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BEFORE THE ARIZONA CORPORATION COMMISSION  
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**COMMISSIONERS**

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ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF  
COMMUNITY WATER OF GREEN VALLEY  
FOR A DETERMINATION OF THE CURRENT  
FAIR VALUE OF ITS UTILITY PROPERTY AND  
FOR AN INCREASE IN ITS WATER RATES  
AND CHARGES FOR UTILITY SERVICES

DOCKET NO. W-02304A-08-0590

**NOTICE OF FILING  
REBUTTAL TESTIMONY**

Community Water Company of Green Valley ("CWCGV") files the Rebuttal Testimony of  
Arturo Gabaldon and Thomas J. Bourassa.

RESPECTFULLY SUBMITTED this 8<sup>th</sup> day of September, 2009.

By

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Original and thirteen copies of the foregoing  
filed this 8<sup>th</sup> day of September, 2009, with:

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

Arizona Corporation Commission  
**DOCKETED**

SEP - 8 2009

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1 Copy of the foregoing hand-delivered  
2 this 8<sup>th</sup> day of September , 2009, to:

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6 Arizona Corporation Commission  
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19 Arturo R. Gabaldon  
20 President  
21 Community Water Company of Green Valley  
22 1501 South La Canada  
23 Green Valley, AZ 85614-1600

24  
25  
26  
27  
By *Debbie Arnold*

1                                   **BEFORE THE ARIZONA CORPORATION COMMISSION**

2   **COMMISSIONERS**

3   KRISTIN K. MAYES - CHAIRMAN  
4   GARY PIERCE  
5   PAUL NEWMAN  
6   SANDRA D. KENNEDY  
7   BOB STUMP

8   IN THE MATTER OF THE APPLICATION OF  
9   COMMUNITY WATER COMPANY OF  
10   GREEN VALLEY, AN ARIZONA  
11   CORPORATION, FOR A DETERMINATION  
12   OF THE CURRENT FAIR VALUE OF ITS  
13   UTILITY PLANT AND PROPERTY AND FOR  
14   INCREASES IN ITS RATES AND CHARGES  
15   FOR UTILITY SERVICE.

DOCKET NO. W-02304A-08-0590

16                                   **Rebuttal Testimony**

17                                   **Of**

18                                   **Arturo Gabaldón**

19                                   **On Behalf Of**

20                                   **Community Water Of Green Valley**

21                                   **September 8, 2009**

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**I. CONSERVATION.....1**

**II. PUBLIC PROCESS.....4**

**III. CONSTRUCTION WATER.....5**

**IV. MISCELLANEOUS CHARGES.....7**

1 **Q. Please state your name and address.**

2 A. My name is Arturo Raúl Gabaldón; my work and mailing address is 1501 S La Canada  
3 Drive, Green Valley, AZ 85622.

4  
5 **Q. Are you the same Mr. Gabaldón that submitted pre-filed Direct Testimony on  
6 behalf of Community Water Company of Green Valley (“Company”)?**

7 A. Yes.

8  
9 **Q. Are there any updates to your professional background?**

10 A. Yes, I am now a Company representative for the Upper Santa Cruz/Providers and Users  
11 Group. I also neglected to mention that I am a Grade 1 Water Distribution Operator  
12 certified by the Arizona Department of Environmental Quality.

13

14 **I. CONSERVATION.**

15 **Q. Have the Company’s water conservation requirements changed?**

16 A. Yes, on July 9, 2009, the Company signed an agreement with the Arizona Department of  
17 Water Resources (“ADWR”) for transition to the Modified Non-Per Capita Conservation  
18 Program (“MNPCCP”).

19

20 **Q. Please describe this program.**

21 A. Per the ADWR, the MNPCCP is a performance-based program that requires the  
22 Company to implement water conservation measures that result in water use efficiency in  
23 their service areas.

24

1 **Q. Has this changed your conservation program?**

2 A. Yes, it now requires the Company to do conservation programs, including those that it  
3 had been doing voluntarily. The Company has always been supportive of water  
4 conservation efforts. All the items listed in my Direct Testimony have continued. We  
5 have reviewed the Municipal Best Management Practices (“BMPs”) for additional ideas.  
6 We anticipate that there will be additional costs associated with the required conservation  
7 programs and we will address these additional costs in the future.

8  
9 **Q. Has the Company adopted any new programs since your original testimony?**

10 A. Yes. Demonstration gardens have been effective in the Green Valley community. They  
11 provide an incentive to home owners by encouraging them to adopt low water-use plants.  
12 To this end, in lieu of a single demonstration garden, the Company has been an advocate  
13 and supportive of a community effort called “Median Green”. In this program the  
14 Company is supporting many such gardens throughout Green Valley. Medians owned by  
15 Pima County that are located on major streets have been converted to xeroscape low  
16 water-use gardens. Pima County has been supportive in allowing access to the medians,  
17 businesses have funded the up-front capital costs of the projects, and volunteers are  
18 maintaining the gardens. On an ongoing basis the local Fire District delivers water to the  
19 cisterns in these medians. The Company is providing water to the local Fire District at no  
20 charge in support of the Median Green program. The Company has been recognized in  
21 the local paper for its donations.

22

23

24

1 **Q. Do you have other programs that you would like to promote?**

2 A. Yes, the Company believes that one of the best conservation programs would be the full  
3 conversion to radio-read meters.

4  
5 **Q. How are these radio-read meters a water conservation tool?**

6 A. The Company has installed radio-read meters in new subdivisions. Within a few days the  
7 Company was able to identify meters that have run non-stop. Customers can better  
8 recognize how they consume and at what times they consume the most water – through  
9 the data logs that these meters provide. These meters also will help the Company identify  
10 highest-use times (*i.e.* peak demand) for customers.

11  
12 **Q. How does the Company plan to implement the installation of radio-read meters  
13 within its service territory?**

14 A. The cost to retrofit our meters for full conversion would be approximately \$2,500,000.  
15 The Company believes that it cannot afford to do a complete retrofit immediately under  
16 the current rates. However, the Company does have an established meter change out  
17 program, and through this program we have selectively replaced older meters with these  
18 radio-read meters. This approach is limited and we are developing a financial plan to  
19 complete the retrofit to all meters in the future.

20

21

22

23

24

1 **II. PUBLIC PROCESS.**

2 **Q. Switching topics, how has the Company notified its member-customers about the**  
3 **proposed rate application?**

4 A. The Company has provided all Commission required written notices to its member-  
5 customers. The Company has taken further efforts to best ensure its member-customers  
6 are aware of this case. The Company notified its members at the Annual Meeting of  
7 Members (in April 2008) that the Company would seek a rate increase in 2009. Since  
8 November 2008, the Company has included current information related to this rate  
9 increase request on its web page. On November 13, 2008 a special postcard notice was  
10 mailed to all customers notifying them of the Company's intent to file for a rate increase  
11 in December 2008. In April 2009, the Company addressed the rate increase request in  
12 the Annual Report that was mailed to all of its member-customers. On April 23, 2009,  
13 the Company management made a presentation on the rate case at the Annual Meeting of  
14 Members. On August 4, 2009, the Company held a special meeting specifically to  
15 address any comments or concerns about its rate increase request.

16  
17 **Q. What has been the response of the members?**

18 A. The membership has understood the need for a rate increase. They understand that the  
19 deficits experienced by the Company are unacceptable for the utilities long-term financial  
20 security. Nobody likes to see rising costs but they understand the need. They appreciate  
21 the Company's efforts to keep them informed about their water company.

1 **III. CONSTRUCTION WATER.**

2 **Q. Regarding the issue of construction water, how do you want to respond to Staff's**  
3 **Direct Testimony?**

4 A. Staff states that the Company incorrectly charged construction customers a monthly  
5 minimum charge. The tariff the Company was using was the version docketed in January  
6 2007. Through the discovery process, we learned that we were inadvertently using an  
7 older version that was not the final-approved version of the tariff. The final approved  
8 tariff was received by the Company October 2007. The Company did not realize this  
9 until reviewing Staff's Direct Testimony in this case. The Company concurs with Staff  
10 that based on the final approved tariff (the October 2007 version) there should not have  
11 been a monthly minimum charge for any construction customers.

12  
13 **Q. What is the Company' proposed plan of action for this issue?**

14 A. The Company proposes to work with Staff to determine the most efficient way to  
15 determine how to resolve the issue. Further, the Company will verify the amount of  
16 overcharge in its Rejoinder Testimony. Even so, the Company is proposing that going  
17 forward it be authorized to charge a monthly minimum charge for construction  
18 customers. *Mr. Thomas J. Bourassa testifies as to why the Staff's revenue adjustment for*  
19 *construction water in future rates is not appropriate. In the meantime, the Company has*  
20 *corrected its current tariff to reflect the correct tariff charge. The Company would like to*  
21 *not refund this overcharge.*

1 **Q. How did the Company charge for construction water, prior to its last rate case?**

2 A. The Company's last rate change was based on test year 1985 and went into effect in  
3 1987. It had been almost 20 years since the Company had applied for new rates, which it  
4 did in 2005. Thus, the descriptions in the Company's rate tariff required major revisions  
5 – to update them and to make them more understandable to its member-customers. Up  
6 through the conclusion of the last rate case decided in December 2006, construction water  
7 sales were charged as commercial water sales that included a minimum monthly charge.  
8 Construction customers became a separate customer class when it implemented new rates  
9 in March 2007.

10  
11 **Q. Why does the Company believe it is appropriate that construction customers be  
12 charged a monthly minimum going forward?**

13 A. Minimum charges are important to the Company for several reasons. First, they provide  
14 an incentive for the construction customers (*i.e.* developers) to return the construction  
15 meters while the meters are not in use. Second, for every month, that a construction  
16 customer holds a meter, the utility is required to obtain reads for each meter and to mail  
17 out a regular monthly statement. Third, even at zero consumption, the Company incurs  
18 costs for obtaining these reads, administering these accounts, and issuing regular billing  
19 statements for an active account. Fourth, these costs must be absorbed by the other  
20 ratepayers if the developers are not charged a monthly minimum, even though they still  
21 hold their respective meters. Finally, the Company will very likely be required to  
22 increase its investment in the number of meters to accommodate more meters out in the  
23  
24

1 field. With no monthly minimum charge, developers would find it more economical to  
2 keep the meter with zero consumption, rather than return them to the utility.

3  
4 **IV. MISCELLANEOUS CHARGES.**

5 **Q. What changes are being proposed by the Company regarding miscellaneous charges**  
6 **in its Rebuttal Filing?**

7 A. The Company requests approval to revise the following descriptions in the tariff:

8 From:

- 9 1) Turn on/off fee/after hours'  
10 2) Turn On/Off Fee /Sunday /Holiday

11 To:

- 12 1) Call out charges (After Hours/Saturday)  
13 2) Call out charges (Sunday/Holiday)

14 The Company believes these revisions will clarify the meaning of those charges.  
15

16 **Q. What is the Company's response to Staff's recommendation regarding the Call Out**  
17 **charge/After Hours?**

18 A. Staff has proposed that there be no change to the current \$10 charge for an afterhours and  
19 Saturday call out. The Company is proposing a \$70 charge. Service personnel who  
20 respond to the after hour calls cost the Company an average of \$35 per hour, not  
21 including any adjustment for overtime. The utility incurs a minimum two hours of staff  
22 time. Therefore, the Company believes its proposed charge of \$70 (\$35 rate x 2 hours) as  
23  
24

1 reasonable. A \$10 charge is below actual cost and other ratepayers will be required to  
2 absorb this additional payroll cost.

3  
4 **Q. What about Staff's recommendation regarding the Call Out charge for Sundays and**  
5 **Holidays?**

6 A. Staff proposes there be no change to the current \$20 charge for an after hour's call out on  
7 Sundays and Holidays. The Company is proposing a \$140 charge. The Company pays a  
8 minimum of two hours at double time (\$70 per hour), for service personnel to respond to  
9 a Call Out on Sundays and Holidays. Therefore, the Company considers the \$140 (\$35  
10 regular rate x 2 for double time x 2 hours) as reasonable.

11  
12 **Q. What is the Company's response to Staff's recommendation regarding the "Charge**  
13 **for Moving Customer Meter (at customer request)?"**

14 A. Staff has proposed that there be no change to the current \$20 charge for moving a meter  
15 at customer request. The Company is proposing that this function be charged for at cost.  
16 The \$20 charge is insufficient to cover the cost of service personnel. To move a typical  
17 meter usually requires two service personnel for two hours, or approximately \$140.

18  
19 **Q. Do you have any response to any other Staff recommendations regarding**  
20 **Miscellaneous Charges?**

21 A. Consistent with Staffs recommendations, the Company requests the elimination of the  
22 following:

23 3) Service Charge during business hours  
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4) Service Charge after business hours

**Q. Does that conclude your Rebuttal Testimony?**

**A. Yes, it does.**

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**BEFORE THE ARIZONA CORPORATION COMMISSION**

**COMMISSIONERS**

KRISTIN K. MAYES - CHAIRMAN  
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BOB STUMP

Docket No: W-02304A-08-0590

IN THE MATTER OF THE  
APPLICATION OF COMMUNITY  
WATER COMPANY OF GREEN  
VALLEY FOR A DETERMINATION  
OF THE CURRENT FAIR VALUE  
OF ITS UTILITY PROPERTY AND  
FOR AN INCREASE IN ITS WATER  
RATES AND CHARGES FOR  
UTILITY SERVICES

**Rebuttal Testimony**  
**of**  
**Thomas J. Bourassa**

**on Behalf of**  
**Community Water Company of Green Valley**

**September 8, 2009**

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1 **I. INTRODUCTION AND SUMMARY OF TESTIMONY.**

2 **Q. Please State Your Name And Address.**

3 A. My name is Thomas J. Bourassa. My business address is 139 W. Wood Drive, Phoenix,  
4 Arizona 85029.

5

6 **Q. Have You Previously Submitted Direct Testimony In The Instant Case?**

7 A. Yes, my Direct Testimony was submitted in support of the initial application in this docket  
8 by Community Water Company of Green Valley ("CWCGV" or "Company").

9

10 **Q. What Is The Purpose Of This Rebuttal Testimony?**

11 A. I am providing Rebuttal Testimony in response to the Direct Testimony filing by Arizona  
12 Corporation Commission Utilities Division Staff ("Staff") with respect to rate base,  
13 revenues and expenses, operating margin and rate design.

14

15 **Q. What Is The Revenue Increase That The Company Is Proposing In Its Rebuttal  
16 Filing?**

17 A. The Company is now proposing a total revenue requirement of \$3,825,058, which  
18 constitutes an increase in revenues of \$803,315, or 26.58 percent over test year revenues.

19

20 **Q. How Does This Compare With The Company's Direct Filing?**

21 A. In its Direct Filing, the Company requested a total revenue requirement of \$4,026,636,  
22 which required an increase in revenues of \$1,004,893, or 33.26%. So, the Company's  
23 revenue requirement request is approximately \$201,500 less in its Rebuttal Filing from  
24 what it requested in its Direct Filing.

25

26

27

1 **Q. Why Is The Requested Revenue Increase Lower In CWGV's Rebuttal Filing?**

2 A. In its Rebuttal filing, CWGV has adopted a number of adjustments recommended by  
3 Staff, as well as proposing a number of its own adjustments. The Company continues to  
4 propose an operating margin of 15 percent, which is the same operating margin Staff  
5 proposes.

6  
7 **Q. HAS THE COMPANY PROPOSED RATE BASE DECREASED?**

8 A. Yes. The Company's rebuttal proposed Original Cost Rate Base ("OCRB") is \$7,502,117,  
9 a decrease of (\$15,326) from the direct filing. The Company continues to propose that its  
10 OCRB be used as its Fair Value Rate Base ("FVRB").

11  
12 **II. REVENUE REQUIREMENT.**

13 **Q. What Are The Proposed Revenue Requirements And Rate Increases For The  
14 Company And Staff At This Stage Of The Proceeding?**

15 A. The proposed revenue requirements and proposed rate increases are as follows:

	<u>Revenue Req.</u>	<u>Revenue Incr.</u>	<u>% Increase</u>
16 Company-Direct	\$4,026,636	\$1,004,893	33.26%
17 Staff	\$3,798,428	\$ 790,351	26.27%
18 Company Rebuttal	\$3,825,058	\$ 803,315	26.58%

19  
20  
21 **Q. Please Briefly Explain Why The Revenue Requirement Has Decreased?**

22 A. The decrease of approximately \$201,500 is primarily due to the Company adopting a  
23 number of Staff adjustments. Notably, the Company has adopted Staff's proposed  
24 adjustments to purchased power and water testing expense which together have reduced  
25 the revenue requirement by approximately \$115,000. The Company has also adjusted  
26 depreciation expense downward by approximately \$75,000. These two items comprise  
27 approximately \$192,000 of the total decrease in the Company's revenue requirement

1 request. The balance of the reduction to the revenue requirement request of approximately  
2 \$10,000 is the result of a lower overall revenue requirement to which the operating margin  
3 is applied (a reduction of approximately \$30,000), and an increase in property taxes of  
4 approximately \$20,000.

5  
6 **Q. Does Staff Agree With The Company's Proposed 15 Percent Operating Margin?**

7 A. Yes. The Company proposed a 15 percent operating margin in its Direct Filing. Staff  
8 proposed the same in its Direct Testimony. The Company, in its Rebuttal Filing, maintains  
9 its proposal for a 15 percent operating margin.

10  
11 **III. RATE BASE.**

12 **Q. Would You Please Identify The Parties' Respective Rate Base Recommendations?**

13 A. The rate bases proposed by all parties in the case are as follows:

	<u>OCRB</u>	<u>FVRB</u>
14 Company-Direct	\$7,517,443	\$7,517,443
15 Staff	\$6,636,141	\$6,636,141
16 Company Rebuttal	\$7,502,117	\$7,502,117

17  
18  
19 **a. Plant-in-Service.**

20 **Q. Would You Please Discuss The Company's Proposed Original Cost Rate Base, And  
21 Identify The Adjustments You Have Accepted From Staff?**

22 A. The Company's rebuttal rate base adjustments to OCRB are shown on my rebuttal  
23 schedules, at Schedule B-2, pages 3. Rebuttal Schedule B-2, page 1, shows the rebuttal  
24 OCRB. These schedules are attached to my Rebuttal Testimony. The Company adopts  
25 Staff's proposal to capitalize expense test year expenses totaling \$22,903. The Company  
26 also proposes an adjustment to accumulated depreciation based on its computation.

27

1 **Q. Please Identify The Company's Rebuttal Rate Base Adjustments.**

2 A. Adjustment A of rebuttal rate base adjustment number 1, as shown on B-2, page 3,  
3 increases Well and Springs (Account 307) by \$10,903 and Laboratory Equipment  
4 (Account 344) by \$12,000 for capitalized test year expenses. The Company agrees with  
5 Staff on this adjustment.

6  
7 There are no other proposed adjustments to plant-in-service. Staff and the Company  
8 materially agree to the plant-in-service balance. The Company proposes a balance of  
9 37,798,936 while Staff proposes a balance of \$37,798,939 – a \$3 difference. This  
10 difference appears to be a small error on behalf of Staff. Staff's schedules reflect that the  
11 Company's Direct Filing adjusted test year balance was \$37,776,039 (See Staff Schedule  
12 PMC-2, Column A). In fact, this balance was \$37,776,036 in the Company's Direct Filing,  
13 (See CCWGV Schedule B-1, page 1).

14  
15 **b. Accumulated Depreciation**

16 **Q. Please Explain The Company's Accumulated Depreciation Adjustments.**

17 A. Adjustment A of rebuttal rate base adjustment number 2, as shown on B-2, page 4,  
18 increases accumulated depreciation for Well and Springs (Account 307) by \$182 and  
19 Laboratory Equipment (Account 344) by \$600 for capitalized test year expenses.

20  
21 Adjustment B of rebuttal rate base adjustment number 2, as shown on B-2, page 4, reflects  
22 the adjustments to accumulated depreciation to reconcile the book balances of accumulated  
23 depreciation to the recomputed amounts as detailed on Schedule B-2, pages 3.1 to 3.4.

24 The net increase in accumulated depreciation proposed by the Company from adjustments  
25 A and B is \$38,229.

26

27

1 Staff proposes an adjustment to accumulated depreciation of \$366,657 based on its  
2 computation of accumulated depreciation. However, the Company finds at least two errors  
3 in Staff's computation. First, Staff incorrectly used the depreciation rates approved for the  
4 Company in its last rate case – Decision No. 69205 (December 21, 2006) – from the end of  
5 the last test year (December 31, 2004) forward through the end of the test year in this case  
6 (December 31, 2007). This is incorrect. Staff should have continued to use the previously  
7 authorized depreciation rates (2.49 percent composite for all plant except for the following  
8 Accounts: 340- Office Furniture and Equipment; 340.1 - Computer Equipment; 341 -  
9 Transportation Equipment; and 345.1 – Power Operated Equipment – Backhoe) through  
10 the date of the last decision. Then, from the date of the last decision to the end of the test  
11 year in this case, Staff should have used the authorized depreciation rates authorized in  
12 Decision No. 69205. To do otherwise would be adjusting rates retroactively.

13  
14 Second, Staff did not include in its computations the depreciation expense on retirements.  
15 Using half year convention, it is assumed that all retirements occur mid-year. Thus a half-  
16 year of depreciation expense should be included in the computations.

17  
18 **c. Contributions-in-aid of Construction (“CIAC”).**

19 **Q. Please Continue With The Parties' Respective Rate Base Recommendations?**

20 A. The Company disagrees with Staff's proposal to include CIAC related to construction  
21 work-in-progress (“CWIP”) of in rate base. Since the plant cost for CWIP is not in rate  
22 base, neither should the related CIAC. To include CIAC in rate base without the  
23 corresponding plant cost will create a mismatch between rate base, revenues and expenses.

1 **Q. Please Respond To Staff's Testimony On The Reason(s) CIAC Should Be Included In**  
2 **Rate Base.**

3 A. Staff asserts that the basis for including CIAC is that the Company has use of funds (or  
4 plant) contributed or advanced by others, regardless of how the funds or the plant is used  
5 allowing investors to commit fewer funds for utility purposes. Aside from the fact that  
6 CWCGV is a non-profit, member owned utility, Staff's adjustment creates a mismatch  
7 between rate base, revenues and expenses – and Staff's justification is not a valid basis for  
8 creating this mismatch. This is true – even for a for-profit entity – let alone a non-profit  
9 member-owned cooperative like CWCGV.

10  
11 CIAC in rate base should be revenue neutral. This is a fundamental tenet of ratemaking.  
12 That is, the utility does not earn a *return on or of* CIAC-funded plant. Assume for  
13 example, \$100 of plant in rate base is funded with \$100 of CIAC. Rate base is zero (\$100  
14 of plant less \$100 of CIAC). A rate of return is applied to zero rate base is zero (*i.e.* no  
15 return on the plant investment). By including CIAC without the corresponding plant cost,  
16 however, CIAC is no longer revenue neutral. Using the example above, rate base becomes  
17 a negative \$100 if the matching plant cost is not in rate base (\$0 of plant less \$100 of  
18 CIAC). A rate of return is applied to negative rate base is negative – a *negative return on*  
19 the plant investment. Staff's adjustment includes the CIAC for the plant cost for CWIP, but  
20 the plant cost for CWIP is not in rate base. Therefore Staff's adjustment is not revenue  
21 neutral – and Staff's adjustment leads to a mismatch.

22  
23 **Q. How Are Revenues And Expenses Impacted By Exclusion Of Plant And Inclusion Of**  
24 **CIAC?**

25 A. Normally, *depreciation* expense on CIAC-funded plant is offset by corresponding  
26 amortization of CIAC. This results in a net zero impact on expenses and *no return of the*  
27 plant investment. If CIAC is included but not the plant, depreciation on plant will be zero

1 and amortization of CIAC will be positive resulting in a net decrease in expense and an  
2 understatement of the revenue requirement.

3  
4 Using the example above and assuming a 5-percent depreciation rate:

- 5 • If \$100 of plant is in rate base, then there would be depreciation of \$5 (\$100 times 5  
6 percent); and \$100 of CIAC in rate base would have amortization of \$(5) (\$100 times 5  
7 percent). The result would be a net to zero in expenses.
- 8 • If \$0 of plant is in rate base and CIAC is \$100, then depreciation would be \$0, but  
9 amortization will be \$(5). This would result in a net \$(5) less depreciation in expenses.  
10 Ultimately expenses and the revenue requirement will be understated by \$5.

11  
12 **Q. Is the exclusion of the CIAC from rate base for plant found not to be used or useful**  
13 **and excluded from rate base any different?**

14 A. No. And based on positions taken by Staff in the past, if the Company had proposed to  
15 include the CWIP in rate base as used and useful plant-in-service along with the  
16 corresponding CIAC and Staff determined that the plant was unsupported, not used or  
17 useful and/or had excess capacity, Staff would have removed *both* the plant and CIAC  
18 from rate base in order to provide a proper matching between rate base, revenues and  
19 expenses.

20  
21 **Q. Can You Provide Recent Examples Of Where Staff Has Removed Or Is Proposing To**  
22 **Remove Both The Plant And CIAC Associated With That Plant From Rate Base?**

23 A. Yes. In the Far West Water and Sewer Company ("FWWS"), Decision No. 69335,  
24 (February 20, 2007), plant was excluded from FWWS's rate base because FWWS did not  
25 provide adequate support. Staff recommended, and FWWS agreed, to remove of the plant  
26 cost from rate base as well as a corresponding CIAC. See Surrebuttal Testimony of  
27 Crystal S. Brown in Docket WS-03478A-05-0801 at 5. In the pending Johnson Utilities

1 rate case (Docket WS-02987A-08-0180), Staff has removed associated advances-in-aid of  
2 construction (“AIAC”) and CIAC from rate base for plant found by Staff to be not used or  
3 useful and/or determined to have excess capacity. *See* Surrebuttal Testimony of Jeffery M.  
4 Michlik in Docket WS-02987A-08-0180 at 4.

5  
6 **Q. If Staff Includes CIAC In Rate Base, But Excludes The CWIP From Rate Base, What  
7 Will Happen In The Future To Expenses?**

8 A. When the CWIP plant is place into service, it will cause depreciation expense to increase.  
9 Amortization of CIAC will remain the same. So, net depreciation expense will increase.

10  
11 If the CIAC and CWIP plant are properly matched by either including both CIAC and the  
12 plant, or alternatively excluding both CIAC and the in rate base, the Company’s  
13 depreciation expense will not change. This is consistent with the rate making principle that  
14 CIAC funded-plant should be revenue neutral. Clearly, there is a mismatch if only one-  
15 side of the ratemaking treatment is adopted.

16  
17 **IV. INCOME STATEMENT.**

18 **a. Rebuttal Revenue and Expense Adjustments.**

19 **Q. Please Discuss The Company’s Proposed Adjustments To Revenues And Expenses  
20 And Identify Any Adjustments You Have Accepted From Staff.**

21 A. The Company rebuttal adjustments are detailed on Rebuttal Schedule C-2, pages 1-10.  
22 The rebuttal income statement with adjustments is shown on Rebuttal Schedule C-1, pages  
23 1-5.

24  
25 In rebuttal adjustment number one, the depreciation expense is annualized, reflecting the  
26 plant-in-service adjustments discussed above. Depreciation expense has decreased from  
27 the Company’s direct filing primarily due to a revision to the CIAC amortization rate. The

1 Company's proposed depreciation expense is now \$914,676 – approximately \$75,000 less  
2 than in its Direct Filing. Staff proposes a depreciation expense of \$893,297, which is  
3 \$21,379 lower than the Company's proposed depreciation expense. The reason for this  
4 difference is in the amount of amortization of CIAC, which is due to a difference in the  
5 gross balance of CIAC. Both the Company and Staff propose a 3.9763-percent composite  
6 rate for computing depreciation in this case.  
7

8 **Q. What Is The Balance Of Coca Used To Determine Amortization?**

9 A. The Company's proposed gross CIAC balance (adjusted for CIAC funding CWIP) of  
10 \$14,578,352. The Staff's proposed gross CIAC balance (including CIAC funding CWIP)  
11 is \$15,115,903 – a \$537,551 difference. This difference times the composite rate of 3.9763  
12 percent is the \$21,379.  
13

14 **Q. Please Continue With Your Discussion Of The Income Statement Adjustments.**

15 A. The Company accepts Staff's method of computing property taxes. This is the same  
16 method that the Commission has consistently used in past cases. This method includes two  
17 years of adjusted revenues plus one year of proposed revenues. Using this methodology, I  
18 computed the property taxes based on the Company's proposed revenues, and then used  
19 the property tax rate that was used in the direct filing. Rebuttal adjustment number 2  
20 reflects a revision to the property tax rate, the CWIP component of the formula, and the  
21 assessment ratio in order to match Staff's computation. The difference between Staff and  
22 the Company's proposed property tax is the result of differences in each of the parties  
23 adjusted and proposed revenues.  
24

25 Adjustment number 3 reduces purchased power. The Company is in agreement with Staff  
26 to reduce purchased power by \$95,000 due to an adjustment with Tucson Electric Power  
27 Company ("TEP") for the test year.

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Adjustment number 4 adopts Staff's proposed adjustment to water testing expense. The adjustment includes adjustment to remove capital expenses of \$22,903 and to increase water testing by \$2,159 to reflect the annualized level of water testing expense.

**Q. Is There Any Other Revenue Or Expense Adjustment The Company Proposes In Its Rebuttal Filing?**

A. No.

**b. Miscellaneous Revenue and Expense Issues.**

**Q. Please Identify Any Other Disagreements With Staff Regarding Revenues And Expenses.**

A. The Company disagrees with Staff's proposed revenue adjustment for \$13,665. However, the Company's disagreement with Staff on the revenue adjustment is independent of the issue about whether the Company should have been charging construction customers a monthly minimum charge based on rates in effect from January 1, 2007. Arturo Gabaldon addresses that issue in his Rebuttal Testimony. Rather, the Company's disagreement with Staff is based on the Company's proposed rate design to charge construction customers a monthly minimum charge *going forward*. Staff is not proposing a monthly minimum for construction meters in this case, whereas the Company is. If the Commission determines that a monthly minimum is not appropriate for construction meters, then Staff's adjustment would be appropriate. I will discuss later the Company's reasons for including a monthly minimum on construction meters.

1 **V. RATE DESIGN.**

2 **a. Company-Proposed rates.**

3

4 **Q. What Are The Company's Rebuttal Proposed Rates?**

5 A. The monthly charges at proposed rates are listed below.

6	<u>All Classes</u>		
7	<u>Meter Size</u>	<u>Monthly Minimum</u>	<u>Gallons included in Monthly Minimum</u>
8	5/8 Inch	\$ 13.21	0
9	3/4 Inch	\$ 13.21	0
10	1 Inch	\$ 24.02	0
11	1 1/2 Inch	\$ 39.63	0
12	2 Inch	\$ 66.06	0
13	3 Inch	\$ 105.09	0
14	4 Inch	\$ 396.33	0
15	6 Inch	\$ 661.55	0
16	8 Inch	\$1,080.90	0

17 The commodity charges and tiers by meter size are:

18

19 Residential (Res.), Commercial (Com.), and Commercial/Residential (Res./Com.)

20	<u>Meter Size</u>	<u>Tier (gallons)</u>	<u>Charge per 1,000 gallons</u>
21	5/8 and 3/4 (Res.)	1 to 3,000	\$ 1.54
22		3,001 to 9,000	\$ 2.45
23		Over 10,000	\$ 3.00
24	5/8 and 3/4 (Com.,Res./Com.)	1 to 10,000	\$ 2.45
25		Over 10,000	\$ 3.00
26	1 (Res.,Com.,Res./Com.)	1 to 24,000	\$ 2.45
27		Over 24,000	\$ 3.00

1	1 ½ (Res.,Com.)	1 to 50,000	\$ 2.45
2		Over 50,000	\$ 3.00
3	2 (Res.,Com.,Res./Com.)	1 to 100,000	\$ 2.45
4		Over 100,000	\$ 3.00
5	3 (Res.,Com.)	1 to 180,000	\$ 2.45
6		Over 180,000	\$ 3.00
7	4 (Res.,Com.)	1 to 380,000	\$ 2.45
8		Over 380,000	\$ 3.00
9	6 (Res.,Com.)	1 to 800,000	\$ 2.45
10		Over 800,000	\$ 3.00
11	8 (Res.,Com.)	1 to 1,250,000	\$ 2.45
12		Over 1,250,000	\$ 3.00
13	<u>Construction</u>		
14	All Meter Sizes	All gallons	\$3.00

16 **Q. How Does The Company's Proposed Rate Design Differ From Staff's?**

17 A. Both the Company and Staff rate designs are inverted tier designs. Both designs include  
18 three tiers for the 5/8-inch and ¾-inch meters residential meters and two tiers for 5/8-inch  
19 and ¾-inch commercial as well as 1-inch and larger meters. The break over points for the  
20 5/8-inch and ¾-inch residential meters are the same under the Company's design and  
21 Staff's design at 3,000 gallons and 10,000 gallons. Where the two designs depart is in the  
22 break over points for the 5/8-inch and ¾-inch commercial and for the 1-inch and larger  
23 meters. The Company's break over points for these meter sizes and classes are scaled on  
24 the flows of a 5/8-inch meter and are the same break over points as under the Company's  
25 present rate design. This break-over-point design follows the scaling of the monthly  
26 minimums. It is unclear how Staff determined its break over points, but generally, Staff's  
27 break over points are lower than the Company's for each meter size.

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The differential between the commodity rates also vary between the Staff and the Company rate designs. The differential between the first and second tier commodity rate for the 3/4-inch and smaller residential meters as proposed by the Company is \$0.91 whereas Staff's proposes a differential of \$1.20. The differential between the second and third tier commodity rates for the 3/4-inch and smaller residential meters as proposed by the Company is \$0.55 whereas Staff's proposes a differential of \$0.92.

**Q. What Are The Commodity Rate Differentials Under The Present Rate Design?**

A. Under the present rate design the differential between the first and second tier commodity rate for the 3/4-inch and smaller residential meters is \$0.57. The differential between the second and third tier commodity rates for the 3/4-inch and smaller residential meters is \$0.38.

**Q. What Impact Does Staff's Rate Design Do The Revenue Received From The Various Classes Of Customers Compared To The Company's Design?**

A. Generally, revenue recovery is shifted away from the smaller residential meters (5/8-inch and 3/4-inch) to the larger metered customers in a far greater way under Staff's rate design than the Company's rate design. And, generally, revenue recover is shifted away from the residential class as a whole to the other customer classes in a far greater way under Staff's rate design than the Company's rate design

**Q. Please Explain.**

A. As a class, the residential customers provide about 82.0 percent of metered revenues under present rates while all other classes provide about 18.0 percent of metered revenues. Under Staff's proposed rate design, the residential class would provide about 80.0 percent of metered revenues while all other classes would provide about 20.0 percent of revenues. The revenue shift is 2 percent.

1 Further, the largest revenue shift is for the 5/8-inch metered residential class (the largest  
2 customer class). Under present rates, approximately 71.4 percent of metered revenues are  
3 provided by the 5/8-inch metered residential class. Under Staff's proposed rate design, the  
4 5/8-inch metered residential class would provide approximately 68.8 percent of metered  
5 revenues – a reduction of 2.6 percent.  
6

7 **Q. Doesn't The Company's Rate Design Also Shift Revenues Away From The**  
8 **Residential Class To All Other Classes Of Customers?**

9 A. Yes, but to a far lesser extent. Under Company's proposed rate design, the metered  
10 residential class would provide about 81.5 percent of metered revenues while all other  
11 classes would provide about 18.5 percent of metered revenues. That is only about a  
12 revenue shift of ½ percent from the Company's present rate design – in which the  
13 residential class provides about 82 percent of metered revenues.  
14

15 **Q. What About The 5/8-Inch Residential Class?**

16 A. Under the Company's proposed rate design, the 5/8-inch metered residential class would  
17 provide approximately 70.6 percent of metered revenues. When compared to the 71.4  
18 percent under the Company's present rate design, this is a more gradual reduction of 0.8  
19 percent.  
20

21 **Q. The Revenue Shift Under Staff's Proposed Rate Design Does Not Appear To That**  
22 **Significant. How Do You Respond?**

23 A. It would appear so on the surface. But considering that the residential class is providing 82  
24 percent of the total revenues and the total metered revenues under Staff's proposed rates  
25 are about \$3.77 million, the revenue shift is about \$75,400 (\$3.77 million times 2 percent).  
26 That \$75,000 is then shifted to far fewer customers. On average, the other classes will pay  
27

1 an additional \$150 annually for their water as a result of the revenue shift under Staff's  
2 proposed rate design.

3  
4 **Q. Please Continue.**

5 A. In my experience, larger metered customers generally pay more than their cost of service  
6 and smaller metered residential customers pay less than their cost of service. In the prior  
7 CWCGV case, the cost of service study prepared by the Company demonstrated that the  
8 larger meters were paying more than their cost of service under Staff's design (which was  
9 the design adopted in the last case). In other words, the smaller residential customers are  
10 already being subsidized by the larger meters. While neither Staff nor the Company  
11 prepared a cost of service study in the instant case, it is more than likely that a further shift  
12 of revenue recovery from customers on small meters to those on the larger meters will  
13 result in greater subsidization of the smaller residential customers.

14  
15 **Q. Why Does The Company Propose To Include A Monthly Minimum For Construction  
16 Meters?**

17 A. *Just because construction water is subject to a single commodity rate for all gallons (and at  
18 the top rate of \$3.00 per the Company's proposal) does not warrant no monthly minimum  
19 charge for construction customers. There are instances where construction water meters  
20 have no monthly use. Yet, the Company must still read the meter and spend administrative  
21 time tracking the meter. By charging a monthly minimum, construction meter customers  
22 will be encouraged to return the meter when it is no longer being used. This will make the  
23 meter available to others rather than the Company having to purchase another meter to  
24 serve the customers who need construction water. Mr. Gabaldon also discusses this issue  
25 in his Rebuttal Testimony.*

1 **Q. What is the impact of the company's rebuttal proposed rates on an average 5/8 inch**  
2 **metered residential customer?**

3 A. The present monthly bill for a 5/8-inch metered residential customer using an average of  
4 4,896 gallons is \$18.20. The proposed monthly bill for a 5/8-inch metered residential  
5 customer using an average of 4,896 gallons is \$22.48 – an increase of \$4.28 or 23.49  
6 percent over the present rates.

7

8 **b. Miscellaneous Charges**

9 **Q. Is The Company Proposing Any Changes To Miscellaneous Charges And Meter And**  
10 **Service Line Installation Charges?**

11 A. Yes. The Company is proposing the deposit interest be reduced to 2 percent instead of the  
12 current 6 percent rate. The Company believes a 6 percent rate is too high given the low  
13 interest rates currently provided by banks on certificates of deposits ("CD") and money  
14 markets.

15

16 **Q. What Are Current CD Rates?**

17 A. The current annual yield on a 5 year CD's is 2.66 percent (Wall Street Journal, September  
18 3, 2009). The current annual yield on a 6-month CD is 0.36 percent (Federal Reserve,  
19 September 1, 2009). Finally, the current annual yield on the money market is 1.16 percent  
20 (Wall Street Journal, September 3, 2009).

21

22 **Q. Are These Low Interest Rates Expected To Continue?**

23 A. Yes. Interest rates on CD's and money markets have been low for several years and are  
24 expected to continue for the foreseeable future.

25

26

27

1 **Q. Please Continue.**

2 A. The Company is also proposing that charge for credit card and/or debt card payments  
3 include a minimum charge instead of simply cost up to 6 percent on bill paid. The  
4 proposed charge would be cost up to 6 percent of the bill paid, but no less than \$1.35.

5

6 **Q. Are There Any Disputes Between Staff And The Company On The Company  
7 Proposed Miscellaneous Charges And Meter And Service Line Installation Charges?**

8 A. Yes. Staff proposes no change to the Establishment Fee, Reconnection Fee (delinquent),  
9 Reconnection Fees (delinquent and after hours), NFS Check Charge, Turn On/Off Fee –  
10 After Hours, Turn On/Off Fee – Sunday/Holiday, After Hours Service Charge, and Meter  
11 Test Charge, whereas the Company proposes increases to these charges. The Company’s  
12 proposed changes reflect the higher present underlying cost of providing these services, as  
13 compared to what those costs had been in the past.

14

15 Staff is proposing no change to the Charge for Moving Customer Meter at Customer  
16 Request whereas the Company is proposing a change from \$20 to Cost.

17

18 Finally, the Company proposes to rename the Turn On/Off Fee to Call Out Charge. Mr.  
19 Gabaldon discusses this in his Rebuttal Testimony.

20

21 **Q. Has The Company Accounted For The Additional Revenues From Its Proposed  
22 Increases In The Various Miscellaneous Charges Discussed Above?**

23 A. Yes. See Rebuttal Schedule H-3, page 3.1.

24

25 **Q. Are There Any Other Changes To Miscellaneous Charges?**

26 A. One final change the Company proposes is to the meter installation charge for the 5/8-inch  
27 meter. See Rebuttal Schedule H-3, page 4. The Company has determined that its meter

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cost is currently \$238 rather than the \$155 the Company initially proposed. The higher cost reflects the differential between a standard 5/8 inch meter and a radio-read 5/8 inch meter.

**Q. Does That Conclude Your Rebuttal Testimony?**

A. Yes.

**Community Water Company of Green Valley**  
 Test Year Ended December 31, 2007  
 Computation of Increase in Gross Revenue  
 Requirements As Adjusted

Exhibit  
 Rebuttal Schedule A-1  
 Page 1  
 Witness: Bourassa

Line No.					
1	Fair Value Rate Base	\$	7,502,117		
2					
3	Adjusted Operating Income		(229,556)		
4					
5	Current Rate of Return		-3.06%		
6					
7	Required Operating Income (Operating Margin = 15% )	\$	573,759		
8					
9	Required Rate of Return on Fair Value Rate Base		N/A		
10					
11	Operating Income Deficiency	\$	803,315		
12					
13	Gross Revenue Conversion Factor		1.0000		
14					
15	Increase in Gross Revenue				
16	Requirement	\$	803,315		
17					
18	Test Year Adjusted Revenues	\$	3,021,743		
19	Increase in Revenue Requirement	\$	803,315		
20	Proposed Revenue Requirement	\$	3,825,058		
21	% Increase		26.58%		
22					
23					
24	<b>Customer</b>	<b>Present</b>	<b>Proposed</b>	<b>Dollar</b>	<b>Percent</b>
25	<b>Classification</b>	<b>Rates</b>	<b>Rates</b>	<b>Increase</b>	<b>Increase</b>
26	<b>(Residential Commercial, Irrigation)</b>				
27	5/8 Inch Meter	\$ 2,126,295	\$ 2,648,084	\$ 521,789	24.54%
28	3/4 Inch Meter	15,425	18,800	3,376	21.89%
29	1 Inch Meter	319,751	414,309	94,558	29.57%
30	1.5 Inch Meter	88,663	115,855	27,193	30.67%
31	2 Inch Meter	348,058	455,997	107,939	31.01%
32	3 Inch Meter	11,381	14,545	3,165	27.81%
33	1 Inch Bulk Water	203	243	41	20.08%
34	3 Inch Bulk Water	36,247	43,513	7,266	20.05%
35	6 Inch Bulk Water	3,765	4,521	756	20.09%
36	Fire Sprinklers	8,145	8,145	-	0.00%
37					
38					
39	<b>Subtotal</b>	<b>\$ 2,957,930</b>	<b>\$ 3,724,013</b>	<b>\$ 766,082</b>	<b>25.90%</b>
40	<b>Other Revenues</b>				
41	Misc Service Revenues	50,491	78,313	27,822	55.10%
42	Fire Hydrants	4,439	4,439	-	0.00%
43	<b>Subtotal</b>	<b>\$ 54,930</b>	<b>\$ 82,752</b>	<b>\$ 27,822</b>	<b>50.65%</b>
44	<b>Revenue Annualizations</b>				
45	Revenue Annualization - Rates	\$ 14,519	\$ 18,183	3,664	25.24%
46	Misc Revenue Annualizations				
47	Service Charges (Est. Fees, etc.)	-	-	-	0.00%
48	Service Charges (Other Fees)	-	-	-	0.00%
49	<b>Subtotal</b>	<b>\$ 14,519</b>	<b>\$ 18,183</b>	<b>\$ 3,664</b>	<b>25.24%</b>
50	<b>Subtotal</b>	<b>\$ 3,027,380</b>	<b>\$ 3,824,948</b>	<b>\$ 797,568</b>	<b>26.35%</b>
51	H-1 Bill Count Difference to C-1	(5,637)	110	5,747	-101.95%
52	<b>Total</b>	<b>\$ 3,021,743</b>	<b>\$ 3,825,058</b>	<b>\$ 803,315</b>	<b>26.58%</b>
53					
54	<u>SUPPORTING SCHEDULES:</u>				
55	Rebuttal B-1				
56	Rebuttal C-1				
57	Rebuttal C-3				
58	Rebuttal H-1				

**Community Water Company of Green Valley**  
 Test Year Ended December 31, 2007  
 Summary of Rate Base

Exhibit  
 Rebuttal Schedule B-1  
 Page 1  
 Witness: Bourassa

Line No.		<u>Original Cost</u> <u>Rate base</u>	<u>Fair Value</u> <u>Rate Base</u>
1			
2	Gross Utility Plant in Service	\$ 37,798,939	\$ 37,798,939
3	Less: Accumulated Depreciation	<u>7,125,902</u>	<u>7,125,902</u>
4			
5	Net Utility Plant in Service	\$ 30,673,037	\$ 30,673,037
6			
7	<u>Less:</u>		
8	Advances in Aid of		
9	Construction	9,677,466	9,677,466
10	Contributions in Aid of		
11	Construction - Net of amortization	13,493,454	13,493,454
12	Meter and Service Line Advances	-	-
13	Deferred Income Taxes & Credits	-	-
14	Investment tax Credits	-	-
15			
16			
17	<u>Plus:</u>		
18	Prepayments	-	-
19	Materials and Supplies	-	-
20	Deferred Assets	-	-
21	Allowance for Working Capital	-	-
22			
23			
24	Total Rate Base	<u>\$ 7,502,117</u>	<u>\$ 7,502,117</u>
25			
26			
27			
28	<u>SUPPORTING SCHEDULES:</u>		
29	Rebuttal B-2		
30	Rebuttal B-3		
31	Rebuttal B-5		
32			
33			

**Community Water Company of Green Valley**  
 Test Year Ended December 31, 2007  
 Original Cost Rate Base Proforma Adjustments

Exhibit  
 Rebuttal Schedule B-2  
 Page 1  
 Witness: Bourassa

Line No.		Direct Adjusted End of Test Year	Adjustments	Rebuttal Adjusted End of Test Year
1	Gross Utility			
2	Plant in Service	\$ 37,776,036	22,903	\$ 37,798,939
3				
4	<b>Less:</b>			
5	Accumulated			
6	Depreciation	7,087,673	38,229	7,125,902
7				
8				
9	Net Utility Plant			
10	in Service	\$ 30,688,363	\$ (15,326)	\$ 30,673,037
11				
12	<b>Less:</b>			
13	Advances in Aid of			
14	Construction	9,677,466	-	9,677,466
15				
16	Contributions in Aid of			
17	Construction - Net	14,578,352	-	14,578,352
18				
19	Accumulated Amortization of CIAC	(1,084,898)	-	(1,084,898)
20				
21	Meter and Service Line Advances	-	-	-
22	Deferred Income Taxes	-	-	-
23	Investment Tax Credits	-	-	-
24				
25				
26	<b>Plus:</b>			
27	Unamortized Finance			
28	Charges	-	-	-
29	Deferred Tax Assets	-	-	-
30				
31				
32	Working Capital	-	-	-
33				
34				
35	<b>Total</b>	<u>\$ 7,517,443</u>	<u>\$ (15,326)</u>	<u>\$ 7,502,117</u>

39 SUPPORTING SCHEDULES:  
 40 Rebuttal B-2, page 2

RECAP SCHEDULES:  
 Rebuttal B-1

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Line No.	Adjusted at End of Test Year	1 Plant-in-Service	2 Accumulated Depreciation	3 CIAC	4 Accum. Amort. of CIAC	Rebuttal Adjusted at end of Test Year
1	\$ 37,778,036	\$ 22,903				\$ 37,798,939
2						
3						
4						
5	7,087,673		36,229			7,125,902
6						
7						
8						
9	\$ 30,688,363	\$ 22,903	\$(38,229)			\$ 30,673,037
10						
11						
12						
13	9,677,466					9,677,466
14						
15						
16	14,578,352					14,578,352
17						
18						
19	(1,084,898)					(1,084,898)
20						
21	-					-
22	-					-
23	-					-
24	-					-
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35	\$ 7,517,443	\$ 22,903	\$(38,229)			\$ 7,502,117
36						
37						
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42						
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44						

SUPPORTING SCHEDULES:  
 Rebuttal B-2, page 3  
 Rebuttal B-2, page 4

RECAP SCHEDULES:  
 Rebuttal B-2, page 1

Community Water Company of Green Valley  
 Test Year Ended December 31, 2007  
 Original Cost Rate Base Proforma Adjustments  
 Adjustment Number 1

Line No.	Plant-in-Service	Description	A Capitalized Expenses	B Intentionally Left Blank	C Intentionally Left Blank	D Intentionally Left Blank	Rebuttal Adjusted Original Cost
1	Account No.		Direct Adjusted Original Cost				
2	301	Organization Cost	47,863				47,863
3	302	Franchise Cost	244				244
4	303	Land and Land Rights	169,578				169,578
5	304	Structures and Improvements	-				-
6	304.1	Structures and Improvements - Pumping	24,640				24,640
7	304.2	Structures and Improvements - Water Treatment	138,396				138,396
8	307	Wells and Springs	1,999,899	10,903			2,010,802
9	310	Power Generation Equipment	-				-
10	311	Electric Pumping Equipment	3,459,933				3,459,933
11	311.1	Gas Pumping Equipment	122,126				122,126
12	320	Water Treatment Equipment	4,373,993				4,373,993
13	330	Distribution Reservoirs & Standpipe	1,064,732				1,064,732
14	331	Transmission and Distribution Mains	18,042,745				18,042,745
15	333	Services	3,725,465				3,725,465
16	333.1	Fire Sprinkler Taps	239,551				239,551
17	334	Meters	711,853				711,853
18	335	Hydrants	1,862,371				1,862,371
19	339	Other Plant and Miscellaneous Equipment	549,839				549,839
20	340	Office Furniture and Fixtures	150,571				150,571
21	340.1	Computer Equipment	265,818				265,818
22	341	Transportation Equipment	464,094				464,094
23	342	Stores Equipment	2,441				2,441
24	343	Tools and Work Equipment	110,595				110,595
25	344	Laboratory Equipment	(246)				(246)
26	345	Power Operated Equipment	72,281				72,281
27	345.1	Power Operated Equipment - Backhoe	107,179				107,179
28	346	Communications Equipment	69,340				69,340
29	347	Miscellaneous Equipment	-				-
30	348	Other Tangible Plant	738				738
31		Rounding	(2)				(2)
32		TOTALS	\$ 37,776,036	\$ 22,903	\$ -	\$ -	\$ 37,798,939
33							
34							
35							
36							
37							
38		Plant-in-Service per Direct Filing					\$ 37,776,036
39							
40		Increase (decrease) in Plant-in-Service					\$ 22,903
41							
42		Adjustment to Plant-in-Service					\$ 22,903
43							
44		SUPPORTING SCHEDULES					
45		Rebuttal B-2, page 3.1 to 3.4					
46							
47							

**Community Water Company of Green Valley**  
 Plant Additions and Retirements

Exhibit  
 Rebuttal Schedule B-2  
 Page 3.1  
 Witness: Bourassa

Line No.	Acct. No.	Description	Deprec. Rate		Per Decision		Per Decision		2005 Plant Additions	2005 Plant Adjustments	2005 Adjusted Plant Additions	2005 Plant Retirements	2005 Plant Salvage ADJ Only	2005 Plant Balance	2005 Deprec.					
			Before Dec-05	After Dec-05	69205 Plant At 12/31/2004	89205 Accum. Depl.														
1	301	Organization Cost	0.00%	0.00%	47,863	-	-	-	-	-	-	-	-	47,863	-					
2	302	Franchise Cost	0.00%	0.00%	244	-	-	-	-	-	-	-	-	244	-					
3	303	Land and Land Rights	0.00%	0.00%	113,654	-	-	-	-	-	-	-	-	113,654	-					
4	304	Structures and Improvements	2.49%	3.33%	-	635	-	-	-	-	-	-	-	409	(226)					
5	304.1	Structures and Improv - Pumping	2.49%	3.33%	46,118	1,157	-	-	-	-	-	-	-	49,259	1,187					
6	304.2	Structures and Improv - Water Trmt	2.49%	3.33%	557,845	(5,421)	-	-	3,141	-	3,141	(16,500)	-	541,345	13,890					
7	307	Wells and Springs	2.49%	5.00%	-	-	-	-	-	-	-	-	-	-	-	-				
8	310	Power Generation Equipment	2.49%	12.50%	381,324	10,422	-	-	-	-	-	-	-	381,324	9,495					
9	311	Electric Pumping Equipment	2.49%	12.50%	122,126	4,677	-	-	-	-	-	-	-	122,126	3,041					
10	311.1	Gas Pumping Equipment	2.49%	3.33%	(2,421)	(45,225)	-	-	800,762	-	800,762	-	-	796,341	9,909					
11	320	Water Treatment Equipment	2.49%	2.22%	1,066,452	303,264	-	-	-	-	-	-	-	1,066,452	26,555					
12	330	Distribution Reservoirs & Standpipe	2.49%	2.00%	8,966,699	2,708,283	-	-	791,649	-	791,649	(19,598)	-	9,758,751	233,625					
13	331	Transmission and Distribution Mains	2.49%	3.33%	2,630,292	661,825	-	-	287,856	-	287,856	(6,422)	-	2,911,726	69,078					
14	333	Services	2.49%	3.33%	199,609	60,874	-	-	17,242	-	17,242	(22,410)	-	194,441	5,185					
15	333.1	Fire Sprinkler Taps	2.49%	8.33%	577,663	107,825	-	-	40,634	-	40,634	(29,700)	-	588,597	14,890					
16	334	Meters	2.49%	2.00%	1,131,366	372,074	-	-	224,158	-	224,158	(249)	-	1,355,524	30,962					
17	335	Hydrants	2.49%	6.67%	499,762	214,020	-	-	11,784	-	11,784	(249)	-	511,299	12,591					
18	339	Other Plant and Misc Equipment	2.49%	5.00%	126,249	(455)	-	-	14,590	-	14,590	(10,000)	-	140,839	6,677					
19	340	Office Furniture and Fixtures	12.50%	20.00%	256,985	145,471	-	-	11,717	-	11,717	(10,000)	-	238,702	30,355					
20	340.1	Computer Equipment	16.67%	20.00%	302,375	275,788	-	-	41,094	-	41,094	(10,000)	-	343,469	53,831					
21	341	Transportation Equipment	2.49%	4.00%	2,441	799	-	-	-	-	-	-	-	2,441	61					
22	342	Stores Equipment	2.49%	5.00%	100,457	13,834	-	-	3,271	-	3,271	(2,450)	-	101,278	2,542					
23	343	Tools and Work Equipment	2.49%	10.00%	2,344	986	-	-	-	-	-	-	-	2,344	58					
24	344	Laboratory Equipment	2.49%	5.00%	44,573	7,168	-	-	-	-	-	(2,500)	-	42,073	1,110					
25	345	Power Operated Equipment	6.25%	5.00%	107,179	68,900	-	-	-	-	-	-	-	107,179	6,699					
26	345.1	Power Operated Equip - Backhoe	2.49%	10.00%	68,154	21,851	-	-	1,186	-	1,186	-	-	69,340	1,712					
27	346	Communications Equipment	2.49%	10.00%	-	-	-	-	-	-	-	-	-	-	-	-				
28	347	Miscellaneous Equipment	2.49%	10.00%	738	9	-	-	-	-	-	-	-	738	18					
29	348	Other Tangible Plant																		
30		Rounding																		
31																				
32																				
33																				
34																				
TOTAL WATER PLANT														17,350,500	4,928,562	2,249,085	(109,827)	2,249,085	19,489,758	533,246

**Community Water Company of Green Valley**  
**Plant Additions and Retirements**

Exhibit  
 Rebuttal Schedule B-2  
 Page 3.2  
 Witness: Bourassa

Line No.	Acct. Description	Deprec. Rate Before Dec-06	Deprec. Rate After Dec-06	2006 Plant Additions	Staff Proposed 2006 Plant Adjustments	2006 Adjusted Plant Additions	2006 Plant Retirements	2006 Plant Salvage A/D Only	2006 Plant Balance	2006 Deprec.
1	301 Organization Cost	0.00%	0.00%	-	-	-	-	-	47,863	-
2	302 Franchise Cost	0.00%	0.00%	-	-	-	-	-	244	-
3	303 Land and Land Rights	0.00%	0.00%	52,634	-	52,634	-	-	166,288	-
4	304 Structures and Improvements	2.49%	3.33%	16,507	-	16,507	-	-	16,916	216
5	304.1 Structures and Improv - Pumping	2.49%	3.33%	89,137	-	89,137	-	-	138,396	2,336
6	304.2 Structures and Improv - Water Tmmt	2.49%	3.33%	1,116,761	10,903	1,127,664	-	-	1,669,009	27,519
7	307 Wells and Springs	2.49%	5.00%	-	-	-	-	-	-	-
8	310 Power Generation Equipment	2.49%	12.50%	1,045,685	-	1,045,685	-	-	1,427,009	22,514
9	311 Electric Pumping Equipment	2.49%	12.50%	-	-	-	-	-	122,128	3,041
10	311.1 Gas Pumping Equipment	2.49%	3.33%	2,091,975	-	2,091,975	-	-	2,890,316	45,924
11	320 Water Treatment Equipment	2.49%	2.22%	-	-	-	-	-	1,066,452	26,555
12	330 Distribution Reservoirs & Standpipe	2.49%	2.00%	3,767,879	-	3,767,879	-	-	13,526,630	289,903
13	331 Transmission and Distribution Mains	2.49%	3.33%	446,715	-	446,715	(6,993)	-	3,351,448	77,977
14	333 Services	2.49%	3.33%	38,024	-	38,024	(950)	-	231,515	5,303
15	333.1 Fire Sprinkler Taps	2.49%	8.33%	102,216	-	102,216	(13,936)	-	676,877	15,755
16	334 Meters	2.49%	2.00%	428,784	-	428,784	(15,818)	-	1,768,490	38,684
17	335 Hydrants	2.49%	2.00%	2,168	-	2,168	-	-	513,467	12,758
18	339 Other Plant and Misc Equipment	2.49%	6.67%	9,704	-	9,704	(900)	-	149,643	7,292
19	340 Office Furniture and Fixtures	5.00%	20.00%	11,747	-	11,747	(3,500)	-	246,950	30,353
20	340.1 Computer Equipment	16.67%	20.00%	71,552	-	71,552	(41,459)	6,630	373,963	43,943
21	341 Transportation Equipment	2.49%	4.00%	-	-	-	-	-	2,441	61
22	342 Stores Equipment	2.49%	5.00%	9,002	-	9,002	(6,340)	-	103,941	2,556
23	343 Tools and Work Equipment	2.49%	10.00%	-	12,000	12,000	-	-	14,344	208
24	344 Laboratory Equipment	2.49%	5.00%	35,458	-	35,458	(4,000)	-	73,531	1,439
25	345 Power Operated Equipment	2.49%	5.00%	-	-	-	-	-	107,179	6,659
26	345.1 Power Operated Equip - Backhoe	6.25%	10.00%	-	-	-	-	-	69,340	1,727
27	346 Communications Equipment	2.49%	10.00%	-	-	-	-	-	-	-
28	347 Miscellaneous Equipment	2.49%	10.00%	-	-	-	-	-	-	-
29	348 Other Tangible Plant	2.49%	10.00%	-	-	-	-	-	736	18
30	Rounding									
31										
32										
33										
34										
<b>TOTAL WATER PLANT</b>										
<b>9,335,949      22,903      9,358,852      (93,898)      28,754,714      662,959</b>										

Community Water Company of Green Valley  
Plant Additions and Retirements

Exhibit  
Rebuttal Schedule B-2  
Page 3.3  
Witness: Bourassa

Line No.	Acct. No.	Description	Deprec. Rate Before Dec-06	Deprec. Rate After Dec-06	2007 Plant Additions	2007 Plant Adjustments	2007 Adjusted Plant Additions	2007 Plant Retirements	2007 Plant Salvage A/D Only	2007 Plant Balance	2007 Deprec.
1	301	Organization Cost	0.00%	0.00%	-	-	-	-	-	47,863	-
2	302	Franchise Cost	0.00%	0.00%	-	-	-	-	-	244	-
3	303	Land and Land Rights	0.00%	0.00%	3,290	-	3,290	-	-	169,578	-
4	304	Structures and Improvements	2.49%	3.33%	-	-	-	-	-	-	-
5	304.1	Structures and Improv - Pumping	2.49%	3.33%	7,724	-	7,724	-	-	24,640	692
6	304.2	Structures and Improv - Water Tmmt	2.49%	3.33%	-	-	-	(220)	-	138,396	4,609
7	307	Wells and Springs	2.49%	3.33%	342,014	-	342,014	-	-	2,010,802	61,289
8	310	Power Generation Equipment	2.49%	5.00%	-	-	-	-	-	-	-
9	311	Electric Pumping Equipment	2.49%	12.50%	2,032,924	-	2,032,924	-	-	3,459,933	305,434
10	311.1	Gas Pumping Equipment	2.49%	12.50%	-	-	-	-	-	122,126	15,266
11	320	Water Treatment Equipment	2.49%	3.33%	1,488,386	-	1,488,386	(4,710)	-	4,373,993	120,951
12	330	Distribution Reservoirs & Standpipe	2.49%	2.22%	-	-	-	(1,720)	-	1,064,732	23,656
13	331	Transmission and Distribution Mains	2.49%	2.00%	4,521,765	-	4,521,765	(5,650)	-	18,042,745	315,694
14	333	Services	2.49%	3.33%	385,078	-	385,078	(11,060)	-	3,725,485	117,831
15	333.1	Fire Sprinkler Taps	2.49%	3.33%	8,036	-	8,036	-	-	239,551	7,843
16	334	Meters	2.49%	8.33%	68,210	-	68,210	(33,234)	-	711,853	57,841
17	335	Hydrants	2.49%	2.00%	96,061	-	96,061	(4,200)	-	1,862,371	36,309
18	339	Other Plant and Misc Equipment	2.49%	6.67%	36,598	-	36,598	(225)	-	549,839	35,461
19	340	Office Furniture and Fixtures	5.00%	6.67%	2,527	-	2,527	(1,600)	-	150,571	10,012
20	340.1	Computer Equipment	12.50%	20.00%	24,368	-	24,368	(5,500)	-	265,818	51,277
21	341	Transportation Equipment	16.67%	20.00%	90,531	-	90,531	-	-	464,094	83,766
22	342	Stores Equipment	2.49%	4.00%	-	-	-	-	-	2,441	98
23	343	Tools and Work Equipment	2.49%	5.00%	6,655	-	6,655	-	-	110,595	5,363
24	344	Laboratory Equipment	2.49%	10.00%	-	-	-	(2,590)	-	11,754	1,305
25	345	Power Operated Equipment	2.49%	5.00%	500	-	500	(1,750)	-	72,281	3,645
26	345.1	Power Operated Equip - Backhoe	6.25%	5.00%	-	-	-	-	-	107,179	5,359
27	346	Communications Equipment	2.49%	10.00%	-	-	-	-	-	69,340	6,934
28	347	Miscellaneous Equipment	2.49%	10.00%	-	-	-	-	-	-	-
29	348	Other Tangible Plant	2.49%	10.00%	-	-	-	-	-	738	74
30		Rounding								(2)	
31											
32											
33											
34		TOTAL WATER PLANT			9,116,686	(72,459)	9,116,686	(72,459)		37,798,939	1,270,686

Community Water Company of Green Valley  
 Plant Additions and Retirements

Exhibit  
 Schedule B-2  
 Page 3.4  
 Witness: Bourassa

Line No.	Acct. No.	Description	Deprec. Rate Before Dec-06	Deprec. Rate After Dec-06	Year End Accumulated Depreciation by Account			2007
					2004	2005	2006	
1	301	Organization Cost	0.00%	0.00%	-	-	-	-
2	302	Franchise Cost	0.00%	0.00%	-	-	-	-
3	303	Land and Land Rights	0.00%	0.00%	-	-	-	-
4	304	Structures and Improvements	2.49%	3.33%	-	635	409	1,317
5	304.1	Structures and Improv - Pumping	2.49%	3.33%	1,157	2,345	4,681	9,290
6	304.2	Structures and Improv - Water Trmt	2.49%	3.33%	(5,421)	(8,031)	19,488	60,537
7	307	Wells and Springs	2.49%	5.00%	-	-	-	-
8	310	Power Generation Equipment	2.49%	12.50%	10,422	19,917	42,431	347,865
9	311	Electric Pumping Equipment	2.49%	12.50%	4,677	7,718	10,759	26,024
10	311.1	Gas Pumping Equipment	2.49%	3.33%	(45,225)	(35,316)	10,608	126,848
11	320	Water Treatment Equipment	2.49%	2.22%	303,264	329,818	356,373	378,309
12	330	Distribution Reservoirs & Standpipe	2.49%	2.00%	2,708,283	2,922,310	3,212,213	3,522,257
13	331	Transmission and Distribution Mains	2.49%	3.33%	661,825	724,481	795,465	902,235
14	333	Services	2.49%	3.33%	60,874	43,648	48,001	55,844
15	333.1	Fire Sprinkler Taps	2.49%	8.33%	107,625	92,815	94,634	119,241
16	334	Meters	2.49%	2.00%	372,074	403,035	426,111	458,220
17	335	Hydrants	2.49%	6.67%	214,020	226,363	239,122	274,358
18	339	Other Plant and Misc Equipment	2.49%	5.00%	(455)	6,222	12,584	20,996
19	340	Office Furniture and Fixtures	12.50%	20.00%	145,471	165,626	192,679	238,456
20	340.1	Computer Equipment	16.87%	20.00%	275,788	329,620	338,734	422,500
21	341	Transportation Equipment	2.49%	4.00%	799	860	921	1,018
22	342	Stores Equipment	2.49%	5.00%	13,834	13,926	10,141	15,505
23	343	Tools and Work Equipment	2.49%	10.00%	988	1,047	1,254	(31)
24	344	Laboratory Equipment	2.49%	5.00%	7,168	5,778	3,217	5,112
25	345	Power Operated Equipment	6.25%	5.00%	68,900	75,599	82,298	87,657
26	345.1	Power Operated Equip - Backhoe	2.49%	10.00%	21,851	23,563	25,290	32,224
27	346	Communications Equipment	2.49%	10.00%	-	-	-	-
28	347	Miscellaneous Equipment	2.49%	10.00%	9	28	46	120
29	348	Other Tangible Plant						
30		Rounding						
31								
32								
33								
34		TOTAL WATER PLANT			4,928,562	5,351,981	5,927,674	7,125,901

Community Water Company of Green Valley  
Test Year Ended December 31, 2007  
Original Cost Rate Base Proforma Adjustments  
Adjustment Number 2

Line No.	Account No.	Description	Direct Adjusted Accum. Depr.	A A/D Capitalized Expenses	B Difference To Computed A/D	C Intentionally Left Blank	Rebuttal Adjusted Accum. Depr.
1		<u>Accumulated Depreciation</u>					
2	301	Organization Cost	47,588		(47,588)		
3	302	Franchise Cost	136		(136)		
4	303	Land and Land Rights	-		-		
5	304	Structures and Improvements	-		-		
6	304.1	Structures and Improvements - Pumping	-		1,317		1,317
7	304.2	Structures and Improvements - Water Treatment	10,842		(1,552)		9,290
8	307	Wells and Springs	91,529	182	(11,173)		80,537
9	310	Power Generation Equipment	-		-		
10	311	Electric Pumping Equipment	345,211		2,653		347,865
11	311.1	Gas Pumping Equipment	26,024		0		26,024
12	320	Water Treatment Equipment	112,561		14,287		126,848
13	330	Distribution Reservoirs & Standpipe	378,309		0		378,309
14	331	Transmission and Distribution Mains	3,528,697		(6,440)		3,522,257
15	333	Services	902,158		77		902,235
16	333.1	Fire Sprinkler Taps	80,553		(24,708)		55,844
17	334	Meters	127,040		(7,800)		119,241
18	335	Hydrants	426,872		31,348		458,220
19	339	Other Plant and Miscellaneous Equipment	274,395		(37)		274,358
20	340	Office Furniture and Fixtures	13,958		7,038		20,996
21	340.1	Computer Equipment	207,046		31,410		238,456
22	341	Transportation Equipment	378,887		43,613		422,500
23	342	Stores Equipment	1,018		(0)		1,018
24	343	Tools and Work Equipment	12,819		2,685		15,505
25	344	Laboratory Equipment	1,340	600	(1,970)		(31)
26	345	Power Operated Equipment	5,081		31		5,112
27	345.1	Power Operated Equipment - Backhoe	83,265		4,391		87,657
28	346	Communications Equipment	32,224		(0)		32,224
29	347	Miscellaneous Equipment	-		-		-
30	348	Other Tangible Plant	120		(0)		120
31		TOTALS	\$ 7,087,672	\$ 782	\$ 37,447	\$ -	\$ 7,125,901
32		Accumulated Depreciation per Direct Filing					\$ 7,087,672
33		Increase (decrease) in Accumulated Depreciation					\$ 38,229
34		Adjustment to Accumulate Depreciation					\$ 38,229

SUPPORTING SCHEDULES  
Rebuttal B-2, page 3.1 to 3.4

**Community Water Company of Green Valley**  
Test Year Ended December 31, 2007  
Computation of Working Capital

Exhibit  
Rebuttal Schedule B-5  
Page 1  
Witness: Bourassa

Line

No.

1	Cash Working Capital (1/8 of Allowance		
2	Operation and Maintenance Expense)	\$	242,565
3	Pumping Power (1/24 of Pumping Power)		10,204
4	Purchased Water (1/24 of Purchased Water)		-
5			
6			
7			
8			
9	Total Working Capital Allowance	<u>\$</u>	<u>252,770</u>
10			
11			
12	Working Capital Requested	<u>\$</u>	<u>-</u>
13			
14			

15 SUPPORTING SCHEDULES:

16 Rebuttal C-1, page 1

17

RECAP SCHEDULES:

Rebuttal B-1

**Community Water Company of Green Valley**  
 Test Year Ended December 31, 2007  
 Income Statement

Exhibit  
 Rebuttal Schedule C-1  
 Page 1  
 Witness: Bourassa

Line No.		Adjusted Test Year Book Results	Adjustment	Rebuttal Adjusted Results	Proposed Rate Increase	Rebuttal Adjusted with Rate Increase
1	<b>Revenues</b>					
2	Metered Water Revenues	\$ 2,922,680	\$ -	\$ 2,922,680	\$ 775,493	\$ 3,698,173
3	Unmetered Water Revenues	48,572	-	48,572		48,572
4	Other Water Revenues	50,491	-	50,491	27,822	78,313
5		<u>\$ 3,021,743</u>	<u>\$ -</u>	<u>\$ 3,021,743</u>	<u>\$ 803,315</u>	<u>\$ 3,825,058</u>
6	<b>Operating Expenses</b>					
7	Salaries and Wages	\$ 923,207	-	\$ 923,207		\$ 923,207
8	Purchased Water	-	-	-		-
9	Purchased Power	339,905	(95,000)	244,905		244,905
10	Chemicals	21,432	-	21,432		21,432
11	Repairs and Maintenance	118,681	-	118,681		118,681
12	Office Supplies and Expense	8,091	-	8,091		8,091
13	Outside Services	34,557	-	34,557		34,557
14	Water Testing	32,903	(20,744)	12,159		12,159
15	Rents	2,532	-	2,532		2,532
16	Transportation Expenses	116,265	-	116,265		116,265
17	Insurance - General Liability	21,900	-	21,900		21,900
18	Insurance - health and Life	139,981	-	139,981		139,981
19	Reg. Commission Exp. - Rate Case	33,333	-	33,333		33,333
20	Miscellaneous Expense	441,287	-	441,287		441,287
21	Depreciation Expense	989,839	(75,163)	914,676		914,676
22	Taxes Other Than Income	67,097	-	67,097		67,097
23	Property Taxes	131,630	19,565	151,195		151,195
24	Income Tax	-	-	-		-
25	<b>Total Operating Expenses</b>	<u>\$ 3,422,641</u>	<u>\$ (171,341)</u>	<u>\$ 3,251,300</u>	<u>\$ -</u>	<u>\$ 3,251,300</u>
26	<b>Operating Income</b>	<u>\$ (400,898)</u>	<u>\$ 171,341</u>	<u>\$ (229,556)</u>	<u>\$ 803,315</u>	<u>\$ 573,759</u>
27	<b>Other Income (Expense)</b>					
28	Interest Income	73,844	-	73,844		73,844
29	Other income (loss)	16,718	-	16,718		16,718
30	Interest Expense	(187,293)	-	(187,293)		(187,293)
31	Other Expense	-	-	-		-
32		<u>-</u>	<u>-</u>	<u>-</u>		<u>-</u>
33	<b>Total Other Income (Expense)</b>	<u>\$ (96,731)</u>	<u>\$ -</u>	<u>\$ (96,731)</u>	<u>\$ -</u>	<u>\$ (96,731)</u>
34	<b>Net Profit (Loss)</b>	<u>\$ (497,629)</u>	<u>\$ 171,341</u>	<u>\$ (326,287)</u>	<u>\$ 803,315</u>	<u>\$ 477,028</u>

35  
 36 SUPPORTING SCHEDULES:  
 37 Rebuttal C-1, page 2  
 38

RECAP SCHEDULES:  
 Rebuttal A-1

Community Water Company of Green Valley  
 Test Year Ended December 31, 2007  
 Income Statement

Line No.	Adjusted Test Year Book Results	1 Depreciation	2 Property Taxes	3 Purchased Power	4 Water Testing	5 Misc. Revenues	6 Blank	7 Blank	Rebuttal Adjusted Results	Proposed Rate Increase	Rebuttal Adjusted with Rate Increase
1	Revenues										
2	Metered Water Revenues	\$ 2,922,680						\$ 2,922,680	\$ 775,493	\$ 3,698,173	
3	Unmetered Water Revenues	48,572						48,572		48,572	
4	Other Water Revenues	50,491						50,491	27,822	78,313	
5		\$ 3,021,743	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,021,743	\$ 803,315	\$ 3,825,058	
6	Operating Expenses										
7	Salaries and Wages	\$ 923,207						\$ 923,207	\$ -	\$ 923,207	
8	Purchased Water										
9	Chemicals	339,905		(95,000)				244,905		244,905	
10	Repairs and Maintenance	21,432						21,432		21,432	
11	Office Supplies and Expense	118,681						118,681		118,681	
12	Outside Services	8,091						8,091		8,091	
13	Water Testing	34,557			(20,744)			34,557		34,557	
14	Rents	32,903						12,159		12,159	
15	Transportation Expenses	2,532						2,532		2,532	
16	Insurance - General Liability	116,265						116,265		116,265	
17	Insurance - Health and Life	21,900						21,900		21,900	
18	Reg Comm Expense - Rate Case	139,981						139,981		139,981	
19	Miscellaneous Expense	33,333						33,333		33,333	
20	Depreciation Expense	441,287	(75,163)					441,287		441,287	
21	Taxes Other Than Income	989,839						914,676		914,676	
22	Property Taxes	67,097						67,097		67,097	
23	Income Tax	131,630	19,565					151,195		151,195	
24											
25	Total Operating Expenses	\$ 3,422,641	\$ (75,163)	\$ (95,000)	\$ (20,744)	\$ -	\$ -	\$ 3,251,300	\$ -	\$ 3,251,300	
26	Operating Income	\$ (400,898)	\$ 75,163	\$ 95,000	\$ 20,744	\$ -	\$ -	\$ (229,566)	\$ 803,315	\$ 573,759	
27	Other Income (Expense)										
28	Interest Income	\$ 73,844						\$ 73,844		\$ 73,844	
29	Other Income (loss)	16,718						16,718		16,718	
30	Interest Expense	(187,293)						(187,293)		(187,293)	
31	Other Expense										
32											
33	Total Other Income (Expense)	\$ (96,731)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (96,731)	\$ -	\$ (96,731)	
34	Net Profit (Loss)	\$ (497,629)	\$ 75,163	\$ 95,000	\$ 20,744	\$ -	\$ -	\$ (326,287)	\$ 803,315	\$ 477,028	

Community Water Company of Green Valley  
 Test Year Ended December 31, 2007  
 Adjustments to Revenues and Expenses

Exhibit  
 Rebuttal Schedule C-2  
 Page 1  
 Witness: Bourassa

Line No.	1	2	3	4	5	6	Subtotal
	Depreciation Expense	Property Taxes	Purchased Power	Outside Services	Intentionally Left Blank	Intentionally Left Blank	
1	(75,163)						(75,163)
2		19,565					19,565
3			(95,000)				(95,000)
4				(20,744)			(20,744)
5							
6							
7	75,163	(19,565)	95,000	20,744	-	-	171,341
8							
9							
10							
11							
12							
13							
14							
15							
16	75,163	(19,565)	95,000	20,744	-	-	171,341
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30							
31							
32							
33							
34							
35							171,341
36							

  

Line No.	7	8	9	10	11	12	Subtotal
	Intentionally Left Blank						
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30							
31							
32							
33							
34							
35							171,341
36							

Community Water Company of Green Valley  
 Test Year Ended December 31, 2007  
 Adjustments to Revenues and Expenses  
 Adjustment Number 1

Exhibit  
 Rebuttal Schedule C-2  
 Page 2  
 Witness: Bourassa

Line No.	Depreciation Expense	Account	No.	Description	Rebuttal Adjusted Original Cost	Proposed Rate	Rebuttal Depreciation Expense
1					\$ 47,863	0.00%	-
2							
3							
4							
5			301	Organization Cost	244	0.00%	-
6			302	Franchise Cost	169,578	0.00%	-
7			303	Land and Land Rights	-	3.33%	-
8			304	Structures and Improvements	24,640	3.33%	821
9			304.1	Structures and Improvements - Pumping	138,396	3.33%	4,609
10			304.2	Structures and Improvements - Water Treatment	2,010,802	3.33%	66,960
11			307	Wells and Springs	-	5.00%	-
12			310	Power Generation Equipment	3,459,933	12.50%	432,492
13			311	Electric Pumping Equipment	122,126	12.50%	15,266
14			311.1	Gas Pumping Equipment	4,373,993	3.33%	145,654
15			320	Water Treatment Equipment	1,064,732	2.22%	23,637
16			330	Distribution Reservoirs & Standpipe	18,042,745	2.00%	360,855
17			331	Transmission and Distribution Mains	3,725,465	3.33%	124,058
18			333	Services	239,551	3.33%	7,977
19			333.1	Fire Sprinkler Taps	711,853	8.33%	59,297
20			334	Meters	1,862,371	2.00%	37,247
21			335	Hydrants	549,839	6.67%	36,674
22			339	Other Plant and Miscellaneous Equipment	150,571	6.67%	10,043
23			340	Office Furniture and Fixtures	265,818	20.00%	53,164
24			340.1	Computer Equipment	484,094	20.00%	92,819
25			341	Transportation Equipment	2,441	4.00%	98
26			342	Stores Equipment	110,595	5.00%	5,530
27			343	Tools and Work Equipment	11,754	10.00%	1,175
28			344	Laboratory Equipment	72,281	5.00%	3,614
29			345	Power Operated Equipment	107,179	5.00%	5,359
30			345.1	Power Operated Equipment - Backhoe	69,340	10.00%	6,934
31			346	Communications Equipment	-	10.00%	-
32			347	Miscellaneous Equipment	738	10.00%	74
33			348	Other Tangible Plant			
34				Rounding	(2)		-
35				TOTALS	\$ 37,798,939		\$ 1,494,355
36							
37				Less: Amort. of CIAC	\$ 14,578,352	3.9763%	\$ (579,679)
38							
39				Total Depreciation Expense			\$ 914,675
40							
41				Depreciation Expense per Direct			\$ 989,839
42							
43				Increase (decrease) in Depreciation Expense			(75,163)
44							
45				Adjustment to Revenues and/or Expenses			\$ (75,163)
46							
47				SUPPORTING SCHEDULE			
48				Rebuttal B-2, page 3			

**Community Water Company of Green Valley**  
 Test Year Ended December 31, 2007  
 Adjustment to Revenues and Expenses  
 Adjustment Number 2

Exhibit  
 Rebuttal Schedule C-2  
 Page 3  
 Witness: Bourassa

Line No.			
1	<u>Property Taxes:</u>		
2			
3	Adjusted Revenues in year ended 12/31/07	\$	3,021,743
4	Adjusted Revenues in year ended 12/31/07		3,021,743
5	Proposed Revenues		3,825,058
6			
7	Average of three year's of revenue	\$	3,289,515
8	Average of three year's of revenue, times 2	\$	6,579,030
9			
10	Add:		
11	Construction Work in Progress at 10%	\$	53,755
12	Deduct:		
13	Book Value of Transportation Equipment		135,661
14			
15	Full Cash Value	\$	6,443,369
16	Assessment Ratio		21.0%
17	Assessed Value		1,353,107
18	Property Tax Rate		11.0507%
19			
20	Property Tax		149,528
21	Tax on Parcels		1,667
22			
23	Total Property Tax at Proposed Rates	\$	151,195
24	Property Taxes in the test year		131,630
25	Change in Property Taxes	\$	19,565
26			
27			
28	Adjustment to Revenues and/or Expenses	\$	19,565
29			
30			

Community Water Company of Green Valley  
Test Year Ended December 31, 2007  
Adjustment to Revenues and Expenses  
Adjustment Number 3

Exhibit  
Rebuttal Schedule C-2  
Page 4  
Witness: Bourassa

Line  
No.

1	<u>Purchased Power</u>	
2		
3		
4	Remove Purchased Power per Staff Adj. #2	\$ (95,000)
5		
6		
7	Increase (decrease) in Purchased Power	<u>\$ (95,000)</u>
8		
9		
10		
11		
12	Adjustment to Revenues and/or Expenses	<u>\$ (95,000)</u>
13		
14		
15		
16	<u>REFERENCES</u>	
17	Staff Adj. #2 Schedule PMC-10	
18		
19		
20		

Community Water Company of Green Valley  
Test Year Ended December 31, 2007  
ADJUSTMENTS TO REVENUES AND/OR EXPENSES  
Adjustment Number 4

Exhibit  
Rebuttal Schedule C-2  
Page 5  
Witness: Bourassa

Line

No.

1	<u>Water Testing Expense</u>	
2		
3		
4	Water Testing Expense Adjustment per Staff Adj. #3	\$ (20,744)
5		
6		
7	Increase (decrease) in Water Testing Expense	<u>\$ (20,744)</u>
8		
9		
10		
11		
12	Adjustment to Revenues and/or Expenses	<u>\$ (20,744)</u>
13		
14		
15		
16	<u>REFERENCES</u>	
17	Staff Adj. #3 Schedule PMC-11	
18		
19		
20		
21		
22		
23		
24		

Community Water Company of Green Valley  
 Test Year Ended December 31, 2007  
 Computation of Gross Revenue Conversion Factor

Exhibit  
 Rebuttal Schedule C-3  
 Page 1  
 Witness: Bourassa

Line		Percentage of Incremental Gross Revenues
<u>No.</u>	<u>Description</u>	
1	Federal Income Taxes	0.00%
2		
3	State Income Taxes	0.00%
4		
5	Other Taxes and Expenses	0.00%
6		
7		
8	Total Tax Percentage	0.00%
9		
10	Operating Income % = 100% - Tax Percentage	100.00%
11		
12		
13		
14		
15	<u>1</u> = Gross Revenue Conversion Factor	
16	Operating Income %	1.0000
17		
18	<u>SUPPORTING SCHEDULES:</u>	<u>RECAP SCHEDULES:</u>
19		Rebuttal A-1
20		





**Community Water Company of Green Valley**  
 Test Year Ended December 31, 2007  
 Analysis of Revenue by Detailed Class

Exhibit  
 Rebuttal Schedule H-2  
 Page 1  
 Witness: Bourassa

Line No.	Meter Size and Class	(a) Average Number of Customers at 12/31/2007	Average Consumption	Revenues		Proposed Increase	
				Present Rates	Proposed Rates	Dollar Amount	Percent Amount
1	5/8 Inch Residential	9,302	4,898	\$ 2,099,765	\$ 2,613,783	\$ 514,018	24.48%
2	3/4 Inch Residential	89	2,422	15,425	18,800	3,376	21.89%
3	1 Inch Residential	284	14,372	161,303	207,658	46,354	28.74%
4	1 Inch Residential (Dist. 11)	53	22,174	40,055	52,242	12,187	30.43%
5	1.5 Inch Residential	3	22,095	2,727	3,495	768	28.18%
6	1.5 Inch Residential (Dist. 11)	27	39,650	34,953	45,588	10,635	30.43%
7	2 Inch Residential	21	77,346	52,606	69,109	16,503	31.37%
8	2 Inch Residential (Dist. 11)	1	41,167	1,559	2,003	444	28.47%
9	3 Inch Residential	3	59,889	7,107	9,110	2,003	28.18%
10	Subtotal	9,783					
11							
12	5/8 Inch Commercial	44	7,966	\$ 13,937	\$ 17,987	\$ 4,050	29.06%
13	5/8 Inch Commercial (Dist. 11)	1	24,584	735	978	242	32.92%
14	1 Inch Commercial	97	19,115	67,967	88,497	20,530	30.21%
15	1.5 Inch Commercial	19	38,604	24,726	32,327	7,601	30.74%
16	2 Inch Commercial	84	70,837	196,000	256,878	60,877	31.06%
17	3 Inch Commercial	2	45,858	4,274	5,436	1,162	27.19%
18	Subtotal	247					
19							
20	1 Inch Commercial/Residential	5	24,720	\$ 4,136	\$ 5,417	\$ 1,281	30.98%
21	2 Inch Commercial/Residential	9	55,330	17,211	22,347	5,136	29.84%
22	Subtotal	14					
23							
24	1 Inch Construction	1	1,813	\$ 203	\$ 243	\$ 41	20.08%
25	3 Inch Construction	15	43,074	36,247	43,513	7,266	20.05%
26	6 Inch Construction	1	30,750	3,765	4,521		
27	Subtotal	17					
28							
29	S1 Fire Sprinkler	56	-	\$ 6,690	\$ 6,690	-	0.00%
30	S2 Fire Sprinkler	8	-	1,455	1,455	-	0.00%
31	Subtotal	64					
32							
33	5/8 Inch Residential Irrigation	4	21,157	\$ 2,566	\$ 3,387	\$ 821	32.00%
34	1 Inch Residential Irrigation	2	24,292	1,583	2,066	483	30.48%
35	1.5 Inch Residential Irrigation	-	-	-	-	-	0.00%
36	1.5 Inch Residential Irrigation (Dist. 11)	10	68,919	20,248	26,806	6,559	32.39%
37	2 Inch Residential Irrigation	-	-	-	-	-	0.00%
38	2 Inch Residential Irrigation (Dist. 11)	13	83,145	33,223	43,583	10,360	31.18%
39	Subtotal	29					
40							
41	5/8 Inch Commercial/Residential Irrigation	2	5,188	\$ 496	\$ 630	\$ 134	26.99%
42	1 Inch Commercial/Residential Irrigation	2	19,271	1,354	1,757	402	29.72%
43	Subtotal	4					
44							
45	5/8 Inch Commercial Irrigation	29	7,045	\$ 8,796	\$ 11,320	\$ 2,524	28.69%
46	1 Inch Commercial Irrigation	57	21,264	43,012	56,249	13,237	30.77%
47	1 Inch Commercial Irrigation (Dist. 11)	1	4,584	340	423	83	24.37%
48	1.5 Inch Commercial Irrigation	8	15,746	6,010	7,639	1,629	27.11%
49	2 Inch Commercial Irrigation	22	65,598	47,458	62,077	14,619	30.80%
50	Subtotal	118					
51							
52	Totals	10,274					
53							

54 (a) Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.

Community Water Company of Green Valley  
 Test Year Ended December 31, 2007  
 Analysis of Average Bill by Detailed Class

Exhibit  
 Rebuttal Schedule H-2  
 Page 2  
 Witness: Bourassa

Line No.	Meter Size and Class		(a) Average Number of Customers at 12/31/2007	Average Consumption	Average Bill		Proposed Increase	
					Present Rates	Proposed Rates	Dollar Amount	Percent Amount
1	5/8 Inch	Residential	9,302	4,898	\$ 18.20	\$ 22.48	\$ 4.28	23.49%
2	3/4 Inch	Residential	89	2,422	14.03	16.94	2.91	20.76%
3	1 Inch	Residential	284	14,372	46.16	59.23	13.07	28.33%
4	1 Inch	Residential (Dist. 11)	53	22,174	60.36	78.35	17.99	29.81%
5	1.5 Inch	Residential	3	22,095	73.21	93.76	20.55	28.07%
6	1.5 Inch	Residential (Dist. 11)	27	39,650	105.16	136.77	31.61	30.06%
7	2 Inch	Residential	21	77,346	195.77	255.56	59.79	30.54%
8	2 Inch	Residential (Dist. 11)	1	41,167	129.92	166.92	37.00	28.47%
9	3 Inch	Residential	3	59,889	196.50	251.82	55.32	28.15%
10		Subtotal	9,783					
11								
12	5/8 Inch	Commercial	44	7,966	\$ 25.50	\$ 32.73	\$ 7.23	28.35%
13	5/8 Inch	Commercial (Dist. 11)	1	24,584	61.28	81.46	20.18	32.92%
14	1 Inch	Commercial	97	19,115	54.79	70.85	16.06	29.32%
15	1.5 Inch	Commercial	19	38,604	103.26	134.21	30.95	29.97%
16	2 Inch	Commercial	84	70,837	183.92	239.61	55.69	30.28%
17	3 Inch	Commercial	2	45,856	170.96	217.44	46.48	27.19%
18		Subtotal	247					
19								
20	1 Inch	Commercial/Residential	5	24,720	\$ 65.27	\$ 84.98	\$ 19.72	30.21%
21	2 Inch	Commercial/Residential	9	55,330	155.70	201.62	45.92	29.49%
22		Subtotal	14					
23								
24	1 Inch	Bulk	1	1,813	\$ 24.53	\$ 29.46	\$ 4.93	20.08%
25	3 Inch	Bulk	15	43,074	195.19	234.31	39.13	20.05%
26	6 Inch	Bulk	1	30,750	626.88	752.80	125.93	20.09%
27		Subtotal	17					
28								
29	S1	Fire Sprinkler	56	-	\$ 10.00	\$ 10.00	-	0.00%
30	S2	Fire Sprinkler	8	-	15.00	15.00	-	0.00%
31		Subtotal	64					
32								
33	5/8 Inch	Residential Irrigation	4	21,157	\$ 52.03	\$ 68.45	\$ 16.42	31.55%
34	1 Inch	Residential Irrigation	2	24,292	64.32	83.70	19.37	30.12%
35	1.5 Inch	Residential Irrigation	-	-	33.00	39.63	6.63	20.09%
36	1.5 Inch	Residential Irrigation (Dist. 11)	10	68,919	165.62	218.89	53.26	32.16%
37	2 Inch	Residential Irrigation	-	-	55.00	66.06	11.06	20.11%
38	2 Inch	Residential Irrigation (Dist. 11)	13	83,145	206.32	269.77	63.44	30.75%
39		Subtotal	29					
40								
41	5/8 Inch	Commercial/Residential Irrigation	2	5,188	\$ 20.44	\$ 25.92	\$ 5.48	26.80%
42	1 Inch	Commercial/Residential Irrigation	2	19,271	55.07	71.23	16.16	29.34%
43		Subtotal	4					
44								
45	5/8 Inch	Commercial Irrigation	29	7,045	\$ 23.82	\$ 30.47	\$ 6.65	27.91%
46	1 Inch	Commercial Irrigation	57	21,264	58.70	76.12	17.42	29.67%
47	1 Inch	Commercial Irrigation (Dist. 11)	1	4,584	28.34	35.25	6.91	24.37%
48	1.5 Inch	Commercial Irrigation	8	15,746	61.66	78.21	16.55	26.84%
49	2 Inch	Commercial Irrigation	22	65,598	174.39	226.78	52.39	30.04%
50		Subtotal	116					
51								
52		Totals	10,274					
53								
54								

(a) Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.

Community Water Company of Green Valley  
 Test Year Ended December 31, 2007  
 Present and Proposed Rates

Exhibit  
 Rebuttal Schedule H-3  
 Page 1  
 Witness: Bourassa

Line No.	Monthly Usage Charge for: <u>Meter Size (All Zones and Classes):</u>	Present Rates	Proposed Rates	Change	Percent Change
1	5/8 Inch	\$ 11.00	\$ 13.21	\$ 2.21	20.09%
2	3/4 Inch	11.00	13.21	2.21	20.09%
3	1 Inch	20.00	24.02	4.02	20.10%
4	1 1/2 Inch	33.00	39.63	6.63	20.09%
5	2 Inch	55.00	66.06	11.06	20.11%
6	3 Inch	87.50	105.09	17.59	20.10%
7	4 Inch	330.00	396.33	66.33	20.10%
8	6 Inch	550.00	660.55	110.55	20.10%
9	8 Inch	900.00	1,080.90	180.90	20.10%
10					
11					
12					
13					
14	<u>Monthly Service Charge for Fire Sprinkler</u>				
15	6 Inch or smaller	\$ 10.00	10.00	-	0.00%
16	8 Inch	15.00	15.00	-	0.00%
17	10 Inch	22.50	22.50	-	0.00%
18	12 Inch	33.75	33.75	-	0.00%
19					
20					
21	<u>Gallons in Minimum (All Zones and Classes)</u>				
22					
23					
24	<u>Commodity Rates</u>				
25	<u>(Residential, Commercial, Industrial)</u>				
26					
27	5/8 Inch Meter Residential				
28					
29					
30					
31	3/4 Inch Meter Residential				
32					
33					

  

		(Per 1,000 gallons)		Percent Change
	Block	Present Rate	Proposed Rate	
	0 gallons to 3,000 gallons	\$ 1.25	\$ 1.54	0.29
	3,001 gallons to 10,000 gallons	\$ 1.82	\$ 2.45	0.63
	over 10,000 gallons	\$ 2.20	\$ 3.00	0.80
	0 gallons to 3,000 gallons	\$ 1.25	\$ 1.54	0.29
	3,001 gallons to 10,000 gallons	\$ 1.82	\$ 2.45	0.63
	over 10,000 gallons	\$ 2.20	\$ 3.00	0.80

**Community Water Company of Green Valley**  
 Test Year Ended December 31, 2007  
 Present and Proposed Rates

Exhibit  
 Rebuttal Schedule H-3  
 Page 2  
 Witness: Bourassa

Line No.	Commodity Rates (Residential, Commercial, Industrial)	Block	(Per 1,000 gallons)			Percent Change
			Present Rate	Proposed Rate	Change	
1						
2						
3						
4						
5	5/8 Inch Meter Commercial, Res./Com.	0 gallons to 10,000 gallons over 10,000 gallons	\$ 1.82 \$ \$ 2.20 \$	2.45 \$ 3.00 \$	0.630 0.800	34.62% 36.36%
6						
7						
8	1 Inch Meter Residential, Commercial, Res./Com.	0 gallons to 24,000 gallons over 24,000 gallons	\$ 1.82 \$ \$ 2.20 \$	2.45 \$ 3.00 \$	0.630 0.800	34.62% 36.36%
9						
10						
11	1.5 Inch Meter Residential, Commercial	0 gallons to 50,000 gallons over 50,000 gallons	\$ 1.82 \$ \$ 2.20 \$	2.45 \$ 3.00 \$	0.630 0.800	34.62% 36.36%
12						
13						
14	2 Inch Meter Residential, Commercial, Res./Com.	0 gallons to 100,000 gallons over 100,000 gallons	\$ 1.82 \$ \$ 2.20 \$	2.45 \$ 3.00 \$	0.630 0.800	34.62% 36.36%
15						
16						
17	3 Inch Meter Residential, Commercial	0 gallons to 180,000 gallons over 180,000 gallons	\$ 1.82 \$ \$ 2.20 \$	2.45 \$ 3.00 \$	0.630 0.800	34.62% 36.36%
18						
19						
20	4 Inch Meter Residential, Commercial	0 gallons to 380,000 gallons over 380,000 gallons	\$ 1.82 \$ \$ 2.20 \$	2.45 \$ 3.00 \$	0.630 0.800	34.62% 36.36%
21						
22						
23	6 Inch Meter Residential, Commercial	0 gallons to 800,000 gallons over 800,000 gallons	\$ 1.82 \$ \$ 2.20 \$	2.45 \$ 3.00 \$	0.630 0.800	34.62% 36.36%
24						
25						
26	8 Inch Meter Residential, Commercial	0 gallons to 1,250,000 gallons over 1,250,000 gallons	\$ 1.82 \$ \$ 2.20 \$	2.45 \$ 3.00 \$	0.630 0.800	34.62% 36.36%
27						
28						
29						
30	<b>Construction Water (Bulk)</b>	All gallons	\$ 2.50 \$	3.00 \$	0.500	20.00%
31						
32						
33						

**Community Water Company of Green Valley**  
 Changes in Representative Rate Schedules  
 Test Year Ended December 31, 2007

Exhibit  
 Rebuttal Schedule H- 3  
 Page 3  
 Witness: Bourassa

Line No.	<u>Other Service Charges</u>	Present <u>Rates</u>	Proposed <u>Rates</u>
1	Establishment	\$ 25.00	\$ 35.00
2	Establishment (After Hours)(d)	\$ 35.00	\$ 35.00
3	Reconnection (Delinquent)	\$ 25.00	\$ 70.00
4	Reconnection (Delinquent and After Hours)(d)	\$ 35.00	\$ 70.00
5	Turn On/Off Fee/ After Hours	\$ 10.00	See Call out
6	Turn On/Off Fee/ Sunday/Holiday	\$ 20.00	See Call out
7	Call out charge - After Hours/Saturday	see Turn On/Off	\$ 70.00
8	Call out charge - Sunday/Holiday	see Turn On/Off	\$ 140.00
9	Meter Test (If meter reading correctly)	\$ 20.00	\$ 35.00
10	Deposit Requirement (Residential)	(a)	(a)
11	Deposit Requirement (None Residential Meter)	(a)	(a)
12	Hydrant Meter Deposit		
13	5/8 Inch Meter	\$ 135.00	\$ 238.00
14	3/4 Inch Meter	\$ 215.00	\$ 255.00
15	1 Inch Meter	\$ 255.00	\$ 315.00
16	1 1/2 Inch Meter	\$ 465.00	\$ 525.00
17	2 Inch Turbine Meter	\$ 965.00	\$ 1,045.00
18	2 Inch Compound Meter	\$ 1,690.00	\$ 1,890.00
19	3 Inch Turbine Meter	\$ 1,470.00	\$ 1,670.00
20	3 Inch Compound Meter	\$ 2,265.00	\$ 2,545.00
21	4 Inch Turbine Meter	\$ 2,350.00	\$ 1,737.00
22	4 Inch Compound Meter	\$ 3,245.00	\$ 3,645.00
23	6 Inch Turbine Meter	\$ 4,545.00	\$ 3,766.00
24	6 Inch Compound Meter	\$ 6,280.00	\$ 6,920.00
25	8 Inch Meter	Cost	Cost
26	10 Inch Meter	Cost	Cost
27	12 Inch Meter	Cost	Cost
28	Deposit Interest	6.00%	2.00%
29	Re-Establishment (With-in 12 Months)	(b)	(b)
30	Re-Establishment (With-in 12 Months & After Hours)(c)	(b)	(b)
31	NSF Check	\$ 25.00	\$ 30.00
32	Deferred Payment, Per Month	1.50%	1.50%
33	Meter Re-Read	\$ 10.00	\$ 25.00
34	Charge for replacing meter, at customer request	NT	Cost
35	Charge of Moving Customer Meter -		
36	Customer Requested per Rule R14-2-405B	\$ 20.00	Cost
37	After hours service charge, per Rule R14-2-403D	\$ 10.00	\$ 70.00
38	Late Charge per month	1.50%	1.50%
39	Meter Tampering Charge	Cost	Cost
40	Meter Box "Cut Lock" Charge	Cost	Cost
41	Payment via Debit/Credit Card.	Cost	Cost
42			
43			
44	** PER COMMISSION RULES (R14-2-403.B)		
45	(a) <u>Residential</u> - two times the average bill. <u>Non-residential</u> - two and one-half times the average bill.		
46			
47	(b) Minimum charge times number of months disconnected.		
48			
49	(c) Plus applicable Service Charge.		
50			
51			
52			
53	IN ADDITION TO THE COLLECTION OF REGULAR RATES, THE UTILITY WILL COLLECT FROM		
54	ITS CUSTOMERS A PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES, USE, AND FRANCHISE		
55	TAX. PER COMMISSION RULE (14-2-409.D 5).		
56	ALL ADVANCES AND/OR CONTRIBUTIONS ARE TO INCLUDE LABOR, MATERIALS, OVERHEADS,		
57	AND ALL APPLICABLE TAXES.		
58			
59			

**Community Water Company of Green Valley**  
 Changes in Representative Rate Schedules  
 Impact of Change in Tariff  
 Test Year Ended December 31, 2007

Exhibit  
 Rebuttal Schedule H-3  
 Page 3.1  
 Witness: Bourassa

Line No.	Present Rates	Proposed Rates	Increase in Charge	Number of Occurrences (a)	Increase Revenues
1					
2					
3					
4					
5	\$ 25.00	\$ 35.00	\$ 10.00	1,247	\$ 12,474
6	\$ 35.00	\$ 35.00	\$ -	139	-
7	\$ 25.00	\$ 70.00	\$ 45.00	249	11,219
8	\$ 35.00	\$ 70.00	\$ 35.00	28	970
9	\$ 25.00	\$ 30.00	\$ 5.00	44	220
10	\$ 10.00	\$ 70.00	\$ 60.00	32	1,920
11	\$ 10.00	\$ 70.00	\$ 60.00	11	660
12	\$ 20.00	\$ 140.00	\$ 120.00	3	360
13					\$ 27,822
14					
15					
16					\$ 50,491
17					
18					\$ 78,313
19					
20					
21					
22					
23					
24					
25					(a) Actual Occurrences during the test year
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					

**Community Water Company of Green Valley**  
**Test Year Ended December 31, 2007**  
**Service Charges**  
**Meter and Service Line Charges**

Exhibit  
Schedule H-3  
Page 4  
Witness: Bourassa

Line No.		Present	Present	Total Present Charge	Proposed	Proposed	Total Proposed Charge
		Service Line Charge	Meter Install- ation Charge		Service Line Charge	Meter Install- ation Charge	
1	5/8 x 3/4 Inch	\$ 385.00	\$ 135.00	\$ 520.00	\$ 445.00	\$ 238.00	\$ 683.00
2	3/4 Inch	385.00	215.00	600.00	445.00	255.00	700.00
3	1 Inch	435.00	255.00	690.00	495.00	315.00	810.00
4	1 1/2 Inch	470.00	465.00	935.00	550.00	525.00	1,075.00
5	2 Inch / Turbine	630.00	965.00	1,595.00	830.00	1,045.00	1,875.00
6	2 Inch / Compound	630.00	1,690.00	2,320.00	830.00	1,890.00	2,720.00
7	3 Inch / Turbine	805.00	1,470.00	2,275.00	1,045.00	1,670.00	2,715.00
8	3 Inch / Compound	845.00	2,265.00	3,110.00	1,165.00	2,545.00	3,710.00
9	4 Inch / Turbine	1,170.00	2,350.00	3,520.00	1,490.00	1,737.00	3,227.00
10	4 Inch / Compound	1,230.00	3,245.00	4,475.00	1,670.00	3,645.00	5,315.00
11	6 Inch / Turbine	1,730.00	4,545.00	6,275.00	2,210.00	3,766.00	5,976.00
12	6 Inch / Compound	1,770.00	6,280.00	8,050.00	2,330.00	6,920.00	9,250.00
13	8 Inch	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
14	10 Inch	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
15	12 Inch	At Cost	At Cost	At Cost	At Cost	At Cost	At Cost
16							
17							
18							
19	Plus cost of water line crossing a paved road.						
20							
21							
22							
23							
24							
25							
26							
27							
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40							