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BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION OF LITCHFIELD PARK SERVICE COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANTS AND PROPERTY AND FOR INCREASES IN ITS WASTEWATER RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.	DOCKET NO: SW-01428A-09-0103
IN THE MATTER OF THE APPLICATION OF LITCHFIELD PARK SERVICE COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANTS AND PROPERTY AND FOR INCREASES IN ITS WATER RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.	DOCKET NO: W-01427A-09-0104
IN THE MATTER OF THE APPLICATION OF LITCHFIELD PARK SERVICE COMPANY, AN ARIZONA CORPORATION, FOR AUTHORITY (1) TO ISSUE EVIDENCE OF INDEBTEDNESS IN AN AMOUNT NOT TO EXCEED $1,755,000 IN CONNECTION WITH (A) THE CONSTRUCTION OF TWO RECHARGE WELL INFRASTRUCTURE IMPROVEMENTS AND (2) TO ENCUMBER ITS REAL PROPERTY AND PLANT AS SECURITY FOR SUCH INDEBTEDNESS.	DOCKET NO. W-01427A-09-0116

Arizona Corporation Commission
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DEC 29 2009
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IN THE MATTER OF THE APPLICATION OF LITCHFIELD PARK SERVICE COMPANY, AN ARIZONA CORPORATION, FOR AUTHORITY (1) TO ISSUE EVIDENCE OF INDEBTEDNESS IN AN AMOUNT NOT TO EXCEED $1,170,000 IN CONNECTION WITH (A) THE CONSTRUCTION OF ONE 200 KW ROOF MOUNTED SOLAR GENERATOR INFRASTRUCTURE IMPROVEMENTS AND (2) TO ENCUMBER ITS REAL PROPERTY AND PLANT AS SECURITY FOR SUCH INDEBTEDNESS.	DOCKET NO. W-01427A-09-0120 **NOTICE OF FILING REJOINDER TESTIMONY**

Litchfield Park Service Company ("LPSCO" or "the Company") hereby submits this Notice of Filing Rejoinder Testimony in the above-referenced matter. Specifically filed herewith are the Company's rejoinder testimonies, which include the following testimonies, along with supporting schedules and/or attachments:

1. Rejoinder Testimony of Gregory S. Sorensen;
2. Rejoinder Testimony of Gerald Tremblay;
3. Rejoinder Testimony of Brian McBride;
4. Rejoinder Testimony of Thomas J. Bourassa (Rate Base); and
5. Rejoinder Testimony of Thomas J. Bourassa (Cost of Capital).

DATED this 29th day of December, 2009.

FENNEMORE CRAIG, P.C.

By _____

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ORIGINAL and nineteen (19) copies
of the foregoing were filed
this 29th day of December, 2009, with:

Docket Control
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IN THE MATTER OF THE APPLICATION OF LITCHFIELD PARK SERVICE COMPANY, AN ARIZONA CORPORATION, FOR AUTHORITY (1) TO ISSUE EVIDENCE OF INDEBTEDNESS IN AN AMOUNT NOT TO EXCEED $1,170,000 IN CONNECTION WITH (A) THE CONSTRUCTION OF ONE 200 KW ROOF MOUNTED SOLAR GENERATOR INFRASTRUCTURE IMPROVEMENTS AND (2) TO ENCUMBER ITS REAL PROPERTY AND PLANT AS SECURITY FOR SUCH INDEBTEDNESS.	DOCKET NO. W-01427A-09-0120

REJOINDER TESTIMONY

OF

GREG SORENSEN

(Phase 1 – Determination of Rate Base and Rates)

December 29, 2009

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I. INTRODUCTION AND PURPOSE OF TESTIMONY

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Greg Sorensen. My business address is 12725 W. Indian School Road, Suite D-101, Avondale, AZ 85392.

Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY IN THE INSTANT CASE?

A. Yes, my direct and rebuttal testimony were submitted in support of the initial application and the rebuttal filing in this docket by Litchfield Park Service Company ("LPSCO" or "Company").

Q. WHAT IS THE PURPOSE OF YOUR REJOINDER TESTIMONY?

A. To further support LPSCO's application for rate relief by responding to certain aspects of the direct testimony of Utilities Division Staff ("Staff"), and the intervenors RUCO and the City of Litchfield Park (the "City").

II. REJOINDER TO RUCO

Q. ARE YOU FAMILIAR WITH STAFF'S SURREBUTTAL FILING?

A. Generally, yes.

Q. RUCO HAS NOW JOINED STAFF IN RECOMMENDING THAT RATE CASE EXPENSE BE AMORTIZED OVER FIVE YEARS, NOT THREE. DO YOU THINK IT WILL BE FIVE YEARS BETWEEN RATE CASES FOR LPSCO?

A. No. LPSCO plans to submit rate cases more frequently than every five years, as we intend to do with all of the Liberty Water utilities in Arizona. It's not that we like rate cases, but investment need is constant and expenses almost invariably increase over time. In order to attract the capital we need, our rates must continually provide an opportunity to earn the authorized returns. In short, we will not act like the prior owner and their history provides no basis for comparison.

Staff and RUCO have already recognized the Algonquin approach to rate case in three other rates cases where a 3-year amortization was accepted.

Q. MS. ROWELL DOES NOT UNDERSTAND WHY YOU THINK A RESPONSIBLE BUSINESS PERSON WOULD STOP USING EFFLUENT IF THE PRICE INCREASES TO $1.50 PER THOUSAND WHEN POTABLE WATER IS MUCH MORE EXPENSIVE. WOULD YOU LIKE TO HELP MS. ROWELL TO UNDERSTAND YOUR TESTIMONY?

A. Yes, I will try again. It is not as simple as Ms. Rowell makes it out to be by speaking of a "valuable product." Rather, it is a matter of quality and cost. Effluent, even our A+ quality effluent produced by LPSCO, is inferior to the groundwater in the area due to higher TDS (total desolved solids) in effluent water than in the groundwater. This higher TDS damages the golf course turf with use over an extended period of time. However, traditionally, the golf courses will use a blend of groundwater (due to its high quality) and effluent (due to its low price) to water their golf courses. RUCO's proposed effluent rate of $489/AF is way too high. In fact, it is higher than our current highest tier for potable water. If Ms. Rowell's recommendation is accepted, golf courses will lose the price incentive to water with effluent. For them, it's a simple business proposition; the lower quality is offset by the lower price. Take away the incentive, and they will revert to their groundwater wells to the greatest extent possible. That behavior is not one that this Company wishes to encourage, and we believe the Commission would agree. It follows that the best effluent rate is the current "market rate" tariff that the Company has, as it will allow the Company to adjust the price to market as that market changes.

Ms. Rowell also ignored the fact that when her recommended price drives down effluent demand, we will have to dispose of that effluent somehow. That

disposal may entail capital spending, which will again raise the rates for ratepayers. In short, I implore RUCO to stop looking at only the short term rate impact and start looking at a utility as something that requires big-picture decision-making. And if RUCO can't see it, then I can only hope the Commission can or things will only get worse when messes like McLain are commonplace.

Q. ARE YOU SAYING THAT EFFLUENT IS NOT A "VALUABLE PRODUCT"?

A. Of course not. We should encourage re-use of this valuable product, but that does not come as a result of grossly inflating the price of something so that residential consumers can pay a little bit less each month, and in turn driving down the demand for that "valuable product" resulting in increased disposal costs, at best.

Q. OKAY, LET'S FOCUS ON MR. ROWELL'S TESTIMONY RELATING TO ALLEGED ENGINEERING DEFECTS AT THE PVWRF. ON PAGE 14 OF HIS SURREBUTTAL, MR. ROWELL STILL SUGGESTS THAT YOUR ORIGINAL DIRECT TESTIMONY ESTABLISHES DESIGN ERRORS IN THE PVWRF AS ORIGINAL CONSTRUCTED IN 2003. HOW DO YOU RESPOND?

A. I find this testimony baffling. I can only repeat what I said in my rebuttal testimony—I did not say there were any design errors at the PVWRF as originally constructed in 2003. Not only did I not make any such statements, but there is absolutely no proof or facts showing any design errors in the plant. Mr. Rowell is simply fabricating an argument to support a massive reduction in rate base.

Q. ON PAGE 15 OF HIS SURREBUTTAL, MR. ROWELL ALSO STATES THAT "NEITHER MR. MCBRIDE NOR MR. SORENSEN DISCUSS WHAT THE SOURCE OF THOSE OPERATIONAL CHALLENGES WAS. IF THE OPERATIONAL CHALLENGES DID NOT RESULT FROM

DESIGN AND CONSTRUCTION PROBLEMS WHAT DID THEY RESULT FROM?" WHAT DID YOU MEAN BY OPERATIONAL CHALLENGES?

A. Once again, Mr. Rowell has ignored the clear language and meaning of the rebuttal testimony provided by Brian McBride and myself. The operational challenges presented at PVWRF were not the result of design errors or construction errors at the plant as originally constructed. Nor were the 2007/2008 upgrades caused by design or construction errors. Instead, as I stated in my rebuttal testimony, those 2007/2008 upgrades increased the plant's reliability and redundancy capabilities in response to operational challenges at the plant. The 2007/2008 upgrades resolved various operational challenges with the plant that had arisen after operations began in 2002. Since 2002, the plant faced operational challenges relating to spills, increased flows and increasing maintenance costs. We encountered various operational issues that came to light after operation of the PVWRF for several years. By the term operational issues, I was referring to undertaking plant improvements to the plant in order to optimize operations and wastewater service to customers.

Q. SO THE 2007/2008 UPGRADES TO THE PVWRF WERE NOT CAUSED BY DESIGN ERRORS IN THE ORIGINAL PLANT?

A. That is correct. For the reasons stated above and in my rebuttal testimony. Mr. Rowell's claims to the contrary are not supported by any facts.

Q. ON PAGE 15 OF HIS SURREBUTTAL, MR. ROWELL CLAIMS THAT YOU FAILED TO CLARIFY PLANT "ADDITIONS" FROM PLANT "CONVERSIONS." MR. ROWELL ALSO SAYS "IT IS UNCLEAR WHY PLANT ADDITIONS WERE NECESSARY." CAN YOU CLARIFY THOSE ISSUES FOR MR. ROWELL?

A. Sure, the answer is simple. We added to the plant in some cases by converting certain portions of the plant. Specifically, in 2007 and 2008, we converted an existing aerobic digestion tank to a third SBR tank and converted the anoxic tanks to an equalization basin. Those 2007/2008 upgrades resolved various operational challenges with the plant that had arisen since commissioning in 2002. Again, those upgrades were necessary to make the plant run optimally and more efficiently in terms of treatment, operations, reliability and redundancy capabilities for the plant. Those conversions were a cost-effective way to make the plant operate more reliably and more efficiently, serving existing ratepayers.

Q. DOES THAT LAST TESTIMONY MEAN THAT MR. ROWELL'S SUGGESTION ON PAGE 16 OF HIS SURREBUTTAL THAT THE 2007/2008 UPGRADES WERE UNDERTAKEN TO "INCREASE THE PLANT CAPACITY BY 1.0 MILLION GALLONS PER DAY" IS IN ERROR?

A. Yes. Once again, Mr. Rowell is taking limited statements out of context. The undisputed fact is that the 2007/2008 upgrades did not increase the capacity of the PVWRF. The rated treatment capacity of the plant, before and after the upgrades is 4.1 mgd. Mr. Rowell and RUCO simply don't understand what was done at the plant. For the PVWRF, LPSCO added a third SBR reactor, which increased the plant's ***redundant*** SBR tank capacity for use during peak flows and maintenance of the two main SBR reactors. We added that SBR tank capacity to increase operational reliability and redundancies, not to increase the overall ***treatment*** capacity of the PVWRF.

Q. BUT WHAT ABOUT MR. ROWELL'S TESTIMONY ON PAGES 15-16 OF HIS SURREBUTTAL THAT "LPSCO'S CONTENTION THAT THE PVWRF DID NOT NEED ANY UPGRADES AS A RESULT OF

INCREASED CAPACITY APPEARS TO CONFLICT WITH MR. SORENSEN'S ASSERTION THAT INCREASED CUSTOMER DEMAND WAS PARTIALLY RESPONSIBLE FOR THE NEEDED UPGRADES." HOW DO YOU RESPOND TO THAT TESTIMONY?

A. My response is easy—there isn't any conflict between those points. We did not undertake the 2007-2008 upgrades to add increased treatment capacity. That stands to reason since those 2007/2008 upgrades did not increase the plant's rated treatment capacity. As noted above, we installed those upgrades to optimize the plant's operations, reliability and redundancies. We undertook those upgrades to address operational challenges that had arisen because of increased usage, changed zoning requirements and other similar circumstances. Mr. Rowell also says that "it is not clear to what extent the changed zoning requirements were responsible for the operational challenges" at the PVWRF.

Again, as I stated in my rebuttal testimony, between the time that Algonquin purchased LPSCO from the prior owner/developer and the time of the odor issue and spills (June 2007), the load on the system greatly increased due to growth, and residential and commercial development crept much closer to the plant, within 165 feet in fact. Because such development ended up closer to the plant, the odor control requirements and customer demands for odor controls, reliability and redundancy controls changed after PVWRF had been built. This concept is not hard to understand--these changed conditions altered the operational paradigm for the Company, and necessitated the 2007/2008 upgrades, which were done with the approval of the Commissioners.

III. REJOINDER TO CITY OF LITCHFIELD PARK

Q. HAVE YOU REVIEWED THE SURREBUTTAL TESTIMONY OF RICHARD L. DARNALL?

A. Yes. Mr. Darnall's testimony addresses his cost of service study and the City's proposed rate design. I will leave the more technical aspects of Mr. Darnall's testimony to Mr. Bourassa to address in his rejoinder. As Mr. Bourassa notes, this testimony and rate design is very inconsistent and complicated. But for my part, if the City wants to be exempt from the conservation-oriented rates that the rest of our customers will be subject to, there are things the Commission should consider.

Q. LIKE WHAT MR. SORENSEN?

A. The City has over 120 accounts with LPSCO and, in aggregate, uses over 90 million gallons of water each year. The majority of this water is used for irrigation of the City's parks and medians as the City is extremely green, and not in the "conservation" sense of the word. There is grass everywhere, including the medians, which also include citrus trees. This lush, green environment is beautiful and makes Litchfield Park a beautiful place, but it also requires great quantities of water in the middle of the desert. We understand the inverted tier rate design generally is based on "the more you use the more you pay". This conservation oriented rate design reflects the limited nature of water supplies in Arizona and makes large users pay more because they use more of the precious resource. In contrast, Mr. Darnall speaks at length about rates based on cost of service conclusions, which is contrary to the Commission's preference for conservation oriented rates. To the extent Mr. Darnall's rate design is intended to lower the City's water rates at the expense of other users, the Commission should certainly consider the nature of the City's water use.

Q. AS A CITY, SHOULDN'T IT BE ENTITLED TO A RATE THAT REFLECTS ITS MUNICIPAL STATUS?

A. Ultimately that is up to the Commission because, as Mr. Darnall recognizes, the rate design does not impact the revenue requirement. I am merely suggesting that the Commission consider the nature of the City's water uses before it exempts it from conservation based rates.

Q. DOESN'T THE CITY HAVE ACCESS TO NON-POTABLE WATER SUPPLIES?

A. Currently, our effluent lines do not run by the City's parks, and the medians would be extremely costly to pipe effluent to. However, we have provided some preliminary costs of the City extending effluent piping to its parks and would be willing to enter into a line extension agreement for this purpose.

Q. IS THE CITY LPSCO'S LARGEST WATER UTILITY CUSTOMER?

A. Yes, in our CC&N. On a total water purchased basis, the City is actually our second largest customer. We actually sell more water to the City of Goodyear ("Goodyear"), at least for now, but Goodyear is not in our CC&N and it buys water from LPSCO on a wholesale or bulk basis, if water is available, for resale to its own retail water utility customers.

Q. WHAT IMPACT DO YOU BELIEVE ADOPTION OF TOO HIGH A RATE FOR GOODYEAR WILL HAVE ON WATER PURCHASES BY GOODYEAR?

A. Goodyear looks at LPSCO as just another "well" in their water portfolio. This "well" has a cost per thousand gallons. As long as the LPSCO "well" is the lowest cost "well," they will continue to get water from that well. If the price is raised, they will choose to pump other wells at a lower cost. Our sales to Goodyear will go away if rates are raised to the level proposed by the City. There is a

fundamental difference when selling bulk water; that is that the purchaser in this case is not a captive audience, and has other water options. In fact, as all parties are now including the revenues from Goodyear, adoption of the City's rate for Goodyear could prevent the Company from having the opportunity to earn a fair and reasonable return on its invested capital because as soon as the bulk water rate is raised, the revenue from Goodyear becomes fictitious. This would immediately necessitate another rate filing for LPSCO as we cannot instantly forgo over $400,000 of revenue annually.

Q. AT PAGE 8 OF HIS SURREBUTTAL TESTIMONY, MR. DARNALL ALSO SUGGESTS THAT HIS CLIENT COULD GET A LOWER RATE IF LPSCO WOULD EITHER VOLUNTARILY ACCEPT DELAYED RATE RELIEF OR FORGO A PORTION OF THE RETURN TO WHICH IT WOULD OTHERWISE BE ENTITLED. WOULD YOU LIKE TO RESPOND TO THIS TESTIMONY?

A. If Mr. Darnall can convince the unit holders in APIF that APIF should invest capital in investments where the return is artificially reduced so that a city can water its grass, more power to him. I like my job way too much to suggest that to our investors.

Q. DO YOU AGREE WITH MR. DARNALL THAT THE COMMISSION SHOULD CONSIDER THE CURRENT ECONOMIC CONDITIONS IN SETTING LPSCO'S RATES?

A. Yes, I do. But I also believe that through the course of this application, the Commission will see that LPSCO has taken every care to reduce costs, eliminate waste, and increase operational efficiencies in order to minimize the rate increase. I would also like to point out that LPSCO also participates in the economy and is not immune to the adverse impacts of an economic downturn, which further

emphasizes the need of a rate increase at this time. Additionally, Mr. Darnall must appreciate that had LPSCO raised rates every 4 years instead of the instant 8 years, all our customers would have been paying more money over those past four years. Since we did not raise rates, our customers kept that money for themselves. I understand Mr. Darnall sees this as "insensitive,"[1] but we felt it important to finish the work before wading into the treacherous water of a Commission rate case.

I would also note that as the economic outlook is much more favorable for 2010 and 2011 than it was in 2009. Nowhere, however, does Mr. Darnall recommend an above-authorized return when economic conditions continue to improve as expected.

Q. MR. DARNALL ALSO OBJECTS TO LPSCO'S PROPOSED MARKET RATE FOR EFFLUENT AND INSTEAD RECOMMENDS THAT THE COMMISSION APPROVE A RANGE OF ACCEPTABLE EFFLUENT RATES?

A. My opinion of this depends upon how wide the range is and how "high" the bottom end of the range is. If the bottom end of the range is set too high, my arguments set forth above to Ms. Rowell and RUCO apply; that effluent demand will go down and will be replaced with groundwater. If the range is too narrow, it won't allow the Company the flexibility to respond to market conditions for effluent over time. Since there is no better evidence for what effluent can/will sell for post-test year than what it sold for during the test year, I recommend using that figure as part of the revenue requirement. And, I recommend keeping effluent as a market-based rate. This provides the Company the flexibility to increase rates if it doesn't

[1] Surrebuttal Testimony of Richard L. Darnall at 8-9.

negatively impact demand, and lower them if demand drops. This promotes reuse first, and recharge/disposal second.

IV. REJOINDER TO STAFF

Q. ARE YOU FAMILIAR WITH STAFF'S SURREBUTTAL FILING?

A. Generally, yes.

Q. WHAT DOES THE COMPANY DO WITH CUSTOMER SECURITY DEPOSITS?

A. Customer security deposits are received, per Commission rules, from new customers or those who have "troubled" payment history. They are returned to customers upon one year of good payment history, or termination of service, unless the customer leaves an unpaid balance upon termination. Then, the deposit is applied to the outstanding balance, with any remainder, with interest, refunded to the former customer.

Q. SO HOW DO CUSTOMER DEPOSITS SUPPORT THE COMPANY'S INVESTMENT IN RATE BASE?

A. They don't. Mr. Michlik is wrong.[2] There is no offsetting asset or amount in rate base. These are not like meter deposits, where the customer has deposited money with the utility in order for the utility to purchase and install a meter for a new customer service. In that instance, the deposit is properly treated as a reduction of rate base as the deposit funds are used to purchase a tangible asset, a meter, which goes into the utility's rate base.

Q. MR. MICHLIK AGREES THAT COSTS RELATED TO THE SUPERFUND SITE NEAR LPSCO'S WELLS ARE REASONABLE BUT

[2] Surrebuttal Testimony of Jeffrey M Michlik for Wastewater Division at 5:6-11.

NEVERTHELESS RECOMMENDS DISALLOWANCE. WILL LPSCO CONTINUE TO INCUR THESE COSTS IF THEY ARE DISALLOWED?

A. No, we are not going to spend money for the direct benefit of our ratepayers, expenses no one deems unreasonable, and then be denied recovery.[3] We are, after-all, still a for profit business, and Mr. Michlik's disallowance would further undermine our opportunity to earn a fair and reasonable return if we keep incurring the costs.

Q. DOESN'T LPSCO NEED TO CONTINUE TO INCUR THESE TESTING COSTS TO PROTECT ITS RATEPAYERS AND THE LEGAL COSTS TO PROTECT ITS INTERESTS IN THE SUPERFUND MATTER?

A. We think so, and we also thought that was the whole point of the accounting order the Commission approved in Decision No. 69912 (September 27, 2007). But if the Commission now disallows these costs, then it will be telling us not to incur them, and we won't. A finding that costs are reasonable but not recoverable is of no value to LPSCO.

Q. BUT ISN'T MR. MICHLIK SAYING THAT RECOVERY CAN BE ADDRESSED IN THE FUTURE, PERHAPS AFTER THE PLUME REACHES YOUR WATER SUPPLIES AND YOU SUE THE RESPONSIBLE PARTY?

A. Apparently, yes.[4] But what if these things never happen? We certainly hope neither has to happen as there is a lot of uncertainty. For now, the responsible party and the EPA are aware of our interests and the potential harm to our water supplies and we are taking steps Mr. Michlik agrees are reasonable. The time for

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[3] *See* Surrebuttal Testimony of Jeffery M. Michlik for Water Division ("Michlik W Sb.") at 6-7.

[4] Michlik W Sb. at 7:7-14.

recovery of the costs incurred to date is now, as contemplated in the accounting order. Then, in a future rate case, we can address future costs.

Q. STAFF ALSO MAKES AN ADJUSTMENT IN SURREBUTTAL TO REMOVE WHAT STAFF CALLS "BONUSES." DO YOU AGREE WITH THIS ADJUSTMENT?

A. No, it appears that Mr. Michlik is now adopting another of Ms. Brown's adjustments from the BMSC rate case. Bonuses are just part of total compensation paid to all levels of employees, from operators to executives. These are not "AIG-type" bonuses. An Operations Supervisor could either be paid $65,000 in salary, or $62,000 in base wages and an opportunity for $3,000 in "bonus" or pay at risk. This $3,000 is withheld from base pay and paid if the employee meets certain targets, including safety, environmental stewardship, customer service, and financial metrics. The "bonuses" are used to ensure our employees are paid market rates. Without them, they would be below market and leave, increasing turnover and providing a reduced level of company performance and customer service. These "bonuses" are paid to our employees. It does not provide any more opportunity for the Company to over-earn by later "cutting bonuses" than it does if the Company uses furloughs or across the board wage cuts after a rate case test year, none of which has this Company done or, to my knowledge, intends to do.

V. UPDATE REGARDING WESTCOR/GLOBE ADVANCE IN AID OF CONSTRUCTION

Q. MR. SORENSEN, IN YOUR REBUTTAL TESTIMONY YOU STATED THAT LPSCO WAS IN THE PROCESS OF GIVING THE MONEY BACK TO WESTCOR/GLOBE. CAN YOU PLEASE PROVIDE AN UPDATE?

A. Yes. Over the last few weeks, we worked with Westcor/Globe and entered into a modification of our settlement agreement. In essence, we have agreed to refund

that Phase II Capacity Payment to Westcor/Globe by placing the money in escrow for the benefit of the developers. The parties are in the process of transferring Westcor/Globe's $4.8 million advance into the escrow, which should be done in the next day or two.

Q. WHEN WILL THE MONEY BE WITHDRAWN FROM THE ESCROW?

A. When LPSCO commences activities and/or work that will allow it to provide the Phase II Capacity to Westcor/Globe.

Q. WHO IS THE BENEFICIARY OF THE ESCROW?

A. Westcor/Globe are the beneficiaries of the escrow. A copy of the Amendment to Settlement Agreement is attached to my rejoinder testimony as exhibit GS-RJ1.

Q. DOES THIS CONCLUDE YOUR REJOINDER TESTIMONY?

A. Yes.

Litchfield Park Service Company
Docket Nos. SW-01428A-09-0103, W-01427A-09-0104,
W-01427A-09-0116, W-01427A-09-0120

GREG SORENSEN
REJOINDER TESTIMONY
December 29, 2009

Exhibit GS-RJ1

AMENDMENT TO SETTLEMENT AGREEMENT

This Amendment to Settlement Agreement (the "Agreement") is dated December __, 2009, and is by and between Westcor/Goodyear LLC ("Westcor"), Globe Land Investors, L.L.C. ("Globe"), and Litchfield Park Service Company ("Utility"). Westcor, Globe, and Utility may be referred to collectively as "the Parties" or individually as a "Party." Westcor and Globe may be referred to collectively as "Developers." This Amendment amends the September 12, 2008, Settlement Agreement as follows. All other terms and conditions of the September 12, 2008 Settlement Agreement shall remain in full force and effect, except as otherwise noted in this Amendment.

Recital J

Delete last sentence of Recital J and replace with "A copy of the MOA is incorporated as Exhibit A to this Settlement Agreement."

New Recitals K, L and M

Add the following new recitals after Recital J:

K. The Parties submitted this Settlement Agreement to the Commission for approval in part. On October 23, 2008, the Commission issued Decision No. 70563, which ordered in part that

> Section 4 of the Settlement Agreement ... including the agreed capacity price to be paid by the Developers, the Developer financing terms, and the allocation of funding between the Developers and LPSCO for wastewater facilities to serve Phase II of the Estrella Falls project (as set forth in sub-sections 4.1 through 4.4 of the Settlement Agreement), are hereby approved as a fair and reasonable allocation of responsibility between the Developers and LPSCO for funding the cost of the additional wastewater treatment capacity needed for LPSCO to serve Phase II of the Estrella Falls project.

L. Developers have commenced development of the Market at Estrella Falls shopping center which will require Phase I capacity as well as a portion of the Phase II Capacity at build out. Developers intend to develop the balance of the Market at Estrella Falls shopping center as well as other projects within Phase II of Estrella Falls as economic conditions warrant.

M On November 3, 2008, Developers tendered the Phase II Capacity Payment to Utility in the amount of $4,844,623 (the "Phase II Capacity Payment"). The Parties now believe that it was premature to tender that payment at that time and that escrowing the Phase II Capacity Payment is now appropriate. Accordingly Utility will refund that Phase II Capacity Payment to Developers by placing the Phase II Capacity Payment plus agreed upon interest in escrow for the benefit of Developers. To accomplish this refund and provide for the escrow, the Parties desire to amend this Settlement Agreement.

Article 4

In Article 4, delete sections 4.3 and 4.4 and replace with the following sections.

4.3 On November 3, 2008, Developers tendered the Phase II Capacity Payment to Utility in the amount of $4,844,623 (the "Phase II Capacity Payment"). The Parties now believe that it was premature to tender that payment at that time and that escrowing the Phase II Capacity Payment is now appropriate. Accordingly Utility will refund that Phase II Capacity Payment to Developers by placing the Phase II Capacity Payment in escrow for the benefit of Developers pursuant to the terms of this Amendment.

4.4 Developers' Phase II Capacity Payment is the full amount that Developers are obligated to pay for 558,780 gallons per day of Phase II Capacity, regardless of when construction of Phase II of Estrella Falls—including the regional mall—begins, or any changes ordered by the Commission to Utility's hook-up fees, except as otherwise provided in Article 5 below. Further, this provision does not limit Developers' payment obligations under any and all line extension agreements executed between the parties for Phase II projects in accordance with Article 9 of this Agreement. Finally, unless Developers have exercised their rights under § 4.7, below, Utility remains obligated to timely construct or otherwise supply Phase II Capacity for all Phase II projects, including the regional mall.

4.5 Escrow shall be deemed opened when one fully executed original of this Amendment and a copy of the September 12, 2008, Settlement Agreement, together with the Phase II Capacity Payment in the amount of $4,844,623, and agreed upon interest of $50,000 have been delivered to Escrow Agent, identified as follows:

Jeffrey Kassels
Vice President
Wells Fargo Bank, NA
Corporate Municipal & Escrow Solutions , MAC S4101-22E
100 West Washington St., 22nd Floor
Phoenix, AZ 85003
Phone: 602-378-2305
Fax: 602-378-2333
E-Mail: jeffrey.b.kassels@wellsfargo.com

Any interest earned on the Escrow Funds, including the agreed upon interest of $50,000 shall accrue in the Escrow account and shall be disbursed to the party withdrawing the Escrow funds in accordance with the terms of this Article 4, including Utility's rights under § 4.6 and Developers' rights under § 4.7. All Escrow fees shall be paid by Utility. This Article 4 also shall operate as escrow

instructions to Escrow Agent from Developers and Utility unless otherwise agreed by the Parties in writing.

4.6 Utility shall be entitled from time to time to withdraw all or any amounts of the Phase II Capacity Payment Escrow funds upon delivery to the Escrow Agent, with a courtesy copy to Developers, of a written certificate executed by an officer of Utility confirming that (a) Utility has commenced activities and/or work that will allow Utility to provide the 558,780 gallons of wastewater treatment capacity for Phase II of Estrella Falls pursuant to the Settlement Agreement, or (b) Utility has secured Phase II Capacity by purchase or lease of equivalent capacity from another entity instead of constructing such capacity. Upon Utility's delivery of such written certification and payment direction to Escrow Agent, Escrow Agent shall immediately release and pay to Utility that portion of the Phase II Capacity Payment requested from Escrow in the amounts and as directed by Utility. If Utility has delivered a written certificate to Escrow Agent under this paragraph for all or any amount of the Phase II Capacity Payment Escrow Funds, then Developer will not have any rights under § 4.7 below.

4.7 If Utility has not previously delivered a written certificate to the Escrow Agent under § 4.6, above, then, on or after December 1, 2010, Developers may void the Settlement Agreement by providing written notice of this election to Utility, with a copy to Escrow Agent. Upon receipt of this notice, Escrow Agent shall immediately release the Phase II Capacity Payment Escrow funds to Developers. Upon delivery of the written notice by Developers to Utility, Escrow Agent shall immediately release the Phase II Capacity Payment Escrow funds to Developers. In the event Developers exercise their rights under this provision to withdraw the Phase II Capacity Escrow funds, the Parties hereby understand and agree that the Settlement Agreement will be nullified and voided, the Settlement Agreement shall not have any further force and effect and Developers, and Utility and Developers shall not have any further rights against or obligations to one another, except as may be provided in the Development Agreements, Utility's tariffs, and as otherwise required by law.

4.8 Attached to this Agreement as Exhibit G is the Escrow Agreement. In the event of a conflict between the terms of the Settlement Agreement and the terms of the Escrow Agreement, the terms of the Settlement Agreement take precedence.

Article 6

Delete text of Article 6.

Article 10

Delete text of Article 10 and replace with:

Effective Date. The effective date of this Agreement is October 28, 2008.

Executed by the Parties as of December , 2009.

Litchfield Park Service Company,
an Arizona corporation

By: Robert Dodds
Robert Dodds
Its President

Westcor/Goodyear, L.L.C., an Arizona limited liability company

By: the Westcor Company II Limited Partnership, an Arizona limited partnership, its managing member

By: Macerich TWC II Corp., a Delaware corporation, its general partner

By: _____
Charles McPhee, Sr
Its Senior Vice President

Globe Land Investors, L.L.C., a Delaware limited liability company

By: the Globe Corporation, an Illinois Corporation, its managing member

By: _____
George Getz
Its President

Executed by the Parties as of December , 2009.

Litchfield Park Service Company,
an Arizona corporation

By: _____
Robert Dodds
Its President

Westcor/Goodyear, L.L.C., an Arizona limited liability company

By: the Westcor Company II Limited Partnership, an Arizona limited partnership, its managing member

By: Macerich TWC II Corp., a Delaware corporation, its general partner

By: Charles McPhee
Charles McPhee, Sr
Its Senior Vice President

OFFICIAL SEAL
MARVA KAY CLUTTER
NOTARY PUBLIC - ARIZONA
MARICOPA COUNTY
My Commission Expires Oct. 6, 2011

Marva Kay Clutter
12/28/09

Globe Land Investors, L.L.C., a Delaware limited liability company

By: the Globe Corporation, an Illinois Corporation, its managing member

By: _____
George Getz
Its President

Executed by the Parties as of December __, 2009.

Litchfield Park Service Company,
an Arizona corporation

By: _____
Robert Dodds
Its President

Westcor/Goodyear, L.L.C., an Arizona limited liability company

By: the Westcor Company II Limited Partnership, an Arizona limited partnership, its managing member

By: Macerich TWC II Corp., a Delaware corporation, its general partner

By: _____
Charles McPhee, Sr
Its Senior Vice President

Globe Land Investors, L.L.C., a Delaware limited liability company

By: the Globe Corporation, an Illinois Corporation, its managing member

By: _____
George Getz
Its President

FENNEMORE CRAIG, P.C.
Jay L. Shapiro (No. 014650)
Todd C. Wiley (No. No. 015358)
3003 N. Central Ave.
Suite 2600
Phoenix, Arizona 85012
Attorneys for Litchfield Park Service Company

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION OF LITCHFIELD PARK SERVICE COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANTS AND PROPERTY AND FOR INCREASES IN ITS WASTEWATER RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.	DOCKET NO: SW-01428A-09-0103
IN THE MATTER OF THE APPLICATION OF LITCHFIELD PARK SERVICE COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANTS AND PROPERTY AND FOR INCREASES IN ITS WATER RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.	DOCKET NO: W-01427A-09-0104
IN THE MATTER OF THE APPLICATION OF LITCHFIELD PARK SERVICE COMPANY, AN ARIZONA CORPORATION, FOR AUTHORITY (1) TO ISSUE EVIDENCE OF INDEBTEDNESS IN AN AMOUNT NOT TO EXCEED $1,755,000 IN CONNECTION WITH (A) THE CONSTRUCTION OF TWO RECHARGE WELL INFRASTRUCTURE IMPROVEMENTS AND (2) TO ENCUMBER ITS REAL PROPERTY AND PLANT AS SECURITY FOR SUCH INDEBTEDNESS.	DOCKET NO. W-01427A-09-0116

IN THE MATTER OF THE APPLICATION OF LITCHFIELD PARK SERVICE COMPANY, AN ARIZONA CORPORATION, FOR AUTHORITY (1) TO ISSUE EVIDENCE OF INDEBTEDNESS IN AN AMOUNT NOT TO EXCEED $1,170,000 IN CONNECTION WITH (A) THE CONSTRUCTION OF ONE 200 KW ROOF MOUNTED SOLAR GENERATOR INFRASTRUCTURE IMPROVEMENTS AND (2) TO ENCUMBER ITS REAL PROPERTY AND PLANT AS SECURITY FOR SUCH INDEBTEDNESS.	DOCKET NO. W-01427A-09-0120

REJOINDER TESTIMONY

OF

GERALD TREMBLAY

(Phase 1 – Determination of Rate Base and Rates)

December 29, 2009

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I. INTRODUCTION AND QUALIFICATIONS

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Gerald Tremblay. My business address is 2485 Bristol Circle, Oakville, Ontario L6A 7H7.

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

A. I am providing this rejoinder testimony on behalf of Litchfield Park Service Company ("LPSCO" or "Company").

Q. DID YOU PREVIOUSLY PROVIDE TESTIMONY ON BEHALF OF THE COMPANY IN THIS CASE?

A. No.

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

A. Currently, I am employed by Algonquin Power Trust as the Director of Finance. As of January 1, 2010, I will be employed by Liberty Water Canada.

Q. PLEASE SUMMARIZE YOUR WORK RESPONSIBILITIES?

A. I have overall accountability for the financial operations of Liberty Water, including the Accounting and Finance departments. I oversee financial planning, budgeting, and reporting for Liberty Water. As part of these duties, I oversee the cost allocation methodologies between the parent company and LPSCO.

Q. WHAT IS YOUR EDUCATIONAL AND EMPLOYMENT EXPERIENCE?

A. I earned a bachelor's degree in Social Science with an honors degree in economics from the University of Ottawa in 1991. In 1999, I obtained a Certified General Accountant designation, a Canadian designation similar to a Certified Public Accountant in the US. I worked 8 years at Shoppers Drug Mart, a major Canadian retail outlet drug store chain as a store accountant, retail accountant, and a systems coordinator. I have worked for Algonquin Power for the last 10 years, 8 years as controller for the Power Generation business Unit and for the last 2 years as

Director of Finance for Liberty Water.

Q. DO YOU HAVE ANY SPECIALIZED TRAINING RELATED TO UTILITY RATEMAKING?

A. Yes, I have attended the NARUC ratemaking school.

II. SUMMARY OF TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR REJOINDER TESTIMONY?

A. The purpose of my rejoinder testimony is to provide a detailed explanation of Liberty Water's affiliate cost allocation method in response to the surrebuttal testimonies of Jeff Michlik on behalf of Commission Staff and Matt Rowell on behalf of RUCO relating to Liberty Water's affiliate cost allocations to LPSCO.

Based on my review of Staff's and RUCO's testimony, it appears that Staff and RUCO do not fully understand our affiliate cost methodology and the benefits provided to LPSCO and our other regulated utilities in Arizona through services provided by Algonquin Power Trust ("APT") and Algonquin Water Services d/b/a Liberty Water ("Liberty Water"). In this rejoinder testimony, I provide a detailed explanation of the affiliate cost allocation methodology used by the regulated utility affiliates of Liberty Water Company, Inc. ("LWC") including LPSCO, Black Mountain Sewer Company, Gold Canyon Sewer Company, Rio Rico Utilities, Bella Vista Water Company, Northern Sunrise Water Company, and Southern Sunrise Water Company (collectively the "Regulated Utilities"). The Regulated Utilities are wholly-owned subsidiaries of LWC, which is owned by Algonquin Power Income Fund ("APIF"). We have prepared a detailed paper entitled "Liberty Water Affiliate Cost Allocation Methodology," which is attached to my testimony as **Exhibit GT-RJ1**. That paper explains in detail all of the affiliate cost allocations to the Regulated Utilities by Liberty Water and APT. This document was previously disclosed in this case in response to data requests.

III. ALGONQUIN/LIBERTY WATER SHARED SERVICES MODEL AND AFFILIATE COST ALLOCATION METHODOLOGY

Q. PLEASE EXPLAIN APIF'S CORPORATE STRUCTURE AND BUSINESS MODEL.

A. APIF's primary business is ownership of generating and infrastructure facilities through investments in securities of subsidiaries. APIF owns a widely diversified portfolio of 46 electric facilities and 17 water distribution and wastewater treatment facilities in Canada and the United States. APIF also owns an electric facility that was not active during the test year and is not expected to be active in the foreseeable future. Finally, APIF has an operating interest in seven other facilities, but does not own them.

Q. PLEASE SUMMARIZE THE SHARED SERVICES MODEL AND THE RELATIONSHIP BETWEEN LPSCO, LIBERTY WATER, AND ALGONQUIN POWER TRUST

A. There are two main components to this shared services model. First, Liberty Water provides the day to day operating costs associated with the operations of all its utilities including our LPSCO facility. You could call these direct costs. These costs include operations labor costs allocated directly based on timesheets; customer service and finance wages allocated based on customer count; and other administration costs related to the day to day operations of the facility allocated based on a four-factor formula. Second, APT provides the corporate administration costs associated with the running of a publicly traded company to support all of its power generation and infrastructure facilities (including utilities). We could call them indirect costs. These costs include the rent for the central office where all the staffing works, strategic planning costs, audit, tax services, unit holder communication, trustee fees, and other costs. These costs are allocated to

Liberty Water based on the number of utilities to total facilities and then further allocated to each utility based on customer count.

Q. DOES APIF'S BUSINESS MODEL PROVIDE BENEFITS TO REGULATED UTILITIES SUCH AS LPSCO?

A. Yes. APIF is publicly traded on the Toronto Stock Exchange. APIF's structure as a publicly traded income fund provides substantial benefits to its Regulated Utilities through access to capital markets, strategic management, professional administrative staff, strong corporate governance and financial controls. The very nature of APIF requires the utilities to be run prudently with a keen eye on cost control in order to ensure that costs are justifiable to regulators and in turn, APIF's unit holders earn returns on their invested capital.

Q. WHO ARE APIF'S UNIT HOLDERS?

A. Algonquin Power & Utilities Corp shareholders are both institutional and retail investors. Approximately 20% of Algonquin's shares are held by institutions, and are included as part of various pension funds, mutual funds, and monthly dividend and income funds, all of which appeal to long term investors looking to invest for savings and retirement purposes. Approximately 80% of Algonquin's shares are held directly by retail investors (individuals) who look for a stable, sustainable level of income in the form of dividend payments. Approximately 30% of Algonquin's shares are held by investors in the United States.

Q. THANK YOU, MR. TREMBLAY. CONTINUING NOW WITH YOUR DISCUSSION OF THE SHARED SERVICES MODEL, WHAT SPECIFIC SERVICES ARE PROVIDED TO THE REGULATED UTILITIES BY LIBERTY WATER?

A. LPSCO and the other Regulated Utilities in Arizona do not operate as stand-alone utilities. As I testified above, LPSCO is operated by Algonquin Water Services,

which operates under the name Liberty Water, along with six other regulated Arizona water and sewer utilities, and eleven regulated water and sewer providers located in Texas, Missouri and Illinois. Liberty Water provides all of the day-to-day administration and operations personnel for these regulated utilities.

Q. HOW ARE COSTS INCURRED BY LIBERTY WATER ALLOCATED TO LPSCO?

A. All operations and engineering labor is directly charged by Liberty Water to LPSCO and the other separate Regulated Utilities operated by Liberty Water. Liberty Water charges those labor rates at cost, which is the dollar hourly rate per employee as recorded in Liberty Water's job costing system, grossed up by 35% for burdens such as payroll taxes, health benefits, retirement plans, and other insurance provided to employees. Engineering technical labor, which is mostly capitalized, is charged on the same basis, plus an allocation of 10% for Liberty Water's corporate overheads such as rent, materials/supplies, etc. Liberty Water has its own offices, separate from the offices where I work in Oakville, Ontario.

Other necessary services provided by Liberty Water for the Regulated Utilities cannot be directly charged to LPSCO and the other Regulated Utilities. Labor for health and safety, accounting, billing and customer service, human resources, and corporate finance cannot be directly allocated using timesheets due to the nature of the costs. It simply isn't practical to keep track of time for employees that serve multiple utilities in small time increments during the course of a work-day. A shared call center is the perfect example. A customer service representative at Liberty Water's call center will field calls from customers of LPSCO, Black Mountain and Bella Vista in southern Arizona and the three other states. This work directly benefits all of the Regulated Utilities, so the costs need to be allocated to all of them. These costs are allocated based on the relative

customer counts of all of the Regulated Utilities. Using customer counts allows Liberty Water to allocate those costs to an individual utility, such as LPSCO, based on the relative burden of that utility relating to those services.

Overhead costs, like rent, insurance, administration costs, depreciation of office furniture and computers, also cannot be directly attributed to specific utilities. These costs are allocated to LPSCO and its affiliates by use of a "four factor" methodology that considers relative size through four weighted factors – total plant, total customers, expenses and labor. I understand that this type of four-factor methodology has been utilized by other Arizona utilities, including Chaparral City Water Company and Global Water. All of the costs charged by Liberty Water and allocated to LPSCO are based on actual costs, either directly charged or through the allocations described above.

Q. HOW ARE OPERATIONS AND ENGINEERING LABOR COSTS ALLOCATED BY LIBERTY WATER?

A. Those costs are billed directly to the Regulated Utility that required the labor, as documented by time sheets. Appendix 2 of **Exhibit GT-RJ1** is an example time sheet used by Liberty Water. Those direct charges are principally direct labor, including operations and engineering. For example, the costs for a plant operator working solely for LPSCO will be directly allocated to LPSCO without any further allocation necessary. Liberty Water directly charges LPSCO at cost.

Q. OKAY. WHAT ABOUT ACCOUNTING, BILLING AND CUSTOMER SERVICE LABOR COSTS INCURRED BY LIBERTY WATER?

A. Liberty Water also incurs labor costs for accounting, billing, and customer service, human resources, health and safety, and corporate finance, which are necessary for LPSCO to provide adequate and reliable water and wastewater service to customers. Those costs, however, cannot be allocated to each Regulated Utility

using time sheets due to the nature of the costs. It is not practical to keep track of time for employees that serve multiple utilities during the course of a work day. For example, an accounting analyst may analyze the financial performance of all Regulated Utilities at the same time. Her accounting work benefits all such Regulated Utilities, so her services and costs would be allocated to all Regulated Utilities. Likewise, a customer service representative at Liberty Water's call center will field calls from customers of all Regulated Utilities during a work day. Again, his work directly benefits all such Utilities and his costs should be allocated to all Regulated Utilities. The key metric driver for this cost allocation was determined to be the customer count. Management believes that most of the customer service and finance functions are driven by the number of customers for each utility.

Q. FINALLY, HOW DOES LIBERTY WATER ALLOCATE ITS OVERHEAD COSTS TO LPSCO?

A. Costs incurred by Liberty Water for rent, administrative costs, depreciation of office furniture, depreciation of computers, and other labor cannot be directly attributed to a specific Regulated Utility. As such, those overhead and administrative Costs are allocated to the Regulated Utilities by use of the "four factor" methodology. Other costs in this category include insurance, janitorial services and other general non-payroll costs.

The "four factor" methodology allocates costs by relative size of the utilities. The methodology used by Liberty Water involves (1) Rate Base, (2) Total Customers, (3) Non-Labor Expenses and (4) Labor as allocating factors, with each factor assigned a specific weight. Liberty Water developed and utilized this methodology, including all 17 of its utilities, to better allocate costs, recognizing that larger utilities require more time and management attention and incur greater costs than smaller ones.

Q. DO LPSCO AND ITS CUSTOMERS BENEFIT FROM THE SERVICES PROVIDED BY LIBERTY WATER?

A. Yes, in several ways. To start, customers of Liberty Water receive significant benefits from this cost allocation model, including lower costs incurred by the Regulated Utilities for services that are essential and necessary to the provision of high quality water and wastewater utility service. The benefits of this type of shared service model include savings on labor costs by resource sharing. Since most Liberty Water employees are not dedicated to a specific utility, the utilities do not need to hire their own dedicated staff, thus resulting in significant cost savings.

Likewise, the four factor allocations allow for utilities to be charged by relative resources and management attention required to operate them. This means customers of smaller utilities do not subsidize costs of larger utilities. Essentially, this allocation methodology allows costs to be allocated based on the relative burdens and costs incurred by individual utilities. Further, because it's scalable, the shared services model allows for increased growth with less than proportional cost increases, meaning the Regulated Utilities can grow without incurring a proportionate or prohibitive increase in the cost of service.

Q. WHAT SERVICES ARE PROVIDED TO THE REGULATED UTILITIES BY APT?

A. APT is the affiliate that provides financial, strategic management, compliance, administrative and support services to the Regulated Utilities operated by Liberty Water. The costs incurred are corporate administrative costs; they are not labor costs. As such, these are indirect costs incurred by APT as necessary to run a company that is part of an Income Fund. APIF then allocates a share of the costs incurred by its operating arm APT in providing necessary and required services to the Regulated Utilities. The head office of APT is located in Oakville, Ontario,

Canada and provides administrative, technical and management support, regulatory compliance, and oversight of strategic direction, including approvals of budgets and ensuring a strict level of corporate governance for LPSCO and all of the utilities operated by Liberty Water. APT's executive management and administrative support includes accounting and finance, human resources, employee benefits, regulatory and information systems services.

Q. DOES APT CONDUCT ANY OTHER BUSINESS?

A. No. APT exists solely for the benefit of the utilities and other facilities APIF owns. APT does not have any business, other than to provide administrative services to the utilities and the other facilities. If they did not exist, APT and all of these indirect corporate administrative costs would not exist.

Q. BUT HOW DO THESE SERVICES PROVIDED BY APT BENEFIT LPSCO AND THE OTHER REGULATED UTILITIES?

A. First, the services provided by APT are necessary to allow LPSCO and the other Regulated Utilities to have access to capital markets for capital projects and operations. Absent consistent access to capital, LPSCO would not be able to provide a high level of service at the lowest cost. In addition, LPSCO receives benefits by having strategic direction, corporate governance, financial controls, and an audit done at the Income Fund level which reduces the audit requirements upon LPSCO. All of these costs ensure that the Income Fund has a long term strategic direction and remains healthy. This definitely benefits LPSCO's long term health for a fraction of the price. Many small privately run utilities may not have all of these costs, but history has demonstrated that without these strategic corporate administrative costs and costs associated with raising capital, the long term well being of the utility is compromised. We and the Commission know too well the real cost of under-capitalized, under-operated stand-alone utilities.

Q. BUT MR. TREMBLAY, LPSCO IS NOT PUBLICLY TRADED, SO WHY DOES IT NEED THESE SERVICES?

A. For the reason I just mentioned. LPSCO is a healthy utility when viewed on a stand-alone basis because it is part of the Algonquin/Liberty Water shared services model. The same is now true of Black Mountain, Gold Canyon, and we hope soon, the former McLain water companies. While none of these entities is publicly traded, they are part of a structure and model that includes a publicly traded entity at the top. This model works, ratepayers get the service they need and, at least n theory, the investors get a return.

It cannot be understated how the Regulated Utilities benefit from strategic direction on long term capital and operational needs and requirements. This type of strategic planning allows for the parent to enable LPSCO to plan for future long term capital needs. All of these costs relate to the promotion of long term health of the entire organization and that is a definite benefit for LPSCO and its ratepayers. Besides, whether LPSCO is publicly traded or not, it should have proper corporate governance. Good business requires good governance, financial planning, strategic management, audits, tax services etc. It promotes a healthy company with long term objectives and easier access to capital. If LPSCO was not part of a larger corporation, it should have a board of directors to oversee management with a long term strategic focus. Smaller utilities that are not part of a larger corporation usually do not have good corporate governance. Again, back to the McLain systems. They had poor corporate governance and lacked a long term strategy resulting in inadequate storage and an unreliable distribution system. This is one of the reasons the lender for LPSCO requires an audit for this specific purpose. They wish to ensure that their investment remains sound via an audit, which not only ensures financial rigor, but also ensures that operations are conducted with a keen

eye to reducing risks. In other words, LPSCO being part of a publicly traded company that shares these costs among many facilities reaps the benefits of these services but at a fraction of the price.

Q. PLEASE PROVIDE FURTHER DETAIL ON COSTS INCURRED BY APT.

A. As I testified above, there are no direct labor costs included in the corporate administration "Central Office Cost" allocation from APT. Instead, these costs include professional services like third-party legal services, accounting services, tax planning and filings, management and trustee (board of director) fees, and required auditing that are done for the benefit of all of the Liberty Water Regulated Utilities, including LPSCO. Other corporate administrative costs include costs for licenses, fees and permits, information technology/systems, payroll, and HRIS maintenance contracts, as well as the rent and depreciation of office furniture and equipment and computers in the central office in Oakville, Ontario.

Q. HOW ARE THE COSTS INCURRED BY APT ALLOCATED TO LPSCO?

A. Fees for these services are allocated to the Regulated Utilities using generally accepted allocation principles, which are accepted by the audit firm used by Algonquin. These services are routine and recurring in nature and performed on a regular basis in normal business for Liberty Water and its Regulated Utilities.

These indirect administration Central Office Costs are allocated to LPSCO in two phases. The first phase involves allocating these costs to each of the facilities, both regulated and unregulated, owned by APIF. That initial allocation is made based on relative size. Specifically, APIF owns and operates 63 total entities, 17 of which are the Regulated Utilities operated by Liberty Water. In turn, 17 of 63 is 26.98%, which means 26.98 percent of the total Central Office Costs are allocated to the Regulated Utilities operated by Liberty Water. The second phase is

that Liberty Water allocates the Central Office Costs between LPSCO and the 16 other Regulated Utilities based on customer counts.

Q. WHY DOESN'T LIBERTY WATER ALLOCATE THESE COSTS ON A DIRECT BASIS TO THE REGULATED UTILITIES?

A. Because there is no specifically identifiable driver. For example, costs such as ERP system consultation, depreciation costs incurred on computer servers and office furniture, as well as the other costs charged from APT, benefit the whole family of companies and cannot be directly charged to each utility on any reasonable driver. These costs are procured collectively and incurred on behalf of all of the assets owned and while there is a definite benefit to the Regulated Utilities and their customers, directly charging these types of costs to the 63 separate operating assets would not be possible.

However, the cost allocation methodology ensures that the costs are allocated as closely as possible to the originator of those costs. An entity such as LPSCO with 33,000 water and sewer customers benefits more from these costs than BMSC with only 2,000 wastewater ratepayers. LPSCO's total of 33,105 customers is nearly half of Liberty Water's 17 Regulated Utilities' total of 68,783 water and wastewater customers, which means LPSCO is allocated 48.13% (33,105/68,783) of the Central Office Cost pool. The fundamental principle of this methodology is that LPSCO and the other Regulated Utilities should be charged for all costs incurred by affiliates—both Liberty Water and APT—so that the Regulated Utilities can provide a high level of safe and reliable water and wastewater utility service to customers at the lowest possible cost for such service.

Q. GIVEN ALL YOU HAVE DISCUSSED SO FAR IN THIS TESTIMONY, MR. TREMBLAY, IS IT SAFE TO SAY THAT YOU DISAGREE WITH BOTH STAFF AND RUCO THAT MOST, IF NOT ALL, OF THE

SERVICES PROVIDED BY APT ARE FOR THE SOLE BENEFIT OF APIF'S UNIT-HOLDERS OR INVESTORS?

A. I completely disagree. How can providing corporate strategic direction, and costs associated with access to capital markets in a highly capital intensive industry not benefit LPSCO? There is tremendous benefit, as seen from the success of our efforts in Arizona the past decade. And it's immaterial that APIF does all this for a profit. So what? So does LPSCO, Black Mtn., APS, Southwest Gas. That APIF is in the business of making a profit is very healthy and, in fact, provides additional incentive to tightly control these corporate costs, considering that approximately 73% are allocated to the non-regulated business. The bottom line, in our corporate structure, a healthy "parent" means a healthy "child".

IV. REJOINDER TO STAFF AND RUCO ADJUSTMENTS TO CENTRAL COST ALLOCATIONS.

A. Rejoinder to Staff.

Q. ON PAGE 10 OF HIS SURREBUTTAL (WATER)[1], MR. MICHLIK ASSERTS THAT "APIF IS AN UNREGULATED FOR-PROFIT BUSINESS THAT INCURS COSTS PRIMARILY FOR THE BENEFIT OF ITS SHAREHOLDERS." IS THAT AN ACCURATE STATEMENT OF APIF'S BUSINESS MODEL?

A. No. As I've mentioned above, APIF would not incur these costs for its shareholders. APIF would not exist and would not incur any costs if it did not own any facilities. It has no other business than to operate the facilities it owns. While the business structure of being a publicly traded company does drive a significant portion of the Central Office costs, these costs are still incurred to the benefit of the utilities it owns. Again, most of these costs are associated with good corporate

[1] Staff's position on the Central Cost Allocation is the same for water and wastewater.

governance. These costs are to ensure that the entire corporate family remains viable for the long run.

In our view, this Commission should be encouraging larger companies to be acquiring smaller utilities and consolidating operations under shared services models like we have implemented in Arizona. In addition to access to capital, something increasingly critical in down economies where the need for critical infrastructure remains constant, larger companies provide good corporate governance, reducing the risk of smaller utility financial problems. There are no McLain messes under a corporate structure like ours. But, this has a cost, as I have testified to above, and as Mr. Bourassa and Mr. Sorensen have tried to explain in their testimonies in this case and the recent BMSC rate case. However, under our model, there is a shared cost/benefit.

Q. EXCEPT THAT ON PAGE 10 OF HIS SURREBUTTAL (WATER), MR. MICHLIK GOES ON TO CONCLUDE THAT "SINCE SHAREHOLDERS SEEK A PROFIT AND THE APIF INCURS EXPENSES (E.G., CENTRAL OFFICE COSTS) IN ORDER TO GENERATE THAT PROFIT, IT IS OBVIOUS THAT THE CENTRAL OFFICE COSTS ARE INCURRED PRIMARILY FOR THE BENEFIT OF THE SHAREHOLDERS RATHER THAN FOR LPSCO AS THE COMPANY INDICATES." HOW DO YOU RESPOND TO THAT TESTIMONY?

A. Perhaps Staff does not want to see the benefit because it wants to reduce costs to ratepayers. Again though, the Central Office administration costs are incurred in order to prudently operate the facilities owned by the fund. These costs would not be incurred if no facilities were owned. The utility ratepayers are the primary beneficiaries of the cost savings by paying reasonable rates for high quality service. In fact, since these are operating costs, they are flow-throughs in regulated utility

ratemaking, which means that shareholders would not benefit in any way shape or form from higher costs. In fact, since higher costs would increase regulatory risk and diminish LPSCO's relationship with its ratepayers, incurring these costs strictly to the benefit of shareholders would be contrary to their desire to earn a profit. It is only to reduce overall costs to ratepayers that we operate this model.

Q. MR. MICHLIK ALSO SURMISES THAT "THE CENTRAL OFFICE COSTS WOULD HAVE BEEN INCURRED EVEN IF THE FUND DID NOT OWN LPSCO BECAUSE THE CENTRAL OFFICE COSTS WERE INCURRED TO MAKE A PROFIT FOR THE SHAREHOLDERS AND NOT TO OPERATE LPSCO. THE BENEFIT TO LPSCO IS ONLY INCIDENTAL." HOW DO YOU RESPOND TO THAT STATEMENT?

A. This statement is illogical. The parent company has no other business than own these facilities through its subsidiaries. If the Income Fund did not own LPSCO and for that matter did not own any facilities, the Income Fund would not have any of these corporate administration costs because the Income Fund would not exist.

Q. BUT HOW CAN COSTS INCURRED BY APT BENEFIT BOTH SHAREHOLDERS AND RATEPAYERS?

A. Because a well run utility with access to capital can provide high quality service at the lowest possible cost leaving the utility with a fair and reasonable return on its investment after the recovery of the costs needed to provide that level of service. Everyone wins.

Q. OK, TURNING TO THE ALLOCATION METHODOLOGIES, STAFF HAS ALLOCATED COSTS TO LPSCO BASED ON APIF'S OWNERSHIP OR OPERATING INTEREST IN 71 FACILITIES, EIGHT MORE FACILITIES THAN LPSCO USED IN ITS FILING. PLEASE DESCRIBE APIF'S INTERESTS IN THOSE OTHER EIGHT UTILITIES?

A. Algonquin owns the debt of 7 companies, and accounts for them separately from the Central Office costs. Those 7 facilities are simply operated by APIF and do not generate costs that are allocated to the APT cost pool. The remaining one facility is a land field gas facility that has not been operational for years.

Q. WHAT SERVICES AND COSTS ARE ALLOCATED TO LPSCO BY APT?

A. Appendix 3 to **Exhibit GT-RJ1** provides a discussion of these costs. Generally, the services provided by and costs incurred by APT fall into four general categories: (1) Strategic Management, which includes management fees, general legal services and other professional services; (2) Capital Access, which includes licenses/fees/permits, unit holder communications and escrow fees; (3) Financial Controls, which include audit services, tax services and trustee fees; and (4) Administrative/Overhead Costs, which include rent, depreciation and office costs as I testified above. These costs are allocated down as I testified above. As shown in Appendix 3, LPSCO would be allocated 49% based on customer count.

Q. WHAT ARE THE APT STRATEGIC MANAGEMENT COSTS?

A. Strategic management decisions are critical for any public utility. The need for strategic management is even more pronounced for LPSCO as a larger regulated utility that depends on access to capital for ongoing operational and capital needs. APIF seeks to hire talented strategic managers that aid in running each facility owned by the fund, including LPSCO, as efficiently and effectively as possible. This ensures the long term health of each utility and ensures that rates are kept as low as possible without compromising the level of service. It also facilitates each Regulated Utility's access to necessary capital funding at reduced costs.

Legal expenses incurred by APT for general legal matters pertaining to all facilities owned by APIF also are included. These legal services are required in order for APIF to provide capital funding to individual utilities, without which the

utilities could not provide adequate service. These legal services involve matters not specific to a single facility, including review of audited financial statements, annual information filings, Sedar filings, review of contracts with credit facilities, incorporation, tax issues, market compliance, and other similar legal costs.

Q. WHAT ARE THE BENEFITS OF THESE LEGAL SERVICES?

A. General legal costs are one of the foundations for proper corporate governance. They help ensure that APIF and the Regulated Utilities remain compliant in all aspects of operations and prevent those entities from being exposed to unnecessary risks. These legal services also allow utilities to have continued access to capital markets available to APIF. These legal expenses are critical to utility operations because they ensure APIF's status and viability as a publicly traded income fund and allow the utilities to provide service in a way to ensure continued access to strategic management and capital markets.

Q. PLEASE CONTINUE.

A. The final item included in Strategic Management Costs are professional services, including strategic plan reviews, capital market advisory services, ERP System maintenance, benefits consulting, and other similar professional services. These professional services ensure that APIF's strategic plans and initiatives are completed with the highest degree of care and professionalism, which is necessary for the Regulated Utilities to receive debt and equity funding from capital markets. In no uncertain terms, these services allow the Regulated Utilities to have an available source of capital funding for plant and infrastructure in the provision of utility services. In the absence of these services, unit holders would not invest in utility operations of APIF because the utilities would not incur the necessary costs to ensure that the strategic plans are followed as a condition of such funding.

Q. YOU ALSO MENTION ALLOCATION OF COSTS RELATED TO ACCESS TO CAPITAL MARKET. PLEASE EXPLAIN THOSE COSTS.

A. One of APT's primary functions is to ensure APIF's facilities (including the Regulated Utilities) have access to quality capital. APIF is listed on the Toronto Stock Exchange, a leading financial market. In order to allow the Regulated Utilities to have continued access to those capital markets, APT incurs a variety of costs for the benefit of the Utilities. These services and costs are in line with the companies corporate governance polices and are a prerequisite to communicate to all its stakeholders the health and well being of Algonquin and ensuring to the Regulated Utilities' continued access to those capital markets.

To start, APT incurs fees to ensure that APIF can participate in the Toronto Stock Exchange. These licensing and permit fees are required in order to sell units on the Toronto Stock Exchange. The benefit of these costs is undisputed--the ratepayers and Regulated Utilities have access to capital only so long as APIF is able to access capital markets. These license fees allow APIF to sell units on the Toronto Stock Exchange and, in turn, provide funding for utility operations. These license fees incurred by APT are critical to ensure continuing access to capital.

Q. IS THAT ALSO TRUE FOR ESCROW FEES INCURRED BY APT?

A. Yes. Unit holders invest in APIF, and, in turn, provide capital funding to the Regulated Utilities by buying units. In making those investments, unit holders expect monthly distributions on the units they own. As such, APT incurs escrow fees in paying such monthly payments to unit holders. Escrow Fees are incurred in order to ensure that unit holders of APIF continue to maintain ownership, and that new shareholders are enticed to invest in the Fund. Those new shareholders are the ones truly investing money for new and future projects the utilities undertake. Without them, there is no money for APIF to invest in the utilities.

Q. WHAT ABOUT COSTS FOR UNIT HOLDER COMMUNICATIONS?

A. Similarly, unit holder communication costs are incurred to comply with filing and regulatory requirements of the Toronto Stock Exchange and meet the expectations of shareholders. These costs include news releases, unit holder conference calls and other similar costs. Unit holder communications costs are incurred by APT for the benefit of the Regulated Utilities to ensure that unit holders are fully informed of all operational and strategic decisions. These disclosures are required by law to ensure a level of integrity and rigor is applied to the management of the Regulated Utilities. It can't be stressed enough that in the absence of unit holder communication costs, investors would not invest in the units of APIF, and in turn, APIF would not have capital to invest in the utilities.

Q. THE THIRD CATEGORY OF APT COSTS YOU IDENTIFIED RELATED TO FINANCIAL CONTROLS. WHAT ARE THOSE COSTS?

A. Financial Control costs incurred by APT are another integrated piece of corporate governance. Lack of financial controls could lead to improper decision making or even fraud which could lead to bankruptcy. I understand that the owner of the McLain companies took all of his revenue form water sales and instead of paying things like property taxes, he invested in some failed telecom venture. Bankruptcy followed and we had to step in and bail the Commission and the ratepayers out. With proper financial controls, the McLain mess would not have happened.

Q. DO THOSE FINANCIAL CONTROL COSTS INCLUDE TAX AND AUDIT SERVICES?

A. Yes. Costs for tax services are incurred to ensure prudent tax filing, planning and management. Taxes are paid on behalf of the Regulated Utilities at the parent level as part of a consolidated United States tax return. Tax services are provided by third parties, including KPMG. The shared cost of such tax services also are lower

than the costs of stand-alone tax services, which would otherwise be incurred by the Regulated Utilities. Audit services are likewise necessary to ensure that the Regulated Utilities are operated in a manner that meets audit standards and regulatory requirements have strong financial and operational controls, and that financial transactions are recorded accurately and prudently. Without these services, the Regulated Utilities would not have a readily available source of capital funding.

Q. THE LAST CATEGORY OF APT AFFILIATED COSTS IS ADMINISTRATIVE AND OVERHEAD COSTS. PLEASE DESCRIBE THOSE COSTS.

A. Administrative costs incurred by APT such as rent, depreciation of office furniture, depreciation of computers, and general office costs are required to house all the services mentioned above. Without these costs, the employees of APT could not perform their work and provide the necessary services to the Regulated Utilities.

Q. CAN YOU EXPLAIN HOW THOSE SERVICES PROVIDED BY APT BENEFIT LPSCO AND ITS CUSTOMERS?

A. The capital and funds obtained from the sale of units in the Income Fund are used by the Regulated Utilities for capital investments. That capital is made available by APT to the Regulated Utilities, including LPSCO. Also, I have already testified above as to the importance of good corporate governance is essential to the health of any organization whether publicly traded or not. Any company that wishes to raise capital at a decent rate must prove proper corporate governance. The less governance, the higher the risk and the cost of capital. Most of these indirect corporate costs in APT relate to proper corporate governance and thus ensuring long term access to the capital markets. Therefore, the services provided by APT are critical and necessary to the Regulated Utilities. Put another way, absent the

services provided by APT, the Regulated Utilities would be forced to operate as stand-alone utilities with higher costs and operating expenses. In addition, the utilities would bare much greater risk due to a potential inability to obtain capital on a stand-alone basis.

Q. DO YOU KNOW HOW THE ALLOCATION METHODOLOGY FOR APT COMPARE TO AFFILIATE COST ALLOCATION METHODOLOGIES USED BY OTHER ARIZONA UTILITIES, SUCH AS GLOBAL WATER?

A. The allocation methodologies are very similar. In our recent Black Mountain rate case, Staff analyst Crystal Brown mentioned that she had no objections to the methodology employed by Global Water. After comparing our methodologies, we have concluded that they are extremely similar.[2] Costs for certain items such as rent and central office costs are allocated almost exactly the same way. Similarly, Global and Algonquin allocate regional costs similarly, as mentioned above, and also allocate other administration costs in a similar manner to Algonquin.[3] We could not decipher major differences between the methodologies; however, we do agree that Global's presentation was a bit clearer than ours. This is precisely the reason that we have created **Exhibit GT-RJ1** and why I am testifying in this case.

B. <u>Rejoinder to RUCO</u>

Q. LET'S SWITCH TO MR. ROWELL'S SURREBUTTAL TESTIMONY ON BEHALF OF RUCO. ON PAGE 3 OF HIS SURREBUTTAL, MR. ROWELL SUGGESTS THAT LPSCO WITHHELD "RELEVANT DESCRIPTIVE INVOICES" RELATED TO MANAGEMENT FEES ALLOCATED BY APT. DO YOU AGREE?

A. Absolutely not. LPSCO has never withheld any relevant information regarding the

[2] See Direct Testimony of Greg Barber (with attached Appendices 1-3), February 20, 2009, in Docket Nos. SW-03575A-09-0077 and SW-20445A-09-0077.
[3] *Id.*

allocated costs from any party. When the data was sought, we promptly responded that we would provide every invoice over $5,000 to support the approximately $4,000,000 cost pool, and that if any other invoice was requested, we would provide that too.[4] We spent a substantial amount of time and resources gathering this data, and RUCO never voiced a concern, until Mr. Rowell's surrebuttal.

If Mr. Rowell, or Mr. Michlik for that matter, ever needed more descriptions, explanations, etc. he was free to ask during discovery. Or now, as long as the case stays on the time-clock. They could have flown to Canada at our expense and seen the operation they are now making important and inaccurate judgments about in this rate case. There are hundreds of thousands of dollars at issue in this case and the others pending for Liberty Water utilities, and we will go wherever we need to go to provide RUCO and Staff the information they need to scrutinize our costs. That Mr. Rowell has always had the opportunity to seek the information he now says we didn't provide is an impossible burden to overcome. Besides, to be candid, the "lack of info" is a smoke screen.

If we printed out everything we have given Staff and RUCO already this year on cost allocations, I could fill probably my small office in Oakville. That is not what Staff and RUCO really have an issue with, in my opinion. They are attacking the substance of our operation, the "benefit", not whether we supported the cost of my computer in Oakville.

Q. DOES LPSCO FOLLOW THE NARUC UNIFORM SYSTEM OF ACCOUNTS?

A. Yes, LPSCO strictly complies with the NARUC Uniform System of Accounts.

[4] *See* Company response to Staff data request JMM 5.5.

Q. MR. ROWELL ALSO SUGGESTS (PAGE 6 OF HIS SURREBUTTAL) THAT COSTS FOR CONSOLIDATED TAX SERVICES "SHOULD BE DIRECTLY BILLED INSTEAD OF ALLOCATED." IS THAT FEASIBLE?

A. No, the parent files a consolidated tax return on behalf of the utilities. It would therefore be unreasonable to direct charge tax services.

Q. WITH RESPECT TO MANAGEMENT FEES ALLOCATED BY APT, MR. ROWELL ASSERTS (PAGE 7) THAT LPSCO "HAS NOT ESTABLISHED THAT LPSCO RECEIVES ANY BENEFIT FROM THESE SERVICES."

A. I can only reiterate that strategic management decisions are critical for any public utility. The need for strategic management is even more pronounced for LPSCO as a larger regulated utility that depends on access to capital for ongoing operational and capital needs. APIF seeks to hire talented strategic managers that aid in running each facility owned by the fund, including LPSCO, as efficiently and effectively as possible. This ensures the long term health of each utility and ensures that rates are kept as low as possible without compromising the level of service. It also facilitates each utility's access to necessary capital funding at reduced costs.

The costs included in Strategic Management Costs fall into the following categories. The first category is Management Fees. Those fees incorporate management fees paid to Algonquin's management company for strategic management of all APIF facilities. These fees provide for the financial and capital funding services necessary for the Regulated Utilities, including LPSCO, to fund utility operations and growth services. Management Fees are charged to APT as a monthly fee which is then allocated to the utilities division (26.98%), and then to each individual utility based on customer count.

Q. DO CUSTOMERS BENEFIT FROM THESE MANAGEMENT FEES?

A. Yes, rate payers avoid the burdens of senior management staff at each utility by sharing of resources between all utilities, resulting in significant savings. These management services also allow Regulated Utilities to have an available source of capital funding for plant and infrastructure in the provision of utility services at a cost cheaper than what such utilities could obtain on their own.

APT management services are required in the provision of service by Regulated Utilities because the managers oversee utility operations, provide high level approvals for capital and operating budgets, and provide strategic planning services for the utilities. They also develop overall corporate strategies such as long term financial planning and capital needs, negotiate contracts, allocate capital among utilities and approve high level expenditures. These management services are required in order for APIF to provide capital funding to individual utilities, without which the utilities could not provide adequate service. That's especially true with LPSCO, which required substantial capital infusions over the last several years. LPSCO receives the benefit of having its own highly functioning executive management team at a fraction of the cost of its own executive management.

Q. MR. ROWELL ALSO SUGGESTS THAT MANAGEMENT FEES "SHOULD BE BILLED DIRECTLY, NOT ALLOCATED ACROSS ALL UTILITIES." IS THAT A VIABLE OPTION?

A. It is not viable. If the Management team is procuring capital from the markets, or having a Liberty Water strategic direction meeting, these activities encompass all of the utilities, and therefore need to be allocated based on reasonable factors.

Q. NEXT, MR. ROWELL CLAIMS (PAGE 8) THAT COSTS FOR UNIT HOLDER COMMUNICATIONS 'PERTAIN EXCLUSIVELY TO APT AND HAVE NO CONNECTION TO THE OPERATION OF LPSCO." HOW DO

YOU RESPOND TO THAT STATEMENT?

A. I would ask Mr. Rowell if he would purchase shares of LPSCO if he received no communications from the company and were entirely blind to the operations. As an economist, I would expect his answer to be "No". Well, LPSCO's ratepayers receive the benefits of not only access to capital, but also access to those communications as they are publicly available.

Q. MR. ROWELL ALSO CLAIMS (PAGE 8) THAT TRUSTEE FEES "ARE COSTS ASSOCIATED WITH APT'S BOARD OF TRUSTEES AND HAVE NO CONNECTION TO THE OPERATION OF LPSCO." IS THAT TRUE?

A. No. Whether publicly traded or not, LPSCO would likely have a Board of Directors. The Board assures proper corporate governance and thus a level of financial rigor, provides high level operational and financial oversight, and strategic guidance for the long term viability of the company and hence LPSCO.

Q. MR. ROWELL MAKES THE SAME CONCLUSION RELATING TO ESCROW FEE (PAGE 8). IS THERE A CONNECTION BETWEEN SUCH ESCROW FEES AND LPSCO'S PROVISION OF UTILITY SERVICE?

A. Yes. The escrow fees are a cost of the business model that LPSCO operates in. Shareholders would not invest in the fund if they did not receive distributions. In turn, LPSCO would not have capital available to it from its parent company.

Q. FINALLY, MR. ROWELL CLAIMS THAT "THE COMPANY HAS AGREED WITH STAFF'S ASSESSMENT THAT [COSTS FOR LICENSES/FEES & PERMITS] SHOULD NOT BE RECOVERED FROM LPSCO." DO YOU AGREE?

A. No. These costs incorporate the costs to be listed on the Toronto Stock Exchange and other such costs. They are crucial to the business model and, therefore, provide service to LPSCO ratepayers.

Q. HOW DO STAFF AND RUCO TREAT COSTS INCURRED BY APT OF RENT, DEPRECIATION AND OTHER OFFICE COSTS?

A. On page 8 of his surrebuttal testimony, Mr. Rowell acknowledges that "some portion" of these costs should be allocated to LPSCO. Mr. Michlik, however, opposes any allocation of those costs to LPSCO. In Staff's responses to LPSCO's third set of data requests, Staff stated that "Staff denies that it is reasonable or appropriate to require LPSCO customers to pay for the office space of the corporate office located in Canada."[5]

Q. WHAT IS YOUR REACTION TO THAT STATEMENT?

A. We find that statement very troubling. As mentioned above, the Canadian location provides benefits to ratepayers by avoiding the duplication of activities in the US. We certainly hope that Staff's statements are not rooted in protectionist bias against a friendly partner such as Canada. In this economy, wouldn't government agencies want to attract private capital to providing needed services? I would hope so.

Q. WHAT ARE THE POTENTIAL CONSEQUENCES TO LPSCO AND OTHER REGULATED UTILITIES IN ARIZONA IF THE COMMISSION ULTIMATELY AGREES WITH STAFF AND/OR RUCO AND DENIES ALLOCATION OF AFFILIATE COSTS INCURRED BY APT?

A. To be frank, Staff's and RUCO's treatment of APT's affiliate costs is nothing more than a rejection of one pillar of the APIF/APT/Liberty Water shared services model. If the Liberty Water's shared services model is not viewed as reasonable because of its costs, then Liberty Water will have to seriously consider operating differently. APIF isn't going to subsidize 90 percent of an over $1 million allocation pool to the seven Arizona utilities. That's simple economics, something I assume Mr. Rowell would have to agree with as an economist. But one can't help

[5] *See* Staff Response to Company data request 3.5.

but wonder why Staff would reject a shared services model that is designed to deliver high quality utility service at the lowest possible price given numerous failed utility operations in Arizona. The notion, as Staff suggests, that these allocated costs from the parent do not benefit the ratepayers is undercut by the very high level of service LPSCO is providing to customers in this system.

Q. DOES THIS CONCLUDE YOUR REJOINDER TESTIMONY?

A. Yes.

Litchfield Park Service Company
Docket Nos. SW-01428A-09-0103, W-01427A-09-0104,
W-01427A-09-0116, W-01427A-09-0120

GERALD TREMBLAY
REJOINDER TESTIMONY
December 29, 2009

Exhibit GT-RJ1

LIBERTY WATER AFFILIATE COST ALLOCATION METHODOLOGY

I. GENERAL STATEMENT OF ALLOCATION METHODOLOGY

The purpose of this paper is to provide a detailed explanation of the Affiliate Cost Allocation Methodology used by the regulated utility affiliates of Liberty Water Company ("LWC") including Litchfield Park Service Company ("LPSCO"), Black Mountain Sewer Company, Gold Canyon Sewer Company, Rio Rico Utilities, Bella Vista Water Company, Northern Sunrise Water Company, and Southern Sunrise Water Company (collectively the "Regulated Utilities"). The Regulated Utilities are wholly-owned subsidiaries of LWC, which is owned by Algonquin Power Income Fund ("APIF").

A. The APIF Corporate Structure.

APIF's primary business is ownership of generating and infrastructure facilities through investments in securities of subsidiaries. APIF owns a widely diversified portfolio of 46 electric facilities and 17 water distribution and wastewater treatment facilities in Canada and the United States. APIF also has an operating interest in eight other facilities, but does not own them. APIF is publicly traded on the Toronto Stock Exchange. APIF's structure as a publicly traded income fund provides substantial benefits to its Regulated Utilities through access to capital markets and access to engineers, technicians, professional managers and administrative staff, including trained plant operators and field supervisors.

B. Liberty Water Cost Allocations to LPSCO.

LPSCO and the other Regulated Utilities in Arizona do not operate as stand-alone utilities. LPSCO is operated by Algonquin Water Services d/b/a Liberty Water ("Liberty Water"), along with six other regulated Arizona water and sewer utilities, and eleven regulated water and sewer providers located in Texas, Missouri and Illinois. Liberty Water provides all of the day-to-day administration and operations personnel for these regulated utilities. All operations and engineering labor is charged by Liberty Water directly to LPSCO and the other separate Regulated Utilities operated by Liberty Water. Liberty Water charges those labor rates at cost, which is the dollar hourly rate per employee as recorded in Liberty Water's payroll system, grossed up by 35% for burdens such as payroll taxes, health benefits, retirement plans, and other insurance provided to employees. Engineering technical labor, which is capitalized, is charged on the same basis, plus an allocation of 10% for Liberty Water's corporate overheads such as rent, materials/supplies, etc.

Other necessary services provided by Liberty Water for the Regulated Utilities cannot be directly charged to LPSCO and the other Regulated Utilities. Labor for accounting, billing and customer service, human resources, health and safety, and corporate finance cannot be directly allocated using timesheets due to the nature of the costs because it is not practical to keep track of time for employees that serve multiple utilities in small time increments during the course of a work-day. A shared call center is the perfect example. A customer service representative at Liberty Water's call center will field calls from customers of LPSCO, BMSC, Bella Vista Water Company in southern Arizona and the three other states. This work directly benefits all of the Regulated Utilities, so the costs need to be allocated to all of them. These costs are allocated based on the relative customer counts of all of the Regulated Utilities. Using customer counts allows Liberty Water to allocate those costs to an individual utility, such as LPSCO, based on the relative burden of that utility relating to those services.

Overhead costs, like rent, insurance, administration costs, depreciation of office furniture and computers, also cannot be directly attributed to specific utilities. These costs are allocated to LPSCO and its affiliates by use of a "four factor" methodology that considers relative size through four weighted factors – total plant, total customers, expenses and labor. This type of four-factor methodology has been utilized by other Arizona utilities, including Chaparral City Water Company and Global Water. All of the costs charged by Liberty Water and allocated to LPSCO are based on actual costs, either directly charged or through the allocations described above.

B. Central Office Cost Allocations from Algonquin Power Trust.

In addition to the operations and engineering direct costs, and the allocated overhead/administration costs charged by Liberty Water, LPSCO and the other utilities in this shared services model benefit from costs incurred by the Algonquin corporate parent. Specifically, APIF, the shareholder of Liberty Water, allocates a share of the costs incurred by its operating arm Algonquin Power Trust ("APT") in providing necessary and required services to the Regulated Utilities.

APT is the affiliate that provides financial, strategic management, compliance, administrative and support services to the Regulated Utilities operated by Liberty Water, as well as to the numerous unregulated utility assets owned by the corporate parent, APIF. APT does not have any staff and the costs incurred by it are non-labor based. The head office of APT is located in Oakville, Ontario, Canada and provides administrative, technical and management support, regulatory compliance, and oversight of strategic direction, including approvals of

budgets and ensuring a strict level of corporate governance for LPSCO and all of the utilities operated by Liberty Water. APT's executive management and administrative support includes accounting and finance, human resources, employee benefits, regulatory and information systems services.

The services provided by APT are necessary to allow LPSCO and the other Regulated Utilities to have access to capital markets for capital projects and operations, and are necessary to allow LPSCO to provide a high level of service at the lowest cost. There are no direct labor costs included in the corporate administration Central Office Cost allocation from APT. Instead, these costs include professional services like third-party legal services, accounting services, tax planning and filings, and required auditing that are done for the benefit of all of the Liberty Water Regulated Utilities, including LPSCO.

These corporate headquarter administrative costs also include costs for licenses, fees and permits, information technology/systems, payroll, and HRIS maintenance contracts, as well as the rent and depreciation of office furniture and equipment and computers in the central office in Oakville, Ontario. Fees for these services are allocated to the Regulated Utilities using generally accepted allocation principles. These services are routine and recurring in nature and performed on a regular basis as part of normal business operations for Liberty Water and its Regulated Utilities.

These administration Central Office Costs are allocated to LPSCO in two phases. The first phase involves allocating these costs to each of the facilities, both regulated and unregulated, owned by APIF. That initial allocation is made based on relative size. Specifically, APIF owns and operates 63 total entities, 17 of which are the Regulated Utilities operated by Liberty Water. In turn, 17 of 63 is 26.98%, which means 26.98 percent of the total Central Office Costs are allocated to the Regulated Utilities operated by Liberty Water.[1]

From there, the second allocation phase is that Liberty Water allocates the Central Office Costs between LPSCO and the 16 other Regulated Utilities based on customer counts. These costs are incurred for the benefit of all of the Regulated Utilities and their customers, but are not capable of being directly charged to the 63 separate operating assets. This cost allocation methodology ensures that the costs are allocated as closely as possible to the originator of those

[1] For illustrative purposes, if the total Central Office Costs incurred by APT was $4,000,000, then $1,079,200 (4,000,000 x .2698) in Central Office Costs would be allocated to the 17 Regulated Utilities under Liberty Water. The remaining $2,920,800 (73.02%) in Central Office Costs would be allocated to the remaining 46 electric facilities owned by APIF.

costs. An entity such as LPSCO with 33,000 water and sewer customers benefits more from these costs than BMSC with only 2,000 wastewater ratepayers. Specifically, LPSCO has 16,037 water customers and 17,068 wastewater customers, for a total of 33,105 customers. In total, Liberty Water's 17 Regulated Utilities have 68,783 water and wastewater customers, which means LPSCO is allocated 48.13% (33,105/68,783) of the Central Office Cost pool.

The fundamental principle of this Cost Allocation Methodology is that LPSCO and the other Regulated Utilities should be charged for all costs incurred by affiliates—both Liberty Water and APT—so that the Regulated Utilities can provide a high level of safe and reliable water and wastewater utility service to customers.

II. DETAILED EXPLANATION OF THE SERVICES PROVIDED AND COSTS ALLOCATED TO THE REGULATED UTILITIES.

The following is a detailed description of how these cost allocation methodologies are applied to the Regulated Utilities, the benefits of the services provided by Liberty Water and APT, the need for such services in the provision of utility services and the necessity of allocating costs to the Regulated Utilities.

A. Liberty Water Services Provided to LPSCO.

Attached as Appendix 1 is an allocation summary of how costs incurred by Liberty Water are allocated to the Regulated Utilities, including LPSCO. Whenever possible, costs incurred by Liberty Water for a particular Regulated Utility are directly charged to that utility based on time sheets.

1. Operations and Engineering Labor.

These costs are billed directly to the Regulated Utility that required the labor, as documented by time sheets. Attached as Appendix 2 is an example time sheet used by Liberty Water. Those direct charges are principally direct labor, including operations and engineering. For example, the costs for a plant operator working solely for LPSCO will be directly allocated to LPSCO without any further allocation necessary. Liberty Water direct charges those services to the Regulated Utilities at cost. The labor rate charged by Liberty Water is the dollar hourly rate per employee as recorded in Liberty Water's payroll system, grossed up by roughly 35% for burdens such as payroll taxes, health benefits, retirement

plans, and other insurance provided to employees.[2] Engineering technical labor, which is capitalized, is charged on the same basis, plus a 10% allocation for corporate overheads incurred by Liberty Water, including rent, materials, supplies and other similar overhead costs.

2. *Accounting, Billing and Customer Service Labor Costs.*

Liberty Water also incurs additional labor costs for accounting, billing, and customer service, human resources, health and safety, and corporate finance, which are necessary for the Regulated Utilities to provide adequate and reliable water and wastewater service to customers. Those costs, however, cannot be allocated to each Regulated Utility using time sheets due to the nature of the costs. It is not practical to keep track of time for employees that serve multiple utilities during the course of a work day. For example, an accounting analyst may analyze the financial performance of all Regulated Utilities at the same time. Her accounting work benefits all such Regulated Utilities, so her services and costs would be allocated to all Regulated Utilities. Likewise, a customer service representative at Liberty Water's call center will field calls from customers of all Regulated Utilities during a work day. Again, his work directly benefits all such Utilities and his costs should be allocated to all Regulated Utilities.

These labor costs incurred by Liberty Water are allocated to the Regulated Utilities based on customer count. The following simplified example demonstrates how a customer service representative's costs would be allocated to LPSCO:

Annual Salary	$30,000
Burden (at 35%)	$10,500
Total Labor Cost	$40,500

Total Liberty Water Customers: 68,783
LPSCO Water Customers: 16,037 (23.32% of total customers)
LPSCO Wastewater Customers: 17,068 (24.81% of total customers)

[2] It bears emphasis that the Liberty Water allocations reflect actual costs incurred. Liberty Water now charges based on actual payroll rates, not market based rates. Liberty Water made that change in early 2008, which means that rate cases pending before that change was made have been trued up and adjusted to reflect this actual cost methodology as if it had been adopted at the beginning of the respective test year.

Salary Costs allocated to LPSCO Water: $9,444.60 (40,500 x .2332)
Salary Costs allocated to LPSCO Wastewater $10,049.78 (40,500 x .2481)
Salary Costs allocated to all other Regulated Utilities: $21,005.62

3. Liberty Water Overhead Costs.

Costs incurred by Liberty Water for rent, administrative costs, depreciation of office furniture, depreciation of computers, and other labor cannot be directly attributed to a specific Regulated Utility. As such, those overhead and administrative Costs are allocated to the Regulated Utilities by use of the "four factor" methodology. Other costs in this category include insurance, janitorial services and other general non-payroll costs.

The "four factor" methodology allocates costs by relative size of the utilities. The methodology used by Liberty Water involves (1) Rate Base, (2) Total Customers, (3) Non-Labor Expenses and (3) Labor as allocating factors, with each factor assigned a specific weight. Liberty Water uses the following weights under this four factor methodology:

UTILITY PLANT	**50%**
CUSTOMER COUNT	**40%**
LABOR	**5%**
EXPENSES	**5%**
TOTAL	**100%**

The following simplified hypothetical example demonstrates how the four factor allocation methodology would be calculated based on ownership of *only* two hypothetical utilities (LPSCO and BMSC):

FACTOR	LPSCO	BMSC	TOTAL ALL UTILTIES	LPSCO % OF TOTAL	FACTOR WEIGHT	LPSCO ALLOCATION
UTILITY PLANT	727	371	1098	66%	50%	33%
CUSTOMER COUNT	6000	1000	7000	86%	40%	34%
LABOR COSTS	57	32	89	64%	5%	3%
EXPENSES	108	41	149	72%	5%	4%
TOTAL ALLOCATION TO LPSCO						74%

As can be seen from these hypothetical numbers, LPSCO would be allocated 74% of total Administrative/Overhead Costs incurred by Liberty Water, based on its relative size and application of the four factors in comparison to BMSC. BMSC would be allocated the remaining 26%. Liberty Water developed and utilized this methodology, including all 17 of its utilities, to better allocate costs, recognizing that larger utilities require more time and management attention and incur greater costs than smaller ones.

4. Customer Benefits of Liberty Water Allocation Model.

Customers of Liberty Water receive significant benefits from this cost allocation model, including significantly lower costs incurred by the Regulated Utilities for services that are essential and necessary to the provision of high quality water and wastewater utility service. The benefits of this type of shared service model include:

- Savings on labor costs by resource sharing – since most Liberty Water employees are not dedicated to a specific utility, the utilities do not need to hire their own dedicated staff, thus resulting in significant cost savings.

- Four factor allocations allow for utilities to be charged by relative resources and management attention required to operate them. This means customers of smaller utilities do not subsidize costs of larger utilities. Essentially, this allocation methodology allows costs to be allocated based on the relative burdens and costs incurred by individual utilities.

- Because it's scalable, the shared services model allows for increased growth with less than proportional cost increases, meaning the Regulated Utilities can grow without incurring a proportionate or prohibitive increase in the cost of service.

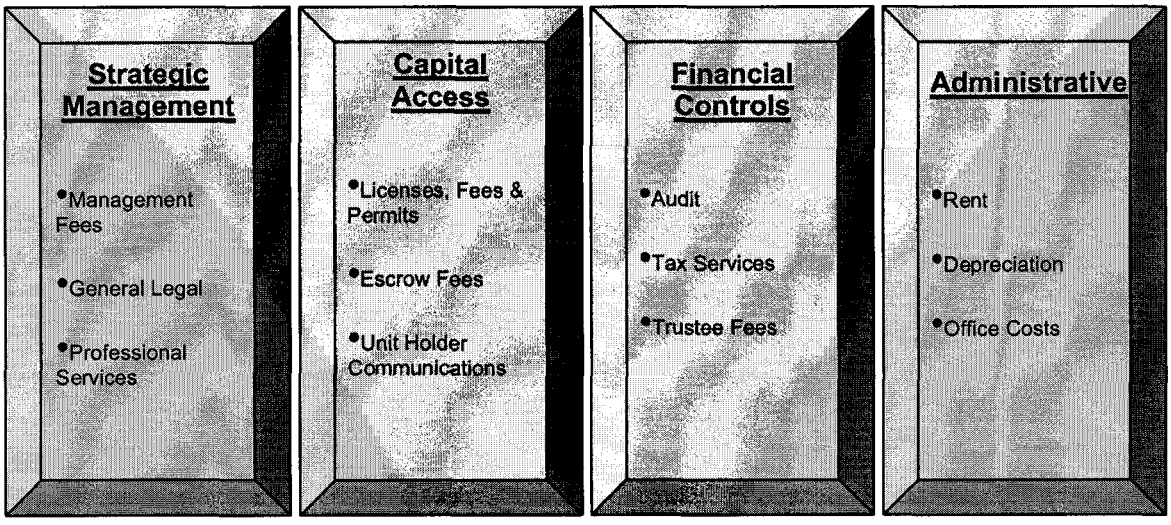
B. APT Services Provided to LPSCO.

Attached as Appendix 3 is an overview of the services and allocations for APT. As noted above, APT is a wholly-owned subsidiary of APIF. APT is integral to APIF's business structure as a publicly traded income fund on the Toronto Stock Exchange. APIF sells units to public investors in order to generate the funding and capital necessary for the Regulated Utilities to provide utility service. APT provides all of the administrative services for APIF and all of APIF's facilities, including strategic management services, access to capital markets, corporate governance, and administration and management of the Regulated Utilities.

The capital and funds obtained from the sale of units in the Income Fund are used by the Regulated Utilities for capital investments. That capital is made available by APT to the Regulated Utilities. The services provided by APT are critical and necessary to the Regulated Utilities because without those services the Regulated Utilities would not have a readily available source of capital funding. Put another way, absent the services provided by APT, the Regulated Utilities would be forced to operate as stand-alone utilities, with resulting higher costs and operating expenses incurred by customers. In addition, the utilities would bare much greater risk due to a potential inability to obtain capital on a stand-alone basis.

The services provided by APT optimize performance of the Regulated Utilities, keeping rates low for customers while ensuring access to capital is available. If the Regulated Utilities did not have access to the services provided by APT, then the Regulated Utilities would be forced to incur associated costs for financing, capital investment, audits, taxes and other similar services on a stand-alone basis, which would substantially increase such costs for each Regulated Utility. It bears emphasis that if the costs incurred by APT are not allocated to LPSCO and the other Regulated Utilities, then APT and APIF will have no choice but to cease providing the capital funding and other services to LPSCO and the other Arizona Regulated Utilities.

The services provided by and the costs incurred by APT for the Regulated Utilities fall into four general categories:



All of these costs incurred by APT are calculated and totaled into the administration Central Office Cost Pool. As noted above, that administration Central Office Cost Pool is then allocated to APIF's electrical facilities and

water/wastewater facilities based on the number of entities involved. In total, APIF owns 46 electric facilities and 17 water/wastewater utilities. Thus, the Central Office Cost Pools is allocated based on facility count with 73.02% (46/63) of the Pool allocated to the electric facilities and 26.98% (17/63) of the Pool allocated to the Regulated Utilities. For example, if the total administration Central Office Cost Pool incurred by APT is $4,000,000, then $1,079,200 (4,000,000 x .2698) in administration Central Office Costs would be allocated to the 17 Regulated Utilities under Liberty Water. The remaining $2,920,800 (73.02%) in administration Central Offices costs would be allocated to the remaining 46 electric facilities owned by APIF.

The allocated administration Central Office Cost Pool for the Regulated Utilities then is allocated to each individual utility by customer count. As noted in attached Appendix 3, LPSCO would be allocated 49% of those costs based on customer count. In our hypothetical example, LPSCO would be allocated $518,016 in costs from APT. The following is a detailed description of each cost component within the Central Office Cost Pool, the necessity of allocating such costs to Regulated Utilities in providing services and the associated benefits to ratepayers.

1. APT Strategic Management Costs

Strategic management decisions are critical for any public utility. The need for strategic management is even more pronounced for APIF as a publicly traded income fund, which depends on access to capital funding through public sales of units in the fund. APIF seeks to hire talented strategic managers that aid in running each facility owned by the fund as efficiently and effectively as possible. This ensures the long term health of each utility and ensures that rates are kept as low as possible without compromising the level of service. It also facilitates each Regulated Utility's access to necessary capital funding at reduced costs. The costs included in Strategic Management Costs fall into the following categories.

MANAGEMENT FEES

Description	Fees which incorporate salaries of senior management staff for strategic management of all APIF facilities. The executives at APT provide the financial and capital funding services necessary for the Regulated Utilities to fund utility operations and growth services.
Allocation Method	Management Fees are charged by APT as a monthly fee which is allocated to the utilities division (26.98%), and then to each individual utility based on customer count.

Ratepayer Benefits	Rate payers avoid the burdens of senior management staff at each utility by sharing of resources between all utilities, resulting in significant savings. These management services also allow Regulated Utilities to have an available source of capital funding for plant and infrastructure in the provision of utility services at a cost cheaper than what such utilities could obtain on their own.
Need for Management Services	APT management services are required in the provision of service by Regulated Utilities because the APT managers oversee utility operations, provide high level approvals for capital and operating budgets, and provide strategic planning services for the utilities. They also develop overall corporate strategies, negotiate contracts, allocate capital among utilities and approve high level expenditures. These management services are required in order for APIF to provide capital funding to individual utilities, without which the utilities could not provide adequate service.

GENERAL LEGAL SERVICES

Description	Legal expenses incurred by APT for general legal matters pertaining to all facilities owned by APIF. These legal services are required in order for APIF to provide capital funding to individual utilities, without which the utilities could not provide adequate service.
Services Provided	These legal services involve legal matters not specific to any single facility, including review of audited financial statements, annual information filings, Sedar filings, review of contracts with credit facilities, incorporation, tax issues of a legal nature, market compliance, and other similar legal costs.
Ratepayer Benefits	General legal costs help ensure that the APIF and the Regulated Utilities remain compliant in all aspects of operations and prevent those entities from being exposed to unnecessary risks. These legal services also allow utilities to have continued access to capital markets available to APIF.
Need for Legal Services	These legal expenses are critical to utility operations because they ensure APIF's status and viability as a publicly traded income fund and allow the utilities to provide service in a way to ensure continued access to strategic management and capital markets. These legal services also shelter APIF and its Regulated Utilities from operational risks.

PROFESSIONAL SERVICES

Description	Professional Services including strategic plan reviews, capital market advisory services, ERP System maintenance, benefits consulting, and other similar professional services.
Ratepayer Benefits	These professional services ensure that APIF's strategic plans and initiatives are completed with the highest degree of care and professionalism, which is necessary for the Regulated Utilities to receive debt and equity funding from capital markets. These services allow the Regulated Utilities to have an available source of capital funding for plant and infrastructure in the provision of utility services.
Need for Services	These costs are required for the provision of service as the strategic plans are filtered down to the individual utility level. In the absence of strategic plans, the utilities would not be investing to ensure the highest level of service is provided, and would also not be able to strive for continued operational improvements to save ratepayers money in the long run. In the absence of these services, unit holders would not invest in utility operations of APIF because the utilities would not incur the necessary costs to ensure that the strategic plans are followed as a condition of such funding.

2. *Access to Capital Markets.*

One of APT's primary functions is to ensure APIF's facilities (i.e., the Regulated Utilities) have access to quality capital. APIF is listed on the Toronto Stock Exchange, a leading financial market. In order to allow the Regulated Utilities to have continued access to those capital markets, APT incurs the following Costs for the benefit of the Utilities. These services and costs are a prerequisite to the Regulated Utilities' continued access to those capital markets.

LICENSE FEES AND PERMITS

Description	Fees incurred by APT to ensure that APIF can participate in the Toronto Stock Exchange. These licensing and permit fees are required in order to sell units on the Toronto Stock Exchange.
Examples	Sedar fees, annual filing fees, licensing fees, etc.
Ratepayer Benefits and Need for Services	The ratepayers and Regulated Utilities have access to capital so long as APIF is able to access capital markets. These license fees allow APIF to sell units on the Toronto Stock Exchange and, in turn, provide funding for utility operations. These license fees incurred by APT are critical to ensure continuing access to capital.

ESCROW FEES

Description	Escrow Fees for payment of dividends to Unit Holders.
Examples	Unit holders invest in APIF, and, in turn, provide capital funding to the Regulated Utilities by buying units. In making those investments, unit holders expect monthly distributions on the units they own. As such, APT incurs escrow fees in paying such monthly payments to unit holders.
Ratepayer Benefits	Escrow Fees are incurred in order to ensure that unit holders of APIF continue to maintain ownership, and that new shareholders are enticed to invest in the Fund. Those new shareholders are the ones truly investing money for new and future projects the utilities undertake. Without them, there is no money for APIF to invest in the utilities.
Need for Services	Escrow Fees are incurred to ensure continued access to capital and ensure continuing and ongoing investments by unit holders. Without such escrow fees, the Regulated Utilities would not have a readily available source of capital funding.

UNIT HOLDER COMMUNICATIONS

Description	Unit holder communication costs are incurred to comply with filing and regulatory requirements of the Toronto Stock Exchange and meet the expectations of shareholders.
Examples	News releases, unit holder conference calls, etc.
Ratepayer Benefits	Unit holder communications costs are incurred by APT for the benefit of the Regulated Utilities to ensure that unit holders are fully informed of all operational and strategic decisions. These disclosures are required by law to ensure a level of integrity and rigor is applied to the management of the Regulated Utilities.
Need for Services	In the absence of unit holder communication costs, investors would not invest in the units of APIF, and in turn, APIF would not have capital to invest in the utilities. Without such communications services, the Regulated Utilities would not have a readily available source of capital funding.

3. APT Financial Controls.

Financial Control costs incurred by APT include costs for audit services, tax services, and trustee fees. These costs are necessary to ensure that the Regulated Utilities are operated in a manner that meets audit standards and

regulatory requirements have strong financial and operational controls, and that financial transactions are recorded accurately and prudently. Without these services, the Regulated Utilities would not have a readily available source of capital funding.

AUDIT FEES

Description	Audits are done on a yearly basis and reviews are performed quarterly on all facilities owned by APIF on an aggregate level.
Examples	Audits are provided by KPMG.
Ratepayer Benefits	Audits benefit ratepayers by verifying and ensuring that all financial transactions are recorded prudently. Further, financial transactions are scrutinized to ensure that operations are run prudently. Audit fees also ensure that access to capital is available as it is a requirement of financial markets. The aggregate audit again benefits the Regulated Utilities by allowing continued access to capital markets and unit holders.
Need for Services	These corporate parent level audits reduce the cost of the stand-alone audits significantly for utilities such as LSPSCO, which must perform its own separate audits. Where stand-alone audits are not required, rate payers receive benefits of additional financial rigor, as well as access to capital, and financial soundness checks by third parties. Finally, during rate cases, the existence of audits provides Staff and intervenors additional reliance on the company records, thus reducing overall rate case costs. The aggregate audit is necessary for the Regulated Utilities to have continued access to capital markets and unit holders.

TAX SERVICES

Description	Tax Services expenses are incurred to ensure prudent tax filing, planning and management.
Examples	Taxes are paid on behalf of the Regulated Utilities at the parent level as part of a consolidated United States tax return. Tax services are provided by third parties, including KPMG for tax planning and filing.
Ratepayer Benefits	Tax services ensure that each utility maintains tax compliance as the parent maintains compliance on its behalf. The shared cost of such tax services also are lower than the costs of stand-alone tax services, which would otherwise be incurred by the Regulated Utilities.

Need for Services	Tax services are required as each of the utilities would be required to pay taxes on a stand-alone basis. Filing tax returns on a consolidated basis benefits each Regulated Utility by reducing the costs that otherwise would be incurred by such Utility in filing its own separate tax return.

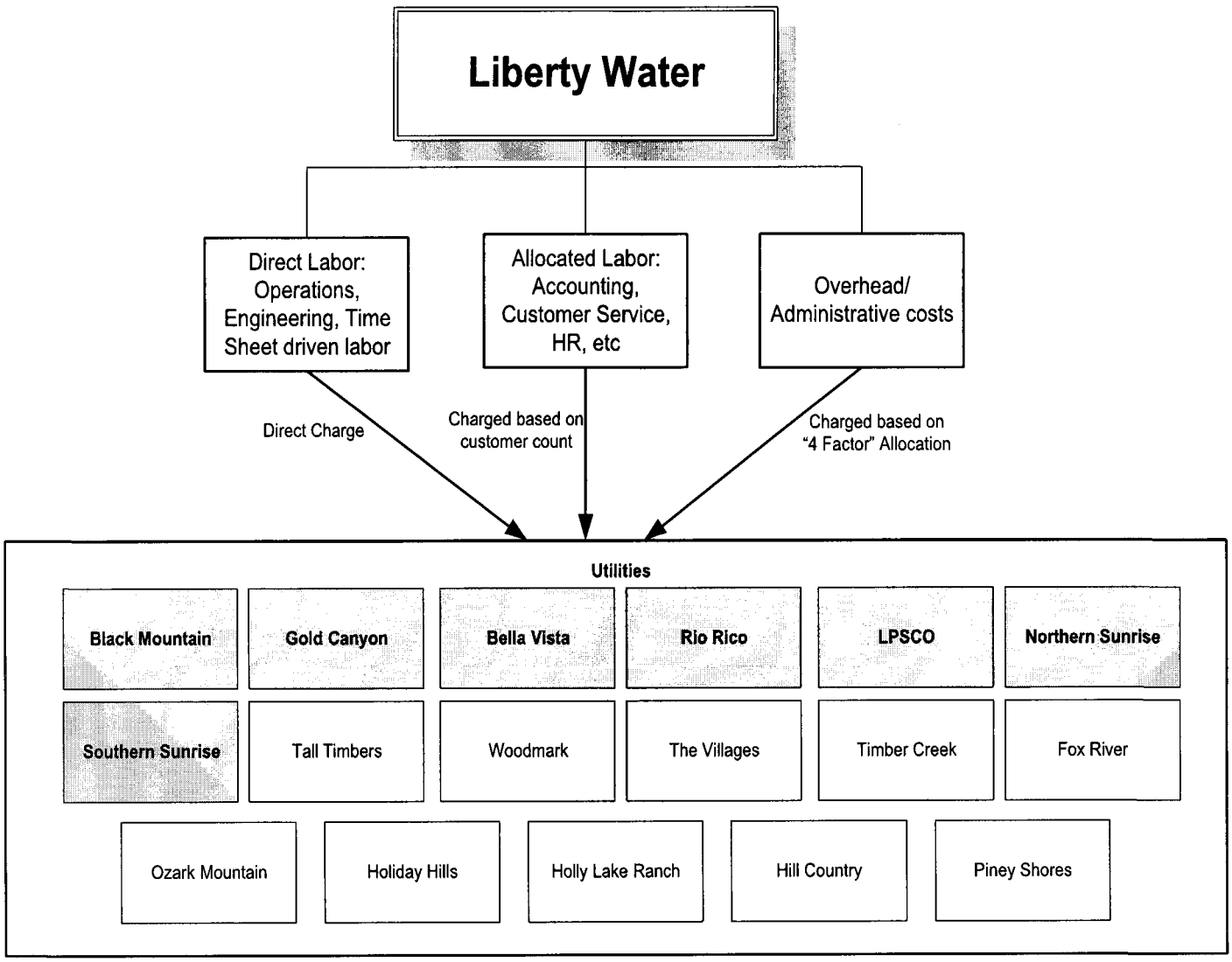
TRUSTEE FEES

Description	Trustee Fees are paid to the Board of Trustees, which meets on a quarterly basis.
Ratepayer Benefits	Trustees act in the same manner as Boards of Directors. They have a duty to shareholders to ensure that they will act in their best interests. This means that they must act in a way that optimizes the operations of the utilities. Trustees also approve the strategic direction of the company, provide corporate governance, and oversee the strategic direction and health of the Income Fund, and in turn the Regulated Utilities owned by APIF in order to ensure long term sustainability. In summary, the trustees help to ensure financial rigor, significant controls, and ultimately keeps rates low.
Need for Services	Trustees are required to oversee the operations of the utilities collectively. They also ensure on going access to capital and are a fundamental requirement for a publicly traded company and its affiliates.

4. APT Administrative Costs.

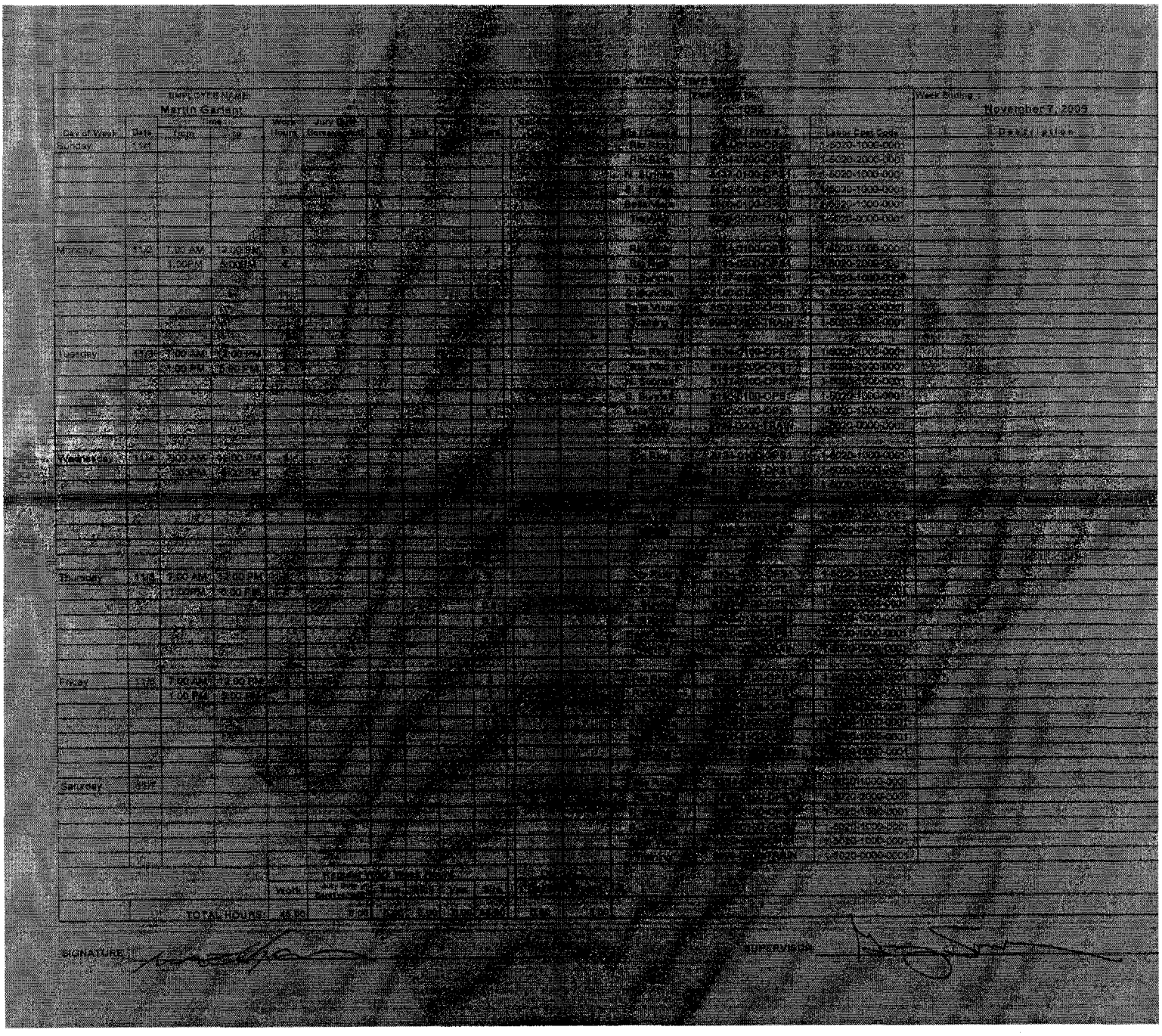
Finally, administrative costs incurred by APT such as rent, depreciation of office furniture, depreciation of computers, and general office costs are required to house all the services mentioned above. Without these administrative costs, the employees of APT could not perform their work and provide the necessary services to the Regulated Utilities.

Appendix 1: Overview of Liberty Water Allocation Methodology



Utilities located in Arizona

Appendix 2: Sample Time Sheet of Liberty Water Employee



EMPLOYEE NAME: Martin Garlent

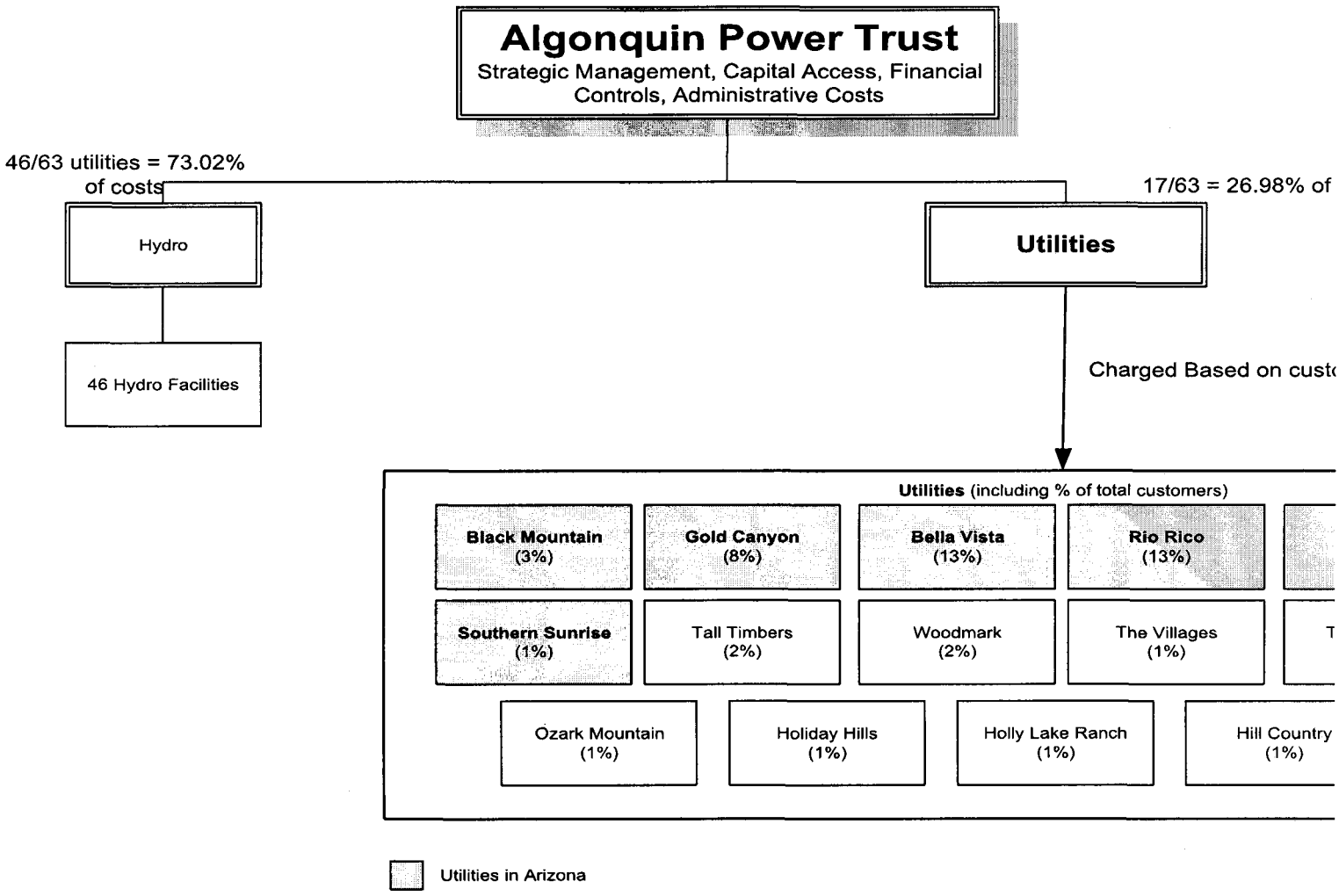
Week Ending: November 7, 2009

Day of Week	Date	Time from	Time to	Work Hours	Jury Duty Bereavement							Labor Cost Code	Description
Sunday	11/1											1-5020-1000-0001	
												1-5020-2000-0001	
												1-5020-1000-0001	
												1-5020-1000-0001	
												1-5020-1000-0001	
												1-5020-0000-0001	
Monday	11/2	7:00 AM	12:00 PM	5								1-5020-1000-0001	
		1:00PM	5:00PM	4								1-5020-2000-0001	
												1-5020-1000-0001	
												1-5020-1000-0001	
												1-5020-1000-0001	
												1-5020-0000-0001	
Tuesday	11/3	7:00 AM	12:00 PM	5								1-5020-1000-0001	
		1:00 PM	5:00 PM	4								1-5020-2000-0001	
												1-5020-1000-0001	
												1-5020-1000-0001	
												1-5020-1000-0001	
												1-5020-0000-0001	
Wednesday	11/4	7:00 AM	12:00 PM	5								1-5020-1000-0001	
		1:00PM	5:00 PM	4								1-5020-2000-0001	
												1-5020-1000-0001	
												1-5020-1000-0001	
												1-5020-1000-0001	
												1-5020-0000-0001	
Thursday	11/5	7:00 AM	12:00 PM	5								1-5020-1000-0001	
		1:00PM	5:00 PM	4								1-5020-2000-0001	
												1-5020-1000-0001	
												1-5020-1000-0001	
												1-5020-1000-0001	
												1-5020-0000-0001	
Friday	11/6	7:00 AM	12:00 PM	5								1-5020-1000-0001	
		1:00 PM	5:00 PM	4								1-5020-2000-0001	
												1-5020-1000-0001	
												1-5020-1000-0001	
												1-5020-1000-0001	
												1-5020-0000-0001	
Saturday	11/7											1-5020-1000-0001	
												1-5020-2000-0001	
												1-5020-1000-0001	
												1-5020-1000-0001	
												1-5020-1000-0001	
												1-5020-0000-0001	
				Work									
		TOTAL HOURS:		45.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		

SIGNATURE

SUPERVISOR

Appendix 3: Overview of APT Cost Allocations:



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BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION OF LITCHFIELD PARK SERVICE COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANTS AND PROPERTY AND FOR INCREASES IN ITS WASTEWATER RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.	DOCKET NO: SW-01428A-09-0103
IN THE MATTER OF THE APPLICATION OF LITCHFIELD PARK SERVICE COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANTS AND PROPERTY AND FOR INCREASES IN ITS WATER RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.	DOCKET NO: W-01427A-09-0104
IN THE MATTER OF THE APPLICATION OF LITCHFIELD PARK SERVICE COMPANY, AN ARIZONA CORPORATION, FOR AUTHORITY (1) TO ISSUE EVIDENCE OF INDEBTEDNESS IN AN AMOUNT NOT TO EXCEED $1,755,000 IN CONNECTION WITH (A) THE CONSTRUCTION OF TWO RECHARGE WELL INFRASTRUCTURE IMPROVEMENTS AND (2) TO ENCUMBER ITS REAL PROPERTY AND PLANT AS SECURITY FOR SUCH INDEBTEDNESS.	DOCKET NO. W-01427A-09-0116

IN THE MATTER OF THE APPLICATION OF LITCHFIELD PARK SERVICE COMPANY, AN ARIZONA CORPORATION, FOR AUTHORITY (1) TO ISSUE EVIDENCE OF INDEBTEDNESS IN AN AMOUNT NOT TO EXCEED $1,170,000 IN CONNECTION WITH (A) THE CONSTRUCTION OF ONE 200 KW ROOF MOUNTED SOLAR GENERATOR INFRASTRUCTURE IMPROVEMENTS AND (2) TO ENCUMBER ITS REAL PROPERTY AND PLANT AS SECURITY FOR SUCH INDEBTEDNESS.	DOCKET NO. W-01427A-09-0120

REJOINDER TESTIMONY

OF

BRIAN MCBRIDE

(Phase 1 – Determination of Rate Base and Rates)

December 29, 2009

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II. RESPONSES TO RUCO'S SURREBUTTAL TESTIMONY 1

2266285.2/60199.009

I. INTRODUCTION AND QUALIFICATIONS

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Brian McBride. My business address is 6100 W. Gila Springs Place, Suite 7, Chandler, AZ 85226.

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

A. I am providing this rejoinder testimony on behalf of Litchfield Park Service Company ("LPSCO" or "Company").

Q. DID YOU PREVIOUSLY PROVIDE TESTIMONY ON BEHALF OF THE COMPANY IN THIS CASE?

A. Yes, my rebuttal testimony was filed on December 2, 2009.

Q. WHAT IS THE PURPOSE OF YOUR REJOINDER TESTIMONY?

A. In my rejoinder testimony, I respond to the surrebuttal testimony of Matt Rowell submitted by RUCO relating to alleged design errors at the Palm Valley Water Reclamation Facility ("PVWRF"). Specifically, I have reviewed pages 13-17 of Mr. Rowell's surrebuttal testimony.

II. RESPONSES TO RUCO'S SURREBUTTAL TESTIMONY.

Q. ON PAGE 14 OF HIS SURREBUTTAL TESTIMONY, MR. ROWELL SUGGESTS THAT THE "LITCHFIELD PARK SERVICE COMPANY WATER RECLAMATION FACILITIES STRATEGIC PLANNING AND EVALUATION REPORT" SPEAKS FOR ITSELF RELATING TO DESIGN ERRORS AT PVWRF AS ORIGINALLY CONSTRUCTION. DO YOU AGREE?

A. I agree in the sense that the Evaluation Report does **not** state that there were any design errors in the PVWRF as originally engineered and built in 2001-2002. As stated in my rebuttal testimony, and in the Report itself, that report focuses on operational challenges with the plant and necessary upgrades to the plant to

optimize plant operations, treatment, reliability and service. The plant as originally engineered in 2001-2002 met applicable engineering and regulatory requirements. In no uncertain terms, Mr. Rowell mischaracterizes the Evaluation Report.

Q. ON PAGE 15 OF HIS SURREBUTTAL, MR. ROWELL ALSO STATES THAT "NEITHER MR. MCBRIDE NOR MR. SORENSEN DISCUSS [SIC] WHAT THE SOURCE OF THOSE OPERATIONAL CHALLENGES WAS. IF THE OPERATIONAL CHALLENGES DID NOT RESULT FROM DESIGN AND CONSTRUCTION PROBLEMS WHAT DID THEY RESULT FROM?" WHAT IS YOUR RESPONSE?

A. To be honest, I find it hard to believe that Mr. Rowell and his client RUCO can put forth these arguments with a straight face. The operational challenges presented at PVWRF were not the result of design errors or construction errors at the plant as originally constructed. Nor were the 2007/2008 upgrades caused by design or construction errors.

Rather, as I stated in my rebuttal testimony, those 2007/2008 upgrades increased the plant's reliability and redundancy capabilities in order to optimize plant operations and service. Specifically, those 2007/2008 upgrades resolved various operational challenges with the plant that had arisen since commissioning in 2002. It is a regular occurrence in the industry that a wastewater treatment plant will be constructed in accordance with approved and appropriate engineering plans, but the plant will face operational challenges as the facility is operated over several years. Perhaps the following analogy will explain the situation.

Let's say I make a deal with my 18-year-old son that if he uses his savings to buy his own car, I will pay for the gas, maintenance, and repairs if he keeps it until he graduates college. He then finds a used truck he wants to buy. Being a smart dad, I have it checked out by a mechanic who says everything is in good

condition and it runs fine. A few months later, my son changes the tires in favor of new tires, which cost $480. He then hands me a bill for $480 for four new tires. My son explains that once he started driving the truck he found that the tires that came with the truck were too loud and hard to drive on his 50-minute highway commute to college, and that he had to stop for gas twice a week because he was getting 50% less mpg than if the truck had different tires. Although the original tires were workable, once he started driving the car he realized that based on a 50 minute highway commute to college, he could upgrade the ones he had, have a more reliable and easier riding vehicle and save money in the long run. It wouldn't be fair or reasonable for me to say that my son should have known the tires were not going to work out and, therefore, $480 should be added to his original cost of the car.

This analogy illustrates that operational issues and in turn, optimization and cost saving alternatives arose only after my son has driven the truck for a period of time. The same holds true for the PVWRF. In the case of the PVWRF, LSPCO encountered various operational issues that came to light after the plant had been in operation. By the term "operational issues," I was referring to the fact that LPSCO retained MES to engineer certain upgrades and improvements to the plant in order to optimize operations and wastewater service to customers.

Q. WERE THE 2007/2008 UPGRADES TO THE PVWRF CAUSED BY DESIGN ERRORS IN THE ORIGINAL PLANT?

A. No, the upgrades were made for the reasons stated above and in my rebuttal testimony. Mr. Rowell's speculation and suggestions to the contrary are not supported by any facts.

Q. ON PAGE 15 OF HIS SURREBUTTAL, MR. ROWELL CLAIMS THAT YOU AND MR. SORENSEN HAVE FAILED TO CLARIFY PLANT

"ADDITIONS" FROM PLANT "CONVERSIONS." MR. ROWELL ALSO SAYS "IT IS UNCLEAR WHY PLANT ADDITIONS WERE NECESSARY." CAN YOU CLARIFY THOSE POINTS FOR MR. ROWELL?

A. From my perspective, Mr. Rowell's points are nothing more than semantics. Essentially, LPSCO added to the plant by converting certain portions of the plant. Specifically, in 2007 and 2008, LPSCO made various improvements to the PVWRF, including converting an existing aerobic digestion tank to a third SBR tank and converting the anoxic tanks to an equalization basin. Those 2007/2008 upgrades resolved various operational challenges with the plant that had arisen since commissioning in 2002. Again, those upgrades were necessary to optimize treatment, operations, reliability and redundancy capabilities for the plant. Those conversions were a cost-effective way to make the plant operate more reliably. That is why I keep using the term "optimize."

Q. ON PAGE 16 OF HIS SURREBUTTAL, MR. ROWELL ALSO SUGGESTS THAT THE 2007/2008 UPGRADES WERE UNDERTAKEN TO "INCREASE THE PLANT CAPACITY BY 1.0 MILLION GALLONS PER DAY." IS THAT ACCURATE?

A. No, that is not correct. The 2007/2008 upgrades did not increase the capacity of the PVWRF. The rated treatment capacity of the plant, with the upgrades is 4.1 mgd. That hasn't changed. It appears that Mr. Rowell and RUCO simply don't understand what it means for a wastewater facility to be improved to increase reliability and redundancy and thereby decrease operations, maintenance, and crisis management costs. For the PVWRF, LPSCO added a third SBR reactor, which increased the plant's redundant SBR tank capacity for use during peak flows and maintenance of the two main SBR reactors. Adding that tank capacity was

necessary to increase operational reliability and redundancies, not to increase the overall treatment capacity of the PVWRF.

Q. DOES THIS CONCLUDE YOUR REJOINDER TESTIMONY?

A. Yes, although I do wish to note that I was engaged by LPSCO to address one specific issue in this case; my silence on any other plant or engineering issue does not necessarily suggest my agreement. Instead, I just have not evaluated any issues beyond those I was specifically retained to address.

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IN THE MATTER OF THE APPLICATION OF LITCHFIELD PARK SERVICE COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANTS AND PROPERTY AND FOR INCREASES IN ITS WASTEWATER RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.	DOCKET NO: SW-01428A-09-0103
IN THE MATTER OF THE APPLICATION OF LITCHFIELD PARK SERVICE COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANTS AND PROPERTY AND FOR INCREASES IN ITS WATER RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.	DOCKET NO: W-01427A-09-0104
IN THE MATTER OF THE APPLICATION OF LITCHFIELD PARK SERVICE COMPANY, AN ARIZONA CORPORATION, FOR AUTHORITY (1) TO ISSUE EVIDENCE OF INDEBTEDNESS IN AN AMOUNT NOT TO EXCEED $1,755,000 IN CONNECTION WITH (A) THE CONSTRUCTION OF TWO RECHARGE WELL INFRASTRUCTURE IMPROVEMENTS AND (2) TO ENCUMBER ITS REAL PROPERTY AND PLANT AS SECURITY FOR SUCH INDEBTEDNESS.	DOCKET NO. W-01427A-09-0116

IN THE MATTER OF THE APPLICATION OF LITCHFIELD PARK SERVICE COMPANY, AN ARIZONA CORPORATION, FOR AUTHORITY (1) TO ISSUE EVIDENCE OF INDEBTEDNESS IN AN AMOUNT NOT TO EXCEED $1,170,000 IN CONNECTION WITH (A) THE CONSTRUCTION OF ONE 200 KW ROOF MOUNTED SOLAR GENERATOR INFRASTRUCTURE IMPROVEMENTS AND (2) TO ENCUMBER ITS REAL PROPERTY AND PLANT AS SECURITY FOR SUCH INDEBTEDNESS.	DOCKET NO. W-01427A-09-0120

REJOINDER TESTIMONY

of

THOMAS J. BOURASSA

on

RATE BASE, INCOME STATEMENT AND RATE DESIGN

(Phase 1 – Determination of Rate Base and Rates)

December 29, 2009

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I. INTRODUCTION AND QUALIFICATIONS

Q. PLEASE STATE YOUR NAME AND ADDRESS.

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

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

A. On behalf of the applicant, Litchfield Park Service Company ("LPSCO" or the "Company").

Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY IN THE INSTANT CASE?

A. Yes, my direct testimony was submitted in support of the initial application in this docket. There were two volumes, one addressing rate base, income statement and rate design, and the other addressing cost of capital. My rebuttal testimony was also submitted in two separate volumes. Each of those testimonies included my associated schedules.

Q. WHAT IS THE PURPOSE OF THIS REJOINDER TESTIMONY?

A. I will provide rejoinder testimony in response to the surrebuttal filings by Staff and RUCO. More specifically, this first volume of my rejoinder testimony relates to rate base, income statement and rate design for LPSCO. I will also address the testimony by the City of Litchfield Park ("City"). In a second, separate volume of my testimony, I will also provide responses to Staff and RUCO on the cost of capital and rate of return applied to the fair value rate base, and the determination of operating income. None of the other parties has addressed cost of capital in its testimony.

II. SUMMARY OF LPSCO'S REJOINDER POSITION

Q. WHAT ARE THE REVENUE INCREASES FOR THE WATER AND WASTEWATER DIVISIONS THAT THE COMPANY IS PROPOSING IN THIS REJOINDER TESTIMONY?

A. For the water division the Company is proposing a total revenue requirement of $13,707,268, which constitutes an increase in revenues of $6,828,558, or 99.27% over adjusted test year revenues. For the wastewater division, the Company is proposing a total revenue requirement of $11,183,500 which constitutes an increase in revenues of $4,827,126, or 75.94% over adjusted test year revenues.

Q. HOW DO THESE COMPARE WITH THE COMPANY'S REBUTTAL FILING?

A. They are both higher. In the rebuttal filing for the water division, the Company requested a total revenue requirement of $13,637,738, which required an increase in revenues of $6,759,028, or 98.26%. In the rebuttal filing for the wastewater division, the Company requested a total revenue requirement of $11,132,993, which required an increase in revenues of $4,776,618, or 75.15%.

Q. WHY IS THE REQUESTED REVENUE INCREASE HIGHER IN LPSCO'S REJOINDER FILING FOR BOTH DIVISIONS?

A. In its rejoinder filing, LPSCO has updated its deferred income tax ("DIT") computation. The DIT liability balance is now lower. The update to DIT results in higher rate bases for both divisions and the higher revenue increases for both divisions are a direct result of the higher rate bases. I will discuss the updated DIT computation later in my testimony.

Q. HAS THE COMPANY MODIFIED ANY OF ITS RATE BASE RECOMMENDATIONS BASED ON THE SURREBUTTAL TESTIMONIES OF THE OTHER PARTIES?

A. With the exception for a small correction to the sewer division rate base, no. I will discuss this correction later in my testimony. As you will recall, in the Company's rebuttal filing the Company adopted a number of adjustments recommended by Staff and/or RUCO, as well as proposed a number of adjustments of its own based on known and measurable changes to the test year. As a result, LPSCO, Staff, and RUCO are now in agreement on a number of issues. I will discuss the remaining differences between the parties, but from a numbers perspective, the biggest issues are RUCO's adjustment to capitalized affiliate labor, RUCO's $3.5 million adjustment to rate base and Staff and RUCO's adjustment to the Central Cost Allocation. In addition, the other parties' rate designs raise significant concerns.

Q. WHAT ARE THE PROPOSED REVENUE REQUIREMENTS AND RATE INCREASES FOR THE COMPANY, STAFF, AND RUCO AT THIS STAGE OF THE PROCEEDING?

A. For the water division, the proposed revenue requirements and proposed rate increases are as follows:

	Revenue Requirement	Revenue Incr.	% Increase
Company-Rebuttal	$13,637,738	$7,759,028	98.26%
Staff - Surrebuttal	$11,781,312	$4,902,602	71.27%
RUCO - Surrebuttal	$11,555,325	$4,676,615	67.99%
Company Rejoinder	$13,691,231	$6,812,522	99.04%

For the wastewater division, the proposed revenue requirements and proposed rate increases are as follows:

	Revenue Requirement	Revenue Incr.	% Increase
Company-Rebuttal	$11,132,993	$4,776,618	75.15%
Staff - Surrebuttal	$ 9,398,625	$3,042,251	47.86%
RUCO - Surrebuttal	$ 8,741,497	$2,382,310	37.46%

Company Rejoinder	$11,171,515	$4,815,141	75.75%

III. RATE BASE

A. Water Division Rate Base

Q. WOULD YOU PLEASE IDENTIFY THE PARTIES' RESPECTIVE RATE BASE RECOMMENDATIONS FOR THE WATER DIVISION?

A. Yes, for the water division the rate bases proposed by the parties proposing a rate base in the case, the Company, Staff and RUCO, are as follows:

	OCRB	FVRB
Company-Rebuttal	$37,502,569	$37,502,569
Staff – Surrebuttal	$37,174,137	$37,174,137
RUCO - Surrebuttal	$36,946,801	$36,946,801
Company Rejoinder	$37,762,676	$37,762,676

None of the other parties has made a specific proposal regarding rate base, revenues or expenses.

1. Plant-in-service.

Q. WOULD YOU PLEASE DISCUSS THE COMPANY'S PROPOSED ORIGINAL COST RATE BASE FOR THE WATER DIVISION, AND IDENTIFY ANY ADDITIONAL ADJUSTMENTS YOU HAVE ACCEPTED FROM STAFF AND/OR RUCO?

A. The Company's rejoinder rate base adjustments to the water division OCRB are detailed on rejoinder schedules B-2, pages 3 through 6. Rejoinder Schedule B-2, page 1 and 2, summarize the Company's proposed adjustments and the rejoinder OCRB. I have previously discussed the Company's proposed plant-in-service ("PIS") adjustments and will not repeat them here.[1] The Company is not proposing

[1] Rebuttal Testimony of Thomas J. Bourassa (Rate Base, Income Statement and Rate Design - Phase I Determination of Rate Base and Rates) ("Bourassa Rb.") at 6-8.

any changes to its previously proposed adjustments; nor is it recommending any additional adjustments to rate base at this stage of the proceeding.

Q. WHAT ARE THE REMAINING DIFFERENCES BETWEEN STAFF, RUCO AND THE COMPANY FOR CAPITALIZED EXPENSES?

A. RUCO proposes to capitalize expenses totaling $19,989.[2] The detail of RUCO's capitalized expense can be found in RUCO's operating income adjustment number 4a.[3] The Company and RUCO are now in full agreement as to the amount of capitalized test year expenses.[4]

Staff agrees that amounts related to clocks for well site of $1,114 and a distribution system evaluation of $8,600 should be capitalized.[5] Additionally, however, the Company proposes to capitalize a well spacing evaluation of $1,380, well rehabilitation costs of $4,072, and a well impact analysis of $4,823 for which Staff disagrees. It is unclear why Staff disagrees with the Company proposed additional capitalized expenses as Staff has not provided an explanation.

Q. ARE STAFF AND RUCO NOW IN AGREEMENT WITH THE COMPANY ON THE ADDITION OF $21,000 OF ORGANIZATIONAL COSTS?

A. Yes.[6] The $21,000 is for organization costs approved in the last decision and was proposed by RUCO in its direct filing.[7]

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[2] *See* Surrebuttal testimony of Sonn S. Rowell ("S Rowell Sb.") at 5; RUCO Water Surrebuttal Schedule 3, page 4 of 4, Adjustment Number 23.

[3] *See* RUCO Water Surrebuttal Schedule 4, page 3 of 9, Adjustment Number 4a.

[4] *See* Company Water Rejoinder Schedule B-2, page 3.3.

[5] *See* Staff Surrebuttal Schedule JMM-W-7; Surrebuttal Testimony of Jeffrey M. Michlik for Water Division ("Michlik W Sb.") at 4.

[6] *See* RUCO Water Surrebuttal Schedule 3, page 2 of 4, Adjustment Number 16; Staff Surrebuttal Schedule JMM-W7; Company Water Rejoinder Schedule B-2, page 3.

[7] *See* Direct Testimony of Sonn S. Rowell ("S Rowell Dt.") at 6.

Q. ARE STAFF AND RUCO NOW IN AGREEMENT WITH THE COMPANY ON THE REMOVAL OF $7,072 OF OFFICE RENT FROM PLANT-IN-SERVICE?

A. Yes.[8]

Q. DOES THE COMPANY CONTINUE TO DISAGREE WITH RUCO ON THE REMOVAL CAPITALIZED REPAIRS FROM PLANT-IN-SERVICE?

A. Yes. RUCO asserts that several repair invoices should be expensed rather than capitalized. These invoices include $8,700 of 2001 repairs (two $3,000 invoices and one $2,700 invoice)[9], $4,170 of 2002 repairs (two invoices from Yahweh Contracting for $2,085)[10], $1,391 of 2004 repairs (one invoice from Pyramid West Contracting for $1391)[11], $26,648 of 2005 repairs (several invoices from Ram Pipelines totaling $26,648)[12], and $3,227 of 2006 repairs (one invoice from Yahweh Contracting for $2,450 and one invoice from Ram pipelines for $777)[13], and $400 of 2003 repairs (one invoice from MS Hernandez Contracting).[14] As I have testified, repairs that extend the life of plant and/or provide benefits of more than one year should be capitalized.[15] The costs associated with the work on these invoices meet those criteria.

Q. HAS STAFF PROPOSED A SIMILAR ADJUSTMENT?

A. No.

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[8] *See* RUCO Water Surrebuttal Schedule 3, page 2 of 4, Adjustment Number 1; Staff Surrebuttal Schedule JMM-W7; Company Water Rejoinder Schedule B-2, page 3.

[9] S Rowell Dt. at 6; RUCO Water Surrebuttal Schedule 3, page 3 of 4, Adjustment Number 15.

[10] *See* RUCO Water Surrebuttal Schedule 3, page 3 of 4, Adjustment Number 16.

[11] *See* RUCO Water Surrebuttal Schedule 3, page 4 of 4, Adjustment Number 18.

[12] *See* RUCO Water Surrebuttal Schedule 3, page 4 of 4, Adjustment Number 19.

[13] *See* RUCO Water Surrebuttal Schedule 3, page 4 of 4, Adjustment Number 20.

[14] *See* RUCO Water Surrebuttal Schedule 3, page 4 of 4, Adjustment Number 22.

[15] Bourassa Rb. at 17.

Q. PLEASE COMMENT ON RUCO'S PROPOSAL TO REMOVE COSTS FOR UNSUPPORTED PLANT.

A. RUCO proposes to remove $242,119 from Structures and Improvements, supposedly due to a lack of documentation for a 2004 journal entry and $7,020 for an unsupported amount from Pyramid West.[16] RUCO also proposes to remove $96,170 for Land and Land Rights.[17] I have examined the supporting detail for the 2004 journal entry of $242,119 that was provided to the parties in data response JMM 1.52 and it is complete.[18] As such, it is difficult to understand RUCO's position on this item.

I have also examined the documentation for the $7,019.58 amount for Pyramid West. I find that the general ledger entries and payment information reflect the $7,019.58 amount, and that the amount is consistent with other entries for Pyramid West, an amount no party argues is unreasonable. There is no basis to remove it under those circumstances.[19]

Finally, I reviewed the documentation for the $96,170 RUCO proposes to remove from Land and Land Rights. The $96,170 is made up of $27,040 of Algonquin affiliate labor, $40,013 of New Spring affiliate labor, $9,000 of rent, and $20,117 of accruals. I find that the affiliate labor costs are related to permitting and engineering, the rent was to be applied to the purchase price of the land, and the accruals (supported by invoices) are for affiliate labor and non-affiliate services related to permitting and engineering. The Company believes these are legitimate costs related to land and land rights and I agree.

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[16] *See* RUCO Water Surrebuttal Schedule 3, page 3 of 4, Adjustment Number 18.

[17] *See* RUCO Water Surrebuttal Schedule 3, page 2 of 4, Adjustment Number 8.

[18] *See* Company response to Staff data request JMM 1.52, attached hereto as **Exhibit TJB-RJ1**.

[19] An invoice in the amount of roughly $4100 cold not be located, however, the other indicia of cost are more than adequate, especially given that no party argues the costs are unreasonable.

Q. DOES RUCO CONTINUE TO PROPOSE TO EXCLUDE ALL CAPITALIZED AFFILIATE LABOR?

A. Yes.[20] The Company continues to disagree with RUCO's proposal. I have previously testified to the Company's position on this issue and will not repeat that testimony here.[21]

Q. PLEASE RESPOND THE MS. ROWELL'S COMMENT THAT A WORK PAPER FILE ON AFFILIATE LABOR WITH OUT BACK-UP INFORMATION IS NOT PROPER ACCOUNTING?

A. Frankly, I am a bit perplexed. The information contained in the work paper file came from the Company's payroll and job costing system and included the date, employee name, hours, rate, project and job number, project name, and NARUC account. The detail comprised over 14,000 records. The Company did not provide any additional information because of the voluminous nature of the transactions. But, more importantly, RUCO never asked for additional information.

Q. DOES STAFF PROPOSE A SIMILAR ADJUSTMENT TO REMOVE AFFILIATE LABOR?

A. No.

2. Accumulated Depreciation.

Q. PLEASE EXPLAIN YOUR ADJUSTMENTS TO ACCUMULATED DEPRECIATION.

A. Rebuttal B-2 adjustment 2, as summarized on Rebuttal Schedule B-2, page 2, consists of three adjustments labeled as "A," "B," and "C" on Rebuttal Schedule B-2, page 4. I have previously discussed the Company's proposed accumulated

[20] S Rowell Sb. at 6; RUCO Water Surrebuttal Schedule 3, page 3 of 4, Adjustment Numbers 10-14.

[21] Bourassa Rb. at 13-15.

depreciation adjustments and will not repeat them here.[22] The Company is not proposing any changes to its previously proposed adjustments, nor is it recommending any additional adjustments at this stage of the proceeding.

Q. DOES STAFF NOW TREAT THE REMOVAL OF THE BOOSTER STATION AS A RETIREMENT?

A. Yes.[23] All the parties agree to remove $78,879 of accumulated depreciation for the booster station retirement.[24]

Q. PLEASE EXPLAIN THE REMAINING DIFFERENCES BETWEEN THE PARITIES WITH RESPECT TO ACCUMULATED DEPRECIATION.

A. The remaining differences between the parties with respect to accumulated depreciation are primarily due to differences in the PIS adjustments discussed previously.

3. Deferred Income Taxes (DIT)

Q. HAS THE COMPANY PROPOSED A REJOINDER ADJUSTMENT TO DEFERRED INCOME TAXES FOR THE WATER DIVISION?

A. Yes. In rejoinder B-2 adjustment 3, as shown on Schedule B-2, page 2, the Company's DIT liability is decreased by $78,421 to $188,053. The Company proposed DIT reflects the Company's rejoinder proposed changes to PIS, accumulated depreciation, AIAC and CIAC. The details of the Company's rejoinder proposed DIT adjustment is shown on Rejoinder Schedule B-2, page 5. As in the rebuttal filing, the rejoinder computation of DIT starts with the tax value

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[22] Bourassa Rb. at 8-9.

[23] Michlik W Sb. at 4; Staff Surrebuttal Schedule JMM-W8.

[24] *See* RUCO Water Surrebuttal Schedule 2, page 2 of 4. Line 19 reflects a previously recorded retirement of $6,100 plus the $78,879 for the booster station. The total accumulated depreciation reduction as shown is $84,979 ($6,100 plus $78,979); Company Water Rejoinder Schedule B-2, page 3.

at December 31, 2008 and is adjusted to reflect the tax value of PIS at September 30, 2008.

Q. HAVE YOU UPDATED THE APPROACH TO ESTIMATING THE TAX VALUE OF ASSETS AT THE END OF THE TEST YEAR FROM THE REBUTTAL FILING?

A. Yes. My rebuttal computation was incomplete.[25] In particular, I neglected to incorporate prior year tax depreciation and reflect the Company's proposed changes to PIS in the instant case, including adjustments for capitalized expenses and the removal of affiliate profit. I also identified the book versus tax differences for PIS through the end of the test year taking into consideration recorded AIAC and CIAC.

Q. HAVE STAFF OR RUCO PROPOSED CHANGES TO THE COMPANY'S DEFERRED INCOME TAXES?

A. Staff adopted the Company's proposed rebuttal DIT of $448,160, but has not had an opportunity to review the Company's rejoinder computation.[26] For this reason, Mr. Michlik testifies that while Staff agrees with the Company's methodology, Staff is still reviewing the DIT computation.[27]

RUCO prepared a DIT computation of its own totaling $446,540.[28] However, RUCO computation is seriously flawed in several respects. First, RUCO computes deferred income taxes through December 31, 2006, rather than through the end of the test year (September 30, 2008). Second, RUCO does not adjust the tax value for its proposed adjustments to PIS. Third, RUCO does not identify all

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[25] *See* Company Water Rebuttal Schedule B-2, page 5.

[26] Staff Surrebuttal Schedule JMM-W10.

[27] Michlik W Sb. at 6.

[28] S Rowell Sb. at 4; RUCO Water Surrebuttal Schedule 2, pages 1-4.

differences between the tax and book basis of PIS as the Company's computation does. Finally, RUCO does not account for bonus depreciation nor does RUCO recognize any future tax benefits from bonus depreciation.

Q. WHY IS THERE A FUTURE TAX BENEFIT FROM BONUS DEPRECIATION?

A. The bonus depreciation deduction results in a tax loss for the test year. In other words, there was no ability to take full advantage of the bonus depreciation deduction for tax purposes (the bonus depreciation exceeded taxable income before depreciation for the test year). The tax loss will provide future tax benefits as an offset to future taxable income and accordingly results in a DIT asset. The tax benefits from the unused bonus depreciation can be accounted for in the DIT computation by either recognizing the tax benefit as a separate component of DIT (as is shown in the Company's DIT computation as a tax asset[29]) or by adding back the unused bonus depreciation to the tax value of PIS, which will lower the DIT liability component of the computation. Either way, the net DIT will be the same.

Q. IS THE RECOGNITION OF FUTURE TAX BENEFITS FROM TAX LOSSES IN CONFORMANCE WITH THE STATEMENT OF FINANCIAL ACCOUNTING STANDARDS NUMBER 109?

A. Yes.

4. Advances-in-aid of Construction (AIAC) and Contributions-in-aid of Construction (CIAC).

Q. DO THE PARTIES NOW AGREE TO AIAC AND CIAC RELATED TO THE BOOSTER STATION RETIREMENT?

[29] *See* Company Water Rejoinder Schedule B-2, page 5.

A. Yes. The Company proposes a decrease to AIAC of $8,677 and a decrease to CIAC of $7,888.[30] Staff and RUCO propose similar adjustments.[31]

5. Reclassification of AIAC to Customer Meter Deposits.

Q. PLEASE DISCUSS RUCO AND STAFF'S RECOMMENDED RECLASSIFICATION OF AIAC TO CUSTOMER METER DEPOSITS?

A. In the Company's rebuttal testimony, the Company proposes a decrease to AIAC of $2,238,022 and an increase to Customer Meter Deposits of $2,238,022.[32] Staff now agrees to reclassify the AIAC to Customer Meter Deposits.[33] RUCO has not adopted this reclassification. However, while RUCO has not adopted this adjustment, RUCO's total deduction to rate base for AIAC and Customer Meter Deposits is the same as the Company's.

6. Removal of Security Deposits.

Q. DO STAFF AND RUCO REMOVE SECURITY DEPOSITS FROM CUSTOMER METER DEPOSITS AS PROPOSED BY THE COMPANY?

A. RUCO agrees to remove security deposits.[34] Staff does not remove security deposits.[35]

Q. WHY?

A. Staff asserts that security deposits are similar in nature to AIAC.[36] However, unlike AIAC, there are no corresponding PIS in rate base matching the security deposit amounts. Staff also asserts that the deposits are available for the Company

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[30] Bourassa Rb. at 11.

[31] S Rowell Sb. at 4; Staff Surrebuttal Schedule JMM-W6.

[32] Bourassa Rb. at 12.

[33] Michlik W Sb. at 5.

[34] S Rowell Sb. at 4.

[35] Michlik W Sb. at 5.

[36] Michlik W Sb. at 5.

to use in support of its rate base. This does not make sense. As I have stated, there is no corresponding PIS in rate base. Further, the Company pays interest on security deposits. So, not only does the rate base deduction for security deposits reduce the Company's earnings (return), the Company earnings get further eroded by having to pay interest. Staff's proposal to include security deposits in rate base should be rejected.[37]

Q. HAS STAFF PROPOSED INTEREST EXPENSE IN OPERATING EXPENSES?

A. No.

7. Debt Issuance Costs.

Q. DOES RUCO NOW AGREE TO REMOVE DEBT ISSUANCE COSTS FROM RATE BASE?

A. Yes.[38] The Company agreed with Staff's adjustment and proposed to remove the debt issuance costs in the Company's rebuttal filing.[39] Now RUCO agrees too.

8. Remaining Rate Bases Issues.

Q. PLEASE DISCUSS THE POSITIONS OF STAFF AND RUCO WITH RESPECT TO THE DEFERRED REGULATORY ASSETS THE COMPANY PROPOSES TO INCLUDE IN RATE BASE.

A. Staff continues to propose to exclude the Company proposed deferred regulatory assets from rate base.[40] The Company continues to believe that the deferred regulatory assets should be included in rate base. Mr. Sorensen responds to Staff's

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[37] *See also* Rejoinder Testimony of Greg Sorensen (Phase I – Determination of Rate Base and Rates) ("Sorensen Rj.") at 11.

[38] S Rowell Sb. at 3.

[39] Bourassa Rb. at 13.

[40] Michlik W Sb. at 6.

surrebuttal testimony and discusses this issue in more detail in his rejoinder testimony.[41]

RUCO agrees to including the deferred regulatory costs in rate base, however, RUCO also continues to propose to reduce the deferred regulatory asset by $8,256 (one year of amortization).[42] Despite RUCO assertion that is allowing the Company to earn a return on prudently spent money while beginning to recover that cost each year, RUCO's does not adequately explain why it is appropriate to reduce the balance by one year of amortization in light of my rebuttal testimony on this issue.[43]

B. Wastewater Division Rate Base

Q. WOULD YOU PLEASE IDENTIFY THE PARTIES' RESPECTIVE WASTEWATER RATE BASE RECOMMENDATIONS?

A. Yes, for the Wastewater Division the rate bases proposed by the parties proposing a rate base in the case, the Company, Staff and RUCO, are as follows:

	OCRB	FVRB
Company-Rebuttal	$28,034,855	$28,034,855
Staff -Surrebuttal	$27,861,961	$27,861,961
RUCO-Surrebuttal	$22,750,383	$22,750,383
Company Rebuttal	$28,222,289	$28,222,289

Again, the other parties have not made specific proposals for rate base.

1. Plant-in-service.

Q. WOULD YOU PLEASE DISCUSS THE COMPANY'S PROPOSED ORIGINAL COST RATE BASE FOR THE WASTEWATER DIVISION,

[41] *See* Sorensen Rj. at 12-13.

[42] S Rowell Dt. at 3-4.

[43] Bourassa Rb. at 18.

AND IDENTIFY ANY ADJUSTMENTS YOU HAVE ACCEPTED FROM STAFF AND/OR RUCO?

A. The Company's rebuttal rate base adjustments to the wastewater division's OCRB are detailed on rebuttal schedules B-2, pages 3 through 6. Rebuttal Schedule B-2, page 1 and 2, summarize the Company's proposed adjustments and the rebuttal OCRB. I have previously discussed the Company's proposed PIS adjustments and will not repeat them here.[44] The Company is not proposing any changes to its previously proposed adjustments; nor is it recommending any additional adjustments at this stage of the proceeding, except for a small correction of an error to removed an erroneous entry for office rent of $7,072.[45]

Q. DO STAFF AND RUCO NOW AGREE ON THE COST OF THE ODOR CONTROL UNIT TRANSFERRED TO BLACK MOUNTAIN SEWER?

A. Yes. Both Staff and RUCO now agree to remove $38,250 from PIS.[46]

Q. WHAT ARE THE REMAINING DIFFERENCES BETWEEN STAFF, RUCO AND THE COMPANY FOR CAPITALIZED EXPENSES?

A. The Company continues to propose to capitalize $25,702 of expenses.[47] RUCO continues to propose to capitalize $17,124 of expenses.[48] The difference between the Company and RUCO is that the Company continues proposes to capitalize a filter system repair of $8,054, and the cost of work on a UV system of $525 recorded during the test year which RUCO does not. I have previously testified as

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[44] Bourassa Rb. at 19-21.

[45] *See* Company Wastewater Rebuttal Schedule B-2, page 3 *corrected* by Company Wastewater Rejoinder Schedule B-2, page 3, excluding this entry.

[46] See RUCO Wastewater Surrebuttal Schedule 3, page 2 of 4, Adjustment Number 5; Staff Surrebuttal Schedule JMM-WW6.

[47] Bourassa Rb. at 20; Company Wastewater Rejoinder Schedule B-2, page 3.3.

[48] *See* RUCO Wastewater Surrebuttal Schedule 3, page 2 of 4, Adjustment Numbers 6 and 7.

to why these two amounts should be capitalized and will not repeat that testimony here.[49]

Q. DOES THE FACT THAT THEY WERE FOR WORK THAT OCCURRED PRIOR TO THE TEST YEAR PREVENT THE $8,054 AND $525 FROM BEING CAPITALIZED?

A. No, contrary to what RUCO suggests[50], a capital expenditure is a capital expenditure no matter if it was for work during the test year or prior to the test year. Otherwise utilities could only build plant during a test year, which is obviously not the case.

Q. HAS RUCO RESPONDED TO YOUR REBUTTAL TESTIMONY ON WHY THESE TWO AMOUNTS SHOULD BE CAPITALIZED?

A. No.

Q. PLEASE CONTINUE. HAS STAFF PROPOSED TO CAPITALIZE ANY EXPENSES?

A. Yes. Like RUCO, Staff proposes to capitalize $17,123 of test year expenses.[51] Again, the difference is comprised of the two invoice amounts discussed previously. And, like RUCO, Staff does not explain why these two invoices should not be capitalized.

Q. PLEASE COMMENT ON THE REMOVAL OF COSTS FOR THE LIFT STATIONS.

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[49] Bourassa Rb. at 20.

[50] S Rowell Sb. at 16.

[51] Surrebuttal Testimony of Jeffrey M. Michlik for Wastewater Division ("Michlik WW Sb.") at 4; Staff Surrebuttal Schedule JMM-WW7.

A. Both the Company and Staff propose to remove $554,977[52] whereas RUCO proposes to remove $544,977.[53] All we know is that RUCO believes its amount is correct based on the information it reviewed; we do not know much about why RUCO disagrees with our number.[54]

Q. ARE THERE ANY OTHER REMAINING RATE BASE DISPUTES WITH RUCO.

A. Yes. RUCO continues to propose to exclude $36,500 of costs related to work performed by Pacific Advanced Civil Engineering related to the permitting of the Palm Valley Water Reclamation Facility ("PVWRF").[55] RUCO has not responded to the Company's rebuttal testimony on this issue.[56]

Q. PLEASE COMMENT ON RUCO'S PROPOSAL TO RECLASSIFY REPAIR INVOICES FROM PRECISION ELECTRIC TO CONTRACTUAL SERVICES – OTHER.

A. RUCO proposes to reclassify $136,488 of 2008 capital repair costs to test year expense (Contractual Services – Other) and to remove $33,887 of 2007 capital repair costs- $14,691 of which is reclassified to test year expense.[57] The Company disagrees as these are legitimate capital repairs. These costs are for repairs which either extent the life of existing plant or the repairs have useful lives of more than

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[52] Bourassa Rb. at 19; Direct Testimony of Jeffrey M. Michlik for Wastewater Division ("Michlik WW Dt.") at 7.

[53] S Rowell Sb. at 12.

[54] S Rowell Sb. at 12-13.

[55] RUCO Wastewater Surrebuttal Schedule 3, page 2 of 4.

[56] Rebuttal Testimony of Greg Sorensen (Phase I – Determination of Rate Base and Rates) ("Sorensen Rb.") at 18-20.

[57] *See* RUCO Wastewater Surrebuttal Schedule 3, page 2 of 4, Adjustment Number 8, and RUCO Wastewater Schedule 3, page 3 of 4, Adjustment Number 9.

one year. Further these costs are comprised of invoices in the $14,000 to $29,000 range and far exceed the typical threshold for expensing rather than capitalizing.

Q. DOES STAFF PROPOSE SIMILAR ADJUSTMENTS?

A. No.

Q. DOES RUCO CONTINUE TO PROPOSE TO EXCLUDE ALL CAPITALIZED AFFILIATE LABOR?

A. Yes.[58] Again, the Company continues to disagree with RUCO's proposal. I have previously testified to the Company's position on this issue and will not repeat that testimony here.[59] I have also addressed RUCO's surrebuttal comments previously in this testimony and will not repeat that testimony.

Q. DOES RUCO CONTINUE TO PROPOSE TO REMOVE $3.5 MILLION OF COSTS RELATED TO THE PALM VALLEY RECLAMATION FACILITY?

A. Yes.[60] The Company continues to disagree with RUCO's proposal. The Company's position is further addressed in the rejoinder testimonies of Mr. McBride and Mr. Sorensen.

2. Accumulated Depreciation.

Q. PLEASE EXPLAIN YOUR ADJUSTMENTS TO ACCUMULATED DEPRECIATION.

A. Rebuttal B-2 adjustment 2, as summarized on Rebuttal Schedule B-2, page 2, consists of three adjustments labeled as "A," "B," and "C" on Rebuttal Schedule B-2, page 4. I have previously discussed the Company's proposed accumulated

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[58] *See* RUCO Wastewater Surrebuttal Schedule 3, pages 3 of 4 and 4 of 4, Adjustment Numbers 10-19.

[59] Bourassa Rb. at 13-15.

[60] See RUCO Wastewater Surrebuttal Schedule 3, page 4 of 4, Adjustment Number 20.

depreciation adjustments and will not repeat them here.[61] The Company is not proposing any changes to its previously proposed adjustments nor is it recommending any additional adjustments at this stage of the proceeding.

Q. DOES STAFF NOW TREAT THE REMOVAL OF THE LIFT STATIONS AS RETIREMENTS?

A. Yes.[62] Both Staff and the Company now agree to remove $554,977 of accumulated depreciation for the booster station retirement.

Q. WHAT IS RUCO'S ADJUSTMENT TO ACCUMULATED DEPRECIATION FOR THE LIFT STATION RETIREMENTS?

A. $544,997.[63] This adjustment is consistent with RUCO's proposed adjustment to PIS for the lift stations, which I addressed immediately above.

Q. DO STAFF AND RUCO NOW AGREE ON THE ACCUMULATED DEPRECIATION ADJUSTMENT RELATED TO THE ODOR CONTROL UNIT TRANSFERRED TO BLACK MOUNTAIN SEWER COMPANY?

A. Yes. Staff and RUCO agree to remove $11,040 of related accumulated depreciation.[64]

Q. HAS STAFF OR RUCO ADOPTED THE COMPANY'S PROPOSED ADJUSTMENT TO ACCUMULATED DEPRECIATION OF $8,003 RELATED TO DECOMMISSIONING COSTS OF THE LITCHFIELD GREENS LIFT STATION?

A. No. And, neither Staff nor RUCO has addressed this issue. I explained this adjustment in my rebuttal testimony and will not repeat my testimony here.[65]

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[61] Bourassa Rb. at 21-22.

[62] Michlik WW Sb. at 4; *see* Staff Surrebuttal Schedule JMM-WW8.

[63] S Rowell Sb. at 12.

[64] *See* Staff Surrebuttal Schedule JMM-WW4, Adjustment Number 2; S Rowell Sb. at 11.

[65] Bourassa Rb. at 22.

Q. PLEASE EXPLAIN THE REMAINING DIFFERENCES BETWEEN THE PARTIES WITH RESPECT TO ACCUMULATED DEPRECIATION.

A. The remaining differences between the parties with respect to accumulated depreciation are primarily due to differences in the PIS adjustments discussed previously.

3. Deferred Income Taxes (DIT)

Q. HAS THE COMPANY PROPOSED A REJOINDER ADJUSTMENT TO DEFERRED INCOME TAXES FOR THE WASTEWATER DIVISION?

A. Yes. In rebuttal B-2 adjustment 3, as shown on Schedule B-2, page 2, the Company's deferred income tax liability is increased by $124,556 to $140,544. The details of the Company's rejoinder proposed DIT adjustment is shown on Rejoinder Schedule B-2, page 5. I previously explain the reasons for and means of updating the Company's DIT computation in my discussion of the water division rate base above. Staff's need for further review of the calculation despite agreement on the methodology applies here as well.[66] RUCO's DIT computation of its own totaling $333,803[67] is flawed for the same previously in this testimony.

4. AIAC and CIAC.

Q. DO THE PARTIES NOW AGREE TO ADJUST AIAC AND CIAC RELATED TO THE LIFT STATION RETIREMENTS?

A. Yes. The Company proposes a decrease to AIAC of $16,649 and a decrease to CIAC of $93,346.[68] Staff and RUCO propose similar adjustments.[69]

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[66] Michlik W Sb. at 6.

[67] S Rowell Sb. at 14; RUCO Wastewater Surrebuttal Schedule 2, page 3.

[68] Bourassa Rb. at 23.

[69] S Rowell Sb. at 12; Staff Surrebuttal Schedule JMM-WW6.

5. Removal of Security Deposits.

Q. DO STAFF AND RUCO REMOVE SECURITY DEPOSITS FROM CUSTOMER METER DEPOSITS AS PROPOSED BY THE COMPANY?

A. RUCO agrees to remove security deposits.[70] Staff does not remove security deposits.[71] In fact, Staff continues proposes to increase Customer Meter Deposits from $68,685 to 81,798.[72] Again, these are security deposits, not customer meter deposits. These amounts should not be included in rate base. I have previously testified on this issue and will not repeat that testimony here.

6. Debt Issuance Costs.

Q. DOES RUCO NOW AGREE TO REMOVE DEBT ISSUANCE COSTS FROM RATE BASE?

A. Yes.[73] As you will recall, the Company agreed with Staff's adjustment and proposed to remove the debt issuance costs in the Company's rebuttal filing.[74]

IV. INCOME STATEMENT

A. Water Division Revenue and Expenses.

Q. WOULD YOU PLEASE DISCUSS THE COMPANY'S WATER DIVISION PROPOSED ADJUSTMENTS TO REVENUES AND EXPENSES AND IDENTIFY ANY ADJUSTMENTS YOU HAVE ACCEPTED FROM STAFF AND/OR RUCO?

A. The Company rebuttal adjustments for the water division are detailed on Rejoinder Schedule C-2, pages 1-14. The rejoinder income statement with adjustments is

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[70] S Rowell Sb. at 12.

[71] Michlik WW Sb. at 5.

[72] Michlik WW Dt. at 9.

[73] S Rowell Sb. at 11.

[74] Bourassa Rb. at 24.

summarized on Rebuttal Schedule C-1, page 1-2. I have previously discussed the Company's proposed accumulated depreciation adjustments and will not repeat them here.[75] The Company is not proposing any changes to its previously proposed adjustments; nor is it recommending any additional adjustments at this stage of the proceeding. Notably though, proposed property taxes and income taxes have been adjusted to reflect the rejoinder proposed revenues.

Q. DOES STAFF NOW AGREE TO COMPUTE CIAC AMORTIZATION USING ACCOUNT SPECIFIC RATES?

A. Yes.[76]

Q. DO YOU FIND AN ERROR IN STAFF'S COMPUTATION OF DEPRECIATION EXPENSE?

A. Yes. Staff's computation of depreciation expense excludes the costs of post test year plant totaling $1,885,770. Consequently, Staff's depreciation expense is understated by $62,796 ($1,885,770 times 3.33%). Putting that aside, with the correction to the CIAC amortization rate, the difference in the depreciation and amortization expense recommended by each of the parties is now a function of each of the parties' respective PIS and CIAC adjustments and not the result of differences in the depreciation rates or the amortization rates.

Q. HAS RUCO MODIFIED ITS PROPERTY TAX COMPUTATION TO USE TWO YEARS OF ADJUSTED TEST YEAR REVENUES AND ONE YEAR OF PROPOSED REVENUES?

A. Yes.[77] The differences in the level of property tax expense recommended by each of the party's is now a function of each of the parties' respective adjusted and

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[75] Bourassa Rb. at 21-22.

[76] Michlik W Sb. at 8.

[77] S Rowell Sb. at 8; *see* RUCO Water Surrebuttal Schedule 4, page 8 of 9.

proposed revenues rather than a difference in the revenue components used in the property tax computation.

1. Remaining Revenue and Expense Issues.

Q. PLEASE IDENTIFY ANY REMAINING ISSUES IN DISPUTE WITH RUCO AND/OR STAFF.

A. RUCO has not adopted the Company's proposal to increase bad debt expense by $5,284 reflecting the Company's adoption of Staff's normalization adjustment.[78]

In an effort to reduce an issue in dispute, LPSCO also proposes to normalize fuel for power production expense and reduces expense by $20,309.[79] Staff agrees with the Company's proposal.[80] However, RUCO continues to propose disallowing $56,381 of fuel for power expenses incurred during the test year because they are "non-recurring".[81] We disagree and the amount proposed reflects the best measure of the amount likely to be incurred during the period the rates approved in this rate case will be in effect.

RUCO and the Company disagree on the level of chemicals expense. While the Company adopted a $305 adjustment to remove expense that was proposed by RUCO, RUCO proposes to remove an additional adjustment $749.[82] The Company has examined the all the entries and invoices and concludes that the $749 invoice RUCO seeks to remove was for expenses incurred during the test year.

Q. DOES STAFF REMOVE AN ADDITIONAL $749 FROM CHEMICALS EXPENSE?

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[78] Michlik W Dt. at 20.

[79] Bourassa Rb. at 31.

[80] Michlik W Sb. at 8.

[81] S Rowell Dt. at 7.

[82] S Rowell Sb. at 6.

A. No. Staff agrees with the Company and removes the $305 amount.[83]

Q. PLEASE CONTINUE.

A. RUCO and the Company disagree on RUCO's proposal to remove $9,638 of allegedly "non-recurring expenses" from Outside Services-Other.[84] The Company believes the remaining $9,636 reflects the nature and level of expense that is expected to be incurred on a going forward basis and therefore the costs should be allowed in operating expense.

Q. PLEASE CONTINUE.

A. RUCO and the Company also disagree on RUCO's proposal to remove $5,260 of RUCO asserted unnecessary expense from Outside Services - Other. The Company continues to agree to remove the allocated portion of expenses related to a holiday party and the costs for Diamondbacks games totaling $3,191 proposed by RUCO.[85] However, the Company disagrees with the removal of remainder of the allocated portion of the costs of dues and memberships, business publications, and travel.[86] The Company believes these are prudent and necessary expenses. Travel is a necessary part of insuring hands-on oversite of the Company by Algonquin. Dues, memberships and publications provide, among other things, access to lower cost goods and services, access to industry knowledge and expertise, training, and information on the very latest developments in technology and practices.

Q. DOES STAFF PROPOSE TO REMOVE SIMILAR EXPENSES RELATED TO A HOLIDAY PARTY AND DIAMONDBACK TICKETS?

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[83] Michlik W Sb. at 8.

[84] *See* RUCO Water Surrebuttal Schedule 4, page 3 of 9, Adjustment Number 4a.

[85] *See* Company Water Rejoinder Schedule C-2, page 10.

[86] *See* RUCO Water Direct Schedule 4, page 7 of 15.

A. Yes. Like the Company, Staff proposes to remove $3,191 of unnecessary expense.[87]

Q. DOES STAFF REMOVE CAPITALIZED EXPENSES FROM OUTSIDE SERVICES SIMILAR TO THE COMPANY AND RUCO PROPOSALS?

A. Yes. Except that Staff only proposes to remove $9,714 of capitalized expenses from Outside Services – Other.[88] The $9,714 is comprised of one invoice for $1,114 and one invoice for $8,600 and represents a portion of the $19,989 that both the Company and RUCO propose to remove.[89]

Q. DO RUCO AND STAFF CONTINUE TO PROPOSE ADJUSTMENTS TO THE CENTRAL OFFICE COST ALLOCATION?

A. Yes.[90] RUCO proposes to remove $286,799 of Central Office costs down from the $291,708 in its direct filing.[91] Likewise, Staff is recommending removal of $250,182 of Central Office costs.[92] Mr. Tremblay presents LPSCO's response on this issue in his rejoinder testimony.

Q. ISN'T STAFF NOW PROPOSING TO REMOVE EMPLOYEE BONUSES?

A. Yes. Staff is proposing to remove $26,477 of bonuses from operating expenses which is the allocated water division portion of $52,954 of employee bonuses paid during the test year. Mr. Sorensen addresses this issue further in his rejoinder testimony.[93]

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[87] Michlik W Sb. at 8; *see also* Staff Surrebuttal Schedule JMM-W18.

[88] Michlik W Sb. at 8; *see also* Staff Surrebuttal Schedule JMM-W18.

[89] Bourassa Rb. at 32; *see* RUCO Surrebuttal Schedule 4, page 3 of 9, Adjustment Number 4a.

[90] S Rowell Sb. at 7.

[91] S Rowell Sb. at 7.

[92] *See* Staff Surrebuttal Schedule JMM-W18.

[93] Sorensen Rj. at 13.

Q. WHERE DO THE PARTIES STAND ON RATE CASE EXPENSE?

A. There remains a dispute over portions of rate case expense. Staff and RUCO's amortization period of five years which lowers the annual level of expense. The Company disagree with a five year amortization period for the reasons explained in Mr. Sorensen's rejoinder.

Q. IS THERE ANY DISPUTE OVER THE AMOUNT OF RATE CASE EXPENSE?

A. We do not currently have a dispute over the amount of rate case expense. However, the Company is currently evaluating and determining the amount of rate case expense incurred so far.

Q. WHY IS THE COMPANY EVALUATING THE AGREED UPON AMOUNT OF RATE CASE EXPENSE NOW?

A. Because there have been significant changes to the anticipated level of activity in this rate case. Until the direct filings in early November by the other parties, this case involved a significant amount of discovery, but was otherwise relatively quiet. Then, things heated up. There have been a number of procedural issues including significant disputes with RUCO over Mr. Rowell's testimony; there have been issues over the AIAC payment by Westcor, in addition to the anticipated rebuttal, surrebuttal and rejoinder stages of the proceedings. Plus, we now have a Phase 2 that has to be accounted for now. While an updated estimate is going to show the Company has already incurred more than half the amount requested, until we can close out all billings for December, I cannot give a more firm estimate of the final rate case expense.

Q. OKAY MR. BOURASSA, SO WHAT ARE YOU PROPOSING?

A. During the hearings next week, I will present the most current estimate possible, based on billings through year-end 2009. From there, I will make the best estimate possible of the final rate case expense and the Company's request.

Q. WAIT A MINUTE MR. BOURASSA. WEREN'T YOU JUST A WITNESS IN ANOTHER RATE CASE WHERE RUCO WAS CRITICIZED BY AN AFFILIATE FOR WAITING TOO LONG TO TAKE A POSITION ON RATE CASE EXPENSE?

A. Yes, and that criticism was warranted because RUCO took no position at all until after the hearing. Here, I have taken a position from the time of the application that I would provide my best estimate of rate case expense at each stage of the proceeding. Right now, we will be over half way there before trial starts. At trial, I will set forth the Company's best estimate and explain the basis for the final position. The Company will also make any data necessary for Staff and RUCO to verify amounts incurred, as we have always done in rate case involving myself and Fennemore Craig as counsel. And Mr. Sorensen and I will be subject to cross-examination on the Company's position. This is very different than what happened with RUCO in the recent BMSC rate case, in my opinion.

Q. HOW DO THE PARTIES KNOW IT WON'T BE SOMETHING SUBSTANTIALLY DIFFERENT THAN REQUESTED?

A. Because LPSCO has authorized me to testify that it will not seek more than $500,000 for the two phases of this rate case.

Q. PLEASE COMMENT ON DIFFERENCES BETWEEN THE PARTIES ON RATE CASE EXPENSE.

A. At this stage of the proceeding all of the parties are proposing rate case expense of $210,000 for each division. However, Staff and RUCO recommend an

amortization period of five years which lowers the annual level of expense.[94] The Company continues to disagree with a five year amortization period.[95]

B. <u>Wastewater Division Revenue and Expenses.</u>

Q. WOULD YOU PLEASE DISCUSS THE COMPANY'S WASTEWATER DIVISION PROPOSED ADJUSTMENTS TO REVENUES AND EXPENSES AND IDENTIFY ANY ADJUSTMENTS YOU HAVE ACCEPTED FROM STAFF AND/OR RUCO?

A. The Company rejoinder adjustments for the Wastewater Division are detailed on Rejoinder Schedule C-2, pages 1-14. The rebuttal income statement with adjustments is summarized on Rejoinder Schedule C-1, page 1-2. The Company is not proposing any changes to its previously proposed adjustments; nor is it recommending any additional adjustments at this stage of the proceeding. Again, property taxes and income taxes have been adjusted to reflect the rejoinder proposed revenues.

Q. DOES STAFF NOW AGREE TO COMPUTE CIAC AMORTIZATION USING ACCOUNT SPECIFIC RATES?

A. Yes, same as with the water division discussed above.[96]

Q. HAS RUCO MODIFIED ITS PROPERTY TAX COMPUTATION TO USE TWO YEARS OF ADJUSTED TEST YEAR REVENUES AND ONE YEAR OF PROPOSED REVENUES?

A. Yes, same as with the water division discussed above.[97]

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[94] Michlik W Dt. at 18; S Rowell Sb. at 7-8.

[95] *See* Sorensen Rj. at 1-2; Sorensen Rb. at 10; Bourassa Rb. at 38.

[96] Michlik W Sb. at 8.

[97] S Rowell Sb. at 8; *see* RUCO Water Surrebuttal Schedule 4, page 8 of 9.

Q. DO STAFF AND RUCO NOW AGREE TO THE REMOVAL OF CONTRACTUAL SERVICES COSTS FROM AEROTEK?

A. Yes.[98]

1. Remaining Revenue and Expense Issues.

Q. PLEASE CONTINUE.

A. RUCO has not adopted the Company's proposal to reduce bad debt expense by $21,791 to about $22,000. The Company's adjustment reflects the Company's adoption of Staff's normalization adjustment.[99] Instead, RUCO proposes to reduce bad debt expense by $40,848.[100]

RUCO's adjustment is flawed because it is based on the water division's test year level of bad debt relative to revenues. RUCO's resulting level of bad debt expense for the wastewater division is about $3,000. Over the past couple of years, LPSCO has written off over $63,500 of customer receivables. No one should be surprised at this given all we have heard about the economy in rate cases the past 18 months or so. Plus, sewer receivables are harder to collect given that you can't turn off service of a customer fails to pay his/her sewer bill. A $3,000 annual level of expense is totally reasonable under the circumstances.

Q. ANY OTHER INCOME STATEMENT ISSUES IN DISPUTE?

A. There remains disagreement on certain expenses RUCO seeks to remove from the test year operating expenses. In particular, RUCO proposes to remove $19,784 for effluent disposal site maintenance, including landscape clean-up and crop planting for beneficial reuse,[101] $16,428 for grounds maintenance and sewer line

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[98] Michlik WW Sb. at 6; S Rowell Sb. at 17.

[99] Michlik WW Dt. at 19.

[100] S Rowell Dt. at 16.

[101] *See* RUCO Wastewater Direct Schedule 3, page 5 of 19, lines 18-20.

cleaning.[102] The Company believes the $19,784 and the $16,428 reflect the nature and level of expense the Company expects to incur on a going forward basis and therefore the costs should be allowed in operating expense.

Q. WHY DOES RUCO BELIEVE THESE EXPENSES ARE "NON-RECURRING"?

A. I do not know because RUCO's witnesses do not provide any explanation their filings. But these adjustments are very difficult for utilities to accept.

Q. WHY IS THAT, MR. BOURASSA?

A. What should LPSCO have done when it faced a need for effluent clean up and sewer-line cleaning? Refuse to incur nearly $40,000 that was needed and prudent because it might not need to do the exact same thing to maintain and operate its system next year? LPSCO is running a business and they incur operating expenses that are reasonable and necessary every day. These expenses fit groups of expected costs for things like maintenance, repairs, legal, but may look exactly the same every year. RUCO should not be allowed to create a loophole where these costs are not recoverable. It seems to me if they are not being recovered from ratepayers then they do not need to be incurred in service of those ratepayers in the future.

Q. THANK YOU, PLEASE CONTINUE WITH YOUR DISCUSSION OF THE REMAINING ISSUES IN DISPUTE?

A. RUCO and the Company also disagree on RUCO's proposal to remove $5,155 as "unnecessary expense" from Outside Services - Other. I have already addressed adjustments for the allocated portion of expenses related to a holiday party and

[102] *See* RUCO Wastewater Direct Schedule 3, page 5 of 19, lines 23-26.

tickets, as well as its disagreement with the removal of remainder of the allocated portion of the costs of dues and memberships, business publications, and travel.[103]

Q. DO RUCO AND STAFF MAKE SIMILAR ADJUSTMENTS TO CENTRAL OFFICE COSTS?

A. Yes.[104] RUCO proposes to remove $186,950 of Central Office costs down from the $191,850 in its direct filing.[105] Staff is recommending removal of $266,665 of Central Office costs.[106] As mentioned, the Company continues to disagree as testified to by with RUCO's proposal. Mr. Tremblay addresses this issue in detail in his rejoinder testimony.

Q. WHAT ABOUT "BONUSES"?

A. Yes. Staff is proposing to remove $26,477 of bonuses from operating expenses which is the allocated water division portion of $52,954 of employee bonuses paid during the test year. Mr. Sorensen addresses this issue further in his rejoinder testimony as I testified above.

V. RATE DESIGN

A. Water Division Rate Design.

Q. WHAT ARE THE COMPANY'S PROPOSED RATES FOR WATER SERVICE?

A. The Company's proposed rejoinder rates are:

MONTHLY SERVICE CHARGES

5/8" x 3/4" meters	$10.35
3/4" Meters	$26.39

[103] *See* RUCO Water Direct Schedule 4, page 8 of 19, and Company Wastewater Rejoinder Schedule C-2, page 9.

[104] S Rowell Sb. at 17; *see also* RUCO Wastewater Surrebuttal Schedule 4, page 3 of 7.

[105] S Rowell Sb. at 17; *see also* RUCO Wastewater Surrebuttal Schedule 4, page 3 of 7.

[106] *See* Staff Surrebuttal Schedule JMM-WW15.

1" Meters		$43.99
1 1/2" Meters		$54.28
2" Meters		$66.80
3" Meters		$133.60
4" Meters		$208.75
6" Meters		$417.50
8" Meters		$501.00
10" Meters		$960.25
12" Meters		$1,252.50
Construction Water – Hydrants	By meter size	
Bulk Water	By meter size	

COMMODITY RATES

5/8" and ¾" Meters - Res.	1 to 3,000	$ 1.23
	3,001 to 9,000	$ 1.83
	Over 9,000	$ 2.43
5/8" and ¾" Meters – Com., Irr.	1 to 10,000	$ 1.83
	Over 10,000	$ 2.43
1" Meters	1 to 20,000	$ 1.83
	Over 20,000	$ 2.43
1 ½" Meters	1 to 30,000	$ 1.83
	Over 30,000	$ 2.43
2" Meters	1 to 50,000	$ 1.83
	Over 50,000	$ 2.43
3" Meters	1 to 120,000	$ 1.83
	Over 120,000	$ 2.43
4" Meters	1 to 180,000	$ 1.83

	Over 180,000	$ 2.43
6" Meters	1 to 360,000	$ 1.83
	Over 360,000	$ 2.43
8" Meters	1 to 670,000	$ 1.83
	Over 670,000	$ 2.43
10" Meters	1 to 940,000	$ 1.83
	Over 940,000	$ 2.43
12" Meters	1 to 1,248,000	$ 1.83
	Over 1,248,000	$ 2.43
Construction (Hydrant) Water	All gallons	$ 2.43
Bulk Water	All gallons	$ 1.47

Q. WHAT IS THE IMPACT ON A 3/4 INCH AND 1 INCH METERED RESIDENTIAL CUSTOMER UNDER THE COMPANY'S PROPOSED RATE DESIGN?

A. As shown on the Rejoinder Schedule H-2, page 1, the average monthly bill under present rates for a ¾ inch residential customer using an average 9,537 gallons is $18.64. The average monthly bill under present rates for a 1 inch residential customer using an average 14,556 gallons is $31.56.

Q. WHAT WILL BE THE AVERAGE ¾ INCH RESIDENTIAL AND 1 INCH RESIDENTIAL CUSTOMER AVERAGE MONTHLY BILL UNDER THE NEW RATES?

A. As shown on Schedule H-2, page 1, the average monthly bill under proposed rates for a ¾ inch residential customer using an average 8,919 gallons is $42.37 – a $23.73 increase over the present monthly bill or a 127.31 percent increase. The average monthly bill under proposed rates for 1inch residential customer using an average 14,556 gallons is $70.62 – a $39.06 increase over the present monthly bill

or a 127.31 percent increase.

Q. PLEASE COMMENT ON THE PROPOSED RATE DESIGN OF STAFF.

A. Like the Company, Staff is proposing an inverted three tier design for the smaller metered residential customers (5/8 inch and ¾ inch) and an inverted two tier design for the small commercial metered customers (5/8 inch and ¾ inch), as well as 1 inch and larger metered customers (all classes) with the exception of construction water.[107] Staff's break-over points increase with meter size, but Staff break-over points are different than the Company's. The first tier commodity rate for the small commercial metered customers and 1 inch and larger metered customers is the same as the second tier of the small residential metered customers. The second tier of the small commercial metered customers and 1 inch and larger metered customers is the same as the third tier of the small residential metered customers.[108] Other than the bulk water rate that the Company is now proposing, the primary difference in the rate designs is in the commodity rate charged and the level of revenue recovery from each class of customer.

Q. HAVE YOU PERFORMED A REVENUE PROOF ON STAFF PROPOSED RATES?

A. Yes. Staff rates now produce the revenue requirement.

Q. PLEASE CONTINUE.

A. Staff's proposed rates shift revenue recovery away from the ¾ inch metered residential customer class to the larger metered customer classes. The ¾ inch metered customer class provides approximately 30 percent of water revenues under present rates. Under Staff's proposed rates, the ¾ inch meter customer provides approximately 26 percent of water revenues. The majority of the revenue shift is to

[107] *See* Staff Surrebuttal Schedule PMC-W1.

[108] *See* Staff Surrebuttal Schedule PMC-W1.

a bulk water customer outside the CC&N that Staff now classifies as an "8 inch meter customer." Another significant shift is to the 2 inch irrigation customers.

Q. WHO IS THIS BULK CUSTOMER?

A. The City of Goodyear. Mr. Sorensen has also addressed this issue in his rejoinder testimony.[109]

Q. DO YOU HAVE AN EXHIBIT SHOWING THE PERCENTAGES OF REVENUES DERIVED FROM EACH CUSTOMER CLASS UNDER PRESENT RATES AND STAFF PROPOSED RATES?

A. Yes. Attached hereto as **Exhibit TJB-RJ2** is a revenue summary similar to the H-1 schedule contained the Company's rejoinder schedules which shows the revenues under present rates and Staff's proposed rates.

Q. PLEASE CONTINUE.

A. Further evidence of the revenue shift is that under Staff's proposed rates, the ¾ inch customers provide the lowest overall return at only **2.24** percent. In contrast, the 8 inch customer group (which now would include Goodyear) provides the highest return at over 200 percent, with the 1 ½ inch and larger metered customers provide returns exceeding 20 percent. Remember, under Staff's proposed revenue requirement, each customer class must achieve an 8.7 percent return in order to cover the cost of service. Customer classes that provide less than 8.7 percent are paying less than the cost of service. Conversely, customer classes providing more than an 8.7 are paying more than their cost of service.

Q. DO YOU HAVE AN EXHIBIT SHOWING THE RETURNS PROVIDED OF REVENUES DERIVED FROM EACH CUSTOMER CLASS UNDER PRESENT RATES AND STAFF PROPOSED RATES?

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[109] Sorensen Rj. at 8-9.

A. Yes. Attached hereto as **Exhibit TJB-RJ3** is a cost of service summary schedule similar to the G-2 schedule contained the Company's rejoinder schedules which shows the returns provided by customer class (meter size) under present rates and Staff's proposed rates.

Q. PLEASE CONTINUE.

A. As a consequence of Staff's rate design, the ¾ inch residential class under Staff's proposed rate design is heavily subsidized by the other customer classes, including a wholesale customer that will have less costly alternatives and likely leave the system.[110]

Q. WHERE DOES THIS SUBSIDIZATION ORIGINATE?

A. The significant subsidization exists because Staff's proposed rate design contains a relatively low monthly minimum and a relatively low first-tier commodity rate for the ¾ inch metered residential customers. In fact, the ¾ inch customers pay the same monthly minimum as the 5/8 inch metered customers and also pay a low first tier commodity rate at $1.00 per thousand gallons.

Q. BUT ISN'T THAT CONSISTENT WITH A CONSERVATION ORIENTED RATE DESIGN, WHICH YOU ALSO HAVE PROPOSED?

A. Yes, but there has to be a balance between the need to properly value the product and the price businesses can afford to pay. Some commercial customers may not be able to absorb the higher rates and the Company faces an unaccounted for increased risk of losing these customers and the associated revenues. Again, we hear a lot about hard economic times. The last thing businesses in LPSCO's service areas likely need in a time of recovery is an extra large rate increase to

[110] Sorensen Rj. at 8-9.

subsidize the citizens. I'd think people would rather see jobs and business thriving than lower water bills.

This is especially true because all that will happen is more large increases down the road. The larger metered customers tend to use more water and as a result are typically billed much higher amounts. Further, these customers are more profitable because of their higher use. The loss of one or more of the larger metered customers will have a significant impact on the Company's revenues. When LPSCO comes back in it will still have to recover much of the same revenue requirement but without the commercial customers that helped spread the recovery before. That means higher rates for those residential customers Staff saved a couple dollars a month today.

Q. AND THIS IS THE CONCERN THE COMPANY HAS WITH THE CITY OF GOODYEAR?

A. Yes. The Company believes Goodyear will leave the system If higher rates are adopted.[111] Staff's second tier rate for where Goodyear would be classified as a "retail" customer is $2.88 per thousand gallons. During the test year, Goodyear purchased on average over 12.5 million gallons per month. The first break over point for the 8 inch metered customer class under Staff's rate design is 670,000 gallons. Consequently, most of the gallons purchased by Goodyear will be subject to the $2.88 rate.

Q. ARE THERE ANY OTHER CONCERNS YOU HAVE ABOUT STAFF'S PROPOSED RATES?

A. Yes. In addition to shifting revenues away from the largest customer class, Staff's proposed rates shift revenue away from the monthly minimums to the commodity

[111] Sorensen Rj. at 8-9.

rates. Under the present rate design, the revenues from the monthly minimums comprises about 36 percent of the revenues are generated from the monthly minimums. Under Staff's proposed rates approximately 31 percent of the revenues are generated from the monthly minimum. Decreasing the portion of revenues recovered from the monthly minimum substantially increases the risk of revenue instability. Inverted tier designs, as proposed by the parties in the instant case, encourage conservation. If conservation is actually achieved, usage will decline and the Company will experience a substantial shortfall in the revenues it collects. As noted above, this risk is entirely unaccounted for by Staff in this case, or in any other rate case to my knowledge.

Q. DO YOU OR THE COMPANY DISAGREE WITH CONSERVATION BASED RATES?

A. No, conservation is a community wide goal and should be encouraged as a general policy. There just has to be a balance and a view towards the long-term, not just lower rates now.

Q. THANK YOU. PLEASE COMMENT ON RUCO'S RATE DESIGN?

A. RUCO is proposing an inverted three tier design for the smaller metered residential (5/8 inch and ¾ inch) and an inverted two tier design for the small commercial and irrigation metered customers (5/8 inch and ¾ inch) as well as 1 inch and larger metered customers (all classes) with the exception of construction water.[112] RUCO's break-over points are different than the Company's, but like LPSCO and Staff, RUCO's break-over points increase with meter size. The first tier commodity rate of the 1 inch and larger metered customers (except irrigation) is the same as the second tier of the small residential and commercial metered

[112] *See* RUCO Water Surrebuttal Schedule 5.

customers.[113] The second tier of the 1 inch and larger metered customers (except irrigation) is the same as the third tier of the small residential and commercial metered customers. The irrigation customers have different commodity for both tiers but that are similar to the commodity rates of the 1 inch and larger meters (non-irrigation).[114]

Q. HAVE YOU PERFORMED A REVENUE PROOF ON RUCO'S PROPOSED RATES?

A. Yes and I now find that RUCO's proposed rates also produce its recommended revenue requirement.

Q. PLEASE CONTINUE.

A. Based on RUCO's proposed rates revenue recovery is shifted away from the ¾ inch metered residential customer class to the larger metered customer classes. The ¾ inch metered customer class provides approximately 30 percent of water revenues under present rates. Under RUCO proposed rates, the ¾ inch meter customer provides approximately 25 percent of water revenues. The majority of the revenue shift is to the 8 inch meter customer, again now Goodyear joining the 2 inch irrigation customers.

Q. DO YOU HAVE AN EXHIBIT SHOWING THE PERCENTAGES OF REVENUES DERIVED FROM EACH CUSTOMER CLASS UNDER PRESENT RATES AND RUCO PROPOSED RATES?

A. Yes. Attached hereto as **Exhibit TJB-RJ4** is a revenue summary similar to the H-1 schedule contained the Company's rejoinder schedules which shows the revenues under present rates and RUCO's proposed rates.

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[113] *See* RUCO Water Surrebuttal Schedule 5.

[114] *See* RUCO Water Surrebuttal Schedule 5.

Q. PLEASE CONTINUE.

A. Further evidence of the revenue shift is that under RUCO's proposed rates, the ¾ inch customers provide the lowest overall return at only 1.5 percent. The 8 inch metered customers provides the highest return at over 230 percent while the 2 inch metered customer provide a return of over 50 percent. Remember, under RUCO's proposed revenue requirement, each customer class must achieve an 8.54 percent return in order to cover the cost of service. Customer classes that provide less than 8.54 percent are paying less than the cost of service. Conversely, customer classes providing more than an 8.54 are paying more than their cost of service.

Q. DO YOU HAVE AN EXHIBIT SHOWING THE RETURNS PROVIDED OF REVENUES DERIVED FROM EACH CUSTOMER CLASS UNDER PRESENT RATES AND RUCO'S PROPOSED RATES?

A. Yes. Attached hereto as **Exhibit TJB-RJ5** is a cost of service summary schedule similar to the G-2 schedule contained the Company's rejoinder schedules which shows the returns provided by customer class (meter size) under present rates and RUCO's proposed rates.

Q. PLEASE CONTINUE.

A. Like Staff's rate design, as a consequence of RUCO rate design, the ¾ inch residential class under RUCO's proposed rate design is heavily subsidized by the larger metered customers. Therefore, my testimony above regarding the lack of balance in Staff's rate design applies equally to RUCO's.

Q. PLEASE COMMENT ON THE CITY OF LITCHFIELD PARK'S RATE DESIGN?

A. The City is proposing is proposing an inverted three tier design for the less than 1 inch metered residential, commercial and irrigation customers and an inverted two tier design for the 1 1/2 inch and larger metered customers (all classes) with

the exception of the 8 and 10 inch metered commercial customers for which a single tier design is proposed.[115] Like the Company, the City's break-over points increase with meter size. The commodity rates and break-over points for the 5/8 inch metered residential, commercial and irrigation customers are the same at $1..20, 1.53, and 2.20, respectively. The commodity rates for the ¾ inch and 1 inch metered residential, commercial and irrigation customers are appreciably higher than the 5/8 inch metered customers at 1.50, 1.95, and 2.20, respectively. The commodity rates for the 1 ½ and 2 inch meter sizes are the also same across all customer classes at $1.50 and 2.70, respectively. The break-over points are the same across all customer class for the 1 ½ inch meter size, and the break over points are the same across all customer classes for the 2 inch meter size. The commodity rates for the 4 inch meters vary among the customer classes. Generally, the commercial and irrigation customers have higher commodity rates than the residential metered customers. For example, the 4 inch residential class has commodity rates of $1.50 and 2.70, respectively, while the 4 inch commercial class has commodity rates of $2.60 and $3.90, respectively. Further, the commodity rates for the 4 inch irrigation class are $1.85 and $2.81 respectively. The break-over points for the 4 inch metered residential and commercial customers is the same, while the break-over point for the 4 inch metered irrigation customers is lower. Finally, the City proposes that the 8 inch metered commercial customer pays near the highest commodity rate of all customer classes and meter sizes while the 10 inch metered customer pays the lowest commodity rate of all customer classes and meter sizes.

[115] *See* City of Litchfield Park Schedule RLD-5 (for all references to the City's recommended rates).

Q. ARE THE MONTHLY MINIMUMS FOR EACH METER SIZE THE SAME ACROSS ALL CUSTOMER CLASSES?

A. No. The monthly minimums vary by customer class and meter size for all but the 5/8 and ¾ inch metered customers.

Q. HAVE YOU PERFORMED A REVENUE PROOF ON THE CITY'S PROPOSED RATES?

A. Yes. I find that the City's proposed rates do not produce the intended revenue requirement. In fact, the City's proposed rates produce revenues that are approximately $900,000 too low.

Q. WHY DOES THE CITY'S RATE DESIGN SEEM SO COMPLICATED?

A. I am not really sure but it is sure counter to the objective of simplicity and uniformity of rates among customer classes in a rate design. Further, I do not see how Mr. Darnall can be as specific as he is with respect to the commodity charges and break-over points for each meter size and customer class when his cost of service study is presented by meter size only. Supposedly, Mr. Darnall's objective is to recover the cost of service from each customer class.[116] However, within most meter sizes served by the Company there are residential, commercial, and irrigation customers. How are we to know whether within each meter size that Mr. Darnall has not inadvertently shifted recovery of the cost of service from the residential to the commercial (or visa-versa) within each respective meter size.

Q. SO YOU ARE UNABLE TO DETERMINE WHETHER THERE HAS BEEN A SHIFT OF REVENUE RECOVERY BETWEEN CLASSES, SIMILAR TO THAT WHICH YOU DISCUSSED WITH RESPECT TO STAFF AND RUCO'S RATE DESIGNS?

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[116] Surrebuttal Testimony of Richard L. Darnall at 4.

A. No, I can tell something has occurred, I just cannot be more specific on the details. But one thing is quite puzzling - the low single tier commodity rate for the 10 inch meter combined with a relatively low monthly minimum problematic. Based on Mr. Darnall's own cost of service study, the City's proposed rates for the 10 inch metered customer provides the lowest overall return at a negative 14 percent. The 10 inch customer class will also see a rate decrease of 40 percent under the City's rate design.

I also find the high single tier commodity rate for the 8 inch meter combined with a high monthly minimum problematic. Again, based on Mr. Darnall's own cost of service study, the City's proposed rates for the 8 inch metered customer provides an overall return at a nearly 9.9 percent. The 8 inch customer class will also see the second highest rate increase on average at over 129 percent. Further, the 4 inch metered customer class, which is made up of primarily commercial and irrigation customers and are charged the highest commodity rates under the City's proposed rate design, provide the highest return at over 18 percent. The 4 inch commercial customer class will also see the highest rate increase on average at nearly 205 percent while the 4 inch irrigation class will the third highest rate increase at 94.20 percent. Finally, I find the returns provided by the other meters sizes vary substantially.

If Mr. Darnall's objective was to as develop rates intended to produce the target rates of return set forth in Exhibit RLD-4, page 1, he has failed, which is just one more reason the Commission should not adopt his recommended rates in this proceeding.

Q. EXCUSE ME MR. BOURASSA, BUT THE RETURNS LISTED ON MR. DARNALL'S SCHEDULE EXHIBIT RJD-4, PAGE 1, SHOW THAT THE RETURNS FOR THE 8 INCH AND 10 INCH METERS ARE BOTH 10.46

PERCENT. IT ALSO SHOWS THAT THE RETURN FOR THE 4 INCH METER IS 8.93 PERCENT.

A. Yes. That's what the schedule reflects. It also reflects returns of 8.0 percent for the 5/8 inch, ¾ inch, 1 inch, and 1.5 inch meter sizes. As I have testified, the City's rates don't work as represented.

Q. HAVE YOU PREPARED AN EXHIBIT SHOWING THE REVENUES AND RETURNS PRODUCED BY THE CITY'S PROPOSED RATE DESIGN FOR EACH METER SIZE?

A. Yes. Attached hereto as **Exhibit TJB-RJ6** is a cost of service summary schedule similar to Exhibit RLD-4, page 1 which reflects the revenues and the returns provided by the City's proposed rates. As shown, the 10 inch metered customers provide a negative 14.15 percent return (line 29, column 13), the 8 inch metered customers provide a 9.87 percent return (line 29, column 12), and the 4 inch metered customers provide an 18.01 percent return (line 29, column11). Further, the returns for the 5/8 inch, ¾ inch, 1 inch, and 1.5 inch vary from a low of 6.21 percent to a high of 10.15 percent (line 14, columns 5-8).

Q. IS THE FAILURE TO PRODUCE THE REVENUE YOU TESTIFIED TO ALSO REFLECTED IN YOUR EXHIBIT?

A. Yes. The total revenues produced by the City's proposed rates is $10,894,646 (line 18, column 15), whereas the total revenues required is $11,803,750 (line 3, column 4).

Q. HAVE YOU PREPARED AN EXHIBIT SHOWING THE RATE INCREASE BASED ON AVERAGE CONSUMPTION FOR EACH METER CLASS UNDER THE CITY'S PROPOSED RATES?

A. Yes. Attached hereto as **Exhibit TJB-RJ7** is a bill comparison a schedule similar to schedule H-2 contained in the Company's rejoinder filing showing the rate increases for each meter size based on the average consumption.

Q. ARE SINGLE TIER DESIGNS APPROPRIATE FOR LARGE METERED CUSTOMERS LIKE THE 8 INCH AND 10 INCH METERED CUSTOMERS?

A. It depends on the circumstances. The Company is proposing a single tier design for Goodyear (8 inch bulk water). Goodyear purchases significant volumes of water which provides a significant portion of revenues to the Company. My cost of service study indicates that Goodyear helps to subsidize other customer classes. Therefore, it would be detrimental to the Company and ratepayers to lose these revenues as they would have to be made up by the other customer classes, as I have testified already and so has Mr. Sorensen. Like Staff and RUCO, the loss of these revenues is ignored by Mr. Darnall.

The 10 inch customer may also warrant a single tier design. However, this customer uses far less water than the 8 inch meter customers (Goodyear). In fact, the 8 inch metered customers use 30 times more water than the 10 inch metered customer. In any case, my cost of service study indicates that a commodity rate of $0.55 per thousand gallons recommended by Mr. Darnall is far too low.

Q. PLEASE RESPOND TO MR. DARNALL'S CRITICISM THAT YOU FAILED TO ALLOCATE A PORTION OF THE PURCHASED POWER TO THE DEMAND FUNCTION.

A. Mr. Darnall and I continue to disagree on this point. By definition, electric demand charges are charges for electricity when electricity is used the most, based on the period of time detailed in the power provider's rate plan. It is not a standby charge that is incurred whether electricity is used or not. In other words, it's a variable

cost and I believe demand charges are appropriately commodity related. Besides, in the end as I stated in my rebuttal testimony, the allocation of 5 percent of the purchased power costs to the demand function in my study would have no appreciable impact on my cost of service study results.[117]

Q. PLEASE RESPOND TO MR. DARNALL'S CRITICISM THAT YOU SHOULD HAVE ALLOCATED THE BACK FLOW PREVENTION COSTS TO THE CUSTOMER FUNCTION RATHER THAN THE DEMAND AND COMMODITY FUNCTIONS.

A. I would not necessarily disagree with Mr. Darnall, however, like the allocation of purchased power costs, the allocation of back flow prevention costs to the customer function would have no appreciable impact on my cost of service study results.

Q. PLEASE RESPOND TO MR. DARNALL'S CRITICISM OF YOUR STUDY THAT YOU SHOULD HAVE ALLOCATED PROPERTY TAXES AND INCOME TAXES BASED UPON COMMODITY, CUSTOMER AND METERS AND SERVICES FUNCTIONS NOT JUST TO THE DEMAND FUNCTION.

A. First, let me say that I did not allocate property taxes and income taxes based upon demand. I allocated property taxes based on revenues and income taxes based on taxable income. Property taxes are a function of revenues for water and wastewater utilities. Income taxes are a function of taxable income. Accordingly, these are appropriate metrics for the allocation of these costs.

Q. DO YOU AGREE WITH MR. DARNALL THAT DEMAND FACTORS BASED ON RELATIVE METER FLOWS ONLY PROVIDES AND

[117] Bourassa Rb. at 56.

INDICATION OF THE INDIVIDUAL CUSTOMERS DEMAND, NOT THE DEMAND THAT A PARTICULAR CLASS HAS ON THIS SYSTEM?

A. No. My factors are based on the each customer class relative to the entire customer base. Further, as I testified, it provides a useful indication of the relative amount of investment in plant to serve each class.[118]

1. Cost of Service Study.

Q. HAVE YOU UPDATED YOUR COST OF SERVICE STUDY?

A. Yes. I have updated my cost of service study to reflect the changes to rate base, revenues and expenses contained in the Company's rejoinder filing.

Q. HAVE YOU MODIFIED YOUR COST OF SERVICE FOR THE REJOINDER TESTIMONY?

A. Yes. I show separately the hydrant meter customer class.

Q. PLEASE DISCUSS THE RESULTS OF YOUR UPDATED STUDY.

A. As shown on the G-2 schedule, the ¾ inch metered residential class (the largest customer class) stills provide the lowest return at 7.96% at proposed rates and, therefore, continues to pay less than their cost of service[119] and to be subsidized by the larger metered customers under proposed rates. The 1 inch, 1 ½ inch, 2 inch, and the 4 inch metered classes provide returns of 10.48%, 18.57%, 16.71%, 24.05%, respectively. The 8 inch metered class (Goodyear) provides the highest return of 75.11%.

B. <u>Wastewater Division Rate Design.</u>

Q. WHAT ARE THE COMPANY'S PROPOSED RATES FOR WASTEWATER SERVICE?

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[118] Bourassa Rb. at 57.

[119] To pay full cost of service a customer class must achieve the required return. In the instant case, the Company is proposing an 11% rate of return based on its weighted average cost of capital.

A. The Company's proposed rates are:

Monthly Residential Service	$ 48.39
Multi-Unit Housing - Monthly Per Unit	$ 44.92
Commercial:	
Small Commercial - Monthly Service	$ 81.83
Measured Service:	
Regular Domestic:	
Monthly Service Charge	$ 45.81
Rate Per 1,000 Gallons of Water	$ 4.00
Restaurants, Motels, Grocery Stores & Dry Cleaning Establishments: (1)	
Monthly Service Charge	$ 45.81
Rate Per 1,000 Gallons of Water	$ 5.34
Wigwam Resort:	
Monthly Rate - Per Room	$ 45.81
Main Hotel Facilities - Per Month	$1,779.00
Schools - Monthly Service Rates:	
Elementary Schools	$1,209.72
Middle Schools	$1,423.20
High Schools	$1,423.20
Community College	$2,205.96
Effluent	Market Rate

Q. DO YOU HAVE CONCERNS OVER RUCO'S CONTINUED ARGUMENTS FOR A MUCH HIGHER EFFLUENT RATES?

A. Yes, the same ones expressed by Mr. Sorensen.[120]

[120] Sorensen Rj. at 2-3.

Q. DOES THAT CONCLUDE YOUR REJOINDER TESTIMONY?

A. Yes.

Litchfield Park Service Company
Docket Nos. SW-01428A-09-0103, W-01427A-09-0104,
W-01427A-09-0116, W-01427A-09-0120

THOMAS J. BOURASSA
REJOINDER TESTIMONY
December 29, 2009

Exhibit TJB-RJ1

(Rate Base - Phase 1)

JMM 1.52 2004 - 304 Structures & Improvements							
7/1/04 Journal Entry Detail							
01/28/03	9,994.37	CH2OICE PUMP INC - LABOR & MATERIALS FOR INSTALL	11642		8600-10003-0002-04	3-5200-1000-0000	MATERIAL & LABOR - 3 PATCH & SONAR JET WELL @4-AL
01/28/03	3,207.00	LEGEND TECHNICAL SERVICES - TESTING FOR 4-AL	092924		8600-10003-0002-04	3-5200-1000-0001	WATER TESTING @ 4-AL
01/28/03	2,565.60	LEGEND TECHNICAL SERVICES - TESTING FOR 4-AL	092925		8600-10003-0002-04	3-5200-1000-0001	WATER TESTING @ 4-AL
02/03/03	1,065.00	ANIZORA MAINTENANCE - LABOR & MATERIALS	03-004		8600-10003-0002-04	3-5200-1000-0000	MATERIAL & LABOR TO RAISE WELLHEAD @ 4-AL
02/04/03	12,631.29	ANIZORA MAINTENANCE - EQUIPMENT	03-012		8600-10003-0002-04	3-5200-1000-0000	CHECK VALVE, AIR VACCUM VALVE, BUTTERFLY VALVE @4-AL
02/20/03	6,219.68	CH2OICE PUMP - INSTALL 2 PATCH	11647		8600-10003-0002-04	3-5200-1000-0000	MATERIAL & LABOR - 2 PATCH & 1 PATCH @4-AL
02/25/03	1,162.94	ROSEMOUNT INC - #2088 PRESSURE TRANSMITS	1966586		8600-10003-0002-04	3-5200-1000-0000	PRESSURE TRANSMITTER @ 4-AL
02/25/03	140.94	ROSEMOUNT INC - #306 INTEFRAL MANIFOLDS	1966586		8600-10003-0002-04	3-5200-1000-0000	INTEGRAL MANIFOLD @ 4-AL
03/06/03	6,864.00	YARDNEY WATER MGMT - GAUGE & SEPARATOR	0029699-IN		8600-10003-0002-04	3-5200-1000-0000	SEPARATORS & GAUGES @ 4-AL
03/25/03	469.61	ANIZORA MAINTENANCE - FREIGHT FOR 4-AL	03-017		8600-10003-0002-04	3-5520-1000-0000	FREIGHT FOR VALVES @ 4-AL
03/31/03	11,053.50	SOUTHWEST GROUND WATER - PUMP TESTING	B675-1		8600-10003-0002-04	3-5200-1000-0002	FINAL WELL REPORT FROM HYDROLOGIST FOR 4-AL
03/31/03	23,168.42	CH2OICE PUMP INC - PIPE & INNER COLUMN	11652		8600-10003-0002-04	3-5200-1000-0002	INNER COLUMN & THICK WALL PIPE FOR 4-AL
04/11/03	3,652.00	DANA KEPNER CO - FLANGE TUBER METER	7075852-00		8600-10003-0002-04	3-5200-1000-0000	METERS & PARTS FOR INSTALLATION @ 4AL
04/11/03	6,264.74	DANA KEPNER CO - 12" CHECK VALVE FOR 4-AL	7077641-00		8600-10003-0002-04	3-5200-1000-0000	12" CHECK VALVE @ 4-AL
04/21/03	1,277.55	DANA KEPNERCO - 4" VACCUM RELEASE VALVE	7077641-01		8600-10003-0002-04	3-5200-1000-0000	4" AIR VACCUM RELEASE VALVE @ 4-AL
04/24/03	42,328.15	CH2OICE PUMP INC - ELECTROC MOTOR, FLOWS	11665		8600-10003-0002-04	3-5200-1000-0000	EQUIPMENT FOR 4-AL (ELECTRIC MOTOR, FLOWSERVE BOWL)
7/11/2003	2,111.80	Southwest Ground Water	B675-2	LPSCO 4-AL Job 03 002	8600-10003-0002	3-5200-1000-0002	Well Report FOR 4-AL
5/31/2003	2,885.00	Thayne Excavating	2121	LPSCO 4-AL Job 03 002	8600-10003-0002	3-5200-1000-0000	4-AL
6/23/2003	485.00	Thayne Excavating	254	LPSCO 4-AL Job 03 002	8600-10003-0002	3-5200-1000-0000	4-AL
10/13/2003	495.00	Thayne Excavating	291	LPSCO 4-AL Job 03 002	8600-10003-0002	3-5200-1000-0000	4-AL
10/31/2003	1,165.00	Thayne Excavating	295	LPSCO 4-AL Job 03 002	8600-10003-0002	3-5200-1000-0000	4-AL
9/12/2003	2,424.09	Dean Fence Co	100261	LPSCO 4-AL	8600-10003-0002	3-5200-1000-0000	Slide Gate @ 4-AL
5/30/2003	10,830.00	DND Electrical	17953	LPSCO 4-AL	8600-10003-0002	3-5200-1000-0000	PROGRESS PAYMENT FOR 4-AL
7/9/2003	32,490.00	DND Electrical	17953-A	LPSCO 4-AL	8600-10003-0002	3-5200-1000-0000	MATERIALS FOR 4-AL
8/12/2003	20.00	City of Goodyear	CLIP995	Job 4-AL	8600-10003-0002	3-5200-1000-0002	Interconnect Backflow test @ 4-AL
12/17/2003	425.00	American Fence Co	905182	LPSCO 4-AL Job 03 002	8600-10003-0002	3-5200-1000-0000	Temporary Fence @site
10/31/2003	1,268.40	APS	201771	LPSCO- Job 03 002	8600-10003-0002	3-5200-1000-0000	APS WORK FOR WELL SITE 4-AL
8/25/2003	3,650.00	Auza & Auza Contr	1931	Job 4-AL	8600-10003-0002	3-5200-1000-0000	IMPROVEMENTS TO 4-AL WELL
9/12/2003	10,448.40	Auza & Auza Contr	1956	Job 4-AL & 9AL	8600-10003-0002	3-5200-1000-0000	IMPROVEMENTS TO 4-AL WELL
5/31/2003	15,780.60	B & R Engineering	051903-STMT	Job 4-AL Engineering	8600-10003-0002	3-5200-1000-0001	ENGINEERING SRVS FOR 4-AL
01/01/03	5,899.65	CH2OICE PUMP INC	11617				
01/01/03	18,926.55	CH2OICE PUMP INC	11616				
01/01/03	749.48	CH2OICE PUMP INC	11627				
	242,118.76						
9/1/04 Journal Entry Detail							
02/24/03	391.24	PARSONS ENGINEERING - JAN BILLING ***	03138356	LPSCO JOB # 03-029	ENGINEERING FEES FOR GOODYEAR WATER TIE #2		
11/30/03	710.76	Parsons Engineering Science, Inc	03373265	GOODYEAR WATER TIE #2 -03-029			
07/23/03	1,715.00	KEOGH ENGINEERING, INC	18235	GOODYEAR - INTERCONNECT PLAN			
	2,817.00						
		***Note - Unable to locate invoice					

RECEIVED JAN 27 2003

Invoice

CH2OICE PUMP INC
PO BOX 215
BUCKEYE, AZ 85326

Customer No.: LPSCO
Invoice No.: 11642

Bill To: LPSCO
111 W. WIGWAM BLVD.
STE. B
LITCHFIELD PARK, AZ 85340

Ship To: AIRLINE WELL #4

Date	Ship Via	F.O.B.	Terms
01/24/03		Origin	UPON RECEIPT

Purchase Order Number	Order Date	Sales Person	Our Order Number
	01/24/03	ROB ZEIDLER	C23-008

Quantity Required	Shipped	B.O.	Item Number	Description	Unit Price	Amount
1	1			LABOR & MATERIALS TO INSTALL, 3 PATCHES 302', 305',356'	7500.00	7500.00
1	1			SONAR JET WELL 150 FT 405 TO 555	2100.00	2100.00
				TV WELL AFTER PATCH	0.00	0.00

NEW Well

Invoice subtotal	9600.00
Sales tax @ 6.300%	393.12
Sales tax @ 0.020%	1.25
Invoice total	9994.37

PAYMENT AUTHORIZATION
APPROVAL Matt Barlak
DATE 01/28/03
AMOUNT TO PAY $9994.37
4A
CODING 100-000-115900 : 9994.37
PO# 7130

Ch2oice Pump Inc.
Po Box 5757
Goodyear, AZ 85338
(623) 925-2525

RECEIVED 1/28/03 BB

New

LEGEND

Technical Services of Arizona, Inc.
17631 N. 25th Avenue • Phoenix, Arizona 85023
(602) 324-6100 • fax (602) 324-6101

INVOICE

1/22/03	092924	1

SOLD TO
LPSCO (Litchfield Park Svc Co)
111 W. Wigwam Blvd. Suite B
Litchfield Park, AZ 85340

Attn: Matthew Garlick

SHIP TO
LPSCO (Litchfield Park Svc Co)
111 W. Wigwam Blvd. Suite B
Litchfield Park, AZ 85340

Attn: Matthew Garlick

TOTAL DUE 3207.00

987653	0212-10719		NET 30 DAYS

Item#	Description	Qty	Unit	Unit-Price	Ext-price
CALC.	Nitrogen as Nitrate	5	EACH	0.00	0.00
SM 2320B	Total Alkalinity (as CaCO3)	5	EACH	14.40	72.00
EPA 300.0	Chloride	5	EACH	24.00	120.00
SM 2510B	Conductivity	5	EACH	18.00	90.00
SM 4500-FC	Fluoride	5	EACH	24.00	120.00
EPA 350.1	Nitrogen as Ammonia	5	EACH	36.00	180.00
SM4500NO2B	Nitrogen as Nitrite	5	EACH	15.00	75.00
SM 4500-NO3 F	Nitrate plus Nitrite	5	EACH	15.00	75.00
EPA 150.1	pH	5	EACH	12.00	60.00
EPA 300.0	Sulfate	5	EACH	24.00	120.00
SM4500 CNE	Cyanide, Total	5	EACH	66.00	330.00
SM 2540C	Total Dissolved Solids	5	EACH	18.00	90.00
EPA 180.1	Turbidity	5	EACH	18.00	90.00
EPA 200.9	Metals Digestion for GFAA	5	EACH	0.00	0.00
EPA 200.9	Arsenic, Dissolved	5	EACH	21.00	105.00
EPA 200.7	Barium	5	EACH	13.50	67.50
EPA 200.7	Beryllium	5	EACH	13.50	67.50
EPA 200.7	Calcium	5	EACH	13.50	67.50
EPA 200.7	Cadmium	5	EACH	13.50	67.50
EPA 200.7	Chromium	5	EACH	13.50	67.50
	Filtration for Diss Metals	5	EACH	15.00	75.00
SM 2340B	Hardness, Total (Ca & Mg)	5	EACH	7.50	37.50
EPA 245.1	Mercury	5	EACH	48.00	240.00
EPA 200.7	Potassium	5	EACH	13.50	67.50
EPA 200.7	Magnesium	5	EACH	13.50	67.50
EPA 200.7	Sodium	5	EACH	13.50	67.50
EPA 200.7	Nickel	5	EACH	13.50	67.50

***** CONTINUED ON NEXT PAGE *****

SALE TOTAL	
INVOICE TOTAL	
DEPOSIT	
BALANCE DUE	

WE ACCEPT VISA or MASTERCARD

LEGEND

Technical Services of Arizona, Inc.
17631 N. 25th Avenue • Phoenix, Arizona 85023
(602) 324-6100 • fax (602) 324-6101

INVOICE

1/22/03	092924	2

SOLD TO
LPSCO (Litchfield Park Svc Co)
111 W. Wigwam Blvd, Suite B
Litchfield Park, AZ 85340

Attn: Matthew Garlick

SHIP TO
LPSCO (Litchfield Park Svc Co)
111 W. Wigwam Blvd, Suite B
Litchfield Park, AZ 85340

Attn: Matthew Garlick

TOTAL DUE 3207.00

987653	0212-10719		NET 30 DAYS

Item#	Description	Qty	Unit	Unit-Price	Ext-price
EPA 200.9	Lead	5	EACH	21.00	105.00
EPA 200.9	Antimony	5	EACH	21.00	105.00
EPA 200.9	Selenium	5	EACH	21.00	105.00
EPA 200.9	Thallium	5	EACH	21.00	105.00
EPA 200.7	Metals Digestion for ICP	5	EACH	24.00	120.00
EPA 320.1	Bromide	5	EACH	36.00	180.00

SALE TOTAL	3,207.00
INVOICE TOTAL	
DEPOSIT	
BALANCE DUE	3,207.00

WE ACCEPT VISA or MASTERCARD

LEGEND

Technical Services of Arizona, Inc.
17631 N. 25th Avenue • Phoenix, Arizona 85023
(602) 324-6100 • fax (602) 324-6101

INVOICE

INVOICE DATE	INVOICE NO.	PAGE
1/22/03	092925	1

SOLD TO
LPSCO (Litchfield Park Svc Co).
111 W. Wigwam Blvd, Suite B
Litchfield Park, AZ 85340

Attn: Matthew Garlick

SHIP TO
LPSCO (Litchfield Park Svc Co)
111 W. Wigwam Blvd, Suite B
Litchfield Park, AZ 85340

Attn: Matthew Garlick

TOTAL DUE 2565.60

987653	0212-10785		NET 30 DAYS

Item#	Description	Qty	Unit	Unit-Price	Ext-price
CALC.	Nitrogen as Nitrate	4	EACH	0.00	0.00
SM 2320B	Total Alkalinity (as CaCO3)	4	EACH	14.40	57.60
EPA 300.0	Chloride	4	EACH	24.00	96.00
SM 2510B	Conductivity	4	EACH	18.00	72.00
SM 4500-FC	Fluoride	4	EACH	24.00	96.00
EPA 350.1	Nitrogen as Ammonia	4	EACH	36.00	144.00
SM4500NO2B	Nitrogen as Nitrite	4	EACH	15.00	60.00
SM 4500-NO3 F	Nitrate plus Nitrite	4	EACH	15.00	60.00
EPA 150.1	pH	4	EACH	12.00	48.00
EPA 300.0	Sulfate	4	EACH	24.00	96.00
SM4500 CNE	Cyanide, Total	4	EACH	66.00	264.00
SM 2540C	Total Dissolved Solids	4	EACH	18.00	72.00
EPA 180.1	Turbidity	4	EACH	18.00	72.00
EPA 200.9	Metals Digestion for GFAA	4	EACH	0.00	0.00
EPA 200.9	Arsenic, Dissolved	4	EACH	21.00	84.00
EPA 200.7	Barium	4	EACH	13.50	54.00
EPA 200.7	Beryllium	4	EACH	13.50	54.00
EPA 200.7	Calcium	4	EACH	13.50	54.00
EPA 200.7	Cadmium	4	EACH	13.50	54.00
EPA 200.7	Chromium	4	EACH	13.50	54.00
	Filtration for Diss Metals	4	EACH	15.00	60.00
SM 2340B	Hardness, Total (Ca & Mg)	4	EACH	7.50	30.00
EPA 245.1	Mercury	4	EACH	48.00	192.00
EPA 200.7	Potassium	4	EACH	13.50	54.00
EPA 200.7	Magnesium	4	EACH	13.50	54.00
EPA 200.7	Sodium	4	EACH	13.50	54.00
EPA 200.7	Nickel	4	EACH	13.50	54.00

***** CONTINUED ON NEXT PAGE *****

SALE TOTAL	
INVOICE TOTAL	
DEPOSIT	
BALANCE DUE	

WE ACCEPT VISA or MASTERCARD

06-08-09;11:01AM; ;602 324 6101

LEGEND

Technical Services of Arizona, Inc.

17631 N. 25th Avenue • Phoenix, Arizona 85023
(602) 324-6100 • fax (602) 324-6101

INVOICE

1/22/03	092925	2

SOLD TO
LPSCO (Litchfield Park Svc Co)
111 W. Wigwam Blvd, Suite B
Litchfield Park, AZ 85340

Attn: Matthew Garlick

SHIP TO
LPSCO (Litchfield Park Svc Co)
111 W. Wigwam Blvd, Suite B
Litchfield Park, AZ 85340

Attn: Matthew Garlick

TOTAL DUE 2565.60

987653	0212-10785		NET 30 DAYS

Item#	Description	Qty	Unit	Unit-Price	Ext-price
EPA 200.9	Lead	4	EACH	21.00	84.00
EPA 200.9	Antimony	4	EACH	21.00	84.00
EPA 200.9	Selenium	4	EACH	21.00	84.00
EPA 200.9	Thallium	4	EACH	21.00	84.00
EPA 200.7	Metals Digestion for ICP	4	EACH	24.00	96.00
EPA 320.1	Bromide	4	EACH	36.00	144.00

WE ACCEPT VISA or MASTERCARD

SALE TOTAL	2,565.60
INVOICE TOTAL DEPOSIT	
BALANCE DUE	2,565.60

ANIZORA MAINTENANCE LLC
6503 N. 80TH AVE
GLENDALE, AZ 85303-3323
623-937-2339 OFFICE / FAX
623-594-0749 CELLULAR

INVOICE

INVOICE NUMBER: 03-004

INVOICE DATE: 2/3/03

PAGE: 1

SOLD TO: LITCHFIELD PARK SERVICE COMPANY
111 W. WIGNAM BLVD.
SUITE B
LITCHFIELD PARK, AZ 85340

SHIP TO: LPSCO 4-AL

FEB - 5 2003

CUSTOMER ID	CUSTOMER PO	PAYMENT TERMS
LPSCO	VERBAL	Net 30 Days

SALES REP ID	SHIPPING METHOD	SHIP DATE	DUE DATE
	Hand Deliver		3/5/03

QUANTITY	ITEM NUMBER	DESCRIPTION	UNIT PRICE	EXTENSION
12.00		LABOR TO FORM AND FINISH	65.00	780.00
3.00		CU YDS OF CONCRETE	95.00	285.00
		LABOR AND MATERIALS TO RAISE WELLHEAD AT 4-AL. WELLHEAD WILL MEET OR EXCEED ADEQ BULLETIN # 10 STDS.		

PAYMENT AUTHORIZATION
APPROVAL Matthew Dalich
DATE 02/04/03
AMOUNT TO PAY $1,065.00
CODING
100-000-1159-00 $ 1065.00

4AL

Subtotal	1,065.00
Sales Tax	
Total Invoice Amount	$1,065.00
Payment Received	
TOTAL DUE	$1,065.00

ENTERED 2/5/03

Check No:

www.checksforless.com 800-245-5775

INVOICE

ANIZORA MAINTENANCE LLC
6503 N. 80TH AVE
GLENDALE, AZ 85303-3323
623-937-2339 OFFICE / FAX
623-694-0749 CELLULAR

PAYMENT AUTHORIZATION

APPROVAL Matthew E. Garlick
DATE 02/05/03
AMOUNT TO PAY $12,631.29
CODING
100-000-1159-00

INVOICE NUMBER: 03-012
INVOICE DATE: 2/4/03
PAGE: 1

FEB - 5 2003

SOLD TO: LITCHFIELD PARK SERVICE COMPANY
111 W. WIGWAM BLVD.
SUITE B
LITCHFIELD PARK, AZ 85340

SHIP TO: LPSCO WELL 4-AL

4 AL

CUSTOMER ID	CUSTOMER PO	PAYMENT TERMS
LPSCO	VERBAL MATTHEW	Net 30 Days

SALES REP ID	SHIPPING METHOD	SHIP DATE	DUE DATE
GREG R FROEHLING	Hand Deliver	3/26/03	3/6/03

QUANTITY	ITEM NUMBER	DESCRIPTION	UNIT PRICE	EXTENSION
2.00		PROCO FLEX COUPLING	306.00	612.00
2.00		12 X 4 X 12 TEE	371.00	742.00
2.00		4 INCH PLUG VALVES	261.00	522.00
1.00		AIR VACUUM RELEASE VALVE	1,206.00	1,206.00
1.00		AIR RELEASE VALVE	621.00	621.00
1.00		BERMAD NON-SLAM CHECK VALVE 760-03	6,130.00	6,130.00
4.00		12 INCH QUICK FLANGES	70.40	281.60
1.00		12 INCH TEE	344.75	344.75
1.00		12 X 6 ECCENTRIC REDUCER	288.85	288.85
1.00		6 INCH BUTTERFLY VALVE W/ HANDWHEEL OPERATOR	386.00	386.00
1.00		12 INCH BUTTERFLY VALVE W/ HANDWHEEL OPERATOR	834.00	834.00
8.00		12 INCH BOLT AND GASKET KIT	23.00	184.00
2.00		6 INCH BOLT AND GASKET KIT	9.05	18.10
6.00		4 INCH GASKET AND BOLT KIT	6.12	36.72
1.00		12 X 2 TAPPING SADDLE	93.00	93.00
1.00		12 X 1 TAPPING SADDLE	81.67	81.67

Subtotal	Continued
Sales Tax	Continued
Total Invoice Amount	Continued
Payment Received	
TOTAL DUE	Continued

ENTERED 2/5/03 BB

Check No:

INVOICE

ANIZORA MAINTENANCE LLC
6503 N. 80TH AVE
GLENDALE, AZ 85303-3323
623-937-2339 OFFICE / FAX
623-694-0749 CELLULAR

INVOICE NUMBER: 03-012

INVOICE DATE: 2/4/03

PAGE: 2

SOLD TO: LITCHFIELD PARK SERVICE COMPANY
111 W. WIGWAM BLVD.
SUITE B
LITCHFIELD PARK, AZ 85340

SHIP TO: LPSCO WELL 4-AL

CUSTOMER ID	CUSTOMER PO	PAYMENT TERMS	
LPSCO	VERBAL MATTHEW	Net 30 Days	
SALES REP ID	**SHIPPING METHOD**	**SHIP DATE**	**DUE DATE**
GREG R FROEHLING	Hand Deliver	3/26/03	3/6/03

QUANTITY	ITEM NUMBER	DESCRIPTION	UNIT PRICE	EXTENSION
1.00		20 FT PC PC350 12 INCH DI PIPE	249.60	249.60
		EQUIPMENT AND HARDWARE FOR LPSCO WELL 4-AL		
		LEAD TIME FOR SOME ITEMS MAY BE AS LONG AS 6 WEEKS!		

Subtotal	12,631.29
Sales Tax	
Total Invoice Amount	$12,631.29
Payment Received	
TOTAL DUE	$12,631.29

Check No:

www.checkstorless.com 800-245-5775

CH2OICE PUMP INC
PO BOX 215
BUCKEYE, AZ 85326

FEB 19 2003

Invoice

Customer No.: LPSCO
Invoice No.: 11647

Bill To: **LPSCO**
111 W. WIGWAM BLVD.
STE. B
LITCHFIELD PARK, AZ 85340

Ship To: **WELL 4 AL**

Date	Ship Via	F.O.B.	Terms
02/18/03		Origin	UPON RECEIPT

Purchase Order Number	Order Date	Sales Person	Our Order Number
	02/18/03	ROB ZEIDLER	C23-008

Quantity Required	Quantity Shipped	Quantity B.O.	Item Number	Description	Unit Price	Amount
1	1			INSTALL 2 PATCH 255 & 338	3575.00	3575.00
1	1			INSTALL 1 PATCH 2/16/03	2400.00	2400.00

Invoice subtotal	5975.00
Sales tax @ 6.300%	244.68
Invoice total	6219.68

PAYMENT AUTHORIZATION
APPROVAL Matt Sailick
DATE 02/20/03
AMOUNT TO PAY $6,219.68
100-000-1159-00 $ 8219.68

4-AL

2/20/03

Rosemount Inc.

SEND INVOICE INQUIRIES TO:
Rosemount Inc.
12001 Technology Drive
Eden Prairie, MN 55344 USA
Tel. 1 (952) 828-3700
Fax. 1 (952) 828-3737
E-mail: EP.RMD-Accounts-Receivable@EmersonProcess.com

RECEIVED FEB 24 2003

INVOICE

Bill To: ATTN: ACCOUNTS PAYABLE
LITCHFIELD PARK SERVICE CO
111 W WIGWAM BLVD STE B
LITCHFIELD PARK, AZ 85340-4636
US

Ship To: LITCHFIELD PARK SERVICE CO
111 W WIGWAM BLVD STE B
LITCHFIELD PARK, AZ 85340-4636
US

INVOICE DATE	18-FEB-03
INVOICE NUMBER	1966586

PLEASE REMIT PAYMENT TO
ROSEMOUNT INC
PO BOX 70114
CHICAGO, IL 60673-0114

PAYMENT TERMS	NET 30 DAYS
PAYMENT DUE	20-MAR-03
CUSTOMER P.O. NUMBER	7134
BUYER	CONDE SLUGA
PAGE	1 of 1

	1152045	RTC FACTORY	RTC AIRBORNE
	PREPAID AND ADD	3634337265	18-FEB-03

1	1	2088G2S22A1M5E4S0 Pressure Transmitter Eccn # Schedule B# 9026.20.0000 Serial Nos 0239883	1 EACH	1,122.00	1,122.00
2	2	0306RT12AA11 INTEGRAL MANIFOLD Eccn # Schedule B# 9026.20.0000	1 EACH	100.00	100.00

APPROVED BY: DATE: 2/24/03
AMOUNT APPROVED: $1,303.88
COMMENTS: Alter PO 9403 for ALY
DISTRIBUTION
ACC# 100-000-1159-00 $
ACC# $ 1303.88

Notes:

Please email comments regarding the quality of Rosemount products, services or processes to:
Chan.RMD-CustomerFeedback@EmersonProcess.com.
THESE COMMODITIES ARE INTENDED FOR USE WITHIN THE UNITED STATES. ALL EXPORTS MUST BE MADE IN ACCORDANCE WITH U.S. LAW.

Sub Total	$1,222.00
Freight Charges	$13.45
Tax	$68.43

ENTERED 2/25/03

Gross Weight 9 LB No of Packages 1

Original Invoice

order is subject to the "Terms and Conditions of Sale" on the back of this page. Seller herby certifies that the goods manufactured by r were produce in compliance with all applicable requirements of Section 6, 7 and 12 of the Fair Labor Standards Act, as nded, and of regulations and orders of the United Stated Department of Labor as issued under Section 14 thereof.

TOTAL AMOUNT $1,303.88

FORM NO. 68874 REV. K

Rosemount Inc.

SEND INVOICE INQUIRIES TO:

Rosemount Inc.
12001 Technology Drive
Eden Prairie, MN 55344 USA
Tel. 1 (952) 828-3700
Fax. 1 (952) 828-3737
E-mail: EP.RMD-Accounts-Receivable@EmersonProcess.com

FEB 24 2003

INVOICE

Bill To: ATTN: ACCOUNTS PAYABLE
LITCHFIELD PARK SERVICE CO
111 W WIGWAM BLVD STE B
LITCHFIELD PARK, AZ 85340-4636
US

Ship To: LITCHFIELD PARK SERVICE CO
111 W WIGWAM BLVD STE B
LITCHFIELD PARK, AZ 85340-4636
US

INVOICE DATE	18-FEB-03
INVOICE NUMBER	1966586

PLEASE REMIT PAYMENT TO

ROSEMOUNT INC
PO BOX 70114
CHICAGO, IL 60673-0114

PAYMENT TERMS	NET 30 DAYS
PAYMENT DUE	20-MAR-03
CUSTOMER P.O. NUMBER	7134
BUYER	CONDE SLUGA
PAGE	1 of 1

SHIPMENT NO.	ROSEMOUNT ORDER NO.	TRADE TERMS	SHIPPED VIA
	1152045	RTC FACTORY	RTC AIRBORNE

FREIGHT TERMS	BL - AWB	DATE SHIPPED
PREPAID AND ADD	3634337265	18-FEB-03

1	1	2088G2S22A1M5B4S5 Pressure Transmitter Eccn # Schedule B# 9026.20.0000 Serial Nos 0239883	1 EACH	1,122.00	1,122.00
2	2	0306RT12AA11 INTEGRAL MANIFOLD Eccn # Schedule B# 9026.20.0000	1 EACH	100.00	100.00

Notes:

Please email comments regarding the quality of Rosemount products, services or processes to:
Chan.RMD-CustomerFeedback@EmersonProcess.com.
THESE COMMODITIES ARE INTENDED FOR USE WITHIN THE UNITED STATES. ALL EXPORTS MUST BE MADE IN ACCORDANCE WITH U.S. LAW.

Sub Total	$1,222.00
Freight Charges	$13.45
Tax	$68.43

Gross Weigh 9 LB No of Packages 1

Invoice Copy

order is subject to the "Terms and Conditions of Sale" on the back of this page. Seller herby certifies that the goods manufactured by or were produce in compliance with all applicable requirements of Section 6, 7 and 12 of the Fair Labor Standards Act, as nded, and of regulations and orders of the United Stated Department of Labor as issued under Section 14 thereof.

TOTAL AMOUNT $1,303.88

FORM NO. 63974 REV. K

EMERSON.
Process Management

Rosemount Inc.
8200 Market Boulevard
Chanhassen, MN 55317 USA
Within the US: 1(800) 999-9307
Outside the US: 1 (952) 949-7000
Fax: 1 (952) 949-7001

FEB 18 2003 CUSTOMER ACKNOWLEDGEMENT

CUSTOMER PURCHASE ORDER NUMBER	ROSEMOUNT ORDER NUMBER	PAYMENT TERMS
7134	1152045	NET 30 DAYS

Acknowledge to:	Ship to:	Bill to:
LITCHFIELD PARK SERVICE CO	LITCHFIELD PARK SERVICE	LITCHFIELD PARK SERVICE
111 W WIGWAM BLVD STE B	111 W WIGWAM BLVD STE B	111 W WIGWAM BLVD STE B
LITCHFIELD PARK, AZ 85340-4	LITCHFIELD PARK, AZ 8534	LITCHFIELD PARK, AZ 853

BUYER	FREIGHT TERMS	SHIPPING POINT	SALES TAX
CONDE SLUGA(623)935 1020	PREPAID AND ADD	EXW SHIPPING POINT	Y

CONTACT OUR REPRESENTATIVE WITH ANY QUESTIONS	ULTIMATE DESTINATION	SHIP PARTIAL
BERG, KRISTIN	United States	Yes

THANK YOU FOR YOUR ORDER

CUST. O. ITEM	RMT ITEM	DESCRIPTION	QTY.	SCHEDULED SHIP DATE	UNIT PRICE	EXTENDED PRICE
1	1	2088G2S22A1M5B4S5 Pressure Transmitter Cust Ref Eccn # EAR99 Ship from: MINNEAPOLIS, MN Ship via RTC AIRBORNE Schedule B# 9026.20.0000 Tag Calibration 0 to 100 PSI	1	02/25/03	$1,122.00	$1,122.00
2	2	0306RT12AA11 INTEGRAL MANIFOLD Cust Ref Eccn # EAR99 Ship from: MINNEAPOLIS, MN Ship via RTC AIRBORNE Schedule B# 8481.80.3090 Tag Calibration	1	02/25/03	$100.00	$100.00

Please email comments regarding the quality of Rosemount products, services or processes to:
Chan.RMD-CustomerFeedback@EmersonProcess.com.

THESE COMMODITIES ARE INTENDED FOR USE WITHIN THE UNITED STATES. ALL EXPORTS MUST BE MADE IN ACCORDANCE WITH U.S. LAW.

Total : $1,222.00

Newwell
4-AL

100-000-1159-00
100-000-1159-00

FORM NO. 00972 REV. H

Rosemount Inc.

SEND INVOICE INQUIRIES TO:
Rosemount, Inc.
12001 Technology Drive
Eden Prairie, MN 55344 USA
Tel. 1 (952) 828-3700
Fax 1 (952) 828-3737

ANY QUESTIONS PLEASE CALL:

REBECCA ADKINS
ACCOUNTS RECEIVABLE
PHONE 952-828-3725
FAX 952-828-3737
rebecca.adkins@emersonprocess.com

MAR - 7 2003

Statement

Page 1

Remit To:
ROSEMOUNT INC PO BOX 70114
CHICAGO IL 60673-0114

To:
LITCHFIELD PARK SERVICE CO : 1296931
111 W WIGWAM BLVD STE B
LITCHFIELD PARK AZ 85340-4636

STATEMENT DATE	CUSTOMER NO.
28-FEB-03	62765

INVOICE NO.	DATE	TRANSACTION	DUE DATE	REFERENCE	BILL TO LOCATION	TRANSACTION AMOUNT	AMOUNT DUE
1966586	18-FEB-03	Invoice	20-MAR-03	7134	1296931	1,303.88	1,303.88

ROSEMOUNT THANKS YOU FOR YOUR BUSINESS!

PAYMENT AUTHORIZATION
APPROVAL [signature]
DATE 3-13-04
AMOUNT TO PAY 1303.85
Pressure Sensor @ AL 4 water
CODING $
$
$
$

OK 3/14/03
BB

ENTERED

Current	1-30 Days	31-60 Days	61-90 Days	Over 90 Days		
1,303.88	0.00	0.00	0.00	0.00	0.00	USD 1,303.88
PAST DUE					FINANCE CHARGES	TOTAL AMOUNT DUE

1.50% 18.00%

FORM NO. 63979 REV. H

****** INVOICE ******

yardney

WATER MANAGEMENT SYSTEMS, INC.

6666 BOX SPRINGS BLVD.
RIVERSIDE, CALIFORNIA 92507-0736
(909) 656-6716 • FAX (909) 656-3867
FED. TAX I.D. 33-0425578

MAR - 5 2003

INVOICE NUMBER: 0029699-IN
INVOICE DATE: 02/28/03

ORDER NUMBER: 0028873
ORDER DATE: 01/30/03
SALESPERSON: 0027
CUSTOMER NO: 0002025

SOLD TO:
LITCHFIELD PARK SERVICE CO
111 W. WIGWAM BLVD., SUITE B
LITCHFIELD PARK AZ 85340

SHIP TO:
LITCHFIELD PARK SERVICE CO
4019 NORTH DYSART RD.
S.E. CORNER
AVONDALE AZ 85323

CONFIRM TO:
MATTHEW - GREG FROEHLING

CUSTOMER P.O.	SHIP VIA	F.O.B	TERMS
7130	FED EX FRT PPA	RIVERSIDE, CA	NET 30 DAYS

9700001107	EA	1 D	1 D	0 D	6,364.000	6,364.00
SEPARATOR PCS-100-H W/12" IN/O			WHSE: 000			
144025200	EA	2	2	0		
GAUGE, SS, 2-1/2" LIQUID FILLE			WHSE: 000			
275001107	EA	1	1	0		
SEPARATOR PCS-100-H W/12" IN/O			WHSE: 000			

4AL Budget

PAYMENT AUTHORIZATION
APPROVAL Mark Barlik
DATE 03/05/03
AMOUNT TO PAY $6,864.00
CODING 100-000-1159-00 6864.00

All past due accounts subject to service charge of 1.5% per month (18% per annum).

In case of default in payment, purchaser agrees to pay seller all costs of collection including reasonable attorney fees and all court costs incurred by the seller in the repossession of the above items or collection of the amount due.

NET INVOICE:	6,364.00
LESS DISCOUNT:	.00
FREIGHT:	500.00
SALES TAX:	.00
INVOICE TOTAL:	6,864.00

ORIGINAL

ANIZORA MAINTENANCE LLC
6593 N. 80TH AVE
GLENDALE, AZ 85303-3323
623-937-2339 OFFICE / FAX
623-694-0749 CELLULAR

RECEIVED
MAR 18 2003

INVOICE

INVOICE NUMBER: 03-017
INVOICE DATE: 3/14/03
PAGE: 1

SOLD TO: LITCHFIELD PARK SERVICE COMPANY
111 W. WIGWAM BLVD.
SUITE B
LITCHFIELD PARK, AZ 85340

SHIP TO: 4 -AL

CUSTOMER ID	CUSTOMER PO	PAYMENT TERMS
LPSCO	VERBAL MATTHEW G	Net 30 Days

SALES REP ID	SHIPPING METHOD	SHIP DATE	DUE DATE
GREG R FROEHLING	Hand Deliver	3/14/03	4/13/03

QUANTITY	ITEM NUMBER	DESCRIPTION	UNIT PRICE	EXTENSION
1.00		FREIGHT FOR 4-AL PARTS FREIGHT CHARGES WERE NOT ON THE ORIGINAL INVOICE 03-012 AS QUOTED FROM DANA KEPNER.	469.61	469.61

ENTERED 3/25/03 BB

PAYMENT AUTHORIZATION
APPROVAL Matt Salick
DATE 03/23/03
AMOUNT TO PAY $469.61
CODING
100-000-1159-00 469.61

JOB 03-13

Subtotal	469.61
Sales Tax	
Total Invoice Amount	$469.61
Payment Received	
TOTAL DUE	$469.61

Check No:

ANIZORA MAINTENANCE LLC
6503 N. 80TH AVE
GLENDALE, AZ 85303-3323
623-937-2339 OFFICE / FAX
623-694-0749 CELLULAR

RECEIVED
MAR 26 [redacted]

INVOICE

INVOICE NUMBER: 03-010
INVOICE DATE: 3/25/03
PAGE: 1

SOLD TO: LITCHFIELD PARK SERVICE COMPANY
111 W. WIGWAM BLVD.
SUITE B
LITCHFIELD PARK, AZ. 85340

SHIP TO: PALM VALLEY WRF
C/O LPSCO

CUSTOMER ID	CUSTOMER PO	PAYMENT TERMS
LPSCO	VERBAL MATTHEW G	Net 30 Days

SALES REP ID	SHIPPING METHOD	SHIP DATE	DUE DATE
GREG R FROEHLING	Hand Deliver	3/25/03	4/24/03

QUANTITY	ITEM NUMBER	DESCRIPTION	UNIT PRICE	EXTENSION
1.00		SECURITY CAGE PARTS AND MATERIALS	826.33	826.33
6.00		LABOR TO INSTALL	65.00	390.00

PAYMENT AUTHORIZATION
APPROVAL Matt Barlich
DATE 03/26/03
AMOUNT TO PAY $1,317.29
CODING
~~200-100-6362-02~~ $ 1317 29
200-000-1011-00 $
~~WRT~~ $

Subtotal	1,216.33
Sales Tax	100.96
Total Invoice Amount	$1,317.29
Payment Received	
TOTAL DUE	$1,317.29

ENTERED
3/27/03
bb

Check No:

Southwest Ground-water Consultants, Inc.

RECEIVED
MAR 14 2003

INVOICE

March 12, 2003

TO: Mr. Matthew E. Garlick
Technical Services Supervisor
Litchfield Park Service Company
111 West Wigwam Blvd., Suite B
Litchfield Park, Arizona 85340

SUBJECT: Airline Wellfield Well 4AL
(SGC Project No. 675)

AUTHORIZATION: Mr. Matthew E. Garlick (Agreement dated December 4, 2002). Signed December 13, 2002

INVOICE NO: B.675-1

PERIOD: through February 28, 2003

Completed pump testing and downhole logging and sampling of well 4AL. Initiated final well report.

Senior Hydrogeologist (SN)	8.5 hrs @ $105/hr	$892.50
Staff Hydrologist (NM)	16.0 hrs @ $80/hr	$1,280.00
Staff Hydrologist (VE)	23.0 hrs @ $65/hr	$1,495.00
Technical Support (GL)	23.0 hrs @ $55/hr	$1,265.00
Expenses:		
Downhole logger ($3,066.5 + $2,785.00)		$5,851.50
Field Equipment ($185 + $84.5)		$269.50

TOTAL AMOUNT DUE **$11,053.50**

PAYMENT AUTHORIZATION
APPROVAL Matt Garlick
DATE 04/01/03
AMOUNT TO PAY $11,053.50

CODING
100-000-1159-00 $ 11053.50

4-AL

ENTERED
3/31/03
BP

3900 East Camelback Road, #200
Phoenix, Arizona 85018-2636
(602) 955-5547 Fax (602) 955-7585

Prescott, Arizona
Phoenix, Arizona

welenco

5201 WOODMERE DRIVE BAKERSFIELD, CA 93313-2770
(661) 834-8100

INVOICE NO. 36539

CHARGE TO: SOUTHWEST GROUNDWATER
3900 E CAMELBACK RD #200
PHOENIX, AZ 85018-2636
(602) 955-5547

JOB LOCATION: SOUTHWEST GROUNDWATER
REQUESTED BY GARY LAWRENCE
WELL #4 AC
LOC: SUN CITY, E EL MIRAGE

(602) 955-5547

Page 1

ACCOUNT NO.	SALES OFFICE	JOB TICKET #	PURCHASE ORDER #	JOB DATE	TERMS	INVOICE DATE
S-206	DI	36539		12/17/02	NET 30	12/20/02

QTY ORDERED	QTY SHIPPED	ITEM NO.	DESCRIPTION	UNIT PRICE		EXTENDED PRICE
1	1	330504	SERVICE CHARGE	525.00	0	525.00
1	1	337004	ASCII WELL DATA DISK	30.00	0	30.00
1	1	331724	SPINNER LOGS	1111.50	0	1111.50
8	8	331744	DEPTH SPECIFIC SAMPLES	175.00	0	1400.00

PAID
CK. NO. 8206
DATE 1/22/03

e pay from this invoice. Interest will be charged on all
lue amounts at the rate of 1½% per month.
t *ANY BILLING CHANGE TO INVOICE MUST
: IN WRITING TO BAKERSFIELD OFFICE***

3066.50

Thank You

3066.50

INVOICE

INVOICE NO. 36540

welenco

5201 WOODMERE DRIVE BAKERSFIELD, CA 93313-2770
(661) 834-8100

CHARGE TO:
SOUTHWEST GROUNDWATER
3900 E CAMELBACK RD #200
PHOENIX, AZ 85018-2636
(602) 955-5547

JOB LOCATION:
SOUTHWEST GROUNDWATER
REQUESTED BY GARY LAWRENCE
WELL #4 AC
LOC: SUN CITY, AZ,
(602) 955-5547

Page 1

COUNT NO.	SALES OFFICE	JOB TICKET #	PURCHASE ORDER #	JOB DATE	TERMS	INVOICE DATE	PA
S-206	DI	36540		12/18/02	NET 30	12/20/02	

QTY. ORDERED	QTY. SHIPPED	ITEM NO.	DESCRIPTION	UNIT PRICE		EXTENDED PRICE
1	1	330504	SERVICE CHARGE	525.00	0	525.00
1	1	337004	EXCESS STANDBY TIME	160.00	0	160.00
12	12	331744	DEPTH SPECIFIC SAMPLES	175.00	0	2100.00

PAID
CK. NO. 8206
DATE 1/22/03

e pay from this invoice. Interest will be charged on all
ue amounts at the rate of 1½% per month.
*ANY BILLING CHANGE TO INVOICE MUST
IN WRITING TO BAKERSFIELD OFFICE***

2785.00

Thank You

2785.00

Field Expense Report

Date 12/17 + 12/18/02 Job Number B.659

Client LPSCO Job Name 4AL

MILEAGE

120 2 wheel drive miles @ $0.50 per mile = $ 60

0 4 wheel drive miles @ $0.75 per mile = $ 0 SUB-TOTAL $ 60

METERS

pH, Temperature, Eh

1 days @ $25 per day = $ 25

Specific Conductivity

_____ days @ $25 per day = $ –

Dissolved Oxygen

_____ days @ $25 per day = $ –

Electronic Sounder

2 days @ $50 per day = $ 100

Other

_____ days @ $_____ per day = $ – SUB-TOTAL $ 125

SAMPLING EQUIPMENT

Disposable Bailers

_____ bailers @ $10 per bailer = $_____

Decontamination Equipment

_____ days @ $20 per day = $_____

Other

_____ days @ $_____ per day = $_____ SUB-TOTAL $ 0

TOTAL $ 185 00/100

REMARKS

SGC Staff _____

Project Manager [signature]

Southwest Ground-water Consultants, Inc.

Field Expense Report

Date 12/17/02 Job Number 675

Client _____ Job Name YAL

MILEAGE

69 2 wheel drive miles @ $0.50 per mile = $ 34.5

_____ 4 wheel drive miles @ $0.75 per mile = $_____ SUB-TOTAL $ 34.5

METERS

pH, Temperature, Eh

_____ days @ $25 per day = $_____

Specific Conductivity

_____ days @ $25 per day = $_____

Dissolved Oxygen

_____ days @ $25 per day = $_____

Electronic Sounder

1 days @ $50 per day = $ 50

Other

_____ days @ $_____ per day = $_____ SUB-TOTAL $ 50

SAMPLING EQUIPMENT

Disposable Bailers

_____ bailers @ $10 per bailer = $_____

Decontamination Equipment

_____ days @ $20 per day = $_____

Other

_____ days @ $_____ per day = $_____ SUB-TOTAL $ —

TOTAL $ 84.50

REMARKS

SGC Staff U Escobar

Project Manager [illegible]

Southwest Ground-water Consultants, Inc.

CH2OICE PUMP INC
PO BOX 5757
GOODYEAR, AZ 85338

Invoice

RECEIVED
MAR 28 2003

Customer No.: LPSCO
Invoice No.: 11652

Bill To: LPSCO
111 W. WIGWAM BLVD.
STE. B
LITCHFIELD PARK, AZ 85340

Ship To: WELL AIRLINE # 4

Date	Ship Via	F.O.B.	Terms
03/27/03		Origin	UPON RECEIPT

Purchase Order Number	Order Date	Sales Person	Our Order Number
	03/27/03		C23-008

Quantity Required	Quantity Shipped	B.O.	Item Number	Description	Unit Price	Amount
27	27		10	10"X20' TAPER COLUMN PIPE	355.00	9585.00
27	27		12	3"X1 15/16X20' RH INNER COLUMN	422.00	11394.00
3	3			10"X20' TAPER THICKWALL PIPE	426.00	1278.00
				Invoice subtotal		22257.00
				Sales tax @ 5.300%		911.42
				Invoice total		23168.42

WE APPRECIATE YOUR CONTINUED PATRONAGE

PAYMENT AUTHORIZATION
APPROVAL Matthew Sadlick
DATE 03/28/03
AMOUNT TO PAY $23,168.42

CODING
100-000-1159-00 • 23168.42

ENTERED
3/31/03
BB

Thank You

KEPNER

Dana Kepner Company, Inc.
Western Industrial Supply, LLC

INVOICE

UPC VENDOR	INVOICE DATE	ORDER NO.
000000	03/31/03	7075852-00
	P.O. NO.	PAGE #
	#01	1

CUST.#: 56490000

SHIP TO: LITCHFIELD PARK SERVICE CO
111 W WIGWAM BLVD #B

LITCHFIELD PARK, AZ 85340

RECEIVED
APR - 3 2003

REMIT TO: Dana Kepner Company, Inc.
Dept. 281
Denver, CO 80271-0281

BILL TO: LITCHFIELD PARK SERVICE CO
111 W WIGWAM BLVD #B

LITCHFIELD PARK, AZ 85340

INSTRUCTIONS			
alem			
SHIP POINT	SHIP VIA	SHIPPED	TERMS
Phoenix	Delivery	03/31/03	Net 30 Days

LINE NO.	PRODUCT AND DESCRIPTION	QUANTITY ORDERED	QUANTITY B.O.	QTY. SHIPPED	QTY. U/M	UNIT PRICE	AMOUNT (NET)
	**********						
	*** ***						
	*** P L E A S E N O T E ***						
	*** ***						
	*** ***						
	*** Call Conde at (623) 757-2315 ***						
	*** or (623) 935-9367 ***						
	*** BEFORE delivery ***						
	*** ***						
	*** ***						
	*** DO NOT deliver during lunch hour ***						
	*** Between 11:30 am & 1:00 pm ***						
	*** ***						
	*** ***						
	**********						
	----------						
	*						
	*						
	INVOICE FOR NON-STOCK MATERIAL ORDERED BUT NOT NEEDED						
	CREDIT TO BE ISSUED WHEN CREDIT RECEIVED FROM MANUFACTURER						
	*						
	*						
1	7ML0308NS	2	0	2	each	1800.00	3600.00
	8"ML-03 150PSI FLANGED TUBE METER GAL READ						
2	301208R	4	0	0	PCS	347.60	0.00
	12X8" FLGD CONCENTRIC REDUCER, 125#						
3	43D08FLH	2	0	0	PCS	832.77	0.00
	8" FLGD RW DI OL VALVE W/HANDWHEEL						
4	86FBPCI088K	4	0	0	PCS	14.64	0.00
	8" CIFF GASKET 1/8" & PLATED BOLT PACK						
5	86FBPCI128K	2	0	0	PCS	36.75	0.00
	12" CIFF GASKET 1/8" & PLATED BOLT PACK						
5	Lines Total	Qty Shipped Total		2		Total	3600.00

Continued

Dana Kepner Co.,Inc./Western Industrial Supply, LLC. standard terms and conditions apply. All returns must be approved and in full saleable condition. Returns will be subject to a restocking charge. Service charges will be applied to invoices that are not paid within terms.

KEPNER

Dana Kepner Company, Inc.
Western Industrial Supply, LLC

INVOICE

UPC VENDOR	INVOICE DATE	ORDER NO.
000000	03/31/03	7075852-00
	P.O. NO.	PAGE #
	#01	2

RECEIVED APR - 3 2003

CUST.#: 56490000

SHIP TO: LITCHFIELD PARK SERVICE CO
111 W WIGWAM BLVD #B

LITCHFIELD PARK, AZ 85340

REMIT TO: Dana Kepner Company, Inc.
Dept. 281
Denver, CO 80271-0281

BILL TO: LITCHFIELD PARK SERVICE CO
111 W WIGWAM BLVD #B

LITCHFIELD PARK, AZ 85340

INSTRUCTIONS			
alem			
SHIP POINT	SHIP VIA	SHIPPED	TERMS
Phoenix	Delivery	03/31/03	Net 30 Days

LINE NO.	PRODUCT AND DESCRIPTION	QUANTITY ORDERED	QUANTITY B.O.	QTY. SHIPPED	QTY. U/M	UNIT PRICE	AMOUNT (NET)
						Freight In	52.00
						Invoice Total	3652.00

PAYMENT AUTHORIZATION
APPROVAL Mark Barlich
DATE 4/11/03
AMOUNT TO PAY $3,652.00

CODING
100-000-1159-00 $ 3652.00

4AL
P.C

ENTERED 4/21/03

Last Page

Dana Kepner Co.,Inc./Western Industrial Supply, LLC. standard terms and conditions apply. All returns must be approved and in full saleable condition. Returns will be subject to a restocking charge. Service charges will be applied to invoices that are not paid within terms.

KEPNER

Dana Kepner Company, Inc.
Western Industrial Supply, LLC

INVOICE

UPC VENDOR	INVOICE DATE	ORDER NO.
000000	04/03/03	7077641-00
	P.O. NO.	PAGE #
	verbal	1

CUST.#: 56490000

SHIP TO: LITCHFIELD PARK SERVICE CO
111 W WIGWAM BLVD #B

LITCHFIELD PARK, AZ 85340

APR - 7 2003

REMIT TO: Dana Kepner Company, Inc.
Dept. 281
Denver, CO 80271-0281

BILL TO: LITCHFIELD PARK SERVICE CO
111 W WIGWAM BLVD #B

LITCHFIELD PARK, AZ 85340

INSTRUCTIONS			
alem			
SHIP POINT	SHIP VIA	SHIPPED	TERMS
Phoenix	Delivery	04/02/03	Net 30 Days

LINE NO.	PRODUCT AND DESCRIPTION	QUANTITY ORDERED	QUANTITY B.O.	QTY. SHIPPED	QTY. UM	UNIT PRICE	AMOUNT
	**********						
	*** PLEASE NOTE ***						
	*** Call Conde at (623) 757-2315 ***						
	*** or (623) 935-9367 ***						
	*** BEFORE delivery ***						
	*** DO NOT deliver during lunch hour ***						
	*** Between 11:30 am & 1:00 pm ***						
	**********						
1	41VM120410438NS 4" AIR VACCUM RELEASE VALVE VM#1204/104/38	1	1	0	each	1206.00	0.00
2	41VM76003VINS 12" 760-03-V-I CHECK VALVE W/POSTION IND.	1	0	1	each	6130.00	6130.00
3	DEL07Z1 DELIVERY ZONE 1	1	0	1	each	0.00	0.00
3	Lines Total		Qty Shipped Total	2		Total	6130.00
						Freight In	134.74
						Invoice Total	6264.74

PAYMENT AUTHORIZATION
APPROVAL Mark Soulick
DATE 4/11/03
AMOUNT TO PAY 6,264.74
CODING
100-000-1159-00 $ 6264.74

PAYMENT AUTHORIZATION
APPROVAL
DATE
AMOUNT TO PAY
CODING

4AL
P.O.

ENTERED 4/21/03

Last Page

Dana Kepner Co.,Inc./Western Industrial Supply, LLC. standard terms and conditions apply. All returns must be approved and in full saleable condition. Returns will be subject to a restocking charge. Service charges will be applied to invoices that are not paid within terms.

KEPNER

Dana Kepner Company, Inc.
Western Industrial Supply, LLC

INVOICE

UPC VENDOR	INVOICE DATE	ORDER NO.
000000	04/16/03	7077641-01
	P.O. NO.	PAGE #
	verbal	1

CUST.#: 56490000

SHIP TO: LITCHFIELD PARK SERVICE CO
111 W WIGWAM BLVD #B

LITCHFIELD PARK, AZ 85340

RECEIVED
APR 17 2003

REMIT TO: Dana Kepner Company, Inc.
Dept. 281
Denver, CO 80271-0281

BILL TO: LITCHFIELD PARK SERVICE CO
111 W WIGWAM BLVD #B

LITCHFIELD PARK, AZ 85340

INSTRUCTIONS			
alem			
SHIP POINT	SHIP VIA	SHIPPED	TERMS
Factory	Delivery	04/04/03	Net 30 Days

LINE NO.	PRODUCT AND DESCRIPTION	QUANTITY ORDERED	QUANTITY B.O.	QTY. SHIPPED	QTY. U/M	UNIT PRICE	AMOUNT (NET)
	********** *** PLEASE NOTE *** *** Call Conde at (623) 757-2315 *** or (623) 935-9367 *** BEFORE delivery *** *** DO NOT deliver during lunch hour *** Between 11:30 am & 1:00 pm *** **********						
1	41VM120410438NS 4" AIR VACCUM RELEASE VALVE VM#1204/104/38	1	0	1	each	1206.00	1206.00
4	DEL07Z1 DELIVERY ZONE 1	1	0	1	each	0.00	0.00
2	Lines Total	Qty Shipped Total		2		Total Freight In Invoice Total	1206.00 71.55 1277.55

H-AL

PAYMENT AUTHORIZATION

APPROVAL Mack Balish

DATE 4/21/03

AMOUNT TO PAY $1,277.55

CODING _____ $ _____

100-000-1159-00 $ 1277.55

_____ $ _____

_____ $ _____

ENTERED
4/28/03
BB

Last Page

Dana Kepner Co.,Inc./Western Industrial Supply, LLC. standard terms and conditions apply. All returns must be approved and in full saleable condition. Returns will be subject to a restocking charge. Service charges will be applied to invoices that are not paid within terms.

CH2OICE PUMP INC
PO BOX 5757
GOODYEAR, AZ 85338

APR 2 3 2003

Invoice

Customer No.: LPSCO
Invoice No.: 11665

Bill To: **LPSCO**
111 W. WIGWAM BLVD.
STE. B
LITCHFIELD PARK, AZ 85340

Ship To: **AIRLINE #4**
C23-008

Date	Ship Via	JOB #	JOB SITE
04/22/03			

Purchase Order Number	Order Date	Static	Setting
	04/22/03		

Quantity	Item Number	Description	Unit Price	Amount
		350 HP U.S. VHS WPI ELECTRIC MOTOR	16856.00	16856.00
		S/N 60402158090-100R	0.00	0.00
		11 STAGE 12ENH FLOWSERVE BOWL ASSEMBLY	12100.00	12100.00
		10" X 12" X 24.5 FAB. DISCHARGE HEAD WITH SOLE PLATE	4737.00	4737.00
		540 FT. 1/2 RED RUBBER AIRLINE W/ FITTINGS	1170.00	1170.00
		RIG AND CRANE TO INSTALL	5800.00	5800.00

4AL
well Equipment

Invoice subtotal	40663.00
Sales tax @ 6.300%	1665.15
Invoice total	42328.15

PAYMENT AUTHORIZATION
APPROVAL Matt Sarlick
DATE 4/24/03
AMOUNT TO PAY $ 42,328.15

CODING _____ $ _____
_____ $ _____
100-000-1159-00 $ 42,328.15
_____ $ _____

ENTERED 4/24/03
BB

Southwest Ground-water Consultants, Inc.

INVOICE

[illegible]

July 7, 2003

TO:	Mr. Matthew E. Garlick Technical Services Supervisor Litchfield Park Service Company 111 West Wigwam Blvd., Suite B Litchfield Park, Arizona 85340
SUBJECT:	Airline Wellfield Well 4AL (SGC Project No. 675)
AUTHORIZATION:	Mr. Matthew E. Garlick (Agreement dated December 4, 2002). Signed December 13, 2002
INVOICE NO:	B.675-2
PERIOD:	March 1, 2003 through June 30, 2003

Completed final well report and submitted April 14, 2003.

Senior Hydrogeologist (SN)	4.5 hrs @ $105/hr	$472.50
Staff Hydrologist (NM)	15.5 hrs @ $80/hr	$1,240.00
Staff Hydrologist (DH)	0.5 hrs @ $65/hr	$32.50
Staff Hydrologist (GN)	3.5 hrs @ $65/hr	$227.50
Technical Support (SM)	1.0 hrs @ $55/hr	$55.00
Expenses:		
Reproduction ($84.30)		$84.30

TOTAL AMOUNT DUE **$2,111.80**

PAYMENT AUTHORIZATION

[illegible] Matt Garlick

[illegible] 8-1000

[illegible] 8/11/03

[illegible]

8600-2-0100-10-1700-0000

2111.80

4AL

ENTERED 7/11/03

BB

3900 East Camelback Road, #200
Phoenix, Arizona 85018-2636
(602) 955-5547 Fax (602) 955-7585

Prescott, Arizona
Phoenix, Arizona

Thayne Excavating and Construction Inc.

ROC License No. 162975

№ 2121

12632 N. 78th Dr.
Peoria, AZ 85381

MAY - 7 2003

623-334-0433
Mobile: 602-579-6405

Co. Litchfield Park Service Date May 2-03

Add.

Job Location Bethany Home - El Mirage "Airline Park"

DATE	DESCRIPTION	HOURS	TOTAL
5-2-03	"Backhoe" Uncover		
[redacted]	Pump Station "Well"		
	"Center Pipe"		
B-	pour 3 yards cement		
	Around Pipe "5 yard min"		
	"concrete"		
	1 Labor		
		$ 2885	
5-5-03	"backhoe" uncover	[redacted]	
[redacted]	Pipe at Well Site		
	down 16 1/2 East TRAVEL TIME		
	Expose Pipe - Backfill TOTAL		
	1 Labor		

NOTICE: Our operators are under your jurisdiction and control and will make every effort to place materials where you, our customer, designates, but we assume no responsibility for damages or delays. Customer signature certifies job was completed in a satisfactory manner.

Operator

$ 2885

[redacted]

Customer Signature

Water

4AL

WIP

4-AL

ENTERED 5/30/03 BB

8600-2-0100-10-1700-0000

Thayne Excavating and Construction Inc.

ROC License No. 162975 № 291

8337 W. Pierson St.
Phoenix, Arizona 85037

0 -7 623-334-0433
Mobile: 602-579-6405

Co. Litchfield Park Ser. Date Oct 3-03

Add.

Job Location Wellsite "Airline" Way 4-AL

POST

DATE	DESCRIPTION	HOURS	TOTAL
1-	grade, Wellsite		$495.00
2-	60 yards material		
3-	"Dirt" Bring up grade 3 feet. & level		
	$495.00		
	TRAVEL TIME		
	TOTAL		

JOB LPSCO 03002

NOTICE: Our operators are under your jurisdiction and control and will make every effort to place materials where you, our customer, designates, but we assume no responsibility for damages or delays. Customer signature certifies job was completed in a satisfactory manner.

Rod Thayne
Operator

Customer Signature

PAYMENT AUTHORIZATION

APPROVAL Matt Gulick
DATE 10/13/03
AMT TO PAY $495.00
CODING
8600-2-0100-10-1100-0000
495.00

ENTERED 10/13/03 BB

Thayne Excavating and Construction Inc.

ROC License No. 162975

№ 4AL 254

8337 W. Pierson St.
Phoenix, Arizona 85037

623-334-0433
Mobile: 602-579-6405

19 [redacted]

Co. Litchfield Park Date June 16-03

Add.

Job Location Airline Way El Mirage & Bethany Home

DATE	DESCRIPTION	HOURS	TOTAL
	2 men - backhoe labor		
1	Well site - grade C		
2	level - Remove tree & Brush		$485.00
3	Prepare for Block fence		

PAYMENT AUTHORIZATION
APPROVED $485 Matt Sadek
DATE 06/20/03
AMT TO PAY [redacted]

TRAVEL TIME

[redacted]

TOTAL

NOTICE: Our operations are under your jurisdiction and control and will make every effort to place materials where you, our customer, designates, but we assume no responsibility for damages or delays. Customer signature certifies job was completed in a satisfactory manner.

called in Bey

[signature] Operator

Matthew C. Customer Signature

8600-2-0100-10-1700-0000

485.00

ENTERED 6/23/03 BB

4-AL

Thayne Excavating and Construction Inc.

ROC License No. 162975 № 295
8337 W. Pierson St.
Phoenix, Arizona 85037
623-334-0433
Mobile: 602-579-6405

$1165.00

Co. Litchfield Park Ser. Date Oct 23-03 -thru-

Add. 111 West Wigwam Blvd. Suite B

Job Location Pysart & Indian School - Bethany Home El Moraze Road

DATE	DESCRIPTION Air Same	HOURS	TOTAL
(1)	clean up 3 "Well Sites".		
(2)	Remove cement, pipe, Bale Wire, gates, telephone Poles, Wood, Water Pipe fittings etc		$825
(3)	dump fee 4 truck loads to Land Fill		$340
	TRAVEL TIME		$1165.00
	TOTAL		

NOTICE: Our operators are under your jurisdiction and control and will make every effort to place materials where you, our customer, designates, but we assume no responsibility for damages or delays. Customer signature certifies job was completed in a satisfactory manner.

Rod Thayne
Operator

Customer Signature

4-AL
LPSCO
03002

Wells

8600-2-0100-1700-0000

1165.00

ENTERED 10/31/03

To:
Litchfield Park Services
111 W. Wigwam Blvd.
Suite B
Litchfield Park, AZ 85340
Attn: Matt Garlic

DEAN
PRODUCTION FENCING
Iron • Masonry • Gates
PHOENIX ARIZONA

Invoice ID: 100261
Invoice Date: 09-04-2003
Draw ID: PO 4AL
Customer ID: LPSCO001
P.O. #: 4AL

RECEIVED
SEP 8

Job Location:
10-1480
LPSCO Litchfield Park
Bethany Home & El Mirage
Goodyear, AZ

Item	Description	Units	Unit of Measure	Unit Price	Amount
1	Manufacture 8'X6' Slide Gate	1.00	LS	2,300.00	2,300.00

POSTED

4AL

PAYMENT AUTHORIZATION
APPROVAL Matthew Garlick
DATE 09/10/03
AMT TO PAY $2,424.09
4-AL
8600-2-0100-10-1700-0000
$2424.09

ENTERED 9/12/03

Amount Billed	$2,300.00
Total Tax	124.09
Retainage Held	
Amount Due	$2,424.09

DATE DUE: 10-01-2003

263 S. Extension Road ▼ Mesa, Arizona 85210 ▼ Office (480) 969-4995 ▼ Fax (480) 969-8733

D N D ELECTRICAL

1990 North Alma School #327
PHONE: (480)545-7006,
FAX 480-545-6228
CHANDLER, AZ 85224

INVOICE

INVOICE NO.
17953

BILL TO
LPSCO 111 W WIGWAM BLVD SUITE B LITCHFIELD, AZ 85340

MAY 22 2003

ATTENTION	TERMS	INVOICE DATE	JOB LOCATION	P.O. NUMBER
	Net 30	5/19/2003	WELL 4AL	

DESCRIPTION	QTY	EACH	AMOUNT
MATERIALS ON HAND	1	40,000.00	40,000.00T

PAYMENT AUTHORIZATION

APPROVAL Mark Sorlick

DATE 05/22/03

AMOUNT TO PAY $10,830.00

CODING $

$

8600-2-0100-10-1700-0000

$ 10,830.00

Lets due a progress payment of 25%.

4AL WIP

4AL Electrical

5/30/03

BB

Sales Tax (8.3%)	$3,320.00
INVOICE TOTAL	$43,320.00

D N D ELECTRICAL
1990 North Alma School #327
PHONE: (480)545-7006,
FAX 480-545-6228
CHANDLER, AZ 85224

INVOICE

INVOICE NO.
17953

BILL TO
LPSCO 111 W WIGWAM BLVD SUITE B LITCHFIELD, AZ 85340

ATTENTION	TERMS	Due date	Invoice Date	JOB LOCATION	YOUR ORDER	P.O. NUMBER
	Net 30	6/18/2003	5/19/2003	WELL 4AL		

DESCRIPTION	QTY	EACH	AMOUNT
MATERIALS ON HAND	1	40,000.00	40,000.00T

4AL

7/9/03

PAYMENT AUTHORIZATION
APPROVAL Matthew Gatick
DATE 07/07/03
AMT TO PAY $35,520.00
Bal Due
$32,490.00
8600-2-0100-10-1700-0000

Pd 10,830.00
CK# 176
6/25/03

A finance charge of 1.5% per month or the maximum allowable by law whichever is greater, will be assessed if payment is not received by invoice due date.
TERMS & CONDITIONS
The customer agrees that in the event legal action is necessary to effect collection of the account balance, the customer will pay all costs of suit, including attorney's fees.

Sales Tax (8.3%)	$3,320.00
INVOICE TOTAL	$43,320.00

-10,830.00
$35,520.00

D N D ELECTRICAL
1990 North Alma School #327
PHONE: (480)545-7006,
FAX 480-545-6228
CHANDLER, AZ 85224

INVOICE

INVOICE NO.
17953

BILL TO
LPSCO 111 W WIGWAM BLVD SUITE B LITCHFIELD, AZ 85340

ATTENTION	TERMS	Due date	Invoice Date	JOB LOCATION	YOUR ORDER	P.O. NUMBER
	Net 30	6/18/2003	5/19/2003	WELL 4AL		

DESCRIPTION	QTY	EACH	AMOUNT
MATERIALS ON HAND	1	40,000.00	40,000.00T

4AL

7/9/03

PAYMENT AUTHORIZATION
APPROVAL Matthew Gaitch
DATE 07/09/03
AMT TO PAY $35,520.00
Bal Due
$32,490.00
8600-2-0100-10-1700-0000

Pd 10,830.00
CK# 176
6/25/03

A finance charge of 1.5% per month or the maximum allowable by law whichever is greater, will be assessed if payment is not received by invoice due date.
TERMS & CONDITIONS
The customer agrees that in the event legal action is necessary to effect collection of the account balance, the customer will pay all costs of suit, including attorney's fees.

Sales Tax (8.3%)	$3,320.00
INVOICE TOTAL	$43,320.00

-10,830.00
$35,520.00

T & S LANDSCAPING SERVICES
P.O. BOX 1761
SUN CITY, AZ 85372-1761
623-930-0240
623-930-1502 FAX

RECEIVED
JUL 2 1 2003

Invoice

DATE	INVOICE #
7/17/2003	CLIP995

BILL TO	SHIP TO
LITCHFIELD PARK SERVICES 111 W WIGWAM BLVD LITCHFIELD PARK, AZ 85340	LITCHFIELD PARK SERVICES 111 W WIGWAM BLVD LITCHFIELD PARK, AZ 85340

TERMS	SHIP DATE
Due on receipt	7/17/2003

QTY	RATE	DESCRIPTION	AMOUNT
	20.00	ANNUAL BACKFLOW ASSEMBLY TESTING (6" DCA)	20.00

ENTERED

Sam WATER

POSTED

PAYMENT AUTHORIZATION
APPROVAL Matt Salih
DATE 8/12/03
AMT TO PAY $20.00
8600-2-0100-10-11-00-0000
20.00

Bill Goodyear
C/o Ruben
Inter Connect

ENTERED 8/12/03 RB

Thank you for your business.

Total $20.00

THANK YOU FOR YOUR BUSINESS.

INVOICE

AMERICAN FENCE CO OF ARIZ INC
2502 N. 27TH AVE.
PHOENIX, AZ 85009
(602) 272-2333

AMERICAN FENCE COMPANY

DEC 8 2003

INVOICE

POSTED

Sold To: LITCHFIELD PARK SERVICE CO.
109 W HONEYSUCKLE
LITCHFIELD PARK, AZ 85340

Ship to: LITCHFIELD PARK SERVICE CO.
N/E/C EL MIRAGE & BETHANY HOM
PUMPS
PER MATTHEW
LITCHFIELD PARK, AZ 85340

Invoice Date: 12/04/03
Invoice # : 905162

Request Date	Customer P.O.	Ship: X25062
12/04/03		Inst: TA

Description	Ext. Price
Work Performed	425.01

DELIVERY OF 196 FT TEMPORARY FENCE AND RENT UP TO 1 MONTH
FROM 12/03/03 TO 01/02/04
X25062

8600-2-0100-10-1700-0000

4AL

03-002

ENTERED 12/17/03 BB

PAYMENT AUTHORIZATION

Subtotal :	425.00
Amount Paid:	.00
Amount Due :	425.00

Thank You for Your Business!

American Fence Company: 016349, 015119, 069390, 069569, 094103, 103476, 071556, 073474, 079039, 069568, 069389, 010777 AOS, 020667
American Fence Company, Inc. 682667, C-18697, 90-200839-2501, 37023, 37024 American Fence Company of New Mexico, Inc. 001912

DETACH THIS PORTION AND INCLUDE WITH PAYMENT
Please disregard this invoice if payment has been made.

Send your remittance to: (please note new address)
American Fence Company
P.O. Box 19040
Phoenix, AZ 85005-9040

For billing inquiries only, call 1-888-691-4565.

Customer #: 75169
Order # : 1238913 BL
Related PO:
Brn/Plt : 0101200
Invoice # : 905162

Amount Enclosed: _____

DESCRIPTION	AMOUNT
EXC W189021 WELLSITE 4AL CAMELBACK AND EL MIRAGE	1268.40
EXC SRV CHG 110' LESS 40' FREE =70'X $18.12/FT	
LPSCO-03-002	

ENTERED 10/31/03

PAYMENT AUTHORIZATION

[redacted]

PROMISSORY NOTE

FOR VALUE RECEIVED, the undersigned promises to pay to Arizona Public Service Company ("APS") the amount designated as "Total Due" within thirty (30) days of the "Sale Date" noted above. All charges unpaid after the thirty (30) day period shall bear interest thereafter at the rate per annum quoted as the prime interest rate by Bank One of Arizona, until the past due charges, including interest accrued thereon, are paid in full. The charging of interest and/or the failure of APS to insist upon the payment of any charges when due, shall not be construed to limit or waive any rights or remedies available to APS for such non-payment. The undersigned agrees to pay all costs and expenses of collection of this Promissory Note including reasonable attorney's fees. Time is of the essence of this Sales Invoice.

LABOR	
SUB-TOTAL	1268.40
AMT. SUBJECT TO TAX	
AMOUNT TAX EXEMPT	1268.40
CITY SALES TAX	
STATE SALES TAX	
NON-REFUNDABLE CUST. CONTRIB.	1268.40
REFUNDABLE CUST. ADVANCE	
TOTAL DUE (=Cash Price Above)	1268.40

201771

Executed this _____ day of _____, 20 ____.

Signature: _____ Co-Signature: _____

Name - Type or Print: _____ Name - Type or Print: _____

Title: _____ Firm: _____

☐ A corporation incorporated in the State _____

☐ A partnership consisting of _____

-62-5520-0000

☐ Other *(identify)* _____ 32"

ARIZONA PUBLIC SERVICE COMPANY

Signature prepared by: LAUREN SHOFFNER

Title: ADMIN ASSIST. Employee No.: Z85002

Authorized by: LINDA PARK Employee No.: 31069

Authorized by: _____ Employee No.: _____

(ADDITIONAL AUTHORIZATION IF REQUIRED)

Auza & Auza Contracting, Inc.
1112 W Hatcher Rd
Phoenix, AZ 85021

AUG 19 2003

Invoice

Invoice Number: 1931

Invoice Date: Aug 14, 2003

Voice: 602-870-6679
Fax: 602-944-0516

Sold To:
LPSCO - Litchfield Park Service Co.
1111 W. Wigwam Blvd
#B
Litchfield Park, AZ 85340

Job Name:
LPSCO - Well 4AL/9AL Waterline
Inter-Connect
Glendale & El Mirage Rd.

Customer ID	Customer PO	Payment Terms
198		Net 30 Days

Quantity	Item	Description	Unit Price	Extension
1.00		Final Billing	3,650.00	3,650.00

POSTED

CWIP- 4AL-9AL

PAYMENT AUTHORIZATION
APPROVAL Matthew Gulick
DATE 08/22/03
AMT TO PAY $ 3,650.00
[illegible]
8600-2-0100-10-1700-0000

4AL
12" waterline

ENTERED 8/25/03 BB

Subtotal	3,650.00
Sales Tax	
Total Invoice Amount	3,650.00
Payment Received	
TOTAL	3,650.00

Check No:

PROPOSAL

Project:	LPSCO - Well 4AL/9AL Waterline Inter-Connect
Location:	Glendale & ElMirage Rd
Take Off:	David
Supplier:	0
Document:	LPSCO - Well 4AL/9AL Waterline Inter-Connect
Plans Rcvd:	07/11/03

Description	Unit	Quantity	Unit	Extention $

Waterline Instaltion

	Description	Unit	Unit Rate	Quantity	Extention
1	24" DIP LEM	Lf	$ -	-	$ -
2	16" DIP LEM	Lf	$ 40.00	-	$ -
3	12" DIP LEM	Lf	$ 32.00	40	$ 1,280.00
4	ABC Bedding	Lf	$ 10.50	40	$ 420.00
5	8" DIP LEM	Lf	$ -	-	$ -
6	6" DIP LEM	Ea	$ -	-	$ -
7	24" Gate Valve B&C	Ea	$ -	-	$ -
8	16" Gate Valve B&C	Ea	$ 7,150.00	-	$ -
9	8" Valve Box & Cover	Ea	$ -	-	$ -
10	6" Valve Box & Cover	Ea	$ -	-	$ -
11	16" Tee	Ea	$ 4,100.00	-	$ -
12	12" 45 Deg & 90 Deg Fittings	Ea	$ 525.00	2	$ 1,050.00
13	16" x 12" Reducer & Ftgs	Ea	$ 850.00	1	$ 850.00
14		Ea	$ -		$ -
15	2" Blow Offs 16" & 12"	Ea	$ 425.00		$ -
16	Air Relief Valves	Ea	$ -	-	$ -
17	Road Crossing	Lf	$ 25.00	-	$ -
18	AC R&R	SY	$ -	-	$ -
19	Barricades Sewer & Water	LS	$ -	-	$ -
20	Removal of old 16" Butterfly Valve & fittings	LS	$ 2,000.00	-	$ -
	SUBTOTAL WATER:				**$ 3,600.00**
	MISC:				
	Communication Conduit				$ -
	2" DB 120 Conduit w/ Muletape	Lf	$ 0.65	-	$ -
	J Boxes	Ea	$ 50.00	1	$ 50.00
	Survey	LS	$ 1.00	-	$ -
					$ -
	SUBTOTAL MISC				**$ 50.00**
	TOTAL WATER & SEWER				**$ 3,650.00**
	SALES TAX 8.3 X 65% = 5.395%				$ -
	TOTAL THIS ESTIMATE				**$ 3,650.00**

Invoice

Invoice Number:
1956

Invoice Date:
Sep 5, 2003

Auza & Auza Contracting, Inc.
1112 W Hatcher Rd
Phoenix, AZ 85021

Voice: 602-870-6679
Fax: 602-944-0516

Sold To:
LPSCO - Litchfield Park Service Co.
1111 W. Wigwam Blvd
#B
Litchfield Park, AZ 85340

Job Name:
LPSCO
9AL-4AL Well Interconnect
Waterline

POSTED

Customer ID	Customer PO	Payment Terms
198	03036	Net 30 Days

Quantity	Item	Description	Unit Price	Extension
1.00		Change Order No. 1	10,448.40	10,448.40

PAYMENT AUTHORIZATION
APPROVAL Mark Gulick
DATE 09/11/03
AMT TO PAY $10,448.40
CODING
8600-2-0100-10-1700-0000
10,448.00

4AL

ENTERED 09/11/03

Subtotal	10,448.40
Sales Tax	
Total Invoice Amount	10,448.40
Payment Received	
TOTAL	10,448.40

Check No:

Auza & Auza Contracting, Inc.
1112 W. Hatcher Rd., Ste. 2
Phoenix, AZ 85021
(602) 870-6679
(602) 944-0516 Fax

CHANGE ORDER No. 1

Date: 7/18/2003	Job No. 03036
Job Name/Location: 9AL-4AL Well Interconnect Waterline	
Reference:	Date of Existing Contract:

TO:
LPSCO
Attn: Jim Suvers
111 W Wigwam Blvd Suite B
Litchfield Az 85340

We hereby agree to make the change(s) specified below:

Description	Quantity	Unit	Unit $	Extention
Add:				
Concrete cap on 16" due to Design Error-Wrong Location	150	LF	50	$7,500
16" DIP Design was short. Actual length was 80 longer	72	LF	38	$2,736
ABC Bedding - 16 " Extention	72	LF	2.95	$212.40
				$0
		TOTAL $		$10,448.40

Upon your review and acceptance of this Change Order, please execute name and retain the yellow copy for your records. Return the pink copy to Auza & Auza Contracting no later than 7/30/03.

NOTE: This Change Order becomes part of and in conformance with the existing contract.

WE AGREE hereby to make the change(s) specified above at this price		$ 10,448.40
Date: 9/5/2003	**Previous Contract Amount**	$ -
Authorized Signature David Auza Contractor	**Revised Contract Total**	$ 10,448.40

ACCEPTED- The above prices and specifications of this Change Order are satisfactory and are hereby accepted. All work to be performed under same terms and conditions as specified in orginal contract unless otherwise stipulated.

Date of Acceptance: August 2, 2003

Signature: Matthew Garlick
Operations Manager

B&R ENGINEERING, INC.
CIVIL ENGINEERING • LAND DEVELOPMENT
9666 E. Riggs Road, Suite 502, Sun Lakes, AZ 85248-7404 • (480) 895-0799 • FAX (480) 895-5557

RECEIVED MAY 23 2003

MM

INVOICE

PAYMENT AUTHORIZATION
APPROVAL Matthew Garlick
DATE 05/23/03
AMOUNT TO PAY $15,780.60
CODING
8600-2-0100-10-1700-0000
$ 15,780.60

David W. Ellis, P.E.
Matthew E. Garlick
Litchfield Park Service Company
111 Wigwam Blvd. Suite B
Litchfield Park, AZ 85340

Date: May 19, 2003

Re: **Work Performed: Well site 4AL**

SERVICE PERIOD: December, 2002 thru April 30, 2003

B&R Engineering Services - Task II = $10,100 = **90% complete**	$ 9,090.00
Landmark Engineering Invoices (attached) – Survey - Task I	$ 1,920.00
	$ 640.00
Wright Engineering Invoice (attached) – Electrical - Task III	$ 3,830.60
Nabar Stanley Brown Invoice (attached) – Structural - Task IV	$ 300.00
Sub-Total =	$15,780.60
REIMBURSABLE COSTS	$ 0.00
TOTAL AMOUNT DUE THIS INVOICE	**$15,780.60**

WIP
4AL

PLEASE MAKE CHECK PAYABLE TO:

B & R Engineering, Inc.
9666 East Riggs Road, Suite 141
Sun Lakes, Arizona 85248

ENTERED 5/30/03

L:\HLA\Data\WINWORD\PBC\Invoices\990063 LPSCOWell 4AL.DOC

CH2OICE PUMP INC
PO BOX 215
BUCKEYE, AZ 85326

RECEIVED
DEC 30 2002

Invoice

Customer No.: LPSCO
Invoice No.: 11617

Bill To: **LPSCO**
111 W. WIGWAM BLVD.
STE. B
LITCHFIELD PARK, AZ 85340

Ship To: **AIRLINE #4**

[redacted]	Ship Via	F.O.B.	Terms
[redacted]		Origin	UPON RECEIPT
Purchase Order Number	[redacted]	Sales Person	Our Order Number
		ROB ZEIDLER	C22-139

Quantity Required	Quantity Shipped	Quantity B.O.	Item Number	Description	Unit Price	Amount
1	1			PULL EXISTING PUMP	3000.00	3000.00
1	1			T.V. WELL.	750.00	750.00
1	1			PULL WATER SAMPLES @ 310' & 356'.	1800.00	1800.00
1	1			MARICOPA TAX	0.00	0.00

Invoice subtotal	5550.00
Sales tax @ 6.300%	349.65
Invoice total	5899.65

PAYMENT AUTHORIZATION
APPROVAL Matthew E. Dorlick
DATE 01/03/03
AMOUNT TO PAY $5,899.65

CODING
100-000-1159-00 $ 5899 65

4AL
P.O. # 7130

ENTERED DEC 02

Invoice

CH2OICE PUMP INC
PO BOX 215
BUCKEYE, AZ 85326

Customer No.: LPSCO
Invoice No.: 11617

Bill To: LPSCO
111 W. WIGWAM BLVD.
STE. B
LITCHFIELD PARK, AZ 85340

Ship To: AIRLINE #4

Date	Ship Via	F.O.B.	Terms
12/23/02		Origin	UPON RECEIPT

Purchase Order Number	Order Date	Sales Person	Our Order Number
	12/23/02	ROB ZEIDLER	C22-139

Quantity Required	Quantity Shipped	B.O.	Item Number	Description	Unit Price	Amount
1	1			PULL EXISTING PUMP	3000.00	3000.00
1	1			T.V. WELL.	750.00	750.00
1	1			PULL WATER SAMPLES @ 310' & 356'.	1800.00	1800.00
1	1			MARICOPA TAX	0.00	0.00

Invoice subtotal	5550.00
Sales tax @ 6.300%	349.65
Invoice total	5899.65

PAYMENT AUTHORIZATION
APPROVAL Matthew Dalick
DATE 12/23/02
AMOUNT TO PAY $5,899.65

CODING
100-000-1159-00 $ 5899 65

4AL
P.O# 7130
LPSCO

ENTERED 12/30/02 BB

CH2OICE PUMP INC
PO BOX 215
BUCKEYE, AZ 85326

RECEIVED
DEC 3 0 [redacted]

Invoice

Customer No.: LPSCO
Invoice No.: 11616

Bill To: **LPSCO**
111 W. WIGWAM BLVD.
STE. B
LITCHFIELD PARK, AZ 85340

Ship To: **AIRLINE #4**

[redacted]	Ship Via	F.O.B.	Terms
[redacted]		Origin	UPON RECEIPT

Purchase Order Number	Order Date	Sales Person	Our Order Number
	[redacted]	ROB ZEIDLER	C22-139

Quantity Required	Quantity Shipped	Quantity B.O.	Item Number	Description	Unit Price	Amount
1	1			INSTALL 380' 10" TEST PUMP. 300 H.P. ENGINE & GEAR	0.00	0.00
1	1			HEAD. PULL 12 HR STEP TEST & 15 HR CONSTANT RUN	0.00	0.00
1	1			TEST. PULL TEST PUMP	18182.00	18182.00
1	1			MARICOPA TAX	0.00	0.00

Invoice subtotal	18182.00
Sales tax @ 6.300%	744.55
Invoice total	18926.55

PAYMENT AUTHORIZATION
APPROVAL Matthew Galich
DATE 01/03/02
AMOUNT TO PAY $18,926.55

CODING
100-000-1159-00 $ 18,926.55

4AL
P.O. # 7130

ENT
DEC 02

Invoice

CH2OICE PUMP INC
PO BOX 215
BUCKEYE, AZ 85326

Customer No.: LPSCO
Invoice No.: 11616

Bill To: LPSCO
111 W. WIGWAM BLVD.
STE. B
LITCHFIELD PARK, AZ 85340

Ship To: AIRLINE #4

4AL
P.O. 7130

Date	Ship Via	F.O.B.	Terms
12/23/02		Origin	UPON RECEIPT

Purchase Order Number	Order Date	Sales Person	Our Order Number
	12/23/02	ROB ZEIDLER	C22-138

Quantity Required	Quantity Shipped	B.O.	Item Number	Description	Unit Price	Amount
1	1			INSTALL 380' 10" TEST PUMP. 300 H.P. ENGINE & GEAR	0.00	0.00
1	1			HEAD. PULL 12 HR STEP TEST & 15 HR CONSTANT RUN	0.00	0.00
1	1			TEST PULL TEST PUMP	18182.00	18182.00
1	1			MARICOPA TAX	0.00	0.00

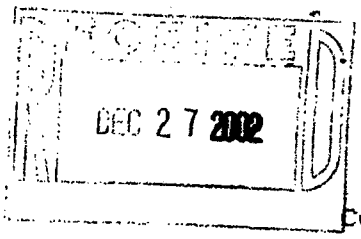
Invoice subtotal	18182.00
Sales tax @ 6.300%	744.55
Invoice total	18926.55

PAYMENT AUTHORIZATION
APPROVAL Matthew E Sackett
DATE 12/23/02
AMOUNT TO PAY $18,926.55

CODING
100-000-1159-00 • 1892655

ENTERED
12/30/02
BB

CH2OICE PUMP INC
PO BOX 215
BUCKEYE, AZ 85326



Invoice

Customer No.: LPSCO
Invoice No.: 11627

Bill To: LPSCO
111 W. WIGWAM BLVD.
STE. B
LITCHFIELD PARK, AZ 85340

Ship To: **AIRLINE #4**

Date	Ship Via	F.O.B.	Terms
[redacted]		Origin	UPON RECEIPT

Purchase Order Number	Order Date	Sales Person	Our Order Number
7130	[redacted]	ROB ZEIDLER	C22-139

Quantity Required	Quantity Shipped	Quantity B.O.	Item Number	Description	Unit Price	Amount
1	1			MOVE OLD PUMP FROM AIRLINE #4 TO SUN COR YARD	720.00	720.00
1	1			AT CAMELBACK & 303.	0.00	0.00
1	1			MARICOPA TAX	0.00	0.00

Invoice subtotal	720.00
Sales tax @ 6.300%	29.48
Invoice total	749.48

PAYMENT AUTHORIZATION
APPROVAL Matthew E. Dalick
DATE 12/30/02
AMOUNT TO PAY $749.48

CODING
100-000-1159-00 $ 749.48
$
$

ENTERED 12/31/02
BB

				[illegible] WORK	1,307.57		
				[illegible]		2,161.49	
	[illegible] 12/26/02	02-[illegible] DEC ADJ	PJ GENJ	ANIZORA MAINTENANCE meter	211.19	211.19	
				Change	129,160.71	129,160.71	
100-000-1153-00	1/1/02			Beginning Balance			67,359.85
CWIP Indian School Wate	11/4/02	Water/Sewe	GENJ	CWIP-INDIAN SCHOOL W		67,359.85	
				Change		67,359.85	-67,359.85
100-000-1156-00	1/1/02			Beginning Balance			12,814.23
CWIP - WATER	1/4/02	02752377	PJ	Parsons Engineering Science	788.10		
	2/5/02	02774257	PJ	Parsons Engineering Science	1,526.80		
	5/2/02	2865995	PJ	Parsons Engineering Science	590.80		
	9/12/02	02984559	PJ	Parsons Engineering Science,	491.58		
	11/4/02	Water/Sewe	GENJ	CWIP-WATER		16,211.51	
	11/7/02	03056303	PJ	Parsons Engineering Science,	274.84		
	12/12/02	10657	PJ	PIERSON CONSTRUCTIO	127,020.00		
	12/26/02	DEC ADJ	GENJ	CWIP - WATER		127,294.84	
				Change	130,692.12	143,506.35	-12,814.23
100-000-1158-00	1/1/02			Beginning Balance			2,401.92
CWIP - CHLORINE	2/7/02	01542605	PJ	HARRINGTON INDUSTRI	2,530.89		
	2/19/02	004	PJ	WIZARD ENGINEERING -	240.00		
	3/1/02	1543223	PJ	HARRINGTON INDUSTRI	821.48		
	3/21/02	1220800095	PJ	AUTO SAFETY HOUSE LL	1,127.06		
	11/4/02	Water/Sewe	GENJ	CWIP-CHLORINE		7,121.35	
				Change	4,719.43	7,121.35	-2,401.92
100-000-1159-00	1/1/02			Beginning Balance			
CWIP NEW WELL	4/12/02	134579	PJ	KELLER EQUIPMENT CO	2,007.04		
	11/4/02	Water/Sewe	GENJ	CWIP-NEW WELL		2,007.04	
	11/21/02	015533	PJ	CONESTOGA-ROVERS &	67,327.48		
	12/23/02		GENJ	transfer wells		67,327.48	
	12/30/02	11616	PJ	CH2OICE PUMP INC - TES	18,926.55		
	12/30/02	11617	PJ	CH2OICE PUMP INC - PUL	5,899.65		
	12/31/02	11627	PJ	CH2OICE PUMP INC - MO	749.48		
				Change	94,910.20	69,334.52	25,575.68
	12/31/02			Ending Balance			25,575.68
100-000-1160-00	1/1/02			Beginning Balance			37,745.93
CWIP WELL	1/8/02	1332221	PJ	KELLER EQUIPMENT CO	560.68		
	1/8/02	1332221	PJ	KELLER EQUIPMENT CO	3,021.74		
	1/8/02	1332221	PJ	KELLER EQUIPMENT CO	3,021.73		
	1/8/02	1332221	PJ	KELLER EQUIPMENT CO	3,021.73		
	2/1/02	011733	PJ	CUPP'S INDUSTRIAL SUPP	1,267.00		
	2/1/02	131073-01	PJ	SOUTHWEST FASTENER -	29.89		
	2/1/02	10440	PJ	MATERIAL RESOURCES, I	388.74		
	2/1/02	11489	PJ	CH2OICE PUMP INC - TO	1,886.72		
	2/1/02	11483	PJ	WAT-IRR, INC - TW 6 MEC	15,543.47		
	2/12/02	003	PJ	WIZARD ENGINEERING -	360.00		
	2/15/02	26953	PJ	YARDNEY WATER MANA	5,646.10		
	2/15/02	889926	PJ	HUGHES SUPPLY - FLAN	1,934.32		
	2/25/02	82968	PJ	LEGEND TECHNICAL SER	2,388.60		
	2/27/02	893671	PJ	HUGHES SUPPLY	585.00		
	3/1/02	892349	PJ	HUGHES SUPPLY - VAC	585.00		
	3/1/02	1332222	PJ	KELLER EQUIPMENT CO	22,711.39		
	3/1/02	1332222	PJ	KELLER EQUIPMENT CO	22,711.37		
	3/1/02	1332222	PJ	KELLER EQUIPMENT CO	22,711.37		
	3/1/02	934-795658	PJ	GRAINGER	877.71		
	3/1/02	973-572479	PJ	GRAINGER	614.36		
	3/1/02	423-806468	PJ	GRAINGER	17.31		
	3/1/02	218-781344	PJ	GRAINGER	1.57		
	3/1/02	13004	PJ	TOOLING RESEARCH, INC	163.17		
	3/5/02	16635	PJ	PUMP SYSTEMS,INC - FEE	1,545.74		
	3/5/02	895281	PJ	HUGHES SUPPLY - CREDI		585.00	
	3/12/02	6	PJ	WIZARD ENGINEERING -	491.99		
	3/12/02	672-842743	PJ	GRAINGER - 20B HYP PA	18.23		
	3/12/02	934-661039	PJ	GRAINGER - 20B	143.13		
	3/13/02	1332223	PJ	KELLER EQUIPMENT CO	7,974.43		
	3/13/02	1332223	PJ	KELLER EQUIPMENT CO	7,974.42		
	3/13/02	1332223	PJ	KELLER EQUIPMENT CO	7,974.42		
	3/16/02	008	PJ	WIZARD ENGINEERING -	197.76		
	3/20/02	934-431424	PJ	GRAINGER - TOWN WELL	161.94		
	3/21/02	11507	PJ	WAT-IRR, INC - WELL 5	7,973.68		

PARSONS

100 West Walnut Street • Pasadena, California 91124 • (626) 440-2000 • Fax: (626) 440-2630 • www.parsons.com

RECEIVED NOV 14 2003

INVOICE

NET 30 DAYS
NOVEMBER 11, 2003

CLIENT REF. : AGREEMENT
INVOICE NO. : 03373265
PROJECT NO. : 738908
CLIENT NO. : 76876

TO: LITCHFIELD PARK SERVICE CO.
111 W. WIGWAM BLVD., SUITE B
LITCHFIELD PARK, AZ 85340

ATTN: MR. DAVID ELLIS, MANAGER

PLEASE REMIT TO:
PARSONS WATER & INFRASTRUCTURE INC
P. O. BOX 601053
LOS ANGELES, CA 90060-1053

FOR: GENERAL SERVICES
(AMOUNT AUTHORIZED: $25,000.00)
(AMOUNT BILLED TO DATE: $25,148.30)

GOODYEAR WATER TIE #2
03-029

BILLING PERIOD: 1/31/03 THROUGH 10/31/03

	CUR. HOURS	CURRENT PERIOD THROUGH 10/31/03	CUM. HOURS	CUMULATIVE-TO-DATE THROUGH 10/31/03
LABOR				
Labor costs:	6.5	651.50	270.0	24,357.50
OTHER DIRECT COSTS				
ODCS without markup		59.26		790.80
TOTAL THIS INVOICE:		710.76		

POSTED

PAYMENT AUTHORIZATION
APPROVAL [signature] Amy 12/2/03
DATE
AMT TO PAY
CODING
8600-2-0100-10-1700-0000 - 710.76
8600

ENTERED 12/2/03

Keogh Engineering, Inc.
1616 N. Litchfield Rd., Suite 120
Goodyear, AZ 85338-1512
Phone (623) 535-7260

RECEIVED
JUL 14 2003

Invoice

DATE	INVOICE NO.
7/10/2003	18235

BILL TO
LPSCO 111 W. Wigwam Blvd., Suite B Litchfield Park, AZ 85340 Attn: Mathew Garlick

RE:
Interconnect Water Plan

TERMS	PROJECT
Due on receipt	18074

DESCRIPTION	AMOUNT
7/10/03 - Prepare interconnect water plan.	1,715.00

RECEIVED

Bill to
city of Goodyear

water Inter-connect

PAYMENT AUTHORIZATION
APPROVAL Mark Garlick
DATE 07/18/03
AMT TO PAY $1,715.00
[illegible]
8600-2-0100-10-1700-0000
1715.00

ENTERED
7/24/03

Total $1,715.00

Litchfield Park Service Company
Docket Nos. SW-01428A-09-0103, W-01427A-09-0104,
W-01427A-09-0116, W-01427A-09-0120

THOMAS J. BOURASSA
REJOINDER TESTIMONY
December 29, 2009

Exhibit TJB-RJ2

(Rate Base - Phase 1)

Litchfield Park Service Company - Water Division
Test Year Ended September 31, 2008
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Attachment

Line No.	Meter Size	Class	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues
1	5/8 Inch	Residential	$ 7,929	$ 12,150	$ 4,221	53.24%	0.12%	0.10%
2	3/4 Inch	Residential	2,023,567	3,047,217	1,023,650	50.59%	30.10%	26.18%
3	1 Inch	Residential	1,986,898	3,488,577	1,501,679	75.58%	29.56%	29.98%
4	1.5 Inch	Residential	54,252	104,176	49,924	92.02%	0.81%	0.90%
5	2 Inch	Residential	159,078	271,623	112,545	70.75%	2.37%	2.33%
6	4 Inch	Residential	19,356	38,225	18,870	97.49%	0.29%	0.33%
7								
8		Subtotal	4,251,079	6,961,968	2,710,889	63.77%	63.24%	59.82%
9								
10	5/8 Inch	Commercial	$ 24,344	$ 44,595	$ 20,251	83.19%	0.36%	0.38%
11	3/4 Inch	Commercial	12,320	20,422	8,102	65.77%	0.18%	0.18%
12	1 Inch	Commercial	31,023	55,430	24,407	78.68%	0.46%	0.48%
13	1.5 Inch	Commercial	64,158	124,114	59,956	93.45%	0.95%	1.07%
14	2 Inch	Commercial	394,253	680,595	286,342	72.63%	5.86%	5.85%
15	4 Inch	Commercial	64,990	125,868	60,878	93.67%	0.97%	1.08%
16	10 Inch	Commercial	17,579	35,805	18,226	103.68%	0.26%	0.31%
17								
18		Subtotal	$ 608,665	$ 1,086,828	$ 478,163	78.56%	9.05%	9.34%
19								
20								
21	5/8 Inch	Irrigation	$ 1,076	$ 2,095	1,019	94.64%	0.02%	0.02%
22	3/4 Inch	Irrigation	$ 36,970	$ 66,261	29,291	79.23%	0.55%	0.57%
23	1 Inch	Irrigation	151,173	289,351	138,178	91.40%	2.25%	2.49%
24	1.5 Inch	Irrigation	148,413	290,479	142,066	95.72%	2.21%	2.50%
25	2 Inch	Irrigation	908,626	1,759,678	851,051	93.66%	13.52%	15.12%
26	4 Inch	Irrigation	104,340	210,741	106,401	101.98%	1.55%	1.81%
27								
28		Subtotal	1,350,600	2,618,605	1,268,006	93.88%	20.09%	22.50%
29								
30		Hydrant	108,568	93,851	$ (14,717)	-13.56%	1.61%	0.81%
31		Bulk Water (Goodyear)	403,707	876,196	472,490	117.04%	6.01%	7.53%
32								
33	Total Revenues Before Annualization		$ 6,722,618	$ 11,637,449	$ 4,914,830	73.11%	100.00%	100.00%
34								

Litchfield Park Service Company - Water Division
Test Year Ended September 31, 2008
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Attachment

Line No.	Meter Size	Class	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Additional Bills	Additional Gallons to be Pumped (In 1,000's)	
1				Revenue Annualization					
2									
5	5/8 Inch	Residential	$ (64)	$ (95)	(31)	0.00%	(6)	(27)	C-2, pg 5.1
6	3/4 Inch	Residential	(8,221)	(11,862)	(3,641)	0.00%	(418)	(4,312)	C-2, pg. 5.2
7	1 Inch	Residential	(6,783)	(10,898)	(4,115)	0.00%	(167)	(3,576)	C-2, pg. 5.3
8	1.5 Inch	Residential	(1,235)	(2,247)	(1,013)	0.00%	(12)	(696)	C-2, pg. 5.4
9	2 Inch	Residential	14,837	22,234	7,397	49.86%	119	6,349	C-2, pg. 5.5
10	4 Inch	Residential	-	-	-	0.00%	-	-	
11									
12		Subtotal	$ (1,467)	$ (2,869)	(1,402)	95.61%	(484)	(2,262)	
13									
14	5/8 Inch	Commercial	$ 1,321	$ 2,197	877	66.39%	137	326	C-2, pg. 5.6
15	3/4 Inch	Commercial	(250)	(387)	(136)	0.00%	(17)	(107)	C-2, pg. 5.7
16	1 Inch	Commercial	(2,335)	(3,933)	(1,598)	0.00%	(81)	(1,011)	C-2, pg. 5.8
17	1.5 Inch	Commercial	1,280	2,344	1,063	83.04%	12	730	C-2, pg. 5.9
18	2 Inch	Commercial	19,732	30,298	10,566	53.55%	145	8,989	C-2, pg. 5.10
19	4 Inch	Commercial	11,068	20,101	9,032	81.60%	19	6,518	C-2, pg. 5.11
20	10 Inch	Commercial	-	-	-	0.00%	-	-	
21					-				
22		Subtotal	$ 30,816	$ 50,620	16,999	55.16%	215	15,444	
23									
24									
25	5/8 Inch	Irrigation	$ -	$ -	-	0.00%	-	-	C-2, pg. 5.12
26	3/4 Inch	Irrigation	(88)	(154)	(67)	0.00%	(3)	(53)	C-2, pg. 5.13
27	1 Inch	Irrigation	1,889	3,353	1,464	77.52%	35	1,104	C-2, pg. 5.14
28	1.5 Inch	Irrigation	8,006	14,956	6,950	86.81%	67	4,728	C-2, pg. 5.15
29	2 Inch	Irrigation	(13,467)	(25,583)	(12,116)	0.00%	(43)	(8,435)	C-2, pg. 5.16
30	4 Inch	Irrigation	-	-	-	0.00%	-	-	
31									
32		Subtotal	$ (3,660)	$ (7,428)	(3,768)	102.97%	56	(2,656)	
33									
34		Hydrant	1,990	1,716	(274)	-13.75%	-	596	C-2, pg. 5.17
35		Bulk Water (Goodyear)			-	0.00%	-	-	
36									
37									
38	Total Revenue Annualization		$ 27,680	$ 42,039	$ 11,555	41.75%	(213)	11,122	
39									

Litchfield Park Service Company - Water Division
Test Year Ended September 31, 2008
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Attachment

Line No.		Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues
1							
2							
3	Subtotal Metered Revenues	$ 6,722,618	$ 11,637,449	$ 4,914,830	73.11%	100.00%	100.00%
4	Subtotal Revenue Annualization	27,680	42,039	14,359.70	51.88%	0.41%	0.36%
5	Total Metered Revenues	$ 6,750,298	$ 11,679,488	$ 4,929,190	73.02%		
6							
7	Misc. Revenues	$ 127,522	$ 127,522	-	0.00%	1.90%	1.10%
8	Reconciling Amount to GL	890	(25,699)	(26,589)	-2987.53%	0.01%	-0.22%
9	Total Water Revenues	$ 6,878,710	$ 11,781,311	$ 4,902,601	71.27%	0.00%	0.00%
10							
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Litchfield Park Service Company
Docket Nos. SW-01428A-09-0103, W-01427A-09-0104,
W-01427A-09-0116, W-01427A-09-0120

THOMAS J. BOURASSA
REJOINDER TESTIMONY
December 29, 2009

Exhibit TJB-RJ3

(Rate Base - Phase 1)

Litchfield Park Service Company - Water Division **Attachment**

Test Year Ended September 30, 2008

Cost of Service Study, Using Commodity Demand Method

Returns at Proposed Rates

Analysis of Staff Proposed Rates and Charges

Line No.	Meter Size->	Totals	5/8" x 3/4"	3/4"	1"	1 1/2"	2"	Hydrant	4"	8" [8]	10"
1	Water Revenues	$ 11,637,449	$ 58,840	$ 3,133,900	$ 3,833,358	$ 518,769	$ 2,711,896	$ 93,851	$ 374,833	$ 876,196	$ 35,805
2	Revenue Annualizations	42,039	2,102	(12,403)	(11,478)	15,053	26,949	1,716	20,101	-	-
3	Misc. Revenues[1]	127,522	1,793	74,129	44,936	1,490	4,789	188	172	16	8
4	Reconcilation H-1 to C-1[1]	(25,699)	(361)	(14,939)	(9,056)	(300)	(965)	(38)	(35)	(3)	(2)
5	Total Revenues	$ 11,781,311	$ 62,374	$ 3,180,687	$ 3,857,760	$ 535,011	$ 2,742,669	$ 95,717	$ 395,071	$ 876,209	$ 35,812
6											
7	Operating Expenses[2]	$ 4,208,556	$ 31,377	$ 1,693,441	$ 1,394,168	$ 132,056	$ 663,341	$ 25,249	$ 87,128	$ 172,665	$ 9,131
8	Depreciation and										
9	Amortization[2]	2,224,110	15,800	926,963	845,765	54,252	315,106	12,956	32,325	14,994	5,947
10	Property Tax[3]	338,453	1,792	91,375	110,826	15,370	78,791	2,750	11,350	25,172	1,029
11	Income Tax[4]	1,776,041	3,986	111,931	518,793	125,127	632,031	20,398	100,152	256,469	7,155
12	Total Operating Expenses	$ 8,547,160	$ 52,955	$ 2,823,710	$ 2,869,551	$ 326,804	$ 1,689,269	$ 61,353	$ 230,954	$ 469,300	$ 23,263
13	Operating Income	$ 3,234,151	$ 9,419	$ 356,977	$ 988,208	$ 208,207	$ 1,053,399	$ 34,365	$ 164,117	$ 406,909	$ 12,549
14	Interest Expense[5]	432,493	3,131	180,409	169,827	10,823	56,386	2,187	6,131	2,336	1,262
15	Net Income	$ 2,801,659	$ 6,288	$ 176,568	$ 818,382	$ 197,384	$ 997,013	$ 32,177	$ 157,986	$ 404,574	$ 11,287
16	Rate Base[6]	$ 37,174,137	$ 269,002	$ 15,497,936	$ 14,588,871	$ 929,719	$ 4,843,844	$ 187,915	$ 526,644	$ 200,656	$ 108,452
17	Return on Rate Base[7]	8.70%	3.50%	2.30%	6.77%	22.39%	21.75%	18.29%	31.16%	202.79%	11.57%
18											
19	**Percent of Total Customers**		1.406%	58.131%	35.238%	1.168%	3.756%	0.148%	0.135%	0.013%	0.006%
20											
21											

22 [1] Allocated based on customer counts.

23 [2] Operating Expenses and Depreciation computations are shown on Schedule G-4, Page 1.

24 [3] Property Taxes allocation based on Revenues

25 [4] Income Tax from Schedule C-1, at Proposed Rates. Income Taxes allocated based on taxable income

26 [5] Interest Synchronized Interest Expense. Allocation based on Rate Base

27 [6] Rate Base computations are shown on Schedule G-3, Page 1

28 [7] Operating Income Divided by Rate Base

29 [8] 8 Inch customer expected to leave system. See testimony of Greg Sorenson.

Litchfield Park Service Company
Docket Nos. SW-01428A-09-0103, W-01427A-09-0104,
W-01427A-09-0116, W-01427A-09-0120

THOMAS J. BOURASSA
REJOINDER TESTIMONY
December 29, 2009

Exhibit TJB-RJ4

(Rate Base - Phase 1)

LPSCO - Water Division RUCO Proof of Revenues
Test Year Ended September 31, 2008
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Line No.	Meter Size	Class	Present Revenues	RUCO Proposed Revenues	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues
1	5/8 Inch	Residential	$ 7,929	$ 11,481	$ 3,552	44.80%	0.12%	0.10%
2	3/4 Inch	Residential	2,023,567	2,795,968	772,401	38.17%	30.10%	24.60%
3	1 Inch	Residential	1,986,898	3,473,712	1,486,814	74.83%	29.56%	30.57%
4	1.5 Inch	Residential	54,252	99,994	45,741	84.31%	0.81%	0.88%
5	2 Inch	Residential	159,078	266,222	107,144	67.35%	2.37%	2.34%
6	4 Inch	Residential	19,356	41,342	21,987	113.59%	0.29%	0.36%
7								
8		Subtotal	4,251,079	6,688,718	2,437,639	57.34%	63.24%	58.86%
9								
10	5/8 Inch	Commercial	$ 24,344	$ 44,787	$ 20,444	83.98%	0.36%	0.39%
11	3/4 Inch	Commercial	12,320	20,181	7,861	63.81%	0.18%	0.18%
12	1 Inch	Commercial	31,023	55,298	24,275	78.25%	0.46%	0.49%
13	1.5 Inch	Commercial	64,158	118,530	54,372	84.75%	0.95%	1.04%
14	2 Inch	Commercial	394,253	661,127	266,874	67.69%	5.86%	5.82%
15	4 Inch	Commercial	64,990	122,090	57,100	87.86%	0.97%	1.07%
16	8 Inch	Commercial (Goodyear)	403,707	885,438	481,731	119.33%	6.01%	7.79%
17	10 Inch	Commercial	17,579	35,004	17,425	99.12%	0.26%	0.31%
18								
19		Subtotal	$ 1,012,372	$ 1,942,454	$ 930,082	91.87%	15.06%	17.09%
20								
21								
22	5/8 Inch	Irrigation	$ 1,076	$ 1,607	530	49.28%	0.02%	0.01%
23	3/4 Inch	Irrigation	$ 36,970	$ 52,658	15,687	42.43%	0.55%	0.46%
24	1 Inch	Irrigation	151,173	289,899	138,726	91.77%	2.25%	2.55%
25	1.5 Inch	Irrigation	148,413	279,006	130,593	87.99%	2.21%	2.46%
26	2 Inch	Irrigation	908,626	1,720,692	812,066	89.37%	13.52%	15.14%
27	4 Inch	Irrigation	104,340	206,931	102,591	98.32%	1.55%	1.82%
28								
29		Subtotal	1,350,600	2,550,794	1,200,194	88.86%	20.09%	22.45%
30								
31		Hydrant	108,568	182,393	$ 73,826	68.00%	1.61%	1.60%
32								
33								
34	Total Revenues Before Annualization		$ 6,722,618	$ 11,364,360	$ 4,641,742	69.05%	100.00%	100.00%
35								

LPSCO - Water Division RUCO Proof of Revenues
Test Year Ended September 31, 2008
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Attachment

W-01427A-09-0104

Line No.	Meter Size	Class	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Additional Bills	Additional Gallons to be Pumped (In 1,000's)	
1				Revenue Annualization					
5	5/8 Inch	Residential	$ (64)	$ (88)	(23)	0.00%	(6)	(27)	C-2, pg 5.1
6	3/4 Inch	Residential	(8,221)	(10,409)	(2,188)	0.00%	(418)	(4,312)	C-2, pg. 5.2
7	1 Inch	Residential	(6,783)	(10,791)	(4,008)	0.00%	(167)	(3,576)	C-2, pg. 5.3
8	1.5 Inch	Residential	(1,235)	(2,082)	(847)	0.00%	(12)	(696)	C-2, pg. 5.4
9	2 Inch	Residential	14,837	21,266	6,429	43.33%	119	6,349	C-2, pg. 5.5
10	4 Inch	Residential	-	-	-	0.00%	-	-	
12		Subtotal	$ (1,467)	$ (2,104)	(637)	43.43%	(484)	(2,262)	
14	5/8 Inch	Commercial	$ 1,321	$ 2,185	865	65.47%	137	326	C-2, pg. 5.6
15	3/4 Inch	Commercial	(250)	(382)	(132)	0.00%	(17)	(107)	C-2, pg. 5.7
16	1 Inch	Commercial	(2,335)	(3,903)	(1,568)	0.00%	(81)	(1,011)	C-2, pg. 5.8
17	1.5 Inch	Commercial	1,280	2,089	809	63.18%	12	730	C-2, pg. 5.9
18	2 Inch	Commercial	19,732	28,293	8,562	43.39%	145	8,989	C-2, pg. 5.10
19	4 Inch	Commercial	11,068	18,900	7,832	70.76%	19	6,518	C-2, pg. 5.11
20	8 Inch	Commercial (Goodyear)	-	-	-	0.00%	-	-	
21	10 Inch	Commercial	-	-	-	0.00%	-	-	
22					-				
23		Subtotal	$ 30,816	$ 47,183	15,093	48.98%	215	15,444	
26	5/8 Inch	Irrigation	$ -	$ -	-	0.00%	-	-	C-2, pg. 5.12
27	3/4 Inch	Irrigation	(88)	(127)	(40)	0.00%	(3)	(53)	C-2, pg. 5.13
28	1 Inch	Irrigation	1,889	3,343	1,454	77.00%	35	1,104	C-2, pg. 5.14
29	1.5 Inch	Irrigation	8,006	13,716	5,710	71.32%	67	4,728	C-2, pg. 5.15
30	2 Inch	Irrigation	(13,467)	(24,555)	(11,088)	0.00%	(43)	(8,435)	C-2, pg. 5.16
31	4 Inch	Irrigation	-	-	-	0.00%	-	-	
33		Subtotal	$ (3,660)	$ (7,624)	(3,964)	108.32%	56	(2,656)	
35		Hydrant	1,990	3,343	1,353	68.00%	-	596	C-2, pg. 5.17
39	Total Revenue Annualization		$ 27,680	$ 40,799	$ 11,845	42.79%	(213)	11,122	

LPSCO - Water Division RUCO Proof of Revenues
Test Year Ended September 31, 2008
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Attachment

W-01427A-09-0104

Line No.		Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues
1							
2							
3	Subtotal Metered Revenues	$ 6,722,618	$ 11,364,360	$ 4,641,742	69.05%	100.00%	100.00%
4	Subtotal Revenue Annualization	27,680	40,799	13,118.88	47.40%	0.41%	0.36%
5	Total Metered Revenues	$ 6,750,298	$ 11,405,159	$ 4,654,861	68.96%		
6							
7	Misc. Revenues	$ 127,522	$ 127,522	-	0.00%	1.90%	1.12%
8	Reconciling Amount to GL	889	22,645	21,756	2446.05%	0.01%	0.20%
9	Total Water Revenues	$ 6,878,709	$ 11,555,325	$ 4,676,616	67.99%	0.00%	0.00%
10							
11							
12							
13							
14							
15							
16							
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20							
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30							
31							
32							
33							
34							
35							

Litchfield Park Service Company
Docket Nos. SW-01428A-09-0103, W-01427A-09-0104,
W-01427A-09-0116, W-01427A-09-0120

THOMAS J. BOURASSA
REJOINDER TESTIMONY
December 29, 2009

Exhibit TJB-RJ5

(Rate Base - Phase 1)

Litchfield Park Service Company - Water Division **Attachment**

Test Year Ended September 30, 2008

Cost of Service Study, Using Commodity Demand Method

Returns at Proposed Rates

Analysis of RUCO Proposed Rates and Charges

Line No.	Meter Size->	Totals	5/8" x 3/4"	3/4"	1"	1 1/2"	2"	Hydrant	4"	8" [8]	10"
1	Water Revenues	$ 11,364,360	$ 57,875	$ 2,868,807	$ 3,818,909	$ 497,530	$ 2,648,041	$ 182,393	$ 370,363	$ 885,438	$ 35,004
2	Revenue Annualizations	40,799	2,097	(10,919)	(11,351)	13,724	25,004	3,343	18,900	-	-
3	Misc. Revenues[1]	127,522	1,790	74,020	44,870	1,488	4,970	188	172	16	8
4	Reconcilation H-1 to C-1[1]	22,645	318	13,144	7,968	264	883	33	30	3	1
5	Total Revenues	$ 11,555,325	$ 62,081	$ 2,945,052	$ 3,860,396	$ 513,005	$ 2,678,898	$ 185,958	$ 389,466	$ 885,457	$ 35,014
6											
7	Operating Expenses[2]	$ 4,092,588	$ 30,210	$ 1,636,109	$ 1,350,909	$ 128,691	$ 654,021	$ 29,779	$ 85,120	$ 168,829	$ 8,920
8	Depreciation and										
9	Amortization[2]	2,257,549	15,779	929,591	851,148	54,929	330,061	21,603	32,801	15,599	6,037
10	Property Tax[3]	339,187	1,822	86,447	113,315	15,058	78,635	5,458	11,432	25,991	1,028
11	Income Tax[4]	1,718,739	4,324	43,761	534,572	117,826	603,445	48,470	98,524	260,900	6,917
12	Total Operating Expenses	$ 8,408,063	$ 52,136	$ 2,695,908	$ 2,849,945	$ 316,505	$ 1,666,162	$ 105,311	$ 227,878	$ 471,319	$ 22,901
13	Operating Income	$ 3,147,262	$ 9,945	$ 249,144	$ 1,010,451	$ 196,501	$ 1,012,736	$ 80,647	$ 161,588	$ 414,138	$ 12,113
14	Interest Expense[5]	432,493	3,114	180,023	166,087	10,393	59,588	4,088	5,968	2,044	1,188
15	Net Income	$ 2,714,770	$ 6,830	$ 69,121	$ 844,363	$ 186,107	$ 953,148	$ 76,559	$ 155,620	$ 412,094	$ 10,925
16	Rate Base[6]	$ 36,946,802	$ 265,878	$ 15,370,113	$ 14,180,350	$ 887,367	$ 5,087,556	$ 349,042	$ 509,509	$ 174,499	$ 101,388
17	Return on Rate Base[7]	8.52%	3.74%	1.62%	7.13%	22.14%	19.91%	23.11%	31.71%	237.33%	11.95%
18											
19	**Percent of Total Customers**		1.404%	58.045%	35.186%	1.167%	3.897%	0.147%	0.135%	0.013%	0.006%
20											
21											

22 [1] Allocated based on customer counts.

23 [2] Operating Expenses and Depreciation computations are shown on Schedule G-4, Page 1.

24 [3] Property Taxes allocation based on Revenues

25 [4] Income Tax from Schedule C-1, at Proposed Rates. Income Taxes allocated based on taxable income

26 [5] Interest Synchronized Interest Expense. Allocation based on Rate Base

27 [6] Rate Base computations are shown on Schedule G-3, Page 1

28 [7] Operating Income Divided by Rate Base

29 [8] 8 Inch customer expected to leave system. See testimony of Greg Sorenson.

Litchfield Park Service Company
Docket Nos. SW-01428A-09-0103, W-01427A-09-0104,
W-01427A-09-0116, W-01427A-09-0120

THOMAS J. BOURASSA
REJOINDER TESTIMONY
December 29, 2009

Exhibit TJB-RJ6

(Rate Base - Phase 1)

Litchfield Park Service Company - Water Division Attachment

Summary Cost of Service

For the Test Year Ended September 30, 2008

With Revenues and Returns Generated by City of Litchfield Park's Proposed Rate Design

Line No.	Description	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8
			Staff Adjusted Totals (1)	Adjustments	Adjusted Totals	5/8 X 3/4"	"3/4"	1.0"	1.5"
	Revenues								
1	Metered Water Revenues		$ 6,347,481	$ 5,328,747	$ 11,676,228	$ 52,156	$ 3,288,564	$ 3,091,607	$ 463,037
2	Other Revenues		$ 127,522	$ -	$ 127,522	$ 1,793	$ 74,129	$ 44,936	$ 1,490
3	Total Revenues		$ 6,475,003	$ 5,328,747	$ 11,803,750	$ 53,948	$ 3,362,693	$ 3,136,543	$ 464,527
4									
5	Operating Expenses (2)		$ 4,268,552		$ 4,268,552	$ 21,163	$ 1,398,089	$ 1,278,849	$ 174,245
6	Depreciation & Amort. Expense (3)		$ 2,191,077		$ 2,191,077	$ 9,932	$ 692,862	$ 661,908	$ 88,127
7	Property Taxes (4)		$ 327,992	$ -	$ 327,992	$ 1,207	$ 88,180	$ 84,869	$ 12,284
8	IncomeTaxes (5)		$ (449,705)	$ 1,949,419	$ 1,778,145	$ 6,541	$ 478,051	$ 460,100	$ 66,596
9	Total Operating Expenses		$ 6,337,916	$ 1,949,419	$ 8,565,766	$ 38,842	$ 2,657,182	$ 2,485,725	$ 341,252
10									
11	Net Income (Return)		$ 137,087	$ 3,100,897	$ 3,237,984	$ 15,106	$ 705,511	$ 650,818	$ 123,276
12									
13	Rate Base (6)		$ 37,218,182		$ 37,218,182	$ 148,885	$ 10,881,579	$ 10,472,958	$ 1,515,874
14	Return On OLCD Rate Base		0.37%		8.70%	10.15%	6.48%	6.21%	8.13%

Line No.	Description	Col 8	Col 10	Col 11	Col 12	Col 13	Col 14	Col 15
			2.0"	4.0"	8.0"	10.0"	Hydrant	Totals
15	**Revenues**							
16	Metered Water Revenues		$ 2,444,747	$ 491,430	$ 925,087	$ 10,486	$ -	$ 10,767,114
17	Other Revenues		$ 4,789	$ 172	$ 16	$ 8	$ 188	$ 127,522
18	Total Revenues		$ 2,449,537	$ 491,602	$ 925,103	$ 10,494	$ 188	$ 10,894,636
19								
20	Operating Expenses		$ 904,191	$ 133,299	$ 305,560	$ 12,050	$ 41,107	$ 4,268,552
21	Depreciation & Amort. Expense		$ 470,323	$ 68,814	$ 152,384	$ 6,758	$ 39,968	$ 2,191,077
22	Property Taxes		$ 71,404	$ 10,997	$ 29,682	$ 1,200	$ 24,059	$ 323,880
23	Income Taxes		$ 387,101	$ 59,616	$ 160,916	$ 6,503	$ 130,431	$ 1,755,855
24	Total Operating Expenses		$ 1,833,019	$ 272,726	$ 648,543	$ 26,510	$ 235,565	$ 8,539,364
25								
26	Net Income (Return)		$ 616,517	$ 218,876	$ 276,560	$ (16,016)	$ (235,377)	$ 2,355,272
27								
28	Rate Base		$ 8,169,472	$ 1,215,215	$ 2,800,893	$ 113,193	$ 1,900,113	$ 37,218,182
29	Return On OLCD Rate Base		7.55%	18.01%	9.87%	-14.15%	-12.39%	6.33%

1). Base data taken from ACC Staff Schdules JMM-W1
2). From RLD-4, page 2
3). From RLD-4, page 3
4). From RLD-4, page4
5). From RLD-4, page 5
6). From RLD-4, page 6

Litchfield Park Service Company
Docket Nos. SW-01428A-09-0103, W-01427A-09-0104,
W-01427A-09-0116, W-01427A-09-0120

THOMAS J. BOURASSA
REJOINDER TESTIMONY
December 29, 2009

Exhibit TJB-RJ7

(Rate Base - Phase 1)

Litchfield Park Service Company - LP Revenue Proof
Test Year Ended September 30, 2008
Customer Summary

Attachment

Line No.		Meter Size, Class	(a) Average Number of Customers at 9/30/2008	Average Consumption	Average Bill Present Rates	Average Bill Proposed Rates	Proposed Increase Dollar Amount	Proposed Increase Percent Amount
1	5/8 Inch	Residential	58	4,661	$ 10.80	$ 15.64	4.84	44.76%
2	3/4 Inch	Residential	8,919	9,537	18.64	29.31	10.67	57.23%
3	1 Inch	Residential	5,209	14,556	31.56	42.78	11.22	35.55%
4	1.5 Inch	Residential	44	57,667	102.47	131.50	29.03	28.33%
5	2 Inch	Residential	101	58,065	130.90	173.10	42.20	32.24%
6	4 Inch	Residential	3	308,972	537.59	718.46	180.87	33.64%
7		Subtotal	14,333					
8								
9	5/8 Inch	Commercial	148	5,342	$ 11.55	$ 16.68	5.13	44.43%
10	3/4 Inch	Commercial	57	8,000	$ 16.61	27.00	10.39	62.55%
11	1 Inch	Commercial	83	13,804	30.57	41.66	11.08	36.26%
12	1.5 Inch	Commercial	46	67,854	115.92	176.78	60.86	52.51%
13	2 Inch	Commercial	232	65,909	141.25	221.86	80.61	57.07%
14	4 Inch	Commercial	8	388,827	643.00	1,960.95	1,317.95	204.97%
15	10 Inch	Commercial	1	861,500	1,464.93	873.83	(591.11)	-40.35%
16		Subtotal	575					
17								
18	5/8 Inch	Irrigation	3	18,722	$ 29.21	$ 43.00	13.79	47.19%
19	3/4 Inch	Irrigation	115	15,176	26.08	37.84	11.76	45.09%
20	1 Inch	Irrigation	215	34,762	58.24	86.04	27.80	47.74%
21	1.5 Inch	Irrigation	86	88,340	142.96	202.51	59.55	41.66%
22	2 Inch	Irrigation	234	204,389	324.04	469.85	145.81	45.00%
23	4 Inch	Irrigation	8	724,899	1,086.62	2,110.17	1,023.55	94.20%
24		Subtotal	661					
25								
26		Hydrant	23	120,247	$ 400.62	$ -	(400.62)	-100.00%
27		Bulk Water	2	12,574,167	16,820.65	38,545.28	21,724.63	129.15%
28								
29		Total	15,594					
30								

31 **(a)** Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.
32

BOURASSA REJOINDER
WATER SCHEDULES
(Rate Base – Phase I)

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Computation of Increase in Gross Revenue
Requirements As Adjusted

Exhibit
Rejoinder Schedule A-1
Page 1
Witness: Bourassa

Line No.		
1	Fair Value Rate Base	$ 37,762,676
2		
3	Adjusted Operating Income	(25,294)
4		
5	Current Rate of Return	-0.07%
6		
7	Required Operating Income	$ 4,157,671
8		
9	Required Rate of Return on Fair Value Rate Base	11.01%
10		
11	Operating Income Deficiency	$ 4,182,965
12		
13	Gross Revenue Conversion Factor	1.6286
14		
15	Increase in Gross Revenue Revenue Requirement	6,812,522
16		
17	Adjusted Test Year Revenues	$ 6,878,709
18	Increase in Gross Revenue Revenue Requirement	$ 6,812,522
19	Proposed Revenue Requirement	$ 13,691,231
20	% Increase	99.04%
21		

22	**Customer**		**Present**	**Proposed**	**Dollar**	**Percent**
23	**Classification**		**Rates**	**Rates**	**Increase**	**Increase**
24	5/8 Inch	Residential	$ 7,929	$ 12,435	$ 4,506	56.83%
25	3/4 Inch	Residential	2,023,567	4,705,562	2,681,996	132.54%
26	1 Inch	Residential	1,986,898	4,543,768	2,556,870	128.69%
27	1.5 Inch	Residential	54,252	96,697	42,445	78.24%
28	2 Inch	Residential	159,078	235,222	76,144	47.87%
29	4 Inch	Residential	19,356	32,168	12,813	66.20%
30		**Subtotal**	$ 4,251,079	$ 9,625,853	$ 5,374,774	126.43%
31						
32	5/8 Inch	Commercial	$ 24,344	$ 41,102	$ 16,758	68.84%
33	3/4 Inch	Commercial	12,320	30,173	17,853	144.92%
34	1 Inch	Commercial	31,023	71,665	40,642	131.01%
35	1.5 Inch	Commercial	64,158	114,162	50,004	77.94%
36	2 Inch	Commercial	394,253	589,442	195,190	49.51%
37	4 Inch	Commercial	64,990	109,023	44,033	67.75%
38	10 Inch	Commercial	17,579	31,984	14,404	81.94%
39		**Subtotal**	$ 608,665	$ 987,550	$ 378,885	62.25%
40					-	0.00%
41	5/8 Inch	Irrigation	$ 1,076	$ 1,887	$ 810	
42	3/4 Inch	Irrigation	36,970	82,693	45,723	123.67%
43	1 Inch	Irrigation	151,173	311,412	160,239	106.00%
44	1.5 Inch	Irrigation	148,413	263,770	115,357	77.73%
45	2 Inch	Irrigation	908,626	1,510,681	602,055	66.26%
46	4 Inch	Irrigation	104,340	180,937	76,597	73.41%
47		**Subtotal**	$ 1,350,600	$ 2,351,380	$ 1,000,780	74.10%
48						
49	Hydrant		$ 108,568	$ 115,392	$ 6,825	6.29%
50	8 Inch	Bulk	403,707	458,658	54,952	13.61%
51						
52	**Subtotal Revenues before Annualization**		$ 6,722,618	$ 13,538,833	$ 6,816,215	101.39%
53	**Revenue Annualization**		27,680	26,152	(1,528)	-5.52%
54	Miscellaneous Revenues		127,522	127,522	-	0.00%
55	Reconciling Amount H-1 to C-1		890	(1,275)	(2,165)	-243.26%
56	**Total of Water Revenues (a)**		$ 6,878,710	$ 13,691,231	$ 6,812,522	99.04%
57						

58 SUPPORTING SCHEDULES:
59 Rejoinder B-1
60 Rejoinder C-1
61 Rejoinder C-3
62 Rejoinder H-1

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Summary of Rate Base

Exhibit
Rejoinder Schedule B-1
Page 1
Witness: Bourassa

Line No.		Original Cost Rate base	Fair Value Rate Base
1			
2	Gross Utility Plant in Service	$ 73,705,658	$ 73,705,658
3	Less: Accumulated Depreciation	9,027,020	9,027,020
4			
5	Net Utility Plant in Service	$ 64,678,638	$ 64,678,638
6			
7	Less:		
8	Advances in Aid of		
9	Construction	22,336,975	22,336,975
10	Contributions in Aid of		
11	Construction	3,096,180	3,096,180
12			
13	Accumulated Amortization of CIAC	(860,706)	(860,706)
14			
15	Customer Meter Deposits	2,238,022	2,238,022
16	Deferred Income Taxes & Credits	188,053	188,053
17			
18			
19			
20	Plus:		
21	Unamortized Debt Issuance		
22	Costs	-	-
23	Deferred Reg. Assets	82,561	82,561
24	Working capital	-	-
25			
26			
27			
28			
29	Total Rate Base	$ 37,762,676	$ 37,762,676
30			
31			
32			
33	SUPPORTING SCHEDULES:		RECAP SCHEDULES:
34	Rejoinder B-2		Rejoinder A-1
35	Rejoinder B-3		
36	Rejoinder B-5		
37			
38			

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Original Cost Rate Base Proforma Adjustments

Exhibit
Rejoinder Schedule B-2
Page 1
Witness: Bourassa

Line No.		Actual at End of Test Year	Proforma Adjustment Amount	Adjusted at end of Test Year
1	Gross Utility			
2	Plant in Service	$ 73,731,815	(26,157)	$ 73,705,658
3				
4	**Less:**			
5	Accumulated			
6	Depreciation	9,107,141	(80,121)	9,027,020
7				
8				
9	Net Utility Plant			
10	in Service	$ 64,624,674		$ 64,678,638
11				
12	**Less:**			
13	Advances in Aid of			
14	Construction	24,583,673	(2,246,699)	22,336,975
15				
16	Contributions in Aid of			
17	Construction	3,104,068	(7,888)	3,096,180
18				
19	Accumulated Amort of CIAC	(860,706)	-	(860,706)
20				
21	Customer Meter Deposits	68,685	2,169,337	2,238,022
22	Deferred Income Taxes & Credits	21,451	166,602	188,053
23				
24				
25				
26	**Plus:**			
27	Unamortized Debt Issuance			
28	Costs	134,528	(134,528)	-
29	Deferred Reg. Assets	82,561	-	82,561
30	Working capital	-	-	-
31				
32				
33				
34				
35	Total	$ 37,924,592		$ 37,762,676
36				
37				
38				
39	SUPPORTING SCHEDULES:			RECAP SCHEDULES:
40	Rejoinder B-2, page 2			Rejoinder B-1
41				
42				
43				
44				
45				
46				
47				
48				

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Original Cost Rate Base Proforma Adjustments

Exhibit
Rejoinder Schedule B-2
Page 2
Witness: Bourassa

Line No.		Adjusted at end of Test Year	Proforma Adjustments 1 Plant	2 Accumulated Depr.	3 DIT	4 AIAC/CIAC	5 AIAC Reclass	6 Remove Security Deposit	7 Debt Issuance Costs	Rejoinder Adjusted at end of Test Year
1	Gross Utility									
2	Plant in Service	$ 73,731,815	(26,157)							$ 73,705,658
3										
4	**Less:**									
5	Accumulated									
6	Depreciation	9,107,141		(80,121)						9,027,020
7										
8										
9	Net Utility Plant									
10	in Service	$ 64,624,674	$ (26,157)	$ 80,121	$ -	$ -	$ -	$ -	$ -	$ 64,678,638
11										
12	**Less:**									
13	Advances in Aid of									
14	Construction	24,583,673				(8,677)	(2,238,022)			22,336,975
15										
16	Contributions in Aid of									
17	Construction (CIAC)	3,104,068				(7,888)				3,096,180
18										
19	Accumulated Amort of CIAC	(860,706)								(860,706)
20										
21	Customer Meter Deposits	68,685					$ 2,238,022	(68,685)		2,238,022
22	Deferred Income Taxes & Credits	21,451			166,602					188,053
23										
24										
25	**Plus:**									
26	Unamortized Finance									
27	Charges	134,528							(134,528)	-
28	Deferred Reg. Assets	82,561								82,561
29	Allowance for Working Capital	-								-
30										
31	Total	$ 37,924,592	$ (26,157)	$ 80,121	$ (166,602)	$ 16,565	$ -	$ 68,685	$ (134,528)	$ 37,762,676
32										
33										
34										
35	SUPPORTING SCHEDULES:				RECAP SCHEDULES:					
36	Rejoinder B-2, pages 3-6				Rejoinder B-2, page 1					
37										
38										
39										
40										

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1

Exhibit
Rejoinder Schedule B-2
Page 3
Witness: Bourassa

W-01427A-09-0104

Line No.				Adjustments A	B	C	D	E	F	
1	Plant-in-Service									
2			Adjusted	Post				Remove	Intentionally	Rejoinder Adjusted
3	Acct.		Orginal	Test Year	Plant	Capitalized	Organization	Office	Left	Original
4	No.	Description	Cost	Plant	Retirements	Expenses	Costs	Rent	Blank	Cost
5	301	Organization Cost	100				21,000			21,100
6	302	Franchise Cost	-							-
7	303	Land and Land Rights	1,284,595							1,284,595
8	304	Structures and Improvements	24,698,293		(41,971)			(7,072)		24,649,251
9	305	Collecting and Impounding Res.	-							-
10	306	Lake River and Other Intakes	-							-
11	307	Wells and Springs	2,382,102			11,389				2,393,491
12	308	Infiltration Galleries and Tunnels	-							-
13	309	Supply Mains	-							-
14	310	Power Generation Equipment	202,269							202,269
15	311	Electric Pumping Equipment	948,213		(31,158)					917,055
16	320	Water Treatment Equipment	1,337,824							1,337,824
17	320.1	Water Treatment Plant	1,866,965	18,805						1,885,770
18	320.2	Chemical Solution Feeders	-							-
19	330	Dist. Reservoirs & Standpipe	430,644			8,600				439,244
20	330.1	Storage tanks	-							-
21	330.2	Pressure Tanks	-							-
22	331	Trans. and Dist. Mains	28,929,171							28,929,171
23	333	Services	4,249,744							4,249,744
24	334	Meters	4,138,752							4,138,752
25	335	Hydrants	2,055,781							2,055,781
26	336	Backflow Prevention Devices	38,387							38,387
27	339	Other Plant and Misc. Equip.	265,281		(5,750)					259,531
28	340	Office Furniture and Fixtures	551,757							551,757
29	340.1	Computers and Software	-							-
30	341	Transportation Equipment	177,165							177,165
31	342	Stores Equipment	31,711							31,711
32	343	Tools and Work Equipment	23,350							23,350
33	344	Laboratory Equipment	-							-
34	345	Power Operated Equipment	-							-
35	346	Communications Equipment	119,710							119,710
36	347	Miscellaneous Equipment	-							-
37	348	Other Tangible Plant	-							-
38			-							-
39		TOTALS	$ 73,731,815	$ 18,805	$ (78,879)	$ 19,989	$ 21,000	$ (7,072)	$ -	$ 73,705,658
40										
41	Adjusted Plant-in-Service per Direct									$ 73,731,815
42										
43	Increase (decrease) in Plant-in-Service									$ (26,157)
44										
45	Adjustment to Plant-in-Service									$ (26,157)
46										
47	SUPPORTING SCHEDULES									
48	Rejoinder B-2, pages 3.1-3.4									
49	Rejoinder B-2, pages 3.5 -3.16									

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1- B

Exhibit
Rejoinder Schedule B-2
Page 3.1
Witness: Bourassa

Line No.		
1	Post Test Year Plant	
2		
3	Post Test Year Plant per Rejoinder	$ 1,885,770
4		
5	Post Test Year Plant per Direct	$ 1,866,965
6		
7	Increase (Decrease) in Plant-in-Service	$ 18,805
8		
9		
10	Account 320.1 - Water Treatment Equipment	$ 18,805
11		
12		
13	*See* Staff Adjustment 2 Schedule JMM-W5	
14		
15		
16		

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1- B

Exhibit
Rejoinder Schedule B-2
Page 3.2
Witness: Bourassa

Line No.			
1	Plant Retirements		
2			
3	304 - Structures and Improvements	$	(41,971)
4	311 - Electric Pumping Equipment		(31,158)
5	339 - Other Plant and Miscellaneous Equipment		(5,750)
6			
7	Increase (Decrease) in Plant-in-Service	$	(78,879)
8			
9			
10	For related AIAC and CIAC see Rejoinder Schedule B-2, page 6		
11			
12			
13			
14			
15	*See* Staff Adjustment 1 Schedule JMM-W6 (from Exhibit MSJ Table H-1)		

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1 - C

Exhibit
Rejoinder Schedule B-2
Page 3.3
Witness: Bourassa

Line No.			
1	Capitalized Expenses		
2			
3	307 - Wells and Springs - Hydro Controls and Pump Systems (clocks for wells)	$ 1,114	
4	307 - Wells and Springs - Southwest Grd Wtr Consult. (well spacing evaluation)	1,380	
5	307 - Wells and Springs - Southwest Grd Wtr Consult. (well impact analysis)	4,823	
6	307 - Wells and Springs - Southwest Grd Wtr Consult. (well rehabilitation)	4,072	
7	Total For 307 - Wells and Springs		$ 11,389
8			
9	331 - Distrbution Mains - Narasimhan Consulting Services (Dist. Sys. Eval.)		8,600
10			
11	Total Capitalized Expenses		$ 19,989
12			
13			
14	*See* Testimony		

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1 - D

Exhibit
Rejoinder Schedule B-2
Page 3.4
Witness: Bourassa

Line No.		
1	Remove Office Rent	
2		
3	307 - Wells and Springs - Suncor Development Company (2002)	$ (7,072)
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14	*See* Testimony	

Litchfield Park Service Company - Water Division
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.5

Account No.	Description	Deprec. Rate Before Nov-02	Deprec. Rate After Nov-02	Plant At 12/31/2000	2000 Accum. Depr.	2001 Plant Additions	2001 Plant Adjustments	2001 Adjusted Plant Additions	2001 Plant Retirements	2001 Salvage A/D Only	2001 Plant Balance	2001 Deprec.
301	Organization Cost	0.00%	0.00%	21,100	-	-		-			21,100	-
302	Franchise Cost	0.00%	0.00%	-	-	-		-			-	-
303	Land and Land Rights	0.00%	0.00%	671,103	-	-		-			671,103	-
304	Structures and Improvements	2.62%	3.33%	114,008	48,698	3,441		3,441			117,449	3,032
305	Collecting and Impounding Res.	2.62%	2.50%	-	-	-		-			-	-
306	Lake River and Other Intakes	2.62%	2.50%	-	-	-		-			-	-
307	Wells and Springs	2.62%	3.33%	613,250	173,809	930,425		930,425			1,543,674	28,256
308	Infiltration Galleries and Tunnels	2.62%	6.67%	-	-	-		-			-	-
309	Supply Mains	2.62%	2.00%	-	-	-		-			-	-
310	Power Generation Equipment	2.62%	5.00%	69,151	-	71,728		71,728			140,878	2,751
311	Electric Pumping Equipment	2.62%	12.50%	420,594	94,255	35,008		35,008			455,602	11,478
320	Water Treatment Equipment	2.62%	3.33%	82,310	(15,404)	70,887		70,887			153,197	3,085
320.1	Water Treatment Equipment	2.62%	3.33%	-	-	-		-			-	-
320.2	Checmical Solution Feeders	2.62%	20.00%	-	-	-		-			-	-
330	Distribution Reservoirs & Standpipe	2.62%	2.22%	278,676	111,824	2,531		2,531			281,207	7,334
330.1	Storage tanks	2.62%	2.22%	-	-	-		-			-	-
330.2	Pressure Tanks	2.62%	5.00%	-	-	-		-			-	-
331	Transmission and Distribution Mains	2.62%	2.00%	4,855,257	1,068,157	1,337,228		1,337,228			6,192,485	144,725
333	Services	2.62%	3.33%	1,907,362	241,423	182,991		182,991			2,090,352	52,370
334	Meters	2.62%	8.33%	1,261,241	301,075	174,224		174,224			1,435,466	35,327
335	Hydrants	2.62%	2.00%	322,184	(23,090)	67,203		67,203			389,386	9,322
336	Backflow Prevention Devices	2.62%	6.67%	8,426	299	-		-			8,426	221
339	Other Plant and Miscellaneous Equipment	2.62%	6.67%	-	-	-		-			-	-
340	Office Furniture and Fixtures	2.62%	6.67%	100,842	8,854	7,827		7,827			108,669	2,745
340.1	Computers and Software	2.62%	20.00%	-	-	-		-			-	-
341	Transportation Equipment	2.62%	20.00%	901	35	600		600			1,501	31
342	Stores Equipment	2.62%	4.00%	-	-	-		-			-	-
343	Tools and Work Equipment	2.62%	5.00%	6,757	1,669	2,586		2,586			9,343	211
344	Laboratory Equipment	2.62%	10.00%	-	-	-		-			-	-
345	Power Operated Equipment	2.62%	5.00%	-	4,665	-		-			-	(4,665)
346	Communications Equipment	2.62%	10.00%	-	-	12,285		12,285			12,285	161
347	Miscellaneous Equipment	2.62%	10.00%	-	-			-			-	-
348	Other Tangible Plant	2.62%	10.00%		-	-		-			-	-
	Rounding			-				-			-	-
								-			-	-
	Plant Held for Future Use											
	TOTAL WATER PLANT			10,733,161	2,016,268	2,898,961	-	2,898,961	-	-	13,632,123	296,384
				(See page 3.15)	(See page 3.16)							

Litchfield Park Service Company - Water Division
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.6

Account No.	Description	Deprec. Rate Before Nov-02	Deprec. Rate After Nov-02	2002 Plant Additions	2002 Plant Adjustments	2002 Adjusted Plant Additions	2002 Plant Retirements	2002 Salvage/Adj. A/D Only	2002 Plant Balance	2002 Deprec.
301	Organization Cost	0.00%	0.00%	112		112			21,212	-
302	Franchise Cost	0.00%	0.00%	-		-			-	-
303	Land and Land Rights	0.00%	0.00%	-		-			671,103	-
304	Structures and Improvements	2.62%	3.33%	28,361	(7,072)	21,289			138,738	3,432
305	Collecting and Impounding Res.	2.62%	2.50%	-		-			-	-
306	Lake River and Other Intakes	2.62%	2.50%	-		-			-	-
307	Wells and Springs	2.62%	3.33%	292,355		292,355			1,836,030	45,274
308	Infiltration Galleries and Tunnels	2.62%	6.67%	-		-			-	-
309	Supply Mains	2.62%	2.00%	-		-			-	-
310	Power Generation Equipment	2.62%	5.00%	-		-			140,878	3,970
311	Electric Pumping Equipment	2.62%	12.50%	84,962		84,962			540,564	17,151
320	Water Treatment Equipment	2.62%	3.33%	20,920		20,920			174,117	4,385
320.1	Water Treatment Equipment	2.62%	3.33%	-		-			-	-
320.2	Checmical Solution Feeders	2.62%	20.00%	-		-			-	-
330	Distribution Reservoirs & Standpipe	2.62%	2.22%	3,598		3,598			284,805	7,320
330.1	Storage tanks	2.62%	2.22%	-		-			-	-
330.2	Pressure Tanks	2.62%	5.00%	-		-			-	-
331	Transmission and Distribution Mains	2.62%	2.00%	4,182,326		4,182,326			10,374,811	212,752
333	Services	2.62%	3.33%	405,108		405,108			2,495,460	61,431
334	Meters	2.62%	8.33%	532,234		532,234			1,967,699	52,678
335	Hydrants	2.62%	2.00%	344,649		344,649			734,036	14,427
336	Backflow Prevention Devices	2.62%	6.67%	2,607		2,607			11,034	288
339	Other Plant and Miscellaneous Equipment	2.62%	6.67%	-		-			-	-
340	Office Furniture and Fixtures	2.62%	6.67%	22,237		22,237			130,906	3,543
340.1	Computers and Software	2.62%	20.00%	-		-			-	-
341	Transportation Equipment	2.62%	20.00%	44,164		44,164			45,665	959
342	Stores Equipment	2.62%	4.00%	-		-			-	-
343	Tools and Work Equipment	2.62%	5.00%	952		952			10,295	277
344	Laboratory Equipment	2.62%	10.00%	-		-			-	-
345	Power Operated Equipment	2.62%	5.00%	-		-			-	-
346	Communications Equipment	2.62%	10.00%	1,476		1,476			13,761	421
347	Miscellaneous Equipment	2.62%	10.00%			-			-	-
348	Other Tangible Plant	2.62%	10.00%			-			-	-
	Rounding					-			-	-
						-			-	-
	Plant Held for Future Use									
	TOTAL WATER PLANT			5,966,062	(7,072)	5,958,990	-	-	19,591,113	428,307

Litchfield Park Service Company - Water Division
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.7

Account No.	Description	Deprec. Rate Before Nov-02	Deprec. Rate After Nov-02	2003 Plant Additions	2003 Plant Adjustments[1]	2003 Plant Adjustments	2003 Plant Adjustments	2003 Adjusted Plant Additions	2003 Plant Retirements	2003 Salvage A/D Only	2003 Plant Balance	2003 Deprec.
301	Organization Cost	0.00%	0.00%	(112)		-		(112)			21,100	-
302	Franchise Cost	0.00%	0.00%	-		-		-			-	-
303	Land and Land Rights	0.00%	0.00%	-		-		-			671,103	-
304	Structures and Improvements	2.62%	3.33%	66,270		-		66,270			205,007	5,723
305	Collecting and Impounding Res.	2.62%	2.50%	-		-		-			-	-
306	Lake River and Other Intakes	2.62%	2.50%	-		-		-			-	-
307	Wells and Springs	2.62%	3.33%	116,073		-		116,073			1,952,103	63,072
308	Infiltration Galleries and Tunnels	2.62%	6.67%	-		-		-			-	-
309	Supply Mains	2.62%	2.00%	-		-		-			-	-
310	Power Generation Equipment	2.62%	5.00%	-		-		-			140,878	7,044
311	Electric Pumping Equipment	2.62%	12.50%	11,570		2		11,572			552,136	68,294
320	Water Treatment Equipment	2.62%	3.33%	1,327		-		1,327			175,443	5,820
320.1	Water Treatment Equipment	2.62%	3.33%	-		-		-			-	-
320.2	Checmical Solution Feeders	2.62%	20.00%	-		-		-			-	-
330	Distribution Reservoirs & Standpipe	2.62%	2.22%	2,587		-		2,587			287,392	6,351
330.1	Storage tanks	2.62%	2.22%	-		-		-			-	-
330.2	Pressure Tanks	2.62%	5.00%	-		-		-			-	-
331	Transmission and Distribution Mains	2.62%	2.00%	16,417		629,134		645,552			11,020,363	213,952
333	Services	2.62%	3.33%	9,323		-		9,323	(6,100)		2,498,683	83,152
334	Meters	2.62%	8.33%	502,539		61,481		564,019			2,531,718	187,401
335	Hydrants	2.62%	2.00%	6,971		586,662		593,633			1,327,668	20,617
336	Backflow Prevention Devices	2.62%	6.67%	2,865		-		2,865			13,898	831
339	Other Plant and Miscellaneous Equipment	2.62%	6.67%	-		-		-			-	-
340	Office Furniture and Fixtures	2.62%	6.67%	18,299		-		18,299			149,205	9,342
340.1	Computers and Software	2.62%	20.00%	-		-		-			-	-
341	Transportation Equipment	2.62%	20.00%	-		-		-			45,665	9,133
342	Stores Equipment	2.62%	4.00%	-		-		-			-	-
343	Tools and Work Equipment	2.62%	5.00%	6,398		-		6,398			16,693	675
344	Laboratory Equipment	2.62%	10.00%	-		-		-			-	-
345	Power Operated Equipment	2.62%	5.00%	-		-		-			-	-
346	Communications Equipment	2.62%	10.00%	13,763		-		13,763			27,524	2,064
347	Miscellaneous Equipment	2.62%	10.00%			-		-			-	-
348	Other Tangible Plant	2.62%	10.00%					-			-	-
	Rounding							-			-	-
								-			-	
	Plant Held for Future Use											
	TOTAL WATER PLANT			774,289	-	1,277,279	-	2,051,568	(6,100)	-	21,636,581	683,472

[1] Affiliate Profit

Litchfield Park Service Company - Water Division
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.8

Account No.	Description	Deprec. Rate Before Nov-02	Deprec. Rate After Nov-02	2004 Plant Additions	2004 Plant Adjustments[1]	2004 Adjusted Plant Additions	2004 Plant Retirements	2004 Salvage A/D Only	2004 Plant Balance	2004 Deprec.
301	Organization Cost	0.00%	0.00%	-	-	-			21,100	-
302	Franchise Cost	0.00%	0.00%	-	-	-			-	-
303	Land and Land Rights	0.00%	0.00%	-	-	-			671,103	-
304	Structures and Improvements	2.62%	3.33%	334,449	(602)	333,848			538,855	12,385
305	Collecting and Impounding Res.	2.62%	2.50%	-	-	-			-	-
306	Lake River and Other Intakes	2.62%	2.50%	-	-	-			-	-
307	Wells and Springs	2.62%	3.33%	4,160	-	4,160			1,956,263	65,074
308	Infiltration Galleries and Tunnels	2.62%	6.67%	-	-	-			-	-
309	Supply Mains	2.62%	2.00%	-	-	-			-	-
310	Power Generation Equipment	2.62%	5.00%	35,614	-	35,614			176,493	7,934
311	Electric Pumping Equipment	2.62%	12.50%	71,154	(199)	70,955			623,091	73,452
320	Water Treatment Equipment	2.62%	3.33%	-	-	-			175,443	5,842
320.1	Water Treatment Equipment	2.62%	3.33%	-	-	-			-	-
320.2	Checmical Solution Feeders	2.62%	20.00%	-	-	-			-	-
330	Distribution Reservoirs & Standpipe	2.62%	2.22%	117,773	-	117,773			405,165	7,687
330.1	Storage tanks	2.62%	2.22%	-	-	-			-	-
330.2	Pressure Tanks	2.62%	5.00%	-	-	-			-	-
331	Transmission and Distribution Mains	2.62%	2.00%	8,813,416	-	8,813,416			19,833,779	308,541
333	Services	2.62%	3.33%	160,033	(4,734)	155,299			2,653,982	85,792
334	Meters	2.62%	8.33%	304,200	(280)	303,920			2,835,638	223,550
335	Hydrants	2.62%	2.00%	389	(511)	(122)			1,327,547	26,552
336	Backflow Prevention Devices	2.62%	6.67%	-	-	-			13,898	927
339	Other Plant and Miscellaneous Equipment	2.62%	6.67%	8,226	-	8,226			8,226	274
340	Office Furniture and Fixtures	2.62%	6.67%	110,448	-	110,448			259,653	13,635
340.1	Computers and Software	2.62%	20.00%	-	-	-			-	-
341	Transportation Equipment	2.62%	20.00%	28,224	-	28,224			73,889	11,955
342	Stores Equipment	2.62%	4.00%	-	-	-			-	-
343	Tools and Work Equipment	2.62%	5.00%	647	-	647			17,340	851
344	Laboratory Equipment	2.62%	10.00%	-	-	-			-	-
345	Power Operated Equipment	2.62%	5.00%	-	-	-			-	-
346	Communications Equipment	2.62%	10.00%	6,715	-	6,715			34,239	3,088
347	Miscellaneous Equipment	2.62%	10.00%		-	-			-	-
348	Other Tangible Plant	2.62%	10.00%		-	-			-	-
	Rounding					-			-	-
						-			-	-
	Plant Held for Future Use									
	TOTAL WATER PLANT			9,995,449	(6,326)	9,989,123	-	-	31,625,704	847,542

[1] Affiliate Profit

Litchfield Park Service Company - Water Division
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.9

Account No.	Description	Deprec. Rate Before Nov-02	Deprec. Rate After Nov-02	2005 Plant Additions	2005 Plant Adjustments[1]	2005 Adjusted Plant Additions	2005 Plant Retirements	2005 Salvage A/D Only	2005 Plant Balance	2005 Deprec.
301	Organization Cost	0.00%	0.00%	-	-	-			21,100	-
302	Franchise Cost	0.00%	0.00%	-	-	-			-	-
303	Land and Land Rights	0.00%	0.00%	-	-	-			671,103	-
304	Structures and Improvements	2.62%	3.33%	26,680	(28,165)	(1,484)			537,371	17,919
305	Collecting and Impounding Res.	2.62%	2.50%	-	-	-			-	-
306	Lake River and Other Intakes	2.62%	2.50%	-	-	-			-	-
307	Wells and Springs	2.62%	3.33%	16,313	(8,385)	7,927			1,964,190	65,276
308	Infiltration Galleries and Tunnels	2.62%	6.67%	-	-	-			-	-
309	Supply Mains	2.62%	2.00%	-	-	-			-	-
310	Power Generation Equipment	2.62%	5.00%	-	-	-			176,493	8,825
311	Electric Pumping Equipment	2.62%	12.50%	153,001	(8,399)	144,602			767,693	86,924
320	Water Treatment Equipment	2.62%	3.33%	13,084	(3,517)	9,567			185,010	6,002
320.1	Water Treatment Equipment	2.62%	3.33%	-	-	-			-	-
320.2	Checmical Solution Feeders	2.62%	20.00%	-	-	-			-	-
330	Distribution Reservoirs & Standpipe	2.62%	2.22%	-	-	-			405,165	8,995
330.1	Storage tanks	2.62%	2.22%	-	-	-			-	-
330.2	Pressure Tanks	2.62%	5.00%	-	-	-			-	-
331	Transmission and Distribution Mains	2.62%	2.00%	5,295,656	-	5,295,656			25,129,434	449,632
333	Services	2.62%	3.33%	50,131	(6,563)	43,568			2,697,550	89,103
334	Meters	2.62%	8.33%	544,240	(477)	543,763			3,379,401	258,856
335	Hydrants	2.62%	2.00%	14,198	(163)	14,036			1,341,582	26,691
336	Backflow Prevention Devices	2.62%	6.67%	-	-	-			13,898	927
339	Other Plant and Miscellaneous Equipment	2.62%	6.67%	147,612	-	147,612			155,839	5,472
340	Office Furniture and Fixtures	2.62%	6.67%	2,918	-	2,918			262,571	17,416
340.1	Computers and Software	2.62%	20.00%	-	-	-			-	-
341	Transportation Equipment	2.62%	20.00%	(12,837)	-	(12,837)			61,052	13,494
342	Stores Equipment	2.62%	4.00%	-	-	-			-	-
343	Tools and Work Equipment	2.62%	5.00%	472	-	472			17,811	879
344	Laboratory Equipment	2.62%	10.00%	-	-	-			-	-
345	Power Operated Equipment	2.62%	5.00%	-	-	-			-	-
346	Communications Equipment	2.62%	10.00%	2,460	(1,394)	1,066			35,305	3,477
347	Miscellaneous Equipment	2.62%	10.00%		-	-			-	-
348	Other Tangible Plant	2.62%	10.00%		-	-			-	-
	Rounding					-			-	-
						-			-	-
	Plant Held for Future Use									
	TOTAL WATER PLANT			6,253,927	(57,061)	6,196,865	-	-	37,822,569	1,059,887

[1] Affiliate Profit

Litchfield Park Service Company - Water Division
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.10

Account No.	Description	Deprec. Rate Before Nov-02	Deprec. Rate After Nov-02	2006 Plant Additions	2006 Plant Adjustments[1]	2006 Adjusted Plant Additions	2006 Plant Retirements	2006 Salvage A/D Only	2006 Plant Balance	2006 Deprec.
301	Organization Cost	0.00%	0.00%	-	-	-			21,100	-
302	Franchise Cost	0.00%	0.00%	-	-	-			-	-
303	Land and Land Rights	0.00%	0.00%	-	-	-			671,103	-
304	Structures and Improvements	2.62%	3.33%	71,062	(22,752)	48,310	(1,350)		584,331	18,676
305	Collecting and Impounding Res.	2.62%	2.50%	-	-	-			-	-
306	Lake River and Other Intakes	2.62%	2.50%	-	-	-			-	-
307	Wells and Springs	2.62%	3.33%	52,928	-	52,928			2,017,118	66,289
308	Infiltration Galleries and Tunnels	2.62%	6.67%	-	-	-			-	-
309	Supply Mains	2.62%	2.00%	-	-	-			-	-
310	Power Generation Equipment	2.62%	5.00%	-	-	-			176,493	8,825
311	Electric Pumping Equipment	2.62%	12.50%	2,400	-	2,400			770,093	96,112
320	Water Treatment Equipment	2.62%	3.33%	-	(9,690)	(9,690)			175,320	5,999
320.1	Water Treatment Equipment	2.62%	3.33%	-	-	-			-	-
320.2	Checmical Solution Feeders	2.62%	20.00%	-	-	-			-	-
330	Distribution Reservoirs & Standpipe	2.62%	2.22%	-	(3,381)	(3,381)			401,784	8,957
330.1	Storage tanks	2.62%	2.22%	-	-	-			-	-
330.2	Pressure Tanks	2.62%	5.00%	-	-	-			-	-
331	Transmission and Distribution Mains	2.62%	2.00%	371,174	-	371,174			25,500,608	506,300
333	Services	2.62%	3.33%	141,273	(400)	140,872			2,838,422	92,174
334	Meters	2.62%	8.33%	394,851	(204)	394,647			3,774,049	297,941
335	Hydrants	2.62%	2.00%	50,673	-	50,673			1,392,255	27,338
336	Backflow Prevention Devices	2.62%	6.67%	-	-	-			13,898	927
339	Other Plant and Miscellaneous Equipment	2.62%	6.67%	9,059	-	9,059			164,897	10,697
340	Office Furniture and Fixtures	2.62%	6.67%	112,402	-	112,402			374,973	21,262
340.1	Computers and Software	2.62%	20.00%	-	-	-			-	-
341	Transportation Equipment	2.62%	20.00%	2,429	-	2,429			63,481	12,453
342	Stores Equipment	2.62%	4.00%	-	-	-			-	-
343	Tools and Work Equipment	2.62%	5.00%	-	-	-			17,811	891
344	Laboratory Equipment	2.62%	10.00%	-	-	-			-	-
345	Power Operated Equipment	2.62%	5.00%	-	-	-			-	-
346	Communications Equipment	2.62%	10.00%	-	(1,883)	(1,883)			33,422	3,436
347	Miscellaneous Equipment	2.62%	10.00%		-	-			-	-
348	Other Tangible Plant	2.62%	10.00%		-	-			-	-
	Rounding					-			-	-
						-			-	-
	Plant Held for Future Use									
	TOTAL WATER PLANT			1,208,249	(38,310)	1,169,939	(1,350)	-	38,991,158	1,178,278

[1] Affiliate Profit

Litchfield Park Service Company - Water Division
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.11

Account No.	Description	Deprec. Rate Before Nov-02	Deprec. Rate After Nov-02	2007 Plant Additions	2007 Plant Adjustments[1]	2007 Adjusted Plant Additions	2007 Plant Retirements	2007 Salvage A/D Only	2007 Plant Balance	2007 Deprec.
301	Organization Cost	0.00%	0.00%	-	-	-			21,100	-
302	Franchise Cost	0.00%	0.00%	-	-	-			-	-
303	Land and Land Rights	0.00%	0.00%	6,156	-	6,156			677,259	-
304	Structures and Improvements	2.62%	3.33%	211,023	(99,915)	111,107			695,438	21,308
305	Collecting and Impounding Res.	2.62%	2.50%	-	-	-			-	-
306	Lake River and Other Intakes	2.62%	2.50%	-	-	-			-	-
307	Wells and Springs	2.62%	3.33%	85,816	(166)	85,650			2,102,768	68,596
308	Infiltration Galleries and Tunnels	2.62%	6.67%	-	-	-			-	-
309	Supply Mains	2.62%	2.00%	-	-	-			-	-
310	Power Generation Equipment	2.62%	5.00%	25,777	-	25,777			202,269	9,469
311	Electric Pumping Equipment	2.62%	12.50%	43,188	-	43,188			813,281	98,961
320	Water Treatment Equipment	2.62%	3.33%	20,801	(2,049)	18,751			194,071	6,150
320.1	Water Treatment Equipment	2.62%	3.33%	-	-	-			-	-
320.2	Checmical Solution Feeders	2.62%	20.00%	-	-	-			-	-
330	Distribution Reservoirs & Standpipe	2.62%	2.22%	2,340	(969)	1,371			403,154	8,935
330.1	Storage tanks	2.62%	2.22%	-	-	-			-	-
330.2	Pressure Tanks	2.62%	5.00%	-	-	-			-	-
331	Transmission and Distribution Mains	2.62%	2.00%	1,282,512	-	1,282,512			26,783,120	522,837
333	Services	2.62%	3.33%	628,772	-	628,772			3,467,194	104,989
334	Meters	2.62%	8.33%	181,719	-	181,719			3,955,768	321,947
335	Hydrants	2.62%	2.00%	477,160	-	477,160			1,869,416	32,617
336	Backflow Prevention Devices	2.62%	6.67%	15,272	-	15,272			29,171	1,436
339	Other Plant and Miscellaneous Equipment	2.62%	6.67%	17,925	-	17,925			182,822	11,596
340	Office Furniture and Fixtures	2.62%	6.67%	-	-	-			374,973	25,011
340.1	Computers and Software	2.62%	20.00%	-	-	-			-	-
341	Transportation Equipment	2.62%	20.00%	24,302	-	24,302			87,783	15,126
342	Stores Equipment	2.62%	4.00%	31,711	-	31,711			31,711	634
343	Tools and Work Equipment	2.62%	5.00%	-	-	-			17,811	891
344	Laboratory Equipment	2.62%	10.00%	-	-	-			-	-
345	Power Operated Equipment	2.62%	5.00%	-	-	-			-	-
346	Communications Equipment	2.62%	10.00%	-	(28)	(28)			33,394	3,341
347	Miscellaneous Equipment	2.62%	10.00%		-	-			-	-
348	Other Tangible Plant	2.62%	10.00%		-	-			-	-
	Rounding					-			-	-
						-			-	-
	Plant Held for Future Use									
	TOTAL WATER PLANT			3,054,474	(103,128)	2,951,346	-	-	41,942,503	1,253,844

[1] Affiliate Profit

Litchfield Park Service Company - Water Division
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.12

Account No.	Description	Deprec. Rate Before Nov-02	Deprec. Rate After Nov-02	Jan. to Sep. 2008 Plant Additions	Jan. to Sep. 2008 Plant Adjustments[1]	Rebuttal Jan. to Sep. 2008 Capitalized Expenses	Jan. to Sep. 2008 Adjusted Plant Additions	Jan. to Sep. 2008 Plant Retirements	Jan. to Sep. 2008 Salvage (A/D Only)	Staff Plant Retirements	Jan. to Sep. 2008 Plant Balance	Jan. to Sep. 2008 Deprec.
301	Organization Cost	0.00%	0.00%	-	-		-				21,100	-
302	Franchise Cost	0.00%	0.00%	-	-		-				-	-
303	Land and Land Rights	0.00%	0.00%	607,337	-		607,337				1,284,595	-
304	Structures and Improvements	2.62%	3.33%	24,060,112	(64,328)		23,995,784			(41,971)	24,649,251	317,016
305	Collecting and Impounding Res.	2.62%	2.50%	-	-		-				-	-
306	Lake River and Other Intakes	2.62%	2.50%	-	-		-				-	-
307	Wells and Springs	2.62%	3.33%	281,259	(1,925)	11,389	290,723				2,393,491	56,147
308	Infiltration Galleries and Tunnels	2.62%	6.67%	-	-		-				-	-
309	Supply Mains	2.62%	2.00%	-	-		-				-	-
310	Power Generation Equipment	2.62%	5.00%	-	-		-				202,269	7,585
311	Electric Pumping Equipment	2.62%	12.50%	134,932	-		134,932			(31,158)	917,055	82,570
320	Water Treatment Equipment	2.62%	3.33%	1,150,701	(6,948)		1,143,753				1,337,824	19,130
320.1	Water Treatment Equipment	2.62%	3.33%	-	-		-				-	-
320.2	Checmical Solution Feeders	2.62%	20.00%	-	-		-				-	-
330	Distribution Reservoirs & Standpipe	2.62%	2.22%	27,600	(111)		27,489				430,644	6,941
330.1	Storage tanks	2.62%	2.22%	-	-		-				-	-
330.2	Pressure Tanks	2.62%	5.00%	-	-		-				-	-
331	Transmission and Distribution Mains	2.62%	2.00%	2,146,051	-	8,600	2,154,651				28,937,771	417,907
333	Services	2.62%	3.33%	783,007	(457)		782,550				4,249,744	96,365
334	Meters	2.62%	8.33%	182,984	-		182,984				4,138,752	252,853
335	Hydrants	2.62%	2.00%	186,383	(18)		186,365				2,055,781	29,439
336	Backflow Prevention Devices	2.62%	6.67%	9,217	-		9,217				38,387	1,690
339	Other Plant and Miscellaneous Equipment	2.62%	6.67%	82,459	-		82,459			(5,750)	259,531	11,208
340	Office Furniture and Fixtures	2.62%	6.67%	176,784	-		176,784				551,757	23,180
340.1	Computers and Software	2.62%	20.00%	-	-		-				-	-
341	*Transportation Equipment*	2.62%	20.00%	89,382	-		89,382				177,165	19,871
342	Stores Equipment	2.62%	4.00%	-	-		-				31,711	951
343	Tools and Work Equipment	2.62%	5.00%	5,539	-		5,539				23,350	772
344	Laboratory Equipment	2.62%	10.00%	-	-		-				-	-
345	Power Operated Equipment	2.62%	5.00%	-	-		-				-	-
346	Communications Equipment	2.62%	10.00%	87,102	(787)		86,316				119,710	5,741
347	Miscellaneous Equipment	2.62%	10.00%		-		-				-	-
348	Other Tangible Plant	2.62%	10.00%		-		-				-	-
	Rounding						-				-	-
							-				-	-
	Plant Held for Future Use											
	TOTAL WATER PLANT			30,010,848	(74,573)	19,989	29,956,264	-	-		71,819,888	1,349,366

PTY Plant	$ 1,885,770
Total B-2 Plant	73,705,658

[1] Affiliate Profit

Litchfield Park Service Company - Water Division
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.13

Account No.	Description	Deprec. Rate Before Nov-02	Deprec. Rate After Nov-02	Year End Accumulated Depreciation by Account 2000	2001	2002	2003	2004	2005
301	Organization Cost	0.00%	0.00%	-	-	-	-	-	-
302	Franchise Cost	0.00%	0.00%	-	-	-	-	-	-
303	Land and Land Rights	0.00%	0.00%	-	-	-	-	-	-
304	Structures and Improvements	2.62%	3.33%	48,698	51,730	55,161	60,885	73,270	91,189
305	Collecting and Impounding Res.	2.62%	2.50%	-	-	-	-	-	-
306	Lake River and Other Intakes	2.62%	2.50%	-	-	-	-	-	-
307	Wells and Springs	2.62%	3.33%	173,809	202,065	247,339	310,411	375,486	440,761
308	Infiltration Galleries and Tunnels	2.62%	6.67%	-	-	-	-	-	-
309	Supply Mains	2.62%	2.00%	-	-	-	-	-	-
310	Power Generation Equipment	2.62%	5.00%	-	2,751	6,722	13,766	21,700	30,525
311	Electric Pumping Equipment	2.62%	12.50%	94,255	105,733	122,884	191,178	264,629	351,553
320	Water Treatment Equipment	2.62%	3.33%	(15,404)	(12,319)	(7,934)	(2,114)	3,728	9,730
320.1	Water Treatment Equipment	2.62%	3.33%	-	-	-	-	-	-
320.2	Checmical Solution Feeders	2.62%	20.00%	-	-	-	-	-	-
330	Distribution Reservoirs & Standpipe	2.62%	2.22%	111,824	119,158	126,479	132,830	140,517	149,512
330.1	Storage tanks	2.62%	2.22%	-	-	-	-	-	-
330.2	Pressure Tanks	2.62%	5.00%	-	-	-	-	-	-
331	Transmission and Distribution Mains	2.62%	2.00%	1,068,157	1,212,882	1,425,634	1,639,586	1,948,127	2,397,759
333	Services	2.62%	3.33%	241,423	293,793	355,224	432,276	518,068	607,171
334	Meters	2.62%	8.33%	301,075	336,402	389,080	576,481	800,031	1,058,888
335	Hydrants	2.62%	2.00%	(23,090)	(13,768)	659	21,276	47,828	74,519
336	Backflow Prevention Devices	2.62%	6.67%	299	519	807	1,639	2,566	3,493
339	Other Plant and Miscellaneous Equipment	2.62%	6.67%	-	-	-	-	274	5,746
340	Office Furniture and Fixtures	2.62%	6.67%	8,854	11,598	15,141	24,483	38,118	55,534
340.1	Computers and Software	2.62%	20.00%	-	-	-	-	-	-
341	Transportation Equipment	2.62%	20.00%	35	67	1,026	10,159	22,115	35,609
342	Stores Equipment	2.62%	4.00%	-	-	-	-	-	-
343	Tools and Work Equipment	2.62%	5.00%	1,669	1,879	2,156	2,831	3,682	4,560
344	Laboratory Equipment	2.62%	10.00%	-	-	-	-	-	-
345	Power Operated Equipment	2.62%	5.00%	4,665	-	-	-	-	-
346	Communications Equipment	2.62%	10.00%	-	161	582	2,646	5,735	9,212
347	Miscellaneous Equipment	2.62%	10.00%	-	-	-	-	-	-
348	Other Tangible Plant	2.62%	10.00%	-	-	-	-	-	-
	Rounding			-	-	-	-	-	-
				-	-	-	-	-	-
	Plant Held for Future Use			-					
	TOTAL WATER PLANT			2,016,268	2,312,652	2,740,959	3,418,332	4,265,874	5,325,761

Litchfield Park Service Company - Water Division
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.14

Account No.	Description	Deprec. Rate Before Nov-02	Deprec. Rate After Nov-02	Year End Accumulated Depreciation by Account 2006	2007	2008
301	Organization Cost	0.00%	0.00%	-	-	-
302	Franchise Cost	0.00%	0.00%	-	-	-
303	Land and Land Rights	0.00%	0.00%	-	-	-
304	Structures and Improvements	2.62%	3.33%	108,516	129,824	404,869
305	Collecting and Impounding Res.	2.62%	2.50%	-	-	-
306	Lake River and Other Intakes	2.62%	2.50%	-	-	-
307	Wells and Springs	2.62%	3.33%	507,050	575,646	631,793
308	Infiltration Galleries and Tunnels	2.62%	6.67%	-	-	-
309	Supply Mains	2.62%	2.00%	-	-	-
310	Power Generation Equipment	2.62%	5.00%	39,349	48,818	56,403
311	Electric Pumping Equipment	2.62%	12.50%	447,665	546,626	598,038
320	Water Treatment Equipment	2.62%	3.33%	15,729	21,879	41,009
320.1	Water Treatment Equipment	2.62%	3.33%	-	-	-
320.2	Checmical Solution Feeders	2.62%	20.00%	-	-	-
330	Distribution Reservoirs & Standpipe	2.62%	2.22%	158,469	167,404	174,345
330.1	Storage tanks	2.62%	2.22%	-	-	-
330.2	Pressure Tanks	2.62%	5.00%	-	-	-
331	Transmission and Distribution Mains	2.62%	2.00%	2,904,060	3,426,897	3,844,803
333	Services	2.62%	3.33%	699,345	804,334	900,699
334	Meters	2.62%	8.33%	1,356,829	1,678,776	1,931,628
335	Hydrants	2.62%	2.00%	101,857	134,474	163,913
336	Backflow Prevention Devices	2.62%	6.67%	4,420	5,856	7,546
339	Other Plant and Miscellaneous Equipment	2.62%	6.67%	16,442	28,039	33,497
340	Office Furniture and Fixtures	2.62%	6.67%	76,796	101,807	124,987
340.1	Computers and Software	2.62%	20.00%	-	-	-
341	Transportation Equipment	2.62%	20.00%	48,062	63,189	83,060
342	Stores Equipment	2.62%	4.00%	-	634	1,586
343	Tools and Work Equipment	2.62%	5.00%	5,451	6,342	7,113
344	Laboratory Equipment	2.62%	10.00%	-	-	-
345	Power Operated Equipment	2.62%	5.00%	-	-	-
346	Communications Equipment	2.62%	10.00%	12,648	15,989	21,730
347	Miscellaneous Equipment	2.62%	10.00%	-	-	-
348	Other Tangible Plant	2.62%	10.00%	-	-	-
	Rounding			-	-	-
				-	-	-
	Plant Held for Future Use					
	TOTAL WATER PLANT			6,502,689	7,756,533	9,027,020

Litchfield Park Service Company - Water Division
Plant Reconciliation to Prior Rate Case

Exhibit
Rejoinder Schedule B-2
Page 3.15

Line No.	Account No.	Description	Balance Per Company Per 2000 Filing Before Adj.	CIAC Plant	Staff Rmnd Adj	Intentionally Left Blank	Intentionally Left Blank	Prior Case Adjusted Plant	Staff Rmnd Adj not recorded	Intentionally Left Blank	Initial Balance
1											
2											
3											
4											
5											
6	301	Organization Cost	-		21,100			21,100			21,100
7	302	Franchise Cost	-					-			-
8	303	Land and Land Rights	671,103					671,103			671,103
9	304	Structures and Improvements	114,008					114,008			114,008
10	305	Collecting and Impounding Res.	-								
11	306	Lake River and Other Intakes	-								
12	307	Wells and Springs	604,794		8,456			613,250			613,250
13	308	Infiltration Galleries and Tunnels	-					-			-
14	309	Supply Mains	-					-			
15	310	Power Generation Equipment	69,151					69,151			69,151
16	311	Electric Pumping Equipment	405,375	15,219				420,594			420,594
17	320	Water Treatment Equipment	82,310					82,310			82,310
18	320.1	Water Treatment Plants	-								
19	320.2	Checmical Solution Feeders	-								
20	330	Distribution Reservoirs & Standpipe	278,676					278,676			278,676
21	330.1	Storage tanks	-								
22	330.2	Pressure Tanks	-								
23	331	Transmission and Distribution Mains	3,887,812	808,880	158,565			4,855,257			4,855,257
24	333	Services	1,755,960	151,402				1,907,362			1,907,362
25	334	Meters	1,208,923	29,899	22,419			1,261,241			1,261,241
26	335	Hydrants	269,249	52,935				322,184			322,184
27	336	Backflow Prevention Devices	8,426					8,426			8,426
28	339	Other Plant and Miscellaneous Equipment	-					-			-
29	340	Office Furniture and Fixtures	100,842					100,842			100,842
30	340.1	Computers and Software	-								
31	341	Transportation Equipment	901					901			901
32	342	Stores Equipment	-					-			-
33	343	Tools and Work Equipment	6,757					6,757			6,757
34	344	Laboratory Equipment	-					-			-
35	345	Power Operated Equipment	-					-			-
36	346	Communications Equipment	-					-			-
37	347	Miscellaneous Equipment						-			-
38	348	Other Tangible Plant						-			-
39		Rounding	2	-	(2)			-			-
40		TOTAL	9,464,288	1,058,335	210,538	-	-	10,733,161	-	-	10,733,161
41								Per Staff Dt			

Litchfield Park Service Company - Water Division
A/D Reconciliation to Prior Rate Case

Exhibit
Rejoinder Schedule B-2
Page 3.16

Line No.	Account No.	Description	Balance Per Company Per 2000 Filing Before Adj.	Computed Prior Case Depr Adj	Intentionally Left Blank	Intentionally Left Blank	Intentionally Left Blank	Prior Case Adjusted A/D	Left Blank	Initial Balance
1										
2										
3										
4										
5	301	Organization Cost		-				-		-
6	302	Franchise Cost		-				-		-
7	303	Land and Land Rights		-				-		-
8	304	Structures and Improvements	18,839	29,859				48,698		48,698
9	305	Collecting and Impounding Res.	-	-				-		-
10	306	Lake River and Other Intakes	-	-				-		-
11	307	Wells and Springs	99,938	73,871				173,809		173,809
12	308	Infiltration Galleries and Tunnels	-	-				-		-
13	309	Supply Mains	-	-				-		-
14	310	Power Generation Equipment	11,427	(11,427)				-		-
15	311	Electric Pumping Equipment	66,985	27,270				94,255		94,255
16	320	Water Treatment Equipment	13,601	(29,005)				(15,404)		(15,404)
17	320.1	Water Treatment Plants	-	-						
18	320.2	Checmical Solution Feeders	-	-						
19	330	Distribution Reservoirs & Standpipe	46,049	65,774				111,824		111,824
20	330.1	Storage tanks	-	-						
21	330.2	Pressure Tanks	-	-						
22	331	Transmission and Distribution Mains	642,434	425,723				1,068,157		1,068,157
23	333	Services	290,160	(48,737)				241,423		241,423
24	334	Meters	199,766	101,309				301,075		301,075
25	335	Hydrants	44,491	(67,581)				(23,090)		(23,090)
26	336	Backflow Prevention Devices	1,392	(1,094)				299		299
27	339	Other Plant and Miscellaneous Equipment	-	-				-		-
28	340	Office Furniture and Fixtures	16,663	(7,810)				8,854		8,854
29	340.1	Computers and Software	-	-				-		-
30	341	Transportation Equipment	149	(113)				35		35
31	342	Stores Equipment	-	-				-		-
32	343	Tools and Work Equipment	1,116	552				1,669		1,669
33	344	Laboratory Equipment	-	-				-		-
34	345	Power Operated Equipment	-	4,665				4,665		4,665
35	346	Communications Equipment	-	-				-		-
36	347	Miscellaneous Equipment	-	-				-		-
37	348	Other Tangible Plant	-	-				-		-
38		Capacity Reserve						-		-
39										
40		TOTAL	1,453,012	563,256	-	-	-	2,016,268	-	2,016,268
41										

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2

Exhibit
Rejoinder Schedule B-2
Page 4
Witness: Bourassa

Line No.	Acct. No.	Description	Adjusted Accum. Depr.	A Plant Retirements	B Depreciation On Capitalized Expense Plant	C A/D Removed Office Rent	D Differnce to Computed Balance per B-2	E Intentionally Left Blank	Rejoinder Adjusted Accum. Depr.
1		Accumulated Depreciation							
5	301	Organization Cost	-	-	-		-		-
6	302	Franchise Cost	-	-	-		-		-
7	303	Land and Land Rights	12,145	-	-		(12,145)		-
8	304	Structures and Improvements	448,272	(41,971)	-	(1,449)	17		404,869
9	305	Collecting and Impounding Res.	-	-	-		-		-
10	306	Lake River and Other Intakes	-	-	-		-		-
11	307	Wells and Springs	631,587	-	142		64		631,793
12	308	Infiltration Galleries and Tunnels	-	-	-		-		-
13	309	Supply Mains	-	-	-		-		-
14	310	Power Generation Equipment	56,403	-	-		-		56,403
15	311	Electric Pumping Equipment	628,717	(31,158)	-		479		598,038
16	320	Water Treatment Equipment	40,658	-	-		351		41,009
17	320.1	Water Treatment Plant	-	-	-		-		-
18	320.2	Chemical Solution Feeders	-	-	-		-		-
19	330	Dist. Reservoirs & Standpipe	174,345	-	-		-		174,345
20	330.1	Storage tanks	-	-	-		-		-
21	330.2	Pressure Tanks	-	-	-		-		-
22	331	Trans. and Dist. Mains	3,840,162	-	65		4,577		3,844,803
23	333	Services	896,049	-	-		4,650		900,699
24	334	Meters	1,930,823	-	-		805		1,931,628
25	335	Hydrants	162,873	-	-		1,040		163,913
26	336	Backflow Prevention Devices	7,510	-	-		36		7,546
27	339	Other Plant and Misc. Equip.	39,247	(5,750)	-		-		33,497
28	340	Office Furniture and Fixtures	124,862	-	-		125		124,987
29	340.1	Computers and Software	-	-	-		-		-
30	341	Transportation Equipment	83,060	-	-		-		83,060
31	342	Stores Equipment	1,586	-	-		-		1,586
32	343	Tools and Work Equipment	7,110	-	-		3		7,113
33	344	Laboratory Equipment	-	-	-		-		-
34	345	Power Operated Equipment	-	-	-		-		-
35	346	Communications Equipment	21,730	-	-		-		21,730
36	347	Miscellaneous Equipment	-	-	-		-		-
37	348	Other Tangible Plant	-	-	-		-		-
38			-						-
39		TOTALS	$ 9,107,141	$ (78,879)	$ 207	$ (1,449)	$ 0	$ -	$ 9,027,020
40									
41		*Adjusted Accumulated Deprecaition per Direct*							$ 9,107,141
42									
43		Increase (decrease) in Plant-in-Service							$ (80,121)
44									
45		Adjustment to Plant-in-Service							$ (80,121)
46									
47		SUPPORTING SCHEDULES							
48		Rejoinder B-2, pages 3.5 to 3.16							
49		Rejoinder B-2, pages 4.1 to 4.3							

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2 - A

Exhibit
Rejoinder Schedule B-2
Page 4.1
Witness: Bourassa

Line No.			
1	A/D Plant Retirements		
2			
3	304 - Structures and Improvements	$	(41,971)
4	311 - Electric Pumping Equipment		(31,158)
5	339 - Other Plant and Miscellaneous Equipment		(5,750)
6			
7	Increase (Decrease) in Plant-in-Service	$	(78,879)
8			
9			
10			
11			
12			
13			
14			
15			

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2 - B

Exhibit
Rejoinder Schedule B-2
Page 4.2
Witness: Bourassa

Line No.							
1	A/D on Capitalized Plant						
2							
3			Depr.	Original	Yr		
4	Acct.	Decsription	Rate	Cost	Factor	Depreciation	
5	307	Wells and Springs	3.33%	$ 11,389	0.375	$	142
6	331	Trans. and Dist. Mains	2.00%	8,600	0.375		65
7							
8							
9	Increase (Decrease) in Plant-in-Service					$	207
10							
11							
12							
13							
14	SUPPORTING SCHEDULE						
15	Rejoinder B-2, page 3.3						
16							
17							

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2 - C

Exhibit
Rejoinder Schedule B-2
Page 4.3
Witness: Bourassa

Line No.							
1	A/D on Removed Capitalized Office Rent						
2							
3			Depr.		Original	Yr	
4	Acct.	Decsription	Rate		Cost	Factor	Depreciation
5	307	Wells and Springs	3.33%	$	(7,072)	5.79	$ (1,363)
6	307	Wells and Springs	2.62%		(7,072)	0.46	(85)
7							
8							
9	Increase (Decrease) in Plant-in-Service						$ (1,449)
10							
11							
12							
13							
14	SUPPORTING SCHEDULE						
15	Rejoinder B-2, page 3.4						
16							
17							

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Original Cost Rate Base Proforma Adjustments
Adjustment 3

Exhibit
Rejoinder Schedule B-2
Page 5
Witness: Bourassa

Deferred Income Tax as of September 30, 2008 (Water and Wastewater Divisions)

Line No.		Adjusted Book Value[1]	Tax Value[3,4]	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
6	Plant-in-Service	$ 133,532,393								
7	Accum. Deprec.	(16,929,695)								
8	CIAC	(18,807,142)								
9	Fixed Assets	$ 97,795,556	$ 57,779,077	100.0%	$ (40,016,479)	38.6%				$ (15,446,361)
10	AIAC	$ (29,326,533)	-	100.0%	$ 29,326,533	38.6%		$ 11,320,042		
11	Tax Benefits from bonus depr.			100.0%	$ 9,838,658 [5]	38.6%		$ 3,797,722		
12							$ -	$ 15,117,764	$ -	$ (15,446,361)
13										
14					Net Asset (Liability)		$ (328,597)			
15										
16	Water Division allocation factor						0.57229			
17										
18	Allocated DIT Asset (Liability)						$ (188,053)			
19										
20	DIT Asset (Liability) per Direct						$ (21,451)			
21										
22	Adjustment to DIT						$ 166,602			
23										

24 [1] Adjusted Water and Wastewater - per Rejoinder B-2, page 2 (Water Division) and Rejoinder B-2, page 2 (Wastewater Division)
25 [2] Based on water division rate base relative to total of both water and wastewater division rate bases.
26 [3] Adjusted for post-test year plant (water and wastewater)
27 [4] Computation of Net Tax Value at September 30, 2008 (Water and Wastewater)
28 Based on 2008 Tax Depreciation report (December 31, 2008)

29			
30	Unadjusted Cost per 2008 Tax Depr. Report	$ 71,524,622	
31	Reconciling Items not on tax report:		
32	AIAC (post test year AIAC netted against 2008 tax)	5,798,609	
33	CIAC (post test year CIAC netted against 2008 tax)	1,091,376	
34	Land costs not on tax, on books	2,012,629	
35	Capitalized Expenses not on tax, on books	45,691	
36	Organizational costs not on tax, on books	21,000	
37	Prior Year Retired Plant, on books, not on tax	(340,273)	
38	Plant Adds October to December on tax, not on books as of Sept. 2008	(128,422)	
39	Odor control unit removed from books, not removed from tax	(38,250)	
40	Accrual entry not on tax, on books	239,603	
41	AIAC timing difference	137,370	
42	CIAC timing difference	(244,958)	
43	2003 Plant not on tax, on books	1,277,167	
44	Unreconciled difference	381,462	
45	Net Unadjusted Cost tax Basis		$ 81,777,626
46			
47	Proposed Rate Case Retirements	(633,856)	
48	Proposed retirements A/D at tax rates	562,331	
49	Net Reduction in tax basis related to retirements		$ (71,525)
50			
51	Affilate Profit removed	(463,401)	
52	Affiliate A/D at tax rates	67,055	
53	Net Reduction in tax basis related to affiliate profit		$ (396,345)
54			
55	Basis Reduction 2007 and Prior (from 2007 Tax Depr. Report)		(2,849,349)
56	Accumulated Depreciation 2007 and prior (2007 Tax Depr Report)		(8,564,437)
57			
58	Bonus Depreciation Computation Jan. to Sept. 2008		
59	Bonus Depr. for 12 months of 2008 per Tax Depr. Report	$ 14,407,232	
60	Less: 2008 Bonus Depr for plant added after September 2008	(64,211)	
61	Net 12 months of Bonus Depr for plant added from Jan. to Sept. 2008	$ 14,343,021	
62	Factor (9 months of 2008 or 9/12 or .75)	0.75	
63	Bonus Depreciation for 9 months of 2008		(10,757,266)
64			
65	2008 Depreciation Compuation Jan. to Sept. 2008		
66	2008 Tax Depreciation (12 Months) per Tax Depr. Report	$ 1,817,974	
67	Less: 2008 depr. for plant added after September 2008	(5,137)	
68	Net 12 months of depr. for plant added Jan. to Sept. 2008	$ 1,812,837	
69	Factor (9 months of 2008 or 9/12 or .75)	0.75	
70	Tax Depreciation for 9 months of 2008		(1,359,628)
71			
72			
73	Net tax value of plant-in-service at September 30, 2008		$ 57,779,077
74			
75			

76 [5] Tax Benefits from bonus depreciation

77		
78	Net Income before tax	$ 89,674 (from E-2 for both Water and Wastewater)
79		
80	Add: Book Depreciation	2,553,660 (from E-2 for both Water and Wastewater)
81		
82	Less: Tax Depreciation and Bonus Depr.	
83	Oct.-Dec. 2007	(365,098) (from 2007 tax report $1,460,292 times 3/12)
84	Jan. - Sept. 2008	(12,116,894) (from above $10,757,266 plus $1,359,628)
85	Taxable Income /(loss)	$ (9,838,658)
86		

Litchfield Park Service Company
Reconciliation of Book and Tax

Exhibit
Rejoinder Schedule B-2
Page 5.1

Book	2000	2001	2002	Thru 2002	Acquisition 2003	2004	2005	2006	2007	January to September 2008	Thru Sept. 2008 Totals	October to December	Thru December 2008 Totals
Plant (per B-2)	$ 23,143,565	$ 3,373,271	$ 21,208,924	$ 47,725,759	$ 3,938,240	$ 16,799,392	$12,148,022	$ 4,404,950	$ 5,513,955	$ 43,020,625	$ 133,550,943	$ 128,422	$ 133,679,365
Retirements		-	(332,823)	(332,823)	(6,100)	-	-	(1,350)	-		(340,273)		(340,273)
Net AIAC (per AIAC sched)	(1,480,959)	(5,110,448)	(5,514,458)	(12,105,865)	(927,111)	(7,474,534)	(5,209,936)	(502,844)	(1,409,076)	(1,862,494)	(29,491,859)	(5,798,609)	$ (35,290,469)
CIAC (per CIAC sched)	(3,128,526)	(427,460)	(3,902,472)	(7,458,458)	(49,217)	(6,138,939)	(4,694,985)	(1,181,788)	(861,291)	(1,456,526)	(21,841,204)	(1,091,376)	$ (22,932,580)
Net Book Value	$ 18,534,080	$ (2,164,636)	$ 11,459,170	$ 27,828,613	$ 2,955,812	$ 3,185,919	$ 2,243,101	$ 2,718,968	$ 3,243,588	$ 39,701,605	$ 81,877,607	$ (6,761,563)	$ 75,116,044
											To Sept. 2008		
Indicated Tax Basis ([3] + [5] + [6])	$ 18,534,080	$ (2,164,636)	$ 11,459,170	$ 27,828,613	$ 2,955,812	$ 3,185,919	$ 2,243,101	$ 2,718,968	$ 3,243,588	$ 39,701,605	$ 81,877,607	$ (6,761,563)	$ 75,116,044
Per 2008 Depreciation Report	$ 9,281,667	$ 4,416,736	$ 12,397,099	$ 26,095,502	$ 164,046	$ 4,506,508	$ 1,972,950	$ 3,068,317	$ 3,407,478	$ 28,247,124	$ 67,461,925	$ 4,062,697	$ 71,524,622
Difference book to tax	$ 9,252,413	$ (6,581,372)	$ (937,929)	$ 1,733,111	$ 2,791,766	$ (1,320,589)	$ 270,151	$ (349,349)	$ (163,890)	$ 11,454,481	$ 14,415,682	$(10,824,260)	$ 3,591,422
Land costs	343,264			343,264	(1,742,400)	-			(6,156)	(607,337)	(2,012,629)		(2,012,629)
AIAC received after end of test year				-						(5,798,609)	(5,798,609)	5,798,609	-
CIAC received after end of test year				-						(1,091,376)	(1,091,376)	1,091,376	-
Accrual of cap. Int. recorded on books but not for tax				-							-		
Accrual per books but not tax				-						(4,302,300)	(4,302,300)	4,062,697	(239,603)
AIAC Timing Difference (Book vs Tax)			(1,542,314)	(1,542,314)	221,701	1,320,613	-	348,000	(485,370)	(0)	(137,370)	-	(137,370)
CIAC Timing Difference (Book vs Tax)				-	-	-	-	-	-	244,958	244,958	(244,958)	-
Retirements			332,823	332,823	6,100	-	-	1,350	-	-	340,273	-	340,273
2003 water plant adjustment on books, not on tax				-	(1,277,167)						(1,277,167)		(1,277,167)
Difference in plant on tax not on books (plant on books not on tax)	(9,595,676)	6,581,372	2,147,420	(866,884)	-	(24)	(270,151)	(1)	655,416	100,182	(381,462)	116,536	(264,926)
Total Reconciling Items	(9,252,413)	6,581,372	937,929	(1,733,111)	(2,791,766)	1,320,589	(270,151)	349,349	163,890	(11,454,482)	(14,415,682)	10,824,260	(3,591,422)
Difference	$ 0	$ (0)	$ 0	$ 0	$ 0	$ 0	$ 0	$ (0)	$ (0)	$ (0)	$ 0	$ (0)	$ (0)
	$ 0												

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Original Cost Rate Base Proforma Adjustments
Adjustment Number 4

Exhibit
Rejoinder Schedule B-2
Page 6
Witness: Bourassa

Line No.			
1	Plant Retirements		
2			
3	Advances-in-Aid of Construction	$	(8,677)
4			
5	Constributions-in-Aid of Construction	$	(7,888)
6			
7			
8			
9			
10			
11			
12			
13			
14			
15	*See* Staff Adjustment 1 Schedule JMM-W6		

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Original Cost Rate Base Proforma Adjustments
Adjustment Number 5

Exhibit
Rejoinder Schedule B-2
Page 7
Witness: Bourassa

Line No.			
1	Reclassification		
2			
3	Customer Meter Deposits (Meter and Service Line Installation Charges)		$ 2,238,022
4			
5	Advances-in-Aid of Construction		$ (2,238,022)
6			
7			
8			
9			
10			
11			
12			
13			
14	[1]Recorded Amounts per Books		
15	8600-2-0100-20-2112-0003 Current Portion Long Term Meter Deposits	$ 140,000	
16	8600-2-0100-20-2770-0001 Long Term Meter Deposit	2,098,022	
17		$ 2,238,022	
18			
19			

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Computation of Working Capital

Exhibit
Rejoinder Schedule B-5
Page 1
Witness: Bourassa

Line No.			
1	Cash Working Capital (1/8 of Allowance		
2	Operation and Maintenance Expense)	$	437,861
3	Pumping Power (1/24 of Pumping Power)		42,242
4	Purchased Water (1/24 of Purchased Water)		209
5			
6			
7			
8			
9	Total Working Capital Allowance	$	480,312
10			
11			
12	Working Capital Requested	$	-
13			
14			
15	SUPPORTING SCHEDULES:	RECAP SCHEDULES:	
16	Rejoinder C-1	Rejoinder B-1	
17			

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Income Statement

Exhibit
Rejoinder Schedule C-1
Page 1
Witness: Bourassa

Line No.		Test Year Adjusted Results	Adjustment	Rejoinder Test Year Adjusted Results	Proposed Rate Increase	Rejoinder Adjusted with Rate Increase
1	**Revenues**					
2	Metered Water Revenues	$ 6,347,481	$ 403,707	$ 6,751,188	$ 6,812,522	$ 13,563,710
3	Unmetered Water Revenues	-	-	-	-	-
4	Other Water Revenues	127,522	-	127,522	-	127,522
5		$ 6,475,002	$ 403,707	$ 6,878,709	$ 6,812,522	$ 13,691,231
6	**Operating Expenses**					
7	Salaries and Wages	$ -	-	$ -	-	$ -
8	Purchased Water	5,011	-	5,011	-	5,011
9	Purchased Power	1,013,811	-	1,013,811	-	1,013,811
10	Fuel for Power Production	58,147	(20,309)	37,839	-	37,839
11	Chemicals	503,278	(305)	502,973	-	502,973
12	Repairs and Maintenance	44,001	-	44,001	-	44,001
13	Office Supplies and Expense	-	-	-	-	-
14	Outside Services	12,469	-	12,469	-	12,469
15	Outside Services- Other	2,382,976	(4,409)	2,378,567	-	2,378,567
16	Outside Services- Legal	14,317	-	14,317	-	14,317
17	Water Testing	28,365	-	28,365	-	28,365
18	Rents	10,647	-	10,647	-	10,647
19	Transportation Expenses	151,879	-	151,879	-	151,879
20	Insurance - General Liability	95,469	-	95,469	-	95,469
21	Insurance - Health and Life	3,319	-	3,319	-	3,319
22	Reg. Comm. Exp.	63,662	-	63,662	-	63,662
23	Reg. Comm. Exp. - Rate Case	70,000	-	70,000	-	70,000
24	Miscellaneous Expense	81,664	(827)	80,837	-	80,837
25	Bad Debt Expense	3,264	5,284	8,548	-	8,548
26	Depreciation Expense	2,291,982	(4,715)	2,287,267	-	2,287,267
27	Taxes Other Than Income	-	-	-	-	-
28	Property Taxes	373,338	6,870	380,208	-	380,208
29	Income Tax	(449,705)	164,523	(285,182)	2,629,557	2,344,375
30	**Total Operating Expenses**	$ 6,757,892	$ 146,112	$ 6,904,003	$ 2,629,557	$ 9,533,561
31	**Operating Income**	$ (282,890)	$ 257,595	$ (25,294)	$ 4,182,965	$ 4,157,671
32	**Other Income (Expense)**					
33	Interest Income	-	-	-	-	-
34	Other income (loss)	-	-	-	-	-
35	Interest Expense	(432,478)	4,119	(428,359)	-	(428,359)
36	Other Expense	-	-	-	-	-
37		-	-	-	-	-
38	**Total Other Income (Expense)**	$ (432,478)	$ 4,119	$ (428,359)	$ -	$ (428,359)
39	**Net Profit (Loss)**	$ (715,368)	$ 261,715	$ (453,653)	$ 4,182,965	$ 3,729,312
40						
41	SUPPORTING SCHEDULES:				RECAP SCHEDULES:	
42	Rejoinder C-1, page 2				Rejoinder A-1	
43						

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Income Statement

Exhibit
Rejoinder Schedule C-1
Page 2.1
Witness: Bourassa

Continued on Page 2.2

Line No.		Test Year Adjusted Results	1 Depreciation Expense	2 Property Taxes	3 Meals & Entertainment Expense	4 Bad Debt Expense	5 Normalize Fuel for Power Prod.	6 Revenue Annulization Goodyear	7 Chemicals Expense
1	**Revenues**								
2	Metered Water Revenues	$ 6,347,481						$ 403,707	
3	Unmetered Water Revenues	-							
4	Other Water Revenues	127,522							
5		$ 6,475,002	$ -	$ -	$ -	$ -		$ 403,707	
6	**Operating Expenses**								
7	Salaries and Wages	$ -							
8	Purchased Water	5,011							
9	Purchased Power	1,013,811							
10	Fuel for Power Production	58,147					(20,309)		
11	Chemicals	503,278							(305)
12	Repairs and Maintenance	44,001							
13	Office Supplies and Expense	-							
14	Outside Services	12,469							
15	Outside Services- Other	2,382,976							
16	Outside Services- Legal	14,317							
17	Water Testing	28,365							
18	Rents	10,647							
19	Transportation Expenses	151,879							
20	Insurance - General Liability	95,469							
21	Insurance - Health and Life	3,319							
22	Reg. Comm. Exp.	63,662							
23	Reg. Comm. Exp. - Rate Case	70,000							
24	Miscellaneous Expense	81,664			(827)				
25	Bad Debt Expense	3,264				5,284			
26	Depreciation Expense	2,291,982	(4,715)						
27	*Taxes Other Than Income*	-							
28	Property Taxes	373,338		6,870					
29	Income Tax	(449,705)							
30	**Total Operating Expenses**	$ 6,757,892	$ (4,715)	$ 6,870	$ (827)	$ 5,284	$ (20,309)	$ -	$ (305)
31	**Operating Income**	$ (282,890)	$ 4,715	$ (6,870)	$ 827	$ (5,284)	$ 20,309	$ 403,707	$ 305
32	**Other Income (Expense)**								
33	Interest Income	-							
34	Other income (loss)	-							
35	Interest Expense	(432,478)							
36	Other Expense	-							
37		-							
38	**Total Other Income (Expense)**	$ (432,478)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
39	**Net Profit (Loss)**	$ (715,368)	$ 4,715	$ (6,870)	$ 827	$ (5,284)	$ 20,309	$ 403,707	$ 305
40									
41	SUPPORTING SCHEDULES:								
42	Rejoinder C-2								
43									

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Income Statement

Exhibit
Rejoinder Schedule C-1
Page 2.2
Witness: Bourassa

Line No.		Continued from Page 2.1 8 Capitalized Expenses	9 Unnecessary Expense	10 Central Office Costs	11 Interest Synchronization	12 Income Tax	13	Rejoinder Test Year Adjusted Results	Proposed Rate Increase	Rejoinder Adjusted with Rate Increase
1	**Revenues**									
2	Metered Water Revenues							$ 6,751,188	$ 6,812,522	$ 13,563,710
3	Unmetered Water Revenues							-		-
4	Other Water Revenues							127,522		127,522
5								$ 6,878,709	$ 6,812,522	$ 13,691,231
6	**Operating Expenses**									
7	Salaries and Wages							$ -		$ -
8	Purchased Water							5,011		5,011
9	Purchased Power							1,013,811		1,013,811
10	Fuel for Power Production							37,839		37,839
11	Chemicals							502,973		502,973
12	Repairs and Maintenance							44,001		44,001
13	Office Supplies and Expense							-		-
14	Outside Services							12,469		12,469
15	Outside Services- Other	(19,989)	(3,191)	18,771				2,378,567		2,378,567
16	Outside Services- Legal							14,317		14,317
17	Water Testing							28,365		28,365
18	Rents							10,647		10,647
19	Transportation Expenses							151,879		151,879
20	Insurance - General Liability							95,469		95,469
21	Insurance - Health and Life							3,319		3,319
22	Reg. Comm. Exp.							63,662		63,662
23	Reg. Comm. Exp. - Rate Case							70,000		70,000
24	Miscellaneous Expense							80,837		80,837
25	Bad Debt Expense							8,548		8,548
26	Depreciation Expense							2,287,267		2,287,267
27	Taxes Other Than Income							-		-
28	Property Taxes							380,208		380,208
29	Income Tax					164,523		(285,182)	2,629,557	2,344,375
30	**Total Operating Expenses**	$ (19,989)	$ (3,191)	$ 18,771	$ -	$ 164,523	$ -	$ 6,904,003	$ 2,629,557	$ 9,533,561
31	**Operating Income**	$ 19,989	$ 3,191	$ (18,771)	$ -	$ (164,523)	$ -	$ (25,294)	$ 4,182,965	$ 4,157,671
32	**Other Income (Expense)**									
33	Interest Income							-		-
34	Other income (loss)							-		-
35	Interest Expense				4,119			(428,359)		(428,359)
36	Other Expense							-		-
37								-		-
38	**Total Other Income (Expense)**	$ -	$ -	$ -	$ 4,119	$ -	$ -	$ (428,359)	$ -	$ (428,359)
39	**Net Profit (Loss)**	$ 19,989	$ 3,191	$ (18,771)	$ 4,119	$ (164,523)	$ -	$ (453,653)	$ 4,182,965	$ 3,729,312
40										
41	SUPPORTING SCHEDULES:									
42	Rejoinder C-2									
43										

RECAP SCHEDULES:
Rejoinder C-1 , page 1

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Adjustments to Revenues and Expenses

Exhibit
Rejoinder Schedule C-2
Page 1
Witness: Bourassa

Line No.		Adjustments to Revenues and Expenses						
		1 Depreciation Expense	2 Property Taxes	3 Meals & Entertain.	4 Bad Debt Expense	5 Fuel for Power Prod.	6 Revenue Annualization	Subtotal
1	Revenues						403,707	403,707
2	Expenses	(4,715)	6,870	(827)	5,284	(20,309)		(13,697)
3	Operating Income	4,715	(6,870)	827	(5,284)	20,309	403,707	417,404
4	Interest Expense							-
5	Other Income / Expense							-
6	Net Income	4,715	(6,870)	827	(5,284)	20,309	403,707	417,404

		Adjustments to Revenues and Expenses						
		7 Annualize Chemicals Expense	8 Capitalized Expenses	9 Unnecessary Expenses	10 Central Office Costs	11 Interest Syncrhonization	12 Income Taxes	Subtotal
7	Revenues							403,707
8	Expenses	(305)	(19,989)	(3,191)	18,771		164,523	146,112
9	Operating Income	305	19,989	3,191	(18,771)	-	(164,523)	257,595
10	Interest Expense					4,119		4,119
11	Other Income / Expense							-
12	Net Income	305	19,989	3,191	(18,771)	4,119	(164,523)	261,715

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Adjustments to Revenues and Expenses
Adjustment Number 1

Exhibit
Rejoinder Schedule C-2
Page 2
Witness: Bourassa

Line No.					
1	Depreciation Expense				
2			Rejoinder Adjusted		Rejoinder
3	Acct.		Original	Proposed	Depreciation
4	No.	Description	Cost	Rates	Expense
5	301	Organization Cost	21,100	0.00%	-
6	302	Franchise Cost	-	0.00%	-
7	303	Land and Land Rights	1,284,595	0.00%	-
8	304	Structures and Improvements	24,649,251	3.33%	820,820
9	305	Collecting and Impounding Res.	-	2.50%	-
10	306	Lake River and Other Intakes	-	2.50%	-
11	307	Wells and Springs	2,393,491	3.33%	79,703
12	308	Infiltration Galleries and Tunnels	-	6.67%	-
13	309	Supply Mains	-	2.00%	-
14	310	Power Generation Equipment	202,269	5.00%	10,113
15	311	Electric Pumping Equipment	917,055	12.50%	114,632
16	320	Water Treatment Equipment	1,337,824	3.33%	44,550
17	320.1	Water Treatment Plant	1,885,770	3.33%	62,796
18	320.2	Chemical Solution Feeders	-	20.00%	-
19	330	Dist. Reservoirs & Standpipe	439,244	2.22%	9,751
20	330.1	Storage tanks	-	2.22%	-
21	330.2	Pressure Tanks	-	5.00%	-
22	331	Trans. and Dist. Mains	28,929,171	2.00%	578,583
23	333	Services	4,249,744	3.33%	141,516
24	334	Meters	4,138,752	8.33%	344,758
25	335	Hydrants	2,055,781	2.00%	41,116
26	336	Backflow Prevention Devices	38,387	6.67%	2,560
27	339	Other Plant and Misc. Equip.	259,531	6.67%	17,311
28	340	Office Furniture and Fixtures	551,757	6.67%	36,802
29	340.1	Computers and Software	-	20.00%	-
30	341	Transportation Equipment	177,165	20.00%	35,433
31	342	Stores Equipment	31,711	4.00%	1,268
32	343	Tools and Work Equipment	23,350	5.00%	1,168
33	344	Laboratory Equipment	-	10.00%	-
34	345	Power Operated Equipment	-	5.00%	-
35	346	Communications Equipment	119,710	10.00%	11,971
36	347	Miscellaneous Equipment	-	10.00%	-
37	348	Other Tangible Plant	-	10.00%	-
38					
39		TOTALS	$ 73,705,658		$ 2,354,852
40					
41	Less: Amortization of Contributions				
42	311	Electric Pumping Equipment	$ 15,219	12.5000%	$ (1,902)
43	331	Trans. and Dist. Mains	2,854,613	2.0000%	(57,092)
44	333	Services	151,402	3.3300%	(5,042)
45	334	Meters	29,899	8.3300%	(2,491)
46	335	Hydrants	52,935	2.0000%	(1,059)
47			$ 3,104,068		$ (67,586)
48					
49	Total Depreciation Expense				$ 2,287,267
50					
51	Test Year Depreciation Expense				2,291,982
52					
53	Increase (decrease) in Depreciation Expense				(4,715)
54					
55	Adjustment to Revenues and/or Expenses				$ (4,715)
56					
57	SUPPORTING SCHEDULE				
58	B-2, page 3				
59	B-2, page 6.4				

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Adjustment to Revenues and Expenses
Adjustment Number 2

Exhibit
Rejoinder Schedule C-2
Page 3
Witness: Bourassa

Line No.			
1	Property Taxes:		
2			
3	Adjusted Revenues in year ended 09/30/08	$	6,878,709
4	Adjusted Revenues in year ended 09/30/08		6,878,709
5	Proposed Revenues		13,691,231
6	Average of three year's of revenue	$	9,149,550
7	Average of three year's of revenue, times 2	$	18,299,100
8	Add:		
9	Construction Work in Progess at 10%	$	-
10	Deduct:		
11	Book Value of Transportation Equipment		94,101
12			
13	Full Cash Value	$	18,204,999
14	Assessment Ratio		21%
15	Assessed Value		3,823,050
16	Property Tax Rate		9.5187%
17			
18	Property Tax		363,906
19	Plus: Tax on Parcels		16,302
20			
21	Total Property Tax at Proposed Rates	$	380,208
22	Property Taxes recorded during the test year		373,338
23	Change in Property Taxes	$	6,870
24			
25			
26	Adjustment to Revenues and/or Expenses	$	6,870
27			
28			

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Adjustment to Revenues and Expenses
Adjustment Number 3

Exhibit
Rejoinder Schedule C-2
Page 4
Witness: Bourassa

Line No.			
1	Miscellaneous Expense		
2			
3			
4	Beverages expenses included in Miscellaneous expense	$	(827)
5			
6			
7			
8	Increase(decrease) in Materials and Supplies	$	(827)
9			
10			
11	Adjustment to Revenue and/or Expense	$	(827)
12			
13	SUPPORTING SCHEDULES		
14	Staff Schedule JMM-W16 Adjustment #3		
15			
16			
17			
18			
19			
20			

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Adjustment to Revenues and Expenses
Adjustment Number 4

Exhibit
Rejoinder Schedule C-2
Page 5
Witness: Bourassa

Line No.			
1	Bad Debt Expense		
2			
3			
4	Normalized Bad Debt Expense	$	8,548
5			
6	Bad Debt Expense per Direct		3,264
7			
8			
9	Increase(decrease) in Bad Debt Expense	$	5,284
10			
11			
12	Adjustment to Revenue and/or Expense	$	5,284
13			
14			
15	SUPPORTING SCHEDULES		
16	Staff Schedule JMM-W17 Adjustment #4		
17			
18			
19			
20			

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Adjustment to Revenues and Expenses
Adjustment Number 7

Exhibit
Rejoinder Schedule C-2
Page 6
Witness: Bourassa

Line No.			
1	Normalize Fuel For Power Production		
2			
3	2006 - Fuel for Power Production expense	$	309
4	2007 - Fuel for Power Production expense		55,059
5	2008 - Fuel for Power Production expense		58,147
6	Total	$	113,516
7			
8	Normalization period - 3 years		3.00
9			
10	Normalized Fuel for Power Production expense	$	37,839
11			
12	Adjusted Test Year Fuel for Power Production expense		58,147
13			
14	Increase(decrease) in Fuel for Power Production	$	(20,309)
15			
16			
17	Adjustment to Revenue and/or Expense	$	(20,309)
18			
19	SUPPORTING SCHEDULES		
20	E-2		

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Adjustment to Revenues and Expenses
Adjustment Number 6

Exhibit
Rejoinder Schedule C-2
Page 7
Witness: Bourassa

Line No.			
1	Revenue Annualization		
2			
3			
4	Reverse Proforma Reduction if Revenues from City of Goodyear	$	403,707
5			
6			
7	Increase(decrease) in Revenues	$	403,707
8			
9			
10	Adjustment to Revenue and/or Expense	$	403,707
11			
12			
13			
14			
15			
16			
17			
18	SUPPORTING SCHEDULE		
19	RUCO Schedule 4, page 2 of 15 Adjustment No. 1		
20			
21			

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Adjustment to Revenues and Expenses
Adjustment Number 7

Exhibit
Rejoinder Schedule C-2
Page 8
Witness: Bourassa

Line No.			
1	Chemicals Expense		
2			
3			
4	Hills Brothers Chemicals expense outside the test year.	$	(305)
5			
6			
7	Increase(decrease) in Chemicals Expense	$	(305)
8			
9			
10	Adjustment to Revenue and/or Expense	$	(305)
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Adjustment to Revenues and Expenses
Adjustment Number 8

Exhibit
Rejoinder Schedule C-2
Page 9
Witness: Bourassa

Line No.			
1	Capitalized Expenses		
2			
3			
4			
5	307 - Wells and Springs - Hydro Controls and Pump Systems (clocks for wells)	$	(1,114)
6	307 - Wells and Springs - Southwest Grd Wtr Consult. (well spacing evaluation)		(1,380)
7	307 - Wells and Springs - Southwest Grd Wtr Consult. (well impact analysisy)		(4,823)
8	307 - Wells and Springs - Southwest Grd Wtr Consult. (well rehabilitation)		(4,072)
9	331 - Distrbution Mains - Narasimhan Consulting Services (Dist. Sys. Eval.)		(8,600)
10			
11	Total Capitalized Expenses	$	(19,989)
12			
13	Increase(decrease) in Contractual Services - Other	$	(19,989)
14			
15			
16	Adjustment to Revenue and/or Expense	$	(19,989)
17			
18			
19	SUPPORTING SCHEDULE		
20	Rejoinder B-2, page 3.3		
21			

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Adjustment to Revenues and Expenses
Adjustment Number 9

Exhibit
Rejoinder Schedule C-2
Page 10
Witness: Bourassa

Line No.			
1	Remove Unncessary Expense		
2			
3	Meals and Entert: Exp cost for the DBack game	$	(6,400)
4	Meals and Entert: BALANCE DUE FOR 2008 XMAS PART		(953)
5	Meals and Entert: DJ SERVICE - XMAS PARTY		(495)
6	Meals and Entert: For Holiday Party Dec. 2008		(4,959)
7	Meals and Entert: Catered Lunch		(412)
8	Total	$	(13,219)
9			
10	Water Divison 4-factor allocation %		24.14%
11			
12	Increase (decrease) in Contractual Services - Other	$	(3,191)
13			
14			
15	Adjustment to Revenue and/or Expense	$	(3,191)
16			
17			
18			
19			
20			

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Adjustment to Revenues and Expenses
Adjustment Number 10

Exhibit
Rejoinder Schedule C-2
Page 11
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	LPSCo Allocation by Customer Count	Rejoinder LPSCo Allocation
9	Audit	$ 987,476		$ 987,476	26.98%	$ 266,462	23.32%	62,139
10	Tax Services	383,940		$ 383,940	26.98%	103,603	23.32%	24,160
11	Legal	722,428		$ 722,428	26.98%	194,941	23.32%	45,460
12	Other Professional Services	448,761		$ 448,761	26.98%	121,094	23.32%	28,239
13	Management Fee - Total	636,255		$ 636,255	26.98%	171,688	23.32%	40,038
14	Unit Holder Communications	277,582		$ 277,582	26.98%	74,903	23.32%	17,467
15	Trustee Fees	225,052		$ 225,052	26.98%	60,728	23.32%	14,162
16	Escrow & Transfer Agent Fees	63,843		$ 63,843	26.98%	17,227	23.32%	4,017
17	Rent	295,887		$ 295,887	26.98%	79,843	23.32%	18,619
18	Licenses/Fees & Permits	128,206	(145,642) [1]	$ (17,436)	26.98%	-4,705	23.32%	(1,097)
19	Office Expenses	761,628	(46,186) [1]	$ 715,442	26.98%	193,056	23.32%	45,021
20	Depreciation	194,727		$ 194,727	26.98%	52,545	23.32%	12,254
21								
22	**Total (Candadian dollars CAD)**	**$ 5,125,785**	**$ (191,828)**	**$ 4,933,957**		**$ 1,331,385**		**$ 310,479**
23	Factor	1.00	1.00	1.00		1.00		1.00
24	**Total (US dollars USD)**	$ 5,125,785	$ (191,828)	$ 4,933,957		$ 1,331,385		$ 310,479
25								
26	Infrastructure Cost Allocation per Direct (USD)[2]							$ 291,708
27								
28	Increase (decrease) in Infrastructure Allocated Costs (USD)							$ 18,771
29								
30								
31	Adjustment to Revenues and/or Expenses							$ 18,771
32								
33	[1] Per Response to JMM 5.5							
34	[2] Per Response to JMM 1.42							
35								

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Adjustment to Revenues and Expenses
Adjustment Number 11

Exhibit
Rejoinder Schedule C-2
Page 12
Witness: Bourassa

Line No.			
1	Interest Synchronization		
2			
3			
4	Fair Value Rate Base	$ 37,762,676	
5	Weighted Cost of Debt	1.13%	
6	Interest Expense		$ 428,359
7			
8	Test Year Interest Expense		$ 432,478
9			
10	Increase (decrease) in Interest Expense		(4,119)
11			
12			
13			
14	Adjustment to Revenue and/or Expense		$ 4,119
15			
16			
17	Weighted Cost of Debt Computation		

18						Weighted
19			Amount	Percent	Cost	Cost
20	Debt	$	11,506,844	17.74%	6.39%	1.13%
21	Equity	$	53,361,545	82.26%	12.00%	9.87%
22	Total	$	64,868,389	100.00%		11.01%
23						
24						
25						
26						

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Adjustment to Revenues and/or Expenses
Adjustment Number 12

Exhibit
Rejoinder Schedule C-2
Page 13
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 adjustments		$ (738,835)	$ 6,073,687	
8	Adjustments to taxable Income				
9	Taxable Income		$ (738,835)	$ 6,073,687	
10					
11					
12					
13	Income Before Taxes		$ (738,835)	$ 6,073,687	
14					
15	Arizona Income Before Taxes			$ 6,073,687	
16					
17	Less Arizona Income Tax			$ 423,215	
18	Rate =	6.97%			
19	Arizona Taxable Income			$ 5,650,473	
20					
21	Arizona Income Taxes			$ 423,215	
22					
23	Federal Income Before Taxes			$ 6,073,687	
24					
25	Less Arizona Income Taxes			$ 423,215	
26					
27	Federal Taxable Income			$ 5,650,473	
28					
29					
30					
31	FEDERAL INCOME TAXES:				
32	15% BRACKET			$ 7,500	
33	25% BRACKET			$ 6,250	
34	34% BRACKET			$ 8,500	Federal
35	39% BRACKET			$ 91,650	Effective
36	34% BRACKET			$ 1,807,261	Tax
37					Rate
38	Federal Income Taxes			$ 1,921,161	31.63%
39					
40					
41	Total Income Tax			$ 2,344,375	
42					
43	Overall Tax Rate			38.60%	
44					
45	Income Tax at Proposed Rates Effective Rate →		$ (285,182)		
46					

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Computation of Gross Revenue Conversion Factor

Exhibit
Rejoinder Schedule C-3
Page 1
Witness: Bourassa

Line No.	Description	Percentage of Incremental Gross Revenues
1	Federal Income Taxes	31.63%
2		
3	State Income Taxes	6.97%
4		
5	Other Taxes and Expenses	0.00%
6		
7		
8	Total Tax Percentage	38.60%
9		
10	Operating Income % = 100% - Tax Percentage	61.40%
11		
12		
13		
14		
15	1 = Gross Revenue Conversion Factor	
16	Operating Income %	1.6286
17		
18	SUPPORTING SCHEDULES:	RECAP SCHEDULES:
19		Rejoinder A-1
20		

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Cost of Service Study, Using Commodity Demand Method
Returns at Present Rates

Exhibit
Rejoinder Schedule G-1
Page 1
Witness: Bourassa

Line No.	Meter Size->	Totals	5/8" x 3/4"	3/4"	1"	1 1/2"	2"	Hydrant	4"	8" [8]	10"
						Meter Size					
1	Water Revenues	$ 6,722,618	$ 33,349	$ 2,072,857	$ 2,169,094	$ 266,823	$ 1,461,957	$ 108,568	$ 188,685	$ 403,707	$ 17,579
2	Revenue Annualizations	27,680	1,256	(8,559)	(7,229)	8,052	23,091	1,990	11,068	-	-
3	Misc. Revenues[1]	127,522	1,793	74,129	44,936	1,490	4,789	188	172	16	8
4	Reconcilation H-1 to C-1[1]	890	13	517	314	10	33	1	1	0	0
5	Total Revenues	$ 6,878,710	$ 36,411	$ 2,138,944	$ 2,207,114	$ 276,375	$ 1,489,871	$ 110,747	$ 199,927	$ 403,723	$ 17,587
6											
7	Operating Expenses[2]	$ 4,521,711	$ 34,133	$ 1,833,511	$ 1,507,531	$ 139,763	$ 700,698	$ 26,694	$ 91,451	$ 178,156	$ 9,774
8	Depreciation and										
9	Amortization[2]	2,287,267	16,189	951,448	870,425	56,060	324,444	13,321	33,425	15,797	6,157
10	Property Tax[3]	380,208	2,013	118,226	121,994	15,276	82,350	6,121	11,051	22,315	972
11	Income Tax[4]	(285,182)	(7,314)	(362,629)	(177,494)	20,910	125,066	23,955	22,214	71,052	(220)
12	Total Operating Expenses	$ 6,904,003	$ 45,020	$ 2,540,557	$ 2,322,456	$ 232,009	$ 1,232,558	$ 70,091	$ 158,140	$ 287,321	$ 16,684
13	Operating Income	$ (25,294)	$ (8,609)	$ (401,613)	$ (115,341)	$ 44,366	$ 257,313	$ 40,656	$ 41,787	$ 116,403	$ 904
14	Interest Expense[5]	432,493	3,132	180,494	169,581	10,801	56,551	2,202	6,128	2,346	1,257
15	Net Income	$ (457,786)	$ (11,741)	$ (582,107)	$ (284,922)	$ 33,565	$ 200,761	$ 38,454	$ 35,658	$ 114,056	$ (353)
16	Rate Base[6]	$ 37,741,576	$ 273,299	$ 15,750,879	$ 14,798,490	$ 942,582	$ 4,934,979	$ 192,140	$ 534,797	$ 204,752	$ 109,657
17	Return on Rate Base[7]	-0.07%	-3.15%	-2.55%	-0.78%	4.71%	5.21%	21.16%	7.81%	56.85%	0.82%
18											
19	**Percent of Total Customers**		1.41%	58.13%	35.24%	1.17%	3.76%	0.15%	0.13%	0.01%	0.01%
20											
21											

22 [1] Allocated based on customer counts.
23 [2] Operating Expenses and Depreciation computations are shown on Schedule G-4, Page 1.
24 [3] Property Taxes allocation based on Revenues
25 [4] Income Tax from Schedule C-1, at Proposed Rates. Income Taxes allocated based on taxable income
26 [5] Interest Synchronized Interest Expense. Allocation based on Rate Base
27 [6] Rate Base computations are shown on Schedule G-3, Page 1
28 [7] Operating Income Divided by Rate Base
29 [8] 8 Inch customer (Goodyear) is expected to leave system in the future. See testimony of Greg Sorenson.
30

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Cost of Service Study, Using Commodity Demand Method
Returns at Proposed Rates

Exhibit
Rejoinder Schedule G-2
Page 1
Witness: Bourassa

Line No.	Meter Size->	Totals	5/8" x 3/4"	3/4"	1"	1 1/2"	2"	Hydrant	4"	8" [8]	10"
1	Water Revenues	$ 13,538,833	$ 55,423	$ 4,818,428	$ 4,926,845	$ 474,629	$ 2,335,346	$ 115,392	$ 322,128	$ 458,658	$ 31,984
2	Revenue Annualizations	26,152	2,042	(19,423)	(15,507)	14,001	25,170	2,116	17,752	-	-
3	Misc. Revenues[1]	127,522	1,793	74,129	44,936	1,490	4,789	188	172	16	8
4	Reconciliation H-1 to C-1[1]	(1,275)	(18)	(741)	(449)	(15)	(48)	(2)	(2)	(0)	(0)
5	Total Revenues	$ 13,691,231	$ 59,240	$ 4,872,393	$ 4,955,825	$ 490,105	$ 2,365,257	$ 117,695	$ 340,050	$ 458,675	$ 31,992
6											
7	Operating Expenses[2]	$ 4,521,711	$ 34,133	$ 1,833,511	$ 1,507,531	$ 139,763	$ 700,698	$ 26,694	$ 91,451	$ 178,156	$ 9,774
8	Depreciation and										
9	Amortization[2]	2,287,267	16,189	951,448	870,425	56,060	324,444	13,321	33,425	15,797	6,157
10	Property Tax[3]	380,208	1,645	135,307	137,624	13,610	65,684	3,268	9,443	12,737	888
11	Income Tax[4]	2,344,375	1,600	684,296	877,048	104,238	470,408	27,891	77,097	96,423	5,375
12	Total Operating Expenses	$ 9,533,561	$ 53,567	$ 3,604,562	$ 3,392,628	$ 313,671	$ 1,561,234	$ 71,174	$ 211,416	$ 303,114	$ 22,194
13	Operating Income	$ 4,157,671	$ 5,674	$ 1,267,831	$ 1,563,197	$ 176,434	$ 804,023	$ 46,521	$ 128,634	$ 155,561	$ 9,797
14	Interest Expense[5]	432,493	3,132	180,494	169,581	10,801	56,551	2,202	6,128	2,346	1,257
15	Net Income	$ 3,725,178	$ 2,542	$ 1,087,337	$ 1,393,616	$ 165,632	$ 747,472	$ 44,319	$ 122,506	$ 153,215	$ 8,541
16	Rate Base[6]	$ 37,741,576	$ 273,299	$ 15,750,879	$ 14,798,490	$ 942,582	$ 4,934,979	$ 192,140	$ 534,797	$ 204,752	$ 109,657
17	Return on Rate Base[7]	11.02%	2.08%	8.05%	10.56%	18.72%	16.29%	24.21%	24.05%	75.98%	8.93%
18											
19	**Percent of Total Customers**		1.406%	58.131%	35.238%	1.168%	3.756%	0.148%	0.135%	0.013%	0.006%
20											
21											

22 [1] Allocated based on customer counts.
23 [2] Operating Expenses and Depreciation computations are shown on Schedule G-4, Page 1.
24 [3] Property Taxes allocation based on Revenues
25 [4] Income Tax from Schedule C-1, at Proposed Rates. Income Taxes allocated based on taxable income
26 [5] Interest Synchronized Interest Expense. Allocation based on Rate Base
27 [6] Rate Base computations are shown on Schedule G-3, Page 1
28 [7] Operating Income Divided by Rate Base
29 [8] 8 Inch customer (Goodyear) is expected to leave system in the future. See testimony of Greg Sorenson.

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Cost of Service Study Using Commodity / Demand Method
Allocation of Assets to Customer Classes

Exhibit
Rejoinder Schedule G-3
Page 1
Witness: Bourassa

Line No.		Totals	5/8" x 3/4"	3/4"	1"	1 1/2"	2"	Hydrant	4"	8"	10"
1	Plant, Minus Accumulated Depreciation, Advances and Contributions in Aid, Meter Deposits, and Deferred Income Tax (from Schedule G-5, Page 1)										
2	Commodity	$ 629,302	$ 2,407	$ 183,885	$ 178,074	$ 28,970	$ 152,869	$ 5,747	$ 22,309	$ 53,219	$ 1,823
3	Demand	31,240,721	200,649	12,444,340	12,572,608	833,746	4,287,834	168,582	481,007	146,593	105,363
4	Customer	2,507,043	35,247	1,457,359	883,428	29,292	94,153	3,702	3,380	322	161
5	Service	2,055,790	26,814	1,108,685	747,581	27,542	133,596	-	9,649	1,282	641
6	Meter	1,308,720	8,183	556,611	416,799	23,033	266,527	14,110	18,452	3,336	1,668
7	Totals	$ 37,741,576	$ 273,299	$ 15,750,879	$ 14,798,490	$ 942,582	$ 4,934,979	$ 192,140	$ 534,797	$ 204,752	$ 109,657
8											
9											
10	Net Rate Base	$ 37,741,576	$ 273,299	$ 15,750,879	$ 14,798,490	$ 942,582	$ 4,934,979	$ 192,140	$ 534,797	$ 204,752	$ 109,657
11											
12	Allocation %	100.00%	0.72%	41.73%	39.21%	2.50%	13.08%	0.51%	1.42%	0.54%	0.29%
13											

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Cost of Service Study, Using Commodity Demand Method
Allocation of Expenses to Customer Classes

Exhibit
Rejoinder Schedule G-4
Page 1
Witness: Bourassa

Line No.		Totals	5/8" x 3/4"	3/4"	1"	1 1/2"	2"	Hydrant	4"	8"	10"
	Operation and Maintenance Expense (from Schedule G-6, Page 1)										
1	Commodity	$ 2,042,582	$ 7,812	$ 596,851	$ 577,991	$ 94,030	$ 496,181	$ 18,653	$ 72,409	$ 172,738	$ 5,917
2	Demand	1,117,525	7,177	445,152	449,740	29,824	153,382	6,030	17,206	5,244	3,769
3	Customer	1,361,604	19,143	791,508	479,800	15,909	51,136	2,010	1,836	175	87
4	Service	-	-	-	-	-	-	-	-	-	-
5	Meter	-	-	-	-	-	-	-	-	-	-
6	Totals	$ 4,521,711	$ 34,133	$ 1,833,511	$ 1,507,531	$ 139,763	$ 700,698	$ 26,694	$ 91,451	$ 178,156	$ 9,774
7											
8	Depreciaton Expense on Plant (from Schedule G-6, Page 2)										
9	Commodity	86,101	329	25,159	24,364	3,964	20,915	786	3,052	7,281	249
10	Demand	1,607,576	10,325	640,357	646,958	42,903	220,642	8,675	24,752	7,543	5,422
11	Customer	114,848	1,615	66,762	40,470	1,342	4,313	170	155	15	7
12	Service	136,475	1,780	73,601	49,629	1,828	8,869	-	641	85	43
13	Meter	342,267	2,140	145,570	109,005	6,024	69,704	3,690	4,826	873	436
14	Totals	$ 2,287,267	$ 16,189	$ 951,448	$ 870,425	$ 56,060	$ 324,444	$ 13,321	$ 33,425	$ 15,797	$ 6,157
15											
16											
17	Total Expenses (excluding Income Tax and										
18	Property Taxes)	$ 6,808,978	$ 50,322	$ 2,784,959	$ 2,377,956	$ 195,823	$ 1,025,142	$ 40,014	$ 124,876	$ 193,953	$ 15,931
19											
20	Property Taxes, Allocated on Schedules G-1 & G-2	$ 380,208									
21	Income Tax, Allocated on Schedules G-1 & G-2	2,344,375									
22	Total Expenses	**$ 9,533,561**									
23											

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Cost of Service Study, Using Commodity Demand Method
Summary of Allocation of Expenses to Customer Classes

Exhibit
Rejoinder Schedule G-4
Page 2
Witness: Bourassa

Line No.		Totals	5/8" x 3/4"	3/4"	1"	1 1/2"	2"	Hydrant	4"	8"	10"
1	Commodity	$ 2,128,683	$ 8,142	$ 622,010	$ 602,355	$ 97,993	$ 517,096	$ 19,439	$ 75,462	$ 180,019	$ 6,167
2	Demand	2,725,101	17,502	1,085,509	1,096,698	72,727	374,024	14,705	41,958	12,787	9,191
3	Customer	1,476,452	20,758	858,270	520,270	17,251	55,449	2,180	1,990	190	95
4	Service	136,475	1,780	73,601	49,629	1,828	8,869	-	641	85	43
5	Meter	342,267	2,140	145,570	109,005	6,024	69,704	3,690	4,826	873	436
6											
7											
8	Totals	$ 6,808,978	$ 50,322	$ 2,784,959	$ 2,377,956	$ 195,823	$ 1,025,142	$ 40,014	$ 124,876	$ 193,953	$ 15,931
9											
10											
11											
12											
13	Total Expenses (excluding Income Tax and										
14	Property Taxes)	**$ 6,808,978**	$ 50,322	$ 2,784,959	$ 2,377,956	$ 195,823	$ 1,025,142	$ 40,014	$ 124,876	$ 193,953	$ 15,931
15											
16	Property Taxes, Allocated on Schedules G-1 & G-2	$ 380,208									
17	Income Tax, Allocated on Schedules G-1 & G-2	2,344,375									
18	Total Expenses	**$ 9,533,561**									
19											

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Cost of Service Study, Using Commodity Demand Method
Allocation of Rate Base by Function

Exhibit
Rejoinder Schedule G-5
Page 1
Witness: Bourassa

Line No.		Adjusted	Demand	Commodity	Customer	Meter	Service	Totals
1	**Rate Base**							
2	Plant minus (Accumulated Depreciation	$ 37,741,576	$ 31,240,721	$ 629,302	$ 2,507,043	$ 1,308,720	$ 2,055,790	$ 37,741,576
3	Contributions in Aid of Construction							
4	Advances in Aid of Construction,							
5	Meter Deposits and Deferred Income Tax)							
6								
7								
8								
9		37,741,576	31,240,721	629,302	2,507,043	1,308,720	2,055,790	37,741,576
10								
11								
12								
13								
14								
15								
16								
17								
18								
19								
20								
21								

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Allocation of Plant, Less Contributions and Advances in Aid of
Construction , Meter Deposits and Accumulated Depreciation to Functions

Exhibit
Rejoinder Schedule G-5
Page 2
Witness: Bourassa

Line No.	Account No.	Description	Original Cost Plant	Accumulated Depreciation	Total Net Plant Values	Demand	Commodity	Customer	Meter	Service
1	**Intangible**									
2	301	Organization	$ -		$ -					
3	302	Franchises	-		-					
4										
5	**Subtotal Intangible**		-		-	-	-	-	-	-
6										
7	**Source of Supply & Pumping Plant**									
8	303	Land and Land Rights	$ 1,284,595		$ 1,284,595	$ 1,284,595	$ -	$ -	$ -	$ -
9	304	Structures and Improvements	24,649,251	404,869	24,244,382	24,244,382	-	-		
10	305	Collecting and Impounding Res.	-	-	-	-				
11	306	Lakes, Rivers, Other Intakes	-	-	-					
12	307	Wells and Springs	2,393,491	631,793	1,761,697	1,585,528	176,170	-		
13	308	Infiltration Galleries and Tunnels	-	-	-					
14	309	Supply Mains	-	0	-	-	-			
15	310	Power Generation Equipment	202,269	56403.40902	145,866	131,279	14,587			
16	311	Electric Pumping Equipment	917,055	598,038	319,017	287,115	31,902			
17	**Subtotal Source of Supply & Pumping Plant**		$ 29,446,661	$ 1,691,103	$ 27,755,558	$ 27,532,900	$ 222,658	$ -	$ -	$ -
18										
19	**Water Treatment**									
20	320	Water Treatment Equipment	$ 3,223,594	$ 41,009	$ 3,182,586	$ 2,864,327	$ 318,259			
21	**Subtotal Water Treatment**		$ 3,223,594	$ 41,009	$ 3,182,586	$ 2,864,327	$ 318,259	$ -	$ -	$ -
22										
23	**Transmission and Distribution Plant**									
24	330	Distribution Reservoirs & Standpipe	$ 439,244	$ 174,345	$ 264,898	$ 238,409	$ 26,490			
25	331	Transmission and Distribution Mains	28,929,171	3,844,803	25,084,367	22,575,931	2,508,437			
26	333	Services	4,249,744	900,699	3,349,045					3,349,045
27	334	Meters	4,138,752	1,931,628	2,207,123				2,207,123	
28	335	Hydrants	2,055,781	163,913	1,891,868			1,891,868		
29	336	Backflow Prevention Devices	38,387	7,546	30,842	27,757	3,084			
30	339	Other Plant and Miscellaneous Equip.	259,531	33,497	226,034	203,430	22,603			
31	**Subtotal Transmission and Distribution Plant**		$ 40,110,609	$ 7,056,432	$ 33,054,177	$ 23,045,527	$ 2,560,614	$ 1,891,868	$ 2,207,123	$ 3,349,045
32										
33	**General Plant**									
34	340	Office Furniture and Fixtures	$ 551,757	$ 124,987	$ 426,770			$ 426,770		
35	341	Transportation Equipment	177,165	83,060	94,106	23,526		70,579		
36	342	Stores Equipment	31,711	1,586	30,126					30,126
37	343	Tools and Work Equipment	23,350	7,113	16,237					16,237
38	344	Laboratory Equipment	-	-	-					
39	345	Power Operated Equipment	-	-	-					
40	346	Communications Equipment	119,710	21,730	97,980	24,495		73,485		
41										
42										

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Allocation of Plant, Less Contributions and Advances in Aid of
Construction , Meter Deposits and Accumulated Depreciation to Functions

Exhibit
Rejoinder Schedule G-5
Page 2.1
Witness: Bourassa

Line No.	Account No.	Description	Original Cost Plant	Accumulated Depreciation	Total Net Plant Values	Demand	Commodity	Customer	Meter	Service
1	**General Plant Continued**					-		-		
2	347	Miscellaneous Equipment	-	-	-			-		
3	348	Other Tangible Plant	-	-	-			-		
4	**Subtotal General Plant**		$ 903,694	$ 238,476	$ 665,218	$ 48,021	$ -	$ 570,834	$ -	$ 46,363
5	Total Plant		$ 73,684,558	$ 9,027,020	$ 64,657,538	$ 53,490,775	$ 3,101,531	$ 2,462,702	$ 2,207,123	$ 3,395,408
6										
7	Contributions in Aid of Construction, Net		(3,096,180)	860,706	(2,235,474)	(1,977,529)	(219,725)	(38,220)		
8	Advances in Aid of Construction		(22,336,975)		(22,336,975)	(20,103,277)	(2,233,697)			
9	Meter Deposits		(2,238,022)		(2,238,022)				(898,404)	(1,339,618)
10	Deferred Income Tax		(188,053)		(188,053)	(169,248)	(18,805)			
11	Deferred Reg Assets		82,561		82,561			82,561		
12	Unamortized Debt Service Costs		-		-			-		
13	Totals		$ 45,907,890	$ 9,887,726	$ 37,741,576	$ 31,240,721	$ 629,302	$ 2,507,043	$ 1,308,720	$ 2,055,790
14	Rate Bases (Plant -(AIAC, CIAC, Meter Deposits & Accum. Depr.)				$ 37,741,576	$ 31,240,721	$ 629,302	$ 2,507,043	$ 1,308,720	$ 2,055,790

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Cost of Service Study, Using Commodity Demand Method
Allocation of Expenses to Functions

Exhibit
Rejoinder Schedule G-6
Page 1
Witness: Bourassa

Line No.	Description	Adjusted	Demand	Commodity	Customer	Meter	Service	Totals
1	Salaries and Wages[1]	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2	Purchased Water[1]	5,011		5,011				5,011
3	Purchased Power[1]	1,013,811	-	1,013,811	-	-	-	1,013,811
4	Fuel For Power Production[1]	37,839	-	37,839	-	-	-	37,839
5	Chemicals[1]	502,973	-	502,973	-	-	-	502,973
6	Repairs and Maintenance[1]	44,001	39,600	4,400	-	-	-	44,001
7	Office Supplies and Expense	-			-			-
8	Outside Services	12,469			12,469			12,469
9	Outside Services - Other[1]	2,378,567	951,427	475,713	951,427	-	-	2,378,567
10	Outside Services - Legal	14,317			14,317			14,317
11	Water Testing[1]	28,365	25,529	2,837	-	-	-	28,365
12	Rents	10,647			10,647			10,647
13	Transportation Expenses[1]	151,879	37,970	-	113,909	-	-	151,879
14	Insurance - General Liability	95,469			95,469			95,469
15	Insurance - Health and Life	3,319			3,319			3,319
16	Reg. Comm. Exp.	63,662			63,662			63,662
17	Reg. Comm. Exp. - Rate Case	70,000	63,000		7,000			70,000
18	Miscellaneous Expense	80,837			80,837			80,837
19	Bad Debt Expense	8,548			8,548			8,548
20	Depreciation Expense[2]	2,287,267	1,607,576	86,101	114,848	342,267	136,475	2,287,267
21	Taxes Other Than Income	-	-					-
22	Property Taxes, Allocated on Schedules G-1 & G-2	**380,208**						
23	Income Tax, Allocated on Schedules G-1 & G-2	**2,344,375**						
24								
25	Total	$ 9,533,561	$2,725,101	$2,128,683	$ 1,476,452	$ 342,267	$ 136,475	**$ 6,808,978**
26								
27								

28 [1] See Schedule G-7, page 2.1.

29 [2] Depreciation allocation computed on Schedule G-6, Page 2.

30

31

32

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Allocation of Depreciation Expense to Functions

Exhibit
Rejoinder Schedule G-6
Page 2
Witness: Bourassa

Line No.	Account No.	Description	Original Cost	Depreciation Rate	Depreciation Expense	Total Depr. Expense	Demand	Commodity	Customer	Meter	Service
1	**Intangible**										
2	301	Organization	$ -		$ -						
3	302	Franchises	-		-						
4											
5	**Subtotal Intangible**		$ -		$ -	$ -	$ -	$ -	$ -	$ -	$ -
6											
7		**Source of Supply & Pumping Plant**									
8	303	Land and Land Rights	$ 1,284,595	0.000%	$ -	$ -	$ -	$ -	$ -	$ -	$ -
9	304	Structures and Improvements	24,649,251	3.330%	820,820	820,820	820,820	-			
10	305	Collecting and Impounding Res.	-	2.500%	-	-	-				
11	306	Lakes, Rivers, Other Intakes	-	2.500%	-	-					
12	307	Wells and Springs	2,393,491	3.330%	79,703	79,703	71,733	7,970			
13	308	Infiltration Galleries and Tunnels	-	6.670%	-	-					
14	309	Supply Mains	-	2.000%	-	-	-	-			
15	310	Power Generation Equipment	202,269	5.000%	10,113	10,113	9,102	1,011			
16	311	Electric Pumping Equipment	917,055	12.500%	114,632	114,632	103,169	11,463			
17	**Subtotal Source of Supply & Pumping Plant**		$ 29,446,661		$ 1,025,269	$ 1,025,269	$ 1,004,824	$ 20,445	$ -	$ -	$ -
18											
19	**Water Treatment**										
20	320	Water Treatment Equipment	3,223,594	3.330%	107,346	107,346	96,611	10,735			
21	**Subtotal Water Treatment**		$ 3,223,594		$ 107,346	$ 107,346	$ 96,611	$ 10,735	$ -	$ -	$ -
22											
23	**Transmission and Distribution Plant**										
24	330	Distribution Reservoirs & Standpipe	$ 439,244	2.220%	$ 9,751	$ 9,751	$ 8,776	$ 975	$ -	$ -	$ -
25	331	Transmission and Distribution Mains	28,929,171	2.000%	578,583	578,583	520,725	57,858			
26	333	Services	4,249,744	3.330%	141,516	141,516					141,516
27	334	Meters	4,138,752	8.330%	344,758	344,758				344,758	
28	335	Hydrants	2,055,781	2.000%	41,116	41,116			41,116		
29	336	Backflow Prevention Devices	38,387	6.670%	2,560	2,560	2,304	256			
30	339	Other Plant and Miscellaneous Equipment	259,531	6.670%	17,311	17,311	15,580	1,731			
31	**Subtotal Transmission and Distribution Plant**		$ 40,110,609		$ 1,135,596	$ 1,135,596	$ 547,385	$ 60,821	$ 41,116	$ 344,758	$ 141,516
32											
33	**General Plant**										
34	340	Office Furniture and Fixtures	$ 551,757	6.670%	$ 36,802	$ 36,802	$ -	$ -	$ 36,802	$ -	$ -
35	341	Transportation Equipment	177,165	20.000%	35,433	35,433	8,858		26,575		
36	342	Stores Equipment	31,711	4.000%	1,268	1,268			1,268		
37	343	Tools and Work Equipment	23,350	5.000%	1,168	1,168			1,168		
38	344	Laboratory Equipment	-	10.000%	-	-			-		
39	345	Power Operated Equipment	-	5.000%	-	-					
40	346	Communications Equipment	119,710	10.000%	11,971	11,971	2,993		8,978		

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Allocation of Depreciation Expense to Functions

Exhibit
Schedule G-6
Page 2.1
Witness: Bourassa

Line No.	Account No.	Description	Original Cost	Depreciatior Rate	Depreciation Expense	Total Depr. Expense	Demand	Commodity	Customer	Meter	Service
1	**General Plant Continued**										
2	347	Miscellaneous Equipment	-	10.00%	-	-			-		
3	348	Other Tangible Plant	-	10.00%	-	-	-				
4	**Subtotal General Plant**		$ 903,694		$ 86,642	$ 86,642	$ 11,851	$ -	$ 74,791	$ -	$ -
5	**Total Plant**		$ 73,684,558		$ 2,354,852	$ 2,354,852	$ 1,660,671	$ 92,000	$ 115,907	$ 344,758	$ 141,516
6											
7											
8	Less: Amortization of Contributions										
9	311	Electric Pumping Equipment	$ (15,219)	12.5000%	$ (1,902)	$ (1,902)	$ (1,712)	$ (190)			
10	331	Trans. and Dist. Mains	(2,854,613)	2.0000%	(57,092)	(57,092)	(51,383)	(5,709)			
11	333	Services	(151,402)	3.3300%	(5,042)	(5,042)					(5,042)
12	334	Meters	(29,899)	8.3300%	(2,491)	(2,491)				(2,491)	
13	335	Hydrants	(52,935)	2.0000%	(1,059)	(1,059)			(1,059)		
14	Total Depreciation Expense		(3,104,068)		$ 2,287,267	$ 2,287,267	$ 1,607,576	$ 86,101	$ 114,848	$ 342,267	$ 136,475
15											
16											
17											
18											
19											

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Summary of Commodity - Demand Method Functions Factors

Exhibit
Rejoinder Schedule G-7
Page 1
Witness: Bourassa

Line No.	Description	5/8" x 3/4"	3/4"	1"	1 1/2"	2"	Hydrant	4"	8"	10"	Totals
1											
2	Description	5/8" x 3/4"	3/4"	1"	1 1/2"	2"	Hydrant	4"	8"	10"	Totals
3	Commodity	0.382%	29.220%	28.297%	4.603%	24.292%	0.913%	3.545%	8.457%	0.29%	100.00%
4	Demand	0.642%	39.834%	40.244%	2.669%	13.725%	0.540%	1.540%	0.469%	0.34%	100.00%
5	Customer	1.406%	58.131%	35.238%	1.168%	3.756%	0.148%	0.135%	0.013%	0.01%	100.00%
6	Services	1.304%	53.930%	36.365%	1.340%	6.499%	0.000%	0.469%	0.062%	0.03%	100.00%
7	Meters	0.625%	42.531%	31.848%	1.760%	20.365%	1.078%	1.410%	0.255%	0.13%	100.00%
8											
9											
10											
11											
12	SUPPORTING SCHEDULES										
13	G-7, page 3										

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
COMMODITY - DEMAND METHOD FUNCTION FACTORS
Plant and Depreciation Expense Allocations Functions

Exhibit
Rejoinder Schedule G-7
Page 2
Witness: Bourassa

Line No.	Description	Total	Demand	Commodity	Customer
1					
2	Description	Total	Demand	Commodity	Customer
3	Wells	1.00	0.90	0.10	
4	Pumps & Equipment	1.00	0.90	0.10	
5	Trans. & Dist. Mains	1.00	0.90	0.10	
6	Structures & Improv.	1.00	1.00		
7	Land	1.00	1.00		
8	Customer	1.00			1.00
9	Services	1.00			1.00
10	Meters	1.00			1.00
11	Fire Hydrants	1.00			1.00
12	Transportation Equip.	1.00	0.25		0.75
13	Office Furniture	1.00			1.00
14	Communication Equip.	1.00	0.25		0.75
15	Water Treatment Equip.	1.00	0.90	0.10	
16					
17					
18					
19					
20					

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Cost of Service Study, Using Commodity Demand Method
Development Of Expense Allocation Factors

Exhibit
Rejoinder Schedule G-7
Page 2.1
Witness: Bourassa

Line No.	Expense Type	Total	Demand	Commodity	Customer	Meters	Services
1							
2	Repairs and Maintenance[1]	1.00	0.90	0.10	-	-	-
3	Contractual Services[2]	1.00	0.40	0.20	0.40	-	-
4	Purchased Power/Fuel for Power Prod.[3]	1.00	-	1.00	-	-	-
5	Purchased Water[4]	1.00	-	1.00	-	-	-
6	Transportation[5]	1.00	0.25	-	0.75	-	-
7	Chemicals[6]	1.00	-	1.00	-	-	-
8	Water Testing[7]	1.00	0.90	0.10	-	-	-
9	Salaries and Wages[8]	1.00	0.40	0.20	0.40	-	-
10							
11							
12							

13 [1] Estimated based on examination of costs in repairs and maintenance and professional judgement.
14 [2] Estimated based on examination of costs included in contractual services and professional judgement.
15 [3] 100% related to pumping and water production.
16 [4] 100% related to pumping and water production.
17 [5] Based on allocation of transportation equipment. See G-7, page 2.
18 [6] 100% related to water production.
19 [7] Based on allocation of well plant and equipment. See G-7, page 2.
20 [8] The Company does not have recorded salaries and wages expense. See allocation of contractual services.
21
22
23
24
25

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Cost of Service Study, Using Commodity Demand Method
Development of Class Allocation Factors

Exhibit
Rejoinder Schedule G-7
Page 3
Witness: Bourassa

COMMODITY ALLOCATION FACTOR

Meter Size	(a) Total Gallons (in 1,000's) In Test Year	Percent of Total
5/8" x 3/4"	13,649	0.38%
3/4"	1,042,724	29.22%
1"	1,009,774	28.30%
1-1/2"	164,274	4.60%
2"	866,848	24.29%
Hydrant	32,587	0.91%
4"	126,502	3.54%
6"	-	0.00%
8"	301,780	8.457%
10"	10,338	0.290%
Totals	3,568,476	100.00%

DEMAND ALLOCATION FACTOR

Meter Size	Number of Meters and/or Services	Equivalent Weight	Equivalent Number of Meters and/or Services	Percent of Total
5/8" x 3/4"	219	1.0	219	0.64%
3/4"	9,055	1.5	13,583	39.83%
1"	5,489	2.5	13,723	40.24%
1-1/2"	182	5.0	910	2.67%
2"	585	8.0	4,680	13.73%
Hydrant	23	8.0	184	0.54%
4"	21	25.0	525	1.54%
6"	-	50.0	0	0.00%
8"	2	80.0	160	0.47%
10"	1	115.0	115	0.34%
Totals	15,577		34,098	100.00%

CUSTOMER ALLOCATION FACTOR

Meter Size	Number of Meters	Percent of Total
5/8" x 3/4"	219	1.41%
3/4"	9,055	58.13%
1"	5,489	35.24%
1-1/2"	182	1.17%
2"	585	3.76%
Hydrant	23	0.15%
4"	21	0.13%
6"	-	0.00%
8" (c)	2	0.01%
10"	1	0.01%
Totals	15,577	100.00%

SERVICES ALLOCATION FACTOR (b)

Meter Size	Number of Services	Installation Cost	Weighted Number Services	Percent of Total
5/8" x 3/4"	219	$ 445.00	97,455	1.30%
3/4"	9,055	445.00	4,029,475	53.93%
1"	5,489	495.00	2,717,055	36.36%
1-1/2"	182	550.00	100,100	1.34%
2"	585	830.00	485,550	6.50%
Hydrant	23	-	0	0.00%
4"	21	1,670.00	35,070	0.47%
6"	0	2,330.00	0	0.00%
8"	2	2,330.00	4,660	0.06%
10"	1	2,330.00	2,330	0.03%
Totals	15,577		7,471,695	100.00%

METER ALLOCATION FACTOR (b)

Meter Size	Number of Meters	Meter Cost	Weighted Dollars of Meters	Percent of Total
5/8" x 3/4"	219	$ 155.00	33,945	0.63%
3/4"	9,055	255.00	2,309,025	42.53%
1"	5,489	315.00	1,729,035	31.85%
1-1/2"	182	525.00	95,550	1.76%
2"	585	1,890.00	1,105,650	20.37%
Hydrant	23	2,545.00	58,535	1.08%
4"	21	3,645.00	76,545	1.41%
6"	0	6,920.00	0	0.00%
8"	2	6,920.00	13,840	0.25%
10"	1	6,920.00	6,920	0.13%
Totals	15,577		5,429,045	100.00%

(a) Includes customer and gallon sold annualization.
(b) Meter and Service Line cost from Arizona Corporation Commission Memo of February 21, 2008 from Marlin Scott, Jr.. Meter costs based on compound meters. Cost of service line and meter is based on costs allowed for a compound meter installation.
(c) 8 Inch customer(s) expected to leave system. See testimony of Greg Sorenson.

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Cost of Service Study Using Commodity / Demand Method
Computation of Monthly Minimums for Customer, Service, Meter
Using Function Costs and Expenses

Exhibit
Rejoinder Schedule G-8
Page 1
Witness: Bourassa

Line No.						Customer	Service	Meter
1	Return on Rate Base	11.02%				276,180	144,171	226,469
2	Misc. Revenues					(18)		
3	Customer, Services and Meter Expenses (From Sch. G-6. Page 1)					1,476,452	136,475	342,267
4	Property Taxes					380,208		
5	Income Taxes					2,344,375		
6	Total Revenue Requirement / Customer, Meter & Service (Line 13+15+16+17)					4,477,196	280,645	568,736
7								
8	**Customer Charge**							
9	Number of Bills =	15,577	times	12		186,924		
10								
11	**Charge per Bill**					$ 23.95		
12	(Customer Revenue Requirement divided by Annualized Number of Bills)							
13								
14	**Service Line and Meter Charge**							
15	Equivalent 5/8 Meters		34,098	times	12		409,176	409,176
16								
17	**Charge per Equivalent Meter**						$ 0.69	$ 1.39
18								
19								
20	**CUSTOMER CHARGE:**							
21	Monthly Minimum for 5/8 Inch Meter (with no water included in Minimum or Demand Charge)							
22	Charge per Bill						$ 23.95	
23	Charge per Equivalent Service Line						0.69	
24	Charge per Equivalent Meter						1.39	
25	(Service and Meter Revenue Requirement divided by Annual Equivalent Meters)							
26	Monthly Minimum for 5/8 Inch Meter, **WITHOUT** Demand Charge Included						$ 26.03	

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Cost of Service Study Using Commodity / Demand Method
Computation of Monthly Minimums for Demand Charge

Exhibit
Rejoinder Schedule G-8
Page 2
Witness: Bourassa

Line No.	DEMAND CHARGE:		
1			
2	Return on Rate Base 11.02%		3,441,527
3	Demand Expenses, from Schedule G-6, Page 1		2,725,101
4			
5	Totals		6,166,628
6	Total Revenue Requirement / Demand Component		
7	Equivalent Number of 5/8 Meters billings		409,176
8	Demand Charge for 5/8 Inch Meter		$ 15.07
9			

10		5/8" Demand Charge	Meter Ratio	Demand Charge
11	Demand Charge Per Equivalent			
12	5/8 Inch Meter	$ 15.07	1.0	$ 15.07
13	3/4 Inch Meter	$ 15.07	1.5	$ 22.61
14	1 Inch Meter	$ 15.07	2.5	$ 37.68
15	1 1/2 Inch Meter	$ 15.07	5.0	$ 75.35
16	2 Inch Meter	$ 15.07	8.0	$ 120.57
17	3 Inch Meter	$ 15.07	16.0	$ 241.13
18	4 Inch Meter	$ 15.07	25.0	$ 376.77
19	6 Inch Meter	$ 15.07	50.0	$ 753.54
20				
21				

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Cost of Service Study Using Commodity / Demand Method
Computation Demand Charge and Commodity

Exhibit
Rejoinder Schedule G-8
Page 3
Witness: Bourassa

Line No.		Commodity	Customer	Service	Meter	Demand
1	Return on Rate Base 11.02%	69,325	276,180	226,469	144,171	3,441,527
2	Less: Miscellaneous Revenues		(127,522)			
3						
4	Expenses (From Sch. G-6. Page 1)	2,128,683	1,476,452	136,475	342,267	2,725,101
5	Property taxes		380,208			
6	Income Taxes		2,344,375			
7	Total Revenue Requirement by function	2,198,008	4,349,693	362,944	486,438	6,166,628
8	Gallons Sold (in 1,000's)(Zero Gallons in Minimum) (G-7, page 3)	3,568,476				
9	Computed Commodity Rate	**$ 0.6160**				
10	Annualized Number of Bills		186,924			
11	Equivalent Meters and Service Lines			409,176	409,176	409,176
12	Customer Charge (line 18 divided by line 21)		$ 23.27			
13	Meter, Service Line & Demand Charge (Line 18 divided by Line 22)			$ 0.89	$ 1.19	$ 15.07
14	Total Monthly Minimum Charge for a 5/8 Inch Meter (Sum of Customer					
15	Service Line, Meter and Demand Charge on Lines 23 & Line 24)					$ 40.42
16						
17						

18	Monthly Minimum	5/8" Monthly Minimum	Meter Ratio	Demand Charge
19	5/8 Inch Meter	$ 40.42	1.0	$ 40.42
20	3/4 Inch Meter	$ 40.42	1.5	$ 60.62
21	1 Inch Meter	$ 40.42	2.5	$ 101.04
22	1 1/2 Inch Meter	$ 40.42	5.0	$ 202.08
23	2 Inch Meter	$ 40.42	8.0	$ 323.33
24	3 Inch Meter	$ 40.42	16.0	$ 646.66
25	4 Inch Meter	$ 40.42	25.0	$ 1,010.41
26	6 Inch Meter	$ 40.42	50.0	$ 2,020.83
27	8 Inch Meter	$ 40.42	80.0	$ 3,233.32
28				
29				
30				
31				

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Cost of Service Study Using Commodity / Demand Method
Computation Demand Charge and Commodity

Exhibit
Rejoinder Schedule G-8
Page 4
Witness: Bourassa

Line No.					
1	**Single Tier Rate Design with Some Customer and Demand Costs recovered via the Commodity Rate**				
2					
3	Revenue Requirements Collected via Commodity Charge				
4		Total		Portion of	
5		Rev. Req.	%	Rev. Req.	
6	Customer, Service, and Meter Costs	$ 5,199,074	45%	$ 2,339,583	
7	Demand Costs	6,166,628	45%	2,774,982	
8	Commodity Costs	2,198,008	100%	2,198,008	
9	Total Costs to be Collected via Commodity			$ 7,312,574	
10	Gallons Sold			3,568,476	
11					
12	Commodity Charge (per 1,000 gallons)			$ 2.049	
13					
14	Revenue Requirement Collected				
15					
16	Monthly Minimum 5/8 Meter				
17	Total Revenue Requirement			$ 13,563,710	
18	Less: Portion of Revenue Requirement Collected via Commodity Charge			(7,312,574)	
19	Balance to be Recovered through Monthly Minimum			$ 6,251,136	46.09%
20					
21	Number of Equivalent 5/8 Inch Meter Billings			409,176	
22					
23	Computed Monthly Minimum 5/8 Inch Meter			$ 15.28	
24					
25					
26		5/8"	Meter	Monthly	
27	Meter Size	Minimum	Ratio	Minimum	
28	5/8 Inch Meter	$ 15.28	1.0	$ 15.28	
29	3/4 Inch Meter	$ 15.28	1.5	$ 22.92	
30	1 Inch Meter	$ 15.28	2.5	$ 38.19	
31	1 1/2 Inch Meter	$ 15.28	5.0	$ 76.39	
32	2 Inch Meter	$ 15.28	8.0	$ 122.22	
33	3 Inch Meter	$ 15.28	16.0	$ 244.44	
34	4 Inch Meter	$ 15.28	25.0	$ 381.93	
35	6 Inch Meter	$ 15.28	50.0	$ 763.87	
36	8 Inch Meter	$ 15.28	80.0	$ 1,222.19	
37	10 Inch Meter				
38					

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Comparison of Proposed Rates to Computed Costs
For a 5/8 Inch Residential Meter (With Required Operating Margin)

Exhibit
Rejoinder Schedule G-9
Page 1
Witness: Bourassa

Column Number-->		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		Revenues								(Col. 2 - Col. 8) Total Revenues minus Total Charges & Costs
Line No.	Water Usage	Monthly Minimum	Commodity	Total	Demand Charges	Customer Charges	Service Line Charges	Meter Charges	Commodity Charges	Total Charges & Costs
1	0	$ 10.35	$ -	$ 10.35	$ 15.07	$ 23.27	$ 0.89	$ 1.19	0	$ 40.42	$ (30.07)
2	1,000	10.35	1.23	11.58	15.07	23.27	0.89	1.19	0.616	41.03	(29.45)
3	2,000	10.35	2.46	12.81	15.07	23.27	0.89	1.19	1.232	41.65	(28.84)
4	3,000	10.35	3.69	14.04	15.07	23.27	0.89	1.19	1.848	42.26	(28.22)
5	4,000	10.35	5.52	15.87	15.07	23.27	0.89	1.19	2.464	42.88	(27.01)
6	5,000	10.35	7.35	17.70	15.07	23.27	0.89	1.19	3.080	43.50	(25.80)
7	6,000	10.35	9.18	19.53	15.07	23.27	0.89	1.19	3.696	44.11	(24.58)
8	7,000	10.35	11.01	21.36	15.07	23.27	0.89	1.19	4.312	44.73	(23.37)
9	8,000	10.35	12.84	23.19	15.07	23.27	0.89	1.19	4.928	45.34	(22.15)
10	9,000	10.35	14.67	25.02	15.07	23.27	0.89	1.19	5.544	45.96	(20.94)
11	10,000	10.35	17.10	27.45	15.07	23.27	0.89	1.19	6.160	46.58	(19.13)
12	12,000	10.35	21.96	32.31	15.07	23.27	0.89	1.19	7.391	47.81	(15.50)
13	14,000	10.35	26.82	37.17	15.07	23.27	0.89	1.19	8.623	49.04	(11.87)
14	16,000	10.35	31.68	42.03	15.07	23.27	0.89	1.19	9.855	50.27	(8.24)
15	18,000	10.35	36.54	46.89	15.07	23.27	0.89	1.19	11.087	51.50	(4.61)
16	20,000	10.35	41.40	51.75	15.07	23.27	0.89	1.19	12.319	52.74	(0.99)
17	25,000	10.35	53.55	63.90	15.07	23.27	0.89	1.19	15.399	55.82	8.08
18	30,000	10.35	65.70	76.05	15.07	23.27	0.89	1.19	18.479	58.90	17.15
19	35,000	10.35	77.85	88.20	15.07	23.27	0.89	1.19	21.558	61.97	26.23
20	40,000	10.35	90.00	100.35	15.07	23.27	0.89	1.19	24.638	65.05	35.30
21	45,000	10.35	102.15	112.50	15.07	23.27	0.89	1.19	27.718	68.13	44.37
22	50,000	10.35	114.30	124.65	15.07	23.27	0.89	1.19	30.798	71.21	53.44
23	60,000	10.35	138.60	148.95	15.07	23.27	0.89	1.19	36.957	77.37	71.58
24	70,000	10.35	162.90	173.25	15.07	23.27	0.89	1.19	43.117	83.53	89.72
25	80,000	10.35	187.20	197.55	15.07	23.27	0.89	1.19	49.276	89.69	107.86
26	90,000	10.35	211.50	221.85	15.07	23.27	0.89	1.19	55.436	95.85	126.00
27	100,000	10.35	235.80	246.15	15.07	23.27	0.89	1.19	61.595	102.01	144.14

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Comparison of Proposed Rates to Computed Costs
For a 3/4 Inch Residential Meter (With Required Operating Margin)

Exhibit
Rejoinder Schedule G-9
Page 2
Witness: Bourassa

Column Number-->		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		Revenues								(Col. 2 - Col. 8) Total Revenues minus Total Charges & Costs
Line No.	Water Usage	Monthly Minimum	Commodity	Total	Demand Charges	Customer Charges	Service Line Charges	Meter Charges	Commodity Charges	Total Charges & Costs
1	0	$ 26.39	$ -	$ 26.39	$ 22.61	$ 34.90	$ 1.33	$ 1.78	0	$ 60.62	$ (34.23)
2	1,000	26.39	1.23	27.62	22.61	34.90	1.33	1.78	0.616	61.24	(33.62)
3	2,000	26.39	2.46	28.85	22.61	34.90	1.33	1.78	1.232	61.86	(33.00)
4	3,000	26.39	3.69	30.08	22.61	34.90	1.33	1.78	1.848	62.47	(32.39)
5	4,000	26.39	5.52	31.91	22.61	34.90	1.33	1.78	2.464	63.09	(31.18)
6	5,000	26.39	7.35	33.74	22.61	34.90	1.33	1.78	3.080	63.70	(29.96)
7	6,000	26.39	9.18	35.57	22.61	34.90	1.33	1.78	3.696	64.32	(28.75)
8	7,000	26.39	11.01	37.40	22.61	34.90	1.33	1.78	4.312	64.94	(27.53)
9	8,000	26.39	12.84	39.23	22.61	34.90	1.33	1.78	4.928	65.55	(26.32)
10	9,000	26.39	14.67	41.06	22.61	34.90	1.33	1.78	5.544	66.17	(25.11)
11	10,000	26.39	17.10	43.49	22.61	34.90	1.33	1.78	6.160	66.78	(23.29)
12	12,000	26.39	21.96	48.35	22.61	34.90	1.33	1.78	7.391	68.02	(19.66)
13	14,000	26.39	26.82	53.21	22.61	34.90	1.33	1.78	8.623	69.25	(16.04)
14	16,000	26.39	31.68	58.07	22.61	34.90	1.33	1.78	9.855	70.48	(12.41)
15	18,000	26.39	36.54	62.93	22.61	34.90	1.33	1.78	11.087	71.71	(8.78)
16	20,000	26.39	41.40	67.79	22.61	34.90	1.33	1.78	12.319	72.94	(5.15)
17	25,000	26.39	53.55	79.94	22.61	34.90	1.33	1.78	15.399	76.02	3.92
18	30,000	26.39	65.70	92.09	22.61	34.90	1.33	1.78	18.479	79.10	12.99
19	35,000	26.39	77.85	104.24	22.61	34.90	1.33	1.78	21.558	82.18	22.06
20	40,000	26.39	90.00	116.39	22.61	34.90	1.33	1.78	24.638	85.26	31.13
21	45,000	26.39	102.15	128.54	22.61	34.90	1.33	1.78	27.718	88.34	40.20
22	50,000	26.39	114.30	140.69	22.61	34.90	1.33	1.78	30.798	91.42	49.27
23	60,000	26.39	138.60	164.99	22.61	34.90	1.33	1.78	36.957	97.58	67.41
24	70,000	26.39	162.90	189.29	22.61	34.90	1.33	1.78	43.117	103.74	85.55
25	80,000	26.39	187.20	213.59	22.61	34.90	1.33	1.78	49.276	109.90	103.69
26	90,000	26.39	211.50	237.89	22.61	34.90	1.33	1.78	55.436	116.06	121.83
27	100,000	26.39	235.80	262.19	22.61	34.90	1.33	1.78	61.595	122.22	139.97

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Comparison of Proposed Rates to Computed Costs
For a 1 Inch Residential Meter (With Required Operating Margin)

Exhibit
Rejoinder Schedule G-9
Page 3
Witness: Bourassa

Column Number-->		(1)	(2)		(3)	(4)	(5)	(6)	(7)	(8)	(9)
		Revenues									(Col. 2 - Col. 8) Total Revenues minus Total Charges & Costs
Line No.	Water Usage	Monthly Minimum	Commodity	Total	Demand Charges	Customer Charges	Service Line Charges	Meter Charges	Commodity Charges	Total Charges & Costs	
1	0	$ 43.99	$ -	$ 43.99	$ 37.68	$ 58.17	$ 2.22	$ 2.97	0	$ 101.04	$ (57.05)
2	1,000	43.99	1.83	45.82	37.68	58.17	2.22	2.97	0.616	101.66	(55.84)
3	2,000	43.99	3.66	47.65	37.68	58.17	2.22	2.97	1.232	102.27	(54.63)
4	3,000	43.99	5.49	49.48	37.68	58.17	2.22	2.97	1.848	102.89	(53.41)
5	4,000	43.99	7.32	51.31	37.68	58.17	2.22	2.97	2.464	103.51	(52.20)
6	5,000	43.99	9.15	53.14	37.68	58.17	2.22	2.97	3.080	104.12	(50.98)
7	6,000	43.99	10.98	54.97	37.68	58.17	2.22	2.97	3.696	104.74	(49.77)
8	7,000	43.99	12.81	56.80	37.68	58.17	2.22	2.97	4.312	105.35	(48.56)
9	8,000	43.99	14.64	58.63	37.68	58.17	2.22	2.97	4.928	105.97	(47.34)
10	9,000	43.99	16.47	60.46	37.68	58.17	2.22	2.97	5.544	106.58	(46.13)
11	10,000	43.99	18.30	62.29	37.68	58.17	2.22	2.97	6.160	107.20	(44.91)
12	12,000	43.99	21.96	65.95	37.68	58.17	2.22	2.97	7.391	108.43	(42.49)
13	14,000	43.99	25.62	69.61	37.68	58.17	2.22	2.97	8.623	109.66	(40.06)
14	16,000	43.99	29.28	73.27	37.68	58.17	2.22	2.97	9.855	110.90	(37.63)
15	18,000	43.99	32.94	76.93	37.68	58.17	2.22	2.97	11.087	112.13	(35.20)
16	20,000	43.99	36.60	80.59	37.68	58.17	2.22	2.97	12.319	113.36	(32.77)
17	25,000	43.99	48.75	92.74	37.68	58.17	2.22	2.97	15.399	116.44	(23.70)
18	30,000	43.99	60.90	104.89	37.68	58.17	2.22	2.97	18.479	119.52	(14.63)
19	35,000	43.99	73.05	117.04	37.68	58.17	2.22	2.97	21.558	122.60	(5.56)
20	40,000	43.99	85.20	129.19	37.68	58.17	2.22	2.97	24.638	125.68	3.51
21	45,000	43.99	97.35	141.34	37.68	58.17	2.22	2.97	27.718	128.76	12.58
22	50,000	43.99	109.50	153.49	37.68	58.17	2.22	2.97	30.798	131.84	21.65
23	60,000	43.99	133.80	177.79	37.68	58.17	2.22	2.97	36.957	138.00	39.79
24	70,000	43.99	158.10	202.09	37.68	58.17	2.22	2.97	43.117	144.16	57.93
25	80,000	43.99	182.40	226.39	37.68	58.17	2.22	2.97	49.276	150.32	76.07
26	90,000	43.99	206.70	250.69	37.68	58.17	2.22	2.97	55.436	156.48	94.21
27	100,000	43.99	231.00	274.99	37.68	58.17	2.22	2.97	61.595	162.64	112.35

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Exhibit
Rejoinder Schedule H-1
Page 1
Witness: Bourassa

Line No.	Meter Size	Class	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues
1	5/8 Inch	Residential	$ 7,929	$ 12,435	$ 4,506	56.83%	0.12%	0.09%
2	3/4 Inch	Residential	2,023,567	4,705,562	2,681,996	132.54%	30.10%	34.76%
3	1 Inch	Residential	1,986,898	4,543,768	2,556,870	128.69%	29.56%	33.56%
4	1.5 Inch	Residential	54,252	96,697	42,445	78.24%	0.81%	0.71%
5	2 Inch	Residential	159,078	235,222	76,144	47.87%	2.37%	1.74%
6	4 Inch	Residential	19,356	32,168	12,813	66.20%	0.29%	0.24%
7								
8		Subtotal	4,251,079	9,625,853	5,374,774	126.43%	63.24%	71.10%
9								
10	5/8 Inch	Commercial	$ 24,344	$ 41,102	$ 16,758	68.84%	0.36%	0.30%
11	3/4 Inch	Commercial	12,320	30,173	17,853	144.92%	0.18%	0.22%
12	1 Inch	Commercial	31,023	71,665	40,642	131.01%	0.46%	0.53%
13	1.5 Inch	Commercial	64,158	114,162	50,004	77.94%	0.95%	0.84%
14	2 Inch	Commercial	394,253	589,442	195,190	49.51%	5.86%	4.35%
15	4 Inch	Commercial	64,990	109,023	44,033	67.75%	0.97%	0.81%
16	10 Inch	Commercial	17,579	31,984	14,404	81.94%	0.26%	0.24%
17								
18		Subtotal	$ 608,665	$ 987,550	$ 378,885	62.25%	9.05%	7.29%
19								
20								
21	5/8 Inch	Irrigation	$ 1,076	$ 1,887	810	75.28%	0.02%	0.01%
22	3/4 Inch	Irrigation	$ 36,970	$ 82,693	45,723	123.67%	0.55%	0.61%
23	1 Inch	Irrigation	151,173	311,412	160,239	106.00%	2.25%	2.30%
24	1.5 Inch	Irrigation	148,413	263,770	115,357	77.73%	2.21%	1.95%
25	2 Inch	Irrigation	908,626	1,510,681	602,055	66.26%	13.52%	11.16%
26	4 Inch	Irrigation	104,340	180,937	76,597	73.41%	1.55%	1.34%
27								
28		Subtotal	1,350,600	2,351,380	1,000,780	74.10%	20.09%	17.37%
29								
30		Hydrant	108,568	115,392	$ 6,825	6.29%	1.61%	0.85%
31		Bulk Water	403,707	458,658	54,952	13.61%	6.01%	3.39%
32								
33	Total Revenues Before Annualization		$ 6,722,618	$ 13,538,833	$ 6,816,215	101.39%	100.00%	100.00%
34								

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Exhibit
Rejoinder Schedule H-1
Page 2
Witness: Bourassa

Line No.	Meter Size	Class	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Additional Bills	Additional Gallons to be Pumped (In 1,000's)	
1				Revenue Annualization					
5	5/8 Inch	Residential	$ (64)	$ (101)	(36)	0.00%	(6)	(27)	C-2, pg 5.1
6	3/4 Inch	Residential	(8,221)	(18,578)	(10,357)	0.00%	(418)	(4,312)	C-2, pg. 5.2
7	1 Inch	Residential	(6,783)	(13,890)	(7,107)	0.00%	(167)	(3,576)	C-2, pg. 5.3
8	1.5 Inch	Residential	(1,235)	(2,128)	(893)	0.00%	(12)	(696)	C-2, pg. 5.4
9	2 Inch	Residential	14,837	20,035	5,198	35.03%	119	6,349	C-2, pg. 5.5
10	4 Inch	Residential	-	-	-	0.00%	-	-	
12		Subtotal	$ (1,467)	$ (14,663)	(13,196)	899.80%	(484)	(2,262)	
14	5/8 Inch	Commercial	$ 1,321	$ 2,143	822	62.27%	137	326	C-2, pg. 5.6
15	3/4 Inch	Commercial	(250)	(654)	(404)	0.00%	(17)	(107)	C-2, pg. 5.7
16	1 Inch	Commercial	(2,335)	(5,418)	(3,083)	0.00%	(81)	(1,011)	C-2, pg. 5.8
17	1.5 Inch	Commercial	1,280	2,210	930	72.63%	12	730	C-2, pg. 5.9
18	2 Inch	Commercial	19,732	27,215	7,483	37.93%	145	8,989	C-2, pg. 5.10
19	4 Inch	Commercial	11,068	17,752	6,683	60.38%	19	6,518	C-2, pg. 5.11
20	10 Inch	Commercial	-	-	-	0.00%	-	-	
21					-				
22		Subtotal	$ 30,816	$ 43,249	(13,960)	-45.30%	215	15,444	
25	5/8 Inch	Irrigation	$ -	$ -	-	0.00%	-	-	C-2, pg. 5.12
26	3/4 Inch	Irrigation	(88)	(191)	(103)	0.00%	(3)	(53)	C-2, pg. 5.13
27	1 Inch	Irrigation	1,889	3,801	1,912	101.23%	35	1,104	C-2, pg. 5.14
28	1.5 Inch	Irrigation	8,006	13,919	5,913	73.85%	67	4,728	C-2, pg. 5.15
29	2 Inch	Irrigation	(13,467)	(22,079)	(8,613)	0.00%	(43)	(8,435)	C-2, pg. 5.16
30	4 Inch	Irrigation	-	-	-	0.00%	-	-	
32		Subtotal	$ (3,660)	$ (4,550)	(891)	24.33%	56	(2,656)	
34		Hydrant	1,990	2,116	126	6.35%	-	596	C-2, pg. 5.17
35		Bulk Water	-	-	-	0.00%	-	-	
38	Total Revenue Annualization		$ 27,680	$ 26,152	$ (27,920)	-100.87%	(213)	11,122	

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Exhibit
Schedule H-1
Page 3
Witness: Bourassa

Line No.		Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues
1							
2							
3	Subtotal Metered Revenues	$ 6,722,618	$ 13,538,833	$ 6,816,215	101.39%	100.00%	100.00%
4	Subtotal Revenue Annualization	27,680	26,152	(1,527.87)	-5.52%	0.41%	0.19%
5	Total Metered Revenues	$ 6,750,298	$ 13,564,985	$ 6,814,687	100.95%		
6							
7	Misc. Revenues	$ 127,522	$ 127,522	-	0.00%	1.90%	0.94%
8	Reconciling Amount to GL	890	(1,275)	(2,165)	-243.26%	0.01%	-0.01%
9	Total Water Revenues	$ 6,878,710	$ 13,691,231	$ 6,812,522	99.04%	0.00%	0.00%
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30							
31							
32							
33							
34							
35							

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Customer Summary

Exhibit
Rejoinder Schedule H-2
Page 1
Witness: Bourassa

Line No.		Meter Size, Class	(a) Average Number of Customers at 9/30/2008	Average Consumption	Average Bill Present Rates	Average Bill Proposed Rates	Proposed Increase Dollar Amount	Proposed Increase Percent Amount
1	5/8 Inch	Residential	58	4,661	$ 10.80	$ 17.08	6.27	58.07%
2	3/4 Inch	Residential	8,919	9,537	18.64	42.37	23.73	127.31%
3	1 Inch	Residential	5,209	14,556	31.56	70.62	39.06	123.75%
4	1.5 Inch	Residential	44	57,667	102.47	176.41	73.94	72.15%
5	2 Inch	Residential	101	58,065	130.90	177.90	47.00	35.91%
6	4 Inch	Residential	3	308,972	537.59	851.55	313.96	58.40%
7		Subtotal	14,333					
8								
9	5/8 Inch	Commercial	148	5,342	$ 11.55	$ 20.13	8.57	74.23%
10	3/4 Inch	Commercial	57	8,000	$ 16.61	41.03	24.42	147.03%
11	1 Inch	Commercial	83	13,804	30.57	69.25	38.68	126.52%
12	1.5 Inch	Commercial	46	67,854	115.92	201.16	85.24	73.54%
13	2 Inch	Commercial	232	65,909	141.25	196.96	55.71	39.44%
14	4 Inch	Commercial	8	388,827	643.00	1,045.60	402.60	62.61%
15	10 Inch	Commercial	1	861,500	1,464.93	2,536.80	1,071.87	73.17%
16		Subtotal	575					
17								
18	5/8 Inch	Irrigation	3	18,722	$ 29.21	$ 49.85	20.63	70.62%
19	3/4 Inch	Irrigation	115	15,176	26.08	57.27	31.19	119.58%
20	1 Inch	Irrigation	215	34,762	58.24	116.46	58.22	99.98%
21	1.5 Inch	Irrigation	86	88,340	142.96	250.94	107.98	75.53%
22	2 Inch	Irrigation	234	204,389	324.04	533.47	209.42	64.63%
23	4 Inch	Irrigation	8	724,899	1,086.62	1,862.25	775.64	71.38%
24		Subtotal	661					
25								
26		Hydrant	23	120,247	$ 400.62	$ 425.80	25.18	6.29%
27		Bulk Water	2	12,574,167	16,820.65	19,110.77	2,290.12	13.61%
28								
29		Total	15,594					
30								

31 **(a)** Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.
32

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Customer Summary

Exhibit
Rejoinder Schedule H-2
Page 2
Witness: Bourassa

Line No.		Meter Size, Class	(a) Average Number of Customers at 9/30/2008	Median Consumption	Median Bill Present Rates	Median Bill Proposed Rates	Proposed Increase Dollar Amount	Proposed Increase Percent Amount
1	5/8 Inch	Residential	58	3,000	$ 9.36	$ 14.04	4.68	50.00%
2	3/4 Inch	Residential	8,919	7,000	15.29	37.40	22.11	144.62%
3	1 Inch	Residential	5,209	10,000	25.55	62.29	36.74	143.79%
4	1.5 Inch	Residential	44	24,000	58.03	98.20	40.17	69.21%
5	2 Inch	Residential	101	21,000	81.97	105.23	23.26	28.38%
6	4 Inch	Residential	3	5,000	136.35	217.90	81.55	59.81%
7		Subtotal	14,333					
8								
9	5/8 Inch	Commercial	148	7,000	$ 13.74	$ 23.16	9.42	68.56%
10	3/4 Inch	Commercial	57	-	9.17	28.22	19.05	207.77%
11	1 Inch	Commercial	83	7,000	21.59	56.80	35.21	163.07%
12	1.5 Inch	Commercial	46	43,000	83.11	140.77	57.66	69.37%
13	2 Inch	Commercial	232	22,000	83.29	107.06	23.77	28.54%
14	8 Inch	Commercial	2	11,056,000	14,816.67	16,863.88	2,047.21	13.82%
15	10 Inch	Commercial	1	820,500	1,410.81	2,461.77	1,050.96	74.49%
16		Subtotal	569					
17								
18	5/8 Inch	Irrigation	3	5,000	$ 11.10	$ 19.50	8.40	75.68%
19	3/4 Inch	Irrigation	115	-	13.97	37.37	23.40	167.52%
20	1 Inch	Irrigation	215	17,000	34.79	75.10	40.31	115.86%
21	1.5 Inch	Irrigation	86	50,000	92.35	157.78	65.43	70.84%
22	2 Inch	Irrigation	234	123,000	216.61	335.69	119.08	54.97%
23	4 Inch	Irrigation	8	463,002	740.91	1,225.84	484.93	65.45%
24		Subtotal	661					
25								
26		Hydrant	23	27,000	$ 167.50	$ 199.21	31.71	18.93%
27		Bulk Water	2	11,056,000	14,816.67	16,863.88	2,047.21	13.82%
28								
29		Total	15,586					
30								

31 **(a)** Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.
32

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Present and Proposed Rates

Exhibit
Rejoinder Schedule H-3
Page 1
Witness: Bourassa

Line No.	Monthly Usage Charge for:	Present Rates	Proposed Rates	Change	Percent Change
1	Meter Size (All Classes):				
2	5/8 Inch	$ 6.75	$ 10.35	$ 3.60	53.33%
2	3/4 Inch	8.30	26.39	18.09	217.98%
3	1 Inch	14.60	43.99	29.39	201.28%
4	1 1/2 Inch	28.60	54.28	25.68	89.77%
5	2 Inch	56.50	66.80	10.30	18.23%
6	3 Inch	NT	133.60	133.60	
7	4 Inch	132.00	208.75	76.75	58.14%
8	6 Inch	NT	417.50	417.50	
9	8 Inch	225.00	501.00	276.00	122.67%
10	10 Inch	330.00	960.25	630.25	190.98%
11	12 Inch	450.00	1,252.50	802.50	178.33%
12					
13	Construction - Hydrants	$ 100.00	by meter size		
14	Bulk Water		by meter size		
14					
15	Gallons In Minimum (All Meter Sizes and Classes)	-	-		
16					

Line No.	Commodity Rates (Residential, Commercial, Industrial)	Block	(Per 1,000 gallons) Present Rate	Proposed Rate
17				
18				
19				
20				
21	All Meter Sizes (except Construction)	0 gallons to 5,000 gallons	$ 0.87	N/A
22		Over 5,000 gallons	$ 1.32	N/A
23				
24				
25	5/8 Inch and 3/4 Inch Meter - Residential	0 gallons to 3,000 gallons	N/A	$ 1.23
26		3,001 gallons to 9,000 gallons	N/A	$ 1.83
27		over 9,000 gallons	N/A	$ 2.43
28				
29	5/8 Inch and 3/4 Inch Meter Com., Irr.	0 gallons to 10,000 gallons	N/A	$ 1.83
30		over 10,000 gallons	N/A	$ 2.43
31				
32	1 Inch Meter - All Classes except Constr.	0 gallons to 20,000 gallons	N/A	$ 1.83
33		over 20,000 gallons	N/A	$ 2.43
34				
35	1.5 Inch Meter - All Classes except Constr.	0 gallons to 30,000 gallons	N/A	$ 1.83
36		over 30,000 gallons	N/A	$ 2.43
37	NT = No Tariff			

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Present and Proposed Rates

Exhibit
Rejoinder Schedule H-3
Page 2
Witness: Bourassa

Line No.			(Per 1,000 gallons) Present Rate	Proposed Rate		
1						
2	**Commodity Rates**					
3	**(Residential, Commercial, Industrial)**	**Block**				
4						
5	2 Inch Meter - All Classes except Constr.	0 gallons to 50,000 gallons	N/A	$ 1.83		
6		over 50,000 gallons	N/A	$ 2.43		
7						
8	3 Inch Meter -All Classes except Constr.	0 gallons to 120,000 gallons	N/A	$ 1.83		
9		over 120,000 gallons	N/A	$ 2.43		
10						
11	4 Inch Meter- All Classes except Constr.	0 gallons to 180,000 gallons	N/A	$ 1.83		
12		over 180,000 gallons	N/A	$ 2.43		
13						
14	6 Inch Meter - All Classes except Constr.	0 gallons to 360,000 gallons	N/A	$ 1.83		
15		over 360,000 gallons	N/A	$ 2.43		
16						
17	8 Inch Meter - All Classes except Constr.	0 gallons to 670,000 gallons	N/A	$ 1.83		
18		over 670,000 gallons	N/A	$ 2.43		
19						
20	10 Inch Meter - All Classes except Constr.	0 gallons to 940,000 gallons	N/A	$ 1.83		
21		over 940,000 gallons	N/A	$ 2.43		
22						
23	12 Inch Meter - All Classes except Constr.	0 gallons to 1,660,000 gallons	N/A	$ 1.83		
24		over 1,660,000 gallons	N/A	$ 2.43		
25						
26						
27	**Bulk Water**	All Gallons	N/A	$ 1.48		
28						
29						
30	**Construction- Hydrants**	All gallons	$ 2.50	$ 2.43	$ (0.070)	-2.80%
31						
32						
33						
34						
35						
36						
37						
38						

Litchfield Park Service Company - Water Division
Changes in Representative Rate Schedules
Test Year Ended September 30, 2008

Exhibit
Rejoinder Schedule H-3
Page 3
Witness: Bourassa

Line No.	Other Service Charges	Present Rates	Proposed Rates
1	Establishment (Regular Hours) per Rule R14-2-403D **(a)**	$ 20.00	$ 20.00
2	Establishment (After Hours) per Rule R14-2-403D **(a)**	$ 40.00	$ 40.00
3	Re-Establishment of Service per Rule R14-2-403D **(a)**	(b)	(b)
4	Reconnection (Regular Hours) per Rule R14-2-403D **(a)**	$ 50.00	$ 50.00
5	Reconnection (After Hours) per Rule R14-2-403D **(a)**	$ 65.00	$ 65.00
6	Meter Test (if correct) per Rule R14-2-408F **(c)**	$ 25.00	$ 25.00
7	Meter Reread per Rule R14-2-408C (if correct)	$ 5.00	$ 5.00
8	NSF Check per Rule R14-2-409F **(a)**	$ 20.00	$ 20.00
9	Deferred Payment, Per Month	1.50%	1.50%
10	Late Charge	(d)	(d)
11	Service Calls - Per Hour/After Hours(e)	$ 40.00	$ 40.00
12	Deposit Requirements	(f)	(f)
13	Deposit Interest	3.50%	3.50%
14	Meter and Service lines	see H-3, page 4	
15	Main Extension Tariff	at Cost	at Cost
16			
17			
18			

19 (a) Service charges for customers taking both water and sewer service are not duplicative.
20 (b) Minimum charge times number of full months off the system. per Rule R14-2-403(D).
21 (c) $25 plus cost of test
22 (d) Greater of $5.00 or 1.5% of unpaid balance.
23 (e) No charge for service calls during normal working hours.
24 (f) Per ACC Rules R14-2-403(B) Residential - two times the average bill.
25 Commercial - two and one-half times the average bill.
26
27
28 IN ADDITION TO THE COLLECTION OF REGULAR RATES, THE UTILITY WILL COLLECT FROM
29 ITS CUSTOMERS A PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES, USE, AND FRANCHISE
30 TAX. PER COMMISSION RULE 14-2-409D(5).
31
32
33
34
35

Litchfield Park Service Company - Water Division
Test Year Ended September 30, 2008
Meter and Service Line Charges

Exhibit
Rejoinder Schedule H-3
Page 4
Witness: Bourassa

Refundable Meter and Service Line Charges

Line No.		Present Service Line Charge	Present Meter Install-ation Charge	Total Present Charge	Proposed Service Line Charge	Proposed Meter Install-ation Charge	Total Proposed Charge
9	5/8 x 3/4 Inch			$ 225.00	$ 385.00	$ 135.00	$ 520.00
10	3/4 Inch			225.00	385.00	215.00	600.00
11	1 Inch			300.00	435.00	255.00	690.00
12	1 1/2 Inch			500.00	470.00	465.00	935.00
13	2 Inch			675.00			
14	Over 2 Inch			At Cost			
15	2 Inch / Turbine			NT	630.00	965.00	1,595.00
16	2 Inch / Compound			NT	630.00	1,690.00	2,320.00
17	3 Inch / Turbine			NT	805.00	1,470.00	2,275.00
18	3 Inch / Compound			NT	845.00	2,265.00	3,110.00
19	4 Inch / Turbine			NT	1,170.00	2,350.00	3,520.00
20	4 Inch / Compound			NT	1,230.00	3,245.00	4,475.00
21	6 Inch / Turbine			NT	1,730.00	4,545.00	6,275.00
22	6 Inch / Compound			NT	1,770.00	6,280.00	8,050.00
23	8 Inch & Larger			NT	At Cost	At Cost	At Cost
25	Constuction Water			$ 1,500			$ 1,500

N/T = No Tariff

BOURASSA REJOINDER
WASTEWATER SCHEDULES
(Rate Base – Phase I)

Litchfield Park Service Company - Wastewater Division
Test Year Ended September 30, 2008
Computation of Increase in Gross Revenue
Requirements As Adjusted

Exhibit
Rejoinder Schedule A-1
Page 1
Witness: Bourassa

Line No.			
1	Fair Value Rate Base	$	28,222,289
2			
3	Adjusted Operating Income		150,724
4			
5	Current Rate of Return		0.53%
6			
7	Required Operating Income	$	3,107,274
8			
9	Required Rate of Return on Fair Value Rate Base		11.01%
10			
11	Operating Income Deficiency	$	2,956,550
12			
13	Gross Revenue Conversion Factor		1.6286
14			
15	Increase in Gross Revenue Revenue Requirement	$	4,815,141
16			
17	Test Year Revenues	$	6,356,374
18	Increase in Gross Revenue Revenue Requirement	$	4,815,141
19	Proposed Revenue Requirement	$	11,171,515
20	% Increase		75.75%
21			

22	**Customer**		**Present**		**Proposed**		**Dollar**	**Percent**
23	**Classification**		**Rates**		**Rates**		**Increase**	**Increase**
24	Residential	$	4,647,120	$	8,267,432	$	3,620,312	77.90%
25	Residential HOA		266,016		473,254		207,238	77.90%
26	Multi-unit Housing		518,888		923,106		404,219	77.90%
27	Small Commercial		84,318		149,994		65,676	77.89%
28	Measured Service:							
29	Regular Domestic		256,547		456,136		199,590	77.80%
30	Rest., Motels, Grocery, Dry Cleaning		222,936		396,807		173,871	77.99%
31	Wigwam Resort		115,929		206,239		90,310	77.90%
32	School		76,320		135,773		59,453	77.90%
33	Effluent		92,268		92,268		-	0.00%
34	**Subtotal before Rev. Annualization**	$	6,280,340	$	11,101,009	$	4,820,668	76.76%
35								
36	Revenue Annualization	$	(27,512)	$	(28,773)	$	(1,262)	4.59%
37	Misc Revenues		99,755		99,755		-	0.00%
38	Reconciling Amount H-1 to C-1		3,791		(475)		(4,266)	-112.53%
39								
40	**Total of Water Revenues**	$	6,356,375	$	11,171,515	$	4,815,141	75.75%
41								
42								
43								
44	SUPPORTING SCHEDULES:							
45	Rejoinder B-1							
46	Rejoinder C-1							
47	Rejoinder C-3							
48	Rejoinder H-1							
49								

Litchfield Park Service Company - Wastewater Division
Test Year Ended September 30, 2008
Summary of Rate Base

Exhibit
Rejoinder Schedule B-1
Page 1
Witness: Bourassa

Line No.		Original Cost Rate base	Fair Value Rate Base
1			
2	Gross Utility Plant in Service	$ 59,826,735	$ 59,826,735
3	Less: Accumulated Depreciation	7,902,675	7,902,675
4			
5	Net Utility Plant in Service	$ 51,924,060	$ 51,924,060
6			
7	Less:		
8	Advances in Aid of		
9	Construction	6,989,559	6,989,559
10	Contributions in Aid of		
11	Construction	18,643,786	18,643,786
12	Accumulated Amortization of CIAC	(2,072,117)	(2,072,117)
13			
14	Customer Meter Deposits	0	0
15	Deferred Income Taxes & Credits	140,544	140,544
16		-	-
17			
18			
19	Plus:		
20	Unamortized Finance		
21	Charges	-	-
22	Deferred Finance Charges	-	-
23	Allowance for Working Capital	-	-
24			
25			
26	Total Rate Base	$ 28,222,289	$ 28,222,289
27			
28			
29			
30	SUPPORTING SCHEDULES:		
31	Rejoinder B-2		
32	Rejoinder B-5		
33			
34			
35			

Litchfield Park Service Company - Wastewater Division
Test Year Ended September 30, 2008
Original Cost Rate Base Proforma Adjustments

Exhibit
Rejoinder Schedule B-2
Page 1
Witness: Bourassa

Line No.		Actual at End of Test Year	Proforma Adjustments Amount	Adjusted at end of Test Year
1	Gross Utility			
2	Plant in Service	$ 60,394,260	(567,525)	$ 59,826,735
3				
4	**Less:**			
5	Accumulated			
6	Depreciation	8,475,991	(573,316)	7,902,675
7				
8				
9	Net Utility Plant			
10	in Service	$ 51,918,269		$ 51,924,060
11				
12	**Less:**			
13	Advances in Aid of			
14	Construction	7,006,208	(16,649)	6,989,559
15				
16	Contributions in Aid of			
17	Construction (CIAC)	18,737,132	(93,346)	18,643,786
18				
19	Accumulated Amortization of CIAC	(2,072,117)	-	(2,072,117)
20				
21	Customer Meter Deposits	68,685	(68,685)	0
22	Deferred Income Taxes	15,987	124,556	140,544
23				
24				
25	**Plus:**			
26	Unamortized Finance			
27	Charges	-	-	-
28	Deferred Finance Chgs	134,528	(134,528)	-
29	Allowance for Working Capital	-	-	-
30				
31	Total	$ 28,296,903		$ 28,222,289
32				
33				
34				
35	SUPPORTING SCHEDULES:			RECAP SCHEDULES:
36	Rejoinder B-2, page 2			Rejoinder B-1
37				
38				
39				
40				
41				
42				
43				
44				

Litchfield Park Service Company - Wastewater Division
Test Year Ended September 30, 2008
Original Cost Rate Base Proforma Adjustments

Exhibit
Rejoinder Schedule B-2
Page 2
Witness: Bourassa

Line No.		Actual at End of Test Year	Proforma Adjustments 1 Plant	2 Accum. Depr.	3 DIT	4 AIAC/CIAC	5 Remove Security Deposit	6 Debt Issuance Costs	Adjusted at end of Test Year
1	Gross Utility								
2	Plant in Service	$ 60,394,260	(567,525)						$ 59,826,735
3									
4	**Less:**								
5	*Accumulated*								
6	Depreciation	8,475,991		(573,316)					7,902,675
7									
8									
9	Net Utility Plant								
10	in Service	$ 51,918,269	$ (567,525)	$ 573,316	$ -	$ -	$ -	$ -	$ 51,924,060
11									
12	**Less:**								
13	Advances in Aid of								
14	Construction	7,006,208				(16,649)			6,989,559
15									
16	Contributions in Aid of								
17	Construction (CIAC)	18,737,132				(93,346)			18,643,786
18									
19	Accumulated Amort of CIAC	(2,072,117)							(2,072,117)
20									
21	Customer Meter Deposits	68,685					(68,685)		0
22	Deferred Income Taxes	15,987			124,556				140,544
23									
24									
25	**Plus:**								
26	Unamortized Finance								
27	Charges	-							-
28	Deferred Finance Chgs	134,528						(134,528)	-
29	Allowance for Working Capital	-							-
30									
31	Total	$ 28,296,903	$ (567,525)	$ 573,316	$ (124,556)	$ 109,995	$ 68,685	$ (134,528)	$ 28,222,289
32									
33									
34									
35	SUPPORTING SCHEDULES:						RECAP SCHEDULES:		
36	B-2, pages 3-6						B-1		
37	E-1								

Litchfield Park Service Company - Wastewater Division
Test Year Ended September 30, 2008
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1

Exhibit
Rejoinder Schedule B-2
Page 3
Witness: Bourassa

Line No.				Adjustments A	B	C	D	E	
1	Plant-in-Service								
2			Adjusted		Odor		Intentionally	Intentionally	Rejoinder Adjusted
3	Acct.		Orginal	Plant	Control	Capitalized	Left	Left	Original
4	No.	Description	Cost	Retirements	Unit	Expenses	Blank	Blank	Cost
5	351	Organization	-						-
6	353	Land	1,783,426						1,783,426
7	354	Structures & Improvements	19,319,421	(388,834)		3,725			18,934,312
8	355	Power Generation	543,670			5,004			548,674
9	360	Collection Sewer Forced	1,161,105						1,161,105
10	361	Collection Sewers Gravity	23,113,391	(18,730)					23,094,661
11	362	Special Collecting Structures	-						-
12	363	Customer Services	-						-
13	364	Flow Measuring Devices	47,019						47,019
14	366	Reuse Services	3,789,468						3,789,468
15	367	Reuse Meters and Installation	52,331						52,331
16	370	Receiving Wells	860,393						860,393
17	371	Pumping Equipment	1,858,411	(103,992)		6,394			1,760,813
18	374	Reuse Distribution Reservoirs	62,825						62,825
19	375	Reuse Trans. and Dist. System	414,315						414,315
20	380	Treatment & Disposal Equip.	5,469,478		(38,250)				5,431,228
21	381	Plant Sewers	47,788						47,788
22	382	Outfall Sewer Lines	343,681						343,681
23	389	Other Sewer Plant & Equip.	644,609	(43,421)		10,579			611,767
24	390	Office Furniture & Equipment	198,772						198,772
25	390.1	Computers and Software	-						-
26	391	Transportation Equipment	26,078						26,078
27	392	Stores Equipment	8,968						8,968
28	393	Tools, Shop And Garage Equip	56,167						56,167
29	394	Laboratory Equip	173,948						173,948
30	396	Communication Equip	418,996						418,996
31	398	Other Tangible Plant	-						-
32			-						-
33			-						-
34			-						-
35		TOTALS	$ 60,394,260	$ (554,977)	$ (38,250)	$ 25,702	$ -	$ -	$ 59,826,735
36									
37	Adjusted Plant-in-Service per Direct								$ 60,394,260
38									
39	Increase (decrease) in Plant-in-Service								$ (567,525)
40									
41	Adjustment to Plant-in-Service								$ (567,525)
42									
43	SUPPORTING SCHEDULES								
44	Rejoinder B-2, pages 3.1-3.3								
45	Rejoinder B-2, pages 3.4-3.15								

Litchfield Park Service Company - Wastewater Division
Test Year Ended September 30, 2008
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1- A

Exhibit
Rejoinder Schedule B-2
Page 3.1
Witness: Bourassa

Line No.		
1	Plant Retirements	
2		
3	354 - Structures and Improvements	$ (388,834)
4	361 - Collection Sewer - Gravity	(18,730)
5	371 - Pumping Equipment	(103,992)
6	389 - Other Plant and Miscellaneous Equipment	(43,421)
7		
8	Increase (Decrease) in Plant-in-Service	$ (554,977)
9		
10		
11	For related AIAC and CIAC see Rejoinder Schedule B-2, page 6	
12		
13		
14		
15		
16	*See* Staff Adjustment 1 Schedule JMM-WW5 (from Exhibit MSJ Table G-1)	

Litchfield Park Service Company - Wastewater Division
Test Year Ended September 30, 2008
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1- B

Exhibit
Rejoinder Schedule B-2
Page 3.2
Witness: Bourassa

Line No.		
1	Transfer of Odor Control Unit to Black Mountain Sewer Company ("BMSC")	
2		
3	Original Cost of Odor Control Unit	$ (38,250)
4		
5		
6		
7		
8	Increase (Decrease) in Plant-in-Service	$ (38,250)
9		
10		
11		
12		
13		
14		
15		
16	*See* Staff Adjustment 2 Schedule JMM-WW6	
17	(Actual cost is $38,250 per updated documentation not $38,625)	
18		

Litchfield Park Service Company - Wastewater Division
Test Year Ended September 30, 2008
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1- C

Exhibit
Rejoinder Schedule B-2
Page 3.3
Witness: Bourassa

Line No.			
1	Capitalized Expenses		
2			
3	354 - Structures and Improvements - Dean Fence and Gate (fence)		$ 3,725
4	355 - Power Generation Equipment - Loftin Equipment Co. (generator duct)		5,004
5	371 - Pumping Equipment - Precision Electric (install rebuilt pump)	$ 1,530	
6	371 - Pumping Equipment - Precision Electric (new reinforced strainer baskets)	4,864	
7	Total 371 - Pumping Equipment		6,394
8	389 - Other Plant and Misc. Equip. - Keogh Engineering (odor monitor site plant and pole mnt)	$ 1,450	
9	389 - Other Plant and Misc. Equip. - Keogh Engineering (odor monitor legal descr. & map)	550	
10	389 - Other Plant and Misc. Equip. - Keogh Engineering (filter system repair)	8,054	
11	389 - Other Plant and Misc. Equip. - Keogh Engineering (work on UV system)	525	
12	Total 389 - Other Plant and Misc. Equip.		10,579
13			
14	Increase (Decrease) in Plant-in-Service		$ 25,702
15			
16			
17			
18			
19			
20	*See testimony*		
21			
22			

Litchfield Park Service Company - Wastwater Division
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.4

Account No.	Description	Deprec. Rate Before Nov-02	Deprec. Rate After Nov-02	Plant At 12/31/2000	2000 Accum. Depr.	2001 Plant Additions	2001 Plant Adjustments	2001 Adjusted Plant Additions	2001 Plant Retirements	2001 Salvage A/D Only	2001 Plant Balance	2001 Deprec.
351	Organization	0.00%	0.00%	-	-	-		-			-	-
353	Land	0.00%	0.00%	-	-	-		-			-	-
354	Structures & Improvements	2.52%	3.33%	-	-	-		-			-	-
355	Power Generation	2.52%	5.00%	21,372	269	-		-			21,372	539
360	Collection Sewer Forced	2.52%	2.00%	555,955	33,704	-		-			555,955	14,010
361	Collection Sewers Gravity	2.52%	2.00%	5,446,466	716,003	-	1,508,523	1,508,523			6,954,989	156,258
362	Special Collecting Structures	2.52%	2.00%	1,508,523	-	-	(1,508,523)	(1,508,523)			-	-
363	Customer Services	2.52%	2.00%	-	-	-		-			-	-
364	Flow Measuring Devices	2.52%	10.00%	11,020	417	-		-			11,020	278
366	Reuse Services	2.52%	2.00%	370,964	12,316	472,540		472,540			843,504	15,302
367	Reuse Meters And Installation	2.52%	8.33%	-	-	-		-			-	-
370	Receiving Wells	2.52%	3.33%	-	-	-		-			-	-
371	Pumping Equipment	2.52%	12.50%	-	-	-		-			-	-
374	Reuse Distribution Reservoirs	2.52%	2.50%	-	-	-		-			-	-
375	Reuse Trans. and Dist. System	2.52%	2.50%	-	-	-		-			-	-
380	Treatment & Disposal Equipment	2.52%	5.00%	-	-	-		-			-	-
381	Plant Sewers	2.52%	5.00%	-	-	-		-			-	-
382	Outfall Sewer Lines	2.52%	3.33%	-	-	-		-			-	-
389	Other Sewer Plant & Equipment	2.52%	6.67%	5,508	1,569	-		-			5,508	139
390	Office Furniture & Equipment	2.52%	6.67%	29,620	2,495	1,769		1,769			31,390	769
390.1	Computers and Software	2.52%	20.00%	-	-	-		-			-	-
391	Transportation Equipment	2.52%	20.00%	225	9	-		-			225	6
392	Stores Equipment	2.52%	4.00%	-	-	-		-			-	-
393	Tools, Shop And Garage Equip	2.52%	5.00%	-	-	-		-			-	-
394	Laboratory Equip	2.52%	10.00%	-	-	-		-			-	-
396	Communication Equip	2.52%	10.00%	-	-	-		-			-	-
398	Other Tangible Plant (Goodyear Capacity)	2.52%	4.00%	4,460,750	614,247			-			4,460,750	112,411
	Plant Held for Future Use (Land)	0.00%	0.00%	-	-	-		-			-	-
	Rounding			-				-			-	-
								-			-	-
	Plant Held for Future Use											
	TOTAL WATER PLANT			12,410,403	1,381,028	474,310	-	474,310	-	-	12,884,713	299,711
				(See page 3.14)	(See page 3.15)							

Litchfield Park Service Company - Wastwater Division
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.5

Account No.	Description	Deprec. Rate Before Nov-02	Deprec. Rate After Nov-02	2002 Plant Additions	Goodyear Trmnt Plant 2002 Plant Adjustments	2002 Adjusted Plant Additions	2002 Plant Retirements	2002 Salvage/Adj. A/D Only	2002 Plant Balance	2002 Deprec.
351	Organization	0.00%	0.00%			-			-	-
353	Land	0.00%	0.00%	-		-			-	-
354	Structures & Improvements	2.52%	3.33%	8,426,565		8,426,565			8,426,565	109,019
355	Power Generation	2.52%	5.00%	198,964		198,964			220,336	3,295
360	Collection Sewer Forced	2.52%	2.00%			-	(332,823)		223,132	9,648
361	Collection Sewers Gravity	2.52%	2.00%	1,246,938		1,246,938			8,201,927	187,693
362	Special Collecting Structures	2.52%	2.00%	-		-			-	-
363	Customer Services	2.52%	2.00%	-		-			-	-
364	Flow Measuring Devices	2.52%	10.00%	515		515			11,535	354
366	Reuse Services	2.52%	2.00%	2,558,799		2,558,799			3,402,302	52,577
367	Reuse Meters And Installation	2.52%	8.33%	9,573		9,573			9,573	144
370	Receiving Wells	2.52%	3.33%	854,000		854,000			854,000	11,049
371	Pumping Equipment	2.52%	12.50%	1,328,499		1,328,499			1,328,499	22,263
374	Reuse Distribution Reservoirs	2.52%	2.50%	-		-			-	-
375	Reuse Trans. and Dist. System	2.52%	2.50%	-		-			-	-
380	Treatment & Disposal Equipment	2.52%	5.00%	4,246,579		4,246,579			4,246,579	57,895
381	Plant Sewers	2.52%	5.00%	-		-			-	-
382	Outfall Sewer Lines	2.52%	3.33%	343,681		343,681			343,681	4,446
389	Other Sewer Plant & Equipment	2.52%	6.67%	6,500		6,500			12,008	251
390	Office Furniture & Equipment	2.52%	6.67%	62,625		62,625			94,014	1,797
390.1	Computers and Software	2.52%	20.00%	-		-			-	-
391	Transportation Equipment	2.52%	20.00%	-		-			225	9
392	Stores Equipment	2.52%	4.00%	8,807		8,807			8,807	116
393	Tools, Shop And Garage Equip	2.52%	5.00%	13,557		13,557			13,557	185
394	Laboratory Equip	2.52%	10.00%	77,786		77,786			77,786	1,223
396	Communication Equip	2.52%	10.00%	320,224		320,224			320,224	5,033
398	Other Tangible Plant (Goodyear Capacity)	2.52%	4.00%	-	$ (4,460,750)	(4,460,750)			-	(726,658)
	Plant Held for Future Use (Land)	0.00%	0.00%			-			-	-
	Rounding					-			-	-
						-			-	-
	Plant Held for Future Use									
	TOTAL WATER PLANT			19,703,612	(4,460,750)	15,242,862	(332,823)	-	27,794,752	(259,660)

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Account No.	Description	Deprec. Rate Before Nov-02	Deprec. Rate After Nov-02	2003 Plant Additions	2003 Plant Adjustments	2003 Adjusted Plant Additions	2003 Plant Retirements	2003 Salvage A/D Only	2003 Plant Balance	2003 Deprec.
351	Organization	0.00%	0.00%			-			-	-
353	Land	0.00%	0.00%	-	1,742,400	1,742,400			1,742,400	-
354	Structures & Improvements	2.52%	3.33%	16,292		16,292			8,442,857	280,876
355	Power Generation	2.52%	5.00%	-		-			220,336	11,017
360	Collection Sewer Forced	2.52%	2.00%	-		-			223,132	4,463
361	Collection Sewers Gravity	2.52%	2.00%	35,691		35,691			8,237,618	164,395
362	Special Collecting Structures	2.52%	2.00%	-		-			-	-
363	Customer Services	2.52%	2.00%	-		-			-	-
364	Flow Measuring Devices	2.52%	10.00%	-		-			11,535	1,153
366	Reuse Services	2.52%	2.00%	35,028		35,028			3,437,330	68,396
367	Reuse Meters And Installation	2.52%	8.33%	3,806		3,806			13,378	956
370	Receiving Wells	2.52%	3.33%	1,200		1,200			855,200	28,458
371	Pumping Equipment	2.52%	12.50%	4,702		4,702			1,333,201	166,356
374	Reuse Distribution Reservoirs	2.52%	2.50%	-		-			-	-
375	Reuse Trans. and Dist. System	2.52%	2.50%	-		-			-	-
380	Treatment & Disposal Equipment	2.52%	5.00%	-		-			4,246,579	212,329
381	Plant Sewers	2.52%	5.00%	23,117		23,117			23,117	578
382	Outfall Sewer Lines	2.52%	3.33%	-		-			343,681	11,445
389	Other Sewer Plant & Equipment	2.52%	6.67%	1,059		1,059			13,067	836
390	Office Furniture & Equipment	2.52%	6.67%	13,032		13,032			107,046	6,705
390.1	Computers and Software	2.52%	20.00%	-		-			-	-
391	Transportation Equipment	2.52%	20.00%	-		-			225	45
392	Stores Equipment	2.52%	4.00%	-		-			8,807	352
393	Tools, Shop And Garage Equip	2.52%	5.00%	5,189		5,189			18,746	808
394	Laboratory Equip	2.52%	10.00%	2,281		2,281			80,067	7,893
396	Communication Equip	2.52%	10.00%	2,875		2,875			323,100	32,166
398	Other Tangible Plant (Goodyear Capacity)	2.52%	4.00%	-		-			-	-
	Plant Held for Future Use (Land)	0.00%	0.00%			-			-	-
	Rounding					-			-	-
						-			-	
	Plant Held for Future Use									
	TOTAL WATER PLANT			144,272	1,742,400	1,886,672	-	-	29,681,424	999,228

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Account No.	Description	Deprec. Rate Before Nov-02	Deprec. Rate After Nov-02	2004 Plant Additions	2004 Plant Adjustments[1]	2004 Adjusted Plant Additions	2004 Plant Retirements	2004 Salvage A/D Only	2004 Plant Balance	2004 Deprec.
351	Organization	0.00%	0.00%		-	-			-	-
353	Land	0.00%	0.00%	41,026	-	41,026			1,783,426	-
354	Structures & Improvements	2.52%	3.33%	634,988	(31,804)	603,184			9,046,041	291,190
355	Power Generation	2.52%	5.00%	85,152	-	85,152			305,488	13,146
360	Collection Sewer Forced	2.52%	2.00%	40,504	(11,360)	29,145			252,277	4,754
361	Collection Sewers Gravity	2.52%	2.00%	5,765,446	(51,113)	5,714,334			13,951,952	221,896
362	Special Collecting Structures	2.52%	2.00%	-	-	-			-	-
363	Customer Services	2.52%	2.00%	-	-	-			-	-
364	Flow Measuring Devices	2.52%	10.00%	10,653	-	10,653			22,188	1,686
366	Reuse Services	2.52%	2.00%	17,461	-	17,461			3,454,791	68,921
367	Reuse Meters And Installation	2.52%	8.33%	-	-	-			13,378	1,114
370	Receiving Wells	2.52%	3.33%	-	-	-			855,200	28,478
371	Pumping Equipment	2.52%	12.50%	31,621	(604)	31,017			1,364,219	168,589
374	Reuse Distribution Reservoirs	2.52%	2.50%	-	-	-			-	-
375	Reuse Trans. and Dist. System	2.52%	2.50%	-	-	-			-	-
380	Treatment & Disposal Equipment	2.52%	5.00%	53,622	(1,063)	52,559			4,299,138	213,643
381	Plant Sewers	2.52%	5.00%	-	-	-			23,117	1,156
382	Outfall Sewer Lines	2.52%	3.33%	-	-	-			343,681	11,445
389	Other Sewer Plant & Equipment	2.52%	6.67%	97,241	(11,334)	85,907			98,974	3,737
390	Office Furniture & Equipment	2.52%	6.67%	19,825	-	19,825			126,871	7,801
390.1	Computers and Software	2.52%	20.00%	-	-	-			-	-
391	Transportation Equipment	2.52%	20.00%	-	-	-			225	45
392	Stores Equipment	2.52%	4.00%	-	-	-			8,807	352
393	Tools, Shop And Garage Equip	2.52%	5.00%	-	-	-			18,746	937
394	Laboratory Equip	2.52%	10.00%	4,092	-	4,092			84,159	8,211
396	Communication Equip	2.52%	10.00%	2,312	-	2,312			325,412	32,426
398	Other Tangible Plant (Goodyear Capacity)	2.52%	4.00%	-	-	-			-	-
	Plant Held for Future Use (Land)	0.00%	0.00%			-			-	-
	Rounding					-			-	-
						-			-	-
	Plant Held for Future Use									
	TOTAL WATER PLANT			6,803,943	(107,278)	6,696,665	-	-	36,378,089	1,079,527

[1] Affiliate Profit

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Account No.	Description	Deprec. Rate Before Nov-02	Deprec. Rate After Nov-02	2005 Plant Additions	2005 Plant Adjustments[1]	2005 Adjusted Plant Additions	2005 Plant Retirements	2005 Salvage A/D Only	2005 Plant Balance	2005 Deprec.
351	Organization	0.00%	0.00%		-	-			-	-
353	Land	0.00%	0.00%	-	-	-			1,783,426	-
354	Structures & Improvements	2.52%	3.33%	392,473	(14,187)	378,286			9,424,327	307,532
355	Power Generation	2.52%	5.00%	-	-	-			305,488	15,274
360	Collection Sewer Forced	2.52%	2.00%	80,546	(7,843)	72,702			324,979	5,773
361	Collection Sewers Gravity	2.52%	2.00%	4,818,977	(135,919)	4,683,058			18,635,010	325,870
362	Special Collecting Structures	2.52%	2.00%	-	-	-			-	-
363	Customer Services	2.52%	2.00%	-	-	-			-	-
364	Flow Measuring Devices	2.52%	10.00%	17,896	(341)	17,555			39,743	3,097
366	Reuse Services	2.52%	2.00%	3,187	-	3,187			3,457,977	69,128
367	Reuse Meters And Installation	2.52%	8.33%	-	-	-			13,378	1,114
370	Receiving Wells	2.52%	3.33%	4,917	-	4,917			860,117	28,560
371	Pumping Equipment	2.52%	12.50%	112,737	(11,712)	101,025			1,465,243	176,841
374	Reuse Distribution Reservoirs	2.52%	2.50%	-	-	-			-	-
375	Reuse Trans. and Dist. System	2.52%	2.50%	-	-	-			-	-
380	Treatment & Disposal Equipment	2.52%	5.00%	222,515	(872)	221,642			4,520,781	220,498
381	Plant Sewers	2.52%	5.00%	-	-	-			23,117	1,156
382	Outfall Sewer Lines	2.52%	3.33%	-	-	-			343,681	11,445
389	Other Sewer Plant & Equipment	2.52%	6.67%	207,463	(1,715)	205,748			304,722	13,463
390	Office Furniture & Equipment	2.52%	6.67%	10,431	-	10,431			137,301	8,810
390.1	Computers and Software	2.52%	20.00%	-	-	-			-	-
391	Transportation Equipment	2.52%	20.00%	9,314	-	9,314			9,540	976
392	Stores Equipment	2.52%	4.00%	-	-	-			8,807	352
393	Tools, Shop And Garage Equip	2.52%	5.00%	13,641	-	13,641			32,387	1,278
394	Laboratory Equip	2.52%	10.00%	-	-	-			84,159	8,416
396	Communication Equip	2.52%	10.00%	-	-	-			325,412	32,541
398	Other Tangible Plant (Goodyear Capacity)	2.52%	4.00%	-	-	-			-	-
	Plant Held for Future Use (Land)	0.00%	0.00%			-			-	-
	Rounding					-			-	-
						-			-	-
	Plant Held for Future Use									
	TOTAL WATER PLANT			5,894,095	(172,590)	5,721,506	-	-	42,099,595	1,232,124

[1] Affiliate Profit

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Account No.	Description	Deprec. Rate Before Nov-02	Deprec. Rate After Nov-02	2006 Plant Additions	2006 Plant Adjustments[1]	2006 Adjusted Plant Additions	2006 Plant Retirements	2006 Salvage A/D Only	2006 Plant Balance	2006 Deprec.
351	Organization	0.00%	0.00%		-	-			-	-
353	Land	0.00%	0.00%	-	-	-			1,783,426	-
354	Structures & Improvements	2.52%	3.33%	1,585,531	(1,378)	1,584,153			11,008,480	340,206
355	Power Generation	2.52%	5.00%	132,105	-	132,105			437,593	18,577
360	Collection Sewer Forced	2.52%	2.00%	756,548	(268)	756,280			1,081,259	14,062
361	Collection Sewers Gravity	2.52%	2.00%	569,086	(78,415)	490,670			19,125,681	377,607
362	Special Collecting Structures	2.52%	2.00%	-	-	-			-	-
363	Customer Services	2.52%	2.00%	-	-	-			-	-
364	Flow Measuring Devices	2.52%	10.00%	4,961	-	4,961			44,704	4,222
366	Reuse Services	2.52%	2.00%	-	-	-			3,457,977	69,160
367	Reuse Meters And Installation	2.52%	8.33%	-	-	-			13,378	1,114
370	Receiving Wells	2.52%	3.33%	-	-	-			860,117	28,642
371	Pumping Equipment	2.52%	12.50%	11,189	(568)	10,621			1,475,864	183,819
374	Reuse Distribution Reservoirs	2.52%	2.50%	-	-	-			-	-
375	Reuse Trans. and Dist. System	2.52%	2.50%	-	-	-			-	-
380	Treatment & Disposal Equipment	2.52%	5.00%	104,008	(4,522)	99,487			4,620,267	228,526
381	Plant Sewers	2.52%	5.00%	-	-	-			23,117	1,156
382	Outfall Sewer Lines	2.52%	3.33%	-	-	-			343,681	11,445
389	Other Sewer Plant & Equipment	2.52%	6.67%	11,685	(443)	11,242			315,963	20,700
390	Office Furniture & Equipment	2.52%	6.67%	9,956	-	9,956			147,257	9,490
390.1	Computers and Software	2.52%	20.00%	-	-	-			-	-
391	Transportation Equipment	2.52%	20.00%	6,193	-	6,193			15,733	2,527
392	Stores Equipment	2.52%	4.00%	161	-	161			8,968	355
393	Tools, Shop And Garage Equip	2.52%	5.00%	-	-	-			32,387	1,619
394	Laboratory Equip	2.52%	10.00%	5,277	-	5,277			89,436	8,680
396	Communication Equip	2.52%	10.00%	-	-	-			325,412	32,541
398	Other Tangible Plant (Goodyear Capacity)	2.52%	4.00%		-	-			-	-
	Plant Held for Future Use (Land)	0.00%	0.00%			-			-	-
	Rounding					-			-	-
						-			-	-
	Plant Held for Future Use									
	TOTAL WATER PLANT			3,196,701	(85,595)	3,111,106	-	-	45,210,701	1,354,449

[1] Affiliate Profit

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Account No.	Description	Deprec. Rate Before Nov-02	Deprec. Rate After Nov-02	2007 Plant Additions	2007 Plant Adjustments[1]	2007 Adjusted Plant Additions	2007 Plant Retirements	2007 Salvage A/D Only	2007 Plant Balance	2007 Deprec.
351	Organization	0.00%	0.00%		-	-			-	-
353	Land	0.00%	0.00%	-	-	-			1,783,426	-
354	Structures & Improvements	2.52%	3.33%	23,919	(57,739)	(33,821)			10,974,659	366,019
355	Power Generation	2.52%	5.00%	105,882	-	105,882			543,475	24,527
360	Collection Sewer Forced	2.52%	2.00%	10,434	-	10,434			1,091,693	21,730
361	Collection Sewers Gravity	2.52%	2.00%	1,229,391	(102,212)	1,127,179			20,252,859	393,785
362	Special Collecting Structures	2.52%	2.00%	-	-	-			-	-
363	Customer Services	2.52%	2.00%	-	-	-			-	-
364	Flow Measuring Devices	2.52%	10.00%	2,315	-	2,315			47,019	4,586
366	Reuse Services	2.52%	2.00%	210,273	(665)	209,609			3,667,586	71,256
367	Reuse Meters And Installation	2.52%	8.33%	-	-	-			13,378	1,114
370	Receiving Wells	2.52%	3.33%	277	-	277			860,393	28,646
371	Pumping Equipment	2.52%	12.50%	55,130	(70)	55,060			1,530,924	187,924
374	Reuse Distribution Reservoirs	2.52%	2.50%	62,625	-	62,625			62,625	783
375	Reuse Trans. and Dist. System	2.52%	2.50%	-	-	-			-	-
380	Treatment & Disposal Equipment	2.52%	5.00%	547,598	(11,615)	535,983			5,156,250	244,413
381	Plant Sewers	2.52%	5.00%	-	-	-			23,117	1,156
382	Outfall Sewer Lines	2.52%	3.33%	-	-	-			343,681	11,445
389	Other Sewer Plant & Equipment	2.52%	6.67%	83,941	(1,357)	82,584			398,547	23,829
390	Office Furniture & Equipment	2.52%	6.67%	37,215	-	37,215			184,473	11,063
390.1	Computers and Software	2.52%	20.00%	-	-	-			-	-
391	Transportation Equipment	2.52%	20.00%	3,460	-	3,460			19,193	3,493
392	Stores Equipment	2.52%	4.00%	-	-	-			8,968	359
393	Tools, Shop And Garage Equip	2.52%	5.00%	3,053	-	3,053			35,440	1,696
394	Laboratory Equip	2.52%	10.00%	83,968	-	83,968			173,405	13,142
396	Communication Equip	2.52%	10.00%	-	-	-			325,412	32,541
398	Other Tangible Plant (Goodyear Capacity)	2.52%	4.00%	-	-	-			-	-
	Plant Held for Future Use (Land)	0.00%	0.00%			-			-	-
	Rounding					-			-	-
						-			-	-
	Plant Held for Future Use									
	TOTAL WATER PLANT			2,459,482	(173,659)	2,285,823	-	-	47,496,524	1,443,506

[1] Affiliate Profit

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Account No.	Description	Deprec. Rate Before Nov-02	Deprec. Rate After Nov-02	Jan. to Sep. 2008 Plant Additions	Jan. to Sep. 2008 Plant Adjustments[1]	Capitalized Expenses	Jan. to Sep. 2008 Adjusted Plant Additions	Staff Plant Retirements	Transferred Odor Control Unit	A/D Lift Station Decommission	Transferred Odor Control Unit A/D	Jan. to Sep. 2008 Plant Balance	Jan. to Sep. 2008 Deprec.
351	Organization	0.00%	0.00%		-	-	-					-	-
353	Land	0.00%	0.00%	-	-	-	-					1,783,426	-
354	Structures & Improvements	2.52%	3.33%	8,402,971	(58,210)	3,725	8,348,487	(388,834)		(8,003)		18,934,312	378,344
355	Power Generation	2.52%	5.00%	195	-	5,004	5,199					548,674	20,478
360	Collection Sewer Forced	2.52%	2.00%	69,566	(154)	-	69,412					1,161,105	16,896
361	Collection Sewers Gravity	2.52%	2.00%	2,897,310	(36,779)	-	2,860,532	(18,730)				23,094,661	325,247
362	Special Collecting Structures	2.52%	2.00%	-	-	-	-					-	-
363	Customer Services	2.52%	2.00%	-	-	-	-					-	-
364	Flow Measuring Devices	2.52%	10.00%	-	-	-	-					47,019	3,526
366	Reuse Services	2.52%	2.00%	122,768	(886)	-	121,881					3,789,468	55,928
367	Reuse Meters And Installation	2.52%	8.33%	38,953	-	-	38,953					52,331	2,053
370	Receiving Wells	2.52%	3.33%	-	-	-	-					860,393	21,488
371	Pumping Equipment	2.52%	12.50%	328,661	(1,174)	6,394	333,881	(103,992)				1,760,813	159,175
374	Reuse Distribution Reservoirs	2.52%	2.50%	200	-	-	200					62,825	1,176
375	Reuse Trans. and Dist. System	2.52%	2.50%	414,315	-	-	414,315					414,315	3,884
380	Treatment & Disposal Equipment	2.52%	5.00%	313,338	(111)	-	313,227		(38,250)		(11,040)	5,431,228	199,232
381	Plant Sewers	2.52%	5.00%	24,893	(222)	-	24,671					47,788	1,329
382	Outfall Sewer Lines	2.52%	3.33%	-	-	-	-					343,681	8,583
389	Other Sewer Plant & Equipment	2.52%	6.67%	260,567	(14,506)	10,579	256,641	(43,421)				611,767	26,357
390	Office Furniture & Equipment	2.52%	6.67%	14,299	-	-	14,299					198,772	9,586
390.1	Computers and Software	2.52%	20.00%	-	-	-	-					-	-
391	Transportation Equipment	2.52%	20.00%	6,885	-	-	6,885					26,078	3,395
392	Stores Equipment	2.52%	4.00%	-	-	-	-					8,968	269
393	Tools, Shop And Garage Equip	2.52%	5.00%	20,727	-	-	20,727					56,167	1,718
394	Laboratory Equip	2.52%	10.00%	544	-	-	544					173,948	13,026
396	Communication Equip	2.52%	10.00%	93,585	-	-	93,585					418,996	27,915
398	Other Tangible Plant (Goodyear Capacity)	2.52%	4.00%	-	-	-	-					-	-
	Plant Held for Future Use (Land)	0.00%	0.00%				-					-	-
	Rounding						-					-	-
							-					-	-
	Plant Held for Future Use												
	TOTAL WATER PLANT			13,009,777	(112,041)	25,702	12,923,438	(554,977)	(38,250)	(8,003)	(11,040)	59,826,735	1,279,606

[1] Affiliate Profit

Litchfield Park Service Company - Wastwater Division
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Account No.	Description	Deprec. Rate Before Nov-02	Deprec. Rate After Nov-02	Year End Accumulated Depreciation by Account 2000	2001	2002	2003	2004	2005
351	Organization	0.00%	0.00%	-	-	-	-	-	-
353	Land	0.00%	0.00%	-	-	-	-	-	-
354	Structures & Improvements	2.52%	3.33%	-	-	109,019	389,895	681,085	988,616
355	Power Generation	2.52%	5.00%	269	808	4,103	15,120	28,266	43,540
360	Collection Sewer Forced	2.52%	2.00%	33,704	47,714	(275,462)	(270,999)	(266,245)	(260,473)
361	Collection Sewers Gravity	2.52%	2.00%	716,003	872,262	1,059,955	1,224,350	1,446,246	1,772,116
362	Special Collecting Structures	2.52%	2.00%	-	-	-	-	-	-
363	Customer Services	2.52%	2.00%	-	-	-	-	-	-
364	Flow Measuring Devices	2.52%	10.00%	417	694	1,049	2,202	3,888	6,985
366	Reuse Services	2.52%	2.00%	12,316	27,618	80,195	148,592	217,513	286,641
367	Reuse Meters And Installation	2.52%	8.33%	-	-	144	1,100	2,214	3,329
370	Receiving Wells	2.52%	3.33%	-	-	11,049	39,507	67,985	96,545
371	Pumping Equipment	2.52%	12.50%	-	-	22,263	188,620	357,208	534,050
374	Reuse Distribution Reservoirs	2.52%	2.50%	-	-	-	-	-	-
375	Reuse Trans. and Dist. System	2.52%	2.50%	-	-	-	-	-	-
380	Treatment & Disposal Equipment	2.52%	5.00%	-	-	57,895	270,224	483,867	704,365
381	Plant Sewers	2.52%	5.00%	-	-	-	578	1,734	2,890
382	Outfall Sewer Lines	2.52%	3.33%	-	-	4,446	15,891	27,336	38,780
389	Other Sewer Plant & Equipment	2.52%	6.67%	1,569	1,708	1,959	2,795	6,532	19,995
390	Office Furniture & Equipment	2.52%	6.67%	2,495	3,263	5,060	11,766	19,567	28,377
390.1	Computers and Software	2.52%	20.00%	-	-	-	-	-	-
391	Transportation Equipment	2.52%	20.00%	9	14	23	68	113	1,090
392	Stores Equipment	2.52%	4.00%	-	-	116	469	821	1,173
393	Tools, Shop And Garage Equip	2.52%	5.00%	-	-	185	992	1,930	3,208
394	Laboratory Equip	2.52%	10.00%	-	-	1,223	9,115	17,326	25,742
396	Communication Equip	2.52%	10.00%	-	-	5,033	37,199	69,625	102,166
398	Other Tangible Plant (Goodyear Capacity)	2.52%	4.00%	614,247	726,658	-	-	-	-
	Plant Held for Future Use (Land)	0.00%	0.00%	-	-	-	-	-	-
	Rounding			-	-	-	-	-	-
				-	-	-	-	-	-
	Plant Held for Future Use			-					
	TOTAL WATER PLANT			1,381,028	1,680,739	1,088,255	2,087,483	3,167,010	4,399,134

Litchfield Park Service Company - Wastwater Division
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.13

Account No.	Description	Deprec. Rate Before Nov-02	Deprec. Rate After Nov-02	Year End Accumulated Depreciation by Account 2006	2007	2008
351	Organization	0.00%	0.00%	-	-	-
353	Land	0.00%	0.00%	-	-	-
354	Structures & Improvements	2.52%	3.33%	1,328,823	1,694,842	1,676,349
355	Power Generation	2.52%	5.00%	62,117	86,644	107,121
360	Collection Sewer Forced	2.52%	2.00%	(246,410)	(224,681)	(207,785)
361	Collection Sewers Gravity	2.52%	2.00%	2,149,723	2,543,508	2,850,025
362	Special Collecting Structures	2.52%	2.00%	-	-	-
363	Customer Services	2.52%	2.00%	-	-	-
364	Flow Measuring Devices	2.52%	10.00%	11,207	15,793	19,320
366	Reuse Services	2.52%	2.00%	355,800	427,056	482,984
367	Reuse Meters And Installation	2.52%	8.33%	4,443	5,557	7,610
370	Receiving Wells	2.52%	3.33%	125,187	153,833	175,322
371	Pumping Equipment	2.52%	12.50%	717,869	905,793	960,976
374	Reuse Distribution Reservoirs	2.52%	2.50%	-	783	1,959
375	Reuse Trans. and Dist. System	2.52%	2.50%	-	-	3,884
380	Treatment & Disposal Equipment	2.52%	5.00%	932,891	1,177,304	1,365,496
381	Plant Sewers	2.52%	5.00%	4,045	5,201	6,531
382	Outfall Sewer Lines	2.52%	3.33%	50,225	61,669	70,253
389	Other Sewer Plant & Equipment	2.52%	6.67%	40,695	64,524	47,460
390	Office Furniture & Equipment	2.52%	6.67%	37,867	48,930	58,516
390.1	Computers and Software	2.52%	20.00%	-	-	-
391	Transportation Equipment	2.52%	20.00%	3,617	7,110	10,505
392	Stores Equipment	2.52%	4.00%	1,529	1,887	2,156
393	Tools, Shop And Garage Equip	2.52%	5.00%	4,827	6,523	8,241
394	Laboratory Equip	2.52%	10.00%	34,422	47,564	60,590
396	Communication Equip	2.52%	10.00%	134,707	167,248	195,163
398	Other Tangible Plant (Goodyear Capacity)	2.52%	4.00%	-	-	-
	Plant Held for Future Use (Land)	0.00%	0.00%	-	-	-
	Rounding			-	-	-
				-	-	-
	Plant Held for Future Use					
	TOTAL WATER PLANT			5,753,584	7,197,090	7,902,675

Litchfield Park Service Company - Wastwater Division
Plant Reconciliation to Prior Rate Case

Exhibit
Rejoinder Schedule B-2
Page 3.14

Line No.	Account No.	Description	Balance Per Company Per 2000 Filing Before Adj.	Land Trmnt Plant	CIAC Plant	CIAC Plant	CWIP PIS for 2000	CWIP PIS for 2000	Prior Case Adjusted Plant	Land Trmnt Plant	Reclass/ Rounding	Initial Balance
1												1,230,050
6	353	Land	-						-			-
7	354	Structures & Improvements	-						-			-
8	355	Power Generation	21,372						21,372			21,372
9	360	Collection Sewer Forced	555,955						555,955			555,955
10	361	Collection Sewers Gravity	3,654,748		782,105	1,288,086	563,237	666,813	6,954,989		(1,508,523)	5,446,466
11	362	Special Collecting Structures	-								1,508,523	1,508,523
12	363	Customer Services	-						-			-
13	364	Flow Measuring Devices	11,020						11,020			11,020
14	366	Reuse Services	370,964						370,964			370,964
15	367	Reuse Meters And Installation	-						-			-
16	370	Receiving Wells	-						-			-
17	371	Pumping Equipment	-						-			-
18	374	Reuse Distribution Reservoirs	-						-			-
19	375	Reuse Trans. and Dist. System	-						-			-
20	380	Treatment & Disposal Equipment	-						-			-
21	381	Plant Sewers	-						-			-
22	382	Outfall Sewer Lines	-						-			-
23	389	Other Sewer Plant & Equipment	5,508						5,508			5,508
24	390	Office Furniture & Equipment	29,620						29,620			29,620
25	390.1	Computers and Software	-						-			-
26	391	Transportation Equipment	225						225			225
27	392	Stores Equipment	-						-			-
28	393	Tools, Shop And Garage Equip	-						-			-
29	394	Laboratory Equip	-						-			-
30	396	Communication Equip	-						-			-
31	398	Other Tangible Plant (Goodyear Capacity)	4,460,750						4,460,750			4,460,750
32		Plant Held for Future Use (Land)	1,742,400	(1,742,400)					-			-
33		Rounding							2		(2)	-
35		TOTAL	10,852,562	(1,742,400)	782,105	1,288,086	563,237	666,813	12,410,405	-		12,410,403

Litchfield Park Service Company - Wastwater Division
A/D Reconciliation to Prior Rate Case

Exhibit
Rejoinder Schedule B-2
Page 3.15

Line No.	Account No.	Description	Balance Per Company Per 2000 Filing Before Adj.	Company Goodyear Capacity	Computed 1996-2000 Depr Adj	Intentionally Left Blank	Intentionally Left Blank	Prior Case Adjusted A/D	Intentionally Left Blank	Initial Balance
5	353	Land						-		-
6	354	Structures & Improvements	-		-			-		-
7	355	Power Generation	1,360		(1,091)			269		269
8	360	Collection Sewer Forced	35,377		(1,674)			33,704		33,704
9	361	Collection Sewers Gravity	232,565		483,438			716,003		716,003
10	362	Special Collecting Structures	-		-			-		-
11	363	Customer Services	-		-			-		-
12	364	Flow Measuring Devices	701		(285)			417		417
13	366	Reuse Services	23,606		(11,290)			12,316		12,316
14	367	Reuse Meters And Installation	-		-			-		-
15	370	Receiving Wells	-		-			-		-
16	371	Pumping Equipment	-		-			-		-
17	374	Reuse Distribution Reservoirs	-		-			-		-
18	375	Reuse Transmission And Distribution System	-		-			-		-
19	380	Treatment & Disposal Equipment**	-		-			-		-
20	381	Plant Sewers	-		-			-		-
21	382	Outfall Sewer Lines	-		-			-		-
22	389	Other Sewer Plant & Equipment	350		1,219			1,569		1,569
23	390	Office Furniture & Equipment	1,885		610			2,495		2,495
24	390.1	Computers and Software	-		-			-		-
25	391	Transportation Equipment	14		(6)			9		9
26	392	Stores Equipment	-		-					
27	393	Tools, Shop And Garage Equip	-		-					
28	394	Laboratory Equip	-		-			-		-
29	396	Communication Equip	-		-			-		-
30	398	Other Tangible Plant	283,854		330,393			614,247		614,247
31								-		-
33		TOTAL	579,713	-	801,315	-	-	1,381,028	-	1,381,028

Litchfield Park Service Company - Wastewater Division
Test Year Ended September 30, 2008
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2

Exhibit
Rejoinder Schedule B-2
Page 4
Witness: Bourassa

Line No.	Acct. No.	Description	Per Books Accum. Depr.	A Plant Retirements	B Transfer Of Odor Control Unit to BMSC	C Lift Station Decommission Adjustment	D A/D Capitalized Expenses	E	F Differnce to Computed Balance	Rejoinder Adjusted Accum. Depr.
1		Accumulated Depreciation								
5	351	Organization	-				-		-	-
6	353	Land	-				-		-	-
7	354	Structures & Improvements	2,073,139	(388,834)		(8,003)	47		-	1,676,349
8	355	Power Generation	107,028				94		-	107,121
9	360	Collection Sewer Forced	(207,785)				0		-	(207,785)
10	361	Collection Sewers Gravity	2,868,755	(18,730)			-		-	2,850,025
11	362	Special Collecting Structures	-				-		-	-
12	363	Customer Services	-				-		-	-
13	364	Flow Measuring Devices	19,320				-		-	19,320
14	366	Reuse Services	482,984				-		-	482,984
15	367	Reuse Meters and Installation	7,610				-		-	7,610
16	370	Receiving Wells	175,322				-		-	175,322
17	371	Pumping Equipment	1,064,668	(103,992)			300		-	960,976
18	374	Reuse Distribution Reservoirs	1,959				-		-	1,959
19	375	Reuse Trans. and Dist. System	3,884				-		-	3,884
20	380	Treatment & Disposal Equip.	1,376,536		(11,040)		(0)		-	1,365,496
21	381	Plant Sewers	6,531				-		-	6,531
22	382	Outfall Sewer Lines	70,253				-		-	70,253
23	389	Other Sewer Plant & Equip.	90,616	(43,421)			265		-	47,460
24	390	Office Furniture & Equipment	58,516				-		-	58,516
25	390.1	Computers and Software	-				-		-	-
26	391	Transportation Equipment	10,505				-		-	10,505
27	392	Stores Equipment	2,156				-		-	2,156
28	393	Tools, Shop And Garage Equip	8,241				-		-	8,241
29	394	Laboratory Equip	60,590				-		-	60,590
30	396	Communication Equip	195,163			-	-		-	195,163
31	398	Other Tangible Plant	-							-
32			-							-
33		TOTALS	$ 8,475,991	$ (554,977)	$ (11,040)	$ (8,003)	$ 705	$ -	$ -	$ 7,902,675
34										
35		Adjusted Accumulated Depreciation per Direct								$ 8,475,991
36										
37		Increase (decrease) in Plant-in-Service								$ (573,316)
38										
39		Adjustment to Plant-in-Service								$ (573,316)
40										
41		SUPPORTING SCHEDULES								
42		Rejoinder B-2, pages 3.4 to 3.15								
43		Rejoinder B-2, page 4.1 to 4.4								

Litchfield Park Service Company - Wastewater Division
Test Year Ended September 30, 2008
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2 - A

Exhibit
Rejoinder Schedule B-2
Page 4.1
Witness: Bourassa

Line No.		
1	A/D Plant Retirements	
2		
3	354 - Structures and Improvements	$ (388,834)
4	361 - Collection Sewer - Gravity	(18,730)
5	371 - Pumping Equipment	(103,992)
6	389 - Other Plant and Miscellaneous Equipment	(43,421)
7		
8	Increase (Decrease) in Plant-in-Service	$ (554,977)
9		
10		
11		
12		
13		
14	SUPPORTING SCHEDULES	
15	Rejoinder B-2, page 3.1	
16		

Litchfield Park Service Company - Wastewater Division
Test Year Ended September 30, 2008
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2 - B

Exhibit
Rejoinder Schedule B-2
Page 4.2
Witness: Bourassa

Line No.

1 Computation of A/D for transfered Odor Control Unit to Black Mountain Sewer Company ("BMSC")

2

3 **Cost** **$ 38,250** **(from B-2, page 3.2)**

4

Year		Rate	Number of Months	Percent	Half Year	Accumulated Depreciation
2002	*	2.52%	11	91.67%	50%	441.79
2002		5%	1	8.33%	50%	79.69
2003		5%	12	100%	100%	1,912.50
2004		5%	12	100%	100%	1,912.50
2005		5%	12	100%	100%	1,912.50
2006		5%	12	100%	100%	1,912.50
2007		5%	12	100%	100%	1,912.50
2008		5%	6	50%	100%	956.25
Total						**$ 11,040.23**

***The depreciation rate before November 2002 was 2.52% and after was 5%**

Adjustment to Accumulated Depreication $ (11,040)

Litchfield Park Service Company - Wastewater Division
Test Year Ended September 30, 2008
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2 - C

Exhibit
Rejoinder Schedule B-2
Page 4.3
Witness: Bourassa

Line No.		
1	Decommissioning Costs of Lift Station Requirement	
2		
3	354 - Structures and Improvements - Yahweh Contracting LLC (Lift station removal/retirement)	$ (8,003)
4		
5		
6		
7		
8	Increase (Decrease) in Plant-in-Service	$ (8,003)
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20	*See* testimony	
21		
22		

Litchfield Park Service Company - Wastewater Division
Test Year Ended September 30, 2008
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2 - D

Exhibit
Rejoinder Schedule B-2
Page 4.4
Witness: Bourassa

Line No.						
1	A/D on Capitalized Plant					
2						
3			Depr.	Original	Yr	
4	Acct.	Decsription	Rate	Cost	Factor	Depreciation
5	354	Structures & Improvements	3.33%	$ 3,725	0.375	$ 47
6	355	Power Generation	5.00%	5,004	0.375	94
7	371	Pumping Equipment	12.50%	6,394	0.375	300
8	389	Other Sewer Plant & Equip.	6.67%	10,579	0.375	265
9						
10						
11	Increase (Decrease) in Plant-in-Service					$ 705
12						
13						
14						
15						
16	SUPPORTING SCHEDULE					
17	Rejoinder B-2, page 3.3					
18						
19						
20						
21						
22	*See* testimony					
23						
24						

Litchfield Park Service Company - Wastewater Division
Test Year Ended September 30, 2008
Original Cost Rate Base Proforma Adjustments
Adjustment 3

Exhibit
Rejoinder Schedule B-2
Page 5
Witness: Bourassa

Deferred Income Tax as of September 30, 2008 (Water and Wastewater Divisions)

Line No.		Adjusted Book Value[1]	Tax Value[3]	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
6	Plant-in-Service	$ 133,532,393								
7	Accum. Deprec.	(16,929,695)								
8	CIAC	(18,807,142)								
9	Fixed Assets	$ 97,795,556	$ 57,779,077	100.0%	$ (40,016,479)	38.6%				$ (15,446,361)
10	AIAC	$ (29,326,533)	-	100.0%	$ 29,326,533	38.6%		$ 11,320,042		
11	Tax Benefits from bonus depr.			100.0%	$ 9,838,658 [5]	38.6%		$ 3,797,722		
12							$ -	$ 15,117,764	$ -	$ (15,446,361)
13										
14					Net Asset (Liability)		$ (328,597)			
15										
16	Wastewater Division allocation factor						0.42771			
17										
18	Allocated DIT Asset (Liability)						$ (140,544)			
19										
20	DIT Asset (Liability) per Direct						$ (15,987)			
21										
22	Adjustment to DIT						$ 124,556			
23										

[4] Computation of Net Tax Value at September 30, 2008 (Water and Wastewater)
Based on 2008 Tax Depreciation report (December 31, 2008)

Line No.			
27	Unadjusted Cost per 2008 Tax Depr Report	$ 71,524,622	
28	Reconciling Items not on tax report:		
29	AIAC (post test year AIAC netted against 2008 tax)	5,798,609	
30	CIAC (post test year CIAC netted against 2008 tax)	1,091,376	
31	Land costs not on tax, on books	2,012,629	
32	Capitalized Expenses not on tax, on books	45,691	
33	Organizational costs not on tax, on books	21,000	
34	Prior Year Retired Plant, on books, not on tax	(340,273)	
35	Plant Adds October to December on tax, not on books as of Sept. 2008	(128,422)	
36	Odor control unit removed from books, not removed from tax	(38,250)	
37	Accrual entry not on tax, on books	239,603	
38	AIAC timing difference	137,370	
39	CIAC timing difference	(244,958)	
40	2003 Plant not on tax, on books	1,277,167	
41	Unreconciled difference	381,462	
42	Net Unadjusted Cost tax Basis		$ 81,777,626
43			
44	Proposed Rate Case Retirements	(633,856)	
45	Proposed retirements A/D at tax rates	562,331	
46	Net Reduction in tax basis related to retirements		$ (71,525)
47			
48	Affilate Profit removed	(463,401)	
49	Affiliate A/D at tax rates	67,055	
50	Net Reduction in tax basis related to affiliate profit		$ (396,345)
51			
52	Basis Reduction 2007 and Prior (from 2007 Tax Depr. Report)		(2,849,349)
53	Accumulated Depreciation 2007 and prior (2007 Tax Depr Report)		(8,564,437)
54			
55	Bonus Depreciation Computation Jan. to Sept. 2008		
56	Bonus Depr. for 12 months of 2008 per Tax Depr. Report	$ 14,407,232	
57	Less: 2008 Bonus Depr for plant added after September 2008	(64,211)	
58	Net 12 months of Bonus Depr for plant added from Jan. to Sept. 2008	$ 14,343,021	
59	Factor (9 months of 2008 or 9/12 or .75)	0.75	
60	Bonus Depreciation for 9 months of 2008		(10,757,266)
61			
62	2008 Depreciation Compuation Jan. to Sept. 2008		
63	2008 Tax Depreciation (12 Months) per Tax Depr. Report	$ 1,817,974	
64	Less: 2008 depr. for plant added after September 2008	(5,137)	
65	Net 12 months of depr. for plant added Jan. to Sept. 2008	$ 1,812,837	
66	Factor (9 months of 2008 or 9/12 or .75)	0.75	
67	Tax Depreciation for 9 months of 2008		(1,359,628)
68			
69			
70	Net tax value of plant-in-service at September 30, 2008		$ 57,779,077
71			
72			

[5] Tax Benefits from bonus depreciation

Line No.			
75	Net Income before tax	$ 89,674	(from E-2 for both Water and Wastewater)
76			
77	Add: Book Depreciation	2,553,660	(from E-2 for both Water and Wastewater)
78			

Litchfield Park Service Company
Reconciliation of Book and Tax

Exhibit
Rejoinder Schedule B-2
Page 5.1

Book	2000	2001	2002	Thru 2002	Acquisition 2003	2004	2005	2006	2007	January to September 2008	Thru Sept. 2008 Totals	October to December	Thru December 2008 Totals
Plant (per B-2)	$ 23,143,565	$ 3,373,271	$ 21,208,924	$ 47,725,759	$ 3,938,240	$ 16,799,392	$12,148,022	$ 4,404,950	$ 5,513,955	$ 43,020,625	$ 133,550,943	$ 128,422	$ 133,679,365
Retirements		-	(332,823)	(332,823)	(6,100)	-	-	(1,350)	-		(340,273)		(340,273)
Net AIAC (per AIAC sched)	(1,480,959)	(5,110,448)	(5,514,458)	(12,105,865)	(927,111)	(7,474,534)	(5,209,936)	(502,844)	(1,409,076)	(1,862,494)	(29,491,859)	(5,798,609)	$ (35,290,469)
CIAC (per CIAC sched)	(3,128,526)	(427,460)	(3,902,472)	(7,458,458)	(49,217)	(6,138,939)	(4,694,985)	(1,181,788)	(861,291)	(1,456,526)	(21,841,204)	(1,091,376)	$ (22,932,580)
Net Book Value	$ 18,534,080	$ (2,164,636)	$ 11,459,170	$ 27,828,613	$ 2,955,812	$ 3,185,919	$ 2,243,101	$ 2,718,968	$ 3,243,588	$ 39,701,605	$ 81,877,607	$ (6,761,563)	$ 75,116,044
											To Sept. 2008		
Indicated Tax Basis ([3] + [5] + [6])	$ 18,534,080	$ (2,164,636)	$ 11,459,170	$ 27,828,613	$ 2,955,812	$ 3,185,919	$ 2,243,101	$ 2,718,968	$ 3,243,588	$ 39,701,605	$ 81,877,607	$ (6,761,563)	$ 75,116,044
Per 2008 Depreciation Report	$ 9,281,667	$ 4,416,736	$ 12,397,099	$ 26,095,502	$ 164,046	$ 4,506,508	$ 1,972,950	$ 3,068,317	$ 3,407,478	$ 28,247,124	$ 67,461,925	$ 4,062,697	$ 71,524,622
Difference book to tax	$ 9,252,413	$ (6,581,372)	$ (937,929)	$ 1,733,111	$ 2,791,766	$ (1,320,589)	$ 270,151	$ (349,349)	$ (163,890)	$ 11,454,481	$ 14,415,682	$(10,824,260)	$ 3,591,422
Land costs	343,264			343,264	(1,742,400)	-			(6,156)	(607,337)	(2,012,629)		(2,012,629)
AIAC received after end of test year				-						(5,798,609)	(5,798,609)	5,798,609	-
CIAC received after end of test year				-						(1,091,376)	(1,091,376)	1,091,376	-
Accrual of cap. Int. recorded on books but not for tax				-							-		
Accrual per books but not tax				-						(4,302,300)	(4,302,300)	4,062,697	(239,603)
AIAC Timing Difference (Book vs Tax)			(1,542,314)	(1,542,314)	221,701	1,320,613	-	348,000	(485,370)	(0)	(137,370)	-	(137,370)
CIAC Timing Difference (Book vs Tax)				-	-	-	-	-	-	244,958	244,958	(244,958)	-
Retirements			332,823	332,823	6,100	-	-	1,350	-	-	340,273	-	340,273
2003 water plant adjustment on books, not on tax				-	(1,277,167)						(1,277,167)		(1,277,167)
Difference in plant on tax not on books (plant on books not on tax)	(9,595,676)	6,581,372	2,147,420	(866,884)	-	(24)	(270,151)	(1)	655,416	100,182	(381,462)	116,536	(264,926)
Total Reconciling Items	(9,252,413)	6,581,372	937,929	(1,733,111)	(2,791,766)	1,320,589	(270,151)	349,349	163,890	(11,454,482)	(14,415,682)	10,824,260	(3,591,422)
Difference	$ 0	$ (0)	$ 0	$ 0	$ 0	$ 0	$ 0	$ (0)	$ (0)	$ (0)	$ 0	$ (0)	$ (0)
	$ 0												

Litchfield Park Service Company - Wastewater Division
Test Year Ended September 30, 2008
Computation of Working Capital

Exhibit
Rejoinder Schedule B-5
Page 1
Witness: Bourassa

Line No.			
1	Cash Working Capital (1/8 of Allowance		
2	Operation and Maintenance Expense)	$	711,390
3	Pumping Power (1/24 of Pumping Power)		11,148
4	Purchased Water (1/24 of Purchased Water)		50
5	Prepaids		72,782
6	Materials & Supplies		-
7			
8			
9	Total Working Capital Allowance	$	795,370
10			
11			
12	Working Capital Requested	$	-
13			
14			
15	SUPPORTING SCHEDULES:	RECAP SCHEDULES:	
16	Rejoinder C-1	Rejoinder B-1	
17			

Litchfield Park Service Company - Wastewater Division
Test Year Ended September 30, 2008
Income Statement

Exhibit
Rejoinder Schedule C-1
Page 1
Witness: Bourassa

Line No.		Test Year Adjusted Results	Adjustment	Rejoinder Test Year Adjusted Results	Proposed Rate Increase	Rejoinder Adjusted with Rate Increase
1	**Revenues**					
2	Flat Rate Revenues	$ 6,164,589	$ -	$ 6,164,589	$4,815,141	$ 10,979,730
3	Measured Revenues	92,030	-	92,030	-	92,030
4	Other Wastewater Revenues	99,755	-	99,755	-	99,755
5		$ 6,356,374	$ -	$ 6,356,374	$4,815,141	$ 11,171,515
6	**Operating Expenses**					
7	Salaries and Wages	$ -	-	$ -	-	$ -
8	Purchased Water and WW Treatment	1,205	-	1,205	-	1,205
9	Sludge Removal Expense	267,554	-	267,554	-	267,554
10	Purchased Power	632,064	-	632,064	-	632,064
11	Fuel for Power Production	2,076	-	2,076	-	2,076
12	Chemicals	279,749	-	279,749	-	279,749
13	Materials and Supplies	75,579	-	75,579	-	75,579
14	Contractual Services	3,117	-	3,117	-	3,117
15	Contractual Services- Testing	33,348	-	33,348	-	33,348
16	Contractual Services - Other	2,716,001	72,805	2,788,806	-	2,788,806
17	Contractual Services - Legal	24,084	-	24,084	-	24,084
18	Equipment Rental	78,309	-	78,309	-	78,309
19	Rents - Building	18,976	-	18,976	-	18,976
20	Transportation Expenses	69,551	-	69,551	-	69,551
21	Insurance - General Liability	32,133	-	32,133	-	32,133
22	Insurance - Vehicle	2,213	-	2,213	-	2,213
23	Regulatory Commission Expense	19,133	(1,136)	17,997	-	17,997
24	Reg.Comm. Exp. - Rate Case	70,000	-	70,000	-	70,000
25	Miscellaneous Expense	36,656	(494)	36,162	-	36,162
26	Bad Debt Expense	43,889	(21,791)	22,098	-	22,098
27	Depreciation and Amortization	1,550,237	(27,384)	1,522,853	-	1,522,853
28	Taxes Other Than Income	-	-	-	-	-
29	Property Taxes	336,629	(2,352)	334,277	-	334,277
30	Income Tax	(99,906)	(6,594)	(106,500)	1,858,590	1,752,091
31				-		-
32	**Total Operating Expenses**	$ 6,192,596	$ 13,054	$ 6,205,651	$1,858,590	$ 8,064,241
33	**Operating Income**	$ 163,778	$ (13,054)	$ 150,724	$2,956,550	$ 3,107,274
34	**Other Income (Expense)**					
35	Interest Income	-	-	-	-	-
36	Other income	-	-	-	-	-
37	Interest Expense	(322,703)	2,565	(320,138)	-	(320,138)
38	Other Expense	-	-	-	-	-
39						
40	**Total Other Income (Expense)**	$ (322,703)	$ 2,565	$ (320,138)	$ -	$ (320,138)
41	**Net Profit (Loss)**	$ (158,925)	$ (10,489)	$ (169,414)	$2,956,550	$ 2,787,136
42						
43	SUPPORTING SCHEDULES:				RECAP SCHEDULES:	
44	Rejoinder C-1, page 2				Rejoinder A-1	
45						
46						

Litchfield Park Service Company - Wastewater Division
Test Year Ended September 30, 2008
Income Statement

Exhibit
Rejoinder Schedule C-1
Page 2.1
Witness: Bourassa

Continued on Page 2.2

Line No.		Test Year Adjusted Results	1 Depreciation Expense	2 Property Tax	3 Contractual Services Aerotek	4 Meals & Entertainment	5 Bad Debt Expense	6 Capitalized and Decomm. Expenses	7 Remove Rate Case Expense
1	**Revenues**								
2	Flat Rate Revenues	$ 6,164,589							
3	Measured Revenues	92,030							
4	Other Wastewater Revenues	99,755							
5		$ 6,356,374	$ -	$ -	$ -	$ -	$ -	$ -	$ -
6	**Operating Expenses**								
7	Salaries and Wages	$ -							
8	Purchased WW Treatment	1,205							
9	Sludge Removal Expense	267,554							
10	Purchased Power	632,064							
11	Fuel for Power Production	2,076							
12	Chemicals	279,749							
13	Materials and Supplies	75,579							
14	Contractual Services	3,117							
15	Contractual Services- Testing	33,348							
16	Contractual Services - Other	2,716,001			(42,200)			(33,705)	
17	Contractual Services - Legal	24,084							
18	Equipment Rental	78,309							
19	Rents - Building	18,976							
20	Transportation Expenses	69,551							
21	Insurance - General Liability	32,133							
22	Insurance - Vehicle	2,213							
23	Regulatory Commission Expense	19,133							(1,136)
24	Reg.Comm. Exp. - Rate Case	70,000							
25	Miscellaneous Expense	36,656				(494)			
26	Bad Debt Expense	43,889					(21,791)		
27	Depreciation and Amortization	1,550,237	(27,384)						
28	Taxes Other Than Income	-							
29	Property Taxes	336,629		(2,352)					
30	Income Tax	(99,906)							
31		-							
32	**Total Operating Expenses**	$ 6,192,596	$ (27,384)	$ (2,352)	$ (42,200)	$ (494)	$ (21,791)	$ (33,705)	$ (1,136)
33	**Operating Income**	$ 163,778	$ 27,384	$ 2,352	$ 42,200	$ 494	$ 21,791	$ 33,705	$ 1,136
34	**Other Income (Expense)**								
35	Interest Income	-							
36	Other income	-							
37	Interest Expense	(322,703)							
38	Other Expense	-							
39									
40	**Total Other Income (Expense)**	$ (322,703)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
41	**Net Profit (Loss)**	$ (158,925)	$ 27,384	$ 2,352	$ 42,200	$ 494	$ 21,791	$ 33,705	$ 1,136
42									
43	SUPPORTING SCHEDULES:								
44	Rejoinder C-2								

Litchfield Park Service Company - Wastewater Division
Test Year Ended September 30, 2008
Income Statement

Exhibit
Rejoinder Schedule C-1
Page 2.2
Witness: Bourassa

Line No.		Continued from Page 2.1	8 Remove Unnecessary Expense	9 Central Cost Allocation	10 Interest Synchronization	11 Income Tax	12 Intentionally Left Blank	Rejoinder Test Year Adjusted Results	Proposed Rate Increase	Rejoinder Adjusted with Rate Increase
1	**Revenues**									
2	Flat Rate Revenues							$ 6,164,589	$ 4,815,141	$ 10,979,730
3	Measured Revenues							92,030		92,030
4	Other Wastewater Revenues							99,755		99,755
5								$ 6,356,374	$ 4,815,141	$ 11,171,515
6	**Operating Expenses**									
7	Salaries and Wages							$ -		$ -
8	Purchased WW Treatment							1,205		1,205
9	Sludge Removal Expense							267,554		267,554
10	Purchased Power							632,064		632,064
11	Fuel for Power Production							2,076		2,076
12	Chemicals							279,749		279,749
13	Materials and Supplies							75,579		75,579
14	Contractual Services							3,117		3,117
15	Contractual Services- Testing							33,348		33,348
16	Contractual Services - Other		(3,128)	151,838				2,788,806		2,788,806
17	Contractual Services - Legal							24,084		24,084
18	Equipment Rental							78,309		78,309
19	Rents - Building							18,976		18,976
20	Transportation Expenses							69,551		69,551
21	Insurance - General Liability							32,133		32,133
22	Insurance - Vehicle							2,213		2,213
23	Regulatory Commission Expense							17,997		17,997
24	Reg.Comm. Exp. - Rate Case							70,000		70,000
25	Miscellaneous Expense							36,162		36,162
26	Bad Debt Expense							22,098		22,098
27	Depreciation and Amortization							1,522,853		1,522,853
28	Taxes Other Than Income							-		-
29	Property Taxes							334,277		334,277
30	Income Tax					(6,594)		(106,500)	1,858,590	1,752,091
31								-		-
32	***Total Operating Expenses***		$ (3,128)	$ 151,838	$ -	$ (6,594)	$ -	$ 6,205,651	$ 1,858,590	$ 8,064,241
33	**Operating Income**		$ 3,128	$ (151,838)	$ -	$ 6,594	$ -	$ 150,724	$ 2,956,550	$ 3,107,274
34	**Other Income (Expense)**									
35	Interest Income							-		-
36	Other income							-		-
37	Interest Expense				2,565			(320,138)		(320,138)
38	Other Expense							-		-
39										
40	**Total Other Income (Expense)**		$ -	$ -	$ 2,565	$ -	$ -	$ (320,138)	$ -	$ (320,138)
41	**Net Profit (Loss)**		$ 3,128	$ (151,838)	$ 2,565	$ 6,594	$ -	$ (169,414)	$ 2,956,550	$ 2,787,136
42										
43	SUPPORTING SCHEDULES:								RECAP SCHEDULES:	
44	Rejoinder C-2								Rejoinder C-1, page 1	

Litchfield Park Service Company - Wastewater Division
Test Year Ended September 30, 2008
Adjustments to Revenues and Expenses

Exhibit
Schedule C-2
Page 1
Witness: Bourassa

Line No.		Adjustments to Revenues and Expenses						
		1	2	3	4	5	6	Subtotal
1		Depreciation	Property	Contractual Serv.	Meals &	Bad Debt	Capitalized	
2		Expense	Taxes	Aerotek	Entertainment	Expense	Expenses	
3	Revenues							-
4								
5	Expenses	(27,384)	(2,352)	(42,200)	(494)	(21,791)	(33,705)	(127,926)
6								
7	Operating							
8	Income	27,384	2,352	42,200	494	21,791	33,705	127,926
9								
10	Interest							-
11	Expense							-
12	Other							
13	Income /							-
14	Expense							
15								
16	Net Income	27,384	2,352	42,200	494	21,791	33,705	127,926

Line No.		Adjustments to Revenues and Expenses						
18								
19		7	8	9	10	11	12	Subtotal
20		Remove	Remove	Central Office	Interest			
21		Rate Case Exp.	Unnecessary Exp.	Costs	Synchronization	Income Tax	Blank	
22	Revenues							-
23								
24	Expenses	(1,136)	(3,128)	151,838		(6,594)		13,054
25								
26	Operating							
27	Income	1,136	3,128	(151,838)	-	6,594	-	(13,054)
28								
29	Interest							
30	Expense				2,565			2,565
31	Other							
32	Income /							-
33	Expense							
34								
35	Net Income	1,136	3,128	(151,838)	2,565	6,594	-	(10,489)

Line No.		Adjustments to Revenues and Expenses						
36								
37								
38		13	14	15	16	17	18	Total
39								
40		Blank	Blank	Blank	Blank	Blank	Blank	
41	Revenues							-
42								
43	Expenses							13,054
44								
45	Operating							
46	Income	-	-	-	-	-	-	(13,054)
47								
48	Interest							
49	Expense							2,565
50	Other							
51	Income /							-
52	Expense							
53								
54	Net Income	-	-	-	-	-	-	(10,489)

Litchfield Park Service Company - Wastewater Division
Test Year Ended September 30, 2008
Adjustments to Revenues and Expenses
Adjustment Number 1

Exhibit
Schedule C-2
Page 2
Witness: Bourassa

Line No.					
1	Depreciation Expense				
2					
3	Acct.		Adjusted Original	Proposed	Depreciation
4	No.	Description	Cost	Rates	Expense
5	351	Organization	-	0.00%	-
6	353	Land	1,783,426	0.00%	-
7	354	Structures & Improvements	18,934,312	3.33%	630,513
8	355	Power Generation	548,674	5.00%	27,434
9	360	Collection Sewer Forced	1,161,105	2.00%	23,222
10	361	Collection Sewers Gravity	23,094,661	2.00%	461,893
11	362	Special Collecting Structures	-	2.00%	-
12	363	Customer Services	-	2.00%	-
13	364	Flow Measuring Devices	47,019	10.00%	4,702
14	366	Reuse Services	3,789,468	2.00%	75,789
15	367	Reuse Meters and Installation	52,331	8.33%	4,359
16	370	Receiving Wells	860,393	3.33%	28,651
17	371	Pumping Equipment	1,760,813	12.50%	220,102
18	374	Reuse Distribution Reservoirs	62,825	2.50%	1,571
19	375	Reuse Trans. and Dist. System	414,315	2.50%	10,358
20	380	Treatment & Disposal Equip.	5,431,228	5.00%	271,561
21	381	Plant Sewers	47,788	5.00%	2,389
22	382	Outfall Sewer Lines	343,681	3.33%	11,445
23	389	Other Sewer Plant & Equip.	611,767	6.67%	40,805
24	390	Office Furniture & Equipment	198,772	6.67%	13,258
25	390.1	Computers and Software	-	20.00%	-
26	391	Transportation Equipment	26,078	20.00%	5,216
27	392	Stores Equipment	8,968	4.00%	359
28	393	Tools, Shop And Garage Equip	56,167	5.00%	2,808
29	394	Laboratory Equip	173,948	10.00%	17,395
30	396	Communication Equip	418,996	10.00%	41,900
31	398	Other Tangible Plant	-	10.00%	-
32		TOTALS	$ 59,826,735		$ 1,895,729
33					
34	Less: Amortization of Contributions				
35	361	Collection Sewers Gravity	$ 18,643,786	2.00%	$ (372,876)
36					
37	Total Depreciation Expense				$ 1,522,853
38					
39	Test Year Depreciation Expense				1,550,237
40					
41	Increase (decrease) in Depreciation Expense				(27,384)
42					
43	Adjustment to Revenues and/or Expenses				$ (27,384)
44					
45	SUPPORTING SCHEDULE				
46	B-2, page 3				

Litchfield Park Service Company - Wastewater Division
Test Year Ended September 30, 2008
Adjustment to Revenues and/or Expenses
Adjustment Number 2

Exhibit
Rejoinder Schedule C-2
Page 3
Witness: Bourassa

Line No.			
1	Adjust Property Taxes to Reflect Proposed Revenues:		
2			
3	Adjusted Revenues in year ended 09/30/2008	$	6,356,374
4	Adjusted Revenues in year ended 09/30/2008		6,356,374
5	Proposed Revenues		11,171,515
6	Average of three year's of revenue	$	7,961,421
7	Average of three year's of revenue, times 2	$	15,922,842
8	Add:		
9	Construction Work in Progess at 10%	$	39,301
10	Deduct:		
11	Book Value of Transportation Equipment		15,573
12			
13	Full Cash Value	$	15,907,269
14	Assessment Ratio		21%
15	Assessed Value		3,340,527
16	Property Tax Rate		9.5187%
17			
18	Property Tax		317,976
19	Plus: Tax on Parcels		16,302
20			
21	Total Property Tax at Proposed Rates	$	334,277
22	Property Taxes recorded during the test year		336,629
23	Change in property taxes	$	(2,352)
24			
25			
26	Adjustment to Revenues and/or Expenses	$	(2,352)
27			
28			

Litchfield Park Service Company - Wastewater Division
Test Year Ended September 30, 2008
Adjustment to Revenues and/or Expenses
Adjustment Number 3

Exhibit
Rejoinder Schedule C-2
Page 4
Witness: Bourassa

Line No.		
1	Cntractual Services - Aerotek	
2		
3	Remove Contractual Services related to Black Mountain Sewer Company	$ (42,200)
4		
5		
6		
7	Increase(decrease) in Contractual Services	$ (42,200)
8		
9		
10		
11	Adjustment to Revenue and/or Expense	$ (42,200)
12		
13		
14		
15		
16		
17	*See* Testimony	
18		
19		
20		

Litchfield Park Service Company - Wastewater Division
Test Year Ended September 30, 2008
Adjustment to Revenues and/or Expenses
Adjustment Number 4

Exhibit
Rejoinder Schedule C-2
Page 5
Witness: Bourassa

Line No.			
1	Miscellaneous Expense		
2			
3			
4	Beverages expenses included in Miscellaneous expense	$	(494)
5			
6			
7			
8	Increase(decrease) in Miscellaneous Expense	$	(494)
9			
10			
11	Adjustment to Revenue and/or Expense	$	(494)
12			
13	SUPPORTING SCHEDULES		
14	Staff Schedule JMM-Ww16 Adjustment #4		
15			
16			
17			
18			
19			
20			

Litchfield Park Service Company - Wastewater Division
Test Year Ended September 30, 2008
Adjustment to Revenues and/or Expenses
Adjustment Number 5

Exhibit
Rejoinder Schedule C-2
Page 6
Witness: Bourassa

Line No.			
1	Bad Debt Expense		
2			
3			
4	Normalized Bad Debt Expense	$	22,098
5			
6	Bad Debt Expense per Direct		43,889
7			
8			
9	Increase(decrease) in Bad Debt Expense	$	(21,791)
10			
11			
12	Adjustment to Revenue and/or Expense	$	(21,791)
13			
14			
15	SUPPORTING SCHEDULES		
16	Staff Schedule JMM-W17 Adjustment #5		
17			
18			
19			
20			

Litchfield Park Service Company - Wastewater Division
Test Year Ended September 30, 2008
Adjustment to Revenues and/or Expenses
Adjustment Number 6

Exhibit
Rejoinder Schedule C-2
Page 7
Witness: Bourassa

Line No.			
1	Capitalized Expenses and Decommissioning Costs		
2			
3			
4			
5	354 - Structures and Improvements - Dean Fence and Gate (fence)	$	(3,725)
6	355 - Power Generation Equipment - Loftin Equipment Co. (generator duct)		(5,004)
7	371 - Pumping Equipment - Precision Electric (install rebuilt pump)		(1,530)
8	371 - Pumping Equipment - Precision Electric (new reinforced strainer baskets)		(4,864)
9	389 - Other Plant and Misc. Equip. - Keogh Engineering (odor monitor site plant and pole mnt)		(1,450)
10	389 - Other Plant and Misc. Equip. - Keogh Engineering (odor monitor legal descr. & map)		(550)
11	389 - Other Plant and Misc. Equip. - Keogh Engineering (filter system repair)		(8,054)
12	389 - Other Plant and Misc. Equip. - Keogh Engineering (work on UV system)		(525)
13	354 - Structures and Improvements - Yahweh Contracting LLC (Lift station removal/retirement)		(8,003)
14	Total Capitalized Expenses	$	(33,705)
15			
16	Increase(decrease) in Contractual Services - Other	$	(33,705)
17			
18			
19	Adjustment to Revenue and/or Expense	$	(33,705)
20			
21			
22	SUPPORTING SCHEDULE		
23	Rejoinder B-2, page 3.3		
24	Rejoinder B-2, page 4.3		
25			

Litchfield Park Service Company - Wastewater Division
Test Year Ended September 30, 2008
Adjustment to Revenues and/or Expenses
Adjustment Number 7

Exhibit
Rejoinder Schedule C-2
Page 8
Witness: Bourassa

Line No.			
1	Remove Expenses Included in Rate Case Expense		
2			
3	Bourassa, CPA Inv. # 1000002402	$	(155)
4	Bourassa, CPA Inv. # 1000002413		(981)
5			(1,136)
6			
7			
8	Increase(decrease) in Regulatory Commission Expense	$	(1,136)
9			
10			
11	Adjustment to Revenue and/or Expense	$	(1,136)
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			

Litchfield Park Service Company - Wastewater Division
Test Year Ended September 30, 2008
Adjustment to Revenues and/or Expenses
Adjustment Number 8

Exhibit
Rejoinder Schedule C-2
Page 9
Witness: Bourassa

Line No.				
1				
2	Remove Unncessary Expense			
3				
4	Meals and Entertainment	Exp cost for the DBack game	$	(6,400)
5	Meals and Entertainment	BALANCE DUE FOR 2008 XMAS PART		(953)
6	Meals and Entertainment	DJ SERVICE - XMAS PARTY		(495)
7	Meals and Entertainment	For Holiday Party Dec. 2008		(4,959)
8	Meals and Entertainment	Catered Lunch		(412)
9	Total		$	(13,219)
10				
11	Wastewater Divison 4-factor allocation %			23.66%
12				
13	Increase (decrease) in Contractual Services - Other		$	(3,128)
14				
15				
16	Adjustment to Revenue and/or Expense		$	(3,128)
17				
18				
19				
20				

Litchfield Park Service Company - Wastewater Division
Test Year Ended September 30, 2008
Adjustment to Revenues and Expenses
Adjustment Number 9

Exhibit
Rejoinder Schedule C-2
Page 10
Witness: Bourassa

Cental Office Costs - Infrastructure Allocation

Line No.		Actual Total Cost Pool[1]	Adjustments	Rejoinder Total Cost Pool	Utility Infrastructur Group Allocation %	Utility Infrastructure Group Allocated Cost Pool	LPSCo Allocation by Custome Count	Rejoinder LPSCo Allocation
9	Audit	$ 984,476		$ 984,476	26.98%	$ 265,652	25.83%	68,618
10	Tax Services	383,940		$ 383,940	26.98%	103,603	25.83%	26,761
11	Legal	722,428		$ 722,428	26.98%	194,941	25.83%	50,353
12	Other Professional Services	448,761		$ 448,761	26.98%	121,094	25.83%	31,279
13	Management Fee - Total	636,255		$ 636,255	26.98%	171,688	25.83%	44,347
14	Unit Holder Communication	277,582		$ 277,582	26.98%	74,903	25.83%	19,347
15	Trustee Fees	225,052		$ 225,052	26.98%	60,728	25.83%	15,686
16	Escrow & Transfer Agent Fe	63,843		$ 63,843	26.98%	17,227	25.83%	4,450
17	Rent	295,887		$ 295,887	26.98%	79,843	25.83%	20,623
18	Licenses/Fees & Permits	128,206	(145,642) [1]	$ (17,436)	26.98%	-4,705	25.83%	(1,215)
19	Office Expenses	761,628	(46,186) [1]	$ 715,442	26.98%	193,056	25.83%	49,866
20	Depreciation	194,727		$ 194,727	26.98%	52,545	25.83%	13,572
21								
22	**Total (Candadian dollars (**	**$ 5,122,785**	**$ (191,828)**	**$ 4,930,957**		**$ 1,330,576**		**$ 343,688**
23	Factor	1.00	1.00	1.00		1.00		1.00
24	**Total (US dollars USD)**	$ 5,122,785	$ (191,828)	$ 4,930,957		$ 1,330,576		$ 343,688
25								
26	Infrastructure Cost Allocation per Direct (USD)[2]							$ 191,850
27								
28	Increase (decrease) in Infrastructure Allocated Costs (USD)							$ 151,838
29								
30								
31	Adjustment to Revenues and/or Expenses							$ 151,838
32								
33	[1] Per Response to JMM 5.5							
34	[2] Per Response to JMM 1.67							
35								

Litchfield Park Service Company - Wastewater Division
Test Year Ended September 30, 2008
Adjustment to Revenues and Expenses
Adjustment Number 10

Exhibit
Rejoinder Schedule C-2
Page 11
Witness: Bourassa

Line No.			
1	Interest Synchronization		
2			
3			
4	Fair Value Rate Base	$ 28,222,289	
5	Weighted Cost of Debt	1.13%	
6	Interest Expense		$ 320,138
7			
8	Test Year Interest Expense		$ 322,703
9			
10	Increase (decrease) in Interest Expense		(2,565)
11			
12			
13			
14	Adjustment to Revenue and/or Expense		$ 2,565
15			
16			
17	Weighted Cost of Debt Computation		

18						Weighted
19			Amount	Percent	Cost	Cost
20	Debt	$	11,506,844	17.74%	6.39%	1.13%
21	Equity	$	53,361,545	82.26%	12.00%	9.87%
22	Total	$	64,868,389	100.00%		11.01%
23						
24						

Litchfield Park Service Company - Wastewater Division
Test Year Ended September 30, 2008
Adjustment to Revenues and/or Expenses
Adjustment Number 11

Exhibit
Rejoinder Schedule C-2
Page 12
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 adjustments		$ (275,914)	$ 4,539,227	
8	Adjustments to Taxable Income		-	-	
9	Taxable Income		$ (275,914)	$ 4,539,227	
10					
11					
12					
13	Income Before Taxes		$ (275,914)	$ 4,539,227	
14					
15	Arizona Income Before Taxes			$ 4,539,227	
16					
17	Less Arizona Income Tax			$ 316,293	
18	Rate =	6.97%			
19	Arizona Taxable Income			$ 4,222,934	
20					
21	Arizona Income Taxes			$ 316,293	
22					
23	Federal Income Before Taxes			$ 4,539,227	
24					
25	Less Arizona Income Taxes			$ 316,293	
26					
27	Federal Taxable Income			$ 4,222,934	
28					
29					
30					
31	FEDERAL INCOME TAXES:				
32	15% BRACKET			$ 7,500	
33	25% BRACKET			$ 6,250	
34	34% BRACKET			$ 8,500	Federal
35	39% BRACKET			$ 91,650	Effective
36	34% BRACKET			$ 1,321,897	Tax
37					Rate
38	Federal Income Taxes			$ 1,435,797	31.63%
39					
40					
41	Total Income Tax			$ 1,752,091	
42					
43	Overall Tax Rate			38.60%	
44					
45	Income Tax at Proposed Rates Effective Rate →		$ (106,500)		
46					

Litchfield Park Service Company - Wastewater Division
Test Year Ended September 30, 2008
Computation of Gross Revenue Conversion Factor

Exhibit
Rejoinder Schedule C-3
Page 1
Witness: Bourassa

Line No.	Description	Percentage of Incremental Gross Revenues
1	Federal Income Taxes	31.63%
2		
3	State Income Taxes	6.97%
4		
5	Other Taxes and Expenses	0.00%
6		
7		
8	Total Tax Percentage	38.60%
9		
10	Operating Income % = 100% - Tax Percentage	61.40%
11		
12		
13		
14		
15	1 = Gross Revenue Conversion Factor	
16	Operating Income %	1.6286
17		
18	SUPPORTING SCHEDULES:	RECAP SCHEDULES:
19		Rejoinder A-1
20		

Litchfield Park Service Company - Wastewater Division
Revenue Summary
With Annualized Revenues to Year End Number of Customers
Test Year Ended September 30, 2008

Exhibit
Rejoinder Schedule H-1
Page 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	$ 4,647,120	$ 8,267,432	$ 3,620,312	77.90%	73.99%	74.47%
2	Residential HOA 135	44,064	78,392	34,328	77.90%	0.70%	0.71%
3	Residential HOA 160	52,224	92,909	40,685	77.90%	0.83%	0.84%
4	Residential HOA 520	169,728	301,954	132,226	77.90%	2.70%	2.72%
5	Subtotal	$ 4,913,136	$ 8,740,686	$ 3,827,550	77.90%	78.23%	78.74%
6							
7	Multi-Unit Housing						
8	Multi-Unit 3	9,923	17,654	7,730	77.90%	0.16%	0.16%
9	Multi-Unit 5	3,156	5,615	2,459	77.90%	0.05%	0.05%
10	Multi-Unit 6	1,818	3,234	1,416	77.90%	0.03%	0.03%
11	Multi-Unit 7	8,484	15,093	6,609	77.90%	0.14%	0.14%
12	Multi-Unit 8	73,124	130,088	56,964	77.90%	1.16%	1.17%
13	Multi-Unit 9	2,727	4,851	2,124	77.90%	0.04%	0.04%
14	Multi-Unit 14	46,662	83,012	36,350	77.90%	0.74%	0.75%
15	Multi-Unit 16	116,352	206,991	90,639	77.90%	1.85%	1.86%
16	Multi-Unit 17	5,151	9,164	4,013	77.90%	0.08%	0.08%
17	Multi-Unit 18	5,454	9,703	4,249	77.90%	0.09%	0.09%
18	Multi-Unit 24	7,272	12,937	5,665	77.90%	0.12%	0.12%
19	Multi-Unit 46	13,938	24,796	10,858	77.90%	0.22%	0.22%
20	Multi-Unit 84	25,452	45,279	19,827	77.90%	0.41%	0.41%
21	Multi-Unit 90	27,270	48,514	21,244	77.90%	0.43%	0.44%
22	Multi-Unit 132	79,992	142,307	62,315	77.90%	1.27%	1.28%
23	Multi-Unit 304	92,112	163,868	71,756	77.90%	1.47%	1.48%
24							
25	Subtotal	$ 518,888	$ 923,106	$ 404,219	77.90%	8.26%	8.32%
26							
27	Small Commercial	$ 84,318	$ 149,994	65,676	77.89%	1.34%	1.35%
28	Measured Service:						
29	Regular Domestic	$ 256,547	$ 456,136	199,590	77.80%	4.08%	4.11%
30	Restaurant, Motels, Grocery, Dry Cleaning	222,936	396,807	173,871	77.99%	3.55%	3.57%
31	Subtotal	$ 479,482	$ 852,943	$ 373,461	77.89%	7.63%	7.68%
32							
33	Wigwam Resort - Per Room	$ 103,929	$ 184,891	$ 80,962	77.90%	1.65%	1.67%
34	Wigwam Resort - Main	12,000	21,348	9,348	77.90%	0.19%	0.19%
35	Subtotal	$ 115,929	$ 206,239	$ 90,310	77.90%	1.85%	1.86%
36							
37	Elementary Schools	$ 32,640	$ 58,067	$ 25,427	77.90%	0.52%	0.52%
38	Middle and High Schools	28,800	51,235	22,435	77.90%	0.46%	0.46%
39	Community College	14,880	26,472	11,592	77.90%	0.24%	0.24%
40	Subtotal	$ 76,320	$ 135,773	$ 59,453	77.90%	1.22%	1.22%
41							
42	Effluent Sales	92,268	92,268	-	0.00%	1.47%	0.83%
43	Total Revenues Before Revenues Annualization	$ 6,280,340	$ 11,101,009	$ 4,820,668	76.76%	197.19%	197.82%

Litchfield Park Service Company - Wastewater Division
Revenue Summary
With Annualized Revenues to Year End Number of Customers
Test Year Ended September 30, 2008

Exhibit
Rejoinder Schedule H-1
Page 2
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							
2	Revenue Annualization						
3	Residential	$ (36,394)	$ (64,746)	$ (28,352)	77.90%	-0.58%	-0.58%
4	Multi-Unit Housing - Mulit-Unit 8	2,020	3,594	1,574	77.90%	0.03%	0.03%
5	Small Commercial	138	245	107	77.89%	0.00%	0.00%
6	Measured Service:						
7	Regular Domestic	21,275	37,827	16,552	77.80%	0.34%	0.34%
8	Restaurant, Motels, Grocery, Dry Cleaning	11,357	20,215	8,858	77.99%	0.18%	0.18%
9	Effluent Sales	(25,908)	(25,908)	-	0.00%	-0.41%	-0.23%
10	Subtotal Revenue Annualization	(27,512)	(28,773)	(1,262)	4.59%	-0.44%	-0.26%
11							
12	Misc Service Revenues						
13	Misc Revenues	99754.94	99754.94	0.00	0.00%	1.59%	0.90%
14	Reconciling Amount to C-1	3791.00	(475.00)	(4266.00)	-112.53%	0.06%	0.00%
15	Totals	6,356,375	11,171,515	4,815,141	75.75%	197.25%	197.81%
16							
17	Revenue Reconciliation						
18	Recorded Revenues		$ 99,755				
19	Amount per Bill Count Before Rev. Annualization		6,380,095				
20	Difference		$ (6,280,340)				
21	Tolerance (+/- 1/2 percent)		$ 499				
22	Acceptable		No				
23							
24							
25							
26							
27							
28							
29							
30							
31							
32							
33							
34							
35							
36							
37							
38							
39							
40							
41							
42							
43							

Litchfield Park Service Company - Wastewater Division
Test Year Ended September 30, 2008
Analysis of Revenue by Detailed Class
Special Rate Commercial Customers Pay Standard Commerical Rate

Rejoinder Schedule H-2
Page 1
Witness: Bourassa

Line No.	Customer Classification	Average Number of Customers at 9/30/2008	Average Water Use	Average Bill Present Rates	Average Bill Proposed Rates	Proposed Increase Dollar Amount	Proposed Increase Percent Amount
1	Residential	14,126	N/A	$ 27.20	$ 48.39	$ 21.19	77.904%
2	Residential HOA 135	1	N/A	3,672.00	6,532.65	2,860.65	77.904%
3	Residential HOA 160	1	N/A	4,352.00	7,742.40	3,390.40	77.904%
4	Residential HOA 520	1	N/A	14,144.00	25,162.80	11,018.80	77.904%
5							
6	Multi-Unit Housing						
7	Multi-Unit 3	11	N/A	75.75	134.76	59.01	77.901%
8	Multi-Unit 5	2	N/A	126.25	224.60	98.35	77.901%
9	Multi-Unit 6	1	N/A	151.50	269.52	118.02	77.901%
10	Multi-Unit 7	4	N/A	176.75	314.44	137.69	77.901%
11	Multi-Unit 8	30	N/A	202.00	359.36	157.36	77.901%
12	Multi-Unit 9	1	N/A	227.25	404.28	177.03	77.901%
13	Multi-Unit 14	11	N/A	353.50	628.88	275.38	77.901%
14	Multi-Unit 16	24	N/A	404.00	718.72	314.72	77.901%
15	Multi-Unit 17	1	N/A	429.25	763.64	334.39	77.901%
16	Multi-Unit 18	1	N/A	454.50	808.56	354.06	77.901%
17	Multi-Unit 24	1	N/A	606.00	1,078.08	472.08	77.901%
18	Multi-Unit 46	1	N/A	1,161.50	2,066.32	904.82	77.901%
19	Multi-Unit 84	1	N/A	2,121.00	3,773.28	1,652.28	77.901%
20	Multi-Unit 90	1	N/A	2,272.50	4,042.80	1,770.30	77.901%
21	Multi-Unit 132	2	N/A	3,333.00	5,929.44	2,596.44	77.901%
22	Multi-Unit 304	1	N/A	7,676.00	13,655.68	5,979.68	77.901%
23							
24	Small Commercial	153	N/A	46.00	81.83	35.83	77.891%
25	Measured Service:						
26	Regular Domestic	138	57,450	155.01	275.61	120.60	77.799%
27	Restaurant, Motels, Grocery, Dry Cleaning	62	91,567	300.45	534.78	234.33	77.992%
28							
29	Wigwam Resort - Per Room	1	N/A	8,660.75	15,407.56	6,746.81	77.901%
30	Wigwam Resort - Main	1	N/A	1,000.00	1,779.00	779.00	77.900%
31							
32	Elementary Schools	4	N/A	680	1,210	529.72	77.900%
33	Middle and High Schools	3	N/A	800	1,423	623.20	77.900%
34	Community College	1	N/A	1,240	2,206	965.96	77.900%
35							
36	Effluent Sales ($55 per acre foot)	4	5,939,470	1,003	1,003	-	0.000%
37	Effluent Sales ($100 per acre foot)	0	2,856,100	877	877	-	0.000%
38	Effluent Sales ($225 per acre foot)	1	3,383,491	2,336	2,336	-	0.000%
39	Total	14,589					
40							
41							

Litchfield Park Service Company - Wastewater Division
Present and Proposed Rates
Test Year Ended September 30, 2008

Exhibit
Rejoinder Schedule H-3
Page 1
Witness: Bourassa

Line No.	Customer Classification	Present Rates	Proposed Rates	Percent Change
1				
2	**Customer Classification**	**Present Rates**	**Proposed Rates**	**Percent Change**
3				
4	**Monthly Charge for:**			
5	Monthly Residential Service	$ 27.20	$ 48.39	77.90%
6				
7	Multi-Unit Housing - Monthly per Unit	$ 25.25	$ 44.92	77.90%
8				
9	Commercial:			
10	Small Commercial - Monthly Service	$ 46.00	$ 81.83	77.89%
11	Measured Service:			
12	Regular Domestic:			
13	Monthly Service Charge	$ 25.75	$ 45.81	77.90%
14	Rate Per 1,000 Gallons of Water	$ 2.25	$ 4.00	77.78%
15				
16	Restaurant, Motels, Grocery Stores & Dry Cleaning Estab.[1]			
17	Monthly Service Charge	$ 25.75	$ 45.81	77.90%
18	Rate Per 1,000 Gallons of Water	$ 3.00	$ 5.34	78.00%
19				
20	Wigwam Resort:			
21	Monthly Rate - Per Unit	$ 25.25	$ 44.92	77.90%
22	Main Building - Per Month	$ 1,000.00	$ 1,779.00	77.90%
23				
24	Schools - Monthly Service Rates:			
25	Elementary Schools	$ 680.00	$ 1,209.72	77.90%
26	Middile Schools	$ 800.00	$ 1,423.20	77.90%
27	High Schools	$ 800.00	$ 1,423.20	77.90%
28	Community College	$ 1,240.00	$ 2,205.96	77.90%
29				
30	Effluent[2]	Market	Market	0.00%
31				

32 [1] Motels without restuarants charged multi-unit monthly rate.

33 [2] Market Rate - Maximum effluent rate shall not exceed $430 per acre foot based on a potable water rate of $1.32 per thousand
34 gallons.

35

Litchfield Park Service Company - Wastewater Division
Changes in Representative Rate Schedules
Test Year Ended September 30, 2008

Exhibit
Rejoinder Schedule H-3
Page 2
Witness: Bourassa

Line No.	Other Service Charges	Present Rates	Proposed Rates
1	Establishment (Regular Hours) per Rule R14-2-603D **(a)**	$ 20.00	$ 20.00
2	Establishment (After Hours) per Rule R14-2-603D **(a)**	$ 40.00	$ 40.00
3	Re-Establishment of Service per Rule R14-2-603D **(a)**	(b)	(b)
4	Reconnection (Regular Hours) per Rule R14-2-603D **(a)**	$ 50.00	$ 50.00
5	Reconnection (After Hours) per Rule R14-2-603D **(a)**	$ 65.00	$ 65.00
6	NSF Check, per Rule R14-2-608E **(a)**	$ 20.00	$ 20.00
7	Deferred Payment, Per Month	1.50%	1.50%
8	Late Charge	(c)	(c)
9	Service Calls - Per Hour/After Hours**(d)**	$ 40.00	$ 40.00
10	Deposit Requirement	(e)	(e)
11	Deposit Interest	3.50%	3.50%
12	Service Lateral Connection Charge- All Sizes	(f)	(f)
13	Main Extension Tariff, per Rule R14-2-606B	(g)	(g)
14			
15			
16			
17	(a) Service charges for customers taking both water and sewer service are not duplicative.		
18	(b) Minimum charge times number of full months off the system. per Rule R14-2-603D.		
19	(c) Per Rule R14-2-608F. Greater of $5.00 or 1.5% of unpaid balance.		
20	(d) No charge for service calls during normal working hours.		
21	(e) Per ACC Rules R14-2-603B Residential - two times the average bill.		
22	Non-residential - two and one-half times the average bill.		
23	(f) At cost. Customer/Developer shall install or cuase to be installed all Service Laterals as a		
24	non-refundable contribution-in-aid of construction..		
25	(g) All Main Extensions shall be completed at cost and shall be treated as non-refundable		
26	contribution-in-aid of construction.		
27			
28			
29	IN ADDITION TO THE COLLECTION OF REGULAR RATES, THE UTILITY WILL COLLECT FROM		
30	ITS CUSTOMERS A PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES, USE, AND FRANCHISE		
31	TAX. PER COMMISSION RULE 14-2-608D(5).		
32			
33			
34			
35			
36			

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Attorneys for Litchfield Park Service Company

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION OF LITCHFIELD PARK SERVICE COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANTS AND PROPERTY AND FOR INCREASES IN ITS WASTEWATER RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.	DOCKET NO: SW-01428A-09-0103
IN THE MATTER OF THE APPLICATION OF LITCHFIELD PARK SERVICE COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANTS AND PROPERTY AND FOR INCREASES IN ITS WATER RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.	DOCKET NO: W-01427A-09-0104
IN THE MATTER OF THE APPLICATION OF LITCHFIELD PARK SERVICE COMPANY, AN ARIZONA CORPORATION, FOR AUTHORITY (1) TO ISSUE EVIDENCE OF INDEBTEDNESS IN AN AMOUNT NOT TO EXCEED $1,755,000 IN CONNECTION WITH (A) THE CONSTRUCTION OF TWO RECHARGE WELL INFRASTRUCTURE IMPROVEMENTS AND (2) TO ENCUMBER ITS REAL PROPERTY AND PLANT AS SECURITY FOR SUCH INDEBTEDNESS.	DOCKET NO. W-01427A-09-0116

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IN THE MATTER OF THE APPLICATION OF LITCHFIELD PARK SERVICE COMPANY, AN ARIZONA CORPORATION, FOR AUTHORITY (1) TO ISSUE EVIDENCE OF INDEBTEDNESS IN AN AMOUNT NOT TO EXCEED $1,170,000 IN CONNECTION WITH (A) THE CONSTRUCTION OF ONE 200 KW ROOF MOUNTED SOLAR GENERATOR INFRASTRUCTURE IMPROVEMENTS AND (2) TO ENCUMBER ITS REAL PROPERTY AND PLANT AS SECURITY FOR SUCH INDEBTEDNESS.	DOCKET NO. W-01427A-09-0120

REJOINDER TESTIMONY

of

THOMAS J. BOURASSA

on

COST OF CAPITAL

(Phase 1 – Determination of Rate Base and Rates)

December 29, 2009

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND ADDRESS.

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

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

A. On behalf of the applicant, Litchfield Park Service Company ("LPSCO" or the "Company").

Q. ARE YOU THE SAME THOMAS J. BOURASSA THAT FILED DIRECT AND REBUTTAL TESTIMONY ON RATE BASE, INCOME STATEMENT, REVENUE REQUIREMENT AND RATE DESIGN IN THIS CASE?

A. Yes. My background and qualifications are discussed in my direct testimony on those aspects of the case. My rejoinder testimony on those subjects is also being filed today with this testimony.

Q. DID YOU ALSO PREPARE DIRECT AND REBUTTAL TESTIMONY ON COST OF CAPITAL ON BEHALF OF LPSCO IN THIS CASE?

A. Yes.

II. SUMMARY OF REJOINDER TESTIMONY AND THE PROPOSED COST OF CAPITAL FOR THE COMPANY.

A. I will respond as appropriate to the surrebuttal testimonies of Mr. Manrique on behalf of Staff and Mr. Rigsby on behalf of RUCO.

Q. HAVE YOU UPDATED YOUR COST OF CAPITAL ANALYSIS?

A. No. I updated my cost of capital analysis on my rebuttal testimony filed on December 2, 2009. I updated my cost of capital in my rebuttal testimony because of the significant period of time between the Company's direct filing and its rebuttal filing, I did not feel the need to provide an additional update at this time as my rebuttal update is less than 1 month old.

Q. PLEASE SUMMARIZE YOUR RECOMMENDED REJOINDER COST OF DEBT AND EQUITY, AND YOUR RECOMMENDED REJOINDER RATE OF RETURN ON RATE BASE.

A. I continue to recommend a cost of equity of 12.0 percent based on my most recent cost of capital analysis. The results of my cost of capital analysis can be found in my rebuttal testimony.[1] The Company's recommended capital structure consists of approximately 82.3 percent debt and 17.7 percent common equity as shown on Rejoinder Schedule D-1. Based on my 12.0 percent recommended cost of equity, the Company's weighted cost of capital ("WACC") is 11.01 percent, as shown on Rejoinder Schedule D-1.

A. <u>Summary of the Recommendations of Staff and RUCO.</u>

Q. PLEASE SUMMARIZE THE COST OF DEBT AND EQUITY RECOMMENDED BY STAFF AND RUCO, AND THEIR RESPECTIVE RECOMMENDATIONS FOR THE RATE OF RETURN ON FAIR VALUE RATE BASE.

A. Staff has updated its cost of capital analysis in its surrebuttal testimony and continues to recommend a cost of equity of 9.2 percent based on the average cost of equity produced by its DCF and CAPM models (10.1 percent) and an 80 basis point downward adjustment for LPSCO's lower financial risk as compared to the publicly traded water utilities in Staff's sample group.[2] Staff continues to ignore LPSCO's firm-specific risks, focusing solely on financial risk. Staff continues to recommend a capital structure consisting of approximately 17.2 percent debt and

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[1] *See* Rebuttal Testimony of Thomas J. Bourassa (Cost of Capital - Phase I Determination of Rate Base and Rates) ("Bourassa COC Rb.") at 2.

[2] *See* Surrebuttal Testimony of Juan C. Manrique ("Manrique Sb.") at 2.

82.8 percent equity.[3] Based on Staff's recommended capital structure, Staff determined the WACC for LPSCO to be 9.2 percent.[4]

RUCO now recommends a cost of equity of 9.0 percent.[5] RUCO is recommending a capital structure of 17.8 percent debt and 82.2 percent equity.[6] RUCO's recommended cost of debt is 6.39 percent, based on the Company's average cost of debt. Based on RUCO's recommended capital structure, RUCO computed a WACC of 8.54 percent, which is RUCO's recommended rate of return on FVRB.[7] RUCO also did not consider firm-specific risks other than financial risk.

Q. DID MR. RISGBY UPDATE HIS COST OF CAPITAL ANALYSIS AND SCHEDULES?

A. No. Mr. Rigsby revised his cost of equity estimate upward from 8.01 percent to 9.0 percent based on recent information about the improving state of the economy.[8] While the additional basis points are welcome, I find it difficult to respond to his recommendation because I don't know what he based his new number on.

III. RESPONSE TO STAFF'S COST OF CAPITAL ANALYSIS

A. Response to Staff's Criticisms of LPSCO's Cost of Capital Analysis

Q. PLEASE RESPOND TO MR. MANRIQUE'S TESTIMONY THAT THE IBBOTSON DATA INDICATING HIGHER BETAS FOR SMALLER COMPANIES IS NOT UTILITY INDUSTRY SPECIFIC.

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[3] Manrique Sb. at 2.

[4] Manrique Sb. at 2.

[5] *See* Surrebuttal Testimony of William A. Rigsby ("Rigsby Sb.) at 6.

[6] Rigsby Sb. at 5.

[7] Rigsby Sb. at 9.

[8] Rigsby Sb. at 6.

A. Mr. Manrique asserts that because the Ibbotson data is market wide it is not useful for determining utility industry specific risk premia.[9] This is not true. In fact, the Ibbotson data contains industry specific risk premia data used as a component to the buildup method of estimating the cost of equity. The Ibbotson industry risk premium in conjunction with the Ibbotson small company risk premium can be used to estimate the premium over and above the Ibbotson market risk premium on large stocks.

Let me explain. One of the methods for determining cost of equity is the buildup method.[10] In fact, according to Ibbotson, it is one of the most commonly used and effective methods to estimate the cost of equity.[11] Put simply, the buildup method is an additive model in which the return on an asset is estimated as the sum of a risk-free rate and one or more risk premia. The equation for the buildup method is as follows:[12]

Riskless Rate
+ Equity Risk Premium (large stocks)
+ Industry Risk Premium
+ Size Premium
= Cost of Equity Estimate

The Industry Risk Premium and the Size Premium data are published by Ibbotson[13] and can be combined to estimate the additional risk premium for small water utility company stocks over large company stocks. For example, Ibbotson identifies a

[9] Manrique Sb. at 3.

[10] *See* Morningstar *Ibbotson SBBI 2009 Valuation Yearbook* ("Ibbotson") at 29.

[11] *Ibbotson*at 29.

[12] *Ibbotson* at 33.

[13] Industry risk premium can be found in Table 3-5 of *Ibbotson*. Small company risk premium for Decile 10 can be found in Appendix C of *Ibbotson.*

market risk premium for the water supply industry as a negative 3.64 percent. The Ibbotson small company risk premium for the Decile 10 stocks[14] is 5.81 percent. Based on this data, the additional indicated risk premium required over and above large company stocks risk premium for small utilities, like LPSCO, is 217 basis points (5.84 percent minus 3.64 percent).

Q. THE 217 BASIS POINT SMALL UTILITY RISK PREMIUM IS OVER LARGE COMPANY STOCKS, BUT ARE THE PUBLICLY TRADED WATER UTILITY COMPANIES IN THE SAMPLE USED IN YOUR COST OF EQUITY ANALYSIS CONSIDERED LARGE COMPANY STOCKS BY IBBOTSON?

A. No. My cost of equity analysis is based on a sample of publicly traded water utilities of different market capitalizations (from Decile 10 for Middlesex Water and Connecticut Water to Mid-cap for Aqua America). Recognizing this, a small utility risk premium can be further refined to identify the additional risk premium over and above the cost of equity for the sample water utilities. If we assume the water industry risk premium is the same for all the sample water utilities as well as LPSCO, then the additional risk premium is only related to the relative size of each utility to LPSCO. This is exactly what I have done in my size premium study presented in my rebuttal testimony.[15] The study indicates a risk premium over and above the returns of the publicly traded utility companies of 1.81 percent.

Q. THIS SIZE RISK PREMIUM IS NOT RELATED TO FINANCIAL RISK?

A. Correct. Measures on financial risk are contained within the beta estimate. The 1.81 percent risk premium is based upon a beta adjusted size premium.[16] In other

[14] LPSCO would be considered in the smallest decile.

[15] *See* Bourassa COC Rb. at Attachment 1.

[16] Beta adjusted size premium.

words, the additional risk premium for size is the risk premium not explained by beta. Ibbotson devotes an entire chapter on firm size and return.[17]

Q. THE 181 BASIS POINT INDICATED RISK PREMIUM FOR LPSCO WOULD MORE THAN OFFSET STAFF'S 80 BASIS POINT FINANCIAL RISK ADJUSTMENT. CORRECT?

A. Yes. And Staff's indicated cost of equity would be 11.11 percent (10.1 percent minus 0.8 percent plus 1.81 percent). As I have suggested, Staff's financial risk is overstated so Staff's indicated cost of equity would be much higher.

Q. DOES THE "JANUARY EFFECT" DISPROVE THE NOTION THAT THERE IS NO RISK PREMIUM ON SMALL COMPANY STOCKS OVER LARGE COMPANY STOCKS?

A. No. Mr. Manrique presents this as an argument against any size premium.[18] However, while Ibbotson acknowledges the "January effect" in discussing size premia, Ibbotson states that "... simply demonstrating that the size premium is largely produced by the January effect does nothing to refute the existence of such a premium."[19]

Ibbotson specifically concludes:[20]

> Most criticisms of the use of a size premia do not address the underlying reason for the existence of size premia. Small capitalization stocks are still considered riskier investments than large company stocks. Investors require an additional reward, in the form of an additional return, to take on the added risk of an investment in small-capitalization stock. It is unlikely that future investors will require no compensation for taking on this additional risk.....
>
> ... Most criticisms presented to date...have not provided

[17] *Ibbotson* Chapter 7 – Firm Size and Return.

[18] Manrique Sb. at 3.

[19] *Ibbotson* at 101.

[20] *Ibbotson* at 105.

sufficient evidence to disprove the existence of a size premia.

Q. DOES THE ANNIE WONG STUDY CITED BY MR. MANRIQUE DISPROVE THE EXISTENCE OF A SIZE PREMIUM FOR SMALL UTILITY STOCKS?

A. No. As Dr. Zepp concluded in his review of Ms. Wong's study, "[her] weak evidence provides little support for a small firm effect existing or not existing in either the industrial or utility sector."[21] As I testified in my rebuttal testimony, even the California PUC conducted a study that showed smaller water utilities are more risky than larger ones.[22]

Q. HAS STAFF PROVIDED ANY SUPPORT FOR USING BOOK DEBT AND EQUITY?

A. No. Staff's discussion on the subject other than their financial risk adjustment is sparse.[23] Mr. Manrique does admit that the Hamada methodology was developed using market values.[24] However, his only explanation it that Staff believes that it is prudent and reasonable.[25] It is difficult to address this subject adequately at this time without Staff providing authority from recognized financial experts supporting the use of book values. I have been unable to find any authority for using book value in the Hamada formula.

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[21] Thomas M. Zepp, "Utility Stocks and the Size Effect – Revisited", The Quarterly Review Economics and Finance, Vol. 43, Issue 3, Autumn 2003, 578-582.

[22] Bourassa COC Rb. at 6.

[23] Manrique Sb. at 4.

[24] Manrique Sb. at 4.

[25] Manrique Sb. at 4.

IV. RESPONSE TO RUCO'S COST OF CAPITAL ANALYSIS

Q. PLEASE RESPOND TO MR. RIGSBY'S TESTIMONY THAT THE USE OF GEOMETRIC MEANS AND INCOME RETURNS IS APPROPRIATE BECAUSE THIS INFORMATION IS AVAILABLE TO INVESTORS.

A. Rather than focusing on what method is conceptually correct,[26] Mr. Rigsby contends that if an investor has information available, such information should be used to determine the Company's cost of equity even if its use is improper. Mr. Rigsby further asserts, for example, that Value Line calculates both historic and prospective growth rates on a geometric or compound growth rate basis.[27] But the Value Line instructions do not explain how Value Line's projections of future growth are actually determined, nor would an investor know what type of average is being used. If the test is simply whether investors have information available, and not whether its use is conceptually correct, then the Commission's prior rejection of methods such as the risk premium method and the comparable earnings method in past cases was improper.[28] In that case, the Commission stated that the risk premium methodology is based on a "comparable earnings" method that "has long been discredited."[29] Even if true, however, an investor may still rely on that method and, under the logic of Mr. Rigsby, the Commission should have considered it.

Moreover, there are types of information and methods that the Commission should also consider if it were to accept the arguments of Mr. Rigsby. For example, Value Line reports projected returns on equity (2012 through 2014) for

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[26] Bourassa COC Rb. at 18.

[27] Rigsby Sb. at 16.

[28] *See* Arizona Water Company Decision No. 68302 (November 14, 2005) at 37-38.

[29] *Id.* at 37.

the water utility group and the gas utility group used by Mr. Rigsby in his cost of capital analysis have projected returns of 11.8 percent and 11.2 percent, respectively.

The projected Value Line returns are shown below.

RUCO Water Utility Sample Group

Stock Symbol	Company	Value Line Projected Book Return on Equity[30]
AWR	American States Water Co.	12.0
WTR	Aqua America	11.5
CWT	California Water Services Group	12.0
SWWC	Southwest Water Company	8.0
	Average	10.9

RUCO Gas Utility Sample Group

Stock Symbol	Company	Value Line Projected Book Return on Equity[31]
AGL	AGL Resources, Inc.	14.0
ATO	Atmos Energy Corp.	9.5
LG	Laclede Group, Inc.	11.0
NJR	New Jersey Resources Corp.	10.0
GAS	Nicor, Inc.	12.0
NWN	Northwest Natural Gas	11.0
PNY	Piedmont Natural Gas Company	12.5
SJI	South Jersey Industry	13.5
SWX	Southwest Gas Corp.	8.0

[30] Value Line Investment Survey October 23, 2009.

[31] *Id.*

Stock Symbol	Company	Value Line Projected Book Return on Equity[31]
WGL	WGL Holdings, Inc.	10.5
	Average	11.2

Value Line's forecasts are widely available and would be considered by investors in evaluating an investment in those utilities. In fact, Mr. Rigsby specifically selected the four water utilities for his proxy group for LPSCO because Value Line provides long-term estimates of those utilities' return on common equity.[32] Therefore, if the principal criterion for deciding whether to consider a particular equity cost estimate is its availability to investors, the Commission should use Value Line's projected average return of 10.9 percent to estimate LPSCO's cost of equity.

Moreover, there are other types of information and methods that the Commission should also consider if it were to accept the arguments of Rigsby. For example, Value Line reports projected returns on equity for the larger water utilities in the Staff water utility sample group, American States Water, Aqua America and California Water. For the period 2012 through 2014, Value Line currently projects an average return on equity of 11.8 percent.[33] Arguably, Southwest Water is not comparable to LPSCO or even to the other water utilities in Mr. Rigsby's sample group. It derives less than 50 percent of its revenues from regulated utility services whereas the other three utilities on average derive nearly 89 percent of revenues from regulated activities.[34] Value Line's forecasts are

[32] *See* Direct testimony of William A Rigsby ("Rigsby Dt.") at 21.
[33] Value Line Investment Survey October 23, 2009.
[34] Based on information contained in AUS Utility Reports, December 2009.

widely available and would be considered by investors in evaluating an investment in those utilities. In fact, Mr. Rigsby specifically selected those four water utilities for his proxy group for LPSCO because Value Line provides long-term estimates of those utilities' return on common equity. Therefore, if the principal criterion for deciding whether to consider a particular equity cost estimate is its availability to investors, the Commission should use Value Line's projected average return of 11.8 percent to estimate LPSCO's cost of equity.

Similarly, the market-to-book ("M/B") ratios of the sample water utilities are widely available to the investment community, along with the book values of those utilities' stocks. Some authorities believe that it is improper to use a market-based equity return derived by means of the DCF model with an original cost (i.e., net book value) rate base when a utility's stock is trading above book value.[35] Instead, when an original cost rate base is used, the book value of the sample water utilities' stocks should be used to calculate the dividend yield to ensure methodological consistency.[36] The average M/B ratio of the sample water utilities used by Mr. Rigsby is over 1.8[37], i.e., the average market price of those utilities' stocks is two times their book value. That means that the dividend yield calculations made by the parties are understated by over 40 percent. Thus, instead of being in 3.0 percent to 3.8 percent range for the sample water utility group, the dividend yield should be 120 to 150 basis points higher, and the parties' DCF model estimates should likewise be 120 to 150 basis points higher.

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[35] *See, e.g.*, Win Whittaker, *The Discounted Cash Flow Methodology: Its Use in Estimating a Utility's Cost of Equity*, 12 Energy L.J. 265 (1991).

[36] *Id.* at 281-83 (citing *Farmers Union Cent. Exch., Inc. v. FERC*, 734 F.2d 1486 (D.C.Cir. 1984)).

[37] *See* RUCO Direct Schedule WAR-4, page 2 of 2.

The bottom line is that investors may use data from investment sources such as Value Line and Ibbotson incorrectly, as RUCO contends, or erroneously may assume that Value Line's projected earnings and growth rates are based on geometric averages. Investors undoubtedly use (and misuse) a variety of information in deciding whether to invest in securities. But that does not mean the Commission should make the same mistakes in determining the cost of capital for water utilities. For the reasons stated, there is no conceptual basis for using geometric averages to estimate expected returns on equity. Therefore, the cost of equity estimates of Mr. Rigsby should be rejected.

Q. DOES THAT CONCLUDE YOUR REJOINDER TESTIMONY?

A. Yes.