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IN THE MATTER OF THE APPLICATION OF GLOBAL WATER - PALO VERDE UTILITIES COMPANY FOR THE ESTABLISHMENT OF JUST AND REASONABLE RATES AND CHARGES FOR UTILITY SERVICE DESIGNED TO REALIZE A REASONABLE RATE OF RETURN ON THE FAIR VALUE OF ITS PROPERTY THROUGHOUT THE STATE OF ARIZONA.

Docket No. SW-20445A-09-0077

IN THE MATTER OF THE APPLICATION OF VALENCIA WATER COMPANY - GREATER BUCKEYE DIVISION FOR THE ESTABLISHMENT OF JUST AND REASONABLE RATES AND CHARGES FOR UTILITY SERVICE DESIGNED TO REALIZE A REASONABLE RATE OF RETURN ON THE FAIR VALUE OF ITS PROPERTY THROUGHOUT THE STATE OF ARIZONA.

Docket No. W-02451A-09-0078

IN THE MATTER OF THE APPLICATION OF WILLOW VALLEY WATER COMPANY FOR THE ESTABLISHMENT OF JUST AND REASONABLE RATES AND CHARGES FOR UTILITY SERVICE DESIGNED TO REALIZE A REASONABLE RATE OF RETURN ON THE FAIR VALUE OF ITS PROPERTY THROUGHOUT THE STATE OF ARIZONA.

Docket No. W-01732A-09-0079

IN THE MATTER OF THE APPLICATION OF GLOBAL WATER - SANTA CRUZ WATER COMPANY FOR THE ESTABLISHMENT OF JUST AND REASONABLE RATES AND CHARGES FOR UTILITY SERVICE DESIGNED TO REALIZE A REASONABLE RATE OF RETURN ON THE FAIR VALUE OF ITS PROPERTY THROUGHOUT THE STATE OF ARIZONA.

Docket No. W-20446A-09-0080

Arizona Corporation Commission

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1 IN THE MATTER OF THE APPLICATION OF
2 WATER UTILITY OF GREATER TONOPAH FOR
3 THE ESTABLISHMENT OF JUST AND
4 REASONABLE RATES AND CHARGES FOR
5 UTILITY SERVICE DESIGNED TO REALIZE A
6 REASONABLE RATE OF RETURN ON THE
7 FAIR VALUE OF ITS PROPERTY THROUGHOUT
8 THE STATE OF ARIZONA.

Docket No. W-02450A-09-0081

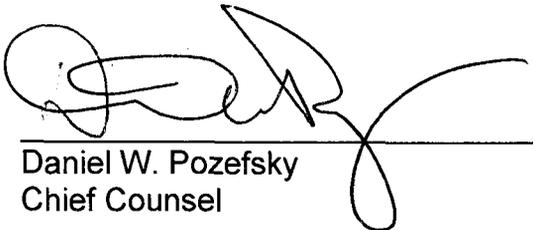
5 IN THE MATTER OF THE APPLICATION OF
6 VALENCIA WATER COMPANY - TOWN
7 DIVISION FOR THE ESTABLISHMENT OF JUST
8 AND REASONABLE RATES AND CHARGES
9 FOR UTILITY SERVICE DESIGNED TO
10 REALIZE A REASONABLE RATE OF RETURN
11 ON THE FAIR VALUE OF ITS PROPERTY
12 THROUGHOUT THE STATE OF ARIZONA.

Docket No. W-01212A-09-0082

10 **NOTICE OF FILING**

11
12 The Residential Utility Consumer Office ("RUCO") hereby provides notice of filing the
13 Surrebuttal Testimony of William A. Rigsby and Rodney L. Moore, in the above-referenced
14 matter.

15
16 RESPECTFULLY SUBMITTED this 7th day of December, 2009.

17
18 
19 Daniel W. Pozefsky
20 Chief Counsel

21 AN ORIGINAL AND TWENTY-THREE COPIES
22 of the foregoing filed this 7th day
23 of December, 2009 with:

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

1 COPIES of the foregoing hand delivered/
mailed this 7th day of December, 2009 to:

2 Dwight D. Nodes, Asst. Chief
3 Administrative Law Judge
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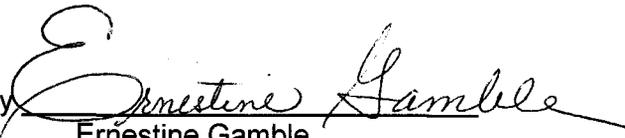
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19
20 By 
21 Ernestine Gamble
22 Secretary to Daniel Pozefsky
23
24

GLOBAL UTILITIES

DOCKET NO. SW-02445A-09-0077 ET AL.

SURREBUTTAL TESTIMONY

OF

WILLIAM A. RIGSBY, CRRA

ON BEHALF OF

THE

RESIDENTIAL UTILITY CONSUMER OFFICE

DECEMBER 7, 2009

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1 **INTRODUCTION**

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

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

6
7 Q. Please state the purpose of your surrebuttal testimony.

8 A. The purpose of my surrebuttal testimony is to respond to the rebuttal
9 testimony of Global Utilities on required revenue and cost of capital
10 issues, which was filed on November 20, 2009, and on rate design issues,
11 which was filed on November 30, 2009.

12
13 Q. Have you filed any prior testimony in this case on behalf of RUCO?

14 A. Yes, on October 26, 2009, I filed direct testimony with the ACC on the
15 following required revenue issues:

16
17 Distributed Renewable Energy Recovery and Conservation;
18 Infrastructure Coordination and Financing Agreements;
19 Franchise Fee Pass-Through; and
20 Public Private Partnership Agreements.

21
22 I also filed, under separate cover, direct testimony on the cost of capital
23 issues associated with the case. On November 6, 2009, I filed direct
24 testimony on the following rate design issues:

1 Rate Consolidation;
2 Phased-In Rates; and
3 Rebate Threshold Rates.

4

5 Q. How is your surrebuttal testimony organized?

6 A. My surrebuttal testimony contains five parts: the introduction that I have
7 just presented; a summary of Global Utilities' rebuttal testimony; a section
8 on the required revenue issues listed above, a section on the cost of
9 capital issues associated with the case and a final section on the rate
10 design issues also listed above.

11

12 **SUMMARY OF GLOBAL UTILITIES' REBUTTAL TESTIMONY**

13 Q. Have you reviewed Global Utilities' rebuttal testimony on the revenue
14 requirement issues of the case?

15 A. Yes. I have reviewed the rebuttal testimony of Company witnesses Trevor
16 T. Hill, Graham S. Symmonds, Matthew J. Rowell and Jamie Moe on the
17 required revenue, cost of capital and rate design issues in this case.

18

19 Q. Please provide a brief summary of the Company's rebuttal testimony on
20 required revenue.

21 A. Mr. Hill addresses the ICFA and CIAC issues associated with the case
22 and puts forth a compromise proposal on ICFA's. He also presents
23 rebuttal testimony on the P3 agreements that the unregulated Global

1 Parent entity has entered into with several of the cities and towns that
2 Global Utilities serves. Mr. Rowell's rebuttal testimony further addresses
3 the aforementioned ICFA and CIAC issues and also presents rebuttal
4 testimony on the cost of capital issues associated with the case. Mr.
5 Symmonds' testimony concentrates on a number of issues dealing with
6 water management, economics, low income relief, demand side
7 management, and engineering. Mr. Moe discusses the various
8 accounting adjustments that are at issue in the proceeding, pass through
9 mechanisms and the Company-proposed distributed renewable energy
10 recovery tariff for an adjustor mechanism.

11
12 Q. Which witnesses will you be addressing in your surrebuttal testimony?

13 A. My surrebuttal testimony will focus primarily on the issues addressed by
14 Company witnesses Hill, Rowell and Moe. In regard to Mr. Symmond's
15 rebuttal testimony on low income relief, RUCO would not oppose a low-
16 income relief tariff that the Commission may wish to implement in this
17 proceeding.

18
19 Q. Have you reviewed Global Utilities' rebuttal testimony on the rate design
20 issues of the case?

21 A. Yes. I have reviewed the rebuttal testimony of Company witnesses
22 Symmonds, Rowell and Moe.

23

1 Q. Please provide a brief summary of the Company's rebuttal testimony on
2 rate design.

3 A. Mr. Symmonds' rebuttal testimony addresses both the rebate threshold
4 rate design structure issue and various Company-proposed fees and
5 charges. Mr. Rowell's rebuttal testimony presents the Company's
6 positions on the rate consolidation issue in the case. Mr. Moe's rebuttal
7 testimony provides updated required revenue figures and revised rate
8 design schedules for Global Utilities six operating systems.

9

10 **REQUIRED REVENUE ISSUES**

11 **Distributed Renewable Energy Recovery and Conservation**

12 Q. Have you reviewed the rebuttal positions on Global Utilities' request for a
13 distributed renewable energy recovery tariff.

14 A. Yes, I have reviewed the testimony of Company witnesses Hill and Moe
15 on this issue. Both Mr. Hill and Mr. Moe express their disappointment with
16 RUCO's recommendation that the Commission deny the Company's
17 request for a distributed renewable energy recovery tariff.

18

19 Q. Has RUCO changed its position on this issue?

20 A. No. RUCO has not changed its position on this issue.

21

22

23

1 Q. Does RUCO have any response to the comments expressed by either Mr.
2 Hill or Mr. Moe on this particular issue?

3 A. RUCO would like to respond to Mr. Hill's comment, on page 32 of his
4 rebuttal testimony, in which he seems to infer that RUCO's
5 recommendation is intended to prevent the Company from installing plant
6 additions that utilize renewable technology such as solar. RUCO *is not*
7 recommending that the Company be denied the opportunity to install plant
8 additions that utilize renewable technology. As I stated in my direct
9 testimony, RUCO has no opposition to the use of plant additions that
10 employ renewable resources such as solar and is supportive of a
11 competitive market for solar generating devices that employ the type of
12 technology that could be used in the plant additions that the Company is
13 interested in. RUCO's recommendation is not so much concerned with
14 the type of plant that is being considered by Global Utilities, but rather the
15 way in which the Company wants to recover the costs of the plant. This is
16 why RUCO *is* recommending that the Commission deny the Company-
17 proposed distributed renewable energy recovery tariff for an adjustor
18 mechanism similar to an ACRM.

19
20 **Infrastructure Coordination and Financing Agreements**

21 Q. Has RUCO changed its position on the treatment of ICFA's?

22 A. Yes. RUCO has made the decision to adopt ACC Staff's recommendation
23 to treat amounts collected through ICFA's as CIAC in the current

1 proceeding as opposed to treating ICFA funds as CIAC on a going-
2 forward basis.

3

4 Q. Why has RUCO made the decision to adopt ACC Staff's recommendation
5 to treat ICFA funds as CIAC in the current proceeding?

6 A. RUCO was originally hesitant to treat ICFA funds as CIAC in the instant
7 case because the Commission had never made any formal decision on
8 how they should be treated for ratemaking purposes. Prior to filing direct
9 testimony, RUCO was unaware of an ACC Staff report that recommended
10 that ICFA's be treated as CIAC. After reviewing the aforementioned ACC
11 Staff Report¹, RUCO now believes that its original recommendation failed
12 to go far enough in regard to the treatment of ICFA funds and is now
13 recommending that they be treated as CIAC.

14

15 Q. Are there other reasons why RUCO has changed its original position on
16 ICFA's?

17 A. Yes. RUCO is extremely troubled by the position that Global Utilities has
18 taken against CIAC in its rebuttal testimony. RUCO views the Company's
19 position as part of a disturbing trend by other Arizona utilities to remove
20 CIAC from rate base in order to achieve higher levels of operating income.

¹ Staff Report for the Arizona Corporation Commission's Generic Evaluation of the Regulatory Impacts of non-Traditional Financing Arrangements by Water from the use of utilities and Their Affiliates – Docket No. W-00000C-06-0149.

1 The rebuttal testimony of Mr. Hill makes arguments against CIAC that
2 RUCO simply cannot allow to go uncontested.

3

4 Q. Please comment on the positions in Mr. Hill's rebuttal testimony that
5 prompted RUCO to reverse its original recommendation on the treatment
6 of ICFA's?

7 A. In my view, Mr. Hill has taken a strong position that his vision for total
8 water management in Arizona somehow trumps traditional ratemaking
9 practices that have been established to insure that utilities do not earn a
10 recovery on and a recovery of capital that is provided by third parties as
11 opposed to utility investors. These same ratemaking practices also shift
12 risk away from both utilities and their captive ratepayers.

13

14 Q. Please explain how the treatment of ICFA's as CIAC prevents the
15 Company from earning recovery on and recovery of capital that is
16 provided by third parties as opposed to utility shareholders.

17 A. Typically, a utility earns a rate of return on utility plant in service that has
18 been financed either by capital provided by its investors (i.e. equity) or by
19 capital provided through the issuance of debt (i.e. bonds or loans). In
20 addition to receiving a return on this invested capital (i.e. operating
21 income), utilities are also permitted a dollar-for-dollar recovery of it (over
22 the useful life of the plant assets that it financed) through annual
23 depreciation expense. Both the recovery on and the recovery of investor

1 supplied capital (either equity or debt) is embedded in the rates that are
2 paid by the utility's customers. In the case of ICFA's, the utility is
3 obtaining capital from third parties (typically developers) and not investors
4 to construct the plant needed to serve their development projects.
5 Ordinarily, if the developer provides the capital with no arrangement to be
6 repaid over time (as in the case of the ICFA's), it is booked as CIAC which
7 is subsequently treated as a deduction from rate base to offset the utility
8 plant that it financed (the same treatment applies to plant built by a third
9 party and contributed to the utility). By deducting the CIAC from the utility
10 plant that it financed, the utility does not earn a return on it that would be
11 recovered in rates. Because CIAC is amortized over time there is no
12 recovery of the contributed plant through depreciation expense because of
13 accounting entries that offset the amount of depreciation expense
14 associated with the contributed plant. The ratemaking practice just
15 described insures that utilities do not recover funds that were never
16 provided by its investors through the rates that are paid by captive
17 customers.

18
19 Q. You stated earlier that the ratemaking practice you just described also
20 shifts risk away from both utilities and their captive ratepayers. Please
21 explain how this occurs.

22 A. Since there is always the chance that a new development will not
23 succeed, a properly managed utility will not put its investor supplied capital

1 at risk in order to build plant to serve customers that may never
2 materialize. If this were to occur the utilities' existing ratepayers could end
3 up paying for plant that was intended to serve other customers that either
4 don't exist or have left the system and is not generating any revenues for
5 the utility. CIAC solves this problem by shifting the risk associated with
6 the construction of plant for new development away from both the
7 ratepayer and the utility and placing it on the third party developer that
8 must put his or her own funds at risk.

9
10 Q. How has Global Utilities avoided this ratemaking practice?

11 A. As I explained in my direct testimony ICFA's are negotiated at the Global
12 Parent level (as opposed to line extension agreements that are negotiated
13 between a utility and a developer and subject to Commission review). The
14 funds obtained through the ICFA's are then recorded as revenue by
15 Global Parent on its books. Global Parent then infuses the funds into its
16 operating utilities as equity capital as opposed to CIAC. By doing this,
17 Global Utilities earns a return on and a return of capital that was supplied
18 by a third party developer through the rates paid by its captive customers
19 who are now exposed to the risk of having to pay for plant that was
20 intended for customers who either never materialized or have left the
21 system.

1 Q. Please comment on Mr. Hill's position that "CIAC destroys utility
2 companies."

3 A. Mr. Hill's position is misguided at best. He makes an argument that CIAC
4 creates poor infrastructure and weak undercapitalized utilities. I would
5 argue that it is poor management that created this situation by the over-
6 reliance on CIAC as a means of financing utility plant. If utility managers
7 used a reasonable mix of debt, equity and third party zero-cost capital
8 (such as CIAC and AIAC) to finance utility plant, the situation that Mr. Hill
9 describes would not exist. I would also add that this same situation
10 applies to Global Utilities as well, since it has in effect relied too heavily on
11 funds provided by ICFA's which both Staff and RUCO agree are nothing
12 more than CIAC. In short, a proper mix of financing is something that can
13 and has been accomplished by utilities in Arizona without the need for
14 ICFA's.

15
16 Q. Do you agree with Mr. Hill that this case is about total water management
17 and not rate base, expenses and rate of return?

18 A. No. I believe Mr. Hill is attempting to make something more out of this
19 case than what it is in order to distract the parties from the real issue at
20 hand, which is who pays what for their water and wastewater services and
21 that involves a complete analysis of rate base, expenses and rate of
22 return. In my view, total water management is a broader policy issue that
23 should be debated in a generic docket and not in a rate case proceeding.

1 Q. Should the Company have considered the possibility that the ICFA's might
2 be converted to CIAC in a future rate case proceeding given the findings
3 of the ACC Staff report filed in Docket No. W-00000C-06-0149?

4 A. Yes. Like every other business decision, when a company decides to buy
5 a weak or distressed utility, the company needs to do a complete financial
6 analysis that includes the ratemaking treatment that the Commission
7 generally allows for acquisitions. If the traditional ratemaking treatment is
8 to treat third party funds as CIAC, then the company needs to consider
9 this before acquiring the utility. If the company wants to seek a different
10 ratemaking treatment, there is always the likelihood that it will not be
11 allowed in a later ratemaking proceeding. The accepted ratemaking
12 treatment of CIAC is what this issue is about and nothing more. The
13 Company could have booked the ICFA's as CIAC after the ACC Staff
14 report was issued in Docket No. W-00000C-06-0149. This could have
15 mitigated the situation that the Company finds itself in now.

16
17 Q. Do you agree with Mr. Hill's arguments that ICFA's are the solution to
18 eliminate developer control over water planning and infrastructure
19 construction?

20 A. No. Mr. Hill paints a picture of the tail wagging the dog when it comes to
21 the use of CIAC. It has been my experience (with other water providers in
22 Arizona) that utilities can insure that plant additions are built to their
23 specifications under line extension agreements with third party

1 developers. I see no reason why the goals Mr. Hill wants to achieve
2 cannot be accomplished under traditional methods of financing utility plant
3 which include the use of CIAC. In fact, I believe that his total water
4 management concept should be presented to potential investors in order
5 to raise equity capital that Global Utilities' management can use to achieve
6 their goals and provide them with invested capital that the Company can
7 be able to legitimately earn a return on and a return of.

8
9 Q. What is RUCO's response to the compromise position that Mr. Hill puts
10 forth regarding the use of ICFA's for acquiring undercapitalized systems;
11 financing regional water, wastewater and recycled water infrastructure;
12 construction of regional plant; and acquiring renewable water supplies?

13 A. RUCO believes that Mr. Hill is sincere in his belief that ICFA's can
14 accomplish the goals listed above. However, as I stated earlier, I am not
15 sure that a rate case proceeding is the proper forum to address these
16 types of broad public policy issues. Again, I would say that a generic
17 proceeding is probably a better way to evaluate what Mr. Hill is seeking.
18 RUCO would not be opposed to a Commission order included in the final
19 decision of this case that opens generic dockets on these issues and total
20 water management for Arizona.

21
22 ...
23

1 Q. Please comment on Mr. Rowell's rebuttal testimony on ICFA's.

2 A. Mr. Rowell provides extensive testimony in regard to ACC Staff's position
3 on the treatment of CIAC that RUCO has adopted. The arguments that I
4 have made in regard to Mr. Hill's arguments against CIAC apply also to
5 Mr. Rowell's arguments.

6

7 **Franchise Fee Pass-Through**

8 Q. What is Global Utilities' rebuttal position on the franchise fee issue in this
9 case?

10 A. Mr. Moe states in his rebuttal testimony that Global Utilities continues to
11 support a franchise fee pass through mechanism but believes that
12 RUCO's recommendation would be appropriate should the Commission
13 deny the Company's request.

14

15 Q. Has RUCO made any changes in its recommendation regarding franchise
16 fees?

17 A. No. RUCO continues to recommend that the Commission allow the
18 Company to increase operating expenses in order to recover the
19 Company-requested portion of the franchise fee in customer rates.

20

21

22 ...

23

1 **Public Private Partnership Agreements**

2 Q. Has the Company offered any rebuttal testimony that opposes RUCO's
3 recommendation regarding P3 agreements?

4 A. No. Mr. Hill's rebuttal testimony addresses ACC Staff's position on this
5 matter but does not take issue with RUCO's recommendation.

6

7 Q. Has RUCO modified or changed its original position on P3 agreements?

8 A. No. RUCO continues to recommend that any remaining portion of
9 franchise fees negotiated through P3 agreements (currently being paid for
10 by the unregulated Global Parent entity) that are not associated with
11 services typically included in a municipal franchise fee not be recovered in
12 rates.

13

14 **COST OF CAPITAL**

15 Q. Have you had an opportunity to read Global Utilities' rebuttal testimony on
16 the cost of capital issues associated with the case?

17 A. Yes. I have read Mr. Rowell's rebuttal testimony that addresses cost of
18 capital.

19

20 Q. Has Global Utilities made any changes to the Company's original cost of
21 capital proposals?

22 A. Yes. Global Utilities has adopted RUCO's recommended blanket capital
23 structure and cost of debt for WVWC, VWC – Town Div., VWC – GB Div.

1 and WUGT. The Company continues to propose the same capital
2 structure and cost of debt presented in its direct testimony for PVUC and
3 SCWC.

4

5 Q. Has RUCO revised its recommended cost of common equity?

6 A. Yes. Based on recent information on the improving state of the economy,
7 a rejuvenated stock market, and reports in the financial press which
8 anticipate Federal Reserve actions to raise interest rates, I have increased
9 my recommended cost of equity capital from 8.01 percent to 9.00 percent.
10 Value Line analysts recently summed up the improving economic situation
11 in its weekly Economic and Stock Market Commentary in its Selection &
12 Opinion publication dated November 27, 2009:

13 **The long recession has faded into history**, brought to an end
14 in the third quarter when the nation's gross domestic product
15 increased by a solid 3.5%. That notable rebound followed four
16 straight quarters of contracting economic activity. The recession
17 was the worst in decades. The third quarter's surge in activity,
18 which was underpinned to some degree by federal programs to
19 assist the troubled auto and housing industries, may not continue
20 to the same degree in the current period. In fact, we expect
21 GDP growth to ease to a level closer to 2.0%-2.5% during the
22 fourth quarter. We think that the evolving expansion will then
23 remain on a similarly subdued path for much of 2010.
24 Thereafter, an increasing level of aggregate demand is likely to
25 develop—with belated help from better employment and housing
26 trends—and push the economy onto a materially faster track by
27 2011. The 3.0%, or better, pace of economic growth that we see
28 evolving by that time is likely to then continue through the middle
29 years of the coming decade.

30

31 Value Line's analysts had this to say about the current state of the stock
32 market:

33

1 Unlike the economy, which has proceeded on an irregular path
2 during the formative stages of its comeback, the stock market,
3 which lost more than half of its value from October, 2007 through
4 March, 2009, has come roaring back. At press time, the Dow
5 Jones Industrial Average was up about 60% from its bear market
6 lows of this past March. However, it was still some 25% below
7 the record highs set in late 2007. The market's revival, which
8 began as the worst fears on the credit and business fronts didn't
9 materialize, has been sustained with an assist from the Federal
10 Reserve, the government's stimulus efforts, and the
11 aforementioned revivals on the economic and profit fronts. Now,
12 with valuations having become a little stretched following eight
13 months of steady market increases, the bulls may have to deliver
14 even more good news to keep the rally going.
15

16 In regard to possible Federal Reserve action on interest rates, Wall Street
17 Journal correspondent Jon Hilsenrath recently reported² that "Federal
18 Reserve officials are thinking mostly these days about how to unwind the
19 unprecedented stimulus they've pumped into the economy" and that
20 eventually will mean raising interest rates. Mr. Hilsenrath quoted former
21 Fed governor Frederic Mishkin, a former Fed governor who advocated
22 moving rates down swiftly leading up to crises and who says they might
23 someday need to move up swiftly too, as saying "If you move in a very
24 gradual fashion back up when you need to, you'll get behind the curve in
25 terms of tightening fast enough."
26
27
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29

² Hilsenrath, Jon, "WSJ Fed's Path to Higher Interest Rates Begins to Take Shape" The Wall Street Journal, November 2, 2009

1 **Capital Structure**

2 Q. Have you made any changes to your recommended blanket capital
3 structure?

4 A. No. As I stated above, Global Utilities has adopted my recommended
5 blanket capital structure, comprised of approximately 38 percent debt and
6 62 percent common equity, for all of its operating systems with the
7 exception of PVUC (45.4 percent debt and 54.6 percent equity) and
8 SCWC (43.9 percent debt and 56.1 percent equity). RUCO is
9 recommending that its recommended blanket capital structure be applied
10 to all of the Company's operating systems with the exception of WUGT for
11 which RUCO is recommending an operating margin of 8.03 percent (due
12 to the negative rate base situation described earlier).

13
14 Q. What is ACC Staff's position regarding capital structure?

15 A. Based on the direct testimony of witness Linda Jaress, ACC Staff is
16 recommending, with the exception of WUGT (due to negative rate base),
17 the following capital structures:

18
19
20
21
22

		<u>Debt</u>	<u>Equity</u>
1			
2	PVUC	45.3%	54.7%
3	SCWC	43.9%	56.1%
4	VWC – Town Div.	40.0%	60.0%
5	VWC – GB Div.	54.9%	45.1%
6	WVWC	40.0%	60.0%
7			

8 **Cost of Debt**

9 Q. Have you made any changes to your recommended cost of long-term
10 debt?

11 A. No. As I also stated above, Global Utilities has adopted my recommended
12 cost of debt of 6.45 percent with the exception of PVUC (6.34 percent)
13 and SCWC (6.57 percent). As with capital structure, RUCO is
14 recommending that its recommended cost of debt be applied to all of the
15 Company's operating systems with the exception of WUGT for which
16 RUCO is recommending an operating margin of 8.03 percent (again due
17 to the negative rate base situation described earlier).

18

19 Q. What cost(s) of long-term debt is ACC Staff recommending?

20 A. Ms. Jaress is recommending the following:

21

22

23

1	PVUC	6.3%
2	SCWC	6.6%
3	VWC – Town Div.	6.7%
4	VWC – GB Div.	6.6%
5	WVWC	5.5%
6	WUGT	n/a

7

8 **Cost of Equity Capital**

9 Q. Has there been any recent activity in regard to interest rates?

10 A. Yes. On November 4, 2009, the Federal Reserve decided not to increase
11 or decrease the federal funds rate and kept it between zero and 0.25
12 percent. According to an article³ that appeared in The Wall Street Journal
13 on Thursday November 5, 2009, the Federal Reserve affirmed its plan to
14 keep interest rates "exceptionally low" for a long time despite signs
15 of economic recovery. But the Fed began to lay rhetorical groundwork for
16 an eventual shift in its stance, suggesting that when the unemployment
17 rate falls or if expectations of inflation turn up, it could change course.
18 "Economic activity has continued to pick up," the Fed said in a statement
19 following a two-day meeting. The article went on to state that, although
20 consumer spending has improved and housing activity has increased,
21 businesses were retrenching at a slower pace.

³ Hilsenrath, Jon, "Fed to Keep Rates Low Despite Pickup," The Wall Street Journal, November 5, 2009.

1 Q. Have you made any changes to the 8.22 percent cost of common equity
2 that you recommended in your direct testimony?

3 A. Yes as I explained earlier, I have increased my cost of common equity
4 estimate from 8.22 percent to 9.00 percent.

5

6 Q. What costs of common equity capital are the parties to the case
7 recommending?

8 A. The costs of common equity presently being recommended by Global
9 Utilities, ACC Staff and RUCO are as follows:

10

11	Global Utilities	10.00%
12	ACC Staff	10.00%
13	RUCO	9.00%

14

15 Q. What are the WACC presently being recommended by Global Utilities,
16 ACC Staff and RUCO?

17 A. The WACC presently being recommended by the Company, ACC Staff
18 and RUCO are as follows:

19

20

21

22

23

	<u>Company</u>	<u>ACC Staff</u>	<u>RUCO</u>
1			
2	PVUC	8.34%	8.30%
3	SCWC	8.49%	8.50%
4	VWC – Town Div.	8.65%	8.70%
5	VWC – GB Div.	8.65%	8.10%
6	WWWC	8.65%	8.20%
7	WUGT	8.65%	n/a
8			

9 Both ACC Staff and RUCO are recommending operating margins of 10.00
10 percent and 8.03 percent respectively for WUGT.

11
12 Q. Has Mr. Rowell taken issue with your cost of capital analysis.

13 A. No. Mr. Rowell stated that since the Company's cost of equity
14 recommendation is in line with the cost of equity being proposed by ACC
15 Staff, there is no need to counter my analysis.

16
17 Q. Did either Global Utilities or ACC Staff conduct a cost of equity analysis in
18 this case?

19 A. No. RUCO is the only party in this case that actually conducted a full cost
20 of equity analysis. For this reason I believe that the Commission should
21 adopt RUCO's recommended 9.00 percent cost of equity.

1 **RATE DESIGN ISSUES**

2 **Rate Consolidation**

3 Q. Have you read the rebuttal testimony of Mr. Rowell that addresses the rate
4 consolidation issues in this proceeding?

5 A. Yes.

6

7 Q. Has RUCO changed its position on rate consolidation as a result of any of
8 the testimony presented by Mr. Rowell?

9 A. No.

10

11 **Phased-In Rates**

12 Q. Is RUCO still recommending phased-in rates for PVUC?

13 A. Yes. RUCO is also open to phasing in rates in any of the other Global
14 Utilities systems should the Company extend an offer to do so.

15

16 **Rebate Threshold Rates**

17 Q. Have you reviewed the rebuttal testimony of Mr. Symmonds on the
18 Company-proposed rate design?

19 A. Yes. Despite some disagreement with RUCO on whether or not the
20 Company-proposed rate design will achieve its goals, Mr. Symmonds is
21 pleased that RUCO has adopted the six-tier rate design being proposed
22 by Global Utilities.

23

1 Q. Has RUCO changed its position on the Company-proposed volumetric
2 rebate?

3 A. No. RUCO is still recommending that the Commission reject the
4 Company-proposed volumetric rebate.

5

6 Q. Does RUCO still believe that the Company has made an upward
7 adjustment of \$514,806 to its level of operating revenue in anticipation of
8 customers taking advantage of the aforementioned volumetric rebate
9 program?

10 A. No. That was an error on RUCO's part and was resolved through
11 communications between RUCO witness Rodney L. Moore and the
12 Company's Mr. Moe.

13

14 Q. Does your silence on any of the issues, matters or findings addressed in
15 the testimony of any of the witnesses for Global Utilities constitute your
16 acceptance of their positions on such issues, matters or findings?

17 A. No, it does not.

18

19 Q. Does this conclude your testimony on Global Utilities?

20 A. Yes, it does.

GLOBAL UTILITIES

DOCKET NO. SW-02445A-09-0077 ET AL.

SURREBUTTAL TESTIMONY

OF

RODNEY L. MOORE

ON BEHALF OF

THE

RESIDENTIAL UTILITY CONSUMER OFFICE

DECEMBER 7, 2009

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1 **INTRODUCTION**

2 Q. Please state your name for the record.

3 A. My name is Rodney Lane Moore.

4

5 Q. Have you previously filed testimony regarding this docket?

6 A. Yes, I have. I filed direct rate base and income statement testimony in this
7 docket on October 26, 2009 and filed direct rate design testimony in this
8 docket on November 06, 2009.

9

10 Q. What is the purpose of your surrebuttal testimony?

11 A. My surrebuttal testimony will address Company's rebuttal comments
12 pertaining to adjustments I sponsored in my direct testimonies.

13

14 **SUMMARY OF ADJUSTMENTS**

15 Q. After analyzing the Company's rebuttal testimony, did RUCO find positions
16 of agreement?

17 A. Yes. RUCO is now in substantial agreement with several of the
18 Company's rebuttal adjustments identified by Global as:

19 **Rate Base**

- 20 1. Gross Plant-In-Service;
21 2. Accumulated Depreciation;
22 3. Advances in Aid of Construction; and
23 4. Deferred Income Tax Credits.

24

1 **Operating Income**

- 2 1. Elimination of Unbilled Revenues and Other Accounting Entries;
3 2. Miscellaneous Revenues;
4 3. Franchise Fees (expensed is an alternative to receiving an
5 approval recovery mechanism);
6 4. Annualize Revenues and Expenses to reflect Post Test Year
7 Customer Counts;
8 5. Employee Salaries and Wages and Benefits;
9 6. Contractual Services – Management Fees;
10 7. Purchased Power Expense;
11 8. Advertising Expense;
12 9. Rate Case Expense;
13 10. Pass-Through of ACC and RUCO Annual Assessment; and
14 11. Changes to Service and Miscellaneous Charges and Tariffs.

15
16 Q. What areas will you address in your surrebuttal testimony?

17 A. My surrebuttal testimony will address the following RUCO proposed
18 adjustments:
19

20 **Rate Base**

21 Gross Plant-In-Service – RUCO corrected minor computation errors,
22 which enables RUCO and the Company to now be in substantial
23 agreement with the value of gross plant-in-service.

24 Infrastructure Coordination and Financing Agreements (“ICFAs”) – RUCO
25 has revised its position on the treatment of ICFAs and is now
26 recommending all ICFAs be treated as contributions in aid of construction

1 ("CIAC"). RUCO witness William Rigsby will explain RUCO's position on
2 the treatment of ICFAs in his surrebuttal testimony.

3
4 **Operating Income**

5 Property Tax Expense – This adjustment reflects property tax expense
6 based on RUCO's calculation of adjusted and proposed operating
7 revenues.

8 Central Arizona Groundwater Replenishment District ("CAGR") –This
9 adjustment reflects RUCO's position to treat the adjusted test year
10 CAGR fees of zero dollars as an operating expense as opposed to the
11 Company's proposal to receive approval of a mechanism to recover future
12 fees by means of a pass-through surcharge.

13 Bad Debt Expense – RUCO recommends accepting the actual test year
14 level of bad debt expense. The Company now removes the test year
15 adjustment and requests recognition of bad debt expense related to its
16 proposed increase in revenue requirement.

17 Depreciation Expense – This is a companion adjustment to rate base
18 adjustment No. 3 to reflect the amortization of the CIAC and its effect on
19 the depreciation expense.

20 Federal and State Income Taxes Expense – This adjustment reflects
21 income tax expenses calculated on RUCO's recommended revenues and
22 expenses.

23

1 To support the adjustments in my surrebuttal testimony, I prepared twelve
2 Surrebuttal Schedules, which are filed concurrently in my surrebuttal
3 testimony.

4
5 **RATE BASE**

6 Rate Base Adjustment No. 1 – Gross Plant-In-Service

7 Q. Please explain your adjustment to gross plant-in-service.

8 A. The Company identified and RUCO corrected two computations errors. In
9 WWC-TD and WWC I had inadvertently made additions to plant. This
10 adjustment removes those two erroneous calculations.

11
12 As shown on Schedule SURR RLM-3, column B and supporting Schedule
13 SURR RLM-4, RUCO and the Company are in substantial agreement with
14 the value of the OCRB/FVRB as:

15	PVUC	\$53,844,005
16	SCWC	\$39,797,227
17	WWC – Town Div.	\$4,443,607
18	WWC – GB Div.	\$895,377
19	WUGT	(\$6,157,665)
20	WWWC	\$2,207,149
21		

22
23 Rate Base Adjustment No. 3 – Reclassify ICFAs as CIAC

24 Q. Please explain your adjustment to reclassify the ICFAs as CIAC.

25 A. This adjustment is specific to PVUC, SCWC AND WUGT. RUCO has
26 revised its position on the treatment of ICFAs and is now recommending

1 all ICFAs be treated as contributions in aid of construction ("CIAC").
2 RUCO witness William Rigsby will explain RUCO's position on the
3 treatment of ICFAs in his surrebuttal testimony.

4
5 As shown on Schedule SURR RLM-3, column D, this adjustment revises
6 the rate base by:

7	PVUC	(\$10,167,233)
8	SCWC	(\$6,105,227)
9	VWC – Town Div.	\$0
10	VWC – GB Div.	\$0
11	WUGT	(\$8,721,514)
12	WWWC	\$0

13
14
15 **OPERATING INCOME**

16 Operating Income Adjustment No. 1 – Property Tax Computation

17 Q. Did RUCO and the Company use the same methodology to calculate
18 property tax expenses?

19 A. Yes. This adjustment varies from the Company's recommendation only to
20 reflect RUCO's proposed annual revenue.

21
22 As shown on Schedule SURR RLM-7, column B and supporting Schedule
23 SURR RLM-8, this adjustment revises adjusted test-year operating
24 expenses by:

25	PVUC	(\$309,066)
26	SCWC	\$690,540
27	VWC – Town Div.	\$39,249

1	VWC – GB Div.	\$4,043
2	WUGT	\$1,701
3	WWWC	\$5,518
4		

5

6 Operating Income Adjustments No. 4 – Income Annualization To
7 Recognize Post Test Year Customer Levels

8 Q. Please explain your adjustment to revenue and operating expenses to
9 recognize post test year customer levels.

10 A. RUCO, Staff and the Company are now in substantial agreement with the
11 level of revenue and expenses affected by changes in the number of
12 customers served by the Utility. This adjustment reflects the customer
13 numbers as of July 31, 2009 and show a significant increase for PVUC,
14 SCWC, VWC – TD and VWC - GB. This adjustment reverses the
15 Company's original recommendation, which was based on reduced end of
16 test year customer counts as computed on the Company's Schedule C-2,
17 page 2. The actual test year revenues and expenses provide a more
18 realistic relationship among customer counts, revenues, operating
19 expenses and rate base.

20

21 This adjustment increases the flat rate revenues, the purchased power
22 expense and the chemical expenses for PVUC, SCWC, VWC – TD and
23 VWC - GB only.

24

1 As shown on Schedule SURR RLM-7, column E, this adjustment revises
 2 adjusted test-year revenue and operating expenses by:

	<u>REVENUE</u>	<u>EXPENSES</u>
PVUC	\$122,612	\$9,516
SCWC	\$299,141	\$17,931
VWC – Town Div.	\$143,041	\$24,875
VWC – GB Div.	\$43,655	\$6,711
WUGT	\$0	\$0
WWWC	\$0	\$0

11
 12 Operating Income Adjustment No. 5 – Contractual Services –
 13 Management Fees

14 Q. Please explain the basis for your adjustment to contractual services –
 15 management fees.

16 A. RUCO and the Company are now in substantial agreement with
 17 contractual services – management fees. The Company agrees to
 18 remove payroll bonus as identified on page 6 of the rebuttal testimony of
 19 Company witness Jamie Moe.

20
 21 As shown on Schedule SURR RLM-7, column F, this adjustment revises
 22 adjusted test-year operating expenses by:

PVUC	(\$26,716)
SCWC	(\$36,448)
VWC – Town Div.	(\$55,315)
VWC – GB Div.	(\$7,016)
WUGT	(\$4,629)
WWWC	(\$21,372)

1 Operating Income Adjustment No. 6 – Bad Debt Expense

2 Q. Please explain the basis for your adjustment to bad debt expense.

3 A. RUCO recommends the unadjusted test year bad debt expense as a fair
4 and reasonable reflection of the historical annual amount.

5
6 As shown on Schedule SURR RLM-7, column G, this adjustment revises
7 adjusted test-year operating expenses by:

8	PVUC	\$30,477
9	SCWC	(\$4,657)
10	VWC – Town Div.	\$13,954
11	VWC – GB Div.	\$752
12	WUGT	(\$142)
13	WWWC	(\$885)

14
15 RUCO Operating Income Adjustment No. 7 – Depreciation Expense

16 Q. Please explain RUCO's adjustment to depreciation expense.

17 A. This adjustment is specific to PVUC, SCWC AND WUGT. This is a
18 companion adjustment to rate base adjustment No. 3 (discussed
19 previously) and reflects the amortization of the CIAC and its reduction to
20 the depreciation expense.

21
22 As shown on Schedule SURR RLM-7, column H, this adjustment revises
23 adjusted test-year operating expenses by:

24	PVUC	(\$823,895)
25	SCWC	(\$494,849)
26	VWC – Town Div.	\$0
27	VWC – GB Div.	\$0

1 WUGT (\$301,236)
2 WWWC \$0

3

4 RUCO Operating Income Adjustment No. 8 – Income Taxes

5 Q. Please explain RUCO's adjustment to the income tax expenses.

6 A. This adjustment reflects income tax expenses calculated on RUCO's
7 recommended revenues and expenses

8

9 As shown on Schedule SURR RLM-7, column G, this adjustment revises
10 adjusted test-year operating expenses by:

11 PVUC (\$164,028)
12 SCWC (\$453,722)
13 VWC – Town Div. \$19,340
14 VWC – GB Div. \$7,319
15 WUGT \$173,916
16 WWWC \$2,366

17

18 **COST OF CAPITAL**

19 Q. Is RUCO proposing any surrebuttal adjustments to the Company
20 proposed cost of capital?

21 A. Yes. The cost of common equity has been increased 99 basis points from
22 8.01 percent to 9.00 percent. This adjustment increases the average
23 weighted cost of capital by 61 basis points from 7.42 percent to 8.03
24 percent. This adjustment is fully explained in the testimony of RUCO
25 witness William A. Rigsby.

26

1 **RATE DESIGN AND PROOF OF RECOMMENDED REVENUE**

2 Q. Have you revised your Schedule presenting your recommended rate
3 designs?

4 A. Yes, as shown on Schedule SURR RLM-RD1, I am recommending a rate
5 design that is consistent with RUCO's recommended revenue allocations
6 and requirement as revised in my surrebuttal testimony. I also made a
7 correction to my computation of the Conservation Motivation Factor (CMF)
8 to remove the effects of the CMT from my rate design.

9
10 Q. Have you prepared a Schedule presenting proof of your recommended
11 revenue?

12 A. Yes, I have. Proof that my recommended rate designs will produce the
13 recommended required revenue as illustrated, is presented also on
14 Schedule SURR RLM-RD1.

15
16 **TYPICAL BILL ANALYSIS**

17 Q. Have you presented a typical bill analysis based on RUCO
18 recommendations?

19 A. Yes, as shown on Schedule SURR RLM-RD2, I compare the present
20 impact on a typical bill with the Company's original filing and RUCO's
21 surrebuttal position.

22

23

1 PVUC

2 The typical 3/4-inch metered residential customer with a current flat rate of
3 \$33.00 per month would experience a \$38.11 or a 115.48% increase in
4 their monthly bill to \$71.11 under the Company's proposed rates. This
5 same customer would experience a \$20.51 or a 62.16% increase in their
6 monthly bill to \$53.51 under RUCO's recommended rates.

7
8 RUCO agrees with the Company to recommend the rate increase for
9 PVUC be phased in over three years, with one-third of the approved
10 increase be added to the present rate each year. The phased in rate
11 would result in a three-year annual increase of \$6.84 or 20.73%. RUCO's
12 recommended phased in rates are presented on PVUC's Schedule SURR
13 RLM-RD3.

14
15 SCWC

16 The typical 3/4-inch metered residential customer with a median usage of
17 5,500 gallons would experience a \$7.23 or a 19.70% increase in their
18 monthly bill from \$36.70 to \$43.93 under the Company's proposed rates.
19 This same customer would experience a \$0.72 or a 1.95% increase in
20 their monthly bill from \$36.70 to \$37.42 under RUCO's recommended
21 rates.

1 WVC - TD

2 The typical 5/8 X 3/4-inch metered residential customer with a median
3 usage of 4,500 gallons would experience a \$19.23 or a 74.33% increase
4 in their monthly bill from \$25.87 to \$45.10 under the Company's proposed
5 rates. This same customer would experience a \$16.75 or a 64.74%
6 increase in their monthly bill from \$25.87 to \$42.62 under RUCO's
7 recommended rates.

8
9 RUCO would also support a Company recommendation for similar phased
10 in rate treatment for WVC – TD as Global has proposed for PVUC.

11
12 WVC - GB

13 The typical 5/8 X 3/4-inch metered residential customer with a median
14 usage of 7,000 gallons would experience a \$19.10 or a 54.18% increase
15 in their monthly bill from \$35.25 to \$54.35 under the Company's proposed
16 rates. This same customer would experience a \$12.44 or a 35.30%
17 increase in their monthly bill from \$35.25 to \$47.69 under RUCO's
18 recommended rates.

19
20 WUGT

21 The typical 5/8 X 3/4-inch metered residential customer with a median
22 usage of 5,000 gallons would experience a \$58.04 or a 152.74% increase
23 in their monthly bill from \$38.00 to \$96.04 under the Company's proposed

1 rates. This same customer would experience a \$4.77 or a 12.55%
2 decrease in their monthly bill from \$38.00 to \$33.23 under RUCO's
3 recommended rates.

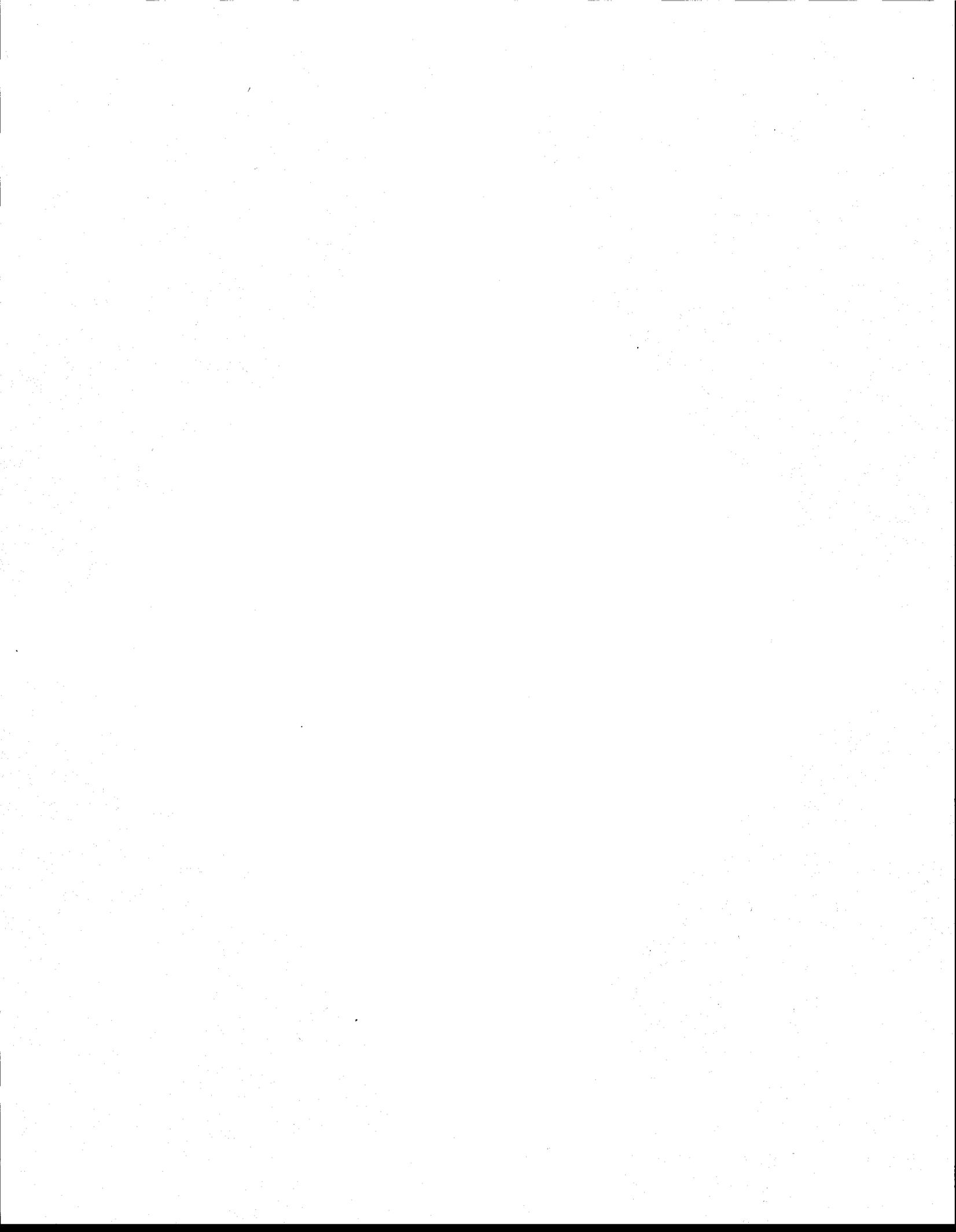
4
5 WWWC

6 The typical 5/8 X 3/4-inch metered residential customer with a median
7 usage of 2,000 gallons would experience a \$16.30 or an 88.35% increase
8 in their monthly bill from \$18.45 to \$34.75 under the Company's proposed
9 rates. This same customer would experience an \$11.05 or a 59.87%
10 increase in their monthly bill from \$18.45 to \$29.50 under RUCO's
11 recommended rates.

12
13 RUCO would also support a Company recommendation for similar phased
14 in rate treatment for WWWC as Global has proposed for PVUC.

15
16 Q. Does this conclude your direct testimony?

17 A. Yes, it does.



**SURREBUTTAL
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SURR RLM-4	1	RATE BASE ADJUSTMENT NO. 2 - ACCUMULATED DEPRECIATION
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SURR RLM-RD1	1	RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
SURR RLM-RD2	1	TYPICAL RESIDENTIAL BILL ANALYSIS
SURR RLM-RD3	1	PROPOSED PHASE IN RATES

**SURREBUTTAL
REVENUE REQUIREMENT**

LINE NO.	DESCRIPTION	(A) COMPANY OCRB/FVRB COST	(B) RUCO OCRB/FVRB COST
1	Fair Value Rate Base	\$ 63,637,830	\$ 53,844,005
2	Adjusted Operating Income (Loss)	\$ 144,516	\$ 1,198,784
3	Current Rate Of Return (L2 / L1)	0.23%	2.23%
4	Required Operating Income (L5 X L1)	\$ 5,307,395	\$ 4,324,960
5	Required Rate Of Return On Fair Value Rate Base	8.34%	8.03%
6	Operating Income Deficiency (L4 - L2)	\$ 5,162,879	\$ 3,126,176
7	Gross Revenue Conversion Factor (RLM-1, Pg 2)	<u>1.6451</u>	<u>1.6286</u>
8	Increase In Gross Revenue Requirement (L7 X L6)	\$ 8,493,379	\$ 5,091,400
9	Adjusted Test Year Revenue	\$ 6,521,201	\$ 6,643,813
10	Proposed Annual Revenue (L8 + L9)	\$ 15,014,580	\$ 11,735,213
11	Required Percentage Increase In Revenue (L8 / L9)	130.24%	76.63%
12	Rate Of Return On Common Equity	10.00%	9.00%

References:

Column (A): Company Schedules A-1 and C-1
Column (B): RUCO Schedule RLM-2, RLM-6 And RLM-10

**SURREBUTTAL
REVENUE REQUIREMENT - CONT'D
GROSS REVENUE CONVERSION FACTOR**

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
CALCULATION OF GROSS REVENUE CONVERSION FACTOR:					
1	Revenue	1.0000			
2	Combined Federal And State Tax Rate (L10)	(0.3860)			
3	Subtotal (L1 + L2)	<u>0.6140</u>			
4	Revenue Conversion Factor (L1 / L3)	1.6286			
CALCULATION OF EFFECTIVE TAX RATE:					
5	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%			
6	Arizona State Income Tax Rate	<u>6.9680%</u>			
7	Federal Taxable Income (L5 - L6)	93.0320%			
8	Applicable Federal Income Tax Rate (Col. (D), L34)	34.0000%			
9	Effective Federal Income Tax Rate (L7 X L8)	<u>31.6309%</u>			
10	Combined Federal And State Income Tax Rate (L6 + L9)	<u>38.5989%</u>			
11	Required Operating Income (Sch. RLM-1, Col. (B), L4)	\$ 4,324,960			
12	Adj'd T.Y. Oper'g Inc. (Loss) (Sch. RLM-1, Col. (B), L2)	<u>1,198,784</u>			
13	Required Increase In Operating Income (L11 - L12)		\$ 3,126,176		
14	Income Taxes On Recommended Revenue (Col. (D), L31)	\$ 1,892,043			
15	Income Taxes On Test Year Revenue (Col. (D), L32)	<u>(73,180)</u>			
16	Required Increase In Revenue To Provide For Income Taxes (L14 - L15)		<u>\$ 1,965,223</u>		
17	Total Required Increase In Revenue (L13 + L16)		<u>\$ 5,091,400</u>		
RUCO					
Recommended					
18	Revenue (Sch. RLM-1, Col. (B), L10)			\$ 11,735,213	
19	Operating Expense Excluding Income Tax (RLM-6, Col. (E), L29 - L28)			(5,518,209)	
20	Synchronized Interest (Col. (C), L37)			<u>(1,315,195)</u>	
21	Arizona Taxable Income (L18 + L19 + L20)			\$ 4,901,808	
22	Arizona State Income Tax Rate			6.9680%	
23	Arizona Income Tax (L21 X L22)				\$ 341,558
24	Fed. Taxable Income (L21 - L23)			\$ 4,560,250	
25	Fed. Tax On 1st Inc. Bracket (\$1 - \$50,000) @ 15%			\$ 7,500	
26	Fed. Tax On 2nd Inc. Bracket (\$50,001 - \$75,000) @ 25%			6,250	
27	Fed. Tax On 3rd Inc. Bracket (\$75,001 - \$100,000) @ 34%			8,500	
28	Fed. Tax On 4th Inc. Bracket (\$100,001 - \$335,000) @ 39%			91,650	
29	Fed. Tax On 5th Inc. Bracket (\$335,001 - \$10M) @ 34%			1,436,585	
30	Total Federal Income Tax (L25 + L26 + L27 + L28 + L29)				\$ 1,550,485
31	Combined Federal And State Income Tax (L23 + L30)				<u>\$ 1,892,043</u>
32	Test Year Combined Income Tax, RUCO As Adjusted (RLM-6, Col. (C), L28)				\$ (73,180)
33	RUCO Adjustment (L31 - L32) (See RLM-6, Col. (D), L28)				<u>\$ 1,965,223</u>
34	Applicable Federal Income Tax Rate (Col. (D), L30 / Col. (C), L24)				34.00%
CALCULATION OF INTEREST SYNCHRONIZATION:					
35	Rate Base (Sch. RLM-3, Col. (H), L13)			\$ 53,844,005	
36	Weighted Avg. Cost Of Debt (Sch. RLM-11, Col. (F), L2)			2.44%	
37	Synchronized Interest (L35 X L36)			<u>\$ 1,315,195</u>	

**SURREBUTTAL
SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS**

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED OCRB/FVRB	(B) RUCO ADJUSTMENTS	(C) RUCO AS ADJUSTED OCRB/FVRB
1	Gross Utility Plant In Service	\$ 100,264,747	\$ -	\$ 100,264,747
2	Accumulated Depreciation	(9,082,530)	373,408	(8,709,122)
3	Net Utility Plant In Service (L1 + L2)	<u>\$ 91,182,217</u>	<u>\$ 373,408</u>	<u>\$ 91,555,625</u>
4	Advances In Aid Of Const.	\$ (27,370,552)	\$ -	\$ (27,370,552)
5	Contribution In Aid Of Const.	\$ -	\$ (10,991,128)	\$ (10,991,128)
6	Accumulated Amortization Of CIAC	-	823,895	823,895
7	NET CIAC (L5 + L6)	<u>\$ -</u>	<u>\$ (10,167,233)</u>	<u>\$ (10,167,233)</u>
8	Customer Meter Deposits	\$ -	\$ -	\$ -
9	Deferred Income Taxes & Credits	\$ (173,835)	\$ -	\$ (173,835)
10	Unamortized Finance Charges	\$ -	\$ -	\$ -
11	Deferred Regulatory Assets	\$ -	\$ -	\$ -
12	Allowance For Working Capital	\$ -	\$ -	\$ -
13	TOTAL RATE BASE (Sum L's 3, 4, 7, 8 Thru 12)	<u>\$ 63,637,830</u>	<u>\$ (9,793,825)</u>	<u>\$ 53,844,005</u>

References:

- Column (A): Company Schedule B-1
- Column (B): RLM-3, Columns (B) Thru (G)
- Column (C): Column (A) + Column (B)

**SURREBUTTAL
SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS**

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED OCRB/FVRB	(B) ADJ # 1 GROSS PLT & ACC DEP	(C) ADJ # 2 ACC DEP	(D) SURR ADJ # 3 RECLASSIFY ICFA AS CIAC	(E) RUCO ADJ'TED OCRB/FVRB
1	Gross Utility Plant In Service	100,264,747	\$ -	\$ -	\$ -	\$ 100,264,747
2	Accumulated Depreciation	(9,082,530)	368,460	4,948	-	(8,709,122)
3	Net Utility Plant In Service (L1 + L2)	<u>\$ 91,182,217</u>	<u>\$ 368,460</u>	<u>\$ 4,948</u>	<u>\$ -</u>	<u>\$ 91,555,625</u>
4	Advances In Aid Of Const.	\$ (27,370,552)	\$ -	\$ -	\$ -	\$ (27,370,552)
5	Contribution In Aid Of Const.	\$ -	\$ -	\$ -	\$ (10,991,128)	\$ (10,991,128)
6	Accumulated Amortization Of CIAC	-	-	-	823,895	823,895
7	NET CIAC (L5 + L6)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,167,233)</u>	<u>\$ (10,167,233)</u>
8	Customer Meter Deposits	\$ -	\$ -	\$ -	\$ -	\$ -
9	Deferred Income Taxes & Credits	\$ (173,835)	\$ -	\$ -	\$ -	\$ (173,835)
10	Unamortized Finance Charges	\$ -	\$ -	\$ -	\$ -	\$ -
11	Deferred Regulatory Assets	\$ -	\$ -	\$ -	\$ -	\$ -
12	Allowance For Working Capital	\$ -	\$ -	\$ -	\$ -	\$ -
13	TOTAL RATE BASE (Sum L's 3, 4, 7, 8 Thru 12)	<u>\$ 63,637,830</u>	<u>\$ 368,460</u>	<u>\$ 4,948</u>	<u>\$ (10,167,233)</u>	<u>\$ 53,844,005</u>

References:

- Column (A): Company Schedule B-1
- Column (B): Adjustment No. 1 - RUCO Adjustment To GPIS And Acc. Dep. (See Testimony, RLM and Schedule RLM-4)
- Column (C): Adjustment No. 2 - RUCO Adjustment To Acc. Dep. (See Testimony, RLM)
- Column (D): Adjustment No. 3 - RUCO Adjustment To Reclassify ICFA's As CIAC (See Testimony, WAR)
- Column (E): Sum Of Columns (A) Thru (D)

**SURREBUTTAL
TEST YEAR PLANT SCHEDULES
PRIOR TEST YEAR ENDED DECEMBER 31, 2002**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PRIOR DECISION DEP. RATE	(B) TOTAL PLANT VALUE	(C) ACCUMULATED DEPRECIATION	(D) NET PLANT VALUE
1	301	Intangibles/Organization	0.00%	\$ 88,723	\$ -	\$ 88,723
2	302	Franchises	0.00%	-	-	-
3	353	Land and Land Rights	0.00%	164,670	-	164,670
4	354	Structures And Improvements	3.33%	1,138,334	(99,171)	1,039,163
5	355	Power Generation Equipment	5.00%	-	-	-
6	360	Collection Sewers - Force	2.00%	1,728,493	(31,440)	1,697,053
7	361	Collection Sewers - Gravity	2.00%	-	-	-
8	363	Services To Customers	2.00%	216,931	(3,689)	213,242
9	364	Flow Measuring Devices	10.00%	-	-	-
10	370	Receiving Wells	3.33%	104,019	(2,600)	101,419
11	371	Effluent Pumping Equipment	12.50%	59,743	(1,494)	58,249
12	374	Reuse Distribution Reservoirs	2.50%	-	-	-
13	375	Reuse Trans And Dist System	2.50%	-	-	-
14	380	Treatment And Disposal Equip	5.00%	-	-	-
15	381	Plant Sewers	5.00%	75,068	(1,501)	73,567
16	382	Outfall Sewer Lines	3.33%	350,837	(6,315)	344,522
17	389	Other Plant And Misc Equip	6.67%	-	-	-
18	390	Office Furniture And Equipment	6.67%	21,402	(728)	20,674
19	391	Transportation Equipment	20.00%	-	-	-
20	393	Tools, Shop And Garage Equip	5.00%	-	-	-
21	394	Laboratory Equipment	10.00%	-	-	-
22	395	Power Operated Equipment	5.00%	-	-	-
23	396	Communication Equipment	10.00%	251	(9)	242
24	397	Miscellaneous Equipment	10.00%	-	-	-
25	398	Other Tangible Plant	10.00%	-	-	-
26	TOTAL WASTEWATER PLANT			<u>\$ 3,948,471</u>	<u>\$ (146,947)</u>	<u>\$ 3,801,523⁽¹⁾</u>
27	Company As Filed			<u>\$ 3,948,471</u>	<u>(146,947)</u>	<u>3,801,523</u>
28	Difference			<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

References:
Columns (A) Thru (D): Company Workpapers

**SURREBUTTAL
TEST YEAR PLANT SCHEDULES - CONT'D
YEAR ENDED DECEMBER 31, 2003**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ADJUSTED PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
1	301	Intangibles/Organization	\$ -	\$ -	\$ -	\$ 88,723	\$ -	\$ 88,723
2	302	Franchises	-	-	-	-	-	-
3	353	Land and Land Rights	-	-	-	164,670	-	164,670
4	354	Structures And Improvements	3,381,919	-	(94,215)	4,520,253	(193,386)	4,326,867
5	355	Power Generation Equipment	195,255	-	(4,881)	195,255	(4,881)	190,374
6	360	Collection Sewers - Force	554,408	-	(40,114)	2,282,901	(71,554)	2,211,347
7	361	Collection Sewers - Gravity	1,265,658	-	(12,657)	1,265,658	(12,657)	1,253,001
8	363	Services To Customers	-	-	(4,339)	216,931	(8,028)	208,903
9	364	Flow Measuring Devices	-	-	-	-	-	-
10	370	Receiving Wells	-	-	(3,464)	104,019	(6,064)	97,955
11	371	Effluent Pumping Equipment	164,651	-	(17,759)	224,394	(19,253)	205,141
12	374	Reuse Distribution Reservoirs	-	-	-	-	-	-
13	375	Reuse Trans And Dist System	80,999	-	(1,012)	80,999	(1,012)	79,987
14	380	Treatment And Disposal Equip	1,708,610	-	(42,715)	1,708,610	(42,715)	1,665,895
15	381	Plant Sewers	-	-	(3,753)	75,068	(5,254)	69,814
16	382	Outfall Sewer Lines	-	-	(11,683)	350,837	(17,998)	332,839
17	389	Other Plant And Misc Equip	24,101	-	(804)	24,101	(804)	23,297
18	390	Office Furniture And Equipment	13,116	-	(1,865)	34,518	(2,593)	31,925
19	391	Transportation Equipment	-	-	-	-	-	-
20	393	Tools, Shop And Garage Equip	-	-	-	-	-	-
21	394	Laboratory Equipment	-	-	-	-	-	-
22	395	Power Operated Equipment	-	-	-	-	-	-
23	396	Communication Equipment	199	-	(35)	450	(44)	406
24	397	Miscellaneous Equipment	-	-	-	-	-	-
25	398	Other Tangible Plant	-	-	-	-	-	-
							(1)	(1)
26		TOTAL WASTEWATER PLANT	<u>\$ 7,388,916</u>	<u>\$ -</u>	<u>\$ (239,296)</u>	<u>\$ 11,337,387</u>	<u>\$ (386,244)</u>	<u>\$ 10,951,143</u>
27		Company As Filed	7,388,916	-	(429,151)	11,337,387	(576,099)	10,761,288
28		Difference	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 189,855</u>	<u>\$ -</u>	<u>\$ 189,855</u>	<u>\$ 189,855</u>

References:

- Columns (A) (B): Company Workpapers
- Column (C): [(Col. (A) + Col. (B)) X RLM-4, Page 1, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 1, Col. (B) X RLM-4, Page 1, Col. (A)]
- Column (D): Schedule RLM-4, Page 1, Column (B) + Column (A) + Column (B)
- Column (E): Schedule RLM-4, Page 1, Column (C) + Column (B) + Column (C)
- Column (F): Column (D) + Column (E)

**SURREBUTTAL
TEST YEAR PLANT SCHEDULES - CONT'D
YEAR ENDED DECEMBER 31, 2004**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ADJUSTED PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
1	301	Intangibles/Organization	\$ -	\$ (88,723)	\$ -	\$ -	\$ 88,723	\$ 88,723
2	302	Franchises	-	-	-	-	-	-
3	353	Land and Land Rights	-	-	-	164,670	-	164,670
4	354	Structures And Improvements	82,776	-	(151,903)	4,603,029	(345,289)	4,257,740
5	355	Power Generation Equipment	1,563	-	(9,802)	196,818	(14,683)	182,135
6	360	Collection Sewers - Force	145,781	-	(47,116)	2,428,682	(118,670)	2,310,012
7	361	Collection Sewers - Gravity	1,972,748	-	(45,041)	3,238,406	(57,697)	3,180,709
8	363	Services To Customers	439,661	-	(8,735)	656,592	(16,763)	639,829
9	364	Flow Measuring Devices	-	-	-	-	-	-
10	370	Receiving Wells	833	-	(3,478)	104,852	(9,542)	95,310
11	371	Effluent Pumping Equipment	227,175	-	(42,248)	451,569	(61,500)	390,069
12	374	Reuse Distribution Reservoirs	-	-	-	-	-	-
13	375	Reuse Trans And Dist System	1,039,518	-	(15,019)	1,120,517	(16,031)	1,104,486
14	380	Treatment And Disposal Equip	59,943	-	(86,929)	1,768,553	(129,644)	1,638,909
15	381	Plant Sewers	601	-	(3,768)	75,669	(9,023)	66,646
16	382	Outfall Sewer Lines	2,808	-	(11,730)	353,645	(29,727)	323,918
17	389	Other Plant And Misc Equip	5,247	-	(1,783)	29,348	(2,586)	26,762
18	390	Office Furniture And Equipment	85,951	-	(5,169)	120,469	(7,762)	112,707
19	391	Transportation Equipment	41,905	-	(4,191)	41,905	(4,191)	37,715
20	393	Tools, Shop And Garage Equip	2,813	-	(70)	2,813	(70)	2,743
21	394	Laboratory Equipment	19,039	-	(952)	19,039	(952)	18,087
22	395	Power Operated Equipment	-	-	-	-	-	-
23	396	Communication Equipment	26,336	-	(1,362)	26,786	(1,406)	25,380
24	397	Miscellaneous Equipment	-	-	-	-	-	-
25	398	Other Tangible Plant	-	-	-	-	-	-
			(1)			(1)	1	
26		TOTAL WASTEWATER PLANT	<u>\$ 4,154,697</u>	<u>\$ (88,723)</u>	<u>\$ (439,294)</u>	<u>\$ 15,403,361</u>	<u>\$ (736,813)</u>	<u>\$ 14,666,548</u>
27		Company As Filed	4,154,697	(88,723)	(511,175)	15,403,361	(1,087,274)	14,316,087
28		Difference	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,881</u>	<u>\$ -</u>	<u>\$ 350,461</u>	<u>\$ 350,461</u>

References:

- Columns (A) (B): Company Workpapers
- Column (C): [(Col. (A) + Col. (B)) X RLM-4, Page 1, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 2, Col. (D) X RLM-4, Page 1, Col. (A)]
- Column (D): Schedule RLM-4, Page 2, Column (D) + (Column (A) + Column (B))
- Column (E): Schedule RLM-4, Page 2, Column (E) + Column (B) + Column (C)
- Column (F): Column (D) + Column (E)

**SURREBUTTAL
TEST YEAR PLANT SCHEDULES - CONT'D
YEAR ENDED DECEMBER 31, 2005**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ADJUSTED PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
1	301	Intangibles/Organization	\$ -	\$ -	\$ -	\$ -	\$ 88,723	\$ 88,723
2	302	Franchises	-	-	-	-	-	-
3	353	Land and Land Rights	-	-	-	164,670	-	164,670
4	354	Structures And Improvements	8,978,927	(37,201)	(302,161)	13,544,755	(610,249)	12,934,506
5	355	Power Generation Equipment	-	-	(9,841)	196,818	(24,524)	172,294
6	360	Collection Sewers - Force	31,552	-	(48,889)	2,460,234	(167,559)	2,292,675
7	361	Collection Sewers - Gravity	9,414,683	-	(158,915)	12,653,089	(216,612)	12,436,477
8	363	Services To Customers	188,111	-	(15,013)	844,703	(31,776)	812,927
9	364	Flow Measuring Devices	23,636	-	(1,182)	23,636	(1,182)	22,454
10	370	Receiving Wells	-	-	(3,492)	104,852	(13,033)	91,819
11	371	Effluent Pumping Equipment	1,150,789	-	(128,370)	1,602,358	(189,871)	1,412,487
12	374	Reuse Distribution Reservoirs	-	-	-	-	-	-
13	375	Reuse Trans And Dist System	2,647,836	-	(61,111)	3,768,353	(77,142)	3,691,211
14	380	Treatment And Disposal Equip	3,159,024	-	(167,403)	4,927,577	(297,048)	4,630,529
15	381	Plant Sewers	-	-	(3,783)	75,669	(12,806)	62,863
16	382	Outfall Sewer Lines	-	-	(11,776)	353,645	(41,504)	312,141
17	389	Other Plant And Misc Equip	298,369	-	(11,908)	327,717	(14,494)	313,223
18	390	Office Furniture And Equipment	46,040	-	(9,571)	166,509	(17,332)	149,177
19	391	Transportation Equipment	94,590	-	(17,840)	136,495	(22,031)	114,465
20	393	Tools, Shop And Garage Equip	4,511	-	(253)	7,324	(324)	7,000
21	394	Laboratory Equipment	648	-	(1,936)	19,687	(2,888)	16,799
22	395	Power Operated Equipment	-	-	-	-	-	-
23	396	Communication Equipment	689	-	(2,713)	27,475	(4,119)	23,356
24	397	Miscellaneous Equipment	-	-	-	-	-	-
25	398	Other Tangible Plant	318,421	-	(15,921)	318,421	(15,921)	302,500
			(2)			(3)	3	
26		TOTAL WASTEWATER PLANT	<u>\$ 26,357,824</u>	<u>\$ (37,201)</u>	<u>\$ (972,079)</u>	<u>\$ 41,723,984</u>	<u>\$ (1,671,689)</u>	<u>\$ 40,052,295</u>
27		Company As Filed	<u>26,357,824</u>	<u>(37,201)</u>	<u>(1,035,897)</u>	<u>41,723,984</u>	<u>(2,123,171)</u>	<u>39,600,813</u>
28		Difference	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,818</u>	<u>\$ -</u>	<u>\$ 451,482</u>	<u>\$ 451,482</u>

References:

- Columns (A) (B): Company Workpapers
- Column (C): [(Col. (A) + Col. (B)) X RLM-4, Page 1, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 3, Col. (D) X RLM-4, Page 1, Col. (A)]
- Column (D): Schedule RLM-4, Page 3, Column (D) + (Column (A) + Column (B))
- Column (E): Schedule RLM-4, Page 3, Column (E) + Column (B) + Column (C)
- Column (F): Column (D) + Column (E)

**SURREBUTTAL
TEST YEAR PLANT SCHEDULES - CONT'D
YEAR ENDED DECEMBER 31, 2006**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ADJUSTED PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
1	301	Intangibles/Organization	\$ -	\$ -	\$ -	\$ -	\$ 88,723	\$ 88,723
2	302	Franchises	-	-	-	-	-	-
3	353	Land and Land Rights	21,339	-	-	186,009	-	186,009
4	354	Structures And Improvements	2,960,543	-	(500,333)	16,505,298	(1,110,582)	15,394,716
5	355	Power Generation Equipment	3,257	-	(9,922)	200,075	(34,446)	165,629
6	360	Collection Sewers - Force	1,335,480	-	(62,559)	3,795,714	(230,118)	3,565,596
7	361	Collection Sewers - Gravity	8,080,469	-	(333,866)	20,733,558	(550,479)	20,183,079
8	363	Services To Customers	822,519	-	(25,119)	1,667,222	(56,895)	1,610,327
9	364	Flow Measuring Devices	-	-	(2,364)	23,636	(3,545)	20,091
10	370	Receiving Wells	-	-	(3,492)	104,852	(16,525)	88,327
11	371	Effluent Pumping Equipment	1,371,909	-	(286,039)	2,974,267	(475,910)	2,498,357
12	374	Reuse Distribution Reservoirs	11,043	-	(138)	11,043	(138)	10,905
13	375	Reuse Trans And Dist System	2,406,293	-	(124,287)	6,174,646	(201,430)	5,973,216
14	380	Treatment And Disposal Equip	337,093	-	(254,806)	5,264,670	(551,854)	4,712,816
15	381	Plant Sewers	-	-	(3,783)	75,669	(16,590)	59,079
16	382	Outfall Sewer Lines	-	-	(11,776)	353,645	(53,280)	300,365
17	389	Other Plant And Misc Equip	23,171	-	(22,631)	350,888	(37,126)	313,762
18	390	Office Furniture And Equipment	(28,431)	-	(10,158)	138,078	(27,490)	110,588
19	391	Transportation Equipment	24,873	-	(29,786)	161,368	(51,817)	109,551
20	393	Tools, Shop And Garage Equip	25,652	-	(1,008)	32,976	(1,331)	31,645
21	394	Laboratory Equipment	6,450	-	(2,291)	26,137	(5,179)	20,958
22	395	Power Operated Equipment	4,694	-	(117)	4,694	(117)	4,577
23	396	Communication Equipment	7,244	-	(3,110)	34,719	(7,229)	27,490
24	397	Miscellaneous Equipment	19,965	-	(998)	19,965	(998)	18,967
25	398	Other Tangible Plant	299,736	1	(46,829)	618,158	(62,751)	555,407
			1		-	(3)	3	
26		TOTAL WASTEWATER PLANT	<u>\$ 17,733,300</u>	<u>\$ 1</u>	<u>\$ (1,735,415)</u>	<u>\$ 59,457,284</u>	<u>\$ (3,407,105)</u>	<u>\$ 56,050,179</u>
27		Company As Filed	17,733,300	-	(1,726,116)	59,457,284	(3,849,287)	55,607,997
28		Difference	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ (9,299)</u>	<u>\$ -</u>	<u>\$ 442,182</u>	<u>\$ 442,182</u>

References:

- Columns (A) (B): Company Workpapers
- Column (C): [(Col. (A) + Col. (B)) X RLM-4, Page 1, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 4, Col. (D) X RLM-4, Page 1, Col. (A)]
- Column (D): Schedule RLM-4, Page 4, Column (D) + (Column (A) + Column (B))
- Column (E): Schedule RLM-4, Page 4, Column (E) + Column (B) + Column (C)
- Column (F): Column (D) + Column (E)

SURREBUTTAL
TEST YEAR PLANT SCHEDULES - CONT'D
YEAR ENDED DECEMBER 31, 2007

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ADJUSTED PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
1	301	Intangibles/Organization	\$ -	\$ -	\$ -	\$ -	\$ 88,723	\$ 88,723
2	302	Franchises	-	-	-	-	-	-
3	353	Land and Land Rights	-	-	-	186,009	-	186,009
4	354	Structures And Improvements	6,720	-	(549,738)	16,512,018	(1,660,320)	14,851,698
5	355	Power Generation Equipment	11,728	-	(10,297)	211,803	(44,743)	167,060
6	360	Collection Sewers - Force	47,552	-	(76,390)	3,843,266	(306,508)	3,536,758
7	361	Collection Sewers - Gravity	19,169,584	-	(606,367)	39,903,142	(1,156,846)	38,746,296
8	363	Services To Customers	1,566,342	-	(49,008)	3,233,564	(105,903)	3,127,661
9	364	Flow Measuring Devices	-	-	(2,364)	23,636	(5,909)	17,727
10	370	Receiving Wells	1,835,598	-	(34,054)	1,940,450	(50,579)	1,889,871
11	371	Effluent Pumping Equipment	596,078	-	(409,038)	3,570,345	(884,948)	2,685,397
12	374	Reuse Distribution Reservoirs	-	-	(276)	11,043	(414)	10,629
13	375	Reuse Trans And Dist System	3,476,944	-	(197,828)	9,651,590	(399,258)	9,252,332
14	380	Treatment And Disposal Equip	73,544	-	(265,072)	5,338,214	(816,926)	4,521,288
15	381	Plant Sewers	2,715	-	(3,851)	78,384	(20,441)	57,943
16	382	Outfall Sewer Lines	-	-	(11,776)	353,645	(65,057)	288,588
17	389	Other Plant And Misc Equip	6,328	-	(23,615)	357,216	(60,741)	296,475
18	390	Office Furniture And Equipment	631	-	(9,231)	138,709	(36,721)	101,988
19	391	Transportation Equipment	313	-	(32,305)	161,681	(84,122)	77,559
20	393	Tools, Shop And Garage Equip	22,802	-	(2,219)	55,778	(3,550)	52,228
21	394	Laboratory Equipment	8,616	-	(3,045)	34,753	(8,224)	26,529
22	395	Power Operated Equipment	-	-	(235)	4,694	(352)	4,342
23	396	Communication Equipment	1,092	-	(3,527)	35,811	(10,755)	25,056
24	397	Miscellaneous Equipment	4,083	-	(2,201)	24,048	(3,199)	20,849
25	398	Other Tangible Plant	308,269	-	(77,229)	926,427	(139,980)	786,447
			-	-	-	(3)	3	
26		TOTAL WASTEWATER PLANT	<u>\$ 27,138,939</u>	<u>\$ -</u>	<u>\$ (2,369,665)</u>	<u>\$ 86,596,223</u>	<u>\$ (5,776,770)</u>	<u>\$ 80,819,453</u>
27		Company As Filed	27,138,939	-	(2,334,320)	86,596,223	(6,183,607)	80,412,616
28		Difference	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (35,345)</u>	<u>\$ -</u>	<u>\$ 406,837</u>	<u>\$ 406,837</u>

References:

- Columns (A) (B): Company Workpapers
- Column (C): [(Col. (A) + Col. (B)) X RLM-4, Page 1, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 5, Col. (D) X RLM-4, Page 1, Col. (A)]
- Column (D): Schedule RLM-4, Page 5, Column (D) + (Column (A) + Column (B))
- Column (E): Schedule RLM-4, Page 5, Column (E) + Column (B) + Column (C)
- Column (F): Column (D) + Column (E)

**SURREBUTTAL
TEST YEAR PLANT SCHEDULES - CONT'D
YEAR ENDED DECEMBER 31, 2007**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ADJUSTED PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
1	301	Intangibles/Organization	\$ -	\$ -	\$ -	\$ -	\$ 88,723	\$ 88,723
2	302	Franchises	-	-	-	-	-	-
3	353	Land and Land Rights	-	-	-	186,009	-	186,009
4	354	Structures And Improvements	8,408	-	(549,990)	16,520,426	(2,210,311)	14,310,115
5	355	Power Generation Equipment	109,622	-	(13,331)	321,425	(58,074)	263,351
6	360	Collection Sewers - Force	14,390	-	(77,009)	3,857,656	(383,517)	3,474,139
7	361	Collection Sewers - Gravity	7,441,328	-	(872,476)	47,344,470	(2,029,322)	45,315,148
8	363	Services To Customers	1,972,220	-	(84,393)	5,205,784	(190,296)	5,015,488
9	364	Flow Measuring Devices	-	-	(2,364)	23,636	(8,273)	15,363
10	370	Receiving Wells	-	-	(64,617)	1,940,450	(115,196)	1,825,254
11	371	Effluent Pumping Equipment	308,431	-	(465,570)	3,878,776	(1,350,518)	2,528,258
12	374	Reuse Distribution Reservoirs	-	-	(276)	11,043	(690)	10,353
13	375	Reuse Trans And Dist System	1,261,173	-	(257,054)	10,912,763	(656,312)	10,256,451
14	380	Treatment And Disposal Equip	102,595	-	(269,476)	5,440,809	(1,086,401)	4,354,408
15	381	Plant Sewers	-	-	(3,919)	78,384	(24,360)	54,024
16	382	Outfall Sewer Lines	-	-	(11,776)	353,645	(76,833)	276,812
17	389	Other Plant And Misc Equip	1,914,428	-	(87,672)	2,271,644	(148,414)	2,123,230
18	390	Office Furniture And Equipment	286	-	(9,261)	138,995	(45,983)	93,012
19	391	Transportation Equipment	3,723	-	(32,709)	165,404	(116,830)	48,574
20	393	Tools, Shop And Garage Equip	45,041	-	(3,915)	100,819	(7,465)	93,354
21	394	Laboratory Equipment	1,320	-	(3,541)	36,073	(11,765)	24,308
22	395	Power Operated Equipment	5,626	-	(375)	10,320	(727)	9,593
23	396	Communication Equipment	2,479	-	(3,705)	38,290	(14,460)	23,830
24	397	Miscellaneous Equipment	335,122	-	(19,161)	359,170	(22,360)	336,810
25	398	Other Tangible Plant	142,332	-	(99,759)	1,068,759	(239,740)	829,019
			-	-	-	(3)	3	
26		TOTAL WASTEWATER PLANT	<u>\$ 13,668,524</u>	<u>\$ -</u>	<u>\$ (2,932,351)</u>	<u>\$ 100,264,747</u>	<u>\$ (8,709,122)</u>	<u>\$ 91,555,625</u>
27		Company As Filed	13,668,524	-	(2,893,975)	100,264,747	(9,077,582)	91,187,165
28		Difference	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (38,376)</u>	<u>\$ -</u>	<u>\$ 368,460</u>	<u>\$ 368,460</u>
29		RUCO Adjustment (Line 28) (See RLM-3, Column (B))					<u>\$ 368,460</u>	

References:

- Columns (A) (B): Company Workpapers
- Column (C): [(Col. (A) + Col. (B)) X RLM-4, Page 1, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 6, Col. (D) X RLM-4, Page 1, Col. (A)]
- Column (D): Schedule RLM-4, Page 6, Column (D) + (Column (A) + Column (B))
- Column (E): Schedule RLM-4, Page 6, Column (E) + Column (B) + Column (C)
- Column (F): Column (D) + Column (E)

Global Utilities
Docket No. SW-02445A-09-0077 ET AL
Test Year Ended December 31, 2008

Palo Verde Utilities Company
Schedule SURR RLM-5
Page 1 of 1

SURREBUTTAL
RUCO MADE NO POST TEST YEAR PLANT ADJUSTMENTS

**SURREBUTTAL
OPERATING INCOME**

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) RUCO TEST YEAR ADJMT'S	(C) RUCO TEST YEAR AS ADJ'TED	(D) RUCO PROP'D CHANGES	(E) RUCO AS RECOMM'D
Revenues:						
1	Flat Rate Revenues	\$ 6,009,748	\$ 122,612	\$ 6,132,360	\$ 3,778,261	\$ 9,910,621
2	Other WW Revenues	339,704	-	339,704	373,375	713,079
3	Measured Reuse Revenues	171,749	-	171,749	939,764	1,111,513
4	TOTAL OPERATING REVENUE	\$ 6,521,201	\$ 122,612	\$ 6,643,813	\$ 5,091,400	\$ 11,735,213
Operating Expenses:						
5	Salaries And Wages	\$ 924,853	(26,716)	\$ 898,137	\$ -	\$ 898,137
6	Pensions And Benefits	215,792	-	215,792	-	215,792
7	Purchased Power	595,157	6,639	601,796	-	601,796
8	Fuel For Power Production	7,004	-	7,004	-	7,004
9	Chemicals	157,134	2,877	160,011	-	160,011
10	Materials And Supplies	263,301	-	263,301	-	263,301
11	Materials And Supplies	295,301	-	295,301	-	295,301
12	Contractual Services - Mgrmt	-	-	-	-	-
13	Contractual Services - Testing	99,923	-	99,923	-	99,923
14	Contractual Services - Other	183,283	352,056	535,339	-	535,339
15	Building Rentals	93,111	-	93,111	-	93,111
16	Equipment Rentals	20,469	-	20,469	-	20,469
17	Transportation Expenses	35,559	-	35,559	-	35,559
18	Insurance - General Liability	52,375	-	52,375	-	52,375
19	Insurance - Other	4,320	-	4,320	-	4,320
20	Advertising Expense	-	-	-	-	-
21	Regulatory Comm. Expense	53,333	-	53,333	-	53,333
22	Bad Debt Expense	65,212	30,477	95,689	-	95,689
23	Miscellaneous Expense	56,965	-	56,965	-	56,965
24	Depreciation Expense	3,156,675	(823,895)	2,332,780	-	2,332,780
25	Taxes Other Than Income - Reg.	1,256	-	1,256	-	1,256
26	Property Tax	-	(309,066)	(309,066)	-	(309,066)
27	Taxes Other Than Income	4,814	-	4,814	-	4,814
28	Income Tax	90,848	(164,028)	(73,180)	1,965,223	1,892,043
29	TOTAL OPERATING EXPENSES	\$ 6,376,685	\$ (931,656)	\$ 5,445,029	\$ 1,965,223	\$ 7,410,252
30	OPERATING INCOME (LOSS)	\$ 144,516		\$ 1,198,784		\$ 4,324,961

References:

- Column (A): Company Schedule C-1
- Column (B): RLM-7, Columns (B) Thru (I)
- Column (C): Column (A) + Column (B)
- Column (D): Revenue From RLM-1, Column (B), Line 8 And Income Tax From RLM-1, Column (B), Line 8 - Line 6
- Column (E): Column (C) + Column (D)

SURREBUTTAL
SUMMARY OF OPERATING INCOME ADJUSTMENTS
TEST YEAR AS FILED AND ADJUSTMENTS

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) ADJ #1 PROPERTY TAX	(C) ADJ #2 CAGRD	(D) ADJ #3 FRANCHISE FEE	(E) SURR ADJ #4 REVENUE ANNUALIZN	(F) SURR ADJ #5 MGMT FEES	(G) SURR ADJ #6 BAD DEBT EXPENSE	(H) SURR ADJ #7 DEPRECIATION EXPENSE	(I) ADJ #8 INCOME TAX	(J) RUCO AS ADJTD
1	Flat Rate Revenues	\$ 6,009,748	\$ -	\$ -	\$ -	\$ 122,612	\$ -	\$ -	\$ -	\$ -	\$ 6,132,360
2	Measured Reuse Revenues	339,704	-	-	-	-	-	-	-	-	339,704
3	Other WW Revenues	171,749	-	-	-	-	-	-	-	-	171,749
4	TOTAL OPRG REV.	<u>\$ 6,521,201</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 122,612</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,643,813</u>
	Operating Expenses:										
5	Salaries And Wages	\$ 924,853	\$ -	\$ -	\$ -	\$ -	\$ (26,716)	\$ -	\$ -	\$ -	\$ 898,137
6	Pensions And Benefits	215,792	-	-	-	-	-	-	-	-	215,792
7	Purchased Power	595,157	-	-	-	6,639	-	-	-	-	601,796
8	Fuel For Power Production	7,004	-	-	-	-	-	-	-	-	7,004
9	Chemicals	157,134	-	-	-	2,877	-	-	-	-	160,011
10	Materials And Supplies	263,301	-	-	-	-	-	-	-	-	263,301
11	Materials And Supplies	295,301	-	-	-	-	-	-	-	-	295,301
12	Contractual Services - Mgmt	99,923	-	-	-	-	-	-	-	-	99,923
13	Contractual Services - Testing	183,283	-	-	-	-	-	-	-	-	535,339
14	Contractual Services - Other	352,056	-	-	-	-	-	-	-	-	93,111
15	Building Rentals	93,111	-	-	-	-	-	-	-	-	20,469
16	Equipment Rentals	20,469	-	-	-	-	-	-	-	-	35,559
17	Transportation Expenses	35,559	-	-	-	-	-	-	-	-	52,375
18	Insurance - General Liability	52,375	-	-	-	-	-	-	-	-	4,320
19	Insurance - Other	4,320	-	-	-	-	-	-	-	-	-
20	Advertising Expense	-	-	-	-	-	-	-	-	-	-
21	Regulatory Comm. Expense	53,333	-	-	-	-	-	-	-	-	53,333
22	Bad Debt Expense	65,212	-	-	-	-	30,477	-	-	-	95,689
23	Miscellaneous Expense	56,965	-	-	-	-	-	-	-	-	56,965
24	Depreciation Expense	3,156,675	-	-	-	-	-	(823,895)	-	-	2,332,780
25	Taxes Other Than Income - Reg.	1,256	-	-	-	-	-	-	-	-	1,256
26	Property Tax	-	(309,066)	-	-	-	-	-	-	-	(309,066)
27	Taxes Other Than Income	4,814	-	-	-	-	-	-	-	-	4,814
28	Income Tax	90,848	-	-	-	-	-	-	(164,028)	-	(73,180)
29	TOTAL OPRG EXP.	<u>\$ 6,376,685</u>	<u>\$ (309,066)</u>	<u>\$ -</u>	<u>\$ 352,056</u>	<u>\$ 9,516</u>	<u>\$ (26,716)</u>	<u>\$ 30,477</u>	<u>\$ (823,895)</u>	<u>\$ (164,028)</u>	<u>\$ 5,445,029</u>
30	OPRG INC. (LOSS)	<u>\$ 144,516</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,188,784</u>

References:
Column (A): Company Schedule C-1
Column (B): Testimony, RLM And Schedule RLM-8
Column (C): Testimony, RLM
Column (D): Testimony, RLM
Column (E): Testimony, RLM
Column (F): Testimony, RLM
Column (G): Testimony, RLM
Column (H): Testimony, RLM And Schedule RLM-9
Column (I): Testimony, RLM
Column (J): Sum Of Columns (A) Thru (I)

SURREBUTTAL
EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 1
PROPERTY TAX COMPUTATION

LINE NO.	DESCRIPTION	REFERENCE	(A)	(B)
Calculation Of The Company's Full Cash Value:				
Annual Operating Revenues:				
1	Adjusted Revenues In Year Ended Dec. 2008	Sch. RLM-6, Col (C), Ln 4	\$ 6,643,813	
2	Adjusted Revenues In Year Ended Dec. 2008	Sch. RLM-6, Col (C), Ln 4	6,643,813	
3	Proposed Revenues	Sch. RLM-6, Col (E), Ln 4	<u>11,735,213</u>	
4	Total Three Year Operating Revenues	Sum Of Lines 1, 2 & 3	\$ 25,022,839	
5	Average Annual Operating Revenues	Line 4 / 3	<u>8,340,946</u>	
6	Two Times 3-Year Average Operating Revenues	Line 5 X 2		\$ 16,681,893
ADD:				
10% Of Construction Work In Progress ("CWIP"):				
7	Test Year CWIP	Co. Sch. E-1	\$ 17,783,338	
8	10% Of CWIP	Line 7 X 10%		\$ 1,778,334
SUBTRACT:				
Transportation At Book Value:				
9	Original Cost Of Transportation Equipment	RLM-4, Pg 7, Col. (D), Ln 19	\$ 165,404	
10	Acc. Dep. Of Transportation Equipment	RLM-4, Pg 7, Col. (E), Ln 19	<u>(116,830)</u>	
11	Book Value Of Transportation Equipment	Line 9 + Line 10		\$ (48,574)
12	Company's Full Cash Value ("FCV")	Sum Of Lines 6, 8 & 11		<u>\$ 18,411,653</u>
Calculation Of The Company's Tax Liability:				
MULTIPLY:				
FCV X Valuation Assessment Ratio X Property Tax Rates:				
13	Assessment Ratio For 2010	House Bill 2779	21.0%	
14	Assessed Value	Line 12 X Line 13	\$ 3,866,447	
Property Tax Rates:				
15	Primary Tax Rate - 2008 Tax Notice	Company 11/02/09 E-Mail	15.2456%	
16	Secondary Tax Rate - 2008 Tax Notice	Company 11/02/09 E-Mail	<u>0.0000%</u>	
17	Estimated Tax Rate Liability	Line 15 + Line 16	15.25%	
18	Co.'s Total Tax Liability - Based On Full Cash Value	Line 14 X Line 17		<u>\$ 589,463</u>
19	Test Year Property Tax Expense As Filing	Co. Sch. C-1, Page 12		<u>280,397</u>
20	Increase In Property Tax Expense	Line 19 - Line 18		\$ (309,066)
21	RUCO Adjustment (See RLM-7, Col. (B), Line 26)	Line 20		<u>\$ (309,066)</u>

SURREBUTTAL
EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 4
INCOME TAX EXPENSE

LINE NO.	DESCRIPTION	(A) REFERENCE	(B) AMOUNT
FEDERAL INCOME TAXES:			
1	Operating Income Before Taxes	Sch. RLM-6, Column (C), L26 + L24	\$ 1,125,604
LESS:			
2	Arizona State Tax	Line 11	13,211
3	Interest Expense	Note (A) Line 20	(1,315,195)
4	Federal Taxable Income	Line 1 - Line 2 - Line 3	<u>\$ (176,381)</u>
5	Federal Tax Rate	Sch. RLM-1, Pg 2, Col. (D), L34	34.00%
6	Federal Income Tax Expense	Line 4 X line 5	<u>\$ (59,969)</u>
STATE INCOME TAXES:			
7	Operating Income Before Taxes	Line 1	\$ 1,125,604
LESS:			
8	Interest Expense	Note (A) Line 20	(1,315,195)
9	State Taxable Income	Line 7 - Line 8	<u>\$ (189,591)</u>
10	State Tax Rate	Tax Rate	6.97%
11	State Income Tax Expense	Line 9 X Line 10	<u>\$ (13,211)</u>
TOTAL INCOME TAX EXPENSE:			
12	Federal Income Tax Expense	Line 6	\$ (59,969)
13	State Income Tax Expense	Line 11	(13,211)
14	Total Income Tax Expense Per RUCO	Line 12 + Line 13	<u>\$ (73,180)</u>
15	Total Income Tax Expense Per Company (Per Company Sch. C-1)		90,848
16	Total Income Tax Adjustment	Line 14 - Line 15	<u>\$ (164,028)</u>
17	RUCO Adjustment (See Sch. RLM-7, Column (I), L28)	Line 16	<u>\$ (164,028)</u>

NOTE (A):

Interest Synchronization:		
18	Adjusted Rate Base (Sch. RLM-3, Col. (E), L13)	\$ 53,844,005
19	Weighted Cost Of Debt (Sch. RLM-11, Col. (F), L2)	2.44%
20	Interest Expense (L17 X L18)	<u>\$ 1,315,195</u>

**SURREBUTTAL
COST OF CAPITAL**

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) RUCO ADJUSTMENTS	(C) RUCO AS ADJUSTED	(D) CAPITAL RATIO	(E) COST	(F) WEIGHTED COST RATE
1	Short-term Debt	\$ -	\$ -	\$ -	0.00%	0.00%	
2	Long-term Debt	\$ 118,466,992	\$ -	\$ 118,466,992	37.89%	6.45%	2.44%
3	Common Equity	\$ 194,182,956	\$ -	\$ 194,182,956	62.11%	9.00%	5.59%
4	TOTAL CAPITAL	<u>\$ 312,649,948</u>	<u>\$ -</u>	<u>\$ 312,649,948</u>	<u>100.00%</u>		
5	COST OF CAPITAL						<u>8.03%</u>

References:

Columns (A) Thru (F): Testimony, WAR

**SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE**

LINE NO.	CUSTOMER CLASSIFICATION	(A) ADJUSTED BILL DETERMINENTS	(B) PROPOSED MONTHLY RATES & CHARGES	(C) TEST YEAR PROPOSED REVENUE
RESIDENTIAL				
1	5/8" Residential	19,943	\$ 53.51	\$ 1,067,228
2	3/4" Residential	155,004	53.51	8,294,867
3	1" Residential	1,500	133.95	200,931
4	1.5" Residential	-	267.57	-
5	2" Residential	3	428.11	1,285
6	TOTAL RESIDENTIAL	<u>176,450</u>		<u>\$ 9,564,311</u>
COMMERCIAL				
7	5/8" Commercial	41	\$ 53.51	\$ 2,194
8	3/4" Commercial	44	53.51	2,355
9	1" Commercial	192	133.95	25,719
10	1.5" Commercial	291	267.57	77,863
11	2" Commercial *	468	428.11	200,356
12	3" Commercial	24	856.22	20,549
13	4" Commercial	12	1,337.85	16,054
14	TOTAL COMMERCIAL	<u>1,072</u>		<u>\$ 345,090</u>
15	TOTAL RECYCLED (In Thousands Of Gallons)	555,757	\$ 2.00	<u>\$ 1,111,513</u>
16	TOTAL REVENUE PER BILL DETERMINENTS			<u>\$ 11,020,915</u>
17	Unreconciled Difference vs. Billed Revenues			\$ 1,219
18	RUCO Disallowance Of The CMT			N/A
19	Miscellaneous Revenues			713,079
20	TOTAL CALCULATED ADJUSTED TEST YEAR REVENUE			<u>\$ 11,735,213</u>
21	ADJUSTED REVENUE PER SCHEDULE SURR RLM-1, LINE 10			\$ 11,735,213
22	DIFFERENCE			<u>\$ 0</u>

SURREBUTTAL

TYPICAL RESIDENTIAL BILL ANALYSIS

LINE NO.	DESCRIPTION	(A) PRESENT	(B)	(C) COMPANY PROPOSED	(D)	(E) RUCO PROPOSED	(F)
REVENUE ALLOCATION							
1	RESIDENTIAL	\$ 6,034,727	94.24%	\$ 12,709,188	88.88%	\$ 9,564,311	86.78%
2	OTHER	369,018	5.76%	1,589,982	11.12%	1,456,604	13.22%
3	TOTAL	<u>\$ 6,403,745</u>	<u>100.00%</u>	<u>\$ 14,299,170</u>	<u>100.00%</u>	<u>\$ 11,020,915</u>	<u>100.00%</u>
ALLOCATION RATIOS							
4	FIX REVENUE	\$ 6,233,189	97.34%	\$ 13,167,749	92.09%	\$ 9,909,401	89.91%
5	VARIABLE REVENUE	170,556	2.66%	1,131,421	7.91%	1,111,513	10.09%
6	TOTAL	<u>\$ 6,403,745</u>	<u>100.00%</u>	<u>\$ 14,299,170</u>	<u>100.00%</u>	<u>\$ 11,020,915</u>	<u>100.00%</u>
RESIDENTIAL (5/8" X 3/4") RATE DESIGN							
7	BASIC MONTHLY CHARGE	\$ 33.00		\$ 71.11		\$ 53.51	
COMMODITY CHARGE							
		<u>PRESENT</u>	<u>PROPOSED</u>				
8	Flat Rate	N/A	N/A	N/A	N/A	N/A	N/A
9		N/A	N/A	N/A	N/A	N/A	N/A
10		N/A	N/A	N/A	N/A	N/A	N/A
11		N/A	N/A	N/A	N/A	N/A	N/A
12		N/A	N/A	N/A	N/A	N/A	N/A
13		N/A	N/A	N/A	N/A	N/A	N/A
AVERAGE RESIDENTIAL BILL COMPARISONS							
	COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL	VARIABLE MONTHLY USAGE	PERCENT AVERAGE USAGE OF N/A	PRESENT TOTAL MONTHLY COST	RUCO MONTHLY COST	RUCO MONTHLY INCREASE	% MONTHLY INCREASE
14							
15							
16		N/A	N/A	\$ 33.00	\$ 53.51	\$ 20.51	62.16%
17							
18							
MEDIAN RESIDENTIAL BILL COMPARISONS							
	COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL	VARIABLE MONTHLY USAGE	PERCENT AVERAGE USAGE OF 2000	PRESENT TOTAL MONTHLY COST	RUCO MONTHLY COST	RUCO MONTHLY INCREASE	% MONTHLY INCREASE
19							
20							
21		N/A	N/A	\$ 33.00	\$ 53.51	\$ 20.51	62.16%
22							
23							

PROPOSED PHASE IN RATES

LINE NO.	METER SIZE ALL CLASSES	(A)	(B)	(C)	(D)	(E)	(F)	(G)
		PRESENT	YEAR 1	COMPANY YEAR 2	YEAR 3	YEAR 1 1/3 Of Increase	RUCO YEAR 2 2/3 Of Increase	YEAR 3 Full Increase
1	5/8" Meter	\$ 33.00	\$ 45.33	\$ 58.16	\$ 71.11	\$ 39.84	\$ 46.68	\$ 53.51
2	3/4" Meter	33.00	45.33	58.16	71.11	39.84	46.68	53.51
3	1" Meter	82.50	113.33	145.40	178.00	99.65	116.80	133.95
4	1.5" Meter	165.00	226.65	290.80	355.55	199.19	233.38	267.57
5	2" Meter	264.00	362.64	465.28	568.88	318.70	373.41	428.11
6	3" Meter	528.00	725.28	930.56	1,137.76	637.41	746.81	856.22
7	4" Meter	825.00	1,133.25	1,454.00	1,777.75	995.95	1,166.90	1,337.85
8	6" Meter	1,650.00	2,266.50	2,908.00	3,555.50	2,155.44	2,660.88	3,166.32
9	8" Meter	N/A	4,533.00	5,816.00	7,111.00	4,036.82	5,179.39	6,332.64

References:

Columns (A) Thru (D): Company Schedule H-3, Page 2

Column (E): One Third Of The Increase Added To Present Rate. Calculation For 5/8" Meter ($\$63.33 - \$33.00 = \$30.33$) ($\$30.33 \times 1/3 = \10.11) ($\$10.11 + \33.00)

Column (F): Two Thirds Of The Increase Added To Present Rate. Calculation For 5/8" Meter ($\$63.33 - \$33.00 = \$30.33$) ($\$30.33 \times 2/3 = \20.22) ($\$20.22 + \33.00)

Column (G): RLM-RD1, Column (B)



**SURREBUTTAL
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SCH. NO.	PAGE NO.	TITLE
SURR RLM-1	1 & 2	REVENUE REQUIREMENT
SURR RLM-2	1	RATE BASE
SURR RLM-3	1	SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS
TESTIMONY		RATE BASE ADJUSTMENT NO. 1 - GROSS PLANT AND ACCUMULATED DEPRECIATION
SURR RLM-4	1	RATE BASE ADJUSTMENT NO. 2 - ACCUMULATED DEPRECIATION
TESTIMONY		SURREBUTTAL R. B. ADJ. NO. 3 - RECLASSFY ICFA'S AS CIAC
SURR RLM-5	1	INTENTIONALLY LEFT BLANK
SURR RLM-6	1	OPERATING INCOME
SURR RLM-7	1	SUMMARY OF OPERATING INCOME ADJUSTMENTS
SURR RLM-8	1	OPERATING INCOME ADJUSTMENT NO. 1 - PROPERTY TAX COMPUTATION
TESTIMONY		OPERATING INCOME ADJUSTMENT NO. 2 - CAGR D FEES
TESTIMONY		OPERATING INCOME ADJUSTMENT NO. 3 - FRANCHISE FEE EXPENSE
TESTIMONY		SURREBUTTAL INC. ADJUSTMENT NO. 4 - REVENUE ANNUALIZATION
TESTIMONY		SURREBUTTAL INC. ADJUSTMENT NO. 5 - REMOVAL OF MANAGEMENT FEES
TESTIMONY		SURREBUTTAL INC. ADJUSTMENT NO. 6 - BAD DEBT EXPENSE
TESTIMONY		SURREBUTTAL INC. ADJUSTMENT NO. 7 - DEPRECIATION EXPENSE
SURR RLM-9	1	OPERATING INCOME ADJUSTMENT NO. 8 - INCOME TAX EXPENSE
SURR RLM-10	1	COST OF CAPITAL
SURR RLM-RD1	1	RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
SURR RLM-RD2	1	TYPICAL RESIDENTIAL BILL ANALYSIS

**SURREBUTTAL
REVENUE REQUIREMENT**

LINE NO.	DESCRIPTION	(A) COMPANY OCRB/FVRB COST	(B) RUCO OCRB/FVRB COST
1	Fair Value Rate Base	\$ 45,260,919	\$ 39,797,227
2	Adjusted Operating Income (Loss)	\$ 1,969,624	\$ 2,219,954
3	Current Rate Of Return (L2 / L1)	4.35%	5.58%
4	Required Operating Income (L5 X L1)	\$ 3,842,652	\$ 3,196,668
5	Required Rate Of Return On Fair Value Rate Base	8.49%	8.03%
6	Operating Income Deficiency (L4 - L2)	\$ 1,873,028	\$ 976,715
7	Gross Revenue Conversion Factor (RLM-1, Pg 2)	1.6451	1.6286
8	Increase In Gross Revenue Requirement (L7 X L6)	\$ 3,081,292	\$ 1,590,711
9	Adjusted Test Year Revenue	\$ 9,110,720	\$ 9,409,861
10	Proposed Annual Revenue (L8 + L9)	\$ 12,192,012	\$ 11,000,572
11	Required Percentage Increase In Revenue (L8 / L9)	33.82%	16.90%
12	Rate Of Return On Common Equity	10.00%	9.00%

References:

Column (A): Company Schedules A-1 and C-1
Column (B): RUCO Schedule RLM-2, RLM-6 And RLM-10

SURREBUTTAL
REVENUE REQUIREMENT - CONT'D
GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
CALCULATION OF GROSS REVENUE CONVERSION FACTOR:					
1	Revenue	1.0000			
2	Combined Federal And State Tax Rate (L10)	(0.3860)			
3	Subtotal (L1 + L2)	<u>0.6140</u>			
4	Revenue Conversion Factor (L1 / L3)	1.6286			
CALCULATION OF EFFECTIVE TAX RATE:					
5	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%			
6	Arizona State Income Tax Rate	<u>6.9680%</u>			
7	Federal Taxable Income (L5 - L6)	93.0320%			
8	Applicable Federal Income Tax Rate (Col. (D), L34)	34.0000%			
9	Effective Federal Income Tax Rate (L7 X L8)	<u>31.6309%</u>			
10	Combined Federal And State Income Tax Rate (L6 + L9)	<u>38.5989%</u>			
11	Required Operating Income (Sch. RLM-1, Col. (B), L4)	\$ 3,196,668			
12	Adj'd T.Y. Oper'g Inc. (Loss) (Sch. RLM-1, Col. (B), L2)	<u>2,219,954</u>			
13	Required Increase In Operating Income (L11 - L12)		\$ 976,715		
14	Income Taxes On Recommended Revenue (Col. (D), L31)	\$ 1,398,449			
15	Income Taxes On Test Year Revenue (Col. (D), L32)	<u>784,452</u>			
16	Required Increase In Revenue To Provide For Income Taxes (L14 - L15)		<u>\$ 613,997</u>		
17	Total Required Increase In Revenue (L13 + L16)		<u>\$ 1,590,711</u>		
CALCULATION OF INCOME TAX:					
RUCO					
Recommended					
18	Revenue (Sch. RLM-1, Col. (B), L10)			\$ 11,000,572	
19	Operating Expense Excluding Income Tax (RLM-6, Col. (E), L29 - L28)			(6,405,455)	
20	Synchronized Interest (Col. (C), L37)			(972,088)	
21	Arizona Taxable Income (L18 + L19 + L20)			<u>\$ 3,623,029</u>	
22	Arizona State Income Tax Rate			6.9680%	
23	Arizona Income Tax (L21 X L22)				\$ 252,453
24	Fed. Taxable Income (L21 - L23)			<u>\$ 3,370,576</u>	
25	Fed. Tax On 1st Inc. Bracket (\$1 - \$50,000) @ 15%			\$ 7,500	
26	Fed. Tax On 2nd Inc. Bracket (\$50,001 - \$75,000) @ 25%			6,250	
27	Fed. Tax On 3rd Inc. Bracket (\$75,001 - \$100,000) @ 34%			8,500	
28	Fed. Tax On 4th Inc. Bracket (\$100,001 - \$335,000) @ 39%			91,650	
29	Fed. Tax On 5th Inc. Bracket (\$335,001 - \$10M) @ 34%			1,032,096	
30	Total Federal Income Tax (L25 + L26 + L27 + L28 + L29)				\$ 1,145,996
31	Combined Federal And State Income Tax (L23 + L30)				<u>\$ 1,398,449</u>
32	Test Year Combined Income Tax, RUCO As Adjusted (RLM-6, Col. (C), L28)				\$ 784,452
33	RUCO Adjustment (L31 - L32) (See RLM-6, Col. (D), L24)				<u>\$ 613,997</u>
34	Applicable Federal Income Tax Rate (Col. (D), L30 / Col. (C), L24)				34.00%
CALCULATION OF INTEREST SYNCHRONIZATION:					
35	Rate Base (Sch. RLM-3, Col. (H), L13)			\$ 39,797,227	
36	Weighted Avg. Cost Of Debt (Sch. RLM-11, Col. (F), L2)			2.44%	
37	Synchronized Interest (L35 X L36)			<u>\$ 972,088</u>	

**SURREBUTTAL
SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS**

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED OCRB/FVRB	(B) RUCO ADJUSTMENTS	(C) RUCO AS ADJUSTED OCRB/FVRB
1	Gross Utility Plant In Service	\$ 87,753,403	\$ -	\$ 87,753,403
2	Accumulated Depreciation	(8,092,185)	641,535	(7,450,650)
3	Net Utility Plant In Service (L1 + L2)	<u>\$ 79,661,218</u>	<u>\$ 641,535</u>	<u>\$ 80,302,753</u>
4	Advances In Aid Of Const.	\$ (33,770,450)	\$ -	\$ (33,770,450)
5	Contribution In Aid Of Const.	\$ -	\$ (6,600,076)	\$ (6,600,076)
6	Accumulated Amortization Of CIAC	-	494,849	494,849
7	NET CIAC (L5 + L6)	<u>\$ -</u>	<u>\$ (6,105,227)</u>	<u>\$ (6,105,227)</u>
8	Customer Meter Deposits	\$ (1,136,087)	\$ -	\$ (1,136,087)
9	Deferred Income Taxes & Credits	\$ -	\$ -	\$ -
10	Unamortized Finance Charges	\$ -	\$ -	\$ -
11	Deferred Regulatory Assets	\$ 506,238	\$ -	\$ 506,238
12	Allowance For Working Capital	\$ -	\$ -	\$ -
13	TOTAL RATE BASE (Sum L's 3, 4, 7, 8 Thru 12)	<u>\$ 45,260,919</u>	<u>\$ (5,463,692)</u>	<u>\$ 39,797,227</u>

References:

- Column (A): Company Schedule B-1
- Column (B): RLM-3, Columns (B) Thru (G)
- Column (C): Column (A) + Column (B)

**SURREBUTTAL
SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS**

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED OCRB/FVRB	(B) ADJ # 1 GROSS PLT & ACC DEP	(C) ADJ # 2 ACC DEP	(D) SURR ADJ # 3 RECLASSFY ICFA AS CIAC	(E) RUCO ADJTED OCRB/FVRB
1	Gross Utility Plant In Service	\$ 87,753,403	\$ -	\$ -	\$ -	\$ 87,753,403
2	Accumulated Depreciation	(8,092,185)	640,692	843	-	(7,450,650)
3	Net Utility Plant In Service (L1 + L2)	<u>\$ 79,661,218</u>	<u>\$ 640,692</u>	<u>\$ 843</u>	<u>\$ -</u>	<u>\$ 80,302,753</u>
4	Advances In Aid Of Const.	\$ (33,770,450)	\$ -	\$ -	\$ -	\$ (33,770,450)
5	Contribution In Aid Of Const.	\$ -	\$ -	\$ -	\$ (6,600,076)	\$ (6,600,076)
6	Accumulated Amortization Of CIAC	-	-	-	494,849	494,849
7	NET CIAC (L5 + L6)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,105,227)</u>	<u>\$ (6,105,227)</u>
8	Customer Meter Deposits	\$ (1,136,087)	\$ -	\$ -	\$ -	\$ (1,136,087)
9	Deferred Income Taxes & Credits	\$ -	\$ -	\$ -	\$ -	\$ -
10	Unamortized Finance Charges	\$ -	\$ -	\$ -	\$ -	\$ -
11	Deferred Regulatory Assets	\$ 506,238	\$ -	\$ -	\$ -	\$ 506,238
12	Allowance For Working Capital	\$ -	\$ -	\$ -	\$ -	\$ -
13	TOTAL RATE BASE (Sum L's 3, 4, 7, 8 Thru 12)	<u>\$ 45,260,919</u>	<u>\$ 640,692</u>	<u>\$ 843</u>	<u>\$ (6,105,227)</u>	<u>\$ 39,797,227</u>

References:

- Column (A): Company Schedule B-1
- Column (B): Adjustment No. 1 - RUCO Adjustment To GPIS And Acc. Dep. (See Testimony, RLM and Schedule RLM-4)
- Column (C): Adjustment No. 2 - RUCO Adjustment To Acc. Dep. (See Testimony, RLM)
- Column (D): Adjustment No. 3 - RUCO Adjustment To Reclassify ICFA's As CIAC (See Testimony, WAR)
- Column (E): Sum Of Columns (A) Thru (D)

**SURREBUTTAL
TEST YEAR PLANT SCHEDULES
PRIOR TEST YEAR ENDED DECEMBER 31, 2002**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PRIOR DECISION DEP. RATE	(B) TOTAL PLANT VALUE	(C) ACCUMULATED DEPRECIATION	(D) NET PLANT VALUE
1	301	Intangibles/Organization	0.00%	\$ 88,723	\$ -	\$ 88,723
2	302	Franchise Cost	0.00%	-	-	-
3	303	Land and Land Rights	0.00%	13,490	-	13,490
4	304	Structures and Improvements	3.33%	379,628	(10,861)	368,767
5	306	Lake, River and Other Intakes	2.50%	-	-	-
6	307	Wells and Springs	3.33%	134,365	(5,375)	128,990
7	309	Supply Mains	2.00%	-	-	-
8	310	Power Generation Equipment	5.00%	-	-	-
9	311	Pumping Equipment	12.50%	321,723	(16,086)	305,637
10	320	Water Treatment Equipment	3.33%	6,762	(338)	6,424
11	330	Dist. Reservoirs & Standpipes	2.22%	323,495	(11,322)	312,173
12	331	Trans. and Dist. Mains	2.00%	1,466,621	(35,056)	1,431,565
13	333	Services	3.33%	251,007	(4,608)	246,399
14	334	Meters and Meter Installations	8.33%	53,296	(1,055)	52,241
15	335	Hydrants	2.00%	190,448	(3,408)	187,040
16	336	Backflow Prevention Devices	6.67%	-	-	-
17	339	Other Plant and Misc. Equip.	6.67%	-	-	-
18	340	Office Furniture and Equipment	6.67%	21,190	(720)	20,470
19	341	Transportation Equipment	20.00%	-	-	-
20	343	Tools, Shop and Garage Equip.	5.00%	-	-	-
21	344	Laboratory Equipment	10.00%	-	-	-
22	345	Power Operated Equipment	5.00%	-	-	-
23	346	Communication Equipment	10.00%	-	-	-
24	347	Miscellaneous Equipment	10.00%	-	-	-
25	348	Other Tangible Plant	10.00%	-	-	-
26	TOTAL WASTEWATER PLANT			<u>\$ 3,250,748</u>	<u>\$ (88,830)</u>	<u>\$ 3,161,918</u>
27	Company As Filed			<u>\$ 3,250,748</u>	<u>(88,830)</u>	<u>3,161,918</u>
28	Difference			<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

References:
Columns (A) Thru (D): Company Workpapers

SURREBUTTAL
TEST YEAR PLANT SCHEDULES - CONT'D
YEAR ENDED DECEMBER 31, 2003

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ADJUSTED PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
1	301	Intangibles/Organization	\$ -	\$ -	\$ -	\$ 88,723	\$ -	\$ 88,723
2	302	Franchise Cost	-	-	-	-	-	-
3	303	Land and Land Rights	-	-	-	13,490	-	13,490
4	304	Structures and Improvements	3,365	-	(12,698)	382,993	(23,558)	359,435
5	306	Lake, River and Other Intakes	-	-	-	-	-	-
6	307	Wells and Springs	229,255	-	(8,291)	363,620	(13,666)	349,954
7	309	Supply Mains	463,999	-	(4,640)	463,999	(4,640)	459,359
8	310	Power Generation Equipment	-	-	-	-	-	-
9	311	Pumping Equipment	241,878	-	(55,333)	563,601	(71,419)	492,182
10	320	Water Treatment Equipment	1,233	-	(246)	7,995	(584)	7,411
11	330	Dist. Reservoirs & Standpipes	342,317	-	(10,981)	665,812	(22,304)	643,508
12	331	Trans. and Dist. Mains	1,209,587	-	(41,428)	2,676,208	(76,484)	2,599,724
13	333	Services	13,310	-	(8,580)	264,317	(13,188)	251,129
14	334	Meters and Meter Installations	72,760	-	(7,470)	126,056	(8,525)	117,531
15	335	Hydrants	91,669	-	(4,726)	282,117	(8,134)	273,983
16	336	Backflow Prevention Devices	-	-	-	-	-	-
17	339	Other Plant and Misc. Equip.	19,208	-	(641)	19,208	(641)	18,567
18	340	Office Furniture and Equipment	15,964	-	(1,946)	37,154	(2,666)	34,488
19	341	Transportation Equipment	-	-	-	-	-	-
20	343	Tools, Shop and Garage Equip.	-	-	-	-	-	-
21	344	Laboratory Equipment	-	-	-	-	-	-
22	345	Power Operated Equipment	-	-	-	-	-	-
23	346	Communication Equipment	-	-	-	-	-	-
24	347	Miscellaneous Equipment	-	-	-	-	-	-
25	348	Other Tangible Plant	-	-	-	-	-	-
26	TOTAL WASTEWATER PLANT		<u>\$ 2,704,545</u>	<u>\$ -</u>	<u>\$ (156,979)</u>	<u>\$ 5,955,293</u>	<u>\$ (245,809)</u>	<u>\$ 5,709,484</u>
27	Company As Filed		2,704,545	-	(156,850)	5,955,293	(245,680)	5,709,613
28	Difference		<u>\$ -</u>	<u>\$ -</u>	<u>\$ (129)</u>	<u>\$ -</u>	<u>\$ (129)</u>	<u>\$ (129)</u>

References:

- Columns (A) (B): Company Workpapers
- Column (C): [(Col. (A) + Col. (B)) X RLM-4, Page 1, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 1, Col. (B) X RLM-4, Page 1, Col. (A)]
- Column (D): Schedule RLM-4, Page 1, Column (B) + Column (A) + Column (B)
- Column (E): Schedule RLM-4, Page 1, Column (C) + Column (B) + Column (C)
- Column (F): Column (D) + Column (E)

**SURREBUTTAL
TEST YEAR PLANT SCHEDULES - CONT'D
YEAR ENDED DECEMBER 31, 2004**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ADJUSTED PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
1	301	Intangibles/Organization	\$ -	\$ (88,723)	\$ -	\$ -	\$ 88,723	\$ 88,723
2	302	Franchise Cost	-	-	-	-	-	-
3	303	Land and Land Rights	-	-	-	13,490	-	13,490
4	304	Structures and Improvements	19,633	-	(13,081)	402,626	(36,639)	365,987
5	306	Lake, River and Other Intakes	-	-	-	-	-	-
6	307	Wells and Springs	70,762	-	(13,287)	434,382	(26,953)	407,429
7	309	Supply Mains	303,105	-	(12,311)	767,104	(16,951)	750,153
8	310	Power Generation Equipment	-	-	-	-	-	-
9	311	Pumping Equipment	33,190	-	(72,524)	596,791	(143,943)	452,847
10	320	Water Treatment Equipment	1,598	-	(293)	9,593	(877)	8,716
11	330	Dist. Reservoirs & Standpipes	10,093	-	(14,893)	675,905	(37,197)	638,708
12	331	Trans. and Dist. Mains	2,137,135	-	(74,896)	4,813,343	(151,380)	4,661,963
13	333	Services	331,833	-	(14,327)	596,150	(27,515)	568,635
14	334	Meters and Meter Installations	554,739	-	(33,605)	680,795	(42,131)	638,664
15	335	Hydrants	405,486	-	(9,697)	687,603	(17,831)	669,772
16	336	Backflow Prevention Devices	20,366	-	(679)	20,366	(679)	19,687
17	339	Other Plant and Misc. Equip.	8,433	-	(1,562)	27,641	(2,203)	25,438
18	340	Office Furniture and Equipment	130,714	-	(6,837)	167,868	(9,504)	158,365
19	341	Transportation Equipment	50,473	-	(5,047)	50,473	(5,047)	45,426
20	343	Tools, Shop and Garage Equip.	6,722	-	(168)	6,722	(168)	6,554
21	344	Laboratory Equipment	3,998	-	(200)	3,998	(200)	3,799
22	345	Power Operated Equipment	-	-	-	-	-	-
23	346	Communication Equipment	19,235	-	(962)	19,235	(962)	18,273
24	347	Miscellaneous Equipment	-	-	-	-	-	-
25	348	Other Tangible Plant	-	-	-	-	-	-
26		TOTAL WASTEWATER PLANT	<u>\$ 4,107,515</u>	<u>\$ (88,723)</u>	<u>\$ (274,370)</u>	<u>\$ 9,974,085</u>	<u>\$ (431,455)</u>	<u>\$ 9,542,630</u>
27		Company As Filed	<u>4,107,515</u>	<u>(88,723)</u>	<u>(281,430)</u>	<u>9,974,085</u>	<u>(527,110)</u>	<u>9,446,975</u>
28		Difference	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,060</u>	<u>\$ -</u>	<u>\$ 95,655</u>	<u>\$ 95,655</u>

References:

- Columns (A) (B): Company Workpapers
- Column (C): [(Col. (A) + Col. (B)) X RLM-4, Page 1, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 2, Col. (D) X RLM-4, Page 1, Col. (A)]
- Column (D): Schedule RLM-4, Page 2, Column (D) + (Column (A) + Column (B))
- Column (E): Schedule RLM-4, Page 2, Column (E) + Column (B) + Column (C)
- Column (F): Column (D) + Column (E)

SURREBUTTAL
TEST YEAR PLANT SCHEDULES - CONT'D
YEAR ENDED DECEMBER 31, 2005

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ADJUSTED PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
1	301	Intangibles/Organization	\$ -	\$ -	\$ -	\$ -	\$ 88,723	\$ 88,723
2	302	Franchise Cost	-	-	-	-	-	-
3	303	Land and Land Rights	16,500	-	-	29,990	-	29,990
4	304	Structures and Improvements	11,827	-	(13,604)	414,453	(50,243)	364,210
5	306	Lake, River and Other Intakes	-	-	-	-	-	-
6	307	Wells and Springs	331,936	-	(19,992)	766,318	(46,944)	719,373
7	309	Supply Mains	466,146	-	(20,004)	1,233,250	(36,955)	1,196,296
8	310	Power Generation Equipment	-	-	-	-	-	-
9	311	Pumping Equipment	209,520	-	(87,694)	806,310	(231,637)	574,673
10	320	Water Treatment Equipment	-	-	(319)	9,593	(1,196)	8,397
11	330	Dist. Reservoirs & Standpipes	205,191	-	(17,283)	881,095	(54,479)	826,616
12	331	Trans. and Dist. Mains	5,353,316	-	(149,800)	10,166,659	(301,180)	9,865,479
13	333	Services	173,284	-	(22,737)	769,434	(50,252)	719,182
14	334	Meters and Meter Installations	1,153,519	-	(104,754)	1,834,314	(146,885)	1,687,429
15	335	Hydrants	226,308	-	(16,015)	913,911	(33,846)	880,065
16	336	Backflow Prevention Devices	4,181	-	(1,496)	24,547	(2,177)	22,370
17	339	Other Plant and Misc. Equip.	316,541	-	(12,400)	344,182	(14,603)	329,579
18	340	Office Furniture and Equipment	60,219	-	(13,205)	228,087	(22,709)	205,379
19	341	Transportation Equipment	122,422	(18,837)	(20,453)	154,057	(6,663)	147,394
20	343	Tools, Shop and Garage Equip.	14,239	-	(692)	20,961	(860)	20,101
21	344	Laboratory Equipment	-	-	(400)	3,998	(600)	3,399
22	345	Power Operated Equipment	-	-	-	-	-	-
23	346	Communication Equipment	22,900	-	(3,068)	42,135	(4,030)	38,104
24	347	Miscellaneous Equipment	-	-	-	-	-	-
25	348	Other Tangible Plant	351,643	-	(17,582)	351,643	(17,582)	334,061
26		TOTAL WASTEWATER PLANT	<u>\$ 9,039,690</u>	<u>\$ (18,837)</u>	<u>\$ (521,501)</u>	<u>\$ 18,994,939</u>	<u>\$ (934,120)</u>	<u>\$ 18,060,819</u>
27		Company As Filed	9,039,690	(18,837)	(547,074)	18,994,939	(1,074,184)	17,920,755
28		Difference	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,573</u>	<u>\$ -</u>	<u>\$ 140,064</u>	<u>\$ 140,064</u>

References:

- Columns (A) (B): Company Workpapers
- Column (C): [(Col. (A) + Col. (B)) X RLM-4, Page 1, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 3, Col. (D) X RLM-4, Page 1, Col. (A)]
- Column (D): Schedule RLM-4, Page 3, Column (D) + (Column (A) + Column (B))
- Column (E): Schedule RLM-4, Page 3, Column (E) + Column (B) + Column (C)
- Column (F): Column (D) + Column (E)

**SURREBUTTAL
TEST YEAR PLANT SCHEDULES - CONT'D
YEAR ENDED DECEMBER 31, 2006**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ADJUSTED PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
1	301	Intangibles/Organization	\$ -	\$ -	\$ -	\$ -	\$ 88,723	\$ 88,723
2	302	Franchise Cost	-	-	-	-	-	-
3	303	Land and Land Rights	14,866	-	-	44,856	-	44,856
4	304	Structures and Improvements	321	-	(13,807)	414,774	(64,050)	350,724
5	306	Lake, River and Other Intakes	1,855	-	(23)	1,855	(23)	1,832
6	307	Wells and Springs	1,185,840	-	(45,263)	1,952,158	(92,207)	1,859,951
7	309	Supply Mains	758,203	-	(32,247)	1,991,453	(69,202)	1,922,251
8	310	Power Generation Equipment	948	-	(24)	948	(24)	924
9	311	Pumping Equipment	2,280,062	-	(243,293)	3,086,372	(474,930)	2,611,442
10	320	Water Treatment Equipment	-	-	(319)	9,593	(1,516)	8,077
11	330	Dist. Reservoirs & Standpipes	485,968	-	(24,955)	1,367,063	(79,434)	1,287,629
12	331	Trans. and Dist. Mains	6,622,191	-	(269,555)	16,788,850	(570,735)	16,218,115
13	333	Services	796,073	-	(38,877)	1,565,507	(89,129)	1,476,378
14	334	Meters and Meter Installations	771,174	-	(184,918)	2,605,488	(331,803)	2,273,685
15	335	Hydrants	813,317	-	(26,411)	1,727,228	(60,257)	1,666,971
16	336	Backflow Prevention Devices	-	-	(1,637)	24,547	(3,814)	20,733
17	339	Other Plant and Misc. Equip.	126,349	-	(27,171)	470,531	(41,774)	428,757
18	340	Office Furniture and Equipment	-	(28,430)	(14,265)	199,657	(8,544)	191,113
19	341	Transportation Equipment	148,303	-	(45,642)	302,361	(52,305)	250,056
20	343	Tools, Shop and Garage Equip.	9,813	-	(1,293)	30,774	(2,154)	28,620
21	344	Laboratory Equipment	1,966	-	(498)	5,964	(1,098)	4,866
22	345	Power Operated Equipment	-	-	-	-	-	-
23	346	Communication Equipment	4,441	-	(4,436)	46,576	(8,466)	38,110
24	347	Miscellaneous Equipment	1,147	-	(57)	1,147	(57)	1,090
25	348	Other Tangible Plant	843,109	-	(77,320)	1,194,752	(94,902)	1,099,850
26	TOTAL WASTEWATER PLANT		<u>\$ 14,865,946</u>	<u>\$ (28,430)</u>	<u>\$ (1,052,010)</u>	<u>\$ 33,832,454</u>	<u>\$ (1,957,699)</u>	<u>\$ 31,874,755</u>
27	Company As Filed		<u>14,865,946</u>	<u>(28,430)</u>	<u>(1,183,943)</u>	<u>33,832,454</u>	<u>(2,287,469)</u>	<u>31,544,985</u>
28	Difference		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 131,933</u>	<u>\$ -</u>	<u>\$ 329,770</u>	<u>\$ 329,770</u>

References:

- Columns (A) (B): Company Workpapers
- Column (C): [(Col. (A) + Col. (B)) X RLM-4, Page 1, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 4, Col. (D) X RLM-4, Page 1, Col. (A)]
- Column (D): Schedule RLM-4, Page 4, Column (D) + (Column (A) + Column (B))
- Column (E): Schedule RLM-4, Page 4, Column (E) + Column (B) + Column (C)
- Column (F): Column (D) + Column (E)

**SURREBUTTAL
TEST YEAR PLANT SCHEDULES - CONT'D
YEAR ENDED DECEMBER 31, 2007**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ADJUSTED PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
1	301	Intangibles/Organization	\$ -	\$ -	\$ -	\$ -	\$ 88,723	\$ 88,723
2	302	Franchise Cost	-	-	-	-	-	-
3	303	Land and Land Rights	-	-	-	44,856	-	44,856
4	304	Structures and Improvements	8,860,456	-	(161,339)	9,275,230	(225,389)	9,049,841
5	306	Lake, River and Other Intakes	-	-	(46)	1,855	(70)	1,785
6	307	Wells and Springs	1,694,715	-	(93,224)	3,646,873	(185,431)	3,461,442
7	309	Supply Mains	94,793	-	(40,777)	2,086,246	(109,979)	1,976,267
8	310	Power Generation Equipment	322,145	-	(8,101)	323,093	(8,125)	314,968
9	311	Pumping Equipment	3,003,036	-	(573,486)	6,089,408	(1,048,416)	5,040,992
10	320	Water Treatment Equipment	321	-	(325)	9,914	(1,840)	8,074
11	330	Dist. Reservoirs & Standpipes	-	-	(30,349)	1,367,063	(109,783)	1,257,280
12	331	Trans. and Dist. Mains	20,134,233	-	(537,119)	36,923,083	(1,107,854)	35,815,229
13	333	Services	1,445,039	-	(76,191)	3,010,546	(165,320)	2,845,226
14	334	Meters and Meter Installations	661,758	-	(244,599)	3,267,246	(576,402)	2,690,844
15	335	Hydrants	1,220,682	-	(46,751)	2,947,910	(107,009)	2,840,901
16	336	Backflow Prevention Devices	2,025	-	(1,705)	26,572	(5,519)	21,053
17	339	Other Plant and Misc. Equip.	30,143	-	(32,390)	500,674	(74,164)	426,511
18	340	Office Furniture and Equipment	296,455	-	(23,204)	496,112	(31,748)	464,364
19	341	Transportation Equipment	233,062	-	(83,778)	535,423	(136,083)	399,340
20	343	Tools, Shop and Garage Equip.	24,531	-	(2,152)	55,305	(4,305)	51,000
21	344	Laboratory Equipment	100,307	-	(5,612)	106,271	(6,710)	99,561
22	345	Power Operated Equipment	60,372	-	(1,509)	60,372	(1,509)	58,863
23	346	Communication Equipment	308,003	-	(20,058)	354,579	(28,524)	326,055
24	347	Miscellaneous Equipment	-	-	(115)	1,147	(172)	975
25	348	Other Tangible Plant	2,390,419	-	(238,996)	3,585,171	(333,898)	3,251,273
26		TOTAL WASTEWATER PLANT	<u>\$ 40,882,495</u>	<u>\$ -</u>	<u>\$ (2,221,826)</u>	<u>\$ 74,714,949</u>	<u>\$ (4,179,526)</u>	<u>\$ 70,535,424</u>
27		Company As Filed	40,882,495	-	(2,373,028)	74,714,949	(4,660,497)	70,054,452
28		Difference	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 151,202</u>	<u>\$ -</u>	<u>\$ 480,971</u>	<u>\$ 480,972</u>

References:

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- Column (D): Schedule RLM-4, Page 5, Column (D) + (Column (A) + Column (B))
- Column (E): Schedule RLM-4, Page 5, Column (E) + Column (B) + Column (C)
- Column (F): Column (D) + Column (E)

SURREBUTTAL
TEST YEAR PLANT SCHEDULES - CONT'D
YEAR ENDED DECEMBER 31, 2008

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ADJUSTED PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
1	301	Intangibles/Organization	\$ -	\$ -	\$ -	\$ -	\$ 88,723	\$ 88,723
2	302	Franchise Cost	-	-	-	-	-	-
3	303	Land and Land Rights	-	-	-	44,856	-	44,856
4	304	Structures and Improvements	172,108	-	(311,731)	9,447,338	(537,119)	8,910,219
5	306	Lake, River and Other Intakes	-	-	(46)	1,855	(116)	1,739
6	307	Wells and Springs	48,053	-	(122,241)	3,694,926	(307,672)	3,387,254
7	309	Supply Mains	-	-	(41,725)	2,086,246	(151,704)	1,934,542
8	310	Power Generation Equipment	-	-	(16,155)	323,093	(24,279)	298,814
9	311	Pumping Equipment	264,103	-	(777,682)	6,353,511	(1,826,099)	4,527,412
10	320	Water Treatment Equipment	2,640	-	(374)	12,554	(2,214)	10,340
11	330	Dist. Reservoirs & Standpipes	-	-	(30,349)	1,367,063	(140,132)	1,226,931
12	331	Trans. and Dist. Mains	7,520,331	-	(813,665)	44,443,414	(1,921,519)	42,521,895
13	333	Services	1,587,850	-	(126,689)	4,598,396	(292,009)	4,306,387
14	334	Meters and Meter Installations	286,333	-	(284,087)	3,553,579	(860,489)	2,693,090
15	335	Hydrants	1,392,656	-	(72,885)	4,340,566	(179,894)	4,160,672
16	336	Backflow Prevention Devices	-	-	(1,772)	26,572	(7,292)	19,280
17	339	Other Plant and Misc. Equip.	194,435	-	(39,879)	695,109	(114,043)	581,066
18	340	Office Furniture and Equipment	8,312	-	(33,368)	504,424	(65,116)	439,308
19	341	Transportation Equipment	61,153	-	(113,200)	596,576	(249,283)	347,293
20	343	Tools, Shop and Garage Equip.	9,971	-	(3,015)	65,276	(7,320)	57,956
21	344	Laboratory Equipment	901	-	(10,672)	107,172	(17,382)	89,790
22	345	Power Operated Equipment	-	-	(3,019)	60,372	(4,528)	55,844
23	346	Communication Equipment	211,357	-	(46,026)	565,936	(74,549)	491,387
24	347	Miscellaneous Equipment	79,712	-	(4,100)	80,859	(4,272)	76,587
25	348	Other Tangible Plant	1,198,539	-	(418,444)	4,783,710	(752,342)	4,031,368
26	TOTAL WASTEWATER PLANT		<u>\$ 13,038,454</u>	<u>\$ -</u>	<u>\$ (3,271,124)</u>	<u>\$ 87,753,403</u>	<u>\$ (7,450,650)</u>	<u>\$ 80,302,754</u>
27	Company As Filed		13,038,454	-	(3,430,845)	87,753,403	(8,091,342)	79,662,061
28	Difference		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 159,721</u>	<u>\$ -</u>	<u>\$ 640,692</u>	<u>\$ 640,693</u>
29	RUCO Adjustment (Line 28) (See RLM-3, Column (B))						<u>\$ 640,692</u>	

References:

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- Column (D): Schedule RLM-4, Page 6, Column (D) + (Column (A) + Column (B))
- Column (E): Schedule RLM-4, Page 6, Column (E) + Column (B) + Column (C)
- Column (F): Column (D) + Column (E)

Global Utilities
Docket No. SW-02445A-09-0077 ET AL
Test Year Ended December 31, 2008

Santa Cruz Water Company
Schedule SURR RLM-5
Page 1 of 1

SURREBUTTAL
RUCO MADE NO POST TEST YEAR PLANT ADJUSTMENTS

**SURREBUTTAL
OPERATING INCOME**

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) RUCO TEST YEAR ADJ'MTS	(C) RUCO TEST YEAR AS ADJ'TED	(D) RUCO PROP'D CHANGES	(E) RUCO AS RECOMM'D
Revenues:						
1	Metered Water Sales	\$ 8,744,774	\$ 299,141	\$ 9,043,915	\$ 1,204,506	\$ 10,248,422
2	Water Sales - Unmetered	-	-	-	-	-
3	Other Operating Revenue	365,946	-	365,946	386,206	752,151
4	TOTAL OPERATING REVENUE	<u>\$ 9,110,720</u>	<u>\$ 299,141</u>	<u>\$ 9,409,861</u>	<u>\$ 1,590,712</u>	<u>\$ 11,000,573</u>
Operating Expenses:						
5	Salary and Wages - Employees	\$ 781,051	(36,448)	\$ 744,603	\$ -	\$ 744,603
6	Employee Pensions and Benefits	189,983	-	189,983	-	189,983
7	Purchased Water	-	-	-	-	-
8	Purchased Power	554,398	16,603	571,001	-	571,001
9	Fuel for Power Production	3,505	-	3,505	-	3,505
10	Chemicals	40,455	1,328	41,783	-	41,783
11	Materials and Supplies	18,969	-	18,969	-	18,969
12	Materials and Supplies	297,033	-	297,033	-	297,033
13	Contractual Services - Testing	36,113	-	36,113	-	36,113
14	Contractual Services - Other	67,911	330,017	397,928	-	397,928
15	Rental of Building/Real Property	94,369	-	94,369	-	94,369
16	Rental of Equipment	7,803	-	7,803	-	7,803
17	Transportation Expenses	45,296	-	45,296	-	45,296
18	Insurance - General Liability	53,083	-	53,083	-	53,083
19	Insurance - Other	4,647	-	4,647	-	4,647
20	Advertising Expense	-	-	-	-	-
21	Rate Case Expense	53,333	-	53,333	-	53,333
22	Bad Debt Expense	91,107	(4,657)	86,450	-	86,450
23	Miscellaneous Expenses	34,629	-	34,629	-	34,629
24	Depreciation Expense	3,506,485	(494,849)	3,011,636	-	3,011,636
25	Taxes Other Than Income	15,929	-	15,929	-	15,929
26	Property Taxes	-	690,540	690,540	-	690,540
27	Other Taxes and Licenses	6,823	-	6,823	-	6,823
28	Income Taxes	1,238,174	(453,722)	784,452	613,997	1,398,449
29	TOTAL OPERATING EXPENSES	<u>\$ 7,141,096</u>	<u>\$ 48,811</u>	<u>\$ 7,189,907</u>	<u>\$ 613,997</u>	<u>\$ 7,803,904</u>
30	OPERATING INCOME (LOSS)	<u>\$ 1,969,624</u>		<u>\$ 2,219,954</u>		<u>\$ 3,196,669</u>

References:

- Column (A): Company Schedule C-1
- Column (B): RLM-7, Columns (B) Thru (I)
- Column (C): Column (A) + Column (B)
- Column (D): Revenue From RLM-1, Column (B), Line 8 And Income Tax From RLM-1, Column (B), Line 8 - Line 6
- Column (E): Column (C) + Column (D)

SURREBTOTAL

**SUMMARY OF OPERATING INCOME ADJUSTMENTS
TEST YEAR AS FILED AND ADJUSTMENTS**

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) ADJ #1 PROPERTY TAX	(C) ADJ #2 CAGR D	(D) ADJ #3 FRANCHISE FEE	(E) SURR ADJ #4 REVENUE ANNUALIZN	(F) SURR ADJ #5 MAG'MENT FEES	(G) SURR ADJ #6 BAD DEBT EXPENSE	(H) SURR ADJ #7 DEPRECIATION EXPENSE	(I) ADJ #8 INCOME TAX	(J) RUCO AS ADJTD
Revenues:											
1	Metered Water Sales	\$ 8,744,774	\$ -	\$ -	\$ -	\$ 299,141	\$ -	\$ -	\$ -	\$ -	\$ 9,043,915
2	Other Operating Revenue										
3	Water Sales - Unmetered	365,946	-	-	-	-	-	-	-	-	365,946
4	TOTAL OPRG REV.	<u>\$ 9,110,720</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 299,141</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,409,861</u>
Operating Expenses:											
5	Salary and Wages - Employees	\$ 781,051	\$ -	\$ -	\$ -	\$ -	\$ (36,448)	\$ -	\$ -	\$ -	\$ 744,603
6	Employee Pensions and Benefits	189,983	-	-	-	-	-	-	-	-	189,983
7	Purchased Water										
8	Purchased Power	554,398	-	-	-	16,603	-	-	-	-	571,001
9	Fuel for Power Production	3,505	-	-	-	-	-	-	-	-	3,505
10	Chemicals	40,455	-	-	-	1,328	-	-	-	-	41,783
11	Materials and Supplies	18,969	-	-	-	-	-	-	-	-	18,969
12	Materials and Supplies	297,033	-	-	-	-	-	-	-	-	297,033
13	Contractual Services - Testing	36,113	-	-	-	-	-	-	-	-	36,113
14	Contractual Services - Other	67,911	-	-	-	-	-	-	-	-	67,911
15	Rental of Building/Real Property	94,369	-	-	330,017	-	-	-	-	-	397,928
16	Rental of Equipment	7,803	-	-	-	-	-	-	-	-	7,803
17	Transportation Expenses	45,296	-	-	-	-	-	-	-	-	45,296
18	Insurance - General Liability	53,083	-	-	-	-	-	-	-	-	53,083
19	Insurance - Other	4,647	-	-	-	-	-	-	-	-	4,647
20	Advertising Expense										
21	Rate Case Expense	53,333	-	-	-	-	-	-	-	-	53,333
22	Bad Debt Expense	91,107	-	-	-	-	-	(4,657)	-	-	86,450
23	Miscellaneous Expenses	34,629	-	-	-	-	-	-	-	-	34,629
24	Depreciation Expense	3,506,485	-	-	-	-	-	-	(494,849)	-	3,011,636
25	Taxes Other Than Income	15,929	-	-	-	-	-	-	-	-	15,929
26	Property Taxes		690,540	-	-	-	-	-	-	-	690,540
27	Other Taxes and Licenses	6,823	-	-	-	-	-	-	-	-	6,823
28	Income Taxes	1,238,174	-	-	-	-	-	-	(453,722)	-	784,452
29	TOTAL OPRG EXP.	<u>\$ 7,141,096</u>	<u>\$ 690,540</u>	<u>\$ -</u>	<u>\$ 330,017</u>	<u>\$ 17,931</u>	<u>\$ (36,448)</u>	<u>\$ (4,657)</u>	<u>\$ (494,849)</u>	<u>\$ (453,722)</u>	<u>\$ 7,189,907</u>
30	OPRG INC. (LOSS)	<u>\$ 1,969,624</u>									<u>\$ 2,219,954</u>

References:

- Column (A): Company Schedule C-1
- Column (B): Testimony, RLM And Schedule RLM-8
- Column (C): Testimony, RLM
- Column (D): Testimony, RLM
- Column (E): Testimony, RLM
- Column (F): Testimony, RLM
- Column (G): Testimony, RLM
- Column (H): Testimony, RLM And Schedule RLM-9
- Column (I): Testimony, RLM
- Column (J): Sum Of Columns (A) Thru (I)

SURREBUTTAL
EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 1
PROPERTY TAX COMPUTATION

LINE NO.	DESCRIPTION	REFERENCE	(A)	(B)
<i>Calculation Of The Company's Full Cash Value:</i>				
Annual Operating Revenues:				
1	Adjusted Revenues In Year Ended Dec. 2008	Sch. RLM-6, Col (C), Ln 4	\$ 9,409,861	
2	Adjusted Revenues In Year Ended Dec. 2008	Sch. RLM-6, Col (C), Ln 4	9,409,861	
3	Proposed Revenues	Sch. RLM-6, Col (E), Ln 4	<u>11,000,573</u>	
4	Total Three Year Operating Revenues	Sum Of Lines 1, 2 & 3	\$ 29,820,294	
5	Average Annual Operating Revenues	Line 4 / 3	<u>9,940,098</u>	
6	Two Times 3-Year Average Operating Revenues	Line 5 X 2		\$ 19,880,196
ADD:				
10% Of Construction Work In Progress ("CWIP"):				
7	Test Year CWIP	Co. Sch. E-1	\$ 17,783,338	
8	10% Of CWIP	Line 7 X 10%		\$ 1,778,334
SUBTRACT:				
Transportation At Book Value:				
9	Original Cost Of Transportation Equipment	RLM-4, Pg 7, Col. (D), Ln 19	\$ 107,172	
10	Acc. Dep. Of Transportation Equipment	RLM-4, Pg 7, Col. (E), Ln 19	<u>(17,382)</u>	
11	Book Value Of Transportation Equipment	Line 9 + Line 10		\$ (89,790)
12	Company's Full Cash Value ("FCV")	Sum Of Lines 6, 8 & 11		<u>\$ 21,568,740</u>
<i>Calculation Of The Company's Tax Liability:</i>				
MULTIPLY:				
FCV X Valuation Assessment Ratio X Property Tax Rates:				
13	Assessment Ratio For 2010	House Bill 2779	21.0%	
14	Assessed Value	Line 12 X Line 13	\$ 4,529,435	
Property Tax Rates:				
15	Primary Tax Rate - 2008 Tax Notice	Company 11/02/09 E-Mail	15.2456%	
16	Secondary Tax Rate - 2008 Tax Notice	Company 11/02/09 E-Mail	<u>0.0000%</u>	
17	Estimated Tax Rate Liability	Line 15 + Line 16	15.25%	
18	Co.'s Total Tax Liability - Based On Full Cash Value	Line 14 X Line 17		<u>\$ 690,540</u>
19	Test Year Adjusted Property Tax Expense As Filing	Co. Sch. C-1, Line 29		-
20	Increase In Property Tax Expense	Line 18 - Line 19		<u>\$ 690,540</u>
21	RUCO Adjustment (See RLM-7, Col. (B), Line 26)	Line 20		<u>\$ 690,540</u>

SURREBUTTAL
EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 4
INCOME TAX EXPENSE

LINE NO.	DESCRIPTION	(A) REFERENCE	(B) AMOUNT
FEDERAL INCOME TAXES:			
1	Operating Income Before Taxes	Sch. RLM-6, Column (C), L26 + L24	\$ 3,004,405
LESS:			
2	Arizona State Tax	Line 11	(141,612)
3	Interest Expense	Note (A) Line 20	(972,088)
4	Federal Taxable Income	Line 1 - Line 2 - Line 3	<u>\$ 1,890,705</u>
5	Federal Tax Rate	Sch. RLM-1, Pg 2, Col. (D), L34	34.00%
6	Federal Income Tax Expense	Line 4 X line 5	<u>\$ 642,840</u>
STATE INCOME TAXES:			
7	Operating Income Before Taxes	Line 1	\$ 3,004,405
LESS:			
8	Interest Expense	Note (A) Line 20	(972,088)
9	State Taxable Income	Line 7 - Line 8	<u>\$ 2,032,317</u>
10	State Tax Rate	Tax Rate	6.97%
11	State Income Tax Expense	Line 9 X Line 10	<u>\$ 141,612</u>
TOTAL INCOME TAX EXPENSE:			
12	Federal Income Tax Expense	Line 6	\$ 642,840
13	State Income Tax Expense	Line 11	141,612
14	Total Income Tax Expense Per RUCO	Line 12 + Line 13	<u>\$ 784,452</u>
15	Total Income Tax Expense Per Company (Per Company Sch. C-1)		1,238,174
16	Total Income Tax Adjustment	Line 14 - Line 15	<u>\$ (453,722)</u>
17	RUCO Adjustment (See Sch. RLM-7, Column (I), L28)	Line 16	<u>\$ (453,722)</u>

NOTE (A):

Interest Synchronization:		
18	Adjusted Rate Base (Sch. RLM-3, Col. (E), L13)	\$ 39,797,227
19	Weighted Cost Of Debt (Sch. RLM-11, Col. (F), L2)	2.44%
20	Interest Expense (L17 X L18)	<u>\$ 972,088</u>

**SURREBUTTAL
COST OF CAPITAL**

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) RUCO ADJUSTMENTS	(C) RUCO AS ADJUSTED	(D) CAPITAL RATIO	(E) COST	(F) WEIGHTED COST RATE
1	Short-term Debt	\$ -	\$ -	\$ -	0.00%	0.00%	
2	Long-term Debt	\$ 118,466,992	\$ -	\$ 118,466,992	37.89%	6.45%	2.44%
3	Common Equity	\$ 194,182,956	\$ -	\$ 194,182,956	62.11%	9.00%	5.59%
4	TOTAL CAPITAL	<u>\$ 312,649,948</u>	<u>\$ -</u>	<u>\$ 312,649,948</u>	<u>100.00%</u>		
5	COST OF CAPITAL						<u>8.03%</u>

References:
Columns (A) Thru (F): Testimony, WAR

SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
		TEST YEAR ADJUSTED DETERMINANTS	PROPOSED CHARGES & USAGE FEES	PROPOSED REVENUES	TOTAL REVENUES
RESIDENTIAL CUSTOMERS					
1	5/8" X 3/4" Meter	19,943	\$ 27.83	\$ 555,095	\$ 555,095
	Commodity Usage (In Thousands Of Gallons)				
2	First Tier - Breakover @ 1,000 Gals.	19,479	\$ 0.8517	\$ 16,591	
3	Second Tier - Breakover @ 5,000 Gals.	66,617	\$ 1.9164	\$ 127,662	
4	Third Tier - Breakover @ 10,000 Gals.	38,241	\$ 2.1293	\$ 81,426	
5	Fourth Tier - Breakover @ 18,000 Gals.	21,019	\$ 2.5551	\$ 53,707	
6	Fifth Tier - Breakover @ 25,000 Gals.	5,464	\$ 3.0491	\$ 16,661	
7	Sixth Tier - Over 25,000 Gals.	5,891	\$ 3.8923	\$ 22,929	
8	Total Commodity Usage And Revenue	156,711			\$ 318,976
9	3/4" Meter	155,004	\$ 27.83	\$ 4,314,394	\$ 4,314,394
	Commodity Usage (In Thousands Of Gallons)				
10	First Tier - Breakover @ 1,000 Gals.	137,403	\$ 0.8517	\$ 117,029	
11	Second Tier - Breakover @ 5,000 Gals.	436,566	\$ 1.9164	\$ 836,617	
12	Third Tier - Breakover @ 10,000 Gals.	258,924	\$ 2.1293	\$ 551,324	
13	Fourth Tier - Breakover @ 18,000 Gals.	119,339	\$ 2.5551	\$ 304,928	
14	Fifth Tier - Breakover @ 25,000 Gals.	27,026	\$ 3.0491	\$ 82,405	
15	Sixth Tier - Over 25,000 Gals.	25,284	\$ 3.8923	\$ 98,416	
16	Total Commodity Usage And Revenue	1,004,541			\$ 1,990,718
17	1" Meter	1,500	\$ 69.59	\$ 104,378	\$ 104,378
	Commodity Usage (In Thousands Of Gallons)				
18	First Tier - Breakover @ 1,000 Gals.	1,267	\$ 0.8517	\$ 1,079	
19	Second Tier - Breakover @ 5,000 Gals.	3,447	\$ 1.9164	\$ 6,605	
20	Third Tier - Breakover @ 10,000 Gals.	2,067	\$ 2.1293	\$ 4,402	
21	Fourth Tier - Breakover @ 18,000 Gals.	1,078	\$ 2.5551	\$ 2,755	
22	Fifth Tier - Breakover @ 25,000 Gals.	106	\$ 3.0491	\$ 323	
23	Sixth Tier - Over 25,000 Gals.	251	\$ 3.8923	\$ 976	
24	Total Commodity Usage And Revenue	8,216			\$ 16,140
25	1.5" Meter	-	\$ 139.43	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
26	First Tier - Breakover @ 1,000 Gals.	-	\$ 0.8517	\$ -	
27	Second Tier - Breakover @ 5,000 Gals.	-	\$ 1.9164	\$ -	
28	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.1293	\$ -	
29	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 2.5551	\$ -	
30	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.0491	\$ -	
31	Sixth Tier - Over 25,000 Gals.	-	\$ 3.8923	\$ -	
32	Total Commodity Usage And Revenue	-			\$ -
33	2" Meter	3	\$ 222.67	\$ 668	\$ 668
	Commodity Usage (In Thousands Of Gallons)				
34	First Tier - Breakover @ 1,000 Gals.	0.5	\$ 0.8517	\$ 0	
35	Second Tier - Breakover @ 5,000 Gals.	6	\$ 1.9164	\$ 11	
36	Third Tier - Breakover @ 10,000 Gals.	5	\$ 2.1293	\$ 11	
37	Fourth Tier - Breakover @ 18,000 Gals.	8	\$ 2.5551	\$ 20	
38	Fifth Tier - Breakover @ 25,000 Gals.	7	\$ 3.0491	\$ 21	
39	Sixth Tier - Over 25,000 Gals.	49	\$ 3.8923	\$ 191	
40	Total Commodity Usage And Revenue	75.0			\$ 254
41	Total Residential Customer Bills	176,450		\$ 4,974,535	
42	Total Residential Usage	1,169,543		\$ 1,742,745	
43	TOTAL RESIDENTIAL CUSTOMERS REVENUE				\$ 7,300,624

SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
		TEST YEAR ADJUSTED DETERMINANTS	PROPOSED CHARGES & USAGE FEES	PROPOSED REVENUES	TOTAL REVENUES
COMMERCIAL CUSTOMERS					
44	5/8" X 3/4" Meter	41	\$ 27.83	\$ 1,141	\$ 1,141
	Commodity Usage (In Thousands Of Gallons)				
45	First Tier - Breakover @ 1,000 Gals.	41	\$ 0.8517	\$ 35	
46	Second Tier - Breakover @ 5,000 Gals.	127	\$ 1.9164	\$ 243	
47	Third Tier - Breakover @ 10,000 Gals.	89	\$ 2.1293	\$ 188	
48	Fourth Tier - Breakover @ 18,000 Gals.	112	\$ 2.5551	\$ 286	
49	Fifth Tier - Breakover @ 25,000 Gals.	98	\$ 3.0491	\$ 299	
50	Sixth Tier - Over 25,000 Gals.	2,332	\$ 3.8923	\$ 9,077	
51	Total Commodity Usage And Revenue	2,799			\$ 10,129
52	3/4" Meter	44	\$ 27.83	\$ 1,225	\$ 1,225
	Commodity Usage (In Thousands Of Gallons)				
53	First Tier - Breakover @ 1,000 Gals.	33	\$ 0.8517	\$ 28	
54	Second Tier - Breakover @ 5,000 Gals.	39	\$ 1.9164	\$ 74	
55	Third Tier - Breakover @ 10,000 Gals.	25	\$ 2.1293	\$ 53	
56	Fourth Tier - Breakover @ 18,000 Gals.	28	\$ 2.5551	\$ 70	
57	Fifth Tier - Breakover @ 25,000 Gals.	10	\$ 3.0491	\$ 29	
58	Sixth Tier - Over 25,000 Gals.	215	\$ 3.8923	\$ 839	
59	Total Commodity Usage And Revenue	349			\$ 1,093
60	1" Meter	192	\$ 69.59	\$ 13,360	\$ 13,360
	Commodity Usage (In Thousands Of Gallons)				
61	First Tier - Breakover @ 1,000 Gals.	167	\$ 0.8517	\$ 143	
62	Second Tier - Breakover @ 5,000 Gals.	448	\$ 1.9164	\$ 858	
63	Third Tier - Breakover @ 10,000 Gals.	228	\$ 2.1293	\$ 486	
64	Fourth Tier - Breakover @ 18,000 Gals.	138	\$ 2.5551	\$ 352	
65	Fifth Tier - Breakover @ 25,000 Gals.	62	\$ 3.0491	\$ 190	
66	Sixth Tier - Over 25,000 Gals.	879	\$ 3.8923	\$ 3,421	
67	Total Commodity Usage And Revenue	1,922			\$ 5,450
68	1.5" Meter	291	\$ 139.17	\$ 40,499	\$ 40,499
	Commodity Usage (In Thousands Of Gallons)				
69	First Tier - Breakover @ 1,000 Gals.	267	\$ 0.8517	\$ 227	
70	Second Tier - Breakover @ 5,000 Gals.	921	\$ 1.9164	\$ 1,764	
71	Third Tier - Breakover @ 10,000 Gals.	1,023	\$ 2.1293	\$ 2,178	
72	Fourth Tier - Breakover @ 18,000 Gals.	1,385	\$ 2.5551	\$ 3,538	
73	Fifth Tier - Breakover @ 25,000 Gals.	1,108	\$ 3.0491	\$ 3,377	
74	Sixth Tier - Over 25,000 Gals.	9,719	\$ 3.8923	\$ 37,830	
75	Total Commodity Usage And Revenue	14,421			\$ 48,913
76	2" Meter	468	\$ 222.67	\$ 104,211	\$ 104,211
	Commodity Usage (In Thousands Of Gallons)				
77	First Tier - Breakover @ 1,000 Gals.	411	\$ 0.8517	\$ 350	
78	Second Tier - Breakover @ 5,000 Gals.	1,783	\$ 1.9164	\$ 3,418	
79	Third Tier - Breakover @ 10,000 Gals.	1,415	\$ 2.1293	\$ 3,012	
80	Fourth Tier - Breakover @ 18,000 Gals.	1,924	\$ 2.5551	\$ 4,916	
81	Fifth Tier - Breakover @ 25,000 Gals.	1,465	\$ 3.0491	\$ 4,467	
82	Sixth Tier - Over 25,000 Gals.	26,763	\$ 3.8923	\$ 104,172	
83	Total Commodity Usage And Revenue	33,761			\$ 120,335

**SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE**

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
		TEST YEAR ADJUSTED DETERMINANTS	PROPOSED CHARGES & USAGE FEES	PROPOSED REVENUES	TOTAL REVENUES
84	3" Meter Commodity Usage (In Thousands Of Gallons)	24	\$ 445.35	\$ 10,688	\$ 10,688
85	First Tier -Breakover @ 1,000 Gals.	24	\$ 0.8517	\$ 20	
86	Second Tier - Breakover @ 5,000 Gals.	96	\$ 1.9164	\$ 184	
87	Third Tier - Breakover @ 10,000 Gals.	120	\$ 2.1293	\$ 256	
88	Fourth Tier - Breakover @ 18,000 Gals.	192	\$ 2.5551	\$ 491	
89	Fifth Tier - Breakover @ 25,000 Gals.	168	\$ 3.0491	\$ 512	
90	Sixth Tier - Over 25,000 Gals.	2,541	\$ 3.8923	\$ 9,890	
91	Total Commodity Usage And Revenue	3,141			\$ 11,353
92	4" Meter Commodity Usage (In Thousands Of Gallons)	12	\$ 695.85	\$ 8,350	\$ 8,350
93	First Tier -Breakover @ 1,000 Gals.	9	\$ 0.8517	\$ 8	
94	Second Tier - Breakover @ 5,000 Gals.	69	\$ 1.9164	\$ 133	
95	Third Tier - Breakover @ 10,000 Gals.	39	\$ 2.1293	\$ 82	
96	Fourth Tier - Breakover @ 18,000 Gals.	57	\$ 2.5551	\$ 146	
97	Fifth Tier - Breakover @ 25,000 Gals.	21	\$ 3.0491	\$ 64	
98	Sixth Tier - Over 25,000 Gals.	131	\$ 3.8923	\$ 510	
99	Total Commodity Usage And Revenue	327			\$ 944
100	Total Commercial Customer Bills		<u>1,072</u>		
101	Total Commercial Usage		<u>56,719</u>		
102	TOTAL COMMERCIAL CUSTOMERS REVENUE				<u>\$ 377,690</u>
IRRIGATION CUSTOMERS					
103	5/8" X 3/4" Meter Commodity Usage (In Thousands Of Gallons)	4	\$ 27.83	\$ 111	\$ 111
104	First Tier -Breakover @ 1,000 Gals.	4	\$ 0.8517	\$ 3	
105	Second Tier - Breakover @ 5,000 Gals.	16	\$ 1.9164	\$ 31	
106	Third Tier - Breakover @ 10,000 Gals.	11	\$ 2.1293	\$ 23	
107	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 2.5551	\$ -	
108	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.0491	\$ -	
109	Sixth Tier - Over 25,000 Gals.	-	\$ 3.8923	\$ -	
110	Total Commodity Usage And Revenue	31			\$ 57
111	3/4" Meter Commodity Usage (In Thousands Of Gallons)	117	\$ 27.83	\$ 3,257	\$ 3,257
112	First Tier -Breakover @ 1,000 Gals.	95	\$ 0.8517	\$ 81	
113	Second Tier - Breakover @ 5,000 Gals.	236	\$ 1.9164	\$ 451	
114	Third Tier - Breakover @ 10,000 Gals.	129	\$ 2.1293	\$ 274	
115	Fourth Tier - Breakover @ 18,000 Gals.	95	\$ 2.5551	\$ 241	
116	Fifth Tier - Breakover @ 25,000 Gals.	64	\$ 3.0491	\$ 195	
117	Sixth Tier - Over 25,000 Gals.	606	\$ 3.8923	\$ 2,359	
118	Total Commodity Usage And Revenue	1,224			\$ 3,601
119	1" Meter Commodity Usage (In Thousands Of Gallons)	75	\$ 69.59	\$ 5,219	\$ 5,219
120	First Tier -Breakover @ 1,000 Gals.	50	\$ 0.8517	\$ 43	
121	Second Tier - Breakover @ 5,000 Gals.	154	\$ 1.9164	\$ 294	
122	Third Tier - Breakover @ 10,000 Gals.	130	\$ 2.1293	\$ 276	
123	Fourth Tier - Breakover @ 18,000 Gals.	179	\$ 2.5551	\$ 456	
124	Fifth Tier - Breakover @ 25,000 Gals.	80	\$ 3.0491	\$ 244	
125	Sixth Tier - Over 25,000 Gals.	179	\$ 3.8923	\$ 695	
126	Total Commodity Usage And Revenue	770			\$ 2,007

SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
		TEST YEAR ADJUSTED DETERMINANTS	PROPOSED CHARGES & USAGE FEES	PROPOSED REVENUES	TOTAL REVENUES
127	1.5" Meter	131	\$ 139.17	\$ 18,231	\$ 18,231
	Commodity Usage (In Thousands Of Gallons)				
128	First Tier -Breakover @ 1,000 Gals.	123	\$ 0.8517	\$ 105	
129	Second Tier - Breakover @ 5,000 Gals.	462	\$ 1.9164	\$ 885	
130	Third Tier - Breakover @ 10,000 Gals.	519	\$ 2.1293	\$ 1,105	
131	Fourth Tier - Breakover @ 18,000 Gals.	704	\$ 2.5551	\$ 1,799	
132	Fifth Tier - Breakover @ 25,000 Gals.	518	\$ 3.0491	\$ 1,578	
133	Sixth Tier - Over 25,000 Gals.	9,928	\$ 3.8923	\$ 38,643	
134	Total Commodity Usage And Revenue	12,254			\$ 44,115
135	2" Meter	290	\$ 222.67	\$ 64,575	\$ 64,575
	Commodity Usage (In Thousands Of Gallons)				
136	First Tier -Breakover @ 1,000 Gals.	215	\$ 0.8517	\$ 183	
137	Second Tier - Breakover @ 5,000 Gals.	785	\$ 1.9164	\$ 1,504	
138	Third Tier - Breakover @ 10,000 Gals.	949	\$ 2.1293	\$ 2,021	
139	Fourth Tier - Breakover @ 18,000 Gals.	1,471	\$ 2.5551	\$ 3,757	
140	Fifth Tier - Breakover @ 25,000 Gals.	1,236	\$ 3.0491	\$ 3,767	
141	Sixth Tier - Over 25,000 Gals.	35,716	\$ 3.8923	\$ 139,019	
142	Total Commodity Usage And Revenue	40,371			\$ 150,252
143	3" Meter	-	\$ 445.35	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
144	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.8517	\$ -	
145	Second Tier - Breakover @ 5,000 Gals.	-	\$ 1.9164	\$ -	
146	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.1293	\$ -	
147	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 2.5551	\$ -	
148	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.0491	\$ -	
149	Sixth Tier - Over 25,000 Gals.	-	\$ 3.8923	\$ -	
150	Total Commodity Usage And Revenue	-			\$ -
151	4" Meter	4	\$ 695.85	\$ 2,783	\$ 2,783
	Commodity Usage (In Thousands Of Gallons)				
152	First Tier -Breakover @ 1,000 Gals.	4	\$ 0.8517	\$ 3	
153	Second Tier - Breakover @ 5,000 Gals.	16	\$ 1.9164	\$ 31	
154	Third Tier - Breakover @ 10,000 Gals.	20	\$ 2.1293	\$ 43	
155	Fourth Tier - Breakover @ 18,000 Gals.	32	\$ 2.5551	\$ 82	
156	Fifth Tier - Breakover @ 25,000 Gals.	28	\$ 3.0491	\$ 85	
157	Sixth Tier - Over 25,000 Gals.	7,161	\$ 3.8923	\$ 27,873	
158	Total Commodity Usage And Revenue	7,261			\$ 28,117
159	Total Irrigation Customer Bills	621			
160	Total Irrigation Usage	61,910			
161	TOTAL IRRIGATION CUSTOMERS REVENUE				\$ 322,326
HOA CUSTOMERS					
162	5/8" X 3/4" Meter	161	\$ 27.83	\$ 4,481	\$ 4,481
	Commodity Usage (In Thousands Of Gallons)				
163	First Tier -Breakover @ 1,000 Gals.	54	\$ 0.8517	\$ 46	
164	Second Tier - Breakover @ 5,000 Gals.	134	\$ 1.9164	\$ 257	
165	Third Tier - Breakover @ 10,000 Gals.	112	\$ 2.1293	\$ 237	
166	Fourth Tier - Breakover @ 18,000 Gals.	73	\$ 2.5551	\$ 187	
167	Fifth Tier - Breakover @ 25,000 Gals.	29	\$ 3.0491	\$ 88	
168	Sixth Tier - Over 25,000 Gals.	54	\$ 3.8923	\$ 210	
169	Total Commodity Usage And Revenue	455			\$ 1,025

SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
		TEST YEAR ADJUSTED DETERMINANTS	PROPOSED CHARGES & USAGE FEES	PROPOSED REVENUES	TOTAL REVENUES
170	3/4" Meter	244	\$ 27.83	\$ 6,792	\$ 6,792
	Commodity Usage (In Thousands Of Gallons)				
171	First Tier -Breakover @ 1,000 Gals.	192	\$ 0.8517	\$ 164	
172	Second Tier - Breakover @ 5,000 Gals.	548	\$ 1.9164	\$ 1,050	
173	Third Tier - Breakover @ 10,000 Gals.	516	\$ 2.1293	\$ 1,099	
174	Fourth Tier - Breakover @ 18,000 Gals.	451	\$ 2.5551	\$ 1,151	
175	Fifth Tier - Breakover @ 25,000 Gals.	227	\$ 3.0491	\$ 692	
176	Sixth Tier - Over 25,000 Gals.	900	\$ 3.8923	\$ 3,503	
177	Total Commodity Usage And Revenue	2,834			\$ 7,659
178	1" Meter	123	\$ 69.59	\$ 8,559	\$ 8,559
	Commodity Usage (In Thousands Of Gallons)				
179	First Tier -Breakover @ 1,000 Gals.	93	\$ 0.8517	\$ 79	
180	Second Tier - Breakover @ 5,000 Gals.	359	\$ 1.9164	\$ 687	
181	Third Tier - Breakover @ 10,000 Gals.	384	\$ 2.1293	\$ 817	
182	Fourth Tier - Breakover @ 18,000 Gals.	488	\$ 2.5551	\$ 1,246	
183	Fifth Tier - Breakover @ 25,000 Gals.	349	\$ 3.0491	\$ 1,064	
184	Sixth Tier - Over 25,000 Gals.	4,016	\$ 3.8923	\$ 15,630	
185	Total Commodity Usage And Revenue	5,687			\$ 19,522
186	1.5" Meter	183	\$ 139.17	\$ 25,468	\$ 25,468
	Commodity Usage (In Thousands Of Gallons)				
187	First Tier -Breakover @ 1,000 Gals.	137	\$ 0.8517	\$ 117	
188	Second Tier - Breakover @ 5,000 Gals.	503	\$ 1.9164	\$ 964	
189	Third Tier - Breakover @ 10,000 Gals.	610	\$ 2.1293	\$ 1,298	
190	Fourth Tier - Breakover @ 18,000 Gals.	956	\$ 2.5551	\$ 2,441	
191	Fifth Tier - Breakover @ 25,000 Gals.	803	\$ 3.0491	\$ 2,447	
192	Sixth Tier - Over 25,000 Gals.	33,126	\$ 3.8923	\$ 128,939	
193	Total Commodity Usage And Revenue	36,134			\$ 136,206
194	2" Meter	699	\$ 222.67	\$ 155,648	\$ 155,648
	Commodity Usage (In Thousands Of Gallons)				
195	First Tier -Breakover @ 1,000 Gals.	623	\$ 0.8517	\$ 531	
196	Second Tier - Breakover @ 5,000 Gals.	2,432	\$ 1.9164	\$ 4,661	
197	Third Tier - Breakover @ 10,000 Gals.	2,977	\$ 2.1293	\$ 6,339	
198	Fourth Tier - Breakover @ 18,000 Gals.	4,632	\$ 2.5551	\$ 11,834	
199	Fifth Tier - Breakover @ 25,000 Gals.	3,925	\$ 3.0491	\$ 11,968	
200	Sixth Tier - Over 25,000 Gals.	222,153	\$ 3.8923	\$ 864,694	
201	Total Commodity Usage And Revenue	236,741			\$ 900,026
202	3" Meter	12	\$ 445.35	\$ 5,344	\$ 5,344
	Commodity Usage (In Thousands Of Gallons)				
203	First Tier -Breakover @ 1,000 Gals.	12	\$ 0.8517	\$ 10	
204	Second Tier - Breakover @ 5,000 Gals.	48	\$ 1.9164	\$ 92	
205	Third Tier - Breakover @ 10,000 Gals.	60	\$ 2.1293	\$ 128	
206	Fourth Tier - Breakover @ 18,000 Gals.	96	\$ 2.5551	\$ 245	
207	Fifth Tier - Breakover @ 25,000 Gals.	84	\$ 3.0491	\$ 256	
208	Sixth Tier - Over 25,000 Gals.	12,490	\$ 3.8923	\$ 48,615	
209	Total Commodity Usage And Revenue	12,790			\$ 49,347
210	4" Meter	19	\$ 695.85	\$ 13,221	\$ 13,221
	Commodity Usage (In Thousands Of Gallons)				
211	First Tier -Breakover @ 1,000 Gals.	18	\$ 0.8517	\$ 15	
212	Second Tier - Breakover @ 5,000 Gals.	72	\$ 1.9164	\$ 138	
213	Third Tier - Breakover @ 10,000 Gals.	90	\$ 2.1293	\$ 192	
214	Fourth Tier - Breakover @ 18,000 Gals.	144	\$ 2.5551	\$ 368	
215	Fifth Tier - Breakover @ 25,000 Gals.	126	\$ 3.0491	\$ 384	
216	Sixth Tier - Over 25,000 Gals.	28,497	\$ 3.8923	\$ 110,920	
217	Total Commodity Usage And Revenue	28,947			\$ 112,017
218	Total HOA Customer Bills		1,441		
219	Total HOA Usage		323,588		
220	TOTAL HOA CUSTOMERS REVENUE				\$ 1,445,315

SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
CONSTRUCTION CUSTOMERS					
194	2" Meter	-	\$ 222.67	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
195	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.8517	\$ -	
196	Second Tier - Breakover @ 5,000 Gals.	-	\$ 1.9164	\$ -	
197	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.1293	\$ -	
198	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 2.5551	\$ -	
199	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.0491	\$ -	
200	Sixth Tier - Over 25,000 Gals.	-	\$ 3.8923	\$ -	
201	Total Commodity Usage And Revenue	-			\$ -
202	3" Meter	-	\$ 445.35	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
203	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.8517	\$ -	
204	Second Tier - Breakover @ 5,000 Gals.	-	\$ 1.9164	\$ -	
205	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.1293	\$ -	
206	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 2.5551	\$ -	
207	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.0491	\$ -	
208	Sixth Tier - Over 25,000 Gals.	-	\$ 3.8923	\$ -	
209	Total Commodity Usage And Revenue	-			\$ -
210	4" Meter	-	\$ 695.85	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
211	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.8517	\$ -	
212	Second Tier - Breakover @ 5,000 Gals.	-	\$ 1.9164	\$ -	
213	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.1293	\$ -	
214	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 2.5551	\$ -	
215	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.0491	\$ -	
216	Sixth Tier - Over 25,000 Gals.	-	\$ 3.8923	\$ -	
217	Total Commodity Usage And Revenue	-			\$ -
210	8" Meter	-	\$ 2,800.44	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
211	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.8517	\$ -	
212	Second Tier - Breakover @ 5,000 Gals.	-	\$ 1.9164	\$ -	
213	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.1293	\$ -	
214	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 2.5551	\$ -	
215	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.0491	\$ -	
216	Sixth Tier - Over 25,000 Gals.	-	\$ 3.8923	\$ -	
217	Total Commodity Usage And Revenue	-			\$ -
68	Total Construction Customer Bills	-			
69	Total Construction Usage	-			
70	TOTAL CONSTRUCTION CUSTOMERS REVENUE				\$ -

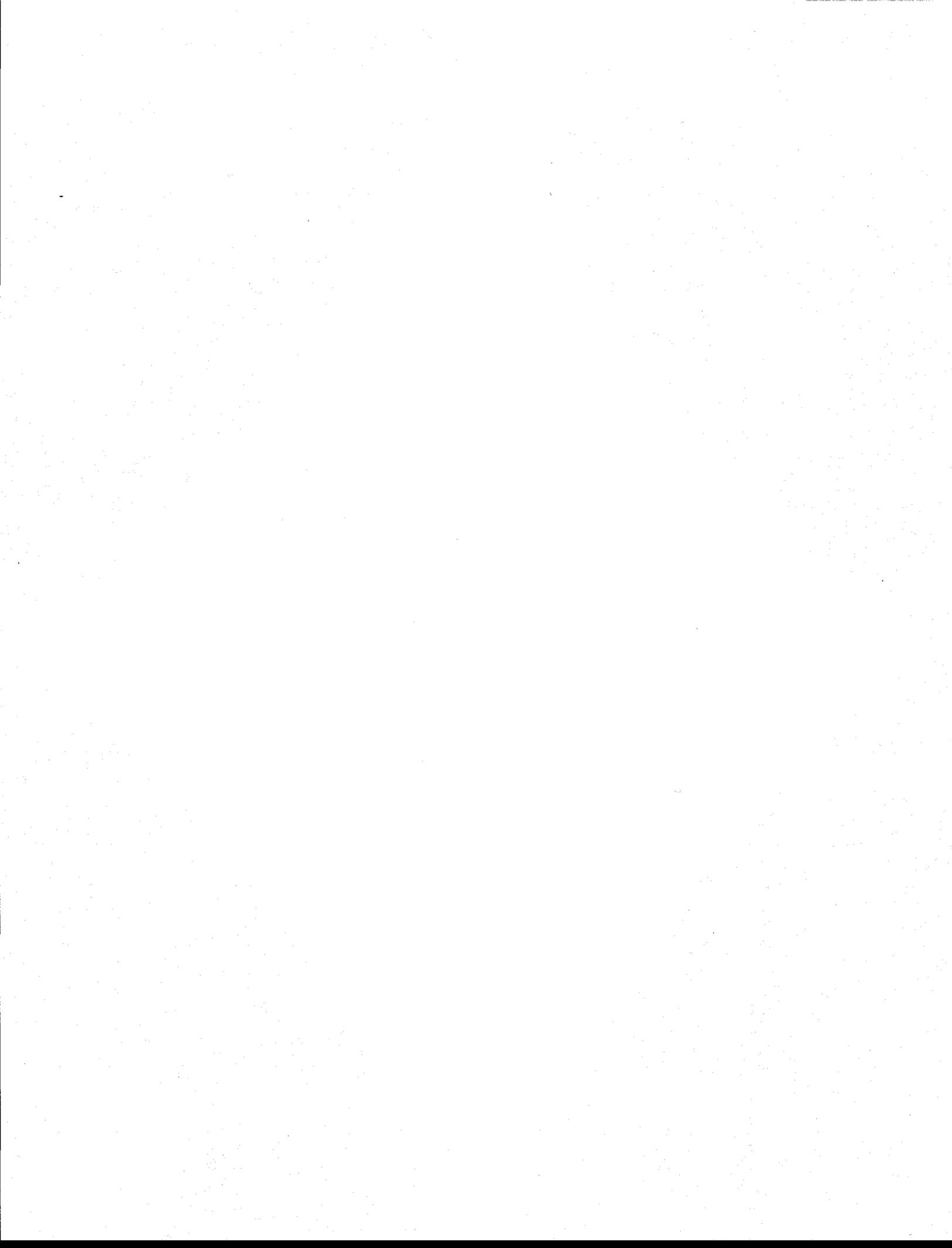
**SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE**

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
LAKE CUSTOMERS					
194	2" Meter	12	\$ 222.67	\$ 2,672	\$ 2,672
	Commodity Usage (In Thousands Of Gallons)				
195	First Tier -Breakover @ 1,000 Gals.	12	\$ 0.8517	\$ 10	
196	Second Tier - Breakover @ 5,000 Gals.	48	\$ 1.9164	\$ 92	
197	Third Tier - Breakover @ 10,000 Gals.	60	\$ 2.1293	\$ 128	
198	Fourth Tier - Breakover @ 18,000 Gals.	96	\$ 2.5551	\$ 245	
199	Fifth Tier - Breakover @ 25,000 Gals.	84	\$ 3.0491	\$ 256	
200	Sixth Tier - Over 25,000 Gals.	9,395	\$ 3.8923	\$ 36,569	
201	Total Commodity Usage And Revenue	9,695			\$ 37,300
68	Total Lake Customer Bills	12			
69	Total Lake Usage	9,695			
70	TOTAL LAKE CUSTOMERS REVENUE				\$ 39,972
NON-PORTABLE CUSTOMERS					
178	1" Meter	55	\$ 81.70	\$ 4,494	\$ 4,494
	Commodity Usage (In Thousands Of Gallons)				
179	First Tier -Breakover @ 1,000 Gals.	55	\$ 2.0000	\$ 110	
180	Second Tier - Breakover @ 5,000 Gals.	220	\$ 2.0000	\$ 440	
181	Third Tier - Breakover @ 10,000 Gals.	275	\$ 2.0000	\$ 550	
182	Fourth Tier - Breakover @ 18,000 Gals.	440	\$ 2.0000	\$ 880	
183	Fifth Tier - Breakover @ 25,000 Gals.	385	\$ 2.0000	\$ 770	
184	Sixth Tier - Over 25,000 Gals.	377,454	\$ 2.0000	\$ 754,908	
185	Total Commodity Usage And Revenue	378,829			\$ 757,658
186	Total Non-Portable Bills	55			
187	Total Non-Portable Usage	378,829			
188	TOTAL NON-PORTABLE CUSTOMERS REVENUE				\$ 762,152
189	RUCO TOTAL PROPOSED REVENUE PER BILL COUNT				\$ 10,248,079
190	TOTAL RESIDENTIAL REVENUE PER BILL COUNT				\$ 7,300,624
191	TOTAL COMMERCIAL REVENUE PER BILL COUNT				377,690
192	TOTAL IRRIGATION REVENUE PER BILL COUNT				322,326
193	TOTAL HOA REVENUE PER BILL COUNT				1,445,315
194	TOTAL CONSTRUCTION REVENUE PER BILL COUNT				-
195	TOTAL LAKE REVENUE PER BILL COUNT				39,972
196	TOTAL NON-POTABLE REVENUE PER BILL COUNT				762,152
197	RUCO TOTAL PROPOSED REVENUE PER BILL COUNT				\$ 10,248,079
198	Unreconciled Difference vs. Billed Revenues				343
199	RUCO Disallowance Of The CMT				-
200	Miscellaneous Revenues				752,151
201	RUCO TOTAL REVENUE				\$ 11,000,573
202	ADJUSTED REVENUE PER SCHEDULE SURR RLM-1, LINE 10				\$ 11,000,572
203	Difference				\$ 0
204	Percentage Difference				0.00%

SURREBUTTAL

TYPICAL RESIDENTIAL BILL ANALYSIS

LINE NO.	DESCRIPTION	(A) PRESENT	(B)	(C) COMPANY PROPOSED	(D)	(E) RUCO PROPOSED	(F)
REVENUE ALLOCATION							
1	RESIDENTIAL	\$ 7,258,929	79.53%	\$ 8,571,663	72.03%	\$ 7,300,624	71.24%
2	OTHER	1,867,821	20.47%	3,327,917	27.97%	2,947,455	28.76%
3	TOTAL	\$ 9,126,750	100.00%	\$ 11,899,580	100.00%	\$ 10,248,079	100.00%
ALLOCATION RATIOS							
4	FIX REVENUE	\$ 5,006,263	54.85%	\$ 6,427,257	54.01%	\$ 5,474,865	53.42%
5	VARIABLE REVENUE	4,120,488	45.15%	5,472,323	45.99%	4,773,214	46.58%
6	TOTAL	9,126,750	100.00%	11,899,580	100.00%	10,248,079	100.00%
RESIDENTIAL (5/8" X 3/4") RATE DESIGN							
7	BASIC MONTHLY CHARGE	\$ 25.00		\$ 32.68		\$ 27.83	
COMMODITY CHARGE							
		PRESENT	PROPOSED				
8	1st Tier - Breakover 1,000	1st Tier - Breakover 1,000	\$ -	\$ 1,0000		\$ 0,8517	
9	2nd Tier - Over 1,000	2nd Tier - Breakover 5,000	\$ 2,6000	\$ 2,2500		\$ 1,9164	
10		3rd Tier - Breakover 10,000	N/A	\$ 2,5000		\$ 2,1293	
11		4th Tier - Breakover 18,000	N/A	\$ 3,0000		\$ 2,5551	
12		5th Tier - Breakover 25,000	N/A	\$ 3,5800		\$ 3,0491	
13		6th Tier - Over 25,000	N/A	\$ 4,5700		\$ 3,8923	
AVERAGE RESIDENTIAL BILL COMPARISONS							
	COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL	VARIABLE MONTHLY USAGE	PERCENT AVERAGE USAGE OF 6474	PRESENT TOTAL MONTHLY COST	RUCO MONTHLY COST	RUCO MONTHLY INCREASE	% MONTHLY INCREASE
14		1,619	25.00%	\$ 26.61	\$ 29.87	\$ 3.26	12.26%
15		3,237	50.00%	\$ 30.82	\$ 32.97	\$ 2.16	7.00%
16		6,474	100.00%	\$ 39.23	\$ 39.49	\$ 0.26	0.66%
17		9,711	150.00%	\$ 47.65	\$ 46.26	\$ (1.39)	-2.92%
18		12,948	200.00%	\$ 56.06	\$ 54.53	\$ (1.53)	-2.74%
MEDIAN RESIDENTIAL BILL COMPARISONS							
	COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL	VARIABLE MONTHLY USAGE	PERCENT AVERAGE USAGE OF 5500	PRESENT TOTAL MONTHLY COST	RUCO MONTHLY COST	RUCO MONTHLY INCREASE	% MONTHLY INCREASE
19		1,375	25.00%	\$ 25.98	\$ 29.40	\$ 3.43	13.20%
20		2,750	50.00%	\$ 29.55	\$ 32.04	\$ 2.49	8.42%
21		5,500	100.00%	\$ 36.70	\$ 37.42	\$ 0.72	1.95%
22		8,250	150.00%	\$ 43.85	\$ 43.27	\$ (0.58)	-1.32%
23		11,000	200.00%	\$ 51.00	\$ 49.55	\$ (1.45)	-2.84%



**SURREBUTTAL
TABLE OF CONTENTS TO RLM SCHEDULES**

<u>SCH. NO.</u>	<u>PAGE NO.</u>	<u>TITLE</u>
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SURR RLM-2	1	RATE BASE
SURR RLM-3	1	SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS
TESTIMONY		RATE BASE ADJUSTMENT NO. 1 - GROSS PLANT AND ACCUMULATED DEPRECIATION
SURR RLM-4	1	RATE BASE ADJUSTMENT NO. 2 - ACCUMULATED DEPRECIATION
TESTIMONY		SURREBUTTAL R. B. ADJ. NO. 3 - RECLASSFY ICFA'S AS CIAC (INTENTIONALLY LEFT BLANK)
SURR RLM-5	1	INTENTIONALLY LEFT BLANK
SURR RLM-6	1	OPERATING INCOME
SURR RLM-7	1	SUMMARY OF OPERATING INCOME ADJUSTMENTS
SURR RLM-8	1	OPERATING INCOME ADJUSTMENT NO. 1 - PROPERTY TAX COMPUTATION
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TESTIMONY		SURREBUTTAL INC. ADJUSTMENT NO. 4 - REVENUE ANNUALIZATION
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TESTIMONY		SURREBUTTAL INC. ADJUSTMENT NO. 6 - BAD DEBT EXPENSE
TESTIMONY		SURREBUTTAL INC. ADJUSTMENT NO. 7 - DEPRECIATION EXPENSE (INTENTIONALLY LEFT BLANK)
SURR RLM-9	1	OPERATING INCOME ADJUSTMENT NO. 8 - INCOME TAX EXPENSE
SURR RLM-10	1	COST OF CAPITAL
SURR RLM-RD1	1	RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
SURR RLM-RD2	1	TYPICAL RESIDENTIAL BILL ANALYSIS

**SURREBUTTAL
REVENUE REQUIREMENT**

LINE NO.	DESCRIPTION	(A) COMPANY OCRB/FVRB COST	(B) RUCO OCRB/FVRB COST
1	Fair Value Rate Base	\$ 4,240,018	\$ 4,443,607
2	Adjusted Operating Income (Loss)	\$ (601,943)	\$ (501,006)
3	Current Rate Of Return (L2 / L1)	-14.20%	-11.27%
4	Required Operating Income (L5 X L1)	\$ 405,346	\$ 356,928
5	Required Rate Of Return On Fair Value Rate Base	9.56%	8.03%
6	Operating Income Deficiency (L4 - L2)	\$ 1,007,289	\$ 857,934
7	Gross Revenue Conversion Factor (RLM-1, Pg 2)	1.6451	1.6286
8	Increase In Gross Revenue Requirement (L7 X L6)	\$ 1,657,077	\$ 1,397,261
9	Adjusted Test Year Revenue	\$ 2,894,421	\$ 3,037,462
10	Proposed Annual Revenue (L8 + L9)	\$ 4,551,498	\$ 4,434,724
11	Required Percentage Increase In Revenue (L8 / L9)	57.25%	46.00%
12	Rate Of Return On Common Equity	10.00%	9.00%

References:

Column (A): Company Schedules A-1 and C-1
Column (B): RUCO Schedule RLM-2, RLM-6 And RLM-10

**SURREBUTTAL
REVENUE REQUIREMENT - CONT'D
GROSS REVENUE CONVERSION FACTOR**

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
CALCULATION OF GROSS REVENUE CONVERSION FACTOR:					
1	Revenue	1.0000			
2	Combined Federal And State Tax Rate (L10)	(0.3860)			
3	Subtotal (L1 + L2)	<u>0.6140</u>			
4	Revenue Conversion Factor (L1 / L3)	<u>1.6286</u>			
CALCULATION OF EFFECTIVE TAX RATE:					
5	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%			
6	Arizona State Income Tax Rate	<u>6.9680%</u>			
7	Federal Taxable Income (L5 - L6)	93.0320%			
8	Applicable Federal Income Tax Rate (Col. (D), L34)	34.0000%			
9	Effective Federal Income Tax Rate (L7 X L8)	<u>31.6309%</u>			
10	Combined Federal And State Income Tax Rate (L6 + L9)	<u><u>38.5989%</u></u>			
11	Required Operating Income (Sch. RLM-1, Col. (B), L4)	\$ 356,928			
12	Adj'd T.Y. Oper'g Inc. (Loss) (Sch. RLM-1, Col. (B), L2)	<u>(501,006)</u>			
13	Required Increase In Operating Income (L11 - L12)		\$ 857,934		
14	Income Taxes On Recommended Revenue (Col. (D), L31)	\$ 156,145			
15	Income Taxes On Test Year Revenue (Col. (D), L32)	<u>(383,182)</u>			
16	Required Increase In Revenue To Provide For Income Taxes (L14 - L15)		<u>\$ 539,327</u>		
17	Total Required Increase In Revenue (L13 + L16)		<u><u>\$ 1,397,261</u></u>		
RUCO					
Recommended					
18	Revenue (Sch. RLM-1, Col. (B), L10)			\$ 4,434,724	
19	Operating Expense Excluding Income Tax (RLM-6, Col. (E), L29 - L28)			(3,921,650)	
20	Synchronized Interest (Col. (C), L37)			<u>(108,540)</u>	
21	Arizona Taxable Income (L18 + L19 + L20)			\$ 404,534	
22	Arizona State Income Tax Rate			6.9680%	
23	Arizona Income Tax (L21 X L22)			\$ 28,188	
24	Fed. Taxable Income (L21 - L23)			<u>\$ 376,346</u>	
25	Fed. Tax On 1st Inc. Bracket (\$1 - \$50,000) @ 15%			\$ 7,500	
26	Fed. Tax On 2nd Inc. Bracket (\$50,001 - \$75,000) @ 25%			6,250	
27	Fed. Tax On 3rd Inc. Bracket (\$75,001 - \$100,000) @ 34%			8,500	
28	Fed. Tax On 4th Inc. Bracket (\$100,001 - \$335,000) @ 39%			91,650	
29	Fed. Tax On 5th Inc. Bracket (\$335,001 - \$10M) @ 34%			14,058	
30	Total Federal Income Tax (L25 + L26 + L27 + L28 + L29)			<u>\$ 127,958</u>	
31	Combined Federal And State Income Tax (L23 + L30)			<u><u>\$ 156,145</u></u>	
32	Test Year Combined Income Tax, RUCO As Adjusted (RLM-6, Col. (C), L28)			<u>\$ (383,182)</u>	
33	RUCO Adjustment (L31 - L32) (See RLM-6, Col. (D), L24)			<u><u>\$ 539,327</u></u>	
34	Applicable Federal Income Tax Rate (Col. (D), L30 / Col. (C), L24)				34.00%
CALCULATION OF INTEREST SYNCHRONIZATION:					
35	Rate Base (Sch. RLM-3, Col. (H), L13)			\$ 4,443,607	
36	Weighted Avg. Cost Of Debt (Sch. RLM-11, Col. (F), L2)			2.44%	
37	Synchronized Interest (L35 X L36)			<u><u>\$ 108,540</u></u>	

**SURREBUTTAL
SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS**

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED OCR/B/FVRB	(B) RUCO ADJUSTMENTS	(C) RUCO AS ADJUSTED OCR/B/FVRB
1	Gross Utility Plant In Service	\$ 45,877,421	\$ -	\$ 45,877,421
2	Accumulated Depreciation	(3,071,499)	203,589	(2,867,910)
3	Net Utility Plant In Service (L1 + L2)	<u>\$ 42,805,922</u>	<u>\$ 203,589</u>	<u>\$ 43,009,511</u>
4	Advances In Aid Of Const.	\$ (37,992,781)	\$ -	\$ (37,992,781)
5	Contribution In Aid Of Const.	\$ (890,221)	\$ -	\$ (890,221)
6	Accumulated Amortization Of CIAC	98,283	-	98,283
7	NET CIAC (L5 + L6)	<u>\$ (791,938)</u>	<u>\$ -</u>	<u>\$ (791,938)</u>
8	Customer Meter Deposits	\$ (162,132)	\$ -	\$ (162,132)
9	Deferred Income Taxes & Credits	\$ 380,947	\$ -	\$ 380,947
10	Unamortized Finance Charges	\$ -	\$ -	\$ -
11	Deferred Regulatory Assets	\$ -	\$ -	\$ -
12	Allowance For Working Capital	\$ -	\$ -	\$ -
13	TOTAL RATE BASE (Sum L's 3, 4, 7, 8 Thru 12)	<u>\$ 4,240,018</u>	<u>\$ 203,589</u>	<u>\$ 4,443,607</u>

References:

- Column (A): Company Schedule B-2, Page 1 And Workpapers Schedule E-1
- Column (B): RLM-3, Columns (B) Thru (G)
- Column (C): Column (A) + Column (B)

**SURREBUTTAL
SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS**

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED OCRB/FVRB	(B) ADJ # 1 GROSS PLT & ACC DEP	(C) ADJ # 2 LEFT BLANK	(D) ADJ # 3 LEFT BLANK	(E) RUCO ADJTED OCRB/FVRB
1	Gross Utility Plant In Service	\$ 45,877,421	\$ -	\$ -	\$ -	\$ 45,877,421
2	Accumulated Depreciation	(3,071,499)	203,589	-	-	(2,867,910)
3	Net Utility Plant In Service (L1 + L2)	<u>\$ 42,805,922</u>	<u>\$ 203,589</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,009,511</u>
4	Advances In Aid Of Const.	\$ (37,992,781)	\$ -	\$ -	\$ -	\$ (37,992,781)
5	Contribution In Aid Of Const.	\$ (890,221)	\$ -	\$ -	\$ -	\$ (890,221)
6	Accumulated Amortization Of CIAC	98,283	-	-	-	98,283
7	NET CIAC (L5 + L6)	<u>\$ (791,938)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (791,938)</u>
8	Customer Meter Deposits	\$ (162,132)	\$ -	\$ -	\$ -	\$ (162,132)
9	Deferred Income Taxes & Credits	\$ 380,947	\$ -	\$ -	\$ -	\$ 380,947
10	Unamortized Finance Charges	\$ -	\$ -	\$ -	\$ -	\$ -
11	Deferred Regulatory Assets	\$ -	\$ -	\$ -	\$ -	\$ -
12	Allowance For Working Capital	\$ -	\$ -	\$ -	\$ -	\$ -
13	TOTAL RATE BASE (Sum L's 3, 4, 7, 8 Thru 12)	<u>\$ 4,240,018</u>	<u>\$ 203,589</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,443,607</u>

References:

- Column (A): Company Schedule B-1
- Column (B): Adjustment No. 1 - RUCO Adjustment To GPIS And Acc. Dep. (See Testimony, RLM and Schedule RLM-4)
- Column (C): Adjustment No. 2 - RUCO Adjustment To Acc. Dep. (See Testimony, RLM)
- Column (D): Adjustment No. 3 - RUCO Adjustment To Reclassify ICFA's As CIAC (See Testimony, WAR)
- Column (E): Sum Of Columns (A) Thru (D)

**SURREBUTTAL
TEST YEAR PLANT SCHEDULES
PRIOR TEST YEAR ENDED DECEMBER 31, 1996**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PRIOR DECISION DEP. RATE	(B) TOTAL PLANT VALUE	(C) ACCUMULATED DEPRECIATION	(D) NET PLANT VALUE
1	301	Intangibles/Organization	0.00%	\$ -	\$ -	\$ -
2	302	Franchise Cost	0.00%	-	-	-
3	303	Land and Land Rights	0.00%	15,150	-	15,150
4	304	Structures and Improvements	2.40%	12,892	(4,444)	8,448
5	306	Lake, River and Other Intakes	0.00%	-	-	-
6	307	Wells and Springs	3.20%	251,565	(68,179)	183,386
7	309	Supply Mains	0.00%	-	-	-
8	310	Power Generation Equipment	0.00%	-	-	-
9	311	Pumping Equipment	3.60%	175,365	(46,897)	128,468
10	320	Water Treatment Equipment	3.60%	106	(19)	87
11	330	Dist. Reservoirs & Standpipes	2.00%	270,608	(71,083)	199,525
12	331	Trans. and Dist. Mains	2.00%	676,905	(195,646)	481,259
13	333	Services	3.30%	54,326	(14,058)	40,268
14	334	Meters and Meter Installations	3.40%	51,349	(21,611)	29,738
15	335	Hydrants	2.00%	61,159	(18,556)	42,603
16	336	Backflow Prevention Devices	6.80%	-	-	-
17	339	Other Plant and Misc. Equip.	6.80%	-	(742)	(742)
18	340	Office Furniture and Equipment	6.80%	10,436	(1,007)	9,429
19	341	Transportation Equipment	20.00%	22,237	11,256	33,493
20	343	Tools, Shop and Garage Equip.	5.00%	9,132	(2,581)	6,551
21	344	Laboratory Equipment	5.00%	-	-	-
22	345	Power Operated Equipment	7.70%	-	(972)	(972)
23	346	Communication Equipment	5.00%	-	(414)	(414)
24	347	Miscellaneous Equipment	5.00%	40,184	3,014	43,198
25	348	Other Tangible Plant	5.00%	300	23	323
26		Adjustment		-	-	-
		Rounding		(1)		(1)
27		TOTAL WASTEWATER PLANT		<u>\$ 1,651,713</u>	<u>\$ (431,916)</u>	<u>\$ 1,219,797</u>
28		Company As Filed		<u>\$ 1,651,713</u>	<u>(431,916)</u>	<u>1,219,797</u>
29		Difference		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

References:
Columns (A) Thru (D): Company Workpapers

**SURREBUTTAL
TEST YEAR PLANT SCHEDULES - CONT'D
YEAR ENDED DECEMBER 31, 1997**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ADJUSTED PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
1	301	Intangibles/Organization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	302	Franchise Cost	-	-	-	-	-	-
3	303	Land and Land Rights	-	-	-	15,150	-	15,150
4	304	Structures and Improvements	-	-	(309)	12,892	(4,753)	8,139
5	306	Lake, River and Other Intakes	-	-	-	-	-	-
6	307	Wells and Springs	-	-	(8,050)	251,565	(76,229)	175,336
7	309	Supply Mains	-	-	-	-	-	-
8	310	Power Generation Equipment	-	-	-	-	-	-
9	311	Pumping Equipment	-	-	(6,313)	175,365	(53,210)	122,155
10	320	Water Treatment Equipment	-	-	(4)	106	(23)	83
11	330	Dist. Reservoirs & Standpipes	-	-	(5,412)	270,608	(76,495)	194,113
12	331	Trans. and Dist. Mains	-	-	(13,538)	676,905	(209,184)	467,721
13	333	Services	-	-	(1,793)	54,326	(15,851)	38,475
14	334	Meters and Meter Installations	-	-	(1,746)	51,349	(23,357)	27,992
15	335	Hydrants	-	-	(1,223)	61,159	(19,779)	41,380
16	336	Backflow Prevention Devices	-	-	-	-	-	-
17	339	Other Plant and Misc. Equip.	-	-	-	-	(742)	(742)
18	340	Office Furniture and Equipment	-	-	(710)	10,436	(1,717)	8,719
19	341	Transportation Equipment	-	-	(4,447)	22,237	6,809	29,046
20	343	Tools, Shop and Garage Equip.	-	-	(457)	9,132	(3,038)	6,094
21	344	Laboratory Equipment	-	-	-	-	-	-
22	345	Power Operated Equipment	-	-	-	-	(972)	(972)
23	346	Communication Equipment	-	-	-	-	(414)	(414)
24	347	Miscellaneous Equipment	-	-	(2,009)	40,184	1,005	41,189
25	348	Other Tangible Plant	-	-	(15)	300	8	308
26		Adjustment	-	-	-	-	-	-
		Rounding	-	-	-	(1)	(1)	(2)
27		TOTAL WASTEWATER PLANT	\$ -	\$ -	\$ (46,026)	\$ 1,651,713	\$ (477,943)	\$ 1,173,770
28		Company As Filed	-	-	(46,026)	1,651,713	(477,943)	1,173,770
29		Difference	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

References:

- Columns (A) (B): Company Workpapers
- Column (C): [(Col. (A) + Col. (B)) X RLM-4, Page 1, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 1, Col. (B) X RLM-4, Page 1, Col. (A)]
- Column (D): Schedule RLM-4, Page 1, Column (B) + Column (A) + Column (B)
- Column (E): Schedule RLM-4, Page 1, Column (C) + Column (B) + Column (C)
- Column (F): Column (D) + Column (E)

**SURREBUTTAL
TEST YEAR PLANT SCHEDULES - CONT'D
YEAR ENDED DECEMBER 31, 1998**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ADJUSTED PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
1	301	Intangibles/Organization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	302	Franchise Cost	-	-	-	-	-	-
3	303	Land and Land Rights	-	-	-	15,150	-	15,150
4	304	Structures and Improvements	5,769	-	(379)	18,661	(5,132)	13,529
5	306	Lake, River and Other Intakes	-	-	-	-	-	-
6	307	Wells and Springs	-	(192,949)	(4,963)	58,616	111,757	170,373
7	309	Supply Mains	-	-	-	-	-	-
8	310	Power Generation Equipment	-	-	-	-	-	-
9	311	Pumping Equipment	45,095	-	(7,125)	220,460	(60,335)	160,125
10	320	Water Treatment Equipment	-	-	(4)	106	(27)	79
11	330	Dist. Reservoirs & Standpipes	19,014	-	(5,602)	289,622	(82,097)	207,525
12	331	Trans. and Dist. Mains	122,199	-	(14,760)	799,104	(223,944)	575,160
13	333	Services	14,625	-	(2,034)	68,951	(17,885)	51,066
14	334	Meters and Meter Installations	3,947	-	(1,813)	55,296	(25,170)	30,126
15	335	Hydrants	13,259	-	(1,356)	74,418	(21,135)	53,283
16	336	Backflow Prevention Devices	-	-	-	-	-	-
17	339	Other Plant and Misc. Equip.	-	-	-	-	(742)	(742)
18	340	Office Furniture and Equipment	678	-	(733)	11,114	(2,449)	8,665
19	341	Transportation Equipment	5,354	-	(4,983)	27,591	1,826	29,417
20	343	Tools, Shop and Garage Equip.	2,383	-	(516)	11,515	(3,554)	7,961
21	344	Laboratory Equipment	-	-	-	-	-	-
22	345	Power Operated Equipment	-	-	-	-	(972)	(972)
23	346	Communication Equipment	993	-	(25)	993	(439)	554
24	347	Miscellaneous Equipment	-	(40,184)	(1,005)	-	40,184	40,184
25	348	Other Tangible Plant	-	(300)	(8)	-	301	301
26		Adjustment	-	-	-	-	-	-
		Rounding	(1)			(2)		(2)
27		TOTAL WASTEWATER PLANT	<u>\$ 233,315</u>	<u>\$ (233,433)</u>	<u>\$ (45,304)</u>	<u>\$ 1,651,595</u>	<u>\$ (289,813)</u>	<u>\$ 1,361,782</u>
28		Company As Filed	233,315	(233,433)	(45,304)	1,651,595	(456,934)	1,194,661
29		Difference	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 167,121</u>	<u>\$ 167,121</u>

References:

- Columns (A) (B): Company Workpapers
- Column (C): [(Col. (A) + Col. (B)) X RLM-4, Page 1, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 2, Col. (D) X RLM-4, Page 1, Col. (A)]
- Column (D): Schedule RLM-4, Page 2, Column (D) + (Column (A) + Column (B))
- Column (E): Schedule RLM-4, Page 2, Column (E) + Column (B) + Column (C)
- Column (F): Column (D) + Column (E)

**SURREBUTTAL
TEST YEAR PLANT SCHEDULES - CONT'D
YEAR ENDED DECEMBER 31, 1999**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ADJUSTED PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
1	301	Intangibles/Organization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	302	Franchise Cost	-	-	-	-	-	-
3	303	Land and Land Rights	4,537	-	-	19,687	-	19,687
4	304	Structures and Improvements	-	-	(448)	18,661	(5,580)	13,081
5	306	Lake, River and Other Intakes	-	-	-	-	-	-
6	307	Wells and Springs	-	-	(1,876)	58,616	109,881	168,497
7	309	Supply Mains	-	-	-	-	-	-
8	310	Power Generation Equipment	-	-	-	-	-	-
9	311	Pumping Equipment	4,375	-	(8,015)	224,835	(68,350)	156,485
10	320	Water Treatment Equipment	-	-	(4)	106	(30)	76
11	330	Dist. Reservoirs & Standpipes	-	-	(5,792)	289,622	(87,890)	201,732
12	331	Trans. and Dist. Mains	337	-	(15,985)	799,441	(239,930)	559,511
13	333	Services	-	-	(2,275)	68,951	(20,160)	48,791
14	334	Meters and Meter Installations	9,872	-	(2,048)	65,168	(27,218)	37,950
15	335	Hydrants	-	-	(1,488)	74,418	(22,623)	51,795
16	336	Backflow Prevention Devices	-	-	-	-	-	-
17	339	Other Plant and Misc. Equip.	1,183	-	(40)	1,183	(782)	401
18	340	Office Furniture and Equipment	359	-	(768)	11,473	(3,217)	8,256
19	341	Transportation Equipment	-	-	(5,518)	27,591	(3,692)	23,899
20	343	Tools, Shop and Garage Equip.	2,490	-	(638)	14,005	(4,192)	9,813
21	344	Laboratory Equipment	-	-	-	-	-	-
22	345	Power Operated Equipment	-	-	-	-	(972)	(972)
23	346	Communication Equipment	128	-	(53)	1,121	(492)	629
24	347	Miscellaneous Equipment	-	-	-	-	40,184	40,184
25	348	Other Tangible Plant	-	-	-	-	301	301
26		Adjustment Rounding	-	-	-	-	-	-
27		TOTAL WASTEWATER PLANT	\$ 23,281	\$ -	\$ (44,949)	\$ 1,674,878	\$ (334,763)	\$ 1,340,115
28		Company As Filed	23,281	-	(44,949)	1,674,878	(501,884)	1,172,994
29		Difference	-	-	-	-	167,121	167,121

References:

- Columns (A) (B): Company Schedules B-2, Page 2a Thru B-2, Page 2k
- Column (C): [(Col. (A) + Col. (B)) X RLM-4, Page 1, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 3, Col. (D) X RLM-4, Page 1, Col. (A)]
- Column (D): Schedule RLM-4, Page 3, Column (D) + (Column (A) + Column (B))
- Column (E): Schedule RLM-4, Page 3, Column (E) + Column (B) + Column (C)
- Column (F): Column (D) - Column (E)

**SURREBUTTAL
TEST YEAR PLANT SCHEDULES - CONT'D
YEAR ENDED DECEMBER 31, 2000**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ADJUSTED PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
1	301	Intangibles/Organization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	302	Franchise Cost	-	-	-	-	-	-
3	303	Land and Land Rights	-	-	-	19,687	-	19,687
4	304	Structures and Improvements	-	-	(448)	18,661	(6,028)	12,633
5	306	Lake, River and Other Intakes	-	-	-	-	-	-
6	307	Wells and Springs	-	-	(1,876)	58,616	108,006	166,622
7	309	Supply Mains	-	-	-	-	-	-
8	310	Power Generation Equipment	-	-	-	-	-	-
9	311	Pumping Equipment	15,389	-	(8,371)	240,224	(76,721)	163,503
10	320	Water Treatment Equipment	-	-	(4)	106	(34)	72
11	330	Dist. Reservoirs & Standpipes	2,710	-	(5,820)	292,332	(93,709)	198,623
12	331	Trans. and Dist. Mains	-	-	(15,989)	799,441	(255,918)	543,523
13	333	Services	1,935	-	(2,307)	70,886	(22,468)	48,418
14	334	Meters and Meter Installations	7,384	-	(2,341)	72,552	(29,559)	42,993
15	335	Hydrants	74	-	(1,489)	74,492	(24,112)	50,380
16	336	Backflow Prevention Devices	-	-	-	-	-	-
17	339	Other Plant and Misc. Equip.	2,038	-	(150)	3,221	(932)	2,289
18	340	Office Furniture and Equipment	81	-	(783)	11,554	(4,000)	7,554
19	341	Transportation Equipment	1,051	-	(5,623)	28,642	(9,316)	19,326
20	343	Tools, Shop and Garage Equip.	1,589	-	(740)	15,594	(4,932)	10,662
21	344	Laboratory Equipment	-	-	-	-	-	-
22	345	Power Operated Equipment	3,232	-	(124)	3,232	(1,096)	2,136
23	346	Communication Equipment	-	-	(56)	1,121	(548)	573
24	347	Miscellaneous Equipment	-	-	-	-	40,184	40,184
25	348	Other Tangible Plant	-	-	-	-	301	301
26		Adjustment	-	-	-	-	-	-
		Rounding	-	-	-	(2)	-	(2)
27		TOTAL WASTEWATER PLANT	<u>\$ 35,483</u>	<u>\$ -</u>	<u>\$ (46,121)</u>	<u>\$ 1,710,359</u>	<u>\$ (380,884)</u>	<u>\$ 1,329,475</u>
28		Company As Filed	35,483	-	(46,121)	1,710,359	(548,005)	1,162,354
29		Difference	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 167,121</u>	<u>\$ 167,121</u>

References:

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- Column (D): Schedule RLM-4, Page 4, Column (D) + (Column (A) + Column (B))
- Column (E): Schedule RLM-4, Page 4, Column (E) + Column (B) + Column (C)
- Column (F): Column (D) + Column (E)

SURREBUTTAL
TEST YEAR PLANT SCHEDULES - CONT'D
YEAR ENDED DECEMBER 31, 2001

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ADJUSTED PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
1	301	Intangibles/Organization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	302	Franchise Cost	-	-	-	-	-	-
3	303	Land and Land Rights	3,000	-	-	22,687	-	22,687
4	304	Structures and Improvements	-	-	(448)	18,661	(6,476)	12,185
5	306	Lake, River and Other Intakes	-	-	-	-	-	-
6	307	Wells and Springs	489	-	(1,884)	59,105	106,122	165,227
7	309	Supply Mains	-	-	-	-	-	-
8	310	Power Generation Equipment	-	-	-	-	-	-
9	311	Pumping Equipment	56,707	-	(9,669)	296,931	(86,390)	210,541
10	320	Water Treatment Equipment	-	-	(4)	106	(38)	68
11	330	Dist. Reservoirs & Standpipes	4,074	-	(5,887)	296,406	(99,597)	196,809
12	331	Trans. and Dist. Mains	45,543	-	(16,444)	844,984	(272,363)	572,621
13	333	Services	626	-	(2,350)	71,512	(24,817)	46,695
14	334	Meters and Meter Installations	8,244	-	(2,607)	80,796	(32,166)	48,630
15	335	Hydrants	9,917	-	(1,589)	84,409	(25,701)	58,708
16	336	Backflow Prevention Devices	-	-	-	-	-	-
17	339	Other Plant and Misc. Equip.	-	-	(219)	3,221	(1,151)	2,070
18	340	Office Furniture and Equipment	2,280	-	(863)	13,834	(4,863)	8,971
19	341	Transportation Equipment	23,747	-	(8,103)	52,389	(17,419)	34,970
20	343	Tools, Shop and Garage Equip.	3,200	-	(860)	18,794	(5,791)	13,003
21	344	Laboratory Equipment	-	-	-	-	-	-
22	345	Power Operated Equipment	3,790	-	(395)	7,022	(1,491)	5,531
23	346	Communication Equipment	-	-	(56)	1,121	(604)	517
24	347	Miscellaneous Equipment	-	-	-	-	40,184	40,184
25	348	Other Tangible Plant	-	-	-	-	301	301
26		Adjustment	-	-	-	-	-	-
		Rounding	(1)	-	-	(2)	-	(2)
27		TOTAL WASTEWATER PLANT	<u>\$ 161,616</u>	<u>\$ -</u>	<u>\$ (51,377)</u>	<u>\$ 1,871,976</u>	<u>\$ (432,261)</u>	<u>\$ 1,439,715</u>
28		Company As Filed	161,616	-	(43,916)	1,871,976	(591,921)	1,280,055
29		Difference	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,461)</u>	<u>\$ -</u>	<u>\$ 159,660</u>	<u>\$ 159,660</u>

References:

- Columns (A) (B): Company Workpapers
- Column (C): [(Col. (A) + Col. (B)) X RLM-4, Page 1, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 5, Col. (D) X RLM-4, Page 1, Col. (A)]
- Column (D): Schedule RLM-4, Page 5, Column (D) + (Column (A) + Column (B))
- Column (E): Schedule RLM-4, Page 5, Column (E) + Column (B) + Column (C)
- Column (F): Column (D) + Column (E)

**SURREBUTTAL
TEST YEAR PLANT SCHEDULES - CONT'D
YEAR ENDED DECEMBER 31, 2002**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ADJUSTED PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
1	301	Intangibles/Organization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	302	Franchise Cost	-	-	-	-	-	-
3	303	Land and Land Rights	-	-	-	22,687	-	22,687
4	304	Structures and Improvements	4,978	-	(508)	23,639	(6,983)	16,656
5	306	Lake, River and Other Intakes	-	-	-	-	-	-
6	307	Wells and Springs	75,973	-	(3,107)	135,078	103,015	238,093
7	309	Supply Mains	-	-	-	-	-	-
8	310	Power Generation Equipment	-	-	-	-	-	-
9	311	Pumping Equipment	71,927	-	(11,984)	368,858	(98,374)	270,484
10	320	Water Treatment Equipment	1,140	-	(24)	1,246	(62)	1,184
11	330	Dist. Reservoirs & Standpipes	80,416	-	(6,732)	376,822	(106,329)	270,493
12	331	Trans. and Dist. Mains	155,686	-	(18,457)	1,000,670	(290,819)	709,851
13	333	Services	-	-	(2,360)	71,512	(27,177)	44,335
14	334	Meters and Meter Installations	37,453	-	(3,384)	118,249	(35,550)	82,699
15	335	Hydrants	13,457	-	(1,823)	97,866	(27,524)	70,342
16	336	Backflow Prevention Devices	-	-	-	-	-	-
17	339	Other Plant and Misc. Equip.	-	-	(219)	3,221	(1,370)	1,851
18	340	Office Furniture and Equipment	259	-	(950)	14,093	(5,813)	8,280
19	341	Transportation Equipment	25,622	-	(13,040)	78,011	(30,459)	47,552
20	343	Tools, Shop and Garage Equip.	6,500	-	(1,102)	25,294	(6,894)	18,400
21	344	Laboratory Equipment	-	-	-	-	-	-
22	345	Power Operated Equipment	-	-	(541)	7,022	(2,032)	4,990
23	346	Communication Equipment	719	-	(74)	1,840	(678)	1,162
24	347	Miscellaneous Equipment	-	-	-	-	40,184	40,184
25	348	Other Tangible Plant	-	-	-	-	301	301
26		Adjustment	-	-	-	-	-	-
		Rounding	1	-	-	(1)	-	(1)
27		TOTAL WASTEWATER PLANT	<u>\$ 474,131</u>	<u>\$ -</u>	<u>\$ (64,304)</u>	<u>\$ 2,346,107</u>	<u>\$ (496,564)</u>	<u>\$ 1,849,543</u>
28		Company As Filed	474,131	-	(52,354)	2,346,107	(644,274)	1,701,833
29		Difference	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,950)</u>	<u>\$ -</u>	<u>\$ 147,710</u>	<u>\$ 147,710</u>

References:

- Columns (A) (B): Company Workpapers
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- Column (D): Schedule RLM-4, Page 6, Column (D) + (Column (A) + Column (B))
- Column (E): Schedule RLM-4, Page 6, Column (E) + Column (B) + Column (C)
- Column (F): Column (D) + Column (E)

**SURREBUTTAL
TEST YEAR PLANT SCHEDULES - CONT'D
YEAR ENDED DECEMBER 31, 2003**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ADJUSTED PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
1	301	Intangibles/Organization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	302	Franchise Cost	-	-	-	-	-	-
3	303	Land and Land Rights	-	-	-	22,687	-	22,687
4	304	Structures and Improvements	34,618	-	(983)	58,257	(7,966)	50,291
5	306	Lake, River and Other Intakes	-	-	-	-	-	-
6	307	Wells and Springs	-	-	(4,322)	135,078	98,693	233,771
7	309	Supply Mains	-	-	-	-	-	-
8	310	Power Generation Equipment	-	-	-	-	-	-
9	311	Pumping Equipment	39,215	-	(13,985)	408,073	(112,359)	295,714
10	320	Water Treatment Equipment	18,277	-	(374)	19,523	(436)	19,087
11	330	Dist. Reservoirs & Standpipes	81,457	-	(8,351)	458,279	(114,680)	343,599
12	331	Trans. and Dist. Mains	134,187	-	(21,355)	1,134,857	(312,175)	822,682
13	333	Services	7,166	-	(2,478)	78,678	(29,655)	49,023
14	334	Meters and Meter Installations	23,709	-	(4,424)	141,958	(39,973)	101,985
15	335	Hydrants	2,172	-	(1,979)	100,038	(29,503)	70,535
16	336	Backflow Prevention Devices	-	-	-	-	-	-
17	339	Other Plant and Misc. Equip.	4,460	-	(371)	7,681	(1,741)	5,940
18	340	Office Furniture and Equipment	583	-	(978)	14,676	(6,791)	7,885
19	341	Transportation Equipment	59,574	(30,796)	(18,480)	106,789	(18,143)	88,646
20	343	Tools, Shop and Garage Equip.	4,978	-	(1,389)	30,272	(8,283)	21,989
21	344	Laboratory Equipment	-	-	-	-	-	-
22	345	Power Operated Equipment	-	-	(541)	7,022	(2,573)	4,449
23	346	Communication Equipment	1,385	-	(127)	3,225	(804)	2,421
24	347	Miscellaneous Equipment	-	-	-	-	40,184	40,184
25	348	Other Tangible Plant	-	-	-	-	301	301
26		Adjustment	-	-	-	-	-	-
		Rounding	-	-	-	(1)	-	(1)
27		TOTAL WASTEWATER PLANT	<u>\$ 411,781</u>	<u>\$ (30,796)</u>	<u>\$ (80,136)</u>	<u>\$ 2,727,092</u>	<u>\$ (545,905)</u>	<u>\$ 2,181,187</u>
28		Company As Filed	411,781	(30,796)	(36,626)	2,727,092	(680,903)	2,046,189
29		Difference	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (43,510)</u>	<u>\$ -</u>	<u>\$ 134,998</u>	<u>\$ 134,998</u>

References:

- Columns (A) (B): Company Workpapers
- Column (C): [(Col. (A) + Col. (B)) X RLM-4, Page 1, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 7, Col. (D) X RLM-4, Page 1, Col. (A)]
- Column (D): Schedule RLM-4, Page 7, Column (D) + (Column (A) + Column (B))
- Column (E): Schedule RLM-4, Page 7, Column (E) + Column (B) + Column (C)
- Column (F): Column (D) + Column (E)

**SURREBUTTAL
TEST YEAR PLANT SCHEDULES - CONT'D
YEAR ENDED DECEMBER 31, 2004**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ADJUSTED PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
1	301	Intangibles/Organization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	302	Franchise Cost	-	-	-	-	-	-
3	303	Land and Land Rights	-	-	-	22,687	-	22,687
4	304	Structures and Improvements	19,148	-	(1,628)	77,405	(9,594)	67,811
5	306	Lake, River and Other Intakes	-	-	-	-	-	-
6	307	Wells and Springs	205,381	-	(7,609)	340,459	91,084	431,543
7	309	Supply Mains	-	-	-	-	-	-
8	310	Power Generation Equipment	-	-	-	-	-	-
9	311	Pumping Equipment	120,921	-	(16,867)	528,994	(129,226)	399,768
10	320	Water Treatment Equipment	2,851	-	(754)	22,374	(1,190)	21,184
11	330	Dist. Reservoirs & Standpipes	65,634	-	(9,822)	523,913	(124,502)	399,411
12	331	Trans. and Dist. Mains	1,903,503	-	(41,732)	3,038,360	(353,907)	2,684,453
13	333	Services	267,667	-	(7,013)	346,345	(36,668)	309,677
14	334	Meters and Meter Installations	135,731	-	(7,134)	277,689	(47,107)	230,582
15	335	Hydrants	167,144	-	(3,672)	267,182	(33,175)	234,007
16	336	Backflow Prevention Devices	-	-	-	-	-	-
17	339	Other Plant and Misc. Equip.	14,782	-	(1,025)	22,463	(2,766)	19,697
18	340	Office Furniture and Equipment	2,963	-	(1,099)	17,639	(7,890)	9,749
19	341	Transportation Equipment	121,201	(30,210)	(30,457)	197,780	(18,390)	179,390
20	343	Tools, Shop and Garage Equip.	9,734	-	(1,757)	40,006	(10,040)	29,966
21	344	Laboratory Equipment	-	-	-	-	-	-
22	345	Power Operated Equipment	1,484	(3,714)	(455)	4,792	687	5,479
23	346	Communication Equipment	535	-	(175)	3,760	(979)	2,781
24	347	Miscellaneous Equipment	-	-	-	-	40,184	40,184
25	348	Other Tangible Plant	-	-	-	-	301	301
26		Adjustment	-	-	-	-	-	-
		Rounding	-	-	-	(1)	-	(1)
27		TOTAL WASTEWATER PLANT	\$ 3,038,679	\$ (33,924)	\$ (131,198)	\$ 5,731,847	\$ (643,178)	\$ 5,088,669
28		Company As Filed	3,038,679	(33,924)	(84,910)	5,731,847	(765,814)	4,966,033
29		Difference	\$ -	\$ -	\$ (46,288)	\$ -	\$ 122,636	\$ 122,636

References:

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- Column (D): Schedule RLM-4, Page 8, Column (D) + (Column (A) + Column (B))
- Column (E): Schedule RLM-4, Page 8, Column (E) + Column (B) + Column (C)
- Column (F): Column (D) + Column (E)

**SURREBUTTAL
TEST YEAR PLANT SCHEDULES - CONT'D
YEAR ENDED DECEMBER 31, 2005**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ADJUSTED PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
1	301	Intangibles/Organization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	302	Franchise Cost	-	-	-	-	-	-
3	303	Land and Land Rights	15,000	-	-	37,687	-	37,687
4	304	Structures and Improvements	138,981	-	(3,525)	216,386	(13,119)	203,267
5	306	Lake, River and Other Intakes	-	-	-	-	-	-
6	307	Wells and Springs	177,946	-	(13,742)	518,405	77,342	595,747
7	309	Supply Mains	-	-	-	-	-	-
8	310	Power Generation Equipment	-	-	-	-	-	-
9	311	Pumping Equipment	138,542	-	(21,538)	667,536	(150,764)	516,772
10	320	Water Treatment Equipment	1,826	-	(838)	24,200	(2,029)	22,171
11	330	Dist. Reservoirs & Standpipes	835,414	-	(18,832)	1,359,327	(143,334)	1,215,993
12	331	Trans. and Dist. Mains	2,384,770	-	(84,615)	5,423,130	(438,522)	4,984,608
13	333	Services	355,558	-	(17,296)	701,903	(53,964)	647,939
14	334	Meters and Meter Installations	441,479	-	(16,947)	719,168	(64,054)	655,114
15	335	Hydrants	160,186	-	(6,946)	427,368	(40,121)	387,247
16	336	Backflow Prevention Devices	-	-	-	-	-	-
17	339	Other Plant and Misc. Equip.	16,695	-	(2,095)	39,158	(4,861)	34,297
18	340	Office Furniture and Equipment	7,898	-	(1,468)	25,537	(9,358)	16,179
19	341	Transportation Equipment	18,143	(16,794)	(39,691)	199,129	(41,287)	157,842
20	343	Tools, Shop and Garage Equip.	7,228	-	(2,181)	47,234	(12,221)	35,013
21	344	Laboratory Equipment	-	-	-	-	-	-
22	345	Power Operated Equipment	65	-	(371)	4,857	315	5,172
23	346	Communication Equipment	5,178	-	(317)	8,938	(1,297)	7,642
24	347	Miscellaneous Equipment	-	-	-	-	40,184	40,184
25	348	Other Tangible Plant	-	-	-	-	301	301
26		Adjustment	-	-	-	-	-	-
		Rounding	1	-	-	-	-	-
27		TOTAL WASTEWATER PLANT	\$ 4,704,910	\$ (16,794)	\$ (230,403)	\$ 10,419,963	\$ (856,787)	\$ 9,563,176
28		Company As Filed	4,704,910	(16,794)	(194,526)	10,419,963	(960,340)	9,459,623
29		Difference	\$ -	\$ -	\$ (35,877)	\$ -	\$ 103,553	\$ 103,553

References:

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- Column (D): Schedule RLM-4, Page 9, Column (D) + (Column (A) + Column (B))
- Column (E): Schedule RLM-4, Page 9, Column (E) + Column (B) + Column (C)
- Column (F): Column (D) + Column (E)

SURREBUTTAL
TEST YEAR PLANT SCHEDULES - CONT'D
YEAR ENDED DECEMBER 31, 2006

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ADJUSTED PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
1	301	Intangibles/Organization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	302	Franchise Cost	-	-	-	-	-	-
3	303	Land and Land Rights	-	-	-	37,687	-	37,687
4	304	Structures and Improvements	222,586	-	(7,864)	438,972	(20,984)	417,988
5	306	Lake, River and Other Intakes	-	-	-	-	-	-
6	307	Wells and Springs	-	-	(16,589)	518,405	60,753	579,158
7	309	Supply Mains	-	-	-	-	-	-
8	310	Power Generation Equipment	-	-	-	-	-	-
9	311	Pumping Equipment	800,517	-	(38,441)	1,468,053	(189,204)	1,278,849
10	320	Water Treatment Equipment	1,623	-	(900)	25,823	(2,929)	22,894
11	330	Dist. Reservoirs & Standpipes	1,129,941	-	(38,486)	2,489,268	(181,820)	2,307,448
12	331	Trans. and Dist. Mains	1,183,519	-	(120,298)	6,606,649	(558,819)	6,047,830
13	333	Services	290,871	-	(27,962)	992,774	(81,926)	910,848
14	334	Meters and Meter Installations	406,343	-	(31,360)	1,125,511	(95,413)	1,030,098
15	335	Hydrants	308,373	-	(11,631)	735,741	(51,752)	683,989
16	336	Backflow Prevention Devices	6,065	-	(206)	6,065	(206)	5,859
17	339	Other Plant and Misc. Equip.	2,142	-	(2,736)	41,300	(7,596)	33,704
18	340	Office Furniture and Equipment	5,748	-	(1,932)	31,285	(11,290)	19,995
19	341	Transportation Equipment	20,494	-	(41,875)	219,623	(83,162)	136,461
20	343	Tools, Shop and Garage Equip.	11,662	-	(2,653)	58,896	(14,874)	44,022
21	344	Laboratory Equipment	1,813	-	(45)	1,813	(45)	1,768
22	345	Power Operated Equipment	50,730	-	(2,327)	55,587	(2,012)	53,575
23	346	Communication Equipment	1,944	-	(496)	10,882	(1,792)	9,090
24	347	Miscellaneous Equipment	5,054	-	(126)	5,054	40,058	45,112
25	348	Other Tangible Plant	9,185	-	(230)	9,185	71	9,256
26		Adjustment	-	-	-	-	-	-
		Rounding	-	-	-	-	-	-
27		TOTAL WASTEWATER PLANT	<u>\$ 4,458,610</u>	<u>\$ -</u>	<u>\$ (346,157)</u>	<u>\$ 14,878,573</u>	<u>\$ (1,202,944)</u>	<u>\$ 13,675,629</u>
28		Company As Filed	4,458,610	-	(307,981)	14,878,573	(1,268,320)	13,610,253
29		Difference	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (38,176)</u>	<u>\$ -</u>	<u>\$ 65,376</u>	<u>\$ 65,376</u>

References:

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- Column (D): Schedule RLM-4, Page 7, Column (D) + (Column (A) + Column (B))
- Column (E): Schedule RLM-4, Page 7, Column (E) + Column (B) + Column (C)
- Column (F): Column (D) + Column (E)

**SURREBUTTAL
TEST YEAR PLANT SCHEDULES - CONT'D
YEAR ENDED DECEMBER 31, 2007**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ADJUSTED PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
1	301	Intangibles/Organization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	302	Franchise Cost	-	-	-	-	-	-
3	303	Land and Land Rights	787	-	-	38,474	-	38,474
4	304	Structures and Improvements	26,231	-	(10,850)	465,203	(31,834)	433,369
5	306	Lake, River and Other Intakes	-	-	-	-	-	-
6	307	Wells and Springs	-	-	(16,589)	518,405	44,164	562,569
7	309	Supply Mains	-	-	-	-	-	-
8	310	Power Generation Equipment	14,261	-	-	14,261	-	14,261
9	311	Pumping Equipment	4,943,198	-	(141,827)	6,411,251	(331,032)	6,080,219
10	320	Water Treatment Equipment	3,366,077	-	(61,519)	3,391,900	(64,448)	3,327,452
11	330	Dist. Reservoirs & Standpipes	826	-	(49,794)	2,490,094	(231,614)	2,258,480
12	331	Trans. and Dist. Mains	2,930,781	-	(161,441)	9,537,430	(720,260)	8,817,170
13	333	Services	89,321	-	(34,235)	1,082,095	(116,162)	965,933
14	334	Meters and Meter Installations	173,764	-	(41,221)	1,299,275	(136,635)	1,162,640
15	335	Hydrants	44,915	-	(15,164)	780,656	(66,916)	713,740
16	336	Backflow Prevention Devices	1,475	-	(463)	7,540	(669)	6,871
17	339	Other Plant and Misc. Equip.	10,502	-	(3,165)	51,802	(10,762)	41,040
18	340	Office Furniture and Equipment	12,174	-	(2,541)	43,459	(13,831)	29,628
19	341	Transportation Equipment	55,415	-	(49,466)	275,038	(132,628)	142,410
20	343	Tools, Shop and Garage Equip.	7,918	-	(3,143)	66,814	(18,017)	48,797
21	344	Laboratory Equipment	39,363	-	(1,075)	41,176	(1,120)	40,056
22	345	Power Operated Equipment	-	-	(4,280)	55,587	(6,292)	49,295
23	346	Communication Equipment	7,084	-	(721)	17,966	(2,513)	15,453
24	347	Miscellaneous Equipment	2,452	-	(314)	7,506	39,744	47,250
25	348	Other Tangible Plant	382,001	-	(10,009)	391,186	(9,938)	381,248
26		Adjustment	-	-	-	-	-	-
		Rounding	2	-	-	2	-	2
27		TOTAL WASTEWATER PLANT	<u>\$ 12,108,547</u>	<u>\$ -</u>	<u>\$ (607,818)</u>	<u>\$ 26,987,120</u>	<u>\$ (1,810,762)</u>	<u>\$ 25,176,358</u>
28		Company As Filed	12,108,547	-	(649,792)	26,987,120	(1,918,112)	25,069,008
29		Difference	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,974</u>	<u>\$ -</u>	<u>\$ 107,350</u>	<u>\$ 107,350</u>

References:

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- Column (D): Schedule RLM-4, Page 8, Column (D) + (Column (A) + Column (B))
- Column (E): Schedule RLM-4, Page 8, Column (E) + Column (B) + Column (C)
- Column (F): Column (D) + Column (E)

SURREBUTTAL
TEST YEAR PLANT SCHEDULES - CONT'D
YEAR ENDED DECEMBER 31, 2008

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ADJUSTED PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
1	301	Intangibles/Organization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	302	Franchise Cost	-	-	-	-	-	-
3	303	Land and Land Rights	109,972	-	-	148,446	-	148,446
4	304	Structures and Improvements	480,180	-	(16,927)	945,383	(48,761)	896,622
5	306	Lake, River and Other Intakes	-	-	-	-	-	-
6	307	Wells and Springs	257,140	-	(20,703)	775,545	23,461	799,006
7	309	Supply Mains	-	-	-	-	-	-
8	310	Power Generation Equipment	11,603	-	-	25,864	-	25,864
9	311	Pumping Equipment	1,391,963	-	(255,860)	7,803,214	(586,892)	7,216,322
10	320	Water Treatment Equipment	500,633	-	(131,120)	3,892,533	(195,568)	3,696,965
11	330	Dist. Reservoirs & Standpipes	949,586	-	(59,298)	3,439,680	(290,912)	3,148,768
12	331	Trans. and Dist. Mains	9,869,579	-	(289,444)	19,407,009	(1,009,705)	18,397,304
13	333	Services	1,712,979	-	(63,973)	2,795,074	(180,135)	2,614,939
14	334	Meters and Meter Installations	263,055	-	(48,647)	1,562,330	(185,282)	1,377,048
15	335	Hydrants	1,118,798	-	(26,801)	1,899,454	(93,717)	1,805,737
16	336	Backflow Prevention Devices	5,783	(649)	(687)	12,674	(707)	11,967
17	339	Other Plant and Misc. Equip.	62,637	-	(5,652)	114,439	(16,414)	98,025
18	340	Office Furniture and Equipment	2,747	-	(3,049)	46,206	(16,880)	29,326
19	341	Transportation Equipment	-	-	(55,008)	275,038	(187,636)	87,403
20	343	Tools, Shop and Garage Equip.	24,584	-	(3,955)	91,398	(21,972)	69,426
21	344	Laboratory Equipment	995	-	(2,084)	42,171	(3,204)	38,967
22	345	Power Operated Equipment	-	-	(4,280)	55,587	(10,572)	45,015
23	346	Communication Equipment	2,617	-	(964)	20,583	(3,477)	17,106
24	347	Miscellaneous Equipment	7,865	-	(572)	15,371	39,172	54,543
25	348	Other Tangible Plant	2,123,486	-	(72,646)	2,514,672	(82,585)	2,432,087
26		Adjustment	-	-	-	-	-	-
		Rounding	-	-	-	2	-	2
27		TOTAL WASTEWATER PLANT	<u>\$ 18,896,202</u>	<u>\$ (649)</u>	<u>\$ (1,061,671)</u>	<u>\$ 45,882,673</u>	<u>\$ (2,871,784)</u>	<u>\$ 43,010,889</u>
28		Company As Filed	18,896,202	(649)	(1,157,262)	45,882,673	(3,075,373)	42,807,300
29		Difference	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,591</u>	<u>\$ -</u>	<u>\$ 203,589</u>	<u>\$ 203,589</u>
30		RUCO Adjustment (Line 28) (See RLM-3, Column (B))					<u>\$ 203,589</u>	

References:

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- Column (F): Column (D) + Column (E)

Global Utilities
Docket No. SW-02445A-09-0077 ET AL
Test Year Ended December 31, 2008

Valenica Water Company, Town Division
Schedule SURR RLM-5
Page 1 of 1

SURREBUTTAL
RUCO MADE NO POST TEST YEAR PLANT ADJUSTMENTS

**SURREBUTTAL
OPERATING INCOME**

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) RUCO TEST YEAR ADJM'TS	(C) RUCO TEST YEAR AS ADJ'TED	(D) RUCO PROP'D CHANGES	(E) RUCO AS RECOMM'D
Revenues:						
1	Metered Water Sales	\$ 2,659,938	\$ 143,041	\$ 2,802,979	\$ 1,279,451	\$ 4,082,430
2	Water Sales - Unmetered	-	-	-	-	-
3	Other Operating Revenue	234,483	-	234,483	117,810	352,293
4	TOTAL OPERATING REVENUE	<u>\$ 2,894,421</u>	<u>\$ 143,041</u>	<u>\$ 3,037,462</u>	<u>\$ 1,397,261</u>	<u>\$ 4,434,723</u>
Operating Expenses:						
5	Salary and Wages - Employees	\$ 670,808	(55,315)	\$ 615,493	\$ -	\$ 615,493
6	Employee Pensions and Benefits	143,080	-	143,080	-	143,080
7	Purchased Water	-	-	-	-	-
8	Purchased Power	291,613	16,356	307,969	-	307,969
9	Fuel for Power Production	-	-	-	-	-
10	Chemicals	143,618	8,519	152,137	-	152,137
11	Materials and Supplies	31,821	-	31,821	-	31,821
12	Materials and Supplies	128,737	-	128,737	-	128,737
13	Contractual Services - Testing	33,729	-	33,729	-	33,729
14	Contractual Services - Other	41,898	-	41,898	-	41,898
15	Rental of Building/Real Property	37,473	-	37,473	-	37,473
16	Rental of Equipment	4,239	-	4,239	-	4,239
17	Transportation Expenses	67,812	-	67,812	-	67,812
18	Insurance - General Liability	17,098	-	17,098	-	17,098
19	Insurance - Other	3,336	-	3,336	-	3,336
20	Advertising Expense	-	-	-	-	-
21	Rate Case Expense	18,667	-	18,667	-	18,667
22	Bad Debt Expense	28,944	13,954	42,898	-	42,898
23	Miscellaneous Expenses	28,042	-	28,042	-	28,042
24	Depreciation Expense	2,199,986	-	2,199,986	-	2,199,986
25	Taxes Other Than Income	5,885	-	5,885	-	5,885
26	Property Taxes	-	39,249	39,249	-	39,249
27	Other Taxes and Licenses	2,101	-	2,101	-	2,101
28	Income Taxes	(402,522)	19,340	(383,182)	539,327	156,145
29	TOTAL OPERATING EXPENSES	<u>\$ 3,496,365</u>	<u>\$ 42,104</u>	<u>\$ 3,538,469</u>	<u>\$ 539,327</u>	<u>\$ 4,077,796</u>
30	OPERATING INCOME (LOSS)	<u>\$ (601,943)</u>		<u>\$ (501,006)</u>		<u>\$ 356,927</u>

References:

- Column (A): Company Schedule C-1
- Column (B): RLM-7, Columns (B) Thru (K)
- Column (C): Column (A) + Column (B)
- Column (D): Revenue From RLM-1, Column (B), Line 8 And Income Tax From RLM-1, Column (B), Line 8 - Line 6
- Column (E): Column (C) + Column (D)

SURREBUTTAL

SUMMARY OF OPERATING INCOME ADJUSTMENTS

TEST YEAR AS FILED AND ADJUSTMENTS

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) ADJ #1 PROPERTY TAX	(C) ADJ #2 CAGRD	(D) ADJ #3 LEFT BLANK	(E) SURR ADJ #4 REVENUE ANNUALIZN	(F) SURR ADJ #5 MAGNMENT FEES	(G) SURR ADJ #6 BAD DEBT EXPENSE	(H) SURR ADJ #7 DEPRECIATION EXPENSE	(I) ADJ #8 INCOME TAX	(J) RUCO AS ADJTD
1	Revenues:										
2	Metered Water Sales	\$ 2,659,938	\$ -	\$ -	\$ -	\$ 143,041	\$ -	\$ -	\$ -	\$ -	\$ 2,802,979
3	Other Operating Revenue	-	-	-	-	-	-	-	-	-	-
4	Water Sales - Unmetered	234,483	-	-	-	-	-	-	-	-	234,483
5	TOTAL OPRG REV.	\$ 2,894,421	\$ -	\$ -	\$ -	\$ 143,041	\$ -	\$ -	\$ -	\$ -	\$ 3,037,462
6	Operating Expenses:										
7	Salary and Wages - Employees	\$ 670,808	\$ -	\$ -	\$ -	\$ -	\$ (55,315)	\$ -	\$ -	\$ -	\$ 615,493
8	Employee Pensions and Benefits	143,080	-	-	-	-	-	-	-	-	143,080
9	Purchased Water	-	-	-	-	16,356	-	-	-	-	16,356
10	Fuel for Power Production	291,613	-	-	-	-	-	-	-	-	291,613
11	Chemicals	143,618	-	-	-	8,519	-	-	-	-	152,137
12	Materials and Supplies	31,821	-	-	-	-	-	-	-	-	31,821
13	Materials and Supplies	128,737	-	-	-	-	-	-	-	-	128,737
14	Contractual Services - Testing	33,729	-	-	-	-	-	-	-	-	33,729
15	Contractual Services - Other	41,898	-	-	-	-	-	-	-	-	41,898
16	Rental of Building/Real Property	37,473	-	-	-	-	-	-	-	-	37,473
17	Rental of Equipment	4,239	-	-	-	-	-	-	-	-	4,239
18	Transportation Expenses	67,812	-	-	-	-	-	-	-	-	67,812
19	Insurance - General Liability	17,098	-	-	-	-	-	-	-	-	17,098
20	Insurance - Other	3,336	-	-	-	-	-	-	-	-	3,336
21	Advertising Expense	-	-	-	-	-	-	-	-	-	-
22	Rate Case Expense	18,667	-	-	-	-	-	-	-	-	18,667
23	Bad Debt Expense	28,944	-	-	-	-	-	-	-	-	28,944
24	Miscellaneous Expenses	28,042	-	-	-	-	13,954	-	-	-	42,898
25	Depreciation Expense	2,199,986	-	-	-	-	-	-	-	-	2,199,986
26	Taxes Other Than Income	5,885	-	-	-	-	-	-	-	-	5,885
27	Property Taxes	-	39,249	-	-	-	-	-	-	-	39,249
28	Other Taxes and Licenses	2,101	-	-	-	-	-	-	-	-	2,101
29	Income Taxes	(402,522)	-	-	-	-	-	-	19,340	-	(383,182)
29	TOTAL OPRG EXP.	\$ 3,496,365	\$ 39,249	\$ -	\$ -	\$ 24,875	\$ (55,315)	\$ 13,954	\$ -	\$ 19,340	\$ 3,538,469
30	OPRG INC. (LOSS)	\$ (601,943)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (601,943)

References:

- Column (A): Company Schedule C-1
- Column (B): Testimony, RLM And Schedule RLM-8
- Column (C): Testimony, RLM
- Column (D): Testimony, RLM
- Column (E): Testimony, RLM
- Column (F): Testimony, RLM
- Column (G): Testimony, RLM
- Column (H): Testimony, RLM And Schedule RLM-9
- Column (I): Testimony, RLM
- Column (J): Sum Of Columns (A) Thru (I)

SURREBUTTAL
EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 1
PROPERTY TAX COMPUTATION

LINE NO.	DESCRIPTION	REFERENCE	(A)	(B)
Calculation Of The Company's Full Cash Value:				
Annual Operating Revenues:				
1	Adjusted Revenues In Year Ended Dec. 2008	Sch. RLM-6, Col (C), Ln 4	\$ 3,037,462	
2	Adjusted Revenues In Year Ended Dec. 2008	Sch. RLM-6, Col (C), Ln 4	3,037,462	
3	Proposed Revenues	Sch. RLM-6, Col (E), Ln 4	4,434,723	
4	Total Three Year Operating Revenues	Sum Of Lines 1, 2 & 3	\$ 10,509,648	
5	Average Annual Operating Revenues	Line 4 / 3	3,503,216	
6	Two Times 3-Year Average Operating Revenues	Line 5 X 2		\$ 7,006,432
ADD:				
10% Of Construction Work In Progress ("CWIP"):				
7	Test Year CWIP	Co. Sch. E-1	\$ 129,694	
8	10% Of CWIP	Line 7 X 10%		\$ 12,969
SUBTRACT:				
Transportation At Book Value:				
9	Original Cost Of Transportation Equipment	RLM-4, Pg 13, Col. (D), Ln 19	\$ -	
10	Acc. Dep. Of Transportation Equipment	RLM-4, Pg 13, Col. (E), Ln 19	-	
11	Book Value Of Transportation Equipment	Line 9 + Line 10		\$ -
12	Company's Full Cash Value ("FCV")	Sum Of Lines 6, 8 & 11		\$ 7,019,401
Calculation Of The Company's Tax Liability:				
MULTIPLY:				
FCV X Valuation Assessment Ratio X Property Tax Rates:				
13	Assessment Ratio For 2010	House Bill 2779	21.0%	
14	Assessed Value	Line 12 X Line 13	\$ 1,474,074	
Property Tax Rates:				
15	Primary Tax Rate - 2008 Tax Notice	RUCO Data Req. 1.29	2.6626%	
16	Secondary Tax Rate - 2008 Tax Notice	RUCO Data Req. 1.29	0.0000%	
17	Estimated Tax Rate Liability	Line 15 + Line 16	2.66%	
18	Co.'s Total Tax Liability - Based On Full Cash Value	Line 14 X Line 17		\$ 39,249
19	Test Year Adjusted Property Tax Expense As Filing	Co. Sch. C-1, Line 29		-
20	Increase In Property Tax Expense	Line 18 - Line 19		\$ 39,249
21	RUCO Adjustment (See RLM-7, Col. (B), Line 26)	Line 20		\$ 39,249

SURREBUTTAL
EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 3
INCOME TAX EXPENSE

LINE NO.	DESCRIPTION	(A) REFERENCE	(B) AMOUNT
FEDERAL INCOME TAXES:			
1	Operating Income Before Taxes	Sch. RLM-6, Column (C), L26 + L24	\$ (884,188)
LESS:			
2	Arizona State Tax	Line 11	69,173
3	Interest Expense	Note (A) Line 20	(108,540)
4	Federal Taxable Income	Line 1 - Line 2 - Line 3	<u>\$ (923,554)</u>
5	Federal Tax Rate	Sch. RLM-1, Pg 2, Col. (D), L34	34.00%
6	Federal Income Tax Expense	Line 4 X line 5	<u>\$ (314,008)</u>
STATE INCOME TAXES:			
7	Operating Income Before Taxes	Line 1	\$ (884,188)
LESS:			
8	Interest Expense	Note (A) Line 20	(108,540)
9	State Taxable Income	Line 7 - Line 8	<u>\$ (992,728)</u>
10	State Tax Rate	Tax Rate	6.97%
11	State Income Tax Expense	Line 9 X Line 10	<u>\$ (69,173)</u>
TOTAL INCOME TAX EXPENSE:			
12	Federal Income Tax Expense	Line 6	\$ (314,008)
13	State Income Tax Expense	Line 11	(69,173)
14	Total Income Tax Expense Per RUCO	Line 12 + Line 13	<u>\$ (383,182)</u>
15	Total Income Tax Expense Per Company (Per Company Sch. C-1)		<u>(402,522)</u>
16	Total Income Tax Adjustment	Line 14 - Line 15	<u>\$ 19,340</u>
17	RUCO Adjustment (See Sch. RLM-7, Column (I), L28)	Line 16	<u>\$ 19,340</u>

NOTE (A):

Interest Synchronization:		
18	Adjusted Rate Base (Sch. RLM-2, Col. (E), L15)	\$ 4,443,607
19	Weighted Cost Of Debt (Sch. RLM-11, Col. (F), L2)	2.44%
20	Interest Expense (L17 X L18)	<u>\$ 108,540</u>

**SURREBUTTAL
COST OF CAPITAL**

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) RUCO ADJUSTMENTS	(C) RUCO AS ADJUSTED	(D) CAPITAL RATIO	(E) COST	(F) WEIGHTED COST RATE
1	Short-term Debt	\$ -	\$ -	\$ -	0.00%	0.00%	
2	Long-term Debt	\$ 118,466,992	\$ -	\$ 118,466,992	37.89%	6.45%	2.44%
3	Common Equity	\$ 194,182,956	\$ -	\$ 194,182,956	62.11%	9.00%	5.59%
4	TOTAL CAPITAL	<u>\$ 312,649,948</u>	<u>\$ -</u>	<u>\$ 312,649,948</u>	<u>100.00%</u>		
5	COST OF CAPITAL						<u>8.03%</u>

References:

Columns (A) Thru (F): Testimony, WAR

SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

LINE NO.	DESCRIPTION	PROPOSED REVENUE			
		(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
RESIDENTIAL CUSTOMERS					
1	5/8" X 3/4" Meter	55,923	\$ 34.80	\$ 1,946,395	\$ 1,946,395
	Commodity Usage (In Thousands Of Gallons)				
2	First Tier -Breakover @ 1,000 Gals.	48,170	\$ 0.9471	\$ 45,620	
3	Second Tier - Breakover @ 5,000 Gals.	146,592	\$ 1.9889	\$ 291,550	
4	Third Tier - Breakover @ 10,000 Gals.	81,111	\$ 2.1783	\$ 176,680	
5	Fourth Tier - Breakover @ 18,000 Gals.	34,531	\$ 2.6044	\$ 89,934	
6	Fifth Tier - Breakover @ 25,000 Gals.	7,417	\$ 3.3148	\$ 24,584	
7	Sixth Tier - Over 25,000 Gals.	7,470	\$ 4.0535	\$ 30,279	
8	Total Commodity Usage And Revenue	325,290			\$ 658,648
9	3/4" Meter	1,177	\$ 34.80	\$ 40,965	\$ 40,965
	Commodity Usage (In Thousands Of Gallons)				
10	First Tier -Breakover @ 1,000 Gals.	985	\$ 0.9471	\$ 932	
11	Second Tier - Breakover @ 5,000 Gals.	2,628	\$ 1.9889	\$ 5,226	
12	Third Tier - Breakover @ 10,000 Gals.	1,264	\$ 2.1783	\$ 2,752	
13	Fourth Tier - Breakover @ 18,000 Gals.	612	\$ 2.6044	\$ 1,593	
14	Fifth Tier - Breakover @ 25,000 Gals.	164	\$ 3.3148	\$ 544	
15	Sixth Tier - Over 25,000 Gals.	146	\$ 4.0535	\$ 590	
16	Total Commodity Usage And Revenue	5,797			\$ 11,636
17	1" Meter	899	\$ 87.01	\$ 78,224	\$ 78,224
	Commodity Usage (In Thousands Of Gallons)				
18	First Tier -Breakover @ 1,000 Gals.	810	\$ 0.9471	\$ 767	
19	Second Tier - Breakover @ 5,000 Gals.	2,505	\$ 1.9889	\$ 4,981	
20	Third Tier - Breakover @ 10,000 Gals.	1,560	\$ 2.1783	\$ 3,397	
21	Fourth Tier - Breakover @ 18,000 Gals.	861	\$ 2.6044	\$ 2,242	
22	Fifth Tier - Breakover @ 25,000 Gals.	304	\$ 3.3148	\$ 1,008	
23	Sixth Tier - Over 25,000 Gals.	897	\$ 4.0535	\$ 3,636	
24	Total Commodity Usage And Revenue	6,936			\$ 16,031
25	1.5" Meter	-	\$ 174.02	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
26	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.9471	\$ -	
27	Second Tier - Breakover @ 5,000 Gals.	-	\$ 1.9889	\$ -	
28	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.1783	\$ -	
29	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 2.6044	\$ -	
30	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.3148	\$ -	
31	Sixth Tier - Over 25,000 Gals.	-	\$ 4.0535	\$ -	
32	Total Commodity Usage And Revenue	-			\$ -
33	2" Meter	176	\$ 278.44	\$ 49,005	\$ 49,005
	Commodity Usage (In Thousands Of Gallons)				
34	First Tier -Breakover @ 1,000 Gals.	164.0	\$ 0.9471	\$ 155	
35	Second Tier - Breakover @ 5,000 Gals.	647	\$ 1.9889	\$ 1,287	
36	Third Tier - Breakover @ 10,000 Gals.	791	\$ 2.1783	\$ 1,722	
37	Fourth Tier - Breakover @ 18,000 Gals.	1,206	\$ 2.6044	\$ 3,141	
38	Fifth Tier - Breakover @ 25,000 Gals.	1,021	\$ 3.3148	\$ 3,383	
39	Sixth Tier - Over 25,000 Gals.	11,110	\$ 4.0535	\$ 45,034	
40	Total Commodity Usage And Revenue	14,938			\$ 54,722
41	Total Residential Customer Bills	58,175		\$ 2,114,590	
42	Total Residential Usage	352,961		\$ 533,348	
43	TOTAL RESIDENTIAL CUSTOMERS REVENUE				\$ 2,855,628

**SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE**

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
COMMERCIAL CUSTOMERS					
44	5/8" X 3/4" Meter	168	\$ 34.80	\$ 5,847	\$ 5,847
	Commodity Usage (In Thousands Of Gallons)				
45	First Tier - Breakover @ 1,000 Gals.	137	\$ 0.9471	\$ 129	
46	Second Tier - Breakover @ 5,000 Gals.	383	\$ 1.9889	\$ 761	
47	Third Tier - Breakover @ 10,000 Gals.	259	\$ 2.1783	\$ 563	
48	Fourth Tier - Breakover @ 18,000 Gals.	186	\$ 2.6044	\$ 484	
49	Fifth Tier - Breakover @ 25,000 Gals.	93	\$ 3.3148	\$ 308	
50	Sixth Tier - Over 25,000 Gals.	457	\$ 4.0535	\$ 1,852	
51	Total Commodity Usage And Revenue	1,514			\$ 4,098
52	3/4" Meter	-	\$ 34.80	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
53	First Tier - Breakover @ 1,000 Gals.	-	\$ 0.9471	\$ -	
54	Second Tier - Breakover @ 5,000 Gals.	-	\$ 1.9889	\$ -	
55	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.1783	\$ -	
56	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 2.6044	\$ -	
57	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.3148	\$ -	
58	Sixth Tier - Over 25,000 Gals.	-	\$ 4.0535	\$ -	
59	Total Commodity Usage And Revenue	-			\$ -
60	1" Meter	39	\$ 87.01	\$ 3,393	\$ 3,393
	Commodity Usage (In Thousands Of Gallons)				
61	First Tier - Breakover @ 1,000 Gals.	35	\$ 0.9471	\$ 33	
62	Second Tier - Breakover @ 5,000 Gals.	108	\$ 1.9889	\$ 215	
63	Third Tier - Breakover @ 10,000 Gals.	104	\$ 2.1783	\$ 227	
64	Fourth Tier - Breakover @ 18,000 Gals.	151	\$ 2.6044	\$ 393	
65	Fifth Tier - Breakover @ 25,000 Gals.	122	\$ 3.3148	\$ 403	
66	Sixth Tier - Over 25,000 Gals.	1,999	\$ 4.0535	\$ 8,101	
67	Total Commodity Usage And Revenue	2,518			\$ 9,371
68	1.5" Meter	17	\$ 174.02	\$ 2,958	\$ 2,958
	Commodity Usage (In Thousands Of Gallons)				
69	First Tier - Breakover @ 1,000 Gals.	16	\$ 0.9471	\$ 15	
70	Second Tier - Breakover @ 5,000 Gals.	60	\$ 1.9889	\$ 119	
71	Third Tier - Breakover @ 10,000 Gals.	75	\$ 2.1783	\$ 163	
72	Fourth Tier - Breakover @ 18,000 Gals.	120	\$ 2.6044	\$ 313	
73	Fifth Tier - Breakover @ 25,000 Gals.	101	\$ 3.3148	\$ 333	
74	Sixth Tier - Over 25,000 Gals.	683	\$ 4.0535	\$ 2,769	
75	Total Commodity Usage And Revenue	1,055			\$ 3,712
76	2" Meter	243	\$ 278.44	\$ 67,661	\$ 67,661
	Commodity Usage (In Thousands Of Gallons)				
77	First Tier - Breakover @ 1,000 Gals.	194	\$ 0.9471	\$ 183	
78	Second Tier - Breakover @ 5,000 Gals.	701	\$ 1.9889	\$ 1,393	
79	Third Tier - Breakover @ 10,000 Gals.	825	\$ 2.1783	\$ 1,797	
80	Fourth Tier - Breakover @ 18,000 Gals.	1,198	\$ 2.6044	\$ 3,119	
81	Fifth Tier - Breakover @ 25,000 Gals.	958	\$ 3.3148	\$ 3,176	
82	Sixth Tier - Over 25,000 Gals.	35,730	\$ 4.0535	\$ 144,828	
83	Total Commodity Usage And Revenue	39,604			\$ 154,496

SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
		TEST YEAR ADJUSTED DETERMINANTS	PROPOSED CHARGES & USAGE FEES	PROPOSED REVENUES	TOTAL REVENUES
84	3" Meter	22	\$ 556.88	\$ 12,251	\$ 12,251
	Commodity Usage (In Thousands Of Gallons)				
85	First Tier -Breakover @ 1,000 Gals.	21	\$ 0.9471	\$ 20	
86	Second Tier - Breakover @ 5,000 Gals.	84	\$ 1.9889	\$ 167	
87	Third Tier - Breakover @ 10,000 Gals.	102	\$ 2.1783	\$ 221	
88	Fourth Tier - Breakover @ 18,000 Gals.	160	\$ 2.6044	\$ 417	
89	Fifth Tier - Breakover @ 25,000 Gals.	140	\$ 3.3148	\$ 464	
90	Sixth Tier - Over 25,000 Gals.	2,891	\$ 4.0535	\$ 11,719	
91	Total Commodity Usage And Revenue	3,398			\$ 13,007
92	4" Meter	5	\$ 1,740.25	\$ 8,701	\$ 8,701
	Commodity Usage (In Thousands Of Gallons)				
93	First Tier -Breakover @ 1,000 Gals.	4	\$ 0.9471	\$ 4	
94	Second Tier - Breakover @ 5,000 Gals.	9	\$ 1.9889	\$ 18	
95	Third Tier - Breakover @ 10,000 Gals.	2	\$ 2.1783	\$ 4	
96	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 2.6044	\$ -	
97	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.3148	\$ -	
98	Sixth Tier - Over 25,000 Gals.	-	\$ 4.0535	\$ -	
99	Total Commodity Usage And Revenue	15			\$ 26
100	Total Commercial Customer Bills	494			
101	Total Commercial Usage	48,102			
102	TOTAL COMMERCIAL CUSTOMERS REVENUE				\$ 285,523
IRRIGATION CUSTOMERS					
103	5/8" X 3/4" Meter	69	\$ 34.80	\$ 2,402	\$ 2,402
	Commodity Usage (In Thousands Of Gallons)				
104	First Tier -Breakover @ 1,000 Gals.	65	\$ 0.9471	\$ 61	
105	Second Tier - Breakover @ 5,000 Gals.	233	\$ 1.9889	\$ 462	
106	Third Tier - Breakover @ 10,000 Gals.	236	\$ 2.1783	\$ 514	
107	Fourth Tier - Breakover @ 18,000 Gals.	331	\$ 2.6044	\$ 862	
108	Fifth Tier - Breakover @ 25,000 Gals.	261	\$ 3.3148	\$ 863	
109	Sixth Tier - Over 25,000 Gals.	3,707	\$ 4.0535	\$ 15,026	
110	Total Commodity Usage And Revenue	4,832			\$ 17,789
111	3/4" Meter	-	\$ 34.80	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
112	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.9471	\$ -	
113	Second Tier - Breakover @ 5,000 Gals.	-	\$ 1.9889	\$ -	
114	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.1783	\$ -	
115	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 2.6044	\$ -	
116	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.3148	\$ -	
117	Sixth Tier - Over 25,000 Gals.	-	\$ 4.0535	\$ -	
118	Total Commodity Usage And Revenue	-			\$ -
119	1" Meter	24	\$ 87.01	\$ 2,088	\$ 2,088
	Commodity Usage (In Thousands Of Gallons)				
120	First Tier -Breakover @ 1,000 Gals.	18	\$ 0.9471	\$ 17	
121	Second Tier - Breakover @ 5,000 Gals.	69	\$ 1.9889	\$ 136	
122	Third Tier - Breakover @ 10,000 Gals.	83	\$ 2.1783	\$ 180	
123	Fourth Tier - Breakover @ 18,000 Gals.	121	\$ 2.6044	\$ 315	
124	Fifth Tier - Breakover @ 25,000 Gals.	97	\$ 3.3148	\$ 320	
125	Sixth Tier - Over 25,000 Gals.	1,860	\$ 4.0535	\$ 7,537	
126	Total Commodity Usage And Revenue	2,246			\$ 8,505

**SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE**

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
		TEST YEAR ADJUSTED DETERMINANTS	PROPOSED CHARGES & USAGE FEES	PROPOSED REVENUES	TOTAL REVENUES
127	1.5" Meter	66	\$ 174.02	\$ 11,486	\$ 11,486
	Commodity Usage (In Thousands Of Gallons)				
128	First Tier -Breakover @ 1,000 Gals.	56	\$ 0.9471	\$ 53	
129	Second Tier - Breakover @ 5,000 Gals.	219	\$ 1.9889	\$ 435	
130	Third Tier - Breakover @ 10,000 Gals.	264	\$ 2.1783	\$ 575	
131	Fourth Tier - Breakover @ 18,000 Gals.	403	\$ 2.6044	\$ 1,048	
132	Fifth Tier - Breakover @ 25,000 Gals.	311	\$ 3.3148	\$ 1,031	
133	Sixth Tier - Over 25,000 Gals.	7,123	\$ 4.0535	\$ 28,871	
134	Total Commodity Usage And Revenue	8,375			\$ 32,013
135	2" Meter	325	\$ 278.44	\$ 90,493	\$ 90,493
	Commodity Usage (In Thousands Of Gallons)				
136	First Tier -Breakover @ 1,000 Gals.	265	\$ 0.9471	\$ 251	
137	Second Tier - Breakover @ 5,000 Gals.	1,019	\$ 1.9889	\$ 2,027	
138	Third Tier - Breakover @ 10,000 Gals.	1,199	\$ 2.1783	\$ 2,612	
139	Fourth Tier - Breakover @ 18,000 Gals.	1,796	\$ 2.6044	\$ 4,678	
140	Fifth Tier - Breakover @ 25,000 Gals.	1,438	\$ 3.3148	\$ 4,765	
141	Sixth Tier - Over 25,000 Gals.	49,152	\$ 4.0535	\$ 199,236	
142	Total Commodity Usage And Revenue	54,869			\$ 213,568
143	3" Meter	-	\$ 556.88	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
144	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.9471	\$ -	
145	Second Tier - Breakover @ 5,000 Gals.	-	\$ 1.9889	\$ -	
146	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.1783	\$ -	
147	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 2.6044	\$ -	
148	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.3148	\$ -	
149	Sixth Tier - Over 25,000 Gals.	-	\$ 4.0535	\$ -	
150	Total Commodity Usage And Revenue	-			\$ -
151	4" Meter	7	\$ 1,740.25	\$ 12,182	\$ 12,182
	Commodity Usage (In Thousands Of Gallons)				
152	First Tier -Breakover @ 1,000 Gals.	3	\$ 0.9471	\$ 3	
153	Second Tier - Breakover @ 5,000 Gals.	9	\$ 1.9889	\$ 17	
154	Third Tier - Breakover @ 10,000 Gals.	8	\$ 2.1783	\$ 17	
155	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 2.6044	\$ -	
156	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.3148	\$ -	
157	Sixth Tier - Over 25,000 Gals.	-	\$ 4.0535	\$ -	
158	Total Commodity Usage And Revenue	20			\$ 37
159	Total Irrigation Customer Bills	491			
160	Total Irrigation Usage	70,340			
161	TOTAL IRRIGATION CUSTOMERS REVENUE				\$ 390,563
HOA CUSTOMERS					
162	5/8" X 3/4" Meter	130	\$ 34.80	\$ 4,525	\$ 4,525
	Commodity Usage (In Thousands Of Gallons)				
163	First Tier -Breakover @ 1,000 Gals.	121	\$ 0.9471	\$ 114	
164	Second Tier - Breakover @ 5,000 Gals.	455	\$ 1.9889	\$ 905	
165	Third Tier - Breakover @ 10,000 Gals.	549	\$ 2.1783	\$ 1,196	
166	Fourth Tier - Breakover @ 18,000 Gals.	802	\$ 2.6044	\$ 2,087	
167	Fifth Tier - Breakover @ 25,000 Gals.	638	\$ 3.3148	\$ 2,113	
168	Sixth Tier - Over 25,000 Gals.	17,069	\$ 4.0535	\$ 69,189	
169	Total Commodity Usage And Revenue	19,633			\$ 75,604

SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
		TEST YEAR ADJUSTED DETERMINANTS	PROPOSED CHARGES & USAGE FEES	PROPOSED REVENUES	TOTAL REVENUES
170	3/4" Meter	-	\$ 34.80	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
171	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.9471	\$ -	
172	Second Tier - Breakover @ 5,000 Gals.	-	\$ 1.9889	\$ -	
173	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.1783	\$ -	
174	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 2.6044	\$ -	
175	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.3148	\$ -	
176	Sixth Tier - Over 25,000 Gals.	-	\$ 4.0535	\$ -	
177	Total Commodity Usage And Revenue	-			\$ -
178	1" Meter	232	\$ 87.01	\$ 20,187	\$ 20,187
	Commodity Usage (In Thousands Of Gallons)				
179	First Tier -Breakover @ 1,000 Gals.	180	\$ 0.9471	\$ 170	
180	Second Tier - Breakover @ 5,000 Gals.	571	\$ 1.9889	\$ 1,136	
181	Third Tier - Breakover @ 10,000 Gals.	579	\$ 2.1783	\$ 1,260	
182	Fourth Tier - Breakover @ 18,000 Gals.	738	\$ 2.6044	\$ 1,921	
183	Fifth Tier - Breakover @ 25,000 Gals.	581	\$ 3.3148	\$ 1,924	
184	Sixth Tier - Over 25,000 Gals.	8,337	\$ 4.0535	\$ 33,794	
185	Total Commodity Usage And Revenue	10,984			\$ 40,205
186	1.5" Meter	53	\$ 174.02	\$ 9,223	\$ 9,223
	Commodity Usage (In Thousands Of Gallons)				
187	First Tier -Breakover @ 1,000 Gals.	44	\$ 0.9471	\$ 42	
188	Second Tier - Breakover @ 5,000 Gals.	176	\$ 1.9889	\$ 350	
189	Third Tier - Breakover @ 10,000 Gals.	220	\$ 2.1783	\$ 479	
190	Fourth Tier - Breakover @ 18,000 Gals.	352	\$ 2.6044	\$ 917	
191	Fifth Tier - Breakover @ 25,000 Gals.	307	\$ 3.3148	\$ 1,016	
192	Sixth Tier - Over 25,000 Gals.	6,389	\$ 4.0535	\$ 25,896	
193	Total Commodity Usage And Revenue	7,487			\$ 28,699
194	2" Meter	341	\$ 278.44	\$ 94,948	\$ 94,948
	Commodity Usage (In Thousands Of Gallons)				
195	First Tier -Breakover @ 1,000 Gals.	318	\$ 0.9471	\$ 301	
196	Second Tier - Breakover @ 5,000 Gals.	1,233	\$ 1.9889	\$ 2,452	
197	Third Tier - Breakover @ 10,000 Gals.	1,484	\$ 2.1783	\$ 3,231	
198	Fourth Tier - Breakover @ 18,000 Gals.	2,260	\$ 2.6044	\$ 5,886	
199	Fifth Tier - Breakover @ 25,000 Gals.	1,851	\$ 3.3148	\$ 6,136	
200	Sixth Tier - Over 25,000 Gals.	59,484	\$ 4.0535	\$ 241,115	
201	Total Commodity Usage And Revenue	66,629			\$ 259,121
202	3" Meter	5	\$ 556.88	\$ 2,784	\$ 2,784
	Commodity Usage (In Thousands Of Gallons)				
203	First Tier -Breakover @ 1,000 Gals.	5	\$ 0.9471	\$ 5	
204	Second Tier - Breakover @ 5,000 Gals.	20	\$ 1.9889	\$ 40	
205	Third Tier - Breakover @ 10,000 Gals.	25	\$ 2.1783	\$ 54	
206	Fourth Tier - Breakover @ 18,000 Gals.	40	\$ 2.6044	\$ 104	
207	Fifth Tier - Breakover @ 25,000 Gals.	35	\$ 3.3148	\$ 116	
208	Sixth Tier - Over 25,000 Gals.	3,726	\$ 4.0535	\$ 15,101	
209	Total Commodity Usage And Revenue	3,851			\$ 15,420
210	4" Meter	-	\$ 870.12	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
211	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.9471	\$ -	
212	Second Tier - Breakover @ 5,000 Gals.	-	\$ 1.9889	\$ -	
213	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.1783	\$ -	
214	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 2.6044	\$ -	
215	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.3148	\$ -	
216	Sixth Tier - Over 25,000 Gals.	-	\$ 4.0535	\$ -	
217	Total Commodity Usage And Revenue	-			\$ -
218	Total HOA Customer Bills		<u>761</u>		
219	Total HOA Usage		<u>108,583</u>		
220	TOTAL HOA CUSTOMERS REVENUE				<u>\$ 550,717</u>

SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
CONSTRUCTION CUSTOMERS					
194	2" Meter	-	\$ 278.44	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
195	First Tier - Breakover @ 1,000 Gals.	-	\$ 0.9471	\$ -	
196	Second Tier - Breakover @ 5,000 Gals.	-	\$ 1.9889	\$ -	
197	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.1783	\$ -	
198	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 2.6044	\$ -	
199	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.3148	\$ -	
200	Sixth Tier - Over 25,000 Gals.	-	\$ 4.0535	\$ -	
201	Total Commodity Usage And Revenue	-			\$ -
202	3" Meter	-	\$ 556.88	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
203	First Tier - Breakover @ 1,000 Gals.	-	\$ 0.9471	\$ -	
204	Second Tier - Breakover @ 5,000 Gals.	-	\$ 1.9889	\$ -	
205	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.1783	\$ -	
206	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 2.6044	\$ -	
207	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.3148	\$ -	
208	Sixth Tier - Over 25,000 Gals.	-	\$ 4.0535	\$ -	
209	Total Commodity Usage And Revenue	-			\$ -
210	4" Meter	-	\$ 870.12	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
211	First Tier - Breakover @ 1,000 Gals.	-	\$ 0.9471	\$ -	
212	Second Tier - Breakover @ 5,000 Gals.	-	\$ 1.9889	\$ -	
213	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.1783	\$ -	
214	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 2.6044	\$ -	
215	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.3148	\$ -	
216	Sixth Tier - Over 25,000 Gals.	-	\$ 4.0535	\$ -	
217	Total Commodity Usage And Revenue	-			\$ -
210	8" Meter	-	\$ 3,480.49	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
211	First Tier - Breakover @ 1,000 Gals.	-	\$ 0.9471	\$ -	
212	Second Tier - Breakover @ 5,000 Gals.	-	\$ 1.9889	\$ -	
213	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.1783	\$ -	
214	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 2.6044	\$ -	
215	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.3148	\$ -	
216	Sixth Tier - Over 25,000 Gals.	-	\$ 4.0535	\$ -	
217	Total Commodity Usage And Revenue	-			\$ -
68	Total Construction Customer Bills	-			
69	Total Construction Usage	-			
70	TOTAL CONSTRUCTION CUSTOMERS REVENUE				\$ -

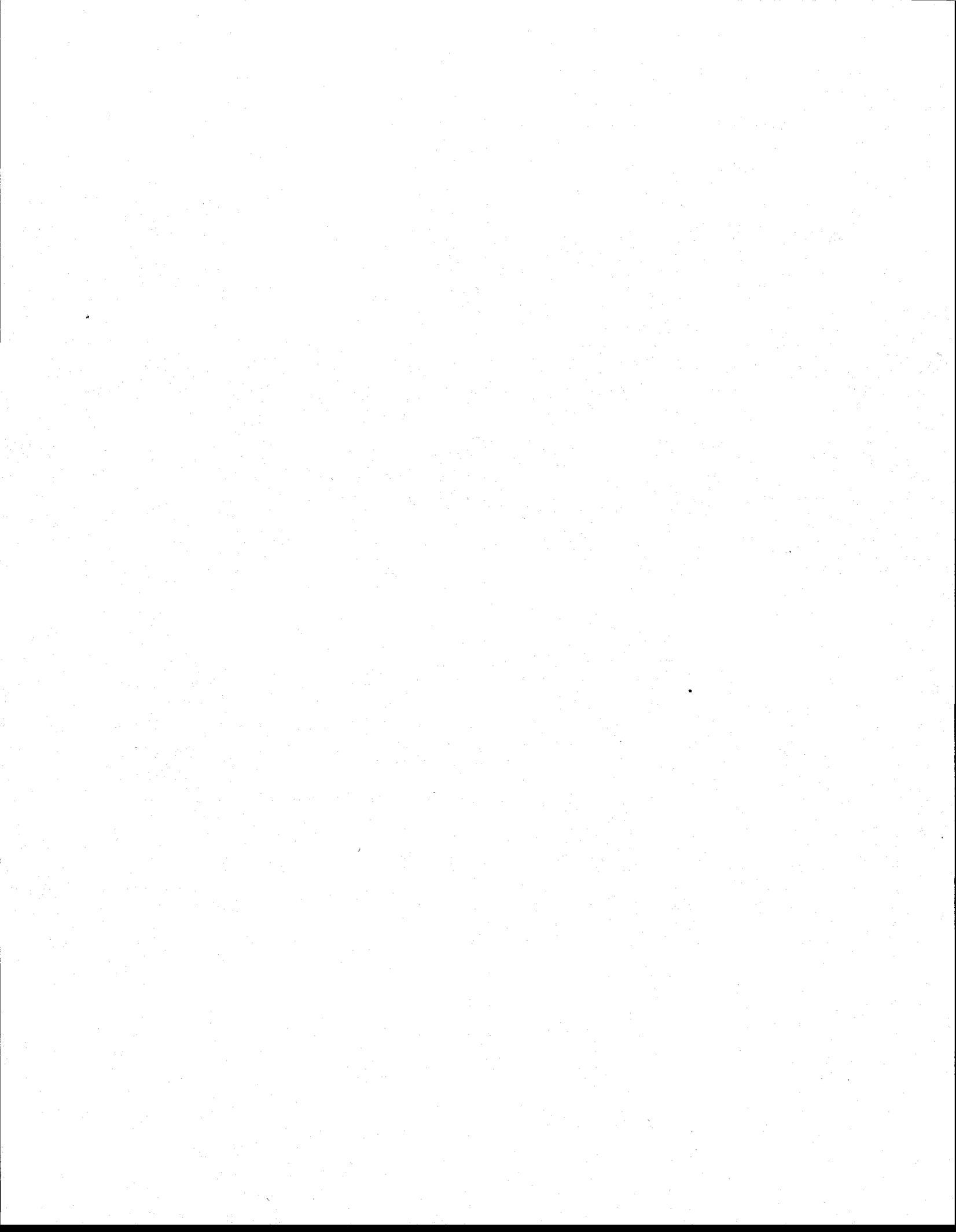
**SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE**

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
LAKE CUSTOMERS					
194	2" Meter	-	\$ 278.44	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
195	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.9471	\$ -	
196	Second Tier - Breakover @ 5,000 Gals.	-	\$ 1.9889	\$ -	
197	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.1783	\$ -	
198	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 2.6044	\$ -	
199	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.3148	\$ -	
200	Sixth Tier - Over 25,000 Gals.	-	\$ 4.0535	\$ -	
201	Total Commodity Usage And Revenue	-			\$ -
68	Total Lake Customer Bills	-			
69	Total Lake Usage	-			
70	TOTAL LAKE CUSTOMERS REVENUE				\$ -
NON-PORTABLE CUSTOMERS					
178	1" Meter	-	\$ 87.01	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
179	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.9471	\$ -	
180	Second Tier - Breakover @ 5,000 Gals.	-	\$ 1.9889	\$ -	
181	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.1783	\$ -	
182	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 2.6044	\$ -	
183	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.3148	\$ -	
184	Sixth Tier - Over 25,000 Gals.	-	\$ 4.0535	\$ -	
185	Total Commodity Usage And Revenue	-			\$ -
186	Total Non-Portable Bills	-			
187	Total Non-Portable Usage	-			
188	TOTAL NON-PORTABLE CUSTOMERS REVENUE				\$ -
189	RUCO TOTAL PROPOSED REVENUE PER BILL COUNT				\$ 4,082,430
190	TOTAL RESIDENTIAL REVENUE PER BILL COUNT				\$ 2,855,628
191	TOTAL COMMERCIAL REVENUE PER BILL COUNT				285,523
192	TOTAL IRRIGATION REVENUE PER BILL COUNT				390,563
193	TOTAL HOA REVENUE PER BILL COUNT				550,717
194	TOTAL CONSTRUCTION REVENUE PER BILL COUNT				-
195	TOTAL LAKE REVENUE PER BILL COUNT				-
196	TOTAL NON-POTABLE REVENUE PER BILL COUNT				-
197	RUCO TOTAL PROPOSED REVENUE PER BILL COUNT				\$ 4,082,430
198	Unreconciled Difference vs. Billed Revenues				\$ -
199	RUCO Disallowance Of The CMT				-
200	Miscellaneous Revenues				352,293
201	RUCO TOTAL REVENUE				\$ 4,434,723
202	ADJUSTED REVENUE PER SCHEDULE SURR RLM-1, LINE 10				\$ 4,434,724
203	Difference				\$ (0)
204	Percentage Difference				0.00%

SURREBUTTAL

TYPICAL RESIDENTIAL BILL ANALYSIS

LINE NO.	DESCRIPTION	(A) PRESENT	(B)	(C) COMPANY PROPOSED	(D)	(E) RUCO PROPOSED	(F)
REVENUE ALLOCATION							
1	RESIDENTIAL	\$ 1,825,270	68.54%	\$ 3,015,215	69.95%	\$ 2,855,628	69.95%
2	OTHER	837,940	31.46%	1,295,363	30.05%	1,226,803	30.05%
3	TOTAL	\$ 2,663,210	100.00%	\$ 4,310,578	100.00%	\$ 4,082,430	100.00%
ALLOCATION RATIOS							
4	FIX REVENUE	\$ 1,051,872	39.50%	\$ 2,603,517	60.40%	\$ 2,465,719	60.40%
5	VARIABLE REVENUE	1,611,338	60.50%	1,707,061	39.60%	1,616,711	39.60%
6	TOTAL	2,663,210	100.00%	4,310,578	100.00%	4,082,430	100.00%
RESIDENTIAL (5/8" X 3/4") RATE DESIGN							
7	BASIC MONTHLY CHARGE	\$ 13.00		\$ 37.25		\$ 34.80	
COMMODITY CHARGE							
		PRESENT	PROPOSED				
8	1st Tier - Breakover #####	1,000	1,000	\$ 2,8600	\$ 1,0000	\$ 0,9471	
9	2nd Tier - Over #####	5,000	5,000	\$ 2,8600	\$ 2,6000	\$ 1,9889	
10	3rd Tier - Breakover	10,000	N/A	N/A	\$ 2,8500	\$ 2,1783	
11	4th Tier - Breakover	18,000	N/A	N/A	\$ 3,4000	\$ 2,6044	
12	5th Tier - Breakover	25,000	N/A	N/A	\$ 4,0000	\$ 3,3148	
13	6th Tier - Over	25,000	N/A	N/A	\$ 4,8400	\$ 4,0535	
AVERAGE RESIDENTIAL BILL COMPARISONS							
	COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL	VARIABLE MONTHLY USAGE	PERCENT AVERAGE USAGE OF 5817	PRESENT TOTAL MONTHLY COST	RUCO MONTHLY COST	RUCO MONTHLY INCREASE	% MONTHLY INCREASE
14		1,454	25.00%	\$ 17.16	\$ 36.66	\$ 19.50	113.62%
15		2,909	50.00%	\$ 21.32	\$ 39.55	\$ 18.23	85.51%
16		5,817	100.00%	\$ 29.64	\$ 45.49	\$ 15.85	53.48%
17		8,726	150.00%	\$ 37.95	\$ 51.28	\$ 13.32	35.11%
18		11,634	200.00%	\$ 46.27	\$ 54.33	\$ 8.06	17.42%
MEDIAN RESIDENTIAL BILL COMPARISONS							
	COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL	VARIABLE MONTHLY USAGE	PERCENT AVERAGE USAGE OF 4500	PRESENT TOTAL MONTHLY COST	RUCO MONTHLY COST	RUCO MONTHLY INCREASE	% MONTHLY INCREASE
19		1,125	25.00%	\$ 16.22	\$ 36.00	\$ 19.78	121.99%
20		2,250	50.00%	\$ 19.44	\$ 38.24	\$ 18.80	96.75%
21		4,500	100.00%	\$ 25.87	\$ 42.62	\$ 16.75	64.74%
22		6,750	150.00%	\$ 32.31	\$ 46.13	\$ 13.83	42.81%
23		9,000	200.00%	\$ 38.74	\$ 51.99	\$ 13.25	34.21%



**SURREBUTTAL
TABLE OF CONTENTS TO RLM SCHEDULES**

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SURR RLM-3	1	SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS
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SURR RLM-4	1	RATE BASE ADJUSTMENT NO. 2 - ACCUMULATED DEPRECIATION
TESTIMONY		SURREBUTTAL R. B. ADJ. NO. 3 - RECLASSIFY ICFA'S AS CIAC (INTENTIONALLY LEFT BLANK)
SURR RLM-5	1	INTENTIONALLY LEFT BLANK
SURR RLM-6	1	OPERATING INCOME
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TESTIMONY		SURREBUTTAL INC. ADJUSTMENT NO. 4 - REVENUE ANNUALIZATION
TESTIMONY		SURREBUTTAL INC. ADJUSTMENT NO. 5 - REMOVAL OF MANAGEMENT FEES
TESTIMONY		SURREBUTTAL INC. ADJUSTMENT NO. 6 - BAD DEBT EXPENSE
TESTIMONY		SURREBUTTAL INC. ADJUSTMENT NO. 7 - DEPRECIATION EXPENSE (INTENTIONALLY LEFT BLANK)
SURR RLM-9	1	OPERATING INCOME ADJUSTMENT NO. 8 - INCOME TAX EXPENSE
SURR RLM-10	1	COST OF CAPITAL
SURR RLM-RD1	1	RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
SURR RLM-RD2	1	TYPICAL RESIDENTIAL BILL ANALYSIS

**SURREBUTTAL
REVENUE REQUIREMENT**

LINE NO.	DESCRIPTION	(A) COMPANY OCRB/FVRB COST	(B) RUCO OCRB/FVRB COST
1	Fair Value Rate Base	\$ 929,057	\$ 895,377
2	Adjusted Operating Income (Loss)	\$ (4,404)	\$ 27,443
3	Current Rate Of Return (L2 / L1)	-0.47%	3.06%
4	Required Operating Income (L5 X L1)	\$ 90,304	\$ 71,920
5	Required Rate Of Return On Fair Value Rate Base	9.72%	8.03%
6	Operating Income Deficiency (L4 - L2)	\$ 94,708	\$ 44,478
7	Gross Revenue Conversion Factor (RLM-1, Pg 2)	1.6451	1.2900
8	Increase In Gross Revenue Requirement (L7 X L6)	\$ 155,803	\$ 57,377
9	Adjusted Test Year Revenue	\$ 336,819	\$ 380,474
10	Proposed Annual Revenue (L8 + L9)	\$ 492,622	\$ 437,851
11	Required Percentage Increase In Revenue (L8 / L9)	46.26%	15.08%
12	Rate Of Return On Common Equity	10.00%	9.00%

References:

Column (A): Company Schedules A-1 and C-1
Column (B): RUCO Schedule RLM-2, RLM-6 And RLM-10

SURREBUTTAL
REVENUE REQUIREMENT - CONT'D
GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
CALCULATION OF GROSS REVENUE CONVERSION FACTOR:					
1	Revenue	1.0000			
2	Combined Federal And State Tax Rate (L10)	(0.2248)			
3	Subtotal (L1 + L2)	<u>0.7752</u>			
4	Revenue Conversion Factor (L1 / L3)	<u>1.2900</u>			
CALCULATION OF EFFECTIVE TAX RATE:					
5	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%			
6	Arizona State Income Tax Rate	6.9680%			
7	Federal Taxable Income (L5 - L6)	<u>93.0320%</u>			
8	Applicable Federal Income Tax Rate (Col. (D), L34)	16.6759%			
9	Effective Federal Income Tax Rate (L7 X L8)	<u>15.5139%</u>			
10	Combined Federal And State Income Tax Rate (L6 + L9)	<u><u>22.4819%</u></u>			
11	Required Operating Income (Sch. RLM-1, Col. (B), L4)	\$ 71,920			
12	Adj'd T.Y. Oper'g Inc. (Loss) (Sch. RLM-1, Col. (B), L2)	<u>27,443</u>			
13	Required Increase In Operating Income (L11 - L12)		\$ 44,478		
14	Income Taxes On Recommended Revenue (Col. (D), L31)	\$ 14,515			
15	Income Taxes On Test Year Revenue (Col. (D), L32)	<u>1,616</u>			
16	Required Increase In Revenue To Provide For Income Taxes (L14 - L15)		<u>\$ 12,899</u>		
17	Total Required Increase In Revenue (L13 + L16)		<u><u>\$ 57,377</u></u>		
RUCO					
Recommended					
18	Revenue (Sch. RLM-1, Col. (B), L10)			\$ 437,851	
19	Operating Expense Excluding Income Tax (RLM-6, Col. (E), L29 - L28)			(351,415)	
20	Synchronized Interest (Col. (C), L37)			<u>(21,871)</u>	
21	Arizona Taxable Income (L18 + L19 + L20)			\$ 64,565	
22	Arizona State Income Tax Rate			6.9680%	
23	Arizona Income Tax (L21 X L22)			\$ 4,499	
24	Fed. Taxable Income (L21 - L23)			<u>\$ 60,066</u>	
25	Fed. Tax On 1st Inc. Bracket (\$1 - \$50,000) @ 15%			\$ 7,500	
26	Fed. Tax On 2nd Inc. Bracket (\$50,001 - \$75,000) @ 25%			2,517	
27	Fed. Tax On 3rd Inc. Bracket (\$75,001 - \$100,000) @ 34%			-	
28	Fed. Tax On 4th Inc. Bracket (\$100,001 - \$335,000) @ 39%			-	
29	Fed. Tax On 5th Inc. Bracket (\$335,001 - \$10M) @ 34%			-	
30	Total Federal Income Tax (L25 + L26 + L27 + L28 + L29)			<u>\$ 10,017</u>	
31	Combined Federal And State Income Tax (L23 + L30)			<u><u>\$ 14,515</u></u>	
32	Test Year Combined Income Tax, RUCO As Adjusted (RLM-6, Col. (C), L28)			\$ 1,616	
33	RUCO Adjustment (L31 - L32) (See RLM-6, Col. (D), L24)			<u>\$ 12,899</u>	
34	Applicable Federal Income Tax Rate (Col. (D), L30 / Col. (C), L24)				16.68%
CALCULATION OF INTEREST SYNCHRONIZATION:					
35	Rate Base (Sch. RLM-2, Col. (H), L15)			\$ 895,377	
36	Weighted Avg. Cost Of Debt (Sch. RLM-11, Col. (F), L2)			2.44%	
37	Synchronized Interest (L35 X L36)			<u>\$ 21,871</u>	

**SURREBUTTAL
SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS**

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED OCRB/FVRB	(B) RUCO ADJUSTMENTS	(C) RUCO AS ADJUSTED OCRB/FVRB
1	Gross Utility Plant In Service	\$ 2,832,537	\$ -	\$ 2,832,537
2	Accumulated Depreciation	(898,484)	(33,680)	(932,164)
3	Net Utility Plant In Service (L1 + L2)	<u>\$ 1,934,053</u>	<u>\$ (33,680)</u>	<u>\$ 1,900,373</u>
4	Advances In Aid Of Const.	\$ (747,555)	\$ -	\$ (747,555)
5	Contribution In Aid Of Const.	\$ (407,979)	\$ -	\$ (407,979)
6	Accumulated Amortization Of CIAC	71,396	-	71,396
7	NET CIAC (L5 + L6)	<u>\$ (336,583)</u>	<u>\$ -</u>	<u>\$ (336,583)</u>
8	Customer Meter Deposits	\$ (11,080)	\$ -	\$ (11,080)
9	Deferred Income Taxes & Credits	\$ 90,222	\$ -	\$ 90,222
10	Unamortized Finance Charges	\$ -	\$ -	\$ -
11	Deferred Regulatory Assets	\$ -	\$ -	\$ -
12	Allowance For Working Capital	\$ -	\$ -	\$ -
13	TOTAL RATE BASE (Sum L's 3, 4, 7, 8 Thru 12)	<u>\$ 929,057</u>	<u>\$ (33,680)</u>	<u>\$ 895,377</u>

References:

- Column (A): Company Schedule B-1
- Column (B): RLM-3, Columns (B) Thru (G)
- Column (C): Column (A) + Column (B)

**SURREBUTTAL
SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS**

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED OCRB/FVRB	(B) ADJ # 1 GROSS PLT & ACC DEP	(C) ADJ # 2 LEFT BLANK	(D) ADJ # 3 LEFT BLANK	(E) RUCO ADJ'TED OCRB/FVRB
1	Gross Utility Plant In Service	\$ 2,832,537	\$ -	\$ -	\$ -	\$ 2,832,537
2	Accumulated Depreciation	(898,484)	(33,680)	-	-	(932,164)
3	Net Utility Plant In Service (L1 + L2)	<u>\$ 1,934,053</u>	<u>\$ (33,680)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,900,373</u>
4	Advances In Aid Of Const.	\$ (747,555)	\$ -	\$ -	\$ -	\$ (747,555)
5	Contribution In Aid Of Const.	\$ (407,979)	\$ -	\$ -	\$ -	\$ (407,979)
6	Accumulated Amortization Of CIAC	71,396	-	-	-	71,396
7	NET CIAC (L5 + L6)	<u>\$ (336,583)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (336,583)</u>
8	Customer Meter Deposits	\$ (11,080)	\$ -	\$ -	\$ -	\$ (11,080)
9	Deferred Income Taxes & Credits	\$ 90,222	\$ -	\$ -	\$ -	\$ 90,222
10	Unamortized Finance Charges	\$ -	\$ -	\$ -	\$ -	\$ -
11	Deferred Regulatory Assets	\$ -	\$ -	\$ -	\$ -	\$ -
12	Allowance For Working Capital	\$ -	\$ -	\$ -	\$ -	\$ -
13	TOTAL RATE BASE (Sum L's 3, 4, 7, 8 Thru 12)	<u>\$ 929,057</u>	<u>\$ (33,680)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 895,377</u>

References:

- Column (A): Company Schedule B-1
- Column (B): Adjustment No. 1 - RUCO Adjustment To GPIS And Acc. Dep. (See Testimony, RLM and Schedule RLM-4)
- Column (C): Adjustment No. 2 - RUCO Adjustment To Acc. Dep. (See Testimony, RLM)
- Column (D): Adjustment No. 3 - RUCO Adjustment To Reclassify ICFA's As CIAC (See Testimony, WAR)
- Column (E): Sum Of Columns (A) Thru (D)

**SURREBUTTAL
TEST YEAR PLANT SCHEDULES
PRIOR TEST YEAR ENDED DECEMBER 31, 1996**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PRIOR DECISION DEP. RATE	(B) TOTAL PLANT VALUE	(C) ACCUMULATED DEPRECIATION	(D) NET PLANT VALUE
1	301	Intangibles/Organization	0.00%	\$ 3,995	\$ -	\$ 3,995
2	302	Franchise Cost	0.00%	1,154	-	1,154
3	303	Land and Land Rights	0.00%	4,751	-	4,751
4	304	Structures and Improvements	5.00%	16,670	(3,291)	13,379
5	306	Lake, River and Other Intakes	5.00%	-	-	-
6	307	Wells and Springs	5.00%	78,867	(45,928)	32,939
7	309	Supply Mains	5.00%	-	-	-
8	310	Power Generation Equipment	5.00%	-	-	-
9	311	Pumping Equipment	5.00%	118,845	(26,182)	92,663
10	320	Water Treatment Equipment	5.00%	400	(70)	330
11	330	Dist. Reservoirs & Standpipes	5.00%	106,738	(23,176)	83,562
12	331	Trans. and Dist. Mains	5.00%	258,662	(74,968)	183,694
13	333	Services	5.00%	2,692	(1,948)	744
14	334	Meters and Meter Installations	5.00%	7,920	(4,594)	3,326
15	335	Hydrants	5.00%	-	(89)	(89)
16	336	Backflow Prevention Devices	5.00%	-	-	-
17	339	Other Plant and Misc. Equip.	5.00%	-	-	-
18	340	Office Furniture and Equipment	5.00%	1,701	43	1,744
19	341	Transportation Equipment	5.00%	-	-	-
20	343	Tools, Shop and Garage Equip.	5.00%	-	-	-
21	344	Laboratory Equipment	5.00%	-	-	-
22	345	Power Operated Equipment	5.00%	-	-	-
23	346	Communication Equipment	5.00%	-	-	-
24	347	Miscellaneous Equipment	5.00%	-	-	-
25	348	Other Tangible Plant	5.00%	563	28	591
				-	(2)	(2)
26		TOTAL WASTEWATER PLANT		<u>\$ 602,958</u>	<u>\$ (180,177)</u>	<u>\$ 422,781</u>
27		Company As Filed		<u>\$ 602,958</u>	<u>(180,177)</u>	<u>422,781</u>
28		Difference		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

References:
Columns (A) Thru (D): Company Workpapers

SURREBUTTAL
TEST YEAR PLANT SCHEDULES - CONT'D
YEAR ENDED DECEMBER 31, 1997

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ADJUSTED PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
1	301	Intangibles/Organization	\$ -	\$ -	\$ -	\$ 3,995	\$ -	\$ 3,995
2	302	Franchise Cost	-	-	-	1,154	-	1,154
3	303	Land and Land Rights	-	-	-	4,751	-	4,751
4	304	Structures and Improvements	2,514	-	(896)	19,184	(4,187)	14,997
5	306	Lake, River and Other Intakes	-	-	-	-	-	-
6	307	Wells and Springs	-	-	(3,943)	78,867	(49,871)	28,996
7	309	Supply Mains	-	-	-	-	-	-
8	310	Power Generation Equipment	-	-	-	-	-	-
9	311	Pumping Equipment	945	-	(5,966)	119,790	(32,148)	87,642
10	320	Water Treatment Equipment	-	-	(20)	400	(90)	310
11	330	Dist. Reservoirs & Standpipes	-	(750)	(5,318)	105,988	(27,744)	78,244
12	331	Trans. and Dist. Mains	1,638	-	(12,974)	260,300	(87,942)	172,358
13	333	Services	300	-	(142)	2,992	(2,090)	902
14	334	Meters and Meter Installations	-	(2,040)	(345)	5,880	(2,899)	2,981
15	335	Hydrants	-	-	-	-	(89)	(89)
16	336	Backflow Prevention Devices	-	-	-	-	-	-
17	339	Other Plant and Misc. Equip.	-	-	-	-	-	-
18	340	Office Furniture and Equipment	-	(1,701)	(43)	-	1,701	1,701
19	341	Transportation Equipment	-	-	-	-	-	-
20	343	Tools, Shop and Garage Equip.	-	-	-	-	-	-
21	344	Laboratory Equipment	-	-	-	-	-	-
22	345	Power Operated Equipment	-	-	-	-	-	-
23	346	Communication Equipment	-	-	-	-	-	-
24	347	Miscellaneous Equipment	-	-	-	-	-	-
25	348	Other Tangible Plant	-	(563)	(14)	-	577	577
26	TOTAL WASTEWATER PLANT		<u>\$ 5,397</u>	<u>\$ (5,054)</u>	<u>\$ (29,661)</u>	<u>\$ 603,301</u>	<u>\$ (204,782)</u>	<u>\$ 398,519</u>
27	Company As Filed		<u>5,397</u>	<u>(5,054)</u>	<u>(29,676)</u>	<u>603,301</u>	<u>(181,042)</u>	<u>422,259</u>
28	Difference		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15</u>	<u>\$ -</u>	<u>\$ (23,740)</u>	<u>\$ (23,740)</u>

References:

- Columns (A) (B): Company Workpapers
- Column (C): [(Col. (A) + Col. (B)) X RLM-4, Page 1, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 1, Col. (B) X RLM-4, Page 1, Col. (A)]
- Column (D): Schedule RLM-4, Page 1, Column (B) + Column (A) + Column (B)
- Column (E): Schedule RLM-4, Page 1, Column (C) + Column (B) + Column (C)
- Column (F): Column (D) + Column (E)

**SURREBUTTAL
TEST YEAR PLANT SCHEDULES - CONT'D
YEAR ENDED DECEMBER 31, 1998**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ADJUSTED PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
1	301	Intangibles/Organization	\$ -	\$ -	\$ -	\$ 3,995	\$ -	\$ 3,995
2	302	Franchise Cost	-	-	-	1,154	-	1,154
3	303	Land and Land Rights	-	-	-	4,751	-	4,751
4	304	Structures and Improvements	3,295	-	(1,042)	22,479	(5,229)	17,250
5	306	Lake, River and Other Intakes	-	-	-	-	-	-
6	307	Wells and Springs	-	-	(3,943)	78,867	(53,815)	25,052
7	309	Supply Mains	-	-	-	-	-	-
8	310	Power Generation Equipment	-	-	-	-	-	-
9	311	Pumping Equipment	72,706	-	(7,807)	192,496	(39,955)	152,541
10	320	Water Treatment Equipment	-	-	(20)	400	(110)	290
11	330	Dist. Reservoirs & Standpipes	48,559	-	(6,513)	154,547	(34,258)	120,289
12	331	Trans. and Dist. Mains	60,125	-	(14,518)	320,425	(102,460)	217,965
13	333	Services	10,800	-	(420)	13,792	(2,510)	11,282
14	334	Meters and Meter Installations	5,371	-	(428)	11,251	(3,327)	7,924
15	335	Hydrants	10,243	-	(256)	10,243	(345)	9,898
16	336	Backflow Prevention Devices	-	-	-	-	-	-
17	339	Other Plant and Misc. Equip.	-	-	-	-	-	-
18	340	Office Furniture and Equipment	-	-	-	-	1,701	1,701
19	341	Transportation Equipment	-	-	-	-	-	-
20	343	Tools, Shop and Garage Equip.	-	-	-	-	-	-
21	344	Laboratory Equipment	-	-	-	-	-	-
22	345	Power Operated Equipment	-	-	-	-	-	-
23	346	Communication Equipment	-	-	-	-	-	-
24	347	Miscellaneous Equipment	-	-	-	-	-	-
25	348	Other Tangible Plant	-	-	-	-	577	577
26	TOTAL WASTEWATER PLANT		<u>\$ 211,099</u>	<u>\$ -</u>	<u>\$ (34,948)</u>	<u>\$ 814,400</u>	<u>\$ (239,730)</u>	<u>\$ 574,670</u>
27	Company As Filed		<u>211,099</u>	<u>-</u>	<u>(34,948)</u>	<u>814,400</u>	<u>(215,990)</u>	<u>598,410</u>
28	Difference		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (23,740)</u>	<u>\$ (23,740)</u>

References:

- Columns (A) (B): Company Workpapers
- Column (C): [(Col. (A) + Col. (B)) X RLM-4, Page 1, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 2, Col. (D) X RLM-4, Page 1, Col. (A)]
- Column (D): Schedule RLM-4, Page 2, Column (D) + (Column (A) + Column (B))
- Column (E): Schedule RLM-4, Page 2, Column (E) + Column (B) + Column (C)
- Column (F): Column (D) + Column (E)

**SURREBUTTAL
TEST YEAR PLANT SCHEDULES - CONT'D
YEAR ENDED DECEMBER 31, 1999**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ADJUSTED PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
1	301	Intangibles/Organization	\$ -	\$ -	\$ -	\$ 3,995	\$ -	\$ 3,995
2	302	Franchise Cost	-	-	-	1,154	-	1,154
3	303	Land and Land Rights	-	-	-	4,751	-	4,751
4	304	Structures and Improvements	-	-	(1,124)	22,479	(6,353)	16,126
5	306	Lake, River and Other Intakes	-	-	-	-	-	-
6	307	Wells and Springs	-	-	(3,943)	78,867	(57,758)	21,109
7	309	Supply Mains	-	-	-	-	-	-
8	310	Power Generation Equipment	-	-	-	-	-	-
9	311	Pumping Equipment	-	-	(9,625)	192,496	(49,580)	142,916
10	320	Water Treatment Equipment	-	-	(20)	400	(130)	270
11	330	Dist. Reservoirs & Standpipes	7,431	-	(7,913)	161,978	(42,171)	119,807
12	331	Trans. and Dist. Mains	119,533	-	(19,010)	439,958	(121,470)	318,488
13	333	Services	21,400	-	(1,225)	35,192	(3,734)	31,458
14	334	Meters and Meter Installations	4,644	-	(679)	15,895	(4,006)	11,889
15	335	Hydrants	25,395	-	(1,147)	35,638	(1,492)	34,146
16	336	Backflow Prevention Devices	-	-	-	-	-	-
17	339	Other Plant and Misc. Equip.	-	-	-	-	-	-
18	340	Office Furniture and Equipment	-	-	-	-	1,701	1,701
19	341	Transportation Equipment	-	-	-	-	-	-
20	343	Tools, Shop and Garage Equip.	-	-	-	-	-	-
21	344	Laboratory Equipment	-	-	-	-	-	-
22	345	Power Operated Equipment	-	-	-	-	-	-
23	346	Communication Equipment	-	-	-	-	-	-
24	347	Miscellaneous Equipment	-	-	-	-	-	-
25	348	Other Tangible Plant	-	-	-	-	577	577
26	TOTAL WASTEWATER PLANT		<u>\$ 178,403</u>	<u>\$ -</u>	<u>\$ (44,685)</u>	<u>\$ 992,803</u>	<u>\$ (284,415)</u>	<u>\$ 708,388</u>
27	Company As Filed		<u>178,403</u>	<u>-</u>	<u>(44,685)</u>	<u>992,803</u>	<u>(260,675)</u>	<u>732,128</u>
28	Difference		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (23,740)</u>	<u>\$ (23,740)</u>

References:

- Columns (A) (B): Company Workpapers
- Column (C): [(Col. (A) + Col. (B)) X RLM-4, Page 1, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 3, Col. (D) X RLM-4, Page 1, Col. (A)]
- Column (D): Schedule RLM-4, Page 3, Column (D) + (Column (A) + Column (B))
- Column (E): Schedule RLM-4, Page 3, Column (E) + Column (B) + Column (C)
- Column (F): Column (D) + Column (E)

**SURREBUTTAL
TEST YEAR PLANT SCHEDULES - CONT'D
YEAR ENDED DECEMBER 31, 2000**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ADJUSTED PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
1	301	Intangibles/Organization	\$ -	\$ -	\$ -	\$ 3,995	\$ -	\$ 3,995
2	302	Franchise Cost	-	-	-	1,154	-	1,154
3	303	Land and Land Rights	-	-	-	4,751	-	4,751
4	304	Structures and Improvements	-	-	(1,124)	22,479	(7,477)	15,002
5	306	Lake, River and Other Intakes	-	-	-	-	-	-
6	307	Wells and Springs	-	-	(3,943)	78,867	(61,701)	17,166
7	309	Supply Mains	-	-	-	-	-	-
8	310	Power Generation Equipment	-	-	-	-	-	-
9	311	Pumping Equipment	1,196	-	(9,655)	193,692	(59,235)	134,457
10	320	Water Treatment Equipment	-	-	(20)	400	(150)	250
11	330	Dist. Reservoirs & Standpipes	-	-	(8,099)	161,978	(50,270)	111,708
12	331	Trans. and Dist. Mains	-	-	(21,998)	439,958	(143,468)	296,490
13	333	Services	370	-	(1,769)	35,562	(5,503)	30,059
14	334	Meters and Meter Installations	1,755	-	(839)	17,650	(4,845)	12,805
15	335	Hydrants	-	-	(1,782)	35,638	(3,274)	32,364
16	336	Backflow Prevention Devices	-	-	-	-	-	-
17	339	Other Plant and Misc. Equip.	-	-	-	-	-	-
18	340	Office Furniture and Equipment	-	-	-	-	1,701	1,701
19	341	Transportation Equipment	-	-	-	-	-	-
20	343	Tools, Shop and Garage Equip.	-	-	-	-	-	-
21	344	Laboratory Equipment	-	-	-	-	-	-
22	345	Power Operated Equipment	-	-	-	-	-	-
23	346	Communication Equipment	-	-	-	-	-	-
24	347	Miscellaneous Equipment	-	-	-	-	-	-
25	348	Other Tangible Plant	-	-	-	-	577	577
26	TOTAL WASTEWATER PLANT		<u>\$ 3,321</u>	<u>\$ -</u>	<u>\$ (49,228)</u>	<u>\$ 996,124</u>	<u>\$ (333,643)</u>	<u>\$ 662,481</u>
27	Company As Filed		14,865,946	(28,430)	(49,228)	996,124	(309,903)	686,221
28	Difference		<u>\$ (14,862,625)</u>	<u>\$ 28,430</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (23,740)</u>	<u>\$ (23,740)</u>

References:

- Columns (A) (B): Company Workpapers
- Column (C): [(Col. (A) + Col. (B)) X RLM-4, Page 1, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 4, Col. (D) X RLM-4, Page 1, Col. (A)]
- Column (D): Schedule RLM-4, Page 4, Column (D) + (Column (A) + Column (B))
- Column (E): Schedule RLM-4, Page 4, Column (E) + Column (B) + Column (C)
- Column (F): Column (D) + Column (E)

**SURREBUTTAL
TEST YEAR PLANT SCHEDULES - CONT'D
YEAR ENDED DECEMBER 31, 2001**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ADJUSTED PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
1	301	Intangibles/Organization	\$ -	\$ -	\$ -	\$ 3,995	\$ -	\$ 3,995
2	302	Franchise Cost	-	-	-	1,154	-	1,154
3	303	Land and Land Rights	3,147	-	-	7,898	-	7,898
4	304	Structures and Improvements	-	-	(1,124)	22,479	(8,601)	13,878
5	306	Lake, River and Other Intakes	-	-	-	-	-	-
6	307	Wells and Springs	1,203	-	(3,973)	80,070	(65,675)	14,395
7	309	Supply Mains	-	-	-	-	-	-
8	310	Power Generation Equipment	-	-	-	-	-	-
9	311	Pumping Equipment	2,915	-	(9,757)	196,607	(68,992)	127,615
10	320	Water Treatment Equipment	332	-	(28)	732	(178)	554
11	330	Dist. Reservoirs & Standpipes	-	-	(8,099)	161,978	(58,368)	103,610
12	331	Trans. and Dist. Mains	11,319	-	(22,281)	451,277	(165,749)	285,528
13	333	Services	482	-	(1,790)	36,044	(7,293)	28,751
14	334	Meters and Meter Installations	2,627	-	(948)	20,277	(5,793)	14,484
15	335	Hydrants	-	-	(1,782)	35,638	(5,056)	30,582
16	336	Backflow Prevention Devices	-	-	-	-	-	-
17	339	Other Plant and Misc. Equip.	-	-	-	-	-	-
18	340	Office Furniture and Equipment	-	-	-	-	1,701	1,701
19	341	Transportation Equipment	-	-	-	-	-	-
20	343	Tools, Shop and Garage Equip.	-	-	-	-	-	-
21	344	Laboratory Equipment	-	-	-	-	-	-
22	345	Power Operated Equipment	-	-	-	-	-	-
23	346	Communication Equipment	-	-	-	-	-	-
24	347	Miscellaneous Equipment	-	-	-	-	-	-
25	348	Other Tangible Plant	-	-	-	-	577	577
26	TOTAL WASTEWATER PLANT		<u>\$ 22,025</u>	<u>\$ -</u>	<u>\$ (49,783)</u>	<u>\$ 1,018,149</u>	<u>\$ (383,426)</u>	<u>\$ 634,723</u>
27	Company As Filed		<u>22,025</u>	<u>-</u>	<u>(49,783)</u>	<u>1,018,149</u>	<u>(359,686)</u>	<u>658,463</u>
28	Difference		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (23,740)</u>	<u>\$ (23,740)</u>

References:

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- Column (C): [(Col. (A) + Col. (B)) X RLM-4, Page 1, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 5, Col. (D) X RLM-4, Page 1, Col. (A)]
- Column (D): Schedule RLM-4, Page 5, Column (D) + Column (A) + Column (B)
- Column (E): Schedule RLM-4, Page 5, Column (E) + Column (B) + Column (C)
- Column (F): Column (D) + Column (E)

**SURREBUTTAL
TEST YEAR PLANT SCHEDULES - CONT'D
YEAR ENDED DECEMBER 31, 2002**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ADJUSTED PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
1	301	Intangibles/Organization	\$ -	\$ -	\$ -	\$ 3,995	\$ -	\$ 3,995
2	302	Franchise Cost	-	-	-	1,154	-	1,154
3	303	Land and Land Rights	-	-	-	7,898	-	7,898
4	304	Structures and Improvements	-	-	(1,124)	22,479	(9,725)	12,754
5	306	Lake, River and Other Intakes	-	-	-	-	-	-
6	307	Wells and Springs	-	-	(4,004)	80,070	(69,678)	10,392
7	309	Supply Mains	-	-	-	-	-	-
8	310	Power Generation Equipment	-	-	-	-	-	-
9	311	Pumping Equipment	4,439	-	(9,941)	201,046	(78,933)	122,113
10	320	Water Treatment Equipment	-	-	(37)	732	(215)	517
11	330	Dist. Reservoirs & Standpipes	-	-	(8,099)	161,978	(66,467)	95,511
12	331	Trans. and Dist. Mains	1,478	-	(22,601)	452,755	(188,349)	264,406
13	333	Services	-	-	(1,802)	36,044	(9,096)	26,949
14	334	Meters and Meter Installations	376	-	(1,023)	20,653	(6,816)	13,837
15	335	Hydrants	-	-	(1,782)	35,638	(6,838)	28,800
16	336	Backflow Prevention Devices	-	-	-	-	-	-
17	339	Other Plant and Misc. Equip.	-	-	-	-	-	-
18	340	Office Furniture and Equipment	-	-	-	-	1,701	1,701
19	341	Transportation Equipment	-	-	-	-	-	-
20	343	Tools, Shop and Garage Equip.	-	-	-	-	-	-
21	344	Laboratory Equipment	-	-	-	-	-	-
22	345	Power Operated Equipment	-	-	-	-	-	-
23	346	Communication Equipment	-	-	-	-	-	-
24	347	Miscellaneous Equipment	-	-	-	-	-	-
25	348	Other Tangible Plant	-	-	-	-	577	577
			1					1
26		TOTAL WASTEWATER PLANT	<u>\$ 6,294</u>	<u>\$ -</u>	<u>\$ (50,412)</u>	<u>\$ 1,024,442</u>	<u>\$ (433,839)</u>	<u>\$ 590,604</u>
27		Company As Filed	13,038,454	-	(50,412)	1,024,442	(410,099)	614,344
28		Difference	<u>\$ (13,032,160)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (23,740)</u>	<u>\$ (23,740)</u>

References:

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- Column (D): Schedule RLM-4, Page 6, Column (D) + (Column (A) + Column (B))
- Column (E): Schedule RLM-4, Page 6, Column (E) + Column (B) + Column (C)
- Column (F): Column (D) + Column (E)

**SURREBUTTAL
TEST YEAR PLANT SCHEDULES - CONT'D
YEAR ENDED DECEMBER 31, 2003**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ADJUSTED PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
1	301	Intangibles/Organization	\$ -	\$ -	\$ -	\$ 3,995	\$ -	\$ 3,995
2	302	Franchise Cost	-	-	-	1,154	-	1,154
3	303	Land and Land Rights	20,000	-	-	27,898	-	27,898
4	304	Structures and Improvements	6,000	-	(1,274)	28,479	(10,999)	17,480
5	306	Lake, River and Other Intakes	-	-	-	-	-	-
6	307	Wells and Springs	35,000	-	(4,879)	115,070	(74,557)	40,513
7	309	Supply Mains	-	-	-	-	-	-
8	310	Power Generation Equipment	-	-	-	-	-	-
9	311	Pumping Equipment	95,931	-	(12,451)	296,977	(91,384)	205,593
10	320	Water Treatment Equipment	1,501	-	(74)	2,233	(289)	1,944
11	330	Dist. Reservoirs & Standpipes	94,401	-	(10,459)	256,379	(76,926)	179,453
12	331	Trans. and Dist. Mains	165,670	-	(26,780)	618,425	(215,129)	403,296
13	333	Services	1,361	-	(1,836)	37,405	(10,932)	26,473
14	334	Meters and Meter Installations	-	-	(1,033)	20,653	(7,849)	12,804
15	335	Hydrants	-	-	(1,782)	35,638	(8,620)	27,018
16	336	Backflow Prevention Devices	-	-	-	-	-	-
17	339	Other Plant and Misc. Equip.	-	-	-	-	-	-
18	340	Office Furniture and Equipment	-	-	-	-	1,701	1,701
19	341	Transportation Equipment	-	-	-	-	-	-
20	343	Tools, Shop and Garage Equip.	-	-	-	-	-	-
21	344	Laboratory Equipment	-	-	-	-	-	-
22	345	Power Operated Equipment	-	-	-	-	-	-
23	346	Communication Equipment	-	-	-	-	-	-
24	347	Miscellaneous Equipment	-	-	-	-	-	-
25	348	Other Tangible Plant	-	-	-	-	577	577
			1			2		2
26		TOTAL WASTEWATER PLANT	<u>\$ 419,865</u>	<u>\$ -</u>	<u>\$ (60,566)</u>	<u>\$ 1,444,308</u>	<u>\$ (494,405)</u>	<u>\$ 949,903</u>
27		Company As Filed	<u>419,865</u>	<u>-</u>	<u>(60,517)</u>	<u>1,444,308</u>	<u>(470,615)</u>	<u>973,693</u>
28		Difference	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (49)</u>	<u>\$ -</u>	<u>\$ (23,790)</u>	<u>\$ (23,790)</u>

References:

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- Column (D): Schedule RLM-4, Page 7, Column (D) + (Column (A) + Column (B))
- Column (E): Schedule RLM-4, Page 7, Column (E) + Column (B) + Column (C)
- Column (F): Column (D) + Column (E)

**SURREBUTTAL
TEST YEAR PLANT SCHEDULES - CONT'D
YEAR ENDED DECEMBER 31, 2004**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ADJUSTED PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
1	301	Intangibles/Organization	\$ -	\$ -	\$ -	\$ 3,995	\$ -	\$ 3,995
2	302	Franchise Cost	-	-	-	1,154	-	1,154
3	303	Land and Land Rights	-	-	-	27,898	-	27,898
4	304	Structures and Improvements	-	-	(1,424)	28,479	(12,423)	16,056
5	306	Lake, River and Other Intakes	-	-	-	-	-	-
6	307	Wells and Springs	-	-	(5,754)	115,070	(80,310)	34,760
7	309	Supply Mains	-	-	-	-	-	-
8	310	Power Generation Equipment	-	-	-	-	-	-
9	311	Pumping Equipment	7,060	-	(15,025)	304,037	(106,409)	197,628
10	320	Water Treatment Equipment	991	-	(136)	3,224	(425)	2,799
11	330	Dist. Reservoirs & Standpipes	1,733	-	(12,862)	258,112	(89,789)	168,323
12	331	Trans. and Dist. Mains	72,332	-	(32,730)	690,757	(247,858)	442,899
13	333	Services	-	-	(1,870)	37,405	(12,802)	24,603
14	334	Meters and Meter Installations	5,950	-	(1,181)	26,603	(9,030)	17,573
15	335	Hydrants	400	-	(1,792)	36,038	(10,412)	25,626
16	336	Backflow Prevention Devices	-	-	-	-	-	-
17	339	Other Plant and Misc. Equip.	-	-	-	-	-	-
18	340	Office Furniture and Equipment	-	-	-	-	1,701	1,701
19	341	Transportation Equipment	-	-	-	-	-	-
20	343	Tools, Shop and Garage Equip.	-	-	-	-	-	-
21	344	Laboratory Equipment	-	-	-	-	-	-
22	345	Power Operated Equipment	-	-	-	-	-	-
23	346	Communication Equipment	-	-	-	-	-	-
24	347	Miscellaneous Equipment	-	-	-	-	-	-
25	348	Other Tangible Plant	-	-	-	-	577	577
							-	2
26		TOTAL WASTEWATER PLANT	<u>\$ 88,466</u>	<u>\$ -</u>	<u>\$ (72,775)</u>	<u>\$ 1,532,772</u>	<u>\$ (567,180)</u>	<u>\$ 965,594</u>
27		Company As Filed	<u>88,466</u>	<u>-</u>	<u>(72,775)</u>	<u>1,532,772</u>	<u>(543,390)</u>	<u>989,384</u>
28		Difference	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (23,790)</u>	<u>\$ (23,790)</u>

References:

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- Column (E): Schedule RLM-4, Page 8, Column (E) + Column (B) + Column (C)
- Column (F): Column (D) + Column (E)

SURREBUTTAL
TEST YEAR PLANT SCHEDULES - CONT'D
YEAR ENDED DECEMBER 31, 2005

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ADJUSTED PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
1	301	Intangibles/Organization	\$ -	\$ -	\$ -	\$ 3,995	\$ -	\$ 3,995
2	302	Franchise Cost	-	-	-	1,154	-	1,154
3	303	Land and Land Rights	-	-	-	27,898	-	27,898
4	304	Structures and Improvements	-	-	(1,424)	28,479	(13,847)	14,632
5	306	Lake, River and Other Intakes	-	-	-	-	-	-
6	307	Wells and Springs	825	-	(5,774)	115,895	(86,084)	29,811
7	309	Supply Mains	-	-	-	-	-	-
8	310	Power Generation Equipment	-	-	-	-	-	-
9	311	Pumping Equipment	23,839	-	(15,798)	327,876	(122,207)	205,669
10	320	Water Treatment Equipment	782	-	(181)	4,006	(606)	3,400
11	330	Dist. Reservoirs & Standpipes	-	-	(12,906)	258,112	(102,694)	155,418
12	331	Trans. and Dist. Mains	-	-	(34,538)	690,757	(282,396)	408,361
13	333	Services	-	-	(1,870)	37,405	(14,672)	22,733
14	334	Meters and Meter Installations	8,785	-	(1,550)	35,388	(10,580)	24,808
15	335	Hydrants	4,303	-	(1,909)	40,341	(12,321)	28,020
16	336	Backflow Prevention Devices	-	-	-	-	-	-
17	339	Other Plant and Misc. Equip.	-	-	-	-	-	-
18	340	Office Furniture and Equipment	-	-	-	-	1,701	1,701
19	341	Transportation Equipment	-	-	-	-	-	-
20	343	Tools, Shop and Garage Equip.	-	-	-	-	-	-
21	344	Laboratory Equipment	-	-	-	-	-	-
22	345	Power Operated Equipment	-	-	-	-	-	-
23	346	Communication Equipment	-	-	-	-	-	-
24	347	Miscellaneous Equipment	-	-	-	-	-	-
25	348	Other Tangible Plant	-	-	-	-	577	577
							(1)	1
26		TOTAL WASTEWATER PLANT	<u>\$ 38,534</u>	<u>\$ -</u>	<u>\$ (75,950)</u>	<u>\$ 1,571,306</u>	<u>\$ (643,130)</u>	<u>\$ 928,178</u>
27		Company As Filed	38,534	-	(75,950)	1,571,306	(619,340)	951,968
28		Difference	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (23,790)</u>	<u>\$ (23,790)</u>

References:

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- Column (D): Schedule RLM-4, Page 9, Column (D) + (Column (A) + Column (B))
- Column (E): Schedule RLM-4, Page 9, Column (E) + Column (B) + Column (C)
- Column (F): Column (D) + Column (E)

**SURREBUTTAL
TEST YEAR PLANT SCHEDULES - CONT'D
YEAR ENDED DECEMBER 31, 2006**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ADJUSTED PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
1	301	Intangibles/Organization	\$ -	\$ (3,995)	\$ -	\$ -	\$ -	\$ -
2	302	Franchise Cost	-	(1,154)	-	-	-	-
3	303	Land and Land Rights	-	-	-	27,898	-	27,898
4	304	Structures and Improvements	3,397	-	(1,509)	31,876	(15,355)	16,521
5	306	Lake, River and Other Intakes	-	-	-	-	-	-
6	307	Wells and Springs	-	-	(5,795)	115,895	(91,879)	24,016
7	309	Supply Mains	-	-	-	-	-	-
8	310	Power Generation Equipment	-	-	-	-	-	-
9	311	Pumping Equipment	29,944	-	(17,142)	357,820	(139,349)	218,471
10	320	Water Treatment Equipment	2,565	-	(264)	6,571	(871)	5,700
11	330	Dist. Reservoirs & Standpipes	-	-	(12,906)	258,112	(115,600)	142,512
12	331	Trans. and Dist. Mains	1,256	-	(34,569)	692,013	(316,965)	375,048
13	333	Services	-	-	(1,870)	37,405	(16,542)	20,863
14	334	Meters and Meter Installations	-	-	(1,769)	35,388	(12,349)	23,039
15	335	Hydrants	-	-	(2,017)	40,341	(14,338)	26,003
16	336	Backflow Prevention Devices	5,432	-	(136)	5,432	(136)	5,296
17	339	Other Plant and Misc. Equip.	40	-	(1)	40	(1)	39
18	340	Office Furniture and Equipment	-	-	-	-	1,701	1,701
19	341	Transportation Equipment	-	-	-	-	-	-
20	343	Tools, Shop and Garage Equip.	42	-	(1)	42	(1)	41
21	344	Laboratory Equipment	-	-	-	-	-	-
22	345	Power Operated Equipment	-	-	-	-	-	-
23	346	Communication Equipment	-	-	-	-	-	-
24	347	Miscellaneous Equipment	-	-	-	-	-	-
25	348	Other Tangible Plant	-	-	-	-	577	577
			1			4	(1)	3
26		TOTAL WASTEWATER PLANT	<u>\$ 42,677</u>	<u>\$ (5,149)</u>	<u>\$ (77,980)</u>	<u>\$ 1,608,837</u>	<u>\$ (721,110)</u>	<u>\$ 887,727</u>
27		Company As Filed	42,677	(5,149)	(77,980)	1,608,837	(697,320)	911,517
28		Difference	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (23,790)</u>	<u>\$ (23,790)</u>

References:

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- Column (E): Schedule RLM-4, Page 7, Column (E) + Column (B) + Column (C)
- Column (F): Column (D) + Column (E)

**SURREBUTTAL
TEST YEAR PLANT SCHEDULES - CONT'D
YEAR ENDED DECEMBER 31, 2007**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ADJUSTED PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
1	301	Intangibles/Organization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	302	Franchise Cost	-	-	-	-	-	-
3	303	Land and Land Rights	-	-	-	27,898	-	27,898
4	304	Structures and Improvements	7,292	-	(1,776)	39,168	(17,132)	22,036
5	306	Lake, River and Other Intakes	-	-	-	-	-	-
6	307	Wells and Springs	-	-	(5,795)	115,895	(97,674)	18,221
7	309	Supply Mains	-	-	-	-	-	-
8	310	Power Generation Equipment	-	-	-	-	-	-
9	311	Pumping Equipment	7,761	-	(18,085)	365,581	(157,435)	208,147
10	320	Water Treatment Equipment	393,187	-	(10,158)	399,758	(11,029)	388,729
11	330	Dist. Reservoirs & Standpipes	-	-	(12,906)	258,112	(128,505)	129,607
12	331	Trans. and Dist. Mains	20,161	-	(35,105)	712,174	(352,070)	360,104
13	333	Services	-	-	(1,870)	37,405	(18,413)	18,992
14	334	Meters and Meter Installations	-	-	(1,769)	35,388	(14,119)	21,269
15	335	Hydrants	416	-	(2,027)	40,757	(16,366)	24,391
16	336	Backflow Prevention Devices	-	-	(272)	5,432	(407)	5,025
17	339	Other Plant and Misc. Equip.	4,244	-	(108)	4,284	(109)	4,175
18	340	Office Furniture and Equipment	-	-	-	-	1,701	1,701
19	341	Transportation Equipment	-	-	-	-	-	-
20	343	Tools, Shop and Garage Equip.	-	-	(2)	42	(3)	39
21	344	Laboratory Equipment	-	-	-	-	-	-
22	345	Power Operated Equipment	-	-	-	-	-	-
23	346	Communication Equipment	4,225	-	(106)	4,225	(106)	4,119
24	347	Miscellaneous Equipment	10,089	-	(252)	10,089	(252)	9,837
25	348	Other Tangible Plant	-	-	-	-	577	577
						4		4
26		TOTAL WASTEWATER PLANT	\$ 447,375	\$ -	\$ (90,231)	\$ 2,056,212	\$ (811,340)	\$ 1,244,872
27		Company As Filed	447,375	-	(85,381)	2,056,212	(782,700)	1,273,512
28		Difference	\$ -	\$ -	\$ (4,850)	\$ -	\$ (28,640)	\$ (28,640)

References:

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- Column (E): Schedule RLM-4, Page 8, Column (E) + Column (B) + Column (C)
- Column (F): Column (D) + Column (E)

**SURREBUTTAL
TEST YEAR PLANT SCHEDULES - CONT'D
YEAR ENDED DECEMBER 31, 2008**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ADJUSTED PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
1	301	Intangibles/Organization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	302	Franchise Cost	-	-	-	-	-	-
3	303	Land and Land Rights	-	-	-	27,898	-	27,898
4	304	Structures and Improvements	-	-	(1,958)	39,168	(19,090)	20,078
5	306	Lake, River and Other Intakes	-	-	-	-	-	-
6	307	Wells and Springs	-	-	(5,795)	115,895	(103,469)	12,426
7	309	Supply Mains	-	-	-	-	-	-
8	310	Power Generation Equipment	-	-	-	-	-	-
9	311	Pumping Equipment	107,270	-	(20,961)	472,851	(178,395)	294,456
10	320	Water Treatment Equipment	329,389	-	(28,223)	729,147	(39,251)	689,896
11	330	Dist. Reservoirs & Standpipes	330,433	-	(21,166)	588,545	(149,672)	438,873
12	331	Trans. and Dist. Mains	172	-	(35,613)	712,346	(387,683)	324,663
13	333	Services	-	-	(1,870)	37,405	(20,283)	17,122
14	334	Meters and Meter Installations	-	-	(1,769)	35,388	(15,888)	19,500
15	335	Hydrants	-	-	(2,038)	40,757	(18,403)	22,354
16	336	Backflow Prevention Devices	-	-	(272)	5,432	(679)	4,753
17	339	Other Plant and Misc. Equip.	-	-	(214)	4,284	(323)	3,961
18	340	Office Furniture and Equipment	-	-	-	-	1,701	1,701
19	341	Transportation Equipment	-	-	-	-	-	-
20	343	Tools, Shop and Garage Equip.	1,608	-	(42)	1,650	(45)	1,605
21	344	Laboratory Equipment	-	-	-	-	-	-
22	345	Power Operated Equipment	-	-	-	-	-	-
23	346	Communication Equipment	-	-	(211)	4,225	(317)	3,908
24	347	Miscellaneous Equipment	-	-	(504)	10,089	(757)	9,332
25	348	Other Tangible Plant	7,453	-	(186)	7,453	391	7,844
						4		4
26		TOTAL WASTEWATER PLANT	<u>\$ 776,325</u>	<u>\$ -</u>	<u>\$ (120,824)</u>	<u>\$ 2,832,537</u>	<u>\$ (932,164)</u>	<u>\$ 1,900,373</u>
27		Company As Filed	776,325	-	(115,784)	2,832,537	(898,484)	1,934,053
28		Difference	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,040)</u>	<u>\$ -</u>	<u>\$ (33,680)</u>	<u>\$ (33,680)</u>
29		RUCO Adjustment (Line 28) (See RLM-3, Column (B), Line 3)					<u>\$ (33,680)</u>	

References:

- Columns (A) (B): Company Workpapers
- Column (C): [(Col. (A) + Col. (B)) X RLM-4, Page 1, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 9, Col. (D) X RLM-4, Page 1, Col. (A)]
- Column (D): Schedule RLM-4, Page 9, Column (D) + (Column (A) + Column (B))
- Column (E): Schedule RLM-4, Page 9, Column (E) + Column (B) + Column (C)
- Column (F): Column (D) + Column (E)

Global Utilities
Docket No. SW-02445A-09-0077 ET AL
Test Year Ended December 31, 2008

Valenica Water Company, Greater Buckeye Division
Schedule SURR RLM-5
Page 1 of 1

SURREBUTTAL
RUCO MADE NO POST TEST YEAR PLANT ADJUSTMENTS

**SURREBUTTAL
OPERATING INCOME**

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) RUCO TEST YEAR ADJMTS	(C) RUCO TEST YEAR AS ADJ'TED	(D) RUCO PROP'D CHANGES	(E) RUCO AS RECOMM'D
Revenues:						
1	Metered Water Sales	\$ 322,780	\$ 43,655	\$ 366,435	\$ 61,266	\$ 427,701
2	Water Sales - Unmetered	-	-	-	-	-
3	Other Operating Revenue	14,039	-	14,039	(3,889)	10,150
4	TOTAL OPERATING REVENUE	\$ 336,819	\$ 43,655	\$ 380,474	\$ 57,377	\$ 437,851
Operating Expenses:						
5	Salary and Wages - Employees	\$ 76,217	(7,016)	\$ 69,201	\$ -	\$ 69,201
6	Employee Pensions and Benefits	16,164	-	16,164	-	16,164
7	Purchased Water	52,085	-	52,085	-	52,085
8	Purchased Power	22,565	4,429	26,994	-	26,994
9	Fuel for Power Production	-	-	-	-	-
10	Chemicals	10,761	2,282	13,043	-	13,043
11	Materials and Supplies	4,236	-	4,236	-	4,236
12	Materials and Supplies	16,551	-	16,551	-	16,551
13	Contractual Services - Testing	-	-	-	-	-
14	Contractual Services - Other	3,774	-	3,774	-	3,774
15	Rental of Building/Real Property	593	-	593	-	593
16	Rental of Equipment	3,686	-	3,686	-	3,686
17	Transportation Expenses	56	-	56	-	56
18	Insurance - General Liability	9,876	-	9,876	-	9,876
19	Insurance - Other	2,073	-	2,073	-	2,073
20	Advertising Expense	-	-	-	-	-
21	Rate Case Expense	1,355	-	1,355	-	1,355
22	Bad Debt Expense	3,368	752	4,120	-	4,120
23	Miscellaneous Expenses	6,644	-	6,644	-	6,644
24	Depreciation Expense	113,580	-	113,580	-	113,580
25	Taxes Other Than Income	3,340	-	3,340	-	3,340
26	Property Taxes	-	4,043	4,043	-	4,043
27	Other Taxes and Licenses	-	-	-	-	-
28	Income Taxes	(5,703)	7,319	1,616	12,899	14,515
29	TOTAL OPERATING EXPENSES	\$ 341,223	\$ 11,809	\$ 353,031	\$ 12,899	\$ 365,931
30	OPERATING INCOME (LOSS)	\$ (4,404)		\$ 27,443		\$ 71,920

References:

- Column (A): Company Schedule C-1
- Column (B): RLM-7, Columns (B) Thru (K)
- Column (C): Column (A) + Column (B)
- Column (D): Revenue From RLM-1, Column (B), Line 8 And Income Tax From RLM-1, Column (B), Line 8 - Line 6
- Column (E): Column (C) + Column (D)

**SUMMARY OF OPERATING INCOME ADJUSTMENTS
TEST YEAR AS FILED AND ADJUSTMENTS**

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) ADJ #1 PROPERTY TAX	(C) ADJ #2 CAGRD	(D) ADJ #3 LEFT BLANK	(E) SURR ADJ #4 REVENUE ANNUALIZN	(F) SURR ADJ #5 MAGMNT FEES	(G) SURR ADJ #6 BAD DEBT EXPENSE	(H) SURR ADJ #7 DEPRECIATION EXPENSE	(I) ADJ #8 INCOME TAX	(J) RUJO AS ADJTD
Revenues:											
1	Metered Water Sales	\$ 322,780	\$ -	\$ -	\$ -	\$ 43,655	\$ -	\$ -	\$ -	\$ -	\$ 366,435
2	Other Operating Revenue	-	-	-	-	-	-	-	-	-	-
3	Water Sales - Unmetered	14,039	-	-	-	-	-	-	-	-	-
4	TOTAL OPRG REV.	<u>\$ 336,819</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,655</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 380,474</u>
Operating Expenses:											
5	Salary and Wages - Employees	\$ 76,217	\$ -	\$ -	\$ -	\$ -	\$ (7,016)	\$ -	\$ -	\$ -	\$ 69,201
6	Employee Pensions and Benefits	16,164	-	-	-	-	-	-	-	-	16,164
7	Purchased Water	52,085	-	-	-	-	-	-	-	-	52,085
8	Purchased Power	22,565	-	-	-	4,429	-	-	-	-	26,994
9	Fuel for Power Production	-	-	-	-	-	-	-	-	-	-
10	Chemicals	10,761	-	-	-	2,282	-	-	-	-	13,043
11	Materials and Supplies	4,236	-	-	-	-	-	-	-	-	4,236
12	Materials and Supplies	16,551	-	-	-	-	-	-	-	-	16,551
13	Contractual Services - Testing	-	-	-	-	-	-	-	-	-	-
14	Contractual Services - Other	3,774	-	-	-	-	-	-	-	-	3,774
15	Rental of Building/Real Property	593	-	-	-	-	-	-	-	-	593
16	Rental of Equipment	3,686	-	-	-	-	-	-	-	-	3,686
17	Transportation Expenses	56	-	-	-	-	-	-	-	-	56
18	Insurance - General Liability	9,876	-	-	-	-	-	-	-	-	9,876
19	Insurance - Other	2,073	-	-	-	-	-	-	-	-	2,073
20	Advertising Expense	-	-	-	-	-	-	-	-	-	-
21	Rate Case Expense	1,355	-	-	-	-	-	-	-	-	1,355
22	Bad Debt Expense	3,368	-	-	-	-	-	-	-	-	3,368
23	Miscellaneous Expenses	6,844	-	-	-	-	-	752	-	-	7,596
24	Depreciation Expense	113,580	-	-	-	-	-	-	-	-	113,580
25	Taxes Other Than Income	3,340	-	-	-	-	-	-	-	-	3,340
26	Property Taxes	-	4,043	-	-	-	-	-	-	-	4,043
27	Other Taxes and Licenses	-	-	-	-	-	-	-	-	-	-
28	Income Taxes	(5,703)	-	-	-	-	-	-	-	7,319	1,616
29	TOTAL OPRG EXP.	<u>\$ 341,223</u>	<u>\$ 4,043</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,711</u>	<u>\$ (7,016)</u>	<u>\$ 752</u>	<u>\$ -</u>	<u>\$ 7,319</u>	<u>\$ 353,031</u>
30	OPRG INC. (LOSS)	<u>\$ (4,404)</u>									<u>\$ 27,443</u>

References:

- Column (A): Company Schedule C-1
- Column (B): Testimony, RLM And Schedule RLM-8
- Column (C): Testimony, RLM
- Column (D): Testimony, RLM
- Column (E): Testimony, RLM
- Column (F): Testimony, RLM
- Column (G): Testimony, RLM
- Column (H): Testimony, RLM And Schedule RLM-9
- Column (I): Testimony, RLM
- Column (J): Sum Of Columns (A) Thru (I)

**EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 1
PROPERTY TAX COMPUTATION**

LINE NO.	DESCRIPTION	REFERENCE	(A)	(B)
Calculation Of The Company's Full Cash Value:				
Annual Operating Revenues:				
1	Adjusted Revenues In Year Ended Dec. 2008	Sch. RLM-6, Col (C), Ln 4	\$ 380,474	
2	Adjusted Revenues In Year Ended Dec. 2008	Sch. RLM-6, Col (C), Ln 4	380,474	
3	Proposed Revenues	Sch. RLM-6, Col (E), Ln 4	437,851	
4	Total Three Year Operating Revenues	Sum Of Lines 1, 2 & 3	\$ 1,198,799	
5	Average Annual Operating Revenues	Line 4 / 3	399,600	
6	Two Times 3-Year Average Operating Revenues	Line 5 X 2		\$ 799,199
ADD:				
10% Of Construction Work In Progress ("CWIP"):				
7	Test Year CWIP	Co. Sch. E-1	\$ 129,694	
8	10% Of CWIP	Line 7 X 10%		\$ 12,969
SUBTRACT:				
Transportation At Book Value:				
9	Original Cost Of Transportation Equipment	RLM-4, Pg 13, Col. (D), Ln 19	\$ -	
10	Acc. Dep. Of Transportation Equipment	RLM-4, Pg 13, Col. (E), Ln 19	-	
11	Book Value Of Transportation Equipment	Line 9 + Line 10		\$ -
12	Company's Full Cash Value ("FCV")	Sum Of Lines 6, 8 & 11		\$ 812,169
Calculation Of The Company's Tax Liability:				
MULTIPLY:				
FCV X Valuation Assessment Ratio X Property Tax Rates:				
13	Assessment Ratio For 2010	House Bill 2779	21.0%	
14	Assessed Value	Line 12 X Line 13	\$ 170,555	
Property Tax Rates:				
15	Primary Tax Rate - 2008 Tax Notice	RUCO Data Req. 1.29	2.3706%	
16	Secondary Tax Rate - 2008 Tax Notice	RUCO Data Req. 1.29	0.0000%	
17	Estimated Tax Rate Liability	Line 15 + Line 16	2.37%	
18	Co.'s Total Tax Liability - Based On Full Cash Value	Line 14 X Line 17		\$ 4,043
19	Test Year Adjusted Property Tax Expense As Filing	Co. Sch. C-1, Line 29		-
20	Increase In Property Tax Expense	Line 18 - Line 19		\$ 4,043
21	RUCO Adjustment (See RLM-7, Col. (B), Line 26)	Line 20		\$ 4,043

**EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 3
INCOME TAX EXPENSE**

LINE NO.	DESCRIPTION	(A) REFERENCE	(B) AMOUNT
FEDERAL INCOME TAXES:			
1	Operating Income Before Taxes	Sch. RLM-6, Column (C), L26 + L24	\$ 29,059
LESS:			
2	Arizona State Tax	Line 11	(501)
3	Interest Expense	Note (A) Line 20	(21,871)
4	Federal Taxable Income	Line 1 - Line 2 - Line 3	\$ 6,687
5	Federal Tax Rate	Sch. RLM-1, Pg 2, Col. (D), L34	16.68%
6	Federal Income Tax Expense	Line 4 X line 5	\$ 1,115
STATE INCOME TAXES:			
7	Operating Income Before Taxes	Line 1	\$ 29,059
LESS:			
8	Interest Expense	Note (A) Line 20	(21,871)
9	State Taxable Income	Line 7 - Line 8	\$ 7,188
10	State Tax Rate	Tax Rate	6.97%
11	State Income Tax Expense	Line 9 X Line 10	\$ 501
TOTAL INCOME TAX EXPENSE:			
12	Federal Income Tax Expense	Line 6	\$ 1,115
13	State Income Tax Expense	Line 11	501
14	Total Income Tax Expense Per RUCO	Line 12 + Line 13	\$ 1,616
15	Total Income Tax Expense Per Company (Per Company Sch. C-1)		(5,703)
16	Total Income Tax Adjustment	Line 14 - Line 15	\$ 7,319
17	RUCO Adjustment (See Sch. RLM-7, Column (I), L28)	Line 16	\$ 7,319

NOTE (A):

Interest Synchronization:

18	Adjusted Rate Base (Sch. RLM-2, Col. (E), L15)	\$ 895,377
19	Weighted Cost Of Debt (Sch. RLM-11, Col. (F), L2)	2.44%
20	Interest Expense (L17 X L18)	\$ 21,871

**SURREBUTTAL
COST OF CAPITAL**

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) RUCO ADJUSTMENTS	(C) RUCO AS ADJUSTED	(D) CAPITAL RATIO	(E) COST	(F) WEIGHTED COST RATE
1	Short-term Debt	\$ -	\$ -	\$ -	0.00%	0.00%	
2	Long-term Debt	\$ 118,466,992	\$ -	\$ 118,466,992	37.89%	6.45%	2.44%
3	Common Equity	\$ 194,182,956	\$ -	\$ 194,182,956	62.11%	9.00%	5.59%
4	TOTAL CAPITAL	<u>\$ 312,649,948</u>	<u>\$ -</u>	<u>\$ 312,649,948</u>	<u>100.00%</u>		
5	COST OF CAPITAL						<u>8.03%</u>

References:
Columns (A) Thru (F): Testimony, WAR

SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

LINE NO.	DESCRIPTION	PROPOSED REVENUE			
		(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
RESIDENTIAL CUSTOMERS					
1	5/8" X 3/4" Meter	6,336	\$ 32.69	\$ 207,101	\$ 207,101
	Commodity Usage (In Thousands Of Gallons)				
2	First Tier -Breakover @ 1,000 Gals.	6,040	\$ 0.8775	\$ 5,300	
3	Second Tier - Breakover @ 5,000 Gals.	19,696	\$ 2.2815	\$ 44,935	
4	Third Tier - Breakover @ 10,000 Gals.	14,440	\$ 2.5008	\$ 36,113	
5	Fourth Tier - Breakover @ 18,000 Gals.	10,234	\$ 2.9835	\$ 30,532	
6	Fifth Tier - Breakover @ 25,000 Gals.	3,627	\$ 3.5100	\$ 12,729	
7	Sixth Tier - Over 25,000 Gals.	3,379	\$ 4.2470	\$ 14,353	
8	Total Commodity Usage And Revenue	57,415			\$ 143,961
9	3/4" Meter	72	\$ 32.69	\$ 2,353	\$ 2,353
	Commodity Usage (In Thousands Of Gallons)				
10	First Tier -Breakover @ 1,000 Gals.	68	\$ 0.8775	\$ 60	
11	Second Tier - Breakover @ 5,000 Gals.	225	\$ 2.2815	\$ 514	
12	Third Tier - Breakover @ 10,000 Gals.	175	\$ 2.5008	\$ 438	
13	Fourth Tier - Breakover @ 18,000 Gals.	134	\$ 2.9835	\$ 399	
14	Fifth Tier - Breakover @ 25,000 Gals.	59	\$ 3.5100	\$ 206	
15	Sixth Tier - Over 25,000 Gals.	70	\$ 4.2470	\$ 296	
16	Total Commodity Usage And Revenue	731			\$ 1,913
17	1" Meter	660	\$ 81.72	\$ 53,933	\$ 53,933
	Commodity Usage (In Thousands Of Gallons)				
18	First Tier -Breakover @ 1,000 Gals.	604	\$ 0.8775	\$ 530	
19	Second Tier - Breakover @ 5,000 Gals.	\$ 2,120	\$ 2.2815	\$ 4,837	
20	Third Tier - Breakover @ 10,000 Gals.	1,549	\$ 2.5008	\$ 3,874	
21	Fourth Tier - Breakover @ 18,000 Gals.	1,191	\$ 2.9835	\$ 3,553	
22	Fifth Tier - Breakover @ 25,000 Gals.	479	\$ 3.5100	\$ 1,683	
23	Sixth Tier - Over 25,000 Gals.	\$ 477	\$ 4.2470	\$ 2,025	
24	Total Commodity Usage And Revenue	6,420			\$ 16,502
25	1.5" Meter	-	\$ 163.43	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
26	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.8775	\$ -	
27	Second Tier - Breakover @ 5,000 Gals.	-	\$ 2.2815	\$ -	
28	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.5008	\$ -	
29	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 2.9835	\$ -	
30	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.5100	\$ -	
31	Sixth Tier - Over 25,000 Gals.	-	\$ 4.2470	\$ -	
32	Total Commodity Usage And Revenue	-			\$ -
33	2" Meter	-	\$ 261.49	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
34	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.8775	\$ -	
35	Second Tier - Breakover @ 5,000 Gals.	-	\$ 2.2815	\$ -	
36	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.5008	\$ -	
37	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 2.9835	\$ -	
38	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.5100	\$ -	
39	Sixth Tier - Over 25,000 Gals.	-	\$ 4.2470	\$ -	
40	Total Commodity Usage And Revenue	-			\$ -
41	Total Residential Customer Bills	7,068		\$ 263,388	
42	Total Residential Usage	64,566		\$ 96,601	
43	TOTAL RESIDENTIAL CUSTOMERS REVENUE			\$ 425,764	

**SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE**

LINE NO.	DESCRIPTION	PROPOSED REVENUE			
		(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
COMMERCIAL CUSTOMERS					
44	5/8" X 3/4" Meter	15	\$ 32.69	\$ 490	\$ 490
	Commodity Usage (In Thousands Of Gallons)				
45	First Tier -Breakover @ 1,000 Gals.	15	\$ 0.8775	\$ 13	
46	Second Tier - Breakover @ 5,000 Gals.	35	\$ 2.2815	\$ 81	
47	Third Tier - Breakover @ 10,000 Gals.	41	\$ 2.5008	\$ 102	
48	Fourth Tier - Breakover @ 18,000 Gals.	9	\$ 2.9835	\$ 27	
49	Fifth Tier - Breakover @ 25,000 Gals.	9	\$ 3.5100	\$ 32	
50	Sixth Tier - Over 25,000 Gals.	-	\$ -	\$ -	
51	Total Commodity Usage And Revenue	<u>109</u>			\$ 254
52	3/4" Meter	-	\$ 32.69	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
53	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.8775	\$ -	
54	Second Tier - Breakover @ 5,000 Gals.	-	\$ 2.2815	\$ -	
55	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.5008	\$ -	
56	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 2.9835	\$ -	
57	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.5100	\$ -	
58	Sixth Tier - Over 25,000 Gals.	-	\$ 4.2470	\$ -	
59	Total Commodity Usage And Revenue	<u>-</u>			\$ -
60	1" Meter	-	\$ 81.72	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
61	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.8775	\$ -	
62	Second Tier - Breakover @ 5,000 Gals.	-	\$ 2.2815	\$ -	
63	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.5008	\$ -	
64	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 2.9835	\$ -	
65	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.5100	\$ -	
66	Sixth Tier - Over 25,000 Gals.	-	\$ 4.2470	\$ -	
67	Total Commodity Usage And Revenue	<u>-</u>			\$ -
68	1.5" Meter	-	\$ 163.43	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
69	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.8775	\$ -	
70	Second Tier - Breakover @ 5,000 Gals.	-	\$ 2.2815	\$ -	
71	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.5008	\$ -	
72	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 2.9835	\$ -	
73	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.5100	\$ -	
74	Sixth Tier - Over 25,000 Gals.	-	\$ 4.2470	\$ -	
75	Total Commodity Usage And Revenue	<u>-</u>			\$ -
76	2" Meter	-	\$ 261.49	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
77	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.8775	\$ -	
78	Second Tier - Breakover @ 5,000 Gals.	-	\$ 2.2815	\$ -	
79	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.5008	\$ -	
80	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 2.9835	\$ -	
81	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.5100	\$ -	
82	Sixth Tier - Over 25,000 Gals.	-	\$ 4.2470	\$ -	
83	Total Commodity Usage And Revenue	<u>-</u>			\$ -

SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
		TEST YEAR ADJUSTED DETERMINANTS	PROPOSED CHARGES & USAGE FEES	PROPOSED REVENUES	TOTAL REVENUES
84	3" Meter	-	\$ 522.98	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
85	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.8775	\$ -	
86	Second Tier - Breakover @ 5,000 Gals.	-	\$ 2.2815	\$ -	
87	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.5008	\$ -	
88	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 2.9835	\$ -	
89	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.5100	\$ -	
90	Sixth Tier - Over 25,000 Gals.	-	\$ 4.2470	\$ -	
91	Total Commodity Usage And Revenue	-			\$ -
92	4" Meter	-	\$ 817.16	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
93	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.8775	\$ -	
94	Second Tier - Breakover @ 5,000 Gals.	-	\$ 2.2815	\$ -	
95	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.5008	\$ -	
96	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 2.9835	\$ -	
97	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.5100	\$ -	
98	Sixth Tier - Over 25,000 Gals.	-	\$ 4.2470	\$ -	
99	Total Commodity Usage And Revenue	-			\$ -
100	Total Commercial Customer Bills		<u>15</u>		
101	Total Commercial Usage		<u>109</u>		
102	TOTAL COMMERCIAL CUSTOMERS REVENUE				<u>\$ 744</u>
IRRIGATION CUSTOMERS					
103	5/8" X 3/4" Meter	-	\$ 32.69	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
104	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.8775	\$ -	
105	Second Tier - Breakover @ 5,000 Gals.	-	\$ 2.2815	\$ -	
106	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.5008	\$ -	
107	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 2.9835	\$ -	
108	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.5100	\$ -	
109	Sixth Tier - Over 25,000 Gals.	-	\$ 4.2470	\$ -	
110	Total Commodity Usage And Revenue	-			\$ -
111	3/4" Meter	-	\$ 32.69	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
112	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.8775	\$ -	
113	Second Tier - Breakover @ 5,000 Gals.	-	\$ 2.2815	\$ -	
114	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.5008	\$ -	
115	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 2.9835	\$ -	
116	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.5100	\$ -	
117	Sixth Tier - Over 25,000 Gals.	-	\$ 4.2470	\$ -	
118	Total Commodity Usage And Revenue	-			\$ -
119	1" Meter	-	\$ 81.72	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
120	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.8775	\$ -	
121	Second Tier - Breakover @ 5,000 Gals.	-	\$ 2.2815	\$ -	
122	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.5008	\$ -	
123	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 2.9835	\$ -	
124	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.5100	\$ -	
125	Sixth Tier - Over 25,000 Gals.	-	\$ 4.2470	\$ -	
126	Total Commodity Usage And Revenue	-			\$ -

**SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE**

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
		TEST YEAR ADJUSTED DETERMINANTS	PROPOSED CHARGES & USAGE FEES	PROPOSED REVENUES	TOTAL REVENUES
127	1.5" Meter	-	\$ 163.43	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
128	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.8775	\$ -	
129	Second Tier - Breakover @ 5,000 Gals.	-	\$ 2.2815	\$ -	
130	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.5008	\$ -	
131	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 2.9835	\$ -	
132	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.5100	\$ -	
133	Sixth Tier - Over 25,000 Gals.	-	\$ 4.2470	\$ -	
134	Total Commodity Usage And Revenue	-			\$ -
135	2" Meter	-	\$ 261.49	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
136	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.8775	\$ -	
137	Second Tier - Breakover @ 5,000 Gals.	-	\$ 2.2815	\$ -	
138	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.5008	\$ -	
139	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 2.9835	\$ -	
140	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.5100	\$ -	
141	Sixth Tier - Over 25,000 Gals.	-	\$ 4.2470	\$ -	
142	Total Commodity Usage And Revenue	-			\$ -
143	3" Meter	-	\$ 522.98	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
144	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.8775	\$ -	
145	Second Tier - Breakover @ 5,000 Gals.	-	\$ 2.2815	\$ -	
146	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.5008	\$ -	
147	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 2.9835	\$ -	
148	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.5100	\$ -	
149	Sixth Tier - Over 25,000 Gals.	-	\$ 4.2470	\$ -	
150	Total Commodity Usage And Revenue	-			\$ -
151	4" Meter	-	\$ 817.16	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
152	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.8775	\$ -	
153	Second Tier - Breakover @ 5,000 Gals.	-	\$ 2.2815	\$ -	
154	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.5008	\$ -	
155	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 2.9835	\$ -	
156	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.5100	\$ -	
157	Sixth Tier - Over 25,000 Gals.	-	\$ 4.2470	\$ -	
158	Total Commodity Usage And Revenue	-			\$ -
159	Total Irrigation Customer Bills	-			
160	Total Irrigation Usage	-			
161	TOTAL IRRIGATION CUSTOMERS REVENUE				\$ -
HOA CUSTOMERS					
162	5/8" X 3/4" Meter	-	\$ 32.69	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
163	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.8775	\$ -	
164	Second Tier - Breakover @ 5,000 Gals.	-	\$ 2.2815	\$ -	
165	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.5008	\$ -	
166	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 2.9835	\$ -	
167	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.5100	\$ -	
168	Sixth Tier - Over 25,000 Gals.	-	\$ 4.2470	\$ -	
169	Total Commodity Usage And Revenue	-			\$ -

SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
		TEST YEAR ADJUSTED DETERMINANTS	PROPOSED CHARGES & USAGE FEES	PROPOSED REVENUES	TOTAL REVENUES
170	3/4" Meter	-	\$ 32.69	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
171	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.8775	\$ -	
172	Second Tier - Breakover @ 5,000 Gals.	-	\$ 2.2815	\$ -	
173	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.5008	\$ -	
174	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 2.9835	\$ -	
175	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.5100	\$ -	
176	Sixth Tier - Over 25,000 Gals.	-	\$ 4.2470	\$ -	
177	Total Commodity Usage And Revenue	-			\$ -
178	1" Meter	12	\$ 81.72	\$ 981	\$ 981
	Commodity Usage (In Thousands Of Gallons)				
179	First Tier -Breakover @ 1,000 Gals.	12	\$ 0.8775	\$ 11	
180	Second Tier - Breakover @ 5,000 Gals.	46	\$ 2.2815	\$ 106	
181	Third Tier - Breakover @ 10,000 Gals.	11	\$ 2.5008	\$ 28	
182	Fourth Tier - Breakover @ 18,000 Gals.	8	\$ 2.9835	\$ 23	
183	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.5100	\$ -	
184	Sixth Tier - Over 25,000 Gals.	-	\$ 4.2470	\$ -	
185	Total Commodity Usage And Revenue	77			\$ 167
186	1.5" Meter	-	\$ 163.43	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
187	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.8775	\$ -	
188	Second Tier - Breakover @ 5,000 Gals.	-	\$ 2.2815	\$ -	
189	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.5008	\$ -	
190	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 2.9835	\$ -	
191	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.5100	\$ -	
192	Sixth Tier - Over 25,000 Gals.	-	\$ 4.2470	\$ -	
193	Total Commodity Usage And Revenue	-			\$ -
194	2" Meter	-	\$ 261.49	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
195	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.8775	\$ -	
196	Second Tier - Breakover @ 5,000 Gals.	-	\$ 2.2815	\$ -	
197	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.5008	\$ -	
198	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 2.9835	\$ -	
199	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.5100	\$ -	
200	Sixth Tier - Over 25,000 Gals.	-	\$ 4.2470	\$ -	
201	Total Commodity Usage And Revenue	-			\$ -
202	3" Meter	-	\$ 522.98	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
203	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.8775	\$ -	
204	Second Tier - Breakover @ 5,000 Gals.	-	\$ 2.2815	\$ -	
205	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.5008	\$ -	
206	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 2.9835	\$ -	
207	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.5100	\$ -	
208	Sixth Tier - Over 25,000 Gals.	-	\$ 4.2470	\$ -	
209	Total Commodity Usage And Revenue	-			\$ -
210	4" Meter	-	\$ 817.16	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
211	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.8775	\$ -	
212	Second Tier - Breakover @ 5,000 Gals.	-	\$ 2.2815	\$ -	
213	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.5008	\$ -	
214	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 2.9835	\$ -	
215	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.5100	\$ -	
216	Sixth Tier - Over 25,000 Gals.	-	\$ 4.2470	\$ -	
217	Total Commodity Usage And Revenue	-			\$ -
218	Total HOA Customer Bills		12		
219	Total HOA Usage		77		
220	TOTAL HOA CUSTOMERS REVENUE				\$ 1,147

SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
CONSTRUCTION CUSTOMERS					
194	2" Meter	-	\$ 261.49	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
195	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.8775	\$ -	
196	Second Tier - Breakover @ 5,000 Gals.	-	\$ 2.2815	\$ -	
197	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.5008	\$ -	
198	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 2.9835	\$ -	
199	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.5100	\$ -	
200	Sixth Tier - Over 25,000 Gals.	-	\$ 4.2470	\$ -	
201	Total Commodity Usage And Revenue	-			\$ -
202	3" Meter	-	\$ 522.98	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
203	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.8775	\$ -	
204	Second Tier - Breakover @ 5,000 Gals.	-	\$ 2.2815	\$ -	
205	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.5008	\$ -	
206	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 2.9835	\$ -	
207	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.5100	\$ -	
208	Sixth Tier - Over 25,000 Gals.	-	\$ 4.2470	\$ -	
209	Total Commodity Usage And Revenue	-			\$ -
210	4" Meter	-	\$ 817.16	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
211	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.8775	\$ -	
212	Second Tier - Breakover @ 5,000 Gals.	-	\$ 2.2815	\$ -	
213	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.5008	\$ -	
214	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 2.9835	\$ -	
215	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.5100	\$ -	
216	Sixth Tier - Over 25,000 Gals.	-	\$ 4.2470	\$ -	
217	Total Commodity Usage And Revenue	-			\$ -
210	8" Meter	-	\$ 3,268.65	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
211	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.8775	\$ -	
212	Second Tier - Breakover @ 5,000 Gals.	-	\$ 2.2815	\$ -	
213	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.5008	\$ -	
214	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 2.9835	\$ -	
215	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.5100	\$ -	
216	Sixth Tier - Over 25,000 Gals.	-	\$ 4.2470	\$ -	
217	Total Commodity Usage And Revenue	-			\$ -
68	Total Construction Customer Bills	-			
69	Total Construction Usage	-			
70	TOTAL CONSTRUCTION CUSTOMERS REVENUE				\$ -

SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
LAKE CUSTOMERS					
194	2" Meter	-	\$ 261.49	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
195	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.8775	\$ -	
196	Second Tier - Breakover @ 5,000 Gals.	-	\$ 2.2815	\$ -	
197	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.5008	\$ -	
198	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 2.9835	\$ -	
199	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.5100	\$ -	
200	Sixth Tier - Over 25,000 Gals.	-	\$ 4.2470	\$ -	
201	Total Commodity Usage And Revenue	-			\$ -
68	Total Lake Customer Bills	-			
69	Total Lake Usage	-			
70	TOTAL LAKE CUSTOMERS REVENUE				\$ -
NON-PORTABLE CUSTOMERS					
178	1" Meter	-	\$ 81.72	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
179	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.8775	\$ -	
180	Second Tier - Breakover @ 5,000 Gals.	-	\$ 2.2815	\$ -	
181	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.5008	\$ -	
182	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 2.9835	\$ -	
183	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.5100	\$ -	
184	Sixth Tier - Over 25,000 Gals.	-	\$ 4.2470	\$ -	
185	Total Commodity Usage And Revenue	-			\$ -
186	Total Non-Portable Bills	-			
187	Total Non-Portable Usage	-			
188	TOTAL NON-PORTABLE CUSTOMERS REVENUE				\$ -
189	RUCO TOTAL PROPOSED REVENUE PER BILL COUNT				\$ 427,655
190	TOTAL RESIDENTIAL REVENUE PER BILL COUNT				\$ 425,764
191	TOTAL COMMERCIAL REVENUE PER BILL COUNT				744
192	TOTAL IRRIGATION REVENUE PER BILL COUNT				-
193	TOTAL HOA REVENUE PER BILL COUNT				1,147
194	TOTAL CONSTRUCTION REVENUE PER BILL COUNT				-
195	TOTAL LAKE REVENUE PER BILL COUNT				-
196	TOTAL NON-POTABLE REVENUE PER BILL COUNT				-
197	RUCO TOTAL PROPOSED REVENUE PER BILL COUNT				\$ 427,655
198	Unreconciled Difference vs. Billed Revenues				\$ 46
199	RUCO Disallowance Of The 55% CMT				-
200	Miscellaneous Revenues				10,150
200	RUCO TOTAL REVENUE				\$ 437,851
201	ADJUSTED REVENUE PER SCHEDULE SURR RLM-1, LINE 10				\$ 437,851
202	Difference				\$ 0
203	Percentage Difference				0.00%

TYPICAL RESIDENTIAL BILL ANALYSIS

LINE NO.	DESCRIPTION	(A) PRESENT	(B)	(C) COMPANY PROPOSED	(D)	(E) RUCO PROPOSED	(F)
REVENUE ALLOCATION							
1	RESIDENTIAL	\$ 322,137	99.62%	\$ 485,207	99.56%	\$ 425,764	99.56%
2	OTHER	1,224	0.38%	2,155	0.44%	1,891	0.44%
3	TOTAL	\$ 323,361	100.00%	\$ 487,362	100.00%	\$ 427,655	100.00%
ALLOCATION RATIOS							
4	FIX REVENUE	\$ 132,280	40.91%	\$ 301,837	61.93%	\$ 264,858	61.93%
5	VARIABLE REVENUE	191,081	59.09%	185,526	38.07%	162,797	38.07%
6	TOTAL	323,361	100.00%	487,362	100.00%	427,655	100.00%
RESIDENTIAL (5/8" X 3/4") RATE DESIGN							
7	BASIC MONTHLY CHARGE	\$ 16.00		\$ 37.25		\$ 32.69	
COMMODITY CHARGE							
		PRESENT	PROPOSED				
8	1st Tier - Breakover 12,000	1st Tier - Breakover 1,000	\$ 2,7500	\$ 1,0000		\$ 0,8775	
9	2nd Tier - Over 12,000	2nd Tier - Breakover 5,000	\$ 3,7500	\$ 2,6000		\$ 2,2815	
10		3rd Tier - Breakover 10,000	N/A	\$ 2,8500		\$ 2,5008	
11		4th Tier - Breakover 18,000	N/A	\$ 3,4000		\$ 2,9835	
12		5th Tier - Breakover 25,000	N/A	\$ 4,0000		\$ 3,5100	
13		6th Tier - Over 25,000	N/A	\$ 4,8400		\$ 4,2470	
AVERAGE RESIDENTIAL BILL COMPARISONS							
	COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL	VARIABLE MONTHLY USAGE	PERCENT AVERAGE USAGE OF 9068	PRESENT TOTAL MONTHLY COST	RUCO MONTHLY COST	RUCO MONTHLY INCREASE	% MONTHLY INCREASE
14		2,267	25.00%	\$ 22.23	\$ 36.45	\$ 14.22	63.96%
15		4,534	50.00%	\$ 28.47	\$ 41.63	\$ 13.16	46.22%
16		9,068	100.00%	\$ 40.94	\$ 52.86	\$ 11.93	29.13%
17		13,602	150.00%	\$ 55.01	\$ 65.94	\$ 10.93	19.88%
18		18,136	200.00%	\$ 72.01	\$ 79.54	\$ 7.53	10.46%
MEDIAN RESIDENTIAL BILL COMPARISONS							
	COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL	VARIABLE MONTHLY USAGE	PERCENT AVERAGE USAGE OF 7000	PRESENT TOTAL MONTHLY COST	RUCO MONTHLY COST	RUCO MONTHLY INCREASE	% MONTHLY INCREASE
19		1,750	25.00%	\$ 20.81	\$ 35.28	\$ 14.46	69.49%
20		3,500	50.00%	\$ 25.63	\$ 39.27	\$ 13.64	53.24%
21		7,000	100.00%	\$ 35.25	\$ 47.69	\$ 12.44	35.30%
22		10,500	150.00%	\$ 44.88	\$ 56.69	\$ 11.81	26.32%
23		14,000	200.00%	\$ 56.50	\$ 67.13	\$ 10.63	18.81%



**SURREBUTTAL
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SURR RLM-4	1	RATE BASE ADJUSTMENT NO. 2 - ACCUMULATED DEPRECIATION
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SURR RLM-RD2	1	TYPICAL RESIDENTIAL BILL ANALYSIS

**SURREBUTTAL
REVENUE REQUIREMENT**

LINE NO.	DESCRIPTION	(A) COMPANY OCRB/FVRB COST	(B) RUCO OCRB/FVRB COST
1	Fair Value Rate Base	\$ 2,598,259	\$ (6,157,665)
2	Adjusted Operating Income (Loss)	\$ (153,371)	\$ (22,980)
3	Current Rate Of Return (L2 / L1)	-5.90%	Not Meaningful
4a	Required Operating Income (L5 X L1)	\$ 258,267	Not Applicable
4b	Required Operating Margin (L10 X L5)		\$ 27,270
5a	Required Rate Of Return On Fair Value Rate Base	9.94%	Not Applicable
5b	Required Operating Margin % Per RUCO	Not Applicable	8.03%
6	Operating Income Deficiency (L4 - L2)	\$ 411,638	\$ 50,250
7	Gross Revenue Conversion Factor (RLM-1, Pg 2)	1.6451	1.5960
8	Increase In Gross Revenue Requirement (L7 X L6)	\$ 677,179	\$ 80,199
9	Adjusted Test Year Revenue	\$ 259,304	\$ 259,304
10	Proposed Annual Revenue (L8 + L9)	\$ 936,483	\$ 339,503
11	Required Percentage Increase In Revenue (L8 / L9)	261.15%	30.93%
12	Rate Of Return On Common Equity	10.00%	9.00%

References:

Column (A): Company Schedules A-1 and C-1
Column (B): RUCO Schedule RLM-2, RLM-6 And RLM-10

SURREBUTTAL
REVENUE REQUIREMENT - CONT'D
GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
CALCULATION OF GROSS REVENUE CONVERSION FACTOR:					
1	Revenue	1.0000			
2	Combined Federal And State Tax Rate (L10)	(0.3734)			
3	Subtotal (L1 + L2)	0.6266			
4	Revenue Conversion Factor (L1 / L3)	1.5960			
CALCULATION OF EFFECTIVE TAX RATE:					
5	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%			
6	Arizona State Income Tax Rate	6.9680%			
7	Federal Taxable Income (L5 - L6)	93.0320%			
8	Applicable Federal Income Tax Rate (Col. (D), L34)	32.6509%			
9	Effective Federal Income Tax Rate (L7 X L8)	30.3758%			
10	Combined Federal And State Income Tax Rate (L6 + L9)	37.3438%			
11	Required Operating Income (Sch. RLM-1, Col. (B), L4)	\$ 27,270			
12	Adj'd T.Y. Oper'g Inc. (Loss) (Sch. RLM-1, Col. (B), L2)	(22,980)			
13	Required Increase In Operating Income (L11 - L12)		\$ 50,250		
14	Income Taxes On Recommended Revenue (Col. (D), L31)	\$ 105,898			
15	Income Taxes On Test Year Revenue (Col. (D), L32)	75,948			
16	Required Increase In Revenue To Provide For Income Taxes (L14 - L15)		\$ 29,949		
17	Total Required Increase In Revenue (L13 + L16)		\$ 80,199		
CALCULATION OF INCOME TAX:					
18	Revenue (Sch. RLM-1, Col. (B), L10)			339,503	
19	Operating Expense Excluding Income Tax (RLM-6, Col. (E), L29 - L28)			(206,335)	
20	Synchronized Interest (Col. (C), L37)			150,407	
21	Arizona Taxable Income (L18 + L19 + L20)			\$ 283,575	
22	Arizona State Income Tax Rate			6.9680%	
23	Arizona Income Tax (L21 X L22)			\$ 19,760	
24	Fed. Taxable Income (L21 - L23)			\$ 263,816	
25	Fed. Tax On 1st Inc. Bracket (\$1 - \$50,000) @ 15%			\$ 7,500	
26	Fed. Tax On 2nd Inc. Bracket (\$50,001 - \$75,000) @ 25%			6,250	
27	Fed. Tax On 3rd Inc. Bracket (\$75,001 - \$100,000) @ 34%			8,500	
28	Fed. Tax On 4th Inc. Bracket (\$100,001 - \$335,000) @ 39%			63,888	
29	Fed. Tax On 5th Inc. Bracket (\$335,001 - \$10M) @ 34%			-	
30	Total Federal Income Tax (L25 + L26 + L27 + L28 + L29)			\$ 86,138	
31	Combined Federal And State Income Tax (L23 + L30)			\$ 105,898	
32	Test Year Combined Income Tax, RUCO As Adjusted (RLM-6, Col. (C), L28)			\$ 75,948	
33	RUCO Adjustment (L31 - L32) (See RLM-6, Col. (D), L24)			\$ 29,949	
34	Applicable Federal Income Tax Rate (Col. (D), L30 / Col. (C), L24)				32.65%
CALCULATION OF INTEREST SYNCHRONIZATION:					
35	Rate Base (Sch. RLM-3, Col. (H), L13)			\$ (6,157,665)	
36	Weighted Avg. Cost Of Debt (Sch. RLM-11, Col. (F), L2)			2.44%	
37	Synchronized Interest (L35 X L36)			\$ (150,407)	

SURREBUTTAL
SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED OCRB/FVRB	(B) RUCO ADJUSTMENTS	(C) RUCO AS ADJUSTED OCRB/FVRB
1	Gross Utility Plant In Service	\$ 4,764,593	\$ -	\$ 4,764,593
2	Accumulated Depreciation	(952,778)	(34,410)	(987,188)
3	Net Utility Plant In Service (L1 + L2)	<u>\$ 3,811,815</u>	<u>\$ (34,410)</u>	<u>\$ 3,777,405</u>
4	Advances In Aid Of Const.	\$ (1,244,686)	\$ -	\$ (1,244,686)
5	Contribution In Aid Of Const.	\$ (73,118)	\$ (9,022,750)	\$ (9,095,868)
6	Accumulated Amortization Of CIAC	8,130	301,236	309,366
7	NET CIAC (L5 + L6)	<u>\$ (64,988)</u>	<u>\$ (8,721,514)</u>	<u>\$ (8,786,502)</u>
8	Customer Meter Deposits	\$ (11,537)	\$ -	\$ (11,537)
9	Deferred Income Taxes & Credits	\$ 107,655	\$ -	\$ 107,655
10	Unamortized Finance Charges	\$ -	\$ -	\$ -
11	Deferred Regulatory Assets	\$ -	\$ -	\$ -
12	Allowance For Working Capital	\$ -	\$ -	\$ -
13	TOTAL RATE BASE (Sum L's 3, 4, 7, 8 Thru 12)	<u>\$ 2,598,259</u>	<u>\$ (8,755,924)</u>	<u>\$ (6,157,665)</u>

References:

- Column (A): Company Schedule B-1
- Column (B): RLM-3, Columns (B) Thru (G)
- Column (C): Column (A) + Column (B)

**SURREBUTTAL
SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS**

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED OCRB/FVRB	(B) ADJ # 1 GROSS PLT & ACC DEP	(C) ADJ # 2 LEFT BLANK	(D) SURR ADJ # 3 RECLASSIFY ICFA AS CIAC	(E) RUCO ADJ'TED OCRB/FVRB
1	Gross Utility Plant In Service	\$ 4,764,593	\$ -	\$ -	\$ -	\$ 4,764,593
2	Accumulated Depreciation	(952,778)	(34,410)	-	-	(987,188)
3	Net Utility Plant In Service (L1 + L2)	<u>\$ 3,811,815</u>	<u>\$ (34,410)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,777,405</u>
4	Advances In Aid Of Const.	\$ (1,244,686)	\$ -	\$ -	\$ -	\$ (1,244,686)
5	Contribution In Aid Of Const.	\$ (73,118)	\$ -	\$ -	\$ (9,022,750)	\$ (9,095,868)
6	Accumulated Amortization Of CIAC	8,130	-	-	301,236	309,366
7	NET CIAC (L5 + L6)	<u>\$ (64,988)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,721,514)</u>	<u>\$ (8,786,502)</u>
8	Customer Meter Deposits	\$ (11,537)	\$ -	\$ -	\$ -	\$ (11,537)
9	Deferred Income Taxes & Credits	\$ 107,655	\$ -	\$ -	\$ -	\$ 107,655
10	Unamortized Finance Charges	\$ -	\$ -	\$ -	\$ -	\$ -
11	Deferred Regulatory Assets	\$ -	\$ -	\$ -	\$ -	\$ -
12	Allowance For Working Capital	\$ -	\$ -	\$ -	\$ -	\$ -
13	TOTAL RATE BASE (Sum L's 3, 4, 7, 8 Thru 12)	<u>\$ 2,598,259</u>	<u>\$ (34,410)</u>	<u>\$ -</u>	<u>\$ (8,721,514)</u>	<u>\$ (6,157,665)</u>

References:

- Column (A): Company Schedule B-1
- Column (B): Adjustment No. 1 - RUCO Adjustment To GPIS And Acc. Dep. (See Testimony, RLM and Schedule RLM-4)
- Column (C): Adjustment No. 2 - Intentionally Left Blank
- Column (D): Adjustment No. 3 - RUCO Adjustment To Reclassify ICFA's As CIAC (See Testimony, WAR)
- Column (E): Sum Of Columns (A) Thru (D)

**SURREBUTTAL
TEST YEAR PLANT SCHEDULES
PRIOR TEST YEAR ENDED DECEMBER 31, 1998**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PRIOR DECISION DEP. RATE	(B) TOTAL PLANT VALUE	(C) ACCUMULATED DEPRECIATION	(D) NET PLANT VALUE
1	301	Intangibles/Organization	0.00%	\$ 6,779	\$ -	\$ 6,779
2	302	Franchise Cost	0.00%	-	-	-
3	303	Land and Land Rights	0.00%	9,522	-	9,522
4	304	Structures and Improvements	5.00%	4,098	(2,159)	1,939
5	306	Lake, River and Other Intakes	5.00%	-	-	-
6	307	Wells and Springs	5.00%	106,759	(61,980)	44,779
7	309	Supply Mains	5.00%	-	-	-
8	310	Power Generation Equipment	5.00%	-	-	-
9	311	Pumping Equipment	5.00%	77,398	(29,844)	47,554
10	320	Water Treatment Equipment	5.00%	-	-	-
11	330	Dist. Reservoirs & Standpipes	5.00%	53,063	(28,325)	24,738
12	331	Trans. and Dist. Mains	5.00%	214,003	(137,951)	76,052
13	333	Services	5.00%	11,868	(2,344)	9,524
14	334	Meters and Meter Installations	5.00%	13,915	(5,196)	8,719
15	335	Hydrants	5.00%	-	-	-
16	336	Backflow Prevention Devices	5.00%	-	-	-
17	339	Other Plant and Misc. Equip.	5.00%	-	-	-
18	340	Office Furniture and Equipment	5.00%	-	-	-
19	341	Transportation Equipment	5.00%	-	-	-
20	343	Tools, Shop and Garage Equip.	5.00%	-	-	-
21	344	Laboratory Equipment	5.00%	-	-	-
22	345	Power Operated Equipment	5.00%	-	-	-
23	346	Communication Equipment	5.00%	-	-	-
24	347	Miscellaneous Equipment	5.00%	-	-	-
25	348	Other Tangible Plant	5.00%	300	23	323
					1	1
26		TOTAL WASTEWATER PLANT		<u>\$ 497,705</u>	<u>\$ (267,775)</u>	<u>\$ 229,930</u>
27		Company As Filed		<u>\$ 497,705</u>	<u>(267,775)</u>	<u>229,930</u>
28		Difference		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

References:
Columns (A) Thru (D): Company Workpapers

**SURREBUTTAL
TEST YEAR PLANT SCHEDULES - CONT'D
YEAR ENDED DECEMBER 31, 1999**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ADJUSTED PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
1	301	Intangibles/Organization	\$ -	\$ -	\$ -	\$ 6,779	\$ -	\$ 6,779
2	302	Franchise Cost	-	-	-	-	-	-
3	303	Land and Land Rights	-	-	-	9,522	-	9,522
4	304	Structures and Improvements	-	-	(205)	4,098	(2,364)	1,734
5	306	Lake, River and Other Intakes	-	-	-	-	-	-
6	307	Wells and Springs	-	-	(5,338)	106,759	(67,318)	39,441
7	309	Supply Mains	-	-	-	-	-	-
8	310	Power Generation Equipment	-	-	-	-	-	-
9	311	Pumping Equipment	3,849	-	(3,966)	81,247	(33,810)	47,437
10	320	Water Treatment Equipment	-	-	-	-	-	-
11	330	Dist. Reservoirs & Standpipes	2,140	-	(2,707)	55,203	(31,032)	24,171
12	331	Trans. and Dist. Mains	8,282	-	(10,907)	222,285	(148,858)	73,427
13	333	Services	-	-	(593)	11,868	(2,937)	8,931
14	334	Meters and Meter Installations	3,457	-	(782)	17,372	(5,978)	11,394
15	335	Hydrants	-	-	-	-	-	-
16	336	Backflow Prevention Devices	-	-	-	-	-	-
17	339	Other Plant and Misc. Equip.	-	-	-	-	-	-
18	340	Office Furniture and Equipment	-	-	-	-	-	-
19	341	Transportation Equipment	-	-	-	-	-	-
20	343	Tools, Shop and Garage Equip.	-	-	-	-	-	-
21	344	Laboratory Equipment	-	-	-	-	-	-
22	345	Power Operated Equipment	-	-	-	-	-	-
23	346	Communication Equipment	-	-	-	-	-	-
24	347	Miscellaneous Equipment	-	-	-	-	-	-
25	348	Other Tangible Plant	-	-	(15)	300	8	308
26	TOTAL WASTEWATER PLANT		<u>\$ 17,728</u>	<u>\$ -</u>	<u>\$ (24,513)</u>	<u>\$ 515,433</u>	<u>\$ (292,289)</u>	<u>\$ 223,144</u>
27	Company As Filed		<u>17,728</u>	<u>-</u>	<u>(24,513)</u>	<u>515,433</u>	<u>(277,727)</u>	<u>237,706</u>
28	Difference		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (14,562)</u>	<u>\$ (14,562)</u>

References:

- Columns (A) (B): Company Workpapers
- Column (C): [(Col. (A) + Col. (B)) X RLM-4, Page 1, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 1, Col. (B) X RLM-4, Page 1, Col. (A)]
- Column (D): Schedule RLM-4, Page 1, Column (B) + Column (A) + Column (B)
- Column (E): Schedule RLM-4, Page 1, Column (C) + Column (B) + Column (C)
- Column (F): Column (D) + Column (E)

**SURREBUTTAL
TEST YEAR PLANT SCHEDULES - CONT'D
YEAR ENDED DECEMBER 31, 2000**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ADJUSTED PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
1	301	Intangibles/Organization	\$ -	\$ (1,331)	\$ -	\$ 5,448	\$ 1,331	\$ 6,779
2	302	Franchise Cost	1,330	-	-	1,330	-	1,330
3	303	Land and Land Rights	-	-	-	9,522	-	9,522
4	304	Structures and Improvements	15,300	-	(587)	19,398	(2,951)	16,447
5	306	Lake, River and Other Intakes	-	-	-	-	-	-
6	307	Wells and Springs	14,375	-	(5,697)	121,134	(73,015)	48,119
7	309	Supply Mains	-	-	-	-	-	-
8	310	Power Generation Equipment	-	-	-	-	-	-
9	311	Pumping Equipment	54,810	-	(5,433)	136,057	(39,243)	96,814
10	320	Water Treatment Equipment	-	-	-	-	-	-
11	330	Dist. Reservoirs & Standpipes	113,184	-	(5,590)	168,387	(36,621)	131,766
12	331	Trans. and Dist. Mains	145,176	-	(14,744)	367,461	(163,602)	203,859
13	333	Services	22,339	-	(1,152)	34,207	(4,089)	30,118
14	334	Meters and Meter Installations	14	-	(869)	17,386	(6,847)	10,539
15	335	Hydrants	31,446	-	(786)	31,446	(786)	30,660
16	336	Backflow Prevention Devices	-	-	-	-	-	-
17	339	Other Plant and Misc. Equip.	-	-	-	-	-	-
18	340	Office Furniture and Equipment	-	-	-	-	-	-
19	341	Transportation Equipment	-	-	-	-	-	-
20	343	Tools, Shop and Garage Equip.	-	-	-	-	-	-
21	344	Laboratory Equipment	-	-	-	-	-	-
22	345	Power Operated Equipment	-	-	-	-	-	-
23	346	Communication Equipment	-	-	-	-	-	-
24	347	Miscellaneous Equipment	-	-	-	-	-	-
25	348	Other Tangible Plant	-	(300)	(8)	-	301	301
			1					
26		TOTAL WASTEWATER PLANT	<u>\$ 397,975</u>	<u>\$ (1,631)</u>	<u>\$ (34,865)</u>	<u>\$ 911,776</u>	<u>\$ (325,524)</u>	<u>\$ 586,252</u>
27		Company As Filed	<u>397,975</u>	<u>(1,631)</u>	<u>(34,865)</u>	<u>911,776</u>	<u>(312,592)</u>	<u>599,184</u>
28		Difference	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (12,932)</u>	<u>\$ (12,932)</u>

References:

- Columns (A) (B): Company Workpapers
- Column (C): [(Col. (A) + Col. (B)) X RLM-4, Page 1, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 2, Col. (D) X RLM-4, Page 1, Col. (A)]
- Column (D): Schedule RLM-4, Page 2, Column (D) + (Column (A) + Column (B))
- Column (E): Schedule RLM-4, Page 2, Column (E) + Column (B) + Column (C)
- Column (F): Column (D) + Column (E)

**SURREBUTTAL
TEST YEAR PLANT SCHEDULES - CONT'D
YEAR ENDED DECEMBER 31, 2001**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ADJUSTED PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
1	301	Intangibles/Organization	\$ -	\$ -	\$ -	\$ 5,448	\$ 1,331	\$ 6,779
2	302	Franchise Cost	-	-	-	1,330	-	1,330
3	303	Land and Land Rights	5,627	-	-	15,149	-	15,149
4	304	Structures and Improvements	-	-	(970)	19,398	(3,921)	15,477
5	306	Lake, River and Other Intakes	-	-	-	-	-	-
6	307	Wells and Springs	-	-	(6,057)	121,134	(79,072)	42,062
7	309	Supply Mains	-	-	-	-	-	-
8	310	Power Generation Equipment	-	-	-	-	-	-
9	311	Pumping Equipment	3,947	-	(6,902)	140,004	(46,144)	93,860
10	320	Water Treatment Equipment	332	-	(8)	332	(8)	324
11	330	Dist. Reservoirs & Standpipes	-	-	(8,419)	168,387	(45,041)	123,346
12	331	Trans. and Dist. Mains	279	-	(18,380)	367,740	(181,982)	185,758
13	333	Services	1,328	-	(1,744)	35,535	(5,833)	29,702
14	334	Meters and Meter Installations	9,582	-	(1,109)	26,968	(7,956)	19,012
15	335	Hydrants	591	-	(1,587)	32,037	(2,373)	29,664
16	336	Backflow Prevention Devices	-	-	-	-	-	-
17	339	Other Plant and Misc. Equip.	-	-	-	-	-	-
18	340	Office Furniture and Equipment	-	-	-	-	-	-
19	341	Transportation Equipment	-	-	-	-	-	-
20	343	Tools, Shop and Garage Equip.	-	-	-	-	-	-
21	344	Laboratory Equipment	-	-	-	-	-	-
22	345	Power Operated Equipment	-	-	-	-	-	-
23	346	Communication Equipment	-	-	-	-	-	-
24	347	Miscellaneous Equipment	-	-	-	-	-	-
25	348	Other Tangible Plant	-	-	-	-	301	301
						1	-	1
26		TOTAL WASTEWATER PLANT	<u>\$ 21,686</u>	<u>\$ -</u>	<u>\$ (45,175)</u>	<u>\$ 933,463</u>	<u>\$ (370,699)</u>	<u>\$ 562,764</u>
27		Company As Filed	21,686	-	(45,175)	933,463	(357,767)	575,696
28		Difference	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (12,932)</u>	<u>\$ (12,932)</u>

References:

- Columns (A) (B): Company Workpapers
- Column (C): [(Col. (A) + Col. (B)) X RLM-4, Page 1, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 3, Col. (D) X RLM-4, Page 1, Col. (A)]
- Column (D): Schedule RLM-4, Page 3, Column (D) + (Column (A) + Column (B))
- Column (E): Schedule RLM-4, Page 3, Column (E) + Column (B) + Column (C)
- Column (F): Column (D) + Column (E)

SURREBUTTAL
TEST YEAR PLANT SCHEDULES - CONT'D
YEAR ENDED DECEMBER 31, 2002

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ADJUSTED PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
1	301	Intangibles/Organization	\$ -	\$ -	\$ -	\$ 5,448	\$ 1,331	\$ 6,779
2	302	Franchise Cost	-	-	-	1,330	-	1,330
3	303	Land and Land Rights	7,784	-	-	22,933	-	22,933
4	304	Structures and Improvements	-	-	(970)	19,398	(4,891)	14,507
5	306	Lake, River and Other Intakes	-	-	-	-	-	-
6	307	Wells and Springs	162	-	(6,061)	121,296	(85,133)	36,163
7	309	Supply Mains	-	-	-	-	-	-
8	310	Power Generation Equipment	-	-	-	-	-	-
9	311	Pumping Equipment	14,098	-	(7,353)	154,102	(53,497)	100,605
10	320	Water Treatment Equipment	-	-	(17)	332	(25)	307
11	330	Dist. Reservoirs & Standpipes	345	-	(8,428)	168,732	(53,469)	115,263
12	331	Trans. and Dist. Mains	3,461	-	(18,474)	371,201	(200,455)	170,746
13	333	Services	-	-	(1,777)	35,535	(7,610)	27,925
14	334	Meters and Meter Installations	2,011	-	(1,399)	28,979	(9,355)	19,624
15	335	Hydrants	-	-	(1,602)	32,037	(3,975)	28,062
16	336	Backflow Prevention Devices	-	-	-	-	-	-
17	339	Other Plant and Misc. Equip.	-	-	-	-	-	-
18	340	Office Furniture and Equipment	-	-	-	-	-	-
19	341	Transportation Equipment	-	-	-	-	-	-
20	343	Tools, Shop and Garage Equip.	-	-	-	-	-	-
21	344	Laboratory Equipment	-	-	-	-	-	-
22	345	Power Operated Equipment	-	-	-	-	-	-
23	346	Communication Equipment	-	-	-	-	-	-
24	347	Miscellaneous Equipment	-	-	-	-	-	-
25	348	Other Tangible Plant	-	-	-	-	301	301
26	TOTAL WASTEWATER PLANT		<u>\$ 27,861</u>	<u>\$ -</u>	<u>\$ (46,079)</u>	<u>\$ 961,323</u>	<u>\$ (416,778)</u>	<u>\$ 544,545</u>
27	Company As Filed		<u>27,861</u>	<u>-</u>	<u>(46,079)</u>	<u>961,323</u>	<u>(403,846)</u>	<u>557,477</u>
28	Difference		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (12,932)</u>	<u>\$ (12,932)</u>

References:

- Columns (A) (B): Company Workpapers
- Column (C): [(Col. (A) + Col. (B)) X RLM-4, Page 1, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 4, Col. (D) X RLM-4, Page 1, Col. (A)]
- Column (D): Schedule RLM-4, Page 4, Column (D) + (Column (A) + Column (B))
- Column (E): Schedule RLM-4, Page 4, Column (E) + Column (B) + Column (C)
- Column (F): Column (D) + Column (E)

**SURREBUTTAL
TEST YEAR PLANT SCHEDULES - CONT'D
YEAR ENDED DECEMBER 31, 2003**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ADJUSTED PLANT ADDIT'NS	(B) PLANT RETIRMTS	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
1	301	Intangibles/Organization	\$ -	\$ -	\$ -	\$ 5,448	\$ 1,331	\$ 6,779
2	302	Franchise Cost	-	-	-	1,330	-	1,330
3	303	Land and Land Rights	-	-	-	22,933	-	22,933
4	304	Structures and Improvements	-	-	(970)	19,398	(5,861)	13,537
5	306	Lake, River and Other Intakes	-	-	-	-	-	-
6	307	Wells and Springs	-	-	(6,065)	121,296	(91,198)	30,098
7	309	Supply Mains	-	-	-	-	-	-
8	310	Power Generation Equipment	-	-	-	-	-	-
9	311	Pumping Equipment	5,804	-	(7,850)	159,906	(61,347)	98,559
10	320	Water Treatment Equipment	714	-	(34)	1,046	(59)	987
11	330	Dist. Reservoirs & Standpipes	-	-	(8,437)	168,732	(61,905)	106,827
12	331	Trans. and Dist. Mains	3,751	-	(18,654)	374,952	(219,109)	155,843
13	333	Services	1,517	-	(1,815)	37,052	(9,424)	27,628
14	334	Meters and Meter Installations	970	-	(1,473)	29,949	(10,828)	19,121
15	335	Hydrants	5,270	-	(1,734)	37,307	(5,709)	31,598
16	336	Backflow Prevention Devices	-	-	-	-	-	-
17	339	Other Plant and Misc. Equip.	-	-	-	-	-	-
18	340	Office Furniture and Equipment	-	-	-	-	-	-
19	341	Transportation Equipment	-	-	-	-	-	-
20	343	Tools, Shop and Garage Equip.	-	-	-	-	-	-
21	344	Laboratory Equipment	-	-	-	-	-	-
22	345	Power Operated Equipment	-	-	-	-	-	-
23	346	Communication Equipment	-	-	-	-	-	-
24	347	Miscellaneous Equipment	-	-	-	-	-	-
25	348	Other Tangible Plant	-	-	-	-	301	301
			1			1		1
26		TOTAL WASTEWATER PLANT	<u>\$ 18,027</u>	<u>\$ -</u>	<u>\$ (47,031)</u>	<u>\$ 979,350</u>	<u>\$ (463,809)</u>	<u>\$ 515,541</u>
27		Company As Filed	<u>18,027</u>	<u>-</u>	<u>(47,031)</u>	<u>979,350</u>	<u>(450,877)</u>	<u>528,473</u>
28		Difference	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (12,932)</u>	<u>\$ (12,932)</u>

References:

- Columns (A) (B): Company Workpapers
- Column (C): [(Col. (A) + Col. (B)) X RLM-4, Page 1, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 5, Col. (D) X RLM-4, Page 1, Col. (A)]
- Column (D): Schedule RLM-4, Page 5, Column (D) + (Column (A) + Column (B))
- Column (E): Schedule RLM-4, Page 5, Column (E) + Column (B) + Column (C)
- Column (F): Column (D) + Column (E)

SURREBUTTAL
TEST YEAR PLANT SCHEDULES - CONT'D
YEAR ENDED DECEMBER 31, 2004

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ADJUSTED PLANT ADDIT'NS	(B) PLANT RETIRMTS	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
1	301	Intangibles/Organization	\$ -	\$ -	\$ -	\$ 5,448	\$ 1,331	\$ 6,779
2	302	Franchise Cost	-	-	-	1,330	-	1,330
3	303	Land and Land Rights	16,333	-	-	39,266	-	39,266
4	304	Structures and Improvements	4,276	-	(1,077)	23,674	(6,938)	16,736
5	306	Lake, River and Other Intakes	-	-	-	-	-	-
6	307	Wells and Springs	25,153	-	(6,694)	146,449	(97,891)	48,558
7	309	Supply Mains	-	-	-	-	-	-
8	310	Power Generation Equipment	-	-	-	-	-	-
9	311	Pumping Equipment	34,550	-	(8,859)	194,456	(70,206)	124,250
10	320	Water Treatment Equipment	58,819	-	(1,523)	59,865	(1,582)	58,283
11	330	Dist. Reservoirs & Standpipes	-	-	(8,437)	168,732	(70,342)	98,390
12	331	Trans. and Dist. Mains	98,463	-	(21,209)	473,415	(240,318)	233,097
13	333	Services	-	-	(1,853)	37,052	(11,277)	25,775
14	334	Meters and Meter Installations	2,119	-	(1,550)	32,068	(12,378)	19,690
15	335	Hydrants	-	-	(1,865)	37,307	(7,574)	29,733
16	336	Backflow Prevention Devices	-	-	-	-	-	-
17	339	Other Plant and Misc. Equip.	-	-	-	-	-	-
18	340	Office Furniture and Equipment	-	-	-	-	-	-
19	341	Transportation Equipment	-	-	-	-	-	-
20	343	Tools, Shop and Garage Equip.	-	-	-	-	-	-
21	344	Laboratory Equipment	-	-	-	-	-	-
22	345	Power Operated Equipment	-	-	-	-	-	-
23	346	Communication Equipment	-	-	-	-	-	-
24	347	Miscellaneous Equipment	-	-	-	-	-	-
25	348	Other Tangible Plant	-	-	-	-	301	301
						1	(1)	
26		TOTAL WASTEWATER PLANT	<u>\$ 239,713</u>	<u>\$ -</u>	<u>\$ (53,066)</u>	<u>\$ 1,219,063</u>	<u>\$ (516,876)</u>	<u>\$ 702,187</u>
27		Company As Filed	239,713	-	(53,066)	1,219,063	(503,944)	715,119
28		Difference	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (12,932)</u>	<u>\$ (12,932)</u>

References:

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- Column (D): Schedule RLM-4, Page 6, Column (D) + (Column (A) + Column (B))
- Column (E): Schedule RLM-4, Page 6, Column (E) + Column (B) + Column (C)
- Column (F): Column (D) + Column (E)

SURREBUTTAL
TEST YEAR PLANT SCHEDULES - CONT'D
YEAR ENDED DECEMBER 31, 2005

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A)	(B)	(C)	(D)	(E)	(F)
			ADJUSTED PLANT ADDIT'NS	PLANT RETIRMTS	DEP. EXP.	TOTAL PLANT VALUE	ACCUM. DEP.	NET PLANT VALUE
1	301	Intangibles/Organization	\$ -	\$ -	\$ -	\$ 5,448	\$ 1,331	\$ 6,779
2	302	Franchise Cost	-	-	-	1,330	-	1,330
3	303	Land and Land Rights	34,254	-	-	73,520	-	73,520
4	304	Structures and Improvements	-	-	(1,184)	23,674	(8,122)	15,553
5	306	Lake, River and Other Intakes	-	-	-	-	-	-
6	307	Wells and Springs	2,224	-	(7,378)	148,673	(105,269)	43,404
7	309	Supply Mains	-	-	-	-	-	-
8	310	Power Generation Equipment	-	-	-	-	-	-
9	311	Pumping Equipment	27,235	-	(10,404)	221,691	(80,610)	141,081
10	320	Water Treatment Equipment	162	-	(2,997)	60,027	(4,579)	55,448
11	330	Dist. Reservoirs & Standpipes	5,672	-	(8,578)	174,404	(78,920)	95,484
12	331	Trans. and Dist. Mains	5,198	-	(23,801)	478,613	(264,119)	214,494
13	333	Services	347	-	(1,861)	37,399	(13,138)	24,261
14	334	Meters and Meter Installations	4,999	-	(1,728)	37,067	(14,107)	22,960
15	335	Hydrants	605	-	(1,880)	37,912	(9,455)	28,458
16	336	Backflow Prevention Devices	-	-	-	-	-	-
17	339	Other Plant and Misc. Equip.	-	-	-	-	-	-
18	340	Office Furniture and Equipment	-	-	-	-	-	-
19	341	Transportation Equipment	-	-	-	-	-	-
20	343	Tools, Shop and Garage Equip.	-	-	-	-	-	-
21	344	Laboratory Equipment	-	-	-	-	-	-
22	345	Power Operated Equipment	-	-	-	-	-	-
23	346	Communication Equipment	-	-	-	-	-	-
24	347	Miscellaneous Equipment	-	-	-	-	-	-
25	348	Other Tangible Plant	-	-	-	-	301	301
26	TOTAL WASTEWATER PLANT		<u>\$ 80,696</u>	<u>\$ -</u>	<u>\$ (59,812)</u>	<u>\$ 1,299,759</u>	<u>\$ (576,688)</u>	<u>\$ 723,071</u>
27	Company As Filed		<u>80,696</u>	<u>-</u>	<u>(59,812)</u>	<u>1,299,759</u>	<u>(563,756)</u>	<u>736,003</u>
28	Difference		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (12,932)</u>	<u>\$ (12,932)</u>

References:

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- Column (D): Schedule RLM-4, Page 7, Column (D) + (Column (A) + Column (B))
- Column (E): Schedule RLM-4, Page 7, Column (E) + Column (B) + Column (C)
- Column (F): Column (D) + Column (E)

SURREBUTTAL
TEST YEAR PLANT SCHEDULES - CONT'D
YEAR ENDED DECEMBER 31, 2006

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ADJUSTED PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
1	301	Intangibles/Organization	\$ -	\$ (5,448)	\$ -	\$ -	\$ 6,779	\$ 6,779
2	302	Franchise Cost	-	(1,330)	-	-	1,330	1,330
3	303	Land and Land Rights	-	(6,869)	-	66,651	6,869	73,520
4	304	Structures and Improvements	13,420	-	(1,519)	37,094	(9,641)	27,453
5	306	Lake, River and Other Intakes	-	-	-	-	-	-
6	307	Wells and Springs	3,020	-	(7,509)	151,693	(112,778)	38,915
7	309	Supply Mains	-	-	-	-	-	-
8	310	Power Generation Equipment	-	-	-	-	-	-
9	311	Pumping Equipment	21,255	-	(11,616)	242,946	(92,226)	150,720
10	320	Water Treatment Equipment	26,367	-	(3,661)	86,394	(8,240)	78,154
11	330	Dist. Reservoirs & Standpipes	957	-	(8,744)	175,361	(87,664)	87,697
12	331	Trans. and Dist. Mains	8,747	-	(24,149)	487,360	(288,268)	199,092
13	333	Services	982	-	(1,895)	38,381	(15,033)	23,348
14	334	Meters and Meter Installations	9,994	-	(2,103)	47,061	(16,210)	30,851
15	335	Hydrants	298	-	(1,903)	38,210	(11,358)	26,852
16	336	Backflow Prevention Devices	5,432	-	(136)	5,432	(136)	5,296
17	339	Other Plant and Misc. Equip.	154	-	(4)	154	(4)	150
18	340	Office Furniture and Equipment	-	-	-	-	-	-
19	341	Transportation Equipment	-	-	-	-	-	-
20	343	Tools, Shop and Garage Equip.	706	-	(18)	706	(18)	688
21	344	Laboratory Equipment	-	-	-	-	-	-
22	345	Power Operated Equipment	838	-	(21)	838	(21)	817
23	346	Communication Equipment	-	-	-	-	-	-
24	347	Miscellaneous Equipment	5,087	-	(127)	5,087	(127)	4,960
25	348	Other Tangible Plant	-	-	-	-	301	301
			1			2		2
26		TOTAL WASTEWATER PLANT	<u>\$ 97,258</u>	<u>\$ (13,647)</u>	<u>\$ (63,404)</u>	<u>\$ 1,383,370</u>	<u>\$ (626,445)</u>	<u>\$ 756,925</u>
27		Company As Filed	<u>97,258</u>	<u>(13,647)</u>	<u>(63,404)</u>	<u>1,383,370</u>	<u>(627,160)</u>	<u>756,210</u>
28		Difference	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 715</u>	<u>\$ 715</u>

References:

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- Column (D): Schedule RLM-4, Page 8, Column (D) + (Column (A) + Column (B))
- Column (E): Schedule RLM-4, Page 8, Column (E) + Column (B) + Column (C)
- Column (F): Column (D) + Column (E)

**SURREBUTTAL
TEST YEAR PLANT SCHEDULES - CONT'D
YEAR ENDED DECEMBER 31, 2007**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ADJUSTED PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
1	301	Intangibles/Organization	\$ -	\$ -	\$ -	\$ -	\$ 6,779	\$ 6,779
2	302	Franchise Cost	-	-	-	-	1,330	1,330
3	303	Land and Land Rights	-	-	-	66,651	6,869	73,520
4	304	Structures and Improvements	1,360	-	(1,889)	38,454	(11,529)	26,925
5	306	Lake, River and Other Intakes	-	-	-	-	-	-
6	307	Wells and Springs	147,908	-	(11,282)	299,601	(124,061)	175,540
7	309	Supply Mains	-	-	-	-	-	-
8	310	Power Generation Equipment	-	-	-	-	-	-
9	311	Pumping Equipment	1,335,243	-	(45,528)	1,578,189	(137,754)	1,440,435
10	320	Water Treatment Equipment	792,335	-	(24,128)	878,729	(32,368)	846,361
11	330	Dist. Reservoirs & Standpipes	4,960	-	(8,892)	180,321	(96,557)	83,765
12	331	Trans. and Dist. Mains	378,306	-	(33,826)	865,666	(322,094)	543,572
13	333	Services	1,461	-	(1,956)	39,842	(16,988)	22,854
14	334	Meters and Meter Installations	7,722	-	(2,546)	54,783	(18,756)	36,027
15	335	Hydrants	176	-	(1,915)	38,386	(13,272)	25,114
16	336	Backflow Prevention Devices	462	-	(283)	5,894	(419)	5,475
17	339	Other Plant and Misc. Equip.	2,548	-	(71)	2,702	(75)	2,627
18	340	Office Furniture and Equipment	-	-	-	-	-	-
19	341	Transportation Equipment	32,617	-	(815)	32,617	(815)	31,802
20	343	Tools, Shop and Garage Equip.	12	-	(36)	718	(53)	665
21	344	Laboratory Equipment	663	-	(17)	663	(17)	646
22	345	Power Operated Equipment	-	-	(42)	838	(63)	775
23	346	Communication Equipment	10,484	-	(262)	10,484	(262)	10,222
24	347	Miscellaneous Equipment	-	-	(254)	5,087	(382)	4,705
25	348	Other Tangible Plant	2,290	-	(57)	2,290	243	2,533
		(2)						
26		TOTAL WASTEWATER PLANT	<u>\$ 2,718,545</u>	<u>\$ -</u>	<u>\$ (133,800)</u>	<u>\$ 4,101,915</u>	<u>\$ (760,244)</u>	<u>\$ 3,341,671</u>
27		Company As Filed	<u>2,718,545</u>	<u>-</u>	<u>(120,514)</u>	<u>4,101,915</u>	<u>(747,674)</u>	<u>3,354,241</u>
28		Difference	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (13,286)</u>	<u>\$ -</u>	<u>\$ (12,570)</u>	<u>\$ (12,570)</u>

References:

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- Column (C): [(Col. (A) + Col. (B)) X RLM-4, Page 1, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 9, Col. (D) X RLM-4, Page 1, Col. (A)]
- Column (D): Schedule RLM-4, Page 9, Column (D) + (Column (A) + Column (B))
- Column (E): Schedule RLM-4, Page 9, Column (E) + Column (B) + Column (C)
- Column (F): Column (D) + Column (E)

**SURREBUTTAL
TEST YEAR PLANT SCHEDULES - CONT'D
YEAR ENDED DECEMBER 31, 2008**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ADJUSTED PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
1	301	Intangibles/Organization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	302	Franchise Cost	-	-	-	-	-	-
3	303	Land and Land Rights	-	-	-	66,651	6,869	73,520
4	304	Structures and Improvements	8,250	-	(2,129)	46,704	(13,658)	33,046
5	306	Lake, River and Other Intakes	-	-	-	-	-	-
6	307	Wells and Springs	-	-	(14,980)	299,601	(139,041)	160,560
7	309	Supply Mains	-	-	-	-	-	-
8	310	Power Generation Equipment	-	-	-	-	-	-
9	311	Pumping Equipment	60,309	-	(80,417)	1,638,498	(218,171)	1,420,327
10	320	Water Treatment Equipment	470,156	-	(55,690)	1,348,885	(88,058)	1,260,827
11	330	Dist. Reservoirs & Standpipes	30	-	(9,017)	180,351	(105,573)	74,778
12	331	Trans. and Dist. Mains	14,612	-	(43,649)	880,278	(365,743)	514,535
13	333	Services	514	-	(2,005)	40,356	(18,993)	21,363
14	334	Meters and Meter Installations	2,364	-	(2,798)	57,147	(21,554)	35,593
15	335	Hydrants	-	-	(1,919)	38,386	(15,192)	23,194
16	336	Backflow Prevention Devices	-	-	(295)	5,894	(714)	5,180
17	339	Other Plant and Misc. Equip.	841	-	(156)	3,543	(231)	3,312
18	340	Office Furniture and Equipment	-	-	-	-	-	-
19	341	Transportation Equipment	-	-	(1,631)	32,617	(2,446)	30,171
20	343	Tools, Shop and Garage Equip.	405	-	(46)	1,123	(99)	1,024
21	344	Laboratory Equipment	-	-	(33)	663	(50)	613
22	345	Power Operated Equipment	-	-	(42)	838	(105)	733
23	346	Communication Equipment	1,924	-	(572)	12,408	(834)	11,574
24	347	Miscellaneous Equipment	349	-	(263)	5,436	(645)	4,791
25	348	Other Tangible Plant	102,924	-	(2,688)	105,214	(2,444)	102,770
26	TOTAL WASTEWATER PLANT		<u>\$ 662,678</u>	<u>\$ -</u>	<u>\$ (218,330)</u>	<u>\$ 4,764,593</u>	<u>\$ (986,683)</u>	<u>\$ 3,777,910</u>
27	Company As Filed		<u>662,678</u>	<u>-</u>	<u>(204,599)</u>	<u>4,764,593</u>	<u>(952,273)</u>	<u>3,812,320</u>
28	Difference		<u>\$ -</u>	<u>\$ -</u>	<u>\$ (13,731)</u>	<u>\$ -</u>	<u>\$ (34,410)</u>	<u>\$ (34,410)</u>
29	RUCO Adjustment (Line 28) (See RLM-3, Column (B), Line 3)						<u>\$ (34,410)</u>	

References:

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- Column (D): Schedule RLM-4, Page 7, Column (D) + (Column (A) + Column (B))
- Column (E): Schedule RLM-4, Page 7, Column (E) + Column (B) + Column (C)
- Column (F): Column (D) + Column (E)

Global Utilities
Docket No. SW-02445A-09-0077 ET AL
Test Year Ended December 31, 2008

Water Utility of Greater Tonopah, Inc.
Schedule SURR RLM-5
Page 1 of 1

SURREBUTTAL
RUCO MADE NO POST TEST YEAR PLANT ADJUSTMENTS

**SURREBUTTAL
OPERATING INCOME**

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) RUCO TEST YEAR ADJMTS	(C) RUCO TEST YEAR AS ADJ'TED	(D) RUCO PROP'D CHANGES	(E) RUCO AS RECOMM'D
Revenues:						
1	Metered Water Sales	\$ 250,201	\$ -	\$ 250,201	\$ 74,324	\$ 324,525
2	Water Sales - Unmetered	-	-	-	-	-
3	Other Operating Revenue	9,103	-	9,103	5,875	14,978
4	TOTAL OPERATING REVENUE	\$ 259,304	\$ -	\$ 259,304	\$ 80,199	\$ 339,503
Operating Expenses:						
5	Salary and Wages - Employees	\$ 48,385	(4,629)	\$ 43,756	\$ -	\$ 43,756
6	Employee Pensions and Benefits	10,309	-	10,309	-	10,309
7	Purchased Water	-	-	-	-	-
8	Purchased Power	16,192	-	16,192	-	16,192
9	Fuel for Power Production	-	-	-	-	-
10	Chemicals	31,128	-	31,128	-	31,128
11	Materials and Supplies	12,609	-	12,609	-	12,609
12	Materials and Supplies	10,278	-	10,278	-	10,278
13	Contractual Services - Testing	-	-	-	-	-
14	Contractual Services - Other	11,006	-	11,006	-	11,006
15	Rental of Building/Real Property	34,683	-	34,683	-	34,683
16	Rental of Equipment	2,075	-	2,075	-	2,075
17	Transportation Expenses	732	-	732	-	732
18	Insurance - General Liability	6,965	-	6,965	-	6,965
19	Insurance - Other	1,167	-	1,167	-	1,167
20	Advertising Expense	216	-	216	-	216
21	Rate Case Expense	-	-	-	-	-
22	Bad Debt Expense	1,333	(142)	1,191	-	1,191
23	Miscellaneous Expenses	2,593	-	2,593	-	2,593
24	Depreciation Expense	4,474	(301,236)	(296,762)	-	(296,762)
25	Taxes Other Than Income	307,538	-	307,538	-	307,538
26	Property Taxes	8,614	1,701	10,315	-	10,315
27	Other Taxes and Licenses	344	-	344	-	344
28	Income Taxes	(97,968)	173,916	75,948	29,949	105,898
29	TOTAL OPERATING EXPENSES	\$ 412,673	\$ (130,389)	\$ 282,284	\$ 29,949	\$ 312,233
30	OPERATING INCOME (LOSS)	\$ (153,369)		\$ (22,980)		\$ 27,270

References:

- Column (A): Company Schedule C-1
- Column (B): RLM-7, Columns (B) Thru (K)
- Column (C): Column (A) + Column (B)
- Column (D): Revenue From RLM-1, Column (B), Line 8 And Income Tax From RLM-1, Column (B), Line 8 - Line 6
- Column (E): Column (C) + Column (D)

SUMMARY OF OPERATING INCOME ADJUSTMENTS
TEST YEAR AS FILED AND ADJUSTMENTS

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) ADJ #1 PROPERTY TAX	(C) ADJ #2 CAGRD	(D) ADJ #3 LEFT BLANK	(E) ADJ #4 LEFT BLANK	(F) ADJ #5 MAG'MENT FEES	(G) ADJ #6 SURR ADJ #6 BAD DEBT EXPENSE	(H) ADJ #7 SURR ADJ #7 DEPRECIATION EXPENSE	(I) ADJ #8 INCOME TAX	(J) RUCO AS ADJTD
Revenues:											
1	Metered Water Sales	\$ 250,201									\$ 250,201
2	Other Operating Revenue										
3	Water Sales - Unmetered	9,103									9,103
4	TOTAL OPR'G REV.	\$ 259,304									\$ 259,304
Operating Expenses:											
5	Salary and Wages - Employees	\$ 48,385					\$ (4,629)				\$ 43,756
6	Employee Pensions and Benefits	10,309									10,309
7	Purchased Water										
8	Fuel for Power Production	16,192									16,192
9	Chemicals										
10	Materials and Supplies	31,128									31,128
11	Materials and Supplies	12,609									12,609
12	Materials and Supplies	10,278									10,278
13	Contractual Services - Testing										
14	Contractual Services - Other	11,006									11,006
15	Rental of Building/Real Property	34,683									34,683
16	Rental of Equipment	2,075									2,075
17	Transportation Expenses	732									732
18	Insurance - General Liability	6,965									6,965
19	Insurance - Other	1,167									1,167
20	Advertising Expense	216									216
21	Rate Case Expense										
22	Bad Debt Expense	1,333					(142)				1,191
23	Miscellaneous Expenses	2,593									2,593
24	Depreciation Expense	4,474						(301,236)			(296,762)
25	Taxes Other Than Income	307,538									307,538
26	Property Taxes	8,614	1,701								10,315
27	Other Taxes and Licenses	344									344
28	Income Taxes	(97,968)								173,916	75,948
29	TOTAL OPR'G EXP.	\$ 412,673	\$ 1,701				\$ (4,629)	\$ (142)	\$ (301,236)	\$ 173,916	\$ 282,284
30	OPR'G INC. (LOSS)	\$ (153,369)									\$ (22,980)

References:

- Column (A): Company Schedule C-1
- Column (B): Testimony, RLM And Schedule RLM-8
- Column (C): Testimony, RLM
- Column (D): Testimony, RLM
- Column (E): Testimony, RLM
- Column (F): Testimony, RLM
- Column (G): Testimony, RLM
- Column (H): Testimony, RLM And Schedule RLM-9
- Column (I): Testimony, RLM
- Column (J): Sum Of Columns (A) Thru (I)

EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 1
PROPERTY TAX COMPUTATION

LINE NO.	DESCRIPTION	REFERENCE	(A)	(B)
Calculation Of The Company's Full Cash Value:				
Annual Operating Revenues:				
1	Adjusted Revenues In Year Ended Dec. 2008	Sch. RLM-6, Col (C), Ln 4	\$ 259,304	
2	Adjusted Revenues In Year Ended Dec. 2008	Sch. RLM-6, Col (C), Ln 4	259,304	
3	Proposed Revenues	Sch. RLM-6, Col (E), Ln 4	339,503	
4	Total Three Year Operating Revenues	Sum Of Lines 1, 2 & 3	\$ 858,111	
5	Average Annual Operating Revenues	Line 4 / 3	286,037	
6	Two Times 3-Year Average Operating Revenues	Line 5 X 2		\$ 572,074
ADD:				
10% Of Construction Work In Progress ("CWIP"):				
7	Test Year CWIP	Co. Sch. E-1	\$ 129,694	
8	10% Of CWIP	Line 7 X 10%		\$ 12,969
SUBTRACT:				
Transportation At Book Value:				
9	Original Cost Of Transportation Equipment	RLM-4, Pg 13, Col. (D), Ln 19	\$ -	
10	Acc. Dep. Of Transportation Equipment	RLM-4, Pg 13, Col. (E), Ln 19	-	
11	Book Value Of Transportation Equipment	Line 9 + Line 10		\$ -
12	Company's Full Cash Value ("FCV")	Sum Of Lines 6, 8 & 11		\$ 585,043
Calculation Of The Company's Tax Liability:				
MULTIPLY:				
FCV X Valuation Assessment Ratio X Property Tax Rates:				
13	Assessment Ratio For 2010	House Bill 2779	21.0%	
14	Assessed Value	Line 12 X Line 13	\$ 122,859	
Property Tax Rates:				
15	Primary Tax Rate - 2008 Tax Notice	RUCO Data Req. 1.29	1.3848%	
16	Secondary Tax Rate - 2008 Tax Notice	RUCO Data Req. 1.29	0.0000%	
17	Estimated Tax Rate Liability	Line 15 + Line 16	1.38%	
18	Co.'s Total Tax Liability - Based On Full Cash Value	Line 14 X Line 17		\$ 1,701
19	Test Year Adjusted Property Tax Expense As Filing	Co. Sch. C-1, Line 29		-
20	Increase In Property Tax Expense	Line 18 - Line 19		\$ 1,701
21	RUCO Adjustment (See RLM-7, Col. (B), Line 26)	Line 20		\$ 1,701

**EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 3
INCOME TAX EXPENSE**

LINE NO.	DESCRIPTION	(A) REFERENCE	(B) AMOUNT
FEDERAL INCOME TAXES:			
1	Operating Income Before Taxes	Sch. RLM-6, Column (C), L26 + L24	\$ 52,969
LESS:			
2	Arizona State Tax	Line 11	(14,171)
3	Interest Expense	Note (A) Line 20	150,407
4	Federal Taxable Income	Line 1 - Line 2 - Line 3	\$ 189,205
5	Federal Tax Rate	Sch. RLM-1, Pg 2, Col. (D), L34	32.65%
6	Federal Income Tax Expense	Line 4 X line 5	\$ 61,777
STATE INCOME TAXES:			
7	Operating Income Before Taxes	Line 1	\$ 52,969
LESS:			
8	Interest Expense	Note (A) Line 20	150,407
9	State Taxable Income	Line 7 - Line 8	\$ 203,376
10	State Tax Rate	Tax Rate	6.97%
11	State Income Tax Expense	Line 9 X Line 10	\$ 14,171
TOTAL INCOME TAX EXPENSE:			
12	Federal Income Tax Expense	Line 6	\$ 61,777
13	State Income Tax Expense	Line 11	14,171
14	Total Income Tax Expense Per RUCO	Line 12 + Line 13	\$ 75,948
15	Total Income Tax Expense Per Company (Per Company Sch. C-1)		(97,968)
16	Total Income Tax Adjustment	Line 14 - Line 15	\$ 173,916
17	RUCO Adjustment (See Sch. RLM-7, Column (I), L28)	Line 16	\$ 173,916

NOTE (A):

Interest Synchronization:		
18	Adjusted Rate Base (Sch. RLM-3, Col. (E), L13)	\$ (6,157,665)
19	Weighted Cost Of Debt (Sch. RLM-11, Col. (F), L2)	2.44%
20	Interest Expense (L17 X L18)	\$ (150,407)

**SURREBUTTAL
COST OF CAPITAL**

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) RUCO ADJUSTMENTS	(C) RUCO AS ADJUSTED	(D) CAPITAL RATIO	(E) COST	(F) WEIGHTED COST RATE
1	Short-term Debt	\$ -	\$ -	\$ -	0.00%	0.00%	
2	Long-term Debt	\$ 118,466,992	\$ -	\$ 118,466,992	37.89%	6.45%	2.44%
3	Common Equity	\$ 194,182,956	\$ -	\$ 194,182,956	62.11%	9.00%	5.59%
4	TOTAL CAPITAL	<u>\$ 312,649,948</u>	<u>\$ -</u>	<u>\$ 312,649,948</u>	<u>100.00%</u>		
5	COST OF CAPITAL						<u>8.03%</u>

References:
Columns (A) Thru (F): Testimony, WAR

SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
		TEST YEAR ADJUSTED DETERMINANTS	PROPOSED CHARGES & USAGE FEES	PROPOSED REVENUES	TOTAL REVENUES
RESIDENTIAL CUSTOMERS					
1	5/8" X 3/4" Meter	3,600	\$ 25.95	\$ 93,426	\$ 93,426
	Commodity Usage (In Thousands Of Gallons)				
2	First Tier -Breakover @ 1,000 Gals.	2,902	\$ 0.3460	\$ 1,004	
3	Second Tier - Breakover @ 5,000 Gals.	9,897	\$ 1.7336	\$ 17,158	
4	Third Tier - Breakover @ 10,000 Gals.	6,626	\$ 5.6471	\$ 37,420	
5	Fourth Tier - Breakover @ 18,000 Gals.	3,987	\$ 6.7751	\$ 27,013	
6	Fifth Tier - Breakover @ 25,000 Gals.	1,351	\$ 8.1315	\$ 10,983	
7	Sixth Tier - Over 25,000 Gals.	1,733	\$ 10.3599	\$ 17,952	
8	Total Commodity Usage And Revenue	26,496			\$ 111,531
9	3/4" Meter	48	\$ 25.95	\$ 1,246	\$ 1,246
	Commodity Usage (In Thousands Of Gallons)				
10	First Tier -Breakover @ 1,000 Gals.	48	\$ 0.3460	\$ 17	
11	Second Tier - Breakover @ 5,000 Gals.	162	\$ 1.7336	\$ 281	
12	Third Tier - Breakover @ 10,000 Gals.	118	\$ 5.6471	\$ 666	
13	Fourth Tier - Breakover @ 18,000 Gals.	53	\$ 6.7751	\$ 359	
14	Fifth Tier - Breakover @ 25,000 Gals.	3	\$ 8.1315	\$ 24	
15	Sixth Tier - Over 25,000 Gals.	-	\$ 10.3599	\$ -	
16	Total Commodity Usage And Revenue	384			\$ 1,347
17	1" Meter	120	\$ 64.88	\$ 7,785	\$ 7,785
	Commodity Usage (In Thousands Of Gallons)				
18	First Tier -Breakover @ 1,000 Gals.	93	\$ 0.3460	\$ 32	
19	Second Tier - Breakover @ 5,000 Gals.	247	\$ 1.7336	\$ 428	
20	Third Tier - Breakover @ 10,000 Gals.	183	\$ 5.6471	\$ 1,033	
21	Fourth Tier - Breakover @ 18,000 Gals.	120	\$ 6.7751	\$ 813	
22	Fifth Tier - Breakover @ 25,000 Gals.	65	\$ 8.1315	\$ 529	
23	Sixth Tier - Over 25,000 Gals.	128	\$ 10.3599	\$ 1,330	
24	Total Commodity Usage And Revenue	836			\$ 4,165
25	1.5" Meter	3	\$ 129.76	\$ 389	\$ 389
	Commodity Usage (In Thousands Of Gallons)				
26	First Tier -Breakover @ 1,000 Gals.	3	\$ 0.3460	\$ 1	
27	Second Tier - Breakover @ 5,000 Gals.	12	\$ 1.7336	\$ 21	
28	Third Tier - Breakover @ 10,000 Gals.	15	\$ 5.6471	\$ 85	
29	Fourth Tier - Breakover @ 18,000 Gals.	24	\$ 6.7751	\$ 163	
30	Fifth Tier - Breakover @ 25,000 Gals.	14	\$ 8.1315	\$ 114	
31	Sixth Tier - Over 25,000 Gals.	9	\$ 10.3599	\$ 93	
32	Total Commodity Usage And Revenue	77			\$ 476
33	2" Meter	-	\$ 207.61	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
34	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.3460	\$ -	
35	Second Tier - Breakover @ 5,000 Gals.	-	\$ 1.7336	\$ -	
36	Third Tier - Breakover @ 10,000 Gals.	-	\$ 5.6471	\$ -	
37	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 6.7751	\$ -	
38	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 8.1315	\$ -	
39	Sixth Tier - Over 25,000 Gals.	-	\$ 10.3599	\$ -	
40	Total Commodity Usage And Revenue	-			\$ -
41	Total Residential Customer Bills	<u>3,771</u>		<u>\$ 102,846</u>	
42	Total Residential Usage	<u>27,794</u>		<u>\$ 58,062</u>	
43	TOTAL RESIDENTIAL CUSTOMERS REVENUE			<u>\$ 220,366</u>	

SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

LINE NO.	DESCRIPTION	PROPOSED REVENUE		(C) PROPOSED REVENUES	(D) TOTAL REVENUES
		(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES		
COMMERCIAL CUSTOMERS					
44	5/8" X 3/4" Meter	24	\$ 25.95	\$ 623	\$ 623
	Commodity Usage (In Thousands Of Gallons)				
45	First Tier -Breakover @ 1,000 Gals.	24	\$ 0.3460	\$ 8	
46	Second Tier - Breakover @ 5,000 Gals.	48	\$ 1.7336	\$ 83	
47	Third Tier - Breakover @ 10,000 Gals.	67	\$ 5.6471	\$ 378	
48	Fourth Tier - Breakover @ 18,000 Gals.	56	\$ 6.7751	\$ 379	
49	Fifth Tier - Breakover @ 25,000 Gals.	2	\$ 8.1315	\$ 16	
50	Sixth Tier - Over 25,000 Gals.	-	\$ -	\$ -	
51	Total Commodity Usage And Revenue	197			\$ 865
52	3/4" Meter	-	\$ 25.95	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
53	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.3460	\$ -	
54	Second Tier - Breakover @ 5,000 Gals.	-	\$ 1.7336	\$ -	
55	Third Tier - Breakover @ 10,000 Gals.	-	\$ 5.6471	\$ -	
56	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 6.7751	\$ -	
57	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 8.1315	\$ -	
58	Sixth Tier - Over 25,000 Gals.	-	\$ 10.3599	\$ -	
59	Total Commodity Usage And Revenue	-			\$ -
60	1" Meter	9	\$ 64.88	\$ 584	\$ 584
	Commodity Usage (In Thousands Of Gallons)				
61	First Tier -Breakover @ 1,000 Gals.	9	\$ 0.3460	\$ 3	
62	Second Tier - Breakover @ 5,000 Gals.	36	\$ 1.7336	\$ 62	
63	Third Tier - Breakover @ 10,000 Gals.	43	\$ 5.6471	\$ 243	
64	Fourth Tier - Breakover @ 18,000 Gals.	41	\$ 6.7751	\$ 278	
65	Fifth Tier - Breakover @ 25,000 Gals.	5	\$ 8.1315	\$ 41	
66	Sixth Tier - Over 25,000 Gals.	-	\$ 10.3599	\$ -	
67	Total Commodity Usage And Revenue	134			\$ 627
68	1.5" Meter	12	\$ 129.76	\$ 1,557	\$ 1,557
	Commodity Usage (In Thousands Of Gallons)				
69	First Tier -Breakover @ 1,000 Gals.	3	\$ 0.3460	\$ 1	
70	Second Tier - Breakover @ 5,000 Gals.	12	\$ 1.7336	\$ 21	
71	Third Tier - Breakover @ 10,000 Gals.	10	\$ 5.6471	\$ 56	
72	Fourth Tier - Breakover @ 18,000 Gals.	12	\$ 6.7751	\$ 81	
73	Fifth Tier - Breakover @ 25,000 Gals.	11	\$ 8.1315	\$ 85	
74	Sixth Tier - Over 25,000 Gals.	86	\$ 10.3599	\$ 886	
75	Total Commodity Usage And Revenue	133			\$ 1,131
76	2" Meter	-	\$ 207.61	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
77	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.3460	\$ -	
78	Second Tier - Breakover @ 5,000 Gals.	-	\$ 1.7336	\$ -	
79	Third Tier - Breakover @ 10,000 Gals.	-	\$ 5.6471	\$ -	
80	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 6.7751	\$ -	
81	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 8.1315	\$ -	
82	Sixth Tier - Over 25,000 Gals.	-	\$ 10.3599	\$ -	
83	Total Commodity Usage And Revenue	-			\$ -

**SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE**

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
		TEST YEAR ADJUSTED DETERMINANTS	PROPOSED CHARGES & USAGE FEES	PROPOSED REVENUES	TOTAL REVENUES
84	3" Meter	-	\$ 415.23	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
85	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.3460	\$ -	
86	Second Tier - Breakover @ 5,000 Gals.	-	\$ 1.7336	\$ -	
87	Third Tier - Breakover @ 10,000 Gals.	-	\$ 5.6471	\$ -	
88	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 6.7751	\$ -	
89	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 8.1315	\$ -	
90	Sixth Tier - Over 25,000 Gals.	-	\$ 10.3599	\$ -	
91	Total Commodity Usage And Revenue	-			\$ -
92	6" Meter	12	\$ 1,297.58	\$ 15,571	\$ 15,571
	Commodity Usage (In Thousands Of Gallons)				
93	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.3460	\$ -	
94	Second Tier - Breakover @ 5,000 Gals.	-	\$ 1.7336	\$ -	
95	Third Tier - Breakover @ 10,000 Gals.	-	\$ 5.6471	\$ -	
96	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 6.7751	\$ -	
97	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 8.1315	\$ -	
98	Sixth Tier - Over 25,000 Gals.	-	\$ 10.3599	\$ -	
99	Total Commodity Usage And Revenue	-			\$ -
100	Total Commercial Customer Bills	<u>57</u>			
101	Total Commercial Usage	<u>464</u>			
102	TOTAL COMMERCIAL CUSTOMERS REVENUE				<u>\$ 20,958</u>
IRRIGATION CUSTOMERS					
103	5/8" X 3/4" Meter	-	\$ 25.95	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
104	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.3460	\$ -	
105	Second Tier - Breakover @ 5,000 Gals.	-	\$ 1.7336	\$ -	
106	Third Tier - Breakover @ 10,000 Gals.	-	\$ 5.6471	\$ -	
107	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 6.7751	\$ -	
108	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 8.1315	\$ -	
109	Sixth Tier - Over 25,000 Gals.	-	\$ 10.3599	\$ -	
110	Total Commodity Usage And Revenue	-			\$ -
111	3/4" Meter	-	\$ 25.95	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
112	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.3460	\$ -	
113	Second Tier - Breakover @ 5,000 Gals.	-	\$ 1.7336	\$ -	
114	Third Tier - Breakover @ 10,000 Gals.	-	\$ 5.6471	\$ -	
115	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 6.7751	\$ -	
116	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 8.1315	\$ -	
117	Sixth Tier - Over 25,000 Gals.	-	\$ 10.3599	\$ -	
118	Total Commodity Usage And Revenue	-			\$ -
119	1" Meter	-	\$ 64.88	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
120	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.3460	\$ -	
121	Second Tier - Breakover @ 5,000 Gals.	-	\$ 1.7336	\$ -	
122	Third Tier - Breakover @ 10,000 Gals.	-	\$ 5.6471	\$ -	
123	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 6.7751	\$ -	
124	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 8.1315	\$ -	
125	Sixth Tier - Over 25,000 Gals.	-	\$ 10.3599	\$ -	
126	Total Commodity Usage And Revenue	-			\$ -

**SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE**

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
127	1.5" Meter	-	\$ 129.76	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
128	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.3460	\$ -	
129	Second Tier - Breakover @ 5,000 Gals.	-	\$ 1.7336	\$ -	
130	Third Tier - Breakover @ 10,000 Gals.	-	\$ 5.6471	\$ -	
131	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 6.7751	\$ -	
132	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 8.1315	\$ -	
133	Sixth Tier - Over 25,000 Gals.	-	\$ 10.3599	\$ -	
134	Total Commodity Usage And Revenue	-			\$ -
135	2" Meter	24	\$ 207.61	\$ 4,983	\$ 4,983
	Commodity Usage (In Thousands Of Gallons)				
136	First Tier -Breakover @ 1,000 Gals.	22	\$ 0.3460	\$ 8	
137	Second Tier - Breakover @ 5,000 Gals.	81	\$ 1.7336	\$ 140	
138	Third Tier - Breakover @ 10,000 Gals.	100	\$ 5.6471	\$ 565	
139	Fourth Tier - Breakover @ 18,000 Gals.	157	\$ 6.7751	\$ 1,064	
140	Fifth Tier - Breakover @ 25,000 Gals.	133	\$ 8.1315	\$ 1,081	
141	Sixth Tier - Over 25,000 Gals.	6,666	\$ 10.3599	\$ 69,059	
142	Total Commodity Usage And Revenue	7,159			\$ 71,917
143	3" Meter	12	\$ 415.23	\$ 4,983	\$ 4,983
	Commodity Usage (In Thousands Of Gallons)				
144	First Tier -Breakover @ 1,000 Gals.	11	\$ 0.3460	\$ 4	
145	Second Tier - Breakover @ 5,000 Gals.	41	\$ 1.7336	\$ 71	
146	Third Tier - Breakover @ 10,000 Gals.	50	\$ 5.6471	\$ 282	
147	Fourth Tier - Breakover @ 18,000 Gals.	75	\$ 6.7751	\$ 508	
148	Fifth Tier - Breakover @ 25,000 Gals.	37	\$ 8.1315	\$ 301	
149	Sixth Tier - Over 25,000 Gals.	9	\$ 10.3599	\$ 93	
150	Total Commodity Usage And Revenue	223			\$ 1,259
151	4" Meter	-	\$ 648.79	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
152	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.3460	\$ -	
153	Second Tier - Breakover @ 5,000 Gals.	-	\$ 1.7336	\$ -	
154	Third Tier - Breakover @ 10,000 Gals.	-	\$ 5.6471	\$ -	
155	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 6.7751	\$ -	
156	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 8.1315	\$ -	
157	Sixth Tier - Over 25,000 Gals.	-	\$ 10.3599	\$ -	
158	Total Commodity Usage And Revenue	-			\$ -
159	Total Irrigation Customer Bills	<u>36</u>			
160	Total Irrigation Usage	<u>7,382</u>			
161	TOTAL IRRIGATION CUSTOMERS REVENUE				<u>\$ 83,142</u>
HOA CUSTOMERS					
162	5/8" X 3/4" Meter	-	\$ 25.95	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
163	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.3460	\$ -	
164	Second Tier - Breakover @ 5,000 Gals.	-	\$ 1.7336	\$ -	
165	Third Tier - Breakover @ 10,000 Gals.	-	\$ 5.6471	\$ -	
166	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 6.7751	\$ -	
167	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 8.1315	\$ -	
168	Sixth Tier - Over 25,000 Gals.	-	\$ 10.3599	\$ -	
169	Total Commodity Usage And Revenue	-			\$ -

SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
		TEST YEAR ADJUSTED DETERMINANTS	PROPOSED CHARGES & USAGE FEES	PROPOSED REVENUES	TOTAL REVENUES
170	3/4" Meter	-	\$ 25.95	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
171	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.3460	\$ -	
172	Second Tier - Breakover @ 5,000 Gals.	-	\$ 1.7336	\$ -	
173	Third Tier - Breakover @ 10,000 Gals.	-	\$ 5.6471	\$ -	
174	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 6.7751	\$ -	
175	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 8.1315	\$ -	
176	Sixth Tier - Over 25,000 Gals.	-	\$ 10.3599	\$ -	
177	Total Commodity Usage And Revenue	-			\$ -
178	1" Meter	-	\$ 64.88	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
179	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.3460	\$ -	
180	Second Tier - Breakover @ 5,000 Gals.	-	\$ 1.7336	\$ -	
181	Third Tier - Breakover @ 10,000 Gals.	-	\$ 5.6471	\$ -	
182	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 6.7751	\$ -	
183	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 8.1315	\$ -	
184	Sixth Tier - Over 25,000 Gals.	-	\$ 10.3599	\$ -	
185	Total Commodity Usage And Revenue	-			\$ -
186	1.5" Meter	-	\$ 129.76	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
187	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.3460	\$ -	
188	Second Tier - Breakover @ 5,000 Gals.	-	\$ 1.7336	\$ -	
189	Third Tier - Breakover @ 10,000 Gals.	-	\$ 5.6471	\$ -	
190	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 6.7751	\$ -	
191	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 8.1315	\$ -	
192	Sixth Tier - Over 25,000 Gals.	-	\$ 10.3599	\$ -	
193	Total Commodity Usage And Revenue	-			\$ -
194	2" Meter	-	\$ 207.61	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
195	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.3460	\$ -	
196	Second Tier - Breakover @ 5,000 Gals.	-	\$ 1.7336	\$ -	
197	Third Tier - Breakover @ 10,000 Gals.	-	\$ 5.6471	\$ -	
198	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 6.7751	\$ -	
199	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 8.1315	\$ -	
200	Sixth Tier - Over 25,000 Gals.	-	\$ 10.3599	\$ -	
201	Total Commodity Usage And Revenue	-			\$ -
202	3" Meter	-	\$ 415.23	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
203	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.3460	\$ -	
204	Second Tier - Breakover @ 5,000 Gals.	-	\$ 1.7336	\$ -	
205	Third Tier - Breakover @ 10,000 Gals.	-	\$ 5.6471	\$ -	
206	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 6.7751	\$ -	
207	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 8.1315	\$ -	
208	Sixth Tier - Over 25,000 Gals.	-	\$ 10.3599	\$ -	
209	Total Commodity Usage And Revenue	-			\$ -
210	4" Meter	-	\$ 648.79	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
211	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.3460	\$ -	
212	Second Tier - Breakover @ 5,000 Gals.	-	\$ 1.7336	\$ -	
213	Third Tier - Breakover @ 10,000 Gals.	-	\$ 5.6471	\$ -	
214	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 6.7751	\$ -	
215	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 8.1315	\$ -	
216	Sixth Tier - Over 25,000 Gals.	-	\$ 10.3599	\$ -	
217	Total Commodity Usage And Revenue	-			\$ -
218	Total HOA Customer Bills	-			
219	Total HOA Usage	-			
220	TOTAL HOA CUSTOMERS REVENUE				\$ -

SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

LINE NO.	DESCRIPTION	PROPOSED REVENUE			
		(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
CONSTRUCTION CUSTOMERS					
194	2" Meter	-	\$ 207.61	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
195	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.3460	\$ -	
196	Second Tier - Breakover @ 5,000 Gals.	-	\$ 1.7336	\$ -	
197	Third Tier - Breakover @ 10,000 Gals.	-	\$ 5.6471	\$ -	
198	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 6.7751	\$ -	
199	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 8.1315	\$ -	
200	Sixth Tier - Over 25,000 Gals.	-	\$ 10.3599	\$ -	
201	Total Commodity Usage And Revenue	-			\$ -
202	3" Meter	-	\$ 415.23	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
203	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.3460	\$ -	
204	Second Tier - Breakover @ 5,000 Gals.	-	\$ 1.7336	\$ -	
205	Third Tier - Breakover @ 10,000 Gals.	-	\$ 5.6471	\$ -	
206	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 6.7751	\$ -	
207	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 8.1315	\$ -	
208	Sixth Tier - Over 25,000 Gals.	-	\$ 10.3599	\$ -	
209	Total Commodity Usage And Revenue	-			\$ -
210	4" Meter	-	\$ 648.79	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
211	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.3460	\$ -	
212	Second Tier - Breakover @ 5,000 Gals.	-	\$ 1.7336	\$ -	
213	Third Tier - Breakover @ 10,000 Gals.	-	\$ 5.6471	\$ -	
214	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 6.7751	\$ -	
215	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 8.1315	\$ -	
216	Sixth Tier - Over 25,000 Gals.	-	\$ 10.3599	\$ -	
217	Total Commodity Usage And Revenue	-			\$ -
210	8" Meter	-	\$ 2,595.17	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
211	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.3460	\$ -	
212	Second Tier - Breakover @ 5,000 Gals.	-	\$ 1.7336	\$ -	
213	Third Tier - Breakover @ 10,000 Gals.	-	\$ 5.6471	\$ -	
214	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 6.7751	\$ -	
215	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 8.1315	\$ -	
216	Sixth Tier - Over 25,000 Gals.	-	\$ 10.3599	\$ -	
217	Total Commodity Usage And Revenue	-			\$ -
68	Total Construction Customer Bills	-			
69	Total Construction Usage	-			
70	TOTAL CONSTRUCTION CUSTOMERS REVENUE				\$ -

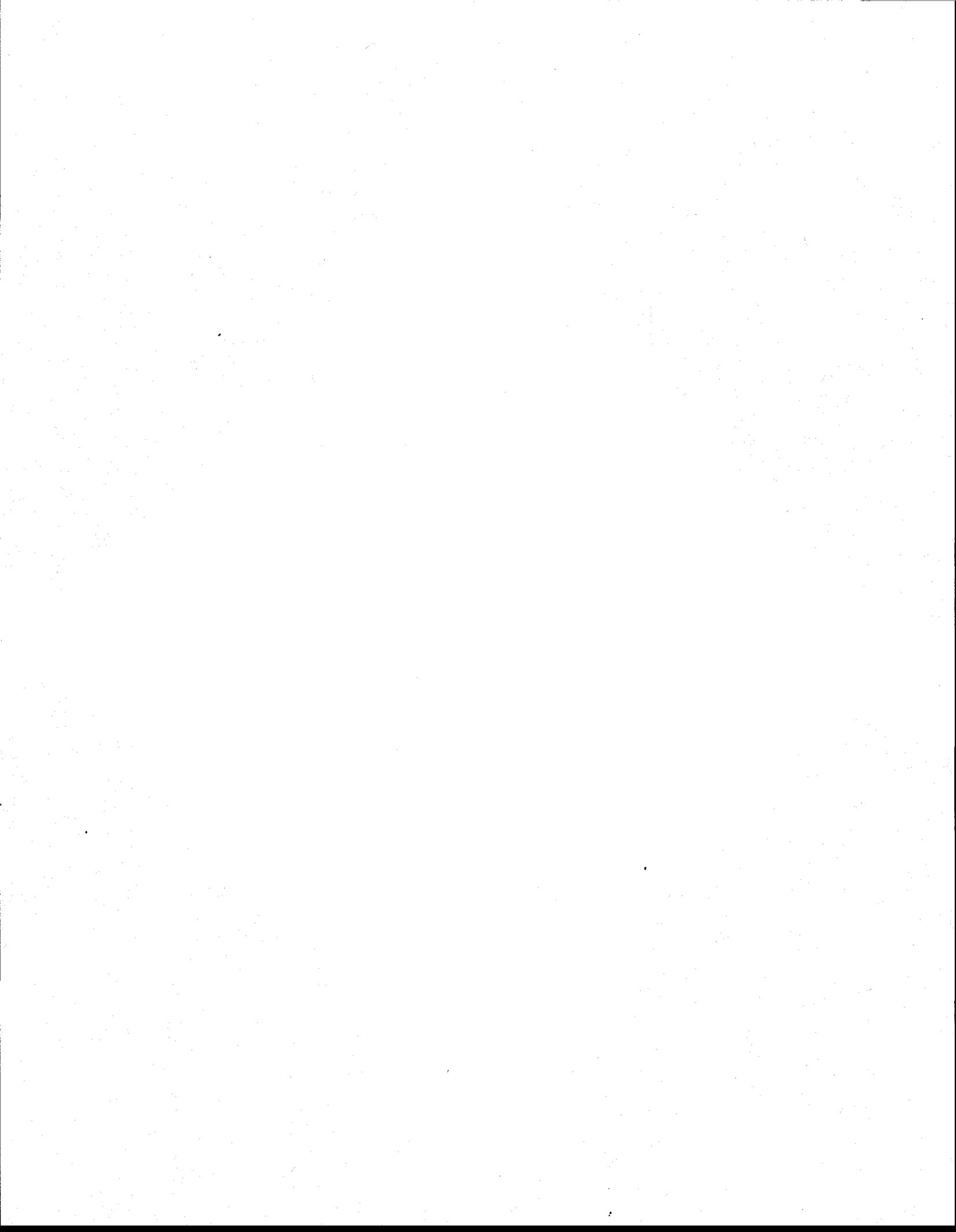
SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

LINE NO.	DESCRIPTION	PROPOSED REVENUE			
		(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
LAKE CUSTOMERS					
194	2" Meter	-	\$ 207.61	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
195	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.3460	\$ -	
196	Second Tier - Breakover @ 5,000 Gals.	-	\$ 1.7336	\$ -	
197	Third Tier - Breakover @ 10,000 Gals.	-	\$ 5.6471	\$ -	
198	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 6.7751	\$ -	
199	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 8.1315	\$ -	
200	Sixth Tier - Over 25,000 Gals.	-	\$ 10.3599	\$ -	
201	Total Commodity Usage And Revenue	-			\$ -
68	Total Lake Customer Bills	-			
69	Total Lake Usage	-			
70	TOTAL LAKE CUSTOMERS REVENUE				\$ -
NON-PORTABLE CUSTOMERS					
178	1" Meter	-	\$ 207.61	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
179	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.3460	\$ -	
180	Second Tier - Breakover @ 5,000 Gals.	-	\$ 1.7336	\$ -	
181	Third Tier - Breakover @ 10,000 Gals.	-	\$ 5.6471	\$ -	
182	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 6.7751	\$ -	
183	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 8.1315	\$ -	
184	Sixth Tier - Over 25,000 Gals.	-	\$ 10.3599	\$ -	
185	Total Commodity Usage And Revenue	-			\$ -
186	Total Non-Portable Bills	-			
187	Total Non-Portable Usage	-			
188	TOTAL NON-PORTABLE CUSTOMERS REVENUE				\$ -
189	RUCO TOTAL PROPOSED REVENUE PER BILL COUNT				\$ 324,466
190	TOTAL RESIDENTIAL REVENUE PER BILL COUNT				\$ 220,366
191	TOTAL COMMERCIAL REVENUE PER BILL COUNT				20,958
192	TOTAL IRRIGATION REVENUE PER BILL COUNT				83,142
193	TOTAL HOA REVENUE PER BILL COUNT				-
194	TOTAL CONSTRUCTION REVENUE PER BILL COUNT				-
195	TOTAL LAKE REVENUE PER BILL COUNT				-
196	TOTAL NON-POTABLE REVENUE PER BILL COUNT				-
197	RUCO TOTAL PROPOSED REVENUE PER BILL COUNT				\$ 324,466
198	Unreconciled Difference vs. Billed Revenues				59
199	RUCO Disallowance Of The 55% CMT				\$ -
200	Miscellaneous Revenues				14,978
200	RUCO TOTAL REVENUE				\$ 339,503
201	ADJUSTED REVENUE PER SCHEDULE SURR RLM-1, LINE 10				\$ 339,503
202	Difference				\$ (0)
203	Percentage Difference				0.00%

SURREBUTTAL

TYPICAL RESIDENTIAL BILL ANALYSIS

LINE NO.	DESCRIPTION	(A) PRESENT	(B)	(C) COMPANY PROPOSED	(D)	(E) RUCO PROPOSED	(F)
REVENUE ALLOCATION							
1	RESIDENTIAL	\$ 189,834	75.92%	\$ 636,856	67.92%	\$ 220,366	67.92%
2	OTHER	60,226	24.08%	300,846	32.08%	104,099	32.08%
3	TOTAL	\$ 250,061	100.00%	\$ 937,702	100.00%	\$ 324,466	100.00%
ALLOCATION RATIOS							
4	FIX REVENUE	\$ 173,588	69.42%	\$ 379,013	40.42%	\$ 131,147	40.42%
5	VARIABLE REVENUE	76,473	30.58%	558,690	59.58%	193,319	59.58%
6	TOTAL	\$ 250,061	100.00%	\$ 937,702	100.00%	\$ 324,466	100.00%
RESIDENTIAL (5/8" X 3/4") RATE DESIGN							
		PRESENT		COMPANY PROPOSED		RUCO PROPOSED	
7	BASIC MONTHLY CHARGE	\$ 17.50		\$ 75.00		\$ 25.95	
COMMODITY CHARGE							
		PRESENT	PROPOSED				
8	1st Tier - Breakover 12,000	1st Tier - Breakover 1,000	\$ 4,1000	\$ 1,0000	\$ 0.3460		
9	2nd Tier - Over 12,000	2nd Tier - Breakover 5,000	\$ 5,2500	\$ 5,0100	\$ 1,7336		
10		3rd Tier - Breakover 10,000	N/A	\$ 16,3200	\$ 5,6471		
11		4th Tier - Breakover 18,000	N/A	\$ 19,5800	\$ 6,7751		
12		5th Tier - Breakover 25,000	N/A	\$ 23,5000	\$ 8,1315		
13		6th Tier - Over 25,000	N/A	\$ 29,9400	\$ 10,3599		
AVERAGE RESIDENTIAL BILL COMPARISONS							
		VARIABLE MONTHLY USAGE	PERCENT AVERAGE USAGE OF 7346	PRESENT TOTAL MONTHLY COST	RUCO MONTHLY COST	RUCO MONTHLY INCREASE	% MONTHLY INCREASE
14		1,837	25.00%	\$ 25.03	\$ 27.75	\$ 2.72	10.86%
15		3,673	50.00%	\$ 32.56	\$ 30.93	\$ (1.63)	-5.00%
16		7,346	100.00%	\$ 47.62	\$ 46.48	\$ (1.14)	-2.39%
17		11,019	150.00%	\$ 61.55	\$ 68.37	\$ 6.82	11.08%
18		14,692	200.00%	\$ 80.83	\$ 88.77	\$ 7.94	9.82%
MEDIAN RESIDENTIAL BILL COMPARISONS							
		VARIABLE MONTHLY USAGE	PERCENT AVERAGE USAGE OF 5000	PRESENT TOTAL MONTHLY COST	RUCO MONTHLY COST	RUCO MONTHLY INCREASE	% MONTHLY INCREASE
19		1,250	25.00%	\$ 22.63	\$ 26.73	\$ 4.11	18.15%
20		2,500	50.00%	\$ 27.75	\$ 28.90	\$ 1.15	4.14%
21		5,000	100.00%	\$ 38.00	\$ 33.23	\$ (4.77)	-12.55%
22		7,500	150.00%	\$ 48.25	\$ 44.53	\$ (3.72)	-7.71%
23		10,000	200.00%	\$ 56.20	\$ 61.47	\$ 5.27	9.37%



**SURREBUTTAL
TABLE OF CONTENTS TO RLM SCHEDULES**

SCH. NO.	PAGE NO.	TITLE
SURR RLM-1	1 & 2	REVENUE REQUIREMENT
SURR RLM-2	1	RATE BASE
SURR RLM-3	1	SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS
TESTIMONY		RATE BASE ADJUSTMENT NO. 1 - GROSS PLANT AND ACCUMULATED DEPRECIATION
SURR RLM-4	1	RATE BASE ADJUSTMENT NO. 2 - ACCUMULATED DEPRECIATION
TESTIMONY		SURREBUTTAL R. B. ADJ. NO. 3 - RECLASSIFY ICFA'S AS CIAC (INTENTIONALLY LEFT BLANK)
SURR RLM-5	1	INTENTIONALLY LEFT BLANK
SURR RLM-6	1	OPERATING INCOME
SURR RLM-7	1	SUMMARY OF OPERATING INCOME ADJUSTMENTS
SURR RLM-8	1	OPERATING INCOME ADJUSTMENT NO. 1 - PROPERTY TAX COMPUTATION
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TESTIMONY		SURREBUTTAL INC. ADJUSTMENT NO. 4 - REVENUE ANNUALIZATION
TESTIMONY		SURREBUTTAL INC. ADJUSTMENT NO. 5 - REMOVAL OF MANAGEMENT FEES
TESTIMONY		SURREBUTTAL INC. ADJUSTMENT NO. 6 - BAD DEBT EXPENSE
TESTIMONY		SURREBUTTAL INC. ADJUSTMENT NO. 7 - DEPRECIATION EXPENSE (INTENTIONALLY LEFT BLANK)
SURR RLM-9	1	OPERATING INCOME ADJUSTMENT NO. 8 - INCOME TAX EXPENSE
SURR RLM-10	1	COST OF CAPITAL
SURR RLM-RD1	1	RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
SURR RLM-RD2	1	TYPICAL RESIDENTIAL BILL ANALYSIS

**SURREBUTTAL
REVENUE REQUIREMENT**

LINE NO.	DESCRIPTION	(A) COMPANY OCRB/FVRB COST	(B) RUCO OCRB/FVRB COST
1	Fair Value Rate Base	\$ 2,251,164	\$ 2,207,149
2	Adjusted Operating Income (Loss)	\$ (95,458)	\$ (81,085)
3	Current Rate Of Return (L2 / L1)	-4.24%	-3.67%
4	Required Operating Income (L5 X L1)	\$ 208,008	\$ 177,287
5	Required Rate Of Return On Fair Value Rate Base	9.24%	8.03%
6	Operating Income Deficiency (L4 - L2)	\$ 303,466	\$ 258,372
7	Gross Revenue Conversion Factor (RLM-1, Pg 2)	1.6451	1.5229
8	Increase In Gross Revenue Requirement (L7 X L6)	\$ 499,228	\$ 393,473
9	Adjusted Test Year Revenue	\$ 473,527	\$ 473,527
10	Proposed Annual Revenue (L8 + L9)	\$ 972,755	\$ 867,000
11	Required Percentage Increase In Revenue (L8 / L9)	105.43%	83.09%
12	Rate Of Return On Common Equity	10.00%	9.00%

References:

- Column (A): Company Schedules A-1 and C-1
- Column (B): RUCO Schedule RLM-2, RLM-6 And RLM-10

SURREBUTTAL
REVENUE REQUIREMENT - CONT'D
GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
CALCULATION OF GROSS REVENUE CONVERSION FACTOR:					
1	Revenue	1.0000			
2	Combined Federal And State Tax Rate (L10)	(0.3434)			
3	Subtotal (L1 + L2)	<u>0.6566</u>			
4	Revenue Conversion Factor (L1 / L3)	1.5229			
CALCULATION OF EFFECTIVE TAX RATE:					
5	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%			
6	Arizona State Income Tax Rate	<u>6.9680%</u>			
7	Federal Taxable Income (L5 - L6)	93.0320%			
8	Applicable Federal Income Tax Rate (Col. (D), L34)	29.4173%			
9	Effective Federal Income Tax Rate (L7 X L8)	<u>27.3675%</u>			
10	Combined Federal And State Income Tax Rate (L6 + L9)	<u>34.3355%</u>			
11	Required Operating Income (Sch. RLM-1, Col. (B), L4)	\$ 177,287			
12	Adj'd T.Y. Oper'g Inc. (Loss) (Sch. RLM-1, Col. (B), L2)	<u>(81,085)</u>			
13	Required Increase In Operating Income (L11 - L12)		\$ 258,372		
14	Income Taxes On Recommended Revenue (Col. (D), L31)	\$ 64,512			
15	Income Taxes On Test Year Revenue (Col. (D), L32)	<u>(70,589)</u>			
16	Required Increase In Revenue To Provide For Income Taxes (L14 - L15)		\$ 135,101		
17	Total Required Increase In Revenue (L13 + L16)		<u>\$ 393,473</u>		
RUCO					
Recommended					
18	Revenue (Sch. RLM-1, Col. (B), L10)			\$ 867,000	
19	Operating Expense Excluding Income Tax (RLM-6, Col. (E), L29 - L28)			(625,202)	
20	Synchronized Interest (Col. (C), L37)			<u>(53,912)</u>	
21	Arizona Taxable Income (L18 + L19 + L20)			\$ 187,887	
22	Arizona State Income Tax Rate			6.9680%	
23	Arizona Income Tax (L21 X L22)				\$ 13,092
24	Fed. Taxable Income (L21 - L23)			<u>\$ 174,795</u>	
25	Fed. Tax On 1st Inc. Bracket (\$1 - \$50,000) @ 15%			\$ 7,500	
26	Fed. Tax On 2nd Inc. Bracket (\$50,001 - \$75,000) @ 25%			6,250	
27	Fed. Tax On 3rd Inc. Bracket (\$75,001 - \$100,000) @ 34%			8,500	
28	Fed. Tax On 4th Inc. Bracket (\$100,001 - \$335,000) @ 39%			29,170	
29	Fed. Tax On 5th Inc. Bracket (\$335,001 - \$10M) @ 34%			-	
30	Total Federal Income Tax (L25 + L26 + L27 + L28 + L29)				\$ 51,420
31	Combined Federal And State Income Tax (L23 + L30)				<u>\$ 64,512</u>
32	Test Year Combined Income Tax, RUCO As Adjusted (RLM-6, Col. (C), L28)				\$ (70,589)
33	RUCO Adjustment (L31 - L32) (See RLM-6, Col. (D), L24)				<u>\$ 135,101</u>
34	Applicable Federal Income Tax Rate (Col. (D), L30 / Col. (C), L24)				29.42%
CALCULATION OF INTEREST SYNCHRONIZATION:					
35	Rate Base (Sch. RLM-3, Col. (H), L13)			\$ 2,207,149	
36	Weighted Avg. Cost Of Debt (Sch. RLM-11, Col. (F), L2)			2.44%	
37	Synchronized Interest (L35 X L36)			<u>\$ 53,912</u>	

**SURREBUTTAL
SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS**

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED OCRB/FVRB	(B) RUCO ADJUSTMENTS	(C) RUCO AS ADJUSTED OCRB/FVRB
1	Gross Utility Plant In Service	\$ 4,016,878	\$ -	\$ 4,016,878
2	Accumulated Depreciation	(1,228,047)	(44,015)	(1,272,062)
3	Net Utility Plant In Service (L1 + L2)	<u>\$ 2,788,831</u>	<u>\$ (44,015)</u>	<u>\$ 2,744,816</u>
4	Advances In Aid Of Const.	\$ (618,488)	\$ -	\$ (618,488)
5	Contribution In Aid Of Const.	\$ -	\$ -	\$ -
6	Accumulated Amortization Of CIAC	-	-	-
7	NET CIAC (L5 + L6)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
8	Customer Meter Deposits	\$ (6,985)	\$ -	\$ (6,985)
9	Deferred Income Taxes & Credits	\$ -	\$ -	\$ -
10	Unamortized Finance Charges	\$ -	\$ -	\$ -
11	Deferred Regulatory Assets	\$ 87,806	\$ -	\$ 87,806
12	Allowance For Working Capital	\$ -	\$ -	\$ -
13	TOTAL RATE BASE (Sum L's 3, 4, 7, 8 Thru 12)	<u>\$ 2,251,164</u>	<u>\$ (44,015)</u>	<u>\$ 2,207,149</u>

References:

- Column (A): Company Schedule B-2, Page 1 And Workpapers Schedule E-1
- Column (B): RLM-3, Columns (B) Thru (G)
- Column (C): Column (A) + Column (B)

**SURREBUTTAL
SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS**

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED OCRB/FVRB	(B) ADJ # 1 GROSS PLT & ACC DEP	(C) ADJ # 2 LEFT BLANK	(D) ADJ # 3 LEFT BLANK	(E) RUCO ADJ'TED OCRB/FVRB
1	Gross Utility Plant In Service	\$ 4,016,878	\$ -	\$ -	\$ -	\$ 4,016,878
2	Accumulated Depreciation	(1,228,047)	(44,015)	-	-	(1,272,062)
3	Net Utility Plant In Service (L1 + L2)	<u>\$ 2,788,831</u>	<u>\$ (44,015)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,744,816</u>
4	Advances In Aid Of Const.	\$ (618,488)	\$ -	\$ -	\$ -	\$ (618,488)
5	Contribution In Aid Of Const.	\$ -	\$ -	\$ -	\$ -	\$ -
6	Accumulated Amortization Of CIAC	-	-	-	-	-
7	NET CIAC (L5 + L6)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
8	Customer Meter Deposits	\$ (6,985)	\$ -	\$ -	\$ -	\$ (6,985)
9	Deferred Income Taxes & Credits	\$ -	\$ -	\$ -	\$ -	\$ -
10	Unamortized Finance Charges	\$ -	\$ -	\$ -	\$ -	\$ -
11	Deferred Regulatory Assets	\$ 87,806	\$ -	\$ -	\$ -	\$ 87,806
12	Allowance For Working Capital	\$ -	\$ -	\$ -	\$ -	\$ -
13	TOTAL RATE BASE (Sum L's 3, 4, 7, 8 Thru 12)	<u>\$ 2,251,164</u>	<u>\$ (44,015)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,207,149</u>

References:

- Column (A): Company Schedule B-1
- Column (B): Adjustment No. 1 - RUCO Adjustment To GPIS And Acc. Dep. (See Testimony, RLM and Schedule RLM-4)
- Column (C): Adjustment No. 2 - RUCO Adjustment To Acc. Dep. (See Testimony, RLM)
- Column (D): Adjustment No. 3 - RUCO Adjustment To Reclassify ICFA's As CIAC (See Testimony, WAR)
- Column (E): Sum Of Columns (A) Thru (D)

**SURREBUTTAL
TEST YEAR PLANT SCHEDULES
PRIOR TEST YEAR ENDED DECEMBER 31, 1999**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) PRIOR DECISION DEP. RATE	(B) TOTAL PLANT VALUE	(C) ACCUMULATED DEPRECIATION	(D) NET PLANT VALUE
1	301	Intangibles/Organization	0.00%	\$ -	\$ -	\$ -
2	302	Franchise Cost	0.00%	-	-	-
3	303	Land and Land Rights	0.00%	18,100	-	18,100
4	304	Structures and Improvements	3.33%	113,385	(49,295)	64,090
5	306	Lake, River and Other Intakes	0.00%	-	-	-
6	307	Wells and Springs	3.33%	60,068	(25,405)	34,663
7	309	Supply Mains	0.00%	-	-	-
8	310	Power Generation Equipment	5.00%	-	-	-
9	311	Pumping Equipment	12.50%	154,923	(52,002)	102,921
10	320	Water Treatment Equipment	3.33%	144,468	(61,977)	82,491
11	330	Dist. Reservoirs & Standpipes	2.22%	135,139	(59,230)	75,909
12	331	Trans. and Dist. Mains	2.00%	346,531	(153,483)	193,048
13	333	Services	3.33%	55,216	(23,852)	31,364
14	334	Meters and Meter Installations	8.33%	134,877	(54,135)	80,742
15	335	Hydrants	2.00%	16,998	(7,653)	9,345
16	336	Backflow Prevention Devices	6.67%	-	-	-
17	339	Other Plant and Misc. Equip.	6.67%	-	(1,533)	(1,533)
18	340	Office Furniture and Equipment	6.67%	12,132	(5,494)	6,638
19	341	Transportation Equipment	20.00%	20,913	(5,524)	15,389
20	343	Tools, Shop and Garage Equip.	5.00%	6,893	(3,070)	3,823
21	344	Laboratory Equipment	10.00%	-	-	-
22	345	Power Operated Equipment	5.00%	11,012	(6,747)	4,265
23	346	Communication Equipment	10.00%	4,770	(260)	4,510
24	347	Miscellaneous Equipment	10.00%	-	-	-
25	348	Other Tangible Plant	3.33%	3,937	(1,011)	2,926
26		Adjustment Rounding		-	(29,890)	(29,890)
27		TOTAL WASTEWATER PLANT		\$ 1,239,362	\$ (540,561)	\$ 698,801
28		Company As Filed		\$ 1,239,362	(540,561)	698,801
29		Difference		\$ -	\$ -	\$ -

References:
Columns (A) Thru (D): Company Workpapers

SURREBUTTAL
TEST YEAR PLANT SCHEDULES - CONT'D
YEAR ENDED DECEMBER 31, 2000

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ADJUSTED PLANT ADDIT'NS	(B) PLANT RETIRMTS	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
1	301	Intangibles/Organization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	302	Franchise Cost	-	-	-	-	-	-
3	303	Land and Land Rights	-	-	-	18,100	-	18,100
4	304	Structures and Improvements	1,551	-	(3,802)	114,936	(53,097)	61,839
5	306	Lake, River and Other Intakes	-	-	-	-	-	-
6	307	Wells and Springs	1	-	(2,000)	60,069	(27,405)	32,664
7	309	Supply Mains	-	-	-	-	-	-
8	310	Power Generation Equipment	-	-	-	-	-	-
9	311	Pumping Equipment	-	(2)	(19,365)	154,921	(71,365)	83,556
10	320	Water Treatment Equipment	761	-	(4,823)	145,229	(66,800)	78,429
11	330	Dist. Reservoirs & Standpipes	149	-	(3,002)	135,288	(62,232)	73,056
12	331	Trans. and Dist. Mains	1,977	-	(6,950)	348,508	(160,433)	188,075
13	333	Services	96	-	(1,840)	55,312	(25,692)	29,620
14	334	Meters and Meter Installations	6,907	-	(11,523)	141,784	(65,658)	76,126
15	335	Hydrants	-	-	(340)	16,998	(7,993)	9,005
16	336	Backflow Prevention Devices	-	-	-	-	-	-
17	339	Other Plant and Misc. Equip	3,647	-	(122)	3,647	(1,655)	1,992
18	340	Office Furniture and Equipment	1,057	-	(844)	13,189	(6,338)	6,851
19	341	Transportation Equipment	-	(1)	(4,183)	20,912	(9,706)	11,207
20	343	Tools, Shop and Garage Equip.	458	-	(356)	7,351	(3,426)	3,925
21	344	Laboratory Equipment	-	-	-	-	-	-
22	345	Power Operated Equipment	4,970	-	(675)	15,982	(7,422)	8,560
23	346	Communication Equipment	-	(3,322)	(311)	1,448	2,751	4,199
24	347	Miscellaneous Equipment	-	-	-	-	-	-
25	348	Other Tangible Plant	-	-	(131)	3,937	(1,142)	2,795
26		Adjustment	-	-	-	-	(14,670)	(14,670)
		Rounding	-	-	-	-	-	-
27		TOTAL WASTEWATER PLANT	\$ 21,574	\$ (3,325)	\$ (60,267)	\$ 1,257,611	\$ (582,283)	\$ 675,328
28		Company As Filed	21,574	(3,325)	(60,267)	1,257,611	(585,607)	672,004
29		Difference	\$ -	\$ -	\$ -	\$ -	\$ 3,324	\$ 3,324

References:

- Columns (A) (B): Company Workpapers
- Column (C): [(Col. (A) + Col. (B)) X RLM-4, Page 1, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 1, Col. (B) X RLM-4, Page 1, Col. (A)]
- Column (D): Schedule RLM-4, Page 1, Column (B) + Column (A) + Column (B)
- Column (E): Schedule RLM-4, Page 1, Column (C) + Column (B) + Column (C)
- Column (F): Column (D) + Column (E)

SURREBUTTAL
TEST YEAR PLANT SCHEDULES - CONT'D
YEAR ENDED DECEMBER 31, 2001

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ADJUSTED PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
1	301	Intangibles/Organization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	302	Franchise Cost	-	-	-	-	-	-
3	303	Land and Land Rights	-	-	-	18,100	-	18,100
4	304	Structures and Improvements	727	-	(3,839)	115,663	(56,936)	58,727
5	306	Lake, River and Other Intakes	-	-	-	-	-	-
6	307	Wells and Springs	-	-	(2,000)	60,069	(29,406)	30,663
7	309	Supply Mains	-	-	-	-	-	-
8	310	Power Generation Equipment	-	-	-	-	-	-
9	311	Pumping Equipment	4,322	-	(19,635)	159,243	(91,001)	68,243
10	320	Water Treatment Equipment	281	-	(4,841)	145,510	(71,641)	73,869
11	330	Dist. Reservoirs & Standpipes	-	-	(3,003)	135,288	(65,235)	70,053
12	331	Trans. and Dist. Mains	7,300	-	(7,043)	355,808	(167,477)	188,331
13	333	Services	46	-	(1,843)	55,358	(27,535)	27,823
14	334	Meters and Meter Installations	8,789	-	(12,177)	150,573	(77,835)	72,738
15	335	Hydrants	-	-	(340)	16,998	(8,333)	8,665
16	336	Backflow Prevention Devices	-	-	-	-	-	-
17	339	Other Plant and Misc. Equip.	513	-	(260)	4,160	(1,915)	2,245
18	340	Office Furniture and Equipment	300	-	(890)	13,489	(7,228)	6,261
19	341	Transportation Equipment	-	-	(4,182)	20,912	(13,888)	7,024
20	343	Tools, Shop and Garage Equip.	1,238	-	(399)	8,589	(3,825)	4,764
21	344	Laboratory Equipment	-	-	-	-	-	-
22	345	Power Operated Equipment	5,810	-	(944)	21,792	(8,366)	13,426
23	346	Communication Equipment	162	-	(153)	1,610	2,598	4,208
24	347	Miscellaneous Equipment	-	-	-	-	-	-
25	348	Other Tangible Plant	-	-	(131)	3,937	(1,273)	2,664
26		Adjustment	-	-	-	-	(14,670)	(14,670)
		Rounding	(2)	-	-	(2)	-	(2)
27		TOTAL WASTEWATER PLANT	<u>\$ 29,486</u>	<u>\$ -</u>	<u>\$ (61,681)</u>	<u>\$ 1,287,097</u>	<u>\$ (643,964)</u>	<u>\$ 643,133</u>
28		Company As Filed	29,486	-	(61,681)	1,287,097	(647,288)	639,809
29		Difference	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,324</u>	<u>\$ 3,324</u>

References:

- Columns (A) (B): Company Workpapers
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- Column (D): Schedule RLM-4, Page 2, Column (D) + (Column (A) + Column (B))
- Column (E): Schedule RLM-4, Page 2, Column (E) + Column (B) + Column (C)
- Column (F): Column (D) + Column (E)

SURREBUTTAL
TEST YEAR PLANT SCHEDULES - CONT'D
YEAR ENDED DECEMBER 31, 2002

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ADJUSTED PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
1	301	Intangibles/Organization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	302	Franchise Cost	-	-	-	-	-	-
3	303	Land and Land Rights	-	-	-	18,100	-	18,100
4	304	Structures and Improvements	153	-	(3,854)	115,816	(60,790)	55,026
5	306	Lake, River and Other Intakes	-	-	-	-	-	-
6	307	Wells and Springs	-	-	(2,000)	60,069	(31,406)	28,663
7	309	Supply Mains	-	-	-	-	-	-
8	310	Power Generation Equipment	-	-	-	-	-	-
9	311	Pumping Equipment	148	-	(19,915)	159,391	(110,915)	48,476
10	320	Water Treatment Equipment	-	-	(4,845)	145,510	(76,487)	69,023
11	330	Dist. Reservoirs & Standpipes	-	-	(3,003)	135,288	(68,239)	67,049
12	331	Trans. and Dist. Mains	9,188	-	(7,208)	364,996	(174,685)	190,311
13	333	Services	202	-	(1,847)	55,560	(29,382)	26,178
14	334	Meters and Meter Installations	15,593	-	(13,192)	166,166	(91,027)	75,139
15	335	Hydrants	706	-	(347)	17,704	(8,680)	9,024
16	336	Backflow Prevention Devices	-	-	-	-	-	-
17	339	Other Plant and Misc. Equip.	-	-	(277)	4,160	(2,192)	1,968
18	340	Office Furniture and Equipment	95	-	(903)	13,584	(8,131)	5,453
19	341	Transportation Equipment	-	-	(4,182)	20,912	(18,070)	2,842
20	343	Tools, Shop and Garage Equip.	1,962	-	(479)	10,551	(4,303)	6,248
21	344	Laboratory Equipment	-	-	-	-	-	-
22	345	Power Operated Equipment	-	-	(1,090)	21,792	(9,456)	12,336
23	346	Communication Equipment	-	-	(161)	1,610	2,437	4,047
24	347	Miscellaneous Equipment	-	-	-	-	-	-
25	348	Other Tangible Plant	-	-	(131)	3,937	(1,404)	2,533
26		Adjustment	-	-	-	-	(14,670)	(14,670)
		Rounding	2	-	-	-	-	-
27		TOTAL WASTEWATER PLANT	<u>\$ 28,049</u>	<u>\$ -</u>	<u>\$ (63,435)</u>	<u>\$ 1,315,146</u>	<u>\$ (707,399)</u>	<u>\$ 607,747</u>
28		Company As Filed	28,049	-	(63,435)	1,315,146	(710,723)	604,423
29		Difference	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,324</u>	<u>\$ 3,324</u>

References:

- Columns (A) (B): Company Schedules B-2, Page 2a Thru B-2, Page 2k
- Column (C): [(Col. (A) + Col. (B)) X RLM-4, Page 1, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 3, Col. (D) X RLM-4, Page 1, Col. (A)]
- Column (D): Schedule RLM-4, Page 3, Column (D) + (Column (A) + Column (B))
- Column (E): Schedule RLM-4, Page 3, Column (E) + Column (B) + Column (C)
- Column (F): Column (D) - Column (E)

SURREBUTTAL
TEST YEAR PLANT SCHEDULES - CONT'D
YEAR ENDED DECEMBER 31, 2003

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A)	(B)	(C)	(D)	(E)	(F)
			ADJUSTED PLANT ADDIT'NS	PLANT RETIRM'TS	DEP. EXP.	TOTAL PLANT VALUE	ACCUM. DEP.	NET PLANT VALUE
1	301	Intangibles/Organization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	302	Franchise Cost	-	-	-	-	-	-
3	303	Land and Land Rights	-	-	-	18,100	-	18,100
4	304	Structures and Improvements	820	-	(3,870)	116,636	(64,660)	51,976
5	306	Lake, River and Other Intakes	-	-	-	-	-	-
6	307	Wells and Springs	-	-	(2,000)	60,069	(33,406)	26,663
7	309	Supply Mains	-	-	-	-	-	-
8	310	Power Generation Equipment	-	-	-	-	-	-
9	311	Pumping Equipment	5,471	-	(20,266)	164,862	(131,181)	33,681
10	320	Water Treatment Equipment	585	-	(4,855)	146,095	(81,342)	64,753
11	330	Dist. Reservoirs & Standpipes	-	-	(3,003)	135,288	(71,242)	64,046
12	331	Trans. and Dist. Mains	6,738	-	(7,367)	371,734	(182,052)	189,682
13	333	Services	-	-	(1,850)	55,560	(31,232)	24,328
14	334	Meters and Meter Installations	7,019	-	(14,134)	173,185	(105,161)	68,024
15	335	Hydrants	-	-	(354)	17,704	(9,034)	8,670
16	336	Backflow Prevention Devices	-	-	-	-	-	-
17	339	Other Plant and Misc. Equip.	1,776	-	(337)	5,936	(2,529)	3,407
18	340	Office Furniture and Equipment	527	-	(924)	14,111	(9,055)	5,056
19	341	Transportation Equipment	8,770	-	(5,059)	29,682	(23,130)	6,552
20	343	Tools, Shop and Garage Equip.	655	-	(544)	11,206	(4,847)	6,359
21	344	Laboratory Equipment	-	-	-	-	-	-
22	345	Power Operated Equipment	-	-	(1,090)	21,792	(10,545)	11,247
23	346	Communication Equipment	101	-	(166)	1,711	2,271	3,982
24	347	Miscellaneous Equipment	-	-	-	-	-	-
25	348	Other Tangible Plant	-	-	(131)	3,937	(1,535)	2,402
26		Adjustment	-	-	-	-	(14,670)	(14,670)
		Rounding	(1)	-	-	(1)	-	(1)
27		TOTAL WASTEWATER PLANT	<u>\$ 32,461</u>	<u>\$ -</u>	<u>\$ (65,951)</u>	<u>\$ 1,347,607</u>	<u>\$ (773,350)</u>	<u>\$ 574,257</u>
28		Company As Filed	32,461	-	(65,951)	1,347,607	(776,674)	570,933
29		Difference	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,324</u>	<u>\$ 3,324</u>

References:

- Columns (A) (B): Company Workpapers
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- Column (D): Schedule RLM-4, Page 4, Column (D) + (Column (A) + Column (B))
- Column (E): Schedule RLM-4, Page 4, Column (E) + Column (B) + Column (C)
- Column (F): Column (D) + Column (E)

SURREBUTTAL
TEST YEAR PLANT SCHEDULES - CONT'D
YEAR ENDED DECEMBER 31, 2004

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ADJUSTED PLANT ADDIT'NS	(B) PLANT RETIRMTS	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
1	301	Intangibles/Organization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	302	Franchise Cost	-	-	-	-	-	-
3	303	Land and Land Rights	-	-	-	18,100	-	18,100
4	304	Structures and Improvements	250	-	(3,888)	116,886	(68,549)	48,337
5	306	Lake, River and Other Intakes	-	-	-	-	-	-
6	307	Wells and Springs	-	-	(2,000)	60,069	(35,406)	24,663
7	309	Supply Mains	-	-	-	-	-	-
8	310	Power Generation Equipment	-	-	-	-	-	-
9	311	Pumping Equipment	105,671	-	(27,212)	270,533	(158,393)	112,140
10	320	Water Treatment Equipment	92,520	-	(6,405)	238,615	(87,747)	150,868
11	330	Dist. Reservoirs & Standpipes	121,382	-	(4,351)	256,670	(75,593)	181,077
12	331	Trans. and Dist. Mains	176,523	-	(9,200)	548,257	(191,252)	357,005
13	333	Services	30,748	-	(2,362)	86,308	(33,594)	52,714
14	334	Meters and Meter Installations	9,249	-	(14,812)	182,434	(119,972)	62,462
15	335	Hydrants	5,809	-	(412)	23,513	(9,446)	14,067
16	336	Backflow Prevention Devices	-	-	-	-	-	-
17	339	Other Plant and Misc. Equip.	75	-	(398)	6,011	(2,928)	3,083
18	340	Office Furniture and Equipment	106	-	(945)	14,217	(9,999)	4,218
19	341	Transportation Equipment	-	(20,935)	(3,843)	8,747	(6,038)	2,709
20	343	Tools, Shop and Garage Equip.	1,448	-	(597)	12,654	(5,444)	7,210
21	344	Laboratory Equipment	-	-	-	-	-	-
22	345	Power Operated Equipment	647	-	(1,106)	22,439	(11,651)	10,788
23	346	Communication Equipment	197	-	(181)	1,908	2,090	3,998
24	347	Miscellaneous Equipment	-	-	-	-	-	-
25	348	Other Tangible Plant	-	-	(131)	3,937	(1,667)	2,270
26		Adjustment	-	-	-	-	(14,670)	(14,670)
		Rounding	-	-	-	(1)	-	(1)
27		TOTAL WASTEWATER PLANT	<u>\$ 544,625</u>	<u>\$ (20,935)</u>	<u>\$ (77,843)</u>	<u>\$ 1,871,297</u>	<u>\$ (830,258)</u>	<u>\$ 1,041,039</u>
28		Company As Filed	544,625	(20,935)	(61,508)	1,871,297	(838,182)	1,033,115
29		Difference	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (16,335)</u>	<u>\$ -</u>	<u>\$ 7,924</u>	<u>\$ 7,924</u>

References:

- Columns (A) (B): Company Workpapers
- Column (C): [(Col. (A) + Col. (B)) X RLM-4, Page 1, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 5, Col. (D) X RLM-4, Page 1, Col. (A)]
- Column (D): Schedule RLM-4, Page 5, Column (D) + (Column (A) + Column (B))
- Column (E): Schedule RLM-4, Page 5, Column (E) + Column (B) + Column (C)
- Column (F): Column (D) + Column (E)

**SURREBUTTAL
TEST YEAR PLANT SCHEDULES - CONT'D
YEAR ENDED DECEMBER 31, 2005**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ADJUSTED PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
1	301	Intangibles/Organization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	302	Franchise Cost	-	-	-	-	-	-
3	303	Land and Land Rights	-	-	-	18,100	-	18,100
4	304	Structures and Improvements	-	-	(3,892)	116,886	(72,441)	44,445
5	306	Lake, River and Other Intakes	-	-	-	-	-	-
6	307	Wells and Springs	-	-	(2,000)	60,069	(37,407)	22,662
7	309	Supply Mains	-	-	-	-	-	-
8	310	Power Generation Equipment	-	-	-	-	-	-
9	311	Pumping Equipment	4,370	-	(34,090)	274,903	(192,483)	82,420
10	320	Water Treatment Equipment	-	-	(7,946)	238,615	(95,693)	142,922
11	330	Dist. Reservoirs & Standpipes	-	-	(5,698)	256,670	(81,291)	175,379
12	331	Trans. and Dist. Mains	-	-	(10,965)	548,257	(202,217)	346,040
13	333	Services	3,482	-	(2,932)	89,790	(36,526)	53,264
14	334	Meters and Meter Installations	10,488	-	(15,634)	192,922	(135,606)	57,316
15	335	Hydrants	3,661	-	(507)	27,174	(9,953)	17,221
16	336	Backflow Prevention Devices	-	-	-	-	-	-
17	339	Other Plant and Misc. Equip.	2,126	-	(472)	8,137	(3,399)	4,738
18	340	Office Furniture and Equipment	460	-	(964)	14,677	(10,963)	3,714
19	341	Transportation Equipment	16,794	-	(3,429)	25,541	(9,466)	16,075
20	343	Tools, Shop and Garage Equip.	1,325	-	(666)	13,979	(6,109)	7,870
21	344	Laboratory Equipment	-	-	-	-	-	-
22	345	Power Operated Equipment	1,509	-	(1,160)	23,948	(12,811)	11,137
23	346	Communication Equipment	298	-	(206)	2,206	1,885	4,091
24	347	Miscellaneous Equipment	-	-	-	-	-	-
25	348	Other Tangible Plant	-	-	(131)	3,937	(1,798)	2,139
26		Adjustment	-	-	-	-	(14,670)	(14,670)
		Rounding	(1)	-	-	(2)	-	1
27		TOTAL WASTEWATER PLANT	<u>\$ 44,512</u>	<u>\$ -</u>	<u>\$ (90,690)</u>	<u>\$ 1,915,809</u>	<u>\$ (920,949)</u>	<u>\$ 994,863</u>
28		Company As Filed	44,512	-	(90,690)	1,915,809	(928,873)	987,069
29		Difference	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,924</u>	<u>\$ 7,794</u>

References:

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- Column (D): Schedule RLM-4, Page 6, Column (D) + (Column (A) + Column (B))
- Column (E): Schedule RLM-4, Page 6, Column (E) + Column (B) + Column (C)
- Column (F): Column (D) + Column (E)

SURREBUTTAL
TEST YEAR PLANT SCHEDULES - CONT'D
YEAR ENDED DECEMBER 31, 2006

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A)	(B)	(C)	(D)	(E)	(F)
			ADJUSTED PLANT ADDIT'NS	PLANT RETIRMT'S	DEP. EXP.	TOTAL PLANT VALUE	ACCUM. DEP.	NET PLANT VALUE
1	301	Intangibles/Organization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	302	Franchise Cost	-	-	-	-	-	-
3	303	Land and Land Rights	-	-	-	18,100	-	18,100
4	304	Structures and Improvements	341	-	(3,898)	117,227	(76,339)	40,888
5	306	Lake, River and Other Intakes	-	-	-	-	-	-
6	307	Wells and Springs	7,376	-	(2,123)	67,445	(39,530)	27,915
7	309	Supply Mains	-	-	-	-	-	-
8	310	Power Generation Equipment	1,739	-	(43)	1,739	(43)	1,696
9	311	Pumping Equipment	46,813	-	(37,289)	321,716	(229,772)	91,944
10	320	Water Treatment Equipment	5,933	-	(8,045)	244,548	(103,738)	140,810
11	330	Dist. Reservoirs & Standpipes	301	-	(5,701)	256,971	(86,992)	169,979
12	331	Trans. and Dist. Mains	10,476	-	(11,070)	558,733	(213,287)	345,446
13	333	Services	996	-	(3,007)	90,786	(39,533)	51,253
14	334	Meters and Meter Installations	18,917	-	(16,858)	211,839	(152,464)	59,375
15	335	Hydrants	27	-	(544)	27,201	(10,497)	16,704
16	336	Backflow Prevention Devices	-	-	-	-	-	-
17	339	Other Plant and Misc. Equip.	4,605	-	(696)	12,742	(4,096)	8,646
18	340	Office Furniture and Equipment	781	-	(1,005)	15,458	(11,968)	3,490
19	341	Transportation Equipment	-	-	(5,108)	25,541	(14,575)	10,966
20	343	Tools, Shop and Garage Equip.	6,820	-	(869)	20,799	(6,979)	13,820
21	344	Laboratory Equipment	413	-	(21)	413	(21)	392
22	345	Power Operated Equipment	14,976	-	(1,572)	38,924	(14,383)	24,541
23	346	Communication Equipment	448	-	(243)	2,654	1,642	4,296
24	347	Miscellaneous Equipment	4,302	-	(215)	4,302	(215)	4,087
25	348	Other Tangible Plant	-	-	(131)	3,937	(1,929)	2,008
26		Adjustment	-	-	-	-	(14,670)	(14,670)
		Rounding	2	-	-	-	-	-
27		TOTAL WASTEWATER PLANT	<u>\$ 125,266</u>	<u>\$ -</u>	<u>\$ (98,438)</u>	<u>\$ 2,041,075</u>	<u>\$ (1,019,387)</u>	<u>\$ 1,021,688</u>
28		Company As Filed	125,266	-	(98,438)	2,041,075	(1,027,311)	1,013,764
29		Difference	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,924</u>	<u>\$ 7,924</u>

References:

- Columns (A) (B): Company Workpapers
- Column (C): [(Col. (A) + Col. (B)) X RLM-4, Page 1, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 7, Col. (D) X RLM-4, Page 1, Col. (A)]
- Column (D): Schedule RLM-4, Page 7, Column (D) + (Column (A) + Column (B))
- Column (E): Schedule RLM-4, Page 7, Column (E) + Column (B) + Column (C)
- Column (F): Column (D) + Column (E)

SURREBUTTAL
TEST YEAR PLANT SCHEDULES - CONT'D
YEAR ENDED DECEMBER 31, 2007

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ADJUSTED PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
1	301	Intangibles/Organization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	302	Franchise Cost	-	-	-	-	-	-
3	303	Land and Land Rights	-	-	-	18,100	-	18,100
4	304	Structures and Improvements	14,664	-	(4,148)	131,891	(80,487)	51,404
5	306	Lake, River and Other Intakes	-	-	-	-	-	-
6	307	Wells and Springs	5,522	-	(2,338)	72,967	(41,868)	31,099
7	309	Supply Mains	159	-	-	159	-	159
8	310	Power Generation Equipment	9,012	-	(312)	10,751	(356)	10,395
9	311	Pumping Equipment	156,066	-	(49,969)	477,782	(279,740)	198,042
10	320	Water Treatment Equipment	9,390	-	(8,300)	253,938	(112,038)	141,900
11	330	Dist. Reservoirs & Standpipes	7,567	-	(5,789)	264,538	(92,781)	171,757
12	331	Trans. and Dist. Mains	29,373	-	(11,468)	588,106	(224,755)	363,351
13	333	Services	2,635	-	(3,067)	93,421	(42,600)	50,821
14	334	Meters and Meter Installations	7,424	-	(17,955)	219,263	(170,420)	48,843
15	335	Hydrants	2	-	(544)	27,203	(11,041)	16,162
16	336	Backflow Prevention Devices	939	-	(31)	939	(31)	908
17	339	Other Plant and Misc. Equip.	6,569	-	(1,069)	19,311	(5,165)	14,146
18	340	Office Furniture and Equipment	4,715	-	(1,188)	20,173	(13,156)	7,017
19	341	Transportation Equipment	-	(4,695)	(4,639)	20,846	(14,518)	6,328
20	343	Tools, Shop and Garage Equip.	18,919	-	(1,513)	39,718	(8,492)	31,226
21	344	Laboratory Equipment	6,450	-	(364)	6,863	(384)	6,479
22	345	Power Operated Equipment	-	-	(1,946)	38,924	(16,329)	22,595
23	346	Communication Equipment	-	-	(265)	2,654	1,376	4,030
24	347	Miscellaneous Equipment	3,179	-	(589)	7,481	(804)	6,677
25	348	Other Tangible Plant	-	-	(131)	3,937	(2,060)	1,877
26		Adjustment	-	-	14,670	-	-	-
		Rounding	(11)	-	-	(11)	-	(11)
27		TOTAL WASTEWATER PLANT	<u>\$ 282,574</u>	<u>\$ (4,695)</u>	<u>\$ (100,956)</u>	<u>\$ 2,318,954</u>	<u>\$ (1,115,648)</u>	<u>\$ 1,203,306</u>
28		Company As Filed	282,574	(4,695)	(73,967)	2,318,954	(1,101,279)	1,217,675
29		Difference	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (26,989)</u>	<u>\$ -</u>	<u>\$ (14,369)</u>	<u>\$ (14,369)</u>

References:

- Columns (A) (B): Company Workpapers
- Column (C): [(Col. (A) + Col. (B)) X RLM-4, Page 1, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 8, Col. (D) X RLM-4, Page 1, Col. (A)]
- Column (D): Schedule RLM-4, Page 8, Column (D) + Column (A) + Column (B)
- Column (E): Schedule RLM-4, Page 8, Column (E) + Column (B) + Column (C)
- Column (F): Column (D) + Column (E)

**SURREBUTTAL
TEST YEAR PLANT SCHEDULES - CONT'D
YEAR ENDED DECEMBER 31, 2008**

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ADJUSTED PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
1	301	Intangibles/Organization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	302	Franchise Cost	-	-	-	-	-	-
3	303	Land and Land Rights	-	-	-	18,100	-	18,100
4	304	Structures and Improvements	66,061	-	(5,492)	197,952	(85,979)	111,973
5	306	Lake, River and Other Intakes	-	-	-	-	-	-
6	307	Wells and Springs	1,549,479	-	(28,229)	1,622,446	(70,096)	1,552,350
7	309	Supply Mains	1,959	-	-	2,118	-	2,118
8	310	Power Generation Equipment	-	-	(538)	10,751	(893)	9,858
9	311	Pumping Equipment	14,623	-	(60,637)	492,405	(340,377)	152,028
10	320	Water Treatment Equipment	9,272	-	(8,611)	263,210	(120,648)	142,562
11	330	Dist. Reservoirs & Standpipes	1,344	-	(5,888)	265,882	(98,669)	167,213
12	331	Trans. and Dist. Mains	32,723	-	(12,089)	620,829	(236,845)	383,984
13	333	Services	1,949	-	(3,143)	95,370	(45,743)	49,627
14	334	Meters and Meter Installations	1,470	-	(18,326)	220,733	(188,745)	31,988
15	335	Hydrants	9,975	-	(644)	37,178	(11,685)	25,493
16	336	Backflow Prevention Devices	85	-	(65)	1,024	(97)	927
17	339	Other Plant and Misc. Equip.	-	-	(1,288)	19,311	(6,453)	12,858
18	340	Office Furniture and Equipment	2,354	-	(1,424)	22,527	(14,580)	7,947
19	341	Transportation Equipment	-	-	(4,169)	20,846	(18,688)	2,158
20	343	Tools, Shop and Garage Equip.	3,192	-	(2,066)	42,910	(10,557)	32,353
21	344	Laboratory Equipment	2,645	-	(819)	9,508	(1,203)	8,305
22	345	Power Operated Equipment	-	-	(1,946)	38,924	(18,275)	20,649
23	346	Communication Equipment	-	-	(265)	2,654	1,111	3,765
24	347	Miscellaneous Equipment	792	-	(788)	8,273	(1,592)	6,681
25	348	Other Tangible Plant	-	-	(131)	3,937	(2,191)	1,746
26		Adjustment	-	-	143	-	143	143
		Rounding	-	-	-	(11)	-	(11)
27		TOTAL WASTEWATER PLANT	<u>\$ 1,697,923</u>	<u>\$ -</u>	<u>\$ (156,414)</u>	<u>\$ 4,016,877</u>	<u>\$ (1,272,062)</u>	<u>\$ 2,744,815</u>
28		Company As Filed	1,697,923	-	(126,768)	4,016,877	(1,228,047)	2,788,830
29		Difference	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (29,646)</u>	<u>\$ -</u>	<u>\$ (44,015)</u>	<u>\$ (44,015)</u>
30		RUCO Adjustment (Line 28) (See RLM-3, Column (B))					<u>\$ (44,015)</u>	

References:

- Columns (A) (B): Company Workpapers
- Column (C): [(Col. (A) + Col. (B)) X RLM-4, Page 1, Col. (A) X 1/2 yr. conv.] + [RLM-4, Page 9, Col. (D) X RLM-4, Page 1, Col. (A)]
- Column (D): Schedule RLM-4, Page 9, Column (D) + (Column (A) + Column (B))
- Column (E): Schedule RLM-4, Page 9, Column (E) + Column (B) + Column (C)
- Column (F): Column (D) + Column (E)

Global Utilities
Docket No. SW-02445A-09-0077 ET AL
Test Year Ended December 31, 2008

Willow Valley Water Company, Inc.
Schedule SURR RLM-5
Page 1 of 1

SURREBUTTAL
RUCO MADE NO POST TEST YEAR PLANT ADJUSTMENTS

**SURREBUTTAL
OPERATING INCOME**

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) RUCO TEST YEAR ADJ'MTS	(C) RUCO TEST YEAR AS ADJ'TED	(D) RUCO PROP'D CHANGES	(E) RUCO AS RECOMM'D
Revenues:						
1	Metered Water Sales	\$ 453,784	\$ -	\$ 453,784	\$ 387,764	\$ 841,548
2	Water Sales - Unmetered	-	-	-	-	-
3	Other Operating Revenue	19,743	-	19,743	5,710	25,453
4	TOTAL OPERATING REVENUE	\$ 473,527	\$ -	\$ 473,527	\$ 393,474	\$ 867,001
Operating Expenses:						
5	Salary and Wages - Employees	\$ 226,369	(21,372)	\$ 204,997	\$ -	\$ 204,997
6	Employee Pensions and Benefits	50,965	-	50,965	-	50,965
7	Purchased Water	-	-	-	-	-
8	Purchased Power	33,567	-	33,567	-	33,567
9	Fuel for Power Production	-	-	-	-	-
10	Chemicals	18,049	-	18,049	-	18,049
11	Materials and Supplies	18,697	-	18,697	-	18,697
12	Materials and Supplies	41,492	-	41,492	-	41,492
13	Contractual Services - Testing	5,401	-	5,401	-	5,401
14	Contractual Services - Other	12,787	-	12,787	-	12,787
15	Rental of Building/Real Property	9,185	-	9,185	-	9,185
16	Rental of Equipment	-	-	-	-	-
17	Transportation Expenses	13,076	-	13,076	-	13,076
18	Insurance - General Liability	5,119	-	5,119	-	5,119
19	Insurance - Other	1,072	-	1,072	-	1,072
20	Advertising Expense	-	-	-	-	-
21	Rate Case Expense	5,333	-	5,333	-	5,333
22	Bad Debt Expense	4,735	(885)	3,850	-	3,850
23	Miscellaneous Expenses	10,257	-	10,257	-	10,257
24	Depreciation Expense	185,697	-	185,697	-	185,697
25	Taxes Other Than Income	140	-	140	-	140
26	Property Taxes	-	5,518	5,518	-	5,518
27	Other Taxes and Licenses	-	-	-	-	-
28	Income Taxes	(72,955)	2,366	(70,589)	135,101	64,512
29	TOTAL OPERATING EXPENSES	\$ 568,985	\$ (14,373)	\$ 554,612	\$ 135,101	\$ 689,714
30	OPERATING INCOME (LOSS)	\$ (95,458)		\$ (81,085)		\$ 177,287

References:

- Column (A): Company Schedule C-1
- Column (B): RLM-7, Columns (B) Thru (H)
- Column (C): Column (A) + Column (B)
- Column (D): Revenue From RLM-1, Column (B), Line 8 And Income Tax From RLM-1, Column (B), Line 8 - Line 6
- Column (E): Column (C) + Column (D)

SURREBUTTAL
SUMMARY OF OPERATING INCOME ADJUSTMENTS
TEST YEAR AS FILED AND ADJUSTMENTS

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) ADJ #1 PROPERTY TAX	(C) ADJ #2 CAGRD	(D) ADJ #3 LEFT BLANK	(E) ADJ #4 LEFT BLANK	(F) ADJ #5 MAGMNT FEES	(G) ADJ #6 SURR BAD DEBT EXPENSE	(H) ADJ #7 SURR DEPRECIATION EXPENSE	(I) ADJ #8 INCOME TAX	(J) RUCO AS ADJTD
Revenues:											
1	Metered Water Sales	\$ 453,784	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 453,784
2	Other Operating Revenue	-	-	-	-	-	-	-	-	-	-
3	Water Sales - Unmetered	19,743	-	-	-	-	-	-	-	-	19,743
4	TOTAL OPRG REV.	<u>\$ 473,527</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 473,527</u>
Operating Expenses:											
5	Salary and Wages - Employees	\$ 226,369	\$ -	\$ -	\$ -	\$ (21,372)	\$ -	\$ -	\$ -	\$ -	\$ 204,997
6	Employee Pensions and Benefits	50,965	-	-	-	-	-	-	-	-	50,965
7	Purchased Water	-	-	-	-	-	-	-	-	-	-
8	Purchased Power	33,567	-	-	-	-	-	-	-	-	33,567
9	Fuel for Power Production	-	-	-	-	-	-	-	-	-	-
10	Chemicals	18,049	-	-	-	-	-	-	-	-	18,049
11	Materials and Supplies	18,697	-	-	-	-	-	-	-	-	18,697
12	Materials and Supplies	41,492	-	-	-	-	-	-	-	-	41,492
13	Contractual Services - Testing	5,401	-	-	-	-	-	-	-	-	5,401
14	Contractual Services - Other	12,787	-	-	-	-	-	-	-	-	12,787
15	Rental of Building/Real Property	9,185	-	-	-	-	-	-	-	-	9,185
16	Rental of Equipment	-	-	-	-	-	-	-	-	-	-
17	Transportation Expenses	13,076	-	-	-	-	-	-	-	-	13,076
18	Insurance - General Liability	5,119	-	-	-	-	-	-	-	-	5,119
19	Insurance - Other	1,072	-	-	-	-	-	-	-	-	1,072
20	Advertising Expense	-	-	-	-	-	-	-	-	-	-
21	Rate Case Expense	5,333	-	-	-	-	-	-	-	-	5,333
22	Bad Debt Expense	4,735	-	-	-	-	-	-	-	-	4,735
23	Miscellaneous Expenses	10,257	-	-	-	-	(885)	-	-	-	10,257
24	Depreciation Expense	185,697	-	-	-	-	-	-	-	-	185,697
25	Taxes Other Than Income	140	-	-	-	-	-	-	-	-	140
26	Property Taxes	-	5,518	-	-	-	-	-	-	-	5,518
27	Other Taxes and Licenses	-	-	-	-	-	-	-	-	-	-
28	Income Taxes	(72,955)	-	-	-	-	-	-	-	2,366	(70,589)
29	TOTAL OPRG EXP.	<u>\$ 568,985</u>	<u>\$ 5,518</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (21,372)</u>	<u>\$ (885)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,366</u>	<u>\$ 554,612</u>
30	OPRG INC. (LOSS)	<u>\$ (95,458)</u>									<u>\$ (81,085)</u>

References:

- Column (A): Company Schedule C-1
- Column (B): Testimony, RLM And Schedule RLM-8
- Column (C): Testimony, RLM
- Column (D): Testimony, RLM
- Column (E): Testimony, RLM
- Column (F): Testimony, RLM
- Column (G): Testimony, RLM
- Column (H): Testimony, RLM And Schedule RLM-9
- Column (I): Testimony, RLM
- Column (J): Sum Of Columns (A) Thru (I)

SURREBUTTAL
EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 1
PROPERTY TAX COMPUTATION

LINE NO.	DESCRIPTION	REFERENCE	(A)	(B)
Calculation Of The Company's Full Cash Value:				
Annual Operating Revenues:				
1	Adjusted Revenues In Year Ended Dec. 2008	Sch. RLM-6, Col (C), Ln 4	\$ 473,527	
2	Adjusted Revenues In Year Ended Dec. 2008	Sch. RLM-6, Col (C), Ln 4	473,527	
3	Proposed Revenues	Sch. RLM-6, Col (E), Ln 4	867,001	
4	Total Three Year Operating Revenues	Sum Of Lines 1, 2 & 3	\$ 1,814,055	
5	Average Annual Operating Revenues	Line 4 / 3	<u>604,685</u>	
6	Two Times 3-Year Average Operating Revenues	Line 5 X 2		\$ 1,209,370
ADD:				
10% Of Construction Work In Progress ("CWIP"):				
7	Test Year CWIP	Co. Sch. E-1	\$ 129,694	
8	10% Of CWIP	Line 7 X 10%		\$ 12,969
SUBTRACT:				
Transportation At Book Value:				
9	Original Cost Of Transportation Equipment	RLM-4, Pg 13, Col. (D), Ln 19	\$ -	
10	Acc. Dep. Of Transportation Equipment	RLM-4, Pg 13, Col. (E), Ln 19	<u>-</u>	
11	Book Value Of Transportation Equipment	Line 9 + Line 10		\$ -
12	Company's Full Cash Value ("FCV")	Sum Of Lines 6, 8 & 11		<u>\$ 1,222,339</u>
Calculation Of The Company's Tax Liability:				
MULTIPLY:				
FCV X Valuation Assessment Ratio X Property Tax Rates:				
13	Assessment Ratio For 2010	House Bill 2779	21.0%	
14	Assessed Value	Line 12 X Line 13	\$ 256,691	
Property Tax Rates:				
15	Primary Tax Rate - 2008 Tax Notice	RUCO Data Req. 1.29	2.1496%	
16	Secondary Tax Rate - 2008 Tax Notice	RUCO Data Req. 1.29	<u>0.0000%</u>	
17	Estimated Tax Rate Liability	Line 15 + Line 16	2.15%	
18	Co.'s Total Tax Liability - Based On Full Cash Value	Line 14 X Line 17		<u>\$ 5,518</u>
19	Test Year Adjusted Property Tax Expense As Filing	Co. Sch. C-1, Line 29		-
20	Increase In Property Tax Expense	Line 18 - Line 19		<u>\$ 5,518</u>
21	RUCO Adjustment (See RLM-7, Col. (B), Line 26)	Line 20		<u><u>\$ 5,518</u></u>

SURREBUTTAL
EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 3
INCOME TAX EXPENSE

LINE NO.	DESCRIPTION	(A) REFERENCE	(B) AMOUNT
FEDERAL INCOME TAXES:			
1	Operating Income Before Taxes	Sch. RLM-6, Column (C), L26 + L24	\$ (151,675)
LESS:			
2	Arizona State Tax	Line 11	14,325
3	Interest Expense	Note (A) Line 20	(53,912)
4	Federal Taxable Income	Line 1 - Line 2 - Line 3	<u>\$ (191,261)</u>
5	Federal Tax Rate	Sch. RLM-1, Pg 2, Col. (D), L34	29.42%
6	Federal Income Tax Expense	Line 4 X line 5	<u>\$ (56,264)</u>
STATE INCOME TAXES:			
7	Operating Income Before Taxes	Line 1	\$ (151,675)
LESS:			
8	Interest Expense	Note (A) Line 20	(53,912)
9	State Taxable Income	Line 7 - Line 8	<u>\$ (205,587)</u>
10	State Tax Rate	Tax Rate	6.97%
11	State Income Tax Expense	Line 9 X Line 10	<u>\$ (14,325)</u>
TOTAL INCOME TAX EXPENSE:			
12	Federal Income Tax Expense	Line 6	\$ (56,264)
13	State Income Tax Expense	Line 11	(14,325)
14	Total Income Tax Expense Per RUCO	Line 12 + Line 13	<u>\$ (70,589)</u>
15	Total Income Tax Expense Per Company (Per Company Sch. C-1)		<u>(72,955)</u>
16	Total Income Tax Adjustment	Line 14 - Line 15	<u>\$ 2,366</u>
17	RUCO Adjustment (See Sch. RLM-7, Column (I), L28)	Line 16	<u>\$ 2,366</u>

NOTE (A):

Interest Synchronization:		
18	Adjusted Rate Base (Sch. RLM-3, Col. (E), L13)	\$ 2,207,149
19	Weighted Cost Of Debt (Sch. RLM-11, Col. (F), L2)	2.44%
20	Interest Expense (L17 X L18)	<u>\$ 53,912</u>

**SURREBUTTAL
COST OF CAPITAL**

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) RUCO ADJUSTMENTS	(C) RUCO AS ADJUSTED	(D) CAPITAL RATIO	(E) COST	(F) WEIGHTED COST RATE
1	Short-term Debt	\$ -	\$ -	\$ -	0.00%	0.00%	
2	Long-term Debt	\$ 118,466,992	\$ -	\$ 118,466,992	37.89%	6.45%	2.44%
3	Common Equity	\$ 194,182,956	\$ -	\$ 194,182,956	62.11%	9.00%	5.59%
4	TOTAL CAPITAL	<u>\$ 312,649,948</u>	<u>\$ -</u>	<u>\$ 312,649,948</u>	<u>100.00%</u>		
5	COST OF CAPITAL						<u>8.03%</u>

References:
Columns (A) Thru (F): Testimony, WAR

SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

LINE NO.	DESCRIPTION	PROPOSED REVENUE			
		(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
RESIDENTIAL CUSTOMERS					
1	5/8" X 3/4" Meter	17,976	\$ 27.02	\$ 485,790	\$ 485,790
	Commodity Usage (In Thousands Of Gallons)				
2	First Tier -Breakover @ 1,000 Gals.	12,859	\$ 0.8676	\$ 11,156	
3	Second Tier - Breakover @ 5,000 Gals.	32,841	\$ 2.2556	\$ 74,079	
4	Third Tier - Breakover @ 10,000 Gals.	19,495	\$ 2.4725	\$ 48,202	
5	Fourth Tier - Breakover @ 18,000 Gals.	13,555	\$ 3.0364	\$ 41,159	
6	Fifth Tier - Breakover @ 25,000 Gals.	5,193	\$ 3.9040	\$ 20,275	
7	Sixth Tier - Over 25,000 Gals.	8,566	\$ 4.7282	\$ 40,501	
8	Total Commodity Usage And Revenue	92,510			\$ 235,372
9	3/4" Meter	126	\$ 27.02	\$ 3,405	\$ 3,405
	Commodity Usage (In Thousands Of Gallons)				
10	First Tier -Breakover @ 1,000 Gals.	86	\$ 0.8676	\$ 75	
11	Second Tier - Breakover @ 5,000 Gals.	210	\$ 2.2556	\$ 474	
12	Third Tier - Breakover @ 10,000 Gals.	132	\$ 2.4725	\$ 326	
13	Fourth Tier - Breakover @ 18,000 Gals.	69	\$ 3.0364	\$ 210	
14	Fifth Tier - Breakover @ 25,000 Gals.	27	\$ 3.9040	\$ 105	
15	Sixth Tier - Over 25,000 Gals.	20	\$ 4.7282	\$ 95	
16	Total Commodity Usage And Revenue	544			\$ 1,284
17	1" Meter	96	\$ 67.56	\$ 6,486	\$ 6,486
	Commodity Usage (In Thousands Of Gallons)				
18	First Tier -Breakover @ 1,000 Gals.	78	\$ 0.8676	\$ 68	
19	Second Tier - Breakover @ 5,000 Gals.	231	\$ 2.2556	\$ 521	
20	Third Tier - Breakover @ 10,000 Gals.	148	\$ 2.4725	\$ 366	
21	Fourth Tier - Breakover @ 18,000 Gals.	180	\$ 3.0364	\$ 547	
22	Fifth Tier - Breakover @ 25,000 Gals.	117	\$ 3.9040	\$ 457	
23	Sixth Tier - Over 25,000 Gals.	148	\$ 4.7282	\$ 700	
24	Total Commodity Usage And Revenue	902			\$ 2,658
25	1.5" Meter	-	\$ 135.12	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
26	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.8676	\$ -	
27	Second Tier - Breakover @ 5,000 Gals.	-	\$ 2.2556	\$ -	
28	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.4725	\$ -	
29	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 3.0364	\$ -	
30	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.9040	\$ -	
31	Sixth Tier - Over 25,000 Gals.	-	\$ 4.7282	\$ -	
32	Total Commodity Usage And Revenue	-			\$ -
33	2" Meter	-	\$ 216.19	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
34	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.8676	\$ -	
35	Second Tier - Breakover @ 5,000 Gals.	-	\$ 2.2556	\$ -	
36	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.4725	\$ -	
37	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 3.0364	\$ -	
38	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.9040	\$ -	
39	Sixth Tier - Over 25,000 Gals.	-	\$ 4.7282	\$ -	
40	Total Commodity Usage And Revenue	-			\$ -
41	Total Residential Customer Bills	18,198		\$ 495,681	
42	Total Residential Usage	93,956		\$ 135,266	
43	TOTAL RESIDENTIAL CUSTOMERS REVENUE			\$ 734,995	

SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

LINE NO.	DESCRIPTION	PROPOSED REVENUE			
		(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
COMMERCIAL CUSTOMERS					
44	5/8" X 3/4" Meter	24	\$ 27.02	\$ 649	\$ 649
	Commodity Usage (In Thousands Of Gallons)				
45	First Tier -Breakover @ 1,000 Gals.	23	\$ 0.8676	\$ 20	
46	Second Tier - Breakover @ 5,000 Gals.	29	\$ 2.2556	\$ 65	
47	Third Tier - Breakover @ 10,000 Gals.	5	\$ 2.4725	\$ 12	
48	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 3.0364	\$ -	
49	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.9040	\$ -	
50	Sixth Tier - Over 25,000 Gals.	-	\$ 4.7282	\$ -	
51	Total Commodity Usage And Revenue	57			\$ 98
52	3/4" Meter	12	\$ 27.02	\$ 324	\$ 324
	Commodity Usage (In Thousands Of Gallons)				
53	First Tier -Breakover @ 1,000 Gals.	12	\$ 0.8676	\$ 10	
54	Second Tier - Breakover @ 5,000 Gals.	15	\$ 2.2556	\$ 34	
55	Third Tier - Breakover @ 10,000 Gals.	20	\$ 2.4725	\$ 49	
56	Fourth Tier - Breakover @ 18,000 Gals.	52	\$ 3.0364	\$ 158	
57	Fifth Tier - Breakover @ 25,000 Gals.	38	\$ 3.9040	\$ 149	
58	Sixth Tier - Over 25,000 Gals.	328	\$ 4.7282	\$ 1,549	
59	Total Commodity Usage And Revenue	465			\$ 1,949
60	1" Meter	72	\$ 67.56	\$ 4,864	\$ 4,864
	Commodity Usage (In Thousands Of Gallons)				
61	First Tier -Breakover @ 1,000 Gals.	66	\$ 0.8676	\$ 57	
62	Second Tier - Breakover @ 5,000 Gals.	211	\$ 2.2556	\$ 475	
63	Third Tier - Breakover @ 10,000 Gals.	168	\$ 2.4725	\$ 417	
64	Fourth Tier - Breakover @ 18,000 Gals.	162	\$ 3.0364	\$ 492	
65	Fifth Tier - Breakover @ 25,000 Gals.	98	\$ 3.9040	\$ 382	
66	Sixth Tier - Over 25,000 Gals.	149	\$ 4.7282	\$ 704	
67	Total Commodity Usage And Revenue	854			\$ 2,527
68	1.5" Meter	12	\$ 135.12	\$ 1,621	\$ 1,621
	Commodity Usage (In Thousands Of Gallons)				
69	First Tier -Breakover @ 1,000 Gals.	12	\$ 0.8676	\$ 10	
70	Second Tier - Breakover @ 5,000 Gals.	32	\$ 2.2556	\$ 72	
71	Third Tier - Breakover @ 10,000 Gals.	24	\$ 2.4725	\$ 59	
72	Fourth Tier - Breakover @ 18,000 Gals.	28	\$ 3.0364	\$ 85	
73	Fifth Tier - Breakover @ 25,000 Gals.	14	\$ 3.9040	\$ 55	
74	Sixth Tier - Over 25,000 Gals.	106	\$ 4.7282	\$ 501	
75	Total Commodity Usage And Revenue	216			\$ 783
76	2" Meter	-	\$ 216.19	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
77	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.8676	\$ -	
78	Second Tier - Breakover @ 5,000 Gals.	-	\$ 2.2556	\$ -	
79	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.4725	\$ -	
80	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 3.0364	\$ -	
81	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.9040	\$ -	
82	Sixth Tier - Over 25,000 Gals.	-	\$ 4.7282	\$ -	
83	Total Commodity Usage And Revenue	-			\$ -

SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

LINE NO.	DESCRIPTION	PROPOSED REVENUE			
		(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
84	3" Meter	-	\$ 432.39	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
85	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.8676	\$ -	
86	Second Tier - Breakover @ 5,000 Gals.	-	\$ 2.2556	\$ -	
87	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.4725	\$ -	
88	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 3.0364	\$ -	
89	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.9040	\$ -	
90	Sixth Tier - Over 25,000 Gals.	-	\$ 4.7282	\$ -	
91	Total Commodity Usage And Revenue	-			\$ -
92	4" Meter	12	\$ 1,351.22	\$ 16,215	\$ 16,215
	Commodity Usage (In Thousands Of Gallons)				
93	First Tier -Breakover @ 1,000 Gals.	12	\$ 0.8676	\$ 10	
94	Second Tier - Breakover @ 5,000 Gals.	23	\$ 2.2556	\$ 52	
95	Third Tier - Breakover @ 10,000 Gals.	15	\$ 2.4725	\$ 37	
96	Fourth Tier - Breakover @ 18,000 Gals.	7	\$ 3.0364	\$ 21	
97	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.9040	\$ -	
98	Sixth Tier - Over 25,000 Gals.	-	\$ 4.7282	\$ -	
99	Total Commodity Usage And Revenue	57			\$ 121
100	Total Commercial Customer Bills	132			
101	Total Commercial Usage	1,648			
102	TOTAL COMMERCIAL CUSTOMERS REVENUE				\$ 29,151
IRRIGATION CUSTOMERS					
103	5/8" X 3/4" Meter	-	\$ 27.02	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
104	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.8676	\$ -	
105	Second Tier - Breakover @ 5,000 Gals.	-	\$ 2.2556	\$ -	
106	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.4725	\$ -	
107	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 3.0364	\$ -	
108	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.9040	\$ -	
109	Sixth Tier - Over 25,000 Gals.	-	\$ 4.7282	\$ -	
110	Total Commodity Usage And Revenue	-			\$ -
111	3/4" Meter	-	\$ 27.02	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
112	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.8676	\$ -	
113	Second Tier - Breakover @ 5,000 Gals.	-	\$ 2.2556	\$ -	
114	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.4725	\$ -	
115	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 3.0364	\$ -	
116	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.9040	\$ -	
117	Sixth Tier - Over 25,000 Gals.	-	\$ 4.7282	\$ -	
118	Total Commodity Usage And Revenue	-			\$ -
119	1" Meter	-	\$ 67.56	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
120	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.8676	\$ -	
121	Second Tier - Breakover @ 5,000 Gals.	-	\$ 2.2556	\$ -	
122	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.4725	\$ -	
123	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 3.0364	\$ -	
124	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.9040	\$ -	
125	Sixth Tier - Over 25,000 Gals.	-	\$ 4.7282	\$ -	
126	Total Commodity Usage And Revenue	-			\$ -

SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
		TEST YEAR ADJUSTED DETERMINANTS	PROPOSED CHARGES & USAGE FEES	PROPOSED REVENUES	TOTAL REVENUES
127	1.5" Meter	-	\$ 135.12	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
128	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.8676	\$ -	
129	Second Tier - Breakover @ 5,000 Gals.	-	\$ 2.2556	\$ -	
130	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.4725	\$ -	
131	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 3.0364	\$ -	
132	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.9040	\$ -	
133	Sixth Tier - Over 25,000 Gals.	-	\$ 4.7282	\$ -	
134	Total Commodity Usage And Revenue	-			\$ -
135	2" Meter	24	\$ 216.19	\$ 5,189	\$ 5,189
	Commodity Usage (In Thousands Of Gallons)				
136	First Tier -Breakover @ 1,000 Gals.	12	\$ 0.8676	\$ 10	
137	Second Tier - Breakover @ 5,000 Gals.	48	\$ 2.2556	\$ 108	
138	Third Tier - Breakover @ 10,000 Gals.	60	\$ 2.4725	\$ 148	
139	Fourth Tier - Breakover @ 18,000 Gals.	96	\$ 3.0364	\$ 291	
140	Fifth Tier - Breakover @ 25,000 Gals.	84	\$ 3.9040	\$ 328	
141	Sixth Tier - Over 25,000 Gals.	1,166	\$ 4.7282	\$ 5,513	
142	Total Commodity Usage And Revenue	1,466			\$ 6,400
143	3" Meter	-	\$ 432.39	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
144	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.8676	\$ -	
145	Second Tier - Breakover @ 5,000 Gals.	-	\$ 2.2556	\$ -	
146	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.4725	\$ -	
147	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 3.0364	\$ -	
148	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.9040	\$ -	
149	Sixth Tier - Over 25,000 Gals.	-	\$ 4.7282	\$ -	
150	Total Commodity Usage And Revenue	-			\$ -
151	4" Meter	12	\$ 675.61	\$ 8,107	\$ 8,107
	Commodity Usage (In Thousands Of Gallons)				
152	First Tier -Breakover @ 1,000 Gals.	12	\$ 0.8676	\$ 10	
153	Second Tier - Breakover @ 5,000 Gals.	48	\$ 2.2556	\$ 108	
154	Third Tier - Breakover @ 10,000 Gals.	60	\$ 2.4725	\$ 148	
155	Fourth Tier - Breakover @ 18,000 Gals.	96	\$ 3.0364	\$ 291	
156	Fifth Tier - Breakover @ 25,000 Gals.	84	\$ 3.9040	\$ 328	
157	Sixth Tier - Over 25,000 Gals.	1,507	\$ 4.7282	\$ 7,125	
158	Total Commodity Usage And Revenue	1,807			\$ 8,012
159	Total Irrigation Customer Bills	<u>36</u>			
160	Total Irrigation Usage	<u>3,273</u>			
161	TOTAL IRRIGATION CUSTOMERS REVENUE				<u>\$ 27,707</u>
HOA CUSTOMERS					
162	5/8" X 3/4" Meter	-	\$ 27.02	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
163	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.8676	\$ -	
164	Second Tier - Breakover @ 5,000 Gals.	-	\$ 2.2556	\$ -	
165	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.4725	\$ -	
166	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 3.0364	\$ -	
167	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.9040	\$ -	
168	Sixth Tier - Over 25,000 Gals.	-	\$ 4.7282	\$ -	
169	Total Commodity Usage And Revenue	-			\$ -

SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
		TEST YEAR ADJUSTED DETERMINANTS	PROPOSED CHARGES & USAGE FEES	PROPOSED REVENUES	TOTAL REVENUES
170	3/4" Meter	-	\$ 27.02	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
171	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.8676	\$ -	
172	Second Tier - Breakover @ 5,000 Gals.	-	\$ 2.2556	\$ -	
173	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.4725	\$ -	
174	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 3.0364	\$ -	
175	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.9040	\$ -	
176	Sixth Tier - Over 25,000 Gals.	-	\$ 4.7282	\$ -	
177	Total Commodity Usage And Revenue	-			\$ -
178	1" Meter	12	\$ 67.56	\$ 811	\$ 811
	Commodity Usage (In Thousands Of Gallons)				
179	First Tier -Breakover @ 1,000 Gals.	12	\$ 0.8676	\$ 10	
180	Second Tier - Breakover @ 5,000 Gals.	48	\$ 2.2556	\$ 108	
181	Third Tier - Breakover @ 10,000 Gals.	60	\$ 2.4725	\$ 148	
182	Fourth Tier - Breakover @ 18,000 Gals.	96	\$ 3.0364	\$ 291	
183	Fifth Tier - Breakover @ 25,000 Gals.	82	\$ 3.9040	\$ 320	
184	Sixth Tier - Over 25,000 Gals.	288	\$ 4.7282	\$ 1,362	
185	Total Commodity Usage And Revenue	586			\$ 2,240
186	1.5" Meter	12	\$ 135.12	\$ 1,621	\$ 1,621
	Commodity Usage (In Thousands Of Gallons)				
187	First Tier -Breakover @ 1,000 Gals.	12	\$ 0.8676	\$ 10	
188	Second Tier - Breakover @ 5,000 Gals.	48	\$ 2.2556	\$ 108	
189	Third Tier - Breakover @ 10,000 Gals.	60	\$ 2.4725	\$ 148	
190	Fourth Tier - Breakover @ 18,000 Gals.	96	\$ 3.0364	\$ 291	
191	Fifth Tier - Breakover @ 25,000 Gals.	84	\$ 3.9040	\$ 328	
192	Sixth Tier - Over 25,000 Gals.	570	\$ 4.7282	\$ 2,695	
193	Total Commodity Usage And Revenue	870			\$ 3,582
194	2" Meter	-	\$ 216.19	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
195	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.8676	\$ -	
196	Second Tier - Breakover @ 5,000 Gals.	-	\$ 2.2556	\$ -	
197	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.4725	\$ -	
198	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 3.0364	\$ -	
199	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.9040	\$ -	
200	Sixth Tier - Over 25,000 Gals.	-	\$ 4.7282	\$ -	
201	Total Commodity Usage And Revenue	-			\$ -
202	3" Meter	-	\$ 432.39	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
203	First Tier -Breakover @ 1,000 Gals.	-	\$ 0.8676	\$ -	
204	Second Tier - Breakover @ 5,000 Gals.	-	\$ 2.2556	\$ -	
205	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.4725	\$ -	
206	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 3.0364	\$ -	
207	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.9040	\$ -	
208	Sixth Tier - Over 25,000 Gals.	-	\$ 4.7282	\$ -	
209	Total Commodity Usage And Revenue	-			\$ -
210	4" Meter	24	\$ 1,351.22	\$ 32,429	\$ 32,429
	Commodity Usage (In Thousands Of Gallons)				
211	First Tier -Breakover @ 1,000 Gals.	13	\$ 0.8676	\$ 11	
212	Second Tier - Breakover @ 5,000 Gals.	48	\$ 2.2556	\$ 108	
213	Third Tier - Breakover @ 10,000 Gals.	41	\$ 2.4725	\$ 101	
214	Fourth Tier - Breakover @ 18,000 Gals.	27	\$ 3.0364	\$ 82	
215	Fifth Tier - Breakover @ 25,000 Gals.	21	\$ 3.9040	\$ 82	
216	Sixth Tier - Over 25,000 Gals.	60	\$ 4.7282	\$ 284	
217	Total Commodity Usage And Revenue	210			\$ 669
218	Total HOA Customer Bills	48			
219	Total HOA Usage	1,666			
220	TOTAL HOA CUSTOMERS REVENUE				\$ 41,352

SURREBUTTAL
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PROPOSED REVENUE

LINE NO.	DESCRIPTION	PROPOSED REVENUE			
		(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
CONSTRUCTION CUSTOMERS					
194	2" Meter	-	\$ 216.19	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
195	First Tier - Breakover @ 1,000 Gals.	-	\$ 0.8676	\$ -	
196	Second Tier - Breakover @ 5,000 Gals.	-	\$ 2.2556	\$ -	
197	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.4725	\$ -	
198	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 3.0364	\$ -	
199	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.9040	\$ -	
200	Sixth Tier - Over 25,000 Gals.	-	\$ 4.7282	\$ -	
201	Total Commodity Usage And Revenue	-			\$ -
202	3" Meter	-	\$ 432.39	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
203	First Tier - Breakover @ 1,000 Gals.	-	\$ 0.8676	\$ -	
204	Second Tier - Breakover @ 5,000 Gals.	-	\$ 2.2556	\$ -	
205	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.4725	\$ -	
206	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 3.0364	\$ -	
207	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.9040	\$ -	
208	Sixth Tier - Over 25,000 Gals.	-	\$ 4.7282	\$ -	
209	Total Commodity Usage And Revenue	-			\$ -
210	4" Meter	-	\$ 675.61	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
211	First Tier - Breakover @ 1,000 Gals.	-	\$ 0.8676	\$ -	
212	Second Tier - Breakover @ 5,000 Gals.	-	\$ 2.2556	\$ -	
213	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.4725	\$ -	
214	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 3.0364	\$ -	
215	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.9040	\$ -	
216	Sixth Tier - Over 25,000 Gals.	-	\$ 4.7282	\$ -	
217	Total Commodity Usage And Revenue	-			\$ -
210	8" Meter	-	\$ 2,737.14	\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
211	First Tier - Breakover @ 1,000 Gals.	-	\$ 0.8676	\$ -	
212	Second Tier - Breakover @ 5,000 Gals.	-	\$ 2.2556	\$ -	
213	Third Tier - Breakover @ 10,000 Gals.	-	\$ 2.4725	\$ -	
214	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 3.0364	\$ -	
215	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.9040	\$ -	
216	Sixth Tier - Over 25,000 Gals.	-	\$ 4.7282	\$ -	
217	Total Commodity Usage And Revenue	-			\$ -
68	Total Construction Customer Bills	-			
69	Total Construction Usage	-			
70	TOTAL CONSTRUCTION CUSTOMERS REVENUE				\$ -

SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
LAKE CUSTOMERS					
194	2" Meter	12		\$ -	\$ -
	Commodity Usage (In Thousands Of Gallons)				
195	First Tier -Breakover @ 1,000 Gals.	3	\$ 0.8676	\$ 3	
196	Second Tier - Breakover @ 5,000 Gals.	5	\$ 2.2556	\$ 11	
197	Third Tier - Breakover @ 10,000 Gals.	5	\$ 2.4725	\$ 12	
198	Fourth Tier - Breakover @ 18,000 Gals.	-	\$ 3.0364	\$ -	
199	Fifth Tier - Breakover @ 25,000 Gals.	-	\$ 3.9040	\$ -	
200	Sixth Tier - Over 25,000 Gals.	-	\$ 4.7282	\$ -	
201	Total Commodity Usage And Revenue	13			\$ 26
68	Total Lake Customer Bills	12			
69	Total Lake Usage	13			
70	TOTAL LAKE CUSTOMERS REVENUE				\$ 26
NON-PORABLE CUSTOMERS					
178	1" Meter	12	\$ 675.61	\$ 8,107	\$ 8,107
	Commodity Usage (In Thousands Of Gallons)				
179	First Tier -Breakover @ 1,000 Gals.	3	\$ 0.8676	\$ 3	
180	Second Tier - Breakover @ 5,000 Gals.	8	\$ 2.2556	\$ 18	
181	Third Tier - Breakover @ 10,000 Gals.	10	\$ 2.4725	\$ 25	
182	Fourth Tier - Breakover @ 18,000 Gals.	15	\$ 3.0364	\$ 46	
183	Fifth Tier - Breakover @ 25,000 Gals.	7	\$ 3.9040	\$ 27	
184	Sixth Tier - Over 25,000 Gals.	2	\$ 4.7282	\$ 9	
185	Total Commodity Usage And Revenue	45			\$ 128
186	Total Non-Portable Bills	12			
187	Total Non-Portable Usage	45			
188	TOTAL NON-PORABLE CUSTOMERS REVENUE				\$ 8,235
189	RUCO TOTAL PROPOSED REVENUE PER BILL COUNT				\$ 841,466
190	TOTAL RESIDENTIAL REVENUE PER BILL COUNT				\$ 734,995
191	TOTAL COMMERCIAL REVENUE PER BILL COUNT				29,151
192	TOTAL IRRIGATION REVENUE PER BILL COUNT				27,707
193	TOTAL HOA REVENUE PER BILL COUNT				41,352
194	TOTAL CONSTRUCTION REVENUE PER BILL COUNT				-
195	TOTAL LAKE REVENUE PER BILL COUNT				26
196	TOTAL NON-POTABLE REVENUE PER BILL COUNT				8,235
197	RUCO TOTAL PROPOSED REVENUE PER BILL COUNT				\$ 841,466
198	Unreconciled Difference vs. Billed Revenues				\$ 81
199	RUCO Disallowance Of The 55% CMT				\$ -
200	Miscellaneous Revenues				25,453
200	RUCO TOTAL REVENUE				\$ 867,001
201	ADJUSTED REVENUE PER SCHEDULE SURR RLM-1, LINE 10				\$ 867,000
202	Difference				\$ 0
203	Percentage Difference				0.00%

SURREBUTTAL

TYPICAL RESIDENTIAL BILL ANALYSIS

LINE NO.	DESCRIPTION	(A) PRESENT	(B)	(C) COMPANY PROPOSED	(D)	(E) RUCO PROPOSED	(F)
REVENUE ALLOCATION							
1	RESIDENTIAL	\$ 422,409	92.92%	\$ 847,202	87.35%	\$ 734,995	87.35%
2	OTHER	32,203	7.08%	122,725	12.65%	106,471	12.65%
3	TOTAL	\$ 454,612	100.00%	\$ 969,927	100.00%	\$ 841,466	100.00%
ALLOCATION RATIOS							
4	FIX REVENUE	\$ 333,273	73.31%	\$ 663,495	68.41%	\$ 575,619	68.41%
5	VARIABLE REVENUE	121,339	26.69%	306,432	31.59%	265,847	31.59%
6	TOTAL	\$ 454,612	100.00%	\$ 969,927	100.00%	\$ 841,466	100.00%
RESIDENTIAL (5/8" X 3/4") RATE DESIGN							
		PRESENT		COMPANY PROPOSED		RUCO PROPOSED	
7	BASIC MONTHLY CHARGE	\$ 16.25		\$ 31.15		\$ 27.02	
COMMODITY CHARGE							
		PRESENT	PROPOSED				
8	1st Tier - Breakover 8,000	1st Tier - Breakover 1,000	\$ 1,1000	\$ 1,0000	\$ 0.8676		
9	2nd Tier - Over 8,000	2nd Tier - Breakover 5,000	\$ 1,7000	\$ 2,6000	\$ 2.2556		
10		3rd Tier - Breakover 10,000	N/A	\$ 2,8500	\$ 2.4725		
11		4th Tier - Breakover 18,000	N/A	\$ 3,5000	\$ 3.0364		
12		5th Tier - Breakover 25,000	N/A	\$ 4,5000	\$ 3.9040		
13		6th Tier - Over 25,000	N/A	\$ 5,4500	\$ 4.7282		
AVERAGE RESIDENTIAL BILL COMPARISONS							
		VARIABLE MONTHLY USAGE	PERCENT AVERAGE USAGE OF 5142	PRESENT TOTAL MONTHLY COST	RUCO MONTHLY COST	RUCO MONTHLY INCREASE	% MONTHLY INCREASE
14		1,286	25.00%	\$ 17.66	\$ 28.54	\$ 10.87	61.55%
15		2,571	50.00%	\$ 19.08	\$ 31.44	\$ 12.36	64.77%
16		5,142	100.00%	\$ 21.91	\$ 37.27	\$ 15.36	70.11%
17		7,713	150.00%	\$ 24.56	\$ 42.33	\$ 17.77	72.35%
18		10,284	200.00%	\$ 28.93	\$ 43.45	\$ 14.51	50.16%
MEDIAN RESIDENTIAL BILL COMPARISONS							
		VARIABLE MONTHLY USAGE	PERCENT AVERAGE USAGE OF 2000	PRESENT TOTAL MONTHLY COST	RUCO MONTHLY COST	RUCO MONTHLY INCREASE	% MONTHLY INCREASE
19		500	25.00%	\$ 16.80	\$ 26.76	\$ 9.96	59.31%
20		1,000	50.00%	\$ 17.35	\$ 27.89	\$ 10.54	60.76%
21		2,000	100.00%	\$ 18.45	\$ 29.50	\$ 11.05	59.87%
22		3,000	150.00%	\$ 19.55	\$ 28.02	\$ 8.47	43.34%
23		4,000	200.00%	\$ 18.25	\$ 31.06	\$ 12.81	70.18%