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AZ CORP COMMISSION
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BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION OF ARIZONA WATER COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY, AND FOR ADJUSTMENTS TO ITS RATES AND CHARGES FOR UTILITY SERVICE AND FOR CERTAIN RELATED APPROVALS BASED THEREON	DOCKET NO. W-01445A-08-0440 **NOTICE OF FILING REJOINDER TESTIMONY**

Applicant, Arizona Water Company, hereby files the Rejoinder Testimony of William M. Garfield, Fredrick K. Schneider, Joseph D. Harris, Joel M. Reiker and Thomas M. Zepp in the above-captioned docket.

DATED this 21st day of August, 2009.

ARIZONA WATER COMPANY

By: _____
Robert W. Geake
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and

Arizona Corporation Commission
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An original and thirteen (13) copies of the foregoing were delivered this 21st day of August, 2009 to:

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A copy of the foregoing was mailed this 21st day of August, 2009 to:

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ARIZONA WATER COMPANY

Docket No. W-01445A-08-0440

2008 RATE HEARING

For Test Year Ending 12/31/07

PREPARED

REJOINDER TESTIMONY & EXHIBIT

OF

William M. Garfield

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ARIZONA WATER COMPANY

Rejoinder Testimony of

William M. Garfield

I. **Introduction and Purpose of Testimony**

Q. **PLEASE STATE YOUR NAME, EMPLOYER AND OCCUPATION?**

A. My name is William M. Garfield. I am employed by Arizona Water Company (the "Company") as President.

Q. **ARE YOU THE SAME WILLIAM M. GARFIELD THAT PREVIOUSLY PROVIDED DIRECT AND REBUTTAL TESTIMONY IN THIS MATTER?**

A. Yes.

Q. **HAVE YOU REVIEWED THE SURREBUTTAL TESTIMONY FILED BY THE OTHER PARTIES TO THIS PROCEEDING?**

A. Yes, I have reviewed the testimony of each of the witnesses of the Commission's ("Commission") Utilities Division Staff ("Staff"), the Residential Utility Consumer Office ("RUCO"), and the International Brotherhood of Electrical Workers (the "IBEW").

Q. **WHAT IS THE PURPOSE AND EXTENT OF YOUR TESTIMONY?**

A. The purpose of my rejoinder testimony is to rebut the surrebuttal testimony of Staff witness Igwe and RUCO witness Rigsby as they relate to adjustor mechanisms, and to certain issues raised by IBEW witness Junas.

II. **Staff Surrebuttal**

Q. **DO YOU AGREE WITH MR. IGWE THAT THE COMPANY'S REQUEST FOR VARIOUS ADJUSTOR MECHANISMS WOULD APPEAR TO BE ADVOCATING A "NEW PARADIGM OF RATE REGULATION" IN ARIZONA?**

A. No. Mr. Igwe misunderstands the Commission's policy regarding adjustors. The Company currently has an approved Purchased Power Adjustor Mechanism ("PPAM") for its Northern Group, which has been in effect for more than 25 years. The Company's Eastern and Western Groups had both Purchased Water Adjustor Mechanisms and PPAMs for many years. Moreover, Arizona electric and gas utilities currently have various adjustor mechanisms and surcharges that allow recovery of changes in costs outside a general rate case. *See* Exhibit WMG-RJ1. Thus, Mr. Igwe's testimony that the Company's proposal for adjustors in this case conflicts with recent Commission orders is simply not true. In reality, the opposite is true.

In Decision No. 62993 (Nov. 3, 2000), the Commission specifically approved of the use of adjustment mechanisms for water utilities, based on the discussion of the use of those mechanisms that took place in connection with the Commission's Water Task Force. Decision No. 62993 at 1. The Commission indicated that it had recently approved adjustment mechanisms for Arizona Water Company, allowing the Company to recover costs associated with the Monitoring Assistance Program administered by the Arizona Department of Environmental Quality, and for Rio Verde Utilities, allowing that utility to recover cost increases associated with the purchase of CAP water. Decision No. 62993 at 6. The Commission stated that these decisions "indicate that the Commission's policy ... is to support appropriate pass-throughs, which should mitigate the industries [sic] concerns." *Id.*

Arizona Water Company's PPAMs and PWAMs address two of our most significant operating expenses both of which are beyond the Company's control and are likely to change on a regular basis. The Company's proposed adjustor for purchased fuel is similarly designed to allow recovery of or increases to a specific, narrowly defined cost that is significant and volatile. These adjusters

benefit ratepayers in two respects. First, the adjusters minimize the need for emergency or repeated rate cases when these significant expenses increase. Second, when the price of water, power or fuel decreases, the rates to ratepayers are decreased to reflect the reduction in the Company's operating expenses. Thus, the adjustors are equitable because they work to the benefit of both the Company and its customers.

Q. DO YOU AGREE WITH MR. IGWE THAT THE NATIONAL REGULATORY RESEARCH INSTITUTE ("NRRI") RECOMMENDED ONLY THAT UTILITY COMMISSIONS APPROVE THE RECOVERY OF A SINGLE CATEGORY OF COSTS TO MITIGATE THE EXPENSES ASSOCIATED WITH INFRASTRUCTURE REPLACEMENTS, AND THAT IN ANY EVENT, SUCH RECOMMENDATION IS NOT BINDING ON THE COMMISSION?

A. I agree with Mr. Igwe that the NRRI's recommendations are not binding on the Commission. However, the NRRI's recommendations to the nation's utility commissions are effective solutions to address mounting infrastructure investment needs. To that end, the NRRI not only recommended adjustment mechanisms, but also higher returns on equity, the use of forward-looking test years, the inclusion of construction work in progress in rate base, and procedures to streamline rate cases. Since increasing operating and maintenance costs reduce a utility's operating income and directly and negatively affect a utility's ability to fund infrastructure, i.e., to attract capital on reasonable terms, the NRRI recognized that other steps need to be taken by utility commissions to address the need to replace aging infrastructure.

Q. DID MR. IGWE ADDRESS THE BEST PRACTICES POLICY ADOPTED BY THE NATIONAL ASSOCIATION OF REGULATORY UTILITY COMMISSIONERS ("NARUC") BOARD OF DIRECTORS ON JULY 7, 2005?

A. No, he did not. The NARUC board resolution states that, in order to help ensure sustainable practices in promoting needed capital investment, i.e. attracting capital on reasonable terms and promoting cost-effective rates, the nation's utility commissions should adopt the NRRI's recommendations as best practices. Staff has not stated that they disagree with the NRRI's recommendations or with NARUC's best practices policy, just that the Commission is not bound by them. We submit that the Commission should follow the NARUC board resolution, as well as Commission Decision No. 62993 and the Water Task Force recommendations, and approve the Company's request for adjustor mechanisms.

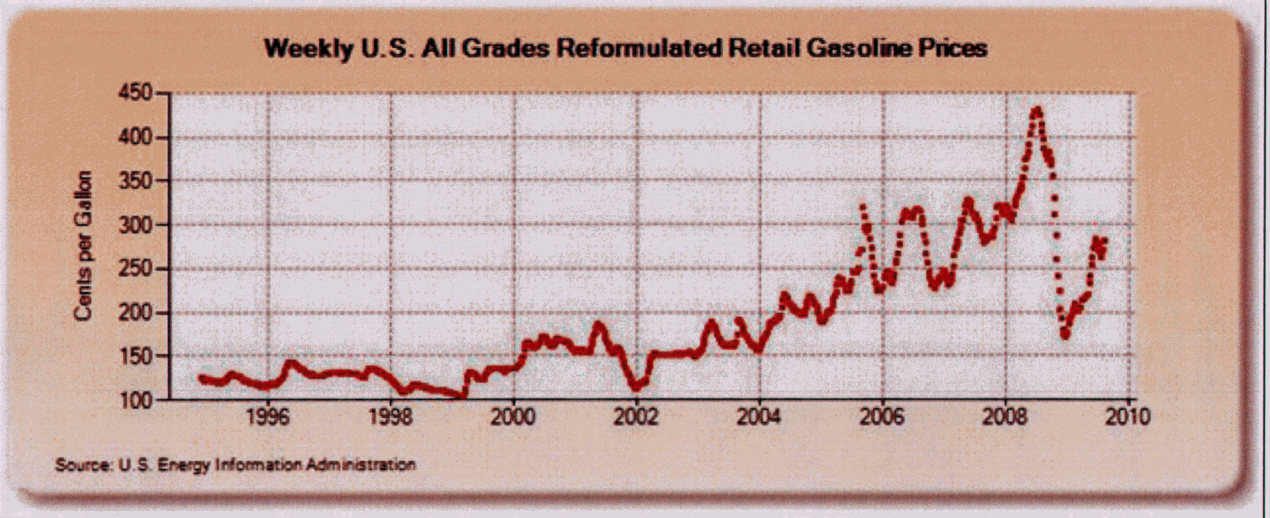
Q. IS MR. IGWE CORRECT WHEN HE CHARACTERIZES THE NRRI RECOMMENDATIONS AS NOT APPLYING TO NORMAL DAY-TO-DAY EXPENSES?

A. No, he is not. The NRRI and NARUC both recommend and support the use of adjustment mechanisms generally, and do not limit their use to narrow expenses, volatile expenses, expenses above a certain size, or any other arbitrary categorization. Purchased power, purchased fuel, labor, chemicals, purchased water would all be categorized as a day-to-day expense. However, the NRRI and NARUC understand that increases in such expenses can limit a utility's ability to invest in needed infrastructure.

Q. DO YOU AGREE WITH MR. IGWE THAT FUEL COSTS HAVE DROPPED SINCE THE 2007 TEST YEAR AND THERE REALLY ISN'T MUCH OF A CONCERN OVER PRICE FLUCTUATIONS REGARDING PURCHASED FUEL?

A. No, I do not. The following graph published by the U.S. Energy Information Administration demonstrates the contrary. While prices for gasoline dropped in response to the current recession, prices have again begun to rise. Moreover,

there is tremendous uncertainty about the range of costs during the time new water rates will be in effect as a result of the current rate proceeding. Given that fuel prices are again on the rise and will continue to be volatile, the Company's PFAMs are an appropriate method to offset changes in fuel costs.



Q. DID STAFF ADDRESS THE DIFFERENCES BETWEEN THE VARIOUS ADJUSTOR MECHANISMS PROPOSED BY THE COMPANY AND ITS PROPOSED ATTRITION ADJUSTMENT MECHANISM ("AAM")?

A. No, it did not. As I explained in both my direct testimony at page 15 and my rebuttal testimony at pages 5-6, the AAM has advantages over single cost adjustor mechanisms, such as a PPAM. Other than stating that they continue to recommend against the AAM, Staff did not address the benefits of the AAM in its surrebuttal. They simply reject it without any explanation. But the same reasoning that applies to the PPAM and PWAM applies to the AAM. In addition, the AAM, which would apply on a Company-wide basis, would be easier to administer, creating additional efficiencies for both the Company and Staff.

III. <u>RUCO Surrebuttal</u>

Q. DO YOU AGREE WITH MR. RIGSBY THAT THE AAM HAS BEEN COMPARED BY THE COMPANY TO THE ARSENIC COST RECOVERY MECHANISM ("ACRM")?

A. No, I do not. The Company did compare certain aspects of the AAM to that of the ACRM (e.g., the fact that the AAM could include an earnings test), but the ACRM was never meant to be an adjustor mechanism. The ACRM was established to recover costs associated with arsenic treatment that were new types of cost to the Company. The ACRM does not include a mechanism to adjust cost recovery up or down in response to price changes, in contrast to the Company's requested adjustor mechanisms.

Q. DO YOU AGREE WITH MR. RIGSBY THAT THE DISTINCTION BETWEEN ADJUSTOR MECHANISMS AND THE ACRM IS THAT ARSENIC TREATMENT WAS AN UNFUNDED MANDATE IMPOSED BY THE FEDERAL GOVERNMENT, WHEREAS COSTS UNDER ADJUSTORS ARE SIMPLY EVERDAY, ORDINARY EXPENSES?

A. I agree that arsenic treatment was mandated by the federal government, but that fact is irrelevant. The Company is required to provide adequate and reliable service to its customers. Replacement of aging water mains, water services and water meters is only one aspect of the Company meeting its obligations to serve its customers. The Company must pay for power to pump, transport and treat water. The Company must also purchase water for certain of its systems, including Central Arizona Project water. The Company likewise must fuel the vehicles used to read meters, maintain water mains and services, provide customer service, and all other activities that require the use of fueled equipment. The annual cost of purchased power, purchased water and fuel are significant, and the Company has no control over their prices. Price increases will have a detrimental effect on a utility's ability to maintain reliable and adequate service. Therefore, it is appropriate to provide a mechanism that allows timely recovery of price increases without forcing the Company to file another rate case. Likewise, if prices decrease, the decrease in cost can be efficiently passed on to customers

through credits on their bills. As stated, these mechanisms benefit both the Company and its customers.

Q. DO YOU AGREE WITH MR. RIGSBY THAT ADJUSTOR MECHANISMS ARE SIMPLY A MEANS OF SHIFTING RISK TO THE COMPANY'S RATEPAYERS?

A. No, I do not. Frankly, I am not sure what Mr. Rigsby is talking about. Adjustors are not risk-shifting devices. Instead, by passing on the impact of price increases or decreases, a closer match between the actual cost of service and customer bills is achieved, providing a more accurate price signal. I assume that Mr. Rigsby would agree that rates and charges for service should be based on the cost to provide such service, not on costs that are several years old and fail to accurately reflect the true cost of service.

Q. **DO YOU AGREE THAT ADJUSTORS CREATE A DISINCENTIVE FOR UTILITIES TO KEEP COSTS UNDER CONTROL THROUGH MANAGING SUCH COSTS?**

A. No, I do not. It is ludicrous to believe that any business, let alone any regulated water utility, can maintain its financial viability simply through exercising management control over its costs. Purchased power, purchased water and purchased fuel cannot be managed in a way that would prevent the Company's costs from increasing when prices rise. Furthermore, an incentive to better manage one's operations is always present in the operation of a business that seeks to maximize earnings. Moreover, it is important to keep in mind that the adjustor mechanisms are triggered by changes in *price*, not changes in total usage. And no evidence has been presented showing that Arizona Water Company is poorly managed or could be more efficient in its use of power or purchased water.

Q. MR. RIGSBY ALSO TESTIFIES THAT THE USE OF ADJUSTOR MECHANISMS, RATHER THAN BEING BENEFICIAL TO THE COMMISSION

IN A TIME OF BUDGET AND STAFF CUTS, WOULD MAKE THINGS WORSE BY SHIELDING UTILITIES FROM HARSH ECONOMIC CONDITIONS. IS MR. RIGSBY CORRECT?

A. No, he is not correct. It is a fact that the severe budget problems the State of Arizona faces have resulted in staffing cut backs and an increased workload for the Staff, resulting in difficulty in timely processing many Commission filings, including rate cases. Indeed, this case was delayed two months simply because of Staff's workload. Adjustor mechanisms, which can decrease the need for rate applications, would help to alleviate this situation. Instead of focusing on these facts, Mr. Rigsby asserts that if the Company can recover increases in costs more quickly through the use of adjustor mechanisms, it would make current economic conditions worse.

This point of view implies that there is nothing wrong with a utility experiencing deteriorating earnings, even if that means the utility, as is the case with the Company today, can no longer issue long term debt or finance needed infrastructure projects. Clearly, in this light, our economic survival is not guaranteed by the regulatory system, as Mr. Rigsby would have the Commission believe. Nor do customers benefit when capital projects are delayed due to inadequate earnings. The Company is experiencing an unprecedented level and period of low earnings and there is uncertainty as to if and when this condition will improve. It is not in the public interest for the Company's ability to serve its customers to be imperiled by low earnings when the uses of recognized regulatory solutions like adjustor mechanisms are available. Rather than shielding it from harsh economic conditions, the adjustor mechanisms the Company is requesting would help to put it back on the road to financial recovery, while protecting customers if the prices of purchased power, purchased water and fuel decrease between rate cases.

IV. IBEW Surrebuttal

Q. MR. JUNAS' TESTIMONY CRITICIZES THE COMPANY'S ACTIONS CONCERNING THE COMPANY'S LAYOFFS EARLIER THIS YEAR. DID THE IBEW FILE A GRIEVANCE CONCERNING THE LAYOFF?

A. No, it did not file a grievance. Moreover, the Company followed the procedures contained in the parties' collective bargaining agreement in carrying out the layoffs. The Company believes that collective bargaining procedures, including the grievance procedure, provide the proper way to discuss and resolve matters such as this, and this rate case is, to say the least, not the proper forum.

Q. MR. JUNAS CLAIMS THAT THE COMPANY IS GOING TO GROW AT A SUSTAINED PACE IN THE YEARS TO COME. DO YOU AGREE?

A. No, I cannot agree with Mr. Junas. Our customer counts reflect a much different reality. While I am sure the Chamber of Commerce is optimistic about the State's future on the website Mr. Junas visited, the information specific to the Company leaves us more pessimistic about growth in the future.

Q. DOES THAT CONCLUDE YOUR REJOINDER TESTIMONY?

A. Yes.

WMG-RJ1

EXAMPLES OF ADJUSTOR MECHANISMS AUTHORIZED FOR ARIZONA ELECTRIC AND GAS UTILITIES

1. Arizona Public Service Company

In Decision No. 67744 (April 7, 2005), the ACC approved a settlement agreement between APS and several parties that included the following four rate adjustor mechanisms: (1) Power Supply Adjustor, (2) Environmental Benefits Surcharge, (3) Transmission Cost Adjustor, and (4) Competition Rules Compliance Charge ("CRCC").

A. Power Supply Adjustor ("PSA")

The purpose of the PSA is to allow for the recovery of both fuel and purchased power costs. In adopting a modified PSA, the ACC provided the following rationale.

> "The benefits of this PSA are that over time, the utility's earnings will be stabilized, thereby preserving the financial integrity and in the longer term, improve the likelihood that the company will attract capital on reasonable terms, to the benefit of ratepayers." Decision No. 67744 at 15.

B. Environmental Benefits Surcharge ("EPS")

The EBS is a combination of two surcharges: the environmental portfolio surcharge and Demand Side Management ("DSM") surcharge. The purpose of the EBS is to allow APS to collect from its customers funds (above what was already included in base rates) necessary to carry out various renewable programs, including compliance with the ACC's Renewable Energy Standards Tariff rules, energy-efficiency DSM and low-income assistance. Each year, APS is required to file a plan of implementation with the ACC that sets forth the renewable-related programs to be pursued for the following year, and the estimated costs of the program.

C. Transmission Cost Adjustor ("TCA")

The TCA was established by the ACC in Decision No. 67744 "to ensure that any potential direct access customers pay the same for transmission as Standard Offer customers." It is limited to recovery of costs associated with changes in APS' open access transmission tariff or equivalent tariff. It was scheduled to go into effect when the transmission component of retail rates exceeds the test year base amount of $0.00476 per kWh by 5%, upon ACC approval.

D. Competition Rules Compliance Charge ("CRCC")

The CRCC was intended to allow APS to recover $47.7 million plus interest, over 5 years to recover costs for transitioning to a competitive electricity market in Arizona.

At the end of 5 years, the CRCC will immediately terminate, and APS must file an application to deal with any under or over-recovery of these costs.

2. Tucson Electric Power Company

In Decision No. 70628 (December 1, 2008), the ACC approved a settlement agreement between TEP and several parties that included three rate adjustor mechanisms: (1) Purchased Power and Fuel Adjustor Clause, (2) Renewable Energy Adjustor, and (3) DSM Adjustor.

A. Purchased Power and Fuel Adjustor Clause ("PPFAC")

The purpose of the PPFAC is to allow TEP to recover purchased power and fuel costs over and above what is embedded within the base rate. Unlike APS's PSA, there is no bandwidth or cap, and no 90/10 sharing.

B. Renewable Energy Adjustor ("REA")

The REA is similar to APS's EBS, except that it does not integrate the DSM adjustor (which is separate). Each year, TEP is required to file a REST Implementation Plan and have the funding level for the next approved by the ACC, and the adjustor is reset (taking into account any left over funds from the previous year.

C. DSM Adjustor

Similar to the REA, the DSM Adjustor is adjusted each year pursuant to TEP's annual REST Implementation Plan (as approved by the ACC) to fund programs related to the company's demand-side management and energy efficiency programs.

3. UNS Electric, Inc.

Decision No. 70360 (May 27, 2008) was the result of a contested rate case in which the ACC approved three adjustor mechanisms for UNSE: (1) Purchased Power and Fuel Adjustor Clause ("PPFAC"), (2) REST Adjustor, (3) DSM Adjustor. The REST and DSM Adjustors are modeled after both APS's and TEP's adjustors, and are revisited by the ACC on an annual basis and reset.

The PPFAC is similar to the PPFAC approved for TEP, except that it has a 1.73 cents per kWh cap. In addition, under the terms of the plan of administration, the PPFAC has a "forward component" and a "true-up component" that compares the amount of actual fuel and purchased power costs versus amounts collected through base rates and the PPFAC.

4. Southwest Gas Company

In Decision No. 64172 (October 30, 2001), the ACC approved a Purchased Gas Adjustor ("PGA") for SWG. The purpose of the PGA is to allow SWG to timely recover the cost of natural gas in a volatile market. SWG is required to file monthly reports on the cost of natural gas (and an annual report) so that the ACC can track the under or over-recovery of costs against the base cost of natural gas included in base rates. The monthly bandwidth was initially set at $0.10 per therm. Included with the PGA is a "trigger" that requires the company to take action at the ACC (emergency) whenever a certain under or over-collection threshold is exceeded. In this scenario, SWG would have to establish a surcharge to recover the under-collection (or credit for an over-collection).

In SWG's most recent rate decision (Decision No. 70665 (December 24, 2008)), the ACC increased the monthly bandwidth from $0.13 per therm to $0.15 per therm to deal with increased volatility. The ACC also eliminated the under-collected threshold, and increased the over-collection threshold to $55.78 million.

ARIZONA WATER COMPANY

Docket No. W-01445A-08-0440

2008 RATE HEARING

For Test Year Ending 12/31/07

PREPARED

REJOINDER TESTIMONY

OF

Joseph D. Harris

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ARIZONA WATER COMPANY

Rejoinder Testimony of

Joseph D. Harris

I. Introduction and Purpose of Testimony

Q. WHAT ARE YOUR NAME, EMPLOYER AND OCCUPATION?

A. My name is Joseph D. Harris. I am employed by Arizona Water Company (the "Company") as Vice President and Treasurer.

Q. ARE YOU THE SAME JOSEPH D. HARRIS THAT PREVIOUSLY PROVIDED DIRECT AND REBUTTAL TESTIMONY IN THIS MATTER?

A. Yes.

Q. HAVE YOU REVIEWED THE SURREBUTTAL TESTIMONY FILED BY THE OTHER PARTIES TO THIS PROCEEDING?

A. Yes, I have reviewed the testimony of each of the witnesses of the Commission's ("Commission") Utilities Division Staff ("Staff") and the Residential Utility Consumer Office ("RUCO").

Q. WHAT IS THE PURPOSE AND EXTENT OF YOUR TESTIMONY?

A. The purpose of my rejoinder testimony is to respond to certain issues raised in the surrebuttal testimony of Staff witnesses Katrin Stukov and Alexander Igwe, as identified below.

Q. HOW IS THE REMAINDER OF YOUR TESTIMONY ORGANIZED?

A. Section II of this testimony addresses lost and unaccounted for water. Section III addresses Staff's recommendations concerning the continuation of the Company's arsenic cost recovery mechanism ("ACRM") in this proceeding.

II. Lost and Unaccounted for Water

Q. HAVE YOU REVIEWED STAFF'S SURREBUTTAL TESTIMONY CONCERNING WATER LOSS?

A. Yes, I have.

Q. DID STAFF RESPOND TO THE COMPANY'S LEGITMATE CONCERN ABOUT FINANCING THE TYPE OF INFRASTRUCTURE REPLACEMENT THAT WOULD BE NECESSARY TO ACHIEVE STAFF'S TARGETED WATER LOSS?

A. No. Mr. Schneider's rebuttal testimony (at pages 15-20), explained the causes of water loss for each of the Company's systems having water loss in excess of 10%. Mr. Schneider further explained that with regard to most of those systems, extensive and very expensive infrastructure replacements would be necessary to achieve reductions in water loss. Staff has not responded to the economic impact such a program would impose on the Company and its customers.

Q. DID STAFF OFFER ANY ALTERNATIVES TO FUNDING THIS TYPE OF INFRASTRUCTURE REPLACEMENT?

A. No, it did not. As discussed in my rebuttal testimony, the need for infrastructure replacements to reduce system leaks and water loss is a serious investment and ratemaking issue that confronts the Company and this Commission as well as water utilities throughout the country. Staff's demands for reductions in lost and unaccounted for water without any consideration of the costs involved and the impacts of such a capital program is both unrealistic and unreasonable. Given Staff's failure to address how this program can be funded, the Company reiterates its request that if Staff's recommendations regarding water loss are to be adopted, the Commission should first authorize a Distribution System Improvement Charge funding mechanism (as outlined in my rebuttal testimony at pages 5-6) to provide a realistic and manageable means to accomplish that goal.

III. Continuation of the ACRM for All Systems

Q. HAVE YOU READ STAFF'S SURREBUTTAL TESTIMONY IN THIS CASE AS IT RELATES TO CONTINUATION OF THE ACRM?

A. Yes.

Q. DO YOU AGREE WITH STAFF'S RECOMMENDATION?

A. Yes. Staff has agreed that it is appropriate to allow the recovery of deferred Operations and Maintenance ("O&M") costs relating to arsenic treatment, as authorized by the Commission in Decisions Nos. 70702, 70834 and 70962. Further, Staff has recommended that the Company be allowed to continue to recover those costs in accordance with the terms and conditions set forth in those decisions.

Q. DO YOU AGREE WITH STAFF'S RECOMMENDATION ON CONTINUATION OF THE ACRM MECHANISM FOR NEW PLANTS?

A. Substantially, yes. Staff is recommending that the Company be allowed to file applications for new ACRM surcharges for both its Sedona and its Superstition systems. The format of the filing, the nature of recoverable costs and the number of step increases would all be consistent with the requirements outlined in Decision No. 66400, which is in agreement with the Company's request.

However, the Company also requests that Staff's recommended restriction, which would allow new ACRMs to be filed only in Sedona and Superstition, should be removed. While new arsenic treatment plants are either under construction or being designed for the Sedona and Superstition systems, the Company is already planning new and expanded arsenic treatment facilities for its Casa Grande system. The amount of arsenic in a groundwater supply is not static and changes over time. Wells that currently do not require arsenic treatment may require it in the future. Removing the system-specific restriction suggested by Staff would allow the Company to file for new ACRMs in any system for which it must construct these federally mandated treatment facilities.

Q. DOES THAT CONCLUDE YOUR REJOINDER TESTIMONY?

A. Yes.

ARIZONA WATER COMPANY

Docket No. W-01445A-08-0440

2008 RATE HEARING

For Test Year Ending 12/31/07

PREPARED

REJOINDER TESTIMONY & EXHIBITS

OF

Joel M. Reiker

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ARIZONA WATER COMPANY

Rejoinder Testimony of

Joel M. Reiker

I. Introduction

Q. PLEASE STATE YOUR NAME, EMPLOYER, AND TITLE.

A. My name is Joel M. Reiker. I am employed by Arizona Water Company (the "Company" or "AWC") as Manager of Rates and Regulatory Accounting.

Q. ARE YOU THE SAME JOEL M. REIKER THAT PREVIOUSLY PROVIDED DIRECT AND REBUTTAL TESTIMONY IN THIS PROCEEDING?

A. Yes.

Q. HAVE YOU REVIEWED THE SURREBUTTAL TESTIMONY FILED BY THE OTHER PARTIES TO THIS PROCEEDING?

A. Yes.

Q. WHAT IS THE PURPOSE OF YOUR REJOINDER TESTIMONY?

A. The purpose of my rejoinder testimony is to respond to the surrebuttal testimony of Arizona Corporation Commission Staff ("Staff") and Residential Utility Consumer Office ("RUCO").

Q. HOW IS YOUR REJOINDER TESTIMONY ORGANIZED?

A. My rejoinder testimony is presented in four sections, including this introductory Section I. In Section II, I provide updates and corrections to my rebuttal testimony. In Section III, I respond to the surrebuttal testimony of Staff witnesses Bozzo and Igwe. In Section IV, I respond to RUCO witnesses Coley and Rigsby.

II. Updates and Corrections to Rebuttal Testimony

Q. DO YOU HAVE ANY UPDATES OR CORRECTIONS TO YOUR REBUTTAL TESTIMONY?

A. Yes. Schedule JMR-RJ1 is an update of my rebuttal Schedule JMR-RB2 which, as discussed on pages 4 – 9 of my rebuttal testimony regarding revenue requirement, illustrates the financial impact of Staff's and RUCO's recommendations in this proceeding on the Company's pro forma 2008 operating results.

Q. WHAT CHANGES HAVE YOU MADE IN SCHEDULE JMR-RJ1?

A. In Schedule JMR-RJ1, I have updated revenues, as shown on lines 2 through 7, to more accurately reflect the elimination of surcharge revenues and the effect of sales taxes on pro forma revenues. On line 10 (operating expenses), I have included the pro forma effect of sales taxes, as well as the pro forma effect of increases in the cost of pumping power purchased from Arizona Public Service Company ("APS") and the Salt River Project ("SRP"). These increases are based on a settlement agreement filed on June 12, 2009 in the currently-pending APS rate proceeding (Docket 08-0712), as well as notices sent to customers of SRP on July 14, 2009. On line 16 (interest expense), I included the pro forma effect of 12 months of debt service on the Company's Series M bonds, which were issued in September 2008. Finally, I corrected an error in the formula which calculates 2008 pro forma revenues at RUCO's proposed rates (column E, line 2).[1]

Q. HAVE THE RESULTS OF YOUR ANALYSIS CHANGED?

A. Yes. The results of my analysis shown in Schedule JMR-RJ1 are summarized below:

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[1] This formula calculates 2008 pro forma revenues at RUCO's proposed rates based on actual 2008 billing determinants for residential, commercial, industrial, and construction customers. The original formula in Schedule JMR-RB1 had the incorrect rates for construction sales. Correcting this error increases 2008 pro form revenues at RUCO's proposed rates by $311,164.

	STAFF	RUCO
Return on Average Invested Capital	6.86%	6.44%
Return on Year-End Capital	6.66%	6.25%
Return on Average Common Equity	6.45%	5.54%
Return on Year-End Equity	6.44%	5.49%
Pre-Tax Interest Coverage	2.19x	2.02x

Although the results of my analysis have improved slightly, I believe the conclusions set forth on pages 5 through 7 of my revenue requirement rebuttal testimony are still valid. For example, on pages 8 and 9 of my rate design/cost of service rebuttal testimony, I explain the effect on revenues of post-test year reductions in usage by the Company's two largest customers. Those industrial customers, Abbott Laboratories ("Abbott") and Frito Lay, have stated that they intend to further reduce the amount of water they purchase from the Company. According to Mr. Garfield's rate design/cost of service rebuttal testimony (pp. 5 – 6), under Staff's proposed rates Abbott and Frito Lay alone will be counted on to provide over $1.3 million, or 2.5% of the Company's metered operating revenues. Assuming these two customers continue to reduce consumption as they have stated they intend to do, along with increases in operating expenses other than purchased power, it will be difficult for the Company to generate earnings sufficient to satisfy the interest coverage test set forth in the Company's mortgage bond indenture. As a result, the Company may not be able to issue additional long-term debt. Absent the approval of the adjuster mechanisms the Company seeks in this proceeding, the Company's only recourse will likely be to promptly file another rate case.

III. Rejoinder to Staff Surrebuttal Testimony

A. Rate Base

Plant Retirements

Q. ON PAGE 7 (LINES 8 – 10) OF MR. BOZZO'S SURREBUTTAL TESTIMONY HE CLAIMS THE COMPANY PROVIDED NO RATIONALE FOR TREATING THOSE PLANT ITEMS THE COMPANY PROPOSES TO TREAT AS RETIREMENTS. DO YOU HAVE A RESPONSE?

A. Yes. In Staff data request 11.16, Mr. Bozzo provided the Company a list of plant items and requested that the Company provide the associated original cost, in-service date, accumulated depreciation balance, and any associated CIAC or AIAC balances. In responding to Mr. Bozzo's request, the Company provided notes next to each item, a number of which indicated that an individual plant item "needs to be retired." By noting that a particular plant item "needs to be retired", the Company assumed Staff would be informed that these items have reached the end of their useful lives and were no longer in service. When plant has reached the end of its useful life and is no longer in service, it is customarily retired. As soon as the Company became aware of these items, we identified them as needing to be retired from plant in service.

Q. WHY DIDN'T YOU SIMPLY MAKE A PRO FORMA ADJUSTMENT TO REMOVE THE ITEMS IN QUESTION FROM RATE BASE IN THIS PROCEEDING, AS MR. BOZZO'S SUGGESTS THE COMPANY SHOULD HAVE DONE ON PAGE 7 (LINES 9 – 10) OF HIS SURREBUTTAL TESTIMONY?

A. This is *exactly* what the Company proposes to do. However, instead of accepting the Company's pro forma adjustment, Mr. Bozzo implies (at p. 7, lines 12 – 17) that the Company knowingly chose to leave retired plant in rate base when preparing its application and that it was not forthright with respect to plant

items that were found throughout the course of this proceeding to not be in service. Had the Company known the test year plant balances on its books included plant that should have been previously retired, we would have included the appropriate pro forma adjustment in the Company's application. Nevertheless, we identified these items for Staff and then the Company proposed in my rebuttal testimony the very pro forma adjustment Mr. Bozzo suggests are needed to retire plant. Yet, Mr. Bozzo recommends a different treatment of retired plant in this case.

Q. WHAT BASIS DOES MR. BOZZO PROVIDE FOR STAFF'S RECOMMENDED TREATMENT OF THESE ITEMS?

A. Mr. Bozzo's position that the depreciation reserve should be debited by an amount other than the original book cost of the items in question seems to be based on his erroneous presumption that the Company knowingly included in rate base plant that should have been retired (Bozzo surrebuttal, p. 7). In other words, Mr. Bozzo appears to be recommending treatment that he knows is not correct as a means of penalizing the Company. Not only is his presumption incorrect, but Mr. Bozzo's position also is inconsistent.

Q. HOW IS MR. BOZZO'S POSITION INCONSISTENT?

A. On page 8 (lines 24 – 25) of his surrebuttal testimony, Mr. Bozzo states that "the only reason to remove the full original cost of such an item from Accumulated Depreciation is if it was a retirement." Then, for five of the 16 plant items in question, he removes *more* than the original cost of the item from accumulated depreciation. In other words, his adjustment with respect to these five particular items actually *increases* rate base. Assuming these five items were the only plant items the Company found that should have been retired, Staff would be arguing that because the Company did not propose a pro forma adjustment to retire these items in its application, the Company's rate base should be *increased*. This example illustrates the flaw in Staff's position on the issue of

plant retirements. If Staff's position with respect to this issue is intended to support adjustments that are punitive in nature, as appears to be the case from reading Mr. Bozzo's testimony, it will do so only by mere chance.

Mr. Bozzo's position and recommendation also conflicts with Staff recommendations made as recently as 2008, in which Staff proposed adjustments for plant it found to not be "used and useful" in Docket No. 07-0551. In that case, Staff took the position that a number of plant items were not "used and useful", and proposed an adjustment to retire said plant consistent with the Company's proposed treatment in this case, under which plant in service and accumulated depreciation are reduced by equal amounts. I have attached relevant portions of Staff's testimony in Docket No. 07-0551 hereto as Exhibit JMR-RJ1.

Q. HAVE THE PLANT ITEMS IN QUESTION IN THIS CASE SINCE BEEN RETIRED?

A. Yes. Included as Exhibit JMR-RJ2 are property disposal reports for each of the items in question. These reports are used by the Company's accounting department to properly record the retirement of utility plant. Thus, each of these plant items have now been retired.

Disallowed Plant that is Currently in Service

Q. ON PAGE 12 OF HIS SURREBUTTAL TESTIMONY, MR. BOZZO ASSERTS THAT THE THREE FENCES LOCATED IN THE SUPERSTITION, WHITE TANK, AND SEDONA SYSTEMS, AS WELL AS A BLOCK BUILDING LOCATED IN THE SEDONA SYSTEM "MAY SERVE A PURPOSE, BUT THE RESPONSIBILITY FOR THIS PLANT SHOULD NOT FALL ON THE SHOULDERS OF THE RATEPYERS." DO YOU HAVE A RESPONSE?

A. Yes. Each of these items is currently in service and benefiting customers, and should be included in rate base. According to Mr. Bozzo (p. 12, lines 3 – 8), Staff

believes that if a particular well is retired and out of service, then every piece of plant located at that well site should be disallowed as "not used and useful", regardless of whether or not the plant is related to the retired well. However, what Staff fails to recognize is that even if the Company retires a well, it must still secure the site with appropriate fencing to the extent the site represents a potential liability and/or contains a point of entry into the Company's water system. In addition, these secured sites are routinely used to store miscellaneous piping, fittings and other apparatus. The Company cannot allow the public at large to enter its well sites and pumping stations regardless of whether the wells and pumps are currently in service. These fences continue to serve the very same purpose they served when they were first installed and they should continue to be included in rate base.

Q. WHAT ABOUT THE 8' X 12' BLOCK BUILDING LOCATED AT THE SUNUP WELL SITE IN SEDONA?

A. Although this building is located at the site of a retired well, it is a useful storage facility, and the revenue requirement (roughly $7 per month) is significantly less than the market rate for a commercial rental storage facility of comparable size. The Company has limited storage space in Sedona, and uses every available building for that purpose. It is therefore a prudent decision for the Company to retain the usefulness of this facility and use it as storage.

Q. ON PAGE 12 (LINE 11) OF HIS SURREBUTTAL TESTIMONY, MR. BOZZO REFERENCES DWR WELL NO. 55-613443 LOCATED IN THE CASA GRANDE SYSTEM. IS THIS WELL CURRENTLY IN USE?

A. Yes. The correct DWR No. for this well is 55-616598. This is Well No. 14 in the Casa Grande system. For reasons unknown, DWR well No. 55-613443, which is an agricultural well not owned by the Company, was shown on the plant listing that was provided to Staff's engineer. The Company provided documentation to

Staff memorializing such on May 11, 2009, which I have attached hereto as Exhibit JMR-RJ3.

Q. IS CASA GRANDE WELL NO. 14 CURRENTLY IN SERVICE?

A. Yes. This well is currently in service and providing water to the Company's customers. The Company pumped the following amounts from this well in 2007 through 2009:

M Gallons Pumped – Well 55-616598

	2007	2008	2009
Jan.	6,585.0	5,233.0	5,343.0
Feb.	5,525.0	4,798.0	5,593.0
Mar.	5,991.0	5,758.0	6,314.0
Apr.	6,085.0	5,529.0	5,645.0
May.	6,004.0	5,211.0	2,784.0
Jun.	5,127.0	7,193.0	4,999.0
Jul.	5,297.0	4,105.0	5,685.0
Aug.	5,392.0	5,594.0	
Sep.	4,719.0	2,142.0	
Oct.	5,946.0	1,540.0	
Nov.	5,113.0	5,586.0	
Dec.	4,680.0	5,564.0	
Totals	66,464.0	58,253.0	36,363

Q. ON PAGE 15 (LINES 11 – 27) OF YOUR REVENUE REQUIREMENT REBUTTAL TESTIMONY YOU DISCUSS DWR WELL NO. 55-518969 LOCATED IN THE SEDONA SYSTEM. IS THIS WELL CURRENTLY IN SERVICE?

Q. Yes. This is the Sedona Golf Resort well that Staff recommends be disallowed as not "used and useful." This well is in service and providing water to the Company's customers. The Company pumped the following amounts from this well in 2007 through 2009:

M Gallons Pumped – Well 55-518969

	2007	2008	2009
Jan.	4,454.0	3,417.0	3,837.0
Feb.	4,052.0	3,556.0	3,785.0
Mar.	5,531.0	5,678.0	5,722.0
Apr.	7,135.0	9,074.0	5,687.0
May.	8,518.0	7,443.0	6,637.0
Jun.	9,552.0	9,227.0	7,546.0
Jul.	10,212.0	8,596.0	8,587.0
Aug.	7,792.0	8,214.0	
Sep.	7,209.0	8,051.0	
Oct.	8,741.0	7,368.0	
Nov.	6,110.0	5,005.0	
Dec.	3,492.0	4,592.0	
Totals	82,798.0	80,221.0	41,801.0

Q. ON PAGE 27 (LINES 17 – 28) OF MR. SCHNEIDER'S REBUTTAL TESTIMONY, AS WELL AS SCHEDULE JMR-RB2 (PAGE 2, LINE 3) OF YOUR REVENUE REQUIREMENT REBUTTAL TESTIMONY, THE COMPANY CHARACTERIZES DWR WELL NO. 55-616662 IN THE SEDONA SYSTEM AS PROPERTY HELD FOR FUTURE USE. IS THIS WELL ACTUALLY IN SERVICE?

A. Yes. This is the Rainbow Well No. 6 located in the Sedona system. As explained by Mr. Schneider on page 27 (lines 17 – 19) of his rebuttal testimony, this well has been in continuous service since 1963. The Company pumped the following amounts from this well in 2007 through 2009:

M Gallons Pumped – Well 55-616662

	2007	2008	2009
Jan.	3,813.0	3,704.0	1,179.0
Feb.	2,679.0	3,063.0	0.0
Mar.	3,346.0	5,968.0	2,485.0
Apr.	6,261.0	5,232.0	5,254.0
May.	6,476.0	6,434.0	3,585.0
Jun.	7,350.0	6,072.0	4,297.0
Jul.	6,073.0	6,068.0	6,147.0
Aug.	5,310.0	4,520.0	
Sep.	3,983.0	5,011.0	
Oct.	5,406.0	3,991.0	
Nov.	3,708.0	2,978.0	
Dec.	3,007.0	2,966.0	
Totals	57,412.0	56,007.0	21,947.0

Property Held for Future Use

Q. HOW DO YOU RESPOND TO MR. BOZZO'S STATEMENT ON PAGE 14 (LINES 16 – 22) OF HIS SURREBUTTAL TESIMONY THAT "PLANT HELD FOR FUTURE USE IS SIMPLY NOT RECOGNIZED AS PLANT THAT PROVIDES SERVICE TO, AND THEREFORE BENEFITS CUSTOMERS" AND "CANNOT BE DETERMINED TO BE USED AND USEFUL"?

A. Mr. Bozzo's testimony runs contrary to Staff's recommendation and the Commission's treatment of plant held for future use in Decision No. 68858, which I cited on page 14 (lines 18 – 28) of my revenue requirement rebuttal testimony. The Commission also found plant held for future use "useful and prudent" in Decision No. 59079, dated May 5, 1995, and included it in rate base. Further, I believe Mr. Bozzo has mischaracterized the applicable standard for including plant in the original cost rate base in Arizona when he implies that such plant must be "used *and* useful". According to A.A.C. R14-2-103.3.h, the original cost rate base consists of "the depreciated original cost, prudently invested, of the property (exclusive of contributions and/or advances in aid of construction) at the end of the test year, used *or* useful, plus a proper allowance for working capital and including all applicable pro forma adjustments." (emphasis supplied) Staff

has not shown that the items in question were imprudent investments or that they are not useful. Therefore, rate base treatment is warranted.

Q. HAS THE COMPANY TRANSFERRED THE PLANT IN QUESTION TO ACCOUNT 105 – PROPERTY HELD FOR FUTURE USE?

A. No. Nor do I believe it is necessary to classify these items as property held for future use in order for the Commission to include them in rate base. In fact, when the Commission determined that property held for future use was useful and should be included in rate base in Docket No. 05-0405, it directed Arizona-American Water Company to transfer the items from account 105 to the appropriate plant in service accounts, even though the items were not in service at the end of the test year or at the time of the hearing.

Post Test Year Plant – Pinewood Electrical Panel

Q. IS THE ELECTRICAL PANEL LOCATED IN THE PINEWOOD SYSTEM AND MENTIONED ON PAGE 15 (LINES 3 – 10) AND LISTED ON SCHEDULE JMR-RB2 (PAGE 2, LINE 14) OF YOUR REVENUE REQUIREMENT REBUTTAL TESTIMONY IN SERVICE AT THIS TIME?

A. Yes. Service was established to the new electrical panel on Friday July 10, 2009. On August 11, 2009, the Company filed supplemental responses to RUCO data request 1.31 and Staff data request AII 3-22, which I have attached as Exhibits JMR-RJ4, indicating such.

Summary of Remaining Plant Items in Dispute

Q. HAVE YOU PREPARED AN UPDATED SCHEDULE WHICH SUMMARIZES THE REMAINING PLANT ITEMS THAT ARE IN DISPUTE?

A. Yes. Schedule JMR-RJ2 summarizes the remaining plant items that are in dispute in this proceeding. Column H of Schedule JMR-RJ2 provides the Company's explanation for why these remaining items should be included in rate base.

B. Income Statement

Tank Maintenance

Q. ON PAGE 9 (LINES 20 – 26) OF HIS SURREBUTTAL TESTIMONY, MR. IGWE CLAIMS THE COMPANY'S PROPOSED TANK MAINTENANCE ACCRUAL IS NOT SUPPORTED BY "EMPIRICAL RECORDS", AND HE PRESENTS A TABLE WHICH HE CLAIMS SHOWS THE ACTUAL TANK MAINTENANCE COSTS INCURRED FROM 2001 TO 2007. IS MR. IGWE'S TABLE CORRECT?

A. No. Mr. Igwe's table contains errors and understates the amounts actually spent on tank maintenance. For example, Mr. Igwe's table indicates that the Company only spent $224,228 on tank maintenance in 2001, when in reality the Company spent $325,888. Likewise, Mr. Igwe's table indicates that the Company only spent $145,214 on tank maintenance in 2003, when in reality the Company spent more than twice that amount, $319,059. Mr. Igwe's table also indicates that the Company only spent $403,517 on tank maintenance in 2005, when in reality the Company spent $764,188. I have attached the sub-ledgers for account 265 – Reserve for Tank Maintenance as Exhibit JMR-RJ5, which shows the actual costs the Company incurred from 2001 through 2007 for tank maintenance. Mr. Igwe doesn't indicate what records he relied on when creating his table of actual tank maintenance costs. In any case, his *post hoc* justification of Staff's tank maintenance expense normalization cannot be relied on.

Q. DOESN'T MR. IGWE'S TABLE PROVIDE OTHER USEFUL INFORMATION REGARDING THE COST OF TANK MAINTENANCE GOING FORWARD?

A. No. Staff still fails to recognize the fact that tank interiors are only recoated once every 14 years, and not every seven years as Mr. Igwe's table would suggest, assuming it was correct in the first place. As a result, Staff's table tells us nothing about the cost associated with tanks that are scheduled to be

rehabilitated in coming years. Further, a seven-year average of tank maintenance expense fails to account for the cost of maintaining the interior and exterior of any of the Company's new tanks constructed after 2000, none of which would have been rehabilitated during the seven-year period depicted in Staff's table.

Since 2001, the Company has added 18 steel tanks with a total capacity of 7,029,000 gallons. The total interior surface area of these new tanks is 180,792 sq. feet, and the total exterior surface area is 100,525 sq. feet. During this same period, the Company retired three tanks with a total capacity of approximately 53,800 gallons. The interior and exterior surface areas of these tanks are approximately 2,925 sq. feet, and 2,156 sq. feet, respectively. Thus, the net increase in the interior and exterior surface areas since 2001 is 177,867 sq. feet and 98,369 sq. feet, respectively. The cost of maintaining this net increase is neither accounted for in Staff's table, nor in its proposed level of tank maintenance expense in this proceeding.

Q. YOU MENTIONED THAT STAFF UNDERSTATED THE COMPANY'S ACTUAL TANK MAINTENANCE COSTS INCURRED IN 2005 BY $360,671 ($403,517 - $764,188). DID THIS MISTAKE CARRY OVER INTO STAFF'S PROPOSED ADJUSTMENT TO TANK MAINTENANCE EXPENSE IN THIS PROCEEDING?

A. Yes. I did not initially notice this error when reviewing Staff's direct testimony. When calculating Staff's three-year average of actual tank maintenance expense for the Casa Grande system, Mr. Igwe assumed the Company spent $0 on tank maintenance in 2005 (*see* Igwe Casa Grande Schedule AII-8). Actually, the Company spent $360,671 on tank maintenance in the Casa Grande system in 2005. Correcting this error increases Staff's three-year normalized tank maintenance expense for the Casa Grande system by $120,223, from $80,163 to $200,386. On a company-wide basis, correcting this error increases Staff's

three-year normalized tank maintenance expense by $120,224, from $448,090 to $568,314.

Q. DO YOU HAVE ANY REVISIONS OR CORRECTIONS TO YOUR OWN REBUTTAL TESTIMONY REGARDING THIS ISSUE?

A. Yes. On page 27 (line 2) of my revenue requirement rebuttal testimony, I stated that the reserve-accrual accounting method of recovering tank maintenance expense has operated efficiently and successfully for over 30 years. In fact, this method of accounting for tank maintenance expense has been employed by the Company and approved by the Commission since at least 1960, or approximately 49 years.

Q. WHY IS THIS IMPORTANT?

A. This is important because, Staff recommends that the Commission order the Company to cease using the reserve-accrual accounting method to account for tank maintenance. Assuming Staff's recommendation was adopted, the Company will only recover the actual cost of tank maintenance to the extent such costs are incurred during the three years Staff chooses to average. This is because, as I've stated several times before, these costs *do not recur on an annual basis* – a fact that Staff still does not recognize.

Unfortunately, Mr. Igwe demonstrates Staff's lack of understanding of the Company's tank maintenance program and the Commission's longstanding methodology for allowing the Company to recover these costs when he states on page 10 (lines 4 – 5) of his surrebuttal testimony that the data in his table "shows that the cost of tank maintenance is not a fixed amount as the Company proposes, but varies from year to year." Mr. Igwe's statement is exactly the point the Company has made throughout this proceeding. The fundamental purpose of the reserve-accrual accounting treatment is to level out widely fluctuating year-to-year tank maintenance expenditures in individual systems. The accrual permits rates to be set on average costs over a tank maintenance cycle rather

than a single year's actual expenditures, or in this case an average of three years of actual expenditures, which may not even include any actual costs.

Further, on page 2 (lines 14 – 16) of his surrebuttal testimony, Mr. Igwe criticizes the Company for requesting the approval of various adjuster mechanisms, some of which have been used by the Company for over 25 years, by stating that the Company is "advocating a new paradigm of rate regulation in Arizona." Mr. Igwe then goes on to advocate a change in the methodology the Commission has allowed the Company use to account for tank maintenance for the last 49 years.

Q. WHAT HAPPENS IF RATES ARE SET BASED ON A SINGLE YEAR OF ACTUAL TANK MAINTENANCE EXPENDITURES, OR AN AVERAGE OF THREE YEARS ACTUAL EXPENDITURES?

A. In the case of the Company's Rimrock system, the Company would only recover $92 in annual tank maintenance expense, as recommended by Staff in this proceeding. And, because the Company would no longer be permitted to account for the cost of tank maintenance using the reserve-accrual method, which essentially allows those funds to be "banked" until a tank needs to be painted, the Company would be forced to "use it or lose it". In the case of Rimrock, the Company would be forced to abandon its Commission-approved 7-year and 14-year tank maintenance schedule, and instead budget no more than $92 per year to be expensed on tank maintenance. I should note that the smallest tank in the Rimrock system costs approximately $20,500 to paint. In other words, under Staff's treatment the Company would be forced to manage its tank maintenance program around rate case test years, which may not coincide with the time frames in which tanks actually need to be rehabilitated.

Q. DOES STAFF EXPLAIN IN ITS SURREBUTTAL TESTIMONY WHY IT CHOSE NOT TO EVALUATE THE COMPANY'S PROPOSED TANK MAINTENANCE ACCRUAL USING THE RICHARDSON PROCESS PLANT CONSTRUCTION ESTIMATING STANDARDS, AS IT DID IN EACH OF THE COMPANY'S PRIOR TWO RATE PROCEEDINGS?

A. No. Staff provides no explanation as to why it didn't check the reasonableness of the Company's proposed tank maintenance accrual using the same methods it used, and the Commission approved, in the Company's last two rate proceedings. Staff also doesn't explain why its method of averaging three years of actual costs for an expense that only occurs at intervals of 7 and 14 years is superior to the Richardson Process it used in the Company's last two rate proceedings. The Richardson Process confirmed the validity of the Company's revised accruals in each of the Company's prior two rate proceedings, and the manner in which the Company calculates its revised accrual has not changed since those proceedings.

Normalization of T&D Expense Accounts 663 and 673

Q. DOES STAFF EXPLAIN IN ITS SURREBUTTAL TESTIMONY HOW THE COMPANY IS SUPPOSED TO INCREASE ITS EFFORTS TO REDUCE LOST AND UNACCOUNTED FOR WATER, WHILE AT THE SAME TIME REDUCING THE AMOUNT IT SPENDS ON SUCH EFFORTS?

A. No. Staff hasn't explained why it proposes an adjustment to disallow a portion of the costs charged to maintenance expense account 673, while at the same time recommending that the Commission order the Company to reduce lost and unaccounted for water to below 10%, when a portion of the costs related to such efforts are charged to account 673. As I stated on page 37 (lines 12 – 16) of my revenue requirement rebuttal testimony, it is unreasonable for Staff to assume that the Company can reduce the level of lost and unaccounted for water

reported in the test year by spending less money than it expended on such efforts during the test year.

Staff's conflicting recommendation is no different than if Staff's accounting witness were to recommend a significant disallowance of test year payroll expense at the same time Staff's engineering witness was recommending that the Commission order the Company to increase staffing levels.

Q. DOES STAFF CONTINUE TO IGNORE OTHER CHANGES THAT WOULD HAVE THE OPPOSITE INCOME EFFECT OF STAFF'S ADJUSTMENT TO NORMALIZE ACCOUNTS 663 AND 673?

A. Yes. Staff continues to ignore significant post-test year reductions in usage related to construction water sales, as well as 18% and 9% reductions in usage from test year levels by Abbott and Frito Lay, respectively. I quantified the effect of these reductions in my rebuttal testimony. These reductions represent unrealized revenues of $586,591, $120,973, and $22,044, respectively (Reiker rev. req. rebuttal, pp 35 – 42). Instead of taking these additional factors into consideration, Mr. Igwe brushes them off in passing by stating that the Company should have proposed "pertinent adjustments to compensate for lower costs of production and distribution" (Igwe surrebuttal, p. 14, at 15 – 18).

Q. HAVE YOU QUANTIFIED THE REDUCTION IN PUMPING AND TREATMENT EXPENSES RELATED TO THE REDUCTIONS IN USAGE BY THESE CUSTOMERS?

A. Yes. The following table shows the amount of unrealized revenues as well as the savings in pumping and treatment costs associated with reductions in usage experienced in 2008:

	Unrealized Revenues	Savings in Pumping & Treatment Expense	Net Unrealized Revenues
Construction Sales	$586,591	($98,523)	$488,068
Abbott Laboratories	120,973	(23,096)	97,877
Frito Lay	22,044	(4,774)	17,270
	$729,608	($126,393)	$603,215

As shown above, the net reduction in revenues is nearly twice the amount of Staff's proposed reduction to accounts 663 and 673 of $313,300. Staff simply failed to consider these types of changes when proposing to reduce the Company's expenses by using historical averages. Likewise, Staff failed to take into consideration other areas of change.

Q. WHAT ARE YOU REFERRING TO?

A. I am referring to pending increases in the cost of purchased power provided by the Company's two largest energy providers. On June 12, 2009, Staff filed its proposed settlement agreement in APS' currently-pending rate proceeding (Docket No. 08-0172). That settlement agreement supports an average increase in the cost of electric power of 7.8%. Additionally, on July 14, 2009, the Company received a notice from SRP indicating an average increase in the cost of electric power of 8.8%, which SRP proposes to implement in November 2009, which is before the time frame in which the Commission is expected to make a final ruling in this proceeding. Neither of these rate increases is reflected in the Company's adjusted test year operating expenses, and without a purchased power adjuster the Company will have no way of recovering these additional costs.

Q. HAVE YOU QUANTIFIED THESE INCREASES?

A. Yes. The increase in the cost of electric power represents an additional $245,270 in purchased power expense above and beyond what is already reflected in the adjusted test year in this proceeding. Neither Staff nor RUCO

has taken these changes into consideration when proposing the types of normalizing adjustments they recommend.

Q. ARE THE REDUCTIONS IN USAGE BY ABBOTT AND FRITO LAY THAT THE COMPANY HAS EXPERIENCED AND EXPECTS TO CONTINUE TO EXPERIENCE RELATED TO THE ECONOMIC SLOW-DOWN, AS MR. IGWE SUGGESTS ON PAGE 14 (LINES 10 – 12) OF HIS SURREBUTTAL TESTIMONY?

A. No. Nowhere in Abbott witness Mr. Chasse's testimony does he state that Abbott's reduced usage is the result of an economic slowdown or reduced manufacturing output, which would imply a future increase in usage if the economy rebounds. In fact, Mr. Chasse identifies "responsible water use" as one of Abbott's strategic environmental priorities (Chasse direct, p. 4, lines 13 – 14). Additionally, the New York Times article attached to Mr. Garfield's rate design/cost of service rebuttal testimony as Exhibit WMG-RB5 reports that Frito Lay's efforts to reduce water consumption are part of its effort to establish "green credentials" and not a result of the slowing economy. Those efforts will permanently reduce the quantities of water Frito Lay requires at its plant..

Desert Wells Pumping Station Maintenance Accrual Account

Q. WHAT IS THE DESERT WELLS PUMPING STATION MAINTENANCE ACCRUAL ACCOUNT?

A. The Desert Wells Pumping Station Maintenance Accrual Account is a Commission-approved reserve-accrual account that functions in the same manner as the Commission-approved tank maintenance accrual account. With the Commission's approval, the Company established this account for the purpose of rebuilding the pumps and motors that move water approximately 26 miles uphill from the Desert Wells pumping station near Florence Junction to the Town of Superior. These pumps are rebuilt every seven to eight years at a cost

ranging from $100,000 to $150,000. Because these costs do not recur on an annual basis, the Commission approved the Company's use of a reserve-accrual account to level out fluctuating year-to-year pump maintenance expenditures. The accrual account permits rates to be set on average costs over a pump maintenance cycle rather than a single year's actual expenditures. Because the 26-mile above-ground pipeline is just as crucial to the Company's service to the Superior system as the pumps and motors, the Company requested in its application that it be permitted to charge the cost of maintaining and repairing the pipeline against the pump maintenance accrual account.

Q. HOW DOES THE ACCOUNT WORK?

A. The Commission-approved accrual amount is debited to expense account 633.1 - Pumping Maintenance expense, and credited to liability account 265.1 – Reserve for Pump Maintenance. The actual costs of rebuilding and maintaining the pumps, when incurred, are debited to account 265.1 – Reserve for Pump maintenance. In other words, because these costs do not recur on an annual basis, a balance is accumulated in the reserve account and that balance is reduced as actual costs are incurred. The Commission-authorized accrual is that amount which results in the projected balance of the reserve account equaling $0 at the end of the maintenance cycle. The process I've just described is the same methodology under which the Company's tank maintenance accrual has operated since 1960.

Q. WHAT IS STAFF'S RECOMMENDATION WITH REGARD TO THIS MAINTENANCE ACCRUAL ACCOUNT?

A. Staff recommends that the Company cease using the reserve-accrual method of accounting for these costs, and instead spend no more than $53,249 rebuilding the Desert Station pumps and motors in a given year.

Q. DOES STAFF EXPLAIN IN ITS SURREBUTTAL TESTIMONY WHY IT IS APPROPRIATE TO DEPART FROM THE COMMISSION'S ESTABLISHED METHOD OF ACCOUNTING FOR THESE COSTS?

A. No. Although Mr. Igwe states that Staff finds it appropriate to eliminate this established method, he provides no basis or explanation for Staff's recommendation. As I stated previously in my discussion of tank maintenance, the reserve-accrual account levels out fluctuating year-to-year expenditures and the Commission already has concluded that it is the appropriate way to account for this type of expense.

Q. DO YOU BELIEVE STAFF'S RECOMMENDATION TO ELIMINATE THE RESERVE-ACCRUAL ACCOUNT IS APPROPRIATE GIVEN ITS CONCURRENT RECOMMENDATION REGARDING LOST AND UNACCOUNTED FOR WATER?

A. No, I do not. The pipeline is a major contributor to the high level of lost and unaccounted for water in the Superior system, and the Company's proposal in this case would allow it to recover the costs associated with its maintenance, which does not recur on a regular basis.

C. Depreciation

CIAC Amortization Rate

Q. HOW DO YOU RESPOND TO MR. IGWE'S ASSERTION ON PAGE 18 (LINES 15 – 23) OF HIS SURREBUTTAL TESTIMONY THAT STAFF USED THE CORRECT CIAC AMORTIZATION RATE WHEN DEVELOPING ITS RECOMMENDED REVENUE REQUIREMENT?

A. Staff's assertion is not correct. Had Mr. Igwe read the Commission's decision in the Company's prior Eastern group rate proceeding (Decision No. 66849), or reviewed the work papers in the Company's prior Western group rate proceeding, he would know that Staff used the incorrect CIAC amortization rate

in this proceeding. The correct CIAC amortization rate, and the rate approved by the Commission in the Company's last two rate proceedings, is 2.00%. Mr. Igwe is mistaken in assuming he used the correct CIAC amortization rate when developing Staff's proposed revenue requirement in this proceeding.

In Decision No. 66849, dated March 19, 2004, the Commission said:

> ...Staff calculates the composite depreciation rate by dividing each depreciation expense by its depreciable plant. For CIAC, Staff's calculation resulted in an amortization rate of 2.34 percent.
>
> ...Arizona Water asserts that a composite rate for contributed plant should be based on the annual depreciation associated with the individual plant accounts that include contributed plant, in order to match the CIAC amortization rate to the depreciation rates for those specific accounts.
>
> We agree with Arizona Water that consistency with the move to individual component depreciation rates requires consideration of the individual plant accounts that include contributed plant (*i.e.*, transmission and distribution mains, fire sprinkler caps, services, meters, and hydrants). Based on consideration of the depreciation rates these individual plant accounts results in an Eastern Group composite CIAC amortization rate of 2.00 percent (Ex. A-12, at 27; Ex. S-55). The Company's recommendation for CIAC amortization shall be adopted.

The Commission subsequently adopted the same 2.00% CIAC amortization rate in the Company's Western group rate proceeding in Docket No. 04-0650.

Q. HOW DID STAFF CALCULATE ITS PROPOSED CIAC AMORTIZATION RATE IN THIS PROCEEDING?

A. Staff used the same methodology that the Commission rejected in the above excerpt from Decision No. 66849. Mr. Igwe's proposed CIAC amortization rate is a composite rate based on *all* depreciable plant accounts, including those accounts such as office furniture and power operated equipment which do not typically include contributed plant. To make matters worse, Mr. Igwe calculates a different CIAC amortization rate for each system – even those systems that Staff's rate design witness proposes to fully consolidate. This is yet another

example of the types of conflicting recommendations made by Staff in this proceeding.

Q. HOW DO YOU RESPOND TO MR. IGWE'S STATEMENT ON PAGE 18 (LINES 19 – 20) OF HIS SURREBUTTAL TESTIMONY THAT "AMORTIZATION OF CIAC BASED ON WEIGHTED AVERAGE DEPRECIATION RATE IS EMPLOYED WHEN A UTILITY CANNOT IDENTIFY THE SPECIFIC PLANT ITEMS COMPROMISING ITS CIAC BALANCE"?

A. Mr. Igwe appears to be setting forth his own ideas on this issue. In any case, Mr. Igwe's stated policy doesn't make sense. We know that plant accounts such as Communications Equipment, Power Operated Equipment, Tools, Shop, & Garage Equipment, and Office Furniture (including computers), all of which have relatively high depreciation rates, generally are not included plant that was contributed by developers. However, because a company has not identified the specific assets that have been contributed, Staff would have us revert to an inaccurate calculation that includes these accounts. When making any type of calculation one should rely on the best information available. The Commission agreed with this rule of thumb when it ruled in Decision No. 66849 that the composite CIAC amortization rate should only include those accounts which typically include contributed plant (i.e. T&D mains, fire sprinkler taps, services, meters, and hydrants).

Q. WHAT EFFECT WILL THE ADOPTION OF STAFF'S PROPOSED CIAC AMORTIZATION RATES IN THIS PROCEEDING HAVE ON THE COMPANY?

A. Staff's CIAC amortization rates range from a low of 2.37% in the Ajo system to a high of 4.08% in the Stanfield system. In the case of Stanfield, if Staff's proposed CIAC amortization rate of 4.08% is adopted in this proceeding, contributions will be fully amortized in approximately half the time that the plant that was contributed will reach the end of its useful life and be fully depreciated. More importantly, the Company will be deprived of cash flow in the near-term that

is needed to maintain and upgrade its systems and reduce lost and unaccounted for water, among other things.

Q. HAVE YOU QUANTIFIED THE REDUCTION IN CASH FLOW THAT WILL RESULT IF STAFF'S CIAC AMORTIZATION RATES ARE ADOPTED IN THIS PROCEEDING?

A. Yes. In Schedule JMR-RJ3 I have calculated the expected reduction in cash flow that will result if Staff's proposed CIAC amortization rates are adopted in this proceeding. As shown on page 18, column E, line 49 of Schedule JMR-RJ3, the reduction in cash flow resulting from the adoption of Staff's proposed CIAC amortization rates in this proceeding is $254,802. Internally-generated cash flow represents a critical source of funds used by the Company to maintain and improve its systems, and to provide continued and reliable service to the customers.

Q. IS MR. IGWE CORRECT WHEN HE CLAIMS ON PAGE 19 (LINES 11 – 15) OF HIS SURREBUTTAL TESTIMONY THAT THE "COMPANY'S ASSUMPTION OF A 2 PERCENT CIAC AMORTIZATION RATE FOR ALL ITS SYSTEMS IS ERRONEOUS"?

A. No. Had Mr. Igwe done the analysis, it would have shown that the correct CIAC amortization rate based only on those accounts which typically include contributed plant is in fact 2.00 percent. In Schedule JMR-RJ4, I have calculated the theoretically correct CIAC amortization rate for each of the Company's water systems. As shown in the schedule, the theoretically-correct and appropriate CIAC amortization rate is in fact 2.00 percent in each of the Company's water systems. Thus, a 2.00 percent CIAC amortization rate is specific to each of the Company's systems, and because it only reflects plant accounts that typically include contributed plant, is superior to Staff's composite depreciation rate.

IV. Rejoinder to RUCO

A. Rate Base

Property Held for Future Use

Q. MR. COLEY STATES ON PAGE 8 (LINES 1 – 18) OF HIS SURREBUTTAL TESTIMONY THAT BASED ON THE COMPANY'S TIME FRAME AND DETERIORATED EARNINGS, ITS PLANS FOR PLACING PROPERTY HELD FOR FUTURE USE IN SERVICE ARE SPECULATIVE. DO YOU HAVE A RESPONSE?

A. Yes. To begin with, I am not aware of a set time frame under which a utility's plan to place property held for future use into service must be implemented in order for the Commission to consider it for rate base treatment. However, in Professor Charles Phillips' treatise on the subject he provides a general guideline:

> The rule that most commissions follow in deciding whether to include or exclude such property is one based upon a time limitation; that is, if the property has an expected in-service date within a reasonable time period (*commonly two to ten years*), it is included in rate base. (emphasis added)

I have attached relevant portions of Professor Phillips' book as Exhibit JMR-RJ6.

Post Test Year Plant

Q. HOW DO YOU RESPOND TO MR. COLEY'S TESTIMONY ON PAGES 10 (LINES 18 – 23) AND 11 (LINES 1 – 5) REGARDING POST TEST YEAR PLANT?

A. Mr. Coley states that the matching principle is a fundamental principle of ratemaking, and he claims that making pro forma adjustments to test year plant balances would violate that principle. However, Mr. Coley doesn't explain why the types of pro forma adjustments to test year revenues and expenses that he agrees with, such as recognizing post-test year increases in the cost of

purchased power or property tax assessment ratios that do not go into effect until three years after the test year, do not violate the matching principle. Mr. Coley also states that "the absence of matching misrepresents the meaning and usefulness of operating income and rate base for measuring the fairness and reasonableness in setting rates."

Q. DO YOU KNOW WHAT MR. COLEY MEANS BY THIS LAST STATEMENT?

A. No, I do not. However, I do know what a fair and reasonable rate is.

Q. WHAT IS A FAIR AND REASONABLE RATE?

A. A fair and reasonable rate is one that allows the Company to recover no more, and no less, than its cost of providing service. The purpose of this proceeding is to set rates that are fair and reasonable during the period in which such rates will be in effect.

Q. HAS RUCO SHOWN THAT MAKING PRO FORMA ADJUSTMENTS TO TEST YEAR PLANT BALANCES WOULD RESULT IN A RATE THAT ALLOWS THE COMPANY TO RECOVER MORE THAN ITS COST OF PROVIDING SERVICE?

A. No.

Q. IS THE HIGHWAY 179 IMPROVEMENT PROJECT LOCATED IN THE SEDONA SYSTEM AND DISCUSSED ON PAGES 21 (LINES 21-28) AND 22 (LINES 1-3) OF YOUR REVENUE REQUIREMENT REBUTTAL TESTIMONY COMPLETE?

A. Yes. This project is complete and the pipeline is currently delivering water to the Company's Sedona customers. Exhibit JMR-RJ4 is a copy of the Company's supplemental responses to RUCO data request 1.31 and Staff data request All 3-22 indicating that this project is now complete.

B. Income Statement

Test Year Overtime Hours

Q. DO YOU HAVE ANY RESPONSE TO MR. RIGSGBY'S COMMENTS ON PAGE 5 (LINES 1 – 6) OF HIS SURREBUTTAL TESTIMONY REGARDING RUCO'S ADJUSTMENT TO TEST YEAR OVERTIME HOURS?

A. Yes. RUCO continues to propose an adjustment to reduce the Company's labor expense by assuming that the test year level of overtime hours is not representative of the level of overtime hours that will be incurred going forward. As I've stated previously, it is unreasonable to single out certain items for normalization while ignoring other areas of change that would have the opposite income effect. Increases in the cost of purchased power above and beyond what is reflected in the adjusted test year are expected to be in the range of $250,000. SRP's portion of this increase is expected to go into effect before new rates are approved by the Commission in this proceeding.

Further, RUCO focuses on test year overtime hours and doesn't address whether or not the overall level of adjusted test year payroll expense is representative of conditions expected to be in place during the period that new rates will be in effect. In 2008, the year after the test year, the Company's total payroll expense was $9,214,554. This amount is over $280,000 higher than the level of payroll expense proposed by the Company and recommended by Staff, and over $430,000 higher than the level of payroll expense RUCO proposes in this proceeding. RUCO has not shown that the level of payroll expense that is necessary to provide service is any lower than the adjusted test year amount, or the amount actually incurred in the subsequent year.

Q. DOES THIS CONCLUDE YOUR REVENUE REQUIREMENT REJOINDER TESTIMONY?

A. Yes.

Schedule
JMR-RJ1

ARIZONA WATER COMPANY
Test Year Ended December 31, 2007
Summary Results of Operations

Line No.	Description	Total Company [A] Actual 12/31/2008	[B] Pro Forma Company - As Filed 12/31/2008	[C] Pro Forma Company - Rebuttal 12/31/2008	[D] Pro Forma Staff - Direct 12/31/2008	[E] Pro Forma RUCO - Direct 12/31/2008
		2008 Results of Operations				
1						
2	Water Revenues [1]	$ 41,917,395	$ 56,300,024	$ 54,742,572	$ 50,516,788	$ 49,437,696
3	PPAM Revenue	20,528	-	-	-	-
4	ACRM Revenue	3,522,963	-	-	-	-
5	MAP Surcharge Revenue	(2,400)	(2,400)	(2,400)	(2,400)	(2,400)
6	Sales Taxes	4,171,395	5,166,024	5,023,108	4,635,338	4,536,318
7	Total Operating Revenue [2 + 3 + 4 + 5 + 6]	$ 49,629,881	$ 61,463,649	$ 59,763,280	$ 55,149,727	$ 53,971,614
8						
9						
10	Operating Expenses[2]	40,671,906	41,894,988	41,752,072	41,364,302	41,265,282
11	Income Taxes[3]	2,188,428	6,097,946	5,441,604	3,660,772	3,206,021
12	Operating Income [7 - 10 - 11]	$ 6,769,547	$ 13,470,715	$ 12,569,604	$ 10,124,652	$ 9,500,311
13						
14	Other Income and					
15	Deductions	772,488	772,488	772,488	772,488	772,488
16	Interest Expense[4]	4,598,464	6,303,946	6,303,946	6,303,946	6,303,946
17	Net Income [12 - 15 - 16]	$ 2,943,571	$ 7,939,257	$ 7,038,146	$ 4,593,194	$ 3,968,853
18						
19						
20						
21	Short-Term Debt	$ 7,300,000	$ 2,304,315	$ 3,205,425	$ 5,650,377	$ 4,625,095
22						
23	Long-Term Debt	75,000,000	75,000,000	75,000,000	75,000,000	75,000,000
24						
25	Common Equity	69,671,689	74,667,374	73,766,264	71,321,312	72,346,594
26						
27	Total Capital	$ 151,971,689	$ 151,971,689	$ 151,971,689	$ 151,971,689	$ 151,971,689
28						
29						
30						
31	Return on Average					
32	Invested Capital	4.59%	9.13%	8.52%	6.86%	6.44%
33						
34	Return on Year End					
35	Capital	4.45%	8.86%	8.27%	6.66%	6.25%
36						
37	Return on Average					
38	Common Equity	4.18%	10.90%	9.72%	6.45%	5.54%
39						
40	Return on Year End					
41	Common Equity	4.22%	10.63%	9.54%	6.44%	5.49%
42						
43						
44	Pre-Tax Interest Coverage [(12 + 11) ÷ 16]	1.95	3.10	2.86	2.19	2.02
45						
46						
47						

48 [1]Pro forma water revenues reflect reductions in usage from test year levels based
49 on actual reductions by residential, commercial, industrial, and construction customers.
50 % reductions in revenues are; Company: 4.26%, Staff: 4.65%, RUCO: 4.23%
51 [2]Adjusted to reflect increased sales tax & 5% increase in purchased power to reflect
52 pending APS & SRP rate increases.
53 [3]Pro Forma includes net effect of additional revenues and interest expense.
54 [4]Pro Forma includes $1,705,482 in additional interest expense
55 to reflect full year of debt service on Series M bonds.

Schedule
JMR-RJ2

ARIZONA WATER COMPANY
Test Year Ended Decemer 31, 2007
Docket No. W-01445A-08-0440
Summary of Disputed Staff Disputed Plant

Line No.	[A] System	[B] Description	[C] DWR Well No.	[D] Original Cost	[E] Accumulated Depreciation At 12/31/2007	[F] CIAC Amt	[G] NARUC Acct.	[H] Notes
1	Superstition	Ranch 160 Well #1	55-583450	$ 316,447	$ 60,109	n/a	314	Plant held for future use
2	Superstition	Ranch 160 Well #2	55-588620	$ 484,606	$ 79,500	$ 484,606	314	Plant held for future use
3	Superstition	Fence - Queen Creek Pump Station		$ 7,306	$ 2,255	n/a	321	Currently in use
4	Superstition	5 Pumps/Panel - Queen Creek Pump Station		$ 57,030	$ 80,620	n/a	325	Plant held for future use - was previsously in use
5				$ 865,389	$ 222,484	$ 484,606		
6								
7	Miami	Well #23	55-528263	$ 77,542	$ 34,813	n/a	314	Plant held for future use - was previsously in use
8	Miami	2 Booster Pumps(100 hp)/Panel - 'Bandy Heights Well #17		$ 201,695	$ 41,509	n/a	325	Currently in use
9				$ 279,237	$ 76,321	$ -		
10								
11	Casa Grande	Well #34	55-616588	$ 22,742	$ 22,923	n/a	314	Plant held for future use - was previsously in use
12	Casa Grande	Well #9	55-616594	$ 136,862	$ 173,397	n/a	314	Plant held for future use - was previsously in use
13	Casa Grande	Well #14	55-616598	$ 159,393	$ 135,923	n/a	314	Currently in use - Co. originally provided incorrect DWR No. 55-613443
14	Casa Grande	Inactive	55-616597	$ 248,844	$ 167,037	n/a	314	Plant held for future use - was previsously in use
15				$ 567,841	$ 499,279	$ -		
16								
17	Stanfield	6,000 Gallon Pressure Tank - Table Top Well #3		$ 2,500	$ 2,960	n/a	321	Plant held for future use - was previsously in use
18	Stanfield	Liquid Chlorinator & Building - Table Top Well #3		$ 35,041	$ 7,904	n/a	332	Plant held for future use - was previsously in use
19				$ 37,541	$ 10,863	$ -		
20								
21	White Tank	Fence - Mar West Well #5		$ 2,430	$ 1,757	n/a	314	Currently in use
22	White Tank	5,000 Gallon Pressure Tank - Mar West Well #5		$ 1,752	$ 1,257	n/a	321	Plant held for future use - was previsously in use
23	White Tank	2 Booster Pumps (20 hp & 10 hp)/Panels - Mar West Well #5		$ 33,352	$ 25,950	n/a	325	Plant held for future use - was previsously in use
24	White Tank	Hypochlorinator Cabinet - Well #8		$ 746	$ 130	n/a	331	Plant held for future use - was previsously in use
25	White Tank	Hypochlorinator Cabinet - Well #7 - Warehouse		$ 158	$ 154	n/a	331	Plant held for future use - was previsously in use
26				$ 38,438	$ 29,248	$ -		
27								
28	Coolidge	Well #1	55-616686	$ 16,588	$ 33,046	n/a	314	Plant held for future use - was previsously in use
29	Coolidge	Well #11	55-210293	$ 839,736	$ 13,142	$ 839,736	314	Plant held for future use
30				$ 856,324	$ 46,188	$ 839,736		
31								
32	Lakeside	Well #1	55-616581	$ 313,824	$ 207,265	n/a	314	Plant held for future use - was previsously in use
33				$ 313,824	$ 207,265	$ -		
34								
35	Sedona	Sedona Golf Resort Well	55-518969	$ 973,264	$ 441,132	n/a	314	Currently in use - Co. originally provided incorrect DWR No. 55-516201
36	Sedona	Well #6	55-616662	$ 103,222	$ 153,723	n/a	314	Currently in use
37	Sedona	8' x 12' Block Building - Sunup Well Site		$ 469	$ 310	n/a	314	Currently in use
38	Sedona	Fence - Sunup Well Site		$ 11,689	$ 5,601	n/a	314	Currently in use
39	Sedona	5 hp Pump/Panel - Sunup Well Site		$ 6,761	$ 2,889	n/a	325	Plant held for future use - was previsously in use
40				$ 1,095,405	$ 603,655	$ -		
41								
42	Pinewood	Electrical Panel (WA 1-4308 - Post Test Year) - Well No. 10		$ 40,553	$ 1,191	n/a	325	Placed in service on July 10, 2009
43				$ 40,553	$ 1,191	$ -		
44								
45	Totals			$ 4,094,552	$ 1,696,494	$1,324,342		

Schedule JMR-RJ3

ARIZONA WATER COMPANY
Test Year Ended December 31, 2007
Effect of Staff Proposed CIAC Amortization Rate

Line No.	Acct. No.	Description	Superstition [A] Test Year End Balance 12/31/2007	[B] Proposed Depreciation Rate	[C] Depreciation / Amortization Expense	Reduced Cash Flow Resulting from Staff CIAC Amortization Rate [D] Staff CIAC Rate	[E] Depr. / Cash Flow Effect
1							
2	301	Organization	$ -	0.00%	$ -		
3	302	Franchises	5,644	note_1	168		
4	303	Other Intangibles	4,630	note_1	231		
5	310.1	Water Rights	362,960	0.00%	-		
6	310.3	Other Source of Supply Land	63,190	0.00%	-		
7	310.4	Wells - Other	-	note_1	-		
8	314	Wells	5,102,614	3.13%	159,712		
9	320	Pumping Plant Land	14,187	0.00%	-		
10	321	Pumping Plant Structures & Improvements	156,041	2.86%	4,463		
11	325	Electtric Pumping Equipment	7,522,163	5.88%	442,303		
12	328	Gas Engine Equipment	-	4.00%	-		
13	330	Water Treatment Plant Land	-	0.00%	-		
14	331	Water Treatment Structures & Improvements	17,821	2.50%	446		
15	332	Water Treatment Equipment	6,867,404	2.86%	196,408		
16	340	Transmission and Distribution Land	185,773	0.00%	-		
17	342	Storage Tanks	4,453,851	2.00%	89,077		
18	343	Transmission & Distribution Mains	47,180,751	1.79%	844,535		
19	344	Fire Sprinkler Taps	570,481	2.00%	11,410		
20	345	Services	11,514,584	2.38%	274,047		
21	346	Meters	1,716,039	4.55%	78,080		
22	348	Hydrants	3,292,465	1.82%	59,923		
23	389	General Plant Land	47,015	0.00%	-		
24	390	General Plant Structures	726,045	2.50%	18,151		
25	390.1	Leasehold Improvements	811,840	note_2	23,132		
26	391	Office Furniture & Equipment	346,496	6.67%	23,111		
27	393	Warehouse Equipment	4,520	5.00%	226		
28	394	Tools, Shop & Garage Equipment	285,746	4.00%	11,430		
29	395	Laboratory Equipment	65,742	5.00%	3,287		
30	396	Power Operated Equipment	35,915	6.67%	2,396		
31	397	Communication Equipment	618,135	6.67%	41,230		
32	398	Miscellaneous Equipment	48,323	3.33%	1,609		
33		Subtotal	$ 92,020,375		$ 2,285,373		
34							
35	Plus:	Phoenix Office	1,533,686		100,295		
36		Meter Shop	36,370		1,311		
37		Post-Test Year Plant	-		-		
38		Net Regulatory Asset / (Liability)	-		-		
39		Subtotal	$ 1,570,056		$ 101,607		
40							
41	Less:	Contributions in Aid of Construction	$ 10,888,555	2.00%	$ 217,771	2.60%	$ 282,580
42							
43	Total Pro Forma Depreciation & Amortization Expense				$ 2,169,209		$ 2,104,400
44							
45	Reduction in Cash Flow as a Result of Adopting Staff's CIAC rate						$ (64,809)
46							
47							
48							
49							
50							
51							

52 note_1 Acct. 302 - Franchises amortized over 25 years. Acct. 303 - Other intangibles amortized over 15 & 20 Years.
53 Acct. 310.4 - Wells - Other amortized over 24 years. Accumulated Amortization booked to Acct. 111 - Amort. Of Ltd. Term Investments.
54 See supporting document \2007 Amortization of Intangibles.pdf\.
55 note_2 Acct. 390.1 - Leasehold Improvements amortized over the remaining life of the associated lease.

ARIZONA WATER COMPANY
Test Year Ended December 31, 2007
Effect of Staff Proposed CIAC Amortization Rate

Line No.	Acct. No.	Description	Bisbee [A] Test Year End Balance 12/31/2007	Bisbee [B] Proposed Depreciation Rate	Bisbee [C] Depreciation / Amortization Expense	Reduced Cash Flow Resulting from Staff CIAC Amortization Rate [D] Staff CIAC Rate	[E] Depr. / Cash Flow Effect
1							
2	301	Organization	$ -	0.00%	$ -		
3	302	Franchises	18,755	note_1	750		
4	303	Other Intangibles	24,121	note_1	1,206		
5	310.1	Water Rights	307,085	0.00%	-		
6	310.3	Other Source of Supply Land	4,033	0.00%	-		
7	310.4	Wells - Other	-	note_1	-		
8	314	Wells	538,724	3.13%	16,862		
9	320	Pumping Plant Land	7,054	0.00%	-		
10	321	Pumping Plant Structures & Improvements	33,537	2.86%	959		
11	325	Electtric Pumping Equipment	677,163	5.88%	39,817		
12	328	Gas Engine Equipment	171,885	4.00%	6,875		
13	330	Water Treatment Plant Land	-	0.00%	-		
14	331	Water Treatment Structures & Improvements	1,452	2.50%	36		
15	332	Water Treatment Equipment	44,949	2.86%	1,286		
16	340	Transmission and Distribution Land	5,044	0.00%	-		
17	342	Storage Tanks	369,280	2.00%	7,386		
18	343	Transmission & Distribution Mains	5,385,513	1.79%	96,401		
19	344	Fire Sprinkler Taps	51,566	2.00%	1,031		
20	345	Services	1,346,780	2.38%	32,053		
21	346	Meters	226,315	4.55%	10,297		
22	348	Hydrants	279,943	1.82%	5,095		
23	389	General Plant Land	2,384	0.00%	-		
24	390	General Plant Structures	16,438	2.50%	411		
25	390.1	Leasehold Improvements	8,234	note_2	175		
26	391	Office Furniture & Equipment	103,115	6.67%	6,878		
27	393	Warehouse Equipment	-	5.00%	-		
28	394	Tools, Shop & Garage Equipment	63,732	4.00%	2,549		
29	395	Laboratory Equipment	543	5.00%	27		
30	396	Power Operated Equipment	16,559	6.67%	1,104		
31	397	Communication Equipment	273,595	6.67%	18,249		
32	398	Miscellaneous Equipment	23,350	3.33%	778		
33		Subtotal	$ 10,001,150		$ 250,226		
34							
35	Plus:	Phoenix Office	306,245		20,027		
36		Meter Shop	7,262		262		
37		Post-Test Year Plant	-		-		
38		Net Regulatory Asset / (Liability)	-		-		
39		Subtotal	$ 313,508		$ 20,289		
40							
41	Less:	Contributions in Aid of Construction	$ 452,659	2.00%	$ 9,053	2.80%	$ 12,688
42							
43	Total Pro Forma Depreciation & Amortization Expense				$ 261,462		$ 257,827
44							
45	Reduction in Cash Flow as a Result of Adopting Staff's CIAC rate						$ (3,634)
46							
47							
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52 note_1 Acct. 302 - Franchises amortized over 25 years. Acct. 303 - Other intangibles amortized over 15 & 20 Years.
53 Acct. 310.4 - Wells - Other amortized over 24 years. Accumulated Amortization booked to Acct. 111 - Amort. Of Ltd. Term Investments.
54 See supporting document \2007 Amortization of Intangibles.pdf\.
55 note_2 Acct. 390.1 - Leasehold Improvements amortized over the remaining life of the associated lease.

ARIZONA WATER COMPANY
Test Year Ended December 31, 2007
Effect of Staff Proposed CIAC Amortization Rate

Line No.	Acct. No.	Description	Sierra Vista [A] Test Year End Balance 12/31/2007	[B] Proposed Depreciation Rate	[C] Depreciation / Amortization Expense	Reduced Cash Flow Resulting from Staff CIAC Amortization Rate [D] Staff CIAC Rate	[E] Depr. / Cash Flow Effect
1							
2	301	Organization	$ -	0.00%	$ -		
3	302	Franchises	-	note_1	-		
4	303	Other Intangibles	520	note_1	26		
5	310.1	Water Rights	27,536	0.00%	-		
6	310.3	Other Source of Supply Land	8,932	0.00%	-		
7	310.4	Wells - Other	-	note_1	-		
8	314	Wells	651,948	3.13%	20,406		
9	320	Pumping Plant Land	1,881	0.00%	-		
10	321	Pumping Plant Structures & Improvements	13,385	2.86%	383		
11	325	Electtric Pumping Equipment	687,455	5.88%	40,422		
12	328	Gas Engine Equipment	16,467	4.00%	659		
13	330	Water Treatment Plant Land	-	0.00%	-		
14	331	Water Treatment Structures & Improvements	14,812	2.50%	370		
15	332	Water Treatment Equipment	78,057	2.86%	2,232		
16	340	Transmission and Distribution Land	-	0.00%	-		
17	342	Storage Tanks	380,102	2.00%	7,602		
18	343	Transmission & Distribution Mains	3,090,123	1.79%	55,313		
19	344	Fire Sprinkler Taps	148,520	2.00%	2,970		
20	345	Services	1,158,606	2.38%	27,575		
21	346	Meters	216,066	4.55%	9,831		
22	348	Hydrants	354,634	1.82%	6,454		
23	389	General Plant Land	66	0.00%	-		
24	390	General Plant Structures	23,790	2.50%	595		
25	390.1	Leasehold Improvements	-	note_2	-		
26	391	Office Furniture & Equipment	73,017	6.67%	4,870		
27	393	Warehouse Equipment	-	5.00%	-		
28	394	Tools, Shop & Garage Equipment	27,670	4.00%	1,107		
29	395	Laboratory Equipment	1,978	5.00%	99		
30	396	Power Operated Equipment	17,203	6.67%	1,147		
31	397	Communication Equipment	231,004	6.67%	15,408		
32	398	Miscellaneous Equipment	$ 10,157	3.33%	338		
33		Subtotal	$ 7,233,925		$ 197,809		
34							
35	Plus:	Phoenix Office	158,657		10,375		
36		Meter Shop	3,762		136		
37		Post-Test Year Plant	-		-		
38		Net Regulatory Asset / (Liability)	-		-		
39		Subtotal	$ 162,420		$ 10,511		
40							
41	Less:	Contributions in Aid of Construction	$ 1,089,317	2.00%	$ 21,786	2.89%	$ 31,513
42							
43	Total Pro Forma Depreciation & Amortization Expense				$ 186,533		$ 176,807
44							
45	Reduction in Cash Flow as a Result of Adopting Staff's CIAC rate						$ (9,727)
46							
47							
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49							
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52 note_1 Acct. 302 - Franchises amortized over 25 years. Acct. 303 - Other intangibles amortized over 15 & 20 Years.
53 Acct. 310.4 - Wells - Other amortized over 24 years. Accumulated Amortization booked to Acct. 111 - Amort. Of Ltd. Term Investments.
54 See supporting document \2007 Amortization of Intangibles.pdf\.
55 note_2 Acct. 390.1 - Leasehold Improvements amortized over the remaining life of the associated lease.

ARIZONA WATER COMPANY
Test Year Ended December 31, 2007
Effect of Staff Proposed CIAC Amortization Rate

Line No.	Acct. No.	Description	San Manuel [A] Test Year End Balance 12/31/2007	[B] Proposed Depreciation Rate	[C] Depreciation / Amortization Expense	Reduced Cash Flow Resulting from Staff CIAC Amortization Rate [D] Staff CIAC Rate	[E] Depr. / Cash Flow Effect
1							
2	301	Organization	$ -	0.00%	$ -		
3	302	Franchises	-	note_1	-		
4	303	Other Intangibles	334	note_1	17		
5	310.1	Water Rights	169,941	0.00%	-		
6	310.3	Other Source of Supply Land	-	0.00%	-		
7	310.4	Wells - Other	-	note_1	-		
8	314	Wells	5,560	3.13%	174		
9	320	Pumping Plant Land	7,000	0.00%	-		
10	321	Pumping Plant Structures & Improvements	14,110	2.86%	404		
11	325	Electtric Pumping Equipment	354,976	5.88%	20,873		
12	328	Gas Engine Equipment	-	4.00%	-		
13	330	Water Treatment Plant Land	2,000	0.00%	-		
14	331	Water Treatment Structures & Improvements	42,578	2.50%	1,064		
15	332	Water Treatment Equipment	1,354,012	2.86%	38,725		
16	340	Transmission and Distribution Land	69,500	0.00%	-		
17	342	Storage Tanks	98,403	2.00%	1,968		
18	343	Transmission & Distribution Mains	1,025,317	1.79%	18,353		
19	344	Fire Sprinkler Taps	100	2.00%	2		
20	345	Services	329,052	2.38%	7,831		
21	346	Meters	124,886	4.55%	5,682		
22	348	Hydrants	65,596	1.82%	1,194		
23	389	General Plant Land	-	0.00%	-		
24	390	General Plant Structures	20,223	2.50%	506		
25	390.1	Leasehold Improvements	35,214	note_2	-		
26	391	Office Furniture & Equipment	101,677	6.67%	6,782		
27	393	Warehouse Equipment	1,128	5.00%	56		
28	394	Tools, Shop & Garage Equipment	70,877	4.00%	2,835		
29	395	Laboratory Equipment	2,618	5.00%	131		
30	396	Power Operated Equipment	2,695	6.67%	180		
31	397	Communication Equipment	101,693	6.67%	6,783		
32	398	Miscellaneous Equipment	17,222	3.33%	574		
33		Subtotal	$ 4,016,715		$ 114,133		
34							
35	Plus:	Phoenix Office	103,312		6,756		
36		Meter Shop	2,450		88		
37		Post-Test Year Plant	-		-		
38		Net Regulatory Asset / (Liability)	-		-		
39		Subtotal	$ 105,762		$ 6,844		
40							
41	Less:	Contributions in Aid of Construction	$ 742,146	2.00%	$ 14,843	3.38%	$ 25,091
42							
43	Total Pro Forma Depreciation & Amortization Expense				$ 106,134		$ 95,886
44							
45	Reduction in Cash Flow as a Result of Adopting Staff's CIAC rate						$ (10,248)
46							
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52 note_1 Acct. 302 - Franchises amortized over 25 years. Acct. 303 - Other intangibles amortized over 15 & 20 Years.
53 Acct. 310.4 - Wells - Other amortized over 24 years. Accumulated Amortization booked to Acct. 111 - Amort. Of Ltd. Term Investments.
54 See supporting document \2007 Amortization of Intangibles.pdf\.
55 note_2 Acct. 390.1 - Leasehold Improvements amortized over the remaining life of the associated lease.

ARIZONA WATER COMPANY
Test Year Ended December 31, 2007
Effect of Staff Proposed CIAC Amortization Rate

Line No.	Acct. No.	Description	Oracle [A] Test Year End Balance 12/31/2007	Oracle [B] Proposed Depreciation Rate	Oracle [C] Depreciation / Amortization Expense	Reduced Cash Flow Resulting from Staff CIAC Amortization Rate [D] Staff CIAC Rate	[E] Depr. / Cash Flow Effect
1							
2	301	Organization	$ -	0.00%	$ -		
3	302	Franchises	-	note_1	-		
4	303	Other Intangibles	418	note_1	21		
5	310.1	Water Rights	93,121	0.00%	-		
6	310.3	Other Source of Supply Land	24,693	0.00%	-		
7	310.4	Wells - Other	-	note_1	-		
8	314	Wells	882,293	3.13%	27,616		
9	320	Pumping Plant Land	2,742	0.00%	-		
10	321	Pumping Plant Structures & Improvements	72,185	2.86%	2,064		
11	325	Electtric Pumping Equipment	876,909	5.88%	51,562		
12	328	Gas Engine Equipment	-	4.00%	-		
13	330	Water Treatment Plant Land	-	0.00%	-		
14	331	Water Treatment Structures & Improvements	35,054	2.50%	876		
15	332	Water Treatment Equipment	69,020	2.86%	1,974		
16	340	Transmission and Distribution Land	19,680	0.00%	-		
17	342	Storage Tanks	306,126	2.00%	6,123		
18	343	Transmission & Distribution Mains	3,752,298	1.79%	67,166		
19	344	Fire Sprinkler Taps	-	2.00%	-		
20	345	Services	584,528	2.38%	13,912		
21	346	Meters	110,583	4.55%	5,032		
22	348	Hydrants	121,938	1.82%	2,219		
23	389	General Plant Land	-	0.00%	-		
24	390	General Plant Structures	29,332	2.50%	733		
25	390.1	Leasehold Improvements	-	note_2	-		
26	391	Office Furniture & Equipment	3,262	6.67%	218		
27	393	Warehouse Equipment	32	5.00%	2		
28	394	Tools, Shop & Garage Equipment	21,529	4.00%	861		
29	395	Laboratory Equipment	146	5.00%	7		
30	396	Power Operated Equipment	-	6.67%	-		
31	397	Communication Equipment	60,516	6.67%	4,036		
32	398	Miscellaneous Equipment	4,698	3.33%	156		
33		Subtotal	$ 7,071,105		$ 184,579		
34							
35	Plus:	Phoenix Office	140,209		9,169		
36		Meter Shop	3,325		120		
37		Post-Test Year Plant	-		-		
38		Net Regulatory Asset / (Liability)	-		-		
39		Subtotal	$ 143,534		$ 9,289		
40							
41	Less:	Contributions in Aid of Construction	$ 623,732	2.00%	$ 12,475	2.81%	$ 17,542
42							
43	Total Pro Forma Depreciation & Amortization Expense				$ 181,393		$ 176,326
44							
45	Reduction in Cash Flow as a Result of Adopting Staff's CIAC rate						$ (5,067)
46							
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51							

52 note_1 Acct. 302 - Franchises amortized over 25 years. Acct. 303 - Other intangibles amortized over 15 & 20 Years.
53 Acct. 310.4 - Wells - Other amortized over 24 years. Accumulated Amortization booked to Acct. 111 - Amort. Of Ltd. Term Investments.
54 See supporting document \2007 Amortization of Intangibles.pdf\.
55 note_2 Acct. 390.1 - Leasehold Improvements amortized over the remaining life of the associated lease.

ARIZONA WATER COMPANY
Test Year Ended December 31, 2007
Effect of Staff Proposed CIAC Amortization Rate

Line No.	Acct. No.	Description	Saddlebrook [A] Test Year End Balance 12/31/2007	[B] Proposed Depreciation Rate	[C] Depreciation / Amortization Expense	Reduced Cash Flow Resulting from Staff CIAC Amortization Rate [D] Staff CIAC Rate	[E] Depr. / Cash Flow Effect
1							
2	301	Organization	$ -	0.00%	$ -		
3	302	Franchises	-	note_1	-		
4	303	Other Intangibles	-	note_1	-		
5	310.1	Water Rights	-	0.00%	-		
6	310.3	Other Source of Supply Land	-	0.00%	-		
7	310.4	Wells - Other	-	note_1	-		
8	314	Wells	7,993	3.13%	250		
9	320	Pumping Plant Land	-	0.00%	-		
10	321	Pumping Plant Structures & Improvements	-	2.86%	-		
11	325	Electtric Pumping Equipment	-	5.88%	-		
12	328	Gas Engine Equipment	-	4.00%	-		
13	330	Water Treatment Plant Land	-	0.00%	-		
14	331	Water Treatment Structures & Improvements	-	2.50%	-		
15	332	Water Treatment Equipment	-	2.86%	-		
16	340	Transmission and Distribution Land	-	0.00%	-		
17	342	Storage Tanks	-	2.00%	-		
18	343	Transmission & Distribution Mains	-	1.79%	-		
19	344	Fire Sprinkler Taps	-	2.00%	-		
20	345	Services	604	2.38%	14		
21	346	Meters	45,033	4.55%	2,049		
22	348	Hydrants	-	1.82%	-		
23	389	General Plant Land	-	0.00%	-		
24	390	General Plant Structures	-	2.50%	-		
25	390.1	Leasehold Improvements	-	note_2	-		
26	391	Office Furniture & Equipment	-	6.67%	-		
27	393	Warehouse Equipment	-	5.00%	-		
28	394	Tools, Shop & Garage Equipment	-	4.00%	-		
29	395	Laboratory Equipment	-	5.00%	-		
30	396	Power Operated Equipment	-	6.67%	-		
31	397	Communication Equipment	-	6.67%	-		
32	398	Miscellaneous Equipment	-	3.33%	-		
33		Subtotal	$ 53,630		$ 2,314		
34							
35	Plus:	Phoenix Office	-		-		
36		Meter Shop	-		-		
37		Post-Test Year Plant	-		-		
38		Net Regulatory Asset / (Liability)	-		-		
39		Subtotal	$ -		$ -		
40							
41	Less:	Contributions in Aid of Construction	$ 2,269	2.00%	$ 45	2.00%	$ 45
42							
43	Total Pro Forma Depreciation & Amortization Expense				$ 2,268		$ 2,268
44							
45	Reduction in Cash Flow as a Result of Adopting Staff's CIAC rate						$ -
46							
47							
48							
49							
50							
51							

52 note_1 Acct. 302 - Franchises amortized over 25 years. Acct. 303 - Other intangibles amortized over 15 & 20 Years.
53 Acct. 310.4 - Wells - Other amortized over 24 years. Accumulated Amortization booked to Acct. 111 - Amort. Of Ltd. Term Investments.
54 See supporting document \2007 Amortization of Intangibles.pdf\.
55 note_2 Acct. 390.1 - Leasehold Improvements amortized over the remaining life of the associated lease.

ARIZONA WATER COMPANY
Test Year Ended December 31, 2007
Effect of Staff Proposed CIAC Amortization Rate

Line No.	Acct. No.	Description	Winkelman [A] Test Year End Balance 12/31/2007	[B] Proposed Depreciation Rate	[C] Depreciation / Amortization Expense	Reduced Cash Flow Resulting from Staff CIAC Amortization Rate [D] Staff CIAC Rate	[E] Depr. / Cash Flow Effect
1							
2	301	Organization	$ -	0.00%	$ -		
3	302	Franchises	2,072	note_1	-		
4	303	Other Intangibles	45	note_1	2		
5	310.1	Water Rights	2,514	0.00%	-		
6	310.3	Other Source of Supply Land	422	0.00%	-		
7	310.4	Wells - Other	-	note_1	-		
8	314	Wells	48,327	3.13%	1,513		
9	320	Pumping Plant Land	-	0.00%	-		
10	321	Pumping Plant Structures & Improvements	6,073	2.86%	174		
11	325	Electtric Pumping Equipment	157,859	5.88%	9,282		
12	328	Gas Engine Equipment	-	4.00%	-		
13	330	Water Treatment Plant Land	-	0.00%	-		
14	331	Water Treatment Structures & Improvements	3,906	2.50%	98		
15	332	Water Treatment Equipment	36,038	2.86%	1,031		
16	340	Transmission and Distribution Land	-	0.00%	-		
17	342	Storage Tanks	28,903	2.00%	578		
18	343	Transmission & Distribution Mains	117,110	1.79%	2,096		
19	344	Fire Sprinkler Taps	-	2.00%	-		
20	345	Services	69,426	2.38%	1,652		
21	346	Meters	24,019	4.55%	1,093		
22	348	Hydrants	26,410	1.82%	481		
23	389	General Plant Land	-	0.00%	-		
24	390	General Plant Structures	127	2.50%	3		
25	390.1	Leasehold Improvements	-	note_2	-		
26	391	Office Furniture & Equipment	-	6.67%	-		
27	393	Warehouse Equipment	-	5.00%	-		
28	394	Tools, Shop & Garage Equipment	2,122	4.00%	85		
29	395	Laboratory Equipment	-	5.00%	-		
30	396	Power Operated Equipment	-	6.67%	-		
31	397	Communication Equipment	14,482	6.67%	966		
32	398	Miscellaneous Equipment	465	3.33%	15		
33		Subtotal	$ 540,319		$ 19,069		
34							
35	Plus:	Phoenix Office	13,529		885		
36		Meter Shop	321		12		
37		Post-Test Year Plant	-		-		
38		Net Regulatory Asset / (Liability)	-		-		
39		Subtotal	$ 13,850		$ 896		
40							
41	Less:	Contributions in Aid of Construction	$ 1,835	2.00%	$ 37	3.71%	$ 68
42							
43	Total Pro Forma Depreciation & Amortization Expense				$ 19,928		$ 19,897
44							
45	Reduction in Cash Flow as a Result of Adopting Staff's CIAC rate						$ (31)
46							
47							
48							
49							
50							
51							

52 note_1 Acct. 302 - Franchises amortized over 25 years. Acct. 303 - Other intangibles amortized over 15 & 20 Years.
53 Acct. 310.4 - Wells - Other amortized over 24 years. Accumulated Amortization booked to Acct. 111 - Amort. Of Ltd. Term Investments.
54 See supporting document \2007 Amortization of Intangibles.pdf\.
55 note_2 Acct. 390.1 - Leasehold Improvements amortized over the remaining life of the associated lease.

ARIZONA WATER COMPANY
Test Year Ended December 31, 2007
Effect of Staff Proposed CIAC Amortization Rate

Line No.	Acct. No.	Description	Miami [A] Test Year End Balance 12/31/2007	[B] Proposed Depreciation Rate	[C] Depreciation / Amortization Expense	Reduced Cash Flow Resulting from Staff CIAC Amortization Rate [D] Staff CIAC Rate	[E] Depr. / Cash Flow Effect
1							
2	301	Organization	$ -	0.00%	$ -		
3	302	Franchises	1,225	note_1	-		
4	303	Other Intangibles	876	note_1	44		
5	310.1	Water Rights	372,478	0.00%	-		
6	310.3	Other Source of Supply Land	90,601	0.00%	-		
7	310.4	Wells - Other	1,526,600	note_1	63,608		
8	314	Wells	2,446,829	3.13%	76,586		
9	320	Pumping Plant Land	4,723	0.00%	-		
10	321	Pumping Plant Structures & Improvements	107,047	2.86%	3,062		
11	325	Electtric Pumping Equipment	1,534,460	5.88%	90,226		
12	328	Gas Engine Equipment	163	4.00%	7		
13	330	Water Treatment Plant Land	550	0.00%	-		
14	331	Water Treatment Structures & Improvements	21,056	2.50%	526		
15	332	Water Treatment Equipment	64,428	2.86%	1,843		
16	340	Transmission and Distribution Land	5,835	0.00%	-		
17	342	Storage Tanks	441,841	2.00%	8,837		
18	343	Transmission & Distribution Mains	3,470,039	1.79%	62,114		
19	344	Fire Sprinkler Taps	60,776	2.00%	1,216		
20	345	Services	906,504	2.38%	21,575		
21	346	Meters	240,710	4.55%	10,952		
22	348	Hydrants	155,474	1.82%	2,830		
23	389	General Plant Land	7,046	0.00%	-		
24	390	General Plant Structures	52,546	2.50%	1,314		
25	390.1	Leasehold Improvements	37,860	note_2	165		
26	391	Office Furniture & Equipment	94,558	6.67%	6,307		
27	393	Warehouse Equipment	5,584	5.00%	279		
28	394	Tools, Shop & Garage Equipment	120,920	4.00%	4,837		
29	395	Laboratory Equipment	5,014	5.00%	251		
30	396	Power Operated Equipment	7,476	6.67%	499		
31	397	Communication Equipment	175,133	6.67%	11,681		
32	398	Miscellaneous Equipment	30,099	3.33%	1,002		
33		Subtotal	$ 11,988,453		$ 369,758		
34							
35	Plus:	Phoenix Office	306,245		20,027		
36		Meter Shop	7,262		262		
37		Post-Test Year Plant	-		-		
38		Net Regulatory Asset / (Liability) (Sch. B-2 Appendix, p. 8)	(700,000)		(28,000)		
39		Subtotal	$ (386,492)		$ (7,711)		
40							
41	Less:	Contributions in Aid of Construction	$ 324,169	2.00%	$ 6,483	3.26%	$ 10,557
42							
43	Total Pro Forma Depreciation & Amortization Expense				$ 355,564		$ 351,490
44							
45	Reduction in Cash Flow as a Result of Adopting Staff's CIAC rate						$ (4,074)
46							
47	Total Reduction in Cash Flow as a Result of Adopting Staff's CIAC rate - Eastern Group						$ (97,590)
48							
49							
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51							
52	note_1	Acct. 302 - Franchises amortized over 25 years. Acct. 303 - Other intangibles amortized over 15 & 20 Years.					
53		Acct. 310.4 - Wells - Other amortized over 24 years. Accumulated Amortization booked to Acct. 111 - Amort. Of Ltd. Term Investments.					
54		See supporting document \2007 Amortization of Intangibles.pdf\.					
55	note_2	Acct. 390.1 - Leasehold Improvements amortized over the remaining life of the associated lease.					

ARIZONA WATER COMPANY
Test Year Ended December 31, 2007
Effect of Staff Proposed CIAC Amortization Rate

Line No.	Acct. No.	Description	Casa Grande [A] Test Year End Balance 12/31/2007	[B] Proposed Depreciation Rate	[C] Depreciation / Amortization Expense	Reduced Cash Flow Resulting from Staff CIAC Amortization Rate [D] Staff CIAC Rate	[E] Depr. / Cash Flow Effect
1							
2	301	Organization	$ -	0.00%	$ -		
3	302	Franchises	65,375	note_1	2,615		
4	303	Other Intangibles	1,908,030	note_1	98,268		
5	310.1	Water Rights	237,537	0.00%	-		
6	310.3	Other Source of Supply Land	205,884	0.00%	-		
7	310.4	Wells - Other	-	note_1	-		
8	314	Wells	5,758,437	3.13%	180,239		
9	320	Pumping Plant Land	6,013	0.00%	-		
10	321	Pumping Plant Structures & Improvements	135,662	2.86%	3,880		
11	325	Electtric Pumping Equipment	5,413,740	5.88%	318,328		
12	328	Gas Engine Equipment	-	4.00%	-		
13	330	Water Treatment Plant Land	680,718	0.00%	-		
14	331	Water Treatment Structures & Improvements	922,357	2.50%	23,059		
15	332	Water Treatment Equipment	5,030,878	2.86%	143,883		
16	340	Transmission and Distribution Land	64,886	0.00%	-		
17	342	Storage Tanks	2,212,049	2.00%	44,241		
18	343	Transmission & Distribution Mains	50,387,125	1.79%	901,930		
19	344	Fire Sprinkler Taps	1,652,993	2.00%	33,060		
20	345	Services	17,187,118	2.38%	409,053		
21	346	Meters	2,237,548	4.55%	101,808		
22	348	Hydrants	6,685,549	1.82%	121,677		
23	389	General Plant Land	8,772	0.00%	-		
24	390	General Plant Structures	434,065	2.50%	10,852		
25	390.1	Leasehold Improvements	-	note_2	-		
26	391	Office Furniture & Equipment	216,336	6.67%	14,430		
27	393	Warehouse Equipment	15,558	5.00%	778		
28	394	Tools, Shop & Garage Equipment	237,252	4.00%	9,490		
29	395	Laboratory Equipment	38,681	5.00%	1,934		
30	396	Power Operated Equipment	82,482	6.67%	5,502		
31	397	Communication Equipment	485,647	6.67%	32,393		
32	398	Miscellaneous Equipment	61,119	3.33%	2,035		
33		Subtotal	$ 102,371,813		$ 2,459,454		
34							
35	Plus:	Phoenix Office	1,632,693		106,770		
36		Meter Shop	38,718		1,396		
37		Post-Test Year Plant (Sch. B-2 Appendix, p. 1)	477,873		13,637		
38		Net Regulatory Asset / (Liability) (Sch. B-2 Appendix, pp. 8-9)	590,093		29,505		
39		Subtotal	$ 2,739,377		$ 151,307		
40							
41	Less:	Contributions in Aid of Construction	$ 14,050,085	2.00%	$ 281,002	2.44%	$ 342,808
42							
43	Total Pro Forma Depreciation & Amortization Expense				$ 2,329,760		$ 2,267,954
44							
45	Reduction in Cash Flow as a Result of Adopting Staff's CIAC rate						$ (61,806)
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52 note_1 Acct. 302 - Franchises amortized over 25 years. Acct. 303 - Other intangibles amortized over 15 & 20 Years.
53 Acct. 310.4 - Wells - Other amortized over 24 years. Accumulated Amortization booked to Acct. 111 - Amort. Of Ltd. Term Investments.
54 See supporting document \2007 Amortization of Intangibles.pdf\.
55 note_2 Acct. 390.1 - Leasehold Improvements amortized over the remaining life of the associated lease.

ARIZONA WATER COMPANY
Test Year Ended December 31, 2007
Effect of Staff Proposed CIAC Amortization Rate

Line No.	Acct. No.	Description	Stanfield [A] Test Year End Balance 12/31/2007	Stanfield [B] Proposed Depreciation Rate	Stanfield [C] Depreciation / Amortization Expense	Reduced Cash Flow Resulting from Staff CIAC Amortization Rate [D] Staff CIAC Rate	[E] Depr. / Cash Flow Effect
1							
2	301	Organization	$ -	0.00%	$ -		
3	302	Franchises	-	note_1	-		
4	303	Other Intangibles	1,198	note_1	92		
5	310.1	Water Rights	3,035	0.00%	-		
6	310.3	Other Source of Supply Land	10,593	0.00%	-		
7	310.4	Wells - Other	-	note_1	-		
8	314	Wells	159,281	3.13%	4,986		
9	320	Pumping Plant Land	200	0.00%	-		
10	321	Pumping Plant Structures & Improvements	2,713	2.86%	78		
11	325	Electtric Pumping Equipment	306,985	5.88%	18,051		
12	328	Gas Engine Equipment	-	4.00%	-		
13	330	Water Treatment Plant Land	-	0.00%	-		
14	331	Water Treatment Structures & Improvements	6,778	2.50%	169		
15	332	Water Treatment Equipment	11,082	2.86%	317		
16	340	Transmission and Distribution Land	-	0.00%	-		
17	342	Storage Tanks	41,125	2.00%	823		
18	343	Transmission & Distribution Mains	124,105	1.79%	2,221		
19	344	Fire Sprinkler Taps	268	2.00%	5		
20	345	Services	69,082	2.38%	1,644		
21	346	Meters	22,259	4.55%	1,013		
22	348	Hydrants	9,243	1.82%	168		
23	389	General Plant Land	-	0.00%	-		
24	390	General Plant Structures	1,312	2.50%	33		
25	390.1	Leasehold Improvements	-	note_2	-		
26	391	Office Furniture & Equipment	-	6.67%	-		
27	393	Warehouse Equipment	-	5.00%	-		
28	394	Tools, Shop & Garage Equipment	534	4.00%	21		
29	395	Laboratory Equipment	-	5.00%	-		
30	396	Power Operated Equipment	-	6.67%	-		
31	397	Communication Equipment	79,355	6.67%	5,293		
32	398	Miscellaneous Equipment	534	3.33%	18		
33		Subtotal	$ 849,682		$ 34,932		
34							
35	Plus:	Phoenix Office	16,604		1,086		
36		Meter Shop	394		14		
37		Post-Test Year Plant (Sch. B-2 Appendix, p. 2)	314,066		11,019		
38		Net Regulatory Asset / (Liability)	-		-		
39		Subtotal	$ 331,063		$ 12,119		
40							
41	Less:	Contributions in Aid of Construction	$ 49,164	2.00%	$ 983	4.08%	$ 2,004
42							
43	Total Pro Forma Depreciation & Amortization Expense				$ 46,067		$ 45,046
44							
45	Reduction in Cash Flow as a Result of Adopting Staff's CIAC rate						$ (1,021)
46							
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52 note_1 Acct. 302 - Franchises amortized over 25 years. Acct. 303 - Other intangibles amortized over 15 & 20 Years.
53 Acct. 310.4 - Wells - Other amortized over 24 years. Accumulated Amortization booked to Acct. 111 - Amort. Of Ltd. Term Investments.
54 See supporting document \2007 Amortization of Intangibles.pdf\.
55 note_2 Acct. 390.1 - Leasehold Improvements amortized over the remaining life of the associated lease.

ARIZONA WATER COMPANY
Test Year Ended December 31, 2007
Effect of Staff Proposed CIAC Amortization Rate

Line No.	Acct. No.	Description	White Tank [A] Test Year End Balance 12/31/2007	[B] Proposed Depreciation Rate	[C] Depreciation / Amortization Expense	Reduced Cash Flow Resulting from Staff CIAC Amortization Rate [D] Staff CIAC Rate	[E] Depr. / Cash Flow Effect
1							
2	301	Organization	$ -	0.00%	$ -		
3	302	Franchises	-	note_1	-		
4	303	Other Intangibles	10,363	note_1	783		
5	310.1	Water Rights	21,233	0.00%	-		
6	310.3	Other Source of Supply Land	28,521	0.00%	-		
7	310.4	Wells - Other	-	note_1	-		
8	314	Wells	560,811	3.13%	17,553		
9	320	Pumping Plant Land	-	0.00%	-		
10	321	Pumping Plant Structures & Improvements	19,632	2.86%	561		
11	325	Electtric Pumping Equipment	683,271	5.88%	40,176		
12	328	Gas Engine Equipment	-	4.00%	-		
13	330	Water Treatment Plant Land	-	0.00%	-		
14	331	Water Treatment Structures & Improvements	79	2.50%	2		
15	332	Water Treatment Equipment	19,441	2.86%	556		
16	340	Transmission and Distribution Land	35,990	0.00%	-		
17	342	Storage Tanks	478,301	2.00%	9,566		
18	343	Transmission & Distribution Mains	6,483,036	1.79%	116,046		
19	344	Fire Sprinkler Taps	36,138	2.00%	723		
20	345	Services	1,820,070	2.38%	43,318		
21	346	Meters	202,921	4.55%	9,233		
22	348	Hydrants	542,336	1.82%	9,871		
23	389	General Plant Land	-	0.00%	-		
24	390	General Plant Structures	26,699	2.50%	667		
25	390.1	Leasehold Improvements	-	note_2	-		
26	391	Office Furniture & Equipment	16,715	6.67%	1,115		
27	393	Warehouse Equipment	1,160	5.00%	58		
28	394	Tools, Shop & Garage Equipment	29,879	4.00%	1,195		
29	395	Laboratory Equipment	2,653	5.00%	133		
30	396	Power Operated Equipment	1,788	6.67%	119		
31	397	Communication Equipment	28,046	6.67%	1,871		
32	398	Miscellaneous Equipment	12,513	3.33%	417		
33		Subtotal	$ 11,061,594		$ 253,963		
34							
35	Plus:	Phoenix Office	145,743		9,531		
36		Meter Shop	3,456		125		
37		Post-Test Year Plant (Sch. B-2 Appendix, p. 3)	1,926,242		53,571		
38		Net Regulatory Asset / (Liability)	-		-		
39		Subtotal	$ 2,075,441		$ 63,227		
40							
41	Less:	Contributions in Aid of Construction	$ 1,134,727	2.00%	$ 22,695	2.42%	$ 27,429
42							
43	Total Pro Forma Depreciation & Amortization Expense				$ 294,495		$ 289,761
44							
45	Reduction in Cash Flow as a Result of Adopting Staff's CIAC rate						$ (4,734)
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52 note_1 Acct. 302 - Franchises amortized over 25 years. Acct. 303 - Other intangibles amortized over 15 & 20 Years.
53 Acct. 310.4 - Wells - Other amortized over 24 years. Accumulated Amortization booked to Acct. 111 - Amort. Of Ltd. Term Investments.
54 See supporting document \2007 Amortization of Intangibles.pdf\.
55 note_2 Acct. 390.1 - Leasehold Improvements amortized over the remaining life of the associated lease.

ARIZONA WATER COMPANY
Test Year Ended December 31, 2007
Effect of Staff Proposed CIAC Amortization Rate

Line No.	Acct. No.	Description	Ajo [A] Test Year End Balance 12/31/2007	Ajo [B] Proposed Depreciation Rate	Ajo [C] Depreciation / Amortization Expense	Reduced Cash Flow Resulting from Staff CIAC Amortization Rate [D] Staff CIAC Rate	[E] Depr. / Cash Flow Effect
1							
2	301	Organization	$ -	0.00%	$ -		
3	302	Franchises	-	note_1	-		
4	303	Other Intangibles	3,628	note_1	276		
5	310.1	Water Rights	8,675	0.00%	-		
6	310.3	Other Source of Supply Land	-	0.00%	-		
7	310.4	Wells - Other	-	note_1	-		
8	314	Wells	802	3.13%	25		
9	320	Pumping Plant Land	3,208	0.00%	-		
10	321	Pumping Plant Structures & Improvements	3,015	2.86%	86		
11	325	Electtric Pumping Equipment	83,008	5.88%	4,881		
12	328	Gas Engine Equipment	-	4.00%	-		
13	330	Water Treatment Plant Land	-	0.00%	-		
14	331	Water Treatment Structures & Improvements	-	2.50%	-		
15	332	Water Treatment Equipment	4,290	2.86%	123		
16	340	Transmission and Distribution Land	6,065	0.00%	-		
17	342	Storage Tanks	160,356	2.00%	3,207		
18	343	Transmission & Distribution Mains	1,319,711	1.79%	23,623		
19	344	Fire Sprinkler Taps	18,030	2.00%	361		
20	345	Services	280,887	2.38%	6,685		
21	346	Meters	51,181	4.55%	2,329		
22	348	Hydrants	80,099	1.82%	1,458		
23	389	General Plant Land	-	0.00%	-		
24	390	General Plant Structures	46,411	2.50%	1,160		
25	390.1	Leasehold Improvements	-	note_2	-		
26	391	Office Furniture & Equipment	10,034	6.67%	669		
27	393	Warehouse Equipment	193	5.00%	10		
28	394	Tools, Shop & Garage Equipment	8,618	4.00%	345		
29	395	Laboratory Equipment	34,889	5.00%	1,744		
30	396	Power Operated Equipment	3,234	6.67%	216		
31	397	Communication Equipment	29,119	6.67%	1,942		
32	398	Miscellaneous Equipment	768	3.33%	26		
33		Subtotal	$ 2,156,220		$ 49,165		
34							
35	Plus:	Phoenix Office	49,811		3,257		
36		Meter Shop	1,181		43		
37		Post-Test Year Plant	-		-		
38		Net Regulatory Asset / (Liability)	-		-		
39		Subtotal	$ 50,992		$ 3,300		
40							
41	Less:	Contributions in Aid of Construction	$ 65,554	2.00%	$ 1,311	2.37%	$ 1,554
42							
43	Total Pro Forma Depreciation & Amortization Expense				$ 51,154		$ 50,911
44							
45	Reduction in Cash Flow as a Result of Adopting Staff's CIAC rate						$ (243)
46							
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52 note_1 Acct. 302 - Franchises amortized over 25 years. Acct. 303 - Other intangibles amortized over 15 & 20 Years.
53 Acct. 310.4 - Wells - Other amortized over 24 years. Accumulated Amortization booked to Acct. 111 - Amort. Of Ltd. Term Investments.
54 See supporting document \2007 Amortization of Intangibles.pdf\.
55 note_2 Acct. 390.1 - Leasehold Improvements amortized over the remaining life of the associated lease.

ARIZONA WATER COMPANY
Test Year Ended December 31, 2007
Effect of Staff Proposed CIAC Amortization Rate

Line No.	Acct. No.	Description	Coolidge [A] Test Year End Balance 12/31/2007	Coolidge [B] Proposed Depreciation Rate	Coolidge [C] Depreciation / Amortization Expense	Reduced Cash Flow Resulting from Staff CIAC Amortization Rate [D] Staff CIAC Rate	[E] Depr. / Cash Flow Effect
1							
2	301	Organization	$ -	0.00%	$ -		
3	302	Franchises	17,594	note_1	704		
4	303	Other Intangibles	23,935	note_1	1,654		
5	310.1	Water Rights	47,272	0.00%	-		
6	310.3	Other Source of Supply Land	2,927	0.00%	-		
7	310.4	Wells - Other	-	note_1	-		
8	314	Wells	2,048,774	3.13%	64,127		
9	320	Pumping Plant Land	25,685	0.00%	-		
10	321	Pumping Plant Structures & Improvements	14,241	2.86%	407		
11	325	Electtric Pumping Equipment	1,338,188	5.88%	78,685		
12	328	Gas Engine Equipment	20,026	4.00%	801		
13	330	Water Treatment Plant Land	-	0.00%	-		
14	331	Water Treatment Structures & Improvements	166,564	2.50%	4,164		
15	332	Water Treatment Equipment	116,134	2.86%	3,321		
16	340	Transmission and Distribution Land	-	0.00%	-		
17	342	Storage Tanks	290,293	2.00%	5,806		
18	343	Transmission & Distribution Mains	7,474,236	1.79%	133,789		
19	344	Fire Sprinkler Taps	109,774	2.00%	2,195		
20	345	Services	2,584,542	2.38%	61,512		
21	346	Meters	508,592	4.55%	23,141		
22	348	Hydrants	906,830	1.82%	16,504		
23	389	General Plant Land	-	0.00%	-		
24	390	General Plant Structures	37,664	2.50%	942		
25	390.1	Leasehold Improvements	51,930	note_2	670		
26	391	Office Furniture & Equipment	99,871	6.67%	6,661		
27	393	Warehouse Equipment	6,631	5.00%	332		
28	394	Tools, Shop & Garage Equipment	75,369	4.00%	3,015		
29	395	Laboratory Equipment	12,024	5.00%	601		
30	396	Power Operated Equipment	15,016	6.67%	1,002		
31	397	Communication Equipment	60,144	6.67%	4,012		
32	398	Miscellaneous Equipment	9,178	3.33%	306		
33		Subtotal	$ 16,063,434		$ 414,351		
34							
35	Plus:	Phoenix Office	324,079		21,193		
36		Meter Shop	7,685		277		
37		Post-Test Year Plant (Sch. B-2 Appendix, p. 4)	664,941		21,129		
38		Net Regulatory Asset / (Liability)	-		-		
39		Subtotal	$ 996,705		$ 42,599		
40							
41	Less:	Contributions in Aid of Construction	$ 1,544,697	2.00%	$ 30,894	2.73%	$ 42,196
42							
43	Total Pro Forma Depreciation & Amortization Expense				$ 426,056		$ 414,753
44							
45	Reduction in Cash Flow as a Result of Adopting Staff's CIAC rate						$ (11,303)
46							
47	Total Reduction in Cash Flow as a Result of Adopting Staff's CIAC rate - Western Group						$ (79,107)
48							
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52 note_1 Acct. 302 - Franchises amortized over 25 years. Acct. 303 - Other intangibles amortized over 15 & 20 Years.
53 Acct. 310.4 - Wells - Other amortized over 24 years. Accumulated Amortization booked to Acct. 111 - Amort. Of Ltd. Term Investments.
54 See supporting document \2007 Amortization of Intangibles.pdf\.
55 note_2 Acct. 390.1 - Leasehold Improvements amortized over the remaining life of the associated lease.

ARIZONA WATER COMPANY
Test Year Ended December 31, 2007
Effect of Staff Proposed CIAC Amortization Rate

Line No.	Acct. No.	Description	Lakeside [A] Test Year End Balance 12/31/2007	[B] Proposed Depreciation Rate	[C] Depreciation / Amortization Expense	Reduced Cash Flow Resulting from Staff CIAC Amortization Rate [D] Staff CIAC Rate	[E] Depr. / Cash Flow Effect
1							
2	301	Organization	$ -	0.00%	$ -		
3	302	Franchises	-	note_1	-		
4	303	Other Intangibles	1,200	note_1	60		
5	310.1	Water Rights	220,859	0.00%	-		
6	310.3	Other Source of Supply Land	14,333	0.00%	-		
7	310.4	Wells - Other	-	note_1	-		
8	314	Wells	1,495,561	3.13%	46,811		
9	320	Pumping Plant Land	7,953	0.00%	-		
10	321	Pumping Plant Structures & Improvements	110,147	2.86%	3,150		
11	325	Electtric Pumping Equipment	2,066,418	5.88%	121,505		
12	328	Gas Engine Equipment	-	4.00%	-		
13	330	Water Treatment Plant Land	-	0.00%	-		
14	331	Water Treatment Structures & Improvements	397	2.50%	10		
15	332	Water Treatment Equipment	71,820	2.86%	2,054		
16	340	Transmission and Distribution Land	23,558	0.00%	-		
17	342	Storage Tanks	673,013	2.00%	13,460		
18	343	Transmission & Distribution Mains	6,911,576	1.79%	123,717		
19	344	Fire Sprinkler Taps	79,166	2.00%	1,583		
20	345	Services	2,528,006	2.38%	60,167		
21	346	Meters	325,313	4.55%	14,802		
22	348	Hydrants	610,863	1.82%	11,118		
23	389	General Plant Land	1,995	0.00%	-		
24	390	General Plant Structures	98,486	2.50%	2,462		
25	390.1	Leasehold Improvements	54,546	note_2	3,093		
26	391	Office Furniture & Equipment	132,177	6.67%	8,816		
27	393	Warehouse Equipment	3,512	5.00%	176		
28	394	Tools, Shop & Garage Equipment	57,694	4.00%	2,308		
29	395	Laboratory Equipment	394	5.00%	20		
30	396	Power Operated Equipment	4,818	6.67%	321		
31	397	Communication Equipment	136,066	6.67%	9,076		
32	398	Miscellaneous Equipment	24,437	3.33%	814		
33		Subtotal	$ 15,654,309		$ 425,523		
34							
35	Plus:	Phoenix Office	381,269		24,933		
36		Meter Shop	9,042		326		
37		Post-Test Year Plant	-		-		
38		Net Regulatory Asset / (Liability)	-		-		
39		Subtotal	$ 390,311		$ 25,259		
40							
41	Less:	Contributions in Aid of Construction	$ 1,691,940	2.00%	$ 33,839	3.09%	$ 52,247
42							
43	Total Pro Forma Depreciation & Amortization Expense				$ 416,943		$ 398,535
44							
45	Reduction in Cash Flow as a Result of Adopting Staff's CIAC rate						$ (18,408)
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52 note_1 Acct. 302 - Franchises amortized over 25 years. Acct. 303 - Other intangibles amortized over 15 & 20 Years.
53 Acct. 310.4 - Wells - Other amortized over 24 years. Accumulated Amortization booked to Acct. 111 - Amort. Of Ltd. Term Investments.
54 See supporting document \2007 Amortization of Intangibles.pdf\.
55 note_2 Acct. 390.1 - Leasehold Improvements amortized over the remaining life of the associated lease.

ARIZONA WATER COMPANY
Test Year Ended December 31, 2007
Effect of Staff Proposed CIAC Amortization Rate

Line No.	Acct. No.	Description	Overgaard [A] Test Year End Balance 12/31/2007	Overgaard [B] Proposed Depreciation Rate	Overgaard [C] Depreciation / Amortization Expense	Reduced Cash Flow Resulting from Staff CIAC Amortization Rate [D] Staff CIAC Rate	Reduced Cash Flow Resulting from Staff CIAC Amortization Rate [E] Depr. / Cash Flow Effect
1							
2	301	Organization	$ -	0.00%	$ -		
3	302	Franchises	-	note_1	-		
4	303	Other Intangibles	746	note_1	37		
5	310.1	Water Rights	116,245	0.00%	-		
6	310.3	Other Source of Supply Land	15,823	0.00%	-		
7	310.4	Wells - Other	-	note_1	-		
8	314	Wells	577,081	3.13%	18,063		
9	320	Pumping Plant Land	600	0.00%	-		
10	321	Pumping Plant Structures & Improvements	36,187	2.86%	1,035		
11	325	Electtric Pumping Equipment	551,633	5.88%	32,436		
12	328	Gas Engine Equipment	-	4.00%	-		
13	330	Water Treatment Plant Land	-	0.00%	-		
14	331	Water Treatment Structures & Improvements	166	2.50%	4		
15	332	Water Treatment Equipment	58,743	2.86%	1,680		
16	340	Transmission and Distribution Land	29,568	0.00%	-		
17	342	Storage Tanks	665,214	2.00%	13,304		
18	343	Transmission & Distribution Mains	5,538,472	1.79%	99,139		
19	344	Fire Sprinkler Taps	38,262	2.00%	765		
20	345	Services	1,691,014	2.38%	40,246		
21	346	Meters	225,602	4.55%	10,265		
22	348	Hydrants	630,571	1.82%	11,476		
23	389	General Plant Land	-	0.00%	-		
24	390	General Plant Structures	221,543	2.50%	5,539		
25	390.1	Leasehold Improvements	-	note_2	-		
26	391	Office Furniture & Equipment	84,234	6.67%	5,618		
27	393	Warehouse Equipment	-	5.00%	-		
28	394	Tools, Shop & Garage Equipment	49,027	4.00%	1,961		
29	395	Laboratory Equipment	389	5.00%	19		
30	396	Power Operated Equipment	3,752	6.67%	250		
31	397	Communication Equipment	107,298	6.67%	7,157		
32	398	Miscellaneous Equipment	12,052	3.33%	401		
33		Subtotal	$ 10,654,222		$ 249,397		
34							
35	Plus:	Phoenix Office	245,365		16,046		
36		Meter Shop	5,819		210		
37		Post-Test Year Plant	-		-		
38		Net Regulatory Asset / (Liability)	-		-		
39		Subtotal	$ 251,184		$ 16,255		
40							
41	Less:	Contributions in Aid of Construction	$ 2,543,592	2.00%	$ 50,872	2.47%	$ 62,890
42							
43	Total Pro Forma Depreciation & Amortization Expense				$ 214,780		$ 202,762
44							
45	Reduction in Cash Flow as a Result of Adopting Staff's CIAC rate						$ (12,018)
46							
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51							

52 note_1 Acct. 302 - Franchises amortized over 25 years. Acct. 303 - Other intangibles amortized over 15 & 20 Years.
53 Acct. 310.4 - Wells - Other amortized over 24 years. Accumulated Amortization booked to Acct. 111 - Amort. Of Ltd. Term Investments.
54 See supporting document \2007 Amortization of Intangibles.pdf\.
55 note_2 Acct. 390.1 - Leasehold Improvements amortized over the remaining life of the associated lease.

ARIZONA WATER COMPANY
Test Year Ended December 31, 2007
Effect of Staff Proposed CIAC Amortization Rate

Line No.	Acct. No.	Description	Sedona [A] Test Year End Balance 12/31/2007	[B] Proposed Depreciation Rate	[C] Depreciation / Amortization Expense	[D] Staff CIAC Rate	[E] Depr. / Cash Flow Effect
1							
2	301	Organization	$ -	0.00%	$ -		
3	302	Franchises	935	note_1	37		
4	303	Other Intangibles	1,579	note_1	79		
5	310.1	Water Rights	86,669	0.00%	-		
6	310.3	Other Source of Supply Land	161,839	0.00%	-		
7	310.4	Wells - Other	-	note_1	-		
8	314	Wells	5,255,090	3.13%	164,484		
9	320	Pumping Plant Land	3,805	0.00%	-		
10	321	Pumping Plant Structures & Improvements	70,727	2.86%	2,023		
11	325	Electtric Pumping Equipment	2,191,643	5.88%	128,869		
12	328	Gas Engine Equipment	223	4.00%	9		
13	330	Water Treatment Plant Land	-	0.00%	-		
14	331	Water Treatment Structures & Improvements	167,702	2.50%	4,193		
15	332	Water Treatment Equipment	621,883	2.86%	17,786		
16	340	Transmission and Distribution Land	112,947	0.00%	-		
17	342	Storage Tanks	1,272,723	2.00%	25,454		
18	343	Transmission & Distribution Mains	14,565,516	1.79%	260,723		
19	344	Fire Sprinkler Taps	620,948	2.00%	12,419		
20	345	Services	2,864,133	2.38%	68,166		
21	346	Meters	563,966	4.55%	25,660		
22	348	Hydrants	1,456,462	1.82%	26,508		
23	389	General Plant Land	-	0.00%	-		
24	390	General Plant Structures	132,291	2.50%	3,307		
25	390.1	Leasehold Improvements	49,955	note_2	1,696		
26	391	Office Furniture & Equipment	137,068	6.67%	9,142		
27	393	Warehouse Equipment	25,774	5.00%	1,289		
28	394	Tools, Shop & Garage Equipment	81,857	4.00%	3,274		
29	395	Laboratory Equipment	11,529	5.00%	576		
30	396	Power Operated Equipment	19,847	6.67%	1,324		
31	397	Communication Equipment	147,261	6.67%	9,822		
32	398	Miscellaneous Equipment	30,129	3.33%	1,003		
33		Subtotal	$ 30,654,499		$ 767,844		
34							
35	Plus:	Phoenix Office	519,633		33,981		
36		Meter Shop	12,323		444		
37		Post-Test Year Plant (Sch. B-2 Appendix, p. 5)	3,138,161		56,694		
38		Net Regulatory Asset / (Liability)	-		-		
39		Subtotal	$ 3,670,117		$ 91,119		
40							
41	Less:	Contributions in Aid of Construction	$ 6,396,542	2.00%	$ 127,931	2.59%	$ 165,907
42							
43	Total Pro Forma Depreciation & Amortization Expense				$ 731,033		$ 693,057
44							
45	Reduction in Cash Flow as a Result of Adopting Staff's CIAC rate						$ (37,976)
46							
47							
48							
49							
50							
51							

52 note_1 Acct. 302 - Franchises amortized over 25 years. Acct. 303 - Other intangibles amortized over 15 & 20 Years.
53 Acct. 310.4 - Wells - Other amortized over 24 years. Accumulated Amortization booked to Acct. 111 - Amort. Of Ltd. Term Investments.
54 See supporting document \2007 Amortization of Intangibles.pdf\.
55 note_2 Acct. 390.1 - Leasehold Improvements amortized over the remaining life of the associated lease.

ARIZONA WATER COMPANY
Test Year Ended December 31, 2007
Effect of Staff Proposed CIAC Amortization Rate

Line No.	Acct. No.	Description	Pinewood [A] Test Year End Balance 12/31/2007	[B] Proposed Depreciation Rate	[C] Depreciation / Amortization Expense	Reduced Cash Flow Resulting from Staff CIAC Amortization Rate [D] Staff CIAC Rate	[E] Depr. / Cash Flow Effect
1							
2	301	Organization	$ -	0.00%	$ -		
3	302	Franchises	-	note_1	-		
4	303	Other Intangibles	593	note_1	30		
5	310.1	Water Rights	30,517	0.00%	-		
6	310.3	Other Source of Supply Land	69,340	0.00%	-		
7	310.4	Wells - Other	-	note_1	-		
8	314	Wells	1,046,728	3.13%	32,763		
9	320	Pumping Plant Land	95	0.00%	-		
10	321	Pumping Plant Structures & Improvements	39,970	2.86%	1,143		
11	325	Electtric Pumping Equipment	391,074	5.88%	22,995		
12	328	Gas Engine Equipment	-	4.00%	-		
13	330	Water Treatment Plant Land	-	0.00%	-		
14	331	Water Treatment Structures & Improvements	7,676	2.50%	192		
15	332	Water Treatment Equipment	25,178	2.86%	720		
16	340	Transmission and Distribution Land	18,146	0.00%	-		
17	342	Storage Tanks	333,128	2.00%	6,663		
18	343	Transmission & Distribution Mains	2,112,384	1.79%	37,812		
19	344	Fire Sprinkler Taps	16,323	2.00%	326		
20	345	Services	802,415	2.38%	19,097		
21	346	Meters	152,356	4.55%	6,932		
22	348	Hydrants	128,531	1.82%	2,339		
23	389	General Plant Land	2,858	0.00%	-		
24	390	General Plant Structures	13,590	2.50%	340		
25	390.1	Leasehold Improvements	-	note_2	-		
26	391	Office Furniture & Equipment	828	6.67%	55		
27	393	Warehouse Equipment	992	5.00%	50		
28	394	Tools, Shop & Garage Equipment	14,066	4.00%	563		
29	395	Laboratory Equipment	-	5.00%	-		
30	396	Power Operated Equipment	4,473	6.67%	298		
31	397	Communication Equipment	17,441	6.67%	1,163		
32	398	Miscellaneous Equipment	-	3.33%	-		
33		Subtotal	$ 5,228,703		$ 133,481		
34							
35	Plus:	Phoenix Office	181,410		11,863		
36		Meter Shop	4,302		155		
37		Post-Test Year Plant (Sch. B-2 Appendix, p. 6)	40,553		2,381		
38		Net Regulatory Asset / (Liability)	-		-		
39		Subtotal	$ 226,265		$ 14,400		
40							
41	Less:	Contributions in Aid of Construction	$ 783,751	2.00%	$ 15,675	3.03%	$ 23,723
42							
43	Total Pro Forma Depreciation & Amortization Expense				$ 132,206		$ 124,158
44							
45	Reduction in Cash Flow as a Result of Adopting Staff's CIAC rate						$ (8,048)
46							
47							
48							
49							
50							
51							

52 note_1 Acct. 302 - Franchises amortized over 25 years. Acct. 303 - Other intangibles amortized over 15 & 20 Years.
53 Acct. 310.4 - Wells - Other amortized over 24 years. Accumulated Amortization booked to Acct. 111 - Amort. Of Ltd. Term Investments.
54 See supporting document \2007 Amortization of Intangibles.pdf\.
55 note_2 Acct. 390.1 - Leasehold Improvements amortized over the remaining life of the associated lease.

ARIZONA WATER COMPANY
Test Year Ended December 31, 2007
Effect of Staff Proposed CIAC Amortization Rate

Line No.	Acct. No.	Description	Rimrock [A] Test Year End Balance 12/31/2007	[B] Proposed Depreciation Rate	[C] Depreciation / Amortization Expense	Reduced Cash Flow Resulting from Staff CIAC Amortization Rate [D] Staff CIAC Rate	[E] Depr. / Cash Flow Effect
1							
2	301	Organization	$ -	0.00%	$ -		
3	302	Franchises	-	note_1	-		
4	303	Other Intangibles	266	note_1	13		
5	310.1	Water Rights	14,202	0.00%	-		
6	310.3	Other Source of Supply Land	13,010	0.00%	-		
7	310.4	Wells - Other	-	note_1	-		
8	314	Wells	570,245	3.13%	17,849		
9	320	Pumping Plant Land	1,644	0.00%	-		
10	321	Pumping Plant Structures & Improvements	4,633	2.86%	133		
11	325	Electtric Pumping Equipment	413,467	5.88%	24,312		
12	328	Gas Engine Equipment	-	4.00%	-		
13	330	Water Treatment Plant Land	-	0.00%	-		
14	331	Water Treatment Structures & Improvements	36,630	2.50%	916		
15	332	Water Treatment Equipment	336,108	2.86%	9,613		
16	340	Transmission and Distribution Land	3,431	0.00%	-		
17	342	Storage Tanks	206,750	2.00%	4,135		
18	343	Transmission & Distribution Mains	2,296,530	1.79%	41,108		
19	344	Fire Sprinkler Taps	31,516	2.00%	630		
20	345	Services	694,652	2.38%	16,533		
21	346	Meters	71,768	4.55%	3,265		
22	348	Hydrants	51,223	1.82%	932		
23	389	General Plant Land	-	0.00%	-		
24	390	General Plant Structures	47,290	2.50%	1,182		
25	390.1	Leasehold Improvements	-	note_2	-		
26	391	Office Furniture & Equipment	410	6.67%	27		
27	393	Warehouse Equipment	748	5.00%	37		
28	394	Tools, Shop & Garage Equipment	11,187	4.00%	447		
29	395	Laboratory Equipment	238	5.00%	12		
30	396	Power Operated Equipment	8,880	6.67%	592		
31	397	Communication Equipment	34,206	6.67%	2,282		
32	398	Miscellaneous Equipment	622	3.33%	21		
33		Subtotal	$ 4,849,656		$ 124,039		
34							
35	Plus:	Phoenix Office	91,013		5,952		
36		Meter Shop	2,158		78		
37		Post-Test Year Plant	-		-		
38		Net Regulatory Asset / (Liability)	-		-		
39		Subtotal	$ 93,171		$ 6,030		
40							
41	Less:	Contributions in Aid of Construction	$ 260,411	2.00%	$ 5,208	2.64%	$ 6,863
42							
43	Total Pro Forma Depreciation & Amortization Expense				$ 124,861		$ 123,206
44							
45	Reduction in Cash Flow as a Result of Adopting Staff's CIAC rate						$ (1,655)
46							
47	Total Reduction in Cash Flow as a Result of Adopting Staff's CIAC rate - Northern Group						$ (78,105)
48							
49	Total Reduction in Cash Flow as a Result of Adopting Staff's CIAC rate - Total Company						$ (254,802)
50							
51							

52 note_1 Acct. 302 - Franchises amortized over 25 years. Acct. 303 - Other intangibles amortized over 15 & 20 Years.
53 Acct. 310.4 - Wells - Other amortized over 24 years. Accumulated Amortization booked to Acct. 111 - Amort. Of Ltd. Term Investments.
54 See supporting document \2007 Amortization of Intangibles.pdf\.
55 note_2 Acct. 390.1 - Leasehold Improvements amortized over the remaining life of the associated lease.

Schedule
JMR-RJ4

ARIZONA WATER COMPANY
Test Year Ended December 31, 2007
Calculation of Correct CIAC Amortization Rate

CALCULATION OF THEORETICALLY CORRECT CIAC AMORTIZATION RATE

Line No.			Superstition Plant Balance	Superstition Deprec. Rate	Superstition Depr. Expense	Bisbee Plant Balance	Bisbee Deprec. Rate	Bisbee Depr. Expense	Sierra Vista Plant Balance	Sierra Vista Deprec. Rate	Sierra Vista Depr. Expense	San Manuel Plant Balance	San Manuel Deprec. Rate	San Manuel Depr. Expense
4	343	T & D Mains	$ 47,180,751	1.79%	$ 844,535	$ 5,385,513	1.79%	$ 96,401	$ 3,090,123	1.79%	$ 55,313	$ 1,025,317	1.79%	$ 18,353
5	344	Fire Sprinkler Taps	570,481	2.00%	11,410	51,566	2.00%	1,031	148,520	2.00%	2,970	100	2.00%	2
6	345	Services	11,514,584	2.38%	274,047	1,346,780	2.38%	32,053	1,158,606	2.38%	27,575	329,052	2.38%	7,831
7	346	Meters	1,716,039	4.55%	78,080	226,315	4.55%	10,297	216,066	4.55%	9,831	124,886	4.55%	5,682
8	348	Hydrants	3,292,465	1.82%	59,923	279,943	1.82%	5,095	354,634	1.82%	6,454	65,596	1.82%	1,194
10		Totals	$ 64,274,320		$ 1,267,995	$ 7,290,117		$ 144,878	$ 4,967,949		$ 102,144	$ 1,544,952		$ 33,063
12		CIAC Amortization Rate			2.00%			2.00%			2.00%			2.00%

Line No.			Oracle Plant Balance	Oracle Deprec. Rate	Oracle Depr. Expense	Winkelman Plant Balance	Winkelman Deprec. Rate	Winkelman Depr. Expense	Miami Plant Balance	Miami Deprec. Rate	Miami Depr. Expense	Casa Grande Plant Balance	Casa Grande Deprec. Rate	Casa Grande Depr. Expense
19	343	T & D Mains	$ 3,752,298	1.79%	$ 67,166	$ 117,110	1.79%	$ 2,096	$ 3,470,039	1.79%	$ 62,114	$ 50,387,125	1.79%	$ 901,930
20	344	Fire Sprinkler Taps	-	2.00%	-	-	2.00%	-	60,776	2.00%	1,216	1,652,993	2.00%	33,060
21	345	Services	584,528	2.38%	13,912	69,426	2.38%	1,652	906,504	2.38%	21,575	17,187,118	2.38%	409,053
22	346	Meters	110,583	4.55%	5,032	24,019	4.55%	1,093	240,710	4.55%	10,952	2,237,548	4.55%	101,808
23	348	Hydrants	121,938	1.82%	2,219	26,410	1.82%	481	155,474	1.82%	2,830	6,685,549	1.82%	121,677
25		Totals	$ 4,569,348		$ 88,329	$ 236,965		$ 5,322	$ 4,833,503		$ 98,686	$ 78,150,333		$ 1,567,528
27		CIAC Amortization Rate			2.00%			2.00%			2.00%			2.00%

Line No.			Stanfield Plant Balance	Stanfield Deprec. Rate	Stanfield Depr. Expense	White Tank Plant Balance	White Tank Deprec. Rate	White Tank Depr. Expense	Ajo Plant Balance	Ajo Deprec. Rate	Ajo Depr. Expense	Coolidge Plant Balance	Coolidge Deprec. Rate	Coolidge Depr. Expense
34	343	T & D Mains	$ 124,105	1.79%	$ 2,221	$ 6,483,036	1.79%	$ 116,046	$ 1,319,711	1.79%	$ 23,623	$ 7,474,236	1.79%	$ 133,789
35	344	Fire Sprinkler Taps	268	2.00%	5	36,138	2.00%	723	18,030	2.00%	361	109,774	2.00%	2,195
36	345	Services	69,082	2.38%	1,644	1,820,070	2.38%	43,318	280,887	2.38%	6,685	2,584,542	2.38%	61,512
37	346	Meters	22,259	4.55%	1,013	202,921	4.55%	9,233	51,181	4.55%	2,329	508,592	4.55%	23,141
38	348	Hydrants	9,243	1.82%	168	542,336	1.82%	9,871	80,099	1.82%	1,458	906,830	1.82%	16,504
40		Totals	$ 224,957		$ 5,052	$ 9,084,501		$ 179,190	$ 1,749,908		$ 34,455	$ 11,583,974		$ 237,142
42		CIAC Amortization Rate			2.00%			2.00%			2.00%			2.00%

ARIZONA WATER COMPANY
Test Year Ended December 31, 2007
Calculation of Correct CIAC Amortization Rate

CALCULATION OF THEORETICALLY CORRECT CIAC AMORTIZATION RATE

Line No.			Lakeside Plant Balance	Lakeside Deprec. Rate	Lakeside Depr. Expense	Overgaard Plant Balance	Overgaard Deprec. Rate	Overgaard Depr. Expense	Sedona Plant Balance	Sedona Deprec. Rate	Sedona Depr. Expense	Pinewood Plant Balance	Pinewood Deprec. Rate	Pinewood Depr. Expense
4	343	T & D Mains	$ 6,911,576	1.79%	$ 123,717	$ 5,538,472	1.79%	$ 99,139	$ 14,565,516	1.79%	$ 260,723	$ 2,112,384	1.79%	$ 37,812
5	344	Fire Sprinkler Taps	79,166	2.00%	1,583	38,262	2.00%	765	620,948	2.00%	12,419	16,323	2.00%	326
6	345	Services	2,528,006	2.38%	60,167	1,691,014	2.38%	40,246	2,864,133	2.38%	68,166	802,415	2.38%	19,097
7	346	Meters	325,313	4.55%	14,802	225,602	4.55%	10,265	563,966	4.55%	25,660	152,356	4.55%	6,932
8	348	Hydrants	610,863	1.82%	11,118	630,571	1.82%	11,476	1,456,462	1.82%	26,508	128,531	1.82%	2,339
10		Totals	$ 10,454,923		$ 211,387	$ 8,123,921		$ 161,891	$ 20,071,024		$ 393,476	$ 3,212,009		$ 66,507
12		CIAC Amortization Rate			2.00%			2.00%			2.00%			2.00%

			Rimrock Plant Balance	Rimrock Deprec. Rate	Rimrock Depr. Expense
19	343	T & D Mains	$ 2,296,530	1.79%	$ 41,108
20	344	Fire Sprinkler Taps	31,516	2.00%	630
21	345	Services	694,652	2.38%	16,533
22	346	Meters	71,768	4.55%	3,265
23	348	Hydrants	51,223	1.82%	932
25		Totals	$ 3,145,690		$ 62,469
27		CIAC Amortization Rate			2.00%

Exhibit
JMR-RJ1

ORIGINAL

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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

IN THE MATTER OF THE APPLICATION OF CHAPARRAL CITY WATER COMPANY, INC., 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-02113A-07-0551 **STAFF'S NOTICE OF FILING DIRECT TESTIMONY**

Staff of the Arizona Corporation Commission ("Staff") hereby files the Direct Testimony of Gordon L. Fox, Pedro M. Chaves, Marvin E. Millsap and Marlin Scott, Jr. of the Utilities Division in the above-referenced matter

RESPECTFULLY SUBMITTED this 3rd day of October, 2008.

Arizona Corporation Commission
DOCKETED
OCT - 3 2008
DOCKETED BY

Robin Mitchell, Staff Attorney
Amanda Ho, Staff Attorney
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Original and thirteen (13) copies of the foregoing filed this 3rd day of October, 2008 with:

Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007

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BEFORE THE ARIZONA CORPORATION COMMISSION

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

IN THE MATTER OF THE APPLICATION OF CHAPARRAL CITY WATER COMPANY, INC., AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE CURRENT FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR INCREASES IN ITS RATES AND CHARGES FOR UTILITY BASED THEREON	)	DOCKET NO. W-02113A-07-0551

DIRECT

TESTIMONY

OF

MARVIN E. MILLSAP

PUBLIC UTILITIES ANALYST IV

UTILITIES DIVISION

ARIZONA CORPORATION COMMISSION

OCTOBER 03, 2008

Q. Why is Staff recommending removal of the cost of studies included in GO plant?

A. In both cases the studies were completed before the acquisition of CCWC and were ordered by the CPUC or mandated by California Statutes. One is a management audit ordered by the CPUC that was completed in 1995 and cost $420,000. The other cost, $820,254, to be excluded is for water management plans completed in 1998 in conjunction with California Water Code Sections 10610 through 10657.

Q. What is the amount of Staff's adjustment to increase the allocation of GO plant to CCWC?

A. After removing the cost of the luxury vehicles and the studies that do not benefit Arizona ratepayers and applying the 4.0 allocation percentage, GO plant in service original cost is increased by $124,299, or $174,963 RCN. Thus, $875,470, or $1,167,091 RCN, of GO plant is included in CCWC's rate base. The details of this adjustment are presented on Schedule MEM-7.

Rate Base Adjustment No. 4 – Accumulated Depreciation

Q. Would you please explain Staff's rate base adjustment No. 4.

A. Staff's adjustment reduces Accumulated Depreciation by $2,031,950 from the Company's amount of $15,877,022 to reflect Staff's calculated Accumulated Depreciation of $13,845,072. The reason for this difference is related to Staff using the 4.0 GO plant allocation percentage and the plant additions and retirements discussed in Rate Base Adjustments No. 6 and No. 7. Changing the GO allocation increased accumulated depreciation by $84,561. Plant additions increased accumulated deprecation by $1,823 and retirements decreased accumulated depreciation by $2,118,334 as shown on Schedule MEM-8. Plant additions and retirements are discussed on Schedule MEM-10 and MEM-11.

Q. What is the effect of expensing plant?

A. If the NARUC USOA is not complied with, the result is an overstatement of operating expenses and understatement of rate base. Adherence to the matching principle and the NARUC USOA requires that the cost of an asset that benefits more than one accounting period be capitalized (by recording it in a plant account) and depreciated over the asset's useful life.

Q. What is Staff's recommendation?

A. Staff recommends increasing plant in service by $37,673 to reclassify plant that was incorrectly recorded as an operating expense as shown on Schedule MEM-23. This adjustment to OCRB is reflected on Schedule MEM – 10, and the adjustment to RCRB is presented on Schedule MEM RCN-5, page 2 of 2.

Rate Base Adjustment No. 7 – Utility Plant-In-Service, Wells and Other Plant to be Retired

Q. Were the Wells discussed in Rate Base Adjustment No. 1 used and useful during the test year?

A. No, they were not. As Staff discussed earlier, the wells were taken out of service in accordance with the well settlement agreement. Further, there are no pumps on the wells so they cannot be used as a back-up source of water when the CAP water is shut down for repair and maintenance.

Q. What is the Company's proposed treatment of the Wells?

A. The Company proposes to include the Wells in plant in service.

Q. What is the effect of CCWC's proposal to include the Wells in rate base?

A. CCWC's proposal to include the Wells, with a combined cost for OCRB purposes of $103,468, or RCRB of $434,984, in rate base over-states the revenue requirement, and ultimately, the rates paid by the Company's customers.

Q. Does CCWC have other plant in service which is not considered used and useful?

A. Yes. As described on Table 8 of Exhibit MSJ, attached to Marlin Scott, Jr.'s Testimony, there is an additional $2,014,866 of plant not used and useful. This plant is primarily related to the water treatment facility acquired in 1986 through 1989. The RCN of this non-used and useful plant is $3,269,076.

Q. What is the appropriate ratemaking treatment for plant that is not used and useful in the test year?

A. For ratemaking purposes, plant that is not used to provide service to customers during the test year should be removed from rate base.

Q. What is Staff's recommendation?

A. Staff recommends decreasing plant in service by $2,118,334, RCN $2,480,011, to remove the wells and other plant that is not used and useful from rate base as shown on Schedules MEM-11 and MEM RCN-5.

CHAPARRAL CITY WATER COMPANY, INC.
Docket No. W-02113A-07-0551
Test Year Ended December 31, 2006

Schedule MEM-4

SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] Well Settlement ADJ #1	[C] CAP Allocation ADJ #2	[D] GO Plant ADJ #3	[E] Acc Depr ADJ #4	[F] Working Capital ADJ #5	[G] Capitalize Expenses ADJ #6	[H] Retire Wells ADJ #7	[I] STAFF ADJUSTED
		PLANT IN SERVICE:									
1											
2	301	Organization	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
3	302	Franchises	-	-	-	-	-	-	-	-	-
4	303	Land and Land Rights	305,920	-	1,280,000	-	-	-	-	(34,062)	1,551,858
5	304	Structures & Improvements	1,518,648	-	-	-	-	-	11,590	(596)	1,529,642
6	305	Collecting & Impounding Reservoirs	6,548	-	-	-	-	-	-	(6,548)	-
7	306	Lakes, Rivers, Other Intakes	-	-	-	-	-	-	-	-	-
8	307	Wells and Springs	332,065	-	-	-	-	-	-	(172,438)	159,627
9	308	Infiltration Galleries and Tunnels	-	-	-	-	-	-	-	-	-
10	309	Supply Mains	-	-	-	-	-	-	-	-	-
11	310	Power Generation Equipment	-	-	-	-	-	-	-	-	-
12	311	Pumping Equipment	1,506,908	-	-	-	-	-	26,084	55,254	1,588,246
13	320	Water Treatment Plant	7,763,500	-	-	-	-	-	-	(1,976,860)	5,786,640
14	330	Distribution Reservoirs & Standpipes	8,170,420	-	-	-	-	-	-	(1,658,272)	6,512,148
15	331	Transmission & Distribution Mains	17,450,634	-	-	-	-	-	-	1,502,420	18,953,054
16	333	Services	7,389,930	-	-	-	-	-	-	106,409	7,496,339
17	334	Meters & Meter Installation	2,725,673	-	-	-	-	-	-	11,193	2,736,866
18	335	Hydrants	1,171,633	-	-	-	-	-	-	53,352	1,224,985
19	336	Backflow Prevention Devices	-	-	-	-	-	-	-	-	-
20	339	Other Plant & Misc. Equipment	1,610,687	-	-	-	-	-	-	106,542	1,717,229
21	340	Office Furniture & Equipment	270,359	-	-	-	-	-	-	1,814	272,173
22	341	Transportation Equipment	535,315	-	-	-	-	-	-	-	535,315
23	342	Stores Equipment	-	-	-	-	-	-	-	-	-
24	343	Tools, Ship & Garage Equipment	149,365	-	-	-	-	-	-	-	149,365
25	344	Laboratory Equipment	-	-	-	-	-	-	-	-	-
26	345	Power Operated Equipment	-	-	-	-	-	-	-	-	-
27	346	Communication Equipment	39,105	-	-	-	-	-	-	-	39,105
28	347	Miscellaneous Equipment	106,542	-	-	-	-	-	-	(106,542)	-
29	348	Other Tangible Plant	-	-	-	-	-	-	-	-	-
30			51,053,252	-	1,280,000	-	-	-	37,674	(2,118,334)	50,252,592
31											
32											-
33			-	-	-	-	-	-	-	-	-
34	Add:	General Office Plant Allocation	751,171	-		124,299	-	-	-	-	875,470
35											-
36			-	-	-	-	-	-	-	-	-
37			-	-	-	-	-	-	-	-	-
38											
39		Total Plant in Service	$ 51,804,423	$ -	$ 1,280,000	$ 124,299	$ -	$ -	$ 37,674	$(2,118,334)	$ 51,128,062
40		Less: Accumulated Depreciation	15,877,022	-	-	-	(2,031,950)	-	-	-	13,845,072
41			-	-	-	-		-	-	-	-
42		Net Plant in Service (L59 - L 60)	$ 35,927,401	$ -	$ 1,280,000	$ 124,299	$ 2,031,950	$ -	$ 37,674	$(2,118,334)	$ 37,282,990
43											
44		*LESS:*									
45		Contributions in Aid of Construction (CIAC)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
46		Less: Accumulated Amortization	-	-	-	-	-	-	-	-	-
47		Net CIAC (L25 - L26)	6,119,129	-	-	-	0	-	-	-	6,119,129
48		Advances in Aid of Construction (AIAC)	6,557,243	-	-	-	-	-	-	-	6,557,243
49		Customer Meter Deposits	819,845	-	-	-	-	-	-	-	819,845
50		Deferred Income Taxes	925,896	-	-	-	-	-	-	-	925,896
51		Shared Gain on Well (Settlement Agreement Not to Use Wells)	646,000	570,000							1,216,000
52											
53		*ADD:*									
54		Unamortized Debt Issuance Costs	424,010	-	-	-	-	(424,010)	-	-	-
55		Prepayments	192,485	-	-	-	-	(192,485)	-	-	-
		Materials and Supplies	14,521					(14,521)			-
		Deferred Regulatory Assets	1,280,000		(1,280,000)						-
56		Working Capital	-	-	-	-	-	-	-		-
57											
58		Original Cost Rate Base	$ 22,770,304	$ (570,000)	$ -	$ 124,299	$ 2,031,950	$ (631,016)	$ 37,674	$(2,118,334)	$ 21,644,877

ADJ #		References:
1	Allocate 100% of Well Settlement Proceeds to Ratepayers.	Schedule MEM-5
2	CAP Allotment Reclassified to Account 303,.	Schedule MEM-6
3	Increase General Office allocation to 4.0%.	Schedule MEM-7
4	Recalculation of Accumulated Depreciation.	Schedule MEM-8
5	Eliminate Working Capital Components	Schedule MEM-9
6	Capitalize Outside Services Expenses	Schedule MEM-10
7	Retire Wells 8 & 9 that are no longer used and useful	Schedule MEM-11

☆ Plant Adds: $1,823
Plant Retirements: ($2,118,334)
G.O. Allocation: $84,561
($2,031,950)

CHAPARRAL CITY WATER COMPANY, INC.
Docket No. W-02113A-07-0551
Test Year Ended December 31, 2006

RATE BASE ADJUSTMENT #4 - ACCUMULATED DEPRECIATION

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENT A	[C] STAFF ADJUSTMENT B	[D] TOTAL OF STAFF ADJUSTMENTS	[E] STAFF RECOMMENDED
1	General office plant allocation	$ 15,877,022	$ 84,561	$ 2,116,511	$ (2,031,950)	13,845,072
2	Totals	$ 15,877,022	$ 84,561	$ 2,116,511	$ (2,031,950)	$ 13,845,072
3						
4						
5	[A]: Company Schedule B-2, Page 3 and B-3, Page 3 and below Line 63, Column C.					
6	[B]: Testimony - MEM and below calculations and Line 99, Column E.					
7	[C]: Testimony - MEM and below calculations and line 175, Column E.					
8	[D]: Col [B] + Col [C]					
9	[E]: Testimony - MEM					
10						

	Acct. No.	Description	CCWC Plant OCN Accum. Depr. Per Exh. Sch. B-2 Page 3d
11			
12			
13			
14			
15	301	Organization	-
16	302	Franchises	-
17	303	Land and Land Rights	-
18	304	Structures & Improvements	357,961
19	305	Collecting & Impounding Reservoirs	573
20	306	Lakes, Rivers, Other Intakes	-
21	307	Wells and Springs	183,252
22	308	Infiltration Galleries and Tunnels	-
23	309	Supply Mains	-
24	310	Power Generation Equipment	-
25	311	Pumping Equipment	879,456
26	320	Water Treatment Plant	2,304,464
27	330	Distribution Reservoirs & Standpipes	1,996,014
28	331	Transmission & Distribution Mains	7,154,728
29	333	Services	1,060,764
30	334	Meters & Meter Installation	990,763
31	335	Hydrants	235,514
32	336	Backflow Prevention Devices	-
33	339	Other Plant & Misc. Equipment	135,962
34	340	Office Furniture & Equipment	45,958
35	341	Transportation Equipment	60,636
36	342	Stores Equipment	-
37	343	Tools, Ship & Garage Equipment	34,980
38	344	Laboratory Equipment	25
39	345	Power Operated Equipment	-
40	346	Communication Equipment	883
41	347	Miscellaneous Equipment	31,899
42	348	Other Tangible Plant	-
43			15,473,832
44		Rounding	2
45		Total CCWC Plant Accumulated Depreciation Per Exhibit Schedule B-2. Page 3d.	15,473,834
46			
47			

		General Office Plant Allocated - Accum Depr OCN	Per Exhibit Schedule B-4-A	Allocation Factor	Allocation
48					
49					
50	301	Organization	3,046	3.21%	98
51	302	Franchise Cost and Other Intangible Plant	211,596	3.21%	6,792
52	304	Structures & Improvements	2,354,430	3.21%	75,577
53	311	Electric Pumping Equipment		3.21%	-
54	339	Other Plant & Misc. Equipment	162,569	3.21%	5,218
55	340	Office Furniture & Equipment	8,664,647	3.21%	278,135
56	341	Transportation Equipment	552,718	3.21%	17,742
57	343	Tools, Shop & Garage Equipment	192,488	3.21%	6,179
58	344	Laboratory Equipment	4,062	3.21%	130
59	345	Power Operated Equipment	249,257	3.21%	8,001
60	346	Communication Equipment	165,561	3.21%	5,315
61		Total GO Accum. Depr. - Exh. Sch. B-2. Pg 4, Line 33.	12,560,374		403,188
62					
63		Total Accumulated Depreciation Per Exhibit Schedule B-2. Page 1, Line 6.			15,877,022

Explanation of Staff Adjustment A

As Originally Filed::

		Per Exhibit Sch. B-2, Page 4	Allocation Factor	Original Allocation
Home Office Plant Accumulated Depreciation				
301	Organization	3,046	3.21%	98
302	Franchise Cost and Other Intangible Plant	211,596	3.21%	6,792
304	Structures & Improvements	2,354,430	3.21%	75,577
311	Electric Pumping Equipment	-	3.21%	-
339	Other Plant & Misc. Equipment	162,569	3.21%	5,218
340	Office Furniture & Equipment	8,664,647	3.21%	278,135
341	Transportation Equipment	552,718	3.21%	17,742
343	Tools, Ship & Garage Equipment	192,488	3.21%	6,179
344	Laboratory Equipment	4,062	3.21%	130
345	Power Operated Equipment	249,257	3.21%	8,001
346	Communication Equipment	165,561	3.21%	5,315
		12,560,374		403,188

		Per Exhibit Schedule B-2, Pa	Staff Adjustment A	Adjusted for Allocation	Allocation Factor	Staff Recommended
Home Office Plant Accumulated Depreciation						
301	Organization	3,046	(3,046)	-	4.00%	-
302	Franchise Cost and Other Intangible Plant	211,596	(153,888)	57,708	4.00%	2,308
304	Structures & Improvements	2,354,430		2,354,430	4.00%	94,177
311	Electric Pumping Equipment	-		-	4.00%	-
339	Other Plant & Misc. Equipment	162,569	(166,019)	(3,450)	4.00%	(138)
340	Office Furniture & Equipment	8,664,647		8,664,647	4.00%	346,586
341	Transportation Equipment	552,718	(43,667)	509,051	4.00%	20,362
343	Tools, Ship & Garage Equipment	192,488		192,488	4.00%	7,700
344	Laboratory Equipment	4,062		4,062	4.00%	162
345	Power Operated Equipment	249,257		249,257	4.00%	9,970
346	Communication Equipment	165,561		165,561	4.00%	6,622
		12,560,374	(366,620)	12,193,754		487,750
				As originall filed		403,188
	Add the rounding difference required to agree with the Exhibit					2
	Staff Adjustment A to increase General Office Plant Accumulated depreciation to Colun B, above					84,561

Items Removed from General Office Plant Accumulated Depreciation In Staff Adjustment A:

		Accum Depr
CRC Valuation - Inappropriate accumulated depreciation for intangible	3,046	Per DR MEM 7.4 & 7.5
CPUC Management Audit - Completed in 1995, thus not aaplicable to CCWC.	153,888	
Water Management Plans - Completed in 1998, thus not applicable to CCWC.	166,019	
Luxury Vehicles - Detail listed below.	43,667	
	366,620	

Vehicles Found by Staff to be I	Date Acquired	Price	Accum. Depr.
Ford Explorer - 2004	3/26/2004	$ 45,639	5,988
Infiniti GX35 - 2004	8/13/2004	$ 40,039	5,253
Ford Expedition - 2004	8/13/2004	$ 40,785	5,351
Acura MDX 2001	11/21/2002	$ 38,319	10,055
Infiniti QX4	12/11/2002	$ 50,077	13,140
Audi S4 Avant - 2005	7/6/2005	$ 59,143	3,880
		$ 274,001	$ 43,667

Explanation of Staff Adjustment B

Explanation of Adjustment:
Agreement signed 02/05/2005 with Fountain Hills Sanitation District to take Wells 8 & 9 out of service and retire other Plant identified by Staff as not being used and useful. Also to reclassify plant and accumulated depreciation.

Acct. No.	Description	Cost	Accum Depr
304	Staff adjustment to Structures and addition to accum depr based on half-year conve	11,590	(193)
304	Well No. 9 - Install exhaust fan	596	596
	Subtotal	12,186	403
307	Fully depreciated Cost of Well #8 per response to DR MEM-7.3	$ 49,329	$ 49,329
307	Fully depreciated Cost of Well #9 per response to DR MEM-7.3	54,139	54,139
307	Engine Well	3,348	3,348
	Subtotal	106,816	106,816
311	Staff adjustment to pumping equipment and addition to accum depr based on half-y	26,083	(1,630)
	Subtotal	26,083	(1,630)
320	CAP Plant #1 1986	1,320,562	1,320,562
320	CAP Plant #1 - Treatment Equipment 1987	288,612	288,612
320	CAP Plant #1 - Treatment Equipment 1989	397,339	397,339
320	CAP Plant #1 - Treatment Equipment 19889	4,409	4,409
	Subtotal	2,010,922	2,010,922
305	Collecting and Impounding Reservoirs	(6,548)	(1,801)
307	Wells and Springs (250 hp sub.)	(65,622)	(18,727)
311	Pumping Equipment (250 hp sub. In 1996 Less Fire hydrant in 1996 and DIP in 200	55,254	24,434
320	Water Treatment Equipment (Water Treatment Study in 2004)	34,062	2,908
330	Distribution Reservoirs and Standpipes (Water Services in 1996 and mains in 2005	(1,658,272)	(104,710)
331	Transmission and Distribution Mains (16" main in 2005 and fh Blvd main in 2006)	1,502,420	46,451
333	Services (Water Services in 1996 less Conference Room Table and Chairs in 1993	106,409	30,253
334	Meters and Meter Installation (Meter installation in 1973 less service line in 1994)	11,193	16,154
335	Hydrants (Fire hydrant in 1996 and DIP in 2005)	53,352	10,940
340	Office Furniture and Equipment (Conference Room Table and Chairs in 1993)	1,814	585
303	Land and Land Rights (A/C #348 for RCN)	(34,062)	(6,487)
		-	-
339	Other Plant & Misc. Equip.	106,542	31,889
347	Miscellaneous Equipment	(106,542)	(31,889)
		-	-
		$ 2,156,007	$ 2,116,511

Summary of Staff Adjustment B

Plant Additions -	Line 132	Structures and Improvements	(193)
	Line 141	Pumping equipment	(1,630)
		Subtotal of Additions	(1,823)
Plant Retirements -	Line 133	Structures and Improvements	596
	Line 139	Wells and Springs	106,816
	Line 148	Water Treatment Equipment	2,010,922
		Subtotal of Retirements	2,118,334
		Total reduction to Column C above	2,116,511

Exhibit
JMR-RJ2

PROPERTY DISPOSAL REPORT

ARIZONA WATER COMPANY

P.D.R. 10720

☒ NORMAL RETIREMENT

☐ SALE / CONDEMNATION

REASON FOR REMOVAL End of useful life - not in use

COUNTY

CITY ☐ INSIDE ☐ OUTSIDE

SCHOOL DIST.

FIRE DIST.

SYSTEM 022

ACCT. NO. 321

W.A. NO.

USE ONLY ONE ACCOUNT PER P.D.R.

DATE 8-11-09

TOTAL QUANTITY REMOVED	DETAILED DESCRIPTION	CURRENT COST	YEAR IN-STALLED	ORIGINAL COST FACTOR	ORIGINAL COST AMOUNT
1	10x10 Block Bldg. - Queen Creek Pump Station		'58		$1,173

TOTAL ▶ $1,173

REMOVED BY [signature] FOREMAN

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APPROVED [signature] DIVISION MANAGER OR OPERATIONS SUPERINTENDENT

RED ROS #

POSTED TO ABANDONED ATLAS BY

FORM NO. 10024 12/91

ORIGINAL

PROPERTY DISPOSAL REPORT
ARIZONA WATER COMPANY

P.D.R. 10721

☒ NORMAL RETIREMENT

☐ SALE / CONDEMNATION

REASON FOR REMOVAL End of useful life - not in use

COUNTY

CITY ☐ INSIDE ☐ OUTSIDE

SCHOOL DIST.

FIRE DIST.

SYSTEM 022

ACCT. NO. 325

W.A. NO.

USE ONLY ONE ACCOUNT PER P.D.R.

DATE 8/11/09

TOTAL QUANTITY REMOVED	DETAILED DESCRIPTION	CURRENT COST	YEAR IN-STALLED	ORIGINAL COST FACTOR	ORIGINAL COST AMOUNT
1	Automatic Controls - Queen Creek pump station		'82		$7,684

TOTAL ▶ $7,684

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RED ROS # _____

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FORM NO. 10024 12/91

ORIGINAL

PROPERTY DISPOSAL REPORT

ARIZONA WATER COMPANY

P.D.R. 10722

☒ NORMAL RETIREMENT

☐ SALE / CONDEMNATION

REASON FOR REMOVAL End of useful life - not in Service

COUNTY

CITY ☐ INSIDE ☐ OUTSIDE

SCHOOL DIST.

FIRE DIST.

SYSTEM 022

ACCT. NO. 332

W.A. NO.

USE ONLY ONE ACCOUNT PER P.D.R.

DATE 8/11/09

TOTAL QUANTITY REMOVED	DETAILED DESCRIPTION	CURRENT COST	YEAR IN-STALLED	ORIGINAL COST FACTOR	ORIGINAL COST AMOUNT
1	filter system - Queen Creek				
	pump station		'83		$3,057

TOTAL ▶ $3,057

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PROPERTY DISPOSAL REPORT

ARIZONA WATER COMPANY

P.D.R. 10723

☒ NORMAL RETIREMENT

☐ SALE / CONDEMNATION

REASON FOR REMOVAL End of Useful life - not in Service

COUNTY

CITY ☐ INSIDE ☐ OUTSIDE

SCHOOL DIST.

FIRE DIST.

SYSTEM 022

ACCT. NO. 342

W.A. NO.

USE ONLY ONE ACCOUNT PER P.D.R.

DATE 8/11/09

TOTAL QUANTITY REMOVED	DETAILED DESCRIPTION	CURRENT COST	YEAR IN-STALLED	ORIGINAL COST FACTOR	ORIGINAL COST AMOUNT
1	20'X10'D Storage tank - ~~Queen Creek pump station~~ Desert Station		'56		$500

TOTAL ▶ $500

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FORM NO. 10024 12/91

ORIGINAL

PROPERTY DISPOSAL REPORT
ARIZONA WATER COMPANY

P.D.R. 10724

☒ NORMAL RETIREMENT
☐ SALE / CONDEMNATION
REASON FOR REMOVAL End of useful life - not in SUCI

COUNTY
CITY ☐ INSIDE ☐ OUTSIDE
SCHOOL DIST.
FIRE DIST.

SYSTEM 022
ACCT. NO. 397
W.A. NO.
USE ONLY ONE ACCOUNT PER P.D.R.
DATE 8/11/09

TOTAL QUANTITY REMOVED	DETAILED DESCRIPTION	CURRENT COST	YEAR INSTALLED	ORIGINAL COST FACTOR	ORIGINAL COST AMOUNT
1	Mobile radio base station - ~~[illegible]~~ Ofc./warehouse		189		$7,088

TOTAL ▶ $7,088

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RED ROS #

POSTED TO ABANDONED ATLAS BY

FORM NO. 10024 12/91

ORIGINAL

PROPERTY DISPOSAL REPORT
ARIZONA WATER COMPANY

P.D.R. 10725

☒ NORMAL RETIREMENT
☐ SALE / CONDEMNATION

REASON FOR REMOVAL End of useful life - no longer in svc

COUNTY
CITY ☐ INSIDE ☐ OUTSIDE
SCHOOL DIST.
FIRE DIST.

SYSTEM 031
ACCT. NO. 397
W.A. NO.
USE ONLY ONE ACCOUNT PER P.D.R.
DATE 8/11/09

TOTAL QUANTITY REMOVED	DETAILED DESCRIPTION	CURRENT COST	YEAR IN-STALLED	ORIGINAL COST FACTOR	ORIGINAL COST AMOUNT
1	Black Gap repeater station		'67		$704

TOTAL ▶ $704

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APPROVED [signature] DIVISION MANAGER OR OPERATIONS SUPERINTENDENT

RED ROS #

POSTED TO ABANDONED ATLAS BY

FORM NO. 10024 12/91

ORIGINAL

PROPERTY DISPOSAL REPORT
ARIZONA WATER COMPANY

P.D.R. 10726

☒ NORMAL RETIREMENT
☐ SALE / CONDEMNATION

REASON FOR REMOVAL End of useful life, no longer in svc

COUNTY
CITY ☐ INSIDE ☐ OUTSIDE
SCHOOL DIST.
FIRE DIST.

SYSTEM 104
ACCT. NO. 314
W.A. NO.
USE ONLY ONE ACCOUNT PER P.D.R.
DATE 8/11/09

TOTAL QUANTITY REMOVED	DETAILED DESCRIPTION	CURRENT COST	YEAR IN-STALLED	ORIGINAL COST FACTOR	ORIGINAL COST AMOUNT
1	Well #2 - 55-616694		51		$66,360

TOTAL ▶ $66,360

REMOVED BY _____ FOREMAN

RECEIVED BY _____ STOREKEEPER

APPROVED _____ DIVISION MANAGER OR OPERATIONS SUPERINTENDENT

RED ROS # _____

POSTED TO ABANDONED ATLAS BY _____

FORM NO. 10024 12/91

ORIGINAL

PROPERTY DISPOSAL REPORT
ARIZONA WATER COMPANY

P.D.R. 10727

☒ NORMAL RETIREMENT
☐ SALE / CONDEMNATION
REASON FOR REMOVAL End of useful life - no longer in svc

COUNTY
CITY ☐ INSIDE ☐ OUTSIDE
SCHOOL DIST.
FIRE DIST.

SYSTEM 041
ACCT. NO. 314
W.A. NO.
USE ONLY ONE ACCOUNT PER P.D.R.
DATE 8/11/09

TOTAL QUANTITY REMOVED	DETAILED DESCRIPTION	CURRENT COST	YEAR IN-STALLED	ORIGINAL COST FACTOR	ORIGINAL COST AMOUNT
1	Inactive Well # 55-616583		'73		$115,205
1	Inactive Well # 55-616602		'75		$373,272

TOTAL ▶ $488,47

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RECEIVED BY STOREKEEPER
APPROVED DIVISION MANAGER OR OPERATIONS SUPERINTENDENT
RED ROS #
POSTED TO ABANDONED ATLAS BY

FORM NO. 10024 12/91

ORIGINAL

PROPERTY DISPOSAL REPORT
ARIZONA WATER COMPANY

P.D.R. 10728

☒ NORMAL RETIREMENT
☐ SALE / CONDEMNATION
REASON FOR REMOVAL End of Useful life, no longer in svc.

COUNTY
CITY ☐ INSIDE ☐ OUTSIDE
SCHOOL DIST.
FIRE DIST.

SYSTEM 042
ACCT. NO. 342
W.A. NO.
USE ONLY ONE ACCOUNT PER P.D.R.
DATE 8/11/09

TOTAL QUANTITY REMOVED	DETAILED DESCRIPTION	CURRENT COST	YEAR IN-STALLED	ORIGINAL COST FACTOR	ORIGINAL COST AMOUNT
1	16,000 Storage tank - Table Top Well #3		'63		$5,100

TOTAL ▶ $5,100

REMOVED BY _____ FOREMAN

RECEIVED BY _____ STOREKEEPER

APPROVED _____ DIVISION MANAGER OR OPERATIONS SUPERINTENDENT

RED ROS # _____

POSTED TO ABANDONED ATLAS BY _____

FORM NO. 10024 12/91

ORIGINAL

PROPERTY DISPOSAL REPORT
ARIZONA WATER COMPANY

P.D.R. 10729

☒ NORMAL RETIREMENT
☐ SALE / CONDEMNATION
REASON FOR REMOVAL End of useful life - no longer in SUC1

COUNTY
CITY ☐ INSIDE ☐ OUTSIDE
SCHOOL DIST.
FIRE DIST.

SYSTEM 111
ACCT. NO. 314
W.A. NO.
USE ONLY ONE ACCOUNT PER P.D.R.
DATE 8/11/89

TOTAL QUANTITY REMOVED	DETAILED DESCRIPTION	CURRENT COST	YEAR IN-STALLED	ORIGINAL COST FACTOR	ORIGINAL COST AMOUNT
1	Inactive Well # 55-616660		'59		$45,969
1	V.V. Well # 1 - 55-616672		'73		$184,328
1	Sunup Well # 55-632272		'52		$78,804
1	Sunup Well site - Automatic Controls		'62		$ 555

TOTAL ▶ $309,65

REMOVED BY [signature] FOREMAN
RECEIVED BY STOREKEEPER
APPROVED [signature] DIVISION MANAGER OR OPERATIONS SUPERINTENDENT
RED ROS #
POSTED TO ABANDONED ATLAS BY

FORM NO. 10024 12/91

ORIGINAL

PROPERTY DISPOSAL REPORT
ARIZONA WATER COMPANY

P.D.R. 10730

☒ NORMAL RETIREMENT
☐ SALE / CONDEMNATION

REASON FOR REMOVAL End of useful life - not in Suc.

COUNTY
CITY ☐ INSIDE ☐ OUTSIDE
SCHOOL DIST.
FIRE DIST.

SYSTEM 112
ACCT. NO. 314
W.A. NO.
USE ONLY ONE ACCOUNT PER P.D.R.
DATE 8/11/09

TOTAL QUANTITY REMOVED	DETAILED DESCRIPTION	CURRENT COST	YEAR IN-STALLED	ORIGINAL COST FACTOR	ORIGINAL COST AMOUNT
1	PW inactive Well - 55-616650		'76		$13,512

TOTAL ▶ $13,512

REMOVED BY [signature] FOREMAN

RECEIVED BY STOREKEEPER

APPROVED [signature] DIVISION MANAGER OR OPERATIONS SUPERINTENDENT

RED ROS #

POSTED TO ABANDONED ATLAS BY

FORM NO. 10024 12/91

ORIGINAL

PROPERTY DISPOSAL REPORT
ARIZONA WATER COMPANY

P.D.R. 10731

☒ NORMAL RETIREMENT

☐ SALE / CONDEMNATION

REASON FOR REMOVAL End of useful life - not in Soc.

COUNTY

CITY ☐ INSIDE ☐ OUTSIDE

SCHOOL DIST.

FIRE DIST.

SYSTEM 113

ACCT. NO. 314

W.A. NO.

USE ONLY ONE ACCOUNT PER P.D.R.

DATE 8/11/09

TOTAL QUANTITY REMOVED	DETAILED DESCRIPTION	CURRENT COST	YEAR IN-STALLED	ORIGINAL COST FACTOR	ORIGINAL COST AMOUNT
1	MH2 - 55-803289		'69		$62,097

TOTAL ▶ $62,097

REMOVED BY _____ FOREMAN

RECEIVED BY _____ STOREKEEPER

APPROVED _____ DIVISION MANAGER OR OPERATIONS SUPERINTENDENT

RED ROS # _____

POSTED TO ABANDONED ATLAS BY _____

FORM NO. 10024 12/91

ORIGINAL

Exhibit
JMR-RJ3

Joel Reiker

From: Joel Reiker
Sent: Monday, May 11, 2009 4:11 PM
To: 'Brian Bozzo'; 'Katrin Stukov'
Cc: 'aigwe@azcc.gov'; Fred Schneider; Joe Harris
Subject: Well 14
Attachments: CG Property Schedule 5.11.09@345pm.xls; DWR Well Registry Report.pdf

Katrin & Brian-

I double checked with Engineering and DWR. 55-616598 is actually Well #14 and is currently in service. 55-613443 is an agricultural well which does not belong to the Company (see attached). Therefore, I changed the data for Well #14 to reflect the correct DWR#, h.p., yield, depth, and diameter, and I deleted the inactive well previously listed as 55-616598. See attached.

Joel M. Reiker
Manager - Rates & Regulation
Arizona Water Company
3805 N. Black Canyon Hwy • Phoenix, AZ 85015
O.602.240.6860
F.602.240.6878

Run Date: 03/14/2005

AZ DEPARTMENT OF WATER RESOURCES

WELL REGISTRY REPORT - WELLS55

Location D 6.0 6.0 21 B B B

Well Reg.No 55 - 616598

AMA PINAL AMA

Registered Name AZ WATER COMPANY,
PO BOX 29006

PHOENIX AZ 85038

File Type REGISTERED WELL
Application/Issue Date 04/02/1982

Owner OWNER
Driller No. 0
Driller Name NO DRILLER SPECIFIED
Driller Phone
County PINAL

Intended Capacity GPM 0.00

Well Type NON-EXEMPT
SubBasin ELOY
Watershed SANTA CRUZ RIVER
Registered Water Uses DOMESTIC
Registered Well Uses WATER PRODUCTION
Discharge Method NONE
Power NO POWER CODE LISTED

Well Depth	600.00	**Case Diam**	20.00	**Tested Cap**	0.00
Pump Cap.	0.00	**Case Depth**	600.00	**CRT**	
Draw Down	0.00	**Water Level**	0.00	**Log**	
		Acres Irrig	0.00	**Finish**	STEEL - PERFORATED OR SLOTTED CASING

Contamination Site: YES - WITHIN 500 FT OF LUST

Comments GORDON FJELD

Current Action

11/8/2004 880 CHANGE IN CONTAMINATION SITE
Action Comment: Old WQARF Code = L&R

Action History

11/4/2004 880 CHANGE IN CONTAMINATION SITE
Action Comment: Old WQARF Code = LLL

8/16/2004 880 CHANGE IN CONTAMINATION SITE
Action Comment: Old WQARF Code = NULL

Arizona Department of Water Resources
WellFinder Program

Summary Information for Registered Well 616598

Database	Field	Value Oracle9i Enterprise Edition Release 9.2.0.4.0 - Production JServer Release 9.2.0.4.0 - Production
WELLS	AMA	PINAL AMA
WELLS	OWNER LAST NAME	AZ WATER COMPANY,
WELLS	OWNER FIRST NAME	
WELLS	OWNER COMPANY NAME	
WELLS	OWNER ADDRESS	PO BOX 29006
WELLS	OWNER ADDRESS	
WELLS	OWNER CITY	PHOENIX
WELLS	OWNER STATE	AZ
WELLS	OWNER ZIP CODE	85038
WELLS	DRILLER LICENSE	0
WELLS	DRILLER NAME	
WELLS	DRILLER COMPANY	NO DRILLER SPECIFIED
WELLS	DRILLER ADDRESS	
WELLS	DRILLER ADDRESS	
WELLS	DRILLER CITY	
WELLS	DRILLER STATE	AZ
WELLS	DRILLER ZIP CODE	
WELLS	AUTHORIZATION DATE	*No information*
WELLS	CONSTRUCTION DATE	*No information*
WELLS	WELL DEPTH	600 feet
WELLS	DEPTH TO WATER	0 feet
WELLS	PUMP TYPE	NO PUMP CODE LISTED
WELLS	PUMP POWER SOURCE	NO POWER CODE LISTED
WELLS	PUMP CAPACITY	0 gallons per minute
WELLS	SITE USES	WATER PRODUCTION
WELLS	WATER USES	DOMESTIC

WELLS	WATER USES	MUNICIPAL
WELLS	WATER USES	INDUSTRIAL
WELLS	WELL TYPE	*No information*
WELLS	CASING DIAMETER	20 inches
WELLS	CASING DEPTH	600 feet
WELLS	CASING TYPE	STEEL - PERFORATED OR SLOTTED CASING
WELLS	SUBDIVISION	NW 1/4 of NW 1/4 of NW 1/4
WELLS	SECTION	21
WELLS	TOWNSHIP	6S
WELLS	RANGE	6E

ROGR Water Withdrawn for Registered Well 616598

Acre-Feet Pumped	To Right	In Year
2.41 af	56-001307.0000	1987
187.34 af	56-001307.0000	1988
213.98 af	56-001307.0000	1989
252.7 af	56-001307.0000	1990
178.16 af	56-001307.0000	1991
90.2 af	56-001307.0000	1992
47.78 af	56-001307.0000	1993
3.13 af	56-001307.0000	1994
37.36 af	56-001307.0000	1995
81.21 af	56-001307.0000	1996
137.48 af	56-001307.0000	1997
75.12 af	56-001307.0000	1998
55.3 af	56-001307.0000	1999
148.76 af	56-001307.0000	2000
231.96 af	56-001307.0000	2001
217.2 af	56-001307.0000	2002
182.15 af	56-001307.0000	2003

JServer Release 9.2.0.4.0 - Production Wed Mar 16 15:08:22 MST 2005

Go back to the Well Information form

Arizona Department of Water Resources
Groundwater Management Support Section
P.O. Box 458 • Phoenix, Arizona 85001-0458
(602) 417-2470 • (800) 352-8488
www.water.az.gov

Request to Change Well Information

RECEIVED APR 22 2005

- Review instructions prior to completing form in black or blue ink.
- You must include with your Notice:
  - check or money order for any required fee(s)
- Authority for fee: A.A.C. R12-15-151(B)(4)(a), A.R.S. § 45-113(B)

** PLEASE PRINT CLEARLY **

WELL REGISTRATION NUMBER 55- 616598

SECTION 1: REGISTRY INFORMATION

X

Well Owner

FULL NAME OF COMPANY, ORGANIZATION, OR INDIVIDUAL: ARIZONA WATER Co (CASA GRANDE)

MAILING ADDRESS: P.O. BOX 29006

CITY / STATE / ZIP CODE: PHOENIX, AZ 85038

CONTACT PERSON NAME AND TITLE:

TELEPHONE NUMBER: | FAX:

Location of Well

WELL LOCATION ADDRESS (IF ANY):

TOWNSHIP (N/S)	RANGE (E/W)	SECTION	160 ACRE	40 ACRE	10 ACRE
6S	6E	21	B ¼	B ¼	B ¼

LATITUDE Degrees	Minutes	Seconds "N	LONGITUDE Degrees	Minutes	Seconds "W

COUNTY ASSESSOR'S PARCEL ID NUMBER: BOOK | MAP | PARCEL

COUNTY WHERE WELL IS LOCATED: PINAL

SELECT ONE

☐ Change of Well Drilling Contractor *(Fill out Section 2)*
☐ Change of Well Ownership *(Fill out Section 3)*
☒ Change of Well Information (location, use, etc.) *(Fill out Section 4)*

SECTION 2: REQUEST TO CHANGE WELL DRILLING CONTRACTOR

- If drilling or abandoning a well, the Department must receive this request and issue authorization to the new drilling firm prior to the commencement of well drilling or abandonment.

$10 FEE

Previous Well Drilling Contractor

FULL NAME OF COMPANY, ORGANIZATION, OR INDIVIDUAL:
DWR LICENSE NUMBER:
TELEPHONE NUMBER: | FAX:

New Well Drilling Contractor

FULL NAME OF COMPANY, ORGANIZATION, OR INDIVIDUAL:
DWR LICENSE NUMBER: | ROC LICENSE CATEGORY:
TELEPHONE NUMBER: | FAX:

SECTION 3: REQUEST TO CHANGE WELL OWNERSHIP

- If this change pertains to more than one well and the names are the same, only one $10 fee is required.

$10 FEE

Previous Well Owner

FULL NAME OF COMPANY, ORGANIZATION, OR INDIVIDUAL:
MAILING ADDRESS:
CITY / STATE / ZIP CODE:
CONTACT PERSON NAME AND TITLE:
TELEPHONE NUMBER: | FAX:

New Well Owner

FULL NAME OF COMPANY, ORGANIZATION, OR INDIVIDUAL:
MAILING ADDRESS:
CITY / STATE / ZIP CODE:
CONTACT PERSON NAME AND TITLE:
TELEPHONE NUMBER: | FAX:

SECTION 4: CHANGE OF WELL INFORMATION (No Fee Required)

NO FEE

X **NOTE:** Applies only to wells that have already been drilled. For proposed wells, an amended Notice of Intent to Drill a Well must be filed.

EXPLAIN: Change to Service Area Well
IN SERVICE- ASSOCIATED WITH SERVICE AREA RIGHT 56-001307.0001 (CASA GRANDE)

I HEREBY CERTIFY that the above statements are true to the best of my knowledge and belief.

X TYPE OR PRINT NAME AND TITLE: RICHARD W. HENDERSON VP OPERATIONS
SIGNATURE OF WELL OWNER: Richard W. Henderson DATE: 4-20-05

OK

DWR 55-71A (REVISED 03/20/03) Page 1 of 1

Well #14 - CG
D(6-6) 21-4

DEPARTMENT OF WATER RESOURCES
99 EAST VIRGINIA AVENUE
PHOENIX, ARIZONA 85004

RECEIVED APR 2 1982 DEPT. OF WATER RESOURCES

REGISTRATION OF EXISTING WELLS

READ INSTRUCTIONS ON BACK OF THIS FORM BEFORE COMPLETING
PRINT OR TYPE — FILE IN DUPLICATE

09

FOR OFFICE USE ONLY
REGISTRATION NO. 55- 616598
FILE NO. D(6-6)21 Cbb
FILED 4-2-82 (DATE) AT (TIME)
INA
AMA Pinal

REGISTRATION FEE (CHECK ONE)	
EXEMPT WELL (NO CHARGE)	☐
NON-EXEMPT WELL — $10.00	☒

1. Name of Registrant:
ARIZONA WATER COMPANY
2612 N. 16th St., P. O. Box 5396, Phoenix, Arizona 85010
(Address) (City) (State) (Zip)

2. File and/or Control Number under previous groundwater law:
None (File Number) 35- None (Control Number)

3. a. The well is located within the NW ¼ NW ¼ NW ¼, Section 21, of Township 6S N/S, Range 6E E/W, G & SRB & M, in the County of Pinal.
b. If in a subdivision: Name of subdivision N/A, Lot No. _____, Address _____.

4. The principal use(s) of water (Examples: irrigation - stockwater - domestic - municipal - industrial)
Domestic - municipal - industrial.

5. If for irrigation use, number of acres irrigated from well _____.

6. Owner of land on which well is located. If same as Item 1, check this box ☒
(Address) (City) (State) (Zip)

7. Well data (If data not available, write N/A)
a. Depth of Well 600 feet
b. Diameter of casing 20 inches
c. Depth of casing 600 feet
d. Type of casing welded steel.
e. Maximum pump capacity no pump gallons per minute.
f. Depth to water N/A feet below land surface.
g. Date well completed N/A (Month) (Day) (Year).

8. The place(s) of use of water. If same as Item 3, check this box ☐.
____¼ ____¼ ____¼, Section ____ Township ____ Range ____
____¼ ____¼ ____¼, Section ____ Township ____ Range ____
Attach additional sheet if necessary.

9. DATE 4-2-82 SIGNATURE OF REGISTRANT By: ARIZONA WATER COMPANY
Chief Engineer

MICROFILMED

INSTRUCTIONS FOR COMPLETING REGISTRATION FORM

General Instructions

1. A person who owns an "Existing Well" shall register the well, pursuant to A.R.S. 45-593, by filing this form in duplicate with the Department of Water Resources not later than midnight June 14, 1982. The form must be completed and signed. Failure to do so will constitute a violation of A.R.S. 45-593, and may subject the well owner to injunction and/or civil penalties, pursuant to A.R.S. Title 45, Article 12.

2. An "Existing Well" means, (1) a well which was drilled on or before June 12, 1980 and which is not abandoned or sealed, or (2) a well which was not completed on or before June 12, 1980, but for which a Notice of Intention to Drill was on file with the Arizona Water Commission on or before June 12, 1980.

3. No registration fee is required for Exempt Wells. A $10.00 registration fee must accompany registration forms for all Non-Exempt Wells.

4. An "Exempt Well" means a well having a pump with a maximum capacity of not more than 35 gallons per minute which is used to withdraw groundwater. An Exempt Well may include the non-commercial irrigation of not more than 1 acre of land.

5. A "Non-Exempt Well" means a well that is not an "Exempt Well".

INSTRUCTIONS FOR REGISTRATION QUESTIONS

1. The Registrant must be the owner of the well and may be an individual, public or private corporation, company, partnership, firm, association, society, estate, trust, any other private organization or enterprise, the United States, any state, territory or country or a governmental entity, political subdivision or municipal corporation organized under or subject to the constitution and laws of this State.

2. If you own an existing irrigation well drilled at any time, or any other type of well drilled on or after June 20, 1968, you should have an assigned control and/or file number. Write these numbers in item 2. If you do not know the number, please explain the reason on the form or on an attached sheet.

3. a. Fill in the Section, Township and Range in all cases if it is available.
   b. If the well is in a subdivision and you have this information, give the subdivision name, Lot Number, and Address.

4. Show all purposes for which the water is used.

5. If the well is used for irrigation, give the number of acres irrigated in 1980 from the well.

6. If the owner of the land is an individual, give the last name, first name, middle initial. If the owner of the land is a corporation, partnership, firm, etc., fill in the appropriate title.

7. Complete the section on Well Data with the most accurate information available to you. If the data is not available, write N/A in the blanks.

8. Give the legal description of the place of use of the water. If place of use is in a subdivision and legal description is not available, give the subdivision name, Lot Number and/or address on the blank line.

9. The person in whose name a well is registered shall notify the Department of any change in ownership and shall keep all information on the registration record current and accurate. A form entitled "Change of Well Information/Ownership" is available for this purpose. A blank form will be furnished with the returned duplicate copy of the registration form.

MICROFILMED

ARIZONA WATER CO
2612 N 16th ST
PO BOX 5396
PHOENIX AZ 85010

STATE OF ARIZONA
DEPARTMENT OF WATER RESOURCES
WATER RIGHTS ADMINISTRATION
99 EAST VIRGINIA
PHOENIX, ARIZONA 85004

RECEIPT

KIND ENTRY	FILE REFERENCE NO.
55	616581
	THRU
	616694

ACCOUNT NO. FUND SOURCE	AGENCY	CHAPTER	DIV.	INT. ACCT.	ITEM DESCRIPTION	RATE	$ AMOUNT
					Filing Fee for Registration of Existing Wells	10.00	1,140.00
					114 wells		
					File No's.: A(8-23)5dcd		
					A(1-7)26adb		
					A(1-8)30dcc		
					A(1-7)26aac and other various		
					D(7-5)9ccc		
					D(6-6)9bbd		
					D(6-6)21bbc		
					D(6-6)9bdd and various others		

~~WATER PAYMENT~~
GUESTS 114
CHK NO 42039
55-I 1140.00
TAX 0.00
TOTL 1140.00
GEN.CHEK 1140.00

904 A 8:16-

Check No. 42039
8-5-82 im

TOTAL $ 1,140.00

ARIZONA DEPARTMENT OF WATER RESOURCES

GROUNDWATER MANAGEMENT SUPPORT SECTION
MAIL TO: P.O. BOX 458 - PHOENIX, ARIZONA 85001-0458
Phone (602) 417-2470

*

29 1998

REQUEST FORM TO CHANGE WELL INFORMATION
OWNERSHIP * DRILLER * VARIANCE

Please complete the appropriate section of this request form and return to P.O. Box 458, Phoenix, Arizona 85001-0458 or hand deliver to the above address with applicable fee. NOTE: A.R.S. §45-593.C requires that the Department be notified of change of well ownership and that the new owner is required to keep the Department's Well Registration records current and accurate. Well data and ownership changes must be submitted within thirty days after changes take place.

SAVE THIS FORM TO REPORT FUTURE CHANGES IN OWNERSHIP, CHANGES IN ADDRESS, OR CHANGE IN WELL DATA SUCH AS PUMP CAPACITY, CORRECTION OF LEGAL DESCRIPTION, CHANGE OF WELL DRILLER AND AMENDING INFORMATION PREVIOUSLY FILED.

1. **CHANGE OF WELL INFORMATION: (NO FEE REQUIRED)**

NOTE: If the location of the proposed well changes after drilling authority has been issued, **attach a $10.00 reissue fee for each well.**

WELL REGISTRATION NO. 55-_____ **FILE NO:**_____

If known, I/We request the following well information be changed:_____

_____

Date_____ **Signature of Current Well Owner**_____

2. **STATEMENT OF CHANGE OF WELL OWNERSHIP: ($10.00 FEE REQUIRED)**

NOTE: If this change consists of more than one well and the names are common: attach a $10.00 fee. Otherwise, each well requires a separate fee of $10.00.

~~I~~ We, the undersigned, state that ~~I am~~ we are the **Previous/New Owner** of the well described below:

SE ¼ (10 Acre) SE ¼ (40 Acre) ____ ¼ (160 Acre) of Section 24 Township 18N Range 18E

Assessor's tax parcel number of the parcel on which the well is located: Book 107 Map 01 Parcel 006B.

Well Registration No. 55- 613443 File No._____(if known)

New Mexico and Arizona Land Co.	Aztec Land and Cattle Co., Ltd.
PRINT Previous Owner's Name	**PRINT** New Owner's Name
6100 Indian School Rd., NE #100	1715 W. Northern, Rm. 104
Mailing Address	Mailing Address
Albuquerque, New Mexico 87110	Phoenix, Arizona 85021
City State Zip	City State Zip
505/881-6644	602/870-4800
Telephone Number	Telephone Number

Signature of Previous/New Well Owner See attached **Date**_____

DWR 55-71 (Rev 12-97))

ANSWERED JUN 1 6 1998

Run Date: 06/15/1998

WELL REGISTRY REPORT - WELLS55

Location A 18 0 18 0 24 D D D **WR** 613443 **AMA** JOSEPH CITY INA

Name AZTEC LAND AND CATTLE CO., LTD
1715 W NORHERN, RM 104
PHOENIX AZ 85021

File Type REGISTERED WELL
Application/Issue Date 06/09/1982

Owner OWNER
Driller Nbr #114
Driller Name ~~NO DRILLER SPECIFIED~~ Peery Bros Drilling
Driller Phone
County NAVAJO
GPM

Well Type EXEMPT
SubBasin NO SUBBASIN
Watershed LITTLE COLORADO RIVER
Water Uses INDUSTRIAL
Well Uses WATER PRODUCTION
Discharge Method NONE
Power NO POWER CODE LISTED

Well Depth	338.00	**Case Diam**	24.00	**Tested Cap**	0.00
Pump Cap.	0.00	**Case Depth**	338.00	**CRT**	X
Draw Down	0.00	**Water Level**	~~0.00~~ 70	**Log**	X
Completed		**Acres Irrig**	0.00	**Finish**	STEEL-PERFORATEDORSLOTTED CASING

Comments |ICO:|IPQ:|PQ#:

Current Action
05/29/1998 860 CHANGE OF WELL OWNERSHIP

Action History
~~08/15/1978~~ 08/12/78 755 WELL CONSTRUCTION COMPLETED

6/15/98

Well File Updates

MAKE THE FOLLOWING CHANGES.

Mike Bell

ANSWERED JUN 16 1998

P. 32

LAND DEPARTMENT
WATER DIVISION
STATE OF ARIZONA

REPORT OF WELL DRILLER

This report should be prepared by the driller in all detail and filed with the State Land Commissioner following completion of the well.

1. OWNER Arizona Public Service Co. - STA 3172 (Name)
P.O. Box 21666 PHOENIX, AZ. 85036 (Address)

2. Lessee or Operator ..... (Name)
..... (Address)

3. DRILLER Perry Bros Drilling Co. (Name)
2033 N. NAVAJO Dr., FLAGSTAFF, Ariz 86001 (Address)

4. Location of well: Twp. 18N Rge. 18E Section 24 SE ¼ SE ¼ SE ¼ (10-acre subdivision)

5. Intention to Drill File No. A(18-18)24 ddd Permit No. 35-63865

DESCRIPTION OF WELL

6. Total depth of hole 338' ft.

7. Type of casing API A53 .365 wall steel

8. Diameter and length of casing 24 in. from @ to 338' in. from ..... to ....., ... in. from ..... to .....
1.54

9. Method of sealing at reduction points Cement placed by tremie method 338' back to 0'

10. Perforated from ✓ to ✓, from ..... to ....., from ..... to ....., from ..... to .....

11. Size of cuts ✓ Number of cuts per foot .....

12. If screen was installed: Length ✓ ft. Diam. ..... in. Type .....

13. Method of construction Drilled by cable tool method (drilled, dug, driven, bored, jetted, etc.)

14. Date started June (Month) 26 (Day) 1978 (Year)

15. Date completed Aug (Month) 12 (Day) 1978 (Year)

16. Depth to water 70.17 ft. (If flowing well, so state.)

17. Describe point from which depth measurements were made, and give sea-level elevation if available Top of 24" CASING 18" ~~[illegible]~~ AGL

18. If flowing well, state method of flow regulation .....

19. REMARKS: .....

DO NOT WRITE IN THIS SPACE OFFICE RECORD
Received 10-5-78 by jf
Filed 11-6-78 by jf
File No. A(18-18)24 ddd 35-63865

(Well Log to Appear on Reverse Side)

WD FORM 5-301
REV. 4-27-53

STATE LAND

1970 OCT 12 AM 10: 52

LOG OF WELL

Indicate depth at which water was first encountered, and the depth and thickness of water bearing beds. If water is artesian, indicate depth at which encountered, and depth to which it rose in well.

FROM (FEET)	TO (FEET)	DESCRIPTION OF FORMATION MATERIAL
0	17	Sand and gravel
17	328	Moencopi (red)
328	338	Coconino SS (tan)

I hereby certify that this well was drilled by me (or under my supervision), and that each and all of the statements herein contained are true to the best of my knowledge and belief.

Driller Ralph A. Perry
Name
Perry Bros Drilling
2033 N Navajo Dr Flagstaff Ariz 86001
Address

Date Aug 13 1978

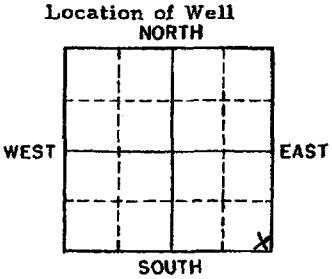
2-73

P-32

STATE LAND DEPARTMENT
Water Division
Phoenix, Arizona 85007

File No. A(18-18)24 ddd
35-63865

Location of Well



(Indicate Well Location by a circle "o" in the above Section Plat)

REPORT OF EQUIPMENT INSTALLED

OWNER Arizona Public Service Co.

LOCATION OF WELL:

SE ¼ SE ¼ SE ¼, Sec. 24 Twp. 18N Rge. 18E

Date Well Completed: Aug 12, 78 Depth 338'

1. Well Test:

Discharge: 0 (Gal. Per Min.) Date Well Tested: Aug 12 1978

Method of Discharge Measurement: ✓ (weir, orifice, current meter, etc.)

Static Water Level: ✓ 70.25' ft. Drawdown ✓ ft.

Total Pumping Lift ✓ ft.

2. Equipment Installed:

Kind of Pump: ✓ (turbine, centrifugal, etc.)

Kind of Power: ✓ (Elec., Nat. Gas, Etc.) H. P. Rating of Motor ✓

I HEREBY CERTIFY that all the above statements are true to the best of my knowledge and belief.

Ralph D. Perry
Signature Perry Bros Drilling

Date Aug 13, 1978.

2033 N Navajo Dr
Address
Flagstaff, Ariz. 86001

63-73

62

NOTICE OF INTENTION TO DRILL WELL

LAND DEPARTMENT
WATER DIVISION
STATE OF ARIZONA

By Law, no person shall drill, or cause to be drilled, any well for the development and use of Ground Water in Arizona without first filing Notice of Intention to Drill with the State Land Department. The only exceptions are for those irrigation wells within critical Ground Water areas for which Drilling Permits are required. No well shall be drilled by other than the owner without the driller being licensed with the Registrar of Contractors. The driller's license number must be included before the State Land Department will process the filing.

FILING FEE $3.00

LOCATION OF WELL

North

NW¼	NE¼	
SW¼	SE¼	X

West — East

South

Indicate Well Location by X
(Above diagram represents one 640 acre section)

1. Twp. 18N
2. Rge. 19E
3. Section 24
4. SE ¼ SE ¼ SE ¼
   10-acre subdivision
5. Owner of Well Site ARIZ. Mexico & Ariz. Land Co.

INSTRUCTIONS

Fill out both copies and mail to Water Division, State Land Department, 1624 W. Adams, Phoenix, Arizona, 85007.

Duplicate will be returned to Filer, together with Drilling Card. 6 3865

DESCRIPTION OF WELL

6. Diameter 18 in. depth 320 ft.
7. Type of casing STEEL
8. Estimated depth to water 75 ft.
9. Proposed use Cotton & Pilot Irrigation well
10. Drilling will start about July 1978
    Month Year
11. Driller Rusty Brothers
    Name
    Flagstaff Ariz.
    Address
    Driller's License No. 6-53
12. Water will be applied to use about June 1982
    Month Year
20. This notice filed by:
    Check one { Owner ☐ Lessee ☑ Driller ☐
    Name Arizona Public Svc Co.
    Address PO Box 21666 Phoenix 85032 Attn: Land Dept 514-3072

PLACE OF USE

(P-32)

13. Twp. 18N
14. Rge. 19E
15. Section 23
16. Cholla Power Plant
    Legal Description of Land to be Irrigated or place of other use.
17. Acres (if irrigation) .....
18. Owner .....
    Name
19. .....
    Address

DO NOT WRITE IN THIS SPACE
OFFICE RECORD

Received 5-3-78 By [illegible]
Filed 5-8-78 By [illegible]
Duplicate
Mailed 5-11-78 By [illegible]
File Number A(18-8)24 [illegible]

A T T A C H M E N T

This well registration form is filed by New Mexico and Arizona Land Company, as owner and lessor of the land and by Arizona Public Service Company, as lessee of the land with the right to drill, operate, and maintain the herein identified well in accordance with and for the purpose set forth in that certain lease pertaining to the land on which said well is located.

RECEIVED
JUN 9 1982
DEPT. OF
WATER RESOURCES

P-32

DEPARTMENT OF WATER RESOURCES
99 EAST VIRGINIA AVENUE
PHOENIX, ARIZONA 85004

REGISTRATION OF EXISTING WELLS

READ INSTRUCTIONS ON BACK OF THIS FORM BEFORE COMPLETING
PRINT OR TYPE — FILE IN DUPLICATE

REGISTRATION FEE (CHECK ONE)

EXEMPT WELL (NO CHARGE) ☒
NON-EXEMPT WELL – $10.00 ☐

RECEIVED JUN 9 1982 DEPT. OF WATER RESOURCES

FOR OFFICE USE ONLY
REGISTRATION NO. 55- 613443
FILE NO. A(18-18)24ddd
FILED 6-9-82 (DATE) AT 10 — (TIME)
INA JOSEPH CITY
AMA

1. Name of Registrant: *
New Mexico and Arizona Land Company & Arizona Public Service Company
2810 North 3rd Street (Address) P. O. Box 21666 (City)
Phoenix, Arizona 85012 (State) (Zip) Phoenix, Arizona 85036

2. File and/or Control Number under previous groundwater law:
A (18-18) 24 ddd (File Number) 35.63865 (Control Number)

3. a. The well is located within the SE ¼ SE ¼ SE ¼, Section 24, of Township 18 N/S, Range 18 E/W, G & SRB & M, in the County of Navajo.

b. If in a subdivision: Name of subdivision N.A., Lot No. N.A., Address N.A.

4. The principal use(s) of water (Examples: irrigation - stockwater - domestic - municipal - industrial)
Industrial - incomplete (P-32).

5. If for irrigation use, number of acres irrigated from well N.A.

6. Owner of land on which well is located. If same as Item 1, check this box ☐
New Mexico and Arizona Land Company
2810 North 3rd Street (Address) Phoenix (City) Arizona (State) 85012 (Zip)

7. Well data (If data not available, write N/A)
a. Depth of Well 338 feet
b. Diameter of casing 24 inches
c. Depth of casing 338 feet
d. Type of casing Steel.
e. Maximum pump capacity N.A. gallons per minute.
f. Depth to water Unknown feet below land surface.
g. Date well completed Drilling stopped 8/15/78, well never completed (Month) (Day) (Year)

8. The place(s) of use of water. If same as Item 3, check this box ☐. N.A.
____¼ ____¼ ____¼, Section ____ Township ____ Range ____
____¼ ____¼ ____¼, Section ____ Township ____ Range ____

Attach additional sheet if necessary.

9. DATE 6/7/82 SIGNATURE OF REGISTRANT E. M. Bedwin Vice President New Mexico and Arizona Land Company
Arizona Public Service Company

* See attachment

ARIZONA DEPARTMENT OF WATER RESOURCES WELL REPORT

Quad	Town	Range	Sect	Q160	Q40	Q10	Reg No.	Full Name	City	Well Depth	Depth Cased	Case Diameter	Water Level	Pump (GPM)	Drill Date	Drill Lic No	Wtr Use	Wtr-shed	Log	CRT
A	18.0	18.0	24	A	D	D	613444	AZTEC LAND AND CATTLE CO., LTD 1715 W NORHERN, RM 104	PHOENIX, AZ 85021	1,050.00	278.00	10.00	20.00	0.00	1/1/01	0	FM	03		
A	18.0	18.0	24	D	D	D	613443	AZTEC LAND AND CATTLE CO., LTD 1715 W NORHERN, RM 104	PHOENIX, AZ 85021	338.00	338.00	24.00	0.00	0.00	1/1/01	0	F	03		

-- End Of Report --

Exhibit
JMR-RJ4

ARIZONA WATER COMPANY'S SUPPLEMENTAL RESPONSE TO RESIDENTIAL UTILITY CONSUMER OFFICE'S FIRST SET OF DATA REQUESTS TO ARIZONA WATER COMPANY'S EASTERN, WESTERN, AND NORTHERN GROUPS RATE APPLICATION DOCKET NO. W-01445A-08-0440

August 11, 2009

Company Response Number: 1.31.

Q. **Post Test-Year Plant – Please provide relevant updates as to the progress toward completion, placement in service and actual costs incurred for CWIP requested for inclusion in rate base.**

A. ****SUPPLEMENTAL RESPONSE DATED AUGUST 11, 2009****

WA 1-3898 (Oak Creek Utility Bridge) The Oak Creek utility bridge located in the Sedona system was contracted and administered by ADOT, and the Company does not have the exact date that the bridge was completed. However, the Company's estimated completion date is October 30, 2008.

WA 1-4268B (Highway 179 Relocation Project) *Waterline construction is complete. All tie-ins are complete (connections to branch lines from the main waterline). The contractor has a small number of "house-keeping" items to complete such as air release valves, concrete pads around fire hydrants, etc.*

WA 1-4308 (Pinewood Well #10 Electrical Panels) *Service was established to the new electrical panels on Friday July 10, 2009. The panels are now in service. For additional discussion of these items see the rebuttal testimony of Fredrick K. Schneider, page 28, lines 5 – 17.*

Response provided by:	Fredrick K. Schneider, VP of Engineering Joel M. Reiker, Manager of Rates
Address:	3805 North Black Canyon Highway Phoenix, AZ 85015

ARIZONA WATER COMPANY'S SUPPLEMENTAL RESPONSE TO ARIZONA CORPORATION COMMISSION STAFF'S THIRD SET OF DATA REQUESTS TO ARIZONA WATER COMPANY DOCKET NO. W-01445A-08-0440

August ~~8, 2008~~ 11, 2009

Company Response Number: All 3-22

Q. Post-Test Year Plant / Construction Work in Progress – For each System, please provide the following information for each construction project that was not completed at the end of the test year that you are requesting to be included in rate base:

a. Identification and description of project.
b. Date construction began.
c. Date construction is expected to be completed or was completed and placed in service.
d. The periods during which the ratepayers will likely benefit from the project.
e. The extent to which the project replaces existing plant.
f. Actual costs as of the end of the Test Year.
g. Actual costs as of July 31, 2008.
h. Accounts to which such costs will be transferred from construction.
i. Source of funding (i.e., hook-up fees, advances, equity or loans)

****SUPPLEMENTAL RESPONSE DATED AUGUST 11, 2009****

Sedona

WA 1-3898

a) Construct the waterline portion of the shared utility bridge in Sedona over Oak Creek as part of ADOT Highway 179 project.

b) On May 16, 2006 the Company entered into an agreement with ADOT for the waterline and a portion of the bridge construction. Because ADOT is administering the construction, the Company does not have an exact start date.

Response provided by:	Fredrick K. Schneider, Vice President - Engineering Joel M. Reiker, Manager - Rates
Address:	3805 North Black Canyon Highway Phoenix, AZ 85015

c) The utility bridge is complete. AWC does not have the exact date of utility bridge construction completion as this project was funded by the City, ADOT and several utility providers in the Sedona area, one of which is Arizona Water Company. *However, the Company's estimated completion date is October 30, 2008.*

d) From the time the project is closed until fully depreciated.

e) The new utility bridge and 16-inch ductile iron pipe waterline replace the old Oak Creek Bridge and 6-inch steel waterline.

f) $326,292

g) $339,798

h) 343 T&D Mains

i) Debt and equity.

WA 1-4267B

a) Phase 2 of the waterline relocation project in Sedona as part of the ADOT Highway 179 project consisting of 600 linear feet of 6-inch, 4,040 linear feet of 12-inch, and 2,680 linear feet of 16-inch waterline.

b) Phase 2 of the ADOT Highway 179 waterline relocation project is funded by the Company while it is contracted and administered by ADOT. In accordance with ADOT policy, the Company is required to fund the projected cost of design, construction and administration prior to biding the project. The required payment was made on June 26, 2007.

Response provided by: Fredrick K. Schneider, Vice President - Engineering
Joel M. Reiker, Manager - Rates

Address: 3805 North Black Canyon Highway
Phoenix, AZ 85015

c) *Waterline construction is complete. All tie-ins are complete (connections to branch lines from the main waterline). The contractor has a small number of "house-keeping" items to complete such as air release valves, concrete pads around fire hydrants, etc.*

d) From the time of project completion until fully depreciated.

e) The project replaces a portion of pipeline previously constructed within the old highway alignment.

f) $1,890,680

g) $2,064,537

h) 343 T&D Mains.

i) Debt and equity.

<u>Pinewood</u>

WA 1-4308

a) Replace the electrical panel in Pinewood at the well number 10 site.

b) Construction of the panels was authorized on October 20, 2006.

c) *The panel was placed in service on Friday July 10, 2009.*

d) From the date of project completion until fully depreciated.

e) The new electrical panel replaces the old electrical panel that had reached the end of its useful life.

f) $40,553

g) $42,598

h) 325 Pumping Electrical Equipment.

i) Debt and equity.

Response provided by:	Fredrick K. Schneider, Vice President - Engineering Joel M. Reiker, Manager - Rates
Address:	3805 North Black Canyon Highway Phoenix, AZ 85015

Exhibit
JMR-RJ5

ARIZONA WATER COMPANY
2001 SUBLEDGER

265 RESERVE for TANK MAINTENANCE

265

DATE	DESCRIPTION	JV	TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK	OV
			(300,520.46)	(98,614.43)	(3,470.33)	(51,414.16)	(216,242.02)	1,622.65	1,621.32	(2,786.59)	59,742.58	(46,007.76)	5,152.49
31-Jan-01	Payroll	1	4,095.60	271.26	52.32		663.11			190.40	269.67		
31-Jan-01	Payroll taxes	2	413.25	27.37	5.28		66.91			19.21	27.21		
31-Jan-01	AP	5	4,781.70	2,126.58			31.95				2.10		
31-Jan-01	Transportation	9	790.67	79.28	9.02		170.95			7.12	19.14		
31-Jan-01	Tank maint accrual	26	(18,693.00)	(3,996.00)	(1,101.00)	(1,038.00)	(4,636.00)	(193.00)	(238.00)	(178.00)	(850.00)	(1,069.00)	(222.00)
			0.00										
			0.00										
			0.00										
			0.00										
			0.00										
		JANUARY	(8,611.78)	(1,491.51)	(1,034.38)	(1,038.00)	(3,703.08)	(193.00)	(238.00)	38.73	(531.88)	(1,069.00)	(222.00)
		BTD	(309,132.24)	(100,105.94)	(4,504.71)	(52,452.16)	(219,945.10)	1,429.65	1,383.32	(2,747.86)	59,210.70	(47,076.76)	4,930.49
(8,308.98)	Total 265		(378,259.62)										

265

DATE	DESCRIPTION	JV	TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK	OV
			(309,132.24)	(100,105.94)	(4,504.71)	(52,452.16)	(219,945.10)	1,429.65	1,383.32	(2,747.86)	59,210.70	(47,076.76)	4,930.49
28-Feb-01	Payroll	1	6,020.27	482.61	319.41	731.91	1,081.02		76.38	47.60	547.71		
28-Feb-01	Payroll taxes	2	594.56	47.66	31.54	72.28	106.76		7.54	4.70	54.09		
28-Feb-01	AP	5	103,007.18	39,222.51		2,879.98	57,584.41				19.50		
28-Feb-01	Transportation	9	1,494.59	99.95	98.65	140.29	265.09		6.44	11.88	51.03		
28-Feb-01	Tank maint accrual	26	(18,685.00)	(3,996.00)	(1,101.00)	(1,038.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	(850.00)	(1,069.00)	(222.00)
28-Feb-01	Inventory	7	410.00				410.00						
28-Feb-01	Stores	8	51.25				51.25						
28-Feb-01	Equipment	9A	80.43				80.43						
			0.00										
			0.00										
		FEBRUARY	92,973.28	35,856.73	(651.40)	2,786.46	54,950.96	(193.00)	(147.64)	(113.82)	(177.67)	(1,069.00)	(222.00)
		BDT	(216,158.96)	(64,249.21)	(5,156.11)	(49,665.70)	(164,994.14)	1,236.65	1,235.68	(2,861.68)	59,033.03	(48,145.76)	4,708.49
91,092.28	Total 265		(287,167.34)										

265

DATE	DESCRIPTION	JV	TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK	OV
			(216,158.96)	(64,249.21)	(5,156.11)	(49,665.70)	(164,994.14)	1,236.65	1,235.68	(2,861.68)	59,033.03	(48,145.76)	4,708.49
31-Mar-01	Payroll	1	2,972.28		303.21	171.87	441.30				83.70		
31-Mar-01	Payroll taxes	2	276.18		28.17	15.97	41.01				7.78		
31-Mar-01	AP	5	150,618.93				121,544.25					3,275.00	3,850.00
31-Mar-01	Transportation	9	571.44		65.73	10.50	104.98				29.19		
31-Mar-01	Tank maint accrual	26	(18,685.00)	(3,996.00)	(1,101.00)	(1,038.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	(850.00)	(1,069.00)	(222.00)
31-Mar-01	Equipment	9A	10.90								10.90		
			0.00										
			0.00										
			0.00										
			0.00										
		MARCH	135,764.73	(3,996.00)	(703.89)	(839.66)	117,503.54	(193.00)	(238.00)	(178.00)	(718.43)	2,206.00	3,628.00
		BDT	(80,394.23)	(68,245.21)	(5,860.00)	(50,505.36)	(47,490.60)	1,043.65	997.68	(3,039.68)	58,314.60	(45,939.76)	8,336.49
133,883.73	Total 265		(153,283.61)										

ARIZONA WATER COMPANY
2001 SUBLEDGER

265 **RESERVE for TANK MAINTENANCE**

265

DATE	DESCRIPTION	JV	TOTAL	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(300,520.46)	2,059.14	8,593.80	(26,469.45)	10,014.84	65,070.39	(16,010.22)	8,523.34	(13,163.19)	11,257.14
31-Jan-01	Payroll	1	4,095.60	1,078.14	58.21	444.02		849.14		219.33		
31-Jan-01	Payroll taxes	2	413.25	108.79	5.87	44.80		85.68		22.13		
31-Jan-01	AP	5	4,781.70	2,095.82		27.35		57.59	32.40	407.91		
31-Jan-01	Transportation	9	790.67	155.00	8.43	56.85		240.32		44.56		
31-Jan-01	Tank maint accrual	26	(18,693.00)	(979.00)	(752.00)	(530.00)	(56.00)	(1,144.00)	(676.00)	(190.00)	(710.00)	(135.00)
			0.00									
			0.00									
			0.00									
			0.00									
			0.00									
		JANUARY	(8,611.78)	2,458.75	(679.49)	43.02	(56.00)	88.73	(643.60)	503.93	(710.00)	(135.00)
		BTD	(309,132.24)	4,517.89	7,914.31	(26,426.43)	9,958.84	65,159.12	(16,653.82)	9,027.27	(13,873.19)	11,122.14
(8,308.98)	Total 265		(378,259.62)									

265

DATE	DESCRIPTION	JV	TOTAL	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(309,132.24)	4,517.89	7,914.31	(26,426.43)	9,958.84	65,159.12	(16,653.82)	9,027.27	(13,873.19)	11,122.14
28-Feb-01	Payroll	1	6,020.27	1,169.59		120.10		80.06	1,132.54	164.50	66.84	
28-Feb-01	Payroll taxes	2	594.56	115.52		11.86		7.91	111.85	16.25	6.60	
28-Feb-01	AP	5	103,007.18	167.27	1,425.00	1,449.43		107.53			151.55	
28-Feb-01	Transportation	9	1,494.59	402.29		19.50		35.32	295.09	35.64	33.42	
28-Feb-01	Tank maint accrual	26	(18,685.00)	(979.00)	(752.00)	(530.00)	(56.00)	(1,144.00)	(676.00)	(190.00)	(710.00)	(135.00)
28-Feb-01	Inventory	7	410.00									
28-Feb-01	Stores	8	51.25									
28-Feb-01	Equipment	9A	80.43									
			0.00									
			0.00									
		FEBRUARY	92,973.28	875.67	673.00	1,070.89	(56.00)	(913.18)	863.48	26.39	(451.59)	(135.00)
		BDT	(216,158.96)	5,393.56	8,587.31	(25,355.54)	9,902.84	64,245.94	(15,790.34)	9,053.66	(14,324.78)	10,987.14
91,092.28	Total 265		(287,167.34)									

265

DATE	DESCRIPTION	JV	TOTAL	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(216,158.96)	5,393.56	8,587.31	(25,355.54)	9,902.84	64,245.94	(15,790.34)	9,053.66	(14,324.78)	10,987.14
31-Mar-01	Payroll	1	2,972.28	410.57		120.10		1,441.53				
31-Mar-01	Payroll taxes	2	276.18	38.15		11.16		133.94				
31-Mar-01	AP	5	150,618.93	39.84		21,539.99		38.00			331.85	
31-Mar-01	Transportation	9	571.44	55.50		11.19		294.35				
31-Mar-01	Tank maint accrual	26	(18,685.00)	(979.00)	(752.00)	(530.00)	(56.00)	(1,144.00)	(676.00)	(190.00)	(710.00)	(135.00)
31-Mar-01	Equipment	9A	10.90									
			0.00									
			0.00									
			0.00									
			0.00									
		MARCH	135,764.73	(434.94)	(752.00)	21,152.44	(56.00)	763.82	(676.00)	(190.00)	(378.15)	(135.00)
		BDT	(80,394.23)	4,958.62	7,835.31	(4,203.10)	9,846.84	65,009.76	(16,466.34)	8,863.66	(14,702.93)	10,852.14
133,883.73	Total 265		(153,283.61)									

ARIZONA WATER COMPANY
2001 SUBLEDGER

265 RESERVE for TANK MAINTENANCE

265

DATE	DESCRIPTION	JV	TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK	OV
			(80,394.23)	(68,245.21)	(5,860.00)	(50,505.36)	(47,490.60)	1,043.65	997.68	(3,039.68)	58,314.60	(45,939.76)	8,336.49
30-Apr-01	Payroll	1	153.69	95.48	20.02								
30-Apr-01	Payroll taxes	2	13.94	8.66	1.82								
30-Apr-01	AP	5	31,806.76				31,744.84						
30-Apr-01	Transportation	9	55.97	39.30	6.01								
30-Apr-01	Tank maint accrual	26	(18,685.00)	(3,996.00)	(1,101.00)	(1,038.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	(850.00)	(1,069.00)	(222.00)
			0.00										
			0.00										
			0.00										
			0.00										
			0.00										
		APRIL	13,345.36	(3,852.56)	(1,073.15)	(1,038.00)	27,116.84	(193.00)	(238.00)	(178.00)	(850.00)	(1,069.00)	(222.00)
		BDT	(67,048.87)	(72,097.77)	(6,933.15)	(51,543.36)	(20,373.76)	850.65	759.68	(3,217.68)	57,464.60	(47,008.76)	8,114.49
11,659.36	Total 265		(141,624.25)										

265

DATE	DESCRIPTION	JV	TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK	OV
			(67,048.87)	(72,097.77)	(6,933.15)	(51,543.36)	(20,373.76)	850.65	759.68	(3,217.68)	57,464.60	(47,008.76)	8,114.49
31-May-01	Payroll	1	343.38	85.94	80.06		120.10						
31-May-01	Payroll taxes	2	29.48	7.38	6.87		10.31						
31-May-01	AP	5	68.27		19.55								
31-May-01	Transportation	9	51.82	9.92	15.32		25.24						
31-May-01	Tank maint accrual	26	(18,685.00)	(3,996.00)	(1,101.00)	(1,038.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	(850.00)	(1,069.00)	(222.00)
			0.00										
			0.00										
			0.00										
			0.00										
			0.00										
		MAY	(18,192.05)	(3,892.76)	(979.20)	(1,038.00)	(4,472.35)	(193.00)	(238.00)	(178.00)	(850.00)	(1,069.00)	(222.00)
		BDT	(85,240.92)	(75,990.53)	(7,912.35)	(52,581.36)	(24,846.11)	657.65	521.68	(3,395.68)	56,614.60	(48,077.76)	7,892.49
(20,073.05)	Total 265		(161,697.30)										

265

DATE	DESCRIPTION	JV	TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK	OV
			(85,240.92)	(75,990.53)	(7,912.35)	(52,581.36)	(24,846.11)	657.65	521.68	(3,395.68)	56,614.60	(48,077.76)	7,892.49
30-Jun-01	Payroll	1	217.79	177.76	40.03								
30-Jun-01	Payroll taxes	2	19.64	16.03	3.61								
30-Jun-01	AP	5	39.66										
30-Jun-01	Transportation	9	55.52	44.10	11.42								
30-Jun-01	Tank maint accrual	26	(18,685.00)	(3,996.00)	(1,101.00)	(1,038.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	(850.00)	(1,069.00)	(222.00)
			0.00										
			0.00										
			0.00										
			0.00										
			0.00										
		JUNE	(18,352.39)	(3,758.11)	(1,045.94)	(1,038.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	(850.00)	(1,069.00)	(222.00)
		BDT	(103,593.31)	(79,748.64)	(8,958.29)	(53,619.36)	(29,474.11)	464.65	283.68	(3,573.68)	55,764.60	(49,146.76)	7,670.49
(16,174.80)	Total 265		(177,872.10)										

ARIZONA WATER COMPANY
2001 SUBLEDGER

265 **RESERVE for TANK MAINTENANCE**

265			TOTAL	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
DATE	DESCRIPTION	JV	(80,394.23)	4,958.62	7,835.31	(4,203.10)	9,846.84	65,009.76	(16,466.34)	8,863.66	(14,702.93)	10,852.14
30-Apr-01	Payroll	1	153.69					38.19				
30-Apr-01	Payroll taxes	2	13.94					3.46				
30-Apr-01	AP	5	31,806.76								61.92	
30-Apr-01	Transportation	9	55.97					10.66				
30-Apr-01	Tank maint accrual	26	(18,685.00)	(979.00)	(752.00)	(530.00)	(56.00)	(1,144.00)	(676.00)	(190.00)	(710.00)	(135.00)
			0.00									
			0.00									
			0.00									
			0.00									
			0.00									
		APRIL	13,345.36	(979.00)	(752.00)	(530.00)	(56.00)	(1,091.69)	(676.00)	(190.00)	(648.08)	(135.00)
		BDT	(67,048.87)	3,979.62	7,083.31	(4,733.10)	9,790.84	63,918.07	(17,142.34)	8,673.66	(15,351.01)	10,717.14
11,659.36	Total 265		(141,624.25)									

265			TOTAL	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
DATE	DESCRIPTION	JV	(67,048.87)	3,979.62	7,083.31	(4,733.10)	9,790.84	63,918.07	(17,142.34)	8,673.66	(15,351.01)	10,717.14
31-May-01	Payroll	1	343.38	57.28								
31-May-01	Payroll taxes	2	29.48	4.92								
31-May-01	AP	5	68.27					17.98			30.74	
31-May-01	Transportation	9	51.82	1.34								
31-May-01	Tank maint accrual	26	(18,685.00)	(979.00)	(752.00)	(530.00)	(56.00)	(1,144.00)	(676.00)	(190.00)	(710.00)	(135.00)
			0.00									
			0.00									
			0.00									
			0.00									
			0.00									
		MAY	(18,192.05)	(915.46)	(752.00)	(530.00)	(56.00)	(1,126.02)	(676.00)	(190.00)	(679.26)	(135.00)
		BDT	(85,240.92)	3,064.16	6,331.31	(5,263.10)	9,734.84	62,792.05	(17,818.34)	8,483.66	(16,030.27)	10,582.14
(20,073.05)	Total 265		(161,697.30)									

265			TOTAL	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
DATE	DESCRIPTION	JV	(85,240.92)	3,064.16	6,331.31	(5,263.10)	9,734.84	62,792.05	(17,818.34)	8,483.66	(16,030.27)	10,582.14
30-Jun-01	Payroll	1	217.79									
30-Jun-01	Payroll taxes	2	19.64									
30-Jun-01	AP	5	39.66								39.66	
30-Jun-01	Transportation	9	55.52									
30-Jun-01	Tank maint accrual	26	(18,685.00)	(979.00)	(752.00)	(530.00)	(56.00)	(1,144.00)	(676.00)	(190.00)	(710.00)	(135.00)
			0.00									
			0.00									
			0.00									
			0.00									
			0.00									
		JUNE	(18,352.39)	(979.00)	(752.00)	(530.00)	(56.00)	(1,144.00)	(676.00)	(190.00)	(670.34)	(135.00)
		BDT	(103,593.31)	2,085.16	5,579.31	(5,793.10)	9,678.84	61,648.05	(18,494.34)	8,293.66	(16,700.61)	10,447.14
(16,174.80)	Total 265		(177,872.10)									

ARIZONA WATER COMPANY
2001 SUBLEDGER

265 RESERVE for TANK MAINTENANCE

265

DATE	DESCRIPTION	JV	TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK	OV
			(103,593.31)	(79,748.64)	(8,958.29)	(53,619.36)	(29,474.11)	464.65	283.68	(3,573.68)	55,764.60	(49,146.76)	7,670.49
31-Jul-01	Payroll	1	0.00										
31-Jul-01	Payroll taxes	2	0.00										
31-Jul-01	AP	5	4,774.86	4,774.86									
31-Jul-01	Transportation	9	0.00										
31-Jul-01	Tank maint accrual	26	(18,685.00)	(3,996.00)	(1,101.00)	(1,038.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	(850.00)	(1,069.00)	(222.00)
			0.00										
			0.00										
			0.00										
			0.00										
			0.00										
		JULY	(13,910.14)	778.86	(1,101.00)	(1,038.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	(850.00)	(1,069.00)	(222.00)
		BDT	(117,503.45)	(78,969.78)	(10,059.29)	(54,657.36)	(34,102.11)	271.65	45.68	(3,751.68)	54,914.60	(50,215.76)	7,448.49
(15,616.14)	Total 265		(193,488.24)										

265

DATE	DESCRIPTION	JV	TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK	OV
			(117,503.45)	(78,969.78)	(10,059.29)	(54,657.36)	(34,102.11)	271.65	45.68	(3,751.68)	54,914.60	(50,215.76)	7,448.49
31-Aug-01	Payroll	1	0.00										
31-Aug-01	Cash Receipts	3	(20,000.00)										
31-Aug-01	AP	5	9,706.72	1,500.00			3,185.00						870.00
31-Aug-01	Transportation	9	0.00										
31-Aug-01	Tank maint accrual	26	(18,685.00)	(3,996.00)	(1,101.00)	(1,038.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	(850.00)	(1,069.00)	(222.00)
			0.00										
			0.00										
			0.00										
			0.00										
			0.00										
		AUGUST	(28,978.28)	(2,496.00)	(1,101.00)	(1,038.00)	(1,443.00)	(193.00)	(238.00)	(178.00)	(850.00)	(1,069.00)	648.00
		BDT	(146,481.73)	(81,465.78)	(11,160.29)	(55,695.36)	(35,545.11)	78.65	(192.32)	(3,929.68)	54,064.60	(51,284.76)	8,096.49
(30,859.28)	Total 265		(224,347.52)										

265

DATE	DESCRIPTION	JV	TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK	OV
			(146,481.73)	(81,465.78)	(11,160.29)	(55,695.36)	(35,545.11)	78.65	(192.32)	(3,929.68)	54,064.60	(51,284.76)	8,096.49
30-Sep-01	Payroll	1	99.16										
30-Sep-01	Payroll taxes	2	8.54										
30-Sep-01	AP	5	458.40										
30-Sep-01	Transportation	9	24.13										
30-Sep-01	Tank maint accrual	26	(18,685.00)	(3,996.00)	(1,101.00)	(1,038.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	(850.00)	(1,069.00)	(222.00)
			0.00										
			0.00										
			0.00										
			0.00										
			0.00										
		SEPTEMBER	(18,094.77)	(3,996.00)	(1,101.00)	(1,038.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	(850.00)	(1,069.00)	(222.00)
		BDT	(164,576.50)	(85,461.78)	(12,261.29)	(56,733.36)	(40,173.11)	(114.35)	(430.32)	(4,107.68)	53,214.60	(52,353.76)	7,874.49
(19,001.67)	Total 265		(243,349.19)										

ARIZONA WATER COMPANY
2001 SUBLEDGER

265 **RESERVE for TANK MAINTENANCE**

265

DATE	DESCRIPTION	JV	TOTAL	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(103,593.31)	2,085.16	5,579.31	(5,793.10)	9,678.84	61,648.05	(18,494.34)	8,293.66	(16,700.61)	10,447.14
31-Jul-01	Payroll	1	0.00									
31-Jul-01	Payroll taxes	2	0.00									
31-Jul-01	AP	5	4,774.86									
31-Jul-01	Transportation	9	0.00									
31-Jul-01	Tank maint accrual	26	(18,685.00)	(979.00)	(752.00)	(530.00)	(56.00)	(1,144.00)	(676.00)	(190.00)	(710.00)	(135.00)
			0.00									
			0.00									
			0.00									
			0.00									
			0.00									
		JULY	(13,910.14)	(979.00)	(752.00)	(530.00)	(56.00)	(1,144.00)	(676.00)	(190.00)	(710.00)	(135.00)
		BDT	(117,503.45)	1,106.16	4,827.31	(6,323.10)	9,622.84	60,504.05	(19,170.34)	8,103.66	(17,410.61)	10,312.14
(15,616.14)	Total 265		(193,488.24)									

265

DATE	DESCRIPTION	JV	TOTAL	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(117,503.45)	1,106.16	4,827.31	(6,323.10)	9,622.84	60,504.05	(19,170.34)	8,103.66	(17,410.61)	10,312.14
31-Aug-01	Payroll	1	0.00									
31-Aug-01	Cash Receipts	3	(20,000.00)			(20,000.00)						
31-Aug-01	AP	5	9,706.72			151.72						
31-Aug-01	Transportation	9	0.00								4,000.00	
31-Aug-01	Tank maint accrual	26	(18,685.00)	(979.00)	(752.00)	(530.00)	(56.00)	(1,144.00)	(676.00)	(190.00)	(710.00)	(135.00)
			0.00									
			0.00									
			0.00									
			0.00									
			0.00									
		AUGUST	(28,978.28)	(979.00)	(752.00)	(20,378.28)	(56.00)	(1,144.00)	(676.00)	(190.00)	3,290.00	(135.00)
		BDT	(146,481.73)	127.16	4,075.31	(26,701.38)	9,566.84	59,360.05	(19,846.34)	7,913.66	(14,120.61)	10,177.14
(30,859.28)	Total 265		(224,347.52)									

265

DATE	DESCRIPTION	JV	TOTAL	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(146,481.73)	127.16	4,075.31	(26,701.38)	9,566.84	59,360.05	(19,846.34)	7,913.66	(14,120.61)	10,177.14
30-Sep-01	Payroll	1	99.16			99.16						
30-Sep-01	Payroll taxes	2	8.54			8.54						
30-Sep-01	AP	5	458.40		2.18	456.22						
30-Sep-01	Transportation	9	24.13			24.13						
30-Sep-01	Tank maint accrual	26	(18,685.00)	(979.00)	(752.00)	(530.00)	(56.00)	(1,144.00)	(676.00)	(190.00)	(710.00)	(135.00)
			0.00									
			0.00									
			0.00									
			0.00									
			0.00									
		SEPTEMBER	(18,094.77)	(979.00)	(749.82)	58.05	(56.00)	(1,144.00)	(676.00)	(190.00)	(710.00)	(135.00)
		BDT	(164,576.50)	(851.84)	3,325.49	(26,643.33)	9,510.84	58,216.05	(20,522.34)	7,723.66	(14,830.61)	10,042.14
(19,001.67)	Total 265		(243,349.19)									

ARIZONA WATER COMPANY
2001 SUBLEDGER

265 RESERVE for TANK MAINTENANCE

265			TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK	OV
DATE	DESCRIPTION	JV	(164,576.50)	(85,461.78)	(12,261.29)	(56,733.36)	(40,173.11)	(114.35)	(430.32)	(4,107.68)	53,214.60	(52,353.76)	7,874.49
31-Oct-01	Payroll	1	1,998.86	307.50									
31-Oct-01	Payroll taxes	2	162.33	24.97									
31-Oct-01	AP	5	7,237.20	7.59			820.00						
31-Oct-01	Inventory	7	45.40		45.40								
31-Oct-01	Stores	8	5.68		5.68								
31-Oct-01	Transportation	9	260.09	59.12									
31-Oct-01	Tank maint accrual	26	(18,685.00)	(3,996.00)	(1,101.00)	(1,038.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	(850.00)	(1,069.00)	(222.00)
			0.00										
			0.00										
			0.00										
		OCTOBER	(8,975.44)	(3,596.82)	(1,049.92)	(1,038.00)	(3,808.00)	(193.00)	(238.00)	(178.00)	(850.00)	(1,069.00)	(222.00)
		BDT	(173,551.94)	(89,058.60)	(13,311.21)	(57,771.36)	(43,981.11)	(307.35)	(668.32)	(4,285.68)	52,364.60	(53,422.76)	7,652.49
(10,856.44)	Total 265		(254,205.63)										

265			TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK	OV
DATE	DESCRIPTION	JV	(173,551.94)	(89,058.60)	(13,311.21)	(57,771.36)	(43,981.11)	(307.35)	(668.32)	(4,285.68)	52,364.60	(53,422.76)	7,652.49
30-Nov-01	Payroll	1	1,012.12	118.50			106.76	272.98	320.18				
30-Nov-01	Payroll taxes	2	86.47	10.12			9.12	23.32	27.36				
30-Nov-01	AP	5	227.75						16.55				
30-Nov-01	Transportation	9	213.45	21.84			27.56	70.93	52.74				
30-Nov-01	Tank maint accrual	26	(18,685.00)	(3,996.00)	(1,101.00)	(1,038.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	(850.00)	(1,069.00)	(222.00)
			0.00										
			0.00										
			0.00										
			0.00										
			0.00										
		NOVEMBER	(17,145.21)	(3,845.54)	(1,101.00)	(1,038.00)	(4,484.56)	174.23	178.83	(178.00)	(850.00)	(1,069.00)	(222.00)
		BTD	(190,697.15)	(92,904.14)	(14,412.21)	(58,809.36)	(48,465.67)	(133.12)	(489.49)	(4,463.68)	51,514.60	(54,491.76)	7,430.49
(19,026.21)	Total 265		(273,231.84)										

265			TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK	OV
DATE	DESCRIPTION	JV	(190,697.15)	(92,904.14)	(14,412.21)	(58,809.36)	(48,465.67)	(133.12)	(489.49)	(4,463.68)	51,514.60	(54,491.76)	7,430.49
31-Dec-01	Payroll	1	2,124.58	118.50			510.64		330.47		455.09		
31-Dec-01	Payroll taxes	2	181.50	10.12			43.62		28.23		38.88		
31-Dec-01	AP	5	7,850.92	860.00			1,720.00						
31-Dec-01	Transportation	9	364.64	19.80			104.72		71.50		66.49		
31-Dec-01	Tank maint accrual	26	(18,685.00)	(3,996.00)	(1,101.00)	(1,038.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	(850.00)	(1,069.00)	(222.00)
31-Dec-01	Miscellaneous	20	0.00										
			0.00										
			0.00										
			0.00										
			0.00										
		DECEMBER	(8,163.36)	(2,987.58)	(1,101.00)	(1,038.00)	(2,249.02)	(193.00)	192.20	(178.00)	(289.54)	(1,069.00)	(222.00)
		BTD	(198,860.51)	(95,891.72)	(15,513.21)	(59,847.36)	(50,714.69)	(326.12)	(297.29)	(4,641.68)	51,225.06	(55,560.76)	7,208.49
(6,319.05)	Total 265		(279,550.89)										

ARIZONA WATER COMPANY
2001 SUBLEDGER

265 **RESERVE for TANK MAINTENANCE**

265			TOTAL	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
DATE	DESCRIPTION	JV	(164,576.50)	(851.84)	3,325.49	(26,643.33)	9,510.84	58,216.05	(20,522.34)	7,723.66	(14,830.61)	10,042.14
31-Oct-01	Payroll	1	1,998.86	911.90	739.43	40.03						
31-Oct-01	Payroll taxes	2	162.33	74.06	60.05	3.25						
31-Oct-01	AP	5	7,237.20	279.04		0.57		6,130.00				
31-Oct-01	Inventory	7	45.40									
31-Oct-01	Stores	8	5.68									
31-Oct-01	Transportation	9	260.09	106.85	88.20	5.92						
31-Oct-01	Tank maint accrual	26	(18,685.00)	(979.00)	(752.00)	(530.00)	(56.00)	(1,144.00)	(676.00)	(190.00)	(710.00)	(135.00)
			0.00									
			0.00									
			0.00									
		OCTOBER	(8,975.44)	392.85	135.68	(480.23)	(56.00)	4,986.00	(676.00)	(190.00)	(710.00)	(135.00)
		BDT	(173,551.94)	(458.99)	3,461.17	(27,123.56)	9,454.84	63,202.05	(21,198.34)	7,533.66	(15,540.61)	9,907.14
(10,856.44)	Total 265		(254,205.63)									

265			TOTAL	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
DATE	DESCRIPTION	JV	(173,551.94)	(458.99)	3,461.17	(27,123.56)	9,454.84	63,202.05	(21,198.34)	7,533.66	(15,540.61)	9,907.14
30-Nov-01	Payroll	1	1,012.12	76.38		117.32						
30-Nov-01	Payroll taxes	2	86.47	6.53		10.02						
30-Nov-01	AP	5	227.75			211.20						
30-Nov-01	Transportation	9	213.45	24.20		16.18						
30-Nov-01	Tank maint accrual	26	(18,685.00)	(979.00)	(752.00)	(530.00)	(56.00)	(1,144.00)	(676.00)	(190.00)	(710.00)	(135.00)
			0.00									
			0.00									
			0.00									
			0.00									
			0.00									
		NOVEMBER	(17,145.21)	(871.89)	(752.00)	(175.28)	(56.00)	(1,144.00)	(676.00)	(190.00)	(710.00)	(135.00)
		BTD	(190,697.15)	(1,330.88)	2,709.17	(27,298.84)	9,398.84	62,058.05	(21,874.34)	7,343.66	(16,250.61)	9,772.14
(19,026.21)	Total 265		(273,231.84)									

265			TOTAL	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
DATE	DESCRIPTION	JV	(190,697.15)	(1,330.88)	2,709.17	(27,298.84)	9,398.84	62,058.05	(21,874.34)	7,343.66	(16,250.61)	9,772.14
31-Dec-01	Payroll	1	2,124.58	19.10	536.17	154.61						
31-Dec-01	Payroll taxes	2	181.50	1.63	45.81	13.21						
31-Dec-01	AP	5	7,850.92		321.96	18.96		1,390.00		1,540.00	2,000.00	
31-Dec-01	Transportation	9	364.64	4.79	63.68	33.66						
31-Dec-01	Tank maint accrual	26	(18,685.00)	(979.00)	(752.00)	(530.00)	(56.00)	(1,144.00)	(676.00)	(190.00)	(710.00)	(135.00)
31-Dec-01	Miscellaneous	20	0.00									
			0.00									
			0.00									
			0.00									
			0.00									
		DECEMBER	(8,163.36)	(953.48)	215.62	(309.56)	(56.00)	246.00	(676.00)	1,350.00	1,290.00	(135.00)
		BTD	(198,860.51)	(2,284.36)	2,924.79	(27,608.40)	9,342.84	62,304.05	(22,550.34)	8,693.66	(14,960.61)	9,637.14
(6,319.05)	Total 265		(279,550.89)									

ARIZONA WATER COMPANY
2002 SUBLEDGER

265 RESERVE for TANK MAINTENANCE

265			TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
DATE	DESCRIPTION	JV	(198,860.51)	(95,891.72)	(15,513.21)	(59,847.36)	(50,714.69)	(326.12)	(297.29)	(4,641.68)	51,225.06	(55,560.76)
1/31/2002	Payroll	1	760.68	314.70					78.68			
1/31/2002	Payroll taxes	2	75.12	31.08					7.77			
1/31/2002	AP	5	4,372.64						4,355.28			
1/31/2002	Transportation	9	77.34	55.46					5.00			
1/31/2002	Tank maint accrual	26	(18,693.00)	(3,996.00)	(1,101.00)	(1,038.00)	(4,636.00)	(193.00)	(238.00)	(178.00)	(850.00)	(1,069.00)
			0.00									
			0.00									
			0.00									
			0.00									
			0.00									
	JANUARY		(13,407.22)	(3,594.76)	(1,101.00)	(1,038.00)	(4,636.00)	(193.00)	4,208.73	(178.00)	(850.00)	(1,069.00)
	BTD		(212,267.73)	(99,486.48)	(16,614.21)	(60,885.36)	(55,350.69)	(519.12)	3,911.44	(4,819.68)	50,375.06	(56,629.76)
	(14,217.06) Total 265		(293,767.95)									

265			TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
DATE	DESCRIPTION	JV	(212,267.73)	(99,486.48)	(16,614.21)	(60,885.36)	(55,350.69)	(519.12)	3,911.44	(4,819.68)	50,375.06	(56,629.76)
2/28/2002	Payroll	1	2,138.29	663.00			137.69				41.23	
2/28/2002	Payroll taxes	2	206.99	64.18			13.33				3.99	
2/28/2002	AP	5	46,925.47							36.35		
2/28/2002	Transportation	9	388.31	140.79			27.78				13.94	
2/28/2002	Tank maint accrual	26	(18,685.00)	(3,996.00)	(1,101.00)	(1,038.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	(850.00)	(1,069.00)
2/28/2002	Inventory	7	0.00									
2/28/2002	Stores	8	0.00									
2/28/2002	Equipment	9A	0.00									
			0.00									
			0.00									
	FEBRUARY		30,974.06	(3,128.03)	(1,101.00)	(1,038.00)	(4,449.20)	(193.00)	(238.00)	(141.65)	(790.84)	(1,069.00)
	BTD		(181,293.67)	(102,614.51)	(17,715.21)	(61,923.36)	(59,799.89)	(712.12)	3,673.44	(4,961.33)	49,584.22	(57,698.76)
	32,352.38 Total 265		(261,415.57)									

265			TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
DATE	DESCRIPTION	JV	(181,293.67)	(102,614.51)	(17,715.21)	(61,923.36)	(59,799.89)	(712.12)	3,673.44	(4,961.33)	49,584.22	(57,698.76)
3/31/2002	Payroll	1	1,147.84	432.72			154.63				32.99	
3/31/2002	Payroll taxes	2	104.38	39.35			14.06				3.00	
3/31/2002	AP	5	20,867.69	960.00	240.00		600.00				360.00	
3/31/2002	Transportation	9	192.18	72.88			30.36				7.84	
3/31/2002	Tank maint accrual	26	(18,685.00)	(3,996.00)	(1,101.00)	(1,038.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	(850.00)	(1,069.00)
3/31/2002	Equipment	9A	0.00									
			0.00									
			0.00									
			0.00									
			0.00									
	MARCH		3,627.09	(2,491.05)	(861.00)	(1,038.00)	(3,828.95)	(193.00)	(238.00)	(178.00)	(446.17)	(1,069.00)
	BTD		(177,666.58)	(105,105.56)	(18,576.21)	(62,961.36)	(63,628.84)	(905.12)	3,435.44	(5,139.33)	49,138.05	(58,767.76)
	21,550.48 Total 265		(239,865.09)									

ARIZONA WATER COMPANY *ARIZONA WATER COMPANY*
2002 SUBLEDGER 2002 SUBLEDGER

265 RESERVE for TANK MAINTENANCE

265			TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
DATE	DESCRIPTION	JV	(198,860.51)	7,208.49	(2,284.36)	2,924.79	(27,608.40)	9,342.84	62,304.05	(22,550.34)	8,693.66	(14,960.61)	9,637.14
1/31/2002	Payroll	1	760.68			123.69	243.61						
1/31/2002	Payroll taxes	2	75.12			12.21	24.06						
1/31/2002	AP	5	4,372.64				17.36						
1/31/2002	Transportation	9	77.34			21.72	(4.84)						
1/31/2002	Tank maint accrual	26	(18,693.00)	(222.00)	(979.00)	(752.00)	(530.00)	(56.00)	(1,144.00)	(676.00)	(190.00)	(710.00)	(135.00)
			0.00										
			0.00										
			0.00										
			0.00										
			0.00										
	JANUARY		(13,407.22)	(222.00)	(979.00)	(594.38)	(249.81)	(56.00)	(1,144.00)	(676.00)	(190.00)	(710.00)	(135.00)
	BTD		(212,267.73)	6,986.49	(3,263.36)	2,330.41	(27,858.21)	9,286.84	61,160.05	(23,226.34)	8,503.66	(15,670.61)	9,502.14
	(14,217.06) Total 265		(293,767.95)										

265			TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
DATE	DESCRIPTION	JV	(212,267.73)	6,986.49	(3,263.36)	2,330.41	(27,858.21)	9,286.84	61,160.05	(23,226.34)	8,503.66	(15,670.61)	9,502.14
2/28/2002	Payroll	1	2,138.29		108.18	61.85	113.39					1,012.95	
2/28/2002	Payroll taxes	2	206.99		10.47	5.99	10.98					98.05	
2/28/2002	AP	5	46,925.47		183.50	34,064.43	12,605.34		35.85				
2/28/2002	Transportation	9	388.31		17.35	9.66	16.10					162.69	
2/28/2002	Tank maint accrual	26	(18,685.00)	(222.00)	(979.00)	(752.00)	(530.00)	(56.00)	(1,144.00)	(676.00)	(190.00)	(710.00)	(135.00)
2/28/2002	Inventory	7	0.00										
2/28/2002	Stores	8	0.00										
2/28/2002	Equipment	9A	0.00										
			0.00										
			0.00										
	FEBRUARY		30,974.06	(222.00)	(659.50)	33,389.93	12,215.81	(56.00)	(1,108.15)	(676.00)	(190.00)	563.69	(135.00)
	BTD		(181,293.67)	6,764.49	(3,922.86)	35,720.34	(15,642.40)	9,230.84	60,051.90	(23,902.34)	8,313.66	(15,106.92)	9,367.14
	32,352.38 Total 265		(261,415.57)										

265			TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
DATE	DESCRIPTION	JV	(181,293.67)	6,764.49	(3,922.86)	35,720.34	(15,642.40)	9,230.84	60,051.90	(23,902.34)	8,313.66	(15,106.92)	9,367.14
3/31/2002	Payroll	1	1,147.84			457.23	70.27						
3/31/2002	Payroll taxes	2	104.38			41.58	6.39						
3/31/2002	AP	5	20,867.69	120.00	1,034.50	2,461.00	1,631.37		360.00			13,100.82	
3/31/2002	Transportation	9	192.18			68.52	12.58						
3/31/2002	Tank maint accrual	26	(18,685.00)	(222.00)	(979.00)	(752.00)	(530.00)	(56.00)	(1,144.00)	(676.00)	(190.00)	(710.00)	(135.00)
3/31/2002	Equipment	9A	0.00										
			0.00										
			0.00										
			0.00										
			0.00										
	MARCH		3,627.09	(102.00)	55.50	2,276.33	1,190.61	(56.00)	(784.00)	(676.00)	(190.00)	12,390.82	(135.00)
	BTD		(177,666.58)	6,662.49	(3,867.36)	37,996.67	(14,451.79)	9,174.84	59,267.90	(24,578.34)	8,123.66	(2,716.10)	9,232.14
	21,550.48 Total 265		(239,865.09)										

ARIZONA WATER COMPANY
2002 SUBLEDGER

265 RESERVE for TANK MAINTENANCE

265

DATE	DESCRIPTION	JV	TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
			(177,666.58)	(105,105.56)	(18,576.21)	(62,961.36)	(63,628.84)	(905.12)	3,435.44	(5,139.33)	49,138.05	(58,767.76)
4/30/2002	Payroll	1	878.20	488.17			23.70					
4/30/2002	Payroll taxes	2	77.88	43.29			2.10					
4/30/2002	AP	5	3,262.07	14.39			712.50					
4/30/2002	Transportation	9	144.88	74.88								
4/30/2002	Equipment	9A	19.76									
4/30/2002	Tank maint accrual	20	(24,412.00)									
4/30/2002	Tank maint accrual	26	(18,685.00)	(3,996.00)	(1,101.00)	(1,038.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	(850.00)	(3,692.00)
			0.00									(1,069.00)
			0.00									
			0.00									
	APRIL		(38,714.21)	(3,375.27)	(1,101.00)	(1,038.00)	(3,889.70)	(193.00)	(238.00)	(178.00)	(850.00)	(4,761.00)
	BTD		(216,380.79)	(108,480.83)	(19,677.21)	(63,999.36)	(67,518.54)	(1,098.12)	3,197.44	(5,317.33)	48,288.05	(63,528.76)
	(38,234.13) Total 26		(278,099.22)									

265

DATE	DESCRIPTION	JV	TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
			(216,380.79)	(108,480.83)	(19,677.21)	(63,999.36)	(67,518.54)	(1,098.12)	3,197.44	(5,317.33)	48,288.05	(63,528.76)
5/31/2002	Payroll	1	603.15	442.01								
5/31/2002	Payroll taxes	2	51.00	37.38								
5/31/2002	AP	5	87,866.10						10,792.00			
5/31/2002	Transportation	9	72.98	54.00								
5/31/2002	Tank maint accrual	26	(24,788.00)	(3,996.00)	(1,101.00)	(1,038.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	(850.00)	(1,992.00)
			0.00									
			0.00									
			0.00									
			0.00									
			0.00									
	MAY		63,805.23	(3,462.61)	(1,101.00)	(1,038.00)	(4,628.00)	(193.00)	10,554.00	(178.00)	(850.00)	(1,992.00)
	BTD		(152,575.56)	(111,943.44)	(20,778.21)	(65,037.36)	(72,146.54)	(1,291.12)	13,751.44	(5,495.33)	47,438.05	(65,520.76)
	63,380.92 Total 265		(214,718.30)									

265

DATE	DESCRIPTION	JV	TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
			(152,575.56)	(111,943.44)	(20,778.21)	(65,037.36)	(72,146.54)	(1,291.12)	13,751.44	(5,495.33)	47,438.05	(65,520.76)
6/30/2002	Payroll	1	1,814.70	157.35								
6/30/2002	Payroll taxes	2	160.53	13.92								
6/30/2002	AP	5	18,030.79	2,352.00	12.57		3,288.00		1,109.39	2,232.00	231.66	
6/30/2002	Transportation	9	376.70	39.40								
6/30/2002	Tank maint accrual	26	(24,788.00)	(3,996.00)	(1,101.00)	(1,038.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	(850.00)	(1,992.00)
			0.00									
			0.00									
			0.00									
			0.00									
			0.00									
	JUNE		(4,405.28)	(1,433.33)	(1,088.43)	(1,038.00)	(1,340.00)	(193.00)	871.39	2,054.00	(618.34)	(1,992.00)
	BTD		(156,980.84)	(113,376.77)	(21,866.64)	(66,075.36)	(73,486.54)	(1,484.12)	14,622.83	(3,441.33)	46,819.71	(67,512.76)
	(5,916.95) Total 265		(220,635.25)									

ARIZONA WATER COMPANY *ARIZONA WATER COMPANY*
2002 SUBLEDGER 2002 SUBLEDGER

265 RESERVE for TANK MAINTENANCE

265

DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(177,666.58)	6,662.49	(3,867.36)	37,996.67	(14,451.79)	9,174.84	59,267.90	(24,578.34)	8,123.66	(2,716.10)	9,232.14
4/30/2002	Payroll	1	878.20				366.33						
4/30/2002	Payroll taxes	2	77.88				32.49						
4/30/2002	AP	5	3,262.07			2,505.00	30.18						
4/30/2002	Transportation	9	144.88				70.00						
4/30/2002	Equipment	9A	19.76		19.76								
4/30/2002	Tank maint accrual	20	(24,412.00)	(4,144.00)					(11,784.00)	(1,376.00)	(3,416.00)		
4/30/2002	Tank maint accrual	26	(18,685.00)	(222.00)	(979.00)	(752.00)	(530.00)	(56.00)	(1,144.00)	(676.00)	(190.00)	(710.00)	(135.00)
			0.00										
			0.00										
			0.00										
	APRIL		(38,714.21)	(4,366.00)	(959.24)	1,753.00	(31.00)	(56.00)	(12,928.00)	(2,052.00)	(3,606.00)	(710.00)	(135.00)
	BTD		(216,380.79)	2,296.49	(4,826.60)	39,749.67	(14,482.79)	9,118.84	46,339.90	(26,630.34)	4,517.66	(3,426.10)	9,097.14
	(38,234.13) Total 26		(278,099.22)										

265

DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(216,380.79)	2,296.49	(4,826.60)	39,749.67	(14,482.79)	9,118.84	46,339.90	(26,630.34)	4,517.66	(3,426.10)	9,097.14
5/31/2002	Payroll	1	603.15				161.14						
5/31/2002	Payroll taxes	2	51.00				13.62						
5/31/2002	AP	5	87,866.10		47,420.59								
5/31/2002	Transportation	9	72.98				18.98					29,653.51	
5/31/2002	Tank maint accrual	26	(24,788.00)	(1,258.00)	(979.00)	(752.00)	(530.00)	(56.00)	(4,090.00)	(1,020.00)	(1,044.00)	(710.00)	(135.00)
			0.00										
			0.00										
			0.00										
			0.00										
			0.00										
	MAY		63,805.23	(1,258.00)	46,441.59	(752.00)	(336.26)	(56.00)	(4,090.00)	(1,020.00)	(1,044.00)	28,943.51	(135.00)
	BTD		(152,575.56)	1,038.49	41,614.99	38,997.67	(14,819.05)	9,062.84	42,249.90	(27,650.34)	3,473.66	25,517.41	8,962.14
	63,380.92 Total 265		(214,718.30)										

265

DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(152,575.56)	1,038.49	41,614.99	38,997.67	(14,819.05)	9,062.84	42,249.90	(27,650.34)	3,473.66	25,517.41	8,962.14
6/30/2002	Payroll	1	1,814.70			61.84	1,513.05	82.46					
6/30/2002	Payroll taxes	2	160.53			5.47	133.85	7.29					
6/30/2002	AP	5	18,030.79				8,521.77						
6/30/2002	Transportation	9	376.70			9.74	308.08	19.48				283.40	
6/30/2002	Tank maint accrual	26	(24,788.00)	(1,258.00)	(979.00)	(752.00)	(530.00)	(56.00)	(4,090.00)	(1,020.00)	(1,044.00)	(710.00)	(135.00)
			0.00										
			0.00										
			0.00										
			0.00										
			0.00										
	JUNE		(4,405.28)	(1,258.00)	(979.00)	(674.95)	9,946.75	53.23	(4,090.00)	(1,020.00)	(1,044.00)	(426.60)	(135.00)
	BTD		(156,980.84)	(219.51)	40,635.99	38,322.72	(4,872.30)	9,116.07	38,159.90	(28,670.34)	2,429.66	25,090.81	8,827.14
	(5,916.95) Total 265		(220,635.25)										

ARIZONA WATER COMPANY
2002 SUBLEDGER

265 RESERVE for TANK MAINTENANCE

265			TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
DATE	DESCRIPTION	JV	(156,980.84)	(113,376.77)	(21,866.64)	(66,075.36)	(73,486.54)	(1,484.12)	14,622.83	(3,441.33)	46,819.71	(67,512.76)
7/31/2002	Payroll	1	772.60								772.60	
7/31/2002	Payroll taxes	2	67.56								67.56	
7/31/2002	AP	5	0.00									
7/31/2002	Transportation	9	129.30								129.30	
7/31/2002	Equipment	9A	21.12								21.12	
7/31/2002	Tank maint accrual	26	(24,788.00)	(3,996.00)	(1,101.00)	(1,038.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	(850.00)	(1,992.00)
			0.00									
			0.00									
			0.00									
			0.00									
	JULY		(23,797.42)	(3,996.00)	(1,101.00)	(1,038.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	140.58	(1,992.00)
	BTD		(180,778.26)	(117,372.77)	(22,967.64)	(67,113.36)	(78,114.54)	(1,677.12)	14,384.83	(3,619.33)	46,960.29	(69,504.76)
	(21,814.23) Total 265		(242,449.48)									

265			TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
DATE	DESCRIPTION	JV	(180,778.26)	(117,372.77)	(22,967.64)	(67,113.36)	(78,114.54)	(1,677.12)	14,384.83	(3,619.33)	46,960.29	(69,504.76)
8/31/2002	Payroll	1	247.68									247.68
8/31/2002	Cash Receipts	3	21.62									21.62
8/31/2002	AP	5	3,222.50				3,222.50					
8/31/2002	Transportation	9	80.91									80.91
8/31/2002	Tank maint accrual	26	(24,788.00)	(3,996.00)	(1,101.00)	(1,038.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	(850.00)	(1,992.00)
8/31/2002			0.00									
			0.00									
			0.00									
			0.00									
			0.00									
	AUGUST		(21,215.29)	(3,996.00)	(1,101.00)	(1,038.00)	(1,405.50)	(193.00)	(238.00)	(178.00)	(850.00)	(1,641.79)
	BTD		(201,993.55)	(121,368.77)	(24,068.64)	(68,151.36)	(79,520.04)	(1,870.12)	14,146.83	(3,797.33)	46,110.29	(71,146.55)
	(23,096.29) Total 265		(265,545.77)									

265			TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
DATE	DESCRIPTION	JV	(201,993.55)	(121,368.77)	(24,068.64)	(68,151.36)	(79,520.04)	(1,870.12)	14,146.83	(3,797.33)	46,110.29	(71,146.55)
9/30/2002	Payroll	1	103.08				103.08					
9/30/2002	Payroll taxes	2	9.00				9.00					
9/30/2002	AP	5	18.32	9.54								
9/30/2002	Transportation	9	25.95				25.95					
9/30/2002	Tank maint accrual	26	(24,788.00)	(3,996.00)	(1,101.00)	(1,038.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	(850.00)	(1,992.00)
9/30/2002	Inventory	7	45.40		45.40							
9/30/2002	Stores	8	5.68		5.68							
9/30/2002	Equipment	9A	2.65								2.65	
			0.00									
			0.00									
	SEPTEMBER		(24,577.92)	(3,986.46)	(1,049.92)	(1,038.00)	(4,489.97)	(193.00)	(238.00)	(178.00)	(847.35)	(1,992.00)
	BTD		(226,571.47)	(125,355.23)	(25,118.56)	(69,189.36)	(84,010.01)	(2,063.12)	13,908.83	(3,975.33)	45,262.94	(73,138.55)
	(26,458.92) Total 265		(292,004.69)									

ARIZONA WATER COMPANY *ARIZONA WATER COMPANY*
2002 SUBLEDGER 2002 SUBLEDGER

265 RESERVE for TANK MAINTENANCE

265

DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(156,980.84)	(219.51)	40,635.99	38,322.72	(4,872.30)	9,116.07	38,159.90	(28,670.34)	2,429.66	25,090.81	8,827.14
7/31/2002	Payroll	1	772.60										
7/31/2002	Payroll taxes	2	67.56										
7/31/2002	AP	5	0.00										
7/31/2002	Transportation	9	129.30										
7/31/2002	Equipment	9A	21.12										
7/31/2002	Tank maint accrual	26	(24,788.00)	(1,258.00)	(979.00)	(752.00)	(530.00)	(56.00)	(4,090.00)	(1,020.00)	(1,044.00)	(710.00)	(135.00)
			0.00										
			0.00										
			0.00										
			0.00										
	JULY		(23,797.42)	(1,258.00)	(979.00)	(752.00)	(530.00)	(56.00)	(4,090.00)	(1,020.00)	(1,044.00)	(710.00)	(135.00)
	BTD		(180,778.26)	(1,477.51)	39,656.99	37,570.72	(5,402.30)	9,060.07	34,069.90	(29,690.34)	1,385.66	24,380.81	8,692.14
	(21,814.23) Total 265		(242,449.48)										

265

DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(180,778.26)	(1,477.51)	39,656.99	37,570.72	(5,402.30)	9,060.07	34,069.90	(29,690.34)	1,385.66	24,380.81	8,692.14
8/31/2002	Payroll	1	247.68										
8/31/2002	Cash Receipts	3	21.62										
8/31/2002	AP	5	3,222.50										
8/31/2002	Transportation	9	80.91										
8/31/2002	Tank maint accrual	26	(24,788.00)	(1,258.00)	(979.00)	(752.00)	(530.00)	(56.00)	(4,090.00)	(1,020.00)	(1,044.00)	(710.00)	(135.00)
8/31/2002			0.00										
			0.00										
			0.00										
			0.00										
			0.00										
	AUGUST		(21,215.29)	(1,258.00)	(979.00)	(752.00)	(530.00)	(56.00)	(4,090.00)	(1,020.00)	(1,044.00)	(710.00)	(135.00)
	BTD		(201,993.55)	(2,735.51)	38,677.99	36,818.72	(5,932.30)	9,004.07	29,979.90	(30,710.34)	341.66	23,670.81	8,557.14
	(23,096.29) Total 265		(265,545.77)										

265

DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(201,993.55)	(2,735.51)	38,677.99	36,818.72	(5,932.30)	9,004.07	29,979.90	(30,710.34)	341.66	23,670.81	8,557.14
9/30/2002	Payroll	1	103.08										
9/30/2002	Payroll taxes	2	9.00										
9/30/2002	AP	5	18.32										
9/30/2002	Transportation	9	25.95						8.78				
9/30/2002	Tank maint accrual	26	(24,788.00)	(1,258.00)	(979.00)	(752.00)	(530.00)	(56.00)	(4,090.00)	(1,020.00)	(1,044.00)	(710.00)	(135.00)
9/30/2002	Inventory	7	45.40										
9/30/2002	Stores	8	5.68										
9/30/2002	Equipment	9A	2.65										
			0.00										
			0.00										
	SEPTEMBER		(24,577.92)	(1,258.00)	(979.00)	(752.00)	(530.00)	(56.00)	(4,081.22)	(1,020.00)	(1,044.00)	(710.00)	(135.00)
	BTD		(226,571.47)	(3,993.51)	37,698.99	36,066.72	(6,462.30)	8,948.07	25,898.68	(31,730.34)	(702.34)	22,960.81	8,422.14
	(26,458.92) Total 265		(292,004.69)										

ARIZONA WATER COMPANY
2002 SUBLEDGER

265 RESERVE for TANK MAINTENANCE

265			TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
DATE	DESCRIPTION	JV	(226,571.47)	(125,355.23)	(25,118.56)	(69,189.36)	(84,010.01)	(2,063.12)	13,908.83	(3,975.33)	45,262.94	(73,138.55)
10/31/2002	Payroll	1	851.04	324.54			351.55				113.11	
10/31/2002	Payroll taxes	2	68.47	26.11			28.28				9.10	
10/31/2002	AP	5	3,293.00									
10/31/2002	Inventory	7	0.00									
10/31/2002	Transportation	9	72.21	25.24			25.24				17.31	
10/31/2002	Equipment	9A	4.47								4.47	
10/31/2002	Tank maint accrual	26	(24,788.00)	(3,996.00)	(1,101.00)	(1,038.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	(850.00)	(1,992.00)
			0.00									
			0.00									
			0.00									
	OCTOBER		(20,498.81)	(3,620.11)	(1,101.00)	(1,038.00)	(4,222.93)	(193.00)	(238.00)	(178.00)	(706.01)	(1,992.00)
	BTD		(247,070.28)	(128,975.34)	(26,219.56)	(70,227.36)	(88,232.94)	(2,256.12)	13,670.83	(4,153.33)	44,556.93	(75,130.55)
	(21,147.96) Total 265		(313,152.65)									

265			TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
DATE	DESCRIPTION	JV	(247,070.28)	(128,975.34)	(26,219.56)	(70,227.36)	(88,232.94)	(2,256.12)	13,670.83	(4,153.33)	44,556.93	(75,130.55)
11/30/2002	Payroll	1	980.38	167.19			203.41				428.97	
11/30/2002	Payroll taxes	2	82.07	14.00			17.03				35.90	
11/30/2002	AP	5	18,367.96	17.56			18,273.57					
11/30/2002	Transportation	9	186.23	58.38			42.86				55.39	
11/30/2002	Tank maint accrual	26	(24,788.00)	(3,996.00)	(1,101.00)	(1,038.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	(850.00)	(1,992.00)
			0.00									
			0.00									
			0.00									
			0.00									
			0.00									
	NOVEMBER		(5,171.36)	(3,738.87)	(1,101.00)	(1,038.00)	13,908.87	(193.00)	(238.00)	(178.00)	(329.74)	(1,992.00)
	BTD		(252,241.64)	(132,714.21)	(27,320.56)	(71,265.36)	(74,324.07)	(2,449.12)	13,432.83	(4,331.33)	44,227.19	(77,122.55)
	(2,709.47) Total 265		(315,862.12)									

265			TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
DATE	DESCRIPTION	JV	(252,241.64)	(132,714.21)	(27,320.56)	(71,265.36)	(74,324.07)	(2,449.12)	13,432.83	(4,331.33)	44,227.19	(77,122.55)
12/31/2002	Payroll	1	503.57	177.03			173.29				92.35	
12/31/2002	Payroll taxes	2	42.23	14.84			14.53				7.75	
12/31/2002	AP	5	38,012.55	13,305.31			22,498.92					
12/31/2002	Transportation	9	121.62	67.25			30.30				20.50	
12/31/2002	Tank maint accrual	26	(24,788.00)	(3,996.00)	(1,101.00)	(1,038.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	(850.00)	(1,992.00)
12/31/2002	Miscellaneous	20	(1.00)									(2.00)
			0.00									
			0.00									
			0.00									
			0.00									
	DECEMBER		13,890.97	9,568.43	(1,101.00)	(1,038.00)	18,089.04	(193.00)	(238.00)	(178.00)	(729.40)	(1,994.00)
	BTD		(238,350.67)	(123,145.78)	(28,421.56)	(72,303.36)	(56,235.03)	(2,642.12)	13,194.83	(4,509.33)	43,497.79	(79,116.55)

ARIZONA WATER COMPANY ARIZONA WATER COMPANY
2002 SUBLEDGER 2002 SUBLEDGER

265 RESERVE for TANK MAINTENANCE

265			TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
DATE	DESCRIPTION	JV	(226,571.47)	(3,993.51)	37,698.99	36,066.72	(6,462.30)	8,948.07	25,898.68	(31,730.34)	(702.34)	22,960.81	8,422.14
10/31/2002	Payroll	1	851.04				61.84						
10/31/2002	Payroll taxes	2	68.47				4.98						
10/31/2002	AP	5	3,293.00		3,293.00								
10/31/2002	Inventory	7	0.00										
10/31/2002	Transportation	9	72.21				4.42						
10/31/2002	Equipment	9A	4.47										
10/31/2002	Tank maint accrual	26	(24,788.00)	(1,258.00)	(979.00)	(752.00)	(530.00)	(56.00)	(4,090.00)	(1,020.00)	(1,044.00)	(710.00)	(135.00)
			0.00										
			0.00										
			0.00										
	OCTOBER		(20,498.81)	(1,258.00)	2,314.00	(752.00)	(458.76)	(56.00)	(4,090.00)	(1,020.00)	(1,044.00)	(710.00)	(135.00)
	BTD		(247,070.28)	(5,251.51)	40,012.99	35,314.72	(6,921.06)	8,892.07	21,808.68	(32,750.34)	(1,746.34)	22,250.81	8,287.14
	(21,147.96) Total 265		(313,152.65)										

265			TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
DATE	DESCRIPTION	JV	(247,070.28)	(5,251.51)	40,012.99	35,314.72	(6,921.06)	8,892.07	21,808.68	(32,750.34)	(1,746.34)	22,250.81	8,287.14
11/30/2002	Payroll	1	980.38				180.81						
11/30/2002	Payroll taxes	2	82.07				15.14						
11/30/2002	AP	5	18,367.96				76.83						
11/30/2002	Transportation	9	186.23				29.60						
11/30/2002	Tank maint accrual	26	(24,788.00)	(1,258.00)	(979.00)	(752.00)	(530.00)	(56.00)	(4,090.00)	(1,020.00)	(1,044.00)	(710.00)	(135.00)
			0.00										
			0.00										
			0.00										
			0.00										
			0.00										
	NOVEMBER		(5,171.36)	(1,258.00)	(979.00)	(752.00)	(227.62)	(56.00)	(4,090.00)	(1,020.00)	(1,044.00)	(710.00)	(135.00)
	BTD		(252,241.64)	(6,509.51)	39,033.99	34,562.72	(7,148.68)	8,836.07	17,718.68	(33,770.34)	(2,790.34)	21,540.81	8,152.14
	(2,709.47) Total 265		(315,862.12)										

265			TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
DATE	DESCRIPTION	JV	(252,241.64)	(6,509.51)	39,033.99	34,562.72	(7,148.68)	8,836.07	17,718.68	(33,770.34)	(2,790.34)	21,540.81	8,152.14
12/31/2002	Payroll	1	503.57						19.67			41.23	
12/31/2002	Payroll taxes	2	42.23						1.65			3.46	
12/31/2002	AP	5	38,012.55			1,104.16	1,104.16						
12/31/2002	Transportation	9	121.62						1.05			2.52	
12/31/2002	Tank maint accrual	26	(24,788.00)	(1,258.00)	(979.00)	(752.00)	(530.00)	(56.00)	(4,090.00)	(1,020.00)	(1,044.00)	(710.00)	(135.00)
12/31/2002	Miscellaneous	20	(1.00)						7.00		(6.00)		
			0.00										
			0.00										
			0.00										
			0.00										
	DECEMBER		13,890.97	(1,258.00)	(979.00)	352.16	574.16	(56.00)	(4,060.63)	(1,020.00)	(1,050.00)	(662.79)	(135.00)
	BTD		(238,350.67)	(7,767.51)	38,054.99	34,914.88	(6,574.52)	8,780.07	13,658.05	(34,790.34)	(3,840.34)	20,878.02	8,017.14

ARIZONA WATER COMPANY
2003 SUBLEDGER

265 RESERVE for TANK MAINTENANCE

265

DATE	DESCRIPTION	JV	TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
			(238,350.67)	(123,145.78)	(28,421.56)	(72,303.36)	(56,235.03)	(2,642.12)	13,194.83	(4,509.33)	43,497.79	(79,116.55)
31-Jan-03	Payroll	1	50.09				29.83				20.26	
31-Jan-03	Payroll taxes	2	5.08				3.03				2.05	
31-Jan-03	AP	5	0.00									
31-Jan-03	Transportation	9	8.37				4.82				3.55	
31-Jan-03	Tank maint accrual	26	(24,790.00)	(3,996.00)	(1,101.00)	(1,038.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	(851.00)	(1,992.00)
31-Jan-03			0.00									
31-Jan-03			0.00									
31-Jan-03			0.00									
31-Jan-03			0.00									
31-Jan-03			0.00									
JANUARY			(24,726.46)	(3,996.00)	(1,101.00)	(1,038.00)	(4,590.32)	(193.00)	(238.00)	(178.00)	(825.14)	(1,992.00)
BTD			(263,077.13)	(127,141.78)	(29,522.56)	(73,341.36)	(60,825.35)	(2,835.12)	12,956.83	(4,687.33)	42,672.65	(81,108.55)
(24,627.32) Total 265			(327,873.83)									

265

DATE	DESCRIPTION	JV	TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
			(263,077.13)	(127,141.78)	(29,522.56)	(73,341.36)	(60,825.35)	(2,835.12)	12,956.83	(4,687.33)	42,672.65	(81,108.55)
28-Feb-03	Payroll	1	695.24	162.07			59.65				433.00	
28-Feb-03	Payroll taxes	2	69.16	16.12			5.93				43.08	
28-Feb-03	AP	5	2,415.34	9.82			503.52					
28-Feb-03	Transportation	9	138.08	55.76			10.18				61.64	
28-Feb-03	Tank maint accrual	26	(24,790.00)	(3,996.00)	(1,101.00)	(1,038.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	(851.00)	(1,992.00)
28-Feb-03	Inventory	7	0.00									
28-Feb-03	Stores	8	0.00									
28-Feb-03	Equipment	9A	0.00									
28-Feb-03			0.00									
28-Feb-03			0.00									
FEBRUARY			(21,472.18)	(3,752.23)	(1,101.00)	(1,038.00)	(4,048.72)	(193.00)	(238.00)	(178.00)	(313.28)	(1,992.00)
BTD			(284,549.31)	(130,894.01)	(30,623.56)	(74,379.36)	(64,874.07)	(3,028.12)	12,718.83	(4,865.33)	42,359.37	(83,100.55)
(23,353.18) Total 265			(351,227.01)									

265

DATE	DESCRIPTION	JV	TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
			(284,549.31)	(130,894.01)	(30,623.56)	(74,379.36)	(64,874.07)	(3,028.12)	12,718.83	(4,865.33)	42,359.37	(83,100.55)
31-Mar-03	Payroll	1	688.82	476.09	81.04							
31-Mar-03	Payroll taxes	2	64.19	44.37	7.55							
31-Mar-03	AP	5	69,371.63	6,970.73					2,096.90		50,098.40	
31-Mar-03	Transportation	9	191.34	154.02	2.16							
31-Mar-03	Tank maint accrual	26	(24,788.00)	(3,994.00)	(1,101.00)	(1,038.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	(851.00)	(1,992.00)
31-Mar-03	Equipment	9A	0.00									
31-Mar-03	Adjustment	20	0.00									
31-Mar-03			0.00									
31-Mar-03			0.00									
31-Mar-03			0.00									
MARCH			45,527.98	3,651.21	(1,010.25)	(1,038.00)	(4,628.00)	(193.00)	1,858.90	(178.00)	49,247.40	(1,992.00)
BTD			(239,021.33)	(127,242.80)	(31,633.81)	(75,417.36)	(69,502.07)	(3,221.12)	14,577.73	(5,043.33)	91,606.77	(85,092.55)
44,203.80 Total 265			(307,023.21)									

ARIZONA WATER COMPANY
2003 SUBLEDGER

ARIZONA WATER COMPANY
2003 SUBLEDGER

265 RESERVE for TANK MAINTENANCE

265

DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(238,350.67)	(7,767.51)	38,054.99	34,914.88	(6,574.52)	8,780.07	13,658.05	(34,790.34)	(3,840.34)	20,878.02	8,017.14
31-Jan-03	Payroll	1	50.09										
31-Jan-03	Payroll taxes	2	5.08										
31-Jan-03	AP	5	0.00										
31-Jan-03	Transportation	9	8.37										
31-Jan-03	Tank maint accrual	26	(24,790.00)	(1,258.00)	(979.00)	(753.00)	(530.00)	(56.00)	(4,089.00)	(1,020.00)	(1,045.00)	(710.00)	(135.00
31-Jan-03			0.00										
31-Jan-03			0.00										
31-Jan-03			0.00										
31-Jan-03			0.00										
31-Jan-03			0.00										
JANUARY			(24,726.46)	(1,258.00)	(979.00)	(753.00)	(530.00)	(56.00)	(4,089.00)	(1,020.00)	(1,045.00)	(710.00)	(135.00
BTD			(263,077.13)	(9,025.51)	37,075.99	34,161.88	(7,104.52)	8,724.07	9,569.05	(35,810.34)	(4,885.34)	20,168.02	7,882.14
(24,627.32) Total 265			(327,873.83)										

265

DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(263,077.13)	(9,025.51)	37,075.99	34,161.88	(7,104.52)	8,724.07	9,569.05	(35,810.34)	(4,885.34)	20,168.02	7,882.14
28-Feb-03	Payroll	1	695.24					40.52					
28-Feb-03	Payroll taxes	2	69.16					4.03					
28-Feb-03	AP	5	2,415.34						1,902.00				
28-Feb-03	Transportation	9	138.08					10.50					
28-Feb-03	Tank maint accrual	26	(24,790.00)	(1,258.00)	(979.00)	(753.00)	(530.00)	(56.00)	(4,089.00)	(1,020.00)	(1,045.00)	(710.00)	(135.00
28-Feb-03	Inventory	7	0.00										
28-Feb-03	Stores	8	0.00										
28-Feb-03	Equipment	9A	0.00										
28-Feb-03			0.00										
28-Feb-03			0.00										
FEBRUARY			(21,472.18)	(1,258.00)	(979.00)	(753.00)	(530.00)	(0.95)	(2,187.00)	(1,020.00)	(1,045.00)	(710.00)	(135.00
BTD			(284,549.31)	(10,283.51)	36,096.99	33,408.88	(7,634.52)	8,723.12	7,382.05	(36,830.34)	(5,930.34)	19,458.02	7,747.14
(23,353.18) Total 265			(351,227.01)										

265

DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(284,549.31)	(10,283.51)	36,096.99	33,408.88	(7,634.52)	8,723.12	7,382.05	(36,830.34)	(5,930.34)	19,458.02	7,747.14
31-Mar-03	Payroll	1	688.82		131.69								
31-Mar-03	Payroll taxes	2	64.19		12.27								
31-Mar-03	AP	5	69,371.63		1,458.87				4,588.73			4,158.00	
31-Mar-03	Transportation	9	191.34		35.16								
31-Mar-03	Tank maint accrual	26	(24,788.00)	(1,258.00)	(979.00)	(753.00)	(530.00)	(56.00)	(4,089.00)	(1,020.00)	(1,045.00)	(710.00)	(135.00)
31-Mar-03	Equipment	9A	0.00										
31-Mar-03	Adjustment	20	0.00										
31-Mar-03			0.00										
31-Mar-03			0.00										
31-Mar-03			0.00										
MARCH			45,527.98	(1,258.00)	658.99	(753.00)	(530.00)	(56.00)	499.73	(1,020.00)	(1,045.00)	3,448.00	(135.00)
BTD			(239,021.33)	(11,541.51)	36,755.98	32,655.88	(8,164.52)	8,667.12	7,881.78	(37,850.34)	(6,975.34)	22,906.02	7,612.14
44,203.80 Total 265			(307,023.21)										

ARIZONA WATER COMPANY
2003 SUBLEDGER

265 RESERVE for TANK MAINTENANCE

265

DATE	DESCRIPTION	JV	TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
			(239,021.33)	(127,242.80)	(31,633.81)	(75,417.36)	(69,502.07)	(3,221.12)	14,577.73	(5,043.33)	91,606.77	(85,092.55)
30-Apr-03	Payroll	1	680.01	101.30					190.78		149.14	
30-Apr-03	Payroll taxes	2	62.24	9.27					17.46		13.65	
30-Apr-03	AP	5	892.23	42.23								
30-Apr-03	Transportation	9	142.83	21.09					41.18		24.80	
30-Apr-03	Equipment	9A	0.00									
30-Apr-03	Tank maint accrual	20	(767.00)	(2.00)								
30-Apr-03	Tank maint accrual	26	(24,790.00)	(3,996.00)	(1,101.00)	(1,038.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	(851.00)	(1,992.00)
30-Apr-03			0.00									
30-Apr-03			0.00									
30-Apr-03			0.00									
	APRIL		(23,779.69)	(3,824.11)	(1,101.00)	(1,038.00)	(4,628.00)	(193.00)	11.42	(178.00)	(663.41)	(1,992.00)
	BTD		(262,801.02)	(131,066.91)	(32,734.81)	(76,455.36)	(74,130.07)	(3,414.12)	14,589.15	(5,221.33)	90,943.36	(87,084.55)
	(23,765.02) Total 26		(330,788.23)									

265

DATE	DESCRIPTION	JV	TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
			(262,801.02)	(131,066.91)	(32,734.81)	(76,455.36)	(74,130.07)	(3,414.12)	14,589.15	(5,221.33)	90,943.36	(87,084.55)
31-May-03	Payroll	1	293.21	60.78	40.52		29.83				40.52	
31-May-03	Payroll taxes	2	25.34	5.26	3.50		2.58				3.50	
31-May-03	AP	5	162,321.96	960.00	240.00		159,752.79				360.00	
31-May-03	Transportation	9	40.89	14.07	1.58		3.81				4.62	
31-May-03	Tank maint accrual	26	(24,790.00)	(3,996.00)	(1,101.00)	(1,038.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	(851.00)	(1,992.00)
31-May-03	Equipment	9A	278.55								278.55	
31-May-03	Cash Receipts	3	(2,381.98)	(2,381.98)								
31-May-03			0.00									
31-May-03			0.00									
31-May-03			0.00									
	MAY		135,787.97	(5,337.87)	(815.40)	(1,038.00)	155,161.01	(193.00)	(238.00)	(178.00)	(163.81)	(1,992.00)
	BTD		(127,013.05)	(136,404.78)	(33,550.21)	(77,493.36)	81,030.94	(3,607.12)	14,351.15	(5,399.33)	90,779.55	(89,076.55)
	133,906.97 Total 265		(196,881.26)									

265

DATE	DESCRIPTION	JV	TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
			(127,013.05)	(136,404.78)	(33,550.21)	(77,493.36)	81,030.94	(3,607.12)	14,351.15	(5,399.33)	90,779.55	(89,076.55)
30-Jun-03	Payroll	1	141.82		40.52		101.30					
30-Jun-03	Payroll taxes	2	12.97		3.70		9.27					
30-Jun-03	AP	5	5,186.92				4,983.58					
30-Jun-03	Transportation	9	28.30		4.40		23.90					
30-Jun-03	Tank maint accrual	26	(24,790.00)	(3,996.00)	(1,101.00)	(1,038.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	(851.00)	(1,992.00)
30-Jun-03	Equipment	9A	0.00									
30-Jun-03			0.00									
30-Jun-03			0.00									
30-Jun-03			0.00									
30-Jun-03			0.00									
	JUNE		(19,419.99)	(3,996.00)	(1,052.38)	(1,038.00)	490.05	(193.00)	(238.00)	(178.00)	(851.00)	(1,992.00)
	BTD		(146,433.04)	(140,400.78)	(34,602.59)	(78,531.36)	81,520.99	(3,800.12)	14,113.15	(5,577.33)	89,928.55	(91,068.55)
	(17,109.64) Total 265		(213,990.90)									

ARIZONA WATER COMPANY
2003 SUBLEDGER

ARIZONA WATER COMPANY
2003 SUBLEDGER

265 RESERVE for TANK MAINTENANCE

265

DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(239,021.33)	(11,541.51)	36,755.98	32,655.88	(8,164.52)	8,667.12	7,881.78	(37,850.34)	(6,975.34)	22,906.02	7,612.14
30-Apr-03	Payroll	1	680.01						238.79				
30-Apr-03	Payroll taxes	2	62.24						21.86				
30-Apr-03	AP	5	892.23									850.00	
30-Apr-03	Transportation	9	142.83						55.76				
30-Apr-03	Equipment	9A	0.00										
30-Apr-03	Tank maint accrual	20	(767.00)									(765.00)	
30-Apr-03	Tank maint accrual	26	(24,790.00)	(1,258.00)	(979.00)	(753.00)	(530.00)	(56.00)	(4,089.00)	(1,020.00)	(1,045.00)	(710.00)	(135.00
30-Apr-03			0.00										
30-Apr-03			0.00										
30-Apr-03			0.00										
	APRIL		(23,779.69)	(1,258.00)	(979.00)	(753.00)	(530.00)	(56.00)	(3,772.59)	(1,020.00)	(1,045.00)	(625.00)	(135.00
	BTD		(262,801.02)	(12,799.51)	35,776.98	31,902.88	(8,694.52)	8,611.12	4,109.19	(38,870.34)	(8,020.34)	22,281.02	7,477.14
	(23,765.02) Total 265		(330,788.23)										

265

DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(262,801.02)	(12,799.51)	35,776.98	31,902.88	(8,694.52)	8,611.12	4,109.19	(38,870.34)	(8,020.34)	22,281.02	7,477.14
31-May-03	Payroll	1	293.21		60.78		60.78						
31-May-03	Payroll taxes	2	25.34		5.25		5.25						
31-May-03	AP	5	162,321.96	120.00	168.65	240.00			480.52				
31-May-03	Transportation	9	40.89		3.87		12.94						
31-May-03	Tank maint accrual	26	(24,790.00)	(1,258.00)	(979.00)	(753.00)	(530.00)	(56.00)	(4,089.00)	(1,020.00)	(1,045.00)	(710.00)	(135.00
31-May-03	Equipment	9A	278.55										
31-May-03	Cash Receipts	3	(2,381.98)										
31-May-03			0.00										
31-May-03			0.00										
31-May-03			0.00										
	MAY		135,787.97	(1,138.00)	(740.45)	(513.00)	(451.03)	(56.00)	(3,608.48)	(1,020.00)	(1,045.00)	(710.00)	(135.00
	BTD		(127,013.05)	(13,937.51)	35,036.53	31,389.88	(9,145.55)	8,555.12	500.71	(39,890.34)	(9,065.34)	21,571.02	7,342.14
	133,906.97 Total 265		(196,881.26)										

265

DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(127,013.05)	(13,937.51)	35,036.53	31,389.88	(9,145.55)	8,555.12	500.71	(39,890.34)	(9,065.34)	21,571.02	7,342.14
30-Jun-03	Payroll	1	141.82										
30-Jun-03	Payroll taxes	2	12.97										
30-Jun-03	AP	5	5,186.92		203.34								
30-Jun-03	Transportation	9	28.30										
30-Jun-03	Tank maint accrual	26	(24,790.00)	(1,258.00)	(979.00)	(753.00)	(530.00)	(56.00)	(4,089.00)	(1,020.00)	(1,045.00)	(710.00)	(135.00)
30-Jun-03	Equipment	9A	0.00										
30-Jun-03			0.00										
30-Jun-03			0.00										
30-Jun-03			0.00										
30-Jun-03			0.00										
	JUNE		(19,419.99)	(1,258.00)	(775.66)	(753.00)	(530.00)	(56.00)	(4,089.00)	(1,020.00)	(1,045.00)	(710.00)	(135.00)
	BTD		(146,433.04)	(15,195.51)	34,260.87	30,636.88	(9,675.55)	8,499.12	(3,588.29)	(40,910.34)	(10,110.34)	20,861.02	7,207.14
	(17,109.64) Total 265		(213,990.90)										

ARIZONA WATER COMPANY
2003 SUBLEDGER

265 RESERVE for TANK MAINTENANCE

265

DATE	DESCRIPTION	JV	TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
			(146,433.04)	(140,400.78)	(34,602.59)	(78,531.36)	81,520.99	(3,800.12)	14,113.15	(5,577.33)	89,928.55	(91,068.55)
31-Jul-03	Payroll	1	40.52						40.52			
31-Jul-03	Payroll taxes	2	3.63						3.63			
31-Jul-03	AP	5	74.37									
31-Jul-03	Transportation	9	9.26						9.26			
31-Jul-03	Equipment	9A	0.00									
31-Jul-03	Tank maint accrual	26	(24,790.00)	(3,996.00)	(1,101.00)	(1,038.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	(851.00)	(1,992.00)
31-Jul-03			0.00									
31-Jul-03			0.00									
31-Jul-03			0.00									
31-Jul-03			0.00									
	JULY		(24,662.22)	(3,996.00)	(1,101.00)	(1,038.00)	(4,628.00)	(193.00)	(184.59)	(178.00)	(851.00)	(1,992.00)
	BTD		(171,095.26)	(144,396.78)	(35,703.59)	(79,569.36)	76,892.99	(3,993.12)	13,928.56	(5,755.33)	89,077.55	(93,060.55)
	(26,296.25) Total 265		(240,287.15)									

265

DATE	DESCRIPTION	JV	TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
			(171,095.26)	(144,396.78)	(35,703.59)	(79,569.36)	76,892.99	(3,993.12)	13,928.56	(5,755.33)	89,077.55	(93,060.55)
31-Aug-03	Payroll	1	20.26	20.26								
31-Aug-03	Cash Receipts	3	1.82	1.82								
31-Aug-03	AP	5	9,623.73									9,500.00
31-Aug-03	Transportation	9	7.65	7.65								
31-Aug-03	Tank maint accrual	26	(24,790.00)	(3,996.00)	(1,101.00)	(1,038.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	(851.00)	(1,992.00)
31-Aug-03	Equipment	9A	181.79								181.79	
31-Aug-03	Miscellaneous	20	(850.00)									
31-Aug-03			0.00									
31-Aug-03			0.00									
31-Aug-03			0.00									
	AUGUST		(15,804.75)	(3,966.27)	(1,101.00)	(1,038.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	(669.21)	7,508.00
	BTD		(186,900.01)	(148,363.05)	(36,804.59)	(80,607.36)	72,264.99	(4,186.12)	13,690.56	(5,933.33)	88,408.34	(85,552.55)
	(17,510.75) Total 265		(257,797.90)									

265

DATE	DESCRIPTION	JV	TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
			(186,900.01)	(148,363.05)	(36,804.59)	(80,607.36)	72,264.99	(4,186.12)	13,690.56	(5,933.33)	88,408.34	(85,552.55)
30-Sep-03	Payroll	1	526.74	60.78								384.92
30-Sep-03	Payroll taxes	2	47.44	5.47								34.67
30-Sep-03	AP	5	16,732.07				232.75				6,499.32	10,000.00
30-Sep-03	Transportation	9	136.83	20.70								95.89
30-Sep-03	Tank maint accrual	26	(24,790.00)	(3,996.00)	(1,101.00)	(1,038.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	(851.00)	(1,992.00)
30-Sep-03	Inventory	7	0.00									
30-Sep-03	Stores	8	0.00									
30-Sep-03	Equipment	9A	0.00									
30-Sep-03			0.00									
30-Sep-03			0.00									
	SEPTEMBER		(7,346.92)	(3,909.05)	(1,101.00)	(1,038.00)	(4,395.25)	(193.00)	(238.00)	(178.00)	5,648.32	8,523.48
	BTD		(194,246.93)	(152,272.10)	(37,905.59)	(81,645.36)	67,869.74	(4,379.12)	13,452.56	(6,111.33)	94,056.66	(77,029.07)
	(8,947.92) Total 265		(266,745.82)									

ARIZONA WATER COMPANY
2003 SUBLEDGER

ARIZONA WATER COMPANY
2003 SUBLEDGER

265 RESERVE for TANK MAINTENANCE

265

DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(146,433.04)	(15,195.51)	34,260.87	30,636.88	(9,675.55)	8,499.12	(3,588.29)	(40,910.34)	(10,110.34)	20,861.02	7,207.1
31-Jul-03	Payroll	1	40.52										
31-Jul-03	Payroll taxes	2	3.63										
31-Jul-03	AP	5	74.37		74.37								
31-Jul-03	Transportation	9	9.26										
31-Jul-03	Equipment	9A	0.00										
31-Jul-03	Tank maint accrual	26	(24,790.00)	(1,258.00)	(979.00)	(753.00)	(530.00)	(56.00)	(4,089.00)	(1,020.00)	(1,045.00)	(710.00)	(135.0
31-Jul-03			0.00										
31-Jul-03			0.00										
31-Jul-03			0.00										
31-Jul-03			0.00										
JULY			(24,662.22)	(1,258.00)	(904.63)	(753.00)	(530.00)	(56.00)	(4,089.00)	(1,020.00)	(1,045.00)	(710.00)	(135.0
BTD			(171,095.26)	(16,453.51)	33,356.24	29,883.88	(10,205.55)	8,443.12	(7,677.29)	(41,930.34)	(11,155.34)	20,151.02	7,072.1
(26,296.25)	Total 265		(240,287.15)										

265

DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(171,095.26)	(16,453.51)	33,356.24	29,883.88	(10,205.55)	8,443.12	(7,677.29)	(41,930.34)	(11,155.34)	20,151.02	7,072.1
31-Aug-03	Payroll	1	20.26										
31-Aug-03	Cash Receipts	3	1.82										
31-Aug-03	AP	5	9,623.73	123.73									
31-Aug-03	Transportation	9	7.65										
31-Aug-03	Tank maint accrual	26	(24,790.00)	(1,258.00)	(979.00)	(753.00)	(530.00)	(56.00)	(4,089.00)	(1,020.00)	(1,045.00)	(710.00)	(135.0
31-Aug-03	Equipment	9A	181.79										
31-Aug-03	Miscellaneous	20	(850.00)									(850.00)	
31-Aug-03			0.00										
31-Aug-03			0.00										
31-Aug-03			0.00										
AUGUST			(15,804.75)	(1,134.27)	(979.00)	(753.00)	(530.00)	(56.00)	(4,089.00)	(1,020.00)	(1,045.00)	(1,560.00)	(135.0
BTD			(186,900.01)	(17,587.78)	32,377.24	29,130.88	(10,735.55)	8,387.12	(11,766.29)	(42,950.34)	(12,200.34)	18,591.02	6,937.14
(17,510.75)	Total 265		(257,797.90)										

265

DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(186,900.01)	(17,587.78)	32,377.24	29,130.88	(10,735.55)	8,387.12	(11,766.29)	(42,950.34)	(12,200.34)	18,591.02	6,937.14
30-Sep-03	Payroll	1	526.74		81.04								
30-Sep-03	Payroll taxes	2	47.44		7.30								
30-Sep-03	AP	5	16,732.07										
30-Sep-03	Transportation	9	136.83		20.24								
30-Sep-03	Tank maint accrual	26	(24,790.00)	(1,258.00)	(979.00)	(753.00)	(530.00)	(56.00)	(4,089.00)	(1,020.00)	(1,045.00)	(710.00)	(135.00
30-Sep-03	Inventory	7	0.00										
30-Sep-03	Stores	8	0.00										
30-Sep-03	Equipment	9A	0.00										
30-Sep-03			0.00										
30-Sep-03			0.00										
SEPTEMBER			(7,346.92)	(1,258.00)	(870.42)	(753.00)	(530.00)	(56.00)	(4,089.00)	(1,020.00)	(1,045.00)	(710.00)	(135.00
BTD			(194,246.93)	(18,845.78)	31,506.82	28,377.88	(11,265.55)	8,331.12	(15,855.29)	(43,970.34)	(13,245.34)	17,881.02	6,802.14
(8,947.92)	Total 265		(266,745.82)										

ARIZONA WATER COMPANY
2003 SUBLEDGER

265 RESERVE for TANK MAINTENANCE

265			TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
DATE	DESCRIPTION	JV	(194,246.93)	(152,272.10)	(37,905.59)	(81,645.36)	67,869.74	(4,379.12)	13,452.56	(6,111.33)	94,056.66	(77,029.07)
31-Oct-03	Payroll	1	753.84	141.82							81.04	364.66
31-Oct-03	Payroll taxes	2	62.52	11.76							6.72	30.25
31-Oct-03	AP	5	23,054.61									22,849.90
31-Oct-03	Inventory	7	0.00									
31-Oct-03	Transportation	9	94.43	33.46							5.22	38.86
31-Oct-03	Equipment	9A	0.00									
31-Oct-03	Tank maint accrual	26	(24,790.00)	(3,996.00)	(1,101.00)	(1,038.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	(851.00)	(1,992.00)
31-Oct-03	Maintenance	20	0.00									
31-Oct-03			0.00									
31-Oct-03			0.00									
	OCTOBER		(824.60)	(3,808.96)	(1,101.00)	(1,038.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	(758.02)	21,291.67
	BTD		(195,071.53)	(156,081.06)	(39,006.59)	(82,683.36)	63,241.74	(4,572.12)	13,214.56	(6,289.33)	93,298.64	(55,737.40)
	(2,018.05) Total 265		(268,763.87)									

265			TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
DATE	DESCRIPTION	JV	(195,071.53)	(156,081.06)	(39,006.59)	(82,683.36)	63,241.74	(4,572.12)	13,214.56	(6,289.33)	93,298.64	(55,737.40)
30-Nov-03	Payroll	1	858.90	516.61	342.29							
30-Nov-03	Payroll taxes	2	75.00	45.11	29.89							
30-Nov-03	AP	5	9.13	9.13								
30-Nov-03	Transportation	9	(116.88)	237.12	(354.00)							
30-Nov-03	Tank maint accrual	26	(24,790.00)	(3,996.00)	(1,101.00)	(1,038.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	(851.00)	(1,992.00)
30-Nov-03	Equipment	9A	33.31		33.31							
30-Nov-03			0.00									
30-Nov-03			0.00									
30-Nov-03			0.00									
30-Nov-03			0.00									
	NOVEMBER		(23,930.54)	(3,188.03)	(1,049.51)	(1,038.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	(851.00)	(1,992.00)
	BTD		(219,002.07)	(159,269.09)	(40,056.10)	(83,721.36)	58,613.74	(4,765.12)	12,976.56	(6,467.33)	92,447.64	(57,729.40)
	(24,030.98) Total 265		(292,794.85)									

265			TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
DATE	DESCRIPTION	JV	(219,002.07)	(159,269.09)	(40,056.10)	(83,721.36)	58,613.74	(4,765.12)	12,976.56	(6,467.33)	92,447.64	(57,729.40)
31-Dec-03	Payroll	1	142.78	121.55	21.23							
31-Dec-03	Payroll taxes	2	12.47	10.62	1.85							
31-Dec-03	AP	5	26,008.39	6,523.00	12,163.92		7,321.47					
31-Dec-03	Transportation	9	31.42	26.58	4.84							
31-Dec-03	Tank maint accrual	26	(24,775.00)	(3,996.00)	(1,101.00)	(1,038.00)	(4,636.00)	(193.00)	(238.00)	(178.00)	(839.00)	(1,994.00)
31-Dec-03	Equipment	9A	60.12								60.12	
31-Dec-03			0.00									
31-Dec-03			0.00									
31-Dec-03			0.00									
31-Dec-03			0.00									
	DECEMBER		1,480.18	2,685.75	11,090.84	(1,038.00)	2,685.47	(193.00)	(238.00)	(178.00)	(778.88)	(1,994.00)
	BTD		(217,521.89)	(156,583.34)	(28,965.26)	(84,759.36)	61,299.21	(4,958.12)	12,738.56	(6,645.33)	91,668.76	(59,723.40)

ARIZONA WATER COMPANY
2003 SUBLEDGER

ARIZONA WATER COMPANY
2003 SUBLEDGER

265 RESERVE for TANK MAINTENANCE

265

DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(194,246.93)	(18,845.78)	31,506.82	28,377.88	(11,265.55)	8,331.12	(15,855.29)	(43,970.34)	(13,245.34)	17,881.02	6,802.14
31-Oct-03	Payroll	1	753.84	85.28							81.04		
31-Oct-03	Payroll taxes	2	62.52	7.07							6.72		
31-Oct-03	AP	5	23,054.61									204.71	
31-Oct-03	Inventory	7	0.00										
31-Oct-03	Transportation	9	94.43	12.57							4.32		
31-Oct-03	Equipment	9A	0.00										
31-Oct-03	Tank maint accrual	26	(24,790.00)	(1,258.00)	(979.00)	(753.00)	(530.00)	(56.00)	(4,089.00)	(1,020.00)	(1,045.00)	(710.00)	(135.00
31-Oct-03	Maintenance	20	0.00										
31-Oct-03			0.00										
31-Oct-03			0.00										
	OCTOBER		(824.60)	(1,153.08)	(979.00)	(753.00)	(530.00)	(56.00)	(4,089.00)	(1,020.00)	(952.92)	(505.29)	(135.00
	BTD		(195,071.53)	(19,998.86)	30,527.82	27,624.88	(11,795.55)	8,275.12	(19,944.29)	(44,990.34)	(14,198.26)	17,375.73	6,667.14
	(2,018.05) Total 265		(268,763.87)										

265

DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(195,071.53)	(19,998.86)	30,527.82	27,624.88	(11,795.55)	8,275.12	(19,944.29)	(44,990.34)	(14,198.26)	17,375.73	6,667.14
30-Nov-03	Payroll	1	858.90										
30-Nov-03	Payroll taxes	2	75.00										
30-Nov-03	AP	5	9.13										
30-Nov-03	Transportation	9	(116.88)										
30-Nov-03	Tank maint accrual	26	(24,790.00)	(1,258.00)	(979.00)	(753.00)	(530.00)	(56.00)	(4,089.00)	(1,020.00)	(1,045.00)	(710.00)	(135.00
30-Nov-03	Equipment	9A	33.31										
30-Nov-03			0.00										
30-Nov-03			0.00										
30-Nov-03			0.00										
30-Nov-03			0.00										
	NOVEMBER		(23,930.54)	(1,258.00)	(979.00)	(753.00)	(530.00)	(56.00)	(4,089.00)	(1,020.00)	(1,045.00)	(710.00)	(135.00
	BTD		(219,002.07)	(21,256.86)	29,548.82	26,871.88	(12,325.55)	8,219.12	(24,033.29)	(46,010.34)	(15,243.26)	16,665.73	6,532.14
	(24,030.98) Total 265		(292,794.85)										

265

DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(219,002.07)	(21,256.86)	29,548.82	26,871.88	(12,325.55)	8,219.12	(24,033.29)	(46,010.34)	(15,243.26)	16,665.73	6,532.14
31-Dec-03	Payroll	1	142.78										
31-Dec-03	Payroll taxes	2	12.47										
31-Dec-03	AP	5	26,008.39										
31-Dec-03	Transportation	9	31.42										
31-Dec-03	Tank maint accrual	26	(24,775.00)	(1,258.00)	(979.00)	(741.00)	(530.00)	(56.00)	(4,094.00)	(1,020.00)	(1,039.00)	(710.00)	(135.00)
31-Dec-03	Equipment	9A	60.12										
31-Dec-03			0.00										
31-Dec-03			0.00										
31-Dec-03			0.00										
31-Dec-03			0.00										
	DECEMBER		1,480.18	(1,258.00)	(979.00)	(741.00)	(530.00)	(56.00)	(4,094.00)	(1,020.00)	(1,039.00)	(710.00)	(135.00)
	BTD		(217,521.89)	(22,514.86)	28,569.82	26,130.88	(12,855.55)	8,163.12	(28,127.29)	(47,030.34)	(16,282.26)	15,955.73	6,397.14

ARIZONA WATER COMPANY
2004 SUBLEDGER

265 RESERVE for TANK MAINTENANCE

265			TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
DATE	DESCRIPTION	JV	(217,521.89)	(156,583.34)	(28,965.26)	(84,759.36)	61,299.21	(4,958.12)	12,738.56	(6,645.33)	91,668.76	(59,723.40)
31-Jan-04	Payroll	1	202.59				202.59					
31-Jan-04	Payroll taxes	2	20.44				20.44					
31-Jan-04	AP	5	0.00									
31-Jan-04	Transportation	9	79.60				79.60					
31-Jan-04	Tank maint accrual	26	(24,790.00)	(3,996.00)	(1,101.00)	(1,038.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	(851.00)	(1,992.00)
31-Jan-04	Miscellaneous	20	(6,071.00)		(6,071.00)							
31-Jan-04			0.00									
31-Jan-04			0.00									
31-Jan-04			0.00									
31-Jan-04			0.00									
	JANUARY		(30,558.37)	(3,996.00)	(7,172.00)	(1,038.00)	(4,325.37)	(193.00)	(238.00)	(178.00)	(851.00)	(1,992.00)
	BTD		(248,080.26)	(160,579.34)	(36,137.26)	(85,797.36)	56,973.84	(5,151.12)	12,500.56	(6,823.33)	90,817.76	(61,715.40)
	(31,114.37) Total 265		(324,310.04)									

265			TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
DATE	DESCRIPTION	JV	(248,080.26)	(160,579.34)	(36,137.26)	(85,797.36)	56,973.84	(5,151.12)	12,500.56	(6,823.33)	90,817.76	(61,715.40)
29-Feb-04	Payroll	1	612.31				612.31					
29-Feb-04	Payroll taxes	2	60.12				60.12					
29-Feb-04	AP	5	100.00				100.00					
29-Feb-04	Transportation	9	116.51				116.51					
29-Feb-04	Tank maint accrual	26	(24,790.00)	(3,996.00)	(1,101.00)	(1,038.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	(851.00)	(1,992.00)
29-Feb-04	Inventory	7	0.00									
29-Feb-04	Stores	8	0.00									
29-Feb-04	Equipment	9A	0.00									
29-Feb-04			0.00									
29-Feb-04			0.00									
	FEBRUARY		(23,901.06)	(3,996.00)	(1,101.00)	(1,038.00)	(3,739.06)	(193.00)	(238.00)	(178.00)	(851.00)	(1,992.00)
	BTD		(271,981.32)	(164,575.34)	(37,238.26)	(86,835.36)	53,234.78	(5,344.12)	12,262.56	(7,001.33)	89,966.76	(63,707.40)
	(25,782.06) Total 265		(350,092.10)									

265			TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
DATE	DESCRIPTION	JV	(271,981.32)	(164,575.34)	(37,238.26)	(86,835.36)	53,234.78	(5,344.12)	12,262.56	(7,001.33)	89,966.76	(63,707.40)
31-Mar-04	Payroll	1	155.59	155.59								
31-Mar-04	Payroll taxes	2	14.24	14.24								
31-Mar-04	AP	5	0.00									
31-Mar-04	Transportation	9	44.94	44.94								
31-Mar-04	Tank maint accrual	26	(24,790.00)	(3,996.00)	(1,101.00)	(1,038.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	(851.00)	(1,992.00)
31-Mar-04	Equipment	9A	0.00									
31-Mar-04	Adjustment	20	0.00									
31-Mar-04			0.00									
31-Mar-04			0.00									
31-Mar-04			0.00									
	MARCH		(24,575.23)	(3,781.23)	(1,101.00)	(1,038.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	(851.00)	(1,992.00)
	BTD		(296,556.55)	(168,356.57)	(38,339.26)	(87,873.36)	48,606.78	(5,537.12)	12,024.56	(7,179.33)	89,115.76	(65,699.40)
	(25,765.82) Total 265		(375,857.92)									

ARIZONA WATER COMPANY
2004 SUBLEDGER

ARIZONA WATER COMPANY
2004 SUBLEDGER

265 RESERVE for TANK MAINTENANCE

265

DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(217,521.89)	(22,514.86)	28,569.82	26,130.88	(12,855.55)	8,163.12	(28,127.29)	(47,030.34)	(16,282.26)	15,955.73	6,397.1
31-Jan-04	Payroll	1	202.59										
31-Jan-04	Payroll taxes	2	20.44										
31-Jan-04	AP	5	0.00										
31-Jan-04	Transportation	9	79.60										
31-Jan-04	Tank maint accrual	26	(24,790.00)	(1,258.00)	(979.00)	(753.00)	(530.00)	(56.00)	(4,089.00)	(1,020.00)	(1,045.00)	(710.00)	(135.0
31-Jan-04	Miscellaneous	20	(6,071.00)										
31-Jan-04			0.00										
31-Jan-04			0.00										
31-Jan-04			0.00										
31-Jan-04			0.00										
	JANUARY		(30,558.37)	(1,258.00)	(979.00)	(753.00)	(530.00)	(56.00)	(4,089.00)	(1,020.00)	(1,045.00)	(710.00)	(135.0
	BTD		(248,080.26)	(23,772.86)	27,590.82	25,377.88	(13,385.55)	8,107.12	(32,216.29)	(48,050.34)	(17,327.26)	15,245.73	6,262.1
	(31,114.37) Total 265		(324,310.04)										

265

DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(248,080.26)	(23,772.86)	27,590.82	25,377.88	(13,385.55)	8,107.12	(32,216.29)	(48,050.34)	(17,327.26)	15,245.73	6,262.1
29-Feb-04	Payroll	1	612.31										
29-Feb-04	Payroll taxes	2	60.12										
29-Feb-04	AP	5	100.00										
29-Feb-04	Transportation	9	116.51										
29-Feb-04	Tank maint accrual	26	(24,790.00)	(1,258.00)	(979.00)	(753.00)	(530.00)	(56.00)	(4,089.00)	(1,020.00)	(1,045.00)	(710.00)	(135.0
29-Feb-04	Inventory	7	0.00										
29-Feb-04	Stores	8	0.00										
29-Feb-04	Equipment	9A	0.00										
29-Feb-04			0.00										
29-Feb-04			0.00										
	FEBRUARY		(23,901.06)	(1,258.00)	(979.00)	(753.00)	(530.00)	(56.00)	(4,089.00)	(1,020.00)	(1,045.00)	(710.00)	(135.0
	BTD		(271,981.32)	(25,030.86)	26,611.82	24,624.88	(13,915.55)	8,051.12	(36,305.29)	(49,070.34)	(18,372.26)	14,535.73	6,127.14
	(25,782.06) Total 265		(350,092.10)										

265

DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(271,981.32)	(25,030.86)	26,611.82	24,624.88	(13,915.55)	8,051.12	(36,305.29)	(49,070.34)	(18,372.26)	14,535.73	6,127.14
31-Mar-04	Payroll	1	155.59										
31-Mar-04	Payroll taxes	2	14.24										
31-Mar-04	AP	5	0.00										
31-Mar-04	Transportation	9	44.94										
31-Mar-04	Tank maint accrual	26	(24,790.00)	(1,258.00)	(979.00)	(753.00)	(530.00)	(56.00)	(4,089.00)	(1,020.00)	(1,045.00)	(710.00)	(135.00
31-Mar-04	Equipment	9A	0.00										
31-Mar-04	Adjustment	20	0.00										
31-Mar-04			0.00										
31-Mar-04			0.00										
31-Mar-04			0.00										
	MARCH		(24,575.23)	(1,258.00)	(979.00)	(753.00)	(530.00)	(56.00)	(4,089.00)	(1,020.00)	(1,045.00)	(710.00)	(135.00
	BTD		(296,556.55)	(26,288.86)	25,632.82	23,871.88	(14,445.55)	7,995.12	(40,394.29)	(50,090.34)	(19,417.26)	13,825.73	5,992.14
	(25,765.82) Total 265		(375,857.92)										

ARIZONA WATER COMPANY
2004 SUBLEDGER

ARIZONA WATER COMPANY
2004 SUBLEDGER

265 RESERVE for TANK MAINTENANCE

265

DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(296,556.55)	(26,288.86)	25,632.82	23,871.88	(14,445.55)	7,995.12	(40,394.29)	(50,090.34)	(19,417.26)	13,825.73	5,992.1
30-Apr-04	Payroll	1	207.46										
30-Apr-04	Payroll taxes	2	18.56										
30-Apr-04	AP	5	0.00										
30-Apr-04	Transportation	9	77.90										
30-Apr-04	Equipment	9A	0.00										
30-Apr-04	Tank maint accrual	20	0.00										
30-Apr-04	Tank maint accrual	26	(24,790.00)	(1,258.00)	(979.00)	(753.00)	(530.00)	(56.00)	(4,089.00)	(1,020.00)	(1,045.00)	(710.00)	(135.0
30-Apr-04			0.00										
30-Apr-04			0.00										
30-Apr-04			0.00										
	APRIL		(24,486.08)	(1,258.00)	(979.00)	(753.00)	(530.00)	(56.00)	(4,089.00)	(1,020.00)	(1,045.00)	(710.00)	(135.0
	BTD		(321,042.63)	(27,546.86)	24,653.82	23,118.88	(14,975.55)	7,939.12	(44,483.29)	(51,110.34)	(20,462.26)	13,115.73	5,857.1
	(25,684.94) Total 265		(401,542.86)										

265

DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(321,042.63)	(27,546.86)	24,653.82	23,118.88	(14,975.55)	7,939.12	(44,483.29)	(51,110.34)	(20,462.26)	13,115.73	5,857.1
31-May-04	Payroll	1	255.56		82.98								
31-May-04	Payroll taxes	2	21.82		7.08								
31-May-04	AP	5	47,247.52										
31-May-04	Transportation	9	22.14		6.74								
31-May-04	Tank maint accrual	26	(35,498.00)	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)	(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.0
31-May-04	Equipment	9A	0.00										
31-May-04	Miscellaneous	20	(10,707.00)		(2,529.00)	354.00	(816.00)	(339.00)				(1,397.00)	(266.0
31-May-04			0.00										
31-May-04			0.00										
31-May-04			0.00										
	MAY		1,342.04	(1,258.00)	(5,940.20)	(45.00)	(2,162.00)	(734.00)	(4,089.00)	(1,020.00)	(1,045.00)	(3,504.00)	(667.0
	BTD		(319,700.59)	(28,804.86)	18,713.62	23,073.88	(17,137.55)	7,205.12	(48,572.29)	(52,130.34)	(21,507.26)	9,611.73	5,190.1
	(3,760.96) Total 265		(405,303.82)										

265

DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(319,700.59)	(28,804.86)	18,713.62	23,073.88	(17,137.55)	7,205.12	(48,572.29)	(52,130.34)	(21,507.26)	9,611.73	5,190.1
30-Jun-04	Payroll	1	62.24										
30-Jun-04	Payroll taxes	2	5.58										
30-Jun-04	AP	5	77.46		77.46								
30-Jun-04	Transportation	9	18.63										
30-Jun-04	Tank maint accrual	26	(35,498.00)	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)	(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.0
30-Jun-04	Equipment	9A	0.00										
30-Jun-04			0.00										
30-Jun-04			0.00										
30-Jun-04			0.00										
30-Jun-04			0.00										
	JUNE		(35,334.09)	(1,258.00)	(3,430.54)	(399.00)	(1,346.00)	(395.00)	(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.0
	BTD		(355,034.68)	(30,062.86)	15,283.08	22,674.88	(18,483.55)	6,810.12	(52,661.29)	(53,150.34)	(22,552.26)	7,504.73	4,789.14
	(37,477.42) Total 265		(442,781.24)										

ARIZONA WATER COMPANY
2004 SUBLEDGER

265 RESERVE for TANK MAINTENANCE

265

DATE	DESCRIPTION	JV	TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
			(296,556.55)	(168,356.57)	(38,339.26)	(87,873.36)	48,606.78	(5,537.12)	12,024.56	(7,179.33)	89,115.76	(65,699.40)
30-Apr-04	Payroll	1	207.46	207.46								
30-Apr-04	Payroll taxes	2	18.56	18.56								
30-Apr-04	AP	5	0.00									
30-Apr-04	Transportation	9	77.90	77.90								
30-Apr-04	Equipment	9A	0.00									
30-Apr-04	Tank maint accrual	20	0.00									
30-Apr-04	Tank maint accrual	26	(24,790.00)	(3,996.00)	(1,101.00)	(1,038.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	(851.00)	(1,992.00)
30-Apr-04			0.00									
30-Apr-04			0.00									
30-Apr-04			0.00									
	APRIL		(24,486.08)	(3,692.08)	(1,101.00)	(1,038.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	(851.00)	(1,992.00)
	BTD		(321,042.63)	(172,048.65)	(39,440.26)	(88,911.36)	43,978.78	(5,730.12)	11,786.56	(7,357.33)	88,264.76	(67,691.40)
	(25,684.94) Total 26		(401,542.86)									

265

DATE	DESCRIPTION	JV	TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
			(321,042.63)	(172,048.65)	(39,440.26)	(88,911.36)	43,978.78	(5,730.12)	11,786.56	(7,357.33)	88,264.76	(67,691.40)
31-May-04	Payroll	1	255.56		141.46		31.12					
31-May-04	Payroll taxes	2	21.82		12.08		2.66					
31-May-04	AP	5	47,247.52				47,247.52					
31-May-04	Transportation	9	22.14		10.08		5.32					
31-May-04	Tank maint accrual	26	(35,498.00)	(8,686.00)	(2,082.00)	(1,082.00)	(4,629.00)	(193.00)	(238.00)	(178.00)	(850.00)	(1,992.00)
31-May-04	Equipment	9A	0.00									
31-May-04	Miscellaneous	20	(10,707.00)	(4,690.00)	(980.00)	(44.00)						
31-May-04			0.00									
31-May-04			0.00									
31-May-04			0.00									
	MAY		1,342.04	(13,376.00)	(2,898.38)	(1,126.00)	42,657.62	(193.00)	(238.00)	(178.00)	(850.00)	(1,992.00)
	BTD		(319,700.59)	(185,424.65)	(42,338.64)	(90,037.36)	86,636.40	(5,923.12)	11,548.56	(7,535.33)	87,414.76	(69,683.40)
	(3,760.96) Total 265		(405,303.82)									

265

DATE	DESCRIPTION	JV	TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
			(319,700.59)	(185,424.65)	(42,338.64)	(90,037.36)	86,636.40	(5,923.12)	11,548.56	(7,535.33)	87,414.76	(69,683.40)
30-Jun-04	Payroll	1	62.24				62.24					
30-Jun-04	Payroll taxes	2	5.58				5.58					
30-Jun-04	AP	5	77.46									
30-Jun-04	Transportation	9	18.63				18.63					
30-Jun-04	Tank maint accrual	26	(35,498.00)	(8,686.00)	(2,082.00)	(1,082.00)	(4,629.00)	(193.00)	(238.00)	(178.00)	(850.00)	(1,992.00)
30-Jun-04	Equipment	9A	0.00									
30-Jun-04			0.00									
30-Jun-04			0.00									
30-Jun-04			0.00									
30-Jun-04			0.00									
	JUNE		(35,334.09)	(8,686.00)	(2,082.00)	(1,082.00)	(4,542.55)	(193.00)	(238.00)	(178.00)	(850.00)	(1,992.00)
	BTD		(355,034.68)	(194,110.65)	(44,420.64)	(91,119.36)	82,093.85	(6,116.12)	11,310.56	(7,713.33)	86,564.76	(71,675.40)
	(37,477.42) Total 265		(442,781.24)									

ARIZONA WATER COMPANY
2004 SUBLEDGER

265 RESERVE for TANK MAINTENANCE

265			TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
DATE	DESCRIPTION	JV	(355,034.68)	(194,110.65)	(44,420.64)	(91,119.36)	82,093.85	(6,116.12)	11,310.56	(7,713.33)	86,564.76	(71,675.40)
31-Jul-04	Payroll	1	20.75	20.75								
31-Jul-04	Payroll taxes	2	1.85	1.85								
31-Jul-04	AP	5	20,439.93				4,293.28					2,872.94
31-Jul-04	Transportation	9	5.68	5.68								
31-Jul-04	Equipment	9A	0.00									
31-Jul-04	Tank maint accrual	26	(35,498.00)	(8,686.00)	(2,082.00)	(1,082.00)	(4,629.00)	(193.00)	(238.00)	(178.00)	(850.00)	(1,992.00)
31-Jul-04			0.00									
31-Jul-04			0.00									
31-Jul-04			0.00									
31-Jul-04			0.00									
JULY			(15,029.79)	(8,657.72)	(2,082.00)	(1,082.00)	(335.72)	(193.00)	(238.00)	(178.00)	(850.00)	880.94
BTD			(370,064.47)	(202,768.37)	(46,502.64)	(92,201.36)	81,758.13	(6,309.12)	11,072.56	(7,891.33)	85,714.76	(70,794.46)
(18,412.63) Total 265			(461,193.87)									

265			TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
DATE	DESCRIPTION	JV	(370,064.47)	(202,768.37)	(46,502.64)	(92,201.36)	81,758.13	(6,309.12)	11,072.56	(7,891.33)	85,714.76	(70,794.46)
31-Aug-04	Payroll	1	93.36	93.36								
31-Aug-04	Payroll Taxes	2	8.25	8.25								
31-Aug-04	Cash Receipts	3	0.00									
31-Aug-04	AP	5	4,474.58	4,474.58								
31-Aug-04	Transportation	9	33.48	33.48								
31-Aug-04	Tank maint accrual	26	(35,498.00)	(8,686.00)	(2,082.00)	(1,082.00)	(4,629.00)	(193.00)	(238.00)	(178.00)	(850.00)	(1,992.00)
31-Aug-04	Equipment	9A	0.00									
31-Aug-04	Miscellaneous	20	0.00									
31-Aug-04			0.00									
31-Aug-04			0.00									
AUGUST			(30,888.33)	(4,076.33)	(2,082.00)	(1,082.00)	(4,629.00)	(193.00)	(238.00)	(178.00)	(850.00)	(1,992.00)
BTD			(400,952.80)	(206,844.70)	(48,584.64)	(93,283.36)	77,129.13	(6,502.12)	10,834.56	(8,069.33)	84,864.76	(72,786.46)
(33,420.33) Total 265			(494,614.20)									

265			TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
DATE	DESCRIPTION	JV	(400,952.80)	(206,844.70)	(48,584.64)	(93,283.36)	77,129.13	(6,502.12)	10,834.56	(8,069.33)	84,864.76	(72,786.46)
30-Sep-04	Payroll	1	0.00									
30-Sep-04	Payroll taxes	2	0.00									
30-Sep-04	AP	5	3,210.07	1,060.00	240.00		600.00				460.00	
30-Sep-04	Transportation	9	0.00									
30-Sep-04	Tank maint accrual	26	(35,498.00)	(8,686.00)	(2,082.00)	(1,082.00)	(4,629.00)	(193.00)	(238.00)	(178.00)	(850.00)	(1,992.00)
30-Sep-04	Inventory	7	0.00									
30-Sep-04	Stores	8	0.00									
30-Sep-04	Equipment	9A	0.00									
30-Sep-04			0.00									
30-Sep-04			0.00									
SEPTEMBER			(32,287.93)	(7,626.00)	(1,842.00)	(1,082.00)	(4,029.00)	(193.00)	(238.00)	(178.00)	(390.00)	(1,992.00)
BTD			(433,240.73)	(214,470.70)	(50,426.64)	(94,365.36)	73,100.13	(6,695.12)	10,596.56	(8,247.33)	84,474.76	(74,778.46)
(35,262.96) Total 265			(529,877.16)									

ARIZONA WATER COMPANY
2004 SUBLEDGER

ARIZONA WATER COMPANY
2004 SUBLEDGER

265 RESERVE for TANK MAINTENANCE

265 DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(355,034.68)	(30,062.86)	15,283.08	22,674.88	(18,483.55)	6,810.12	(52,661.29)	(53,150.34)	(22,552.26)	7,504.73	4,789.1
31-Jul-04	Payroll	1	20.75										
31-Jul-04	Payroll taxes	2	1.85										
31-Jul-04	AP	5	20,439.93		8,607.80								
31-Jul-04	Transportation	9	5.68							4,622.64		43.27	
31-Jul-04	Equipment	9A	0.00										
31-Jul-04	Tank maint accrual	26	(35,498.00)	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)	(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.0
31-Jul-04			0.00										
31-Jul-04			0.00										
31-Jul-04			0.00										
31-Jul-04			0.00										
JULY			(15,029.79)	(1,258.00)	5,099.80	(399.00)	(1,346.00)	(395.00)	(4,089.00)	3,602.64	(1,045.00)	(2,063.73)	(401.0
BTD			(370,064.47)	(31,320.86)	20,382.88	22,275.88	(19,829.55)	6,415.12	(56,750.29)	(49,547.70)	(23,597.26)	5,441.00	4,388.1
(18,412.63) Total 265			(461,193.87)										

265 DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(370,064.47)	(31,320.86)	20,382.88	22,275.88	(19,829.55)	6,415.12	(56,750.29)	(49,547.70)	(23,597.26)	5,441.00	4,388.1
31-Aug-04	Payroll	1	93.36										
31-Aug-04	Payroll Taxes	2	8.25										
31-Aug-04	Cash Receipts	3	0.00										
31-Aug-04	AP	5	4,474.58										
31-Aug-04	Transportation	9	33.48										
31-Aug-04	Tank maint accrual	26	(35,498.00)	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)	(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.0
31-Aug-04	Equipment	9A	0.00										
31-Aug-04	Miscellaneous	20	0.00										
31-Aug-04			0.00										
31-Aug-04			0.00										
AUGUST			(30,888.33)	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)	(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.0
BTD			(400,952.80)	(32,578.86)	16,874.88	21,876.88	(21,175.55)	6,020.12	(60,839.29)	(50,567.70)	(24,642.26)	3,334.00	3,987.14
(33,420.33) Total 265			(494,614.20)										

265 DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(400,952.80)	(32,578.86)	16,874.88	21,876.88	(21,175.55)	6,020.12	(60,839.29)	(50,567.70)	(24,642.26)	3,334.00	3,987.14
30-Sep-04	Payroll	1	0.00										
30-Sep-04	Payroll taxes	2	0.00										
30-Sep-04	AP	5	3,210.07	120.00	130.07	240.00							
30-Sep-04	Transportation	9	0.00						360.00				
30-Sep-04	Tank maint accrual	26	(35,498.00)	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)	(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.00
30-Sep-04	Inventory	7	0.00										
30-Sep-04	Stores	8	0.00										
30-Sep-04	Equipment	9A	0.00										
30-Sep-04			0.00										
30-Sep-04			0.00										
SEPTEMBER			(32,287.93)	(1,138.00)	(3,377.93)	(159.00)	(1,346.00)	(395.00)	(3,729.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.00
BTD			(433,240.73)	(33,716.86)	13,496.95	21,717.88	(22,521.55)	5,625.12	(64,568.29)	(51,587.70)	(25,687.26)	1,227.00	3,586.14
(35,262.96) Total 265			(529,877.16)										

ARIZONA WATER COMPANY
2004 SUBLEDGER

265 RESERVE for TANK MAINTENANCE

265			TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
DATE	DESCRIPTION	JV	(433,240.73)	(214,470.70)	(50,426.64)	(94,365.36)	73,100.13	(6,695.12)	10,596.56	(8,247.33)	84,474.76	(74,778.46)
31-Oct-04	Payroll	1	558.98		558.98							
31-Oct-04	Payroll taxes	2	45.45		45.45							
31-Oct-04	AP	5	1,116.08		117.64		998.44					
31-Oct-04	Inventory	7	0.00									
31-Oct-04	Transportation	9	54.00		54.00							
31-Oct-04	Equipment	9A	19.51		19.51							
31-Oct-04	Tank maint accrual	26	(35,498.00)	(8,686.00)	(2,082.00)	(1,082.00)	(4,629.00)	(193.00)	(238.00)	(178.00)	(850.00)	(1,992.00)
31-Oct-04	Maintenance	20	0.00									
31-Oct-04			0.00									
31-Oct-04			0.00									
OCTOBER			(33,703.98)	(8,686.00)	(1,286.42)	(1,082.00)	(3,630.56)	(193.00)	(238.00)	(178.00)	(850.00)	(1,992.00)
BTD			(466,944.71)	(223,156.70)	(51,713.06)	(95,447.36)	69,469.57	(6,888.12)	10,358.56	(8,425.33)	83,624.76	(76,770.46)
	(34,082.53) Total 265		(563,959.69)									

265			TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
DATE	DESCRIPTION	JV	(466,944.71)	(223,156.70)	(51,713.06)	(95,447.36)	69,469.57	(6,888.12)	10,358.56	(8,425.33)	83,624.76	(76,770.46)
30-Nov-04	Payroll	1	82.98	82.98								
30-Nov-04	Payroll taxes	2	7.12	7.12								
30-Nov-04	AP	5	5,584.14	1,631.71	36.97		3,915.46					
30-Nov-04	Transportation	9	25.68	25.68								
30-Nov-04	Tank maint accrual	26	(35,498.00)	(8,686.00)	(2,082.00)	(1,082.00)	(4,629.00)	(193.00)	(238.00)	(178.00)	(850.00)	(1,992.00)
30-Nov-04	Equipment	9A	0.00									
30-Nov-04			0.00									
30-Nov-04			0.00									
30-Nov-04			0.00									
30-Nov-04			0.00									
NOVEMBER			(29,798.08)	(6,938.51)	(2,045.03)	(1,082.00)	(713.54)	(193.00)	(238.00)	(178.00)	(850.00)	(1,992.00)
BTD			(496,742.79)	(230,095.21)	(53,758.09)	(96,529.36)	68,756.03	(7,081.12)	10,120.56	(8,603.33)	82,774.76	(78,762.46)
	(33,290.08) Total 265		(597,249.77)									

265			TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
DATE	DESCRIPTION	JV	(496,742.79)	(230,095.21)	(53,758.09)	(96,529.36)	68,756.03	(7,081.12)	10,120.56	(8,603.33)	82,774.76	(78,762.46)
31-Dec-04	Payroll	1	632.73									
31-Dec-04	Payroll taxes	2	54.24									
31-Dec-04	AP	5	5,157.67			57.67				5,100.00		
31-Dec-04	Transportation	9	(402.30)									
31-Dec-04	Tank maint accrual	26	(35,499.00)	(8,686.00)	(2,083.00)	(1,082.00)	(4,629.00)	(193.00)	(238.00)	(178.00)	(850.00)	(1,992.00)
31-Dec-04	Equipment	9A	0.00									
31-Dec-04			0.00									
31-Dec-04			0.00									
31-Dec-04			0.00									
31-Dec-04			0.00									
DECEMBER			(30,056.66)	(8,686.00)	(2,083.00)	(1,024.33)	(4,629.00)	(193.00)	(238.00)	4,922.00	(850.00)	(1,992.00)
BTD			(526,799.45)	(238,781.21)	(55,841.09)	(97,553.69)	64,127.03	(7,274.12)	9,882.56	(3,681.33)	81,924.76	(80,754.46)

ARIZONA WATER COMPANY
2004 SUBLEDGER

ARIZONA WATER COMPANY
2004 SUBLEDGER

265 RESERVE for TANK MAINTENANCE

265

DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(433,240.73)	(33,716.86)	13,496.95	21,717.88	(22,521.55)	5,625.12	(64,568.29)	(51,587.70)	(25,687.26)	1,227.00	3,586.1
31-Oct-04	Payroll	1	558.98										
31-Oct-04	Payroll taxes	2	45.45										
31-Oct-04	AP	5	1,116.08										
31-Oct-04	Inventory	7	0.00										
31-Oct-04	Transportation	9	54.00										
31-Oct-04	Equipment	9A	19.51										
31-Oct-04	Tank maint accrual	26	(35,498.00)	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)	(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.0
31-Oct-04	Maintenance	20	0.00										
31-Oct-04			0.00										
31-Oct-04			0.00										
	OCTOBER		(33,703.98)	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)	(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.0
	BTD		(466,944.71)	(34,974.86)	9,988.95	21,318.88	(23,867.55)	5,230.12	(68,657.29)	(52,607.70)	(26,732.26)	(880.00)	3,185.1
	(34,082.53) Total 265		(563,959.69)										

265

DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(466,944.71)	(34,974.86)	9,988.95	21,318.88	(23,867.55)	5,230.12	(68,657.29)	(52,607.70)	(26,732.26)	(880.00)	3,185.14
30-Nov-04	Payroll	1	82.98										
30-Nov-04	Payroll taxes	2	7.12										
30-Nov-04	AP	5	5,584.14										
30-Nov-04	Transportation	9	25.68										
30-Nov-04	Tank maint accrual	26	(35,498.00)	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)	(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.00
30-Nov-04	Equipment	9A	0.00										
30-Nov-04			0.00										
30-Nov-04			0.00										
30-Nov-04			0.00										
30-Nov-04			0.00										
	NOVEMBER		(29,798.08)	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)	(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.00
	BTD		(496,742.79)	(36,232.86)	6,480.95	20,919.88	(25,213.55)	4,835.12	(72,746.29)	(53,627.70)	(27,777.26)	(2,987.00)	2,784.14
	(33,290.08) Total 265		(597,249.77)										

265

DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(496,742.79)	(36,232.86)	6,480.95	20,919.88	(25,213.55)	4,835.12	(72,746.29)	(53,627.70)	(27,777.26)	(2,987.00)	2,784.14
31-Dec-04	Payroll	1	632.73		632.73								
31-Dec-04	Payroll taxes	2	54.24		54.24								
31-Dec-04	AP	5	5,157.67										
31-Dec-04	Transportation	9	(402.30)		(402.30)								
31-Dec-04	Tank maint accrual	26	(35,499.00)	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)	(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.00
31-Dec-04	Equipment	9A	0.00										
31-Dec-04			0.00										
31-Dec-04			0.00										
31-Dec-04			0.00										
31-Dec-04			0.00										
	DECEMBER		(30,056.66)	(1,258.00)	(3,223.33)	(399.00)	(1,346.00)	(395.00)	(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.00
	BTD		(526,799.45)	(37,490.86)	3,257.62	20,520.88	(26,559.55)	4,440.12	(76,835.29)	(54,647.70)	(28,822.26)	(5,094.00)	2,383.14

ARIZONA WATER COMPANY
2005 SUBLEDGER

265 RESERVE for TANK MAINTENANCE

265			TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
DATE	DESCRIPTION	JV	(526,799.45)	(238,781.21)	(55,841.09)	(97,553.69)	64,127.03	(7,274.12)	9,882.56	(3,681.33)	81,924.76	(80,754.46)
31-Jan-05	Payroll	1	0.00									
31-Jan-05	Payroll taxes	2	0.00									
31-Jan-05	AP	5	66,384.02			3,756.89	1,488.13			61,139.00		
31-Jan-05	Transportation	9	8.46	8.46								
31-Jan-05	Tank maint accrual	26	(35,470.00)	(8,686.00)	(2,078.00)	(1,080.00)	(4,622.00)	(190.00)	(240.00)	(178.00)	(845.00)	(1,994.00)
31-Jan-05	Miscellaneous	20	0.00									
31-Jan-05			0.00									
31-Jan-05			0.00									
31-Jan-05			0.00									
31-Jan-05			0.00									
JANUARY			30,922.48	(8,677.54)	(2,078.00)	2,676.89	(3,133.87)	(190.00)	(240.00)	60,961.00	(845.00)	(1,994.00)
BTD			(495,876.97)	(247,458.75)	(57,919.09)	(94,876.80)	60,993.16	(7,464.12)	9,642.56	57,279.67	81,079.76	(82,748.46)
27,429.48	Total 265		(603,368.95)									

265			TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
DATE	DESCRIPTION	JV	(495,876.97)	(247,458.75)	(57,919.09)	(94,876.80)	60,993.16	(7,464.12)	9,642.56	57,279.67	81,079.76	(82,748.46)
28-Feb-05	Payroll	1	85.64	85.64								
28-Feb-05	Payroll taxes	2	9.22	9.22								
28-Feb-05	AP	5	548.61				420.00					128.61
28-Feb-05	Transportation	9	14.92	14.92								
28-Feb-05	Tank maint accrual	26	(35,498.00)	(8,686.00)	(2,082.00)	(1,082.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	(851.00)	(1,992.00)
28-Feb-05	Inventory	7	0.00									
28-Feb-05	Stores	8	0.00									
28-Feb-05	Equipment	9A	0.00									
28-Feb-05	Transportation	9B	(8.46)	(8.46)								
28-Feb-05	Transportation	9B	0.00									
FEBRUARY			(34,848.07)	(8,584.68)	(2,082.00)	(1,082.00)	(4,208.00)	(193.00)	(238.00)	(178.00)	(851.00)	(1,863.39)
BTD			(530,725.04)	(256,043.43)	(60,001.09)	(95,958.80)	56,785.16	(7,657.12)	9,404.56	57,101.67	80,228.76	(84,611.85)
(38,340.07)	Total 265		(641,709.02)									

265			TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
DATE	DESCRIPTION	JV	(530,725.04)	(256,043.43)	(60,001.09)	(95,958.80)	56,785.16	(7,657.12)	9,404.56	57,101.67	80,228.76	(84,611.85)
31-Mar-05	Payroll	1	0.00									
31-Mar-05	Payroll taxes	2	0.00									
31-Mar-05	AP	5	37,944.00									
31-Mar-05	Transportation	9	0.00									
31-Mar-05	Tank maint accrual	26	(35,498.00)	(8,686.00)	(2,082.00)	(1,082.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	(851.00)	(1,992.00)
31-Mar-05	Equipment	9A	0.00									
31-Mar-05	Adjustment	20	0.00									
31-Mar-05			0.00									
31-Mar-05			0.00									
31-Mar-05			0.00									
MARCH			2,446.00	(8,686.00)	(2,082.00)	(1,082.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	(851.00)	(1,992.00)
BTD			(528,279.04)	(264,729.43)	(62,083.09)	(97,040.80)	52,157.16	(7,850.12)	9,166.56	56,923.67	79,377.76	(86,603.85)
6,653.00	Total 265		(635,056.02)									

ARIZONA WATER COMPANY
2005 SUBLEDGER

ARIZONA WATER COMPANY
2005 SUBLEDGER

265 RESERVE for TANK MAINTENANCE

265

DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(526,799.45)	(37,490.86)	3,257.62	20,520.88	(26,559.55)	4,440.12	(76,835.29)	(54,647.70)	(28,822.26)	(5,094.00)	2,383.1
31-Jan-05	Payroll	1	0.00										
31-Jan-05	Payroll taxes	2	0.00										
31-Jan-05	AP	5	66,384.02										
31-Jan-05	Transportation	9	8.46										
31-Jan-05	Tank maint accrual	26	(35,470.00)	(1,258.00)	(3,503.00)	(397.00)	(1,342.00)	(398.00)	(4,094.00)	(1,020.00)	(1,039.00)	(2,102.00)	(404.0
31-Jan-05	Miscellaneous	20	0.00										
31-Jan-05			0.00										
31-Jan-05			0.00										
31-Jan-05			0.00										
31-Jan-05			0.00										
JANUARY			30,922.48	(1,258.00)	(3,503.00)	(397.00)	(1,342.00)	(398.00)	(4,094.00)	(1,020.00)	(1,039.00)	(2,102.00)	(404.0
BTD			(495,876.97)	(38,748.86)	(245.38)	20,123.88	(27,901.55)	4,042.12	(80,929.29)	(55,667.70)	(29,861.26)	(7,196.00)	1,979.1
27,429.48	Total 265		(603,368.95)										

265

DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(495,876.97)	(38,748.86)	(245.38)	20,123.88	(27,901.55)	4,042.12	(80,929.29)	(55,667.70)	(29,861.26)	(7,196.00)	1,979.1
28-Feb-05	Payroll	1	85.64										
28-Feb-05	Payroll taxes	2	9.22										
28-Feb-05	AP	5	548.61										
28-Feb-05	Transportation	9	14.92										
28-Feb-05	Tank maint accrual	26	(35,498.00)	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)	(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.0
28-Feb-05	Inventory	7	0.00										
28-Feb-05	Stores	8	0.00										
28-Feb-05	Equipment	9A	0.00										
28-Feb-05	Transportation	9B	(8.46)										
28-Feb-05	Transportation	9B	0.00										
FEBRUARY			(34,848.07)	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)	(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.0
BTD			(530,725.04)	(40,006.86)	(3,753.38)	19,724.88	(29,247.55)	3,647.12	(85,018.29)	(56,687.70)	(30,906.26)	(9,303.00)	1,578.1
(38,340.07)	Total 265		(641,709.02)										

265

DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(530,725.04)	(40,006.86)	(3,753.38)	19,724.88	(29,247.55)	3,647.12	(85,018.29)	(56,687.70)	(30,906.26)	(9,303.00)	1,578.14
31-Mar-05	Payroll	1	0.00										
31-Mar-05	Payroll taxes	2	0.00										
31-Mar-05	AP	5	37,944.00				37,944.00						
31-Mar-05	Transportation	9	0.00										
31-Mar-05	Tank maint accrual	26	(35,498.00)	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)	(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.00
31-Mar-05	Equipment	9A	0.00										
31-Mar-05	Adjustment	20	0.00										
31-Mar-05			0.00										
31-Mar-05			0.00										
31-Mar-05			0.00										
MARCH			2,446.00	(1,258.00)	(3,508.00)	(399.00)	36,598.00	(395.00)	(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.00
BTD			(528,279.04)	(41,264.86)	(7,261.38)	19,325.88	7,350.45	3,252.12	(89,107.29)	(57,707.70)	(31,951.26)	(11,410.00)	1,177.14
6,653.00	Total 265		(635,056.02)										

ARIZONA WATER COMPANY
2005 SUBLEDGER

265 RESERVE for TANK MAINTENANCE

265			TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
DATE	DESCRIPTION	JV	(528,279.04)	(264,729.43)	(62,083.09)	(97,040.80)	52,157.16	(7,850.12)	9,166.56	56,923.67	79,377.76	(86,603.85)
30-Apr-05	Payroll	1	201.65	171.27	30.38							
30-Apr-05	Payroll taxes	2	19.81	16.83	2.98							
30-Apr-05	AP	5	26,659.81		235.90	40.72						
30-Apr-05	Transportation	9	30.92	24.32	6.60							
30-Apr-05	Equipment	9A	65.63		65.63							
30-Apr-05	Tank maint accrual	20	0.00									
30-Apr-05	Tank maint accrual	26	(35,498.00)	(8,686.00)	(2,082.00)	(1,082.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	(851.00)	(1,992.00)
30-Apr-05			0.00									
30-Apr-05			0.00									
30-Apr-05			0.00									
	APRIL		(8,520.18)	(8,473.58)	(1,740.51)	(1,041.28)	(4,628.00)	(193.00)	(238.00)	(178.00)	(851.00)	(1,992.00)
	BTD		(536,799.22)	(273,203.01)	(63,823.60)	(98,082.08)	47,529.16	(8,043.12)	8,928.56	56,745.67	78,526.76	(88,595.85)
	(11,486.67) Total 265		(646,542.69)									

265			TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
DATE	DESCRIPTION	JV	(536,799.22)	(273,203.01)	(63,823.60)	(98,082.08)	47,529.16	(8,043.12)	8,928.56	56,745.67	78,526.76	(88,595.85)
31-May-05	Payroll	1	618.86		618.86							
31-May-05	Payroll taxes	2	56.18		56.18							
31-May-05	AP	5	485.57		8.84							
31-May-05	Transportation	9	56.64		56.64							
31-May-05	Tank maint accrual	26	(35,498.00)	(8,686.00)	(2,082.00)	(1,082.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	(851.00)	(1,992.00)
31-May-05	Equipment	9A	0.00									
31-May-05	Miscellaneous	20	0.00									
31-May-05			0.00									
31-May-05			0.00									
31-May-05			0.00									
	MAY		(34,280.75)	(8,686.00)	(1,341.48)	(1,082.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	(851.00)	(1,992.00)
	BTD		(571,079.97)	(281,889.01)	(65,165.08)	(99,164.08)	42,901.16	(8,236.12)	8,690.56	56,567.67	77,675.76	(90,587.85)
	(36,053.22) Total 265		(682,595.91)									

265			TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
DATE	DESCRIPTION	JV	(571,079.97)	(281,889.01)	(65,165.08)	(99,164.08)	42,901.16	(8,236.12)	8,690.56	56,567.67	77,675.76	(90,587.85)
30-Jun-05	Payroll	1	0.00									
30-Jun-05	Payroll taxes	2	0.00									
30-Jun-05	AP	5	3,300.00	412.50	412.50		412.50				412.50	
30-Jun-05	Transportation	9	0.00									
30-Jun-05	Tank maint accrual	26	(35,498.00)	(8,686.00)	(2,082.00)	(1,082.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	(851.00)	(1,992.00)
30-Jun-05	Equipment	9A	0.00									
30-Jun-05			0.00									
30-Jun-05			0.00									
30-Jun-05			0.00									
30-Jun-05			0.00									
	JUNE		(32,198.00)	(8,273.50)	(1,669.50)	(1,082.00)	(4,215.50)	(193.00)	(238.00)	(178.00)	(438.50)	(1,992.00)
	BTD		(603,277.97)	(290,162.51)	(66,834.58)	(100,246.08)	38,685.66	(8,429.12)	8,452.56	56,389.67	77,237.26	(92,579.85)
	(35,090.00) Total 265		(717,685.91)									

ARIZONA WATER COMPANY
2005 SUBLEDGER

ARIZONA WATER COMPANY
2005 SUBLEDGER

265 RESERVE for TANK MAINTENANCE

265

DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(528,279.04)	(41,264.86)	(7,261.38)	19,325.88	7,350.45	3,252.12	(89,107.29)	(57,707.70)	(31,951.26)	(11,410.00)	1,177.14
30-Apr-05	Payroll	1	201.65										
30-Apr-05	Payroll taxes	2	19.81										
30-Apr-05	AP	5	26,659.81			26,187.59	195.60						
30-Apr-05	Transportation	9	30.92										
30-Apr-05	Equipment	9A	65.63										
30-Apr-05	Tank maint accrual	20	0.00										
30-Apr-05	Tank maint accrual	26	(35,498.00)	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)	(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.00
30-Apr-05			0.00										
30-Apr-05			0.00										
30-Apr-05			0.00										
	APRIL		(8,520.18)	(1,258.00)	(3,508.00)	25,788.59	(1,150.40)	(395.00)	(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.00
	BTD		(536,799.22)	(42,522.86)	(10,769.38)	45,114.47	6,200.05	2,857.12	(93,196.29)	(58,727.70)	(32,996.26)	(13,517.00)	776.14
	(11,486.67) Total 265		(646,542.69)										

265

DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(536,799.22)	(42,522.86)	(10,769.38)	45,114.47	6,200.05	2,857.12	(93,196.29)	(58,727.70)	(32,996.26)	(13,517.00)	776.14
31-May-05	Payroll	1	618.86										
31-May-05	Payroll taxes	2	56.18										
31-May-05	AP	5	485.57			476.73							
31-May-05	Transportation	9	56.64										
31-May-05	Tank maint accrual	26	(35,498.00)	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)	(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.00
31-May-05	Equipment	9A	0.00										
31-May-05	Miscellaneous	20	0.00										
31-May-05			0.00										
31-May-05			0.00										
31-May-05			0.00										
	MAY		(34,280.75)	(1,258.00)	(3,508.00)	77.73	(1,346.00)	(395.00)	(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.00
	BTD		(571,079.97)	(43,780.86)	(14,277.38)	45,192.20	4,854.05	2,462.12	(97,285.29)	(59,747.70)	(34,041.26)	(15,624.00)	375.14
	(36,053.22) Total 265		(682,595.91)										

265

DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(571,079.97)	(43,780.86)	(14,277.38)	45,192.20	4,854.05	2,462.12	(97,285.29)	(59,747.70)	(34,041.26)	(15,624.00)	375.14
30-Jun-05	Payroll	1	0.00										
30-Jun-05	Payroll taxes	2	0.00										
30-Jun-05	AP	5	3,300.00	412.50	412.50	412.50			412.50				
30-Jun-05	Transportation	9	0.00										
30-Jun-05	Tank maint accrual	26	(35,498.00)	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)	(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.00)
30-Jun-05	Equipment	9A	0.00										
30-Jun-05			0.00										
30-Jun-05			0.00										
30-Jun-05			0.00										
30-Jun-05			0.00										
	JUNE		(32,198.00)	(845.50)	(3,095.50)	13.50	(1,346.00)	(395.00)	(3,676.50)	(1,020.00)	(1,045.00)	(2,107.00)	(401.00)
	BTD		(603,277.97)	(44,626.36)	(17,372.88)	45,205.70	3,508.05	2,067.12	(100,961.79)	(60,767.70)	(35,086.26)	(17,731.00)	(25.86)
	(35,090.00) Total 265		(717,685.91)										

ARIZONA WATER COMPANY
2005 SUBLEDGER

265 RESERVE for TANK MAINTENANCE

265			TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
DATE	DESCRIPTION	JV	(603,277.97)	(290,162.51)	(66,834.58)	(100,246.08)	38,685.66	(8,429.12)	8,452.56	56,389.67	77,237.26	(92,579.85)
31-Jul-05	Payroll	1	310.42	117.75			192.67					
31-Jul-05	Payroll taxes	2	29.94	11.36			18.58					
31-Jul-05	AP	5	1,234.41	1,234.41								
31-Jul-05	Transportation	9	75.69	35.25			40.44					
31-Jul-05	Equipment	9A	0.00									
31-Jul-05	Tank maint accrual	26	(35,498.00)	(8,686.00)	(2,082.00)	(1,082.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	(851.00)	(1,992.00)
31-Jul-05			0.00									
31-Jul-05			0.00									
31-Jul-05			0.00									
31-Jul-05			0.00									
JULY			(33,847.54)	(7,287.23)	(2,082.00)	(1,082.00)	(4,376.31)	(193.00)	(238.00)	(178.00)	(851.00)	(1,992.00)
BTD			(637,125.51)	(297,449.74)	(68,916.58)	(101,328.08)	34,309.35	(8,622.12)	8,214.56	56,211.67	76,386.26	(94,571.85)
(36,354.23)	Total 265		(754,040.14)									

265			TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
DATE	DESCRIPTION	JV	(637,125.51)	(297,449.74)	(68,916.58)	(101,328.08)	34,309.35	(8,622.12)	8,214.56	56,211.67	76,386.26	(94,571.85)
31-Aug-05	Payroll	1	203.38	203.38								
31-Aug-05	Payroll Taxes	2	19.48	19.48								
31-Aug-05	Cash Receipts	3	0.00									
31-Aug-05	AP	5	13,252.52	1,265.58								
31-Aug-05	Transportation	9	54.99									3,180.35
31-Aug-05	Tank maint accrual	26	(35,498.00)	(8,686.00)	(2,082.00)	(1,082.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	(851.00)	(1,992.00)
31-Aug-05	Equipment	9A	0.00									
31-Aug-05	Miscellaneous	20	0.00									
31-Aug-05			0.00									
31-Aug-05			0.00									
AUGUST			(21,967.63)	(7,197.56)	(2,082.00)	(1,082.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	(851.00)	1,188.35
BTD			(659,093.14)	(304,647.30)	(70,998.58)	(102,410.08)	29,681.35	(8,815.12)	7,976.56	56,033.67	75,535.26	(93,383.50)
(24,859.63)	Total 265		(778,899.77)									

265			TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
DATE	DESCRIPTION	JV	(659,093.14)	(304,647.30)	(70,998.58)	(102,410.08)	29,681.35	(8,815.12)	7,976.56	56,033.67	75,535.26	(93,383.50)
30-Sep-05	Payroll	1	0.00									
30-Sep-05	Payroll taxes	2	0.00									
30-Sep-05	AP	5	43,753.49	18,800.00	903.49	1,050.00						
30-Sep-05	Transportation	9	0.00									
30-Sep-05	Tank maint accrual	26	(35,498.00)	(8,686.00)	(2,082.00)	(1,082.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	(851.00)	(1,992.00)
30-Sep-05	Inventory	7	0.00									
30-Sep-05	Stores	8	0.00									
30-Sep-05	Equipment	9A	8.66				8.66					
30-Sep-05			0.00									
30-Sep-05			0.00									
SEPTEMBER			8,264.15	10,114.00	(1,178.51)	(32.00)	(4,619.34)	(193.00)	(238.00)	(178.00)	(851.00)	(1,992.00)
BTD			(650,828.99)	(294,533.30)	(72,177.09)	(102,442.08)	25,062.01	(9,008.12)	7,738.56	55,855.67	74,684.26	(95,375.50)
4,772.15	Total 265		(774,127.62)									

ARIZONA WATER COMPANY
2005 SUBLEDGER

ARIZONA WATER COMPANY
2005 SUBLEDGER

265 RESERVE for TANK MAINTENANCE

265

DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(603,277.97)	(44,626.36)	(17,372.88)	45,205.70	3,508.05	2,067.12	(100,961.79)	(60,767.70)	(35,086.26)	(17,731.00)	(25.8
31-Jul-05	Payroll	1	310.42										
31-Jul-05	Payroll taxes	2	29.94										
31-Jul-05	AP	5	1,234.41										
31-Jul-05	Transportation	9	75.69										
31-Jul-05	Equipment	9A	0.00										
31-Jul-05	Tank maint accrual	26	(35,498.00)	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)	(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.0
31-Jul-05			0.00										
31-Jul-05			0.00										
31-Jul-05			0.00										
31-Jul-05			0.00										
	JULY		(33,847.54)	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)	(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.0
	BTD		(637,125.51)	(45,884.36)	(20,880.88)	44,806.70	2,162.05	1,672.12	(105,050.79)	(61,787.70)	(36,131.26)	(19,838.00)	(426.8
	(36,354.23) Total 265		(754,040.14)										

265

DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(637,125.51)	(45,884.36)	(20,880.88)	44,806.70	2,162.05	1,672.12	(105,050.79)	(61,787.70)	(36,131.26)	(19,838.00)	(426.8
31-Aug-05	Payroll	1	203.38										
31-Aug-05	Payroll Taxes	2	19.48										
31-Aug-05	Cash Receipts	3	0.00										
31-Aug-05	AP	5	13,252.52	2,644.60	1,091.77				3,276.02	1,794.20			
31-Aug-05	Transportation	9	54.99		54.99								
31-Aug-05	Tank maint accrual	26	(35,498.00)	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)	(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.00
31-Aug-05	Equipment	9A	0.00										
31-Aug-05	Miscellaneous	20	0.00										
31-Aug-05			0.00										
31-Aug-05			0.00										
	AUGUST		(21,967.63)	1,386.60	(2,361.24)	(399.00)	(1,346.00)	(395.00)	(812.98)	774.20	(1,045.00)	(2,107.00)	(401.00
	BTD		(659,093.14)	(44,497.76)	(23,242.12)	44,407.70	816.05	1,277.12	(105,863.77)	(61,013.50)	(37,176.26)	(21,945.00)	(827.86
	(24,859.63) Total 265		(778,899.77)										

265

DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(659,093.14)	(44,497.76)	(23,242.12)	44,407.70	816.05	1,277.12	(105,863.77)	(61,013.50)	(37,176.26)	(21,945.00)	(827.86
30-Sep-05	Payroll	1	0.00										
30-Sep-05	Payroll taxes	2	0.00										
30-Sep-05	AP	5	43,753.49						23,000.00				
30-Sep-05	Transportation	9	0.00										
30-Sep-05	Tank maint accrual	26	(35,498.00)	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)	(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.00
30-Sep-05	Inventory	7	0.00										
30-Sep-05	Stores	8	0.00										
30-Sep-05	Equipment	9A	8.66										
30-Sep-05			0.00										
30-Sep-05			0.00										
	SEPTEMBER		8,264.15	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)	18,911.00	(1,020.00)	(1,045.00)	(2,107.00)	(401.00
	BTD		(650,828.99)	(45,755.76)	(26,750.12)	44,008.70	(529.95)	882.12	(86,952.77)	(62,033.50)	(38,221.26)	(24,052.00)	(1,228.86
	4,772.15 Total 265		(774,127.62)										

ARIZONA WATER COMPANY
2005 SUBLEDGER

265 RESERVE for TANK MAINTENANCE

265			TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
DATE	DESCRIPTION	JV	(650,828.99)	(294,533.30)	(72,177.09)	(102,442.08)	25,062.01	(9,008.12)	7,738.56	55,855.67	74,684.26	(95,375.50)
31-Oct-05	Payroll	1	42.82	42.82								
31-Oct-05	Payroll taxes	2	3.70	3.70								
31-Oct-05	AP	5	116,950.72	116,560.72			390.00					
31-Oct-05	Inventory	7	0.00									
31-Oct-05	Transportation	9	9.82	9.82								
31-Oct-05	Equipment	9A	0.00									
31-Oct-05	Tank maint accrual	26	(35,498.00)	(8,686.00)	(2,082.00)	(1,082.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	(851.00)	(1,992.00)
31-Oct-05	Maintenance	20	0.00									
31-Oct-05			0.00									
31-Oct-05			0.00									
OCTOBER			81,509.06	107,931.06	(2,082.00)	(1,082.00)	(4,238.00)	(193.00)	(238.00)	(178.00)	(851.00)	(1,992.00)
BTD			(569,319.93)	(186,602.24)	(74,259.09)	(103,524.08)	20,824.01	(9,201.12)	7,500.56	55,677.67	73,833.26	(97,367.50)
78,148.91	Total 265		(695,978.71)									

265			TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
DATE	DESCRIPTION	JV	(569,319.93)	(186,602.24)	(74,259.09)	(103,524.08)	20,824.01	(9,201.12)	7,500.56	55,677.67	73,833.26	(97,367.50)
30-Nov-05	Payroll	1	995.52	802.84			192.68					
30-Nov-05	Payroll taxes	2	93.03	75.02			18.01					
30-Nov-05	AP	5	3,521.25				3,521.25					
30-Nov-05	Transportation	9	326.91	266.03			60.88					
30-Nov-05	Tank maint accrual	26	(35,498.00)	(8,686.00)	(2,082.00)	(1,082.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	(851.00)	(1,992.00)
30-Nov-05	Equipment	9A	0.00									
30-Nov-05			0.00									
30-Nov-05			0.00									
30-Nov-05			0.00									
30-Nov-05			0.00									
NOVEMBER			(30,561.29)	(7,542.11)	(2,082.00)	(1,082.00)	(835.18)	(193.00)	(238.00)	(178.00)	(851.00)	(1,992.00)
BTD			(599,881.22)	(194,144.35)	(76,341.09)	(104,606.08)	19,988.83	(9,394.12)	7,262.56	55,499.67	72,982.26	(99,359.50)
(30,526.58)	Total 265		(726,505.29)									

265			TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
DATE	DESCRIPTION	JV	(599,881.22)	(194,144.35)	(76,341.09)	(104,606.08)	19,988.83	(9,394.12)	7,262.56	55,499.67	72,982.26	(99,359.50)
31-Dec-05	Payroll	1	149.87	149.87								
31-Dec-05	Payroll taxes	2	13.98	13.98								
31-Dec-05	AP	5	56,960.38	1,290.00			55,670.38					
31-Dec-05	Transportation	9	53.41	53.41								
31-Dec-05	Tank maint accrual	26	(35,498.00)	(8,686.00)	(2,082.00)	(1,082.00)	(4,628.00)	(193.00)	(238.00)	(178.00)	(851.00)	(1,992.00)
31-Dec-05	Accrued AP	25	308,483.50	1,140.00			299,558.50	7,785.00				
31-Dec-05	Adjustments	27	(3,343.00)				(1,322.00)		(809.00)	(360.00)	(852.00)	
31-Dec-05	Adjustments	27B	84,501.48	84,501.48								
31-Dec-05			0.00									
31-Dec-05			0.00									
DECEMBER			411,321.62	78,462.74	(2,082.00)	(1,082.00)	349,278.88	7,592.00	(1,047.00)	(538.00)	(1,703.00)	(1,992.00)
BTD			(188,559.60)	(115,681.61)	(78,423.09)	(105,688.08)	369,267.71	(1,802.12)	6,215.56	54,961.67	71,279.26	(101,351.50)

ARIZONA WATER COMPANY
2005 SUBLEDGER

ARIZONA WATER COMPANY
2005 SUBLEDGER

265 RESERVE for TANK MAINTENANCE

265 DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(650,828.99)	(45,755.76)	(26,750.12)	44,008.70	(529.95)	882.12	(86,952.77)	(62,033.50)	(38,221.26)	(24,052.00)	(1,228.8
31-Oct-05	Payroll	1	42.82										
31-Oct-05	Payroll taxes	2	3.70										
31-Oct-05	AP	5	116,950.72										
31-Oct-05	Inventory	7	0.00										
31-Oct-05	Transportation	9	9.82										
31-Oct-05	Equipment	9A	0.00										
31-Oct-05	Tank maint accrual	26	(35,498.00)	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)	(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.0
31-Oct-05	Maintenance	20	0.00										
31-Oct-05			0.00										
31-Oct-05			0.00										
	OCTOBER		81,509.06	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)	(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.0
	BTD		(569,319.93)	(47,013.76)	(30,258.12)	43,609.70	(1,875.95)	487.12	(91,041.77)	(63,053.50)	(39,266.26)	(26,159.00)	(1,629.8
	78,148.91 Total 265		(695,978.71)										

265 DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(569,319.93)	(47,013.76)	(30,258.12)	43,609.70	(1,875.95)	487.12	(91,041.77)	(63,053.50)	(39,266.26)	(26,159.00)	(1,629.8
30-Nov-05	Payroll	1	995.52										
30-Nov-05	Payroll taxes	2	93.03										
30-Nov-05	AP	5	3,521.25										
30-Nov-05	Transportation	9	326.91										
30-Nov-05	Tank maint accrual	26	(35,498.00)	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)	(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.0
30-Nov-05	Equipment	9A	0.00										
30-Nov-05			0.00										
30-Nov-05			0.00										
30-Nov-05			0.00										
30-Nov-05			0.00										
	NOVEMBER		(30,561.29)	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)	(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.0
	BTD		(599,881.22)	(48,271.76)	(33,766.12)	43,210.70	(3,221.95)	92.12	(95,130.77)	(64,073.50)	(40,311.26)	(28,266.00)	(2,030.86
	(30,526.58) Total 265		(726,505.29)										

265 DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(599,881.22)	(48,271.76)	(33,766.12)	43,210.70	(3,221.95)	92.12	(95,130.77)	(64,073.50)	(40,311.26)	(28,266.00)	(2,030.86
31-Dec-05	Payroll	1	149.87										
31-Dec-05	Payroll taxes	2	13.98										
31-Dec-05	AP	5	56,960.38										
31-Dec-05	Transportation	9	53.41										
31-Dec-05	Tank maint accrual	26	(35,498.00)	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)	(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.00
31-Dec-05	Accrued AP	25	308,483.50										
31-Dec-05	Adjustments	27	(3,343.00)										
31-Dec-05	Adjustments	27B	84,501.48										
31-Dec-05			0.00										
31-Dec-05			0.00										
	DECEMBER		411,321.62	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)	(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.00
	BTD		(188,559.60)	(49,529.76)	(37,274.12)	42,811.70	(4,567.95)	(302.88)	(99,219.77)	(65,093.50)	(41,356.26)	(30,373.00)	(2,431.86

ARIZONA WATER COMPANY
2006 SUBLEDGER

265 RESERVE for TANK MAINTENANCE

265			TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
DATE	DESCRIPTION	JV	(188,559.60)	(115,681.61)	(78,423.09)	(105,688.08)	369,267.71	(1,802.12)	6,215.56	54,961.67	71,279.26	(101,351.50)
31-Jan-06	Payroll	1	519.17	44.18			276.16	198.83				
31-Jan-06	Payroll taxes	2	57.71	4.91			30.70	22.10				
31-Jan-06	AP	5	96,707.14	94,672.25	212.20		1,822.69					
31-Jan-06	Transportation	9	166.72	14.18			96.54	56.00				
31-Jan-06	Tank maint accrual	26	(38,812.00)	(8,686.00)	(2,078.00)	(1,080.00)	(5,948.00)	(190.00)	(1,044.00)	(536.00)	(1,699.00)	(1,994.00)
31-Jan-06	Miscellaneous	20	(84,501.48)	(84,501.48)								
31-Jan-06	Equipment	9A	47.07		47.07							
31-Jan-06			0.00									
31-Jan-06			0.00									
31-Jan-06			0.00									
	JANUARY		(25,815.67)	1,548.04	(1,818.73)	(1,080.00)	(3,721.91)	86.93	(1,044.00)	(536.00)	(1,699.00)	(1,994.00)
	BTD		(214,375.27)	(114,133.57)	(80,241.82)	(106,768.08)	365,545.80	(1,715.19)	5,171.56	54,425.67	69,580.26	(103,345.50)
	(28,547.08) Total 265		(266,500.26)									

265			TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
DATE	DESCRIPTION	JV	(214,375.27)	(114,133.57)	(80,241.82)	(106,768.08)	365,545.80	(1,715.19)	5,171.56	54,425.67	69,580.26	(103,345.50)
28-Feb-06	Payroll	1	2,990.30	130.51	2,859.79							
28-Feb-06	Payroll taxes	2	319.90	13.96	305.94							
28-Feb-06	AP	5	87,196.81	10,712.47	30,885.72	11,266.20	26,926.35			3,572.48		
28-Feb-06	Transportation	9	553.37	37.78	515.59							
28-Feb-06	Tank maint accrual	26	(38,841.00)	(8,686.00)	(2,082.00)	(1,082.00)	(5,950.00)	(193.00)	(1,047.00)	(538.00)	(1,703.00)	(1,992.00)
28-Feb-06	Inventory	7	0.00									
28-Feb-06	Stores	8	0.00									
28-Feb-06	Equipment	9A	156.99		156.99							
28-Feb-06	Transportation	9B	0.00									
28-Feb-06	Transportation	9B	0.00									
	FEBRUARY		52,376.37	2,208.72	32,642.03	10,184.20	20,976.35	(193.00)	(1,047.00)	3,034.48	(1,703.00)	(1,992.00)
	BTD		(161,998.90)	(111,924.85)	(47,599.79)	(96,583.88)	386,522.15	(1,908.19)	4,124.56	57,460.15	67,877.26	(105,337.50)
	48,927.66 Total 265		(217,572.60)									

265			TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
DATE	DESCRIPTION	JV	(161,998.90)	(111,924.85)	(47,599.79)	(96,583.88)	386,522.15	(1,908.19)	4,124.56	57,460.15	67,877.26	(105,337.50)
31-Mar-06	Payroll	1	1,521.59	596.55	251.54	534.54	138.96					
31-Mar-06	Payroll taxes	2	160.10	62.77	26.47	56.24	14.62					
31-Mar-06	AP	5	21,340.55	16,940.00		4,113.72	255.00			31.83		
31-Mar-06	Transportation	9	165.51	142.88	60.08	127.67	(165.12)					
31-Mar-06	Tank maint accrual	26	(38,841.00)	(8,686.00)	(2,082.00)	(1,082.00)	(5,950.00)	(193.00)	(1,047.00)	(538.00)	(1,703.00)	(1,992.00)
31-Mar-06	Equipment	9A	0.00									
31-Mar-06	Adjustment	20	0.00									
31-Mar-06	Payroll taxes	2A	(3.99)	(0.29)	(2.90)	(0.08)	(0.43)	(0.29)				
31-Mar-06			0.00									
31-Mar-06			0.00									
	MARCH		(15,657.24)	9,055.91	(1,746.81)	3,750.09	(5,706.97)	(193.29)	(1,047.00)	(506.17)	(1,703.00)	(1,992.00)
	BTD		(177,656.14)	(102,868.94)	(49,346.60)	(92,833.79)	380,815.18	(2,101.48)	3,077.56	56,953.98	66,174.26	(107,329.50)
	(14,172.34) Total 265		(231,744.94)									

ARIZONA WATER COMPANY
2006 SUBLEDGER

ARIZONA WATER COMPANY
2006 SUBLEDGER

265 RESERVE for TANK MAINTENANCE

265

DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(188,559.60)	(49,529.76)	(37,274.12)	42,811.70	(4,567.95)	(302.88)	(99,219.77)	(65,093.50)	(41,356.26)	(30,373.00)	(2,431.8
31-Jan-06	Payroll	1	519.17										
31-Jan-06	Payroll taxes	2	57.71										
31-Jan-06	AP	5	96,707.14										
31-Jan-06	Transportation	9	166.72										
31-Jan-06	Tank maint accrual	26	(38,812.00)	(1,258.00)	(3,503.00)	(397.00)	(1,342.00)	(398.00)	(4,094.00)	(1,020.00)	(1,039.00)	(2,102.00)	(404.0
31-Jan-06	Miscellaneous	20	(84,501.48)										
31-Jan-06	Equipment	9A	47.07										
31-Jan-06			0.00										
31-Jan-06			0.00										
31-Jan-06			0.00										
	JANUARY		(25,815.67)	(1,258.00)	(3,503.00)	(397.00)	(1,342.00)	(398.00)	(4,094.00)	(1,020.00)	(1,039.00)	(2,102.00)	(404.0
	BTD		(214,375.27)	(50,787.76)	(40,777.12)	42,414.70	(5,909.95)	(700.88)	(103,313.77)	(66,113.50)	(42,395.26)	(32,475.00)	(2,835.8
(28,547.08)	Total 265		(266,500.26)										

265

DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(214,375.27)	(50,787.76)	(40,777.12)	42,414.70	(5,909.95)	(700.88)	(103,313.77)	(66,113.50)	(42,395.26)	(32,475.00)	(2,835.8
28-Feb-06	Payroll	1	2,990.30										
28-Feb-06	Payroll taxes	2	319.90										
28-Feb-06	AP	5	87,196.81		61.27	1,137.41	2,634.91						
28-Feb-06	Transportation	9	553.37										
28-Feb-06	Tank maint accrual	26	(38,841.00)	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)	(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.0
28-Feb-06	Inventory	7	0.00										
28-Feb-06	Stores	8	0.00										
28-Feb-06	Equipment	9A	156.99										
28-Feb-06	Transportation	9B	0.00										
28-Feb-06	Transportation	9B	0.00										
	FEBRUARY		52,376.37	(1,258.00)	(3,446.73)	738.41	1,288.91	(395.00)	(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.00
	BTD		(161,998.90)	(52,045.76)	(44,223.85)	43,153.11	(4,621.04)	(1,095.88)	(107,402.77)	(67,133.50)	(43,440.26)	(34,582.00)	(3,236.86
48,927.66	Total 265		(217,572.60)										

265

DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(161,998.90)	(52,045.76)	(44,223.85)	43,153.11	(4,621.04)	(1,095.88)	(107,402.77)	(67,133.50)	(43,440.26)	(34,582.00)	(3,236.86
31-Mar-06	Payroll	1	1,521.59										
31-Mar-06	Payroll taxes	2	160.10										
31-Mar-06	AP	5	21,340.55										
31-Mar-06	Transportation	9	165.51										
31-Mar-06	Tank maint accrual	26	(38,841.00)	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)	(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.00
31-Mar-06	Equipment	9A	0.00										
31-Mar-06	Adjustment	20	0.00										
31-Mar-06	Payroll taxes	2A	(3.99)										
31-Mar-06			0.00										
31-Mar-06			0.00										
	MARCH		(15,657.24)	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)	(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.00
	BTD		(177,656.14)	(53,303.76)	(47,731.85)	42,754.11	(5,967.04)	(1,490.88)	(111,491.77)	(68,153.50)	(44,485.26)	(36,689.00)	(3,637.86
(14,172.34)	Total 265		(231,744.94)										

ARIZONA WATER COMPANY
2006 SUBLEDGER

265 RESERVE for TANK MAINTENANCE

265			TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
DATE	DESCRIPTION	JV	(177,656.14)	(102,868.94)	(49,346.60)	(92,833.79)	380,815.18	(2,101.48)	3,077.56	56,953.98	66,174.26	(107,329.50)
30-Apr-06	Payroll	1	556.62	22.09	314.43	220.10						
30-Apr-06	Payroll taxes	2	57.94	2.30	32.73	22.91						
30-Apr-06	AP	5	31,024.00	203.28	15,502.67	15,318.05						
30-Apr-06	Transportation	9	155.77	6.68	87.70	61.39						
30-Apr-06	Equipment	9A	0.00									
30-Apr-06	Tank maint accrual	20	0.00									
30-Apr-06	Tank maint accrual	26	(38,841.00)	(8,686.00)	(2,082.00)	(1,082.00)	(5,950.00)	(193.00)	(1,047.00)	(538.00)	(1,703.00)	(1,992.00)
30-Apr-06			0.00									
30-Apr-06			0.00									
30-Apr-06			0.00									
APRIL			(7,046.67)	(8,451.65)	13,855.53	14,540.45	(5,950.00)	(193.00)	(1,047.00)	(538.00)	(1,703.00)	(1,992.00)
BTD			(184,702.81)	(111,320.59)	(35,491.07)	(78,293.34)	374,865.18	(2,294.48)	2,030.56	56,415.98	64,471.26	(109,321.50)
(9,863.67)	Total 265		(241,608.61)									

265			TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
DATE	DESCRIPTION	JV	(184,702.81)	(111,320.59)	(35,491.07)	(78,293.34)	374,865.18	(2,294.48)	2,030.56	56,415.98	64,471.26	(109,321.50)
31-May-06	Payroll	1	1,286.17	66.28	857.88	362.01						
31-May-06	Payroll taxes	2	121.76	6.27	81.22	34.27						
31-May-06	AP	5	39,512.47		38,668.14		816.03					
31-May-06	Transportation	9	147.79	11.38	99.50	36.91						
31-May-06	Tank maint accrual	26	(38,841.00)	(8,686.00)	(2,082.00)	(1,082.00)	(5,950.00)	(193.00)	(1,047.00)	(538.00)	(1,703.00)	(1,992.00)
31-May-06	Equipment	9A	15.92		15.92							
31-May-06	Miscellaneous	20	0.00									
31-May-06			0.00									
31-May-06			0.00									
31-May-06			0.00									
MAY			2,243.11	(8,602.07)	37,640.66	(648.81)	(5,133.97)	(193.00)	(1,047.00)	(538.00)	(1,703.00)	(1,992.00)
BTD			(182,459.70)	(119,922.66)	2,149.59	(78,942.15)	369,731.21	(2,487.48)	983.56	55,877.98	62,768.26	(111,313.50)
(278.89)	Total 265		(241,887.50)									

265			TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
DATE	DESCRIPTION	JV	(182,459.70)	(119,922.66)	2,149.59	(78,942.15)	369,731.21	(2,487.48)	983.56	55,877.98	62,768.26	(111,313.50)
30-Jun-06	Payroll	1	0.00									
30-Jun-06	Payroll taxes	2	0.00									
30-Jun-06	AP	5	24,419.11	9,103.12	6,198.93		9,097.58					
30-Jun-06	Transportation	9	0.00									
30-Jun-06	Tank maint accrual	26	(38,841.00)	(8,686.00)	(2,082.00)	(1,082.00)	(5,950.00)	(193.00)	(1,047.00)	(538.00)	(1,703.00)	(1,992.00)
30-Jun-06	Equipment	9A	0.00									
30-Jun-06	Inventory	7	177.30		177.30							
30-Jun-06	Stores	8	22.16		22.16							
30-Jun-06			0.00									
30-Jun-06			0.00									
JUNE			(14,222.43)	417.12	4,316.39	(1,082.00)	3,147.58	(193.00)	(1,047.00)	(538.00)	(1,703.00)	(1,992.00)
BTD			(196,682.13)	(119,505.54)	6,465.98	(80,024.15)	372,878.79	(2,680.48)	(63.44)	55,339.98	61,065.26	(113,305.50)
(8,778.25)	Total 265		(250,665.75)									

ARIZONA WATER COMPANY
2006 SUBLEDGER

ARIZONA WATER COMPANY
2006 SUBLEDGER

265 RESERVE for TANK MAINTENANCE

265

DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(177,656.14)	(53,303.76)	(47,731.85)	42,754.11	(5,967.04)	(1,490.88)	(111,491.77)	(68,153.50)	(44,485.26)	(36,689.00)	(3,637.8
30-Apr-06	Payroll	1	556.62										
30-Apr-06	Payroll taxes	2	57.94										
30-Apr-06	AP	5	31,024.00										
30-Apr-06	Transportation	9	155.77										
30-Apr-06	Equipment	9A	0.00										
30-Apr-06	Tank maint accrual	20	0.00										
30-Apr-06	Tank maint accrual	26	(38,841.00)	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)	(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.0
30-Apr-06			0.00										
30-Apr-06			0.00										
30-Apr-06			0.00										
	APRIL		(7,046.67)	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)	(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.0
	BTD		(184,702.81)	(54,561.76)	(51,239.85)	42,355.11	(7,313.04)	(1,885.88)	(115,580.77)	(69,173.50)	(45,530.26)	(38,796.00)	(4,038.8
	(9,863.67) Total 26		(241,608.61)										

265

DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(184,702.81)	(54,561.76)	(51,239.85)	42,355.11	(7,313.04)	(1,885.88)	(115,580.77)	(69,173.50)	(45,530.26)	(38,796.00)	(4,038.8
31-May-06	Payroll	1	1,286.17										
31-May-06	Payroll taxes	2	121.76										
31-May-06	AP	5	39,512.47		28.30								
31-May-06	Transportation	9	147.79										
31-May-06	Tank maint accrual	26	(38,841.00)	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)	(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.0
31-May-06	Equipment	9A	15.92										
31-May-06	Miscellaneous	20	0.00										
31-May-06			0.00										
31-May-06			0.00										
31-May-06			0.00										
	MAY		2,243.11	(1,258.00)	(3,479.70)	(399.00)	(1,346.00)	(395.00)	(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.0
	BTD		(182,459.70)	(55,819.76)	(54,719.55)	41,956.11	(8,659.04)	(2,280.88)	(119,669.77)	(70,193.50)	(46,575.26)	(40,903.00)	(4,439.86
	(278.89) Total 265		(241,887.50)										

265

DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(182,459.70)	(55,819.76)	(54,719.55)	41,956.11	(8,659.04)	(2,280.88)	(119,669.77)	(70,193.50)	(46,575.26)	(40,903.00)	(4,439.86
30-Jun-06	Payroll	1	0.00										
30-Jun-06	Payroll taxes	2	0.00										
30-Jun-06	AP	5	24,419.11		19.48								
30-Jun-06	Transportation	9	0.00										
30-Jun-06	Tank maint accrual	26	(38,841.00)	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)	(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.00
30-Jun-06	Equipment	9A	0.00										
30-Jun-06	Inventory	7	177.30										
30-Jun-06	Stores	8	22.16										
30-Jun-06			0.00										
30-Jun-06			0.00										
	JUNE		(14,222.43)	(1,258.00)	(3,488.52)	(399.00)	(1,346.00)	(395.00)	(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.00
	BTD		(196,682.13)	(57,077.76)	(58,208.07)	41,557.11	(10,005.04)	(2,675.88)	(123,758.77)	(71,213.50)	(47,620.26)	(43,010.00)	(4,840.86
	(8,778.25) Total 265		(250,665.75)										

ARIZONA WATER COMPANY
2006 SUBLEDGER

265 RESERVE for TANK MAINTENANCE

265			TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
DATE	DESCRIPTION	JV	(196,682.13)	(119,505.54)	6,465.98	(80,024.15)	372,878.79	(2,680.48)	(63.44)	55,339.98	61,065.26	(113,305.50)
31-Jul-06	Payroll	1	512.59	33.71	339.93							
31-Jul-06	Payroll taxes	2	52.37	3.44	34.73							
31-Jul-06	AP	5	17,008.44	2,094.75		5.96	3,062.52				4,040.48	
31-Jul-06	Transportation	9	(4.48)	5.62	(57.68)							
31-Jul-06	Equipment	9A	0.00									
31-Jul-06	Tank maint accrual	26	(38,841.00)	(8,686.00)	(2,082.00)	(1,082.00)	(5,950.00)	(193.00)	(1,047.00)	(538.00)	(1,703.00)	(1,992.00)
31-Jul-06			0.00									
31-Jul-06			0.00									
31-Jul-06			0.00									
31-Jul-06			0.00									
JULY			(21,272.08)	(6,548.48)	(1,765.02)	(1,076.04)	(2,887.48)	(193.00)	(1,047.00)	(538.00)	2,337.48	(1,992.00)
BTD			(217,954.21)	(126,054.02)	4,700.96	(81,100.19)	369,991.31	(2,873.48)	(1,110.44)	54,801.98	63,402.74	(115,297.50)
(24,339.08) Total 265			(275,004.83)									

265			TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
DATE	DESCRIPTION	JV	(217,954.21)	(126,054.02)	4,700.96	(81,100.19)	369,991.31	(2,873.48)	(1,110.44)	54,801.98	63,402.74	(115,297.50)
31-Aug-06	Payroll	1	88.38	88.38								
31-Aug-06	Payroll Taxes	2	8.98	8.98								
31-Aug-06	Stores	8	24.03		24.03							
31-Aug-06	AP	5	47.89									
31-Aug-06	Inventory	7	192.24		192.24							
31-Aug-06	Tank maint accrual	26	(38,841.00)	(8,686.00)	(2,082.00)	(1,082.00)	(5,950.00)	(193.00)	(1,047.00)	(538.00)	(1,703.00)	(1,992.00)
31-Aug-06	Transportation	9	17.84	17.84								
31-Aug-06	*Miscellaneous*	20	0.00									
31-Aug-06			0.00									
31-Aug-06			0.00									
AUGUST			(38,461.64)	(8,570.80)	(1,865.73)	(1,082.00)	(5,950.00)	(193.00)	(1,047.00)	(538.00)	(1,703.00)	(1,992.00)
BTD			(256,415.85)	(134,624.82)	2,835.23	(82,182.19)	364,041.31	(3,066.48)	(2,157.44)	54,263.98	61,699.74	(117,289.50)
(36,797.74) Total 265			(311,802.57)									

265			TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
DATE	DESCRIPTION	JV	(256,415.85)	(134,624.82)	2,835.23	(82,182.19)	364,041.31	(3,066.48)	(2,157.44)	54,263.98	61,699.74	(117,289.50)
30-Sep-06	Payroll	1	0.00									
30-Sep-06	Payroll taxes	2	0.00									
30-Sep-06	AP	5	42,146.00	412.50	412.50		705.00				412.50	
30-Sep-06	Transportation	9	0.00									
30-Sep-06	Tank maint accrual	26	(38,841.00)	(8,686.00)	(2,082.00)	(1,082.00)	(5,950.00)	(193.00)	(1,047.00)	(538.00)	(1,703.00)	(1,992.00)
30-Sep-06	Inventory	7	0.00									
30-Sep-06	Stores	8	0.00									
30-Sep-06	Equipment	9A	0.00									
30-Sep-06			0.00									
30-Sep-06			0.00									
SEPTEMBER			3,305.00	(8,273.50)	(1,669.50)	(1,082.00)	(5,245.00)	(193.00)	(1,047.00)	(538.00)	(1,290.50)	(1,992.00)
BTD			(253,110.85)	(142,898.32)	1,165.73	(83,264.19)	358,796.31	(3,259.48)	(3,204.44)	53,725.98	60,409.24	(119,281.50)
(187.00) Total 265			(311,989.57)									

ARIZONA WATER COMPANY
2006 SUBLEDGER

ARIZONA WATER COMPANY
2006 SUBLEDGER

265 RESERVE for TANK MAINTENANCE

265

DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(196,682.13)	(57,077.76)	(58,208.07)	41,557.11	(10,005.04)	(2,675.88)	(123,758.77)	(71,213.50)	(47,620.26)	(43,010.00)	(4,840.8
31-Jul-06	Payroll	1	512.59						138.95				
31-Jul-06	Payroll taxes	2	52.37						14.20				
31-Jul-06	AP	5	17,008.44		62.90				7,741.83				
31-Jul-06	Transportation	9	(4.48)						47.58				
31-Jul-06	Equipment	9A	0.00										
31-Jul-06	Tank maint accrual	26	(38,841.00)	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)	(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.0
31-Jul-06			0.00										
31-Jul-06			0.00										
31-Jul-06			0.00										
31-Jul-06			0.00										
	JULY		(21,272.08)	(1,258.00)	(3,445.10)	(399.00)	(1,346.00)	(395.00)	3,853.56	(1,020.00)	(1,045.00)	(2,107.00)	(401.0
	BTD		(217,954.21)	(58,335.76)	(61,653.17)	41,158.11	(11,351.04)	(3,070.88)	(119,905.21)	(72,233.50)	(48,665.26)	(45,117.00)	(5,241.8
(24,339.08)	Total 265		(275,004.83)										

265

DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(217,954.21)	(58,335.76)	(61,653.17)	41,158.11	(11,351.04)	(3,070.88)	(119,905.21)	(72,233.50)	(48,665.26)	(45,117.00)	(5,241.8
31-Aug-06	Payroll	1	88.38										
31-Aug-06	Payroll Taxes	2	8.98										
31-Aug-06	Stores	8	24.03										
31-Aug-06	AP	5	47.89		17.89								
31-Aug-06	Inventory	7	192.24						30.00				
31-Aug-06	Tank maint accrual	26	(38,841.00)	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)	(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.0
31-Aug-06	Transportation	9	17.84										
31-Aug-06	Miscellaneous	20	0.00										
31-Aug-06			0.00										
31-Aug-06			0.00										
	AUGUST		(38,461.64)	(1,258.00)	(3,490.11)	(399.00)	(1,346.00)	(395.00)	(4,059.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.0
	BTD		(256,415.85)	(59,593.76)	(65,143.28)	40,759.11	(12,697.04)	(3,465.88)	(123,964.21)	(73,253.50)	(49,710.26)	(47,224.00)	(5,642.8
(36,797.74)	Total 265		(311,802.57)										

265

DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(256,415.85)	(59,593.76)	(65,143.28)	40,759.11	(12,697.04)	(3,465.88)	(123,964.21)	(73,253.50)	(49,710.26)	(47,224.00)	(5,642.8
30-Sep-06	Payroll	1	0.00										
30-Sep-06	Payroll taxes	2	0.00										
30-Sep-06	AP	5	42,146.00	412.50	412.50	412.50			38,966.00				
30-Sep-06	Transportation	9	0.00										
30-Sep-06	Tank maint accrual	26	(38,841.00)	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)	(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.0
30-Sep-06	Inventory	7	0.00										
30-Sep-06	Stores	8	0.00										
30-Sep-06	Equipment	9A	0.00										
30-Sep-06			0.00										
30-Sep-06			0.00										
	SEPTEMBER		3,305.00	(845.50)	(3,095.50)	13.50	(1,346.00)	(395.00)	34,877.00	(1,020.00)	(1,045.00)	(2,107.00)	(401.0
	BTD		(253,110.85)	(60,439.26)	(68,238.78)	40,772.61	(14,043.04)	(3,860.88)	(89,087.21)	(74,273.50)	(50,755.26)	(49,331.00)	(6,043.8
(187.00)	Total 265		(311,989.57)										

ARIZONA WATER COMPANY
2006 SUBLEDGER

265 RESERVE for TANK MAINTENANCE

265			TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
DATE	DESCRIPTION	JV	(253,110.85)	(142,898.32)	1,165.73	(83,264.19)	358,796.31	(3,259.48)	(3,204.44)	53,725.98	60,409.24	(119,281.50)
31-Oct-06	Payroll	1	655.77	470.36								
31-Oct-06	Payroll taxes	2	59.10	42.39								
31-Oct-06	AP	5	44,037.06						3,960.00			
31-Oct-06	Inventory	7	168.66		168.66							
31-Oct-06	Stores	8	21.08		21.08							
31-Oct-06	Transportation	9	125.28	97.26								
31-Oct-06	Equipment	9A	0.00									
31-Oct-06	Tank maint accrual	26	(38,841.00)	(8,686.00)	(2,082.00)	(1,082.00)	(5,950.00)	(193.00)	(1,047.00)	(538.00)	(1,703.00)	(1,992.00)
31-Oct-06	Maintenance	20	0.00									
31-Oct-06			0.00									
OCTOBER			6,225.95	(8,075.99)	(1,892.26)	(1,082.00)	(5,950.00)	(193.00)	2,913.00	(538.00)	(1,703.00)	(1,992.00)
BTD			(246,884.90)	(150,974.31)	(726.53)	(84,346.19)	352,846.31	(3,452.48)	(291.44)	53,187.98	58,706.24	(121,273.50)
3,108.95	Total 265		(308,880.62)									

265			TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
DATE	DESCRIPTION	JV	(246,884.90)	(150,974.31)	(726.53)	(84,346.19)	352,846.31	(3,452.48)	(291.44)	53,187.98	58,706.24	(121,273.50)
30-Nov-06	Payroll	1	452.94	132.56			320.38					
30-Nov-06	Payroll taxes	2	48.20	14.11			34.09					
30-Nov-06	AP	5	92,881.59	1,470.13			83,944.00					
30-Nov-06	Transportation	9	153.57	60.63			92.94					
30-Nov-06	Tank maint accrual	26	(38,841.00)	(8,686.00)	(2,082.00)	(1,082.00)	(5,950.00)	(193.00)	(1,047.00)	(538.00)	(1,703.00)	(1,992.00)
30-Nov-06	Equipment	9A	0.00									
30-Nov-06			0.00									
30-Nov-06			0.00									
30-Nov-06			0.00									
30-Nov-06			0.00									
NOVEMBER			54,695.30	(7,008.57)	(2,082.00)	(1,082.00)	78,441.41	(193.00)	(1,047.00)	(538.00)	(1,703.00)	(1,992.00)
BTD			(192,189.60)	(157,982.88)	(2,808.53)	(85,428.19)	431,287.72	(3,645.48)	(1,338.44)	52,649.98	57,003.24	(123,265.50)
51,227.71	Total 265		(257,652.91)									

265			TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
DATE	DESCRIPTION	JV	(192,189.60)	(157,982.88)	(2,808.53)	(85,428.19)	431,287.72	(3,645.48)	(1,338.44)	52,649.98	57,003.24	(123,265.50)
31-Dec-06	Payroll	1	0.00									
31-Dec-06	Payroll taxes	2	0.00									
31-Dec-06	AP	5	91,079.68	982.50	27.37		83,829.81					
31-Dec-06	Transportation	9	0.00									
31-Dec-06	Tank maint accrual	26	(38,841.00)	(8,686.00)	(2,082.00)	(1,082.00)	(5,950.00)	(193.00)	(1,047.00)	(538.00)	(1,703.00)	(1,992.00)
31-Dec-06	Accrued AP	25	0.00									
31-Dec-06	Adjustments	27	0.00									
31-Dec-06			0.00									
31-Dec-06			0.00									
31-Dec-06			0.00									
DECEMBER			52,238.68	(7,703.50)	(2,054.63)	(1,082.00)	77,879.81	(193.00)	(1,047.00)	(538.00)	(1,703.00)	(1,992.00)
BTD			(139,950.92)	(165,686.38)	(4,863.16)	(86,510.19)	509,167.53	(3,838.48)	(2,385.44)	52,111.98	55,300.24	(125,257.50)

ARIZONA WATER COMPANY
2006 SUBLEDGER

ARIZONA WATER COMPANY
2006 SUBLEDGER

265 RESERVE for TANK MAINTENANCE

265

DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(253,110.85)	(60,439.26)	(68,238.78)	40,772.61	(14,043.04)	(3,860.88)	(89,087.21)	(74,273.50)	(50,755.26)	(49,331.00)	(6,043.8
31-Oct-06	Payroll	1	655.77						185.41				
31-Oct-06	Payroll taxes	2	59.10						16.71				
31-Oct-06	AP	5	44,037.06		83.56				39,993.50				
31-Oct-06	Inventory	7	168.66										
31-Oct-06	Stores	8	21.08										
31-Oct-06	Transportation	9	125.28						28.02				
31-Oct-06	Equipment	9A	0.00										
31-Oct-06	Tank maint accrual	26	(38,841.00)	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)	(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.0
31-Oct-06	Maintenance	20	0.00										
31-Oct-06			0.00										
	OCTOBER		6,225.95	(1,258.00)	(3,424.44)	(399.00)	(1,346.00)	(395.00)	36,134.64	(1,020.00)	(1,045.00)	(2,107.00)	(401.0
	BTD		(246,884.90)	(61,697.26)	(71,663.22)	40,373.61	(15,389.04)	(4,255.88)	(52,952.57)	(75,293.50)	(51,800.26)	(51,438.00)	(6,444.8
	3,108.95 Total 265		(308,880.62)										

265

DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(246,884.90)	(61,697.26)	(71,663.22)	40,373.61	(15,389.04)	(4,255.88)	(52,952.57)	(75,293.50)	(51,800.26)	(51,438.00)	(6,444.86
30-Nov-06	Payroll	1	452.94										
30-Nov-06	Payroll taxes	2	48.20										
30-Nov-06	AP	5	92,881.59					825.95	6,641.51				
30-Nov-06	Transportation	9	153.57										
30-Nov-06	Tank maint accrual	26	(38,841.00)	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)	(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.00
30-Nov-06	Equipment	9A	0.00										
30-Nov-06			0.00										
30-Nov-06			0.00										
30-Nov-06			0.00										
30-Nov-06			0.00										
	NOVEMBER		54,695.30	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	430.95	2,552.51	(1,020.00)	(1,045.00)	(2,107.00)	(401.00
	BTD		(192,189.60)	(62,955.26)	(75,171.22)	39,974.61	(16,735.04)	(3,824.93)	(50,400.06)	(76,313.50)	(52,845.26)	(53,545.00)	(6,845.86
	51,227.71 Total 265		(257,652.91)										

265

DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SD	PW	RR	SU	SU-123
			(192,189.60)	(62,955.26)	(75,171.22)	39,974.61	(16,735.04)	(3,824.93)	(50,400.06)	(76,313.50)	(52,845.26)	(53,545.00)	(6,845.86
31-Dec-06	Payroll	1	0.00										
31-Dec-06	Payroll taxes	2	0.00										
31-Dec-06	AP	5	91,079.68						6,240.00				
31-Dec-06	Transportation	9	0.00										
31-Dec-06	Tank maint accrual	26	(38,841.00)	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)	(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.00
31-Dec-06	Accrued AP	25	0.00										
31-Dec-06	Adjustments	27	0.00										
31-Dec-06			0.00										
31-Dec-06			0.00										
31-Dec-06			0.00										
	DECEMBER		52,238.68	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)	2,151.00	(1,020.00)	(1,045.00)	(2,107.00)	(401.00
	BTD		(139,950.92)	(64,213.26)	(78,679.22)	39,575.61	(18,081.04)	(4,219.93)	(48,249.06)	(77,333.50)	(53,890.26)	(55,652.00)	(7,246.86

ARIZONA WATER COMPANY
2007 SUBLEDGER

265 RESERVE for TANK MAINTENANCE

265

DATE	DESCRIPTION	JV	TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
			(139,950.92)	(165,686.38)	(4,863.16)	(86,510.19)	509,167.53	(3,838.48)	(2,385.44)	52,111.98	55,300.24	(125,257.50)
31-Jan-07	Payroll	1	31.11				31.11					
31-Jan-07	Payroll taxes	2	3.45				3.45					
31-Jan-07	AP	5	88,425.00				16,512.50	71,912.50				
31-Jan-07	Transportation	9	6.05				6.05					
31-Jan-07	Tank maint accrual	26	(38,812.00)	(8,686.00)	(2,078.00)	(1,080.00)	(5,948.00)	(190.00)	(1,044.00)	(536.00)	(1,699.00)	(1,994.00)
31-Jan-07	Miscellaneous	20	0.00									
31-Jan-07	Equipment	9A	0.00									
31-Jan-07			0.00									
31-Jan-07			0.00									
31-Jan-07			0.00									
JANUARY			49,653.61	(8,686.00)	(2,078.00)	(1,080.00)	10,605.11	71,722.50	(1,044.00)	(536.00)	(1,699.00)	(1,994.00)
BTD			(90,297.31)	(174,372.38)	(6,941.16)	(87,590.19)	519,772.64	67,884.02	(3,429.44)	51,575.98	53,601.24	(127,251.50)
46,160.61	Total 265		(160,590.62)									

265

DATE	DESCRIPTION	JV	TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
			(90,297.31)	(174,372.38)	(6,941.16)	(87,590.19)	519,772.64	67,884.02	(3,429.44)	51,575.98	53,601.24	(127,251.50)
28-Feb-07	Payroll	1	452.48	452.48								
28-Feb-07	Payroll taxes	2	47.76	47.76								
28-Feb-07	AP	5	15,808.53	6,493.00	15.53		6,600.00				2,700.00	
28-Feb-07	Transportation	9	(13.57)	(13.57)								
28-Feb-07	Tank maint accrual	26	(38,841.00)	(8,686.00)	(2,082.00)	(1,082.00)	(5,950.00)	(193.00)	(1,047.00)	(538.00)	(1,703.00)	(1,992.00)
28-Feb-07	Inventory	7	0.00									
28-Feb-07	Stores	8	0.00									
28-Feb-07	Equipment	9A	0.00									
28-Feb-07	Transportation	9B	0.00									
28-Feb-07	Transportation	9B	0.00									
FEBRUARY			(22,545.80)	(1,706.33)	(2,066.47)	(1,082.00)	650.00	(193.00)	(1,047.00)	(538.00)	997.00	(1,992.00)
BTD			(112,843.11)	(176,078.71)	(9,007.63)	(88,672.19)	520,422.64	67,691.02	(4,476.44)	51,037.98	54,598.24	(129,243.50)
(5,419.61)	Total 265		(166,010.23)									

265

DATE	DESCRIPTION	JV	TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
			(112,843.11)	(176,078.71)	(9,007.63)	(88,672.19)	520,422.64	67,691.02	(4,476.44)	51,037.98	54,598.24	(129,243.50)
31-Mar-07	Payroll	1	890.62	502.74			297.38					
31-Mar-07	Payroll taxes	2	87.75	49.53			29.30					
31-Mar-07	AP	5	19,564.46								19,550.85	
31-Mar-07	Transportation	9	150.99	72.81			55.18					
31-Mar-07	Tank maint accrual	26	(38,841.00)	(8,686.00)	(2,082.00)	(1,082.00)	(5,950.00)	(193.00)	(1,047.00)	(538.00)	(1,703.00)	(1,992.00)
31-Mar-07	Equipment	9A	0.00									
31-Mar-07	Adjustment	20	0.00									
31-Mar-07	Payroll taxes	2A	0.00									
31-Mar-07			0.00									
31-Mar-07			0.00									
MARCH			(18,147.18)	(8,060.92)	(2,082.00)	(1,082.00)	(5,568.14)	(193.00)	(1,047.00)	(538.00)	17,847.85	(1,992.00)
BTD			(130,990.29)	(184,139.63)	(11,089.63)	(89,754.19)	514,854.50	67,498.02	(5,523.44)	50,499.98	72,446.09	(131,235.50)
(21,639.18)	Total 265		(187,649.41)									

ARIZONA WATER COMPANY
2007 SUBLEDGER

ARIZONA WATER COMPANY
2007 SUBLEDGER

265 RESERVE for TANK MAINTENANCE

265			TOTAL	OV	MI	SM	OR	WK	SB	SD	PW	RR	SU	SU-123
DATE	DESCRIPTION	JV	(139,950.92)	(64,213.26)	(78,679.22)	39,575.61	(18,081.04)	(4,219.93)	0.00	(48,249.06)	(77,333.50)	(53,890.26)	(55,652.00)	(7,246.86)
31-Jan-07	Payroll	1	31.11											
31-Jan-07	Payroll taxes	2	3.45											
31-Jan-07	AP	5	88,425.00											
31-Jan-07	Transportation	9	6.05											
31-Jan-07	Tank maint accrual	26	(38,812.00)	(1,258.00)	(3,503.00)	(397.00)	(1,342.00)	(398.00)		(4,094.00)	(1,020.00)	(1,039.00)	(2,102.00)	(404.00)
31-Jan-07	Miscellaneous	20	0.00											
31-Jan-07	Equipment	9A	0.00											
31-Jan-07			0.00											
31-Jan-07			0.00											
31-Jan-07			0.00											
JANUARY			49,653.61	(1,258.00)	(3,503.00)	(397.00)	(1,342.00)	(398.00)	0.00	(4,094.00)	(1,020.00)	(1,039.00)	(2,102.00)	(404.00)
BTD			(90,297.31)	(65,471.26)	(82,182.22)	39,178.61	(19,423.04)	(4,617.93)	0.00	(52,343.06)	(78,353.50)	(54,929.26)	(57,754.00)	(7,650.86)
46,160.61	Total 265		(160,590.62)											

265			TOTAL	OV	MI	SM	OR	WK	SB	SD	PW	RR	SU	SU-123
DATE	DESCRIPTION	JV	(90,297.31)	(65,471.26)	(82,182.22)	39,178.61	(19,423.04)	(4,617.93)	0.00	(52,343.06)	(78,353.50)	(54,929.26)	(57,754.00)	(7,650.86)
28-Feb-07	Payroll	1	452.48											
28-Feb-07	Payroll taxes	2	47.76											
28-Feb-07	AP	5	15,808.53											
28-Feb-07	Transportation	9	(13.57)											
28-Feb-07	Tank maint accrual	26	(38,841.00)	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)		(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.00)
28-Feb-07	Inventory	7	0.00											
28-Feb-07	Stores	8	0.00											
28-Feb-07	Equipment	9A	0.00											
28-Feb-07	Transportation	9B	0.00											
28-Feb-07	Transportation	9B	0.00											
FEBRUARY			(22,545.80)	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)	0.00	(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.00)
BTD			(112,843.11)	(66,729.26)	(85,690.22)	38,779.61	(20,769.04)	(5,012.93)	0.00	(56,432.06)	(79,373.50)	(55,974.26)	(59,861.00)	(8,051.86)
(5,419.61)	Total 265		(166,010.23)											

265			TOTAL	OV	MI	SM	OR	WK	SB	SD	PW	RR	SU	SU-123
DATE	DESCRIPTION	JV	(112,843.11)	(66,729.26)	(85,690.22)	38,779.61	(20,769.04)	(5,012.93)	0.00	(56,432.06)	(79,373.50)	(55,974.26)	(59,861.00)	(8,051.86)
31-Mar-07	Payroll	1	890.62											
31-Mar-07	Payroll taxes	2	87.75							90.50				
31-Mar-07	AP	5	19,564.46		13.61					8.92				
31-Mar-07	Transportation	9	150.99											
31-Mar-07	Tank maint accrual	26	(38,841.00)	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)		23.00				
31-Mar-07	Equipment	9A	0.00							(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.00)
31-Mar-07	Adjustment	20	0.00											
31-Mar-07	Payroll taxes	2A	0.00											
31-Mar-07			0.00											
31-Mar-07			0.00											
MARCH			(18,147.18)	(1,258.00)	(3,494.39)	(399.00)	(1,346.00)	(395.00)	0.00	(3,966.58)	(1,020.00)	(1,045.00)	(2,107.00)	(401.00)
BTD			(130,990.29)	(67,987.26)	(89,184.61)	38,380.61	(22,115.04)	(5,407.93)	0.00	(60,398.64)	(80,393.50)	(57,019.26)	(61,968.00)	(8,452.86)
(21,639.18)	Total 265		(187,649.41)											

ARIZONA WATER COMPANY
2007 SUBLEDGER

265 RESERVE for TANK MAINTENANCE

265			TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
DATE	DESCRIPTION	JV	(130,990.29)	(184,139.63)	(11,089.63)	(89,754.19)	514,854.50	67,498.02	(5,523.44)	50,499.98	72,446.09	(131,235.50)
30-Apr-07	Payroll	1	146.63	146.63								
30-Apr-07	Payroll taxes	2	14.22	14.22								
30-Apr-07	AP	5	22,342.02		25.81						17,542.72	
30-Apr-07	Transportation	9	33.00	33.00								
30-Apr-07	Equipment	9A	0.00									
30-Apr-07	Tank maint accrual	20	0.00									
30-Apr-07	Tank maint accrual	26	(38,841.00)	(8,686.00)	(2,082.00)	(1,082.00)	(5,950.00)	(193.00)	(1,047.00)	(538.00)	(1,703.00)	(1,992.00)
30-Apr-07			0.00									
30-Apr-07			0.00									
30-Apr-07			0.00									
	APRIL		(16,305.13)	(8,492.15)	(2,056.19)	(1,082.00)	(5,950.00)	(193.00)	(1,047.00)	(538.00)	15,839.72	(1,992.00)
	BTD		(147,295.42)	(192,631.78)	(13,145.82)	(90,836.19)	508,904.50	67,305.02	(6,570.44)	49,961.98	88,285.81	(133,227.50)
	(19,430.83) Total 265		(207,080.24)									

265			TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
DATE	DESCRIPTION	JV	(147,295.42)	(192,631.78)	(13,145.82)	(90,836.19)	508,904.50	67,305.02	(6,570.44)	49,961.98	88,285.81	(133,227.50)
31-May-07	Payroll	1	1,299.61		1,299.61							
31-May-07	Payroll taxes	2	116.85		116.85							
31-May-07	AP	5	1,736.76	420.00	56.76						1,260.00	
31-May-07	Transportation	9	239.26		239.26							
31-May-07	Tank maint accrual	26	(38,841.00)	(8,686.00)	(2,082.00)	(1,082.00)	(5,950.00)	(193.00)	(1,047.00)	(538.00)	(1,703.00)	(1,992.00)
31-May-07	Equipment	9A	0.00									
31-May-07	Miscellaneous	20	0.00									
31-May-07			0.00									
31-May-07			0.00									
31-May-07			0.00									
	MAY		(35,448.52)	(8,266.00)	(369.52)	(1,082.00)	(5,950.00)	(193.00)	(1,047.00)	(538.00)	(443.00)	(1,992.00)
	BTD		(182,743.94)	(200,897.78)	(13,515.34)	(91,918.19)	502,954.50	67,112.02	(7,617.44)	49,423.98	87,842.81	(135,219.50)
	(37,924.33) Total 265		(245,004.57)									

265			TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
DATE	DESCRIPTION	JV	(182,743.94)	(200,897.78)	(13,515.34)	(91,918.19)	502,954.50	67,112.02	(7,617.44)	49,423.98	87,842.81	(135,219.50)
30-Jun-07	Payroll	1	91.83									
30-Jun-07	Payroll taxes	2	8.82									
30-Jun-07	AP	5	45,321.43		577.50						44,743.93	
30-Jun-07	Transportation	9	0.00									
30-Jun-07	Tank maint accrual	26	(38,841.00)	(8,686.00)	(2,082.00)	(1,082.00)	(5,950.00)	(193.00)	(1,047.00)	(538.00)	(1,703.00)	(1,992.00)
30-Jun-07	Equipment	9A	0.00									
30-Jun-07	Inventory	7	0.00									
30-Jun-07	Stores	8	0.00									
30-Jun-07			0.00									
30-Jun-07			0.00									
	JUNE		6,581.08	(8,686.00)	(1,504.50)	(1,082.00)	(5,950.00)	(193.00)	(1,047.00)	(538.00)	43,040.93	(1,992.00)
	BTD		(176,162.86)	(209,583.78)	(15,019.84)	(93,000.19)	497,004.50	66,919.02	(8,664.44)	48,885.98	130,883.74	(137,211.50)
	3,913.16 Total 265		(241,091.41)									

ARIZONA WATER COMPANY
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265 RESERVE for TANK MAINTENANCE

265			TOTAL	OV	MI	SM	OR	WK	SB	SD	PW	RR	SU	SU-123
DATE	DESCRIPTION	JV	(130,990.29)	(67,987.26)	(89,184.61)	38,380.61	(22,115.04)	(5,407.93)	0.00	(60,398.64)	(80,393.50)	(57,019.26)	(61,968.00)	(8,452.86)
30-Apr-07	Payroll	1	146.63											
30-Apr-07	Payroll taxes	2	14.22											
30-Apr-07	AP	5	22,342.02											
30-Apr-07	Transportation	9	33.00							4,773.49				
30-Apr-07	Equipment	9A	0.00											
30-Apr-07	Tank maint accrual	20	0.00											
30-Apr-07	Tank maint accrual	26	(38,841.00)	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)		(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.00)
30-Apr-07			0.00											
30-Apr-07			0.00											
30-Apr-07			0.00											
APRIL			(16,305.13)	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)	0.00	684.49	(1,020.00)	(1,045.00)	(2,107.00)	(401.00)
BTD			(147,295.42)	(69,245.26)	(92,692.61)	37,981.61	(23,461.04)	(5,802.93)	0.00	(59,714.15)	(81,413.50)	(58,064.26)	(64,075.00)	(8,853.86)
(19,430.83)	Total 265		(207,080.24)											

265			TOTAL	OV	MI	SM	OR	WK	SB	SD	PW	RR	SU	SU-123
DATE	DESCRIPTION	JV	(147,295.42)	(69,245.26)	(92,692.61)	37,981.61	(23,461.04)	(5,802.93)	0.00	(59,714.15)	(81,413.50)	(58,064.26)	(64,075.00)	(8,853.86)
31-May-07	Payroll	1	1,299.61											
31-May-07	Payroll taxes	2	116.85											
31-May-07	AP	5	1,736.76											
31-May-07	Transportation	9	239.26											
31-May-07	Tank maint accrual	26	(38,841.00)	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)		(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.00)
31-May-07	Equipment	9A	0.00											
31-May-07	Miscellaneous	20	0.00											
31-May-07			0.00											
31-May-07			0.00											
31-May-07			0.00											
MAY			(35,448.52)	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)	0.00	(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.00)
BTD			(182,743.94)	(70,503.26)	(96,200.61)	37,582.61	(24,807.04)	(6,197.93)	0.00	(63,803.15)	(82,433.50)	(59,109.26)	(66,182.00)	(9,254.86)
(37,924.33)	Total 265		(245,004.57)											

265			TOTAL	OV	MI	SM	OR	WK	SB	SD	PW	RR	SU	SU-123
DATE	DESCRIPTION	JV	(182,743.94)	(70,503.26)	(96,200.61)	37,582.61	(24,807.04)	(6,197.93)	0.00	(63,803.15)	(82,433.50)	(59,109.26)	(66,182.00)	(9,254.86)
30-Jun-07	Payroll	1	91.83										91.83	
30-Jun-07	Payroll taxes	2	8.82										8.82	
30-Jun-07	AP	5	45,321.43											
30-Jun-07	Transportation	9	0.00											
30-Jun-07	Tank maint accrual	26	(38,841.00)	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)		(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.00)
30-Jun-07	Equipment	9A	0.00											
30-Jun-07	Inventory	7	0.00											
30-Jun-07	Stores	8	0.00											
30-Jun-07			0.00											
30-Jun-07			0.00											
JUNE			6,581.08	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)	0.00	(4,089.00)	(1,020.00)	(1,045.00)	(2,006.35)	(401.00)
BTD			(176,162.86)	(71,761.26)	(99,708.61)	37,183.61	(26,153.04)	(6,592.93)	0.00	(67,892.15)	(83,453.50)	(60,154.26)	(68,188.35)	(9,655.86)
3,913.16	Total 265		(241,091.41)											

ARIZONA WATER COMPANY
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265 RESERVE for TANK MAINTENANCE

265			TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
DATE	DESCRIPTION	JV	(176,162.86)	(209,583.78)	(15,019.84)	(93,000.19)	497,004.50	66,919.02	(8,664.44)	48,885.98	130,883.74	(137,211.50)
31-Jul-07	Payroll	1	101.80	101.80								
31-Jul-07	Payroll taxes	2	9.68	9.68								
31-Jul-07	AP	5	14,725.60	7,017.72		1,707.45	3,426.72	1,551.59				
31-Jul-07	Transportation	9	14.37	14.37								
31-Jul-07	Equipment	9A	0.00									
31-Jul-07	Tank maint accrual	26	(38,841.00)	(8,686.00)	(2,082.00)	(1,082.00)	(5,950.00)	(193.00)	(1,047.00)	(538.00)	(1,703.00)	(1,992.00)
31-Jul-07			0.00									
31-Jul-07			0.00									
31-Jul-07			0.00									
31-Jul-07			0.00									
JULY			(23,989.55)	(1,542.43)	(2,082.00)	625.45	(2,523.28)	1,358.59	(1,047.00)	(538.00)	(1,703.00)	(1,992.00)
BTD			(200,152.41)	(211,126.21)	(17,101.84)	(92,374.74)	494,481.22	68,277.61	(9,711.44)	48,347.98	129,180.74	(139,203.50)
(26,694.03)	Total 265		(267,785.44)									

265			TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
DATE	DESCRIPTION	JV	(200,152.41)	(211,126.21)	(17,101.84)	(92,374.74)	494,481.22	68,277.61	(9,711.44)	48,347.98	129,180.74	(139,203.50)
31-Aug-07	Payroll	1	0.00									
31-Aug-07	Payroll Taxes	2	0.00									
31-Aug-07	Stores	8	0.00									
31-Aug-07	AP	5	101.22		101.22							
31-Aug-07	Inventory	7	0.00									
31-Aug-07	Tank maint accrual	26	(38,841.00)	(8,686.00)	(2,082.00)	(1,082.00)	(5,950.00)	(193.00)	(1,047.00)	(538.00)	(1,703.00)	(1,992.00)
31-Aug-07	Transportation	9	0.00									
31-Aug-07	Miscellaneous	20	0.00									
31-Aug-07			0.00									
31-Aug-07			0.00									
AUGUST			(38,739.78)	(8,686.00)	(1,980.78)	(1,082.00)	(5,950.00)	(193.00)	(1,047.00)	(538.00)	(1,703.00)	(1,992.00)
BTD			(238,892.19)	(219,812.21)	(19,082.62)	(93,456.74)	488,531.22	68,084.61	(10,758.44)	47,809.98	127,477.74	(141,195.50)
(42,231.78)	Total 265		(310,017.22)									

265			TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
DATE	DESCRIPTION	JV	(238,892.19)	(219,812.21)	(19,082.62)	(93,456.74)	488,531.22	68,084.61	(10,758.44)	47,809.98	127,477.74	(141,195.50)
30-Sep-07	Payroll	1	0.00									
30-Sep-07	Payroll taxes	2	0.00									
30-Sep-07	AP	5	9,240.00									
30-Sep-07	Transportation	9	0.00									
30-Sep-07	Tank maint accrual	26	(38,841.00)	(8,686.00)	(2,082.00)	(1,082.00)	(5,950.00)	(193.00)	(1,047.00)	(538.00)	(1,703.00)	(1,992.00)
30-Sep-07	Inventory	7	0.00									
30-Sep-07	Stores	8	0.00									
30-Sep-07	Equipment	9A	0.00									
30-Sep-07			0.00									
30-Sep-07			0.00									
SEPTEMBER			(29,601.00)	(8,686.00)	(2,082.00)	(1,082.00)	(5,950.00)	(193.00)	(1,047.00)	(538.00)	(1,703.00)	(1,992.00)
BTD			(268,493.19)	(228,498.21)	(21,164.62)	(94,538.74)	482,581.22	67,891.61	(11,805.44)	47,271.98	125,774.74	(143,187.50)
(32,218.17)	Total 265		(342,235.39)									

ARIZONA WATER COMPANY
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265 RESERVE for TANK MAINTENANCE

265

DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SB	SD	PW	RR	SU	SU-123
			(176,162.86)	(71,761.26)	(99,708.61)	37,183.61	(26,153.04)	(6,592.93)	0.00	(67,892.15)	(83,453.50)	(60,154.26)	(68,188.35)	(9,655.86)
31-Jul-07	Payroll	1	101.80											
31-Jul-07	Payroll taxes	2	9.68											
31-Jul-07	AP	5	14,725.60											
31-Jul-07	Transportation	9	14.37										1,022.12	
31-Jul-07	Equipment	9A	0.00											
31-Jul-07	Tank maint accrual	26	(38,841.00)	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)		(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.00)
31-Jul-07			0.00											
31-Jul-07			0.00											
31-Jul-07			0.00											
31-Jul-07			0.00											
JULY			(23,989.55)	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)	0.00	(4,089.00)	(1,020.00)	(1,045.00)	(1,084.88)	(401.00)
BTD			(200,152.41)	(73,019.26)	(103,216.61)	36,784.61	(27,499.04)	(6,987.93)	0.00	(71,981.15)	(84,473.50)	(61,199.26)	(69,273.23)	(10,056.86)
(26,694.03) Total 265			(267,785.44)											

265

DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SB	SD	PW	RR	SU	SU-123
			(200,152.41)	(73,019.26)	(103,216.61)	36,784.61	(27,499.04)	(6,987.93)	0.00	(71,981.15)	(84,473.50)	(61,199.26)	(69,273.23)	(10,056.86)
31-Aug-07	Payroll	1	0.00											
31-Aug-07	Payroll Taxes	2	0.00											
31-Aug-07	Stores	8	0.00											
31-Aug-07	AP	5	101.22											
31-Aug-07	Inventory	7	0.00											
31-Aug-07	Tank maint accrual	26	(38,841.00)	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)		(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.00)
31-Aug-07	Transportation	9	0.00											
31-Aug-07	Miscellaneous	20	0.00											
31-Aug-07			0.00											
31-Aug-07			0.00											
AUGUST			(38,739.78)	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)	0.00	(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.00)
BTD			(238,892.19)	(74,277.26)	(106,724.61)	36,385.61	(28,845.04)	(7,382.93)	0.00	(76,070.15)	(85,493.50)	(62,244.26)	(71,380.23)	(10,457.86)
(42,231.78) Total 265			(310,017.22)											

265

DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SB	SD	PW	RR	SU	SU-123
			(238,892.19)	(74,277.26)	(106,724.61)	36,385.61	(28,845.04)	(7,382.93)	0.00	(76,070.15)	(85,493.50)	(62,244.26)	(71,380.23)	(10,457.86)
30-Sep-07	Payroll	1	0.00											
30-Sep-07	Payroll taxes	2	0.00											
30-Sep-07	AP	5	9,240.00	9,240.00										
30-Sep-07	Transportation	9	0.00											
30-Sep-07	Tank maint accrual	26	(38,841.00)	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)		(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.00)
30-Sep-07	Inventory	7	0.00											
30-Sep-07	Stores	8	0.00											
30-Sep-07	Equipment	9A	0.00											
30-Sep-07			0.00											
30-Sep-07			0.00											
SEPTEMBER			(29,601.00)	7,982.00	(3,508.00)	(399.00)	(1,346.00)	(395.00)	0.00	(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.00)
BTD			(268,493.19)	(66,295.26)	(110,232.61)	35,986.61	(30,191.04)	(7,777.93)	0.00	(80,159.15)	(86,513.50)	(63,289.26)	(73,487.23)	(10,858.86)
(32,218.17) Total 265			(342,235.39)											

ARIZONA WATER COMPANY
2007 SUBLEDGER

265 RESERVE for TANK MAINTENANCE

265			TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
DATE	DESCRIPTION	JV	(268,493.19)	(228,498.21)	(21,164.62)	(94,538.74)	482,581.22	67,891.61	(11,805.44)	47,271.98	125,774.74	(143,187.50)
31-Oct-07	Payroll	1	0.00									
31-Oct-07	Payroll taxes	2	0.00									
31-Oct-07	AP	5	14,842.38	11,800.00			575.00					
31-Oct-07	Inventory	7	0.00									
31-Oct-07	Stores	8	0.00									
31-Oct-07	Transportation	9	0.00									
31-Oct-07	Equipment	9A	0.00									
31-Oct-07	Tank maint accrual	26	(38,841.00)	(8,686.00)	(2,082.00)	(1,082.00)	(5,950.00)	(193.00)	(1,047.00)	(538.00)	(1,703.00)	(1,992.00)
31-Oct-07	Maintenance	20	0.00									
31-Oct-07			0.00									
	OCTOBER		(23,998.62)	3,114.00	(2,082.00)	(1,082.00)	(5,375.00)	(193.00)	(1,047.00)	(538.00)	(1,703.00)	(1,992.00)
	BTD		(292,491.81)	(225,384.21)	(23,246.62)	(95,620.74)	477,206.22	67,698.61	(12,852.44)	46,733.98	124,071.74	(145,179.50)
	(26,679.23) Total 265		(368,914.62)									

265			TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
DATE	DESCRIPTION	JV	(292,491.81)	(225,384.21)	(23,246.62)	(95,620.74)	477,206.22	67,698.61	(12,852.44)	46,733.98	124,071.74	(145,179.50)
30-Nov-07	Payroll	1	350.67				350.67					
30-Nov-07	Payroll taxes	2	32.93				32.93					
30-Nov-07	AP	5	540.00				540.00					
30-Nov-07	Transportation	9	94.92				94.92					
30-Nov-07	Tank maint accrual	26	(38,841.00)	(8,686.00)	(2,082.00)	(1,082.00)	(5,950.00)	(193.00)	(1,047.00)	(538.00)	(1,703.00)	(1,992.00)
30-Nov-07	Equipment	9A	0.00									
30-Nov-07			0.00									
30-Nov-07			0.00									
30-Nov-07			0.00									
30-Nov-07			0.00									
	NOVEMBER		(37,822.48)	(8,686.00)	(2,082.00)	(1,082.00)	(4,931.48)	(193.00)	(1,047.00)	(538.00)	(1,703.00)	(1,992.00)
	BTD		(330,314.29)	(234,070.21)	(25,328.62)	(96,702.74)	472,274.74	67,505.61	(13,899.44)	46,195.98	122,368.74	(147,171.50)
	(41,159.53) Total 265		(410,074.15)									

265			TOTAL	AJ	BE	SV	CG	ST	WT	AO	CL	LK
DATE	DESCRIPTION	JV	(330,314.29)	(234,070.21)	(25,328.62)	(96,702.74)	472,274.74	67,505.61	(13,899.44)	46,195.98	122,368.74	(147,171.50)
31-Dec-07	Payroll	1	1,109.25	588.23			45.25					
31-Dec-07	Payroll taxes	2	103.28	54.77			4.21					
31-Dec-07	AP	5	187,129.12	134,794.55	537.50		537.50				537.50	
31-Dec-07	Transportation	9	282.91	183.04			13.08					
31-Dec-07	Tank maint accrual	26	(38,841.00)	(8,686.00)	(2,082.00)	(1,082.00)	(5,950.00)	(193.00)	(1,047.00)	(538.00)	(1,703.00)	(1,992.00)
31-Dec-07	Accrued AP	25	0.00									
31-Dec-07	Adjustments	27	0.00									
31-Dec-07	Equipment	9A	562.95									
31-Dec-07			0.00									
31-Dec-07			0.00									
31-Dec-07			0.00									
31-Dec-07			0.00									
	DECEMBER		150,346.51	126,934.59	(1,544.50)	(1,082.00)	(5,349.96)	(193.00)	(1,047.00)	(538.00)	(1,165.50)	(1,992.00)
	BTD		(179,967.78)	(107,135.62)	(26,873.12)	(97,784.74)	466,924.78	67,312.61	(14,946.44)	45,657.98	121,203.24	(149,163.50)
	160,138.96 Total 265		(249,935.19)									

ARIZONA WATER COMPANY
2007 SUBLEDGER

ARIZONA WATER COMPANY
2007 SUBLEDGER

265 RESERVE for TANK MAINTENANCE

265

DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SB	SD	PW	RR	SU	SU-123
			(268,493.19)	(66,295.26)	(110,232.61)	35,986.61	(30,191.04)	(7,777.93)	0.00	(80,159.15)	(86,513.50)	(63,289.26)	(73,487.23)	(10,858.86)
31-Oct-07	Payroll	1	0.00											
31-Oct-07	Payroll taxes	2	0.00											
31-Oct-07	AP	5	14,842.38		17.38	1,700.00				750.00				
31-Oct-07	Inventory	7	0.00											
31-Oct-07	Stores	8	0.00											
31-Oct-07	Transportation	9	0.00											
31-Oct-07	Equipment	9A	0.00											
31-Oct-07	Tank maint accrual	26	(38,841.00)	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)		(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.00)
31-Oct-07	Maintenance	20	0.00											
31-Oct-07			0.00											
	OCTOBER		(23,998.62)	(1,258.00)	(3,490.62)	1,301.00	(1,346.00)	(395.00)	0.00	(3,339.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.00)
	BTD		(292,491.81)	(67,553.26)	(113,723.23)	37,287.61	(31,537.04)	(8,172.93)	0.00	(83,498.15)	(87,533.50)	(64,334.26)	(75,594.23)	(11,259.86)
	(26,679.23) Total 265		(368,914.62)											

265

DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SB	SD	PW	RR	SU	SU-123
			(292,491.81)	(67,553.26)	(113,723.23)	37,287.61	(31,537.04)	(8,172.93)	0.00	(83,498.15)	(87,533.50)	(64,334.26)	(75,594.23)	(11,259.86)
30-Nov-07	Payroll	1	350.67											
30-Nov-07	Payroll taxes	2	32.93											
30-Nov-07	AP	5	540.00											
30-Nov-07	Transportation	9	94.92											
30-Nov-07	Tank maint accrual	26	(38,841.00)	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)		(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.00)
30-Nov-07	Equipment	9A	0.00											
30-Nov-07			0.00											
30-Nov-07			0.00											
30-Nov-07			0.00											
30-Nov-07			0.00											
	NOVEMBER		(37,822.48)	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)	0.00	(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.00)
	BTD		(330,314.29)	(68,811.26)	(117,231.23)	36,888.61	(32,883.04)	(8,567.93)	0.00	(87,587.15)	(88,553.50)	(65,379.26)	(77,701.23)	(11,660.86)
	(41,159.53) Total 265		(410,074.15)											

265

DATE	DESCRIPTION	JV	TOTAL	OV	MI	SM	OR	WK	SB	SD	PW	RR	SU	SU-123
			(330,314.29)	(68,811.26)	(117,231.23)	36,888.61	(32,883.04)	(8,567.93)	0.00	(87,587.15)	(88,553.50)	(65,379.26)	(77,701.23)	(11,660.86)
31-Dec-07	Payroll	1	1,109.25										475.77	
31-Dec-07	Payroll taxes	2	103.28										44.30	
31-Dec-07	AP	5	187,129.12	537.50	537.50	537.50				537.50	48,572.07			
31-Dec-07	Transportation	9	282.91										86.79	
31-Dec-07	Tank maint accrual	26	(38,841.00)	(1,258.00)	(3,508.00)	(399.00)	(1,346.00)	(395.00)		(4,089.00)	(1,020.00)	(1,045.00)	(2,107.00)	(401.00)
31-Dec-07	Accrued AP	25	0.00											
31-Dec-07	Adjustments	27	0.00											
31-Dec-07	Equipment	9A	562.95										562.95	
31-Dec-07			0.00											
31-Dec-07			0.00											
31-Dec-07			0.00											
31-Dec-07			0.00											
	DECEMBER		150,346.51	(720.50)	(2,970.50)	138.50	(1,346.00)	(395.00)	0.00	(3,551.50)	47,552.07	(1,045.00)	(937.19)	(401.00)
	BTD		(179,967.78)	(69,531.76)	(120,201.73)	37,027.11	(34,229.04)	(8,962.93)	0.00	(91,138.65)	(41,001.43)	(66,424.26)	(78,638.42)	(12,061.86)
	160,138.96 Total 265		(249,935.19)											

Exhibit
JMR-RJ6

The Regulation of Public Utilities

Theory and Practice

CHARLES F. PHILLIPS, JR.

Robert G. Brown
Professor of Economics
Washington and Lee University

1993
PUBLIC UTILITIES REPORTS, INC.
Arlington, Virginia

early railroad valuations, in the form of allowances for roadbed solidification.[150]

At the same time, it is difficult to explain the logic of deducting observed depreciation, however measured, from a reproduction cost or fair value rate base determined by general price indexes. Such a property valuation, as noted earlier, represents a purely imaginary figure.

Other Elements of Value

While the determination of the depreciated value of the tangible and reproducible property has occupied most of the courts', commissions' and utilities' time, several other elements of value also have received attention — working capital allowances, property held for future use, land, intangibles and customer contributions. Each is briefly discussed below. The issues surrounding construction work in progress are considered in the next section.

Working Capital Allowance

The question of working capital must be considered in every rate case and several important problems are raised in determining a suitable allowance. Working capital — the funds representing necessary investment in materials and supplies, and the cash required to meet current obligations and to maintain minimum bank balances — is included in the rate base so that investors are compensated for capital they have supplied to a utility. The amount required depends largely on a utility's purchasing and billing methods, as well as its construction program. When purchases are made on credit, when deposits or payments are required in advance, when accruals are made for the payment of taxes in advance of payment dates, or when customers pay for the service at the time it is used, working capital requirements may be small. When materials and supplies must be purchased long before use, when customers are billed monthly, quarterly, semiannually or even annually, or when the business is seasonal, such requirements may be large.

The calculation of an electric utility's working capital allowance is illustrated in Table 8-2. The cash component may be determined in three basic ways: (1) A detailed lead/lag study, which measures the amount of time before expenses must be paid (expense lead) and compares it with the amount of time before revenues are received (revenue lag). (2) A formula approach (developed to avoid a costly lead/lag study in every case), which commonly uses one-eighth of a utility's annual operating and maintenance expenses, excluding fuel and purchased power. The factor of one-eighth equates to a forty-five-day time lag between the rendering of the service by a utility and payment by the customer.[151] (3) The balance sheet method, representing the

Table 8-2

Working Capital Allowance

Cash Component	
One-eight of Adjusted Operation and Maintenance Expense, Excluding Fuel and Purchased Power	$ 43,106,000
Fuel Lag	5,145,000
TOTAL CASH COMPONENT	$ 48,251,000
PLUS: Materials And Supplies	$ 35,369,000
Fossil Fuel Inventory	59,679,000
Deferred Nuclear Fuel (net of tax)	6,544,000
Deferred Quarto Coal (net of tax)	$ 23,289,000
TOTAL	$ 124,881,000
LESS: Customer Deposits	$ 3,734,000
Tax Offset	
One-fourth of Adjusted Taxes, Excluding FICA, Deferred Taxes, and ODOE	31,638,000
TOTAL	$ 35,372,000
WORKING CAPITAL ALLOWANCE	$137,760,000

Source: *In re Ohio Edison Co.*, 61 PUR4th 241, 258 (Ohio, 1984).

difference between a utility's current assets and current liabilities.[152] The allowance for materials and supplies is based upon a utility's inventories that are held for future operation and use.[153] In addition to these two items, a credit is frequently made for accrued taxes[154] and/or customer deposits,[155] while an allowance may be made for fuel (such as coal or oil inventories, gas storage underground, unrecovered fuel costs)[156] and for compensating balances.[157]

Property Held for Future Use

Property held for future use is the amount of investment in property and plant that is not being used currently by a utility to provide service. Generally, such property is land, purchased when available, for potential future use (such as an office building, a generating site or transmission lines). The rule

that most commissions follow in deciding whether to include or exclude such property is one based upon a time limitation; that is, if the property has an expected in-service date within a reasonable time period (commonly two to ten years),[158] it is included in the rate base. As the District of Columbia commission noted in a 1979 case, suitable generating sites in the Washington metropolitan area were scarce and rapidly increasing in value. Inclusion in the rate base would provide an incentive to the utility to acquire suitable sites as soon as possible.[159]

Land

Except for natural gas utilities, the valuation of land is of little importance in rate-making cases. Unlike most other items in the rate base, land represents a small portion of total property, has no cost of production and tends to appreciate in value. Generally, commissions value land on an original cost basis, although an estimate of its current value is used when fair value property valuations are made.[160]

The Supreme Court approved the FPC's procedure of valuing natural gas land on an original cost basis in 1934.[161] Troxel has argued that this is the proper measure:

> The market price of gas land is not altogether independent of utility service prices: utility consumers buy most of the gas of Appalachian fields, and they buy much of the natural gas output in other areas. If circular reasoning is avoided, a property value cannot be based on the prices that are subject to public control. Another consideration goes against a return on the market price of natural gas land. Gas companies obtain revenue from consumers that is used to cover the gas exploration costs. Since buyers pay some or all of the costs of gas discoveries, they should not pay a return, too, on increases in land prices.[162]

Intangibles

It will be recalled that the Supreme Court, in the *Smyth* case, listed six specific measures of value and then added: "We do not say that there may not be other matters to be regarded in estimating the value of the property."[163] Almost immediately, public utilities claimed allowances for several intangibles, the most important being good will, franchise value, water rights, leaseholds and going concern value. These items should properly be included in the rate base, they argued, because the value of a utility is more than just the value of its physical property. While the commissions and courts have often supported this contention and have made allowances for these items in the past, few are currently included in rate bases.

ARIZONA WATER COMPANY

Docket No. W-01445A-08-0440

2008 RATE HEARING

For Test Year Ending 12/31/07

PREPARED

REJOINDER TESTIMONY & EXHIBIT

OF

Fredrick K. Schneider

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ARIZONA WATER COMPANY

Rejoinder Testimony of

Fredrick K. Schneider

I. <u>Introduction and Purpose of Testimony</u>

Q. PLEASE STATE YOUR NAME, EMPLOYER, AND OCCUPATION?

A. My name is Fredrick K. Schneider. I am employed by Arizona Water Company (the "Company") as Vice President of Engineering. My business address is 3805 N. Black Canyon Highway, Phoenix, Arizona 85015.

Q. ARE YOU THE SAME FREDRICK K. SCHNEIDER THAT PREVIOUSLY PROVIDED DIRECT AND REBUTTAL TESTIMONY IN THIS MATTER?

A. Yes.

Q. HAVE YOU REVIEWED THE SURREBUTTAL TESTIMONY FILED BY THE OTHER PARTIES TO THIS PROCEEDING?

A. Yes, I have reviewed the testimony of each of the witnesses of the Commission's Utilities Division Staff ("Staff") and the Residential Utility Consumer Office ("RUCO").

Q. WHAT IS THE PURPOSE AND EXTENT OF YOUR REJOINDER TESTIMONY?

A. The purpose of my rejoinder testimony is to respond to the surrebuttal testimony by Staff witnesses, Katrin Stukov and Brian K. Bozzo, and RUCO witness, Timothy Coley.

Q. HOW IS YOUR TESTIMONY ORGANIZED?

A. Following this introduction, I present the Company's rejoinder to Staff witness Stukov's surrebuttal testimony specifically related to Arizona Department of Water Resources ("ADWR") compliance in the Company's Oracle and Superior

systems in Section II. In Section III, I address Ms. Stukov's surrebuttal testimony specifically related to lost and unaccounted water for the Company's systems. In Section IV, I provide rejoinder testimony to Staff witness Bozzo and RUCO witness Coley related to their continued recommendations to disallow certain plant facilities. In Section V, I respond to Ms. Stukov's direct testimony regarding approval of construction for the arsenic treatment plant for Valley Vista System, DWR Well No. 55-212110.

Q. DID YOU ADDRESS THE ARSENIC TREATMENT PLANT ISSUE FROM STAFF WITNESS STUKOV'S TESTIMONY IN YOUR REBUTTAL?

A. No, however, certain conditions have changed as I explain below in the last two sections of this rejoinder.

Q. ARE YOU SPONSORING ANY EXHIBITS WITH YOUR REJOINDER TESTIMONY?

A. Yes, I am sponsoring the following exhibit:

FKS - RJ1 – Cost of lost and unaccounted for water.

II. <u>ADWR Compliance</u>

Q. HAVE YOU REVIEWED THE SURREBUTTAL TESTIMONY OF MS. STUKOV REGARDING THE COMPANY'S ADWR COMPLIANCE?

A. Yes.

Q. DO YOU AGREE WITH MS. STUKOV'S POSITION THAT THE COMPLAINCE ISSUE IS NOT RESOLVED?

A. No, I do not. The document which we provided to Staff and Ms. Stukov clearly states that ADWR "anticipates a complete and satisfactory resolution regarding this matter in the near future. In full, the document actually states:

> "Subsequent to the initial Water Provider Compliance Status Report issued on 12/12/08, Arizona Water Company – Superior (ADWR #56-002002.0000; PWS #11-021), met with Department staff on 1/13/09 to discuss lost and unaccounted for water compliance

status. At the meeting, Arizona Water Company presented information detailing increased measures and oversight undertaken to address their lost and unaccounted for water non-compliance. The Department anticipates a complete and satisfactory resolution regarding this matter in the near future. If you have any questions please contact Andrew Craddock, ADWR Compliance Manager, at (602) 771-8615."

The same language is provided within the ADWR status report for the Company's Oracle system. ADWR has not expressed or implied that these compliance items are not satisfactorily resolved. Although the Company has satisfactorily completed all required items, we have no control over the timeframe in which ADWR issues its final finding of compliance.

III. Lost and Unaccounted for Water

Q. HAVE YOU REVIEWED THE SURREBUTTAL TESTIMONY OF MS. STUKOV REGARDING WATER LOSS?

A. Yes.

Q. DO YOU AGREE WITH MS. STUKOV'S STATEMENT THAT THE COMPANY HAS NOT THOROUGHLY EVALAUTED THE SOURCE OF WATER LOSS FOR EACH SYSTEM?

A. Absolutely not. Ms. Stukov has not provided any details to support her claim. In addition, it would appear that she has not acknowledged or addressed the detailed system-by-system evaluation I provided in my rebuttal testimony. Specifically, I addressed the reasons for water loss, the challenges we face in further reducing stated water loss, including the unique circumstances of each system with water loss above 10 percent.

Q. DID THE COMPANY ALSO PROVIDE A SUMMARY OF THE ESTIMATED COSTS REQUIRED TO REPLACE PROBLEMATIC INFRASTRUCTURE WITHIN THOSE SYSTEMS WITH HIGH WATER LOSS?

A. Yes this information was provided in Mr. Harris' rebuttal testimony, and was apparently ignored by Ms. Stukov. She also did not acknowledge the Company's

estimate of the rate impact that would be the result of making the needed improvements to its systems to address water loss.

Q. DID THE COMPANY ALSO PERFORM AN ANALYSIS OF THE ESTIMATED MONITARY VALUE OF ITS WATER LOSSES?

A. Yes, however the information was not previously provided in a single tabulated exhibit. This information is now compiled and provided with this rejoinder testimony as Exhibit FKS - RJ1. Unit production costs are based on source of supply expense, pumping expense and water treatment expense derived from Schedule E-7, pages 1-6 of the Company's application.

Q. WILL THE COMPANY PROVIDE STAFF WITH WATER LOSS REPORTS?

A. Yes, the Company will provide water loss summary reports to Staff for systems with water loss greater than 15 percent and a progress report for those systems with water loss greater than 10 percent if the Commission feels they will be useful. However, it is important to note that the time and effort to prepare these reports will take away from the Company's time and effort to manage lost water. The Company believes that its manpower and financial expenditures could be better spent managing and reducing system water loss in lieu of preparing reports.

Q. WHAT INFORMATION WILL BE CONTAINED IN THE REPORTS FOR SYSTEMS THAT HAVE WATER LOSS ABOVE 15 PERCENT?

A. The Company will prepare an analysis of those systems with water loss greater than 15 percent outlining:

- Categorization of water losses for maintenance, water main, and service line breaks and water lost and unaccounted for.
- Volumes of water lost in each category.
- Where losses are occurring.
- Why losses are occurring.

- Cost of lost water based on source of supply expense, pumping expense and water treatment expense derived from Schedule E-7, pages 1-6 of the Company's application, or updated costs derived for this rate case proceeding.
- Estimated costs to reduce water loss to a percentage less than 10 percent and the cost analysis to implement these improvements.

Q. SHOULD THE COMPANY CONSTRUCT THE REQUIRED INFRASTRUCTURE TO REDUCE SYSTEM WATER LOSS TO BELOW 10 PERCENT?

A. No. Not if it is not economically feasible. As detailed in Mr. Garfield's and Mr. Harris' direct and rebuttal testimonies, the Company's earnings have deteriorated to a point where the Company can no longer secure additional long-term debt. Without the ability to secure debt financing the Company cannot fund needed improvements not to mention the extensive capital improvements of the magnitude necessary to reduce system-wide water loss to below 10 percent.

As discussed in Mr. Harris' and my rebuttal testimonies, the required infrastructure improvements needed to reduce water loss to a level less than 10 percent in all of the Company's divisions is on the same order of magnitude as the Company's investment to meet federally mandated arsenic treatment requirements. On the other hand, given a cost recovery mechanism for service and water main replacement similar to the Company's current Arsenic Cost Recovery Mechanism, these types of investments may be possible. In addition, as discussed by Mr. Reiker on pages 36 and 37 of his revenue requirement rebuttal testimony, Staff proposes to reduce the amount of expense related to the repair of main leaks. It is unlikely that the Company can reduce water loss by spending less money.

The stabilization and in many cases reduction in lost water within these systems clearly and indisputably shows the Company is doing an excellent job in its management of lost and unaccounted for water.

IV. **Plant Held for Future Use**

Q. **IN MR. BOZZO'S REBUTTAL TESTIMONY PAGE 10, LINES 21-26 AND PAGE 11, LINES 1-8, HE STATES THAT THE COMPANY HAS NOT PROVIDED ANY WRITTEN ARGUMENT THAT SEVERAL FENCES, DWR WELL #55-613443 AND AN 8' X 12' BLOCK BUILDING IN SEDONA ARE CURRENTLY IN SERVICE. DO YOU AGREE?**

A. No. The Company has provided written confirmation depicting these facilities as being in service. This information is, again, provided in Mr. Reiker's rejoinder testimony on page 9, line 17 through page 12, line 28.

Q. **IN YOUR REBUTTAL TESTIMONY, YOU PROVIDED A DETAILED DISCUSSION OF THE STATUS OF SEVERAL PLANT ITEMS DESCRIBED AS "HELD FOR FUTURE USE". WERE THE PLANT ITEMS PREVIOUSLY IN SERVICE?**

A. Yes. Several of the plant items described were historically in service and subsequently removed from service for various reasons. The plans to place these plant items back in service were described in detail in my rebuttal testimony. Those specific plant items, which were previously in service, are listed in Mr. Reiker's rejoinder testimony on Schedule JMR - RJ2.

V. **Arsenic Treatment Plant for Valley Vista Water System Well No. 55-212110**

Q. **CAN YOU PROVIDE AN UPDATE REGARIDNG THE VALLEY VISTA SYSTEM?**

A. Yes. In her direct testimony, Ms. Stukov recommends that the Company docket, as a compliance item, the Approval of Construction ("AOC") for the arsenic treatment plant being designed and constructed by the Company for DWR Well

#55-212110 in the Valley Vista water system. The arsenic treatment plant was to be constructed by Basin Water. However, on July 20, 2009, Basin Water filed for Chapter 11 Bankruptcy protection. The impact to the arsenic project and Basin Water's ability to complete the construction of this project are not known. For this reason, the Company requests the compliance deadline be extended from May 31, 2010 to September 30, 2010.

Q. DOES BASIN WATER PROVIDE ANY OTHER SERVICES TO THE COMPANY?

A. Yes, the Company leases 10 arsenic treatment facilities from Basin Water and they operate these treatment facilities under contracts with the Company.

Q. WILL THE BASIN WATER BANKRUPTCY HAVE AN IMPACT ON THE COMPANY'S EXISTING ARSENIC TREATMENT PLANTS?

A. At this time, we do not know what the impact will be. Basin Water has indicated it would like to significantly increase the cost of the operations services under the contracts. There may be more significant developments in the Basin Water bankruptcy before the hearings in this matter begin on August 31, 2009. However, for now, all of the facilities that have already been installed are operating as planned, and all of the operations services are being provided under our contracts. Of course, we are monitoring the situation closely and doing everything we can to ensure that there is no disruption in our provision of safe and reliable water utility service to our customers.

Q. DOES THAT CONCLUDE YOUR REJOINDER TESTIMONY?

A. Yes.

FKS-RJ1

COST OF LOST AND UNACCOUNTED FOR WATER

FKS-RJ1

System Name	Production (M gal)	Sales (M gal)	Used but Unbilled (M gal)	Percent Lost & Unaccounted for Water	Volume of Lost & Unaccounted for Water (M gal)	Volume of Lost Water over 10% (M gal)	Source of Supply [1]	Pumping Expense [1]	Water Treatment Expense [1]	Cost of Lost Water above 10%
BISBEE	350,021.0	294,235.3	1,547.60	15.50%	54,238	21,373	0.01	0.87	0.14	$21,801
TIERRA GRANDE	56,133.5	50,100.7	120.76	10.53%	5,912	332	0.10	0.41	0.06	$189
PINETOP LAKES	61,970.0	50,387.2	3,436.75	13.15%	8,146	2,166	0.02	0.73	0.10	$1,841
SAN MANUEL	178,465.0	162,187.0	443.00	8.87%	15,835	-	1.31	0.37	0.11	$0
WINKELMAN	39,276.0	34,312.5	157.00	12.24%	4,807	977	0.02	0.30	0.06	$371
PINEWOOD	107,906.0	84,828.5	1,171.00	20.30%	21,907	12,351	0.03	1.46	0.45	$23,961
RIMROCK	93,963.0	80,947.8	455.00	13.37%	12,560	3,515	0.01	0.66	1.83	$8,789
SUPERIOR	151,328.0	130,650.6	4,322.30	10.81%	16,355	1,358	0.36	0.49	0.09	$1,277

[1] - From the Company's Rate Application, Schedule E-7, pages 1-6 (cost per M gal)

ARIZONA WATER COMPANY

Docket No. W-01445A-08-0440

2008 RATE HEARING

For Test Year Ending 12/31/07

PREPARED

REJOINDER TESTIMONY

OF

Thomas M. Zepp

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III. Responses to Mr. Rigsby 9

ARIZONA WATER COMPANY

Rejoinder Testimony of

THOMAS M. ZEPP

I. INTRODUCTION AND PURPOSE OF TESTIMONY

Q. PLEASE STATE YOUR NAME AND ADDRESS.

A. My name is Thomas M. Zepp. My business address is 1500 Liberty Street, S.E., Suite 250, Salem, Oregon 97032.

Q. ARE YOU THE SAME THOMAS M. ZEPP THAT PREVIOUSLY PROVIDED DIRECT AND REBUTTAL TESTIMONY IN THIS MATTER?

A. Yes. I previously filed direct and rebuttal testimony on the appropriate cost of equity. My professional background and experience are described in my direct testimony.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS CASE?

A. On behalf of the applicant, Arizona Water Company ("Arizona Water" or "the Company").

Q. WHAT IS THE PURPOSE OF YOUR REJOINDER TESTIMONY?

A. The purpose of this rejoinder testimony is to address the August 7, 2009 surrebuttal testimonies of David C. Parcell, who testifies on behalf of the ACC Utilities Division Staff ("Staff"), and William A. Rigsby who testifies on behalf of the Residential Utility Consumer Office ("RUCO").

Q. HOW IS YOUR REJOINDER TESTIMONY ORGANIZED?

A. In section II, I respond to the surrebuttal testimony of Mr. Parcell and in section III respond to Mr. Rigsby.

Q. HAS YOUR RECOMMENDED COST OF EQUITY FOR ARIZONA WATER CHANGED BASED ON THE SURREBUTTAL TESTIMONIES OF MR. PARCELL AND MR. RIGSBY?

A. No, it has not. It remains my opinion that under the current circumstances, Arizona Water should be authorized a return on equity of 12.4%. Nothing presented in the surrebuttal testimonies of Mr. Parcell and Mr. Rigsby suggest that the cost of equity estimates I presented in my rebuttal testimony are erroneous or result in an unreasonable estimate of Arizona Water's current cost of equity. As explained below, the arguments presented by Mr. Parcell and Mr. Rigsby either lack any legitimate basis or are conceptually erroneous.

II. RESPONSES TO MR. PARCELL

Q. AT PAGE 2 AND OTHER PLACES, MR. PARCELL CRITICIZES YOU FOR CALLING YOUR UPDATE OF THE METHODS STAFF USED IN PAST CASES AS THE "STAFF APPROACH". DO YOU HAVE A RESPONSE?

A. Yes. The "Staff approach" that I used was an update of the spread sheets prepared and relied on by Staff in Chaparral City Water Company's pending rate case, Docket No. W-021113A-07-0551. That is a fact. Mr. Parcell never questioned the veracity of my update of the Staff approach, which is true to the methods Staff used in that case and in other water utility rate cases, including Arizona Water's previous rate cases, in which I testified on the cost of equity. The update using the Staff approach methodology and data raises serious questions about the credibility of the methods and data Mr. Parcell used to obtain a 10% cost of equity, which is substantially lower than the equity cost of 11.2% that is produced with the Staff approach and approved by the Commission in past cases.

The Commission should be concerned about the validity of Mr. Parcell's Discounted Cash flow ("DCF") and Capital Asset Pricing Model ("CAPM") analyses. Compared to the Staff approach, Mr. Parcell's DCF estimates are

flawed by his choice of samples, his decision to adjust the current dividend by only one-half of the growth rate, his decision to limit his analysis to the constant growth DCF model, and choices which water-down the growth rate to a level below what investors realistically expect. Compared to the Staff approach, Mr. Parcell's CAPM approach also understates the cost of equity. He ignores methods Staff routinely uses to determine the current as well as the long-horizon market risk premiums, and thus biases his equity cost estimates downward.

In my view, an equity cost estimate that is 120 basis points below what is produced by the "Staff approach" is not "fair and reasonable."

Q. AT PAGE 3 AND AT PAGE 5, MR. PARCELL STATES THAT HIS TESTIMONY WAS RELIED UPON BY STAFF IN THE CHAPARRAL CITY RATE CASE. WAS IT?

A. No. Not to my knowledge. I understand that Staff relied upon the methods I have called the "Staff approach" to determine its final position on the cost of equity in the Chaparral City rate case, and did not use Mr. Parcell's methods and data.

Q. AT PAGE 4, MR. PARCELL REITERATES HIS CONTENTION THAT LOWER EARNINGS RESULTING FROM THE RECESSION REDUCE THE OPPORTUNITY COST AND THUS REQUIRED RETURN ON EQUITY ("ROE") FOR ARIZONA WATER. DO YOU HAVE A RESPONSE?

A. Yes. His definition of "opportunity cost" is a measure of book earnings. He ignores the fact that with a severe recession, market prices for shares of common stock decrease, and if long-term estimates of growth remain the same or increase, the real "opportunity cost" in terms of market performance is higher – not lower – as a result of the recession. Water utilities are a clear case in point. Dividend yields are up (as stock prices have dropped) since this time last year, and analysts' forecasts of growth are the same or slightly higher than they were

last year. Thus, the opportunity cost of capital has increased. An opportunity cost should be determined by an examination of market values, not book returns.

Q. AT PAGE 6, MR. PARCELL STATES THAT THE SAME FACTORS THAT HAVE CAUSED THE DCF RESULTS TO INDICATE A HIGHER COST OF EQUITY HAVE ALSO CAUSED THE CAPM RESULTS TO SHOW LOWER COSTS OF EQUITY. DO YOU AGREE?

A. No. Mr. Parcell and I agree that the cost of equity estimated with the DCF model has increased. All of the appropriate inputs to the DCF model are easily updated. Analysts' forecasts of growth are readily available and easily updated. Dividend yields are also easy to update because prices and dividends are known. DCF estimates of the cost of equity are higher today than last year, as Mr. Parcell admits.

The CAPM, however, is not so transparent. The proxy for the zero beta asset is usually taken to be the yield on a long-term Treasury security. Rebuttal Table 1 in my rebuttal testimony, however, shows the spreads between Treasury securities and corporate bonds are not at normal levels at this time. To the extent that the spread between the zero-beta asset and corporate bonds has not changed, the choice of a Treasury security as the proxy for the zero-beta asset will understate the CAPM cost of equity for all stocks.

Moreover, Mr. Parcell fails to include a current estimate of the market risk premium ("MRP") in his CAPM approach. Consequently, he is unable to detect the upward movement in the MRP. As I show in my update of the Staff approach, an estimate of the current MRP – included in the Staff approach – shows that the current MRP is higher than the long-horizon estimate of the MRP at this time. Without an estimate of the current MRP, Mr. Parcell cannot say anything of substance about what has happened to CAPM estimates of the cost of equity after the financial crisis. Mr. Parcell's mechanical application of his CAPM approach leads him to draw an unsupportable conclusion about how

CAPM estimates have changed. Therefore, his testimony at page 6 lines 16 to 19 should be disregarded.

Q. AT THE BOTTOM OF PAGE 6, MR. PARCELL CONTENDS THAT ESTIMATES OF THE MRP BASED ON GEOMETRIC ANNUAL AVERAGES SHOULD BE GIVEN WEIGHT BECAUSE THE DATA ARE AVAILABLE TO INVESTORS. DO YOU HAVE A RESPONSE?

A. Yes. I agree knowledgeable investors would know about and use geometric annual averages to measure past performance. But those same knowledgeable investors would use the conceptually correct arithmetic annual average concept to determine what equity returns are expected in the future. I explain why this is true in my rebuttal testimony and refer the reader to that testimony. Mr. Parcell does not provide any substantive testimony to rebut my explanation of why arithmetic averages should be relied upon to determine estimates of future growth and returns. His testimony is conceptually incorrect and should be disregarded.

Q. AT PAGE 8, MR. PARCELL STATES RELIANCE ON ANALYSTS' FORECASTS OF EARNINGS PER SHARE ("EPS") GROWTH IN THE DCF MODEL IS PROBLEMATIC AND OF DUBIOUS BENEFIT TO INVESTORS. DO YOU HAVE A RESPONSE?

A. Yes. Again, I addressed this issue at length in my rebuttal testimony, and Mr. Parcell offers nothing of substance to rebut my analysis. In particular, no response to the two studies I performed that show analysts' forecasts for utilities are very accurate once we recognize forecasts of inflation were higher than actual realized inflation. Mr. Parcell also fails to respond to the fact that, though not perfect, analysts' forecasts are superior to other data that is available to forecast the future. He says that "this time a year ago very few, if any, analysts predicted the decline in corporate earnings and stock prices that actually

occurred." But he does not offer any evidence to show that other types of data provided better forecasts.

In disparaging the quality of analysts' forecasts, he implies there is something better, but he cannot tell the reader what it is because it does not exist. Obviously, it is not historical data. The recession and financial crisis are certainly significant departures from past trends revealed in historical data. Mr. Parcell does not tell us what other sources of data are better at forecasting the future. Thus his testimony on this issue should be disregarded.

Q. AT PAGE 30, LINES 12 TO 24, HE OFFERS TWO CRITIQUES OF YOUR CAPM DISCUSSION. DO YOU HAVE A RESPONSE?

A. Yes. I discuss the reason arithmetic annual returns should be relied upon and why income returns should be subtracted from total returns for stocks in my rebuttal testimony. I do not repeat that testimony, but refer to pages 16 to 20 and 30 to 31 of my rebuttal testimony. Additionally, I provided a copy of Dr. Morin's thorough discussion of the arithmetic/geometric average issue in Tab 3 of my rebuttal testimony. Mr. Parcell is unable to explain why his opinion should be accepted instead of the consensus of scholars discussed by Dr. Morin. In Tab 4 of my rebuttal, I also provided Morningstar's clear explanation of why the income return on Treasury securities should be used as the risk-free rate when determining long-horizon MRPs.[1] Mr. Parcell does not respond to either of these solid analyses, and thus his contentions should be disregarded.

Q. DO YOU HAVE ANY RESPONSE TO MR. PARCELL'S COMMENTS ABOUT YOUR REBUTTAL OF HIS COMPARABLE EARNINGS APPROACH?

A. Yes, I have three responses. First, he suggests that my determination of an implied MRP of 9.08% from his data is flawed when it is simply the result of

[1] Dr. Morin similarly explains in his textbook why the total return on a long-term treasury does not represent the risk-free rate of return. Roger A. Morin, *Regulatory Finance* 158 n. 10 (Public Utility Reports, Inc. 2006).

combining his data for the Standard & Poor's 500 (from Parcell Schedule 9), his betas (from Parcell Schedule 10) and the averages of Treasury rates he reports in Parcell Schedule 6. His data imply market risk premiums of 8.27% for 1992-2001 and 8.96% for 2002-2007. I will grant Mr. Parcel that I have broadened the determination of the MRP by recognizing that the implicit MRP is 9.08% when the current Treasury rate is lower than in the past, but my analysis does not depend on that calculation. If I had instead used the smallest MRP calculated directly from Mr. Parcell's data, 8.27% (see line 1 of Zepp Rebuttal Table 15), that MRP is substantially higher than the 5.6% MRP Mr. Parcell derives in his direct testimony using other methods. Contrary to Mr. Parcell's statement at page 11, line 10 of his surrebuttal, it is the 5.6% MRP that should be questioned, not the 8.27% MRP produced by the data in Mr. Parcell's schedules.

Second, if the smallest MRP of 8.27% is used in the analysis I presented in Rebuttal Table 15, the estimate of the required ROE I determined at line 14 of Rebuttal Table 15 drops from 12.30% to 11.81%. But 11.8% is still 180 basis points higher than the 10% ROE Mr. Parcell recommends and 240 basis points above the 9.4% ROE the Staff sample earned in 2008.

Finally, if the Commission decides to change policy and give weight to comparable earnings analyses when it determines Arizona Water's ROE, the data Mr. Parcell presents supports an ROE for the Staff sample of no less than 11.8% and a fair return for Arizona Water of no less than 12.3%.

III. RESPONSES TO MR. RIGSBY

Q. AT PAGE 6, MR. RIGSBY REITERATES THE POSITION HE TAKES IN HIS DIRECT TESTIMONY THAT A 5-YEAR TREASURY RATE SHOULD BE USED AS THE RISK-FREE RATE IN THE CAPM ANALYSIS. HAS HE ADDED ANY NEW SUPPORT FOR HIS CHOICE?

A. No. At page 46 of my rebuttal, I explain why Mr. Rigsby's CAPM equity cost estimate is simply not credible. His CAPM estimates ranged from 5.26% to

7.43% when the yield on investment grade utility bonds was 7.76%. One of the reasons his CAPM estimates are clearly unreasonable is they incorporate yields on 5-year Treasury bonds, which are much lower than the return investors require to hold the zero-beta asset in the CAPM. If adopted, Mr. Rigsby's recommendation would be confiscatory. It is common sense that the cost of common equity for a utility is greater than the cost of less risky investment grade bonds.

At page 47 of my rebuttal, I presented a citation from Morningstar which provides a logical explanation of why the infinitely long life of the common stock asset requires a long-term asset be used as the proxy for zero-beta asset. In his textbook on regulatory finance, Dr. Morin similarly explains that the yield on a long-term Treasury security is the preferred proxy for the risk-free rate in the CAPM.[2] It is the <u>life of the asset</u> that requires the use of a long-term asset, <u>not</u> (a) the length of the period an investor might hold the common stock, (b) the length of the period between rates cases, (c) the length of periods analysts use to forecasts growth rates or (d) the periods FERC uses to determine growth.

Additionally, empirical studies of the CAPM show that the required return for the zero-beta asset is much higher than the return on the 5-year Treasury security. In fact, even the expected yield on 30-year Treasuries may be too low at present. Mr. Rigsby never responds to these fundamental reasons the long-term Treasury is a better proxy for the risk-free rate than the 5-year Treasury security. His choice of the 5-year Treasury should not be adopted, and his recommendation that relies on data for 5-year Treasury securities should be disregarded. Moreover, it should be recognized that even the 30-year Treasury rate may understate the return required for the zero-beta asset at the present

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[2] *Regulatory Finance, supra,* at 151-52.

time, and thus its use may cause the CAPM to understate the current cost of equity.

Q. AT PAGE 8, MR. RIGSBY ARGUES THAT BOTH THE GEOMETRIC AS WELL AS THE ARITHMETIC ANNUAL AVERAGES SHOULD BE CONSIDERED WHEN ESTIMATING THE MRP. DO YOU AGREE?

A. No. This is an important issue. Thus, I devoted an entire section (Section IV) of my rebuttal testimony to it. I also attached an excerpt from Dr. Morin's textbook at Tab 3 to that testimony to show why no weight should be given to geometric annual averages. At page 8, lines 15-17, Mr. Rigsby says that consideration of geometric annual averages is "particularly relevant in the case of the return on the stock market, which has had it share of ups and downs." He is correct that the stock market has been volatile. But such volatility is only recognized by the arithmetic annual average. By contrast, the geometric annual average simply compares two observations – the one at the start of the period and the one at the end of the period. It ignores the variability in returns that occurred between the beginning and ending points, and therefore understates the risk associated with the market. A good illustration of this point is found in Dr. Morin's textbook on page 134, attached to my rebuttal testimony at Tab 3, which compares the historical returns of two stocks calculated using arithmetic and geometric averages.

Q. DOES MR. RIGSBY'S EXAMPLE ON PAGES 8 AND 9 OF HIS SURREBUTTAL TESTIMONY JUSTIFY USING GEOMETRIC ANNUAL AVERAGES TO FORECAST THE FUTURE?

A. No. His example shows that the geometric annual average is the best way to describe what has happened in the past, but our goal is to forecast what <u>may happen in the future</u>. When we are determining a forecast of the future from past data, we never know what the final outcome will be when we hold risky assets. Therefore, we look at an average of all of the annual returns from the past to try

and glean what may happen. If we actually know what is going to happen – as Mr. Rigsby assumes – the asset would be risk-less and not a risky asset like a common stock.

Q. AT PAGE 10, MR. RIGSBY CITES A BOOK BY COPELAND, KOLLER AND MURRIN ("CKM") TO SUPPORT HIS CLAIM THAT A TRUE MARKET RISK PREMIUM MAY LIE SOMEWHERE BETWEEN THE ARITHMETIC AND GEOMETRIC ANNUAL AVERAGES. DOES IT?

A. No. At page 219, the authors state:

> The arithmetic average is the best estimate of future expected returns because all possible paths are given equal weighting. The simple geometric average return is 0 percent [in exhibit 10.6], but this is the historical return along a single path that was realized by chance. Although the geometric return is the correct measure of historical performance, it is not forward-looking.

Q. AT PAGE 10, LINES 17-23, MR. RIGSBY ALSO CLAIMS THE CKM BOOK SHOWS THAT YEAR-TO-YEAR RETURNS ARE NOT INDEPENDENT, WHICH MEANS THAT THE ARITHMETIC AVERAGE BASED ON AN AVERAGE OF ANNUAL RETURNS HAS LESS CREDENCE. WHAT DOES CURRENT RESEARCH SHOW ON THIS POINT?

A. Morningstar provides updated evidence on this point. Morningstar has determined that the yearly difference between the stock market total return and the income return on long-term Treasury securities in any particular year is random, i.e., there is no serial correlation.[3] Therefore, the arithmetic average of those annual returns provides the best estimate of the average of all "possible paths" of concern to the authors. Also, if annual returns are independent of each

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[3] Morningstar, *Ibbotson SBBI 2009 Valuation Yearbook* 60.

other, it is appropriate to use annual periods, rather than a longer period such as two years or three years, as is suggested by Mr. Rigsby at page 11, to compute arithmetic averages.

Q. AT PAGE 11, MR. RIGSBY ALSO DISCUSSES OTHER POTENTIAL DATA PROBLEMS RAISED BY CKM AND STATES THAT AFTER CKM CONSIDERED THOSE PROBLEMS, THEIR ESTIMATE OF THE MRP WAS IN THE RANGE OF 4.0% TO 5.5%. IS HE CORRECT?

A. No. Based on the data in CKM Exhibit 10.8, they determined that the MRP based on arithmetic annual averages was 7.5%, which is consistent with Morningstar, Morin and other reliable sources. They then arbitrarily substitute an average based on two-year periods, 6.5%, and combine that average with a negative adjustment of 1.5% to 2.0% to account for their subjective view that U. S. stock markets will not do as well during the next 100 years as they have in the past, to determine a MRP range of 4.5% to 5.0%. Given the updated analysis in Morningstar, which shows that annual market returns are random and are not influenced by returns in the prior year, the correct MRP estimated by these authors is 7.5% if we do not apply their subjective downward adjustment. Mr. Rigsby should have relied upon the 7.5% MRP in his CAPM estimate.

Q. ARE THERE OTHER PROBLEMS WITH MR. RIGSBY'S CALCULATIONS AT PAGE 11?

A. Yes. He adds the risk premium range determined by CKM to a 5-year Treasury bond rate, when the MRP range computed by CKM was based on differences between returns for large company stocks and long-term government bonds. This inconsistency must be corrected if data from CKM are used to make the CAPM estimate. Without the correction, his choice of a 5-year Treasury bond rate biases downward the equity cost range.

Q. WHAT HAPPENS TO HIS CAPM EQUITY COST ESTIMATE AT PAGE 11, LINE 17 IF YOU MAKE THE TWO CORRECTIONS YOU HAVE IDENTIFIED?

A. It increases the equity cost, which Mr. Rigsby determined to fall in a range of 6.83% to 8.13%, to 12.17%. The 12.17% is found by adding together a current long-term Treasury rate of 4.67% from my Rebuttal Table 14 and the 7.5% MRP actually estimated by CKM. Mr. Rigsby notes that since utilities are generally somewhat less risky than the market as a whole, his 8.33% cost of equity is too high. If we combine his beta of .82 (from page 23) to account for this lower utility risk, his revised CAPM indicates the cost of equity for a typical water utility is 10.8%, found as

$$\text{Equity cost} = 4.67\% + [.82 \times 7.5\%] = 10.82\%$$

Recognizing Arizona Water is more risky than the sample utilities, the restatement of the CAPM based on CKM is 11.3%.

Q. AT PAGE 12, MR. RIGSBY CONTENDS THAT PRIOR TESTIMONY BY STEPHEN HILL SUPPORTS THE REASONABLENESS OF HIS MRP. DO YOU AGREE?

A. No, I do not. We have no knowledge what Mr. Hill would say is a reasonable current estimate of the MRP after the severe, once-in-a-generation financial crisis that has occurred since he wrote the 2006 testimony attached to Mr. Rigsby's testimony. I would expect Mr. Hill to say the current MRP is higher now than when he wrote his earlier testimony, but we have no way of knowing how much higher he would say it is. Mr. Hill has not filed testimony in this case and thus is not available for Arizona Water to test on this issue. To the extent that Mr. Rigsby's testimony relies on Mr. Hill's previous testimony, it should be disregarded.

Q. PLEASE TURN TO PAGE 13, WHERE MR. RIGSBY STATES HIS RECOLLECTION OF COMMENTS MADE BY PROFESSOR DAMODARAN AND PROFESSOR MARSTON AT A 2007 CONFERENCE HE SAYS HE ATTENDED. DO STUDIES MADE BY THOSE PROFESSORS LEAD YOU TO QUESTION WHETHER THEY WOULD ENDORSE A RANGE OF MRPS OF 4.0% TO 5.5% IN 2009?

A. Yes. I was not at the 2007 conference and do not know what was actually said and in what context. I am aware, however, of papers written by Dr. Marston and a 2009 estimate of the current MRP estimated by Professor Damodaran, which suggests these panelists would not say the current MRP falls in a range of 4.0% to 5.5%. First, with respect to Professor Damodaran, I am aware that his current estimate of the MRP is 6.43%. Work papers supporting that estimate were provided by Department of Ratepayer Advocates witness Professor J.R. Woolridge in California PUC Application 09-05-001, et al., which went to hearing in August 2009. I was a witness in that case and reviewed the work papers supporting the Damodaran estimate. Second, with respect to Professor Marston, I am aware of two papers she wrote with co-authors that indicate she believes the MRP is above 7.1%. The first paper was written with co-author Robert Harris in 2001. In that paper, Harris and Marston estimated the MRP to be 7.14%. In the more recent paper, "Ex Ante Cost of Equity Estimates of S&P 500 Firms: The Choice between Global and Domestic CAPM, published in *Financial Management* (Autumn 2003), co-authored with Robert Harris, Dev Mishra and Thomas O"Bien, Professor Marston estimated the MRP to be 7.2% based on data for a 16 year period ending in 1998.

Q. DO YOU HAVE ANY RESPONSE TO THE CAPM CALCULATIONS PRESENTED AT PAGE 14 BY MR. RIGSBY?

A. Yes. These calculations are simply mechanical applications of the simple version of the CAPM. They rely on the wrong interest rate concept and MRPs

attributed to someone who is not a witness in this case. There is no reason to believe the 4% or the 6% MRPs are reasonable at this time. Notwithstanding the fact that there is no support for either of these calculations, there are serious problems with Mr. Rigsby's claim that equity cost estimates of 5.91% and 7.55% are reasonable when the cost of Baa bonds was 7.67%. A reasonable estimate of the cost of equity must be higher than the cost of Baa bonds.

Q. DO YOU HAVE A RESPONSE TO MR. RIGSBY'S REFERENCE AT PAGE 15 TO A SEPTEMBER 2008 DAMODARAN PAPER WHICH FOUND THE MRP TO BE IN A RANGE OF 4.20% TO 6.39%?

A. Yes. Dr. Damodaran estimates the current market risk premium is 6.43% at this time. While I believe this value is much lower than investors expect in the near term, it is still higher than the 6.28% MRP Mr. Rigsby uses in his analysis. Dr. Damodaran's most recent study does not support Mr. Rigsby's MRP. Moreover, investors would be aware of Value Line's forecasts for the market, and I expect they would give those forecasts some weight. Value Line currently estimates the near-term MRP to be in excess of 17.5%[4] – not 6.43% or 6.28%.

Q. AT PAGE 16, MR. RIGSBY AGREES WITH YOUR POINT THAT COMMON SHAREHOLDERS EXPECT A HIGHER RETURN THAN THE RETURN ON INVESTMENT GRADE BONDS, BUT IS UNWILLING TO ELIMINATE ANY EQUITY COST ESTIMATE THAT DOES NOT MEET THAT TEST. DO YOU HAVE A RESPONSE?

A. Yes. Mr. Rigsby compares his final estimate of 8.33% to the cost of investment grade bonds to test if his recommendation is reasonable, but ignores the fact that each and every one of his CAPM equity cost estimates (5.26%, 6.04%, 6.39% and 7.43%) is lower than the cost of investment grade bonds of 7.76%. Mr.

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[4] At July 24, 2009, when the new water utilities data were published by Value Line, the median yield for dividend paying stocks was 2.6%, the indicated appreciation potential was 90% and thus the expected market return was 20%. With a 5-year Treasury yield of 2.51%, the indicated current MRP consistent with Mr. Rigsby's approach is 17.5%.

Rigsby refers to the FERC Cost-of-Service manual and attaches a portion of that manual as Attachment B to his testimony. The FERC eliminates <u>any</u> cost of equity estimates made with the DCF model if that estimate is lower than 40 basis points above the cost of A-rated bonds. At the time Mr. Rigsby prepared his testimony, the cost of A-rated utility bonds was 6.28% and thus the FERC test would eliminate from consideration any cost of equity estimate below 6.68%. That FERC test would eliminate all but one of his CAPM equity cost estimates.

Q. AT PAGE 34, MR. RIGSBY EXPLAINS THAT HE DETERMINED HIS 8.33% RATE AS AN AVERAGE OF HIS CAPM AND DCF ESTIMATES. WHAT WOULD THAT AVERAGE BE IF HE ELIMINATED THE CAPM ESTIMATES THAT ARE LESS THAN THE COST OF BAA BONDS?

A. The estimate would have to be based on the average of the two DCF estimates. None of the CAPM estimates would survive a test of reasonableness. The average of his two DCF estimates is 10.4%.

Q. AT PAGE 18, MR. RIGSBY IMPLIES HIS RECOMMEND ROE OF 8.33% IS REASONABLE BECAUSE IT IS MORE THAN THE 7.0% ROE VALUE LINE IS PROJECTING FOR THE "WATER UTILITIES INDUSTRY." DO YOU HAVE A RESPONSE?

A. Yes. That 7.0% number includes data for two water utilities that Mr. Rigsby correctly chose to exclude from the sample which he used to determine costs of equity. Those two companies are Southwest Water and American Water Works. The forecast of 6.0% ROE for American Water Works in particular is a problem because, due to American Water Works' size, that forecast dominates the average estimate for the "industry" and offsets Value Line's estimates of future earned ROEs for the utilities in Mr. Rigsby's sample, which range from 11.5% to 12.0%.

Q. WHAT IS THE AVERAGE PERCENTAGE RATE OF RETURN ON BOOK COMMON EQUITY FOR THE WATER UTILITIES SAMPLE MR. RIGSBY USES TO DETERMINE BENCHMARK COSTS OF EQUITY ESTIMATES?

A. That average rate of return is 11.83%. It is found as the average of Value Line's projected ROEs for American States of 12.0%, for Aqua America of 11.5% and California Water of 12.0%. Based on Mr. Rigsby's own water industry sample, the average ROE is 11.83%, not 7.0%.

Q. WHAT DO YOU CONCLUDE FROM MR. RIGSBY'S COMPARISON OF HIS 8.33% RECOMMENDED ROE TO VALUE LINE'S FORECASTED RETURNS FOR HIS WATER UTILITIES SAMPLE?

A. The correct comparison shows his 8.33% ROE recommendation is 350 basis point *below* – not 133 basis points above – a reasonable recommendation.

Q. AT PAGE 18, MR. RIGSBY REVISITS HIS CONTENTION THAT HIS ESTIMATES OF "VS" GROWTH SHOULD ASSUME MARKET-TO-BOOK RATIOS FOR UTILITIES WILL REVERT TO 1.0. DO YOU HAVE A RESPONSE?

A. Yes. There is no reason for this to happen. First, even if we assume that Mr. Rigsby is correct – and I dispute that he is – the price investors are willing to pay for the utilities' stock would already reflect the probability that the stock price may move back toward 1.0. Thus, his method of determining sustainable growth double-counts any movement back to 1.0 that is already anticipated by investors. Second, as I explain at pages 35, 44 and 45 of my rebuttal testimony, there are many reasons market-to- book ratios will be above 1.0 even if those utilities earn their costs of equity. Third, market-to-book ratios for utilities are already lower than market-to-book ratios for other publicly traded companies. This fact is consistent with investors expecting regulatory authorities to set rates based on book values in most jurisdictions, but other considerations keep market-to-book ratios above 1.0. Fourth, market-to-book ratios for water utilities have been

above 1.0 for at least 22 years.[5] His contention suggests regulators across the country have been duped into authorizing ROEs above the cost of equity for more than 20 years. His testimony at pages 18-20 does not reply to my rebuttal testimony, which addresses this point in greater detail.

Q. AT PAGE 20, LINE 19, MR. RIGSBY STATES HIS CAPM ESTIMATE OF 7.63% WOULD PRODUCE A MARKET PRICE EQUAL TO BOOK VALUE. DO YOU HAVE A RESPONSE?

A. I do not know what market-to-book ratio would be produced if the Commission authorized an ROE of 7.63% – a cost of equity that was below the cost of Baa-rated long-term debt of 7.76% when we prepared testimony. I do know that such a return would be confiscatory because it is below the cost of debt and thus is clearly unfair and unreasonable.

Q. AT PAGES 21-22 OF HIS SURREBUTTAL TESTIMONY, MR. RIGSBY STATES THAT A FORMULA PRESENTED BY DR. MORIN SUPPORTS HIS DCF GROWTH RATE ESTIMATES. DO YOU HAVE A RESPONSE?

A. Yes. Dr. Morin states the following:

Dividend growth = CAPM cost of equity – dividend yield.

Such a determination requires a reasonable estimate of the cost of equity with the CAPM model. As discussed above, Mr. Rigsby's CAPM equity cost estimates are not reasonable because they are below the cost of investment grade debt. In my rebuttal Table 14, I determined a reasonable estimate of the cost of equity using the CAPM to be 11.5% based on an appropriate restatement of Mr. Parcell's CAPM estimate. Inserting that CAPM estimate in the formula presented by Mr. Rigsby at page 22, we find the check on the reasonableness of the DCF growth rate indicates an 8.4% growth rate found as follows:

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[5] C.A. Turner, *Utility Reports*, July 1988.

$$g = \text{CAPM equity cost} - D_1/P_0.$$

Inserting Mr. Rigsby's dividend yield of 3.08%, the growth rate check is found to be

$$g = 11.5\% - 3.08\% = 8.4\%$$

The 8.4% growth rate is slightly above the average growth rate of 8.0% I determined in panel A of Rebuttal Table 19 and is about the same as the average growth rate presented in Panel, B of Rebuttal Table 19. Panel A of Rebuttal Table 19 restates Mr. Rigsby's DCF analysis with appropriate estimates of vs growth. Panel B of Rebuttal Table 19 relies on Zacks growth rates reported by Mr. Rigsby.

Q. DOES THIS COMPLETE YOUR REJOINDER TESTIMONY?

A. Yes.