
1	Miscellaneous Expense	<u>\$ 12,376</u>	<u>\$ (8,192)</u>	<u>\$ 4,184</u>

References:

Col [A]: Company's rate Application

Col [B]: Col [C] - Col [A]

Col [C]: Staff Report

**OPERATING INCOME ADJUSTMENT #11 - DEPRECIATION EXPENSE**

Line No.	ACCT NO.	DESCRIPTION	[A] AMOUNT	[B] PROJECTED RATE	[C] DEPRECIATION EXPENSE
<b>Plant In Service</b>					
1	301	Organization	\$ 20,335	0.00%	\$ -
2	302	Franchises	-	0.00%	\$ -
3	303	Land and Land Rights	35,596	0.00%	\$ -
4	304	Structures & Improvements	6,000	3.33%	\$ 200
5	305	Collecting & Impounding Reservoirs	-	2.50%	\$ -
6	306	Lakes, Rivers, Other Intakes	-	2.50%	\$ -
7	307	Wells and Springs	135,640	3.33%	\$ 4,517
8	308	Infiltration Galleries and Tunnels	-	6.67%	\$ -
9	309	Supply Mains	-	2.00%	\$ -
10	310	Power Generation Equipment	-	5.00%	\$ -
11	311	Electric Pumping Equipment	60,701	12.50%	\$ 7,588
12	320	Water Treatment Equipment	-	3.33%	\$ -
13	330	Distribution Reservoirs & Standpipes	182,592	2.22%	\$ 4,054
14	331	Transmission & Distribution Mains	823,464	2.00%	\$ 16,469
15	333	Services	-	3.33%	\$ -
16	334	Meters & Meter Installation	22,090	8.33%	\$ 1,840
17	335	Hydrants	827	2.00%	\$ 17
18	336	Backflow Prevention Devices	-	6.67%	\$ -
19	339	Other Plant & Misc. Equipment	-	6.67%	\$ -
20	340	Office Furniture & Equipment	6,500	6.67%	\$ 434
21	340	Computer & Software	6,140	20.00%	\$ 1,228
22	341	Transportation Equipment	16,100	20.00%	\$ 3,220
23	342	Stores Equipment	-	4.00%	\$ -
24	343	Tools, Ship & Garage Equipment	2,000	5.00%	\$ 100
25	344	Laboratory Equipment	-	10.00%	\$ -
26	345	Power Operated Equipment	-	5.00%	\$ -
27	346	Communication Equipment	-	10.00%	\$ -
28	347	Miscellaneous Equipment	-	10.00%	\$ -
29	348	Other Tangible Plant	-	10.00%	\$ -
30					
31		Subtotal General	\$ 1,317,985		\$ 39,665
32		Less: Non- depreciable Account(s) (L2 + L3)	35,596		
33		Depreciable Plant (L29-L30)	\$ 1,282,389		
34					
35		Contributions-in-Aid-of-Construction (CIAC)	\$ 84,750		
36		Composite Depreciation/Amortization Rate	3.09%		
37		Less: Amortization of CIAC (L34 x L35)			\$ 2,621
38		<b>Depreciation Expense - STAFF [Col. (C), L30 - L36]</b>			<b>\$ 37,044</b>

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
38	Depreciation Expense	\$ 29,088	\$ 7,956	\$ 37,044

**OPERATING INCOME ADJUSTMENT #12 - TAXES OTHER THAN INCOME**

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Taxes Other Than Income	\$ 10,948	\$ 4,824	\$ 15,772
	Salaries and Wages	\$ 119,100		
	FICA	7.45%	\$ 8,873	
	No. of Employees	3		
	Salary Subject to Unemployment Tax	\$ 7,000		
	Total Taxable Unemployment Salaries	\$ 21,000		
	Combined SUTA & FUTA Rate	13.50%	\$ 2,835	
	SUTA Rate	0.073		
	FUTA Rate	0.062		
	Combined SUTA & FUTA Rate	0.135		
	Franchise Tax		\$ 3,734	
	Other Taxes and Fees		\$ 330	
	Total Taxes Other Than Income			\$ 15,772

References:

- Col [A]: Company's Rate Application
- Col [B]: Col [C] - Col [A]
- Col [C]: Staff Report

**OPERATING INCOME ADJUSTMENT #13 - PROPERTY TAX EXPENSE**

LINE NO.	DESCRIPTION	[A]	[B]
		STAFF AS ADJUSTED	STAFF RECOMMENDED
1	Staff Adjusted Test Year Revenues - 2007	\$ 229,086	\$ 229,086
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	\$ 458,171	\$ 458,171
4	Staff Recommended Revenue	229,086	\$ 336,612
5	Subtotal (Line 4 + Line 5)	\$ 687,257	\$ 794,783
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	\$ 229,086	\$ 264,928
8	Department of Revenue Multiplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	\$ 458,171	\$ 529,855
10	Plus: 10% of CWIP	-	-
11	Less: Net Book Value of Licensed Vehicles	9,321	9,321
12	Full Cash Value (Line 9 + Line 10 - Line 11)	\$ 448,850	\$ 520,534
13	Assessment Ratio	22.50%	22.50%
14	Assessment Value (Line 12 * Line 13)	\$ 100,991	\$ 117,120
15	Composite Property Tax Rate - Obtained from ADOR	5.9000%	5.9000%
16	Staff Test Year Adjusted Property Tax Expense (Line 14 * Line 15)	\$ 5,958	
17	Company Proposed Property Tax	8,426	
18	Staff Test Year Adjustment (Line 16 - Line 17)	\$ (2,468)	
19	Property Tax - Staff Recommended Revenue (Line 14 * Line 15)		\$ 6,910
20	Staff Test Year Adjusted Property Tax Expense (Line 16)		\$ 5,958
21	Increase (Decrease) in Property Tax Due to Increase in Revenue Requirement		\$ 952
22	Increase (Decrease) in Property Tax Due to Increase in Revenue Requirement (Line 21)		\$ 952
23	Increase (Decrease) in Revenue Requirement		\$ 107,526
24	Increase in Property Tax Per Dollar Increase in Revenue (Line 22 / Line 23)		0.88500%

**REFERENCES:**

- Line 15: Composite Tax Rate obtained from Arizona Department of Revenue
- Line 17: Company Schedule BCA-17
- Line 21: Line 19 - Line 20
- Line 23: Schedule BCA-1

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Revised BCA-31  
Revised 4-27-09

**OPERATING INCOME ADJUSTMENT #14- INCOME TAXES**

<u>LINE NO.</u>	<u>DESCRIPTION</u>	<u>[A] COMPANY PROPOSED</u>	<u>[B] STAFF ADJUSTMENTS</u>	<u>[C] STAFF RECOMMENDED</u>
1	Income Tax Expense	\$ -	\$ (24,474)	\$ (24,474)

References:

Col [A]: Company's Rate Application

Col [B]: Col [C] - Col [A]

Col [C]: Schedule BCA-2, Line 52

Beaver Dam Water Company  
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 Test Year Ended December 31, 2007

Beaver Dam Water Company  
 RATE DESIGN

Monthly Usage Charge

Decision No. 55788

Gallons in the minimum  
 5/8" x 3/4" Meter  
 3/4" Meter  
 1" Meter  
 1.5" Meter  
 2" Meter  
 3" Meter  
 4" Meter  
 6" Meter (HOA)  
 8" Meter  
 10" Meter  
 12" Meter

Present Rates	Company Proposed	Staff Recommended
\$ 15.00	\$ 30.00	\$ 25.00
N/T	N/T	\$ 37.50
N/T	N/T	\$ 62.50
N/T	N/T	\$ 125.00
N/T	N/T	\$ 200.00
N/T	N/T	\$ 400.00
\$ 120.00	\$ 1,000.00	\$ 625.00
\$ 15.00	\$ 30.00	\$ 1,250.00
N/T	N/T	\$ 2,000.00
N/T	N/T	\$ 2,875.00
N/T	N/T	\$ 5,375.00

Decision No. 47690

Gallons in the minimum  
 5/8" x 3/4" Meter  
 3/4" Meter  
 1" Meter  
 1.5" Meter  
 2" Meter  
 3" Meter  
 4" Meter  
 6" Meter  
 8" Meter  
 10" Meter  
 12" Meter

Present Rates	Company Proposed	Staff Recommended
\$ 4,000	\$ 30.00	\$ 25.00
\$ 17.00	N/T	\$ 37.50
N/T	N/T	\$ 62.50
N/T	N/T	\$ 125.00
N/T	N/T	\$ 200.00
N/T	N/T	\$ 400.00
N/T	N/T	\$ 625.00
N/T	N/T	\$ 1,250.00
N/T	N/T	\$ 2,000.00
N/T	N/T	\$ 2,875.00
N/T	N/T	\$ 5,375.00

Decision No. 64662

Gallons in the minimum  
 5/8" x 3/4" Meter  
 3/4" Meter  
 1" Meter  
 1.5" Meter  
 2" Meter  
 3" Meter  
 4" Meter  
 6" Meter  
 8" Meter  
 10" Meter  
 12" Meter

Present Rates	Company Proposed	Staff Recommended
\$ 13.30	\$ 30.00	\$ 25.00
N/T	N/T	\$ 37.50
\$ 33.25	\$ 45.00	\$ 62.50
\$ 66.50	\$ 400.00	\$ 125.00
\$ 126.35	\$ 500.00	\$ 200.00
\$ 465.50	\$ 600.00	\$ 400.00
\$ 731.50	\$ 1,000.00	\$ 625.00
\$ 997.50	\$ 1,600.00	\$ 1,250.00
N/T	N/T	\$ 2,000.00
N/T	N/T	\$ 2,875.00
N/T	N/T	\$ 5,375.00

Commodity Charges

Decision No. 55788 TIER RATES

Decision No. 55788 TIER RATES Gallons in the minimum	Present			Company Proposed			Staff Recommended			
	1st Tier	2nd Tier	3rd Tier	4th Tier	1st Tier	2nd Tier	3rd Tier	1st Tier	2nd Tier	3rd Tier
5/8" x 3/4" Meter	\$ 1.50	\$ -	\$ -	\$ -	\$ 3.00	\$ -	\$ -	\$ 1.95	\$ 2.90	\$ 3.30
3/4" Meter	Infinite	N/T	N/T	N/T	4,000	7,000	Infinite	5,000	12,000	Infinite
1" Meter	N/T	N/T	N/T	N/T	4,000	7,000	Infinite	5,000	12,000	Infinite
1.5" Meter	N/T	N/T	N/T	N/T	4,000	7,000	Infinite		30,000	Infinite
2" Meter	N/T	N/T	N/T	N/T	4,000	7,000	Infinite		60,000	Infinite
3" Meter	N/T	N/T	N/T	N/T	4,000	7,000	Infinite		96,000	Infinite
4" Meter	N/T	N/T	N/T	N/T	4,000	7,000	Infinite		192,000	Infinite
6" Meter (HOA)	Infinite	N/T	N/T	N/T	4,000	7,000	Infinite		300,000	Infinite
8" Meter	Infinite	N/T	N/T	N/T	4,000	7,000	Infinite		600,000	Infinite
10" Meter	Infinite	N/T	N/T	N/T	4,000	7,000	Infinite		960,000	Infinite
12" Meter	Infinite	N/T	N/T	N/T	4,000	7,000	Infinite		1,380,000	Infinite
Bulk Water Sales - Per 1,000 Gallons	\$9.00 - All Gallons				\$9.00 - All Gallons			\$3.50 - All Gallons		

Decision No. 47690 TIER RATES

Decision No. 47690 TIER RATES Gallons in the minimum	Present			Company Proposed			Staff Recommended			
	1st Tier	2nd Tier	3rd Tier	4th Tier	1st Tier	2nd Tier	3rd Tier	1st Tier	2nd Tier	3rd Tier
5/8" x 3/4" Meter	\$ 1.50	\$ 1.00	\$ -	\$ -	\$ 3.00	\$ -	\$ -	\$ 1.95	\$ 2.90	\$ 3.30
3/4" Meter	4,000	10,000	4,000	7,000	4,000	7,000	Infinite	5,000	12,000	Infinite
1" Meter	N/T	N/T	N/T	N/T	4,000	7,000	Infinite	5,000	12,000	Infinite
1.5" Meter	N/T	N/T	N/T	N/T	4,000	7,000	Infinite		30,000	Infinite
2" Meter	N/T	N/T	N/T	N/T	4,000	7,000	Infinite		60,000	Infinite
3" Meter	N/T	N/T	N/T	N/T	4,000	7,000	Infinite		96,000	Infinite
4" Meter	N/T	N/T	N/T	N/T	4,000	7,000	Infinite		192,000	Infinite
6" Meter	N/T	N/T	N/T	N/T	4,000	7,000	Infinite		300,000	Infinite
8" Meter	Infinite	N/T	N/T	N/T	4,000	7,000	Infinite		600,000	Infinite
10" Meter	Infinite	N/T	N/T	N/T	4,000	7,000	Infinite		960,000	Infinite
12" Meter	Infinite	N/T	N/T	N/T	4,000	7,000	Infinite		1,380,000	Infinite
Bulk Water Sales - Per 1,000 Gallons	\$9.00 - All Gallons				\$9.00 - All Gallons			\$3.50 - All Gallons		

Decision No. 64662 TIER RATES

Decision No. 64662 TIER RATES Gallons in the minimum	Present			Company Proposed			Staff Recommended			
	1st Tier	2nd Tier	3rd Tier	4th Tier	1st Tier	2nd Tier	3rd Tier	1st Tier	2nd Tier	3rd Tier
5/8" x 3/4" Meter	\$ 1.20	\$ 1.35	\$ -	\$ -	\$ 3.00	\$ -	\$ -	\$ 1.95	\$ 2.90	\$ 3.30
3/4" Meter	24,000	49,000	99,000	Infinite	4,000	7,000	Infinite	5,000	12,000	Infinite
1" Meter	N/T	N/T	N/T	N/T	4,000	7,000	Infinite	5,000	12,000	Infinite
1.5" Meter	24,000	49,000	99,000	Infinite	4,000	7,000	Infinite		30,000	Infinite
2" Meter	24,000	49,000	99,000	Infinite	4,000	7,000	Infinite		60,000	Infinite
3" Meter	24,000	49,000	99,000	Infinite	4,000	7,000	Infinite		96,000	Infinite
4" Meter	24,000	49,000	99,000	Infinite	4,000	7,000	Infinite		192,000	Infinite
6" Meter	24,000	49,000	99,000	Infinite	4,000	7,000	Infinite		300,000	Infinite
8" Meter	Infinite	N/T	N/T	N/T	4,000	7,000	Infinite		600,000	Infinite
10" Meter	Infinite	N/T	N/T	N/T	4,000	7,000	Infinite		960,000	Infinite
12" Meter	Infinite	N/T	N/T	N/T	4,000	7,000	Infinite		1,380,000	Infinite
Bulk Water Sales - Per 1,000 Gallons	\$9.00 - All Gallons				\$9.00 - All Gallons			\$3.50 - All Gallons		

Service Line and Meter Installation Charges

Present Rates	Company Proposed		Staff Recommended		
	Total	Charges	Service Line	Meter Install.	Total
\$ 225.00	\$ 580.00	\$ 425.00	\$ 155.00	\$ 580.00	
N/T	N/T	\$ 445.00	\$ 255.00	\$ 700.00	
N/T	700.00	\$ 445.00	\$ 255.00	\$ 700.00	
N/T	880.00	\$ 460.00	\$ 420.00	\$ 880.00	
N/T	1,380.00	\$ 615.00	\$ 765.00	\$ 1,380.00	
N/T	1,460.00	\$ 615.00	\$ 845.00	\$ 1,460.00	
N/T	1,930.00	\$ 745.00	\$ 1,185.00	\$ 1,930.00	
N/T	2,010.00	\$ 745.00	\$ 1,265.00	\$ 2,010.00	
\$ 1,375.00	\$ 2,935.00	\$ 1,050.00	\$ 1,885.00	\$ 2,935.00	
N/T	3,020.00	\$ 1,050.00	\$ 1,970.00	\$ 3,020.00	
\$ 2,900.00	\$ 4,120.00	\$ 1,250.00	\$ 2,870.00	\$ 4,120.00	
N/T	\$ 5,960.00	\$ 1,250.00	\$ 4,710.00	\$ 5,960.00	
\$ 4,500.00	\$ 6,775.00	At Cost	At Cost	At Cost	
N/T	\$ 12,150.00	At Cost	At Cost	At Cost	
N/T	\$ 16,800.00	At Cost	At Cost	At Cost	

- 5/8" x 3/4" Meter
- 3/4" Meter
- 1" Meter
- 1.5" Meter
- 2" Turbine Meter
- 2" Compound Meter
- 3" Turbine Meter
- 3" Compound Meter
- 4" Turbine Meter
- 4" Compound Meter
- 6" Meter Turbine
- 6" Compound Meter
- 8" Turbine
- 10" Turbine
- 12" Turbine

Service Charges	Company Proposed		Staff Recommended	
	Present	Proposed	Present	Recommended
Establishment	\$ 35.00	\$ 55.00	\$ 35.00	\$ 35.00
Establishment (After Hours)	\$ 45.00	\$ 65.00	\$ 45.00	\$ 45.00
Reconnection (Delinquent)	\$ 50.00	\$ 75.00	\$ 50.00	\$ 50.00
Reconnection (Delinquent)- After Hours	N/T	N/T	\$ 65.00	\$ 65.00
Meter Test (If Correct)	\$ 20.00	\$ 40.00	\$ 25.00	\$ 25.00
Deposit - Note 1	(1)	(1)	(1)	(1)
Deposit Interest - Note 1	(1)	(1)	(1)	(1)
Re-Establishment (Within 12 Months)- Note 2	(2)	(2)	(2)	(2)
NSF Check	\$ 10.00	\$ 25.00	\$ 25.00	\$ 25.00
Deferred Payment, per Month	N/T	1.50%	1.50%	1.50%
Meter Re-Read (If Correct)	\$ 10.00	\$ 15.00	\$ 15.00	\$ 15.00
Late Charge per Month	1.50%	1.50%	1.50%	1.50%

- Establishment
- Establishment (After Hours)
- Reconnection (Delinquent)
- Reconnection (Delinquent)- After Hours
- Meter Test (If Correct)
- Deposit - Note 1
- Deposit Interest - Note 1
- Re-Establishment (Within 12 Months)- Note 2
- NSF Check
- Deferred Payment, per Month
- Meter Re-Read (If Correct)
- Late Charge per Month

Note 1 Per Commission Rules (R14-2-403.B)  
 Note 2 Months off system times the minimum (R14-2-403.D)

NT = No Tariff

TYPICAL BILL ANALYSIS - 5/8-INCH RESIDENTIAL

DECISION NO 55788

CURRENT			
AVERAGE		MEDIAN	
USAGE	DOLLARS	USAGE	DOLLARS
15,279	\$ 37.92	7,000	\$ 25.50

COMPANY PROPOSED					
AVERAGE	INCREASE	PERCENT	MEDIAN	INCREASE	PERCENT
\$ 92.58	\$ 54.66	144.14%	\$ 53.25	\$ 27.75	108.82%

STAFF RECOMMENDED					
AVERAGE	INCREASE	PERCENT	MEDIAN	INCREASE	PERCENT
\$ 56.53	\$ 18.61	49.07%	\$ 30.55	\$ 5.05	19.80%

DECISION NO 64662

CURRENT			
AVERAGE		MEDIAN	
USAGE	DOLLARS	USAGE	DOLLARS
15,279	\$ 31.64	7,000	\$ 21.70

COMPANY PROPOSED					
AVERAGE	INCREASE	PERCENT	MEDIAN	INCREASE	PERCENT
\$ 92.58	\$ 60.94	192.63%	\$ 53.25	\$ 31.55	145.39%

STAFF RECOMMENDED					
AVERAGE	INCREASE	PERCENT	MEDIAN	INCREASE	PERCENT
\$ 56.53	\$ 24.89	76.68%	\$ 30.55	\$ 8.85	40.78%

**WIFA LOAN FINANCIAL ANALYSIS**

Staff Adjusted Test Year and Recommended Revenue Reflecting  
the Effects of the Staff Recommended \$104,283 Debt<sup>1</sup>

**INCOME STATEMENT**

	<u>Test Year</u>	<u>Pro Forma</u>
Operating Revenue:	<b>\$211,595</b>	<b>\$ 336,612</b>
Operating Expenses:		
Purchased Water/Pumping Power	\$31,285	\$31,285
Admin. & General	\$205,142	205,142
Maintenance & Testing	\$17,153	17,153
Depreciation (d)	\$37,044	37,044
Property Taxes	\$5,958	6,910
Other taxes	15,772	15,772
Total Operating Expense	<b>\$312,355</b>	<b>\$313,306</b>
Pre-Tax Operating Income (a)	<b>(\$100,760)</b>	<b>\$23,305</b>
Interest Expense (b)	9,844	13,615
Pre-Tax Net Income	<b>(\$110,604)</b>	<b>\$9,690</b>
Principal Repayment (c)	\$5,027	\$ 8,710
Reserve/Replacement Deposit (e)	2,974	4,465
<b>TIER (Times Interest Earned Ratio)</b>		
(a) ÷ (b)	N/M	1.71
<b>DSC</b>		
[(a) + (d)] ÷ [(b) + (c)]	N/M	2.70

**CAPITAL STRUCTURE**

Short-term Debt	\$0	0.0%	\$ 3,683.36	1.1%
Long-term Debt	\$161,325	67.7%	\$261,925	76.4%
Common Equity	\$77,138	32.3%	\$77,138	22.5%
Total Capital	\$238,463	100.0%	\$342,746	100.0%

<sup>1</sup> Twenty-year amortizing loan at 3.675 percent per annum.

**COST OF CAPITAL SUMMARY**

LINE NO.	DESCRIPTION	(A) AMOUNT PER COMPANY	(B) STAFF ADJUSTMENTS	(C) STAFF AS ADJUSTED	(D) PERCENT	(E) COST RATE	(F) WEIGHTED COST RATE
1	Short-term Debt	\$ -	\$ -	\$ -	0.0%	0.00%	0.00%
2	Long-term Debt	\$ 265,258	\$ (104,283)	\$ 160,975	67.6%	6.00%	4.10%
3	Preferred Stock	\$ -	\$ -	\$ -	0.0%	0.00%	0.00%
4	Common Equity	\$ 77,138	\$ -	\$ 77,138	32.4%	12.00%	3.90%
5	Deferrals	\$ -	\$ -	\$ -	0.0%	0.00%	0.00%
6	Total Capital	<u>\$ 342,396</u>	<u>\$ (104,283)</u>	<u>\$ 238,113</u>	<u>100.00%</u>		<u>8.00%</u>

**OPERATING INCOME ADJUSTMENT #15 - RECOGNIZE MISCELLANEOUS EXPENSE**

<u>LINE</u> <u>NO.</u>	<u>Acct.</u> <u>No.</u>	<u>DESCRIPTION</u>	<u>[A]</u> <u>COMPANY</u> <u>PROPOSED</u>	<u>[B]</u> <u>STAFF</u> <u>ADJUSTMENTS</u>	<u>[C]</u> <u>STAFF</u> <u>RECOMMENDED</u>
1	1	Miscellaneous Expense	<u>\$ 7,281</u>	<u>\$ 786</u>	<u>\$ 8,067</u>

References:

Col [A]: Company Application

Col [B]: Col [C] - Col [A]

Col [C]:

**OPERATING INCOME ADJUSTMENT #16 - RECOGNIZE HEALTH INSURANCE EXPENSE**

<u>LINE</u> <u>NO.</u>	<u>Acct.</u> <u>No.</u>	<u>DESCRIPTION</u>	<u>[A]</u> <u>COMPANY</u> <u>PROPOSED</u>	<u>[B]</u> <u>STAFF</u> <u>ADJUSTMENTS</u>	<u>[C]</u> <u>STAFF</u> <u>RECOMMENDED</u>
1	1	Insurance - Health and Life	\$ -	\$ 8,000	\$ 8,000

References:

Col [A]: Company Application

Col [B]: Col [C] - Col [A]

Col [C]: Normalized Rate Case Expense (\$8,490/3yrs.)