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Suite 2600
Phoenix, Arizona 85012
Attorneys for Black Mountain Sewer Corporation

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION OF BLACK MOUNTAIN SEWER CORPORATION, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANT AND PROPERTY AND FOR INCREASES IN ITS RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.	DOCKET NO: SW-02361A-08-0609 **NOTICE OF FILING FINAL SCHEDULES**

Black Mountain Sewer Corporation ("BMSC" or "Company") hereby submits this Notice of Filing its Final A-D and H Schedules. As reflected in these Final Schedules, the Company seeks a finding of fair value rate base in the amount of $3,682,741 and a rate of return of 12.40 percent resulting in a revenue increase of $952,956 and a gross revenue requirement of $2,533,126.

BMSC is also submitting the final version of its proposed hook-up fee ("HUF") tariff. A copy is included immediately behind the H-3 schedule setting forth HUFs. This proposed tariff is nearly identical to the one attached to the Rejoinder Testimony of Greg Sorensen at Sorensen Rejoinder Exhibit 1, and was created by using the HUF amounts proposed by Ms. Hains in her surrebuttal testimony and Staff's proposed HUF tariff form from the pending Litchfield Park Service Company rate case (*In the Matter of the Application of Litchfield Park Service Company*, Docket No. SW-01428A-09-0103 *et al.*, Direct Testimony of Marlin Scott Jr., Exhibit MSJ at 31-33). The only other change from Mr. Scott's proposed HUF tariff and the tariff attached to Mr. Sorensen's rejoinder

testimony is the addition of Ms. Hains' recommended language prohibiting certain uses of the HUF funds. *See* HUF tariff at Section IV (B).

DATED this 10th day of December, 2009.

FENNEMORE CRAIG, P.C.

By _____
Jay L. Shapiro
Norman D. James
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Phoenix, Arizona 85012
Attorneys for Black Mountain Sewer Corporation.

ORIGINAL and thirteen (13) copies of the foregoing were filed this 10th day of December, 2009, with:

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

Copy of the foregoing was hand delivered this 10th day of December, 2009, with:

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Copy of the foregoing mailed
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2265558.1/16040.035

Black Mountain Sewer Corporation
Test Year Ended June 30, 2008
Computation of Increase in Gross Revenue
Requirements As Adjusted

Exhibit
Final Schedule A-1
Page 1
Witness: Bourassa

Line No.			
1	Fair Value Rate Base	$	3,682,741
2			
3	Adjusted Operating Income		(128,478)
4			
5	Current Rate of Return		-3.49%
6			
7	Required Operating Income	$	456,660
8			
9	Required Rate of Return on Fair Value Rate Base		12.40%
10			
11	Operating Income Deficiency	$	585,138
12			
13	Gross Revenue Conversion Factor		1.6286
14			
15	Increase in Gross Revenue Revenue Requirement	$	952,956
16			
17	Test Year Revenues	$	1,580,170
18	Increase in Gross Revenue Revenue Requirement	$	952,956
19	Proposed Revenue Requirement	$	2,533,126
20	% Increase		60.31%
21			

22	**Customer**	**Present**	**Proposed**	**Dollar**	**Percent**
23	**Classification**	**Rates**	**Rates**	**Increase**	**Increase**
24					
25					
26	Residential	$ 1,077,880	$ 1,705,856	$ 627,976	58.26%
27	Commercial (Standard Rate)	378,678	599,266	220,588	58.25%
28	Commercial (Special Rate)	98,964	198,820	99,856	100.90%
29	Effluent Sales	15,917	19,578	3,661	23.00%
30					
31	Annualization	2,145	3,395	1,250	58.26%
32				-	0.00%
33	**Subtotal**	$ 1,573,584	$ 2,526,915	$ 953,331	60.58%
34					
35	Other Wastewater Revenues	6,915	6,915	-	0.00%
36	Reconciling Amount H-1 to C-1	(329)	(704)	(375)	113.98%
37					
38	**Total of Revenues**	$ 1,580,170	$ 2,533,126	$ 952,956	60.31%
39					
40					
41					

42 SUPPORTING SCHEDULES:
43 Final B-1
44 Final C-1
45 Final C-3
46 Final H-1
47
48

Black Mountain Sewer Corporation
Test Year Ended June 30, 2008
Summary of Rate Base

Exhibit
Final Schedule B-1
Page 1
Witness: Bourassa

Line No.		Original Cost Rate base	Fair Value Rate Base
1			
2	Gross Utility Plant in Service	$ 11,646,169	$ 11,646,169
3	Less: Accumulated Depreciation	5,725,167	5,725,167
4			
5	Net Utility Plant in Service	$ 5,921,002	$ 5,921,002
6			
7	Less:		
8	Advances in Aid of		
9	Construction	1,711,260	1,711,260
10	Contributions in Aid of		
11	Construction	5,232,139	5,232,139
12	Accumulated Amortization of CIAC	(4,214,384)	(4,214,384)
13			
14	Customer Meter Deposits	94,290	94,290
15	Deferred Income Taxes & Credits	(196,009)	(196,009)
16		-	-
17			
18			
19	Plus:		
20	Unamortized Finance		
21	Charges	-	-
22	Deferred Regulatory Assets	389,035	389,035
23	Allowance for Working Capital	-	-
24			
25			
26	Total Rate Base	$ 3,682,741	$ 3,682,741
27			
28			
29			
30	SUPPORTING SCHEDULES:		RECAP SCHEDULES:
31	Final B-2		Final A-1
32			
33			
34			
35			

Black Mountain Sewer Corporation
Test Year Ended June 30, 2008
Original Cost Rate Base Proforma Adjustments

Exhibit
Final Schedule B-2
Page 1
Witness: Bourassa

Line No.		Direct Adjusted at End of Test Year	Proforma Adjustments Amount	Final Adjusted at end of Test Year
1	Gross Utility			
2	Plant in Service	$ 11,357,735	288,434	$ 11,646,169
3				
4	**Less:**			
5	Accumulated			
6	Depreciation	5,625,025	100,142	5,725,167
7				
8				
9	Net Utility Plant			
10	in Service	$ 5,732,710		$ 5,921,002
11				
12	**Less:**			
13	Advances in Aid of			
14	Construction	$ 1,457,009	254,251	$ 1,711,260
15				
16	Contributions in Aid of			
17	Construction (CIAC)	5,232,139	-	5,232,139
18				
19	Accumulated Amortization of CIAC	(4,214,384)	-	(4,214,384)
20				
21	Customer Deposits	94,290	-	94,290
22	Deferred Income Taxes	(170,554)	(25,454)	(196,009)
23				
24				
25	**Plus:**			
26	Unamortized Finance			
27	Charges	-	-	-
28	Deferred Regulatory Assets	389,035	-	389,035
29	Allowance for Working Capital	-	-	-
30				
31	Total	$ 3,723,245		$ 3,682,741
32				
33				
34				
35	SUPPORTING SCHEDULES:			RECAP SCHEDULES:
36	Final B-2, pages 1-6			Final B-1
37				
38				
39				
40				
41				
42				
43				
44				

Black Mountain Sewer Corporation
Test Year Ended June 30, 2008
Original Cost Rate Base Proforma Adjustments

Exhibit
Final Schedule B-2
Page 2
Witness: Bourassa

Line No.		Direct Adjusted at End of Test Year	Proforma Adjustments 1 Plant in Service	2 Accum. Depr.	3 AIAC	4 Deferred Income Taxes	5 Working Capital	Final Adjusted at end of Test Year
1	Gross Utility							
2	Plant in Service	$ 11,357,735	288,434					$ 11,646,169
3								
4	**Less:**							
5	Accumulated							
6	Depreciation	5,625,025		100,142				5,725,167
7								
8								
9	Net Utility Plant							
10	in Service	$ 5,732,710	$ 288,434	$ (100,142)		$ -	$ -	$ 5,921,002
11								
12	**Less:**							
13	Advances in Aid of							
14	Construction	1,457,009			254,251			1,711,260
15								
16	Contributions in Aid of							
17	Construction (CIAC)	5,232,139						5,232,139
18								
19	Accumulated Amort of CIAC	(4,214,384)						(4,214,384)
20								
21	Customer Deposits	94,290						94,290
22	Deferred Income Taxes	(170,554)				(25,454)		(196,009)
23								
24								
25	**Plus:**							
26	Unamortized Finance							
27	Charges	-						-
28	Deferred Reg. Assets	389,035						389,035
29	Allowance for Working Capital	-					$ -	-
30								
31	Total	$ 3,723,245	$ 288,434	$ (100,142)	$ (254,251)	$ 25,454	$ -	$ 3,682,741
32								
33								
34								
35	SUPPORTING SCHEDULES:						RECAP SCHEDULES:	
36	Final B-2, pages 3-6						Final B-1	
37	Final B-5							
38								
39								
40								

Black Mountain Sewer Corporation
Test Year Ended June 30, 2008
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1

Exhibit
Schedule B-2
Page 3
Witness: Bourassa

Line No.	Plant-in-Service			Adjustments						
				A	B	C	D	E	F	
3	Acct.		Direct Adjusted Orginal	New Trade Center Lift Sta. Plant	Old Trade Center Lift Sta. Plant		2002 Odor Control			Final Adjusted Original
4	No.	Description	Cost	Addition	Retirement	Capitalized Expenses	Unit			Cost
5	351	Organization	-							-
6	352	Franchises	-							-
7	353	Land and Land Rights	461,300							461,300
8	354	Structures and Improvements	2,557,920			2,300				2,560,220
9	355	Power Generation Equipment	-							-
10	360	Collection Sewers - Force	706,292			1,600				707,892
11	361	Collection Sewers - Gravity	4,284,948							4,284,948
12	362	Special Collecting Structures	-							-
13	363	Services to Customers	198,723							198,723
14	364	Flow Measuring Devices	31,512							31,512
15	365	Flow Measuring Installations	179,622							179,622
16	370	Receiving Wells	690,628	254,251	(13,208)	1,200				932,871
17	371	Effluent Pumping Equipment	654,844			2,803				657,647
18	380	Treatment and Disposal Equip.	143,578				38,250			181,828
19	381	Plant Sewers	123,289			1,238				124,527
20	382	Outfall Sewer Lines	-							-
21	389	Other Plant and Misc. Equipment	939,432							939,432
22	390	Office Furniture and Equipment	224,587							224,587
23	391	Transportation Equipment	107,367							107,367
24	393	Tools, Shop and Garage Equip.	5,754							5,754
25	394	Laboratory Equipment	7,488							7,488
26	395	Power Operated Equipment	-							-
27	396	Communication Equipment	40,451							40,451
28	398	Other Tangible Plant	-							-
29			-							-
30		TOTALS	$ 11,357,735	$ 254,251	$ (13,208)	$ 9,141	$ 38,250	$ -	$ -	$ 11,646,169
31										
32	Adjusted Plant-in-Service per Direct									$ 11,357,735
33										
34	Increase (decrease) in Plant-in-Service									$ 288,434
35										
36	Adjustment to Plant-in-Service									$ 288,434
37										
38	SUPPORTING SCHEDULES			ADJUSTMENTS						
39	Final B-2, pages 3.1-3.4			Adj. A - Staff Adj. #1 New Trade Center Lift Sta.				Adj. D - Ordor Control Unit RUCO - see Schedule RLM-4		
40				Adj. B - Staff Adj. #1 Old Trade Center Lift Sta.						
41				Adj. C - Staff Adj. #2 Capitalized Expenses						
42										

Black Mountain Sewer Corporation
Plant Additions and Retirements

Exhibit
Final Schedule B-2
Page 3.1

Account No.	Description	Deprec. Rate Before Dec-06	Deprec. Rate After Dec-06	Per Decision 69164 Plant At 12/31/2004	2004 Accum. Depr.	2005 Plant Additions	2005 Plant Adjustments[1]	2005 Adjusted Plant Additions	2005 Plant Retirements	2005 Plant Balance	2005 Deprec.
351	Organization	0.0000%	0.00%	-	-			-		-	-
352	Franchises	0.0000%	0.00%	-	-			-		-	-
353	Land and Land Rights	0.0000%	0.00%	461,300	-			-		461,300	-
354	Structures and Improvements	5.0000%	3.33%	1,239,905	888,015	56,562	(1,917)	54,645		1,294,549	63,361
355	Power Generation Equipment	5.0000%	5.00%	-	706			-		-	(706)
360	Collection Sewers - Force	5.0000%	2.00%	568,413	154,483	94,624	(5,062)	89,562		657,976	30,660
361	Collection Sewers - Gravity	5.0000%	2.00%	3,614,544	2,488,740	297,571	(21,880)	275,691		3,890,235	187,619
362	Special Collecting Structures	5.0000%	2.00%	-	-			-		-	-
363	Services to Customers	5.0000%	2.00%	157,218	128,612	19,337		19,337		176,555	8,344
364	Flow Measuring Devices	5.0000%	10.00%	39,829	23,004		(8,135)	(8,135)		31,694	1,788
365	Flow Measuring Installations	5.0000%	10.00%	156,204	3,959	19,404		19,404		175,608	8,295
370	Receiving Wells	5.0000%	3.33%	696,137	199,051			-		696,137	34,807
371	Effluent Pumping Equipment	5.0000%	12.50%	453,558	244,706	11,119		11,119		464,677	22,956
380	Treatment and Disposal Equipment	5.0000%	5.00%	-	-	6,288		6,288		6,288	157
381	Plant Sewers	5.0000%	5.00%	123,289	84,017			-		123,289	6,164
382	Outfall Sewer Lines	5.0000%	3.33%	-	-			-		-	-
389	Other Plant and Misc. Equipment	5.0000%	6.67%	719,140	80,678	99,447	(7,527)	91,920		811,059	38,255
390	Office Furniture and Equipment	5.0000%	6.67%	220,360	27,165	1,465		1,465		221,825	11,055
391	Transportation Equipment	5.0000%	20.00%	87,811	7,642			-		87,811	4,391
393	Tools, Shop and Garage Equipment.	5.0000%	5.00%	-	-			-		-	-
394	Laboratory Equipment	5.0000%	10.00%	7,279	352	209		209		7,488	369
395	Power Operated Equipment	5.0000%	5.00%	-	-			-		-	-
396	Communication Equipment	5.0000%	10.00%	-	-			-		-	-
398	Other TangiblePlant	5.0000%	10.00%	-	-			-		-	-
								-		-	-
	Plant Held for Future Use										
	TOTAL WASTEWATER PLANT			8,544,987	4,331,129	606,025	(44,521)	561,504	-	9,106,490	417,516

[1] Affiliate Profit

Black Mountain Sewer Corporation
Plant Additions and Retirements

Exhibit
Final Schedule B-2
Page 3.2

Account No.	Description	Deprec. Rate Before Dec-06	Deprec. Rate After Dec-06	2006 Plant Additions	2006 Plant Adjustments[1]	2006 Plant Adjustments	2006 Adjusted Plant Additions	2006 Plant Retirements	2006 Plant Balance	2006 Deprec.
351	Organization	0.0000%	0.00%				-		-	-
352	Franchises	0.0000%	0.00%				-		-	-
353	Land and Land Rights	0.0000%	0.00%				-		461,300	-
354	Structures and Improvements	5.0000%	3.33%	3,625			3,625		1,298,175	63,014
355	Power Generation Equipment	5.0000%	5.00%				-		-	-
360	Collection Sewers - Force	5.0000%	2.00%	3,592			3,592		661,568	31,339
361	Collection Sewers - Gravity	5.0000%	2.00%	112,559	(22,710)		89,849		3,980,083	186,920
362	Special Collecting Structures	5.0000%	2.00%				-		-	-
363	Services to Customers	5.0000%	2.00%	10,429			10,429		186,983	8,634
364	Flow Measuring Devices	5.0000%	10.00%		(182)		(182)		31,512	1,712
365	Flow Measuring Installations	5.0000%	10.00%	3,740			3,740		179,348	9,613
370	Receiving Wells	5.0000%	3.33%	2,141			2,141		698,278	33,890
371	Effluent Pumping Equipment	5.0000%	12.50%	44,676			44,676		509,353	27,395
380	Treatment and Disposal Equipment	5.0000%	5.00%	12,184			12,184		18,472	619
381	Plant Sewers	5.0000%	5.00%				-		123,289	6,164
382	Outfall Sewer Lines	5.0000%	3.33%				-		-	-
389	Other Plant and Misc. Equipment	5.0000%	6.67%	53,055	(740)		52,315		863,374	43,026
390	Office Furniture and Equipment	5.0000%	6.67%				-		221,825	11,400
391	Transportation Equipment	5.0000%	20.00%				-		87,811	5,488
393	Tools, Shop and Garage Equipment.	5.0000%	5.00%				-		-	-
394	Laboratory Equipment	5.0000%	10.00%				-		7,488	406
395	Power Operated Equipment	5.0000%	5.00%				-		-	-
396	Communication Equipment	5.0000%	10.00%				-		-	-
398	Other TangiblePlant	5.0000%	10.00%				-		-	-
							-		-	-
	Plant Held for Future Use									
	TOTAL WASTEWATER PLANT			246,000	(23,632)		222,368	-	9,328,859	429,620

[1] Affiliate Profit

Black Mountain Sewer Corporation
Plant Additions and Retirements

Exhibit
Final Schedule B-2
Page 3.3

Account No.	Description	Deprec. Rate Before Dec-06	Deprec. Rate After Dec-06	2007 Plant Additions	2007 Plant Adjustments[1]	2007 Adjusted Plant Additions	2007 Plant Retirements	2007 Plant Balance	2007 Deprec.
351	Organization	0.0000%	0.00%			-		-	-
352	Franchises	0.0000%	0.00%			-		-	-
353	Land and Land Rights	0.0000%	0.00%			-		461,300	-
354	Structures and Improvements	5.0000%	3.33%	1,539	(20,391)	(18,852)		1,279,322	42,915
355	Power Generation Equipment	5.0000%	5.00%			-		-	-
360	Collection Sewers - Force	5.0000%	2.00%	34,935	(2,469)	32,466		694,034	13,556
361	Collection Sewers - Gravity	5.0000%	2.00%	211,268	(32,273)	178,995		4,159,078	81,392
362	Special Collecting Structures	5.0000%	2.00%			-		-	-
363	Services to Customers	5.0000%	2.00%			-		186,983	3,740
364	Flow Measuring Devices	5.0000%	10.00%			-		31,512	3,151
365	Flow Measuring Installations	5.0000%	10.00%			-		179,348	17,935
370	Receiving Wells	5.0000%	3.33%			-		698,278	23,253
371	Effluent Pumping Equipment	5.0000%	12.50%	74,764	(5,336)	69,428		578,780	68,008
380	Treatment and Disposal Equipment	5.0000%	5.00%	4,387		4,387		22,859	1,033
381	Plant Sewers	5.0000%	5.00%			-		123,289	6,164
382	Outfall Sewer Lines	5.0000%	3.33%			-		-	-
389	Other Plant and Misc. Equipment	5.0000%	6.67%	784	(942)	(158)		863,216	57,582
390	Office Furniture and Equipment	5.0000%	6.67%	2,763		2,763		224,587	14,888
391	Transportation Equipment	5.0000%	20.00%	19,556		19,556		107,367	19,518
393	Tools, Shop and Garage Equipment.	5.0000%	5.00%	3,493		3,493		3,493	87
394	Laboratory Equipment	5.0000%	10.00%			-		7,488	749
395	Power Operated Equipment	5.0000%	5.00%			-		-	-
396	Communication Equipment	5.0000%	10.00%			-		-	-
398	Other TangiblePlant	5.0000%	10.00%			-		-	-
						-		-	
	Plant Held for Future Use								
	TOTAL WASTEWATER PLANT			353,488	(61,411)	292,077	-	9,620,936	353,971

[1] Affiliate Profit

Black Mountain Sewer Corporation
Plant Additions and Retirements

Exhibit
Final Schedule B-2
Page 3.4

Account No.	Description	Deprec. Rate Before Dec-06	Deprec. Rate After Dec-06	Jun.-Jun. 2008 Plant Additions	Jun.-Jun. 2008 Plant Adjustments[1]	Staff Jun.-Jun. 2008 Plant Adjustments	Jun.-Jun. 2008 Adjusted Plant Additions	2002 Odor Control Unit	Jun.-Jun. 2008 Plant Retirements	Staff Jun.-Jun. 2008 Plant Retirements	2002 to Dec. 2007 A/D Adjustment	June 30 2008 Plant Balance	Jun.-Jun. 2008 Deprec.
351	Organization	0.0000%	0.00%				-					-	-
352	Franchises	0.0000%	0.00%				-					-	-
353	Land and Land Rights	0.0000%	0.00%				-					461,300	-
354	*Structures* and Improvements	5.0000%	3.33%	1,290,255	(11,658)	2,300	1,280,897					2,560,220	31,964
355	Power Generation Equipment	5.0000%	5.00%				-					-	-
360	Collection Sewers - Force	5.0000%	2.00%	12,595	(337)	1,600	13,858					707,892	7,010
361	Collection Sewers - Gravity	5.0000%	2.00%	130,250	(4,380)		125,870					4,284,948	42,220
362	Special Collecting Structures	5.0000%	2.00%				-					-	-
363	Services to Customers	5.0000%	2.00%	11,739			11,739					198,723	1,929
364	Flow Measuring Devices	5.0000%	10.00%				-					31,512	1,576
365	Flow Measuring Installations	5.0000%	10.00%	430	(156)		274					179,622	8,974
370	Receiving Wells	5.0000%	3.33%	544	(311)	255,451	255,684		(7,883)	(13,208)		932,871	15,706
371	Effluent Pumping Equipment	5.0000%	12.50%	78,862	(2,798)	2,803	78,867					657,647	38,638
380	Treatment and Disposal Equipment	5.0000%	5.00%	129,937	(9,218)		120,719	38,250			11,040	181,828	2,080
381	Plant Sewers	5.0000%	5.00%			1,238	1,238					124,527	3,098
382	Outfall Sewer Lines	5.0000%	3.33%				-					-	-
389	Other Plant and Misc. Equipment	5.0000%	6.67%	79,092	(2,876)		76,216					939,432	30,059
390	Office Furniture and Equipment	5.0000%	6.67%				-					224,587	7,490
391	Transportation Equipment	5.0000%	20.00%				-					107,367	10,737
393	Tools, Shop and Garage Equipment.	5.0000%	5.00%	2,262			2,262					5,754	116
394	Laboratory Equipment	5.0000%	10.00%				-					7,488	374
395	Power Operated Equipment	5.0000%	5.00%				-					-	-
396	Communication Equipment	5.0000%	10.00%	40,451			40,451					40,451	1,011
398	Other TangiblePlant	5.0000%	10.00%				-					-	-
							-					-	-
	Plant Held for Future Use												
	TOTAL WASTEWATER PLANT			1,776,417	(31,734)	263,392	2,008,075		(7,883)	(13,208)	11,040	11,646,169	202,982

[1] Affiliate Profit

Black Mountain Sewer Corporation
Plant Additions and Retirements

Exhibit
Final Schedule B-2
Page 3.5

Account No.	Description	Deprec. Rate Before Dec-06	Deprec. Rate After Dec-06	Year End Accumulated Depreciation by Account 2004	2005	2006	2007	2008
351	Organization	0.0000%	0.00%	-	-	-	-	-
352	Franchises	0.0000%	0.00%	-	-	-	-	-
353	Land and Land Rights	0.0000%	0.00%	-	-	-	-	-
354	Structures and Improvements	5.0000%	3.33%	888,015	951,376	1,014,390	1,057,305	1,089,269
355	Power Generation Equipment	5.0000%	5.00%	706	-	-	-	-
360	Collection Sewers - Force	5.0000%	2.00%	154,483	185,143	216,482	230,038	237,047
361	Collection Sewers - Gravity	5.0000%	2.00%	2,488,740	2,676,359	2,863,279	2,944,671	2,986,891
362	Special Collecting Structures	5.0000%	2.00%	-	-	-	-	-
363	Services to Customers	5.0000%	2.00%	128,612	136,957	145,591	149,330	151,259
364	Flow Measuring Devices	5.0000%	10.00%	23,004	24,792	26,504	29,655	31,230
365	Flow Measuring Installations	5.0000%	10.00%	3,959	12,254	21,868	39,802	48,777
370	Receiving Wells	5.0000%	3.33%	199,051	233,858	267,748	291,001	285,616
371	Effluent Pumping Equipment	5.0000%	12.50%	244,706	267,662	295,057	363,065	401,703
380	Treatment and Disposal Equipment	5.0000%	5.00%	-	157	776	1,810	14,930
381	Plant Sewers	5.0000%	5.00%	84,017	90,181	96,346	102,510	105,608
382	Outfall Sewer Lines	5.0000%	3.33%	-	-	-	-	-
389	Other Plant and Misc. Equipment	5.0000%	6.67%	80,678	118,933	161,959	219,541	249,600
390	Office Furniture and Equipment	5.0000%	6.67%	27,165	38,219	49,619	64,507	71,997
391	Transportation Equipment	5.0000%	20.00%	7,642	12,032	17,521	37,038	47,775
393	Tools, Shop and Garage Equipment.	5.0000%	5.00%	-	-	-	87	203
394	Laboratory Equipment	5.0000%	10.00%	352	721	1,126	1,875	2,250
395	Power Operated Equipment	5.0000%	5.00%	-	-	-	-	-
396	Communication Equipment	5.0000%	10.00%	-	-	-	-	1,011
398	Other TangiblePlant	5.0000%	10.00%	-	-	-	-	-
				-	-	-	-	-
	Plant Held for Future Use			-				
	TOTAL WASTEWATER PLANT			4,331,129	4,748,645	5,178,265	5,532,236	5,725,167

Black Mountain Sewer Corporation
Plant Reconciliation to Prior Rate Case

Exhibit
Final Schedule B-2
Page 3.6

Line No.	Account No.	Description	Balance Per Company Per 2004 Filing Before Adj.	PTY Plant	Capitalized Profits	Adjustments per Decision 69164 Capitalized Expenses	Plant AIAC/CIAC	Retire Chlorinator	Allocated Computer Equip	Plant per Decision 69164	Remove PTY Plant	Initial Balance
6	351	Organization	-							-		-
7	352	Franchises	-							-		-
8	353	Land and Land Rights	461,446		(146)					461,300		461,300
9	354	Structures and Improvements	1,245,292		(5,387)					1,239,905		1,239,905
10	355	Power Generation Equipment	-							-		-
11	360	Collection Sewers - Force	228,785		(205)		339,833			568,413		568,413
12	361	Collection Sewers - Gravity	3,608,619		(1,361)	7,286				3,614,544		3,614,544
13	362	Special Collecting Structures	-							-		-
14	363	Services to Customers	158,802		(1,584)					157,218		157,218
15	364	Flow Measuring Devices	39,878		(49)					39,829		39,829
16	365	Flow Measuring Installations	158,358		(2,154)					156,204		156,204
17	370	Receiving Wells	696,506		(369)					696,137		696,137
18	371	Effluent Pumping Equipment	451,705		(360)	2,213				453,558		453,558
19	380	Treatment and Disposal Equipment	-							-		-
20	381	Plant Sewers	121,651		(1,152)	2,790				123,289		123,289
21	382	Outfall Sewer Lines	-							-		-
22	389	Other Plant and Misc. Equipment	738,804	85,699	(5,185)	5,059		(19,539)		804,839	(85,699)	719,140
23	390	Office Furniture and Equipment	365,512		(2,920)				(142,232)	220,360		220,360
24	391	Transportation Equipment	87,811							87,811		87,811
25	393	Tools, Shop and Garage Equipment.	-							-		-
26	394	Laboratory Equipment	7,279							7,279		7,279
27	395	Power Operated Equipment	-							-		-
28	398	Other TangiblePlant	-							-		-
29										-		-
30										-		-
32		TOTAL	8,370,448	85,699	(20,872)	17,348	339,833	(19,539)	(142,232)	8,630,686	(85,699)	8,544,987

Black Mountain Sewer Corporation
A/D Reconciliation to Prior Rate Case

Exhibit
Final Schedule B-2
Page 3.7

Line No.	Account No.	Description	Balance Per Company Per 2004 Filing Before Adj.	Adjustments per Decision 69164 Affiliate A/D	Retire Chlorinator	Blank	A/D per Decision 69164	PTY A/D	Initial Balance
1									
2									
3									
4									
5	351	Organization	-				-		-
6	352	Franchises	-				-		-
7	353	Land and Land Rights	-				-		-
8	354	Structures and Improvements	888,015				888,015		888,015
9	355	Power Generation Equipment	706				706		706
10	360	Collection Sewers - Force	154,483				154,483		154,483
11	361	Collection Sewers - Gravity	2,488,740				2,488,740		2,488,740
12	362	Special Collecting Structures	-				-		-
13	363	Services to Customers	128,612				128,612		128,612
14	364	Flow Measuring Devices	23,004				23,004		23,004
15	365	Flow Measuring Installations	3,959				3,959		3,959
16	370	Receiving Wells	199,051				199,051		199,051
17	371	Effluent Pumping Equipment	244,706				244,706		244,706
18	380	Treatment and Disposal Equipment	-				-		-
19	381	Plant Sewers	84,017				84,017		84,017
20	382	Outfall Sewer Lines	-				-		-
21	389	Other Plant and Misc. Equipment	100,217		(19,539)		80,678		80,678
22	390	Office Furniture and Equipment	42,876	(15,711)			27,165		27,165
23	391	Transportation Equipment	7,642				7,642		7,642
24	393	Tools, Shop and Garage Equipment.	-				-		-
25	394	Laboratory Equipment	352				352		352
26	395	Power Operated Equipment	-				-		-
27	398	Other TangiblePlant	-				-		-
28							-		-
29							-		-
30									
31		TOTAL	4,366,379	(15,711)	(19,539)	-	4,331,129	-	4,331,129
32									

Black Mountain Sewer Corporation
Test Year Ended June 30, 2008
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2

Exhibit
Schedule B-2
Page 4
Witness: Bourassa

Line No.	Accumulated Depreciation			A	B	C	D	F	
2			Direct Adjusted Accum. Depr.	New Trade Center Lift Sta. Plant Addition	Old Trade Center Lift Sta. Plant Retirement	Capitalized Expense Additional Test Year Depr	Transfer A/D 2002 Odor Control Unit	Difference To Computed Amount	Final Adjusted Accum. Depr.
3	Acct.								
4	No.	Description							
5	351	Organization	-					-	-
6	352	Franchises	-					-	-
7	353	Land and Land Rights	-					-	-
8	354	Structures and Improvements	1,067,642			38		21,590	1,089,269
9	355	Power Generation Equipment	-					-	-
10	360	Collection Sewers - Force	217,363			16		19,669	237,047
11	361	Collection Sewers - Gravity	2,869,293					117,598	2,986,891
12	362	Special Collecting Structures	-					-	-
13	363	Services to Customers	145,843					5,416	151,259
14	364	Flow Measuring Devices	32,828					(1,597)	31,230
15	365	Flow Measuring Installations	57,602					(8,826)	48,777
16	370	Receiving Wells	283,038	4,233	(13,208)	20		11,532	285,616
17	371	Effluent Pumping Equipment	437,968			175		(36,439)	401,703
18	380	Treatment and Disposal Equipment	3,890				11,040	-	14,930
19	381	Plant Sewers	105,592			31		(15)	105,608
20	382	Outfall Sewer Lines	-					-	-
21	389	Other Plant and Misc. Equipment	263,481					(13,881)	249,600
22	390	Office Furniture and Equipment	75,700					(3,703)	71,997
23	391	Transportation Equipment	60,947					(13,172)	47,775
24	393	Tools, Shop and Garage Equipment	203					-	203
25	394	Laboratory Equipment	2,624					(374)	2,250
26	395	Power Operated Equipment	-					-	-
27	396	Communication Equipment	1,011					-	1,011
28	398	Other TangiblePlant	-					-	-
29			-						-
30		TOTALS	$ 5,625,025	$ 4,233	$ (13,208)	$ 280	$ 11,040	$ 97,796	$ 5,725,167
31									
32	Adjusted Accumulated Depreciation per Direct								$ 5,625,025
33									
34	Increase (decrease) in Plant-in-Service								$ 100,142
35									
36	Adjustment to Plant-in-Service								$ 100,142
37									
38	SUPPORTING SCHEDULES								
39	Final B-2, pages 3.5								
40									

Black Mountain Sewer Corporation
Test Year Ended June 30, 2008
Original Cost Rate Base Proforma Adjustments
Adjustment Number 3

Exhibit
Final Schedule B-2
Page 5
Witness: Bourassa

Line No.

1
2 Advances in aid of construction

	Test Year Adjusted Balance	Adjustment	Rejoinder Test Year Adjusted Balance
8	$ 1,457,009	254,251 [1]	$ 1,711,260

16 [1] Line Extension Agreement for New Trade Lift Station

20 SUPPORTING SCHEDULE
21 See Testimony

Black Mountain Sewer Corporation
Test Year Ended June 30, 2008
Original Cost Rate Base Proforma Adjustments
Adjustment 5

Exhibit
Final Schedule B-2
Page 6
Witness: Bourassa

Deferred Income Tax as of June 30, 2008

	Adjusted Book Value[1]	Tax Value	Probability of Realization of Future Tax Benefit	Deductible TD (Taxable TD) Expected to be Realized	Tax Rate	Future Tax Asset Current	Future Tax Asset Non Current	Future Tax Liability Current	Future Tax Liability Non Current
Plant-in-Service	$ 11,646,169								
Accum. Deprec.	(5,725,167)								
CIAC	(1,017,755)								
Fixed Assets	$ 4,903,247	$ 3,699,796	100.0%	$ (1,203,451)	38.6%				$ (464,519)
AIAC	$ (1,711,260)	-	100.0%	$ 1,711,260	38.6%		$ 660,527		
						$ -	$ 660,527	$ -	$ (464,519)

Net Asset (Liability)	$ 196,009
DIT Asset per Direct	$ 170,554
Adjustment to DIT	$ (25,454)

[1] Adjusted per Final B-2

Black Mountain Sewer Corporation
Test Year Ended June 30, 2008
Computation of Working Capital

Exhibit
Final Schedule B-5
Page 1
Witness: Bourassa

Line No.			
1			
2	Cash Working Capital - Lead-Lag Study	$	5,252
3	Prepayments (Excluding Prepaid Insurance)		8,292
4	Materials & Supplies		-
5			
6			
7			
8			
9	Total Working Capital Allowance	$	13,544
10			
11			
12	Working Capital Requested	$	-
13			
14			
15	SUPPORTING SCHEDULES:	RECAP SCHEDULES:	
16	Final B-5, page 2	Final B-1	
17			

Black Mountain Sewer Corporation
Lead/Lag Study
Cash Working Capital

Exhibit
Final Schedule B-5
Page 2
Witness: Bourassa

Line No.	Description (A)	A Proforma TY Expense (B)	B Revenue Lag Days[1] (C)	C Expense Lag Days (D)	D Net Lag Days (E)	E Lead/Lag Factor (Col. E/365) (F)	F Cash Working Capital Required (Col. B x Col. F) (G)
10	Salaries and Wages						
11	Net Pay	-	NA	NA	NA	NA	-
12	Income Taxes Withheld	-	NA	NA	NA	NA	-
13	Payroll taxes Withheld	-	NA	NA	NA	NA	-
15	Pensions and Benefits	-	NA	NA	NA	NA	-
17	Purchased Power[2]	54,690	12.87	39.79	(26.92)	-0.07375	(4,033)
19	Purchased Wastewater Treatment[3]	336,514	12.87	38.01	(25.14)	-0.06887	(23,176)
21	Rents- Building[4]	38,262	12.87	(15.00)	27.87	0.07636	2,922
23	Scottsdale Capacity Lease[5]	164,522	12.87	15.00	(2.13)	-0.00584	(961)
25	Contractual Services - Allocated Expense[6]	514,028	12.87	15.00	(2.13)	-0.00584	(3,002)
27	Regulatory Commission Expense[7]	76,667	12.87	(360.00)	372.87	1.02156	78,320
29	Insurance[8]	18,704	12.87	(180.00)	192.87	0.52841	9,883
31	Other Operating Expenses[9]	201,953	12.87	45.00	(32.13)	-0.08803	(17,778)
33	Taxes						
34	Employer's Payroll Taxes	-	NA	NA	NA	NA	-
35	Property Taxes[10]	32,651	12.87	170.00	(157.13)	-0.43049	(14,056)
36	Income Taxes[11]	345,889	12.87	37.00	(24.13)	-0.06611	(22,867)
38	Total Cash Working Capital						$ 5,252

[1] Computed from customer billing data. Measured from midpoint of service period to customer payment date. See testimony

[2] Power bill expense lag days equals 15 days to mid-point of service period plus 24.79 days from billing date to the paid date.

[3] Wastewater treatment expense lag days equals 15 days to mid-point of service period plus 23.01 days from billing date to the due date.

[4] Rents - building payment due 1st of month of serivce period. Expense lag days equals -15 days to mid point of service period.

[5] Scottsdale lease (debt) payment due 1st of month following service period. Expense lag days equals 15 days to mid point of service period.

[6] Contractual Services allocation lag days equals 15 days to mid-point of service period.

[7] Rate case expense lag days is paid before new rates are put into effect and recovered over 3 years. Weighted average expense lag days is -36(

[8] Insurance is paid once annually. Expense lag days equals weighted average expense lag days is -270 days.

[9] Other operating expenses (excludes depreciation, amortization, purchased power, ww treatment, Scottsdale capcity lease, property taxes, rent - buliding, insurance, allocated contractual services, and income taxes. Lag days equals 15 days to mid-point of service period plus average 30 days to due date of bill.

[10] Property tax expense lag days equals the weighted average lag days for payment of property taxes due on Oct 1 of current year and March 1 of following year. See testimony.

Black Mountain Sewer Corporation
Test Year Ended June 30, 2008
Income Statement

Exhibit
Final Schedule C-1
Page 1
Witness: Bourassa

Line No.		Direct Adjusted Test Year Book Results	Adjustment	Test Year Adjusted Results	Proposed Rate Increase	Final Adjusted with Rate Increase
1	**Revenues**					
2	Flat Rate Revenues	$ 1,557,337	$ -	$ 1,557,337	$ 952,956	$ 2,510,293
3	Measured Revenues	15,917	-	15,917	-	15,917
4	Other Wastewater Revenues	6,916	-	6,916	-	6,916
5		$ 1,580,170	$ -	$ 1,580,170	$ 952,956	$ 2,533,126
6	**Operating Expenses**					
7	Salaries and Wages	$ -	-	$ -	-	$ -
8	Purchased Wastewater Treatment	335,255	1,259	336,514	-	336,514
9	Sludge Removal Expense	706	-	706	-	706
10	Purchased Power	54,690	-	54,690	-	54,690
11	Fuel for Power Production	928	-	928	-	928
12	Chemicals	37,489	3,324	40,813	-	40,813
13	Materials and Supplies	11,224	-	11,224	-	11,224
14	Contractual Services	9,362	37,354	46,716	-	46,716
15	Contractual Services- Testing	16,955	12,094	29,049	-	29,049
16	Contractual Services - Other	553,043	(39,015)	514,028	-	514,028
17	Equipment Rental	1,863	-	1,863	-	1,863
18	Rents - Building	19,830	18,432	38,262	-	38,262
19	Transportation Expenses	34,445	-	34,445	-	34,445
20	Insurance - General Liability	18,704	-	18,704	-	18,704
21	Insurance - Other	990	-	990	-	990
22	Regulatory Commission Expense	60,000	16,667	76,667	-	76,667
23	Miscellaneous Expense	20,845	-	20,845	-	20,845
24	Bad Debt Expense	11,962	2,412	14,374	-	14,374
25	Scottsdale Capacity (Operating Lease)	164,522	-	164,522	-	164,522
26	Amort. of Additional Scottsdale Cap.	48,629	-	48,629	-	48,629
27	Depreciation and Amortization	224,818	19,151	243,969	-	243,969
28	Taxes Other Than Income	(1,780)	1,780	-	-	-
29	Property Taxes	32,414	236	32,651	-	32,651
30	Income Tax	7,760	(29,701)	(21,942)	367,830	345,889
31				-		-
32	**Total Operating Expenses**	$ 1,664,655	$ 43,994	$ 1,708,648	$ 367,830	$ 2,076,479
33	**Operating Income**	$ (84,485)	$ (43,994)	$ (128,478)	$ 585,126	$ 456,647
34	**Other Income (Expense)**					
35	Interest Income	-	-	-	-	-
36	Other income	-	-	-	-	-
37	Interest Expense	(67,693)	(3,254)	(70,947)	-	(70,947)
38	Other Expense	-	-	-	-	-
39						
40	**Total Other Income (Expense)**	$ (67,693)	$ (3,254)	$ (70,947)	$ -	$ (70,947)
41	**Net Profit (Loss)**	$ (152,178)	$ (47,248)	$ (199,426)	$ 585,126	$ 385,700
42						
43	SUPPORTING SCHEDULES:				RECAP SCHEDULES:	
44	Final C-1, page 2				Final A-1	
45						
46						

Black Mountain Sewer Corporation
Test Year Ended June 30, 2008
Income Statement

Exhibit
Final Schedule C-1
Page 2.1
Witness: Bourassa

Continued on Page 2.2

Line No.		Direct Adjusted Test Year Book Results	1 Depreciation	2 Property Taxes	3 Expensed Plant	4 Scottsdale Treatment	5 Annualize WW Treatment	6 Chemicals Expense	7 Annualize Chemicals Expense	8 Testing Expense	9 Rent Expense	10 Normalize Contractual Services	11 Bad Debt Expense
1	**Revenues**												
2	Flat Rate Revenues	$ 1,557,337											
3	Measured Revenues	15,917											
4	Other Wastewater Revenues	6,916											
5		$ 1,580,170	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
6	**Operating Expenses**												
7	Salaries and Wages	$ -											
8	Purchased Wastewater Treatment	335,255				1,255	4						
9	Sludge Removal Expense	706											
10	Purchased Power	54,690											
11	Fuel for Power Production	928											
12	Chemicals	37,489						3,191	133				
13	Materials and Supplies	11,224											
14	Contractual Services	9,362			(1,500)							(1,861)	
15	Contractual Services- Testing	16,955								12,094			
16	Contractual Services - Other	553,043			(7,641)							(26,580)	
17	Equipment Rental	1,863											
18	Rents - Building	19,830									18,432		
19	Transportation Expenses	34,445											
20	Insurance - General Liability	18,704											
21	Insurance - Other	990											
22	Regulatory Commission Expense	60,000											
23	Miscellaneous Expense	20,845											
24	Bad Debt Expense	11,962											2,412
25	Scottsdale Capacity (Operating Lease)	164,522											
26	Amort. of Additional Scottsdale Cap.	48,629											
27	Depreciation and Amortization	224,818	19,151										
28	Taxes Other Than Income	(1,780)											
29	Property Taxes	32,414		236									
30	Income Tax	7,760											
31													
32	**Total Operating Expenses**	$ 1,664,655	$ 19,151	$ 236	$ (9,141)	$ 1,255	$ 4	$ 3,191	$ 133	$ 12,094	$ 18,432	$ (28,441)	$ 2,412
33	**Operating Income**	$ (84,485)	$ (19,151)	$ (236)	$ 9,141	$ (1,255)	$ (4)	$ (3,191)	$ (133)	$ (12,094)	$ (18,432)	$ 28,441	$ (2,412)
34	**Other Income (Expense)**												
35	Interest Income	-											
36	Other income	-											
37	Interest Expense	(67,693)											
38	Other Expense	-											
39													
40	**Total Other Income (Expense)**	$ (67,693)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
41	**Net Profit (Loss)**	$ (152,178)	$ (19,151)	$ (236)	$ 9,141	$ (1,255)	$ (4)	$ (3,191)	$ (133)	$ (12,094)	$ (18,432)	$ 28,441	$ (2,412)
42													
43	SUPPORTING SCHEDULES:												
44	Final C-2												
45													
46													

Black Mountain Sewer Corporation
Test Year Ended June 30, 2008
Income Statement

Exhibit
Final Schedule C-1
Page 2.2
Witness: Bourassa

Line No.		Direct Adjusted Test Year Book Results	Continued From Page 2.1 12 Meals Beverages Contributions	13 Contractual Services	14 Taxes Other Than Income	15 Expense Allocation	16 Contractual Services	17 Rate Case Expense	18 Interest Synch.	19 Income Tax	Rejoinder Test Year Adjusted Results	Rejoinder Proposed Rate Increase	Rejoinder Adjusted with Rate Increase
1	**Revenues**												
2	Flat Rate Revenues	$ 1,557,337									$ 1,557,337	$ 952,956	$ 2,510,293
3	Measured Revenues	15,917									15,917		15,917
4	Other Wastewater Revenues	6,916									6,916		6,916
5		$ 1,580,170	$ -	$ -	$ -	$ -	$ -		$ -	$ -	$ 1,580,170	$ 952,956	$ 2,533,126
6	**Operating Expenses**												
7	Salaries and Wages	$ -									$ -		$ -
8	Purchased Wastewater Treatment	335,255									336,514		336,514
9	Sludge Removal Expense	706									706		706
10	Purchased Power	54,690									54,690		54,690
11	Fuel for Power Production	928									928		928
12	Chemicals	37,489									40,813		40,813
13	Materials and Supplies	11,224									11,224		11,224
14	Contractual Services	9,362	(1,485)	42,200							46,716		46,716
15	Contractual Services- Testing	16,955									29,049		29,049
16	Contractual Services - Other	553,043				1,490	(6,284)				514,028		514,028
17	Equipment Rental	1,863									1,863		1,863
18	Rents - Building	19,830									38,262		38,262
19	Transportation Expenses	34,445									34,445		34,445
20	Insurance - General Liability	18,704									18,704		18,704
21	Insurance - Other	990									990		990
22	Regulatory Commission Expense	60,000						16,667			76,667		76,667
23	Miscellaneous Expense	20,845									20,845		20,845
24	Bad Debt Expense	11,962									14,374		14,374
25	Scottsdale Capacity (Operating Lease)	164,522									164,522		164,522
26	Amort. of Additional Scottsdale Cap.	48,629									48,629		48,629
27	Depreciation and Amortization	224,818									243,969		243,969
28	Taxes Other Than Income	(1,780)			1,780						-		-
29	Property Taxes	32,414									32,651		32,651
30	Income Tax	7,760								(29,701)	(21,942)	367,830	345,889
31													-
32	**Total Operating Expenses**	$ 1,664,655	$ (1,485)	$ 42,200	$ 1,780	$ 1,490	$ (6,284)	$ 16,667	$ -	$ (29,701)	$ 1,708,648	$ 367,830	$ 2,076,479
33	**Operating Income**	$ (84,485)	$ 1,485	$ (42,200)	$ (1,780)	$ (1,490)	$ 6,284	$ (16,667)	$ -	$ 29,701	$ (128,478)	$ 585,126	$ 456,647
34	**Other Income (Expense)**												
35	Interest Income	-									-		-
36	Other income	-									-		-
37	Interest Expense	(67,693)							(3,254)		(70,947)		(70,947)
38	Other Expense	-									-		-
39													
40	**Total Other Income (Expense)**	$ (67,693)	$ -	$ -	$ -	$ -	$ -	$ -	$ (3,254)	$ -	$ (70,947)	$ -	$ (70,947)
41	**Net Profit (Loss)**	$ (152,178)	$ 1,485	$ (42,200)	$ (1,780)	$ (1,490)	$ 6,284	$ (16,667)	$ (3,254)	$ 29,701	$ (199,426)	$ 585,126	$ 385,700
42													
43	SUPPORTING SCHEDULES:												
44	Final C-2												
45													
46													

RECAP SCHEDULES:
Final A-1

Black Mountain Sewer Corporation
Test Year Ended June 30, 2008
Adjustments to Revenues and Expenses

Exhibit
Final Schedule C-2
Page 1
Witness: Bourassa

Adjustments to Revenues and Expenses

Line No.		1 Depreciation Expense	2 Property Taxes	3 Expensed Plant	4 Scottsdale Treatment	5 Annualize WW Treatment	6 Chemicals Expense	Subtotal
1								
2								
3								
4								
5								
6	Revenues							-
7								
8	Expenses	19,151	236	(9,141)	1,255	4	3,191	14,697
9								
10	Operating							
11	Income	(19,151)	(236)	9,141	(1,255)	(4)	(3,191)	(14,697)
12								
13	Interest							-
14	Expense							-
15	Other							
16	Income /							-
17	Expense							
18								
19	Net Income	(19,151)	(236)	9,141	(1,255)	(4)	(3,191)	(14,697)

Adjustments to Revenues and Expenses

Line No.		7 Ann. Chemicals Expense	8 Testing Expense	9 Rent Expense	10 Contractual Services	11 Bad Debt Expense	12 Meals, Beverages, Contributions	Subtotal
20								
21								
22								
23								
24								
25	Revenues							-
26								
27	Expenses	133	12,094	18,432	(28,441)	2,412	(1,485)	17,842
28								
29	Operating							
30	Income	(133)	(12,094)	(18,432)	28,441	(2,412)	1,485	(17,842)
31								
32	Interest							
33	Expense							-
34	Other							
35	Income /							-
36	Expense							
37								
38	Net Income	(133)	(12,094)	(18,432)	28,441	(2,412)	1,485	(17,842)

Black Mountain Sewer Corporation
Test Year Ended June 30, 2008
Adjustments to Revenues and Expenses

Exhibit
Final Schedule C-2
Page 1 (Continued)
Witness: Bourassa

Line No.		Adjustments to Revenues and Expenses						
		13 Contractual Services	14 Taxes Other Tan Income	15 Expense Allocation	16 Contractual Services	17 Rate Case Exp.	18 Interest Synch.	Total
1								
2								
3								
4								
5								
6	Revenues							-
7								
8	Expenses	42,200	1,780	1,490	(6,284)	16,667		73,695
9								
10	Operating							
11	Income	(42,200)	(1,780)	(1,490)	6,284	(16,667)	-	(73,695)
12								
13	Interest							
14	Expense						(3,254)	(3,254)
15	Other							
16	Income /							-
17	Expense							
18								
19	Net Income	(42,200)	(1,780)	(1,490)	6,284	(16,667)	(3,254)	(76,949)
20								
21		Adjustments to Revenues and Expenses						
22		19	20	21	22	23	24	Subtotal
23		Income						
24		Tax	Blank	Blank	Blank	Blank	Blank	
25	Revenues							-
26								
27	Expenses	(29,701)						43,994
28								
29	Operating							
30	Income	29,701	-	-	-	-	-	(43,994)
31								
32	Interest							
33	Expense							(3,254)
34	Other							
35	Income /							-
36	Expense							
37								
38	Net Income	29,701	-	-	-	-	-	(47,248)

Black Mountain Sewer Corporation
Test Year Ended June 30, 2008
Adjustments to Revenues and Expenses
Adjustment Number 1

Exhibit
Final Schedule C-2
Page 2
Witness: Bourassa

Line No.	Depreciation Expense			Proforma Adjustments						
1										
2			Adjusted	1	2	3	4	Rejoinder Adjusted		
3	Acct.		Original	Unrecorded	Plant	Expensed	Odor Control	Original	Proposed	Depreciation
4	No.	Description	Cost	Plant	Retirement	Plant	Unit	Cost	Rates	Expense
5	351	Organization	-	-	-	-	-	-	0.00%	-
6	352	Franchises	-	-	-	-	-	-	0.00%	-
7	353	Land and Land Rights	461,300	-	-	-	-	461,300	0.00%	-
8	354	Structures and Improvements	2,557,920	-	-	2,300	-	2,560,220	3.33%	85,255
9	355	Power Generation Equipment	-	-	-	-	-	-	5.00%	-
10	360	Collection Sewers - Force	706,292	-	-	1,600	-	707,892	2.00%	14,158
11	361	Collection Sewers - Gravity	4,284,948	-	-	-	-	4,284,948	2.00%	85,699
12	362	Special Collecting Structures	-	-	-	-	-	-	2.00%	-
13	363	Services to Customers	198,723	-	-	-	-	198,723	2.00%	3,974
14	364	Flow Measuring Devices	31,512	-	-	-	-	31,512	10.00%	3,151
15	365	Flow Measuring Installations	179,622	-	-	-	-	179,622	10.00%	17,962
16	370	Receiving Wells	690,628	254,251	(13,208)	1,200	-	932,871	3.33%	31,065
17	371	Effluent Pumping Equipment	654,844	-	-	2,803	-	657,647	12.50%	82,206
18	380	Treatment and Disposal Equipment	143,578	-	-	-	38,250	181,828	5.00%	9,091
19	381	Plant Sewers	123,289	-	-	1,238	-	124,527	5.00%	6,226
20	382	Outfall Sewer Lines	-	-	-	-	-	-	3.33%	-
21	389	Other Plant and Misc. Equipment	939,432	-	-	-	-	939,432	6.67%	62,660
22	390	Office Furniture and Equipment	224,587	-	-	-	-	224,587	6.67%	14,980
23	391	Transportation Equipment	107,367	-	-	-	-	107,367	20.00%	21,473
24	393	Tools, Shop and Garage Equipment.	5,754	-	-	-	-	5,754	5.00%	288
25	394	Laboratory Equipment	7,488	-	-	-	-	7,488	10.00%	749
26	395	Power Operated Equipment	-	-	-	-	-	-	5.00%	-
27	396	Communication Equipment	40,451	-	-	-	-	40,451	10.00%	4,045
28	398	Other TangiblePlant	-	-	-	-	-	-	10.00%	-
29		TOTALS	$ 11,357,735	$ 254,251	$ (13,208)	$ 9,141	$ 38,250	$ 11,646,169		$ 442,983
30										
31	Less: Amortization of Contributions		$ 5,232,139					$ 5,232,139	3.8037%	$ (199,014)
32										
33	Total Depreciation Expense									$ 243,969
34										
35	Test Year Depreciation Expense									224,818
36										
37	Increase (decrease) in Depreciation Expense									19,151
38										
39	Adjustment to Revenues and/or Expenses									$ 19,151
40										
41	SUPPORTING SCHEDULE									
42	Final B-2, page 3									

Black Mountain Sewer Corporation
Test Year Ended June 30, 2008
Adjustment to Revenues and/or Expenses
Adjustment Number 2

Exhibit
Final Schedule C-2
Page 3
Witness: Bourassa

Line No.			As Adjusted With Rate Incr.
1	Adjust Property Taxes to Reflect Proposed Revenues:		
2			
3	Adjusted Revenues in year ended 06/30/2008	$	1,580,170
4	Adjusted Revenues in year ended 06/30/2008		1,580,170
5	Proposed Revenues		2,533,126
6	Average of three year's of revenue	$	1,897,822
7	Average of three year's of revenue, times 2	$	3,795,644
8	Add:		
9	Construction Work in Progess at 10%	$	14,202
10	Deduct:		
11	Book Value of Transportation Equipment		59,592
12			
13	Full Cash Value	$	3,750,254
14	Assessment Ratio		21%
15	Assessed Value		787,553
16	Property Tax Rate		4.1459%
17			
18	Computed Property Tax		32,651
19	Tax on Parcels		0
20			
21	Total Property Tax at Proposed Rates	$	32,651
22	Property Taxes (Adjusted Direct and Adjusted Rejoinder)		32,414
23	Change in property taxes	$	236
24			
25			
26	Adjustment to Revenues and/or Expenses	$	236
27			
28			
29			
30			
31			
32			
33			

Black Mountain Sewer Corporation
Test Year Ended June 30, 2008
Adjustment to Revenues and/or Expenses
Adjustment Number 3

Exhibit
Final Schedule C-2
Page 4
Witness: Bourassa

Line No.				Label
1	Expensed Plant			
2				
3	Contractual Services - Legal and Engineering	$	(1,500)	3a
4				
5	Contractual Services - Other	$	(7,641)	3b
6				
7				
8				
9				
10				
11				
12	Adjustment to Revenues and/or Expenses	$	(9,141)	
13				
14				
15				
16				
17	SUPPORTING SCHEDULES			
18	Staff Adj. #3 Schedule CSB-14			
19				
20				

Black Mountain Sewer Corporation
Test Year Ended June 30, 2008
Adjustment to Revenues and/or Expenses
Adjustment Number 4

Exhibit
Final Schedule C-2
Page 5
Witness: Bourassa

Line No.

1 City of Scottsdale Purchased Wastewater Treatment

2

3 Computation of Test Year Billings

Line No.	Month	Year	Read Date	Sewage Flow (in gals)	Cost per 1,000 gal	Raw Billing	Environmental 18.953%	Subject to Sales tax	Sales tax 1.65%	Scottsdale Billing
7	July	2007	1-Aug-07	6,126,317	$ 2.39	$ 14,641.90	$ 2,775.08	$ 17,416.98	$ 287.38	$ 17,704.36
8	Aug	2007	1-Sep-07	7,000,000	$ 2.39	$ 16,730.00	$ 3,170.84	$ 19,900.84	$ 328.36	$ 20,229.20
9	Sept	2007	1-Oct-07	8,507,019	$ 2.39	$ 20,331.78	$ 3,853.48	$ 24,185.26	$ 399.06	$ 24,584.31
10	Oct	2007	1-Nov-07	8,800,000	$ 2.39	$ 21,032.00	$ 3,986.19	$ 25,018.19	$ 412.80	$ 25,431.00
11	Nov	2007	1-Dec-07	8,703,535	$ 2.39	$ 20,801.45	$ 3,942.50	$ 24,743.95	$ 408.28	$ 25,152.22
12	Dec	2007	1-Jan-08	8,936,845	$ 2.39	$ 21,359.06	$ 4,048.18	$ 25,407.24	$ 419.22	$ 25,826.46
13	Jan	2008	1-Feb-08	9,500,000	$ 2.26	$ 21,470.00	$ 4,069.21	$ 25,539.21	$ 421.40	$ 25,960.61
14	Feb	2008	1-Mar-08	11,347,179	$ 2.26	$ 25,644.62	$ 4,860.43	$ 30,505.05	$ 503.33	$ 31,008.38
15	Mar	2008	1-Apr-08	11,644,059	$ 2.26	$ 26,315.57	$ 4,987.59	$ 31,303.16	$ 516.50	$ 31,819.67
16	April	2008	1-May-08	9,597,371	$ 2.26	$ 21,690.06	$ 4,110.92	$ 25,800.98	$ 425.72	$ 26,226.69
17	May	2008	1-Jun-08	7,261,758	$ 2.26	$ 16,411.57	$ 3,110.49	$ 19,522.06	$ 322.11	$ 19,844.17
18	June	2008	1-Jul-08	6,333,090	$ 2.26	$ 14,312.78	$ 2,712.70	$ 17,025.49	$ 280.92	$ 17,306.41
20	Test Year Totals			103,757,173		$ 240,740.79	$ 45,627.60	$ 286,368.40	$ 4,725.08	$ 291,093.48

21

22

23 Computation of Billings under rate change effecive (7/1/2009)

24

Line No.										
25	City of Scottsdale billing with new rate			103,757,173	$ 2.60	$ 269,768.65	$ 51,129.25	$ 320,897.90	$ 5,294.82	$ 326,192.72
26										
27	Adjusted Test Year Wastewater Treatment Expenses (before annualization)									$ 324,938.13
28										
29	Increase(decrease) in City of Scottsdale purchased wastewater treatment									$ 1,254.59
30										
31	Adjustment to Revenues and/or Expenses									$ 1,255

32

33

34 SUPPORTING SCHEDULES

35 Direct Schedule C-2, page 7

36

37

Black Mountain Sewer Corporation
Test Year Ended June 30, 2008
Adjustment to Revenues and/or Expenses
Adjustment Number 5

Exhibit
Final Schedule C-2
Page 6
Witness: Bourassa

Line No.			
1	Annualize Purchased Wastewater Treatment		
2			
3	Adjusted Year Purchased Wastewater Treatment (Scottsdale)	$	326,193
4	Gallons Treated By Scottsdale (in 1000's)		103,757
5	Cost per 1,000 gallons	$	3.1438
6			
7	Additional Wasterwater gallons (in 1,000's) from revenue annualization		451
8	Percent diverted to Scottsdale		70.94%
9	Additonal gallons treated by Scottsdale (in 1,000's)		320
10			
11	Annualization of Purchased WW Treatment per Rejoinder	$	1,006
12			
13	WW Treatment Annualization per Direct	$	1,002
14			
15	Increase (decrease) in annualization	$	4
16			
17			
18	Adjustment to Revenue and/or Expense	$	4
19			
20			
21			
22	SUPPORTING SCHEDULE		
23	Final C-2, page 5		
24	Direct C-2, page 8		
25			
26			
27			

Black Mountain Sewer Corporation
Test Year Ended June 30, 2008
Adjustment to Revenues and/or Expenses
Adjustment Number 6

Exhibit
Final Schedule C-2
Page 7
Witness: Bourassa

Line No.					
1					
2	Chemicals Expense				
3					
4	Thoigard used from July to November 2007			$	8,169
5	Sodium Hydroxide (ordor control chemical)				
6	Gallons used during test year (approx. 7 months)		6,997		
7	Cost per Gallons	$	1.65		
8	Cost of Sodium Hydroxide			$	11,545
9	Delivery costs (14 deliveries at $45 per)				630
10	Sales tax at 8.5%				1,035
11	Total Cost			$	21,378
12					
13					
14	Sodium Hydroxide (ordor control chemical)				
15	Projected gallons (test year gallons annualized to 12 months)		11,995		
16	Cost per Gallons	$	2.05		
17	Total Cost			$	24,590
18	Delivery costs (24 deliveries at $32 per)				768
19	Sales tax at 8.5%				2,155
20	Total Cost			$	27,513
21					
22					
23	Increase (decrease) in Chemicals Expense per Rejoinder			$	6,135
24					
25	Increase (decrease) in Chemicals Expense per Direct			$	2,943
26					
27	Final Increase (decrease) in Chemicals Expenses			$	3,191
28					
29					
30	Adjustment to Revenue and/or Expense			$	3,191
31					
32					
33					
34					
35					
36	SUPPORTING SCHEDULE				
37	RUCO Adj. #8 SCHEDULE RLM-13				
38					
39					

Black Mountain Sewer Corporation
Test Year Ended June 30, 2008
Adjustment to Revenues and/or Expenses
Adjustment Number 7

Exhibit
Final Schedule C-2
Page 8
Witness: Bourassa

Line No.			
1			
2	Annualize Chemicals Expense		
3			
4	Test Year Chemicals plus Adjustment #6	$	49,584
5	Gallons Treated By BMSC (in 1000's)		42,510
6	Cost per 1,000 gallons	$	1.17
7			
8	Additonal Wasterwater gallons (in 1,000's) from revenue annualization		451
9			
10	Additonal cost based on revenue annualization per Rejoinder	$	526
11			
12	Additonal cost based on revenue annualization per Direct	$	394
13			
14			
15	Final Increase (decrease) in Chemicals Expense	$	133
16			
17			
18			
19			
20	Adjustment to Revenue and/or Expense	$	133
21			
22			
23			

Black Mountain Sewer Corporation
Test Year Ended June 30, 2008
Adjustment to Revenues and Expenses
Adjustment Number 8

Exhibit
Final Schedule C-2
Page 9
Witness: Bourassa

Line No.			
1			
2	Testing Expense		
3			
4	Revised Test Year Test Year	$	15,689
5			
6	Incremental Costs Required By City of Scottsdale	$	13,360
7			
8	Total Proposed testing cost per Rejoinder	$	29,049
9			
10	Testing Costs per Direct	$	16,955
11			
12	Increase (decrease) in Testing Costs	$	12,094
13			
14	Adjustment to Revenue and/or Expense	$	12,094
15			
16			
17			
18	SUPPORTING SCHEDULES		
19	Final C-2, page 9.1		
20			

Black Mountain Sewer Corporation
Test Year Ended June 30, 2008
Adjustment Number 8

Exhibit
Final Schedule C-2
Page 9.1

Line No.	Testing Costs	Test Year Costs			City of Scottsdale Incremental	Co. Recommended Costs			Staff Recommended
5	Test name or number	Tests/yr	Price/test	Yearly Total	Tests	Tests/yr	Price/test	Yearly Total	Cost
7	515- chemical water test	2	$ 175	$ 350		2	$ 175	$ 350	$ 350
8	525- chemical water test	2	$ 290	$ 580		2	$ 290	$ 580	$ 580
9	624- chemical water test	3	$ 160	$ 480		2	$ 160	$ 320	$ 320
10	Antimony, GFAA	3	$ 15	$ 44		4	$ 15	$ 58	$ -
11	Antimony, Total	1	$ 17	$ 17		4	$ 17	$ 67	$ 67
12	Arsenic, GFAA	3	$ 15	$ 44	16	20	$ 15	$ 290	$ -
13	Arsenic, Total	1	$ 17	$ 17		4	$ 17	$ 67	$ 67
14	Barium, total	2	$ 10	$ 20		4	$ 10	$ 40	$ 40
15	Barium, total	2	$ 10	$ 19		4	$ 10	$ 38	$ -
16	Beryllium, total	2	$ 10	$ 20		4	$ 10	$ 40	$ 40
17	Beryllium, total	2	$ 10	$ 19	16	20	$ 10	$ 192	$ -
18	BOD	59	$ 36	$ 2,124	0	52	$ 36	$ 1,872	$ 1,008
19	Cadmium GFAA	2	$ 14	$ 29	16	20	$ 14	$ 288	$ -
20	Cadmium GFAA	1	$ 15	$ 15		4	$ 15	$ 60	$ 60
21	Cadmium Total	1	$ 17	$ 17		4	$ 17	$ 66	$ -
22	Chromium, Total	2	$ 10	$ 20		4	$ 10	$ 40	$ 40
23	Chromium, Total	2	$ 10	$ 19	16	20	$ 10	$ 192	$ -
24	Cyanide,	4	$ 56	$ 224		4	$ 56	$ 224	$ 224
25	Cyanide, Total	4	$ 44	$ 176	16	20	$ 44	$ 880	$ -
26	Fecal Coliforms	259	$ 15	$ 3,885		255	$ 15	$ 3,825	$ 5,475
27	Fecal Coliforms, Soil/Sludge	10	$ 68	$ 680		10	$ 68	$ 680	$ -
28	Mercury	4	$ 32	$ 128	16	20	$ 32	$ 640	$ 128
29	Nickel, Total	2	$ 10	$ 19	16	20	$ 10	$ 192	$ -
30	Nickel, Total	2	$ 10	$ 20		4	$ 10	$ 40	$ 40
31	Nitrogen 2	12	$ 64	$ 768		12	$ 64	$ 768	$ -
32	Nitrogen 3	12	$ 52	$ 624		12	$ 52	$ 624	$ 624
33	Nitrogen, NO3NO2	24	$ 20	$ 480	28	52	$ 20	$ 1,040	$ -
34	Nitrogen, Nitrite	2	$ 12	$ 24		2	$ 12	$ 24	$ -
35	Nitrogen, Total Kjeldahl	24	$ 32	$ 768	28	52	$ 32	$ 1,664	$ -
36	Oil and Grease	35	$ 88	$ 3,080		28	$ 88	$ 2,464	$ -
37	Flouride	4	$ 16	$ 64	16	20	$ 16	$ 320	$ 64
38	ICP Digestion	4	$ 16	$ 64		4	$ 16	$ 64	$ 16
39	ICP-MS Digestion	1	$ 16	$ 16		1	$ 16	$ 16	$ 15
40	Lead GFAA	1	$ 15	$ 15		4	$ 15	$ 60	$ 60
41	Lead GFAA	2	$ 14	$ 29	16	20	$ 14	$ 288	$ -
42	Lead, Total	1	$ 17	$ 17		4	$ 17	$ 67	$ -
43	Ph	24	$ 12	$ 288		24	$ 12	$ 288	$ -
44	Selenium GFAA	1	$ 15	$ 15		4	$ 15	$ 60	$ 60
45	Selenium GFAA	1	$ 14	$ 14	16	20	$ 14	$ 288	$ -
46	Selenium Total	1	$ 17	$ 17		4	$ 17	$ 67	$ -
47	Selenium- Subcontract	1	$ 24	$ 24		1	$ 24	$ 24	$ -
48	Thallium GFAA	2	$ 14	$ 29		4	$ 14	$ 58	$ -
49	Thallium GFAA	1	$ 15	$ 15		4	$ 15	$ 60	$ 60
50	Thallium Total	1	$ 17	$ 17		4	$ 17	$ 67	$ -
51	Boron				16	16	$ 9	$ 144	
52	COD				84	84	$ 38	$ 3,192	
53	Copper				16	16	$ 9	$ 144	
54	VOC GC/MS 624				2	2	$ 320	$ 640	
55	VOC GC/MS 625				2	2	$ 312	$ 624	
56	VOC GC/MS 608				2	2	$ 160	$ 320	
57	Molybdenum				16	16	$ 9	$ 144	
58	Silver				16	16	$ 14	$ 224	
59	Nitrate - N				28	28	$ 32	$ 896	
60	Nitrite - N				28	28	$ 32	$ 896	
61	TDS				84	84	$ 12	$ 1,008	
62	Zinc				16	16	$ 9	$ 144	
63	Total Suspended Solids	46	$ 12	$ 552	56	84	$ 12	$ 1,008	$ -
64	Total Suspended Solids	13	$ 13	$ 169		24	$ 13	$ 312	$ 364
65	Enteric Virus monthly					0	$ 460	$ -	$ 5,520
66	Unknown Cost								
67				Company				Company	Staff
68	Total	588		$ 16,053	582	1201		$ 29,049	15,222 [1]
69									
70	Total Recommended							$ 29,049	
71	Original Filing test year costs							$ 16,955	
72	Increase (decrease) in Test Year Testing Costs							$ 12,094	
73									
74	Reconciliation								
75	Testing Costs Per Direct							$ 16,955	
76	Less: Costs outside test year							$ (1,266)	
77	Adjusted Test Year Costs							$ 15,689	
78	Incremental COS tests required by City of Scottsdale							$ 13,360	
79	Final Testing Costs							$ 29,049	
80									
81	1 Staff Schedule contains a math error of $860.								

Black Mountain Sewer Corporation
Test Year Ended June 30, 2008
Adjustment to Revenues and Expenses
Adjustment Number 9

Exhibit
Final Schedule C-2
Page 10
Witness: Bourassa

Line No.			
1			
2	Rent Expense		
3			
4	Additional Test Year Rent Expense	$	18,432
5			
6			
7			
8			
9	Adjustment to Revenue and/or Expense	$	18,432
10			
11			
12			
13			
14			
15			
16	SUPPORTING SCHEDULE		
17	RUCO Adj. # 6 Schedule RLM-12		
18			
19			
20			

Black Mountain Sewer Corporation
Test Year Ended June 30, 2008
Adjustment to Revenues and Expenses
Adjustment Number 10

Exhibit
Final Schedule C-2
Page 11
Witness: Bourassa

Line No.				Label
1				
2	Normalization of Maintenance, Legal and Engineering			
3				
4				
5	Contractual Services - Other	$	(26,580)	10a
6				
7	Contractual Services - Legal and Engineering		(1,861)	10b
8				
9	Total	$	(28,441)	
10				
11				
12	Adjustment to Revenue and/or Expense	$	(28,441)	
13				
14				
15				
16				
17	SUPPORTING SCHEDULE			
18	Staff Adj. # 4 Schedule CSB-15 (corrected for errors - see testimony)			
19				
20				

Black Mountain Sewer Corporation
Test Year Ended June 30, 2008
Adjustment to Revenues and Expenses
Adjustment Number 11

Exhibit
Final Schedule C-2
Page 12
Witness: Bourassa

Line No.			
1			
2	Bad Debt Expense		
3			
4			
5	Remove Write-offs from prior year revenues (per Staff Adj. #5)	$	(4,067)
6			
7	Write-offs for test year revenues occuring post test year		6,479
8			
9	Total	$	2,412
10			
11			
12	Adjustment to Revenue and/or Expense	$	2,412
13			
14			
15			
16			
17	SUPPORTING SCHEDULE		
18	Staff Adj. # 5 Schedule CSB-16		
19	Testimony		
20			

Black Mountain Sewer Corporation
Test Year Ended June 30, 2008
Adjustment to Revenues and Expenses
Adjustment Number 12

Exhibit
Final Schedule C-2
Page 13
Witness: Bourassa

Line No.			
1			
2	Remove Meals, Beverages, Charitable Contributions		
3			
4			
5	Meals (per Staff Adj. # 9 Schedule CSB-20)	$	(526)
6			
7	Beverages (per Staff Adj. # 9 Schedule CSB-20)		(907)
8			
9	Charitable Contributions(per Staff Adj. # 9 Schedule CSB-20)		(52)
10			
11	Total Adjustment to Contractual Services - Other	$	(1,485)
12			
13			
14	Adjustment to Revenue and/or Expense	$	(1,485)
15			
16			
17			
18			
19			
20			

Black Mountain Sewer Corporation
Test Year Ended June 30, 2008
Adjustment to Revenues and Expenses
Adjustment Number 13

Exhibit
Final Schedule C-2
Page 14
Witness: Bourassa

Line No.			
1			
2	Contractual Services		
3			
4			
5	Contractual Services Costs[1] (per RUCO Adj. #5 Schedule RLM-12)	$	42,200
6			
7			
8			
9			
10			
11			
12	Adjustment to Revenue and/or Expense	$	42,200
13			
14			
15			
16			
17			
18	[1]BMSC cost incorrectly recorded on books of LPSCo. See testimony.		
19			
20			

Black Mountain Sewer Corporation
Test Year Ended June 30, 2008
Adjustment to Revenues and Expenses
Adjustment Number 14

Exhibit
Final Schedule C-2
Page 15
Witness: Bourassa

Line No.			
1			
2	Taxes Other Than Income		
3			
4			
5	Remove negative expense	$	1,780
6			
7			
8			
9			
10			
11			
12	Adjustment to Revenue and/or Expense	$	1,780
13			
14			
15			
16			
17	SUPPORTING SCHEDULES		
18	Staff Adj. #11 Schedule CSB-22		
19			
20			

Black Mountain Sewer Corporation
Test Year Ended June 30, 2008
Adjustment to Revenues and Expenses
Adjustment Number 15

Exhibit
Final Schedule C-2
Page 16
Witness: Bourassa

Cental Office Costs - Infrastructure Allocation

Line No.		Actual Total Cost Pool[1]	Adjustments	Rejoinder Total Cost Pool	Utility Infrastructure Group Allocation %	Utility Infrastructure Group Allocated Cost Pool	BMSC Allocation by Customer Count	Rejoinder BMSC Allocation
7	Audit	$ 940,719		$ 940,719	26.98%	$ 253,845	3.18%	8,072
8	Tax Services	235,582		$ 235,582	26.98%	63,570	3.18%	2,022
9	Legal	485,980		$ 485,980	26.98%	131,138	3.18%	4,170
10	Other Professional Services	177,762		$ 177,762	26.98%	47,968	3.18%	1,525
11	Management Fee - Total	629,738		$ 629,738	26.98%	169,929	3.18%	5,404
12	Unit Holder Communications	196,509		$ 196,509	26.98%	53,026	3.18%	1,686
13	Trustee Fees	225,052		$ 225,052	26.98%	60,728	3.18%	1,931
14	Escrow & Transfer Agent Fees	61,115		$ 61,115	26.98%	16,491	3.18%	524
15	Rent	295,881		$ 295,881	26.98%	79,841	3.18%	2,539
16	Licenses/Fees & Permits	131,619	(128,380) [1]	$ 3,239	26.98%	874	3.18%	28
17	Office Expenses	726,427	(63,448) [1]	$ 662,979	26.98%	178,899	3.18%	5,689
18	Depreciation	218,613		$ 218,613	26.98%	58,991	3.18%	1,876
19								
20	**Total (Candadian dollars CAD)**	**$ 4,324,998**	**$ (191,828)**	**$ 4,133,170**		**$ 1,115,300**		**$ 35,467**
21	Factor	1.05	1.05	1.05		1.05		1.05
22	**Total (US dollars USD**	$ 4,119,045	$ (182,693)	$ 3,936,352		$ 1,062,190		$ 33,778
23								
24	Infrastructure Cost Allocation per Direct (USD)[2]							$ 32,287
25								
26	Increase (decrease) in Infrastructure Allocated Costs (USD)							$ 1,490
27								
28								
29	Adjustment to Revenues and/or Expenses							$ 1,490
30								

31 [1] Per Response to CSB 9.1 (in Canadian dollars)
32 [2] $3,950,800 budgeted allocation pool times 26.98% times 3.18% divided by 1.05
33

Black Mountain Sewer Corporation
Test Year Ended June 30, 2008
Adjustment to Revenues and Expenses
Adjustment Number 16

Exhibit
Final Schedule C-2
Page 17
Witness: Bourassa

Line No.				
1				
2				
3	Contractual Services			
4				
5	Increase in direct allocated Operations costs		$	3,474
6				
7	Increase in allocated Accounting/Billing costs	$ 254,381		
8	Allocation Factor based on Year-end Customers	3.18%		
9			$	8,098
10	Increase in allocated Overhead costs	717,339		
11	Allocation Factor based on 4-factor allocation	4.52%		
12			$	32,446
13				
14	Increase (decrease) in Contractual Services per Rejoinder		$	44,018
15				
16	Increase (decrease) in Contractual Services per Direct			50,302
17				
18	Increase (decrease) in Contractual Services		$	(6,284)
19				
20				
21	Adjustment to Revenue and/or Expense		$	(6,284)
22				
23				

Black Mountain Sewer Corporation
Test Year Ended June 30, 2008
Adjustment to Revenues and Expenses
Adjustment Number 17

Exhibit
Final Schedule C-2
Page 18
Witness: Bourassa

Line No.			
1			
2	Rate Case Expense		
3			
4	Rate Case Expense Request per Direct	$	180,000
5			
6	Additional Rate Case Expense		50,000
7			
8	Rate Case Expense Request per Rejoinder	$	230,000
9			
10			
11	Amortization Period (years)		3.00
12			
13			
14	Rate Case Expense to be included in Expense	$	76,667
15			
16	Rate Case Expense per Direct	$	60,000
17			
18	Increase (decrease) in Rate Case Expense	$	16,667
19			
20			
21	Adjustment to Revenue and/or Expense	$	16,667

Black Mountain Sewer Corporation
Test Year Ended June 30, 2008
Adjustment to Revenues and Expenses
Adjustment Number 18

Exhibit
Final Schedule C-2
Page 19
Witness: Bourassa

Line No.			
1	Interest Synchronization		
2			
3			
4	Fair Value Rate Base	$3,682,741	
5	Weighted Cost of Debt	1.93%	
6	Interest Expense		$ 70,947
7			
8	Test Year Interest Expense		$ 67,693
9			
10	Increase (decrease) in Interest Expense		3,254
11			
12			
13			
14	Adjustment to Revenue and/or Expense		$ (3,254)
15			
16			
17	Weighted Cost of Debt Computation		

		Amount	Percent	Cost	Weighted Cost
18					
19					
20	Debt	$ 1,010,649	20.49%	9.40%	1.93%
21	Equity	$ 3,920,667	79.51%	12.40%	9.86%
22	Total	$ 4,931,316	100.00%		11.79%
23					
24					

Black Mountain Sewer Corporation
Test Year Ended June 30, 2008
Adjustment to Revenues and/or Expenses
Adjustment Number 19

Exhibit
Final Schedule C-2
Page 20
Witness: Bourassa

Line No.			Test Year Adjusted Results	Adjusted with Rate Increase	
1	Income Tax Computation				
2					
3					
4					
5					
6					
7	Taxable Income before Scottsdale Operating Lease		$ (221,367)	$ 731,589	
8	Plus: Scottsdale Operating Lease		164,522	164,522	
9	Taxable Income		$ (56,845)	$ 896,111	
10					
11	Income Before Taxes			$ 896,111	
12					
13	Arizona Income Before Taxes			$ 896,111	
14					
15	Less Arizona Income Tax			$ 62,441	
16	Rate =	6.968%			
17	Arizona Taxable Income			$ 833,670	
18					
19	Arizona Income Taxes			$ 62,441	
20					
21	Federal Income Before Taxes			$ 896,111	
22					
23	Less Arizona Income Taxes			$ 62,441	
24					
25	Federal Taxable Income			$ 833,670	
26					
27					
28					
29	FEDERAL INCOME TAXES:				
30	15% BRACKET			$ 7,500	
31	25% BRACKET			$ 6,250	
32	34% BRACKET			$ 8,500	Federal
33	39% BRACKET			$ 91,650	Effective
34	34% BRACKET			$ 169,548	Tax
35					Rate
36	Federal Income Taxes			$ 283,448	31.63%
37					
38	State Income Tax Rate at Proposed Rates		6.9680%		
39	Federal Effective Tax Rate at Proposed Rates		31.6309%		
40	Total Federal and State Income Tax Effective Rate		38.5989%	$ 345,889	
41					
42	Taxable Income		$ (56,845)		
43	State and Federal Income Taxes at Effective Rate		$ (21,942)		
44	Adjusted Test Year Income Tax per Direct		$ 7,760		
45	Adjusted Test Year Income Tax per Rejoinder			(21,942)	
46	Increase (decrease) in Income Taxes	→	$ (29,701)	367,830	
47					

Black Mountain Sewer Corporation
Test Year Ended June 30, 2008
Computation of Gross Revenue Conversion Factor

Exhibit
Final Schedule C-3
Page 1
Witness: Bourassa

Line No.	Description	Percentage of Incremental Gross Revenues
1	Federal Income Tax Factor	31.6309%
2		
3	State Income Tax Factor	6.9680%
4		
5	Other Tax Factor	0.0000%
6		
7		
8	Total Tax Percentage	38.5989%
9		
10	Operating Income % = 100% - Tax Percentage	61.4011%
11		
12		
13		
14		
15	1 = Gross Revenue Conversion Factor	
16	Operating Income %	1.6286
17		
18	SUPPORTING SCHEDULES:	RECAP SCHEDULES:
19		Final A-1
20		

Black Mountain Sewer Corporation
Test Year Ended June 30, 2008
Summary of Cost of Capital

Exhibit
Final Schedule D-1
Page 1
Witness: Bourassa

Line No.	Item of Capital	End of Test Year Dollar Amount	End of Test Year Percent of Total	End of Test Year Cost Rate	End of Test Year Weighted Cost	End of Projected Year Dollar Amount	End of Projected Year Percent of Total	End of Projected Year Cost Rate	End of Projected Year Weighted Cost
6	Long-Term Debt[1]	-	0.00%	9.40%	0.00%	-	0.00%	9.40%	0.00%
8	Stockholder's Equity[2]	3,920,667	100.00%	12.40%	12.40%	4,306,367	100.00%	12.40%	12.40%
10	Totals	$ 3,920,667	100.00%		12.40%	$ 4,306,367	100.00%		12.40%

12	[1] Excluded long-term debt for Scottsdale Treatment Capacity	$ 1,010,649	. See D-2
13	[2] Adjusted for correction to accummulated depreciation of	$ 322,862	. See Direct B-2 Page 2
14	[3] Adjusted for correction to accummulated depreciation of	$ (100,142)	. See Final B-2, page 2
15	[4] Adjusted for correction to accummulated amortization	$ (271,031)	. See Direct B-2 Page 2
16	[5] Adjusted for deferred income taxes	$ 170,554	. See Direct B-2 Page 6
17	[7] Adjusted for deferred income taxes	$ 25,454	. See Final B-2, page 6

20 SUPPORTING SCHEDULES:
21 Final D-2
22 Final D-3
23 Final D-4

RECAP SCHEDULES:

Black Mountain Sewer Corporation
Test Year Ended June 30, 2008
Cost of Long Term Debt

Exhibit
Final Schedule D-2
Page 1
Witness: Bourassa

Line No.	Description of Debt	End of Test Year Amount Outstanding	End of Test Year Annual Interest	End of Test Year Interest Rate	End of Test Year Weighted Cost	End of Projected Year Amount Outstanding	End of Projected Year Annual Interest	End of Projected Year Interest Rate	End of Projected Year Weighted Cost
1	Loan for Scottsdale Treatment Capacity	659,546	74,518	9.40%	6.13%	613,181	71,388	9.40%	6.13%
2	Loan for Scottsdale Treatment Capacity	351,103	39,325	9.40%	3.27%	327,694	36,010	9.40%	3.27%
3			-		0.00%	-	-	0.00%	0.00%
4			-		0.00%	-	-	0.00%	0.00%
5									
6									
7									
8									
9									
10									
11									
12									
13	Totals	$ 1,010,649	$ 113,843		9.40%	$ 940,875	$ 107,398		9.40%
14									
15	Supporting Schdules:								
16	E-2								
17									
18									
19									
20									
21									

Black Mountain Sewer Corporation
Test Year Ended June 30, 2008
Cost of Preferred Stock

Exhibit
Final Schedule D-3
Page 1
Witness: Bourassa

Line No.	Description of Issue	End of Test Year Shares Outstanding	End of Test Year Amount	End of Test Year Dividend Requirement	End of Projected Year Shares Outstanding	End of Projected Year Amount	End of Projected Year Dividend Requirement
1							
2							
3	NOT APPLICABLE, N O PREFERRED STOCK ISSUED O R OUTSTANDING						
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17	SUPPORTING SCHEDULES:			RECAP SCHEDULES:			
18				Final D-1			
19							
20							

Black Mountain Sewer Corporation
Test Year Ended June 30, 2008
Cost of Common Equity

Exhibit
Final Schedule D-4
Page 1
Witness: Bourassa

Line No.	
1	
2	The Company is proposing a cost of common equity of 12.4%.
3	
4	
5	
6	
7	
8	
9	
10	
11	
12	
13	
14	
15	
16	
17	SUPPORTING SCHEDULES:
18	Rebuttal D-4.0 to D-4.13
19	
20	

RECAP SCHEDULES:
Final D-1

Black Mountain Sewer Corporation
Revenue Summary
With Annualized Revenues to Year End Number of Customers
Test Year Ended June 30, 2008

Exhibit
Final Schedule H-1
Witness: Bourassa

Line No.	Customer Classification	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Sewer Revenues	Percent of Proposed Sewer Revenues
1	Residential	1,077,880	1,705,856	627,976	58.26%	68.59%	67.60%
2	Commercial (Standard Rate)	378,678	599,266	220,588	58.25%	24.10%	23.75%
3	Commercial (Special Rate)						
4	Boulders Resort	50,085	101,969	51,884	103.59%	3.19%	4.04%
5	Desert Forest	13,729	24,324	10,595	77.17%	0.87%	0.96%
6	El Pedegral	26,587	54,857	28,271	106.33%	1.69%	2.17%
7	Boulders Club	168	347	179	106.33%	0.01%	0.01%
8	Spanish Village	8,395	17,322	8,927	106.33%	0.53%	0.69%
9	Effluent Sales	15,917	19,578	3,661	23.00%	1.01%	0.78%
10	Subtotal	1,571,439	2,523,520	952,081	60.59%	100.00%	100.00%
11							
12	Revenue Annualization						
13	Residential	2,145	3,395	1,250	58.26%	0.14%	0.13%
14							
15	Misc Service Revenues						
16	Misc Revenues	6,915	6,915	-	0.00%	0.44%	0.27%
17	Reconciling Amount to C-1	(329)	(704)	(375)	113.98%	-0.02%	-0.03%
18	Totals	1,580,170	2,533,126	952,956	60.31%	99.98%	99.97%
19							
20							
21							
22							
23							
24							
25							

Black Mountain Sewer Corporation
Test Year Ended June 30, 2008
Analysis of Revenue by Detailed Class
Special Rate Commercial Customers Pay Standard Commerical Rate

Final Schedule H-2
Page 1
Witness: Bourassa

Line No.	Customer Classification	Average Number of Customers at 6/30/2008	Average Effluent	Average Bill Present Rates	Average Bill Proposed Rates	Proposed Increase Dollar Amount	Proposed Increase Percent Amount	
1	Residential	1,972	N/A	$ 45.64	$ 72.23	$ 26.59	58.260%	0.936372
2	Commercial (Standard Rate)	124	N/A	103.41	163.64	60.24	58.252%	
3	Commercial (Special Rate)							
4	B-H Enterprises (West)	-	N/A	$ -	N/A			
5	B-H Enterprises (East)	1	N/A	-	N/A			
6	Barb's Per Grooming	-	N/A	-	N/A			
7	Boulders Resort	1	N/A	4,173.74	8,497.43	4,323.69	103.593%	
8	Carefree Dental	-	N/A	-	N/A			
9	Ridgecrest Realty	1	N/A	-	N/A			
10	Desert Forest	1	N/A	1,144.08	2,026.99	882.91	77.172%	
11	Desert Hills Pharmacy	1	N/A	-	N/A			
12	El Pedregal	1	N/A	2,215.55	4,571.44	2,355.89	106.335%	
13	Lemon Tree	1	N/A	-	N/A			
14	Body Shop	1	N/A	-	N/A			
15	Spanish Village	-	N/A	-	0.28957			
16	Boulders Club	-	N/A	168.41	347.48	179.08	106.335%	
17	Anthony Vuitaggio	1	N/A	-	N/A			
18								
19	Effluent	1	3,542,780	$ 1,326.42	$ 1,631.49	305.08	23.000%	
20								
21	Total	2,106						
22								
23								
24								
25								

Black Mountain Sewer Corporation
Present and Proposed Rates
Test Year Ended June 30, 2008

Exhibit
Final Schedule H-3
Page 1
Witness: Bourassa

Line No.	Customer Classification	Present Rates	Present Rates	Proposed Rates	Proposed Rates	Percent Change
1						
2	**Customer Classification**	**Present Rates**	**Present Rates**	**Proposed Rates**	**Proposed Rates**	**Percent Change**
3						
4	**Monthly Charge for:**					
5	Residential		$ 45.64		$ 72.23	58.26%
6						
7	Commercial (Standard Rate), per gallon per day[1]		0.18298		0.28957	58.25%
8						
9		per acre foot		per acre foot		
10	Effluent Sales (per 1,000 gallons)	$ 122.00	0.37440	$ 150.00	0.46051	23.00%
11						
12	Commercial (Special Rate), per gallon per day[1]					
13		Gallons	Monthly	Rate per	Monthly	Rate per	Percent
14	Customer[2]	Per Day[1]	Billing	Gallon	Billing	Gallon [2]	Change
15	B-H Enterprises	2,525	$ 354.36	0.14034	N/A	N/A	
16	B-H Enterprises	1,400	$ 196.48	0.14034	N/A	N/A	
17	Barb's Per Grooming	250	$ 35.09	0.14034	N/A	N/A	
18	Boulders Resort	29,345	$ 4,173.74	0.14223	$ 8,497.43	0.28957	103.59%
19	Carefree Dental	1,625	$ 228.05	0.14034	N/A	N/A	
20	Ridgecrest Realty	450	$ 63.87	0.14193	N/A	N/A	
21	Desert Forest	7,000	$ 1,144.08	0.16344	$ 2,026.99	0.28957	77.17%
22	Desert Hills Pharmacy	800	$ 136.49	0.17061	N/A	N/A	
23	El Pedregal	15,787	$ 2,215.55	0.14034	$ 4,571.44	0.28957	106.33%
24	Lemon Tree	300	$ 41.07	0.13691	N/A	N/A	
25	Body Shop	1,000	$ 176.47	0.17647	N/A	N/A	
26	Spanish Village	4,985	$ 699.59	0.14034	$ 1,443.51	0.28957	106.33%
27	Boulders Club	1,200	$ 168.41	0.14034	$ 347.48	0.28957	106.33%
28	Anthony Vuitaggio	300	$ 46.79	0.15597	N/A	N/A	
29							
30							

31 [1] Commercial wastewater flows are based on the average daily flows set forth in Engineering Bulletin 12, Table 1
32 published by the Arizona Department of Environmental Quality
33 [2] Company is proposing to set the special rate commercial customers at the same rate ase the standard commerical rate
34 customers.

Black Mountain Sewer Corporation
Present and Proposed Rates
Test Year Ended June 30, 2008

Exhibit
Final Schedule H-3
Page 2
Witness: Bourassa

Line No.	Other Service Charges	Present Rates	Proposed Rates
1	Establishment	$ 25.00	$ 25.00
2	Re-Establishment	$ 25.00	$ 25.00
3	Reconnection	no charge	[4]
4	After hours service	N/A	$ 25.00
5	Min Deposit Requirement (Residential)	[1]	[1]
6	Min Deposit Requirement (Non-Residential)	[1]	[1]
7	NSF Check	10.00	10.00
8	Deferred Payment finance charge, Per Month	1.50%	1.50%
9	Late Payment Charge, Per Month	1.50%	1.50%
10	Main Extension Tariff [2]	Cost	Cost
11	Purchased Wastewater Surcharge	NT	[3]
12			
13			
14	[1] Per A.C.C. R14-2-603B Residential - two times the average bill. Non-residential - two and one-half times the average bill.		
15			
16	[2] Per A.C.C. R14-2-606(B)		
17			
18	[3] For increases in wastewater treatment costs from City of Scottsdale. See Testimony of Thomas J. Bourassa.		
19			
20	[4] Actual cost of physical disconnection and reconnection (if same customer) and there shall be no charge if there		
21	is no physical work performed.		
22			
23			
24			
25			
26			
27	IN ADDITION TO THE COLLECTION OF REGULAR RATES, THE UTILITY WILL COLLECT FROM		
28	ITS CUSTOMERS A PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES, USE, AND FRANCHISE		
29	TAX. PER COMMISSION RULE (14-2-608.D 5).		
30	ALL ADVANCES AND/OR CONTRIBUTIONS ARE TO INCLUDE LABOR, MATERIALS, OVERHEADS,		
31	AND ALL APPLICABLE TAXES, INCLUDING ALL GROSS-UP TAXES FOR INCOME TAXES.		
32	COST TO INCLUDE LABOR, MATERIALS AND PARTS, OVERHEADS AND ALL APPLICABLE TAXES.		
33			

Black Mountain Sewer Corporation
Test Year Ended June 30, 2008
Capacity Reservation Charges

Exhibit
Final Schedule H-3
Page 3
Witness: Bourassa

Line No.			
1			
2	**Off-site Capacity Reservation Charge (Hook-up Fee)**		
3			
4			
5	Lateral Service Size	Present	Proposed
6	4 Inch	NT	$ 1,734.00
7	6 Inch and larger	NT	$ 3,901.00
8	8 Inch	NT	$ 6,936.00
9	10 Inch	NT	$ 10,837.00
10			
11			
12			
13			
14			
15			
16			
17			
18	N/T = No Tariff		
19			
20			

TARIFF SCHEDULE

UTILITY: Black Mountain Sewer Corporation
DOCKET NO. SW-02361A-08-0609

DECISION NO. _____
EFFECTIVE DATE:. _____

OFF-SITE FACILITIES HOOK-UP FEE (WASTEWATER)

I. Purpose and Availability

The purpose of the off-site facilities hook-up fees payable to **Black Mountain Sewer Corporation** ("the Company") pursuant to this tariff is to equitably apportion the costs of constructing additional off-site facilities to provide wastewater treatment and disposal facilities among all new service laterals. These charges are applicable to all new service laterals undertaken via Collection Main Extension Agreements, or requests for service not requiring a Collection Main Extension Agreement, entered into after the effective date of this tariff. The charges are one-time charges and are payable as a condition to Company's establishment of service, as more particularly provided below.

II. Definitions

Unless the context otherwise requires, the definitions set forth in R-14-2-601 of the Arizona Corporation Commission's ("Commission") rules and regulations governing sewer utilities shall apply interpreting this tariff schedule.

"Applicant" means any party entering into an agreement with Company for the installation of wastewater facilities to serve new service laterals, and may include Developers and/or Builders of new residential subdivisions, and industrial or commercial properties.

"Company" means Black Mountain Sewer Corporation.

"Collection Main Extension Agreement" means an agreement whereby an Applicant, Developer and/or Builder agrees to advance the costs of the installation of wastewater facilities necessary to serve new service laterals, or install wastewater facilities to serve new service laterals and transfer ownership of such wastewater facilities to the Company, which agreement does not require the approval of the Commission pursuant to A.A.C. R-14-2-606, and shall have the same meaning as "Wastewater Facilities Agreement. "

"Off-Site Facilities" means the wastewater treatment plant, sludge disposal facilities, effluent disposal facilities and related appurtenances necessary for proper operation, including engineering and design costs. Off-site facilities may also include lift stations, force mains, transportation mains and related appurtenances necessary for proper operation if these facilities are not for the exclusive use of the Applicant and benefit the entire wastewater system.

"Service Lateral" means and includes all service laterals for single-family residential, commercial, industrial or other uses.

III. Wastewater Hook-up Fee

For each new service lateral, the Company shall collect an off-site facilities hook-up fee as listed in the following table:

TREATMENT PLANT HOOK-UP FEE TARIFF TABLE		
Service Lateral Size	Factor	Fee
4-inch	1	$1,734
6-inch	2.25	$3,901
8-inch	4	$6,936
10-inch	6.25	$10,837

IV. Terms and Conditions

(A) Assessment of One Time Off-Site Facilities Hook-up Fee: The off-site facilities hook-up fee may be assessed only once per parcel, service lateral, or lot within a subdivision (similar to a service lateral installation charge).

(B) Use of Off-Site Facilities Hook-up Fee: Off-site facilities hook-up fees may only be used to pay for capital items of off-site facilities, or for repayment of loans obtained to fund the cost of installation of off-site facilities. Off-site hook-up fees shall not be used to cover repairs, maintenance, the cost of closing wastewater treatment plant, including lift stations, or other operational purposes.

(C) Time of Payment:

(1) In the event that the person or entity that will be constructing improvements ("Applicant," "Developer," or "Builder") is otherwise required to enter into a Collection Main Extension Agreement, payment of the fees required hereunder shall be made by the Applicant, Developer or Builder when operational acceptance is issued for the on-site wastewater facilities constructed to serve the improvement.

(2) In the event that the Applicant, Developer or Builder for service is not required to enter into a Collection Main Extension Agreement, the hook-up fee charges hereunder shall be due and payable at the time wastewater service is requested for the property.

(D) Off-Site Facilities Construction by Developer: Company and Applicant, Developer, or Builder may agree to construction of off-site facilities necessary to serve a particular development by Applicant, Developer or Builder, which facilities are then conveyed to Company. In that event, Company shall credit the total cost of such off-site

facilities as an offset to off-site hook-up fees due under this Tariff. If the total cost of the off-site facilities constructed by Applicant, Developer or Builder and conveyed to Company is less than the applicable off-site hook-up fees under this Tariff, Applicant, Developer or Builder shall pay the remaining amount of off-site hook-up fees owed hereunder. If the total cost of the off-site facilities contributed by Applicant, Developer or Builder and conveyed to Company is more than the applicable off-site hook-up fees under this Tariff, Developer or Builder shall be refunded the difference upon acceptance of the off-site facilities by the Company.

(E) Failure to Pay Charges; Delinquent Payments: The Company will not be obligated to make an advance commitment to provide or actually provide wastewater service to any Developer, Builder or other applicant for service in the event that the Developer, Builder or other applicant for service has not paid in full all charges hereunder. Under no circumstances will the Company connect service or otherwise allow service to be established if the entire amount of any payment has not been paid.

(F) Off-Site Hook-Up Fees Non-refundable: The amounts collected by the Company pursuant to the off-site hook-up fee tariff shall be non-refundable contributions in aid of construction.

(G) Use of Off-Site Hook-Up Fees Received: All funds collected by the Company as off-site facilities hook-up fees shall be deposited into a separate account and bear interest and shall be used solely for the purposes of paying for the costs of installation of off-site facilities, including repayment of loans obtained for the installation of off-site facilities.

(H) Off-Site Facilities Hook-Up Fee in Addition to On-site Facilities: The off-site facilities hook-up fee shall be in addition to any costs associated with the construction of on-site facilities under a Collection Main Extension Agreement.

(I) Disposition of Excess Funds: After all necessary and desirable off-site facilities are constructed utilizing funds collected pursuant to the off-site facilities hook-up fees, or if the off-site facilities hook-up fee has been terminated by order of the Arizona Corporation Commission, any funds remaining in the trust account shall be refunded. The manner of the refund shall be determined by the Commission at the time a refund becomes necessary.

(J) Status Reporting Requirements to the Commission: The Company shall submit a calendar year Off-Site Facilities Hook-Up Fee status report each January to Docket Control for the prior twelve (12) month period, beginning January 2011, until the hook-up fee tariff is no longer in effect. This status report shall contain a list of all customers that have paid the hook-up fee tariff, the amount each has paid, the physical location/address of the property in respect of which such fee was paid, the amount of money spent from the account, the amount of interest earned on the funds within the tariff account, and an itemization of all facilities that have been installed using the tariff funds during the 12 month period.