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Transcript Exhibit(s)

Docket #(s): W-01412A-08-0586

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BEFORE THE ARIZONA CORPORATION COMMISSION

KRISTIN K. MAYES
Chairman
GARY PIERCE
Commissioner
PAUL NEWMAN
Commissioner
SANDRA D. KENNEDY
Commissioner
BOB STUMP
Commissioner

IN THE MATTER OF THE APPLICATION OF VALLEY UTILITIES WATER COMPANY, INC. FOR AN INCREASE IN ITS WATER RATES FOR CUSTOMERS WITHIN MARICOPA COUNTY, ARIZONA	))))))	DOCKET NO. W-01412A-08-0586

DIRECT

TESTIMONY

OF

MARLIN SCOTT, JR.

UTILITIES ENGINEER

UTILITIES DIVISION

ARIZONA CORPORATION COMMISSION

JULY 6, 2009

EXHIBIT
S1
ADMITTED

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EXECUTIVE SUMMARY
VALLEY UTILITIES WATER COMPANY, INC.
DOCKET NO. W-01412A-08-0586

CONCLUSIONS

A. The Valley Utilities Water Company, Inc. ("Company") has a water loss of 6.0% which is within the acceptable limits.

B. The Company's current well and storage capacity is adequate to serve the present customer base. The Company's well capacity is near capacity and this system will need the new Well #6's production in the near future. In the meantime, the emergency interconnection with the Litchfield Park Service Company's water system will provide a supplemental source until the new Well #6 is placed into service. (See Recommendation #3 below for the post-test year ("PTY") plant recommendation for the new Well #6.)

C. The Company reported its arsenic levels ranging from 7 parts per billion ("ppb") to 13 ppb. Based on these levels, the Company is currently completing construction of two arsenic treatment facilities and has reported these arsenic treatment facility projects as post-test year ("PTY") plant items. (See Recommendation #3 below for PTY plant recommendation for the arsenic treatment facilities.)

D. The Company is located in the Arizona Department of Water Resources' Phoenix Active Management Area ("AMA") and ADWR has reported that the Company is in compliance with ADWR's requirements governing water providers and/or community water systems.

E. According to the Utilities Division Compliance database, the Company has no delinquent Arizona Corporation Commission ("ACC") compliance items.

F. The Company has an approved curtailment tariff on file with the ACC.

G. The Company has an approved backflow prevention tariff on file with the ACC.

RECOMMENDATIONS

1. The Company has not submitted the Maricopa County Environmental Service Department ("MCESD") Compliance Status Report for its system. Staff recommends that the Company file with Docket Control, as a compliance item in this docket, a copy of an updated MCESD Compliance Status Report indicating that the Company' system has no deficiencies and is in compliance with MCESD requirements. Staff further recommends that any increase in rates and charges approved in this proceeding not become effective until the first day of the month following the Company's filing of the updated MCESD Compliance Status Report indicating that the system is in compliance and delivering safe water.

2. Staff recommends an average annual water testing expense of $8,636 be adopted for this proceeding.

3. The Company does not have the final approvals for the PTY plant items, i.e., new Well #6 and arsenic treatment facilities. Therefore, Staff concludes that the requested PTY plant items are not used and useful for the provision of service to customers at this time.

4. Staff recommends that the Company continue to use the depreciation rates by individual National Association of Regulatory Utility Commissioners category as presented in Table I-1.

5. Staff recommends the acceptance of the Company's proposed service line and meter installation charges as presented in Table J-1.

INTRODUCTION

Q. Please state your name, place of employment and job title.

A. My name is Marlin Scott, Jr. My place of employment is the Arizona Corporation Commission ("Commission"), Utilities Division, 1200 West Washington Street, Phoenix, Arizona 85007. My job title is Utilities Engineer.

Q. How long have you been employed by the Commission?

A. I have been employed by the Commission since November 1987.

Q. Please list your duties and responsibilities.

A. As a Utilities Engineer, specializing in water and wastewater engineering, my responsibilities include: the inspection, investigation, and evaluation of water and wastewater systems; preparing reconstruction cost new and/or original cost studies, reviewing cost of service studies and preparing investigative reports; providing technical recommendations and suggesting corrective action for water and wastewater systems; and providing written and oral testimony on rate applications and other cases before the Commission.

Q. How many cases have you analyzed for the Utilities Division?

A. I have analyzed approximately 520 cases covering various responsibilities for the Utilities Division.

Q. Have you previously testified before this Commission?

A. Yes, I have testified in 73 proceedings before this Commission.

Q. What is your educational background?

A. I graduated from Northern Arizona University in 1984 with a Bachelor of Science degree in Civil Engineering Technology.

Q. Briefly describe your pertinent work experience.

A. Prior to my employment with the Commission, I was Assistant Engineer for the City of Winslow, Arizona, for about two years. Prior to that, I was a Civil Engineering Technician with the U.S. Public Health Service in Winslow for approximately six years.

Q. Please state your professional membership, registrations, and licenses.

A. I am a member of the National Association of Regulatory Utility Commissioners ("NARUC") Staff Subcommittee on Water.

PURPOSE OF TESTIMONY

Q. Were you assigned to provide Staff's engineering analysis and recommendation for the Valley Utilities Water Company, Inc. ("Company") in this proceeding?

A. Yes. I reviewed the Company's rate application and I inspected the water system on April 8 and May 6, 2009. This testimony and the attached Exhibit MSJ presents Staff's engineering evaluation.

ENGINEERING REPORT

Q. Please describe the attached Engineering Report, Exhibit MSJ.

A. Exhibit MSJ presents the details and analyses of Staff's findings for this rate case, and is attached to this direct testimony. Exhibit MSJ contains the following major topics: (1) a description of the water system and the processes, (2) water use, (3) growth, (4) compliance with the rules of the Maricopa County Environmental Services Department,

Arizona Department of Water Resources, and the Arizona Corporation Commission, (5) post-test year plant, (6) depreciation rates, (7) service line and meter installation charges, and (8) tariff filings.

Staff's conclusions and recommendations from the engineering report are contained in the **"EXECUTIVE SUMMARY"** above.

Q. Does this conclude your direct testimony?

A. Yes, it does.

Engineering Report
For
Valley Utilities Water Company, Inc.
Docket No. W-01412A-08-0586 (Rates)

June 3, 2009

A. LOCATION OF VALLEY UTILITIES WATER COMPANY, INC. ("COMPANY")

The Company serves a community located on Maricopa County land, just east of Luke Air Force Base, in the Phoenix West Valley. Figure A-1 shows the location of the Company within Maricopa County and Figure A-2 shows the approximate five square-miles of certificated area.

B. DESCRIPTION OF WATER SYSTEM

The water system was field inspected on April 8 and May 6, 2009, by Marlin Scott, Jr., Staff Utilities Engineer, in the accompaniment of Robert Prince and Scott Keith, representing the Company. The current operation of the water system consisted of six producing wells, six storage tanks, four booster stations and a distribution system serving over 1,400 customers as of June 2008. This system is also interconnected with Litchfield Park Service Company with a 6-inch meter, limited to a maximum of 300 GPM, for emergency purposes. A system schematic is shown in Figure B-1 with detailed plant facility descriptions as follows:

Table 1. Well Data

Well #	ADWR ID No.	Pump Hp (Submersible)	Flow Rate (GPM)	Casing Size & Depth	Meter Size	Year Drilled
#1	55-639720	25	75	12" x 650'	4"	1942
#2	55-639721	30	125	10" x 650'	4"	1969
#3	55-639723	25	125	8" x 425'	8"	1965
#4	55-639722	25	125	12" x 800'	4"	1970
#5	55-503273	75 - Turbine	375	20" x 850'	8"	1982
#6 - Old	Capped			12" x 810'		2001
#6 - New	55-580082	125 - Turbine	* N/A	20" x 811'	8"	2009
#7	55-208819	125 - Turbine	300	16" x 715'	8"	2007
		TOTAL:	1,125			

* Note: The Company submitted an application for a Certificate for Approval to Construct on May 13, 2009.

Table 2. Storage Tanks

Capacity (Gallons)	Quantity (Each)	Location
560,000 1,000,000	1 1	@ Maryland Booster Station
200,000	1	@ Bethany Hills West
100,000	3	Two tanks @ Glendale Yard & one tank @ Lux Yard
Totals: 2,060,000 gal.	6	

Table 3. Booster Systems

Location	Booster Systems	Storage Tanks (From Table 2)
Glendale Yard (Wells #1, #2 & #7)	50, 20 & 15-Hp booster pumps 5,000 gal. pressure tank	Two 100,000 gal. storage tanks
Lux Yard (Well #3)	30, 30 & 20-Hp booster pumps 5,000 gallon pressure tank	100,000 gal. storage tank
Bethany Hills West (Wells #4, #5 & #6)	40, 40 & 40-Hp booster pumps 7,500 gal. pressure tank	200,000 gal. storage tank
Maryland Booster Station	50,50, 20 & 20-Hp booster pumps 10,000 gal. pressure tank	560,000 gal. & 1.0 MG storage tanks

Table 4. Water Mains

Diameter	Material	Length
4-inch	AC & PVC	10,000 ft.
6-inch	AC & DIP	78,034 ft.
8-inch	AC & DIP	52,911 ft.
10-inch	DIP	2,952 ft.
12-inch	AC & DIP	5,925 ft.
	Total:	149,822 ft.

Table 5. Customer Meters

Size	Quantity
5/8 x 3/4-inch	162
3/4-inch	763
1- inch	404
1-1/2-inch	13
2-inch	52
3-inch	5
Total:	1,399

Table 6. Fire Hydrants

Size	Quantity
Standard	175

Table 7. Structures & Treatment Equipment

Structures & Treatment Equipment
Wells #1, #2 & #7: 500 GPM arsenic treatment system with a 16,500 gallon backwash tank, liquid chlorination unit and 175 kW diesel generator. Arsenic treatment building is 22 ft. by 36 ft. metal building; motor control center building is 11 ft. by 22 ft. metal building.
Well #3: Liquid chlorination unit
Maryland Booster Station: Tablet chlorination unit and 125 kW diesel generator. Chlorination building is 14 ft. by 14 ft. metal building; motor control center building is 12 ft. by 38 ft. metal building.
Wells #4, #5 & #6: 1,500 GPM arsenic treatment system with a 72,000 gallon backwash tank & liquid chlorination. Arsenic treatment building is 40 ft. x 60 ft. metal building.

C. WATER USE

Water Sold

Based on the information provided by the Company, water use for the test year is presented in Figure C-1. Customer consumption experienced a high monthly average water use

of 872 gallons per day ("GPD") per connection in July and a low monthly average water use of 358 GPD per connection in December for an average annual use of 637 GPD per connection.

Non-Account Water

Non-account water should be 10% or less. The Company reported 377,937,000 gallons pumped/purchased and 355,372,000 gallons sold, resulting in a water loss of 6.0%. This 6.0% is within the acceptable limits.

System Analysis

The water system's current well capacity of 1,125 GPM and storage capacity of 2,060,000 gallons is adequate to serve the present customer base. The Company's wells are near capacity and this system will need the new Well #6's production in the near future. In the meantime, the emergency interconnection with the Litchfield Park Service Company's water system will provide a supplemental source until the new Well #6 is placed into service.

The new Well #6 has not been placed into service due to problems with sand infiltration. The Company is currently evaluating its option to resolve the sand infiltration. See Section H – Post-Test Year Plant for further discussion.

D. GROWTH

Figure D-1 depicts the customer growth using linear regression analysis. The number of service connections was obtained from annual reports submitted to the Commission. During the test year ending June 2008, the Company had approximately 1,400 customers and it is projected that the Company could have approximately 1,640 customers by December 2013.

E. MARICOPA COUNTY ENVIRONMENTAL SERVICES DEPARTMENT ("MCESD") COMPLIANCE

Compliance

The Company has not submitted its MCESD Compliance Status Report ("CSR") for its system, PWS No. 07-079. In response to Staff's Data Request MSJ 1-1, dated February 12, 2009, the Company stated it had contacted MCESD for an updated CSR and would submit this report upon receipt. In addition, on both of Staff's field inspection dates, April 8 and May 6, 2009, Staff reminded the Company to file the CSR and as of this date, the Company has not submitted the updated CSR.

Staff recommends that the Company file with Docket Control, as a compliance item in this docket, a copy of an updated MCESD Compliance Status Report indicating that the Company' system has no deficiencies and is in compliance with MCESD requirements. Staff further recommends that any increase in rates and charges approved in this proceeding not become effective until the first day of the month following the Company's filing of the updated MCESD Compliance Status Report indicating that the system is in compliance and delivering safe water.

Water Testing Expense

The Company reported and combined its water testing expense with other expenses in the Outside Services Account. Through a data request, the Company provided laboratory invoices totaling to $6,247 and the Arizona Department of Environmental Quality Monitoring Assistance Program invoice at $3,835. Staff has reviewed these invoice amounts and has made adjustments to determine its own average annual water testing expense of $8,636 as shown in Table E-1. Staff recommends its average annual water testing expense of $8,636 be adopted for this proceeding.

Arsenic

The Company reported the arsenic levels for its Well No. 1 at 12 parts per billion ("ppb"), Well No. 2 at 13 ppb, Well No. 3 at 7 ppb, Well No. 4 at 12 ppb, Well No. 5 at 13 ppb, Well No. 6 at 11 ppb and Well No. 7 at 13 ppb. The Company is currently completing construction of two arsenic treatment facilities. The Company has reported these arsenic treatment facility projects as post-test year plant items that are further discussed below.

F. ARIZONA DEPARTMENT OF WATER RESOURCES ("ADWR") COMPLIANCE

The Company is located in the Phoenix Active Management Area ("AMA"). According to ADWR, the Company is in compliance with its requirements governing water providers and/or community water systems.

G. ARIZONA CORPORATION COMMISSION ("ACC") COMPLIANCE

According to the Utilities Division Compliance database, the Company had no delinquent ACC compliance items.

H. POST-TEST YEAR PLANT

In its rate application filing, the Company submitted $2,000,500 worth of post-test year ("PTY") plant for two arsenic treatment facilities and the new Well #6. During Staff's field inspections on April 8 and May 6, 2009, Staff noted that construction at both of the arsenic treatment facility sites was near completion and the operation of the treatment facilities had begun. Staff also took notice that the new Well #6 was not in operation due to the pumping of sand.

Arsenic Treatment Facilities

According to MCESD, on December 15, 2008, the Company submitted an application for the Approval to Construct ("ATC") for one of the arsenic treatment facilities ("ATF") located at the Glendale Avenue Site. On May 20, 2009, MCESD issued the Certificate of ATC for the Glendale Avenue ATF. Within this ATC, MCESD stated that the Company was issued a Special Use Permit ("SUP") for this site. A SUP is required for the construction and operation of a

treatment plant that is located on Maricopa County land. The Approval of Construction ("AOC") for this ATF is pending until the successful completion of the Validation and Commissioning Testing requirements.

As for the other ATF located at the Bethany Home Road Site, Staff has yet to receive a copy of the ATC and/or the AOC from MCESD or the Company. According MCESD, the ATC for the Bethany Home Road ATF cannot be issued until a SUP is issued for this site. The approval of this SUP is still pending with MCESD.

New Well #6

According to MCESD, on May 13, 2009, the Company submitted an application for the ATC for the new Well #6. Once the Company addresses and resolves its sand infiltration problem, the Company would then need to apply and receive the AOC to place this new source into operation.

Conclusion of PTY Plant

At this time, the Company does not have the final approvals for each of the PTY plant items. Therefore, Staff concludes that the requested PYT plant items are not used and useful for the provision of service to customers at this time.

I. DEPRECIATION RATES

In the prior rate case, the Company adopted Staff's typical and customary depreciation rates. In this current proceeding, the Company is requesting specific depreciation rates for the arsenic treatment media and leasehold improvements. Staff has reviewed these specific requested rates and finds them reasonable. Staff further reclassified the Company's requested arsenic treatment media from Account 348 – Other Tangible Plant to Account 320 – Water Treatment Equipment. These rates are presented in Table I-1 and it is recommended that the Company continue to use these depreciation rates by individual National Association of Regulatory Utility Commissioners category.

J. SERVICE LINE AND METER INSTALLATION CHARGES

The Company has requested increases to its service line and meter installation charges. These charges are refundable advances and the Company's proposed increased charges are within Staff's recommended range of charges. In addition, the Company has requested that the long-side (road crossing) service installation charges be charged at cost. This requested additional charge is to meet the Maricopa County requirement for boring across the road in lieu of pavement cutting. Staff recommends the acceptance of the Company's proposed installation charges which includes the actual cost incurred when road crossing is required as shown in Table J-1.

K. CURTAILMENT PLAN TARIFF

The Company has an approved curtailment tariff on file with the ACC.

L. BACKFLOW PREVENTION TARIFF

The Company has an approved backflow prevention tariff on file with the ACC.

FIGURES

Maricopa County Map ..... Figure A-1

Certificated Area ..... Figure A-2

System Schematic ..... Figure B-1

Water Use ..... Figure C-1

Growth ..... Figure D-1

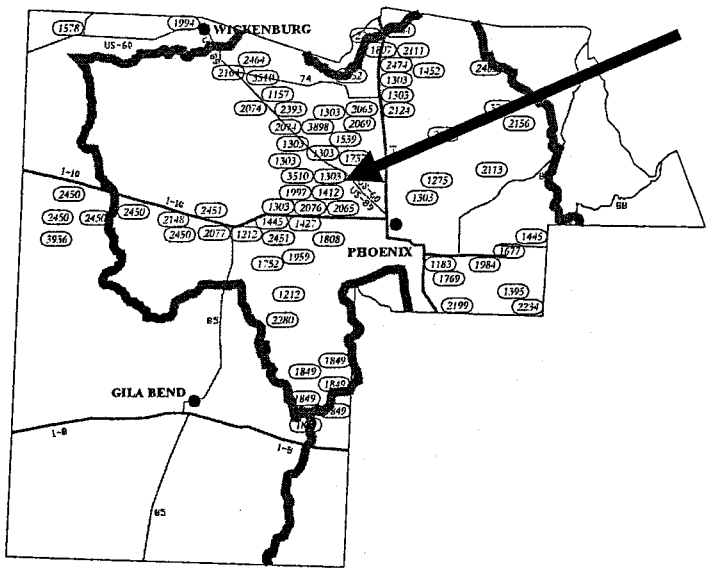
TABLES

Water Testing Cost ..... Table E-1

Depreciation Rates ..... Table I-1

Service Line and Meter Installation Charges ..... Table J-1

MARICOPA COUNTY



1997	ADAMAN MUTUAL WATER COMPANY
1578	AGUILA WATER SERVICES, INC.
2077	ALLENVILLE WATER COMPANY, INC.
1303	ARIZONA-AMERICAN WATER COMPANY
1445	ARIZONA WATER COMPANY
2074	BEARDSLEY WATER COMPANY, INC.
1275	BERNEIL WATER COMPANY
1964	BLACK CANYON RETREAT WATER COMPANY
1994	CABALLEROS WATER COMPANY, INC.
1452	CAVE CREEK WATER COMPANY
2113	CHAPARRAL CITY WATER COMPANY
2393	CHAPARRAL WATER COMPANY
3510	CIRCLE CITY WATER COMPANY L.L.C.
1752	CLEARWATER UTILITIES COMPANY, INC.
1984	DAIRYLAND WATER CORPORATION
2124	DESERT HILLS WATER COMPANY, INC.
3936	EAGLETAIL WATER COMPANY LC
1959	GRANDVIEW WATER COMPANY, INC.
2234	H2O, INC.
2055	JAMES P. PAUL WATER COMPANY
1769	KYRENE WATER COMPANY
2452	LAKE PLEASANT WATER COMPANY
1427	LITCHFIELD PARK SERVICE COMPANY
2267	MCADAMS WATER COMPANY
1849	MOBILE WATER COMPANY
2164	MORRISTOWN WATER COMPANY
1737	NEW RIVER UTILITY COMPANY
2199	PIMA UTILITY COMPANY
2464	PUESTA DEL SOL WATER COMPANY
1395	QUEEN CREEK WATER COMPANY
3898	RANCHO CABRILLO WATER COMPANY
1808	RIGBY WATER COMPANY
2156	RIO VERDE UTILITIES, INC.
1539	ROSE VALLEY WATER COMPANY
2111	SABROSA WATER COMPANY
1183	SENDE VISTA WATER COMPANY, INC.
2474	SHANGRI-LA ASSOCIATES, INC.
2280	SOUTH RAINBOW VALLEY WATER COOPERATIVE
2069	SUNRISE WATER COMPANY, INC.
2076	TIERRA BUENA WATER COMPANY
2483	TONTO HILLS UTILITY COMPANY
1677	TURNER RANCHES WATER & SANITATION COMPANY
1212	VALENCIA WATER COMPANY
1412	VALLEY UTILITIES WATER COMPANY, INC.
2148	VALLEY VIEW WATER COMPANY, INC.
2451	WATER UTILITY OF GREATER BUCKEYE, INC.
2450	WATER UTILITY OF GREATER TONOPAH, INC.
3720	WATER UTILITY OF NORTHERN SCOTTSDALE, INC.
1157	WEST END WATER COMPANY
2065	WILHOIT WATER COMPANY, INC.
1807	WRANGLERS ROOST WATER COMPANY

Figure A-1. Maricopa County Map

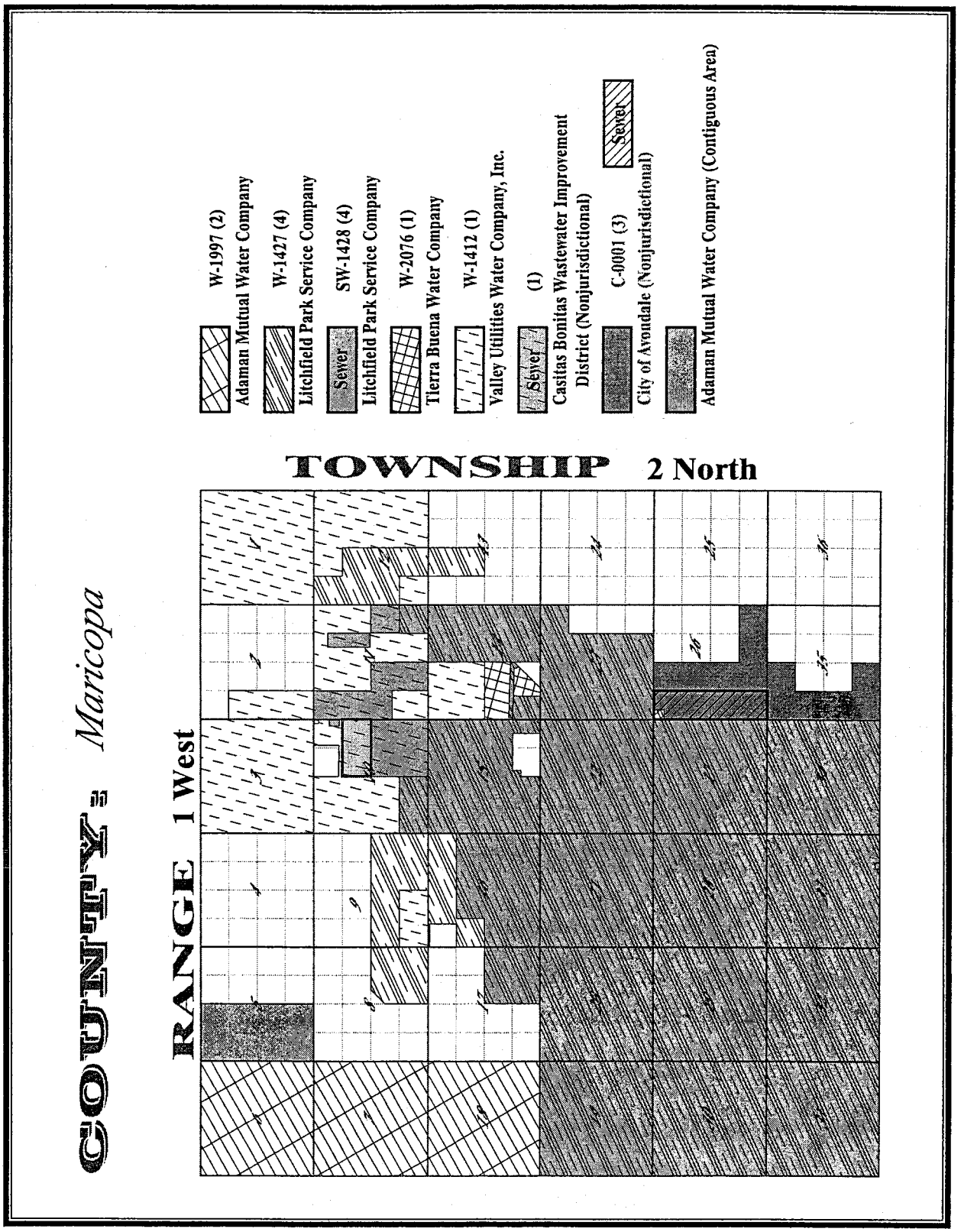


Figure A-2. Certificated Area

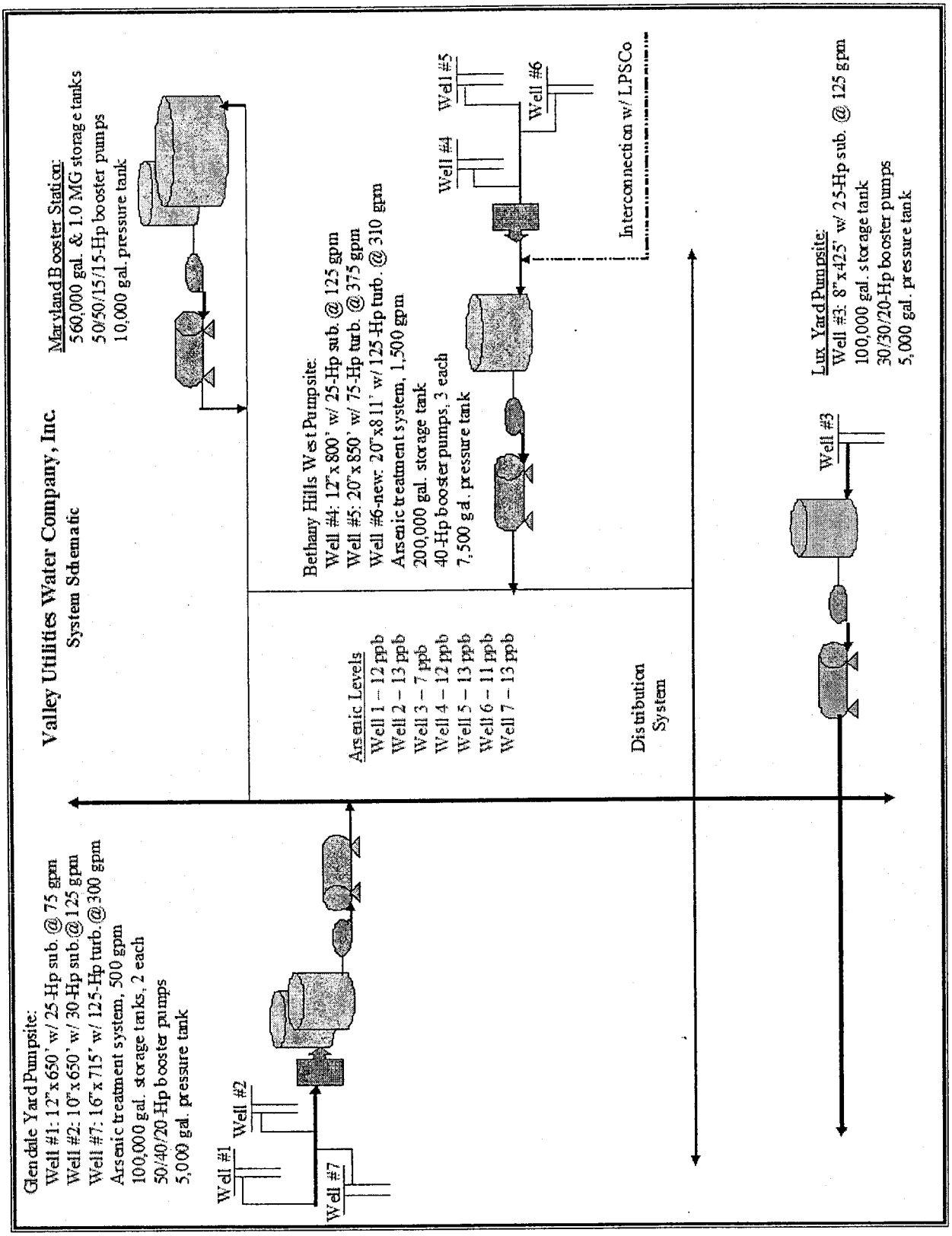


Figure B-1. System Schematic

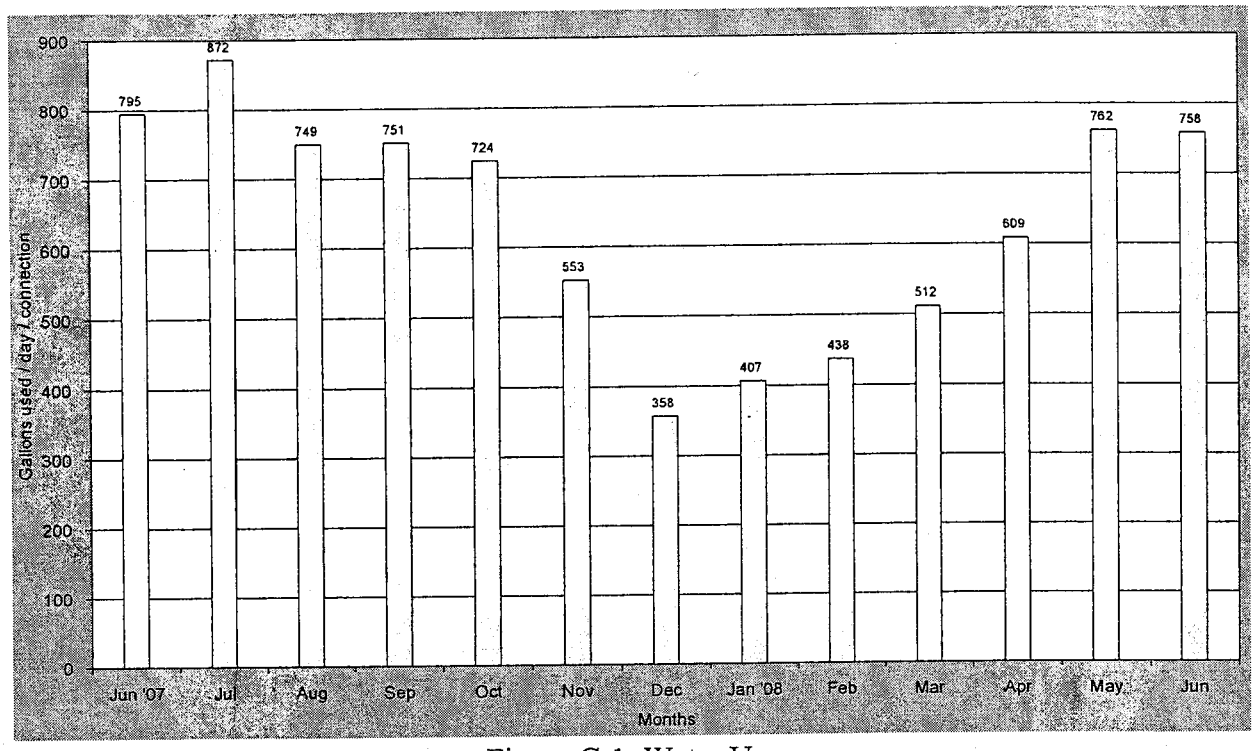


Figure C-1. Water Use

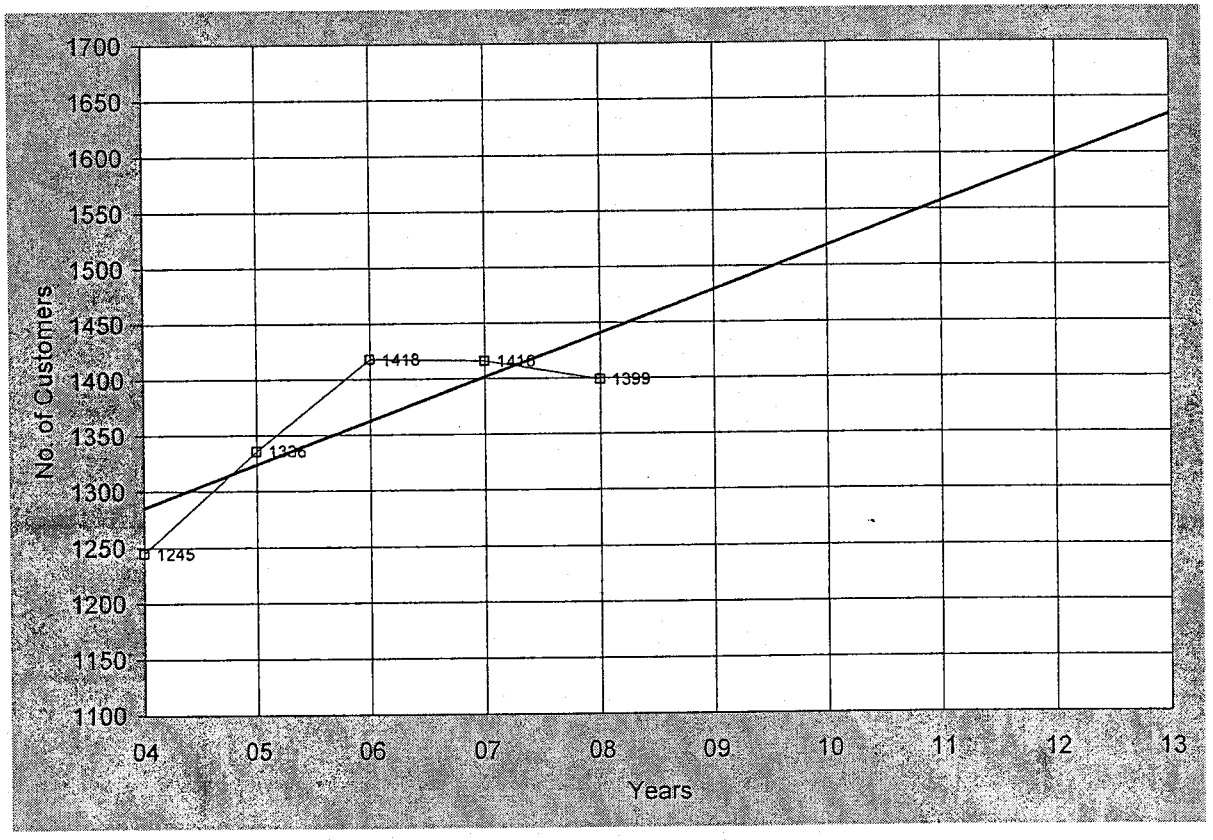


Figure D-1. Growth

Table E-1. Water Testing Cost

Monitoring	Cost per test	No. of test	Annual Cost
Total coliform – 6 samples per month	$16	72	$1,152
Total coliform – per customer inquiry	$16	6	$96
MAP – IOCs, Radiochemical, Nitrate, Nitrite, Asbestos, SOCs, & VOCs	MAP	MAP	$3,835
Arsenic – 6 samples per month	$21	72	$1,512
Lead & Copper – 25 samples per 3 years	$34	25	$283
Nitrate & Nitrite - annually	$40	4	$160
New source – Well #7 – per 3 years	$474	1	$158
D/DBP – TTHM/HAA5 – 4 samples per year	$360	4	$1,440
Total			**$8,636**

Note: ADEQ - MAP invoice for the 2009 Calendar Year is $3,835.15.

Table I-1. Depreciation Rates

NARUC Acct. No.	Depreciable Plant	Company's Current Rates (%)	Company's Proposed Rates (%)
304	Structures & Improvements	3.33	3.33
305	Collecting & Impounding Reservoirs	2.50	2.50
306	Lake, River, Canal Intakes	2.50	2.50
307	Wells & Springs	3.33	3.33
308	Infiltration Galleries	6.67	6.67
309	Raw Water Supply Mains	2.00	2.00
310	Power Generation Equipment	5.00	5.00
311	Pumping Equipment	12.5	12.5
320	Water Treatment Equipment		
320.1	Water Treatment Plants	3.33	3.33
320.2	Solution Chemical Feeders	20.0	20.0
320.3	**Media for Arsenic Treatment**	**None**	**67.0**
330	Distribution Reservoirs & Standpipes		
330.1	Storage Tanks	2.22	2.22
330.2	Pressure Tanks	5.00	5.00
331	Transmission & Distribution Mains	2.00	2.00
333	Services	3.33	3.33
334	Meters	8.33	8.33
335	Hydrants	2.00	2.00
336	Backflow Prevention Devices	6.67	6.67
339	Other Plant & Misc Equipment	6.67	6.67
340	Office Furniture & Equipment	6.67	6.67
340.1	Computers & Software	20.00	20.00
341	Transportation Equipment	20.00	20.00
342	Stores Equipment	4.00	4.00
343	Tools, Shop & Garage Equipment	5.00	5.00
344	Laboratory Equipment	10.00	10.00
345	Power Operated Equipment	5.00	5.00
346	Communication Equipment	10.00	10.00
347	Miscellaneous Equipment	10.00	10.00
348	Other Tangible Plant	10.00	None
348	Other Tangible Plant – leasehold improve	None	**3.33**
348	Other Tangible Plant – Arsenic Media	None	None

Table J-1. Service Line and Meter Installation Charges

Meter Size	Current Service Line Charges	Current Meter Charges	**Current Total Charges**	Proposed Service Line Charges **	Proposed Meter Charges	**Proposed Total Charges**
5/8 x3/4"	$385	$135	$520	$445	$155	$600
3/4"	$385	$215	$600	$445	$255	$700
1"	$435	$255	$690	$495	$315	$810
1-1/2"	$470	$465	$935	$550	$525	$1,075
2" Turbine	$630	$965	$1,595	$830	$1,045	$1,875
2" Compound	$630	$1,690	$2,320	$830	$1,890	$2,720
3" Turbine	$805	$1,470	$2,275	$1,045	$1,670	$2,715
3" Compound	$845	$2,265	$3,110	$1,165	$2,545	$3,710
4" Turbine	$1,170	$2,350	$3,520	$1,490	$2,670	$4,160
4" Compound	$1,230	$3,245	$4,475	$1,670	$3,645	$5,315
6" Turbine	$1,730	$4,545	$6,275	$2,210	$5,025	$7,235
6" Compound	$1,770	$6,280	$8,050	$2,330	$6,920	$9,250
8"	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
10"	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
12"	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost

** Note: To include the actual cost incurred when road crossing is required.

S-2

BEFORE THE ARIZONA CORPORATION COMMISSION

KRISTIN K. MAYES
Chairman
GARY PIERCE
Commissioner
PAUL NEWMAN
Commissioner
SANDRA D. KENNEDY
Commissioner
BOB STUMP
Commissioner

IN THE MATTER OF THE APPLICATION OF VALLEY UTILITIES WATER COMPANY, INC. FOR AN INCREASE IN ITS WATER RATES FOR CUSTOMERS WITHIN MARICOPA COUNTY, ARIZONA	)	DOCKET NO. W-01412A-08-0586

DIRECT

TESTIMONY

OF

GARY T. MCMURRY

PUBLIC UTILITIES ANALYST IV

UTILITIES DIVISION

ARIZONA CORPORATION COMMISSION

JULY 6, 2009

EXHIBIT
S2
ADMITTED

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EXECUTIVE SUMMARY
VALLEY UTILITIES WATER COMPANY, INC.
DOCKET NO. W-01412A-08-0586

Valley Utilities Water Company Inc. ("VUWC" or "Company") is an Arizona for-profit Class B public service corporation providing water service to approximately 1,400 customers in Glendale, Arizona. On December 2, 2008, VUWC filed a general rate application. The application shows that VUWC posted a $12,012 adjusted operating income for the test year that ended June 30, 2008. VUWC requests a $323,456 revenue increase to provide a $229,974 operating income for a 15.0 percent operating margin. The requested operating margin would provide a 13.2 percent rate of return on the proposed $1,741,355 fair value rate base which is the same as the proposed original cost rate base.

The testimony of Mr. Gary McMurry presents Staff's recommendation in the areas of rate base, operating income, revenue requirement and rate design. Staff recommends a $153,645 (12.54 percent) revenue increase to provide a 10.0 percent operating margin. Staff's adjustments resulted in a negative rate base of $279,909 for which no meaningful rate of return can be calculated. Staff's recommendation reflects three rate base adjustments and eight operating income adjustments. Staff's adjustment to remove $1,717,100 in arsenic treatment facilities is the primary contributor to the difference between the Staff and Company rate bases.

The present rate design consists of an inverted tier rate structure that includes three tiers for the residential 5/8-x3/4-inch and 3/4-inch meter customers and two tiers for all others. The additional tier for the residential 5/8-x3/4-inch and 3/4-inch meters is for the first 3,000 gallons, an estimate of non-discretionary use. All other break-over points graduate by meter size beginning with 10,000 gallons for 5/8-x3/4-inch meters. The commodity rates per 1,000 gallons for the first, second and third tiers are $1.50, $2.31 and $2.53, respectively. The minimum monthly charge for 5/8-x3/4-inch meters is $11.25. The minimum monthly charge increases in proportion to the volumetric flow capacity for larger meters.

The Company proposes to continue use of an inverted tier rate structure that includes three tiers for the residential 5/8-x3/4-inch and 3/4-inch meter customers and two tiers for all others. The Company proposes a uniform 27.6 percent increase to the existing monthly minimum charges for each meter size and increases in the commodity rates that vary from 27.3 percent to 27.7 percent. The Company is also proposing to lower the tier break-over points for the 5/8-x3/4-inch and 3/4-inch meter commercial customers and for all larger meters to reflect the flow capacities for each meter size relative to that of a 5/8-x3/4-inch meter. For residential 5/8-x3/4-inch and 3/4-inch meter customers, the Company's proposal would increase the minimum monthly charge from $11.25 to $14.34, the first tier (3,000 gallons) commodity rate per thousand gallons from $1.50 to $1.91, the second tier (next 7,000 gallons) from $2.31 to $2.95, and the third tier (all additional use) from $2.53 to $3.23. For 1-inch and larger residential meters and all commercial meters, the proposed commodity rates for the first and second tiers are equal to the second and third tier commodity rates for the residential 5/8 x 3/4-inch and 3/4-inch meter customers, i.e., $2.95 and $3.23, respectively. The Company's proposed rates would

increase the 5/8-x3/4-inch meter residential customer monthly bill with median use of 5,500 gallons by $5.93, or 27.6 percent, from $21.52 to $27.45.

Staff also recommends continued use of an inverted tier rate structure that includes three tiers for the residential 5/8-x3/4-inch and 3/4-inch meter customers and two tiers for all others. Consistent with the existing rate structure, Staff's recommended minimum monthly charge for each meter size is calculated as a multiple of the amount for a 5/8-x3/4-inch meter ($12.50) using the relative volumetric flow capacity for each meter size compared to a 5/8-x3/4-inch meter. Staff's recommended break-over points are lower than those in the existing rates to further encourage efficient water use, and they avoid any crossovers where the bill for a smaller meter is greater than that for a larger meter for a given usage. Staff's recommended rate design would generate Staff's recommended water revenue requirement of $1,379,135, including $1,331,009 from metered water sales. The typical residential 5/8-x3/4-inch meter bill with median use of 5,500 gallons would increase by $2.59, or 12.0 percent, from $21.52 to $24.10.

Staff reviewed non-arm's length transactions as directed by Decision No. 68309 and found two such transactions. Staff also determined several items in which the Company has not complied Commission decisions or other regulations. Specifically, the Company improperly used set-aside funds, executed multi-year financing arrangements to purchase Central Arizona Project ("CAP") allocations without requesting authorization, and delinquently filed documentation pertaining to the purchase of the Maryland Booster Station. Staff recommends that the Commission direct the Company to develop policies and procedures to comply with all Commission directives, rules and statutes.

Staff observed with respect to Advances-in-aid-of-Construction ("AIAC") and Contributions-in-aid-of-Construction ("CIAC") that the Company could not provide supporting schedules detailing basic information such as the date received, individuals and amounts owed which would reconcile to the general ledger account. Accordingly, Staff recommends that the Company be ordered to maintain adequate records to verify that its accounting is in accordance with National Association of Regulatory Utility Commissioners Uniform System of Accounts.

I. INTRODUCTION

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

A. My name is Gary McMurry. I am a Public Utilities Analyst employed by the Arizona Corporation Commission ("Commission") in the Utilities Division ("Staff"). My business address is 1200 West Washington Street, Phoenix, Arizona 85007.

Q. Please describe your educational background and professional experience.

A. I received a Bachelor of Science degree in Business Administration with a major in Accounting in 1980. I have since been awarded two professional designations, as a Certified Fraud Examiner and as a Certified Internal Auditor; after successfully meeting the prescribed requirements established by each professional organization.

My prior work experience includes approximately 20 years of auditing (both internal and external), five additional years as a bank examiner, and two years of Investigations work. Prior to joining the Commission, I was employed by the Office of Audit and Analysis for the Department of Transportation primarily as a construction auditor.

In April 2007, I began employment at the Commission as a Public Utilities Analyst IV in the Finance and Regulatory Analysis Section. Since coming to the Commission, I have participated in a number of rate cases and other regulatory proceedings involving water and gas utilities. I have also attended various seminars and classes on general regulatory and business issues, including the National Association of Regulatory Utility Commissioners ("NARUC") Utility Rate School and the Institute of Public Utilities Annual Regulatory Studies Program ("Camp NARUC").

Q. Briefly describe your responsibilities as a Public Utilities Analyst.

A. I am responsible for the examination and verification of financial and statistical information included in assigned utility rate applications and other financial regulatory matters. I develop revenue requirements, design rates, and prepare written reports, testimony and schedules to present Staff's recommendations to the Commission.

Q. What is the purpose of your testimony in this case?

A. The purpose of my testimony is to present Staff's analysis and recommendations regarding the Valley Utilities Water Company Inc.'s ("VUWC" or "Company") application for a permanent rate increase. I will present Staff's recommendations in the areas of rate base, operating income, revenue requirement, rate design and related party transactions. Staff witness Marlin Scott, Jr. will present Staff's engineering analysis and recommendations.

Q. What is the basis of Staff's recommendations?

A. I have performed a regulatory audit of the Company's records to determine whether sufficient, relevant and reliable evidence exists to support the proposals in VUWC's rate application. My regulatory audit consisted of the following: (1) examining and testing VUWC's accounting ledgers, reports and supporting documents; (2) checking the accumulation of amounts in the records; (3) tracing recorded amounts to source documents; and (4) verifying that the Company applied accounting principles in accordance with the NARUC Uniform System of Accounts ("USOA").

Q. How is your testimony organized?

A. My testimony is presented in nine sections. Section I is this introduction. Section II provides a background of the Company. Section III is a summary of consumer service issues. Section IV is a summary of proposed revenues. Section V is a summary of Staff's rate base and operating income adjustments. Section VI presents Staff's rate base recommendations. Section VII presents Staff's operating income recommendations. Section VIII presents other regulatory issues. Section IX discusses rate design.

Q. Have you prepared any schedules to accompany your testimony?

A. Yes. I prepared schedules GTM-1 to GTM-19.

II. BACKGROUND

Q. Would you please review the pertinent background information associated with the Company's application for a permanent rate increase?

A. Yes. VUWC is a class B public service corporation that provides water service to approximately 1,400 customers in the vicinity of the City of Glendale, County of Maricopa, Arizona. On December 2, 2008, VUWC filed an application for approval of permanent rates and charges for water service, and on January 6, 2009, Staff filed a letter declaring the application sufficient. VUWC's application asserts that an increase in revenues is required to recover operating expenses, debt service coverage and a 15 percent operating margin.

Q. What test year did VUWC use in its filing?

A. VUWC's rate filing is based on the twelve month period that ended June 30, 2008.

Q. When were VUWC's present rates established?

A. The Commission authorized the Company's present permanent rates in Decision No. 68309, dated November 14, 2005. In Decision No. 70138, dated January 23, 2008, the Commission authorized an interim emergency surcharge subject to refund pending a decision in this rate case.

Q. Does VUWC have any other cases currently pending before the Commission?

A. Yes. On November 13, 2008, the Company filed a request for an arsenic remedial surcharge mechanism ("ARSM") (Docket Nos. W-1412A-04-0736 and W-1412A-04-0849) pursuant to the provisions of Decision No. 68309. Staff is currently processing that application.

III. CONSUMER SERVICE

Q. Please provide a brief summary of customer complaints received by the Commission regarding VUWC.

A. Staff reviewed the Commission's records and found six complaints during the past four years and one opinion opposed to the rate increase. The complaints have been resolved. The Company is in good standing with Corporations Division.

IV. SUMMARY OF PROPOSED REVENUES

Q. What revenue requirement is VUWC proposing?

A. The Company's application proposes total operating revenue of $1,533,160, an increase of $323,456, or 26.74 percent over its test year revenue of $1,209,704. The Company's proposed revenue, as filed, would provide an operating income of $229,974 for a 15.0 percent operating margin. The requested operating margin would provide a 13.2 percent

rate of return on the proposed $1,741,355 fair value rate base which is the same as the proposed original cost rate base.

Q. What is Staff's revenue requirement recommendation?

A. Staff recommends revenues of $1,379,135, a $153,645 (12.54 percent) increase over test year revenues of $1,225,490, to provide an operating margin of $137,913, or 10.0 percent.

Q. Is the Company requesting an ARSM surcharge?

A. Yes. The Company has requested an ARSM surcharge in a separate docket (W-1412A-04-0736).

Q. Is Staff approving the Company's request for an ARSM surcharge in this filing?

A. No. In the current rate case, Staff is recommending disallowance of the arsenic treatment plant in rate base because it is not yet used and useful.

Q. What effect will the establishment of rates in this rate case have on the ARSM surcharge?

A. Typically speaking the ARSM surcharge terminates when rates are subsequently established in a general rate case.

V. SUMMARY OF STAFF'S RATE BASE AND OPERATING INCOME ADJUSTMENTS

Q. Please summarize Staff's rate base and operating income adjustments.

A. Rate Base:

Access Rights – This adjustment reclassifies $55,000, representing easement rights in a property from the Water Treatment Plant account to the Land and Land Rights account.

Replacement Well No. 6 – This adjustment removes a $250,000 pro forma for the estimated cost of a post test year well which is not functional as intended, and thus, is not used or useful for the provision of utility service.

Water Treatment Plant – This adjustment removes $1,771,000 estimated cost for two arsenic treatment facilities that have not received an Approval of Construction from the Maricopa County Environmental Services Department ("MCESD"), and thus, are not used and useful for the provision of utility service.

Operating Income:

Revenue Annualization – This adjustment modifies the Company's $21,877 pro forma annualization adjustment to reduce test year revenues to $0 to correct mathematical and conceptual errors.

Repairs and Maintenance Expenses – This adjustment reduces expenses by $1,542 to provide a normalized level based on the past three years.

Water Testing Expense – This adjustment increases expenses by $2,389 to normalize the cost of Water Testing.

General Liability Insurance – This adjustment reclassifies $10,304 from the Insurance – General Liability account to the Insurance Health and Life account.

Health and Life Insurance – This adjustment reduces expenses by $10,364 to eliminate a non-recurring expense.

Depreciation expense – This adjustment decreases depreciation expense by $77,776 to reflect application of Staff's recommended depreciation rates to Staff recommended plant amounts.

Property Taxes – This adjustment decreases test year property taxes by $657 to correct the book value of transportation equipment deducted as well as to reflect application of the modified version of the Arizona Department of Revenue's property tax methodology which the Commission has consistently adopted.

Test Year Income Taxes – This adjustment increases test year income tax expense by $67,694 to reflect application of statutory state and federal income tax rates to Staff adjusted taxable income.

VI. RATE BASE

Fair Value Rate Base

Q. Does VUWC's application include schedules with elements of a Reconstruction Cost New Rate Base?

A. No. The Company's application does not request recognition of a Reconstruction Cost New Rate Base. Accordingly, Staff has treated the Company's original cost rate base ("OCRB") as its fair value rate base ("FVRB").

Rate Base Summary

Q. Please summarize Staff's rate base recommendation.

A. Staff recommends a negative $279,909 for rate base, a $2,021,100 reduction from the Company's proposed $1,741,191 rate base. Staff's recommendation results from the rate base adjustments described below.

Rate Base Adjustment No. 1 – Easement Reclassification

Q. In what account did the Company record the cost to acquire an easement to the Bethany Hills West Well Yard?

A. The Company recorded the easement in the Water Treatment Equipment account.

Q. According to the NARUC USOA, is Water Treatment Equipment the most appropriate account to record the easement?

A. No. Staff concludes that the easement is a land right. According to the NARUC USOA, land rights should be recorded in the Land and Land Rights account, and the Water Treatment Equipment account is for recording of apparatus, equipment and other facilities.

Q. Is the accounting and ratemaking treatment different for Land and Land Rights versus Water Treatment Equipment?

A. Yes. Water Treatment Equipment is a depreciable account and Land and Land Rights is not a depreciable account.

Q. What is Staff's Recommendation?

A. Staff recommends reclassifying this $55,000 land easement right from the Water Treatment Equipment account to the Land and Land Rights account.

Rate Base Adjustment No. 2 – Unsuccessful, Non-used and Useful Well

Q. What does the Company propose with respect to replacement Well No. 6 in its application?

A. VUWC proposes a $250,000 pro forma adjustment to the Wells accounts to include the estimated cost of a post test year replacement for Well No. 6.

Q. Did Staff make a used and useful determination with respect to replacement Well No. 6?

A. Yes. Staff's examination revealed that the Company placed the well into production in March 2009, subsequent to the test year end and removed it from service approximately three weeks later. According to the Company's response to SDR GTM-6.9 repairs are in process, and once they are completed, it will seek an Approval of Construction from MCESD.

Q. Should plant that is not used and useful be included in rate base?

A. No. A determination that plant is used and useful is a condition necessary for including plant in rate base.

Q. What is Staff's Recommendation?

A. Staff recommends removing $250,000 from plant as shown on Schedule GTM-6 since the well is clearly not used or useful to the utility.

Rate Base Adjustment No. 3 – Remove not Used and Useful Water Treatment Plant

Q. What did the Company propose with respect to the Arsenic Treatment Plant?

A. VUWC proposed a pro forma adjustment to include in rate base a post test year plant addition for the Arsenic Treatment facilities totaling $1,826,100.

Q. What did Staff find with respect to the Arsenic Plant's operations?

A. The Arsenic plant was placed into operation in March 2009 (more that eight months after the end of the test year); however, according to the Company's response to SDR GTM-6.9, the plant is running in test mode and has not been inspected by MCESD and the Company lacks Approval of Construction.

Q. What did Staff determine with respect to the plant's used and usefulness?

A. The plant was not in service at any time during the test year and lacking the proper inspection and approval to operate by MCESD, Staff has determined that the facilities are not used and useful to the Utilities operations.

Q. What is Staff's Recommendation?

A. Staff recommends decreasing plant in service by $1,771,100 as shown on Schedule GTM-7. The balance $55,000 difference between the Company's proposed $1,826,100 amount for the arsenic treatment facility and Staff's adjustment was transferred to land rights in rate base adjustment No. 1.

VII. OPERATING INCOME

REVENUES

Q. Please summarize the results of Staff's examination of test year operating income.

A. Staff determined a test year operating income of $52,114, $40,102 higher income than the Company's proposed $12,012 operating income. Staff's recommendation results from the operating income adjustments described below.

Operating Income Adjustment No. 1 – Revenue Annualization

Q. What does the Company propose with respect to revenue annualization?

A. The Company proposes a proforma adjustment of $21,877 decrease to test year operating revenue. Page 5 of the Company's application, schedule C-2, shows that the $21,877 adjustment is composed of a $24,537 decrease due to annualization of revenues and a $2,660 increase due to proposed increases in miscellaneous service charges. The revenue annualization portion of the adjustment is based on the assumption that the test year end customers are representative of on-going customers for each month of the test year. The

revenue adjustment is calculated by multiplying the average revenue per customer in each month by the difference between to the actual number of customers for each month and the number of customers at the end of the test year for each customer class. The miscellaneous revenue portion of the adjustment is calculated by multiplying the proposed increase in the charge for each service by the number of occurrences for that service in the test year.

Q. Is the annualization of revenue a recognized ratemaking principle?

A. Yes. Adjustments to test year results to annualize revenues and expenses is a widely recognized ratemaking principle. The purpose of annualization is to recognize changes that occurred during the test year as if those events had been reflected in the entire test year. For example, if the customer count at the beginning of the test year is 1,000, and 10 new customers join the system in each of the twelve months of the test year; the ending customer count is 1,120. In this example, the annualization would reflect additional revenues for 10 customers in the eleventh month, 20 customers in the tenth month and so on until additional revenues for 120 customers is reflected in the first month of the test year. As a result of the annualization adjustment, the adjusted test year revenues reflect the changes that occurred during the test year. Similar adjustments are appropriate for variable expenses that are known to vary based on customer count.

Q. Does Staff have concerns regarding the Company's proposed revenue annualization?

A. Yes. First, the Company's calculation as shown in Schedules C-2, pages 5.1 through 5.11 contains computational errors. For example, the "Increase in Number of Customers/Bills" presented on lines 17 and 21 of pages 5.1, 5.2, 5.3, 5.4, 5.5, 5.6, 5.7 and 5.11 contain mathematical errors. Second, pages 5.2, 5.3, 5.4, 5.5, 5.6 and 5.7 fail to use the actual end of test year customer count, as claimed by the Company and which is consistent with the

particular annualization method used, for the "Year End Number of Customers" for purposes of calculating the annualization adjustment. Third, Construction Water on page 5.11 accounts for $25,640 of the $24,537 downward adjustment due to annualization of revenues. In other words, except for inclusion of construction water, the Company's revenue annualization would have been a $1,103 increase to test year revenues. Fourth, a negative annualization adjustment implies that the Company is losing customers, and this is inconsistent with Schedule E-7 of the Company's application that shows that the year end customer counts for the fiscal years ending June 30 in 2006, 2007, and 2008 were 1,401, 1,418, and 1477, respectively, indicating a positive customer growth rate for the Company over the past two years. Fifth, the $2,660 increase due to increases in proposed miscellaneous service charges is not related to the test year just as the Company's proposed increases in minimum monthly charges and commodity rates for water sales are not test year adjustments.

Q. Did Staff recalculate the test year revenue annualization adjustment using the data in the Company's Schedule C-2, pages 5.1 through 5.11 correcting for the mathematical errors and using the reported end of test year customer counts?

A. Yes. The Company's downward $24,537 revenue annualization recalculated to correct for the mathematical errors and using the reported year end customers (but not excluding construction water) is $36,553 downward.

Q. Are there reasons to exclude construction water (Company application, Schedule C-2, page 5.11) from the revenue annualization calculation?

A. Yes. Typically, construction water sales very from year-to-year and from month-to-month. The type of adjustment appropriate for addressing year-to-year variances is normalization, not annualization. Furthermore, month-to-month or seasonal customer

variances are not properly annualized by use of end of year customers as the Company has proposed. A better methodology for annualizing seasonal variances is based on annual growth rates calculated using comparison of the customers in each month of the test year to the same months in the prior year.

Q. Did Staff recalculate the test year revenue annualization adjustment using the data in the Company's Schedule C-2, pages 5.1 through 5.11 correcting for the mathematical errors, using the reported end of test year customer counts and excluding construction water?

A. Yes. The revenue annualization recalculated to remove construction water is $6,091 downward.

Q. Has Staff computed a normalization adjustment for construction water or a revenue annualization adjustment using an alternate method for non-construction water?

A. No. Staff has issued data requests to obtain information needed to evaluate the appropriateness of such adjustments and reserves the right to modify its recommendations for these items upon receipt and analysis of the Company's responses.

Q. Please comment on the $2,660 portion of the Company's revenue annualization adjustment due to increases in its proposed miscellaneous service charges.

A. Staff is taking no exception to the Company's calculation that the increase in its proposed service charges will produce an additional $2,660 over that collected for these services in the test year. However, the Company's proposal to adjusted test year revenues due to anticipated authorization to increase the charges for services is technically incorrect and potentially confusing in a manner that could lead to errors in calculating the rates necessary to generate the authorized revenue. The Company's proposal overstates test

year revenue and results in an equal understatement of the required increase in revenue. Since these amounts are offset, with the Company's proposed treatment, there will be no impact to the rates as long as (1) the additional $2,660 of miscellaneous service charge revenue is not included in the incremental revenue generated by the authorized rates and (2) the proposed miscellaneous service charges are authorized. Since both of these items create the potential for errors and recognizing incremental revenue in the test year in anticipation of an authorized rate increase is technically incorrect, the $2,660 portion of the Company's revenue annualization adjustment due to the proposed increases in miscellaneous service charges should be removed.

Q. What does Staff recommend?

A. Staff recommends on a provisional basis modifying the $24,537 downward portion of Company's proforma annualization adjustment to a downward adjustment of $6,091 and removal of the $2,660 upward portion related to proposed increases in service charges. In addition, Staff notes that the Company's pro forma adjustments to decrease Chemical expense by $142 and to decrease Purchased Power expense by $60 are based on the revenue annualization, accordingly, these immaterial adjustment should also be removed.

Operating Income Adjustment No. 2 – Repairs and Maintenance

Q. What does the Company propose for Repairs and Maintenance expense?

A. VUWC proposes its actual recorded amount for the test year of $14,210.

Q. Is the test year expense representative of average on-going repairs and maintenance expense?

A. No. The Company's reported Repairs and Maintenance expenses for the fiscal years 2006, 2007, and 2008 totaled $19,641, $2,964, and $14,210, respectively, which indicates that these expenses vary widely from year to year. Accordingly, Staff calculated a normalized amount by using the three-year average annual cost per customer ($8.58) and the test year customer count (1,477).

Q. What is Staff's Recommendation?

A. Staff recommends normalizing repairs and maintenance expenses over the past three years. Staff recommends removing $1,542 from repairs and maintenance to reflect a normalized level of repair and maintenance expenses as shown in Schedule GTM-11.

Operating Income Adjustment No. 3 – Water Testing Expense

Q. What is the Company proposing for Water Testing Expense?

A. VUWC proposes its actual recorded amount for the test year of $6,247 for water testing. The Company recorded water testing expenses in the Water Sampling account and included it in the application as a portion of Outside Services.

Q. Is the Company's actual test year water testing expense representative of its average on-going expense?

A. No. Water testing expense varies from one year to the next based on the schedule intervals for the various tests. Staff has determined that water testing expense is $8,639.

Q. What is Staff's Recommendation?

A. Staff recommends Water Testing expense of $8,636, a $2,389 increase from the Company's reclassified amount as shown in Schedule GTM-12.

Operating Income Adjustment No. 4 – Reclassify Insurance Expense

Q. Did the Company record all of its test year health and life insurance expenses in the correct account?

A. No. The Company misclassified $10,304 of health and life insurance expenses in the Insurance – General Liability instead of Insurance - Health and Life. Staff has reclassified $10,304 to correct the error as shown in Schedule GTM-13. Staff's adjustment has no impact on the revenue requirement.

Operating Income Adjustment No. 5 – Health and Life Insurance

Q. What does the Company propose for Health and Life Insurance?

A. The Company proposes to include $10,364 in payments to non-insurance companies like medical offices, pharmacies, stipends paid to individuals, and credit card providers.

Q. What is the Company's explanation for claiming these items as health expenses?

A. In response to SDR GTM-6.11 that requested an explanation, the Company offered no direct explanation. The Company's response to SDR GTM-5.19 regarding group insurance coverage indicates that it does not have an employee benefits manual that could be used to determine what health costs are covered by the Company. In response to SDR GTM-5.6, the Company also stated with respect to Health and Life Insurance that it had "stopped paying medical expenses during the test year." Thus, these cost are non-recurring.

Q. What is Staff's Recommendation?

A. Staff recommends removing $10,364 from the Insurance - Health and Life expense account as shown in Schedule GTM-14 to eliminate the non-recurring expenses.

Operating Income Adjustment No. 6 – Depreciation Expense

Q. What is the Company proposing for Depreciation expense?

A. The Company proposes to recover depreciation expense on post-test year plant additions which include two arsenic treatment facilities and replacement Well No. 6 as well as the test year plant.

Q. Does Staff recommend any modifications to the Company's proposed Depreciation expense calculation?

A. Yes. As previously discussed, Staff recommends disallowance of the arsenic treatment facilities and replacement Well No. 6 from rate base. Accordingly, Staff's depreciable plant is less than the Company's. Staff calculated Depreciation expense by applying its recommended component depreciation rates by account to its recommended plant balances.

Q. What is Staff's Recommendation?

A. Staff recommends $235,742 for Depreciation expense, a $77,776 reduction from the Company's proposed amount as shown in Schedule GTM-15.

Operating Income Adjustment No. 7 – Property Tax Expense

Q. What is the Company proposing for Test Year Property Taxes?

A. VUWC is proposing $39,304 for test year property taxes, i.e., its actual property tax bills for the test year.

Q. Does the Commission normally use the actual property tax bill for the test year for ratemaking purposes of Class C water utilities?

A. No. The Commission's practice in recent years has been to use a modified Arizona Department of Revenue ("ADOR") methodology for water and wastewater utilities. The results from using this methodology are primarily dependent upon the test year and authorized revenues. In other words, for each revenue requirement, there is a specific property tax expense in the same manner as each operating income has a specific income tax expense. Although the results for this methodology are frequently referred to as test year amounts, in fact, the results are representative of the average expected property tax over a subsequent three-year period based partially on authorized revenues. The modified ADOR calculation for property tax expense is static, i.e., it is representative only at a specific revenue level.

Q. Has Staff developed a solution to address the dependent relationship between Property Tax expense and revenues?

A. Yes. Staff has included a factor for property taxes in the gross revenue conversion factor ("GRCF") (See Schedule GTM-2) that automatically adjusts the revenue requirement for changes in revenue in the same way that income taxes are adjusted for changes in operating income. This flexible method will accurately reflect Property Tax expense at any authorized revenue level. This refinement removes the need to include proposed revenues in the calculation of test year Property Tax expense and allows for accurate calculation of Property Tax expense at the test year revenue level.

Q. What is Staff recommending for test year Property Tax expense?

A. Staff recommends $38,647 for test year property tax expense, a $657 reduction from the Company's proposed amount as shown in Schedule GTM-16.[1] Staff further recommends adoption of its GRCF that includes a factor for Property Tax expense as shown in Schedule GTM-2.

Operating Income Adjustment No. 8 – Income Tax Expense

Q. What is the Company proposing for Test Year Income Tax Expense?

A. VUWC is proposing negative $54,130 for Test Year Income Tax Expense.

Q. Did the Company's deviate from ratemaking principles in its calculation of test year Income Tax expense?

A. Yes. Normally, synchronized interest is a deduction used to determine the taxable income used in the calculation of Income Tax expense. Synchronized interest is determined by multiplying the weighted average cost of debt times the rate base. Using the Company's weighted average cost of debt (5.85 percent) and rate base ($1,741,191) provides synchronized interest of $101,860. The Company used its annual projected interest expense of $123,851 (Schedule C-2, page 10) to determine the taxable income for its calculation of Income Tax expense. The Company's use of annual projected interest expense instead of synchronized interest expense results in an overstatement of interest expense, an understatement of taxable income and Income Tax expense and an overstatement of operating income for the test year.

[1] Schedule GTM-16 also shows calculations for Property Tax Expense for Staff's recommended revenue.

Q. How did Staff calculate Test Year Income Tax Expense?

A. Staff calculated Test Year Income Tax expense by applying the statutory State and Federal income tax rates to Staff's adjusted test year taxable loss as shown in Schedule GTM-2. Staff's calculation of Income Tax expense uses zero for synchronized interest because Staff's rate base is negative and the synchronized interest calculations result in a negative amount.

Q. What is Staff's Recommendation?

A. Staff recommends a Test Year Income Tax expense of $13,564 as shown in Schedule GTM-2 and GTM-17.

Q. Does Staff have any additional comments regarding income taxes?

A. Yes. On Schedule C-3, the Company shows its calculation of a 1.4840 GRCF. This GRCF is based on an effective Federal tax rate of 25.65 percent calculated in Schedule C-22, page 11 and a State tax rate of 6.97 percent. This effective Federal tax rate represents the portion of pre-tax income that becomes Federal income taxes. This calculation is inconsistent with the ratemaking use of the GRCF.

The purpose of a GRCF is to provide a mechanism for determining the amount of additional revenue needed to increase the test year operating income to the authorized amount. For taxable entities, the increase in revenue must exceed the difference between the authorized and test year operating incomes because each increase in revenue results in a corresponding increase in income tax expense. Thus, the GRCF must be measured over the range that begins with the test year taxable income and ends with the taxable income that corresponds with the authorized operating income. The Company's calculation of its 1.4840 GRCF (Schedule C-3) is not calculated over the appropriate range of taxable

incomes. The Company's GRCF is based on the average combined State and Federal income tax rates for its recommended revenues and taxable income. In other words, it is calculated on the range that begins at zero instead of at test year taxable income.

Staff Schedule GTM-2 provides a reconciliation of Staff's test year and recommended revenues. The reconciliation shows the incremental operating income, property tax expense and income tax expense components of Staff recommended increase in revenue. The reconciliation verifies that Staff's 1.7060 GRCF results in the recommended operating income.

VIII. OTHER ISSUES

Q. Please identify any regulatory issues that came to Staff's attention during this rate case.

A. Commission Decision No. 68309 directed Staff to review several issues. In addition, Staff's review revealed several examples of the Company's failure to comply with Commission directives.

Q. What directives did the Commission give Staff with respect to this rate case?

A. The Commission directed Staff to "carefully scrutinize Valley Utilities Water Company, Inc.'s books in the next rate case, and bring to the Commission's attention any instances of transactions between the Valley Utilities Water Company, Inc. and its shareholder that are not arm's length…"[2]

[2] Decision No. 68309 page 27, lines 11-14.

Non-arm's Length Transactions

Q. Please provide some history to explain the Commission's directive to Staff to review for non-arm's length transactions.

A. During the prior rate case, Staff determined that the Company was involved in a non-arm's length transaction (i.e., vehicle lease) as well as making payments on personal expenditures (i.e., gym membership, personal phone calls, etc.).

Q. What did the Commission decide with respect to these affiliated transactions?

A. In Decision No. 68309, dated November 14, 2005, the Company was ordered to develop and "institute operating polices that would remove any and all transactions between the Company and its owners which are not arm's length transactions".[3]

Q. Did Staff find any instances of non-arm's length transactions?

A. Yes. Staff found two transactions that involved the Company and its shareholders, Robert and Barbara Prince. The first transaction involved the purchase of easement rights by the Company. The second transaction involved the payment/reimbursement of medical expenses by the utility on behalf of the Company's shareholders.

Q. Please describe the non-arm's length transaction pertaining to the purchase of easement rights.

A. On February 13, 2009, VUWC paid Robert and Barbara Prince $55,000 for easement rights to the Bethany Hills West Well yard.

[3] ACC Decision No. 68309 page 27, line 8-10.

Q. What is Staff's concern regarding the easement transaction?

A. Staff's concern is with the appropriateness of the purchase price. In response to SDR GTM-6.10, the Company replied that fair compensation was determined by multiple factors and was reviewed by the Company's engineers. These factors included 1) the access and egress rights to the plant site devalued the personal property of the seller, 2) the seller lost use of their personal property, and 3) the Princes were forced into this transaction by Maricopa County. Staff's concern is that the fair market value was not established via the services of a reputable real estate appraiser. The absence of an appropriate independent appraisal reduces the ability to assess the reasonableness of the transaction price. Nevertheless, no information suggests that the transaction price was unreasonable.

Q. Please describe the non-arm's length transaction pertaining to payment/reimbursement of medical expense.

A. During the test year the Company paid $10,304 in medical reimbursements to its employees. Those employees included shareholders.

Q. Are medical reimbursements to shareholders a concern to Staff?

A. Yes. Medical reimbursements to shareholders may be reasonable. However, the Company should have an established policy for the medical benefits it provides to all employees. In this instance, the Company has no written policy to establish and inform its employees regarding the medical benefits offered. In response to SDR GTM-5.19, the Company stated that it had no employee benefits manual documenting the Company's formalized medical polices. Staff observed that during the test year VUWC paid $10,304 on behalf of its employees, which includes Robert and Barbara Prince, for items such as

office visits, prescription co-payments, reimbursements to employees for out of pocket expenses, stipends in lieu of premium coverage, and other items.

Equity Position

Q. Were there any other directives that the Commission gave to Staff regarding this rate case?

A. Yes. The Commission instructed Staff to bring to its attention "any inappropriate practices that contribute to the deterioration of, rather than to the building of equity."[4]

Q. Did Staff find any examples of practices that eroded equity?

A. No. Staff's examination of directors' fees, compensation to shareholders and operating expenses revealed no practices detrimental to the Company's equity position. The Company has not historically issued dividends, and its equity plan states that it will continue to suspend dividends. The Company's equity has improved since the prior rate case (test year ended December 31, 2003) from negative $413,442 to negative $6,319.

Compliance Issues

Q. Did Staff observe any compliance issues?

A. Yes. Staff noted the following compliance issues: (1) untimely and incomplete filing of Arsenic Impact Fees ("AIF") reports; (2) unauthorized use of set-aside funds; (3) untimely title transfer for the Maryland Avenue Booster Station real estate purchase; (4) possibly entering multi-year financing arrangement for a CAP water allocation without Commission authorization; and (5) non-compliance with the Commission prescribed NARUC USOA.

[4] ACC Decision No. 68309 page 27, line 22-23

Q. Please provide background on the first issue involving AIF reporting.

A. On November 26, 2004, VUWC filed an application requesting approval to establish a tariff to collect hook-up fees for arsenic treatment to provide debt service to fund the construction of an arsenic treatment system.

Q. What was the result of the application?

A. In Decision No. 67669, dated March 9, 2005, the Commission approved the requested fee and ordered, among other things, that status reports be filed "for every twelve (12) months beginning January 31, 2006, and until the AIF tariff is no longer in effect."[5]

Q. Did the Company file the status reports in compliance with Decision No. 67669?

A. No. The Company did not file any status reports until February 22, 2008. This report covered the calendar years 2005, 2006, and 2007. Thus, the AIF reports for the calendar years 2005, 2006 and 2007 were delinquently filed.

Q. Were AIF status reports the Company filed for 2005, 2006 and 2007 complete?

A. No. Decision No. 67669 required the reports to "contain a list of all customers that have paid the AIF Tariff, the amount each has paid, the amount of money spent fro the account, the amount of interest earned on the AIF Tariff account, and a list of all facilities that have been installed with the AIF Tariff funds."[6] None of the status reports filed contained all of the information required by the Commission.

[5] ACC Decision No. 67669, page 3 lines 13-14
[6] Ibid. Page 3, lines 14-16.

Q. Please explain the second issue involving the set-aside funds.

A. Commission Decision No. 62908, dated September 18, 2000, authorized a permanent rate increase and incurrence of debt from the Water Infrastructure and Finance Authority of Arizona ("WIFA"). That Decision also required the Company to establish a set-aside account into which it was initially required to deposit $6.35 per month per customer bill for the sole purpose of servicing a proposed the loan ("WIFA Loan No. 1"). The monthly set-aside amount was to be reset to coincide with actual monthly debt service requirement on WIFA Loan No. 1 after it became known.

Q. Did the Company execute WIFA Loan No. 1?

A. Yes, but the loan did not close until January 7, 2005, and for the amount of $52,350, an amount much less than the $452,080 authorized. The Company asserts that it never drew any funds on WIFA Loan No. 1, and the Company never filed a copy of the closing documents as required by Decision No. 62908.

Q. Has the Commission provided subsequent direction pertaining to the set-aside account or funds?

A. Yes. Decision Nos. 68309[7] and 70956[8] provide additional comments regarding the set-aside funds. Decision No. 68309, dated November 14, 2005, granted a rate increase and approved obtaining another WIFA loan in the amount of $1,926,100 ("WIFA Loan No. 2"), and it stated the following regarding the unused set-aside funds:

> "The Company has not incurred the WIFA debt approved in Decision No. 62908, but has collected funds intended to pay that debt. The existing balance of the collected debt-service funds must either be refunded or applied to WIFA debt. Because the Company is again requesting WIFA financing, and is requesting imposition of a surcharge to pay the debt

[7] Issued November 14, 2005.
[8] Issued April 7, 2009.

> service, it would be reasonable and efficient to apply the existing balance of the collected funds to service the new WIFA debt. Under the circumstances, it is reasonable to cancel the prior WIFA financing authority, and require the Company to use the collected fund balance to service the arsenic remediation-related long-term debt authorized herein."[9]

Decision No. 70956 concluded (1) that "VUWCO did not comply with Decision No. 62908 when it commingled funds, failed to advise Staff of the actual debt service amount, and failed to file copies of the closing documents";[10] the "terms of Decision No. 62908 were modified by Decision No. 68309";[11] there "is not sufficient information to determine what funds should be in the Set-Aside Account";[12] "VUWCO must use the funds in the Set-Aside Account to service the debt for WIFA Loan #2";[13] VUWCO should be allowed to "begin using the currently existing balance in the Set-Aside Account to service WIFA Loan #2",[14] with the understanding that additional funds that should have been in the Set-Aside Account may also be required to offset the WIFA Loan #2; and that "a determination of what, if any, additional funds will be attributed as an offset will be made in the context of either the pending Rate Application, Surcharge Application, or an OSC".[15]

Q. Does Staff intend to address the Set-Aside Account balance is this proceeding?

A. No. Staff intends to address the Set-Aside Account balance in the Company's arsenic remediation surcharge case (Docket Nos. W-1412A-04-0736 and W-1412A-04-0849).

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[9] Decision No. 68309, page 9, lines 1-8.
[10] Decision No. 70956, page 13, lines 14-16.
[11] Ibid, page 14, lines 2-3.
[12] Ibid, page 14, lines 19-20.
[13] Ibid, page 14, lines 25-26.
[14] Ibid, page 15, lines 1-2.
[15] Ibid, page 15, lines 3-5.

Q. Please explain the compliance issue involving the Maryland Avenue Booster Station transaction.

A. The Company filed an application on May 9, 2007, to purchase some real property from the utilities shareholders, Robert and Barbara Prince. On December 4, 2007, via Commission Decision No. 70052, the Commission approved the purchase of the land from the utility's owners.

Q. Did the Commission provide a deadline for completing the transaction?

A. Yes. The Company was given 90 days from the effective date of the order (March 3, 2008) to provide copies of all executed documents to the Commission.

Q. Did the Company complete the transaction on a timely basis?

A. No. According to SDR GTM-7.11, the transfer of said property was not recorded until April 10, 2009, over one year past the 90 day compliance deadline and nine months past the end of the test year.

Q. Please explain the possibl non-compliance issue pertaining to the Company's acquisition the CAP water.

A. On January 12, 2007, the Board of Directors of VUWC approved the purchase of 250 acre feet of CAP water annually. The terms of the deal were to either 1) pay a one-time payment of $163,000 or 2) make five annual installment payments of $36,000 (total of $180,000). The Company chose to make five installment payments over five years at $36,000 a year thus incurring $17,000 ($180,000 - $163,000) in financing charges.

Q. Did the Company request Commission approval for the transaction?

A. No. The Company stated that it did not seek approval as it was not asking for it to be included in rate base.

Q. Is Commission approval necessary for issuance of evidence of indebtedness?

A. Yes. Arizona Revised Statutes §§ 40-301 and 40-302 have provisions that govern the issuance of debt.

Q. Do the terms of the CAP water purchase agreement suggest that a debt may have been incurred?

A. Yes. The terms provide for acquiring an asset over a five-year term that includes an implied 5.2 percent interest rate.

Q. Can the Company provide a schedule of its outstanding Contributions In Aid of Construction ("CIAC")?

A. No. Staff requested that the Company provide a schedule of CIAC showing the name, date, and amount received from each contributor which would reconcile to the general ledger. In response to SDR GTM-6.16, the Company only provided detail of CIAC activity during the test year.

Q. Does this response satisfy the NARUC USOA guidelines?

A. No. According to the USOA guidelines, the CIAC records should reflect the amount received, the purpose of the contribution, the identity of the contributor, and any conditions surrounding the contribution.

Q. Did the Company provide a schedule of outstanding Advances In Aid of Construction ("AIAC")?

A. No. Staff requested that the Company provide a schedule of AIAC showing the name, date, and amount received from each party, and amount refunded to date which would reconcile to the general ledger. In response to SDR GTM-6.15, the Company only provided detail of AIAC activity during the test year.

Q. Does this response satisfy the NARUC USOA guidelines?

A. No. According to NARUC USOA, "Each utility shall keep its books of account, and all other books, records, and memoranda which support the entries in such books of accounts so as to be able to furnish readily full information as to any item included in any account. Each entry shall be supported by such detailed information as will permit a ready identification, analysis, and verification of all facts thereto."[16]

Q. What are Staff's conclusions and recommendations regarding these regulatory issues?

A. The Company has significantly reduced non-arm's length transactions. Due to the nature of certain assets e.g., real property, it may occasionally be appropriate for the Company to engage in non-arm's length transactions. However, non-arm's length transactions are generally undesirable and avoidable. The Company should establish and maintain policies to minimize non-arm's length transactions to prevent regressing as it pertains to non-arm's length transactions, e.g., shareholders should not normally purchase assets and then lease them to the utility. Similarly, the Company should develop written policies and procedures regarding the benefits offered to employees.

[16] NARUC USOA for Class A Utilities, 1996, Page 14.

The Company should continue improving its equity position. Staff typically recommends that investor-owned utilities maintain a minimum equity position of 40 percent of total equity. Company's that lack access to the capital equity markets should maintain higher equity positions. The Company should avoid draining equity through large dividends distributions and other distributions to shareholders such as payment of bonuses, excessive increases in salaries and benefits and inadequate internal controls over expenditures and misappropriations.

The Company should also develop and implement policies to comply with all Commission directives, rules and statutes.

In an abundance of caution, the Company should file an application for Commission authorization of its five-year purchase agreement with the Central Arizona Water Conservation District at the earliest reasonable date, to allow the Commission to determine if financing approval is required.

The Company should maintain its records in accordance with the Commission mandated NARUC USOA.

The issues discussed above show a less than stellar performance for VUWC as a public utility company in regards to compliance with Commission requirements. No set of rules and regulations and no amount of measuring and monitoring can ensure that a utility will meet its obligations unless the utility's management has the capacity and desire to deliver on those obligations. Staff recommends that the Commission direct the Company to develop the policies and procedures suggested above and to make the filing suggested

above. Staff further recommends that the Commission place the Company on notice that future indiscretions regarding its obligations as a public service corporation must end.

IX. RATE DESIGN

Present Rate Design

Q. Please provide an overview of the Company's present rates.

A. The following is a general description of the present rate design. Details of the rate designs are presented in Schedule GTM-18. The present rate design consists of an inverted tier rate structure that includes three tiers for the residential 5/8-x3/4-inch and 3/4-inch meter customers and two tiers for all others. The additional tier for the residential 5/8-x3/4-inch and 3/4-inch meters is for the first 3,000 gallons, an estimate of non-discretionary use. All other break-over points graduate by meter size beginning with 10,000 gallons for 5/8-x3/4-inch meters. The commodity rates per 1,000 gallons for the first, second and third tiers are $1.50, $2.31 and $2.53, respectively. The minimum monthly charge for 5/8-x 3/4-inch meters is $11.25. The minimum monthly charge increases in proportion to the volumetric flow capacity for larger meters.

The Company's Proposed Water Rate Design

Q. Please provide an overview of the Company's proposed rate structure.

A. The Company's proposes to continue use of an inverted tier rate structure that includes three tiers for the residential 5/8-x3/4-inch and 3/4-inch meter customers and two tiers for all others. The Company proposes a uniform 27.6 percent increase to the existing monthly minimum charges for each meter size and increases in the commodity rates that vary from 27.3 percent to 27.7 percent. The Company is also proposing to lower the tier break-over points for the 5/8-x3/4-inch and 3/4-inch meter commercial customers and for all larger

meters to reflect the flow capacities for each meter size relative to that of a 5/8-x3/4-inch meter.

For residential 5/8-x3/4-inch and 3/4-inch meter customers, the Company's proposal would increase the minimum monthly charge from $11.25 to $14.34, the first tier (3,000 gallons) commodity rate per thousand gallons from $1.50 to $1.91, the second tier (next 7,000 gallons) from $2.31 to $2.95, and the third tier (all additional use) from $2.53 to $3.23. For 1-inch and larger residential meters and all commercial meters, the proposed commodity rates for the first and second tiers are equal to the second and third tier commodity rates for the residential 5/8-x3/4-inch and 3/4-inch meter customers, i.e., $2.95 and $3.23, respectively. The Company's proposed rates would increase the 5/8-x3/4-inch meter residential customer monthly bill with median use of 5,500 gallons by $5.93, or 27.6 percent, from $21.52 to $27.45. Detail of the Company's proposed rate design is shown in Schedule GTM-18.

Q. Did the Company propose any changes to its water system service charges?

A. Yes. The Company has proposed changes to service charges. The Company's proposed service charge changes are shown in the Company's Revised Schedule H-3 and GTM-18. The Company's proposed rates for service charges are in line with the service charges of other water utilities.

Q. Has the Company submitted proposed tariff language specifying the terms and conditions as well as its rates and charges?

A. No. The Company's application proposes only rate and charges. No specific tariff language is proposed.

Staff's Recommended Water Rate Design

Q. In addition to maintaining non-discriminatory rates that provide Staff's recommended revenue and other issues such as gradualism, revenue stability, and customer affordability, what policy objectives are reflected in Staff's recommended rates?

A. Staff's rate design recognizes the growing importance of managing water as a finite resource and its increasing cost. The quantity of water resources available to Arizona and in VUWC's service territory does not grow with population and customer base, and the cost of developing, treating, and delivering water increases with diminishing supply and increased health and safety regulations. Staff recommends a rate design that encourages efficient use of water.

Q. Please provide a description of Staff's recommended rate structure for the water system.

A. Staff recommends a three-tier inverted block rate structure for residential 5/8-x3/4-inch and 3/4-inch meter customers with break-over points at 3,000 gallons and at 10,000 gallons. Staff recommends a two-tier inverted block rate structure for commercial 5/8-x3/4-inch and 3/4-inch meter customers and for all residential and commercial 1-inch. 1.5-inch, 2-inch, 3-inch, 4-inch and 6-inch meter customers. The recommended break-over points for two-tier customers increase with meter size as shown in Schedule GTM-18. Under the recommended rate design, the monthly bill at any usage level is higher for a larger meter than for a smaller meter. This will serve to send an appropriate economic signal to customers to all customers for all consumption. Staff's rate design also includes rate recommendations for meter sizes for which there are presently no customers. This will serve to provide a rate structure should the Company have requests for service through these meter sizes in the future.

Q. Please describe the basis for Staff's recommended monthly minimum charges and commodity rates?

A. The monthly minimum charges and commodity rates recommended by Staff in this case are based on a methodology relied on by Staff regularly in water rate cases. These Staff recommendations have been regularly adopted by the Commission. Staff's methodology establishes monthly minimum charges in direct proportion to the relative flow rate capacity of the various meter sizes to that of a 5/8-x3/4-inch.

Q. Did Staff prepare schedules showing the present, Company proposed, and Staff recommended monthly minimums and commodity rates for each rate class?

A. Yes. Staff's Direct Testimony Schedule GTM-18 shows the present monthly minimum charges and commodity rates, the Company's proposed monthly minimum charges and commodity rates and Staff's recommended monthly minimum charges and commodity rates.

Q. Did Staff prepare a schedule showing the average and median monthly bill under present rates, the Company's proposed rates, and Staff's recommended rates?

A. Yes. Staff's Direct Testimony Schedule GTM-19 presents the average and median monthly bill using present rates, the Company's proposed rates and Staff's recommended rates.

Q. What is the impact to the median customer bill with Staff's rate design?

A. The typical 3/4-inch meter bill with median use of 5,500 gallons would increase by $2.59, or 12.01 percent, from $21.52 to $24.10.

Q. What water system service charges does Staff recommend?

A. Staff's recommendations for service charges are shown in Schedule GTM-21. These service charges will generate $48,126 based on the Company's estimates for the various services provided in the test year as previously discussed.

Q. Will Staff's recommended rate design generate Staff's recommended revenue requirement?

A. Staff's recommended rate design would generate Staff's recommended water revenue requirement of $1,379,135, including $1,331,009 from metered water sales.

Q. Does this conclude your direct testimony?

A. Yes, it does.

VALLEY UTILITIES WATER COMPANY, INC
Docket No. W-0412A-08-0586
Test Year ended June 30, 2008

DIRECT TESTIMONY OF Gary T. McMurry

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VALLEY UTILITIES WATER COMPANY, INC
Docket No. W-0412A-08-0586
Test Year ended June 30, 2008

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	(A) COMPANY ORIGINAL COST	(B) COMPANY RECONSTRUCTION COST	(C) COMPANY FAIR VALUE	(D) STAFF ORIGINAL COST	(E) STAFF RECONSTRUCTION COST	(F) STAFF FAIR VALUE
1	Adjusted Rate Base	$ 1,741,191	$ 1,741,191	$ 1,741,191	$ (279,909)	$ (279,909)	$ (279,909)
2	Adjusted Operating Income (Loss)	$ 12,012	$ 12,012	$ 12,012	$ 47,852	$ 47,852	$ 47,852
3	Current Rate of Return (L2 / L1)	0.69%	0.69%	0.69%	-17.10%	-17.10%	-17.10%
4	Proposed/Recommended Operating Margin	15.00%	15.00%	15.00%	10.00%	10.00%	10.00%
5	Required Rate of Return	13.21%	13.21%	13.21%	NMF	NMF	NMF
6	Required Operating Income (L4 * L1)	$ 229,974	$ 229,974	$ 229,974	$ 137,913	$ 137,913	$ 137,913
7	Operating Income Deficiency (L5 - L2)	$ 217,962	$ 217,962	$ 217,962	$ 90,061	$ 90,061	$ 90,061
8	Gross Revenue Conversion Factor	1.4840	1.4840	1.4840	1.7060	1.7060	1.7060
9	Required Revenue Increase (L7 * L6)	$ 323,456	$ 323,456	$ 323,456	**$ 153,645**	**$ 153,645**	**$ 153,645**
10	Adjusted Test Year Revenue	$ 1,225,490	$ 1,225,490	$ 1,225,490	$ 1,225,490	$ 1,225,490	$ 1,225,490
11	Proposed Annual Revenue (L8 + L9)	$ 1,548,946	$ 1,548,946	$ 1,548,946	$ 1,379,135	$ 1,379,135	$ 1,379,135
12	Required Increase in Revenue (%)	26.39%	26.39%	26.39%	12.54%	12.54%	12.54%
13	Rate of Return on Common Equity (%)	NMF	NMF	NMF	NMF	NMF	NMF

References:
Column (A): Company Schedule B-1
Column (B): Company Schedule B-1
Column (C): Company Schedules A-1, A-2, & D-1
Column (D): Staff Schedule GTM-2 , GTM-3 & GTM-10
Column (E): Staff Schedule GTM-2 , GTM-3 & GTM-10
Column (F): Staff Schedule GTM-2 , GTM-3 & GTM-10

VALLEY UTILITIES WATER COMPANY, INC
Docket No. W-0412A-08-0586
Test Year ended June 30, 2008

Schedule GTM-2

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
	Calculation of Gross Revenue Conversion Factor:				
1	Revenue	100.0000%			
2	Uncollecible Factor (Line 11)	0.0000%			
3	Revenues (L1 - L2)	100.0000%			
4	Combined Federal and State Tax Rate (Line 17) + Property Tax Factor (Line 22)	41.3836%			
5	Subtotal (L3 - L4)	58.6164%			
6	**Revenue Conversion Factor (L1 / L5)**	1.706008646			
	Calculation of Uncollectible Factor:				
7	Unity	100.0000%			
8	Combined Federal and State Tax Rate (Line 17)	40.7843%			
9	One Minus Combined Income Tax Rate (L7 - L8)	59.2157%			
10	Uncollectible Rate	0.0000%			
11	Uncollectible Factor (L9 * L10)	0			
	Calculation of Effective Tax Rate:				
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 44)	36.3491%			
16	Effective Federal Income Tax Rate (L14 x L15)	0.338162515			
17	Combined Federal and State Income Tax Rate (L13 +L16)	40.7843%			
	Calculation of Effective Property Tax Factor				
18	Unity	100.0000%			
19	Combined Federal and State Tax Rate (Line 17)	40.7843%			
20	One Minus Combined Income Tax Rate (L18 - L19)	59.2157%			
21	Property Tax Factor (GTM-18, L24)	1.0122%			
22	Effective Property Tax Factor (L 21 * L 22)	0.5994%			
23	Combined Federal and State Tax and Property Tax Rate (L17+L22)		41.3836%		
24	Required Operating Income (Schedule GTM-1, Line 5)	$ 137,913			
25	AdjustedTest Year Operating Income (Loss) (Schedule GTM-10, Line 40)	$ 47,852			
26	Required Increase in Operating Income (L24 - L25)		$ 90,061		
27	Income Taxes on Recommended Revenue (Col. (D), L52)	$ 75,592			
28	Income Taxes on Test Year Revenue (Col. (B), L52)	$ 13,564			
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		$ 62,029		
30	Recommended Revenue Requirement (Schedule GTM-1, Line 10)	$ 1,379,135			
31	Uncollectible Rate (Line 10)	0.0000%			
32	Uncollectible Expense on Recommended Revenue (L24 * L25)	$ -			
33	Adjusted Test Year Uncollectible Expense	$ -			
34	Required Increase in Revenue to Provide for Uncollectible Exp. (L32 - L33)		$ -		
35	Property Tax with Recommended Revenue (GTM-18, L19)	$ 40,202			
36	Property Tax on Test Year Revenue (GTM-18, L 16)	$ 38,647			
37	Increasee in Property Tax Due to Increase in Revenue (GTM-18, L22)		$ 1,555		
38	Total Required Increase in Revenue (L26 + L30 + L34+L37)		$ 153,645		
	Calculation of Income Tax:	Test Year		STAFF Recommended	
39	Revenue (Schedule GTM-10, Col.[C], Line 5 & Sch. GTM-1, Col. [B], Line 10)	$ 1,225,490		$ 1,379,135	
40	Operating Expenses Excluding Income Taxes	$ 1,164,074		$ 1,165,629	
41	Synchronized Interest (L47)	$ -		$ -	
42	Arizona Taxable Income (L36 - L37- L38)	$ 61,416		$ 213,506	
43	Arizona State Income Tax Rate	6.9680%		6.9680%	
44	Arizona Income Tax (L39 x L40)		$ 4,279		$ 14,877
45	Federal Taxable Income (L33 - L35)	$ 57,137		$ 198,629	
46	Federal Tax on First Income Bracket ($1 - $50,000) @ 15%	$ 7,500		$ 7,500	
47	Federal Tax on Second Income Bracket ($50,001 - $75,000) @ 25%	$ 1,784		$ 6,250	
48	Federal Tax on Third Income Bracket ($75,001 - $100,000) @ 34%	$ -		$ 8,500	
49	Federal Tax on Fourth Income Bracket ($100,001 - $335,000) @ 39%	$ -		$ 38,465	
50	Federal Tax on Fifth Income Bracket ($335,001 -$10,000,000) @ 34%	$ -		$ -	
51	Total Federal Income Tax		$ 9,284		$ 60,715
52	Combined Federal and State Income Tax (L35 + L42)		$ 13,564		$ 75,592
53	Applicable Federal Income Tax Rate [Col. (D), L42 - Col. (B), L42] / [Col. (C), L36 - Col. (A), L36]				36.35%
	Calculation of Interest Synchronization:				
54	Rate Base (Schedule GTM-3, Col. [C], Line (17))	$ (279,909)			
55	Weighted Average Cost of Debt (Schedule GTM-1)	5.20%			
56	Synchronized Interest (L45 X L46)	NMF			

VALLEY UTILITIES WATER COMPANY, INC
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Schedule GTM-3

RATE BASE - ORIGINAL COST

LINE NO.		(A) COMPANY AS FILED	(B) STAFF ADJUSTMENTS	REF	(C) STAFF AS ADJUSTED
1	Plant in Service	$ 8,596,870	$ (2,021,100)		$ 6,575,770
2	Less: Accumulated Depreciation	2,051,031	-		2,051,031
3	Net Plant in Service	$ 6,545,839	$ (2,021,100)		$ 4,524,739
	LESS:				
4	Contributions in Aid of Construction (CIAC)	$ 1,322,934	$ -		$ 1,322,934
5	Less: Accumulated Amortization	289,647	-		289,647
6	Net CIAC	$ 1,033,287	$ -		$ 1,033,287
7	Advances in Aid of Construction (AIAC)	3,515,087	-		3,515,087
8	Customer Deposits	224,503	-		224,503
9	Deferred Income Tax Credits	31,772	-		31,772
	ADD:				
10	Unamortized Finance Charges	-	-		-
11	Deferred Tax Assets	-	-		-
12	Working Capital	-	-		-
13	Intentionally Left Blank	-	-		-
14	**Original Cost Rate Base**	$ 1,741,191	$ (2,021,100)		$ (279,909)

References:
Column (A), Company Schedule B-1
Column [B]: Column [C] - Column [A]
Column [C], GTM-4

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Schedule GTM-4

SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] GTM-5 Access Rights ADJ #1	[C] GTM-6 Well #6 ADJ #2	[D] GTM-7 Treatment Plant ADJ #3	[E] Not Used ADJ #4	[F] Not Used ADJ #5	[J] STAFF ADJUSTED
	PLANT IN SERVICE:								
1	301	Organization Cost	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2	302	Franchise Cost	-	-	-	-	-	-	-
3	303	Land and Land Rights	448,196	55,000		-	-	-	503,196
4	304	Structures and Improvements	17,167	-	-	-	-	-	17,167
5	305	Collecting and Impounding Res.	-	-	-	-	-	-	-
6	306	Lake River and other Intakes	-	-	-	-	-	-	-
7	307	Wells and Springs	1,397,717	-	(250,000)		-	-	1,147,717
8	308	Infiltration Galleries and Tunnels	-	-	-	-	-	-	-
9	309	Supply Mains	-	-	-	-	-	-	-
10	310	Power Generation Equipment	-	-	-	-	-	-	-
11	311	Electrical Pumping Equipment	448,660	-	-	-	-	-	448,660
12	320	Water Treatment Equipment	1,848,434	(55,000)		(1,771,100)		-	22,334
13	330	Distribution Reservoirs & Standpipe	828,116	-	-	-	-	-	828,116
14	331	Transmission and Distribution Mains	2,593,007	-	-	-	-	-	2,593,007
15	333	Services	123,765	-	-	-	-	-	123,765
16	334	Meters	419,733	-	-	-	-	-	419,733
17	335	Hydrants	147,203	-	-	-	-	-	147,203
18	336	Backflow Prevention Devices	-	-	-	-	-	-	-
19	339	Other Plant & Miscellaneous Equipment	1,237	-	-	-	-	-	1,237
20	340	Office Furniture & Fixtures	66,856	-	-	-	-	-	66,856
21	341	Transportation Equipment	88,026	-	-	-	-	-	88,026
22	342	Stores Equipment	-	-	-	-	-	-	-
23	343	Tools and Work Equipment	38,585	-	-	-	-	-	38,585
24	344	Laboratory Equipment	-	-	-	-	-	-	-
25	345	Power Operated Equipment	5,930	-	-	-	-	-	5,930
26	346	Communications Equipment	-	-	-	-	-	-	-
27	347	Miscellaneous Equipment	20,000	-	-	-	-	-	20,000
28	348	Other Tangible Plant	4,237	-	-	-	-	-	4,237
29	348	Other Tangible Plant Arsenic Media	100,000	-	-	-	-	-	100,000
30		Rounding Amount	1	-	-	-	-	-	1
31		Subtotal Plant in Service	$ 8,596,870	$ -	$ (250,000)	$ (1,771,100)	$ -	$ -	$ 6,575,770
32									
33	Add:								
34	Other 1	Construction Work in Progress	-	-	-	-	-	-	-
35	Other 2	General Office Plant Allocation	-	-	-	-	-	-	-
36	Less:								
37	Other 3	Post Test Year Plant	-	-	-	-	-	-	-
38	Other 4	General Office Plant Allocation	-	-	-	-	-	-	-
39									
40	Total Plant in Service:		$ 8,596,870	$ -	$ (250,000)	$ (1,771,100)	$ -	$ -	$ 6,575,770
41	Less: Accumulated Depreciation (Company Sch. B-2 Page 4)		2,051,031	-	-	-	-	-	$ 2,051,031
42		Intentionally Left Blank	-	-	-	-	-	-	-
43	Net Plant in Service (L59 - L 60)		$ 6,545,839	$ -	$ (250,000)	$ (1,771,100)	$ -	$ -	$ 4,524,739
44									
45	*LESS:*								
46	Contributions in Aid of Construction (CIAC)		$ 1,322,934	$ -	$ -	$ -	$ -	$ -	1,322,934
47	Less: Accumulated Amortization		289,647	-	-	-	-	-	289,647
48	Net CIAC (L25 - L26)		$ 1,033,287	$ -	$ -	$ -	$ -	$ -	1,033,287
49	Advances in Aid of Construction (AIAC)		3,515,087	-	-	-	-	-	3,515,087
50	Customer Deposits		224,503	-	-	-	-	-	224,503
51	Deferred Income Taxes		31,772	-	-	-	-	-	31,772
52									
53	*ADD:*								
54	Unamortized Finance Charges		-	-	-	-	-	-	-
55	Deferred Tax Assets		-	-	-	-	-	-	-
56	Working Capital		-	-	-	-	-	-	-
57	Regulatory Asset (Liability)			-	-	-	-	-	-
58	**Original Cost Rate Base**		$ 1,741,191	$ -	$ (250,000)	$ (1,771,100)	$ -	$ -	$ (279,909)

References:
Column [A] Schedule B-2

VALLEY UTILITIES WATER COMPANY, INC
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Schedule GTM-5

ORIGINAL COST RATE BASE ADJUSTMENT # 1 - EASEMENT RECLASSIFICATION

Line No.	Account Number	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	301	Land and Land Rights	$ 44,196	$ 55,000	$ 99,196
2	320	Water Treatment Equipment	1,848,434	$ (55,000)	$ 1,793,434

References:
Col [A]: Company Schedule B-1
Col [B]: GTM Testimony
Col [C]: Col. [A] + Col. [B]
Col [C]: Col. [A] + Col. [B]

VALLEY UTILITIES WATER COMPANY, INC
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Schedule GTM-6

ORIGINAL COST RATE BASE ADJUSTMENT # 2 - UNSUCCESSFUL, NON-USED AND USEFUL WELL

LINE NO.	Account Number	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	307	Wells and Springs	$ 1,397,717	$ (250,000)	$ 1,147,717

References:
Col [A]: Company Schedule B-1
Col [B]: GTM Testimony
Col [C]: Col. [A] + Col. [B]

VALLEY UTILITIES WATER COMPANY, INC
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Schedule GTM-7

ORIGINAL COST RATE BASE ADJUSTMENT # 3 REMOVE WATER TREATMENT PLANT

LINE NO.	Account Number	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	320	Water Treatment Equipment	$ 1,848,434		
		Staff Rate Base Adjustment No 1	(55,000)		
		Net	$ 1,793,434	**$ (1,771,100)**	$ 22,334

References:
Col [A]: Company Schedule B-1
Col [B]: GTM Testimony
Col [C]: Col. [A] + Col. [B]

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Schedule GTM-8

OPERATING INCOME STATEMENT - ADJUSTED TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	[A] COMPANY ADJUSTED TEST YEAR AS FILED	[B] STAFF TEST YEAR ADJUSTMENTS	[C] STAFF TEST YEAR AS ADJUSTED	[D] STAFF PROPOSED CHANGES	[E] STAFF RECOMMENDED
1	*OPERATING REVENUES:*					
2	Metered Water Revenues	$ 1,164,238	$ 15,786	$ 1,180,024	$ 150,985	$ 1,331,009
3	Unmetered Water Revenues	-	-	-	-	-
4	Other Water Revenues	45,466	-	45,466	2,660	48,126
5	**Total Operating Revenues**	$ 1,209,704	$ 15,786	$ 1,225,490	$ 153,645	$ 1,379,135
6						
7	*OPERATING EXPENSES:*					
8	Salaries and Wages	$ 355,559	$ -	$ 355,559	$ -	$ 355,559
9	Employee Pensions & Benefits	5,343	$ -	5,343	-	5,343
10	Purchased Water	4,357	$ -	4,357	-	4,357
11	Purchased Power	136,963	$ 60	137,023	-	137,023
12	Chemicals	7,549	$ 142	7,691	-	7,691
13	Repairs and Maintenance	14,210	$ (1,542)	12,668	-	12,668
14	Office Supplies and Expense	10,006	$ -	10,006	-	10,006
15	Outside Services	31,734	$ 2,389	34,123	-	34,123
16	Water Testing	-	$ -	-	-	-
17	Rents	56,601	$ -	56,601	-	56,601
18	Transportation Expenses	25,266	$ -	25,266	-	25,266
19	Insurance - General Liability	39,013	$ (10,304)	28,709	-	28,709
20	Insurance - Health and Life	84,637	$ (60)	84,577	-	84,577
21	Advertising	-	$ -	-	-	-
22	Regulatory Comm Expense - Rate Case	40,000	$ -	40,000	-	40,000
23	Regulatory Comm Expense - Other	15,856	$ -	15,856	-	15,856
24	Bad Debt Expense	228	$ -	228	-	228
25	Miscellaneous Expense	42,327	$ -	42,327	-	42,327
26	Depreciation and Amortization	313,518	$ (77,776)	235,742	-	235,742
27	Taxes other than Income	29,351	$ -	29,351	-	29,351
28	Property Taxes	39,304	$ (657)	38,647	1,555	40,202
29	Income Tax	(54,130)	$ 67,694	13,564	62,029	75,592
30	**Total Operating Expenses**	$ 1,197,692	(20,054)	$ 1,177,638	63,584	$ 1,241,221
31						
32	**Operating Income**	12,012	35,840	47,852	90,061	137,914

References:
Column [A]: Company Schedule C-1
Column [B]: Schedule GTM-11
Column [C]: Column [A] + Column [B]
Column [D]: Schedules GTM-1 and GTM-2
Column [E]: Column [C] + Column [D]

VALLEY UTILITIES WATER COMPANY, INC
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Schedule GTM-9

SUMMARY OF OPERATING INCOME STATEMENT ADJUSTMENTS - TEST YEAR

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] GTM-10 Rev Annualization ADJ #1	[C] GTM-11 Repair & Maintenan ADJ #2	[D] GTM-12 Water Testing ADJ #3	[E] GTM-13 Liability Insurance ADJ #4	[R] GTM-14 Health & Life ADJ #5	[R] GTM-15 Depreciation ADJ #6	[R] GTM-16 Property Taxes ADJ #7	[S] GTM-17 Income Taxes ADJ #8	[T] STAFF ADJUSTED
1	*Operating Revenues:*										
2	Metered Water Revenues	$ 1,164,238	$ 15,786	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,180,024
3	Unmetered Water Revenues	-	-	-	-	-	-	-	-	-	-
4	Other Water Revenues	45,466	-	-	-	-	-	-	-	-	45,466
5	Total Operating Revenues	$ 1,209,704	$ 15,786	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,225,490
6											
7	*Operating Expenses:*										
8	Salaries and Wages	$ 355,559	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	355,559
9	Employee Pensions & Benefits	5,343	-	-	-	-	-	-	-	-	5,343
10	Purchased Water	4,357	-	-	-	-	-	-	-	-	4,357
11	Purchased Power	136,963	60	-	-	-	-	-	-	-	137,023
12	Chemicals	7,549	142	-	-	-	-	-	-	-	7,691
13	Repairs and Maintenance	14,210	-	(1,542)	-	-	-	-	-	-	12,668
14	Office Supplies and Expense	10,006	-	-	-	-	-	-	-	-	10,006
15	Outside Services	31,734	-	-	2,389	-	-	-	-	-	34,123
16	Water Testing	-	-	-	-	-	-	-	-	-	-
17	Rents	56,601	-	-	-	-	-	-	-	-	56,601
18	Transportation Expenses	25,266	-	-	-	-	-	-	-	-	25,266
19	Insurance - General Liability	39,013	-	-	-	(10,304)	-	-	-	-	28,709
20	Insurance - Health and Life	84,637	-	-	-	10,304	(10,364)	-	-	-	84,577
21	Advertising	-	-	-	-	-	-	-	-	-	-
22	Regulatory Comm Expense - Rate Case	40,000	-	-	-	-	-	-	-	-	40,000
23	Regulatory Comm Expense - Other	15,856	-	-	-	-	-	-	-	-	15,856
24	Bad Debt Expense	228	-	-	-	-	-	-	-	-	228
25	Miscellaneous Expense	42,327	-	-	-	-	-	-	-	-	42,327
26	Depreciation and Amortization	313,518	-	-	-	-	-	(77,776)	-	-	235,742
27	Taxes other than Income	29,351	-	-	-	-	-	-	-	-	29,351
28	Property Taxes	39,304	-	-	-	-	-	-	(657)	-	38,647
29	Income Tax	(54,130)	-	-	-	-	-	-	-	67,694	13,564
30	Total Operating Expenses	$ 1,197,692	$ 202	$ (1,542)	$ 2,389	$ -	$ (10,364)	$ (77,776)	$ (657)	$ 67,694	$ 1,177,638
	Operating Income	$ 12,012	$ 15,584	$ 1,542	$ (2,389)	$ -	$ 10,364	$ 77,776	$ 657	$ (67,694)	$ 47,852

VALLEY UTILITIES WATER COMPANY, INC
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Schedule GTM-10

OPERATING INCOME ADJUSTMENT # 1 - REVENUE ANNUALIZATION

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Revenue Annualization	$ (24,537)	$ 18,446	$ (6,091)
2	Miscellaneous Charges Annualization	$ 2,660	$ (2,660)	$ -
3	Subtotal	$ (21,877)	$ 15,786	$ (6,091)
4	Purchased Power	$ 60	$ (60)	$ -
5	Chemical Expense	$ 142	$ (142)	-
6	Total		$ 15,584	
7				
8				
9				
10				
11				
12				
13				
14	References:			
15	Col [A]: Company Schedeule C-1 Page 3			
16	Col [B]: GTM Testimony			
17	Col [C]: Col. [A] + Col. [B]			

VALLEY UTILITIES WATER COMPANY, INC
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Schedule GTM-11

OPERATING INCOME ADJUSTMENT # 2 - NORMALIZATION OF REPAIRS AND MAINTENANCE

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Repairs and Maintenance	$ 14,210	$ (1,542)	$ 12,668
2				
3				
4			Number of	Weighted Ave
5	Repairs and Maintenance		Customers	Cost / Customer
6	FY 2006	$ 19,641	1,401	14.02
7	FY 2007	2,964	1,418	2.09
8	FY 2008	14,210	1,477	9.62
9	Total	$ 36,815		25.73
10	Number of Years			3
11	Normalized cost per customer			8.58
12				
13	Normalized amount based on cost per customer			
14	(e.g. 8.58 * 1,477 customers)			12,668
15				
16	References:			
17	Col [A]: Company Schedeule C-1 Page 3			
18	Col [B]: GTM Testimony			
19	Col [C]: Col. [A] + Col. [B]			

VALLEY UTILITIES WATER COMPANY, INC
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Schedule GTM-12

OPERATING INCOME ADJUSTMENT # 3 - WATER TESTING EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Water Sampling	$ 6,247	$ 2,389	$ 8,636
2				
3				
4				
5	Outside Services	Test Year		
6	631 Engineering	$ 1,351		
7	632 Legal & Accounting	$ 23,436		
8	635 **Water Sampling**	**$ 6,247**		
9	636 Contract Labor	$ 700		
10	Total	$ 31,734		
11				
12	References:			
13	Col [A]: Company Schedeule C-1 Page 3			
14	Col [B]: GTM Testimony			
15	Col [C]: Col. [A] + Col. [B]			

VALLEY UTILITIES WATER COMPANY, INC Schedule GTM-13
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OPERATING INCOME ADJUSTMENT # 4 - RECLASSIFY INSURANCE EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Insurance - General Liability	$ 39,013	$ (10,304)	$ 28,709
2	Insurance - Health and Life	84,637	10,304	94,941
3	Total Insurance	$ 123,650	$ -	$ 123,650
4				
5				
6				
7				
8				
9				
10				
11	References:			
12	Col [A]: Company Schedeule C-1 Page 3			
13	Col [B]: GTM Testimony			
14	Col [C]: Col. [A] + Col. [B]			
15	Col [C]: Col. [A] + Col. [B]			

VALLEY UTILITIES WATER COMPANY, INC Schedule GTM-14
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OPERATING INCOME ADJUSTMENT # 5 - NON-RECURRING HEALTH AND LIFE INSURANCE

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Insurance - Health and Life	84,637	(10,364)	74,273
2	Reclassification (Staff Adj. #4)	-	-	10,364
3	Total Insurance	$ 84,637	$ (10,364)	84,637
4				
5				
6				
7				
8				
9				
10				
11				
12	References:			
13	Col [A]: Company Schedeule C-1 Page 3			
14	Col [B]: GTM Testimony			
15	Col [C]: Col. [A] + Col. [B]			
16	Col [C]: Col. [A] + Col. [B]			

VALLEY UTILITIES WATER COMPANY, INC
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Schedule GTM-15

OPERATING INCOME ADJUSTMENT # 6 - DEPRECIATION EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Operating Income	$ 313,518	$ (77,776)	$ 235,742

OPERATING INCOME ADJUSTMENT # - DEPRECIATION EXPENSE

Line No.	ACCT NO.	DESCRIPTION	[A] Company Proposed PLANT IN SERVICE BALANCE	[B] STAFF DEPR. PLANT BALANCE	[C] STAFF RECOMMENDED RATE	[D] STAFF RECOMMENDED EXPENSE
	Plant In Service					
2	301	Organization Cost	$ -	-		
3	302	Franchise Cost	-	-	0.00%	$ -
4	303	Land and Land Rights	448,196	503,196	0.00%	-
5	304	Structures and Improvements	17,167	17,167	3.33%	572
6	305	Collecting and Impounding Res.	-	-	2.50%	-
7	306	Lake River and other Intakes	-	-	2.50%	-
8	307	Wells and Springs	1,397,717	1,147,717	3.33%	38,219
9	308	Infiltration Galleries and Tunnels	-	-	6.67%	-
10	309	Supply Mains	-	-	2.00%	-
11	310	Power Generation Equipment	-	-	5.00%	-
12	311	Electrical Pumping Equipment	448,660	448,660	12.50%	56,082
13	320.0	Water Treatment Equipment	1,848,434	22,334	3.33%	744
14	330	Distribution Reservoirs & Standpipe	828,116	828,116	2.22%	18,384
15	331	Transmission and Distribution Mains	2,593,007	2,593,007	2.00%	51,860
16	333	Services	123,765	123,765	3.33%	4,121
17	334	Meters	419,733	419,733	8.33%	34,964
18	335	Hydrants	147,203	147,203	2.00%	2,944
19	336	Backflow Prevention Devices	-	-	6.67%	-
20	339	Other Plant & Miscellaneous Equipment	1,237	1,237	6.67%	83
21	340	Office Furniture & Fixtures	66,856	66,856	6.67%	4,459
22	341	Transportation Equipment	88,026	88,026	20.00%	17,605
23	342	Stores Equipment	-	-	4.00%	-
24	343	Tools and Work Equipment	38,585	38,585	5.00%	1,929
25	344	Laboratory Equipment	-	-	10.00%	-
26	345	Power Operated Equipment	5,930	5,930	5.00%	296
27	346	Communications Equipment	-	-	10.00%	-
28	347	Miscellaneous Equipment	20,000	20,000	10.00%	2,000
29	348	Other Tangible Plant	4,237	4,237	3.33%	141
30	348	Other Tangible Plant Arsenic Media	100,000	100,000	67.00%	67,000
31						
		Subtotal General	$ 8,596,869	$ 6,575,769		$ 301,404
32		Less: Non- depreciable Account(s)	448,196	503,196		
33		Depreciable Plant (L29-L30)	$ 8,148,673	$ 6,072,573		
34		Contributions-in-Aid-of-Construction (CIAC)			$ 1,322,934	
35		Composite Depreciation/Amortization Rate			4.9634%	
36		Less: Amortization of CIAC (L32 x L33)				$ 65,662
37		**Depreciation Expense - STAFF [Col. (C), L29 - L34]**				$ 235,742

VALLEY UTILITIES WATER COMPANY, INC
Docket No. W-0412A-08-0586
Test Year ended June 30, 2008

Schedule GTM-16

OPERATING INCOME ADJUSTMENT # 7 - PROPERTY TAXES

LINE NO.	Property Tax Calculation	[A] STAFF AS ADJUSTED	[B] STAFF RECOMMENDED
1	Staff Adjusted Test Year Revenues - 2006	$ 1,225,490	$ 1,225,490
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	$ 2,450,980	$ 2,450,980
4a	Staff Adjusted Test Year Revenues - 2006	1,225,490	
4b	Staff Recommended Revenue, Per Schedule GTM-1		1,379,135
5	Subtotal (Line 4 + Line 5)	$ 3,676,470	$ 3,830,115
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	$ 1,225,490	$ 1,276,705
8	Department of Revenue Mutilplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	$ 2,450,980	$ 2,553,410
10	Plus: 10% of CWIP -	110,850	110,850
11	Less: Net Book Value of Licensed Vehicles	16,499	16,499
12	Full Cash Value (Line 9 + Line 10 - Line 11)	$ 2,545,331	$ 2,647,761
13	Assessment Ratio	21.0%	21.0%
14	Assessment Value (Line 12 * Line 13)	534,519	$ 556,030
15	Composite Property Tax Rate (Per Company Schedule C-2, Page 3, Line 16)	7.2302%	7.2302%
16	Staff Proposed Property Tax Expense (Line 14 * Line 15)	$ 38,647	
17	Company Proposed Property Tax	39,304	
18	Staff Test Year Adjustment (Line 16-Line 17)	$ (657)	
19	Property Tax - Staff Recommended Revenue (Line 14 * Line 15)		$ 40,202
20	Staff Test Year Adjusted Property Tax Expense (Line 16)		$ 38,647
21	Increase/(Decrease) to Property Tax Expense		$ 1,555
22	Decrease to Property Tax Expense		$ 1,555
23	Increase in Revenue Requirement		153,645
24	Decrease to Property Tax per Dollar Increase in Revenue (Line19/Line 20)		1.012228%

References:
Col [A]: Company Schedule C-1 Page 3
Col [B]: GTM Testimony

VALLEY UTILITIES WATER COMPANY, INC
Docket No. W-0412A-08-0586
Test Year ended June 30, 2008

Schedule GTM-17

OPERATING INCOME ADJUSTMENT # 8 - INCOME TAXES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Income Tax	$ (54,130)	$ 67,694	$ 13,564
2				
3				
4				
5				
6				
7				
8				
9				
10				
11	References:			
12	Col [A]: Company Schedule C-1 Page 3			
13	Col [B]: Column [C] - Column [A]			
14	Col [C]: Schedule GTM-2			

RATE DESIGN

Monthly Usage Charge	Present Rates	Company Proposed Rates	Staff Recommended Rates
5/8" Meter - All Classes	$ 11.24	$ 14.34	$ 12.50
3/4" Meter - All Classes	$ 16.87	$ 21.53	$ 18.75
1" Meter - All Classes	$ 28.10	$ 35.86	$ 31.25
1½" Meter - All Classes	$ 56.21	$ 71.72	$ 62.50
2" Meter - All Classes	$ 89.24	$ 114.76	$ 100.00
3" Meter - All Classes	$ 179.87	$ 229.51	$ 200.00
4" Meter - All Classes	$ 281.05	$ 358.62	$ 312.50
6" Meter - All Classes	$ 562.10	$ 717.24	$ 625.00
3" Construction	$ 179.87	$ 229.51	N/A
Construction - All Classes			$ -
Commodity Rates			
5/8" Meter (Residential)			
From 1 to 3,000 Gallons	$ 1.50	$ 1.91	$ 1.70
From 3,001 to 10,000 Gallons	$ 2.31	$ 2.95	$ 2.60
Over 10,000 Gallons	$ 2.53	$ 3.23	$ 3.10
3/4" Meter (Residential)			
From 1 to 3,000 Gallons	$ 1.50	$ 1.91	$ 1.70
From 3,001 to 10,000 Gallons	$ 2.31	$ 2.95	$ 2.60
Over 10,000 Gallons	$ 2.53	$ 3.23	$ 3.10
1" Meter (Residential)			
From 1 to 50,359 Gallons	$ 2.31	N/A	N/A
Over 50,359 Gallons	$ 2.53	N/A	N/A
From 1 to 25,000 Gallons	N/A	$ 2.95	N/A
Over 25,000 Gallons	N/A	$ 3.23	N/A
From 1 to 30,000 Gallons	N/A	N/A	$ 2.60
Over 30,000 Gallons			$ 3.10
5/8" Meter (Commercial)			
From 1 to 18,000 Gallons	$ 2.31	$ 2.95	N/A
Over 18,000 Gallons	$ 2.53	$ 3.23	N/A
From 1 to 10,000 Gallons	N/A	N/A	$ 2.60
Over 10,000 Gallons	N/A	N/A	$ 3.10

	Present	Co. Proposed	Staff Recommended
3/4" Meter (Commercial)			
From 1 to 18,000 Gallons	$ 2.31	N/A	N/A
Over 18,000 Gallons	$ 2.53	N/A	N/A
From 1 to 15,000 Gallons	N/A	$ 2.95	N/A
Over 15,000 Gallons	N/A	$ 3.23	N/A
From 1 to 10,000 Gallons	N/A	N/A	$ 2.60
Over 10,000 Gallons	N/A	N/A	$ 3.10
1" Meter (Commercial)			
From 1 to 50,359 Gallons	$ 2.31	N/A	N/A
Over 50,359 Gallons	$ 2.53	N/A	N/A
From 1 to 25,000 Gallons	N/A	$ 2.95	N/A
Over 25,000 Gallons	N/A	$ 3.23	N/A
From 1 to 30,000 Gallons	N/A	N/A	$ 2.60
Over 30,000 Gallons	N/A	N/A	$ 3.10
1½" Meter (Res., Comm.)			
From 1 to 126,054 Gallons	$ 2.31	N/A	N/A
Over 126,054 Gallons	$ 2.53	N/A	N/A
From 1 to 50,000 Gallons	N/A	$ 2.95	N/A
Over 50,000 Gallons	N/A	$ 3.23	N/A
From 1 to 80,000 Gallons	N/A	N/A	$ 2.60
Over 80,000 Gallons	N/A	N/A	$ 3.10
2" Meter (Res., Comm.)			
From 1 to 151,256 Gallons	$ 2.31	N/A	N/A
Over 151,256 Gallons	$ 2.53	N/A	N/A
From 1 to 80,000 Gallons	N/A	$ 2.95	N/A
Over 80,000 Gallons	N/A	$ 3.23	N/A
From 1 to 140,000 Gallons	N/A	N/A	$ 2.60
Over 140,000 Gallons	N/A	N/A	$ 3.10
3" Meter (Res., Comm.)			
From 1 to 403,274 Gallons	$ 2.31	N/A	N/A
Over 403,274 Gallons	$ 2.53	N/A	N/A
From 1 to 160,000 Gallons	N/A	$ 2.95	N/A
Over 160,000 Gallons	N/A	$ 3.23	N/A
From 1 to 300,000 Gallons	N/A	N/A	$ 2.60
Over 300,000 Gallons	N/A	N/A	$ 3.10
4" Meter (Res., Comm.)			
From 1 to 453,722 Gallons	$ 2.31	N/A	N/A
Over 453,722 Gallons	$ 2.53	N/A	N/A
From 1 to 250,000 Gallons	N/A	$ 2.95	N/A
Over 250,000 Gallons	N/A	$ 3.23	N/A
From 1 to 450,000 Gallons	N/A	N/A	$ 2.60
Over 450,000 Gallons	N/A	N/A	$ 3.10
6" Meter (Res., Comm.)			
From 1 to 1,260,313 Gallons	$ 2.31	N/A	N/A
Over 1,260,313 Gallons	$ 2.53	N/A	N/A
From 1 to 500,000 Gallons	N/A	$ 2.95	N/A
Over 500,000 Gallons	N/A	$ 3.23	N/A
From 1 to 1,000,000 Gallons	N/A	N/A	$ 2.60
Over 1,000,000 Gallons	N/A	N/A	$ 3.10
3" Construction (Res., Comm.)			
All Gallons	$ 3.02	3.23	3.15

Service Line and Meter Installation Charges	Total	Line	Meter	Total	Line	Meter	Total
5/8" Meter	$ 520	$ 445	$ 155	$ 600	$ 445	$ 155	$ 600
3/4" Meter	600	445	255	700	445	255	700
1" Meter	690	495	315	810	495	315	810
1½" Meter	5,035	550	525	1,075	550	525	1,075
2" Turbine Meter	1,595	830	1,045	1,875	830	1,045	1,875
2" Compound Meter	2,320	830	1,890	2,720	830	1,890	2,720
3" Turbine Meter	2,275	1,045	1,670	2,715	1,045	1,670	2,715
3" Compound Meter	3,110	1,165	2,545	3,710	1,165	2,545	3,710
4" Turbine Meter	3,520	1,490	2,670	4,160	1,490	2,670	4,160
4" Compound Meter	4,475	1,670	3,645	5,315	1,670	3,645	5,315
6" Turbine Meter	6,275	2,210	5,025	7,235	2,210	5,025	7,235
6" Compound Meter	8,050	2,330	6,920	9,250	2,330	6,920	9,250
8"	Cost	Cost	Cost	Cost	Cost	Cost	Cost
10"	Cost	Cost	Cost	Cost	Cost	Cost	Cost
12"	Cost	Cost	Cost	Cost	Cost	Cost	Cost

Service Charges							
Establishment and/or reconnection	$ 30.00			$ 40.00			$ 40.00
Establishment and/or reconnection (After Hours)	45.00			60.00			60.00
Meter Test	30.00			30.00			30.00
Deposit Requirement (Residential)	(a)			(a)			(a)
Deposit Requirement (None Residential Meter)	(a)			(a)			(a)
Deposit Interest	6.00%			3.00%			3.00%
Re-Establishment (With-in 12 Months)	(b)			(b)			(b)
Re-Establishment (After Hours)	(b)			(b)			(b)
NSF Check	25.00			25.00			25.00
Deferred Payment, Per Month	1.5%			1.50%			1.50%
Meter Re-Read	10.00			10.00			10.00
Charge of Moving Customer Meter - Customer Requested per Rule R14-2-405B	Cost			Cost			Cost
After hours service charge, per Rule R14-2-403D	25.00			50.00			50.00
Late Charge per month	10.00			10.00			10.00

NT = No Tariff

Monthly Service Charge for Fire Sprinkler	
All Meter Sizes	Greater of $10 or 2 percent of the general service rate for a similar size meter.
Less than 8"	
Less than 10"	
Less then 12"	

Per Commission Rules (R14-2-403.B)

(a) Residential - two times the average bill. Non-residential - two and one-half times the average bill.

(b) Minimum charge times number of months disconnected.

(c) $100 Plus $12.50 times months off system.

In addition to the collection of regular rates, the utility will collect from its customers a proportionate share of any privelege, sales, use, and franchise tax. Per Commission Rule (14-2-409.D.5).

All advances and/or contributions are to include labor, materials, overheads and all applicable taxes,

Cost to include labor, materials and parts, overheads and all applicable taxes.

Typical Bill Analysis
Residential 5/8 Inch Meter

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	7,376	$ 25.85	$ 32.98	$ 7.13	27.59%
Median Usage	5,500	21.52	27.45	$ 5.93	27.56%
Staff Recommended					
Average Usage	7,376	$ 25.85	$ 28.98	$ 3.13	12.11%
Median Usage	5,500	21.52	24.10	$ 2.59	12.01%

Present & Proposed Rates (Without Taxes)
Residential 5/8 Inch Meter

Consumption	Rates	Rates	Increase	Rates	Increase
-	$ 11.24	$ 14.34	27.58%	$ 12.50	11.21%
1,000	12.74	16.25	27.55%	14.20	11.46%
2,000	14.24	18.16	27.53%	15.90	11.66%
3,000	15.74	20.07	27.51%	17.60	11.82%
4,000	18.05	23.02	27.53%	20.20	11.91%
5,000	20.36	25.97	27.55%	22.80	11.98%
5,500	21.52	27.45	27.56%	24.10	12.01%
6,000	22.67	28.92	27.57%	25.40	12.04%
7,000	24.98	31.87	27.58%	28.00	12.09%
7,376	25.85	32.98	27.59%	28.98	12.11%
8,000	27.29	34.82	27.59%	30.60	12.13%
9,000	29.60	37.77	27.60%	33.20	12.16%
10,000	31.91	40.72	27.61%	35.80	12.19%
11,000	34.44	43.95	27.61%	38.90	12.95%
12,000	36.97	47.18	27.62%	42.00	13.61%
13,000	39.50	50.41	27.62%	45.10	14.18%
14,000	42.03	53.64	27.62%	48.20	14.68%
15,000	44.56	56.87	27.63%	51.30	15.13%
16,000	47.09	60.10	27.63%	54.40	15.52%
17,000	49.62	63.33	27.63%	57.50	15.88%
18,000	52.15	66.56	27.63%	60.60	16.20%
19,000	54.68	69.79	27.63%	63.70	16.50%
20,000	57.21	73.02	27.64%	66.80	16.76%
25,000	69.86	89.17	27.64%	82.30	17.81%
30,000	82.51	105.32	27.65%	97.80	18.53%
35,000	95.16	121.47	27.65%	113.30	19.06%
40,000	107.81	137.62	27.65%	128.80	19.47%
45,000	120.46	153.77	27.65%	144.30	19.79%
50,000	133.11	169.92	27.65%	159.80	20.05%
75,000	196.36	250.67	27.66%	237.30	20.85%
100,000	259.61	331.42	27.66%	314.80	21.26%

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

KRISTIN K. MAYES, Chairman
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP

Arizona Corporation Commission
DOCKETED
SEP - 3 2009
DOCKETED BY ne

IN THE MATTER OF THE APPLICATION OF COMMUNITY WATER COMPANY OF GREEN VALLEY FOR AUTHORITY TO ISSUE DEBT UP TO $2.81 MILLION.

DOCKET NO. W-02304A-09-0153

DECISION NO. 71259

ORDER

Open Meeting
August 25 and 26, 2009
Phoenix, Arizona

BY THE COMMISSION:

Having considered the entire record herein and being fully advised in the premises, the Arizona Corporation Commission ("Commission") finds, concludes, and orders that:

* * * * * * * * * * * * * *

FINDINGS OF FACT

1. The Commission granted Community Water Company of Green Valley ("CWCGV") its initial Certificate of Convenience and Necessity ("CC&N") to provide water service in Pima County, Arizona, pursuant to Decision No. 47912 (May 1, 1977). The Commission granted CC&N extensions to CWCGV in Decision Nos. 57549 (September 9, 1991), 63310 (January 11, 2001), 70164 (February 27, 2008), and 70551 (October 23, 2008). CWCGV also acquired the CC&N of New Pueblo Water pursuant to Decision No. 60082 (February 20, 1997).

2. CWCGV is a non-profit Arizona corporation owned by its members. CWCGV serves approximately 12,090 connections, mostly residential customers. Its current rates were approved in Decision No. 69205 (December 21, 2006).

. . .

. . .

EXHIBIT 83 ADMITTED

Background

3. In Decision No. 67515 (January 20, 2005), CWCGV received authorization for 1) an 18-month, non-revolving line of credit in the amount of $4 million in order to finance arsenic treatment equipment, Central Arizona Project ("CAP") rights, and other miscellaneous equipment ("Facility 1"), and 2) a 60-month term loan in the amount $4 million to pay off Facility 1.

4. According to Staff, on October 10, 2006, CWCGV filed a request for approval to extend the terms of Facility 1 from 18 months to 24 months.

5. Staff stated that on November 22, 2006, it filed a memorandum concluding that the authorization for Facility 1 was sufficiently broad to permit the requested extension.

6. On September 5, 2008, CWCGV filed an application under Docket No. W-02304A-08-0465 for approval to issue Tax-Exempt Industrial Development Authority Bonds ("IDA Bonds") not to exceed $3.6 million in order to pay off the $2.5 million Facility 1 balance. The application also sought approval of $790,000 in CAP loans and to finance $310,000 of other planned capital expenditures.

7. On October 10, 2008, CWCGV filed an amendment to its application stating that CWCGV had learned that the IDA Bonds were not available to CWCGV as a means to refinance its projects. CWCGV noted that it also learned that either a long-term extension of Facility 1 or a traditional long-term loan would result in higher interest costs than a one-year term loan. Based on market conditions, CWCGV's bank recommended utilization of the one-year term loan.

8. Facility 1 matured on November 16, 2008. According to CWCGV, the lender extended the maturity for an additional twelve months to allow time for CWCGV to obtain the necessary regulatory approval of the re-financing in order to avoid placing CWCGV in default on Facility 1. As such, CWCGV must re-finance Facility 1 by November 16, 2009, in order to avoid default.

9. On December 31, 2008, Staff filed its Staff Report on the amended application, recommending conditional approval.

10. On January 28, 2009, CWCGV filed correspondence indicating that because of certain economic factors, financing under a short-term letter of credit as requested in the amended

application was no longer feasible. CWCGV again amended its initial application, this time seeking approval for a long-term loan.

11. On February 13, 2009, CWCGV filed a Request for Procedural Conference.

12. Pursuant to a Procedural Order filed February 24, 2009, a Procedural Conference was held on March 12, 2009. The parties appeared with counsel.

13. The parties agreed that, because the material points in the original application had changed significantly, CWCGV should file a Motion to Withdraw its Application under Docket No. W-02304A-08-0465 and file a new application for approval of a long-term loan.[1]

14. On March 26, 2009, CWCGV filed an application for authority to issue $2,810,000 of long-term debt ("Application"). The purpose of the proposed financing is to pay off Facility 1 and to fund $310,000 of planned capital improvements.

15. On May 5, 2009, CWCGV filed its Affidavit of Publication, indicating that Public Notice of its Application was published on May 3, 2009, in the *Green Valley News and Sun.*

16. On June 25, 2009, Staff filed its Staff Report recommending approval of the requested financing authorization.

17. On July 7, 2009, CWCGV filed its Comments on Staff Report, requesting that Staff revise the recommended filing date for the Arizona Department of Water Resources ("ADWR") compliance documentation. CWCGV also disagreed with Staff's statement that its long-term agreement with the Central Arizona Water Conservation District ("CAWCD") regarding payment for additional allocations from the CAP may constitute a long-term debt requiring Commission approval under A.R.S. §§ 40-301 and 40-302. However, CWCGV was not averse to Staff's ultimate recommendation that CWCGV file an application regarding its agreement with the CAWCD so that the issue may be considered by the Commission.[2]

18. On July 15, 2009, CWCGV filed a copy of the ADWR Water Provider Compliance Status Report for its system.

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[1] On March 26, 2009, CWCGV filed a Motion to Dismiss in Docket No. W-02304A-08-0465, and on April 3, 2009, the docket was closed, pursuant to Administrative Closure Number 70920.

[2] See Findings of Fact Nos. 26-30 and 36-40 for a discussion of these issues.

Loan Terms

19. The lender will be Chase Bank. CWCGV filed a copy of Chase Bank's Proposed Credit Facility Terms and Conditions as Exhibit "2" to the Application. Under the terms and conditions, the maximum principal is $2,810,000. The loan will be payable in 59 equal principal and interest payments amortized over 20 years, and one final balloon payment of the remaining balance.

20. The interest rate will be variable based on the Chase Bank floating rate plus 100 basis points, determined by the 30-day LIBOR plus 250 basis points. According to Staff, as of May 13, 2009, the Chase Bank current floating rate was 3.25 percent and the current 30-day LIBOR is 0.35 percent. Market conditions at the time of closing will dictate the final loan terms.

21. Chase Bank will require a Deed of Trust, granting Chase Bank first claim on CWCGV's assets. This is the same requirement as on Facility 1.

Financial Analysis

22. Staff used CWCGV's audited financial report for the year ended December 31, 2008, to conduct its financial analysis and determine the effects of the *pro forma* financial information reflecting a $2.81 million loan amortized for 20 years at a maximum 7.0 percent per annum, and retirement of the existing $2.5 million short-term debt.

23. Staff's analysis indicates that for the year ended December 31, 2008, CWCGV had a 2.00 debt service coverage ratio ("DSC").[3] The proposed debt will result in a *pro forma* DSC of 1.37. Staff's *pro forma* DSC indicates that CWCGV will be able to meet all obligations with cash generated from operations.

24. As of December 31, 2008, CWCGV's capital structure consisted of 26.1 percent short-term debt, 4.0 percent long-term debt and 69.9 percent equity. A *pro forma* capital structure reflecting the loan terms and conditions described herein, results in 2.4 percent short-term debt, 29.7 percent long-term debt and 67.9 percent equity.

25. Staff typically recommends a company capital structure consisting of a minimum of 30 percent equity of total capital as appropriate to provide a balance of cost and financial risk for

[3] DSC represents the number of times internally generated cash will cover required principal and interest payments on long-term debt. A DSC greater than 1.0 indicates that operating cash flow is sufficient to cover debt obligations.

regulated utilities and ratepayers. Staff concludes that CWCGV's *pro forma* capital structure is consistent with Staff's capital structure for companies.

26. Staff also discusses the November 21, 2007, long-term agreement between CWCGV and the CAWCD for additional CAP allocation. Staff notes that, in order to pay for the additional allocation, CWCGV chose a five year payment plan with annual payments of $222,995, including principal and interest at 5.2 percent. The payments began December 1, 2007, and end on December 1, 2011.

27. Staff notes that A.R.S. § 40-302 requires a public service corporation to obtain Commission approval before acquiring long-term debt. According to Staff, CWCGV did not apply to the Commission before entering into the long-term agreement with CAWCD.

28. CWCGV asserts that the agreement does not qualify as long-term debt because it can cease making payments to CAWCD at any time and is not subject to any penalty for doing so. CWCGV characterizes the agreement as more akin to a purchase agreement than loan agreement. As such, CWCGV believes there is no encumbrance on CWCGV's assets and Commission approval is not needed.

29. Staff recommends that, in an abundance of caution, CWCGV should file an application with the Commission to provide an opportunity to fully consider the issue of whether the long-term agreement with CAWCD is governed by A.R.S. §§ 40-301 and 40-302.

30. Staff notes that CWCGV's audited financial report used by Staff in its financial analysis includes the outstanding long-term agreement with CAWCD. Therefore, delaying a resolution to this issue pending presentation of a separate application will not affect Staff's financial analysis in this matter.[4]

Engineering Analysis

31. According to Staff, CWCGV's certificated area encompasses approximately 6,000 acres or 9.4 square miles. The water system consists of four wells producing approximately 7,000

[4] Additionally, as noted earlier, it is imperative that CWCGV obtain Commission approval for the proposed financing in sufficient time to close the loan prior to November 16, 2009, or the Cooperative will face the imposition of penalties and interest on Facility 1.

gallons per minute, six storage tanks with total storage capacity of 5,6000,000 gallons, and a distribution system.

32. Three hundred and ten thousand dollars of the sought authorization is for proposed new construction and capital projects. Those proposed projects are as follows:

PROJECT	COST
Replacing booster pumps at Reservoir No. 1	$35,234.24
Orion meter reading hardware	21,930.00
Software upgrade for billing	15,706.25
Valle Verde main extension	92,776.28
Warehouse security system	35,778.92
Wall for security at Well No. 9	78,366.22
La Canada and Duval Mine main lowering	30,208.09
TOTAL	$310,000.00

33. Staff reviewed CWCGV's proposed plant additions and concluded that they are appropriate and that the associated cost estimates are 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.

Consumer Services and Compliance Issues

34. The Arizona Department of Environmental Quality ("ADEQ") regulates CWCGV's water system under ADEQ Public Water System #10-004. An ADEQ report dated October 30, 2008, indicates that CWCGV's system has no deficiencies and ADEQ determined that the system is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, Chapter 4.

35. CWCGV is located in the Tucson Active Management Area ("AMA") and is subject to AMA reporting and conservation requirements.

36. According to Staff, as of April 2009, CWCGV was in discussions with the ADWR regarding gallons per capita per day compliance and departmental requirements. ADWR related to Staff that it believed a resolution would be reached by July 31, 2009.

37. Staff recommended that CWCGV be required to file with Docket Control a copy of the letter issued by ADWR indicating that CWCGV's system is in compliance with ADWR requirements governing water providers and/or community water systems by July 31, 2009.

38. CWCGV objected to this requirement stating that, although ADWR expected to have a report completed by July 31, 2009, there was no way to ensure that would happen, and requested that the required filing occur within 180 days of the effective date of this Decision.

39. On July 15, 2009, CWCGV filed a copy of the ADWR Water Provider Compliance Status Report at issue. The Status Report from ADWR found that CWCGV is in compliance with ADWR regulations and requirements.

40. Therefore, Staff's recommendation regarding the ADWR compliance filing already has been satisfied.

41. Staff states that CWCGV has no compliance delinquencies.

Staff Recommendations

42. Based on its review of the Application, Staff made the following conclusions and recommendations:

a) Staff concluded that CWCGV's proposed use of the funds is reasonable and appropriate;

b) Staff concluded that issuance of the proposed debt financing for the purposes stated in the Application is within CWCGV's corporate powers, is compatible with the public interest, is consistent with sound financial practices and will not impair its ability to provide services;

c) Staff recommends that the Commission authorize CWCGV to borrow funds in an amount not to exceed $2,810,000 under terms consistent with the Chase Bank terms and conditions sheet;

d) Staff recommends revocation of any unused authorizations to issue debt granted in Decision No. 67515;

e) Staff recommends authorizing CWCGV to engage in any transaction and to execute any documents necessary to effectuate the authorization granted in this proceeding;

f) Staff recommends that copies of the executed loan documents be filed with Docket Control within 60 days of their execution;

g) Staff recommends that CWCGV docket as a compliance item in this docket no later than July 31, 2009, documentation issued by ADWR indicating that CWCGV is currently in compliance with departmental requirements governing water providers and/or community water systems; and

h) Staff recommends that, in an abundance of caution, CWCGV should file an application before the Commission so the Commission may determine whether the long-term agreement with the CAWCD falls under A.R.S. §§ 40-301 and 40-302.

43. As noted above, Staff's recommendation in 40(g) has already been satisfied and it is not necessary for the Commission to adopt this recommendation.

44. Additionally, as previously discussed, although CWCGV objected to Staff's characterization of CWCGV's long-term agreement with CAWCD as possible debt that may require Commission approval pursuant to A.R.S. §§ 40-301 and 40-302, CWCGV is not averse to setting the issue before the Commission. We believe this issue should be determined in a separate proceeding and we adopt Staff's recommendation.

Conclusion

45. It is reasonable, consistent with sound financial practices, and in the public interest to grant CWCGV the requested financing authority to fund its proposed re-financing and improvements subject to certain conditions.

46. Staff's recommendations, as modified, are reasonable and should be adopted.

CONCLUSIONS OF LAW

1. CWCGV is a public service corporation within the meaning of Article XV of the Arizona Constitution and A.R.S. §§ 40-301 and 40-302.

2. The Commission has jurisdiction over CWCGV and the subject matter of the Application.

3. Notice of the financing was provided in accordance with Arizona law.

4. Staff's recommendations, as modified, are reasonable and should be adopted.

5. The financing approved herein is for lawful purposes within CWCGV's corporate powers, is compatible with the public interest, with sound financial practices, and with the proper performance by CWCGV of service as a public service corporation, and will not impair CWCGV's ability to perform that service.

6. The financing approved herein is for the purposes set forth in CWCGV's request filed on March 26, 2009, is reasonably necessary for those purposes, and such purposes are not, wholly or in part, reasonably chargeable to operating expenses or to income.

7. Based on our findings, and in light of Staff's recommendations, no hearing is necessary.

ORDER

IT IS THEREFORE ORDERED that Community Water Company of Green Valley is hereby authorized to incur $2,810,000 of new debt financing for the purposes stated in the Application, and pursuant to the terms and conditions set forth in the Application and as described herein.

IT IS FURTHER ORDERED that such authority is expressly contingent upon Community Water Company of Green Valley's use of the proceeds for the purposes set forth in its Application.

IT IS FURTHER ORDERED that the unused authorization to issue debt pursuant to Decision No. 67515 (January 20, 2005) is hereby revoked.

IT IS FURTHER ORDERED that Community Water Company of Green Valley is hereby authorized to engage in any transactions and to execute or cause to be executed any documents so as to effectuate the authorizations requested with the Application.

IT IS FURTHER ORDERED that Community Water Company of Green Valley shall file with Docket Control, as a compliance item in this docket, within 60 days of closing, copies the loan documents memorializing the authorized transaction.

IT IS FURTHER ORDERED that Community Water Company of Green Valley shall file with Docket Control, within 120 days of the effective date of this Decision, an application with the Commission regarding the necessity of Commission approval the Community Water Company of Green Valley's long-term agreement with the CAWCD pursuant to A.R.S. §§ 40-301 and 40-302.

. . .

IT IS FURTHER ORDERED that approval of the financing set forth herein does not constitute or imply approval or disapproval by the Commission of any particular expenditure of the proceeds derived thereby for purposes of establishing just and reasonable rates.

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

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, ERNEST G. JOHNSON, Executive Director of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this 2nd day of Sept, 2009.

ERNEST G. JOHNSON
EXECUTIVE DIRECTOR

DISSENT _____

DISSENT _____

SERVICE LIST FOR: COMMUNITY WATER COMPANY OF GREEN VALLEY

DOCKET NO.: W-02304A-09-0153

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BEFORE THE ARIZONA CORPORATION COMMISSION

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Chairman
GARY PIERCE
Commissioner
PAUL NEWMAN
Commissioner
SANDRA D. KENNEDY
Commissioner
BOB STUMP
Commissioner

IN THE MATTER OF THE APPLICATION OF VALLEY UTILITIES WATER COMPANY INC FOR AN INCREASE IN ITS WATER RATES FOR CUSTOMERS WITHIN MARICOPA COUNTY, ARIZONA	)	DOCKET NO. W-01412A-08-0586

SURREBUTTAL

TESTIMONY

OF

GARY T. MCMURRY

PUBLIC UTILITIES ANALYST IV

UTILITIES DIVISION

ARIZONA CORPORATION COMMISSION

AUGUST 26, 2009

EXHIBIT
S4
ADMITTED

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EXECUTIVE SUMMARY
VALLEY UTILITIES WATER COMPANY, INC.
DOCKET NO. W-01412A-08-0586

The surrebuttal testimony of Staff witness Mr. Gary McMurry addresses rate base, operating income, revenue requirement and rate design issues.

Revenue Requirement - Staff recommends revenues of $1,324,266 (excluding $200,277 ARSM surcharge revenues), a $117,222 (9.71 percent) increase over test year revenues, to provide a 10.0 percent operating margin. Staff's adjustments resulted in a negative rate base of $169,027 for which no meaningful rate of return can be calculated. Staff's recommendation reflects three rate base adjustments and eight operating income adjustments.

Rebuttal testimony of Robert Prince

Replacement Well No. 6

The Company proposes to include in rate base $258,833 of post-test-year costs for replacement Well No. 6. The Company has now received the required Supplemental Use Permit ("SUP"), the Authority to Construct and Approval of Construction from the Maricopa County Environmental Services Division ("MCESD"). In its direct testimony, Staff removed this post-test year cost because the well was not used and useful at that time. Staff's surrebuttal recommends including the $265,882, the actual documented cost.

Emergency Interim Surcharge ("EIS")

The Company proposes elimination of the EIS which was established by Commission Decision No. 70138 to provide debt service on a loan to provide funds for replacement Well No. 6 with its inclusion in rate base. Staff concurs that the EIS should be eliminated.

Arsenic Treatment Facilities ("ATF")

The Company anticipates that one of its two ATF sites will be operational by the time of the hearing in this case. The Company is willing to accept Staff's recommendation to exclude the ATF from rate base provided that an Arsenic Remediation Surcharge Mechanism ("ARSM") surcharge sufficient to service its Water Infrastructure and Finance Authority ("WIFA") debt is adopted in Docket Nos. W-01412A-04-0736 and W-01412A-04-0849 and that the surcharge continues through the next rate case. Staff recommends excluding the ATF from rate base as it is not used or useful. In Docket Nos. W-01412A-04-0736 and W-01412A-04-0849, Staff will be recommending adoption of an ARSM surcharge that provides debt service coverage on the ATF related WIFA loan and continuation of the ARSM surcharge through the earlier of the effective date of the rates authorized in a subsequent rate proceeding or August 31, 2013, whichever is first.

Additional ATF Costs

The Company asserts that the ATF cost has increased by $260,000 from the $1,926,000 claimed in its initial application to $2,184,000. Staff recommends excluding these costs from rate base along with the initial ATF amounts.

CAP Water Acquisition

The Company asserts that the CAP installment contract is not a legal debt as per A.R.S. § 40-301. Staff recommends, in an abundance of caution, that the Company file an application before the Commission so the Commission may determine whether the long-term agreement with the CAWCD falls under A.R.S. §§ 40-301 and -302.

Rebuttal testimony of Thomas Bourassa

Operating Margin

The Company states that the operating margin is dependent upon the degree that its recommendations are adopted. Staff agrees that the appropriate operating margin is dependent on factors including cash flow, debt service coverage and income. The ARSM surcharge and EIS impact these factors. Staff's recommended operating margin of 10 percent reflects consideration of these factors.

Land Rights (easement)

The Company's rebuttal removes the $55,000 easement from rate base as a component of the ATF. Staff's surrebuttal position agrees with the Company's rebuttal position.

Revenue Annualization

The Company rebuttal proposes to increase metered water portion of its downward revenue annualization adjustment from $24,537 to $127,503 to reflect the loss of customers subsequent to the end of the test year. Staff recommends recognition of the Company's initial $24,537 downward revenue annualization adjustment. The Company's incremental adjustment pertains to out-of-test-year customer counts which create a mismatch with test year revenues. Staff continues to recommend elimination of the Company's $2,660 upward annualization for increases in service charges

Normalization of Repairs and Maintenance Expenses

The Company continues to use the actual recorded expense of the test year. The Company asserts that the use of averages to normalize expenses is subjective. Staff continues to recommend a normalized expense calculation due to the volatility in the repair expense category.

Arsenic Media Depreciation

The Company's rebuttal testimony eliminates the depreciation expense claimed in its initial application for arsenic media. Staff's surrebuttal also eliminates depreciation expense on arsenic media.

Rate Design

The Company recommends the same rate structure (adjusted to reflect its rebuttal revenue requirement) as in its initial application. The Company asserts that Staff's rate design will result in more revenue instability due to increases in commodity rates that exceed the overall increase in revenue. Staff's surrebuttal testimony recommends a 9.71 percent overall increase in revenues, and the percentage increase in commodity rates for the first, second and third tiers (5/8 x 3/4-inch and 3/4-inch residential customers) are 0.0 percent, 1.7 percent and 22.5 percent, respectively. The latter two represent the increase in the first and second tiers for larger meters. Furthermore, Staff will be recommending recovery of 100 percent of the ARSM surcharge as minimum charges to ensure collection for debt service payment and to provide enhanced revenue stability. The larger percentage increase in the third tier sends an appropriate price signal to large water users to use water efficiently.

Staff's rate design would increase the monthly bill for a 5/8 x 3/4-inch residential customer with median use of 5,500 gallons by $1.36 (6.32 percent) from $21.52 to $22.88.

I. INTRODUCTION

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

A. My name is Gary T. McMurry. My business address is 1200 West Washington Street, Phoenix, Arizona 85007.

Q. Are you the same Gary McMurry who previously filed direct testimony on the rate base, operating income, and revenue requirement, rate design and related party transactions in this proceeding?

A. Yes.

II. PURPOSE OF TESTIMONY

Q. What is the purpose of your testimony in this case?

A. My surrebuttal testimony addresses issues raised in Valley Utilities Water Company, Inc.'s ("VUWC" or "Company") rebuttal testimony regarding Staff's recommendations regarding rate base, operating adjustments, and rate design.

Q. How is your testimony organized?

A. My testimony is presented in five sections. Section I is the introduction. Section II is this description/purpose of my testimony. Section III presents my responses to the rebuttal testimony provided by Robert Prince. Section IV presents my responses to the rebuttal testimony provided by Thomas Bourassa. Section V presents a discussion of topics pursuant to directives from the Commission to Staff.

Q. Have you prepared any schedules to accompany your testimony?

A. Yes. I prepared surrebuttal schedules GTM-1 to GTM-19. The surrebuttal schedules reflect the Company's application as filed, not its rebuttal position.

III. STAFF'S RESPONSE TO THE REBUTTAL TESTIMONY OF ROBERT PRINCE

Well No. 6

Q. What is the Company's proposal regarding replacement Well No. 6?

A. The Company asserts that Well No. 6 should be included in rate base as it is now operational and has received the applicable approval to construct and Approval of Construction from the Maricopa County Environmental Services Division ("MCESD").

Q. Is Staff's surrebuttal position the same as its direct position (i.e., to recommend excluding replacement Well No. 6 from rate base)?

A. No. Staff now recommends including replacement Well No. 6 in rate base.

Q. Why is Staff recommending inclusion in rate base of plant that was not operational until thirteen months after the test year?

A. The primary concern regarding rate base recognition of plant placed in service after the test year is the mismatch created between recognized plant and test year revenues and expenses. Another concern with after test year plant additions is that the purpose of such plant may be to serve customer growth. In this instance, replacement Well No. 6 provides replacement capacity for a well that is no longer operational, i.e., it replaces lost test year well capacity and restores the test year capacity, it is providing capacity for test year customers. Furthermore, the Commission has authorized an emergency interim surcharge to provide recovery of the debt service on a loan used to finance the construction of replacement Well No. 6. Thus, the existing authorized tariffs effectively provide cost recovery of replacement Well No. 6. In conclusion, the circumstances pertaining to replacement Well No. 6 are unique and recognizing it in rate base does not create a mismatch that is inconsistent with the test year concept.

Q. What is the value of Well No. 6 Staff is recognizing in rate base?

A. Mr. Prince's rebuttal testimony puts the revised cost of Well No. 6 at $258,833 (Prince RT at 8). Staff recommends including $265,882 in rate base for Well No. 6, the actual documented cost.

Emergency Interim Surcharge

Q. Please explain the relationship between replacement Well No. 6 and the Emergency Interim Surcharge ("EIS") authorized in Decision No. 70138?

A. The EIS was established by the Commission to provide debt service coverage on a Water Infrastructure Financing Authority of Arizona ("WIFA") loan used to fund replacement Well No. 6. The Company proposes termination of the EIS upon inclusion of replacement Well No. 6 in rate base.

Q. What is Staff's recommendation regarding the EIS?

A. Emergency rates should terminate with the establishment of new permanent rates in this proceeding. Accordingly, the EIS should be eliminated regardless of the rate base treatment of replacement Well No. 6.

Arsenic Treatment Facilities

Q. What is Mr. Prince's response to Staff's recommendation to eliminate the arsenic treatment facilities ("ATFs") from rate base?

A. The Company anticipates that one of its two ATF sites (Glendale) will be operational by the time of the hearing in this case. However, the Company is willing to accept Staff's recommendation to exclude both ATFs from rate base provided that an Arsenic Remedial Surcharge Mechanism ("ARSM") surcharge sufficient to service its WIFA debt is adopted

in Docket Nos. W-01412A-04-0736 and W-01412A-04-0849 and that the surcharge continues through the next rate case.

Q. What is Staff's recommendation regarding the inclusion of the ATF in rate base?

A. As noted in the Company's rebuttal testimony (Prince RT at 4), the Bethany Home Site does not have the appropriate Special Use Permit ("SUP") as required by the Maricopa County Planning Department ("MCPD"). Lacking the required approval, the Bethany ATF is not used and useful and should not be included in rate base. At this time, 13 months after the test year, the Glendale ATF also is not operational. Accordingly, Staff recommends excluding both ATFs from rate base. A discussion of Staff's recommendation regarding the ARSM surcharge is presented below.

Q. Does Mr. Prince's rebuttal testimony provide a revised valuation of the ATF cost from that presented in the Company's initial application?

A. Yes. He asserts that the ATF cost has increased by $260,000 from $1,926,000[1] to $2,184,000.

Q. What is Staff's recommendation of the revised cost basis?

A. Staff received supporting documentation for the incremental costs on August 17, 2009, and is currently reviewing that documentation to determine the amount of the additional cost. However, for the reasons previously discussed, the ATF would not be included in rate base in this proceeding.

[1] The Company's schedules reflect the amount as $1,926,100.

Arsenic Remedial Surcharge

Q. Why does the Company claim that the ARSM surcharge should continue until the next rate case?

A. The Company has indicated that the discontinuation of the ARSM surcharge, along with the removal of all of the Company's post test year plant from rate base would likely result in negative net earnings for VUWC.

Q. What is Staff's recommendation regarding the continuation of the ARSM surcharge?

A. In Docket Nos. W-01412A-04-0736 and W-01412A-04-0849, Staff will be recommending adoption of an ARSM surcharge that provides debt service coverage on the ATF related WIFA loan and continuation of the ARSM surcharge through the earlier of the effective date of the rates authorized in a subsequent rate proceeding or August 31, 2013. Providing a termination date for the ARSM is appropriate to protect the interests of ratepayers. The recommended termination date provides the Company with sufficient opportunities to select an appropriate test year for its next rate case and the time to prepare its filing.

Central Arizona Project Acquisition Agreement

Q. Please explain the background pertaining to the Company's acquisition of the CAP water.

A. On January 12, 2007, the Board of Directors of VUWC approved the purchase of 250 acre feet of CAP water annually. The offered terms of the transaction were to either 1) pay a one-time payment of $163,000 or 2) make five annual installment payments of $36,000 (total of $180,000). The Company chose to finance the acquisition over five years at $36,000 per year, thus, incurring $17,000 ($180,000 - $163,000) in financing charges.

Q. Do the terms of the CAP water purchase agreement suggest that a debt may have been incurred?

A. Yes. The terms provide for acquiring an asset over a five-year term that includes an implied 5.2 percent interest rate.

Q. Did the Company request Commission approval for the transaction?

A. No. The Company stated that it did not seek approval as it was not asking for it to be included in rate base.

Q. Is Commission approval necessary for issuance of evidence of indebtedness?

A. The Company asserts that it does not believe this is a long-term debt because it can stop making payments and may turn the allocation in at any time and receive a full refund. Hence, there is no encumbrance on the Company's assets. Therefore, in an abundance of caution, Staff recommends that VUWC should file an application before the Commission so the Commission may determine whether the long-term agreement with the VUWC falls under A.R.S. §§ 40-301 and -302.

Q. What is Staff's recommendation on the CAP water allotment contract?

A. Staff notes that the Company decision to purchase the allotment for $36,000 over five years, rather than the one time payment of $163,000, has resulted in a carrying charge of 5.2 percent over the cash purchase price. Staff does not dispute the readily marketable nature of the CAP allocation but, if the Company fails to make the annual installment payments, it loses the ability to purchase this water. Accordingly, Staff recommends that the Company file the application referenced above no later than 30 days subsequent to the effective date of the Commission's Order in this docket.

IV. STAFF'S RESPONSE TO THE REBUTTAL TESTIMONY OF THOMAS BOURASSA

Operating Margin

Q. Does the Company's rebuttal testimony modify its requested revenue from its initial application?

A. Yes. The Company has reduced its revenue requirement from $1,533,160 to $1,322,302. The Company's reduced revenue requirement reflects multiple changes from its initial application. Notable changes included adoption of Staff's recommendation to exclude the ATFs from rate base, depreciation of the ATFs, lowering the requested operating margin from 15 percent to 10 percent and a $102,966 change to the revenue annualization adjustment from $24,537 downward to $127,503 downward.

Q. What is the Company's position with respect to the Operating Margin?

A. Staff's understanding of Company's testimony (Bourassa RT at 4) is that its requested operating margin is dependent upon the degree to which its recommendations are adopted. Net earnings, treatment of the ARSM surcharge and EIS are items specifically mentioned by Mr. Bourassa.

Q. Does Staff agree that the appropriate Operating Margin is affected by other factors?

A. Yes. Staff agrees that the appropriate operating margin is dependent on factors including cash flow, debt service coverage and income. The ARSM surcharge and EIS impact these factors. Staff's recommended operating margin of 10 percent reflects consideration of these factors.

Land Rights

Q. Does the Company agree with Staff's rate base adjustment No. 1 to reclassify $55,000 from Water Treatment Equipment to Land Rights?

A. It is Staff's understanding from the Company's rebuttal testimony (Bourassa at 11) that the Company agrees that $55,000 should be reclassified from Water Treatment Equipment to Land. However, the Company has excluded it from rate base because it is related to the ATF which the Company is excluding from rate base.

Q. Does Staff agree with the Company's exclusion of the reclassified $55,000 of Land Rights from rate base?

A. Yes. The reclassified easement is related to the ATF that the Company and Staff have excluded from rate base.

Arsenic Media Cost

Q. What does the Company propose regarding the $100,000 capitalized as arsenic media cost?

A. The Company proposes excluding the arsenic media cost from rate base. The Company also eliminated related depreciation expense.

Q. Does Staff agree with the Company's proposed treatment of the arsenic media cost?

A. Yes. Staff had included $100,000 of arsenic media cost in plant in its direct testimony and also allowed for depreciation expense. Accordingly, Staff rate base adjustment no. 7 now reflects a $100,000 removal of the arsenic media cost from plant and operating adjustment No. 6 reflects removal of the related depreciation expense.

Revenue Annualization

Q. What is the Company's rebuttal position regarding a revenue annualization?

A. The Company's initial application included a $24,537 downward adjustment to annualize water sales and a $2,660 upward adjustment to recognize an increase in requested service charges resulting in a net downward adjustment of $21,877. In its rebuttal testimony (Bourassa at 16), the Company proposes to increase the water sales annualization component by $102,966 from $24,537 to $127,503 and to retain the $2,660 upward adjustment due to proposed increases in service charges resulting in a net downward adjustment of $124,843.

Q. What is the basis for the Company's revised annualization adjustment?

A. The Company asserts that metered water sales for the period July 2008 through June 2009, the twelve month period subsequent to the test year, were $127,503 less than in the test year. The Company claims this is a known and measurable adjustment.

Q. Does a change in revenues from the test year to the subsequent 12-month period represent a known and measurable change?

A. No. A known and measurable change in revenue is only relevant if it accurately represents a change in operating income. The purpose of such an adjustment is to maintain income at the proposed level based on the test year activity when known changes occur that can be reasonably measured. In other words, the Company's revised portion of the Company's revenue annualization adjustment creates a mismatch by using the revenue from one year and the expenses from another year to calculate the operating income that its proposes for the test year. The purpose of an annualization adjustment is to reflect changes that occur *within* the test year. This provides for measurement of the revenues and expenses at the same point in time as the rate base, i.e., the end of the test year.

Q. Does the explanation provided in the Company's rebuttal testimony satisfy Staff's concern that the Company's annualization adjustment contained computational errors?

A. Yes. The Company's rebuttal testimony explains that the customer and use data in the Company's Schedule C-2, pages 5.1 through 5.11 is inconsistent with that in Schedule H-1. Staff has now verified that the Company's $24,537 calculation for the test year water sales annualization is correct. That is, Staff concludes that a $24,537 downward adjustment for annualizing metered water sales is appropriate. Since the Company's initial application include a $21,877 pro forma annualization downward adjustment composed of a $24,537 downward adjustment for water sales and a $2,660 upward adjustment for increases in service charges and Staff continues to oppose the latter for the reasons presented in its direct testimony, Staff recommends a $2,660 downward adjustment to the Company's initial application.

Depreciation Expense

Q. Are Staff and the Company in essential agreement with respect to Depreciation expense?

A. Yes. Staff is recommending $191,693, or $2,919 less that the Company's rebuttal position that proposes $194,592 for depreciation expense. The difference relates to 1) the valuation of Well No. 6 and 2) the amortization of a Contribution in aid of Construction ("CIAC") rate. Staff is recognizing the actual amount of supported cost for Well No. 6 ($265,882) and the Company used an estimate ($250,000). Staff's calculation of the CIAC amortization rate (Surrebuttal Schedule GTM-15) excludes non-depreciable accounts and the Company's includes non-depreciable accounts.

Repairs and Maintenance Expense

Q. Does the Company agree with Staff's recommendation to normalize Repairs and Maintenance expense as the average cost per customer over a three-year period ending with the test year?

A. No. VUWC proposes its actual recorded amount for the test year of $14,210 as opposed to Staff's normalized level of $12,668, a $1,542 reduction. The Company rejects the recognized ratemaking principle of normalization claiming that it is backward looking, may reflect abnormally high or low levels and has varying outcomes depending upon the periods used for averaging.

Q. What is Staff's response to the Company's objections to use of the ratemaking principle of normalization?

A. First, normalization is a recognized ratemaking principle, and the Commission has recognized normalization adjustments in other rate cases. Second, the reason for normalization adjustments is to mitigate the consequences of the abnormally high or low levels of expenses in any particular year, and to allow expenses that reflect the on-going average level of those expenses. The Company's reported Repairs and Maintenance expenses for the fiscal years 2006, 2007, and 2008 of $19,641, $2,964, and $14,210, respectively, are representative of the widely varying year-to-year expenses that should be moderated. Finally, Staff's normalized repairs and maintenance expense is based on a three-year period – the same period recognized by Staff and the Company for recovery of rate case expense. If the Company files rate cases every three years and expenses are normalized over a three-year period, it will recover all of its costs for all years. Normalization in this manner provides reduced risk for the Company and an equitable outcome for ratepayers.

Q. What is Staff recommending?

A. Staff continues to recommend normalization of repairs and maintenance expenses as the average cost per customer over a three-year period ending with the test year. Staff recommends removing $1,542 from repairs and maintenance to reflect a normalized level of repair and maintenance expenses as shown in Surrebuttal Schedule GTM-11.

Rate Design

Q. What criticism does the Company have of Staff's rate design?

A. The Company asserts that Staff's recommended rate design will result in more revenue instability than the Company's because Staff recommends percentage increases in the commodity rates greater than the overall percentage increase in revenue.

Q. Please comment on the Company's criticism that Staff did not set break-over points for the 5/8 x 3/4-inch and 3/4-inch meter commercial customers and for all larger meters to reflect the flow capacity multiples for each meter size relative to that of a 5/8 x 3/4-inch meter.

A. First, proper setting of break-over points requires consideration of multiple rate design parameters, not only relative flow capacities. Simply establishing break-over points for larger meters at multiples of the break-over point for a 5/8-inch x 3/4-inch meter may have inequitable or undesirable results. For example, a rate structure that recovers 90 percent of water sales revenue from the minimum charges requires different break-over points than a rate structure that recovers 10 percent of water sales revenue from the minimum charges. Similarly, a rate structure with a large difference between tier rates requires different break-over points than a rate structure with a small difference between tier rates. The break-over points for the rate structure should reflect the interdependence of rate design parameters. The Company's proposed rate structure uses relatively low break-over

points and a relatively low $0.22 (8.1 percent) differential between the $2.73 tier one rate and the $2.99 tier two rate (Bourassa Rebuttal at 21) compared with Staff's rate structure.

Second, the Company misstated the percentage increase in Staff's recommended second and third tier rates for 5/8 x 3/4-inch and 3/4-inch residential meters as 19 percent and 38 percent, respectively. Similarly, the Company misstated the percentage increase in Staff's recommended first and second tier rates for 5/8 x 3/4-inch and 3/4-inch commercial meters and all larger meters as 19 percent and 38 percent, respectively. The respective correct percentages are 12.5 percent and 22.5 percent.

Third, the percentage increases in Staff surrebuttal for these tier rates are 1.7 percent and 22.5 percent.

Fourth, the present rate design provides 34.5 percent of the metered revenue from monthly minimum charges, and Staff surrebuttal rate design provides 34.0 percent of the metered revenue from the monthly minimum charges. Thus, Staff's rate design maintains a large degree of revenue stability. Moreover, revenue stability is a measure of all of the Company's revenue sources. Staff is recommending annualized ARSM surcharge revenues in excess of $200,000. Staff is recommending recovery of 100 percent of the ARSM surcharge via a fixed monthly amount, i.e., the equivalent of a monthly minimum charge. In contrast, the Company has proposed to recover 100 percent of ARSM surcharge via commodity charges. Overall, Staff's rate design provides greater revenue stability than the Company's rate design.

Finally, the larger percentage increase in the third tier rates for 5/8 x 3/4-inch and 3/4-inch residential meters and in the second tier rates for 5/8 x 3/4-inch and 3/4-inch commercial meters and all larger meters in Staff's rate design sends an appropriate price signal to large water users to use water efficiently.

Q. Has Staff made any material changes to the rate structure?

A. No. Staff continues to recommend a rate design that is consistent with that recommended in its direct testimony modified to generate Staff's surrebuttal revenue requirement.

Q. What is the impact of Staff's recommended rate design on the typical residential customer's bill?

A. Staff's rate design would increase the monthly bill for a 5/8 x 3/4-inch residential customer with median use of 5,500 gallons by $1.36 (6.32 percent) from $21.52 to $22.88.

V. COMMISSION DIRECTIVES TO STAFF

Q. What did ACC Decision No. 68309 direct Staff to do during the next rate case?

A. Staff was instructed to review the Company's books and bring to the Commission's attention 1) the existence of any non-arm's-length transactions between the Company and its shareholder and 2) any evidence of inappropriate practices that contribute to the deterioration of equity.[2]

Q. What were the results of this review of the books of the Company?

A. Staff found two instances of potentially non-arm's length transactions but no evidence of practices that eroded equity. The results of this review were discussed on pages 21 through 24 of Mr. McMurry's Direct Testimony.

[2] Decision No. 68309, p.27.

Q. What did ACC Decision No. 70956 direct Staff to perform in the context of the next rate proceeding?

A. Staff was ordered "to determine the amount of funds collected pursuant to Decision No. 62908 that should offset the WIFA Loan #2 and to determine whether the funds comingled in the Set-Aside Account were used for utility purposes."[3]

Q. What were the results of Staff's analysis of the Set-Aside Account?

A. In Decision No. 68309, the Commission ordered redirection of the use of funds collected to service WIFA Loan No. 1 to the service of WIFA Loan No. 2[4] and directed VUWC to file an application for an arsenic removal surcharge tariff if a surcharge was necessary to allow it to meet its principal and interest obligations on WIFA Loan No. 2 and income taxes on the surcharges. On November 13, 2008, pursuant to Decision No. 68309, VUWCO filed a request for approval of an ARSM surcharge.[5] Staff analysis of the funds collected and their use was conducted in those dockets in order to form Staff's recommendations pertaining to the Company's request for an ARSM surcharge. That analysis is also adopted by reference in this case. In summary, Staff concludes that VUWC had gross collections of $548,620[6] and total authorized uses of $481,901 for a net over-collection of $66,719 at July 31, 2009. Staff calculated that the over-collection balance is sufficient for 4 months of debt service on WIFA Loan No. 2. In other words, assuming the Company makes its debt service payments as scheduled through November 1, 2009, it will have used the collected funds for appropriate purposes. Accordingly, Staff recommends authorization of an ARSM surcharge[7] for service provided beginning November 1, 2009.

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[3] Decision No. 70956, p 17.
[4] Decision No. 68309, p.9.
[5] Docket Nos. W-01412A-04-0736 and W-01412A-04-0849
[6] Includes Set-Aside and actual and imputed interest thereon and Arsenic Impact Fee.
[7] $5.51 per month per 5/8 x3/4-inch meter equivalent.

Q. Does this conclude your surrebuttal testimony?

A. Yes, it does.

VALLEY UTILITIES WATER COMPANY, INC
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SURREBUTTAL TESTIMONY OF Gary T. McMurry

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VALLEY UTILITIES WATER COMPANY, INC
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REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	(A) COMPANY ORIGINAL COST	(B) COMPANY RECONSTRUCTION COST	(C) COMPANY FAIR VALUE	(D) STAFF ORIGINAL COST	(E) STAFF RECONSTRUCTION COST	(F) STAFF FAIR VALUE
1	Adjusted Rate Base	$ 1,741,191	$ 1,741,191	$ 1,741,191	$ (169,027)	$ (169,027)	$ (169,027)
2	Adjusted Operating Income (Loss)	$ 12,012	$ 12,012	$ 12,012	$ 65,661	$ 65,661	$ 65,661
3	Current Rate of Return (L2 / L1)	0.69%	0.69%	0.69%	-38.85%	-38.85%	-38.85%
4	Proposed/Recommended Operating Margin	15.00%	15.00%	15.00%	10.00%	10.00%	10.00%
5	Required Rate of Return	13.21%	13.21%	13.21%	NMF	NMF	NMF
6	Required Operating Income (L4 * L1)	$ 229,974	$ 229,974	$ 229,974	$ 132,427	$ 132,427	$ 132,427
7	Operating Income Deficiency (L5 - L2)	$ 217,962	$ 217,962	$ 217,962	$ 66,765	$ 66,765	$ 66,765
8	Gross Revenue Conversion Factor	1.4840	1.4840	1.4840	1.7557	1.7557	1.7557
9	Required Revenue Increase (L7 * L8)	$ 323,456	$ 323,456	$ 323,456	$ 117,222	$ 117,222	$ 117,222
10	Adjusted Test Year Revenue	$ 1,207,044	$ 1,207,044	$ 1,207,044	$ 1,207,044	$ 1,207,044	$ 1,207,044
11	Proposed Annual Revenue (L8 + L9)	$ 1,530,500	$ 1,530,500	$ 1,530,500	$ 1,324,266	$ 1,324,266	$ 1,324,266
12	Required Increase in Revenue (%)	26.80%	26.80%	26.80%	9.71%	9.71%	9.71%
13	Rate of Return on Common Equity (%)	NMF	NMF	NMF	NMF	NMF	NMF

References:
Column (A): Company Schedule B-1
Column (B): Company Schedule B-1
Column (C): Company Schedules A-1, A-2, & D-1
Column (D): Staff Schedule GTM-2 , GTM-3 & GTM-8
Column (E): Staff Schedule GTM-2 , GTM-3 & GTM-8
Column (F): Staff Schedule GTM-2 , GTM-3 & GTM-8

VALLEY UTILITIES WATER COMPANY, INC
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Surrebuttal Schedule GTM-2

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
	Calculation of Gross Revenue Conversion Factor:				
1	Revenue	100.0000%			
2	Uncollecible Factor (Line 11)	0.0000%			
3	Revenues (L1 - L2)	100.0000%			
4	Combined Federal and State Tax Rate (Line 17) + Property Tax Factor (Line 22)	43.0437%			
5	Subtotal (L3 - L4)	56.9563%			
6	**Revenue Conversion Factor (L1 / L5)**	1.755730554			
	Calculation of Uncollectible Factor:				
7	Unity	100.0000%			
8	Combined Federal and State Tax Rate (Line 17)	42.4612%			
9	One Minus Combined Income Tax Rate (L7 - L8)	57.5388%			
10	Uncollectible Rate	0.0000%			
11	Uncollectible Factor (L9 * L10)	0			
	Calculation of Effective Tax Rate:				
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 44)	38.1516%			
16	Effective Federal Income Tax Rate (L14 x L15)	0.354932287			
17	Combined Federal and State Income Tax Rate (L13 +L16)	42.4612%			
	Calculation of Effective Property Tax Factor				
18	Unity	100.0000%			
19	Combined Federal and State Tax Rate (Line 17)	42.4612%			
20	One Minus Combined Income Tax Rate (L18 - L19)	57.5388%			
21	Property Tax Factor (GTM-18, L24)	1.0122%			
22	Effective Property Tax Factor (L 21 * L 22)	0.5824%			
23	Combined Federal and State Tax and Property Tax Rate (L17+L22)		43.0437%		
24	Required Operating Income (Schedule GTM-1, Line 5)	$ 132,427			
25	AdjustedTest Year Operating Income (Loss) (Schedule GTM-10, Line 40)	$ 65,661			
26	Required Increase in Operating Income (L24 - L25)		$ 66,765		
27	Income Taxes on Recommended Revenue (Col. (D), L52)	$ 71,411			
28	Income Taxes on Test Year Revenue (Col. (B), L52)	$ 22,141			
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		$ 49,270		
30	Recommended Revenue Requirement (Schedule GTM-1, Line 10)	$ 1,324,266			
31	Uncollectible Rate (Line 10)	0.0000%			
32	Uncollectible Expense on Recommended Revenue (L24 * L25)	$ -			
33	Adjusted Test Year Uncollectible Expense	$ -			
34	Required Increase in Revenue to Provide for Uncollectible Exp. (L32 - L33)		$ -		
35	Property Tax with Recommended Revenue (GTM-18, L19)	$ 39,273			
36	Property Tax on Test Year Revenue (GTM-18, L 16)	$ 38,087			
37	Increasee in Property Tax Due to Increase in Revenue (GTM-18, L22)		$ 1,187		
38	Total Required Increase in Revenue (L26 + L30 + L34+L37)		$ 117,222		
	Calculation of Income Tax:	Test Year		STAFF Recommended	
39	Revenue (Schedule GTM-10, Col.[C], Line 5 & Sch. GTM-1, Col. [B], Line 10)	$ 1,207,044		$ 1,324,266	
40	Operating Expenses Excluding Income Taxes	$ 1,119,242		$ 1,120,429	
41	Synchronized Interest (L47)	$ -		$ -	
42	Arizona Taxable Income (L36 - L37- L38)	$ 87,802		$ 203,837	
43	Arizona State Income Tax Rate	6.9680%		6.9680%	
44	Arizona Income Tax (L39 x L40)		$ 6,118		$ 14,203
45	Federal Taxable Income (L33 - L35)	$ 81,684		$ 189,634	
46	Federal Tax on First Income Bracket ($1 - $50,000) @ 15%	$ 7,500		$ 7,500	
47	Federal Tax on Second Income Bracket ($50,001 - $75,000) @ 25%	$ 6,250		$ 6,250	
48	Federal Tax on Third Income Bracket ($75,001 - $100,000) @ 34%	$ 2,272		$ 8,500	
49	Federal Tax on Fourth Income Bracket ($100,001 - $335,000) @ 39%	$ -		$ 34,957	
50	Federal Tax on Fifth Income Bracket ($335,001 -$10,000,000) @ 34%	$ -		$ -	
51	Total Federal Income Tax		$ 16,022		$ 57,207
52	Combined Federal and State Income Tax (L35 + L42)		$ 22,141		$ 71,411
53	Applicable Federal Income Tax Rate [Col. (D), L42 - Col. (B), L42] / [Col. (C), L36 - Col. (A), L36]				38.15%
	Calculation of Interest Synchronization:				
54	Rate Base (Schedule GTM-3, Col. [C], Line (17))	$ (169,027)			
55	Weighted Average Cost of Debt (Schedule GTM-1)	5.20%			
56	Synchronized Interest (L45 X L46)	NMF			

VALLEY UTILITIES WATER COMPANY, INC
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Surrebuttal Schedule GTM-3

RATE BASE - ORIGINAL COST

LINE NO.		(A) COMPANY AS FILED	(B) STAFF ADJUSTMENTS	REF	(C) STAFF AS ADJUSTED
1	Plant in Service	$ 8,596,870	$ (1,910,218)		$ 6,686,652
2	Less: Accumulated Depreciation	2,051,031	-		2,051,031
3	Net Plant in Service	$ 6,545,839	$ (1,910,218)		$ 4,635,621
	LESS:				
4	Contributions in Aid of Construction (CIAC)	$ 1,322,934	$ -		$ 1,322,934
5	Less: Accumulated Amortization	289,647	-		289,647
6	Net CIAC	$ 1,033,287	$ -		$ 1,033,287
7	Advances in Aid of Construction (AIAC)	3,515,087	-		3,515,087
8	Customer Deposits	224,503	-		224,503
9	Deferred Income Tax Credits	31,772	-		31,772
	ADD:				
10	Unamortized Finance Charges	-	-		-
11	Deferred Tax Assets	-	-		-
12	Working Capital	-	-		-
13	Intentionally Left Blank	-	-		-
14	**Original Cost Rate Base**	$ 1,741,191	$ (1,910,218)		$ (169,027)

References:
Column (A), Company Schedule B-1
Column [B]: Column [C] - Column [A]
Column [C], GTM-4

VALLEY [illegible]IES WATER COMPANY, INC
Docket N[illegible] 412A-08-0586
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SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] GTM-5 Access Rights ADJ #1	[C] GTM-6 Well #6 ADJ #2	[D] GTM-7 Treatment Plant ADJ #3	[E] Not Used ADJ #4	[F] Not Used ADJ #5	[J] STAFF ADJUSTED
	PLANT IN SERVICE:								
1	301	Organization Cost	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2	302	Franchise Cost	-	-	-	-	-	-	-
3	303	Land and Land Rights	448,196	-		-	-	-	448,196
4	304	Structures and Improvements	17,167	-	-	-	-	-	17,167
5	305	Collecting and Impounding Res.	-	-	-	-	-	-	-
6	306	Lake River and other Intakes	-	-	-	-	-	-	-
7	307	Wells and Springs	1,397,717	-	15,882		-	-	1,413,599
8	308	Infiltration Galleries and Tunnels	-	-	-	-	-	-	-
9	309	Supply Mains	-	-	-	-	-	-	-
10	310	Power Generation Equipment	-	-	-	-	-	-	-
11	311	Electrical Pumping Equipment	448,660	-	-	-	-	-	448,660
12	320	Water Treatment Equipment	1,848,434	(55,000)		(1,771,100)		-	22,334
13	330	Distribution Reservoirs & Standpipe	828,116	-	-	-	-	-	828,116
14	331	Transmission and Distribution Mains	2,593,007	-	-	-	-	-	2,593,007
15	333	Services	123,765	-	-	-	-	-	123,765
16	334	Meters	419,733	-	-	-	-	-	419,733
17	335	Hydrants	147,203	-	-	-	-	-	147,203
18	336	Backflow Prevention Devices	-	-	-	-	-	-	-
19	339	Other Plant & Miscellaneous Equipment	1,237	-	-	-	-	-	1,237
20	340	Office Furniture & Fixtures	66,856	-	-	-	-	-	66,856
21	341	Transportation Equipment	88,026	-	-	-	-	-	88,026
22	342	Stores Equipment	-	-	-	-	-	-	-
23	343	Tools and Work Equipment	38,585	-	-	-	-	-	38,585
24	344	Laboratory Equipment	-	-	-	-	-	-	-
25	345	Power Operated Equipment	5,930	-	-	-	-	-	5,930
26	346	Communications Equipment	-	-	-	-	-	-	-
27	347	Miscellaneous Equipment	20,000	-	-	-	-	-	20,000
28	348	Other Tangible Plant	4,237	-	-	-	-	-	4,237
29	348	Other Tangible Plant Arsenic Media	100,000	-	-	(100,000)	-	-	-
30		Rounding Amount	1	-	-	-	-	-	1
31		Subtotal Plant in Service	$ 8,596,870	$ (55,000)	$ 15,882	$ (1,871,100)	$ -	$ -	$ 6,686,652
32									
33	Add:								
34	Other 1	Construction Work in Progress	-	-	-	-	-	-	-
35	Other 2	General Office Plant Allocation	-	-	-	-	-	-	-
36	Less:								
37	Other 3	Post Test Year Plant	-	-	-	-	-	-	-
38	Other 4	General Office Plant Allocation	-	-	-	-	-	-	-
39									
40	Total Plant in Service:		$ 8,596,870	$ (55,000)	$ 15,882	$ (1,871,100)	$ -	$ -	$ 6,686,652
41	Less: Accumulated Depreciation (Company Sch. B-2 Page 4)		2,051,031	-	-	-	-	-	$ 2,051,031
42		Intentionally Left Blank	-	-	-	-	-	-	-
43	Net Plant in Service (L59 - L 60)		$ 6,545,839	$ (55,000)	$ 15,882	$ (1,871,100)	$ -	$ -	$ 4,635,621
44									
45	LESS:								
46	Contributions in Aid of Construction (CIAC)		$ 1,322,934	$ -	$ -	$ -	$ -	$ -	1,322,934
47	Less: Accumulated Amortization		289,647	-	-	-	-	-	289,647
48	Net CIAC (L25 - L26)		$ 1,033,287	$ -	$ -	$ -	$ -	$ -	1,033,287
49	Advances in Aid of Construction (AIAC)		3,515,087	-	-	-	-	-	3,515,087
50	Customer Deposits		224,503	-	-	-	-	-	224,503
51	Deferred Income Taxes		31,772	-	-	-	-	-	31,772
52									
53	ADD:								
54	Unamortized Finance Charges		-	-	-	-	-	-	-
55	Deferred Tax Assets		-	-	-	-	-	-	-
56	Working Capital		-	-	-	-	-	-	-
57	Regulatory Asset (Liability)		-	-	-	-	-	-	-
58	Original Cost Rate Base		$ 1,741,191	$ (55,000)	$ 15,882	$ (1,871,100)	$ -	$ -	$ (169,027)

References:
Column [A] Schedule B-2

VALLEY UTILITIES WATER COMPANY, INC
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Surrebuttal Schedule GTM-5

ORIGINAL COST RATE BASE ADJUSTMENT # 1 - EASEMENT RECLASSIFICATION AND DISALLOWANCE

Line No.	Account Number	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	301	Land and Land Rights	$ 44,196	(a)	$ 44,196
2	320	Water Treatment Equipment	1,848,434	$ (55,000)	$ 1,793,434

(a) Reflects $55,000 reclassification from Water Treatment Equipment and $55,000 disallowance as not used and useful ATF.

References:
Col [A]: Company Schedule B-1
Col [B]: GTM Testimony
Col [C]: Col. [A] + Col. [B]
Col [C]: Col. [A] + Col. [B]

VALLEY UTILITIES WATER COMPANY, INC
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Surrebuttal Schedule GTM-6

ORIGINAL COST RATE BASE ADJUSTMENT # 2 - WELL No. 6

LINE NO.	Account Number	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	307	Wells and Springs	$ 1,397,717	$ 15,882	$ 1,413,599

Invoice support provided	$ 265,882
Post Test Year Plant adjustment	$ 250,000
Excess of supported vs. claimed well # 6 costs	$ 15,882

References:
Col [A]: Company Schedule B-1
Col [B]: GTM Testimony
Col [C]: Col. [A] + Col. [B]

VALLEY UTILITIES WATER COMPANY, INC
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Surrebuttal Schedule GTM-7

ORIGINAL COST RATE BASE ADJUSTMENT # 3 REMOVE WATER TREATMENT PLANT & ARSENIC MEDIA

LINE NO.	Account Number	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	320	Water Treatment Equipment	$ 1,848,434		
2		Staff Rate Base Adjustment No 1	(55,000)		
3					
4		Net	$ 1,793,434	$ (1,771,100)	$ 22,334
5	348	Other Tangible Plant Arsenic Media	$ 100,000	$ (100,000)	$ -

References:
Col [A]: Company Schedule B-1
Col [B]: GTM Testimony
Col [C]: Col. [A] + Col. [B]

VALLE ILITIES WATER COMPANY, INC
Docket No. W-0412A-08-0586
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OPERATING INCOME STATEMENT - ADJUSTED TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	[A] COMPANY ADJUSTED TEST YEAR AS FILED	[B] STAFF TEST YEAR ADJUSTMENTS	[C] STAFF TEST YEAR AS ADJUSTED	[D] STAFF PROPOSED CHANGES	[E] STAFF RECOMMENDED
1	*OPERATING REVENUES:*					
2	Metered Water Revenues	$ 1,164,238	$ (2,660)	$ 1,161,578	$ 114,562	$ 1,276,140
3	Unmetered Water Revenues	-	-	-	-	-
4	Other Water Revenues	45,466	-	45,466	2,660	48,126
5	Total Operating Revenues	$ 1,209,704	$ (2,660)	$ 1,207,044	$ 117,222	$ 1,324,266
6						
7	*OPERATING EXPENSES:*					
8	Salaries and Wages	$ 355,559	$ -	$ 355,559	$ -	$ 355,559
9	Employee Pensions & Benefits	5,343	$ -	5,343	-	5,343
10	Purchased Water	4,357	$ -	4,357	-	4,357
11	Purchased Power	136,963	$ -	136,963	-	136,963
12	Chemicals	7,549	$ -	7,549	-	7,549
13	Repairs and Maintenance	14,210	$ (1,542)	12,668	-	12,668
14	Office Supplies and Expense	10,006	$ -	10,006	-	10,006
15	Outside Services	31,734	$ 2,389	34,123	-	34,123
16	Water Testing	-	$ -	-	-	-
17	Rents	56,601	$ -	56,601	-	56,601
18	Transportation Expenses	25,266	$ -	25,266	-	25,266
19	Insurance - General Liability	39,013	$ (10,304)	28,709	-	28,709
20	Insurance - Health and Life	84,637	$ (60)	84,577	-	84,577
21	Advertising	-	$ -	-	-	-
22	Regulatory Comm Expense - Rate Case	40,000	$ -	40,000	-	40,000
23	Regulatory Comm Expense - Other	15,856	$ -	15,856	-	15,856
24	Bad Debt Expense	228	$ -	228	-	228
25	Miscellaneous Expense	42,327	$ -	42,327	-	42,327
26	Depreciation and Amortization	313,518	$ (121,845)	191,673	-	191,673
27	Taxes other than Income	29,351	$ -	29,351	-	29,351
28	Property Taxes	39,304	$ (1,217)	38,087	1,187	39,273
29	Income Tax	(54,130)	$ 76,271	22,141	49,270	71,411
30	Total Operating Expenses	$ 1,197,692	(56,309)	$ 1,141,383	50,457	$ 1,191,839
31						
32	Operating Income	12,012	53,649	65,661	66,765	132,427

References:
Column [A]: Company Schedule C-1
Column [B]: Schedule GTM-11
Column [C]: Column [A] + Column [B]
Column [D]: Schedules GTM-1 and GTM-2
Column [E]: Column [C] + Column [D]

VALLEY UTILITIES WATER COMPANY, INC
Docket No. W-0412A-08-0586
Test Year ended June 30, 2008

SUMMARY OF OPERATING INCOME STATEMENT ADJUSTMENTS - TEST YEAR

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] GTM-10 Rev Annualization ADJ #1	[C] GTM-11 Repair & Maintenan ADJ #2	[D] GTM-12 Water Testing ADJ #3	[E] GTM-13 Liability Insurance ADJ #4	[R] GTM-14 Health & Life ADJ #5	[R] GTM-15 Depreciation ADJ #6	[R] GTM-16 Property Taxes ADJ #7	[S] GTM-17 Income Taxes ADJ #8	[T] STAFF ADJUSTED
1	*Operating Revenues:*										
2	Metered Water Revenues	$ 1,164,238	$ (2,660)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,161,578
3	Unmetered Water Revenues	-	-	-	-	-	-	-	-	-	-
4	Other Water Revenues	45,466	-	-	-	-	-	-	-	-	45,466
5	Total Operating Revenues	$ 1,209,704	$ (2,660)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,207,044
6											
7	*Operating Expenses:*										
8	Salaries and Wages	$ 355,559	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	355,559
9	Employee Pensions & Benefits	5,343	-	-	-	-	-	-	-	-	5,343
10	Purchased Water	4,357	-	-	-	-	-	-	-	-	4,357
11	Purchased Power	136,963	-	-	-	-	-	-	-	-	136,963
12	Chemicals	7,549	-	-	-	-	-	-	-	-	7,549
13	Repairs and Maintenance	14,210	-	(1,542)	-	-	-	-	-	-	12,668
14	Office Supplies and Expense	10,006	-	-	-	-	-	-	-	-	10,006
15	Outside Services	31,734	-	-	2,389	-	-	-	-	-	34,123
16	Water Testing	-	-	-	-	-	-	-	-	-	-
17	Rents	56,601	-	-	-	-	-	-	-	-	56,601
18	Transportation Expenses	25,266	-	-	-	-	-	-	-	-	25,266
19	Insurance - General Liability	39,013	-	-	-	(10,304)	-	-	-	-	28,709
20	Insurance - Health and Life	84,637	-	-	-	10,304	(10,364)	-	-	-	84,577
21	Advertising	-	-	-	-	-	-	-	-	-	-
22	Regulatory Comm Expense - Rate Case	40,000	-	-	-	-	-	-	-	-	40,000
23	Regulatory Comm Expense - Other	15,856	-	-	-	-	-	-	-	-	15,856
24	Bad Debt Expense	228	-	-	-	-	-	-	-	-	228
25	Miscellaneous Expense	42,327	-	-	-	-	-	-	-	-	42,327
26	Depreciation and Amortization	313,518	-	-	-	-	-	(121,845)	-	-	191,673
27	Taxes other than Income	29,351	-	-	-	-	-	-	-	-	29,351
28	Property Taxes	39,304	-	-	-	-	-	-	(1,217)	-	38,087
29	Income Tax	(54,130)	-	-	-	-	-	-	-	76,271	22,141
30	Total Operating Expenses	$ 1,197,692	$ -	$ (1,542)	$ 2,389	$ -	$ (10,364)	$ (121,845)	$ (1,217)	$ 76,271	$ 1,141,383
	Operating Income	$ 12,012	$ (2,660)	$ 1,542	$ (2,389)	$ -	$ 10,364	$ 121,845	$ 1,217	$ (76,271)	$ 65,661

VALLEY UTILITIES WATER COMPANY, INC
Docket No. W-0412A-08-0586
Test Year ended June 30, 2008

Schedule GTM-10

OPERATING INCOME ADJUSTMENT # 1 - REVENUE ANNUALIZATION

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Revenue Annualization	$ (21,877)	$ (2,660)	$ (24,537)
7				
8				
9				
10				
11				
12				
13				
14	References:			
15	Col [A]: Company Schedeule C-1 Page 3			
16	Col [B]: GTM Testimony			
17	Col [C]: Col. [A] + Col. [B]			

VALLEY UTILITIES WATER COMPANY, INC
Docket No. W-0412A-08-0586
Test Year ended June 30, 2008

Surrebuttal Schedule GTM-11

OPERATING INCOME ADJUSTMENT # 2 - NORMALIZATION OF REPAIRS AND MAINTENANCE

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Repairs and Maintenance	$ 14,210	$ (1,542)	$ 12,668
2				
3				
4			Number of	Weighted Ave
5	Repairs and Maintenance		Customers	Cost / Customer
6	FY 2006	$ 19,641	1,401	14.02
7	FY 2007	2,964	1,418	2.09
8	FY 2008	14,210	1,477	9.62
9	Total	$ 36,815		25.73
10	Number of Years			3
11	Normalized cost per customer			8.58
12				
13	Normalized amount based on cost per customer			
14	(e.g. 8.58 * 1,477 customers)			12,668
15				
16	References:			
17	Col [A]: Company Schedeule C-1 Page 3			
18	Col [B]: GTM Testimony			
19	Col [C]: Col. [A] + Col. [B]			

VALLEY UTILITIES WATER COMPANY, INC
Docket No. W-0412A-08-0586
Test Year ended June 30, 2008

Surrebuttal Schedule GTM-12

OPERATING INCOME ADJUSTMENT # 3 - WATER TESTING EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Water Sampling	$ 6,247	$ 2,389	$ 8,636
2				
3				
4				
5	Outside Services	Test Year		
6	631 Engineering	$ 1,351		
7	632 Legal & Accounting	$ 23,436		
8	635 Water Sampling	$ 6,247		
9	636 Contract Labor	$ 700		
10	Total	$ 31,734		
11				
12	References:			
13	Col [A]: Company Schedeule C-1 Page 3			
14	Col [B]: GTM Testimony			
15	Col [C]: Col. [A] + Col. [B]			

VALLEY UTILITIES WATER COMPANY, INC
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Test Year ended June 30, 2008

Surrebuttal Schedule GTM-13

OPERATING INCOME ADJUSTMENT # 4 - RECLASSIFY INSURANCE EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Insurance - General Liability	$ 39,013	$ (10,304)	$ 28,709
2	Insurance - Health and Life	84,637	10,304	94,941
3	Total Insurance	$ 123,650	$ -	$ 123,650
4				
5				
6				
7				
8				
9				
10				
11	References:			
12	Col [A]: Company Schedeule C-1 Page 3			
13	Col [B]: GTM Testimony			
14	Col [C]: Col. [A] + Col. [B]			
15	Col [C]: Col. [A] + Col. [B]			

VALLEY UTILITIES WATER COMPANY, INC
Docket No. W-0412A-08-0586
Test Year ended June 30, 2008

Surrebuttal Schedule GTM-14

OPERATING INCOME ADJUSTMENT # 5 - NON-RECURRING HEALTH AND LIFE INSURANCE

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Insurance - Health and Life	84,637	(10,364)	74,273
2	Reclassification (Staff Adj. #4)	-	-	10,364
3	Total Insurance	$ 84,637	$ (10,364)	84,637
4				
5				
6				
7				
8				
9				
10				
11				
12	References:			
13	Col [A]: Company Schedeule C-1 Page 3			
14	Col [B]: GTM Testimony			
15	Col [C]: Col. [A] + Col. [B]			
16	Col [C]: Col. [A] + Col. [B]			

VALLEY UTILITIES WATER COMPANY, INC
Docket No. W-0412A-08-0586
Test Year ended June 30, 2008

Surrebuttal Schedule GTM-15

OPERATING INCOME ADJUSTMENT # 6 - DEPRECIATION EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Operating Income	$ 313,518	$ (121,845)	$ 191,673

OPERATING INCOME ADJUSTMENT # - DEPRECIATION EXPENSE

Line No.	ACCT NO.	DESCRIPTION	[A] Company Proposed PLANT IN SERVICE BALANCE	[B] STAFF DEPR. PLANT BALANCE	[C] STAFF RECOMMENDED RATE	[D] STAFF RECOMMENDED EXPENSE
	Plant In Service					
2	301	Organization Cost	$ -	-		
3	302	Franchise Cost	-	-	0.00%	$ -
4	303	Land and Land Rights	448,196	448,196	0.00%	-
5	304	Structures and Improvements	17,167	17,167	3.33%	572
6	305	Collecting and Impounding Res.	-	-	2.50%	-
7	306	Lake River and other Intakes	-	-	2.50%	-
8	307	Wells and Springs	1,397,717	1,413,599	3.33%	47,073
9	308	Infiltration Galleries and Tunnels	-	-	6.67%	-
10	309	Supply Mains	-	-	2.00%	-
11	310	Power Generation Equipment	-	-	5.00%	-
12	311	Electrical Pumping Equipment	448,660	448,660	12.50%	56,082
13	320.0	Water Treatment Equipment	1,848,434	22,334	3.33%	744
14	330	Distribution Reservoirs & Standpipe	828,116	828,116	2.22%	18,384
15	331	Transmission and Distribution Mains	2,593,007	2,593,007	2.00%	51,860
16	333	Services	123,765	123,765	3.33%	4,121
17	334	Meters	419,733	419,733	8.33%	34,964
18	335	Hydrants	147,203	147,203	2.00%	2,944
19	336	Backflow Prevention Devices	-	-	6.67%	-
20	339	Other Plant & Miscellaneous Equipment	1,237	1,237	6.67%	83
21	340	Office Furniture & Fixtures	66,856	66,856	6.67%	4,459
22	341	Transportation Equipment	88,026	88,026	20.00%	17,605
23	342	Stores Equipment	-	-	4.00%	-
24	343	Tools and Work Equipment	38,585	38,585	5.00%	1,929
25	344	Laboratory Equipment	-	-	10.00%	-
26	345	Power Operated Equipment	5,930	5,930	5.00%	296
27	346	Communications Equipment	-	-	10.00%	-
28	347	Miscellaneous Equipment	20,000	20,000	10.00%	2,000
29	348	Other Tangible Plant	4,237	4,237	3.33%	141
30	348	Other Tangible Plant Arsenic Media	100,000	-	67.00%	
31						
		Subtotal General	$ 8,596,869	$ 6,686,651		$ 243,258
32		Less: Non- depreciable Account(s)	448,196	448,196		
33		Depreciable Plant (L29-L30)	$ 8,148,673	$ 6,238,455		
34		Contributions-in-Aid-of-Construction (CIAC)			$ 1,322,934	
35		Composite Depreciation/Amortization Rate			3.8993%	
36		Less: Amortization of CIAC (L32 x L33)				$ 51,586
37		Depreciation Expense - STAFF [Col. (C), L29 - L34]				$ 191,673

VALLEY UTILITIES WATER COMPANY, INC
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Test Year ended June 30, 2008

Surrebuttal Schedule GTM-16

OPERATING INCOME ADJUSTMENT # 7 - PROPERTY TAXES

LINE NO.	Property Tax Calculation	[A] STAFF AS ADJUSTED	[B] STAFF RECOMMENDED
1	Staff Adjusted Test Year Revenues - 2006	$ 1,207,044	$ 1,207,044
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	$ 2,414,088	$ 2,414,088
4a	Staff Adjusted Test Year Revenues - 2006	1,207,044	
4b	Staff Recommended Revenue, Per Schedule GTM-1		1,324,266
5	Subtotal (Line 4 + Line 5)	$ 3,621,132	$ 3,738,354
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	$ 1,207,044	$ 1,246,118
8	Department of Revenue Mutilplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	$ 2,414,088	$ 2,492,236
10	Plus: 10% of CWIP -	110,850	110,850
11	Less: Net Book Value of Licensed Vehicles	16,499	16,499
12	Full Cash Value (Line 9 + Line 10 - Line 11)	$ 2,508,439	$ 2,586,587
13	Assessment Ratio	21.0%	21.0%
14	Assessment Value (Line 12 * Line 13)	526,772	$ 543,183
15	Composite Property Tax Rate (Per Company Schedule C-2, Page 3, Line 16)	7.2302%	7.2302%
16	Staff Proposed Property Tax Expense (Line 14 * Line 15)	$ 38,087	
17	Company Proposed Property Tax	39,304	
18	Staff Test Year Adjustment (Line 16-Line 17)	$ (1,217)	
19	Property Tax - Staff Recommended Revenue (Line 14 * Line 15)		$ 39,273
20	Staff Test Year Adjusted Property Tax Expense (Line 16)		$ 38,087
21	Increase/(Decrease) to Property Tax Expense		$ 1,187
22	Decrease to Property Tax Expense		$ 1,187
23	Increase in Revenue Requirement		117,222
24	Decrease to Property Tax per Dollar Increase in Revenue (Line19/Line 20)		1.012228%

References:
Col [A]: Company Schedule C-1 Page 3
Col [B]: GTM Testimony

VALLEY UTILITIES WATER COMPANY, INC
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Test Year ended June 30, 2008

Surrebuttal Schedule GTM-17

OPERATING INCOME ADJUSTMENT # 8 - INCOME TAXES

LINE NO.	DESCRIPTION	[A] COMPANY PROPOSED	[B] STAFF ADJUSTMENTS	[C] STAFF RECOMMENDED
1	Income Tax	$ (54,130)	$ 76,271	$ 22,141
2				
3				
4				
5				
6				
7				
8				
9				
10				
11	References:			
12	Col [A]: Company Schedule C-1 Page 3			
13	Col [B]: Column [C] - Column [A]			
14	Col [C]: Schedule GTM-2			

RATE DESIGN

Monthly Usage Charge	Present Rates	Company Proposed Rates	Staff Recommended Rates
5/8" Meter - All Classes	$ 11.24	$ 14.34	$ 12.50
3/4" Meter - All Classes	$ 16.87	$ 21.53	$ 18.75
1" Meter - All Classes	$ 28.10	$ 35.86	$ 31.25
1½" Meter - All Classes	$ 56.21	$ 71.72	$ 62.50
2" Meter - All Classes	$ 89.24	$ 114.76	$ 100.00
3" Meter - All Classes	$ 179.87	$ 229.51	$ 200.00
4" Meter - All Classes	$ 281.05	$ 358.62	$ 312.50
6" Meter - All Classes	$ 562.10	$ 717.24	$ 625.00
3" Construction	$ 179.87	$ 229.51	N/A
Construction - All Classes			$ -
Commodity Rates			
5/8" Meter (Residential)			
From 1 to 3,000 Gallons	$ 1.50	$ 1.91	$ 1.70
From 3,001 to 10,000 Gallons	$ 2.31	$ 2.95	$ 2.60
Over 10,000 Gallons	$ 2.53	$ 3.23	$ 3.10
3/4" Meter (Residential)			
From 1 to 3,000 Gallons	$ 1.50	$ 1.91	$ 1.70
From 3,001 to 10,000 Gallons	$ 2.31	$ 2.95	$ 2.60
Over 10,000 Gallons	$ 2.53	$ 3.23	$ 3.10
1" Meter (Residential)			
From 1 to 50,359 Gallons	$ 2.31	N/A	N/A
Over 50,359 Gallons	$ 2.53	N/A	N/A
From 1 to 25,000 Gallons	N/A	$ 2.95	N/A
Over 25,000 Gallons	N/A	$ 3.23	N/A
From 1 to 30,000 Gallons	N/A	N/A	$ 2.60
Over 30,000 Gallons			$ 3.10
5/8" Meter (Commercial)			
From 1 to 18,000 Gallons	$ 2.31	$ 2.95	N/A
Over 18,000 Gallons	$ 2.53	$ 3.23	N/A
From 1 to 10,000 Gallons	N/A	N/A	$ 2.60
Over 10,000 Gallons	N/A	N/A	$ 3.10

	Present	Co. Proposed	Staff Recommended
3/4" Meter (Commercial)			
From 1 to 18,000 Gallons	$ 2.31	N/A	N/A
Over 18,000 Gallons	$ 2.53	N/A	N/A
From 1 to 15,000 Gallons	N/A	$ 2.95	N/A
Over 15,000 Gallons	N/A	$ 3.23	N/A
From 1 to 10,000 Gallons	N/A	N/A	$ 2.60
Over 10,000 Gallons	N/A	N/A	$ 3.10
1" Meter (Commercial)			
From 1 to 50,359 Gallons	$ 2.31	N/A	N/A
Over 50,359 Gallons	$ 2.53	N/A	N/A
From 1 to 25,000 Gallons	N/A	$ 2.95	N/A
Over 25,000 Gallons	N/A	$ 3.23	N/A
From 1 to 30,000 Gallons	N/A	N/A	$ 2.60
Over 30,000 Gallons	N/A	N/A	$ 3.10
1½" Meter (Res., Comm.)			
From 1 to 126,054 Gallons	$ 2.31	N/A	N/A
Over 126,054 Gallons	$ 2.53	N/A	N/A
From 1 to 50,000 Gallons	N/A	$ 2.95	N/A
Over 50,000 Gallons	N/A	$ 3.23	N/A
From 1 to 80,000 Gallons	N/A	N/A	$ 2.60
Over 80,000 Gallons	N/A	N/A	$ 3.10
2" Meter (Res., Comm.)			
From 1 to 151,256 Gallons	$ 2.31	N/A	N/A
Over 151,256 Gallons	$ 2.53	N/A	N/A
From 1 to 80,000 Gallons	N/A	$ 2.95	N/A
Over 80,000 Gallons	N/A	$ 3.23	N/A
From 1 to 140,000 Gallons	N/A	N/A	$ 2.60
Over 140,000 Gallons	N/A	N/A	$ 3.10
3" Meter (Res., Comm.)			
From 1 to 403,274 Gallons	$ 2.31	N/A	N/A
Over 403,274 Gallons	$ 2.53	N/A	N/A
From 1 to 160,000 Gallons	N/A	$ 2.95	N/A
Over 160,000 Gallons	N/A	$ 3.23	N/A
From 1 to 300,000 Gallons	N/A	N/A	$ 2.60
Over 300,000 Gallons	N/A	N/A	$ 3.10
4" Meter (Res., Comm.)			
From 1 to 453,722 Gallons	$ 2.31	N/A	N/A
Over 453,722 Gallons	$ 2.53	N/A	N/A
From 1 to 250,000 Gallons	N/A	$ 2.95	N/A
Over 250,000 Gallons	N/A	$ 3.23	N/A
From 1 to 450,000 Gallons	N/A	N/A	$ 2.60
Over 450,000 Gallons	N/A	N/A	$ 3.10
6" Meter (Res., Comm.)			
From 1 to 1,260,313 Gallons	$ 2.31	N/A	N/A
Over 1,260,313 Gallons	$ 2.53	N/A	N/A
From 1 to 500,000 Gallons	N/A	$ 2.95	N/A
Over 500,000 Gallons	N/A	$ 3.23	N/A
From 1 to 1,000,000 Gallons	N/A	N/A	$ 2.60
Over 1,000,000 Gallons	N/A	N/A	$ 3.10
3" Construction (Res., Comm.)			
All Gallons	$ 3.02	3.23	3.15

Service Line and Meter Installation Charges	Total	Line	Meter	Total	Line	Meter	Total
5/8" Meter	$ 520	$ 445	$ 155	$ 600	$ 445	$ 155	$ 600
3/4" Meter	600	445	255	700	445	255	700
1" Meter	690	495	315	810	495	315	810
1½" Meter	5,035	550	525	1,075	550	525	1,075
2" Turbine Meter	1,595	830	1,045	1,875	830	1,045	1,875
2" Compound Meter	2,320	830	1,890	2,720	830	1,890	2,720
3" Turbine Meter	2,275	1,045	1,670	2,715	1,045	1,670	2,715
3" Compound Meter	3,110	1,165	2,545	3,710	1,165	2,545	3,710
4" Turbine Meter	3,520	1,490	2,670	4,160	1,490	2,670	4,160
4" Compound Meter	4,475	1,670	3,645	5,315	1,670	3,645	5,315
6" Turbine Meter	6,275	2,210	5,025	7,235	2,210	5,025	7,235
6" Compound Meter	8,050	2,330	6,920	9,250	2,330	6,920	9,250
8"	Cost	Cost	Cost	Cost	Cost	Cost	Cost
10"	Cost	Cost	Cost	Cost	Cost	Cost	Cost
12"	Cost	Cost	Cost	Cost	Cost	Cost	Cost

Service Charges							
Establishment and/or reconnection	$ 30.00			$ 40.00			$ 40.00
Establishment and/or reconnection (After Hours)	45.00			60.00			60.00
Meter Test	30.00			30.00			30.00
Deposit Requirement (Residential)	(a)			(a)			(a)
Deposit Requirement (None Residential Meter)	(a)			(a)			(a)
Deposit Interest	6.00%			3.00%			6.00%
Re-Establishment (With-in 12 Months)	(b)			(b)			(b)
Re-Establishment (After Hours)	(b)			(b)			(b)
NSF Check	25.00			25.00			25.00
Deferred Payment, Per Month	1.5%			1.50%			1.50%
Meter Re-Read	10.00			10.00			10.00
Charge of Moving Customer Meter - Customer Requested per Rule R14-2-405B	Cost			Cost			Cost
After hours service charge, per Rule R14-2-403D	25.00			50.00			
Late Charge per month	10.00			10.00			1.50%

NT = No Tariff

Monthly Service Charge for Fire Sprinkler	
All Meter Sizes Less than 8" Less than 10" Less then 12"	Greater of $10 or 2 percent of the general service rate for a similar size meter.

Per Commission Rules (R14-2-403.B)

(a) Residential - two times the average bill. Non-residential - two and one-half times the average bill.
(b) Minimum charge times number of months disconnected.
(c) $100 Plus $12.50 times months off system.

In addition to the collection of regular rates, the utility will collect from its customers a proportionate share of any privelege, sales, use, and franchise tax. Per Commission Rule (14-2-409.D.5).
All advances and/or contributions are to include labor, materials, overheads and all applicable taxes,
Cost to include labor, materials and parts, overheads and all applicable taxes.

Typical Bill Analysis
Residential 5/8 Inch Meter

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	7,376	$ 25.85	$ 32.98	$ 7.13	27.59%
Median Usage	5,500	21.52	27.45	$ 5.93	27.56%
Staff Recommended					
Average Usage	7,376	$ 25.85	$ 27.28	$ 1.44	5.55%
Median Usage	5,500	21.52	22.88	$ 1.36	6.32%

Present & Proposed Rates (Without Taxes)
Residential 5/8 Inch Meter

Consumption	Rates	Rates	Increase	Rates	Increase
-	$ 11.24	$ 14.34	27.58%	$ 12.50	11.21%
1,000	12.74	16.25	27.55%	14.00	9.89%
2,000	14.24	18.16	27.53%	15.50	8.85%
3,000	15.74	20.07	27.51%	17.00	8.01%
4,000	18.05	23.02	27.53%	19.35	7.20%
5,000	20.36	25.97	27.55%	21.70	6.58%
5,500	21.52	27.45	27.56%	22.88	6.32%
6,000	22.67	28.92	27.57%	24.05	6.09%
7,000	24.98	31.87	27.58%	26.40	5.68%
7,376	25.85	32.98	27.59%	27.28	5.55%
8,000	27.29	34.82	27.59%	28.75	5.35%
9,000	29.60	37.77	27.60%	31.10	5.07%
10,000	31.91	40.72	27.61%	33.45	4.83%
11,000	34.44	43.95	27.61%	36.55	6.13%
12,000	36.97	47.18	27.62%	39.65	7.25%
13,000	39.50	50.41	27.62%	42.75	8.23%
14,000	42.03	53.64	27.62%	45.85	9.09%
15,000	44.56	56.87	27.63%	48.95	9.85%
16,000	47.09	60.10	27.63%	52.05	10.53%
17,000	49.62	63.33	27.63%	55.15	11.14%
18,000	52.15	66.56	27.63%	58.25	11.70%
19,000	54.68	69.79	27.63%	61.35	12.20%
20,000	57.21	73.02	27.64%	64.45	12.66%
25,000	69.86	89.17	27.64%	79.95	14.44%
30,000	82.51	105.32	27.65%	95.45	15.68%
35,000	95.16	121.47	27.65%	110.95	16.59%
40,000	107.81	137.62	27.65%	126.45	17.29%
45,000	120.46	153.77	27.65%	141.95	17.84%
50,000	133.11	169.92	27.65%	157.45	18.29%
75,000	196.36	250.67	27.66%	234.95	19.65%
100,000	259.61	331.42	27.66%	312.45	20.35%

S-5

EXHIBIT
S-5
ADMITTED

Valley Utilities Cash Flow Analysis

	[A]	[B]			
1	Operating Revenues	$ 1,324,266			
2	Operating Expenses[1]	1,120,429			
3	**Operating Income**	203,837			
4					
5	Plus ARSM Surcharge	200,277			
6					
7	Less: Interest Exp on WIFA # 2 [2]	109,791			
8	Less: Interest Exp of WIFA # 1 [3]	14,500			
9	Less: Int Exp on Chase Auto In [4]	404			
10	**Total Interest Expense**	124,695			
11	Income before Taxes	279,419			
12					
13	Less: Income Taxes				
14	State of AZ 6.968%	(19,470)	Line 11 * 6.968%		
15	Federal Taxable Income	259,949	Line 11+Line 14		
16					
17	Fed Taxes-1st bracket	(7,500)	(1-50,000) @ 15%		
18	Fed Taxes-2nd bracket	(6,250)	(50,001-75,000) @ 25%		
19	Fed Taxes-3rd bracket	(8,500)	(75,001-100,000) @ 34%		
20	Fed Taxes-4th bracket	(62,380)	(100,001-335,000) @ 39%		
21	Fed Taxes-5th bracket	-	(335,001-10,000,000) @34%		
22	Total Federal Taxes	(84,630)	Lines 17-21		
23					
24	Net Income after taxes	175,319	Line 15-Line 22		
25					
26	Plus: Depreciation Expense	191,673			
27					
28	Less: Prin Reduct on WIFA #2	55,038			
29	Less: Prin Reduct on WIFA # 1	6,937			
30	Less: Prin Reduct on Chase	9,938			
31	Total Principal Reduction	71,913			
32					
33	CAP Expenditures				
34	Annual purchase charge	36,653			
35	Annual M&I Charges	2,625			
36	Total estimated CAP charges	39,278			
37					
38	Cash Flow [5]	255,801	Line 24 + 26 - 31 - 36		
	TIER = Operating Inc/Int Exp	3.24		3.24	3.24
	Debt Service Coverage	3.03		3.03	3.03

[1] Excludes income tax expense

[2] P&I pmt for 1st year $164,829 - Interest expense of $109,791, Principal reduction of $55,038

[3] Annual P& I pmt = $24,437. Int pmt per application $14,500, Prin. Reduct estimated at $6,937

[4] Annual P&I = 10,342. Int pmt per app $404. Prin Reduction estimated at $9,938.

[5] Cash flow excludes potential $100,000 in Arsenic Media replacement charges when plant becomes operational.

S-6

EXHIBIT
S-6
ADMITTED

Valley Utilities Cash Flow Analysis

	[A]	[B]	
1	Operating Revenues	$ 1,324,266	
2	Operating Expenses[1]	1,120,429	
3	**Operating Income**	203,837	
4			
5	Plus ARSM Surcharge	-	
6			
7	Less: Interest Exp on WIFA # 2 [2]	109,791	
8	Less: Interest Exp of WIFA # 1 [3]	14,500	
9	Less: Int Exp on Chase Auto In [4]	404	
10	**Total Interest Expense**	124,695	
11	Income before Taxes	79,142	
12			
13	Less: Income Taxes		
14	State of AZ 6.968%	(5,515)	Line 11 * 6.968%
15	Federal Taxable Income	73,627	Line 11+Line 14
16			
17	Fed Taxes-1st bracket	(7,500)	(1-50,000) @ 15%
18	Fed Taxes-2nd bracket	(6,250)	(50,001-75,000) @ 25%
19	Fed Taxes-3rd bracket	(8,500)	(75,001-100,000) @ 34%
20	Fed Taxes-4th bracket	10,285	(100,001-335,000) @ 39%
21	Fed Taxes-5th bracket	-	(335,001-10,000,000) @34%
22	Total Federal Taxes	(11,965)	Lines 17-21
23			
24	Net Income after taxes	61,663	Line 15-Line 22
25			
26	Plus: Depreciation Expense	191,673	
27			
28	Less: Prin Reduct on WIFA #2	55,038	
29	Less: Prin Reduct on WIFA # 1	6,937	
30	Less: Prin Reduct on Chase	9,938	
31	Total Principal Reduction	71,913	
32			
33	CAP Expenditures		
34	Annual purchase charge	36,653	
35	Annual M&I Charges	2,625	
36	Total estimated CAP charges	39,278	
37			
38	Cash Flow [5]	142,145	Line 24 + 26 - 31 - 36

TIER = Operating Inc/Int Exp	1.63	1.63	1.63
Debt Service Coverage	2.01	2.01	2.01

[1] Excludes income tax expense

[2] P&I pmt for 1st year $164,829 - Interest expense of $109,791, Principal reduction of $55,038

[3] Annual P& I pmt = $24,437. Int pmt per application $14,500, Prin. Reduct estimated at $6,937

[4] Annual P&I = 10,342. Int pmt per app $404. Prin Reduction estimated at $9,938.

[5] Cash flow excludes potential $100,000 in Arsenic Media replacement charges when plant becomes operational.

Maricopa County
Environmental Services Department

PUBLIC WATER SYSTEM COMPLIANCE STATUS REPORT

System Name: Valley Utilities Water Company
PWS ID#: 07-079

Type of System: Community Number of POE's: 4 Surface Water: n/a
Number of Service Connections: 1420 Population Served: 4780

Assigned Monitoring Dates - Initial: 1/1/94 Phase II: 1/1/94 Phase V: 1/1/94

Does the water system have a Certified Operator? Yes

Does the system have major treatment plant deficiencies? No
Please describe: _____

Date of last inspection: April 13, 2006

Does the system have major O & M deficiencies? No
Please describe: _____

Does the system have water quality monitoring/reporting deficiencies? No.
Please describe: _____

General Public Water System Compliance Status? **Compliant**

Date of compliance review: **2/17/09** By: **Rob Collins** Initials: **RC**
Phone: **(602) 506-0719**

Requested By: Owner Fax Number/ Contact: _____ Tracking Number: _____
Supervisor Initials: _____ Date: 2/17/09

FAXED 2/18/2009 RC

EXHIBIT
A-1
ADMITTED

Drinking Water Program
Duncan Wright, Acting Manager
1001 N. Central Ave., Suite 150Phoenix, Arizona 85004-1940 Phone: (602) 506-6666 Fax: (602) 506-6925

TO:
Arizona Department of Environmental Quality
Drinking Water Compliance Enforcement Unit
1110 West Washington Avenue, 5th Floor
Phoenix, Arizona 85007
Phone: 602-771-4624
Fax: 602-771-4505

DATE: Nov. 6, 2008

FROM:
Water Company: Valley Utilities Water Co. Inc.
Mailing Address: 8808 N. Dysart Rd., Ste. 112
City, State, Zip Code Glendale, AZ 85307
Phone Number: 623-935-1100
FAX: 623-935-7321

Please return completed request to ACC Utilities Engineering (FAX 602-542-0766) and to the Company at address listed above within 30 days.

Compliance Status Report

PWS Name: Valley Utilities Water Company

PWS ID #: 07-079

Overall Compliance Status: [X] No Major Deficiencies [ ] Major Deficiencies
Comments:

Monitoring and Reporting Deficiencies: [X] No Deficiencies [ ] Major Deficiencies
List deficiencies:

Operation and Maintenance Deficiencies: [X] No Deficiencies [ ] Major Deficiencies
Date of last inspection / sanitary survey: April 13, 2006

Major Operation and Maintenance Deficiencies cited during inspection
[X] None
[ ] unable to maintain 20 psi
[ ] cross connection/backflow problems
[ ] treatment deficiencies
[ ] certified operator
[ ] inadequate storage
[ ] surface water treatment rule
[ ] approval of construction
[ ] other
Comments:

Administrative Orders:
Is ADEQ administrative order in effect? [ ] Yes [X] No
Is US EPA administrative order in effect? [ ] Yes [X] No
Comments:

System Information:
Number of Points of Entry 4 Population Served 4780 Connections Served 1420

DWCE Evaluation completed by: ROB COLLINS, MARICOPA COUNTY

Phone: (602) 506-0719 **Date:** 17 FEB 2009

Based on data submitted by the water system, ADEQ has determined that this system is currently delivering water that [meets] (does not meet) water quality standards required by Arizona Administrative Code, Title 18, Chapter 4. This compliance status report does not guarantee the water quality for this system in the future. This compliance status report does not reflect the status of any other water system owned by this utility company.

Revised 10/28/03

FENNEMORE CRAIG, P.C.
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Attorneys for Valley Utilities Water Company, Inc.

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION OF VALLEY UTILITIES WATER COMPANY INC. FOR AN INCREASE IN ITS WATER RATES FOR CUSTOMERS WITHN MARICOPA COUNTY, ARIZONA	DOCKET NO. W-01412A-08-

DIRECT TESTIMONY OF

ROBERT L. PRINCE

EXHIBIT
A 2
ADMITTED

I. INTRODUCTION AND QUALIFICATIONS.

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND TELEPHONE NUMBER.

A. Robert L. Prince, 6808 N. Dysart Road, Suite 112, Glendale, Arizona 85307. My telephone number is (623) 935-1100.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am the President of Valley Utilities Water Company, Inc. ("Valley Utilities" or the "Company").

Q. PLEASE BRIEFLY OUTLINE YOUR RESPONSIBILITIES AS THEY RELATE TO THE COMPANY.

A. As the Executive Officer, I am generally responsible for the managing of all operational, administrative, financial, and regulatory matters of Valley Utilities.

Q. HOW LONG HAVE YOU BEEN INVOLVED WITH THE COMPANY?

A. I started as a part-time employee in 1962, and became full-time in 1987.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE ARIZONA CORPORATION COMMISSION?

A. Yes, on several prior occasions.

II. PURPOSE OF TESTIMONY.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. I am providing testimony concerning the capital improvements and expenditures made by Valley Utilities in relation to: (1) the construction of arsenic treatment facilities required to comply with the Safe Drinking Water Act, (2) the drilling and construction of a new well to replace failed Company Well No. 6, which had been taken out of service on August 24, 2007 when its pump was destroyed due to the failure of the well casing, and (3) debt service coverage.

III. ARSENIC TREATMENT FACILITIES.

Q. PLEASE PROVIDE SOME BACKGROUND CONCERNING THE FUNDING AND CONSTRUCTION OF ARSENIC TREATMENT FACILITIES.

A. The U.S. Environmental Protection Agency ("EPA") reduced the arsenic maximum contaminant level ("MCL") in drinking water from 50 parts per billion ("ppb") to 10 ppb, with a compliance date of January 23, 2006. Valley Utilities' wells have arsenic concentrations that range between 7 and 13 ppb. The Company hired a consulting firm to conduct an arsenic treatment study using treatment model methods presented in the Arizona Department of Environmental Quality ("ADEQ") Arsenic Master Plan guidelines. That study, which was completed in May 2004, recommended using absorption media treatment with a total treatment system cost of $1,926,100 to be used for five of the Company's six wells.

Q. DID VALLEY UTILITIES ADOPT THE RECOMMENDED ARSENIC REMEDIATION PLAN OUTLINED IN THE MAY 2004 STUDY?

A. In response to the study, the Company filed a rate case application and approval to incur long-term debt up to $1,926,100 with the Arizona Corporation Commission ("Commission") on October 7, 2004.

Q. WHAT WAS THE RESULT OF THAT APPLICATION WITH RESPECT TO THE COMPANY'S ARSENIC REMEDIATION PLAN?

A. The Commission determined that the proposed arsenic treatment facilities were appropriate, and that the estimated capital costs and O&M costs were reasonable for purposes of the financing request. Although the proposed debt, which was acquired through a Water Infrastructure Financing Authority ("WIFA") loan, would exacerbate the Company's negative equity at the time, the Commission recognized that there were no other known options to finance the

purchase/construction of the required arsenic removal facilities. Therefore, it approved the financing request. *See* Decision No. 68309 (November 14, 2005).

Q. CAN YOU DESCRIBE THE COMPANY'S EFFORTS TO PURCHASE AND CONSTRUCT THE ARSENIC TREATMENT FACILITIES BASED ON THE FINANCING AUTHORIZED BY THE COMMISSION IN DECISION NO. 68309?

A. Yes. The Company has two well fields, known as the "Glendale" and "Bethany Home" well fields. Each site contains three wells. Therefore, there are essentially two arsenic treatment facility systems that are being constructed. The Company has a third well site, but the water produced from that well is below the MCL for arsenic.

Q. WHEN DID THE COMPANY BEGIN HAVING THE ARSENIC TREATMENT FACILITIES CONSTRUCTED?

A. After the design and engineering work was completed by NCS, Inc., the Company sent the project out for bid. The successful bidder, Archer Western, began constructing the facilities in December, 2006. However, construction was suspended in November 2007 because the Company's engineering consultant had operated under the assumption that a Special Use Permit, which Maricopa County requires, could be obtained after construction was finalized, but before operation begins. This had been the case with another one of the consultant's client. The Special Use Permit application was promptly filed in November 2007 after construction had been suspended by the county. Unfortunately, Maricopa County did not issue the required Special Use Permit until October, 2008. Therefore, the construction of the facilities did not resume until early November, 2008.

Q. WHAT WORK HAD BEEN COMPLETED AT THE TIME CONSTRUCTION WAS SUSPENDED BY THE COUNTY?

A. The arsenic treatment facilities were roughly 70-75% completed at the time construction had been suspended. The arsenic treatment vessel and housing units had been purchased at a cost of $446,526.84. As of November 12, 2008, the Company had spent a total of $959,818.12 from the authorized WIFA loan totaling $1,926,100.00. A breakdown of line item costs is attached to my Direct Testimony as **Exhibit BLP-1**.

Q. SO IF CONSTRUCTION RESUMED LAST MONTH, WHEN DOES THE COMPANY EXPECT TO HAVE THE FACILITIES COMPLETED AND OPERATIONAL?

A. By February 1, 2009. The Company currently has a regulatory exemption from the EPA's new arsenic MCL standard that expires on January 31, 2009. The Company is doing everything possible to ensure that the construction deadline is met. In the meantime, Valley Utilities is using water blending techniques and performing routine monitoring to ensure that its water supply meets with the requirements of the Safe Drinking Water Act. Still, we realize that arsenic treatment facilities will provide much more assurance that the Company can continue to provide such quality of water.

Q. BUT EVEN IF THE FACILITIES ARE COMPLETED BY JANUARY 31, 2009, THEY WOULD STILL FALL OUTSIDE THE TEST YEAR USED IN THIS PROCEEDING, CORRECT?

A. Yes, and that is why the Company has made pro-forma adjustments to its proposed plant in service Schedule B-2, sponsored by Mr. Bourassa. *See* Direct Testimony of Thomas Bourassa ("Bourassa Dt.") at 8. Had the Company not been required to suspend construction, I am almost certain that the arsenic treatment facilities would have been placed into service prior to the end of the Test Year. But as I earlier stated, the Company's engineering consultant – who Valley Utilities relied upon as

its expert in designing and permitting these types of facilities - did not obtain a Special Use Permit as required by Maricopa County. I am unsure whether this had become a new county requirement, but once faced with the potential for considerable delay, an application was filed in November 2007. Unfortunately, the County took nearly eight months to process and approve the Special Use Permit.

Q. CAN YOU PLEASE IDENTIFY THE ARSENIC TREATMENT COMPONENTS THAT REMAIN TO BE COMPLETED?

A. Yes. This week, we are completing all underground electrical work, above ground plumbing into the vessels at both sites and back washing tanks at each site will be started. We also need to construct the buildings that house the vessels at both sites, install the chlorine chemical feed system, pressure test all new pipe installations and perform bacti tests on all new piping.

III. <u>REPLACEMENT WELL NO. 6</u>

Q. PLEASE DESCRIBE COMPANY REPLACEMENT WELL NO. 6

A. Replacement Well No. 6 is a new well being constructed to replace a failed well No. 6. The old well was added to the system in 2002, was 800 feet deep and 12 inches in diameter, and designed to produce 425 gallons-per-minute ("gpm"). However, the well had water and production problems from the start, and despite spending $150,000.00 to resolve these problems, we could never get the well to produce 425 gpm. Water production steadily declined from 350 gpm to 65 gpm, and then totally stopped when the pump was destroyed due to the failure of the well casing. In Decision No. 70138 (January 23, 2008), the Commission approved an emergency surcharge, as well as WIFA financing in an amount not to exceed $250,000, for the Company to fund and construct Replacement Well No. 6.

Q. WHEN DID THE COMPANY BEGIN CONSTRUCTION OF REPLACEMENT WELL NO. 6?

A. The Company's contractor began drilling the well in March, 2008. Drilling continued through mid-June, 2008, when test pumping began. Test pumping was continued through July, 2008.

Q. WHAT DID THE TEST PUMPING REVEAL?

A. The test pumping revealed that the well was having problems with sand infiltration. The Company has been provided with some options to address this problem, but the most expedient (i.e., installation of liner) also seems to be the most expensive one. Other water utilities have recently experienced the same problems with their new wells drilled in the general area, but have chosen less-costly options to resolve sand infiltration.

Q. SO WHAT IS THE COMPANY DOING RIGHT NOW TO ADDRESS THE SAND INFILTRATION PROBLEM?

A. The Company is trying to determine if the less-costly options have been successful in eliminating sand infiltration, based on the experience of others. The Company is also working with the engineering firm and construction subcontractor to find the most cost-effective solution.

Q. BUT MR. PRINCE, DIDN"T THE COMMISSION DETERMINE IN DECISION NO. 70138 THAT AN EMERGENCY EXISTED DUE PRIMARILY TO THE POTENTIAL OF A WATER SUPPLY SHORTAGE DURING THE SUMMER OF 2008?

A. I believe that was one of the Commission's primary reasons for granting the emergency rate increase, because until the replacement well is fully operational and producing water for the company, Valley Utilities must rely on its interconnection with another water utility (Litchfield Park Service Company) to meet emergency summer peak demand. We did not anticipate any problems with constructing the new well. But now that the peak summer demand days have passed, I believe that

there is much less risk that the Company will experience a water shortage. This grants us the opportunity to determine whether less costly remediation techniques are successful in addressing sand infiltration problems.

Q. DID VALLEY UTILITIES EXPERIENCE ANY WATER SHORTAGE OUTAGES DURING THIS PAST SUMMER DURING PEAK DAYS?

A. No, but the Company did purchase approximately 429,000 gallons of water from Litchfield Park Service Company in 2008 to supplement its water supply.

Q. HOW MUCH HAS THE COMPANY SPENT ON CONSTRUCTING REPLACEMENT WELL NO. 6?

A. As of November 12, 2008, the Company has spent $173,880.01 on Replacement Well No. 6. There is approximately $76,119.99 left from the WIFA loan authorized in Decision No. 70138 to complete the well. However, based on estimates provided by the Company's engineers, the installation of a liner alone would cost approximately $100,000.00. As I mentioned before, there are some less expensive alternatives being used by other water utilities. Nevertheless, I anticipate that completing Replacement Well No. 6 will cost more than the remaining amount available from the second WIFA loan.

Q. BUT LIKE THE ARSENIC TREATMENT FACILITIES, REPLACEMENT WELL NO. 6 DOES NOT FALL WITHIN THE TEST YEAR PLANT IN SERVICE, CORRECT?

A. Yes, the replacement well is another one of the Company's pro-forma adjustments found in Schedule B-2. *See* Bourassa Dt. at 8.

Q. WHEN DOES THE COMPANY INTEND TO COMPLETE CONSTRUCTION OF REPLACEMENT WELL NO. 6?

A. By the first quarter of 2009, and certainly in time to meet any summer peak days for 2009.

IV. WIFA LOANS – DEBT SERVICE

Q. MR. PRINCE, HOW IS THE COMPANY FINANCING THE ARSENIC PLANT IMPROVEMENTS AND REPLACEMENT WELL?

A. Through WIFA financing approved by the Commission. Specifically, there are two outstanding loans. The first WIFA loan, in the amount of $1,926,100, was taken specifically to construct the arsenic treatment facilities needed to comply with the EPA's new arsenic MCL. As of November 12, 2008, the Company has drawn $959,818.12 on this loan.

Q. AND WHAT FUNDS HAS THE COMPANY BEEN USING TO SERVICE THE DEBT ON THIS PARTICULAR LOAN?

A. The Commission authorized an Arsenic Impact Fee ("AIF") in Decision No. 67669 (March 9, 2005). AIF's are used, and have been used to pay for capital items of arsenic treatment facilities (including engineering and design costs for such facilities) and for repayment of the WIFA loan. *See* Bourassa Dt. at 18. However, with the downturn in the housing market and the resulting lack of new connections, the AIF account has been depleted to the point that the Company only has about three months left of monthly debt service payments available to pay on the WIFA loan.

Q. WHAT OTHER FUNDS MIGHT BE AVAILABLE TO THE COMPANY TO CONTINUE PAYING THE MONTHLY DEBT SERVICE ON THIS PARTICULAR WIFA LOAN?

A. Yes. On November 13, 2008, the Company filed for approval of an interim arsenic removal surcharge mechanism ("ARSM") that was authorized in Commission Decision No. 68309. *Id.* at 5. In its order, the Commission directed Valley Utilities to file for approval of the ARSM if needed. Because this rate application

will not be completed before the AIF account is depleted, the Company determined that an interim ARSM was needed to "bridge the gap" until the rate application can be finalized.

Q. HOW MUCH, IN TERMS OF A PERCENTAGE INCREASE, IS VALLEY UTILITIES SEEKING IN THAT APPLICATION?

A. It depends upon whether the Commission allows the Company to use funds set aside as a result of Decision No. 62908 (September 18, 2000) to pay the monthly debt service on the $1,926,100.00 WIFA Loan. If the Commission allow the use of the set aside funds, the resulting interim increase would be roughly 6.96 percent. If the Commission does not allow the use of the set aside funds, the resulting interim increase would be roughly 13.96 percent.

Q. HOW WOULD EITHER OF THESE POTENTIAL INTERIM RATE INCREASES AFFECT THE PERMANENT RATE INCREASE PROPOSED BY THE COMPANY IN THIS PROCEEDING?

A. I understand that they will be folded into the permanent rate. As a result, any exiting surcharges would go away.

Q. SO THIS INCLUDES THE EMERGENCY SURCHARGE THAT WAS AUTHORIZED IN DECISION NO. 70138 TO FUND THE WIFA LOAN FOR THE REPLACEMENT WELL?

A. Correct. I believe that existing well replacement surcharge represents about a 3.5 percent increase over existing rates.

Q. SO THE 26.7 PERCENT INCREASE REQUESTED IN THIS PROCEEDING IS INCLUSIVE OF THE REVENUE GENERATED BY BOTH THE INTERIM WELL REPLACEMENT SURCHARGE AND POTENTIAL ARSM?

A. Yes, that is my understanding.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes.

2138809.1/24964.003

EXHIBIT

BLP - 1

-VALLEY UTILITIES WATER COMPANY INC. –

Arsenic Treatment Plant Costs as of 11-12-08: **$ 959,818.12**

Cost Breakdown:

Arsenic Treatment Vessel Cost:	$375,608.22
Arsenic Treatment Buildings Cost:	$70,918.62
Arsenic Engineering Cost:	$87,251.93
Metering Cost:	$36,008.00
Construction Cost:	$352,931.40
Legal Cost:	$14,119.02
Fencing Cost:	$11,280.64
Permit Cost:	$2550.00
Water Main Relocation Cost:	$4800.00
SUB TOTAL:	$955,467.83
MISC:	$4,350.29
TOTAL:	$959,818.12

Estimate to Complete Arsenic Plant: **$ 966,281.88**

TOTAL WIFA LOAN FOR ARSENIC PLANTS: **$ 1,926,100.00**

INITIAL COST FOR MEDIA: $

FENNEMORE CRAIG, P.C.
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Phoenix, Arizona 85012-2913
Telephone: (602) 916-5400
Email: pblack@fclaw.com

Attorneys for Valley Utilities Water Company, Inc.

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION OF VALLEY UTILITIES WATER COMPANY INC. FOR AN INCREASE IN ITS WATER RATES FOR CUSTOMERS WITHIN MARICOPA COUNTY, ARIZONA	DOCKET NO. W-01412A-08-0586

REBUTTAL TESTIMONY OF

ROBERT L. PRINCE

August 5, 2009

EXHIBIT
A3
ADMITTED

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III. POST TEST-YEAR PLANT. 3

IV. ARSENIC REMOVAL SURCHARGE MECHANISM. 10

V. OTHER ISSUES. 12

2223761.1/24964.003

I. INTRODUCTION AND QUALIFICATIONS.

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND TELEPHONE NUMBER.

A. Robert L. Prince, 6808 N. Dysart Road, Suite 112, Glendale, Arizona 85307. My telephone number is (623) 935-1100.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am the President of Valley Utilities Water Company, Inc. ("Valley Utilities" or the "Company").

Q. HAVE YOU PREVIOUSLY SUBMITTED DIRECT TESTIMONY IS THE INSTANT CASE?

A. Yes, my direct testimony was submitted in support of the initial application in this proceeding.

II. PURPOSE OF REBUTTAL TESTIMONY.

Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY IN THIS PROCEEDING?

A. I am providing rebuttal testimony in response to Arizona Corporation Commission Utilities Division Staff ("Staff") witnesses Gary T. McMurry and Marlin Scott, Jr. concerning the capital improvements and expenditures made by Valley Utilities in relation to: (1) the construction of arsenic treatment facilities required for the Company to comply with the federal Safe Drinking Water Act, (2) the drilling and construction of a new well ("Replacement Well No. 6") to replace a failed well, which had been taken out of service on August 24, 2007 when its pump was destroyed due to the failure of the well casing; (3) the ability of the Company to pay its monthly debt service for the outstanding Water Infrastructure Financing Authority ("WIFA") loan based on an arsenic removal surcharge; and (4) other issues concerning the Company's application.

Q. CAN YOU PLEASE SUMMARIZE YOUR REBUTTAL TESTIMONY?

A. Yes. In order to minimize the number of disputed issues between Valley Utilities and Staff prior to the September 15, 2009 hearing in this matter, the Company is willing to accept Staff's recommended negative adjustments to rate base by removing the arsenic treatment facilities ("ATFs") from post test-year plant, provided that the Arsenic Removal Surcharge Mechanism ("ARSM") first approved in Decision No. 68309 (November 14, 2005), but awaiting final approval as to the amount in Docket No. W-01412A-04-0736, remains in place until the conclusion of the Company's next rate case. *See* Rebuttal Testimony of Thomas Bourassa ("Bourassa RB") at 8. However, Replacement Well No. 6 should be included in rate base as it will be fully operational and serving customers prior to the hearing in this matter. Inclusion of Replacement Well No. 6 in rate base will also eliminate the current Emergency Interim Surcharge ("EIS") established in Decision No. 70138 (January 23, 2008). The ARSM, coupled with the financial impact of revisions to the Company's proposed: (1) Original Cost Rate Base ("OCRB") and Fair Value Rate Base ("FVRB"), (2) operating margin, and (3) other miscellaneous rebuttal adjustments, will provide Valley Utilities sufficient annual cash flow to service existing WIFA debt, pay reasonable operating expenses, produce net income for capital reinvestment in the Company, and continue to provide quality service to its customers.

Alternatively, if the Arizona Corporation Commission ("Commission") chooses to eliminate the ARSM and EIS in this rate proceeding without a corresponding adjustment to rate base, then inclusion of Valley Utilities' proposed post test-year plant as proposed in the Company's direct testimony will be necessary for Valley Utilities to avoid a deterioration of its financial condition. To that end, I update my direct testimony concerning when the associated post test-

year plant will be fully operational and serving customers, address the Company's efforts to finance its existing WIFA debt with available funds and respond to some miscellaneous issues raised in Staff's direct testimony. Finally, I address other issues related to the Company's rate application.

III. POST TEST-YEAR PLANT.

Q. PLEASE PROVIDE SOME BACKGROUND CONCERNING THE FUNDING AND CONSTRUCTION OF ARSENIC TREATMENT FACILITIES.

A. The U.S. Environmental Protection Agency reduced the arsenic maximum contaminant level ("MCL") in drinking water from 50 parts per billion ("ppb") to 10 ppb, with a compliance date of January 23, 2006. Valley Utilities' wells have arsenic concentrations that range between 5 and 14 ppb. The Company hired a consulting firm to conduct an arsenic treatment study using treatment model methods presented in the Arizona Department of Environmental Quality Arsenic Master Plan guidelines. That study, which was completed in May 2004, recommended using absorption media treatment with a total treatment system cost of $1,926,100 to be used for five of the Company's six wells.

Q. DID VALLEY UTILITIES ADOPT THE RECOMMENDED ARSENIC REMEDIATION PLAN OUTLINED IN THE MAY 2004 STUDY?

A. In response to the study, the Company filed a rate case application and approval to incur long-term debt up to $1,926,100 with the Commission on October 7, 2004.

Q. WHAT WAS THE RESULT OF THAT APPLICATION WITH RESPECT TO THE COMPANY'S ARSENIC REMEDIATION PLAN?

A. The Commission determined that the ATFs were appropriate, and that the estimated capital costs and O&M costs were reasonable for purposes of the financing request. Although the proposed debt, which was acquired through a

WIFA loan, would exacerbate the Company's negative equity at the time, the Commission recognized that there were no other known options to finance the purchase/construction of the required ATFs. Therefore, the Commission approved the financing request. *See* Decision No. 68309 (November 14, 2005).

Q. WHEN DID THE COMPANY BEGIN HAVING THE ARSENIC TREATMENT FACILITIES CONSTRUCTED?

A. After the design and engineering work was completed by NCS, Inc., the Company sent the project out for bid. The successful bidder, Archer Western, began constructing the treatment facilities at two sites ("Glendale" and "Bethany Home" Site) in December, 2006. However, construction was suspended in November 2007 because the Company's engineering consultant, NCS, Inc., thought that a Special Use Permit ("SUP"), which the Maricopa County Planning Department ("MCPD") requires before constructing the treatment facilities, could be obtained after construction was finalized, but before operation began. In response to NCS, Inc.'s error, a SUP application was filed in November 2007 after construction had been suspended by Maricopa County. Unfortunately, the county did not issue the required SUP for the Glendale Site until October, 2008.

Q. WHAT ABOUT THE SUP FOR THE BETHANY SITE?

A. The SUP for the Bethany Site has not yet been issued. As I mentioned earlier, the Company's engineering consultant, NCS, Inc., is responsible for obtaining the required plant permits on behalf of Valley Utilities. Suffice it to say, but I have been disappointed to date in NCS, Inc.'s efforts to get the ATFs operational in a timely and efficient manner. NCS, Inc. strongly advised the Company to submit the SUP for the Glendale Site and Bethany Site separately.

Q. BUT ISN'T THE COMPANY, NOT ITS CONSULTANTS, RESPONSIBLE FOR MEETING PERMITTING DEADLINES, OR DEMONSTRATING TO THE COMMISSION THAT THE ARSENIC TREATMENT FACILITIES ARE USED AND USEFUL?

A. I agree. However, I want to clarify for the record that despite the Company's best internal efforts, the ATFs did not become fully operational as first expected. Although I am confident that the Glendale Site will be fully operational and serving customers before the hearing, the Bethany Site is problematic. Nevertheless, whether or not the ATFs are included in rate base is of secondary importance to the Company's ability to service its WIFA debt, pay its operating expenses and make a reasonable income for reinvestment in plant – all while continuing to provide quality service to our customers.

Q. WHAT IS THE CURRENT STATUS OF THE GLENDALE SITE?

A. The Glendale Site is nearing full operations. The Company has performed the "validation" sampling testing required by MCESD, and those tests have been approved. The Company is now in the "Commissioning" testing Phase I. This testing should be completed within the next two weeks. Assuming that these samples pass and during the testing, the Glendale Site ATFs will be fully operational and serving customers, subject only to Phase II of the Commissioning testing. Phase II involves taking one sample each week for five straight weeks. If any one sample is found over the MCL for arsenic, further testing will be required.

Q. WHY WOULD IT BE REASONABLE TO INCLUDE THE GLENDALE SITE FACILITIES IN THE COMPANY'S RATE BASE AT THIS TIME?

A. Because these ATFs are likely to be fully operational and serving customers by the time of the hearing. In addition, their inclusion in rate base (along with the Bethany Site facilities) would eliminate the need for an ARSM for these particular

ATFs, all other things being equal. I would note that the test year utilized in this proceeding was established in Decision No. 70138 with the assumption that the ATFs and Replacement Well No. 6 would be fully operational and placed into rate base. Decision No. 70138 at ¶ 22.

Q. WHAT IS THE CURRENT STATUS OF THE BETHANY HOME SITE?

A. We are still waiting on obtaining the applicable SUP so that we can file for approvals to construct and approvals of construction. Valley Utilities' engineering consultant, NCS, Inc., must still provide revisions to the SUP application concerning the Site Plan and Drainage Report, as requested by MCPD. *See* attached Exhibit 1. The Company is making every effort to have MCPD's request addressed in a timely and efficient manner by NCS, Inc.

Q. WOULD IT BE REASONABLE TO INCLUDE THE BETHANY HOME SITE FACILITIES IN THE COMPANY'S RATE BASE AT THIS TIME?

A. Perhaps, but since the ATFs are not likely to be fully operational by the time of the hearing, I cannot say for certain. Nonetheless, I think it would be much easier for all parties involved to treat the ATFs at both sites as one project for purposes of rate base treatment versus the ARSM. That is the reason the Company is willing to forgo rate base treatment of the Glendale Site ATFs at this time.

Q. PLEASE DESCRIBE THE COMPANY'S REPLACEMENT WELL NO. 6.

A. Replacement Well No. 6 is a new well that was constructed to replace a failed well No. 6. The old well was added to the system in 2002, was 800 feet deep and 12 inches in diameter, and designed to produce 425 gallons-per-minute ("gpm"). However, the well had water and production problems from the start, and despite spending $150,000.00 to resolve these problems, we could never get the well to produce 425 gpm. Water production steadily declined from 350 gpm to 65 gpm, and then totally stopped when the pump was destroyed due to the failure of the

well casing. In Decision No. 70138, the Commission approved an emergency surcharge, as well as WIFA financing in an amount not to exceed $250,000, for the Company to fund and construct Replacement Well No. 6.

Q. WHAT IS THE CURRENT STATUS OF REPLACEMENT WELL NO. 6?

A. In my direct testimony, I mentioned that the test pumping on Replacement Well No. 6 revealed sand infiltration problems. At that time, the only remedial measure was to use a well-liner and gravel-filter, estimated to cost approximately $100,000. However, the Company was able to explore less costly measures, and installed a sand separator in the discharge line connected into the ATFs. We have received a New Source Approval from MCESD, and just today received the applicable Approval to Construct and Approval of Construction, attached hereto as Exhibit 2. Replacement Well No. 6 will be fully operational and serving customers by the end of today.

Q. DID VALLEY UTILITIES EXPERIENCE ANY WATER SHORTAGE OUTAGES DURING THIS PAST SUMMER DURING PEAK DAYS?

A. No.

Q. WHY IS IT REASONABLE TO INCLUDE REPLACEMENT WELL NO. 6 IN THE COMPANY'S RATE BASE AT THIS TIME?

A. Because it is essentially fully operational and serving customers at this time, and inclusion in rate base would eliminate the need for the EIS. When the Commission established the EIS in Decision No. 70138, it was with the understanding that the surcharge would be eliminated and the plant included in Valley Utilities' rate base. It would be inappropriate to eliminate the EIS if Replacement Well No. 6 (and related debt) is not included in rate base, and therefore not recognized in rates.

Q. WOULD INCLUDING THE ARSENIC TREATMENT FACILITIES IN RATE BASE AT THE COST RECOMMENDED BY THE COMPANY DURING DIRECT TESTIMONY REFLECT THE TOTAL COST OF THESE FACILITIES?

A. No. The total actual cost of the ATFs is now over $2,184,000, and the WIFA loan funding this plant is only $1,926,000. The total actual cost of Replacement Well No. 6 is now approximately $260,000, and the WIFA loan funding this plant is only $250,000.

Q. PLEASE CONTINUE.

A. Just to be clear, the Company has revised its direct testimony to remove the ATFs from post test-year plant in order to minimize the number of disputed issues in this proceeding. Staff's opinion that the arsenic treatment facilities are not used and useful is reasonable given the overall status of these facilities (not fully operational) at the time of Staff's direct testimony. However, Staff was unclear regarding the continuance of the ARSM. Direct Testimony of Gary McMurry ("McMurry DT") at 5. The 26.7% increase the Company originally sought included folding the ARSM and EIS into base rates once the post test-year plant was added to rate base. Direct Testimony of Robert L. Prince at 10. Assuming Staff agrees that the ARSM should remain in place pending the Company's next rate case, it makes sense for Valley Utilities to file a future rate application at some time – with a test year that includes the ATFs in rate base and enough information to determine annual operating costs – in order to eliminate the surcharge altogether. This appears to be consistent with the Commission's intent when it ordered the Company to file this rate application when it issued Decision No. 70138, with a test-year ending June 30, 2008. The Commission suggested that the Company could not only seek to include Replacement Well No. 6 in rate base, but the ATFs

as well. Decision No. 70138 at ¶ 22, 23. This plan is also consistent with the Company's Equity Improvement Plan filed with the Commission on February 13, 2006, which includes among other things the adoption of a policy to file rate applications more often to keep the Company's earnings more accurate. Bourassa RB at 4.

Q. HAS STAFF ISSUED ITS RECOMMENDATION IN THE SURCHARGE APPLICATION DOCKET?

A, No. But the Company believes that Staff will reach a reasonable conclusion given the authorization for the ARSM in Decision No. 68309, as well as the financial impact analysis submitted by the Company with its Surcharge Application. Certainly, Valley Utilities reserves the right to change its position in this proceeding in the event Staff proposes a rejection of the ARSM, or adopts a surcharge that does not allow the Company to service its existing WIFA debt on a monthly basis. However, all I can do is speculate at the moment, and I am hopeful that Staff will recognize the importance of the ARSM to the Company's ability to pay its WIFA debt and avoid default, absent inclusion of the arsenic treatment facilities in rate base, among other things, as more fully addressed by Thomas Bourassa in his rebuttal testimony. *Id.*

Q. SO, THE COMPANY'S POSITION ON THE EXCLUSION OF THE ATFs FROM POST TEST-YEAR PLANT IS DEPENDENT ON THE CONTINUATION OF AN ARSM UNTIL THE COMPANY'S NEXT RATE CASE?

A. Yes. Without the ARSM, inclusion of the ATFs in post test-year plant, in addition to the adoption of the Company's other proposed adjustments, will provide the Company with the sufficient cash flow it needs to maintain, and hopefully improve its financial condition. By contrast, discontinuing the ARSM or EIS (or both)

along with the removal of all of the Company's proposed post test-year plant from rate base will likely result in negative net earnings for Valley Utilities. *Id.* at 6. Most importantly, however, is that the Commission based its establishment of the test year in Decision No. 70138 with the expectation that the post test-year plant would be used and useful within the test year. Decision No. 70138 at ¶ 22.

IV. ARSENIC REMOVAL SURCHARGE MECHANISM.

Q. MR. PRINCE, PLEASE PROVIDE SOME BACKGROUND REGARDING THE COMPANY'S PROPOSED ARSM.

A. In Decision No. 68309, the Commission required that the Company file with Docket Control "an application for approval of an arsenic removal surcharge tariff if a surcharge is necessary to allow Valley Utilities Water Company, Inc. to meet its principal and interest obligations on the amount of the WIFA loan and income taxes on the surcharges." Decision No. 68309 at 26. On November 13, 2008, the Company filed with the Commission a request to set an ARSM at a level commensurate with the Company's debt service obligations. *See* Company Surcharge Application in Docket Nos. W-01412A-04-0736, W-01412A-04-0849 ("Surcharge Application"). At that time, the Company estimated that it could service its monthly WIFA debt payment of $16,483.00 with available funds through January 2009. Certain other funds ("Set-Aside") had been frozen at the time the Surcharge Application was filed, which is the reason why the Company proposed two different ARSM rates; one based on granting the Company's motion to release the Set-Aside funds to service existing WIFA debt, and the other based on rejection of the motion and need to make up the difference.

Q. BUT BOTH SCENARIOS ASSUMED AN IMMEDIATE OR EXPEDITED IMPLEMENTATION OF THE ARSM, CORRECT?

A. Yes. When Valley Utilities filed the Surcharge Application on November 13,

2008, it was intended that the ARSM would remain in place until the associated ATFs could be included in rate base. However, because the ATFs will not likely be included in the Company's rate base as a result of this rate proceeding, it is logical and reasonable to keep the ARSM until such time that the plant is considered used and useful by the Commission. Bourassa RB at 9.

Q. WHAT IS THE STATUS OF THE SURCHARGE APPLICATION?

A. We filed the Surcharge Application on November 13, 2008. Despite Staff's assurance of an expedited review and recommendation during the procedural conference held on December 2, 2008, certain intervening events (i.e. budget issues) and Staff's increased workload seems to have delayed the process.

Q. HAS THE DELAY CAUSED AN ECONOMIC IMPACT TO VALLEY UTILITIES AND ITS RATEPAYERS?

A. Only in the sense that the Company had to be creative in ensuring that it did not default on the WIFA debt. In the full term of the note, there will be a slight increase in the interest expense. I understand the difficult position that Staff has been in over the past year, and have worked hard to foster a better relationship with the Commission in addressing matters affecting the Company and its customers. When it became apparent that there would be a delay in the Surcharge Application, the Company discussed with WIFA alternative means of paying its monthly debt service. As a result of such discussions, Valley Utilities entered into a temporary arrangement with WIFA to pay interest and fees until such time that the Company received rate relief from the Commission. This allowed Valley Utilities to use available funds to essentially 'bridge the gap' until the Commission acted on the Company's motion to release the Set-Aside Funds. The Commission did release the Set-Aside funds, in the amount of $73,565.49, in April 2009 for use solely to service the outstanding WIFA debt. However, absent an ARSM, the amount

released was only enough to service regular monthly payments in the amount of $16,483.00 for about two months after the June 1, 2009 payment of the applicable WIFA interest, fee and replenishment of the debt reserve fund. As a result of this shortfall, and absent the ARSM, WIFA agreed to allow the Company to continue making fee and interest only payments until the conclusion of this rate application. *See* Status Report filed in this docket on July 15, 2009. The Company has made every effort to keep Staff informed of its dealings with WIFA.

Q. IF THE ARSM IS APPROVED IN AN AMOUNT PROPOSED BY THE COMPANY IN THE SURCHARGE APPLICATION, WILL IT PROVIDE IMMEDIATE DEBT SERVICE RELIEF?

A. No. I was hopeful that we could begin collecting the ARSM earlier in the year, but now my focus is to ensure that the Company is able to meet its monthly debt service on the outstanding WIFA loan for the ATFs. The proposed adjustments outlined in Mr. Bourassa's rebuttal testimony, with the inclusion of the ARSM, should allow us to reach that goal.

V. <u>OTHER ISSUES.</u>

Q. ARE THERE ANY OTHER ISSUES RAISED IN STAFF'S DIRECT TESTIMONY THAT YOU WOULD LIKE TO ADDRESS?

A. Yes. The first is Figure D-1 (Growth) attached to the Direct Testimony of Marlin L. Scott. According to this chart, the Company's number of customer is expected to grow from 1,399 in 2008 to approximately 1,640 customers by 2013. However, as the chart also demonstrates, the periods 2006 through 2008 show that the number of customers actually declined from 1,418 to 1,399.

Q. HOW HAS THIS GROWTH PATTERN AFFECTED THE COMPANY?

A. The overall national economic turndown, exacerbated by the housing market in Arizona, has caused development to cease within Valley Utilities' service area.

One ATF funding mechanism established by the Commission to address WIFA debt service requirements included the implementation of an Arsenic Impact Fee ("AIF"). Decision No. 67669 (March 2, 2005). However, the amount of AIFs collected since July 2008 has been $1,320.00.

Q. DO YOU ANTICIPATE THAT THE TREND REGARDING THE NUMBER OF VALLEY UTILITIES' CUSTOMERS WILL CONTINUE?

A. I certainly do not see much growth anytime in the near future. Hopefully, the Company will not continue to lose customers. Therefore, I think it is reasonable to conclude that there will be no growth in the Company's service area as long as the housing market continues to suffer here in Arizona. Furthermore, this slowdown in growth has had a negative effect on the Company's annual revenues. Mr. Bourassa addresses this in more detail in his rebuttal testimony. Bourassa RB at 15-16.

Q. WHAT ABOUT STAFF'S CONCLUSIONS AND RECOMMENDATIONS CONCERNING THE COMPANY'S COMPLIANCE RECORD?

A. I readily concede that it has been difficult for the Company to track and monitor all the compliance issues that result from various Commission orders, and we have taken initial steps to address this problem. Nonetheless, more can be done, and I agree with Staff's recommendation to implement formal policies and procedures to ensure that all compliance matters are addressed in a timely manner. McMurry DT at 31. I appreciate Staff's recognition of things that the Company has been doing to improve its equity position, reduce the number of non-arm's length transactions and meet compliance deadlines.

Q. ONE OUTSTANDING COMPLIANCE ISSUE RAISED BY MR. MCMURRY INVOLVES THE COMPANY'S PURCHASE OF 250 ACRE FEET OF CENTRAL ARIZONA PROJECT ("CAP") WATER ANNUALLY. WHAT IS THE COMPANY'S RESPONSE?

A. I would respectfully disagree with Mr. McMurry's characterization of the CAP purchase agreement as debt subject to the provisions of A.R.S. §§ 40-301 and 40-302. In 2007, the Company had the opportunity to secure a long-term water supply for its customers that would reduce our reliance on groundwater. I believe the Commission has continued to support activity that will eventually lead to less groundwater pumping. Given the choice between paying a one-time payment of $163,000, or with five annual installments of $36,000, I chose the latter installment contract because that was what we could afford from the Company's net income. None of the Company's assets are encumbered as a result of the installment contract. Furthermore, the installment contract is not a debt despite carrying costs of roughly 5.2%; Valley Utilities can turn in the 250 acre feet allocation at anytime and receive a full refund. We are not forced to make the annual installment payments, but rather choose to do so in order to secure surface-area water rights that will hopefully become used and useful for the Company and its customers. The fact that Valley Utilities can immediately turn in the CAP allocation for a full refund only demonstrates the value in this asset, which the Company has not requested be placed into rate base since it is neither *directly* used nor useful at this time.

In appears that Mr. McMurry is somewhat sympathetic to this issue, as his recommendation to file an application for Commission authorization is made out of "an abundance of caution." McMurry DT at 31. Given the Company's past compliance issues, Mr. McMurry's pause here is understandable. However, a financing application can be a costly endeavor, and I ask that Staff and the Commission consider not only the financial impact to the Company if it is ordered to make such a filing, but also whether this type of installment contract – which is a mechanism used in furtherance of the Commission's policy goal to reduce reliance

on precious groundwater – falls under the requirements of A.R.S. §§ 40-301 and 40-302. If the Company is required to file some form of application, the board will have to determine at that time whether to move forward with such a filing, or instead drop the CAP allocation altogether.

Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

A. Yes it does.

Exhibit 1

Maricopa County
Planning & Development Department

Kevin Bischel, P.E.
Planning & Development
501 North 44th Street, Suite 200
Phoenix, Arizona 85008
Phone: (602) 372-0966
Fax: (602) 506-8762
www.maricopa.gov/planning
email address:
kevinbischel@mail.maricopa.gov

FACSIMILE TRANSMITTAL COVER SHEET

To: Ramesh Narasimhan, P.E.	From: Kevin Bischel
Company/Dept: NCS	Company/Dept: Planning and Development
Phone: 602 629-0206 Fax: 602-629-0223	Phone: 602 506-4427 Fax: 602 372-3950
Re: Bethany Arsenic Treatment Facility, Z2008128	Date: 02/03/2009 Number of Pages: 2

The Special Use Permit application processed on 5-26-09 is NOT approved. Please submit the following revisions prior to approval:

SITE PLAN

1. **Repeated comment, insufficiently addressed, still required:** Please provide a benchmark and onsite Temporary Benchmark with elevations and datum. **Additional clarification:** the benchmark should be a published benchmark that also establishes the datum. In addition, describe the form of the property corner Temporary Bench Marks. Are they ½" rebar with survey caps? Are they chiseled "X's" in concrete pads? PK nail and shiner in wooden posts?

2. **Repeated comment, insufficiently addressed, still required:** Please put on plan typical wall facing and cross-sectional details.

3. **Repeated comment, insufficiently addressed, still required:** Indicate the proposed driveway surface and thickness on the plan. **Additional clarification:** show the accessways and areas where equipment will be moved from one area of the site to the other. Show internal driveways. Provide construction details for the proposed driveway surface, including the thicknesses of the ABC and asphalt millings.

4. **Repeated comment, insufficiently addressed, still required:** All retention basins shall have a maximum 4:1 horizontal to vertical sideslope, if un-lined. **Additional explanation:** Although both retention basins are indicated as having 4:1 sideslopes, Retention Basin 2 is currently graded at 2:1.

5. **Repeated comment, insufficiently addressed, still required:** Provide a certification statement to be signed and sealed after construction, from the registered professional civil engineer of record, stating that he/she has reviewed the "as-built" for the above referenced commercial/industrial project and certifies that the development has been constructed in accordance with the approved grading & drainage and/or improvement plans, that it will function as designed, and that all retention basins will drain in 36 hours. **Additional clarification:** please ensure that there is a signature block and space for the engineer's seal to be signed as a part of providing the as-builts after the building permits have been issued and construction has concluded.

6. **Repeated comment, not addressed, still required:** Provide grading that shows how the proposed run-off

will first flow to the proposed retention basins, and then exit at the historic site outfall. **Additional Clarification:** No proposed grading information has been provided on the plan. In addition, the proposed contours for Retention Basin 1 are discontinuous. Please correct the grades shown.

DRAINAGE REPORT

1. **Repeated comment, insufficiently addressed, still required:** Please provide a drainage report on this site. Please utilize the Drainage Design Report format and checklists from Chapter 6 and Appendix A of the Maricopa County Drainage Policies and Standards Manual in formatting your drainage report. Prepare your drainage report so that you can state that this report and related design have been developed in accordance with Maricopa County regulations, standards and policies. Please include this statement in the drainage report: "This report and related design have been developed in accordance with Maricopa County regulations, standards and policies." **Additional Clarification:** Please delineate the flows on the north side of the property, including the flow through the northwest corner of Parcel 501-56-010V. Provide all calculations.

2. **Repeated comment, insufficiently addressed, still required:** Justify the run-off coefficients used in the report. The minimum run-off coefficient for all impervious structures is 0.95. Use 1.0 as the run-off coefficient for the tops of retention basin areas. Please see the Drainage Policies and Standards Manual for appropriate run-off coefficients to use in the retention calculations. **Additional Clarification:** The pervious area runoff coefficient is 0.5. In addition, the booster station area, the wells, the hydropneumatic tank area, etc. has not been taken into account. Please include these in the impervious area calculation. Also, the retention basin areas are incorrect. Include the parking area as gravel (C=0.88). Please verify and correct.

3. **Repeated comment, insufficiently addressed, still required:** Provide drain-down time calculations showing that the retention basins will completely drain within 36 hours. Include any provided freeboard volume in the drain-down time calculations. **Additional Clarification:** The drain-down time as determined by the retention basin top area is incorrect. Remember that the retention basins are all or almost all sideslope, and as the volume diminishes, the area available for the water to infiltrate the soil also diminishes. Please provide modified drain-down calculations taking this additional factor into account. Additionally, the volume shown as provided is almost two times the actual provided volume. Please check your work. Please note that the volume provided in the Special Use Application narrative is different (less than) the volume shown as required OR provided in the drainage report. Please ensure that the numbers match.

4. **Repeated comment, not addressed, still required:** Provide ASTM D-3385 Double-Ring Infiltrometer tests at the locations and depths of the proposed retention basins. Include the raw data from the tests. **Additional Clarification:** Supply the referenced geotechnical report with all supporting documentation.

Exhibit 2

ENVIRONMENTAL SERVICES
DEPARTMENT
'001 N. Central, Ste 201
ıoenix, AZ 85004-1940

Division of Water and Waste Management
Subdivision Infrastructure & Planning Program
(602) 506-6675
FAX (602) 506-5813

Approval Date: 8-5-09

MCESD Project: No. 091077
PWS SYSTEM No. 0407079

CERTIFICATE OF APPROVAL TO CONSTRUCT
(WITH STIPULATIONS)
PUBLIC WELL

PROJECT DESCRIPTION: Valley Utilities Water Company Well # 6 - install new well with ability to pump 500 GPM with a point of connection to the Valley Utilities Water Company water system. (DWR #55-216455)

LOCATION: Litchfield Park, Maricopa County
Section 11, T1N, R1W
Bethany Home and 126th Avenue

PROJECT OWNER: Robert Prince, President & CEO
Valley Utilities Water Company
6808 N Dysart Road, Suite 112
Goodyear, AZ 85307

Pursuant to Arizona Administrative Code (AAC) Title 18: Chapters 4 and 5 and the Maricopa County Environmental Health Code: Chapters IV and V.

Approval to construct the above described facilities as represented in the approved plan documents on file with the Maricopa County Environmental Services Department is hereby given subject to the following stipulations: **Each water source must have MCESD water quality approval prior to connecting to the potable water system.**

Operation of this public water system project shall not begin until an Approval of Construction is issued by Maricopa County Environmental Services Department.

WATER AND WASTE MANAGEMENT DIVISION

By Shinin Li for
Wesley A. Shonerd, PE, Program Manager
Subdivision Infrastructure & Planning Program

From the approval date noted above this certificate will expire if construction has not commenced within one year, there is a halt in construction of more than one year or construction is not completed within three years.

Environmental Services Department
1001 N. Central Avenue, Suite 201
Phoenix, AZ 85004-1940

Division of Water and Waste Management
Subdivision Infrastructure & Planning
(602) 506-1058
FAX (602) 506-5813

Approval of Construction and/or Verification of General Permit Conformance

PWS# 04-07- 0 7 9 **MCESD #** 091077 **Type of Component** Well
(One (1) MCESD# per request) **(Example: water, sewer, reuse, lift station, etc.)**

DWR# 55- 2 1 6 4 5 5 **Wells Only (Must have source approval before applying for AOC.)**

Project Name: Valley Utilities Water Company Well # 6

Project Address: Bethany Home Rd. and 126th Ave., Litchfield Park, AZ
(Physical location of project)

Project Description
8" Discharge Well

Project Owner: Robert Prince **Job Title** President & CEO

Company Name Valley Utilities Water Company

Mailing Address 6808 N. Dysart Rd. Ste. 112

City Goodyear State AZ Zip Code 85307

Signature of Project Owner Robert R. Prince **Date** 7-15-09

Engineer's Certificate of Completion

Ken Knickerbocker, P.E., a Professional Engineer registered in the State of Arizona; confirm that the project was completed in compliance with the plans and specifications approved by the Department, except as noted on the "as-built" plans. Applicable test results as required are attached.

Seal & Signature

Registered Professional Engineer (Civil) CERTIFICATE NO. 19634 K.L. KNICKERBOCKER Date Signed 7-15-09 ARIZONA, U.S.A.

Expires: 6/30/2010

Engineer's Phone 602-264-6831

Engineer's Fax 602-264-0928

Department Use Only **Approval of Construction and/or Verification of General Permit Conformance**

For the project as described above, the Project Owner is granted an Approval of Construction and/or Verification of General Permit Conformance for operation and/or discharge under the terms of General Permit 4-01 in accordance with Title 18, Chapter 9, and Permit Article 2 (Wastewater) And/Or Title 18, Chapters 4 and 5 and Chapters IV and V of The Maricopa County Environmental Health Code (Water).

By Shirin Li Fox

Lesley A. Shonerd, PE, Program Manager
Subdivision Infrastructure & Planning **Date** 8-5-09

(Note: Once MCESD Signs This Application, It Becomes The Certificate)

Revised 1 / 2008

DO NOT ALTER APPLICATION

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Attorneys for Valley Utilities Water Company, Inc.

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION OF VALLEY UTILITIES WATER COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR INCREASES IN ITS RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.	DOCKET NO: W-01412A-08-0586

REJOINDER TESTIMONY

OF

ROBERT L. PRINCE

September 8, 2009

EXHIBIT
A4
ADMITTED

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I. INTRODUCTION AND QUALIFICATIONS.

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND TELEPHONE NUMBER.

A. Robert L. Prince, 6808 N. Dysart Road, Suite 112, Glendale, Arizona 85307. My telephone number is (623) 935-1100.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am the President of Valley Utilities Water Company, Inc. ("Valley Utilities" or the "Company").

Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY IN THE INSTANT CASE?

A. Yes, my direct and rebuttal testimony have been submitted in support of the application in this proceeding.

II. PURPOSE OF REJOINDER TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR REJOINDER TESTIMONY IN THIS PROCEEDING?

A. I am providing rejoinder testimony in response to surrebuttal testimony filed by Arizona Corporation Commission Utilities Division Staff ("Staff") witnesses Gary T. McMurry and Marlin Scott, Jr. on issues concerning the Company's revenue requirement, rate base, rate design and miscellaneous issues.

Q. CAN YOU PLEASE SUMMARIZE YOUR REJOINDER TESTIMONY?

A. Yes. But first let me state that it appears as if the Company and Staff have reduced the number of disputed issues to be addressed at hearing through testimony previously filed in this matter. Staff's revised recommendation to include Well No. 6 in rate base is well received. Furthermore, with the implementation of an arsenic remediation surcharge mechanism ("ARSM") as recommended by Staff in Docket Nos. W-01412A-04-0736 and W-01412A-04-0849, issues concerning

arsenic treatment facilities in rate base have been resolved at this time. However, there are still a few issues that remain in dispute such as revenue annualization, normalization of repairs and maintenance expense, rate design and authorization to enter into water contracts with the Central Arizona Project ("CAP").

Q. <u>PLEASE CONTINUE</u>.

A. I provide factual background in support of Thomas Bourassa's rejoinder testimony ("Bourassa Rj.") over revenue annualization, and the known and measurable changes in the Company's revenue stream based on a loss of construction water sales, a declining customer base and a reduction in average residential water use since our last rate case. I present the Company's rejoinder position concerning rate base, and the positive impact of the ASRM if approved by the Commission as recommended by Staff. I also address Staff's proposed changes to the late fee charge, and support Mr. Bourassa's downward annual revenue adjustment resulting from a change in this charge if Staff's proposal is adopted. I opine on the need to reduce the interest component of the Company's collected security deposits from 6.00% to 2.00%. Finally, I address Staff's recommendation that the Company file a financing approval application with the Commission in relation to a water contract it has entered into with CAP. I continue to believe that the Company does not require Commission financing approval, and that such a proceeding would be a drain on both Valley Utilities' and the Commission's resources.

III. <u>REVENUE REQUIREMENT</u>

Q. THE COMPANY AND STAFF ESSENTIALLY AGREE ON AN ANNUAL REVENUE REQUIREMENT, ISN'T THAT CORRECT MR. PRINCE?

A. Yes. The Company is now proposing a revenue requirement of $1,322,964, while Staff has proposed $1,322,266 in its surrebuttal testimony.

Q. THEN WHY ARE THE PROPOSED RATE INCREASES SIGNIFICANTLY DIFFERENT?

A. The difference is because Staff has overstated the adjusted test year revenue by approximately $102,000. Mr. Bourassa explains this in more detail in his rejoinder testimony. Bourassa Rj. at 2-8, 11, 16-17.

Q. PLEASE CONTINUE.

A. During the test year, there was considerable construction activity within Valley Utilities' service area. However, this development was primarily limited to preparing plats and subdivisions for the eventual construction of new homes. As can be seen in photographs I have attached hereto as **Exhibit 1**, three specific projects remain undeveloped beyond plat preparation. These include Bethany Estates (62 lots), Dysart Village (39 lots) and Luke Ranch (40 lots). Since the test-year, construction and development activity has been virtually nil. This has resulted in a severe drop in construction water sales. Furthermore, not only are homes *not* being constructed, but individuals are moving away from within our service area. In fact, the number of customers has dropped by approximately 20 customers since the Company's last rate case. The cessation of growth and loss of customers unfortunately places a heavier burden on the rest of Valley Utilities' rate payers.

Q. WHAT ABOUT REVENUE FROM EXISTING CUSTOMERS?

A. Well, it appears that the rates approved in the Company's last rate proceeding have had a positive effect on water conservation efforts. The average monthly usage for a 5/8 inch metered residential customer has gone from 9,264 gallons since the last rate case test-year, to 7,376 gallons during the test year in this proceeding. That represents about a 20% drop in water use. For customers on a ¾ inch meter, it has

lowered from 10,243 gallons per month to 9,531 gallons. This represents about a 7% reduction. *See* Bourassa Rj. at 17.

Q. BUT DOESN'T THE COMPANY SUPPORT WATER CONSERVATION?

A. Yes, wholeheartedly. But when it results in a reduction of revenue, a small water utility is not able to absorb the revenue loss in the same manner as a large electric, water or natural gas utility. Given that Staff and the Company virtually agree on the annual revenue requirement for Valley Utilities to maintain a 10 percent operating margin, it is important that the Commission also recognize the sources of declining revenue and make the appropriate adjustments. *See* Bourassa Rj. *generally*.

Q. WHAT HAS THE COMPANY DONE IN RESPONSE TO A DECLINING REVENUE STREAM SINCE ITS LAST RATE CASE?

A. We have had to let some full-time employees go, with the remaining employees taking on more responsibilities for the work that needs to be performed. For instance, I now spend approximately 20-30 hours in the field each week making sure the system is running properly, and will perform repair and maintenance work when necessary. Barbara Prince has taken over several bookkeeping functions previously handled by our bookkeeper, as well as customer service and general office responsibilities. We have cut several expenses, including reducing regular office hours to four days per week to cut down on electricity and fuel. We have installed two energy saving soft starts and four variable frequency drives. We now purchase chlorine in bulk. Salaried employees are working longer hours. We're using temporary employees when necessary. We're a relatively small utility, and we're doing our best to make ends meet.

Q. SO, IT WOULD BE FAIR TO SAY THAT WITHOUT A REVENUE ADJUSTMENT RECOGNIZING THE LOSS OF CONSTRUCTION

WATER SALES, DECLINING CUSTOMER COUNTS, SUCCESSFUL WATER CONSERVATION RESULTS AND OTHER MISCELLANEOUS ADJUSTMENTS, IT WILL BE EVEN MORE DIFFICULT FOR THE COMPANY TO CONTINUE TO OPERATE?

A. I believe so, yes.

III. RATE BASE

Q. WHAT IS YOUR UNDERSTANDING OF STAFF'S PROPOSAL REGARDING REPLACEMENT WELL NO. 6?

A. It appears that Staff is now recommending including replacement Well No. 6 in the Company's rate base, at the actual cost of $265,882, in response to my rebuttal testimony.

Q. DO YOU NOW AGREE WITH STAFF'S RECOMMENDATION?

A. Most definitely. The inclusion of Well No. 6 in rate base results in an elimination of the Emergency Interim Surcharge authorized by the Commission to pay the debt service on the well. While there have been some difficulties in getting Well No. 6 placed into service, it is now providing water to Valley Utilities' customers.

Q. WHAT ABOUT THE ARSENIC TREATMENT FACILITIES LOCATED AT THE GLENDALE AND BETHANY HOME SITES?

A. As stated in my rebuttal testimony, Valley Utilities was willing to accept Staff's recommendation to exclude both arsenic treatment facilities from rate base, provided that the Commission approve an ASRM that would allow the Company to pay the outstanding debt service.

Q. HAS STAFF PROVIDED A RECOMMENDATION ON THE COMPANY'S ARSM APPLICATION?

A. Yes. On August 26, 2009, Staff issued a report and recommended opinion and order in Docket Nos. W-01412A-04-0736 and W-01412A-04-0849 that, if

approved, would provide the Company with the requisite cash flow necessary to service the outstanding Water Infrastructure Financing Authority ("WIFA") loan used to fund construction of the arsenic treatment facilities.

Q. SO, DO YOU CONCUR WITH STAFF'S RECOMMENDATIONS IN THAT PROCEEDING?

A. Yes. And although I believe that the arsenic treatment facilities will soon become operational, it would be more appropriate to address their inclusion in rate base during the Company's next rate application – provided the ARSM as recommended by Staff is approved.

IV. RATE DESIGN

Q. HAVE YOU REVIEWED MR. MCMURRY'S SURREBUTTAL TESTIMONY CONCERNING RATE DESIGN?

A. Yes. A more detailed analysis of rate design issues is addressed in Mr. Bourassa's rejoinder testimony. *See* Bourassa Rj. at 14-17. However, there are two aspects of Staff's rate design proposal that I would like to specifically address; the elimination of the $10.00 late fee charge, and keeping the interest rate earned by customers on security deposits at 6.00%.

Q. PLEASE ADDRESS STAFF'S PROPOSED LATE FEE CHARGE.

A. Staff is proposing to revise the Company's late fee charge to 1.5% of the outstanding amount. Currently, Valley Utilities charges a flat late fee of $10.00 for each delinquent bill. This has been in our tariff for over 20 years without being changed in previous rate case proceedings. During the test-year, the Company received approximately $25,500 in revenue from late fees. With the economic turndown, customers are becoming increasingly late on paying their water bills in a timely manner, which in turn affects the Company's cash flow and its ability to pay its own bills. I understand that these are tough times for many, and we are doing

what we can to reduce the overall cost of service for our customers. If the Commission does eliminate the $10.00 late fee charge, it will most certainly result in a loss of annual revenue for the Company. The resulting revenue loss impacts the need to increase rates, and I do not think it is equitable to make those who pay their bills in a timely manner to have to make up this revenue loss.

Q. IS THERE ANY OTHER REASON YOU BELIEVE THAT REDUCING THE LATE FEE CHARGE TO 1.5% OF THE OUTSTANDING BALANCE IS NOT IN THE PUBLIC INTEREST?

A. I think that if customers are not looking at a substantial monetary penalty for failure to make timely payments of water bills, it is more likely the number of delinquent bill payments – and the length of these delinquencies – will increase over time. $10.00 is substantial in relation to the average monthly bill, and while I do not like charging late fees, they are necessary to incent customers to pay their bills in a timely manner. Delinquent bills affect cash flow to fund the Company's ongoing utility operations.

Q. WHAT IF THE COMMISSION CHOOSES TO REPLACE THE $10.00 FLAT LATE FEE WITH A 1.5% CHARGE ON OUTSTANDING BALANCES?

A. Then a corresponding adjustment should be made to the Company's annual test-year revenue and Staff's recommended rates to account for this lost revenue. *See* Bourassa Rj. at 11.

Q. WHAT IS THE COMPANY'S REJOINDER POSITION ON STAFF'S RECOMMENDED RATE OF INTEREST FOR CUSTOMER SECURITY DEPOSITS?

A. In today's economy, in fact for the past several years, I think that a 6.00% interest rate on any security deposit is not equitable. Any bank savings or money market

account available to the Company would not earn 6.00% interest, and it is unlikely that the Company could secure a certificate of deposit or treasury bill for anything close to a 6.00% return.

Q. WHAT INTEREST RATE FOR SECURITY DEPOSITS IS THE COMPANY RECOMMENDING AT THIS TIME?

A. The Company is recommending a 2.00 % interest rate. *See* Bourassa Rj. at 19.

V. <u>MISCELLANEOUS ISSUES</u>

Q. ARE THERE ANY OTHER ISSUES THAT YOU WOULD LIKE TO ADDRESS IN YOUR REJOINDER TESTIMONY?

A. Yes, I would like to address Staff's recommendation that the Company file an application for financing approval related to its CAP contract.

Q. PLEASE CONTINUE.

A. Thank you. I appreciate that Staff's recommendation that Valley Utilities obtain Commission approval – for what it perceives to be financing related to the Company's existing CAP contract – is rooted in an "abundance of caution." However, Staff has not provided any policy reason to suggest why an abundance of caution is necessary with respect to this issue. The Company is not asking for recovery of costs, and has chosen to secure rights to future water resources in order to eventually reduce its dependence on groundwater supply. This is consistent with Commission policy on water resources. The fact that the Company chose to pay its CAP contract in annual installments, thereby creating $17,000 in financing charges, appears to me to be no different than if the Company chose to purchase a vehicle with a financing component, resulting in a higher overall price. If I purchase office equipment on a Company credit card, am I not also incurring finance charges?

Q. BUT DOESN'T A.R.S. § 40-301 AND § 40-302 REQUIRE COMMISSION APPROVAL FOR ANY ISSUANCE OF DEBT LONGER THAN TWELVE MONTHS?

A. I think that is what those statutes say, but it would appear to me that the intent is to ensure that public service corporations receive authorization for issuing debt that affects its capital structure to ensure a company can remain viable. It just seems a bit much, especially for an entity as busy as the Commission, to begin requiring approval of any Company agreement or contract that carries with it some financing charge as part of the terms of payment.

Q. SO IF YOU WERE TO BE ABUNDANTLY CAUTIOUS, YOU WOULD FILE AN APPLICATION AS PROPOSED BY STAFF?

A. Certainly. But in taking into account the interests of my customers, I also know that filing and processing such an application will take time and money – time and money I think would be better spent elsewhere. I am hopeful that the Commission will agree, and understand why Staff is making the recommendation. But I am also prepared to follow Staff's recommendation should the Commission determine it is time well spent. And I would also ask for some clarification as to what contractual financing terms must also be approved by the Commission (i.e. annual equipment rental financing, vehicle financing, etc.).

Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

A. Yes.

Valley Utilities Water Company Inc.

In the matter of the application of
Valley Utilities Water Company, Inc.
for approval of a rate increase

Docket No. W-01412A-08-0586

September 8, 2009

Exhibit 1

to Rejoinder Testimony of Robert L. Prince

W ROVEL DR
127TH AVE
PAVERS
FASTER BETTER CHEAPER
602-527-1746

AZCO

W ROSES DR
129TH AVE

N 130th DR

LINDSTROM AVE

From: Julie Flores [jflores@azwifa.gov]
Sent: Friday, February 27, 2009 2:10 PM
To: bobprince@vuwco.com
Cc: Don States; Kimberly Marsh
Hi Bob,

WIFA has agreed to have Valley Utilities #920109-07, make monthly payment on the CIFR only starting 2/1/2009 through 6/1/2009. Those payments will be taken out of your DSR account and will be transferred internally.

If you need to increase or decrease the number of months that this takes place, please contact Judy Navarrete at 602-364-1310.

Julie Flores-Sprengeler
Financial Analyst
Water Infrastructure Finance Authority
1110 West Washington Street
Suite #290
Phoenix, AZ 85007
jflores@azwifa.gov
Telephone: (602) 364-1320
Fax: (602) 364-1327

EXHIBIT
A5
ADMITTED

SAN JOSE, MARIA

From: BLACK, PATRICK
Sent: Monday, September 14, 2009 1:36 PM
To: SAN JOSE, MARIA
Subject: FW: WIFA Debt
Follow Up Flag: Follow up
Flag Status: Purple

From: Bob Prince [mailto:bobprince@vuwco.com]
Sent: Tuesday, January 27, 2009 4:04 PM
To: kmarsh@azwifa.gov
Cc: 'Scott Keith'; 'Barbara Prince'; BLACK, PATRICK
Subject: WIFA Debt

Kimberly,

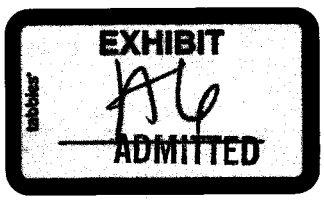
As we have discussed previously, regarding our WIFA Loan, # 920109-07, the Arsenic Impact Fee (AIF) account is now depleted. We are not able to fund the monthly payment of $16,482.87 from the designated WIFA loan collection checking account and we have received the February, 2009 debt service invoice. What do we need to do to use the reserve account funds for the debt service? We will have to use those funds until such time as the ACC releases the set aside funds that we plan on using until the Surcharge is approved and implemented to service the debt. At this time I do not know when that will be; we are still waiting on the Administrative Law Judge's Recommended Order & Opinion.

Please contact me with the information to insure that the reserve funds can be used.

Thank you,

Bob Prince
Valley Utilities Water Co., Inc.
6808 N. Dysart Rd., Ste. 112
Glendale, AZ 85307

bobprince@vuwco.com
Phone-623-935-1100
Fax-623-935-7321



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Attorneys for Valley Utilities Water Company, Inc.

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION OF VALLEY UTILITIES WATER COMPANY INC. FOR AN INCREASE IN ITS WATER RATES FOR CUSTOMERS WITHN MARICOPA COUNTY, ARIZONA	DOCKET NO. W-01412A-99-0615

DIRECT TESTIMONY OF

THOMAS J. BOURASSA

EXHIBIT
K-8
ADMITTED

I. INTRODUCTION AND QUALIFICATIONS.

Q. PLEASE STATE YOUR NAME AND ADDRESS.

A. My name is Thomas J. Bourassa. My business address is 139 W. Wood Drive, Phoenix, Arizona 85029.

Q. WHAT IS YOUR PROFESSION AND BACKGROUND?

A. I am a Certified Public Accountant and am self-employed, providing consulting services to utility companies as well as general accounting services. I have a B.S. in Chemistry/Accounting from Northern Arizona University (1980) and an M.B.A. with an emphasis in Finance from the University of Phoenix (1991).

Q. COULD YOU BRIEFLY SUMMARIZE YOUR PRIOR WORK AND REGULATORY EXPERIENCE?

A. Yes. I was employed by High-Tech Institute, Inc., and served as controller and chief financial officer, prior to becoming a private consultant. Prior to working for High-Tech Institute, I worked as a division controller for the Apollo Group, Inc. Before joining the Apollo Group, I was employed at Kozoman & Kermode, CPAs. In that position, I prepared compilations and other write-up work for water and wastewater utilities, as well as tax returns.

In my private practice, I have prepared and/or assisted in the preparation of several water and wastewater utility rate applications before the Arizona Corporation Commission ("Commission"). A summary of my regulatory work experience is attached.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?

A. I am testifying in this proceeding on behalf of the applicant, Valley Utilities Water Company ("Valley Utilities" or "the Company"). Valley Utilities is seeking increases in its rates and charges for water utility service in its certificated service area in Maricopa County.

II. OVERVIEW OF THE COMPANY'S REQUEST FOR RATE RELIEF.

Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?

A. I will testify in support of the Company's proposed rates. I am sponsoring Schedules A through H, which are filed concurrently herewith in support of the Company's application. I was responsible for the preparation of these schedules based on my investigation and review of the relevant books and records for the Company. The Company is proposing an operating margin approach in the instant case due to the fact that the Company's has negative equity in its capital structure. A cost of capital analysis is not meaningful when equity is negative, and, in general, when the level of equity in the capital structure is very small. Accordingly, the Company has not prepared a cost of capital analysis. In addition, because the Company is not significantly changing the current rate design, the Company has not prepared a cost of service study, so schedules G are omitted.

Q. PLEASE SUMMARIZE THE COMPANY'S APPLICATION.

A. The test year used by Valley Utilities is the 12-month period which ended June 30, 2008. The Company's fair value rate base is $1,741,191. The Company is proposing a 15 percent operating margin. The increase in revenues will provide for recovery of increased operating expenses; a 15 percent operating margin is approximately $323,456 in revenue, which represents an increase of approximately 26.7 percent over the adjusted and annualized test year revenues.

The Company proposed operating margin will also provide revenues sufficient to service Water Infrastructure Financing Authority ("WIFA") debt of approximately $1.93 million for new arsenic treatment facilities and WIFA debt of $250,000 on a replacement well. The new arsenic treatment facilities are required to meet the Federal Environmental Protection Agency standard for arsenic, effective January 2006. Debt financing for the new arsenic treatment facilities

was approved in Arizona Corporation Commission ("Commission") Decision No. 68309 (November 14, 2005). Debt financing for the replacement well was approved in Commission Decision No. 70138 (January 23, 2008).

The Company has also proposed certain pro forma adjustments to take into account known and measurable changes to rate base, expenses and revenues. These pro forma adjustments are consistent with normal ratemaking and with the Commission's rules and regulations. They are also necessary to obtain a normal or realistic relationship between revenues, expenses and rate base.

Q. WHY IS THE COMPANY FILING FOR RATE INCREASES AT THIS TIME?

A. The Company was ordered to file a rate case no later than December 1, 2008 using a test year ending June 30, 2008. *Id.* at 11. Further, the Company's last rate increase was approved on November 14, 2005 (Decision No. 68309) using a test year ending December 31, 2003. Since that time, the Company has made significant investments in plant, and various operating expenses have increased. Consequently, rate increases are necessary to ensure that the Company has the ability to cover its operating expenses, service debt related to the new arsenic treatment plant and replacement well, meet its projected future capital requirements for plant-in-service, as well as to help maintain a reasonably positive net income to promote improvements to the financial health of the Company at least for the next few years.

Q. DOES THE COMPANY CURRENTLY HAVE AN INTERIM EMERGENCY SURCHARGE APPROVED TO HELP FUND THE REPLACEMENT WELL WIFA DEBT?

A. Yes. The Company's interim emergency surcharge, authorized in Commission Decision No. 70138, is currently being collected. The balance of the funds

collected at the end of June 2008 was approximately $7,500. These funds, along with all amounts collected until the interim emergency surcharge is cancelled, will be used for debt service on this loan. Repayment on the well replacement WIFA loan will begin in May 2009, well before new rates are set in the instant case.

Q. WHEN THE FINAL DECISION SETTING NEW RATES IN THIS CASE IS ISSUED BY THE COMMISSION, WILL THE INTERIM EMERGENCY SURCHARGE BE CANCELLED?

A. Yes. The Company anticipates having new rates in effect by February 2010. The revenue requirement using the 15 percent operating margin in the instant case contemplates revenue sufficient to service the debt on this loan. Thus, there would no longer be a need for this surcharge.

Q. DOES THE COMPANY ALSO HAVE AN ARSENIC SURCHARGE RECOVERY MECHANISM TO HELP PROVIDE FUNDS FOR DEBT SERVICE IN THE WIFA LOAN FOR NEW ARSENIC TREATMENT PLANT?

A. The Company was authorized to seek approval of an arsenic recovery surcharge mechanism ("ARSM"). *See* Decision No. 68309 at 26. The Company recently filed for approval of an ARSM to help fund debt service on this loan for the next twelve months. *See* Docket Nos. W-01412A-04-0736, W-01412A-04-0489. However, at this time, approval is pending. The Company began repayment on this loan in June 2007.

Q. DOES THE COMPANY ALSO HAVE AN ARSENIC IMPACT FEE CHARGED TO NEW CONNECTIONS?

A. Yes. *See* Decision No. 67669. The proceeds from the arsenic impact fee ("AIF") can be used to repayment debt used to fund arsenic treatment plant. *See* Decision No. 67669 at 3. In its recent application for approval of an ARSM, the Company

has included the balance of the AIF's collected in its computation of the surcharge.

Q. WHEN THE FINAL DECISION SETTING NEW RATES IN THIS CASE IS ISSUED BY THE COMMISSION, WILL THE ARSM SURCHARGE BE CANCELLED?

A. Yes. Again, the Company anticipates having new rates in effect by February 2010. The revenue requirement using a 15 percent operating margin in the instant case contemplate revenue sufficient to service the debt on both outstanding WIFA loans. Thus, there would no longer be a need for any surcharge.

I. SUMMARY OF A THROUGH F SCHEDULES.

Q. MR. BOURASSA, LET'S TURN TO THE COMPANY'S SCHEDULES. PLEASE DESCRIBE THE SCHEDULES LABELED AS A, E, AND F.

A. The A-1 Schedule is a summary of the rate base, operating income, current operating margin, required operating margin, operating income deficiency, and the increase in gross revenue. Revenues at present and proposed and customer classifications are also shown on this schedule.

The A-2 Schedule is a summary of results of operations for the test year, prior years, and a projected year at present rates and proposed rates.

Schedule A-3 contains the Company's capital structure for the test year and the two prior years.

Schedule A-4 contains the plant construction, and plant in service for the test year and prior years. The projected plant additions are also shown on this schedule.

Schedule A-5 is the summary of the Company's changes in financial position (cash flow) for the prior two years, the test year at present rates, and a projected year at present and proposed rates.

The E Schedules are based on the Company's actual operating results, as

reported by the Company in annual reports filed with the Commission. The E-1 Schedule contains the comparative balance sheet data the years 2006, 2007, and 2008, ending on June 30.

Schedule E-2, page 1, contains the income statement for the years 2006, 2007, and 2008, ending on June 30.

Schedule E-3 contains the statements of changes in the Company's financial position for the test year and the two prior years.

Schedule E-4 provides the changes in membership equity.

Schedule E-5 contains the Company's plant in service at the end of the test year, and one year prior to the end of the test year.

Schedule E-7 contains operating statistics for the years ended 2006, 2007, and 2008, ending on June 30.

Schedule E-8 contains the taxes charged to operations.

The accountant's notes to the financial statements and the financial assumptions used in preparing the rate filing schedules are shown on Schedules E-9 and F-4, respectively, in accordance with the Commission's standard filing requirements. The Company does not prepare audited financial statements.

Schedule F-1 contains the results of operations at the present rates (actual and adjusted), and at proposed rates.

Schedule F-2 contains the summary of changes in financial position (cash flow) for the prior two years, the test year at present rates, and a projected year at present and proposed rates.

Schedule F-3 shows the Company's projected construction requirements for 2009, 2010, and 2011.

Schedule F-4 contains the assumptions used in developing the adjustments and projections contained in the rate filing.

III. RATE BASE (B SCHEDULES).

Q. WOULD YOU EXPLAIN THE RATE BASE SCHEDULES, WHICH ARE LABELED AS THE B SCHEDULES?

A. Yes. I will start with Schedule B-5, which is the working capital allowance. Because Valley Utilities is a small water utility, I used the "formula method" of computing the working capital allowance to reduce costs. The Company is not requesting a working capital allowance.

Q. PLEASE CONTINUE.

A. The Company did not file Schedules B-3 and B-4. To limit issues in dispute and reduce rate case expense, Valley Utilities is requesting that its original cost rate base ("OCRB") be used as its FVRB.

Q. HAVE YOU PREPARED SCHEDULES SHOWING ADJUSTMENTS TO THE ORIGINAL COST RATE BASE?

A. Yes. Schedule B-2 shows adjustments to the OCRB cost rate base proposed by the Company. Schedules B-2, pages 2 through 5, provide the supporting information. These adjustments are, in summary:

Adjustment number 1, as shown on Schedule B-2, page 3, consists of a proposed increase to plant-in-service for the estimated costs of new arsenic treatment plant, a replacement well, and a well retirement. The new arsenic treatment plant and replacement well are revenue neutral post test year plant and are necessary for the provision of service for the year-end level of customers. The well retirement adjustment is for the well (Well #6) replaced by the replacement well.

Q. ARE THE ARSENIC WATER TREATMENT AND REPLACEMENT WELL PROJECTS COMPETED AND PLACED INTO SERIVCE AT THIS TIME?

A. No. Both projects are expected to be completed by the end of the first quarter of 2009. *See* Direct Testimony of Robert L. Prince ("Prince Dt") at 5 and 7.

Q. ARE THE FINAL COSTS OF THESE PROJECTS KNOWN AND MEASURABLE AT THIS TIME?

A. No. However, the final costs should be known and measurable well before the Commission Staff issues its direct testimony in the instant case.

Q. PLEASE CONTINUE.

A. Adjustment number 2, as shown on Schedule B-2, page 4, adjusts accumulated depreciation to reflect the re-computed amounts per the Company's B-2 plant schedule. This adjustment also reflects an adjustment to accumulated depreciation for the well retirement.

Q. DO THE PLANT AND ACCUMULATED DEPRECIATION SHOWN ON B-2 REFLECT THE LAST COMMISSION RATE ORDER?

A. Yes. The plant shown on Schedule B-2 started with the Commission-determined plant from the last rate case. Reconciliation to the starting balances for plant-in-service and accumulated depreciation are shown on Schedule B-2, pages 3.7 and 3.8. Plant additions and retirements since the test year in that case have been added to and deducted from total plant shown on Schedule B-2, pages 3.1 to 3.5. Page 3.6 of the schedule shows the details for the accumulated depreciation through the end of the test year using the half-year convention for depreciation.

Q. THANK YOU. PLEASE CONTINUE.

A. Adjustment number 3, labeled as 3a and 3b, adjusts contributions in aid of construction ("CIAC") and amortization for based on additional CIAC recorded since the since the prior rate case.

Q. HOW WAS THE PROPOSED "FAIR VALUE" RATE BASE SHOWN ON A-1 DETERMINED?

A. As stated, the FVRB shown on Schedule A-1 is based on OCRB, with no adjustment for the current values of the Company's plant and property.

IV. INCOME STATEMENT (C SCHEDULES).

Q. PLEASE EXPLAIN THE ADJUSTMENTS YOU ARE PROPOSING TO THE INCOME STATEMENT AS SHOWN ON SCHEDULES C-1 AND C-2.

A. The following is a summary of adjustments shown on Schedule C-1:

Adjustment 1 annualizes depreciation expense. The proposed depreciation rate for each component of utility plant is shown on Schedule C-2, page 2. The depreciation rates approved in the Company's last rate case were account specific rates.

Adjustment 2 increases the property taxes based on proposed revenues. The Company has recognized the reduction in the assessment ratio contained in A.R.S. § 42-15001, entitled "Assessed Valuation of Class One Property." By law, the assessment ratio is reduced starting in tax year 2006 and through tax year 2011 from 25 percent to 20 percent. The Company has proposed a two-year reduction in the assessment ratio or a reduction from the 23 percent employed for the 2008 property tax year to 21 percent for 2010 property tax year.

Q. HOW DID YOU COMPUTE THE PROPERTY TAXES AT PROPOSED RATES?

A. To determine full cash value, I used the method employed by the Arizona Department of Revenue - Centrally Valued Properties ("ADOR" or "the Department"). This method determines full cash value by using twice the average of three years of revenue, plus an addition for CWIP and a deduction for the book value of transportation equipment. In the instant case, I used two times the adjusted revenues for the year end June 30, 2008, and one year of revenues at

proposed rates. The assessed value (21 percent of full cash value) was then multiplied by the property tax rate to determined adjusted property tax expense.

Q. IS THIS CONSISTENT WITH PRIOR COMMISSION DECISIONS?

A. Yes. *E.g.*, *Chaparral City Water Company*, Decision No. 68176 at 13, *Rio Rico Utilities*, Decision No. 67279 at 8; *Arizona Water Company*, Decision No. 64282 at 12-13; *Bella Vista Water Company*, Decision No. 65350 at 16; *Arizona-American Water Company*, Decision No. 67093 at 9-10. It is also consistent with the methodology adopted in the prior case. *See* Decision No. 69164 at 10-11.

Q. IS THIS SYNCHRONIZATION OF PROPERTY TAX EXPENSE WITH REVENUES PROPER RATE MAKING?

A. Yes. Like income taxes, property taxes must be adjusted to ensure that the new rates are sufficient to produce the authorized return on rate base. For this reason, the Commission has repeatedly approved the use of proposed revenues to determine an appropriate level of property tax expense to be recovered through rates.

To eliminate issues, I used the methodology approved by the Commission in recent Arizona-American Water Company's recent rate case, Decision No. 67093 (June 30, 2004), where two years of adjusted test year revenues and one year of proposed revenues were used to determine full cash value. In that decision, the Commission concluded: "Staff calculated property taxes using its proposed adjusted test year revenues twice and its recommended revenues once to calculate a three year average of revenues. We agree with Staff that using only historical revenues to calculate property taxes to include in the cost of service fails to capture the effects of future revenue from new rates, and can result in an understatement or overstatement of property tax expense." Decision No. 67093 at 9-10.

Q. PLEASE CONTINUE WITH YOUR DESCRIPTION OF THE INCOME

STATEMENT ADJUSTMENTS.

A. Adjustment 3 shows the rate case expense. The Company estimates rate case expense of $120,000 to be recovered over three years because it believes a three-year cycle for future rate cases is reasonable given this utility's circumstances.

Q. WHAT WAS THE AMOUNT APPROVED IN THE LAST CASE?

A. $150,000 amortized over 5 years. *Id.* at 12.

Q. IS THIS THE REASON YOU REFERRED TO THE RATE CASE EXPENSE AS AN ESTIMATE?

A. Yes, it is an estimate based on my experience. But I can only consider the foreseeable. If things turn out more complicated than anticipated, the Company will modify its request to account for that increased expense. Conversely, if the case proceeds and rate case expense is lower than expected, we would make an appropriate adjustment downward.

Q. SHOULDN'T THE COMPANY'S SHAREHOLDERS BEAR SOME OF THE BURDEN OF RATE CASE EXPENSE?

A. As a practical matter, the utility always does. My estimate of $120,000 assumes Valley Utilities will actually incur a higher amount of total rate case expense. I would also agree that if the utility does something improper, or advances positions in bad-faith, it should shoulder the burden of such actions. But, as I testified, the Commission dictates the process, not the utility, and absent such circumstances, the utility must be allowed to recover its reasonably incurred rate case expense.

Q. PLEASE CONTINUE WITH YOUR DISCUSSION OF THE INCOME STATEMENT ADJUSTMENTS?

A. Adjustment 4 annualizes revenues to the year-end number of customers. The annualization was based on the number of customers at the end of the test year, compared to the actual number of customers during each month of the test year.

Average revenues by month were computed for the test year. The average revenues were then multiplied by the increase (or decrease) in number of customers for each month of the test year. The revenue annualization also includes additional revenues based on proposed increases in certain miscellaneous service charges.

Adjustment 5 removes security deposit transactions erroneously booked to revenues.

Adjustment 6 annualizes chemicals expense based on the additional gallons sold from annualizing revenues to the year-end number of customers.

Adjustment 7 annualizes purchased power expense based on the additional gallons sold from annualizing revenues to the year-end number of customers.

Adjustment 8 removes other income and expenses to eliminate the effects on income taxes.

Adjustment 9 adjusts interest expense to reflect the WIFA debt for the new arsenic treatment plant and replacement well.

Adjustment number 10 reflects the income taxes at proposed rates.

V. RATE DESIGN (H SCHEDULES).

Q. WHAT ARE THE COMPANY'S PRESENT RATES?

A. The monthly charges at present rates are listed below.

All Classes

Meter Size	Monthly Minimum	Gallons included in Monthly Minimum
5/8	$ 11.24	0
3/4	$ 16.87	0

1	$ 28.10	0
1 1 /2	$ 56.21	0
2	$ 89.94	0
3	$ 179.87	0
4	$ 281.05	0
6	$ 562.10	0
Construction	$ 179.87	0

The commodity charges and tiers by meter size are:

Meter Size	Tier (gallons)	Charge per 1,000 gallons
5/8 Residential	1 to 3,000	$ 1.50
	3,001 to 10,000	$ 2.31
	Over 10,000	$ 2.53
3/4 Residential	1 to 3,000	$ 1.50
	3,001 to 10,000	$ 2.31
	Over 10,000	$ 2.53
5/8 Commercial	1 to 18,000	$ 2.31
	Over 18,000	$ 2.53
3/4 Commercial	1 to 18,000	$ 2.31
	Over 18,000	$ 2.53
1	1 to 50,359	$ 2.31
	Over 50,359	$ 2.53
1 1/2	1 to 126,054	$ 2.31
	Over 126,054	$ 2.53

2	1 to 151,256	$ 2.31
	Over 151,256	$ 2.53
3	1 to 403,723	$ 2.31
	Over 403,723	$ 2.53
4	1 to 453,722	$ 2.31
	Over 453,722	$ 2.53
6	1 to 1,260,313	$ 2.31
	Over 1,260,313	$ 2.53
Construction	All gallons	$ 3.02

Q. WHAT ARE THE COMPANY'S PROPOSED RATES?

A. The monthly charges at proposed rates are listed below.

All Classes

Meter Size	Monthly Minimum	Gallons included in Monthly Minimum
5/8	$ 14.34	0
3/4	$ 21.53	0
1	$ 35.86	0
1 1 /2	$ 71.72	0
2	$ 114.76	0
3	$ 229.51	0
4	$ 358.62	0
6	$ 717.24	0
Construction	$ 229.51	0

The commodity charges and tiers by meter size are:

Meter	Charge

Size	Tier (gallons)	per 1,000 gallons
5/8 Residential	1 to 3,000	$ 1.91
	3,001 to 10,000	$ 2.95
	Over 10,000	$ 3.23
3/4 Residential	1 to 3,000	$ 1.91
	3,001 to 10,000	$ 2.95
	Over 10,000	$ 3.23
5/8 Commercial	1 to 15,000	$ 2.95
	Over 15,000	$ 3.23
3/4 Commercial	1 to 15,000	$ 2.95
	Over 15,000	$ 3.23
1	1 to 25,000	$ 2.95
	Over 25,000	$ 3.23
1 1/2	1 to 50,000	$ 2.95
	Over 50,000	$ 3.23
2	1 to 80,000	$ 2.95
	Over 80,000	$ 3.23
3	1 to 160,000	$ 2.95
	Over 160,000	$ 3.23
4	1 to 250,000	$ 2.95
	Over 250,000	$ 3.23
6	1 to 500,000	$ 2.95
	Over 500,000	$ 3.23
Construction	All gallons	$ 3.23

Q. HAS THE COMPANY PROPOSED A CHANGE IN THE RATE DESIGN?

A. In general no; it is the same rate design the Commission established for Valley Utilities in the last rate case. The 5/8 inc ¾ inch metered residential customers continue to have an inverted three-tier design while the 5/8 inch and ¾ inch metered commercial customers have an invert two tier design. The 1 inch and larger meters continue have an inverted two-tier design.

The Company is proposing a change to the break-over points for the 5/8 inch and ¾ inch commercial meters and the 1 inch and larger meters. The break-over points are scaled on the second break-over point of the 5/8 inch and ¾ inch residential customers based on the flows relative to a 5/8 inch meter.

Q. HOW WAS THE RATE INCREASE IMPLEMENTED FOR EACH CUSTOMER CLASS?

A. The rate increase was spread evenly among the monthly minimums and the commodity rates. The resulting impact on the average bill for each customer class falls in the range of 27 percent to 33 percent with most falling below 29 percent.

Q. WHAT IS THE IMPACT OF THE COMPANY'S PROPOSED RATES ON AN AVERAGE 5/8 INCH METERED RESIDENTIAL CUSTOMER?

A. The present monthly bill for a 5/8 inch metered residential customer using an average of 7,376 gallons is $25.85. The proposed monthly bill for a 5/8 inch metered residential customer using an average of 7,376 gallons is $32.98 – an increase of approximately $7.13 or 27.60 percent over the present rates.

The present and proposed average monthly bill for each meter size and customer class are shown on schedule H-2, page 2.

Q. ARE THERE ANY CHANGES TO THE MISCELLANOUES SERVICE CHARGES?

A. Yes. The Company is proposing changes to certain miscellaneous charges. These changes can be found of schedule H-3, page 3. Additional revenues from changes to miscellaneous charges have been included in test year adjusted revenues.

Q. ARE THERE ANY CHANGES TO THE METER AND SERVICE LINE INSTALLATION CHARGES?

A. Yes. The Company is proposing meter and service line installation charges based on the Staff Utilities Engineering update of typical meter and service line installation charges dated February 28, 2008. The Company's proposed charges are shown on Schedule H-3, page 4.

Q. DOES THE COMPANY HAVE AN EXISTING ARSENIC IMPACT FEE?

A. Yes. The existing arsenic impact fee ("AIF") was approved in Commission Decision No. 67669 (March 9, 2005). AIF's are used, and have been used to pay for capital items of arsenic treatment facilities (including engineering and design costs for such facilities) and for repayment of loans. No change is proposed.

Q. DOES THAT CONCLUDE YOUR TESTIMONY?

A. Yes.

2139027.1/24964.003

EXHIBIT

A

Exhibit A

RESUME OF THOMAS J. BOURASSA, CPA

EDUCATIONAL BACKGROUND

B.S. Northern Arizona University Chemistry/Accounting (1980)
M.B.A. University of Phoenix with Emphasis in Finance (1991)
C.P.A. State of Arizona (1995)

EMPLOYMENT EXPERIENCE

1995 – Present	CPA - Self Employed Consultant to utilities on regulatory matters including all aspects of rate applications (rate base, income statement, cost of capital, cost of service, and rate design), rate reviews, certificates of convenience and necessity (CC&N), CC&N extensions, financing applications, accounting order applications, and off-site facilities hook-up fee applications. Provide expert testimony as required. Consult on various aspects of business, financial and accounting matters including best business practices, generally accepted accounting principles, project analysis, cash flow analysis, regulatory treatment of certain expenditures and investments, business valuations, and rate reviews.
1992-1995	Employed by High-Tech Institute, Phoenix, Arizona as Controller and C.F.O.
1989-1992	Employed by Alta Technical School, a division of University of Phoenix as Division Controller.
1985-1989	Employed by M.L.R. Builders, Tampa and Pensacola, Florida as Operations/Accounting Manager
1982-1985	Employed by and part owner in Area Sand and Clay Company, Pensacola, Florida.
1981-1982	Employed by Purdue University, West Lafayette, Indiana as Teaching Assistant.

SUMMARY OF REGULATORY WORK EXPERIENCE AS SELF EMPLOYED CONSULTANT

COMPANY/CLIENT	FUNCTION
Farmers Water Company Docket W-01654A-08-0502	Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
Far West Water and Sewer Company Docket WS-03478A-08-0454	Permanent Rate Application. Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design and Cost of Capital.
Far West Water and Sewer Company Docket WS-03478A-07-0442	Financing Application. Prepare schedules to support application.
Johnson Utilities Docket WS-02987A-08-0180	Permanent Rate Application. Water and Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design and Cost of Capital.
Orange Grove Water Company Docket W-02237A-08-0455	Permanent Rate Application. Prepared schedules on Plant, Income Statement, Revenue Requirement, and Rate Design.
Oak Creek Water No.1 Docket W-01392A-07-0679	Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
ICR Water Users Association Docket W-02824-07-0388	Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
H2O, Inc Docket W-02234A-07-0550	Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Chaparral City Water Company Docket W-02113A-07-0551	Permanent Rate Application. Prepared schedules and testified on Rate Base, Plant,

COMPANY/CLIENT	FUNCTION
	Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Valley Utilities Docket W-01412A-07-0561	Financing Application. Prepare schedules to support application.
Valley Utilities Docket W-01412A-07-280	Emergency Rate Application. Prepare schedules to support application.
Valley Utilities Docket W-01412A-07-0278	Accounting Order. Assist in preparing definition and scope of costs for deferral for future regulatory consideration and treatment.
Litchfield Park Service Company Docket W-01427A-06-0807	Accounting Order. Assist in preparing definition and scope of costs for deferral for future regulatory consideration and treatment.
Golden Shores Water Company Docket W-01815A-07-0117	Permanent Rate Application. Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Diablo Village Water Company Docket W-02309A-07-0140	Off-site facilities hook-up fee application. Prepare schedules to support application.
Diablo Village Water Company Docket W-02309A-07-0399	Permanent Rate Application (Class C). Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Sahuarita Water Company (Rancho Sahuarita Water Co.) Docket W-03718A-07-0687	Extension Certificate of Convenience and Necessity – Water. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, and financing.
Utility Source, L.L.C. Docket WS-04235A-06-0303	Permanent Rate Application- Water and Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement,

COMPANY/CLIENT	FUNCTION
	Revenue Requirement, Rate Design, and Cost of Capital.
Goodman Water Company Docket W-02500A-06-0281	Permanent Rate Application (Class C). Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, and Cost of Capital.
Links at Coyote Wash Utilities Docket SW-04210A-06-0220	Certificate of Convenience and Necessity – Sewer. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, financing, and initial rate design.
New River Utilities Docket W-0173A-06-0171	Extension Certificate of Convenience and Necessity – Water. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, and financing.
Johnson Utilities Docket WS-02987A-04-0501 Docket WS-02987A-04-0177	Extension of Certificate of Convenience and Necessity – Sewer. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, financing, and initial rate design.
Bachmann Springs Utility Docket WS-03953A-07-0073	Permanent Rate Application – Water and Sewer. Prepared short-form schedules for Rate Base, Income Statement, Plant, Bill Counts, and Rate Design.
Avra Water Cooperative Docket W-02126A-06-0234	Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
Gold Canyon Sewer Company Docket SW-025191A-06-0015	Permanent Rate Application – Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Far West Water and Sewer Company Docket WS-03478A-05-0801	Permanent Rate Application – Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of

COMPANY/CLIENT	FUNCTION
	Capital.
Black Mountain Sewer Company Docket SW-02361A-05-0657	Permanent Rate Application – Sewer. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, Rate Design, and Cost of Capital.
Balterra Sewer Company Docket SW-02304A-05-0586	Certificate of Convenience and Necessity – Sewer. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, financing, and initial rate design.
Community Water Company of Green Valley Docket W-02304A-05-0830	Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
McClain Water Systems Northern Sunrise Water Southern Sunrise Water Docket W-020453A-06-0251	Certificate of Convenience and Necessity – Water. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, financing, and initial rate design.
Valley Utilities Water Company Docket W-01412A-04-0376	Off-site facilities hook-up fee application. Prepare schedules to support application.
Valley Utilities Water Company Docket W-01412A-04-0376	Permanent Rate Application – Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, and Revenue Requirement. Assisted in preparation of Rate Design.
Beardsley Water Company Docket W-02074A-04-0358	Permanent Rate Application – Water. Prepared short-form schedules for Rate Base, Income Statement, Plant, Bill Counts, and Rate Design.
Pine Water Company, Inc. Docket W-03512A-03-0279	Interim and Permanent Rate Application, Financing Application - Water. Prepared schedules and testified on Rate Base, Plant, Income Statement, Cost of Capital, and Rate Design.
Chaparral City Water Company	Permanent Rate Application. Prepared

COMPANY/CLIENT	FUNCTION
Docket W-02113A-04-0616	schedules and testified on Rate Base, Plant, and Income Statement. Assisted in preparation Rate Design.
Tierra Linda Home Owners Association Docket W-0423A-04-0075	Certificate of Convenience and Necessity – Water. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, financing, and initial rate design.
Diamond Ventures - Red Rock Utilities Docket WS-04245A-04-0184	Certificate of Convenience and Necessity – Water and Sewer. Prepared pro-forma balance sheets, income statements, plant schedules, rate base, financing, and initial rate design.
Arizona-American Water Company, Inc. Docket WS-01303A-02-0867 Docket WS-01303A-02-0868 Docket WS-01303A-02-0869 Docket WS-01303A-02-0870 Docket WS-01303A-02-0908	Permanent Rate Application Water and Sewer (10 divisions). Prepared schedules and testimony on Rate Base, Plant, Income Statement, and Revenue Requirement. Assisted in preparation of Rate Design.
Bella Vista Water Company, Inc. Docket W-02465A-01-0776	Permanent Rate Application - Water. Prepared schedules and testimony on Rate Base, Plant, Income Statement, and Revenue Requirement. Assisted in preparation of Cost of Capital and Rate Design.
Green Valley Water Company Docket (2000 Not Filed)	Permanent Rate Application. Prepared schedules and testimony on Rate Base, Plant, Income Statement, and Revenue Requirement. Assisted in preparation of Cost of Capital and Rate Design.
Gold Canyon Sewer Company Docket SW-02519A-00-0638	Permanent Rate Application - Sewer. Prepared schedules and testimony on Rate Base, Plant, Revenue Requirement, and Income Statement. Assisted in preparation of Cost of Capital and Rate Design.

COMPANY/CLIENT	FUNCTION
Rio Verde Utilities, Inc. Docket WS-02156A-00-0321	Permanent Rate Application – Water and Sewer. Prepared schedules and testimony on Rate Base, Plant, Revenue Requirement, and Income Statement. Assisted in preparation of Cost of Capital and Rate Design.
Livco Water Company Livco Sewer Company Docket SW-02563A-05-0820	Permanent Rate Application – Water. Prepared short-form schedules for Rate Base, Income Statement, Plant, Bill Counts, and Rate Design.
Livco Water Company Docket SW-02563A-07-0506	Permanent Rate Application – Water and Sewer. Prepared short-form schedules for Rate Base, Income Statement, Plant, Bill Counts, and Rate Design.
Cave Creek Sewer Company	Revenue Requirement, Rate Adjustment and Rate Design - Sewer.
Avra Water Cooperative Docket W-02126A-00-0269	Permanent Rate Application – Water. Assisted in preparation of Rate Base, Plant, Income Statement, Revenue Requirement, and Rate Design.
Town of Oro Valley	Revenue Requirements, Water Rate Adjustments and Rate Design.
Far West Water Company Docket WS-03478A-99-0144	Permanent Rate Application – Water. Assisted in preparation of schedules for Rate Base, Income Statement, Revenue Requirement, Lead-Lag Study, Cost of Capital, and Rate Design.
MHC Operating Limited Partnership Sedona Venture Wastewater Docket W-	Permanent Rate Application – Sewer. Assisted in preparation of schedules for Rate Base, Plant, Income Statement, and Rate Design.
Vail Water Company Docket W-01651B-99-0406	Permanent Rate Application. Assisted in preparation of schedules for Rate Base, Plant, Income Statement, and Rate Design.
E&T Water Company Docket W-01409A-95-0440	Permanent Rate Application - Water. Assisted in preparation of schedules for

COMPANY/CLIENT	FUNCTION
	Rate Base, Plant, Income Statement, and Rate Design.
New River Utility Docket W-01737A-99-0633	Permanent Rate Application - Water. Assisted in preparation of schedules for Rate Base, Plant, Income Statement, and Rate Design.
Golden Shores Water Docket W-01815A-98-0645	Permanent Rate Application – Water. Assisted in preparation of schedules for Rate Base, Plant, Income Statement, and Rate Design.
Ponderosa Utility Company Docket W-01717A-99-0572	Permanent Rate Application – Water. Assisted in preparation of schedules for Rate Base, Plant, Income Statement, and Rate Design.
Chaparral City Water Company Docket (1999 Not Filed)	Permanent Rate Application - Water. Prepared schedules and testimony on Rate Base, Plant, Revenue Requirement, and Income Statement. Assisted in preparation of Cost of Capital and Rate Design.

EXHIBIT B

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Computation of Increase in Gross Revenue
Requirements As Adjusted

Exhibit
Schedule A-1
Page 1
Witness: Bourassa

Line No.			
1	Fair Value Rate Base	$	1,741,191
2			
3	Adjusted Operating Income		12,012
4			
5	Current Rate of Return		0.69%
6			
7	Required Operating Income	$	229,974
8			
9	Proposed Operatin Margin		15.00%
10			
11	Operating Income Deficiency	$	217,962
12			
13	Gross Revenue Conversion Factor		1.4840
14			
15	Increase in Gross Revenue Revenue Requirement	$	323,456
16			
17	Test Year Revenues	$	1,209,703
18	Increase in Gross Revenue Revenue Requirement	$	323,456
19	Proposed Revenue Requirement	$	1,533,160
20	% Increase		26.74%
21			

22	Customer	Present	Proposed	Dollar	Percent
23	Classification	Rates	Rates	Increase	Increase
24					
25	5/8 Inch	$ 55,282	$ 70,547	$ 15,265	27.61%
26	3/4 Inch	386,376	493,029	106,653	27.60%
27	1 Inch	384,994	496,811	111,817	29.04%
28	1 1/2 Inch	23,801	30,996	7,195	30.23%
29	2 Inch	267,706	344,933	77,226	28.85%
30	3 Inch Construction	67,596	75,908	8,311	12.30%
31	Revenue Annualization	(24,537)	(27,451)	(2,914)	11.87%
32	**Subtotal**	$ 1,161,219	$ 1,484,773	$ 323,554	27.86%
33					
34	Misc. Service Revenues	48,126	48,126	-	0.00%
35	Reconciling Amount H-1 to C-1	359	262	(97)	-27.02%
36					
37	**Total of Water Revenues**	$ 1,209,703	$ 1,533,160	$ 323,457	26.74%
38					
39					
40					
41	SUPPORTING SCHEDULES:				
42	B-1				
43	C-1				
44	C-3				
45	H-1				
46					

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Summary of Results of Operations

Exhibit
Schedule A-2
Page 1
Witness: Bourassa

Line No.	Description	Prior Years Ended 6/30/2006	Prior Years Ended 6/30/2007	Test Year Actual 6/30/2008	Test Year Adjusted 6/30/2008	Projected Year Present Rates 6/30/2009	Projected Year Proposed Rates 6/30/2009
1	Gross Revenues	$ 1,149,251	$ 1,168,439	$ 1,245,428	$ 1,209,703	$ 1,209,703	$ 1,533,160
2							
3	Revenue Deductions and	1,108,728	1,164,584	1,121,776	1,197,692	1,197,692	1,303,186
4	Operating Expenses						
5							
6	Operating Income	$ 40,523	$ 3,856	$ 123,652	$ 12,012	$ 12,012	$ 229,974
7							
8	Other Income and	-	700	20	-	-	-
9	Deductions						
10							
11	Interest Expense	(3,481)	(6,293)	(36,745)	(123,851)	(123,851)	(123,851)
12							
13	Net Income	$ 37,042	$ (1,737)	$ 86,927	$ (111,839)	$ (111,839)	$ 106,123
14							
15	Earned Per Average						
16	Common Share	37.04	(1.74)	17.39	(22.37)	(22.37)	21.22
17							
18	Dividends Per						
19	Common Share	-	-	-	-	-	-
20							
21	Payout Ratio	-	-	-	-	-	-
22							
23	Return on Average						
24	Invested Capital	0.95%	-0.04%	1.63%	-1.67%	-1.59%	1.50%
25							
26	Return on Year End						
27	Capital	0.88%	-0.04%	1.46%	-1.67%	-1.51%	1.43%
28							
29	Return on Average						
30	Common Equity	-8.46%	0.43%	-44.92%	NM	NM	181.73%
31							
32	Return on Year End						
33	Common Equity	-9.00%	0.44%	1629.06%	NM	NM	95.21%
34							
35	Times Bond Interest Earned						
36	Before Income Taxes	11.06	6.32	3.89	(0.37)	(0.37)	2.45
37							
38	Times Total Interest and						
39	Preferred Dividends Earned						
40	After Income Taxes	11.64	0.72	3.37	0.10	0.10	2.00
41							
42							
43	SUPPORTING SCHEDULES						
44	C-1						
45	E-2						
46	F-1						

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Summary of Capital Structure

Exhibit
Schedule A-3
Page 1
Witness: Bourassa

Line No.	Description:	Prior Years Ended 6/30/2006	Prior Years Ended 6/30/2007	Test Year 6/30/2008	Projected Year 6/30/2009
1					
2					
3	Long-Term Debt	1,329,161	1,258,423	913,985	2,130,823
4					
5	Total Debt	$ 1,329,161	$ 1,258,423	$ 913,985	$ 2,130,823
6					
7					
8	Preferred Stock	-	-	-	-
9					
10	Common Equity	(411,573)	(392,402)	5,336	111,459
11					
12					
13	Total Capital & Debt	$ 917,588	$ 866,021	$ 919,321	$ 2,242,282
14					
15					
16	Capitalization Ratios:				
17					
18	Long-Term Debt	144.85%	145.31%	99.42%	95.03%
19					
20	Total Debt	144.85%	145.31%	99.42%	95.03%
21					
22					
23	Preferred Stock	-	-	-	-
24					
25	Common Equity	-44.85%	-45.31%	0.58%	4.97%
26					
27					
28	Total Capital	100.00%	100.00%	100.00%	100.00%
29					
30					
31	Weighted Cost of				
32	Senior Capital	7.99%	5.81%	5.81%	5.55%
33					
34					
35					
36					
37					
38					
39	SUPPORTING SCHEDULES:				
40	E-1				
41	D-1				

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Construction Expenditures
and Gross Utility Plant in Service

Exhibit
Schedule A-4
Page 1
Witness: Bourassa

Line No.		Construction Expenditures	Net Plant Placed in Service	Gross Utility Plant in Service
1				
2	Prior Year Ended 06/30/2006	718,970	303,012	5,055,298
3				
4	Prior Year Ended 06/30/2007	522,568	203,424	5,258,721
5				
6	Test Year Ended 06/30/2008	1,971,721	1,337,648	6,596,370
7				
8	Projected Year Ended 06/30/2009	1,327,081	1,327,081	7,923,451
9				
10				
11				
12				
13	SUPPORTING SCHEDULES:			
14	B-2			
15	E-5			
16	F-3			
17				
18				

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Summary Statements of Cash Flows

Exhibit
Schedule A-5
Page 1
Witness: Bourassa

Line No.		Prior Year Ended 6/30/2006	Prior Year Ended 6/30/2007	Test Year Ended 6/30/2008	Projected Year Present Rates 6/30/2009	Projected Year Proposed Rates 6/30/2009
5	Cash Flows from Operating Activities					
6	Net Income	$ 52,248	$ 19,574	$ 98,023	$ (111,839)	$ 106,123
7	Adjustments to reconcile net income to net cash					
8	provided by operating activities:					
9	Depreciation and Amortization	286,614	163,446	196,437	313,518	313,518
10	Adjustments to Depreciation/Amortization	(2,059)	(1,955)	-		
11	Other	666	(404)	(285)		
12	Changes in Certain Assets and Liabilities:	-	-	-		
13	Accounts Receivable	(77,239)	59,837	(38,491)		
14	Unbilled Revenues	-	-	-		
15	Materials and Supplies Inventory	4,316	(13,664)	1,677		
16	Prepaid Expenses	-	-	-		
17	Deferred Charges	-	-	-		
18	Accounts Payable	4,485	511	(4,068)		
19	Intercompany payable	-	-	-		
20	Customer Deposits	22,129	13,832	6,815		
21	Intercompany taxes receivable and taxes payable	(3,462)	2,548	(3,236)		
22	Other assets and liabilities	(43,469)	15,442	(41,203)		
23						
24	Net Cash Flow provided by Operating Activities	$ 244,226	$ 259,167	$ 215,469	$ 201,679	$ 419,641
25	Cash Flow From Investing Activities:					
26	Capital Expenditures	(718,970)	(522,568)	(1,971,721)	(1,327,081)	(1,327,081)
27	Plant Held for Future Use	-	-	-		
28	Changes in debt reserve fund	-	-	-		
29	Net Cash Flows from Investing Activities	$ (718,970)	$ (522,568)	$ (1,971,721)	$ (1,327,081)	$ (1,327,081)
30	Cash Flow From Financing Activities					
31	Change in Restricted Cash	(173,934)	(166,787)	549,396		
32	Change in net amounts due to parent and affiliates	-	-	-		
33	Net proceeds advances for and contributions in aid of const.	605,923	397,942	(52,900)	(52,900)	(52,900)
34	Net proceeds of Long-Term Debt	32,388	58,339	823,258	1,216,838	1,216,838
35	Net proceeds of Short-Term Debt	-	-	122,000	-	-
36	Dividends Paid	-	-	-	-	-
37	Paid in Capital/Stock Issuances	-	-	300,000		
38						
39	Net Cash Flows Provided by Financing Activities	$ 464,377	$ 289,494	$ 1,741,754	$ 1,163,938	$ 1,163,938
40	Increase(decrease) in Cash and Cash Equivalents	(10,367)	26,093	(14,498)	38,536	256,498
41	Cash and Cash Equivalents at Beginning of Year	31,345	20,978	47,071	32,573	32,573
42	Cash and Cash Equivalents at End of Year	$ 20,978	$ 47,071	$ 32,573	$ 71,109	$ 289,071
43	SUPPORTING SCHEDULES:					
44	E-3					
45	F-2					
46						

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Summary of Rate Base

Exhibit
Schedule B-1
Page 1
Witness: Bourassa

Line No.		Original Cost Rate base	Fair Value Rate Base
1			
2	Gross Utility Plant in Service	$ 8,596,870	$ 8,596,870
3	Less: Accumulated Depreciation	2,051,030	2,051,030
4			
5	Net Utility Plant in Service	$ 6,545,839	$ 6,545,839
6			
7	Less:		
8	Advances in Aid of		
9	Construction	3,515,087	3,515,087
10	Contributions in Aid of		
11	Construction	1,322,934	1,322,934
12	Accumulated Amortization of CIAC	(289,811)	(289,811)
13			
14	Customer Meter Deposits	224,503	224,503
15	Deferred Income Taxes & Credits	31,772	31,772
16		-	-
17			
18			
19	Plus:		
20	Unamortized Finance		
21	Charges	-	-
22	Deferred Regulatory Assets	-	-
23	Allowance for Working Capital	-	-
24			
25			
26	Total Rate Base	$ 1,741,355	$ 1,741,355
27			
28			
29			
30	SUPPORTING SCHEDULES:		
31	B-2		
32	B-3		
33	B-5		
34	E-1		
35			

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Original Cost Rate Base Proforma Adjustments

Exhibit
Schedule B-2
Page 1
Witness: Bourassa

Line No.		Actual at End of Test Year	Proforma Adjustments Amount	Adjusted at end of Test Year
1	Gross Utility			
2	Plant in Service	$ 6,596,370	2,000,500	$ 8,596,870
3				
4	**Less:**			
5	Accumulated			
6	Depreciation	2,467,165	(416,134)	2,051,030
7				
8				
9	Net Utility Plant			
10	in Service	$ 4,129,205		$ 6,545,839
11				
12	**Less:**			
13	Advances in Aid of			
14	Construction	3,515,087	-	3,515,087
15				
16	Contributions in Aid of			
17	Construction (CIAC)	1,322,934	0	1,322,934
18				
19	Accumulated Amortization of CIAC	(301,302)	11,655	(289,647)
20				
21	Customer Meter Deposits	224,503	-	224,503
22	Deferred Income Taxes	31,772	-	31,772
23				
24				
25	**Plus:**			
26	Unamortized Finance			
27	Charges	-	-	-
28	Deferred Regulatory Assets	-	-	-
29	Allowance for Working Capital	-	-	-
30				
31	Total	$ (663,788)		$ 1,741,191
32				
33				
34				
35	SUPPORTING SCHEDULES:			RECAP SCHEDULES:
36	B-2, pages 1-7			B-1
37	E-1			
38				
39				
40				
41				
42				
43				
44				

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Original Cost Rate Base Proforma Adjustments

Exhibit
Schedule B-2
Page 2
Witness: Bourassa

Line No.		Actual at End of Test Year	Proforma Adjustments 1 Plant Adjustments	2 Accum. Depr.	3 CIAC	Adjusted at end of Test Year
1	Gross Utility					
2	Plant in Service	$ 6,596,370	2,000,500			$ 8,596,870
3						
4	**Less:**					
5	Accumulated					
6	Depreciation	2,467,165		(416,134)		2,051,030
7						
8						
9	Net Utility Plant					
10	in Service	$ 4,129,205	$ 2,000,500	$ 416,134	$ -	$ 6,545,839
11						
12	**Less:**					
13	Advances in Aid of					
14	Construction	3,515,087				3,515,087
15						
16	Contributions in Aid of					
17	Construction (CIAC)	1,322,934			0	1,322,934
18						
19	Accumulated Amort of CIAC	(301,302)			11,491	(289,811)
20						
21	Customer Meter Deposits	224,503				224,503
22	Deferred Income Taxes	31,772				31,772
23						
24						
25	**Plus:**					
26	Unamortized Finance					
27	Charges	-				-
28	Deferred Reg. Assets	-				-
29	Allowance for Working Capital	-				-
30						
31	Total	$ (663,788)	$ 2,000,500	$ 416,134	$ (11,491)	$ 1,741,355
32						
33						
34						
35	SUPPORTING SCHEDULES:					
36	B-2, pages 3 to 5					
37	E-1					

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1

Exhibit
Schedule B-2
Page 3
Witness: Bourassa

Line No.	Plant-in-Service			A	B	C	
	Acct. No.	Description	Per Books Orginal Cost	PTY Plant Arsenic Water Treatment	PTY Plant Well #6 Replacement	Reitre Well #6	Adjusted Original Cost
5	301	Organization Cost					-
6	302	Franchise Cost					-
7	303	Land and Land Rights	448,196				448,196
8	304	Structures and Improvements	17,167				17,167
9	305	Collecting and Impounding Res.					-
10	306	Lake River and Other Intakes					-
11	307	Wells and Springs	1,323,317		250,000	(175,600)	1,397,717
12	308	Infiltration Galleries and Tunnels					-
13	309	Supply Mains	-				-
14	310	Power Generation Equipment					-
15	311	Electric Pumping Equipment	448,660				448,660
16	320	Water Treatment Equipment	22,334	1,826,100			1,848,434
17	330	Distrib. Reservoirs & Standpipe	828,116				828,116
18	331	Trans. and Distrib. Mains	2,593,007				2,593,007
19	333	Services	123,765				123,765
20	334	Meters	419,733				419,733
21	335	Hydrants	147,203				147,203
22	336	Backflow Prevention Devices					-
23	339	Other Plant and Misc. Equipment	1,237				1,237
24	340	Office Furniture and Fixtures	66,856				66,856
25	341	Transportation Equipment	88,026				88,026
26	342	Stores Equipment					-
27	343	Tools and Work Equipment	38,585				38,585
28	344	Laboratory Equipment					-
29	345	Power Operated Equipment	5,930				5,930
30	346	Communications Equipment					-
31	347	Miscellaneous Equipment	20,000				20,000
32	348	Other Tangible Plant	4,237				4,237
33	348	Other Tangible Plant - Arsenic Media		100,000			100,000
34		TOTALS	$ 6,596,369	$ 1,926,100	$ 250,000	$ (175,600)	$ 8,596,869
35							
36	Plant-in-Service per Books						$ 6,596,369
37							
38	Increase (decrease) in Plant-in-Service						$ 2,000,500
39							
40	Adjustment to Plant-in-Service						$ 2,000,500
41							
42	SUPPORTING SCHEDULES						
43	B-2, pages 3.1-3.5						

Valley Utilities Water Company, Inc.
Plant Additions and Retirements

Exhibit
Schedule B-2
Page 3.1

Account No.	Description	Deprec. Rate Before Nov-05	Deprec. Rate After Nov-05	[redacted] Per Decis[redacted] Plant At 12/31/2003	2003 Accum. Depr.	2004 Plant Additions	2004 Plant Adjustments	2004 Adjusted Plant Additions	2004 Plant Retirements	2004 Plant Balance	2004 Deprec.
301	Organization Cost	0.00%	0.00%	-	-			-		-	-
302	Franchise Cost	0.00%	0.00%	-	-			-		-	-
303	Land and Land Rights	0.00%	0.00%	44,046	-	150		150		44,196	-
304	Structures and Improvements	3.33%	3.33%	12,303	6,966	1,219		1,219		13,522	430
305	Collecting and Impounding Res.	2.50%	2.50%	-	-			-		-	-
306	Lake River and Other Intakes	2.50%	2.50%	-	-			-		-	-
307	Wells and Springs	3.33%	3.33%	946,947	116,754	18,194	4,616	22,810		969,757	31,913
308	Infiltration Galleries and Tunnels	6.67%	6.67%	-	-			-		-	-
309	Supply Mains	2.00%	2.00%	-	-			-		-	-
310	Power Generation Equipment	5.00%	5.00%	-	-			-		-	-
311	Electric Pumping Equipment	12.50%	12.50%	207,173	183,437	39,044	1,374	40,418		247,591	28,423
320	Water Treatment Equipment	3.33%	3.33%	3,225	626	8,159		8,159		11,384	243
330	Distribution Reservoirs & Standpipe	2.22%	2.22%	284,041	185,432		5,500	5,500		289,541	6,367
331	Transmission and Distribution Mains	2.00%	2.00%	2,246,082	736,334	1,736		1,736		2,247,818	44,939
333	Services	3.33%	3.33%	54,483	26,917	3,252		3,252		57,735	1,868
334	Meters	8.33%	8.33%	318,631	82,483	12,858		12,858		331,489	27,078
335	Hydrants	2.00%	2.00%	80,088	4,347			-		80,088	1,602
336	Backflow Prevention Devices	6.67%	6.67%	-	-			-		-	-
339	Other Plant and Miscellaneous Equipment	6.67%	6.67%	-	-			-		-	-
340	Office Furniture and Fixtures	6.67%	6.67%	34,087	17,068	8,518		8,518		42,605	2,558
341	Transportation Equipment	20.00%	20.00%	41,826	12,831	10,627		10,627		52,453	9,428
342	Stores Equipment	4.00%	4.00%	-	-			-		-	-
343	Tools and Work Equipment	5.00%	5.00%	20,015	10,703	1,254		1,254		21,269	1,032
344	Laboratory Equipment	10.00%	10.00%	-	-			-		-	-
345	Power Operated Equipment	5.00%	5.00%	5,930	4,784			-		5,930	297
346	Communications Equipment	10.00%	10.00%	-	-			-		-	-
347	Miscellaneous Equipment	10.00%	10.00%	-	-			-		-	-
348	Other Tangible Plant (leasehold improve)	3.33%	3.33%	4,192	2,893			-		4,192	140
	Plant Held for Future Use										
	TOTAL WATER PLANT			4,303,069	1,391,574	105,011	11,490	116,501	-	4,419,570	156,316

Valley Utilities Water Company, Inc.
Plant Additions and Retirements

Exhibit
Schedule B-2
Page 3.2

Account No.	Description	Deprec. Rate Before Nov-05	Deprec. Rate After Nov-05	2005 Plant Additions	2005 Plant Adjustments	2005 Adjusted Plant Additions	2005 Plant Retirements	2005 Plant Balance	2005 Deprec.
301	Organization Cost	0.00%	0.00%			-		-	-
302	Franchise Cost	0.00%	0.00%			-		-	-
303	Land and Land Rights	0.00%	0.00%			-		44,196	-
304	Structures and Improvements	3.33%	3.33%	1,149		1,149		14,670	469
305	Collecting and Impounding Res.	2.50%	2.50%			-		-	-
306	Lake River and Other Intakes	2.50%	2.50%			-		-	-
307	Wells and Springs	3.33%	3.33%	24,370		24,370		994,127	32,699
308	Infiltration Galleries and Tunnels	6.67%	6.67%			-		-	-
309	Supply Mains	2.00%	2.00%			-		-	-
310	Power Generation Equipment	5.00%	5.00%			-		-	-
311	Electric Pumping Equipment	12.50%	12.50%	11,716		11,716		259,307	31,681
320	Water Treatment Equipment	3.33%	3.33%	6,610		6,610		17,994	489
330	Distribution Reservoirs & Standpipe	2.22%	2.22%	117		117		289,658	6,429
331	Transmission and Distribution Mains	2.00%	2.00%	299,130		299,130		2,546,948	47,948
333	Services	3.33%	3.33%	41,739		41,739		99,474	2,618
334	Meters	8.33%	8.33%	19,342		19,342		350,831	28,419
335	Hydrants	2.00%	2.00%	67,115		67,115		147,203	2,273
336	Backflow Prevention Devices	6.67%	6.67%			-		-	-
339	Other Plant and Miscellaneous Equipment	6.67%	6.67%	1,117		1,117		1,117	37
340	Office Furniture and Fixtures	6.67%	6.67%	10,405		10,405		53,010	3,189
341	Transportation Equipment	20.00%	20.00%	598		598		53,051	10,550
342	Stores Equipment	4.00%	4.00%			-		-	-
343	Tools and Work Equipment	5.00%	5.00%	1,270		1,270		22,538	1,095
344	Laboratory Equipment	10.00%	10.00%			-		-	-
345	Power Operated Equipment	5.00%	5.00%			-		5,930	297
346	Communications Equipment	10.00%	10.00%			-		-	-
347	Miscellaneous Equipment	10.00%	10.00%			-		-	-
348	Other Tangible Plant (leasehold improve)	3.33%	3.33%			-		4,192	140
	Plant Held for Future Use								
	TOTAL WATER PLANT			484,678	-	484,678	-	4,904,247	168,332

Valley Utilities Water Company, Inc.
Plant Additions and Retirements

Exhibit
Schedule B-2
Page 3.3

Account No.	Description	Deprec. Rate Before Nov-05	Deprec. Rate After Nov-05	2006 Plant Additions	2006 Plant Adjustments	2006 Adjusted Plant Additions	2006 Plant Retirements	2006 Plant Balance	2006 Deprec.
301	Organization Cost	0.00%	0.00%			-		-	-
302	Franchise Cost	0.00%	0.00%			-		-	-
303	Land and Land Rights	0.00%	0.00%			-		44,196	-
304	Structures and Improvements	3.33%	3.33%			-		14,670	489
305	Collecting and Impounding Res.	2.50%	2.50%			-		-	-
306	Lake River and Other Intakes	2.50%	2.50%			-		-	-
307	Wells and Springs	3.33%	3.33%	101,165		101,165		1,095,292	34,789
308	Infiltration Galleries and Tunnels	6.67%	6.67%			-		-	-
309	Supply Mains	2.00%	2.00%			-		-	-
310	Power Generation Equipment	5.00%	5.00%			-		-	-
311	Electric Pumping Equipment	12.50%	12.50%	76,865		76,865		336,173	37,218
320	Water Treatment Equipment	3.33%	3.33%	1,263		1,263		19,258	620
330	Distribution Reservoirs & Standpipe	2.22%	2.22%	1,004		1,004		290,662	6,442
331	Transmission and Distribution Mains	2.00%	2.00%	5,405		5,405		2,552,353	50,993
333	Services	3.33%	3.33%	8,865		8,865		108,339	3,460
334	Meters	8.33%	8.33%	43,178		43,178		394,009	31,023
335	Hydrants	2.00%	2.00%			-		147,203	2,944
336	Backflow Prevention Devices	6.67%	6.67%			-		-	-
339	Other Plant and Miscellaneous Equipment	6.67%	6.67%	120		120		1,237	79
340	Office Furniture and Fixtures	6.67%	6.67%	10,740		10,740		63,750	3,894
341	Transportation Equipment	20.00%	20.00%	29,738		29,738		82,789	13,584
342	Stores Equipment	4.00%	4.00%			-		-	-
343	Tools and Work Equipment	5.00%	5.00%	6,995		6,995		29,533	1,302
344	Laboratory Equipment	10.00%	10.00%			-		-	-
345	Power Operated Equipment	5.00%	5.00%			-		5,930	297
346	Communications Equipment	10.00%	10.00%			-		-	-
347	Miscellaneous Equipment	10.00%	10.00%			-		-	-
348	Other Tangible Plant (leasehold improve)	3.33%	3.33%			-		4,192	140
	Plant Held for Future Use								
	TOTAL WATER PLANT			285,337	-	285,337	-	5,189,584	187,271

Valley Utilities Water Company, Inc.
Plant Additions and Retirements

Exhibit
Schedule B-2
Page 3.4

Account No.	Description	Deprec. Rate Before Nov-05	Deprec. Rate After Nov-05	2007 Plant Additions	2007 Plant Adjustments	2007 Adjusted Plant Additions	2007 Plant Retirements	2007 Plant Balance	2007 Deprec.
301	Organization Cost	0.00%	0.00%			-		-	-
302	Franchise Cost	0.00%	0.00%			-		-	-
303	Land and Land Rights	0.00%	0.00%			-		44,196	-
304	Structures and Improvements	3.33%	3.33%			-		14,670	489
305	Collecting and Impounding Res.	2.50%	2.50%			-		-	-
306	Lake River and Other Intakes	2.50%	2.50%			-		-	-
307	Wells and Springs	3.33%	3.33%	37,088		37,088		1,132,380	37,091
308	Infiltration Galleries and Tunnels	6.67%	6.67%			-		-	-
309	Supply Mains	2.00%	2.00%			-		-	-
310	Power Generation Equipment	5.00%	5.00%			-		-	-
311	Electric Pumping Equipment	12.50%	12.50%	108,764		108,764		444,937	48,819
320	Water Treatment Equipment	3.33%	3.33%	2,743		2,743		22,001	687
330	Distribution Reservoirs & Standpipe	2.22%	2.22%	4,435		4,435		295,097	6,502
331	Transmission and Distribution Mains	2.00%	2.00%	36,749		36,749		2,589,101	51,415
333	Services	3.33%	3.33%	14,006		14,006		122,345	3,841
334	Meters	8.33%	8.33%	23,037		23,037		417,045	33,780
335	Hydrants	2.00%	2.00%			-		147,203	2,944
336	Backflow Prevention Devices	6.67%	6.67%			-		-	-
339	Other Plant and Miscellaneous Equipment	6.67%	6.67%			-		1,237	83
340	Office Furniture and Fixtures	6.67%	6.67%	2,574		2,574		66,324	4,338
341	Transportation Equipment	20.00%	20.00%	237		237		83,026	16,582
342	Stores Equipment	4.00%	4.00%			-		-	-
343	Tools and Work Equipment	5.00%	5.00%	5,788		5,788		35,321	1,621
344	Laboratory Equipment	10.00%	10.00%			-		-	-
345	Power Operated Equipment	5.00%	5.00%			-		5,930	257
346	Communications Equipment	10.00%	10.00%			-		-	-
347	Miscellaneous Equipment	10.00%	10.00%			-		-	-
348	Other Tangible Plant (leasehold improve)	3.33%	3.33%			-		4,192	140
	Plant Held for Future Use								
	TOTAL WATER PLANT			235,421	-	235,421	-	5,425,005	208,587

Valley Utilities Water Company, Inc.
Plant Additions and Retirements

Exhibit
Schedule B-2
Page 3.5

Account No.	Description	Deprec. Rate Before Nov-05	Deprec. Rate After Nov-05	Jun.-Jun. 2008 Plant Additions	Jun.-Jun. 2008 Plant Adjustments	Jun.-Jun. 2008 Adjusted Plant Additions	Jun.-Jun. 2008 Plant Retirements	June 30 2008 Plant Balance	Jun.-Jun. 2008 Deprec.
301	Organization Cost	0.00%	0.00%	-		-		-	-
302	Franchise Cost	0.00%	0.00%	-		-		-	-
303	Land and Land Rights	0.00%	0.00%	404,000		404,000		448,196	-
304	Structures and Improvements	3.33%	3.33%	2,496		2,496		17,167	265
305	Collecting and Impounding Res.	2.50%	2.50%	-		-		-	-
306	Lake River and Other Intakes	2.50%	2.50%	-		-		-	-
307	Wells and Springs	3.33%	3.33%	190,937		190,937		1,323,317	20,444
308	Infiltration Galleries and Tunnels	6.67%	6.67%	-		-		-	-
309	Supply Mains	2.00%	2.00%	-		-		-	-
310	Power Generation Equipment	5.00%	5.00%	-		-		-	-
311	Electric Pumping Equipment	12.50%	12.50%	3,723		3,723		448,660	27,925
320	Water Treatment Equipment	3.33%	3.33%	333		333		22,334	369
330	Distribution Reservoirs & Standpipe	2.22%	2.22%	533,019		533,019		828,116	6,234
331	Transmission and Distribution Mains	2.00%	2.00%	3,906		3,906		2,593,007	25,911
333	Services	3.33%	3.33%	1,421		1,421		123,765	2,049
334	Meters	8.33%	8.33%	2,688		2,688		419,733	17,426
335	Hydrants	2.00%	2.00%	1		1		147,203	1,472
336	Backflow Prevention Devices	6.67%	6.67%	-		-		-	-
339	Other Plant and Miscellaneous Equipment	6.67%	6.67%	-		-		1,237	41
340	Office Furniture and Fixtures	6.67%	6.67%	533		533		66,856	2,221
341	Transportation Equipment	20.00%	20.00%	5,000		5,000		88,026	8,563
342	Stores Equipment	4.00%	4.00%	-		-		-	-
343	Tools and Work Equipment	5.00%	5.00%	3,264		3,264		38,585	924
344	Laboratory Equipment	10.00%	10.00%	-		-		-	-
345	Power Operated Equipment	5.00%	5.00%	(0)		(0)		5,930	148
346	Communications Equipment	10.00%	10.00%	-		-		-	-
347	Miscellaneous Equipment	10.00%	10.00%	20,000		20,000		20,000	500
348	Other Tangible Plant (leasehold improve)	3.33%	3.33%	45		45		4,237	70
	Plant Held for Future Use								
	TOTAL WATER PLANT			1,171,365	-	1,171,365	-	6,596,370	114,551

Valley Utilities Water Company, Inc.
Plant Additions and Retirements

Exhibit
Schedule B-2
Page 3.6

Account No.	Description	Deprec. Rate Before Nov-05	Deprec. Rate After Nov-05	Year End Accumulated Depreciation by Account 2003	2004	2005	2006	2007	2008
301	Organization Cost	0.00%	0.00%	-	-	-	-	-	-
302	Franchise Cost	0.00%	0.00%	-	-	-	-	-	-
303	Land and Land Rights	0.00%	0.00%	-	-	-	-	-	-
304	Structures and Improvements	3.33%	3.33%	6,966	7,396	7,865	8,354	8,842	9,107
305	Collecting and Impounding Res.	2.50%	2.50%	-	-	-	-	-	-
306	Lake River and Other Intakes	2.50%	2.50%	-	-	-	-	-	-
307	Wells and Springs	3.33%	3.33%	116,754	148,667	181,366	216,155	253,245	273,689
308	Infiltration Galleries and Tunnels	6.67%	6.67%	-	-	-	-	-	-
309	Supply Mains	2.00%	2.00%	-	-	-	-	-	-
310	Power Generation Equipment	5.00%	5.00%	-	-	-	-	-	-
311	Electric Pumping Equipment	12.50%	12.50%	183,437	211,859	243,541	280,758	329,577	357,502
320	Water Treatment Equipment	3.33%	3.33%	626	869	1,358	1,979	2,665	3,035
330	Distribution Reservoirs & Standpipe	2.22%	2.22%	185,432	191,798	198,228	204,669	211,171	217,405
331	Transmission and Distribution Mains	2.00%	2.00%	736,334	781,273	829,221	880,214	931,628	957,539
333	Services	3.33%	3.33%	26,917	28,785	31,403	34,863	38,704	40,753
334	Meters	8.33%	8.33%	82,483	109,561	137,979	169,002	202,782	220,208
335	Hydrants	2.00%	2.00%	4,347	5,949	8,222	11,166	14,110	15,582
336	Backflow Prevention Devices	6.67%	6.67%	-	-	-	-	-	-
339	Other Plant and Miscellaneous Equipment	6.67%	6.67%	-	-	37	116	198	240
340	Office Furniture and Fixtures	6.67%	6.67%	17,068	19,626	22,815	26,709	31,046	33,267
341	Transportation Equipment	20.00%	20.00%	12,831	22,259	32,809	46,363	62,975	71,527
342	Stores Equipment	4.00%	4.00%	-	-	-	-	-	-
343	Tools and Work Equipment	5.00%	5.00%	10,703	11,736	12,831	14,132	15,754	16,678
344	Laboratory Equipment	10.00%	10.00%	-	-	-	-	-	-
345	Power Operated Equipment	5.00%	5.00%	4,784	5,080	5,377	5,673	5,930	6,078
346	Communications Equipment	10.00%	10.00%	-	-	-	-	-	-
347	Miscellaneous Equipment	10.00%	10.00%	-	-	-	-	-	500
348	Other Tangible Plant (leasehold improve)	3.33%	3.33%	2,893	3,032	3,172	3,312	3,451	3,521
	Plant Held for Future Use			-					
	TOTAL WATER PLANT			1,391,574	1,547,890	1,716,222	1,903,493	2,112,080	2,226,831

Valley Utilities Water Company, Inc.
Plant Reconciliation to Prior Rate Case

Exhibit
Schedule B-2
Page 3.7

Line No.	Account No.	Description	Balance Per Company Per 2003 Filing Before Adj.	Adjustments per Decision 68309 Reclass Sign	Left Blank	Left Blank	Plant per Decision 68309	Initial Balance
6	301	Organization Cost	-				-	-
7	302	Franchise Cost	-				-	-
8	303	Land and Land Rights	44,046				44,046	44,046
9	304	Structures and Improvements	12,303				12,303	12,303
10	305	Collecting and Impounding Res.	-				-	-
11	306	Lake River and Other Intakes	-				-	-
12	307	Wells and Springs	946,947				946,947	946,947
13	308	Infiltration Galleries and Tunnels	-				-	-
14	309	Supply Mains	-				-	-
15	310	Power Generation Equipment	-				-	-
16	311	Electric Pumping Equipment	207,173				207,173	207,173
17	320	Water Treatment Equipment	3,225				3,225	3,225
18	330	Distribution Reservoirs & Standpipe	284,041				284,041	284,041
19	331	Transmission and Distribution Mains	2,246,082				2,246,082	2,246,082
20	333	Services	54,483				54,483	54,483
21	334	Meters	318,631				318,631	318,631
22	335	Hydrants	80,088				80,088	80,088
23	336	Backflow Prevention Devices	-				-	-
24	339	Other Plant and Misc. Equip.	-				-	-
25	340	Office Furniture and Fixtures	33,314	773			34,087	34,087
26	341	Transportation Equipment	41,826				41,826	41,826
27	342	Stores Equipment	-				-	-
28	343	Tools and Work Equipment	20,015				20,015	20,015
29	344	Laboratory Equipment					-	-
30	345	Power Operated Equipment	5,930				5,930	5,930
31	346	Communications Equipment					-	-
32	347	Miscellaneous Equipment					-	-
33	348	Other Tangible Plant	4,192				4,192	4,192
34							-	-
35							-	-
36								
37		TOTAL	4,302,296	773	-	-	4,303,069	4,303,069
38								

Valley Utilities Water Company, Inc.
A/D Reconciliation to Prior Rate Case

Exhibit
Schedule B-2
Page 3.8

Line No.	Account No.	Description	Balance Per Company Per 2003 Filing Before Adj.	Adjustments per Decision 683(Left Blank	Left Blank	A/D per Decision 68309	PTY A/D	Initial Balance
1								
2								
3								
4								
5	301	Organization Cost	-			-		-
6	302	Franchise Cost	-			-		-
7	303	Land and Land Rights	-			-		-
8	304	Structures and Improvements	6,966			6,966		6,966
9	305	Collecting and Impounding Res.	-			-		-
10	306	Lake River and Other Intakes	-			-		-
11	307	Wells and Springs	116,754			116,754		116,754
12	308	Infiltration Galleries and Tunnels	-			-		-
13	309	Supply Mains				-		-
14	310	Power Generation Equipment	-			-		-
15	311	Electric Pumping Equipment	183,437			183,437		183,437
16	320	Water Treatment Equipment	626			626		626
17	330	Distribution Reservoirs & Standpipe	185,432			185,432		185,432
18	331	Transmission and Distribution Mains	736,334			736,334		736,334
19	333	Services	26,917			26,917		26,917
20	334	Meters	82,483			82,483		82,483
21	335	Hydrants	4,347			4,347		4,347
22	336	Backflow Prevention Devices	-			-		-
23	339	Other Plant and Miscellaneous Equipmen	-			-		-
24	340	Office Furniture and Fixtures	17,068			17,068		17,068
25	341	Transportation Equipment	12,831			12,831		12,831
26	342	Stores Equipment	-			-		-
27	343	Tools and Work Equipment	10,703			10,703		10,703
28	344	Laboratory Equipment	-			-		-
29	345	Power Operated Equipment	4,784			4,784		4,784
30	346	Communications Equipment	-			-		-
31	347	Miscellaneous Equipment	-			-		-
32	348	Other Tangible Plant	2,893			2,893		2,893
33								
34		TOTAL	1,391,574	-	-	1,391,574	-	1,391,574
35								

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2

Exhibit
Schedule B-2
Page 4
Witness: Bourassa

Line No.				A	B	
1	Plant-in-Service					
2			Per Books	Difference to		Adjusted
3	Acct.		Accum.	Computed	Retire	Accum.
4	No.	Description	Depr.	Balance	Well #6	Depr.
5	301	Organization Cost		-		-
6	302	Franchise Cost		-		-
7	303	Land and Land Rights		-		-
8	304	Structures and Improvements	10,540	(1,432)		9,107
9	305	Collecting and Impounding Res.		-		-
10	306	Lake River and Other Intakes		-		-
11	307	Wells and Springs	358,320	(84,631)	(175,600)	98,089
12	308	Infiltration Galleries and Tunnels		-		-
13	309	Supply Mains		-		-
14	310	Power Generation Equipment		-		-
15	311	Electric Pumping Equipment	282,872	74,630		357,502
16	320	Water Treatment Equipment	3,025	10		3,035
17	330	Distrib. Reservoirs & Standpipe	207,467	9,938		217,405
18	331	Trans. and Distrib. Mains	1,242,491	(284,952)		957,539
19	333	Services	55,104	(14,351)		40,753
20	334	Meters	177,382	42,826		220,208
21	335	Hydrants	22,987	(7,405)		15,582
22	336	Backflow Prevention Devices		-		-
23	339	Other Plant and Misc. Equipment	231	8		240
24	340	Office Furniture and Fixtures	34,515	(1,248)		33,267
25	341	Transportation Equipment	46,412	25,115		71,527
26	342	Stores Equipment		-		-
27	343	Tools and Work Equipment	16,456	222		16,678
28	344	Laboratory Equipment		-		-
29	345	Power Operated Equipment	6,078	0		6,078
30	346	Communications Equipment		-		-
31	347	Miscellaneous Equipment		500		500
32	348	Other Tangible Plant	3,285	236		3,521
33						-
34		TOTALS	$ 2,467,165	$ (240,534)	$ (175,600)	$ 2,051,031
35						
36	Accumulated Deprecaition per Books					$ 2,467,165
37						
38	Increase (decrease) in Plant-in-Service					$ (416,134)
39						
40	Adjustment to Plant-in-Service					$ (416,134)
41						
42	SUPPORTING SCHEDULES					
43	B-2, pages 3.1 to 3.6					

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Original Cost Rate Base Proforma Adjustments
Adjustment 3

Exhibit
Schedule B-2
Page 5
Witness: Bourassa

Line No.	CIAC and Accumulated Amortization		CIAC		Rate[1]	Amortization		Accumulated Amortization
1								
2								
3	Balance at 12/31/2003	$	494,098					170,500
4	(per Decision 68309)							170,500
5	Jan-Dec Amortization				5.00%	24,705		195,205
6	2004 Additions		-		2.50%	-		195,205
7								195,205
8								195,205
9	Balance at 12/31/2004	$	494,098					195,205
10	Jan-Nov Amortization				5.00%	22,646		217,851
11	Dec Amortization				3.43%	1,413		219,264
12	2005 Additions		222,339					219,264
13				Jan-Nov	2.50%	5,095		224,360
14				Dec.	1.72%	318		224,678
15	2005 Arsenic Impact Fees		148,720		0.00%	-	A	224,678
16								224,678
17	Balance at 12/31/2005	$	865,157					224,678
18	Amortizable Balance 12/31/2005	$	716,437					224,678
19	Jan-Dec Amortization				3.61%	23,699		248,376
20	2006 Additions		-		1.80%	-		248,376
21	2006 Arsenic Impact Fees		153,560		0.00%	-	A	248,376
22								248,376
23	Balance at 12/31/2006		1,018,717					248,376
24	Amortizable Balance 12/31/2006	$	716,437					248,376
25	Jan-Dec Amortization				3.84%	27,546		275,923
26	2007 Additions		274,737		1.92%	5,282		281,205
27	2007 Arsenic Impact Fees		15,840		0.00%	-	A	281,205
28								281,205
29	Balance at 12/31/2007		1,309,294					281,205
30	Amortizable Balance 12/31/2007	$	991,174					281,205
31	Jan-Jun Amortization				1.74%	8,606		289,811
32	2008 Additions		-		0.87%	-		289,811
33	2008 Arsenic Impact Fees		13,640		0.00%	-	A	289,811
34								289,811
35								289,811
36	Balance at 6/30/2008	$	1,322,934					289,811
37								
38								
39								
40	Computed balance at 6/30/2008	$	1,322,934				$	289,811
41								
42	Book balance at 6/30/2008	$	1,322,934				$	301,302
43								
44	Increase (decrease)	$	0				$	(11,491)
45								
46								
47	Adjustment to CIAC	$	0				$	11,491
48	Label		3a					3b
49								
50								

51 A - Arsenic impact fees have been spent on plant but not completed and classified as plant-in-service.

52

53 [1] Composite depreciation rate for year.

54

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Computation of Working Capital

Exhibit
Schedule B-5
Page 1
Witness: Bourassa

Line No.			
1	Cash Working Capital (1/8 of Allowance		
2	Operation and Maintenance Expense)	$	94,710
3	Pumping Power (1/24 of Pumping Power)		5,707
4	Purchased Water (1/24 of Purchased Water)		182
5	Prepaids/Deferred Debits		85,945
6	Materials & Supplies		28,626
7			
8			
9	Total Working Capital Allowance	$	215,170
10			
11			
12	Working Capital Requested	$	-
13			
14			
15	SUPPORTING SCHEDULES:	RECAP SCHEDULES:	
16	E-1	B-1	
17			

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Income Statement

Exhibit
Schedule C-1
Page 1
Witness: Bourassa

Line No.		Test Year Book Results	Label	Adjustment	Test Year Adjusted Results	Proposed Rate Increase	Adjusted with Rate Increase
1	**Revenues**						
2	Flat Rate Revenues	$ 1,186,115	4	$ (21,877)	$ 1,164,238	$ 323,456	$ 1,487,694
3	Measured Revenues	-			-		-
4	Other Wastewater Revenues	59,314	5	(13,848)	45,466		45,466
5		$ 1,245,428		$ (35,725)	$ 1,209,703	$ 323,456	$ 1,533,160
6	**Operating Expenses**						
7	Salaries and Wages	$ 355,559			$ 355,559		$ 355,559
8	Employee Pensions and Benefits	5,343			5,343		5,343
9	Purchased Water	4,357			4,357		4,357
10	Purchased Power	137,023	7	(60)	136,963		136,963
11	Chemicals	7,691	6	(142)	7,549		7,549
12	Repairs and Maintenance	14,210			14,210		14,210
13	Office Supplies and Expense	10,006			10,006		10,006
14	Outside Services	31,734			31,734		31,734
15	Water Testing	-			-		-
16	Rents	56,601			56,601		56,601
17	Transportation Expenses	25,266			25,266		25,266
18	Insurance - General Liability	39,013			39,013		39,013
19	Insurance - Health and Life	84,637			84,637		84,637
20	Advertising	-			-		-
21	Regulatory Comm. Exp. - Rate Case	13,349	3	26,651	40,000		40,000
22	Regulatory Comm. Exp. - Other	15,856			15,856		15,856
23	Bad Debt Expense	228			228		228
24	Miscellaneous Expense	42,327			42,327		42,327
25	Depreciation and Amortization	196,437	1	117,081	313,518		313,518
26	Taxes Other Than Income	29,351			29,351		29,351
27	Property Taxes	33,401	2	5,903	39,304		39,304
28	Income Tax	19,387	10	(73,517)	(54,130)	105,494	51,364
29					-		-
30	**Total Operating Expenses**	$ 1,121,776		$ 75,915	$ 1,197,692	$ 105,494	$ 1,303,186
31	**Operating Income**	$ 123,652		$ (111,640)	$ 12,012	$ 217,962	$ 229,974
32	**Other Income (Expense)**						
33	Interest Income	11,095	8a	(11,095)	-		-
34	Other Income	20	8b	(20)	-		-
35	Gain on Disposal Fixed Assets	-			-		-
36	Interest Expense	(36,745)	9	(87,106)	(123,851)		(123,851)
37	Other Expense	-			-		-
38							
39	**Total Other Income (Expense)**	$ (25,629)		$ (98,221)	$ (123,851)	$ -	$ (123,851)
40	**Net Profit (Loss)**	$ 98,023		$ (209,861)	$ (111,839)	$ 217,962	$ 106,123
41							
42	SUPPORTING SCHEDULES:					RECAP SCHEDULES:	
43	C-2					A-1	
44	E-2						
45							

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Adjustments to Revenues and Expenses

Exhibit
Schedule C-2
Page 1
Witness: Bourassa

Adjustments to Revenues and Expenses

Line No.		1 Depreciation Expense	2 Property Taxes	3 Rate Case Expense	4 Revenue Annualization	5 Mispost Security Deposits	6 Annualization of Chemicals Exp.	Subtotal
1								
2								
3	Revenues				(21,877)	(13,848)		(35,725)
4								
5	Expenses	117,081	5,903	26,651			(142)	149,492
6								
7	Operating							
8	Income	(117,081)	(5,903)	(26,651)	(21,877)	(13,848)	142	(185,217)
9								
10	Interest							-
11	Expense							-
12	Other							
13	Income /							-
14	Expense							
15								
16	Net Income	(117,081)	(5,903)	(26,651)	(21,877)	(13,848)	142	(185,217)

Adjustments to Revenues and Expenses

18								
19		7 Annualization Purchased Power	8 Remove Other Inc./Exp.	9 Interest Expense	10 Income Taxes	11	12	Subtotal
20								
21								
22	Revenues							(35,725)
23								
24	Expenses	(60)			(73,517)			75,915
25								
26	Operating							
27	Income	60	-	-	73,517	-	-	(111,640)
28								
29	Interest							
30	Expense							-
31	Other							
32	Income /		(11,115)	(87,106)				(98,221)
33	Expense							
34								
35	Net Income	60	(11,115)	(87,106)	73,517	-	-	(209,861)
36								

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Adjustments to Revenues and Expenses
Adjustment Number 1

Exhibit
Schedule C-2
Page 2
Witness: Bourassa

Depreciation Expense

Line No.	Acct. No.	Description	Original Cost	Proforma Adjustments 1 B-2 Adj. 1 - A PTY Plant Arsenic Water Trmnt	2 B-2 Adj. 1 - B PTY Plant Well #6 Replacement	3 B-2 Adj. 1 - C Retire Well #6	Adjusted Original Cost	Proposed Rates	Depreciation Expense
5	301	Organization Cost	-				-	0.00%	-
6	302	Franchise Cost	-				-	0.00%	-
7	303	Land and Land Rights	448,196				448,196	0.00%	-
8	304	Structures and Improvements	17,167				17,167	3.33%	572
9	305	Collecting and Impounding Res.	-				-	2.50%	-
10	306	Lake River and Other Intakes	-				-	2.50%	-
11	307	Wells and Springs	1,323,317		250,000	(175,600)	1,397,717	3.33%	46,544
12	308	Infiltration Galleries and Tunnels	-				-	6.67%	-
13	309	Supply Mains	-				-	2.00%	-
14	310	Power Generation Equipment	-				-	5.00%	-
15	311	Electric Pumping Equipment	448,660				448,660	12.50%	56,082
16	320	Water Treatment Equipment	22,334	1,826,100			1,848,434	3.33%	61,553
17	330	Distribution Reservoirs & Standpipe	828,116				828,116	2.22%	18,384
18	331	Transmission and Distribution Mains	2,593,007				2,593,007	2.00%	51,860
19	333	Services	123,765				123,765	3.33%	4,121
20	334	Meters	419,733				419,733	8.33%	34,964
21	335	Hydrants	147,203				147,203	2.00%	2,944
22	336	Backflow Prevention Devices	-				-	6.67%	-
23	339	Other Plant and Misc. Equip.	1,237				1,237	6.67%	83
24	340	Office Furniture and Fixtures	66,856				66,856	6.67%	4,459
25	341	Transportation Equipment	88,026				88,026	20.00%	17,605
26	342	Stores Equipment	-				-	4.00%	-
27	343	Tools and Work Equipment	38,585				38,585	5.00%	1,929
28	344	Laboratory Equipment	-				-	10.00%	-
29	345	Power Operated Equipment	5,930				5,930	5.00%	296
30	346	Communications Equipment	-				-	10.00%	-
31	347	Miscellaneous Equipment	20,000				20,000	10.00%	2,000
32	348	Other Tangible Plant	4,237				4,237	3.33%	141
33	348	Other Tangible Plant - Arsenic Media	-	100,000			100,000	67.00%	67,000
34			$ 6,596,370	$ 1,926,100	$ 250,000	$ (175,600)	$ 8,596,870		$ 370,538
35									
36		Less: Amortization of Contributions	$ 1,322,934				$ 1,322,934	4.3102%	$ (57,020)
37									
38		Total Depreciation Expense							$ 313,518
39									
40		Test Year Depreciation Expense							196,437
41									
42		Increase (decrease) in Depreciation Expense							117,081
43									
44		Adjustment to Revenues and/or Expenses							$ 117,081
45									
46		SUPPORTING SCHEDULE							
47		B-2, page 3							

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Adjustment to Revenues and/or Expenses
Adjustment Number 2

Exhibit
Schedule C-2
Page 3
Witness: Bourassa

Line No.			
1	Adjust Property Taxes to Reflect Proposed Revenues:		
2			
3	Adjusted Revenues in year ended 06/30/2008	$	1,209,703
4	Adjusted Revenues in year ended 06/30/2008		1,209,703
5	Proposed Revenues		1,533,160
6	Average of three year's of revenue	$	1,317,522
7	Average of three year's of revenue, times 2	$	2,635,045
8	Add:		
9	Construction Work in Progess at 10%	$	110,850
10	Deduct:		
11	Book Value of Transportation Equipment		46,420
12			
13	Full Cash Value	$	2,588,624
14	Assessment Ratio		21%
15	Assessed Value		543,611
16	Property Tax Rate		7.2302%
17			
18	Property Tax		39,304
19	Tax on Parcels		0
20			
21	Total Property Tax at Proposed Rates	$	39,304
22	Property taxes in the test year		33,401
23	Change in property taxes	$	5,903
24			
25			
26	Adjustment to Revenues and/or Expenses	$	5,903
27			
28			

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Adjustment to Revenues and/or Expenses
Adjustment Number 3

Exhibit
Schedule C-2
Page 4
Witness: Bourassa

Line No.			
1	Rate Case Expense		
2			
3	Estimated Rate Case Expense	$	120,000
4			
5	Estimated Amortization Period in Years		3
6			
7	Annual Rate Case Expense	$	40,000
8			
9	Test Year Rate Case Expense	$	13,349
10			
11	Increase(decrease) Rate Case Expense	$	26,651
12			
13	Adjustment to Revenue and/or Expense	$	26,651
14			
15			
16			
17			
18			
19			
20			

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Adjustment to Revenues and/or Expenses
Adjustment Number 4

Exhibit
Schedule C-2
Page 5
Witness: Bourassa

Line No.			
1	Revenue Annualization		
2			
3			
4	Revenue Annualization	$	(24,537)
5	Misc Charges Annualization		2,660
6			
7			
8	Total Revenue from Annualization	$	(21,877)
9			
10			
11	Adjustment to Revenue and/or Expense	$	(21,877)
12			
13	SUPPORTING SCHEDULES		
14	C-2 pages 5.1 to 5.11		
15	H-3, page 3.1		
16	H-1		
17			
18			
19			
20			

Valley Utilities Water Company, Inc.
5/8 Inch Residential
Customers to Year End Levels
Test Year Ended June 30, 2008

Exhibit
Schedule C-2
Page 5.1
Witness: Bourassa

Line No.		Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08
1	Year End Number of Customers	161	161	161	161	161	161	161
2	Actual Customers	162	162	159	160	161	161	159
3	Increase in Number of Customers/Bills	(1)	(1)	2	1	-	-	2
4	Average Revenue / Present Rates	$ 34.61	$ 28.03	$ 28.09	$ 29.22	$ 23.68	$ 18.84	$ 20.65
5	Revenue Annualization / Present Rates	$ (35)	$ (28)	$ 56	$ 29	$ -	$ -	$ 41
6								
7	Increase in Number of Customers	(1)	(1)	2	1	-	-	2
8	Average Revenue / Proposed Rates	$ 44.17	$ 35.77	$ 35.84	$ 37.28	$ 30.22	$ 24.04	$ 26.35
9	Revenue Annualization / Proposed Rates	$ (44)	$ (36)	$ 72	$ 37	$ -	$ -	$ 53
10	Additional Gallons to be Produced	(11,068)	(8,321)	16,693	8,835	-	-	10,253
11								
12								
13								
14		Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08		Total Year
15	Year End Number of Customers	161	161	161	161	161		
16	Actual Customers	163	159	163	159	161		
17	Increase in Number of Customers/Bills	(2)	2	-	2	-		5
18	Average Revenue / Present Rates	$ 19.70	$ 24.26	$ 25.02	$ 29.36	$ 28.95		
19	Revenue Annualization / Present Rates	$ (39)	$ 49	$ -	$ 59	$ -		$ 132
20								
21	Increase in Number of Customers	(2)	2	-	2	-		
22	Average Revenue / Proposed Rates	$ 25.14	$ 30.96	$ 31.93	$ 37.47	$ 36.94		
23	Revenue Annualization / Proposed Rates	$ (39)	$ 49	$ -	$ 59	$ -		$ 168
24	Additional Gallons to be Produced	(9,430)	13,378	-	17,793	-		38,132

Valley Utilities Water Company, Inc.
3/4 Inch Residential
Customers to Year End Levels
Test Year Ended June 30, 2008

Exhibit
Schedule C-2
Page 5.2
Witness: Bourassa

Line No.		Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08
1	Year End Number of Customers	827	827	827	827	827	827	827
2	Actual Customers	838	841	835	842	834	824	829
3	Increase in Number of Customers/Bills	(11)	(14)	(8)	(15)	(7)	3	(2)
4	Average Revenue / Present Rates	$ 46.00	$ 40.05	$ 38.54	$ 39.48	$ 33.97	$ 30.14	$ 31.22
5	Revenue Annualization / Present Rates	$ (506)	$ (561)	$ (308)	$ (592)	$ (238)	$ 90	$ (62)
6								
7	Increase in Number of Customers	(11)	(14)	(8)	(15)	(7)	3	(2)
8	Average Revenue / Proposed Rates	$ 58.69	$ 51.10	$ 49.18	$ 50.37	$ 43.35	$ 38.46	$ 39.83
9	Revenue Annualization / Proposed Rates	$ (646)	$ (715)	$ (393)	$ (756)	$ (303)	$ 115	$ (80)
10	Additional Gallons to be Produced	(146,766)	(153,890)	(83,170)	(161,489)	(59,180)	20,395	(14,524)
11								
12								
13								
14		Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08		Total Year
15	Year End Number of Customers	827	827	827	827	827		
16	Actual Customers	833	829	833	830	831		
17	Increase in Number of Customers/Bills	(6)	(3)	(4)	2	-		(65)
18	Average Revenue / Present Rates	$ 29.99	$ 33.90	$ 35.38	$ 40.60	$ 39.71		
19	Revenue Annualization / Present Rates	$ (180)	$ (102)	$ (142)	$ 81	$ -		$ (2,519)
20								
21	Increase in Number of Customers	(6)	(3)	(4)	2	-		
22	Average Revenue / Proposed Rates	$ 38.26	$ 43.25	$ 45.15	$ 51.81	$ 50.67		
23	Revenue Annualization / Proposed Rates	$ (180)	$ (102)	$ (142)	$ 81	$ -		$ (3,214)
24	Additional Gallons to be Produced	(40,379)	(25,266)	(36,267)	22,419	-		(678,117)

Valley Utilities Water Company, Inc.
1 Inch Residential
Customers to Year End Levels
Test Year Ended June 30, 2008

Exhibit
Schedule C-2
Page 5.3
Witness: Bourassa

Line No.		Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08
1	Year End Number of Customers	386	386	386	386	386	386	386
2	Actual Customers	393	389	389	389	389	386	397
3	Increase in Number of Customers/Bills	(7)	(3)	(3)	(3)	(3)	-	(11)
4	Average Revenue / Present Rates	$ 98.38	$ 85.97	$ 86.44	$ 88.35	$ 70.45	$ 55.66	$ 57.16
5	Revenue Annualization / Present Rates	$ (689)	$ (258)	$ (259)	$ (265)	$ (211)	$ -	$ (629)
6								
7	Increase in Number of Customers	(7)	(3)	(3)	(3)	(3)	-	(11)
8	Average Revenue / Proposed Rates	$ 127.06	$ 109.72	$ 110.37	$ 113.04	$ 89.89	$ 71.03	$ 72.94
9	Revenue Annualization / Proposed Rates	$ (889)	$ (329)	$ (331)	$ (339)	$ (270)	$ -	$ (802)
10	Additional Gallons to be Produced	(212,978)	(75,162)	(75,762)	(78,249)	(54,994)	-	(138,402)
11								
12								
13								
14		Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08		Total Year
15	Year End Number of Customers	386	386	386	386	386		
16	Actual Customers	397	397	397	388	392		
17	Increase in Number of Customers/Bills	(11)	(2)	(6)	(1)	-		(50)
18	Average Revenue / Present Rates	$ 54.43	$ 65.10	$ 70.12	$ 85.15	$ 85.02		
19	Revenue Annualization / Present Rates	$ (599)	$ (130)	$ (421)	$ (85)	$ -		$ (3,546)
20								
21	Increase in Number of Customers	(11)	(2)	(6)	(1)	-		
22	Average Revenue / Proposed Rates	$ 69.45	$ 83.06	$ 89.48	$ 108.65	$ 108.48		
23	Revenue Annualization / Proposed Rates	$ (599)	$ (130)	$ (421)	$ (85)	$ -		$ (4,536)
24	Additional Gallons to be Produced	(125,369)	(32,032)	(109,150)	(24,696)	-		(926,794)

Valley Utilities Water Company, Inc.
2 Inch Multi-family
Customers to Year End Levels
Test Year Ended June 30, 2008

Exhibit
Schedule C-2
Page 5.4
Witness: Bourassa

Line No.		Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08
1	Year End Number of Customers	32	32	32	32	32	32	32
2	Actual Customers	33	33	33	33	33	33	33
3	Increase in Number of Customers/Bills	(1)	(1)	(1)	(1)	(1)	(1)	(1)
4	Average Revenue / Present Rates	$ 457.40	$ 488.53	$ 356.81	$ 409.50	$ 327.89	$ 294.57	$ 334.18
5	Revenue Annualization / Present Rates	$ (457)	$ (489)	$ (357)	$ (410)	$ (328)	$ (295)	$ (334)
6								
7	Increase in Number of Customers	(1)	(1)	(1)	(1)	(1)	(1)	(1)
8	Average Revenue / Proposed Rates	$ 603.63	$ 643.36	$ 465.26	$ 538.90	$ 424.85	$ 378.29	$ 433.64
9	Revenue Annualization / Proposed Rates	$ (604)	$ (643)	$ (465)	$ (539)	$ (425)	$ (378)	$ (434)
10	Additional Gallons to be Produced	(158,391)	(170,695)	(115,526)	(138,339)	(103,010)	(88,586)	(105,734)
11								
12								
13								
14		Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08		Total Year
15	Year End Number of Customers	32	32	32	32	32		
16	Actual Customers	33	33	33	33	33		
17	Increase in Number of Customers/Bills	(1)	(1)	(1)	(1)	-		(11)
18	Average Revenue / Present Rates	$ 317.22	$ 378.80	$ 387.51	$ 463.32	$ 390.17		
19	Revenue Annualization / Present Rates	$ (317)	$ (379)	$ (388)	$ (463)	$ -		$ (4,216)
20								
21	Increase in Number of Customers	(1)	(1)	(1)	(1)	-		
22	Average Revenue / Proposed Rates	$ 409.93	$ 496.00	$ 508.16	$ 611.20	$ 511.88		
23	Revenue Annualization / Proposed Rates	$ (317)	$ (379)	$ (388)	$ (463)	$ -		$ (5,513)
24	Additional Gallons to be Produced	(98,388)	(125,049)	(128,816)	(160,733)	-		(1,393,267)

Valley Utilities Water Company, Inc.
1 Inch Commercial
Customers to Year End Levels
Test Year Ended June 30, 2008

Exhibit
Schedule C-2
Page 5.5
Witness: Bourassa

Line No.		Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08
1	Year End Number of Customers	12	12	12	12	12	12	12
2	Actual Customers	11	11	11	11	11	11	11
3	Increase in Number of Customers/Bills	1	1	1	1	1	1	1
4	Average Revenue / Present Rates	$ 150.99	$ 154.48	$ 129.08	$ 120.71	$ 87.95	$ 113.15	$ 86.90
5	Revenue Annualization / Present Rates	$ 151	$ 154	$ 129	$ 121	$ 88	$ 113	$ 87
6								
7	Increase in Number of Customers	1	1	1	1	1	1	1
8	Average Revenue / Proposed Rates	$ 199.78	$ 204.24	$ 169.95	$ 158.26	$ 112.48	$ 147.70	$ 111.01
9	Revenue Annualization / Proposed Rates	$ 200	$ 204	$ 170	$ 158	$ 112	$ 148	$ 111
10	Additional Gallons to be Produced	52,952	54,332	43,712	40,090	25,910	36,819	25,455
11								
12								
13								
14		Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08		Total Year
15	Year End Number of Customers	12	12	12	12	12		
16	Actual Customers	11	11	11	11	11		
17	Increase in Number of Customers/Bills	1	1	1	1	-		11
18	Average Revenue / Present Rates	$ 84.64	$ 85.85	$ 99.32	$ 129.79	$ 145.28		
19	Revenue Annualization / Present Rates	$ 85	$ 86	$ 99	$ 130	$ -		$ 1,243
20								
21	Increase in Number of Customers	1	1	1	1	-		
22	Average Revenue / Proposed Rates	$ 107.99	$ 109.55	$ 128.37	$ 170.96	$ 192.50		
23	Revenue Annualization / Proposed Rates	$ 85	$ 86	$ 99	$ 130	$ -		$ 1,620
24	Additional Gallons to be Produced	24,474	25,000	30,831	44,023	-		403,599

Valley Utilities Water Company, Inc.
1.5 Inch Commercial
Customers to Year End Levels
Test Year Ended June 30, 2008

Exhibit
Schedule C-2
Page 5.6
Witness: Bourassa

Line No.		Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08
1	Year End Number of Customers	10	10	10	10	10	10	10
2	Actual Customers	8	8	8	8	8	8	8
3	Increase in Number of Customers/Bills	2	2	2	2	2	2	2
4	Average Revenue / Present Rates	$ 150.11	$ 148.76	$ 129.12	$ 146.53	$ 118.44	$ 117.57	$ 125.66
5	Revenue Annualization / Present Rates	$ 300	$ 298	$ 258	$ 293	$ 237	$ 235	$ 251
6								
7	Increase in Number of Customers	2	2	2	2	2	2	2
8	Average Revenue / Proposed Rates	$ 191.54	$ 189.81	$ 164.76	$ 186.97	$ 151.13	$ 150.02	$ 160.34
9	Revenue Annualization / Proposed Rates	$ 383	$ 380	$ 330	$ 374	$ 302	$ 300	$ 321
10	Additional Gallons to be Produced	81,301	80,126	63,126	78,201	53,876	53,126	60,126
11								
12								
13								
14		Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08		Total Year
15	Year End Number of Customers	10	10	10	10	10		
16	Actual Customers	9	8	9	8	8		
17	Increase in Number of Customers/Bills	1	2	2	2	-		21
18	Average Revenue / Present Rates	$ 119.22	$ 150.00	$ 146.79	$ 156.18	$ 118.67		
19	Revenue Annualization / Present Rates	$ 119	$ 300	$ 294	$ 312	$ -		$ 2,898
20								
21	Increase in Number of Customers	1	2	2	2	-		
22	Average Revenue / Proposed Rates	$ 152.13	$ 191.40	$ 187.31	$ 199.28	$ 151.43		
23	Revenue Annualization / Proposed Rates	$ 119	$ 300	$ 294	$ 312	$ -		$ 3,697
24	Additional Gallons to be Produced	27,278	81,201	78,426	86,551	-		743,336

Valley Utilities Water Company, Inc.
2 Inch Commercial
Customers to Year End Levels
Test Year Ended June 30, 2008

Exhibit
Schedule C-2
Page 5.7
Witness: Bourassa

Line No.		Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08
1	Year End Number of Customers	11	11	11	11	11	11	11
2	Actual Customers	9	9	9	9	9	9	9
3	Increase in Number of Customers/Bills	2	2	2	2	2	2	2
4	Average Revenue / Present Rates	$ 187.06	$ 173.18	$ 171.56	$ 214.78	$ 186.34	$ 173.23	$ 156.49
5	Revenue Annualization / Present Rates	$ 374	$ 346	$ 343	$ 430	$ 373	$ 346	$ 313
6								
7	Increase in Number of Customers	2	2	2	2	2	2	2
8	Average Revenue / Proposed Rates	$ 238.69	$ 220.97	$ 218.91	$ 274.06	$ 237.78	$ 221.04	$ 199.69
9	Revenue Annualization / Proposed Rates	$ 477	$ 442	$ 438	$ 548	$ 476	$ 442	$ 399
10	Additional Gallons to be Produced	84,090	72,067	70,667	108,089	83,467	72,112	57,623
11								
12								
13								
14								

Line No.		Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08	Total Year
15	Year End Number of Customers	11	11	11	11	11	
16	Actual Customers	9	9	9	9	9	
17	Increase in Number of Customers/Bills	2	2	2	2	-	22
18	Average Revenue / Present Rates	$ 147.77	$ 141.92	$ 153.21	$ 162.71	$ 130.05	
19	Revenue Annualization / Present Rates	$ 296	$ 284	$ 306	$ 325	$ -	$ 3,737
20							
21	Increase in Number of Customers	2	2	2	2	-	
22	Average Revenue / Proposed Rates	$ 188.55	$ 181.08	$ 195.49	$ 207.61	$ 165.94	
23	Revenue Annualization / Proposed Rates	$ 296	$ 284	$ 306	$ 325	$ -	$ 4,768
24	Additional Gallons to be Produced	50,067	45,001	54,779	63,001	-	760,963

Valley Utilities Water Company, Inc.
3/4 Inch Irrigation
Customers to Year End Levels
Test Year Ended June 30, 2008

Exhibit
Schedule C-2
Page 5.8
Witness: Bourassa

Line No.		Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08
1	Year End Number of Customers	1	1	1	1	1	1	1
2	Actual Customers	-	-	-	-	-	2	1
3	Increase in Number of Customers/Bills	1	1	1	1	1	(1)	-
4	Average Revenue / Present Rates	$ 16.87	$ 16.87	$ 16.87	$ 16.87	$ 16.87	$ 16.87	$ 16.87
5	Revenue Annualization / Present Rates	$ 17	$ 17	$ 17	$ 17	$ 17	$ (17)	$ -
6								
7	Increase in Number of Customers	1	1	1	1	1	(1)	-
8	Average Revenue / Proposed Rates	$ 21.53	$ 21.53	$ 21.53	$ 21.53	$ 21.53	$ 21.53	$ 21.53
9	Revenue Annualization / Proposed Rates	$ 22	$ 22	$ 22	$ 22	$ 22	$ (22)	$ -
10	Additional Gallons to be Produced	-	-	-	-	-	-	-
11								
12								
13								
14		Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08		Total Year
15	Year End Number of Customers	1	1	1	1	1		
16	Actual Customers	1	1	1	1	1		
17	Increase in Number of Customers/Bills	-	-	-	-	-		4
18	Average Revenue / Present Rates	$ 16.87	$ 24.96	$ 34.20	$ 16.87	$ 16.87		
19	Revenue Annualization / Present Rates	$ -	$ -	$ -	$ -	$ -		$ 67
20								
21	Increase in Number of Customers	-	-	-	-	-		
22	Average Revenue / Proposed Rates	$ 21.53	$ 31.84	$ 43.63	$ 21.53	$ 21.53		
23	Revenue Annualization / Proposed Rates	$ -	$ -	$ -	$ -	$ -		$ 86
24	Additional Gallons to be Produced	-	-	-	-	-		-

Valley Utilities Water Company, Inc.
1 Inch Irrigation
Customers to Year End Levels
Test Year Ended June 30, 2008

Exhibit
Schedule C-2
Page 5.9
Witness: Bourassa

Line No.		Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08
1	Year End Number of Customers	7	7	7	7	7	7	7
2	Actual Customers	5	6	6	6	6	8	7
3	Increase in Number of Customers/Bills	2	1	1	1	1	(1)	-
4	Average Revenue / Present Rates	$ 144.95	$ 169.57	$ 135.03	$ 88.55	$ 203.09	$ 52.64	$ 70.34
5	Revenue Annualization / Present Rates	$ 290	$ 170	$ 135	$ 89	$ 203	$ (53)	$ -
6								
7	Increase in Number of Customers	2	1	1	1	1	(1)	-
8	Average Revenue / Proposed Rates	$ 192.07	$ 223.49	$ 178.28	$ 113.31	$ 266.26	$ 67.17	$ 89.76
9	Revenue Annualization / Proposed Rates	$ 384	$ 223	$ 178	$ 113	$ 266	$ (67)	$ -
10	Additional Gallons to be Produced	101,129	60,295	46,292	26,167	73,544	(10,625)	-
11								
12								
13								
14		Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08		Total Year
15	Year End Number of Customers	7	7	7	7	7		
16	Actual Customers	7	7	7	7	7		
17	Increase in Number of Customers/Bills	-	-	-	-	-		5
18	Average Revenue / Present Rates	$ 44.44	$ 85.50	$ 70.51	$ 126.01	$ 152.79		
19	Revenue Annualization / Present Rates	$ -	$ -	$ -	$ -	$ -		$ 833
20								
21	Increase in Number of Customers	-	-	-	-	-		
22	Average Revenue / Proposed Rates	$ 56.70	$ 109.10	$ 89.97	$ 165.67	$ 202.08		
23	Revenue Annualization / Proposed Rates	$ -	$ -	$ -	$ -	$ -		$ 1,098
24	Additional Gallons to be Produced	-	-	-	-	-		296,802

Valley Utilities Water Company, Inc.
1.5 Inch Irrigation
Customers to Year End Levels
Test Year Ended June 30, 2008

Exhibit
Schedule C-2
Page 5.10
Witness: Bourassa

Line No.		Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08
1	Year End Number of Customers	3	3	3	3	3	3	3
2	Actual Customers	1	3	3	3	3	3	3
3	Increase in Number of Customers/Bills	2	-	-	-	-	-	-
4	Average Revenue / Present Rates	$ 1,274.76	$ 524.11	$ 244.09	$ 216.52	$ 417.68	$ 219.07	$ 98.95
5	Revenue Annualization / Present Rates	$ 2,550	$ -	$ -	$ -	$ -	$ -	$ -
6								
7	Increase in Number of Customers	2	-	-	-	-	-	-
8	Average Revenue / Proposed Rates	$ 1,647.94	$ 690.11	$ 320.26	$ 281.73	$ 554.30	$ 285.28	$ 126.26
9	Revenue Annualization / Proposed Rates	$ 3,296	$ -	$ -	$ -	$ -	$ -	$ -
10	Additional Gallons to be Produced	985,200	-	-	-	-	-	-
11								
12								
13								
14		Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08		Total Year
15	Year End Number of Customers	3	3	3	3	3		
16	Actual Customers	3	3	3	3	3		
17	Increase in Number of Customers/Bills	-	-	-	-	-		2
18	Average Revenue / Present Rates	$ 126.67	$ 166.71	$ 334.41	$ 333.26	$ 319.09		
19	Revenue Annualization / Present Rates	$ -	$ -	$ -	$ -	$ -		$ 2,550
20								
21	Increase in Number of Customers	-	-	-	-	-		
22	Average Revenue / Proposed Rates	$ 161.63	$ 212.72	$ 446.48	$ 444.87	$ 425.07		
23	Revenue Annualization / Proposed Rates	$ -	$ -	$ -	$ -	$ -		$ 3,296
24	Additional Gallons to be Produced	-	-	-	-	-		985,200

Valley Utilities Water Company, Inc.
3 Inch Construction Water
Customers to Year End Levels
Test Year Ended June 30, 2008

Exhibit
Schedule C-2
Page 5.11
Witness: Bourassa

Line No.		Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08
1	Year End Number of Customers	5	5	5	5	5	5	5
2	Actual Customers	9	9	8	9	10	9	12
3	Increase in Number of Customers/Bills	(4)	(4)	(3)	(4)	(5)	(4)	(7)
4	Average Revenue / Present Rates	$ 863.40	$ 752.31	$ 1,786.53	$ 700.45	$ 518.64	$ 278.16	$ 426.63
5	Revenue Annualization / Present Rates	$ (3,454)	$ (3,009)	$ (5,360)	$ (2,802)	$ (2,593)	$ (1,113)	$ (2,986)
6								
7	Increase in Number of Customers	(4)	(4)	(3)	(4)	(5)	(4)	(7)
8	Average Revenue / Proposed Rates	$ 960.18	$ 841.44	$ 1,946.98	$ 786.00	$ 591.65	$ 334.58	$ 493.29
9	Revenue Annualization / Proposed Rates	$ (3,841)	$ (3,366)	$ (5,841)	$ (3,144)	$ (2,958)	$ (1,338)	$ (3,453)
10	Additional Gallons to be Produced	(905,334)	(758,201)	(1,596,019)	(689,512)	(560,876)	(130,179)	(571,960)
11								
12								
13								
14		Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08		Total Year
15	Year End Number of Customers	5	5	5	5	5		
16	Actual Customers	9	12	9	6	5		
17	Increase in Number of Customers/Bills	(4)	(1)	-	(2)	-		(38)
18	Average Revenue / Present Rates	$ 740.99	$ 413.92	$ 635.23	$ 473.07	$ 788.88		
19	Revenue Annualization / Present Rates	$ (2,964)	$ (414)	$ -	$ (946)	$ -		$ (25,640)
20								
21	Increase in Number of Customers	(4)	(1)	-	(2)	-		
22	Average Revenue / Proposed Rates	$ 829.33	$ 479.71	$ 716.28	$ 542.93	$ 880.53		
23	Revenue Annualization / Proposed Rates	$ (2,964)	$ (414)	$ -	$ (946)	$ -		$ (28,824)
24	Additional Gallons to be Produced	(743,201)	(77,500)	-	(194,172)	-		(6,226,954)

Valley Utilities Water Company, Inc.
Test Year Ended December 31, 2001
Adjustment to Revenues and/or Expenses
Adjustment Number 5

Exhibit
Schedule C-2
Page 6
Witness: Bourassa

Line No.			
1			
2	Remove Security Deposit Entries from Misc. Revenues		
3			
4			
5	Security Deposit Entries inlcuded in Misc. Revenues	$	13,848
6			
7			
8			
9	Increase (decrease) in Misc. Revenues	$	(13,848)
10			
11			
12	Adjustment to Revenues and/or Expense	$	(13,848)
13			
14			
15			
16			
17			
18			
19	[1] Should have been credited to accounts recievable.		
20			
21			
22			

Valley Utilities Water Company, Inc.
Test Year Ended December 31, 2001
Adjustment to Revenues and/or Expenses
Adjustment Number 6

Exhibit
Schedule C-2
Page 7
Witness: Bourassa

Line No.			
1			
2	Annualize Chemicals Expense		
3			
4	Test Year Chemicals	$	7,691
5	Total test Year Gallons Sold (in 1000's)		325,407
6	Cost per 1,000 gallons	$	0.02
7			
8	Additonal gallons sold (in 1,000's) from revenue annualization		(6,019)
9			
10	Additonal cost based on revenue annualization	$	(142)
11			
12	Increase (decrease) in Chemicals Expense	$	(142)
13			
14			
15			
16			
17	Adjustment to Revenue and/or Expense	$	(142)
18			
19			
20			

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Adjustment to Revenues and Expenses
Adjustment Number 7

Exhibit
Schedule C-2
Page 8
Witness: Bourassa

Line No.			
1			
2	Annualize Purchased Power		
3			
4	Test Year Purchased Power	$	137,023
5	Total Test Year Gallons Sold (in 1000's)		325,407
6	Cost per 1,000 gallons	$	0.42
7			
8	Additonal gallons sold (in 1,000's) from revenue annualization		(142)
9			
10	Additonal cost based on revenue annualization	$	(60)
11			
12	Increase (decrease) in Purchased Power	$	(60)
13			
14			
15			
16			
17	Adjustment to Revenue and/or Expense	$	(60)
18			
19			
20			

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Adjustment to Revenues and Expenses
Adjustment Number 8

Exhibit
Schedule C-2
Page 12
Witness: Bourassa

Line No.				Label
1	Remove Other Income and Expense to Eliminate Impact on Income Taxes			
2				
3				
4	Remove Interest income	$	(11,095)	8a
5	Remove Other income		(20)	8b
6				
7				
8				
9				
10				
11				
12	Adjustment to Revenue and/or Expense	$	(11,115)	
13				
14				
15				
16				
17				
18				
19				
20				

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Adjustment to Revenues and Expenses
Adjustment Number 9

Exhibit
Schedule C-2
Page 10
Witness: Bourassa

Line No.			
1	Projected Interest		
2			
3			
4	Projected Year Debt	$ 2,130,823	
5	Projected Year Cost of Debt	5.81%	
6	Interest Expense		$ 123,851
7			
8	Test Year Interest Expense		$ 36,745
9			
10	Increase (decrease) in Interest Expense		87,106
11			
12			
13			
14	Adjustment to Revenue and/or Expense		$ (87,106)
15			
16			
17			
18			
19			
20	SUPPORTING SCHEDULE		
21	D-1		
22			
23			
24			

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Adjustment to Revenues and/or Expenses
Adjustment Number 10

Exhibit
Schedule C-2
Page 11
Witness: Bourassa

Line No.			Test Year Book Results		Test Year Adjusted Results		Adjusted with Rate Increase	
1	Income Tax Computation							
7	Taxable Income before Scottsdale Operating		$ 117,410		$ (165,969)		$ 157,487	
9	Taxable Income		$ 117,410		$ (165,969)		$ 157,487	
13	Income Before Taxes		$ 117,410		$ (165,969)		$ 157,487	
15	Arizona Income Before Taxes		$ 117,410		$ (165,969)		$ 157,487	
17	Less Arizona Income Tax		$ 8,181		$ (11,565)		$ 10,974	
18	Rate =	6.97%						
19	Arizona Taxable Income		$ 109,228		$ (154,405)		$ 146,513	
21	Arizona Income Taxes		$ 8,181		$ (11,565)		$ 10,974	
23	Federal Income Before Taxes		$ 117,410		$ (165,969)		$ 157,487	
25	Less Arizona Income Taxes		$ 8,181		$ (11,565)		$ 10,974	
27	Federal Taxable Income		$ 109,228		$ (154,405)		$ 146,513	
31	FEDERAL INCOME TAXES:							
32	15% BRACKET		$ 7,500		$ (23,161)		$ 7,500	
33	25% BRACKET		$ 6,250		$ -		$ 6,250	
34	34% BRACKET		$ 8,500	Federal	$ -	Federal	$ 8,500	Federal
35	39% BRACKET		$ 3,599	Effective	$ -	Effective	$ 18,140	Effective
36	34% BRACKET		$ -	Tax	$ -	Tax	$ -	Tax
37				Rate		Rate		Rate
38	Federal Income Taxes		$ 25,849	22.02%	$ (23,161)	13.95%	$ 40,390	25.65%
41	Total Income Tax		$ 34,030		$ (34,725)		$ 51,364	
43	Overall Tax Rate		28.98%		20.92%		32.61%	
45	Income Tax at Proposed Rates Effective Rate				$ (54,130)			

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Computation of Gross Revenue Conversion Factor

Exhibit
Schedule C-3
Page 1
Witness: Bourassa

Line No.	Description	Percentage of Incremental Gross Revenues
1	Federal Income Taxes	25.65%
2		
3	State Income Taxes	6.97%
4		
5	Other Taxes and Expenses	0.00%
6		
7		
8	Total Tax Percentage	32.61%
9		
10	Operating Income % = 100% - Tax Percentage	67.39%
11		
12		
13		
14		
15	1 = Gross Revenue Conversion Factor	
16	Operating Income %	1.4840
17		
18	SUPPORTING SCHEDULES:	RECAP SCHEDULES:
19		A-1
20		

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Summary of Cost of Capital

Exhibit
Schedule D-1
Page 1
Witness: Bourassa

Line No.	Item of Capital	End of Test Year Dollar Amount	End of Test Year Percent of Total	End of Test Year Cost Rate	End of Test Year Weighted Cost	End of Projected Year Dollar Amount	End of Projected Year Percent of Total	End of Projected Year Cost Rate	End of Projected Year Weighted Cost
1									
2									
3									
4									
5	Item of Capital								
6	Long-Term Debt[1]	$ 913,985	100.68%	5.81%	5.85%	$ 2,130,823	95.52%	5.81%	5.55%
7									
8	Stockholder's Equity[2]	(6,319)	-0.70%	N/A	0.00%	99,805	4.47%	N/A	0.00%
9									
10	Totals	$ 907,666	99.98%		5.85%	$ 2,230,628	99.99%		5.55%
11									
12									
13	**Adjustment to Accum. Amortization of CIAC**		**$ (11,491)**	**. See B-2, page**					
14									
15									
16	SUPPORTING SCHEDULES:								
17	D-1								
18	D-3								
19	D-4								
20	E-1								
21									
22									
23									
24									
25									
26									
27									
28									

RECAP SCHEDULES:
A-3

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Cost of Long Term Debt

Exhibit
Schedule D-2
Page 1
Witness: Bourassa

Line No.	Description of Debt	End of Test Year Amount Outstanding	Annual Interest	Interest Rate	Weighted Cost	End of Projected Year Amount Outstanding	Annual Interest	Interest Rate	Weighted Cost
1	WIFA Loan Arsenic Treatment Plant	752,936	74,518	5.775%	4.76%	1,875,770	108,326	5.78%	5.08%
2	WIFA Loan Well Replacement	147,301	39,325	5.80%	0.93%	250,000	14,500	5.80%	0.68%
3	Chase Bank - Auto Loan	13,748	1,098	7.99%	0.12%	5,053	404	7.99%	0.02%
4			-		0.00%	-	-	0.00%	0.00%
5									
6									
7									
8									
9									
10									
11									
12									
13	Totals	$ 913,985	$ 114,941		5.81%	$ 2,130,823	$ 123,229		5.78%
14									
15	Supporting Schdules:								
16	E-2								
17									
18									
19									
20									
21									

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Cost of Preferred Stock

Exhibit
Schedule D-3
Page 1
Witness: Bourassa

Line No.	Description of Issue	End of Test Year Shares Outstanding	End of Test Year Amount	End of Test Year Dividend Requirement	End of Projected Year Shares Outstanding	End of Projected Year Amount	End of Projected Year Dividend Requirement
1							
2							
3	NOT APPLICABLE, NO PREFERRED STOCK ISSUED OR OUTSTANDING						
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17	SUPPORTING SCHEDULES:			RECAP SCHEDULES:			
18	(a) E-1			(a) D-1			
19							
20							

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Cost of Common Equity

Exhibit
Schedule D-4
Page 1
Witness: Bourassa

Line No.

The Company is proposing an operating margin of 15 percent as the equity balance is negative or too low to be meaningful.

SUPPORTING SCHEDULES:
E-1

RECAP SCHEDULES:
D-1

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Comparative Balance Sheets

Exhibit
Schedule E-1
Page 1
Witness: Bourassa

Line No.		Test Year Ended 6/30/2008	Year Ended 6/30/2007	Year Ended 6/30/2006
1	**ASSETS**			
2	Plant In Service	$ 6,596,370	$ 5,258,721	$ 5,055,298
3	Non-Utility Plant	-	-	-
4	Property Held for Future Use	40,000	40,000	40,000
5	Construction Work in Progress	1,108,495	474,423	155,278
6	Less: Accumulated Depreciation	(2,467,165)	(2,248,156)	(2,081,014)
7	Net Plant	$ 5,277,700	$ 3,524,989	$ 3,169,562
8				
9	Debt Reserve Fund	$ -	$ -	$ -
10				
11	CURRENT ASSETS			
12	Cash and Equivalents	$ 32,574	$ 47,071	$ 20,978
13	Restricted Cash	438,016	987,412	820,625
14	Accounts Receivable, Net	105,845	67,355	127,192
15	Accounts Receivable -Other	-	-	-
16	Materials and Supplies	28,626	30,303	16,639
17	Prepayments	-	-	-
18	Other Current Assets	180	209	570
19	Total Current Assets	$ 605,242	$ 1,132,349	$ 986,003
20				
21	Deferred Debits	$ 85,945	$ 47,053	$ 58,962
22				
23	Other Investments & Special Funds	$ -	$ -	$ -
24				
25	TOTAL ASSETS	$ 5,968,887	$ 4,704,391	$ 4,214,527
26				
27				
28	**LIABILITIES AND STOCKHOLDERS' EQUITY**			
29				
30	Common Equity	$ 5,336	$ (392,402)	$ (411,573)
31				
32	Long-Term Debt	$ 913,985	$ 90,727	$ 32,388
33				
34	CURRENT LIABILITIES			
35	Accounts Payable	$ 12,261	$ 16,329	$ 15,818
36	Current Portion of Long-Term Debt	-	-	-
37	Short-term Note to Shareholder	122,000	-	-
38	Payables to Associated Companies	-	-	-
39	Customer Meter Deposits, Current	-	-	-
40	Security Deposits	90,345	83,730	81,805
41	Accrued Taxes	19,260	22,496	19,948
42	Accrued Interest	-	-	-
43	Other Current Liabilities	12,707	16,998	1,047
44	Total Current Liabilities	$ 256,573	$ 139,553	$ 118,619
45	DEFERRED CREDITS			
46	Customer Meter Deposits, less current	$ 224,503	$ 263,818	$ 298,804
47	Advances in Aid of Construction	3,515,087	3,824,089	3,448,361
48	Accumulated Deferred Income Taxes	31,772	29,820	30,689
49	Contributions In Aid of Construction	1,322,934	1,027,517	970,317
50	Accumulated Amortization of CIAC	(301,302)	(278,730)	(273,078)
51				
52	Total Deferred Credits	$ 4,792,993	$ 4,866,513	$ 4,475,093
53				
54	Total Liabilities & Common Equity	$ 5,968,887	$ 4,704,391	$ 4,214,527
55				
56	SUPPORTING SCHEDULES:			
57	E-5			

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Comparative Income Statements

Exhibit
Schedule E-2
Page 1
Witness: Bourassa
Revised

Line No.		Test Year Ended 6/30/2008	Prior Year Ended 6/30/2007	Prior Year Ended 6/30/2006
1	**Revenues**			
2	Metered Water Revenues	$ 1,186,115	$ 1,114,112	$ 1,095,362
3	Unmetered Water Revenues	-	-	-
4	Other Water Revenues	59,314	54,328	53,889
5	**Total Revenues**	$ 1,245,428	$ 1,168,439	$ 1,149,251
6	**Operating Expenses**			
7	Salaries and Wages	$ 355,559	$ 367,393	$ 314,284
8	Employee Pensions and Benefits	5,343	6,108	6,367
9	Purchased Water	4,357	16,051	-
10	Purchased Power	137,023	135,984	126,655
11	Chemicals	7,691	11,086	7,373
12	Repairs and Maintenance	14,210	2,964	19,641
13	Office Supplies and Expense	10,006	13,322	13,631
14	Outside Services	31,734	40,590	18,654
15	Water Testing	-	-	-
16	Rents	56,601	57,623	84,199
17	Transportation Expenses	25,266	21,102	23,523
18	Insurance - General Liability	39,013	35,430	21,373
19	Insurance - Health and Life	84,637	120,616	80,531
20	Advertising	-	790	372
21	Regulatory Commission Expense - Rate Case	13,349	12,199	1,903
22	Regulatory Commission Expense - Other	15,856	15,915	9,630
23	Bad Debt Expense	228	1,102	-
24	Miscellaneous Expense	42,327	42,408	39,336
25	Depreciation and Amortization	196,437	163,446	286,614
26	Taxes Other Than Income	29,351	27,813	24,969
27	Property Taxes	33,401	36,719	31,704
28	Income Tax	19,387	35,925	(2,032)
29				
30	**Total Operating Expenses**	$ 1,121,776	$ 1,164,584	$ 1,108,728
31	**Operating Income**	$ 123,652	$ 3,856	$ 40,523
32	**Other Income (Expense)**			
33	Interest Income	$ 11,095	$ 24,380	$ 15,203
34	Other income	20	700	-
35	Gain on Disposal of Fixed Assets	-	(3,069)	
36	Interest Expense	(36,745)	(6,293)	(3,481)
37	Other Expense	-	-	-
38				
39	**Total Other Income (Expense)**	$ (25,629)	$ 15,718	$ 11,722
40	**Net Profit (Loss)**	$ 98,023	$ 19,574	$ 52,246
41				
42				
43				
44	SUPPORTING SCHEDULES:		RECAP SCHEDULES:	
45			A-2	

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Comparative Statements of Cash Flows

Exhibit
Schedule E-3
Page 1
Witness: Bourassa

Line No.		Test Year Ended 6/30/2008	Prior Year Ended 6/30/2007	Prior Year Ended 6/30/2006
1				
2				
3	Cash Flows from Operating Activities			
4	Net Income	$ 98,023	$ 19,574	$ 52,246
5	Adjustments to reconcile net income to net cash			
6	provided by operating activities:			
7	Depreciation and Amortization	196,437	163,446	286,614
8	Adjustments to Depreciation/Amortization		(1,955)	(2,059)
9	Other	(285)	(404)	666
10	Changes in Certain Assets and Liabilities:			
11	Accounts Receivable	(38,491)	59,837	(77,239)
12	Accounts Receivable, Other			
13	Materials and Supplies Inventory	1,677	(13,664)	4,316
14	Prepaid Expenses			
15	Payables to Associated Companies			
16	Accounts Payable	(4,068)	511	4,485
17	Restricted Cash			
18	Customer Security Deposits	6,615	13,832	22,129
19	Taxes payable	(3,236)	2,548	(3,462)
20	Other assets and liabilities	(41,203)	15,442	(43,469)
21				
22	Net Cash Flow provided by Operating Activities	$ 215,469	$ 259,167	$ 244,226
23	Cash Flow From Investing Activities:			
24	Capital Expenditures	(1,971,721)	(522,568)	(718,970)
25	Plant Held for Future Use			
26	Changes in debt reserve fund			
27	Net Cash Flows from Investing Activities	$ (1,971,721)	$ (522,568)	$ (718,970)
28	Cash Flow From Financing Activities			
29	Change in Restricted Cash	549,396	(166,787)	(173,934)
30	Change in net amounts due to parent and affiliates			
31	Net proceeds advances for and contributions in aid of constructio	(52,900)	397,942	605,923
32	Net Proceeds of Long-Term Debt	823,258	58,339	32,388
33	Net Proceeds of Short-Term Debt	122,000	-	-
34	Dividends Paid			
35	Paid in Capital/Stock Issuances	300,000		
36				
37	Net Cash Flows Provided by Financing Activities	$ 1,741,754	$ 289,494	$ 464,377
38	Increase(decrease) in Cash and Cash Equivalents	(14,498)	26,093	(10,367)
39	Cash and Cash Equivalents at Beginning of Year	47,071	20,978	31,345
40	Cash and Cash Equivalents at End of Year	$ 32,573	$ 47,071	$ 20,978
41				
42				

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Statement of Changes in Stockholder's Equity

Exhibit
Schedule E-4
Page 1
Witness: Bourassa

Line No.		Common Stock	Additional Paid-In-Capital	Retained Earnings	Total
1					
2					
3					
4	Balance, June 30, 2005	$ 110,000	$ 4,988	$ (579,472)	$ (464,484)
5	Addnl Paid In Capital				-
6	Dividends				-
7	Adjustments			666	666
8	Net Income			52,246	52,246
9					
10	Balance, June 30, 2006	$ 110,000	$ 4,988	$ (526,560)	$ (411,573)
11	Addnl Paid In Capital				-
12	Dividends				-
13	Adjustments			(404)	(404)
14	Net Income			19,574	19,574
15					
16	Balance, June 30, 2007	$ 110,000	$ 4,988	$ (507,390)	$ (392,403)
17	Addnl Paid In Capital/New Stock	300,000			300,000
18	Dividends				-
19	Adjustments			(284)	(284)
20	Net Income			98,023	98,023
21					
22	Balance, June 30, 2008	$ 410,000	$ 4,988	$ (409,652)	$ 5,336
23					
24					
25					
26					
27					
28					
29	SUPPORTING SCHEDULES:			RECAP SCHEDULES:	

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Detail of Plant in Service

Exhibit
Schedule E-5
Page 1
Witness: Bourassa

Line No.	Acct. No.	Plant Description	Plant Balance at 12/31/2007	Plant Additions, Reclass-ications or or Retirements	Plant Balance at 6/30/2008
1					
2	301	Organization Cost	$ -	$ -	$ -
3	302	Franchise Cost	-	-	-
4	303	Land and Land Rights	44,196	404,000	448,196
5	304	Structures and Improvements	14,670	2,496	17,167
6	305	Collecting and Impounding Res.	-	-	-
7	306	Lake River and Other Intakes	-	-	-
8	307	Wells and Springs	1,132,380	190,937	1,323,317
9	308	Infiltration Galleries and Tunnels	-	-	-
10	309	Supply Mains	-	-	-
11	310	Power Generation Equipment	-	-	-
12	311	Electric Pumping Equipment	444,937	3,723	448,660
13	320	Water Treatment Equipment	22,001	333	22,334
14	330	Distribution Reservoirs & Standpipe	295,097	533,019	828,116
15	331	Transmission and Distribution Mains	2,589,101	3,906	2,593,007
16	333	Services	122,345	1,421	123,765
17	334	Meters	417,045	2,688	419,733
18	335	Hydrants	147,203	1	147,203
19	336	Backflow Prevention Devices	-	-	-
20	339	Other Plant and Miscellaneous Equipment	1,237	-	1,237
21	340	Office Furniture and Fixtures	66,324	533	66,856
22	341	Transportation Equipment	83,026	5,000	88,026
23	342	Stores Equipment	-	-	-
24	343	Tools and Work Equipment	35,321	3,264	38,585
25	344	Laboratory Equipment	-	-	-
26	345	Power Operated Equipment	5,930	(0)	5,930
27	346	Communications Equipment	-	-	-
28	347	Miscellaneous Equipment	-	20,000	20,000
29	348	Other Tangible Plant	4,192	45	4,237
30				-	
31					
32		TOTAL WATER PLANT	$ 5,425,005	$ 1,171,365	$ 6,596,370
33					
34		SUPPORTING SCHEDULES		RECAP SCHEDULES:	
35				A-4	
36				E-1	
37					

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Operating Statistics

Exhibit
Schedule E-7
Page 1
Witness: Bouras

Line No.		Test Year Ended 6/30/2008	Prior Year Ended 6/30/2007	Prior Year Ended 6/30/2006
1	WATER STATISTICS:			
2				
3				
4				
5	Total Gallons Sold (in Thousands)	325,407	328,108	317,274
6				
7				
8				
9	Water Revenues from Customers:	$ 1,245,428	$ 1,168,439	$ 1,149,251
10				
11				
12				
13				
14	Year End Number of Customers	1,477	1,418	1,401
15				
16				
17	Annual Gallons (in Thousands)			
18	Sold Per Year End Customer	220	231	226
19				
20				
21				
22	Annual Revenue per Year End Customer	$ 843.21	$ 824.01	$ 820.31
23				
24	Pumping Cost Per 1,000 Gallons	$ 0.4211	$ 0.4144	$ 0.3992
25	Purchased Water Cost per 1,000 Gallons	$ 0.0134	$ 0.0489	$ -

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Taxes Charged to Operations

Exhibit
Schedule E-8
Page 1
Witness: Bourassa

Line No.	Description	Test Year Ended 6/30/2008	Prior Year Ended 6/30/2007	Prior Year Ended 6/30/2006
1	Description			
2				
3	Federal Income Taxes*	$ 12,555	$ 32,057	$ (5,532)
4	State Income Taxes*	6,832	3,868	3,500
5	Payroll Taxes	29,351	27,813	24,969
6	Property Taxes	33,401	36,719	31,704
7				
8	Totals	$ 82,139	$ 100,456	$ 54,641
9				
10				
11	*Computed			
12				
13				
14				

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Notes To Financial Statements

Exhibit
Schedule E-9
Page 1
Witness: Bourassa

The Company does not have outside auditors

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Projected Income Statements - Present & Proposed Rates

Exhibit
Schedule F-1
Page 1
Witness: Bourassa

Line No.		Test Year Actual Results	At Present Rates Year Ended 6/30/2009	At Proposed Rates Year Ended 6/30/2009
1	**Revenues**			
2	Metered Water Revenues	$ 1,186,115	$ 1,164,238	$ 1,487,694
3	Unmetered Water Revenues	-	-	-
4	Other Water Revenues	59,314	45,466	45,466
5		$ 1,245,428	$ 1,209,703	$ 1,533,160
6	**Operating Expenses**			
7	Salaries and Wages	$ 355,559	$ 355,559	$ 355,559
8	Employee Pensions and Benefits	5,343	5,343	5,343
9	Purchased Water	4,357	4,357	4,357
10	Purchased Power	137,023	136,963	136,963
11	Chemicals	7,691	7,549	7,549
12	Repairs and Maintenance	14,210	14,210	14,210
13	Office Supplies and Expense	10,006	10,006	10,006
14	Outside Services	31,734	31,734	31,734
15	Water Testing	-	-	-
16	Rents	56,601	56,601	56,601
17	Transportation Expenses	25,266	25,266	25,266
18	Insurance - General Liability	39,013	39,013	39,013
19	Insurance - Health and Life	84,637	84,637	84,637
20	Advertising	-	-	-
	Regulatory Commission Expense - Rate Case	13,349	40,000	40,000
	Regulatory Commission Expense - Other	15,856	15,856	15,856
	Bad Debt Expense	228	228	228
21	Miscellaneous Expense	42,327	42,327	42,327
22	Depreciation and Amortization	196,437	313,518	313,518
23	Taxes Other Than Income	29,351	29,351	29,351
24	Property Taxes	33,401	39,304	39,304
25	Income Tax	19,387	(54,130)	51,364
26	**Total Operating Expenses**	$ 1,121,776	$ 1,197,692	$ 1,303,186
27	**Operating Income**	$ 123,652	$ 12,012	$ 229,974
28	**Other Income (Expense)**			
29	Interest Income	11,095	-	-
30	Other income	20	-	-
31	Interest Expense	(36,745)	(123,851)	(123,851)
32	Other Expense	-	-	-
33	Gain/Loss Sale of Fixed Assets	-	-	-
34	**Total Other Income (Expense)**	$ (25,629)	$ (123,851)	$ (123,851)
35	**Net Profit (Loss)**	$ 98,023	$ (111,839)	$ 106,123
36				

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Projected Statements of Changes in Financial Position
Present and Proposed Rates

Exhibit
Schedule F-2
Page 1
Witness: Bourassa

Line No.		Test Year Ended 6/30/2008	At Present Rates Year Ended 6/30/2009	At Proposed Rates Year Ended 6/30/2009
5	Cash Flows from Operating Activities			
6	Net Income	$ 98,023	$ (111,839)	$ 106,123
7	Adjustments to reconcile net income to net cash			
8	provided by operating activities:			
9	Depreciation and Amortization	196,437	313,518	313,518
10	Deferred Income Taxes	-		
11	Other	(285)		
12	Changes in Certain Assets and Liabilities:	-		
13	Accounts Receivable	(38,491)		
14	Unbilled Revenues	-		
15	Materials and Supplies Inventory	1,677		
16	Prepaid Expenses	-		
17	Deferred Charges	-		
18	Accounts Payable	(4,068)		
19	Intercompany payable	-		
20	Customer Deposits	6,615		
21	Intercompany taxes receivable and taxes payable	(3,236)		
22	Other assets and liabilities	(41,203)		
23				
24	Net Cash Flow provided by Operating Activities	$ 215,469	$ 201,679	$ 419,641
25	Cash Flow From Investing Activities:			
26	Capital Expenditures	(1,971,721)	(1,327,081)	(1,327,081)
27	Plant Held for Future Use	-		
28	Changes in debt reserve fund	-		
29	Net Cash Flows from Investing Activities	$ (1,971,721)	$ (1,327,081)	$ (1,327,081)
30	Cash Flow From Financing Activities			
31	Change in Restricted Cash	549,396	-	-
32	Change in net amounts due to parent and affiliates	-	-	-
33	Net proceeds advances for and contributions in aid of construction	(52,900)	(52,900)	(52,900)
34	Repayments of Long-Term Debt	823,258	1,216,838	1,216,838
35	Net Proceeds of Short-Term Debt	122,000	-	-
36	Dividends Paid	-	-	-
37	Paid in Capital/Stock Issuances	300,000	-	-
38				
39	Net Cash Flows Provided by Financing Activities	$ 1,741,754	$ 1,163,938	$ 1,163,938
40	Increase(decrease) in Cash and Cash Equivalents	(14,498)	38,536	256,498
41	Cash and Cash Equivalents at Beginning of Year	47,071	32,573	32,573
42	Cash and Cash Equivalents at End of Year	$ 32,573	$ 71,109	$ 289,071

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Projected Construction Requirements

Exhibit
Schedule F-3
Page 1
Witness: Bourassa

Line No.	Account Number	Description	2009	2010	2011
1					
2	Account				
3	Number	Description	2009	2010	2011
4	301	Organization Cost	$ -	$ -	$ -
5	302	Franchise Cost			
6	303	Land and Land Rights			
7	304	Structures and Improvements			
8	305	Collecting and Impounding Res.	108,000		
9	306	Lake River and Other Intakes			
10	307	Wells and Springs	222,699		250,000
11	308	Infiltration Galleries and Tunnels			
12	309	Supply Mains			
13	310	Power Generation Equipment			
14	311	Electric Pumping Equipment			
15	320	Water Treatment Equipment	968,882		
16	330	Distribution Reservoirs & Standpipe			
17	331	Transmission and Distribution Mains			
18	333	Services			
19	334	Meters	27,500	27,500	27,500
20	335	Hydrants			
21	336	Backflow Prevention Devices			
22	339	Other Plant and Miscellaneous Equipment		55,000	
23	340	Office Furniture and Fixtures		15,000	
24	341	Transportation Equipment			45,000
25	342	Stores Equipment			
26	343	Tools and Work Equipment			
27	344	Laboratory Equipment			
28	345	Power Operated Equipment			
29	346	Communications Equipment			
30	347	Miscellaneous Equipment			12,000
31	348	Other Tangible Plant			
32					
33	Total		$ 1,327,081	$ 97,500	$ 322,500
34					
35					

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Assumptions Used in Rate Filing

Exhibit
Schedule F-4
Page 1
Witness: Bourassa

Line No.	
1	Property Taxes were computed using the method used by the Arizona Department
2	of Revenue
3	
4	Projected construction expenditures are shown on Schedule A-4.
5	
6	Expense adjustments are shown on Schedule C2, and are explained in the testimony.
7	
8	Accumulated depreciation was computed using depreciation rates authorized
9	in prior Commission decision.
10	
11	Income taxes were computed using statutory state and federal income tax rates.
12	
13	
14	
15	

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Exhibit
Schedule H-1
Page 1
Witness: Bourassa

Line No.	Meter Size	Class	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues
1	5/8 Inch	Residential	$ 53,327	$ 68,045	$ 14,718	27.60%	4.41%	4.44%
2	3/4 Inch	Residential	383,309	489,103	105,793	27.60%	31.69%	31.90%
3	1 Inch	Residential	359,019	463,224	104,205	29.03%	29.68%	30.21%
4		Subtotal	$ 795,655	$ 1,020,372	$ 224,717	28.24%	65.77%	66.55%
5								
6	1 Inch	Multi-family	$ 1,171	$ 1,514	$ 343	29.30%	0.10%	0.10%
7	2 inch	Multi-family	156,599	201,879	45,280	28.91%	12.95%	13.17%
8		Subtotal	157,770	203,393	45,623			
9								
10	5/8 Inch	Irrigation	$ 644	$ 828	$ 184	28.56%	0.05%	0.05%
11	3/4 Inch	Irrigation	163	208	45	27.60%	0.01%	0.01%
12	1 Inch	Irrigation	8,834	11,428	2,594	29.37%	0.73%	0.75%
13	1.5 Inch	Irrigation	10,324	13,531	3,208	31.07%	0.85%	0.88%
14	2 Inch	Irrigation	92,769	119,520	26,751	28.84%	7.67%	7.80%
15		Subtotal	$ 112,734	$ 145,515	$ 32,782	29.08%	9.32%	9.49%
16								
17	5/8 Inch	Commercial	$ 1,311	$ 1,674	$ 363	27.66%	0.11%	0.11%
18	3/4 Inch	Commercial	2,904	3,718	815	28.05%	0.24%	0.24%
19	1 Inch	Commercial	15,970	20,644	4,674		1.32%	1.35%
20	1.5 Inch	Commercial	13,478	17,465	3,987	29.59%	1.11%	1.14%
21	2 Inch	Commercial	18,338	23,534	5,196	28.33%	1.52%	1.53%
22		Subtotal	$ 52,001	$ 67,035	$ 15,034	28.91%	4.30%	4.37%
23								
24	3 Inch	Construction	67,596	75,908	8,311	12.30%	5.59%	4.95%
25								
26		Subtotal Revenues	$ 1,185,756	$ 1,512,223	$ 326,467	27.53%	98.02%	98.63%
27								
28								
29								
30								

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Exhibit
Schedule H-1
Page 1
Witness: Bourassa

Line No.									
1									
2	**Revenue Annualization**								
3									
4	**Meter**		**Present**	**Proposed**		**Dollar**	**Percent**	**Present Water**	**Proposed Water**
5	**Size**	**Class**	**Revenues**	**Revenues**		**Change**	**Change**	**Revenues**	**Revenues**
6	5/8 Inch	Residential	$ 132	$ 168	$	36	27.60%	0.01%	0.01%
7	3/4 Inch	Residential	(2,519)	(3,214)		(695)	27.60%	-0.21%	-0.21%
8	1 Inch	Residential	(3,546)	(4,536)		(990)	27.93%	-0.29%	-0.30%
9		Subtotal	$ (5,933)	$ (7,582)	$	(1,649)	27.80%	-0.49%	-0.49%
10									
11	1 Inch	Multi-family	$ -	$ -	$	-	0.00%	0.00%	0.00%
12	2 inch	Multi-family	(4,216)	(5,513)		(1,297.48)	30.78%	-0.35%	-0.36%
13		Subtotal	$ (4,216)	$ (5,513)	$	(1,297)	30.78%	-0.35%	-0.36%
14									
15	5/8 Inch	Irrigation	$ -	$ -	$	-	0.00%	0.00%	0.00%
16	3/4 Inch	Irrigation	67	86		18.62	27.60%	0.01%	0.01%
17	1 Inch	Irrigation	833	1,098		264.82	31.77%	0.07%	0.07%
18	1.5 Inch	Irrigation	2,550	3,296		746.37	29.27%	0.21%	0.21%
19	2 Inch	Irrigation	-	-		-	0.00%	0.00%	0.00%
20		Subtotal	$ 3,450	$ 4,480	$	1,030	29.85%	0.29%	0.29%
21									
22	5/8 Inch	Commercial	$ (39)	$ (50)	$	(11)	27.60%	0.00%	0.00%
23	3/4 Inch	Commercial	(36)	(47)		(11)	29.92%	0.00%	0.00%
24	1 Inch	Commercial	1,243	1,620		377	30.37%	0.10%	0.11%
25	1.5 Inch	Commercial	2,898	3,697		800	27.60%	0.24%	0.24%
26	2 Inch	Commercial	3,737	4,768		1,031	27.60%	0.31%	0.31%
27									
28		Subtotal	$ 7,802	$ 9,988	$	2,187	28.03%	0.64%	0.65%
29									
30	3 Inch	Construction	(25,640)	(28,824)		(3,183)	12.42%	-2.12%	-1.88%
31									
32	Subtotal Revenue Annualization		$ (24,537)	$ (27,451)	$	(2,914)	11.87%	-2.03%	-1.79%
33									
34	Misc Service Charges		$ 45,466	$ 45,466		-	0.00%	3.76%	2.97%
35	Annualization of Increases to								
36	Misc Service Chgs (H-3, page 3.1)		$ 2,660	$ 2,660		-	0.00%	0.22%	0.17%
37	Reconciling Amount to C-1		$ 359	$ 262		(97)	-27.02%	0.03%	0.02%
38									
39	Total Water Revenues with annualization		$ 1,209,703	$ 1,533,160	$	323,457	26.74%	100.00%	100.00%
40									

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Analysis of Revenue by Detailed Class

Exhibit
Schedule H-2
Page 1
Witness: Bourassa

Line No.	Meter Size, Class		(a) Average Number of Customers at 6/30/2008	Average Consumption	Revenues Present Rates	Revenues Proposed Rates	Proposed Increase Dollar Amount	Proposed Increase Percent Amount
1	5/8 Inch	Residential	161	7,376	$ 53,327	$ 68,045	14,718.20	27.60%
2	3/4 Inch	Residential	832	9,531	383,309	489,103	105,793.34	27.60%
3	1 Inch	Residential	390	20,364	359,019	463,224	104,205.50	29.03%
4		Subtotal	1,383					
5								
6	1 Inch	Multi-family	1	29,584	$ 1,171	$ 1,514	343.16	29.30%
7	2 inch	Multi-family	33	126,929	156,599	201,879	45,280.02	28.91%
8		Subtotal	34					
9								
10	5/8 Inch	Irrigation	1	17,584	$ 644	$ 828	184.00	28.56%
11	3/4 Inch	Irrigation	1	1,375	163	208	44.90	27.60%
12	1 Inch	Irrigation	7	34,531	8,834	11,428	2,594.48	29.37%
13	1.5 Inch	Irrigation	3	104,662	10,324	13,531	3,207.67	31.07%
14	2 Inch	Irrigation	8	355,655	92,769	119,520	26,750.61	28.84%
15		Subtotal	19					
16								
17	5/8 Inch	Commercial	6	2,413	$ 1,311	$ 1,674	362.69	27.66%
18	3/4 Inch	Commercial	5	12,641	2,904	3,718	814.63	28.05%
19	1 Inch	Commercial	11	37,954	15,970	20,644	4,673.83	29.27%
20	1.5 Inch	Commercial	8	34,143	13,478	17,465	3,987.39	29.59%
21	2 Inch	Commercial	9	32,867	18,338	23,534	5,195.73	28.33%
22		Subtotal	40					
23								
24	3 Inch	Construction	8	168,618	$ 67,596	$ 75,908	8,311.34	12.30%
25								
26		Totals	1,431					
27								
28								

29 (a) Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Analysis of Revenue by Detailed Class

Exhibit
Schedule H-2
Page 1
Witness: Bourassa

Line No.	Meter Size, Class		(a) Average Number of Customers at 6/30/2008	Average Consumption	Average Bill Present Rates	Average Bill Proposed Rates	Proposed Increase Dollar Amount	Proposed Increase Percent Amount
1	5/8 Inch	Residential	161	7,376	$ 25.85	$ 32.98	7.13	27.60%
2	3/4 Inch	Residential	832	9,531	36.46	46.52	10.06	27.60%
3	1 Inch	Residential	390	20,364	75.14	95.88	20.74	27.60%
4		Subtotal	1,383					
5								
6	1 Inch	Multi-family	1	29,584	$ 96.44	$ 124.34	27.90	28.93%
7	2 inch	Multi-family	33	128,929	383.14	502.07	118.92	31.04%
8		Subtotal	34					
9								
10	5/8 Inch	Irrigation	1	17,584	$ 51.86	$ 66.90	15.04	29.00%
11	3/4 Inch	Irrigation	1	1,375	20.05	25.58	5.53	27.60%
12	1 Inch	Irrigation	7	34,531	107.87	140.31	32.45	30.08%
13	1.5 Inch	Irrigation	3	104,662	297.98	395.57	97.59	32.75%
14	2 Inch	Irrigation	8	355,655	956.48	1,240.46	283.98	29.69%
15		Subtotal	19					
16								
17	5/8 Inch	Commercial	6	2,413	$ 16.81	$ 21.45	4.64	27.60%
18	3/4 Inch	Commercial	5	12,641	46.07	58.79	12.72	27.60%
19	1 Inch	Commercial	11	37,954	115.77	151.37	35.59	30.74%
20	1.5 Inch	Commercial	8	34,143	135.08	172.36	37.28	27.60%
21	2 Inch	Commercial	9	32,867	165.86	211.64	45.78	27.60%
22		Subtotal	40					
23								
24	3 Inch	Construction	8	168,618	$ 689.10	$ 773.86	84.76	12.30%
25								
26		Totals	1,431					
27								
28								

29 (a) Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.

Valley Utilities Water Company, Inc.
Customer Count Summary
Test Year Ended June 30, 2008

Exhibit
Schedule H-2
Page 2
Witness: Bourassa

Line No.	Meter Size	Class	Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08
1									
2									
3									
4	5/8 Inch	Residential	162	162	159	160	161	161	159
5	3/4 Inch	Residential	838	841	835	842	834	824	829
6	1 Inch	Residential	393	389	389	389	389	386	397
7		Subtotal	1,393	1,392	1,383	1,391	1,384	1,371	1,385
8									
9	1 Inch	Multi-family	1	1	1	1	1	1	1
10	2 inch	Multi-family	33	33	33	33	33	33	33
11		Subtotal	34	34	34	34	34	34	34
12									
13	5/8 Inch	Irrigation	1	1	1	1	1	1	1
14	3/4 Inch	Irrigation	-	-	-	-	-	2	1
15	1 Inch	Irrigation	5	6	6	6	6	8	7
16	1.5 Inch	Irrigation	1	3	3	3	3	3	3
17	2 Inch	Irrigation	8	8	8	8	8	8	8
18		Subtotal	15	18	18	18	18	22	20
19									
20	5/8 Inch	Commercial	6	8	6	6	6	6	6
21	3/4 Inch	Commercial	6	8	6	6	6	6	6
22	1 Inch	Commercial	11	11	11	11	11	11	11
23	1.5 Inch	Commercial	8	8	8	8	8	8	8
24	2 Inch	Commercial	9	9	9	9	9	9	9
25		Subtotal	40	44	40	40	40	40	40
26									
27	3 Inch	Construction	9	9	8	9	10	9	12
28									
29	Totals		1,491	1,497	1,483	1,492	1,486	1,476	1,491
30									
31									
32									

Valley Utilities Water Company, Inc.
Customer Count Summary
Test Year Ended June 30, 2008

Exhibit
Schedule H-2
Page 2
Witness: Bourassa

Line No.	Meter Size		Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08	Change from Beginning of Year to Year End	Revenues Annual-ized
5	5/8 Inch	Residential	163	159	161	159	161	(1)	Yes
6	3/4 Inch	Residential	833	830	831	825	827	(11)	Yes
7	1 Inch	Residential	397	388	392	387	386	(7)	Yes
8		Subtotal	1,393	1,377	1,384	1,371	1,374	(19)	
10	1 Inch	Multi-family	1	1	1	1	1	-	No
11	2 inch	Multi-family	33	33	33	33	32	(1)	Yes
12		Subtotal	34	34	34	34	33	(1)	
14	5/8 Inch	Irrigation	1	1	1	1	1	-	No
15	3/4 Inch	Irrigation	1	1	1	1	1	1	Yes
16	1 Inch	Irrigation	7	7	7	7	7	2	Yes
17	1.5 Inch	Irrigation	3	3	3	3	3	2	Yes
18	2 Inch	Irrigation	8	8	8	8	8	-	No
19		Subtotal	20	20	20	20	20	5	
21	5/8 Inch	Commercial	6	6	6	6	6	-	No
22	3/4 Inch	Commercial	6	6	6	6	6	-	No
23	1 Inch	Commercial	11	11	11	11	12	1	Yes
24	1.5 Inch	Commercial	9	8	8	8	10	2	Yes
25	2 Inch	Commercial	9	9	9	9	11	2	Yes
26		Subtotal	41	40	40	40	45	5	
28	3 Inch	Construction	9	6	5	7	5	(4)	No
30	Totals		1,497	1,477	1,483	1,472	1,477	(14)	

Valley Utilities Water Company, Inc.
Gallons Sold Summary in 1,000's
Test Year Ended June 30, 2008

Exhibit
Schedule H-2
Page 3
Witness: Bourassa

Line No.	Meter Size	Class	Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08
1									
2									
3									
4	5/8 Inch	Residential	1,793	1,348	1,327	1,414	1,037	699	815
5	3/4 Inch	Residential	11,181	9,244	8,681	9,065	7,051	5,602	6,020
6	1 Inch	Residential	11,957	9,746	9,824	10,146	7,131	4,606	4,995
7		Subtotal	24,931	20,338	19,832	20,625	15,218	10,907	11,831
8									
9	1 Inch	Multi-family	50	36	31	35	30	26	19
10	2 inch	Multi-family	5,227	5,633	3,812	4,565	3,399	2,923	3,489
11		Subtotal	5,276	5,668	3,843	4,600	3,429	2,951	3,508
12									
13	5/8 Inch	Irrigation	23	25	23	31	25	5	17
14	3/4 Inch	Irrigation	-	-	-	-	-	-	-
15	1 Inch	Irrigation	253	362	278	157	441	85	128
16	1.5 Inch	Irrigation	493	586	244	208	461	212	56
17	2 Inch	Irrigation	4,668	4,014	3,693	4,711	1,852	245	406
18		Subtotal	5,437	4,988	4,238	5,107	2,779	546	606
19									
20	5/8 Inch	Commercial	21	29	12	12	18	8	10
21	3/4 Inch	Commercial	44	156	129	92	49	32	36
22	1 Inch	Commercial	582	598	481	441	285	405	280
23	1.5 Inch	Commercial	325	321	253	313	216	213	241
24	2 Inch	Commercial	378	324	318	486	376	325	259
25									
26		Subtotal	1,351	1,427	1,193	1,343	942	981	825
27									
28	3 Inch	Construction	2,037	1,706	4,256	1,551	1,122	293	981
29									
30			39,032	34,127	33,361	33,226	23,490	15,678	17,750
31									
32									

Valley Utilities Water Company, Inc.
Gallons Sold Summary in 1,000's
Test Year Ended June 30, 2008

Exhibit
Schedule H-2
Page 3a
Witness: Bourassa

Line No.	Meter Size		Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08	Total Year	of Total Water Usage
1									
2									
3									
4									
5	5/8 Inch	Residential	769	1,064	1,130	1,415	1,404	14,213	4.37%
6	3/4 Inch	Residential	5,606	6,990	7,534	9,248	8,980	95,203	29.26%
7	1 Inch	Residential	4,525	6,214	7,131	9,557	9,511	95,343	29.30%
8		Subtotal	10,899	14,268	15,796	20,220	19,894	204,758	62.92%
9									
10	1 Inch	Multi-family	24	27	22	31	28	355	0.11%
11	2 Inch	Multi-family	3,247	4,127	4,251	5,304	4,159	50,137	15.41%
12		Subtotal	3,270	4,153	4,272	5,335	4,186	50,492	15.52%
13									
14	5/8 Inch	Irrigation	6	18	13	14	17	211	
15	3/4 Inch	Irrigation	-	4	8	-	-	11	0.00%
16	1 Inch	Irrigation	50	174	129	297	376	2,728	0.84%
17	1.5 Inch	Irrigation	92	144	361	360	341	3,559	1.09%
18	2 Inch	Irrigation	359	2,008	2,963	4,562	4,660	34,143	10.49%
19		Subtotal	506	2,347	3,473	5,232	5,393	40,651	12.49%
20									
21	5/8 Inch	Commercial	11	15	14	13	21	179	0.05%
22	3/4 Inch	Commercial	50	37	43	62	33	758	0.23%
23	1 Inch	Commercial	269	275	339	484	608	5,048	1.55%
24	1.5 Inch	Commercial	246	325	314	346	270	3,380	1.04%
25	2 Inch	Commercial	225	203	247	284	191	3,615	1.11%
26		Subtotal	800	853	955	1,188	1,123	12,980	3.99%
27									
28	3 Inch	Construction	1,672	465	754	680	1,008	16,525	5.08%
29									
30			17,147	22,086	25,250	32,654	31,605	325,407	100.00%
31									
32									

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Present and Proposed Rates

Exhibit
Schedule H-3
Page 1
Witness: Bourassa

Line No.	Monthly Usage Charge for:	Present Rates	Proposed Rates	Change	Percent Change
1	Meter Size (Classes):				
2	5/8 Inch	$ 11.24	$ 14.34	$ 3.10	27.60%
3	3/4 Inch	16.87	21.53	4.66	27.60%
4	1 Inch	28.10	35.86	7.76	27.60%
5	1 1/2 Inch	56.21	71.72	15.51	27.60%
6	2 Inch	89.94	114.76	24.82	27.60%
7	3 Inch	179.87	229.51	49.64	27.60%
8	4 Inch	281.05	358.62	77.57	27.60%
9	6 Inch	562.10	717.24	155.14	27.60%
10	Construction Water	179.87	229.51	49.64	27.60%
11					
12					
13	Gallons In Minimum (All Classes)	-	-		
14					
15			(Per 1,000 gallons)		
16	**Commodity Rates**		Present	Proposed	Percent
17	**(Residential, Commercial, Irrigation)**	**Block**	**Rate**	**Rate**	**Change**	**Change**
18						
19	5/8 Inch and 3/4 Inch Meter Residential	0 gallons to 3,000 gallons	$ 1.50	$ 1.91	$ 0.41	27.60%
20		3,001 gallons to 10,000 gallons	$ 2.31	$ 2.95	$ 0.64	27.60%
21		over 10,000 gallons	$ 2.53	$ 3.23	$ 0.70	27.60%
22	5/8 Inch and 3/4 Inch Meter Commercial	0 gallons to 18,000 gallons	$ 2.31			
23		over 18,000 gallons	$ 2.53			
24		0 gallons to 15,000 gallons		$ 2.95	$ 0.64	27.60%
25		over 15,000 gallons		$ 3.23	$ 0.70	27.60%
26	1 Inch Meter	0 gallons to 50,359 gallons	$ 2.31			
27		over 50,359 gallons	$ 2.53			
28		0 gallons to 25,000 gallons		$ 2.95	$ 0.64	27.60%
29		over 25,000 gallons		$ 3.23	$ 0.70	27.60%
30	1.5 Inch Meter	0 gallons to 126,054 gallons	$ 2.31			
31		over 126,054 gallons	$ 2.53			
32		0 gallons to 50,000 gallons		$ 2.95	$ 0.64	27.60%
33		over 50,000 gallons		$ 3.23	$ 0.70	27.60%
34	2 Inch Meter	0 gallons to 151,256 gallons	$ 2.31			
35		over 151,256 gallons	$ 2.53			
36		0 gallons to 80,000 gallons		$ 2.95	$ 0.64	27.60%
37		over 80,000 gallons		$ 3.23	$ 0.70	27.60%
38						
39						
40						

Chaparral City Water Company
Test Year Ended June 30, 2008
Present and Proposed Rates

Exhibit
Schedule H-3
Page 2
Witness: Bourassa

Line No.	Commodity Rates (Residential, Commercial, Industrial)	Block	Present Rate (Per 1,000 gallons)	Proposed Rate (Per 1,000 gallons)	Change	Percent Change
1						
2	**Commodity Rates**					
3	**(Residential, Commercial, Industrial)**	**Block**	**Present Rate**	**Proposed Rate**	**Change**	**Percent Change**
4	3 Inch Meter	0 gallons to 403,274 gallons	$ 2.31			
5		over 403,274 gallons	$ 2.53			
6		0 gallons to 160,000 gallons		$ 2.95	$ 0.64	27.60%
7		over 160,000 gallons		$ 3.23	$ 0.70	27.60%
8	4 Inch Meter	0 gallons to 453,722 gallons	$ 2.31			
9		over 453,722 gallons	$ 2.53			
10		0 gallons to 250,000 gallons		$ 2.95	$ 0.64	27.60%
11		over 250,000 gallons		$ 3.23	$ 0.70	27.60%
12	6 Inch Meter	0 gallons to 1,260,313 gallons	$ 2.31			
13		over 1,260,313 gallons	$ 2.53			
14		0 gallons to 500,000 gallons		$ 2.95	$ 0.64	27.60%
15		over 500,000 gallons		$ 3.23	$ 0.70	27.60%
16						
17						
18						
19						
20						
21	**Construction**	All gallons	$ 3.02	$ 3.23	$ 0.208	6.90%
22						
23						
24						
25						
26						
27	*In addition to the collection of regular rates, the uility will collect from its customers a proporationate					
28	shere of any privilage, sales, use, and frnachise tax per Commission Rile R-14-2-409.D.5.					
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						

Valley Utilities Water Company, Inc.
Changes in Representative Rate Schedules
Test Year Ended June 30, 2008

Exhibit
Schedule H-3
Page 3
Witness: Kozoman

Line No.	Other Service Charges	Present Rates	Proposed Rates
1	Establishment	$ 30.00	$ 40.00
2	Establishment (After Hours)	$ 45.00	$ 60.00
3	Reconnection (Deliquent) (b)	$ 40.00	$ 50.00
4	Reconnection (Deliquent and After Hours)	(b)	(b)
5	Meter Test (if correct)	$ 30.00	$ 30.00
6	Deposit Requirement	(a)	(a)
7	Deposit Interest	6%	3%
8	Re-Establishment (With-in 12 Months)	(b)	(b)
9	Re-Establishment (After Hours)	(b)	(b)
10	NSF Check (per Rule R14-2-409F)	$ 25.00	$ 25.00
11	Deferred Payment, Per Month	1.50%	1.50%
12	Late Charge per month	$ 10.00	$ 10.00
13	Meter Re-Read (per Rule R14-2-408C)	$ 10.00	$ 10.00
14	Charge of Moving Customer Meter -		
15	Customer Requested per Rule R14-2-405B	Cost	Cost
16	After hours service charge, per Rule R14-2-403D	25.00	50.00
17			
18			
19			
20			
21			
22			
23	(a) Residential - two times the average bill. Non-residential - two and one-half times the average bill.		
24	Interest per Rule R14-2-4-403B.		
25	(b) Per rule R14-2-403D.		
26			
27			
28			
29			
30	IN ADDITION TO THE COLLECTION OF REGULAR RATES, THE UTILITY WILL COLLECT FROM		
31	ITS CUSTOMERS A PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES, USE, AND FRANCHISE		
32	TAX. PER COMMISSION RULE (14-2-409.D 5).		
33	ALL ADVANCES AND/OR CONTRIBUTIONS ARE TO INCLUDE LABOR, MATERIALS, OVERHEADS,		
34	AND ALL APPLICABLE TAXES, INCLUDING ALL GROSS-UP TAXES FOR INCOME TAXES, IF APPLICABLE.		
35			
36			
37			

Valley Utilities Water Company, Inc.
Changes in Representative Rate Schedules
Impact of Change in Tariff
Test Year Ended June 30, 2008

Exhibit
Schedule H-3
Page 3.1
Witness: Bourassa

Line No.	Other Service Charges	Present Rates	Proposed Rates	Increase in Charge	Number of Occurr-ences (a)	Increase Revenues
1						
2						
3						
4						
5	Establishment	$ 30.00	$ 40.00	$ 10.00	156	$ 1,560
6	Establishment (After Hours)	$ 45.00	$ 60.00	$ 15.00	10	150
7	Reconnection (Delinquent)	$ 40.00	$ 50.00	$ 10.00	95	950
8						
9	Totals					$ 2,660
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21	(a) Based on actual Occurrences during the test year					
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Service Charges
Meter and Service Line Charges

Exhibit
Schedule H-3
Page 4
Witness: Bourassa

Line No.		Present Service Line Charge	Present Meter Install-ation Charge	Total Present Charge	Proposed Service Line Charge[1]	Proposed Meter Install-ation Charge	Total Proposed Charge
1	5/8 x 3/4 Inch	$ 385.00	$ 135.00	$ 520.00	$ 445.00	$ 155.00	$ 600.00
2	3/4 Inch	385.00	215.00	600.00	445.00	255.00	700.00
3	1 Inch	435.00	255.00	690.00	495.00	315.00	810.00
4	1 1/2 Inch	470.00	465.00	935.00	550.00	525.00	1,075.00
5	2 Inch / Turbine	630.00	965.00	1,595.00	830.00	1,045.00	1,875.00
6	2 Inch / Compound	630.00	1,690.00	2,320.00	830.00	1,890.00	2,720.00
7	3 Inch / Turbine	805.00	1,470.00	2,275.00	1,045.00	1,670.00	2,715.00
8	3 Inch / Compound	845.00	2,265.00	3,110.00	1,165.00	2,545.00	3,710.00
9	4 Inch / Turbine	1,170.00	2,350.00	3,520.00	1,490.00	2,670.00	4,160.00
10	4 Inch / Compound	1,230.00	3,245.00	4,475.00	1,670.00	3,645.00	5,315.00
11	6 Inch / Turbine	1,730.00	4,545.00	6,275.00	2,210.00	5,025.00	7,235.00
12	6 Inch / Compound	1,770.00	6,280.00	8,050.00	2,330.00	6,920.00	9,250.00
13	8 Inch	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
14	10 Inch	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
15	12 Inch	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost

[1] For long-side service line installation charge will be at actual cost.

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Arsenic Impact Fee Charges

Exhibit
Schedule H-3
Page 5
Witness: Bourassa

Line No.

Arsenic Impact Fee

Meter Size	Present Charge	Proposed Charge
5/8 x 3/4 Inch	$ 1,100	$ 1,100
3/4 Inch	1,320	1,320
1 Inch	2,200	2,200
1 1/2 Inch	4,400	4,400
2 Inch	7,040	7,040
3 Inch	13,200	13,200
4 Inch	22,000	22,000
6 Inch or larger	44,000	44,000

(A) Assessment of One Time AIF Charge: The AIF may be assessed only once per service connection, or lot within a platted subdivision (similar to service line and meter installation charges). However, this provision does not exempt from the AIF, any newly created parcel(s) which are the result of further subdivision of a lot or land parcel and which do not have a service connection.

(B) Use of AIF: AIF may only be used to pay for capital items of arsenic treatment facilities (including engineering and design costs for such facilities), or for repayment of loans obtained for installation of arsenic treatment facilities. AIP shall not be used for expenses, maintenance, or operational purposes.

Valley Utilities Water Company, Inc.
Bill Comparison Present and Proposed Rates
Meter Size and Zone: 5/8 Inch Residential

Exhibit
Schedule H-4
Page 1
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 11.24	$ 14.34	$ 3.10	27.60%
1,000	12.74	16.26	$ 3.52	27.60%
2,000	14.24	18.17	$ 3.93	27.60%
3,000	15.74	20.08	$ 4.34	27.60%
4,000	18.05	23.03	$ 4.98	27.60%
5,000	20.36	25.98	$ 5.62	27.60%
6,000	22.67	28.93	$ 6.26	27.60%
7,000	24.98	31.87	$ 6.89	27.60%
8,000	27.29	34.82	$ 7.53	27.60%
9,000	29.60	37.77	$ 8.17	27.60%
10,000	31.91	40.72	$ 8.81	27.60%
12,000	36.97	47.17	$ 10.20	27.60%
14,000	42.03	53.63	$ 11.60	27.60%
16,000	47.09	60.09	$ 13.00	27.60%
18,000	52.15	66.54	$ 14.39	27.60%
20,000	57.21	73.00	$ 15.79	27.60%
25,000	69.86	89.14	$ 19.28	27.60%
30,000	82.51	105.28	$ 22.77	27.60%
35,000	95.16	121.42	$ 26.26	27.60%
40,000	107.81	137.57	$ 29.76	27.60%
45,000	120.46	153.71	$ 33.25	27.60%
50,000	133.11	169.85	$ 36.74	27.60%
60,000	158.41	202.13	$ 43.72	27.60%
70,000	183.71	234.41	$ 50.70	27.60%
80,000	209.01	266.70	$ 57.69	27.60%
90,000	234.31	298.98	$ 64.67	27.60%
100,000	259.61	331.26	$ 71.65	27.60%
Average Usage				
7,376	$ 25.85	$ 32.98	$ 7.13	27.60%
Median Usage				
5,500	$ 21.52	$ 27.45	$ 5.94	27.60%

Present Rates:			
Monthly Minimum:		$	11.24
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	3,000	$	1.50
Up to	10,000	$	2.31
Over	10,000	$	2.53

Proposed Rates:			
Monthly Minimum:		$	14.34
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	3,000	$	1.91
Up to	10,000	$	2.95
Over	10,000	$	3.23

Valley Utilities Water Company, Inc.
Bill Comparison Present and Proposed Rates
Meter Size and Zone: 3/4 Inch Residential

Exhibit
Schedule H-4
Page 2
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 16.87	$ 21.53	$ 4.66	27.60%
1,000	18.37	23.44	$ 5.07	27.60%
2,000	19.87	25.35	$ 5.48	27.60%
3,000	21.37	27.27	$ 5.90	27.60%
4,000	23.68	30.22	$ 6.54	27.60%
5,000	25.99	33.16	$ 7.17	27.60%
6,000	28.30	36.11	$ 7.81	27.60%
7,000	30.61	39.06	$ 8.45	27.60%
8,000	32.92	42.01	$ 9.09	27.60%
9,000	35.23	44.95	$ 9.72	27.60%
10,000	37.54	47.90	$ 10.36	27.60%
12,000	42.60	54.36	$ 11.76	27.60%
14,000	47.66	60.81	$ 13.15	27.60%
16,000	52.72	67.27	$ 14.55	27.60%
18,000	57.78	73.73	$ 15.95	27.60%
20,000	62.84	80.18	$ 17.34	27.60%
25,000	75.49	96.33	$ 20.84	27.60%
30,000	88.14	112.47	$ 24.33	27.60%
35,000	100.79	128.61	$ 27.82	27.60%
40,000	113.44	144.75	$ 31.31	27.60%
45,000	126.09	160.89	$ 34.80	27.60%
50,000	138.74	177.03	$ 38.29	27.60%
60,000	164.04	209.32	$ 45.28	27.60%
70,000	189.34	241.60	$ 52.26	27.60%
80,000	214.64	273.88	$ 59.24	27.60%
90,000	239.94	306.16	$ 66.22	27.60%
100,000	265.24	338.45	$ 73.21	27.60%
Average Usage				
9,531	$ 36.46	$ 46.52	$ 10.06	27.60%
Median Usage				
8,500	$ 34.08	$ 43.48	$ 9.40	27.60%

Present Rates:		
Monthly Minimum:		$ 16.87
Gallons in Minimum		-
Charge Per 1,000 Gallons		
Up to	3,000	$ 1.50
Up to	10,000	$ 2.31
Over	10,000	$ 2.53

Proposed Rates:		
Monthly Minimum:		$ 21.53
Gallons in Minimum		-
Charge Per 1,000 Gallons		
Up to	3,000	$ 1.91
Up to	10,000	$ 2.95
Over	10,000	$ 3.23

Valley Utilities Water Company, Inc.
Bill Comparison Present and Proposed Rates
Meter Size and Zone: 1 Inch Residential

Exhibit
Schedule H-4
Page 3
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 28.10	$ 35.86	$ 7.76	27.60%
1,000	30.41	38.80	$ 8.39	27.60%
2,000	32.72	41.75	$ 9.03	27.60%
3,000	35.03	44.70	$ 9.67	27.60%
4,000	37.34	47.65	$ 10.31	27.60%
5,000	39.65	50.59	$ 10.94	27.60%
6,000	41.96	53.54	$ 11.58	27.60%
7,000	44.27	56.49	$ 12.22	27.60%
8,000	46.58	59.44	$ 12.86	27.60%
9,000	48.89	62.38	$ 13.49	27.60%
10,000	51.20	65.33	$ 14.13	27.60%
12,000	55.82	71.23	$ 15.41	27.60%
14,000	60.44	77.12	$ 16.68	27.60%
16,000	65.06	83.02	$ 17.96	27.60%
18,000	69.68	88.91	$ 19.23	27.60%
20,000	74.30	94.81	$ 20.51	27.60%
25,000	85.85	109.54	$ 23.69	27.60%
30,000	97.40	125.69	$ 28.29	29.04%
35,000	108.95	141.83	$ 32.88	30.18%
40,000	120.50	157.97	$ 37.47	31.09%
45,000	132.05	174.11	$ 42.06	31.85%
50,000	143.60	190.25	$ 46.65	32.49%
60,000	168.82	222.53	$ 53.71	31.82%
70,000	194.12	254.82	$ 60.70	31.27%
80,000	219.42	287.10	$ 67.68	30.84%
90,000	244.72	319.38	$ 74.66	30.51%
100,000	270.02	351.67	$ 81.64	30.24%
Average Usage				
20,364	$ 75.14	$ 95.88	$ 20.74	27.60%
Median Usage				
14,500	$ 61.60	$ 78.60	$ 17.00	27.60%

Present Rates:		
Monthly Minimum:		$ 28.10
Gallons in Minimum		-
Charge Per 1,000 Gallons		
Up to	50,359	$ 2.31
Over	50,359	$ 2.53

Proposed Rates:		
Monthly Minimum:		$ 35.86
Gallons in Minimum		-
Charge Per 1,000 Gallons		
Up to	25,000	$ 2.95
Over	25,000	$ 3.23

Valley Utilities Water Company, Inc.
Bill Comparison Present and Proposed Rates
Meter Size and Zone: 1 Inch Multi-family

Exhibit
Schedule H-4
Page 4
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 28.10	$ 35.86	$ 7.76	27.60%
1,000	30.41	38.80	$ 8.39	27.60%
2,000	32.72	41.75	$ 9.03	27.60%
3,000	35.03	44.70	$ 9.67	27.60%
4,000	37.34	47.65	$ 10.31	27.60%
5,000	39.65	50.59	$ 10.94	27.60%
6,000	41.96	53.54	$ 11.58	27.60%
7,000	44.27	56.49	$ 12.22	27.60%
8,000	46.58	59.44	$ 12.86	27.60%
9,000	48.89	62.38	$ 13.49	27.60%
10,000	51.20	65.33	$ 14.13	27.60%
12,000	55.82	71.23	$ 15.41	27.60%
14,000	60.44	77.12	$ 16.68	27.60%
16,000	65.06	83.02	$ 17.96	27.60%
18,000	69.68	88.91	$ 19.23	27.60%
20,000	74.30	94.81	$ 20.51	27.60%
25,000	85.85	109.54	$ 23.69	27.60%
30,000	97.40	125.69	$ 28.29	29.04%
35,000	108.95	141.83	$ 32.88	30.18%
40,000	120.50	157.97	$ 37.47	31.09%
45,000	132.05	174.11	$ 42.06	31.85%
50,000	143.60	190.25	$ 46.65	32.49%
60,000	168.82	222.53	$ 53.71	31.82%
70,000	194.12	254.82	$ 60.70	31.27%
80,000	219.42	287.10	$ 67.68	30.84%
90,000	244.72	319.38	$ 74.66	30.51%
100,000	270.02	351.67	$ 81.64	30.24%

Average Usage			
29,584	$ 96.44	$ 124.34	$ 27.90	28.93%
Median Usage			
28,500	$ 93.94	$ 120.84	$ 26.91	28.65%

Present Rates:

Monthly Minimum:		$ 28.10
Gallons in Minimum		-
Charge Per 1,000 Gallons		
Up to	50,359	$ 2.31
Over	50,359	$ 2.53

Proposed Rates:

Monthly Minimum:		$ 35.86
Gallons in Minimum		-
Charge Per 1,000 Gallons		
Up to	25,000	$ 2.95
Over	25,000	$ 3.23

Valley Utilities Water Company, Inc.
Bill Comparison Present and Proposed Rates
Meter Size and Zone: 2 Inch Multi-family

Exhibit
Schedule H-4
Page 5
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 89.94	$ 114.76	$ 24.82	27.60%
1,000	92.25	117.71	$ 25.46	27.60%
2,000	94.56	120.66	$ 26.10	27.60%
3,000	96.87	123.61	$ 26.74	27.60%
4,000	99.18	126.55	$ 27.37	27.60%
5,000	101.49	129.50	$ 28.01	27.60%
6,000	103.80	132.45	$ 28.65	27.60%
7,000	106.11	135.40	$ 29.29	27.60%
8,000	108.42	138.34	$ 29.92	27.60%
9,000	110.73	141.29	$ 30.56	27.60%
10,000	113.04	144.24	$ 31.20	27.60%
12,000	117.66	150.13	$ 32.47	27.60%
14,000	122.28	156.03	$ 33.75	27.60%
16,000	126.90	161.92	$ 35.02	27.60%
18,000	131.52	167.82	$ 36.30	27.60%
20,000	136.14	173.71	$ 37.57	27.60%
25,000	147.69	188.45	$ 40.76	27.60%
30,000	159.24	203.19	$ 43.95	27.60%
35,000	170.79	217.93	$ 47.14	27.60%
40,000	182.34	232.67	$ 50.33	27.60%
45,000	193.89	247.40	$ 53.51	27.60%
50,000	205.44	262.14	$ 56.70	27.60%
60,000	228.54	291.62	$ 63.08	27.60%
70,000	251.64	321.09	$ 69.45	27.60%
80,000	274.74	350.57	$ 75.83	27.60%
90,000	297.84	382.85	$ 85.01	28.54%
100,000	320.94	415.13	$ 94.19	29.35%
Average Usage				
126,929	$ 383.14	$ 502.07	$ 118.92	31.04%
Median Usage				
49,500	$ 204.29	$ 260.67	$ 56.38	27.60%

Present Rates:

Monthly Minimum:		$ 89.94
Gallons in Minimum		-
Charge Per 1,000 Gallons		
Up to	151,226	$ 2.31
Over	151,226	$ 2.53

Proposed Rates:

Monthly Minimum:		######
Gallons in Minimum		-
Charge Per 1,000 Gallons		
Up to	80,000	$ 2.95
Over	80,000	$ 3.23

Valley Utilities Water Company, Inc.
Bill Comparison Present and Proposed Rates
Meter Size and Zone: 5/8 Inch Commercial

Exhibit
Schedule H-4
Page 6
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 11.24	$ 14.34	$ 3.10	27.60%
1,000	13.55	17.29	$ 3.74	27.60%
2,000	15.86	20.24	$ 4.38	27.60%
3,000	18.17	23.18	$ 5.01	27.60%
4,000	20.48	26.13	$ 5.65	27.60%
5,000	22.79	29.08	$ 6.29	27.60%
6,000	25.10	32.03	$ 6.93	27.60%
7,000	27.41	34.98	$ 7.57	27.60%
8,000	29.72	37.92	$ 8.20	27.60%
9,000	32.03	40.87	$ 8.84	27.60%
10,000	34.34	43.82	$ 9.48	27.60%
12,000	38.96	49.71	$ 10.75	27.60%
14,000	43.58	55.61	$ 12.03	27.60%
16,000	48.20	61.78	$ 13.58	28.18%
18,000	52.82	68.24	$ 15.42	29.19%
20,000	57.88	74.70	$ 16.82	29.06%
25,000	70.53	90.84	$ 20.31	28.79%
30,000	83.18	106.98	$ 23.80	28.61%
35,000	95.83	123.12	$ 27.29	28.48%
40,000	108.48	139.26	$ 30.78	28.38%
45,000	121.13	155.40	$ 34.27	28.30%
50,000	133.78	171.55	$ 37.77	28.23%
60,000	159.08	203.83	$ 44.75	28.13%
70,000	184.38	236.11	$ 51.73	28.06%
80,000	209.68	268.39	$ 58.71	28.00%
90,000	234.98	300.68	$ 65.70	27.96%
100,000	260.28	332.96	$ 72.68	27.92%
Average Usage				
2,413	$ 16.81	$ 21.45	$ 4.64	27.60%
Median Usage				
1,500	$ 14.71	$ 18.76	$ 4.06	27.60%

Present Rates:

Monthly Minimum:		$ 11.24
Gallons in Minimum		-
Charge Per 1,000 Gallons		
Up to	18,000	$ 2.31
Over	18,000	$ 2.53

Proposed Rates:

Monthly Minimum:		$ 14.34
Gallons in Minimum		-
Charge Per 1,000 Gallons		
Up to	15,000	$ 2.95
Over	15,000	$ 3.23

Valley Utilities Water Company, Inc.
Bill Comparison Present and Proposed Rates
Meter Size and Zone: 3/4 Inch Commercial

Exhibit
Schedule H-4
Page 7
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 16.87	$ 21.53	$ 4.66	27.60%
1,000	19.18	24.47	$ 5.29	27.60%
2,000	21.49	27.42	$ 5.93	27.60%
3,000	23.80	30.37	$ 6.57	27.60%
4,000	26.11	33.32	$ 7.21	27.60%
5,000	28.42	36.26	$ 7.84	27.60%
6,000	30.73	39.21	$ 8.48	27.60%
7,000	33.04	42.16	$ 9.12	27.60%
8,000	35.35	45.11	$ 9.76	27.60%
9,000	37.66	48.05	$ 10.39	27.60%
10,000	39.97	51.00	$ 11.03	27.60%
12,000	44.59	56.90	$ 12.31	27.60%
14,000	49.21	62.79	$ 13.58	27.60%
16,000	53.83	68.97	$ 15.14	28.12%
18,000	58.45	75.42	$ 16.97	29.04%
20,000	63.51	81.88	$ 18.37	28.93%
25,000	76.16	98.02	$ 21.86	28.71%
30,000	88.81	114.16	$ 25.35	28.55%
35,000	101.46	130.31	$ 28.85	28.43%
40,000	114.11	146.45	$ 32.34	28.34%
45,000	126.76	162.59	$ 35.83	28.26%
50,000	139.41	178.73	$ 39.32	28.20%
60,000	164.71	211.01	$ 46.30	28.11%
70,000	190.01	243.29	$ 53.28	28.04%
80,000	215.31	275.58	$ 60.27	27.99%
90,000	240.61	307.86	$ 67.25	27.95%
100,000	265.91	340.14	$ 74.23	27.92%

Average Usage				
12,641	$ 46.07	$ 58.79	$ 12.72	27.60%
Median Usage				
2,500	$ 22.65	$ 28.90	$ 6.25	27.60%

Present Rates:

Monthly Minimum:		$ 16.87
Gallons in Minimum		-
Charge Per 1,000 Gallons		
Up to	18,000	$ 2.31
Over	18,000	$ 2.53

Proposed Rates:

Monthly Minimum:		$ 21.53
Gallons in Minimum		-
Charge Per 1,000 Gallons		
Up to	15,000	$ 2.95
Over	15,000	$ 3.23

Valley Utilities Water Company, Inc.
Bill Comparison Present and Proposed Rates
Meter Size and Zone: 1 Inch Commercial

Exhibit
Schedule H-4
Page 8
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 28.10	$ 35.86	$ 7.76	27.60%
1,000	30.41	38.80	$ 8.39	27.60%
2,000	32.72	41.75	$ 9.03	27.60%
3,000	35.03	44.70	$ 9.67	27.60%
4,000	37.34	47.65	$ 10.31	27.60%
5,000	39.65	50.59	$ 10.94	27.60%
6,000	41.96	53.54	$ 11.58	27.60%
7,000	44.27	56.49	$ 12.22	27.60%
8,000	46.58	59.44	$ 12.86	27.60%
9,000	48.89	62.38	$ 13.49	27.60%
10,000	51.20	65.33	$ 14.13	27.60%
12,000	55.82	71.23	$ 15.41	27.60%
14,000	60.44	77.12	$ 16.68	27.60%
16,000	65.06	83.02	$ 17.96	27.60%
18,000	69.68	88.91	$ 19.23	27.60%
20,000	74.30	94.81	$ 20.51	27.60%
25,000	85.85	109.54	$ 23.69	27.60%
30,000	97.40	125.69	$ 28.29	29.04%
35,000	108.95	141.83	$ 32.88	30.18%
40,000	120.50	157.97	$ 37.47	31.09%
45,000	132.05	174.11	$ 42.06	31.85%
50,000	143.60	190.25	$ 46.65	32.49%
60,000	168.82	222.53	$ 53.71	31.82%
70,000	194.12	254.82	$ 60.70	31.27%
80,000	219.42	287.10	$ 67.68	30.84%
90,000	244.72	319.38	$ 74.66	30.51%
100,000	270.02	351.67	$ 81.64	30.24%
Average Usage				
37,954	$ 115.77	$ 151.37	$ 35.59	30.74%
Median Usage				
19,500	$ 73.15	$ 93.33	$ 20.19	27.60%

Present Rates:

Monthly Minimum:		$ 28.10
Gallons in Minimum		-
Charge Per 1,000 Gallons		
Up to	50,359	$ 2.31
Over	50,359	$ 2.53

Proposed Rates:

Monthly Minimum:		$ 35.86
Gallons in Minimum		-
Charge Per 1,000 Gallons		
Up to	25,000	$ 2.95
Over	25,000	$ 3.23

Valley Utilities Water Company, Inc.
Bill Comparison Present and Proposed Rates
Meter Size and Zone: 1.5 Inch Commercial

Exhibit
Schedule H-4
Page 9
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 56.21	$ 71.72	$ 15.51	27.60%
1,000	58.52	74.67	$ 16.15	27.60%
2,000	60.83	77.62	$ 16.79	27.60%
3,000	63.14	80.57	$ 17.43	27.60%
4,000	65.45	83.51	$ 18.06	27.60%
5,000	67.76	86.46	$ 18.70	27.60%
6,000	70.07	89.41	$ 19.34	27.60%
7,000	72.38	92.36	$ 19.98	27.60%
8,000	74.69	95.30	$ 20.61	27.60%
9,000	77.00	98.25	$ 21.25	27.60%
10,000	79.31	101.20	$ 21.89	27.60%
12,000	83.93	107.09	$ 23.16	27.60%
14,000	88.55	112.99	$ 24.44	27.60%
16,000	93.17	118.88	$ 25.71	27.60%
18,000	97.79	124.78	$ 26.99	27.60%
20,000	102.41	130.68	$ 28.27	27.60%
25,000	113.96	145.41	$ 31.45	27.60%
30,000	125.51	160.15	$ 34.64	27.60%
35,000	137.06	174.89	$ 37.83	27.60%
40,000	148.61	189.63	$ 41.02	27.60%
45,000	160.16	204.36	$ 44.20	27.60%
50,000	171.71	219.10	$ 47.39	27.60%
60,000	194.81	251.38	$ 56.57	29.04%
70,000	217.91	283.67	$ 65.76	30.18%
80,000	241.01	315.95	$ 74.94	31.09%
90,000	264.11	348.23	$ 84.12	31.85%
100,000	287.21	380.52	$ 93.31	32.49%
Average Usage				
34,143	$ 135.08	$ 172.36	$ 37.28	27.60%
Median Usage				
22,500	$ 108.19	$ 138.04	$ 29.86	27.60%

Present Rates:			
Monthly Minimum:		$	56.21
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	126,054	$	2.31
Over	126,054	$	2.53

Proposed Rates:			
Monthly Minimum:		$	71.72
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	50,000	$	2.95
Over	50,000	$	3.23

Valley Utilities Water Company, Inc.
Bill Comparison Present and Proposed Rates
Meter Size and Zone: 2 Inch Commercial

Exhibit
Schedule H-4
Page 10
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 89.94	$ 114.76	$ 24.82	27.60%
1,000	92.25	117.71	$ 25.46	27.60%
2,000	94.56	120.66	$ 26.10	27.60%
3,000	96.87	123.61	$ 26.74	27.60%
4,000	99.18	126.55	$ 27.37	27.60%
5,000	101.49	129.50	$ 28.01	27.60%
6,000	103.80	132.45	$ 28.65	27.60%
7,000	106.11	135.40	$ 29.29	27.60%
8,000	108.42	138.34	$ 29.92	27.60%
9,000	110.73	141.29	$ 30.56	27.60%
10,000	113.04	144.24	$ 31.20	27.60%
12,000	117.66	150.13	$ 32.47	27.60%
14,000	122.28	156.03	$ 33.75	27.60%
16,000	126.90	161.92	$ 35.02	27.60%
18,000	131.52	167.82	$ 36.30	27.60%
20,000	136.14	173.71	$ 37.57	27.60%
25,000	147.69	188.45	$ 40.76	27.60%
30,000	159.24	203.19	$ 43.95	27.60%
35,000	170.79	217.93	$ 47.14	27.60%
40,000	182.34	232.67	$ 50.33	27.60%
45,000	193.89	247.40	$ 53.51	27.60%
50,000	205.44	262.14	$ 56.70	27.60%
60,000	228.54	291.62	$ 63.08	27.60%
70,000	251.64	321.09	$ 69.45	27.60%
80,000	274.74	350.57	$ 75.83	27.60%
90,000	297.84	382.85	$ 85.01	28.54%
100,000	320.94	415.13	$ 94.19	29.35%
Average Usage				
32,867	$ 165.86	$ 211.64	$ 45.78	27.60%
Median Usage				
19,000	$ 133.83	$ 170.77	$ 36.94	27.60%

Present Rates:		
Monthly Minimum:		$ 89.94
Gallons in Minimum		-
Charge Per 1,000 Gallons		
Up to	151,226	$ 2.31
Over	151,226	$ 2.53

Proposed Rates:		
Monthly Minimum:		$ 114.76
Gallons in Minimum		-
Charge Per 1,000 Gallons		
Up to	80,000	$ 2.95
Over	80,000	$ 3.23

Valley Utilities Water Company, Inc.
Bill Comparison Present and Proposed Rates
Meter Size and Zone: 5/8 Inch Irrigation

Exhibit
Schedule H-4
Page 11
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 11.24	$ 14.34	$ 3.10	27.60%
1,000	13.55	17.29	$ 3.74	27.60%
2,000	15.86	20.24	$ 4.38	27.60%
3,000	18.17	23.18	$ 5.01	27.60%
4,000	20.48	26.13	$ 5.65	27.60%
5,000	22.79	29.08	$ 6.29	27.60%
6,000	25.10	32.03	$ 6.93	27.60%
7,000	27.41	34.98	$ 7.57	27.60%
8,000	29.72	37.92	$ 8.20	27.60%
9,000	32.03	40.87	$ 8.84	27.60%
10,000	34.34	43.82	$ 9.48	27.60%
12,000	38.96	49.71	$ 10.75	27.60%
14,000	43.58	55.61	$ 12.03	27.60%
16,000	48.20	61.78	$ 13.58	28.18%
18,000	52.82	68.24	$ 15.42	29.19%
20,000	57.88	74.70	$ 16.82	29.06%
25,000	70.53	90.84	$ 20.31	28.79%
30,000	83.18	106.98	$ 23.80	28.61%
35,000	95.83	123.12	$ 27.29	28.48%
40,000	108.48	139.26	$ 30.78	28.38%
45,000	121.13	155.40	$ 34.27	28.30%
50,000	133.78	171.55	$ 37.77	28.23%
60,000	159.08	203.83	$ 44.75	28.13%
70,000	184.38	236.11	$ 51.73	28.06%
80,000	209.68	268.39	$ 58.71	28.00%
90,000	234.98	300.68	$ 65.70	27.96%
100,000	260.28	332.96	$ 72.68	27.92%
Average Usage				
17,584	$ 51.86	$ 66.90	$ 15.04	29.00%
Median Usage				
17,000	$ 50.51	$ 65.01	$ 14.50	28.71%

Present Rates:

Monthly Minimum:		$ 11.24
Gallons in Minimum		-
Charge Per 1,000 Gallons		
Up to	18,000	$ 2.31
Over	18,000	$ 2.53

Proposed Rates:

Monthly Minimum:		$ 14.34
Gallons in Minimum		-
Charge Per 1,000 Gallons		
Up to	15,000	$ 2.95
Over	15,000	$ 3.23

Valley Utilities Water Company, Inc.
Bill Comparison Present and Proposed Rates
Meter Size and Zone: 3/4 Inch Irrigation

Exhibit
Schedule H-4
Page 12
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 16.87	$ 21.53	$ 4.66	27.60%
1,000	19.18	24.47	$ 5.29	27.60%
2,000	21.49	27.42	$ 5.93	27.60%
3,000	23.80	30.37	$ 6.57	27.60%
4,000	26.11	33.32	$ 7.21	27.60%
5,000	28.42	36.26	$ 7.84	27.60%
6,000	30.73	39.21	$ 8.48	27.60%
7,000	33.04	42.16	$ 9.12	27.60%
8,000	35.35	45.11	$ 9.76	27.60%
9,000	37.66	48.05	$ 10.39	27.60%
10,000	39.97	51.00	$ 11.03	27.60%
12,000	44.59	56.90	$ 12.31	27.60%
14,000	49.21	62.79	$ 13.58	27.60%
16,000	53.83	68.97	$ 15.14	28.12%
18,000	58.45	75.42	$ 16.97	29.04%
20,000	63.51	81.88	$ 18.37	28.93%
25,000	76.16	98.02	$ 21.86	28.71%
30,000	88.81	114.16	$ 25.35	28.55%
35,000	101.46	130.31	$ 28.85	28.43%
40,000	114.11	146.45	$ 32.34	28.34%
45,000	126.76	162.59	$ 35.83	28.26%
50,000	139.41	178.73	$ 39.32	28.20%
60,000	164.71	211.01	$ 46.30	28.11%
70,000	190.01	243.29	$ 53.28	28.04%
80,000	215.31	275.58	$ 60.27	27.99%
90,000	240.61	307.86	$ 67.25	27.95%
100,000	265.91	340.14	$ 74.23	27.92%

Average Usage				
1,375	$ 20.05	$ 25.58	$ 5.53	27.60%
Median Usage				
-	$ 16.87	$ 21.53	$ 4.66	27.60%

Present Rates:

Monthly Minimum:		$ 16.87
Gallons in Minimum		-
Charge Per 1,000 Gallons		
Up to	18,000	$ 2.31
Over	18,000	$ 2.53

Proposed Rates:

Monthly Minimum:		$ 21.53
Gallons in Minimum		-
Charge Per 1,000 Gallons		
Up to	15,000	$ 2.95
Over	15,000	$ 3.23

Valley Utilities Water Company, Inc.
Bill Comparison Present and Proposed Rates
Meter Size and Zone: 1 Inch Irrigation

Exhibit
Schedule H-4
Page 13
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 28.10	$ 35.86	$ 7.76	27.60%
1,000	30.41	38.80	$ 8.39	27.60%
2,000	32.72	41.75	$ 9.03	27.60%
3,000	35.03	44.70	$ 9.67	27.60%
4,000	37.34	47.65	$ 10.31	27.60%
5,000	39.65	50.59	$ 10.94	27.60%
6,000	41.96	53.54	$ 11.58	27.60%
7,000	44.27	56.49	$ 12.22	27.60%
8,000	46.58	59.44	$ 12.86	27.60%
9,000	48.89	62.38	$ 13.49	27.60%
10,000	51.20	65.33	$ 14.13	27.60%
12,000	55.82	71.23	$ 15.41	27.60%
14,000	60.44	77.12	$ 16.68	27.60%
16,000	65.06	83.02	$ 17.96	27.60%
18,000	69.68	88.91	$ 19.23	27.60%
20,000	74.30	94.81	$ 20.51	27.60%
25,000	85.85	109.54	$ 23.69	27.60%
30,000	97.40	125.69	$ 28.29	29.04%
35,000	108.95	141.83	$ 32.88	30.18%
40,000	120.50	157.97	$ 37.47	31.09%
45,000	132.05	174.11	$ 42.06	31.85%
50,000	143.60	190.25	$ 46.65	32.49%
60,000	168.82	222.53	$ 53.71	31.82%
70,000	194.12	254.82	$ 60.70	31.27%
80,000	219.42	287.10	$ 67.68	30.84%
90,000	244.72	319.38	$ 74.66	30.51%
100,000	270.02	351.67	$ 81.64	30.24%
Average Usage				
34,531	$ 107.87	$ 140.31	$ 32.45	30.08%
Median Usage				
12,500	$ 56.98	$ 72.70	$ 15.73	27.60%

Present Rates:		
Monthly Minimum:		$ 28.10
Gallons in Minimum		-
Charge Per 1,000 Gallons		
Up to	50,359	$ 2.31
Over	50,359	$ 2.53

Proposed Rates:		
Monthly Minimum:		$ 35.86
Gallons in Minimum		-
Charge Per 1,000 Gallons		
Up to	25,000	$ 2.95
Over	25,000	$ 3.23

Valley Utilities Water Company, Inc.
Bill Comparison Present and Proposed Rates
Meter Size and Zone: 1.5 Inch Irrigation

Exhibit
Schedule H-4
Page 14
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 56.21	$ 71.72	$ 15.51	27.60%
1,000	58.52	74.67	$ 16.15	27.60%
2,000	60.83	77.62	$ 16.79	27.60%
3,000	63.14	80.57	$ 17.43	27.60%
4,000	65.45	83.51	$ 18.06	27.60%
5,000	67.76	86.46	$ 18.70	27.60%
6,000	70.07	89.41	$ 19.34	27.60%
7,000	72.38	92.36	$ 19.98	27.60%
8,000	74.69	95.30	$ 20.61	27.60%
9,000	77.00	98.25	$ 21.25	27.60%
10,000	79.31	101.20	$ 21.89	27.60%
12,000	83.93	107.09	$ 23.16	27.60%
14,000	88.55	112.99	$ 24.44	27.60%
16,000	93.17	118.88	$ 25.71	27.60%
18,000	97.79	124.78	$ 26.99	27.60%
20,000	102.41	130.68	$ 28.27	27.60%
25,000	113.96	145.41	$ 31.45	27.60%
30,000	125.51	160.15	$ 34.64	27.60%
35,000	137.06	174.89	$ 37.83	27.60%
40,000	148.61	189.63	$ 41.02	27.60%
45,000	160.16	204.36	$ 44.20	27.60%
50,000	171.71	219.10	$ 47.39	27.60%
60,000	194.81	251.38	$ 56.57	29.04%
70,000	217.91	283.67	$ 65.76	30.18%
80,000	241.01	315.95	$ 74.94	31.09%
90,000	264.11	348.23	$ 84.12	31.85%
100,000	287.21	380.52	$ 93.31	32.49%
Average Usage				
104,662	$ 297.98	$ 395.57	$ 97.59	32.75%
Median Usage				
81,500	$ 244.48	$ 320.79	$ 76.32	31.22%

Present Rates:

Monthly Minimum:		$ 56.21
Gallons in Minimum		-
Charge Per 1,000 Gallons		
Up to	126,054	$ 2.31
Over	126,054	$ 2.53

Proposed Rates:

Monthly Minimum:		$ 71.72
Gallons in Minimum		-
Charge Per 1,000 Gallons		
Up to	50,000	$ 2.95
Over	50,000	$ 3.23

Valley Utilities Water Company, Inc.
Bill Comparison Present and Proposed Rates
Meter Size and Zone: 2 Inch Irrigation

Exhibit
Schedule H-4
Page 15
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 89.94	$ 114.76	$ 24.82	27.60%
1,000	92.25	117.71	$ 25.46	27.60%
2,000	94.56	120.66	$ 26.10	27.60%
3,000	96.87	123.61	$ 26.74	27.60%
4,000	99.18	126.55	$ 27.37	27.60%
5,000	101.49	129.50	$ 28.01	27.60%
6,000	103.80	132.45	$ 28.65	27.60%
7,000	106.11	135.40	$ 29.29	27.60%
8,000	108.42	138.34	$ 29.92	27.60%
9,000	110.73	141.29	$ 30.56	27.60%
10,000	113.04	144.24	$ 31.20	27.60%
12,000	117.66	150.13	$ 32.47	27.60%
14,000	122.28	156.03	$ 33.75	27.60%
16,000	126.90	161.92	$ 35.02	27.60%
18,000	131.52	167.82	$ 36.30	27.60%
20,000	136.14	173.71	$ 37.57	27.60%
25,000	147.69	188.45	$ 40.76	27.60%
30,000	159.24	203.19	$ 43.95	27.60%
35,000	170.79	217.93	$ 47.14	27.60%
40,000	182.34	232.67	$ 50.33	27.60%
45,000	193.89	247.40	$ 53.51	27.60%
50,000	205.44	262.14	$ 56.70	27.60%
60,000	228.54	291.62	$ 63.08	27.60%
70,000	251.64	321.09	$ 69.45	27.60%
80,000	274.74	350.57	$ 75.83	27.60%
90,000	297.84	382.85	$ 85.01	28.54%
100,000	320.94	415.13	$ 94.19	29.35%
Average Usage				
355,655	$ 956.48	########	$ 283.98	29.69%
Median Usage				
228,000	$ 633.51	$ 828.35	$ 194.84	30.76%

Present Rates:

Monthly Minimum:		$ 89.94
Gallons in Minimum		-
Charge Per 1,000 Gallons		
Up to	151,226	$ 2.31
Over	151,226	$ 2.53

Proposed Rates:

Monthly Minimum:		######
Gallons in Minimum		-
Charge Per 1,000 Gallons		
Up to	80,000	$ 2.95
Over	80,000	$ 3.23

Valley Utilities Water Company, Inc.
Bill Comparison Present and Proposed Rates
Meter Size and Zone: 3 Inch Construction Water

Exhibit
Schedule H-4
Page 16
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 179.87	$ 229.51	$ 49.64	27.60%
1,000	182.89	232.74	$ 49.85	27.26%
2,000	185.91	235.97	$ 50.06	26.93%
3,000	188.93	239.20	$ 50.27	26.61%
4,000	191.95	242.43	$ 50.48	26.30%
5,000	194.97	245.66	$ 50.69	26.00%
6,000	197.99	248.88	$ 50.89	25.71%
7,000	201.01	252.11	$ 51.10	25.42%
8,000	204.03	255.34	$ 51.31	25.15%
9,000	207.05	258.57	$ 51.52	24.88%
10,000	210.07	261.80	$ 51.73	24.62%
12,000	216.11	268.25	$ 52.14	24.13%
14,000	222.15	274.71	$ 52.56	23.66%
16,000	228.19	281.17	$ 52.98	23.22%
18,000	234.23	287.62	$ 53.39	22.80%
20,000	240.27	294.08	$ 53.81	22.40%
25,000	255.37	310.22	$ 54.85	21.48%
30,000	270.47	326.36	$ 55.89	20.66%
35,000	285.57	342.50	$ 56.93	19.94%
40,000	300.67	358.65	$ 57.98	19.28%
45,000	315.77	374.79	$ 59.02	18.69%
50,000	330.87	390.93	$ 60.06	18.15%
60,000	361.07	423.21	$ 62.14	17.21%
70,000	391.27	455.49	$ 64.22	16.41%
80,000	421.47	487.78	$ 66.31	15.73%
90,000	451.67	520.06	$ 68.39	15.14%
100,000	481.87	552.34	$ 70.47	14.62%
Average Usage				
168,618	$ 689.10	$ 773.86	$ 84.76	12.30%
Median Usage				
30,000	$ 270.47	$ 326.36	$ 55.89	20.66%

Present Rates:	
Monthly Minimum:	$ 179.87
Gallons in Minimum	-
Charge Per 1,000 Gallons	
All gallons	$ 3.02

Proposed Rates:	
Monthly Minimum:	$ 229.51
Gallons in Minimum	-
Charge Per 1,000 Gallons	
All Gallons	$ 3.23

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Meter Size and Zone: 5/8 Inch Residential

Exhibit
Schedule H-5
Page 1
Witness: Bourassa

Usage From:	Usage To:	Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08	Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08	Total Year	Cumul-ative Billing
-	-	12	16	11	9	12	13	11	16	10	13	10	14	147	147
1	1,000	8	8	7	7	8	13	16	10	12	10	6	6	111	258
1,001	2,000	5	11	11	7	14	21	15	21	13	12	11	10	151	409
2,001	3,000	16	12	14	11	13	27	14	17	17	19	15	12	187	596
3,001	4,000	10	11	13	15	15	12	22	17	12	11	7	10	155	751
4,001	5,000	12	13	12	9	11	15	13	16	6	7	7	10	131	882
5,001	6,000	9	10	7	7	15	21	10	20	12	13	3	5	132	1,014
6,001	7,000	7	8	9	8	17	11	14	9	10	9	13	9	124	1,138
7,001	8,000	6	12	10	11	10	10	11	11	11	16	5	12	125	1,263
8,001	9,000	5	10	15	12	7	2	13	5	8	9	8	12	106	1,369
9,001	10,000	6	5	7	7	9	3	6	7	12	5	16	6	89	1,458
10,001	11,000	9	5	3	10	9	3	3	4	9	5	13	8	81	1,539
11,001	12,000	5	5	3	12	3	2	4	3	3	4	9	6	59	1,598
12,001	13,000	4	3	4	1	4	2	-	1	6	4	4	8	41	1,639
13,001	14,000	5	4	5	3	2	3	1	1	3	5	4	4	40	1,679
14,001	15,000	4	5	4	4	-	-	1	1	4	-	2	3	28	1,707
15,001	16,000	1	3	5	6	4	-	-	1	5	3	3	4	35	1,742
16,001	17,000	3	3	4	3	-	1	-	-	2	2	3	2	23	1,765
17,001	18,000	4	4	2	1	2	1	-	-	-	5	1	3	23	1,788
18,001	19,000	2	-	1	1	1	-	-	-	-	2	3	1	11	1,799
19,001	20,000	3	-	-	3	2	-	-	-	-	1	1	2	12	1,811
20,001	21,000	1	1	3	2	-	-	1	-	-	-	3	2	13	1,824
21,001	22,000	3	1	-	1	-	-	2	2	-	1	1	3	14	1,838
22,001	23,000	5	2	-	2	-	1	-	1	1	-	1	2	15	1,853
23,001	24,000	-	-	2	2	-	-	1	-	-	1	3	-	9	1,862
24,001	25,000	2	2	1	-	-	-	-	-	-	-	2	2	9	1,871
25,001	26,000	-	-	-	-	-	-	1	-	-	-	1	-	2	1,873
26,001	27,000	1	-	-	-	-	-	-	-	-	-	-	-	1	1,874
27,001	28,000	-	1	-	2	-	-	-	-	-	-	1	-	4	1,878
28,001	29,000	1	-	-	-	1	-	-	-	1	-	-	-	3	1,881
29,001	30,000	2	1	-	2	-	-	-	-	-	-	1	-	6	1,887
30,001	31,000	1	1	-	-	-	-	-	-	-	-	-	-	2	1,889
31,001	32,000	-	1	1	1	-	-	-	-	-	1	1	-	5	1,894
32,001	33,000	-	-	-	-	-	-	-	-	1	1	-	1	3	1,897
33,001	34,000	2	-	1	-	-	-	-	-	-	2	-	1	6	1,903
34,001	35,000	-	-	1	-	-	-	-	-	1	-	-	-	2	1,905
35,001	36,000	-	1	-	-	1	-	-	-	-	-	-	-	2	1,907
36,001	37,000	-	-	1	-	-	-	-	-	-	-	-	1	2	1,909
37,001	38,000	1	-	-	-	-	-	-	-	-	-	-	-	1	1,910
38,001	39,000	-	-	-	-	-	-	-	-	-	-	-	1	1	1,911
39,001	40,000	-	-	-	-	1	-	-	-	-	-	-	-	1	1,912
40,001	41,000	-	-	1	-	-	-	-	-	-	-	-	-	1	1,913
41,001	42,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,913
42,001	43,000	-	1	-	-	-	-	-	-	-	-	1	-	2	1,915
43,001	44,000	1	-	-	-	-	-	-	-	-	-	-	-	1	1,916
44,001	45,000	-	-	-	-	-	-	-	-	-	-	-	1	1	1,917

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Meter Size and Zone: 5/8 Inch Residential

Exhibit
Schedule H-5
Page 1
Witness: Bourassa

Usage From:	Usage To:	Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08	Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08	Total Year	Cumul-ative Billing
45,001	46,000	1	1	-	-	-	-	-	-	-	-	-	-	2	1,919
46,001	47,000	-	-	-	1	-	-	-	-	-	-	-	-	1	1,920
47,001	48,000	1	-	-	-	-	-	-	-	-	-	-	-	1	1,921
48,001	49,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,921
49,001	50,000	1	-	-	-	-	-	-	-	-	-	-	-	1	1,922
50,001	51,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,922
51,001	52,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,922
52,001	53,000	1	1	-	-	-	-	-	-	-	-	-	-	2	1,924
53,001	54,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,924
54,001	55,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,924
55,001	56,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,924
56,001	57,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,924
57,001	58,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,924
58,001	59,000	1	-	1	-	-	-	-	-	-	-	-	-	2	1,926
59,001	60,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,926
60,001	61,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,926
61,001	62,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,926
62,001	63,000	1	-	-	-	-	-	-	-	-	-	-	-	1	1,927
63,001	64,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,927
64,001	65,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,927
65,001	66,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,927
66,001	67,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,927
67,001	68,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,927
68,001	69,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,927
69,001	70,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,927
70,001	71,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,927
71,001	72,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,927
72,001	73,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,927
73,001	74,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,927
74,001	75,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,927
75,001	76,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,927
76,001	77,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,927
77,001	78,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,927
78,001	79,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,927
79,001	80,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,927
80,001	81,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,927
81,001	82,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,927
82,001	83,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,927
83,001	84,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,927
84,001	85,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,927
85,001	86,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,927
86,001	87,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,927
87,001	88,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,927
88,001	89,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,927
89,001	90,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,927
90,001	91,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,927

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Meter Size and Zone: 5/8 Inch Residential

Exhibit
Schedule H-5
Page 1
Witness: Bourassa

Usage From:	Usage To:	Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08	Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08	Total Year	Cumul-ative Billing
91,001	92,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,927
92,001	93,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,927
93,001	94,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,927
94,001	95,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,927
95,001	96,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,927
96,001	97,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,927
97,001	98,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,927
98,001	99,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,927
99,001	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1,927
														-	1,927
Totals		162	162	159	160	161	161	159	163	159	161	159	161	1,927	

Average Usage	7,376
Median Usage	5,500
Average # Customers	161
Change in Number of Customers	(1)

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Meter Size and Zone: 3/4 Inch Residential

Exhibit
Schedule H-5
Page 2
Witness: Bourassa

Usage From:	Usage To:	Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08	Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08	Total Year	Cumul-ative Billing
-	-	38	45	38	47	43	41	49	54	48	57	44	52	556	556
1	1,000	21	18	27	24	24	37	35	36	35	30	29	18	334	890
1,001	2,000	21	23	24	19	29	33	31	28	31	30	19	22	310	1,200
2,001	3,000	29	33	33	31	38	56	36	55	40	42	31	35	459	1,659
3,001	4,000	32	31	44	37	50	63	56	72	46	38	36	32	537	2,196
4,001	5,000	32	41	49	34	61	90	83	82	49	46	32	52	651	2,847
5,001	6,000	32	61	43	49	78	81	80	83	54	51	44	61	717	3,564
6,001	7,000	49	53	51	51	61	86	71	64	70	57	59	44	716	4,280
7,001	8,000	42	55	45	51	64	75	79	76	65	75	36	41	704	4,984
8,001	9,000	36	45	57	52	78	62	59	70	55	58	48	37	657	5,641
9,001	10,000	38	53	50	45	61	47	60	58	50	58	45	55	620	6,261
10,001	11,000	43	31	50	53	44	35	48	34	58	38	43	46	523	6,784
11,001	12,000	37	59	45	56	34	29	21	28	39	37	46	39	470	7,254
12,001	13,000	32	35	40	30	24	12	26	24	46	26	53	39	387	7,641
13,001	14,000	28	42	29	42	20	11	21	19	30	34	29	35	340	7,981
14,001	15,000	39	30	28	32	17	16	20	9	18	24	35	22	290	8,271
15,001	16,000	30	23	27	24	18	11	10	8	23	24	17	31	246	8,517
16,001	17,000	28	22	32	28	15	8	6	8	12	17	17	18	211	8,728
17,001	18,000	28	13	15	17	11	3	5	3	13	13	17	15	153	8,881
18,001	19,000	26	20	11	14	16	6	7	5	4	8	17	15	149	9,030
19,001	20,000	17	9	9	15	3	2	6	-	8	18	18	16	121	9,151
20,001	21,000	14	9	10	17	6	5	3	3	6	8	18	10	109	9,260
21,001	22,000	14	12	9	12	7	2	3	1	7	6	11	9	93	9,353
22,001	23,000	11	7	9	7	7	2	2	2	2	4	13	12	78	9,431
23,001	24,000	6	6	12	3	3	3	1	1	4	3	8	10	60	9,491
24,001	25,000	8	8	3	3	2	-	6	2	5	2	8	6	53	9,544
25,001	26,000	15	5	5	4	1	1	-	1	-	2	6	9	49	9,593
26,001	27,000	5	5	3	6	5	2	-	-	1	5	6	4	42	9,635
27,001	28,000	9	7	6	11	1	1	-	2	1	4	5	4	51	9,686
28,001	29,000	9	10	5	3	2	1	3	1	3	1	6	6	50	9,736
29,001	30,000	9	1	5	1	1	1	-	2	2	1	3	3	29	9,765
30,001	31,000	6	1	4	3	2	-	-	1	-	1	6	6	30	9,795
31,001	32,000	5	2	5	5	3	1	-	-	-	-	3	1	25	9,820
32,001	33,000	5	4	5	-	1	-	-	1	-	2	1	5	24	9,844
33,001	34,000	5	4	-	3	1	-	-	-	-	-	1	1	15	9,859
34,001	35,000	2	2	2	-	1	1	1	-	-	-	2	1	12	9,871
35,001	36,000	4	1	1	-	-	-	-	-	-	-	2	2	10	9,881
36,001	37,000	4	-	-	1	1	-	-	-	1	2	2	1	12	9,893
37,001	38,000	1	-	-	-	-	-	1	-	-	1	1	2	6	9,899
38,001	39,000	5	1	-	3	-	-	-	-	-	1	-	-	10	9,909
39,001	40,000	2	2	-	-	-	-	-	-	-	1	1	-	6	9,915

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Meter Size and Zone: 3/4 Inch Residential

Exhibit
Schedule H-5
Page 2
Witness: Bourassa

Usage From:	Usage To:	Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08	Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08	Total Year	Cumulative Billing
40,001	41,000	1	-	1	1	-	-	-	-	-	1	-	1	5	9,920
41,001	42,000	1	2	-	-	-	-	-	-	1	-	1	2	7	9,927
42,001	43,000	5	-	-	-	-	-	-	-	1	-	-	1	7	9,934
43,001	44,000	1	3	-	-	-	-	-	-	-	-	-	-	4	9,938
44,001	45,000	1	-	-	-	1	-	-	-	1	-	-	-	3	9,941
45,001	46,000	-	-	-	2	-	-	-	-	-	-	-	1	3	9,944
46,001	47,000	2	-	-	2	-	-	-	-	-	1	-	1	6	9,950
47,001	48,000	1	-	-	1	-	-	-	-	-	-	-	-	2	9,952
48,001	49,000	1	1	-	-	-	-	-	-	-	-	-	-	2	9,954
49,001	50,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9,954
50,001	51,000	2	2	-	-	-	-	-	-	-	2	-	-	6	9,960
51,001	52,000	-	1	-	-	-	-	-	-	-	-	1	-	2	9,962
52,001	53,000	2	-	-	2	-	-	-	-	-	1	-	1	6	9,968
53,001	54,000	-	-	-	-	-	-	-	-	1	-	-	-	1	9,969
54,001	55,000	-	-	-	-	-	-	-	-	-	-	1	-	1	9,970
55,001	56,000	-	-	1	-	-	-	-	-	-	-	1	-	2	9,972
56,001	57,000	-	1	-	1	-	-	-	-	-	-	-	1	3	9,975
57,001	58,000	-	-	-	-	-	-	-	-	-	1	-	-	1	9,976
58,001	59,000	1	-	1	-	-	-	-	-	-	-	1	-	3	9,979
59,001	60,000	1	-	-	-	-	-	-	-	-	-	-	-	1	9,980
60,001	61,000	-	-	-	-	-	-	-	-	-	-	-	1	1	9,981
61,001	62,000	-	-	1	-	-	-	-	-	-	-	-	-	1	9,982
62,001	63,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9,982
63,001	64,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9,982
64,001	65,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9,982
65,001	66,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9,982
66,001	67,000	-	-	-	-	-	-	-	-	-	-	1	-	1	9,983
67,001	68,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9,983
68,001	69,000	-	1	-	-	-	-	-	-	-	-	-	-	1	9,984
69,001	70,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9,984
70,001	71,000	1	-	-	-	-	-	-	-	-	-	-	-	1	9,985
71,001	72,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9,985
72,001	73,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9,985
73,001	74,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9,985
74,001	75,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9,985
75,001	76,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9,985
76,001	77,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9,985
77,001	78,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9,985
78,001	79,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9,985
79,001	80,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9,985
80,001	81,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9,985

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Meter Size and Zone: 3/4 Inch Residential

Exhibit
Schedule H-5
Page 2
Witness: Bourassa

Usage From:	Usage To:	Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08	Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08	Total Year	Cumul-ative Billing
81,001	82,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9,985
82,001	83,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9,985
83,001	84,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9,985
84,001	85,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9,985
85,001	86,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9,985
86,001	87,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9,985
87,001	88,000	-	1	-	-	-	-	-	-	-	-	-	1	2	9,987
88,001	89,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9,987
89,001	90,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9,987
90,001	91,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9,987
91,001	92,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9,987
92,001	93,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9,987
93,001	94,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9,987
94,001	95,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9,987
95,001	96,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9,987
96,001	97,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9,987
97,001	98,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9,987
98,001	99,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9,987
99,001	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9,987
123,990	123,990	1	-	-	-	-	-	-	-	-	-	-	-	1	9,988
124,390	124,390	-	-	-	-	-	-	-	-	-	-	1	-	1	9,989
	-													-	9,989
	-													-	9,989
	-													-	9,989
	Totals	838	841	835	842	834	824	829	833	830	831	825	827	9,989	

Average Usage	9,531
Median Usage	8,500
Average # Customers	832
Change in Number of Customers	(11)

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Meter Size and Zone: 1 Inch Residential

Exhibit
Schedule H-5
Page 3
Witness: Bourassa

Usage From:	Usage To:	Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08	Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08	Total Year	Cumul-ative Billing
-	-	23	21	23	21	24	17	34	40	34	40	29	19	325	325
1	1,000	9	6	4	9	8	13	12	10	8	10	10	14	113	438
1,001	2,000	2	6	6	5	6	7	9	9	2	3	1	4	60	498
2,001	3,000	6	5	5	4	6	11	5	6	4	2	1	3	58	556
3,001	4,000	9	7	9	3	10	26	11	21	7	4	5	6	118	674
4,001	5,000	8	9	9	9	13	21	30	32	13	14	8	6	172	846
5,001	6,000	9	16	10	11	11	25	20	18	15	14	14	17	180	1,026
6,001	7,000	7	9	10	11	18	28	17	26	22	9	7	6	170	1,196
7,001	8,000	7	9	6	10	11	28	26	24	13	15	10	6	165	1,361
8,001	9,000	6	3	9	5	19	29	23	23	12	11	10	11	161	1,522
9,001	10,000	8	7	7	9	16	23	19	20	16	14	10	14	163	1,685
10,001	11,000	8	9	9	11	20	16	14	23	13	12	10	7	152	1,837
11,001	12,000	9	12	9	15	12	14	23	17	13	12	13	9	158	1,995
12,001	13,000	5	11	8	12	14	12	24	17	22	16	9	10	160	2,155
13,001	14,000	6	17	15	11	13	9	15	13	18	19	14	12	162	2,317
14,001	15,000	11	8	13	8	13	14	11	11	15	16	8	11	139	2,456
15,001	16,000	10	13	13	18	10	6	12	10	17	8	6	15	138	2,594
16,001	17,000	6	7	14	6	12	12	5	5	8	10	13	12	110	2,704
17,001	18,000	8	10	11	8	13	9	9	6	11	8	12	7	112	2,816
18,001	19,000	12	10	16	9	10	6	7	3	16	11	12	15	127	2,943
19,001	20,000	7	5	7	9	8	2	6	9	10	12	6	7	88	3,031
20,001	21,000	3	9	5	11	6	7	5	2	8	11	10	5	82	3,113
21,001	22,000	14	11	8	10	9	3	4	3	1	8	8	15	94	3,207
22,001	23,000	8	11	9	12	7	4	5	4	7	6	14	7	94	3,301
23,001	24,000	10	6	7	6	6	3	1	-	5	9	3	11	67	3,368
24,001	25,000	6	12	7	9	9	4	2	7	8	10	8	3	85	3,453
25,001	26,000	8	7	7	8	8	3	3	2	3	6	10	9	74	3,527
26,001	27,000	8	6	5	9	4	3	8	2	6	2	4	6	63	3,590
27,001	28,000	5	8	7	5	1	3	1	5	7	2	8	6	58	3,648
28,001	29,000	5	4	9	4	3	3	4	4	4	7	4	7	58	3,706
29,001	30,000	4	2	1	6	4	-	1	3	2	1	10	4	38	3,744
30,001	31,000	10	4	4	2	2	1	1	1	3	4	2	4	38	3,782
31,001	32,000	3	9	5	3	2	3	3	2	3	3	8	3	47	3,829
32,001	33,000	4	4	8	4	3	-	1	1	2	4	4	2	37	3,866
33,001	34,000	5	4	2	8	3	3	4	-	2	3	4	3	41	3,907
34,001	35,000	5	6	3	8	3	2	3	-	-	5	1	3	39	3,946
35,001	36,000	5	4	2	4	2	1	2	-	3	2	4	3	32	3,978
36,001	37,000	1	4	4	3	3	1	-	1	4	3	3	4	31	4,009
37,001	38,000	3	4	1	2	5	-	2	1	2	5	4	4	33	4,042
38,001	39,000	2	2	3	-	6	-	-	3	3	2	6	1	28	4,070
39,001	40,000	8	4	2	-	-	-	1	-	1	2	1	5	24	4,094
40,001	41,000	3	1	6	2	3	1	-	-	1	2	-	4	23	4,117

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Meter Size and Zone: 1 Inch Residential

Exhibit
Schedule H-5
Page 3
Witness: Bourassa

Usage From:	Usage To:	Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08	Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08	Total Year	Cumul-ative Billing
41,001	42,000	1	5	2	3	3	1	1	1	2	1	2	2	24	4,141
42,001	43,000	4	3	3	3	1	1	-	2	2	2	5	1	27	4,168
43,001	44,000	3	3	-	1	-	1	1	1	1	2	3	1	17	4,185
44,001	45,000	1	2	2	1	-	-	-	-	2	2	2	2	14	4,199
45,001	46,000	2	1	3	-	1	-	1	-	-	-	1	1	10	4,209
46,001	47,000	2	-	2	1	2	2	2	1	1	4	1	4	22	4,231
47,001	48,000	5	1	1	2	2	1	1	1	-	1	1	3	19	4,250
48,001	49,000	4	3	3	4	-	1	1	1	1	-	2	3	23	4,273
49,001	50,000	2	3	5	3	-	-	1	-	-	2	2	2	20	4,293
50,001	51,000	4	1	4	1	2	1	-	-	2	3	3	4	25	4,318
51,001	52,000	2	2	1	2	1	-	1	1	-	-	2	2	14	4,332
52,001	53,000	2	-	2	2	1	-	-	-	-	2	-	2	11	4,343
53,001	54,000	2	2	3	2	2	-	-	-	1	-	2	1	15	4,358
54,001	55,000	1	2	1	1	1	-	-	-	1	2	2	2	13	4,371
55,001	56,000	-	-	2	4	-	-	-	-	1	1	1	3	12	4,383
56,001	57,000	1	1	1	-	-	-	-	-	2	1	-	1	7	4,390
57,001	58,000	2	1	2	1	1	-	-	-	1	-	1	-	9	4,399
58,001	59,000	3	2	1	3	3	-	1	-	1	-	1	2	17	4,416
59,001	60,000	3	-	1	3	-	1	-	-	-	-	-	1	9	4,425
60,001	61,000	2	-	1	2	4	-	-	-	-	1	-	-	10	4,435
61,001	62,000	2	1	-	1	-	-	-	-	-	1	1	1	7	4,442
62,001	63,000	-	2	2	1	-	-	-	1	1	1	3	1	12	4,454
63,001	64,000	2	2	1	1	-	-	-	-	1	1	-	4	12	4,466
64,001	65,000	2	1	1	-	-	-	-	-	-	-	1	2	7	4,473
65,001	66,000	3	1	2	-	-	-	-	-	-	-	1	1	8	4,481
66,001	67,000	1	-	1	2	-	-	-	-	-	-	1	3	8	4,489
67,001	68,000	-	1	2	1	-	1	-	1	1	1	-	1	9	4,498
68,001	69,000	2	1	-	1	-	-	1	-	-	-	1	1	7	4,505
69,001	70,000	1	-	1	2	1	-	-	-	-	-	1	-	6	4,511
70,001	71,000	2	3	2	1	-	-	-	-	-	-	1	2	11	4,522
71,001	72,000	3	-	2	1	2	-	1	-	-	2	1	-	12	4,534
72,001	73,000	1	1	1	-	-	-	-	-	1	-	2	-	6	4,540
73,001	74,000	-	-	-	-	-	-	-	-	-	2	-	2	4	4,544
74,001	75,000	-	2	-	-	-	-	-	-	-	-	2	1	5	4,549
75,001	76,000	2	1	1	-	-	1	-	-	-	-	1	-	6	4,555
76,001	77,000	-	2	1	2	1	-	-	1	-	-	-	-	7	4,562
77,001	78,000	2	1	-	1	-	-	-	-	-	-	1	-	5	4,567
78,001	79,000	3	2	2	1	-	-	-	-	-	-	-	-	8	4,575
79,001	80,000	1	2	-	-	-	-	-	-	-	-	2	-	5	4,580
80,001	81,000	-	1	1	-	1	-	-	-	-	-	-	-	3	4,583
81,001	82,000	-	-	-	-	-	-	-	-	-	-	1	1	2	4,585
82,001	83,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4,585

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Meter Size and Zone: 1 Inch Residential

Exhibit
Schedule H-5
Page 3
Witness: Bourassa

Usage From:	Usage To:	Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08	Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08	Total Year	Cumul-ative Billing
83,001	84,000	1	1	-	-	-	-	-	-	-	-	-	-	2	4,587
84,001	85,000	1	-	-	-	-	-	-	-	-	-	-	-	1	4,588
85,001	86,000	-	1	-	1	-	-	-	-	-	-	-	-	2	4,590
86,001	87,000	2	1	-	-	-	-	-	-	-	1	-	-	4	4,594
87,001	88,000	2	1	-	-	-	-	-	-	-	-	1	-	4	4,598
88,001	89,000	1	-	-	-	-	-	-	-	-	-	-	-	1	4,599
89,001	90,000	-	-	-	1	-	-	-	1	1	1	1	-	5	4,604
90,001	91,000	1	1	2	-	-	-	-	-	-	-	-	-	4	4,608
91,001	92,000	-	-	1	-	-	-	-	-	-	-	-	-	1	4,609
92,001	93,000	1	-	-	-	2	-	-	-	-	-	-	1	4	4,613
93,001	94,000	1	-	-	1	-	-	-	-	1	-	-	-	3	4,616
94,001	95,000	-	-	1	1	-	-	-	-	-	-	-	-	2	4,618
95,001	96,000	1	-	-	1	-	-	-	1	-	-	-	1	4	4,622
96,001	97,000	-	-	-	1	-	-	-	-	-	-	1	-	2	4,624
97,001	98,000	-	2	1	-	-	1	-	-	-	-	1	-	5	4,629
98,001	99,000	2	-	-	-	-	-	-	-	-	-	-	-	2	4,631
99,001	100,000	1	-	-	1	-	-	-	-	-	-	-	1	3	4,634
109,685	109,685	-	-	-	-	-	-	2	-	-	-	-	-	2	4,636
114,700	114,700	-	-	-	-	-	1	-	-	-	-	-	-	1	4,637
133,280	133,280	-	-	6	-	-	-	-	-	-	-	-	-	6	4,643
135,015	135,015	-	-	-	-	-	-	-	-	-	-	8	-	8	4,651
137,705	137,705	-	4	-	-	-	-	-	-	-	-	-	-	4	4,655
141,099	141,099	10	-	-	-	-	-	-	-	-	-	-	-	10	4,665
147,975	147,975	-	-	-	-	-	-	-	-	-	-	-	6	6	4,671
148,450	148,450	-	-	-	-	-	-	-	-	-	1	-	-	1	4,672
154,120	154,120	-	-	-	-	2	-	-	-	-	-	-	-	2	4,674
162,013	162,013	-	-	-	8	-	-	-	-	-	-	-	-	8	4,682
	-													-	4,682
	-													-	4,682
	-													-	4,682
Totals		393	389	389	389	389	386	397	397	388	392	387	386	4,682	

Average Usage	20,364
Median Usage	14,500
Average # Customers	390
Change in Number of Customers	(7)

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008

Meter Size and Zone: 1 Inch Multi-family

Exhibit
Schedule H-5
Page 4
Witness: Bourassa

Usage From:	Usage To:	Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08	Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08	Total Year	Cumul-ative Billing
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1	1,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1,001	2,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2,001	3,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3,001	4,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4,001	5,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5,001	6,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6,001	7,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7,001	8,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8,001	9,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9,001	10,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10,001	11,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11,001	12,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12,001	13,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13,001	14,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14,001	15,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15,001	16,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16,001	17,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17,001	18,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18,001	19,000	-	-	-	-	-	-	1	-	-	-	-	-	1	1
19,001	20,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1
20,001	21,000	-	-	-	-	-	-	-	-	-	-	-	-	-	1
21,001	22,000	-	-	-	-	-	-	-	-	-	1	-	-	1	2
22,001	23,000	-	-	-	-	-	-	-	-	-	-	-	-	-	2
23,001	24,000	-	-	-	-	-	-	-	1	-	-	-	-	1	3
24,001	25,000	-	-	-	-	-	-	-	-	-	-	-	-	-	3
25,001	26,000	-	-	-	-	-	-	-	-	-	-	-	-	-	3
26,001	27,000	-	-	-	-	-	-	-	-	1	-	-	-	1	4
27,001	28,000	-	-	-	-	-	1	-	-	-	-	-	1	2	6
28,001	29,000	-	-	-	-	-	-	-	-	-	-	-	-	-	6
29,001	30,000	-	-	-	-	1	-	-	-	-	-	-	-	1	7
30,001	31,000	-	-	1	-	-	-	-	-	-	-	1	-	2	9
31,001	32,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9
32,001	33,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9
33,001	34,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9
34,001	35,000	-	-	-	1	-	-	-	-	-	-	-	-	1	10
35,001	36,000	-	1	-	-	-	-	-	-	-	-	-	-	1	11
36,001	37,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11
37,001	38,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11
38,001	39,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11
39,001	40,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11
40,001	41,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Meter Size and Zone: 1 Inch Multi-family

Exhibit
Schedule H-5
Page 4
Witness: Bourassa

Usage From:	Usage To:	Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08	Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08	Total Year	Cumul-ative Billing
41,001	42,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11
42,001	43,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11
43,001	44,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11
44,001	45,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11
45,001	46,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11
46,001	47,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11
47,001	48,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11
48,001	49,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11
49,001	50,000	1	-	-	-	-	-	-	-	-	-	-	-	1	12
50,001	51,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
51,001	52,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
52,001	53,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
53,001	54,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
54,001	55,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
55,001	56,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
56,001	57,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
57,001	58,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
58,001	59,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
59,001	60,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
60,001	61,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
61,001	62,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
62,001	63,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
63,001	64,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
64,001	65,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
65,001	66,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
66,001	67,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
67,001	68,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
68,001	69,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
69,001	70,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
70,001	71,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
71,001	72,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
72,001	73,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
73,001	74,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
74,001	75,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
75,001	76,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
76,001	77,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
77,001	78,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
78,001	79,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
79,001	80,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
80,001	81,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
81,001	82,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
82,001	83,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Meter Size and Zone: 1 Inch Multi-family

Exhibit
Schedule H-5
Page 4
Witness: Bourassa

Usage From:	Usage To:	Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08	Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08	Total Year	Cumul-ative Billing
83,001	84,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
84,001	85,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
85,001	86,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
86,001	87,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
87,001	88,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
88,001	89,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
89,001	90,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
90,001	91,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
91,001	92,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
92,001	93,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
93,001	94,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
94,001	95,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
95,001	96,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
96,001	97,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
97,001	98,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
98,001	99,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
99,001	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
	-													-	12
	-													-	12
Totals		1	1	1	1	1	1	1	1	1	1	1	1	12	

Average Usage	29,584
Median Usage	28,500
Average # Customers	1
Change in Number of Customers	-

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008

Meter Size and Zone: 2 Inch Multi-family

Exhibit
Schedule H-5
Page 5
Witness: Bourassa

Usage From:	Usage To:	Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08	Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08	Total Year	Cumul-ative Billing
-	-	1	1	2	2	1	1	1	1	1	1	1	2	15	15
1	1,000	-	-	-	-	-	-	-	-	-	-	-	-	-	15
1,001	2,000	-	-	-	-	-	2	-	-	-	-	1	-	3	18
2,001	3,000	-	1	-	-	-	-	-	-	-	-	-	-	1	19
3,001	4,000	-	1	-	-	1	3	-	1	-	-	-	-	6	25
4,001	5,000	-	-	1	-	-	-	-	1	-	-	-	-	2	27
5,001	6,000	-	-	-	-	-	1	-	-	-	-	-	1	2	29
6,001	7,000	-	-	-	-	-	-	1	-	-	-	-	-	1	30
7,001	8,000	-	-	-	-	-	-	1	-	-	-	-	-	1	31
8,001	9,000	-	-	1	-	-	-	-	1	1	-	-	-	3	34
9,001	10,000	1	-	-	-	-	-	-	-	-	1	-	-	2	36
10,001	11,000	-	-	-	-	1	-	1	2	1	-	-	-	5	41
11,001	12,000	-	-	-	1	-	-	1	-	-	-	-	-	2	43
12,001	13,000	-	1	-	1	-	-	-	-	-	-	-	1	3	46
13,001	14,000	-	-	-	-	-	-	-	-	1	-	-	-	1	47
14,001	15,000	-	-	-	-	1	-	-	-	1	-	-	-	2	49
15,001	16,000	-	-	-	-	-	-	1	-	-	-	-	-	1	50
16,001	17,000	-	-	1	-	-	-	-	-	-	-	-	-	1	51
17,001	18,000	1	-	-	-	1	-	-	-	-	-	-	-	2	53
18,001	19,000	-	-	-	-	-	1	-	-	-	-	-	-	1	54
19,001	20,000	1	-	-	-	-	-	-	-	-	-	-	-	1	55
20,001	21,000	-	-	-	-	-	-	-	-	-	1	-	1	2	57
21,001	22,000	-	-	-	1	-	-	-	-	-	-	-	-	1	58
22,001	23,000	-	-	-	-	-	-	-	-	-	1	-	-	1	59
23,001	24,000	-	-	-	-	-	-	-	-	-	-	-	-	-	59
24,001	25,000	-	-	-	-	-	-	-	-	-	-	-	1	1	60
25,001	26,000	-	-	-	-	-	-	-	-	-	-	1	-	1	61
26,001	27,000	2	-	-	-	-	-	-	1	-	-	-	1	4	65
27,001	28,000	-	-	-	-	-	-	-	-	-	-	-	-	-	65
28,001	29,000	-	-	1	-	1	-	-	-	-	-	-	-	2	67
29,001	30,000	-	-	-	-	-	1	-	-	-	-	-	-	1	68
30,001	31,000	-	1	-	-	-	-	-	-	-	-	1	-	2	70
31,001	32,000	-	-	-	-	-	-	-	-	-	-	-	-	-	70
32,001	33,000	-	-	1	-	-	-	2	-	-	1	-	-	4	74
33,001	34,000	-	-	-	-	-	1	1	-	-	2	-	-	4	78
34,001	35,000	-	-	-	-	2	2	-	-	-	1	-	-	5	83
35,001	36,000	-	1	2	-	-	-	-	-	2	-	-	1	6	89
36,001	37,000	-	-	1	-	2	-	1	-	-	-	1	1	6	95
37,001	38,000	-	-	-	-	-	-	-	-	1	-	-	1	2	97
38,001	39,000	1	-	-	1	1	-	-	-	-	-	-	-	3	100
39,001	40,000	-	1	1	1	1	-	-	3	-	2	-	-	9	109
40,001	41,000	-	-	5	1	-	1	3	1	-	3	1	-	15	124

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Meter Size and Zone: 2 Inch Multi-family

Exhibit
Schedule H-5
Page 5
Witness: Bourassa

Usage From:	Usage To:	Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08	Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08	Total Year	Cumul-ative Billing
41,001	42,000	-	4	1	1	1	2	-	-	-	-	1	1	11	135
42,001	43,000	1	1	-	-	2	2	-	-	2	-	-	1	9	144
43,001	44,000	2	-	-	-	1	1	1	3	1	1	1	-	11	155
44,001	45,000	1	1	1	-	1	1	4	1	-	-	-	1	11	166
45,001	46,000	-	-	-	-	-	-	-	-	-	-	-	-	-	166
46,001	47,000	2	-	2	1	-	-	1	1	-	3	-	-	10	176
47,001	48,000	-	-	-	2	2	-	-	3	-	1	1	1	10	186
48,001	49,000	2	-	-	-	-	-	1	1	2	-	-	2	8	194
49,001	50,000	-	2	-	1	1	2	-	-	1	-	-	-	7	201
50,001	51,000	-	1	-	1	1	-	1	-	-	-	1	1	6	207
51,001	52,000	-	1	-	1	-	1	-	1	2	-	1	1	8	215
52,001	53,000	-	1	-	-	1	-	-	-	1	1	-	-	4	219
53,001	54,000	-	-	-	-	2	-	-	1	-	-	1	-	4	223
54,001	55,000	1	-	-	-	-	-	-	-	1	-	1	-	3	226
55,001	56,000	-	-	-	1	-	-	-	-	-	-	1	-	2	228
56,001	57,000	1	-	1	2	-	-	-	-	1	1	-	2	8	236
57,001	58,000	-	-	-	-	-	-	-	-	-	-	1	1	2	238
58,001	59,000	-	-	-	1	-	1	-	-	1	-	-	-	3	241
59,001	60,000	-	-	-	1	-	-	1	-	-	-	-	-	2	243
60,001	61,000	-	-	-	-	-	-	-	-	-	-	1	-	1	244
61,001	62,000	-	-	-	-	-	1	-	-	-	-	-	-	1	245
62,001	63,000	-	-	-	-	-	-	-	-	-	-	-	-	-	245
63,001	64,000	-	-	-	-	-	-	-	-	1	-	-	-	1	246
64,001	65,000	1	1	-	-	-	-	1	-	-	-	1	-	4	250
65,001	66,000	-	-	-	-	-	1	-	-	1	-	-	-	2	252
66,001	67,000	-	-	-	1	-	-	-	-	-	-	1	-	2	254
67,001	68,000	-	-	-	-	-	-	-	-	-	-	-	-	-	254
68,001	69,000	-	-	-	1	-	-	-	-	-	1	-	-	2	256
69,001	70,000	-	-	-	-	-	-	-	1	-	-	1	-	2	258
70,001	71,000	-	-	-	-	-	-	1	1	-	1	-	-	3	261
71,001	72,000	-	-	-	-	-	-	-	-	1	-	-	-	1	262
72,001	73,000	1	-	-	-	-	-	-	-	-	-	-	-	1	263
73,001	74,000	-	-	-	-	-	1	1	-	-	-	1	-	3	266
74,001	75,000	-	-	-	-	-	1	-	-	-	-	-	-	1	267
75,001	76,000	-	-	-	-	1	-	-	-	-	1	-	-	2	269
76,001	77,000	-	-	-	-	-	-	-	1	-	-	-	1	2	271
77,001	78,000	-	-	-	-	-	-	-	-	-	-	1	-	1	272
78,001	79,000	-	-	-	-	-	-	1	-	-	-	-	-	1	273
79,001	80,000	-	-	-	-	-	-	-	1	-	-	-	-	1	274
80,001	81,000	1	-	-	-	-	-	-	-	-	-	-	-	1	275
81,001	82,000	-	-	-	-	-	-	-	-	-	-	1	-	1	276
82,001	83,000	-	-	-	-	-	-	-	-	-	-	-	-	-	276

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008

Meter Size and Zone: 2 Inch Multi-family

Exhibit
Schedule H-5
Page 5
Witness: Bourassa

Usage From:	Usage To:	Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08	Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08	Total Year	Cumulative Billing
83,001	84,000	-	-	1	-	-	-	-	-	-	-	-	-	1	277
84,001	85,000	-	-	1	-	-	-	-	-	-	-	-	-	1	278
85,001	86,000	-	-	-	-	-	-	-	-	-	-	-	2	2	280
86,001	87,000	-	-	-	-	-	-	-	-	-	-	-	-	-	280
87,001	88,000	-	-	3	1	-	-	1	-	-	-	-	-	5	285
88,001	89,000	-	-	-	-	-	-	-	-	-	-	-	-	-	285
89,001	90,000	-	-	-	-	-	-	-	-	-	-	-	-	-	285
90,001	91,000	1	-	-	-	-	-	-	-	-	-	-	-	1	286
91,001	92,000	-	-	-	-	1	-	-	-	-	-	-	-	1	287
92,001	93,000	-	2	-	-	-	-	-	-	-	-	-	-	2	289
93,001	94,000	-	-	-	-	-	-	-	-	-	-	-	-	-	289
94,001	95,000	1	-	-	-	-	-	-	-	-	1	-	-	2	291
95,001	96,000	-	-	-	-	-	-	-	1	-	-	-	-	1	292
96,001	97,000	-	-	-	-	-	-	1	1	-	-	-	-	2	294
97,001	98,000	-	1	-	-	-	-	-	-	-	-	-	-	1	295
98,001	99,000	-	-	-	-	-	-	-	-	-	-	-	-	-	295
99,001	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	295
250,071	250,071	7	-	-	-	-	-	-	-	-	-	-	-	7	302
615,220	615,220	4	-	-	-	-	-	-	-	-	-	-	-	4	306
256,486	256,486	-	7	-	-	-	-	-	-	-	-	-	-	7	313
715,005	715,005	-	4	-	-	-	-	-	-	-	-	-	-	4	317
233,525	233,525	-	-	4	-	-	-	-	-	-	-	-	-	4	321
590,750	590,750	-	-	3	-	-	-	-	-	-	-	-	-	3	324
228,271	228,271	-	-	-	7	-	-	-	-	-	-	-	-	7	331
653,263	653,263	-	-	-	3	-	-	-	-	-	-	-	-	3	334
225,850	225,850	-	-	-	-	4	-	-	-	-	-	-	-	4	338
488,473	488,473	-	-	-	-	3	-	-	-	-	-	-	-	3	341
238,000	238,000	-	-	-	-	-	3	-	-	-	-	-	-	3	344
419,780	419,780	-	-	-	-	-	3	-	-	-	-	-	-	3	347
274,600	274,600	-	-	-	-	-	-	3	-	-	-	-	-	3	350
729,950	729,950	-	-	-	-	-	-	2	-	-	-	-	-	2	352
249,000	249,000	-	-	-	-	-	-	-	3	-	-	-	-	3	355
635,650	635,650	-	-	-	-	-	-	-	2	-	-	-	-	2	357
189,586	189,586	-	-	-	-	-	-	-	-	7	-	-	-	7	364
614,497	614,497	-	-	-	-	-	-	-	-	3	-	-	-	3	367
208,017	208,017	-	-	-	-	-	-	-	-	-	6	-	-	6	373
655,773	655,773	-	-	-	-	-	-	-	-	-	3	-	-	3	376
219,113	219,113	-	-	-	-	-	-	-	-	-	-	8	-	8	384
822,587	822,587	-	-	-	-	-	-	-	-	-	-	3	-	3	387
198,733	198,733	-	-	-	-	-	-	-	-	-	-	-	5	5	392
724,430	724,430	-	-	-	-	-	-	-	-	-	-	-	3	3	395
	-													-	395

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Meter Size and Zone: 2 Inch Multi-family

Exhibit
Schedule H-5
Page 5
Witness: Bourassa

Usage From:	Usage To:	Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08	Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08	Total Year	Cumul-ative Billing
	Totals	33	33	33	33	33	33	33	33	33	33	33	32	395	

Average Usage	126,929
Median Usage	49,500
Average # Customers	33
Change in Number of Customers	(1)

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Meter Size and Zone: 5/8 Inch Commercial

Exhibit
Schedule H-5
Page 6
Witness: Bourassa

Usage From:	Usage To:	Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08	Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08	Total Year	Cumul-ative Billing
-	-	1	5	2	1	1	1	1	1	1	1	1	1	17	17
1	1,000	1	-	1	1	-	1	-	1	-	1	1	1	8	25
1,001	2,000	-	1	2	1	3	3	4	3	3	1	-	-	21	46
2,001	3,000	1	-	-	2	1	1	-	-	1	2	3	1	12	58
3,001	4,000	-	-	-	-	-	-	1	-	-	-	-	2	3	61
4,001	5,000	1	1	-	1	-	-	-	-	-	-	1	-	4	65
5,001	6,000	-	-	-	-	-	-	-	1	-	-	-	-	1	66
6,001	7,000	2	-	-	-	-	-	-	-	-	1	-	-	3	69
7,001	8,000	-	-	-	-	-	-	-	-	1	-	-	-	1	70
8,001	9,000	-	-	1	-	-	-	-	-	-	-	-	-	1	71
9,001	10,000	-	-	-	-	-	-	-	-	-	-	-	-	-	71
10,001	11,000	-	-	-	-	1	-	-	-	-	-	-	1	2	73
11,001	12,000	-	-	-	-	-	-	-	-	-	-	-	-	-	73
12,001	13,000	-	-	-	-	-	-	-	-	-	-	-	-	-	73
13,001	14,000	-	-	-	-	-	-	-	-	-	-	-	-	-	73
14,001	15,000	-	-	-	-	-	-	-	-	-	-	-	-	-	73
15,001	16,000	-	-	-	-	-	-	-	-	-	-	-	-	-	73
16,001	17,000	-	-	-	-	-	-	-	-	-	-	-	-	-	73
17,001	18,000	-	-	-	-	-	-	-	-	-	-	-	-	-	73
18,001	19,000	-	-	-	-	-	-	-	-	-	-	-	-	-	73
19,001	20,000	-	-	-	-	-	-	-	-	-	-	-	-	-	73
20,001	21,000	-	-	-	-	-	-	-	-	-	-	-	-	-	73
21,001	22,000	-	-	-	-	-	-	-	-	-	-	-	-	-	73
22,001	23,000	-	1	-	-	-	-	-	-	-	-	-	-	1	74
23,001	24,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
24,001	25,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
25,001	26,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
26,001	27,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
27,001	28,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
28,001	29,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
29,001	30,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
30,001	31,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
31,001	32,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
32,001	33,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
33,001	34,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
34,001	35,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
35,001	36,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
36,001	37,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
37,001	38,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
38,001	39,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
39,001	40,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
40,001	41,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008

Meter Size and Zone: 5/8 Inch Commercial

Exhibit
Schedule H-5
Page 6
Witness: Bourassa

Usage From:	Usage To:	Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08	Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08	Total Year	Cumul-ative Billing
41,001	42,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
42,001	43,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
43,001	44,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
44,001	45,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
45,001	46,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
46,001	47,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
47,001	48,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
48,001	49,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
49,001	50,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
50,001	51,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
51,001	52,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
52,001	53,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
53,001	54,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
54,001	55,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
55,001	56,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
56,001	57,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
57,001	58,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
58,001	59,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
59,001	60,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
60,001	61,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
61,001	62,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
62,001	63,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
63,001	64,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
64,001	65,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
65,001	66,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
66,001	67,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
67,001	68,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
68,001	69,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
69,001	70,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
70,001	71,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
71,001	72,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
72,001	73,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
73,001	74,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
74,001	75,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
75,001	76,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
76,001	77,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
77,001	78,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
78,001	79,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
79,001	80,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
80,001	81,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
81,001	82,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
82,001	83,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Meter Size and Zone: 5/8 Inch Commercial

Exhibit
Schedule H-5
Page 6
Witness: Bourassa

Usage From:	Usage To:	Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08	Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08	Total Year	Cumul-ative Billing
83,001	84,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
84,001	85,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
85,001	86,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
86,001	87,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
87,001	88,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
88,001	89,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
89,001	90,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
90,001	91,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
91,001	92,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
92,001	93,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
93,001	94,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
94,001	95,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
95,001	96,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
96,001	97,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
97,001	98,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
98,001	99,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
99,001	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
	-													-	74
Totals		6	8	6	6	6	6	6	6	6	6	6	6	74	

Average Usage	2,413
Median Usage	1,500
Average # Customers	6
Change in Number of Customers	-

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Meter Size and Zone: 3/4 Inch Commercial

Exhibit
Schedule H-5
Page 7
Witness: Bourassa

Usage From:	Usage To:	Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08	Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08	Total Year	Cumul-ative Billing
-	-	-	1	-	-	-	-	-	-	-	-	-	-	1	1
1	1,000	1	1	1	2	1	2	2	2	2	1	1	2	18	19
1,001	2,000	-	1	-	-	2	1	-	-	-	1	2	1	8	27
2,001	3,000	-	-	1	1	-	-	1	1	1	1	-	-	6	33
3,001	4,000	-	-	-	-	-	-	-	-	-	-	-	-	-	33
4,001	5,000	-	-	1	-	-	-	-	-	-	-	-	-	1	34
5,001	6,000	-	-	-	-	-	-	-	-	-	-	-	-	-	34
6,001	7,000	1	-	-	-	-	1	-	1	-	-	-	-	3	37
7,001	8,000	-	-	-	-	-	-	-	-	-	-	-	-	-	37
8,001	9,000	-	1	-	-	-	-	-	-	-	-	-	1	2	39
9,001	10,000	-	-	-	-	-	-	-	-	-	-	-	-	-	39
10,001	11,000	-	-	-	-	1	-	-	-	-	-	-	-	1	40
11,001	12,000	-	-	-	-	-	-	-	-	-	-	-	-	-	40
12,001	13,000	-	-	-	-	-	-	-	-	-	-	-	-	-	40
13,001	14,000	1	-	-	-	-	-	-	-	-	1	-	-	2	42
14,001	15,000	-	-	-	-	-	-	-	-	-	-	-	-	-	42
15,001	16,000	-	-	-	-	-	-	1	-	1	-	-	-	2	44
16,001	17,000	-	1	1	-	-	-	1	-	-	-	-	-	3	47
17,001	18,000	-	-	-	1	-	-	-	-	1	-	-	-	2	49
18,001	19,000	-	-	-	-	-	-	-	-	-	-	-	-	-	49
19,001	20,000	-	-	-	-	-	-	-	-	-	-	-	-	-	49
20,001	21,000	-	-	-	-	-	-	-	-	-	-	-	-	-	49
21,001	22,000	-	-	-	-	-	-	-	-	-	-	-	1	1	50
22,001	23,000	-	-	-	-	-	1	-	-	-	-	-	-	1	51
23,001	24,000	1	-	-	-	-	-	-	-	-	-	-	-	1	52
24,001	25,000	-	-	-	-	-	-	-	-	-	1	1	-	2	54
25,001	26,000	-	-	-	-	-	-	-	-	-	-	-	-	-	54
26,001	27,000	-	-	-	-	-	-	-	-	-	-	-	-	-	54
27,001	28,000	-	-	-	-	-	-	-	-	-	-	-	-	-	54
28,001	29,000	-	-	-	-	-	-	-	-	-	-	-	-	-	54
29,001	30,000	-	-	-	-	-	-	-	-	-	-	-	-	-	54
30,001	31,000	-	-	-	-	-	-	-	-	-	-	-	-	-	54
31,001	32,000	-	-	-	-	-	-	-	-	-	-	-	-	-	54
32,001	33,000	-	-	-	-	-	-	-	-	-	-	-	-	-	54
33,001	34,000	-	-	-	-	-	-	-	-	-	-	1	-	1	55
34,001	35,000	-	-	-	-	1	-	-	-	-	-	-	-	1	56
35,001	36,000	-	-	-	-	-	-	-	-	-	-	-	-	-	56
36,001	37,000	-	-	-	-	-	-	-	-	-	-	-	-	-	56
37,001	38,000	-	-	-	-	-	-	-	-	-	-	-	-	-	56
38,001	39,000	-	-	-	-	-	-	-	-	-	-	-	-	-	56
39,001	40,000	-	-	-	-	-	-	-	1	-	-	-	-	1	57
40,001	41,000	-	-	-	-	-	-	-	-	-	-	-	-	-	57

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Meter Size and Zone: 3/4 Inch Commercial

Exhibit
Schedule H-5
Page 7
Witness: Bourassa

Usage From:	Usage To:	Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08	Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08	Total Year	Cumulative Billing
41,001	42,000	-	-	-	-	-	-	-	-	-	-	-	-	-	57
42,001	43,000	-	-	-	-	-	-	-	-	-	-	-	-	-	57
43,001	44,000	-	-	-	-	-	-	-	-	-	-	-	-	-	57
44,001	45,000	-	-	-	-	-	-	-	-	-	-	-	-	-	57
45,001	46,000	-	-	-	-	-	-	-	-	-	-	-	-	-	57
46,001	47,000	-	-	-	-	-	-	-	-	-	-	-	-	-	57
47,001	48,000	-	-	-	-	-	-	-	-	-	-	-	-	-	57
48,001	49,000	-	-	-	-	-	-	-	-	-	-	-	-	-	57
49,001	50,000	-	-	-	-	-	-	-	-	-	-	-	-	-	57
50,001	51,000	-	-	-	-	-	-	-	-	-	-	-	-	-	57
51,001	52,000	-	-	-	-	-	-	-	-	-	-	-	-	-	57
52,001	53,000	-	-	-	-	-	-	-	-	-	-	-	-	-	57
53,001	54,000	-	-	-	-	-	-	-	-	-	-	-	-	-	57
54,001	55,000	-	-	-	-	-	-	-	-	-	-	-	-	-	57
55,001	56,000	-	-	-	-	-	-	-	-	-	-	-	-	-	57
56,001	57,000	-	-	-	-	-	-	-	-	-	-	-	-	-	57
57,001	58,000	-	-	-	-	-	-	-	-	-	-	-	-	-	57
58,001	59,000	-	-	-	-	-	-	-	-	-	-	-	-	-	57
59,001	60,000	-	-	-	-	-	-	-	-	-	-	-	-	-	57
60,001	61,000	-	-	-	-	-	-	-	-	-	-	-	-	-	57
61,001	62,000	-	-	-	-	-	-	-	-	-	-	-	-	-	57
62,001	63,000	-	-	-	-	-	-	-	-	-	-	-	-	-	57
63,001	64,000	-	-	-	-	-	-	-	-	-	-	-	-	-	57
64,001	65,000	-	-	-	-	-	-	-	-	-	-	-	-	-	57
65,001	66,000	-	-	-	-	-	-	-	-	-	-	-	-	-	57
66,001	67,000	-	-	-	-	-	-	-	-	-	-	-	-	-	57
67,001	68,000	-	-	-	-	-	-	-	-	-	-	-	-	-	57
68,001	69,000	-	-	-	-	-	-	-	-	-	-	-	-	-	57
69,001	70,000	-	-	-	-	-	-	-	-	-	-	-	-	-	57
70,001	71,000	-	-	-	1	-	-	-	-	-	-	-	-	1	58
71,001	72,000	-	-	-	-	-	-	-	-	-	-	-	-	-	58
72,001	73,000	-	-	-	-	-	-	-	-	-	-	-	-	-	58
73,001	74,000	-	-	-	-	-	-	-	-	-	-	-	-	-	58
74,001	75,000	-	-	-	-	-	-	-	-	-	-	-	-	-	58
75,001	76,000	-	-	-	-	-	-	-	-	-	-	-	-	-	58
76,001	77,000	-	-	-	-	-	-	-	-	-	-	-	-	-	58
77,001	78,000	-	-	-	-	-	-	-	-	-	-	-	-	-	58
78,001	79,000	-	-	-	-	-	-	-	-	-	-	-	-	-	58
79,001	80,000	-	-	-	-	-	-	-	-	-	-	-	-	-	58
80,001	81,000	-	-	-	-	-	-	-	-	-	-	-	-	-	58
81,001	82,000	-	-	-	-	-	-	-	-	-	-	-	-	-	58
82,001	83,000	-	-	-	-	-	-	-	-	-	-	-	-	-	58

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008

Meter Size and Zone: 3/4 Inch Commercial

Exhibit
Schedule H-5
Page 7
Witness: Bourassa

Usage From:	Usage To:	Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08	Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08	Total Year	Cumul-ative Billing
83,001	84,000	-	-	-	-	-	-	-	-	-	-	-	-	-	58
84,001	85,000	-	-	-	-	-	-	-	-	-	-	-	-	-	58
85,001	86,000	-	-	-	-	-	-	-	-	-	-	-	-	-	58
86,001	87,000	-	-	-	-	-	-	-	-	-	-	-	-	-	58
87,001	88,000	-	-	-	-	-	-	-	-	-	-	-	-	-	58
88,001	89,000	-	-	-	-	-	-	-	-	-	-	-	-	-	58
89,001	90,000	-	-	-	-	-	-	-	-	-	-	-	-	-	58
90,001	91,000	-	-	-	-	-	-	-	-	-	-	-	-	-	58
91,001	92,000	-	-	-	-	-	-	-	-	-	-	-	-	-	58
92,001	93,000	-	-	-	-	-	-	-	-	-	-	-	-	-	58
93,001	94,000	-	-	-	-	-	-	-	-	-	-	-	-	-	58
94,001	95,000	-	-	-	-	-	-	-	-	-	-	-	-	-	58
95,001	96,000	-	-	-	-	-	-	-	-	-	-	-	-	-	58
96,001	97,000	-	-	-	-	-	-	-	-	-	-	-	-	-	58
97,001	98,000	-	-	-	-	-	-	-	-	-	-	-	-	-	58
98,001	99,000	-	-	-	-	-	-	-	-	-	-	-	-	-	58
99,001	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	58
128,730	128,730	-	1	-	-	-	-	-	-	-	-	-	-	1	59
105,230	105,230	-	-	1	-	-	-	-	-	-	-	-	-	1	60
	-													-	60
Totals		4	6	5	5	5	5	5	5	5	5	5	5	60	

Average Usage	12,641
Median Usage	2,500
Average # Customers	5
Change in Number of Customers	1

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Meter Size and Zone: 1 Inch Commercial

Exhibit
Schedule H-5
Page 8
Witness: Bourassa

Usage From:	Usage To:	Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08	Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08	Total Year	Cumul-ative Billing
-	-	-	-	-	-	1	1	1	1	1	1	1	1	8	8
1	1,000	1	1	1	1	1	1	1	1	1	1	1	1	12	20
1,001	2,000	-	-	-	-	-	-	-	-	-	-	-	-	-	20
2,001	3,000	1	-	-	-	-	1	1	1	-	-	-	-	4	24
3,001	4,000	-	1	2	-	1	-	-	1	-	1	-	1	7	31
4,001	5,000	-	-	-	2	-	1	1	-	1	-	1	-	6	37
5,001	6,000	1	1	-	-	1	-	-	-	-	-	-	-	3	40
6,001	7,000	-	-	-	-	-	-	-	-	-	-	-	-	-	40
7,001	8,000	-	-	-	-	-	-	-	-	-	-	-	-	-	40
8,001	9,000	-	-	-	-	-	-	-	-	-	-	-	-	-	40
9,001	10,000	-	-	-	-	-	-	-	-	-	-	-	-	-	40
10,001	11,000	1	-	-	-	-	-	-	-	-	-	-	-	1	41
11,001	12,000	-	-	-	-	-	-	-	-	1	-	-	1	2	43
12,001	13,000	-	-	1	-	-	-	-	-	-	-	-	-	1	44
13,001	14,000	-	-	-	-	1	1	-	1	-	-	-	-	3	47
14,001	15,000	-	1	1	-	-	-	-	-	-	-	-	-	2	49
15,001	16,000	1	1	-	-	1	-	-	-	1	1	-	-	5	54
16,001	17,000	-	-	1	-	-	-	-	-	1	2	-	-	4	58
17,001	18,000	-	-	-	1	-	1	-	1	1	-	1	1	6	64
18,001	19,000	-	-	-	-	-	-	2	-	-	-	-	-	2	66
19,001	20,000	-	-	-	-	-	1	-	-	-	-	1	-	2	68
20,001	21,000	-	1	-	2	1	-	-	1	-	-	1	-	6	74
21,001	22,000	-	-	-	-	-	-	-	1	-	1	-	-	2	76
22,001	23,000	1	-	-	1	-	1	-	-	-	-	-	-	3	79
23,001	24,000	-	-	-	-	-	-	-	-	-	-	-	-	-	79
24,001	25,000	-	-	1	-	1	-	2	-	-	-	-	-	4	83
25,001	26,000	-	1	1	-	-	-	-	-	-	-	-	-	2	85
26,001	27,000	1	-	-	-	-	-	-	-	1	-	-	-	2	87
27,001	28,000	-	1	-	-	-	-	-	-	-	-	-	1	2	89
28,001	29,000	-	-	-	-	-	-	-	-	-	1	-	-	1	90
29,001	30,000	-	-	-	-	-	-	-	-	-	-	-	-	-	90
30,001	31,000	-	-	-	1	-	-	1	-	-	-	-	1	3	93
31,001	32,000	-	-	-	-	-	-	-	-	-	-	-	-	-	93
32,001	33,000	1	-	-	-	-	-	-	-	-	-	-	-	1	94
33,001	34,000	-	-	-	-	-	-	-	-	-	-	-	-	-	94
34,001	35,000	-	-	-	-	-	-	-	-	-	-	-	-	-	94
35,001	36,000	-	-	-	-	-	-	-	-	-	-	-	-	-	94
36,001	37,000	-	-	-	-	-	1	-	-	-	-	1	-	2	96
37,001	38,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96
38,001	39,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96
39,001	40,000	1	-	-	-	-	-	-	-	-	-	-	-	1	97
40,001	41,000	-	-	-	-	-	-	1	1	-	-	1	-	3	100

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Meter Size and Zone: 1 Inch Commercial

Exhibit
Schedule H-5
Page 8
Witness: Bourassa

Usage From:	Usage To:	Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08	Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08	Total Year	Cumul-ative Billing
41,001	42,000	-	-	-	-	-	-	-	-	-	-	-	1	1	101
42,001	43,000	-	-	-	-	-	-	-	-	-	-	-	-	-	101
43,001	44,000	-	-	-	-	-	-	-	-	-	-	-	-	-	101
44,001	45,000	-	-	-	-	-	-	-	1	-	-	-	-	1	102
45,001	46,000	-	-	-	-	-	-	-	-	-	1	-	-	1	103
46,001	47,000	-	-	-	-	-	-	-	-	-	-	-	-	-	103
47,001	48,000	-	-	-	-	-	-	-	-	-	-	-	-	-	103
48,001	49,000	-	-	-	-	-	-	-	-	-	-	-	-	-	103
49,001	50,000	-	-	-	-	-	-	-	-	-	-	-	-	-	103
50,001	51,000	-	-	-	-	-	-	-	-	1	-	-	1	2	105
51,001	52,000	-	-	-	-	-	-	-	-	-	-	-	-	-	105
52,001	53,000	-	-	-	-	-	-	-	-	1	-	-	-	1	106
53,001	54,000	-	-	-	-	-	-	-	-	-	-	-	-	-	106
54,001	55,000	-	-	-	-	-	-	-	-	-	-	1	-	1	107
55,001	56,000	-	-	-	-	2	-	-	-	-	-	-	-	2	109
56,001	57,000	-	-	-	-	-	-	-	-	-	-	-	-	-	109
57,001	58,000	-	-	-	-	-	-	-	-	-	-	-	-	-	109
58,001	59,000	-	-	-	-	-	-	-	-	-	-	-	-	-	109
59,001	60,000	-	-	-	-	-	-	-	-	-	-	-	-	-	109
60,001	61,000	-	-	-	-	-	-	-	-	-	-	-	-	-	109
61,001	62,000	-	-	-	-	-	-	-	-	-	-	-	-	-	109
62,001	63,000	-	-	-	-	-	-	-	-	-	-	-	-	-	109
63,001	64,000	-	-	-	-	-	-	-	-	-	-	-	-	-	109
64,001	65,000	-	-	-	-	-	-	-	-	-	-	-	-	-	109
65,001	66,000	-	-	-	-	-	-	-	-	-	-	-	-	-	109
66,001	67,000	-	-	-	-	-	-	-	-	-	-	-	-	-	109
67,001	68,000	-	-	-	-	-	-	-	-	-	-	-	-	-	109
68,001	69,000	-	-	-	-	-	-	-	-	-	-	-	-	-	109
69,001	70,000	-	-	-	-	-	-	-	-	-	-	-	-	-	109
70,001	71,000	-	-	-	-	-	-	-	-	-	-	-	-	-	109
71,001	72,000	-	-	-	-	-	-	-	-	-	-	-	-	-	109
72,001	73,000	-	-	1	-	-	-	-	-	-	1	-	-	2	111
73,001	74,000	-	-	-	-	-	-	-	-	-	-	-	-	-	111
74,001	75,000	-	-	-	-	-	-	-	-	-	-	-	-	-	111
75,001	76,000	-	-	-	-	-	-	-	-	-	-	-	-	-	111
76,001	77,000	-	-	-	-	-	-	-	-	-	-	-	-	-	111
77,001	78,000	-	-	-	-	-	-	-	-	-	-	-	-	-	111
78,001	79,000	-	-	-	-	-	-	-	-	-	-	-	-	-	111
79,001	80,000	-	1	-	-	-	-	-	-	1	-	-	-	2	113
80,001	81,000	-	-	1	-	-	-	-	-	-	-	-	-	1	114
81,001	82,000	-	-	-	-	-	-	-	-	-	-	-	-	-	114
82,001	83,000	-	-	-	-	-	-	-	-	-	-	-	-	-	114

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Meter Size and Zone: 1 Inch Commercial

Exhibit
Schedule H-5
Page 8
Witness: Bourassa

Usage From:	Usage To:	Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08	Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08	Total Year	Cumul-ative Billing
83,001	84,000	-	-	-	-	-	-	-	-	-	-	-	-	-	114
84,001	85,000	-	-	-	-	-	-	-	-	-	-	-	-	-	114
85,001	86,000	-	-	-	-	-	-	-	-	-	-	-	-	-	114
86,001	87,000	-	-	-	-	-	-	-	-	-	-	-	-	-	114
87,001	88,000	-	-	-	-	-	-	-	-	-	-	-	-	-	114
88,001	89,000	-	1	-	-	-	-	-	-	-	-	-	-	1	115
89,001	90,000	-	-	-	-	-	-	-	-	-	-	-	-	-	115
90,001	91,000	-	-	-	-	1	-	-	-	-	-	-	-	1	116
91,001	92,000	-	-	-	-	-	-	-	-	-	-	-	-	-	116
92,001	93,000	-	-	-	-	-	-	-	-	-	-	-	-	-	116
93,001	94,000	-	-	-	-	-	-	-	-	-	-	-	-	-	116
94,001	95,000	-	-	-	1	-	-	-	-	-	-	-	-	1	117
95,001	96,000	-	-	-	-	-	-	-	-	-	-	-	-	-	117
96,001	97,000	1	-	-	-	-	-	-	-	-	-	-	-	1	118
97,001	98,000	-	-	-	1	-	-	-	-	-	-	1	-	2	120
98,001	99,000	-	-	-	-	-	-	-	-	-	-	-	-	-	120
99,001	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	120
100,470	100,470	-	-	-	-	-	1	-	-	-	-	-	-	1	121
104,710	104,710	-	-	-	-	-	-	-	1	-	-	-	-	1	122
112,960	112,960	-	-	-	-	-	-	-	-	-	-	-	1	1	123
115,500	115,500	-	-	-	-	-	-	1	-	-	-	-	-	1	124
118,640	118,640	-	-	-	-	-	-	-	-	-	1	-	-	1	125
127,990	127,990	-	-	-	1	-	-	-	-	-	-	-	-	1	126
155,860	155,860	-	-	-	-	-	-	-	-	-	-	-	1	1	127
156,530	156,530	-	-	-	-	-	-	-	-	-	-	-	1	1	128
187,530	187,530	-	-	-	-	-	1	-	-	-	-	-	-	1	129
192,750	192,750	-	-	-	-	-	-	-	-	-	-	1	-	1	130
226,830	226,830	-	-	1	-	-	-	-	-	-	-	-	-	1	131
316,650	316,650	-	1	-	-	-	-	-	-	-	-	-	-	1	132
330,470	330,470	1	-	-	-	-	-	-	-	-	-	-	-	1	133
	-													-	133
Totals		11	11	11	11	11	11	11	11	11	11	11	12	133	

Average Usage	37,954
Median Usage	19,500
Average # Customers	11
Change in Number of Customers	1

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Meter Size and Zone: 1.5 Inch Commercial

Exhibit
Schedule H-5
Page 9
Witness: Bourassa

Usage From:	Usage To:	Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08	Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08	Total Year	Cumulative Billing
-	-	1	1	1	1	1	1	1	2	1	1	1	2	14	14
1	1,000	1	1	1	1	1	1	1	1	1	1	1	2	13	27
1,001	2,000	-	-	-	-	-	-	-	-	-	-	-	-	-	27
2,001	3,000	-	-	-	-	-	-	-	-	-	-	-	-	-	27
3,001	4,000	-	-	-	-	-	-	-	-	-	-	-	-	-	27
4,001	5,000	-	-	-	-	-	-	-	-	-	-	-	-	-	27
5,001	6,000	-	-	-	-	-	-	-	-	-	-	-	-	-	27
6,001	7,000	-	-	-	-	-	-	-	-	-	-	-	-	-	27
7,001	8,000	-	-	-	-	-	-	-	-	-	-	-	-	-	27
8,001	9,000	-	-	-	-	-	-	-	-	-	-	-	-	-	27
9,001	10,000	-	-	-	-	-	-	-	-	-	-	-	-	-	27
10,001	11,000	-	-	-	-	-	1	-	-	-	-	-	-	1	28
11,001	12,000	-	-	-	-	-	1	-	1	-	-	-	-	2	30
12,001	13,000	1	1	-	-	1	-	2	-	-	-	-	1	6	36
13,001	14,000	-	-	1	1	-	-	-	-	-	-	-	-	2	38
14,001	15,000	-	-	-	-	1	-	-	-	-	-	-	-	1	39
15,001	16,000	-	-	-	-	-	-	-	-	1	-	-	-	1	40
16,001	17,000	-	-	-	-	-	-	-	-	1	-	1	-	2	42
17,001	18,000	-	-	1	-	-	-	-	1	-	1	-	-	3	45
18,001	19,000	-	-	-	-	-	1	-	-	-	-	-	-	1	46
19,001	20,000	-	-	-	-	-	-	1	1	-	-	-	1	3	49
20,001	21,000	-	-	-	1	-	-	-	-	-	-	-	-	1	50
21,001	22,000	-	-	-	-	-	-	-	-	-	-	-	-	-	50
22,001	23,000	-	-	-	-	-	-	-	-	-	-	-	1	1	51
23,001	24,000	-	-	1	-	-	-	-	-	-	-	1	-	2	53
24,001	25,000	-	-	-	-	-	-	-	-	-	1	-	-	1	54
25,001	26,000	-	-	-	-	1	-	-	-	-	-	-	-	1	55
26,001	27,000	-	1	-	-	-	-	-	-	-	-	-	-	1	56
27,001	28,000	-	-	-	-	-	-	-	-	1	-	-	-	1	57
28,001	29,000	-	1	-	-	-	-	-	-	-	-	-	-	1	58
29,001	30,000	-	-	-	1	-	-	-	-	-	-	1	-	2	60
30,001	31,000	1	-	-	-	-	-	-	-	-	-	-	-	1	61
31,001	32,000	-	-	-	-	-	1	-	-	-	-	-	-	1	62
32,001	33,000	-	-	-	-	-	-	-	-	-	-	-	1	1	63
33,001	34,000	-	-	-	-	-	-	-	-	-	-	-	-	-	63
34,001	35,000	-	-	1	-	-	-	-	1	-	-	-	-	2	65
35,001	36,000	-	-	-	-	1	-	-	-	-	1	-	-	2	67
36,001	37,000	-	-	-	-	-	-	-	-	1	-	-	-	1	68
37,001	38,000	1	-	-	-	-	-	-	-	-	1	1	-	3	71
38,001	39,000	-	-	-	-	-	-	-	-	-	-	-	-	-	71
39,001	40,000	-	1	-	-	-	-	1	-	-	-	-	-	2	73
40,001	41,000	-	-	-	-	-	-	-	-	-	-	-	-	-	73

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Meter Size and Zone: 1.5 Inch Commercial

Exhibit
Schedule H-5
Page 9
Witness: Bourassa

Usage From:	Usage To:	Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08	Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08	Total Year	Cumulative Billing
41,001	42,000	-	-	-	-	-	-	-	-	-	-	-	-	-	73
42,001	43,000	1	-	-	-	-	-	-	-	-	-	-	-	1	74
43,001	44,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
44,001	45,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
45,001	46,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
46,001	47,000	-	-	-	-	-	-	-	-	-	-	-	-	-	74
47,001	48,000	-	-	-	1	-	-	-	-	-	-	-	-	1	75
48,001	49,000	-	-	-	-	-	-	-	-	-	-	-	-	-	75
49,001	50,000	-	-	-	-	-	-	-	-	-	-	-	-	-	75
50,001	51,000	-	-	-	-	-	-	-	-	-	-	-	-	-	75
51,001	52,000	-	-	-	-	-	-	-	-	-	-	-	-	-	75
52,001	53,000	-	-	-	-	-	-	-	-	-	-	-	-	-	75
53,001	54,000	-	-	-	-	-	-	-	-	-	-	-	-	-	75
54,001	55,000	-	-	-	-	1	-	-	-	-	-	-	-	1	76
55,001	56,000	-	-	-	-	-	-	-	-	-	-	-	-	-	76
56,001	57,000	-	-	-	-	-	-	-	-	-	-	-	-	-	76
57,001	58,000	-	-	-	-	-	-	-	-	-	-	-	-	-	76
58,001	59,000	-	-	-	-	-	-	-	-	-	-	-	-	-	76
59,001	60,000	-	-	-	-	-	-	-	-	-	-	-	-	-	76
60,001	61,000	-	-	-	-	-	-	-	-	-	-	-	-	-	76
61,001	62,000	-	-	-	-	-	-	-	-	-	-	-	-	-	76
62,001	63,000	-	-	-	-	-	-	-	-	-	-	-	-	-	76
63,001	64,000	-	-	-	-	-	-	-	-	-	-	-	-	-	76
64,001	65,000	-	-	-	-	-	-	-	-	-	1	-	-	1	77
65,001	66,000	-	-	-	-	-	-	-	-	-	-	-	-	-	77
66,001	67,000	-	-	-	-	-	-	-	-	-	-	-	-	-	77
67,001	68,000	-	-	-	-	-	-	-	-	-	-	-	-	-	77
68,001	69,000	-	-	-	-	-	1	-	-	-	-	-	-	1	78
69,001	70,000	-	-	-	-	-	-	-	-	-	-	-	-	-	78
70,001	71,000	-	-	-	-	-	-	-	-	-	-	-	-	-	78
71,001	72,000	-	-	-	-	-	1	-	-	-	-	-	-	1	79
72,001	73,000	-	-	-	-	1	-	-	-	-	-	-	1	2	81
73,001	74,000	-	-	-	-	-	-	-	-	-	-	-	-	-	81
74,001	75,000	-	-	1	-	-	-	-	-	-	-	-	-	1	82
75,001	76,000	-	-	-	-	-	-	-	1	-	-	-	-	1	83
76,001	77,000	-	-	-	-	-	-	-	-	-	-	-	-	-	83
77,001	78,000	-	-	-	-	-	-	1	-	-	-	-	-	1	84
78,001	79,000	-	1	-	-	-	-	1	-	-	-	-	-	2	86
79,001	80,000	-	-	-	-	-	-	-	-	-	-	-	-	-	86
80,001	81,000	-	-	-	-	-	-	-	-	-	-	1	-	1	87
81,001	82,000	-	-	-	-	-	-	-	-	-	-	-	-	-	87
82,001	83,000	-	-	-	-	-	-	-	-	-	-	-	-	-	87

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Meter Size and Zone: 1.5 Inch Commercial

Exhibit
Schedule H-5
Page 9
Witness: Bourassa

Usage From:	Usage To:	Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08	Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08	Total Year	Cumul-ative Billing
83,001	84,000	-	-	-	-	-	-	-	-	1	-	-	-	1	88
84,001	85,000	-	-	-	-	-	-	-	-	-	-	-	-	-	88
85,001	86,000	-	-	-	-	-	-	-	-	-	-	-	-	-	88
86,001	87,000	-	-	-	-	-	-	-	1	-	-	-	-	1	89
87,001	88,000	-	-	-	-	-	-	-	-	-	-	-	-	-	89
88,001	89,000	-	-	1	-	-	-	-	-	-	-	-	-	1	90
89,001	90,000	-	-	-	-	-	-	-	-	-	-	-	-	-	90
90,001	91,000	-	-	-	1	-	-	-	-	-	-	-	-	1	91
91,001	92,000	-	-	-	-	-	-	-	-	-	-	-	-	-	91
92,001	93,000	1	-	-	-	-	-	-	-	-	-	-	-	1	92
93,001	94,000	-	-	-	-	-	-	-	-	-	-	-	-	-	92
94,001	95,000	-	-	-	-	-	-	-	-	-	-	-	-	-	92
95,001	96,000	-	-	-	-	-	-	-	-	-	-	-	-	-	92
96,001	97,000	-	-	-	-	-	-	-	-	-	-	-	-	-	92
97,001	98,000	-	-	-	-	-	-	-	-	-	-	-	-	-	92
98,001	99,000	-	-	-	-	-	-	-	-	-	-	-	-	-	92
99,001	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	92
109,200	109,200	1	-	-	-	-	-	-	-	-	-	-	-	1	93
109,900	109,900	-	-	-	-	-	-	-	-	-	-	-	1	1	94
110,800	110,800	-	-	-	1	-	-	-	-	-	-	-	-	1	95
133,700	133,700	-	-	-	-	-	-	-	-	-	1	-	-	1	96
134,500	134,500	-	1	-	-	-	-	-	-	-	-	-	-	1	97
144,800	144,800	-	-	-	-	-	-	-	-	1	-	-	-	1	98
158,200	158,200	-	-	-	-	-	-	-	-	-	-	1	-	1	99
														-	99
Totals		8	8	8	8	8	8	8	9	8	8	8	10	99	

Average Usage	34,143
Median Usage	22,500
Average # Customers	8
Change in Number of Customers	2

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Meter Size and Zone: 2 Inch Commercial

Exhibit
Schedule H-5
Page 10
Witness: Bourassa

Usage From:	Usage To:	Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08	Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08	Total Year	Cumul-ative Billing
-	-	2	2	2	2	2	2	2	2	2	2	2	4	26	26
1	1,000	-	-	-	-	-	-	-	-	-	-	-	1	1	27
1,001	2,000	-	-	-	-	-	-	-	-	-	-	-	1	1	28
2,001	3,000	-	-	-	-	-	-	-	-	-	-	-	-	-	28
3,001	4,000	-	-	-	-	-	-	-	-	-	-	-	-	-	28
4,001	5,000	-	-	-	-	-	-	-	-	-	-	-	-	-	28
5,001	6,000	-	-	-	-	-	-	-	-	-	-	-	-	-	28
6,001	7,000	-	-	-	-	1	-	-	-	-	-	-	1	2	30
7,001	8,000	1	-	-	-	-	-	1	-	-	-	-	-	2	32
8,001	9,000	-	1	-	-	-	-	-	-	-	-	-	-	1	33
9,001	10,000	-	-	1	-	-	-	-	-	1	-	1	-	3	36
10,001	11,000	-	-	-	-	-	-	-	-	-	-	-	-	-	36
11,001	12,000	-	-	-	-	-	1	-	1	-	-	-	-	2	38
12,001	13,000	-	-	-	-	1	-	1	-	1	-	-	-	3	41
13,001	14,000	-	-	-	-	1	-	-	-	-	1	1	-	3	44
14,001	15,000	-	-	-	-	-	1	-	-	-	1	-	-	2	46
15,001	16,000	-	-	-	-	-	-	1	-	-	-	-	-	1	47
16,001	17,000	1	-	1	-	-	1	-	3	-	-	-	-	6	53
17,001	18,000	-	1	-	1	-	-	-	-	-	-	-	-	2	55
18,001	19,000	-	-	-	-	-	-	-	-	-	-	-	-	-	55
19,001	20,000	-	-	-	-	-	-	-	-	-	-	-	-	-	55
20,001	21,000	-	-	-	-	1	1	-	1	-	-	-	-	3	58
21,001	22,000	-	-	-	-	-	-	-	-	1	-	1	-	2	60
22,001	23,000	-	-	-	-	-	-	-	-	-	1	-	1	2	62
23,001	24,000	-	-	-	-	-	-	1	-	1	-	-	-	2	64
24,001	25,000	-	-	-	2	-	-	1	1	-	-	-	-	4	68
25,001	26,000	-	-	-	-	-	-	-	-	-	-	-	-	-	68
26,001	27,000	-	1	1	-	-	-	-	-	1	-	-	-	3	71
27,001	28,000	-	-	-	-	-	-	-	-	1	1	1	1	4	75
28,001	29,000	-	-	-	-	-	-	-	-	-	1	-	1	2	77
29,001	30,000	-	-	-	1	-	-	-	-	-	-	-	-	1	78
30,001	31,000	-	-	-	-	-	-	-	-	-	-	-	-	-	78
31,001	32,000	-	-	-	-	-	-	-	-	-	-	-	-	-	78
32,001	33,000	-	-	-	-	-	-	-	-	-	-	-	-	-	78
33,001	34,000	-	-	1	-	-	-	-	-	-	-	-	-	1	79
34,001	35,000	-	-	-	-	-	-	-	-	-	-	-	-	-	79
35,001	36,000	-	-	-	-	-	-	-	-	-	-	-	-	-	79
36,001	37,000	-	-	-	-	-	-	-	-	-	-	1	-	1	80
37,001	38,000	-	-	-	-	-	-	-	-	-	-	-	-	-	80
38,001	39,000	-	-	-	-	-	-	-	-	-	-	-	-	-	80
39,001	40,000	-	-	-	-	-	-	-	-	-	-	-	-	-	80
40,001	41,000	1	-	-	-	-	-	-	-	-	-	-	-	1	81

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Meter Size and Zone: 2 Inch Commercial

Exhibit
Schedule H-5
Page 10
Witness: Bourassa

Usage From:	Usage To:	Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08	Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08	Total Year	Cumul-ative Billing
41,001	42,000	-	-	-	-	-	-	-	-	-	-	-	-	-	81
42,001	43,000	-	-	-	-	-	-	-	-	-	-	-	-	-	81
43,001	44,000	-	1	-	-	-	-	-	-	-	-	-	-	1	82
44,001	45,000	-	-	-	-	-	-	-	-	-	-	-	-	-	82
45,001	46,000	-	-	-	-	-	-	-	-	-	-	-	-	-	82
46,001	47,000	-	-	-	-	-	-	-	-	-	-	-	-	-	82
47,001	48,000	-	-	-	-	-	-	-	-	-	-	-	-	-	82
48,001	49,000	-	-	-	-	-	-	-	-	-	-	-	-	-	82
49,001	50,000	1	-	-	-	-	-	-	-	-	-	-	-	1	83
50,001	51,000	-	1	-	-	-	-	-	-	-	-	-	-	1	84
51,001	52,000	-	-	-	-	-	-	-	-	-	-	-	-	-	84
52,001	53,000	-	-	-	-	-	-	-	-	-	1	-	-	1	85
53,001	54,000	-	-	-	-	-	-	-	-	-	-	-	-	-	85
54,001	55,000	-	-	-	-	-	-	-	-	-	-	-	-	-	85
55,001	56,000	-	-	-	-	-	-	-	-	-	-	-	-	-	85
56,001	57,000	-	-	-	-	-	-	-	-	-	-	-	-	-	85
57,001	58,000	-	-	1	-	-	-	-	-	-	-	-	-	1	86
58,001	59,000	1	-	-	-	-	-	-	-	-	-	-	-	1	87
59,001	60,000	-	-	-	-	-	-	-	-	-	-	-	-	-	87
60,001	61,000	-	-	-	-	-	-	-	-	-	-	-	-	-	87
61,001	62,000	-	-	-	-	-	-	-	-	-	-	-	-	-	87
62,001	63,000	-	1	-	-	-	-	-	-	-	-	-	-	1	88
63,001	64,000	-	-	-	-	-	-	-	-	-	-	-	-	-	88
64,001	65,000	-	-	1	1	-	-	-	-	-	-	-	-	2	90
65,001	66,000	-	-	-	-	-	-	-	-	-	-	-	-	-	90
66,001	67,000	-	-	-	-	-	-	1	-	-	-	-	-	1	91
67,001	68,000	-	-	-	-	1	-	-	-	-	-	-	-	1	92
68,001	69,000	-	-	-	-	-	-	-	-	-	-	-	-	-	92
69,001	70,000	-	-	-	-	-	-	-	-	-	-	-	-	-	92
70,001	71,000	-	-	-	-	-	-	-	-	-	-	-	-	-	92
71,001	72,000	-	-	-	-	-	-	-	-	-	-	-	-	-	92
72,001	73,000	-	-	-	-	-	-	-	-	-	-	-	-	-	92
73,001	74,000	-	-	-	-	-	-	-	-	-	-	-	-	-	92
74,001	75,000	-	-	-	-	-	-	-	-	-	-	-	-	-	92
75,001	76,000	-	-	-	-	-	-	-	-	-	-	-	-	-	92
76,001	77,000	-	-	-	-	-	-	-	-	-	-	-	-	-	92
77,001	78,000	-	-	-	-	-	-	-	-	-	-	-	-	-	92
78,001	79,000	-	-	-	-	-	-	-	-	-	-	-	-	-	92
79,001	80,000	-	-	-	-	-	-	-	-	-	-	-	-	-	92
80,001	81,000	-	-	-	-	-	-	-	-	-	-	-	-	-	92
81,001	82,000	-	-	-	-	-	-	-	-	1	-	-	-	1	93
82,001	83,000	1	-	-	-	-	-	-	-	-	-	-	-	1	94

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008

Meter Size and Zone: 2 Inch Commercial

Exhibit
Schedule H-5
Page 10
Witness: Bourassa

Usage From:	Usage To:	Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08	Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08	Total Year	Cumulative Billing
83,001	84,000	-	-	-	-	-	1	-	-	-	-	-	-	1	95
84,001	85,000	-	-	-	-	-	-	-	-	-	-	-	-	-	95
85,001	86,000	-	-	-	-	-	-	-	-	-	-	1	-	1	96
86,001	87,000	-	-	-	-	-	-	-	-	-	-	-	-	-	96
87,001	88,000	-	-	-	-	-	-	-	-	-	1	-	-	1	97
88,001	89,000	-	-	-	-	-	1	-	-	-	-	-	-	1	98
89,001	90,000	-	-	-	-	-	1	-	-	-	-	1	-	2	100
90,001	91,000	-	-	-	-	-	-	-	-	-	-	-	-	-	100
91,001	92,000	-	-	-	-	-	-	-	-	-	-	-	-	-	100
92,001	93,000	-	-	-	-	-	-	-	-	-	-	-	-	-	100
93,001	94,000	-	-	-	-	-	-	-	-	-	-	-	-	-	100
94,001	95,000	-	-	-	-	-	-	-	-	-	-	-	-	-	100
95,001	96,000	-	-	-	-	-	-	-	-	-	-	-	-	-	100
96,001	97,000	-	-	-	-	-	-	-	-	-	-	-	-	-	100
97,001	98,000	-	-	-	-	-	-	-	-	-	-	-	-	-	100
98,001	99,000	-	-	-	-	-	-	-	-	-	-	-	-	-	100
99,001	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	100
104,000	104,000	-	-	-	-	-	-	-	-	-	-	-	1	1	101
109,300	109,300	-	-	-	-	-	-	1	-	-	-	-	-	1	102
110,000	110,000	-	-	1	-	-	-	-	-	-	-	-	-	1	103
115,300	115,300	-	1	-	-	-	-	-	-	-	-	-	-	1	104
119,300	119,300	-	-	-	-	-	-	-	1	-	-	-	-	1	105
123,400	123,400	1	-	-	-	-	-	-	-	-	-	-	-	1	106
127,300	127,300	-	-	-	-	1	-	-	-	-	-	-	-	1	107
127,800	127,800	-	-	-	-	1	-	-	-	-	-	-	-	1	108
139,300	139,300	-	-	-	1	-	-	-	-	-	-	-	-	1	109
186,600	186,600	-	-	-	1	-	-	-	-	-	-	-	-	1	110
	-													-	110
	-													-	110
Totals		9	9	9	9	9	9	9	9	9	9	9	11	110	

Average Usage	32,867
Median Usage	19,000
Average # Customers	9
Change in Number of Customers	2

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Meter Size and Zone: 5/8 Inch Irrigation

Exhibit
Schedule H-5
Page 11
Witness: Bourassa

Usage From:	Usage To:	Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08	Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08	Total Year	Cumul-ative Billing
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1	1,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1,001	2,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2,001	3,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3,001	4,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4,001	5,000	-	-	-	-	-	1	-	-	-	-	-	-	1	1
5,001	6,000	-	-	-	-	-	-	-	1	-	-	-	-	1	2
6,001	7,000	-	-	-	-	-	-	-	-	-	-	-	-	-	2
7,001	8,000	-	-	-	-	-	-	-	-	-	-	-	-	-	2
8,001	9,000	-	-	-	-	-	-	-	-	-	-	-	-	-	2
9,001	10,000	-	-	-	-	-	-	-	-	-	-	-	-	-	2
10,001	11,000	-	-	-	-	-	-	-	-	-	-	-	-	-	2
11,001	12,000	-	-	-	-	-	-	-	-	-	-	-	-	-	2
12,001	13,000	-	-	-	-	-	-	-	-	-	1	-	-	1	3
13,001	14,000	-	-	-	-	-	-	-	-	-	-	1	-	1	4
14,001	15,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4
15,001	16,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4
16,001	17,000	-	-	-	-	-	-	1	-	-	-	-	1	2	6
17,001	18,000	-	-	-	-	-	-	-	-	1	-	-	-	1	7
18,001	19,000	-	-	-	-	-	-	-	-	-	-	-	-	-	7
19,001	20,000	-	-	-	-	-	-	-	-	-	-	-	-	-	7
20,001	21,000	-	-	-	-	-	-	-	-	-	-	-	-	-	7
21,001	22,000	-	-	-	-	-	-	-	-	-	-	-	-	-	7
22,001	23,000	1	-	1	-	-	-	-	-	-	-	-	-	2	9
23,001	24,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9
24,001	25,000	-	1	-	-	1	-	-	-	-	-	-	-	2	11
25,001	26,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11
26,001	27,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11
27,001	28,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11
28,001	29,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11
29,001	30,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11
30,001	31,000	-	-	-	1	-	-	-	-	-	-	-	-	1	12
31,001	32,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
32,001	33,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
33,001	34,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
34,001	35,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
35,001	36,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
36,001	37,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
37,001	38,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
38,001	39,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
39,001	40,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
40,001	41,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Meter Size and Zone: 5/8 Inch Irrigation

Exhibit
Schedule H-5
Page 11
Witness: Bourassa

Usage From:	Usage To:	Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08	Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08	Total Year	Cumul-ative Billing
41,001	42,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
42,001	43,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
43,001	44,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
44,001	45,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
45,001	46,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
46,001	47,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
47,001	48,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
48,001	49,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
49,001	50,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
50,001	51,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
51,001	52,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
52,001	53,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
53,001	54,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
54,001	55,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
55,001	56,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
56,001	57,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
57,001	58,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
58,001	59,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
59,001	60,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
60,001	61,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
61,001	62,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
62,001	63,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
63,001	64,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
64,001	65,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
65,001	66,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
66,001	67,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
67,001	68,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
68,001	69,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
69,001	70,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
70,001	71,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
71,001	72,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
72,001	73,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
73,001	74,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
74,001	75,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
75,001	76,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
76,001	77,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
77,001	78,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
78,001	79,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
79,001	80,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
80,001	81,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
81,001	82,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
82,001	83,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008

Meter Size and Zone: 5/8 Inch Irrigation

Exhibit
Schedule H-5
Page 11
Witness: Bourassa

Usage From:	Usage To:	Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08	Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08	Total Year	Cumul-ative Billing
83,001	84,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
84,001	85,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
85,001	86,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
86,001	87,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
87,001	88,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
88,001	89,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
89,001	90,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
90,001	91,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
91,001	92,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
92,001	93,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
93,001	94,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
94,001	95,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
95,001	96,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
96,001	97,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
97,001	98,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
98,001	99,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
99,001	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
														-	12
Totals		1	1	1	1	1	1	1	1	1	1	1	1	12	

Average Usage	17,584
Median Usage	17,000
Average # Customers	1
Change in Number of Customers	-

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Meter Size and Zone: 3/4 Inch Irrigation

Exhibit
Schedule H-5
Page 12
Witness: Bourassa

Usage From:	Usage To:	Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08	Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08	Total Year	Cumul-ative Billing
-	-	-	-	-	-	-	2	1	1	-	-	1	1	6	6
1	1,000	-	-	-	-	-	-	-	-	-	-	-	-	-	6
1,001	2,000	-	-	-	-	-	-	-	-	-	-	-	-	-	6
2,001	3,000	-	-	-	-	-	-	-	-	-	-	-	-	-	6
3,001	4,000	-	-	-	-	-	-	-	-	1	-	-	-	1	7
4,001	5,000	-	-	-	-	-	-	-	-	-	-	-	-	-	7
5,001	6,000	-	-	-	-	-	-	-	-	-	-	-	-	-	7
6,001	7,000	-	-	-	-	-	-	-	-	-	-	-	-	-	7
7,001	8,000	-	-	-	-	-	-	-	-	-	1	-	-	1	8
8,001	9,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
9,001	10,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
10,001	11,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
11,001	12,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
12,001	13,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
13,001	14,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
14,001	15,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
15,001	16,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
16,001	17,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
17,001	18,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
18,001	19,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
19,001	20,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
20,001	21,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
21,001	22,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
22,001	23,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
23,001	24,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
24,001	25,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
25,001	26,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
26,001	27,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
27,001	28,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
28,001	29,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
29,001	30,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
30,001	31,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
31,001	32,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
32,001	33,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
33,001	34,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
34,001	35,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
35,001	36,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
36,001	37,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
37,001	38,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
38,001	39,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
39,001	40,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
40,001	41,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Meter Size and Zone: 3/4 Inch Irrigation

Exhibit
Schedule H-5
Page 12
Witness: Bourassa

Usage From:	Usage To:	Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08	Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08	Total Year	Cumul-ative Billing
41,001	42,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
42,001	43,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
43,001	44,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
44,001	45,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
45,001	46,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
46,001	47,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
47,001	48,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
48,001	49,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
49,001	50,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
50,001	51,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
51,001	52,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
52,001	53,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
53,001	54,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
54,001	55,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
55,001	56,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
56,001	57,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
57,001	58,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
58,001	59,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
59,001	60,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
60,001	61,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
61,001	62,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
62,001	63,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
63,001	64,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
64,001	65,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
65,001	66,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
66,001	67,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
67,001	68,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
68,001	69,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
69,001	70,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
70,001	71,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
71,001	72,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
72,001	73,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
73,001	74,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
74,001	75,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
75,001	76,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
76,001	77,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
77,001	78,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
78,001	79,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
79,001	80,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
80,001	81,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
81,001	82,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
82,001	83,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Meter Size and Zone: 3/4 Inch Irrigation

Exhibit
Schedule H-5
Page 12
Witness: Bourassa

Usage From:	Usage To:	Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08	Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08	Total Year	Cumulative Billing
83,001	84,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
84,001	85,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
85,001	86,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
86,001	87,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
87,001	88,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
88,001	89,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
89,001	90,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
90,001	91,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
91,001	92,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
92,001	93,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
93,001	94,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
94,001	95,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
95,001	96,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
96,001	97,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
97,001	98,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
98,001	99,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
99,001	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
	-													-	8
	-													-	8
	-													-	8
Totals		-	-	-	-	-	2	1	1	1	1	1	1	8	

Average Usage	1,375
Median Usage	-
Average # Customers	1
Change in Number of Customers	1

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Meter Size and Zone: 1 Inch Irrigation

Exhibit
Schedule H-5
Page 13
Witness: Bourassa

Usage From:	Usage To:	Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08	Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08	Total Year	Cumulative Billing
-	-	-	1	-	-	-	2	1	2	-	-	1	1	8	8
1	1,000	-	-	-	2	-	-	-	-	1	1	-	-	4	12
1,001	2,000	-	-	1	-	-	1	-	-	-	-	-	-	2	14
2,001	3,000	-	-	-	-	-	1	-	1	-	-	-	-	2	16
3,001	4,000	1	-	-	-	-	-	1	-	-	-	-	-	2	18
4,001	5,000	-	-	-	1	-	-	-	-	-	1	-	-	2	20
5,001	6,000	-	-	-	-	-	-	-	-	1	-	-	-	1	21
6,001	7,000	-	1	-	-	-	-	-	-	-	-	-	1	2	23
7,001	8,000	1	-	-	-	1	-	-	-	-	-	-	1	3	26
8,001	9,000	-	-	-	-	-	1	-	1	-	1	-	-	3	29
9,001	10,000	-	-	-	-	1	-	1	-	1	-	1	-	4	33
10,001	11,000	-	-	1	-	-	-	-	1	-	-	1	-	3	36
11,001	12,000	-	-	-	-	-	-	-	-	1	-	-	-	1	37
12,001	13,000	-	-	-	-	-	1	-	1	1	1	-	-	4	41
13,001	14,000	-	-	-	-	-	-	-	-	1	-	-	1	2	43
14,001	15,000	-	-	-	-	-	-	1	-	-	1	-	-	2	45
15,001	16,000	-	-	-	-	-	-	-	1	-	1	-	-	2	47
16,001	17,000	-	-	-	-	-	-	-	-	-	-	-	-	-	47
17,001	18,000	-	-	-	-	1	-	-	-	-	-	-	-	1	48
18,001	19,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48
19,001	20,000	-	-	-	-	-	-	-	-	-	-	1	-	1	49
20,001	21,000	-	-	-	-	-	-	-	-	-	-	-	-	-	49
21,001	22,000	-	-	-	-	-	1	1	-	-	-	-	-	2	51
22,001	23,000	-	-	-	-	-	-	-	-	-	-	-	-	-	51
23,001	24,000	-	-	-	-	-	-	-	-	-	-	-	-	-	51
24,001	25,000	-	-	-	-	-	-	-	-	-	-	-	-	-	51
25,001	26,000	-	-	-	-	-	-	-	-	-	-	-	-	-	51
26,001	27,000	-	-	-	-	-	-	-	-	-	-	-	-	-	51
27,001	28,000	-	-	-	1	-	-	-	-	-	-	-	-	1	52
28,001	29,000	-	-	-	-	-	-	-	-	-	-	-	-	-	52
29,001	30,000	-	-	-	-	-	-	-	-	-	-	-	-	-	52
30,001	31,000	-	-	-	-	-	-	-	-	-	-	-	-	-	52
31,001	32,000	-	-	-	-	1	-	-	-	-	-	1	-	2	54
32,001	33,000	-	-	-	-	-	-	-	-	-	-	-	-	-	54
33,001	34,000	-	-	1	-	-	-	-	-	-	-	-	-	1	55
34,001	35,000	1	1	-	-	-	-	-	-	-	-	-	-	2	57
35,001	36,000	-	-	-	-	-	-	1	-	-	-	-	-	1	58
36,001	37,000	-	-	-	-	-	-	-	-	-	-	-	-	-	58
37,001	38,000	-	-	-	-	-	-	-	-	-	-	-	-	-	58
38,001	39,000	-	-	-	-	-	1	-	-	-	-	-	-	1	59
39,001	40,000	-	-	-	-	-	-	-	-	-	-	-	-	-	59
40,001	41,000	-	-	-	-	-	-	-	-	-	-	-	-	-	59

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Meter Size and Zone: 1 Inch Irrigation

Exhibit
Schedule H-5
Page 13
Witness: Bourassa

Usage From:	Usage To:	Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08	Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08	Total Year	Cumulative Billing
41,001	42,000	-	1	-	-	-	-	-	-	-	-	-	-	1	60
42,001	43,000	-	-	-	-	-	-	-	-	-	-	-	-	-	60
43,001	44,000	1	-	-	-	-	-	1	-	-	-	-	-	2	62
44,001	45,000	-	-	-	-	-	-	-	-	-	-	-	-	-	62
45,001	46,000	-	-	-	-	-	-	-	-	-	-	-	-	-	62
46,001	47,000	-	-	-	-	-	-	-	-	-	-	-	-	-	62
47,001	48,000	-	-	-	-	-	-	-	-	-	-	-	-	-	62
48,001	49,000	-	-	-	-	-	-	-	-	-	-	-	-	-	62
49,001	50,000	-	-	-	-	-	-	-	-	-	-	-	1	1	63
50,001	51,000	-	-	-	-	-	-	-	-	-	-	-	-	-	63
51,001	52,000	-	-	-	-	-	-	-	-	-	-	-	-	-	63
52,001	53,000	-	-	-	-	-	-	-	-	-	-	-	-	-	63
53,001	54,000	-	-	1	-	-	-	-	-	-	-	-	-	1	64
54,001	55,000	-	-	-	-	-	-	-	-	-	-	-	-	-	64
55,001	56,000	-	-	-	-	-	-	-	-	-	-	-	-	-	64
56,001	57,000	-	-	-	-	1	-	-	-	-	-	-	-	1	65
57,001	58,000	-	-	-	-	-	-	-	-	-	-	-	-	-	65
58,001	59,000	-	-	1	-	-	-	-	-	-	-	-	-	1	66
59,001	60,000	-	-	-	1	-	-	-	-	-	-	-	-	1	67
60,001	61,000	-	-	-	-	-	-	-	-	-	-	-	-	-	67
61,001	62,000	-	-	-	-	-	-	-	-	-	-	-	-	-	67
62,001	63,000	-	-	-	-	-	-	-	-	-	-	-	-	-	67
63,001	64,000	-	-	-	-	-	-	-	-	-	-	-	-	-	67
64,001	65,000	-	-	-	1	-	-	-	-	-	-	-	-	1	68
65,001	66,000	-	-	-	-	-	-	-	-	-	-	-	-	-	68
66,001	67,000	-	-	-	-	-	-	-	-	-	-	-	-	-	68
67,001	68,000	-	-	-	-	-	-	-	-	-	-	-	-	-	68
68,001	69,000	-	-	-	-	-	-	-	-	-	-	-	-	-	68
69,001	70,000	-	-	-	-	-	-	-	-	-	-	-	-	-	68
70,001	71,000	-	-	-	-	-	-	-	-	-	-	-	-	-	68
71,001	72,000	-	-	-	-	-	-	-	-	-	-	-	-	-	68
72,001	73,000	-	-	-	-	-	-	-	-	-	1	-	-	1	69
73,001	74,000	-	-	-	-	-	-	-	-	-	-	-	-	-	69
74,001	75,000	-	-	-	-	-	-	-	-	-	-	-	-	-	69
75,001	76,000	-	-	-	-	-	-	-	-	-	-	-	-	-	69
76,001	77,000	-	-	-	-	-	-	-	-	-	-	1	-	1	70
77,001	78,000	-	-	-	-	-	-	-	-	-	-	-	-	-	70
78,001	79,000	-	-	-	-	-	-	-	-	-	-	-	-	-	70
79,001	80,000	-	-	-	-	-	-	-	-	-	-	-	-	-	70
80,001	81,000	-	-	-	-	-	-	-	-	-	-	-	-	-	70
81,001	82,000	-	-	-	-	-	-	-	-	-	-	-	-	-	70
82,001	83,000	-	-	-	-	-	-	-	-	-	-	-	-	-	70

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Meter Size and Zone: 1 Inch Irrigation

Exhibit
Schedule H-5
Page 13
Witness: Bourassa

Usage From:	Usage To:	Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08	Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08	Total Year	Cumul-ative Billing
83,001	84,000	-	-	-	-	-	-	-	-	-	-	-	-	-	70
84,001	85,000	-	1	-	-	-	-	-	-	-	-	-	-	1	71
85,001	86,000	-	-	-	-	-	-	-	-	-	-	-	-	-	71
86,001	87,000	-	-	-	-	-	-	-	-	-	-	-	-	-	71
87,001	88,000	-	-	-	-	-	-	-	-	-	-	-	-	-	71
88,001	89,000	-	-	-	-	-	-	-	-	-	-	-	-	-	71
89,001	90,000	-	-	-	-	-	-	-	-	-	-	-	-	-	71
90,001	91,000	-	-	-	-	-	-	-	-	-	-	-	-	-	71
91,001	92,000	-	-	-	-	-	-	-	-	-	-	-	-	-	71
92,001	93,000	-	-	-	-	-	-	-	-	-	-	-	-	-	71
93,001	94,000	-	-	-	-	-	-	-	-	-	-	-	-	-	71
94,001	95,000	-	-	-	-	-	-	-	-	-	-	-	-	-	71
95,001	96,000	-	-	-	-	-	-	-	-	-	-	-	-	-	71
96,001	97,000	-	-	-	-	-	-	-	-	-	-	-	-	-	71
97,001	98,000	-	-	-	-	-	-	-	-	-	-	-	-	-	71
98,001	99,000	-	-	-	-	-	-	-	-	-	-	-	-	-	71
99,001	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	71
117,640	117,640	-	-	-	-	-	-	-	-	-	-	-	1	1	72
120,250	120,250	-	-	1	-	-	-	-	-	-	-	-	-	1	73
120,940	120,940	-	-	-	-	-	-	-	-	1	-	-	-	1	74
149,200	149,200	-	-	-	-	-	-	-	-	-	-	1	-	1	75
163,820	163,820	1	-	-	-	-	-	-	-	-	-	-	-	1	76
181,000	181,000	-	-	-	-	-	-	-	-	-	-	-	1	1	77
194,770	194,770	-	1	-	-	-	-	-	-	-	-	-	-	1	78
318,760	318,760	-	-	-	-	1	-	-	-	-	-	-	-	1	79
	-													-	79
Totals		5	6	6	6	6	8	7	7	7	7	7	7	79	

Average Usage	34,531
Median Usage	12,500
Average # Customers	7
Change in Number of Customers	2

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Meter Size and Zone: 1.5 Inch Irrigation

Exhibit
Schedule H-5
Page 14
Witness: Bourassa

Usage From:	Usage To:	Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08	Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08	Total Year	Cumul-ative Billing
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1	1,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1,001	2,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2,001	3,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3,001	4,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4,001	5,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5,001	6,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6,001	7,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7,001	8,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8,001	9,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9,001	10,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10,001	11,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11,001	12,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12,001	13,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13,001	14,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14,001	15,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15,001	16,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16,001	17,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17,001	18,000	-	-	-	-	-	-	1	-	-	-	-	-	1	1
18,001	19,000	-	-	-	-	-	-	1	-	-	-	-	-	1	2
19,001	20,000	-	-	-	-	-	-	1	-	-	-	-	-	1	3
20,001	21,000	-	-	-	-	-	-	-	-	-	-	-	-	-	3
21,001	22,000	-	-	-	-	-	-	-	-	-	-	-	-	-	3
22,001	23,000	-	-	-	-	-	-	-	-	-	-	-	-	-	3
23,001	24,000	-	-	-	-	-	-	-	-	-	-	-	-	-	3
24,001	25,000	-	-	-	-	-	-	-	1	-	-	-	-	1	4
25,001	26,000	-	-	-	-	-	-	-	1	-	-	-	-	1	5
26,001	27,000	-	-	-	-	-	-	-	-	-	-	-	-	-	5
27,001	28,000	-	-	-	-	-	-	-	-	-	-	-	-	-	5
28,001	29,000	-	-	-	-	-	-	-	-	-	-	-	-	-	5
29,001	30,000	-	-	-	-	-	-	-	-	-	-	-	-	-	5
30,001	31,000	-	-	-	-	-	-	-	-	-	-	-	-	-	5
31,001	32,000	-	-	-	-	-	-	-	-	-	-	-	-	-	5
32,001	33,000	-	-	-	-	-	-	-	-	-	-	-	-	-	5
33,001	34,000	-	-	-	-	-	-	-	-	-	-	-	-	-	5
34,001	35,000	-	-	-	-	-	-	-	-	-	-	-	-	-	5
35,001	36,000	-	-	-	-	-	-	-	-	-	-	-	-	-	5
36,001	37,000	-	-	-	-	-	-	-	-	-	-	-	-	-	5
37,001	38,000	-	-	1	-	-	-	-	-	-	-	-	-	1	6
38,001	39,000	-	-	-	-	-	-	-	-	-	-	-	-	-	6
39,001	40,000	-	-	-	-	-	-	-	-	-	-	-	-	-	6
40,001	41,000	-	-	-	-	-	-	-	-	-	-	-	-	-	6

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Meter Size and Zone: 1.5 Inch Irrigation

Exhibit
Schedule H-5
Page 14
Witness: Bourassa

Usage From:	Usage To:	Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08	Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08	Total Year	Cumul-ative Billing
41,001	42,000	-	-	-	-	-	-	-	1	1	-	-	-	2	8
42,001	43,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
43,001	44,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
44,001	45,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
45,001	46,000	-	-	-	-	-	-	-	-	1	-	-	-	1	9
46,001	47,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9
47,001	48,000	-	-	-	1	-	-	-	-	-	-	-	-	1	10
48,001	49,000	-	-	-	1	-	-	-	-	-	-	-	-	1	11
49,001	50,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11
50,001	51,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11
51,001	52,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11
52,001	53,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11
53,001	54,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11
54,001	55,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11
55,001	56,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11
56,001	57,000	-	-	-	-	-	-	-	-	1	-	-	-	1	12
57,001	58,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
58,001	59,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
59,001	60,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
60,001	61,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
61,001	62,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
62,001	63,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
63,001	64,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
64,001	65,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
65,001	66,000	-	-	-	-	-	-	-	-	-	-	-	-	-	12
66,001	67,000	-	-	-	-	-	1	-	-	-	-	-	-	1	13
67,001	68,000	-	-	-	-	-	-	-	-	-	-	-	-	-	13
68,001	69,000	-	-	-	-	-	-	-	-	-	-	-	-	-	13
69,001	70,000	-	-	-	-	-	-	-	-	-	-	-	-	-	13
70,001	71,000	-	-	-	-	-	1	-	-	-	1	-	-	2	15
71,001	72,000	-	-	-	-	-	-	-	-	-	-	-	-	-	15
72,001	73,000	-	-	-	-	-	-	-	-	-	-	-	-	-	15
73,001	74,000	-	-	-	-	-	-	-	-	-	-	-	-	-	15
74,001	75,000	-	-	-	-	-	1	-	-	-	-	-	-	1	16
75,001	76,000	-	-	-	-	-	-	-	-	-	-	-	-	-	16
76,001	77,000	-	-	-	-	-	-	-	-	-	-	-	-	-	16
77,001	78,000	-	-	-	-	-	-	-	-	-	-	-	-	-	16
78,001	79,000	-	-	-	-	-	-	-	-	-	-	-	-	-	16
79,001	80,000	-	-	-	-	-	-	-	-	-	-	-	-	-	16
80,001	81,000	-	-	-	-	-	-	-	-	-	-	-	-	-	16
81,001	82,000	-	-	-	-	-	-	-	-	-	1	1	-	2	18
82,001	83,000	-	-	-	-	-	-	-	-	-	-	-	-	-	18

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Meter Size and Zone: 1.5 Inch Irrigation

Exhibit
Schedule H-5
Page 14
Witness: Bourassa

Usage From:	Usage To:	Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08	Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08	Total Year	Cumulative Billing
83,001	84,000	-	-	-	-	-	-	-	-	-	-	-	-	-	18
84,001	85,000	-	-	-	-	-	-	-	-	-	-	-	-	-	18
85,001	86,000	-	-	-	-	-	-	-	-	-	-	-	-	-	18
86,001	87,000	-	-	-	-	-	-	-	-	-	-	-	-	-	18
87,001	88,000	-	-	-	-	-	-	-	-	-	-	-	-	-	18
88,001	89,000	-	-	-	-	-	-	-	-	-	-	-	-	-	18
89,001	90,000	-	-	-	-	-	-	-	-	-	-	-	-	-	18
90,001	91,000	-	-	-	-	-	-	-	-	-	-	-	-	-	18
91,001	92,000	-	-	1	-	-	-	-	-	-	-	-	-	1	19
92,001	93,000	-	-	-	-	-	-	-	-	-	-	-	-	-	19
93,001	94,000	-	-	-	-	-	-	-	-	-	-	-	-	-	19
94,001	95,000	-	-	-	-	-	-	-	-	-	-	-	-	-	19
95,001	96,000	-	-	-	-	-	-	-	-	-	-	-	1	1	20
96,001	97,000	-	-	-	-	-	-	-	-	-	-	-	-	-	20
97,001	98,000	-	-	-	-	-	-	-	-	-	-	-	-	-	20
98,001	99,000	-	-	-	-	-	-	-	-	-	-	-	-	-	20
99,001	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	20
112,200	112,200	-	-	-	1	-	-	-	-	-	-	-	-	1	21
115,000	115,000	-	-	1	-	-	-	-	-	-	-	-	-	1	22
122,950	122,950	-	-	-	-	-	-	-	-	-	-	-	2	2	24
139,150	139,150	-	-	-	-	-	-	-	-	-	-	2	-	2	26
153,833	153,833	-	-	-	-	3	-	-	-	-	-	-	-	3	29
195,900	195,900	-	3	-	-	-	-	-	-	-	-	-	-	3	32
209,300	209,300	-	-	-	-	-	-	-	-	-	1	-	-	1	33
492,600	492,600	1	-	-	-	-	-	-	-	-	-	-	-	1	34
														-	34
Totals		1	3	3	3	3	3	3	3	3	3	3	3	34	

Average Usage	104,662
Median Usage	81,500
Average # Customers	3
Change in Number of Customers	2

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Meter Size and Zone: 2 Inch Irrigation

Exhibit
Schedule H-5
Page 15
Witness: Bourassa

Usage From:	Usage To:	Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08	Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08	Total Year	Cumul-ative Billing
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1	1,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1,001	2,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2,001	3,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3,001	4,000	-	-	-	-	-	-	-	1	-	-	-	-	1	1
4,001	5,000	-	-	-	-	-	1	-	1	-	-	-	-	2	3
5,001	6,000	-	-	-	-	-	-	-	-	-	-	-	-	-	3
6,001	7,000	-	-	-	-	-	-	-	1	-	-	-	-	1	4
7,001	8,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4
8,001	9,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4
9,001	10,000	-	-	-	-	-	2	-	-	-	-	-	-	2	6
10,001	11,000	-	-	-	-	-	-	-	-	-	-	-	-	-	6
11,001	12,000	-	-	-	-	-	-	1	-	-	-	-	-	1	7
12,001	13,000	-	-	-	-	-	-	1	-	-	-	-	-	1	8
13,001	14,000	-	-	-	-	-	-	-	-	-	-	-	-	-	8
14,001	15,000	-	-	-	-	-	-	1	-	-	-	-	-	1	9
15,001	16,000	-	-	-	-	-	-	-	-	-	-	-	-	-	9
16,001	17,000	-	-	-	-	-	1	-	1	-	-	-	-	2	11
17,001	18,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11
18,001	19,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11
19,001	20,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11
20,001	21,000	-	-	-	-	-	-	-	-	-	-	-	-	-	11
21,001	22,000	-	-	-	-	-	-	-	-	1	-	-	-	1	12
22,001	23,000	-	-	-	-	-	-	1	-	-	-	-	-	1	13
23,001	24,000	-	-	-	-	-	-	1	-	-	-	-	-	1	14
24,001	25,000	-	-	-	-	-	-	-	-	-	-	-	-	-	14
25,001	26,000	-	-	-	-	-	-	-	-	-	-	-	-	-	14
26,001	27,000	-	-	-	-	-	-	-	-	-	-	-	-	-	14
27,001	28,000	-	-	-	-	-	-	-	-	-	-	-	-	-	14
28,001	29,000	-	-	-	-	-	-	-	-	-	1	-	-	1	15
29,001	30,000	-	-	-	-	-	-	-	-	-	-	-	-	-	15
30,001	31,000	-	-	-	-	-	-	-	-	-	-	-	-	-	15
31,001	32,000	-	-	-	-	-	-	-	-	-	-	-	-	-	15
32,001	33,000	-	-	-	-	-	-	-	-	-	-	-	-	-	15
33,001	34,000	-	-	-	-	-	-	-	-	-	-	-	-	-	15
34,001	35,000	-	-	-	1	-	-	-	-	-	-	-	-	1	16
35,001	36,000	-	-	-	-	-	-	-	-	1	-	-	-	1	17
36,001	37,000	-	-	-	-	-	-	-	-	-	-	-	-	-	17
37,001	38,000	-	-	-	-	-	-	-	-	-	-	-	-	-	17
38,001	39,000	-	-	-	-	-	-	-	1	-	-	-	-	1	18
39,001	40,000	-	-	-	-	-	-	-	-	-	-	-	-	-	18
40,001	41,000	-	-	-	-	-	-	-	-	-	-	-	-	-	18

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Meter Size and Zone: 2 Inch Irrigation

Exhibit
Schedule H-5
Page 15
Witness: Bourassa

Usage From:	Usage To:	Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08	Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08	Total Year	Cumulative Billing
41,001	42,000	-	-	-	-	-	-	-	-	-	-	-	-	-	18
42,001	43,000	-	-	-	-	-	-	-	-	-	-	-	-	-	18
43,001	44,000	-	-	-	-	-	-	-	-	-	-	-	-	-	18
44,001	45,000	-	-	-	-	-	-	-	-	-	-	-	-	-	18
45,001	46,000	-	-	-	-	-	1	-	-	-	-	-	-	1	19
46,001	47,000	-	-	-	-	-	-	-	-	-	-	-	-	-	19
47,001	48,000	-	-	-	-	-	1	-	-	1	-	-	-	2	21
48,001	49,000	-	-	-	-	-	-	-	-	-	-	-	-	-	21
49,001	50,000	-	-	-	-	-	-	-	-	-	-	-	-	-	21
50,001	51,000	-	-	-	-	-	-	-	-	-	-	-	-	-	21
51,001	52,000	-	-	-	-	-	-	-	-	-	-	-	-	-	21
52,001	53,000	-	-	-	-	-	-	-	-	-	-	-	-	-	21
53,001	54,000	-	-	-	-	-	1	-	-	-	-	-	-	1	22
54,001	55,000	-	-	-	-	-	-	-	-	-	-	-	-	-	22
55,001	56,000	-	-	-	-	-	-	-	-	-	1	-	-	1	23
56,001	57,000	-	-	-	-	-	-	-	-	1	-	-	-	1	24
57,001	58,000	-	-	-	-	-	-	-	-	-	-	-	-	-	24
58,001	59,000	-	-	-	-	-	1	-	-	-	-	-	-	1	25
59,001	60,000	-	-	-	-	-	-	-	-	-	-	-	-	-	25
60,001	61,000	-	-	-	-	-	-	-	-	-	-	-	-	-	25
61,001	62,000	-	-	-	-	-	-	-	-	-	-	-	-	-	25
62,001	63,000	-	-	-	-	-	-	-	-	-	-	-	-	-	25
63,001	64,000	-	-	-	-	-	-	-	-	-	-	-	-	-	25
64,001	65,000	-	-	-	-	-	-	-	-	-	-	-	-	-	25
65,001	66,000	-	-	-	-	-	-	-	1	-	-	-	-	1	26
66,001	67,000	-	-	-	-	-	-	-	-	-	-	-	-	-	26
67,001	68,000	-	-	-	-	-	-	-	-	-	-	-	-	-	26
68,001	69,000	-	-	-	-	-	-	-	-	-	1	-	-	1	27
69,001	70,000	-	-	-	-	1	-	-	-	-	-	-	-	1	28
70,001	71,000	-	-	-	-	-	-	-	-	-	-	-	-	-	28
71,001	72,000	-	-	-	-	-	-	-	-	-	-	-	-	-	28
72,001	73,000	-	-	-	-	1	-	-	-	-	-	-	-	1	29
73,001	74,000	-	-	-	-	-	-	-	-	-	-	-	-	-	29
74,001	75,000	-	-	-	-	-	-	-	-	-	-	-	-	-	29
75,001	76,000	-	-	-	-	-	-	-	-	-	-	-	-	-	29
76,001	77,000	-	-	-	-	-	-	-	-	-	-	-	-	-	29
77,001	78,000	-	-	-	-	-	-	-	-	-	-	-	-	-	29
78,001	79,000	-	-	-	-	-	-	-	-	-	-	-	-	-	29
79,001	80,000	-	-	-	-	-	-	-	-	-	-	-	-	-	29
80,001	81,000	-	-	-	-	-	-	-	-	-	-	-	-	-	29
81,001	82,000	-	-	-	1	-	-	-	-	-	-	-	-	1	30
82,001	83,000	-	-	-	-	-	-	-	-	-	-	-	-	-	30

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008

Meter Size and Zone: 2 Inch Irrigation

Exhibit
Schedule H-5
Page 15
Witness: Bourassa

Usage From:	Usage To:	Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08	Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08	Total Year	Cumulative Billing
															30
83,001	84,000	-	-	-	-	-	-	-	-	-	-	-	-	-	32
84,001	85,000	-	-	-	-	-	-	1	-	-	1	-	-	2	32
85,001	86,000	-	-	-	-	-	-	-	-	-	-	-	-	-	32
86,001	87,000	-	-	-	-	-	-	-	-	-	-	-	-	-	32
87,001	88,000	-	-	-	-	-	-	-	-	-	-	-	-	-	32
88,001	89,000	-	-	-	-	-	-	-	-	-	-	-	-	-	32
89,001	90,000	-	-	-	-	-	-	-	-	-	-	-	-	-	32
90,001	91,000	-	-	-	-	-	-	-	-	-	-	-	-	-	32
91,001	92,000	-	-	-	-	-	-	-	-	-	-	-	-	1	33
92,001	93,000	-	-	1	-	-	-	-	-	-	-	-	-	-	33
93,001	94,000	-	-	-	-	-	-	-	-	-	-	-	-	-	33
94,001	95,000	-	-	-	-	-	-	-	-	-	-	1	1	2	35
95,001	96,000	-	-	-	-	-	-	-	-	-	-	-	-	-	35
96,001	97,000	-	-	-	-	-	-	-	-	-	-	-	-	-	35
97,001	98,000	-	-	-	-	-	-	-	-	-	-	-	-	-	35
98,001	99,000	-	-	-	-	-	-	-	-	-	-	-	-	-	35
99,001	100,000	-	-	-	-	-	-	-	-	-	-	-	-	1	36
111900	111,900	-	1	-	-	-	-	-	-	-	-	-	-	1	37
112000	112,000	-	-	-	-	1	-	-	-	-	-	-	-	2	39
112150	112,150	-	-	-	-	-	-	-	2	-	-	-	-	1	40
116500	116,500	-	-	-	-	-	-	-	-	-	-	1	-	2	42
118700	118,700	-	-	-	-	-	-	2	-	-	-	-	-	1	43
129300	129,300	-	-	1	-	-	-	-	-	-	-	-	-	1	44
130400	130,400	-	-	-	-	1	-	-	-	-	-	-	-	1	45
132000	132,000	-	-	-	-	-	-	-	-	-	-	-	1	1	46
155500	155,500	1	-	-	-	-	-	-	-	-	-	-	-	1	47
183900	183,900	-	-	-	-	-	-	-	-	-	-	1	-	1	48
221100	221,100	-	1	-	-	-	-	-	-	-	-	-	-	1	49
234900	234,900	1	-	-	-	-	-	-	-	-	-	-	-	1	50
253500	253,500	-	-	-	1	-	-	-	-	-	-	-	-	4	54
366925	366,925	-	-	-	-	4	-	-	-	-	-	-	-	4	58
461825	461,825	-	-	-	-	-	-	-	-	4	-	-	-	6	64
578583	578,583	-	-	6	-	-	-	-	-	-	-	-	-	6	70
613433	613,433	-	6	-	-	-	-	-	-	-	-	-	-	4	74
681475	681,475	-	-	-	-	-	-	-	-	-	4	-	-	6	80
713050	713,050	6	-	-	-	-	-	-	-	-	-	-	-	6	86
738733	738,733	-	-	-	-	-	-	-	-	-	-	-	6	5	91
833300	833,300	-	-	-	-	-	-	-	-	-	-	5	-	5	96
868300	868,300	-	-	-	5	-	-	-	-	-	-	-	-	-	96
	-													-	96
	-														
Totals		8	8	8	8	8	8	8	8	8	8	8	8	96	

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Meter Size and Zone: 2 Inch Irrigation

Exhibit
Schedule H-5
Page 15
Witness: Bourassa

Usage From:	Usage To:	Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08	Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08	Total Year	Cumul-ative Billing
											Average Usage			355,655	
											Median Usage			228,000	
											Average # Customers			8	
											Change in Number of Customers			-	

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Meter Size and Zone: 3 Inch Construction Water

Exhibit
Schedule H-5
Page 16
Witness: Bourassa

Usage From:	Usage To:	Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08	Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08	Total Year	Cumulative Billing
-	-	1	2	3	2	4	3	4	1	1	-	1	-	22	22
1	1,000	1	2	-	-	-	-	-	-	-	-	-	-	3	25
1,001	2,000	-	-	-	-	-	-	2	-	-	-	-	-	2	27
2,001	3,000	-	1	-	-	-	1	-	-	-	-	-	-	2	29
3,001	4,000	-	-	-	-	-	-	1	-	-	-	-	-	1	30
4,001	5,000	-	-	-	-	-	-	-	-	-	-	-	-	-	30
5,001	6,000	-	-	-	-	-	-	1	1	-	-	1	-	3	33
6,001	7,000	-	-	1	-	-	-	-	-	-	-	-	-	1	34
7,001	8,000	-	-	-	1	-	1	-	-	-	-	-	-	2	36
8,001	9,000	-	-	-	-	-	1	-	-	-	-	-	-	1	37
9,001	10,000	-	-	-	-	-	-	-	-	1	-	-	-	1	38
10,001	11,000	-	-	-	-	-	-	-	-	-	-	-	-	-	38
11,001	12,000	-	-	-	-	1	-	-	1	-	-	-	-	2	40
12,001	13,000	-	-	-	-	-	-	-	-	-	1	-	-	1	41
13,001	14,000	1	-	-	-	-	-	-	-	-	-	-	-	1	42
14,001	15,000	-	-	-	-	-	-	-	-	1	-	-	-	1	43
15,001	16,000	-	-	-	-	-	-	-	-	-	-	-	1	1	44
16,001	17,000	-	-	-	-	-	-	-	1	-	1	-	-	2	46
17,001	18,000	-	-	-	-	-	-	-	-	-	-	-	-	-	46
18,001	19,000	-	-	-	-	-	-	-	1	-	-	-	-	1	47
19,001	20,000	-	-	-	-	-	-	-	-	-	-	-	-	-	47
20,001	21,000	-	-	-	-	-	-	-	-	-	-	-	-	-	47
21,001	22,000	-	-	-	-	-	-	-	-	-	-	-	-	-	47
22,001	23,000	-	-	-	-	-	-	-	-	-	-	-	-	-	47
23,001	24,000	-	-	-	-	-	-	-	-	-	-	1	-	1	48
24,001	25,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48
25,001	26,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48
26,001	27,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48
27,001	28,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48
28,001	29,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48
29,001	30,000	-	-	-	-	-	-	-	-	-	-	-	-	-	48
30,001	31,000	-	-	-	-	-	-	-	-	-	-	1	-	1	49
31,001	32,000	-	-	-	-	-	-	-	-	1	-	-	-	1	50
32,001	33,000	-	-	-	-	-	-	-	-	-	-	-	-	-	50
33,001	34,000	-	-	-	-	-	-	-	-	-	-	-	-	-	50
34,001	35,000	-	-	-	-	-	-	-	-	-	-	-	-	-	50
35,001	36,000	-	-	-	-	-	-	-	1	-	-	-	-	1	51
36,001	37,000	-	-	-	-	-	-	-	-	-	1	-	-	1	52
37,001	38,000	-	-	-	-	-	-	-	1	-	-	-	-	1	53
38,001	39,000	-	-	-	-	-	-	-	-	-	-	-	-	-	53
39,001	40,000	-	-	-	-	-	-	-	-	-	-	-	-	-	53
40,001	41,000	-	-	-	-	-	-	-	-	-	-	-	-	-	53

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Meter Size and Zone: 3 Inch Construction Water

Exhibit
Schedule H-5
Page 16
Witness: Bourassa

Usage From:	Usage To:	Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08	Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08	Total Year	Cumulative Billing
41,001	42,000	-	-	-	-	-	-	-	-	1	-	-	-	1	54
42,001	43,000	-	-	-	-	-	-	-	-	-	-	-	-	-	54
43,001	44,000	-	-	-	-	-	-	-	-	-	-	-	-	-	54
44,001	45,000	-	-	-	-	-	-	-	-	-	-	-	-	-	54
45,001	46,000	-	-	-	-	-	-	-	-	-	-	-	-	-	54
46,001	47,000	-	-	-	-	-	-	-	-	-	-	-	-	-	54
47,001	48,000	-	-	-	-	-	-	-	-	-	-	-	-	-	54
48,001	49,000	1	-	-	-	-	-	-	-	-	-	-	-	1	55
49,001	50,000	-	-	-	-	1	-	-	-	-	-	-	-	1	56
50,001	51,000	-	-	-	-	-	-	-	-	-	-	-	-	-	56
51,001	52,000	-	-	-	-	-	-	-	-	-	-	-	-	-	56
52,001	53,000	-	-	-	-	-	-	-	-	-	-	-	-	-	56
53,001	54,000	-	-	-	-	-	-	1	-	-	-	-	-	1	57
54,001	55,000	-	-	-	-	-	-	-	-	-	-	-	-	-	57
55,001	56,000	-	-	-	-	-	-	1	-	-	-	-	-	1	58
56,001	57,000	-	-	-	-	-	1	-	-	-	-	-	1	2	60
57,001	58,000	-	-	-	-	-	-	-	-	-	-	-	-	-	60
58,001	59,000	-	-	-	-	-	-	-	-	-	-	-	-	-	60
59,001	60,000	-	-	-	-	-	-	-	-	-	-	-	-	-	60
60,001	61,000	-	-	-	-	-	-	-	-	-	-	-	-	-	60
61,001	62,000	-	-	-	-	-	-	-	-	-	-	-	-	-	60
62,001	63,000	-	-	-	-	-	-	-	-	-	-	-	-	-	60
63,001	64,000	-	-	-	-	-	-	-	-	-	-	-	-	-	60
64,001	65,000	-	-	-	-	-	-	-	-	-	-	-	-	-	60
65,001	66,000	-	-	-	-	-	-	-	-	-	-	-	-	-	60
66,001	67,000	-	-	-	-	-	-	-	-	-	-	-	-	-	60
67,001	68,000	-	-	-	-	-	-	-	-	-	-	-	-	-	60
68,001	69,000	-	-	-	-	-	-	-	-	-	-	-	-	-	60
69,001	70,000	-	-	-	-	-	-	-	-	-	-	-	-	-	60
70,001	71,000	-	-	-	-	-	-	-	-	-	-	-	-	-	60
71,001	72,000	-	-	-	-	-	-	-	-	-	-	-	-	-	60
72,001	73,000	-	-	-	-	-	-	-	-	-	-	-	-	-	60
73,001	74,000	-	-	-	-	-	-	-	-	-	-	-	-	-	60
74,001	75,000	-	-	-	-	-	-	-	-	-	-	-	-	-	60
75,001	76,000	-	1	-	-	-	-	-	-	-	-	-	-	1	61
76,001	77,000	-	-	-	1	-	-	-	-	-	-	-	-	1	62
77,001	78,000	-	-	-	-	-	-	-	-	-	-	-	-	-	62
78,001	79,000	-	-	-	-	-	-	-	-	-	-	-	-	-	62
79,001	80,000	-	-	-	-	-	-	-	-	-	-	-	-	-	62
80,001	81,000	-	-	-	-	-	-	-	-	-	-	-	-	-	62
81,001	82,000	-	-	-	-	-	-	-	-	-	-	-	-	-	62
82,001	83,000	-	-	-	-	-	-	-	-	-	-	-	-	-	62

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Meter Size and Zone: 3 Inch Construction Water

Exhibit
Schedule H-5
Page 16
Witness: Bourassa

Usage From:	Usage To:	Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08	Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08	Total Year	Cumul-ative Billing
83,001	84,000	-	-	-	-	-	-	-	-	-	-	-	-	-	62
84,001	85,000	-	-	-	-	-	-	-	-	-	-	1	-	1	63
85,001	86,000	-	-	-	-	-	-	-	-	-	-	-	-	-	63
86,001	87,000	-	-	-	-	-	-	-	-	-	-	-	-	-	63
87,001	88,000	-	-	-	-	-	-	-	-	-	-	-	-	-	63
88,001	89,000	-	-	-	-	-	-	-	-	-	-	-	-	-	63
89,001	90,000	-	-	-	-	-	-	-	-	-	-	-	-	-	63
90,001	91,000	-	-	-	-	-	-	-	-	-	-	-	-	-	63
91,001	92,000	-	-	-	-	-	-	-	-	-	-	-	-	-	63
92,001	93,000	-	-	-	-	-	-	-	-	-	-	-	-	-	63
93,001	94,000	-	-	-	1	-	-	-	-	-	-	-	-	1	64
94,001	95,000	-	-	-	-	-	1	-	-	-	-	-	-	1	65
95,001	96,000	-	-	-	-	-	-	-	-	-	-	-	-	-	65
96,001	97,000	-	-	-	-	-	-	-	-	-	-	-	-	-	65
97,001	98,000	-	-	-	-	-	-	-	-	-	-	-	-	-	65
98,001	99,000	-	-	-	-	-	-	-	-	-	-	-	-	-	65
99,001	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	65
123,400	123,400	-	-	-	-	-	1	-	-	-	-	-	-	1	66
144,200	144,200	-	-	-	-	-	-	1	-	-	-	-	-	1	67
150,000	150,000	-	-	-	-	-	-	-	1	-	-	-	-	1	68
239,667	239,667	-	-	-	-	3	-	-	-	-	-	-	-	3	71
267800	267,800	-	-	-	-	-	-	-	-	-	-	2	-	2	73
282,700	282,700	-	-	-	1	-	-	-	-	-	-	-	-	1	74
312100	312,100	-	-	-	-	-	-	-	-	-	-	-	3	3	77
341,100	341,100	-	-	1	-	-	-	-	-	-	-	-	-	1	78
341,750	341,750	-	-	-	-	1	-	-	-	-	-	-	-	1	79
342,400	342,400	-	-	-	1	-	-	-	-	-	-	-	-	1	80
344,200	344,200	-	-	-	-	-	-	-	-	-	2	-	-	2	82
358,333	358,333	3	-	-	-	-	-	-	-	-	-	-	-	3	85
368,000	368,000	-	-	-	-	-	-	-	-	1	-	-	-	1	86
374,400	374,400	-	-	-	2	-	-	-	-	-	-	-	-	2	88
411,000	411,000	1	1	-	-	-	-	-	-	-	-	-	-	2	90
488,500	488,500	1	1	-	-	-	-	-	-	-	-	-	-	2	92
715,300	715,300	-	-	-	-	-	-	1	-	-	-	-	-	1	93
1,397,200	1,397,200	-	-	-	-	-	-	-	1	-	-	-	-	1	94
727,450	727,450	-	1	1	-	-	-	-	-	-	-	-	-	2	96
1,586,000	1,586,000	-	-	1	-	-	-	-	-	-	-	-	-	1	97
1,595,000	1,595,000	-	-	1	-	-	-	-	-	-	-	-	-	1	98
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	98
Totals		9	9	8	9	10	9	12	9	6	5	7	5	98	
											Average Usage			168,618	

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Meter Size and Zone: 3 Inch Construction Water

Exhibit
Schedule H-5
Page 16
Witness: Bourassa

Usage From:	Usage To:	Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08	Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08	Total Year	Cumul-ative Billing
											Median Usage			30,000	
											Average # Customers			8	
											Change in Number of Customers			(4)	

Company Name:	Test Year Ended:
Valley Utilities Water Company	June 30, 2008

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (inches)	Meter Size (inches)	Year Drilled
#1 55-639720	25	75	650	12	4	1942
#2 55-639721	30	125	650	10	4	1969
#3 55-639723	25	125	425	8	4	1965
#4 55-639722	25	125	800	12	4	1970
#5 55-503273	75	375	850	20	8	1982
#6 55-580082	125/OS	425/OS	810	12	8	2001

* Arizona Department of Water Resources Identification Number * See Attached.

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
Litchfield Park Service Co.	300	1,024,000

BOOSTER PUMPS

Horsepower	Quantity
15.00	2
20.00	4
40.00	6
50.00	2

FIRE HYDRANTS

Quantity Standard	Quantity Other
175	

STORAGE TANKS

Capacity	Quantity
100,000	3
200,000	1
560,000	1
1,000,000	1

PRESSURE TANKS

Capacity	Quantity
5,000	2
7,500	1
10,000	1

Revised 8/27/02

Company Name: Valley Utilities Water Company	Test Year Ended: June 30, 2008

WATER COMPANY PLANT DESCRIPTION CONTINUED

MAINS

Size (in inches)	Material	Length (in feet)
2		0
3		0
4	AC & PVC	10,000
5		0
6	AC & DIP & PVC	78,034
8	AC & DIP	52,911
10	DIP	2,952
12	AC & DIP	5,925

CUSTOMER METERS

Size (in inches)	Quantity
5/8 x ¾	162
¾	763
1	404
1 ½	13
2	52
Comp. 3	5
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, please list the utility owned assets in each category.

TREATMENT EQUIPMENT:

1 - 3" Tablet Chlorinator
3 - 50 Gallon Liquid Chlorinator
2 - Severn Trent GFH Arsenic Adsorption Plants, under construction.

STRUCTURES:

2 - Arsenic treatment plant enclosure buildings, under construction.

OTHER:

Revised 8/27/02

VALLEY UTILITIES WATER CO. INC.

WELL INFORMATION

ATTACHMENT

Well #7

ADWR ID No. 55-208819

Pump HP – 125

Pump Yield (GPM) – 300

Casing Depth (Feet) – 715

Casing Diameter (Inches) – 16

Meter Size (Inches) – 8

Year Drilled - 2007

FENNEMORE CRAIG, P.C.
Patrick J. Black (No. 017141)
3003 N. Central Ave.
Suite 2600
Phoenix, Arizona 85012
Attorneys for Valley Utilities Water Company

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION OF VALLEY UTILITIES WATER COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR INCREASES IN ITS RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.	DOCKET NO: W-014212A-08-0586

REBUTTAL TESTIMONY OF

THOMAS J. BOURASSA

August 5, 2009

EXHIBIT
A-8
ADMITTED

Table of Contents

I. INTRODUCTION, PURPOSE, AND SUMMARY OF TESTIMONY. 1
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A. Post Test-Year Plant. 10
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III. INCOME STATEMENT. 12
IV. RATE DESIGN 20

2222732.4

I. INTRODUCTION, PURPOSE, AND SUMMARY OF TESTIMONY.

Q. PLEASE STATE YOUR NAME AND ADDRESS?

A. My name is Thomas J. Bourassa and my business address is 139 W. Wood Drive, Phoenix, AZ 85029.

Q. HAVE YOU PREVIOUSLY SUBMITTED DIRECT TESTIMONY IN THE INSTANT CASE?

A. Yes, my direct testimony was submitted in support of the initial application in this docket by Valley Utilities Water Company ("VALLEY UTILITIES" or "Company").

Q. WHAT IS THE PURPOSE OF THIS REBUTTAL TESTIMONY?

A. I will provide rebuttal testimony in response to the direct filing by Arizona Corporation Commission Utilities Division Staff ("Staff") with respect to rate base, revenues and expenses, operating margin and rate design.

Q. WHAT IS THE REVENUE INCREASE THAT THE COMPANY IS PROPOSING IN ITS REBUTTAL?

A. The Company is proposing a total revenue requirement of $1,322,302, which constitutes an increase in revenues of $215,564, or 19.48 percent over test year revenues.

Q. HOW DOES THIS COMPARE WITH THE COMPANY'S DIRECT FILING?

A. In the direct filing, the Company requested a total revenue requirement of $1,533,160, which required an increase in revenues of $323,456, or 26.74%.

Q. WHY IS THE REQUESTED REVENUE INCREASE LOWER IN VALLEY UTILITIES' REBUTTAL FILING?

A. In its rebuttal filing, Valley Utilities has adopted a number of adjustments recommended by Staff, as well as proposed a number of adjustments of its own.

Included among the proposed adjustments adopted from Staff is the exclusion of post test year arsenic treatment plant from rate base and related depreciation from operating expenses. This eliminates a major issue between the parties. The Company is also proposing a lower operating margin of 10 percent compared to its direct filing of 15 percent, which is the same operating margin Staff proposes. The lower operating margin recommended by the Company is to help minimize issues between the parties.

The adoption of Staff's recommendation to exclude post test year arsenic treatment plant and to accept a lower operating margin assumes the surcharge from Arsenic Recovery Surcharge Mechanism ("ARSM") approved in Decision No. 68309 is subsequently approved[1], is adequate to service the debt, and remains in effect until the conclusion of the Company's next rate case. The Emergency Interim Surcharge ("EIS") approved in Decision No. 70138 would be eliminated under the Company's proposal.

Q. HAS THE COMPANY PROPOSED RATE BASE DECREASED?

A. Yes. The Company proposes a net decrease in Original Cost Rate Base ("OCRB") and Fair Value Rate Base ('FVRB') is $1,871,000 from the direct filing. The Company's rate base is now negative at ($184,909).

II. <u>REVENUE REQUIREMENT</u>.

Q. WHAT ARE THE PROPOSED REVENUE REQUIREMENTS AND RATE INCREASES FOR THE COMPANY AND STAFF AT THIS STAGE OF THE PROCEEDING?

A. The proposed revenue requirements and proposed rate increases are as follows:

[1] ARSM surcharge is under consideration in Docket W-01412A-04-0736. Staff has not issued a report at this time.

	Revenue Requirement	Revenue Incr.	% Increase
Company-Direct	$1,533,160	$ 323,456	26.74%
Staff	$1,379,135	$ 153,645	12.54%
Company Rebuttal	$1,322,302	$ 215,564	19.48%

Q. EXCUSE ME, MR. BOURASSA, BUT I NOTICE THAT THE RATE INCREASE RECOMMENDED BY THE COMPANY IS HIGHER THAN STAFF'S, BUT THE REVENUE REQUIREMENT IS LOWER. PLEASE EXPLAIN?

A. In the Company's rebuttal filing I have adjusted the direct adjusted test-year revenues for known and measurable revenue losses that occurred after the test year. As you will recall, the Company's direct case adjusted test-year revenue was $1,207,703. The Company's proposed revenue loss adjustment reduces the adjusted test-year revenues to approximately $1,106,737 – or by about $103,000. The lower "starting point" in the determination of the revenue requirement, even with the $215,564 rate increase proposed by the Company, results in a lower revenue requirement. I will discuss the revenue loss and its justification later in my testimony.

Q. WHY IS THE COMPANY RECOMMENDING AN OPERATING MARGIN APPROACH IN THE DETERMINATION OF THE REVENUE REQUIREMENT?

A. Since rate base is negative, a rate of return approach is not meaningful. Low equity and or negative equity are also reasons to employ an operating margin approach. The primary goal of an operating margin approach is to provide a utility sufficient operating income to remain financially healthy, and in some cases, to help it improve its financial condition.

Q. WHY IS THE COMPANY PROPOSING A 10 PERCENT OPERATING MARGIN?

A. Based on the Company's rebuttal recommendations, a minimum 10 percent operating margin is warranted. The Company would have recommended a higher operating margin, but chose 10 percent to help eliminate issues between the parties. I believe an operating margin of 12 percent is warranted in the instant case because a higher operating margin will help the Company more in improving its financial health, deal with any expected and unexpected changes in revenues and expenses, and help fund capital expenditures between this rate case and its next rate case. But, again, the minimum 10 percent is being proposed by the Company. Hopefully, despite using a 10 percent operating margin to set rates, the Company's equity position will not only be positive by the next case, but will be improved enough to eliminate the need for another operating margin approach in the next rate case.

Q. YOU STATED THAT THE 10 PERCENT OPERATING MARGIN IS BASED ON THE COMPANY'S RECOMMENDATIONS. IF THE COMPANY'S RECOMMENDATIONS ARE NOT ADOPTED BY THE COMMISSION, WHAT OPERATING MARGIN DO YOU RECOMMEND?

A. It depends. When determining the appropriate operating margin I not only look at cash flows, but also whether it provides sufficiently positive net earnings during the period when new rates are in effect. The Company recommended a 15 percent operating margin in the Company's direct filing based on its recommendation at that time. The direct filing Company recommendations included recognizing the arsenic treatment plant in rate base and related depreciation expense in operating expenses. It also included the elimination of the ARSM (if subsequently approved by the Commission) and the EIS. A 15 percent operating margin was necessary

under the Company's direct filing recommendations in order to help the Company maintain adequate cash flows and to continue improving its financial condition through positive net earnings.

Q. DID THE COMMISSION RECOMMEND THE COMPANY MAKE EFFORTS TO IMPROVE ITS EQUITY POSITION IN AN EARLIER DECISION?

A. Yes. In the last rate case decision, the Commission ordered the Company to submit a plan to increase its equity position to 40 percent. *See* Decision No. 68309 at 4 and 11-12. The Company's equity improvement plan, submitted to the Commission on February 13, 2006, included the timely filing of new rate cases in order to keep its earnings adequate.

In accordance with its plan, all dividends continue to be suspended. Further, the Company has used its earnings, such as they have been, to help fund needed capital improvements aside from the replacement well and arsenic treatment facilities. These capital expenditures include capital repairs to its wells (over $207,000), storage tank repairs ($22,000), a tie line between Litchfield Park Service Company and Valley Utilities ($53,397) to name a few of the major items. Among other steps the Company has taken since the last rate case is the transfer of land and equipment in exchange for common stock and short-term debt totaling $429,000 (Decision No. 70052, dated December 4, 2007). The Equity Improvement Plan not only addressed improving the equity position of the Company, but also removed relationships and transactions between the Company and its owners that were not arm's length which the prior decision highlighted. *Id.* at 11.

Q. IS THE FILING OF THE INSTANT CASE CONSISTENT WITH THE COMPANY'S EQUITY IMPROVEMENT PLAN?

A. Yes. In its plan, the Company adopted a policy to file rate cases more often to insure adequate earnings so as to avoid deterioration of its financial condition. Furthermore, the current rate application and test year was ordered by the Commission in Decision No. 70138 so that the surcharges would be eliminated with the inclusion of arsenic treatment plant and the replacement well in the Company's rate base. If, in the instant case, the Company is left without adequate earnings over the next few years when new rates will be in effect, the Company's financial condition will not significantly improve and may even deteriorate. Furthermore, since post test-year arsenic treatment plant and the corresponding amount of depreciation are excluded from rates under both the Company's revised and Staff's original recommendations, the Company will need to file another rate case in order to get this plant recognized in rates.

Q. DOES STAFF RECOGNIZE THE COMPANY HAS SIGNIFICANTLY IMPROVED ITS EQUITY POSITION?

A. Yes. Direct Testimony of Gary McMurry ("McMurry Dt.") at 24. It should be recognized that the improvement in the Company's equity position since the last case has been primarily the result of the stock issuance and not the result of positive net earnings.

Q. PLEASE COMMENT ON STAFF'S RECOMMENDED OPERATING MARGIN AND RATE INCREASE.

A. Staff recommends a 10 percent operating margin and a rate increase of $153,645. Based on Staff's recommended revenues and expenses after the rate increase, Staff shows an operating income of approximately $138,000 (see Staff Schedule GT-8). This would seem adequate, except that the net income to the Company will be less than $5,000 when all the interest expense on the Company's long-term debt is recognized, a full year depreciation on post-test year plant recognized, and the

impact on income taxes are considered. I have prepared a schedule attached hereto as Exhibit A which shows the results. *See* Column [3], line 40 of Exhibit A.

Q. WHY IS A LESS THAN $5,000 NET INCOME INADEQUATE?

A. Because small increases in either operating expenses and/or decreases in revenues will cause Valley Utilities to experience a net loss. An increase in operating expenses of less than 1 percent over the adjusted operating expenses will cause a net loss for Valley Utilities. Long-term historical inflation has been around 3 percent annually.

Similarly, a revenue loss of less than 1 percent will cause a net loss for Valley Utilities. As I will discuss later, the Company's construction revenues alone dropped by over $40,000 in the year following the test-year. My downward revenue annualization adjustment to construction revenues was only about $26,000. That's $14,000 less than actual construction water revenue loss in the year following the test year and by itself more than 1 percent of Staff's recommended revenue requirement. As I will also discuss, other meter water revenues are down by over $90,000. It is highly likely that the Company will not recover the authorized revenue requirement and, more importantly, incur net losses over the next few years when new rates are in effect under Staff's proposals.

Q. PLEASE CONTINUE.

A. If Staff's upward revenue annualization adjustment for construction water is removed (as discussed later in my testimony), the analysis demonstrates that the Company will experience a net loss. *See* Column [5], line 40 of Exhibit A. But the loss will likely be far greater because Staff's recommendations do not include recognizing revenue loss that has occurred since the end of the test-year. If the revenue loss is reflected, the analysis shows the net losses will be much higher, and on the order of $100,000 or more. *See* Column [7], line 40 of Exhibit A.

Q. IF THE ARSM SURCHARGE IS NOT APPROVED, OR IT IS ELIMINATED WHEN NEW RATES IN THE INSTANT CASE ARE IMPLEMENTED BUT THE COMPANY'S OTHER RECOMMENDATIONS ARE ADOPTED, WILL THE COMPANY HAVE SUFFICIENT REVENUES TO AVOID SIGNIFICANT NET FUTURE LOSSES?

A. No. While they will not likely be as great as under Staff's recommendations, significant losses will still likely occur. The key to keeping the Company on the path to financial health is the approval of an adequate ARSM surcharge to cover the WIFA debt service, and to allow that surcharge to remain in effect until the conclusion of the Company's next rate case.

Q. WHAT IS THE CURRENT STATUS OF THE ARSENIC RECOVERY SURCHARGE MECHANISM SURCHARGE APPROVAL?

A. The ARSM was approved in Decision No. 68309, but the actual ARSM surcharge itself has not been approved. The Company filed its request for approval of a surcharge in November 2008 (Docket W-1412A-04-0736) – nearly 9 months ago. As of yet, Staff has not issued its report and recommendations. Further still, the Commission will need to approve the final surcharge amount. The delay has caused severe cash flow problems for the Company in keeping current on its WIFA loan payments as a result. The Company began making payments on the loan for the arsenic treatment plant from the Water Infrastructure Finance Authority ("WIFA") in 2008. Recently, the Company had to enter into an agreement with WIFA to reduce its payments to interest and fees only so that it could avoid a default. Mr. Prince discusses this in more detail in his testimony. Rebuttal Testimony of Robert L. Prince ("Prince RB") at 12.

Q. THE COMPANY ALSO HAS AN EMERGENCY INTERIM SURCHARGE ASSOCIATED WITH THE DEBT FUNDING THE WELL REPLACEMENT, CORRECT?

A. Yes. The emergency interim surcharge ("EIS") was approved in Decision No. 70138, on January 23, 2008.

Q. SHOULD THE EIS SURCHARGE CEASE UPON IMPLEMENTATION OF NEW RATES UNDER THE COMPANY'S PROPOSAL?

A. Yes. As I have previously testified, under the Company's proposal the replacement well is being recognized in rates and should be eliminated at the conclusion of this case.

Q. DOES STAFF RECOMMEND THE ARSM SURCHARGE BE ELIMINATED WHEN NEW RATES ARE PUT INTO EFFECT?

A. As far was the ARSM surcharge, it would appear so. *See* Direct Testimony of Gary T. McMurry ("McMurry Dt.") at 5. I would agree with Staff is this were the typical situation.

Q WHAT ABOUT THE EIS?

A. It is not clear from Staff's testimony whether the EIS would be eliminated if replacement Well No. 6 is not recognized in rate base.

Q. WHY SHOULDN'T THE ARSM SURCHARGE CEASE WHEN NEW RATES IN THE INSTANT CASE ARE PUT INTO EFFECT?

A. First, let me state that I believe an ARSM surcharge should be approved. And, assuming that it is, it would be inappropriate to eliminate the surcharge since the arsenic treatment plant (and related debt) is not recognized in rates. The primary reason for the ARSM is to help the Company service its debt and preserve the Company's cash flow. Until such time as the plant is recognized in rate base and

the related depreciation is recognized in operating expenses, it would be inappropriate to eliminate the ARSM surcharge.

II. RATE BASE.

Q. WOULD YOU PLEASE IDENTIFY THE PARTIES' RESPECTIVE RATE BASE RECOMMENDATIONS?

A. The rate bases proposed by all parties in the case are as follows:

	OCRB	FVRB
Company-Direct	$1,741,191	$1,741,355
Staff	$ (279,909)	$ (279,909)
Company Rebuttal	$ (184,909)	$ (184,909)

A. Post Test-Year Plant.

Q. WOULD YOU PLEASE DISCUSS THE COMPANY'S PROPOSED ORIGINAL COST RATE BASE, AND IDENTIFY THE ADJUSTMENTS YOU HAVE ACCEPTED FROM STAFF?

A. The Company's rebuttal rate base adjustments to OCRB are shown on rebuttal Schedule B-2, pages 3. Rebuttal Schedule B-2, page 1, shows the rebuttal OCRB. The Company adopts Staff's proposal to eliminate post test year arsenic treatment plant from rate base and related depreciation from operating expenses in order to help eliminate issues between the parties. The Company does not agree with Staff on the exclusion of the post test-year replacement well. The replacement well is expected to be in service in the next two weeks and should be included in rate base in the instant cease. The status of the replacement well project, as well as the arsenic treatment plant project, are discussed in greater detail in Robert Prince's rebuttal testimony. Prince RB at 6-8.

Q. PLEASE IDENTIFY THE COMPANY'S REBUTTAL RATE BASE ADJUSTMENTS.

A. Adjustment 1 of rebuttal rate base adjustment number 1, as shown on B-2, page 3, removes all arsenic treatment related post test year plant from plant-in-service that was proposed in the Company's direct filing. The total of the downward adjustment is $1,926,100.

Q. WHAT IS STAFF'S TOTAL ADJUSTMENT TO REMOVE POST TEST-YEAR PLANT?

A. A downward adjustment of $2,021,100 which includes the removal of $1,771,100 of arsenic treatment plant costs and $250,000 of replacement well costs. *See* Staff Schedule GTM-3. Staff's adjustment to remove arsenic treatment plant costs is $155,000 lower than the Company's (compare to $1,926,100). The $155,000 difference consists of arsenic media costs of $100,000 and land and land rights of $55,000 which Staff did not remove.

Q. ARE THE ACTUAL COSTS OF THE ARSENIC TREATMENT PLANT HIGHER THAN COMPANY PROPOSED IN ITS DIRECT FILING?

A. Yes, by over $258,000. Mr. Prices discusses this in his testimony. It is not clear how the Company will fund this increase in cost since the Company has drawn down nearly all of the loan funds from the Water Infrastructure and Finance Authority ("WIFA"). The Company currently does not have the cash flows to fund these increased costs.

B. <u>Miscellaneous Rate Base Issues.</u>

Q. PLEASE CONTINUE WITH THE PARTIES' RESPECTIVE RATE BASE RECOMMENDATIONS?

A. There are no other rate base issues. Both Staff and the Company are in agreement on the level of accumulated depreciation, advances-in-aid of construction ("AIAC"), contributions-in-aid of construction ("CIAC"), customer meter deposits (refundable meter and service line charges), and deferred income taxes.

III. INCOME STATEMENT.

Q. PLEASE DISCUSS THE COMPANY'S PROPOSED ADJUSTMENTS TO REVENUES AND EXPENSES AND IDENTIFY ANY ADJUSTMENTS YOU HAVE ACCEPTED FROM STAFF.

A. The Company rebuttal adjustments are detailed on Rebuttal Schedule C-2, pages 1-10. The rebuttal income statement with adjustments is shown on Rebuttal Schedule C-1, pages 1-2.

In rebuttal adjustment number one, the depreciation expense is annualized, reflecting the plant-in-service adjustments discussed above. Depreciation expense has decreased from the Company's direct filing due to the plant-in-service adjustments I discussed above.

Q. DO ALL PARTIES RECOMMEND THE SAME DEPRECIATION RATES?

A. Yes.

Q. IS STAFF'S DEPRECIATION EXPENSE DIFFERENT THAN THE COMPANY'S?

A. Yes, it is higher. The depreciation expense proposed by Staff includes depreciation on arsenic media costs which are part of the post test-year arsenic treatment plant, which Staff did not remove.

Q. PLEASE CONTINUE WITH YOUR DISCUSSION OF THE INCOME STATEMENT ADJUSTMENTS.

A. The Company accepts Staff's method of computing property taxes. This is the same method that the Commission has consistently used in past cases. Bourassa Dt. at 10. This method includes two years of adjusted revenues plus one year of proposed revenues. Using this methodology, I computed the property taxes based on the Company's proposed revenues, and then used the property tax rate that was used in the direct filing. Rebuttal adjustment number 2 reflects a correction to the

net book value of transportation equipment and the CWIP component of the formula to match Staff' and uses the Company's rebuttal proposed revenues. The difference between Staff and the Company's proposed property taxes is the result of differences in each of the parties proposed revenues.

Rebuttal adjustment number 3 reflects the Company's revenue annualization. As shown there are no changes.

Q. PLEASE RESPOND TO STAFF'S CRITICISMS OF YOUR REVENUE ANNUALIZATION COMPUTATIONS.

A. Staff asserts that my computations contained errors. McMurry Dt. at 8-9. Specifically, that I failed to use test year-end levels of customers, and that there were mathematical errors. *Id.* After a review, I find that my computations do reflect the test year-end level of customers and are correct as set forth in both my direct and rebuttal schedules H-1. I have corrected the printed detail schedules that may have contained some incorrect information and that may have given the impression that errors were made. *See* Rebuttal Schedule C-2, pages 3.1 to 3.11.

Q. PLEASE COMMENT ON STAFF'S REVENUE ANNUALIZATION ADJUSTMENT.

A. Staff criticizes and rejects my revenue annualization adjustment stating that it contains errors. McMurry Dt. at 11. Staff also suggests that a revenue annualization for construction water sales is inappropriate and suggests that a better method is "normalization". *Id.* at 12. As I understand Staff's testimony, Staff has proposed no downward adjustment to construction water revenue. *Id.* at 12-13. In other words, Staff believes that construction water revenues will continue at the test-year levels.

Q. HAS STAFF PROVIDED COMPUTATIONS OF THEIR REVENUE ANNUALIZATION?

A. Yes. Staff states that it recomputed my revenue annualization correcting for errors. Staff's recommendation is a net downward adjustment of $6,091. *Id.* at 13. However, after a review Staff's work papers I find Staff's corrections are based on incorrect information. Ultimately, I find that the revenue annualization numbers on the direct filing H-1 contain no errors. As I stated earlier, the printed detail did contain some incorrect information. Staff used this incorrect information without actually checking my work papers. For example, in Staff's revenue annualization for the 5/8 inch residential customers, Staff "corrected" my revenue annualization for April 2008 using 163 customers shown on the printed detail (Direct Schedule C-2, page 5.1) rather than the actual number of customers correctly shown on the H-5. The H-5 shows that April 2008 actual number of customers was 161. The printed detail (Direct Schedule C-2 page 5.1) shows a difference between the April 2008 actual number of bills (163 at line 17) and the year-end number of bills (161) as zero. The difference of zero was correct (161 minus 161), but the 163 shown in the detail was incorrect. Again, I corrected the printed detail in my rebuttal. Compare Direct C-2, page 5.1 with Rebuttal C-2, page 3.1.

Putting that aside, Staff eliminated the Company's proposed $25,640 downward adjustment for construction water sales and proposes no downward adjustment of its own. Based on Staff's testimony concerning past customer growth rates (McMurry Dt. at 12), it appears that Staff does not believe that construction water revenue will be lower in the future, or at least significantly lower in the future. However, I do not find that Staff considered the current and expected economic environment in the next few years and the impact it has had and will have on construction activity and on construction water sales. Clearly the

significant housing growth and construction activity in the Phoenix area that occurred in the past several years is not occurring today. In fact, many utilities are losing customers and revenues because of housing foreclosures. The depressed housing and construction market in the Phoenix area is expected to continue for several years. Valley Utilities is not immune to these market conditions.

Q. HAVE YOU LOOKED AT CONSTRUCTION WATER SALES FOR VALLEY UTILITIES IN THE 12 MONTHS FOLLOWING THE TEST YEAR?

A. Yes. A review of the 12 month construction sales for the period following the test year (July 2008 to June 2009) demonstrates that construction water revenues dropped to less than $27,000. This is a revenue loss of over $40,000 when compared to the test year construction water revenues of approximately $67,600.

Q. HAS OTHER METERED REVENUES DECLINED SINCE THE END OF THE TEST YEAR?

A. Yes. Metered water revenues, exclusive of construction water sales, declined by about $90,000 for the 12 month period (July 2008 to June 2009) when compared to the Company's actual test year revenues. Together with the construction water revenue decline of over $40,000, the Company's revenue loss was over $130,000. This is not surprising given the state of the economy and housing. According to the Company there have been a substantial number of customers who have lost their homes due to foreclosures and these homes are now owned by banks and/or investors. Water use has dropped substantially because no one is living in the home and/or landscaping water usage and other water usage (*e.g.* pool water) has decreased in order to save money. And, depending on whether someone is living in a home, the Company may not be even be recovering the monthly minimum charge. In my opinion, the revenue loss will continue for the next several years.

The Phoenix housing market was severely impacted by the downturn in the economy late last year. Along with Las Vegas, Phoenix saw a rather robust housing and construction market prior to the downturn. Phoenix, like Las Vegas, now has a significantly high level of excess housing inventory compared to many other parts of the country. This inventory will not be absorbed for many years to come.

Q. YOUR REVENUE ANNUALIZATION IS A DOWNWARD ADJUSTMENT OF LESS THAN $22,000, ARE YOU CONCERNED BY THE REVENUE LOSS OF OVER $130,000 IN THE YEAR FOLLOWING THE TEST YEAR?

A. Absolutely. At a 10 percent operating margin the Company will have significant net losses if this revenue loss is not recognized.

Q. HOW HAVE YOU RECOGNIZED THIS REVENUE LOSS?

A. The Company proposes a downward revenue adjustment of $102,996. This recognizes the net downward revenue annualization adjustment already included in the adjusted test year revenue proposed in the Company direct filing and discussed above totaling about ($22,000). The revenue loss adjustment is shown in adjustment number 4.

Adjustment number 5 reduces purchased power and chemical expense. This adjustment is intended to match to the revenue loss adjustment from adjustment number 4. The Company sold approximately $22 million gallons less water that the adjusted and annualized test year gallons sold.

Adjustment number 6 increases purchased power costs from APS which was granted a rate increase in 2008. This adjustment makes sense. The purchased power costs for the 12 months after the test year were higher than the test year even though less water was sold (pumped).

Q. PLEASE CONTINUE WITH YOUR DISCUSSION OF THE REBUTTAL PROPOSED REVENUE AND EXPENSE ADJUSTMENTS.

A. Adjustment number 7 adopts Staff's proposed adjustment to outside services for water testing expense.

Adjustment number 8 adopts Staff's proposed reclassification of insurance expenses.

Adjustment number 9 adopted Staff's proposed adjustment to insurance expense for non-recurring expense.

Adjustment number 10 reclassifies miscellaneous revenue annualization from metered water revenues to miscellaneous revenues. This is a correction to the revenue annualization adjustment reflected in the Company's direct schedules.

Adjustment number 11 increases interest expense. Since under the Company's proposal the replacement well is being recognized, it is appropriate to recognize an interest expense deduction on the debt financing this project in the income tax computation.

Adjustment number 12 reflects the proposed increase in income taxes on adjusted test year revenues and expenses. The income tax computation specifically excludes the interest expense deduction for post test-year plant arsenic treatment plant funded with long-term WIFA debt since the plant is not recognized in rate base.

Q. IS THIS BECAUSE THE DEBT SERVICE IS EXPECTED TO BE RECOVERED THROUGH THE ARSENIC RECOVERY SURCHARGE?

A. Yes.

Q. PLEASE COMMENT ON STAFF'S CRITICISM OF YOUR APPROACH TO COMPUTING INCOME TAXES AND THE TAX GROSS-UP FACTOR.

A. Staff asserts that my computation set forth on Schedule C-3 is inconsistent with

rate making. Frankly, I am confused by this assertion. Schedule C-3 follows the construction of the gross revenue conversion factor ("GRCF") set forth in the Commission rules (R-14-103 Appendix A) (the "Rules"). This approach necessarily requires the computation of income tax before and after the proposed rate increase be computed using the effective tax rate under proposed rates. Staff uses a different construction of the GRCF and will generally produce a different GRCF. It does not require the income taxes before the rate increase be computed using the effective tax rate under proposed rates. As long as the adjusted test year operating income (including income taxes) are properly matched with the approach used to compute the GRCF the end result (income taxes, rate increase, and revenue requirement at proposed rates) will be the same. The Rules do permit alternative methods for computing the GRCF and as such I will not criticize Staff for not following the Rules. As you can see from Staff Schedule GTM-2, Staff's approach is much more complicated. Each approach to computing the GRCF has it merits – the schedule C-3 format set for in the Rules merit is simplicity, ease of use, and ease of understanding, and Staff's approach has merit for not requiring income taxes before the proposed rate increase be computed using the effective tax rate at proposed rates. Again, either way, the end result is the same.

Q. ARE THERE ANY OTHER REVENUE AND/OR EXPENSE ADJUSTMENTS FROM STAFF THAT THE COMPANY DOES NOT ACCEPT THAT YOU WOULD LIKE TO ADDRESS?

A. Yes. The Company disagrees with Staff's proposed operating expense adjustment to repairs and maintenance that is based on averaging the test year with two historical years.

Q. WHY DO YOU DISAGREE WITH THE USE OF AVERAGES?

A. I generally disagree with use of averages as a method of normalizing expenses.

Surrounding facts and circumstances must justify their use. I have found that only in limited cases, based on the evidence, can they be justified. Averaging does not reflect a known and measurable change to the test year. It is, at best, a guess. Averaging as a means of normalizing an expense is also subjective with respect to which expenses are averaged and which years (historical or future) and how many years are included in the average. Averaging with historical years is also backward looking. Additionally, historical levels of expense may reflect abnormally high or abnormally low levels and should be examined thoroughly before being considered for use in an average. Finally, in my experience, Staff uses averages to adjust expense downward far more frequently than it uses averages to adjust expenses upward.

By averaging in this proceeding, Staff has reduced repairs and maintenance expense down to $12,688. McMurry Dt. at 15. But, there are other averaging approaches which would indicate a higher level of expense than that recommended by Staff. By way of comparison, for example, let's examine three other approaches to computing an average for repairs and maintenance. First, based on a 5 year average using the test year (2008) and four historical years (2004, 2005, 2006, and 2007) the resulting normalized expense would be $16,402. Second, averaging the test year (2008) with two historical years (2006 and 2007) and one future year (2009)[2] would produce an expense level of $15,258. Third, averaging the test year (2008) with one historical year and one future year (2009) would produce an expense level of $13,797. All of these alternative "normalization" approaches would produce higher levels of expense than Staff's recommendation and two of the approaches produce levels of expense even greater than the test year level of

[2] For the period July 2008 to June 2009 repairs and maintenance expenses were $24,217.

$14,210. None of the methods can be said to produce the most correct result because the choice of which years to use and how many years are used is highly subjective. Normalization by means of averaging should be avoided as a result.

Q. WHAT REASONS DID STAFF PROVIDE TO JUSTIFY THE USE OF AVERAGING?

A. None. McMurry Dt. at 15. Staff has not justified the use of it average based on the circumstances in the instant case. Without a meaningful analysis, there is simply too much subjectivity in Staff's normalization approach and therefore it reflects poor ratemaking policy. If we are going to use the historical test year, with all of its flaws, we shouldn't just discard the test-year level of expense based on the presumption something is wrong with the test-year, particularly in the absence of evidence that shows extenuating circumstances.

IV. RATE DESIGN.

Q. WHAT ARE THE COMPANY'S REBUTTAL PROPOSED RATES?

A. The monthly charges at proposed rates are listed below.

All Classes

Meter Size	Monthly Minimum	Gallons included in Monthly Minimum
5/8 Inch	$ 13.29	0
¾ Inch	$ 19.94	0
1 Inch	$ 33.21	0
1 1 /2 Inch	$ 66.44	0
2 Inch	$ 106.31	0
3 Inch	$ 212.61	0
4 Inch	$ 332.20	0

6 Inch	$ 664.40	0
3 Inch Construction	$ 212.61	0

The commodity charges and tiers by meter size are:

Meter Size	Tier (gallons)	Charge per 1,000 gallons
5/8" Residential	1 to 3,000	$ 1.77
	3,001 to 10,000	$ 2.73
	Over 10,000	$ 2.99
¾" Residential	1 to 3,000	$ 1.77
	3,001 to 10,000	$ 2.73
	Over 10,000	$ 2.99
5/8" Commercial	1 to 15,000	$ 2.73
	Over 15,000	$ 2.99
¾" Commercial	1 to 15,000	$ 2.73
	Over 15,000	$ 2.99
1 Inch	1 to 25,000	$ 2.73
	Over 25,000	$ 2.99
1 ½ Inch	1 to 50,000	$ 2.73
	Over 50,000	$ 2.99
2 inch	1 to 80,000	$ 2.73
	Over 80,000	$ 2.99
3 Inch	1 to 160,000	$ 2.73
	Over 160,000	$ 2.99
4 inch	1 to 250,000	$ 2.73
	Over 250,000	$ 2.99

6 inch	1 to 500,000	$ 2.73
	Over 500,000	$ 2.99
3" Construction	All gallons	$ 3.25

Q. HOW DOES THE COMPANY'S PROPOSED RATE DESIGN DIFFER FROM STAFF'S?

A. Both the Company and Staff rate designs are inverted tier designs. Both designs include a 3 tier design for the 5/8 inch and ¾ inch meters residential meters and two tier designs for 5/8 inch and ¾ inch commercial as well as 1 inch and larger meters. The break over points for the 5/8 inch and ¾ inch residential meters are the same under the Company's design and Staff's design at 3,000 gallons and 10,000 gallons. Where the two designs depart is in the break over points for the 5/8 inch and ¾ inch commercial and for the 1 inch and larger meters. The Company's break over points for these meter sizes and classes are scaled on the flows of a 5/8 inch meter. This break-over point design flows the scaling of the monthly minimums. While Staff's monthly minimums are scaled on the flows of a 5/8 inch meter, it is unclear how Staff determined the break over points. Generally, Staff break-over points are higher than the Company's for each meter size.

The increases in the commodity rates are also different between Staff and the Company. The Company applies the rate increase evenly over the present commodity rates and at the same overall increase in rates. Staff's commodity rates are increased substantially above the Staff's overall rate increase (approximately 12 percent). For example, the 2nd tier of the 5/8 and ¾ inch residential meters is increase by over 19 percent and the 3rd tier by over 38 percent. Similarly, the 1st and 2nd tier of the 5/8 inch and ¾ inch commercial meters and the 1 inch and larger meters are increased by over 19 percent and 38 percent, respectively. In other words, Staff design shifts more revenue recovery from the small commercial and 1

inch and larger meters. This will result in more revenue instability than the Company's design and increase the likelihood that the Company will not generate the authorized revenue requirement. A rate design which increases the chances of not recovering the revenue requirement, particularly for the Company which is not in good financial health (negative equity and high debt), should not be adopted.

Q. WHAT IS THE IMPACT OF THE COMPANY'S PROPOSED RATES ON AN AVERAGE 5/8 INCH METERED RESIDENTIAL CUSTOMER?

A. The present monthly bill for a 5/8 inch metered residential customer using an average of 7,376 gallons is $25.85. The proposed monthly bill for a 5/8 inch metered residential customer using an average of 7,376 gallons is $30.54 – an increase of $4.69 or 18.14 percent over the present rates.

Q. ARE THERE ANY DISPUTES BETWEEN STAFF AND THE COMPANY ON THE COMPANY PROPOSED MISCELLANEOUS CHARGES AND METER AND SERVICE LINE INSTALLATION CHARGES?

A. No.

Q. DOES THAT CONCLUDE YOUR REBUTTAL TESTIMONY?

A. Yes.

Exhibit A

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Income Statement

Exhibit A
Page 1
Witness: Bourassa

Line No.		[1] Staff Adjusted with Rate Increase	[2] Adjustment	[3] Adjusted with Rate Increase	[4] Adjustment	[5] Adjusted with Rate Increase	[6] Adjustment	[7] Adjusted with Rate Increase
1	**Revenues**							
2	Metered Revenues	$ 1,331,009		$ 1,331,009 3	$ (15,787)	$ 1,315,222 5	$ (102,966)	$ 1,212,256
3				-		-		-
4	Other Wastewater Revenues	48,126		48,126		48,126		$ 48,126
5		$ 1,379,135	$ -	$ 1,379,135	$ (15,787)	$ 1,363,348	$ (102,966)	$ 1,260,382
6	**Operating Expenses**							
7	Salaries and Wages	$ 355,559		$ 355,559		$ 355,559		$ 355,559
8	Employee Pensions and Benefits	5,343		5,343		5,343		5,343
9	Purchased Water	4,357		4,357		4,357		4,357
10	Purchased Power	137,023		137,023		137,023		137,023
11	Chemicals	7,691		7,691		7,691		7,691
12	Repairs and Maintenance	12,669		12,669		12,669		12,669
13	Office Supplies and Expense	10,006		10,006		10,006		10,006
14	Outside Services	34,123		34,123		34,123		34,123
15	Water Testing	-		-		-		-
16	Rents	56,601		56,601		56,601		56,601
17	Transportation Expenses	25,266		25,266		25,266		25,266
18	Insurance - General Liability	28,709		28,709		28,709		28,709
19	Insurance - Health and Life	84,577		84,577		84,577		84,577
20	Advertising	-		-		-		-
21	Regulatory Comm. Exp. - Rate Case	40,000		40,000		40,000		40,000
22	Regulatory Comm. Exp. - Other	15,856		15,856		15,856		15,856
23	Bad Debt Expense	228		228		228		228
24	Miscellaneous Expense	42,327		42,327		42,327		42,327
25	Depreciation and Amortization	235,742 1	84,866	320,608		320,608		320,608
26	Taxes Other Than Income	29,351		29,351		29,351		29,351
27	Property Taxes	40,202		40,202		40,202		40,202
28	Income Tax	75,592 2	(74,481)	1,111 4	(1,061)	50 6	-	50
29	Rounding	(1)		(1)		(1)		(1)
30	**Total Operating Expenses**	$ 1,241,221	$ 10,385	$ 1,251,606	$ (1,061)	$ 1,250,544	$ -	$ 1,250,544
31	**Operating Income**	$ 137,914	$ (10,385)	$ 127,529	$ (14,726)	$ 112,804	$ (102,966)	$ 9,838
32	**Other Income (Expense)**							
33	Interest Income	-		-		-		-
34	Other income	-		-		-		-
35	Gain on Disposal Fixed Assets	-		-		-		-
36	Interest Expense	-	(123,329)	(123,329)		(123,329)		(123,329)
37	Other Expense	-		-		-		-
38								
39	**Total Other Income (Expense)**	$ -	$ (123,329)	$ (123,329)	$ -	$ (123,329)	$ -	$ (123,329)
40	**Net Profit (Loss)**	$ 137,914	$ (133,714)	$ 4,200	$ (14,726)	$ (10,525)	$ (102,966)	$ (113,491)
41								
42	SUPPORTING SCHEDULES:							
43	Staff Schedule GTM -8							
44								
45	ADJUSTMENTS							
46	Adj #1 - Required depreciation adjustment related to post test year plant. See page 2.							
47	Adj #2 - Computed income tax adjustment reflecting interest expense deduction.							
48	Adj #3 - Reverse Staff's inappropriate revenue annualization adjustment. See testimony.							
49	Adj #4 - Computed income tax adjustment reflecting reversal of Staff revenue annualization adjustment.							
50	Adj #5 - Revenue loss adjustment proposed by Company. See testimony.							
51	Adj #6 - Computed income tax adjustment reflecting revenue loss.							
52								

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Adjustments to Revenues and Expenses
Adjustment Number 1

Exhibit A
Page 2
Witness: Bourassa

Line No.				Proforma Adjustments					
1	Depreciation Expense								
2				1	2	3			
3				Direct	Increase in	Staff			
4			Adjusted	PTY Plant	PTY Plant	Proposed	Adjusted		
5	Acct.		Original	Arsenic	Arsenic	Plant	Original	Proposed	Depreciation
6	No.	Description	Cost	Water Trmnt	Water Trmnt	Reclass	Cost	Rates	Expense
7	301	Organization Cost	-				-	0.00%	-
8	302	Franchise Cost	-				-	0.00%	-
9	303	Land and Land Rights	448,196				448,196	0.00%	-
10	304	Structures and Improvements	17,167				17,167	3.33%	572
11	305	Collecting and Impounding Res.	-				-	2.50%	-
12	306	Lake River and Other Intakes	-				-	2.50%	-
13	307	Wells and Springs	1,147,717				1,147,717	3.33%	38,219
14	308	Infiltration Galleries and Tunnels	-				-	6.67%	-
15	309	Supply Mains	-				-	2.00%	-
16	310	Power Generation Equipment	-				-	5.00%	-
17	311	Electric Pumping Equipment	448,660				448,660	12.50%	56,082
18	320	Water Treatment Equipment	22,334				22,334	3.33%	744
19	330	Distribution Reservoirs & Standpipe	828,116				828,116	2.22%	18,384
20	331	Transmission and Distribution Mains	2,593,007				2,593,007	2.00%	51,860
21	333	Services	123,765				123,765	3.33%	4,121
22	334	Meters	419,733				419,733	8.33%	34,964
23	335	Hydrants	147,203				147,203	2.00%	2,944
24	336	Backflow Prevention Devices	-				-	6.67%	-
25	339	Other Plant and Misc. Equip.	1,237				1,237	6.67%	83
26	340	Office Furniture and Fixtures	66,856				66,856	6.67%	4,459
27	341	Transportation Equipment	88,026				88,026	20.00%	17,605
28	342	Stores Equipment	-				-	4.00%	-
29	343	Tools and Work Equipment	38,585				38,585	5.00%	1,929
30	344	Laboratory Equipment	-				-	10.00%	-
31	345	Power Operated Equipment	5,930				5,930	5.00%	296
32	346	Communications Equipment	-				-	10.00%	-
33	347	Miscellaneous Equipment	20,000				20,000	10.00%	2,000
34	348	Other Tangible Plant	4,237				4,237	3.33%	141
35									
36		Subtotal Plant	$ 6,420,770	$ -	$ -	$ -	$ 6,420,770		$ 234,404
37									
38	Post Test Year plant								
39	303	Land and Land Rights	$ -	$ -		$ 55,000	$ 55,000	0.00%	$ -
40	307	Wells and Springs	-	250,000			250,000	3.33%	8,325
41	320	Water Treatment Equipment	-	1,826,100	258,883	(55,000)	2,029,983	3.33%	67,598
42	348	Other Tangible Plant - Arsenic Media	-	100,000			100,000	67.00%	67,000
43			$ -	$ 2,176,100	$ 258,883	$ (55,000)	$ 2,379,983		$ 142,923
44		Total Plant	$ 6,420,770				$ 8,800,753		$ 377,328
45									
46	Less: Amortization of Contributions		$ 1,322,934				$ 1,322,934	4.2874%	$ (56,720)
47									
48	Total Depreciation Expense								$ 320,608
49									
50	Staff Adjusted Test Year Depreciation Expense								235,742
51									
52	Increase (decrease) in Depreciation Expense								84,866
53									
54	Adjustment to Revenues and/or Expenses								$ 84,866
55									
56	SUPPORTING SCHEDULE								

Schedules

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Computation of Increase in Gross Revenue
Requirements As Adjusted

Exhibit
Rebuttal Schedule A-1
Page 1
Witness: Bourassa

Line No.			
1	Fair Value Rate Base	$	(184,909)
2			
3	Adjusted Operating Income		(10,393)
4			
5	Current Rate of Return		NM
6			
7	Required Operating Income	$	132,230
8			
9	Proposed Operatin Margin		10.00%
10			
11	Operating Income Deficiency	$	142,623
12			
13	Gross Revenue Conversion Factor		1.5114
14			
15	Increase in Gross Revenue Revenue Requirement	$	215,564
16			
17	Test Year Revenues	$	1,106,737
18	Increase in Gross Revenue Revenue Requirement	$	215,564
19	Proposed Revenue Requirement	$	1,322,302
20	Percent Increase		19.48%

Line No.	Customer Classification	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
25	5/8 Inch	$ 55,282	$ 65,317	$ 10,035	18.15%
26	3/4 Inch	386,376	456,492	70,116	18.15%
27	1 Inch	384,994	459,961	74,967	19.47%
28	1 1/2 Inch	23,801	28,696	4,895	20.57%
29	2 Inch	267,706	319,306	51,600	19.27%
30	3 Inch Construction	67,596	74,610	7,014	10.38%
31	Revenue Annualization	(24,537)	(27,045)	(2,508)	10.22%
32	Revenue Loss Adjustment	(102,966)	(102,966)	-	0.00%
33	**Subtotal**	$ 1,058,253	$ 1,274,370	$ 216,118	20.42%
34					
35	Misc. Service Revenues	45,466	45,466	-	0.00%
36	Annualization of Misc Service Revenues	2,660	2,660	-	0.00%
37	Reconciling Amount H-1 to C-1	359	(194)	(553)	-154.04%
38					
39	**Total of Water Revenues**	$ 1,106,737	$ 1,322,302	$ 215,565	19.48%

41 NM -= Not Meaningful

43 SUPPORTING SCHEDULES:
44 Rebuttal B-1
45 Rebuttal C-1
46 Rebuttal C-3
47 Rebuttal H-1
48

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Summary of Rate Base

Exhibit
Rebuttal Schedule B-1
Page 1
Witness: Bourassa

Line No.		Original Cost Rate base	Fair Value Rate Base
1			
2	Gross Utility Plant in Service	$ 6,670,770	$ 6,670,770
3	Less: Accumulated Depreciation	2,051,030	2,051,030
4			
5	Net Utility Plant in Service	$ 4,619,739	$ 4,619,739
6			
7	Less:		
8	Advances in Aid of		
9	Construction	3,515,087	3,515,087
10	Contributions in Aid of		
11	Construction	1,322,934	1,322,934
12	Accumulated Amortization of CIAC	(289,647)	(289,647)
13			
14	Customer Meter Deposits	224,503	224,503
15	Deferred Income Taxes & Credits	31,772	31,772
16		-	-
17			
18			
19	Plus:		
20	Unamortized Finance		
21	Charges	-	-
22	Deferred Regulatory Assets	-	-
23	Allowance for Working Capital	-	-
24			
25			
26	Total Rate Base	$ (184,909)	$ (184,909)
27			
28			
29			
30	SUPPORTING SCHEDULES:		
31	Rebuttal B-2		
32	Rebuttal B-5		
33			
34			
35			

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Original Cost Rate Base Proforma Adjustments

Exhibit
Rebuttal Schedule B-2
Page 1
Witness: Bourassa

Line No.		Adjusted at End of Test Year	Proforma Adjustments Amount	Rebuttal Adjusted at end of Test Year
1	Gross Utility			
2	Plant in Service	$ 8,596,870	(1,926,100)	$ 6,670,770
3				
4	**Less:**			
5	Accumulated			
6	Depreciation	2,051,030	-	2,051,030
7				
8				
9	Net Utility Plant			
10	in Service	$ 6,545,839		$ 4,619,739
11				
12	**Less:**			
13	Advances in Aid of			
14	Construction	3,515,087	-	3,515,087
15				
16	Contributions in Aid of			
17	Construction (CIAC)	1,322,934	-	1,322,934
18				
19	Accumulated Amortization of CIAC	(289,647)	-	(289,647)
20				
21	Customer Meter Deposits	224,503	-	224,503
22	Deferred Income Taxes	31,772	-	31,772
23				
24				
25	**Plus:**			
26	Unamortized Finance			
27	Charges	-	-	-
28	Deferred Regulatory Assets	-	-	-
29	Allowance for Working Capital	-	-	-
30				
31	Total	$ 1,741,191		$ (184,909)
32				
33				
34				
35	SUPPORTING SCHEDULES:			RECAP SCHEDULES:
36	Rebuttal B-2, pages 2-3			Rebuttal B-1
37				
38				
39				
40				
41				
42				
43				
44				

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Original Cost Rate Base Proforma Adjustments

Exhibit
Rebuttal Schedule B-2
Page 2
Witness: Bourassa

Line No.		Adjusted at end of Test Year	Proforma Adjustments 1 Plant Adjustments	2 Intentionally Left Blank	3 Intentionally Left Blank	Rebuttal Adjusted at end of Test Year
1	Gross Utility					
2	Plant in Service	$ 8,596,870	(1,926,100)			$ 6,670,770
3						
4	**Less:**					
5	Accumulated					
6	Depreciation	2,051,030				2,051,030
7						
8						
9	Net Utility Plant					
10	in Service	$ 6,545,839	$ (1,926,100)	$ -	$ -	$ 4,619,739
11						
12	**Less:**					
13	Advances in Aid of					
14	Construction	3,515,087				3,515,087
15						
16	Contributions in Aid of					
17	Construction (CIAC)	1,322,934				1,322,934
18						
19	Accumulated Amort of CIAC	(289,647)				(289,647)
20						
21	Customer Meter Deposits	224,503				224,503
22	Deferred Income Taxes	31,772				31,772
23						
24						
25	**Plus:**					
26	Unamortized Finance					
27	Charges	-				-
28	Deferred Reg. Assets	-				-
29	Allowance for Working Capital	-				-
30						
31	Total	$ 1,741,191	$ (1,926,100)	$ -	$ -	$ (184,909)
32						
33						
34						
35	SUPPORTING SCHEDULES:					
36	Rebuttal B-2, pages 3					
37						
38						
39						
40						

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1

Exhibit
Rebuttal Schedule B-2
Page 3
Witness: Bourassa

Line No.	Acct. No.	Description	Direct Adjusted Original Cost	ADJUSTMENT A PTY Plant Arsenic Water Treatment	ADJUSTMENT B Plant Reclass	ADJUSTMENT C Intentionally Left Blank	Rebuttal Adjusted Original Cost
1	Plant-in-Service						
5	301	Organization Cost	-				-
6	302	Franchise Cost	-				-
7	303	Land and Land Rights	448,196				448,196
8	304	Structures and Improvements	17,167				17,167
9	305	Collecting and Impounding Res.	-				-
10	306	Lake River and Other Intakes	-				-
11	307	Wells and Springs	1,147,717				1,147,717
12	308	Infiltration Galleries and Tunnels	-				-
13	309	Supply Mains	-				-
14	310	Power Generation Equipment	-				-
15	311	Electric Pumping Equipment	448,660				448,660
16	320	Water Treatment Equipment	22,334				22,334
17	330	Distrib. Reservoirs & Standpipe	828,116				828,116
18	331	Trans. and Distrib. Mains	2,593,007				2,593,007
19	333	Services	123,765				123,765
20	334	Meters	419,733				419,733
21	335	Hydrants	147,203				147,203
22	336	Backflow Prevention Devices	-				-
23	339	Other Plant and Misc. Equipment	1,237				1,237
24	340	Office Furniture and Fixtures	66,856				66,856
25	341	Transportation Equipment	88,026				88,026
26	342	Stores Equipment	-				-
27	343	Tools and Work Equipment	38,585				38,585
28	344	Laboratory Equipment	-				-
29	345	Power Operated Equipment	5,930				5,930
30	346	Communications Equipment	-				-
31	347	Miscellaneous Equipment	20,000				20,000
32	348	Other Tangible Plant	4,237				4,237
33	348	Other Tangible Plant - Arsenic Media					-
34		TOTALS	$ 6,420,770	$ -	$ -	$ -	$ 6,420,770
36	Post Test Year Plant						
37	303	Land and Land Rights	$ -				$ -
38	307	Wells and Springs	250,000				250,000
39	320	Water Treatment Equipment	1,826,100	(1,826,100)			-
40	348	Other Tangible Plant - Arsenic Media	100,000	(100,000)			-
41			$ 2,176,100	$ (1,926,100)	$ -	$ -	$ 250,000
42		Total Plant	$ 8,596,870	$ (1,926,100)	$ -	$ -	$ 6,670,770
44	Direct Adjusted Plant-in-Service						$ 8,596,870
46	Increase (decrease) in Plant-in-Service						$ (1,926,100)
48	Adjustment to Plant-in-Service						$ (1,926,100)

50 SUPPORTING SCHEDULES

ADJUSTMENTS

51 Adjustment A - See Rebuttal B-2, page 3.1

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1 - A

Exhibit
Rebuttal Schedule B-2
Page 3.1
Witness: Bourassa

Line No.		
1		
2	Post Test Year Plant	
3		
4	Arsenic Treament Facilities - Account 320	
5	Cost per Rebuttal Filing	$ -
6	Cost Per Direct Filing	1,826,100
7	Increase (Decrease) in Cost	$ (1,826,100)
8		
9	Arsenic Media - Account 348	
10	Costs per Rebuttal Filing	$ -
11	Cost Per Direct Filing	100,000
12	Increase (Decrease) in Cost	$ (100,000)
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Computation of Working Capital

Exhibit
Rebuttal Schedule B-5
Page 1
Witness: Bourassa

Line No.			
1	Cash Working Capital (1/8 of Allowance		
2	Operation and Maintenance Expense)	$	93,646
3	Pumping Power (1/24 of Pumping Power)		6,022
4	Purchased Water (1/24 of Purchased Water)		182
5	Prepaids/Deferred Debits		85,945
6	Materials & Supplies		28,626
7			
8			
9	Total Working Capital Allowance	$	214,420
10			
11			
12	Working Capital Requested	$	-
13			
14			
15	SUPPORTING SCHEDULES:	RECAP SCHEDULES:	
16		Rebuttal B-1	
17			

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Income Statement

Exhibit
Rebuttal Schedule C-1
Page 1
Witness: Bourassa

Line No.		Test Year Adjusted Results	Adjustment	Rebuttal Test Year Adjusted Results	Proposed Rate Increase	Adjusted with Rate Increase
1	**Revenues**					
2	Metered Revenues	$ 1,164,238	$ (105,626)	$ 1,058,612	$ 215,564	$ 1,274,176
3						-
4	Other Wastewater Revenues	45,466	2,660	48,126		48,126
5		$ 1,209,703	$ (102,966)	$ 1,106,737	$ 215,564	$ 1,322,302
6	**Operating Expenses**					
7	Salaries and Wages	$ 355,559	-	$ 355,559		$ 355,559
8	Employee Pensions and Benefits	5,343	-	5,343		5,343
9	Purchased Water	4,357	-	4,357		4,357
10	Purchased Power	136,963	7,563	144,526		144,526
11	Chemicals	7,549	(540)	7,009		7,009
12	Repairs and Maintenance	14,210	-	14,210		14,210
13	Office Supplies and Expense	10,006	-	10,006		10,006
14	Outside Services	31,734	2,389	34,123		34,123
15	Water Testing	-	-	-		-
16	Rents	56,601	-	56,601		56,601
17	Transportation Expenses	25,266	-	25,266		25,266
18	Insurance - General Liability	39,013	(10,304)	28,709		28,709
19	Insurance - Health and Life	84,637	(60)	84,577		84,577
20	Advertising	-	-	-		-
21	Regulatory Comm. Exp. - Rate Case	40,000	-	40,000		40,000
22	Regulatory Comm. Exp. - Other	15,856	-	15,856		15,856
23	Bad Debt Expense	228	-	228		228
24	Miscellaneous Expense	42,327	-	42,327		42,327
25	Depreciation and Amortization	313,518	(118,926)	194,592		194,592
26	Taxes Other Than Income	29,351	-	29,351		29,351
27	Property Taxes	39,304	(2,081)	37,223		37,223
28	Income Tax	(54,130)	41,399	(12,731)	72,941	60,210
29				-		-
30	**Total Operating Expenses**	$ 1,197,692	$ (80,561)	$ 1,117,131	$ 72,941	$ 1,190,072
31	**Operating Income**	$ 12,012	$ (22,405)	$ (10,393)	$ 142,623	$ 132,230
32	**Other Income (Expense)**					
33	Interest Income	-	-	-		-
34	Other income	-	-	-		-
35	Gain on Disposal Fixed Assets	-	-	-		-
36	Interest Expense	(123,851)	109,351	(14,500)		(14,500)
37	Other Expense	-	-	-		-
38						
39	**Total Other Income (Expense)**	$ (123,851)	$ 109,351	$ (14,500)	$ -	$ (14,500)
40	**Net Profit (Loss)**	$ (111,839)	$ 86,946	$ (24,893)	$ 142,623	$ 117,730
41						
42	SUPPORTING SCHEDULES:				RECAP SCHEDULES:	
43	Rebuttal C-1 page 2				Rebuttal A-1	
44						
45						

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Income Statement

Exhibit
Rebuttal Schedule C-1
Page 2
Witness: Bourassa

Line No.		Direct Test Year Adjusted Results	1 Depreciation Expense	2 Property Taxes	3 Revenue Annualization	4 Metered Revenue Loss Adjustment	5 Purch. Power & Chemical Adj. For Rev. Loss	6 Purchased Power Adj. For APS Incr.	7 Water Testing	8 Reclass Insurance	9 Non-Recurring Ins. Exp.	10 Reclass Revenues	11 Interest Expense	12 Income Taxes	Rebuttal Test Year Adjusted Results	Proposed Rate Increase	Rebuttal Adjusted with Rate Increase
1	Revenues																
2	Metered Revenues	$ 1,164,238			$ -	$ (102,966)						$ (2,660)			$ 1,058,612	$ 215,564	$ 1,274,176
3																	-
4	Other Wastewater Revenues	45,466										2,660			48,126		48,126
5		$ 1,209,703	$ -	$ -	$ -	$ (102,966)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,106,737	$ 215,564	$ 1,322,302
6	Operating Expenses																
7	Salaries and Wages	$ 355,559													$ 355,559		$ 355,559
8	Employee Pensions and Benefits	5,343													5,343		5,343
9	Purchased Water	4,357													4,357		4,357
10	Purchased Power	136,963					(9,656)	17,219							144,526		144,526
11	Chemicals	7,549					(540)								7,009		7,009
12	Repairs and Maintenance	14,210													14,210		14,210
13	Office Supplies and Expense	10,006													10,006		10,006
14	Outside Services	31,734							2,389						34,123		34,123
15	Water Testing	-													-		-
16	Rents	56,601													56,601		56,601
17	Transportation Expenses	25,266													25,266		25,266
18	Insurance - General Liability	39,013								(10,304)					28,709		28,709
19	Insurance - Health and Life	84,637								10,304	(10,364)				84,577		84,577
20	Advertising	-													-		-
21	Reg. Comm. Exp. - Rate Case	40,000													40,000		40,000
22	Reg. Comm. Exp. - Other	15,856													15,856		15,856
23	Bad Debt Expense	228													228		228
24	Miscellaneous Expense	42,327													42,327		42,327
25	Depreciation and Amortization	313,518	(118,926)												194,592		194,592
26	Taxes Other Than Income	29,351													29,351		29,351
27	Property Taxes	39,304		(2,081)											37,223		37,223
28	Income Tax	(54,130)												41,399	(12,731)	72,941	60,210
29															-		-
30	Total Operating Expenses	$ 1,197,692	$ (118,926)	$ (2,081)	$ -	$ -	$ (10,197)	$ 17,219	$ 2,389	$ -	$ (10,364)	$ -	$ -	$ 41,399	$ 1,117,131	$ 72,941	$ 1,190,072
31	Operating Income	$ 12,012	$ 118,926	$ 2,081	$ -	$ (102,966)	$ 10,197	$ (17,219)	$ (2,389)	$ -	$ 10,364	$ -	$ -	$ (41,399)	$ (10,393)	$ 142,623	$ 132,230
32	Other Income (Expense)																
33	Interest Income	-													-		-
34	Other Income	-													-		-
35	Gain on Disposal Fixed Assets	-													-		-
36	Interest Expense	(123,851)											109,351		(14,500)		(14,500)
37	Other Expense	-													-		-
38																	
39	Total Other Income (Expense)	$ (123,851)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 109,351	$ -	$ (14,500)	$ -	$ (14,500)
40	Net Profit (Loss)	$ (111,839)	$ 118,926	$ 2,081	$ -	$ (102,966)	$ 10,197	$ (17,219)	$ (2,389)	$ -	$ 10,364	$ -	$ 109,351	$ (41,399)	$ (24,893)	$ 142,623	$ 117,730
41																	
42	SUPPORTING SCHEDULES:																
43	Rebuttal C-2																
44																	
45																	

RECAP SCHEDULES:
Rebuttal C-1, page 1

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Adjustments to Revenues and Expenses

Exhibit
Rebuttal Schedule C-2
Page 1
Witness: Bourassa

Adjustments to Revenues and Expenses

Line No.		1 Depreciation Expense	2 Property Taxes	3 Revenue Annualization	4 Revenue Loss Adjustment	5 Purch. Power Chemical Exp.	6 Purchased Power Adj.	Subtotal
1								
2								
3	Revenues			-	(102,966)			(102,966)
4								
5	Expenses	(118,926)	(2,081)			(10,197)	17,219	(113,985)
6								
7	Operating							
8	Income	118,926	2,081	-	(102,966)	10,197	(17,219)	11,019
9								
10	Interest							-
11	Expense							-
12	Other							
13	Income /							-
14	Expense							
15								
16	Net Income	118,926	2,081	-	(102,966)	10,197	(17,219)	11,019

Adjustments to Revenues and Expenses

Line No.		7 Water Testing	8 Reclass Insurance	9 Non-Recurring Expense	10 Reclass Revenues	11 Interest Expense	12 Income Taxes	Subtotal
18								
19								
20								
21								
22	Revenues				-			(102,966)
23								
24	Expenses	2,389	-	(10,364)			41,399	(80,561)
25								
26	Operating							
27	Income	(2,389)	-	10,364	-	-	(41,399)	(22,405)
28								
29	Interest							
30	Expense					109,351		109,351
31	Other							
32	Income /							-
33	Expense							
34								
35	Net Income	(2,389)	-	10,364	-	109,351	(41,399)	86,946
36								

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Adjustments to Revenues and Expenses
Adjustment Number 1

Exhibit
Rebuttal Schedule C-2
Page 2
Witness: Bourassa

Line No.	Acct. No.	Description	Adjusted Original Cost	Proforma Adjustments 1 B-2 Adj. 1 - A PTY Plant Arsenic Water Trmnt	2 B-2 Adj. 1 - B Plant Reclass	3	Adjusted Original Cost	Proposed Rates	Depreciation Expense
1		Depreciation Expense							
7	301	Organization Cost	-				-	0.00%	-
8	302	Franchise Cost	-				-	0.00%	-
9	303	Land and Land Rights	448,196				448,196	0.00%	-
10	304	Structures and Improvements	17,167				17,167	3.33%	572
11	305	Collecting and Impounding Res.	-				-	2.50%	-
12	306	Lake River and Other Intakes	-				-	2.50%	-
13	307	Wells and Springs	1,147,717				1,147,717	3.33%	38,219
14	308	Infiltration Galleries and Tunnels	-				-	6.67%	-
15	309	Supply Mains	-				-	2.00%	-
16	310	Power Generation Equipment	-				-	5.00%	-
17	311	Electric Pumping Equipment	448,660				448,660	12.50%	56,082
18	320	Water Treatment Equipment	22,334				22,334	3.33%	744
19	330	Distribution Reservoirs & Standpipe	828,116				828,116	2.22%	18,384
20	331	Transmission and Distribution Mains	2,593,007				2,593,007	2.00%	51,860
21	333	Services	123,765				123,765	3.33%	4,121
22	334	Meters	419,733				419,733	8.33%	34,964
23	335	Hydrants	147,203				147,203	2.00%	2,944
24	336	Backflow Prevention Devices	-				-	6.67%	-
25	339	Other Plant and Misc. Equip.	1,237				1,237	6.67%	83
26	340	Office Furniture and Fixtures	66,856				66,856	6.67%	4,459
27	341	Transportation Equipment	88,026				88,026	20.00%	17,605
28	342	Stores Equipment	-				-	4.00%	-
29	343	Tools and Work Equipment	38,585				38,585	5.00%	1,929
30	344	Laboratory Equipment	-				-	10.00%	-
31	345	Power Operated Equipment	5,930				5,930	5.00%	296
32	346	Communications Equipment	-				-	10.00%	-
33	347	Miscellaneous Equipment	20,000				20,000	10.00%	2,000
34	348	Other Tangible Plant	4,237				4,237	3.33%	141
35									
36		Subtotal Plant	$ 6,420,770	$ -	$ -	$ -	$ 6,420,770		$ 234,404
37									
38		Post Test Year plant							
39	303	Land and Land Rights	$ -		$ -		$ -	0.00%	$ -
40	307	Wells and Springs	250,000	-			250,000	3.33%	8,325
41	320	Water Treatment Equipment	1,826,100	(1,826,100)	-		-	3.33%	-
42	348	Other Tangible Plant - Arsenic Media	100,000	(100,000)			-	67.00%	-
43			$ 2,176,100	$ (1,926,100)	$ -	$ -	$ 250,000		$ 8,325
44		Total Plant	$ 8,596,870				$ 6,670,770		$ 242,729
45									
46		Less: Amortization of Contributions	$ 1,322,934				$ 1,322,934	3.6387%	$ (48,138)
47									
48		Total Depreciation Expense							$ 194,592
49									
50		Adjusted Test Year Depreciation Expense							313,518
51									
52		Increase (decrease) in Depreciation Expense							(118,926)
53									
54		Adjustment to Revenues and/or Expenses							$ (118,926)
55									
56		SUPPORTING SCHEDULE							
57		Rebuttal B-2, page 3							

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Adjustment to Revenues and/or Expenses
Adjustment Number 2

Exhibit
Rebuttal Schedule C-2
Page 3
Witness: Bourassa

Line No.			
1	Adjust Property Taxes to Reflect Proposed Revenues:		
2			
3	Adjusted Revenues in year ended 06/30/2008	$	1,106,737
4	Adjusted Revenues in year ended 06/30/2008		1,106,737
5	Proposed Revenues		1,322,302
6	Average of three year's of revenue	$	1,178,592
7	Average of three year's of revenue, times 2	$	2,357,184
8	Add:		
9	Construction Work in Progess at 10%	$	110,850
10	Deduct:		
11	Book Value of Transportation Equipment	$	16,498
12			
13	Full Cash Value	$	2,451,536
14	Assessment Ratio		21%
15	Assessed Value		514,822
16	Property Tax Rate		7.2302%
17			
18	Property Tax		37,223
19	Tax on Parcels		0
20			
21	Total Property Tax at Proposed Rates	$	37,223
22	Property taxes in the test year		39,304
23	Change in property taxes	$	(2,081)
24			
25			
26	Adjustment to Revenues and/or Expenses	$	(2,081)
27			
28			

Valley Utilities Water Company, Inc.
5/8 Inch Residential
Customers to Year End Levels
Test Year Ended June 30, 2008

Exhibit
Rebuttal Schedule C-2
Page 3.1
Witness: Bourassa

Line No.		Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08
1	Year End Number of Customers	161	161	161	161	161	161	161
2	Actual Customers	162	162	159	160	161	161	159
3	Increase in Number of Customers/Bills	(1)	(1)	2	1	-	-	2
4	Average Revenue / Present Rates	$ 34.61	$ 28.03	$ 28.09	$ 29.22	$ 23.68	$ 18.84	$ 20.65
5	Revenue Annualization / Present Rates	$ (35)	$ (28)	$ 56	$ 29	$ -	$ -	$ 41
6								
7	Increase in Number of Customers	(1)	(1)	2	1	-	-	2
8	Average Revenue / Proposed Rates	$ 40.89	$ 33.12	$ 33.19	$ 34.52	$ 27.98	$ 22.26	$ 24.40
9	Revenue Annualization / Proposed Rates	$ (41)	$ (33)	$ 66	$ 35	$ -	$ -	$ 49
10	Additional Gallons to be Produced	(11,068)	(8,321)	16,693	8,835	-	-	10,253
11								
12								
13								
14		Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08		Total Year
15	Year End Number of Customers	161	161	161	161	161		
16	Actual Customers	163	159	161	159	161		
17	Increase in Number of Customers/Bills	(2)	2	-	2	-		5
18	Average Revenue / Present Rates	$ 19.70	$ 24.26	$ 25.02	$ 29.36	$ 28.95		
19	Revenue Annualization / Present Rates	$ (39)	$ 49	$ -	$ 59	$ -		$ 132
20								
21	Increase in Number of Customers	(2)	2	-	2	-		
22	Average Revenue / Proposed Rates	$ 23.28	$ 28.66	$ 29.56	$ 34.69	$ 34.20		
23	Revenue Annualization / Proposed Rates	$ (39)	$ 49	$ -	$ 59	$ -		$ 156
24	Additional Gallons to be Produced	(9,430)	13,378	-	17,793	-		38,132

Valley Utilities Water Company, Inc.
3/4 Inch Residential
Customers to Year End Levels
Test Year Ended June 30, 2008

Exhibit
Rebuttal Schedule C-2
Page 3.2
Witness: Bourassa

Line No.		Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08
1	Year End Number of Customers	827	827	827	827	827	827	827
2	Actual Customers	838	841	835	842	834	824	829
3	Increase in Number of Customers/Bills	(11)	(14)	(8)	(15)	(7)	3	(2)
4	Average Revenue / Present Rates	$ 46.00	$ 40.05	$ 38.54	$ 39.48	$ 33.97	$ 30.14	$ 31.22
5	Revenue Annualization / Present Rates	$ (506)	$ (561)	$ (308)	$ (592)	$ (238)	$ 90	$ (62)
6								
7	Increase in Number of Customers	(11)	(14)	(8)	(15)	(7)	3	(2)
8	Average Revenue / Proposed Rates	$ 54.34	$ 47.32	$ 45.54	$ 46.64	$ 40.13	$ 35.62	$ 36.88
9	Revenue Annualization / Proposed Rates	$ (598)	$ (662)	$ (364)	$ (700)	$ (281)	$ 107	$ (74)
10	Additional Gallons to be Produced	(146,766)	(153,890)	(83,170)	(161,489)	(59,180)	20,395	(14,524)
11								
12								
13								
14		Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08		Total Year
15	Year End Number of Customers	827	827	827	827	827		
16	Actual Customers	833	830	831	825	827		
17	Increase in Number of Customers/Bills	(6)	(3)	(4)	2	-		(65)
18	Average Revenue / Present Rates	$ 29.99	$ 33.90	$ 35.38	$ 40.60	$ 39.71		
19	Revenue Annualization / Present Rates	$ (180)	$ (102)	$ (142)	$ 81	$ -		$ (2,519)
20								
21	Increase in Number of Customers	(6)	(3)	(4)	2	-		
22	Average Revenue / Proposed Rates	$ 35.43	$ 40.05	$ 41.81	$ 47.97	$ 46.92		
23	Revenue Annualization / Proposed Rates	$ (180)	$ (102)	$ (142)	$ 81	$ -		$ (2,976)
24	Additional Gallons to be Produced	(40,379)	(25,266)	(36,267)	22,419	-		(678,117)

Valley Utilities Water Company, Inc.
1 Inch Residential
Customers to Year End Levels
Test Year Ended June 30, 2008

Exhibit
Rebuttal Schedule C-2
Page 3.3
Witness: Bourassa

Line No.		Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08
1	Year End Number of Customers	386	386	386	386	386	386	386
2	Actual Customers	393	389	389	389	389	386	397
3	Increase in Number of Customers/Bills	(7)	(3)	(3)	(3)	(3)	-	(11)
4	Average Revenue / Present Rates	$ 98.38	$ 85.97	$ 86.44	$ 88.35	$ 70.45	$ 55.66	$ 57.16
5	Revenue Annualization / Present Rates	$ (689)	$ (258)	$ (259)	$ (265)	$ (211)	$ -	$ (629)
6								
7	Increase in Number of Customers	(7)	(3)	(3)	(3)	(3)	-	(11)
8	Average Revenue / Proposed Rates	$ 117.63	$ 101.58	$ 102.18	$ 104.65	$ 83.22	$ 65.77	$ 67.54
9	Revenue Annualization / Proposed Rates	$ (823)	$ (305)	$ (307)	$ (314)	$ (250)	$ -	$ (743)
10	Additional Gallons to be Produced	(212,978)	(75,162)	(75,762)	(78,249)	(54,994)	-	(138,402)
11								
12								
13								
14		Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08		Total Year
15	Year End Number of Customers	386	386	386	386	386		
16	Actual Customers	397	388	392	387	386		
17	Increase in Number of Customers/Bills	(11)	(2)	(6)	(1)	-		(50)
18	Average Revenue / Present Rates	$ 54.43	$ 65.10	$ 70.12	$ 85.15	$ 85.02		
19	Revenue Annualization / Present Rates	$ (599)	$ (130)	$ (421)	$ (85)	$ -		$ (3,546)
20								
21	Increase in Number of Customers	(11)	(2)	(6)	(1)	-		
22	Average Revenue / Proposed Rates	$ 64.31	$ 76.91	$ 82.84	$ 100.59	$ 100.43		
23	Revenue Annualization / Proposed Rates	$ (599)	$ (130)	$ (421)	$ (85)	$ -		$ (4,200)
24	Additional Gallons to be Produced	(125,369)	(32,032)	(109,150)	(24,696)	-		(926,794)

Valley Utilities Water Company, Inc.
2 Inch Multi-family
Customers to Year End Levels
Test Year Ended June 30, 2008

Exhibit
Schedule C-2
Page 3.4
Witness: Bourassa

Line No.		Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08
1	Year End Number of Customers	32	32	32	32	32	32	32
2	Actual Customers	33	33	33	33	33	33	33
3	Increase in Number of Customers/Bills	(1)	(1)	(1)	(1)	(1)	(1)	(1)
4	Average Revenue / Present Rates	$ 457.40	$ 488.53	$ 356.81	$ 409.50	$ 327.89	$ 294.57	$ 334.18
5	Revenue Annualization / Present Rates	$ (457)	$ (489)	$ (357)	$ (410)	$ (328)	$ (295)	$ (334)
6								
7	Increase in Number of Customers	(1)	(1)	(1)	(1)	(1)	(1)	(1)
8	Average Revenue / Proposed Rates	$ 558.78	$ 595.55	$ 430.71	$ 498.87	$ 393.31	$ 350.21	$ 401.45
9	Revenue Annualization / Proposed Rates	$ (559)	$ (596)	$ (431)	$ (499)	$ (393)	$ (350)	$ (401)
10	Additional Gallons to be Produced	(158,391)	(170,695)	(115,526)	(138,339)	(103,010)	(88,586)	(105,734)
11								
12								
13								
14		Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08		Total Year
15	Year End Number of Customers	32	32	32	32	32		
16	Actual Customers	33	33	33	33	32		
17	Increase in Number of Customers/Bills	(1)	(1)	(1)	(1)	-		(11)
18	Average Revenue / Present Rates	$ 317.22	$ 378.80	$ 387.51	$ 463.32	$ 390.17		
19	Revenue Annualization / Present Rates	$ (317)	$ (379)	$ (388)	$ (463)	$ -		$ (4,216)
20								
21	Increase in Number of Customers	(1)	(1)	(1)	(1)	-		
22	Average Revenue / Proposed Rates	$ 379.50	$ 459.16	$ 470.42	$ 565.78	$ 473.86		
23	Revenue Annualization / Proposed Rates	$ (317)	$ (379)	$ (388)	$ (463)	$ -		$ (5,104)
24	Additional Gallons to be Produced	(98,388)	(125,049)	(128,816)	(160,733)	-		(1,393,267)

Valley Utilities Water Company, Inc.
1 Inch Commercial
Customers to Year End Levels
Test Year Ended June 30, 2008

Exhibit
Rebuttal Schedule C-2
Page 3.5
Witness: Bourassa

Line No.		Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08
1	Year End Number of Customers	12	12	12	12	12	12	12
2	Actual Customers	11	11	11	11	11	11	11
3	Increase in Number of Customers/Bills	1	1	1	1	1	1	1
4	Average Revenue / Present Rates	$ 150.99	$ 154.48	$ 129.08	$ 120.71	$ 87.95	$ 113.15	$ 86.90
5	Revenue Annualization / Present Rates	$ 151	$ 154	$ 129	$ 121	$ 88	$ 113	$ 87
6								
7	Increase in Number of Customers	1	1	1	1	1	1	1
8	Average Revenue / Proposed Rates	$ 184.94	$ 189.06	$ 157.33	$ 146.51	$ 104.13	$ 136.73	$ 102.78
9	Revenue Annualization / Proposed Rates	$ 185	$ 189	$ 157	$ 147	$ 104	$ 137	$ 103
10	Additional Gallons to be Produced	52,952	54,332	43,712	40,090	25,910	36,819	25,455
11								
12								
13								
14		Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08		Total Year
15	Year End Number of Customers	12	12	12	12	12		
16	Actual Customers	11	11	11	11	12		
17	Increase in Number of Customers/Bills	1	1	1	1	-		11
18	Average Revenue / Present Rates	$ 84.64	$ 85.85	$ 99.32	$ 129.79	$ 145.28		
19	Revenue Annualization / Present Rates	$ 85	$ 86	$ 99	$ 130	$ -		$ 1,243
20								
21	Increase in Number of Customers	1	1	1	1	-		
22	Average Revenue / Proposed Rates	$ 99.98	$ 101.42	$ 118.84	$ 158.26	$ 178.20		
23	Revenue Annualization / Proposed Rates	$ 85	$ 86	$ 99	$ 130	$ -		$ 1,500
24	Additional Gallons to be Produced	24,474	25,000	30,831	44,023	-		403,599

Valley Utilities Water Company, Inc.
1.5 Inch Commercial
Customers to Year End Levels
Test Year Ended June 30, 2008

Exhibit
Rebuttal Schedule C-2
Page 3.6
Witness: Bourassa

Line No.		Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08
1	Year End Number of Customers	10	10	10	10	10	10	10
2	Actual Customers	8	8	8	8	8	8	8
3	Increase in Number of Customers/Bills	2	2	2	2	2	2	2
4	Average Revenue / Present Rates	$ 150.11	$ 148.76	$ 129.12	$ 146.53	$ 118.44	$ 117.57	$ 125.66
5	Revenue Annualization / Present Rates	$ 300	$ 298	$ 258	$ 293	$ 237	$ 235	$ 251
6								
7	Increase in Number of Customers	2	2	2	2	2	2	2
8	Average Revenue / Proposed Rates	$ 177.34	$ 175.74	$ 152.55	$ 173.11	$ 139.93	$ 138.91	$ 148.46
9	Revenue Annualization / Proposed Rates	$ 355	$ 351	$ 305	$ 346	$ 280	$ 278	$ 297
10	Additional Gallons to be Produced	81,301	80,126	63,126	78,201	53,876	53,126	60,126
11								
12		Month	Month	Month	Month	Month		Total
13		of	of	of	of	of		Year
14		Feb-08	Mar-08	Apr-08	May-08	Jun-08		
15	Year End Number of Customers	10	10	10	10	10		
16	Actual Customers	9	8	8	8	10		
17	Increase in Number of Customers/Bills	1	2	2	2	-		21
18	Average Revenue / Present Rates	$ 119.22	$ 150.00	$ 146.79	$ 156.18	$ 118.67		
19	Revenue Annualization / Present Rates	$ 119	$ 300	$ 294	$ 312	$ -		$ 2,898
20								
21	Increase in Number of Customers	1	2	2	2	-		
22	Average Revenue / Proposed Rates	$ 140.86	$ 177.20	$ 173.42	$ 184.50	$ 140.21		
23	Revenue Annualization / Proposed Rates	$ 119	$ 300	$ 294	$ 312	$ -		$ 3,423
24	Additional Gallons to be Produced	27,278	81,201	78,426	86,551	-		743,336

2 Inch Commercial
Customers to Year End Levels
Test Year Ended June 30, 2008

Rebuttal Schedule C-2
Page 3.7
Witness: Bourassa

Line No.		Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08
1	Year End Number of Customers	11	11	11	11	11	11	11
2	Actual Customers	9	9	9	9	9	9	9
3	Increase in Number of Customers/Bills	2	2	2	2	2	2	2
4	Average Revenue / Present Rates	$ 187.06	$ 173.18	$ 171.56	$ 214.78	$ 186.34	$ 173.23	$ 156.49
5	Revenue Annualization / Present Rates	$ 374	$ 346	$ 343	$ 430	$ 373	$ 346	$ 313
6								
7	Increase in Number of Customers	2	2	2	2	2	2	2
8	Average Revenue / Proposed Rates	$ 221.01	$ 204.61	$ 202.70	$ 253.75	$ 220.16	$ 204.67	$ 184.91
9	Revenue Annualization / Proposed Rates	$ 442	$ 409	$ 405	$ 507	$ 440	$ 409	$ 370
10	Additional Gallons to be Produced	84,090	72,067	70,667	108,089	83,467	72,112	57,623
11								
12								
13								
14		Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08		Total Year
15	Year End Number of Customers	11	11	11	11	11		
16	Actual Customers	9	9	9	9	11		
17	Increase in Number of Customers/Bills	2	2	2	2	-		22
18	Average Revenue / Present Rates	$ 147.77	$ 141.92	$ 153.21	$ 162.71	$ 130.05		
19	Revenue Annualization / Present Rates	$ 296	$ 284	$ 306	$ 325	$ -		$ 3,737
20								
21	Increase in Number of Customers	2	2	2	2	-		
22	Average Revenue / Proposed Rates	$ 174.60	$ 167.69	$ 181.03	$ 192.25	$ 153.68		
23	Revenue Annualization / Proposed Rates	$ 296	$ 284	$ 306	$ 325	$ -		$ 4,415
24	Additional Gallons to be Produced	50,067	45,001	54,779	63,001	-		760,963

Valley Utilities Water Company, Inc.
3/4 Inch Irrigation
Customers to Year End Levels
Test Year Ended June 30, 2008

Exhibit
Rebuttal Schedule C-2
Page 3.8
Witness: Bourassa

Line No.		Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08
1	Year End Number of Customers	1	1	1	1	1	1	1
2	Actual Customers	-	-	-	-	-	2	1
3	Increase in Number of Customers/Bills	1	1	1	1	1	(1)	-
4	Average Revenue / Present Rates	$ 16.87	$ 16.87	$ 16.87	$ 16.87	$ 16.87	$ 16.87	$ 16.87
5	Revenue Annualization / Present Rates	$ 17	$ 17	$ 17	$ 17	$ 17	$ (17)	$ -
6								
7	Increase in Number of Customers	1	1	1	1	1	(1)	-
8	Average Revenue / Proposed Rates	$ 19.94	$ 19.94	$ 19.94	$ 19.94	$ 19.94	$ 19.94	$ 19.94
9	Revenue Annualization / Proposed Rates	$ 20	$ 20	$ 20	$ 20	$ 20	$ (20)	$ -
10	Additional Gallons to be Produced	-	-	-	-	-	-	-
11								
12								
13								
14								

Line No.		Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08	Total Year
15	Year End Number of Customers	1	1	1	1	1	
16	Actual Customers	1	1	1	1	1	
17	Increase in Number of Customers/Bills	-	-	-	-	-	4
18	Average Revenue / Present Rates	$ 16.87	$ 24.96	$ 34.20	$ 16.87	$ 16.87	
19	Revenue Annualization / Present Rates	$ -	$ -	$ -	$ -	$ -	$ 67
20							
21	Increase in Number of Customers	-	-	-	-	-	
22	Average Revenue / Proposed Rates	$ 19.94	$ 29.49	$ 40.40	$ 19.94	$ 19.94	
23	Revenue Annualization / Proposed Rates	$ -	$ -	$ -	$ -	$ -	$ 80
24	Additional Gallons to be Produced	-	-	-	-	-	-

Valley Utilities Water Company, Inc.
1 Inch Irrigation
Customers to Year End Levels
Test Year Ended June 30, 2008

Exhibit
Rebuttal Schedule C-2
Page 3.9
Witness: Bourassa

Line No.		Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08
1	Year End Number of Customers	7	7	7	7	7	7	7
2	Actual Customers	5	6	6	6	6	8	7
3	Increase in Number of Customers/Bills	2	1	1	1	1	(1)	-
4	Average Revenue / Present Rates	$ 144.95	$ 169.57	$ 135.03	$ 88.55	$ 203.09	$ 52.64	$ 70.34
5	Revenue Annualization / Present Rates	$ 290	$ 170	$ 135	$ 89	$ 203	$ (53)	$ -
6								
7	Increase in Number of Customers	2	1	1	1	1	(1)	-
8	Average Revenue / Proposed Rates	$ 177.80	$ 206.88	$ 165.04	$ 104.90	$ 246.46	$ 62.20	$ 83.10
9	Revenue Annualization / Proposed Rates	$ 356	$ 207	$ 165	$ 105	$ 246	$ (62)	$ -
10	Additional Gallons to be Produced	101,129	60,295	46,292	26,167	73,544	(10,625)	-
11								
12								
13								
14								

Line No.		Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08	Total Year
15	Year End Number of Customers	7	7	7	7	7	
16	Actual Customers	7	7	7	7	7	
17	Increase in Number of Customers/Bills	-	-	-	-	-	5
18	Average Revenue / Present Rates	$ 44.44	$ 85.50	$ 70.51	$ 126.01	$ 152.79	
19	Revenue Annualization / Present Rates	$ -	$ -	$ -	$ -	$ -	$ 833
20							
21	Increase in Number of Customers	-	-	-	-	-	
22	Average Revenue / Proposed Rates	$ 52.51	$ 101.01	$ 83.30	$ 153.37	$ 187.06	
23	Revenue Annualization / Proposed Rates	$ -	$ -	$ -	$ -	$ -	$ 1,017
24	Additional Gallons to be Produced	-	-	-	-	-	296,802

Valley Utilities Water Company, Inc.
1.5 Inch Irrigation
Customers to Year End Levels
Test Year Ended June 30, 2008

Exhibit
Rebuttal Schedule C-2
Page 3.10
Witness: Bourassa

Line No.		Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08
1	Year End Number of Customers	3	3	3	3	3	3	3
2	Actual Customers	1	3	3	3	3	3	3
3	Increase in Number of Customers/Bills	2	-	-	-	-	-	-
4	Average Revenue / Present Rates	$ 1,274.76	$ 524.11	$ 244.09	$ 216.52	$ 417.68	$ 219.07	$ 98.95
5	Revenue Annualization / Present Rates	$ 2,550	$ -	$ -	$ -	$ -	$ -	$ -
6								
7	Increase in Number of Customers	2	-	-	-	-	-	-
8	Average Revenue / Proposed Rates	$ 1,525.30	$ 638.78	$ 296.47	$ 260.81	$ 513.09	$ 264.10	$ 116.91
9	Revenue Annualization / Proposed Rates	$ 3,051	$ -	$ -	$ -	$ -	$ -	$ -
10	Additional Gallons to be Produced	985,200	-	-	-	-	-	-
11								
12								
13								
14		Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08		Total Year
15	Year End Number of Customers	3	3	3	3	3		
16	Actual Customers	3	3	3	3	3		
17	Increase in Number of Customers/Bills	-	-	-	-	-		2
18	Average Revenue / Present Rates	$ 126.67	$ 166.71	$ 334.41	$ 333.26	$ 319.09		
19	Revenue Annualization / Present Rates	$ -	$ -	$ -	$ -	$ -		$ 2,550
20								
21	Increase in Number of Customers	-	-	-	-	-		
22	Average Revenue / Proposed Rates	$ 149.65	$ 196.94	$ 413.30	$ 411.80	$ 393.48		
23	Revenue Annualization / Proposed Rates	$ -	$ -	$ -	$ -	$ -		$ 3,051
24	Additional Gallons to be Produced	-	-	-	-	-		985,200

Valley Utilities Water Company, Inc.
3 Inch Construction Water
Customers to Year End Levels
Test Year Ended June 30, 2008

Exhibit
Rebuttal Schedule C-2
Page 3.11
Witness: Bourassa

Line No.		Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08
1	Year End Number of Customers	5	5	5	5	5	5	5
2	Actual Customers	9	9	8	9	10	9	12
3	Increase in Number of Customers/Bills	(4)	(4)	(3)	(4)	(5)	(4)	(7)
4	Average Revenue / Present Rates	$ 863.40	$ 752.31	$ 1,786.53	$ 700.45	$ 518.64	$ 278.16	$ 426.63
5	Revenue Annualization / Present Rates	$ (3,454)	$ (3,009)	$ (5,360)	$ (2,802)	$ (2,593)	$ (1,113)	$ (2,986)
6								
7	Increase in Number of Customers	(4)	(4)	(3)	(4)	(5)	(4)	(7)
8	Average Revenue / Proposed Rates	$ 948.19	$ 828.64	$ 1,941.63	$ 772.83	$ 577.18	$ 318.38	$ 478.16
9	Revenue Annualization / Proposed Rates	$ (3,793)	$ (3,315)	$ (5,825)	$ (3,091)	$ (2,886)	$ (1,274)	$ (3,347)
10	Additional Gallons to be Produced	(905,334)	(758,201)	(1,596,019)	(689,512)	(560,876)	(130,179)	(571,960)
11								
12								
13								
14		Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08		Total Year
15	Year End Number of Customers	5	5	5	5	5		
16	Actual Customers	9	6	5	7	5		
17	Increase in Number of Customers/Bills	(4)	(1)	-	(2)	-		(38)
18	Average Revenue / Present Rates	$ 740.99	$ 413.92	$ 635.23	$ 473.07	$ 788.88		
19	Revenue Annualization / Present Rates	$ (2,964)	$ (414)	$ -	$ (946)	$ -		$ (25,640)
20								
21	Increase in Number of Customers	(4)	(1)	-	(2)	-		
22	Average Revenue / Proposed Rates	$ 816.46	$ 464.48	$ 702.64	$ 528.14	$ 868.00		
23	Revenue Annualization / Proposed Rates	$ (2,964)	$ (414)	$ -	$ (946)	$ -		$ (28,317)
24	Additional Gallons to be Produced	(743,201)	(77,500)	-	(194,172)	-		(6,226,954)

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Adjustment to Revenues and/or Expenses
Adjustment Number 3

Exhibit
Schedule C-2
Page 4
Witness: Bourassa

Line No.		
1		
2	Revenue Annualization	
3		
4	Revenue Annualization Per Direct	$ (24,537)
5		
6	Revenue Annualization per Rebuttal	(24,537)
7		
8	Increase (Decrease) in Revenues	$ -
9		
10		
11		
12		
13	Adjustment to Revenues and/or Expense	$ -
14		
15		
16	SUPPORTING SCHEDULES	
17	Rebuttal C-2, page 3.1 to 3.11	
18		
19		
20		

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Adjustment to Revenues and/or Expenses
Adjustment Number 4

Exhibit
Schedule C-2
Page 5
Witness: Bourassa

Line No.			
1			
2	Revenue Loss Adjustment		
3			
4	Metered Revenues July 2008 to June 2009	$	1,058,682
5			
6	Test Year Metered Revenues before Revenue Annualization		1,186,185
7			
8	Revenue Loss before Revenue Annualization		(127,503)
9			
10	Less: Metered Revenue Annualization per Direct		(24,537)
11			
12	Indicated Additional Metered Revenue Loss Adjustment		(102,966)
13			
14			
15	Proposed Metered Revenue Loss Adjustment	$	(102,966)
16			
17			
18	Increase (Decrease) in Revenues	$	(102,966)
19			
20			
21	Adjustment to Revenues and/or Expense	$	(102,966)
22			
23			
24			
25			

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Adjustment to Revenues and/or Expenses
Adjustment Number 5

Exhibit
Schedule C-2
Page 6
Witness: Bourassa

Line No.			
1			
2	Puchased Power & Chemical Expense Adjustment Related to Revenue Loss Adjustment in Rb. Adj. # 3		
3			
4	Purchased Power Adjustment		
5			
6	[1] Adjusted Test Year Purchased Power		$ 136,963
7			
8	[2] Test Year Gallons Sold (in 1,000's)	325,407	
9			
10	[3] Additional Gallons sold from Revenue Annualization (in 1,000's)	(6,019)	
11			
12	[4] Adjusted Yest Year Gallons Sold (in 1,000's) [2] minus [3]		319,387
13			
14	[5] Cost per 1,000 Gallons Sold [1] divided by [4]		$ 0.429
15			
16	[6] Gallons Sold July 2008 to June 2009 (in 1,000's)	296,878	
17			
18	[7] Adjusted Test Year Gallons Sold (in 1,000's)	319,387	
19			
20	[8] Additional Gallons Sold from Revenue Loss Adj. (in 1,000's) [6] minus [7]		(22,509)
21			
22	[9] Increase (Decrease) in Purchased Power Costs [8] times [5]		$ (9,656)
23			
24			
25	Checmical Expense Adjustment		
26			
27	[1] Adjusted Test Year Chemicals Expense		$ 7,549
28			
29	[2] Test Year Gallons Sold (in 1,000's)	325,407	
30			
31	[3] Additional Gallons sold from Revenue Annualization (in 1,000's)	(6,019)	
32			
33	[4] Adjusted Yest Year Gallons Sold (in 1,000's) [2] minus [3]		319,387
34			
35	[5] Cost per 1,000 Gallons Sold [1] divided by [4]		$ 0.024
36			
37	[6] Gallons Sold July 2008 to June 2009 (in 1,000's)	296,878	
38			
39	[7] Adjusted Test Year Gallons Sold (in 1,000's)	319,387	
40			
41	[8] Additional Gallons Sold from Revenue Loss Adj. (in 1,000's) [6] minus [7]		(22,509)
42			
43	[9] Increase (Decrease) in Purchased Power Costs [8] times [5]		$ (540)
44			
45			
46			
47	Adjustment to Revenues and/or Expense		$ (10,197)
48			

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Adjustment to Revenues and/or Expenses
Adjustment Number 6

Exhibit
Schedule C-2
Page 7
Witness: Bourassa

Line No.			
1			
2	Increase in Purchased Power Cost due to APS Rate Increase		
3			
4	[1] Purchased Power Costs July 2008 to June 2009	$	144,446
5			
6	[2] Gallons Sold July 2008 to June 2009 (in 1,000's)		296,878
7			
8	[3] Cost per 1,000 Gallons Sold [1] divided by [3]	$	0.487
9			
10	[4] Adjusted test Year Cost per 1,000 Gallons (computed in Rb. Adj. #4)	$	0.429
11			
12	[5] Increase (Decrease) in Cost per 1,000 Gallons [3] minus [4]	$	0.058
13			
14	[6] Increase (Decrease) in Purchased Power Costs [2] times [5]	$	17,219
15			
16			
17	Adjustment to Revenues and/or Expense	$	17,219
18			
19			
20			

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Adjustment to Revenues and/or Expenses
Adjustment Number 7

Exhibit
Schedule C-2
Page 8
Witness: Bourassa

Line No.			
1	Water Testing Expense		
2			
3	Staff's Recommended Level of Water testing Expense	$	8,636
4			
5	Adjusted Test Year Water Testing Expense		6,247
6			
7			
8	Increase(decrease) in Water Testing Expense	$	2,389
9			
10			
11	Adjustment to Revenue and/or Expense	$	2,389
12			
13	SUPPORTING SCHEDULES		
14	Staff Schedule GTM-12 - Operating Income Adjustment #3		
15			
16			
17			
18			
19			
20			

Valley Utilities Water Company, Inc.
Test Year Ended December 31, 2001
Adjustment to Revenues and/or Expenses
Adjustment Number 8

Exhibit
Schedule C-2
Page 9
Witness: Bourassa

Line No.			
1			
2	Reclassify Insurance Expense		
3			
4			
5	Insurance - General Liability	$	(10,304)
6	Insurance - Health and Life	$	10,304
7			
8			
9	Increase (decrease) in Expense	$	-
10			
11			
12	Adjustment to Revenues and/or Expense	$	-
13			
14			
15			
16	SUPPORTING SCHEDULES		
17	Staff Schedule GTM-13 - Operating Income Adjustment #4		
18			
19			
20			
21			
22			

Valley Utilities Water Company, Inc.
Test Year Ended December 31, 2001
Adjustment to Revenues and/or Expenses
Adjustment Number 9

Exhibit
Rebuttal Schedule C-2
Page 10
Witness: Bourassa

Line No.			
1			
2	Remove Non-recurring Health and Life Insurance		
3			
4	Non-recurring Insurance - Health and Life Expense	$	(10,364)
5			
6			
7			
8	Increase (decrease) in Insurance - Health and Life	$	(10,364)
9			
10			
11	Adjustment to Revenue and/or Expense	$	(10,364)
12			
13	SUPPORTING SCHEDULES		
14	Staff Schedule GTM-14 - Operating Income Adjustment #5		
15			
16			
17			
18			
19			
20			

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Adjustment to Revenues and Expenses
Adjustment Number 10

Exhibit
Rebuttal Schedule C-2
Page 11
Witness: Bourassa

Line No.		
1	Reclass Revenues	
2		
3	Meter Water Revenues	$ (2,660)
4		
5	Miscellaneous Revenues	2,660
6		
7	Increase (Decrease) in Revenues	$ -
8		
9		
10		
11	Adjustment to Revenues and/or Expense	$ -
12		
13		
14		
15		
16		
17		
18		
19		
20		

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Adjustment to Revenues and Expenses
Adjustment Number 11

Exhibit
Rebuttal Schedule C-2
Page 12
Witness: Bourassa

Line No.				
1	Interest Expense			
2				
3	WIF Loan on Replacement Well	$ 250,000		
4	Interest Rate	5.80%		
5				
6	Interest Expense per Rebuttal		$	14,500
7				
8	Interest expense per Direct filing		$	123,851
9				
10	Increase (Decrease) in Interest Expense		$	(109,351)
11				
12				
13				
14				
15	Adjustment to Revenues and/or Expense		$	109,351
16				
17				
18				
19				
20				

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Adjustment to Revenues and/or Expenses
Adjustment Number 12

Exhibit
Rebuttal Schedule C-2
Page 13
Witness: Bourassa

Line No.	Income Tax Computation		Rebuttal Test Year Adjusted Results		Rebuttal Adjusted with Rate Increase	
7	Taxable Income		$ (37,624)		$ 177,940	
9	Taxable Income		$ (37,624)		$ 177,940	
13	Income Before Taxes		$ (37,624)		$ 177,940	
15	Arizona Income Before Taxes		$ (37,624)		$ 177,940	
17	Less Arizona Income Tax		$ (2,622)		$ 12,399	
18	Rate =	6.97%				
19	Arizona Taxable Income		$ (35,003)		$ 165,541	
21	Arizona Income Taxes		$ (2,622)		$ 12,399	
23	Federal Income Before Taxes		$ (37,624)		$ 177,940	
25	Less Arizona Income Taxes		$ (2,622)		$ 12,399	
27	Federal Taxable Income		$ (35,003)		$ 165,541	
31	FEDERAL INCOME TAXES:					
32	15% BRACKET		$ (5,250)		$ 7,500	
33	25% BRACKET		$ -		$ 6,250	
34	34% BRACKET		$ -	Federal	$ 8,500	Federal
35	39% BRACKET		$ -	Effective	$ 25,561	Effective
36	34% BRACKET		$ -	Tax	$ -	Tax
37				Rate		Rate
38	Federal Income Taxes		$ (5,250)	13.95%	$ 47,811	26.87%
41	Total Income Tax		$ (7,872)		$ 60,210	
43	Overall Tax Rate		20.92%		33.84%	
45	Computed Income Tax at Proposed Rates Effective Rate		$ (12,731)			
47	Direct Adjusted Income Taxes		(54,130)			
49	Increase (Decrease) in Income Tax Expense		$ 41,399			

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Computation of Gross Revenue Conversion Factor

Exhibit
Rebuttal Schedule C-3
Page 1
Witness: Bourassa

Line No.	Description	Percentage of Incremental Gross Revenues
1	Federal Income Taxes	26.87%
2		
3	State Income Taxes	6.97%
4		
5	Other Taxes and Expenses	0.00%
6		
7		
8	Total Tax Percentage	33.84%
9		
10	Operating Income % = 100% - Tax Percentage	66.16%
11		
12		
13		
14		
15	1 = Gross Revenue Conversion Factor	
16	Operating Income %	1.5114
17		
18	SUPPORTING SCHEDULES:	RECAP SCHEDULES:
19		Rebuttal A-1
20		

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Summary of Cost of Capital

Exhibit
Rebuttal Schedule D-1
Page 1
Witness: Bourassa

Line No.	Item of Capital	End of Test Year Dollar Amount	End of Test Year Percent of Total	End of Test Year Cost Rate	End of Test Year Weighted Cost	End of Projected Year Dollar Amount	End of Projected Year Percent of Total	End of Projected Year Cost Rate	End of Projected Year Weighted Cost
1									
2									
3									
4									
5	Item of Capital	Dollar Amount	Percent of Total	Cost Rate	Weighted Cost	Dollar Amount	Percent of Total	Cost Rate	Weighted Cost
6	Long-Term Debt	$ 913,985	100.68%	5.81%	5.85%	$ 2,130,823	95.02%	5.81%	5.52%
7									
8	Stockholder's Equity	(6,155)	-0.68%	N/A	0.00%	111,575	4.98%	N/A	0.00%
9									
10	Totals	$ 907,830	100.00%		5.85%	$ 2,242,398	100.00%		5.52%
11									
12									
13									
14									
15									
16	SUPPORTING SCHEDULES:								
17	Direct D-1								
18	Direct B-2								
19									
20									
21									
22									
23									
24									
25									
26									
27									
28									

RECAP SCHEDULES:

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Exhibit
Rebuttal Schedule H-1
Page 1
Witness: Bourassa

Line No.	Meter Size	Class	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues
1	5/8 Inch	Residential	$ 53,327	$ 63,001	$ 9,674	18.14%	4.82%	4.76%
2	3/4 Inch	Residential	383,309	452,857	69,547	18.14%	34.63%	34.25%
3	1 Inch	Residential	359,019	428,868	69,849	19.46%	32.44%	32.43%
4		Subtotal	$ 795,655	$ 944,725	$ 149,071	18.74%	71.89%	71.45%
5								
6	1 Inch	Multi-family	$ 1,171	$ 1,402	$ 231	19.70%	0.11%	0.11%
7	2 inch	Multi-family	156,599	186,884	30,285	19.34%	14.15%	14.13%
8		Subtotal	157,770	188,286	30,516			
9								
10	5/8 Inch	Irrigation	$ 644	$ 767	$ 122	19.01%	0.06%	0.06%
11	3/4 Inch	Irrigation	163	192	30	18.18%	0.01%	0.01%
12	1 Inch	Irrigation	8,834	10,580	1,746	19.76%	0.80%	0.80%
13	1.5 Inch	Irrigation	10,324	12,526	2,202	21.33%	0.93%	0.95%
14	2 Inch	Irrigation	92,769	110,630	17,861	19.25%	8.38%	8.37%
15		Subtotal	$ 112,734	$ 134,695	$ 21,961	19.48%	10.19%	10.19%
16								
17	5/8 Inch	Commercial	$ 1,311	$ 1,550	$ 239	18.22%	0.12%	0.12%
18	3/4 Inch	Commercial	2,904	3,443	539	18.56%	0.26%	0.26%
19	1 Inch	Commercial	15,970	19,111	3,141		1.44%	1.45%
20	1.5 Inch	Commercial	13,478	16,170	2,693	19.98%	1.22%	1.22%
21	2 Inch	Commercial	18,338	21,792	3,454	18.83%	1.66%	1.65%
22		Subtotal	$ 52,001	$ 62,065	$ 10,064	19.35%	4.70%	4.69%
23								
24	3 Inch	Construction	67,596	74,610	7,014	10.38%	6.11%	5.64%
25								
26		Subtotal Revenues	$ 1,185,756	$ 1,404,382	$ 218,626	18.44%	107.14%	106.21%
27								
28								
29								
30								

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Exhibit
Rebuttal Schedule H-1
Page 2
Witness: Bourassa

Line No.									
1									
2	**Revenue Annualization**								
3									
4	Meter		Present	Proposed	Dollar	Percent	Present Water	Proposed Water
5	Size	Class	Revenues	Revenues	Change	Change	Revenues	Revenues
6	5/8 Inch	Residential	$ 132	$ 156	$ 24	18.14%	0.01%	0.01%
7	3/4 Inch	Residential	(2,519)	(2,976)	(457)	18.14%	-0.23%	-0.23%
8	1 Inch	Residential	(3,546)	(4,200)	(654)	18.45%	-0.32%	-0.32%
9		Subtotal	$ (5,933)	$ (7,020)	$ (1,087)	18.33%	-0.54%	-0.53%
10								
11	1 Inch	Multi-family	$ -	$ -	$ -	0.00%	0.00%	0.00%
12	2 inch	Multi-family	(4,216)	(5,104)	(888.00)	21.06%	-0.38%	-0.39%
13		Subtotal	$ (4,216)	$ (5,104)	$ (888)	21.06%	-0.38%	-0.39%
14								
15	5/8 Inch	Irrigation	$ -	$ -	$ -	0.00%	0.00%	0.00%
16	3/4 Inch	Irrigation	67	80	12.28	18.20%	0.01%	0.01%
17	1 Inch	Irrigation	833	1,017	183.19	21.98%	0.08%	0.08%
18	1.5 Inch	Irrigation	2,550	3,051	501.09	19.65%	0.23%	0.23%
19	2 Inch	Irrigation	-	-	-	0.00%	0.00%	0.00%
20		Subtotal	$ 3,450	$ 4,147	$ 697	20.19%	0.31%	0.31%
21								
22	5/8 Inch	Commercial	$ (39)	$ (46)	$ (7)	18.16%	0.00%	0.00%
23	3/4 Inch	Commercial	(36)	(44)	(7)	20.25%	0.00%	0.00%
24	1 Inch	Commercial	1,243	1,500	257	20.69%	0.11%	0.11%
25	1.5 Inch	Commercial	2,898	3,423	526	18.14%	0.26%	0.26%
26	2 Inch	Commercial	3,737	4,415	678	18.15%	0.34%	0.33%
27								
28		Subtotal	$ 7,802	$ 9,248	$ 1,447	18.54%	0.70%	0.70%
29								
30	3 Inch	Construction	(25,640)	(28,317)	(2,676)	10.44%	-2.32%	-2.14%
31								
32	Subtotal Revenue Annualization		$ (24,537)	$ (27,045)	$ (2,508)	10.22%	-2.22%	-2.05%
33								
34	Metered Revenue Loss (Rb. Adj. #4)		$ (102,966)	$ (102,966)	-	0.00%	-9.30%	-7.79%
35								
36	Misc Service Charges		$ 45,466	$ 45,466	-	0.00%	4.11%	3.44%
37	Annualization of Increases to							
38	Misc Service Chgs (H-3, page 3.1)		$ 2,660	$ 2,660	-	0.00%	0.24%	0.20%
39	Reconciling Amount to C-1		$ 359	$ (194)	(553)	-154.04%	0.03%	-0.01%
40								
41	Total Water Revenues with annualization		$ 1,106,737	$ 1,322,302	$ 215,565	19.48%	100.00%	100.00%
42								

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Analysis of Revenue by Detailed Class

Exhibit
Rebuttal Schedule H-2
Page 1
Witness: Bourassa

Line No.	Meter Size, Class		(a) Average Number of Customers at 6/30/2008	Average Consumption	Average Bill Present Rates	Average Bill Proposed Rates	Proposed Increase Dollar Amount	Proposed Increase Percent Amount
1	5/8 Inch	Residential	161	7,376	$ 25.85	$ 30.54	4.69	18.14%
2	3/4 Inch	Residential	832	9,531	36.46	43.07	6.62	18.15%
3	1 Inch	Residential	390	20,364	75.14	88.77	13.63	18.14%
4		Subtotal	1,383					
5								
6	1 Inch	Multi-family	1	29,584	$ 96.44	$ 115.11	18.67	19.36%
7	2 inch	Multi-family	33	126,929	383.14	464.78	81.63	21.31%
8		Subtotal	34					
9								
10	5/8 Inch	Irrigation	1	17,584	$ 51.86	$ 61.93	10.07	19.42%
11	3/4 Inch	Irrigation	1	1,375	20.05	23.69	3.65	18.18%
12	1 Inch	Irrigation	7	34,531	107.87	129.89	22.03	20.42%
13	1.5 Inch	Irrigation	3	104,662	297.98	366.17	68.19	22.89%
14	2 Inch	Irrigation	8	355,655	956.48	1,148.20	191.72	20.04%
15		Subtotal	19					
16								
17	5/8 Inch	Commercial	6	2,413	$ 16.81	$ 19.87	3.05	18.17%
18	3/4 Inch	Commercial	5	12,641	46.07	54.43	8.36	18.14%
19	1 Inch	Commercial	11	37,954	115.77	140.12	24.35	21.03%
20	1.5 Inch	Commercial	8	34,143	135.08	159.59	24.51	18.14%
21	2 Inch	Commercial	9	32,867	165.86	195.97	30.11	18.15%
22		Subtotal	40					
23								
24	3 Inch	Construction	8	168,618	$ 689.10	$ 760.62	71.52	10.38%
25								
26		Totals	1,431					
27								
28								

29 (a) Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Present and Proposed Rates

Exhibit
Rebuttal Schedule H-3
Page 1
Witness: Bourassa

Line No.	Monthly Usage Charge for:	Present Rates	Proposed Rates	Change	Percent Change
1	Meter Size (Classes):				
2	5/8 Inch	$ 11.24	$ 13.29	$ 2.05	18.20%
3	3/4 Inch	16.87	19.94	3.07	18.20%
4	1 Inch	28.10	33.21	5.11	18.20%
5	1 1/2 Inch	56.21	66.44	10.23	18.20%
6	2 Inch	89.94	106.31	16.37	18.20%
7	3 Inch	179.87	212.61	32.74	18.20%
8	4 Inch	281.05	332.20	51.15	18.20%
9	6 Inch	562.10	664.40	102.30	18.20%
10	Construction Water	179.87	212.61	32.74	18.20%
11					
12					
13	Gallons In Minimum (All Classes)	-	-		
14					
15			(Per 1,000 gallons)		
16	**Commodity Rates**		**Present**	**Proposed**	**Percent**
17	**(Residential, Commercial, Irrigation)**	**Block**	**Rate**	**Rate**	**Change**	**Change**
18						
19	5/8 Inch and 3/4 Inch Meter Residential	0 gallons to 3,000 gallons	$ 1.50	$ 1.77	$ 0.27	18.10%
20		3,001 gallons to 10,000 gallons	$ 2.31	$ 2.73	$ 0.42	18.10%
21		over 10,000 gallons	$ 2.53	$ 2.99	$ 0.46	18.10%
22						
23	5/8 Inch and 3/4 Inch Meter Commercial	0 gallons to 18,000 gallons	$ 2.31			
24		over 18,000 gallons	$ 2.53			
25		0 gallons to 15,000 gallons		$ 2.73	$ 0.42	
26		over 15,000 gallons		$ 2.99	$ 0.46	
27						
28	1 Inch Meter	0 gallons to 50,359 gallons	$ 2.31			
29		over 50,359 gallons	$ 2.53			
30		0 gallons to 25,000 gallons		$ 2.73	$ 0.42	
31		over 25,000 gallons		$ 2.99	$ 0.46	
32						
33	1.5 Inch Meter	0 gallons to 126,054 gallons	$ 2.31			
34		over 126,054 gallons	$ 2.53			
35		0 gallons to 50,000 gallons		$ 2.73	$ 0.42	
36		over 50,000 gallons		$ 2.99	$ 0.46	
37						
38	2 Inch Meter	0 gallons to 151,256 gallons	$ 2.31			
39		over 151,256 gallons	$ 2.53			
40		0 gallons to 80,000 gallons		$ 2.73	$ 0.42	
41		over 80,000 gallons		$ 2.99	$ 0.46	
42						
43						
44						

Chaparral City Water Company
Test Year Ended June 30, 2008
Present and Proposed Rates

Exhibit
Rebuttal Schedule H-3
Page 2
Witness: Bourassa

Line No.			(Per 1,000 gallons) Present Rate	Proposed Rate	Change	Percent Change
1						
2	**Commodity Rates**					
3	**(Residential, Commercial, Industrial)**	**Block**				
4	3 Inch Meter	0 gallons to 403,274 gallons	$ 2.31			
5		over 403,274 gallons	$ 2.53			
6		0 gallons to 160,000 gallons		$ 2.73	$ 0.42	
7		over 160,000 gallons		$ 2.99	$ 0.46	
8						
9	4 Inch Meter	0 gallons to 453,722 gallons	$ 2.31			
10		over 453,722 gallons	$ 2.53			
11		0 gallons to 250,000 gallons		$ 2.73	$ 0.42	
12		over 250,000 gallons		$ 2.99	$ 0.46	
13						
14	6 Inch Meter	0 gallons to 1,260,313 gallons	$ 2.31			
15		over 1,260,313 gallons	$ 2.53			
16		0 gallons to 500,000 gallons		$ 2.73	$ 0.42	
17		over 500,000 gallons		$ 2.99	$ 0.46	
18						
19						
20						
21						
22						
23	**Construction**	All gallons	$ 3.02	$ 3.25	$ 0.230	7.62%
24						
25						
26						
27						
28						
29	*In addtion to the collection of regular rates, the uility will collect from its customers a proportionate					
30	share of any privilage, sales, use, and fmachise tax per Commission Rile R-14-2-409.D.5.					
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42						

Valley Utilities Water Company, Inc.
Changes in Representative Rate Schedules
Test Year Ended June 30, 2008

Exhibit
Rebuttal Schedule H-3
Page 3
Witness: Kozoman

Line No.	Other Service Charges	Present Rates	Proposed Rates
1	Establishment	$ 30.00	$ 40.00
2	Establishment (After Hours)	$ 45.00	$ 60.00
3	Reconnection (Deliquent) (b)	$ 40.00	$ 50.00
4	Reconnection (Deliquent and After Hours)	(b)	(b)
5	Meter Test (if correct)	$ 30.00	$ 30.00
6	Deposit Requirement	(a)	(a)
7	Deposit Interest	6%	3%
8	Re-Establishment (With-in 12 Months)	(b)	(b)
9	Re-Establishment (After Hours)	(b)	(b)
10	NSF Check (per Rule R14-2-409F)	$ 25.00	$ 25.00
11	Deferred Payment, Per Month	1.50%	1.50%
12	Late Charge per month	$ 10.00	$ 10.00
13	Meter Re-Read (per Rule R14-2-408C)	$ 10.00	$ 10.00
14	Charge of Moving Customer Meter -		
15	Customer Requested per Rule R14-2-405B	Cost	Cost
16	After hours service charge, per Rule R14-2-403D	25.00	50.00
17			
18			
19			
20			
21			
22			
23	(a) Residential - two times the average bill. Non-residential - two and one-half times the average bill.		
24	Interest per Rule R14-2-4-403B.		
25	(b) Per rule R14-2-403D.		
26			
27			
28			
29			
30	IN ADDITION TO THE COLLECTION OF REGULAR RATES, THE UTILITY WILL COLLECT FROM		
31	ITS CUSTOMERS A PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES, USE, AND FRANCHISE		
32	TAX. PER COMMISSION RULE (14-2-409.D 5).		
33	ALL ADVANCES AND/OR CONTRIBUTIONS ARE TO INCLUDE LABOR, MATERIALS, OVERHEADS,		
34	AND ALL APPLICABLE TAXES, INCLUDING ALL GROSS-UP TAXES FOR INCOME TAXES, IF APPLICABLE.		
35			
36			
37			

Valley Utilities Water Company, Inc.
Changes in Representative Rate Schedules
Impact of Change in Tariff
Test Year Ended June 30, 2008

Exhibit
Rebuttal Schedule H-3
Page 3.1
Witness: Bourassa

Line No.		Present Rates	Proposed Rates	Increase in Charge	Number of Occurr-ences (a)	Increase Revenues
1						
2						
3						
4	Other Service Charges					
5	Establishment	$ 30.00	$ 40.00	$ 10.00	156	$ 1,560
6	Establishment (After Hours)	$ 45.00	$ 60.00	$ 15.00	10	150
7	Reconnection (Delinquent)	$ 40.00	$ 50.00	$ 10.00	95	950
8						
9	Totals					$ 2,660
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21	(a) Based on actual Occurrences during the test year					
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Service Charges
Meter and Service Line Charges

Exhibit
Rebuttal Schedule H-3
Page 4
Witness: Bourassa

Line No.		Present Service Line Charge	Present Meter Install-ation Charge	Total Present Charge	Proposed Service Line Charge[1]	Proposed Meter Install-ation Charge	Total Proposed Charge
1	5/8 x 3/4 Inch	$ 385.00	$ 135.00	$ 520.00	$ 445.00	$ 155.00	$ 600.00
2	3/4 Inch	385.00	215.00	600.00	445.00	255.00	700.00
3	1 Inch	435.00	255.00	690.00	495.00	315.00	810.00
4	1 1/2 Inch	470.00	465.00	935.00	550.00	525.00	1,075.00
5	2 Inch / Turbine	630.00	965.00	1,595.00	830.00	1,045.00	1,875.00
6	2 Inch / Compound	630.00	1,690.00	2,320.00	830.00	1,890.00	2,720.00
7	3 Inch / Turbine	805.00	1,470.00	2,275.00	1,045.00	1,670.00	2,715.00
8	3 Inch / Compound	845.00	2,265.00	3,110.00	1,165.00	2,545.00	3,710.00
9	4 Inch / Turbine	1,170.00	2,350.00	3,520.00	1,490.00	2,670.00	4,160.00
10	4 Inch / Compound	1,230.00	3,245.00	4,475.00	1,670.00	3,645.00	5,315.00
11	6 Inch / Turbine	1,730.00	4,545.00	6,275.00	2,210.00	5,025.00	7,235.00
12	6 Inch / Compound	1,770.00	6,280.00	8,050.00	2,330.00	6,920.00	9,250.00
13	8 Inch	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
14	10 Inch	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
15	12 Inch	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost

[1] For long-side service line installation charge will be at actual cost.

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Attorneys for Valley Utilities Water Company, Inc.

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION OF VALLEY UTILITIES WATER COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR INCREASES IN ITS RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.	DOCKET NO: W-01412A-08-0586

REJOINDER TESTIMONY

OF

THOMAS J. BOURASSA

September 8, 2009

EXHIBIT
A-9
ADMITTED

TABLE OF CONTENTS

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V. RATE DESIGN 12

2234999.1

I. INTRODUCTION, PURPOSE, AND SUMMARY OF TESTIMONY.

Q. PLEASE STATE YOUR NAME AND ADDRESS.

A. My name is Thomas J. Bourassa. My business address is 139 W. Wood Drive, Phoenix, Arizona 85029.

Q. HAVE YOU PREVIOUSLY SUBMITTED DIRECT TESTIMONY IN THE INSTANT CASE?

A. Yes, my direct and rebuttal testimony was submitted in support of the initial application in this docket by Valley Utilities Water Company ("VUWCO" or "Company").

Q. WHAT IS THE PURPOSE OF THIS REJOINDER TESTIMONY?

A. I will provide rejoinder testimony in response to the surrebuttal filing by Arizona Corporation Commission Utilities Division Staff ("Staff") with respect to rate base, revenues and expenses, operating margin and rate design.

Q. WHAT IS THE REVENUE INCREASE THAT THE COMPANY IS PROPOSING IN ITS REJOINDER?

A. The Company is proposing a total revenue requirement of $1,318,714, which constitutes an increase in revenues of $211,977, or 19.15 percent over test year revenues.

Q. HOW DOES THIS COMPARE WITH THE COMPANY'S REBUTTAL FILING?

A. In the rebuttal filing, the Company requested a total revenue requirement of $1,322,302, which required an increase in revenues of $215,564, or 19.48%.

Q. WHY IS THE REQUESTED REVENUE INCREASE SLIGHTLY LOWER IN VUWCO'S REJOINDER FILING?

A. The Company has adopted a number of Staff adjustments, as well as proposed some of its own. Notably, The Company has adopted Staff's final cost of the post

test year replacement well of $265,882 and revised its amortization rate for contributions-in-aid of construction ("CIAC"), which together have resulted in a decrease in depreciation expense and the revenue requirement. The Company has not adopted any other Staff adjustments at this stage of the proceeding.

Q. HAS THE COMPANY'S PROPOSED RATE BASE INCREASED?

A. Yes. The Company proposes a net increase in Original Cost Rate Base ("OCRB") and Fair Value Rate Base ('FVRB') is $15,882, which is different from the rebuttal filing. The Company is now proposing a rate base of negative ($169,027).

II. REVENUE REQUIREMENT.

Q. WHAT ARE THE PROPOSED REVENUE REQUIREMENTS AND RATE INCREASES FOR THE COMPANY AND STAFF AT THIS STAGE OF THE PROCEEDING?

A. The proposed revenue requirements and proposed rate increases are as follows:

	Revenue Requirement	Revenue Incr.	% Increase
Company Rebuttal	$1,322,302	$ 215,564	19.48%
Staff Surrebuttal	$1,324,266	$ 117,222	9.71%
Company Rejoinder	$1,318,714	$ 211,977	19.15%

Q. PLEASE EXPLAIN WHY THE REVENUE REQUIREMENTS OF STAFF AND THE COMPANY ARE SIMILAR BUT THE PROPOSED RATE INCREASES ARE SIGNIFICANTLY DIFFERENT?

A. The primary reason for the significant difference between the respective rate increases (even though the revenue requirements are similar) is due to the fact that the Company's and Staff's adjusted test year revenues are significantly different. Staff's proposed adjusted test year revenue is $1,207,044 whereas the Company's proposed adjusted test year revenue is $1,106,737 – lower by over $100,000

compared to Staff's proposal. Both the Company and Staff recommend a 10 percent operating margin, but the Company's lower "starting point" requires a greater rate increase in order to achieve the revenue requirement.

Q. WHY IS THE COMPANY'S ADJUSTED TEST YEAR REVENUE LOWER THAN STAFF?

A. In its rebuttal, the Company proposed an additional revenue annualization downward adjustment of $102,966 which was not adopted by Staff. This adjustment is based on actual water sales revenue loss that occurred after the end of the test year, and that is expected to continue during the period that new rates are in effect. *See* Rebuttal Testimony of Thomas J. Bourassa ("Bourassa Rb") at 14-16.

Q. IS THE DOWNWARD $102,966 REVENUE ANNUALIZATION ADJUSTMENT IN ADDITION TO THE DOWNWARD $24,537 REVENUE ANNUALIZATION ADJUSTMENT THE COMPANY PROPOSED IN ITS DIRECT FILING?

A. Yes. The total revenue annualization proposed by the Company reduces test year revenues by $127,533.

Q. DOES STAFF NOW AGREE TO THE REVENUE ANNUALIZATION DOWNWARD ADJUSTMENT OF $24,537 THE COMPANY PROPOSED IN ITS DIRECT FILING?

A. Yes. *See* Surrebuttal Testimony of Gary T. McMurry ("McMurry Sb.") at 10.

Q. PLEASE RESPOND TO PAGE 9 OF MR. MCMURRY'S SURREBUTTAL TESTIMONY WHEREIN IT STATES THAT THE COMPANY'S REVENUE LOSS ANNUALIZATION ADJUSTMENT IS NOT KNOWN AND MEASURABLE.

A. Staff states that "a known and measurable change in revenue is only relevant if it accurately represents a change in operating income". McMurry at 9. I agree. Both

↑ 2,660 - Miscellaneous

124,843

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3

3.1 → H.3

revenue and expense annualizations are common in rate making and are regularly proposed and adopted based on known and measurable changes that occur during and after the end of the test year. These adjustments to actual test year results are necessary to obtain a normal or more realistic relationship between revenues, expenses and rate base. It appears, however, that Mr. McMurry believes that annualization adjustments should only reflect changes that occur *within* the test year. *Id.* This position is not correct and is contrary to positions taken by Staff in past proceedings. For example, in the Chaparral City Water Company ("CCWC") rate case (Docket No. W-02113A-07-0551), CCWC had proposed a downward revenue adjustment for water sales loss to several golf courses which occurred after the end of the test year. In CCWC's initial filing, the Company's revenue loss adjustment was based upon 7 months of actual water usage data after the end of the test year and 5 months of estimated data. *See* Direct Testimony of Thomas J. Bourassa, Docket W-02113A-07-0551 at 17. Staff did not dispute the Company's revenue annualization.[1] *See* Direct and Surrebuttal Testimony of Marvin Millsap, Docket W-02113A-07-0551, generally.

Q. IN THE CCWC RATE CASE, DID THE COMPANY ALSO PROPOSE PURCHASED POWER AND CHEMICAL EXPENSE ANNUALIZATION ADJUSTMENTS WHICH CORRESPONDED TO ITS REVENUE ANNUALIZATION ADJUSTMENT?

A. Yes. The corresponding adjustments were made to purchased power and chemicals expense in order to insure a proper match between revenues and expenses.

---

[1] The final golf course revenue annualization proposed by the Company was based on the 12 months of actual water use by these golf courses following the test year. *See* Rebuttal Testimony of Thomas J. Bourassa in Chaparral City Water Company rate case, Docket W-02113A-07-0551 at 28. Staff did not weigh-in on the Company's final proposal. Staff's final position adopted a revenue annualization which included 7 months of actual water use data after the end of the test year and 5 months of estimated water use data.

Q. PLEASE CONTINUE.

A. As another example, in an earlier CCWC rate case (Decision No. 68176, September 30, 2005, Docket W-02113A-04-0616), the Company proposed and Staff did not dispute an annualization of purchased power expense that reflected a rate increase from one of CCWC power providers, Salt River Project ("SRP") that occurred 11 months after the end of the test year.

Q. DOES THE COMPANY'S REVENUE ANNUALIZATION ADJUSTMENT CREATE A MISMATCH BETWEEN REVENUES AND EXPENSES?

A. No. Like the Company's $24,537 downward revenue annualization adjustment in which purchased power and chemicals expense were also adjusted downward, the Company also proposes additional downward adjustments to purchased power and chemicals expense to match the additional $102,966 downward revenue annualization adjustment. *See* Bourassa Rb. at 16.

Q. PLEASE CONTINUE.

A. The Company's proposed revenue loss annualization adjustment is not an estimate. It is based on the actual operating results for the 12 months following the test year. This revenue loss is not only known, but measurable as well. Further, it reflects a real and significant change in water usage and sales. There are valid reasons for this change and for the expected revenue loss to continue when new rates in the instant case will be in effect. *See* Rebuttal Testimony of Thomas J. Bourassa ("Bourassa Rb") at 15, *See also* Rejoinder Testimony of Robert Prince at 3-4.

Q. IF THE COMMISSION DOES NOT RECOGNIZE THE WATER SALES REVENUE LOSS THAT OCCURRED AFTER THE END OF THE TEST YEAR, CAN THE COMPANY REASONABLY EXPECT TO ACHIEVE A 10 PERCENT OPERATING MARGIN DURING THE PERIOD IN WHICH NEW RATES WILL BE IN EFFECT?

A. No. Neither the operating income proposed by Staff at $132,427 or by the Company at $131,871 will be achieved unless the known and measurable water sales revenue loss is recognized in the instant case. The operating income that will likely be achieved (all other things remaining the same) will be less than $30,000 ($132,000 minus $103,000), resulting in less than a 2.3 percent operating margin.

In cases where an operating margin approach is utilized, Staff typically views 10 percent as the minimum operating margin level in order to help utilities maintain healthy financial conditions. I concur. However, without recognition of the water sales loss that occurred since the end of the test year, the 10 percent operating margin will be purely fictional.

Q. IF THE COMPANY'S PROPOSED ADDITIONAL $102,996 DOWNWARD REVENUE ANNUALIZATION IS NOT ADOPTED BY THE COMMISSION, WHAT OPERATING MARGIN DO YOU RECOMMEND?

A. At least 13 percent. This level would allow the Company to help maintain a sound financial condition, particularly in light of the known water sales revenue loss that has occurred since the end of the test year. A 13 percent operating margin would still be at the lower end of the range of operating margins (10 to 20 percent) Staff typically recommends in cases where an operating margin approach is used.

III. RATE BASE.

Q. WOULD YOU PLEASE IDENTIFY THE PARTIES' RESPECTIVE RATE BASE RECOMMENDATIONS?

A. The rate bases proposed by all parties in the case are as follows:

	OCRB	FVRB
Company Rebuttal	$ (184,909)	$ (184,909)
Staff Surrebuttal	$ (169,027)	$ (169,027)
Company Rejoinder	$ (169,027)	$ (169,027)

A. **Post Test-Year Plant.**

Q. WOULD YOU PLEASE DISCUSS THE COMPANY'S PROPOSED ORIGINAL COST RATE BASE, AND IDENTIFY ANY ADDITIONAL ADJUSTMENTS YOU HAVE ACCEPTED FROM STAFF?

A. The Company's rejoinder rate base adjustments to OCRB are shown on rejoinder Schedule B-2, pages 3. Rejoinder Schedule B-2, page 1, shows the rejoinder OCRB. At this stage of the proceeding Staff has accepted the Company's proposal to include post test year plant comprising of replacement Well No. 6. Company adopts Staff's final cost of the replacement well of $265,882.

Q. PLEASE IDENTIFY THE COMPANY'S REJOINDER RATE BASE ADJUSTMENTS.

A. The Company proposes to increase the cost of the replacement well by $15,882 to $265,882 to match Staff's proposed cost. This adjustment is shown on schedule B-2, page 3 as adjustment C. Both the Company and Staff now agree to reduce the proposed plant-in-service balance in the Company's direct filing by $1,926,100, which reflects the removal of all arsenic treatment related post test year plant.

Q. DO YOU HAVE ANY CONCERNS THAT THE MEDIA REPLACEMENT COSTS ARE NOT BEING REFLECTED IN THE COST OF SERVICE AT THIS TIME?

A. Yes. The Company expects to expend at least $100,000 in the next 18 months for media replacement. This will have a significant negative impact on cash flows for the Company and is another reason why it is imperative to acknowledge that water sales are down significantly from the test year and to recognize this water sales loss when setting rates in the instant case.

B. **Miscellaneous Rate Base Issues.**

Q. PLEASE CONTINUE WITH THE PARTIES' RESPECTIVE RATE BASE RECOMMENDATIONS?

A. There are no other rate base issues. At this stage of the proceeding, both Staff and the Company are in agreement on the level of plant-in-service, accumulated depreciation, advances-in-aid of construction ("AIAC"), CIAC, customer meter deposits (refundable meter and service line charges), and deferred income taxes.

IV. INCOME STATEMENT.

Q. PLEASE DISCUSS THE COMPANY'S PROPOSED ADJUSTMENTS TO REVENUES AND EXPENSES AND IDENTIFY ANY ADDITIONAL ADJUSTMENTS YOU HAVE ACCEPTED FROM STAFF.

A. The Company proposed adjustments at this stage of the proceeding are detailed on Rejoinder Schedule C-2, pages 1-10. The rejoinder income statement with adjustments is shown on Rejoinder Schedule C-1, pages 1-2.

The Company has revised its depreciation expense annualization adjustment to reflect depreciation on the additional costs of the replacement well discussed above. Adjustment number 1, as shown on Rejoinder Schedule C-1, page 2 and Schedule C-2, page 2, reflects the Company's revised depreciation expense adjustment. Depreciation expense has decreased from the Company's rebuttal filing.

Q. IS STAFF'S DEPRECIATION EXPENSE DIFFERENT THAN THE COMPANY'S?

A. No. The proposed depreciation expense is the same for both Staff and the Company.

Q. PLEASE CONTINUE.

A. The Company has lowered its proposed property taxes from its rebuttal filing from $37,223 to $37,187 reflecting the change to the Company's proposed revenues. Adjustment number 3, as shown on Rejoinder Schedule C-1, page 2, reflects the Company's revised property tax expense.

The Company has also revised its computation of income taxes to reflect the Company's rejoinder proposed level of revenues and expense. Adjustment 12, as shown on Schedule C-1, page 2 and Rejoinder Schedule C-2, page 13, reflects the Company revised income taxes.

A. <u>Revenue and Expense Issues Between The Parties.</u>

Q. PLEASE DISCUSS THE REVENUE AND EXPENSE ADJUSTMENTS THAT REMAIN IS DISPUTE BETWEEN THE PARTIES.

A. As I have already discussed, there remains disagreement of the Company's proposed additional revenue annualization adjustment of ($102,966) and the corresponding expense annualization adjustments to purchased power of ($9,656) and chemicals expense of ($540). See adjustments 4, 5, and 6 on Rejoinder Schedule C-1, page 2.

There is also disagreement between Staff and the Company regarding the Company's proposed increase to purchased power of $17,219 due to a rate increase granted to the Company's power provider, Arizona Public Service ("APS") in December 2008. See adjustment 6 on Rejoinder Schedule C-1, page 2.

Q. IS THIS A KNOWN AND MEASURABLE CHANGE?

A. Yes.

Q. WHAT REASONS DOES STAFF PROVIDE FOR NOT RECOGNIZING THIS KNOWN AND MEASURABLE CHANGE?

A. None. Even though Staff rejected the Company's additional revenue annualization adjustment, Staff still should have reflected this known and measurable change to the test year purchased power expense. Staff regularly adopts purchased power cost increases from power providers. It did so in the CCWC case (Decision No. 68176, September 30, 2005, Docket W-02113A-04-0616) previously discussed. However, since Staff rejected the Company proposed additional revenue annualization, Staff should have used the annualized gallons of 319,387 gallons (in 1,000's) from the revenue annualization Staff did adopt in its computation. The APS cost increase per 1,000 gallons is $0.058. Staff should have recommended an increase in purchased power of $18,524 [319,387 gallons (in 1,000's) times $0.058] for this known and measurable change.

Q. PLEASE CONTINUE.

A. Finally, there remains disagreement over Staff's proposed "normalization" of repairs and maintenance expense using a historical 3 year average.

Q. PLEASE COMMENT ON STAFF'S SURREBUTTAL TESTIMONY CONCERNING NORMALIZATION.

A. Staff asserts that normalization is a recognized ratemaking principle that the Commission has regularly adopted. McMurry Sb at 11. I do not dispute that normalization is used in rate making. However, as I stated, surrounding facts and circumstances must justify its use because generally, normalization should be avoided because of the inherently subjective nature of averaging. Bourassa Rb. at 18. As I illustrated my rebuttal, alternative "normalization" approaches would produce higher levels of expense than Staff's recommendation and two of the approaches produce levels of expense even greater than the test year level of

$14,210. *Id.* at 19. The point is that the test year level of expense is well within the range of "normalization" estimates and there is no reasonable justification to lower the test year expense further.

Q. DOES THE FACT THAT STAFF USES A THREE YEAR AVERAGE WHICH IS THE SAME PERIOD OF TIME USED FOR RECOVERY OF RATE CASE EXPENSE HAVE ANYTHING TO DO WITH JUSTIFYING STAFF'S THREE YEAR HISTORICAL AVERAGE?

A. No. It is also incorrect to state, as Staff does, that the Company will recover all expenses if the Company files a rate case every three years. If that were true, then why not use historical averages for every operating expense and have utilities file every three years? Putting aside the fact that averaging is highly subjective and backward looking, it does not consider the impact of inflation. The value of the dollar in 2006 is not the same as the value of the dollar in 2008, or more correctly the value of the dollar in 2010 when new rates will be in effect. In other words, Staff averages apples and oranges in terms of the value of the dollar. As a result, Staff's historical average is understated.

Q. ARE THERE ANY OTHER CONCERNS YOU HAVE REGARDING STAFF'S RECOMMENDED LEVEL OF REVENUES AND EXPENSES?

A. Yes. Staff is recommending that the Company's late charge be changed from $10 to 1.5 percent of the unpaid balance. Yet, Staff has not recommended a downward revenue annualization adjustment to reflect this change.

Q. PLEASE EXPLAIN.

A. During the test year, the Company received $25,500 in late fees (2,550 late charges). By dropping the late fee charge from its current level of $10 to 1.5 percent of the unpaid balance the late fee revenues can be expected to drop to

approximately $1.00 per charge (Average late balance of $67.00[2] times 1.5 percent). This is a revenue loss of $9.00 per occurrence and will result in an annual revenue loss of $22,950 ($9.00 times 2,550 occurrences). If the Commission adopts Staff's recommendation for late fee charges, this revenue annualization adjustment should be adopted.

The Commission should also consider that by reducing the late fees, customers may be encouraged to pay late as the "penalty" or cost to the customer is significantly reduced. The change may also encourage higher delinquency rates. During the test year, approximately 14 percent of bills were paid late. This is relatively high and has a detrimental impact on the Company's cash flows. Encouragement of higher delinquency rates is not good public policy.

V. RATE DESIGN.

Q. WHAT ARE THE COMPANY'S REJOINDER PROPOSED RATES?

A. The monthly charges at proposed rates are listed below.

All Classes

Meter Size	Monthly Minimum	Gallons included in Monthly Minimum
5/8 Inch	$ 13.24	0
¾ Inch	$ 19.87	0
1 Inch	$ 33.10	0
1 1 /2 Inch	$ 66.22	0
2 Inch	$ 105.95	0
3 Inch	$ 211.89	0
4 Inch	$ 331.08	0

[2] The composite average monthly bill for all customers is $66.86.

6 Inch	$ 662.15	0
3 Inch Construction	$ 211.89	0

The commodity charges and tiers by meter size are:

Meter Size	Tier (gallons)	Charge per 1,000 gallons
5/8" Residential	1 to 3,000	$ 1.77
	3,001 to 10,000	$ 2.72
	Over 10,000	$ 2.98
¾" Residential	1 to 3,000	$ 1.77
	3,001 to 10,000	$ 2.72
	Over 10,000	$ 2.98
5/8" Commercial	1 to 15,000	$ 2.72
	Over 15,000	$ 2.98
¾" Commercial	1 to 15,000	$ 2.72
	Over 15,000	$ 2.98
1 Inch	1 to 25,000	$ 2.72
	Over 25,000	$ 2.98
1 ½ Inch	1 to 50,000	$ 2.72
	Over 50,000	$ 2.98
2 inch	1 to 80,000	$ 2.72
	Over 80,000	$ 2.98
3 Inch	1 to 160,000	$ 2.72
	Over 160,000	$ 2.98
4 inch	1 to 250,000	$ 2.72
	Over 250,000	$ 2.98
6 inch	1 to 500,000	$ 2.72

	Over 500,000	$ 2.98
3" Construction	All gallons	$ 3.25

Q. WHAT IS THE IMPACT OF THE COMPANY'S PROPOSED RATES ON AN AVERAGE 5/8 INCH, ¾ INCH, AND 1 INCH METERED RESIDENTIAL CUSTOMER?

A. The present monthly bill for a 5/8 inch metered residential customer using an average of 7,376 gallons is $25.85. The proposed monthly bill for a 5/8 inch metered residential customer using an average of 7,376 gallons is $30.45 – an increase of $4.60 or 17.8 percent over the present rates.

The present monthly bill for a 3/4 inch metered residential customer using an average of 9,531 gallons is $36.46. The proposed monthly bill for a 3/4 inch metered residential customer using an average of 9,531 gallons is $42.95 – an increase of $6.49 or 17.8 percent over the present rates.

The present monthly bill for a 1 inch metered residential customer using an average of 20,364 gallons is $75.14. The proposed monthly bill for a 1 inch metered residential customer using an average of 20,346 gallons is $88.52 – an increase of $13.37 or 17.8 percent over the present rates.

Q. PLEASE RESPOND TO STAFF'S SURREBUTTAL TESTIMONY ON RATE DESIGN?

A. Staff criticizes the Company's relatively low differential between the 2nd and 3rd tier commodity rates. McMurry Sb. at 12-13. However, the present rate design differentials between the commodity rates was proposed by Staff in the last rate case and adopted in the final decision. I increased the commodity rates by the same percentage for all meter sizes to remain consistent with the previously adopted differential. Under the Company's proposed design, the first tier

commodity rate is increased by $0.27. The second tier and third commodity rate increase by $0.41, and $0.45, respectively.

Q. HOW DOES THIS COMPARE TO STAFF DESIGN?

A. Under Staff's proposed design, the first tier commodity rate is increased by $0.20. The second tier and third commodity rate increase by $0.29, and $0.57, respectively.

Q. HAS THE COMPANY'S PRESENT RATE DESIGN PROMOTED CONSERVATION?

A. Arguably, yes. Average monthly usages have generally decreased from the last rate case when compared to the instant rate case. For example, during the test year in the last case, the average monthly usage of a 5/8 inch metered residential customer was 9,264 gallons. In the instant case, the average monthly usage has dropped to 7,376 gallons. Similarly, during the test year in the last case, the average monthly usage of a ¾ inch metered residential customer was 10,243 gallons. In the instant case, the average monthly usage is 9,531 gallons.

Q. WHAT ABOUT 1 INCH RESIDENTIAL CUSTOMERS?

A. Average monthly usage has remained about the same at about 20,000 gallons. But, the Company's proposed rate design lowers the break-over point for the first tier by over half-from 50,359 gallons to 25,000 gallons. This proposed break-over point will further encourage conservation for this customer class as the high water users will see a higher cost per 1,000 gallons at a much lower break-over point. Staff also lowers the first tier, but to 30,000 gallons as opposed to 25,000 gallons.

The 5/8 inch, ¾ inch, and the 2 inch metered residential customers represent the bulk of the customers and the bulk of the water.

Q. PLEASE PROVIDE SOME EXAMPLES FOR THE COMMERCIAL METERED CUSTOMERS.

A. During the test year in the last case, the average monthly usage of a 1 inch metered commercial customer was 38,424 gallons. In the instant case, the average monthly usage has dropped to 36,298 gallons. Again, to encourage further conservation for this customer class, the Company's proposed rate design lowers the break-over point for the first tier by over half from 50,359 gallons to 25,000 gallons.

Similarly, during the test year in the last case, the average monthly usage of a 2 inch metered commercial customer was 162,961 gallons. In the instant case, the average monthly usage is 106,651 gallons. To encourage further conservation for this customer class, the Company's proposed rate design lowers the break-over point for the first tier by over half from 151,256 gallons to 80,000 gallons.

Q. IT WOULD APPEAR THAT AN APPROPRIATE PRICE SIGNAL IS BEING SENT TO CUSTOMERS EVEN AT THE RELATIVELY LOW DIFFERENTIAL BETWEEN THE SECOND AND THIRD TIER COMMODITY RATES FOR 5/8 INCH AND ¾ INCH RESIDENTIAL METERS AND THE FIRST AND SECOND TIER OF THE LARGER METERS UNDER THE CURRENT AND PROPOSED RATE DESIGNS?

A. Yes. And, all customers will experience approximately the same rate increase under the Company's rate design. Without the benefit of a cost of service study, this is the most equitable approach.

Q. HOW DOES THIS COMPARE AGAINST STAFF'S PROPOSED RATE DESIGN?

A. Under Staff's rate design, the residential customer class and commercial customer class will experience an overall rate increase of about 14 percent on average, whereas the multi-family customer class would experience a higher increase of

about 16 percent on average. The irrigation customer class would also experience a higher increase of about 19 percent on average.

Q. HAS STAFF EXPLAINED HOW IT DETERMINED ITS BREAK-OVER POINTS?

A. Only in general rate design terms. Staff states the break-over points for the rate structure should reflect the interdependence of the rate design parameters. I do not disagree. However, Staff has not explained how or why they chose the respective break-over points for the various meter sizes under their rate design.

Q. DID STAFF PREPARE A COST OF SERVICE STUDY?

A. No.

Q. DO YOU HAVE ANY OTHER COMMENTS ON THE RATE DESIGN?

A. Yes. The Company proposes a monthly minimum for construction meters whereas Staff does not. Just because the construction water is subject to a single commodity rate for all gallons, and that the commodity rate is at top rate does not warrant the elimination of a monthly minimum. There are instances where construction water meters have no monthly use. Yet, the Company must still read the meter and spend administrative time tracking the meter. By charging a monthly minimum, construction meter customers will be encouraged to return the meter when it is no longer being used. This will make the meter available to others rather than requiring the Company to purchase another meter to serve those customers who need construction water.

Q. ARE THERE ANY DISPUTES BETWEEN STAFF AND THE COMPANY ON THE COMPANY PROPOSED MISCELLANEOUS CHARGES AND METER AND SERVICE LINE INSTALLATION CHARGES?

A. As I discussed, there is a difference between the Company's and Staff's recommended late fee charge. Staff is also recommending that deposit interest

remain at 6 percent while the Company's initial recommendation was to lower it to 3 percent. The Company's rejoinder position is to lower deposit interest to 2 percent.

The Company believes a 6 percent rate is too high given the low interest rates currently provided by banks on certificates of deposits ("CD") and money markets.

Q. WHAT ARE CURRENT CD RATES?

A. The current annual yield on a 5 year CD is 2.66 percent (Wall Street Journal, September 3, 2009). The current annual yield on a 6 month CD is 0.36 percent (Federal Reserve, September 1, 2009). Finally, the current annual yield on the money market is 1.16 percent (Wall Street Journal, September 3, 2009)

Q. DOES THAT CONCLUDE YOUR TESTIMONY?

A. Yes.

Valley Utilities Water Company Inc.

In the matter of the application of
Valley Utilities Water Company, Inc.
for approval of a rate increase

Docket No. W-01412A-08-0586

September 8, 2009

Schedules

to Rejoinder Testimony of Thomas J. Bourassa

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Computation of Increase in Gross Revenue
Requirements As Adjusted

Exhibit
Rejoinder Schedule A-1
Page 1
Witness: Bourassa

Line No.			
1	Fair Value Rate Base	$	(169,027)
2			
3	Adjusted Operating Income		(8,449)
4			
5	Current Rate of Return		NM
6			
7	Required Operating Income	$	131,871
8			
9	Proposed Operatin Margin		10.00%
10			
11	Operating Income Deficiency	$	140,321
12			
13	Gross Revenue Conversion Factor		1.5107
14			
15	Increase in Gross Revenue Revenue Requirement	$	211,977
16			
17	Test Year Revenues	$	1,106,737
18	Increase in Gross Revenue Revenue Requirement	$	211,977
19	Proposed Revenue Requirement	$	1,318,714
20	Percent Increase		19.15%

22	**Customer**	**Present**	**Proposed**	**Dollar**	**Percent**
23	**Classification**	**Rates**	**Rates**	**Increase**	**Increase**
24					
25	5/8 Inch	$ 55,282	$ 65,129	$ 9,847	17.81%
26	3/4 Inch	386,376	455,163	68,787	17.80%
27	1 Inch	384,994	458,655	73,661	19.13%
28	1 1/2 Inch	23,801	28,616	4,814	20.23%
29	2 Inch	267,706	318,441	50,735	18.95%
30	3 Inch Construction	67,596	74,540	6,943	10.27%
31	Revenue Annualization	(24,537)	(27,021)	(2,484)	10.13%
32	Revenue Loss Adjustment	(102,966)	(102,966)	-	0.00%
33	**Subtotal**	$ 1,058,253	$ 1,270,555	$ 212,302	20.06%
34					
35	Misc. Service Revenues	45,466	45,466	-	0.00%
36	Annualization of Misc Service Revenues	2,660	2,660	-	0.00%
37	Reconciling Amount H-1 to C-1	359	34	(325)	-90.53%
38					
39	**Total of Water Revenues**	$ 1,106,737	$ 1,318,715	$ 211,977	19.15%

40

41 NM -= Not Meaningful

42

43 SUPPORTING SCHEDULES:
44 Rejoinder B-1
45 Rejoinder C-1
46 Rejoinder C-3
47 Rejoinder H-1
48

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Summary of Rate Base

Exhibit
Rejoinder Schedule B-1
Page 1
Witness: Bourassa

Line No.		Original Cost Rate base	Fair Value Rate Base
1			
2	Gross Utility Plant in Service	$ 6,686,652	$ 6,686,652
3	Less: Accumulated Depreciation	2,051,030	2,051,030
4			
5	Net Utility Plant in Service	$ 4,635,621	$ 4,635,621
6			
7	Less:		
8	Advances in Aid of		
9	Construction	3,515,087	3,515,087
10	Contributions in Aid of		
11	Construction	1,322,934	1,322,934
12	Accumulated Amortization of CIAC	(289,647)	(289,647)
13			
14	Customer Meter Deposits	224,503	224,503
15	Deferred Income Taxes & Credits	31,772	31,772
16		-	-
17			
18			
19	Plus:		
20	Unamortized Finance		
21	Charges	-	-
22	Deferred Regulatory Assets	-	-
23	Allowance for Working Capital	-	-
24			
25			
26	Total Rate Base	$ (169,027)	$ (169,027)
27			
28			
29			
30	SUPPORTING SCHEDULES:		
31	Rejoinder B-2		
32	Rejoinder B-5		
33			
34			
35			

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Original Cost Rate Base Proforma Adjustments

Exhibit
Rejoinder Schedule B-2
Page 1
Witness: Bourassa

Line No.		Adjusted at End of Test Year	Proforma Adjustments Amount	Rebuttal Adjusted at end of Test Year
1	Gross Utility			
2	Plant in Service	$ 8,596,870	(1,910,218)	$ 6,686,652
3				
4	**Less:**			
5	Accumulated			
6	Depreciation	2,051,030	-	2,051,030
7				
8				
9	Net Utility Plant			
10	in Service	$ 6,545,839		$ 4,635,621
11				
12	**Less:**			
13	Advances in Aid of			
14	Construction	3,515,087	-	3,515,087
15				
16	Contributions in Aid of			
17	Construction (CIAC)	1,322,934	-	1,322,934
18				
19	Accumulated Amortization of CIAC	(289,647)	-	(289,647)
20				
21	Customer Meter Deposits	224,503	-	224,503
22	Deferred Income Taxes	31,772	-	31,772
23				
24				
25	**Plus:**			
26	Unamortized Finance			
27	Charges	-	-	-
28	Deferred Regulatory Assets	-	-	-
29	Allowance for Working Capital	-	-	-
30				
31	Total	$ 1,741,191		$ (169,027)
32				
33				
34				
35	SUPPORTING SCHEDULES:			RECAP SCHEDULES:
36	Rejoinder B-2, pages 2-3			Rejoinder B-1
37				
38				
39				
40				
41				
42				
43				
44				

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Original Cost Rate Base Proforma Adjustments

Exhibit
Rejoinder Schedule B-2
Page 2
Witness: Bourassa

Line No.		Adjusted at end of Test Year	Proforma Adjustments 1 Plant Adjustments	2 Intentionally Left Blank	3 Intentionally Left Blank	Rejoinder Adjusted at end of Test Year
1	Gross Utility					
2	Plant in Service	$ 8,596,870	(1,910,218)			$ 6,686,652
3						
4	**Less:**					
5	Accumulated					
6	Depreciation	2,051,030				2,051,030
7						
8						
9	Net Utility Plant					
10	in Service	$ 6,545,839	$ (1,910,218)	$ -	$ -	$ 4,635,621
11						
12	**Less:**					
13	Advances in Aid of					
14	Construction	3,515,087				3,515,087
15						
16	Contributions in Aid of					
17	Construction (CIAC)	1,322,934				1,322,934
18						
19	Accumulated Amort of CIAC	(289,647)				(289,647)
20						
21	Customer Meter Deposits	224,503				224,503
22	Deferred Income Taxes	31,772				31,772
23						
24						
25	**Plus:**					
26	Unamortized Finance					
27	Charges	-				-
28	Deferred Reg. Assets	-				-
29	Allowance for Working Capital	-				-
30						
31	Total	$ 1,741,191	$ (1,910,218)	$ -	$ -	$ (169,027)
32						
33						
34						
35	SUPPORTING SCHEDULES:					
36	Rejoinder B-2, pages 3					
37						
38						
39						
40						

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1

Exhibit
Rejoinder Schedule B-2
Page 3
Witness: Bourassa

Line No.	Acct. No.	Description	Direct Adjusted Original Cost	ADJUSTMENT A PTY Plant Arsenic Water Treatment	ADJUSTMENT B Plant Reclass	ADJUSTMENT C Addnl Costs for Replacement Well	Rejoinder Adjusted Original Cost
1	Plant-in-Service						
2							
3							
4							
5	301	Organization Cost	-				-
6	302	Franchise Cost	-				-
7	303	Land and Land Rights	448,196				448,196
8	304	Structures and Improvements	17,167				17,167
9	305	Collecting and Impounding Res.	-				-
10	306	Lake River and Other Intakes	-				-
11	307	Wells and Springs	1,147,717				1,147,717
12	308	Infiltration Galleries and Tunnels	-				-
13	309	Supply Mains	-				-
14	310	Power Generation Equipment	-				-
15	311	Electric Pumping Equipment	448,660				448,660
16	320	Water Treatment Equipment	22,334				22,334
17	330	Distrib. Reservoirs & Standpipe	828,116				828,116
18	331	Trans. and Distrib. Mains	2,593,007				2,593,007
19	333	Services	123,765				123,765
20	334	Meters	419,733				419,733
21	335	Hydrants	147,203				147,203
22	336	Backflow Prevention Devices	-				-
23	339	Other Plant and Misc. Equipment	1,237				1,237
24	340	Office Furniture and Fixtures	66,856				66,856
25	341	Transportation Equipment	88,026				88,026
26	342	Stores Equipment	-				-
27	343	Tools and Work Equipment	38,585				38,585
28	344	Laboratory Equipment	-				-
29	345	Power Operated Equipment	5,930				5,930
30	346	Communications Equipment	-				-
31	347	Miscellaneous Equipment	20,000				20,000
32	348	Other Tangible Plant	4,237				4,237
33	348	Other Tangible Plant - Arsenic Media					-
34		TOTALS	$ 6,420,770	$ -	$ -	$ -	$ 6,420,770
35							
36	Post Test Year Plant						
37	303	Land and Land Rights	$ -				$ -
38	307	Wells and Springs	250,000			15,882	265,882
39	320	Water Treatment Equipment	1,826,100	(1,826,100)			-
40	348	Other Tangible Plant - Arsenic Media	100,000	(100,000)			-
41			$ 2,176,100	$ (1,926,100)	$ -	$ 15,882	$ 265,882
42		Total Plant	$ 8,596,870	$ (1,926,100)	$ -	$ 15,882	$ 6,686,652
43							
44	Direct Adjusted Plant-in-Service						$ 8,596,870
45							
46	Increase (decrease) in Plant-in-Service						$ (1,910,218)
47							
48	Adjustment to Plant-in-Service						$ (1,910,218)
49							
50	SUPPORTING SCHEDULES		ADJUSTMENTS				
51			Adjustment A - See Rejoinder B-2, page 3.1				

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1 - A

Exhibit
Rejoinder Schedule B-2
Page 3.1
Witness: Bourassa

Line No.		
1		
2	Post Test Year Plant	
3		
4	Arsenic Treament Facilities - Account 320	
5	Cost per Rebuttal Filing	$ -
6	Cost Per Direct Filing	1,826,100
7	Increase (Decrease) in Cost	$ (1,826,100)
8		
9	Arsenic Media - Account 348	
10	Costs per Rebuttal Filing	$ -
11	Cost Per Direct Filing	100,000
12	Increase (Decrease) in Cost	$ (100,000)
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Computation of Working Capital

Exhibit
Rejoinder Schedule B-5
Page 1
Witness: Bourassa

Line No.			
1	Cash Working Capital (1/8 of Allowance		
2	Operation and Maintenance Expense)	$	93,646
3	Pumping Power (1/24 of Pumping Power)		6,022
4	Purchased Water (1/24 of Purchased Water)		182
5	Prepaids/Deferred Debits		85,945
6	Materials & Supplies		28,626
7			
8			
9	Total Working Capital Allowance	$	214,420
10			
11			
12	Working Capital Requested	$	-
13			
14			
15	SUPPORTING SCHEDULES:	RECAP SCHEDULES:	
16	Rejoinder C-1	Rejoinder B-1	
17			

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Income Statement

Exhibit
Rejoinder Schedule C-1
Page 1
Witness: Bourassa

Line No.		Test Year Adjusted Results	Adjustment	Rejoinder Test Year Adjusted Results	Proposed Rate Increase	Adjusted with Rate Increase
1	**Revenues**					
2	Metered Revenues	$ 1,164,238	$ (105,626)	$ 1,058,612	$ 211,977	$ 1,270,589
3						-
4	Other Wastewater Revenues	45,466	2,660	48,126		48,126
5		$ 1,209,703	$ (102,966)	$ 1,106,737	$ 211,977	$ 1,318,714
6	**Operating Expenses**					
7	Salaries and Wages	$ 355,559	-	$ 355,559		$ 355,559
8	Employee Pensions and Benefits	5,343	-	5,343		5,343
9	~~Purchased Water~~	~~4,357~~	-	4,357		4,357
10	Purchased Power	136,963	7,563	144,526		144,526
11	Chemicals	7,549	(540)	7,009		7,009
12	Repairs and Maintenance	14,210	-	14,210		14,210
13	Office Supplies and Expense	10,006	-	10,006		10,006
14	Outside Services	31,734	2,389	34,123		34,123
15	Water Testing	-	-	-		-
16	Rents	56,601	-	56,601		56,601
17	Transportation Expenses	25,266	-	25,266		25,266
18	Insurance - General Liability	39,013	(10,304)	28,709		28,709
19	Insurance - Health and Life	84,637	(60)	84,577		84,577
20	Advertising	-	-	-		-
21	Regulatory Comm. Exp. - Rate Case	40,000	-	40,000		40,000
22	Regulatory Comm. Exp. - Other	15,856	-	15,856		15,856
23	Bad Debt Expense	228	-	228		228
24	Miscellaneous Expense	42,327	-	42,327		42,327
25	Depreciation and Amortization	313,518	(121,845)	191,673		191,673
26	Taxes Other Than Income	29,351	-	29,351		29,351
27	Property Taxes	39,304	(2,118)	37,187		37,187
28	Income Tax	(54,130)	42,411	(11,719)	71,656	59,937
29				-		-
30	**Total Operating Expenses**	$ 1,197,692	$ (82,505)	$ 1,115,187	$ 71,656	$ 1,186,843
31	**Operating Income**	$ 12,012	$ (20,461)	$ (8,449)	$ 140,321	$ 131,871
32	**Other Income (Expense)**					
33	Interest Income	-	-	-		-
34	Other income	-	-	-		-
35	Gain on Disposal Fixed Assets	-	-	-		-
36	Interest Expense	(123,851)	109,351	(14,500)		(14,500)
37	Other Expense	-	-	-		-
38						
39	**Total Other Income (Expense)**	$ (123,851)	$ 109,351	$ (14,500)	$ -	$ (14,500)
40	**Net Profit (Loss)**	$ (111,839)	$ 88,889	$ (22,949)	$ 140,321	$ 117,371
41						
42	SUPPORTING SCHEDULES:				RECAP SCHEDULES:	
43	Rejoinder C-1 page 2				Rejoinder A-1	
44						
45						

Exhibit
Rejoinde. ..dule C-1
Page 2
Witness: Bourassa

Valley Utilities Water Cor
Test Year Ended June 30,
Income Statement

Line No.		Direct Test Year Adjusted Results	1 Depreciation Expense	2 Property Taxes	3 Revenue Annualization	4 Metered Revenue Loss Adjustment	5 Purch. Power & Chemical Adj. For Rev. Loss	6 Purchased Power Adj. For APS Incr.	7 Water Testing	8 Reclass Insurance	9 Non-Recurring Ins. Exp.	10 Reclass Revenues	11 Interest Expense	12 Income Taxes	Rejoinder Test Year Adjusted Results	Proposed Rate Increase	Rejoinder Adjusted with Rate Increase
1	**Revenues**																
2	Metered Revenues	$ 1,164,238			$ -	$ (102,966)						$ (2,660)			$ 1,058,612	$ 211,977	$ 1,270,589
3																	-
4	Other Wastewater Revenues	45,466										2,660			48,126		48,126
5		$ 1,209,703	$ -	$ -	$ -	$ (102,966)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,106,737	$ 211,977	$ 1,318,714
6	**Operating Expenses**																
7	Salaries and Wages	$ 355,559													$ 355,559		$ 355,559
8	Employee Pensions and Benefits	5,343													5,343		5,343
9	Purchased Water	4,357													4,357		4,357
10	Purchased Power	136,963					(9,656)	17,219							144,526		144,526
11	Chemicals	7,549					(540)								7,009		7,009
12	Repairs and Maintenance	14,210													14,210		14,210
13	Office Supplies and Expense	10,006													10,006		10,006
14	Outside Services	31,734							2,389						34,123		34,123
15	Water Testing	-													-		-
16	Rents	56,601													56,601		56,601
17	Transportation Expenses	25,266													25,266		25,266
18	Insurance - General Liability	39,013								(10,304)					28,709		28,709
19	Insurance - Health and Life	84,637								10,304	(10,364)				84,577		84,577
20	Advertising	-													-		-
21	Reg. Comm. Exp. - Rate Case	40,000													40,000		40,000
22	Reg. Comm. Exp. - Other	15,856													15,856		15,856
23	Bad Debt Expense	228													228		228
24	Miscellaneous Expense	42,327													42,327		42,327
25	Depreciation and Amortization	313,518	(121,845)												191,673		191,673
26	Taxes Other Than Income	29,351													29,351		29,351
27	Property Taxes	39,304		(2,118)											37,187		37,187
28	Income Tax	(54,130)												42,411	(11,719)	71,656	59,937
29															-		-
30	**Total Operating Expenses**	$ 1,197,692	$ (121,845)	$ (2,118)	$ -	$ -	$ (10,197)	$ 17,219	$ 2,389	$ -	$ (10,364)	$ -	$ -	$ 42,411	$ 1,115,187	$ 71,656	$ 1,186,843
31	**Operating Income**	$ 12,012	$ 121,845	$ 2,118	$ -	$ (102,966)	$ 10,197	$ (17,219)	$ (2,389)	$ -	$ 10,364	$ -	$ -	$ (42,411)	$ (8,449)	$ 140,321	$ 131,871
32	**Other Income (Expense)**														-		-
33	Interest Income	-													-		-
34	Other Income	-													-		-
35	Gain on Disposal Fixed Assets	-											109,351		(14,500)		(14,500)
36	Interest Expense	(123,851)													-		-
37	Other Expense	-															
38																	
39	**Total Other Income (Expense)**	$ (123,851)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 109,351	$ -	$ (14,500)	$ -	$ (14,500)
40	**Net Profit (Loss)**	$ (111,839)	$ 121,845	$ 2,118	$ -	$ (102,966)	$ 10,197	$ (17,219)	$ (2,389)	$ -	$ 10,364	$ -	$ 109,351	$ (42,411)	$ (22,949)	$ 140,321	$ 117,371
41																	
42	SUPPORTING SCHEDULES:																
43	Rejoinder C-2																
44																	
45																	

RECAP SCHEDULES:
Rejoinder C-1, page 1

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Adjustments to Revenues and Expenses

Exhibit
Rejoinder Schedule C-2
Page 1
Witness: Bourassa

Adjustments to Revenues and Expenses

Line No.		1 Depreciation Expense	2 Property Taxes	3 Revenue Annualization	4 Revenue Loss Adjustment	5 Purch. Power Chemical Exp.	6 Purchased Power Adj.	Subtotal
1								
2								
3	Revenues			-	(102,966)			(102,966)
4								
5	Expenses	(121,845)	(2,118)			(10,197)	17,219	(116,941)
6								
7	Operating							
8	Income	121,845	2,118	-	(102,966)	10,197	(17,219)	13,975
9								
10	Interest							-
11	Expense							-
12	Other							
13	Income /							-
14	Expense							
15								
16	Net Income	121,845	2,118	-	(102,966)	10,197	(17,219)	13,975

Adjustments to Revenues and Expenses

18								
19		7	8	9	10	11	12	Subtotal
20		Water	Reclass	Non-Recurring	Reclass	Interest	Income	
21		Testing	Insurance	Expense	Revenues	Expense	Taxes	
22	Revenues				-			(102,966)
23								
24	Expenses	2,389	-	(10,364)			42,411	(82,505)
25								
26	Operating							
27	Income	(2,389)	-	10,364	-	-	(42,411)	(20,461)
28								
29	Interest							
30	Expense					109,351		109,351
31	Other							
32	Income /							-
33	Expense							
34								
35	Net Income	(2,389)	-	10,364	-	109,351	(42,411)	88,889
36								

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Adjustments to Revenues and Expenses
Adjustment Number 1

Exhibit
Rejoinder Schedule C-2
Page 2
Witness: Bourassa

Line No.	Acct. No.	Description	Adjusted Cost	Proforma Adjustments 1 B-2 Adj. 1 - A PTY Plant Water Trmnt	2 B-2 Adj. 1 - B Reclass	3 B-2 Adj. 1 - C Addnl Costs Well	Adjusted Cost	Proposed Rates	Depreciation Expense
1		Depreciation Expense							
7	301	Organization Cost	-				-	0.00%	-
8	302	Franchise Cost	-				-	0.00%	-
9	303	Land and Land Rights	448,196				448,196	0.00%	-
10	304	Structures and Improvements	17,167				17,167	3.33%	572
11	305	Collecting and Impounding Res.	-				-	2.50%	-
12	306	Lake River and Other Intakes	-				-	2.50%	-
13	307	Wells and Springs	1,147,717				1,147,717	3.33%	38,219
14	308	Infiltration Galleries and Tunnels	-				-	6.67%	-
15	309	Supply Mains	-				-	2.00%	-
16	310	Power Generation Equipment	-				-	5.00%	-
17	311	Electric Pumping Equipment	448,660				448,660	12.50%	56,082
18	320	Water Treatment Equipment	22,334				22,334	3.33%	744
19	330	Distribution Reservoirs & Standpipe	828,116				828,116	2.22%	18,384
20	331	Transmission and Distribution Mains	2,593,007				2,593,007	2.00%	51,860
21	333	Services	123,765				123,765	3.33%	4,121
22	334	Meters	419,733				419,733	8.33%	34,964
23	335	Hydrants	147,203				147,203	2.00%	2,944
24	336	Backflow Prevention Devices	-				-	6.67%	-
25	339	Other Plant and Misc. Equip.	1,237				1,237	6.67%	83
26	340	Office Furniture and Fixtures	66,856				66,856	6.67%	4,459
27	341	Transportation Equipment	88,026				88,026	20.00%	17,605
28	342	Stores Equipment	-				-	4.00%	-
29	343	Tools and Work Equipment	38,585				38,585	5.00%	1,929
30	344	Laboratory Equipment	-				-	10.00%	-
31	345	Power Operated Equipment	5,930				5,930	5.00%	296
32	346	Communications Equipment	-				-	10.00%	-
33	347	Miscellaneous Equipment	20,000				20,000	10.00%	2,000
34	348	Other Tangible Plant	4,237				4,237	3.33%	141
35									
36		Subtotal Plant	$ 6,420,770	$ -	$ -	$ -	$ 6,420,770		$ 234,404
37									
38		Post Test Year plant							
39	303	Land and Land Rights	$ -		$ -		$ -	0.00%	$ -
40	307	Wells and Springs	250,000	-		15,882	265,882	3.33%	8,854
41	320	Water Treatment Equipment	1,826,100	(1,826,100)	-		-	3.33%	-
42	348	Other Tangible Plant - Arsenic Media	100,000	(100,000)			-	67.00%	-
43			$ 2,176,100	$ (1,926,100)	$ -	$ 15,882	$ 265,882		$ 8,854
44		Total Plant	$ 8,596,870				$ 6,686,652		$ 243,258
45									
46		Less: Amortization of Contributions	$ 1,322,934				$ 1,322,934	3.8993%	$ (51,586)
47									
48		Total Depreciation Expense							$ 191,673
49									
50		Adjusted Test Year Depreciation Expense							313,518
51									
52		Increase (decrease) in Depreciation Expense							(121,845)
53									
54		Adjustment to Revenues and/or Expenses							$ (121,845)
55									
56		SUPPORTING SCHEDULE							
57		Rejoinder B-2, page 3							

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Adjustment to Revenues and/or Expenses
Adjustment Number 2

Exhibit
Rejoinder Schedule C-2
Page 3
Witness: Bourassa

Line No.			
1	Adjust Property Taxes to Reflect Proposed Revenues:		
2			
3	Adjusted Revenues in year ended 06/30/2008	$	1,106,737
4	Adjusted Revenues in year ended 06/30/2008		1,106,737
5	Proposed Revenues		1,318,714
6	Average of three year's of revenue	$	1,177,396
7	Average of three year's of revenue, times 2	$	2,354,793
8	Add:		
9	Construction Work in Progess at 10%	$	110,850
10	Deduct:		
11	Book Value of Transportation Equipment	$	16,498
12			
13	Full Cash Value	$	2,449,144
14	Assessment Ratio		21%
15	Assessed Value		514,320
16	Property Tax Rate		7.2302%
17			
18	Property Tax		37,187
19	Tax on Parcels		0
20			
21	Total Property Tax at Proposed Rates	$	37,187
22	Property taxes in the test year		39,304
23	Change in property taxes	$	(2,118)
24			
25			
26	Adjustment to Revenues and/or Expenses	$	(2,118)
27			
28			

Valley Utilities Water Compan.
5/8 Inch Residential
Customers to Year End Levels
Test Year Ended June 30, 2008

Exhibit
Schedule C-2
Page 3.1
Witness: Bourassa

Line No.		Month of Jul-07	Month of Aug-07	Month of Sep-07	Month of Oct-07	Month of Nov-07	Month of Dec-07	Month of Jan-08
1	Year End Number of Customers	161	161	161	161	161	161	161
2	Actual Customers	162	162	159	160	161	161	159
3	Increase in Number of Customers/Bills	(1)	(1)	2	1	-	-	2
4	Average Revenue / Present Rates	$ 34.61	$ 28.03	$ 28.09	$ 29.22	$ 23.68	$ 18.84	$ 20.65
5	Revenue Annualization / Present Rates	$ (35)	$ (28)	$ 56	$ 29	$ -	$ -	$ 41
6								
7	Increase in Number of Customers	(1)	(1)	2	1	-	-	2
8	Average Revenue / Proposed Rates	$ 40.77	$ 33.02	$ 33.09	$ 34.42	$ 27.90	$ 22.19	$ 24.33
9	Revenue Annualization / Proposed Rates	$ (41)	$ (33)	$ 66	$ 34	$ -	$ -	$ 49
10	Additional Gallons to be Produced	(11,068)	(8,321)	16,693	8,835	-	-	10,253
11								
12								
13								
14		Month of Feb-08	Month of Mar-08	Month of Apr-08	Month of May-08	Month of Jun-08		Total Year
15	Year End Number of Customers	161	161	161	161	161		
16	Actual Customers	163	159	161	159	161		
17	Increase in Number of Customers/Bills	(2)	2	-	2	-		5
18	Average Revenue / Present Rates	$ 19.70	$ 24.26	$ 25.02	$ 29.36	$ 28.95		
19	Revenue Annualization / Present Rates	$ (39)	$ 49	$ -	$ 59	$ -		$ 132
20								
21	Increase in Number of Customers	(2)	2	-	2	-		
22	Average Revenue / Proposed Rates	$ 23.21	$ 28.58	$ 29.48	$ 34.59	$ 34.10		
23	Revenue Annualization / Proposed Rates	$ (39)	$ 49	$ -	$ 59	$ -		$ 155
24	Additional Gallons to be Produced	(9,430)	13,378	-	17,793	-		38,132

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Adjustment to Revenues and/or Expenses
Adjustment Number 3

Exhibit
Rejoinder Schedule C-2
Page 4
Witness: Bourassa

Line No.		
1		
2	Revenue Annualization	
3		
4	Revenue Annualization Per Direct	$ (24,537)
5		
6	Revenue Annualization per Rejoinder	(24,537)
7		
8	Increase (Decrease) in Revenues	$ -
9		
10		
11		
12		
13	Adjustment to Revenues and/or Expense	$ -
14		
15		
16	SUPPORTING SCHEDULES	
17	Rebuttal C-2, page 3.1 to 3.11	
18		
19		
20		

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Adjustment to Revenues and/or Expenses
Adjustment Number 4

Exhibit
Rejoinder Schedule C-2
Page 5
Witness: Bourassa

Line No.			
1			
2	Revenue Loss Adjustment		
3			
4	Metered Revenues July 2008 to June 2009	$	1,058,682
5			
6	Test Year Metered Revenues before Revenue Annualization		1,186,185
7			
8	Revenue Loss before Revenue Annualization		(127,503)
9			
10	Less: Metered Revenue Annualization per Direct		(24,537)
11			
12	Indicated Additional Metered Revenue Loss Adjustment		(102,966)
13			
14			
15	Proposed Metered Revenue Loss Adjustment	$	(102,966)
16			
17			
18	Increase (Decrease) in Revenues	$	(102,966)
19			
20			
21	Adjustment to Revenues and/or Expense	$	(102,966)
22			
23			
24			
25			

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Adjustment to Revenues and/or Expenses
Adjustment Number 5

Exhibit
Rejoinder Schedule C-2
Page 6
Witness: Bourassa

Line No.			
1			
2	Puchased Power & Chemical Expense Adjustment Related to Revenue Loss Adjustment in Rb. Adj. # 3		
3			
4	Purchased Power Adjustment		
5			
6	[1] Adjusted Test Year Purchased Power		$ 136,963
7			
8	[2] Test Year Gallons Sold (in 1,000's)	325,407	
9			
10	[3] Additional Gallons sold from Revenue Annualization (in 1,000's)	(6,019)	
11			
12	[4] Adjusted Yest Year Gallons Sold (in 1,000's) [2] minus [3]		319,387
13			
14	[5] Cost per 1,000 Gallons Sold [1] divided by [4]		$ 0.429
15			
16	[6] Gallons Sold July 2008 to June 2009 (in 1,000's)	296,878	
17			
18	[7] Adjusted Test Year Gallons Sold (in 1,000's)	319,387	
19			
20	[8] Additional Gallons Sold from Revenue Loss Adj. (in 1,000's) [6] minus [7]		(22,509)
21			
22	[9] Increase (Decrease) in Purchased Power Costs [8] times [5]		$ (9,656)
3			
24			
25	Checmical Expense Adjustment		
26			
27	[1] Adjusted Test Year Chemicals Expense		$ 7,549
28			
29	[2] Test Year Gallons Sold (in 1,000's)	325,407	
30			
31	[3] Additional Gallons sold from Revenue Annualization (in 1,000's)	(6,019)	
32			
33	[4] Adjusted Yest Year Gallons Sold (in 1,000's) [2] minus [3]		319,387
34			
35	[5] Cost per 1,000 Gallons Sold [1] divided by [4]		$ 0.024
36			
37	[6] Gallons Sold July 2008 to June 2009 (in 1,000's)	296,878	
38			
39	[7] Adjusted Test Year Gallons Sold (in 1,000's)	319,387	
40			
41	[8] Additional Gallons Sold from Revenue Loss Adj. (in 1,000's) [6] minus [7]		(22,509)
42			
43	[9] Increase (Decrease) in Chemical Costs [8] times [5]		$ (540)
44			
45			
46			
47	Adjustment to Revenues and/or Expense		$ (10,197)
48			

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Adjustment to Revenues and/or Expenses
Adjustment Number 6

Exhibit
Rejoinder Schedule C-2
Page 7
Witness: Bourassa

Line No.			
1			
2	Increase in Purchased Power Cost due to APS Rate Increase		
3			
4	[1] Purchased Power Costs July 2008 to June 2009	$	144,446
5			
6	[2] Gallons Sold July 2008 to June 2009 (in 1,000's)		296,878
7			
8	[3] Cost per 1,000 Gallons Sold [1] divided by [3]	$	0.487
9			
10	[4] Adjusted test Year Cost per 1,000 Gallons (computed in Rb. Adj. #4)	$	0.429
11			
12	[5] Increase (Decrease) in Cost per 1,000 Gallons [3] minus [4]	$	0.058
13			
14	[6] Increase (Decrease) in Purchased Power Costs [2] times [5]	$	17,219
15			
16			
17	Adjustment to Revenues and/or Expense	$	17,219
18			
19			
20			

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Adjustment to Revenues and/or Expenses
Adjustment Number 7

Exhibit
Rejoinder Schedule C-2
Page 8
Witness: Bourassa

Line No.			
1	Water Testing Expense		
2			
3	Staff's Recommended Level of Water testing Expense	$	8,636
4			
5	Adjusted Test Year Water Testing Expense		6,247
6			
7			
8	Increase(decrease) in Water Testing Expense	$	2,389
9			
10			
11	Adjustment to Revenue and/or Expense	$	2,389
12			
13	SUPPORTING SCHEDULES		
14	Staff Schedule GTM-12 - Operating Income Adjustment #3		
15			
16			
17			
18			
19			
20			

Valley Utilities Water Company, Inc.
Test Year Ended December 31, 2001
Adjustment to Revenues and/or Expenses
Adjustment Number 8

Exhibit
Rejoinder Schedule C-2
Page 9
Witness: Bourassa

Line No.			
1			
2	Reclassify Insurance Expense		
3			
4			
5	Insurance - General Liability	$	(10,304)
6	Insurance - Health and Life	$	10,304
7			
8			
9	Increase (decrease) in Expense	$	-
10			
11			
12	Adjustment to Revenues and/or Expense	$	-
13			
14			
15			
16	SUPPORTING SCHEDULES		
17	Staff Schedule GTM-13 - Operating Income Adjustment #4		
18			
19			
20			
21			
22			

Valley Utilities Water Company, Inc.
Test Year Ended December 31, 2001
Adjustment to Revenues and/or Expenses
Adjustment Number 9

Exhibit
Rejoinder Schedule C-2
Page 10
Witness: Bourassa

Line No.			
1			
2	Remove Non-recurring Health and Life Insurance		
3			
4	Non-recurring Insurance - Health and Life Expense	$	(10,364)
5			
6			
7			
8	Increase (decrease) in Insurance - Health and Life	$	(10,364)
9			
10			
11	Adjustment to Revenue and/or Expense	$	(10,364)
12			
13	SUPPORTING SCHEDULES		
14	Staff Schedule GTM-14 - Operating Income Adjustment #5		
15			
16			
17			
18			
19			
20			

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Adjustment to Revenues and Expenses
Adjustment Number 10

Exhibit
Rejoinder Schedule C-2
Page 11
Witness: Bourassa

Line No.		
1	Reclass Revenues	
2		
3	Meter Water Revenues	$ (2,660)
4		
5	Miscellaneous Revenues	2,660
6		
7	Increase (Decrease) in Revenues	$ -
8		
9		
10		
11	Adjustment to Revenues and/or Expense	$ -
12		
13		
14		
15		
16		
17		
18		
19		
20		

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Adjustment to Revenues and Expenses
Adjustment Number 11

Exhibit
Rejoinder Schedule C-2
Page 12
Witness: Bourassa

Line No.			
1	Interest Expense		
2			
3	WIF Loan on Replacement Well	$ 250,000	
4	Interest Rate	5.80%	
5			
6	Interest Expense per Rebuttal		$ 14,500
7			
8	Interest expense per Direct filing		$ 123,851
9			
10	Increase (Decrease) in Interest Expense		$ (109,351)
11			
12			
13			
14			
15	Adjustment to Revenues and/or Expense		$ 109,351
16			
17			
18			
19			
20			

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Adjustment to Revenues and/or Expenses
Adjustment Number 12

Exhibit
Rejoinder Schedule C-2
Page 13
Witness: Bourassa

Line No.	Income Tax Computation		Rejoinder Test Year Adjusted Results		Rejoinder Adjusted with Rate Increase	
7	Taxable Income		$ (34,669)		$ 177,308	
9	Taxable Income		$ (34,669)		$ 177,308	
13	Income Before Taxes		$ (34,669)		$ 177,308	
15	Arizona Income Before Taxes		$ (34,669)		$ 177,308	
17	Less Arizona Income Tax		$ (2,416)		$ 12,355	
18	Rate =	6.97%				
19	Arizona Taxable Income		$ (32,253)		$ 164,953	
21	Arizona Income Taxes		$ (2,416)		$ 12,355	
23	Federal Income Before Taxes		$ (34,669)		$ 177,308	
25	Less Arizona Income Taxes		$ (2,416)		$ 12,355	
27	Federal Taxable Income		$ (32,253)		$ 164,953	
31	FEDERAL INCOME TAXES:					
32	15% BRACKET		$ (4,838)		$ 7,500	
33	25% BRACKET		$ -		$ 6,250	
34	34% BRACKET		$ -	Federal	$ 8,500	Federal
35	39% BRACKET		$ -	Effective	$ 25,332	Effective
36	34% BRACKET		$ -	Tax	$ -	Tax
37				Rate		Rate
38	Federal Income Taxes		$ (4,838)	13.95%	$ 47,582	26.84%
41	Total Income Tax		$ (7,254)		$ 59,937	
43	Overall Tax Rate		20.92%		33.80%	
45	Computed Income Tax at Proposed Rates Effective Rate		$ (11,719)			
47	Direct Adjusted Income Taxes		(54,130)			
49	Increase (Decrease) in Income Tax Expense		$ 42,411			

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Computation of Gross Revenue Conversion Factor

Exhibit
Rejoinder Schedule C-3
Page 1
Witness: Bourassa

Line No.	Description	Percentage of Incremental Gross Revenues
1	Federal Income Taxes	26.84%
2		
3	State Income Taxes	6.97%
4		
5	Other Taxes and Expenses	0.00%
6		
7		
8	Total Tax Percentage	33.80%
9		
10	Operating Income % = 100% - Tax Percentage	66.20%
11		
12		
13		
14		
15	1 = Gross Revenue Conversion Factor	
16	Operating Income %	1.5107
17		
18	SUPPORTING SCHEDULES:	RECAP SCHEDULES:
19		Rejoinder A-1
20		

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Exhibit
Rejoinder Schedule H-1
Page 1
Witness: Bourassa

Line No.	Meter Size	Class	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues
1	5/8 Inch	Residential	$ 53,327	$ 62,819	$ 9,492	17.80%	4.82%	4.76%
2	3/4 Inch	Residential	383,309	451,538	68,229	17.80%	34.63%	34.24%
3	1 Inch	Residential	359,019	427,648	68,629	19.12%	32.44%	32.43%
4		Subtotal	$ 795,655	$ 942,005	$ 146,350	18.39%	71.89%	71.43%
5								
6	1 Inch	Multi-family	$ 1,171	$ 1,398	$ 227	19.37%	0.11%	0.11%
7	2 inch	Multi-family	156,599	186,374	29,775	19.01%	14.15%	14.13%
8		Subtotal	157,770	187,772	30,002			
9								
10	5/8 Inch	Irrigation	$ 644	$ 765	$ 120	18.68%	0.06%	0.06%
11	3/4 Inch	Irrigation	163	192	29	17.80%	0.01%	0.01%
12	1 Inch	Irrigation	8,834	10,551	1,717	19.43%	0.80%	0.80%
13	1.5 Inch	Irrigation	10,324	12,492	2,168	21.00%	0.93%	0.95%
14	2 Inch	Irrigation	92,769	110,340	17,571	18.94%	8.38%	8.37%
15		Subtotal	$ 112,734	$ 134,340	$ 21,606	19.17%	10.19%	10.19%
16								
17	5/8 Inch	Commercial	$ 1,311	$ 1,545	$ 234	17.86%	0.12%	0.12%
18	3/4 Inch	Commercial	2,904	3,433	529	18.22%	0.26%	0.26%
19	1 Inch	Commercial	15,970	19,058	3,088		1.44%	1.45%
20	1.5 Inch	Commercial	13,478	16,124	2,646	19.63%	1.22%	1.22%
21	2 Inch	Commercial	18,338	21,726	3,388	18.48%	1.66%	1.65%
22		Subtotal	$ 52,001	$ 61,886	$ 9,886	19.01%	4.70%	4.69%
23								
24	3 Inch	Construction	67,596	74,540	6,943	10.27%	6.11%	5.65%
25								
26		Subtotal Revenues	$ 1,185,756	$ 1,400,542	$ 214,787	18.11%	107.14%	106.21%
7								
28								
29								
30								

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Exhibit
Rejoinder Schedule H-1
Page 2
Witness: Bourassa

Line No.									
1									
2	**Revenue Annualization**								
3									
4	**Meter**		**Present**	**Proposed**		**Dollar**	**Percent**	**Present Water**	**Proposed Water**
5	**Size**	**Class**	**Revenues**	**Revenues**		**Change**	**Change**	**Revenues**	**Revenues**
6	5/8 Inch	Residential	$ 132	$ 155	$	23	17.80%	0.01%	0.01%
7	3/4 Inch	Residential	(2,519)	(2,967)		(448)	17.80%	-0.23%	-0.23%
8	1 Inch	Residential	(3,546)	(4,188)		(642)	18.11%	-0.32%	-0.32%
9		Subtotal	$ (5,933)	$ (7,000)	$	(1,067)	17.98%	-0.54%	-0.53%
10									
11	1 Inch	Multi-family	$ -	$ -	$	-	0.00%	0.00%	0.00%
12	2 inch	Multi-family	(4,216)	(5,090)		(874.05)	20.73%	-0.38%	-0.39%
13		Subtotal	$ (4,216)	$ (5,090)	$	(874)	20.73%	-0.38%	-0.39%
14									
15	5/8 Inch	Irrigation	$ -	$ -	$	-	0.00%	0.00%	0.00%
16	3/4 Inch	Irrigation	67	79		12.01	17.80%	0.01%	0.01%
17	1 Inch	Irrigation	833	1,014		180.47	21.65%	0.08%	0.08%
18	1.5 Inch	Irrigation	2,550	3,043		493.23	19.35%	0.23%	0.23%
19	2 Inch	Irrigation	-	-		-	0.00%	0.00%	0.00%
20		Subtotal	$ 3,450	$ 4,136	$	686	19.87%	0.31%	0.31%
21									
22	5/8 Inch	Commercial	$ (39)	$ (46)	$	(7)	17.80%	0.00%	0.00%
23	3/4 Inch	Commercial	(36)	(44)		(7)	19.94%	0.00%	0.00%
24	1 Inch	Commercial	1,243	1,496		253	20.36%	0.11%	0.11%
25	1.5 Inch	Commercial	2,898	3,413		516	17.80%	0.26%	0.26%
26	2 Inch	Commercial	3,737	4,402		665	17.80%	0.34%	0.33%
27									
8		Subtotal	$ 7,802	$ 9,221	$	1,420	18.20%	0.70%	0.70%
29									
30	3 Inch	Construction	(25,640)	(28,289)		(2,649)	10.33%	-2.32%	-2.15%
31									
32	Subtotal Revenue Annualization		$ (24,537)	$ (27,021)	$	(2,484)	10.13%	-2.22%	-2.05%
33									
34	Metered Revenue Loss (Rb. Adj. #4)		$ (102,966)	$ (102,966)		-	0.00%	-9.30%	-7.81%
35									
36	Misc Service Charges		$ 45,466	$ 45,466		-	0.00%	4.11%	3.45%
37	Annualization of Increases to								
38	Misc Service Chgs (H-3, page 3.1)		$ 2,660	$ 2,660		-	0.00%	0.24%	0.20%
39	Reconciling Amount to C-1		359	34		(325)	-90.53%	0.03%	0.00%
40									
41	Total Water Revenues with annualization		$ 1,106,737	$ 1,318,715	$	211,977	19.15%	100.00%	100.00%
42									

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Analysis of Revenue by Detailed Class

Exhibit
Rejoinder Schedule H-2
Page 1
Witness: Bourassa

Line No.	Meter Size, Class		(a) Average Number of Customers at 6/30/2008	Average Consumption	Revenues Present Rates	Revenues Proposed Rates	Proposed Increase Dollar Amount	Proposed Increase Percent Amount
1	5/8 Inch	Residential	161	7,376	$ 53,327	$ 62,819	9,492.17	17.80%
2	3/4 Inch	Residential	832	9,531	383,309	451,538	68,229.04	17.80%
3	1 Inch	Residential	390	20,364	359,019	427,648	68,628.71	19.12%
4		Subtotal	1,383					
5								
6	1 Inch	Multi-family	1	29,584	$ 1,171	$ 1,398	226.86	19.37%
7	2 inch	Multi-family	33	126,929	156,599	186,374	29,775.20	19.01%
8		Subtotal	34					
9								
10	5/8 Inch	Irrigation	1	17,584	$ 644	$ 765	120.39	18.68%
11	3/4 Inch	Irrigation	1	1,375	163	192	28.96	17.80%
12	1 Inch	Irrigation	7	34,531	8,834	10,551	1,716.74	19.43%
13	1.5 Inch	Irrigation	3	104,662	10,324	12,492	2,168.44	21.00%
14	2 Inch	Irrigation	8	355,655	92,769	110,340	17,571.17	18.94%
15		Subtotal	19					
16								
17	5/8 Inch	Commercial	6	2,413	$ 1,311	$ 1,545	234.14	17.86%
18	3/4 Inch	Commercial	5	12,641	2,904	3,433	529.05	18.22%
19	1 Inch	Commercial	11	37,954	15,970	19,058	3,088.31	19.34%
20	1.5 Inch	Commercial	8	34,143	13,478	16,124	2,646.03	19.63%
21	2 Inch	Commercial	9	32,867	18,338	21,726	3,388.28	18.48%
22		Subtotal	40					
23								
24	3 Inch	Construction	8	168,618	$ 67,596	$ 74,540	6,943.24	10.27%
25								
26		Totals	1,431					
27								
28								

29 **(a)** Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Analysis of Revenue by Detailed Class

Exhibit
Rejoinder Schedule H-2
Page 1
Witness: Bourassa

Line No.	Meter Size, Class		(a) Average Number of Customers at 6/30/2008	Average Consumption	Average Bill Present Rates	Average Bill Proposed Rates	Proposed Increase Dollar Amount	Proposed Increase Percent Amount
1	5/8 Inch	Residential	161	7,376	$ 25.85	$ 30.45	4.60	17.80%
2	3/4 Inch	Residential	832	9,531	36.46	42.95	6.49	17.80%
3	1 Inch	Residential	390	20,364	75.14	88.52	13.37	17.80%
4		Subtotal	1,383					
5								
6	1 Inch	Multi-family	1	29,584	$ 96.44	$ 114.79	18.35	19.03%
7	2 inch	Multi-family	33	126,929	383.14	463.51	80.36	20.97%
8		Subtotal	34					
9								
10	5/8 Inch	Irrigation	1	17,584	$ 51.86	$ 61.76	9.90	19.09%
11	3/4 Inch	Irrigation	1	1,375	20.05	23.61	3.57	17.80%
12	1 Inch	Irrigation	7	34,531	107.87	129.54	21.67	20.09%
13	1.5 Inch	Irrigation	3	104,662	297.98	365.19	67.21	22.55%
14	2 Inch	Irrigation	8	355,655	956.48	1,145.19	188.71	19.73%
15		Subtotal	19					
16								
17	5/8 Inch	Commercial	6	2,413	$ 16.81	$ 19.81	2.99	17.80%
18	3/4 Inch	Commercial	5	12,641	46.07	54.27	8.20	17.80%
19	1 Inch	Commercial	11	37,954	115.77	139.74	23.97	20.70%
20	1.5 Inch	Commercial	8	34,143	135.08	159.12	24.04	17.80%
21	2 Inch	Commercial	9	32,867	165.86	195.39	29.52	17.80%
22		Subtotal	40					
23								
24	3 Inch	Construction	8	168,618	$ 689.10	$ 759.90	70.80	10.27%
25								
26		Totals	1,431					
27								
28								

29 (a) Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Present and Proposed Rates

Exhibit
Rejoinder Schedule H-3
Page 1
Witness: Bourassa

Line No.	Monthly Usage Charge for:	Present Rates	Proposed Rates	Change	Percent Change
1	Meter Size (Classes):				
2	5/8 Inch	$ 11.24	$ 13.24	$ 2.00	17.80%
3	3/4 Inch	16.87	19.87	3.00	17.80%
4	1 Inch	28.10	33.10	5.00	17.80%
5	1 1/2 Inch	56.21	66.22	10.01	17.80%
6	2 Inch	89.94	105.95	16.01	17.80%
7	3 Inch	179.87	211.89	32.02	17.80%
8	4 Inch	281.05	331.08	50.03	17.80%
9	6 Inch	562.10	662.15	100.05	17.80%
10	Construction Water	179.87	211.89	32.02	17.80%
11					
12					
13	Gallons In Minimum (All Classes)	-	-		
14					
15			(Per 1,000 gallons)		
16	**Commodity Rates**		**Present**	**Proposed**	**Percent**
17	**(Residential, Commercial, Irrigation)**	**Block**	**Rate**	**Rate**	**Change**	**Change**
18						
19	5/8 Inch and 3/4 Inch Meter Residential	0 gallons to 3,000 gallons	$ 1.50	$ 1.77	$ 0.27	17.80%
20		3,001 gallons to 10,000 gallons	$ 2.31	$ 2.72	$ 0.41	17.80%
21		over 10,000 gallons	$ 2.53	$ 2.98	$ 0.45	17.80%
22						
23	5/8 Inch and 3/4 Inch Meter Commercial	0 gallons to 18,000 gallons	$ 2.31			
24		over 18,000 gallons	$ 2.53			
25		0 gallons to 15,000 gallons		$ 2.72	$ 0.41	
26		over 15,000 gallons		$ 2.98	$ 0.45	
27						
28	1 Inch Meter	0 gallons to 50,359 gallons	$ 2.31			
29		over 50,359 gallons	$ 2.53			
30		0 gallons to 25,000 gallons		$ 2.72	$ 0.41	
31		over 25,000 gallons		$ 2.98	$ 0.45	
32						
33	1.5 Inch Meter	0 gallons to 126,054 gallons	$ 2.31			
34		over 126,054 gallons	$ 2.53			
35		0 gallons to 50,000 gallons		$ 2.72	$ 0.41	
36		over 50,000 gallons		$ 2.98	$ 0.45	
37						
38	2 Inch Meter	0 gallons to 151,256 gallons	$ 2.31			
39		over 151,256 gallons	$ 2.53			
40		0 gallons to 80,000 gallons		$ 2.72	$ 0.41	
41		over 80,000 gallons		$ 2.98	$ 0.45	
42						
43						
44						

Chaparral City Water Company
Test Year Ended June 30, 2008
Present and Proposed Rates

Exhibit
Rejoinder Schedule H-3
Page 2
Witness: Bourassa

Line No.			(Per 1,000 gallons) Present Rate	Proposed Rate	Change	Percent Change
1						
2	**Commodity Rates**					
3	**(Residential, Commercial, Industrial)**	**Block**	**Rate**	**Rate**	**Change**	**Change**
4	3 Inch Meter	0 gallons to 403,274 gallons	$ 2.31			
5		over 403,274 gallons	$ 2.53			
6		0 gallons to 160,000 gallons		$ 2.72	$ 0.41	
7		over 160,000 gallons		$ 2.98	$ 0.45	
8						
9	4 Inch Meter	0 gallons to 453,722 gallons	$ 2.31			
10		over 453,722 gallons	$ 2.53			
11		0 gallons to 250,000 gallons		$ 2.72	$ 0.41	
12		over 250,000 gallons		$ 2.98	$ 0.45	
13						
14	6 Inch Meter	0 gallons to 1,260,313 gallons	$ 2.31			
15		over 1,260,313 gallons	$ 2.53			
16		0 gallons to 500,000 gallons		$ 2.72	$ 0.41	
17		over 500,000 gallons		$ 2.98	$ 0.45	
18						
19						
20						
21						
22						
23	**Construction**	All gallons	$ 3.02	$ 3.25	$ 0.230	7.62%
24						
25						
26						
27						
28						
29	*In addtion to the collection of regular rates, the uility will collect from its customers a proportionate					
30	share of any privilage, sales, use, and frnachise tax per Commission Rile R-14-2-409.D.5.					
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42						

Valley Utilities Water Company, Inc.
Changes in Representative Rate Schedules
Test Year Ended June 30, 2008

Exhibit
Rejoinder Schedule H-3
Page 3
Witness: Kozoman

Line No.	Other Service Charges	Present Rates	Proposed Rates
1	Establishment	$ 30.00	$ 40.00
2	Establishment (After Hours)	$ 45.00	$ 60.00
3	Reconnection (Deliquent) (b)	$ 40.00	$ 50.00
4	Reconnection (Deliquent and After Hours)	(b)	(b)
5	Meter Test (if correct)	$ 30.00	$ 30.00
6	Deposit Requirement	(a)	(a)
7	Deposit Interest	6%	2%
8	Re-Establishment (With-in 12 Months)	(b)	(b)
9	Re-Establishment (After Hours)	(b)	(b)
10	NSF Check (per Rule R14-2-409F)	$ 25.00	$ 25.00
11	Deferred Payment, Per Month	1.50%	1.50%
12	Late Charge per month	$ 10.00	$ 10.00
13	Meter Re-Read (per Rule R14-2-408C)	$ 10.00	$ 10.00
14	Charge of Moving Customer Meter -		
15	Customer Requested per Rule R14-2-405B	Cost	Cost
16	After hours service charge, per Rule R14-2-403D	25.00	50.00
17			
18			
19			
20			
21			
22			
23	(a) Residential - two times the average bill. Non-residential - two and one-half times the average bill.		
24	Interest per Rule R14-2-4-403B.		
25	(b) Per rule R14-2-403D.		
6			
.7			
28			
29			
30	IN ADDITION TO THE COLLECTION OF REGULAR RATES, THE UTILITY WILL COLLECT FROM		
31	ITS CUSTOMERS A PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES, USE, AND FRANCHISE		
32	TAX. PER COMMISSION RULE (14-2-409.D 5).		
33	ALL ADVANCES AND/OR CONTRIBUTIONS ARE TO INCLUDE LABOR, MATERIALS, OVERHEADS,		
34	AND ALL APPLICABLE TAXES, INCLUDING ALL GROSS-UP TAXES FOR INCOME TAXES, IF APPLICABLE.		
35			
36			
37			

Valley Utilities Water Company, Inc.
Changes in Representative Rate Schedules
Impact of Change in Tariff
Test Year Ended June 30, 2008

Exhibit
Rejoinder Schedule H-3
Page 3.1
Witness: Bourassa

Other Service Charges	Present Rates	Proposed Rates	Increase in Charge	Number of Occurr-ences (a)	Increase Revenues
Establishment	$ 30.00	$ 40.00	$ 10.00	156	$ 1,560
Establishment (After Hours)	$ 45.00	$ 60.00	$ 15.00	10	150
Reconnection (Delinquent)	$ 40.00	$ 50.00	$ 10.00	95	950
Totals					$ 2,660

(a) Based on actual Occurrences during the test year

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Service Charges
Meter and Service Line Charges

Exhibit
Rejoinder Schedule H-3
Page 4
Witness: Bourassa

Line No.		Present Service Line Charge	Present Meter Install-ation Charge	Total Present Charge	Proposed Service Line Charge[1]	Proposed Meter Install-ation Charge	Total Proposed Charge
1	5/8 x 3/4 Inch	$ 385.00	$ 135.00	$ 520.00	$ 445.00	$ 155.00	$ 600.00
2	3/4 Inch	385.00	215.00	600.00	445.00	255.00	700.00
3	1 Inch	435.00	255.00	690.00	495.00	315.00	810.00
4	1 1/2 Inch	470.00	465.00	935.00	550.00	525.00	1,075.00
5	2 Inch / Turbine	630.00	965.00	1,595.00	830.00	1,045.00	1,875.00
6	2 Inch / Compound	630.00	1,690.00	2,320.00	830.00	1,890.00	2,720.00
7	3 Inch / Turbine	805.00	1,470.00	2,275.00	1,045.00	1,670.00	2,715.00
8	3 Inch / Compound	845.00	2,265.00	3,110.00	1,165.00	2,545.00	3,710.00
9	4 Inch / Turbine	1,170.00	2,350.00	3,520.00	1,490.00	2,670.00	4,160.00
10	4 Inch / Compound	1,230.00	3,245.00	4,475.00	1,670.00	3,645.00	5,315.00
11	6 Inch / Turbine	1,730.00	4,545.00	6,275.00	2,210.00	5,025.00	7,235.00
12	6 Inch / Compound	1,770.00	6,280.00	8,050.00	2,330.00	6,920.00	9,250.00
13	8 Inch	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
14	10 Inch	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
15	12 Inch	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost

[1] For long-side service line installation charge will be at actual cost.

V. Utilities Water Company, Inc.
Bill Comparison Present and Proposed Rates
Meter Size and Zone: 3/4 Inch Residential

Exhibit
Rejoinder Schedule H-4
Page 2
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 16.87	$ 19.87	$ 3.00	17.80%
1,000	18.37	21.64	$ 3.27	17.80%
2,000	19.87	23.41	$ 3.54	17.80%
3,000	21.37	25.17	$ 3.80	17.80%
4,000	23.68	27.90	$ 4.22	17.80%
5,000	25.99	30.62	$ 4.63	17.80%
6,000	28.30	33.34	$ 5.04	17.80%
7,000	30.61	36.06	$ 5.45	17.80%
8,000	32.92	38.78	$ 5.86	17.80%
9,000	35.23	41.50	$ 6.27	17.80%
10,000	37.54	44.22	$ 6.68	17.80%
12,000	42.60	50.18	$ 7.58	17.80%
14,000	47.66	56.14	$ 8.48	17.80%
16,000	52.72	62.10	$ 9.38	17.80%
18,000	57.78	68.06	$ 10.28	17.80%
20,000	62.84	74.03	$ 11.19	17.80%
25,000	75.49	88.93	$ 13.44	17.80%
30,000	88.14	103.83	$ 15.69	17.80%
35,000	100.79	118.73	$ 17.94	17.80%
40,000	113.44	133.63	$ 20.19	17.80%
45,000	126.09	148.53	$ 22.44	17.80%
50,000	138.74	163.44	$ 24.70	17.80%
60,000	164.04	193.24	$ 29.20	17.80%
70,000	189.34	223.04	$ 33.70	17.80%
80,000	214.64	252.85	$ 38.21	17.80%
90,000	239.94	282.65	$ 42.71	17.80%
100,000	265.24	312.45	$ 47.21	17.80%
Average Usage				
9,531	$ 36.46	$ 42.95	$ 6.49	17.80%
Median Usage				
8,500	$ 34.08	$ 40.14	$ 6.07	17.80%

Present Rates:			
Monthly Minimum:		$	16.87
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	3,000	$	1.50
Up to	10,000	$	2.31
Over	10,000	$	2.53

Proposed Rates:			
Monthly Minimum:		$	19.87
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	3,000	$	1.77
Up to	10,000	$	2.72
Over	10,000	$	2.98

..ley Utilities Water Company, Inc.
Bill Comparison Present and Proposed Rates
Meter Size and Zone: 1 Inch Residential

Exhibit
Rejoinder Schedule H-4
Page 3
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 28.10	$ 33.10	$ 5.00	17.80%
1,000	30.41	35.82	$ 5.41	17.80%
2,000	32.72	38.54	$ 5.82	17.80%
3,000	35.03	41.27	$ 6.24	17.80%
4,000	37.34	43.99	$ 6.65	17.80%
5,000	39.65	46.71	$ 7.06	17.80%
6,000	41.96	49.43	$ 7.47	17.80%
7,000	44.27	52.15	$ 7.88	17.80%
8,000	46.58	54.87	$ 8.29	17.80%
9,000	48.89	57.59	$ 8.70	17.80%
10,000	51.20	60.31	$ 9.11	17.80%
12,000	55.82	65.76	$ 9.94	17.80%
14,000	60.44	71.20	$ 10.76	17.80%
16,000	65.06	76.64	$ 11.58	17.80%
18,000	69.68	82.08	$ 12.40	17.80%
20,000	74.30	87.53	$ 13.23	17.80%
25,000	85.85	101.13	$ 15.28	17.80%
30,000	97.40	116.03	$ 18.63	19.13%
35,000	108.95	130.93	$ 21.98	20.18%
40,000	120.50	145.84	$ 25.34	21.03%
45,000	132.05	160.74	$ 28.69	21.73%
50,000	143.60	175.64	$ 32.04	22.31%
60,000	168.82	205.44	$ 36.62	21.69%
70,000	194.12	235.25	$ 41.13	21.19%
80,000	219.42	265.05	$ 45.63	20.80%
90,000	244.72	294.85	$ 50.13	20.49%
100,000	270.02	324.66	$ 54.64	20.23%
Average Usage				
20,364	$ 75.14	$ 88.52	$ 13.37	17.80%
Median Usage				
14,500	$ 61.60	$ 72.56	$ 10.96	17.80%

Present Rates:		
Monthly Minimum:		$ 28.10
Gallons in Minimum		-
Charge Per 1,000 Gallons		
Up to	50,359	$ 2.31
Over	50,359	$ 2.53

Proposed Rates:		
Monthly Minimum:		$ 33.10
Gallons in Minimum		-
Charge Per 1,000 Gallons		
Up to	25,000	$ 2.72
Over	25,000	$ 2.98

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Computation of Increase in Gross Revenue
Requirements As Adjusted
Without ARSM

Hearing Exhibit 1
Schedule A-1
Page 1
Witness: Bourassa

Line No.			
1	Fair Value Rate Base	$	(169,027)
2			
3	Adjusted Operating Income		(8,240)
4			
5	Current Rate of Return		NM
6			
7	Required Operating Income	$	265,483
8			
9	Required Operating Margin		17.10%
10			
11	Operating Income Deficiency	$	273,723
12			
13	Gross Revenue Conversion Factor		1.6286
14			
15	Increase in Gross Revenue Revenue Requirement	$	445,795
16			
17	Test Year Revenues	$	1,106,737
18	Increase in Gross Revenue Revenue Requirement	$	445,795
19	Proposed Revenue Requirement	$	1,552,533
20	Percent Increase		40.28%
42			
43	SUPPORTING SCHEDULES:		
44	Company Rejoinder Schedule B-1		
45	Hearing Exhibit Schedule C-1		
46			
47			
48			

EXHIBIT
A-10
ADMITTED

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Income Statement
Without ARSM

Hearing Exhibit 1
Schedule C-1
Page 1
Witness: Bourassa

Line No.		Test Year Adjusted Results	Adjustment	Rejoinder Test Year Adjusted Results	Proposed Rate Increase	Adjusted with Rate Increase	Expected	Expected with Rate Increase
1	**Revenues**							
2	Metered Revenues	$ 1,164,238	$ (105,626)	$ 1,058,612	$ 445,795	$ 1,504,407	$ -	$ 1,504,407
3						-		-
4	Other Wastewater Revenues	45,466	2,660	48,126		48,126		48,126
5		$ 1,209,703	$ (102,966)	$ 1,106,737	$ 445,795	$ 1,552,533	$ -	$ 1,552,533
6	**Operating Expenses**							
7	Salaries and Wages	$ 355,559	-	$ 355,559		$ 355,559	-	$ 355,559
8	Employee Pensions and Benefits	5,343	-	5,343		5,343	-	5,343
9	Purchased Water	4,357	(9,656)	(5,300)		(5,300)	-	(5,300)
10	Purchased Power	136,963	16,679	153,642		153,642	-	153,642
11	Chemicals	7,549	-	7,549		7,549	-	7,549
12	Repairs and Maintenance	14,210	-	14,210		14,210	-	14,210
13	Office Supplies and Expense	10,006	-	10,006		10,006	-	10,006
14	Outside Services	31,734	2,389	34,123		34,123	-	34,123
15	Water Testing	-	-	-		-	-	-
16	Rents	56,601	-	56,601		56,601	-	56,601
17	Transportation Expenses	25,266	-	25,266		25,266	-	25,266
18	Insurance - General Liability	39,013	(10,304)	28,709		28,709	-	28,709
19	Insurance - Health and Life	84,637	(60)	84,577		84,577	-	84,577
20	Advertising	-	-	-		-	-	-
21	Regulatory Comm. Exp. - Rate Case	40,000	-	40,000		40,000	-	40,000
22	Regulatory Comm. Exp. - Other	15,856	-	15,856		15,856	-	15,856
23	Bad Debt Expense	228	-	228		228	-	228
24	Miscellaneous Expense	42,327	-	42,327		42,327	-	42,327
25	Depreciation and Amortization	313,518	(121,845)	191,673		191,673	121,845	313,518
26	Taxes Other Than Income	29,351	-	29,351		29,351	-	29,351
27	Property Taxes	39,304	249	39,553		39,553	-	39,553
28	Income Tax	(54,130)	39,835	(14,295)	172,072	157,777	(97,730)	60,047
29				-		-		-
30	**Total Operating Expenses**	$ 1,197,692	$ (82,714)	$ 1,114,978	$ 172,072	$ 1,287,050	$ 24,116	$ 1,311,165
31	**Operating Income**	$ 12,012	$ (20,252)	$ (8,240)	$ 273,723	$ 265,483	$ (24,116)	$ 241,367
32	**Other Income (Expense)**							
33	Interest Income	-	-	-		-	-	-
34	Other income	-	-	-		-	-	-
35	Gain on Disposal Fixed Assets	-	-	-		-	-	-
36	Interest Expense	(123,851)	109,351	(14,500)		(14,500)	(109,351)	(123,851)
37	Other Expense	-	-	-		-	-	-
38								
39	**Total Other Income (Expense)**	$ (123,851)	$ 109,351	$ (14,500)	$ -	$ (14,500)	$ (109,351)	$ (123,851)
40	**Net Profit (Loss)**	$ (111,839)	$ 89,099	$ (22,740)	$ 273,723	$ 250,983	$ (133,467)	$ 117,517
41								
42	SUPPORTING SCHEDULES:				RECAP SCHEDULES:			
43	Hearing Exhibit 1 Schedule C-1 page 2				Hearing Exhibit 1 Schedule A-1			
44								
45								

Valley Utilities Water Company, Inc.
Test Year Ended June 30, 2008
Income Statement
Without ARSM

Hearing Exhibit 1
Schedule C-1
Page 2
Witness: Bourassa

Line No.		Direct Test Year Adjusted Results	1 Depreciation Expense	2 Property Taxes	3 Revenue Annualization	4 Metered Revenue Loss Adjustment	5 Purch. Power & Chemical Adj. For Rev. Loss	6 Purchased Power Adj. For APS Incr.	7 Water Testing	8 Reclass Insurance	9 Non-Recurring Ins. Exp.	10 Reclass Revenues	11 Interest Expense	12 Income Taxes	Test Year Adjusted Results	Proposed Rate Increase	Adjusted with Rate Increase	Expected Changes	Expected with Rate Increase
1	**Revenues**																		
2	Metered Revenues	$ 1,164,238			$ -	$ (102,966)						$ (2,660)			$ 1,058,612	$ 445,795	$ 1,504,407		$ 1,504,407
3																	-		-
4	Other Wastewater Revenues	45,466										2,660			48,126		48,126		48,126
5		$ 1,209,703	$ -	$ -	$ -	$ (102,966)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,106,737	$ 445,795	$ 1,552,533	$ -	$ 1,552,533
6	**Operating Expenses**																		
7	Salaries and Wages	$ 355,559													$ 355,559		$ 355,559		$ 355,559
8	Employee Pensions and Benefits	5,343													5,343		5,343		5,343
9	Purchased Water	4,357					(9,656)								(5,300)		(5,300)		(5,300)
10	Purchased Power	136,963					(540)	17,219							153,642		153,642		153,642
11	Chemicals	7,549													7,549		7,549		7,549
12	Repairs and Maintenance	14,210													14,210		14,210		14,210
13	Office Supplies and Expense	10,006													10,006		10,006		10,006
14	Outside Services	31,734							2,389						34,123		34,123		34,123
15	Water Testing	-													-		-		-
16	Rents	56,601													56,601		56,601		56,601
17	Transportation Expenses	25,266													25,266		25,266		25,266
18	Insurance - General Liability	39,013								(10,304)					28,709		28,709		28,709
19	Insurance - Health and Life	84,637								10,304	(10,364)				84,577		84,577		84,577
20	Advertising	-													-		-		-
21	Reg. Comm. Exp. - Rate Case	40,000													40,000		40,000		40,000
22	Reg. Comm. Exp. - Other	15,856													15,856		15,856		15,856
23	Bad Debt Expense	228													228		228		228
24	Miscellaneous Expense	42,327													42,327		42,327		42,327
25	Depreciation and Amortization	313,518	(121,845)												191,673		191,673	121,845	313,518
26	Taxes Other Than Income	29,351													29,351		29,351		29,351
27	Property Taxes	39,304		249											39,553		39,553		39,553
28	Income Tax	(54,130)												39,835	(14,295)	172,072	157,777	(97,730)	60,047
29															-		-	-	-
30	**Total Operating Expenses**	$ 1,197,692	$ (121,845)	$ 249	$ -	$ -	$ (10,197)	$ 17,219	$ 2,389	$ -	$ (10,364)	$ -	$ -	$ 39,835	$ 1,114,978	$ 172,072	$ 1,287,050	$ 24,116	$ 1,311,165
31	**Operating Income**	$ 12,012	$ 121,845	$ (249)	$ -	$ (102,966)	$ 10,197	$ (17,219)	$ (2,389)	$ -	$ 10,364	$ -	$ -	$ (39,835)	$ (8,240)	$ 273,723	$ 265,483	$ (24,116)	$ 241,367
32	**Other Income (Expense)**																		
33	Interest Income	-													-		-		-
34	Other Income	-													-		-		-
35	Gain on Disposal Fixed Assets	-													-		-		-
36	Interest Expense	(123,851)											109,351		(14,500)		(14,500)	(109,351)	(123,851)
37	Other Expense	-													-		-		-
38																			
39	**Total Other Income (Expense)**	$ (123,851)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 109,351	$ -	$ (14,500)	$ -	$ (14,500)	$ (109,351)	$ (123,851)
40	**Net Profit (Loss)**	$ (111,839)	$ 121,845	$ (249)	$ -	$ (102,966)	$ 10,197	$ (17,219)	$ (2,389)	$ -	$ 10,364	$ -	$ 109,351	$ (39,835)	$ (22,740)	$ 273,723	$ 250,983	$ (133,467)	$ 117,517
41																			
42	SUPPORTING SCHEDULES:																		
43	Company Rejoinder Schedule C-2																		
44																			
45																			

RECAP SCHEDULES:
Hearing Exhibit 1 Schedule C-1, page 1