Transcript Exhibit(s)

Docket #(s): SW-20445A-09-0077

W-02451A-09-0078

W-01732A-09-0079

W-20446A-09-0080

W-02450A-09-0081

W-01212A-09-0082

Exhibit # : RUCO2-RUCO8, S1-S4

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Date: January 11, 2010

Re: Global Water – Palo Verde Utilities / Rates
SW-20445A-09-0077, et al.
Volumes I through V, Concluded
December 14 through 28, 2009

STATUS OF ORIGINAL EXHIBITS

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Residential Utility Consumer Office (RUCO Exhibits)

1 through 8

Staff (S Exhibits)

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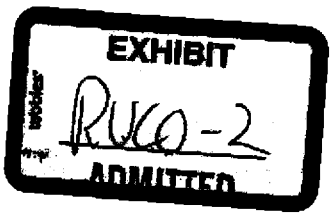

GLOBAL UTILITIES

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

SURREBUTTAL TESTIMONY

OF

RODNEY L. MOORE

ON BEHALF OF

THE

RESIDENTIAL UTILITY CONSUMER OFFICE

DECEMBER 7, 2009

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INTRODUCTION

Q. Please state your name for the record.

A. My name is Rodney Lane Moore.

Q. Have you previously filed testimony regarding this docket?

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

Q. What is the purpose of your surrebuttal testimony?

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

SUMMARY OF ADJUSTMENTS

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

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

Rate Base

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

Operating Income

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

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

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

Rate Base

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

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

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

Operating Income

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

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

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

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

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

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

RATE BASE

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

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

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

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

PVUC	$53,844,005
SCWC	$39,797,227
VWC – Town Div.	$4,443,607
VWC – GB Div.	$895,377
WUGT	($6,157,665)
WWWC	$2,207,149

Rate Base Adjustment No. 3 – Reclassify ICFAs as CIAC

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

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

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

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

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

OPERATING INCOME

Operating Income Adjustment No. 1 – Property Tax Computation

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

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

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

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

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

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

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

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

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

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

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

Operating Income Adjustment No. 5 – Contractual Services – Management Fees

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

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

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

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

Operating Income Adjustment No. 6 – Bad Debt Expense

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

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

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

PVUC	$30,477
SCWC	($4,657)
VWC – Town Div.	$13,954
VWC – GB Div.	$752
WUGT	($142)
WWWC	($885)

RUCO Operating Income Adjustment No. 7 – Depreciation Expense

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

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

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

PVUC	($823,895)
SCWC	($494,849)
VWC – Town Div.	$0
VWC – GB Div.	$0

WUGT	($301,236)
WWWC	$0

RUCO Operating Income Adjustment No. 8 – Income Taxes

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

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

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

PVUC	($164,028)
SCWC	($453,722)
WWC – Town Div.	$19,340
WWC – GB Div.	$7,319
WUGT	$173,916
WWWC	$2,366

COST OF CAPITAL

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

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

RATE DESIGN AND PROOF OF RECOMMENDED REVENUE

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

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

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

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

TYPICAL BILL ANALYSIS

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

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

PVUC

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

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

SCWC

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

VWC - TD

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

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

VWC - GB

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

WUGT

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

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

WWWC

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

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

Q. Does this conclude your direct testimony?

A. Yes, it does.

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

Palo Verde Utilities Company

SURREBUTTAL
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SURR RLM-4	1	RATE BASE ADJUSTMENT NO. 2 - ACCUMULATED DEPRECIATION
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SURR RLM-6	1	OPERATING INCOME
SURR RLM-7	1	SUMMARY OF OPERATING INCOME ADJUSTMENTS
SURR RLM-8	1	OPERATING INCOME ADJUSTMENT NO. 1 - PROPERTY TAX COMPUTATION
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SURR RLM-9	1	OPERATING INCOME ADJUSTMENT NO. 8 - INCOME TAX EXPENSE
SURR RLM-10	1	COST OF CAPITAL
SURR RLM-RD1	1	RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
SURR RLM-RD2	1	TYPICAL RESIDENTIAL BILL ANALYSIS
SURR RLM-RD3	1	PROPOSED PHASE IN RATES

SURREBUTTAL
REVENUE REQUIREMENT

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

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

SURREBUTTAL
REVENUE REQUIREMENT - CONT'D
GROSS REVENUE CONVERSION FACTOR

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

SURREBUTTAL
SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS

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

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

SURREBUTTAL
SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SURREBUTTAL
RUCO MADE NO POST TEST YEAR PLANT ADJUSTMENTS

SURREBUTTAL
OPERATING INCOME

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

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

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

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) ADJ # 1 PROPERTY TAX	(C) ADJ # 2 CAGRD	(D) ADJ # 3 FRANCHISE FEE	(E) SURR ADJ # 4 REVENUE ANNUALIZ'N	(F) SURR ADJ # 5 MAG'MENT FEES	(G) SURR ADJ # 6 BAD DEBT EXPENSE	(H) SURR ADJ # 7 DEPRECIATION EXPENSE	(I) ADJ # 8 INCOME TAX	(J) RUCO AS ADJT'D
	Revenues:										
1	Flat Rate Revenues	$ 6,009,748	$ -	$ -	$ -	$ 122,612	$ -	$ -	$ -	$ -	$ 6,132,360
2	*Measured Reuse Revenues*	339,704	-	-	-	-	-	-	-	-	339,704
3	Other WW Revenues	171,749	-	-	-	-	-	-	-	-	171,749
4	TOTAL OPR'G REV.	$ 6,521,201	$ -	$ -	$ -	$ 122,612	$ -	$ -	$ -	$ -	$ 6,643,813
	Operating Expenses:										
5	Salaries And Wages	$ 924,853	$ -	$ -	$ -	$ -	$ (26,716)	$ -	$ -	$ -	$ 898,137
6	Pensions And Benefits	215,792	-	-	-	-	-	-	-	-	215,792
7	Purchased Power	595,157	-	-	-	6,639	-	-	-	-	601,796
8	Fuel For Power Production	7,004	-	-	-	-	-	-	-	-	7,004
9	Chemicals	157,134	-	-	-	2,877	-	-	-	-	160,011
10	Materials And Supplies	263,301	-	-	-	-	-	-	-	-	263,301
11	Materials And Supplies	295,301	-	-	-	-	-	-	-	-	295,301
12	Contractual Services - Mgmnt	-	-	-	-	-	-	-	-	-	-
13	Contractual Services - Testing	99,923	-	-	-	-	-	-	-	-	99,923
14	Contractual Services - Other	183,283	-	-	352,056	-	-	-	-	-	535,339
15	Building Rentals	93,111	-	-	-	-	-	-	-	-	93,111
16	Equipment Rentals	20,469	-	-	-	-	-	-	-	-	20,469
17	Transportation Expenses	35,559	-	-	-	-	-	-	-	-	35,559
18	Insurance - General Liability	52,375	-	-	-	-	-	-	-	-	52,375
19	Insurance - Other	4,320	-	-	-	-	-	-	-	-	4,320
20	Advertising Expense	-	-	-	-	-	-	-	-	-	-
21	Regulatory Comm. Expense	53,333	-	-	-	-	-	-	-	-	53,333
22	Bad Debt Expense	65,212	-	-	-	-	-	30,477	-	-	95,689
23	Miscellaneous Expense	56,965	-	-	-	-	-	-	-	-	56,965
24	Depreciation Expense	3,156,675	-	-	-	-	-	-	(823,895)	-	2,332,780
25	Taxes Other Than Income - Reg.	1,256	-	-	-	-	-	-	-	-	1,256
26	Property Tax	-	(309,066)	-	-	-	-	-	-	-	(309,066)
27	Taxes Other Than Income	4,814	-	-	-	-	-	-	-	-	4,814
28	Income Tax	90,848	-	-	-	-	-	-	-	(164,028)	(73,180)
29	TOTAL OPR'G EXP.	$ 6,376,685	$ (309,066)	$ -	$ 352,056	$ 9,516	$ (26,716)	$ 30,477	$ (823,895)	$ (164,028)	$ 5,445,029
30	OPR'G INC. (LOSS)	$ 144,516									$ 1,198,784

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

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

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

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

LINE NO.	DESCRIPTION	(A) REFERENCE	(B) AMOUNT
	FEDERAL INCOME TAXES:		
1	Operating Income Before Taxes	Sch. RLM-6, Column (C), L26 + L24	$ 1,125,604
	LESS:		
2	Arizona State Tax	Line 11	13,211
3	Interest Expense	Note (A) Line 20	(1,315,195)
4	Federal Taxable Income	Line 1 - Line 2 - Line 3	$ (176,381)
5	Federal Tax Rate	Sch. RLM-1, Pg 2, Col. (D), L34	34.00%
6	Federal Income Tax Expense	Line 4 X line 5	$ (59,969)
	STATE INCOME TAXES:		
7	Operating Income Before Taxes	Line 1	$ 1,125,604
	LESS:		
8	Interest Expense	Note (A) Line 20	(1,315,195)
9	State Taxable Income	Line 7 - Line 8	$ (189,591)
10	State Tax Rate	Tax Rate	6.97%
11	State Income Tax Expense	Line 9 X Line 10	$ (13,211)
	TOTAL INCOME TAX EXPENSE:		
12	Federal Income Tax Expense	Line 6	$ (59,969)
13	State Income Tax Expense	Line 11	(13,211)
14	Total Income Tax Expense Per RUCO	Line12 + Line 13	$ (73,180)
15	Total Income Tax Expense Per Company (Per Company Sch. C-1)		90,848
16	Total Income Tax Adjustment	Line 14 - Line 15	$ (164,028)
17	RUCO Adjustment (See Sch. RLM-7, Column (I), L28)	Line16	$ (164,028)

NOTE (A):
Interest Synchronization:

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

SURREBUTTAL
COST OF CAPITAL

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

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

SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

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

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SURREBUTTAL

TYPICAL RESIDENTIAL BILL ANALYSIS

LINE NO.	DESCRIPTION	(A) PRESENT		(C) COMPANY PROPOSED		(E) RUCO PROPOSED	
	REVENUE ALLOCATION						
1	RESIDENTIAL	$ 6,034,727	94.24%	$ 12,709,188	88.88%	$ 9,564,311	86.78%
2	OTHER	369,018	5.76%	1,589,982	11.12%	1,456,604	13.22%
3	TOTAL	$ 6,403,745	100.00%	$ 14,299,170	100.00%	$ 11,020,915	100.00%
	ALLOCATION RATIOS						
4	FIX REVENUE	$ 6,233,189	97.34%	$ 13,167,749	92.09%	$ 9,909,401	89.91%
5	VARIABLE REVENUE	170,556	2.66%	1,131,421	7.91%	1,111,513	10.09%
6	TOTAL	$ 6,403,745	100.00%	$ 14,299,170	100.00%	$ 11,020,915	100.00%
	RESIDENTIAL (5/8" X 3/4") RATE DESIGN	PRESENT		COMPANY PROPOSED		RUCO PROPOSED	
7	BASIC MONTHLY CHARGE	$ 33.00		$ 71.11		$ 53.51	
	COMMODITY CHARGE						
	PRESENT / PROPOSED						
8	Flat Rate / Flat Rate	N/A		N/A		N/A	
9		N/A		N/A		N/A	
10		N/A		N/A		N/A	
11		N/A		N/A		N/A	
12		N/A		N/A		N/A	
13		N/A		N/A		N/A	

	AVERAGE RESIDENTIAL BILL COMPARISONS COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL	VARIABLE MONTHLY USAGE	PERCENT AVERAGE USAGE OF N/A	PRESENT TOTAL MONTHLY COST	RUCO MONTHLY COST	RUCO MONTHLY INCREASE	% MONTHLY INCREASE
14							
15							
16		N/A	N/A	$ 33.00	$ 53.51	$ 20.51	62.16%
17							
18							

	MEDIAN RESIDENTIAL BILL COMPARISONS COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL	VARIABLE MONTHLY USAGE	PERCENT AVERAGE USAGE OF 2000	PRESENT TOTAL MONTHLY COST	RUCO MONTHLY COST	RUCO MONTHLY INCREASE	% MONTHLY INCREASE
19							
20							
21		N/A	N/A	$ 33.00	$ 53.51	$ 20.51	62.16%
22							
23							

PROPOSED PHASE IN RATES

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

References:

Columns (A) Thru (D): Company Schedule H-3, Page 2
Column (E): One Third Of The Increase Added To Present Rate. Calculation For 5/8" Meter ($63.33 - $33.00 = $30.33) ($30.33 X 1/3 = $10.11) ($10.11 + $33.00
Column (E): Two Thirds Of The Increase Added To Present Rate. Calculation For 5/8" Meter ($63.33 - $33.00 = $30.33) ($30.33 X 2/3 = $20.22) ($20.22 + $33.00
Column (G): RLM-RD1, Column (B)

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

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Santa Cruz Water Company
Schedule SURR RLM-1

SURREBUTTAL
REVENUE REQUIREMENT

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

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

SURREBUTTAL
REVENUE REQUIREMENT - CONT'D
GROSS REVENUE CONVERSION FACTOR

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

Global Utilities
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Santa Cruz Water Company
Schedule SURR RLM-2
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SURREBUTTAL
SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS

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

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

SURREBUTTAL
SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS

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

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

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

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

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

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

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

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

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

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

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

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

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ADJUSTED PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
1	301	Intangibles/Organization	$ -	$ -	$ -	$ -	$ 88,723	$ 88,723
2	302	Franchise Cost	-	-	-	-	-	-
3	303	Land and Land Rights	16,500	-	-	29,990	-	29,990
4	304	Structures and Improvements	11,827	-	(13,604)	414,453	(50,243)	364,210
5	306	Lake, River and Other Intakes	-	-	-	-	-	-
6	307	Wells and Springs	331,936	-	(19,992)	766,318	(46,944)	719,373
7	309	Supply Mains	466,146	-	(20,004)	1,233,250	(36,955)	1,196,296
8	310	Power Generation Equipment	-	-	-	-	-	-
9	311	Pumping Equipment	209,520	-	(87,694)	806,310	(231,637)	574,673
10	320	Water Treatment Equipment	-	-	(319)	9,593	(1,196)	8,397
11	330	Dist. Reservoirs & Standpipes	205,191	-	(17,283)	881,095	(54,479)	826,616
12	331	Trans. and Dist. Mains	5,353,316	-	(149,800)	10,166,659	(301,180)	9,865,479
13	333	Services	173,284	-	(22,737)	769,434	(50,252)	719,182
14	334	Meters and Meter Installations	1,153,519	-	(104,754)	1,834,314	(146,885)	1,687,429
15	335	Hydrants	226,308	-	(16,015)	913,911	(33,846)	880,065
16	336	Backflow Prevention Devices	4,181	-	(1,498)	24,547	(2,177)	22,370
17	339	Other Plant and Misc. Equip.	316,541	-	(12,400)	344,182	(14,603)	329,579
18	340	Office Furniture and Equipment	60,219	-	(13,205)	228,087	(22,709)	205,379
19	341	Transportation Equipment	122,422	(18,837)	(20,453)	154,057	(6,663)	147,394
20	343	Tools, Shop and Garage Equip.	14,239	-	(692)	20,961	(860)	20,101
21	344	Laboratory Equipment	-	-	(400)	3,998	(600)	3,399
22	345	Power Operated Equipment	-	-	-	-	-	-
23	346	Communication Equipment	22,900	-	(3,068)	42,135	(4,030)	38,104
24	347	Miscellaneous Equipment	-	-	-	-	-	-
25	348	Other Tangible Plant	351,643	-	(17,582)	351,643	(17,582) (1)	334,061
26	TOTAL WASTEWATER PLANT		$ 9,039,690	$ (18,837)	$ (521,501)	$ 18,994,939	$ (934,120)	$ 18,060,819
27		Company As Filed	9,039,690	(18,837)	(547,074)	18,994,939	(1,074,184)	17,920,755
28		Difference	$ -	$ -	$ 25,573	$ -	$ 140,064	$ 140,064

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

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

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

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

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

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

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

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

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

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

SURREBUTTAL
RUCO MADE NO POST TEST YEAR PLANT ADJUSTMENTS

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

Santa Cruz Water Company
Schedule SURR RLM-6
Page 1 of 1

SURREBUTTAL
OPERATING INCOME

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

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

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

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

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

SURREBUTTAL

EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 1

PROPERTY TAX COMPUTATION

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

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

LINE NO.	DESCRIPTION	(A) REFERENCE	(B) AMOUNT
	FEDERAL INCOME TAXES:		
1	Operating Income Before Taxes	Sch. RLM-6, Column (C), L26 + L24	$ 3,004,405
	LESS:		
2	Arizona State Tax	Line 11	(141,612)
3	Interest Expense	Note (A) Line 20	(972,088)
4	Federal Taxable Income	Line 1 - Line 2 - Line 3	$ 1,890,705
5	Federal Tax Rate	Sch. RLM-1, Pg 2, Col. (D), L34	34.00%
6	Federal Income Tax Expense	Line 4 X line 5	$ 642,840
	STATE INCOME TAXES:		
7	Operating Income Before Taxes	Line 1	$ 3,004,405
	LESS:		
8	Interest Expense	Note (A) Line 20	(972,088)
9	State Taxable Income	Line 7 - Line 8	$ 2,032,317
10	State Tax Rate	Tax Rate	6.97%
11	State Income Tax Expense	Line 9 X Line 10	$ 141,612
	TOTAL INCOME TAX EXPENSE:		
12	Federal Income Tax Expense	Line 6	$ 642,840
13	State Income Tax Expense	Line 11	141,612
14	Total Income Tax Expense Per RUCO	Line12 + Line 13	$ 784,452
15	Total Income Tax Expense Per Company (Per Company Sch. C-1)		1,238,174
16	Total Income Tax Adjustment	Line 14 - Line 15	$ (453,722)
17	RUCO Adjustment (See Sch. RLM-7, Column (I), L28)	Line16	$ (453,722)

NOTE (A):
Interest Synchronization:

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

SURREBUTTAL
COST OF CAPITAL

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

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

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

Santa Cruz Water Company
Schedule SURR RLM-RD1
Pages 1 Thru 7

SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

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

SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

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

SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

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

SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

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

SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
170	3/4" Meter	244	$ 27.83	$ 6,792	$ 6,792
	Commodity Usage (In Thousands Of Gallons)				
171	First Tier -Breakover @ 1,000 Gals.	192	$ 0.8517	$ 164	
172	Second Tier - Breakover @ 5,000 Gals.	548	$ 1.9164	$ 1,050	
173	Third Tier - Breakover @ 10,000 Gals.	516	$ 2.1293	$ 1,099	
174	Fourth Tier - Breakover @ 18,000 Gals.	451	$ 2.5551	$ 1,151	
175	Fifth Tier - Breakover @ 25,000 Gals.	227	$ 3.0491	$ 692	
176	Sixth Tier - Over 25,000 Gals.	900	$ 3.8923	$ 3,503	
177	Total Commodity Usage And Revenue	2,834			$ 7,659
178	1" Meter	123	$ 69.59	$ 8,559	$ 8,559
	Commodity Usage (In Thousands Of Gallons)				
179	First Tier -Breakover @ 1,000 Gals.	93	$ 0.8517	$ 79	
180	Second Tier - Breakover @ 5,000 Gals.	359	$ 1.9164	$ 687	
181	Third Tier - Breakover @ 10,000 Gals.	384	$ 2.1293	$ 817	
182	Fourth Tier - Breakover @ 18,000 Gals.	488	$ 2.5551	$ 1,246	
183	Fifth Tier - Breakover @ 25,000 Gals.	349	$ 3.0491	$ 1,064	
184	Sixth Tier - Over 25,000 Gals.	4,016	$ 3.8923	$ 15,630	
185	Total Commodity Usage And Revenue	5,687			$ 19,522
186	1.5" Meter	183	$ 139.17	$ 25,468	$ 25,468
	Commodity Usage (In Thousands Of Gallons)				
187	First Tier -Breakover @ 1,000 Gals.	137	$ 0.8517	$ 117	
188	Second Tier - Breakover @ 5,000 Gals.	503	$ 1.9164	$ 964	
189	Third Tier - Breakover @ 10,000 Gals.	610	$ 2.1293	$ 1,298	
190	Fourth Tier - Breakover @ 18,000 Gals.	956	$ 2.5551	$ 2,441	
191	Fifth Tier - Breakover @ 25,000 Gals.	803	$ 3.0491	$ 2,447	
192	Sixth Tier - Over 25,000 Gals.	33,126	$ 3.8923	$ 128,939	
193	Total Commodity Usage And Revenue	36,134			$ 136,206
194	2" Meter	699	$ 222.67	$ 155,648	$ 155,648
	Commodity Usage (In Thousands Of Gallons)				
195	First Tier -Breakover @ 1,000 Gals.	623	$ 0.8517	$ 531	
196	Second Tier - Breakover @ 5,000 Gals.	2,432	$ 1.9164	$ 4,661	
197	Third Tier - Breakover @ 10,000 Gals.	2,977	$ 2.1293	$ 6,339	
198	Fourth Tier - Breakover @ 18,000 Gals.	4,632	$ 2.5551	$ 11,834	
199	Fifth Tier - Breakover @ 25,000 Gals.	3,925	$ 3.0491	$ 11,968	
200	Sixth Tier - Over 25,000 Gals.	222,153	$ 3.8923	$ 864,694	
201	Total Commodity Usage And Revenue	236,741			$ 900,026
202	3" Meter	12	$ 445.35	$ 5,344	$ 5,344
	Commodity Usage (In Thousands Of Gallons)		$ -		
203	First Tier -Breakover @ 1,000 Gals.	12	$ 0.8517	$ 10	
204	Second Tier - Breakover @ 5,000 Gals.	48	$ 1.9164	$ 92	
205	Third Tier - Breakover @ 10,000 Gals.	60	$ 2.1293	$ 128	
206	Fourth Tier - Breakover @ 18,000 Gals.	96	$ 2.5551	$ 245	
207	Fifth Tier - Breakover @ 25,000 Gals.	84	$ 3.0491	$ 256	
208	Sixth Tier - Over 25,000 Gals.	12,490	$ 3.8923	$ 48,615	
209	Total Commodity Usage And Revenue	12,790			$ 49,347
210	4" Meter	19	$ 695.85	$ 13,221	$ 13,221
	Commodity Usage (In Thousands Of Gallons)				
211	First Tier -Breakover @ 1,000 Gals.	18	$ 0.8517	$ 15	
212	Second Tier - Breakover @ 5,000 Gals.	72	$ 1.9164	$ 138	
213	Third Tier - Breakover @ 10,000 Gals.	90	$ 2.1293	$ 192	
214	Fourth Tier - Breakover @ 18,000 Gals.	144	$ 2.5551	$ 368	
215	Fifth Tier - Breakover @ 25,000 Gals.	126	$ 3.0491	$ 384	
216	Sixth Tier - Over 25,000 Gals.	28,497	$ 3.8923	$ 110,920	
217	Total Commodity Usage And Revenue	28,947			$ 112,017
218	Total HOA Customer Bills	1,441			
219	Total HOA Usage	323,588			
220	TOTAL HOA CUSTOMERS REVENUE				$ 1,445,316

SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

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

Global Utilities
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Test Year Ended December 31, 2008

Santa Cruz Water Company
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SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

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

SURREBUTTAL

TYPICAL RESIDENTIAL BILL ANALYSIS

LINE NO.	DESCRIPTION	(A) PRESENT		(B)	(C) COMPANY PROPOSED		(D)	(E) RUCO PROPOSED		(F)
	REVENUE ALLOCATION									
1	RESIDENTIAL	$	7,258,929	79.53%	$	8,571,663	72.03%	$	7,300,624	71.24%
2	OTHER		1,867,821	20.47%		3,327,917	27.97%		2,947,455	28.76%
3	TOTAL	$	9,126,750	100.00%	$	11,899,580	100.00%	$	10,248,079	100.00%
	ALLOCATION RATIOS									
4	FIX REVENUE	$	5,006,263	54.85%	$	6,427,257	54.01%	$	5,474,865	53.42%
5	VARIABLE REVENUE		4,120,488	45.15%		5,472,323	45.99%		4,773,214	46.58%
6	TOTAL		9,126,750	100.00%	$	11,899,580	100.00%	$	10,248,079	100.00%

	RESIDENTIAL (5/8" X 3/4") RATE DESIGN				PRESENT		COMPANY PROPOSED		RUCO PROPOSED	
7	BASIC MONTHLY CHARGE				$ 25.00		$ 32.68		$ 27.83	
	COMMODITY CHARGE									
	PRESENT		PROPOSED							
8	1st Tier - Breakover	1,000	1st Tier - Breakover	1,000	$ -		$ 1.0000		$ 0.8517	
9	2nd Tier - Over	1,000	2nd Tier - Breakover	5,000	$ 2.6000		$ 2.2500		$ 1.9164	
10			3rd Tier - Breakover	10,000	N/A		$ 2.5000		$ 2.1293	
11			4th Tier - Breakover	18,000	N/A		$ 3.0000		$ 2.5551	
12			5th Tier - Breakover	25,000	N/A		$ 3.5800		$ 3.0491	
13			6th Tier - Over	25,000	N/A		$ 4.5700		$ 3.8923	

	AVERAGE RESIDENTIAL BILL COMPARISONS COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL	VARIABLE MONTHLY USAGE	PERCENT AVERAGE USAGE OF 6474	PRESENT TOTAL MONTHLY COST	RUCO MONTHLY COST	RUCO MONTHLY INCREASE	% MONTHLY INCREASE
14		1,619	25.00%	$ 26.61	$ 29.87	$ 3.26	12.26%
15		3,237	50.00%	$ 30.82	$ 32.97	$ 2.16	7.00%
16		6,474	100.00%	$ 39.23	$ 39.49	$ 0.26	0.66%
17		9,711	150.00%	$ 47.65	$ 46.26	$ (1.39)	-2.92%
18		12,948	200.00%	$ 56.06	$ 54.53	$ (1.53)	-2.74%

	MEDIAN RESIDENTIAL BILL COMPARISONS COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL	VARIABLE MONTHLY USAGE	PERCENT AVERAGE USAGE OF 5500	PRESENT TOTAL MONTHLY COST	RUCO MONTHLY COST	RUCO MONTHLY INCREASE	% MONTHLY INCREASE
19		1,375	25.00%	$ 25.98	$ 29.40	$ 3.43	13.20%
20		2,750	50.00%	$ 29.55	$ 32.04	$ 2.49	8.42%
21		5,500	100.00%	$ 36.70	$ 37.42	$ 0.72	1.95%
22		8,250	150.00%	$ 43.85	$ 43.27	$ (0.58)	-1.32%
23		11,000	200.00%	$ 51.00	$ 49.55	$ (1.45)	-2.84%

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

Valenica Water Company, Town Division

SURREBUTTAL
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SURR RLM-5	1	INTENTIONALLY LEFT BLANK
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SURR RLM-9	1	OPERATING INCOME ADJUSTMENT NO. 8 - INCOME TAX EXPENSE
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SURREBUTTAL
REVENUE REQUIREMENT

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

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

SURREBUTTAL
REVENUE REQUIREMENT - CONT'D
GROSS REVENUE CONVERSION FACTOR

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

SURREBUTTAL
SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS

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

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

SURREBUTTAL
SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ADJUSTED PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
1	301	Intangibles/Organization	$ -	$ -	$ -	$ -	$ -	$ -
2	302	Franchise Cost	-	-	-	-	-	-
3	303	Land and Land Rights	-	-	-	22,687	-	22,687
4	304	Structures and Improvements	19,148	-	(1,628)	77,405	(9,594)	67,811
5	306	Lake, River and Other Intakes	-	-	-	-	-	-
6	307	Wells and Springs	205,381	-	(7,609)	340,459	91,084	431,543
7	309	Supply Mains	-	-	-	-	-	-
8	310	Power Generation Equipment	-	-	-	-	-	-
9	311	Pumping Equipment	120,921	-	(16,867)	528,994	(129,226)	399,768
10	320	Water Treatment Equipment	2,651	-	(754)	22,374	(1,190)	21,184
11	330	Dist. Reservoirs & Standpipes	65,634	-	(9,822)	523,913	(124,502)	399,411
12	331	Trans. and Dist. Mains	1,903,503	-	(41,732)	3,038,360	(353,907)	2,684,453
13	333	Services	267,667	-	(7,013)	346,345	(36,668)	309,677
14	334	Meters and Meter Installations	135,731	-	(7,134)	277,689	(47,107)	230,582
15	335	Hydrants	167,144	-	(3,672)	267,182	(33,175)	234,007
16	336	Backflow Prevention Devices	-	-	-	-	-	-
17	339	Other Plant and Misc. Equip.	14,782	-	(1,025)	22,463	(2,766)	19,697
18	340	Office Furniture and Equipment	2,963	-	(1,099)	17,639	(7,890)	9,749
19	341	Transportation Equipment	121,201	(30,210)	(30,457)	197,780	(18,390)	179,390
20	343	Tools, Shop and Garage Equip.	9,734	-	(1,757)	40,006	(10,040)	29,966
21	344	Laboratory Equipment	-	-	-	-	-	-
22	345	Power Operated Equipment	1,484	(3,714)	(455)	4,792	687	5,479
23	346	Communication Equipment	535	-	(175)	3,760	(979)	2,781
24	347	Miscellaneous Equipment	-	-	-	-	40,184	40,184
25	348	Other Tangible Plant	-	-	-	-	301	301
26		Adjustment	-	-	-	-	-	-
		Rounding				(1)		(1)
27	TOTAL WASTEWATER PLANT		$ 3,038,679	$ (33,924)	$ (131,198)	$ 5,731,847	$ (643,178)	$ 5,088,669
28		Company As Filed	3,038,679	(33,924)	(84,910)	5,731,847	(765,814)	4,966,033
29		Difference	$ -	$ -	$ (46,288)	$ -	$ 122,636	$ 122,636

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

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

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

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

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

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

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

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

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

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

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

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

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

SURREBUTTAL
RUCO MADE NO POST TEST YEAR PLANT ADJUSTMENTS

SURREBUTTAL
OPERATING INCOME

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

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

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

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) ADJ # 1 PROPERTY TAX	(C) ADJ # 2 CAGRD	(D) ADJ # 3 LEFT BLANK	(E) SURR ADJ # 4 REVENUE ANNUALIZ'N	(F) SURR ADJ # 5 MAG'MENT FEES	(G) SURR ADJ # 6 BAD DEBT EXPENSE	(H) SURR ADJ # 7 DEPRECIATION EXPENSE	(I) ADJ # 8 INCOME TAX	(J) RUCO AS ADJT'D
	Revenues:										
1	Metered Water Sales	$ 2,659,938	$ -	$ -	$ -	$ 143,041	$ -	$ -	$ -	$ -	$ 2,802,979
2	Other Operating Revenue	-	-	-	-	-	-	-	-	-	-
3	Water Sales - Unmetered	234,483	-	-	-	-	-	-	-	-	234,483
4	TOTAL OPR'G REV.	$ 2,894,421	$ -	$ -	$ -	$ 143,041	$ -	$ -	$ -	$ -	$ 3,037,462
	Operating Expenses:										
5	Salary and Wages - Employees	$ 670,808	$ -	$ -	$ -	$ -	$ (55,315)	$ -	$ -	$ -	$ 615,493
6	Employee Pensions and Benefits	143,080	-	-	-	-	-	-	-	-	143,080
7	Purchased Water	-	-	-	-	-	-	-	-	-	-
8	Purchased Power	291,613	-	-	-	16,356	-	-	-	-	307,969
9	Fuel for Power Production	-	-	-	-	-	-	-	-	-	-
10	Chemicals	143,618	-	-	-	8,519	-	-	-	-	152,137
11	Materials and Supplies	31,821	-	-	-	-	-	-	-	-	31,821
12	Materials and Supplies	128,737	-	-	-	-	-	-	-	-	128,737
13	Contractual Services - Testing	33,729	-	-	-	-	-	-	-	-	33,729
14	Contractual Services - Other	41,898	-	-	-	-	-	-	-	-	41,898
15	Rental of Building/Real Property	37,473	-	-	-	-	-	-	-	-	37,473
16	Rental of Equipment	4,239	-	-	-	-	-	-	-	-	4,239
17	Transportation Expenses	67,812	-	-	-	-	-	-	-	-	67,812
18	Insurance - General Liability	17,098	-	-	-	-	-	-	-	-	17,098
19	Insurance - Other	3,336	-	-	-	-	-	-	-	-	3,336
20	Advertising Expense	-	-	-	-	-	-	-	-	-	-
21	Rate Case Expense	18,667	-	-	-	-	-	-	-	-	18,667
22	Bad Debt Expense	28,944	-	-	-	-	-	13,954	-	-	42,898
23	Miscellaneous Expenses	28,042	-	-	-	-	-	-	-	-	28,042
24	Depreciation Expense	2,199,986	-	-	-	-	-	-	-	-	2,199,986
25	Taxes Other Than Income	5,885	-	-	-	-	-	-	-	-	5,885
26	Property Taxes	-	39,249	-	-	-	-	-	-	-	39,249
27	Other Taxes and Licenses	2,101	-	-	-	-	-	-	-	-	2,101
28	Income Taxes	(402,522)	-	-	-	-	-	-	-	19,340	(383,182)
29	TOTAL OPR'G EXP.	$ 3,496,365	$ 39,249	$ -	$ -	$ 24,875	$ (55,315)	$ 13,954	$ -	$ 19,340	$ 3,538,469
30	OPR'G INC. (LOSS)	$ (601,943)									$ (501,006)

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

SURREBUTTAL

EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 1

PROPERTY TAX COMPUTATION

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

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

LINE NO.	DESCRIPTION	(A) REFERENCE	(B) AMOUNT
	FEDERAL INCOME TAXES:		
1	Operating Income Before Taxes	Sch. RLM-6, Column (C), L26 + L24	$ (884,188)
	LESS:		
2	Arizona State Tax	Line 11	69,173
3	Interest Expense	Note (A) Line 20	(108,540)
4	Federal Taxable Income	Line 1 - Line 2 - Line 3	$ (923,554)
5	Federal Tax Rate	Sch. RLM-1, Pg 2, Col. (D), L34	34.00%
6	Federal Income Tax Expense	Line 4 X line 5	$ (314,008)
	STATE INCOME TAXES:		
7	Operating Income Before Taxes	Line 1	$ (884,188)
	LESS:		
8	Interest Expense	Note (A) Line 20	(108,540)
9	State Taxable Income	Line 7 - Line 8	$ (992,728)
10	State Tax Rate	Tax Rate	6.97%
11	State Income Tax Expense	Line 9 X Line 10	$ (69,173)
	TOTAL INCOME TAX EXPENSE:		
12	Federal Income Tax Expense	Line 6	$ (314,008)
13	State Income Tax Expense	Line 11	(69,173)
14	Total Income Tax Expense Per RUCO	Line12 + Line 13	$ (383,182)
15	Total Income Tax Expense Per Company (Per Company Sch. C-1)		(402,522)
16	Total Income Tax Adjustment	Line 14 - Line 15	$ 19,340
17	RUCO Adjustment (See Sch. RLM-7, Column (I), L28)	Line16	$ 19,340

NOTE (A):
Interest Synchronization:

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

SURREBUTTAL
COST OF CAPITAL

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

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

SURREBUTTAL

RATE DESIGN AND PROOF OF RECOMMENDED REVENUE

PROPOSED REVENUE

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

SURREBUTTAL

RATE DESIGN AND PROOF OF RECOMMENDED REVENUE

PROPOSED REVENUE

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

SURREBUTTAL

RATE DESIGN AND PROOF OF RECOMMENDED REVENUE

PROPOSED REVENUE

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

SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

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

SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

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

SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

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

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

Valenica Water Company, Town Division
Schedule RLM-RD1
Pages 1 Thru 7

SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

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

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Valenica Water Company, Town Division
Schedule RLM-RD2
Page 1 of 1

SURREBUTTAL

TYPICAL RESIDENTIAL BILL ANALYSIS

LINE NO.	DESCRIPTION	(A) PRESENT	(B)	(C) COMPANY PROPOSED	(D)	(E) RUCO PROPOSED	(F)
	REVENUE ALLOCATION						
1	RESIDENTIAL	$ 1,825,270	68.54%	$ 3,015,215	69.95%	$ 2,855,628	69.95%
2	OTHER	837,940	31.46%	1,295,363	30.05%	1,226,803	30.05%
3	TOTAL	$ 2,663,210	100.00%	$ 4,310,578	100.00%	$ 4,082,430	100.00%
	ALLOCATION RATIOS						
4	FIX REVENUE	$ 1,051,872	39.50%	$ 2,603,517	60.40%	$ 2,465,719	60.40%
5	VARIABLE REVENUE	1,611,338	60.50%	1,707,061	39.60%	1,616,711	39.60%
6	TOTAL	2,663,210	100.00%	$ 4,310,578	100.00%	$ 4,082,430	100.00%

	RESIDENTIAL (5/8" X 3/4") RATE DESIGN	PRESENT	COMPANY PROPOSED	RUCO PROPOSED
7	BASIC MONTHLY CHARGE	$ 13.00	$ 37.25	$ 34.80
	COMMODITY CHARGE			
	PRESENT	PROPOSED		
8	1st Tier - Breakover ######	1st Tier - Breakover 1,000	$ 2.8600	$ 1.0000	$ 0.9471
9	2nd Tier - Over ######	2nd Tier - Breakover 5,000	$ 2.8600	$ 2.6000	$ 1.9889
10		3rd Tier - Breakover 10,000	N/A	$ 2.8500	$ 2.1783
11		4th Tier - Breakover 18,000	N/A	$ 3.4000	$ 2.6044
12		5th Tier - Breakover 25,000	N/A	$ 4.0000	$ 3.3148
13		6th Tier - Over 25,000	N/A	$ 4.8400	$ 4.0535

	AVERAGE RESIDENTIAL BILL COMPARISONS COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL	VARIABLE MONTHLY USAGE	PERCENT AVERAGE USAGE OF 5817	PRESENT TOTAL MONTHLY COST	RUCO MONTHLY COST	RUCO MONTHLY INCREASE	% MONTHLY INCREASE
14		1,454	25.00%	$ 17.16	$ 36.66	$ 19.50	113.62%
15		2,909	50.00%	$ 21.32	$ 39.55	$ 18.23	85.51%
16		5,817	100.00%	$ 29.64	$ 45.49	$ 15.85	53.48%
17		8,726	150.00%	$ 37.95	$ 51.28	$ 13.32	35.11%
18		11,634	200.00%	$ 46.27	$ 54.33	$ 8.06	17.42%

	MEDIAN RESIDENTIAL BILL COMPARISONS COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL	VARIABLE MONTHLY USAGE	PERCENT AVERAGE USAGE OF 4500	PRESENT TOTAL MONTHLY COST	RUCO MONTHLY COST	RUCO MONTHLY INCREASE	% MONTHLY INCREASE
19		1,125	25.00%	$ 16.22	$ 36.00	$ 19.78	121.99%
20		2,250	50.00%	$ 19.44	$ 38.24	$ 18.80	96.75%
21		4,500	100.00%	$ 25.87	$ 42.62	$ 16.75	64.74%
22		6,750	150.00%	$ 32.31	$ 46.13	$ 13.83	42.81%
23		9,000	200.00%	$ 38.74	$ 51.99	$ 13.25	34.21%

Global Utilities
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Valenica Water Company, Greater Buckeye Division

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

SURREBUTTAL
REVENUE REQUIREMENT

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

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

SURREBUTTAL
REVENUE REQUIREMENT - CONT'D
GROSS REVENUE CONVERSION FACTOR

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

SURREBUTTAL
SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS

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

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

SURREBUTTAL
SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS

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

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

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

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

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

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

LINE NO.	ACCT. NO.	ACCOUNT NAME	(A) ADJUSTED PLANT ADDIT'NS	(B) PLANT RETIRM'TS	(C) DEP. EXP.	(D) TOTAL PLANT VALUE	(E) ACCUM. DEP.	(F) NET PLANT VALUE
1	301	Intangibles/Organization	$ -	$ -	$ -	$ 3,995	$ -	$ 3,995
2	302	Franchise Cost	-	-	-	1,154	-	1,154
3	303	Land and Land Rights	-	-	-	4,751	-	4,751
4	304	Structures and Improvements	2,514	-	(896)	19,184	(4,187)	14,997
5	306	Lake, River and Other Intakes	-	-	-	-	-	-
6	307	Wells and Springs	-	-	(3,943)	78,867	(49,871)	28,996
7	309	Supply Mains	-	-	-	-	-	-
8	310	Power Generation Equipment	-	-	-	-	-	-
9	311	Pumping Equipment	945	-	(5,966)	119,790	(32,148)	87,642
10	320	Water Treatment Equipment	-	-	(20)	400	(90)	310
11	330	Dist. Reservoirs & Standpipes	-	(750)	(5,318)	105,968	(27,744)	78,244
12	331	Trans. and Dist. Mains	1,638	-	(12,974)	260,300	(87,942)	172,358
13	333	Services	300	-	(142)	2,992	(2,090)	902
14	334	Meters and Meter Installations	-	(2,040)	(345)	5,880	(2,899)	2,981
15	335	Hydrants	-	-	-	-	(89)	(89)
16	336	Backflow Prevention Devices	-	-	-	-	-	-
17	339	Other Plant and Misc. Equip.	-	-	-	-	-	-
18	340	Office Furniture and Equipment	-	(1,701)	(43)	-	1,701	1,701
19	341	Transportation Equipment	-	-	-	-	-	-
20	343	Tools, Shop and Garage Equip.	-	-	-	-	-	-
21	344	Laboratory Equipment	-	-	-	-	-	-
22	345	Power Operated Equipment	-	-	-	-	-	-
23	346	Communication Equipment	-	-	-	-	-	-
24	347	Miscellaneous Equipment	-	-	-	-	-	-
25	348	Other Tangible Plant	-	(563)	(14)	-	577	577
26	TOTAL WASTEWATER PLANT		$ 5,397	$ (5,054)	$ (29,661)	$ 603,301	$ (204,782)	$ 398,519
27		Company As Filed	5,397	(5,054)	(29,676)	603,301	(181,042)	422,259
28		Difference	$ -	$ -	$ 15	$ -	$ (23,740)	$ (23,740)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SURREBUTTAL
RUCO MADE NO POST TEST YEAR PLANT ADJUSTMENTS

SURREBUTTAL
OPERATING INCOME

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

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

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

Valenica Water Company, Greater Buckeye Division
Schedule SURR RLM-7
Page 1 of 1

SUMMARY OF OPERATING INCOME ADJUSTMENTS
TEST YEAR AS FILED AND ADJUSTMENTS

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) ADJ # 1 PROPERTY TAX	(C) ADJ # 2 CAGRD	(D) ADJ # 3 LEFT BLANK	(E) SURR ADJ # 4 REVENUE ANNUALIZ'N	(F) SURR ADJ # 5 MAG'MENT FEES	(G) SURR ADJ # 6 BAD DEBT EXPENSE	(H) SURR ADJ # 7 DEPRECIATION EXPENSE	(I) ADJ # 8 INCOME TAX	(J) RUCO AS ADJT'D
	Revenues:										
1	Metered Water Sales	$ 322,780	$ -	$ -	$ -	$ 43,655	$ -	$ -	$ -	$ -	$ 366,435
2	Other Operating Revenue	-	-	-	-	-	-	-	-	-	-
3	Water Sales - Unmetered	14,039	-	-	-	-	-	-	-	-	14,039
4	TOTAL OPR'G REV.	$ 336,819	$ -	$ -	$ -	$ 43,655	$ -	$ -	$ -	$ -	$ 380,474
	Operating Expenses:										
5	Salary and Wages - Employees	$ 76,217	$ -	$ -	$ -	$ -	$ (7,016)	$ -	$ -	$ -	$ 69,201
6	Employee Pensions and Benefits	16,164	-	-	-	-	-	-	-	-	16,164
7	Purchased Water	52,085	-	-	-	-	-	-	-	-	52,085
8	Purchased Power	22,565	-	-	-	4,429	-	-	-	-	26,994
9	Fuel for Power Production	-	-	-	-	-	-	-	-	-	-
10	Chemicals	10,761	-	-	-	2,282	-	-	-	-	13,043
11	Materials and Supplies	4,236	-	-	-	-	-	-	-	-	4,236
12	Materials and Supplies	16,551	-	-	-	-	-	-	-	-	16,551
13	Contractual Services - Testing	-	-	-	-	-	-	-	-	-	-
14	Contractual Services - Other	3,774	-	-	-	-	-	-	-	-	3,774
15	Rental of Building/Real Property	593	-	-	-	-	-	-	-	-	593
16	Rental of Equipment	3,686	-	-	-	-	-	-	-	-	3,686
17	Transportation Expenses	56	-	-	-	-	-	-	-	-	56
18	Insurance - General Liability	9,876	-	-	-	-	-	-	-	-	9,876
19	Insurance - Other	2,073	-	-	-	-	-	-	-	-	2,073
20	Advertising Expense	-	-	-	-	-	-	-	-	-	-
21	Rate Case Expense	1,355	-	-	-	-	-	-	-	-	1,355
22	Bad Debt Expense	3,368	-	-	-	-	-	752	-	-	4,120
23	Miscellaneous Expenses	6,644	-	-	-	-	-	-	-	-	6,644
24	Depreciation Expense	113,580	-	-	-	-	-	-	-	-	113,580
25	Taxes Other Than Income	3,340	-	-	-	-	-	-	-	-	3,340
26	Property Taxes	-	4,043	-	-	-	-	-	-	-	4,043
27	Other Taxes and Licenses	-	-	-	-	-	-	-	-	-	-
28	Income Taxes	(5,703)	-	-	-	-	-	-	-	7,319	1,616
29	TOTAL OPR'G EXP.	$ 341,223	$ 4,043	$ -	$ -	$ 6,711	$ (7,016)	$ 752	$ -	$ 7,319	$ 353,031
30	OPR'G INC. (LOSS)	$ (4,404)									$ 27,443

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

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

Valenica Water Company, Greater Buckeye Division
Schedule SURR RLM-8

EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 1
PROPERTY TAX COMPUTATION

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

EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 3
INCOME TAX EXPENSE

LINE NO.	DESCRIPTION	(A) REFERENCE	(B) AMOUNT
	FEDERAL INCOME TAXES:		
1	Operating Income Before Taxes	Sch. RLM-6, Column (C), L26 + L24	$ 29,059
	LESS:		
2	Arizona State Tax	Line 11	(501)
3	Interest Expense	Note (A) Line 20	(21,871)
4	Federal Taxable Income	Line 1 - Line 2 - Line 3	$ 6,687
5	Federal Tax Rate	Sch. RLM-1, Pg 2, Col. (D), L34	16.68%
6	Federal Income Tax Expense	Line 4 X line 5	$ 1,115
	STATE INCOME TAXES:		
7	Operating Income Before Taxes	Line 1	$ 29,059
	LESS:		
8	Interest Expense	Note (A) Line 20	(21,871)
9	State Taxable Income	Line 7 - Line 8	$ 7,188
10	State Tax Rate	Tax Rate	6.97%
11	State Income Tax Expense	Line 9 X Line 10	$ 501
	TOTAL INCOME TAX EXPENSE:		
12	Federal Income Tax Expense	Line 6	$ 1,115
13	State Income Tax Expense	Line 11	501
14	Total Income Tax Expense Per RUCO	Line12 + Line 13	$ 1,616
15	Total Income Tax Expense Per Company (Per Company Sch. C-1)		(5,703)
16	Total Income Tax Adjustment	Line 14 - Line 15	$ 7,319
17	RUCO Adjustment (See Sch. RLM-7, Column (I), L28)	Line16	$ 7,319

NOTE (A):
Interest Synchronization:

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

SURREBUTTAL
COST OF CAPITAL

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

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

SURREBUTTAL

RATE DESIGN AND PROOF OF RECOMMENDED REVENUE

PROPOSED REVENUE

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

SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

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

SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

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

SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

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

SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

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

SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
	CONSTRUCTION CUSTOMERS				
194	2" Meter	-	$ 261.49	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
195	First Tier -Breakover @ 1,000 Gals.	-	$ 0.8775	$ -	
196	Second Tier - Breakover @ 5,000 Gals.	-	$ 2.2815	$ -	
197	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.5008	$ -	
198	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.9835	$ -	
199	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.5100	$ -	
200	Sixth Tier - Over 25,000 Gals.	-	$ 4.2470	$ -	
201	Total Commodity Usage And Revenue	-			$ -
202	3" Meter	-	$ 522.98	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
203	First Tier -Breakover @ 1,000 Gals.	-	$ 0.8775	$ -	
204	Second Tier - Breakover @ 5,000 Gals.	-	$ 2.2815	$ -	
205	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.5008	$ -	
206	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.9835	$ -	
207	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.5100	$ -	
208	Sixth Tier - Over 25,000 Gals.	-	$ 4.2470	$ -	
209	Total Commodity Usage And Revenue	-			$ -
210	4" Meter	-	$ 817.16	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
211	First Tier -Breakover @ 1,000 Gals.	-	$ 0.8775	$ -	
212	Second Tier - Breakover @ 5,000 Gals.	-	$ 2.2815	$ -	
213	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.5008	$ -	
214	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.9835	$ -	
215	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.5100	$ -	
216	Sixth Tier - Over 25,000 Gals.	-	$ 4.2470	$ -	
217	Total Commodity Usage And Revenue	-			$ -
210	6" Meter	-	$ 3,268.65	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
211	First Tier -Breakover @ 1,000 Gals.	-	$ 0.8775	$ -	
212	Second Tier - Breakover @ 5,000 Gals.	-	$ 2.2815	$ -	
213	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.5008	$ -	
214	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.9835	$ -	
215	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.5100	$ -	
216	Sixth Tier - Over 25,000 Gals.	-	$ 4.2470	$ -	
217	Total Commodity Usage And Revenue	-			$ -
68	Total Construction Customer Bills	-			
69	Total Construction Usage	-			
70	TOTAL CONSTRUCTION CUSTOMERS REVENUE				$ -

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

Valenica Water Company, Greater Buckeye Division
Schedule SURR RLM-RD1
Pages 1 Thru 7

SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

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

TYPICAL RESIDENTIAL BILL ANALYSIS

LINE NO.	DESCRIPTION	(A) PRESENT	(B)	(C) COMPANY PROPOSED	(D)	(E) RUCO PROPOSED	(F)
	REVENUE ALLOCATION						
1	RESIDENTIAL	$ 322,137	99.62%	$ 485,207	99.56%	$ 425,764	99.56%
2	OTHER	1,224	0.38%	2,155	0.44%	1,891	0.44%
3	TOTAL	$ 323,361	100.00%	$ 487,362	100.00%	$ 427,655	100.00%
	ALLOCATION RATIOS						
4	FIX REVENUE	$ 132,280	40.91%	$ 301,837	61.93%	$ 264,858	61.93%
5	VARIABLE REVENUE	191,081	59.09%	185,526	38.07%	162,797	38.07%
6	TOTAL	323,361	100.00%	$ 487,362	100.00%	$ 427,655	100.00%

	RESIDENTIAL (5/8" X 3/4") RATE DESIGN	PRESENT	COMPANY PROPOSED	RUCO PROPOSED
7	BASIC MONTHLY CHARGE	$ 16.00	$ 37.25	$ 32.69

	COMMODITY CHARGE PRESENT		PROPOSED				
8	1st Tier - Breakover	12,000	1st Tier - Breakover	1,000	$ 2.7500	$ 1.0000	$ 0.8775
9	2nd Tier - Over	12,000	2nd Tier - Breakover	5,000	$ 3.7500	$ 2.6000	$ 2.2815
10			3rd Tier - Breakover	10,000	N/A	$ 2.8500	$ 2.5008
11			4th Tier - Breakover	18,000	N/A	$ 3.4000	$ 2.9835
12			5th Tier - Breakover	25,000	N/A	$ 4.0000	$ 3.5100
13			6th Tier - Over	25,000	N/A	$ 4.8400	$ 4.2470

	AVERAGE RESIDENTIAL BILL COMPARISONS COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL	VARIABLE MONTHLY USAGE	PERCENT AVERAGE USAGE OF 9068	PRESENT TOTAL MONTHLY COST	RUCO MONTHLY COST	RUCO MONTHLY INCREASE	% MONTHLY INCREASE
14		2,267	25.00%	$ 22.23	$ 36.45	$ 14.22	63.96%
15		4,534	50.00%	$ 28.47	$ 41.63	$ 13.16	46.22%
16		9,068	100.00%	$ 40.94	$ 52.86	$ 11.93	29.13%
17		13,602	150.00%	$ 56.01	$ 65.94	$ 10.93	19.88%
18		18,136	200.00%	$ 72.01	$ 79.54	$ 7.53	10.46%

	MEDIAN RESIDENTIAL BILL COMPARISONS COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL	VARIABLE MONTHLY USAGE	PERCENT AVERAGE USAGE OF 7000	PRESENT TOTAL MONTHLY COST	RUCO MONTHLY COST	RUCO MONTHLY INCREASE	% MONTHLY INCREASE
19		1,750	25.00%	$ 20.81	$ 35.28	$ 14.46	69.49%
20		3,500	50.00%	$ 25.63	$ 39.27	$ 13.64	53.24%
21		7,000	100.00%	$ 35.25	$ 47.69	$ 12.44	35.30%
22		10,500	150.00%	$ 44.88	$ 56.69	$ 11.81	26.32%
23		14,000	200.00%	$ 56.50	$ 67.13	$ 10.63	18.81%

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

Water Utility of Greater Tonopah, Inc.

SURREBUTTAL
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SURREBUTTAL
REVENUE REQUIREMENT

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

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

SURREBUTTAL
REVENUE REQUIREMENT - CONT'D
GROSS REVENUE CONVERSION FACTOR

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

SURREBUTTAL
SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS

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

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

SURREBUTTAL
SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SURREBUTTAL
RUCO MADE NO POST TEST YEAR PLANT ADJUSTMENTS

SURREBUTTAL
OPERATING INCOME

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

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

SUMMARY OF OPERATING INCOME ADJUSTMENTS
TEST YEAR AS FILED AND ADJUSTMENTS

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

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

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

Water Utility of Greater Tonopah, Inc.
Schedule SURR RLM-8

EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 1
PROPERTY TAX COMPUTATION

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

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

Water Utility of Greater Tonopah, Inc.
Schedule SURR RLM-9
Page 1 of 1

EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 3
INCOME TAX EXPENSE

LINE NO.	DESCRIPTION	(A) REFERENCE	(B) AMOUNT
	FEDERAL INCOME TAXES:		
1	Operating Income Before Taxes	Sch. RLM-6, Column (C), L26 + L24	$ 52,969
	LESS:		
2	Arizona State Tax	Line 11	(14,171)
3	Interest Expense	Note (A) Line 20	150,407
4	Federal Taxable Income	Line 1 - Line 2 - Line 3	$ 189,205
5	Federal Tax Rate	Sch. RLM-1, Pg 2, Col. (D), L34	32.65%
6	Federal Income Tax Expense	Line 4 X line 5	$ 61,777
	STATE INCOME TAXES:		
7	Operating Income Before Taxes	Line 1	$ 52,969
	LESS:		
8	Interest Expense	Note (A) Line 20	150,407
9	State Taxable Income	Line 7 - Line 8	$ 203,376
10	State Tax Rate	Tax Rate	6.97%
11	State Income Tax Expense	Line 9 X Line 10	$ 14,171
	TOTAL INCOME TAX EXPENSE:		
12	Federal Income Tax Expense	Line 6	$ 61,777
13	State Income Tax Expense	Line 11	14,171
14	Total Income Tax Expense Per RUCO	Line12 + Line 13	$ 75,948
15	Total Income Tax Expense Per Company (Per Company Sch. C-1)		(97,968)
16	Total Income Tax Adjustment	Line 14 - Line 15	$ 173,916
17	RUCO Adjustment (See Sch. RLM-7, Column (I), L28)	Line16	$ 173,916

NOTE (A):
Interest Synchronization:

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

SURREBUTTAL
COST OF CAPITAL

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

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

SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

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

SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

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

SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

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

SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

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

SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

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

SURREBUTTAL

RATE DESIGN AND PROOF OF RECOMMENDED REVENUE

PROPOSED REVENUE

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

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Water Utility of Greater Tonopah, Inc.
Schedule SURR RLM-RD1
Pages 1 Thru 7

SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

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

SURREBUTTAL

TYPICAL RESIDENTIAL BILL ANALYSIS

LINE NO.	DESCRIPTION	(A) PRESENT		(B)	(C) COMPANY PROPOSED		(D)	(E) RUCO PROPOSED		(F)
	REVENUE ALLOCATION									
1	RESIDENTIAL	$	189,834	75.92%	$	636,856	67.92%	$	220,366	67.92%
2	OTHER		60,226	24.08%		300,846	32.08%		104,099	32.08%
3	TOTAL	$	250,061	100.00%	$	937,702	100.00%	$	324,466	100.00%
	ALLOCATION RATIOS									
4	FIX REVENUE	$	173,588	69.42%	$	379,013	40.42%	$	131,147	40.42%
5	VARIABLE REVENUE		76,473	30.58%		558,690	59.58%		193,319	59.58%
6	TOTAL	$	250,061	100.00%	$	937,702	100.00%	$	324,466	100.00%

	RESIDENTIAL (5/8" X 3/4") RATE DESIGN			PRESENT		COMPANY PROPOSED		RUCO PROPOSED	
7	BASIC MONTHLY CHARGE			$ 17.50		$ 75.00		$ 25.95	
	COMMODITY CHARGE								
	PRESENT		PROPOSED						
8	1st Tier - Breakover	12,000	1st Tier - Breakover	1,000	$ 4.1000	$ 1.0000		$ 0.3460	
9	2nd Tier - Over	12,000	2nd Tier - Breakover	5,000	$ 5.2500	$ 5.0100		$ 1.7336	
10			3rd Tier - Breakover	10,000	N/A	$ 16.3200		$ 5.6471	
11			4th Tier - Breakover	18,000	N/A	$ 19.5800		$ 6.7751	
12			5th Tier - Breakover	25,000	N/A	$ 23.5000		$ 8.1315	
13			6th Tier - Over	25,000	N/A	$ 29.9400		$ 10.3599	

	AVERAGE RESIDENTIAL BILL COMPARISONS COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL	VARIABLE MONTHLY USAGE	PERCENT AVERAGE USAGE OF 7348	PRESENT TOTAL MONTHLY COST	RUCO MONTHLY COST	RUCO MONTHLY INCREASE	% MONTHLY INCREASE
14		1,837	25.00%	$ 25.03	$ 27.75	$ 2.72	10.86%
15		3,673	50.00%	$ 32.56	$ 30.93	$ (1.63)	-5.00%
16		7,346	100.00%	$ 47.62	$ 46.48	$ (1.14)	-2.39%
17		11,019	150.00%	$ 61.55	$ 68.37	$ 6.82	11.08%
18		14,692	200.00%	$ 80.83	$ 88.77	$ 7.94	9.82%

	MEDIAN RESIDENTIAL BILL COMPARISONS COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL	VARIABLE MONTHLY USAGE	PERCENT AVERAGE USAGE OF 5000	PRESENT TOTAL MONTHLY COST	RUCO MONTHLY COST	RUCO MONTHLY INCREASE	% MONTHLY INCREASE
19		1,250	25.00%	$ 22.63	$ 26.73	$ 4.11	18.15%
20		2,500	50.00%	$ 27.75	$ 28.90	$ 1.15	4.14%
21		5,000	100.00%	$ 38.00	$ 33.23	$ (4.77)	-12.55%
22		7,500	150.00%	$ 48.25	$ 44.53	$ (3.72)	-7.71%
23		10,000	200.00%	$ 56.20	$ 61.47	$ 5.27	9.37%

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Willow Valley Water Company, Inc.

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

SURREBUTTAL
REVENUE REQUIREMENT

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

References:

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

SURREBUTTAL
REVENUE REQUIREMENT - CONT'D
GROSS REVENUE CONVERSION FACTOR

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

SURREBUTTAL
SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS

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

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

SURREBUTTAL
SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SURREBUTTAL
RUCO MADE NO POST TEST YEAR PLANT ADJUSTMENTS

SURREBUTTAL
OPERATING INCOME

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

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

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

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) ADJ # 1 PROPERTY TAX	(C) ADJ # 2 CAGRD	(D) ADJ # 3 LEFT BLANK	(E) SURR ADJ # 4 LEFT BLANK	(F) SURR ADJ # 5 MAG'MENT FEES	(G) SURR ADJ # 6 BAD DEBT EXPENSE	(H) SURR ADJ # 7 DEPRECIATION EXPENSE	(I) ADJ # 8 INCOME TAX	(J) RUCO AS ADJT'D
	Revenues:										
1	Metered Water Sales	$ 453,784	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 453,784
2	Other Operating Revenue	-	-	-	-	-	-	-	-	-	-
3	Water Sales - Unmetered	19,743	-	-	-	-	-	-	-	-	19,743
4	TOTAL OPR'G REV.	$ 473,527	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 473,527
	Operating Expenses:										
5	Salary and Wages - Employees	$ 226,369	$ -	$ -	$ -	$ -	$ (21,372)	$ -	$ -	$ -	$ 204,997
6	Employee Pensions and Benefits	50,965	-	-	-	-	-	-	-	-	50,965
7	Purchased Water	-	-	-	-	-	-	-	-	-	-
8	Purchased Power	33,567	-	-	-	-	-	-	-	-	33,567
9	Fuel for Power Production	-	-	-	-	-	-	-	-	-	-
10	Chemicals	18,049	-	-	-	-	-	-	-	-	18,049
11	Materials and Supplies	18,697	-	-	-	-	-	-	-	-	18,697
12	Materials and Supplies	41,492	-	-	-	-	-	-	-	-	41,492
13	Contractual Services - Testing	5,401	-	-	-	-	-	-	-	-	5,401
14	Contractual Services - Other	12,787	-	-	-	-	-	-	-	-	12,787
15	Rental of Building/Real Property	9,185	-	-	-	-	-	-	-	-	9,185
16	Rental of Equipment	-	-	-	-	-	-	-	-	-	-
17	Transportation Expenses	13,076	-	-	-	-	-	-	-	-	13,076
18	Insurance - General Liability	5,119	-	-	-	-	-	-	-	-	5,119
19	Insurance - Other	1,072	-	-	-	-	-	-	-	-	1,072
20	Advertising Expense	-	-	-	-	-	-	-	-	-	-
21	Rate Case Expense	5,333	-	-	-	-	-	-	-	-	5,333
22	Bad Debt Expense	4,735	-	-	-	-	-	(885)	-	-	3,850
23	Miscellaneous Expenses	10,257	-	-	-	-	-	-	-	-	10,257
24	Depreciation Expense	185,697	-	-	-	-	-	-	-	-	185,697
25	Taxes Other Than Income	140	-	-	-	-	-	-	-	-	140
26	Property Taxes	-	5,518	-	-	-	-	-	-	-	5,518
27	Other Taxes and Licenses	-	-	-	-	-	-	-	-	-	-
28	Income Taxes	(72,955)	-	-	-	-	-	-	-	2,366	(70,589)
29	TOTAL OPR'G EXP.	$ 568,985	$ 5,518	$ -	$ -	$ -	$ (21,372)	$ (885)	$ -	$ 2,366	$ 554,612
30	OPR'G INC. (LOSS)	$ (95,458)									$ (81,085)

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

SURREBUTTAL

EXPLANATION OF OPERATING INCOME ADJUSTMENT NO. 1

PROPERTY TAX COMPUTATION

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

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

LINE NO.	DESCRIPTION	(A) REFERENCE	(B) AMOUNT
	FEDERAL INCOME TAXES:		
1	Operating Income Before Taxes	Sch. RLM-6, Column (C), L26 + L24	$ (151,675)
	LESS:		
2	Arizona State Tax	Line 11	14,325
3	Interest Expense	Note (A) Line 20	(53,912)
4	Federal Taxable Income	Line 1 - Line 2 - Line 3	$ (191,261)
5	Federal Tax Rate	Sch. RLM-1, Pg 2, Col. (D), L34	29.42%
6	Federal Income Tax Expense	Line 4 X line 5	$ (56,264)
	STATE INCOME TAXES:		
7	Operating Income Before Taxes	Line 1	$ (151,675)
	LESS:		
8	Interest Expense	Note (A) Line 20	(53,912)
9	State Taxable Income	Line 7 - Line 8	$ (205,587)
10	State Tax Rate	Tax Rate	6.97%
11	State Income Tax Expense	Line 9 X Line 10	$ (14,325)
	TOTAL INCOME TAX EXPENSE:		
12	Federal Income Tax Expense	Line 6	$ (56,264)
13	State Income Tax Expense	Line 11	(14,325)
14	Total Income Tax Expense Per RUCO	Line12 + Line 13	$ (70,589)
15	Total Income Tax Expense Per Company (Per Company Sch. C-1)		(72,955)
16	Total Income Tax Adjustment	Line 14 - Line 15	$ 2,366
17	RUCO Adjustment (See Sch. RLM-7, Column (I), L28)	Line16	$ 2,366

NOTE (A):
Interest Synchronization:

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

SURREBUTTAL
COST OF CAPITAL

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

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

SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
	RESIDENTIAL CUSTOMERS				
1	5/8" X 3/4" Meter	17,976	$ 27.02	$ 485,790	$ 485,790
	Commodity Usage (In Thousands Of Gallons)				
2	First Tier -Breakover @ 1,000 Gals.	12,859	$ 0.8676	$ 11,156	
3	Second Tier - Breakover @ 5,000 Gals.	32,841	$ 2.2556	$ 74,079	
4	Third Tier - Breakover @ 10,000 Gals.	19,495	$ 2.4725	$ 48,202	
5	Fourth Tier - Breakover @ 18,000 Gals.	13,555	$ 3.0364	$ 41,159	
6	Fifth Tier - Breakover @ 25,000 Gals.	5,193	$ 3.9040	$ 20,275	
7	Sixth Tier - Over 25,000 Gals.	8,566	$ 4.7282	$ 40,501	
8	Total Commodity Usage And Revenue	92,510			$ 235,372
9	3/4" Meter	126	$ 27.02	$ 3,405	$ 3,405
	Commodity Usage (In Thousands Of Gallons)				
10	First Tier -Breakover @ 1,000 Gals.	86	$ 0.8676	$ 75	
11	Second Tier - Breakover @ 5,000 Gals.	210	$ 2.2556	$ 474	
12	Third Tier - Breakover @ 10,000 Gals.	132	$ 2.4725	$ 326	
13	Fourth Tier - Breakover @ 18,000 Gals.	69	$ 3.0364	$ 210	
14	Fifth Tier - Breakover @ 25,000 Gals.	27	$ 3.9040	$ 105	
15	Sixth Tier - Over 25,000 Gals.	20	$ 4.7282	$ 95	
16	Total Commodity Usage And Revenue	544			$ 1,284
17	1" Meter	98	$ 67.56	$ 6,486	$ 6,486
	Commodity Usage (In Thousands Of Gallons)				
18	First Tier -Breakover @ 1,000 Gals.	78	$ 0.8676	$ 68	
19	Second Tier - Breakover @ 5,000 Gals.	231	$ 2.2556	$ 521	
20	Third Tier - Breakover @ 10,000 Gals.	148	$ 2.4725	$ 366	
21	Fourth Tier - Breakover @ 18,000 Gals.	180	$ 3.0364	$ 547	
22	Fifth Tier - Breakover @ 25,000 Gals.	117	$ 3.9040	$ 457	
23	Sixth Tier - Over 25,000 Gals.	148	$ 4.7282	$ 700	
24	Total Commodity Usage And Revenue	902			$ 2,658
25	1.5" Meter	-	$ 135.12	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
26	First Tier -Breakover @ 1,000 Gals.	-	$ 0.8676	$ -	
27	Second Tier - Breakover @ 5,000 Gals.	-	$ 2.2556	$ -	
28	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.4725	$ -	
29	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 3.0364	$ -	
30	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.9040	$ -	
31	Sixth Tier - Over 25,000 Gals.	-	$ 4.7282	$ -	
32	Total Commodity Usage And Revenue	-			$ -
33	2" Meter	-	$ 216.19	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
34	First Tier -Breakover @ 1,000 Gals.	-	$ 0.8676	$ -	
35	Second Tier - Breakover @ 5,000 Gals.	-	$ 2.2556	$ -	
36	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.4725	$ -	
37	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 3.0364	$ -	
38	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.9040	$ -	
39	Sixth Tier - Over 25,000 Gals.	-	$ 4.7282	$ -	
40	Total Commodity Usage And Revenue	-			$ -
41	Total Residential Customer Bills	18,198		$ 495,681	
42	Total Residential Usage	93,956		$ 135,266	
43	TOTAL RESIDENTIAL CUSTOMERS REVENUE				$ 734,995

Global Utilities
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Test Year Ended December 31, 2008

Willow Valley Water Company, Inc.
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SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

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

SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

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

SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

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

SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

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

SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

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

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

Willow Valley Water Company, Inc.
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SURREBUTTAL
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

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

SURREBUTTAL

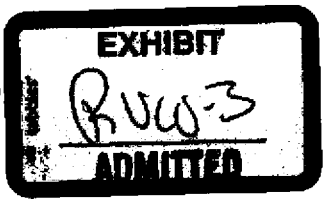
TYPICAL RESIDENTIAL BILL ANALYSIS

LINE NO.	DESCRIPTION	(A) PRESENT	(B)	(C) COMPANY PROPOSED	(D)	(E) RUCO PROPOSED	(F)
	REVENUE ALLOCATION						
1	RESIDENTIAL	$ 422,409	92.92%	$ 847,202	87.35%	$ 734,995	87.35%
2	OTHER	32,203	7.08%	122,725	12.65%	106,471	12.65%
3	TOTAL	$ 454,612	100.00%	$ 969,927	100.00%	$ 841,466	100.00%
	ALLOCATION RATIOS						
4	FIX REVENUE	$ 333,273	73.31%	$ 663,495	68.41%	$ 575,619	68.41%
5	VARIABLE REVENUE	121,339	26.69%	306,432	31.59%	265,847	31.59%
6	TOTAL	$ 454,612	100.00%	$ 969,927	100.00%	$ 841,466	100.00%

	RESIDENTIAL (5/8" X 3/4") RATE DESIGN				PRESENT	COMPANY PROPOSED	RUCO PROPOSED
7	BASIC MONTHLY CHARGE				$ 16.25	$ 31.15	$ 27.02
	COMMODITY CHARGE						
	PRESENT		PROPOSED				
8	1st Tier - Breakover	8,000	1st Tier - Breakover	1,000	$ 1.1000	$ 1.0000	$ 0.8676
9	2nd Tier - Over	8,000	2nd Tier - Breakover	5,000	$ 1.7000	$ 2.6000	$ 2.2556
10			3rd Tier - Breakover	10,000	N/A	$ 2.8500	$ 2.4725
11			4th Tier - Breakover	18,000	N/A	$ 3.5000	$ 3.0364
12			5th Tier - Breakover	25,000	N/A	$ 4.5000	$ 3.9040
13			6th Tier - Over	25,000	N/A	$ 5.4500	$ 4.7282

	AVERAGE RESIDENTIAL BILL COMPARISONS COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL	VARIABLE MONTHLY USAGE	PERCENT AVERAGE USAGE OF 5142	PRESENT TOTAL MONTHLY COST	RUCO MONTHLY COST	RUCO MONTHLY INCREASE	% MONTHLY INCREASE
14		1,286	25.00%	$ 17.66	$ 28.54	$ 10.87	61.55%
15		2,571	50.00%	$ 19.08	$ 31.44	$ 12.36	64.77%
16		5,142	100.00%	$ 21.91	$ 37.27	$ 15.36	70.11%
17		7,713	150.00%	$ 24.56	$ 42.33	$ 17.77	72.35%
18		10,284	200.00%	$ 28.93	$ 43.45	$ 14.51	50.16%

	MEDIAN RESIDENTIAL BILL COMPARISONS COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL	VARIABLE MONTHLY USAGE	PERCENT AVERAGE USAGE OF 2000	PRESENT TOTAL MONTHLY COST	RUCO MONTHLY COST	RUCO MONTHLY INCREASE	% MONTHLY INCREASE
19		500	25.00%	$ 16.80	$ 26.76	$ 9.96	59.31%
20		1,000	50.00%	$ 17.35	$ 27.89	$ 10.54	60.76%
21		2,000	100.00%	$ 18.45	$ 29.50	$ 11.05	59.87%
22		3,000	150.00%	$ 19.55	$ 28.02	$ 8.47	43.34%
23		4,000	200.00%	$ 18.25	$ 31.06	$ 12.81	70.18%



BEFORE THE ARIZONA CORPORATION COMMISSIO

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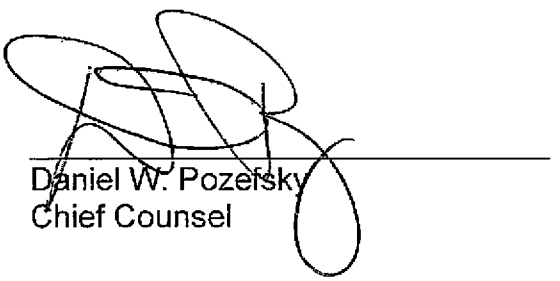
IN THE MATTER OF THE APPLICATION OF GLOBAL WATER – PALO VERDE UTILITIES COMPANY FOR THE ESTABLISHMENT OF JUST AND REASONABLE RATES AND CHARGES FOR UTILITY SERVICE DESIGNED TO REALIZE A REASONABLE RATE OF RETURN ON THE FAIR VALUE OF ITS PROPERY THROUGHOUT THE STATE OF ARIZONA.	Docket No. SW-20445A-09-0077
IN THE MATTER OF THE APPLICATION OF VALENCIA WATER COMPANY – GREATER BUCKEYE DIVISION FOR THE ESTABLISHMENT OF JUST AND REASONABLE RATES AND CHARGES FOR UTILITY SERVICE DESIGNED TO REALIZE A REASONABLE RATE OF RETURN ON THE FAIR VALUE OF ITS PROPERY THROUGHOUT THE STATE OF ARIZONA.	Docket No. W-02451A-09-0078
IN THE MATTER OF THE APPLICATION OF WILLOW VALLEY WATER COMPANY FOR THE ESTABLISHMENT OF JUST AND REASONABLE RATES AND CHARGES FOR UTILITY SERVICE DESIGNED TO REALIZE A REASONABLE RATE OF RETURN ON THE FAIR VALUE OF ITS PROPERY THROUGHOUT THE STATE OF ARIZONA.	Docket No. W-01732A-09-0079
IN THE MATTER OF THE APPLICATION OF GLOBAL WATER – SANTA CRUZ WATER COMPANY FOR THE ESTABLISHMENT OF JUST AND REASONABLE RATES AND CHARGES FOR UTILITY SERVICE DESIGNED TO REALIZE A REASONABLE RATE OF RETURN ON THE FAIR VALUE OF ITS PROPERY THROUGHOUT THE STATE OF ARIZONA.	Docket No. W-20446A-09-0080

IN THE MATTER OF THE APPLICATION OF WATER UTILITY OF GREATER TONOPAH FOR THE ESTABLISHMENT OF JUST AND REASONABLE RATES AND CHARGES FOR UTILITY SERVICE DESIGNED TO REALIZE A REASONABLE RATE OF RETURN ON THE FAIR VALUE OF ITS PROPERY THROUGHOUT THE STATE OF ARIZONA.	Docket No. W-02450A-09-0081
IN THE MATTER OF THE APPLICATION OF VALENCIA WATER COMPANY – TOWN DIVISION FOR THE ESTABLISHMENT OF JUST AND REASONABLE RATES AND CHARGES FOR UTILITY SERVICE DESIGNED TO REALIZE A REASONABLE RATE OF RETURN ON THE FAIR VALUE OF ITS PROPERY THROUGHOUT THE STATE OF ARIZONA.	Docket No. W-01212A-09-0082

NOTICE OF ERRATA

The Residential Utility Consumer Office ("RUCO") hereby files this Notice of Errata in the above-referenced matter. Attached are the revised pages and schedules of the Direct Testimony of William A. Rigsby and Rodney L. Moore, which was filed October 26, 2009.

RESPECTFULLY SUBMITTED this 27th day of October, 2009.



Daniel W. Pozefsky
Chief Counsel

AN ORIGINAL AND TWENTY-THREE COPIES
of the foregoing filed this 27th day
of October, 2009 with:

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

COPIES of the foregoing hand delivered/
mailed this 27th day of October, 2009 to:

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By Ernestine Gamble
Ernestine Gamble
Secretary to Daniel Pozefsky

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REVISED PAGES 5,6, 7, 52 & 53

REVISED SCHEDULES WAR-1, Pages 1 & 2

Cost of Equity Capital – I am recommending an 8.01 percent cost of equity capital. This 8.01 percent figure is based on the results that I obtained in my cost of equity analysis, which employed both the DCF and CAPM methodologies. My 8.01 percent cost of equity capital is 199 basis points lower than the 10.00 percent cost of equity capital being proposed by the Company.

Capital Structure – I am recommending that the Commission adopt a composite capital structure which is comprised of the various projected levels of debt and equity for the six operating systems that make up Global Utilities. My recommended composite capital structure is comprised of 37.89 percent long-term debt and 62.11 percent common equity.

Cost of Debt – I am recommending that the Commission adopt a cost of debt of 6.45 percent, which is the weighted average cost of debt of the six operating systems that make up Global Utilities.

Weighted Average Cost of Capital – Based on the results of my recommended capital structure, I am recommending a 7.42 percent cost of capital for Global Utilities, which is the weighted cost of my recommended costs of long-term debt and common equity.

Q. Why do you believe that your recommended 7.42 percent weighted average cost of capital is an appropriate rate of return for Global Utilities to earn on its invested capital?

A. The 7.42 percent weighted average cost of capital figure that I am recommending meets the criteria established in the landmark Supreme Court cases of Bluefield Water Works & Improvement Co. v. Public Service Commission of West Virginia (262 U.S. 679, 1923) and Federal Power Commission v. Hope Natural Gas Company (320 U.S. 391, 1944). Simply stated, these two cases affirmed that a public utility that is efficiently and economically managed is entitled to a return on investment that instills confidence in its financial soundness, allows the utility to attract capital, and also allows the utility to perform its duty to provide service to ratepayers. The rate of return adopted for the utility should also be comparable to a return that investors would expect to receive from investments with similar risk.

The Hope decision allows for the rate of return to cover both the operating expenses and the "capital costs of the business" which includes interest on debt and dividend payment to shareholders. This is predicated on the belief that, in the long run, a company that cannot meet its debt obligations and provide its shareholders with an adequate rate of return will not continue to supply adequate public utility service to ratepayers.

Q. Do the Bluefield and Hope decisions indicate that a rate of return sufficient to cover all operating and capital costs is guaranteed?

A. No. Neither case *guarantees* a rate of return on utility investment. What the Bluefield and Hope decisions *do allow*, is for a utility to be provided with the *opportunity* to earn a reasonable rate of return on its investment. That is to say that a utility, such as Global Utilities, is provided with the opportunity to earn an appropriate rate of return if the Company's management exercises good judgment and manages its assets and resources in a manner that is both prudent and economically efficient.

COST OF EQUITY CAPITAL

Q. What is your final recommended cost of equity capital for Global Utilities?

A. I am recommending a cost of equity of 8.01 percent. My recommended 8.01 percent cost of equity figure is the mean average of the results of my DCF and CAPM analyses, which utilized both a sample of publicly traded water providers and a sample of publicly traded natural gas local distribution companies ("LDC"). This calculation is exhibited on page 3 of my Schedule WAR-1.

...

Decision No. 70662, dated December 23, 2008, the Commission stated the following:

> We agree with RUCO's hypothetical structure of 40 percent debt and 60 percent equity. A capital structure comprised of 100 percent equity would be viewed as having little to no financial risk. The proposed capital structure adopted by the Commission will bring the Company's capital structure and weighted cost of capital in line with the industry average and it will result in lower rates for the customers of the system. We therefore adopt a hypothetical capital structure of 40 percent debt and 60 percent equity.

Q. What costs of long-term debt is Global Utilities proposing?

A. Global Utilities is proposing the following cost of long-term debt for each of the six operating systems:

	Cost of L-T Debt
Palo Verde Utilities Company	6.34%
Santa Cruz Water Company	6.57%
Valencia Water Company, Town Division	6.73%
Valencia Water Company, Greater Buckeye Division	6.38%
Water Utility of Greater Tonopah, Inc.	6.30%
Willow Valley Water Company, Inc.	5.48%

Q. How did you arrive at your recommended cost of long-term debt?

A. As can be seen on Page 2 of Schedule WAR-1, I calculated a weighted average of the Company-proposed costs exhibited above using the projected dollar amounts of long-term debt for each of the six operating systems. This resulted in my recommended 6.45 percent cost of long-term debt.

Q. What is the weighted average cost of capital ("WACC") produced by your recommended composite capital structure, cost of long-term debt and cost of common equity?

A. The WACC produced by my recommended composite capital structure, cost of long-term debt and cost of common equity is 7.42 percent.

Q. How does this compare with what the Company is recommending on an individual operating system basis?

A. The weighted average costs of equity being proposed by the Company are as follows:

	WACC
Palo Verde Utilities Company	8.34%
Santa Cruz Water Company	8.49%
Valencia Water Company, Town Division	9.56%
Valencia Water Company, Greater Buckeye Division	9.72%
Water Utility of Greater Tonopah, Inc.	9.94%
Willow Valley Water Company, Inc.	9.24%

Q. Why you believe that the Commission should adopt your recommended 7.42 percent WACC?

A. I believe that the approach that I have taken in this case provides the Company with a rate of return that meets the standards established in the Hope and Bluefield cases while also providing lower rates to Global Utilities' customers. My recommended composite capital structure is more

GLOBAL UTILITIES
TEST YEAR ENDED DECEMBER 31, 2008
COST OF CAPITAL SUMMARY

DOCKET NO. SW-02445A-09-0077 ET AL.
SCHEDULE WAR - 1
PAGE 1 OF 3

WEIGHTED AVERAGE COST OF CAPITAL

LINE NO.	DESCRIPTION	(A) COMPANY PROPOSED	(B) RUCO ADJUSTED	(C) RUCO RECOMMENDED	(D) CAPITAL RATIO	(E) COST RATE	(F) WEIGHTED COST RATE
1	SHORT-TERM DEBT	$ -	$ -	$ -	0.00%	0.00%	
2	LONG-TERM DEBT	118,466,992	-	118,466,992	37.89%	6.45%	2.44%
3	COMMON EQUITY	194,182,956	-	194,182,956	62.11%	8.01%	4.97%
4	TOTAL CAPITALIZATION	$ 312,649,948	$ -	$ 312,649,948	100.00%		
5	**WEIGHTED AVERAGE COST OF CAPITAL**						**7.42%**

REFERENCES:
COLUMN (A): COMPANY SCHEDULE D-1
COLUMN (B): TESTIMONY, WAR
COLUMN (C): COLUMN (A) + COLUMN (B)
COLUMN (D): LINES 1, 2 AND 3 DIVIDED BY LINE 4
COLUMN (E): SCHEDULE WAR-1, PAGES 2 AND 3
COLUMN (F): COLUMN (D) x COLUMN (E)

WEIGHTED COST OF DEBT

LINE NO.	SYSTEM	(A) COMPANY PROPOSED	(B) RUCO ADJUSTED	(C) RUCO RECOMMENDED	(D) CAPITAL RATIO	(E) COST RATE	(F) WEIGHTED COST RATE
1	PALO VERDE UTILITIES COMPANY	$ 63,529,266	$ -	$ 63,529,266	53.63%	6.34%	3.40%
2	SANTA CRUZ WATER COMPANY	51,650,734	-	51,650,734	43.60%	6.57%	2.86%
3	VALENCIA WATER COMPANY, TOWN DIVISION	2,381,585	-	2,381,585	2.01%	6.73%	0.14%
4	VALENCIA WATER COMPANY, GREATER BUCKEYE DIVISION	168,100	-	168,100	0.14%	6.38%	0.01%
5	WATER UTILITY OF GREATER TONOPAH, INC.	509,354	-	509,354	0.43%	6.30%	0.03%
6	WILLOW VALLEY WATER COMPANY, INC.	227,953	-	227,953	0.19%	5.48%	0.01%
7	TOTALS	$ 118,466,992	$ -	$ 118,466,992	100.00%		
8	**WEIGHTED COST OF DEBT**						**6.45%**

REFERENCES:
COLUMN (A): COMPANY SCHEDULE D-1
COLUMN (B): TESTIMONY, WAR
COLUMN (C): COLUMN (A) + COLUMN (B)
COLUMN (D): LINES 1, 2 AND 3 DIVIDED BY LINE 4
COLUMN (E): COMPANY SCHEDULE D-1
COLUMN (F): COLUMN (D) x COLUMN (E)

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REVENUE REQUIREMENTS

Q. Please summarize the results of RUCO's analysis of the Company's filing and state RUCO's recommended revenue requirement.

A. As outlined in Schedule RLM-1, RUCO is recommending that the increase in the Company's revenue requirement not exceed:

	Global	RUCO	DIFFERENCE
PVUC	$8,493,379	$7,050,941	($1,442,438)
SCWC	$3,081,292	$2,124,488	($938,804)
VWC – Town Div.	$1,657,077	$1,521,138	($135,939)
VWC – GB Div.	$155,803	$92,360	($63,443)
WUGT	$677,179	$270,437	($406,742)
WVWC	$499,228	$388,430	($110,798)

My recommended revenue requirement percentage increase versus the Company's proposal is as follows:

	Global	RUCO	DIFFERENCE
PVUC	130.24%	108.12%	(22.12%)
SCWC	33.82%	23.32%	(10.50%)
VWC – Town Div.	57.25%	52.55%	(4.70%)
VWC – GB Div.	46.26%	27.42%	(18.84%)
WUGT	261.15%	80.29%	(180.86%)
WVWC	105.43%	82.03%	(23.40%)

RUCO's recommended Fair Value Rate Base ("FVRB") based on the Original Cost Rate Base ("OCRB") is summarized on Schedule RLM-1:

	Global	RUCO	DIFFERENCE
PVUC	$63,637,830	$64,011,238	$373,408
SCWC	$45,260,919	$45,902,454	$641,535
VWC – Town Div.	$4,240,018	$4,539,198	$299,180
VWC – GB Div.	$929,057	$895,377	($33,680)
WUGT	$2,598,259	$2,563,849	($34,410)
WVWC	$2,251,164	$2,177,504	($73,660)

RUCO's recommended required operating income is shown on Schedule RLM-1 as:

	Global	RUCO	DIFFERENCE
PVUC	$5,307,395	$4,747,235	($560,160)
SCWC	$3,842,652	$3,404,242	($438,410)
VWC – Town Div.	$405,346	$336,638	($68,708)
VWC – GB Div.	$90,304	$66,403	($23,901)
WUGT	$258,267	$190,141	($68,126)
WVWC	$208,008	$161,489	($46,519)

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

Palo Verde Utilities Company

REVISED
TABLE OF CONTENTS TO RLM SCHEDULES

SCH. NO.	PAGE NO.	TITLE
RLM-1	1	REVENUE REQUIREMENT
RLM-6	1	OPERATING INCOME
RLM-10	1	COST OF CAPITAL

REVISED
REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	(A) COMPANY OCRB/FVRB COST	(B) RUCO OCRB/FVRB COST
1	Fair Value Rate Base	$ 63,637,830	$ 64,011,238
2	Adjusted Operating Income (Loss)	$ 144,516	$ 417,878
3	Current Rate Of Return (L2 / L1)	0.23%	0.65%
4	Required Operating Income (L5 X L1)	$ 5,307,395	$ 4,747,235
5	Required Rate Of Return On Fair Value Rate Base	8.34%	7.42%
6	Operating Income Deficiency (L4 - L2)	$ 5,162,879	$ 4,329,357
7	Gross Revenue Conversion Factor (RLM-1, Pg 2)	1.6451	1.6286
8	Increase In Gross Revenue Requirement (L7 X L6)	$ 8,493,379	$ 7,050,941
9	Adjusted Test Year Revenue	$ 6,521,201	$ 6,521,201
10	Proposed Annual Revenue (L8 + L9)	$ 15,014,580	$ 13,572,142
11	Required Percentage Increase In Revenue (L8 / L9)	130.24%	108.12%
12	Rate Of Return On Common Equity	10.00%	8.01%

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

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

Palo Verde Utilities Company
Schedule RLM-6
Page 1 of 1

REVISED
OPERATING INCOME

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) RUCO TEST YEAR ADJM'TS	(C) RUCO TEST YEAR AS ADJ'TED	(D) RUCO PROP'D CHANGES	(E) RUCO AS RECOMM'D
	Revenues:					
1	Flat Rate Revenues	$ 6,009,748	$ -	$ 6,009,748	$ 5,717,894	$ 11,727,642
2	Other WW Revenues	339,704	-	339,704	373,375	713,079
3	Measured Reuse Revenues	171,749	-	171,749	959,672	1,131,421
4	TOTAL OPERATING REVENUE	$ 6,521,201	$ -	$ 6,521,201	$ 7,050,941	$ 13,572,142
	Operating Expenses:					
5	Salaries And Wages	$ 924,853	-	$ 924,853	$ -	$ 924,853
6	Pensions And Benefits	215,792	-	215,792	-	215,792
7	Purchased Power	595,157	-	595,157	-	595,157
8	Fuel For Power Production	7,004	-	7,004	-	7,004
9	Chemicals	157,134	-	157,134	-	157,134
10	Materials And Supplies	263,301	-	263,301	-	263,301
11	Materials And Supplies	295,301	-	295,301	-	295,301
12	Contractual Services - Mgmnt	-	-	-	-	-
13	Contractual Services - Testing	99,923	-	99,923	-	99,923
14	Contractual Services - Other	183,283	407,164	590,447	-	590,447
15	Building Rentals	93,111	-	93,111	-	93,111
16	Equipment Rentals	20,469	-	20,469	-	20,469
17	Transportation Expenses	35,559	-	35,559	-	35,559
18	Insurance - General Liability	52,375	-	52,375	-	52,375
19	Insurance - Other	4,320	-	4,320	-	4,320
20	Advertising Expense	-	-	-	-	-
21	Regulatory Comm. Expense	53,333	-	53,333	-	53,333
22	Bad Debt Expense	65,212	-	65,212	-	65,212
23	Miscellaneous Expense	56,965	-	56,965	-	56,965
24	Depreciation Expense	3,156,675	-	3,156,675	-	3,156,675
25	Taxes Other Than Income - Reg.	1,256	-	1,256	-	1,256
26	Property Tax	-	130,524	130,524	-	130,524
27	Taxes Other Than Income	4,814	-	4,814	-	4,814
28	Income Tax	90,848	(811,051)	(720,203)	2,721,584	2,001,381
29	TOTAL OPERATING EXPENSES	$ 6,376,685	$ (273,362)	$ 6,103,323	$ 2,721,584	$ 8,824,907
30	OPERATING INCOME (LOSS)	$ 144,516		$ 417,878		$ 4,747,235

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

REVISED
COST OF CAPITAL

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) RUCO ADJUSTMENTS	(C) RUCO AS ADJUSTED	(D) CAPITAL RATIO	(E) COST	(F) WEIGHTED COST RATE
1	Short-term Debt	$ -	$ -	$ -	0.00%	0.00%	
2	Long-term Debt	$ 118,466,992	$ -	$ 118,466,992	37.89%	6.45%	2.44%
3	Common Equity	$ 194,182,956	$ -	$ 194,182,956	62.11%	8.01%	4.97%
4	TOTAL CAPITAL	$ 312,649,948	$ -	$ 312,649,948	100.00%		
5	COST OF CAPITAL						7.42%

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

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Test Year Ended December 31, 2008

Santa Cruz Water Company

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RLM-1	1	REVENUE REQUIREMENT
RLM-6	1	OPERATING INCOME
RLM-10	1	COST OF CAPITAL

REVISED
REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	(A) COMPANY OCRB/FVRB COST	(B) RUCO OCRB/FVRB COST
1	Fair Value Rate Base	$ 45,260,919	$ 45,902,454
2	Adjusted Operating Income (Loss)	$ 1,969,624	$ 2,099,782
3	Current Rate Of Return (L2 / L1)	4.35%	4.57%
4	Required Operating Income (L5 X L1)	$ 3,842,652	$ 3,404,242
5	Required Rate Of Return On Fair Value Rate Base	8.49%	7.42%
6	Operating Income Deficiency (L4 - L2)	$ 1,873,028	$ 1,304,460
7	Gross Revenue Conversion Factor (RLM-1, Pg 2)	1.6451	1.6286
8	Increase In Gross Revenue Requirement (L7 X L6)	$ 3,081,292	$ 2,124,488
9	Adjusted Test Year Revenue	$ 9,110,720	$ 9,110,720
10	Proposed Annual Revenue (L8 + L9)	$ 12,192,012	$ 11,235,208
11	Required Percentage Increase In Revenue (L8 / L9)	33.82%	23.32%
12	Rate Of Return On Common Equity	10.00%	8.01%

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

REVISED
OPERATING INCOME

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) RUCO TEST YEAR ADJM'TS	(C) RUCO TEST YEAR AS ADJ'TED	(D) RUCO PROP'D CHANGES	(E) RUCO AS RECOMM'D
	Revenues:					
1	Metered Water Sales	$ 8,744,774	$ -	$ 8,744,774	$ 1,738,283	$ 10,483,057
2	Water Sales - Unmetered	-	-	-	-	-
3	Other Operating Revenue	365,946	-	365,946	386,206	752,151
4	TOTAL OPERATING REVENUE	$ 9,110,720	$ -	$ 9,110,720	$ 2,124,489	$ 11,235,208
	Operating Expenses:					
5	Salary and Wages - Employees	$ 781,051	-	$ 781,051	$ -	$ 781,051
6	Employee Pensions and Benefits	189,983	-	189,983	-	189,983
7	Purchased Water	-	-	-	-	-
8	Purchased Power	554,398	-	554,398	-	554,398
9	Fuel for Power Production	3,505	-	3,505	-	3,505
10	Chemicals	40,455	-	40,455	-	40,455
11	Materials and Supplies	18,969	-	18,969	-	18,969
12	Materials and Supplies	297,033	-	297,033	-	297,033
13	Contractual Services - Testing	36,113	-	36,113	-	36,113
14	Contractual Services - Other	67,911	337,056	404,967	-	404,967
15	Rental of Building/Real Property	94,369	-	94,369	-	94,369
16	Rental of Equipment	7,803	-	7,803	-	7,803
17	Transportation Expenses	45,296	-	45,296	-	45,296
18	Insurance - General Liability	53,083	-	53,083	-	53,083
19	Insurance - Other	4,647	-	4,647	-	4,647
20	Advertising Expense	-	-	-	-	-
21	Rate Case Expense	53,333	-	53,333	-	53,333
22	Bad Debt Expense	91,107	-	91,107	-	91,107
23	Miscellaneous Expenses	34,629	-	34,629	-	34,629
24	Depreciation Expense	3,506,485	-	3,506,485	-	3,506,485
25	Taxes Other Than Income	15,929	-	15,929	-	15,929
26	Property Taxes	-	155,798	155,798	-	155,798
27	Other Taxes and Licenses	6,823	-	6,823	-	6,823
28	Income Taxes	1,238,174	(623,012)	615,162	820,029	1,435,190
29	TOTAL OPERATING EXPENSES	$ 7,141,096	$ (130,158)	$ 7,010,938	$ 820,029	$ 7,830,966
30	OPERATING INCOME (LOSS)	$ 1,969,624		$ 2,099,782		$ 3,404,242

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

REVISED
COST OF CAPITAL

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) RUCO ADJUSTMENTS	(C) RUCO AS ADJUSTED	(D) CAPITAL RATIO	(E) COST	(F) WEIGHTED COST RATE
1	Short-term Debt	$ -	$ -	$ -	0.00%	0.00%	
2	Long-term Debt	$ 118,466,992	$ -	$ 118,466,992	37.89%	6.45%	2.44%
3	Common Equity	$ 194,182,956	$ -	$ 194,182,956	62.11%	8.01%	4.97%
4	TOTAL CAPITAL	$ 312,649,948	$ -	$ 312,649,948	100.00%		
5	COST OF CAPITAL						7.42%

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

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Valenica Water Company, Town Division

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REVISED
REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	(A) COMPANY OCRB/FVRB COST	(B) RUCO OCRB/FVRB COST
1	Fair Value Rate Base	$ 4,240,018	$ 4,539,198
2	Adjusted Operating Income (Loss)	$ (601,943)	$ (597,358)
3	Current Rate Of Return (L2 / L1)	-14.20%	-13.16%
4	Required Operating Income (L5 X L1)	$ 405,346	$ 336,638
5	Required Rate Of Return On Fair Value Rate Base	9.56%	7.42%
6	Operating Income Deficiency (L4 - L2)	$ 1,007,289	$ 933,996
7	Gross Revenue Conversion Factor (RLM-1, Pg 2)	1.6451	1.6286
8	Increase In Gross Revenue Requirement (L7 X L6)	$ 1,657,077	$ 1,521,138
9	Adjusted Test Year Revenue	$ 2,894,421	$ 2,894,421
10	Proposed Annual Revenue (L8 + L9)	$ 4,551,498	$ 4,415,560
11	Required Percentage Increase In Revenue (L8 / L9)	57.25%	52.55%
12	Rate Of Return On Common Equity	10.00%	8.01%

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

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Valenica Water Company, Town Division
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REVISED
OPERATING INCOME

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) RUCO TEST YEAR ADJM'TS	(C) RUCO TEST YEAR AS ADJ'TED	(D) RUCO PROP'D CHANGES	(E) RUCO AS RECOMM'D
	Revenues:					
1	Metered Water Sales	$ 2,659,938	$ -	$ 2,659,938	$ 1,403,328	$ 4,063,267
2	Water Sales - Unmetered	-	-	-	-	-
3	Other Operating Revenue	234,483	-	234,483	117,810	352,293
4	TOTAL OPERATING REVENUE	$ 2,894,421	$ -	$ 2,894,421	$ 1,521,138	$ 4,415,560
	Operating Expenses:					
5	Salary and Wages - Employees	$ 670,808	-	$ 670,808	$ -	$ 670,808
6	Employee Pensions and Benefits	143,080	-	143,080	-	143,080
7	Purchased Water	-	-	-	-	-
8	Purchased Power	291,613	-	291,613	-	291,613
9	Fuel for Power Production	-	-	-	-	-
10	Chemicals	143,618	-	143,618	-	143,618
11	Materials and Supplies	31,821	-	31,821	-	31,821
12	Materials and Supplies	128,737	-	128,737	-	128,737
13	Contractual Services - Testing	33,729	-	33,729	-	33,729
14	Contractual Services - Other	41,898	-	41,898	-	41,898
15	Rental of Building/Real Property	37,473	-	37,473	-	37,473
16	Rental of Equipment	4,239	-	4,239	-	4,239
17	Transportation Expenses	67,812	-	67,812	-	67,812
18	Insurance - General Liability	17,098	-	17,098	-	17,098
19	Insurance - Other	3,336	-	3,336	-	3,336
20	Advertising Expense	-	-	-	-	-
21	Rate Case Expense	18,667	-	18,667	-	18,667
22	Bad Debt Expense	28,944	-	28,944	-	28,944
23	Miscellaneous Expenses	28,042	-	28,042	-	28,042
24	Depreciation Expense	2,199,986	-	2,199,986	-	2,199,986
25	Taxes Other Than Income	5,885	-	5,885	-	5,885
26	Property Taxes	-	38,112	38,112	-	38,112
27	Other Taxes and Licenses	2,101	-	2,101	-	2,101
28	Income Taxes	(402,522)	(42,697)	(445,219)	587,142	141,923
29	TOTAL OPERATING EXPENSES	$ 3,496,365	$ (4,586)	$ 3,491,779	$ 587,142	$ 4,078,921
30	OPERATING INCOME (LOSS)	$ (601,943)		$ (597,358)		$ 336,638

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

REVISED
COST OF CAPITAL

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) RUCO ADJUSTMENTS	(C) RUCO AS ADJUSTED	(D) CAPITAL RATIO	(E) COST	(F) WEIGHTED COST RATE
1	Short-term Debt	$ -	$ -	$ -	0.00%	0.00%	
2	Long-term Debt	$ 118,466,992	$ -	$ 118,466,992	37.89%	6.45%	2.44%
3	Common Equity	$ 194,182,956	$ -	$ 194,182,956	62.11%	8.01%	4.97%
4	TOTAL CAPITAL	$ 312,649,948	$ -	$ 312,649,948	100.00%		
5	COST OF CAPITAL						7.42%

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

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Valenica Water Company, Greater Buckeye Division

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RLM-10	1	COST OF CAPITAL

REVISED
REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	(A) COMPANY OCRB/FVRB COST	(B) RUCO OCRB/FVRB COST
1	Fair Value Rate Base	$ 929,057	$ 895,377
2	Adjusted Operating Income (Loss)	$ (4,404)	$ (6,190)
3	Current Rate Of Return (L2 / L1)	-0.47%	-0.69%
4	Required Operating Income (L5 X L1)	$ 90,304	$ 66,403
5	Required Rate Of Return On Fair Value Rate Base	9.72%	7.42%
6	Operating Income Deficiency (L4 - L2)	$ 94,708	$ 72,594
7	Gross Revenue Conversion Factor (RLM-1, Pg 2)	1.6451	1.2723
8	Increase In Gross Revenue Requirement (L7 X L6)	$ 155,803	$ 92,360
9	Adjusted Test Year Revenue	$ 336,819	$ 336,819
10	Proposed Annual Revenue (L8 + L9)	$ 492,622	$ 429,179
11	Required Percentage Increase In Revenue (L8 / L9)	46.26%	27.42%
12	Rate Of Return On Common Equity	10.00%	8.01%

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

REVISED
OPERATING INCOME

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) RUCO TEST YEAR ADJM'TS	(C) RUCO TEST YEAR AS ADJ'TED	(D) RUCO PROP'D CHANGES	(E) RUCO AS RECOMM'D
	Revenues:					
1	Metered Water Sales	$ 322,780	$ -	$ 322,780	$ 96,249	$ 419,029
2	Water Sales - Unmetered	-	-	-	-	-
3	Other Operating Revenue	14,039	-	14,039	(3,889)	10,150
4	TOTAL OPERATING REVENUE	$ 336,819	$ -	$ 336,819	$ 92,360	$ 429,179
	Operating Expenses:					
5	Salary and Wages - Employees	$ 76,217	-	$ 76,217	$ -	$ 76,217
6	Employee Pensions and Benefits	16,164	-	16,164	-	16,164
7	Purchased Water	52,085	-	52,085	-	52,085
8	Purchased Power	22,565	-	22,565	-	22,565
9	Fuel for Power Production	-	-	-	-	-
10	Chemicals	10,761	-	10,761	-	10,761
11	Materials and Supplies	4,236	-	4,236	-	4,236
12	Materials and Supplies	16,551	-	16,551	-	16,551
13	Contractual Services - Testing	-	-	-	-	-
14	Contractual Services - Other	3,774	-	3,774	-	3,774
15	Rental of Building/Real Property	593	-	593	-	593
16	Rental of Equipment	3,686	-	3,686	-	3,686
17	Transportation Expenses	56	-	56	-	56
18	Insurance - General Liability	9,876	-	9,876	-	9,876
19	Insurance - Other	2,073	-	2,073	-	2,073
20	Advertising Expense	-	-	-	-	-
21	Rate Case Expense	1,355	-	1,355	-	1,355
22	Bad Debt Expense	3,368	-	3,368	-	3,368
23	Miscellaneous Expenses	6,644	-	6,644	-	6,644
24	Depreciation Expense	113,580	-	113,580	-	113,580
25	Taxes Other Than Income	3,340	-	3,340	-	3,340
26	Property Taxes	-	3,725	3,725	-	3,725
27	Other Taxes and Licenses	-	-	-	-	-
28	Income Taxes	(5,703)	(1,938)	(7,641)	19,766	12,126
29	TOTAL OPERATING EXPENSES	$ 341,223	$ 1,787	$ 343,009	$ 19,766	$ 362,775
30	OPERATING INCOME (LOSS)	$ (4,404)		$ (6,190)		$ 66,403

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

REVISED
COST OF CAPITAL

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) RUCO ADJUSTMENTS	(C) RUCO AS ADJUSTED	(D) CAPITAL RATIO	(E) COST	(F) WEIGHTED COST RATE
1	Short-term Debt	$ -	$ -	$ -	0.00%	0.00%	
2	Long-term Debt	$ 118,466,992	$ -	$ 118,466,992	37.89%	6.45%	2.44%
3	Common Equity	$ 194,182,956	$ -	$ 194,182,956	62.11%	8.01%	4.97%
4	TOTAL CAPITAL	$ 312,649,948	$ -	$ 312,649,948	100.00%		
5	COST OF CAPITAL						7.42%

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

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Water Utility of Greater Tonopah, Inc.

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REVISED
REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	(A) COMPANY OCRB/FVRB COST	(B) RUCO OCRB/FVRB COST
1	Fair Value Rate Base	$ 2,598,259	$ 2,563,849
2	Adjusted Operating Income (Loss)	$ (153,371)	$ 13,462
3	Current Rate Of Return (L2 / L1)	-5.90%	0.53%
4	Required Operating Income (L5 X L1)	$ 258,267	$ 190,141
5	Required Rate Of Return On Fair Value Rate Base	9.94%	7.42%
6	Operating Income Deficiency (L4 - L2)	$ 411,638	$ 176,680
7	Gross Revenue Conversion Factor (RLM-1, Pg 2)	1.6451	1.5307
8	Increase In Gross Revenue Requirement (L7 X L6)	$ 677,179	$ 270,437
9	Adjusted Test Year Revenue	$ 259,304	$ 336,819
10	Proposed Annual Revenue (L8 + L9)	$ 936,483	$ 607,256
11	Required Percentage Increase In Revenue (L8 / L9)	261.15%	80.29%
12	Rate Of Return On Common Equity	10.00%	8.01%

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

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Water Utility of Greater Tonopah, Inc.
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REVISED
OPERATING INCOME

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) RUCO TEST YEAR ADJM'TS	(C) RUCO TEST YEAR AS ADJ'TED	(D) RUCO PROP'D CHANGES	(E) RUCO AS RECOMM'D
	Revenues:					
1	Metered Water Sales	$ 322,780	$ -	$ 322,780	$ 269,498	$ 592,278
2	Water Sales - Unmetered	-	-	-	-	-
3	Other Operating Revenue	14,039	-	14,039	939	14,978
4	TOTAL OPERATING REVENUE	$ 336,819	$ -	$ 336,819	$ 270,437	$ 607,256
	Operating Expenses:					
5	Salary and Wages - Employees	$ 76,217	-	$ 76,217	$ -	$ 76,217
6	Employee Pensions and Benefits	16,164	-	16,164	-	16,164
7	Purchased Water	52,085	-	52,085	-	52,085
8	Purchased Power	22,565	-	22,565	-	22,565
9	Fuel for Power Production	-	-	-	-	-
10	Chemicals	10,761	-	10,761	-	10,761
11	Materials and Supplies	4,236	-	4,236	-	4,236
12	Materials and Supplies	16,551	-	16,551	-	16,551
13	Contractual Services - Testing	-	-	-	-	-
14	Contractual Services - Other	3,774	-	3,774	-	3,774
15	Rental of Building/Real Property	593	-	593	-	593
16	Rental of Equipment	3,686	-	3,686	-	3,686
17	Transportation Expenses	56	-	56	-	56
18	Insurance - General Liability	9,876	-	9,876	-	9,876
19	Insurance - Other	2,073	-	2,073	-	2,073
20	Advertising Expense	-	-	-	-	-
21	Rate Case Expense	1,355	-	1,355	-	1,355
22	Bad Debt Expense	3,368	-	3,368	-	3,368
23	Miscellaneous Expenses	6,644	-	6,644	-	6,644
24	Depreciation Expense	113,580	-	113,580	-	113,580
25	Taxes Other Than Income	3,340	-	3,340	-	3,340
26	Property Taxes	-	2,521	2,521	-	2,521
27	Other Taxes and Licenses	-	-	-	-	-
28	Income Taxes	(5,703)	(20,386)	(26,089)	93,758	67,669
29	TOTAL OPERATING EXPENSES	$ 341,223	$ (17,865)	$ 323,357	$ 93,758	$ 417,115
30	OPERATING INCOME (LOSS)	$ (4,404)		$ 13,462		$ 190,141

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

REVISED
COST OF CAPITAL

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) RUCO ADJUSTMENTS	(C) RUCO AS ADJUSTED	(D) CAPITAL RATIO	(E) COST	(F) WEIGHTED COST RATE
1	Short-term Debt	$ -	$ -	$ -	0.00%	0.00%	
2	Long-term Debt	$ 118,466,992	$ -	$ 118,466,992	37.89%	6.45%	2.44%
3	Common Equity	$ 194,182,956	$ -	$ 194,182,956	62.11%	8.01%	4.97%
4	TOTAL CAPITAL	$ 312,649,948	$ -	$ 312,649,948	100.00%		
5	COST OF CAPITAL						7.42%

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

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Willow Valley Water Company, Inc.

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RLM-6	1	OPERATING INCOME
RLM-10	1	COST OF CAPITAL

REVISED
REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	(A) COMPANY OCRB/FVRB COST	(B) RUCO OCRB/FVRB COST
1	Fair Value Rate Base	$ 2,251,164	$ 2,177,504
2	Adjusted Operating Income (Loss)	$ (95,458)	$ (99,272)
3	Current Rate Of Return (L2 / L1)	-4.24%	-4.56%
4	Required Operating Income (L5 X L1)	$ 208,008	$ 161,489
5	Required Rate Of Return On Fair Value Rate Base	9.24%	7.42%
6	Operating Income Deficiency (L4 - L2)	$ 303,466	$ 260,762
7	Gross Revenue Conversion Factor (RLM-1, Pg 2)	1.6451	1.4896
8	Increase In Gross Revenue Requirement (L7 X L6)	$ 499,228	$ 388,430
9	Adjusted Test Year Revenue	$ 473,527	$ 473,527
10	Proposed Annual Revenue (L8 + L9)	$ 972,755	$ 861,957
11	Required Percentage Increase In Revenue (L8 / L9)	105.43%	82.03%
12	Rate Of Return On Common Equity	10.00%	8.01%

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

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Willow Valley Water Company, Inc.
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REVISED
OPERATING INCOME

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) RUCO TEST YEAR ADJM'TS	(C) RUCO TEST YEAR AS ADJ'TED	(D) RUCO PROP'D CHANGES	(E) RUCO AS RECOMM'D
	Revenues:					
1	Metered Water Sales	$ 453,784	$ -	$ 453,784	$ 382,720	$ 836,504
2	Water Sales - Unmetered	-	-	-	-	-
3	Other Operating Revenue	19,743	-	19,743	5,710	25,453
4	TOTAL OPERATING REVENUE	$ 473,527	$ -	$ 473,527	$ 388,430	$ 861,957
	Operating Expenses:					
5	Salary and Wages - Employees	$ 226,369	-	$ 226,369	$ -	$ 226,369
6	Employee Pensions and Benefits	50,965	-	50,965	-	50,965
7	Purchased Water	-	-	-	-	-
8	Purchased Power	33,567	-	33,567	-	33,567
9	Fuel for Power Production	-	-	-	-	-
10	Chemicals	18,049	-	18,049	-	18,049
11	Materials and Supplies	18,697	-	18,697	-	18,697
12	Materials and Supplies	41,492	-	41,492	-	41,492
13	Contractual Services - Testing	5,401	-	5,401	-	5,401
14	Contractual Services - Other	12,787	-	12,787	-	12,787
15	Rental of Building/Real Property	9,185	-	9,185	-	9,185
16	Rental of Equipment	-	-	-	-	-
17	Transportation Expenses	13,076	-	13,076	-	13,076
18	Insurance - General Liability	5,119	-	5,119	-	5,119
19	Insurance - Other	1,072	-	1,072	-	1,072
20	Advertising Expense	-	-	-	-	-
21	Rate Case Expense	5,333	-	5,333	-	5,333
22	Bad Debt Expense	4,735	-	4,735	-	4,735
23	Miscellaneous Expenses	10,257	-	10,257	-	10,257
24	Depreciation Expense	185,697	-	185,697	-	185,697
25	Taxes Other Than Income	140	-	140	-	140
26	Property Taxes	-	5,503	5,503	-	5,503
27	Other Taxes and Licenses	-	-	-	-	-
28	Income Taxes	(72,955)	(1,689)	(74,644)	127,668	53,024
29	TOTAL OPERATING EXPENSES	$ 568,985	$ 3,814	$ 572,799	$ 127,668	$ 700,467
30	OPERATING INCOME (LOSS)	$ (95,458)		$ (99,272)		$ 161,489

References:

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

REVISED
COST OF CAPITAL

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) RUCO ADJUSTMENTS	(C) RUCO AS ADJUSTED	(D) CAPITAL RATIO	(E) COST	(F) WEIGHTED COST RATE
1	Short-term Debt	$ -	$ -	$ -	0.00%	0.00%	
2	Long-term Debt	$ 118,466,992	$ -	$ 118,466,992	37.89%	6.45%	2.44%
3	Common Equity	$ 194,182,956	$ -	$ 194,182,956	62.11%	8.01%	4.97%
4	TOTAL CAPITAL	$ 312,649,948	$ -	$ 312,649,948	100.00%		
5	COST OF CAPITAL						7.42%

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

GLOBAL UTILITIES

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

DIRECT TESTIMONY

OF

WILLIAM A. RIGSBY

ON BEHALF OF

THE

RESIDENTIAL UTILITY CONSUMER OFFICE

OCTOBER 26, 2009

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INTRODUCTION

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

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

Q. Please describe your qualifications in the field of utilities regulation and your educational background.

A. I have been involved with utilities regulation in Arizona since 1994. During that period of time I have worked as a utilities rate analyst for both the Arizona Corporation Commission ("ACC" or "Commission") and for RUCO. I hold a Bachelor of Science degree in the field of finance from Arizona State University and a Master of Business Administration degree, with an emphasis in accounting, from the University of Phoenix. Appendix I, which is attached to my direct testimony on the cost of capital issues in this case, further describes my educational background and also includes a list of the rate cases and regulatory matters that I have been involved with.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to present RUCO's positions and recommendations on a number of issues raised in the applications of Global Water - Palo Verde Utilities Company; Valencia Water Company -

Greater Buckeye Division; Willow Valley Water Company, Inc.; Global Water – Santa Cruz Water Company; Water Utility of Greater Tonopah, Inc.; and Valencia Water Company – Town Division ("Valencia - Town Division") (collectively "Global Utilities" or "Company") for permanent rate increases ("Application") for the Company's operations in Maricopa and Pinal Counties in Arizona. Global Utilities filed the Application with the Commission on February 20, 2009. The Company has chosen the operating period ended December 31, 2008, as the test year for the various water and wastewater systems that are the subject of this proceeding.

Q. What issues will you address in your testimony?

A. My testimony will address the following issues:

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

Q. Will you also address the rate base and operating income issues in this case?

A. No. Those issues will be addressed by RUCO witness Rodney L. Moore.

Q. Is RUCO providing testimony on the cost of capital issues associated with the case?

A. Yes. As I noted earlier I have also filed, under separate cover, testimony on the cost of capital issues associated with the case.

Q. Will RUCO provide direct testimony on rate design?

A. Yes. On November 6, 2009, both Mr. Moore and I will file direct testimony on rate design. Mr. Moore will address the technical aspects of RUCO's recommended rate design and I will address the following issues:

Rate Consolidation;
Phased-In Rates; and
Rebate Threshold Rates.

SUMMARY OF TESTIMONY AND RECOMMENDATIONS

Q. Briefly summarize how your direct testimony is organized.

A. My direct testimony is organized into three sections. First, the introduction I have just presented and second, the summary of my testimony that I am about to give. Third, and finally, I will discuss RUCO's positions and recommendations regarding the various issues cited above.

Q. Please summarize the recommendations that you will address in your testimony.

A. I am making the following recommendations:

Distributed Renewable Energy Recovery and Conservation – RUCO is recommending that the Commission deny Global Utilities' request for a distributed renewable energy recovery tariff which would establish an adjustor mechanism, similar to the arsenic cost recovery mechanism, to recover costs associated with plant additions that utilize renewable energy technology.

Infrastructure Coordination and Financing Agreements – RUCO is recommending that the Commission should treat funds related to the construction of actual utility plant that are collected through the Company's Infrastructure Coordination and Financing Agreements as contributions in aid of construction.

Franchise Fee Pass-Through – RUCO is recommending that the Commission adopt Global Utilities request to recover a portion of the Company's franchise fees as an operating expense as opposed to passing it through directly to ratepayers.

Public Private Partnership Agreements – RUCO is recommending that any remaining portion of franchise fees negotiated through Public Private Agreements (that are currently being paid for by the unregulated Global Parent entity) not be recoverable in rates.

RUCO'S POSITIONS AND RECOMMENDATIONS

Distributed Renewable Energy Recovery and Conservation

Q. Briefly describe Global Utilities' request for a distributed renewable energy recovery tariff.

A. Global Utilities is seeking a distributed renewable energy recovery tariff for an adjustor mechanism similar to the arsenic cost recovery mechanism ("ACRM"). The Company-proposed distributed renewable energy recovery tariff would establish a surcharge to recover the costs associated with plant additions that utilize renewable energy technology. According to the direct testimony of Company witness Jamie Moe, Global Utilities is looking at utilizing empty property space, created by Arizona Department of Environmental Quality ("ADEQ") setback requirements, as a possible location for solar panels that would generate electricity to operate water and wastewater utility plant.

Q. What is RUCO's position on the Company's request?

A. RUCO believes that the Commission should deny the Company's request for a distributed renewable energy recovery tariff.

Q. Is RUCO opposed to the use of water or wastewater plant additions that utilize renewable energy technology?

A. No. RUCO has no opposition to the use of plant additions that employ renewable resources such as solar. This position was advanced in RUCO

Director Jodi Jerich's direct testimony in the SolarCity case that is currently before the ACC[1]. In her direct testimony, Ms. Jerich made it clear that RUCO is supportive of a competitive market for solar generating devices that employ the type of technology that could be used in the plant additions that Mr. Moe refers to in his direct testimony.

Q. Why is RUCO opposed to the Company's request for a distributed renewable energy recovery tariff?

A. RUCO's opposition to the Company's request centers on the implementation of an adjustor mechanism to recover the costs associated with the plant additions being proposed by Global Utilities. While it is true that legislation has been passed which *encourages* the installation of devices that employ solar technology, there has been no federal or state legislation that actually *requires* individuals or businesses to actually install equipment that uses solar technology. Even more importantly, RUCO believes that uncertainties that exist regarding the financing aspects of obtaining such devices, not to mention the overall impacts that the devices may have on annual utility operation and maintenance costs, should be scrutinized in the context of a full rate case proceeding as opposed to the limited type of analysis that would occur in an ACRM filing that comes before the Commission.

[1] Docket No. E-20690A-09-0346

Q. Is RUCO opposed to the Company recovering the costs of plant additions that utilize renewable energy technologies such as solar?

A. No, provided that the costs of the plant additions, like the costs of any other plant additions, are prudently incurred, are known and measurable and that the plant additions themselves meet the used and useful standard. As will be explained further, the use of adjustor mechanisms should only be allowed in extraordinary circumstances when certain factors exist, as determined by case law and Commission precedent. Those factors do not exist here.

Q. Please explain why RUCO opposes the implementation of an adjuster mechanism to recover the costs of plant additions that utilize renewable technology such as solar.

A. There are several reasons why RUCO is opposed to the ACRM-like adjuster mechanism being proposed by Global Utilities. Adjustor mechanisms are extraordinary rate recovery devices that are permitted for certain narrow circumstances. The ACRM is a type of adjustor mechanism that was specifically designed to address a one-time event that impacted dozens of Arizona water companies simultaneously. RUCO believes that expenditures for plant additions utilizing renewable technology are not the type of expenses for which an adjustor mechanism is generally permitted, nor are they similar to the costs recovered through an actual ACRM.

The original ACRM was approved by the Commission to give water providers in Arizona the ability to recover the costs associated with meeting the U.S. Environmental Protection Agency's ("EPA") revised drinking water arsenic standard of 10 parts per billion. The EPA's requirement that water providers comply with the more stringent standard was in effect an unfunded mandate from the federal government. Multiple Arizona water providers had no choice but to either comply with the EPA's rule or face the consequences of being in violation of it. This being the case, representatives from the state's investor owned water companies, ACC Staff, and RUCO developed the present ACRM which allows water utilities to comply with the new EPA standard through a surcharge that was established within the context of a rate case proceeding where a constitutional finding of a utility's fair value has been established. The key point here is that the EPA's revised arsenic standard represented an extraordinary circumstance that neither Arizona's government, which includes the Commission, or the state's water companies, either investor owned or municipal, had any control over, and that would be impacting a number of water utilities simultaneously.

The purchase of plant additions that utilize solar technology does not fit into the type of extraordinary circumstance that resulted in the necessity for the ACRM. As I stated earlier in my testimony, there is no federal or state law or regulation, such as the revised EPA standard, that requires Global Utilities, or any other providers of water or wastewater services, to

install plant additions that utilize solar technology. Moreover, the Commission has recognized other conditions that might exist to warrant approval of an adjustor mechanism.

Q. Can you cite any Commission Decisions in which the Commission denied the implementation of an adjustor mechanism?

A. Yes. In Decision No. 68302, involving Arizona Water Company's ("AWC") requests for purchased power and purchased water adjustor mechanisms for AWC's Eastern Group systems, the Commission stated the following:

> There is a danger of piecemeal regulation inherent in adjustment mechanisms. Because they allow automatic increases in rates without a simultaneous review of a utility's unrelated costs, adjustment mechanisms have a built-in potential of allowing a utility to increase rates based on certain isolated costs when its other costs are declining, or when overall revenues are increasing faster than costs due to customer growth. Adjustment mechanisms should therefore be used only in extraordinary circumstances to mitigate the effect of uncontrollable price volatility or uncertainty in the marketplace.

Likewise, in a later rate case involving AWC's Western Group systems, the Commission stated the following in Decision No. 66849:

> Although Arizona Water argues that such mechanisms benefit both the Company and ratepayers by passing on increased costs and savings, adjustment mechanisms may also provide a disincentive for the Company to obtain the lowest possible cost commodity because the costs are simply passed through to ratepayers.

In both of the aforementioned cases, the Commission denied AWC's requests for adjustor mechanisms. That said, RUCO believes that the purchase and installation of plant additions that employ solar technology does not necessitate the need for single issue ratemaking practices such as the implementation of an ACRM-like mechanism and the surcharge associated with it.

Q. Would RUCO be opposed to Global Utilities' request for an ACRM that recovers the cost of plant additions that are directly related to the removal of arsenic from the Company's various water sources?

A. No. As I've explained above, that is the original purpose of the ACRM mechanism.

Q. Please explain RUCO's concerns regarding the financing aspects of obtaining such devices.

A. RUCO's concerns center on the possibility of imprudent decisions regarding the financing and leasing arrangements for the types of plant additions being proposed by the Company. As is the case with purchased gas or purchased power contracts, the actual terms of the financing or purchase agreements associated with the proposed additions may not get the full consideration or analysis that they would receive in a full rate case proceeding. RUCO believes that ratepayers should not be exposed to the possible risk of experiencing poor service or having to pay additional

costs, passed through an ACRM-like mechanism, that could result from unforeseen technical problems that are not covered under the purchase agreements or financing arrangements that the Company enters into with the manufacturer of the plant additions that utilize solar technology. While an argument could be made that such problems could be cured in a formal rate case proceeding before the Commission, the question is why should ratepayers have to endure possible economic harm through an ACRM-like mechanism that isn't mandated under federal or state laws or regulations.

Q. Don't current concerns about possible climate change resulting from carbon emissions override the risks that you've just outlined?

A. No. Even though there is concern regarding possible climate change resulting from carbon emissions, there is no law or regulation currently in effect that requires individuals or businesses to purchase and install the types of devices that Global Utilities wants to employ in the operation of the Company's plant facilities.

Q. Please explain why RUCO believes that the overall impact that the proposed plant additions may have should be scrutinized in the context of a full rate case proceeding as opposed to the limited type of analysis that would occur in an ACRM filing?

A. RUCO believes that this concern applies to any type of plant addition regardless of the type of technology being employed. The type of limited

analysis that takes place in an ACRM filing does not take into analysis the overall impact that plant additions have on the costs associated with utility plant operation and maintenance. This type of analysis can only be performed in the context of a full rate case proceeding. While the Company touts the advantages of lower costs for purchased power, it is unknown what other types of cost increases or decreases could result from the installation and operation of new plant additions including those that employ solar technology. For the reasons stated above, RUCO believes that the Commission should reject the Company's request for a distributed renewable energy recovery tariff that allows for the recovery of costs through an adjustor mechanism.

Infrastructure Coordination and Financing Agreements

Q. What are Infrastructure Coordination and Financing Agreements?

A. According to Company witness Mathew J. Rowell, Infrastructure Coordination and Financing Agreements ("ICFA") are voluntary agreements that are entered into between the parent of Global Utilities ("Global Parent") and developers who operate in the Company's certificated service territories. Mr. Rowell states that, in some instances, ICFA agreements provide the unregulated Global Parent entity with funds for services, other than funds intended for the construction of utility plant to serve new developments, which Global Parent pays taxes on.

Q. Why has Global Utilities raised the issue of ICFA's in the Company's direct testimony?

A. Global Utilities is opposed to treating the ICFA's as either advances-in-aid-of-construction ("AIAC") or contributions-in aid-of-construction ("CIAC"). Instead, Global Utilities takes the position that ICFA funds related to plant additions, collected by the unregulated Global Parent entity, should be treated as plant additions to rate base financed by investor supplied capital.

Q. Does RUCO agree with the Company that ICFA's should not be treated as AIAC?

A. Yes. According to Mr. Rowell's testimony, the ICFA funds obtained from developers are non-refundable. This being the case, RUCO does not believe that funds obtained through ICFA's meet the definition of an AIAC.

Q. Does RUCO agree with the Company that funds obtained from ICFA's should not be treated as CIAC?

A. No. Based on RUCO's review of the ICFA's obtained through discovery, ICFA funds that are intended to provide utility plant that is used to serve new development should be treated as CIAC.

...

Q. What is RUCO's opinion on the way that the ICFA agreements are negotiated and implemented?

A. RUCO believes that the current arrangement between developers and the unregulated Global Parent has been set up in order to avoid the traditional process of entering into a line extension agreement that has to be reviewed by ACC Staff and approved by the Commission. The current arrangement also shifts risk entirely onto ratepayers who will have to pay rates that provide a return on and a recovery of developer provided funds used to construct new plant which is treated as an addition to rate base – as opposed to a CIAC which would be treated as a deduction to rate base.

Q. Do the arguments advanced by Mr. Rowell regarding carrying costs carry any weight in RUCO's opinion?

A. No because funds provided by a third party developer, for the purpose of constructing plant to serve new development, to Global Parent are actually zero cost sources of capital and should be treated accordingly. In fact Global Parent, as could Global Utilities under a line extension agreement, can park the collected funds in an interest bearing account and earn interest income on them until they are actually used to construct plant. Other funds for services rendered by Global Parent, which are unrelated to the Global Utilities, should be treated as revenues subject to taxes on the books of the Global Parent entity as Mr. Rowell states is currently happening.

Q. Do Mr. Rowell's examples of cases in which the use of AIAC's and hook-up fees have resulted in less than satisfactory results justify the Company's position on ICFA's?

A. Not really. While no method of financing utility plant is perfect, Mr. Rowell also explains that in the instant case, Global Parent has made the decision not to seek recovery of unused plant in the Santa Cruz Water Company and the Palo Verde Utilities Company because of the slowdown in growth that has occurred in the Southwest Maricopa area. Had the Company booked the funds associated with this unused infrastructure as CIAC it would not have to take such action, which in RUCO's opinion, could have resulted in a determination of excess capacity and the denial of rate base treatment. Furthermore, the Company's ratepayers would have been shielded from the situation without any action on the part of Global Parent.

Q. Is RUCO making any rate base adjustments to remove plant that has been funded by ICFA's?

A. No. RUCO is unaware of any type of determination that the Commission has made regarding ICFA's to date. For that reason, RUCO believes that a Commission decision that adopts RUCO's recommendation to treat funds collected through ICFA's, for the purpose of constructing plant for new development, as CIAC should be implemented on a going forward basis

Franchise Fee Pass-Through

Q. What is Global Utilities requesting in regard to franchise fees?

A. As explained in Mr. Moe's direct testimony, Global Utilities is requesting that it be permitted to recover a portion of a municipal franchise fee, presently being paid by the Global Parent entity, from the Company's ratepayers through either an increase in operating expenses or a pass-through mechanism. Another portion of the franchise fee would be paid by the unregulated Global Parent entity under the provisions of certain Public Private Partnerships Agreements (which is the next issue I will address in my direct testimony).

Q. What is RUCO recommending in regard to the Company's franchise fee request?

A. RUCO is recommending that the Commission allow the Company to increase operating expenses in order to allow recovery of the Company-requested portion of the franchise fee in customer rates.

Q. Has RUCO made an adjustment to the Company's operating expenses to include the franchise fee in customer rates?

A. Yes. As explained in the Testimony of RUCO witness Rodney L. Moore, RUCO has made the appropriate adjustment to include the Company requested franchise fee in rates.

Public Private Partnership Agreements

Q. Please describe Global Utilities' public private partnership ("P3") agreements.

A. According to the testimony of Company witness Trevor Hill, P3 agreements are agreements entered into by the unregulated Global Parent entity and several of the cities and towns that Global Utilities serves. The agreements cover such things as regional planning, municipal obligations under Arizona's growing smarter legislation, emergency services coordination, and access to public streets rights of way. Mr. Hill stated that Global Parent is presently making payments of franchise fees associated with the P3 agreements. This includes the portion of franchise fees that RUCO is recommending be treated as an operating expense.

Q. Is RUCO opposed to P3 agreements?

A. RUCO is not opposed per se to the P3 agreements that the unregulated Global Parent entity enters into with cities or towns that the Company serves. However, RUCO is concerned that Global Utilities may want to pass through fees that involve additional types of services that would not normally be included in a franchise fee (normally, franchise fees include such things as public streets rights of way, police or fire assistance during construction, street paving, etc.).

Q. What is RUCO's recommendation on this issue?

A. RUCO is recommending that any remaining portion of franchise fees negotiated through P3 agreements (that are currently being paid for by the unregulated Global Parent entity) that are not associated with services typically included in a municipal franchise fee not be recovered in rates.

Q. Is RUCO comfortable that its recommendation on the inclusion of a portion of the franchise fees associated with P3 agreements will provide an adequate safeguard against the scenario you've just described?

A. Yes. RUCO's recommendation on franchise fees is limited to three percent of operating revenues and does not allow for a direct pass through to the Company's ratepayers. The fees would also be subject to review in any future rate case proceedings to insure that they only cover the types of costs that would customarily be assessed in a franchise fee from a municipal entity.

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

A. No, it does not.

Q. Does this conclude your testimony on Global Utilities?

A. Yes, it does.

GLOBAL UTILITIES

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

DIRECT RATE DESIGN TESTIMONY

OF

WILLIAM A. RIGSBY

ON BEHALF OF

THE

RESIDENTIAL UTILITY CONSUMER OFFICE

NOVEMBER 6, 2009

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INTRODUCTION

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

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

Q. Have you previously filed direct testimony in this proceeding?

A. Yes. On October 26, 2009, I filed direct testimony on RUCO's recommended cost of capital for Global Utilities and on a number of issues associated with the required revenue aspect of this case.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to present RUCO's recommendations on certain rate design issues raised in Global Utilities' Application.

Q. What rate design issues will you address in your testimony?

A. My testimony will address the following rate design issues:

Rate Consolidation;
Phased-In Rates; and
Rebate Threshold Rates.

...

Q. Will you present RUCO's recommended rate design and offer supporting schedules in your testimony?

A. No. RUCO witness Rodney L. Moore will present RUCO's recommended rate design and offer supporting schedules. Mr. Moore will also be responsible for explaining the technical points associated with RUCO's recommended rate design.

SUMMARY OF TESTIMONY AND RECOMMENDATIONS

Q. Briefly summarize how your direct testimony is organized.

A. My direct testimony is organized into three sections. First, the introduction I have just presented and second, the summary of my testimony that I am about to give. Third, and finally, I will discuss RUCO's positions and recommendations regarding the rate design issues cited above.

Q. Please summarize the recommendations that you will present in your testimony.

A. I am making the following recommendations:

Rate Consolidation – RUCO is recommending that the Commission reject Global Utilities proposed rate consolidation for three of the six operating systems included in the Company's filing.

Phased-In Rates – RUCO is recommending that the Commission adopt Global Utilities proposal to phase in rates over a three-year period for Palo Verde Utilities Company.

Rebate Threshold Rates – RUCO is recommending that the Commission reject Global Utilities the volumetric rebate element that is part of the Company's rebate threshold rates proposal.

RUCO'S POSITIONS AND RECOMMENDATIONS

Rate Consolidation

Q. Is Global Utilities requesting consolidated rates in this proceeding?

A. Yes. Global Utilities is requesting consolidated rates for Water Utility of Greater Tonopah ("WUGT"), Valencia Water Company – Town Division ("VWC – Town Div.") and Valencia Water Company - Greater Buckeye Division ("VWC – GB Div."). The Company's remaining three systems, Palo Verde Utilities Company, Willow Valley Water Company, Inc, and Global Water – Santa Cruz Water Company would have rates that are based on their individual costs of service.

Q. What is the Company's rationale for single tariff pricing for the aforementioned operating systems?

A. In summary, the Company's main reason for consolidating the three systems is to mitigate rate shock for one of the systems – WUGT. In the

Company's proposal, costs for WUGT would shift to the customers of the other two systems. Company witness Mathew J. Rowell states that the 360 customers of Water Utility of Greater Tonopah ("WUGT") would face an extremely large rate increase without consolidation. According to Mr. Rowell WUGT required substantial upgrades, including arsenic and fluoride treatment, point of use treatment systems and infrastructure which was mandated by Commission orders. Mr. Rowell goes on to say that, without rate consolidation, rate recovery for these improvements would fall entirely on a few customers. All three of the subject utilities have a total of 6,000 customers. Mr. Rowell argues that the aforementioned infrastructure costs can be spread across this larger customer base.

Q. Does RUCO agree with the Company's position?

A. RUCO does not necessarily disagree with the points being made by Mr. Rowell. However, RUCO is not convinced that partial rate consolidation is in the best interest of the ratepayers served by the other two operating systems affected by the Company's proposal.

Q. Why does RUCO believe that partial rate consolidation is not in the best interest of the ratepayers in the other two operating systems?

A, RUCO believes that, given the large disparity in the number of customers served by the WUGT system, it is unlikely that the other two systems would ever derive any meaningful contribution toward any reciprocal

infrastructure improvements from WGUT's ratepayers in the future. Based on RUCO's recommended levels of operating revenue, VWC – GB Div.'s ratepayers would more than likely bear the brunt of subsidizing WUGT.

Q. Is RUCO's position consistent with the full rate consolidation position that it took in the AWC case?

A. Yes. As explained in the surrebuttal testimony of RUCO Director Jodi Jerich, AWC's partial consolidation proposal, which is similar to Global Utilities' proposal, results in inequitable unilateral subsidization of smaller systems by larger systems. Ms. Jerich stated that that this type of rate consolidation is a one way street always benefitting one system and always burdening the other system. Ms. Jerich further testified that AWC's partial consolidation proposal matches a large system with one or two small systems[1] (as does Global Utilities proposal), and that the purpose of this type of consolidation is to mitigate the rate increase of the smaller system by having the larger system pay more than its fair share.

...

[1] The Company matches Superstition (18,257 customers) with Miami (2,820 customers) and Casa Grande (20,642 customers) with Stanfield (179) and Coolidge (4,229). Sedona (5,154) will subsidize Pinewood (2,862) and Rimrock (1,230). The Company does propose to consolidate the two similarly sized systems of Bisbee (3,085) and Sierra Vista (2,664).

Q. What is RUCO's recommendation regarding rate consolidation in this case?

A. Based on the concerns expressed above, and RUCO's belief that a rate design based on cost of service is more appropriate in this case, RUCO is recommending that the Commission reject the Company's request for rate consolidation. As in the AWC case, RUCO urges the Commission to consider rate consolidation on a case by case basis. Based on the facts of this docket, RUCO does not find the Company's partial rate consolidation proposal to be in the public interest.

Phased-In Rates

Q. Please explain the Company's request for phased-in rates.

A. The Company is requesting phased in rates for the Palo Verde Utilities Company wastewater operating system. According to the testimony of Company witness Trevor T. Hill, Global Water is proposing that the Commission phase in the rate increase to 1) reduce rate shock; 2) to allow consumers to adapt to the new charges; and, 3) to ensure that Global Utilities will, over time, earn a reasonable return. To achieve those goals, the Company is proposing that the Commission move Palo Verde to new rates in three steps, providing for one-third of the approved revenue increase in each year. Mr. Hill also stated that Global Utilities will not earn a 10% return on its investment in plant until the final phase-in takes effect

in perhaps 2013 or 2014. Mr. Hill believes that the proposed phase-in is "a fair approach in light of the extraordinary economic situation."

Q. What is RUCO's position on the Company's proposal for a three-year phase-in of rates for Palo Verde Utilities Company?

A. RUCO typically has not proposed phased-in rates. However, in this case RUCO is recommending that the Commission adopt a three-year phase in of rates for Palo Verde Utilities Company that will generate RUCO's recommended level of operating revenue.

Q. Why is RUCO recommending a three-year phase-in of rates for Palo Verde Utilities Company?

A. RUCO's recommended revenue increase (not to mention the Company's recommended revenue increase) would produce a drastic rate increase for Palo Verde Utilities Company ratepayers. Under RUCO's recommended level of operating revenue, ratepayers would experience a monthly charge of $63.33 per month or a 92.00 percent increase in existing rates. This amounts to an additional $30.33 per month over the present rate of $33.00 per month. Given the magnitude of the increase and current economic conditions, RUCO agrees with the Company that phased-in rates are warranted.

Rebate Threshold Rates

Q. Please summarize Global Utilities request to implement rebate threshold rates.

A. As explained in the testimony of Company witness Graham S. Symmonds, Global Utilities is requesting a volumetric rebate that allows residential customers, who achieve reductions in water consumption, to realize an immediate reduction in volumetric charges when their consumption level is below a rebate threshold volume amount. The volumetric rebate is one of a three element plan that makes up the Company's Rebate Threshold Rate ("RTR") structure. The other two elements include six volumetric tiers, as opposed to the more common three tier rate structure, and revenue decoupling through an increased minimum monthly charge.

Q. Has RUCO adopted any of the Company's RTR structure?

A. Yes. As can be seen in RUCO witness Moore's rate design testimony, RUCO is recommending that the Commission adopt the Company-proposed six tier rate structure and has increased the minimum monthly charge for each of the five water providers included in the Company's filing.

...

Q. Does RUCO support the Company's proposal regarding the volumetric rebate?

A. No. RUCO believes that the six tier rate structure and the increased monthly minimum will send a proper price signal to conserve water. While RUCO definitely supports programs to encourage water conservation, we believe that the volumetric rebate is flawed for two reasons. First, it will not save ratepayers money, because all the rates will be artificially increased in order to provide funds for the rebates. Second, the proposal will not properly incent conservation because rebates are awarded to all customers who consume less than the median amount, regardless whether those customers have always been below the median point prior to the implementation of the rebate program. Furthermore, rebates would not be given to those high use customers who demonstrably reduce their consumption, yet still fall above the median amount.

Q Has the Company made an accounting adjustment that provides Global Utilities with additional revenue for the Company-proposed volumetric rebate?

A. Yes. The Company has made an upward adjustment of $514,806 to its level of operating revenue in anticipation of customers taking advantage of the aforementioned volumetric rebate program. In effect, under the Company's proposal, ratepayers will pay for the Company-proposed

volumetric rebate through increased rates no mater what and may not realize any savings at all.

Q. Has RUCO made an adjustment to remove the additional revenue for the Company-proposed volumetric rebate?

A. Yes. As explained in Mr. Moore's testimony, RUCO has made an adjustment to remove the aforementioned $514,806 in additional revenue.

Q. What is RUCO's recommendation regarding the Company-proposed volumetric rebate?

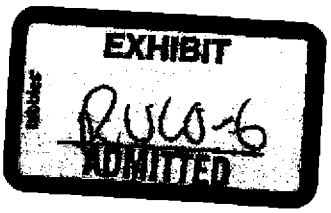
A. RUCO is recommending that the Commission reject the Company-proposed volumetric rebate.

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

A. No, it does not.

Q. Does this conclude your rate design testimony on Global Utilities?

A. Yes, it does.



GLOBAL UTILITIES

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

DIRECT TESTIMONY
ON COST OF CAPITAL

OF

WILLIAM A. RIGSBY, CRRA

ON BEHALF OF

THE

RESIDENTIAL UTILITY CONSUMER OFFICE

OCTOBER 26, 2009

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INTRODUCTION

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

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

Q. Please describe your qualifications in the field of utilities regulation and your educational background.

A. I have been involved with utilities regulation in Arizona since 1994. During that period of time I have worked as a utilities rate analyst for both the Arizona Corporation Commission ("ACC" or "Commission") and for RUCO. I hold a Bachelor of Science degree in the field of finance from Arizona State University and a Master of Business Administration degree, with an emphasis in accounting, from the University of Phoenix. I have been awarded the professional designation, Certified Rate of Return Analyst ("CRRA") by the Society of Utility and Regulatory Financial Analysts ("SURFA"). The CRRA designation is awarded based upon experience and the successful completion of a written examination. Appendix I, which is attached to my direct testimony on operating income further describes my educational background and also includes a list of the rate cases and regulatory matters that I have been involved with.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to present recommendations that are based on my analysis of the applications of Global Water - Palo Verde Utilities Company; Valencia Water Company - Greater Buckeye Division; Willow Valley Water Company, Inc.; Global Water – Santa Cruz Water Company; Water Utility of Greater Tonopah, Inc.; and Valencia Water Company – Town Division ("Valencia - Town Division") (collectively "Global Utilities" or "Company") for permanent rate increases ("Application") for the Company's operations in Maricopa and Pinal Counties in Arizona. Global Utilities filed the Application with the Commission on February 20, 2009. The Company has chosen the operating period ended December 31, 2008, as the test year ("Test Year") for the six water and wastewater systems that are the subject of this proceeding. Furthermore, Global Utilities has not performed a reconstruction cost new study and has agreed to treat the Company's original cost rate base as the fair value rate base in this case. Consequently there is no need to calculate a separate fair value rate of return to be applied to the Company's fair value rate base.

Q. Please explain your role in RUCO's analysis of Global Utilities' Application.

A. I reviewed Global Utilities' Application and performed a cost of capital analysis to determine a fair rate of return on the Company's invested capital. In addition to my recommended capital structure, my direct

testimony will present my recommended costs of common equity (Global Utilities has no preferred stock) and my recommended cost of hypothetical debt. The recommendations contained in this testimony are based on information obtained from Company responses to data requests, the Company's Application and from market-based research that I conducted during my analysis.

Q. What areas will you address in your testimony?

A. I will address the cost of capital issues associated with the case.

Q. Were you also responsible for conducting an analysis on the Company's proposed revenue level, rate base and rate design?

A. Both the revenue level and rate base aspects of the case will be addressed in the direct testimony of RUCO witness Rodney L. Moore. Mr. More and I will both file testimony on the rate design issues associated with the case on November 6, 2009. I have also filed, under separate cover, direct testimony on a number of non-cost of capital issues that were raised in the Company's Application.

Q. Please identify the exhibits that you are sponsoring.

A. I am sponsoring Schedules WAR-1 through WAR-9.

SUMMARY OF TESTIMONY AND RECOMMENDATIONS

Q. Briefly summarize how your cost of capital testimony is organized.

A. My cost of capital testimony is organized into six sections. First, the introduction I have just presented and second, a summary of my testimony that I am about to give. Third, I will present the findings of my cost of equity capital analysis, which utilized both the discounted cash flow ("DCF") method, and the capital asset pricing model ("CAPM"). These are the two methods that RUCO and ACC Staff have consistently used for calculating the cost of equity capital in rate case proceedings in the past, and are the methodologies that the ACC has given the most weight to in setting allowed rates of returns for utilities that operate in the Arizona jurisdiction. In this third section I will also provide a brief overview of the current economic climate within which Global Utilities is operating. Fourth, I will discuss my recommended capital structure, my recommended cost of long-term debt and my recommended weighted average cost of capital. Sixth, I will comment on Global Utilities' cost of capital testimony. Schedules WAR-1 through WAR-9 will provide support for my cost of capital analysis.

Q. Please summarize the recommendations and adjustments that you will address in your testimony.

A. Based on the results of my analysis of Global Utilities, I am making the following recommendations:

Cost of Equity Capital – I am recommending an 8.01 percent cost of equity capital. This 8.01 percent figure is based on the results that I obtained in my cost of equity analysis, which employed both the DCF and CAPM methodologies. My 8.01 percent cost of equity capital is 199 basis points lower than the 10.00 percent cost of equity capital being proposed by the Company.

Capital Structure – I am recommending that the Commission adopt a composite capital structure which is comprised of the various projected levels of debt and equity for the six operating systems that make up Global Utilities. My recommended composite capital structure is comprised of 37.89 percent long-term debt and 62.11 percent common equity.

Cost of Debt – I am recommending that the Commission adopt a cost of debt of 6.44 percent, which is the weighted average cost of debt of the six operating systems that make up Global Utilities.

Weighted Average Cost of Capital – Based on the results of my recommended capital structure, I am recommending a 7.41 percent cost of capital for Global Utilities, which is the *weighted* cost of my recommended costs of long-term debt and common equity.

Q. Why do you believe that your recommended 7.41 percent weighted average cost of capital is an appropriate rate of return for Global Utilities to earn on its invested capital?

A. The 7.41 percent weighted average cost of capital figure that I am recommending meets the criteria established in the landmark Supreme Court cases of Bluefield Water Works & Improvement Co. v. Public Service Commission of West Virginia (262 U.S. 679, 1923) and Federal Power Commission v. Hope Natural Gas Company (320 U.S. 391, 1944). Simply stated, these two cases affirmed that a public utility that is efficiently and economically managed is entitled to a return on investment that instills confidence in its financial soundness, allows the utility to attract capital, and also allows the utility to perform its duty to provide service to ratepayers. The rate of return adopted for the utility should also be comparable to a return that investors would expect to receive from investments with similar risk.

The Hope decision allows for the rate of return to cover both the operating expenses and the "capital costs of the business" which includes interest on debt and dividend payment to shareholders. This is predicated on the belief that, in the long run, a company that cannot meet its debt obligations and provide its shareholders with an adequate rate of return will not continue to supply adequate public utility service to ratepayers.

Q. Do the Bluefield and Hope decisions indicate that a rate of return sufficient to cover all operating and capital costs is guaranteed?

A. No. Neither case *guarantees* a rate of return on utility investment. What the Bluefield and Hope decisions *do allow*, is for a utility to be provided with the *opportunity* to earn a reasonable rate of return on its investment. That is to say that a utility, such as GLOBAL UTILITIES, is provided with the opportunity to earn an appropriate rate of return if the Company's management exercises good judgment and manages its assets and resources in a manner that is both prudent and economically efficient.

COST OF EQUITY CAPITAL

Q. What is your final recommended cost of equity capital for Global Utilities?

A. I am recommending a cost of equity of 8.01 percent. My recommended 8.01 percent cost of equity figure is the mean average of the results of my DCF and CAPM analyses, which utilized both a sample of publicly traded water providers and a sample of publicly traded natural gas local distribution companies ("LDC"). This calculation is exhibited on page 3 of my Schedule WAR-1.

...

Discounted Cash Flow (DCF) Method

Q. Please explain the DCF method that you used to estimate Global Utilities' cost of equity capital.

A. The DCF method employs a stock valuation model known as the constant growth valuation model, that bears the name of Dr. Myron J. Gordon (i.e. the Gordon model), the professor of finance who was responsible for its development. Simply stated, the DCF model is based on the premise that the current price of a given share of common stock is determined by the present value of all of the future cash flows that will be generated by that share of common stock. The rate that is used to discount these cash flows back to their present value is often referred to as the investor's cost of capital (i.e. the cost at which an investor is willing to forego other investments in favor of the one that he or she has chosen).

Another way of looking at the investor's cost of capital is to consider it from the standpoint of a company that is offering its shares of stock to the investing public. In order to raise capital, through the sale of common stock, a company must provide a required rate of return on its stock that will attract investors to commit funds to that particular investment. In this respect, the terms "cost of capital" and "investor's required return" are one in the same. For common stock, this required return is a function of the dividend that is paid on the stock. The investor's required rate of return can be expressed as the percentage of the dividend that is paid on the

stock (dividend yield) plus an expected rate of future dividend growth. This is illustrated in mathematical terms by the following formula:

$$k = \frac{D_1}{P_0} + g$$

where: k = the required return (cost of equity, equity capitalization rate),

$\frac{D_1}{P_0}$ = the dividend yield of a given share of stock calculated by dividing the expected dividend by the current market price of the given share of stock, and

g = the expected rate of future dividend growth

This formula is the basis for the standard growth valuation model that I used to determine Global Utilities' cost of equity capital.

Q. In determining the rate of future dividend growth for Global Utilities, what assumptions did you make?

A. There are two primary assumptions regarding dividend growth that must be made when using the DCF method. First, dividends will grow by a constant rate into perpetuity, and second, the dividend payout ratio will remain at a constant rate. Both of these assumptions are predicated on the traditional DCF model's basic underlying assumption that a company's earnings, dividends, book value and share growth all increase at the same constant rate of growth into infinity. Given these assumptions, if the

dividend payout ratio remains constant, so does the earnings retention ratio (the percentage of earnings that are retained by the company as opposed to being paid out in dividends). This being the case, a company's dividend growth can be measured by multiplying its retention ratio (1 - dividend payout ratio) by its book return on equity. This can be stated as g = b x r.

Q. Would you please provide an example that will illustrate the relationship that earnings, the dividend payout ratio and book value have with dividend growth?

A. RUCO consultant Stephen Hill illustrated this relationship in a Citizens Utilities Company 1993 rate case by using a hypothetical utility.[1]

Table I

	Year 1	Year 2	Year 3	Year 4	Year 5	Growth
Book Value	$10.00	$10.40	$10.82	$11.25	$11.70	4.00%
Equity Return	10%	10%	10%	10%	10%	N/A
Earnings/Sh.	$1.00	$1.04	$1.082	$1.125	$1.170	4.00%
Payout Ratio	0.60	0.60	0.60	0.60	0.60	N/A
Dividend/Sh	$0.60	$0.624	$0.649	$0.675	$0.702	4.00%

Table I of Mr. Hill's illustration presents data for a five-year period on his hypothetical utility. In Year 1, the utility had a common equity or book

[1] Citizens Utilities Company, Arizona Gas Division, Docket No. E-1032-93-111, Prepared Testimony, dated December 10, 1993, p. 25.

value of $10.00 per share, an investor-expected equity return of ten percent, and a dividend payout ratio of sixty percent. This results in earnings per share of $1.00 ($10.00 book value x 10 percent equity return) and a dividend of $0.60 ($1.00 earnings/sh. x 0.60 payout ratio) during Year 1. Because forty percent (1 - 0.60 payout ratio) of the utility's earnings are retained as opposed to being paid out to investors, book value increases to $10.40 in Year 2 of Mr. Hill's illustration. Table I presents the results of this continuing scenario over the remaining five-year period.

The results displayed in Table I demonstrate that under "steady-state" (i.e. constant) conditions, book value, earnings and dividends all grow at the same constant rate. The table further illustrates that the dividend growth rate, as discussed earlier, is a function of (1) the internally generated funds or earnings that are retained by a company to become new equity, and (2) the return that an investor earns on that new equity. The DCF dividend growth rate, expressed as g = b x r, is also referred to as the internal or sustainable growth rate.

Q. If earnings and dividends both grow at the same rate as book value, shouldn't that rate be the sole factor in determining the DCF growth rate?

A. No. Possible changes in the expected rate of return on either common equity or the dividend payout ratio make earnings and dividend growth by

themselves unreliable. This can be seen in the continuation of Mr. Hill's illustration on a hypothetical utility.

Table II

	Year 1	Year 2	Year 3	Year 4	Year 5	Growth
Book Value	$10.00	$10.40	$10.82	$11.47	$12.158	5.00%
Equity Return	10%	10%	15%	15%	15%	10.67%
Earnings/Sh	$1.00	$1.04	$1.623	$1.720	$1.824	16.20%
Payout Ratio	0.60	0.60	0.60	0.60	0.60	N/A
Dividend/Sh	$0.60	$0.624	$0.974	$1.032	$1.094	16.20%

In the example displayed in Table II, a sustainable growth rate of four percent[2] exists in Year 1 and Year 2 (as in the prior example). In Year 3, Year 4 and Year 5, however, the sustainable growth rate increases to six percent.[3] If the hypothetical utility in Mr. Hill's illustration were expected to earn a fifteen-percent return on common equity on a continuing basis, then a six percent long-term rate of growth would be reasonable. However, the compound growth rate for earnings and dividends, displayed in the last column, is 16.20 percent. If this rate was to be used in the DCF model, the utility's return on common equity would be expected to increase by fifty percent every five years, [(15 percent ÷ 10 percent) – 1]. This is clearly an unrealistic expectation.

[2] [(Year 2 Earnings/Sh – Year 1 Earnings/Sh) ÷ Year 1 Earnings/Sh] = [($1.04 - $1.00) ÷ $1.00] = [$0.04 ÷ $1.00] = 4.00%

[3] [(1 – Payout Ratio) x Rate of Return] = [(1 - 0.60) x 15.00%] = 0.40 x 15.00% = 6.00%

Although it is not illustrated in Mr. Hill's hypothetical example, a change in only the dividend payout ratio will eventually result in a utility paying out more in dividends than it earns. While it is not uncommon for a utility in the real world to have a dividend payout ratio that exceeds one hundred percent on occasion, it would be unrealistic to expect the practice to continue over a sustained long-term period of time.

Q. Other than the retention of internally generated funds, as illustrated in Mr. Hill's hypothetical example, are there any other sources of new equity capital that can influence an investor's growth expectations for a given company?

A. Yes, a company can raise new equity capital externally. The best example of external funding would be the sale of new shares of common stock. This would create additional equity for the issuer and is often the case with utilities that are either in the process of acquiring smaller systems or providing service to rapidly growing areas.

Q. How does external equity financing influence the growth expectations held by investors?

A. Rational investors will put their available funds into investments that will either meet or exceed their given cost of capital (i.e. the return earned on their investment). In the case of a utility, the book value of a company's stock usually mirrors the equity portion of its rate base (the utility's earning

base). Because regulators allow utilities the opportunity to earn a reasonable rate of return on rate base, an investor would take into consideration the effect that a change in book value would have on the rate of return that he or she would expect the utility to earn. If an investor believes that a utility's book value (i.e. the utility's earning base) will increase, then he or she would expect the return on the utility's common stock to increase. If this positive trend in book value continues over an extended period of time, an investor would have a reasonable expectation for sustained long-term growth.

Q. Please provide an example of how external financing affects a utility's book value of equity.

A. As I explained earlier, one way that a utility can increase its equity is by selling new shares of common stock on the open market. If these new shares are purchased at prices that are higher than those shares sold previously, the utility's book value per share will increase in value. This would increase both the earnings base of the utility and the earnings expectations of investors. However, if new shares sold at a price below the pre-sale book value per share, the after-sale book value per share declines in value. If this downward trend continues over time, investors might view this as a decline in the utility's sustainable growth rate and will have lower expectations regarding growth. Using this same logic, if a new stock issue sells at a price per share that is the same as the pre-sale book

value per share, there would be no impact on either the utility's earnings base or investor expectations.

Q. Please explain how the external component of the DCF growth rate is determined.

A. In his book, The Cost of Capital to a Public Utility,[4] Dr. Gordon (the individual responsible for the development of the DCF or constant growth model) identified a growth rate that includes both expected internal and external financing components. The mathematical expression for Dr. Gordon's growth rate is as follows:

$$g = (br) + (sv)$$

where: g = DCF expected growth rate,
b = the earnings retention ratio,
r = the return on common equity,
s = the fraction of new common stock sold that accrues to a current shareholder, and
v = funds raised from the sale of stock as a fraction of existing equity.

and $v = 1 - [(BV) \div (MP)]$

where: BV = book value per share of common stock, and
MP = the market price per share of common stock.

[4] Gordon, M.J., The Cost of Capital to a Public Utility, East Lansing, MI: Michigan State University, 1974, pp. 30-33.

Q. Did you include the effect of external equity financing on long-term growth rate expectations in your analysis of expected dividend growth for the DCF model?

A. Yes. The external growth rate estimate (sv) is displayed on Page 1 of Schedule WAR-4, where it is added to the internal growth rate estimate (br) to arrive at a final sustainable growth rate estimate.

Q. Please explain why your calculation of external growth on page 2 of Schedule WAR-4, is the current market-to-book ratio averaged with 1.0 in the equation [(M ÷ B) + 1] ÷ 2.

A. The market price of a utility's common stock will tend to move toward book value, or a market-to-book ratio of 1.0, if regulators allow a rate of return that is equal to the cost of capital (one of the desired effects of regulation). As a result of this situation, I used [(M ÷ B) + 1] ÷ 2 as opposed to the current market-to-book ratio by itself to represent investor's expectations that, in the future, a given utility will achieve a market-to-book ratio of 1.0.

Q. Has the Commission ever adopted a cost of capital estimate that included this assumption?

A. Yes. In a prior Southwest Gas Corporation rate case[5], the Commission adopted the recommendations of ACC Staff's cost of capital witness, Stephen Hill, who I noted earlier in my testimony. In that case, Mr. Hill

[5] Decision No. 68487, Dated February 23, 2006 (Docket No. G-01551A-04-0876)

used the same methods that I have used in arriving at the inputs for the DCF model. His final recommendation for Southwest Gas Corporation was largely based on the results of his DCF analysis, which incorporated the same valid market-to-book ratio assumption that I have used consistently in the DCF model as a cost of capital witness for RUCO.

Q. How did you develop your dividend growth rate estimate?

A. I analyzed data on two separate proxy groups. A water company proxy group comprised of three publicly traded water companies and a natural gas proxy group consisting of ten natural gas local distribution companies ("LDC") that have similar operating characteristics to water providers.

Q. Why did you use a proxy group methodology as opposed to a direct analysis of Global Utilities?

A. One of the problems in performing this type of analysis is that the utility applying for a rate increase is not always a publicly traded company, as is the case with Global Utilities itself. Consequently it was necessary to create a proxy by analyzing publicly traded water companies and LDC's with similar risk characteristics.

...

Q. In determining your dividend growth rate estimates, both you and the Company's witness analyzed the data on publicly traded water utilities. Why did you and the Company witness analyze only publicly traded water utilities as opposed to firms that provide wastewater service?

A. The use of water utilities was necessitated by the fact that there is a lack of financial and market information available on stand-alone wastewater utilities. This in itself is not a problem, given the fact that both water and wastewater utilities share similar risk characteristics. Both types of utilities provide a basic service for which there are no substitutes and are also subject to strict federal and state regulations.

Q. Are there any other advantages to the use of a proxy?

A. Yes. As I noted earlier, the U.S. Supreme Court ruled in the Hope decision that a utility is entitled to earn a rate of return that is commensurate with the returns on investments of other firms with comparable risk. The proxy technique that I have used derives that rate of return. One other advantage to using a sample of companies is that it reduces the possible impact that any undetected biases, anomalies, or measurement errors may have on the DCF growth estimate.

...

Q. What criteria did you use in selecting the companies that make up your water company proxy for Global Utilities?

A. Three of the four water companies used in the proxy are publicly traded on the New York Stock Exchange ("NYSE") and one of them, Southwest Water Company, is traded over the counter through the National Association of Securities Dealers Automated Quotation System ("NASDAQ"). All four water companies are followed by The Value Line Investment Survey ("Value Line") and are the same companies that comprise Value Line's large capitalization Water Utility Industry segment of the U.S. economy (Attachment A contains Value Line's October 23, 2009 update of the water utility industry and evaluations of the water companies used in my proxy).

Q. Are these the same water utilities that you have used in prior rate case proceedings?

A. Yes.

Q. Please describe the companies that comprise your water company proxy group.

A. My water company proxy group includes American States Water Co. (stock ticker symbol "AWR"), California Water Service Group ("CWT"), Southwest Water Company ("SWWC") and Aqua America, Inc. ("WTR"). Each of these water companies face the same types of risk that Global

Utilities faces. For the sake of brevity, I will refer to each of these companies by their appropriate stock ticker symbols henceforth.

Q. Briefly describe the areas served by the companies in your water company sample proxy.

A. In addition to providing water service to residents of Fountain Hills, Arizona through its wholly owned subsidiary Chaparral City Water Company, AWR also serves communities located in Los Angeles, Orange and San Bernardino counties in California. CWT provides service to customers in seventy-five communities in California, New Mexico and Washington. CWT's principal service areas are located in the San Francisco Bay area, the Sacramento, Salinas and San Joaquin Valleys and parts of Los Angeles. SWWC owns and manages regulated systems in California, New Mexico, Oklahoma and Texas. WTR is a holding company for a large number of water and wastewater utilities operating in nine different states including Pennsylvania, Ohio, New Jersey, Illinois, Maine, North Carolina, Texas, Florida and Kentucky.

Q. Are these the same water companies that Global Utilities used in its application?

A. Global Utilities' cost of equity witness, Mr. Matthew J. Rowell did not perform a cost of equity analysis. His recommended cost of common

equity of 10.00 percent is based on cost of equity levels that have been awarded to utilities in past rate case proceedings.

Q. What criteria did you use in selecting the natural gas LDC's included in your proxy for Global Utilities?

A. As are the water companies that I just described, each of the natural gas LDC's used in the proxy are publicly traded on a major stock exchange (all ten trade on the NYSE) and are followed by Value Line. Each of the ten LDC's in my sample are tracked in Value Line's natural gas Utility industry segment. All of the companies in the proxy are engaged in the provision of regulated natural gas distribution services. Attachment B of my testimony contains Value Line's most recent evaluation of the natural gas proxy group that I used for my cost of common equity analysis.

Q. What companies are included your natural gas proxy?

A. The ten natural gas LDC's included in my proxy (and their NYSE ticker symbols) are AGL Resources, Inc. ("AGL"), Atmos Energy Corp. ("ATO"), Laclede Group, Inc. ("LG"), New Jersey Resources Corporation ("NJR"), Nicor, Inc. ("GAS"), Northwest Natural Gas Co. ("NWN"), Piedmont Natural Gas Company ("PNY"), South Jersey Industries, Inc. ("SJI") Southwest Gas Corporation ("SWX"), which is the dominant natural gas provider in Arizona, and WGL Holdings, Inc. ("WGL"). These are the

same ten LDC's that I analyzed in the most recent UNS Gas, Inc. proceeding.[6]

Q. Briefly describe the regions of the U.S. served by the ten natural gas LDC's that make up your sample proxy.

A. The ten LDC's listed above provide natural gas service to customers in the Middle Atlantic region (i.e. NJI which serves portions of northern New Jersey, SJI which serves southern New Jersey and WGL which serves the Washington D.C. metro area), the Southeast and South Central portions of the U.S. (i.e. AGL which serves Virginia, southern Tennessee and the Atlanta, Georgia area and PNY which serves customers in North Carolina, South Carolina and Tennessee), the South, deep South and Midwest (i.e. ATO which serves customers in Kentucky, Mississippi, Louisiana, Texas, Colorado and Kansas, GAS which provides service to northern and western Illinois, and LG which serves the St. Louis area), and the Pacific Northwest (i.e. NWN which serves Washington state and Oregon). Portions of Arizona, Nevada and California are served by SWX.

Q. Please explain your DCF growth rate calculations for the sample companies used in your proxy.

A. Schedule WAR-5 provides retention ratios, returns on book equity, internal growth rates, book values per share, numbers of shares outstanding, and

[6] Docket No. G-04204A-08-0571

the compounded share growth for each of the utilities included in the sample for the historical observation period 2004 to 2008 for both the water and LDC industries. Schedule WAR-5 also includes Value Line's projected 2009, 2010 and 2012-14 values for the retention ratio, equity return, book value per share growth rate, and number of shares outstanding for both the water utilities and the LDC's.

Q. Please describe how you used the information displayed in Schedule WAR-5 to estimate each comparable utility's dividend growth rate.

A. In explaining my analysis, I will use AWR as an example. The first dividend growth component that I evaluated was the internal growth rate. I used the "b x r" formula (described on pages 12 and 13) to multiply AWR's earned return on common equity by its earnings retention ratio for each year in the 2004 to 2008 observation period to derive the utility's annual internal growth rates. I used the mean average of this five-year period as a benchmark against which I compared the projected growth rate trends provided by Value Line. Because an investor is more likely to be influenced by recent growth trends, as opposed to historical averages, the five-year mean noted earlier was used only as a benchmark figure. As shown on Schedule WAR-5, Page 1, AWR's average internal growth rate of 2.62% over the 2004 to 2008 period reflects an up and down pattern of growth that ranged from a low of 1.01% in 2002 to a high of 3.79% during 2007. Value Line is predicting that growth will increase steadily from

3.05% in 2008, to 6.23% by the end of the 2012-14 time frame. After weighing Value Line's projections for internal growth, stable outlook for earnings per share, increased growth for dividends per share and no change in book value per share growth, I believe that a 6.20% rate of internal growth is reasonable for AWR. (Schedule WAR-4, Page 1 of 2).

Q. Please continue with the external growth rate component portion of your analysis.

A. Schedule WAR-5 demonstrates that the pattern of shares outstanding for AWR increased from 16.75 million to 17.30 million from 2004 to 2008. Value Line is predicting that this level will increase from 18.50 million in 2009 to 20.00 million by the end of 2014. Based on this data, I believe that a 5.00 percent growth in shares is not unreasonable for AWR (Page 2 of Schedule WAR-4). My final dividend growth rate estimate for AWR is 9.03 percent (6.20 percent internal + 2.83 percent external) and is shown on Page 1 of Schedule WAR-4.

Q. What is your average DCF dividend growth rate estimate for your sample of water utilities?

A. My average DCF dividend growth rate estimate for my water company sample is 7.18 percent as displayed on page 1 of Schedule WAR-4.

Q. Did you use the same approach to determine an average dividend growth rate for the proxy comprised of natural gas LDC's?

A. Yes.

Q. What is your average DCF dividend growth rate estimate for the sample natural gas utilities?

A. My average DCF dividend growth rate estimate is 5.23 percent, which is also displayed on page 1 of Schedule WAR-4.

Q. How does your average dividend growth rate estimates on water companies compare to the growth rate data published by Value Line and other analysts?

A. Schedule WAR-6 compares my sustainable growth estimates with the five-year projections of analysts at both Zacks Investment Research, Inc. ("Zacks") (Attachment C) and Value Line. In the case of the water companies, my 7.18 percent estimate exceeds Zacks' average long-term EPS projection of 6.57 percent and Value Line's growth projection of 3.74 percent (which is an average of EPS, DPS and BVPS). My 7.18 percent estimate is 313 basis points higher than the 4.05 percent average of Value Line's historical and projected data averaged with the consensus opinions published by Zacks. My 7.18 percent growth estimate is also 595 basis points higher than Value Line's 1.23 percent 5-year compound historical average of EPS, DPS and BVPS. The estimates of analysts at Value Line

indicate that investors are expecting somewhat higher performance from the water utility industry in the future given their 7.00 percent to 7.50 percent book return on common equity over the 2009 to 2014 period. On balance, I would say my 7.18 percent estimate is an optimistic representation of the growth projections that are available to the investing public.

Q. How do your average dividend growth rate estimates on natural gas LDC's compare to the growth rate data published by Value Line and other analysts?

A. In regard to the natural gas LDC's, my 5.23 percent estimate is 57 basis points lower than the average 5.80 percent long-term EPS consensus projections published by Zacks, and 85 basis points higher than the 4.38 percent Value Line projected estimate (which is an average of EPS, DPS and BVPS). As can also be seen on Schedule WAR-6, the 5.23 percent estimate that I have calculated is 54 basis points lower than the 5.77 percent average of the 5-year historic EPS, DPS and BVPS means of Value Line and 13 basis points lower than the 5.36 percent five-year compound historical average of Value Line data (on EPS, DPS and BVPS). In fact, my 5.23 percent estimate is 7 basis points higher than the combined 5.16 percent Value Line and Zacks averages displayed in Schedule WAR-6. In the case of the LDC's I would say that my 5.23 percent estimate, which is lower than Zack's but higher than Value Line's

forecasts, is a fairly good representation of the growth projections presented by securities analysts at this point in time.

Q. How did you calculate the dividend yields displayed in Schedule WAR-3?

A. For both the water companies and the natural gas LDC's I used the estimated annual dividends, for the next twelve-month period, that appeared in Value Line's October 23, 2009 Ratings and Reports water utility industry update and Value Line's September 11, 2009 Ratings and Reports natural gas utility update. I then divided those figures by the eight-week average closing price per share of the appropriate utility's common stock. The eight-week average price is based on the daily adjusted closing stock prices for each of the companies in my proxies for the period August 24, 2009 to October 16, 2009.

Q. Based on the results of your DCF analysis, what is your cost of equity capital estimate for the water and natural gas utilities included in your sample?

A. As shown on Schedule WAR-2, the cost of equity capital derived from my DCF analysis is 9.94 percent for the water utilities and 9.50 percent for the natural gas LDC's.

Capital Asset Pricing Model (CAPM) Method

Q. Please explain the theory behind CAPM and why you decided to use it as an equity capital valuation method in this proceeding.

A. CAPM is a mathematical tool that was developed during the early 1960's by William F. Sharpe[7], the Timken Professor Emeritus of Finance at Stanford University, who shared the 1990 Nobel Prize in Economics for research that eventually resulted in the CAPM model. CAPM is used to analyze the relationships between rates of return on various assets and risk as measured by beta.[8] In this regard, CAPM can help an investor to determine how much risk is associated with a given investment so that he or she can decide if that investment meets their individual preferences. Finance theory has always held that as the risk associated with a given investment increases, so should the expected rate of return on that investment and vice versa. According to CAPM theory, risk can be classified into two specific forms: nonsystematic or diversifiable risk, and systematic or non-diversifiable risk. While nonsystematic risk can be virtually eliminated through diversification (i.e. by including stocks of various companies in various industries in a portfolio of securities),

[7] William F. Sharpe, "A Simplified Model of Portfolio Analysis," Management Science, Vol. 9, No. 2 (January 1963), pp. 277-93.

[8] Beta is defined as an index of volatility, or risk, in the return of an asset relative to the return of a market portfolio of assets. It is a measure of systematic or non-diversifiable risk. The returns on a stock with a beta of 1.0 will mirror the returns of the overall stock market. The returns on stocks with betas greater than 1.0 are more volatile or riskier than those of the overall stock market; and if a stock's beta is less than 1.0, its returns are less volatile or riskier than the overall stock market.

systematic risk, on the other hand, cannot be eliminated by diversification. Thus, systematic risk is the only risk of importance to investors. Simply stated, the underlying theory behind CAPM states that the expected return on a given investment is the sum of a risk-free rate of return plus a market risk premium that is proportional to the systematic (non-diversifiable risk) associated with that investment. In mathematical terms, the formula is as follows:

$$k = r_f + [\, ß\, (\, r_m - r_f\,)\,]$$

where:
- k = the expected return of a given security,
- r_f = risk-free rate of return,
- ß = beta coefficient, a statistical measurement of a security's systematic risk,
- r_m = average market return (e.g. S&P 500), and
- $r_m - r_f$ = market risk premium.

Q. What types of financial instruments are generally used as a proxy for the risk-free rate of return in the CAPM model?

A. Generally speaking, the yields of U.S. Treasury instruments are used by analysts as a proxy for the risk-free rate of return component.

...

Q. Please explain why U.S. Treasury instruments are regarded as a suitable proxy for the risk-free rate of return?

A. As citizens and investors, we would like to believe that U.S. Treasury securities (which are backed by the full faith and credit of the United States Government) pose no threat of default no matter what their maturity dates are. However, a comparison of various Treasury instruments will reveal that those with longer maturity dates do have slightly higher yields. Treasury yields are comprised of two separate components,[9] a real rate of interest (believed to be approximately 2.00 percent) and an inflationary expectation. When the real rate of interest is subtracted from the total treasury yield, all that remains is the inflationary expectation. Because increased inflation represents a potential capital loss, or risk, to investors, a higher inflationary expectation by itself represents a degree of risk to an investor. Another way of looking at this is from an opportunity cost standpoint. When an investor locks up funds in long-term T-Bonds, compensation must be provided for future investment opportunities foregone. This is often described as maturity or interest rate risk and it can affect an investor adversely if market rates increase before the instrument matures (a rise in interest rates would decrease the value of the debt instrument). As discussed earlier in the DCF portion of my

[9] As a general rule of thumb, there are three components that make up a given interest rate or rate of return on a security: the real rate of interest, an inflationary expectation, and a risk premium. The approximate risk premium of a given security can be determined by simply subtracting a 91-day T-Bill rate from the yield on the security.

testimony, this compensation translates into higher rates of returns to the investor.

Q. What security did you use for a risk-free rate of return in your CAPM analysis?

A. I used an eight-week average of the yield on a 5-year U.S. Treasury instrument. The yields were published in Value Line's Selection and Opinion publication dated September 4, 2009 through October 23, 2009 (Attachment D). This resulted in a risk-free (r_f) rate of return of 2.46 percent.

Q. Why did you use the yield on a 5-year year U.S. Treasury instrument as opposed to a short-term T-Bill?

A. While a shorter term instrument, such as a 91-day T-Bill, presents the lowest possible total risk to an investor, a good argument can be made that the yield on an instrument that matches the investment period of the asset being analyzed in the CAPM model should be used as the risk-free rate of return. Since utilities in Arizona generally file for rates every three to five years, the yield on a 5-year U.S. Treasury Instrument closely matches the investment period or, in the case of regulated utilities, the period that new rates will be in effect.

Q. How did you calculate the market risk premium used in your CAPM analysis?

A. I used both a geometric and an arithmetic mean of the historical total returns on the S&P 500 index from 1926 to 2008 as the proxy for the market rate of return (r_m). For the risk-free portion of the risk premium component (r_f), I used the geometric mean of the total returns of intermediate-term government bonds for the same eighty-two year period. The market risk premium (r_m - r_f) that results by using the geometric mean of these inputs is 4.20 percent (9.60% - 5.40% = 4.20%). The market risk premium that results by using the arithmetic mean calculation is 6.10 percent (11.70% - 5.60% = 6.10%).

Q. How did you select the beta coefficients that were used in your CAPM analysis?

A. The beta coefficients (ß), for the individual utilities used in both my proxies, were calculated by Value Line and were current as of October 23, 2009 for the water companies and September 11, 2009 for the natural gas LDC's. Value Line calculates its betas by using a regression analysis between weekly percentage changes in the market price of the security being analyzed and weekly percentage changes in the NYSE Composite Index over a five-year period. The betas are then adjusted by Value Line for their long-term tendency to converge toward 1.00. The beta coefficients for the service providers included in my water company

sample ranged from 0.65 to 1.10 with an average beta of 0.83. The beta coefficients for the LDC's included in my natural gas sample ranged from 0.60 to 0.75 with an average beta of 0.67.

Q. What are the results of your CAPM analysis?

A. As shown on pages 1 and 2 of Schedule WAR-7, my CAPM calculation using a geometric mean to calculate the risk premium results in an average expected return of 5.92 percent for the water companies and 5.25 percent for the natural gas LDC's. My calculation using an arithmetic mean results in an average expected return of 7.49 percent for the water companies and 6.51 percent for the natural gas LDC's.

Q. Please summarize the results derived under each of the methodologies presented in your testimony.

A. The following is a summary of the cost of equity capital derived under each methodology used:

METHOD	RESULTS
DCF (Water Sample)	9.94%
DCF (Natural Gas Sample)	9.50%
CAPM (Water Sample)	5.92% – 7.49%
CAPM (Natural Gas)	5.25% – 6.51%

Based on these results, my best estimate of an appropriate range for a cost of common equity for Global Utilities is 5.25 percent to 9.94 percent. My final recommended cost of common equity figure is 8.01 percent.

Q How did you arrive at your final recommended 8.01 percent cost of common equity?

A. My recommended 8.01 percent cost of common equity is the mean average of my DCF and CAPM results. The calculation of my 8.01 percent cost of common equity can be seen on Schedule WAR-1, Page 2 of 2.

Q. How does your recommended cost of equity capital compare with the cost of equity capital proposed by the Company?

A. The 10.00 percent cost of equity capital proposed by the Company is 199 basis points higher than the 8.01 percent OCRB cost of equity capital that I am recommending.

Current Economic Environment

Q. Please explain why it is necessary to consider the current economic environment when performing a cost of equity capital analysis for a regulated utility.

A. Consideration of the economic environment is necessary because trends in interest rates, present and projected levels of inflation, and the overall

state of the U.S. economy determine the rates of return that investors earn on their invested funds. Each of these factors represent potential risks that must be weighed when estimating the cost of equity capital for a regulated utility and are, most often, the same factors considered by individuals who are also investing in non-regulated entities.

Q. Please discuss your analysis of the current economic environment.

A. My analysis includes a brief review of the economic events that have occurred since 1990. Schedule WAR-8 displays various economic indicators and other data that I will refer to during this portion of my testimony.

In 1991, as measured by the most recently revised annual change in gross domestic product ("GDP"), the U.S. economy experienced a rate of growth of negative 0.20 percent. This decline in GDP marked the beginning of a mild recession that ended sometime before the end of the first half of 1992. Reacting to this situation, the Federal Reserve Board ("Federal Reserve" or "Fed"), then chaired by noted economist Alan Greenspan, lowered its benchmark federal funds rate[10] in an effort to further loosen monetary constraints - an action that resulted in lower interest rates.

[10] This is the interest rate charged by banks with excess reserves at a Federal Reserve district bank to banks needing overnight loans to meet reserve requirements. The federal funds rate is the most sensitive indicator of the direction of interest rates, since it is set daily by the market, unlike the prime rate and the discount rate, which are periodically changed by banks and by the Federal Reserve Board, respectively.

During this same period, the nation's major money center banks followed the Federal Reserve's lead and began lowering their interest rates as well. By the end of the fourth quarter of 1993, the prime rate (the rate charged by banks to their best customers) had dropped to 6.00 percent from a 1990 level of 10.01 percent. In addition, the Federal Reserve's discount rate on loans to its member banks had fallen to 3.00 percent and short-term interest rates had declined to levels that had not been seen since 1972.

Although GDP increased in 1992 and 1993, the Federal Reserve took steps to increase interest rates beginning in February of 1994, in order to keep inflation under control. By the end of 1995, the Federal discount rate had risen to 5.21 percent. Once again, the banking community followed the Federal Reserve's moves. The Fed's strategy, during this period, was to engineer a "soft landing." That is to say that the Federal Reserve wanted to foster a situation in which economic growth would be stabilized without incurring either a prolonged recession or runaway inflation.

Q. Did the Federal Reserve achieve its goals during this period?

A. Yes. The Fed's strategy of decreasing interest rates to stimulate the economy worked. The annual change in GDP began an upward trend in 1992. A change of 4.50 percent and 4.20 percent were recorded at the end of 1997 and 1998 respectively. Based on daily reports that were

presented in the mainstream print and broadcast media during most of 1999, there appeared to be little doubt among both economists and the public at large that the U.S. was experiencing a period of robust economic growth highlighted by low rates of unemployment and inflation. Investors, who believed that technology stocks and Internet company start-ups (with little or no history of earnings) had high growth potential, purchased these types of issues with enthusiasm. These types of investors, who exhibited what former Chairman Greenspan described as "irrational exuberance," pushed stock prices and market indexes to all time highs from 1997 to 2000.

Q. What has been the state of the economy since 2001?

A. The U.S. economy entered into a recession near the end of the first quarter of 2001. The bullish trend, which had characterized the last half of the 1990's, had already run its course sometime during the third quarter of 2000. Economic data released since the beginning of 2001 had already been disappointing during the months preceding the September 11, 2001 terrorist attacks on the World Trade Center and the Pentagon. Slower growth figures, rising layoffs in the high technology manufacturing sector, and falling equity prices (due to lower earnings expectations) prompted the Fed to begin cutting interest rates as it had done in the early 1990's. The now infamous terrorist attacks on New York City and Washington D.C. marked a defining point in this economic slump and prompted the

Federal Reserve to continue its rate cutting actions through December 2001. Prior to the 9/11 attacks, commentators, reporting in both the mainstream financial press and various economic publications including Value Line, believed that the Federal Reserve was cutting rates in the hope of avoiding a recession.

Despite several intervals during 2002 and 2003 in which the Federal Open Market Committee ("FOMC") decided not to change interest rates – moves which indicated that the worst may be over and that the recession might have bottomed out during the last quarter of 2001 – a lackluster economy persisted. The continuing economic malaise and even fears of possible deflation prompted the FOMC to make a thirteenth rate cut on June 25, 2003. The quarter point cut reduced the federal funds rate to 1.00 percent, the lowest level in forty-five years.

Even though some signs of economic strength, mainly attributed to consumer spending, began to crop up during the latter part of 2002 and into 2003, Chairman Greenspan appeared to be concerned with sharp declines in capital spending in the business sector.

During the latter part of 2003, the FOMC went on record as saying that it intended to leave interest rates low "for a considerable period." After its two-day meeting that ended on January 28, 2004, the FOMC announced

"that with inflation 'quite low' and plenty of excess capacity in the economy, policy-makers 'can be patient in removing its policy accommodation.'[11]

Q. What actions has the Federal Reserve taken in terms of interest rates since the beginning of 2001?

A. As noted earlier, from January 2001 to June 2003 the Federal Reserve cut interest rates a total of thirteen times. During this period, the federal funds rate fell from 6.50 percent to 1.00 percent. The FOMC reversed this trend on June 29, 2004 and raised the federal funds rate 25 basis points to 1.25 percent. From June 29, 2004 to January 31, 2006, the FOMC raised the federal funds rate thirteen more times to a level of 4.50 percent.

The FOMC's January 31, 2006 meeting marked the final appearance of Alan Greenspan, who had presided over the rate setting body for a total of eighteen years. On that same day, Greenspan's successor, Ben Bernanke, the former chairman of the President's Council of Economic Advisers and a former Fed governor under Greenspan from 2002 to 2005, was confirmed by the U.S. Senate to be the new Federal Reserve chief.

As expected by Fed watchers, Chairman Bernanke picked up where his predecessor left off and increased the federal funds rate by 25 basis points during each of the next three FOMC meetings for a total of seventeen consecutive rate increases since June 2004, and raising the

[11] Wolk, Martin, "Fed holds interest rates steady," MSNBC, January 28, 2004.

federal funds rate to a level of 5.25 percent. The Fed's rate increase campaign finally came to a halt at the FOMC meeting held on August 8, 2006, when the FOMC decided not to raise rates.

Q. What was the reaction in the financial community to the Fed's decision not to raise interest rates?

A. As in the past, banks followed the Fed's lead once again and held the prime rate to a level of 8.25 percent, or 300 basis points higher than the federal funds rate of 5.25 percent established on June 29, 2006.

Q. How did analysts view the Fed's actions between January 2001 and August 2006?

A. According to an article that appeared in the December 2, 2004 edition of The Wall Street Journal, the FOMC's decision to begin raising rates two years ago was viewed as a move to increase rates from emergency lows in order to avoid creating an inflation problem in the future as opposed to slowing down the strengthening economy.[12] In other words, the Fed was trying to head off inflation *before* it became a problem. During the period following the August 8, 2006 FOMC meeting, the Fed's decisions not to

[12] McKinnon, John D. and Greg IP, "Fed Raises Rates by a Quarter Point," The Wall Street Journal, September 22, 2004.

raise rates were viewed as a gamble that a slower U.S. economy would help to cap growing inflationary pressures.[13]

Q. Was the Fed attempting to engineer another "soft landing", as it did in the mid-nineties, by holding interest rates steady?

A. Yes, however, as pointed out in an August 2006 article in The Wall Street Journal by E.S. Browning, soft landings – like the one that the Fed managed to pull off during the 1994-95 time frame, in which a recession or a bear market were avoided – rarely happen[14]. Since it began increasing the federal funds rate in June 2004, the Fed had assured investors that it would increase rates at a "measured" pace. Many analysts and economists interpreted this language to mean that former Chairman Greenspan would be cautious in increasing interest rates too quickly in order to avoid what is considered to be one of the Fed's few blunders during Greenspan's tenure – a series of increases in 1994 that caught the financial markets by surprise after a long period of low rates. The rapid rise in rates contributed to the bankruptcy of Orange County, California and the Mexican peso crisis[15]. According to Mr. Browning, at the time that his article was published, the hope was that Chairman Bernanke would

[13] Ip, Greg, "Fed Holds Interest Rates Steady As Slowdown Outweighs Inflation," The Wall Street Journal Online Edition, August 8, 2006.

[14] Browning, E.S, "Not Too Fast, Not Too Slow...," The Wall Street Journal Online Edition, August 21, 2006.

[15] Associated Press (AP), "Fed begins debating interest rates" USA Today, June 29, 2004.

succeed in slowing the economy "just enough to prevent serious inflation, but not enough to choke off growth." In other words, "a 'Goldilocks economy,' in which growth is not too hot and not too cold."

Q. Was the Fed's attempt to engineer a soft landing successful during the period that followed the August 8, 2006 FOMC meeting?

A. It would appear so. Articles published in the mainstream financial press were generally upbeat on the economy during that period. An example of this is an article written by Nell Henderson that appeared in the January 30, 2007 edition of The Washington Post. According to Ms. Henderson, "a year into [Fed Chairman] Bernanke's tenure, the [economic] picture has turned considerably brighter. Inflation is falling; unemployment is low; wages are rising; and the economy, despite continued problems in housing, is growing at a brisk clip."[16]

Q. What has been the state of the economy over the past two years?

A. Reports in the mainstream financial press during the majority of 2007 reflected the view that the U.S. economy was slowing as a result of a worsening situation in the housing market and higher oil prices. The overall outlook for the economy was one of only moderate growth at best.

[16] Henderson, Nell, "Bullish on Bernanke" The Washington Post, January 30, 2007.

Also during this period the Fed's key measure of inflation began to exceed the rate setting body's comfort level.

On August 7, 2007, the FOMC decided not to increase or decrease the federal funds rate for the ninth straight time and left its target rate unchanged at 5.25 percent.[17] At the time of the Fed's decision, analysts speculated that a rate cut over the next several months was unlikely given the Fed's concern that inflation would fail to moderate. However, during this same period, evidence of an even slower economy and a possible recession was beginning to surface. Within days of the Fed's decision to stand pat on rates, a borrowing crisis rooted in a deterioration of the market for subprime mortgages and securities linked to them, forced the Fed to inject $24 billion in funds (raised through open market operations) into the credit markets.[18] By Friday, August 17, 2007, after a turbulent week on Wall Street, the Fed made the decision to lower its discount rate (i.e. the rate charged on direct loans to banks) by 50 basis points, from 6.25 percent to 5.75 percent, and took steps to encourage banks to borrow from the Fed's discount window in order to provide liquidity to lenders. According to an article that appeared in the August 18, 2007

[17] Ip, Greg, "Markets Gyrate As Fed Straddles Inflation, Growth" The Wall Street Journal, August 8, 2007

[18] Ip, Greg, "Fed Enters Market To Tamp Down Rate" The Wall Street Journal, August 9, 2007

edition of The Wall Street Journal, [19] the Fed had used all of its tools to restore normalcy to the financial markets. If the markets failed to settle down, the Fed's only weapon left was to cut the Federal Funds rate – possibly before the next FOMC meeting scheduled on September 18, 2007.

Q. Did the Fed cut rates as a result of the subprime mortgage borrowing crises?

A. Yes. At its regularly scheduled meeting on September 18, 2007, the FOMC surprised the investment community and cut both the federal funds rate and the discount rate by 50 basis points (25 basis points more than what was anticipated). This brought the federal funds rate down to a level of 4.75 percent. The Fed's action was seen as an effort to curb the aforementioned slowdown in the economy. Over the course of the next four months, the FOMC reduced the Federal funds rate by a total 175 basis points to a level of 3.00 percent – mainly as a result of concerns that the economy was slipping into a recession. This included a 75 basis point reduction that occurred one week prior to the FOMC's meeting on January 29, 2008.

[19] Ip, Greg, Robin Sidel and Randall Smith, "Fed Offers Banks Loans Amid Crises" The Wall Street Journal, August 9, 2007

Q. What actions has the Fed taken in regard to interest rates since the beginning of 2008?

A. The Fed made two more rate cuts which included a 75 basis point reduction in the federal funds rate on March 18, 2008 and an additional 25 basis point reduction on April 30, 2008. The Fed's decision to cut rates was based on its belief that the slowing economy was a greater concern than the current rate of inflation (which the majority of FOMC members believed would moderate during the economic slowdown).[20] As a result of the Fed's actions, the federal funds rate was reduced to a level of 2.00 percent. From April 30, 2008 through September 16, 2008, the Fed took no further action on its key interest rate. However, the days before and after the Fed's September 16, 2008 meeting saw longstanding Wall Street firms such as Lehman Brothers, Merrill Lynch and AIG failing as a result of their subprime holdings. By the end of the week, the Bush administration had announced plans to deal with the deteriorating financial condition which had now become a worldwide crisis. The administrations actions included former Treasury Secretary Henry Paulson's request to Congress for $700 billion to buy distressed assets as part of a plan to halt what has been described as the worst financial crisis since the 1930's[21]. Amidst this turmoil, the Fed made the decision to cut the federal funds rate by another

[20] Ip, Greg, "Credit Worries Ease as Fed Cuts, Hints at More Relief" The Wall Street Journal, March 19, 2008

[21] Soloman, Deborah, Michael R. Crittenden and Damian Paletta, "U.S. Bailout Plan Calms Markets, But Struggle Looms Over Details" The Wall Street Journal, September 20, 2008

50 basis points in a coordinated move with foreign central banks on October 8, 2008. This was followed by another 50 basis point cut during the regular FOMC meeting on October 29, 2008. At the time of this writing, the federal funds target rate now stands at 0.25 percent, the result of a 75 basis point cut announced on December 16, 2008. After FOMC meetings in January, March April, June, August and September of 2009, the Fed elected not to make any changes in the federal funds rate, stating in January that the rate would remain low "for some time."[22] Presently, the Fed's discount rate is at 0.50 percent, a level not seen since the 1940s.[23] Based on data released during the early part of December 2008, the U.S. has officially been in a recession since December of 2007.

Q. Putting this all into perspective, how have the Fed's actions since 2000 affected benchmark rates?

A. U.S. Treasury instruments are for the most part still at historically low levels. As can be seen on the first page of Attachment D, the previously mentioned federal discount rate (the rate charged to the Fed's member banks), has fallen to 0.50 percent from 1.75 percent in 2008.

[22] Hilsenrath, Jon and Liz Rappaport, "Fed Weighs Idea of Buying Treasurys as Focus Shifts" The Wall Street Journal, January 29, 2009

[23] Hilsenrath, Jon, "Fed Cuts Rates Near Zero to Battle Slump" The Wall Street Journal, December 17, 2008

Q. What has been the trend in other leading interest rates over the last year?

A. As of October 14, 2009, all of the leading interest rates, with the exception of the 30-year constant maturity and 30-year Zero rates, have dropped from levels that existed a year ago (Attachment D, Value Line Selection & Opinion page 3253). The prime rate has fallen from 4.50 percent a year ago to 3.25 percent. The benchmark federal funds rate, just discussed, has decreased from 1.50 percent, in October 2008, to a level of 0.00 - 0.25 percent (as a result of the December 16, 2008 rate cut discussed above). The yields on all of the non-inflation protected maturities of U.S. Treasury instruments exhibited in my Attachment C have also decreased over the past year. A previous trend, described by former Chairman Greenspan as a "conundrum"[24], in which long-term rates fell as short-term rates increased, thus creating a somewhat inverted yield curve that existed as late as June 2007, is completely reversed and a more traditional yield curve (one where yields increase as maturity dates lengthen) presently exists (Attachment D). The 5-year Treasury yield, used in my CAPM analysis, has fallen from 2.82 percent, in October 2008, to 2.33 percent as of October 14, 2009. As noted above, the 30-Year Treasury constant maturity rate increased from 4.19 percent over the past year to 4.26 percent. These current yields are considerably lower than

[24] Wolk, Martin, "Greenspan wrestling with rate 'conundrum'," MSNBC, June 8, 2005

corresponding yields that existed during the early nineties and at the beginning of the current decade (as can be seen on Schedule WAR-8).

Q. What is the current outlook for the economy?

A. Value Line's analysts have become increasingly optimistic in their outlook on the economy as of late and had this to say in the October 23, 2009 edition of Value Line's Selection and Opinion publication:

> **The economy remains a good news, bad news story.** Clearly, the business outlook is improving. In fact, much of the data — covering a range of consumer and industrial sectors — now affirm that the recession ended in the second quarter and an upturn began over the summer. What is less clear is the strength of that revival, as most reports being issued are consistent only in being inconsistent.

Value Line's analysts went on to state

> **Investors are smiling again**, after dramatic stock market gains this year. Now, the challenge will be to extend that positive momentum. This will not be an easy task given the ever-richer P/E ratios, which are now present, following the market's steep rise.

Q. How are water utilities faring in the current economic environment?

A. Although there are some concerns regarding long-term infrastructure requirements, water utilities still appear to a good investment according to Value Line analyst Andre J. Costanza. In the October 23, 2009 quarterly update on the water utility industry Mr. Costanza stated the following:

> This industry is a good place for cautious investors looking to park themselves until a sustained market recovery is evident. Water utility stocks are historically more recession proof than the broader market, with their steady dividend growth reducing turbulence in share price and padding returns

Q. After weighing the economic information that you've just discussed, do you believe that the 8.01 percent cost of equity capital that you have estimated is reasonable for Global Utilities?

A. I believe that my recommended 8.01 percent cost of equity will provide Global Utilities with a reasonable rate of return on the Company's invested capital when economic data on interest rates (that are low by historical standards), the current situation in new housing construction, and the Fed's ability to keep inflation in check are all taken into consideration. As I noted earlier, the Hope decision determined that a utility is entitled to earn a rate of return that is commensurate with the returns it would make on other investments with comparable risk. I believe that my cost of equity analysis, which is an average of the results of both the DCF and CAPM models, has produced such a return.

CAPITAL STRUCTURE AND COST OF DEBT

Q. Have you reviewed Global Utilities' testimony regarding the Company's proposed capital structure?

A. Yes, I have.

Q. Please describe the Company's proposed capital structure.

A. The Company is proposing that the Commission adopt the individual capital structures for each of the six operating systems included in Global

Utilities' filing. The projected capital structures for each of the operating systems are as follows:

	LT-Debt	Equity
Palo Verde Utilities Company	45.35%	54.65%
Santa Cruz Water Company	43.93%	56.07%
Valencia Water Company, Town Division	13.44%	86.56%
Valencia Water Company, Greater Buckeye Division	7.87%	92.13%
Water Utility of Greater Tonopah, Inc.	1.51%	98.49%
Willow Valley Water Company, Inc.	5.48%	83.30%

Q. How does the Company's capital structure compare with the capital structures of the water and gas utilities that comprise your samples?

A. Both Palo Verde Utilities Company and Santa Cruz Water Company are close to the average water and LDC capital structure, comprised of approximately 47.8 percent long-term debt and 52.2 percent equity, that is displayed on Schedule WAR-9 of my direct testimony. The remaining operating systems are heavy in equity and are clearly out of line with the average capital structure of the utilities included in my sample.

Q. In terms of risk, how does Global Utilities' capital structure compare to the water utilities in your sample?

A. The water utilities in my sample would be perceived as having a lower level of financial risk (i.e. the risk associated with debt repayment) because of their higher levels of equity. The additional financial risk due

to debt leverage is embedded in the cost of equities derived for those companies through the DCF analysis. Thus, the cost of equity derived in my DCF analysis is applicable to companies that are more leveraged and, theoretically speaking, riskier than a utility such as Global Utilities. In the case of a publicly traded company, like those included in my proxy, a company with Global Utilities' level of equity would be perceived as having average to extremely low financial risk and would therefore also have a lower expected return on common equity. Because of this, I believe a capital structure that produces a lower weighted cost of common equity is warranted for Global Utilities.

Q. What capital structure are you recommending for Global Utilities?

A. I am recommending a composite capital structure based on the combined amounts of long-term debt and common equity of each of the six operating systems. This produces a capital structure comprised of 37.89 percent long-term debt and 62.11 percent common equity.

Q. Has the Commission addressed the issue of capital structures comprised of high levels of common equity in prior cases?

A. Yes. This issue was addressed in a prior Gold Canyon Sewer Company ("Gold Canyon") case in which the Commission adopted both a hypothetical capital structure and a hypothetical cost of debt in order to remedy a capital structure comprised of 100 percent common equity. In

Decision No. 70662, dated December 23, 2008, the Commission stated the following:

> We agree with RUCO's hypothetical structure of 40 percent debt and 60 percent equity. A capital structure comprised of 100 percent equity would be viewed as having little to no financial risk. The proposed capital structure adopted by the Commission will bring the Company's capital structure and weighted cost of capital in line with the industry average and it will result in lower rates for the customers of the system. We therefore adopt a hypothetical capital structure of 40 percent debt and 60 percent equity.

Q. What costs of long-term debt is Global Utilities proposing?

A. Global Utilities is proposing the following cost of long-term debt for each of the six operating systems:

	Cost of L-T Debt
Palo Verde Utilities Company	6.34%
Santa Cruz Water Company	6.57%
Valencia Water Company, Town Division	6.73%
Valencia Water Company, Greater Buckeye Division	6.38%
Water Utility of Greater Tonopah, Inc.	6.30%
Willow Valley Water Company, Inc.	5.48%

Q. How did you arrive at your recommended cost of long-term debt?

A. As can be seen on Page 2 of Schedule WAR-1, I calculated a weighted average of the Company-proposed costs exhibited above using the projected dollar amounts of long-term debt for each of the six operating systems. This resulted in my recommended 6.44 percent cost of long-term debt.

Q. What is the weighted average cost of capital ("WACC") produced by your recommended composite capital structure, cost of long-term debt and cost of common equity?

A. The WACC produced by my recommended composite capital structure, cost of long-term debt and cost of common equity is 7.41 percent.

Q. How does this compare with what the Company is recommending on an individual operating system basis?

A. The weighted average costs of equity being proposed by the Company are as follows:

	WACC
Palo Verde Utilities Company	8.34%
Santa Cruz Water Company	8.49%
Valencia Water Company, Town Division	9.56%
Valencia Water Company, Greater Buckeye Division	9.72%
Water Utility of Greater Tonopah, Inc.	9.94%
Willow Valley Water Company, Inc.	9.24%

Q. Why you believe that the Commission should adopt your recommended 7.41 percent WACC?

A. I believe that the approach that I have taken in this case provides the Company with a rate of return that meets the standards established in the Hope and Bluefield cases while also providing lower rates to Global Utilities' customers. My recommended composite capital structure is more

favorable to the Company than the average capital structure of the water utilities in my sample. Ratepayers also benefit from my recommended weighted average cost of capital which is lower than what would have been obtained from Company-recommended capital structures comprised of higher levels of common equity. In short, I believe that my analysis has produced a rate of return that is just and reasonable and should be adopted by the Commission.

COMMENTS ON GLOBAL UTILITIES'S COST OF EQUITY CAPITAL TESTIMONY

Q. How does your recommended cost of equity capital compare with the cost of equity capital proposed by the Company?

A. The Company's cost of capital witness, Mr. Rowell, is recommending a cost of common equity of 10.00 percent. His 10.00 percent cost of equity capital is 199 basis points higher than the 8.01 percent cost of equity capital that I am recommending.

Q. What methods did Mr. Rowell use to arrive at his recommended cost of common equity for Global Utilities?

A. As I noted earlier in my direct testimony, Mr. Rowell did not conduct a cost of equity analysis to support his recommended cost of equity of 10.00 percent. His recommendation is based on cost of equity awards that have been adopted by the Commission in past rate cases.

Q. Do you believe that a 10.00 percent cost of common equity is reasonable given the current economic climate?

A. No. Based on the analysis that I have just presented, I believe that the cost of common equity that I am recommending is more reflective of the current economic environment.

Q. Does your silence on any of the issues, matters or findings addressed in the testimony of Mr. Rowell or any other witness for Global Utilities constitute your acceptance of their positions on such issues, matters or findings?

A. No, it does not.

Q. Does this conclude your testimony on Global Utilities?

A. Yes, it does.

Qualifications of William A. Rigsby, CRRA

EDUCATION:

University of Phoenix
Master of Business Administration, Emphasis in Accounting, 1993

Arizona State University
College of Business
Bachelor of Science, Finance, 1990

Mesa Community College
Associate of Applied Science, Banking and Finance, 1986

Society of Utility and Regulatory Financial Analysts
38th Annual Financial Forum and CRRA Examination
Georgetown University Conference Center, Washington D.C.
Awarded the Certified Rate of Return Analyst designation
after successfully completing SURFA's CRRA examination.

Michigan State University
Institute of Public Utilities
N.A.R.U.C. Annual Regulatory Studies Program, 1997 &1999

Florida State University
Center for Professional Development & Public Service
N.A.R.U.C. Annual Western Utility Rate School, 1996

EXPERIENCE:

Public Utilities Analyst V
Residential Utility Consumer Office
Phoenix, Arizona
April 2001 – Present

Senior Rate Analyst
Accounting & Rates - Financial Analysis Unit
Arizona Corporation Commission, Utilities Division
Phoenix, Arizona
July 1999 – April 2001

Senior Rate Analyst
Residential Utility Consumer Office
Phoenix, Arizona
December 1997 – July 1999

Utilities Auditor II and III
Accounting & Rates – Revenue Requirements Analysis Unit
Arizona Corporation Commission, Utilities Division
Phoenix, Arizona
October 1994 – November 1997

Tax Examiner Technician I / Revenue Auditor II
Arizona Department of Revenue
Transaction Privilege / Corporate Income Tax Audit Units
Phoenix, Arizona
July 1991 – October 1994

RESUME OF RATE CASE AND REGULATORY PARTICIPATION

Utility Company	Docket No.	Type of Proceeding
ICR Water Users Association	U-2824-94-389	Original CC&N
Rincon Water Company	U-1723-95-122	Rate Increase
Ash Fork Development Association, Inc.	E-1004-95-124	Rate Increase
Parker Lakeview Estates Homeowners Association, Inc.	U-1853-95-328	Rate Increase
Mirabell Water Company, Inc.	U-2368-95-449	Rate Increase
Bonita Creek Land and Homeowner's Association	U-2195-95-494	Rate Increase
Pineview Land & Water Company	U-1676-96-161	Rate Increase
Pineview Land & Water Company	U-1676-96-352	Financing
Montezuma Estates Property Owners Association	U-2064-96-465	Rate Increase
Houghland Water Company	U-2338-96-603 et al	Rate Increase
Sunrise Vistas Utilities Company – Water Division	U-2625-97-074	Rate Increase
Sunrise Vistas Utilities Company – Sewer Division	U-2625-97-075	Rate Increase
Holiday Enterprises, Inc. dba Holiday Water Company	U-1896-97-302	Rate Increase
Gardener Water Company	U-2373-97-499	Rate Increase
Cienega Water Company	W-2034-97-473	Rate Increase
Rincon Water Company	W-1723-97-414	Financing/Auth. To Issue Stock
Vail Water Company	W-01651A-97-0539 et al	Rate Increase
Bermuda Water Company, Inc.	W-01812A-98-0390	Rate Increase
Bella Vista Water Company	W-02465A-98-0458	Rate Increase
Pima Utility Company	SW-02199A-98-0578	Rate Increase

RESUME OF RATE CASE AND REGULATORY PARTICIPATION (Cont.)

Utility Company	Docket No.	Type of Proceeding
Pineview Water Company	W-01676A-99-0261	WIFA Financing
I.M. Water Company, Inc.	W-02191A-99-0415	Financing
Marana Water Service, Inc.	W-01493A-99-0398	WIFA Financing
Tonto Hills Utility Company	W-02483A-99-0558	WIFA Financing
New Life Trust, Inc. dba Dateland Utilities	W-03537A-99-0530	Financing
GTE California, Inc.	T-01954B-99-0511	Sale of Assets
Citizens Utilities Rural Company, Inc.	T-01846B-99-0511	Sale of Assets
MCO Properties, Inc.	W-02113A-00-0233	Reorganization
American States Water Company	W-02113A-00-0233	Reorganization
Arizona-American Water Company	W-01303A-00-0327	Financing
Arizona Electric Power Cooperative	E-01773A-00-0227	Financing
360networks (USA) Inc.	T-03777A-00-0575	Financing
Beardsley Water Company, Inc.	W-02074A-00-0482	WIFA Financing
Mirabell Water Company	W-02368A-00-0461	WIFA Financing
Rio Verde Utilities, Inc.	WS-02156A-00-0321 et al	Rate Increase/ Financing
Arizona Water Company	W-01445A-00-0749	Financing
Loma Linda Estates, Inc.	W-02211A-00-0975	Rate Increase
Arizona Water Company	W-01445A-00-0962	Rate Increase
Mountain Pass Utility Company	SW-03841A-01-0166	Financing
Picacho Sewer Company	SW-03709A-01-0165	Financing
Picacho Water Company	W-03528A-01-0169	Financing
Ridgeview Utility Company	W-03861A-01-0167	Financing
Green Valley Water Company	W-02025A-01-0559	Rate Increase
Bella Vista Water Company	W-02465A-01-0776	Rate Increase
Arizona Water Company	W-01445A-02-0619	Rate Increase

RESUME OF RATE CASE AND REGULATORY PARTICIPATION (Cont.)

Utility Company	Docket No.	Type of Proceeding
Arizona-American Water Company	W-01303A-02-0867 et al.	Rate Increase
Arizona Public Service Company	E-01345A-03-0437	Rate Increase
Rio Rico Utilities, Inc.	WS-02676A-03-0434	Rate Increase
Qwest Corporation	T-01051B-03-0454	Renewed Price Cap
Chaparral City Water Company	W-02113A-04-0616	Rate Increase
Arizona Water Company	W-01445A-04-0650	Rate Increase
Tucson Electric Power	E-01933A-04-0408	Rate Review
Southwest Gas Corporation	G-01551A-04-0876	Rate Increase
Arizona-American Water Company	W-01303A-05-0405	Rate Increase
Black Mountain Sewer Corporation	SW-02361A-05-0657	Rate Increase
Far West Water & Sewer Company	WS-03478A-05-0801	Rate Increase
Gold Canyon Sewer Company	SW-02519A-06-0015	Rate Increase
Arizona Public Service Company	E-01345A-05-0816	Rate Increase
Arizona-American Water Company	W-01303A-06-0014	Rate Increase
Arizona-American Water Company	W-01303A-05-0718	Transaction Approval
Arizona-American Water Company	W-01303A-05-0405	ACRM Filing
UNS Gas, Inc.	G-04204A-06-0463	Rate Increase
Arizona-American Water Company	W-01303A-07-0209	Rate Increase
Tucson Electric Power	E-01933A-07-0402	Rate Increase
Southwest Gas Corporation	G-01551A-07-0504	Rate Increase
Chaparral City Water Company	W-02113A-07-0551	Rate Increase
Arizona-American Water Company	W-01303A-08-0227 et al.	Rate Increase
Far West Water & Sewer Company	WS-03478A-08-0608	Interim Rate Increase
Johnson Utilities, LLC	WS-02987A-08-0180	Rate Increase
UNS Gas, Inc.	G-04204A-08-0571	Rate Increase
Arizona Water Company	W-01445A-08-0440	Rate Increase

RESUME OF RATE CASE AND REGULATORY PARTICIPATION (Cont.)

Utility Company	Docket No.	Type of Proceeding
Black Mountain Sewer Corporation	SW-02361A-08-0609	Rate Increase

ATTACHMENT A

There has not been much change in the Water Utility Industry since our last review in July. Providers continued to reap the benefits of an increasingly favorable regulatory backing, with most in the group posting solid top- and bottom-line growth in the second quarter (September results were not out as of the date this issue was published).

However, the industry has fallen well into the bottom half of our *Survey* for Timeliness, as share-price gains paled in comparison to those enjoyed by the seemingly revitalized broader market. We suspect that water utility stocks will continue to lose some of their shine in the months ahead for similar reasons, as hopes of economic stability prompt many to look outside this relative safe-haven in hopes of securing wider gains. Making matter worse, earnings growth is likely to slow in the second half of the year and remain weak thereafter, due to tougher comparisons and burgeoning operating costs.

Longer-term growth prospects are not much better either. Despite the brighter regulatory landscape, infrastructure costs are expected to continue ramping up due to aging water systems, geographic expansion, and increasingly stringent EPA regulations. These, along with the subsequent financing expenses, will offset most of the aforementioned help, and thus limit appreciation potential going forward. As a result, most of the stocks in this segment offer minimal 3-to 5-year appeal.

Bright Demand Picture

These utilities have the ultimate job security. Water is a necessity, a fact that cannot be changed no matter what. Recognizing that a community's well being is closely tied to a providers health, many state regulatory bodies that were once antagonists, have changed their tune and taken on a more business approach. These authorities, which were put in place to help maintain a balance of power between customers and providers and to ensure fair business practices, are now handing down more favorable rulings. Responsible for reviewing and ruling on general rate requests made by utilities to help recover costs, they hold tremendous power and can potentially make or break a company. The recent about face in demeanor creates a far more favorable climate and augurs well for providers.

INDUSTRY TIMELINESS: 72 (of 98)

Alarming Costs

That said, the water utility industry has some issues to contend with. Infrastructures are getting older and becoming inadequate in many cases. Some will require heavy investment in order to make the necessary repairs, while EPA standards get tougher due to the potential threat of bioterrorism. In all, infrastructure costs are estimated to amount to hundreds of millions of dollars over the next decade. Unfortunately, most operating in this space are laden with debt and strapped for cash. They will be forced to seek outside financing in order to meet the growing capital outlays, with the higher interest rate costs and greater share counts thwarting shareholder returns. Note, however, that, as a result of the industry's capital intensive nature, consolidation is white hot. Those with the flexibility to meet its commitments have ample opportunity to make deals and grow their customer base.

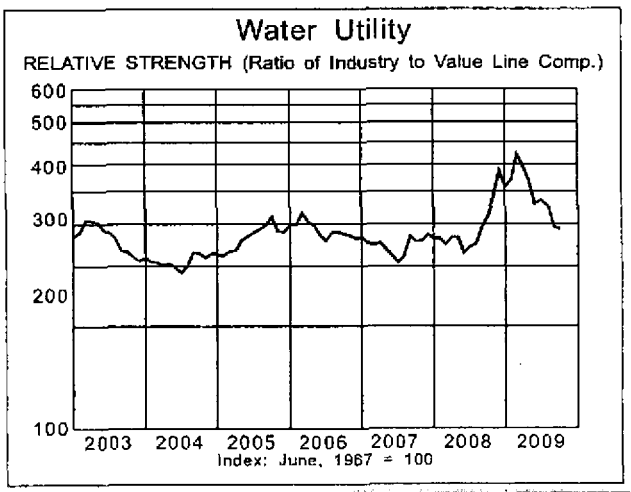
Conclusion

This industry is a good place for cautious investors looking to park themselves until a sustained market recovery is evident. Water utility stocks are historically more recession proof than the broader market, with their steady dividend growth reducing turbulence in share price and padding returns. However, those with a penchant for growth will probably want to take a pass, opting for an area with more upside. There are a couple of issues here that stand out for 3- to 5-year appreciation potential, namely *Aqua America* and *Southwest Water Company*, but the latter's Below Average (4) Safety rank and poor Financial Strength rating may evoke some apprehension. Meanwhile, *Aqua*'s dependence on an aggressive acquisition tendency to drive gains may well need to be tempered if finances continue to deteriorate. *American Water Works* is another interesting option, but its short trading history and lack of performance indicators should scare off most. As always, we advise potential investors to read the individual reports of each stock before making a financial commitment.

Andre J. Costanza

Composite Statistics: Water Utility Industry

2005	2006	2007	2008	2009	2010		12-14
1256.9	3454.1	3702.5	3913.8	*4180*	*4475*	Revenues ($mill)	*5425*
148.2	d5.8	d183.0	352.7	*425*	*485*	Net Profit ($mill)	*625*
40.5%	NMF	NMF	37.0%	*38.0%*	*39.0%*	Income Tax Rate	*40.0%*
1.1%	NMF	NMF	6.5%	*8.0%*	*10.0%*	AFUDC % to Net Profit	*15.0%*
50.4%	54.0%	51.0%	52.6%	*54.0%*	*52.5%*	Long-Term Debt Ratio	*50.0%*
49.5%	45.9%	49.0%	47.4%	*46.0%*	*47.5%*	Common Equity Ratio	*50.0%*
3053.8	12113.9	12985.9	12629.1	*13600*	*14125*	Total Capital ($mill)	*16250*
4200.7	13308.3	14315.2	15356.1	*16180*	*16950*	Net Plant ($mill)	*19375*
6.3%	1.6%	.2%	4.3%	*5.0%*	*5.0%*	Return on Total Cap'l	*6.0%*
9.8%	NMF	NMF	5.9%	*7.0%*	*7.0%*	Return on Shr. Equity	*7.5%*
9.8%	NMF	NMF	5.9%	*7.0%*	*7.0%*	Return on Com Equity	*7.5%*
3.7%	NMF	NMF	2.9%	*3.0%*	*3.5%*	Retained to Com Eq	*4.5%*
62%	NMF	NMF	51%	*65%*	*62%*	All Div'ds to Net Prof	*60%*
29.4	NMF	NMF				Avg Ann'l P/E Ratio	*22.0*
1.57	NMF	NMF		*Bold figures are Value Line estimates*		Relative P/E Ratio	*1.45*
2.1%	2.0%	2.3%				Avg Ann'l Div'd Yield	2.5%



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AMER. STATES WATER NYSE-AWR

RECENT PRICE 36.04 | P/E RATIO 18.8 (Trailing: 22.4 Median: 22.0) | RELATIVE P/E RATIO 1.08 | DIV'D YLD 2.8% | VALUE LINE

TIMELINESS 3 Lowered 6/5/09
SAFETY 3 New 2/4/00
TECHNICAL 3 Raised 10/23/09
BETA .80 (1.00 = Market)

2012-14 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	60	(+65%)	16%
Low	40	(+10%)	6%

Insider Decisions

	N	D	J	F	M	A	M	J	J
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	0	0	0	0	0	0	0
to Sell	1	2	0	0	1	0	0	0	0

Institutional Decisions

	4Q2008	1Q2009	2Q2009
to Buy	64	55	66
to Sell	52	66	53
Hld's(000)	8980	9283	10578

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	© VALUE LINE PUB., INC.	12-14
	9.27	10.43	11.03	11.37	11.44	11.02	12.91	12.17	13.06	13.78	13.98	13.61	14.06	15.76	17.49	18.42	18.90	19.75	Revenues per sh	21.75
	1.67	1.68	1.75	1.75	1.85	2.04	2.26	2.20	2.53	2.54	2.08	2.23	2.64	2.89	3.31	3.37	3.80	3.95	"Cash Flow" per sh	4.60
	1.11	.95	1.03	1.13	1.04	1.08	1.19	1.28	1.35	1.34	.78	1.05	1.32	1.33	1.62	1.55	1.90	2.05	Earnings per sh A	2.60
	.79	.80	.81	.82	.83	.84	.85	.86	.87	.87	.88	.89	.90	.91	.96	1.00	1.02	1.08	Div'd Decl'd per sh B■	1.25
	1.90	2.43	2.19	2.40	2.58	3.11	4.30	3.03	3.18	2.68	3.76	5.03	4.24	3.91	2.89	4.45	4.00	4.25	Cap'l Spending per sh	5.00
	9.95	10.07	10.29	11.01	11.24	11.48	11.82	12.74	13.22	14.05	13.97	15.01	15.72	16.64	17.53	17.95	16.55	19.45	Book Value per sh	22.00
	11.71	11.77	11.77	13.33	13.44	13.44	13.44	15.12	15.12	15.18	15.21	16.75	16.80	17.05	17.23	17.30	18.50	18.75	Common Shs Outst'g C	20.00
	13.4	12.8	11.6	12.6	14.5	15.5	17.1	15.9	16.7	18.3	31.9	23.2	21.9	27.7	24.0	22.6	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	20.0
	.79	.64	.78	.79	.84	.81	.97	1.03	.86	1.00	1.82	1.23	1.17	1.50	1.27	1.37			Relative P/E Ratio	1.35
	5.3%	6.6%	6.7%	5.8%	5.5%	5.0%	4.2%	4.2%	3.9%	3.6%	3.5%	3.6%	3.1%	2.5%	2.5%	2.9%			Avg Ann'l Div'd Yield	2.5%
							173.4	184.0	197.5	209.2	212.7	228.0	236.2	268.6	301.4	318.7	350	370	Revenues ($mill)	435
							16.1	18.0	20.4	20.3	11.9	16.5	22.5	23.1	28.0	26.8	35.0	39.0	Net Profit ($mill)	52.0
							46.0%	45.7%	43.0%	38.9%	43.5%	37.4%	47.0%	40.5%	42.6%	37.8%	35.5%	37.0%	Income Tax Rate	40.0%
							--	--	--	--	--	--	--	12.2%	8.5%	6.9%	5.0%	5.0%	AFUDC % to Net Profit	5.0%
							51.0%	47.5%	54.9%	52.0%	52.0%	47.7%	50.4%	48.6%	46.9%	46.2%	46.5%	46.0%	Long-Term Debt Ratio	46.5%
							48.4%	51.9%	44.7%	48.0%	48.0%	52.3%	49.6%	51.4%	53.1%	53.8%	53.5%	54.0%	Common Equity Ratio	53.5%
							328.2	371.1	447.6	444.4	442.3	480.4	532.5	551.6	569.4	577.0	665	675	Total Capital ($mill)	825
							449.6	509.1	539.8	563.3	602.3	664.2	713.2	750.6	776.4	825.3	870	925	Net Plant ($mill)	1025
							6.6%	6.4%	6.1%	6.5%	4.6%	5.2%	5.4%	6.0%	6.7%	6.4%	7.0%	7.5%	Return on Total Cap'l	8.5%
							10.0%	9.2%	10.1%	9.5%	5.6%	6.6%	8.5%	8.1%	9.3%	8.6%	10.0%	10.5%	Return on Shr. Equity	12.0%
							10.1%	9.3%	10.1%	9.5%	5.6%	6.6%	8.5%	8.1%	9.3%	8.6%	10.0%	10.5%	Return on Com Equity	12.0%
							2.9%	3.0%	3.6%	3.3%	NMF	1.0%	2.8%	2.7%	3.9%	3.1%	5.0%	5.5%	Retained to Com Eq	6.0%
							72%	68%	65%	65%	113%	84%	67%	67%	58%	64%	56%	52%	All Div'ds to Net Prof	48%

CAPITAL STRUCTURE as of 6/30/09
Total Debt $317.8 mill. Due in 5 Yrs $12.0 mill.
LT Debt $306.3 mill. LT Interest $22.0 mill.
(LT interest earned: 4.8x; total interest coverage: 4.4x) (46% of Cap'l)

Leases, Uncapitalized: Annual rentals $2.9 mill.

Pension Assets-12/08 $54.2 mill.
Oblig. $94.5 mill.

Pfd Stock None.

Common Stock 18,499,423 shs.
as of 8/5/09
MARKET CAP: $675 million (Small Cap)

CURRENT POSITION ($MILL.)	2007	2008	6/30/09
Cash Assets	1.7	7.3	9.8
Other	43.7	66.9	87.6
Current Assets	63.1	90.6	97.4
Accts Payable	29.1	36.6	39.6
Debt Due	37.8	75.3	11.5
Other	27.4	25.5	37.8
Current Liab.	94.3	137.4	88.9
Flx. Chg. Cov.	314%	293%	440%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '06-'08 to '12-'14
Revenues	4.5%	5.0%	4.0%
"Cash Flow"	5.5%	6.0%	6.5%
Earnings	3.5%	5.5%	9.5%
Dividends	1.5%	2.0%	4.5%
Book Value	4.5%	5.0%	4.0%

Calendar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2006	64.3	63.0	75.0	66.3	268.6
2007	72.3	79.3	75.8	74.0	301.4
2008	68.9	80.3	85.3	84.2	318.7
2009	79.6	93.6	*91.8*	*85.0*	*350*
2010	*83.0*	*99.0*	*98.0*	*90.0*	*370*

Calendar	EARNINGS PER SHARE A Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2006	.35	.36	.32	.30	1.33
2007	.40	.42	.44	.35	1.62
2008	.30	.53	.26	.43	1.55
2009	.28	.64	*.56*	*.42*	*1.90*
2010	*.30*	*.65*	*.60*	*.50*	*2.05*

Calendar	QUARTERLY DIVIDENDS PAID B■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2005	.225	.225	.225	.225	.90
2006	.225	.225	.225	.235	.91
2007	.235	.235	.235	.250	.96
2008	.250	.250	.250	.250	1.00
2009	.250	.250	.250		

(A) Primary earnings. Excludes nonrecurring gains/(losses): '04, 14¢; '05, 25¢; '06, 6¢; '08, (27¢). Next earnings report due early Nov. May not add due to rounding.
(B) Dividends historically paid in early March, June, September, and December. ■ Div'd reinvestment plan available.
(C) In millions, adjusted for split.

BUSINESS: American States Water Co. operates as a holding company. Through its principal subsidiary, Golden State Water Company, it supplies water to more than 250,000 customers in 75 communities in 10 counties. Service areas include the greater metropolitan areas of Los Angeles and Orange Counties. The company also provides electric utility services to nearly 23,250 customers in the city of Big Bear Lake and in areas of San Bernardino County. Acquired Chaparral City Water of Arizona (10/00). Has roughly 675 employees. Officers & directors own 2.5% of common stock (4/09 Proxy). Chairman: Lloyd Ross. President & CEO: Floyd Wicks. Inc: CA. Addr.: 630 East Foothill Boulevard, San Dimas, CA 91773. Tele.: 909-394-3600. Internet: www.aswater.com.

Recent regulatory changes are fueling strength at American States Water. The water utility provider posted earnings of $0.64 a share in the second quarter, 21% better than last year, as a more business friendly approach by the California Public Utilities Commission helped sales improve 17%, to $94 million, despite a decrease in water consumption. Specifically, the adoption of a water rate adjustment mechanism and a modified cost balancing account were $2.2 million accretive to the top line and boosted share earnings by $0.07. We suspect that third-quarter results were probably even more impressive, with the bottom line nearly doubling from last year's weak tally. As a result, we've raised our full-year earnings estimate by 12% to $1.90.

We think there could be some hurdles ahead, however. Comparisons get much tougher beginning with the December quarter and are likely to remain so henceforth. Meanwhile, operating costs appear to be on the rise, with infrastructure and maintenance expenses continuing to mount due to aging water systems. Thus, we look for growth to slow considerably in the fourth quarter and 2010.

Finances remain a major concern. Although management paid down roughly $45 million in debt in the June quarter, it was forced to issue shares to do so. Further debt reduction is highly unlikely going forward, with ongoing financing likely to be used to meet capital requirements. In fact, we look for AWR to tap debt and equity markets in the future in order to comply with increasingly stringent EPA regulations and improve infrastructures. The increased interest rate expense and greater share count that will accompany such maneuverings are likely to dilute future gains, though.

Growth-minded investors can find better options. AWR does not stand out for Timeliness or 3- to 5-year appreciation potential, as infrastructure costs mire future growth rates. Although income-minded investors may be hesitant to jump aboard, given that there has yet to be an announcement about a dividend increase, we are not concerned and suspect that a raise is on the horizon, thus maintaining the history of annual dividend growth.

Andre J. Costanza *October 23, 2009*

Company's Financial Strength	B++
Stock's Price Stability	80
Price Growth Persistence	70
Earnings Predictability	70

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CALIFORNIA WATER NYSE-CWT

RECENT PRICE 39.52 | P/E RATIO 18.7 (Trailing: 18.7 Median: 22.0) | RELATIVE P/E RATIO 1.07 | DIV'D YLD 3.0% | VALUE LINE

TIMELINESS 3 Lowered 7/3/09
SAFETY 3 Lowered 7/27/07
TECHNICAL 4 Raised 10/23/09
BETA .75 (1.00 = Market)

2012-14 PROJECTIONS

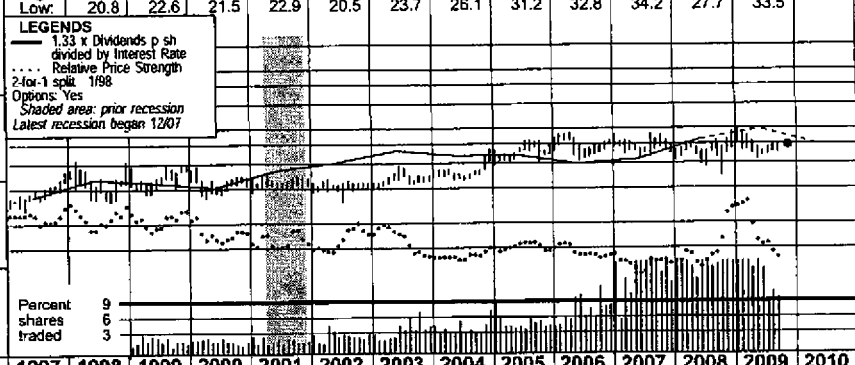
	Price	Gain	Ann'l Total Return
High	65	(+65%)	15%
Low	45	(+15%)	6%

Insider Decisions

	N	D	J	F	M	A	M	J	J
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	0	0	0	0	0	0	0
to Sell	1	0	0	0	0	0	0	0	0

Institutional Decisions

	4Q2008	1Q2009	2Q2009
to Buy	107	83	76
to Sell	46	81	85
Hld's(000)	9799	10000	10018



Target Price Range 2012 | 2013 | 2014
128 96 80 64 48 40 32 24 16 12

% TOT. RETURN 9/09

	THIS STOCK	VL ARITH. INDEX
1 yr.	4.3	12.6
3 yr.	14.8	5.1
5 yr.	53.7	36.4

1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	© VALUE LINE PUB., INC.	12-14
13.34	12.59	13.17	14.48	15.48	14.76	15.96	16.16	16.26	17.33	16.37	17.18	17.44	16.20	17.76	19.80	*21.45*	*21.85*	Revenues per sh	*24.45*
2.25	2.02	2.07	2.50	2.92	2.60	2.75	2.52	2.20	2.65	2.51	2.83	3.03	2.71	3.12	3.72	*4.15*	*4.20*	"Cash Flow" per sh	*4.65*
1.35	1.22	1.17	1.51	1.83	1.45	1.53	1.31	.94	1.25	1.21	1.46	1.47	1.34	1.50	1.90	*2.10*	*2.20*	Earnings per sh [A]	*2.65*
.96	.99	1.02	1.04	1.06	1.07	1.09	1.10	1.12	1.12	1.12	1.13	1.14	1.15	1.16	1.17	*1.18*	*1.19*	Div'd Decl'd per sh [B] ■	*1.34*
2.53	2.26	2.17	2.83	2.61	2.74	3.44	2.45	4.09	5.82	4.39	3.73	4.01	4.28	3.68	4.82	*5.00*	*5.00*	Cap'l Spending per sh	*5.00*
10.90	11.56	11.72	12.22	13.00	13.38	13.43	12.90	12.95	13.12	14.44	15.66	15.79	18.15	18.50	19.44	*19.75*	*20.45*	Book Value per sh [C]	*22.20*
11.38	12.49	12.54	12.62	12.62	12.62	12.94	15.15	15.18	15.18	16.93	18.37	18.39	20.66	20.67	20.72	*21.00*	*21.50*	Common Shs Outst'g [D]	*22.50*
13.6	14.1	13.7	11.9	12.6	17.8	17.8	19.6	27.1	19.8	22.1	20.1	24.9	29.2	26.1	19.8	*Bold figures are Value Line estimates*		Avg Ann'l P/E Ratio	*21.0*
.80	.92	.92	.75	.73	.93	1.01	1.27	1.39	1.08	1.26	1.06	1.33	1.58	1.39	1.20			Relative P/E Ratio	*1.40*
5.2%	5.8%	6.4%	5.8%	4.6%	4.2%	4.0%	4.3%	4.4%	4.5%	4.2%	3.9%	3.1%	2.9%	3.0%	3.1%			Avg Ann'l Div'd Yield	*2.4%*
206.4	244.8	246.8	263.2	277.1	315.6	320.7	334.7	367.1	410.3	*450*	*470*	Revenues ($mill) [E]	*550*
19.9	20.0	14.4	19.1	19.4	26.0	27.2	25.6	31.2	39.8	*45.0*	*47.0*	Net Profit ($mill)	*60.0*
37.9%	42.3%	39.4%	39.7%	39.9%	39.6%	42.4%	37.4%	39.9%	37.7%	*38.5%*	*38.5%*	Income Tax Rate	*39.0%*
--	--	--	--	10.3%	3.2%	3.3%	10.6%	8.3%	8.6%	*8.5%*	*10.0%*	AFUDC % to Net Profit	*10.0%*
46.9%	48.9%	50.3%	55.3%	50.2%	48.6%	48.3%	43.5%	42.9%	41.6%	*48.5%*	*47.0%*	Long-Term Debt Ratio	*45.0%*
52.0%	50.2%	48.8%	44.0%	49.1%	50.8%	51.1%	55.9%	56.6%	58.4%	*51.5%*	*53.0%*	Common Equity Ratio	*55.0%*
333.8	388.8	402.7	453.1	498.4	565.9	568.1	670.1	674.9	690.4	*800*	*825*	Total Capital ($mill)	*950*
515.4	562.0	624.3	697.0	758.5	800.3	862.7	941.5	1010.2	1112.4	*1175*	*1240*	Net Plant ($mill)	*1425*
7.8%	6.8%	5.3%	5.9%	5.6%	6.1%	6.3%	5.2%	5.9%	7.1%	*7.0%*	*7.0%*	Return on Total Cap'l	*8.0%*
11.2%	10.0%	7.2%	9.4%	7.8%	8.9%	9.3%	6.8%	8.1%	9.9%	*11.5%*	*10.5%*	Return on Shr. Equity	*12.0%*
11.4%	10.1%	7.2%	9.5%	7.9%	9.0%	9.3%	6.8%	8.1%	9.9%	*11.5%*	*10.5%*	Return on Com Equity	*12.0%*
3.5%	1.8%	NMF	1.0%	.7%	2.1%	2.1%	1.0%	1.8%	3.8%	*5.0%*	*5.0%*	Retained to Com Eq	*6.0%*
70%	82%	119%	90%	91%	77%	78%	86%	77%	61%	*55%*	*54%*	All Div'ds to Net Prof	*50%*

CAPITAL STRUCTURE as of 6/30/09
Total Debt $398.2 mill. Due in 5 Yrs $39.8 mill.
LT Debt $383.5 mill. LT Interest $24.0 mill.

(LT interest earned: 4.7x; total int. cov.: 4.3x)

Pension Assets-12/08 $66.9 mill.
Oblig. $192.9 mill.

Pfd Stock None

Common Stock 20,744,952 shs.
as of 8/3/09

MARKET CAP: $825 million (Small Cap)

CURRENT POSITION ($MILL.)	2007	2008	6/30/09
Cash Assets	6.7	13.9	41.5
Other	53.3	65.9	83.0
Current Assets	60.0	79.8	124.5
Accts Payable	36.7	45.1	48.3
Debt Due	2.7	42.8	14.7
Other	30.3	35.3	38.2
Current Liab.	69.7	123.2	101.2
Fix. Chg. Cov.	333%	398%	432%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '06-'08 to '12-'14
Revenues	2.0%	1.5%	5.5%
"Cash Flow"	2.0%	5.5%	6.5%
Earnings	--	7.0%	9.0%
Dividends	1.0%	0.5%	2.5%
Book Value	4.0%	6.5%	3.0%

Calendar	QUARTERLY REVENUES ($ mill.)[E] Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2006	65.2	81.1	107.8	80.6	334.7
2007	71.6	95.8	113.8	85.9	367.1
2008	72.9	105.6	131.7	100.1	410.3
2009	86.7	116.7	*138.6*	*108*	*450*
2010	*90.0*	*120*	*145*	*115*	*470*

Calendar	EARNINGS PER SHARE [A] Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2006	.04	.31	.68	.31	1.34
2007	.07	.37	.67	.39	1.50
2008	.01	.48	1.06	.35	1.90
2009	.12	.58	*1.04*	*.36*	*2.10*
2010	*.13*	*.60*	*1.08*	*.39*	*2.20*

Calendar	QUARTERLY DIVIDENDS PAID [B] ■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2005	.285	.285	.285	.285	1.14
2006	.2875	.2875	.2875	.2875	1.15
2007	.290	.290	.290	.290	1.16
2008	.293	.293	.293	.293	1.17
2009	.295	.295	.295		

BUSINESS: California Water Service Group provides regulated and nonregulated water service to roughly 463,600 customers in 83 communities in California, Washington, New Mexico, and Hawaii. Main service areas: San Francisco Bay area, Sacramento Valley, Salinas Valley, San Joaquin Valley & parts of Los Angeles. Acquired Rio Grande Corp; West Hawaii Utilities (9/08). Revenue breakdown, '08: residential, 69%; business, 18%; public authorities, 5%; industrial, 5%; other, 3%. '08 reported depreciation rate: 2.4%. Has roughly 929 employees. Chairman: Robert W. Foy. President & CEO: Peter C. Nelson (4/09 Proxy). Inc.: Delaware. Address: 1720 North First Street, San Jose, California 95112-4598. Telephone: 408-367-8200. Internet: www.calwatergroup.com.

An improved regulatory environment has created a more favorable backdrop for California Water Service Group. Indeed, the water utility provider exceeded high expectations in the second quarter, reporting earnings of $0.58 a share, 21% better than last year. The top line advanced 11%, to $116 million, with rate increases adding $19.2 million and offsetting lower usage by existing customers. We expect the top line to continue benefiting from ongoing progress on this front, particularly the California Public Utilities Commission's recent adoption of a water revenue adjustment mechanism, the implementation of a modified cost balancing account, and tiered rates. The company filed a general rate case seeking an additional $70.6 million in 2011, with requests of roughly $25 million for 2012 and 2013. Interim cases, meanwhile, should add nearly $9 million annually.

Nevertheless, we suspect that growth hit a speed bump in the September period . . . (Results were not out when we went to press with this issue.) Although we look for demand to remain healthy, tough comparisons probably resulted in a modest share-net shortfall. Plus, we expect that operating costs did not abate.

. . . and will remain moderate going forward. Even though tough comps ought to subside a bit over the next few quarters, profitability will likely be limited by rising infrastructure costs. Maintenance expenses should continue to rise as many pipelines and wells are in need of serious attention. Meanwhile, the additional finance commitments that will have to be assumed, given CWT's weak balance sheet and high costs of doing business, are expected to limit bottom-line growth for the foreseeable future.

This stock is not for everybody. Its growth prospects are dull, given the growing infrastructure costs that we envision being required over the next couple of years. The issue may, however, interest those looking to take shelter from the economic uncertainty that has resulted in recent broad market volatility. Indeed, CWT's steady dividend growth makes an attractive component in today's market and may well appeal to risk-averse investors seeking a low-risk alternative.

Andre J. Costanza *October 23, 2009*

(A) Basic EPS. Excl. nonrecurring gain (loss): '00, (7¢); '01, 4¢; '02, 8¢. Next earnings report due late February.

(B) Dividends historically paid in mid-Feb., May, Aug., and Nov. ■ Div'd reinvestment plan available.

(C) Incl. deferred charges. in '08: $3.9 mill., $.19/sh.

(D) In millions, adjusted for split.

(E) Excludes non-reg. rev.

Company's Financial Strength	B++
Stock's Price Stability	80
Price Growth Persistence	70
Earnings Predictability	75

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SOUTHWEST WATER NDQ-SWWC

RECENT PRICE **5.50** | P/E RATIO **30.6** (Trailing: 50.6 / Median: 29.0) | RELATIVE P/E RATIO **1.76** | DIV'D YLD **1.8%** | VALUE LINE

TIMELINESS **4** New 10/23/09
SAFETY **4** New 10/23/09
TECHNICAL **2** Raised 9/25/09
BETA 1.10 (1.00 = Market)

2012-14 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	16	190%	31%
Low	9	65%	13%

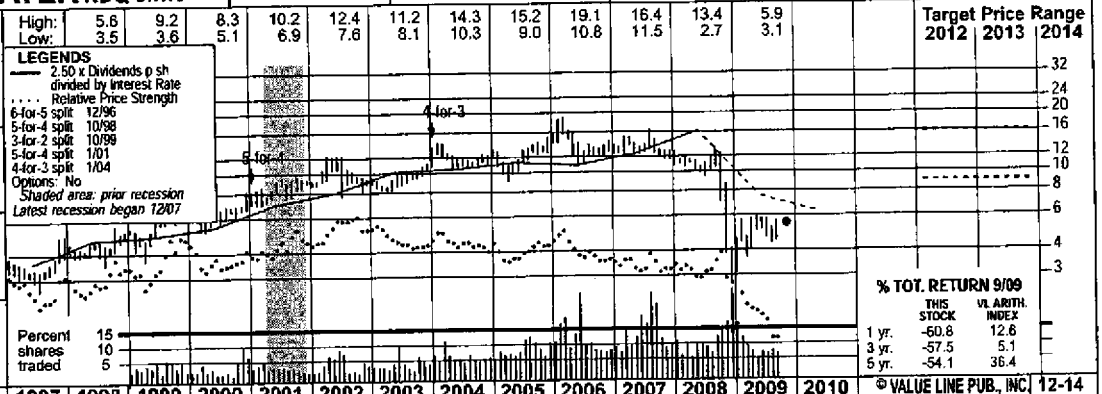
Insider Decisions

	N	D	J	F	M	A	M	J	J
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	0	0	0	0	0	0	0
to Sell	0	0	0	0	0	0	0	0	0

Institutional Decisions

	4Q2008	1Q2009	2Q2009
to Buy	33	39	42
to Sell	42	38	39
Hld's(000)	11260	11007	11107

LEGENDS
2.50 x Dividends p sh divided by Interest Rate
Relative Price Strength
6-for-5 split 12/96
5-for-4 split 10/98
3-for-2 split 10/99
5-for-4 split 1/01
4-for-3 split 1/04
Options: No
Shaded area: prior recession
Latest recession began 12/07



% TOT. RETURN 9/09

	THIS STOCK	VL ARITH. INDEX
1 yr.	-60.8	12.6
3 yr.	-57.5	5.1
5 yr.	-54.1	36.4

1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	© VALUE LINE PUB., INC.	12-14
4.03	4.20	4.84	5.31	5.61	5.63	6.16	7.49	8.15	9.12	10.70	9.23	9.10	9.42	8.96	8.87	8.60	8.80	Revenues per sh	10.40
.38	.38	.44	.46	.53	.59	.65	.76	.87	.86	.91	.67	.78	.85	.69	.66	1.00	1.20	"Cash Flow" per sh	1.55
.08	.09	.12	.15	.21	.25	.31	.38	.42	.39	.44	.23	.34	.40	.31	.04	.15	.30	Earnings per sh A	.50
.14	.08	.08	.09	.09	.10	.11	.13	.14	.15	.16	.18	.20	.21	.23	.24	.01	.01	Div'd Decl'd per sh B	.05
.60	.72	.84	.95	.74	.79	.53	.55	1.06	1.78	1.14	1.26	1.66	1.87	1.70	1.35	1.70	1.75	Cap'l Spending per sh	1.90
2.31	2.31	2.45	2.40	2.52	2.70	3.05	3.44	3.84	4.27	4.90	6.17	6.49	6.98	6.54	4.55	4.70	4.90	Book Value per sh D	6.05
11.97	12.13	11.74	12.45	12.65	12.83	13.12	13.99	14.17	14.35	16.17	20.36	22.33	23.80	24.27	24.90	25.00	25.50	Common Shs Outst'g C	26.50
35.8	22.3	14.6	16.5	16.9	17.2	19.6	17.0	19.8	24.8	21.2	51.6	35.5	34.8	42.1	NMF	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	25.0
2.11	1.46	.98	1.03	.97	.89	1.12	1.11	1.01	1.35	1.21	2.73	1.89	1.88	2.23	NMF			Relative P/E Ratio	1.65
4.7%	4.2%	4.7%	3.4%	2.7%	2.3%	1.8%	2.0%	1.7%	1.5%	1.7%	1.5%	1.6%	1.5%	1.8%	2.4%			Avg Ann'l Div'd Yield	1.2%
80.9	104.7	115.5	130.8	173.0	188.0	203.2	224.2	217.3	220.9	215	225	Revenues ($mill)	275
4.2	5.4	6.2	6.0	7.2	4.5	7.3	9.3	5.1	1.0	3.5	7.5	Net Profit ($mill)	13.0
39.0%	37.0%	36.0%	34.9%	35.9%	36.1%	36.0%	35.0%	56.0%	NMF	NMF	NMF	Income Tax Rate	NMF
--	--	14.4%	3.2%	--	11.0%	9.5%	--	12.5%	10.0%	14.0%	13.5%	AFUDC % to Net Profit	12.0%
45.2%	48.8%	51.4%	56.7%	47.9%	47.9%	44.7%	43.6%	47.7%	62.6%	60.5%	57.5%	Long-Term Debt Ratio	48.5%
54.1%	50.7%	48.2%	42.9%	51.8%	52.0%	55.1%	56.3%	52.1%	37.2%	39.5%	42.5%	Common Equity Ratio	51.5%
73.9	95.0	113.0	142.8	152.8	242.0	262.9	295.2	304.5	304.4	300	295	Total Capital ($mill)	310
113.7	157.8	171.1	203.9	219.5	302.6	344.8	389.6	417.9	429.3	460	480	Net Plant ($mill)	525
7.6%	7.6%	7.6%	5.8%	6.2%	3.1%	4.1%	4.5%	2.9%	1.8%	2.5%	3.5%	Return on Total Cap'l	5.0%
10.3%	11.1%	11.4%	9.7%	9.0%	3.6%	5.0%	5.6%	3.2%	.9%	3.0%	6.0%	Return on Shr. Equity	8.0%
10.4%	11.1%	11.4%	9.7%	9.1%	3.6%	5.0%	5.6%	3.2%	.8%	3.0%	6.0%	Return on Com Equity	8.0%
7.0%	7.8%	7.8%	6.3%	5.8%	.8%	2.1%	2.6%	NMF	NMF	1.0%	4.0%	Retained to Com Eq	6.5%
33%	31%	32%	36%	36%	78%	58%	54%	112%	NMF	85%	42%	All Div'ds to Net Prof	31%

CAPITAL STRUCTURE as of 6/30/09
Total Debt $152.0 mill. Due in 5 Yrs $149.8 mill.
LT Debt $149.8 mill. LT Interest $6.6 mill.
(Total interest coverage: 2.7x) (48% of Cap'l)

Leases, Uncapitalized: Annual rentals $5.5 mill.
Pension Liability None

Pfd Stock $.458 mill. **Pfd Div'd** $.020 mill.
Common Stock 24,888,745 shs.
as of 8/31/09

MARKET CAP: $125 million (Small Cap)

CURRENT POSITION ($MILL.)	2007	2008	6/30/09
Cash Assets	2.9	1.1	1.6
Receivables	26.0	29.7	31.7
Inventory (Avg Cst)	--	--	--
Other	32.7	26.9	24.5
Current Assets	61.6	57.7	57.8
Accts Payable	14.9	16.1	13.7
Debt Due	1.9	2.2	2.2
Other	29.4	28.4	18.6
Current Liab.	46.2	46.7	34.5

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '06-'08 to '12-'14
Revenues	5.0%	-0.5%	2.5%
"Cash Flow"	3.5%	-3.5%	13.5%
Earnings	2.0%	-10.0%	12.0%
Dividends	9.5%	8.5%	-22.5%
Book Value	9.0%	7.0%	Nil

Calendar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2006	50.8	55.4	60.1	57.9	224.2
2007	48.1	55.0	57.4	56.8	217.3
2008	49.6	56.9	60.4	54.0	220.9
2009	50.1	52.4	57.0	55.5	215
2010	52.0	55.0	60.0	58.0	225

Calendar	EARNINGS PER SHARE A Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2006	.03	.08	.16	.13	.40
2007	.03	.09	.09	.11	.31E
2008	d.04	.03	d.02	.07	.04
2009	.03	.03	.04	.05	.15
2010	.06	.06	.08	.10	.30

Calendar	QUARTERLY DIVIDENDS PAID B Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2005	.048	.048	.048	.052	.20
2006	.052	.052	.052	.058	.21
2007	.058	.058	.058	.058	.23
2008	.06	.06	.06	.06	.24
2009	.025	.025	.025	.025	

BUSINESS: SouthWest Water Company provides a broad range of services including water production, treatment and distribution; wastewater collection and treatment; utility billing and collection; and utility infrastructure. It operates four groups, Utility, 32% of 2008 revenues; Texas Utility, 16%; O&M Services, 18%; Texas MUD Services, 34%. Utility and Texas Utility own and manage rate-regulated public water utilities in California, Alabama, Oklahoma, and Texas. O&M and Texas MUD Services maintain projects on a contract and fee basis. Off./dir. own 6.4% of com. shs.; Stein Roe IC, 9.2% (4/08 proxy). CEO/Chrmn: Mark Swatek. Inc.: DE. Addr.: One Wilshire Building, 624 S. Grand Ave. Ste. 2900, Los Angeles, CA 90017. Tel.: 213-929-1800. Internet: www.swwc.com.

SouthWest Water Company finally released its first- and second-quarter 10-Qs for 2009. The company has been delinquent in filing a number of its reports over the past few quarters because of the discovery of mistakes made reporting depreciation rates of assets gained through acquisitions, and accounting issues for revenues and related costs associated with the installation of water and sewer taps. Also, year-over-year revenue and earnings comparisons for the first two quarters are skewed by SouthWest's restatement of its financial reports for those periods. Meanwhile, the company is poised to have a lackluster year as the slowdown in the economy has impacted business over the past few quarters, and should continue to do so.

SouthWest's future growth will likely be achieved through acquisitions and rate increases. To this extent, the company has put in for a number of rate increase cases in California, Texas, and Alabama. It is also positioning itself to make 2010 a "test year" to establish its position for future petitions. SWWC may look to buy a utility to replace the one lost because of an eminent domain lawsuit in New Mexico (sold for a net total of nearly $54 million during the June interim).

This stock is untimely. SouthWest will likely be burdened by a number of charges over the next few quarters related to the late filings. Also, the recession has weighed down housing starts and limits potential new customers.

The recovery potential for this equity is offset by its risk. While we expect the top and bottom lines to recover out to 2012-2014 as the economy picks up, there is a degree of risk associated with these advances. This is reflected by SWWC's low rank for Financial Strength (C++), as well as mediocre scores for Earnings Predictability and Stock Price Stability. Another mark against the appeal of this equity is the reduced dividend payout, lowered 60% from the prior year. Overall, investors should look elsewhere at this time.

John D. Burke *October 23, 2009*

CASH POSITION	5-Year Av'g	6/30/09
Current Assets to Current Liabilities:	125%	168%
Cash & Equiv's to Current Liabilities:	10%	5%
Working Capital to Sales:	5%	11%

Company's Financial Strength	C++
Stock's Price Stability	45
Price Growth Persistence	40
Earnings Predictability	45

(A) Diluted earnings. Excludes nonrecurring gains (losses): '00, (3¢); '01, (5¢); '02, 1¢; '05, (23¢); '07, (54¢); '08, ($1.35); 1Q '09 (24¢); 2Q '09, (54¢). Next earnings report late November.
(B) Dividends historically paid in late January, April, July, and October.
(C) In millions, adjusted for splits.
(D) Includes intangibles. In 2008: $19.3 million, $0.83/share.
(E) Earnings may not add due to rounding.

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AQUA AMERICA NYSE-WTR

RECENT PRICE 16.65 | P/E RATIO 20.1 (Trailing: 22.2 / Median: 25.0) | RELATIVE P/E RATIO 1.16 | DIV'D YLD 3.5% | VALUE LINE

TIMELINESS 3 Lowered 6/26/09
SAFETY 3 Lowered 8/1/03
TECHNICAL 4 Raised 10/16/09
BETA .65 (1.00 = Market)

2012-14 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	40	(+140%)	26%
Low	25	(+50%)	13%

Insider Decisions

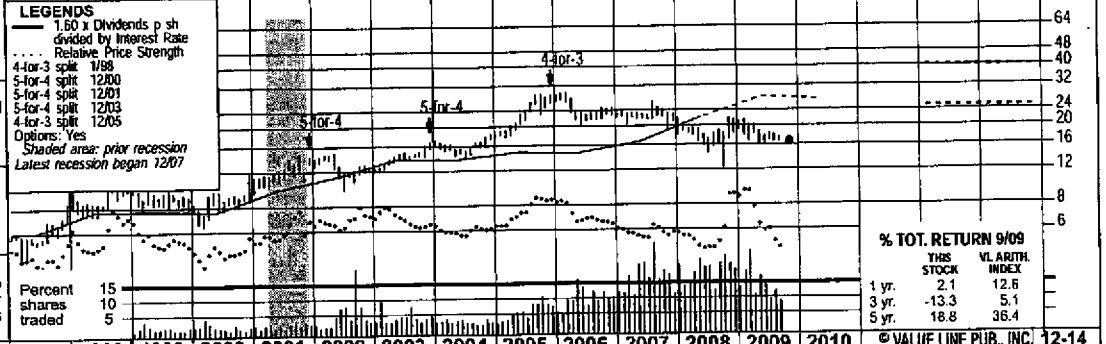
	N	D	J	F	M	A	M	J	J
to Buy	0	0	0	0	0	0	0	0	0
Options	0	1	0	1	0	0	0	0	0
to Sell	0	1	0	0	0	0	0	0	0

Institutional Decisions

	4Q2008	1Q2009	2Q2009
to Buy	131	130	117
to Sell	131	134	136
Hld's(000)	60996	63551	61341

	11.5	11.5	12.0	14.8	15.0	16.8	18.5	29.2	29.8	26.6	22.0	21.5	Target Price Range 2012	2013	2014
High:	7.2	7.6	6.3	9.4	9.6	11.8	14.2	17.5	20.1	18.9	12.2	16.1			
Low:															

LEGENDS
1.60 x Dividends p sh divided by Interest Rate
Relative Price Strength
4-for-3 split 1/88
5-for-4 split 12/00
5-for-4 split 12/01
5-for-4 split 12/03
4-for-3 split 12/05
Options: Yes
Shaded area: prior recession
Latest recession began 12/07



% TOT. RETURN 9/09

	THIS STOCK	VL ARITH. INDEX
1 yr.	2.1	12.6
3 yr.	-13.3	5.1
5 yr.	18.8	36.4

1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	© VALUE LINE PUB., INC.	12-14
1.70	1.82	1.84	1.86	2.02	2.09	2.41	2.46	2.70	2.85	2.97	3.48	3.85	4.03	4.52	4.63	5.00	5.30	Revenues per sh	6.50
.42	.42	.47	.50	.56	.61	.72	.76	.86	.94	.96	1.09	1.21	1.26	1.37	1.42	1.55	1.65	"Cash Flow" per sh	2.10
.24	.26	.29	.30	.34	.40	.42	.47	.51	.54	.57	.64	.71	.70	.71	.73	.82	.90	Earnings per sh A	1.25
.21	.21	.22	.23	.24	.26	.27	.28	.30	.32	.35	.37	.40	.44	.48	.51	.54	.56	Div'd Decl'd per sh B■	.65
.47	.46	.52	.48	.58	.62	.90	1.16	1.09	1.20	1.32	1.54	1.84	2.05	1.79	1.98	2.10	2.20	Cap'l Spending per sh	2.75
2.29	2.41	2.46	2.69	2.84	3.21	3.42	3.85	4.15	4.36	5.34	5.89	6.30	6.96	7.32	7.82	8.05	8.35	Book Value per sh	10.60
59.40	59.77	63.74	65.75	67.47	72.20	106.80	111.82	113.97	113.19	123.45	127.18	128.97	132.33	133.40	135.37	136.00	136.50	Common Shs Outst'g C	138.00
14.4	13.5	12.0	15.6	17.8	22.5	21.2	18.2	23.6	23.6	24.5	25.1	31.8	34.7	32.0	24.9	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	25.0
.85	.89	.80	.98	1.03	1.17	1.21	1.18	1.21	1.29	1.40	1.33	1.69	1.87	1.70	1.50			Relative P/E Ratio	1.65
5.9%	6.0%	6.2%	4.9%	3.9%	2.9%	3.0%	3.3%	2.5%	2.5%	2.5%	2.3%	1.8%	1.8%	2.1%	2.8%			Avg Ann'l Div'd Yield	2.0%
257.3	275.5	307.3	322.0	367.2	442.0	496.8	533.5	602.5	627.0	680	730	Revenues ($mill)	900
45.0	50.7	58.5	62.7	67.3	80.0	91.2	92.0	95.0	97.9	115	125	Net Profit ($mill)	170
38.4%	38.9%	39.3%	38.5%	39.3%	39.4%	38.4%	38.6%	38.9%	39.7%	39.0%	39.0%	Income Tax Rate	39.0%
--	--	--	--	--	--	--	--	2.9%	3.1%	3.5%	3.2%	AFUDC % to Net Profit	2.5%
52.9%	52.0%	52.2%	54.2%	51.4%	50.0%	52.0%	51.6%	55.4%	54.1%	54.0%	54.0%	Long-Term Debt Ratio	49.0%
46.7%	47.8%	47.7%	45.8%	48.6%	50.0%	48.0%	48.4%	44.6%	45.9%	46.0%	46.0%	Common Equity Ratio	51.0%
782.7	901.1	990.4	1076.2	1355.7	1497.3	1690.4	1904.4	2191.4	2306.6	2385	2470	Total Capital ($mill)	2865
1135.4	1251.4	1368.1	1490.8	1824.3	2069.8	2280.0	2506.0	2792.8	2997.4	3150	3300	Net Plant ($mill)	3600
7.6%	7.4%	7.8%	7.6%	6.4%	6.7%	6.9%	6.4%	5.9%	5.7%	6.5%	6.5%	Return on Total Cap'l	6.5%
12.2%	11.7%	12.3%	12.7%	10.2%	10.7%	11.2%	10.0%	9.7%	9.3%	10.5%	11.0%	Return on Shr. Equity	11.5%
12.3%	11.7%	12.4%	12.7%	10.2%	10.7%	11.2%	10.0%	9.7%	9.3%	10.5%	11.0%	Return on Com Equity	11.5%
4.3%	4.7%	5.1%	5.2%	4.2%	4.6%	4.9%	3.7%	3.2%	2.8%	4.0%	4.5%	Retained to Com Eq D	5.5%
65%	60%	59%	59%	59%	57%	56%	63%	67%	70%	64%	61%	All Div'ds to Net Prof	53%

CAPITAL STRUCTURE as of 6/30/09
Total Debt $1255.4 mill. Due in 5 Yrs $245.0 mill.
LT Debt $1227.7 mill. LT Interest $65.0 mill.
(LT interest earned: 3.4x; total interest coverage: 3.4x) (54% of Cap'l)

Pension Assets-12/08 $112.2 mill. Oblig. $204.7 mill.

Pfd Stock None
Common Stock 135,917,740 shares as of 7/21/09

MARKET CAP: $2.3 billion (Mid Cap)

CURRENT POSITION ($MILL.)	2007	2008	6/30/09
Cash Assets	14.5	14.9	13.8
Receivables	82.9	84.5	84.9
Inventory (AvgCst)	8.8	9.8	9.7
Other	9.3	11.8	14.1
Current Assets	115.5	121.0	122.5
Accts Payable	45.8	50.0	29.5
Debt Due	80.8	87.9	27.7
Other	56.6	55.3	148.6
Current Liab.	183.2	193.2	205.8
Fix. Chg. Cov.	323%	329%	325%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '06-'08 to '12-'14
Revenues	8.0%	9.0%	6.5%
"Cash Flow"	9.5%	8.0%	7.5%
Earnings	7.5%	5.5%	10.0%
Dividends	7.0%	8.0%	5.5%
Book Value	9.5%	10.0%	6.5%

Calendar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2006	117.9	131.7	147.0	136.9	533.5
2007	137.3	150.6	165.5	149.1	602.5
2008	139.3	151.0	177.1	159.6	627.0
2009	154.5	167.3	185	173.2	680
2010	165	185	195	185	730

Calendar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2006	.13	.17	.21	.19	.70
2007	.13	.17	.22	.19	.71
2008	.11	.17	.26	.19	.73
2009	.14	.19	.28	.21	.82
2010	.15	.22	.30	.23	.90

Calendar	QUARTERLY DIVIDENDS PAID B■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2005	.098	.098	.098	.107	.40
2006	.107	.107	.115	.115	.44
2007	.115	.115	.125	.125	.48
2008	.125	.125	.125	.135	.51
2009	.135	.135	.135		

BUSINESS: Aqua America, Inc. is the holding company for water and wastewater utilities that serve approximately three million residents in Pennsylvania, Ohio, North Carolina, Illinois, Texas, New Jersey, Florida, Indiana, and five other states. Divested three of four non-water businesses in '91; telemarketing group in '93; and others. Acquired AquaSource, 7/03; Consumers Water, 4/99; and others. Water supply revenues '08: residential, 60%; commercial, 14%; industrial & other, 26%. Officers and directors own 1.3% of the common stock (4/09 Proxy). Chairman & Chief Executive Officer: Nicholas DeBenedictis. Incorporated: Pennsylvania. Address: 762 West Lancaster Avenue, Bryn Mawr, Pennsylvania 19010. Telephone: 610-525-1400. Internet: www.aquaamerica.com.

Aqua America completed the second quarter on a good note. Despite unfavorable weather conditions and the slowdown in the home building market, the company registered revenue and earnings growth of nearly 11%. Also, a number of rate increases were approved by the courts, and the year-to-date approval of $27.2 million in upward rate adjustments should help bolster the top and bottom lines over the next few quarters.

The company is likely to build on this momentum in 2010. Indeed, several rate-relief cases should be decided in the latter half of this year, and the more than $9 million request this year would be accretive to revenues and earnings going into 2010, provided the cases are ruled in Aqua's favor. Additional rate increase petitions for upwards of $50 million will also be filed during the next few months, notably in Pennsylvania and New Jersey.

Aqua America will likely remain active on the acquisition front. One of the company's current growth strategies involves purchasing available utilities and making infrastructure improvements in order to procure rate relief judgments. This should benefit WTR's cost structure, as well as expand its customer base.

A focus will also remain on procuring favorable rate increase judgments over the next few years. As a portion of capital spending (currently planned to run up to about $315 million per annum), approximately 10% is earmarked for "compliance spending", which is used for adjustments mandated by regulating agencies. The remaining 90% will likely be used to make improvements to current facilities in order to petition for more rate increases.

The board of directors approved a dividend increase. During its annual strategy session, a 7.4% rise was instituted, and will bring the year-ahead dividend up to $0.58 a share.

This neutrally ranked stock may appeal to conservative investors. The probable steady dividend growth and the worthwhile appreciation potential over the 2012–2014 horizon support the appeal of these shares. Also of note are the high marks for Stock Price Stability and Earnings Predictability.

John D. Burke *October 23, 2009*

(A) Diluted shares. Excl. nonrec. gains (losses): '99, (11¢); '00, 2¢; '01, 2¢; '02, 5¢; '03, 4¢. Excl. gain from disc. operations: '96, 2¢. Next earnings report due early November.

(B) Dividends historically paid in early March, June, Sept. & Dec. ■ Div'd. reinvestment plan available (5% discount).

(C) In millions, adjusted for stock splits.

Company's Financial Strength	B+
Stock's Price Stability	95
Price Growth Persistence	70
Earnings Predictability	100

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ATTACHMENT B

The Natural Gas Utility Industry has lost some ground since our June review. This group now ranks in the middle of our industry spectrum for Timeliness. The economy has shown signs of life in recent months, which has led most investors to look to more-risky plays as opposed to stable picks like natural gas utilities. However, investors should note that these equities typically offer attractive dividend yields that are backed by steady cash flows.

INDUSTRY TIMELINESS: 46 (of 98)

Economic Environment

No doubt, this sector has been pressured by the dour economic climate. The weakness in the housing market has particularly weighed on results for natural gas utilities. Usage has moderated as customers have curbed their consumption in an effort to rein in expenses. What's more, customer growth has been a concern in recent months. These businesses have also been having a tougher time collecting bills of late, which can also hurt results. Therefore, we suggest interested investors watch these trends in the months ahead as they will probably influence this group's performance.

Regulation

Rate cases are a key theme for companies in this sector. These businesses are regulated by state commissions that determine the return on equity these utilities can achieve. As a result, the performance of these equities remains tied to the current rates these companies have in place. Numerous utilities, at any given time, often have cases pending where they seek better rates from these commissions. Positive or negative news regarding a rate case can have a notable impact on a stock's performance in this industry. Notably, the falling natural gas prices in recent months has helped companies seeking rate relief. Indeed, lower prices favor customers, which makes a new rate for these utilities more palatable. Still, regulatory bodies try to strike a balance between customer and shareholder interests when evaluating a rate case. Interested investors should keep a close eye on stocks that have cases pending when reading the following pages.

Business Strategy

Weather is another element to consider when evaluating this industry's performance. Warmer or colder-than-expected weather can lead to volatile results. Thus, most of these utilities use weather-adjusted rate mechanisms to hedge against this risk. As such, we suggest conservative investors look for stocks that utilize this strategy. Many companies have also been increasingly investing in nonregulated businesses. These ventures are free from the regulatory bodies, and as a result, come with greater risk and reward tradeoff. On point, the utilities with nonregulated operations have generally been feeling the effects of the lower energy prices more so than these competitors without such operations. Also, of note, these nonregulated businesses provide another avenue for these utilities to diversify their income. All told, we expect these ventures to continue to be an important opportunity for this sector over the long term. Another strategy in this industry is conservation. Some governments have been offering these utilities incentives to participate in energy conservation programs. This approach allows these companies to adjust to market conditions without sacrificing profitability.

Conclusion

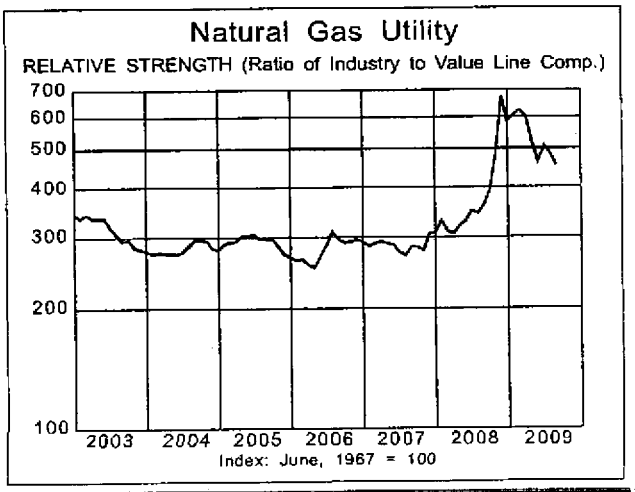
As a group, natural gas utilities will likely remain under pressure in the months ahead due to unfavorable gas prices. As a result, this industry is ranked near the midpoint of our Timeliness spectrum. Still, risk-averse investors may want to consider this group if the economic recovery stalls. Natural gas utilities tend to be a solid defensive play when the stock market is faltering. However, this sector's long-term prospects are uninspiring. Therefore, we recommend patient investors look elsewhere.

All told, investors should study these reports carefully and limit their investments to equities that appear well positioned to weather the difficult operating environment. Additionally, these utilities offer dividend yields that are above the *Value Line* median. Therefore, income-oriented accounts may find stocks with yields that are above the industry average (4.3%) of interest.

Richard Gallagher

Composite Statistics: Natural Gas Utility

2005	2006	2007	2008	2009	2010		12-14
36075	38273	38528	44207	*45500*	*47000*	Revenues ($mill)	*52750*
1386.0	1553.3	1562.4	1694.2	*1775*	*1850*	Net Profit ($mill)	*2150*
36.0%	35.3%	33.9%	35.7%	*36.0%*	*36.0%*	Income Tax Rate	*36.0%*
3.8%	4.0%	4.1%	3.8%	*3.9%*	*3.9%*	Net Profit Margin	*4.1%*
51.3%	51.2%	50.4%	50.6%	*51.0%*	*51.0%*	Long-Term Debt Ratio	*52.0%*
48.4%	48.7%	49.5%	48.4%	*48.0%*	*48.0%*	Common Equity Ratio	*46.0%*
29218	30847	32263	32729	*33250*	*34750*	Total Capital ($mill)	*40000*
30894	32543	33936	35342	*36750*	*38500*	Net Plant ($mill)	*46250*
6.5%	6.6%	6.5%	6.8%	*6.5%*	*6.5%*	Return on Total Cap'l	*7.0%*
9.7%	10.2%	9.8%	10.5%	*10.0%*	*10.5%*	Return on Shr. Equity	*11.0%*
9.8%	10.2%	9.8%	10.5%	*10.0%*	*10.5%*	Return on Com Equity	*11.0%*
3.5%	4.0%	3.7%	4.3%	*4.0%*	*4.5%*	Retained to Com Eq	*5.0%*
65%	61%	62%	59%	*60%*	*62%*	All Div'ds to Net Prof	*65%*
17.1	15.8	16.6	13.9	*Bold figures are Value Line estimates*		Avg Ann'l P/E Ratio	*13.0*
.91	.84	.88	.83			Relative P/E Ratio	*.85*
3.8%	3.9%	3.7%	4.2%			Avg Ann'l Div'd Yield	*4.6%*
315%	327%	336%	358%	*375%*	*375%*	Fixed Charge Coverage	*400%*



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AGL RESOURCES NYSE-AGL

RECENT PRICE 33.35 | P/E RATIO 13.1 (Trailing: 10.9 Median: 14.0) | RELATIVE P/E RATIO 0.81 | DIV'D YLD 5.2% | VALUE LINE

TIMELINESS 3 Lowered 6/12/09
SAFETY 2 New 7/27/90
TECHNICAL 5 Lowered 9/11/09
BETA .75 (1.00 = Market)

2012-14 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	55	(+65%)	17%
Low	40	(+20%)	10%

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	0	0	0	0	0	0	0	0
Options	0	2	1	0	2	0	0	1	0
to Sell	0	3	1	0	1	0	0	2	0

Institutional Decisions

	4Q2008	1Q2009	2Q2009
to Buy	107	110	124
to Sell	111	107	96
Hld's(000)	46113	45714	45662

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	© VALUE LINE PUB., INC.	12-14
	22.73	23.59	19.32	21.91	22.75	23.36	18.71	11.25	19.04	15.32	15.25	23.89	34.98	33.73	32.64	36.41	32.20	34.50	Revenues per sh [A]	38.80
	2.25	2.24	2.33	2.49	2.42	2.65	2.29	2.86	3.31	3.39	3.47	3.29	4.20	4.50	4.65	4.68	4.70	4.95	"Cash Flow" per sh	5.40
	1.08	1.17	1.33	1.37	1.37	1.41	.91	1.29	1.50	1.82	2.08	2.28	2.48	2.72	2.72	2.71	2.70	2.90	Earnings per sh [A B]	3.30
	1.04	1.04	1.04	1.06	1.08	1.08	1.08	1.08	1.08	1.08	1.11	1.15	1.30	1.48	1.64	1.68	1.72	1.76	Div'ds Decl'd per sh [C■]	1.88
	2.49	2.37	2.17	2.37	2.59	2.05	2.51	2.92	2.83	3.30	2.46	3.44	3.44	3.26	3.39	4.84	5.15	5.30	Cap'l Spending per sh	5.60
	9.90	10.19	10.12	10.56	10.99	11.42	11.59	11.50	12.19	12.52	14.66	18.06	19.29	20.71	21.74	21.48	23.10	23.40	Book Value per sh [D]	23.55
	49.72	50.86	55.02	55.70	56.60	57.30	57.10	54.00	55.10	56.70	64.50	76.70	77.70	77.70	76.40	76.90	78.00	79.00	Common Shs Outst'g [E]	85.00
	17.9	15.1	12.6	13.8	14.7	13.9	21.4	13.6	14.6	12.5	12.5	13.1	14.3	13.5	14.7	12.3	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	15.0
	1.06	.99	.84	.86	.85	.72	1.22	.88	.75	.68	.71	.69	.76	.73	.78	.74			Relative P/E Ratio	1.00
	5.4%	5.9%	6.2%	5.6%	5.4%	5.5%	5.5%	6.2%	4.9%	4.7%	4.3%	3.9%	3.7%	4.0%	4.1%	5.0%			Avg Ann'l Div'd Yield	3.8%
	1068.6	607.4	1049.3	868.9	983.7	1832.0	2718.0	2621.0	2494.0	2800.0	2510	2725	Revenues ($mill) [A]	3300
	52.1	71.1	82.3	103.0	132.4	153.0	193.0	212.0	211.0	207.6	155	160	Net Profit ($mill)	180
	33.1%	34.3%	40.7%	36.0%	35.9%	37.0%	37.7%	37.8%	37.6%	40.5%	35.0%	38.0%	Income Tax Rate	38.0%
	4.9%	11.7%	7.8%	11.9%	13.5%	8.4%	7.1%	8.1%	8.5%	7.4%	8.4%	8.4%	Net Profit Margin	8.5%
	45.3%	45.9%	61.3%	58.3%	50.3%	54.0%	51.9%	50.2%	50.2%	50.3%	48.0%	45.0%	Long-Term Debt Ratio	43.0%
	49.2%	48.3%	38.7%	41.7%	49.7%	46.0%	48.1%	49.8%	49.8%	49.7%	52.0%	55.0%	Common Equity Ratio	57.0%
	1345.8	1286.2	1736.3	1704.3	1901.4	3008.0	3114.0	3231.0	3335.0	3327.0	3475	3350	Total Capital ($mill)	3500
	1598.9	1637.5	2058.9	2194.2	2352.4	3178.0	3271.0	3436.0	3566.0	3816.0	4000	4150	Net Plant ($mill)	4400
	5.7%	7.4%	6.5%	8.1%	8.9%	6.3%	7.9%	8.0%	7.7%	7.4%	7.5%	8.0%	Return on Total Cap'l	9.0%
	7.1%	10.2%	12.3%	14.5%	14.0%	11.0%	12.9%	13.2%	12.7%	12.6%	11.5%	12.5%	Return on Shr. Equity	14.0%
	7.9%	11.5%	12.3%	14.5%	14.0%	11.0%	12.9%	13.2%	12.7%	12.6%	11.5%	12.5%	Return on Com Equity	14.0%
	NMF	3.2%	4.2%	7.0%	6.6%	5.6%	6.2%	6.3%	5.3%	5.1%	4.0%	5.0%	Retained to Com Eq	6.0%
	101%	72%	65%	52%	53%	49%	52%	52%	58%	60%	64%	60%	All Div'ds to Net Prof	57%

% TOT. RETURN 8/09

	THIS STOCK	VL ARITH. INDEX
1 yr.	7.4	-4.4
3 yr.	6.4	0.4
5 yr.	37.2	32.3

Target Price Range 2012 | 2013 | 2014

LEGENDS
1.25 x Dividends p sh divided by Interest Rate
Relative Price Strength
Options: Yes
Shaded area: prior recession
Latest recession began 12/07

CAPITAL STRUCTURE as of 6/30/09
Total Debt $2093.0 mill. Due in 5 Yrs $962.0 mill.
LT Debt $1675.0 mill. LT Interest $90.0 mill.
(Total interest coverage: 3.9x)

Leases, Uncapitalized Annual rentals $30.0 mill.
Pension Assets-12/08 $242.0 mill. Oblig. $442.0 mill.

Pfd Stock None

Common Stock 77,278,942 shs.
as of 7/24/09
MARKET CAP: $2.6 billion (Mid Cap)

CURRENT POSITION ($MILL.)	2007	2008	6/30/09
Cash Assets	21.0	16.0	12.0
Other	1790.0	2026.0	1304.0
Current Assets	1811.0	2042.0	1316.0
Accts Payable	172.0	202.0	167.0
Debt Due	580.0	866.0	418.0
Other	893.0	915.0	696.0
Current Liab.	1645.0	1983.0	1281.0
Fix. Chg. Cov.	391%	416%	527%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '06-'08 to '12-'14
Revenues	4.0%	15.5%	2.0%
"Cash Flow"	6.0%	6.5%	2.5%
Earnings	7.0%	8.5%	3.5%
Dividends	4.0%	8.0%	2.5%
Book Value	7.0%	10.0%	1.5%

Calendar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2006	1044	436	434	707	2621
2007	973	467	369	685	2494
2008	1012	444	539	805	2800
2009	995	377	440	698	2510
2010	1020	450	480	775	2725

Calendar	EARNINGS PER SHARE [B] Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2006	1.41	.25	.46	.60	2.72
2007	1.29	.40	.17	.86	2.72
2008	1.16	.30	.28	.97	2.71
2009	1.55	.26	.20	.69	2.70
2010	1.40	.30	.30	.90	2.90

Calendar	QUARTERLY DIVIDENDS PAID [C■] Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2005	.31	.31	.31	.37	1.30
2006	.37	.37	.37	.37	1.48
2007	.41	.41	.41	.41	1.64
2008	.42	.42	.42	.42	1.68
2009	.43	.43	.43		

BUSINESS: AGL Resources Inc. is a public utility holding company. Its distribution subsidiaries include Atlanta Gas Light, Chattanooga Gas, Elizabethtown Gas and Virginia Natural Gas. The utilities have more than 2.2 million customers in Georgia, Virginia, Tennessee, New Jersey, Florida, and Maryland. Engaged in non-regulated natural gas marketing and other allied services. Deregulated subsidiaries: Georgia Natural Gas markets natural gas at retail. Sold Utilipro, 3/01. Acquired Compass Energy Services, 10/07. Franklin Resources owns 7.7% of common stock; off./dir., less than 1.0% (3/09 Proxy). Pres. & CEO: John W. Somerhalder II. Inc.: GA. Addr.: Ten Peachtree Place N.E., Atlanta, GA 30309. Telephone: 404-584-4000. Internet: www.aglresources.com.

We do not expect 2009 to be a banner year for AGL Resources. The company reported healthy results in the first quarter. However, performance was less favorable in the recent interim. The Wholesale services business posted an operating loss of $11 million, while the Retail Energy Operations and Energy Investments units reported lower earnings. On the bright side, the Distribution Operations business posted moderate growth in operating earnings. This was primarily due to higher fees to marketers in Georgia for the storage of natural gas inventory and greater pipeline replacement revenues at Atlanta Gas Light. Overall, revenues and share earnings declined in the June period. Looking forward, comparisons will likely also prove unfavorable for the second half of the year. Thus, we anticipate lower revenues and relatively flat share earnings for full-year 2009.

Subsidiary Atlanta Gas Light has announced a system infrastructure investment project. This $400 million program will be completed over a 10-year period. Infrastructure improvements include upgrading the utility's distribution system and its liquefied natural gas facilities. This project will improve system reliability, increase operational flexibility, and allow Atlanta Gas Light to meet its forecasted growth objectives.

Elizabethtown Gas has modified its rate case filing. It had originally requested a $25 million rate hike, but has since lowered this amount to $17 million. The proposed increase would become effective at the beginning of 2010. Meanwhile, Atlanta Gas Light has requested to postpone a rate case filing, which had originally been scheduled for November 1st of this year. However, it does plan to file sometime after that (June 1, 2010 at the latest). Virginia Natural Gas and Chattanooga Gas also intend to file rate cases in 2010.

We anticipate higher revenues and share earnings at the company by 2012-2014, on better operating conditions. Moreover, AGL has a healthy dividend yield and earns high marks for Safety, Price Stability, and Earnings Predictability. From the present quotation, **this issue features decent risk-adjusted total return potential.**

Michael Napoli, CPA *September 11, 2009*

(A) Fiscal year ends December 31st. Ended September 30th prior to 2002.
(B) Diluted earnings per share. Excl. nonrecurring gains (losses): '95, ($0.83); '99, $0.39; '00, $0.13; '01, $0.13; '03, ($0.07), '08, $0.13. Next earnings report due late October. (C) Dividends historically paid early March, June, Sept., and Dec. ■ Div'd reinvest. plan available. (D) Includes intangibles. In 2008: $418 million, $5.44/share. (E) In millions.

Company's Financial Strength	B++
Stock's Price Stability	100
Price Growth Persistence	75
Earnings Predictability	90

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ATMOS ENERGY CORP. NYSE-ATO

RECENT PRICE 27.06 | P/E RATIO 12.1 (Trailing: 11.9 Median: 16.0) | RELATIVE P/E RATIO 0.75 | DIV'D YLD 5.0% | VALUE LINE

TIMELINESS 3 Lowered 9/11/09
SAFETY 2 Raised 12/16/05
TECHNICAL 4 Lowered 9/4/09
BETA .65 (1.00 = Market)

2012-14 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	40	(+50%)	14%
Low	30	(+10%)	7%

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	1	0	0	0	1	0	0	0
Options	0	0	0	0	1	0	0	0	0
to Sell	0	1	1	0	1	0	0	0	0

Institutional Decisions

	4Q2008	1Q2009	2Q2009
to Buy	141	108	107
to Sell	103	122	115
Hld's(000)	53678	53874	54285

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	© VALUE LINE PUB., INC.	12-14
High:	32.3	33.0	26.3	25.8	24.5	25.5	27.6	30.0	33.1	33.5	29.3	28.6		
Low:	24.8	19.6	14.3	19.5	17.6	20.8	23.4	25.0	25.5	23.9	19.7	20.1		
	22.09	26.61	35.36	22.82	54.39	46.50	61.75	75.27	66.03	79.52	*54.25*	*68.45*	Revenues per sh [A]	*86.35*
	2.62	3.01	3.03	3.39	3.23	2.91	3.90	4.26	4.14	4.19	*4.40*	*4.55*	"Cash Flow" per sh	*4.80*
	.81	1.03	1.47	1.45	1.71	1.58	1.72	2.00	1.94	2.00	*2.10*	*2.20*	Earnings per sh [A B]	*2.50*
	1.10	1.14	1.16	1.18	1.20	1.22	1.24	1.26	1.28	1.30	*1.32*	*1.34*	Div'ds Decl'd per sh [C▪]	*1.40*
	3.53	2.36	2.77	3.17	3.10	3.03	4.14	5.20	4.39	5.20	*5.50*	*5.75*	Cap'l Spending per sh	*6.60*
	12.09	12.28	14.31	13.75	16.66	18.65	19.90	20.16	22.01	22.60	*24.10*	*24.40*	Book Value per sh	*26.90*
	31.25	31.95	40.79	41.68	51.48	52.80	80.54	81.74	89.33	90.81	*92.50*	*93.50*	Common Shs Outst'g [D]	*110.00*
	33.0	18.9	15.6	15.2	13.4	15.9	16.1	13.5	15.9	13.6	*Bold figures are*		Avg Ann'l P/E Ratio	*14.0*
	1.88	1.23	.80	.83	.76	.84	.86	.73	.84	.84	*Value Line*		Relative P/E Ratio	*.95*
	4.1%	5.9%	5.1%	5.4%	5.2%	4.9%	4.5%	4.7%	4.2%	4.8%	*estimates*		Avg Ann'l Div'd Yield	*4.0%*
	690.2	850.2	1442.3	950.8	2799.9	2920.0	4973.3	6152.4	5898.4	7221.3	*5020*	*6400*	Revenues ($mill) [A]	*9500*
	25.0	32.2	56.1	59.7	79.5	86.2	135.8	162.3	170.5	180.3	*195*	*205*	Net Profit ($mill)	*275*
	35.0%	36.1%	37.3%	37.1%	37.1%	37.4%	37.7%	37.6%	35.8%	38.4%	*35.0%*	*37.0%*	Income Tax Rate	*40.5%*
	3.6%	3.8%	3.9%	6.3%	2.8%	3.0%	2.7%	2.6%	2.9%	2.5%	*3.9%*	*3.2%*	Net Profit Margin	*3.0%*
	50.0%	48.1%	54.3%	53.9%	50.2%	43.2%	57.7%	57.0%	52.0%	50.8%	*50.0%*	*50.5%*	Long-Term Debt Ratio	*49.0%*
	50.0%	51.9%	45.7%	46.1%	49.8%	56.8%	42.3%	43.0%	48.0%	49.2%	*50.0%*	*49.5%*	Common Equity Ratio	*51.0%*
	755.1	755.7	1276.3	1243.7	1721.4	1994.8	3785.5	3828.5	4092.1	4172.3	*4430*	*4580*	Total Capital ($mill)	*5800*
	965.8	982.3	1335.4	1300.3	1516.0	1722.5	3374.4	3629.2	3836.8	4136.9	*4365*	*4575*	Net Plant ($mill)	*5850*
	5.1%	6.5%	5.9%	6.8%	6.2%	5.8%	5.3%	6.1%	5.9%	5.9%	*6.0%*	*6.0%*	Return on Total Cap'l	*6.0%*
	6.6%	8.2%	9.6%	10.4%	9.3%	7.6%	8.5%	9.8%	8.7%	8.8%	*9.0%*	*9.0%*	Return on Shr. Equity	*9.5%*
	6.6%	8.2%	9.6%	10.4%	9.3%	7.6%	8.5%	9.8%	8.7%	8.8%	*9.0%*	*9.0%*	Return on Com Equity	*9.5%*
	NMF	NMF	2.1%	1.9%	2.8%	1.7%	2.3%	3.6%	3.0%	3.1%	*3.5%*	*3.5%*	Retained to Com Eq	*4.0%*
	NMF	112%	79%	82%	70%	77%	73%	63%	65%	65%	*63%*	*61%*	All Div'ds to Net Prof	*56%*

% TOT. RETURN 8/09

	THIS STOCK	VL ARITH. INDEX
1 yr.	4.3	-4.4
3 yr.	9.1	0.4
5 yr.	36.1	32.3

Target Price Range 2012 | 2013 | 2014

Atmos Energy's history dates back to 1906 in the Texas Panhandle. Over the years, through various mergers, it became part of Pioneer Corporation, and, in 1981, Pioneer named its gas distribution division Energas. In 1983, Pioneer organized Energas as a separate subsidiary and distributed the outstanding shares of Energas to Pioneer shareholders. Energas changed its name to Atmos in 1988. Atmos acquired Trans Louisiana Gas in 1986, Western Kentucky Gas Utility in 1987, Greeley Gas in 1993, United Cities Gas in 1997, and others.

CAPITAL STRUCTURE as of 6/30/09
Total Debt $2169.5 mill. **Due in 5 Yrs** $1360.0 mill.
LT Debt $2169.4 mill. **LT Interest** $115.0 mill.
(LT interest earned: 2.9x; total interest coverage: 2.8x)
Leases, Uncapitalized Annual rentals $18.4 mill.
Pfd Stock None
Pension Assets-9/08 $341.4 mill.
Oblig. $337.6 mill.
Common Stock 92,272,478 shs.
as of 7/31/09
MARKET CAP: $2.5 billion (Mid Cap)

CURRENT POSITION ($MILL.)	2007	2008	6/30/09
Cash Assets	60.7	46.7	125.7
Other	1008.2	1238.4	670.3
Current Assets	1068.9	1285.1	796.0
Accts Payable	355.3	395.4	222.0
Debt Due	154.4	351.3	.1
Other	410.0	460.4	422.2
Current Liab.	919.7	1207.1	644.3
Fix. Chg. Cov.	405%	450%	446%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '06-'08 to '12-'14
Revenues	9.5%	14.5%	*3.0%*
"Cash Flow"	3.5%	5.5%	*2.5%*
Earnings	2.5%	5.0%	*4.0%*
Dividends	2.5%	1.5%	*1.5%*
Book Value	6.5%	7.5%	*4.0%*

Fiscal Year Ends	QUARTERLY REVENUES ($ mill.) [A] Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2006	2283.8	2033.8	863.2	971.6	6152.4
2007	1602.6	2075.6	1218.2	1002.0	5898.4
2008	1657.5	2484.0	1639.1	1440.7	7221.3
2009	1716.3	1821.4	780.8	*701.5*	*5020*
2010	*1465*	*2435*	*1345*	*1155*	*6400*

Fiscal Year Ends	EARNINGS PER SHARE [A B E] Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2006	.88	1.10	d.22	.25	2.00
2007	.97	1.20	d.15	d.05	1.94
2008	.82	1.24	d.07	.02	2.00
2009	.83	1.29	.02	*d.04*	*2.10*
2010	*.90*	*1.35*	*d.04*	*d.01*	*2.20*

Cal-endar	QUARTERLY DIVIDENDS PAID [C▪] Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2005	.31	.31	.31	.315	1.25
2006	.315	.315	.315	.32	1.27
2007	.32	.32	.32	.325	1.29
2008	.325	.325	.325	.33	1.31
2009	.33	.33	.33		

BUSINESS: Atmos Energy Corporation is engaged primarily in the distribution and sale of natural gas to 3.2 million customers via six regulated natural gas utility operations: Louisiana Division, West Texas Division, Mid-Tex Division, Mississippi Division, Colorado-Kansas Division, and Kentucky/Mid-States Division. Combined 2008 gas volumes: 293 MMcf. Breakdown: 56%, residential; 32%, commercial; 7%, industrial; and 5% other. 2008 depreciation rate 3.5%. Has around 4,560 employees. Officers and directors own approximately 1.9% of common stock (12/08 Proxy). Chairman and Chief Executive Officer: Robert W. Best. Incorporated: Texas. Address: P.O. Box 650205, Dallas, Texas 75265. Telephone: 972-934-9227. Internet: www.atmosenergy.com.

Atmos Energy's core natural gas utility has generated healthy earnings of late. That is largely because of an increase in rates, primarily for the Mid-Tex, Louisiana, and West Texas divisions. But throughput is being constrained some by diminished consumption from residential and commercial customers (reflecting difficult economic conditions).

The pipeline and storage, and regulated transmission and storage units are performing nicely, as well. The former segment is enjoying expanded margins arising from gains from the settlement of financial positions associated with storage and trading activities. Meanwhile, results for the regulated transmission and storage operation are being boosted by higher transportation fees on through-system deliveries, due to favorable market conditions.

It appears that consolidated share net will advance around 5%, to $2.10, in fiscal 2009 (which ends September 30th). Assuming further expansion in operating margins, the bottom line may increase at a similar rate, to $2.20 a share, the following fiscal year.

Finances are in order. An acquisition caused a mid-decade rise in the debt ratio. But the company has whittled that figure back to normal, if at the cost of some dilution from stock issuances. A reduced level of uncollectible accounts, owing to lower gas prices, is another plus these days.

We believe that more steady, though unexciting, profit growth is in store for the company over the next 3 to 5 years. The utility is one of the country's biggest natural gas-only distributors, currently serving customers across 12 states. What is more, the unregulated segments, especially pipelines, possess healthy overall prospects. Excluding future acquisitions, annual share-net gains may be in the mid-single-digit range over 2012-2014.

On a risk-adjusted basis, these good-quality shares offer decent total return potential. The dividend yield is appealing, compared to others in the *Value Line* Natural Gas Utility universe. Future hikes in the payout, though likely to be gradual, as in previous years, should be well covered by earnings. Meanwhile, the stock is ranked 3 (Average) for Timeliness.

Frederick L. Harris, III September 11, 2009

Company's Financial Strength	B+
Stock's Price Stability	100
Price Growth Persistence	50
Earnings Predictability	85

(A) Fiscal year ends Sept. 30th. (B) Diluted shrs. Excl. nonrec. items: '99, d23¢; '00, 12¢; '03, d17¢; '06, d18¢; '07, d2¢; Q2 '09, 12¢. Next egs. rpt. due early Nov. (C) Dividends historically paid in early March, June, Sept., and Dec. ▪ Div. reinvestment plan. Direct stock purchase plan avail. (D) In millions. (E) Qtrs may not add due to change in shrs outstanding.

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LACLEDE GROUP NYSE-LG

RECENT PRICE 32.61 | P/E RATIO 13.8 (Trailing: 10.9 Median: 15.0) | RELATIVE P/E RATIO 0.86 | DIV'D YLD 4.8% | VALUE LINE

TIMELINESS 3 Lowered 5/22/09
SAFETY 2 Raised 6/20/03
TECHNICAL 5 Lowered 9/4/09
BETA .60 (1.00 = Market)

2012-14 PROJECTIONS

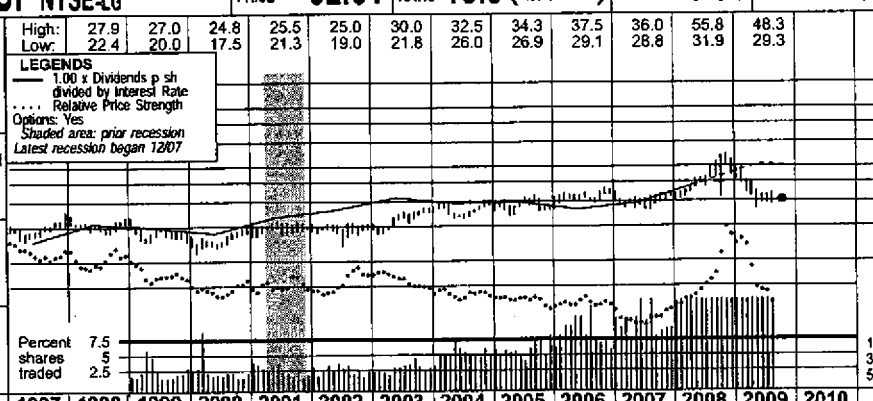
	Price	Gain	Ann'l Total Return
High	60	(+85%)	19%
Low	45	(+40%)	12%

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	0	0	0	0	0	0	2	1
Options	0	0	0	0	0	0	0	0	0
to Sell	0	0	0	0	0	0	0	1	0

Institutional Decisions

	4Q2008	1Q2009	2Q2009
to Buy	73	70	71
to Sell	86	81	81
Hld's(000)	11494	11043	10569



% TOT. RETURN 8/09

	THIS STOCK	VL ARITH. INDEX
1 yr.	-24.7	-4.4
3 yr.	13.4	0.4
5 yr.	40.0	32.3

1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	© VALUE LINE PUB., INC.	12-14
32.33	33.43	24.79	31.03	34.33	31.04	26.04	29.99	53.08	39.84	54.95	59.59	75.43	93.51	93.40	100.44	*88.90*	*91.30*	Revenues per sh	*111.55*
2.81	2.65	2.55	3.29	3.32	3.02	2.56	2.68	3.00	2.56	3.15	2.79	2.98	3.81	3.87	4.22	*4.90*	*4.50*	"Cash Flow" per sh	*5.40*
1.61	1.42	1.27	1.87	1.84	1.58	1.47	1.37	1.61	1.18	1.82	1.82	1.90	2.37	2.31	2.64	*2.95*	*2.60*	Earnings per sh A B	*3.00*
1.22	1.22	1.24	1.26	1.30	1.32	1.34	1.34	1.34	1.34	1.34	1.35	1.37	1.40	1.45	1.49	*1.53*	*1.57*	Div'ds Decl'd per sh C■	*1.70*
2.62	2.50	2.63	2.35	2.44	2.68	2.58	2.77	2.51	2.80	2.67	2.45	2.84	2.97	2.72	2.57	*2.55*	*2.60*	Cap'l Spending per sh	*3.40*
12.19	12.44	13.05	13.72	14.26	14.57	14.96	14.99	15.26	15.07	15.65	16.96	17.31	18.85	19.79	22.12	*23.65*	*23.55*	Book Value per sh D	*28.05*
15.59	15.67	17.42	17.56	17.56	17.63	18.88	18.86	18.88	18.96	19.11	20.98	21.17	21.36	21.65	21.99	*22.50*	*23.00*	Common Shs Outst'g E	*26.00*
13.5	16.4	15.5	11.9	12.5	15.5	15.8	14.9	14.5	20.0	13.6	15.7	16.2	13.6	14.2	14.3	*Bold figures are Value Line estimates*		Avg Ann'l P/E Ratio	*17.5*
.80	1.08	1.04	.75	.72	.81	.90	.97	.74	1.09	.78	.83	.86	.73	.75	.89			Relative P/E Ratio	*1.15*
5.6%	5.3%	6.3%	5.6%	5.6%	5.4%	5.8%	6.6%	5.7%	5.7%	5.4%	4.7%	4.4%	4.3%	4.4%	3.9%			Avg Ann'l Div'd Yield	*3.2%*
491.6	566.1	1002.1	755.2	1050.3	1250.3	1597.0	1997.6	2021.6	2209.0	*2000*	*2100*	Revenues ($mill) A	*2900*
26.9	26.0	30.5	22.4	34.6	36.1	40.1	50.5	49.8	57.6	*65.0*	*60.0*	Net Profit ($mill)	*80.0*
35.5%	35.2%	32.7%	35.4%	35.0%	34.8%	34.1%	32.5%	33.4%	31.3%	*35.5%*	*35.0%*	Income Tax Rate	*35.0%*
5.5%	4.6%	3.0%	3.0%	3.3%	2.9%	2.5%	2.5%	2.5%	2.6%	*3.3%*	*2.9%*	Net Profit Margin	*2.8%*
41.8%	45.2%	49.5%	47.5%	50.4%	51.6%	48.1%	49.5%	45.3%	44.4%	*42.5%*	*45.0%*	Long-Term Debt Ratio	*47.0%*
57.8%	54.5%	50.2%	52.3%	49.4%	48.3%	51.8%	50.4%	54.6%	55.5%	*57.5%*	*55.0%*	Common Equity Ratio	*53.0%*
488.6	519.2	574.1	546.6	605.0	737.4	707.9	798.9	784.5	876.1	*925*	*985*	Total Capital ($mill)	*1375*
519.4	575.4	602.5	594.4	621.2	646.9	679.5	763.8	793.8	823.2	*865*	*915*	Net Plant ($mill)	*1250*
7.1%	6.7%	6.9%	6.0%	7.4%	6.6%	7.6%	8.4%	8.5%	8.1%	*8.5%*	*7.5%*	Return on Total Cap'l	*7.0%*
9.5%	9.1%	10.5%	7.8%	11.5%	10.1%	10.9%	12.5%	11.6%	11.8%	*12.0%*	*11.0%*	Return on Shr. Equity	*11.0%*
9.5%	9.1%	10.5%	7.8%	11.6%	10.1%	10.9%	12.5%	11.6%	11.8%	*12.0%*	*11.0%*	Return on Com Equity	*11.0%*
1.0%	.2%	1.8%	NMF	3.1%	2.7%	3.1%	5.1%	4.3%	5.2%	*6.0%*	*4.5%*	Retained to Com Eq	*5.0%*
89%	98%	83%	113%	74%	73%	72%	59%	63%	56%	*53%*	*60%*	All Div'ds to Net Prof	*55%*

CAPITAL STRUCTURE as of 6/30/09
Total Debt $522.2 mill. Due in 5 Yrs $90.0 mill.
LT Debt $389.2 mill. LT Interest $25.0 mill.
(Total interest coverage: 3.0x)

Leases, Uncapitalized Annual rentals $.9 mill.
Pension Assets-9/08 $248.3 mill. Oblig. $308.7 mill.

Pfd Stock None
Common Stock 22,167,303 shs.
as of 7/31/09

MARKET CAP: $725 million (Small Cap)

CURRENT POSITION ($MILL.)	2007	2008	6/30/09
Cash Assets	52.7	14.9	89.1
Other	414.6	547.0	283.6
Current Assets	467.3	561.9	372.7
Accts Payable	106.8	159.6	79.3
Debt Due	251.6	216.1	133.0
Other	115.3	103.5	87.8
Current Liab.	473.7	479.2	300.1
Fix. Chg. Cov.	282%	377%	370%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '06-'08 to '12-'14
Revenues	11.5%	14.0%	2.5%
"Cash Flow"	2.0%	6.5%	5.5%
Earnings	3.5%	9.5%	3.5%
Dividends	1.0%	1.5%	2.5%
Book Value	3.5%	5.5%	5.5%

Fiscal Year Ends	QUARTERLY REVENUES ($ mill.) A Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2006	699.2	708.8	330.6	269.0	1997.6
2007	539.6	700.8	457.9	323.3	2021.6
2008	504.0	747.7	505.5	451.8	2209.0
2009	674.3	659.1	309.9	*356.7*	*2000*
2010	*530*	*570*	*520*	*480*	*2100*

Fiscal Year Ends	EARNINGS PER SHARE A B F Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2006	1.23	1.05	.13	d.04	2.37
2007	.89	.97	.43	.03	2.31
2008	.99	1.39	.41	d.14	2.64
2009	1.42	1.40	.31	*d.18*	*2.95*
2010	*1.03*	*1.21*	*.38*	*d.02*	*2.60*

Cal-endar	QUARTERLY DIVIDENDS PAID C■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2005	.34	.345	.345	.345	1.38
2006	.345	.355	.355	.355	1.41
2007	.365	.365	.365	.365	1.46
2008	.375	.375	.375	.375	1.50
2009	.385	.385	.385		

BUSINESS: Laclede Group, Inc., is a holding company for Laclede Gas, which distributes natural gas in eastern Missouri, including the city of St. Louis, St. Louis County, and parts of 10 other counties. Has roughly 630,000 customers. Purchased SM&P Utility Resources, 1/02; divested, 3/08. Therms sold and transported in fiscal 2008: 1.08 mill. Revenue mix for regulated operations: residential, 62%; commercial and industrial, 24%; transportation, 1%; other, 13%. Has around 1,807 employees. Officers and directors own approximately 7.2% of common shares (1/09 proxy). Chairman, Chief Executive Officer, and President: Douglas H. Yaeger. Incorporated: Missouri. Address: 720 Olive Street, St. Louis, Missouri 63101. Telephone: 314-342-0500. Internet: www.thelacledegroup.com.

It appears that Laclede Group will generate record earnings in fiscal 2009, which ends on September 30th. The non-regulated gas marketing unit, Laclede Energy Resources, is enjoying a healthy rise in volumes. That has been brought about by significantly increased pipeline capacity and expanded margins on sales of natural gas (reflecting a drop in natural gas prices). Unfortunately, the utility, Laclede Gas, has not performed up to par of late, stemming partly from a rise in operational expenses. Furthermore, last year's results included certain previously unrecognized tax benefits (which amounted to about $0.07 a share). Nevertheless, consolidated share net may well advance about 12%, to $2.95 a share, in fiscal 2009.

But fiscal 2010 may be a down year, when measured against the strong profits we anticipate for this year. Moreover, the benefit of sharply lower natural gas prices may not be repeatable.

The company's 3- to 5-year prospects look unspectacular. Annual customer growth for the natural gas distribution unit has been only around 1% for some time, and it appears that trend will continue. This is because the service territory, based in eastern Missouri, is in a mature phase. Laclede Energy Resources has promising expansion possibilities, given its proximity to existing and planned pipelines, as well as opportunities from shale development. But that segment has contributed just a small portion to total profits on a historical basis. A major acquisition could help to offset this, but it appears that such plans are not on management's agenda at this juncture. Consequently, annual earnings-per-share growth could range only between 4% and 5% out to 2012-2014.

Income-oriented accounts may find the dividend yield modestly appealing. Further increases in the payout will probably be gradual, however. That is largely because of Laclede Gas' unexciting expansion prospects.

Total return potential over the 3- to 5-year horizon looks unexciting, based on the stock's current quotation and assuming minimal growth in the distribution.

Frederick L. Harris, III September 11, 2009

Company's Financial Strength	B+
Stock's Price Stability	100
Price Growth Persistence	60
Earnings Predictability	85

(A) Fiscal year ends Sept. 30th. (B) Based on average shares outstanding thru. '97, then diluted. Excludes nonrecurring loss: '06, 7¢. Excludes gain from discontinued operations: '08, 94¢. Next earnings report due late Oct. (C) Dividends historically paid in early January, April, July, and October. ■ Dividend reinvestment plan available. (D) Incl. deferred charges. In '08: $340.4 mill., $15.48/sh. (E) In millions. (F) Qtly. egs. may not sum due to rounding or change in shares outstanding.

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NEW JERSEY RES. NYSE-NJR

RECENT PRICE 36.60 | P/E RATIO 14.2 (Trailing: 17.3 Median: 15.0) | RELATIVE P/E RATIO 0.88 | DIV'D YLD 3.4% | VALUE LINE

TIMELINESS 3 Lowered 5/22/09
SAFETY 1 Raised 9/15/06
TECHNICAL 5 Lowered 9/11/09
BETA .65 (1.00 = Market)

2012-14 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	45	(+25%)	8%
Low	35	(-5%)	2%

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	0	0	0	0	0	0	1	0
Options	1	2	3	0	0	1	0	0	0
to Sell	0	1	4	0	1	0	0	0	0

Institutional Decisions

	4Q2008	1Q2009	2Q2009
to Buy	93	87	89
to Sell	73	88	88
Hld's(000)	24319	23324	24695

High: 17.9 18.3 19.8 21.7 22.4 26.4 29.7 32.9 35.4 37.6 41.1 42.4
Low: 14.0 14.9 16.1 16.6 16.2 20.0 24.3 27.1 27.7 30.3 24.6 30.0

LEGENDS
1.40 x Dividends p sh divided by Interest Rate
Relative Price Strength
3-for-2 split 3/02
3-for-2 split 3/08
Options: Yes
Shaded area: prior recession
Latest recession began 12/07

Target Price Range 2012 | 2013 | 2014

% TOT. RETURN 8/09

	THIS STOCK	VL ARITH. INDEX
1 yr.	5.2	-4.4
3 yr.	22.5	0.4
5 yr.	58.6	32.3

1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	© VALUE LINE PUB., INC.	12-14
12.02	12.81	11.36	13.48	17.31	17.73	22.65	29.42	51.22	44.11	62.29	60.89	76.19	79.63	72.62	90.74	65.90	81.40	Revenues per sh A	85.00
1.42	1.54	1.42	1.48	1.63	1.74	1.86	1.99	2.12	2.14	2.38	2.50	2.62	2.73	2.44	3.62	3.35	3.60	"Cash Flow" per sh	3.70
.76	.84	.86	.92	.99	1.04	1.11	1.20	1.30	1.39	1.59	1.70	1.77	1.87	1.55	2.70	2.45	2.70	Earnings per sh B	2.80
.68	.68	.68	.69	.71	.73	.75	.76	.78	.80	.83	.87	.91	.96	1.01	1.11	1.24	1.28	Div'ds Decl'd per sh Cm	1.40
1.54	1.40	1.18	1.19	1.15	1.07	1.21	1.23	1.10	1.02	1.14	1.45	1.28	1.28	1.46	1.72	1.75	1.75	Cap'l Spending per sh	1.80
6.54	6.43	6.47	6.73	6.92	7.26	7.57	8.29	8.80	8.71	10.26	11.25	10.60	15.00	15.50	17.28	18.80	20.75	Book Value per sh D	27.45
37.84	38.93	40.03	40.69	40.23	40.07	39.92	39.59	40.00	41.50	40.85	41.61	41.32	41.44	41.61	42.06	42.50	43.00	Common Shs Outst'g E	45.00
15.1	13.0	11.8	13.6	13.5	15.3	15.2	14.7	14.2	14.7	14.0	15.3	16.8	16.1	21.6	12.3	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	14.0
.89	.85	.79	.85	.78	.80	.87	.96	.73	.80	.80	.81	.89	.87	1.15	.77			Relative P/E Ratio	.95
5.8%	6.2%	6.7%	5.6%	5.3%	4.6%	4.5%	4.4%	4.2%	3.9%	3.7%	3.3%	3.1%	3.2%	3.0%	3.3%			Avg Ann'l Div'd Yield	3.6%
904.3	1164.5	2048.4	1830.8	2544.4	2533.6	3148.3	3299.6	3021.8	3816.2	2800	3500	Revenues ($mill) A	3825
44.9	47.9	52.3	56.8	65.4	71.6	74.4	78.5	65.3	113.9	80.0	105	Net Profit ($mill)	125
36.2%	37.8%	38.0%	38.7%	39.4%	39.1%	39.1%	38.9%	38.8%	37.8%	39.0%	39.0%	Income Tax Rate	40.0%
5.0%	4.1%	2.6%	3.1%	2.6%	2.8%	2.4%	2.4%	2.2%	3.0%	3.7%	3.3%	Net Profit Margin	3.3%
48.7%	47.0%	50.1%	50.6%	38.1%	40.3%	42.0%	34.8%	37.3%	38.5%	38.5%	37.0%	Long-Term Debt Ratio	32.0%
51.2%	52.9%	49.9%	49.4%	61.9%	59.7%	58.0%	65.2%	62.7%	61.5%	61.5%	63.0%	Common Equity Ratio	68.0%
590.4	620.1	706.2	732.4	676.8	783.8	755.3	954.0	1028.0	1182.1	1300	1415	Total Capital ($mill)	1815
705.4	730.6	743.9	756.4	852.6	880.4	905.1	934.9	970.9	1017.3	1040	1060	Net Plant ($mill)	1125
9.0%	9.0%	8.5%	8.7%	10.7%	10.1%	11.2%	9.6%	7.7%	10.7%	9.0%	9.0%	Return on Total Cap'l	8.0%
14.8%	14.6%	14.8%	15.7%	15.6%	15.3%	17.0%	12.6%	10.1%	15.7%	13.0%	13.0%	Return on Shr. Equity	10.0%
14.8%	14.6%	14.9%	15.7%	15.6%	15.3%	17.0%	12.6%	10.1%	15.7%	13.0%	13.0%	Return on Com Equity	10.0%
5.0%	5.4%	6.1%	6.9%	7.7%	7.8%	8.5%	6.3%	3.6%	9.5%	6.5%	7.0%	Retained to Com Eq	5.0%
67%	63%	59%	56%	51%	49%	50%	50%	64%	40%	50%	47%	All Div'ds to Net Prof	50

Percent shares traded: 12, 8, 4

CAPITAL STRUCTURE as of 6/30/09
Total Debt $512.3 mill. Due in 5 Yrs $175.6 mill.
LT Debt $457.7 mill. LT Interest $16.9 mill.
Incl. $8.8 mill. capitalized leases.
(LT interest earned: 4.8x; total interest coverage: 4.8x)
Pension Assets-9/08 $80.6 mill. Oblig. $102.4 mill.
Pfd Stock None

Common Stock 42,014,773 shs.
as of 8/4/09
MARKET CAP: $1.5 billion (Mid Cap)

CURRENT POSITION ($MILL.)	2007	2008	6/30/09
Cash Assets	5.1	42.6	77.0
Other	794.8	1067.1	636.5
Current Assets	799.9	1109.7	713.5
Accts Payable	64.4	61.7	49.2
Debt Due	260.8	238.3	54.6
Other	378.1	594.0	475.9
Current Liab.	703.3	894.0	579.7
Fix. Chg. Cov.	461%	450%	450%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '06-'08 to '12-'14
Revenues	17.5%	9.0%	1.0%
"Cash Flow"	6.0%	6.0%	4.0%
Earnings	7.5%	7.5%	5.5%
Dividends	4.0%	5.0%	5.5%
Book Value	8.5%	11.5%	9.5%

Fiscal Year Ends	QUARTERLY REVENUES ($ mill.) A Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2006	1164	1064	536.1	535.5	3299.6
2007	737.4	1029	662.2	593.2	3021.8
2008	811.1	1178	1000	827.1	3816.2
2009	801.3	937.5	441.1	*620.1*	*2800*
2010	*845*	*985*	*790*	*880*	*3500*

Fiscal Year Ends	EARNINGS PER SHARE A B Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2006	.82	1.43	d.09	d.29	1.87
2007	.70	.19	.60	.06	1.55
2008	1.31	1.86	d.10	d.39	2.70
2009	.77	1.71	.03	*d.06*	*2.45*
2010	*.85*	*1.75*	*d.05*	*.15*	*2.70*

Cal-endar	QUARTERLY DIVIDENDS PAID C E Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2005	.227	.227	.227	.227	.91
2006	.24	.24	.24	.24	.96
2007	.253	.253	.253	.253	1.01
2008	.267	.28	.28	.28	1.11
2009	.31	.31	.31		

BUSINESS: New Jersey Resources Corp. is a holding company providing retail/wholesale energy svcs. to customers in New Jersey, and in states from the Gulf Coast to New England, and Canada. New Jersey Natural Gas had about 484,000 customers at 9/30/08 in Monmouth and Ocean Counties, and other N.J. Counties. Fiscal 2008 volume: 99.6 bill. cu. ft. (59% firm, 6% interruptible industrial and electric utility, 35% off-system and capacity release). N.J. Natural Energy subsidiary provides unregulated retail/wholesale natural gas and related energy svcs. 2008 dep. rate: 2.9%. Has 854 empls. Off./dir. own about 1.7% of common (12/09 Proxy). Chrmn., CEO, & Pres.: Laurence M. Downes. Inc.: NJ Addr.: 1415 Wyckoff Road, Wall, NJ 07719. Tel.: 732-938-1480. Web: www.njresources.com.

New Jersey Resources' bottom line has been improving despite weaker top-line results. All of the company's operating segments registered lower volumes during the June period. The NJR Energy Services unit, which typically contributes the lion's share of revenues, was hit the hardest on both a dollar-value and percentage basis. Meantime, the Natural Gas Distribution and Retail segments also registered declines well into the double digits. The bulk of that downturn can be attributed to the lower commodity prices compared to last year, and conservation efforts, as consumers continue to real in spending. Still, the customer base continues to widen. The New Jersey Natural Gas division has added almost 4,200 new customer accounts thus far in 2009 and completed more than 450 natural gas heat conversions. All told, the company registered higher-than-expected earnings for the June interim. But,

We do look for September's share net to fall into negative territory. The anticipated loss during the fiscal fourth quarter is related to the seasonal nature of the natural gas business. Nonetheless, economic headwinds have prompted us to trim a nickel off our 2009 earnings estimate to $2.45 a share. This would represent a decline of about 9%. However, we view this largely as a technicality, due to last year's difficult comparison and the fact that NJR continues to improve the fundamentals of its business through the expansion of its mid-stream assets and an ever-widening customer base.

Capital projects and infrastructure programs augur well for longer-term prospects. The Steckman Ridge storage facility has begun accumulating natural gas inventories in preparation for the coming winter. That facility is expected to start making meaningful earnings contributions next year. And the other programs should provide needed jobs, while simultaneously boosting the safety and reliability of the distribution system.

These high-quality shares may appeal to income-oriented accounts. They don't stand out for appreciation potential for the pull to 2012-2014, compared to most utilities. The main appeal here comes from solid dividend growth prospects.

Bryan J. Fong *September 11, 2009*

(A) Fiscal year ends Sept. 30th.
(B) Diluted earnings. Qtly egs may not sum to total due to change in shares outstanding. Next earnings report due late Oct.
(C) Dividends historically paid in early January, April, July, and October. ■ Dividend reinvestment plan available.
(D) Includes regulatory assets in 2008: $340.7 million, $8.09/share.
(E) In millions, adjusted for splits.
(F) Restated.

Company's Financial Strength	A
Stock's Price Stability	100
Price Growth Persistence	65
Earnings Predictability	45

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NICOR, INC. NYSE-GAS

RECENT PRICE 35.65 | P/E RATIO 13.5 (Trailing: 14.0 Median: 15.0) | RELATIVE P/E RATIO 0.84 | DIV'D YLD 5.2% | VALUE LINE

TIMELINESS 3 Raised 12/7/07
SAFETY 3 Lowered 6/17/05
TECHNICAL 4 Lowered 9/4/09
BETA .70 (1.00 = Market)

2012-14 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	60	(+70%)	17%
Low	40	(+10%)	7%

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	0	0	0	1	2	0	0	0
Options	0	0	0	0	0	0	0	0	0
to Sell	0	0	0	0	0	0	0	0	0

Institutional Decisions

	4Q2008	1Q2009	2Q2009
to Buy	114	92	105
to Sell	126	126	103
Hld's(000)	27287	25772	25968

	High:	44.4	42.9	43.9	42.4	49.0	39.3	39.7	43.0	49.9	53.7	52.0	38.1
	Low:	37.1	31.2	29.4	34.0	17.3	23.7	32.0	35.5	38.7	37.8	32.3	27.5

LEGENDS
1.30 x Dividends p sh divided by Interest Rate
.... Relative Price Strength
Options: Yes
Shaded area: prior recession
Latest recession began 12/07

Target Price Range 2012 | 2013 | 2014

% TOT. RETURN 8/09

	THIS STOCK	VL ARITH. INDEX
1 yr.	-17.0	-4.4
3 yr.	-4.9	0.4
5 yr.	27.4	32.3

1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	© VALUE LINE PUB., INC.	12-14
31.02	31.23	29.42	37.39	41.33	30.84	34.45	50.52	57.30	43.11	60.46	62.12	76.00	65.92	69.20	83.68	70.90	72.90	Revenues per sh	93.30
3.80	4.11	4.19	4.97	5.29	5.21	5.59	6.16	6.41	6.03	5.37	6.00	6.19	6.82	6.96	6.85	6.05	6.70	"Cash Flow" per sh	7.85
1.97	2.07	1.96	2.42	2.55	2.31	2.57	2.94	3.01	2.68	2.11	2.22	2.27	2.87	2.99	2.63	2.55	2.85	Earnings per sh [A]	3.25
1.22	1.25	1.28	1.32	1.40	1.48	1.54	1.66	1.76	1.84	1.86	1.86	1.86	1.86	1.86	1.86	1.86	1.86	Div'ds Decl'd per sh [B] ■	1.86
2.62	3.34	3.12	2.42	2.34	2.87	3.28	3.48	4.18	4.37	4.12	4.32	4.57	4.17	3.77	5.54	5.95	6.35	Cap'l Spending per sh	6.80
13.05	13.26	13.67	14.74	15.43	15.97	16.80	15.56	16.39	16.55	17.13	16.99	18.36	19.43	20.58	21.55	22.10	23.10	Book Value per sh	26.80
53.96	51.54	50.30	49.49	48.22	47.51	46.89	45.49	44.40	44.01	44.04	44.10	44.18	44.90	45.90	45.13	45.50	45.50	Common Shs Outst'g [C]	45.50
14.1	12.5	13.1	12.5	14.2	17.6	14.6	11.9	12.8	13.1	15.8	15.9	17.3	15.0	15.0	15.1	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	16.0
.83	.82	.88	.78	.82	.92	.83	.77	.66	.72	.90	.84	.92	.81	.80	.93			Relative P/E Ratio	1.05
4.4%	4.8%	5.0%	4.4%	3.9%	3.6%	4.1%	4.7%	4.6%	4.9%	5.6%	5.3%	4.7%	4.3%	4.2%	4.7%			Avg Ann'l Div'd Yield	3.9%
1615.2	2298.1	2544.1	1897.4	2662.7	2739.7	3357.8	2960.0	3176.3	3776.6	3225	3500	Revenues ($mill)	4200
121.9	136.4	136.3	128.0	93.1	98.1	101.1	128.3	135.2	119.5	115	130	Net Profit ($mill)	150
34.7%	34.8%	33.5%	31.0%	35.2%	31.8%	28.3%	26.3%	26.6%	27.0%	27.0%	27.0%	Income Tax Rate	27.0%
7.5%	5.9%	5.4%	6.7%	3.5%	3.6%	3.0%	4.3%	4.3%	3.2%	3.6%	3.7%	Net Profit Margin	3.5%
35.5%	32.7%	37.8%	35.1%	39.6%	39.8%	37.4%	36.3%	30.9%	31.5%	33%	30%	Long-Term Debt Ratio	26%
64.0%	66.7%	61.7%	64.5%	60.3%	60.1%	62.5%	63.7%	69.0%	68.4%	67%	70%	Common Equity Ratio	74%
1230.1	1061.2	1180.1	1128.9	1251.5	1246.0	1297.7	1370.7	1368.0	1421.1	1500	1500	Total Capital ($mill)	1650
1735.2	1729.6	1768.6	1796.8	2484.2	2549.8	2659.1	2714.1	2757.3	2858.6	3000	3150	Net Plant ($mill)	3600
10.9%	13.7%	12.3%	12.2%	8.3%	8.8%	9.4%	10.9%	11.2%	9.7%	9.0%	10.0%	Return on Total Cap'l	10.0%
15.4%	19.1%	18.6%	17.5%	12.3%	13.1%	12.5%	14.7%	14.3%	12.3%	11.5%	12.5%	Return on Shr. Equity	12.0%
15.4%	19.2%	18.7%	17.5%	12.3%	13.1%	12.5%	14.7%	14.3%	12.3%	11.5%	12.5%	Return on Com Equity	12.0%
6.2%	8.5%	7.9%	6.5%	1.5%	2.1%	2.3%	5.2%	5.4%	3.6%	3.0%	4.5%	Retained to Com Eq	5.5%
60%	56%	58%	63%	88%	84%	81%	65%	62%	71%	70%	65%	All Div'ds to Net Prof	57%

CAPITAL STRUCTURE as of 6/30/09
Total Debt $725.7 mill. Due in 5 Yrs $914.9 mill.
LT Debt $498.7 mill. LT Interest $5.0 mill.
(Total interest coverage: 5.1x)

Pension Assets-12/08 $306.6 mill. Oblig. $270.2 mill.

Pfd Stock $.6 mill. Pfd Div'd None

Common Stock 45,221,593 shares as of 7/24/09
MARKET CAP: $1.6 billion (Mid Cap)

CURRENT POSITION ($MILL.)	2007	2008	6/30/09
Cash Assets	91.9	95.5	116.3
Other	931.9	1243.4	627.0
Current Assets	1023.8	1338.9	743.3
Accts Payable	564.5	411.3	266.1
Debt Due	350.0	789.9	227.0
Other	227.9	466.8	482.9
Current Liab.	1142.4	1668.0	976.0
Fix. Chg. Cov.	543%	461%	449%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '06-'08 to '12-'14
Revenues	7.0%	6.5%	4.0%
"Cash Flow"	3.0%	3.0%	2.0%
Earnings	1.5%	1.0%	2.5%
Dividends	3.0%	0.5%	Nil
Book Value	3.0%	4.0%	4.5%

Calendar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2006	1319.4	451.3	351.1	838.2	2960.0
2007	1334.7	556.9	365.2	919.5	3176.3
2008	1595.7	699.8	440.3	1040.8	3776.6
2009	1110.8	447.6	375	1291.6	3225
2010	1150	625	425	1300	3500

Calendar	EARNINGS PER SHARE [A] Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2006	.99	.19	.39	1.30	2.87
2007	1.04	.40	.32	1.22	2.98
2008	.91	.64	.03	1.05	2.63
2009	.96	.50	.05	1.04	2.55
2010	1.05	.50	.30	1.00	2.85

Calendar	QUARTERLY DIVIDENDS PAID [B] ■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2005	.465	.465	.465	.465	1.86
2006	.465	.465	.465	.465	1.86
2007	.465	.465	.465	.465	1.86
2008	.465	.465	.465	.465	1.86
2009	.465	.465	.465		

BUSINESS: Nicor Inc. is a holding company with gas distribution as its primary business. Serves over 2.2 million customers in northern and western Illinois. 2008 gas delivered: 498.1 Bcf, incl. 222.6 Bcf from transportation. 2008 gas sales (275.5 bcf): residential, 93%; commercial, 6%; industrial, 1%. Principal supplying pipelines: Natural Gas Pipeline, Horizon Pipeline, and TGPC. Current operations include Tropical Shipping subsidiary and several energy related ventures. Divested oil and gas E&P, 6/93. Has about 3,900 employees. Officers/directors own about 2.2% of common stock (3/09 proxy). Chairman and Chief Executive Officer: Russ Strobel. Incorporated: Illinois. Address: 1844 Ferry Road, Naperville, Illinois 60563. Telephone: 630-305-9500. Internet: www.nicor.com.

Nicor posted mixed results in the second quarter. Both the top and bottom lines fell short of 2008's results due to the challenging macroeconomic environment and lower energy prices. Furthermore, sales of $447.6 million missed our estimate in June ($600 million). However, earnings of $0.50 a share topped our number, thanks to new rates in the natural gas distribution business (discussed below), which offset unfavorable pricing and a weak showing in the shipping operations.

We have lowered our bottom-line estimate for 2009 by a dime, to $2.55 a share. Management reaffirmed its share-net guidance range of $2.54 to $2.74. However, we have pared our target to the low end of management's range, given the tough market conditions for natural gas producers. Most notably, lower usage, coupled with unfavorable pricing, will probably continue to pressure these utilities over the coming months. Therefore, we look for the top line to decline 15% to $3.2 million.

The company requested a rehearing on its rate case. Nicor was approved for a $69 million increase in base revenues at the end of the March period. However, the company is awaiting a decision from the Illinois Commerce Commission regarding a rehearing. Nicor is seeking greater relief than what was approved.

This equity offers a yield that is above average for a natural gas utility. Nicor continues to pay a hearty dividend despite the challenging operating environment. What's more, we think the payout is safe, thanks to the company's strong balance sheet. Thus, income-oriented investors may find this equity's attractive yield (5.2%) of interest.

Shares of Nicor are ranked to mirror the broader market averages over the next six to 12 months, as near-term prospects appear to be limited. Moreover, at the current quotation, this issue has below-average total return potential over the 3- to 5-year pull. Therefore, we recommend most investors look elsewhere. However, risk-averse investors should note this equity is well positioned to weather any volatility (Beta: 70) over the coming years, given its strong finances and stable business (Financial Strength: A).

Richard Gallagher *September 11, 2009*

(A) Based on primary earnings thru. '96, then diluted. Excl. nonrecurring gains/(loss): '97, 6¢; '98, 11¢; '99, 5¢; '00, ($1.96); '01, 16¢; '03, (27¢); '04, (52¢); '05, 80¢; '06, (17¢); '07 (13¢). Excl. items from discontinued ops.: '93, 4¢; '96, 30¢. Next egs. report due early November. (B) Dividends historically paid mid February, May, August, November. ■ Dividend reinvestment plan available. (C) In millions.

Company's Financial Strength	A
Stock's Price Stability	100
Price Growth Persistence	45
Earnings Predictability	80

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N.W. NAT'L GAS NYSE-NWN

RECENT PRICE	P/E RATIO	RELATIVE P/E RATIO	DIV'D YLD	VALUE LINE
41.94	14.7 (Trailing: 15.5 / Median: 16.0)	0.91	4.0%	

TIMELINESS 3 Lowered 7/24/09
SAFETY 1 Raised 3/18/05
TECHNICAL 4 Lowered 9/4/09
BETA .60 (1.00 = Market)

2012-14 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	70	(+65%)	16%
Low	55	(+30%)	10%

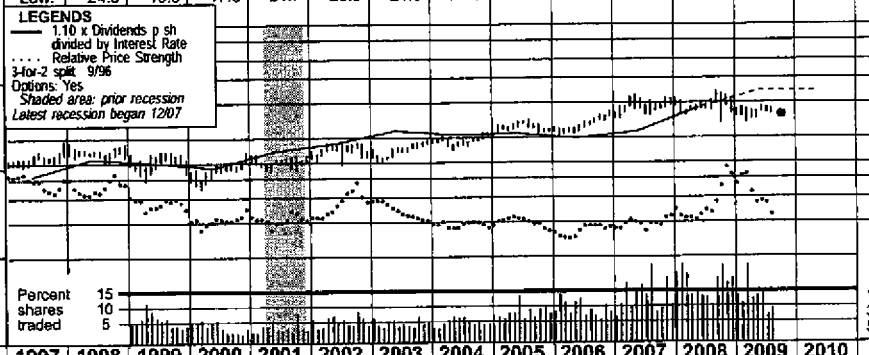
Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	0	0	0	0	2	0	0	0
Options	0	1	0	0	0	0	0	0	0
to Sell	0	2	0	1	0	0	0	1	1

Institutional Decisions

	4Q2008	1Q2009	2Q2009
to Buy	82	67	78
to Sell	83	93	69
Hld's(000)	14907	15126	15387

	2012	2013	2014
Target Price Range			



% TOT. RETURN 8/09

	THIS STOCK	VL ARITH. INDEX
1 yr.	-10.5	-4.4
3 yr.	21.8	0.4
5 yr.	63.1	32.3

1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	© VALUE LINE PUB., INC.	12-14
18.15	18.30	16.02	16.86	15.82	16.77	18.17	21.09	25.78	25.07	23.57	25.69	33.01	37.20	39.13	39.16	*39.60*	*41.50*	Revenues per sh	*48.20*
3.74	3.50	3.41	3.86	3.72	3.24	3.72	3.68	3.86	3.65	3.85	3.92	4.34	4.76	5.41	5.31	*5.60*	*5.85*	"Cash Flow" per sh	*6.75*
1.74	1.63	1.61	1.97	1.76	1.02	1.70	1.79	1.88	1.62	1.76	1.86	2.11	2.35	2.76	2.57	*2.85*	*2.85*	Earnings per sh [A]	*3.45*
1.17	1.17	1.18	1.20	1.21	1.22	1.23	1.24	1.25	1.26	1.27	1.30	1.32	1.39	1.44	1.52	*1.60*	*1.68*	Div'ds Decl'd per sh [B■]	*2.00*
3.61	4.23	3.02	3.70	5.07	4.02	4.78	3.46	3.23	3.11	4.90	5.52	3.48	3.56	4.48	3.92	*4.50*	*4.50*	Cap'l Spending per sh	*4.50*
13.08	13.63	14.55	15.37	16.02	16.59	17.12	17.93	18.56	18.88	19.52	20.64	21.28	22.01	22.52	23.71	*24.90*	*26.10*	Book Value per sh	*30.50*
19.77	20.13	22.24	22.56	22.86	24.85	25.09	25.23	25.23	25.59	25.94	27.55	27.58	27.24	26.41	26.50	*26.50*	*26.50*	Common Shs Outst'g [C]	*28.00*
12.9	13.0	12.9	11.7	14.4	26.7	14.5	12.4	12.9	17.2	15.8	16.7	17.0	15.9	16.7	18.1	*Bold figures are Value Line estimates*		Avg Ann'l P/E Ratio	*18.0*
.76	.85	.86	.73	.83	1.39	.83	.81	.66	.94	.90	.88	.91	.86	.89	1.11			Relative P/E Ratio	*1.20*
5.2%	5.5%	5.7%	5.2%	4.8%	4.5%	5.0%	5.6%	5.1%	4.5%	4.6%	4.2%	3.7%	3.7%	3.1%	3.3%			Avg Ann'l Div'd Yield	*3.2%*
455.8	532.1	650.3	641.4	611.3	707.6	910.5	1013.2	1033.2	1037.9	*1025*	*1125*	Revenues ($mill)	*1350*
44.9	47.8	50.2	43.8	46.0	50.6	58.1	65.2	74.5	68.5	*75.5*	*75.5*	Net Profit ($mill)	*96.5*
35.4%	35.9%	35.4%	34.9%	33.7%	34.4%	36.0%	36.3%	37.2%	36.9%	*37.0%*	*37.0%*	Income Tax Rate	*37.0%*
9.9%	9.0%	7.7%	6.8%	7.5%	7.1%	6.4%	6.4%	7.2%	6.6%	*7.3%*	*6.7%*	Net Profit Margin	*7.2%*
46.0%	45.1%	43.0%	47.6%	49.7%	46.0%	47.0%	46.3%	46.3%	44.9%	*47%*	*47%*	Long-Term Debt Ratio	*47%*
49.9%	50.9%	53.2%	51.5%	50.3%	54.0%	53.0%	53.7%	53.7%	55.1%	*53%*	*53%*	Common Equity Ratio	*53%*
861.5	887.8	880.5	937.3	1006.6	1052.5	1108.4	1116.5	1106.8	1140.4	*1180*	*1225*	Total Capital ($mill)	*1400*
895.9	934.0	965.0	995.6	1205.9	1318.4	1373.4	1425.1	1495.9	1549.1	*1600*	*1660*	Net Plant ($mill)	*1900*
6.8%	6.7%	6.9%	5.9%	5.7%	5.9%	6.5%	7.1%	8.5%	7.7%	*8.0%*	*8.0%*	Return on Total Cap'l	*8.0%*
9.7%	9.8%	10.0%	8.9%	9.1%	8.9%	9.9%	10.9%	12.5%	10.9%	*11.0%*	*11.0%*	Return on Shr. Equity	*11.0%*
9.9%	10.0%	10.2%	8.5%	9.0%	8.9%	9.9%	10.9%	12.5%	10.9%	*11.0%*	*11.0%*	Return on Com Equity	*11.0%*
2.8%	3.1%	3.5%	1.9%	2.6%	2.7%	3.7%	4.5%	6.0%	4.5%	*4.5%*	*4.5%*	Retained to Com Eq	*4.5%*
74%	70%	67%	79%	72%	69%	63%	59%	52%	59%	*56%*	*59%*	All Div'ds to Net Prof	*58%*

CAPITAL STRUCTURE as of 6/30/09
Total Debt $677.6 mill. **Due in 5 Yrs** $173.8 mill.
LT Debt $587.0 mill. **LT Interest** $37.0 mill.

(Total interest coverage: 4.0x)

Pension Assets-12/08 $163 mill.
Oblig. $281 mill.
Pfd Stock None

Common Stock 26,513,188 shares
as of 7/31/09
MARKET CAP $1.1 billion (Mid Cap)

CURRENT POSITION ($MILL.)	2007	2008	6/30/09
Cash Assets	6.1	6.9	31.1
Other	268.8	474.1	241.3
Current Assets	274.9	481.0	272.4
Accts Payable	119.7	94.4	50.1
Debt Due	148.1	248.0	90.6
Other	122.1	208.9	148.8
Current Liab.	389.9	551.3	289.5
Fix. Chg. Cov.	408%	393%	NMF

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '06-'08 to '12-'14
Revenues	9.0%	9.0%	4.0%
"Cash Flow"	3.5%	6.5%	4.5%
Earnings	5.0%	8.0%	5.0%
Dividends	2.0%	3.0%	5.5%
Book Value	3.5%	3.5%	5.0%

Calendar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2006	390.4	171.0	114.9	336.9	1013.2
2007	394.1	183.2	124.2	331.7	1033.2
2008	387.7	191.3	109.7	349.2	1037.9
2009	437.4	149.4	*100*	*338.2*	*1025*
2010	*420*	*215*	*125*	*365*	*1125*

Calendar	EARNINGS PER SHARE [A] Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2006	1.48	.07	d.35	1.15	2.35
2007	1.77	.10	d.22	1.11	2.76
2008	1.62	.08	d.38	1.25	2.57
2009	1.72	.12	*d.31*	*1.32*	*2.85*
2010	*1.72*	*.11*	*d.33*	*1.35*	*2.85*

Calendar	QUARTERLY DIVIDENDS PAID [B■] Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2005	.325	.325	.325	.345	1.32
2006	.345	.345	.345	.355	1.39
2007	.355	.355	.355	.375	1.44
2008	.375	.375	.375	.395	1.52
2009	.395	.395	.395		

BUSINESS: Northwest Natural Gas Co. distributes natural gas to 90 communities, 662,000 customers, in Oregon (90% of customers) and in southwest Washington state. Principal cities served: Portland and Eugene, OR; Vancouver, WA. Service area population: 2.5 mill. (77% in OR). Company buys gas supply from Canadian and U.S. producers; has transportation rights on Northwest Pipeline system. Owns local underground storage. Rev. breakdown: residential, 55%; commercial, 28%; industrial, gas transportation, and other, 17%. Employs 1,106. Barclays Global owns 6.6% of shares; officers and directors, 1.4% (4/09 proxy). CEO: Gregg S. Kantor. Inc.: Oregon. Address: 220 NW 2nd Ave., Portland, OR 97209. Telephone: 503-226-4211. Internet: www.nwnatural.com.

Northwest Natural's normal-looking first-half results contained some unusual elements. The company shares in either 20% or 10% of the difference between forecast natural gas costs and the actual outlays in Oregon. In this year's first half, very low gas prices led to an $11 million profit from the cost-sharing mechanism, versus a $6 million loss in the prior-year period. The profit, however, was partially offset by considerably higher operating and maintenance expenses, due partly to higher pension expense related to the decline in the stock market and bonuses due to the earnings gain. Meanwhile, the recession cost Northwest 3,000 customers in the June period, dropping its year-to-year customer increase to 0.8%.

Thus, we look for little earnings change through 2010. With natural gas prices likely to rise at least a bit next year, Northwest has opted to share in 10% of the difference between forecast and actual gas costs, likely reducing commodity cost effects. As gas prices are down, however, the company expects that residential rates will drop 15%-20% next year, raising the incentive to convert to gas heat. Moreover, the company plans to pare 50 to 100 jobs, adding to the 175 it eliminated in the last two years.

Northwest should benefit from a new union contract. Under the new five-year agreement, union members (about 60% of the workforce) received a 2.3% raise but will get just 1% more per year for years two through five, plus up to 2% for inflation. The company gains extra flexibility, and new hires will not be eligible for the defined benefit pension plan.

New projects could significantly boost earnings by the end of our time horizon. Northwest owns 75% of the Gill Ranch, CA gas storage project and will invest about $160 million in the project; it should contribute to the bottom line by 2011. The proposed Palomar pipeline would bring a second source of gas to the Portland area; its eastern section could come on line by 2013. NWN's investment would be around $200 million, plus an equal sum if the western half is built.

These top-quality shares offer decent total-return potential, suitable for conservative accounts.

Sigourney B. Romaine September 11, 2009

(A) Diluted earnings per share. Excludes nonrecurring items: '98, $0.15; '00, $0.11; '06, ($0.06); '08, ($0.03); 1Q '09, 6¢. Next earnings report due early November.

(B) Dividends historically paid in mid-February, May, August, and November.
■ Dividend reinvestment plan available.

(C) In millions, adjusted for stock split.

Company's Financial Strength	A
Stock's Price Stability	100
Price Growth Persistence	70
Earnings Predictability	90

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PIEDMONT NAT'L. GAS NYSE-PNY

RECENT PRICE **24.24** | P/E RATIO **14.8** (Trailing: 15.6 / Median: 18.0) | RELATIVE P/E RATIO **0.92** | DIV'D YLD **4.5%** | VALUE LINE

TIMELINESS **3** Raised 6/15/07
SAFETY **2** New 7/27/90
TECHNICAL **4** Raised 7/17/09
BETA .65 (1.00 = Market)

2012-14 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	40	(+65%)	17%
Low	30	(+25%)	10%

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	1	0	1	0	0	0	0	0
Options	0	0	0	0	0	0	0	0	0
to Sell	0	0	1	1	0	0	0	0	0

Institutional Decisions

	4Q2008	1Q2009	2Q2009
to Buy	112	75	78
to Sell	93	123	96
Hld's(000)	33160	34611	33567

	High:	18.1	18.3	19.7	19.0	19.0	22.0	24.3	25.8	28.4	28.0	35.3	32.0
	Low:	13.9	14.3	11.8	14.6	13.7	16.6	19.2	21.3	23.2	22.0	21.7	20.7

LEGENDS
1.40 x Dividends p sh divided by Interest Rate
..... Relative Price Strength
2-for-1 split 11/04
Options: Yes
Shaded area: prior recession
Latest recession began 12/07

Target Price Range 2012 | 2013 | 2014

% TOT. RETURN 8/09

	THIS STOCK	VL ARITH. INDEX
1 yr.	-13.5	-4.4
3 yr.	3.2	0.4
5 yr.	34.0	32.3

1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	© VALUE LINE PUB., INC.	12-14
10.57	10.82	8.76	11.59	12.84	12.45	10.97	13.01	17.06	12.57	18.14	19.95	22.96	25.80	23.37	28.52	*26.45*	*27.25*	Revenues per sh [A]	*30.00*
1.14	1.13	1.25	1.49	1.62	1.72	1.70	1.77	1.81	1.81	2.04	2.31	2.43	2.51	2.64	2.77	*2.85*	*2.95*	"Cash Flow" per sh	*3.15*
.73	.68	.73	.84	.93	.98	.93	1.01	1.01	.95	1.11	1.27	1.32	1.27	1.40	1.49	*1.60*	*1.70*	Earnings per sh [B]	*1.90*
.48	.51	.54	.57	.61	.64	.68	.72	.76	.80	.82	.85	.91	.95	.99	1.03	*1.07*	*1.11*	Div'ds Decl'd per sh [C▪]	*1.23*
1.58	1.95	1.72	1.64	1.52	1.48	1.58	1.65	1.29	1.21	1.16	1.85	2.50	2.74	1.85	2.47	*2.40*	*2.10*	Cap'l Spending per sh	*2.25*
5.45	5.68	6.16	6.53	6.95	7.45	7.86	8.26	8.63	8.91	9.36	11.15	11.53	11.83	11.99	12.11	*12.70*	*13.25*	Book Value per sh [D]	*15.05*
52.30	53.15	57.67	59.10	60.39	61.48	62.59	63.83	64.93	66.16	67.31	76.67	76.70	74.61	73.23	73.26	*73.50*	*73.50*	Common Shs Outst'g [E]	*73.00*
15.4	15.7	13.8	13.9	13.6	16.3	17.7	14.3	16.7	18.4	16.7	16.6	17.9	19.2	18.7	18.2	*Bold figures are Value Line estimates*		Avg Ann'l P/E Ratio	*18.0*
.91	1.03	.92	.87	.78	.85	1.01	.93	.86	1.01	.95	.88	.95	1.04	.99	1.15			Relative P/E Ratio	*1.50*
4.3%	4.8%	5.4%	4.9%	4.8%	4.0%	4.1%	5.0%	4.5%	4.6%	4.4%	4.1%	3.8%	3.9%	3.8%	3.8%			Avg Ann'l Div'd Yield	*3.6%*
686.5	830.4	1107.9	832.0	1220.8	1529.7	1761.1	1924.7	1711.3	2069.1	*1945*	*2005*	Revenues ($mill) [A]	*2190*
58.2	64.0	65.5	62.2	74.4	95.2	101.3	97.2	104.4	110.0	*115*	*125*	Net Profit ($mill)	*140*
39.7%	34.7%	34.6%	33.1%	34.8%	35.1%	33.7%	34.2%	33.0%	36.4%	*35.0%*	*35.0%*	Income Tax Rate	*35.0%*
8.5%	7.7%	5.9%	7.5%	6.1%	6.2%	5.8%	5.0%	6.1%	5.3%	*6.1%*	*6.3%*	Net Profit Margin	*6.4%*
46.2%	46.1%	47.6%	43.9%	42.2%	43.6%	41.4%	48.3%	48.4%	47.2%	*47.5%*	*48.0%*	Long-Term Debt Ratio	*47.0%*
53.8%	53.9%	52.4%	56.1%	57.8%	56.4%	58.6%	51.7%	51.6%	52.8%	*52.5%*	*52.0%*	Common Equity Ratio	*53.0%*
914.7	978.4	1069.4	1051.6	1090.2	1514.9	1509.2	1707.9	1703.3	1681.5	*1775*	*1875*	Total Capital ($mill)	*2075*
1047.0	1072.0	1114.7	1158.5	1812.3	1849.8	1939.1	2075.3	2141.5	2240.8	*2250*	*2300*	Net Plant ($mill)	*2450*
8.1%	8.3%	7.9%	7.8%	8.6%	7.8%	8.2%	7.2%	7.8%	8.2%	*8.0%*	*8.0%*	Return on Total Cap'l	*8.0%*
11.8%	12.1%	11.7%	10.6%	11.8%	11.1%	11.5%	11.0%	11.9%	12.4%	*12.5%*	*13.0%*	Return on Shr. Equity	*12.5%*
11.8%	12.1%	11.7%	10.6%	11.8%	11.1%	11.5%	11.0%	11.9%	12.4%	*12.5%*	*13.0%*	Return on Com Equity	*12.5%*
3.3%	3.5%	3.0%	1.7%	3.1%	3.7%	3.6%	2.8%	3.5%	3.9%	*4.0%*	*4.5%*	Retained to Com Eq	*4.5%*
72%	71%	75%	83%	74%	66%	68%	74%	70%	69%	*67%*	*65%*	All Div'ds to Net Prof	*65%*

CAPITAL STRUCTURE as of 4/30/09
Total Debt $1029.0 mill. Due in 5 Yrs $150.0 mill.
LT Debt $793.5 mill. LT Interest $55.5 mill.
(LT interest earned: 4.0x; total interest coverage: 3.7x)

Pension Assets-10/08 $150.3 mill.
Oblig. $143.5 mill.

Pfd Stock None

Common Stock 72,959,779 shs.
as of 6/2/09
MARKET CAP: $1.8 billion (Mid Cap)

CURRENT POSITION ($MILL.)	2007	2008	4/30/09
Cash Assets	7.5	7.0	20.7
Other	427.8	593.8	528.0
Current Assets	435.3	600.8	548.7
Accts Payable	143.6	132.3	94.0
Debt Due	195.0	436.5	235.5
Other	75.9	112.7	182.3
Current Liab.	424.5	681.5	511.8
Fix. Chg. Cov.	309%	341%	350%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '06-'08 to '12-'14
Revenues	7.5%	10.0%	*2.5%*
"Cash Flow"	5.0%	7.0%	*3.0%*
Earnings	4.5%	6.5%	*5.5%*
Dividends	5.0%	4.5%	*3.5%*
Book Value	5.5%	6.0%	*4.0%*

Fiscal Year Ends	QUARTERLY REVENUES ($ mill.) [A] Jan.31	Apr.30	Jul.31	Oct.31	Full Fiscal Year
2006	921.4	483.2	237.9	282.2	1924.7
2007	677.2	531.5	224.4	278.2	1711.3
2008	788.5	634.2	354.7	311.7	2089.1
2009	779.6	455.4	*372*	*338*	*1945*
2010	*790*	*470*	*390*	*355*	*2005*

Fiscal Year Ends	EARNINGS PER SHARE [A B] Jan.31	Apr.30	Jul.31	Oct.31	Full Fiscal Year
2006	.94	.57	d.16	d.08	1.27
2007	.94	.69	d.12	d.11	1.40
2008	1.12	.66	d.10	d.18	1.49
2009	1.10	.73	*d.10*	*d.13*	*1.60*
2010	*1.12*	*.75*	*d.08*	*d.09*	*1.70*

Cal-endar	QUARTERLY DIVIDENDS PAID [C▪] Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2005	.215	.23	.23	.23	.91
2006	.23	.24	.24	.24	.95
2007	.24	.25	.25	.25	.99
2008	.25	.26	.26	.26	1.03
2009	.26	.27	.27		

BUSINESS: Piedmont Natural Gas Company is primarily a regulated natural gas distributor, serving over 935,724 customers in North Carolina, South Carolina, and Tennessee. 2008 revenue mix: residential (39%), commercial (24%), industrial (12%), other (25%). Principal suppliers: Transco and Tennessee Pipeline. Gas costs: 73.5% of revenues. '08 deprec. rate: 3.2%. Estimated plant age: 8.7 years. Non-regulated operations: sale of gas-powered heating equipment; natural gas brokering; propane sales. Has about 1,833 employees. Officers & directors own about 1.1% of common stock (1/09 proxy). Chairman, CEO, & President: Thomas E. Skains. Inc.: NC. Address: 4720 Piedmont Row Drive, Charlotte, NC 28210. Telephone: 704-364-3120. Internet: www.piedmontng.com.

Piedmont Natural Gas has posted a mixed bag of financial results thus far in 2009. Quarterly sales in the first half declined, year over year, as the weakened economy continued to weigh on both residential and commercial new construction activities. As a result, PNY's regulated utility segment has been experiencing declining customer growth compounded by rising conservation practices at existing accounts. Nonetheless, margins have been widening, thanks largely to lower natural gas costs, which have more than offset the rise in operating expenses. These trends resulted in a 10.6% hike in the April-period bottom line.

Meantime, slumping demand has put the brakes on many of the company's capital projects. Management has opted to defer its pipeline infrastructure enhancement plans that were scheduled to serve the new gas-fired power generation markets of North Carolina. Moreover, construction of the liquid natural gas storage facility in Robeson County, NC has also been put off. Current customer growth projections in that region indicate this facility may not be necessary for a few more years. As a result, PNY is holding off on construction until 2012, with a potential in-service date of 2015. These moves ought to help the company conserve cash at a time when rising accounts receivable and higher delinquencies are a distinct possibility.

Still, we have raised our earnings estimates for this year and next by a nickel. The main culprit for the dissapointing 2009 revenues can be attributed to the slumping commodity prices. This trend masks Piedmont's continued customer growth, a figure that should register at about 1%-1.5% this year. Meantime, lower gas costs should continue to offset the margin tightening associated with diminished volumes. Consequently, annual earnings gains should persist.

These neutrally ranked shares have some appeal as an income vehicle. Recovery potential for the pull to 2012-2014 is about average for a utility. But the recent dividend hike, and relative stability provided by an ever-increasing customer base, shines a positive light on this good-quality stock.

Bryan J. Fong *September 11, 2009*

(A) Fiscal year ends October 31st.
(B) Diluted earnings. Excl. extraordinary item: '00, 8¢. Excl. nonrecurring charge: '97, 2¢. Next earnings report due early Nov. Quarters may not add to total due to change in shares outstanding.
(C) Dividends historically paid mid-January, April, July, October.
▪ Div'd reinvest. plan available; 5% discount.
(D) Includes deferred charges. In 2008: $16.3 million, 22¢/share.
(E) In millions, adjusted for stock split.

Company's Financial Strength	B++
Stock's Price Stability	100
Price Growth Persistence	60
Earnings Predictability	90

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SOUTH JERSEY INDS. NYSE-SJI

RECENT PRICE 34.29 | P/E RATIO 14.3 (Trailing: 14.8 / Median: 14.0) | RELATIVE P/E RATIO 0.89 | DIV'D YLD 3.6% | VALUE LINE

TIMELINESS 3 Lowered 8/14/09
SAFETY 2 Lowered 1/4/91
TECHNICAL 5 Lowered 9/11/09
BETA .65 (1.00 = Market)

2012-14 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	50	(+45%)	13%
Low	35	(Nil)	5%

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	0	1	0	0	1	0	0	0
Options	0	0	0	0	0	0	0	0	0
to Sell	0	2	0	0	0	4	0	1	2

Institutional Decisions

	4Q2008	1Q2009	2Q2009
to Buy	75	73	70
to Sell	69	70	78
Hld's(000)	16545	16545	15858

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	© VALUE LINE PUB., INC.	12-14
	17.03	17.45	16.50	16.52	16.18	20.89	17.60	22.43	35.30	20.69	26.34	29.51	31.78	31.76	32.30	32.36	*30.85*	*31.60*	Revenues per sh	36.35
	1.54	1.35	1.65	1.54	1.60	1.44	1.84	1.95	1.90	2.12	2.24	2.44	2.51	3.51	3.20	3.48	*3.35*	*3.60*	"Cash Flow" per sh	4.20
	.78	.61	.83	.85	.86	.64	1.01	1.08	1.15	1.22	1.37	1.58	1.71	2.46	2.09	2.27	*2.40*	*2.65*	Earnings per sh [A]	3.10
	.72	.72	.72	.72	.72	.72	.72	.73	.74	.75	.78	.82	.86	.92	1.01	1.11	*1.20*	*1.28*	Div'ds Decl'd per sh [B] ■	1.50
	1.87	1.93	2.08	2.01	2.30	3.06	2.19	2.21	2.82	3.47	2.36	2.67	3.21	2.51	1.88	2.08	*2.35*	*2.40*	Cap'l Spending per sh	2.90
	7.17	7.23	7.34	8.03	6.43	6.23	6.74	7.25	7.81	9.67	11.26	12.41	13.50	15.11	16.25	17.33	*18.65*	*19.35*	Book Value per sh [C]	22.75
	19.61	21.43	21.44	21.51	21.54	21.56	22.30	23.00	23.72	24.41	26.46	27.76	28.98	29.33	29.61	29.73	*30.00*	*31.00*	Common Shs Outst'g [D]	33.00
	15.8	16.1	12.2	13.3	13.8	21.2	13.3	13.0	13.6	13.5	13.3	14.1	16.6	11.9	17.2	15.9	*Bold figures are Value Line estimates*		Avg Ann'l P/E Ratio	14.0
	.93	1.06	.82	.83	.80	1.10	.76	.85	.70	.74	.76	.74	.88	.64	.91	.95			Relative P/E Ratio	.95
	5.9%	7.4%	7.2%	6.4%	6.1%	5.3%	5.4%	5.2%	4.7%	4.6%	4.3%	3.7%	3.0%	3.2%	2.8%	3.1%			Avg Ann'l Div'd Yield	3.5%
							392.5	515.9	837.3	505.1	696.8	819.1	921.0	931.4	956.4	962.0	*925*	*980*	Revenues ($mill)	1200
							22.0	24.7	26.8	29.4	34.6	43.0	48.6	72.0	61.8	67.7	*70.0*	*80.0*	Net Profit ($mill)	100
							42.8%	43.1%	42.2%	41.4%	40.6%	40.9%	41.5%	41.3%	41.9%	47.7%	*38.0%*	*40.0%*	Income Tax Rate	40.0%
							5.6%	4.8%	3.2%	5.8%	5.0%	5.2%	5.3%	7.7%	6.5%	7.0%	*7.6%*	*8.2%*	Net Profit Margin	8.3%
							53.8%	54.1%	57.0%	53.6%	50.8%	48.7%	44.9%	44.7%	42.7%	39.2%	*38.5%*	*40.0%*	Long-Term Debt Ratio	38.0%
							37.0%	37.6%	35.9%	46.1%	49.0%	51.0%	55.1%	55.3%	57.3%	60.8%	*61.5%*	*60.0%*	Common Equity Ratio	62.0%
							405.9	443.5	516.2	512.5	608.4	675.0	710.3	801.1	839.0	848.0	*910*	*1000*	Total Capital ($mill)	1210
							533.3	562.2	607.0	666.6	748.3	799.9	877.3	920.0	948.9	982.6	*1030*	*1075*	Net Plant ($mill)	1250
							7.4%	7.4%	6.9%	7.6%	7.3%	7.9%	8.3%	10.1%	8.6%	8.5%	*8.5%*	*9.0%*	Return on Total Cap'l	9.0%
							11.7%	12.1%	12.1%	12.4%	11.5%	12.4%	12.4%	16.3%	12.8%	13.1%	*12.5%*	*13.5%*	Return on Shr. Equity	13.5%
							14.6%	14.8%	12.8%	12.5%	11.6%	12.5%	12.4%	16.3%	12.8%	13.1%	*12.5%*	*13.5%*	Return on Com Equity	13.5%
							4.2%	4.8%	3.5%	4.7%	5.0%	5.9%	6.2%	10.2%	6.7%	6.7%	*6.0%*	*6.5%*	Retained to Com Eq	6.5%
							72%	67%	76%	62%	57%	52%	50%	37%	48%	49%	*51%*	*50%*	All Div'ds to Net Prof	50%

CAPITAL STRUCTURE as of 6/30/09
Total Debt $496.4 mill. Due in 5 Yrs $228.8 mill.
LT Debt $332.7 mill. LT Interest $16.0 mill.
(Total interest coverage: 8.4x)

Pension Assets-12/08 $88.3 mill. Oblig. $142.7 mill.

Pfd Stock none

Common Stock 29,796,232 common shs. as of 8/3/09

MARKET CAP: $1.0 billion (Mid Cap)

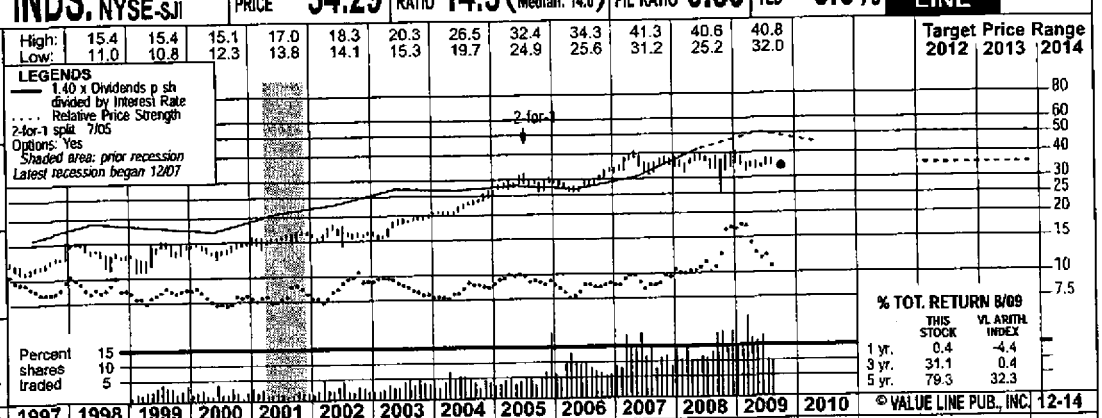
CURRENT POSITION ($MILL.)	2007	2008	6/30/09
Cash Assets	11.7	5.8	6.0
Other	316.6	429.3	351.4
Current Assets	328.3	435.1	357.4
Accts Payable	101.2	120.2	87.9
Debt Due	118.4	237.6	163.7
Other	108.7	142.1	135.7
Current Liab.	328.3	499.9	387.3
Fix. Chg. Cov.	476%	598%	834%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '06-'08 to '12-'14
Revenues	6.0%	3.0%	2.0%
"Cash Flow"	8.5%	10.0%	3.5%
Earnings	11.5%	13.0%	5.5%
Dividends	3.5%	6.0%	7.0%
Book Value	9.0%	11.0%	6.0%

Calendar	QUARTERLY REVENUES ($ mil.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2006	372.6	153.8	154.7	250.3	931.4
2007	368.4	171.7	156.2	260.1	956.4
2008	348.1	135.8	210.4	267.7	962.0
2009	362.2	134.5	*150*	*278.3*	*925*
2010	*365*	*160*	*170*	*285*	*980*

Calendar	EARNINGS PER SHARE [A] Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2006	1.06	.20	.51	.69	2.46
2007	1.30	.21	d.05	.63	2.09
2008	1.32	.26	.04	.67	2.27
2009	1.46	.15	*.05*	*.74*	*2.40*
2010	*1.45*	*.25*	*.10*	*.85*	*2.65*

Calendar	QUARTERLY DIVIDENDS PAID [B] ■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2005	--	.213	.213	.438	.86
2006	--	.225	.225	.470	.92
2007	--	.245	.245	.515	1.01
2008	--	.270	.270	.568	1.11
2009	--	.298	.298		



BUSINESS: South Jersey Industries, Inc. is a holding company. Its subsidiary, South Jersey Gas Co., distributes natural gas to 340,136 customers in New Jersey's southern counties, which covers about 2,500 square miles and includes Atlantic City. Gas revenue mix '08: residential, 46%; commercial, 23%; cogeneration and electric generation, 6%; industrial, 25%. Non-utility operations include: South Jersey Energy, South Jersey Resources Group, Marina Energy, and South Jersey Energy Service Plus. Has 602 employees. Off./dir. control 1.0% of com. shares; Barclays, 7.5%; Keeley Asset Management, 5.6% (3/09 proxy). Chrmn. & CEO: Edward Graham. Incorp.: NJ. Address: 1 South Jersey Plaza, Folsom, NJ 08037. Tel.: 609-561-9000. Internet: www.sjindustries.com.

South Jersey Industries posted a flat top-line comparison and lower share earnings for the second quarter. Earnings declined moderately at subsidiary South Jersey Gas in the recent interim. Lower interest payments were more than offset by higher pension expense and an increase in other operating costs at this business. Meanwhile, significantly cooler temperatures during the period resulted in lower air conditioning demand and reduced earnings at the on-site energy production business, Marina Energy. The Asset Management and Marketing business also posted an earnings decline for the quarter.

The company has attractive prospects for the coming years. Customer growth at South Jersey Gas has continued at a steady clip, despite weakness in the broader economy. Natural gas remains the fuel of choice in the markets served by the utility, and SJG continues to see significant interest in conversions from other fuel sources to natural gas. Its recent gas main extension project, along with aggressive marketing efforts, should benefit the utility going forward. We anticipate solid results from the nonutility operations, as well.

South Jersey Gas has filed with the New Jersey Board of Public Utilities to reduce rates by 20.2%. The approval of the Basic Gas Supply Service (BGSS) petition would allow customers to realize significant savings, and provide an incentive for homeowners to switch from oil to natural gas. The BGSS clause allows South Jersey to pass along increases and decreases in gas costs directly to consumers. The company's ability to secure lower-priced gas has allowed it to provide customers with the lower rates.

Shares of South Jersey Industries have slipped one notch in Timeliness, and are now neutrally ranked for year-ahead performance. Looking further out, we anticipate higher revenues and share earnings at the company by 2012-2014. Moreover, SJI scores high marks for Safety, Price Stability, and Earnings Predictability. But from the present quotation, this issue has below-average, though reasonably well-defined, total return potential for the coming years.

Michael Napoli, CPA *September 11, 2009*

(A) Based on GAAP EPS through 2006, economic earnings thereafter. GAAP EPS: '07, $2.10; '08, $2.58. Excl. nonrecur. gain (loss): '01, $0.13; '08, $0.31. Excl gain (losses) from discont. ops.: '99, ($0.02); '00, ($0.04); '01, ($0.02); '02, ($0.04); '03, ($0.09); '05, ($0.02); '06, ($0.02); '07, $0.01. Earnings may not sum due to rounding. Next egs. report due in November. (B) Div'ds paid early Apr., Jul., Oct., and late Dec. ■ Div. reinvest. plan avail. (C) Incl. regulatory assets. In 2008: $270.4 mill., $9.10 per shr. (D) In millions, adj. for split.

Company's Financial Strength	B++
Stock's Price Stability	100
Price Growth Persistence	90
Earnings Predictability	80

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SOUTHWEST GAS NYSE-SWX

RECENT PRICE 23.98 | P/E RATIO 13.5 (Trailing: 16.3 Median: 19.0) | RELATIVE P/E RATIO 0.84 | DIV'D YLD 4.1% | VALUE LINE

TIMELINESS 3 Raised 5/23/08
SAFETY 3 Lowered 1/4/91
TECHNICAL 4 Lowered 7/24/09
BETA .75 (1.00 = Market)

2012-14 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	40	(+65%)	17%
Low	30	(+25%)	10%

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	1	1	0	0	0	3	0	0	0
Options	0	0	0	0	0	0	0	0	0
to Sell	0	0	0	0	0	0	0	0	1

Institutional Decisions

	4Q2008	1Q2009	2Q2009
to Buy	83	83	86
to Sell	75	71	71
Hld's(000)	32362	32859	32802

	26.9	29.5	23.0	24.7	25.3	23.6	26.2	28.1	39.4	39.9	33.3	26.4
Low:	17.3	20.4	16.9	18.6	18.1	19.3	21.5	23.5	26.0	26.5	21.1	17.1

LEGENDS
1.50 x Dividends p sh divided by Interest Rate
Relative Price Strength
Options: Yes
Shaded area: prior recession
Latest recession began 12/07

Target Price Range 2012 | 2013 | 2014

80 60 50 40 30 25 20 15 10 7.5

Percent shares traded 9 6 3

% TOT. RETURN 8/09

	THIS STOCK	VL ARITH. INDEX
1 yr.	-16.6	-4.4
3 yr.	-20.7	0.4
5 yr.	20.3	32.3

1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	© VALUE LINE PUB., INC.	12-14
25.68	28.16	23.03	24.09	26.73	30.17	30.24	32.61	42.98	39.68	35.96	40.14	43.59	48.47	50.28	48.53	*39.55*	*41.50*	Revenues per sh	*52.00*
3.24	5.09	2.65	3.00	3.85	4.48	4.45	4.57	4.79	5.07	5.11	5.57	5.20	5.97	6.21	5.76	*5.85*	*6.15*	"Cash Flow" per sh	*7.30*
.63	1.22	.10	.25	.77	1.65	1.27	1.21	1.15	1.16	1.13	1.66	1.25	1.98	1.95	1.39	*1.75*	*1.90*	Earnings per sh A	*2.30*
.74	.80	.82	.82	.82	.82	.82	.82	.82	.82	.82	.82	.82	.82	.86	.90	*.95*	*1.00*	Div'ds Decl'd per sh B=†	*1.15*
5.43	6.64	6.79	8.19	6.19	6.40	7.41	7.04	8.17	8.50	7.03	8.23	7.49	8.27	7.96	6.79	*5.50*	*5.95*	Cap'l Spending per sh	*7.20*
15.96	16.38	14.55	14.20	14.09	15.67	16.31	16.82	17.27	17.91	18.42	19.18	19.10	21.58	22.98	23.49	*25.25*	*26.05*	Book Value per sh	*28.00*
21.00	21.28	24.47	25.73	27.39	30.41	30.99	31.71	32.49	33.29	34.23	35.79	39.33	41.77	42.81	44.19	*45.50*	*47.00*	Common Shs Outst'g C	*50.00*
26.5	14.0	NMF	69.3	24.1	13.2	21.1	16.0	19.0	19.9	19.2	14.3	20.6	15.9	17.3	20.3	*Bold figures are Value Line estimates*		Avg Ann'l P/E Ratio	*15.0*
1.57	.92	NMF	4.34	1.39	.69	1.20	1.04	.97	1.09	1.09	.76	1.10	.86	.92	1.22			Relative P/E Ratio	*1.00*
4.4%	4.7%	5.4%	4.7%	4.4%	3.8%	3.1%	4.2%	3.8%	3.6%	3.8%	3.5%	3.2%	2.6%	2.6%	3.2%			Avg Ann'l Div'd Yield	*3.3%*
936.9	1034.1	1396.7	1320.9	1231.0	1477.1	1714.3	2024.7	2152.1	2144.7	*1800*	*1950*	Revenues ($mill)	*2600*
39.3	38.3	37.2	38.6	38.5	58.9	48.1	80.5	83.2	61.0	*80.0*	*90.0*	Net Profit ($mill)	*115*
35.5%	26.2%	34.5%	32.8%	30.5%	34.8%	29.7%	37.3%	36.5%	40.1%	*38.0%*	*38.0%*	Income Tax Rate	*38.0%*
4.2%	3.7%	2.7%	2.9%	3.1%	4.0%	2.8%	4.0%	3.9%	2.8%	*4.4%*	*4.6%*	Net Profit Margin	*4.4%*
60.3%	60.2%	56.2%	62.5%	66.0%	64.2%	63.8%	60.6%	58.1%	55.3%	*51.0%*	*50.5%*	Long-Term Debt Ratio	*49.0%*
35.5%	35.8%	39.6%	34.1%	34.0%	35.8%	36.2%	39.4%	41.9%	44.7%	*49.0%*	*49.5%*	Common Equity Ratio	*51.0%*
1424.7	1489.9	1417.6	1748.3	1851.6	1968.6	2076.0	2287.8	2349.7	2323.3	*2350*	*2475*	Total Capital ($mill)	*2750*
1581.1	1686.1	1825.6	1979.5	2175.7	2336.0	2489.1	2668.1	2845.3	2983.3	*3050*	*3150*	Net Plant ($mill)	*3600*
4.8%	4.6%	5.1%	4.3%	4.2%	5.0%	4.3%	5.5%	5.5%	4.5%	*5.0%*	*5.5%*	Return on Total Cap'l	*6.0%*
7.0%	6.5%	6.0%	5.9%	6.1%	8.3%	6.4%	8.9%	8.5%	5.9%	*7.0%*	*7.5%*	Return on Shr. Equity	*8.0%*
7.8%	7.2%	6.6%	6.5%	6.1%	8.3%	6.4%	8.9%	8.5%	5.9%	*7.0%*	*7.5%*	Return on Com Equity	*8.0%*
2.8%	2.4%	1.9%	1.9%	1.7%	4.3%	2.2%	5.2%	4.8%	2.1%	*3.0%*	*3.5%*	Retained to Com Eq	*4.0%*
64%	67%	71%	70%	72%	49%	65%	42%	44%	63%	*54%*	*52%*	All Div'ds to Net Prof	*50%*

CAPITAL STRUCTURE as of 6/30/09

Total Debt $1228.0 mill. **Due in 5 Yrs** $566.1 mill.
LT Debt $1222.9 mill. **LT Interest** $85.0 mill.
(Total interest coverage: 2.2x)
Leases, Uncapitalized Annual rentals $6.0 mill.
Pension Assets-12/08 $342.9 mill.
Oblig. $558.9 mill.

Pfd Stock None

Common Stock 44,822,466 shs.
as of 7/30/09

MARKET CAP: $1.1 billion (Mid Cap)

CURRENT POSITION ($MILL.)	2007	2008	6/30/09
Cash Assets	32.0	26.4	26.8
Other	470.5	411.7	232.5
Current Assets	502.5	438.1	259.3
Accts Payable	220.7	191.4	68.0
Debt Due	47.1	62.8	5.1
Other	260.1	255.7	303.0
Current Liab.	527.9	509.9	376.1
Fix. Chg. Cov.	229%	224%	233%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '06-'08 to '12-'14
Revenues	6.0%	4.5%	*1.0%*
"Cash Flow"	4.5%	3.5%	*3.5%*
Earnings	7.0%	9.0%	*4.5%*
Dividends	0.5%	1.0%	*5.0%*
Book Value	4.5%	5.0%	*3.5%*

Calendar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2006	676.9	430.9	351.8	565.1	2024.7
2007	793.7	426.6	371.5	560.3	2152.1
2008	813.6	447.3	374.4	509.4	2144.7
2009	689.9	387.6	*275*	*447.5*	*1800*
2010	*730*	*410*	*310*	*500*	*1950*

Calendar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2006	1.11	.02	d.26	1.11	1.98
2007	1.17	d.01	d.22	1.01	1.95
2008	1.14	d.06	d.38	.71	1.39
2009	1.12	d.01	*d.35*	*.99*	*1.75*
2010	*1.15*	*Nil*	*d.30*	*1.05*	*1.90*

Calendar	QUARTERLY DIVIDENDS PAID B= Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2005	.205	.205	.205	.205	.82
2006	.205	.205	.205	.205	.82
2007	.205	.215	.215	.215	.85
2008	.215	.225	.225	.225	.89
2009	.225	.238	.238		

BUSINESS: Southwest Gas Corporation is a regulated gas distributor serving approximately 1.8 million customers in sections of Arizona, Nevada, and California. Comprised of two business segments: natural gas operations and construction services. 2008 margin mix: residential and small commercial, 86%; large commercial and industrial, 5%; transportation, 9%. Total throughput: 2.4 billion therms. Sold PriMerit Bank, 7/96. Has 4,732 employees. Off. & Dir. own 2.0% of common stock; T. Rowe Price Associates, Inc., 7.0%; Barclays Global Investors, 6.8%; GAMCO Investors, Inc., 6.4% (3/09 Proxy). Chairman: James J. Kropid. CEO: Jeffrey W. Shaw. Inc.: CA. Address: 5241 Spring Mountain Road, Las Vegas, Nevada 89146. Telephone: 702-876-7237. Internet: www.swgas.com.

Southwest Gas reported unfavorable top-line performance for the second quarter. The recent recession stymied customer growth and resulted in lower usage. On the bright side, rate relief in Arizona and California (discussed below) supported results. Consequently, the company's share loss of $0.01 compared favorably with the prior-year tally. Losses are common during the second and third quarters, owing to the seasonal nature of the business. Looking forward, we expect lower revenue and a normal-sized share loss for the third quarter. Earnings comparisons ought to improve in the fourth quarter, assuming a better operating environment and greater cost control. Overall, we anticipate lower revenue and higher share earnings for Southwest in full-year 2009. Bottom-line growth may well continue next year.

The company is awaiting a rate case decision from the state of Nevada. Southwest is seeking a $30.5 million rate increase to compensate it for higher operating costs in that state. The request asks that the new rates take effect at the beginning of November. The company is also seeking an improvement in rate design. Specifically, SWX wants to implement a decoupled rate structure that would allow it more freedom in pursuing customer conservation opportunities. This follows recent prior rate case settlements in California and Arizona.

Investors should be mindful of several caveats. Warmer-than-normal temperatures during the winter months can hurt performance at Southwest Gas. In addition, the company will probably incur greater operating costs as it continues to expand, and profitability may suffer if rate relief cannot keep up with rising expenses.

The pace of customer growth should pick up in the future. That's assuming economic conditions in Southwest's service areas improve in the coming years. As a result, we anticipate higher revenues and share earnings at the company by 2012-2014. Moreover, income-oriented investors may find the stock's prospects for dividend growth attractive. But from the present quotation, this neutrally ranked equity features about-average total return potential for a utility.

Michael Napoli, CPA *September 11, 2009*

Company's Financial Strength	B
Stock's Price Stability	100
Price Growth Persistence	65
Earnings Predictability	70

(A) Based on avg. shares outstand. thru. '96, then diluted. Excl. nonrec. gains (losses): '93, 8¢; '97, 16¢; '02, (10¢); '05, (11¢); '06, 7¢. Incl. asset writedown: '93, 44¢. Excl. loss from disc. ops.: '95, 75¢. Totals may not sum due to rounding. Next egs. report due early November. (B) Dividends historically paid early March, June, September, December. =† Div'd reinvestment and stock purchase plan avail. (C) In millions.

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WGL HOLDINGS NYSE-WGL

RECENT PRICE 33.30 | P/E RATIO 13.2 (Trailing: 13.1 Median: 15.0) | RELATIVE P/E RATIO 0.82 | DIV'D YLD 4.4% | VALUE LINE

TIMELINESS 3 Lowered 6/5/09
SAFETY 1 Raised 4/2/93
TECHNICAL 5 Lowered 9/11/09
BETA .65 (1.00 = Market)

2012-14 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	45	(+35%)	12%
Low	35	(+5%)	6%

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	0	0	0	0	0	0	0	0
Options	0	4	0	0	1	0	0	0	0
to Sell	0	4	0	0	4	1	0	2	0

Institutional Decisions

	4Q2008	1Q2009	2Q2009
to Buy	94	97	85
to Sell	95	96	98
Hld's(000)	31580	30919	31333

	30.8	29.4	31.5	30.5	29.5	28.8	31.4	34.8	33.6	35.9	37.1	35.5
High:	23.1	21.0	21.8	25.3	19.3	23.2	26.7	26.8	27.0	29.8	22.4	28.6
Low:												

LEGENDS
1.30 x Dividends p sh divided by Interest Rate
Relative Price Strength
Options: Yes
Shaded area: prior recession
Latest recession began 12/07

Target Price Range 2012 | 2013 | 2014

% TOT. RETURN 8/09

	THIS STOCK	VL ARITH. INDEX
1 yr.	7.4	-4.4
3 yr.	21.1	0.4
5 yr.	43.4	32.3

1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	© VALUE LINE PUB., INC.	12-14
21.55	21.69	19.30	22.19	24.16	23.74	20.92	22.19	29.80	32.63	42.45	42.93	44.94	53.96	53.51	52.65	*53.20*	*54.25*	*Revenues per sh* [A]	*57.60*
2.25	2.43	2.51	2.93	3.02	2.79	2.74	3.20	3.24	2.63	4.00	3.87	3.97	3.89	3.89	4.34	*4.40*	*4.45*	*"Cash Flow" per sh*	*4.70*
1.31	1.42	1.45	1.85	1.85	1.54	1.47	1.79	1.88	1.14	2.30	1.98	2.13	1.94	2.10	2.44	*2.50*	*2.55*	*Earnings per sh* [B]	*2.70*
1.09	1.11	1.12	1.14	1.17	1.20	1.22	1.24	1.26	1.27	1.28	1.30	1.32	1.35	1.37	1.41	*1.47*	*1.51*	*Div'ds Decl'd per sh* [C] ■	*1.63*
2.43	2.64	2.63	2.85	3.20	3.62	3.42	2.67	2.68	3.34	2.65	2.33	2.32	3.27	3.33	2.70	*3.00*	*3.00*	*Cap'l Spending per sh*	*2.50*
11.04	11.51	11.95	12.79	13.48	13.86	14.72	15.31	16.24	15.78	16.25	16.95	17.80	18.86	19.83	20.99	*22.00*	*23.05*	*Book Value per sh* [D]	*26.20*
41.50	42.19	42.93	43.70	43.70	43.84	46.47	46.47	48.54	48.56	48.63	48.67	48.65	48.89	49.45	49.92	*50.00*	*50.00*	*Common Shs Outst'g* [E]	*50.00*
15.6	14.0	12.7	11.5	12.7	17.2	17.3	14.6	14.7	23.1	11.1	14.2	14.7	15.5	15.6	13.7	*Bold figures are Value Line estimates*		*Avg Ann'l P/E Ratio*	*15.0*
.92	.92	.85	.72	.73	.89	.99	.95	.75	1.26	.63	.75	.78	.84	.82	.85			*Relative P/E Ratio*	*1.00*
5.3%	5.6%	6.1%	5.4%	5.0%	4.5%	4.8%	4.8%	4.6%	4.8%	5.0%	4.6%	4.2%	4.5%	4.2%	4.2%			*Avg Ann'l Div'd Yield*	*4.0%*
972.1	1031.1	1446.5	1584.8	2064.2	2089.6	2186.3	2637.9	2646.0	2528.2	*2660*	*2715*	*Revenues ($mill)* [A]	*2880*
68.8	84.6	89.9	55.7	112.3	98.0	104.8	96.0	102.9	122.9	*125*	*130*	*Net Profit ($mill)*	*135*
36.0%	36.1%	39.6%	34.0%	38.0%	38.2%	37.4%	39.0%	39.1%	37.1%	*37.0%*	*37.0%*	*Income Tax Rate*	*38.0%*
7.1%	8.2%	6.2%	3.5%	5.4%	4.7%	4.8%	3.6%	3.9%	4.7%	*4.7%*	*4.8%*	*Net Profit Margin*	*4.7%*
41.5%	43.1%	41.7%	45.7%	43.8%	40.9%	39.5%	37.8%	37.9%	35.9%	*36.5%*	*35.5%*	*Long-Term Debt Ratio*	*34.0%*
56.1%	54.8%	56.3%	52.4%	54.3%	57.2%	58.6%	60.4%	60.3%	62.4%	*62.0%*	*63.0%*	*Common Equity Ratio*	*64.5%*
1218.5	1299.2	1400.8	1462.5	1454.9	1443.6	1478.1	1526.1	1625.4	1679.5	*1780*	*1830*	*Total Capital ($mill)*	*2040*
1402.7	1460.3	1519.7	1606.8	1874.9	1915.6	1969.7	2067.9	2150.4	2208.3	*2325*	*2420*	*Net Plant ($mill)*	*2720*
7.1%	7.9%	7.9%	5.3%	9.1%	8.2%	8.5%	7.6%	7.6%	8.5%	*8.0%*	*8.0%*	*Return on Total Cap'l*	*8.0%*
9.7%	11.4%	11.0%	7.0%	13.7%	11.5%	11.7%	10.1%	10.2%	11.4%	*11.5%*	*11.0%*	*Return on Shr. Equity*	*10.5%*
9.9%	11.7%	11.2%	7.2%	14.0%	11.7%	12.0%	10.3%	10.4%	11.6%	*12.0%*	*11.5%*	*Return on Com Equity*	*11.0%*
1.8%	3.7%	3.8%	NMF	6.2%	4.1%	4.6%	3.2%	3.5%	5.0%	*4.5%*	*4.5%*	*Retained to Com Eq*	*4.0%*
82%	69%	67%	112%	56%	65%	62%	69%	66%	57%	*59%*	*59%*	*All Div'ds to Net Prof*	*60%*

CAPITAL STRUCTURE as of 6/30/09
Total Debt $728.7 mill. Due in 5 Yrs $264.5 mill.
LT Debt $624.1 mill. LT Interest $37.4 mill.
(LT interest earned: 5.9x; total interest coverage: 5.2x)
Pension Assets-9/08 $588.2 mill. Oblig. $590.5 mill.
Preferred Stock $28.2 mill. Pfd. Div'd $1.3 mill.

Common Stock 50,141,229 shs. as of 7/31/09

MARKET CAP: $1.7 billion (Mid Cap)

CURRENT POSITION ($MILL.)	2007	2008	6/30/09
Cash Assets	4.9	6.2	41.6
Other	568.8	736.1	553.2
Current Assets	573.7	742.3	594.8
Accts Payable	216.9	243.1	202.8
Debt Due	205.4	347.0	104.6
Other	134.8	158.4	202.1
Current Liab.	557.1	748.5	509.5
Fix. Chg. Cov.	432%	490%	500%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '06-'08 to '12-'14
Revenues	8.5%	9.0%	*1.5%*
"Cash Flow"	3.5%	4.0%	*2.5%*
Earnings	2.0%	4.0%	*4.0%*
Dividends	1.5%	1.5%	*3.0%*
Book Value	4.0%	4.5%	*4.5%*

Fiscal Year Ends	QUARTERLY REVENUES ($ mill.) [A] Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2006	902.9	1064.5	346.9	323.6	2637.9
2007	732.9	1119.9	467.5	325.7	2646.0
2008	751.6	1020.0	464.7	391.9	2628.2
2009	821.5	1040.9	427.0	*370.6*	*2660*
2010	*830*	*1050*	*445*	*390*	*2715*

Fiscal Year Ends	EARNINGS PER SHARE [A B] Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2006	.93	1.17	d.01	d.15	1.94
2007	.92	1.27	.22	d.31	2.10
2008	.96	1.66	.06	d.24	2.44
2009	1.03	1.65	.11	*d.29*	*2.50*
2010	*1.04*	*1.66*	*.12*	*d.27*	*2.55*

Calendar	QUARTERLY DIVIDENDS PAID [C] ■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2005	.325	.333	.333	.333	1.32
2006	.333	.338	.338	.338	1.34
2007	.34	.34	.34	.34	1.36
2008	.34	.36	.36	.36	1.42
2009	.36	.37	.37		

BUSINESS: WGL Holdings, Inc. is the parent of Washington Gas Light, a natural gas distributor in Washington, D.C. and adjacent areas of VA and MD to resident'l and comm'l users (1,053,032 meters). Hampshire Gas, a federally regulated sub., operates an underground gas-storage facility in WV. Non-regulated subs.: Wash. Gas Energy Svcs. sells and delivers natural gas and provides energy related products in the D.C. metro area; Wash. Gas Energy Sys. designs/installs comm'l heating, ventilating, and air cond. systems. American Century Inv. own 7.1% of common stock; Off./dir. less than 1% (1/09 proxy). Chrmn. & CEO: J.H. DeGraffenreidt, Inc.: D.C. and VA. Addr.: 1100 H St., N.W., Washington, D.C. 20080. Tel.: 202-624-6410. Internet: www.wgtholdings.com.

WGL Holdings posted a mixed bag of financial results for the off-peak June period. Top-line volumes fell approximately 8% over that time frame. This stemmed from weakness at the regulated utility segment, which has been dealing with lower natural gas consumption and some equipment cost issues. On a brighter note, the retail energy marketing division got a boost to its revenues and earnings contributions from higher natural gas and electricity margins. On the efficiency front, management has been performing well. Operating expenses declined 90 basis points versus the year-ago period. This stemmed from lower labor and benefits expenses. All told, the bottom line advanced nicely.

We look for the company to register a mid-single-digit earnings hike this year. The decent gains experienced earlier in 2009 will probably be offset by a larger share deficit in the fiscal fourth quarter. Despite the widening margins and solid performance from the retail energy and design build segments, demand at the mainstay regulated utility business may be soft. Also, the September period is historically and seasonally slow for WGL. Nonetheless, considering all that happened in the past year, the company appears to be in solid shape.

The LNG peaking facility is going to take longer than expected to be completed and put into service. That project will be used to support customer growth and maintain the pressure requirements of the distribution system in Chillum, MD. It was planned to be in service by the 2012-2013 winter heating season, but due to regulatory and legal issues, the following year is more likely.

These top-quality shares may appeal to income-oriented accounts, as they offer an attractive dividend yield. Typically, too, they proved much less volatile than the broader market during the recent turmoil. This partly stems from WGL's large government business in the DC metro area, which has been less affected by the economic downturn. These benefits are evident in the equity's top-notch Safety rank, and high mark for Price Stability. But appreciation potential is subpar for the pull to 2012-2014.

Bryan J. Fong *September 11, 2009*

(A) Fiscal years end Sept. 30th.
(B) Based on diluted shares. Excludes nonrecurring losses: '01, (13¢); '02, (34¢); '07, (4¢) discontinued operations: '06, (15¢). Qtly egs. may not sum to total, due to change in shares outstanding. Next earnings report due late Oct.
(C) Dividends historically paid early February, May, August, and November. ■ Dividend reinvestment plan available.
(D) Includes deferred charges and intangibles. '08: $291.3 million, $5.81/sh.
(E) In millions, adjusted for stock split.

Company's Financial Strength	A
Stock's Price Stability	100
Price Growth Persistence	50
Earnings Predictability	80

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ATTACHMENT C

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AMERICAN STS WTR CO (NYSE)

Scottrade

AWR	35.93	▼-0.15	(-0.42%)	Vol. 52,852	16:01 ET

American States is a public utility company engaged principally in thepurchase, production, distribution and sale of water. The company alsodistributes electricity in some communities. In the customer service areas for both water and electric, rates and operations are subject to the jurisdiction of the California Public Utilities Commission.

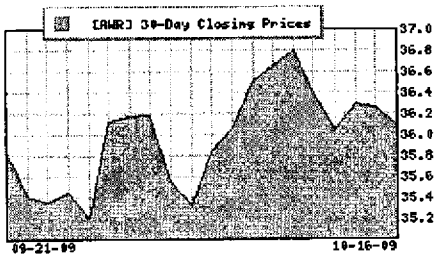
General Information

AMER STATES WTR
630 East Foothill Boulevard
San Dimas, CA 91773-1212
Phone: 909 394-3600
Fax: 909 394-0711
Web: www.gswater.com
Email: investorinfo@aswater.com

Industry	UTIL-WATER SPLY
Sector:	Utilities
Fiscal Year End	December
Last Reported Quarter	09/30/09
Next EPS Date	11/05/2009

Price and Volume Information

Zacks Rank	
Yesterday's Close	36.08
52 Week High	38.79
52 Week Low	27.00
Beta	0.36
20 Day Moving Average	55,833.50
Target Price Consensus	40.33



% Price Change		% Price Change Relative to S&P 500	
4 Week	-0.28	4 Week	-2.05
12 Week	-1.23	12 Week	-11.08
YTD	9.40	YTD	-9.15

Share Information		Dividend Information	
Shares Outstanding (millions)	18.50	Dividend Yield	2.77%
		Annual Dividend	$1.00
Market Capitalization (millions)	667.44	Payout Ratio	0.00
Short Ratio	6.71	Change in Payout Ratio	0.00
Last Split Date	06/10/2002	Last Dividend Payout / Amount	08/07/2009 / $0.25

EPS Information		Consensus Recommendations	
Current Quarter EPS Consensus Estimate	0.55	Current (1=Strong Buy, 5=Strong Sell)	1.67
Current Year EPS Consensus Estimate	1.82	30 Days Ago	1.67
Estimated Long-Term EPS Growth Rate	4.00	60 Days Ago	2.33
Next EPS Report Date	11/05/2009	90 Days Ago	1.67

Fundamental Ratios

P/E		EPS Growth		Sales Growth	
Current FY Estimate:	19.85	vs. Previous Year	18.52%	vs. Previous Year	16.49%
Trailing 12 Months:	21.10	vs. Previous Quarter	128.57%	vs. Previous Quarter:	17.52%
PEG Ratio	4.96				

Price Ratios		ROE		ROA	
Price/Book	1.87	09/30/09	-	09/30/09	-

Price/Cash Flow	9.59	06/30/09	9.40	06/30/09	2.83
Price / Sales	-	03/31/09	9.02	03/31/09	2.68
Current Ratio		**Quick Ratio**		**Operating Margin**	
09/30/09	-	09/30/09	-	09/30/09	-
06/30/09	1.10	06/30/09	1.08	06/30/09	8.83
03/31/09	0.82	03/31/09	0.80	03/31/09	8.51
Net Margin		**Pre-Tax Margin**		**Book Value**	
09/30/09	-	09/30/09	-	09/30/09	-
06/30/09	10.59	06/30/09	10.59	06/30/09	19.31
03/31/09	9.75	03/31/09	9.75	03/31/09	18.01
Inventory Turnover		**Debt-to-Equity**		**Debt to Capital**	
09/30/09	-	09/30/09	-	09/30/09	-
06/30/09	51.08	06/30/09	0.87	06/30/09	46.39
03/31/09	52.72	03/31/09	0.98	03/31/09	49.56

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CALIFORNIA WTR SVC GROUP (NYSE)

Scottrade

CWT	40.11	+0.55	(1.39%)	Vol. 144,240	16:02 ET

California Water Service Company's business, which is carried on through its operating subsidiaries, consists of the production, purchase, storage, purification, distribution and sale of water for domestic, industrial, public and irrigation uses, and for fire protection. It also provides water related services under agreements with municipalities and other private companies. The nonregulated services include full water system operation, and billing and meter reading services.

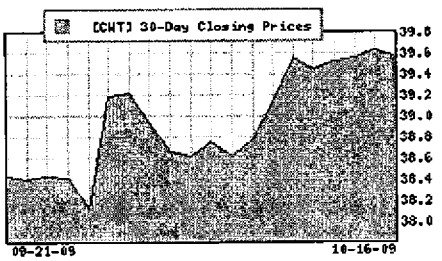
General Information

CALIF WATER SVC
1720 North First Street
San Jose, CA 95112
Phone: 408 367-8200
Fax: 408 437-9185
Web: www.calwatergroup.com
Email: klichtenberg@calwater.com

Industry	UTIL-WATER SPLY
Sector:	Utilities
Fiscal Year End	December
Last Reported Quarter	09/30/09
Next EPS Date	10/28/2009

Price and Volume Information

Zacks Rank	
Yesterday's Close	39.56
52 Week High	48.28
52 Week Low	29.13
Beta	0.47
20 Day Moving Average	99,815.65
Target Price Consensus	47



% Price Change		% Price Change Relative to S&P 500	
4 Week	1.57	4 Week	-0.24
12 Week	5.07	12 Week	-5.40
YTD	-14.80	YTD	-29.24

Share Information		Dividend Information	
Shares Outstanding (millions)	20.75	Dividend Yield	2.98%
		Annual Dividend	$1.18
Market Capitalization (millions)	820.67	Payout Ratio	0.00
Short Ratio	5.48	Change in Payout Ratio	0.00
Last Split Date	01/26/1998	Last Dividend Payout / Amount	08/06/2009 / $0.29

EPS Information		Consensus Recommendations	
Current Quarter EPS Consensus Estimate	1.05	Current (1=Strong Buy, 5=Strong Sell)	2.00
Current Year EPS Consensus Estimate	2.10	30 Days Ago	2.00
Estimated Long-Term EPS Growth Rate	8.20	60 Days Ago	2.00
Next EPS Report Date	10/28/2009	90 Days Ago	1.83

Fundamental Ratios

P/E		EPS Growth		Sales Growth	
Current FY Estimate:	18.86	vs. Previous Year	20.83%	vs. Previous Year	10.50%
Trailing 12 Months:	18.75	vs. Previous Quarter	383.33%	vs. Previous Quarter:	34.70%
PEG Ratio	2.31				

Price Ratios		ROE		ROA	
Price/Book	2.02	09/30/09	-	09/30/09	-
Price/Cash Flow	10.25	06/30/09	10.94	06/30/09	3.12
Price / Sales	-	03/31/09	10.58	03/31/09	3.14
Current Ratio		**Quick Ratio**		**Operating Margin**	
09/30/09	-	09/30/09	-	09/30/09	-
06/30/09	1.23	06/30/09	1.18	06/30/09	10.12
03/31/09	0.56	03/31/09	0.52	03/31/09	9.92
Net Margin		**Pre-Tax Margin**		**Book Value**	
09/30/09	-	09/30/09	-	09/30/09	-
06/30/09	16.26	06/30/09	16.26	06/30/09	19.56
03/31/09	15.95	03/31/09	15.95	03/31/09	19.28
Inventory Turnover		**Debt-to-Equity**		**Debt to Capital**	
09/30/09	-	09/30/09	-	09/30/09	-
06/30/09	38.87	06/30/09	0.95	06/30/09	48.59
03/31/09	36.94	03/31/09	0.72	03/31/09	41.82

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SOUTHWEST WATER CO (NASD)

Scottrade

SWWC	5.41	▲ 0.02	(0.37%)	Vol. 48,024	15:00 ET

Southwest Water Company provides a broad range of utility and utility management services and serves people from coast to coast. Through its various subsidiaries, Southwest operates and manages water and wastewater treatment facilities along with providing utility submetering and billing and collection services.

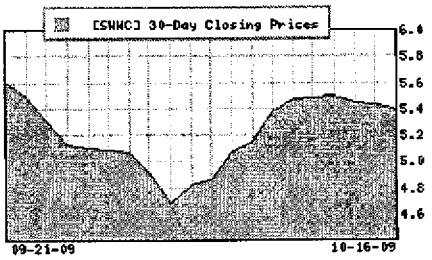
General Information

SOUTHWEST WATER
One Wilshire Building 624 South Grand Avenue
Suite 2900
Los Angeles, CA 90017-3782
Phone: 213 929-1800
Fax: 626-915-1558
Web: www.southwestwater.com
Email: swwc@swwc.com

Industry	UTIL-WATER
Sector:	SPLY Utilities
Fiscal Year End	December
Last Reported Quarter	09/30/09
Next EPS Date	12/19/2009

Price and Volume Information

Zacks Rank	2
Yesterday's Close	5.39
52 Week High	9.96
52 Week Low	2.67
Beta	0.60
20 Day Moving Average	125,904.65
Target Price Consensus	8.25



% Price Change		% Price Change Relative to S&P 500	
4 Week	-4.77	4 Week	-6.47
12 Week	2.86	12 Week	-7.39
YTD	67.39	YTD	39.01

Share Information		Dividend Information	
Shares Outstanding (millions)	24.88	Dividend Yield	1.86%
		Annual Dividend	$0.10
Market Capitalization (millions)	134.09	Payout Ratio	0.00
Short Ratio	3.17	Change in Payout Ratio	0.00
Last Split Date	12/28/2005	Last Dividend Payout / Amount	07/23/2009 / $0.03

EPS Information		Consensus Recommendations	
Current Quarter EPS Consensus Estimate	0.08	Current (1=Strong Buy, 5=Strong Sell)	2.20
Current Year EPS Consensus Estimate	0.17	30 Days Ago	2.50
Estimated Long-Term EPS Growth Rate	-	60 Days Ago	2.50
Next EPS Report Date	12/19/2009	90 Days Ago	2.50

Fundamental Ratios

P/E		EPS Growth		Sales Growth	
Current FY Estimate:	31.10	vs. Previous Year	-25.00%	vs. Previous Year	-8.15%
Trailing 12 Months:	-	vs. Previous Quarter	-%	vs. Previous Quarter:	0.05%
PEG Ratio	-				

Price Ratios	ROE	ROA

Price/Book	1.20	09/30/09	-	09/30/09	-
Price/Cash Flow	3.06	06/30/09	-27.86	06/30/09	-6.36
Price / Sales	-	03/31/09	-25.95	03/31/09	-6.30
Current Ratio		**Quick Ratio**		**Operating Margin**	
09/30/09	-	09/30/09	-	09/30/09	-
06/30/09	-	06/30/09	-	06/30/09	-15.64
03/31/09	1.33	03/31/09	1.33	03/31/09	-15.27
Net Margin		**Pre-Tax Margin**		**Book Value**	
09/30/09	-	09/30/09	-	09/30/09	-
06/30/09	-	06/30/09	-	06/30/09	-
03/31/09	-20.42	03/31/09	-20.42	03/31/09	4.48
Inventory Turnover		**Debt-to-Equity**		**Debt to Capital**	
09/30/09	-	09/30/09	-	09/30/09	-
06/30/09	-	06/30/09	-	06/30/09	-
03/31/09	-	03/31/09	1.78	03/31/09	63.88

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AQUA AMERICA INC (NYSE)

Scottrade

WTR	16.70	▲ 0.05	(0.30%)	Vol. 1,076,433	16:00 ET

Aqua America is the largest publicly-traded U.S.-based water utility serving residents in Pennsylvania, Ohio, Illinois, Texas, New Jersey, Indiana, Virginia, Florida, North Carolina, Maine, Missouri, New York, South Carolina and Kentucky. The company has been committed to the preservation and improvement of the environment throughout its history, which spans more than 100 years.

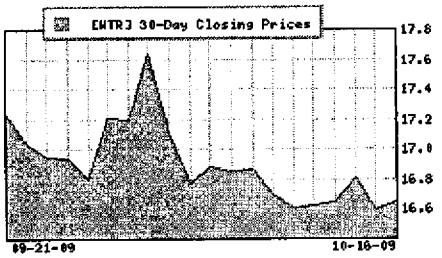
General Information

AQUA AMER INC
762 W Lancaster Avenue
Bryn Mawr, PA 19010-3489
Phone: 610 527-8000
Fax: 610-645-1061
Web: www.suburbanwater.com
Email: ir.aquaamerica.com

Industry	UTIL-WATER SPLY
Sector:	Utilities
Fiscal Year End	December
Last Reported Quarter	09/30/09
Next EPS Date	11/04/2009

Price and Volume Information

Zacks Rank	
Yesterday's Close	16.65
52 Week High	22.00
52 Week Low	14.00
Beta	0.15
20 Day Moving Average	922,590.00
Target Price Consensus	22.14



% Price Change		% Price Change Relative to S&P 500	
4 Week	-3.81	4 Week	-5.53
12 Week	-7.71	12 Week	-16.91
YTD	-19.14	YTD	-32.85

Share Information		Dividend Information	
Shares Outstanding (millions)	135.92	Dividend Yield	3.24%
		Annual Dividend	$0.54
Market Capitalization (millions)	2,263.03	Payout Ratio	0.00
Short Ratio	22.71	Change in Payout Ratio	0.00
Last Split Date	12/02/2005	Last Dividend Payout / Amount	08/13/2009 / $0.14

EPS Information		Consensus Recommendations	
Current Quarter EPS Consensus Estimate	0.26	Current (1=Strong Buy, 5=Strong Sell)	1.80
Current Year EPS Consensus Estimate	0.81	30 Days Ago	1.80
Estimated Long-Term EPS Growth Rate	7.50	60 Days Ago	1.80
Next EPS Report Date	11/04/2009	90 Days Ago	1.89

Fundamental Ratios

P/E		EPS Growth		Sales Growth	
Current FY Estimate:	20.63	vs. Previous Year	11.76%	vs. Previous Year	11.00%
Trailing 12 Months:	21.35	vs. Previous Quarter	35.71%	vs. Previous Quarter:	8.32%
PEG Ratio	2.75				

Price Ratios	ROE	ROA

Price/Book	2.10	09/30/09	-	09/30/09	-
Price/Cash Flow	11.68	06/30/09	9.95	06/30/09	3.04
Price / Sales	-	03/31/09	9.77	03/31/09	2.99
Current Ratio		**Quick Ratio**		**Operating Margin**	
09/30/09	-	09/30/09	-	09/30/09	-
06/30/09	0.60	06/30/09	0.55	06/30/09	15.97
03/31/09	0.60	03/31/09	0.55	03/31/09	15.87
Net Margin		**Pre-Tax Margin**		**Book Value**	
09/30/09	-	09/30/09	-	09/30/09	-
06/30/09	26.47	06/30/09	26.47	06/30/09	7.94
03/31/09	26.37	03/31/09	26.37	03/31/09	7.86
Inventory Turnover		**Debt-to-Equity**		**Debt to Capital**	
09/30/09	-	09/30/09	-	09/30/09	-
06/30/09	39.75	06/30/09	1.14	06/30/09	53.25
03/31/09	31.95	03/31/09	1.15	03/31/09	53.52

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AGL RESOURCES INC (NYSE)

Scottrade

AGL	37.27	▲0.41	(1.11%)	Vol. 181,647	16:03 ET

AGL Resources principal business is the distribution of natural gas to customers in central, northwest, northeast and southeast Georgia and the Chattanooga, Tennessee area through its natural gas distribution subsidiary. AGL's major service area is the ten county metropolitan Atlanta area.

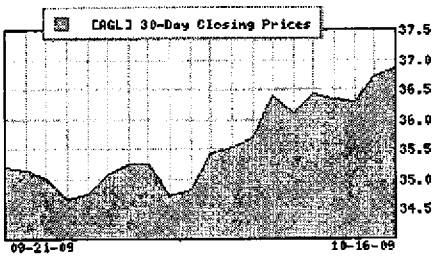
General Information

AGL RESOURCES
Ten Peachtree Place NE
Atlanta, GA 30309
Phone: 404 584-4000
Fax: 404 584-3945
Web: www.aglresources.com
Email: scave@aglresources.com

Industry	UTIL-GAS DISTR
Sector:	Utilities
Fiscal Year End	December
Last Reported Quarter	09/30/09
Next EPS Date	10/29/2009

Price and Volume Information

Zacks Rank	
Yesterday's Close	36.86
52 Week High	37.29
52 Week Low	24.02
Beta	0.41
20 Day Moving Average	254,161.84
Target Price Consensus	36.29



% Price Change		% Price Change Relative to S&P 500	
4 Week	4.98	4 Week	3.11
12 Week	8.00	12 Week	-2.77
YTD	17.58	YTD	-2.36

Share Information		Dividend Information	
Shares Outstanding (millions)	77.28	Dividend Yield	4.67%
		Annual Dividend	$1.72
Market Capitalization (millions)	2,848.50	Payout Ratio	0.00
Short Ratio	3.66	Change in Payout Ratio	0.00
Last Split Date	12/04/1995	Last Dividend Payout / Amount	08/12/2009 / $0.43

EPS Information		Consensus Recommendations	
Current Quarter EPS Consensus Estimate	0.22	Current (1=Strong Buy, 5=Strong Sell)	2.20
Current Year EPS Consensus Estimate	2.70	30 Days Ago	2.20
Estimated Long-Term EPS Growth Rate	4.70	60 Days Ago	2.20
Next EPS Report Date	10/29/2009	90 Days Ago	2.20

Fundamental Ratios

P/E		EPS Growth		Sales Growth	
Current FY Estimate:	13.65	vs. Previous Year	-13.33%	vs. Previous Year	-15.09%
Trailing 12 Months:	12.05	vs. Previous Quarter	-83.23%	vs. Previous Quarter:	-62.11%
PEG Ratio	2.93				

Price Ratios		ROE		ROA	
Price/Book	1.62	09/30/09	-	09/30/09	-
Price/Cash Flow		06/30/09		06/30/09	

	7.87		13.60		3.68
Price / Sales	-	03/31/09	13.92	03/31/09	3.66
Current Ratio		**Quick Ratio**		**Operating Margin**	
09/30/09	-	09/30/09	-	09/30/09	-
06/30/09	1.03	06/30/09	0.61	06/30/09	8.63
03/31/09	1.06	03/31/09	0.80	03/31/09	8.53
Net Margin		**Pre-Tax Margin**		**Book Value**	
09/30/09	-	09/30/09	-	09/30/09	-
06/30/09	17.12	06/30/09	17.12	06/30/09	22.79
03/31/09	14.84	03/31/09	14.84	03/31/09	22.87
Inventory Turnover		**Debt-to-Equity**		**Debt to Capital**	
09/30/09	-	09/30/09	-	09/30/09	-
06/30/09	3.70	06/30/09	0.95	06/30/09	48.78
03/31/09	3.45	03/31/09	0.95	03/31/09	48.72

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ATMOS ENERGY CORP (NYSE)

Scottrade

ATO	29.30	-0.40	(1.38%)	Vol. 447,120	16:00 ET

Atmos Energy Corporation distributes and sells natural gas to residential, commercial, industrial, agricultural and other customers. Atmos operates through five divisions in cities, towns and communities in service areas located in Colorado, Georgia, Illinois, Iowa, Kansas, Kentucky, Louisiana, Missouri, South Carolina, Tennessee, Texas and Virginia. The Company has entered into an agreement to sell all of its natural gas utility operations in South Carolina. The Company also transports natural gas for others through its distribution system.

General Information

ATMOS ENERGY CP
Three Lincoln Centre 5430 Lbj Freeway
Suite 1800
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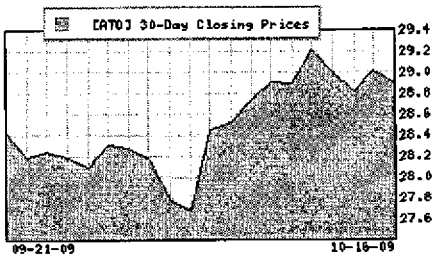
Phone: 972-934-9227
Fax: 972-855-3040
Web: www.atmosenergy.com
Email: InvestorRelations@atmosenergy.com

Industry	UTIL-GAS DISTR
Sector:	Utilities
Fiscal Year End	September
Last Reported Quarter	09/30/09
Next EPS Date	11/10/2009

Price and Volume Information

Zacks Rank	
Yesterday's Close	28.90
52 Week High	29.50
52 Week Low	20.07
Beta	0.52
20 Day Moving Average	1,292,367.25
Target Price Consensus	29.2



% Price Change		% Price Change Relative to S&P 500	
4 Week	1.37	4 Week	-0.44
12 Week	7.08	12 Week	-3.60
YTD	21.94	YTD	1.26

Share Information		Dividend Information	
Shares Outstanding (millions)	92.27	Dividend Yield	4.57%
		Annual Dividend	$1.32
Market Capitalization (millions)	2,666.66	Payout Ratio	0.00
Short Ratio	2.98	Change in Payout Ratio	0.00
Last Split Date	05/17/1994	Last Dividend Payout / Amount	08/21/2009 / $0.33

EPS Information		Consensus Recommendations	
Current Quarter EPS Consensus Estimate	-0.08	Current (1=Strong Buy, 5=Strong Sell)	2.83
Current Year EPS Consensus Estimate	2.11	30 Days Ago	2.57
Estimated Long-Term EPS Growth Rate	5.00	60 Days Ago	2.57
Next EPS Report Date	11/10/2009	90 Days Ago	2.57

Fundamental Ratios

P/E		EPS Growth		Sales Growth	
Current FY Estimate:	13.33	vs. Previous Year	14.29%	vs. Previous Year	-52.37%
Trailing 12 Months:	13.63	vs. Previous Quarter	-104.51%	vs. Previous Quarter:	-57.13%
PEG Ratio	2.67				

Price Ratios		ROE		ROA	
Price/Book	1.21	09/30/09	-	09/30/09	-
Price/Cash Flow	6.88	06/30/09	9.14	06/30/09	2.99
Price / Sales	-	03/31/09	9.16	03/31/09	2.93
Current Ratio		**Quick Ratio**		**Operating Margin**	
09/30/09	-	09/30/09	-	09/30/09	-
06/30/09	1.24	06/30/09	0.74	06/30/09	3.37
03/31/09	1.15	03/31/09	0.90	03/31/09	2.91
Net Margin		**Pre-Tax Margin**		**Book Value**	
09/30/09	-	09/30/09	-	09/30/09	-
06/30/09	5.55	06/30/09	5.55	06/30/09	23.82
03/31/09	4.61	03/31/09	4.61	03/31/09	23.70
Inventory Turnover		**Debt-to-Equity**		**Debt to Capital**	
09/30/09	-	09/30/09	-	09/30/09	-
06/30/09	11.62	06/30/09	0.99	06/30/09	49.75
03/31/09	11.66	03/31/09	1.00	03/31/09	49.89

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LACLEDE GROUP INC (NYSE)

Scottrade

LG	32.37	▲0.12	(0.37%)	Vol. 98,711	16:02 ET

The Laclede Group, Inc. is a public utility engaged in the retail distribution and transportation of natural gas. The Company, which is subject to the jurisdiction of the Missouri Public Service Commission, serves the City of St. Louis, St. Louis County, the City of St. Charles, St. Charles County, the town of Arnold, and parts of Franklin, Jefferson, St. Francois, Ste. Genevieve, Iron, Madison and Butler Counties, all in Missouri.

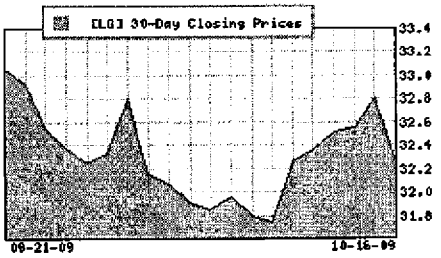
General Information

LACLEDE GRP INC
720 Olive Street
St. Louis, MO 63101
Phone: 314-342-0500
Fax: 314-421-1979
Web: www.thelacledegroup.com
Email: mkullman@lacledegas.com

Industry	UTIL-GAS DISTR
Sector:	Utilities
Fiscal Year End	September
Last Reported Quarter	09/30/09
Next EPS Date	10/22/2009

Price and Volume Information

Zacks Rank	
Yesterday's Close	32.25
52 Week High	55.81
52 Week Low	29.26
Beta	0.02
20 Day Moving Average	91,660.35
Target Price Consensus	35



% Price Change		% Price Change Relative to S&P 500	
4 Week	-2.89	4 Week	-4.62
12 Week	-6.82	12 Week	-16.11
YTD	-31.15	YTD	-42.82

Share Information		Dividend Information	
Shares Outstanding (millions)	22.17	Dividend Yield	4.78%
		Annual Dividend	$1.54
Market Capitalization (millions)	714.89	Payout Ratio	0.00
Short Ratio	2.51	Change in Payout Ratio	0.00
Last Split Date	03/08/1994	Last Dividend Payout / Amount	09/09/2009 / $0.38

EPS Information		Consensus Recommendations	
Current Quarter EPS Consensus Estimate	-0.18	Current (1=Strong Buy, 5=Strong Sell)	3.25
Current Year EPS Consensus Estimate	2.89	30 Days Ago	3.25
Estimated Long-Term EPS Growth Rate	3.00	60 Days Ago	3.25
Next EPS Report Date	10/22/2009	90 Days Ago	3.25

Fundamental Ratios

P/E		EPS Growth		Sales Growth	
Current FY Estimate:	12.90	vs. Previous Year	-26.19%	vs. Previous Year	-38.68%
Trailing 12 Months:	10.79	vs. Previous Quarter	-77.86%	vs. Previous Quarter:	-52.97%
PEG Ratio	4.30				

Price Ratios		ROE		ROA	
Price/Book	1.35	09/30/09	-	09/30/09	-

Price/Cash Flow	7.50	06/30/09	12.78	06/30/09	3.71
Price / Sales	-	03/31/09	13.53	03/31/09	3.89
Current Ratio		**Quick Ratio**		**Operating Margin**	
09/30/09	-	09/30/09	-	09/30/09	-
06/30/09	1.24	06/30/09	0.98	06/30/09	3.14
03/31/09	1.17	03/31/09	0.99	03/31/09	2.97
Net Margin		**Pre-Tax Margin**		**Book Value**	
09/30/09	-	09/30/09	-	09/30/09	-
06/30/09	4.81	06/30/09	4.81	06/30/09	23.97
03/31/09	4.46	03/31/09	4.46	03/31/09	24.11
Inventory Turnover		**Debt-to-Equity**		**Debt to Capital**	
09/30/09	-	09/30/09	-	09/30/09	-
06/30/09	10.99	06/30/09	0.73	06/30/09	42.30
03/31/09	11.65	03/31/09	0.73	03/31/09	42.17

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NEW JERSEY RES (NYSE)

Scottrade

NJR	36.84	▲0.41	(1.13%)	Vol. 122,499	16:01 ET

NJ RESOURCES is an *exempt energy* svcs holding company providing retail & wholesale natural gas & related energy services to customers from the Gulf Coast to New England. Subsidiaries *include:* (1) N J Natural Gas Co, a natural gas distribution company that provides regulated energy & appliance services to residential, commercial & industrial customers in central & northern N J. (2) NJR Energy Holdings Corp formerly NJR Energy Svcs Corp & (3) NJR Development Corp, a sub-holding company of NJR, which includes the Company's remaining unregulated operating subsidiaries.

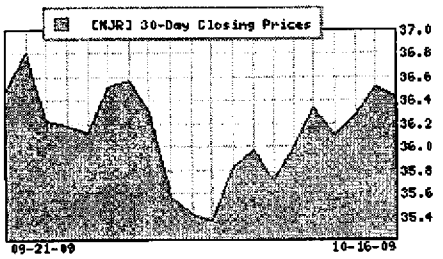
General Information

NJ RESOURCES
1415 Wyckoff Road
Wall, NJ 07719
Phone: 732-938-1489
Fax: 732 938-3154
Web: www.njresources.com
Email: investcont@njresources.com

Industry	UTIL-GAS DISTR
Sector:	Utilities
Fiscal Year End	September
Last Reported Quarter	09/30/09
Next EPS Date	11/05/2009

Price and Volume Information

Zacks Rank	
Yesterday's Close	36.43
52 Week High	42.37
52 Week Low	29.95
Beta	0.13
20 Day Moving Average	200,753.91
Target Price Consensus	42



% Price Change		% Price Change Relative to S&P 500	
4 Week	-1.09	4 Week	-2.85
12 Week	-8.19	12 Week	-17.34
YTD	-7.42	YTD	-23.12

Share Information		Dividend Information	
Shares Outstanding (millions)	42.01	Dividend Yield	3.40%
		Annual Dividend	$1.24
Market Capitalization (millions)	1,530.61	Payout Ratio	0.00
Short Ratio	9.89	Change in Payout Ratio	0.00
Last Split Date	03/04/2008	Last Dividend Payout / Amount	09/11/2009 / $0.31

EPS Information		Consensus Recommendations	
Current Quarter EPS Consensus Estimate	-0.12	*Current* (1=Strong Buy, 5=Strong Sell)	1.50
Current Year EPS Consensus Estimate	2.39	30 Days Ago	1.50
Estimated Long-Term EPS Growth Rate	6.50	60 Days Ago	1.67
Next EPS Report Date	11/05/2009	90 Days Ago	1.67

Fundamental Ratios

P/E		EPS Growth		Sales Growth	
Current FY Estimate:	14.21	vs. Previous Year	130.00%	vs. Previous Year	-55.91%
Trailing 12 Months:	17.35	vs. Previous Quarter	-98.24%	vs. Previous Quarter:	-52.96%
PEG Ratio	2.19				

Price Ratios		ROE		ROA	
Price/Book	2.13	09/30/09	-	09/30/09	-
Price/Cash Flow	11.50	06/30/09	12.20	06/30/09	3.58
Price / Sales	-	03/31/09	11.73	03/31/09	3.25
Current Ratio		**Quick Ratio**		**Operating Margin**	
09/30/09	-	09/30/09	-	09/30/09	-
06/30/09	1.23	06/30/09	0.88	06/30/09	2.98
03/31/09	1.17	03/31/09	1.07	03/31/09	2.37
Net Margin		**Pre-Tax Margin**		**Book Value**	
09/30/09	-	09/30/09	-	09/30/09	-
06/30/09	5.66	06/30/09	5.66	06/30/09	17.11
03/31/09	5.26	03/31/09	5.26	03/31/09	17.90
Inventory Turnover		**Debt-to-Equity**		**Debt to Capital**	
09/30/09	-	09/30/09	-	09/30/09	-
06/30/09	9.78	06/30/09	0.63	06/30/09	38.82
03/31/09	10.09	03/31/09	0.61	03/31/09	37.74

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NICOR INC (NYSE)

Scottrade

GAS	38.91	▲ 0.58	(1.51%)	Vol. 245,400	16:01 ET

Nicor Inc. is a holding company and is a member of the Standard & Poor's 500 Index. Its primary business is Nicor Gas, one of the nation's largest natural gas distribution companies. Nicor owns Tropical Shipping, a containerized shipping business serving the Caribbean region and the Bahamas. In addition, the company owns and has an equity interest in several energy-related businesses.

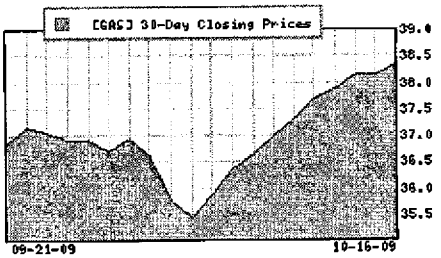
General Information

NICOR INC
1844 Ferry Road
Naperville, IL 60563-9600
Phone: 630-305-9500
Fax: 630-983-9328
Web: www.nicor.com
Email: None

Industry	UTIL-GAS DISTR
Sector:	Utilities
Fiscal Year End	December
Last Reported Quarter	09/30/09
Next EPS Date	11/09/2009

Price and Volume Information

Zacks Rank	
Yesterday's Close	38.33
52 Week High	47.60
52 Week Low	27.50
Beta	0.34
20 Day Moving Average	305,082.34
Target Price Consensus	38.75



% Price Change		% Price Change Relative to S&P 500	
4 Week	3.29	4 Week	1.45
12 Week	4.13	12 Week	-6.25
YTD	10.33	YTD	-8.37

Share Information		Dividend Information	
Shares Outstanding (millions)	45.22	Dividend Yield	4.85%
		Annual Dividend	$1.86
Market Capitalization (millions)	1,733.36	Payout Ratio	0.00
Short Ratio	5.75	Change in Payout Ratio	0.00
Last Split Date	04/27/1993	Last Dividend Payout / Amount	09/28/2009 / $0.47

EPS Information		Consensus Recommendations	
Current Quarter EPS Consensus Estimate	0.09	Current (1=Strong Buy, 5=Strong Sell)	2.67
Current Year EPS Consensus Estimate	2.57	30 Days Ago	2.67
Estimated Long-Term EPS Growth Rate	4.20	60 Days Ago	3.00
Next EPS Report Date	11/09/2009	90 Days Ago	3.00

Fundamental Ratios

P/E		EPS Growth		Sales Growth	
Current FY Estimate:	14.90	vs. Previous Year	-21.87%	vs. Previous Year	-36.04%
Trailing 12 Months:	15.09	vs. Previous Quarter	-47.92%	vs. Previous Quarter:	-59.70%
PEG Ratio	3.52				

Price Ratios		ROE		ROA	
Price/Book	1.72	09/30/09	-	09/30/09	-

Price/Cash Flow	5.60	06/30/09	11.78	06/30/09	2.59
Price / Sales	-	03/31/09	12.46	03/31/09	2.67
Current Ratio		**Quick Ratio**		**Operating Margin**	
09/30/09	-	09/30/09	-	09/30/09	-
06/30/09	0.76	06/30/09	0.73	06/30/09	3.81
03/31/09	0.78	03/31/09	0.77	03/31/09	3.70
Net Margin		**Pre-Tax Margin**		**Book Value**	
09/30/09	-	09/30/09	-	09/30/09	-
06/30/09	5.46	06/30/09	5.46	06/30/09	22.25
03/31/09	5.21	03/31/09	5.21	03/31/09	22.16
Inventory Turnover		**Debt-to-Equity**		**Debt to Capital**	
09/30/09	-	09/30/09	-	09/30/09	-
06/30/09	14.05	06/30/09	0.50	06/30/09	33.12
03/31/09	15.05	03/31/09	0.45	03/31/09	30.91

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NORTHWEST NAT GAS CO (NYSE)

Scottrade

NWN	44.47	+1.08	(2.49%)	Vol. 111,785	16:03 ET

NW Natural is principally engaged in the distribution of natural gas.The Oregon Public Utility Commission (OPUC) has allocated to NW Natural as its exclusive service area a major portion of western Oregon, including the Portland metropolitan area, most of the fertile Willamette Valley and the coastal area from Astoria to Coos Bay. NW Natural also holds certificates from the Washington Utilities and Transportation Commission (WUTC) granting it exclusive rights to serve portions of three Washington counties bordering the Columbia River.

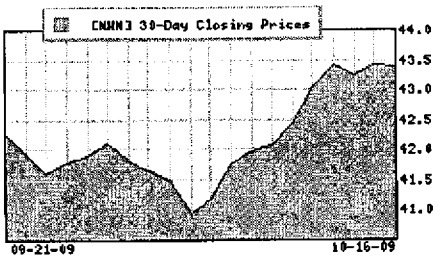
General Information

NORTHWEST NAT G
220 NW Second Avenue
Portland, OR 97209
Phone: 503 226-4211
Fax: 503 273-4824
Web: www.nwnatural.com
Email: Bob.Hess@nwnatural.com

Industry	UTIL-GAS DISTR
Sector:	Utilities
Fiscal Year End	December
Last Reported Quarter	09/30/09
Next EPS Date	11/03/2009

Price and Volume Information

Zacks Rank	
Yesterday's Close	43.39
52 Week High	52.39
52 Week Low	37.71
Beta	0.25
20 Day Moving Average	123,685.30
Target Price Consensus	51.25



% Price Change		% Price Change Relative to S&P 500	
4 Week	1.90	4 Week	0.09
12 Week	-4.24	12 Week	-13.78
YTD	-1.90	YTD	-18.53

Share Information		Dividend Information	
Shares Outstanding (millions)	26.51	Dividend Yield	3.64%
		Annual Dividend	$1.58
Market Capitalization (millions)	1,150.40	Payout Ratio	0.00
Short Ratio	14.44	Change in Payout Ratio	0.00
Last Split Date	09/09/1996	Last Dividend Payout / Amount	07/29/2009 / $0.40

EPS Information		Consensus Recommendations	
Current Quarter EPS Consensus Estimate	-0.36	Current (1=Strong Buy, 5=Strong Sell)	1.50
Current Year EPS Consensus Estimate	2.70	30 Days Ago	1.50
Estimated Long-Term EPS Growth Rate	6.00	60 Days Ago	1.50
Next EPS Report Date	11/03/2009	90 Days Ago	1.50

Fundamental Ratios

P/E		EPS Growth		Sales Growth	
Current FY Estimate:	16.06	vs. Previous Year	0.00%	vs. Previous Year	-22.06%
Trailing 12 Months:	15.61	vs. Previous Quarter	-93.30%	vs. Previous Quarter:	-65.92%
PEG Ratio	2.68				

Price Ratios	ROE	ROA

Price/Book	1.75	09/30/09	-	09/30/09	-
Price/Cash Flow	8.10	06/30/09	11.51	06/30/09	3.26
Price / Sales	-	03/31/09	11.69	03/31/09	3.37
Current Ratio		**Quick Ratio**		**Operating Margin**	
09/30/09	-	09/30/09	-	09/30/09	-
06/30/09	0.94	06/30/09	0.67	06/30/09	7.03
03/31/09	1.03	03/31/09	0.80	03/31/09	6.78
Net Margin		**Pre-Tax Margin**		**Book Value**	
09/30/09	-	09/30/09	-	09/30/09	-
06/30/09	11.19	06/30/09	11.19	06/30/09	24.80
03/31/09	10.81	03/31/09	10.81	03/31/09	25.05
Inventory Turnover		**Debt-to-Equity**		**Debt to Capital**	
09/30/09	-	09/30/09	-	09/30/09	-
06/30/09	8.96	06/30/09	0.89	06/30/09	47.18
03/31/09	10.10	03/31/09	0.88	03/31/09	46.93

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PIEDMONT NAT GAS INC (NYSE)

Scottrade

PNY	24.62	+0.43	(1.78%)	Vol. 318,583	16:02 ET

Piedmont Natural Gas Co, Inc., is an energy and services company engaged in the transportation and sale of natural gas and the sale of propane to residential, commercial and industrial customers in North Carolina, South Carolina and Tennessee. The Company is the second-largest natural gas utility in the southeast. The Company and its non-utility subsidiaries and divisions are also engaged in acquiring, marketing and arranging for the transportation and storage of natural gas for large-volume purchasers, and in the sale of propane to customers in the Company's three-state service area.

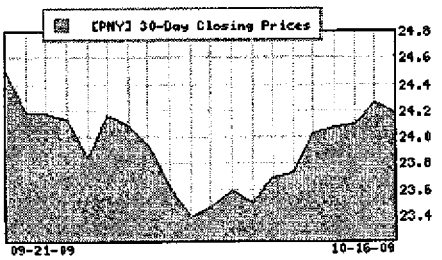
General Information

PIEDMONT NAT GA
4720 Piedmont Row Drive
Charlotte, NC 28210
Phone: 704 364-3120
Fax: 704-365-3849
Web: www.piedmontng.com
Email: investorrelations@piedmontng.com

Industry	UTIL-GAS DISTR
Sector:	Utilities
Fiscal Year End	October
Last Reported Quarter	07/31/09
Next EPS Date	01/04/2010

Price and Volume Information

Zacks Rank	
Yesterday's Close	24.19
52 Week High	34.19
52 Week Low	20.68
Beta	0.18
20 Day Moving Average	370,152.69
Target Price Consensus	27.42



% Price Change		% Price Change Relative to S&P 500	
4 Week	-1.06	4 Week	-2.83
12 Week	-3.20	12 Week	-12.85
YTD	-23.62	YTD	-36.57

Share Information		Dividend Information	
Shares Outstanding (millions)	73.11	Dividend Yield	4.46%
		Annual Dividend	$1.08
Market Capitalization (millions)	1,768.56	Payout Ratio	0.00
Short Ratio	7.66	Change in Payout Ratio	0.00
Last Split Date	11/01/2004	Last Dividend Payout / Amount	09/22/2009 / $0.27

EPS Information		Consensus Recommendations	
Current Quarter EPS Consensus Estimate	-0.14	Current (1=Strong Buy, 5=Strong Sell)	2.20
Current Year EPS Consensus Estimate	1.58	30 Days Ago	2.20
Estimated Long-Term EPS Growth Rate	7.00	60 Days Ago	2.33
Next EPS Report Date	01/04/2010	90 Days Ago	2.00

Fundamental Ratios

P/E		EPS Growth		Sales Growth	
Current FY Estimate:	15.35	vs. Previous Year	0.00%	vs. Previous Year	-49.20%
Trailing 12 Months:	-	vs. Previous Quarter	-113.70%	vs. Previous Quarter:	-60.43%
PEG Ratio	2.19				

Price Ratios		ROE		ROA	
Price/Book	1.86	07/31/09	12.13	07/31/09	3.64
Price/Cash Flow	8.55	04/30/09	12.17	04/30/09	3.66
Price / Sales	1.02	01/31/09	11.70	01/31/09	3.55
Current Ratio		**Quick Ratio**		**Operating Margin**	
07/31/09	0.99	07/31/09	0.76	07/31/09	6.59
04/30/09	1.07	04/30/09	0.88	04/30/09	5.97
01/31/09	0.99	01/31/09	0.76	01/31/09	5.22
Net Margin		**Pre-Tax Margin**		**Book Value**	
07/31/09	12.89	07/31/09	12.89	07/31/09	12.99
04/30/09	11.58	04/30/09	11.58	04/30/09	13.20
01/31/09	8.66	01/31/09	8.66	01/31/09	12.98
Inventory Turnover		**Debt-to-Equity**		**Debt to Capital**	
07/31/09	10.20	07/31/09	0.84	07/31/09	45.54
04/30/09	10.05	04/30/09	0.82	04/30/09	45.00
01/31/09	10.50	01/31/09	0.83	01/31/09	45.46

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SOUTH JERSEY INDS INC (NYSE)

Scottrade

SJI	37.42	+0.51	(1.38%)	Vol. 190,790	16:03 ET

South Jersey Inds Inc. is engaged in the business of operating, through subsidiaries, various business enterprises. The company's most significant subsidiary is South Jersey Gas Company (SJG). SJG is a public utility company engaged in the purchase, transmission and sale of natural gas for residential, commercial and industrial use. SJG also makes off-system sales of natural gas on a wholesale basis to various customers on the interstate pipeline system and transports natural gas.

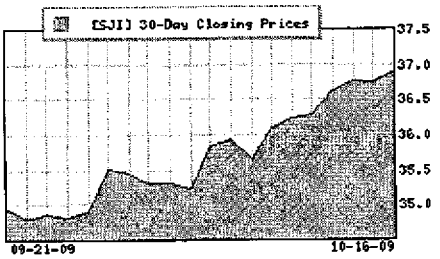
General Information

SOUTH JERSEY IN
1 South Jersey Plaza
Folsom, NJ 08037
Phone: 609 561-9000
Fax: 609 561-8225
Web: www.sjindustries.com
Email: investorrelations@sjindustries.com

Industry	UTIL-GAS DISTR
Sector:	Utilities
Fiscal Year End	December
Last Reported Quarter	09/30/09
Next EPS Date	11/05/2009

Price and Volume Information

Zacks Rank	
Yesterday's Close	36.91
52 Week High	40.78
52 Week Low	29.27
Beta	0.22
20 Day Moving Average	173,099.16
Target Price Consensus	45.2



% Price Change		% Price Change Relative to S&P 500	
4 Week	5.16	4 Week	3.28
12 Week	-0.03	12 Week	-9.99
YTD	-7.38	YTD	-23.08

Share Information		Dividend Information	
Shares Outstanding (millions)	29.80	Dividend Yield	3.22%
		Annual Dividend	$1.19
Market Capitalization (millions)	1,099.77	Payout Ratio	0.00
Short Ratio	4.85	Change in Payout Ratio	0.00
Last Split Date	07/01/2005	Last Dividend Payout / Amount	09/08/2009 / $0.30

EPS Information		Consensus Recommendations	
Current Quarter EPS Consensus Estimate	0.06	Current (1=Strong Buy, 5=Strong Sell)	1.60
Current Year EPS Consensus Estimate	2.40	30 Days Ago	1.60
Estimated Long-Term EPS Growth Rate	9.60	60 Days Ago	1.75
Next EPS Report Date	11/05/2009	90 Days Ago	2.40

Fundamental Ratios

P/E		EPS Growth		Sales Growth	
Current FY Estimate:	15.36	vs. Previous Year	-42.31%	vs. Previous Year	-1.00%
Trailing 12 Months:	15.91	vs. Previous Quarter	-89.73%	vs. Previous Quarter:	-62.87%
PEG Ratio	1.60				

Price Ratios	ROE	ROA

Price/Book	2.04	09/30/09	-	09/30/09	-
Price/Cash Flow	10.62	06/30/09	13.17	06/30/09	4.06
Price / Sales	-	03/31/09	14.14	03/31/09	4.30
Current Ratio		**Quick Ratio**		**Operating Margin**	
09/30/09	-	09/30/09	-	09/30/09	-
06/30/09	0.92	06/30/09	0.64	06/30/09	7.13
03/31/09	0.93	03/31/09	0.74	03/31/09	7.43
Net Margin		**Pre-Tax Margin**		**Book Value**	
09/30/09	-	09/30/09	-	09/30/09	-
06/30/09	17.54	06/30/09	17.54	06/30/09	18.11
03/31/09	14.51	03/31/09	14.51	03/31/09	18.20
Inventory Turnover		**Debt-to-Equity**		**Debt to Capital**	
09/30/09	-	09/30/09	-	09/30/09	-
06/30/09	5.74	06/30/09	0.62	06/30/09	38.14
03/31/09	5.73	03/31/09	0.61	03/31/09	38.07

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SOUTHWEST GAS CORP (NYSE)

Scottrade

SWX	25.41	-0.05	(0.20%)	Vol. 255,762	16:01 ET

SOUTHWEST GAS CORP. is principally engaged in the business of purchasing,transporting, and distributing natural gas in portions of Arizona, Nevada,and California. The Company also engaged in financial services activities,through PriMerit Bank, Federal Savings Bank (PriMerit or the Bank), a wholly owned subsidiary.

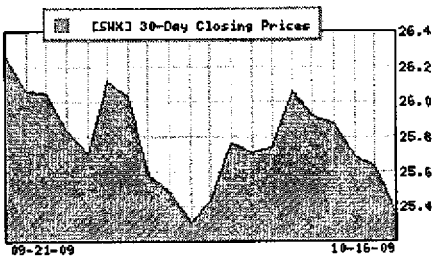
General Information

SOUTHWEST GAS
5241 Spring Mountain Road
P.O. Box 98510
Las Vegas, NV 89193-8510
Phone: 702 876-7237
Fax: 702-876-7037
Web: www.swgas.com
Email: None

Industry	UTIL-GAS DISTR
Sector:	Utilities
Fiscal Year End	December
Last Reported Quarter	09/30/09
Next EPS Date	11/04/2009

Price and Volume Information

Zacks Rank	
Yesterday's Close	25.36
52 Week High	26.84
52 Week Low	17.08
Beta	0.70
20 Day Moving Average	175,584.09
Target Price Consensus	28.25



% Price Change		% Price Change Relative to S&P 500	
4 Week	-3.65	4 Week	-5.36
12 Week	6.33	12 Week	-4.27
YTD	0.56	YTD	-16.50

Share Information		Dividend Information	
Shares Outstanding (millions)	44.82	Dividend Yield	3.75%
		Annual Dividend	$0.95
Market Capitalization (millions)	1,136.69	Payout Ratio	0.00
Short Ratio	5.56	Change in Payout Ratio	0.00
Last Split Date	N/A	Last Dividend Payout / Amount	08/13/2009 / $0.24

EPS Information		Consensus Recommendations	
Current Quarter EPS Consensus Estimate	-0.36	Current (1=Strong Buy, 5=Strong Sell)	2.60
Current Year EPS Consensus Estimate	1.84	30 Days Ago	2.60
Estimated Long-Term EPS Growth Rate	7.00	60 Days Ago	2.60
Next EPS Report Date	11/04/2009	90 Days Ago	2.60

Fundamental Ratios

P/E		EPS Growth		Sales Growth	
Current FY Estimate:	13.78	vs. Previous Year	116.67%	vs. Previous Year	-13.34%
Trailing 12 Months:	17.37	vs. Previous Quarter	-99.11%	vs. Previous Quarter:	-43.81%
PEG Ratio	1.97				

Price Ratios		ROE		ROA	
Price/Book	1.05	09/30/09	-	09/30/09	-

Price/Cash Flow	4.30	06/30/09	5.70	06/30/09	1.63
Price / Sales	-	03/31/09	5.45	03/31/09	1.56
Current Ratio		**Quick Ratio**		**Operating Margin**	
09/30/09	-	09/30/09	-	09/30/09	-
06/30/09	0.69	06/30/09	0.69	06/30/09	3.07
03/31/09	0.82	03/31/09	0.82	03/31/09	2.81
Net Margin		**Pre-Tax Margin**		**Book Value**	
09/30/09	-	09/30/09	-	09/30/09	-
06/30/09	5.35	06/30/09	5.35	06/30/09	24.16
03/31/09	5.09	03/31/09	5.09	03/31/09	24.40
Inventory Turnover		**Debt-to-Equity**		**Debt to Capital**	
09/30/09	-	09/30/09	-	09/30/09	-
06/30/09	-	06/30/09	1.04	06/30/09	50.97
03/31/09	-	03/31/09	1.05	03/31/09	51.33

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WGL HLDGS INC (NYSE)

Scottrade

WGL	34.35	▲ 0.45	(1.33%)	Vol. 242,795	16:00 ET

WASHINGTON GAS LIGHT CO is a public utility that delivers and sells natural gas to metropolitan Washington, D.C. and adjoining areas in Maryland and Virginia. A distribution subsidiary serves portions of Virginia and West Virginia. The Company has four wholly-owned active subsidiaries that include: Shenandoah Gas Company (Shenandoah) is engaged in the delivery and sale of natural gas at retail in the Shenandoah Valley, including Winchester, Middletown, Strasburg, Stephens City and New Market, Virginia, and Martinsburg, West Virginia.

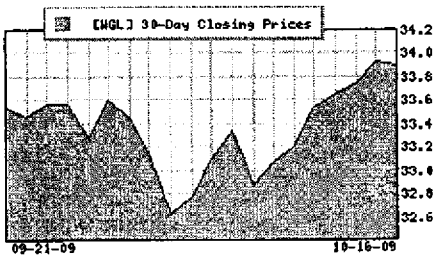
General Information

WGL HLDGS INC
101 Constitution Avenue NW
Washington, DC 20080
Phone: 703 750-2000
Fax: 703 750-4828
Web: www.wglholdings.com
Email: madams@washgas.com

Industry	UTIL-GAS DISTR
Sector:	Utilities
Fiscal Year End	September
Last Reported Quarter	09/30/09
Next EPS Date	11/05/2009

Price and Volume Information

Zacks Rank	
Yesterday's Close	33.90
52 Week High	37.08
52 Week Low	25.34
Beta	0.21
20 Day Moving Average	247,161.59
Target Price Consensus	35.5



% Price Change		% Price Change Relative to S&P 500	
4 Week	-0.21	4 Week	-1.98
12 Week	1.62	12 Week	-8.51
YTD	3.70	YTD	-13.88

Share Information		Dividend Information	
Shares Outstanding (millions)	50.14	Dividend Yield	4.34%
		Annual Dividend	$1.47
Market Capitalization (millions)	1,699.78	Payout Ratio	0.00
Short Ratio	12.58	Change in Payout Ratio	0.00
Last Split Date	05/02/1995	Last Dividend Payout / Amount	10/07/2009 / $0.37

EPS Information		Consensus Recommendations	
Current Quarter EPS Consensus Estimate	-0.31	Current (1=Strong Buy, 5=Strong Sell)	2.50
Current Year EPS Consensus Estimate	2.45	30 Days Ago	2.50
Estimated Long-Term EPS Growth Rate	5.00	60 Days Ago	2.50
Next EPS Report Date	11/05/2009	90 Days Ago	2.50

Fundamental Ratios

P/E		EPS Growth		Sales Growth	
Current FY Estimate:	13.89	vs. Previous Year	83.33%	vs. Previous Year	-8.09%
Trailing 12 Months:	13.19	vs. Previous Quarter	-93.33%	vs. Previous Quarter:	-58.97%
PEG Ratio	2.78				

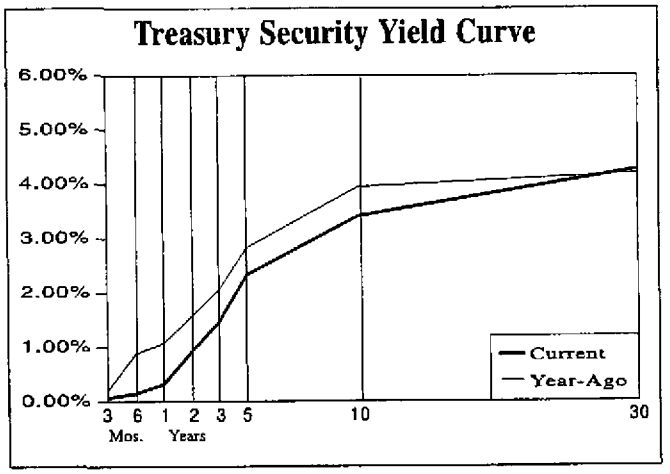
Price Ratios	ROE	ROA

Price/Book	1.50	09/30/09	-	09/30/09	-
Price/Cash Flow	7.87	06/30/09	11.67	06/30/09	3.84
Price / Sales	-	03/31/09	11.60	03/31/09	3.75
Current Ratio		**Quick Ratio**		**Operating Margin**	
09/30/09	-	09/30/09	-	09/30/09	-
06/30/09	1.17	06/30/09	0.82	06/30/09	5.26
03/31/09	1.20	03/31/09	1.04	03/31/09	5.08
Net Margin		**Pre-Tax Margin**		**Book Value**	
09/30/09	-	09/30/09	-	09/30/09	-
06/30/09	7.81	06/30/09	7.81	06/30/09	22.56
03/31/09	7.58	03/31/09	7.58	03/31/09	22.89
Inventory Turnover		**Debt-to-Equity**		**Debt to Capital**	
09/30/09	-	09/30/09	-	09/30/09	-
06/30/09	9.10	06/30/09	0.55	06/30/09	34.99
03/31/09	8.22	03/31/09	0.57	03/31/09	35.81

ATTACHMENT D

Selected Yields

	Recent (10/14/09)	3 Months Ago (7/15/09)	Year Ago (10/15/08)
TAXABLE			
Market Rates			
Discount Rate	0.50	0.50	1.75
Federal Funds	0.00-0.25	0.00-0.25	1.50
Prime Rate	3.25	3.25	4.50
30-day CP (A1/P1)	0.16	0.33	4.47
3-month LIBOR	0.28	0.51	4.55
Bank CDs			
6-month	0.39	0.58	1.73
1-year	0.63	0.85	2.27
5-year	2.24	1.92	3.48
U.S. Treasury Securities			
3-month	0.07	0.18	0.21
6-month	0.15	0.27	0.88
1-year	0.32	0.47	1.07
5-year	2.33	2.51	2.82
10-year	3.41	3.60	3.95
10-year (inflation-protected)	1.46	1.85	3.07
30-year	4.26	4.49	4.19
30-year Zero	4.39	4.60	4.04
Mortgage-Backed Securities			
GNMA 6.5%	3.65	3.41	6.06
FHLMC 6.5% (Gold)	2.47	2.75	5.96
FNMA 6.5%	2.21	2.59	5.91
FNMA ARM	2.56	2.98	3.87
Corporate Bonds			
Financial (10-year) A	5.45	6.62	8.19
Industrial (25/30-year) A	5.48	6.12	7.03
Utility (25/30-year) A	5.65	5.97	6.67
Utility (25/30-year) Baa/BBB	6.22	7.19	7.03
Foreign Bonds (10-Year)			
Canada	3.53	3.49	3.76
Germany	3.23	3.37	4.12
Japan	1.31	1.34	1.59
United Kingdom	3.50	3.80	4.71
Preferred Stocks			
Utility A	5.96	5.95	6.57
Financial A	7.00	7.67	7.33
Financial Adjustable A	5.49	5.49	5.49



	Recent (10/14/09)	3 Months Ago (7/15/09)	Year Ago (10/15/08)
TAX-EXEMPT			
Bond Buyer Indexes			
20-Bond Index (GOs)	4.06	4.71	5.47
25-Bond Index (Revs)	4.69	5.70	5.97
General Obligation Bonds (GOs)			
1-year Aaa	0.37	0.40	2.15
1-year A	0.80	1.10	2.25
5-year Aaa	1.90	2.07	3.70
5-year A	2.10	3.47	3.75
10-year Aaa	3.05	2.98	4.86
10-year A	3.45	4.50	5.06
25/30-year Aaa	4.10	4.59	5.99
25/30-year A	4.65	6.10	6.37
Revenue Bonds (Revs) (25/30-Year)			
Education AA	4.90	5.95	6.17
Electric AA	4.95	6.00	6.12
Housing AA	5.40	6.40	6.60
Hospital AA	5.60	6.35	6.65
Toll Road Aaa	5.00	5.95	6.15

Federal Reserve Data

BANK RESERVES

(Two-Week Period; in Millions, Not Seasonally Adjusted)

	Recent Levels			Average Levels Over the Last...		
	10/7/09	9/23/09	Change	12 Wks.	26 Wks.	52 Wks.
Excess Reserves	918434	854614	63820	796002	800839	706471
Borrowed Reserves	288565	307300	-18735	331341	421671	519593
Net Free/Borrowed Reserves	629869	547314	82555	464661	379168	186878

MONEY SUPPLY

(One-Week Period; in Billions, Seasonally Adjusted)

	Recent Levels			Growth Rates Over the Last...		
	9/28/09	9/21/09	Change	3 Mos.	6 Mos.	12 Mos.
M1 (Currency+demand deposits)	1653.6	1639.8	13.8	0.2%	13.0%	10.9%
M2 (M1+savings+small time deposits)	8357.3	8309.8	47.5	0.4%	0.7%	5.5%

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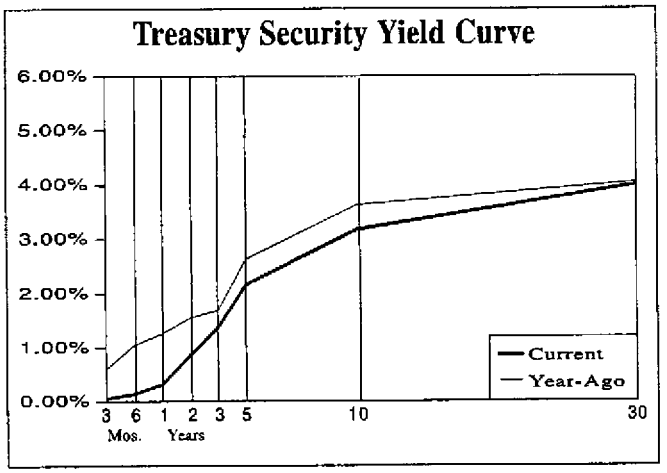
Selected Yields

	Recent (10/07/09)	3 Months Ago (7/08/09)	Year Ago (10/08/08)
TAXABLE			
Market Rates			
Discount Rate	0.50	0.50	1.75
Federal Funds	0.00-0.25	0.00-0.25	1.50
Prime Rate	3.25	3.25	4.50
30-day CP (A1/P1)	0.16	0.36	4.55
3-month LIBOR	0.28	0.53	4.52
Bank CDs			
6-month	0.40	0.65	1.73
1-year	0.64	0.86	2.27
5-year	2.24	1.94	3.48
U.S. Treasury Securities			
3-month	0.06	0.18	0.61
6-month	0.14	0.25	1.05
1-year	0.32	0.44	1.26
5-year	2.17	2.23	2.63
10-year	3.18	3.31	3.64
10-year (inflation-protected)	1.42	1.76	2.66
30-year	4.00	4.19	4.05
30-year Zero	4.10	4.31	3.97
Mortgage-Backed Securities			
GNMA 6.5%	3.44	3.71	5.82
FHLMC 6.5% (Gold)	2.38	2.99	5.70
FNMA 6.5%	2.33	2.83	5.62
FNMA ARM	2.56	2.98	3.84
Corporate Bonds			
Financial (10-year) A	5.46	6.53	7.34
Industrial (25/30-year) A	5.28	5.82	6.66
Utility (25/30-year) A	5.44	5.71	6.58
Utility (25/30-year) Baa/BBB	5.95	6.85	6.93
Foreign Bonds (10-Year)			
Canada	3.29	3.28	3.59
Germany	3.12	3.28	3.80
Japan	1.27	1.30	1.39
United Kingdom	3.39	3.62	4.30
Preferred Stocks			
Utility A	6.29	7.59	6.99
Financial A	6.89	6.57	8.54
Financial Adjustable A	5.48	5.48	5.48



	Recent (10/07/09)	3 Months Ago (7/08/09)	Year Ago (10/08/08)
TAX-EXEMPT			
Bond Buyer Indexes			
20-Bond Index (GOs)	3.94	4.83	5.36
25-Bond Index (Revs)	4.69	5.75	5.69
General Obligation Bonds (GOs)			
1-year Aaa	0.37	0.43	2.18
1-year A	0.87	0.93	2.25
5-year Aaa	1.57	1.96	3.34
5-year A	2.77	2.40	3.44
10-year Aaa	2.57	3.09	4.31
10-year A	3.77	3.45	4.51
25/30-year Aaa	3.81	4.59	5.35
25/30-year A	5.01	5.05	5.70
Revenue Bonds (Revs) (25/30-Year)			
Education AA	4.85	5.55	5.80
Electric AA	4.90	5.65	5.90
Housing AA	5.20	5.80	6.00
Hospital AA	5.20	5.90	6.10
Toll Road Aaa	4.85	5.60	5.95

Federal Reserve Data

BANK RESERVES

(Two-Week Period; in Millions, Not Seasonally Adjusted)

	Recent Levels			Average Levels Over the Last...		
	9/9/09	8/26/09	Change	12 Wks.	26 Wks.	52 Wks.
Excess Reserves	823187	794531	28656	754073	773681	643433
Borrowed Reserves	320295	327647	-7352	369408	467326	513721
Net Free/Borrowed Reserves	502892	466884	36008	384665	306355	129711

MONEY SUPPLY

(One-Week Period; in Billions, Seasonally Adjusted)

	Recent Levels			Growth Rates Over the Last...		
	9/21/09	9/14/09	Change	3 Mos.	6 Mos.	12 Mos.
M1 (Currency+demand deposits)	1639.8	1670.9	-31.1	-6.8%	11.4%	11.3%
M2 (M1+savings+small time deposits)	8310.3	8318.3	-8.0	-3.5%	-1.1%	5.2%

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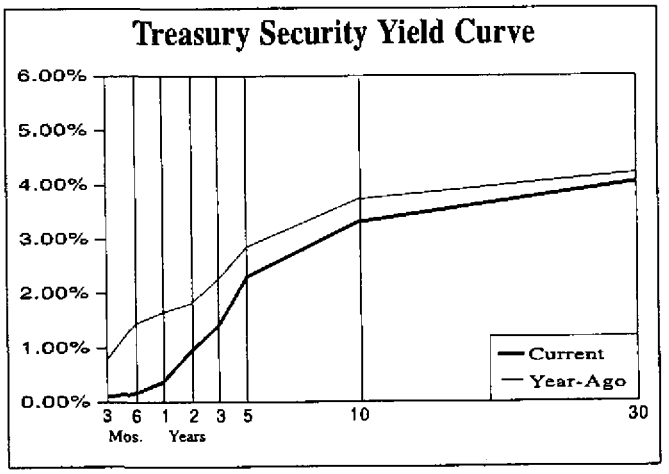
Selected Yields

	Recent (9/30/09)	3 Months Ago (6/30/09)	Year Ago (10/01/08)
TAXABLE			
Market Rates			
Discount Rate	0.50	0.50	2.25
Federal Funds	0.00-0.25	0.00-0.25	2.00
Prime Rate	3.25	3.25	5.00
30-day CP (A1/P1)	0.18	0.41	3.05
3-month LIBOR	0.29	0.60	4.15
Bank CDs			
6-month	0.40	0.65	1.61
1-year	0.64	0.86	2.14
5-year	2.27	1.92	3.77
U.S. Treasury Securities			
3-month	0.11	0.18	0.80
6-month	0.17	0.34	1.45
1-year	0.38	0.48	1.66
5-year	2.31	2.56	2.86
10-year	3.31	3.53	3.74
10-year (inflation-protected)	1.53	1.80	2.25
30-year	4.05	4.33	4.22
30-year Zero	4.13	4.41	4.22
Mortgage-Backed Securities			
GNMA 6.5%	3.63	3.77	5.64
FHLMC 6.5% (Gold)	2.82	3.23	5.63
FNMA 6.5%	2.60	3.07	5.54
FNMA ARM	2.62	2.53	3.88
Corporate Bonds			
Financial (10-year) A	5.61	6.87	7.25
Industrial (25/30-year) A	5.31	5.96	6.52
Utility (25/30-year) A	5.40	5.79	6.46
Utility (25/30-year) Baa/BBB	5.73	6.88	6.61
Foreign Bonds (10-Year)			
Canada	3.31	3.36	3.71
Germany	3.22	3.39	4.00
Japan	1.30	1.36	1.51
United Kingdom	3.59	3.69	4.43
Preferred Stocks			
Utility A	5.77	6.10	6.53
Financial A	6.61	7.75	7.78
Financial Adjustable A	5.48	5.48	5.48



	Recent (9/30/09)	3 Months Ago (6/30/09)	Year Ago (10/01/08)
TAX-EXEMPT			
Bond Buyer Indexes			
20-Bond Index (GOs)	4.04	4.79	5.23
25-Bond Index (Revs)	4.86	5.77	5.56
General Obligation Bonds (GOs)			
1-year Aaa	0.37	0.40	2.10
1-year A	0.80	1.10	2.20
5-year Aaa	1.57	2.07	3.32
5-year A	2.00	3.47	3.37
10-year Aaa	2.57	3.23	4.23
10-year A	2.95	4.75	4.43
25/30-year Aaa	3.92	4.66	5.29
25/30-year A	4.45	6.18	5.67
Revenue Bonds (Revs) (25/30-Year)			
Education AA	4.70	6.05	5.45
Electric AA	4.75	6.10	5.40
Housing AA	5.10	6.50	5.90
Hospital AA	5.25	6.45	5.95
Toll Road Aaa	4.75	6.05	5.40

Federal Reserve Data

BANK RESERVES

(Two-Week Period; in Millions, Not Seasonally Adjusted)

	Recent Levels			Average Levels Over the Last...		
	9/23/09	9/9/09	Change	12 Wks.	26 Wks.	52 Wks.
Excess Reserves	854633	823202	31431	763053	790331	675003
Borrowed Reserves	307300	320295	-12995	347846	444263	518826
Net Free/Borrowed Reserves	547333	502907	44426	415208	346068	156178

MONEY SUPPLY

(One-Week Period; in Billions, Seasonally Adjusted)

	Recent Levels			Growth Rates Over the Last...		
	9/14/09	9/7/09	Change	3 Mos.	6 Mos.	12 Mos.
M1 (Currency+demand deposits)	1668.5	1666.8	1.7	3.0%	13.4%	16.7%
M2 (M1+savings+small time deposits)	8303.3	8307.2	-3.9	-3.9%	-1.4%	7.6%

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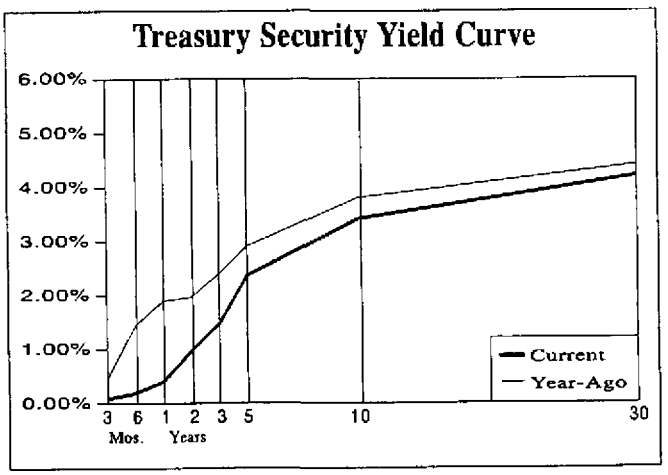
Selected Yields

	Recent (9/23/09)	3 Months Ago (6/24/09)	Year Ago (9/24/08)
TAXABLE			
Market Rates			
Discount Rate	0.50	0.50	2.25
Federal Funds	0.00-0.25	0.00-0.25	2.00
Prime Rate	3.25	3.25	5.00
30-day CP (A1/P1)	0.21	0.44	2.85
3-month LIBOR	0.29	0.60	3.48
Bank CDs			
6-month	0.40	0.65	1.61
1-year	0.64	0.87	2.14
5-year	2.27	1.92	3.77
U.S. Treasury Securities			
3-month	0.09	0.18	0.46
6-month	0.19	0.31	1.43
1-year	0.40	0.46	1.89
5-year	2.37	2.71	2.91
10-year	3.42	3.69	3.81
10-year (inflation-protected)	1.60	1.88	1.99
30-year	4.20	4.43	4.41
30-year Zero	4.30	4.50	4.39
Mortgage-Backed Securities			
GNMA 6.5%	3.77	3.79	5.56
FHLMC 6.5% (Gold)	2.57	3.28	5.43
FNMA 6.5%	2.36	3.06	5.34
FNMA ARM	2.62	2.53	3.86
Corporate Bonds			
Financial (10-year) A	5.68	6.75	7.14
Industrial (25/30-year) A	5.47	6.07	6.53
Utility (25/30-year) A	5.58	5.89	6.50
Utility (25/30-year) Baa/BBB	6.14	7.30	6.74
Foreign Bonds (10-Year)			
Canada	3.42	3.45	3.66
Germany	3.37	3.42	4.16
Japan	1.35	1.39	1.49
United Kingdom	3.75	3.70	4.57
Preferred Stocks			
Utility A	6.08	6.05	6.85
Financial A	6.55	8.21	8.04
Financial Adjustable A	5.47	5.47	5.47



	Recent (9/23/09)	3 Months Ago (6/24/09)	Year Ago (9/24/08)
TAX-EXEMPT			
Bond Buyer Indexes			
20-Bond Index (GOs)	4.20	4.86	5.03
25-Bond Index (Revs)	4.98	5.78	5.44
General Obligation Bonds (GOs)			
1-year Aaa	0.40	0.40	2.15
1-year A	0.90	0.90	2.25
5-year Aaa	1.61	2.17	3.10
5-year A	3.01	2.60	3.20
10-year Aaa	2.65	3.27	4.02
10-year A	4.15	3.63	4.22
25/30-year Aaa	4.03	4.70	5.13
25/30-year A	5.60	5.15	5.45
Revenue Bonds (Revs) (25/30-Year)			
Education AA	5.35	5.80	5.55
Electric AA	5.40	5.90	5.60
Housing AA	5.80	6.10	5.90
Hospital AA	5.80	6.05	5.95
Toll Road Aaa	5.35	5.85	5.65

Federal Reserve Data

BANK RESERVES

(Two-Week Period; in Millions, Not Seasonally Adjusted)

	Recent Levels			Average Levels Over the Last...		
	9/9/09	8/26/09	Change	12 Wks.	26 Wks.	52 Wks.
Excess Reserves	823201	794546	28655	754077	773683	643434
Borrowed Reserves	320295	327647	-7352	369408	467326	513721
Net Free/Borrowed Reserves	502906	466899	36007	384669	306357	129712

MONEY SUPPLY

(One-Week Period; in Billions, Seasonally Adjusted)

	Recent Levels			Growth Rates Over the Last...		
	9/7/09	8/31/09	Change	3 Mos.	6 Mos.	12 Mos.
M1 (Currency+demand deposits)	1667.2	1635.6	31.6	9.2%	11.6%	18.0%
M2 (M1+savings+small time deposits)	8306.2	8293.6	12.6	-3.0%	-0.5%	8.0%

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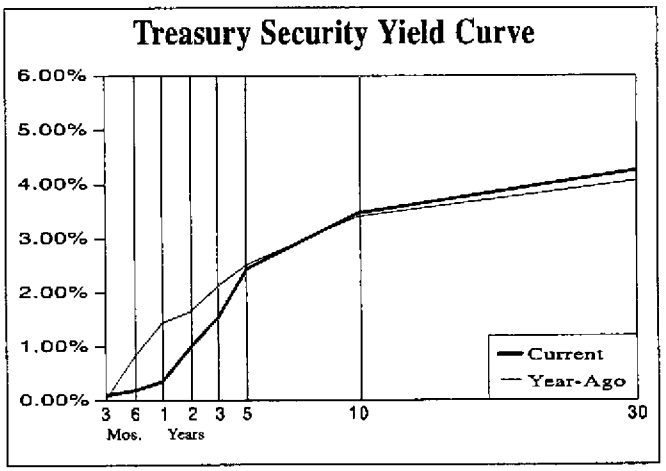
Selected Yields

	Recent (9/16/09)	3 Months Ago (6/17/09)	Year Ago (9/17/08)
TAXABLE			
Market Rates			
Discount Rate	0.50	0.50	2.25
Federal Funds	0.00-0.25	0.00-0.25	2.00
Prime Rate	3.25	3.25	5.00
30-day CP (A1/P1)	0.21	0.42	2.50
3-month LIBOR	0.29	0.61	3.06
Bank CDs			
6-month	0.40	0.66	1.61
1-year	0.65	0.87	2.26
5-year	2.30	1.92	4.10
U.S. Treasury Securities			
3-month	0.10	0.16	0.04
6-month	0.19	0.31	0.81
1-year	0.35	0.47	1.44
5-year	2.44	2.68	2.52
10-year	3.47	3.69	3.41
10-year (inflation-protected)	1.60	1.92	1.74
30-year	4.26	4.51	4.07
30-year Zero	4.37	4.60	4.11



	Recent (9/16/09)	3 Months Ago (6/17/09)	Year Ago (9/17/08)
Mortgage-Backed Securities			
GNMA 6.5%	3.57	4.00	5.43
FHLMC 6.5% (Gold)	2.71	3.13	5.33
FNMA 6.5%	2.47	2.96	5.24
FNMA ARM	2.62	2.53	3.86
Corporate Bonds			
Financial (10-year) A	5.74	6.70	6.79
Industrial (25/30-year) A	5.55	6.13	6.08
Utility (25/30-year) A	5.59	5.95	5.94
Utility (25/30-year) Baa/BBB	6.21	7.54	6.51
Foreign Bonds (10-Year)			
Canada	3.38	3.44	3.44
Germany	3.34	3.48	4.02
Japan	1.33	1.47	1.50
United Kingdom	3.69	3.79	4.41
Preferred Stocks			
Utility A	6.29	5.47	6.56
Financial A	6.73	8.72	8.77
Financial Adjustable A	5.47	5.47	5.47
TAX-EXEMPT			
Bond Buyer Indexes			
20-Bond Index (GOs)	4.33	4.86	4.54
25-Bond Index (Revs)	5.33	5.76	5.09
General Obligation Bonds (GOs)			
1-year Aaa	0.40	0.40	1.73
1-year A	0.90	1.10	1.83
5-year Aaa	1.71	2.25	2.79
5-year A	2.15	3.65	2.84
10-year Aaa	2.78	3.33	3.59
10-year A	3.15	4.85	3.79
25/30-year Aaa	4.10	4.72	4.94
25/30-year A	4.56	6.24	5.32
Revenue Bonds (Revs) (25/30-Year)			
Education AA	4.85	6.30	5.05
Electric AA	4.90	6.35	5.00
Housing AA	5.30	6.65	5.40
Hospital AA	5.35	6.60	5.45
Toll Road Aaa	4.90	6.30	5.00

Federal Reserve Data

BANK RESERVES

(Two-Week Period; in Millions, Not Seasonally Adjusted)

	Recent Levels			Average Levels Over the Last...		
	9/9/09	8/26/09	Change	12 Wks.	26 Wks.	52 Wks.
Excess Reserves	823201	794546	28655	754077	773683	643434
Borrowed Reserves	320295	327647	-7352	369408	467326	513721
Net Free/Borrowed Reserves	502906	466899	36007	384669	306357	129712

MONEY SUPPLY

(One-Week Period; in Billions, Seasonally Adjusted)

	Recent Levels			Growth Rates Over the Last...		
	8/31/09	8/24/09	Change	3 Mos.	6 Mos.	12 Mos.
M1 (Currency+demand deposits)	1635.7	1639.0	-3.3	9.9%	9.6%	17.6%
M2 (M1+savings+small time deposits)	8293.7	8282.4	11.3	-3.4%	0.1%	7.6%

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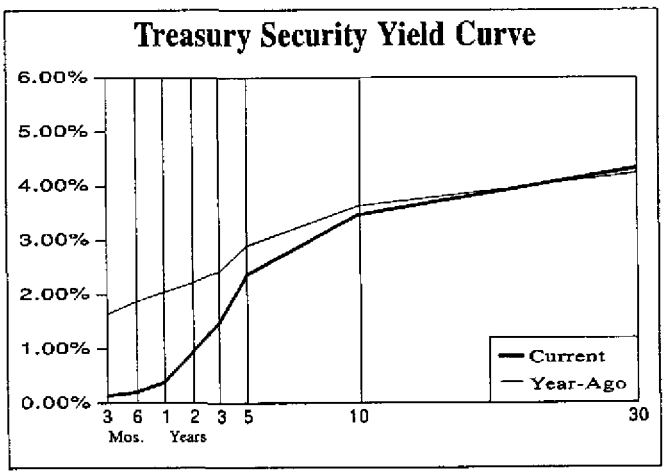
Selected Yields

	Recent (9/02/09)	3 Months Ago (6/10/09)	Year Ago (9/10/08)
TAXABLE			
Market Rates			
Discount Rate	0.50	0.50	2.25
Federal Funds	0.00-0.25	0.00-0.25	2.00
Prime Rate	3.25	3.25	5.00
30-day CP (A1/P1)	0.21	0.34	3.00
3-month LIBOR	0.30	0.64	2.82
Bank CDs			
6-month	0.42	0.66	1.60
1-year	0.72	0.87	2.26
5-year	2.30	1.92	4.15
U.S. Treasury Securities			
3-month	0.14	0.17	1.64
6-month	0.20	0.31	1.86
1-year	0.38	0.53	2.04
5-year	2.37	2.92	2.90
10-year	3.47	3.95	3.63
10-year (inflation-protected)	1.63	1.86	1.61
30-year	4.33	4.76	4.23
30-year Zero	4.46	4.84	4.27
Mortgage-Backed Securities			
GNMA 6.5%	3.77	4.26	5.31
FHLMC 6.5% (Gold)	2.90	3.07	5.36
FNMA 6.5%	2.72	2.91	5.20
FNMA ARM	2.62	2.53	3.86
Corporate Bonds			
Financial (10-year) A	6.04	6.82	6.51
Industrial (25/30-year) A	5.63	6.50	6.08
Utility (25/30-year) A	5.65	6.28	6.04
Utility (25/30-year) Baa/BBB	6.40	7.76	6.49
Foreign Bonds (10-Year)			
Canada	3.42	3.64	3.46
Germany	3.42	3.69	4.07
Japan	1.33	1.55	1.52
United Kingdom	3.76	3.92	4.46
Preferred Stocks			
Utility A	5.84	7.62	6.12
Financial A	6.62	8.63	7.33
Financial Adjustable A	5.54	5.46	5.46



TAX-EXEMPT			
Bond Buyer Indexes			
20-Bond Index (GOs)	4.37	4.71	4.62
25-Bond Index (Revs)	5.43	5.63	5.15
General Obligation Bonds (GOs)			
1-year Aaa	0.40	0.40	1.58
1-year A	1.10	0.90	1.68
5-year Aaa	1.76	2.14	2.69
5-year A	3.16	2.57	2.79
10-year Aaa	2.88	3.21	3.48
10-year A	4.40	3.57	3.68
25/30-year Aaa	4.21	4.72	4.53
25/30-year A	5.75	5.16	4.77
Revenue Bonds (Revs) (25/30-Year)			
Education AA	5.50	5.85	4.87
Electric AA	5.55	5.95	4.92
Housing AA	6.05	6.25	5.13
Hospital AA	6.05	6.20	5.15
Toll Road Aaa	5.50	6.00	4.95

Federal Reserve Data

BANK RESERVES

(Two-Week Period; in Millions, Not Seasonally Adjusted)

	Recent Levels			Average Levels Over the Last...		
	8/26/09	8/12/09	Change	12 Wks.	26 Wks.	52 Wks.
Excess Reserves	794546	708501	86045	756262	762985	613021
Borrowed Reserves	327647	340534	-12887	394750	486512	508084
Net Free/Borrowed Reserves	466899	367967	98932	361513	276473	104936

MONEY SUPPLY

(One-Week Period; in Billions, Seasonally Adjusted)

	Recent Levels			Growth Rates Over the Last...		
	8/24/09	8/17/09	Change	3 Mos.	6 Mos.	12 Mos.
M1 (Currency+demand deposits)	1639.0	1656.3	-17.3	9.4%	12.4%	18.0%
M2 (M1+savings+small time deposits)	8282.4	8310.5	-28.1	-4.3%	0.5%	7.6%

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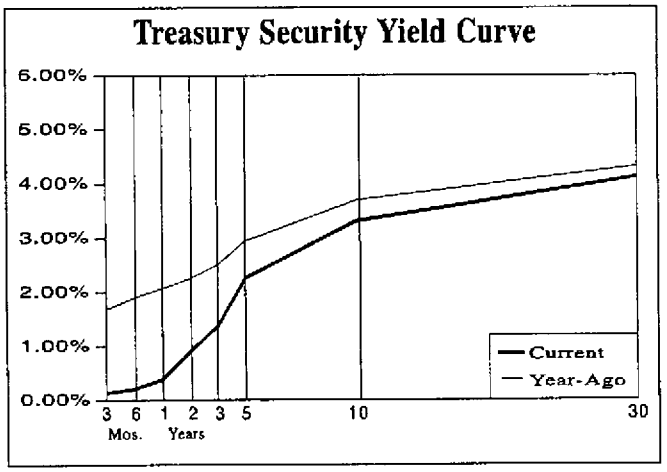
Selected Yields

	Recent (9/02/09)	3 Months Ago (6/3/09)	Year Ago (9/03/08)
TAXABLE			
Market Rates			
Discount Rate	0.50	0.50	2.25
Federal Funds	0.00-0.25	0.00-0.25	2.00
Prime Rate	3.25	3.25	5.00
30-day CP (A1/P1)	0.23	0.28	2.88
3-month LIBOR	0.33	0.64	2.81
Bank CDs			
6-month	0.42	0.70	1.60
1-year	0.72	0.92	2.26
5-year	2.25	1.92	4.15
U.S. Treasury Securities			
3-month	0.13	0.12	1.68
6-month	0.21	0.25	1.90
1-year	0.38	0.44	2.07
5-year	2.27	2.42	2.95
10-year	3.31	3.54	3.70
10-year (inflation-protected)	1.74	1.63	1.64
30-year	4.12	4.45	4.32
30-year Zero	4.22	4.53	4.37
Mortgage-Backed Securities			
GNMA 6.5%	3.92	3.37	5.60
FHLMC 6.5% (Gold)	3.07	2.89	5.67
FNMA 6.5%	2.85	2.78	5.48
FNMA ARM	2.62	2.53	3.89
Corporate Bonds			
Financial (10-year) A	5.79	6.82	6.69
Industrial (25/30-year) A	5.43	6.35	6.11
Utility (25/30-year) A	5.45	6.17	6.13
Utility (25/30-year) Baa/BBB	6.14	7.83	6.54
Foreign Bonds (10-Year)			
Canada	3.33	3.36	3.48
Germany	3.23	3.57	4.14
Japan	1.32	1.55	1.47
United Kingdom	3.55	3.79	4.50
Preferred Stocks			
Utility A	6.37	6.10	6.16
Financial A	5.94	8.35	6.97
Financial Adjustable A	5.53	5.53	5.53



	Recent (9/02/09)	3 Months Ago (6/3/09)	Year Ago (9/03/08)
TAX-EXEMPT			
Bond Buyer Indexes			
20-Bond Index (GOs)	4.53	4.61	4.68
25-Bond Index (Revs)	5.99	5.53	5.17
General Obligation Bonds (GOs)			
1-year Aaa	0.40	0.40	1.58
1-year A	0.90	1.13	1.68
5-year Aaa	1.80	2.02	2.74
5-year A	2.24	3.45	2.84
10-year Aaa	2.93	3.01	3.55
10-year A	3.30	4.55	3.75
25/30-year Aaa	4.36	4.64	4.69
25/30-year A	4.82	6.16	5.07
Revenue Bonds (Revs) (25/30-Year)			
Education AA	5.30	6.20	4.85
Electric AA	5.40	6.25	4.80
Housing AA	5.55	6.55	5.15
Hospital AA	5.60	6.50	5.25
Toll Road Aaa	5.35	6.30	4.80

Federal Reserve Data

BANK RESERVES

(Two-Week Period; in Millions, Not Seasonally Adjusted)

	Recent Levels			Average Levels Over the Last...		
	8/26/09	8/12/09	Change	12 Wks.	26 Wks.	52 Wks.
Excess Reserves	794546	708501	86045	756262	762985	613020
Borrowed Reserves	327647	340534	-12887	394750	486512	508084
Net Free/Borrowed Reserves	466899	367967	98932	361512	276473	104936

MONEY SUPPLY

(One-Week Period; in Billions, Seasonally Adjusted)

	Recent Levels			Growth Rates Over the Last...		
	8/17/09	8/10/09	Change	3 Mos.	6 Mos.	12 Mos.
M1 (Currency+demand deposits)	1658.2	1663.6	-5.4	17.9%	13.1%	19.9%
M2 (M1+savings+small time deposits)	8312.4	8318.3	-5.9	-1.5%	1.1%	8.1%

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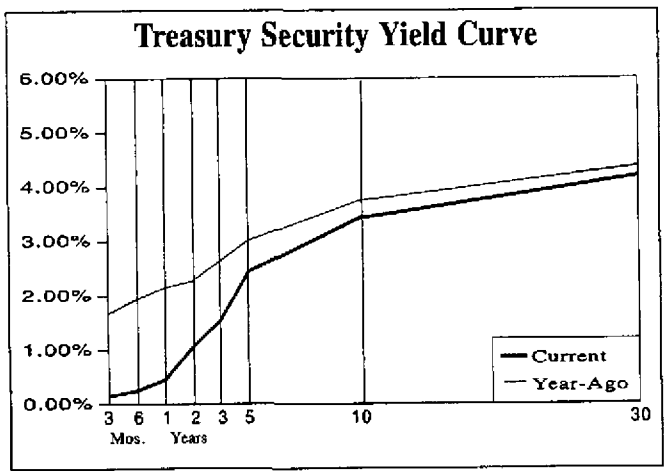
Selected Yields

	Recent (8/26/09)	3 Months Ago (5/27/09)	Year Ago (8/27/08)
TAXABLE			
Market Rates			
Discount Rate	0.50	0.50	2.25
Federal Funds	0.00-0.25	0.00-0.25	2.00
Prime Rate	3.25	3.25	5.00
30-day CP (A1/P1)	0.24	0.31	2.84
3-month LIBOR	0.37	0.67	2.81
Bank CDs			
6-month	0.48	0.69	1.60
1-year	0.72	0.92	2.26
5-year	2.25	1.92	4.15
U.S. Treasury Securities			
3-month	0.15	0.16	1.67
6-month	0.25	0.29	1.94
1-year	0.45	0.47	2.15
5-year	2.44	2.44	3.01
10-year	3.43	3.74	3.76
10-year (inflation-protected)	1.70	1.81	1.51
30-year	4.20	4.63	4.38
30-year Zero	4.29	4.74	4.44



	Recent (8/26/09)	3 Months Ago (5/27/09)	Year Ago (8/27/08)
Mortgage-Backed Securities			
GNMA 6.5%	3.95	3.34	5.62
FHLMC 6.5% (Gold)	2.95	2.61	5.66
FNMA 6.5%	2.73	2.28	5.56
FNMA ARM	2.75	2.78	4.02
Corporate Bonds			
Financial (10-year) A	6.13	7.00	6.60
Industrial (25/30-year) A	5.52	6.61	6.18
Utility (25/30-year) A	5.53	6.44	6.15
Utility (25/30-year) Baa/BBB	6.17	8.01	6.57
Foreign Bonds (10-Year)			
Canada	3.40	3.57	3.53
Germany	3.24	3.63	4.17
Japan	1.32	1.48	1.45
United Kingdom	3.55	3.75	4.51
Preferred Stocks			
Utility A	6.34	6.08	6.16
Financial A	5.99	8.28	7.08
Financial Adjustable A	5.52	5.53	5.53
TAX-EXEMPT			
Bond Buyer Indexes			
20-Bond Index (GOs)	4.58	4.44	4.64
25-Bond Index (Revs)	5.62	5.42	5.15
General Obligation Bonds (GOs)			
1-year Aaa	0.40	0.42	1.56
1-year A	1.10	1.15	1.66
5-year Aaa	1.81	1.87	2.79
5-year A	3.21	3.29	2.89
10-year Aaa	2.96	2.84	3.60
10-year A	4.48	4.40	3.80
25/30-year Aaa	4.54	4.41	4.71
25/30-year A	6.05	5.89	4.95
Revenue Bonds (Revs) (25/30-Year)			
Education AA	5.80	5.94	5.05
Electric AA	5.85	6.04	5.10
Housing AA	6.35	6.34	5.25
Hospital AA	6.35	6.29	5.30
Toll Road Aaa	5.80	6.09	5.10

Federal Reserve Data

BANK RESERVES

(Two-Week Period; in Millions, Not Seasonally Adjusted)

	Recent Levels			Average Levels Over the Last...		
	8/12/09	7/29/09	Change	12 Wks.	26 Wks.	52 Wks.
Excess Reserves	708499	728888	-20389	768051	749904	583661
Borrowed Reserves	340534	347217	-6683	427197	503204	502158
Net Free/Borrowed Reserves	367965	381671	-13706	340854	246700	81504

MONEY SUPPLY

(One-Week Period; in Billions, Seasonally Adjusted)

	Recent Levels			Growth Rates Over the Last...		
	8/10/09	8/3/09	Change	3 Mos.	6 Mos.	12 Mos.
M1 (Currency+demand deposits)	1663.8	1677.2	-13.4	17.9%	12.1%	18.7%
M2 (M1+savings+small time deposits)	8318.3	8323.9	-5.6	-0.7%	1.6%	7.9%

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GLOBAL UTILITIES
TEST YEAR ENDED DECEMBER 31, 2008
COST OF CAPITAL SUMMARY

DOCKET NO. SW-02445A-09-0077 ET AL.
SCHEDULE WAR - 1
PAGE 1 OF 3

WEIGHTED AVERAGE COST OF CAPITAL

LINE NO.	DESCRIPTION	(A) COMPANY PROPOSED	(B) RUCO ADJUSTED	(C) RUCO RECOMMENDED	(D) CAPITAL RATIO	(E) COST RATE	(F) WEIGHTED COST RATE
1	SHORT-TERM DEBT	$ -	$ -	$ -	0.00%	0.00%	
2	LONG-TERM DEBT	118,466,992	-	118,466,992	37.89%	6.44%	2.44%
3	COMMON EQUITY	194,182,956	-	194,182,956	62.11%	8.01%	4.97%
4	TOTAL CAPITALIZATION	$ 312,649,948	$ -	$ 312,649,948	100.00%		
5	**WEIGHTED AVERAGE COST OF CAPITAL**						**7.41%**

REFERENCES:
COLUMN (A): COMPANY SCHEDULE D-1
COLUMN (B): TESTIMONY, WAR
COLUMN (C): COLUMN (A) + COLUMN (B)
COLUMN (D): LINES 1, 2 AND 3 DIVIDED BY LINE 4
COLUMN (E): SCHEDULE WAR-1, PAGES 2 AND 3
COLUMN (F): COLUMN (D) x COLUMN (E)

WEIGHTED COST OF DEBT

LINE NO.	SYSTEM	(A) COMPANY PROPOSED	(B) RUCO ADJUSTED	(C) RUCO RECOMMENDED	(D) CAPITAL RATIO	(E) COST RATE	(F) WEIGHTED COST RATE
1	PALO VERDE UTILITIES COMPANY	$ 76,564,739	$ -	$ 76,564,739	39.43%	6.34%	2.50%
2	SANTA CRUZ WATER COMPANY	65,933,751	-	65,933,751	33.95%	6.57%	2.23%
3	VALENCIA WATER COMPANY, TOWN DIVISION	15,338,454	-	15,338,454	7.90%	6.73%	0.53%
4	VALENCIA WATER COMPANY, GREATER BUCKEYE DIVISION	1,967,920	-	1,967,920	1.01%	6.38%	0.06%
5	WATER UTILITY OF GREATER TONOPAH, INC.	33,241,352	-	33,241,352	17.12%	6.30%	1.08%
6	WILLOW VALLEY WATER COMPANY, INC.	1,136,740	-	1,136,740	0.59%	5.48%	0.03%
7	TOTALS	$ 194,182,956	$ -	$ 194,182,956	100.00%		
8	**WEIGHTED COST OF DEBT**						**6.44%**

REFERENCES:
COLUMN (A): COMPANY SCHEDULE D-1
COLUMN (B): TESTIMONY, WAR
COLUMN (C): COLUMN (A) + COLUMN (B)
COLUMN (D): LINES 1, 2 AND 3 DIVIDED BY LINE 4
COLUMN (E): COMPANY SCHEDULE D-1
COLUMN (F): COLUMN (D) x COLUMN (E)

GLOBAL UTILITIES
TEST YEAR ENDED DECEMBER 31, 2008
COST OF CAPITAL SUMMARY

DOCKET NO. SW-02445A-09-0077 ET AL.
SCHEDULE WAR - 1
PAGE 3 OF 3

COST OF COMMON EQUITY CALCULATION

LINE NO.			
1	**DCF METHODOLOGY**		
2	DCF - WATER COMPANY SINGLE-STAGE CONSTANT GROWTH MODEL ESTIMATE	9.94%	SCHEDULE WAR-2, COLUMN (C), LINE 5
3	DCF - NATURAL GAS LDC SINGLE-STAGE CONSTANT GROWTH MODEL ESTIMATE	9.50%	SCHEDULE WAR-2, COLUMN (C), LINE 13
4	**AVERAGE OF DCF ESTIMATES**	**9.72%**	(LINE 2 + LINE 3) ÷ 2
5	**CAPM METHODOLOGY**		
6	CAPM - WATER COMPANY GEOMETRIC MEAN ESTIMATE	5.92%	SCHEDULE WAR-7 PAGE 1, COLUMN (B), LINE 5
7	CAPM - NATURAL GAS LDC GEOMETRIC MEAN ESTIMATE	5.25%	SCHEDULE WAR-7 PAGE 1, COLUMN (B), LINE 13
8	CAPM - WATER COMPANY ARITHMETIC MEAN ESTIMATE	7.49%	SCHEDULE WAR-7 PAGE 2, COLUMN (B), LINE 5
9	CAPM - NATURAL GAS LDC ARITHMETIC MEAN ESTIMATE	6.51%	SCHEDULE WAR-7 PAGE 2, COLUMN (B), LINE 13
10	**AVERAGE OF CAPM ESTIMATES**	**6.29%**	(SUM OF LINES 6 THRU 9) ÷ 4
11	**AVERAGE OF DCF AND CAPM ESTIMATES**	**8.01%**	(SUM OF LINES 4 AND 10) ÷ 2

GLOBAL UTILITIES
TEST YEAR ENDED DECEMBER 31, 2008
DCF COST OF EQUITY CAPITAL

DOCKET NO. SW-02445A-09-0077 ET
SCHEDULE WAR - 2

LINE NO.	STOCK SYMBOL	COMPANY	(A) DIVIDEND YIELD	+	(B) GROWTH RATE (g)	=	(C) DCF COST OF EQUITY CAPITAL
1	AWR	AMERICAN STATES WATER CO.	2.83%	+	9.03%	=	11.86%
2	CWT	CALIFORNIA WATER SERVICE GROUP	3.09%	+	6.70%	=	9.79%
3	SWWC	SOUTHWEST WATER COMPANY	1.96%	+	7.20%	=	9.16%
4	WTR	AQUA AMERICA, INC.	3.18%	+	5.78%	=	8.96%
5	**WATER COMPANY AVERAGE**						**9.94%**
6	AGL	AGL RESOURCES, INC.	4.93%	+	5.95%	=	10.87%
7	ATO	ATMOS ENERGY CORP.	4.69%	+	4.42%	=	9.10%
8	LG	LACLEDE GROUP, INC.	4.72%	+	5.12%	=	9.84%
9	NJR	NEW JERSEY RESOURCES CORPORATION	3.42%	+	5.68%	=	9.10%
10	GAS	NICOR, INC.	5.10%	+	5.18%	=	10.28%
11	NWN	NORTHWEST NATURAL GAS CO.	3.74%	+	4.95%	=	8.69%
12	PNY	PIEDMONT NATURAL GAS COMPANY	4.51%	+	4.75%	=	9.27%
13	SJI	SOUTH JERSEY INDUSTIES, INC.	3.39%	+	7.88%	=	11.28%
14	SWX	SOUTHWEST GAS CORPORATION	3.76%	+	4.00%	=	7.77%
15	WGL	WGL HOLDINGS, INC.	4.47%	+	4.38%	=	8.85%
16	**NATURAL GAS LDC AVERAGE**						**9.50%**

REFERENCES:
COLUMN (A): SCHEDULE WAR - 3, COLUMN C
COLUMN (B): SCHEDULE WAR - 4, PAGE 1, COLUMN C
COLUMN (C): COLUMN (A) + COLUMN (B)

GLOBAL UTILITIES
TEST YEAR ENDED DECEMBER 31, 2008
DIVIDEND YIELD CALCULATION

DOCKET NO. SW-02445A-09-0077 ET AL.
SCHEDULE WAR - 3

LINE NO.	STOCK SYMBOL	COMPANY	(A) ESTIMATED DIVIDEND (PER SHARE)		(B) AVERAGE STOCK PRICE (PER SHARE)		(C) DIVIDEND YIELD
1	AWR	AMERICAN STATES WATER CO.	$1.00	÷	$35.29	=	2.83%
2	CWT	CALIFORNIA WATER SERVICE GROUP	1.18	÷	38.22	=	3.09%
3	SWWC	SOUTHWEST WATER COMPANY	0.10	÷	5.11	=	1.96%
4	WTR	AQUA AMERICA, INC.	0.54	÷	16.96	=	3.18%
5	**WATER COMPANY AVERAGE**						**2.77%**
6	AGL	AGL RESOURCES, INC.	$1.72	÷	$34.92	=	4.93%
7	ATO	ATMOS ENERGY CORP.	1.32	÷	28.16	=	4.69%
8	LG	LACLEDE GROUP, INC.	1.54	÷	32.64	=	4.72%
9	NJR	NEW JERSEY RESOURCES CORPORATION	1.24	÷	36.30	=	3.42%
10	GAS	NICOR, INC.	1.86	÷	36.45	=	5.10%
11	NWN	NORTHWEST NATURAL GAS CO.	1.58	÷	42.28	=	3.74%
12	PNY	PIEDMONT NATURAL GAS COMPANY	1.08	÷	23.94	=	4.51%
13	SJI	SOUTH JERSEY INDUSTIES, INC.	1.19	÷	35.11	=	3.39%
14	SWX	SOUTHWEST GAS CORPORATION	0.95	÷	25.29	=	3.76%
15	WGL	WGL HOLDINGS, INC.	1.48	÷	33.10	=	4.47%
16	**NATURAL GAS LDC AVERAGE**						**4.27%**

REFERENCES:
COLUMN (A): ESTIMATED 12 MONTH DIVIDEND REPORTED IN VALUE LINE INVESTMENT SURVEY - RATINGS & REPORTS DATED 10/23/2009 (WATER COMPANIES) AND 09/11/2009 (NATURAL GAS LDC's).
COLUMN (B): EIGHT WEEK AVERAGE OF CLOSING PRICES FROM 08/24/2009 TO 10/16/2009 STOCK QUOTES OBTAINED THROUGH BIG CHARTS WEB SITE - HISTORICAL QUOTES (www.bigcharts.com).
COLUMN (C): COLUMN (A) / COLUMN (B)

GLOBAL UTILITIES
TEST YEAR ENDED DECEMBER 31, 2008
DIVIDEND GROWTH RATE CALCULATION

DOCKET NO. SW-02445A-09-0077 ET AL.
SCHEDULE WAR - 4

LINE NO.	STOCK SYMBOL	COMPANY	(A) INTERNAL GROWTH (br)	+	(B) EXTERNAL GROWTH (sv)	=	(C) DIVIDEND GROWTH (g)
1	AWR	AMERICAN STATES WATER CO.	6.20%	+	2.83%	=	9.03%
2	CWT	CALIFORNIA WATER SERVICE GROUP	6.00%	+	0.70%	=	6.70%
3	SWWC	SOUTHWEST WATER COMPANY	7.15%	+	0.05%	=	7.20%
4	WTR	AQUA AMERICA, INC.	5.50%	+	0.28%	=	5.78%
5	**WATER COMPANY AVERAGE**						**7.18%**
6	AGL	AGL RESOURCES, INC.	5.50%	+	0.45%	=	5.95%
7	ATO	ATMOS ENERGY CORP.	4.10%	+	0.32%	=	4.42%
8	LG	LACLEDE GROUP, INC.	4.50%	+	0.62%	=	5.12%
9	NJR	NEW JERSEY RESOURCES CORPORATION	5.10%	+	0.58%	=	5.68%
10	GAS	NICOR, INC.	5.10%	+	0.08%	=	5.18%
11	NWN	NORTHWEST NATURAL GAS CO.	4.60%	+	0.35%	=	4.95%
12	PNY	PIEDMONT NATURAL GAS COMPANY	4.75%	+	0.00%	=	4.75%
13	SJI	SOUTH JERSEY INDUSTIES, INC.	7.00%	+	0.88%	=	7.88%
14	SWX	SOUTHWEST GAS CORPORATION	4.00%	+	0.00%	=	4.00%
15	WGL	WGL HOLDINGS, INC.	4.35%	+	0.03%	=	4.38%
16	**NATURAL GAS LDC AVERAGE**						**5.23%**

REFERENCES:
COLUMN (A): TESTIMONY, WAR
COLUMN (B): SCHEDULE WAR - 4, PAGE 2, COLUMN C
COLUMN (C): COLUMN (A) + COLUMN (B)

GLOBAL UTILITIES
TEST YEAR ENDED DECEMBER 31, 2008
DIVIDEND GROWTH RATE CALCULATION

DOCKET NO. SW-02445A-09-0077 ET AL.
SCHEDULE WAR - 4

LINE NO.	STOCK SYMBOL	COMPANY	(A) SHARE GROWTH		(B) { [((M+B) + 1) + 2] - 1 }		(C) EXTERNAL GROWTH (sv)
1	AWR	AMERICAN STATES WATER CO.	5.00%	x	{ [((2.13) + 1) + 2] - 1 }	=	2.83%
2	CWT	CALIFORNIA WATER SERVICE GROUP	1.50%	x	{ [((1.94) + 1) + 2] - 1 }	=	0.70%
3	SWWC	SOUTHWEST WATER COMPANY	1.10%	x	{ [((1.09) + 1) + 2] - 1 }	=	0.05%
4	WTR	AQUA AMERICA, INC.	0.50%	x	{ [((2.11) + 1) + 2] - 1 }	=	0.28%
5	**WATER COMPANY AVERAGE**						**0.96%**
6	AGL	AGL RESOURCES, INC.	1.75%	x	{ [((1.51) + 1) + 2] - 1 }	=	0.45%
7	ATO	ATMOS ENERGY CORP.	3.75%	x	{ [((1.17) + 1) + 2] - 1 }	=	0.32%
8	LG	LACLEDE GROUP, INC.	3.25%	x	{ [((1.38) + 1) + 2] - 1 }	=	0.62%
9	NJR	NEW JERSEY RESOURCES CORPORATION	1.25%	x	{ [((1.93) + 1) + 2] - 1 }	=	0.58%
10	GAS	NICOR, INC.	0.25%	x	{ [((1.65) + 1) + 2] - 1 }	=	0.08%
11	NWN	NORTHWEST NATURAL GAS CO.	1.00%	x	{ [((1.70) + 1) + 2] - 1 }	=	0.35%
12	PNY	PIEDMONT NATURAL GAS COMPANY	0.01%	x	{ [((1.88) + 1) + 2] - 1 }	=	0.00%
13	SJI	SOUTH JERSEY INDUSTIES, INC.	2.00%	x	{ [((1.88) + 1) + 2] - 1 }	=	0.88%
14	SWX	SOUTHWEST GAS CORPORATION	2.50%	x	{ [((1.00) + 1) + 2] - 1 }	=	0.00%
15	WGL	WGL HOLDINGS, INC.	0.10%	x	{ [((1.50) + 1) + 2] - 1 }	=	0.03%
16	**NATURAL GAS LDC AVERAGE**						**0.33%**

REFERENCES:
COLUMN (A): TESTIMONY, WAR
COLUMN (B): VALUE LINE INVESTMENT SURVEY
- RATINGS & REPORTS DATED 10/23/2009 (WATER COMPANIES) AND 09/11/2009 (NATURAL GAS LDC's)
COLUMN (C): COLUMN (A) x COLUMN (B)

GLOBAL UTILITIES
TEST YEAR ENDED DECEMBER 31, 2008
DIVIDEND GROWTH COMPONENTS

DOCKET NO. SW-02445A-09-0077 ET AL.
SCHEDULE WAR - 5

LINE NO.	STOCK SYMBOL	WATER COMPANY NAME	OPERATING PERIOD	(A) RETENTION RATIO (b)	x	(B) RETURN ON BOOK EQUITY (r)	=	(C) DIVIDEND GROWTH (g)	(D) BOOK VALUE ($/SHARE)	(E) SHARES OUTST. (MILLIONS)	(F) SHARE GROWTH
1	AWR	AMERICAN STATES WATER CO.	2004	0.1524		6.60%		1.01%	15.01	16.75	
2			2005	0.3182		8.50%		2.70%	15.72	16.80	
3			2006	0.3158		8.10%		2.56%	16.64	17.05	
4			2007	0.4074		9.30%		3.79%	17.53	17.23	
5			2008	0.3548		8.60%		3.05%	17.95	17.30	
6			GROWTH 2004 - 2008					2.62%	5.00%		0.81%
7			2009	0.4632		10.00%		4.63%		18.50	6.94%
8			2010	0.4732		10.50%		4.97%		18.75	4.11%
9			2012-14	0.5192		12.00%		6.23%	4.00%	20.00	2.94%
10											
11	CWT	CALIFORNIA WATER SERVICE GROUP	2004	0.2260		9.00%		2.03%	15.66	18.37	
12			2005	0.2245		9.30%		2.09%	15.79	18.39	
13			2006	0.1418		6.80%		0.96%	18.15	20.66	
14			2007	0.2267		8.10%		1.84%	18.50	20.67	
15			2008	0.3842		9.90%		3.80%	19.44	20.72	
16			GROWTH 2004 - 2008					2.15%	6.50%		3.06%
17			2009	0.4381		11.50%		5.04%		21.00	1.35%
18			2010	0.4591		10.50%		4.82%		21.50	1.86%
19			2012-14	0.4943		12.00%		5.93%	3.00%	22.50	1.66%
20											
21	SWWC	SOUTHWEST WATER COMPANY	2004	0.2174		3.60%		0.78%	6.17	20.36	
22			2005	0.4118		5.00%		2.06%	6.49	22.33	
23			2006	0.4750		5.60%		2.66%	6.98	23.80	
24			2007	0.2581		3.20%		0.83%	6.54	24.27	
25			2008	-5.0000		0.80%		NMF	4.55	24.90	
26			GROWTH 2004 - 2008					1.58%	7.00%		5.16%
27			2009	0.9333		3.00%		2.80%		25.00	0.40%
28			2010	0.9667		6.00%		5.80%		25.50	1.20%
29			2012-14	0.9000		8.00%		7.20%	-	26.50	1.25%
30											
31	WTR	AQUA AMERICA, INC.	2004	0.4219		10.70%		4.51%	5.89	127.18	
32			2005	0.4366		11.20%		4.89%	6.30	128.97	
33			2006	0.3714		10.00%		3.71%	6.96	132.33	
34			2007	0.3239		9.70%		3.14%	7.32	133.40	
35			2008	0.3014		9.30%		2.80%	7.82	135.37	
36			GROWTH 2004 - 2008					3.81%	10.00%		1.57%
37			2009	0.3415		10.50%		3.59%		136.00	0.47%
38			2010	0.3778		11.00%		4.16%		136.50	0.42%
39			2012-14	0.4800		11.50%		5.52%	6.50%	138.00	0.39%

REFERENCES:
COLUMNS (A) & (B): VALUE LINE INVESTMENT SURVEY
- RATINGS & REPORTS DATED 10/23/2009
COLUMN (C): COLUMN (A) x COLUMN (B)
COLUMN (C): LINES 6, 16, 26 & 36, SIMPLE AVERAGE GROWTH, 2004 - 2008

COLUMN (D): VALUE LINE INVESTMENT SURVEY
COLUMN (D): LINES 6, 16 & 26, COMPOUND GROWTH RATE
COLUMN (E): VALUE LINE INVESTMENT SURVEY
COLUMN (F): COMPOUND GROWTH RATES OF DATES SHOWN

GLOBAL UTILITIES
TEST YEAR ENDED DECEMBER 31, 2008
DIVIDEND GROWTH COMPONENTS

LINE NO.	STOCK SYMBOL	NATURAL GAS LDC NAME	OPERATING PERIOD	(A) RETENTION RATIO (b)	x	(B) RETURN ON BOOK EQUITY (r)	=	(C) DIVIDEND GROWTH (g)	(D) BOOK VALUE ($/SHARE)	(E) SHARES OUTST. (MILLIONS)	(F) SHARE GROWTH
1	AGL	AGL RESOURCES, INC.	2004	0.4956		11.00%		5.45%	18.06	76.70	
2			2005	0.4758		12.90%		6.14%	19.29	77.70	
3			2006	0.4559		13.20%		6.02%	20.71	77.70	
4			2007	0.3971		12.70%		5.04%	21.74	76.40	
5			2008	0.3801		12.60%		4.79%	21.48	76.90	
6			GROWTH 2004 - 2008					5.49%	10.00%		0.07%
7			2009	0.3630		11.50%		4.17%		78.00	1.43%
8			2010	0.3931		12.50%		4.91%		79.00	1.36%
9			2012-14	0.4303		14.00%		6.02%	1.50%	85.00	2.02%
10											
11	ATO	ATMOS ENERGY CORP.	2004	0.2278		7.60%		1.73%	18.05	82.80	
12			2005	0.2791		8.50%		2.37%	19.90	80.54	
13			2006	0.3700		9.80%		3.63%	20.16	81.74	
14			2007	0.3402		8.70%		2.96%	22.01	89.33	
15			2008	0.3500		8.80%		3.08%	22.60	90.81	
16			GROWTH 2004 - 2008					2.75%	7.50%		9.66%
17			2009	0.3714		9.00%		3.34%		92.50	1.86%
18			2010	0.3909		9.00%		3.52%		93.50	1.47%
19			2012-14	0.4400		9.50%		4.18%	4.00%	110.00	3.91%
20											
21	LG	LACLEDE GROUP, INC.	2004	0.2582		10.10%		2.61%	16.96	20.98	
22			2005	0.2789		10.90%		3.04%	17.31	21.17	
23			2006	0.4093		12.50%		5.12%	18.85	21.36	
24			2007	0.3723		11.60%		4.32%	19.79	21.65	
25			2008	0.4356		11.80%		5.14%	22.12	21.99	
26			GROWTH 2004 - 2008					4.04%	5.50%		1.18%
27			2009	0.4814		12.00%		5.78%		22.50	2.32%
28			2010	0.3962		11.00%		4.36%		23.00	2.27%
29			2012-14	0.4333		11.00%		4.77%	5.50%	26.00	3.41%
30											
31	NJR	NEW JERSEY RESOURCES CORPORATION	2004	0.4882		15.30%		7.47%	11.25	41.61	
32			2005	0.4859		17.00%		8.26%	10.60	41.32	
33			2006	0.4866		12.60%		6.13%	15.00	41.44	
34			2007	0.3484		10.10%		3.52%	15.50	41.61	
35			2008	0.5889		15.70%		9.25%	17.28	42.06	
36			GROWTH 2004 - 2008					6.93%	11.50%		0.27%
37			2009	0.4939		13.00%		6.42%		42.50	1.05%
38			2010	0.5259		13.00%		6.84%		43.00	1.11%
39			2012-14	0.5000		10.00%		5.00%	9.50%	45.00	1.36%

REFERENCES:
COLUMNS (A) & (B): VALUE LINE INVESTMENT SURVEY
- RATINGS & REPORTS DATED 09/11/2009
COLUMN (C): COLUMN (A) x COLUMN (B)
COLUMN (C): LINES 6, 16, 26 & 36, SIMPLE AVERAGE GROWTH, 2004 - 2008

COLUMN (D): VALUE LINE INVESTMENT SURVEY
COLUMN (D): LINES 6, 16 & 26, COMPOUND GROWTH RATE
COLUMN (E): VALUE LINE INVESTMENT SURVEY
COLUMN (F): COMPOUND GROWTH RATES OF DATES SHOWN

GLOBAL UTILITIES
TEST YEAR ENDED DECEMBER 31, 2008
DIVIDEND GROWTH COMPONENTS

DOCKET NO. SW-02445A-09-0077 ET AL.
SCHEDULE WAR - 5
PAGE 3 OF 4

LINE NO.	STOCK SYMBOL	NATURAL GAS LDC NAME	OPERATING PERIOD	(A) RETENTION RATIO (b)	x	(B) RETURN ON BOOK EQUITY (r)	=	(C) DIVIDEND GROWTH (g)	(D) BOOK VALUE ($/SHARE)	(E) SHARES OUTST. (MILLIONS)	(F) SHARE GROWTH
1	GAS	NICOR, INC.	2004	0.1622		13.10%		2.12%	16.99	44.10	
2			2005	0.1806		12.50%		2.26%	18.36	44.18	
3			2006	0.3519		14.70%		5.17%	19.43	44.90	
4			2007	0.3779		14.30%		5.40%	20.58	45.90	
5			2008	0.2928		12.30%		3.60%	21.55	45.13	
6			GROWTH 2004 - 2008					3.71%	4.00%		0.58%
7			2009	0.2706		11.50%		3.11%		45.50	0.82%
8			2010	0.3474		12.50%		4.34%		45.50	0.41%
9			2012-14	0.4277		12.00%		5.13%	4.50%	45.50	0.16%
10											
11	NWN	NORTHWEST NATURAL GAS CO.	2004	0.3011		8.90%		2.68%	20.64	27.55	
12			2005	0.3744		9.90%		3.71%	21.28	27.58	
13			2006	0.4085		10.90%		4.45%	22.01	27.24	
14			2007	0.4783		12.50%		5.98%	22.52	26.41	
15			2008	0.4086		10.90%		4.45%	23.71	26.50	
16			GROWTH 2004 - 2008					4.25%	3.50%		-0.97%
17			2009	0.4386		11.00%		4.82%		26.50	0.00%
18			2010	0.4105		11.00%		4.52%		26.50	0.00%
19			2012-14	0.4203		11.00%		4.62%	5.00%	28.00	1.11%
20											
21	PNY	PIEDMONT NATURAL GAS COMPANY	2004	0.3307		11.10%		3.67%	11.15	76.67	
22			2005	0.3106		11.50%		3.57%	11.53	76.70	
23			2006	0.2520		11.00%		2.77%	11.83	74.61	
24			2007	0.2929		11.90%		3.49%	11.99	73.23	
25			2008	0.3087		12.40%		3.83%	12.11	73.26	
26			GROWTH 2004 - 2008					3.47%	6.00%		-1.13%
27			2009	0.3313		12.50%		4.14%		73.50	0.33%
28			2010	0.3471		13.00%		4.51%		73.50	0.16%
29			2012-14	0.3526		12.50%		4.41%	4.00%	73.00	-0.07%
30											
31	SJI	SOUTH JERSEY INDUSTIES, INC.	2004	0.4810		12.50%		6.01%	12.41	27.76	
32			2005	0.4971		12.40%		6.16%	13.50	28.98	
33			2006	0.6260		16.30%		10.20%	15.11	29.33	
34			2007	0.5167		12.80%		6.61%	16.25	29.61	
35			2008	0.5110		13.10%		6.69%	17.33	29.73	
36			GROWTH 2004 - 2008					7.14%	11.00%		1.73%
37			2009	0.5000		12.50%		6.25%		30.00	0.91%
38			2010	0.5170		13.50%		6.98%		31.00	2.11%
39			2012-14	0.5161		13.50%		6.97%	6.00%	33.00	2.11%

REFERENCES:
COLUMNS (A) & (B): VALUE LINE INVESTMENT SURVEY
- RATINGS & REPORTS DATED 09/11/2009
COLUMN (C): COLUMN (A) x COLUMN (B)
COLUMN (C): LINES 6, 16, 26 & 36, SIMPLE AVERAGE GROWTH, 2004 - 2008

COLUMN (D): VALUE LINE INVESTMENT SURVEY
COLUMN (D): LINES 6, 16 & 26, COMPOUND GROWTH RATE
COLUMN (E): VALUE LINE INVESTMENT SURVEY
COLUMN (F): COMPOUND GROWTH RATES OF DATES SHOWN

GLOBAL UTILITIES
TEST YEAR ENDED DECEMBER 31, 2008
DIVIDEND GROWTH COMPONENTS

LINE NO.	STOCK SYMBOL	NATURAL GAS LDC NAME	OPERATING PERIOD	(A) RETENTION RATIO (b)	x	(B) RETURN ON BOOK EQUITY (r)	=	(C) DIVIDEND GROWTH (g)	(D) BOOK VALUE ($/SHARE)	(E) SHARES OUTST. (MILLIONS)	(F) SHARE GROWTH
1	SWX	SOUTHWEST GAS CORPORATION	2004	0.5060		8.30%		4.20%	19.18	36.79	
2			2005	0.3440		6.40%		2.20%	19.10	39.33	
3			2006	0.5859		8.90%		5.21%	21.58	41.77	
4			2007	0.5590		8.50%		4.75%	22.98	42.81	
5			2008	0.3525		5.90%		2.08%	23.49	44.19	
6			GROWTH 2004 - 2008					3.69%	5.00%		4.69%
7			2009	0.4571		7.00%		3.20%		45.50	2.96%
8			2010	0.4737		7.50%		3.55%		47.00	3.13%
9			2012-14	0.5000		8.00%		4.00%	3.50%	50.00	2.50%
10											
11	WGL	WGL HOLDINGS, INC.	2004	0.3434		11.70%		4.02%	16.95	48.67	
12			2005	0.3803		11.70%		4.45%	17.80	48.65	
13			2006	0.3041		10.30%		3.13%	18.86	48.89	
14			2007	0.3476		10.40%		3.62%	19.83	49.45	
15			2008	0.4221		11.60%		4.90%	20.99	49.92	
16			GROWTH 2004 - 2008					4.02%	4.50%		0.64%
17			2009	0.4120		12.00%		4.94%		50.00	0.16%
18			2010	0.4078		11.50%		4.69%		50.00	0.08%
19			2012-14	0.3963		11.00%		4.36%	4.50%	50.00	0.03%

REFERENCES:
COLUMNS (A) & (B): VALUE LINE INVESTMENT SURVEY
- RATINGS & REPORTS DATED 09/11/2009
COLUMN (C): COLUMN (A) x COLUMN (B)
COLUMN (C): LINES 6 & 16, SIMPLE AVERAGE GROWTH, 2004 - 2008

GLOBAL UTILITIES
TEST YEAR ENDED DECEMBER 31, 2008
GROWTH RATE COMPARISON

DOCKET NO. SW-02445A-09-0077 ET AL.
SCHEDULE WAR - 6

WATER COMPANY SAMPLE:

LINE NO.	STOCK SYMBOL	(A) (br) + (sv)	(B) ZACKS EPS	(C) VALUE LINE PROJECTED EPS	(C) VALUE LINE PROJECTED DPS	(C) VALUE LINE PROJECTED BVPS	(D) VALUE LINE HISTORIC EPS	(D) VALUE LINE HISTORIC DPS	(D) VALUE LINE HISTORIC BVPS	(E) VALUE LINE & ZACKS AVGS.	(F) 5 - YEAR COMPOUND HISTORY EPS	(F) 5 - YEAR COMPOUND HISTORY DPS	(F) 5 - YEAR COMPOUND HISTORY BVPS
1	AWR	9.03%	4.00%	9.50%	4.50%	4.00%	5.50%	2.00%	5.00%	4.93%	10.23%	2.96%	4.57%
2	CWT	6.70%	8.20%	4.75%	2.50%	3.50%	7.00%	0.50%	6.50%	4.71%	6.81%	0.87%	5.55%
3	SWWC	7.20%	-	12.00%	-22.50%	-	######	8.50%	7.00%	-1.00%	-35.42%	7.46%	-7.33%
4	WTR	5.78%	7.50%	10.00%	5.50%	6.50%	5.50%	8.00%	10.00%	7.57%	3.34%	8.35%	7.34%
5				9.06%	-2.50%	4.67%	2.00%	4.75%	7.13%		-3.76%	4.91%	2.53%
6	AVERAGES	7.18%	6.57%		3.74%			4.63%		4.05%		1.23%	

NATURAL GAS LDC SAMPLE:

LINE NO.	STOCK SYMBOL	(A) (br) + (sv)	(B) ZACKS EPS	(C) VALUE LINE PROJECTED EPS	(C) VALUE LINE PROJECTED DPS	(C) VALUE LINE PROJECTED BVPS	(D) VALUE LINE HISTORIC EPS	(D) VALUE LINE HISTORIC DPS	(D) VALUE LINE HISTORIC BVPS	(E) VALUE LINE & ZACKS AVGS.	(F) 5 - YEAR COMPOUND HISTORY EPS	(F) 5 - YEAR COMPOUND HISTORY DPS	(F) 5 - YEAR COMPOUND HISTORY BVPS
1	AGL	5.95%	4.70%	3.50%	2.50%	1.50%	8.50%	8.00%	10.00%	5.53%	4.41%	9.94%	4.43%
2	ATO	4.42%	5.00%	4.00%	1.50%	4.00%	5.00%	1.50%	7.50%	4.07%	6.07%	1.60%	5.78%
3	LG	5.12%	3.00%	3.50%	2.50%	5.50%	9.50%	1.50%	5.50%	4.43%	9.74%	2.50%	6.87%
4	NJR	5.68%	6.50%	5.50%	5.50%	9.50%	7.50%	5.00%	11.50%	7.29%	12.26%	6.28%	11.33%
5	GAS	5.18%	4.20%	2.50%	-	4.50%	1.00%	0.50%	4.00%	2.78%	4.33%	0.00%	6.12%
6	NWN	4.95%	6.00%	5.00%	5.50%	5.00%	8.00%	3.00%	3.50%	5.14%	6.42%	3.99%	3.53%
7	PNY	4.75%	7.00%	5.50%	3.50%	4.00%	6.50%	4.50%	6.00%	5.29%	4.07%	4.92%	2.09%
8	SJI	7.88%	9.60%	5.50%	7.00%	6.00%	13.00%	6.00%	11.00%	8.30%	9.48%	7.86%	8.71%
9	SWX	4.00%	7.00%	4.50%	5.00%	3.50%	9.00%	1.00%	5.00%	5.00%	-4.34%	2.35%	5.20%
10	WGL	4.38%	5.00%	4.00%	3.00%	4.50%	4.00%	1.50%	4.50%	3.79%	5.36%	2.05%	5.49%
11				4.35%	4.00%	4.80%	7.20%	3.25%	6.85%		5.98%	4.15%	5.95%
12	AVERAGES	5.23%	5.80%		4.38%			5.77%		5.16%		5.36%	

REFERENCES:
COLUMN (A): SCHEDULE WAR - 4, PAGE 1, COLUMN C
COLUMN (B): ZACKS INVESTMENT RESEARCH (www.zacks.com)
COLUMN (C): VALUE LINE INVESTMENT SURVEY - RATINGS & REPORTS DATED 10/23/2009 (WATER COMPANIES) AND 09/11/2009 (NATURAL GAS LDC's)
COLUMN (D): VALUE LINE INVESTMENT SURVEY - RATINGS & REPORTS DATED 10/23/2009 (WATER COMPANIES) AND 09/11/2009 (NATURAL GAS LDC's)
COLUMN (E): SIMPLE AVERAGE OF COLUMNS (B) THRU (D) LINES 1 THRU 3 (WATER) AND 1 THRU 10 (NATURAL GAS)
COLUMN (F): 5-YEAR ANNUAL GROWTH RATE CALCULATED WITH DATA COMPILED FROM VALUE LINE INVESTMENT SURVEY
- RATINGS & REPORTS DATED 10/23/2009 (WATER COMPANIES) AND 09/11/2009 (NATURAL GAS LDC's)

BASED ON A GEOMETRIC MEAN:

LINE NO.	STOCK SYMBOL						(A)								(B) EXPECTED RETURN
		k	=	r_f	+ [	ß	x	(	r_m	-	r_f	)]	=	
1	AWR	k	=	2.46%	+ [	0.80	x	(	9.60%	-	5.40%	)]	=	5.82%
2	CWT	k	=	2.46%	+ [	0.75	x	(	9.60%	-	5.40%	)]	=	5.61%
3	SWWC	k	=	2.46%	+ [	1.10	x	(	9.60%	-	5.40%	)]	=	7.08%
4	WTR	k	=	2.46%	+ [	0.65	x	(	9.60%	-	5.40%	)]	=	5.19%
5	**WATER COMPANY AVERAGE**					0.83								**5.92%**
6	AGL	k	=	2.46%	+ [	0.75	x	(	9.60%	-	5.40%	)]	=	5.61%
7	ATO	k	=	2.46%	+ [	0.65	x	(	9.60%	-	5.40%	)]	=	5.19%
8	LG	k	=	2.46%	+ [	0.60	x	(	9.60%	-	5.40%	)]	=	4.98%
9	NJR	k	=	2.46%	+ [	0.65	x	(	9.60%	-	5.40%	)]	=	5.19%
10	GAS	k	=	2.46%	+ [	0.70	x	(	9.60%	-	5.40%	)]	=	5.40%
11	NWN	k	=	2.46%	+ [	0.60	x	(	9.60%	-	5.40%	)]	=	4.98%
12	PNY	k	=	2.46%	+ [	0.65	x	(	9.60%	-	5.40%	)]	=	5.19%
13	SJI	k	=	2.46%	+ [	0.65	x	(	9.60%	-	5.40%	)]	=	5.19%
14	SWX	k	=	2.46%	+ [	0.75	x	(	9.60%	-	5.40%	)]	=	5.61%
15	WGL	k	=	2.46%	+ [	0.65	x	(	9.60%	-	5.40%	)]	=	5.19%
16	**NATURAL GAS LDC AVERAGE**					0.67								**5.25%**

REFERENCES:
COLUMN (A): SHARPE LITNER CAPITAL ASSET PRICING MODEL ("CAPM") FORMULA

$$k = r_f + [ß (r_m - r_f)]$$

WHERE: k = THE EXPECTED RETURN ON A GIVEN SECURITY
r_f = RATE OF RETURN ON A RISK FREE ASSET PROXY (a)
ß = THE BETA COEFFICIENT OF A GIVEN SECURITY
r_m = PROXY FOR THE MARKET RATE OF RETURN (b)

COLUMN (B): EXPECTED RATE OF RETURN USING THE CAPM FORMULA

NOTES

(a) AN 8-WEEK AVERAGE OF THE YIELD ON A 5-YEAR U.S. TREASURY INSTRUMENT THAT APPEARED IN VALUE LINE INVESTMENT SURVEY'S "SELECTION & OPINIONS" PUBLICATION FROM 09/04/2009 THROUGH 10/23/2009 WAS USED AS A RISK FREE RATE OF RETURN.

(b) THE RISK PREMIUM (RM - RF) USED THE GEOMETRIC MEAN FOR S&P 500 TOTAL RETURNS OVER THE 1926 - 2008 PERIOD MINUS TOTAL RETURNS ON INTERMEDIATE TREASURIES DURING THE SAME PEI THE DATA WAS OBTAINED FROM MORNINGSTAR'S STOCKS, BONDS, BILLS AND INFLATION: 2009 YEARBOOK.

GLOBAL UTILITIES
TEST YEAR ENDED DECEMBER 31, 2008
CAPM COST OF EQUITY CAPITAL

DOCKET NO. SW-02445A-09-0077 ET AL.
SCHEDULE WAR - 7
PAGE 2 OF 2

BASED ON AN ARITHMETIC MEAN:

LINE NO.	STOCK SYMBOL	k	=	r_f	+ [	ß	x (	r_m	-	r_f	)] =	(A)	(B) EXPECTED RETURN
1	AWR	k	=	2.46%	+ [	0.80	x (	11.70%	-	5.60%	)] =		7.34%
2	CWT	k	=	2.46%	+ [	0.75	x (	11.70%	-	5.60%	)] =		7.03%
3	SWWC	k	=	2.46%	+ [	1.10	x (	11.70%	-	5.60%	)] =		9.17%
4	WTR	k	=	2.46%	+ [	0.65	x (	11.70%	-	5.60%	)] =		6.42%
5	**WATER COMPANY AVERAGE**					0.83							7.49%
6	AGL	k	=	2.46%	+ [	0.75	x (	11.70%	-	5.60%	)] =		7.03%
7	ATO	k	=	2.46%	+ [	0.65	x (	11.70%	-	5.60%	)] =		6.42%
8	LG	k	=	2.46%	+ [	0.60	x (	11.70%	-	5.60%	)] =		6.12%
9	NJR	k	=	2.46%	+ [	0.65	x (	11.70%	-	5.60%	)] =		6.42%
10	GAS	k	=	2.46%	+ [	0.70	x (	11.70%	-	5.60%	)] =		6.73%
11	NWN	k	=	2.46%	+ [	0.60	x (	11.70%	-	5.60%	)] =		6.12%
12	PNY	k	=	2.46%	+ [	0.65	x (	11.70%	-	5.60%	)] =		6.42%
13	SJI	k	=	2.46%	+ [	0.65	x (	11.70%	-	5.60%	)] =		6.42%
14	SWX	k	=	2.46%	+ [	0.75	x (	11.70%	-	5.60%	)] =		7.03%
15	WGL	k	=	2.46%	+ [	0.65	x (	11.70%	-	5.60%	)] =		6.42%
16	**NATURAL GAS LDC AVERAGE**					0.67							6.51%

REFERENCES:
COLUMN (A): SHARPE LITNER CAPITAL ASSET PRICING MODEL ("CAPM") FORMULA

$$k = r_f + [\beta (r_m - r_f)]$$

WHERE: k = THE EXPECTED RETURN ON A GIVEN SECURITY
r_f = RATE OF RETURN ON A RISK FREE ASSET PROXY (a)
ß = THE BETA COEFFICIENT OF A GIVEN SECURITY
r_m = PROXY FOR THE MARKET RATE OF RETURN (b)

COLUMN (B): EXPECTED RATE OF RETURN USING THE CAPM FORMULA

NOTES

(a) AN 8-WEEK AVERAGE OF THE YIELD ON A 5-YEAR U.S. TREASURY INSTRUMENT THAT APPEARED IN VALUE LINE INVESTMENT SURVEY'S "SELECTION & OPINIONS" PUBLICATION FROM 09/04/2009 THROUGH 10/23/2009 WAS USED AS A RISK FREE RATE OF RETURN.

(b) THE RISK PREMIUM (RM - RF) USED THE GEOMETRIC MEAN FOR S&P 500 TOTAL RETURNS OVER THE 1926 - 2008 PERIOD MINUS TOTAL RETURNS ON INTERMEDIATE TREASURIES DURING THE SAME PER THE DATA WAS OBTAINED FROM MORNINGSTAR'S STOCKS, BONDS, BILLS AND INFLATION: 2009 YEARBOOK.

GLOBAL UTILITIES
TEST YEAR ENDED DECEMBER 31, 2008
ECONOMIC INDICATORS - 1990 TO PRESENT

DOCKET NO. SW-02445A-09-0077 ET AL.
SCHEDULE WAR - 8

LINE NO.	YEAR	(A) CHANGE IN CPI	(B) CHANGE IN GDP (1996 $)	(C) PRIME RATE	(D) FED. DISC. RATE	(E) FED. FUNDS RATE	(F) 91-DAY T-BILLS	(G) 30-YR T-BONDS	(H) A-RATED UTIL. BOND YIELD	(I) Baa-RATED UTIL. BOND YIELD
1	1990	5.39%	1.90%	10.01%	6.98%	8.10%	7.50%	7.49%	9.86%	10.06%
2	1991	4.25%	-0.20%	8.46%	5.45%	5.69%	5.38%	5.38%	9.36%	9.55%
3	1992	3.03%	3.30%	6.25%	3.25%	3.52%	3.43%	3.43%	8.69%	8.86%
4	1993	2.96%	2.70%	6.00%	3.00%	3.02%	3.00%	3.00%	7.59%	7.91%
5	1994	2.61%	4.00%	7.14%	3.60%	4.21%	4.25%	4.25%	8.31%	8.63%
6	1995	2.81%	2.50%	8.83%	5.21%	5.83%	5.49%	5.49%	7.89%	8.29%
7	1996	2.93%	3.70%	8.27%	5.02%	5.30%	5.01%	5.01%	7.75%	8.17%
8	1997	2.34%	4.50%	8.44%	5.00%	5.46%	5.06%	5.06%	7.60%	8.12%
9	1998	1.55%	4.20%	8.35%	4.92%	5.35%	4.78%	4.78%	7.04%	7.27%
10	1999	2.19%	4.50%	7.99%	4.62%	4.97%	4.64%	4.64%	7.62%	7.88%
11	2000	3.38%	3.70%	9.23%	5.73%	6.24%	5.82%	5.82%	8.24%	8.36%
12	2001	2.83%	0.80%	6.92%	3.41%	3.88%	3.40%	5.95%	7.59%	8.02%
13	2002	1.59%	1.60%	4.67%	1.17%	1.67%	1.61%	5.38%	7.41%	7.98%
14	2003	2.27%	2.50%	4.12%	2.03%	1.13%	1.01%	4.92%	6.18%	6.64%
15	2004	2.68%	3.60%	4.34%	2.34%	1.35%	1.37%	5.03%	5.77%	6.20%
16	2005	3.39%	2.90%	6.16%	4.19%	3.22%	3.15%	4.57%	5.38%	5.78%
17	2006	3.24%	2.80%	7.97%	5.96%	4.97%	4.73%	4.91%	5.94%	6.30%
18	2007	2.85%	2.00%	8.05%	5.86%	5.02%	4.36%	4.84%	6.07%	6.24%
19	2008	3.58%	1.30%	5.09%	2.39%	1.92%	1.37%	4.28%	6.34%	6.64%
20	CURRENT	-1.40%	-1.00%	3.25%	0.50%	0.00% - 0.25%	7.00%	4.26%	5.65%	6.22%

REFERENCES:
COLUMN (A): 1990 - CURRENT, U.S. DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS WEB SITE
COLUMN (B): 1990 - CURRENT, U.S. DEPARTMENT OF COMMERCE, BUREAU OF ECONOMIC ANALYSIS WEB SITE
COLUMN (C) THROUGH (G): 1990 - 2003, FEDERAL RESERVE BANK OF ST. LOUIS WEB SITE
COLUMN (C) THROUGH (D): CURRENT, THE VALUE LINE INVESTMENT SURVEY, DATED 10/23/2009
COLUMN (F) THROUGH (I): CURRENT, THE VALUE LINE INVESTMENT SURVEY, DATED 10/23/2009
COLUMN (H) THROUGH (I): 1990 - 2000, MOODY'S PUBLIC UTILITY REPORTS
COLUMN (H) THROUGH (I): 2001, MERGENT 2002 PUBLIC UTILITY MANUAL
COLUMN (H) THROUGH (I): 2003 MERGENT NEWS REPORTS

GLOBAL UTILITIES
TEST YEAR ENDED DECEMBER 31, 2008
CAPITAL STRUCTURES OF SAMPLE COMPANIES

DOCKET NO. SW-02445A-09-0077 ET AL.
SCHEDULE WAR - 9

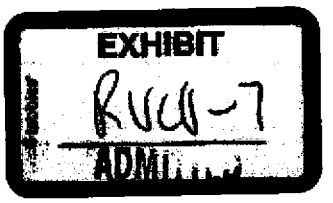
AVERAGE CAPITAL STRUCTURES OF SAMPLE WATER COMPANIES

LINE NO.		AWR	PCT.	CWT	PCT.	SWWC	PCT.	WTR	PCT.	WATER COMPANY AVERAGE	PCT.
1	DEBT	$ 266.5	46.2%	$ 287.5	41.6%	$ 190.6	62.6%	$ 1,248.1	54.1%	$ 498.2	51.4%
2											
3	PREFERRED STOCK	0.0	0.0%	0.0	0.0%	0.5	0.2%	0.0	0.0%	0.1	0.0%
4											
5	COMMON EQUITY	310.5	53.8%	402.9	58.4%	113.3	37.2%	1,058.4	45.9%	471.3	48.6%
6											
7	TOTALS	$ 577.0	100%	$ 690.4	100%	$ 304.4	100%	$ 2,306.5	100%	$ 969.6	100%

AVERAGE CAPITAL STRUCTURES OF SAMPLE NATURAL GAS COMPANIES

LINE NO.		AGL	PCT.	ATO	PCT.	LG	PCT.	NJR	PCT.	GAS	PCT.
1											
2											
3	DEBT	$ 1,675.0	50.3%	$ 2,119.8	50.8%	$ 389.2	44.4%	$ 455.1	38.5%	$ 448.0	31.5%
4											
5	PREFERRED STOCK	0.0	0.0%	0.0	0.0%	0.5	0.1%	0.0	0.0%	0.6	0.0%
6											
7	COMMON EQUITY	1,652.0	49.7%	2,052.5	49.2%	486.5	55.5%	727.0	61.5%	973.1	68.4%
8											
9	TOTALS	$ 3,327.0	100%	$ 4,172.3	100%	$ 876.2	100%	$ 1,182.1	100%	$ 1,421.7	100%
10											
11											
12		NWN	PCT.	PNY	PCT.	SJI	PCT.	SWX	PCT.	WGL	PCT.
13											
14	DEBT	$ 512.0	44.9%	$ 794.3	47.2%	$ 332.8	39.2%	$ 1,185.5	51.0%	$ 603.7	38.5%
15											
16	PREFERRED STOCK	0.0	0.0%	0.0	0.0%	0.0	0.0%	100.0	4.3%	28.2	1.8%
17											
18	COMMON EQUITY	628.4	55.1%	887.2	52.8%	515.3	60.8%	1,037.8	44.7%	935.1	59.7%
19											
20	TOTALS	$ 1,140.4	100%	$ 1,681.5	100%	$ 848.1	100%	$ 2,323.3	100%	$1,567.0	100%
21											
22											
23		NATURAL GAS LDC				WATER & LDC					
24		AVERAGE	PCT.			AVERAGE	PCT.				
25											
26	DEBT	$ 851.5	45.9%			$ 674.9	47.8%				
27											
28	PREFERRED STOCK	12.9	0.7%			6.5	0.5%				
29											
30	COMMON EQUITY	989.5	53.4%			730.4	51.7%				
31											
32	TOTALS	$ 1,854.0	100%			$ 1,411.7	100%				

REFERENCE:
MOST RECENT SEC 10-K FILINGS OR ANNUAL REPORTS



GLOBAL UTILITIES

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

SURREBUTTAL TESTIMONY

OF

WILLIAM A. RIGSBY, CRRA

ON BEHALF OF

THE

RESIDENTIAL UTILITY CONSUMER OFFICE

DECEMBER 7, 2009

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INTRODUCTION

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

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

Q. Please state the purpose of your surrebuttal testimony.

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

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

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

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

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

Rate Consolidation;
Phased-In Rates; and
Rebate Threshold Rates.

Q. How is your surrebuttal testimony organized?

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

SUMMARY OF GLOBAL UTILITIES' REBUTTAL TESTIMONY

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

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

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

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

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

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

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

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

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

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

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

REQUIRED REVENUE ISSUES

Distributed Renewable Energy Recovery and Conservation

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

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

Q. Has RUCO changed its position on this issue?

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

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

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

Infrastructure Coordination and Financing Agreements

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

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

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

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

A. RUCO was originally hesitant to treat ICFA funds as CIAC in the instant case because the Commission had never made any formal decision on how they should be treated for ratemaking purposes. Prior to filing direct testimony, RUCO was unaware of an ACC Staff report that recommended that ICFA's be treated as CIAC. After reviewing the aforementioned ACC Staff Report[1], RUCO now believes that its original recommendation failed to go far enough in regard to the treatment of ICFA funds and is now recommending that they be treated as CIAC.

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

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

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

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

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

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

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

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

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

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

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

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

Q. How has Global Utilities avoided this ratemaking practice?

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

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

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

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

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

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

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

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

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

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

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

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

...

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

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

Franchise Fee Pass-Through

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

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

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

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

...

Public Private Partnership Agreements

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

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

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

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

COST OF CAPITAL

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

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

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

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

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

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

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

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

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

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

In regard to possible Federal Reserve action on interest rates, Wall Street Journal correspondent Jon Hilsenrath recently reported[2] that "Federal Reserve officials are thinking mostly these days about how to unwind the unprecedented stimulus they've pumped into the economy" and that eventually will mean raising interest rates. Mr. Hilsenrath quoted former Fed governor Frederic Mishkin, a former Fed governor who advocated moving rates down swiftly leading up to crises and who says they might someday need to move up swiftly too, as saying "If you move in a very gradual fashion back up when you need to, you'll get behind the curve in terms of tightening fast enough."

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

Capital Structure

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

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

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

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

	Debt	Equity
PVUC	45.3%	54.7%
SCWC	43.9%	56.1%
VWC – Town Div.	40.0%	60.0%
VWC – GB Div.	54.9%	45.1%
WVWC	40.0%	60.0%

Cost of Debt

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

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

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

A. Ms. Jaress is recommending the following:

PVUC	6.3%
SCWC	6.6%
VWC – Town Div.	6.7%
VWC – GB Div.	6.6%
WVWC	5.5%
WUGT	n/a

Cost of Equity Capital

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

A. Yes. On November 4, 2009, the Federal Reserve decided not to increase or decrease the federal funds rate and kept it between zero and 0.25 percent. According to an article[3] that appeared in The Wall Street Journal on Thursday November 5, 2009, the Federal Reserve affirmed its plan to keep interest rates "exceptionally low" for a long time despite signs of economic recovery. But the Fed began to lay rhetorical groundwork for an eventual shift in its stance, suggesting that when the unemployment rate falls or if expectations of inflation turn up, it could change course. "Economic activity has continued to pick up," the Fed said in a statement following a two-day meeting. The article went on to state that, although consumer spending has improved and housing activity has increased, businesses were retrenching at a slower pace.

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

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

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

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

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

Global Utilities	10.00%
ACC Staff	10.00%
RUCO	9.00%

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

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

	Company	ACC Staff	RUCO
PVUC	8.34%	8.30%	8.03%
SCWC	8.49%	8.50%	8.03%
VWC – Town Div.	8.65%	8.70%	8.03%
VWC – GB Div.	8.65%	8.10%	8.03%
WVWC	865%	8.20%	8.03%
WUGT	8.65%	n/a	n/a

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

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

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

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

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

RATE DESIGN ISSUES

Rate Consolidation

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

A. Yes.

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

A. No.

Phased-In Rates

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

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

Rebate Threshold Rates

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

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

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

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

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

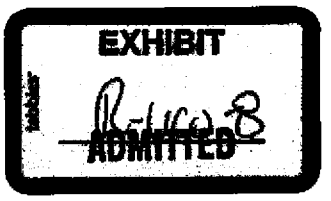
A. No. That was an error on RUCO's part and was resolved through communications between RUCO witness Rodney L. Moore and the Company's Mr. Moe.

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

A. No, it does not.

Q. Does this conclude your testimony on Global Utilities?

A. Yes, it does.



GLOBAL UTILITIES

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

DIRECT RATE DESIGN TESTIMONY

OF

RODNEY L. MOORE

ON BEHALF OF

THE

RESIDENTIAL UTILITY CONSUMER OFFICE

NOVEMBER 6, 2009

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INTRODUCTION

Q. Please state your name, position, employer and address.

A. My name is Rodney L. Moore. I am a Public Utilities Analyst V with the Residential Utility Consumer Office ("RUCO"), located at 1110 West Washington Street, Suite 220, Phoenix, Arizona 85007.

Q. Have you previously filed testimony regarding this docket?

A. Yes. I filed direct testimony in this docket on October 26, 2009.

Q. What is the purpose of your additional direct testimony?

A. My additional direct testimony will address RUCO's rate design and prove that this rate design will produce RUCO's recommended revenue. Also an analysis of a typical residential bill has been included.

To support RUCO's position in this additional direct testimony Schedules numbered RLM-RD1 and RLM-RD2 have been prepared for each of the six utilities included in this rate case proceeding.

RATE DESIGN

Q. Please explain RUCO's rate design.

A. RUCO is recommending a rate design that is generally consistent with the Company's proposed rate design, but reflects RUCO's recommended revenue requirement and provides proof that the design will produce the appropriate revenue requirement.

Q. Please explain your contribution to RUCO's recommended rate designs.

A. I was responsible for producing an accurate set of bill determinants (i.e. test-year customer bill counts, gallons of wastewater treated and gallons of water consumed). I am in agreement with the bill determinants normalized by the Company. My recommended bill determinants are an integral part of the rate design presented on Schedule RLM-RD1.

Q. Does RUCO's recommended rate designs consider rate consolidation?

A. No. RUCO's recommended rate design generates revenues on a system-by-system basis. The rate design displayed on the attached schedules is based on no consolidation or revenue shifting among any of the systems.

Q. Does RUCO discuss alternative rate designs?

A. RUCO witness Mr. Rigsby will discuss in his testimony, RUCO's proposed rate design and structure with reference to Global's proposed rate consolidation, phase in rates and rebate threshold rates.

PROOF OF RECOMMENDED REVENUE

Q. Has RUCO prepared a Schedule presenting proof of your recommended revenue?

A. Yes. Proof that RUCO's recommended rate design will produce the recommended required revenue as illustrated, is presented on Schedule RLM-RD1.

TYPICAL BILL ANALYSIS

Q. Has RUCO prepared a Schedule representing the financial impact of RUCO's recommended rate design on the typical residential customer?

A. Yes. A typical bill analysis for residential customers with various levels of usage is presented on Schedule RLM-RD2.

PROPOSED PHASE IN RATES (PALO VERDE ONLY)

Q. Does RUCO propose to phase in the rate increase to reduce rate shock for PVUC?

A. Yes. RUCO agrees with the Company to recommend the rate increase for PVUC be phased in over three years, with one-third of the approved increase be added to the present rate each year. RUCO's recommended phase in rates are presented on PVUC's Schedule RLM-RD3.

Q. Does this conclude your direct testimony?

A. Yes, it does.

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Palo Verde Utilities Company

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RLM-RD3	1	PROPOSED PHASE IN RATES

RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

LINE NO.	CUSTOMER CLASSIFICATION	(A) ADJUSTED BILL DETERMINENTS	(B) PROPOSED MONTHLY RATES & CHARGES	(C) TEST YEAR PROPOSED REVENUE
	RESIDENTIAL			
1	5/8" Residential	19,943	$ 63.33	$ 1,262,918
2	3/4" Residential	155,004	63.33	9,815,842
3	1" Residential	1,500	158.52	237,774
4	1.5" Residential	-	316.63	-
5	2" Residential	3	506.61	1,520
6	TOTAL RESIDENTIAL	176,450		$ 11,318,055
	COMMERCIAL			
7	5/8" Commercial	41	$ 63.33	$ 2,597
8	3/4" Commercial	44	63.33	2,787
9	1" Commercial	192	158.52	30,435
10	1.5" Commercial	291	316.63	92,140
11	2" Commercial *	468	506.61	237,094
12	3" Commercial	24	1,013.22	24,317
13	4" Commercial	12	1,583.16	18,998
14	TOTAL COMMERCIAL	1,072		$ 408,367
15	TOTAL RECYCLED (In Thousands Of Gallons)	555,757	$ 2.04	$ 1,131,421
16	TOTAL REVENUE PER BILL DETERMINENTS			$ 12,857,843
17	Unreconciled Difference vs. Billed Revenues			$ 1,219
18	RUCO Disallowance Of The CMT			N/A
19	Miscellaneous Revenues			713,079
20	TOTAL CALCULATED ADJUSTED TEST YEAR REVENUE			$ 13,572,142
21	ADJUSTED TEST YEAR REVENUE PER SCHEDULE RLM-1			$ 13,572,142
22	DIFFERENCE			$ (0)

TYPICAL RESIDENTIAL BILL ANALYSIS

LINE NO.	DESCRIPTION	(A) PRESENT		(C) COMPANY PROPOSED		(E) RUCO PROPOSED	
	REVENUE ALLOCATION						
1	RESIDENTIAL	$ 6,034,727	94.24%	$ 12,709,188	88.88%	$ 11,318,055	88.02%
2	OTHER	369,018	5.76%	1,589,982	11.12%	1,539,788	11.98%
3	TOTAL	$ 6,403,745	100.00%	$ 14,299,170	100.00%	$ 12,857,843	100.00%
	ALLOCATION RATIOS						
4	FIX REVENUE	$ 6,233,189	97.34%	$ 13,167,749	92.09%	$ 11,726,422	91.20%
5	VARIABLE REVENUE	170,556	2.66%	1,131,421	7.91%	1,131,421	8.80%
6	TOTAL	$ 6,403,745	100.00%	$ 14,299,170	100.00%	$ 12,857,843	100.00%

	RESIDENTIAL (5/8" X 3/4") RATE DESIGN	PRESENT	COMPANY PROPOSED	RUCO PROPOSED
7	BASIC MONTHLY CHARGE	$ 33.00	$ 71.11	$ 63.33
	COMMODITY CHARGE			
	PRESENT / PROPOSED			
8	Flat Rate / Flat Rate	N/A	N/A	N/A
9		N/A	N/A	N/A
10		N/A	N/A	N/A
11		N/A	N/A	N/A
12		N/A	N/A	N/A
13		N/A	N/A	N/A

	AVERAGE RESIDENTIAL BILL COMPARISONS COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL	VARIABLE MONTHLY USAGE	PERCENT AVERAGE USAGE OF N/A	PRESENT TOTAL MONTHLY COST	RUCO MONTHLY COST	RUCO MONTHLY INCREASE	% MONTHLY INCREASE
14							
15							
16		N/A	N/A	$ 33.00	$ 63.33	$ 30.33	91.90%
17							
18							

	MEDIAN RESIDENTIAL BILL COMPARISONS COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL	VARIABLE MONTHLY USAGE	PERCENT AVERAGE USAGE OF 2000	PRESENT TOTAL MONTHLY COST	RUCO MONTHLY COST	RUCO MONTHLY INCREASE	% MONTHLY INCREASE
19							
20							
21		N/A	N/A	$ 33.00	$ 63.33	$ 30.33	91.90%
22							
23							

PROPOSED PHASE IN RATES

LINE NO.	METER SIZE ALL CLASSES	(A) PRESENT	(B) YEAR 1	(C) COMPANY YEAR 2	(D) YEAR 3	(E) YEAR 1 1/3 Of Increase	(F) RUCO YEAR 2 2/3 Of Increase	(G) YEAR 3 Full Increase
1	5/8" Meter	$ 33.00	$ 45.33	$ 58.16	$ 71.11	$ 43.11	$ 53.22	$ 63.33
2	3/4" Meter	33.00	45.33	58.16	71.11	43.11	53.22	63.33
3	1" Meter	82.50	113.33	145.40	178.00	107.84	133.18	158.52
4	1.5" Meter	165.00	226.65	290.80	355.55	215.54	266.09	316.63
5	2" Meter	264.00	362.64	465.28	568.88	344.87	425.74	506.61
6	3" Meter	528.00	725.28	930.56	1,137.76	689.74	851.48	1,013.22
7	4" Meter	825.00	1,133.25	1,454.00	1,777.75	1,077.72	1,330.44	1,583.16
8	6" Meter	1,650.00	2,266.50	2,908.00	3,555.50	2,155.44	2,660.88	3,166.32
9	8" Meter	N/A	4,533.00	5,816.00	7,111.00	4,036.82	5,179.39	6,332.64

References:

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

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

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

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

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Santa Cruz Water Company

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Schedule RLM-RD1
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RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
	RESIDENTIAL CUSTOMERS				
1	5/8" X 3/4" Meter	19,943	$ 27.17	$ 541,830	$ 541,830
	Commodity Usage (In Thousands Of Gallons)				
2	First Tier -Breakover @ 1,000 Gals.	19,479	$ 0.8314	$ 16,194	
3	Second Tier - Breakover @ 5,000 Gals.	66,617	$ 1.8706	$ 124,611	
4	Third Tier - Breakover @ 10,000 Gals.	38,241	$ 2.0784	$ 79,480	
5	Fourth Tier - Breakover @ 18,000 Gals.	21,019	$ 2.4941	$ 52,424	
6	Fifth Tier - Breakover @ 25,000 Gals.	5,464	$ 2.9763	$ 16,263	
7	Sixth Tier - Over 25,000 Gals.	5,891	$ 3.7993	$ 22,381	
8	Total Commodity Usage And Revenue	156,711			$ 311,353
9	3/4" Meter	155,004	$ 27.17	$ 4,211,290	$ 4,211,290
	Commodity Usage (In Thousands Of Gallons)				
10	First Tier -Breakover @ 1,000 Gals.	137,403	$ 0.8314	$ 114,232	
11	Second Tier - Breakover @ 5,000 Gals.	436,566	$ 1.8706	$ 816,624	
12	Third Tier - Breakover @ 10,000 Gals.	258,924	$ 2.0784	$ 538,148	
13	Fourth Tier - Breakover @ 18,000 Gals.	119,339	$ 2.4941	$ 297,641	
14	Fifth Tier - Breakover @ 25,000 Gals.	27,026	$ 2.9763	$ 80,435	
15	Sixth Tier - Over 25,000 Gals.	25,284	$ 3.7993	$ 96,084	
16	Total Commodity Usage And Revenue	1,004,541			$ 1,943,145
17	1" Meter	1,500	$ 67.92	$ 101,883	$ 101,883
	Commodity Usage (In Thousands Of Gallons)				
18	First Tier -Breakover @ 1,000 Gals.	1,267	$ 0.8314	$ 1,054	
19	Second Tier - Breakover @ 5,000 Gals.	3,447	$ 1.8706	$ 6,447	
20	Third Tier - Breakover @ 10,000 Gals.	2,067	$ 2.0784	$ 4,296	
21	Fourth Tier - Breakover @ 18,000 Gals.	1,078	$ 2.4941	$ 2,689	
22	Fifth Tier - Breakover @ 25,000 Gals.	106	$ 2.9763	$ 315	
23	Sixth Tier - Over 25,000 Gals.	251	$ 3.7993	$ 953	
24	Total Commodity Usage And Revenue	8,216			$ 15,754
25	1.5" Meter	-	$ 136.09	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
26	First Tier -Breakover @ 1,000 Gals.	-	$ 0.8314	$ -	
27	Second Tier - Breakover @ 5,000 Gals.	-	$ 1.8706	$ -	
28	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.0784	$ -	
29	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.4941	$ -	
30	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 2.9763	$ -	
31	Sixth Tier - Over 25,000 Gals.	-	$ 3.7993	$ -	
32	Total Commodity Usage And Revenue	-			$ -
33	2" Meter	3	$ 217.35	$ 652	$ 652
	Commodity Usage (In Thousands Of Gallons)				
34	First Tier -Breakover @ 1,000 Gals.	0.5	$ 0.8314	$ 0	
35	Second Tier - Breakover @ 5,000 Gals.	6	$ 1.8706	$ 10	
36	Third Tier - Breakover @ 10,000 Gals.	5	$ 2.0784	$ 10	
37	Fourth Tier - Breakover @ 18,000 Gals.	8	$ 2.4941	$ 20	
38	Fifth Tier - Breakover @ 25,000 Gals.	7	$ 2.9763	$ 21	
39	Sixth Tier - Over 25,000 Gals.	49	$ 3.7993	$ 186	
40	Total Commodity Usage And Revenue	75.0			$ 248
41	Total Residential Customer Bills	176,450		$ 4,855,655	
42	Total Residential Usage	1,169,543		$ 1,701,097	
43	TOTAL RESIDENTIAL CUSTOMERS REVENUE				$ 7,126,155

RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
	COMMERCIAL CUSTOMERS				
44	5/8" X 3/4" Meter	41	$ 27.17	$ 1,114	$ 1,114
	Commodity Usage (In Thousands Of Gallons)				
45	First Tier -Breakover @ 1,000 Gals.	41	$ 0.8314	$ 34	
46	Second Tier - Breakover @ 5,000 Gals.	127	$ 1.8706	$ 238	
47	Third Tier - Breakover @ 10,000 Gals.	89	$ 2.0784	$ 184	
48	Fourth Tier - Breakover @ 18,000 Gals.	112	$ 2.4941	$ 279	
49	Fifth Tier - Breakover @ 25,000 Gals.	98	$ 2.9763	$ 292	
50	Sixth Tier - Over 25,000 Gals.	2,332	$ 3.7993	$ 8,860	
51	Total Commodity Usage And Revenue	2,799			$ 9,887
52	3/4" Meter	44	$ 27.17	$ 1,195	$ 1,195
	Commodity Usage (In Thousands Of Gallons)				
53	First Tier -Breakover @ 1,000 Gals.	33	$ 0.8314	$ 27	
54	Second Tier - Breakover @ 5,000 Gals.	39	$ 1.8706	$ 72	
55	Third Tier - Breakover @ 10,000 Gals.	25	$ 2.0784	$ 52	
56	Fourth Tier - Breakover @ 18,000 Gals.	28	$ 2.4941	$ 69	
57	Fifth Tier - Breakover @ 25,000 Gals.	10	$ 2.9763	$ 28	
58	Sixth Tier - Over 25,000 Gals.	215	$ 3.7993	$ 819	
59	Total Commodity Usage And Revenue	349			$ 1,067
60	1" Meter	192	$ 67.92	$ 13,041	$ 13,041
	Commodity Usage (In Thousands Of Gallons)				
61	First Tier -Breakover @ 1,000 Gals.	167	$ 0.8314	$ 139	
62	Second Tier - Breakover @ 5,000 Gals.	448	$ 1.8706	$ 838	
63	Third Tier - Breakover @ 10,000 Gals.	228	$ 2.0784	$ 475	
64	Fourth Tier - Breakover @ 18,000 Gals.	138	$ 2.4941	$ 343	
65	Fifth Tier - Breakover @ 25,000 Gals.	62	$ 2.9763	$ 186	
66	Sixth Tier - Over 25,000 Gals.	879	$ 3.7993	$ 3,339	
67	Total Commodity Usage And Revenue	1,922			$ 5,319
68	1.5" Meter	291	$ 135.84	$ 39,531	$ 39,531
	Commodity Usage (In Thousands Of Gallons)				
69	First Tier -Breakover @ 1,000 Gals.	267	$ 0.8314	$ 222	
70	Second Tier - Breakover @ 5,000 Gals.	921	$ 1.8706	$ 1,722	
71	Third Tier - Breakover @ 10,000 Gals.	1,023	$ 2.0784	$ 2,126	
72	Fourth Tier - Breakover @ 18,000 Gals.	1,385	$ 2.4941	$ 3,453	
73	Fifth Tier - Breakover @ 25,000 Gals.	1,108	$ 2.9763	$ 3,296	
74	Sixth Tier - Over 25,000 Gals.	9,719	$ 3.7993	$ 36,926	
75	Total Commodity Usage And Revenue	14,421			$ 47,745
76	2" Meter	468	$ 217.35	$ 101,720	$ 101,720
	Commodity Usage (In Thousands Of Gallons)				
77	First Tier -Breakover @ 1,000 Gals.	411	$ 0.8314	$ 342	
78	Second Tier - Breakover @ 5,000 Gals.	1,783	$ 1.8706	$ 3,336	
79	Third Tier - Breakover @ 10,000 Gals.	1,415	$ 2.0784	$ 2,940	
80	Fourth Tier - Breakover @ 18,000 Gals.	1,924	$ 2.4941	$ 4,798	
81	Fifth Tier - Breakover @ 25,000 Gals.	1,465	$ 2.9763	$ 4,360	
82	Sixth Tier - Over 25,000 Gals.	26,763	$ 3.7993	$ 101,682	
83	Total Commodity Usage And Revenue	33,761			$ 117,459

RATE DESIGN AND PROOF OF *RECOMMENDED* REVENUE
PROPOSED REVENUE

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
84	3" Meter	24	$ 434.70	$ 10,433	$ 10,433
	Commodity Usage (In Thousands Of Gallons)				
85	First Tier -Breakover @ 1,000 Gals.	24	$ 0.8314	$ 20	
86	Second Tier - Breakover @ 5,000 Gals.	96	$ 1.8706	$ 180	
87	Third Tier - Breakover @ 10,000 Gals.	120	$ 2.0784	$ 249	
88	Fourth Tier - Breakover @ 18,000 Gals.	192	$ 2.4941	$ 479	
89	Fifth Tier - Breakover @ 25,000 Gals.	168	$ 2.9763	$ 500	
90	Sixth Tier - Over 25,000 Gals.	2,541	$ 3.7993	$ 9,654	
91	Total Commodity Usage And Revenue	3,141			$ 11,082
92	4" Meter	12	$ 679.22	$ 8,151	$ 8,151
	Commodity Usage (In Thousands Of Gallons)				
93	First Tier -Breakover @ 1,000 Gals.	9	$ 0.8314	$ 8	
94	Second Tier - Breakover @ 5,000 Gals.	69	$ 1.8706	$ 130	
95	Third Tier - Breakover @ 10,000 Gals.	39	$ 2.0784	$ 80	
96	Fourth Tier - Breakover @ 18,000 Gals.	57	$ 2.4941	$ 143	
97	Fifth Tier - Breakover @ 25,000 Gals.	21	$ 2.9763	$ 63	
98	Sixth Tier - Over 25,000 Gals.	131	$ 3.7993	$ 498	
99	Total Commodity Usage And Revenue	327			$ 921
100	Total Commercial Customer Bills	1,072			
101	Total Commercial Usage	56,719			
102	TOTAL COMMERCIAL CUSTOMERS REVENUE				$ 368,664
	IRRIGATION CUSTOMERS				
103	5/8" X 3/4" Meter	4	$ 27.17	$ 109	$ 109
	Commodity Usage (In Thousands Of Gallons)				
104	First Tier -Breakover @ 1,000 Gals.	4	$ 0.8314	$ 3	
105	Second Tier - Breakover @ 5,000 Gals.	16	$ 1.8706	$ 30	
106	Third Tier - Breakover @ 10,000 Gals.	11	$ 2.0784	$ 23	
107	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.4941	$ -	
108	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 2.9763	$ -	
109	Sixth Tier - Over 25,000 Gals.	-	$ 3.7993	$ -	
110	Total Commodity Usage And Revenue	31			$ 56
111	3/4" Meter	117	$ 27.17	$ 3,179	$ 3,179
	Commodity Usage (In Thousands Of Gallons)				
112	First Tier -Breakover @ 1,000 Gals.	95	$ 0.8314	$ 79	
113	Second Tier - Breakover @ 5,000 Gals.	236	$ 1.8706	$ 441	
114	Third Tier - Breakover @ 10,000 Gals.	129	$ 2.0784	$ 267	
115	Fourth Tier - Breakover @ 18,000 Gals.	95	$ 2.4941	$ 236	
116	Fifth Tier - Breakover @ 25,000 Gals.	64	$ 2.9763	$ 190	
117	Sixth Tier - Over 25,000 Gals.	606	$ 3.7993	$ 2,302	
118	Total Commodity Usage And Revenue	1,224			$ 3,515
119	1" Meter	75	$ 67.92	$ 5,094	$ 5,094
	Commodity Usage (In Thousands Of Gallons)				
120	First Tier -Breakover @ 1,000 Gals.	50	$ 0.8314	$ 42	
121	Second Tier - Breakover @ 5,000 Gals.	154	$ 1.8706	$ 287	
122	Third Tier - Breakover @ 10,000 Gals.	130	$ 2.0784	$ 269	
123	Fourth Tier - Breakover @ 18,000 Gals.	179	$ 2.4941	$ 445	
124	Fifth Tier - Breakover @ 25,000 Gals.	80	$ 2.9763	$ 238	
125	Sixth Tier - Over 25,000 Gals.	179	$ 3.7993	$ 678	
126	Total Commodity Usage And Revenue	770			$ 1,959

RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
127	1.5" Meter	131	$ 135.84	$ 17,796	$ 17,796
	Commodity Usage (In Thousands Of Gallons)				
128	First Tier -Breakover @ 1,000 Gals.	123	$ 0.8314	$ 102	
129	Second Tier - Breakover @ 5,000 Gals.	462	$ 1.8706	$ 864	
130	Third Tier - Breakover @ 10,000 Gals.	519	$ 2.0784	$ 1,079	
131	Fourth Tier - Breakover @ 18,000 Gals.	704	$ 2.4941	$ 1,756	
132	Fifth Tier - Breakover @ 25,000 Gals.	518	$ 2.9763	$ 1,540	
133	Sixth Tier - Over 25,000 Gals.	9,928	$ 3.7993	$ 37,720	
134	Total Commodity Usage And Revenue	12,254			$ 43,061
135	2" Meter	290	$ 217.35	$ 63,032	$ 63,032
	Commodity Usage (In Thousands Of Gallons)				
136	First Tier -Breakover @ 1,000 Gals.	215	$ 0.8314	$ 179	
137	Second Tier - Breakover @ 5,000 Gals.	785	$ 1.8706	$ 1,468	
138	Third Tier - Breakover @ 10,000 Gals.	949	$ 2.0784	$ 1,972	
139	Fourth Tier - Breakover @ 18,000 Gals.	1,471	$ 2.4941	$ 3,668	
140	Fifth Tier - Breakover @ 25,000 Gals.	1,236	$ 2.9763	$ 3,677	
141	Sixth Tier - Over 25,000 Gals.	35,716	$ 3.7993	$ 135,697	
142	Total Commodity Usage And Revenue	40,371			$ 146,661
143	3" Meter	-	$ 434.70	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
144	First Tier -Breakover @ 1,000 Gals.	-	$ 0.8314	$ -	
145	Second Tier - Breakover @ 5,000 Gals.	-	$ 1.8706	$ -	
146	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.0784	$ -	
147	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.4941	$ -	
148	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 2.9763	$ -	
149	Sixth Tier - Over 25,000 Gals.	-	$ 3.7993	$ -	
150	Total Commodity Usage And Revenue	-			$ -
151	4" Meter	4	$ 679.22	$ 2,717	$ 2,717
	Commodity Usage (In Thousands Of Gallons)				
152	First Tier -Breakover @ 1,000 Gals.	4	$ 0.8314	$ 3	
153	Second Tier - Breakover @ 5,000 Gals.	16	$ 1.8706	$ 30	
154	Third Tier - Breakover @ 10,000 Gals.	20	$ 2.0784	$ 42	
155	Fourth Tier - Breakover @ 18,000 Gals.	32	$ 2.4941	$ 80	
156	Fifth Tier - Breakover @ 25,000 Gals.	28	$ 2.9763	$ 83	
157	Sixth Tier - Over 25,000 Gals.	7,161	$ 3.7993	$ 27,207	
158	Total Commodity Usage And Revenue	7,261			$ 27,445
159	Total Irrigation Customer Bills	621			
160	Total Irrigation Usage	61,910			
161	TOTAL IRRIGATION CUSTOMERS REVENUE				$ 314,623
	HOA CUSTOMERS				
162	5/8" X 3/4" Meter	161	$ 27.17	$ 4,374	$ 4,374
	Commodity Usage (In Thousands Of Gallons)				
163	First Tier -Breakover @ 1,000 Gals.	54	$ 0.8314	$ 44	
164	Second Tier - Breakover @ 5,000 Gals.	134	$ 1.8706	$ 251	
165	Third Tier - Breakover @ 10,000 Gals.	112	$ 2.0784	$ 232	
166	Fourth Tier - Breakover @ 18,000 Gals.	73	$ 2.4941	$ 182	
167	Fifth Tier - Breakover @ 25,000 Gals.	28	$ 2.9763	$ 86	
168	Sixth Tier - Over 25,000 Gals.	54	$ 3.7993	$ 205	
169	Total Commodity Usage And Revenue	455			$ 1,000

RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
170	3/4" Meter	244	$ 27.17	$ 6,629	$ 6,629
	Commodity Usage (In Thousands Of Gallons)				
171	First Tier -Breakover @ 1,000 Gals.	192	$ 0.8314	$ 160	
172	Second Tier - Breakover @ 5,000 Gals.	548	$ 1.8706	$ 1,025	
173	Third Tier - Breakover @ 10,000 Gals.	516	$ 2.0784	$ 1,072	
174	Fourth Tier - Breakover @ 18,000 Gals.	451	$ 2.4941	$ 1,124	
175	Fifth Tier - Breakover @ 25,000 Gals.	227	$ 2.9763	$ 676	
176	Sixth Tier - Over 25,000 Gals.	900	$ 3.7993	$ 3,419	
177	Total Commodity Usage And Revenue	2,834			$ 7,476
178	1" Meter	123	$ 67.92	$ 8,354	$ 8,354
	Commodity Usage (In Thousands Of Gallons)				
179	First Tier -Breakover @ 1,000 Gals.	93	$ 0.8314	$ 77	
180	Second Tier - Breakover @ 5,000 Gals.	359	$ 1.8706	$ 671	
181	Third Tier - Breakover @ 10,000 Gals.	384	$ 2.0784	$ 797	
182	Fourth Tier - Breakover @ 18,000 Gals.	488	$ 2.4941	$ 1,216	
183	Fifth Tier - Breakover @ 25,000 Gals.	349	$ 2.9763	$ 1,039	
184	Sixth Tier - Over 25,000 Gals.	4,016	$ 3.7993	$ 15,256	
185	Total Commodity Usage And Revenue	5,687			$ 19,056
186	1.5" Meter	183	$ 135.84	$ 24,860	$ 24,860
	Commodity Usage (In Thousands Of Gallons)				
187	First Tier -Breakover @ 1,000 Gals.	137	$ 0.8314	$ 114	
188	Second Tier - Breakover @ 5,000 Gals.	503	$ 1.8706	$ 941	
189	Third Tier - Breakover @ 10,000 Gals.	610	$ 2.0784	$ 1,267	
190	Fourth Tier - Breakover @ 18,000 Gals.	956	$ 2.4941	$ 2,383	
191	Fifth Tier - Breakover @ 25,000 Gals.	803	$ 2.9763	$ 2,388	
192	Sixth Tier - Over 25,000 Gals.	33,126	$ 3.7993	$ 125,858	
193	Total Commodity Usage And Revenue	36,134			$ 132,951
194	2" Meter	699	$ 217.35	$ 151,929	$ 151,929
	Commodity Usage (In Thousands Of Gallons)				
195	First Tier -Breakover @ 1,000 Gals.	623	$ 0.8314	$ 518	
196	Second Tier - Breakover @ 5,000 Gals.	2,432	$ 1.8706	$ 4,549	
197	Third Tier - Breakover @ 10,000 Gals.	2,977	$ 2.0784	$ 6,187	
198	Fourth Tier - Breakover @ 18,000 Gals.	4,632	$ 2.4941	$ 11,551	
199	Fifth Tier - Breakover @ 25,000 Gals.	3,925	$ 2.9763	$ 11,682	
200	Sixth Tier - Over 25,000 Gals.	222,153	$ 3.7993	$ 844,029	
201	Total Commodity Usage And Revenue	236,741			$ 878,517
202	3" Meter	12	$ 434.70	$ 5,216	$ 5,216
	Commodity Usage (In Thousands Of Gallons)		$ -		
203	First Tier -Breakover @ 1,000 Gals.	12	$ 0.8314	$ 10	
204	Second Tier - Breakover @ 5,000 Gals.	48	$ 1.8706	$ 90	
205	Third Tier - Breakover @ 10,000 Gals.	60	$ 2.0784	$ 125	
206	Fourth Tier - Breakover @ 18,000 Gals.	96	$ 2.4941	$ 239	
207	Fifth Tier - Breakover @ 25,000 Gals.	84	$ 2.9763	$ 250	
208	Sixth Tier - Over 25,000 Gals.	12,490	$ 3.7993	$ 47,454	
209	Total Commodity Usage And Revenue	12,790			$ 48,167
210	4" Meter	19	$ 679.22	$ 12,905	$ 12,905
	Commodity Usage (In Thousands Of Gallons)				
211	First Tier -Breakover @ 1,000 Gals.	18	$ 0.8314	$ 15	
212	Second Tier - Breakover @ 5,000 Gals.	72	$ 1.8706	$ 135	
213	Third Tier - Breakover @ 10,000 Gals.	90	$ 2.0784	$ 187	
214	Fourth Tier - Breakover @ 18,000 Gals.	144	$ 2.4941	$ 359	
215	Fifth Tier - Breakover @ 25,000 Gals.	126	$ 2.9763	$ 375	
216	Sixth Tier - Over 25,000 Gals.	28,497	$ 3.7993	$ 108,269	
217	Total Commodity Usage And Revenue	28,947			$ 109,340
218	Total HOA Customer Bills	1,441			
219	Total HOA Usage	323,588			
220	TOTAL HOA CUSTOMERS REVENUE				$ 1,410,775

RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
	CONSTRUCTION CUSTOMERS				
194	2" Meter	-	$ 217.35	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
195	First Tier -Breakover @ 1,000 Gals.	-	$ 0.8314	$ -	
196	Second Tier - Breakover @ 5,000 Gals.	-	$ 1.8706	$ -	
197	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.0784	$ -	
198	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.4941	$ -	
199	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 2.9763	$ -	
200	Sixth Tier - Over 25,000 Gals.	-	$ 3.7993	$ -	
201	Total Commodity Usage And Revenue	-			$ -
202	3" Meter	-	$ 434.70	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
203	First Tier -Breakover @ 1,000 Gals.	-	$ 0.8314	$ -	
204	Second Tier - Breakover @ 5,000 Gals.	-	$ 1.8706	$ -	
205	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.0784	$ -	
206	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.4941	$ -	
207	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 2.9763	$ -	
208	Sixth Tier - Over 25,000 Gals.	-	$ 3.7993	$ -	
209	Total Commodity Usage And Revenue	-			$ -
210	4" Meter	-	$ 679.22	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
211	First Tier -Breakover @ 1,000 Gals.	-	$ 0.8314	$ -	
212	Second Tier - Breakover @ 5,000 Gals.	-	$ 1.8706	$ -	
213	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.0784	$ -	
214	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.4941	$ -	
215	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 2.9763	$ -	
216	Sixth Tier - Over 25,000 Gals.	-	$ 3.7993	$ -	
217	Total Commodity Usage And Revenue	-			$ -
210	8" Meter	-	$ 2,733.52	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
211	First Tier -Breakover @ 1,000 Gals.	-	$ 0.8314	$ -	
212	Second Tier - Breakover @ 5,000 Gals.	-	$ 1.8706	$ -	
213	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.0784	$ -	
214	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.4941	$ -	
215	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 2.9763	$ -	
216	Sixth Tier - Over 25,000 Gals.	-	$ 3.7993	$ -	
217	Total Commodity Usage And Revenue	-			$ -
68	Total Construction Customer Bills	-			
69	Total Construction Usage	-			
70	TOTAL CONSTRUCTION CUSTOMERS REVENUE				$ -

RATE DESIGN AND PROOF OF RECOMMENDED REVENUE

PROPOSED REVENUE

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
	LAKE CUSTOMERS				
194	2" Meter	12	$ 217.35	$ 2,608	$ 2,608
	Commodity Usage (In Thousands Of Gallons)				
195	First Tier -Breakover @ 1,000 Gals.	12	$ 0.8314	$ 10	
196	Second Tier - Breakover @ 5,000 Gals.	48	$ 1.8706	$ 90	
197	Third Tier - Breakover @ 10,000 Gals.	60	$ 2.0784	$ 125	
198	Fourth Tier - Breakover @ 18,000 Gals.	96	$ 2.4941	$ 239	
199	Fifth Tier - Breakover @ 25,000 Gals.	84	$ 2.9763	$ 250	
200	Sixth Tier - Over 25,000 Gals.	9,395	$ 3.7993	$ 35,695	
201	Total Commodity Usage And Revenue	9,695			$ 36,409
68	Total Lake Customer Bills	12			
69	Total Lake Usage	9,695			
70	TOTAL LAKE CUSTOMERS REVENUE				$ 39,017
	NON-PORTABLE CUSTOMERS				
178	1" Meter	55	$ 81.70	$ 4,494	$ 4,494
	Commodity Usage (In Thousands Of Gallons)				
179	First Tier -Breakover @ 1,000 Gals.	55	$ 2.0000	$ 110	
180	Second Tier - Breakover @ 5,000 Gals.	220	$ 2.0000	$ 440	
181	Third Tier - Breakover @ 10,000 Gals.	275	$ 2.0000	$ 550	
182	Fourth Tier - Breakover @ 18,000 Gals.	440	$ 2.0000	$ 880	
183	Fifth Tier - Breakover @ 25,000 Gals.	385	$ 2.0000	$ 770	
184	Sixth Tier - Over 25,000 Gals.	377,454	$ 2.0000	$ 754,908	
185	Total Commodity Usage And Revenue	378,829			$ 757,658
186	Total Non-Portable Bills	55			
187	Total Non-Portable Usage	378,829			
188	TOTAL NON-PORTABLE CUSTOMERS REVENUE				$ 762,152
189	**RUCO TOTAL PROPOSED REVENUE PER BILL COUNT**				$ 10,021,386
190	TOTAL RESIDENTIAL REVENUE PER BILL COUNT				$ 7,126,155
191	TOTAL COMMERCIAL REVENUE PER BILL COUNT				368,664
192	TOTAL IRRIGATION REVENUE PER BILL COUNT				314,623
193	TOTAL HOA REVENUE PER BILL COUNT				1,410,775
194	TOTAL CONSTRUCTION REVENUE PER BILL COUNT				-
195	TOTAL LAKE REVENUE PER BILL COUNT				39,017
196	TOTAL NON-POTABLE REVENUE PER BILL COUNT				762,152
197	**RUCO TOTAL PROPOSED REVENUE PER BILL COUNT**				$ 10,021,386
198	Unreconciled Difference vs. Billed Revenues				343
199	RUCO Disallowance Of The CMT				459,720
200	Miscellaneous Revenues				752,151
201	**RUCO TOTAL REVENUE**				$ 11,233,600
202	**ADJUSTED TEST YEAR REVENUE PER SCHEDULE RLM-1**				$ 11,233,600
203	Difference				$ 0
204	Percentage Difference				0.00%

TYPICAL RESIDENTIAL BILL ANALYSIS

LINE NO.	DESCRIPTION	(A) PRESENT	(B)	(C) COMPANY PROPOSED	(D)	(E) RUCO PROPOSED	(F)
	REVENUE ALLOCATION						
1	RESIDENTIAL	$ 7,258,929	79.53%	$ 8,571,663	72.03%	$ 7,126,155	71.11%
2	OTHER	1,867,821	20.47%	3,327,917	27.97%	2,895,231	28.89%
3	TOTAL	$ 9,126,750	100.00%	$ 11,899,580	100.00%	$ 10,021,386	100.00%
	ALLOCATION RATIOS						
4	FIX REVENUE	$ 5,006,263	54.85%	$ 6,427,257	54.01%	$ 5,344,135	53.33%
5	VARIABLE REVENUE	4,120,488	45.15%	5,472,323	45.99%	4,677,251	46.67%
6	TOTAL	9,126,750	100.00%	$ 11,899,580	100.00%	$ 10,021,386	100.00%

	RESIDENTIAL (5/8" X 3/4") RATE DESIGN			PRESENT	COMPANY PROPOSED	RUCO PROPOSED
7	BASIC MONTHLY CHARGE			$ 25.00	$ 32.68	$ 27.17
	COMMODITY CHARGE					
	PRESENT		PROPOSED			
8	1st Tier - Breakover 1,000		1st Tier - Breakover 1,000	$ -	$ 1.0000	$ 0.8314
9	2nd Tier - Over 1,000		2nd Tier - Breakover 5,000	$ 2.6000	$ 2.2500	$ 1.8706
10			3rd Tier - Breakover 10,000	N/A	$ 2.5000	$ 2.0784
11			4th Tier - Breakover 18,000	N/A	$ 3.0000	$ 2.4941
12			5th Tier - Breakover 25,000	N/A	$ 3.5800	$ 2.9763
13			6th Tier - Over 25,000	N/A	$ 4.5700	$ 3.7993

	AVERAGE RESIDENTIAL BILL COMPARISONS COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL	VARIABLE MONTHLY USAGE	PERCENT AVERAGE USAGE OF 7827	PRESENT TOTAL MONTHLY COST	RUCO MONTHLY COST	RUCO MONTHLY INCREASE	% MONTHLY INCREASE
14		1,957	25.00%	$ 27.49	$ 29.79	$ 2.30	8.38%
15		3,914	50.00%	$ 32.58	$ 33.45	$ 0.88	2.69%
16		7,827	100.00%	$ 42.75	$ 41.36	$ (1.39)	-3.26%
17		11,741	150.00%	$ 52.93	$ 50.22	$ (2.71)	-5.12%
18		15,654	200.00%	$ 63.10	$ 59.98	$ (3.12)	-4.95%

	MEDIAN RESIDENTIAL BILL COMPARISONS COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL	VARIABLE MONTHLY USAGE	PERCENT AVERAGE USAGE OF 6500	PRESENT TOTAL MONTHLY COST	RUCO MONTHLY COST	RUCO MONTHLY INCREASE	% MONTHLY INCREASE
19		1,625	25.00%	$ 26.63	$ 29.17	$ 2.54	9.56%
20		3,250	50.00%	$ 30.85	$ 32.21	$ 1.36	4.41%
21		6,500	100.00%	$ 39.30	$ 38.60	$ (0.70)	-1.78%
22		9,750	150.00%	$ 47.75	$ 45.35	$ (2.40)	-5.02%
23		13,000	200.00%	$ 56.20	$ 53.36	$ (2.84)	-5.06%

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

Valenica Water Company, Town Division

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RLM-RD2	1	TYPICAL RESIDENTIAL BILL ANALYSIS

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

Valenica Water Company, Town Division
Schedule RLM-RD1
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RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
	RESIDENTIAL CUSTOMERS				
1	5/8" X 3/4" Meter	55,923	$ 33.69	$ 1,884,086	$ 1,884,086
	Commodity Usage (In Thousands Of Gallons)				
2	First Tier -Breakover @ 1,000 Gals.	48,170	$ 0.9168	$ 44,160	
3	Second Tier - Breakover @ 5,000 Gals.	146,592	$ 1.9252	$ 282,216	
4	Third Tier - Breakover @ 10,000 Gals.	81,111	$ 2.1085	$ 171,024	
5	Fourth Tier - Breakover @ 18,000 Gals.	34,531	$ 2.5211	$ 87,055	
6	Fifth Tier - Breakover @ 25,000 Gals.	7,417	$ 3.2086	$ 23,797	
7	Sixth Tier - Over 25,000 Gals.	7,470	$ 3.9237	$ 29,310	
8	Total Commodity Usage And Revenue	325,290			$ 637,563
9	3/4" Meter	1,177	$ 33.69	$ 39,654	$ 39,654
	Commodity Usage (In Thousands Of Gallons)				
10	First Tier -Breakover @ 1,000 Gals.	985	$ 0.9168	$ 903	
11	Second Tier - Breakover @ 5,000 Gals.	2,628	$ 1.9252	$ 5,058	
12	Third Tier - Breakover @ 10,000 Gals.	1,264	$ 2.1085	$ 2,664	
13	Fourth Tier - Breakover @ 18,000 Gals.	612	$ 2.5211	$ 1,542	
14	Fifth Tier - Breakover @ 25,000 Gals.	164	$ 3.2086	$ 526	
15	Sixth Tier - Over 25,000 Gals.	146	$ 3.9237	$ 571	
16	Total Commodity Usage And Revenue	5,797			$ 11,264
17	1" Meter	899	$ 84.23	$ 75,720	$ 75,720
	Commodity Usage (In Thousands Of Gallons)				
18	First Tier -Breakover @ 1,000 Gals.	810	$ 0.9168	$ 743	
19	Second Tier - Breakover @ 5,000 Gals.	2,505	$ 1.9252	$ 4,822	
20	Third Tier - Breakover @ 10,000 Gals.	1,560	$ 2.1085	$ 3,288	
21	Fourth Tier - Breakover @ 18,000 Gals.	861	$ 2.5211	$ 2,171	
22	Fifth Tier - Breakover @ 25,000 Gals.	304	$ 3.2086	$ 975	
23	Sixth Tier - Over 25,000 Gals.	897	$ 3.9237	$ 3,520	
24	Total Commodity Usage And Revenue	6,936			$ 15,518
25	1.5" Meter	-	$ 168.45	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
26	First Tier -Breakover @ 1,000 Gals.	-	$ 0.9168	$ -	
27	Second Tier - Breakover @ 5,000 Gals.	-	$ 1.9252	$ -	
28	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.1085	$ -	
29	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.5211	$ -	
30	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.2086	$ -	
31	Sixth Tier - Over 25,000 Gals.	-	$ 3.9237	$ -	
32	Total Commodity Usage And Revenue	-			$ -
33	2" Meter	176	$ 269.53	$ 47,437	$ 47,437
	Commodity Usage (In Thousands Of Gallons)				
34	First Tier -Breakover @ 1,000 Gals.	164.0	$ 0.9168	$ 150	
35	Second Tier - Breakover @ 5,000 Gals.	647	$ 1.9252	$ 1,246	
36	Third Tier - Breakover @ 10,000 Gals.	791	$ 2.1085	$ 1,667	
37	Fourth Tier - Breakover @ 18,000 Gals.	1,206	$ 2.5211	$ 3,040	
38	Fifth Tier - Breakover @ 25,000 Gals.	1,021	$ 3.2086	$ 3,274	
39	Sixth Tier - Over 25,000 Gals.	11,110	$ 3.9237	$ 43,592	
40	Total Commodity Usage And Revenue	14,938			$ 52,970
41	Total Residential Customer Bills	58,175		$ 2,046,896	
42	Total Residential Usage	352,961		$ 516,274	
43	TOTAL RESIDENTIAL CUSTOMERS REVENUE				$ 2,764,211

RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
	COMMERCIAL CUSTOMERS				
44	5/8" X 3/4" Meter	168	$ 33.69	$ 5,660	$ 5,660
	Commodity Usage (In Thousands Of Gallons)				
45	First Tier -Breakover @ 1,000 Gals.	137	$ 0.9168	$ 125	
46	Second Tier - Breakover @ 5,000 Gals.	383	$ 1.9252	$ 736	
47	Third Tier - Breakover @ 10,000 Gals.	259	$ 2.1085	$ 545	
48	Fourth Tier - Breakover @ 18,000 Gals.	186	$ 2.5211	$ 469	
49	Fifth Tier - Breakover @ 25,000 Gals.	93	$ 3.2086	$ 298	
50	Sixth Tier - Over 25,000 Gals.	457	$ 3.9237	$ 1,793	
51	Total Commodity Usage And Revenue	1,514			$ 3,967
52	3/4" Meter	-	$ 33.69	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
53	First Tier -Breakover @ 1,000 Gals.	-	$ 0.9168	$ -	
54	Second Tier - Breakover @ 5,000 Gals.	-	$ 1.9252	$ -	
55	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.1085	$ -	
56	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.5211	$ -	
57	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.2086	$ -	
58	Sixth Tier - Over 25,000 Gals.	-	$ 3.9237	$ -	
59	Total Commodity Usage And Revenue	-			$ -
60	1" Meter	39	$ 84.23	$ 3,285	$ 3,285
	Commodity Usage (In Thousands Of Gallons)				
61	First Tier -Breakover @ 1,000 Gals.	35	$ 0.9168	$ 32	
62	Second Tier - Breakover @ 5,000 Gals.	108	$ 1.9252	$ 208	
63	Third Tier - Breakover @ 10,000 Gals.	104	$ 2.1085	$ 219	
64	Fourth Tier - Breakover @ 18,000 Gals.	151	$ 2.5211	$ 381	
65	Fifth Tier - Breakover @ 25,000 Gals.	122	$ 3.2086	$ 390	
66	Sixth Tier - Over 25,000 Gals.	1,999	$ 3.9237	$ 7,842	
67	Total Commodity Usage And Revenue	2,518			$ 9,071
68	1.5" Meter	17	$ 168.45	$ 2,864	$ 2,864
	Commodity Usage (In Thousands Of Gallons)				
69	First Tier -Breakover @ 1,000 Gals.	16	$ 0.9168	$ 15	
70	Second Tier - Breakover @ 5,000 Gals.	60	$ 1.9252	$ 116	
71	Third Tier - Breakover @ 10,000 Gals.	75	$ 2.1085	$ 158	
72	Fourth Tier - Breakover @ 18,000 Gals.	120	$ 2.5211	$ 303	
73	Fifth Tier - Breakover @ 25,000 Gals.	101	$ 3.2086	$ 322	
74	Sixth Tier - Over 25,000 Gals.	683	$ 3.9237	$ 2,680	
75	Total Commodity Usage And Revenue	1,055			$ 3,593
76	2" Meter	243	$ 269.53	$ 65,495	$ 65,495
	Commodity Usage (In Thousands Of Gallons)				
77	First Tier -Breakover @ 1,000 Gals.	194	$ 0.9168	$ 177	
78	Second Tier - Breakover @ 5,000 Gals.	701	$ 1.9252	$ 1,349	
79	Third Tier - Breakover @ 10,000 Gals.	825	$ 2.1085	$ 1,740	
80	Fourth Tier - Breakover @ 18,000 Gals.	1,198	$ 2.5211	$ 3,019	
81	Fifth Tier - Breakover @ 25,000 Gals.	958	$ 3.2086	$ 3,074	
82	Sixth Tier - Over 25,000 Gals.	35,730	$ 3.9237	$ 140,192	
83	Total Commodity Usage And Revenue	39,604			$ 149,550

RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES
84	3" Meter	22	$ 539.05	$ 11,859
	Commodity Usage (In Thousands Of Gallons)			
85	First Tier -Breakover @ 1,000 Gals.	21	$ 0.9168	$ 19
86	Second Tier - Breakover @ 5,000 Gals.	84	$ 1.9252	$ 162
87	Third Tier - Breakover @ 10,000 Gals.	102	$ 2.1085	$ 214
88	Fourth Tier - Breakover @ 18,000 Gals.	160	$ 2.5211	$ 403
89	Fifth Tier - Breakover @ 25,000 Gals.	140	$ 3.2086	$ 449
90	Sixth Tier - Over 25,000 Gals.	2,891	$ 3.9237	$ 11,343
91	Total Commodity Usage And Revenue	3,398		
92	4" Meter	5	$ 1,684.54	$ 8,423
	Commodity Usage (In Thousands Of Gallons)			
93	First Tier -Breakover @ 1,000 Gals.	4	$ 0.9168	$ 4
94	Second Tier - Breakover @ 5,000 Gals.	9	$ 1.9252	$ 17
95	Third Tier - Breakover @ 10,000 Gals.	2	$ 2.1085	$ 4
96	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.5211	$ -
97	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.2086	$ -
98	Sixth Tier - Over 25,000 Gals.	-	$ 3.9237	$ -
99	Total Commodity Usage And Revenue	15		
100	Total Commercial Customer Bills	494		
101	Total Commercial Usage	48,102		
102	TOTAL COMMERCIAL CUSTOMERS REVENUE			
	IRRIGATION CUSTOMERS			
103	5/8" X 3/4" Meter	69	$ 33.69	$ 2,325
	Commodity Usage (In Thousands Of Gallons)			
104	First Tier -Breakover @ 1,000 Gals.	65	$ 0.9168	$ 59
105	Second Tier - Breakover @ 5,000 Gals.	233	$ 1.9252	$ 448
106	Third Tier - Breakover @ 10,000 Gals.	236	$ 2.1085	$ 498
107	Fourth Tier - Breakover @ 18,000 Gals.	331	$ 2.5211	$ 834
108	Fifth Tier - Breakover @ 25,000 Gals.	261	$ 3.2086	$ 836
109	Sixth Tier - Over 25,000 Gals.	3,707	$ 3.9237	$ 14,545
110	Total Commodity Usage And Revenue	4,832		
111	3/4" Meter	-	$ 33.69	$ -
	Commodity Usage (In Thousands Of Gallons)			
112	First Tier -Breakover @ 1,000 Gals.	-	$ 0.9168	$ -
113	Second Tier - Breakover @ 5,000 Gals.	-	$ 1.9252	$ -
114	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.1085	$ -
115	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.5211	$ -
116	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.2086	$ -
117	Sixth Tier - Over 25,000 Gals.	-	$ 3.9237	$ -
118	Total Commodity Usage And Revenue	-		
119	1" Meter	24	$ 84.23	$ 2,021
	Commodity Usage (In Thousands Of Gallons)			
120	First Tier -Breakover @ 1,000 Gals.	18	$ 0.9168	$ 17
121	Second Tier - Breakover @ 5,000 Gals.	69	$ 1.9252	$ 132
122	Third Tier - Breakover @ 10,000 Gals.	83	$ 2.1085	$ 174
123	Fourth Tier - Breakover @ 18,000 Gals.	121	$ 2.5211	$ 305
124	Fifth Tier - Breakover @ 25,000 Gals.	97	$ 3.2086	$ 310
125	Sixth Tier - Over 25,000 Gals.	1,860	$ 3.9237	$ 7,296
126	Total Commodity Usage And Revenue	2,246		

RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
127	1.5" Meter	66	$ 168.45	$ 11,118	$ 11,118
	Commodity Usage (In Thousands Of Gallons)				
128	First Tier -Breakover @ 1,000 Gals.	56	$ 0.9168	$ 51	
129	Second Tier - Breakover @ 5,000 Gals.	219	$ 1.9252	$ 421	
130	Third Tier - Breakover @ 10,000 Gals.	264	$ 2.1085	$ 557	
131	Fourth Tier - Breakover @ 18,000 Gals.	403	$ 2.5211	$ 1,015	
132	Fifth Tier - Breakover @ 25,000 Gals.	311	$ 3.2086	$ 998	
133	Sixth Tier - Over 25,000 Gals.	7,123	$ 3.9237	$ 27,947	
134	Total Commodity Usage And Revenue	8,375			$ 30,988
135	2" Meter	325	$ 269.53	$ 87,596	$ 87,596
	Commodity Usage (In Thousands Of Gallons)				
136	First Tier -Breakover @ 1,000 Gals.	265	$ 0.9168	$ 243	
137	Second Tier - Breakover @ 5,000 Gals.	1,019	$ 1.9252	$ 1,962	
138	Third Tier - Breakover @ 10,000 Gals.	1,199	$ 2.1085	$ 2,528	
139	Fourth Tier - Breakover @ 18,000 Gals.	1,796	$ 2.5211	$ 4,528	
140	Fifth Tier - Breakover @ 25,000 Gals.	1,438	$ 3.2086	$ 4,612	
141	Sixth Tier - Over 25,000 Gals.	49,152	$ 3.9237	$ 192,858	
142	Total Commodity Usage And Revenue	54,869			$ 206,731
143	3" Meter	-	$ 539.05	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
144	First Tier -Breakover @ 1,000 Gals.	-	$ 0.9168	$ -	
145	Second Tier - Breakover @ 5,000 Gals.	-	$ 1.9252	$ -	
146	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.1085	$ -	
147	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.5211	$ -	
148	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.2086	$ -	
149	Sixth Tier - Over 25,000 Gals.	-	$ 3.9237	$ -	
150	Total Commodity Usage And Revenue	-			$ -
151	4" Meter	7	$ 1,684.54	$ 11,792	$ 11,792
	Commodity Usage (In Thousands Of Gallons)				
152	First Tier -Breakover @ 1,000 Gals.	3	$ 0.9168	$ 3	
153	Second Tier - Breakover @ 5,000 Gals.	9	$ 1.9252	$ 16	
154	Third Tier - Breakover @ 10,000 Gals.	8	$ 2.1085	$ 17	
155	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.5211	$ -	
156	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.2086	$ -	
157	Sixth Tier - Over 25,000 Gals.	-	$ 3.9237	$ -	
158	Total Commodity Usage And Revenue	20			$ 36
159	Total Irrigation Customer Bills	491			
160	Total Irrigation Usage	70,340			
161	TOTAL IRRIGATION CUSTOMERS REVENUE				$ 378,060
	HOA CUSTOMERS				
162	5/8" X 3/4" Meter	130	$ 33.69	$ 4,380	$ 4,380
	Commodity Usage (In Thousands Of Gallons)				
163	First Tier -Breakover @ 1,000 Gals.	121	$ 0.9168	$ 110	
164	Second Tier - Breakover @ 5,000 Gals.	455	$ 1.9252	$ 876	
165	Third Tier - Breakover @ 10,000 Gals.	549	$ 2.1085	$ 1,158	
166	Fourth Tier - Breakover @ 18,000 Gals.	802	$ 2.5211	$ 2,021	
167	Fifth Tier - Breakover @ 25,000 Gals.	638	$ 3.2086	$ 2,046	
168	Sixth Tier - Over 25,000 Gals.	17,069	$ 3.9237	$ 66,974	
169	Total Commodity Usage And Revenue	19,633			$ 73,184

RATE DESIGN AND PROOF OF RECOMMENDED REVENUE

PROPOSED REVENUE

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
170	3/4" Meter	-	$ 33.69	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
171	First Tier -Breakover @ 1,000 Gals.	-	$ 0.9168	$ -	
172	Second Tier - Breakover @ 5,000 Gals.	-	$ 1.9252	$ -	
173	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.1085	$ -	
174	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.5211	$ -	
175	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.2086	$ -	
176	Sixth Tier - Over 25,000 Gals.	-	$ 3.9237	$ -	
177	Total Commodity Usage And Revenue	-			$ -
178	1" Meter	232	$ 84.23	$ 19,541	$ 19,541
	Commodity Usage (In Thousands Of Gallons)				
179	First Tier -Breakover @ 1,000 Gals.	180	$ 0.9168	$ 165	
180	Second Tier - Breakover @ 5,000 Gals.	571	$ 1.9252	$ 1,099	
181	Third Tier - Breakover @ 10,000 Gals.	579	$ 2.1085	$ 1,220	
182	Fourth Tier - Breakover @ 18,000 Gals.	738	$ 2.5211	$ 1,859	
183	Fifth Tier - Breakover @ 25,000 Gals.	581	$ 3.2086	$ 1,863	
184	Sixth Tier - Over 25,000 Gals.	8,337	$ 3.9237	$ 32,712	
185	Total Commodity Usage And Revenue	10,984			$ 38,917
186	1.5" Meter	53	$ 168.45	$ 8,928	$ 8,928
	Commodity Usage (In Thousands Of Gallons)				
187	First Tier -Breakover @ 1,000 Gals.	44	$ 0.9168	$ 40	
188	Second Tier - Breakover @ 5,000 Gals.	176	$ 1.9252	$ 339	
189	Third Tier - Breakover @ 10,000 Gals.	220	$ 2.1085	$ 464	
190	Fourth Tier - Breakover @ 18,000 Gals.	352	$ 2.5211	$ 887	
191	Fifth Tier - Breakover @ 25,000 Gals.	307	$ 3.2086	$ 983	
192	Sixth Tier - Over 25,000 Gals.	6,389	$ 3.9237	$ 25,067	
193	Total Commodity Usage And Revenue	7,487			$ 27,781
194	2" Meter	341	$ 269.53	$ 91,908	$ 91,908
	Commodity Usage (In Thousands Of Gallons)				
195	First Tier -Breakover @ 1,000 Gals.	318	$ 0.9168	$ 292	
196	Second Tier - Breakover @ 5,000 Gals.	1,233	$ 1.9252	$ 2,374	
197	Third Tier - Breakover @ 10,000 Gals.	1,484	$ 2.1085	$ 3,128	
198	Fourth Tier - Breakover @ 18,000 Gals.	2,260	$ 2.5211	$ 5,698	
199	Fifth Tier - Breakover @ 25,000 Gals.	1,851	$ 3.2086	$ 5,939	
200	Sixth Tier - Over 25,000 Gals.	59,484	$ 3.9237	$ 233,396	
201	Total Commodity Usage And Revenue	66,629			$ 250,826
202	3" Meter	5	$ 539.05	$ 2,695	$ 2,695
	Commodity Usage (In Thousands Of Gallons)				
203	First Tier -Breakover @ 1,000 Gals.	5	$ 0.9168	$ 5	
204	Second Tier - Breakover @ 5,000 Gals.	20	$ 1.9252	$ 39	
205	Third Tier - Breakover @ 10,000 Gals.	25	$ 2.1085	$ 53	
206	Fourth Tier - Breakover @ 18,000 Gals.	40	$ 2.5211	$ 101	
207	Fifth Tier - Breakover @ 25,000 Gals.	35	$ 3.2086	$ 112	
208	Sixth Tier - Over 25,000 Gals.	3,726	$ 3.9237	$ 14,618	
209	Total Commodity Usage And Revenue	3,851			$ 14,927
210	4" Meter	-	$ 842.27	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
211	First Tier -Breakover @ 1,000 Gals.	-	$ 0.9168	$ -	
212	Second Tier - Breakover @ 5,000 Gals.	-	$ 1.9252	$ -	
213	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.1085	$ -	
214	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.5211	$ -	
215	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.2086	$ -	
216	Sixth Tier - Over 25,000 Gals.	-	$ 3.9237	$ -	
217	Total Commodity Usage And Revenue	-			$ -
218	Total HOA Customer *Bills*	761			
219	Total HOA Usage	108,583			
220	TOTAL HOA CUSTOMERS REVENUE				$ 533,087

RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
	CONSTRUCTION CUSTOMERS				
194	2" Meter	-	$ 269.53	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
195	First Tier -Breakover @ 1,000 Gals.	-	$ 0.9168	$ -	
196	Second Tier - Breakover @ 5,000 Gals.	-	$ 1.9252	$ -	
197	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.1085	$ -	
198	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.5211	$ -	
199	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.2086	$ -	
200	Sixth Tier - Over 25,000 Gals.	-	$ 3.9237	$ -	
201	Total Commodity Usage And Revenue	-			$ -
202	3" Meter	-	$ 539.05	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
203	First Tier -Breakover @ 1,000 Gals.	-	$ 0.9168	$ -	
204	Second Tier - Breakover @ 5,000 Gals.	-	$ 1.9252	$ -	
205	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.1085	$ -	
206	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.5211	$ -	
207	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.2086	$ -	
208	Sixth Tier - Over 25,000 Gals.	-	$ 3.9237	$ -	
209	Total Commodity Usage And Revenue	-			$ -
210	4" Meter	-	$ 842.27	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
211	First Tier -Breakover @ 1,000 Gals.	-	$ 0.9168	$ -	
212	Second Tier - Breakover @ 5,000 Gals.	-	$ 1.9252	$ -	
213	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.1085	$ -	
214	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.5211	$ -	
215	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.2086	$ -	
216	Sixth Tier - Over 25,000 Gals.	-	$ 3.9237	$ -	
217	Total Commodity Usage And Revenue	-			$ -
210	8" Meter	-	$ 3,369.07	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
211	First Tier -Breakover @ 1,000 Gals.	-	$ 0.9168	$ -	
212	Second Tier - Breakover @ 5,000 Gals.	-	$ 1.9252	$ -	
213	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.1085	$ -	
214	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.5211	$ -	
215	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.2086	$ -	
216	Sixth Tier - Over 25,000 Gals.	-	$ 3.9237	$ -	
217	Total Commodity Usage And Revenue	-			$ -
68	Total Construction Customer Bills	-			
69	Total Construction Usage	-			
70	TOTAL CONSTRUCTION CUSTOMERS REVENUE				$ -

RATE DESIGN AND PROOF OF RECOMMENDED REVENUE

PROPOSED REVENUE

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
	LAKE CUSTOMERS				
194	2" Meter	-	$ 269.53	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
195	First Tier -Breakover @ 1,000 Gals.	-	$ 0.9168	$ -	
196	Second Tier - Breakover @ 5,000 Gals.	-	$ 1.9252	$ -	
197	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.1085	$ -	
198	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.5211	$ -	
199	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.2086	$ -	
200	Sixth Tier - Over 25,000 Gals.	-	$ 3.9237	$ -	
201	Total Commodity Usage And Revenue	-			$ -
68	Total Lake Customer Bills	-			
69	Total Lake Usage	-			
70	TOTAL LAKE CUSTOMERS REVENUE				$ -
	NON-PORTABLE CUSTOMERS				
178	1" Meter	-	$ 84.23	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
179	First Tier -Breakover @ 1,000 Gals.	-	$ 0.9168	$ -	
180	Second Tier - Breakover @ 5,000 Gals.	-	$ 1.9252	$ -	
181	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.1085	$ -	
182	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.5211	$ -	
183	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.2086	$ -	
184	Sixth Tier - Over 25,000 Gals.	-	$ 3.9237	$ -	
185	Total Commodity Usage And Revenue	-			$ -
186	Total Non-Portable Bills	-			
187	Total Non-Portable Usage	-			
188	TOTAL NON-PORTABLE CUSTOMERS REVENUE				$ -
189	**RUCO TOTAL PROPOSED REVENUE PER BILL COUNT**				$ 3,951,740
190	TOTAL RESIDENTIAL REVENUE PER BILL COUNT				$ 2,764,211
191	TOTAL COMMERCIAL REVENUE PER BILL COUNT				276,383
192	TOTAL IRRIGATION REVENUE PER BILL COUNT				378,060
193	TOTAL HOA REVENUE PER BILL COUNT				533,087
194	TOTAL CONSTRUCTION REVENUE PER BILL COUNT				-
195	TOTAL LAKE REVENUE PER BILL COUNT				-
196	TOTAL NON-POTABLE REVENUE PER BILL COUNT				-
197	**RUCO TOTAL PROPOSED REVENUE PER BILL COUNT**				$ 3,951,740
198	Unreconciled Difference vs. Billed Revenues				$ -
199	RUCO Disallowance Of The CMT				111,373
200	Miscellaneous Revenues				352,293
201	RUCO TOTAL REVENUE				$ 4,415,406
202	**ADJUSTED TEST YEAR REVENUE PER SCHEDULE RLM-1**				$ 4,415,406
203	Difference				$ 0
204	Percentage Difference				0.00%

TYPICAL RESIDENTIAL BILL ANALYSIS

LINE NO.	DESCRIPTION	(A) PRESENT	(B) PRESENT	(C) COMPANY PROPOSED	(D) COMPANY PROPOSED	(E) RUCO PROPOSED	(F) RUCO PROPOSED
	REVENUE ALLOCATION						
1	RESIDENTIAL	$ 1,825,270	68.54%	$ 3,015,215	69.95%	$ 2,764,211	69.95%
2	OTHER	837,940	31.46%	1,295,363	30.05%	1,187,529	30.05%
3	TOTAL	$ 2,663,210	100.00%	$ 4,310,578	100.00%	$ 3,951,740	100.00%
	ALLOCATION RATIOS						
4	FIX REVENUE	$ 1,051,872	39.50%	$ 2,603,517	60.40%	$ 2,386,785	60.40%
5	VARIABLE REVENUE	1,611,338	60.50%	1,707,061	39.60%	1,564,955	39.60%
6	TOTAL	2,663,210	100.00%	$ 4,310,578	100.00%	$ 3,951,740	100.00%

	RESIDENTIAL (5/8" X 3/4") RATE DESIGN	PRESENT	COMPANY PROPOSED	RUCO PROPOSED
7	BASIC MONTHLY CHARGE	$ 13.00	$ 37.25	$ 33.69
	COMMODITY CHARGE			
	PRESENT / PROPOSED			
8	1st Tier - Breakover 12,000 / 1st Tier - Breakover 1,000	$ 2.8600	$ 1.0000	$ 0.9168
9	2nd Tier - Over 12,000 / 2nd Tier - Breakover 5,000	$ 2.8600	$ 2.6000	$ 1.9252
10	3rd Tier - Breakover 10,000	N/A	$ 2.8500	$ 2.1085
11	4th Tier - Breakover 18,000	N/A	$ 3.4000	$ 2.5211
12	5th Tier - Breakover 25,000	N/A	$ 4.0000	$ 3.2086
13	6th Tier - Over 25,000	N/A	$ 4.8400	$ 3.9237

	AVERAGE RESIDENTIAL BILL COMPARISONS COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL	VARIABLE MONTHLY USAGE	PERCENT AVERAGE USAGE OF 5817	PRESENT TOTAL MONTHLY COST	RUCO MONTHLY COST	RUCO MONTHLY INCREASE	% MONTHLY INCREASE
14		1,454	25.00%	$ 17.16	$ 35.48	$ 18.32	106.78%
15		2,909	50.00%	$ 21.32	$ 38.28	$ 16.96	79.57%
16		5,817	100.00%	$ 29.64	$ 44.03	$ 14.39	48.57%
17		8,726	150.00%	$ 37.95	$ 49.64	$ 11.68	30.78%
18		11,634	200.00%	$ 46.27	$ 52.59	$ 6.32	13.66%

	MEDIAN RESIDENTIAL BILL COMPARISONS COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL	VARIABLE MONTHLY USAGE	PERCENT AVERAGE USAGE OF 4500	PRESENT TOTAL MONTHLY COST	RUCO MONTHLY COST	RUCO MONTHLY INCREASE	% MONTHLY INCREASE
19		1,125	25.00%	$ 16.22	$ 34.85	$ 18.63	114.88%
20		2,250	50.00%	$ 19.44	$ 37.01	$ 17.58	90.45%
21		4,500	100.00%	$ 25.87	$ 41.25	$ 15.38	59.47%
22		6,750	150.00%	$ 32.31	$ 44.66	$ 12.35	38.24%
23		9,000	200.00%	$ 38.74	$ 50.33	$ 11.59	29.92%

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

Valenica Water Company, Greater Buckeye Division

TABLE OF CONTENTS TO RLM RATE DESIGN SCHEDULES

SCH. NO.	PAGE NO.	TITLE
RLM-RD1	1 TO 7	RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
RLM-RD2	1	TYPICAL RESIDENTIAL BILL ANALYSIS

RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
	RESIDENTIAL CUSTOMERS				
1	5/8" X 3/4" Meter	6,336	$ 31.65	$ 200,519	$ 200,519
	Commodity Usage (In Thousands Of Gallons)				
2	First Tier -Breakover @ 1,000 Gals.	6,040	$ 0.8496	$ 5,131	
3	Second Tier - Breakover @ 5,000 Gals.	19,696	$ 2.2090	$ 43,507	
4	Third Tier - Breakover @ 10,000 Gals.	14,440	$ 2.4214	$ 34,965	
5	Fourth Tier - Breakover @ 18,000 Gals.	10,234	$ 2.8886	$ 29,561	
6	Fifth Tier - Breakover @ 25,000 Gals.	3,627	$ 3.3984	$ 12,324	
7	Sixth Tier - Over 25,000 Gals.	3,379	$ 4.1121	$ 13,896	
8	Total Commodity Usage And Revenue	57,415			$ 139,385
9	3/4" Meter	72	$ 31.65	$ 2,279	$ 2,279
	Commodity Usage (In Thousands Of Gallons)				
10	First Tier -Breakover @ 1,000 Gals.	68	$ 0.8496	$ 58	
11	Second Tier - Breakover @ 5,000 Gals.	225	$ 2.2090	$ 498	
12	Third Tier - Breakover @ 10,000 Gals.	175	$ 2.4214	$ 424	
13	Fourth Tier - Breakover @ 18,000 Gals.	134	$ 2.8886	$ 386	
14	Fifth Tier - Breakover @ 25,000 Gals.	59	$ 3.3984	$ 200	
15	Sixth Tier - Over 25,000 Gals.	70	$ 4.1121	$ 286	
16	Total Commodity Usage And Revenue	731			$ 1,852
17	1" Meter	660	$ 79.12	$ 52,218	$ 52,218
	Commodity Usage (In Thousands Of Gallons)				
18	First Tier -Breakover @ 1,000 Gals.	604	$ 0.8496	$ 513	
19	Second Tier - Breakover @ 5,000 Gals.	$ 2,120	$ 2.2090	$ 4,683	
20	Third Tier - Breakover @ 10,000 Gals.	1,549	$ 2.4214	$ 3,751	
21	Fourth Tier - Breakover @ 18,000 Gals.	1,191	$ 2.8886	$ 3,440	
22	Fifth Tier - Breakover @ 25,000 Gals.	479	$ 3.3984	$ 1,629	
23	Sixth Tier - Over 25,000 Gals.	$ 477	$ 4.1121	$ 1,961	
24	Total Commodity Usage And Revenue	6,420			$ 15,978
25	1.5" Meter	-	$ 158.24	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
26	First Tier -Breakover @ 1,000 Gals.	-	$ 0.8496	$ -	
27	Second Tier - Breakover @ 5,000 Gals.	-	$ 2.2090	$ -	
28	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.4214	$ -	
29	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.8886	$ -	
30	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.3984	$ -	
31	Sixth Tier - Over 25,000 Gals.	-	$ 4.1121	$ -	
32	Total Commodity Usage And Revenue	-			$ -
33	2" Meter	-	$ 253.18	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
34	First Tier -Breakover @ 1,000 Gals.	-	$ 0.8496	$ -	
35	Second Tier - Breakover @ 5,000 Gals.	-	$ 2.2090	$ -	
36	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.4214	$ -	
37	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.8886	$ -	
38	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.3984	$ -	
39	Sixth Tier - Over 25,000 Gals.	-	$ 4.1121	$ -	
40	Total Commodity Usage And Revenue	-			$ -
41	Total Residential Customer Bills	7,068		$ 255,016	
42	Total Residential Usage	64,566		$ 93,530	
43	TOTAL RESIDENTIAL CUSTOMERS REVENUE				$ 412,231

RATE DESIGN AND PROOF OF RECOMMENDED REVENUE

PROPOSED REVENUE

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
	COMMERCIAL CUSTOMERS				
44	5/8" X 3/4" Meter	15	$ 31.65	$ 475	$ 475
	Commodity Usage (In Thousands Of Gallons)				
45	First Tier -Breakover @ 1,000 Gals.	15	$ 0.8496	$ 13	
46	Second Tier - Breakover @ 5,000 Gals.	35	$ 2.2090	$ 78	
47	Third Tier - Breakover @ 10,000 Gals.	41	$ 2.4214	$ 99	
48	Fourth Tier - Breakover @ 18,000 Gals.	9	$ 2.8886	$ 26	
49	Fifth Tier - Breakover @ 25,000 Gals.	9	$ 3.3984	$ 31	
50	Sixth Tier - Over 25,000 Gals.	-	$ 4.1121	$ -	
51	Total Commodity Usage And Revenue	109			$ 246
52	3/4" Meter	-	$ 31.65	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
53	First Tier -Breakover @ 1,000 Gals.	-	$ 0.8496	$ -	
54	Second Tier - Breakover @ 5,000 Gals.	-	$ 2.2090	$ -	
55	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.4214	$ -	
56	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.8886	$ -	
57	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.3984	$ -	
58	Sixth Tier - Over 25,000 Gals.	-	$ 4.1121	$ -	
59	Total Commodity Usage And Revenue	-			$ -
60	1" Meter	-	$ 79.12	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
61	First Tier -Breakover @ 1,000 Gals.	-	$ 0.8496	$ -	
62	Second Tier - Breakover @ 5,000 Gals.	-	$ 2.2090	$ -	
63	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.4214	$ -	
64	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.8886	$ -	
65	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.3984	$ -	
66	Sixth Tier - Over 25,000 Gals.	-	$ 4.1121	$ -	
67	Total Commodity Usage And Revenue	-			$ -
68	1.5" Meter	-	$ 158.24	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
69	First Tier -Breakover @ 1,000 Gals.	-	$ 0.8496	$ -	
70	Second Tier - Breakover @ 5,000 Gals.	-	$ 2.2090	$ -	
71	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.4214	$ -	
72	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.8886	$ -	
73	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.3984	$ -	
74	Sixth Tier - Over 25,000 Gals.	-	$ 4.1121	$ -	
75	Total Commodity Usage And Revenue	-			$ -
76	2" Meter	-	$ 253.18	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
77	First Tier -Breakover @ 1,000 Gals.	-	$ 0.8496	$ -	
78	Second Tier - Breakover @ 5,000 Gals.	-	$ 2.2090	$ -	
79	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.4214	$ -	
80	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.8886	$ -	
81	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.3984	$ -	
82	Sixth Tier - Over 25,000 Gals.	-	$ 4.1121	$ -	
83	Total Commodity Usage And Revenue	-			$ -

RATE DESIGN AND PROOF OF RECOMMENDED REVENUE

PROPOSED REVENUE

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
84	3" Meter	-	$ 506.36	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
85	First Tier -Breakover @ 1,000 Gals.	-	$ 0.8496	$ -	
86	Second Tier - Breakover @ 5,000 Gals.	-	$ 2.2090	$ -	
87	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.4214	$ -	
88	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.8886	$ -	
89	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.3984	$ -	
90	Sixth Tier - Over 25,000 Gals.	-	$ 4.1121	$ -	
91	Total Commodity Usage And Revenue	-			$ -
92	4" Meter	-	$ 791.19	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
93	First Tier -Breakover @ 1,000 Gals.	-	$ 0.8496	$ -	
94	Second Tier - Breakover @ 5,000 Gals.	-	$ 2.2090	$ -	
95	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.4214	$ -	
96	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.8886	$ -	
97	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.3984	$ -	
98	Sixth Tier - Over 25,000 Gals.	-	$ 4.1121	$ -	
99	Total Commodity Usage And Revenue	-			$ -
100	Total Commercial Customer Bills	15			
101	Total Commercial Usage	109			
102	TOTAL COMMERCIAL CUSTOMERS REVENUE				$ 721
	IRRIGATION CUSTOMERS				
103	5/8" X 3/4" Meter	-	$ 31.65	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
104	First Tier -Breakover @ 1,000 Gals.	-	$ 0.8496	$ -	
105	Second Tier - Breakover @ 5,000 Gals.	-	$ 2.2090	$ -	
106	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.4214	$ -	
107	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.8886	$ -	
108	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.3984	$ -	
109	Sixth Tier - Over 25,000 Gals.	-	$ 4.1121	$ -	
110	Total Commodity Usage And Revenue	-			$ -
111	3/4" Meter	-	$ 31.65	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
112	First Tier -Breakover @ 1,000 Gals.	-	$ 0.8496	$ -	
113	Second Tier - Breakover @ 5,000 Gals.	-	$ 2.2090	$ -	
114	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.4214	$ -	
115	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.8886	$ -	
116	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.3984	$ -	
117	Sixth Tier - Over 25,000 Gals.	-	$ 4.1121	$ -	
118	Total Commodity Usage And Revenue	-			$ -
119	1" Meter	-	$ 79.12	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
120	First Tier -Breakover @ 1,000 Gals.	-	$ 0.8496	$ -	
121	Second Tier - Breakover @ 5,000 Gals.	-	$ 2.2090	$ -	
122	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.4214	$ -	
123	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.8886	$ -	
124	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.3984	$ -	
125	Sixth Tier - Over 25,000 Gals.	-	$ 4.1121	$ -	
126	Total Commodity Usage And Revenue	-			$ -

RATE DESIGN AND PROOF OF RECOMMENDED REVENUE

PROPOSED REVENUE

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
127	1.5" Meter	-	$ 158.24	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
128	First Tier -Breakover @ 1,000 Gals.	-	$ 0.8496	$ -	
129	Second Tier - Breakover @ 5,000 Gals.	-	$ 2.2090	$ -	
130	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.4214	$ -	
131	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.8886	$ -	
132	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.3984	$ -	
133	Sixth Tier - Over 25,000 Gals.	-	$ 4.1121	$ -	
134	Total Commodity Usage And Revenue	-			$ -
135	2" Meter	-	$ 253.18	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
136	First Tier -Breakover @ 1,000 Gals.	-	$ 0.8496	$ -	
137	Second Tier - Breakover @ 5,000 Gals.	-	$ 2.2090	$ -	
138	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.4214	$ -	
139	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.8886	$ -	
140	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.3984	$ -	
141	Sixth Tier - Over 25,000 Gals.	-	$ 4.1121	$ -	
142	Total Commodity Usage And Revenue	-			$ -
143	3" Meter	-	$ 506.36	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
144	First Tier -Breakover @ 1,000 Gals.	-	$ 0.8496	$ -	
145	Second Tier - Breakover @ 5,000 Gals.	-	$ 2.2090	$ -	
146	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.4214	$ -	
147	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.8886	$ -	
148	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.3984	$ -	
149	Sixth Tier - Over 25,000 Gals.	-	$ 4.1121	$ -	
150	Total Commodity Usage And Revenue	-			$ -
151	4" Meter	-	$ 791.19	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
152	First Tier -Breakover @ 1,000 Gals.	-	$ 0.8496	$ -	
153	Second Tier - Breakover @ 5,000 Gals.	-	$ 2.2090	$ -	
154	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.4214	$ -	
155	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.8886	$ -	
156	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.3984	$ -	
157	Sixth Tier - Over 25,000 Gals.	-	$ 4.1121	$ -	
158	Total Commodity Usage And Revenue	-			$ -
159	Total Irrigation Customer Bills	-			
160	Total Irrigation Usage	-			
161	TOTAL IRRIGATION CUSTOMERS REVENUE				$ -
	HOA CUSTOMERS				
162	5/8" X 3/4" Meter	-	$ 31.65	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
163	First Tier -Breakover @ 1,000 Gals.	-	$ 0.8496	$ -	
164	Second Tier - Breakover @ 5,000 Gals.	-	$ 2.2090	$ -	
165	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.4214	$ -	
166	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.8886	$ -	
167	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.3984	$ -	
168	Sixth Tier - Over 25,000 Gals.	-	$ 4.1121	$ -	
169	Total Commodity Usage And Revenue	-			$ -

RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
170	3/4" Meter	-	$ 31.65	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
171	First Tier -Breakover @ 1,000 Gals.	-	$ 0.8496	$ -	
172	Second Tier - Breakover @ 5,000 Gals.	-	$ 2.2090	$ -	
173	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.4214	$ -	
174	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.8886	$ -	
175	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.3984	$ -	
176	Sixth Tier - Over 25,000 Gals.	-	$ 4.1121	$ -	
177	Total Commodity Usage And Revenue	-			$ -
178	1" Meter	12	$ 79.12	$ 949	$ 949
	Commodity Usage (In Thousands Of Gallons)				
179	First Tier -Breakover @ 1,000 Gals.	12	$ 0.8496	$ 10	
180	Second Tier - Breakover @ 5,000 Gals.	46	$ 2.2090	$ 103	
181	Third Tier - Breakover @ 10,000 Gals.	11	$ 2.4214	$ 27	
182	Fourth Tier - Breakover @ 18,000 Gals.	8	$ 2.8886	$ 22	
183	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.3984	$ -	
184	Sixth Tier - Over 25,000 Gals.	-	$ 4.1121	$ -	
185	Total Commodity Usage And Revenue	77			$ 161
186	1.5" Meter	-	$ 158.24	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
187	First Tier -Breakover @ 1,000 Gals.	-	$ 0.8496	$ -	
188	Second Tier - Breakover @ 5,000 Gals.	-	$ 2.2090	$ -	
189	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.4214	$ -	
190	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.8886	$ -	
191	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.3984	$ -	
192	Sixth Tier - Over 25,000 Gals.	-	$ 4.1121	$ -	
193	Total Commodity Usage And Revenue	-			$ -
194	2" Meter	-	$ 253.18	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
195	First Tier -Breakover @ 1,000 Gals.	-	$ 0.8496	$ -	
196	Second Tier - Breakover @ 5,000 Gals.	-	$ 2.2090	$ -	
197	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.4214	$ -	
198	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.8886	$ -	
199	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.3984	$ -	
200	Sixth Tier - Over 25,000 Gals.	-	$ 4.1121	$ -	
201	Total Commodity Usage And Revenue	-			$ -
202	3" Meter	-	$ 506.36	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
203	First Tier -Breakover @ 1,000 Gals.	-	$ 0.8496	$ -	
204	Second Tier - Breakover @ 5,000 Gals.	-	$ 2.2090	$ -	
205	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.4214	$ -	
206	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.8886	$ -	
207	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.3984	$ -	
208	Sixth Tier - Over 25,000 Gals.	-	$ 4.1121	$ -	
209	Total Commodity Usage And Revenue	-			$ -
210	4" Meter	-	$ 791.19	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
211	First Tier -Breakover @ 1,000 Gals.	-	$ 0.8496	$ -	
212	Second Tier - Breakover @ 5,000 Gals.	-	$ 2.2090	$ -	
213	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.4214	$ -	
214	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.8886	$ -	
215	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.3984	$ -	
216	Sixth Tier - Over 25,000 Gals.	-	$ 4.1121	$ -	
217	Total Commodity Usage And Revenue	-			$ -
218	*Total HOA Customer Bills*	12			
219	Total HOA Usage	77			
220	TOTAL HOA CUSTOMERS REVENUE				$ 1,111

RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
	CONSTRUCTION CUSTOMERS				
194	2" Meter	-	$ 253.18	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
195	First Tier -Breakover @ 1,000 Gals.	-	$ 0.8496	$ -	
196	Second Tier - Breakover @ 5,000 Gals.	-	$ 2.2090	$ -	
197	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.4214	$ -	
198	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.8886	$ -	
199	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.3984	$ -	
200	Sixth Tier - Over 25,000 Gals.	-	$ 4.1121	$ -	
201	Total Commodity Usage And Revenue	-			$ -
202	3" Meter	-	$ 506.36	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
203	First Tier -Breakover @ 1,000 Gals.	-	$ 0.8496	$ -	
204	Second Tier - Breakover @ 5,000 Gals.	-	$ 2.2090	$ -	
205	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.4214	$ -	
206	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.8886	$ -	
207	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.3984	$ -	
208	Sixth Tier - Over 25,000 Gals.	-	$ 4.1121	$ -	
209	Total Commodity Usage And Revenue	-			$ -
210	4" Meter	-	$ 791.19	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
211	First Tier -Breakover @ 1,000 Gals.	-	$ 0.8496	$ -	
212	Second Tier - Breakover @ 5,000 Gals.	-	$ 2.2090	$ -	
213	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.4214	$ -	
214	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.8886	$ -	
215	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.3984	$ -	
216	Sixth Tier - Over 25,000 Gals.	-	$ 4.1121	$ -	
217	Total Commodity Usage And Revenue	-			$ -
210	8" Meter	-	$ 3,164.75	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
211	First Tier -Breakover @ 1,000 Gals.	-	$ 0.8496	$ -	
212	Second Tier - Breakover @ 5,000 Gals.	-	$ 2.2090	$ -	
213	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.4214	$ -	
214	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.8886	$ -	
215	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.3984	$ -	
216	Sixth Tier - Over 25,000 Gals.	-	$ 4.1121	$ -	
217	Total Commodity Usage And Revenue	-			$ -
68	Total Construction Customer Bills	-			
69	Total Construction Usage	-			
70	TOTAL CONSTRUCTION CUSTOMERS REVENUE				$ -

RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
	LAKE CUSTOMERS				
194	2" Meter	-	$ 253.18	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
195	First Tier -Breakover @ 1,000 Gals.	-	$ 0.8496	$ -	
196	Second Tier - Breakover @ 5,000 Gals.	-	$ 2.2090	$ -	
197	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.4214	$ -	
198	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.8886	$ -	
199	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.3984	$ -	
200	Sixth Tier - Over 25,000 Gals.	-	$ 4.1121	$ -	
201	Total Commodity Usage And Revenue	-			$ -
68	Total Lake Customer Bills	-			
69	Total Lake Usage	-			
70	TOTAL LAKE CUSTOMERS REVENUE				$ -
	NON-PORTABLE CUSTOMERS				
178	1" Meter	-	$ 79.12	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
179	First Tier -Breakover @ 1,000 Gals.	-	$ 0.8496	$ -	
180	Second Tier - Breakover @ 5,000 Gals.	-	$ 2.2090	$ -	
181	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.4214	$ -	
182	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.8886	$ -	
183	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.3984	$ -	
184	Sixth Tier - Over 25,000 Gals.	-	$ 4.1121	$ -	
185	Total Commodity Usage And Revenue	-			$ -
186	Total Non-Portable Bills	-			
187	Total Non-Portable Usage	-			
188	TOTAL NON-PORTABLE CUSTOMERS REVENUE				$ -
189	**RUCO TOTAL PROPOSED REVENUE PER BILL COUNT**				$ 414,062
190	TOTAL RESIDENTIAL REVENUE PER BILL COUNT				$ 412,231
191	TOTAL COMMERCIAL REVENUE PER BILL COUNT				721
192	TOTAL IRRIGATION REVENUE PER BILL COUNT				-
193	TOTAL HOA REVENUE PER BILL COUNT				1,111
194	TOTAL CONSTRUCTION REVENUE PER BILL COUNT				-
195	TOTAL LAKE REVENUE PER BILL COUNT				-
196	TOTAL NON-POTABLE REVENUE PER BILL COUNT				-
197	**RUCO TOTAL PROPOSED REVENUE PER BILL COUNT**				$ 414,062
198	Unreconciled Difference vs. Billed Revenues				$ 46
199	RUCO Disallowance Of The 55% CMT				4,890
200	Miscellaneous Revenues				10,150
200	**RUCO TOTAL REVENUE**				$ 429,149
201	**TEST-YEAR REVENUE PER COMPANY SCHEDULE C-1**				$ 429,148
202	Difference				$ 0
203	Percentage Difference				0.00%

TYPICAL RESIDENTIAL BILL ANALYSIS

LINE NO.	DESCRIPTION	(A) PRESENT		(C) COMPANY PROPOSED		(E) RUCO PROPOSED	
	REVENUE ALLOCATION						
1	RESIDENTIAL	$ 322,137	99.62%	$ 485,207	99.56%	$ 412,231	99.56%
2	OTHER	1,224	0.38%	2,155	0.44%	1,831	0.44%
3	TOTAL	$ 323,361	100.00%	$ 487,362	100.00%	$ 414,062	100.00%
	ALLOCATION RATIOS						
4	FIX REVENUE	$ 132,280	40.91%	$ 301,837	61.93%	$ 256,440	61.93%
5	VARIABLE REVENUE	191,081	59.09%	185,526	38.07%	157,622	38.07%
6	TOTAL	323,361	100.00%	$ 487,362	100.00%	$ 414,062	100.00%

	RESIDENTIAL (5/8" X 3/4") RATE DESIGN			PRESENT	COMPANY PROPOSED	RUCO PROPOSED
7	BASIC MONTHLY CHARGE			$ 16.00	$ 37.25	$ 31.65
	COMMODITY CHARGE					
	PRESENT		PROPOSED			
8	1st Tier - Breakover 12,000	1st Tier - Breakover	1,000	$ 2.7500	$ 1.0000	$ 0.8496
9	2nd Tier - Over 12,000	2nd Tier - Breakover	5,000	$ 3.7500	$ 2.6000	$ 2.2090
10		3rd Tier - Breakover	10,000	N/A	$ 2.8500	$ 2.4214
11		4th Tier - Breakover	18,000	N/A	$ 3.4000	$ 2.8886
12		5th Tier - Breakover	25,000	N/A	$ 4.0000	$ 3.3984
13		6th Tier - Over	25,000	N/A	$ 4.8400	$ 4.1121

	AVERAGE RESIDENTIAL BILL COMPARISONS COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL	VARIABLE MONTHLY USAGE	PERCENT AVERAGE USAGE OF 9068	PRESENT TOTAL MONTHLY COST	RUCO MONTHLY COST	RUCO MONTHLY INCREASE	% MONTHLY INCREASE
14		2,267	25.00%	$ 22.23	$ 35.30	$ 13.06	58.75%
15		4,534	50.00%	$ 28.47	$ 40.30	$ 11.84	41.57%
16		9,068	100.00%	$ 40.94	$ 51.18	$ 10.25	25.03%
17		13,602	150.00%	$ 55.01	$ 63.84	$ 8.84	16.07%
18		18,136	200.00%	$ 72.01	$ 77.01	$ 5.00	6.94%

	MEDIAN RESIDENTIAL BILL COMPARISONS COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL	VARIABLE MONTHLY USAGE	PERCENT AVERAGE USAGE OF 7000	PRESENT TOTAL MONTHLY COST	RUCO MONTHLY COST	RUCO MONTHLY INCREASE	% MONTHLY INCREASE
19		1,750	25.00%	$ 20.81	$ 34.15	$ 13.34	64.10%
20		3,500	50.00%	$ 25.63	$ 38.02	$ 12.39	48.37%
21		7,000	100.00%	$ 35.25	$ 46.18	$ 10.93	30.99%
22		10,500	150.00%	$ 44.88	$ 54.88	$ 10.01	22.30%
23		14,000	200.00%	$ 56.50	$ 64.99	$ 8.49	15.03%

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

Water Utility of Greater Tonopah, Inc.

TABLE OF CONTENTS TO RLM RATE DESIGN SCHEDULES

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RLM-RD2	1	TYPICAL RESIDENTIAL BILL ANALYSIS

RATE DESIGN AND PROOF OF RECOMMENDED REVENUE

PROPOSED REVENUE

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
	RESIDENTIAL CUSTOMERS				
1	5/8" X 3/4" Meter	3,600	$ 46.06	$ 165,834	$ 165,834
	Commodity Usage (In Thousands Of Gallons)				
2	First Tier -Breakover @ 1,000 Gals.	2,902	$ 0.6142	$ 1,782	
3	Second Tier - Breakover @ 5,000 Gals.	9,897	$ 3.0771	$ 30,456	
4	Third Tier - Breakover @ 10,000 Gals.	6,626	$ 10.0237	$ 66,422	
5	Fourth Tier - Breakover @ 18,000 Gals.	3,987	$ 12.0260	$ 47,949	
6	Fifth Tier - Breakover @ 25,000 Gals.	1,351	$ 14.4337	$ 19,495	
7	Sixth Tier - Over 25,000 Gals.	1,733	$ 18.3891	$ 31,866	
8	Total Commodity Usage And Revenue	26,496			$ 197,970
9	3/4" Meter	48	$ 46.06	$ 2,211	$ 2,211
	Commodity Usage (In Thousands Of Gallons)				
10	First Tier -Breakover @ 1,000 Gals.	48	$ 0.6142	$ 29	
11	Second Tier - Breakover @ 5,000 Gals.	162	$ 3.0771	$ 498	
12	Third Tier - Breakover @ 10,000 Gals.	118	$ 10.0237	$ 1,183	
13	Fourth Tier - Breakover @ 18,000 Gals.	53	$ 12.0260	$ 637	
14	Fifth Tier - Breakover @ 25,000 Gals.	3	$ 14.4337	$ 43	
15	Sixth Tier - Over 25,000 Gals.	-	$ 18.3891	$ -	
16	Total Commodity Usage And Revenue	384			$ 2,391
17	1" Meter	120	$ 115.16	$ 13,819	$ 13,819
	Commodity Usage (In Thousands Of Gallons)				
18	First Tier -Breakover @ 1,000 Gals.	93	$ 0.6142	$ 57	
19	Second Tier - Breakover @ 5,000 Gals.	247	$ 3.0771	$ 760	
20	Third Tier - Breakover @ 10,000 Gals.	183	$ 10.0237	$ 1,834	
21	Fourth Tier - Breakover @ 18,000 Gals.	120	$ 12.0260	$ 1,443	
22	Fifth Tier - Breakover @ 25,000 Gals.	65	$ 14.4337	$ 938	
23	Sixth Tier - Over 25,000 Gals.	128	$ 18.3891	$ 2,361	
24	Total Commodity Usage And Revenue	836			$ 7,394
25	1.5" Meter	3	$ 230.32	$ 691	$ 691
	Commodity Usage (In Thousands Of Gallons)				
26	First Tier -Breakover @ 1,000 Gals.	3	$ 0.6142	$ 2	
27	Second Tier - Breakover @ 5,000 Gals.	12	$ 3.0771	$ 37	
28	Third Tier - Breakover @ 10,000 Gals.	15	$ 10.0237	$ 150	
29	Fourth Tier - Breakover @ 18,000 Gals.	24	$ 12.0260	$ 289	
30	Fifth Tier - Breakover @ 25,000 Gals.	14	$ 14.4337	$ 202	
31	Sixth Tier - Over 25,000 Gals.	9	$ 18.3891	$ 166	
32	Total Commodity Usage And Revenue	77			$ 845
33	2" Meter	-	$ 368.52	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
34	First Tier -Breakover @ 1,000 Gals.	-	$ 0.6142	$ -	
35	Second Tier - Breakover @ 5,000 Gals.	-	$ 3.0771	$ -	
36	Third Tier - Breakover @ 10,000 Gals.	-	$ 10.0237	$ -	
37	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 12.0260	$ -	
38	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 14.4337	$ -	
39	Sixth Tier - Over 25,000 Gals.	-	$ 18.3891	$ -	
40	Total Commodity Usage And Revenue	-			$ -
41	Total Residential Customer Bills	3,771		$ 182,555	
42	Total Residential Usage	27,794		$ 103,061	
43	TOTAL RESIDENTIAL CUSTOMERS REVENUE				$ 391,156

RATE DESIGN AND PROOF OF RECOMMENDED REVENUE

PROPOSED REVENUE

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
	COMMERCIAL CUSTOMERS				
44	5/8" X 3/4" Meter	24	$ 46.06	$ 1,106	$ 1,106
	Commodity Usage (In Thousands Of Gallons)				
45	First Tier -Breakover @ 1,000 Gals.	24	$ 0.6142	$ 15	
46	Second Tier - Breakover @ 5,000 Gals.	48	$ 3.0771	$ 147	
47	Third Tier - Breakover @ 10,000 Gals.	67	$ 10.0237	$ 672	
48	Fourth Tier - Breakover @ 18,000 Gals.	56	$ 12.0260	$ 673	
49	Fifth Tier - Breakover @ 25,000 Gals.	2	$ 14.4337	$ 29	
50	Sixth Tier - Over 25,000 Gals.	-	$ 18.3891	$ -	
51	Total Commodity Usage And Revenue	197			$ 1,536
52	3/4" Meter	-	$ 46.06	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)	-			
53	First Tier -Breakover @ 1,000 Gals.	-	$ 0.6142	$ -	
54	Second Tier - Breakover @ 5,000 Gals.	-	$ 3.0771	$ -	
55	Third Tier - Breakover @ 10,000 Gals.	-	$ 10.0237	$ -	
56	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 12.0260	$ -	
57	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 14.4337	$ -	
58	Sixth Tier - Over 25,000 Gals.	-	$ 18.3891	$ -	
59	Total Commodity Usage And Revenue	-			$ -
60	1" Meter	9	$ 115.16	$ 1,036	$ 1,036
	Commodity Usage (In Thousands Of Gallons)				
61	First Tier -Breakover @ 1,000 Gals.	9	$ 0.6142	$ 6	
62	Second Tier - Breakover @ 5,000 Gals.	36	$ 3.0771	$ 111	
63	Third Tier - Breakover @ 10,000 Gals.	43	$ 10.0237	$ 431	
64	Fourth Tier - Breakover @ 18,000 Gals.	41	$ 12.0260	$ 493	
65	Fifth Tier - Breakover @ 25,000 Gals.	5	$ 14.4337	$ 72	
66	Sixth Tier - Over 25,000 Gals.	-	$ 18.3891	$ -	
67	Total Commodity Usage And Revenue	134			$ 1,113
68	1.5" Meter	12	$ 230.32	$ 2,764	$ 2,764
	Commodity Usage (In Thousands Of Gallons)				
69	First Tier -Breakover @ 1,000 Gals.	3	$ 0.6142	$ 2	
70	Second Tier - Breakover @ 5,000 Gals.	12	$ 3.0771	$ 37	
71	Third Tier - Breakover @ 10,000 Gals.	10	$ 10.0237	$ 100	
72	Fourth Tier - Breakover @ 18,000 Gals.	12	$ 12.0260	$ 144	
73	Fifth Tier - Breakover @ 25,000 Gals.	11	$ 14.4337	$ 152	
74	Sixth Tier - Over 25,000 Gals.	86	$ 18.3891	$ 1,572	
75	Total Commodity Usage And Revenue	133			$ 2,007
76	2" Meter	-	$ 368.52	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
77	First Tier -Breakover @ 1,000 Gals.	-	$ 0.6142	$ -	
78	Second Tier - Breakover @ 5,000 Gals.	-	$ 3.0771	$ -	
79	Third Tier - Breakover @ 10,000 Gals.	-	$ 10.0237	$ -	
80	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 12.0260	$ -	
81	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 14.4337	$ -	
82	Sixth Tier - Over 25,000 Gals.	-	$ 18.3891	$ -	
83	Total Commodity Usage And Revenue	-			$ -

RATE DESIGN AND PROOF OF RECOMMENDED REVENUE

PROPOSED REVENUE

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
84	3" Meter	-	$ 737.04	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
85	First Tier -Breakover @ 1,000 Gals.	-	$ 0.6142	$ -	
86	Second Tier - Breakover @ 5,000 Gals.	-	$ 3.0771	$ -	
87	Third Tier - Breakover @ 10,000 Gals.	-	$ 10.0237	$ -	
88	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 12.0260	$ -	
89	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 14.4337	$ -	
90	Sixth Tier - Over 25,000 Gals.	-	$ 18.3891	$ -	
91	Total Commodity Usage And Revenue	-			$ -
92	6" Meter	12	$ 2,303.25	$ 27,639	$ 27,639
	Commodity Usage (In Thousands Of Gallons)				
93	First Tier -Breakover @ 1,000 Gals.	-	$ 0.6142	$ -	
94	Second Tier - Breakover @ 5,000 Gals.	-	$ 3.0771	$ -	
95	Third Tier - Breakover @ 10,000 Gals.	-	$ 10.0237	$ -	
96	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 12.0260	$ -	
97	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 14.4337	$ -	
98	Sixth Tier - Over 25,000 Gals.	-	$ 18.3891	$ -	
99	Total Commodity Usage And Revenue	-			$ -
100	Total Commercial Customer Bills	57			
101	Total Commercial Usage	464			
102	TOTAL COMMERCIAL CUSTOMERS REVENUE				$ 37,200
	IRRIGATION CUSTOMERS				
103	5/8" X 3/4" Meter	-	$ 46.06	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
104	First Tier -Breakover @ 1,000 Gals.	-	$ 0.6142	$ -	
105	Second Tier - Breakover @ 5,000 Gals.	-	$ 3.0771	$ -	
106	Third Tier - Breakover @ 10,000 Gals.	-	$ 10.0237	$ -	
107	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 12.0260	$ -	
108	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 14.4337	$ -	
109	Sixth Tier - Over 25,000 Gals.	-	$ 18.3891	$ -	
110	Total Commodity Usage And Revenue	-			$ -
111	3/4" Meter	-	$ 46.06	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
112	First Tier -Breakover @ 1,000 Gals.	-	$ 0.6142	$ -	
113	Second Tier - Breakover @ 5,000 Gals.	-	$ 3.0771	$ -	
114	Third Tier - Breakover @ 10,000 Gals.	-	$ 10.0237	$ -	
115	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 12.0260	$ -	
116	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 14.4337	$ -	
117	Sixth Tier - Over 25,000 Gals.	-	$ 18.3891	$ -	
118	Total Commodity Usage And Revenue	-			$ -
119	1" Meter	-	$ 115.16	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
120	First Tier -Breakover @ 1,000 Gals.	-	$ 0.6142	$ -	
121	Second Tier - Breakover @ 5,000 Gals.	-	$ 3.0771	$ -	
122	Third Tier - Breakover @ 10,000 Gals.	-	$ 10.0237	$ -	
123	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 12.0260	$ -	
124	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 14.4337	$ -	
125	Sixth Tier - Over 25,000 Gals.	-	$ 18.3891	$ -	
126	Total Commodity Usage And Revenue	-			$ -

RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
127	1.5" Meter	-	$ 230.32	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
128	First Tier -Breakover @ 1,000 Gals.	-	$ 0.6142	$ -	
129	Second Tier - Breakover @ 5,000 Gals.	-	$ 3.0771	$ -	
130	Third Tier - Breakover @ 10,000 Gals.	-	$ 10.0237	$ -	
131	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 12.0260	$ -	
132	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 14.4337	$ -	
133	Sixth Tier - Over 25,000 Gals.	-	$ 18.3891	$ -	
134	Total Commodity Usage And Revenue	-			$ -
135	2" Meter	24	$ 368.52	$ 8,844	$ 8,844
	Commodity Usage (In Thousands Of Gallons)				
136	First Tier -Breakover @ 1,000 Gals.	22	$ 0.6142	$ 14	
137	Second Tier - Breakover @ 5,000 Gals.	81	$ 3.0771	$ 249	
138	Third Tier - Breakover @ 10,000 Gals.	100	$ 10.0237	$ 1,002	
139	Fourth Tier - Breakover @ 18,000 Gals.	157	$ 12.0260	$ 1,888	
140	Fifth Tier - Breakover @ 25,000 Gals.	133	$ 14.4337	$ 1,920	
141	Sixth Tier - Over 25,000 Gals.	6,666	$ 18.3891	$ 122,582	
142	Total Commodity Usage And Revenue	7,159			$ 127,655
143	3" Meter	12	$ 737.04	$ 8,844	$ 8,844
	Commodity Usage (In Thousands Of Gallons)				
144	First Tier -Breakover @ 1,000 Gals.	11	$ 0.6142	$ 7	
145	Second Tier - Breakover @ 5,000 Gals.	41	$ 3.0771	$ 126	
146	Third Tier - Breakover @ 10,000 Gals.	50	$ 10.0237	$ 501	
147	Fourth Tier - Breakover @ 18,000 Gals.	75	$ 12.0260	$ 902	
148	Fifth Tier - Breakover @ 25,000 Gals.	37	$ 14.4337	$ 534	
149	Sixth Tier - Over 25,000 Gals.	9	$ 18.3891	$ 166	
150	Total Commodity Usage And Revenue	223			$ 2,236
151	4" Meter	-	$ 1,151.62	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
152	First Tier -Breakover @ 1,000 Gals.	-	$ 0.6142	$ -	
153	Second Tier - Breakover @ 5,000 Gals.	-	$ 3.0771	$ -	
154	Third Tier - Breakover @ 10,000 Gals.	-	$ 10.0237	$ -	
155	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 12.0260	$ -	
156	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 14.4337	$ -	
157	Sixth Tier - Over 25,000 Gals.	-	$ 18.3891	$ -	
158	Total Commodity Usage And Revenue	-			$ -
159	Total Irrigation Customer Bills	36			
160	Total Irrigation Usage	7,382			
161	TOTAL IRRIGATION CUSTOMERS REVENUE				$ 147,579
	HOA CUSTOMERS				
162	5/8" X 3/4" Meter	-	$ 46.06	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
163	First Tier -Breakover @ 1,000 Gals.	-	$ 0.6142	$ -	
164	Second Tier - Breakover @ 5,000 Gals.	-	$ 3.0771	$ -	
165	Third Tier - Breakover @ 10,000 Gals.	-	$ 10.0237	$ -	
166	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 12.0260	$ -	
167	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 14.4337	$ -	
168	Sixth Tier - Over 25,000 Gals.	-	$ 18.3891	$ -	
169	Total Commodity Usage And Revenue	-			$ -

RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
170	3/4" Meter	-	$ 46.06	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
171	First Tier -Breakover @ 1,000 Gals.	-	$ 0.6142	$ -	
172	Second Tier - Breakover @ 5,000 Gals.	-	$ 3.0771	$ -	
173	Third Tier - Breakover @ 10,000 Gals.	-	$ 10.0237	$ -	
174	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 12.0260	$ -	
175	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 14.4337	$ -	
176	Sixth Tier - Over 25,000 Gals.	-	$ 18.3891	$ -	
177	Total Commodity Usage And Revenue	-			$ -
178	1" Meter	-	$ 115.16	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
179	First Tier -Breakover @ 1,000 Gals.	-	$ 0.6142	$ -	
180	Second Tier - Breakover @ 5,000 Gals.	-	$ 3.0771	$ -	
181	Third Tier - Breakover @ 10,000 Gals.	-	$ 10.0237	$ -	
182	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 12.0260	$ -	
183	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 14.4337	$ -	
184	Sixth Tier - Over 25,000 Gals.	-	$ 18.3891	$ -	
185	Total Commodity Usage And Revenue	-			$ -
186	1.5" Meter	-	$ 230.32	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
187	First Tier -Breakover @ 1,000 Gals.	-	$ 0.6142	$ -	
188	Second Tier - Breakover @ 5,000 Gals.	-	$ 3.0771	$ -	
189	Third Tier - Breakover @ 10,000 Gals.	-	$ 10.0237	$ -	
190	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 12.0260	$ -	
191	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 14.4337	$ -	
192	Sixth Tier - Over 25,000 Gals.	-	$ 18.3891	$ -	
193	Total Commodity Usage And Revenue	-			$ -
194	2" Meter	-	$ 368.52	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
195	First Tier -Breakover @ 1,000 Gals.	-	$ 0.6142	$ -	
196	Second Tier - Breakover @ 5,000 Gals.	-	$ 3.0771	$ -	
197	Third Tier - Breakover @ 10,000 Gals.	-	$ 10.0237	$ -	
198	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 12.0260	$ -	
199	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 14.4337	$ -	
200	Sixth Tier - Over 25,000 Gals.	-	$ 18.3891	$ -	
201	Total Commodity Usage And Revenue	-			$ -
202	3" Meter	-	$ 737.04	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
203	First Tier -Breakover @ 1,000 Gals.	-	$ 0.6142	$ -	
204	Second Tier - Breakover @ 5,000 Gals.	-	$ 3.0771	$ -	
205	Third Tier - Breakover @ 10,000 Gals.	-	$ 10.0237	$ -	
206	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 12.0260	$ -	
207	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 14.4337	$ -	
208	Sixth Tier - Over 25,000 Gals.	-	$ 18.3891	$ -	
209	Total Commodity Usage And Revenue	-			$ -
210	4" Meter	-	$ 1,151.62	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
211	First Tier -Breakover @ 1,000 Gals.	-	$ 0.6142	$ -	
212	Second Tier - Breakover @ 5,000 Gals.	-	$ 3.0771	$ -	
213	Third Tier - Breakover @ 10,000 Gals.	-	$ 10.0237	$ -	
214	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 12.0260	$ -	
215	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 14.4337	$ -	
216	Sixth Tier - Over 25,000 Gals.	-	$ 18.3891	$ -	
217	Total Commodity Usage And Revenue	-			$ -
218	Total HOA Customer Bills	-			
219	Total HOA Usage	-			
220	TOTAL HOA CUSTOMERS REVENUE				$ -

RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
	CONSTRUCTION CUSTOMERS				
194	2" Meter	-	$ 368.52	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
195	First Tier -Breakover @ 1,000 Gals.	-	$ 0.6142	$ -	
196	Second Tier - Breakover @ 5,000 Gals.	-	$ 3.0771	$ -	
197	Third Tier - Breakover @ 10,000 Gals.	-	$ 10.0237	$ -	
198	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 12.0260	$ -	
199	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 14.4337	$ -	
200	Sixth Tier - Over 25,000 Gals.	-	$ 18.3891	$ -	
201	Total Commodity Usage And Revenue	-			$ -
202	3" Meter	-	$ 737.04	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
203	First Tier -Breakover @ 1,000 Gals.	-	$ 0.6142	$ -	
204	Second Tier - Breakover @ 5,000 Gals.	-	$ 3.0771	$ -	
205	Third Tier - Breakover @ 10,000 Gals.	-	$ 10.0237	$ -	
206	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 12.0260	$ -	
207	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 14.4337	$ -	
208	Sixth Tier - Over 25,000 Gals.	-	$ 18.3891	$ -	
209	Total Commodity Usage And Revenue	-			$ -
210	4" Meter	-	$ 1,151.62	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
211	First Tier -Breakover @ 1,000 Gals.	-	$ 0.6142	$ -	
212	Second Tier - Breakover @ 5,000 Gals.	-	$ 3.0771	$ -	
213	Third Tier - Breakover @ 10,000 Gals.	-	$ 10.0237	$ -	
214	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 12.0260	$ -	
215	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 14.4337	$ -	
216	Sixth Tier - Over 25,000 Gals.	-	$ 18.3891	$ -	
217	Total Commodity Usage And Revenue	-			$ -
210	8" Meter	-	$ 4,606.49	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
211	First Tier -Breakover @ 1,000 Gals.	-	$ 0.6142	$ -	
212	Second Tier - Breakover @ 5,000 Gals.	-	$ 3.0771	$ -	
213	Third Tier - Breakover @ 10,000 Gals.	-	$ 10.0237	$ -	
214	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 12.0260	$ -	
215	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 14.4337	$ -	
216	Sixth Tier - Over 25,000 Gals.	-	$ 18.3891	$ -	
217	Total Commodity Usage And Revenue	-			$ -
68	Total Construction Customer Bills	-			
69	Total Construction Usage	-			
70	TOTAL CONSTRUCTION CUSTOMERS REVENUE				$ -

RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

LINE NO.	DESCRIPTION	(A) TEST YEAR *ADJUSTED* DETERMINANTS	(B) PROPOSED *CHARGES & USAGE FEES*	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
	LAKE CUSTOMERS				
194	2" Meter	-	$ 368.52	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
195	First Tier -Breakover @ 1,000 Gals.	-	$ 0.6142	$ -	
196	Second Tier - Breakover @ 5,000 Gals.	-	$ 3.0771	$ -	
197	Third Tier - Breakover @ 10,000 Gals.	-	$ 10.0237	$ -	
198	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 12.0260	$ -	
199	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 14.4337	$ -	
200	Sixth Tier - Over 25,000 Gals.	-	$ 18.3891	$ -	
201	Total Commodity Usage And Revenue	-			$ -
68	Total Lake Customer Bills	-			
69	Total Lake Usage	-			
70	TOTAL LAKE CUSTOMERS REVENUE				$ -
	NON-PORTABLE CUSTOMERS				
178	1" Meter	-	$ 368.52	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
179	First Tier -Breakover @ 1,000 Gals.	-	$ 0.6142	$ -	
180	Second Tier - Breakover @ 5,000 Gals.	-	$ 3.0771	$ -	
181	Third Tier - Breakover @ 10,000 Gals.	-	$ 10.0237	$ -	
182	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 12.0260	$ -	
183	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 14.4337	$ -	
184	Sixth Tier - Over 25,000 Gals.	-	$ 18.3891	$ -	
185	Total Commodity Usage And Revenue	-			$ -
186	Total Non-Portable Bills	-			
187	Total Non-Portable Usage	-			
188	TOTAL NON-PORTABLE CUSTOMERS REVENUE				$ -
189	**RUCO TOTAL PROPOSED REVENUE PER BILL COUNT**				$ 575,936
190	TOTAL RESIDENTIAL REVENUE PER BILL COUNT				$ 391,156
191	TOTAL COMMERCIAL REVENUE PER BILL COUNT				37,200
192	TOTAL IRRIGATION REVENUE PER BILL COUNT				147,579
193	TOTAL HOA REVENUE PER BILL COUNT				-
194	TOTAL CONSTRUCTION REVENUE PER BILL COUNT				-
195	TOTAL LAKE REVENUE PER BILL COUNT				-
196	TOTAL NON-POTABLE REVENUE PER BILL COUNT				-
197	**RUCO TOTAL PROPOSED REVENUE PER BILL COUNT**				$ 575,936
198	Unreconciled Difference vs. Billed Revenues				59
199	RUCO Disallowance Of The 55% CMT				$ 16,197
200	Miscellaneous Revenues				14,978
200	**RUCO TOTAL REVENUE**				$ 607,170
201	**TEST-YEAR REVENUE PER COMPANY SCHEDULE C-1**				$ 607,170
202	Difference				$ 0
203	Percentage Difference				0.00%

TYPICAL RESIDENTIAL BILL ANALYSIS

LINE NO.	DESCRIPTION	(A) PRESENT	(B)	(C) COMPANY PROPOSED	(D)	(E) RUCO PROPOSED	(F)
	REVENUE ALLOCATION						
1	RESIDENTIAL	$ 189,834	75.92%	$ 636,856	67.92%	$ 391,156	67.92%
2	OTHER	60,226	24.08%	300,846	32.08%	184,780	32.08%
3	TOTAL	$ 250,061	100.00%	$ 937,702	100.00%	$ 575,936	100.00%
	ALLOCATION RATIOS						
4	FIX REVENUE	$ 173,588	69.42%	$ 379,013	40.42%	$ 232,789	40.42%
5	VARIABLE REVENUE	76,473	30.58%	558,690	59.58%	343,147	59.58%
6	TOTAL	$ 250,061	100.00%	$ 937,702	100.00%	$ 575,936	100.00%

	RESIDENTIAL (5/8" X 3/4") RATE DESIGN	PRESENT	COMPANY PROPOSED	RUCO PROPOSED
7	BASIC MONTHLY CHARGE	$ 17.50	$ 75.00	$ 46.06
	COMMODITY CHARGE			
	PRESENT / PROPOSED			
8	1st Tier - Breakover 12,000 / 1st Tier - Breakover 1,000	$ 4.1000	$ 1.0000	$ 0.6142
9	2nd Tier - Over 12,000 / 2nd Tier - Breakover 5,000	$ 5.2500	$ 5.0100	$ 3.0771
10	3rd Tier - Breakover 10,000	N/A	$ 16.3200	$ 10.0237
11	4th Tier - Breakover 18,000	N/A	$ 19.5800	$ 12.0260
12	5th Tier - Breakover 25,000	N/A	$ 23.5000	$ 14.4337
13	6th Tier - Over 25,000	N/A	$ 29.9400	$ 18.3891

	AVERAGE RESIDENTIAL BILL COMPARISONS COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL	VARIABLE MONTHLY USAGE	PERCENT AVERAGE USAGE OF 7346	PRESENT TOTAL MONTHLY COST	RUCO MONTHLY COST	RUCO MONTHLY INCREASE	% MONTHLY INCREASE
14		1,837	25.00%	$ 25.03	$ 49.25	$ 24.22	96.78%
15		3,673	50.00%	$ 32.56	$ 54.90	$ 22.35	68.63%
16		7,346	100.00%	$ 47.62	$ 82.50	$ 34.88	73.26%
17		11,019	150.00%	$ 61.55	$ 121.36	$ 59.81	97.18%
18		14,692	200.00%	$ 80.83	$ 157.57	$ 76.73	94.93%

	MEDIAN RESIDENTIAL BILL COMPARISONS COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL	VARIABLE MONTHLY USAGE	PERCENT AVERAGE USAGE OF 5000	PRESENT TOTAL MONTHLY COST	RUCO MONTHLY COST	RUCO MONTHLY INCREASE	% MONTHLY INCREASE
19		1,250	25.00%	$ 22.63	$ 47.45	$ 24.82	109.72%
20		2,500	50.00%	$ 27.75	$ 51.29	$ 23.54	84.85%
21		5,000	100.00%	$ 38.00	$ 58.99	$ 20.99	55.23%
22		7,500	150.00%	$ 48.25	$ 79.04	$ 30.79	63.82%
23		10,000	200.00%	$ 56.20	$ 109.11	$ 52.91	94.14%

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

Willow Valley Water Company, Inc.

TABLE OF CONTENTS TO RLM RATE DESIGN SCHEDULES

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RLM-RD2	1	TYPICAL RESIDENTIAL BILL ANALYSIS

RATE DESIGN AND *PROOF OF RECOMMENDED* REVENUE

PROPOSED REVENUE

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
	RESIDENTIAL CUSTOMERS				
1	5/8" X 3/4" Meter	17,976	$ 26.13	$ 469,774	$ 469,774
	Commodity Usage (In Thousands Of Gallons)				
2	First Tier -Breakover @ 1,000 Gals.	12,859	$ 0.8390	$ 10,788	
3	Second Tier - Breakover @ 5,000 Gals.	32,841	$ 2.1813	$ 71,636	
4	Third Tier - Breakover @ 10,000 Gals.	19,495	$ 2.3910	$ 46,613	
5	Fourth Tier - Breakover @ 18,000 Gals.	13,555	$ 2.9363	$ 39,802	
6	Fifth Tier - Breakover @ 25,000 Gals.	5,193	$ 3.7753	$ 19,606	
7	Sixth Tier - Over 25,000 Gals.	8,566	$ 4.5723	$ 39,166	
8	Total Commodity Usage And Revenue	92,510			$ 227,612
9	3/4" Meter	126	$ 26.13	$ 3,293	$ 3,293
	Commodity Usage (In Thousands Of Gallons)				
10	First Tier -Breakover @ 1,000 Gals.	86	$ 0.8390	$ 72	
11	Second Tier - Breakover @ 5,000 Gals.	210	$ 2.1813	$ 458	
12	Third Tier - Breakover @ 10,000 Gals.	132	$ 2.3910	$ 316	
13	Fourth Tier - Breakover @ 18,000 Gals.	69	$ 2.9363	$ 203	
14	Fifth Tier - Breakover @ 25,000 Gals.	27	$ 3.7753	$ 102	
15	Sixth Tier - Over 25,000 Gals.	20	$ 4.5723	$ 91	
16	Total Commodity Usage And Revenue	544			$ 1,242
17	1" Meter	96	$ 65.33	$ 6,272	$ 6,272
	Commodity Usage (In Thousands Of Gallons)				
18	First Tier -Breakover @ 1,000 Gals.	78	$ 0.8390	$ 65	
19	Second Tier - Breakover @ 5,000 Gals.	231	$ 2.1813	$ 504	
20	Third Tier - Breakover @ 10,000 Gals.	148	$ 2.3910	$ 354	
21	Fourth Tier - Breakover @ 18,000 Gals.	180	$ 2.9363	$ 529	
22	Fifth Tier - Breakover @ 25,000 Gals.	117	$ 3.7753	$ 442	
23	Sixth Tier - Over 25,000 Gals.	148	$ 4.5723	$ 677	
24	Total Commodity Usage And Revenue	902			$ 2,570
25	1.5" Meter	-	$ 130.67	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
26	First Tier -Breakover @ 1,000 Gals.	-	$ 0.8390	$ -	
27	Second Tier - Breakover @ 5,000 Gals.	-	$ 2.1813	$ -	
28	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.3910	$ -	
29	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.9363	$ -	
30	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.7753	$ -	
31	Sixth Tier - Over 25,000 Gals.	-	$ 4.5723	$ -	
32	Total Commodity Usage And Revenue	-			$ -
33	2" Meter	-	$ 209.07	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
34	First Tier -Breakover @ 1,000 Gals.	-	$ 0.8390	$ -	
35	Second Tier - Breakover @ 5,000 Gals.	-	$ 2.1813	$ -	
36	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.3910	$ -	
37	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.9363	$ -	
38	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.7753	$ -	
39	Sixth Tier - Over 25,000 Gals.	-	$ 4.5723	$ -	
40	Total Commodity Usage And Revenue	-			$ -
41	Total Residential Customer Bills	18,198		$ 479,339	
42	Total Residential Usage	93,956		$ 130,807	
43	TOTAL RESIDENTIAL CUSTOMERS REVENUE				$ 710,762

RATE DESIGN AND PROOF OF RECOMMENDED REVENUE

PROPOSED REVENUE

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
	COMMERCIAL CUSTOMERS				
44	5/8" X 3/4" Meter	24	$ 26.13	$ 627	$ 627
	Commodity Usage (In Thousands Of Gallons)				
45	First Tier -Breakover @ 1,000 Gals.	23	$ 0.8390	$ 19	
46	Second Tier - Breakover @ 5,000 Gals.	29	$ 2.1813	$ 63	
47	Third Tier - Breakover @ 10,000 Gals.	5	$ 2.3910	$ 12	
48	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.9363	$ -	
49	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.7753	$ -	
50	Sixth Tier - Over 25,000 Gals.	-	$ 4.5723	$ -	
51	Total Commodity Usage And Revenue	57			$ 95
52	3/4" Meter	12	$ 26.13	$ 314	$ 314
	Commodity Usage (In Thousands Of Gallons)				
53	First Tier -Breakover @ 1,000 Gals.	12	$ 0.8390	$ 10	
54	Second Tier - Breakover @ 5,000 Gals.	15	$ 2.1813	$ 33	
55	Third Tier - Breakover @ 10,000 Gals.	20	$ 2.3910	$ 48	
56	Fourth Tier - Breakover @ 18,000 Gals.	52	$ 2.9363	$ 153	
57	Fifth Tier - Breakover @ 25,000 Gals.	38	$ 3.7753	$ 144	
58	Sixth Tier - Over 25,000 Gals.	328	$ 4.5723	$ 1,498	
59	Total Commodity Usage And Revenue	485			$ 1,885
60	1" Meter	72	$ 65.33	$ 4,704	$ 4,704
	Commodity Usage (In Thousands Of Gallons)				
61	First Tier -Breakover @ 1,000 Gals.	66	$ 0.8390	$ 55	
62	Second Tier - Breakover @ 5,000 Gals.	211	$ 2.1813	$ 459	
63	Third Tier - Breakover @ 10,000 Gals.	168	$ 2.3910	$ 403	
64	Fourth Tier - Breakover @ 18,000 Gals.	162	$ 2.9363	$ 475	
65	Fifth Tier - Breakover @ 25,000 Gals.	98	$ 3.7753	$ 370	
66	Sixth Tier - Over 25,000 Gals.	149	$ 4.5723	$ 681	
67	Total Commodity Usage And Revenue	854			$ 2,444
68	1.5" Meter	12	$ 130.67	$ 1,568	$ 1,568
	Commodity Usage (In Thousands Of Gallons)				
69	First Tier -Breakover @ 1,000 Gals.	12	$ 0.8390	$ 10	
70	Second Tier - Breakover @ 5,000 Gals.	32	$ 2.1813	$ 70	
71	Third Tier - Breakover @ 10,000 Gals.	24	$ 2.3910	$ 57	
72	Fourth Tier - Breakover @ 18,000 Gals.	28	$ 2.9363	$ 82	
73	Fifth Tier - Breakover @ 25,000 Gals.	14	$ 3.7753	$ 53	
74	Sixth Tier - Over 25,000 Gals.	106	$ 4.5723	$ 485	
75	Total Commodity Usage And Revenue	216			$ 757
76	2" Meter	-	$ 209.07	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
77	First Tier -Breakover @ 1,000 Gals.	-	$ 0.8390	$ -	
78	Second Tier - Breakover @ 5,000 Gals.	-	$ 2.1813	$ -	
79	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.3910	$ -	
80	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.9363	$ -	
81	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.7753	$ -	
82	Sixth Tier - Over 25,000 Gals.	-	$ 4.5723	$ -	
83	Total Commodity Usage And Revenue	-			$ -

RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
84	3" Meter	-	$ 418.13	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
85	First Tier -Breakover @ 1,000 Gals.	-	$ 0.8390	$ -	
86	Second Tier - Breakover @ 5,000 Gals.	-	$ 2.1813	$ -	
87	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.3910	$ -	
88	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.9363	$ -	
89	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.7753	$ -	
90	Sixth Tier - Over 25,000 Gals.	-	$ 4.5723	$ -	
91	Total Commodity Usage And Revenue	-			$ -
92	4" Meter	12	$ 1,306.67	$ 15,680	$ 15,680
	Commodity Usage (In Thousands Of Gallons)				
93	First Tier -Breakover @ 1,000 Gals.	12	$ 0.8390	$ 10	
94	Second Tier - Breakover @ 5,000 Gals.	23	$ 2.1813	$ 50	
95	Third Tier - Breakover @ 10,000 Gals.	15	$ 2.3910	$ 36	
96	Fourth Tier - Breakover @ 18,000 Gals.	7	$ 2.9363	$ 21	
97	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.7753	$ -	
98	Sixth Tier - Over 25,000 Gals.	-	$ 4.5723	$ -	
99	Total Commodity Usage And Revenue	57			$ 117
100	Total Commercial Customer Bills	132			
101	Total Commercial Usage	1,648			
102	TOTAL COMMERCIAL CUSTOMERS REVENUE				$ 28,190
	IRRIGATION CUSTOMERS				
103	5/8" X 3/4" Meter	-	$ 26.13	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
104	First Tier -Breakover @ 1,000 Gals.	-	$ 0.8390	$ -	
105	Second Tier - Breakover @ 5,000 Gals.	-	$ 2.1813	$ -	
106	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.3910	$ -	
107	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.9363	$ -	
108	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.7753	$ -	
109	Sixth Tier - Over 25,000 Gals.	-	$ 4.5723	$ -	
110	Total Commodity Usage And Revenue	-			$ -
111	3/4" Meter	-	$ 26.13	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
112	First Tier -Breakover @ 1,000 Gals.	-	$ 0.8390	$ -	
113	Second Tier - Breakover @ 5,000 Gals.	-	$ 2.1813	$ -	
114	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.3910	$ -	
115	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.9363	$ -	
116	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.7753	$ -	
117	Sixth Tier - Over 25,000 Gals.	-	$ 4.5723	$ -	
118	Total Commodity Usage And Revenue	-			$ -
119	1" Meter	-	$ 65.33	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
120	First Tier -Breakover @ 1,000 Gals.	-	$ 0.8390	$ -	
121	Second Tier - Breakover @ 5,000 Gals.	-	$ 2.1813	$ -	
122	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.3910	$ -	
123	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.9363	$ -	
124	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.7753	$ -	
125	Sixth Tier - Over 25,000 Gals.	-	$ 4.5723	$ -	
126	Total Commodity Usage And Revenue	-			$ -

RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
127	1.5" Meter	-	$ 130.67	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
128	First Tier -Breakover @ 1,000 Gals.	-	$ 0.8390	$ -	
129	Second Tier - Breakover @ 5,000 Gals.	-	$ 2.1813	$ -	
130	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.3910	$ -	
131	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.9363	$ -	
132	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.7753	$ -	
133	Sixth Tier - Over 25,000 Gals.	-	$ 4.5723	$ -	
134	Total Commodity Usage And Revenue	-			$ -
135	2" Meter	24	$ 209.07	$ 5,018	$ 5,018
	Commodity Usage (In Thousands Of Gallons)				
136	First Tier -Breakover @ 1,000 Gals.	12	$ 0.8390	$ 10	
137	Second Tier - Breakover @ 5,000 Gals.	48	$ 2.1813	$ 105	
138	Third Tier - Breakover @ 10,000 Gals.	60	$ 2.3910	$ 143	
139	Fourth Tier - Breakover @ 18,000 Gals.	96	$ 2.9363	$ 282	
140	Fifth Tier - Breakover @ 25,000 Gals.	84	$ 3.7753	$ 317	
141	Sixth Tier - Over 25,000 Gals.	1,166	$ 4.5723	$ 5,331	
142	Total Commodity Usage And Revenue	1,466			$ 6,189
143	3" Meter	-	$ 418.13	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
144	First Tier -Breakover @ 1,000 Gals.	-	$ 0.8390	$ -	
145	Second Tier - Breakover @ 5,000 Gals.	-	$ 2.1813	$ -	
146	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.3910	$ -	
147	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.9363	$ -	
148	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.7753	$ -	
149	Sixth Tier - Over 25,000 Gals.	-	$ 4.5723	$ -	
150	Total Commodity Usage And Revenue	-			$ -
151	4" Meter	12	$ 653.33	$ 7,840	$ 7,840
	Commodity Usage (In Thousands Of Gallons)				
152	First Tier -Breakover @ 1,000 Gals.	12	$ 0.8390	$ 10	
153	Second Tier - Breakover @ 5,000 Gals.	48	$ 2.1813	$ 105	
154	Third Tier - Breakover @ 10,000 Gals.	60	$ 2.3910	$ 143	
155	Fourth Tier - Breakover @ 18,000 Gals.	96	$ 2.9363	$ 282	
156	Fifth Tier - Breakover @ 25,000 Gals.	84	$ 3.7753	$ 317	
157	Sixth Tier - Over 25,000 Gals.	1,507	$ 4.5723	$ 6,890	
158	Total Commodity Usage And Revenue	1,807			$ 7,748
159	Total Irrigation Customer Bills	36			
160	Total Irrigation Usage	3,273			
161	TOTAL IRRIGATION CUSTOMERS REVENUE				$ 26,794
	HOA CUSTOMERS				
162	5/8" X 3/4" Meter	-	$ 26.13	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
163	First Tier -Breakover @ 1,000 Gals.	-	$ 0.8390	$ -	
164	Second Tier - Breakover @ 5,000 Gals.	-	$ 2.1813	$ -	
165	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.3910	$ -	
166	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.9363	$ -	
167	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.7753	$ -	
168	Sixth Tier - Over 25,000 Gals.	-	$ 4.5723	$ -	
169	Total Commodity Usage And Revenue	-			$ -

RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
170	3/4" Meter	-	$ 26.13	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
171	First Tier -Breakover @ 1,000 Gals.	-	$ 0.8390	$ -	
172	Second Tier - Breakover @ 5,000 Gals.	-	$ 2.1813	$ -	
173	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.3910	$ -	
174	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.9363	$ -	
175	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.7753	$ -	
176	Sixth Tier - Over 25,000 Gals.	-	$ 4.5723	$ -	
177	Total Commodity Usage And Revenue	-			$ -
178	1" Meter	12	$ 65.33	$ 784	$ 784
	Commodity Usage (In Thousands Of Gallons)				
179	First Tier -Breakover @ 1,000 Gals.	12	$ 0.8390	$ 10	
180	Second Tier - Breakover @ 5,000 Gals.	48	$ 2.1813	$ 105	
181	Third Tier - Breakover @ 10,000 Gals.	60	$ 2.3910	$ 143	
182	Fourth Tier - Breakover @ 18,000 Gals.	96	$ 2.9363	$ 282	
183	Fifth Tier - Breakover @ 25,000 Gals.	82	$ 3.7753	$ 310	
184	Sixth Tier - Over 25,000 Gals.	288	$ 4.5723	$ 1,317	
185	Total Commodity Usage And Revenue	586			$ 2,167
186	1.5" Meter	12	$ 130.67	$ 1,568	$ 1,568
	Commodity Usage (In Thousands Of Gallons)				
187	First Tier -Breakover @ 1,000 Gals.	12	$ 0.8390	$ 10	
188	Second Tier - Breakover @ 5,000 Gals.	48	$ 2.1813	$ 105	
189	Third Tier - Breakover @ 10,000 Gals.	60	$ 2.3910	$ 143	
190	Fourth Tier - Breakover @ 18,000 Gals.	96	$ 2.9363	$ 282	
191	Fifth Tier - Breakover @ 25,000 Gals.	84	$ 3.7753	$ 317	
192	Sixth Tier - Over 25,000 Gals.	570	$ 4.5723	$ 2,606	
193	Total Commodity Usage And Revenue	870			$ 3,463
194	2" Meter	-	$ 209.07	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
195	First Tier -Breakover @ 1,000 Gals.	-	$ 0.8390	$ -	
196	Second Tier - Breakover @ 5,000 Gals.	-	$ 2.1813	$ -	
197	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.3910	$ -	
198	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.9363	$ -	
199	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.7753	$ -	
200	Sixth Tier - Over 25,000 Gals.	-	$ 4.5723	$ -	
201	Total Commodity Usage And Revenue	-			$ -
202	3" Meter	-	$ 418.13	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
203	First Tier -Breakover @ 1,000 Gals.	-	$ 0.8390	$ -	
204	Second Tier - Breakover @ 5,000 Gals.	-	$ 2.1813	$ -	
205	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.3910	$ -	
206	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.9363	$ -	
207	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.7753	$ -	
208	Sixth Tier - Over 25,000 Gals.	-	$ 4.5723	$ -	
209	Total Commodity Usage And Revenue	-			$ -
210	4" Meter	24	$ 1,306.67	$ 31,360	$ 31,360
	Commodity Usage (In Thousands Of Gallons)				
211	First Tier -Breakover @ 1,000 Gals.	13	$ 0.8390	$ 11	
212	Second Tier - Breakover @ 5,000 Gals.	48	$ 2.1813	$ 105	
213	Third Tier - Breakover @ 10,000 Gals.	41	$ 2.3910	$ 98	
214	Fourth Tier - Breakover @ 18,000 Gals.	27	$ 2.9363	$ 79	
215	Fifth Tier - Breakover @ 25,000 Gals.	21	$ 3.7753	$ 79	
216	Sixth Tier - Over 25,000 Gals.	60	$ 4.5723	$ 274	
217	Total Commodity Usage And Revenue	210			$ 647
218	Total HOA Customer Bills	48			
219	Total HOA Usage	1,666			
220	TOTAL HOA CUSTOMERS REVENUE				$ 39,989

RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
	CONSTRUCTION CUSTOMERS				
194	2" Meter	-	$ 209.07	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
195	First Tier -Breakover @ 1,000 Gals.	-	$ 0.8390	$ -	
196	Second Tier - Breakover @ 5,000 Gals.	-	$ 2.1813	$ -	
197	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.3910	$ -	
198	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.9363	$ -	
199	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.7753	$ -	
200	Sixth Tier - Over 25,000 Gals.	-	$ 4.5723	$ -	
201	Total Commodity Usage And Revenue	-			$ -
202	3" Meter	-	$ 418.13	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
203	First Tier -Breakover @ 1,000 Gals.	-	$ 0.8390	$ -	
204	Second Tier - Breakover @ 5,000 Gals.	-	$ 2.1813	$ -	
205	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.3910	$ -	
206	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.9363	$ -	
207	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.7753	$ -	
208	Sixth Tier - Over 25,000 Gals.	-	$ 4.5723	$ -	
209	Total Commodity Usage And Revenue	-			$ -
210	4" Meter	-	$ 653.33	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
211	First Tier -Breakover @ 1,000 Gals.	-	$ 0.8390	$ -	
212	Second Tier - Breakover @ 5,000 Gals.	-	$ 2.1813	$ -	
213	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.3910	$ -	
214	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.9363	$ -	
215	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.7753	$ -	
216	Sixth Tier - Over 25,000 Gals.	-	$ 4.5723	$ -	
217	Total Commodity Usage And Revenue	-			$ -
210	8" Meter	-	$ 2,646.90	$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
211	First Tier -Breakover @ 1,000 Gals.	-	$ 0.8390	$ -	
212	Second Tier - Breakover @ 5,000 Gals.	-	$ 2.1813	$ -	
213	Third Tier - Breakover @ 10,000 Gals.	-	$ 2.3910	$ -	
214	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.9363	$ -	
215	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.7753	$ -	
216	Sixth Tier - Over 25,000 Gals.	-	$ 4.5723	$ -	
217	Total Commodity Usage And Revenue	-			$ -
68	Total Construction Customer Bills	-			
69	Total Construction Usage	-			
70	TOTAL CONSTRUCTION CUSTOMERS REVENUE				$ -

RATE DESIGN AND PROOF OF RECOMMENDED REVENUE
PROPOSED REVENUE

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED DETERMINANTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
	LAKE CUSTOMERS				
194	2" Meter	12		$ -	$ -
	Commodity Usage (In Thousands Of Gallons)				
195	First Tier -Breakover @ 1,000 Gals.	3	$ 0.8390	$ 3	
196	Second Tier - Breakover @ 5,000 Gals.	5	$ 2.1813	$ 11	
197	Third Tier - Breakover @ 10,000 Gals.	5	$ 2.3910	$ 12	
198	Fourth Tier - Breakover @ 18,000 Gals.	-	$ 2.9363	$ -	
199	Fifth Tier - Breakover @ 25,000 Gals.	-	$ 3.7753	$ -	
200	Sixth Tier - Over 25,000 Gals.	-	$ 4.5723	$ -	
201	Total Commodity Usage And Revenue	13			$ 25
68	Total Lake Customer Bills	12			
69	Total Lake Usage	13			
70	TOTAL LAKE CUSTOMERS REVENUE				$ 25
	NON-PORTABLE CUSTOMERS				
178	1" Meter	12	$ 653.33	$ 7,840	$ 7,840
	Commodity Usage (In Thousands Of Gallons)				
179	First Tier -Breakover @ 1,000 Gals.	3	$ 0.8390	$ 3	
180	Second Tier - Breakover @ 5,000 Gals.	8	$ 2.1813	$ 17	
181	Third Tier - Breakover @ 10,000 Gals.	10	$ 2.3910	$ 24	
182	Fourth Tier - Breakover @ 18,000 Gals.	15	$ 2.9363	$ 44	
183	Fifth Tier - Breakover @ 25,000 Gals.	7	$ 3.7753	$ 26	
184	Sixth Tier - Over 25,000 Gals.	2	$ 4.5723	$ 9	
185	Total Commodity Usage And Revenue	45			$ 123
186	Total Non-Portable Bills	12			
187	Total Non-Portable Usage	45			
188	TOTAL NON-PORTABLE CUSTOMERS REVENUE				$ 7,964
189	**RUCO TOTAL PROPOSED REVENUE PER BILL COUNT**				$ 813,723
190	TOTAL RESIDENTIAL REVENUE PER BILL COUNT				$ 710,762
191	TOTAL COMMERCIAL REVENUE PER BILL COUNT				28,190
192	TOTAL IRRIGATION REVENUE PER BILL COUNT				26,794
193	TOTAL HOA REVENUE PER BILL COUNT				39,989
194	TOTAL CONSTRUCTION REVENUE PER BILL COUNT				-
195	TOTAL LAKE REVENUE PER BILL COUNT				25
196	TOTAL NON-POTABLE REVENUE PER BILL COUNT				7,964
197	**RUCO TOTAL PROPOSED REVENUE PER BILL COUNT**				$ 813,723
198	Unreconciled Difference vs. Billed Revenues				$ 81
199	RUCO Disallowance Of The 55% CMT				$ 22,626
200	Miscellaneous Revenues				25,453
200	**RUCO TOTAL REVENUE**				$ 861,883
201	**ADJUSTED TEST YEAR REVENUE PER SCHEDULE RLM-1**				$ 861,883
202	Difference				$ 0
203	Percentage Difference				0.00%

TYPICAL RESIDENTIAL BILL ANALYSIS

LINE NO.	DESCRIPTION	(A) PRESENT	(B) PRESENT	(C) COMPANY PROPOSED	(D) COMPANY PROPOSED	(E) RUCO PROPOSED	(F) RUCO PROPOSED
	REVENUE ALLOCATION						
1	RESIDENTIAL	$ 422,409	92.92%	$ 847,202	87.35%	$ 710,762	87.35%
2	OTHER	32,203	7.08%	122,725	12.65%	102,961	12.65%
3	TOTAL	$ 454,612	100.00%	$ 969,927	100.00%	$ 813,723	100.00%
	ALLOCATION RATIOS						
4	FIX REVENUE	$ 333,273	73.31%	$ 663,495	68.41%	$ 556,641	68.41%
5	VARIABLE REVENUE	121,339	26.69%	306,432	31.59%	257,082	31.59%
6	TOTAL	$ 454,612	100.00%	$ 969,927	100.00%	$ 813,723	100.00%

	RESIDENTIAL (5/8" X 3/4") RATE DESIGN				PRESENT	COMPANY PROPOSED	RUCO PROPOSED
7	BASIC MONTHLY CHARGE				$ 16.25	$ 31.15	$ 26.13
	COMMODITY CHARGE						
	PRESENT		PROPOSED				
8	1st Tier - Breakover	8,000	1st Tier - Breakover	1,000	$ 1.1000	$ 1.0000	$ 0.8390
9	2nd Tier - Over	8,000	2nd Tier - Breakover	5,000	$ 1.7000	$ 2.6000	$ 2.1813
10			3rd Tier - Breakover	10,000	N/A	$ 2.8500	$ 2.3910
11			4th Tier - Breakover	18,000	N/A	$ 3.5000	$ 2.9363
12			5th Tier - Breakover	25,000	N/A	$ 4.5000	$ 3.7753
13			6th Tier - Over	25,000	N/A	$ 5.4500	$ 4.5723

	AVERAGE RESIDENTIAL BILL COMPARISONS COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL	VARIABLE MONTHLY USAGE	PERCENT AVERAGE USAGE OF 5142	PRESENT TOTAL MONTHLY COST	RUCO MONTHLY COST	RUCO MONTHLY INCREASE	% MONTHLY INCREASE
14		1,286	25.00%	$ 17.66	$ 27.60	$ 9.93	56.22%
15		2,571	50.00%	$ 19.08	$ 30.40	$ 11.32	59.34%
16		5,142	100.00%	$ 21.91	$ 36.04	$ 14.13	64.51%
17		7,713	150.00%	$ 24.56	$ 40.94	$ 16.38	66.67%
18		10,284	200.00%	$ 28.93	$ 42.01	$ 13.08	45.21%

	MEDIAN RESIDENTIAL BILL COMPARISONS COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL	VARIABLE MONTHLY USAGE	PERCENT AVERAGE USAGE OF 2000	PRESENT TOTAL MONTHLY COST	RUCO MONTHLY COST	RUCO MONTHLY INCREASE	% MONTHLY INCREASE
19		500	25.00%	$ 16.80	$ 25.88	$ 9.08	54.06%
20		1,000	50.00%	$ 17.35	$ 26.97	$ 9.62	55.46%
21		2,000	100.00%	$ 18.45	$ 28.52	$ 10.07	54.60%
22		3,000	150.00%	$ 19.55	$ 27.10	$ 7.55	38.61%
23		4,000	200.00%	$ 18.25	$ 30.03	$ 11.78	64.57%

Hold for P/U
IntelliServe
(877) 277-3188

WHEN RECORDED RETURN TO:
Global Water Resources, LLC
21410 N. 19th Avenue
Suite 201
Phoenix, Arizona 85027

OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL
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INFRASTRUCTURE COORDINATION AND FINANCE AGREEMENT

THIS INFRASTRUCTURE COORDINATION AND FINANCE AGREEMENT (this "Agreement") is entered into as of Oct. 16, 2008 between Global Water Resources, LLC, a Delaware limited liability company ("GWR" and "Coordinator") and, Palo Desert Development, LLC, an Arizona limited liability company ("Landowner").

RECITALS

A. Coordinator is engaged in the business of, among other things, providing services or benefits to landowners, such as: (i) developing master utility plans for services including natural gas, electricity, cable television, Internet, intranet, and telecommunications; (ii) providing construction services for water and wastewater treatment facilities, and (iii) providing financing for the provision of infrastructure in advance of and with no guarantee of customer connections.

B. Coordinator is the owner of Water Utility of Greater Tonopah, Inc. ("WUGT") and Hassayampa Utility Company ("HUC") and provides equity for its subsidiaries' capital construction and improvements.

C. WUGT and HUC are Arizona public service corporations. WUGT and HUC have been issued certificates of convenience and necessity ("CC&N") by the Arizona Corporation Commission ("ACC") to provide water and waste water services (collectively the "Utility Services"), respectively in designated geographic areas within the State of Arizona west of the

Hassayampa River.

D. Landowner is in the process of entitling and/or developing certain real property, as more fully described on Exhibit A hereto (the "Land") and, in connection therewith, desires (i) to engage Coordinator to provide various services including but not limited to arranging and coordinating for the Landowner the provision of water and wastewater utility services by WUGT and HUC with respect to the Land pursuant to the terms and conditions hereinafter set forth, and (ii) work with WUGT and HUC to include the Land in new CC&N service areas. Landowner may entitle and sell the land in multiple phases to entities for future development. Through Coordinator, Landowner has requested water and wastewater services from GWR, and GWR through WUGT and HUC has agreed to provide such services to Landowner. Coordinator shall use good faith efforts to provide "will serve" letters from WUGT and HUC for Landowner as such is requested.

E. The parties acknowledge that the formation of the CC&N may not be finalized until such time as the appropriate Arizona Department of Water Resources ("ADWR"), Arizona Department of Environmental Quality ("ADEQ") and Maricopa Association of Governments ("MAG") permits and approvals are in place.

F. The parties recognize and acknowledge that this Agreement is a financing and coordinating agreement only. The fees contemplated in this Agreement represent an approximation of the carrying costs associated with interest and capitalized interest associated with the financing of infrastructure for the benefit of the Landowner until such time as the rates associated from the provision of services within the areas to be served as contemplated by this agreement generate sufficient revenue to carry the on going carrying costs for this infrastructure. Nothing in this Agreement should be construed as a payment of principal, a contribution or advance to the utilities and will bear no repayment of any kind or nature in the future.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Obligations of Coordinator. Upon execution of this Agreement, Coordinator shall undertake good faith efforts to facilitate, arrange and/or coordinate with WUGT and HUC, as necessary, to provide Utility Services to Landowner, including without limitation, obtaining all

necessary permits and approvals from ACC, ADWR, ADEQ and MAG to form the CC&Ns of WUGT and HUC to include the Land. Water and wastewater lines will be constructed to the property line of the Land and reclaimed water lines will be constructed to a water storage facility within the Land, at locations to be designated by Coordinator collectively (the "Delivery Point") in consultation with Landowner. In addition to other administrative services to be provided by Coordinator, Coordinator shall undertake good faith efforts to coordinate and provide access to utility agreements currently in place to benefit the Land. These utility agreements may include the provision of natural gas, electricity, telephone, cable television, Internet, and intranet services. Coordinator will use its good faith efforts to facilitate modifications to existing utility agreements (including agreements with utility service providers other than with WUGT and HUC) to include the Land within the service areas of other utility service providers. Landowner acknowledges and agrees that nothing in this Agreement is intended to prohibit Coordinator, its successors or assigns or their respective subsidiaries or affiliates from investing in or owning companies formed for purposes of providing any one or more of the utility services contemplated in this Agreement. Landowner shall not be obligated to enter into any agreements with Coordinator, its successors or assigns, or their respective subsidiaries or affiliates to accept any utility services without Landowner's written approval, in Landowner's sole discretion, subject to applicable regulatory approvals.

2. Coordination with WUGT and HUC. Coordinator shall make good faith efforts to arrange and obtain for Landowner from WUGT and HUC to provide the services more fully described on Exhibit D hereto. Landowner or any successor to Landowner desiring the delivery of Utility Services to any portion of the Land must enter into separate Water Facilities Extension and Wastewater Facilities Extension Agreements (the "Extension Agreements") with WUGT and HUC respectively, at the earlier of 1) the time any portion of the Land has received final plat approval from Maricopa County ("Plat Approval"); or 2) upon request by Landowner and/or its agents and/or assigns for Coordinator to coordinate the inparcel facility plan review by WUGT and/or HUC. Unless otherwise agreed by the parties, the Extension Agreement shall be in the form attached hereto as Exhibits E and F.

3. Obligations of Landowner. Landowner agrees to cooperate with Coordinator as reasonably requested by Coordinator and agrees to provide all information and documentation about the Land reasonably necessary for Coordinator to comply with its obligations under this Agreement. In addition, Landowner agrees to grant to WUGT and HUC, as the case may be, all necessary easements and rights of way for the construction and installation and subsequent

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operation, maintenance and repair of the Utility Services. Such easements and rights of way shall be of adequate size, location and configuration so as to allow WUGT and HUC ready and all weather access to all facilities for maintenance and repairs and other activities reasonably necessary to provide safe and reliable water and wastewater Utility Services. As Landowner ceases to utilize Land, or portions thereof, for farming or raising of stock, Landowner shall thereafter provide and transfer to WUGT the prorated portion of any and all water rights, which are owned by Landowner at the time of the including, but not limited to, Grandfathered Irrigation Rights, Type I rights and /or Type II rights which run with or relate to the Land and which Coordinator determines, in its sole discretion, to be useful. As Landowner ceases to utilize the Land, or portions thereof, Landowner shall thereafter transfer and convey to WUGT at no cost to WUGT (or Coordinator) any wells on such Land that WUGT, in its sole discretion, deems useful for WUGT, whether operational, abandoned, agricultural or otherwise. In addition, if WUGT identifies well sites on the Land that WUGT, in its sole discretion, deems useful for WUGT, Landowner shall cause such well sites to be identified on the Plat Approval and dedicated to WUGT in fee, free of all liens, claims and encumbrances of any kind or nature whatsoever; provided that the well site location is not located within areas identified in the current or any approved preliminary plans as areas to be used for entrances, entry monumentation or public roadways. WUGT shall make good faith efforts to locate any such well sites in such a way so as to minimize, to the extent reasonably possible, disruption to Landowner's development plan. Any well sites not transferred to WUGT are to be decommissioned at the Landowner's expense. Both parties acknowledge that until effluent is available for the Land, groundwater from wells on the Land may be utilized. The Coordinator will use its reasonable efforts to obtain an Interim Use Permit with ADWR on behalf of the Landowner or the Landowners homeowner association to allow the use of groundwater until effluent is available. Specific identifiable costs associated with completing the Interim Use Permit will be reimbursed by Landowner to Coordinator subject to written documentation of such costs. Such costs may include engineering plans prepared by Landowner's engineering firm for the benefit of ADWR subject to Landowner's prior written notice. In WUGT's sole discretion and upon WUGT's request, Landowner will provide for the deeding of Tract "A", as shown on Exhibit B, attached hereto. Landowner shall be required to seek WUGT's approval prior to the dimensional and/or locational change of such Tract "A". Additionally, should Tract "C" remain in the current dimension and location as shown on Exhibit

B, WUGT shall retain the right to require Landowner to deed such Tract "C" to WUGT upon request. Nothing herein shall require WUGT to make such request for deeding of either Tract. Should the Land deviate from the initial intended development as shown on Exhibit B hereto, WUGT retains the right to require up to two (2) acres of land per 640 acres of land, free and clear of all liens, claims or encumbrances (except as otherwise expressly agreed to by WUGT) to WUGT for the use of future water pumping, treatment and storage facilities.

Landowner shall be required to use reclaimed water for distribution and irrigation for all common areas, entry monumentation areas and/or park sites within any portion of the Land. Landowner shall work with HUC and Coordinator to ensure that all retention storage meets the requirements of HUC, including but not limited to required freeboard area for storm situations and potential level variations. To the extent it is commercially reasonable, Landowner will utilize pressurized reclaimed water for distribution and irrigation of residential homes. Landowner will work with HUC to allow for additional land required for the necessary appurtenant facilities needed for a pressurized reclaimed water system. Storage retention structures, including lakes, are for water deliveries from WUGT and HUC only and cannot be utilized for stormwater run off or street run off.

4. Payment Obligations. Landowner, or its assigns in title and/or successors in title, shall pay Coordinator the sum of $5,750.00 per equivalent dwelling unit ("EDU") in the Land (the "Landowner Payment."), adjusted upward based on a CPI Factor, which is defined as the Consumer Price Index – United States City Average – for All Urban Consumers. All Items published by the United States Department of Labor, Bureau of Labor Statistics ("Index"), with the Index for the month and year of January 2007 being treated as the Base Index, plus two percent (2%). If the Index is discontinued or revised during the term of this letter, such other government index or computation with which it is replaced shall be utilized, and modified as necessary, to obtain substantially the same result as would be obtained if the Index had not been so discontinued or revised. For example, if the Landowner Payment was due in February 2007 and the most current available Index was 187.3 and the Index for January 2007 was 182.5, the Landowner Payment per EDU would be calculated as follows: $5,750 x 187.3/182.5 x 1.02 = $6,019. The number of EDUs within the Land shall be calculated as follows: (i) each single family residential EDU included in the final plat shall constitute one (1) EDU and (ii) each gross acre of commercial or industrial property included in the final plat shall constitute four point

eight (4.8) EDUs. Following the final plat approval, Landowner and Coordinator shall reconcile the amount paid by Landowner pursuant to the preceding sentence with the actual Landowner Payment and Landowner shall pay to Coordinator or Coordinator shall pay to Landowner, as the case may be, the amount necessary to reconcile such payment. The CPI factor is only applicable to that particular unpaid portion of the $5,750 per EDU base fee.

The following describes the timing of payments for residential EDUs contingent on the base year price of $5,750 per EDU. Until a plat approval is received, residential EDUs are assumed to be at 1 EDU per acre; provided, however, that if the Landowner elects to develop the Land to contain greater than eighty (80) residential lots, the residential EDUs shall then be assumed to be at 3.5 EDU per acre. Any additional amounts due for the CPI Factor is paid as each phase is final platted.

- Of this amount, $50 per EDU for all property within the Land is payable upon signing of this Agreement. If any portion of the Land has not received Maricopa County approved residential, commercial and/or industrial zoning ("Zoned"), the Landowner may enter into this Agreement, but not pay the initial $50 per EDU fee until such time as such portion of the Land is Zoned. At the time Maricopa County approves the Re-Zoning Application, then the initial $50 fee per EDU is due and any other portion of the $5,750 fee is due if it has been triggered by the terms of this Agreement.
- $500 per EDU for all property within the Land is payable when the Land has received preliminary plat approval or within fifteen (15) days after a "Start Work Notice", as more particularly defined within Exhibit E attached hereto, has been issued by the Coordinator to extend service lines towards the Land as requested by Landowner.
- At final plat approval, $5,200 per EDU is payable for all EDUs final platted and $250 is payable for any remaining EDUs within the development.
- For the balance of any EDUs to be final platted in the future, $4,950 per EDU is payable at final plat approval. The Coordinator will true up any discrepancy with respect to the actual number of EDUs at final plat against EDUs estimated at the time of signing this agreement. Either the Coordinator will pay the Landowner or the Landowner will pay the Coordinator that difference contemporaneous with the final payment as triggered by the final platted parcel(s) in the Development.

An example of how this would calculate for land included in the CC&N with 7,700 residential EDU's developed in phases of 500 EDU's each:

- $50 times 7,700 EDU's or $385,000 is due upon signing of the Infrastructure Financing and Coordination Agreement.
- $500 times 2,000 EDU's or $1,000,000 is due fifteen (15) days after Coordinator issues the Start Work Notice or the Land receives preliminary platting.
- $5,200 plus the CPI Factor times 500 final platted EDU's, or $2,600,000, plus $250 times remaining 7,200 preliminary platted EDU's, or $1,800,000 for a total of $4,400,000 is due at the first final plat approval for the first 500 EDU's.
- Then, $4,950 plus the CPI Factor per EDU is payable when the remaining EDU's are final platted.

The following describes the timing of payments for commercial and industrial property based on the $5,750 per EDU base year price at 4.8 EDU's per acre. Any additional amount due for the CPI Factor is aggregated with the total fee.

- Of this amount, $50 per EDU for all commercial or industrial acres is payable upon signing of the Infrastructure Financing and Coordination Agreement.
- The remaining $5,700 per EDU is payable when the County approves the "Commercial or Industrial Site Plan".
- An example of how this would calculate for a commercial or industrial section of land with 30 acres in size would be as follows:
  - $50 x 30 acres x 4.8 EDU/acre or $7,200 is due upon signing of the Infrastructure Financing and Coordination Agreement.
  - $5,700 plus the CPI Factor x 30 acres x 4.8 EDU/acre or $820,800 is due and payable when the County approves the Commercial or Industrial Site Plan.

The parties acknowledge that additional fees will be billed to the commercial and industrial end user based upon the ultimate use of the Land and fixtures thereon. Fees payable to WUGT and HUC, and reimbursement for certain costs and expenses incurred by Landowner with respect to the obtaining of Utility Services are not the subject of this Agreement and shall be paid and reimbursed to the appropriate parties in accordance with the Extension Agreements.

5. No Partnership. Coordinator is acting as an independent contractor pursuant to this Agreement. Nothing in this Agreement shall be interpreted or construed (i) to create an association, agency relationship, joint venture, or partnership among the parties or to impose any partnership obligation or liability upon either party, or (ii) to prohibit or limit the ability of Coordinator to enter into similar or identical agreements with other landowners, even if the

activities of such landowners may be deemed to be in competition with the activities or Landowner.

6. Default.

(a) Landowner shall be deemed to be in material default under this Agreement upon the expiration of ten (10) days, as to monetary defaults, and thirty (30) days, as to non-monetary defaults, following receipt of written notice from Coordinator specifying the particulars in which a default is claimed unless, prior to expiration of the applicable grace period (ten (10) days or thirty (30) days, as the case may be), such default has been cured.

(b) In the event either party to this Agreement is in material default under this Agreement, the provisions hereof may be enforced by any remedy permitted by law for specific performance, injunctive, or other equitable remedies in addition to any other remedy available at law or in equity. In this regard, in the event Landowner fails to pay any amount as and when due (including the Landowner Payment), which failure is not cured within ten (10) days after notice thereof in accordance with the provisions of Section 6(a) above, such delinquent amounts shall bear interest at the rate of fifteen percent (15%) per annum from the due date until paid. In addition, to the extent such sums remain unpaid following such ten (10) day period, Coordinator may claim a contractual lien for such sum, together with interest thereon as set forth above, which may be foreclosed against only that portion of the Land owned by the defaulting landowner in the manner prescribed by law for the foreclosure of realty mortgages; Coordinator agrees that as and when portions of the Property are sold, the obligations hereunder shall be bifurcated based on the land area sold and each landowner shall be solely (and not jointly) responsible for all sums owed with respect to the land areas that it owns and shall not have any obligation or liability for the failure of any other owner of any portion of the Land.

(c) Subject to the limitations described in the last sentence of the subsection (b) above, amounts owed but not paid when due by Landowner shall be a lien against the Land that the parties agree shall relate back to the date upon which an executed copy of this Agreement is recorded in the Maricopa County Recorders Office along with a document entitled Preliminary Notice of Contractual Lien which sets forth:

i. The name of the lien claimant;
ii. the name of the party or then owner of the property or interest against which the lien is claimed;

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iii. and a description of the property against which the lien is claimed.

(d) The lien shall take effect only upon recordation of a claim of contractual lien as described below in the office of the County Recorder by Coordinator, and shall relate back to the date when the Preliminary Notice of Contractual Lien and executed copy of the Agreement were recorded, as set forth in paragraph (c) above. Coordinator acknowledges and agrees to work with the Landowner and its lenders to the extent reasonably possible to subordinate this agreement to allow additional financing to occur. Coordinator shall give written notice of any such lien. The Notice and Claim of Contractual Lien shall include the following:

(i) The name of the lien claimant.

(ii) The name of the party or then owner of the property or interest against which the lien is claimed.

(iii) A description of the property against which the lien is claimed.

(iv) A description of the default or breach that gives rise to the claim of lien and a statement itemizing the amount of the claim.

(v) A statement that the lien is claimed pursuant to the provisions of this Agreement and reciting the date of recordation and recorder's document number of this Agreement.

(vi) The notice shall be acknowledged, and after recordation, a copy shall be given to the person against whose property the lien is claimed in any manner prescribed under Section 15 of this Agreement. The lien may be enforced in any manner allowed by law, including without limitation, by an action to foreclose a mortgage or mechanic's lien under the applicable provisions of the laws of the State of Arizona.

(e) If the Landowner posts either (i) a bond executed by a fiscally sound corporate surety licensed to do business in the State of Arizona, or (ii) an irrevocable letter of credit from a reputable financial institution licensed to do business in the State of Arizona reasonably acceptable to Coordinator, which bond or letter of credit (a) names Coordinator as the principal or payee and is in form satisfactory to Coordinator, (b) is in the amount of one and one-half (1-½) times the claim secured by the lien, and (c) unconditionally provides that it may be

drawn on by Coordinator in the event of a final judgment entered by a court of competent jurisdiction in favor of Coordinator, then Coordinator shall record a release of the lien or take such action as may be reasonably required by a title insurance company requested to furnish a policy of title insurance on such property to delete the lien as an exception thereto. Landowner shall post the bond or letter of credit by delivery of same to Coordinator. All costs and expenses to obtain the bond or letter of credit, and all costs and expenses incurred by Coordinator, shall be borne by Landowner, unless Landowner is the prevailing party in any litigation challenging the claimed lien.

7. Non Issuance of CC&N Expansion. In the event that Coordinator WUGT and HUC are unable to obtain all of the necessary approvals from the ACC, ADWR, MCESD and ADEQ within thirty-six (36) months of the execution of this Agreement, then the Landowner or Coordinator at either party's option may terminate this Agreement without recourse to either party. In the event of termination of the Agreement, Coordinator shall remove or cause to be removed any registration of this Agreement with Maricopa County and waive any lien rights it may have under this Agreement. Should either party elect to terminate this Agreement under this condition, any funds (other then the intial $50 per EDU payment) paid by the Landowner to the Coordinator for purposes of progressing the construction of any necessary infrastructure (the $500 per EDU payment described in Section 4 above) would be refundable at that time and would be become due and payable to the Landowner within fifteen (15) days of termination of this Agreement. Any fees collected at the time of the execution of this Agreement are expressly non-refundable.

8. Attorneys' Fees. If any dispute arises out of the subject matter of this Agreement, the prevailing party in such dispute shall be entitled to recover from the other party its reasonable costs, expenses and attorney's fees incurred in litigating, arbitrating, or otherwise resolving such dispute. The parties' obligations under this Section shall survive the closing under this Agreement.

9. Applicable Law; Venue; Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of Arizona, notwithstanding any Arizona or other conflict-of-law provisions to the contrary. The parties consent to jurisdiction for purposes of this Agreement in the State of Arizona, and agree that Maricopa County, Arizona, shall be proper venue for any action brought with respect to this Agreement.

10. Interpretation. The language in all parts of this Agreement shall in all cases, be

construed as a whole according to its fair meaning and not strictly for nor against any party. The section headings in this Agreement are for convenience only and are not to be construed as a part hereof. The parties agree that each party has reviewed this Agreement and has had the opportunity to have counsel review the same and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement or any amendments or any exhibits thereto. Except where specifically provided to the contrary, when used in this Agreement, the term "including" shall mean without limitation by reason of enumeration. All pronouns and any variations thereof shall be deemed to refer to masculine, feminine or neuter, singular or plural, as the identity of the person(s) or entity(ies) may require.

11. Counterparts. This Agreement shall be effective upon execution by all parties hereto and may be executed in any number of counterparts with the same effect as if all of the parties had signed the same document. All counterparts shall be construed together and shall constitute one agreement.

12. Entire Agreement. This Agreement constitutes the entire integrated agreement among the parties pertaining to the subject matter hereof, and supersedes all prior and contemporaneous agreements, representations, and undertakings of the parties with respect to such subject matter. This Agreement may not be amended except by a written instrument executed by all parties hereto.

13. Additional Instruments. The parties hereto agree to execute, acknowledge, and deliver to each other such other documents and instruments as may be reasonably necessary or appropriate to evidence or to carry out the terms of this Assignment.

14. Severability. Every provision of this Agreement is intended to be severable. If any term or provision hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity or legality of the remainder of this Agreement.

15. Incorporation by Reference. Every exhibit, schedule and other appendix attached to this Agreement and referred to herein is hereby incorporated in this Agreement by reference.

16. Notices. Any notice, payment, demand or communication required or permitted to be given by any provision of this Agreement shall be in writing and shall be delivered personally to the party to whom the same is directed or sent by registered or certified mail, return

receipt requested, addressed to the addresses set forth on the signature page hereto. Any such notice shall be deemed to be delivered, given and received for all purposes as of the date so delivered if delivered personally, or three business days after the time when the same was deposited in a regularly maintained receptacle for the deposit of United States mail, if sent by registered or certified mail, postage and charges prepaid, or if given by any other method, upon actual receipt; provided that notwithstanding the foregoing, notice of any change of address shall be effective only upon actual receipt of such notice.

17. Binding Effect; Partial Releases. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the respective parties. This Agreement constitutes a covenant running with the land, shall be binding upon the Land for the benefit of Coordinator, its successors and assigns and any person acquiring any portion of the Land, upon acquisition thereof, shall be deemed to have assumed the obligations of Landowner arising from this Agreement with respect only to that portion of the Land acquired without the necessity for the execution of any separate instrument. If phases and/or parcels within the Land are sold individually, Coordinator will ensure that at such time as the Landowner Payment has been paid in full for that particular phase and/or parcel, Coordinator shall release this Agreement of record from that particular phase and/or parcel, without releasing the Agreement from any other portion of the Land for which the Landowner Payment has not been paid in full. It is the intent of this Agreement to release that portion of any lien which relates to parcels and or plats that are paid in full.

18. Time is of the Essence. Landowner and Coordinator agree that time is of the essence with respect to each and every provision and obligation within this Agreement.

19. Assured Water Supply Credit. Notwithstanding anything set forth herein to the contrary, Coordinator agrees to credit Landowner the total costs to perform any and all work necessary to acquire its own Analysis of Assured Water Supply up to Twenty Thousand and 00/100 Dollars ($20,000) (the "Assured Water Credit"), as partial reimbursement to Landowner of the actual cost to perform such work. The Assured Water Credit shall be deducted from the Landowner's Payment as follows: (a) $25.00 per EDU shall be deducted from the $50.00 per EDU (the "Initial Credit") for all property within the Land that is payable upon the later of the signing of this Agreement or the receipt of approval that the Land is Zoned in accordance with Section 4 above; and (b) any remaining balance after the deduction of the Initial Credit shall be applied to the $500 per EDU (the "Second Credit") for all property within the Land that is payable when the Land has received preliminary plat approval or within fifteen (15) days after a

"Start Work Notice", as more particularly defined within Exhibit E attached hereto, has been issued by the Coordinator to extend service lines towards the Land as requested by Landowner in accordance with Section 4 above. Landowner shall be required to submit to Coordinator reasonable proof of its expenditures prior to the deduction of the Second Credit.

[Signatures are on the following page.]

IN WITNESS WHEREOF, the parties have entered into this Agreement as of the date first above written.

COORDINATOR:
Global Water Resources, LLC
a Delaware Limited Liability Company

By: Cindy M. Liles
Cindy M. Liles
Treasurer

LANDOWNER:
Palo Desert Development, LLC,
an Arizona limited liability company

By: Island Paradise Investments, Inc.,
an Oregon corporation

By: Bryan D. Marsh, SEC
Name: Bryan D. Marsh
Its: Secretary

STATE OF ARIZONA)
) ss.
County of Pinal)

On 26 / Of SEPTEMBER, 2008 before me, a Notary Public in and for said state, personally appeared Bryan D MAESH, personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument, the persons, or the entity upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.

My Commission Expires: 02/22/2011

Notary Public in and for said State

ANA RUBINO
NOTARY PUBLIC - ARIZONA
MARICOPA COUNTY
My Commission Expires
February 22, 2011

STATE OF ARIZONA)
) ss.
County of Maricopa)

On October 6, 2008, before me, a Notary Public in and for said state, personally appeared Cindy M. Liles, personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument, the persons, or the entity upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.

My Commission Expires: 7/10/2012

Notary Public in and for said State

JENNIE L. PEREZ
Notary Public - Arizona
Maricopa County
My Comm. Expires Jul 10, 2012

EXHIBIT A

INFRASTRUCTURE COORDINATION AND FINANCE AGREEMENT

LEGAL DESCRIPTION OF LAND

Sonora Ranch

NEC of 363rd Avenue and Van Buren Street Legal Description

LEGAL DESCRIPTION

A PARCEL OF LAND SITUATED IN THE WEST HALF SOUTHWEST QUARTER SECTION 1, TOWNSHIP 1 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER MERIDIAN, MARICOPA COUNTY, ARIZONA.

EXHIBIT B

INFRASTRUCTURE COORDINATION AND FINANCE AGREEMENT

SITE PLAN

A COPY OF THE SITE PLAN CAN BE OBTAINED FROM GLOBAL WATER RESOURCES, LLC, 21410 N. 19TH AVENUE, SUITE 201, PHOENIX, ARIZONA 85027

EXHIBIT C

INFRASTRUCTURE COORDINATION AND FINANCE AGREEMENT

START WORK NOTICE TRIGGER

$500 per EDU for all zoned residential and/or commercial EDUs is payable upon WUGT and HUC's receipt of ACC approval to provide service to the Land. Receipt of notification from Coordinator to Landonwer of such ACC approval shall be deemed the Start Work Notice and this payment shall be come due and payable. Landower will cause this fee to be paidwithin fifteen (15) days after such notification from Coordinator.

EXHIBIT D

INFRASTRUCTURE COORDINATION AND FINANCE AGREEMENT

DESCRIPTION OF WUGT AND HUC SERVICES TO BE COORDINATED BY COORDINATOR *Summary followed by certain specific services*

WUGT

- Form a CC&N water service area to include the Land;
- Prepare a master water plan with respect to the Land;
- Confirm and or develop sufficient water plant, well source capacity and Central Arizona Project water source capacity and delivery for the Land;
- Extend a water distribution main line to the Delivery Point;
- Provide will-serve letters to applicable governmental agencies necessary for final plat approvals with a schedule of commitment dates personalized for the Land;
- Upon conveyance of Landowner's Analysis of Assured Water Supply, WUGT will request a 100-year assured water supply from Arizona Department of Water Resources and assist Landowner with the Assured Water Supply required for final plat approvals and Department of Real Estate approvals;;
- Provide expedited final subdivision plat water improvement plan check and coordination with the Arizona Department of Environmental Quality for Approvals to Construct; and,
- Obtain/Develop facilities extension agreement for construction of infrastructure within the Land (subject to reimbursement).

HUC

- Form a CC&N wastewater service area to include the Land;
- Prepare a master wastewater plan with respect to the Land;
- Develop a master reclaimed water treatment, retention, and distribution plan including interim well water supply for lake storage facilities;
- Confirm and or develop sufficient wastewater plant capacity for the Land;
- Extend a wastewater collection system main line to the Delivery Point;
- Extend a reclaimed water line to a water storage facility within the Land;
- Provide all permitting and regulatory approvals including but not limited to an Aquifer Protection Permit and Maricopa Association of Governments (MAG) 208 Water Quality Plan as necessary;
- Provide will-serve letters to applicable governmental agencies necessary for final plat approvals for the Land;
- Provide expedited final subdivision plat wastewater improvement plan check and coordination with the Arizona Department of Environmental Quality for Approvals to Construct; and,

- Obtain/Develop facilities extension agreement for construction of infrastructure within the Land (subject to reimbursement).

EXHIBIT E

INFRASTRUCTURE COORDINATION AND FINANCE AGREEMENT

WATER FACILITIES EXTENSION AGREEMENT

This Agreement is made this _____ day of _____, 2008 by and between WATER UTILITY OF GREATER TONOPAH an Arizona corporation ("Company"), and _____, an _____ ("Developer").

RECITALS:

A. Developer desires that water utility service be extended to and for its real estate development located in Parcel ____ of _____ consisting of ____ (single family, multi-family or commercial) lots, in Maricopa County within the general vicinity of the City of _____, Arizona (the "Development"). A legal description for the Development is attached hereto as Exhibit "A" and incorporated herein by this reference. The Development is located within Company's Certificate of Convenience and Necessity ("CC&N").

B. Company is a public service corporation as defined in Article XV, Section 2 of the Arizona Constitution which holds a CC&N from the Commission granting Company the exclusive right to provide water utility service within portions of Maricopa County, Arizona.

C. Developer is willing to construct and install facilities within the Development necessary to extend water utility service to and within the Development which facilities shall connect to the Company's system as generally shown on the map attached hereto as Exhibit "B." Company is willing to provide water utility service to the Development in accordance with relevant law, including the rules and regulations of the Commission on the condition that Developer fully and timely perform the obligations and satisfy the conditions and

requirements set forth below.

COVENANTS AND AGREEMENTS:

NOW, THEREFORE, in consideration of the following covenants and agreements, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. **Construction of Facilities**. Developer agrees to construct and install water distribution mains and pipelines, valves, booster stations, hydrants, fittings, service lines and all other related facilities and improvements necessary to provide water utility service to each lot or building within the Development as more particularly described in Exhibit "C" attached hereto and incorporated herein by this reference (referred to hereinafter as the "Facilities"). The Facilities shall connect to the Company's system at the point shown on the approved plans as generally depicted on the map attached hereto as Exhibit "B," and shall be designed and constructed within the Development in a manner which allows the provision of safe and reliable water utility service to each lot therein. Subject to the terms and conditions set forth herein (including, without limitation, Company's rights of plan review and approval and inspection of final construction), Developer shall be responsible for all construction activities associated with the Facilities, and Developer shall be liable for and pay when due all costs, expenses, claims and liabilities associated with the construction and installation of the Facilities.

2. **Construction Standards and Requirements**. The Facilities shall meet and comply with Company's standards and specifications, and all engineering plans and specifications for the Facilities shall be approved by Company and its engineers ("Company's Engineer"), prior to the commencement of construction. Company and Company's Engineer

shall review the plans and specifications and shall provide any requirements or comments as soon as practicable. Developer shall require that its contractor be bound by and conform to the plans and specifications for the Facilities as finally approved by Company. The construction and installation of the Facilities shall be in conformance with the applicable regulations of the Arizona Department of Environmental Quality ("ADEQ"), the Commission, and any other governmental authority having jurisdiction thereover.

3. **Right of Inspection; Corrective Action**. Company shall have the right to have Company's Engineer inspect and test the Facilities at reasonable times during the course of construction as necessary to ensure conformance with plans and specifications. If at any time before the final acceptance by Company of the Facilities any construction, materials or workmanship are found to be defective or deficient in any way, or the Facilities fail to conform to this Agreement, then Company may reject such defective or deficient construction, materials and/or workmanship and require Developer to fully pay for all necessary corrective construction efforts ("Corrective Action"). Company reserves the right to withhold approval and to forbid connection of any defective portion of the Facilities to Company's system unless and until the Facilities have been constructed in accordance with plans and specifications and all applicable regulatory requirements. Further, Developer shall promptly undertake any Corrective Action required to remedy such defects and deficiencies in construction, materials and workmanship upon receipt of notice by Company. The foregoing notwithstanding, Company shall not unreasonably withhold or delay acceptance of the Facilities.

4. **Transfer of Ownership**. Upon completion and approval of the as-built Facilities by Company and any other governmental authority whose approval is required, Developer shall transfer all right, title and interest in the Facilities to Company via a bill of sale

in a form satisfactory to Company. Thereafter, Company shall be the sole owner of the Facilities and be responsible for their operation, maintenance and repair. Company's ownership and responsibility shall include all distribution mains and/or related appurtenances within the Development up to the point of connection to the service line of each customer receiving service. Maintenance and repair of each service line, which lines are not part of the Facilities, shall be Developer's, the Development's or each individual customers' responsibility. All work performed by or on behalf of Developer shall be warranted by Developer for one year from the date of transfer of the Facilities to Company against defects in materials and workmanship. Developer shall also covenant, at the time of transfer, that the Facilities are free and clear of all liens and encumbrances, and unless the time period for filing lien claims has expired, shall provide evidence in the form of lien waivers that all claims of contractors, subcontractors, mechanics and materialmen have been paid and satisfied.

5. **Final As-Built Drawings and Accounting of Construction Costs.** Immediately following completion and approval of the Facilities, Developer shall provide Company with three sets of as-built drawings and specifications for the Facilities and a reproducible copy of such drawings. Developer shall also provide an accounting of the cost of constructing and installing the Facilities, which amount shall be refundable in accordance with paragraph 8, below. Company shall have no obligation to furnish service to the Development or to accept the transfer of the Facilities until Developer has complied with this paragraph.

6. **Easements.** Developer shall be responsible for obtaining all necessary easements and rights-of-way for the construction and installation, and subsequent operation, maintenance and repair of the Facilities. Such easements and rights-of-way shall be of adequate size, location, and configuration so as to allow Company ready access to the Facilities for

maintenance and repairs and other activities necessary to provide safe and reliable water utility service. Such easements and rights-of-way shall be provided to Company by Developer at the same time as Developer transfers ownership of the Facilities pursuant to paragraph 4, above. At the time of transfer, all easements and rights-of-way shall be free of physical encroachments, encumbrances or other obstacles. Company shall have no responsibility to obtain or secure on Developer's behalf any such easements or rights-of-way.

7. **Reimbursement for Engineering and Other Fees and Expenses.** Developer shall also reimburse Company for the costs, expenses and fees, including legal fees and costs that are incurred by Company for preparation of this Agreement, for reviewing and approving the plans and specifications for the Facilities to be constructed by Developer, for inspecting the Facilities during construction and other supervisory activities undertaken by Company, for obtaining any necessary approvals from governmental authorities (collectively the "Administrative Costs"). For such purpose, at the time of the signing of this Agreement, the Developer will pay an advance to the Company of Seven Thousand Five Hundred Dollars ($7,500). Developer shall provide additional advances to Company, as may be requested by Company in writing from time-to-time, to reimburse Company for any additional Administrative Costs it incurs. All amounts paid to Company pursuant to this provision shall constitute advances in aid of construction and be subject to refund pursuant to paragraph 8, below.

8. **Refunds of Advances.** Company shall refund annually to Developer an amount equal to seven percent (7%) of the gross annual revenues received by Company from the provision of water utility service to each bona fide customer within the Development. Such refunds shall be paid by Company on or before the first day of August, commencing in the fourth calendar year following the calendar year in which title to the Facilities is transferred to and

accepted by Company and continuing thereafter in each succeeding calendar year for a total of twenty-two (22) years. No interest shall accrue or be payable on the amounts to be refunded hereunder, and any unpaid balance remaining at the end of such twenty-two year period shall be non-refundable. In no event shall the total amount of the refunds paid by Company hereunder exceed the total amount of all advances made by Developer hereunder. For the purposes of this provision, the total amount of Developer's advances shall be equal to Developer's actual cost of constructing the Facilities, less the costs of any corrective action as defined in paragraph 3 above, the costs of curing any defects arising during the warranty period, as provided herein, and the costs of any unreasonable overtime incurred in the construction of the Facilities, above, and the amounts paid by Developer to Company for Administrative Costs pursuant to paragraph 7, above.

9. **Company's Obligation to Serve**. Subject to the condition that Developer fully perform its obligations under this Agreement, Company shall provide water utility service to all customers within the Development in accordance with Company's tariffs and schedule of rates and charges for service, the rules and regulations of the Commission and other regulatory authorities and requirements. However, Company shall have no obligation to accept and operate the Facilities in the event Developer fails to make any payment provided in this Agreement, fails to construct and install the Facilities in accordance with Company's standards and specifications and in accordance with the applicable rules and regulations of ADEQ, the Commission or any other governmental authority having jurisdiction thereover, or otherwise fails to comply with the terms and conditions of this Agreement. Developer acknowledges and understands that Company will not establish service to any customer within the Development until such time as Company has accepted the transfer of the Facilities, and all amounts that

Developer is required to pay Company hereunder have in fact been paid. The foregoing notwithstanding, the Company shall not terminate service to any customer within the Development to whom service has been properly established as a consequence of any subsequent breach or nonperformance by Developer hereunder.

10. **Liability for Income Taxes.** In the event it is determined that all or any portion of Developer's advances in aid of construction hereunder constituted taxable income to Company as of the date of this Agreement or at the time Company actually receives such advances hereunder, Developer will advance funds to Company equal to the income taxes resulting from Developer's advance hereunder. These funds shall be paid to Company within twenty (20) days following notification to Developer that a determination has been made that any such advances constitute taxable income, whether by virtue of any determination or notification by a governmental authority, amendment to the Internal Revenue Code, any regulation promulgated by the Internal Revenue Service, or similar change to any statute, rule or regulation relating to this matter. Such notification shall include documentation reasonably necessary to substantiate the Company's liability for income taxes resulting from the Developer's advances in aid of construction under this Agreement. In the event that additional funds are paid by Developer under this paragraph, such funds shall also constitute advances in aid of construction. In addition, Developer shall indemnify and hold Company harmless for, from and against any tax related interest, fines and penalties assessed against Company and other costs and expenses incurred by Company as a consequence of late payment by Developer of amounts described above.

11. **Notice**. All notices and other written communications required hereunder shall be sent to the parties as follows:

COMPANY:

Water Utility of Greater Tonopah
Attn: Cindy M. Liles, Treasurer
21410 N. 19th Avenue
Suite 201
Phoenix, Arizona 85027

DEVELOPER:

_____
_____
_____
_____

Each party shall advise the other party in writing of any change in the manner in which notice is to be provided hereunder.

12. **Governing Law**. This Agreement, and all rights and obligations hereunder, shall be subject to and governed by the rules and regulations of the Commission relating to domestic water utilities and generally shall be governed by and construed in accordance with the laws of the State of Arizona. Developer understands and acknowledges that Company's rates and charges, and other terms and conditions applicable to its provision of utility service, may be modified from time-to-time by order of the Commission. Company shall provide Developer with copies of such orders that may affect Developer's rights and obligations hereunder.

13. **Time is of the Essence**. Time is and shall be of the essence of this Agreement.

14. **Indemnification: Risk of Loss**. Developer shall indemnify and hold Company harmless for, from and against any and all claims, demands and other liabilities and expenses (including attorneys' fees and other costs of litigation) arising out of or otherwise relating to Developer's failure to comply with any of the terms and conditions contained herein.,

including (without limitation) Company's refusal to serve any unit within the Development based on Developer's failure to pay all amounts required hereunder in a timely manner. Developer's duty to indemnify Company shall extend to all construction activities undertaken by Developer, its contractors, subcontractors, agents, and employees hereunder.

15. **Successors and Assigns**. This Agreement may be assigned by either of the parties provided that the assignee agrees in writing to be bound by and fully perform all of the assignor's duties and obligations hereunder. This Agreement and all terms and conditions contained herein shall be binding upon and shall inure to the benefit of the successors and assigns of the parties.

16. **Dispute Resolution**. The parties hereto agree that each will use good faith efforts to resolve, through negotiation, disputes arising hereunder without resorting to mediation, arbitration or litigation.

17. **Integration: One Agreement**. This Agreement supersedes all prior agreements, contracts, representations and understandings concerning its subject matter, whether written or oral.

18. **Attorneys' Fees**. The prevailing party in any litigation or other proceeding concerning or related to this Agreement, or the enforcement thereof, shall be entitled to recover its costs and reasonable attorneys' fees.

19. **Authority to Perform**. Company represents and warrants to Developer that Company has the right, power and authority to enter into and fully perform this Agreement. Developer represents and warrants to Company that Developer has the right, power and authority

to enter into and fully perform this Agreement.

DEVELOPER:

_____

_____

By_____

Its _____

COMPANY:

WATER UTILITY OF GREATER TONOPAH
an Arizona corporation

By _____

Cindy Liles

Its: Treasurer

EXHIBIT "A"

Legal Description

EXHIBIT "B"

Point(s) of Connection

EXHIBIT "C"

Water Facilities Budget
(Required to be completed by Developer prior to execution of agreement)

Item	QTY	UNIT	UNIT $	TOTAL $
8" C-900, Class 150 Water Main		LF		
8" Valve Box & Cover		EA		
Fire Hydrant, Complete		EA		
3 / 4" Double Water Service		EA		
3 / 4" Single Water Service		EA		
1 ½' Landscape service		EA		
2" Landscape service		EA		
1" Landscape service		EA		
Subtotal				
Sales Tax				
Total				

EXHIBIT F

INFRASTRUCTURE COORDINATION AND FINANCE AGREEMENT

WASTEWATER FACILITIES EXTENSION AGREEMENT

This Agreement is made this _____ day of _____, 2008 by and between HASSAYAMPA UTILITY COMPANY, an Arizona corporation ("Company"), _____, an _____ ("Developer").

RECITALS:

A. Developer desires that sewer utility service be extended to and for its real estate development located in Parcel ____ of _____ consisting of ____ (single family, multi-family or commercial) lots, in Maricopa County within the general vicinity of the City of Maricopa, Arizona (the "Development"). A legal description for the Development is attached hereto as Exhibit "A" and incorporated herein by this reference. The Development is located within Company's Certificate of Convenience and Necessity ("CC&N").

B. Company is a public service corporation as defined in Article XV, Section 2 of the Arizona Constitution which holds a CC&N from the Commission granting Company the exclusive right to provide sewer utility service within portions of Maricopa County, Arizona.

C. Developer is willing to construct and install facilities within the Development necessary to extend sewer utility service to and within the Development which facilities shall connect to the Company's system as generally shown on the map attached hereto as Exhibit "B." Company is willing to provide sewer utility service to the Development in accordance with relevant law, including the rules and regulations of the Commission on the condition that Developer fully and timely perform the obligations and satisfy the conditions and requirements set forth below.**COVENANTS AND AGREEMENTS:**

NOW, THEREFORE, in consideration of the following covenants and agreements, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. **Construction of Facilities**. Developer agrees to construct and install sewage collection mains, manholes, pumping stations and/or such other facilities and improvements necessary to provide sewer utility service to each lot or building within the Development as more particularly described in Exhibit "C" attached hereto and incorporated herein by this reference (referred to hereinafter as the "Facilities"). The Facilities shall connect to the Company's system at the point shown on the approved plans as generally depicted on the map attached hereto as Exhibit "B," and shall be designed and constructed within the Development in a manner which allows the provision of safe and reliable sewer utility service to each lot therein. Subject to the terms and conditions set forth herein (including, without limitation, Company's rights of plan review and approval and inspection of final construction), Developer shall be responsible for all construction activities associated with the Facilities, and Developer shall be liable for and pay when due all costs, expenses, claims and liabilities associated with the construction and installation of the Facilities.

2. **Construction Standards and Requirements**. The Facilities shall meet and comply with Company's standards and specifications, and all engineering plans and specifications for the Facilities shall be approved by Company and its engineers ("Company's Engineer") prior to the commencement of construction. Company and Company's Engineer shall review the plans and specifications and shall provide any requirements or comments as soon as practicable. Developer shall require that its contractor be bound by and conform to the plans and specifications for the Facilities as finally approved by Company. The construction and

installation of the Facilities shall be in conformance with the applicable regulations of the Arizona Department of Environmental Quality ("ADEQ"), the Commission, and any other governmental authority having jurisdiction thereover.

3. **Right of Inspection; Corrective Action**. Company shall have the right to have Company's Engineer inspect and test the Facilities at reasonable times during the course of construction as necessary to ensure conformance with plans and specifications. If at any time before the final acceptance by Company of the Facilities any construction, materials or workmanship are found to be defective or deficient in any way, or the Facilities fail to conform to this Agreement, then Company may reject such defective or deficient construction, materials and/or workmanship and require Developer to fully pay for all necessary corrective construction efforts ("Corrective Action"). Company reserves the right to withhold approval and to forbid connection of any defective portion of the Facilities to Company's system unless and until the Facilities have been constructed in accordance with plans and specifications and all applicable regulatory requirements. Further, Developer shall promptly undertake any Corrective Action required to remedy such defects and deficiencies in construction, materials and workmanship upon receipt of notice by Company. The foregoing notwithstanding, Company shall not unreasonably withhold or delay acceptance of the Facilities.

4. **Transfer of Ownership**. Upon completion and approval of the as-built Facilities by Company and any other governmental authority whose approval is required, Developer shall transfer all right, title and interest in the Facilities to Company via a bill of sale in a form satisfactory to Company. Company, in its sole discretion, may require Developer to conduct a video inspection of any of the Facilities prior to final approval and acceptance to ensure that no breaks or similar defects exist. Thereafter, Company shall be the sole owner of

the Facilities and be responsible for their operation, maintenance and repair. Company's ownership and responsibility shall include all pumping stations, manholes, collection and transmission mains and/or related appurtenances within the Development up to the point of connection of the sewer line of each customer receiving service to the collection main. Maintenance and repair of each sewer service line, which lines are not part of the Facilities, shall be Developer's, the Development's or each individual customers' responsibility. All work performed by or on behalf of Developer shall be warranted by Developer for one year from the date of transfer of the Facilities to Company against defects in materials and workmanship. Developer shall also covenant, at the time of transfer, that the Facilities are free and clear of all liens and encumbrances, and unless the time period for filing lien claims has expired, shall provide evidence in the form of lien waivers that all claims of contractors, subcontractors, mechanics and materialmen have been paid and satisfied.

5. **Final As-Built Drawings and Accounting of Construction Costs.** Immediately following completion and approval of the Facilities, Developer shall provide Company with three sets of as-built drawings and specifications for the Facilities and a reproducible copy of such drawings. Developer shall also provide an accounting of the cost of constructing and installing the Facilities, which amount shall be refundable in accordance with paragraph 8, below. Company shall have no obligation to furnish service to the Development or to accept the transfer of the Facilities until Developer has complied with this paragraph.

6. **Easements.** Developer shall be responsible for obtaining all necessary easements and rights-of-way for the construction and installation, and subsequent operation, maintenance and repair of the Facilities. Such easements and rights-of-way shall be of adequate size, location, and configuration so as to allow Company ready access to the Facilities for

maintenance and repairs and other activities necessary to provide safe and reliable sewer utility service. Evidence of such easements and rights-of-way shall be provided to Company by Developer at the same time as Developer transfers ownership of the Facilities pursuant to paragraph 4, above. At the time of transfer, all easements and rights-of-way shall be free of physical encroachments, encumbrances or other obstacles. Company shall have no responsibility to obtain or secure on Developer's behalf any such easements or rights-of-way.

7. **Reimbursement for Engineering and Other Fees and Expenses.** Developer shall also reimburse Company for the costs, expenses and fees, including legal fees and costs that are incurred by Company for preparation of this Agreement, for reviewing and approving the plans and specifications for the Facilities to be constructed by Developer, for inspecting the Facilities during construction and other supervisory activities undertaken by Company, for obtaining any necessary approvals from governmental authorities (collectively the "Administrative Costs"). For such purpose, at the time of the signing of this Agreement, the Developer will pay an advance to the Company of Seven Thousand Five Hundred Dollars ($7,500). Developer shall provide additional advances to Company, as may be requested by Company in writing from time-to-time, to reimburse Company for any additional Administrative Costs it incurs. All amounts paid to Company pursuant to this provision shall constitute advances in aid of construction and be subject to refund pursuant to paragraph 8, below.

8. **Refunds of Advances.** Company shall refund annually to Developer an amount equal to two and one half percent (2.5%) of the gross annual revenues received by Company from the provision of sewer utility service to each bona fide customer within the Development. Such refunds shall be paid by Company on or before the first day of August, commencing in the fourth calendar year following the calendar year in which title to the

Facilities is transferred to and accepted by Company and continuing thereafter in each succeeding calendar year for a total of twenty-two (22) years. No interest shall accrue or be payable on the amounts to be refunded hereunder, and any unpaid balance remaining at the end of such twenty-two year period shall be non-refundable. In no event shall the total amount of the refunds paid by Company hereunder exceed the total amount of all advances made by Developer hereunder. For the purposes of this provision, the total amount of Developer's advances shall be equal to Developer's actual cost of constructing the Facilities, less the costs of any corrective action as defined in paragraph 3 above, the costs of curing any defects arising during the warranty period, as provided herein, and the costs of any unreasonable overtime incurred in the construction of the Facilities, above, and the amounts paid by Developer to Company for Administrative Costs pursuant to paragraph 7, above.

9. **Company's Obligation to Serve**. Subject to the condition that Developer fully perform its obligations under this Agreement, Company shall provide sewer utility service to all customers within the Development in accordance with Company's tariffs and schedule of rates and charges for service, the rules and regulations of the Commission and other regulatory authorities and requirements. However, Company shall have no obligation to accept and operate the Facilities in the event Developer fails to make any payment provided in this Agreement, fails to construct and install the Facilities in accordance with Company's standards and specifications and in accordance with the applicable rules and regulations of ADEQ, the Commission or any other governmental authority having jurisdiction thereover, or otherwise fails to comply with the terms and conditions of this Agreement. Developer acknowledges and understands that Company will not establish service to any customer within the Development until such time as Company has accepted the transfer of the Facilities, and all amounts that

Developer is required to pay Company hereunder have in fact been paid. The foregoing notwithstanding, the Company shall not terminate service to any customer within the Development to whom service has been properly established as a consequence of any subsequent breach or nonperformance by Developer hereunder.

10. **Liability for Income Taxes.** In the event it is determined that all or any portion of Developer's advances in aid of construction hereunder constituted taxable income to Company as of the date of this Agreement or at the time Company actually receives such advances hereunder, Developer will advance funds to Company equal to the income taxes resulting from Developer's advance hereunder. These funds shall be paid to Company within twenty (20) days following notification to Developer that a determination has been made that any such advances constitute taxable income, whether by virtue of any determination or notification by a governmental authority, amendment to the Internal Revenue Code, any regulation promulgated by the Internal Revenue Service, or similar change to any statute, rule or regulation relating to this matter. Such notification shall include documentation reasonably necessary to substantiate the Company's liability for income taxes resulting from the Developer's advances in aid of construction under this Agreement. In the event that additional funds are paid by Developer under this paragraph, such funds shall also constitute advances in aid of construction. In addition, Developer shall indemnify and hold Company harmless for, from and against any tax related interest, fines and penalties assessed against Company and other costs and expenses incurred by Company as a consequence of late payment by Developer of amounts described above.

11. **Notice.** All notices and other written communications required hereunder shall be sent to the parties as follows:

COMPANY:

Hassayampa Utility Company,
Attn: Cindy M. Liles, Treasurer
21410 N. 19th Avenue
Suite 201
Phoenix, Arizona 85027

DEVELOPER:

_____
_____
_____
_____

Each party shall advise the other party in writing of any change in the manner in which notice is to be provided hereunder.

12. **Governing Law**. This Agreement, and all rights and obligations hereunder, shall be subject to and governed by the rules and regulations of the Commission relating to domestic sewer utilities and generally shall be governed by and construed in accordance with the laws of the State of Arizona. Developer understands and acknowledges that Company's rates and charges, and other terms and conditions applicable to its provision of utility service, may be modified from time-to-time by order of the Commission. Company shall provide Developer with copies of such orders that may affect Developer's rights and obligations hereunder.

13. **Time is of the Essence**. Time is and shall be of the essence of this Agreement.

14. **Indemnification: Risk of Loss**. Developer shall indemnify and hold Company harmless for, from and against any and all claims, demands and other liabilities and expenses (including attorneys' fees and other costs of litigation) arising out of or otherwise

relating to Developer's failure to comply with any of the terms and conditions contained herein, including (without limitation) Company's refusal to serve any unit within the Development based on Developer's failure to pay all amounts required hereunder in a timely manner. Developer's duty to indemnify Company shall extend to all construction activities undertaken by Developer, its contractors, subcontractors, agents, and employees hereunder. This indemnity clause shall apply solely and exclusively to the extent that such claim, demand, liability and/or expenses is attributable to the actions or inaction of Developer and/or its contractors, subcontractors, agents and/or employees. This indemnity clause shall not apply to the extent such claim, demand, liability and/or expense is attributable to Company, GWR and/or any other third party

15. **Successors and Assigns**. This Agreement may be assigned by either of the parties provided that the assignee agrees in writing to be bound by and fully perform all of the assignor's duties and obligations hereunder. This Agreement and all terms and conditions contained herein shall be binding upon and shall inure to the benefit of the successors and assigns of the parties.

16. **Dispute Resolution**. The parties hereto agree that each will use good faith efforts to resolve, through negotiation, disputes arising hereunder without resorting to mediation, arbitration or litigation.

17. **Integration: One Agreement**. This Agreement supersedes all prior agreements, contracts, representations and understandings concerning its subject matter, whether written or oral.

18. **Attorneys' Fees**. The prevailing party in any litigation or other proceeding concerning or related to this Agreement, or the enforcement thereof, shall be entitled to recover its costs and reasonable attorneys' fees.

19. **Authority to Perform**. Company represents and warrants to Developer that Company has the right, power and authority to enter into and fully perform this Agreement. Developer represents and warrants to Company that Developer has the right, power and authority

to enter into and fully perform this Agreement.

DEVELOPER:

_____

_____

By_____

Its _____

COMPANY:

HASSAYAMPA UTILITY COMPANY
an Arizona corporation

By _____

Cindy M. Liles
Its: Treasurer

EXHIBIT "A"

Legal Description

EXHIBIT "B"

Point(s) of Connection

EXHIBIT "C"

Wastewater Facilities Budget
(Required to be completed by Developer prior to execution of agreement

Item	QTY	UNIT	UNIT $	TOTAL $
8" SDR 35 Sewer Main		LF		
10" SDR 35 Sewer Main		LF		
4' Manhole		EA		
Sewer Cleanout		EA		
4" Sewer Service		EA		
Subtotal				
Sales Tax				
Total				

EXHIBIT
ALL-STATE LEGAL
S-2
ADMITTED

WHEN RECORDED RETURN TO:
Global Water Resources, LLC
22601 N. 19th Avenue
Suite 210
Phoenix, Arizona 85027

(44) WC FAT

OFFICIAL RECORDS OF
PINAL COUNTY RECORDER
LAURA DEAN-LYTLE

DATE/TIME: 09/07/04 1158
FEE: $52.00
PAGES: 44
FEE NUMBER: 2004-069872

INFRASTRUCTURE COORDINATION AGREEMENT

THIS INFRASTRUCTURE COORDINATION AGREEMENT (this "Agreement") is entered into as of July 23, 2004 between Global Water Resources, LLC, an Arizona limited liability company ("Coordinator") and DESERT SUNRISE, L.L.C , an Arizona limited liability company ("Landowner").

RECITALS

A. Coordinator is engaged in the business of, among other things, providing the following services or benefits to landowners, directly, or indirectly through its subsidiaries or affiliates, including Santa Cruz Water Company, LLC, an Arizona limited liability company ("SCW") and Palo Verde Utilities Company, LLC, an Arizona limited liability company ("PVU"): (i) developing master utility plans for both wet and dry utilities of all types, including without limitation natural gas, electricity, cable television, Internet, intranet, and telecommunications services; (ii) providing construction services for water and wastewater treatment facilities, (iii) facilitating the provision of water and wastewater services, (iv) facilitating the provision of dry utility services, and/or (v) providing access to long-term agreements with strategic partners that provide natural gas, electrical, telecommunications, Internet, intranet, and cable television services, and other similar services. Coordinator is a non-regulated company and is not subject to utility regulation by the State of Arizona Corporation Commission (the "Commission").

B. SCW and PVU are (i) fully accredited public service companies approved by the Commission to provide water company and wastewater company services, respectively (the "Utility Services"), and (ii) regulated utility companies, subject to regulation by the Commission.

C. Landowner is in the process of entitling for investment purposes certain real property, as more fully described on Exhibit A hereto (the "Land") and, in connection therewith,

desires (i) to engage Coordinator to provide various services and to coordinate the activities of SCW and PVU with respect to the provision of Utility Services to and with respect to the Land, and (ii) to ensure that Land is included as part of the service area expansion for SCW and PVU, on the terms and conditions hereinafter set forth. Landowner currently plans to entitle and sell the land in multiple phases to entities for future development.

D. The Coordinator plans to include the Land in the June 2004 application filing with the Commission for the expansion of the Certificate of Convenience and Necessity ("CC&N") covering the provisions of Utility Services by SCW and PVU.

E. The parties acknowledge that the expansion of the CC&N cannot be finalized until such time as the appropriate Arizona Department of Water Resources ("ADWR") and Arizona Department of Environmental Quality ("ADEQ") permits and approvals are in place.

F. The parties acknowledge that it is a requirement of this Agreement for the Coordinator to cause PVU to provide reclaimed water and for the Landowner to accept and utilize reclaimed water for purposes of irrigation for the peak and off peak periods.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Obligations of Coordinator. Upon execution of this Agreement, Coordinator shall coordinate its activities and those of SCW and PVU as necessary to make Utility Services available to Landowner, including without limitation , obtaining all permits and approvals from ADWR and ADEQ needed to expand the CC&N of SCW and PVU to include the Land. Water and wastewater lines will be constructed to the property line of the Land and reclaimed water lines will be constructed to a water storage facility within the Land, at locations to be designated by Coordinator (the "Delivery Point"). In addition to other administrative services to be provided by Coordinator, Coordinator agrees to use its good faith efforts to coordinate and provide access to dry utility agreements currently in place to benefit the Land. The dry utility services may include natural gas, electricity, telephone, cable television, Internet, and intranet services. In particular, Coordinator will use its good faith efforts to negotiate modifications to existing dry utility agreements with Coordinators to include the Land within their service boundaries. Landowner acknowledges and agrees that nothing in this Agreement is intended to prohibit Coordinator, its successors or assigns or their respective subsidiaries or affiliates from investing in or owning companies formed for purposes of providing any one or more of the dry utility services contemplated in this Agreement. Landowner shall not be obligated to enter into any agreements with Coordinator, its successors or assigns, or their respective subsidiaries or affiliates to accept any dry utility services without Landowner's written approval, in Landowner's sole discretion.

2. Coordination with SCW and PVU. Coordinator shall coordinate its activities and cause SCW and PVU to provide the services more fully described on Exhibit D hereto, subject to obtaining the applicable regulatory approvals. Landowner or any successor to Landowner

desiring the delivery of Utility Services to any portion of the Land must enter into separate Water Facilities Extension and Wastewater Facilities Extension Agreements (the "Extension Agreements") with SCW and PVU, respectively, at the time any portion of the Land has received final plat approval from the City of Maricopa and the approved plat has been recorded ("Plat Approval"). The Extension Agreements shall be in the forms attached hereto as Exhibits E and F.

3. Obligations of Landowner. Landowner agrees to cooperate with Coordinator as reasonably requested by Coordinator and agrees to provide all information and documentation about the Land necessary for Coordinator to comply with its obligations under this Agreement. In addition, Landowner agrees to grant to SCW and/or PVU, as the case may be, all necessary easements and rights of way for the construction and installation and subsequent operation, maintenance and repair of the Utility Services. Such easements and rights of way shall be of adequate size, location and configuration so as to allow SCW and PVU ready and all weather access to all facilities for maintenance and repairs and other activities necessary to provide safe and reliable water and wastewater Utility Services. In addition, as and when Landowner is no longer utilizing any portion of the Land for farming activities requiring use of irrigation water and one or more Water Facilities Extension Agreement has been entered into with respect to the Land, Landowner shall thereafter provide and transfer to SCW any and all water rights, which are owned by Landowner at the time of the signing of this Agreement, including, but not limited to, Grandfathered Irrigation Rights, Type I rights and /or Type II rights which run with or relate to the Land and which Coordinator determines, in its sole discretion, to be useful. Further, as and when Landowner is no longer utilizing any portion of the Land for farming activities requiring use of irrigation water and one or more Water Facilities Extension Agreement has been entered into with respect to the Land, Landowner shall thereafter transfer and convey to SCW at no cost to SCW or Coordinator any wells on the Land that Coordinator, in its sole discretion, deems useful for SCW, whether operational, abandoned, agricultural or otherwise. In addition, if Coordinator and/or SCW identify well sites on the Land that Coordinator, in its sole discretion, deems useful for SCW, Landowner shall cause such well sites to be identified on the Plat Approval and dedicated to SCW in fee, free of all liens, claims and encumbrances of any kind or nature whatsoever; provided that the well site location is not located within areas identified in the current or any approved preliminary plans as areas to be used for entrances, entry monumentation or public roadways. Any well sites not transferred to SCW are to be decommissioned at the Landowner's expense. Both parties acknowledge that until effluent is available for the Land, groundwater from wells on the Land will be utilized. The Coordinator will complete an Interim Use Permit with ADWR on behalf of the Landowner or the Landowners homeowner association to allow the use of groundwater until effluent is available. Specific identifiable costs associated with completing the Interim Use Permit will be reimbursed by Landowner to Coordinator. Such costs may include engineering plans prepared by Landowners engineering firm for the benefit of ADWR. Lastly, Landowner will deed two (2) acres of land to SCW for the use of future water pumping, treatment and storage facilities in the general location to be mutually agreed to between the Landowner and the Coordinator during the zoning process of the Landowners Land.

4. Payment Obligations. Landowner, or its successor in title, shall pay Coordinator as full and final compensation to the Coordinator in consideration for its services and performance of its covenants and agreements contained in the Agreement, the sum of $2,800.00

per equivalent dwelling unit ("EDU") in the Land (the "Landowner Payment."). The portion of the Landowner Payment not paid concurrently with the execution of this Agreement shall be adjusted upward based on a CPI Factor, which is defined as the Consumer Price Index – United States City Average – for All Urban Consumers – All Items published by the United States Department of Labor, Bureau of Labor Statistics ("Index"), with the Index for the month of January 2005 being treated as the base Index, plus two percent (2%). If the Index is discontinued or revised during the term of this Agreement, such other government index or computation with which it is replaced shall be utilized, and modified as necessary, to obtain substantially the same result as would be obtained if the Index had not been so discontinued or revised. For example, if the Landowner Payment was due in February 2006, the $50 per EDU had been paid and the most current available Index was 187.3 and the Index for January 2005 was 182.5, the unpaid Landowner Payment per EDU would be calculated as follows: $2,750 x 187.3/182.5 x 1.02 = $2,878.77. For the purposes of this Section 4, the number of EDUs within the Land shall be calculated as follows: (i) each single family residential lot included in the Plat Approval shall constitute one (1) EDU and (ii) each gross acre of commercial or industrial property included in the Plat Approval shall constitute four point eight (4.8) EDUs. If the payment to be made by Landowner pursuant to this Section 4 is due and owing pursuant to clause (ii) above prior to the Plat Approval, Coordinator shall reasonably calculate the Landowner Payment and Landowner shall make an initial payment based upon Coordinator's reasonable calculation. Following each Plat Approval, Landowner (and any successor to any interest in the Property) and Coordinator shall reconcile the amount paid pursuant to the preceding sentence with the actual Landowner Payment due and Landowner, and/or any successor to any interest in the Property, as applicable, shall pay to Coordinator or Coordinator shall pay to Landowner and/or any successor to any interest in the Property, as applicable, as the case may be, the amount necessary to reconcile such payment.

The following describes the timing of payments for zoned residential lots based on the base year price of $2,800 per lot. Any additional amounts due for the CPI Factor is paid as each phase is final platted.

- Of this amount, $50 per EDU for all zoned property within the Land is payable upon signing of the Infrastructure Coordination Agreement. If any portion of the Land is not zoned, the Landowner may enter into this Agreement, but not pay the initial $50 fee until such time as such portion of the Land is zoned. At the time the City approves the Re-Zoning Application, then the initial $50 fee per EDU is due and any other portion of the $2,800 fee is due if it has been triggered by the terms of this Agreement.
- $200 per EDU for all platted and zoned residential lots is payable within fifteen (15) days of when the water, sewer and reclaimed water lines have been extended in accordance with Exhibit C. The Coordinator will notify the Landowner by delivery to Landowner of a notice certifying that water, sewer and reclaimed water lines have been extended in accordance with Exhibit C (the "Start Work Notice").
- At each final plat recordation or at the time the CC&N expansion has been approved as is evidenced by the publication of an order from the ACC, whichever is later, $2,550 per EDU is payable for all residential EDU's indicated on the final plat and $250 is payable for remaining EDUs within the Land.

- For the balance of the zoned but not platted residential EDUs to be final platted in the future, $2,300 per residential EDU is payable at final plat recordation. The Coordinator will true-up any discrepancy with respect to the actual number of residential EDUs at final plat recordation against zoned but not platted residential EDUs estimated at the time of signing this Agreement. Either the Coordinator will pay the Landowner or the Landowner will pay the Coordinator that difference contemporaneous with the final payment as triggered by the last final platted parcel(s) to record within the Land. In the event that some portion of the Land is sold and transferred to an unaffiliated third party before this payment is due then the payment amount will be held in an escrow until the Coordinator satisfies its obligation under the terms of this Agreement. Other than the initial $50 payment, no portion of the Landowner Payment shall be due for any portion of the Land that is not zoned for single family residential use until such portion of the Land is subjected to a final site plan approved by the City of Maricopa.
  - An example of how this would calculate for a section of land included in the CC&N with nothing other than 2,100 zoned residential EDUs developed in three phases of 700 EDUs each:
    - $50 times 2,100 EDUs or $105,000 is due upon signing of the Infrastructure Coordination Agreement;
    - $200 times 2,100 EDUs or $420,000 is due fifteen (15) days after Coordinator issues the Start Work Notice;
    - $2,550 times 700 EDUs,(based on the zoned residential EDU's in the phase of the Land in which the first plat records) or $1,785,000, plus $250 times remaining 1,400 zoned EDUs within the remainder of the Land, or $350,000, for a total of $2,135,000 is due at the first final plat recordation, or at the time the CC&N expansion has been approved as is evidenced by the publication of an order from the ACC whichever is the later;
    - then, $2,300 per EDU is payable as and when the remaining single family lots are created by recorded final plats.

The following describes the timing of payments for commercial and industrial property based on the $2,800 per EDU base year price at 4.8 EDUs per acre. Amounts due for the CPI Factor for each EDU is paid as land is subjected to a final approved site plan.

- Of this amount, $50 per EDU for all zoned commercial or industrial acres is payable upon signing of this Agreement, or upon final zoning whichever is the later.
- The remaining $2,750 per EDU is payable when the City approves the "Commercial or Industrial Site Plan",
  - An example of how this would calculate for a commercial or industrial section of land with 30 acres in size would be as follows:
    - $50 x 30 acres x 4.8 EDU/acre or $7,200 is due upon signing of this Agreement;
    - $2,750 plus the CPI Factor x 30 acres 4.8 EDU/acre or $396,000 is due and payable when the City approves the Commercial or Industrial Site Plan. If the Commercial or Industrial Site Plan approval only relates to 15 of the 30 acres, $2,750 plus the CPI Factor x 15 acres 4.8 EDU/acre or $198,000 is due and payable when the City approves the Commercial or Industrial Site Plan for the

15 acres. The balance of the $2,750 plus the CPI Factor due for the remaining acreage is due as the City approves the Commercial or Industrial Site Plan.

The parties acknowledge that additional fees will be billed to the commercial and industrial end user based upon the ultimate use of the land and fixtures thereon.

Fees payable to SCW and PVU, and reimbursement for certain costs and expenses incurred by Landowner with respect to the obtaining of Utility Services are not the subject of this Agreement and shall be paid and reimbursed to the appropriate parties in accordance with the Extension Agreements.

5. No Partnership. Coordinator and Landowner are acting as independent contractors pursuant to this Agreement. Nothing in this Agreement shall be interpreted or construed (i) to create an association, joint venture, or partnership among the parties or to impose any partnership obligation or liability upon either party, or (ii) to prohibit or limit the ability of Coordinator to enter into similar or identical agreements with other landowners, even if the activities of such landowners may be deemed to be in competition with the activities or Landowner.

6. Default.

(a) Landowner shall be deemed to be in material default under this Agreement upon the expiration of ten (10) days, as to monetary defaults, and thirty (30) days, as to non-monetary defaults, following receipt of written notice from Coordinator specifying the particulars in which a default is claimed unless, prior to expiration of the applicable grace period (ten (10) days or thirty (30) days, as the case may be), such default has been cured. A default by Landowner under this Agreement shall constitute a default by Landowner under the Extension Agreements and a default by Landowner under the Extension Agreement(s) shall constitute a default under this Agreement.

(b) In the event Landowner is in default under this Agreement, the provisions hereof may be enforced by an action for specific performance, injunction, or other equitable remedies in addition to any other remedy available at law or in equity. In this regard, in the event Landowner fails to pay any amount as and when due (including the Landowner Payment), which failure is not cured within ten (10) days after notice thereof in accordance with the provisions of Section 6(a) above, such delinquent amounts shall bear interest at the rate of fifteen percent (15%) per annum from the due date until paid. In addition, to the extent such sums remain unpaid following such ten (10) day period, Coordinator may claim a lien for such sum, together with interest thereon as set forth above, which may be foreclosed against only that portion of the Land owned by the defaulting landowner in the manner prescribed by law for the foreclosure of realty mortgages; Coordinator agreeing that as and when portions of the Property are sold, the obligations hereunder shall be bifurcated based on the land area sold and each landowner shall be solely (and not jointly) responsible for all sums owed with respect to the land areas that it owns and shall not have any obligation or liability for the failure of any other owner of any portion of the Land.

(c) Subject to the limitations described in the last sentence of the subsection (b) above, amounts owed but not paid when due by Landowner shall be a lien against the Land. The lien shall attach and take effect only upon recordation of a claim of lien as described below in the office of the Pinal County Recorder by Coordinator. A claim of lien shall include the following:

(i) The name of the lien claimant.

(ii) The name of the party or then owner of the property or interest against which the lien is claimed.

(iii) A description of the property against which the lien is claimed.

(iv) A description of the default or breach that gives rise to the claim of lien and a statement itemizing the amount of the claim.

(v) A statement that the lien is claimed pursuant to the provisions of this Agreement and reciting the date of recordation and recorder's document number of this Agreement.

(vi) The notice shall be acknowledged, and after recordation, a copy shall be given to the person against whose property the lien is claimed in any manner prescribed under Section 15 of this Agreement. The lien may be enforced in any manner allowed by law, including without limitation, by an action to foreclose a mortgage or mechanic's lien under the applicable provisions of the laws of the State of Arizona.

(d) If the Landowner posts either (a) a bond executed by a fiscally sound corporate surety licensed to do business in the State of Arizona, or (b) an irrevocable letter of credit from a reputable financial institution licensed to do business in the State of Arizona reasonably acceptable to Coordinator, which bond or letter of credit (i) names Coordinator as the principal or payee and is in form satisfactory to Coordinator, (ii) is in the amount of one and one-half (1-½) times the claim of lien, and (iii) unconditionally provides that it may be drawn on by Coordinator in the event of a final judgment entered by a court of competent jurisdiction in favor of Coordinator, then Coordinator shall record a release of the lien or take such action as may be reasonably required by a title insurance company requested to furnish a policy of title insurance on such property to delete the lien as an exception thereto. Landowner shall post the bond or letter of credit by delivery of same to Coordinator. All costs and expenses to obtain the bond or letter of credit, and all costs and expenses incurred by Coordinator, shall be borne by Landowner, unless Landowner is the prevailing party in any litigation challenging the claimed lien.

7. Non Issuance of CC&N Expansion. In the unlikely event that despite the Coordinator's best commercially reasonable efforts to obtain that necessary approval from the ACC within eighteen (18) months of the execution of this Agreement, which would allow for the Land to be included in the expansion of the SCW and PVU CC&Ns, then the Landowner at his option may terminate this Agreement without recourse to either party. Should the Landowner

elect to terminate this Agreement, any funds paid by the Landowner to the Coordinator for purposes of progressing the construction of any necessary infrastructure (the $200 per EDU payment described in Section 4 above) would be refundable at that time and would be become due and payable to the Landowner within fifteen (15) days of termination of this Agreement. Any fees collected at the time of the execution of this Agreement are expressly non-refundable. In the event of termination of the Agreement, Coordinator shall remove or cause to be removed any registration of this Agreement with Pinal County and waive any lien rights it may have under this Agreement.

8. Attorneys' Fees. If any dispute arises out of the subject matter of this Agreement, the prevailing party in such dispute shall be entitled to recover from the other party its costs and expenses (including reasonable attorney's fees) incurred in litigating or otherwise resolving such dispute. The parties' obligations under this Section shall survive the closing under this Agreement.

9. Applicable Law; Venue; Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of Arizona, notwithstanding any Arizona or other conflict-of-law provisions to the contrary. The parties consent to jurisdiction for purposes of this Agreement in the State of Arizona, and agree that Maricopa County, Arizona, shall be proper venue for any action brought with respect to this Agreement.

10. Interpretation. The language in all parts of this Agreement shall in all cases, be construed as a whole according to its fair meaning and not strictly for nor against any party. The section headings in this Agreement are for convenience only and are not to be construed as a part hereof. The parties agree that each party has reviewed this Agreement and has had the opportunity to have counsel review the same and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement or any amendments or any exhibits thereto. Except where specifically provided to the contrary, when used in this Agreement, the term "including" shall mean without limitation by reason of enumeration. All pronouns and any variations thereof shall be deemed to refer to masculine, feminine or neuter, singular or plural, as the identity of the person(s) or entity(ies) may require.

11. Counterparts. This Agreement shall be effective upon execution by all parties hereto and may be executed in any number of counterparts with the same effect as if all of the parties had signed the same document. All counterparts shall be construed together and shall constitute one agreement.

12. Entire Agreement. This Agreement constitutes the entire integrated agreement among the parties pertaining to the subject matter hereof, and supersedes all prior and contemporaneous agreements, representations, and undertakings of the parties with respect to such subject matter. This Agreement may not be amended except by a written instrument executed by all parties hereto.

13. Additional Instruments. The parties hereto agree to execute, have acknowledged, and deliver to each other such other documents and instruments as may be reasonably necessary or appropriate to evidence or to carry out the terms of this Assignment.

14. Severability. Every provision of this Agreement is intended to be severable. If any term or provision hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity or legality of the remainder of this Agreement.

15. Incorporation by Reference. Every exhibit, schedule and other appendix attached to this Agreement and referred to herein is hereby incorporated in this Agreement by reference.

16. Notices. Any notice, payment, demand or communication required or permitted to be given by any provision of this Agreement shall be in writing and shall be delivered personally to the party to whom the same is directed or sent by registered or certified mail, return receipt requested, addressed to the addresses set forth on the signature page hereto. Any such notice shall be deemed to be delivered, given and received for all purposes as of the date so delivered if delivered personally, or three business days after the time when the same was deposited in a regularly maintained receptacle for the deposit of United States mail, if sent by registered or certified mail, postage and charges prepaid, or if given by any other method, upon actual receipt; provided that notwithstanding the foregoing, notice of any change of address shall be effective only upon actual receipt of such notice.

17. Binding Effect; Partial Releases. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the respective parties. This Agreement constitutes a covenant running with the land, shall be binding upon the Land for the benefit of Coordinator, its successors and assigns and any person acquiring any portion of the Land, upon acquisition thereof, shall be deemed to have assumed the obligations of Landowner arising from this Agreement with respect only to that portion of the Land acquired without the necessity for the execution of any separate instrument. If phases and/or parcels within the Land are sold individually, Coordinator will ensure that at such time as the Landowner Payment has been paid in full for that particular phase and/or parcel, Coordinator shall release this Agreement of record from that particular phase and/or parcel, without releasing the Agreement from any other portion of the Land for which the Landowner Payment has not been paid in full. It is the intent of this Agreement to release that portion of the lien which relates to parcels and or plats that are paid in full.

[Signatures are on the following page.]

IN WITNESS WHEREOF, the parties have entered into this Agreement as of the date first above written.

COORDINATOR:
Global Water Resources, LLC
a Delaware Limited Liability Company

By: Cindy M. Liles
Cindy M. Liles
Vice-President

LANDOWNER:
DESERT SUNRISE, L.L.C.
an Arizona limited liability company

By: _____
Printed Name: Craig Emmerson
Its: Manager

STATE OF ARIZONA)
) ss.
County of Maricopa)

On July 23 2004, before me, Shaylyn Williams,
a Notary Public in and for ~~said~~ state, personally appeared Cindy Liles,
personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument, the persons, or the entity upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public in and for said State

My Commission Expires:

March 23, 2008

Notary Public State of Arizona
Maricopa County
Shaylyn Williams
Expires March 23, 2008

STATE OF ARIZONA)
) ss.
County of Maricopa)

On July 16, 2004, before me, LEANNE Christner,
a Notary Public in and for said state, personally appeared CRAIG EMINGER SR.,
personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument, the persons, or the entity upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public in and for said State

My Commission Expires:

January 15, 2008

OFFICIAL SEAL
LEANNE CHRISTNER
NOTARY PUBLIC-ARIZONA
MARICOPA COUNTY
My Comm. Expires Jan. 15, 2008

EXHIBIT A
INFRASTRUCTURE COORDINATION AGREEMENT

LEGAL DESCRIPTION OF LAND

Parcel 1:

THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER, THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER, AND THE EAST HALF OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER, SECTION 4, TOWNHSHIP 5 SOUTH, RANGE 4 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA

Parcel 2:

THE NORTHWEST QUARTER AND THE WEST HALF OF THE NORTHEAST QUARTER, BOTH OF THE NORTHEWEST QUARTER OF SECTION 4, TOWNHSIP 5 SOUTH, RANGE 4 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, PINAL COUNTY, ARIZONA

EXHIBIT B
INFRASTRUCTURE COORDINATION AGREEMENT

ADJACENT OFFSITE INFRASTRUCTURE IMPROVEMENTS

[Intentionally left blank]

EXHIBIT C
INFRASTRUCTURE COORDINATION AGREEMENT

MILESTONE SCHEDULE

SANTA CRUZ WATER COMPANY, LLC

By 31 March 2005, SCW will have extended water lines to the Northwest corner of Section 29, Township 4 South, Range 4 East, with planned sufficient capacity to serve the Land to meet its intended use.

PALO VERDE UTILITIES COMPANY, LLC

SANITARY SEWER

By 31 March 2005, PVU will have extended sewer lines to the Northwest corner of Section 29, Township 4 South, Range 4 East, with planned sufficient capacity to serve the Land to meet its intended use.

RECLAIMED WATER

PVU will coordinate with Landowner for the constuction of a reclaimed water distribution line (at PVU's cost) to the Landowner's storage facility located on the Land. PVU anticipates that this line will be installed in conjunction with the potable water and sewer lines.

EXHIBIT D
INFRASTRUCTURE COORDINATION AGREEMENT

DESCRIPTION OF SCW AND PVU SERVICES TO BE COORDINATED BY Coordinator

SCW

- Expand the existing CC&N water service area to include the Land
- Prepare a master water plan with respect to the Land
- Confirm and or develop sufficient water plant capacity for the Land
- Extend a water distribution main line to the Delivery Point
- Provide will-serve letters to applicable governmental agencies necessary for final plat approvals with a schedule of commitment dates personalized for the Land
- Obtain a 100-year assured water supply and Certificate of Designation required for final plat approvals and Department of Real Estate approvals
- Provide expedited final subdivision plat water improvement plan check and coordination with the Arizona Department of Environmental Quality for Approvals to Construct
- Obtain/Develop facilities extension agreement for construction of infrastructure within the Land (subject to reimbursement)

PVU

- Expand the existing CC&N wastewater service area to include the Land
- Prepare a master wastewater plan with respect to the Land
- Develop a master reclaimed water treatment, retention, and distribution plan
- Confirm and or develop sufficient wastewater plant capacity for the Land
- Extend a wastewater collection system main line to the Delivery Point
- Extend a reclaimed water line to a water storage facility within the Land
- Provide all permitting and regulatory approvals including but not limited to an Aquifer Protection Permit and Central Arizona Association of Governments (CAAG) 208 Water Quality Plan
- Provide will-serve letters to applicable governmental agencies necessary for final plat approvals with a schedule of commitment dates personalized for the Land
- Provide expedited final subdivision plat wastewater improvement plan check and coordination with the Arizona Department of Environmental Quality for Approvals to Construct
- Obtain/Develop facilities extension agreement for construction of infrastructure within the Land (subject to reimbursement)

EXHIBIT E
INFRASTRUCTURE COORDINATION AGREEMENT

LINE EXTENSION AGREEMENT – SANTA CRUZ WATER COMPANY

WATER FACILITIES EXTENSION AGREEMENT

This Agreement is made this _____ day of _____, 2004 by and between SANTA CRUZ WATER COMPANY, L.L.C. an Arizona limited liability company ("Company"), and _____, an _____ ("Developer").

RECITALS:

A. Developer desires that water utility service be extended to and for its real estate development located in Parcel ___ of _____ consisting of ____ (single family, multifamily, or commercial) lots, in Pinal County within the general vicinity of the City of Maricopa, Arizona (the "Development"). A legal description for the Development is attached hereto as Exhibit "A" and incorporated herein by this reference. The Development is located within Company's Certificate of Convenience and Necessity ("CC&N").

B. Company is a public service corporation as defined in Article XV, Section 2 of the Arizona Constitution which owns and operates water utility facilities and holds a CC&N from the Commission granting Company the exclusive right to provide water utility service within unincorporated portions of Pinal County, Arizona.

C. Subject to the terms and conditions set forth hereinafter, Developer is willing to construct and install facilities within the Development necessary to extend water utility service to and within the Development, which facilities shall connect to the Company's system as generally shown on the map attached hereto as Exhibit "B." Company is willing to provide water utility service to the Development in accordance with relevant law, including the rules and regulations

of the Commission on the condition that Developer fully and timely perform the obligations and satisfy the conditions and requirements set forth below.

COVENANTS AND AGREEMENTS:

NOW, THEREFORE, in consideration of the following covenants and agreements, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. **Construction of Facilities**. Developer agrees to construct and install water distribution mains and pipelines, valves, booster stations, hydrants, fittings, service lines and all other related facilities and improvements necessary to provide water utility service to each lot or building within the Development as more particularly described in Exhibit "C" attached hereto and incorporated herein by this reference (referred to hereinafter as the "Facilities"). The Facilities shall connect to the Company's system at the point shown on the approved plans as generally depicted on the map attached hereto as Exhibit "B," and shall be designed and constructed within the Development in a manner which allows the provision of safe and reliable water utility service to each lot therein. Subject to the terms and conditions set forth herein (including, without limitation, Company's rights of plan review and approval and inspection of final construction), Developer shall be responsible for all construction activities associated with the Facilities, and Developer shall be liable for and pay when due all costs, expenses, claims and liabilities associated with the construction and installation of the Facilities.

2. **Construction Standards and Requirements**. The Facilities shall meet and comply with Company's standards and specifications, and all engineering plans and specifications for the Facilities shall be approved by Company and its engineers ("Company's Engineer"), prior to the commencement of construction. Company and Company's Engineer shall review the plans and specifications and shall provide any requirements or comments as soon as practicable. Developer shall require that its contractor be bound by and conform to the

plans and specifications for the Facilities as finally approved by Company. The construction and installation of the Facilities shall be in conformance with the applicable regulations of the Arizona Department of Environmental Quality ("ADEQ"), the Commission, and any other governmental authority having jurisdiction thereover.

3. **Right of Inspection; Corrective Action**. Company shall have the right to have Company's Engineer inspect and test the Facilities at reasonable times during the course of construction as necessary to ensure conformance with plans and specifications. If at any time before the final acceptance by Company of the Facilities any construction, materials or workmanship are found to be defective or deficient in any way, or the Facilities fail to conform to this Agreement, then Company may reject such defective or deficient construction, materials and/or workmanship and require Developer to fully pay for all necessary corrective construction efforts ("Corrective Action"). Company reserves the right to withhold approval and to forbid connection of any defective portion of the Facilities to Company's system unless and until the Facilities have been constructed in accordance with plans and specifications and all applicable regulatory requirements. Further, Developer shall promptly undertake any Corrective Action required to remedy such defects and deficiencies in construction, materials and workmanship upon receipt of notice by Company. The foregoing notwithstanding, Company shall not unreasonably withhold or delay acceptance of the Facilities.

4. **Transfer of Ownership**. Upon completion and approval of the as-built Facilities by Company and any other governmental authority whose approval is required, Developer shall transfer all right, title and interest in the Facilities to Company via a bill of sale in a form satisfactory to Company. Thereafter, Company shall be the sole owner of the Facilities and be responsible for their operation, maintenance and repair. Company's ownership and

responsibility shall include all distribution mains and/or related appurtenances within the Development up to the point of connection to the service line of each customer receiving service. Maintenance and repair of each service line, which lines are not part of the Facilities, shall be Developer's, the Development's or each individual customers' responsibility. All work performed by or on behalf of Developer shall be warranted by Developer for one year from the date of transfer of the Facilities to Company against defects in materials and workmanship. Developer shall also covenant, at the time of transfer, that the Facilities are free and clear of all liens and encumbrances, and unless the time period for filing lien claims has expired, shall provide evidence in the form of lien waivers that all claims of contractors, subcontractors, mechanics and materialmen have been paid and satisfied.

5. **Final As-Built Drawings and Accounting of Construction Costs**. Immediately following completion and approval of the Facilities, Developer shall provide Company with three sets of as-built drawings and specifications for the Facilities and a reproducible copy of such drawings. Developer shall also provide an accounting of the cost of constructing and installing the Facilities, which amount shall be refundable in accordance with paragraph 8, below. Company shall have no obligation to furnish service to the Development or to accept the transfer of the Facilities until Developer has complied with this paragraph.

6. **Easements**. Developer shall be responsible for obtaining all necessary easements and rights-of-way for the construction and installation, and subsequent operation, maintenance and repair of the Facilities. Such easements and rights-of-way shall be of adequate size, location, and configuration so as to allow Company ready access to the Facilities for maintenance and repairs and other activities necessary to provide safe and reliable water utility service. Such easements and rights-of-way shall be provided to Company by Developer at the

same time as Developer transfers ownership of the Facilities pursuant to paragraph 4, above. At the time of transfer, all easements and rights-of-way shall be free of physical encroachments, encumbrances or other obstacles. Company shall have no responsibility to obtain or secure on Developer's behalf any such easements or rights-of-way.

7. **Reimbursement for Engineering and Other Fees and Expenses**. Developer shall also reimburse Company for the costs, expenses and fees, including legal fees and costs that are incurred by Company for preparation of this Agreement, for reviewing and approving the plans and specifications for the Facilities to be constructed by Developer, for inspecting the Facilities during construction and other supervisory activities undertaken by Company, for obtaining any necessary approvals from governmental authorities (collectively the "Administrative Costs"). For such purpose, Developer has previously paid to Company the sum of Seven Thousand Five Hundred Dollars ($7,500), the receipt of which is hereby acknowledged. Developer shall provide additional advances to Company, as may be requested by Company in writing from time-to-time, to reimburse Company for any additional Administrative Costs it incurs. All amounts paid to Company pursuant to this provision shall constitute advances in aid of construction and be subject to refund pursuant to paragraph 8, below.

8. **Refunds of Advances**. Company shall refund annually to Developer an amount equal to seven percent (7%) of the gross annual revenues received by Company from the provision of water utility service to each bona fide customer within the Development. Such refunds shall be paid by Company on or before the first day of August, commencing in the fourth calendar year following the calendar year in which title to the Facilities is transferred to and accepted by Company and continuing thereafter in each succeeding calendar year for a total of twenty-two (22) years. No interest shall accrue or be payable on the amounts to be refunded

hereunder, and any unpaid balance remaining at the end of such twenty-two year period shall be non-refundable. In no event shall the total amount of the refunds paid by Company hereunder exceed the total amount of all advances made by Developer hereunder. For the purposes of this provision, the total amount of Developer's advances shall be equal to Developer's actual cost of constructing the Facilities, less the costs of any corrective action as defined in paragraph 3 above, the costs of curing any defects arising during the warranty period, as provided herein, and the costs of any unreasonable overtime incurred in the construction of the Facilities, above, and the amounts paid by Developer to Company for Administrative Costs pursuant to paragraph 7, above.

9. **Company's Obligation to Serve**. Subject to the condition that Developer fully perform its obligations under this Agreement, Company shall provide water utility service to all customers within the Development in accordance with Company's tariffs and schedule of rates and charges for service, the rules and regulations of the Commission and other regulatory authorities and requirements. However, Company shall have no obligation to accept and operate the Facilities in the event Developer fails to make any payment provided in this Agreement, fails to construct and install the Facilities in accordance with Company's standards and specifications and in accordance with the applicable rules and regulations of ADEQ, the Commission or any other governmental authority having jurisdiction thereover, or otherwise fails to comply with the terms and conditions of this Agreement. Developer acknowledges and understands that Company will not establish service to any customer within the Development until such time as Company has accepted the transfer of the Facilities, and all amounts that Developer is required to pay Company hereunder have in fact been paid. The foregoing notwithstanding, the Company shall not terminate service to any customer within the Development to whom service has been

properly established as a consequence of any subsequent breach or nonperformance by Developer hereunder.

10. **Liability for Income Taxes.** In the event it is determined that all or any portion of Developer's advances in aid of construction hereunder constituted taxable income to Company as of the date of this Agreement or at the time Company actually receives such advances hereunder, Developer will advance funds to Company equal to the income taxes resulting from Developer's advance hereunder. These funds shall be paid to Company within twenty (20) days following notification to Developer that a determination has been made that any such advances constitute taxable income, whether by virtue of any determination or notification by a governmental authority, amendment to the Internal Revenue Code, any regulation promulgated by the Internal Revenue Service, or similar change to any statute, rule or regulation relating to this matter. Such notification shall include documentation reasonably necessary to substantiate the Company's liability for income taxes resulting from the Developer's advances in aid of construction under this Agreement. In the event that additional funds are paid by Developer under this paragraph, such funds shall also constitute advances in aid of construction. In addition, Developer shall indemnify and hold Company harmless for, from and against any tax related interest, fines and penalties assessed against Company and other costs and expenses incurred by Company as a consequence of late payment by Developer of amounts described above.

11. **Notice.** All notices and other written communications required hereunder shall be sent to the parties as follows:

COMPANY:

Santa Cruz Water Company, L.L.C.
Attn: Cindy M. Liles, Vice President

22601 N. 19th Avenue
Suite 210
Phoenix, Arizona 85027

DEVELOPER:

_____
_____
_____
_____

Each party shall advise the other party in writing of any change in the manner in which notice is to be provided hereunder.

12. **Governing Law**. This Agreement, and all rights and obligations hereunder, shall be subject to and governed by the rules and regulations of the Commission relating to domestic water utilities and generally shall be governed by and construed in accordance with the laws of the State of Arizona. Developer understands and acknowledges that Company's rates and charges, and other terms and conditions applicable to its provision of utility service, may be modified from time-to-time by order of the Commission. Company shall provide Developer with copies of such orders that may affect Developer's rights and obligations hereunder.

13. **Time is of the Essence**. Time is and shall be of the essence of this Agreement.

14. **Indemnification: Risk of Loss**. Developer shall indemnify and hold Company harmless for, from and against any and all claims, demands and other liabilities and expenses (including attorneys' fees and other costs of litigation) arising out of or otherwise relating to Developer's failure to comply with any of the terms and conditions contained herein, including (without limitation) Company's refusal to serve any unit within the Development based on Developer's failure to pay all amounts required hereunder in a timely manner. Developer's

duty to indemnify Company shall extend to all construction activities undertaken by Developer, its contractors, subcontractors, agents, and employees hereunder.

15. **Successors and Assigns**. This Agreement may be assigned by either of the parties provided that the assignee agrees in writing to be bound by and fully perform all of the assignor's duties and obligations hereunder. This Agreement and all terms and conditions contained herein shall be binding upon and shall inure to the benefit of the successors and assigns of the parties.

16. **Dispute Resolution**. The parties hereto agree that each will use good faith efforts to resolve, through negotiation, disputes arising hereunder without resorting to mediation, arbitration or litigation.

17. **Integration: One Agreement**. This Agreement supersedes all prior agreements, contracts, representations and understandings concerning its subject matter, whether written or oral.

18. **Attorneys' Fees**. The prevailing party in any litigation or other proceeding concerning or related to this Agreement, or the enforcement thereof, shall be entitled to recover its costs and reasonable attorneys' fees.

19. **Authority to Perform**. Company represents and warrants to Developer that Company has the right, power and authority to enter into and fully perform this Agreement. Developer represents and warrants to Company that Developer has the right, power and authority to enter into and fully perform this Agreement.

DEVELOPER:

_____

_____

COMPANY:

SANTA CRUZ WATER COMPANY, L.L.C.
an Arizona limited liability company

By_____
Its _____

By _____
Cindy Liles
Its: Vice President

EXHIBIT "A"

Legal Description

EXHIBIT "B"

Point(s) of Connection

EXHIBIT "C"

Water Facilities Budget
(Required to be completed by Developer prior to execution of agreement)

Item	QTY	UNIT	UNIT $	TOTAL $
8" C-900, Class 150 Water Main		LF		
8" Valve Box & Cover		EA		
Fire Hydrant, Complete		EA		
3 / 4" Double Water Service		EA		
3 / 4" Single Water Service		EA		
1 ½' Landscape service		EA		
2" Landscape service		EA		
1" Landscape service		EA		
Subtotal				
Sales Tax				
Total				

EXHIBIT F
INFRASTRUCTURE COORDINATION AGREEMENT

LINE EXTENSION AGREEMENT – PALO VERDE UTILITIES COMPANY

SEWER FACILITIES EXTENSION AGREEMENT

This Agreement is made this _____ day of _____, 2004 by and between PALO VERDE UTILITIES COMPANY, L.L.C. an Arizona limited liability company ("Company"), _____, an _____ ("Developer").

RECITALS:

A. Developer desires that sewer utility service be extended to and for its real estate development located in Parcel ____ of _____ consisting of ____ (single family, multi-family or commercial) lots, in Pinal County within the general vicinity of the City of Maricopa, Arizona (the "Development"). A legal description for the Development is attached hereto as Exhibit "A" and incorporated herein by this reference. The Development is located within Company's Certificate of Convenience and Necessity ("CC&N").

B. Company is a public service corporation as defined in Article XV, Section 2 of the Arizona Constitution which owns and operates a sewage treatment plant and collection system and holds a CC&N from the Commission granting Company the exclusive right to provide sewer utility service within unincorporated portions of Pinal County, Arizona.

C. Developer is willing to construct and install facilities within the Development necessary to extend sewer utility service to and within the Development which facilities shall connect to the Company's system as generally shown on the map attached hereto as Exhibit "B." Company is willing to provide sewer utility service to the Development in accordance with relevant law, including the rules and regulations of the Commission on the

condition that Developer fully and timely perform the obligations and satisfy the conditions and requirements set forth below.

COVENANTS AND AGREEMENTS:

NOW, THEREFORE, in consideration of the following covenants and agreements, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

20. **Construction of Facilities**. Developer agrees to construct and install sewage collection mains, manholes, pumping stations and/or such other facilities and improvements necessary to provide sewer utility service to each lot or building within the Development as more particularly described in Exhibit "C" attached hereto and incorporated herein by this reference (referred to hereinafter as the "Facilities"). The Facilities shall connect to the Company's system at the point shown on the approved plans as generally depicted on the map attached hereto as Exhibit "B," and shall be designed and constructed within the Development in a manner which allows the provision of safe and reliable sewer utility service to each lot therein. Subject to the terms and conditions set forth herein (including, without limitation, Company's rights of plan review and approval and inspection of final construction), Developer shall be responsible for all construction activities associated with the Facilities, and Developer shall be liable for and pay when due all costs, expenses, claims and liabilities associated with the construction and installation of the Facilities.

21. **Construction Standards and Requirements**. The Facilities shall meet and comply with Company's standards and specifications, and all engineering plans and specifications for the Facilities shall be approved by Company and its engineers ("Company's Engineer") prior to the commencement of construction. Company and Company's Engineer shall review the plans and specifications and shall provide any requirements or comments as soon as practicable. Developer shall require that its contractor be bound by and conform to the

plans and specifications for the Facilities as finally approved by Company. The construction and installation of the Facilities shall be in conformance with the applicable regulations of the Arizona Department of Environmental Quality ("ADEQ"), the Commission, and any other governmental authority having jurisdiction thereover.

22. **Right of Inspection; Corrective Action**. Company shall have the right to have Company's Engineer inspect and test the Facilities at reasonable times during the course of construction as necessary to ensure conformance with plans and specifications. If at any time before the final acceptance by Company of the Facilities any construction, materials or workmanship are found to be defective or deficient in any way, or the Facilities fail to conform to this Agreement, then Company may reject such defective or deficient construction, materials and/or workmanship and require Developer to fully pay for all necessary corrective construction efforts ("Corrective Action"). Company reserves the right to withhold approval and to forbid connection of any defective portion of the Facilities to Company's system unless and until the Facilities have been constructed in accordance with plans and specifications and all applicable regulatory requirements. Further, Developer shall promptly undertake any Corrective Action required to remedy such defects and deficiencies in construction, materials and workmanship upon receipt of notice by Company. The foregoing notwithstanding, Company shall not unreasonably withhold or delay acceptance of the Facilities.

23. **Transfer of Ownership**. Upon completion and approval of the as-built Facilities by Company and any other governmental authority whose approval is required, Developer shall transfer all right, title and interest in the Facilities to Company via a bill of sale in a form satisfactory to Company. Company, in its sole discretion, may require Developer to conduct a video inspection of any of the Facilities prior to final approval and acceptance to

ensure that no breaks or similar defects exist. Thereafter, Company shall be the sole owner of the Facilities and be responsible for their operation, maintenance and repair. Company's ownership and responsibility shall include all pumping stations, manholes, collection and transmission mains and/or related appurtenances within the Development up to the point of connection of the sewer line of each customer receiving service to the collection main. Maintenance and repair of each sewer service line, which lines are not part of the Facilities, shall be Developer's, the Development's or each individual customers' responsibility. All work performed by or on behalf of Developer shall be warranted by Developer for one year from the date of transfer of the Facilities to Company against defects in materials and workmanship. Developer shall also covenant, at the time of transfer, that the Facilities are free and clear of all liens and encumbrances, and unless the time period for filing lien claims has expired, shall provide evidence in the form of lien waivers that all claims of contractors, subcontractors, mechanics and materialmen have been paid and satisfied.

24. **Final As-Built Drawings and Accounting of Construction Costs**. Immediately following completion and approval of the Facilities, Developer shall provide Company with three sets of as-built drawings and specifications for the Facilities and a reproducible copy of such drawings. Developer shall also provide an accounting of the cost of constructing and installing the Facilities, which amount shall be refundable in accordance with paragraph 8, below. Company shall have no obligation to furnish service to the Development or to accept the transfer of the Facilities until Developer has complied with this paragraph.

25. **Easements**. Developer shall be responsible for obtaining all necessary easements and rights-of-way for the construction and installation, and subsequent operation, maintenance and repair of the Facilities. Such easements and rights-of-way shall be of adequate

size, location, and configuration so as to allow Company ready access to the Facilities for maintenance and repairs and other activities necessary to provide safe and reliable sewer utility service. Evidence of such easements and rights-of-way shall be provided to Company by Developer at the same time as Developer transfers ownership of the Facilities pursuant to paragraph 4, above. At the time of transfer, all easements and rights-of-way shall be free of physical encroachments, encumbrances or other obstacles. Company shall have no responsibility to obtain or secure on Developer's behalf any such easements or rights-of-way.

26. **Reimbursement for Engineering and Other Fees and Expenses.** Developer shall also reimburse Company for the costs, expenses and fees, including legal fees and costs that are incurred by Company for preparation of this Agreement, for reviewing and approving the plans and specifications for the Facilities to be constructed by Developer, for inspecting the Facilities during construction and other supervisory activities undertaken by Company, for obtaining any necessary approvals from governmental authorities (collectively the "Administrative Costs"). For such purpose, Developer has previously paid to Company the sum of Seven Thousand Five Hundred Dollars ($7,500), the receipt of which is hereby acknowledged. Developer shall provide additional advances to Company, as may be requested by Company in writing from time-to-time, to reimburse Company for any additional Administrative Costs it incurs. All amounts paid to Company pursuant to this provision shall constitute advances in aid of construction and be subject to refund pursuant to paragraph 8, below.

27. **Refunds of Advances**. Company shall refund annually to Developer an amount equal to two and one-half percent (2.5%) of the gross annual revenues received by Company from the provision of sewer utility service to each bona fide customer within the Development. Such refunds shall be paid by Company on or before the first day of August,

commencing in the fourth calendar year following the calendar year in which title to the Facilities is transferred to and accepted by Company and continuing thereafter in each succeeding calendar year for a total of twenty-two (22) years. No interest shall accrue or be payable on the amounts to be refunded hereunder, and any unpaid balance remaining at the end of such twenty-two year period shall be non-refundable. In no event shall the total amount of the refunds paid by Company hereunder exceed the total amount of all advances made by Developer hereunder. For the purposes of this provision, the total amount of Developer's advances shall be equal to Developer's actual cost of constructing the Facilities, less the costs of any corrective action as defined in paragraph 3 above, the costs of curing any defects arising during the warranty period, as provided herein, and the costs of any unreasonable overtime incurred in the construction of the Facilities, above, and the amounts paid by Developer to Company for Administrative Costs pursuant to paragraph 7, above.

28. **Company's Obligation to Serve**. Subject to the condition that Developer fully perform its obligations under this Agreement, Company shall provide sewer utility service to all customers within the Development in accordance with Company's tariffs and schedule of rates and charges for service, the rules and regulations of the Commission and other regulatory authorities and requirements. However, Company shall have no obligation to accept and operate the Facilities in the event Developer fails to make any payment provided in this Agreement, fails to construct and install the Facilities in accordance with Company's standards and specifications and in accordance with the applicable rules and regulations of ADEQ, the Commission or any other governmental authority having jurisdiction thereover, or otherwise fails to comply with the terms and conditions of this Agreement. Developer acknowledges and understands that Company will not establish service to any customer within the Development until such time as

Company has accepted the transfer of the Facilities, and all amounts that Developer is required to pay Company hereunder have in fact been paid. The foregoing notwithstanding, the Company shall not terminate service to any customer within the Development to whom service has been properly established as a consequence of any subsequent breach or nonperformance by Developer hereunder.

29. **Liability for Income Taxes.** In the event it is determined that all or any portion of Developer's advances in aid of construction hereunder constituted taxable income to Company as of the date of this Agreement or at the time Company actually receives such advances hereunder, Developer will advance funds to Company equal to the income taxes resulting from Developer's advance hereunder. These funds shall be paid to Company within twenty (20) days following notification to Developer that a determination has been made that any such advances constitute taxable income, whether by virtue of any determination or notification by a governmental authority, amendment to the Internal Revenue Code, any regulation promulgated by the Internal Revenue Service, or similar change to any statute, rule or regulation relating to this matter. Such notification shall include documentation reasonably necessary to substantiate the Company's liability for income taxes resulting from the Developer's advances in aid of construction under this Agreement. In the event that additional funds are paid by Developer under this paragraph, such funds shall also constitute advances in aid of construction. In addition, Developer shall indemnify and hold Company harmless for, from and against any tax related interest, fines and penalties assessed against Company and other costs and expenses incurred by Company as a consequence of late payment by Developer of amounts described above.

30. **Notice**. All notices and other written communications required hereunder

shall be sent to the parties as follows:

COMPANY:

Palo Verde Utilities Company, L.L.C.
Attn: Cindy M. Liles, Vice President
22601 N. 19th Avenue
Suite 210
Phoenix, Arizona 85027

DEVELOPER:

_____
_____
_____
_____

Each party shall advise the other party in writing of any change in the manner in which notice is to be provided hereunder.

31. **Governing Law**. This Agreement, and all rights and obligations hereunder, shall be subject to and governed by the rules and regulations of the Commission relating to domestic sewer utilities and generally shall be governed by and construed in accordance with the laws of the State of Arizona. Developer understands and acknowledges that Company's rates and charges, and other terms and conditions applicable to its provision of utility service, may be modified from time-to-time by order of the Commission. Company shall provide Developer with copies of such orders that may affect Developer's rights and obligations hereunder.

32. **Time is of the Essence**. Time is and shall be of the essence of this Agreement.

33. **Indemnification: Risk of Loss**. Developer shall indemnify and hold Company harmless for, from and against any and all claims, demands and other liabilities and

expenses (including attorneys' fees and other costs of litigation) arising out of or otherwise relating to Developer's failure to comply with any of the terms and conditions contained herein, including (without limitation) Company's refusal to serve any unit within the Development based on Developer's failure to pay all amounts required hereunder in a timely manner. Developer's duty to indemnify Company shall extend to all construction activities undertaken by Developer, its contractors, subcontractors, agents, and employees hereunder.

34. **Successors and Assigns**. This Agreement may be assigned by either of the parties provided that the assignee agrees in writing to be bound by and fully perform all of the assignor's duties and obligations hereunder. This Agreement and all terms and conditions contained herein shall be binding upon and shall inure to the benefit of the successors and assigns of the parties.

35. **Dispute Resolution**. The parties hereto agree that each will use good faith efforts to resolve, through negotiation, disputes arising hereunder without resorting to mediation, arbitration or litigation.

36. **Integration: One Agreement**. This Agreement supersedes all prior agreements, contracts, representations and understandings concerning its subject matter, whether written or oral.

37. **Attorneys' Fees**. The prevailing party in any litigation or other proceeding concerning or related to this Agreement, or the enforcement thereof, shall be entitled to recover its costs and reasonable attorneys' fees.

38. **Authority to Perform**. Company represents and warrants to Developer that Company has the right, power and authority to enter into and fully perform this Agreement. Developer represents and warrants to Company that Developer has the right, power and authority

to enter into and fully perform this Agreement.

DEVELOPER:

_____

_____

By _____

Its _____

COMPANY:

PALO VERDE UTILITIES COMPANY, L.L.C.,
an Arizona limited liability company

By _____

Cindy M. Liles

Its: Vice President

EXHIBIT "A"

Legal Description

EXHIBIT "B"

Point(s) of Connection

EXHIBIT "C"

Wastewater Facilities Budget
(Required to be completed by Developer prior to execution of agreement

Item	QTY	UNIT	UNIT $	TOTAL $
8" SDR 35 Sewer Main		LF		
10" SDR 35 Sewer Main		LF		
4' Manhole		EA		
Sewer Cleanout		EA		
4" Sewer Service		EA		
Subtotal				
Sales Tax				
Total				

Global Water Resources, LLC and Subsidiaries and Global Water Management, LLC

Combined Consolidated Financial Statements as of December 31, 2008 and 2007, and for Each of the Three Years in the Period Ended December 31, 2008, Additional Combining Information as of and for the Years Ended December 31, 2008 and 2007, and Independent Auditors' Report

GLOBAL WATER RESOURCES, LLC AND SUBSIDIARIES AND GLOBAL WATER MANAGEMENT, LLC

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Global Water Resources, LLC and
Global Water Management, LLC
Phoenix, Arizona

We have audited the accompanying combined consolidated balance sheets of Global Water Resources, LLC and subsidiaries and Global Water Management, LLC (collectively, the "Company") as of December 31, 2008 and 2007, both of which are under common ownership and common management, and the related combined consolidated statements of income, members' equity, and cash flows for each of the three years in the period ended December 31, 2008. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such combined consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2008 and 2007, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2008, in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic combined consolidated financial statements taken as a whole. The additional consolidating information on pages 33 through 39 is presented for the purpose of additional analysis of the basic combined consolidated financial statements, rather than to present the financial position and results of operations of the individual companies, and is not a required part of the basic combined consolidated financial statements. This additional information is the responsibility of the Company's management. Such information has been subjected to the auditing procedures applied in our audits of the basic combined consolidated financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic combined consolidated financial statements taken as a whole.

As discussed in Note 9 to the financial statements, the Company is required to maintain a minimum ratio of 1.10 of defined annual income available for debt service to maximum annual debt service. Failure to meet this covenant could cause the bonds to be immediately due and payable. Certain management estimates are critical to this calculation.

Deloitte & Touche LLP

April 29, 2009

GLOBAL WATER RESOURCES, LLC AND SUBSIDIARIES AND GLOBAL WATER MANAGEMENT, LLC

COMBINED CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2008 AND 2007

ASSETS	2008	2007
PROPERTY, PLANT, AND EQUIPMENT:		
Property, plant, and equipment	$298,660,794	$241,975,967
Less accumulated depreciation	(20,269,628)	(11,744,158)
Net property, plant, and equipment	278,391,166	230,231,809
CURRENT ASSETS:		
Cash and cash equivalents	24,764	166,496
Accounts receivable — net	1,396,227	1,983,757
Security deposits receivable		741,350
Other receivables	34,550	10,470
Accrued utility revenue	222,583	332,911
Infrastructure coordination and financing fees receivable	5,850	97,500
Income tax receivable	67,312	81,544
Stored water credits	1,175,675	713,894
Prepaid expense	536,917	465,207
Other current assets		35,016
Deferred tax asset — current	131,631	876,131
Total current assets	3,595,509	5,504,276
OTHER ASSETS:		
Goodwill	38,092,712	45,809,111
Other intangible assets — net	36,407,485	33,623,035
Deposits	84,634	668,546
Bond reserve fund and other restricted cash	17,646,927	9,298,254
Debt issuance costs — net	3,497,015	2,821,652
Deferred acquisition costs	204,248	108,262
Total other assets	95,933,021	92,328,860
TOTAL	$377,919,696	$328,064,945

(Continued)

GLOBAL WATER RESOURCES, LLC AND SUBSIDIARIES AND GLOBAL WATER MANAGEMENT, LLC

COMBINED CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2008 AND 2007

LIABILITIES AND MEMBERS' EQUITY	2008	2007
CURRENT LIABILITIES:		
Accounts payable	$ 5,396,506	$ 3,481,647
Accrued expenses	5,930,748	9,169,248
Members' distributions payable		2,042,458
Accrued acquisition payment	7,613,443	13,364,408
Customer and meter deposits	1,329,711	1,192,420
Short-term debt	60,274,309	
Loan payable — current portion	155,601	137,861
Total current liabilities	80,700,318	29,388,042
DEFERRED CREDITS AND OTHER LIABILITIES:		
Bonds payable	114,687,473	90,115,055
Bank loans payable	3,131,392	38,041,833
Deferred revenue and prepaid ICFA fees	33,600,017	39,235,381
Advances in aid of construction	102,187,152	69,405,414
Contributions in aid of construction — net	1,193,508	792,127
Deferred income tax liability	9,183,110	7,169,614
Acquisition liability	27,060,988	42,502,507
Total deferred credits and other liabilities	291,043,640	287,261,931
Total liabilities	371,743,958	316,649,973
COMMITMENTS AND CONTINGENCIES (Notes 5, 6, 7, 8, 9, and 13)		
MEMBERS' EQUITY:		
Contributed capital	26,393,084	26,001,000
Undistributed preferred return		14,357
Common unit deficit	(14,904,674)	(14,600,385)
Members' receivable	(5,312,672)	
Total members' equity	6,175,738	11,414,972
TOTAL	$377,919,696	$328,064,945

See notes to combined consolidated financial statements. (Concluded)

GLOBAL WATER RESOURCES, LLC AND SUBSIDIARIES AND GLOBAL WATER MANAGEMENT, LLC

COMBINED CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2008, 2007, AND 2006

	2008	2007	2006
OPERATING REVENUES:			
Water usage	$12,919,610	$11,971,773	$ 8,364,337
Wastewater services	6,301,810	5,714,272	4,526,939
Infrastructure coordination and financing fees	12,968,893	6,595,792	5,951,512
Meter installation and connection fees	897,544	1,059,471	1,534,808
Developer, management, and other fees	2,074,626	467,648	471,608
Total operating revenues	35,162,483	25,808,956	20,849,204
OPERATING EXPENSES:			
Operations and maintenance	6,013,697	5,130,129	2,899,386
General and administrative	9,771,425	7,480,976	5,321,819
Deferred offering costs	2,134,162		
Goodwill impairment	7,716,399		
Depreciation	8,426,564	5,989,141	3,364,733
Amortization	3,092,571	2,623,865	2,236,126
Total operating expenses	37,154,818	21,224,111	13,822,064
OPERATING (LOSS) INCOME	(1,992,335)	4,584,845	7,027,140
OTHER INCOME (EXPENSE):			
Interest income	257,731	379,519	31,727
Interest expense — net of $2,823,227, $4,644,747, and $2,870,360 capitalized in 2008, 2007, and 2006, respectively	(9,012,757)	(4,328,691)	(1,447,647)
Other	4,160,324	(30,761)	(34,168)
Total other income (expense)	(4,594,702)	(3,979,933)	(1,450,088)
(LOSS) INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	(6,587,037)	604,912	5,577,052
INCOME TAX (BENEFIT) EXPENSE	(2,585,352)	(1,404,135)	(740,040)
(LOSS) INCOME FROM CONTINUING OPERATIONS	(4,001,685)	2,009,047	6,317,092
INCOME FROM DISCONTINUED OPERATIONS — Net of tax of $0, $2,548,023, and $30,478 in 2008, 2007, and 2006, respectively		4,060,276	267,216
NET (LOSS) INCOME	$ (4,001,685)	$ 6,069,323	$ 6,584,308

See notes to combined consolidated financial statements.

GLOBAL WATER RESOURCES, LLC AND SUBSIDIARIES AND GLOBAL WATER MANAGEMENT, LLC

COMBINED CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2008, 2007, AND 2006

	Contributed Capital	Undistributed Preferred Return	Common Unit Earnings (Deficit)	Members' Receivable	Total Members' Equity
BALANCE — January 1, 2006	$ 26,001,000	$ -	$ (2,213,204)	$ -	$ 23,787,796
Distributions — preferred return					-
Distributions — taxes			(11,471,786)		(11,471,786)
Net income		2,126,556	4,457,752		6,584,308
BALANCE — December 31, 2006	26,001,000	2,126,556	(9,227,238)	-	18,900,318
Distributions — preferred return		(4,378,232)			(4,378,232)
Distributions — taxes			(9,176,437)		(9,176,437)
Net income		2,266,033	3,803,290		6,069,323
BALANCE — December 31, 2007	26,001,000	14,357	(14,600,385)	-	11,414,972
Issuance of member units	392,084				392,084
Members' receivable			5,812,678	(5,812,678)	-
Distributions — preferred return		(2,129,639)		2,101,187	(28,452)
Distributions — taxes				(1,601,181)	(1,601,181)
Net (loss) income		2,115,282	(6,116,967)		(4,001,685)
BALANCE — December 31, 2008	$ 26,393,084	$ -	$ (14,904,674)	$ (5,312,672)	$ 6,175,738

See notes to combined consolidated financial statements.

GLOBAL WATER RESOURCES, LLC AND SUBSIDIARIES AND GLOBAL WATER MANAGEMENT, LLC

COMBINED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2008, 2007, AND 2006

	2008	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net (loss) income	$ (4,001,685)	$ 6,069,323	$ 6,584,308
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Noncash stock compensation	392,084		
Depreciation	8,426,565	6,069,133	3,817,112
Amortization of intangible assets	3,092,572	2,623,865	2,229,216
Goodwill impairment	7,716,399		
Interest accretion on deferred payments for acquisitions	193,654	(95,363)	1,247,951
Gain on sale of discontinued operations		(6,484,488)	
(Gain) loss on sale of fixed assets	2,339	35,361	(34,169)
Gain on settlement	(4,072,362)		
Gain on advances in aid of construction purchase	(23,830)		
Deferred income tax expense (benefit)	(2,585,352)	1,145,753	(678,744)
Payments on settlement dispute	(73,995)		
Changes in assets and liabilities — excluding effects of acquisitions:			
Accounts receivable	587,530	(37,980)	749
Other receivables	(24,080)	70,760	(446,180)
Infrastructure coordination and financing fees receivable	91,650	157,950	517,248
Accrued utility revenue	110,328	(111,723)	(134,295)
Other current assets	(452,922)	(746,791)	(236,673)
Income taxes payable	14,232	(293,611)	10,353
Accounts payable and other current liabilities	1,304,793	(1,164,376)	4,361,633
Deferred revenue and prepaid ICFA fees	(6,779,193)	(1,346,735)	19,544,696
Net cash provided by operating activities	3,918,727	5,891,078	36,783,205
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	(30,291,246)	(67,842,091)	(51,171,979)
Proceeds from sale of fixed assets	9,925	19,539,153	43,036
(Deposits) withdrawals of restricted cash	(67,351)	29,475	(126,887)
Deposits	1,325,262	(295,535)	(265,982)
Intangible asset additions	(13,126)	(8,781)	(242,501)
Acquisition of utilities — net of cash acquired	(1,258,609)		(15,547,028)
Acquisition of utilities — deferred acquisition payments	(17,437,938)	(3,466,357)	
Advance in aid of construction release	(245,000)		
Deferred acquisition costs incurred	(95,986)	(29,735)	(46,432)
Net cash used in investing activities	(48,074,069)	(52,073,871)	(67,357,773)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from Bond	24,550,000	53,624,175	36,495,000
Proceeds deposited to bond reserve fund	(8,281,322)	(5,454,597)	(3,597,106)
Bank loan borrowings	52,567,450	101,423,436	71,784,855
Bank loan repayments	(34,080,842)	(87,477,495)	(72,396,729)
Related-party loan proceeds	8,895,000		
Related-party loan repayments	(2,000,000)		
Debt issuance costs paid	(808,935)	(1,332,650)	(1,447,265)
Distributions to members	(3,672,091)	(19,421,198)	(4,824,970)
Advances in aid of construction	7,225,479	4,997,836	5,022,315
Refunds of advances for construction	(381,129)	(424,235)	(185,697)
Net cash provided by financing activities	44,013,610	45,935,272	30,850,403

(Continued)

GLOBAL WATER RESOURCES, LLC AND SUBSIDIARIES AND GLOBAL WATER MANAGEMENT, LLC

COMBINED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2008, 2007, AND 2006

	2008	2007	2006
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	$ (141,732)	$ (247,521)	$ 275,835
CASH AND CASH EQUIVALENTS — Beginning of year	166,496	414,017	138,182
CASH AND CASH EQUIVALENTS — End of year	$ 24,764	$ 166,496	$ 414,017
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Cash paid for interest	$ 11,018,865	$ 6,118,442	$ 2,752,422
Cash paid for income taxes	$ -	$ 309,306	$ -
Acquisition liability incurred in connection with business combinations and acquisitions of intangible assets	$ 198,157	$ -	$ 39,939,225
Noncash advances in aid of construction — line extensions	$ 27,791,718	$ 16,287,132	$ 13,640,921
Capital expenditures included in accounts payable and accrued liabilities	$ 3,260,302	$ 5,750,581	$ 8,805,836
Change in members' distributions payable	$ (2,042,458)	$ (5,866,530)	$ 6,646,818

See notes to combined consolidated financial statements. (Concluded)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Combination — The combined consolidated financial statements of Global Water Resources, LLC (GWR) and Global Water Management, LLC (GWM) include the accounts of GWR and all of its subsidiaries as well as GWM (collectively, the "Company" or "we" or "us"). GWR and GWM are under common ownership and common management. All intercompany account balances and transactions between GWR and its subsidiaries and GWM have been eliminated. On January 1, 2008, we modified our management reporting system allocation method to allocate wages, contracts services, and other expenses directly related to the operation of our Utilities to an Operations & Maintenance classification from a General and Administrative classification. This modification reclassified $2,493,045 and $1,432,561 of expenses from General and Administrative to Operations and Maintenance for the years ended December 31, 2007 and 2006, respectively. Total operating expenses did not change in either year.

Business — GWR was organized in 2003 to acquire, own, and manage a portfolio of water and wastewater utilities in North America. GWM was formed as an affiliated company to provide business development, management, construction project management, operations, and administrative services to GWR and all of its regulated subsidiaries.

On February 4, 2004, GWR purchased its first two utilities, Santa Cruz Water Company, LLC ("Santa Cruz") and Palo Verde Utilities Company, LLC ("Palo Verde"). Santa Cruz and Palo Verde provide water and wastewater operations, respectively, to residential and commercial customers in the vicinity of the City of Maricopa in Pinal County, Arizona and are regulated by the Arizona Corporation Commission (the "Commission" or ACC). On June 15, 2005, GWR executed the purchase of the assets of Sonoran Utility Services, LLC ("Sonoran"), an unregulated utility, effective March 31, 2005. The Sonoran assets are used to provide water and wastewater operations to residential and commercial customers in a water improvement district and a wastewater improvement district adjacent to the service area of Santa Cruz and Palo Verde. The Sonoran assets were contributed to Santa Cruz and Palo Verde upon acquisition.

In March 2005, Global Water, Inc. (GWI), an Arizona corporation, was established as a subsidiary of GWR to acquire, own, and manage a portfolio of water and wastewater utilities. On March 3, 2005, GWI purchased the issued and outstanding shares of Cave Creek Water Company, Inc. ("Cave Creek") and Pacer Equities, Inc. ("Pacer"). Cave Creek provided water utility operations and water distribution to residential and commercial customers in the vicinity of the Town of Cave Creek in Maricopa County, Arizona and was regulated by the Commission. Pacer owned the water treatment facility utilized by Cave Creek. In 2007, the assets of Cave Creek and Pacer were sold to the Town of Cave Creek to settle a condemnation (see Note 13).

On July 6, 2005, GWI established Hassayampa Utilities Company, Inc. ("Hassayampa"). Hassayampa is a start-up wastewater utility that anticipates beginning to serve customers in western Maricopa County, Arizona in 2010 upon completion of numerous permits and construction.

On July 11, 2006, GWI acquired 100% of the outstanding common shares of West Maricopa Combine (WMC), the parent company of Valencia Water Company ("Valencia Water") in the Town of Buckeye, Willow Valley Water Company ("Willow Valley") near Bullhead City, Water Utility of Greater Buckeye ("Greater Buckeye") near Buckeye, Water Utility of Greater Tonopah ("Greater Tonopah") west of the Hassayampa River, and Water Utility of Northern Scottsdale (WUNS) in northeast Scottsdale, all within the state of Arizona.

On December 30, 2006, GWI purchased Francisco Grande Utility Company ("FG"), an Arizona corporation owning the right to provide water and wastewater services near the cities of Maricopa and Casa Grande, Arizona. Also, on December 30, 2006, GWI purchased CP Water Company ("CP"), an Arizona corporation providing water services near the cities of Maricopa and Casa Grande, Arizona.

GWI formed Global Water-Picacho Cove Water Company ("Picacho Water") and Global Water-Picacho Cove Utilities Company ("Picacho") in October 2006 to provide integrated water, wastewater, and recycled water service to an area in the vicinity of Eloy, Arizona, along Interstate 10 about midway between Tucson and Phoenix. On April 8, 2008, the Commission approved the application for the creation of a CC&N for Picacho Water and Picacho. The area encompasses approximately 1,480 acres with 4,900 homes planned for the initial phase.

On October 3, 2007, GWI signed a purchase and sale agreement to acquire all of the issued and outstanding shares of Balterra Sewer Corp. ("Balterra"), an Arizona corporation, owning the right to provide wastewater services within western Maricopa County of Arizona. The closing occurred May 7, 2008.

Transfer of Assets and Change in Tax Status — In 2005, GWR concluded that the preferred legal form for Palo Verde and Santa Cruz was as corporations, and began the necessary actions to transfer the Certificates of Convenience and Necessity (CC&Ns), related assets and utility operations of Palo Verde and Santa Cruz to newly formed corporations wholly owned by GWI, Palo Verde, and Santa Cruz, respectively. The transfer of the CC&Ns and related assets required Commission approval. On September 27, 2007, the Commission approved the application, which became effective January 1, 2006.

The members of GWR agreed to assign all beneficial interests in distributions and the proceeds from any sale of the member interests of Palo Verde or Santa Cruz to Palo Verde or Santa Cruz, respectively, effective January 1, 2006. As a result, Palo Verde and Santa Cruz are considered to be consolidated subsidiaries of Palo Verde and Santa Cruz for financial reporting and income tax purposes, effective January 1, 2006.

Significant Accounting Policies — We prepare our financial statements in accordance with accounting principles generally accepted in the United States of America. Significant accounting policies are as follows:

Regulation — Our regulated utilities are subject to regulation by the ACC and are therefore subject to Statement of Financial Accounting Standards (SFAS) No. 71, *Accounting for the Effects of Certain Types of Regulation* ("SFAS 71").

Rates in our utilities were historically set based on forecasted revenues when the CCN's were established. Through 2008, our rates have not been adjusted through a rate making process; therefore, in accordance with SFAS 71, due to lack of regulatory action on established rates, we have not deferred any costs or credits on our balance sheet as regulatory assets or liabilities because it is not probable that any costs and credits would be recognized in the rate-making process in a period different from the

period in which they would have been reflected in income by an unregulated company. At December 31, 2008, we have only completed one rate application at WUNS and do not have any timing differences in our costs and credits. On February 20, 2009, we filed six rate applications for our Santa Cruz, Palo Verde, Valencia Water Company – Towne Division ("VWC-TD"), Valencia Water Company – Greater Buckeye Division ("VWC-GB"), Greater Tonopah, and Willow Valley. We have yet to determined if there will be timing differences in our costs and credits that could result in regulatory assets or liabilities. See Subsequent Event Note 16.

Use of Estimates — The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Utility Plant — Utility plant in service is stated at cost, less accumulated depreciation provided at annual rates ranging from 2% to 20% for each depreciable asset class as set by the Commission or, in the absence of a set rate, by water and wastewater treatment industry standard. Interest incurred during the construction period is capitalized as a component of the cost of the constructed assets. Expenditures for maintenance and repairs are charged to expense. The cost of replacements and improvements is capitalized. When assets are retired or otherwise disposed of, the cost is eliminated from the accounts, and is charged to the related accumulated depreciation.

Revenue Recognition — Water Services — Water usage revenues are recorded when service is rendered or water is delivered to customers. However, in addition to the monthly basic service charge, the determination and billing of water sales to individual customers is based on the reading of their meters, which occurs on a systematic basis throughout the month. At the end of each reporting period, amounts of water delivered to customers since the date of the last meter reading are estimated and the corresponding accrued utility revenue is recorded. Water connection fees are the fees associated with the application process to set up a customer to receive utility service. The fees are approved by the ACC and are set based on the costs incurred to establish services, including the application process, billing setup, initial meter reading, and service transfer. Because these fees are negotiated with the developer or builder independent of service that will be provided to the end-user and represent the culmination of a separate earnings process, they are recognized into revenue when the service is rendered. Water meter sales are the fees charged to the developer associated with the installation of a water meter for the meter installations where the fees are not refundable pursuant to a utility line extension agreement. For those water meter sales, revenue is generally recognized at the time the water meters are installed and service begins to a particular lot.

Revenue Recognition — Infrastructure Coordination and Financing Fees — Infrastructure Coordination and Financing agreements (ICFAs) are agreements with developers and homebuilders where GWR agrees to provide services to plan, coordinate, and finance the water and wastewater infrastructure that would otherwise be required to be performed or subcontracted by the developer or homebuilder. The services provided under these agreements include:

- Coordination of construction services for water and wastewater treatment facilities
- Financing for the provision of infrastructure in advance of and with no guarantee of customer connections

- Arranging and coordinating the provision of utility services including:

  - Obtaining "will serve" letters for the provision of utility services to the property
  - Including the landowner's property in an expanded CC&N
  - Obtaining all necessary regulatory permits and approvals
  - Executing line and main extension agreements with developers
  - Developing master utility plans

In addition, under the ICFAs, we have a contractual obligation to provide physical capacity for water and wastewater to the landowner/developer. This obligation persists regardless of connection growth. Fees for these services are typically an agreed-upon amount per equivalent dwelling unit (EDU) for the specified development or portion of land. Payments are generally due in installments, with a portion due upon signing of the agreement, a portion due upon completion of certain milestones, and the final payment due upon final plat approval or sale of the subdivision. The payments are nonrefundable. The agreements are recorded as a lien against the land and must be assumed in the event of a sale or transfer. The planning and coordination of the infrastructure in the various service areas is part of our business model and central to our ongoing operations.

ICFA revenue is recognized when all of the following conditions are met:

- The fee is fixed and determinable
- The cash received is nonrefundable
- Capacity currently exists to serve the specific lots
- There are no additional significant performance obligations

As these arrangements are with developers and not with the end water or wastewater customer, the timing of revenue recognition coincides with the completion of our performance obligations under the agreement with the developer and our ability to provide fitted capacity for water and wastewater service. Payments received under the agreements are recorded as deferred revenue until the point at which our obligations under the agreements are fulfilled.

Stock-Based Compensation — In 2008, we adopted the provisions of the Financial Accounting Standards Board's (FASB) SFAS No. 123 — revised 2004 (SFAS 123(R)), *Share-Based Payment* which replaced SFAS No. 123 (SFAS 123), *Accounting for Stock-Based Compensation* and supersedes APB Opinion No. 25 (APB 25), *Accounting for Stock Issued to Employees*. Under the fair value recognition provisions of SFAS 123(R), stock-based compensation cost is measured at the grant date based on the fair value of the award. The Company recognizes compensation as expense on a straight-line basis over the requisite service period, which is the vesting period. The valuation provisions of SFAS 123(R) apply to new grants and the unvested portion of prior grants on a prospective basis. There were no options granted prior to the adoption date therefore, there is no compensation expense required. See Note 15 for further information regarding the Company's stock-based compensation assumptions and expenses.

Deferred Offering Costs — On May 13, 2008, we filed a Form S-1 to register the Company for an initial public offering (IPO). On August 15, 2008, we amended our Form S-1 and as of December 31, 2008, have not pursued our IPO. Specific incremental costs directly attributable to the proposed offering were properly deferred throughout the year with anticipation of them being charged against the gross proceeds of the offering. Due to the offering being delayed beyond 90 days, these costs were expensed.

Cash and Cash Equivalents — Cash and cash equivalents include all highly liquid investments in debt instruments with an original maturity of three months or less. Book overdrafts of $2,337,763 and $3,028,831 at December 31, 2008 and 2007, respectively, are included in accounts payable in the combined consolidated balance sheets. These amounts represent outstanding checks that have not been presented to the bank for payment. Upon presentment, we will access our line of credit to fund the cash account.

Restricted Cash — Restricted cash represents cash deposited as a debt service reserve for certain loans and bonds. The deposits must stay in place until the loans have been fully repaid. Also included are the available funds related to our Series 2008 bonds.

Income Taxes — GWR and GWM are limited liability companies and have elected to be treated as partnerships for income tax purposes. Accordingly, elements of income and expense flow through and are taxed to the members on an individual basis; therefore, a provision or liability for income taxes for these entities is not included in the combined consolidated financial statements.

The provision for income taxes in the combined consolidated financial statements relates to GWI and its taxable incorporated subsidiaries. For such taxable entities, we utilize the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. There was no valuation allowance recorded as of December 31, 2008 and 2007.

In June 2007, the FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes — an interpretation of FASB No. 109,* ("FIN 48"). This interpretation, among other things, creates a two-step approach for evaluating uncertain tax positions. Recognition (step one) occurs when an enterprise concludes that a tax position, based solely on its technical merits, is more-likely-than-not to be sustained upon examination. Measurement (step two) determines the amount of benefit that more-likely-than-not will be realized upon settlement. Derecognition of a tax position that was previously recognized would occur when a company subsequently determines that a tax position no longer meets the more-likely-than-not threshold of being sustained. FIN 48 specifically prohibits the use of a valuation allowance as a substitute for derecognition of tax positions, and it has expanded disclosure requirements. Adoption of FIN 48 on January 1, 2007, did not have a material impact on our financial statements.

Deferred Acquisition Costs — As of December 31, 2008 and 2007, we had deferred certain legal and other costs directly related to ongoing acquisitions that will be allocated to the net assets of the acquired entities or written off for unconsummated acquisitions. In the future, under SFAS No. 141 (revised 2008), *Business Combinations,* ("SFAS 141R") these direct acquisition costs will be accounted for separately from the business combination and directly expensed.

Advances and Contributions in Aid of Construction — GWR's regulated utility subsidiaries have various agreements with real estate developers and builders (the "Developers"), whereby funds, water line extensions, and wastewater line extensions are provided to the companies by the Developers and are considered refundable advances for construction. These advances in aid of construction are noninterest-bearing and are subject to refund to the Developers through annual payments that are computed as a percentage of the total annual gross revenue earned from customers connected to utility services constructed under the agreement over a specified period. Upon the expiration of the agreements,

the remaining balance of the advance becomes nonrefundable and at that time is considered a contribution in aid of construction. Contributions in aid of construction are amortized as a reduction of depreciation expense over the estimated remaining life of the related utility plant.

Goodwill — Goodwill represents the excess of acquisition cost over the fair value of net tangible and identifiable intangible assets acquired in business combinations. In accordance with SFAS No. 142 *Goodwill and Other Intangible Assets*, goodwill is tested for impairment at least annually on October 1 and more frequently if circumstances indicate that it may be impaired. Goodwill impairment testing is performed at the operating segment (or "reporting unit") level, which approximates our utility level. The goodwill impairment model is a two-step process. First, it requires a comparison of the book value of net assets to the fair value of the related operations that have goodwill assigned to them. We use the terminal valuation method in estimating fair value, which assumes a business will be sold at the end of the projection period at a specific terminal value. Earnings and discounted cash flows were developed from our internal forecasts. Additionally, management must make an estimate of a weighted-average cost of capital to be used as a company-specific discount rate, which takes into account certain risk and size premiums, risk-free yields, and the capital structure of the industry. Changes in these projections or estimates could result in a reporting unit either passing or failing the first step in the SFAS No. 142 impairment model, which could significantly change the amount of any impairment ultimately recorded.

We have also considered other qualitative and quantitative factors, including the regulatory environment that can significantly impact future earnings and cash flows and the effects of the volatile current economic environment. If the fair value is determined to be less than book value, a second step is performed to compute the amount of the impairment. In this process, a fair value for goodwill is estimated, based in part on the fair value of the applicable reporting unit's assets and liabilities used in the first step, and are compared to its carrying value. The fair values for the majority of such assets and liabilities are equal to their carrying values. The amount by which carrying value exceeds fair value represents the amount of goodwill impairment.

On October 1, 2008, due to the current economic downturn in Arizona, we determined that our goodwill for Greater Tonopah was impaired and recorded a charge of $7,716,399.

Other Intangible Assets — Other intangible assets not subject to amortization consist of certain permits expected to be renewable indefinitely, water rights and certain service areas acquired in transactions which did not meet the definition of business combinations for accounting purposes, and are considered to have indefinite lives. Other intangible assets with indefinite lives are not amortized but are tested for impairment annually, or more often if certain circumstances indicate a possible impairment may exist. Other intangible assets consist primarily of acquired ICFA contract rights, and are being amortized over the contract terms proportionately to the related revenues.

Impairment of Long-Lived Assets — Management evaluates the carrying value of long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. Measurement of the impairment loss is based on the fair value of the asset. Generally, fair value will be determined using appraisals or valuation techniques such as the present value of expected future cash flows.

Fair Value of Financial Instruments — The carrying values of cash equivalents, trade receivables, and accounts payable approximate fair value due to the short-term maturities of these instruments. See Note 9 for information as to the fair value of our long-term debt. Our refundable advances in aid of construction have a carrying value of $102,187,152 and $69,405,414 at December 31, 2008 and 2007, respectively. Portions of these noninterest-bearing instruments are payable annually through 2030 and amounts not paid by the contract expiration dates become nonrefundable. Their relative fair values

cannot be accurately estimated because future refund payments depend on several variables, including new customer connections, customer consumption levels, and future rate increases. However, the fair value of these amounts would be less than their carrying value due to the noninterest-bearing feature.

Stored Water Credits — Stored water credits are accounted for as inventory at the cost incurred to take delivery and store water in connection with certain recharge permits (see Note 3). We recognize revenue on the sale of these credits when they are delivered to the buyer.

Asset Retirement Obligations — Effective January 1, 2003, we adopted SFAS No. 143 *Asset Retirement Obligations* ("SFAS 143"), which requires businesses to record the fair value of a liability for an asset retirement obligation in the period in which it is incurred. When the liability is initially recorded, the entity capitalizes a cost by increasing the carrying amount of the related long-lived asset. Over time, the liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related asset. Upon settlement of the liability, an entity either settles the obligation for its recorded amount or incurs a gain or loss upon settlement. Our legal obligations for retirement reflect principally the retirement of wastewater treatment facility, which is required to be closed in accordance with the Clean Closure Requirements of Arizona Department of Environmental Quality (ADEQ). The Clean Closure requirements of ADEQ for wastewater facilities are driven by a need to protect the environment from inadvertent contamination associated with the decommissioning of these systems. As such, our regulated subsidiaries incur asset retirement obligations. We have provided $229,000 of certificates of deposit or letters of credit to benefit ADEQ for such anticipated closure costs. Water systems, unlike wastewater systems, do not require Aquifer Protection Permits, or the associated Clean Closure obligation.

Amounts recorded under SFAS 143 are subject to various assumptions and determinations, such as determining whether a legal obligation exists to remove assets, and estimating the fair value of the costs of removal, when final removal will occur and the credit-adjusted, risk-free interest rates to be utilized on discounting future liabilities. Changes that may arise over time with regard to these assumptions will change amounts recorded in the future. Estimating the fair value of the costs of removal were determined based on third-party costs.

New Accounting Pronouncements — In September 2007, the FASB issued SFAS No. 157, *Fair Value Measurements,* ("SFAS 157"). SFAS 157 defines fair value, establishes a framework for using fair value to measure assets and liabilities, and expands disclosures about fair value measurements. The statement applies when other statements require or permit the fair value measurement of assets and liabilities. This statement does not expand the use of fair value measurement. Our partial adoption of SFAS 157 on January 1, 2008, for financial assets and liabilities and for nonfinancial assets or liabilities that are measured on a recurring basis, did not have any effect on our consolidated financial statements. As of December 31, 2008, we have no nonfinancial assets or liabilities that are measured at fair value on a recurring basis and our financial assets or liabilities generally consist of cash and cash equivalents, accounts receivable, accounts payable, and accrued expenses and other current liabilities. The estimated fair values of our cash and cash equivalents is determined based on quoted prices in active markets for identical assets. The fair value of the other financial assets and liabilities is based on the value that would be received or paid in an orderly transaction between market participants and approximates the carrying value due to their nature and short duration. The fair value of our long-term debt is discussed in Note 9.

In February 2008, the FASB issued FSP SFAS 157-2, which allows a one-year deferral of adoption of SFAS 157 for nonfinancial assets and nonfinancial liabilities (such as intangible assets, property, plant and equipment, and goodwill) that are required to be measured at fair value on a periodic basis (such as

at acquisition or impairment). The Company elected to use this deferral option and, accordingly, only partially adopted SFAS 157 on January 1, 2008. SFAS 157 will be adopted for the Company's nonfinancial assets and liabilities valued on a nonrecurring basis on January 1, 2009.

In October 2008, the FASB issued FSP No. 157-3, *Determining the Fair Value of a Financial Asset When a Market for That Asset Is Not Active* ("FSP 157-3"), which clarifies the application of SFAS 157 in an inactive market and provides an example to demonstrate how the fair value of a financial asset is determined when the market for that financial asset is inactive. FSP 157-3 was effective upon issuance, including prior periods for which financial statements had not been issued. The adoption of this standard as of September 30, 2008, did not have an impact on the Company's results of operations, financial position, or cash flows.

In December 2007, the FASB issued SFAS No. 141 (revised 2008), *Business Combinations,* ("SFAS 141R"). SFAS 141R replaces SFAS 141 and, although it retains certain requirements of that guidance, it is broader in scope. SFAS 141R establishes principles and requirements in the recognition and measurement of the assets acquired, the liabilities assumed and any noncontrolling interests related to a business combination. Among other requirements, direct acquisition costs and acquisition-related restructuring costs must be accounted for separately from the business combination. In addition, SFAS 141R provides guidance in accounting for step acquisitions, contingent liabilities, goodwill, contingent consideration, and other aspects of business combinations. SFAS 141R applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. Accordingly, we will adopt SFAS 141R on January 1, 2009, and will apply its provisions prospectively.

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements — an amendment of Accounting Research Bulletin No. 51* ("SFAS 160"). SFAS 160 establishes accounting and reporting standards for ownership interests in subsidiaries held by parties other than the parent and is effective for fiscal years beginning after December 15, 2008. We currently do not believe that SFAS 160 will have a material effect on our financial statements.

In April 2008, the FASB issued FSP 142-3, *Determination of the Useful Life of Intangible Assets* (FSP FAS 142-3), which amends the factors that entities should consider in developing renewal or extension assumptions used in determining the useful life of a recognized intangible asset under Statement 142, *Goodwill and Other Intangible Assets.* FSP FAS 142-3 is effective for financial statements issued for fiscal years beginning after December 15, 2008. The Company is currently evaluating the impacts of adopting FSP FAS 142-3 on its financial statements.

2. PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment at December 31, 2008 and 2007, consist of the following:

	2008	2007	Depreciation Rate
Utility plant and equipment:			
Mains/lines — Sewers	$ 131,996,494	$ 101,825,890	2%-5%
Plant	67,767,965	56,539,545	2-10
Equipment	39,076,422	32,371,801	3-20
Meters	5,184,931	4,631,086	5-8
Land	521,993	409,866	
Construction work-in-process	51,067,243	43,991,015	
Utility plant and equipment	295,615,048	239,769,203	
Office equipment/furniture	3,045,746	2,206,764	14-20
Total property, plant, and equipment	298,660,794	241,975,967	
Less accumulated depreciation	(20,269,628)	(11,744,158)	
Net property, plant, and equipment	$ 278,391,166	$ 230,231,809	

3. OTHER INTANGIBLE ASSETS

Other intangible assets at December 31, 2008 and 2007, consist of the following:

	2008			2007		
	Gross Amount	Accumulated Amortization	Net Amount	Gross Amount	Accumulated Amortization	Net Amount
Indefinite lived intangible assets:						
Hassayampa recharge permits	$ 6,435,531	$ -	$ 6,435,531	$ 6,435,531	$ -	$ 6,435,531
FG, CP, & CC&N	14,744,121		14,744,121	9,052,890		9,052,890
Intangible trademark	13,125		13,125			-
Total indefinite lived intangible assets	21,192,777	-	21,192,777	15,488,421	-	15,488,421
Amortized intangible assets:						
Acquired ICFAs	17,977,890	(8,789,383)	9,188,507	17,977,890	(6,179,210)	11,798,680
Sonoran contract rights	7,406,297	(1,380,096)	6,026,201	7,406,297	(1,070,363)	6,335,934
Total amortized intangible assets	25,384,187	(10,169,479)	15,214,708	25,384,187	(7,249,573)	18,134,614
Total other intangible assets	$ 46,576,964	$ (10,169,479)	$ 36,407,485	$ 40,872,608	$ (7,249,573)	$ 33,623,035

Acquired ICFAs and Sonoran contract rights are amortized when money is received. The amount that is amortized is based on the original per lot fee identified in the contract.

Estimated annual amortization expense through 2013 and thereafter is as follows:

2009	$ 8,964,071
2010	1,297,360
2011	367,250
2012	362,650
2013	366,180
Thereafter	3,857,197
Total	$15,214,708

4. ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2008 and 2007, consist of the following:

	2008	2007
Billed utility revenue	$1,737,257	$2,205,745
Other		4,455
	1,737,257	2,210,200
Less allowance for doubtful accounts	(341,030)	(226,443)
Accounts receivable — net	$1,396,227	$1,983,757

The following table summarizes the changes in our allowance for doubtful accounts:

	2008	2007	2006
Balance at January 1	$ 226,443	$ 233,525	$ 182,733
Amounts charged to expense	219,020	366,611	62,947
Accounts written off	(104,433)	(373,693)	(12,155)
Balance at December 31	$ 341,030	$ 226,443	$ 233,525

5. ACQUISITIONS

CP & FG — On December 30, 2006, GWI purchased FG, an Arizona corporation, owning the right to provide water and wastewater services near the cities of Maricopa and Casa Grande, Arizona, for $8,000,000. Also, on December 30, 2006, GWI purchased CP, an Arizona corporation, providing water services near the cities of Maricopa and Casa Grande, Arizona from CHI Construction ("CHI") for $1,250,000. Contemporaneously with the two acquisitions, we entered into an ICFA with CHI for Legends Ranch, a 7,000-acre master planned community owned by CHI. The majority of the 7,000 acres are in the utility service areas of CP and FG, and CHI agreed to prepay a portion of its ICFA fees in order to partially finance the utility acquisitions. The purchase consideration of $1,250,000 for CP will be paid by way of future reductions of the ICFA fee of $250 per lot for lots 2,001 through 7,000, and has been recorded at its estimated fair value of $934,225. For the purchase price of FG, CHI has placed a letter of credit in escrow of $4,800,000, representing its ICFA fee prepayment, and we have placed a letter of credit in escrow of $3,200,000 (see Note 9). The letters of credit will be converted to cash once the Commission approves the transfer of the service area to Santa Cruz and Palo Verde, which is

expected to occur in 2009. The ICFA fees prepaid by CHI will be reimbursed by way of reducing the ICFA fee of $750 per lot for lots 2,001 through 8,400. The total purchase price of the CP and FG shares has been allocated to the respective service areas acquired, which are considered to be indefinite life intangible assets. Legends Ranch was sold in 2008 and the buyer has assumed CHI's rights and obligations under the agreements.

WMC — On July 11, 2006, GWI purchased the total issued and outstanding shares of WMC in order to obtain utilities and service areas in the western portion of Maricopa County, Arizona. The purchase price consisted of an initial payment of $18.5 million, of which $6.2 million was funded by the prepayment of ICFA fees by developers seeking service from Greater Tonopah and Hassayampa, and additional noninterest-bearing purchase consideration totaling $41.5 million with the first payment due and paid July 11, 2007, in the amount of $5 million. The balance due is payable in the form of future growth premiums beginning on March 31, 2008, and payable on March 31 of each year thereafter through 2012, in an amount equal to $3,000 for each new meter connected during the previous calendar year, except for the payment due in 2008, which was based on the meters installed from July 12, 2006 through December 31, 2007, until the date on which the cumulative growth premium equals $36,500,000. The future purchase consideration was recorded at its fair value of $30,976,000, based on an imputed interest rate of 8.5% based on our weighted-average cost of capital and the minimum payment amounts set forth above, resulting in a total purchase price of $46,672,081, net of $2,803,919 cash acquired.

The total purchase price of WMC was allocated among tangible assets, identifiable intangible assets, goodwill, and assumable liabilities at their fair value as at the acquisition date of July 11, 2006, as follows:

Utility plant in service	$ 18,002,601
Current assets (including cash of $2,803,919)	3,609,377
Goodwill (not deductible for tax purposes)	45,809,111
Intangible asset — Hassayampa recharge permits	6,435,531
Current liabilities	(1,003,533)
Deferred tax liability	(3,225,968)
Advances in aid of construction	(17,612,715)
Contributions in aid of construction	(846,202)
Assumed debt	(1,692,202)
Net assets acquired	$ 49,476,000

In March 2008, pursuant to the terms of the original Stock Purchase Agreement (the "Agreement"), we asserted an indemnification claim against the selling shareholders of WMC. The indemnification claim asserted over $20,000,000 in estimated losses arising out of what we believed were materially inaccurate shareholder representations and warranties contained in the Agreement relating to contract terms, status of title on all real property, status of permitting, compliance with applicable law and business practice among other things. We reached a settlement agreement on June 16, 2008, with the former owners of WMC to recover our lost profit through reduction of the growth premiums owed over the next five years. Terms of the settlement included amending the purchase price of the WMC properties to be $54,000,000. All original terms remain the same except the value of the total growth premium is agreed to be $30,500,000 payable as follows:

- March 31, 2008 — $5,750,000 (paid as agreed in settlement)
- On or before March 31, 2009 — $5,000,000
- On or before March 31, 2010 — $5,000,000
- On or before March 31, 2011 — $4,750,000

- On or before March 31, 2012 — $10,000,000.

The effect of the modification was to record a reduction in the purchase liability and a nonoperating gain on settlement in the amount of $4,072,362 during the year ended December 31, 2008.

In March 2009, we asserted an additional claim against the selling shareholders of WMC. The claim asserted that the March 31, 2009, payment was not due and payable under the June 16, 2008, settlement agreement. We are currently in mediation over the matter.

Sonoran — On June 15, 2005, we completed the purchase of the assets of Sonoran with an effective purchase date of March 31, 2005. As part of the purchase, we acquired rights under certain ICFAs with landowners within the designated service area. The purchase price consisted of an initial payment of $7.2 million, additional purchase consideration totaling $10.5 million payable as a defined number of homes are sold in the designated service area, and contingent consideration of $300–$500 per meter installed for a period not to exceed 18 years from the initial payment date in a portion of the service area. The additional purchase consideration is contingently payable as follows: $2.5 million upon the sale of 2,500 homes, $3.75 million upon the sale of an additional 2,500 homes, and $4.25 million upon the sale of an additional 5,000 homes. As of December 31, 2008, there have been 5,731 homes sold. Irrespective of these milestones, any unpaid portion of the first $10 million of additional consideration is payable in full upon the 10th anniversary of the initial payment date.

The recognized cost of the Sonoran acquisition was allocated to the net assets acquired as follows:

Net assets of acquired utilities:	
Utility plant	$12,206,557
Intangible asset — contract rights	7,406,298
Current assets	163,316
Advances in aid of construction	(871,857)
Current liabilities	(1,670,283)
Net assets acquired	$17,234,031

On June 6, 2007, we were served with an amended complaint that named GWR, Palo Verde, and Santa Cruz as parties to an existing Arizona State court action brought by Sonoran against several parties. The complaint alleges that we gained control of Sonoran's assets unfairly and for less than fair value, and engaged in other wrongful activity. The complaint sought unspecified compensatory and punitive damages. On September 30, 2008, the ACC approved the decision in which the district was dissolved and annexed to our Santa Cruz service area. In conjunction with the dissolution of the 387 districts, GWR signed an agreement with Sonoran to settle the lawsuit and to pay Sonoran $13,446,802 for the purchase liability and interest expense of $850,000.

The intangible asset represents the fair value of certain ICFAs acquired based on the expected discounted cash flows under the agreements. The intangible asset is being amortized in proportion to the infrastructure coordination and financing fees recognized under the agreements when meters are installed. We recorded $309,733, $310,703, and $628,850 of amortization related to the intangible asset in 2008, 2007, and 2006, respectively.

Balterra — On October 3, 2007, Global Water, Inc. signed a purchase and sale agreement to acquire Balterra, an Arizona corporation, owning the right to provide wastewater services within western Maricopa County of Arizona for $1,258,608 plus reimbursement of certain costs, for which a purchase liability was recorded. Further consideration is contingently payable in the form of future growth

premiums payable on a per connection basis for 10 years from the closing within the Balterra 208 planning area. When the contingency is resolved, the consideration paid will be recognized as additional cost of the acquisition. The closing occurred upon ACC approval on May 7, 2008.

Under the purchase method of accounting, the purchase price is allocated to the net assets acquired and liabilities assumed based on their estimated fair values. The purchase price was allocated using the information currently available, and we may adjust the purchase price allocation after obtaining more information regarding, among other things, asset valuations, liabilities assumed, and revisions of preliminary estimates. We may accrue additional charges in connection with the acquisition of Balterra, but the amounts cannot be reasonably estimated at present.

The recognized cost of the Balterra acquisition was allocated to the net assets acquired as follows:

Net assets of acquired utilities:	
Construction in process	$2,374,770
Acquisition liability	(198,157)
Capitalize costs	(85,803)
Deferred tax liability	(915,810)
Net assets acquired	$1,175,000

6. PERMITS

Pinal County, Arizona — Palo Verde Wastewater and Environmental Permits — Palo Verde is required to maintain an Aquifer Protection Permit (APP), various Re-Use Permits, a surface water discharge permit ("AzPDES"), and an air quality permit. The APP is designed to protect the receiving environment from any adverse effects of the location of water from a wastewater treatment facility. Re-Use Permits maintain control over the disposition of water from wastewater facilities, and AzPDES governs the discharge of water to waters of the United States. The air quality permit is designed to limit the amount of particulates and nitrous oxide to the atmosphere.

Palo Verde is governed by the Pinal County 208 Water Quality planning process and must ensure that all expansion activities are consistent with the 208 Quality Management Plan under the requirements of the Clean Water Act.

Pinal County, Arizona — Santa Cruz Assured Water Supply — Santa Cruz must provide assurances of the availability of water for customers through an Assured Water Supply (AWS) designation. The quality of the water is governed by the Arizona Department of Environmental Quality (ADEQ), under the requirements of the Safe Drinking Water Act.

As of May 4, 2007, ADWR ruled that Santa Cruz had demonstrated the physical, continuous, and legal availability of groundwater in a volume of 25,575.16 acre-feet per year for a minimum of 100 years and adequate to cover the current, committed, projected demand of 23,477.3 acre-feet per year. In addition, on December 31, 2007, Santa Cruz received approval from ADWR for an additional 16,967.6 acre-feet per year bringing the total to 40,444.9 acre-feet per year. The water delivered for the service area right reduces the AWS for Santa Cruz. Santa Cruz also withdraws and delivers water pursuant to other rights. The other rights include the water pumped for a golf course located within the utility service area that is pumped under a Type 1 Permit and water pumped for lake evaporation and irrigation pursuant to multiple Interim Use Permits until recycled water is sufficient. Santa Cruz is allowed to charge revenues based upon the tariff for pumping these other water rights. For their purposes, annual water reports are filed with ADWR.

Maricopa County, Arizona Assured Water Supply — Valencia, Greater Buckeye, Greater Tonopah, and WUNS — Within these service areas, customers must obtain a certificate of AWS prior to receiving service. Greater Tonopah is currently seeking a designation for AWS. The quality of the water is governed by the ADEQ, under the requirements of the Safe Drinking Water Act, which in Maricopa County is administered by the Maricopa County Environmental Services Department.

Mohave County, Arizona Assured Water Supply — Willow Valley Water Company — Within this service area, customers must obtain a Letter of Adequate Water Supply prior to receiving service. The quality of the water is governed and administered by the ADEQ, under the requirements of the Safe Drinking Water Act.

West Maricopa Combine, Inc. Hassayampa River Recharge Project — The ADWR has issued underground storage facility (USF) permits to allow for the construction and operation of two facilities to a maximum annual recharge of 25,000 acre-feet of Central Arizona Project water per facility into the Hassayampa River. Construction was completed in January 2007 for one of the two facilities of the Hassayampa River Recharge Project. On June 20, 2007, an agreement with the Arizona Water Banking Authority (AWBA) was signed to take delivery and store water pursuant to AWBA's water storage permit.

Greater Tonopah and Greater Buckeye applied for and received water storage permits (WSP) in order to store and bank water in an USF. Greater Tonopah and Greater Buckeye have committed to ordering 22,898 acre-feet of CAP water at a price of $82.00 per acre-foot in 2009. The credits that were created through storing and recharge in 2007 and 2008 have been sold to a third party.

In addition to the above permits from ADWR, the recharge facility also maintains state of Arizona flowage easements and a Bureau of Land Management flowage easement.

In December 2008, we made application to ADWR to combine our two USF maximum annual recharge of 25,000 acre-feet permits into one maximum annual recharge of 80,000 acre-feet permit.

7. TRANSACTIONS WITH RELATED PARTIES

We provide medical benefits to our employees through our participation in a pooled plan sponsored by an affiliate of the managing member of ours. Total premiums paid into the plan were $36,083, $179,942, and $464,552 in 2008, 2007, and 2006, respectively. We also obtain legal services from a law firm in which one of our members has an interest. Total legal fees paid to this law firm were $276,340, $283,462, and $240,801 in 2008, 2007, and 2006, respectively.

The credit agreement with a bank providing for a $60 million revolving line of credit is guaranteed by Levine Investments Limited partnership and a managing member of the Company.

In December 2006, we entered into a financial consulting agreement with a managing member. Fees under the agreement are calculated as a percentage of the outstanding borrowings under our revolving line of credit (see Note 9), for which the managing member provides a guarantee. In 2008, 2007, and 2006, approximately $626,000, $604,000, and $403,000, respectively, was incurred in connection with this agreement and recorded as interest expense in the combined consolidated financial statements.

In October 2008, Levine Investments Limited partnership purchased $2.2 million of our 2008 Series Industrial Development Authority of the County of Pima Water and Wastewater Revenue Bonds.

In the last quarter of 2008, we entered into three separate interest only promissory notes with Levine Investments Limited partnership. These notes are due on demand and are classified as current liabilities. Total outstanding principal at year-end is $6,895,000. The notes accrue interest at 8% per annum.

8. 401(k) PLAN

We provide a 401(k) retirement plan for our employees. All employees become eligible for participation in the plan after three months of service. The participant's vested interest in Company contributions increases on an annual basis with the participant becoming fully vested after three years of service. We may make contributions to the plan in an amount determined at our sole discretion. We made contributions of $81,942, $85,764, and $69,817 in 2008, 2007, and 2006, respectively.

9. DEBT

Long Term — We issued tax-exempt bonds through The Industrial Development Authority of the County of Pima of $36,495,000 on December 28, 2007, $53,624,175, net of a discount of $510,825, on November 19, 2007, and $24,550,000 on September 12, 2008. The Industrial Development Authority of the County of Pima Water and Wastewater Revenue Bonds (Global Water Resources, LLC Project), Series 2006, 2007, and 2008 ("Bonds") have interest payable semiannually on the first of June and December, with the Series 2008 commencing on June 1, 2009. Proceeds from these bonds can be used only for qualifying costs of construction and equipping of water and wastewater treatment facilities of Palo Verde and Santa Cruz ("Qualifying Expenditures"). The remaining proceeds of the sale of the Bonds were used by us to reimburse the costs of construction and equipping of water and wastewater treatment facilities utilized by our wholly owned subsidiaries, Palo Verde and Santa Cruz. At December 31, 2008, $8,579,888 of available funds were remaining on the Series 2008 Bonds. The Company has not granted any deed of trust, mortgage, or other lien on property of Santa Cruz or Palo Verde. The Bonds are secured by a security agreement that gives the trustee rights to the operating income generated by our Santa Cruz and Palo Verde utilities.

We are required to maintain a debt service reserve fund equal to the least of (1) 10% of the stated principal amount of the Bonds, (2) maximum annual debt service of the Bonds, and (3) 125% of the average annual debt service on the Bonds, as determined separately for each series. The balance in the bond reserve fund was $8,764,960 and $9,025,608 at December 31, 2008 and 2007, respectively.

The Bond indentures require us to maintain a minimum ratio of 1.10 of defined annual income available for debt service to maximum annual debt service over the term of the Bonds. The indenture allows reduction of the maximum annual debt service by the estimated earnings on the bond reserve fund in the year of maximum debt service. Failure to comply with this covenant could cause all principal and interest payments on our long-term debt to immediately become due and payable. At December 31, 2008, certain estimates made by management were critical to the ratio calculation. Management assumed a 2.02% return on the bond reserve fund, which resulted in a ratio of 1.10.

The interest rate and maturity schedule of the Bonds is as follows:

Series 2006 Principal Amount	Interest Rate	Maturity Date	Redemption Price
$ 6,910,000	5.450 %	December 1, 2017	100 %
6,215,000	5.600	December 1, 2022	100
23,370,000	5.750	December 1, 2032	100

Series 2007 Principal Amount	Interest Rate	Maturity Date	Redemption Price
$ 1,635,000	5.500 %	December 1, 2013	100 %
52,500,000	6.550	December 1, 2037	100

Series 2008 Principal Amount	Interest Rate	Maturity Date	Redemption Price
$ 1,315,000	6.375 %	December 1, 2018	100 %
23,235,000	7.500	December 1, 2038	100

On December 31, 2008, the carrying value of long-term debt was $117.8 million, with an estimated fair value of $116.4 million. The carrying value of our long-term debt was $126.8 million on December 31, 2007, which approximated fair value. The fair value of our debt was estimated based on interest rates considered to be available for instruments of similar terms and remaining maturities.

Short Term — We have other loans outstanding totaling $63,561,301 and $2,740,891 at December 31, 2008 and 2007, respectively. The interest rates on these loans range from 3.75% to 8.0%. They mature between 2009 and 2026. At December 31, 2008, other loans outstanding balance consists of $53,379,309 of our revolving line of credit (see below), $6,895,000 of related party debt (see Note 7), and $3,286,992 of other loans outstanding.

On February 28, 2008, we entered into the fourth modification of the Loan Agreement for a $60 million revolving line of credit. The availability of our revolving line of credit was reduced from $80 million to $60 million upon the issuance of the Series 2007 Bonds. At December 31, 2008, interest on the line of credit was at the bank's prime rate less 1.25% (3.75% at December 31, 2008). We had the option to fix the rate on a portion of our outstanding borrowings at the London Inter-bank Offered Rate (LIBOR), plus 1.25%. A fee equal to 0.125% per annum was assessed quarterly on the average daily unused amount of the line of credit. The line of credit was guaranteed by our managing member, and was collateralized by GWR's interest in Palo Verde, Santa Cruz, Pacer, WMC, Valencia Water, Willow Valley, Greater Buckeye, Greater Tonopah, WUNS, CP, and the members' interests in GWM as well as certain other assets, and required us to meet certain financial covenants, primarily a minimum net worth of $10.0 million and a cash coverage ratio of 1.35:1. In addition, the line of credit has a letter of credit subfeature, which allows for up to $15 million of the total line to be outstanding at any time in the form of letters of credit. As of December 31, 2008, $3,339,000 in letters of credit had been issued and $53,379,309 was outstanding on the line of credit.

On March 16, 2009, our bank notified us of covenant violations that resulted in an event of default under the Loan Agreement. Specifically, we failed to maintain a net worth of $10 million and we failed to maintain a minimum cash coverage ratio of 1.35 to 1.0 as required by the Loan Agreement for the entire year. The events of default were then immediately waived. We also entered into the fifth modification of the Loan agreement to amend our interest charged to be 2.75% above the Daily One Month LIBOR, not to be less than 3.75%, effective January 1, 2009, and to pay a $60,000 waiver fee.

On April 29, 2009, we entered into the sixth modification of the Loan Agreement for a $55 million revolving line of credit. The modification also stated the availability on the line of credit would be reduced on September 30, 2009 to $52.5 million. The modification requires us to meet a financial covenant of minimum net worth plus subordinated debt of $18.5 million. The term on the Loan Agreement was extended until December 31, 2009. All of the other terms and conditions remained the same.

The outstanding balance of the line of credit is $53,379,309 and $35,438,803 at December 31, 2008 and 2007, respectively. Due to the maturity of the line of credit being set to December 31, 2009, the outstanding balance has been classified as a current liability. The line of credit was classified as long-term at December 31, 2007.

The aggregate annual maturities of all debt are as follows:

2009	$ 60,430,259
2010	870,408
2011	1,436,089
2012	1,678,079
2013	1,775,890
Thereafter	112,058,050
Total	$178,248,775

We have interest expense in 2008 and 2007 of $2,537,597 and $1,247,951, respectively, related to the accretion of the WMC purchase liability (see Note 5).

10. INCOME TAXES

Certain assets and liabilities are reported differently for income tax purposes than for financial statement purposes. The tax effect of these differences is recorded as deferred taxes. We calculate deferred taxes using the current income tax rates.

We adopted FIN 48, *Accounting for Income Taxes — an interpretation of FASB Statement No. 109* on January 1, 2007. The effect of applying the new guidance was not significantly different from the application of our previous policy. We do not have any significant unrecognized tax benefits.

The income tax (benefit) expense from continuing operations for the years ended December 31, 2008, 2007, and 2006 is comprised of:

	2008	2007	2006
Current income tax expense	$ -	$ -	$ 10,333
Deferred income tax (benefit) expense	(2,585,352)	(1,404,135)	(750,373)
Income tax (benefit) expense	$ (2,585,352)	$ (1,404,135)	$ (740,040)

The income tax (benefit) expense for the years ended December 31, 2008, 2007, and 2006 differs from the amount that would be computed using the federal statutory income tax rate due to the following:

	2008	2007	2006
Computed federal tax expense at statutory rate	$(2,239,729)	$ 205,670	$ 1,896,198
Nontaxable entities	(1,059,240)	(1,442,319)	(2,500,977)
State income taxes — net of federal tax benefit	(308,104)	(167,486)	(81,823)
Dispute settlement	(1,603,275)		
Goodwill impairment	2,623,575		
Other — net	1,421		(53,438)
Actual income tax (benefit) expense	$ (2,585,352)	$ (1,404,135)	$ (740,040)

The tax effects of temporary differences between book and tax accounting that give rise to the deferred tax assets and deferred tax liabilities as of December 31, 2008 and 2007, are as follows:

	2008	2007
Deferred tax assets:		
Taxable meter deposits	$ 663,187	$ 579,709
Net operating loss carry forwards	5,890,189	788,724
Utility plant and equipment		200,890
Balterra intangible asset acquisition	347,883	
WMC Acquisition liability	67,196	
Other	131,631	87,408
Total deferred tax assets	7,100,086	1,656,731
Deferred tax liabilities:		
Recharge permits	(2,213,172)	(2,192,232)
WMC Acquisition liability		(649,922)
Utility plant and equipment	(3,139,102)	
Deferred gain on sale of assets — discontinued operations	(5,108,060)	(5,108,060)
FG intangible asset acquisition	(5,099,702)	
CP intangible asset acquisition	(591,529)	
Total deferred tax assets	(16,151,565)	(7,950,214)
Net deferred tax liability	$ (9,051,479)	$ (6,293,483)

Santa Cruz, Palo Verde, Pacer, Hassayampa, Picacho Water, Picacho, CP, FG, Balterra, and WMC are included in the GWI consolidated federal and state income tax returns.

As of December 31, 2008, our taxable subsidiaries have approximately $15,258,976 in federal and state net operating loss (NOL) carry forwards available to offset future taxable income, expiring through 2027. These NOL carry forward in 2008 arose primarily from bonus depreciation and extinguishment of debt on the WMC acquisition liability. The 2007 NOL carry forward arose primarily from the deferral of the $13,233,319 tax gain on the sale of assets from the condemnation of Cave Creek (see Note 13) and deductible interest on the intercompany note discussed below.

An intercompany note was issued in 2006 between GWR and GWI to account for advances to GWI to acquire and maintain utility assets. The principal balance of this note and any accrued interest are due and payable on demand. During 2006, the note earned interest on the unpaid balance at a variable rate. During 2008, interest on the note was set at the Internal Revenue Service applicable federal rate (AFR) of 4.33% per annum. During 2007, interest on the note was set at the AFR of 4.17% per annum. The note and related interest have been eliminated in the combined financial statements.

11. MEMBERS' EQUITY

GWR and GWM make tax distributions to their members in order for them to pay their income taxes on pass-through taxable income from the companies. In 2008, the tax distributions made throughout the year exceeded the amount required due to taxable losses passing through the year-end partnership income tax returns. This excess caused a receivable from members. The outstanding balances due from members were $5,312,672 at December 31, 2008. This amount has been adjusted during the year for amounts due to and due from members related to preferred return and income taxes.

Members in both GWR and GWM receive an 8% preferred return on their preferred capital contributions. Once members have received distributions equal to the value of their capital contributions, plus the preferred return, distributions are made in proportion to their common ownership percentages. Mandatory distributions are made during the year in amounts sufficient to allow each member to make income tax payments required to be made in respect of each member's allocation of net profits and losses. Such tax distributions are treated as distributions of common unit profits. In the event of our liquidation, any distributions that have been paid to a member in excess of the member's allocated profits will be reimbursed by the members.

12. NONOPERATING INCOME (EXPENSES)

WMC Settlement Gain — The settlement of the WMC purchase agreement (see Note 5) resulted in a nonoperating gain of $4,072,362 during the year ended December 31, 2008. The effect of the modification of the purchase agreement was to record as a reduction in the purchase liability.

AIAC Release — On September 29, 2008, GWR signed an agreement with a developer to assign the right to receive future refunds, paid by Santa Cruz and Palo Verde, related to advances in aid of construction (AIAC), for two developments in exchange for cash payments totaling $245,000. The developer had a signed AIAC agreement with Santa Cruz and Palo Verde. This right to receive estimated future annual AIAC payments totals $2,824,536 over 22 years. To calculate the estimated future annual AIAC payments, we projected our Santa Cruz and Palo Verde future annual revenue and applied the annual AIAC payment percentage over the term of the AIAC agreement. The present value of these payments paid by Santa Cruz and Palo Verde to GWR scheduled to start in 2010 is $1,412,659.

13. DISCONTINUED OPERATIONS

Pursuant to a condemnation proceeding, on March 7, 2007, we agreed to convey the assets of Cave Creek and Pacer to the Town of Cave Creek (the "Town") as a sale and purchase. The total purchase price was $19,500,000, which along with interest was paid by the Town in two installments in 2008. The condemnation transaction resulted in a pretax gain of $6,484,488, which is included in income from discontinued operations. The tax gain on the sale was deferred under Internal Revenue Code Section 1033 election and will either reduce the tax basis of replacement assets acquired or be recognized in taxable income in a future period. Revenues of the discontinued operations for the years ended December 31, 2008, 2007, and 2006 are $0, $393,260, and $1,926,918, respectively.

14. COMMITMENTS AND CONTINGENCIES

Commitments — We lease certain office space in Arizona under operating leases. The leases expire in November 2011 with an option to renew for another five years. Rent expense arising from operating leases for the years ended December 31, 2008, 2007, and 2006, was approximately $468,000, $491,000, and $442,000, respectively. Future minimum rental payments for the years ending December 31 are as follows:

2009	$ 379,886
2010	389,560
2011	502,998
2012	513,550
2013	129,267
Total	$1,915,261

GWR entered into regional infrastructure partnership agreements with the cities of Maricopa, Casa Grande, and the Town of Eloy ("Eloy"). These memoranda of understandings represent public-private-partnerships where GWR provides regional water, wastewater, and water reclamation master plan, which will reduce groundwater usage through the widespread use of reclaimed water, reduce the area's reliance on groundwater through the introduction of surface water treatment, and provide for long-term aquifer recharge in the basin. For the opportunity to master plan and serve in the city's planning areas, these agreements provide the cities with long-term revenue streams to help manage growth and the provision of essential services to thousands of new residents. The fees paid to the cities are based on the number of new connections and revenue. Amounts paid under these agreements were $322,352, $455,989, and $379,178 for 2008, 2007, and 2006, respectively.

Contingencies — ICFAs — ICFAs are voluntary, alternative financing mechanisms GWR periodically employs, which allow developers and homebuilders to defer financial participation in the up-front investment in infrastructure and relegates their involvement to certain future payment obligations. GWR takes a security interest in the Developer's real property when the ICFAs are recorded against the land. Under the ICFA, payment is made upon the occurrence of certain regulatory or development milestones, or at the conclusion of the entitlement process. The largest of these fees are collectable from the Developers typically as their land is sold to homebuilders, which is typically concurrent with the receipt of final plat approval and the time the land is converted from agriculture to residential use. The ICFA fees are financing and coordination payments and are treated as revenue by GWR. The ICFA allows GWR, through its regulated subsidiaries, to plan, and construct regional infrastructure, for water, wastewater, and recycled water that ensures the maximum conservation and reuse. Further, the ICFA offers the opportunity for us to capture the maximum economies of scale through regional infrastructure planning and construction with a wide range of timing needs among various land developers.

The ICFAs are under review by the Commission in a "complaint docket" brought by a competitor, Arizona Water Company (Docket Number W-01445A-06-0200). Arizona Water Company alleges that the ICFAs are illegal, and that they violate the policies and practices of the Commission. The docket is currently under a time suspension due to ongoing settlement discussions between GWR and Arizona Water Company.

The ICFAs are also under review in "generic docket." On October 6, 2006, the Commission Staff issued a Staff Report in the Commission Staff, No. W-00000C-06-0149, *In the Matter of the Commission's Generic Evaluation of the Regulatory Impact From the Use of Non-Traditional Financing Arrangements by Water Utilities and Their Affiliates* (the "Generic Docket"). This Staff Report states that it is Staff's

"preliminary evaluation" that under certain circumstances, ICFA fees should be treated as Advances in Aid of Construction or Contributions in Aid of Construction. The Commission has not acted on the Staff Report, and it is unclear what further steps will occur in the Generic Docket. The Commission Staff has subsequently stated that resolution of "the accounting treatment of the ICFAs... [is] best reserved for an actual rate proceeding." (ACC Staff Brief dated March 12, 2007, in Docket No. 06-0199 at p. 6)

We believe that the utilization of the ICFA is in the public interest and provides a framework for regional planning for the capture of economies of scale and for the maximization of conservation of water for the state of Arizona. There are, however, certain risks associated with the use of the methodology if the Commission concludes that the ICFA revenue stream should in fact be regulated and further imputed to have an effect on the rate base of the regulated utilities. We have taken the position that the after-tax proceeds of the ICFA revenue are useful as a methodology to support the aggregation and consolidation of Arizona's smaller utilities. Upon ultimate resolution of this issue by the Commission, it is possible that the regulated utilities will see no impact from the utilization of ICFAs at GWR. It is also possible that the post-tax proceeds of the ICFA revenue may be deemed to be a contribution in aid of construction (CIAC), or there could be other outcomes, which could ultimately impact future rate regulated revenues of the regulated utilities. To date, the cumulative after-tax proceeds from ICFAs represent less than 25% of the invested capital in the regulated utilities and could result in a decrease in rate base of the utility, substituting what is equity today with CIAC in the context of a future rate proceeding, which could adversely affect future utility rates, depending on our performance at the time of the rate proceeding. Additionally, ICFA fees would no longer be included in combined consolidated revenues.

On February 20, 2009, we filed rate cases for Santa Cruz, Palo Verde, Valencia, Greater Buckeye, Greater Tonopah, and Willow Valley, and we expect that the Commission will review our use of ICFA fees through this process.

We are involved in other proceedings arising in the ordinary course of business. Management believes the ultimate resolution of such matters will not materially affect our combined financial position, results of operations, or cash flows.

15. STOCK-BASED COMPENSATION

We account for stock-based compensation under SFAS No. 123 (revised 2004), *Share-Based Payment* ("SFAS 123R"), which requires stock-based compensation to be measured based on the fair value of the award on the date of grant and recognized over the period during which an employee is required to provide service in exchange for the award.

Unit Options — In June 2008, the managing members of GWR approved the 2008 Unit Option Plan to provide incentive, encourage ownership and to provide a means of obtaining, rewarding, and retaining officers, employees, managers, consultants, and other service providers of us and our affiliates. The Managers or a committee appointed by the Managers has full authority to determine the terms of and to grant up to 200 options to purchase common limited liability company interests ("unit options") under the 2008 Unit Option Plan. This plan has no set expiration date and shall continue until terminated by the Managers. During the year ended December 31, 2008, we granted 50 unit options with an exercise price of $7,500 per unit option, a contractual life of 10 years, and a four-year vesting period with 25% vesting on each anniversary of the grant date. There were 150 unit options available to grant under the plan as of December 31, 2008.

We recognize compensation expense associated with the issuance of such unit options over the vesting period on a straight-line basis. For the year ended December 31, 2008, we recorded $17,000 in pre-tax stock-based compensation expense, net of estimated forfeitures. We did not have any stock-based compensation expense for the year ended December 31, 2007. Forfeitures will be estimated and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. As of December 31, 2008, total compensation cost related to nonvested unit options not yet recognized is approximately $115,000, which is expected to be recognized over the next 3.5 years on a weighted-average basis.

At the grant date, we value unit options using the Black-Scholes-Merton ("Black-Scholes") option-pricing model. Our determination of the fair value of unit options on the date of grant using an option-pricing model is affected by the fair value of our unit options, as well as by assumptions regarding a number of subjective variables. These variables include:

- Assumptions related to the expected life of the unit options were based on the simplified method for estimating the expected term outlined in SEC Staff Accounting Bulletin 110
- The risk-free interest rate, which was based on the U.S. Treasury rates at the date of grant with maturity dates approximately equal to the expected life at the grant date
- The expected volatility assumption was based on the average volatilities of other similar entities that are publicly owned

The assumptions used to value unit options granted during the year ended December 31, 2008, were: dividend yield — 0%; expected volatility — 26.86%; risk-free interest rate — 3.76%; and expected life — 6.25 years.

The following table summarizes our unit option activity during the year ended December 31, 2008:

	Number Outstanding	Weighted-Average Exercise Price	Aggregate Intrinsic Value	Weighted-Average Remaining Contractual Life in Years
Outstanding at the beginning of the period		$ -	$ -	
Granted	50	7,500		4
Exercised				
Expired				
Forfeited				
Outstanding at the end of the period	50	7,500		4
Exercisable at the end of the period				
Vested and expected to vest	50	$7,500	$ -	4
Weighted-average grant date fair value for options granted during the period				$2,647

The following table summarizes the status of outstanding unit options as of December 31, 2008:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number of Options Outstanding	Weighted-Average Remaining Contractual Life (in years)	Weighted-Average Exercise Price Per Share	Number of Options Outstanding	Weighted-Average Exercise Price Per Share
$ 7,500	50	4	$ 7,500		$ -

Unit Awards — During the year ended December 31, 2008, we granted 50 units of fully vested common limited liability company interests ("unit awards") as incentive compensation to an officer of the Company. We recognize compensation expense associated with the issuance of such unit awards over the vesting period on a straight-line basis. Since the units were fully vested and did not contain any service or performance conditions, the related compensation cost was immediately recognized. The total compensation expense associated with the unit awards represents the value based upon the number of unit awards granted multiplied by the fair value on the date of grant.

For the year ended December 31, 2008, we recorded stock-based compensation expense, net of forfeitures, related to unit awards of $392,084. As of December 31, 2008, total compensation cost related to nonvested unit awards was $0.

16. SUBSEQUENT EVENTS

On February 20, 2009, we filed six rate applications for our Santa Cruz, Palo Verde, Valencia Water Company – Towne Division ("VWC-TD"), Valencia Water Company – Greater Buckeye Division ("VWC-GB"), Greater Tonopah, and Willow Valley. Our goal for the utilities had been to employ growth as a means of avoiding rate cases. Under this philosophy, we anticipated that the utilities would "grow into their rates." Most of our regulatory efforts have been directed toward building service territories. Under the current economic conditions, our focus has shifted from territory to rate recovery. Our rate applications establish rates based on a return of rate base and recovery of expenses in an historic test year, per ACC guidelines. We have also proposed phased-in rates, consolidated rates and rebate thresholds for conservation to partner with customers to achieve our mutual goals. If our rate applications are approved we anticipate our revenues increasing in 2010.

On March 16, 2009, our bank notified us of covenant violations that resulted in an event of default under the Loan Agreement. We also entered into the fifth modification of the Loan. On April 29, 2009, we entered into the sixth modification of the Loan Agreement (see Note 9).

In March 2009, we asserted an additional claim against the selling shareholders of WMC (see Note 5).

In November 2008, we engaged financial advisory and investment banking services to raise capital through the possible issuance of equity in the Company. We are currently in preliminary discussions with interested parties.

17. LIQUIDITY AND CAPITAL MATTERS

Due to the downturn in the National economy, the Arizona housing market has been affected and statewide unemployment is rising. Arizona new housing starts have slowed and many homes have moved into foreclosure or were vacated. As a result of these macro-economic conditions, our company has experienced a slowdown in its organic growth. This economic downturn had an adverse effect on the

public equity markets and management decided to suspend its efforts of an initial public offering ("IPO") which were commenced in early 2008. As a result of the suspension of our IPO, we have expensed $2.1 million in previously deferred IPO costs.

The slowdown in housing starts has necessitated a reduction in our growth forecast, which resulted in a $7.7 million impairment of goodwill associated with one of the utilities included in the WMC acquisition. The economic slowdown has also reduced our cash inflows from water and wastewater customers due to vacant homes and foreclosures. In addition, our cash inflows from ICFA have slowed due to a slowdown in land development and entitlement activity. As discussed in Note 9, we incurred covenant violations on our revolving line of credit, which were immediately waived in early 2009. In addition, the revolving line of credit matured on March 31, 2009. We negotiated an extension to December 31, 2009, and classified the revolving line of credit as a current liability. In previous years, the revolving line of credit had been classified as long-term.

We met our annual bond covenants at year-end 2008 (see Note 9), and expect to be able to meet our revolving line of credit covenants that start in the second quarter of 2009. Long-term growth in our service territories is still expected to be positive.

Although we had positive cash flows from operations in 2008, the classification of our revolving line of credit as current caused a large deficit in our working capital and the economic downturn caused difficulty in raising capital. We have proactively taken actions to mitigate the effects of the downturn by downsizing our operations to conform to the new cash streams generated from our regulated businesses; developed new programs to generate revenue in our unregulated businesses; implemented several collection initiatives to maximize our efforts of collecting money due and negotiated an extension of our line of credit to December 31, 2009. We currently have approximately $8 million in available bond funds held in restricted cash for qualified capital expenditure projects at Santa Cruz and Palo Verde and $23.6 million of capital commitments from members under our operating agreements. We believe that we will be able to generate sufficient operating cash flows and obtain funding from other sources to meet our required debt service and operating cash requirements for the remainder of 2009.

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ADDITIONAL COMBINING INFORMATION

GLOBAL WATER RESOURCES, LLC AND SUBSIDIARIES AND GLOBAL WATER MANAGEMENT, LLC

CONSOLIDATING BALANCE SHEET INFORMATION
AS OF DECEMBER 31, 2008

ASSETS	Consolidated	Eliminations	GWM	GWR	GWI	Santa Cruz	Palo Verde	WMC	Other
UTILITY PLANT:									
Property, plant, and equipment	$298,660,794	$ (23,432)	$3,156,479	$ -	$ -	$112,806,337	$117,084,304	$ 62,642,730	$ 2,994,376
Less accumulated depreciation	(20,269,628)	489	(945,573)			(7,829,639)	(8,466,004)	(3,028,901)	
Net property, plant, and equipment	278,391,166	(22,943)	2,210,906	-	-	104,976,698	108,618,300	59,613,829	2,994,376
CURRENT ASSETS:									
Cash and cash equivalents	24,764		1,200			1,050		22,514	
Accounts receivable	1,396,227				1,218	560,026	426,620	408,983	(620)
Other receivable	34,550		7,942	18,610		2,313	5,685		
Members' receivable	-								
Due from affiliates	-	(630,020)	544,230		85,790				
Accrued utility revenue	222,583					144,535	10,686	67,362	
Infrastructure fees receivable	5,850			5,850					
Income tax receivable	67,312				(523,224)	(1,204,436)	(110,384)	1,887,938	17,418
Stored water credits	1,175,675							1,175,675	
Prepaids	536,917		483,564	3,534	8,718	9,408	1,613	30,080	
Deferred tax asset — current	131,631					45,500	54,586	31,545	
Total current assets	3,595,509	(630,020)	1,036,936	27,994	(427,498)	(441,604)	388,806	3,624,097	16,798
OTHER ASSETS:									
Goodwill	38,092,712							38,092,712	
Other intangible assets	36,407,485			15,227,834				6,435,531	14,744,120
Investment in utility companies	-	(196,054,718)			196,054,718				
Deposits	84,634		21,371	12,000		117	745	50,401	
Bond service fund and other restricted cash	17,646,927			17,344,848			102,287	199,792	
Debt issuance costs	3,497,015			3,497,015					
Deferred financing costs and other	204,248			182,064	14,175			2,008	6,001
Long-term receivable from affiliate	-	(183,519,335)		183,519,335					
Total other assets	95,933,021	(379,574,053)	21,371	219,783,096	196,068,893	117	103,032	44,780,444	14,750,121
TOTAL	$377,919,696	$(380,227,016)	$3,269,213	$219,811,090	$195,641,395	$104,535,211	$109,110,138	$108,018,370	$17,761,295

(Continued)

GLOBAL WATER RESOURCES, LLC AND SUBSIDIARIES AND GLOBAL WATER MANAGEMENT, LLC

CONSOLIDATING BALANCE SHEET INFORMATION
AS OF DECEMBER 31, 2008

	Consolidated	Eliminations	GWM	GWR	GWI	Santa Cruz	Palo Verde	WMC	Other
LIABILITIES AND MEMBERS' EQUITY									
CURRENT LIABILITIES:									
Accounts payable	$ 5,396,506	$ -	$2,826,062	$ 640,445	$ 12,581	$ 466,638	$ 546,670	$ 878,787	$ 25,323
Accrued expenses	5,930,748		473,789	1,553,046	42,096	1,849,365	569,152	1,432,213	11,087
Distributions payable	-								
Due to GWM/affiliates	-	(630,020)		532,049		44,630	49,040	(27,136)	31,437
Accrued acquisition payments	7,613,443				7,613,443				
Meter deposits	1,329,711					1,136,087		193,624	
Short term loans	60,274,309			60,274,309					
Loan payable — current portion	155,601							155,601	
Total current liabilities	80,700,318	(630,020)	3,299,851	62,999,849	7,668,120	3,496,720	1,164,862	2,633,089	67,847
DEFERRED CREDITS AND OTHER LIABILITIES:									
Bond payable	114,687,473			114,687,473					
Loan payable — line of credit outstanding	3,131,392							3,131,392	
Long term debt to affiliates	-	(182,106,577)			182,106,577				
Deferred revenue	33,600,017			31,344,017				2,256,000	
Advances in aid of construction	102,187,152	(1,412,658)				33,770,450	27,370,551	42,458,809	
Contributions in aid of construction — net	1,193,508							1,193,508	
Deferred income tax liability	9,183,110				(5,730,582)	(147,046)	975,850	3,860,285	10,224,603
Acquisition liability	27,060,988			3,753,656	23,307,332				
Total deferred credits and other liabilitie	291,043,640	(183,519,235)	-	149,785,146	199,683,327	33,623,404	28,346,401	52,899,994	10,224,603
Total liabilities	371,743,958	(184,149,255)	3,299,851	212,784,995	207,351,447	37,120,124	29,511,263	55,533,083	10,292,450
MEMBERS' EQUITY:									
Common stock	-	(194,349)			1	10	10	142,958	51,370
Additional paid in capital	-	(195,860,469)			99	55,634,404	77,827,901	59,333,233	3,064,832
Contributed capital	26,393,084		1,000	26,392,084					
Undistributed preferred return	-								
Undistributed common unit earnings (deficit)	(14,904,674)	(22,943)	(31,638)	(14,053,317)	(11,710,152)	11,780,673	1,770,964	(6,990,904)	4,352,643
Members' receivable	(5,312,672)			(5,312,672)					
Total members' equity	6,175,738	(196,077,761)	(30,638)	7,026,095	(11,710,052)	67,415,087	79,598,875	52,485,287	7,468,845
TOTAL	$377,919,696	$(380,227,016)	$3,269,213	$219,811,090	$195,641,395	$104,535,211	$109,110,138	$108,018,370	$17,761,295

(Concluded)

GLOBAL WATER RESOURCES, LLC AND SUBSIDIARIES AND GLOBAL WATER MANAGEMENT, LLC

CONSOLIDATING BALANCE SHEET INFORMATION
AS OF DECEMBER 31, 2007

ASSETS	Consolidated	Eliminations	GWM	GWR	GWI	Santa Cruz	Palo Verde	WMC	Other	Discontinued Operations
UTILITY PLANT:										
Property, plant. and equipment	$ 241,975,967	$ (23,432)	$2,213,319	$ -	$ -	$95,930,251	$ 101,959,043	$41,072,228	$ 824,558	$ -
Less accumulated depreciation and amortization	(11,744,158)	489	(460,104)			(4,397,952)	(5,572,029)	(1,314,562)		
Net property, plant, and equipment	230,231,809	(22,943)	1,753,215	-	-	91,532,299	96,387,014	39,757,666	824,558	-
CURRENT ASSETS:										
Cash and cash equivalents	166,496		1,200	161,206		1,050		3,040		
Accounts receivable	1,983,757		4,455			880,351	716,156	382,795		
Security deposits receivable	741,350			741,350						
Other receivable	10,470		53			975		9,442		
Due to GWM/affiliates	-	(1,284,199)	1,284,199							
Accrued utility revenue	332,911					235,601	24,006	73,304		
Infrastructure fees receivable	97,500			97,500						
Stored water inventory	713,894							713,894		
Prepaid expenses	465,207		278,813	7,287		36,057	6,856	136,194		
Other current assets	35,016		3,047				31,969			
Income tax receivable	81,544				81,544					
Deferred tax asset — current	876,131				561,917	34,672	39,682	13,054		226,806
Total current assets	5,504,276	(1,284,199)	1,571,767	1,007,343	643,461	1,188,706	818,669	1,331,723	-	226,806
OTHER ASSETS:										
Goodwill	45,809,111							45,809,111		
Other intangible assets	33,623,035			18,134,614				6,435,531	9,052,890	
Bond service fund and other restricted cash	9,298,254			9,063,525			99,560	135,169		
Deposits	668,546			619,647			1,265	47,634		
Debt issuance costs	2,821,652			2,821,652						
Investment in utility companies	-	(186,708,942)			186,708,942					
Deferred tax asset	-									
Deferred acquisition costs	108,262			102,261					6,001	
LT receivable from affiliates	-	(158,305,105)		158,305,105						
Total other assets	92,328,860	(345,014,047)	-	189,046,804	186,708,942	-	100,825	52,427,445	9,058,891	-
TOTAL	$ 328,064,945	$(346,321,189)	$3,324,982	$ 190,054,147	$ 187,352,403	$92,721,005	$ 97,306,508	$93,516,834	$9,883,449	$226,806

(Continued)

GLOBAL WATER RESOURCES, LLC AND SUBSIDIARIES AND GLOBAL WATER MANAGEMENT, LLC

CONSOLIDATING BALANCE SHEET INFORMATION
AS OF DECEMBER 31, 2007

LIABILITIES AND MEMBERS' EQUITY	Consolidated	Eliminations	GWM	GWR	GWI	Santa Cruz	Palo Verde	WMC	Other	Discontinued Operations
CURRENT LIABILITIES:										
Accounts payable	$ 3,481,647	$ -	$3,028,874	$ -	$ -	$ 58,971	$ 18,196	$ 375,606	$ -	$ -
Accrued expenses	9,169,248		659,819	1,102,323	6,180	3,863,792	1,990,341	1,331,783	197,255	17,755
Distributions payable	2,042,458			2,042,458						
Due to Global Water Management, LLC	-	(1,284,199)		(561,634)		815,709	533,170	478,509	19,326	(881)
Income tax payable	-									
Accrued acquisition payments	13,364,408				13,393,725			(29,317)		
Meter deposits	1,192,420					1,030,293		162,127		
Loan payable — current portion	137,861							137,861		
Deferred tax asset/liability — current	-									
Total current liabilities	29,388,042	(1,284,199)	3,688,693	2,583,147	13,399,905	5,768,765	2,541,707	2,456,569	216,581	16,874
DEFERRED CREDITS AND OTHER LIABILITIES:										
Bond payable	90,115,055			90,115,055						
Loan payable — line of credit outstanding	38,041,833			35,438,803				2,603,030		
Long-term debt to affiliates	-	(158,305,005)			158,305,005					
Deferred revenue	39,235,381			39,235,381						
Advances in aid of construction	69,405,414					23,433,063	18,203,246	27,769,105		
Contributions in aid of construction — net	792,127							792,127		
Deferred income tax liability	7,169,614				649,693	(292,499)	120,063	1,584,296		5,108,061
Purchase liability	42,502,507			17,200,458	25,302,049					
Total deferred credits and other liabilities	287,261,931	(158,305,005)	-	181,989,697	184,256,747	23,140,564	18,323,309	32,748,558	-	5,108,061
Total liabilities	316,649,973	(159,589,204)	3,688,693	184,572,844	197,656,652	28,909,329	20,865,016	35,205,127	216,581	5,124,935
MEMBERS' EQUITY:										
Common stock	-	(194,349)			1	10	10	142,958	120	51,250
Additional paid in capital	-	(186,514,693)			99	53,945,902	74,845,178	57,395,061	9,677,249	(9,348,796)
Contributed capital	26,001,000		1,000	26,000,000						
Undistributed Preferred return	14,357			14,357						
Undistributed common unit earnings (deficit)	(14,600,385)	(22,943)	(364,711)	(20,533,054)	(10,304,349)	9,865,764	1,596,304	773,688	(10,500)	4,399,416
Total members' equity	11,414,972	(186,731,985)	(363,711)	5,481,303	(10,304,249)	63,811,676	76,441,492	58,311,707	9,666,869	(4,898,130)
TOTAL	$328,064,945	$(346,321,189)	$3,324,982	$190,054,147	$187,352,403	$92,721,005	$97,306,508	$93,516,834	$9,883,450	$ 226,805

(Concluded)

GLOBAL WATER RESOURCES, LLC AND SUBSIDIARIES AND GLOBAL WATER MANAGEMENT, LLC

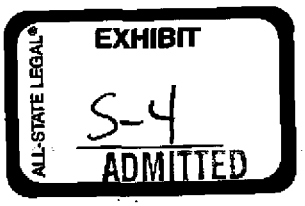
CONSOLIDATING INCOME STATEMENT INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2008

	Consolidated	Eliminations	GWM	GWR	GWI	Santa Cruz	Palo Verde	WMC	Other
OPERATING REVENUES:									
Water usage	$12,919,610	$ (32,672)	$ -	$ -	$ -	$8,941,755	$ -	$ 4,008,730	$ 1,797
Wastewater services	6,301,810						6,301,810		
Infrastructure and financing fees	12,968,893			12,968,893					
Meter installation and connection fees	897,544					437,374	303,495	156,675	
Other	2,074,626	(4,509,246)	3,596,372	650,417	1,024,400	54,517		1,258,166	
Total operating revenues	35,162,483	(4,541,918)	3,596,372	13,619,310	1,024,400	9,433,646	6,605,305	5,423,571	1,797
OPERATING EXPENSES:									
Operations and maintenance	6,013,697	(101,951)	139,667	131,383	1,655	1,426,949	1,976,246	2,430,392	9,356
General and administrative	9,771,425	(4,439,967)	2,942,154	5,921,367	1,142,583	1,413,337	1,452,766	1,287,668	51,517
Deferred offering costs	2,134,162			2,134,162					
Goodwill impairment charge	7,716,399							7,716,399	
Depreciation	8,426,564		472,346			3,431,687	2,893,976	1,628,555	
Amortization of intangible assets	3,092,571		17,542	3,075,029					
Total operating expenses	37,154,818	(4,541,918)	3,571,709	11,261,941	1,144,238	6,271,973	6,322,988	13,063,014	60,873
OPERATING INCOME:	(1,992,335)	-	24,663	2,357,369	(119,838)	3,161,673	282,317	(7,639,443)	(59,076)
OTHER INCOME (EXPENSE):									
Interest income	257,731	(7,255,084)		7,506,167	2,121		2,728	1,799	
Interest expense	(9,012,757)	7,255,084		(6,809,041)	(9,208,412)	(62,121)		(188,267)	
Other	4,160,324		12,426	23,830	4,072,362	19,793		31,913	
Total other (expense) income	(4,594,702)	-	12,426	720,956	(5,133,929)	(42,328)	2,728	(154,555)	-
NET INCOME BEFORE INCOME TAXES	(6,587,037)		37,089	3,078,325	(5,253,767)	3,119,345	285,045	(7,793,998)	(59,076)
INCOME TAX (BENEFIT) EXPENSE	(2,585,352)				(3,847,963)	1,204,436	110,384	(29,406)	(22,803)
NET (LOSS) INCOME	$ (4,001,685)	$ -	$ 37,089	$ 3,078,325	$(1,405,804)	$1,914,909	$ 174,661	$ (7,764,592)	$(36,273)

GLOBAL WATER RESOURCES, LLC AND SUBSIDIARIES AND GLOBAL WATER MANAGEMENT, LLC

CONSOLIDATING INCOME STATEMENT INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2007

	GWM - GWR Consolidated	Inter-Co Eliminations and Adjustments	GWM	GWR	GWI	Santa Cruz	Palo Verde	WMC	Other	Discontinued Operations
OPERATING REVENUES:										
Water usage	$11,971,773	$ (31,176)	$ -	$ -	$ -	$8,274,097	$ -	$3,726,881	$ 1,971	$ -
Wastewater services	5,714,272						5,714,272			
Infrastructure and financing fees	6,595,792			6,595,792						
Meter installation and connection fees	1,059,471					693,856	269,130	96,485		
Management fees from related parties		(10,324,649)	10,324,649							
Other management fees	14,511		14,511							
Developer fees and other income	236,249		236,249							
Other	216,888			69,916		38,235		108,737		
Total operating revenues	25,808,956	(10,355,825)	10,575,409	6,665,708	-	9,006,188	5,983,402	3,932,103	1,971	-
OPERATING EXPENSES:										
Operations and maintenance	5,130,129	(31,176)	2,493,045			867,234	985,032	809,176	6,818	
General and administrative	7,480,976	(10,324,649)	8,184,254	4,208,575	67,480	1,735,944	2,258,352	1,346,776	4,244	
Depreciation	5,989,141		314,195			2,380,818	2,335,846	958,282		
Amortization of intangible assets	2,623,865		17,542	2,606,323						
Total operating expenses	21,224,111	(10,355,825)	11,009,036	6,814,898	67,480	4,983,996	5,579,230	3,114,234	11,062	-
OPERATING INCOME:	4,584,845		(433,627)	(149,190)	(67,480)	4,022,192	404,172	817,869	(9,091)	-
OTHER INCOME (EXPENSE)										
Interest income	379,519	(6,104,811)	1,825	6,468,412		238	3,984	9,871		
Interest expense — net	(4,328,691)	6,104,811		(1,644,181)	(8,642,726)	(44,096)		(102,499)		
Other	(30,761)		(1,126)			8,726	(7,340)	(31,021)		
Total other income (expense)	(3,979,933)	-	699	4,824,231	(8,642,726)	(35,132)	(3,356)	(123,649)	-	-
INCOME BEFORE INCOME TAXES	604,912	-	(432,928)	4,675,041	(8,710,206)	3,987,060	400,816	694,220	(9,091)	-
INCOME TAX (BENEFIT) EXPENSE	(1,404,135)				(3,366,373)	1,539,005	154,715	267,110	1,408	
NET INCOME FROM DISCONTINUED OPERATIONS	4,060,276									4,060,276
NET INCOME (LOSS)	$ 6,069,323	$ -	$ (432,928)	$ 4,675,041	$(5,343,833)	$2,448,055	$ 246,101	$ 427,110	$(10,499)	$4,060,276



BEFORE THE ARIZONA CORPORATION COMMISSION

KRISTIN K. MAYES
Chairman
GARY PIERCE
Commissioner
PAUL NEWMAN
Commissioner
SANDRA D. KENNEDY
Commissioner
BOB STUMP
Commissioner

IN THE MATTER OF THE APPLICATION OF GLOBAL WATER-PALO VERDE UTILITIES COMPANY FOR THE ESTABLISHEMENT OF JUST AND REASONABLE RATES AND CHARGES FOR UTILITY SERVICE DESIGNED TO REALIZE A REASONABLE RATE OF RETURN ON THE FAIR VALUE OF ITS PROPERTY THROUGHT THE STATE OF ARIZONA	DOCKET NO. SW-20445A-09-0077
IN THE MATTER OF THE APPLICATION OF VALENCIA WATER COMPANY-GREATER BUCKEYE DIVISION FOR THE ESTABLISHMENT OF JUST AND REASONABLE RATES AND CHARGES FOR UTILITY SERVICE DESIGNED TO REALIZE A REASONABLE RATE OF RETURN ON THE FAIR VALUE OF ITS PROPERTY THROUGHOUT THE STATE OF ARIZONA	DOCKET NO. W-02451A-09-0078
IN THE MATTER OF THE APPLICATION OF WILLOW VALLEY WATER COMPANY FOR THE ESTABLISHMENT OF JUST AND REASONABLE RATES AND CHARGES FOR UTILITY SERVICE DESIGNED TO REALIZE A REASONABLE RATE OF RETURN ON THE FAIR VALUE OF ITS PROPERTY THROUGHOUT THE STATE OF ARIZONA	DOCKET NO. W-01732A-09-0079

IN THE MATTER OF THE APPLICATION OF GLOBAL WATER-SANTA CRUZ WATER COMPANY FOR THE ESTABLISHMENT OF JUST AND REASONABLE RATES AND CHARGES FOR UTILITY SERVICE DESIGNED TO REALIZE A REASONABLE RATE OF RETURN ON THE FAIR VALUE OF ITS PROPERTY THROUGHOUT THE STATE OF ARIZONA	)	DOCKET NO. W-20446A-09-0080
IN THE MATTER OF THE APPLICATION OF WATER UTILITY OF GREATER TONOPAH FOR THE ESTABLISHMENT OF JUST AND REASONABLE RATES AND CHARGES FOR UTILITY SERVICE DESIGNED TO REALIZE A REASONABLE RATE OF RETURN ON THE FAIR VALUE OF ITS PROPERTY THROUGHOUT THE STATE OF ARIZONA	)	DOCKET NO. W-02450A-09-0081
IN THE MATTER OF THE APPLICATION OF VALENCIA WATER COMPANY-TOWN DIVISION FOR THE ESTABLISHMENT OF JUST AND REASONABLE RATES AND CHARGES FOR UTILITY SERVICE DESIGNED TO REALIZE A REASONABLE RATE OF RETURN ON THE FAIR VALUE OF ITS PROPERTY THROUGHOUT THE STATE OF ARIZONA	)	DOCKET NO. W-01212A-09-0082

DIRECT

TESTIMONY

OF

JIAN W. LIU

UTILITIES ENGINEER

UTILITIES DIVISION

ARIZONA CORPORATION COMMISSION

OCTOBER 26, 2009

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Water Utility of Greater Tonopah ("WUGT") 5
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Santa Cruz Water Company ("Santa Cruz") 7
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Palo Verde Utilities Company ("Palo Verde") 10

EXHIBITS

Engineering Report for Valencia Water Company - Greater Buckeye Division JWL-1

Engineering Report for Water Utility of Greater Tonopah JWL-2

Engineering Report for Valencia Water Company - Town Division JWL-3

Engineering Report for Santa Cruz Water Company JWL-4

Engineering Report for Willow Valley Water JWL-5

Engineering Report for Palo Verde Utilities Company JWL-6

INTRODUCTION

Q. Please state your name and business address.

A. My name is Jian W. Liu. My business address is 1200 West Washington Street, Phoenix, Arizona 85007.

Q. By whom and in what position are you employed?

A. I am employed by the Arizona Corporation Commission ("Commission" or "ACC") as a Utilities Engineer - Water/Wastewater in the Utilities Division.

Q. How long have you been employed by the Commission?

A. I have been employed by the Commission since October 2005.

Q. What are your responsibilities as a Utilities Engineer - Water/Wastewater?

A. My main responsibilities are to inspect, investigate and evaluate water and wastewater systems. This includes obtaining data, preparing reconstruction cost new and/or original cost studies, investigative reports, interpreting rules and regulations, and to suggest corrective action and provide technical recommendations on water and wastewater system deficiencies. I also provide written and oral testimony in rate cases and other cases before the Commission.

Q. How many companies have you analyzed for the Utilities Division?

A. I have analyzed more than 40 companies fulfilling these various responsibilities for Utilities Division Staff ("Staff").

Q. Have you previously testified before this Commission?

A. Yes, I have testified on numerous occasions before this Commission.

Q. What is your educational background?

A. I am a Ph.D. Candidate in Geotechnical Engineering from Arizona State University ("ASU"). I have a Master of Science Degree in Natural Science from ASU and a Master of Science Degree in Civil Engineering from Institute of Rock & Soil Mechanics ("IRSM"), Academy of Sciences, China.

Q. Briefly describe your pertinent work experience.

A. From 1982 to 2000, I was employed by IRSM, SCS Engineers, and URS Corporation as a Civil and Environmental Engineer. In 2000, I joined the Arizona Department of Environmental Quality ("ADEQ"). My responsibilities with ADEQ included review and approval of water distribution systems, sewer distribution systems, and on-site wastewater treatment facilities. I remained with ADEQ until transferring to the Commission in October 2005.

Q. Please state your professional membership, registrations, and licenses.

A. I am a licensed professional civil engineer in the State of Arizona.

PURPOSE OF TESTIMONY

Q. What was your assignment in this rate proceeding?

A. My assignment was to provide Staff's engineering evaluation of the subject rate proceeding. I reviewed the Company's application and responses to data requests, and I inspected the water and wastewater systems. This testimony and its attachments present Staff's engineering evaluation.

Q. What is the purpose of your testimony in this proceeding?

A. To present the findings of Staff's engineering evaluation of the Company's rate application. The findings are contained in the Engineering Reports that I have prepared for this proceeding. The reports are included as Exhibits JWL-1 through JWL-6 in this pre-filed testimony.

ENGINEERING REPORTS

Q. Please describe the information contained in your Engineering Reports.

A. The Reports are divided into three general sections: 1) *Executive Summary*; 2) *Engineering Report Discussion*, and 3) *Engineering Report Exhibits*. The *Discussions* section for Water Systems can be further divided into ten subsections: A) Location of Company; B) Description of the Water System; C) Maricopa County Environmental Services Department ("MCESD") Compliance or ADEQ Compliance; D) ACC Compliance; E) Arizona Department Of Water Resources ("ADWR") compliance; F) Water Testing Expenses, G) Water Usage, H) Growth; I) Depreciation Rates; J) Other Issues. The *Discussions* section for Wastewater System is divided into eight subsections: A) Location of Company; B) Description of the Wastewater System; C) Wastewater Flow; D) Growth; E) ADEQ Compliance; F) ACC Compliance; G) Depreciation Rates; H) Other Issues.

RECOMMENDATIONS AND CONCLUSIONS

Q. What are Staff's conclusions and recommendations regarding the Company's operations?

A. Staff's conclusions and recommendations regarding the Company's operations are listed below.

Valencia Water Company - Greater Buckeye Division ("Valencia Greater Buckeye")

CONCLUSIONS:

1. ADEQ or its formally delegated agent, MCESD, reported that the Valencia Greater Buckeye drinking water systems are in compliance with regulatory agency requirements and are currently delivering water that meets State and Federal drinking water quality standards required by the Arizona Administrative Code, Title 18, Chapter 4.

2. Valencia Greater Buckeye is located in the Phoenix Active Management Area ("AMA") and is subject to its reporting and conservation requirements. Staff received an ADWR compliance status report in May 2009. ADWR reported that Valencia Greater Buckeye is currently in compliance with departmental requirements governing water providers and/or community water systems.

3. A check with the Utilities Division Compliance Section showed no delinquent compliance items for Valencia Greater Buckeye.

4. Valencia Greater Buckeye has an approved Curtailment Plan and Backflow Prevention Tariffs on file with the Commission.

5. Sun Valley/Sweetwater I, PWS #07-195, and Sweetwater II, PWS #07-129 reported water loss as:

Water System	Gallons Pumped	Gallons Sold	Water loss (%)
Sun Valley/ Sweetwater I, PWS #07-195	48,210,000	39,057,000	**19.0**
Sweetwater II, PWS #07-129	13,305,000*	11,586,000	**12.9**

*Note: Gallons Purchased.

6. During its field inspection Staff observed old water system (Sweetwater II, PWS #07-129) pumping and storage facilities that were not in service. The old water system facilities that were found not to be used and useful to the Company's provision of service consisted of a well (ADWR ID No. 55-802333), a 157,000 gallon storage tank, two booster pumps, and one 3,400 gallon pressure tank.

RECOMMENDATIONS:

1. Staff recommends that Valencia Greater Buckeye add additional storage with a minimum storage capacity of 150,000 gallons to the Sun Valley/ Sweetwater I water system (ADEQ Public Water System ("PWS") #07-195) within one year of the effective date of the order in this proceeding. Staff further recommends that the Company file as a compliance item

in this docket within one year of the effective date of the order in this proceeding a copy of the Approval of Construction ("AOC") issued by ADEQ or MCESD for this storage addition.

2. Staff recommends the annual water testing expense of $3,774 reported by Valencia Greater Buckeye be used for purposes of this application.
3. Staff recommends that within 90 days of a Decision in this matter Valencia Greater Buckeye file with Docket Control, as a compliance item in this docket, a detailed plan demonstrating how the Sun Valley/Sweetwater I, PWS #07-195, and Sweetwater II, PWS #07-129 will reduce its water loss to less than 10 percent. If Valencia Greater Buckeye finds that reduction of water loss to less than 10 percent is not cost-effective, Valencia Greater Buckeye should submit, within 90 days of a Decision in this matter, a detailed cost analysis and explanation demonstrating why water loss reduction to less than 10 percent is not cost-effective. In any event water loss shall not exceed 15 percent.

4. Staff recommends that Valencia Greater Buckeye use the depreciation rates delineated in Table B of Exhibit JWL-1.

5. Staff recommends that the meter and service line installation charges listed under "Staff's Recommendation" in Table C of Exhibit JWL-1 be adopted along with the adoption of an installation charge of "At Cost" for meter sizes of 8-inch and larger.

Water Utility of Greater Tonopah ("WUGT")

CONCLUSIONS:

1. ADEQ or its formally delegated agent, MCESD, reported that the WUGT drinking water systems are in compliance with regulatory agency requirements and are currently delivering water that meets State and Federal drinking water quality standards required by the Arizona Administrative Code, Title 18, Chapter 4.

2. The Roseview system's current storage capacity of 7,600 is inadequate to serve its 19 connections.

3. WUGT is located in the Phoenix AMA and is subject to its reporting and conservation requirements. Staff received an ADWR compliance status report on May 4, 2009. ADWR reported that WUGT is currently in compliance with departmental requirements governing water providers and/or community water systems.

4. A check with the Utilities Division Compliance Section showed no delinquent compliance items for WUGT.

5. WUGT has an approved Curtailment Plan Tariff on file with the Commission.

6. WUGT has a Backflow Prevention Tariff on file with the Commission.

7. Garden City (PWS #07-037), WPE #1, WPE #6 (PWS #07-733), Tufte (PWS #07-617), Buckeye Ranch (PWS #07-618), and Dixie (PWS #07-030) reported water loss as:

Water System	Gallons Pumped	Gallons Sold	Water loss (%)
Garden City, PWS #07-037	2,560,000	1,960,000	23.4
WPE #1, PWS #N/A	499,000	342,000	31.5
WPE #6, PWS #07-733	2,530,000	1,758,000	23.4
Tufte, PWS #07-617	514,000	444,000	13.6
Buckeye Ranch, PWS #07-618	13,929,000	12,521,000	10.1
Dixie, PWS #07-030	5,656,000	4,023,000	28.9

RECOMMENDATIONS:

1. Staff recommends that WUGT install a storage tank with a minimum storage capacity of 3,750 gallons for Roseview (PWS #07-082) within one year of the effective date of the order in this proceeding. Staff further recommends that WUGT file, as a compliance item in this docket, within one year of the effective date of the order in this proceeding, a copy of the AOC issued by ADEQ or MCESD for this storage addition.

2. Staff recommends that within 90 days of a Decision in this matter WUGT file with Docket Control, as a compliance item in this docket, a detailed plan demonstrating how the Garden City (PWS #07-037), West Phoenix Estates ("WPE") #1, WPE #6 (PWS #07-733), Tufte (PWS #07-617), Buckeye Ranch (PWS #07-618), and Dixie (PWS #07-030) water systems will reduce their water loss to less than 10 percent. If WUGT finds that reduction of water loss to less than 10 percent is not cost-effective in a system, WUGT should submit, within 90 days of a Decision in this matter, a detailed cost analysis and explanation for each system demonstrating why water loss reduction to less than 10 percent is not cost-effective. In any event water loss shall not exceed 15 percent.

3. Staff recommends the annual water testing expense of $11,006 reported by WUGT be used for purposes of this application.

4. Staff recommends that WUGT use the depreciation rates delineated in Table B of Exhibit JWL-2.

5. Staff recommends that the meter and service line installation charges listed under "Staff's Recommendation" in Table C of Exhibit JWL-2 be adopted along with the adoption of an installation charge of "At Cost" for meter sizes of 8-inch and larger.

Valencia Water Company-Town Division ("Valencia-Town")

CONCLUSIONS:

1. ADEQ or its formally delegated agent, MCESD, reported that the Valencia-Town drinking water system (PWS #07-078) is in compliance with regulatory agency requirements and is currently delivering water that meets State and Federal drinking water quality standards required by the Arizona Administrative Code, Title 18, Chapter 4.

2. Valencia-Town is located in the Phoenix AMA and is subject to its reporting and conservation requirements. Staff received an ADWR compliance status report in May 2009. ADWR reported that Valencia-Town is currently in compliance with departmental requirements governing water providers and/or community water systems.

3. Staff concludes that the Valencia-Town drinking water system has adequate production capacity and storage capacity to serve the existing customer base and reasonable growth.

4. Valencia-Town has an approved Curtailment Plan Tariff on file with the Commission.

5. Valencia-Town has a Backflow Prevention Tariff on file with the Commission.

6. A check with the Utilities Division Compliance Section showed no delinquent compliance items for Valencia-Town.

RECOMMENDATIONS:

1. Staff recommends that Valencia-Town use Staff's depreciation rates by individual National Association of Regulatory Utility Commissioners category as delineated in Table B of Exhibit JWL-3.

2. Staff recommends the annual water testing expense of $33,729 reported by Valencia-Town be used for purposes of this application.

3. Staff recommends that the meter and service line installation charges listed under "Staff's Recommendation" in Table C of Exhibit JWL-3 be adopted along with the adoption of an installation charge of "At Cost" for meter sizes of 8-inch and larger.

Santa Cruz Water Company ("Santa Cruz")

CONCLUSIONS:

1. ADEQ regulates the Santa Cruz Water System under ADEQ PWS #11-131. Based on compliance information submitted by Santa Cruz, the system has no deficiencies and

ADEQ has determined that the system is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, and Chapter 4. (ADEQ report dated 12/9/08).

2. Santa Cruz is located in the Pinal AMA and is subject to its reporting and conservation requirements. Staff received an ADWR compliance status report in April 2009. ADWR reported that Santa Cruz is currently in compliance with departmental requirements governing water providers and/or community water systems.

3. Staff concludes that Santa Cruz has adequate production capacity and storage capacity to serve the existing customer base and reasonable growth.

4. A check with the Utilities Division Compliance Section showed no delinquent compliance items for Santa Cruz.

5. Staff inspected Santa Cruz's Southwest Water Treatment and Distribution Plant (Terrazzo). This Plant was not in service and therefore not used and useful during Staff's field inspection.

6. Santa Cruz has approved Curtailment Plan and Backflow Prevention Tariffs on file with the Commission.

RECOMMENDATIONS:

1. Staff recommends that Santa Cruz use Staff's depreciation rates by individual National Association of Regulatory Utility Commissioners category as delineated in Table B of Exhibit JWL-4.

2. Staff recommends the annual water testing expense of $36,113 reported by Santa Cruz be used for purposes of this application.

3. Staff recommends that the charges listed under "Staff's Recommendation" in Table C of Exhibit JWL-4 be adopted along with the adoption of an installation charge of "At Cost" for meter sizes of 8-inch and larger.

Willow Valley Water ("Willow Valley")

CONCLUSIONS:

1. ADEQ regulates Willow Valley Water Systems under ADEQ Public Water System ("PWS") #08-040 and #08-129. Based on compliance information submitted by Willow Valley, the systems have no deficiencies and ADEQ has determined that these systems are currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, and Chapter 4. (ADEQ reports dated February 13, 2009).

2. Willow Valley is not located in any AMA and is not subject to any AMA reporting and conservation requirements. Staff received an ADWR compliance status report on April 30, 2009, ADWR reported that it has determined that Willow Valley is currently in compliance with departmental requirements governing water providers and/or community water systems.

3. A check with the Utilities Division Compliance Section showed no delinquent compliance items for Willow Valley.

4. Willow Valley has an approved Curtailment Plan and Backflow Prevention Tariffs on file with the Commission.

5. King Street, PWS #08-040, and Lake Cimarron, PWS #08-129 reported water loss as:

Water System	Gallons Pumped	Gallons Sold	Water loss (%)
King Street, PWS #08-040	115,312,000	91,995,000	16.8*
Lake Cimarron, PWS #08-129	13,543,000	10,379,000	20.4**

* 3,924,000 gallons of water used for flushing;
** 405,000 gallons of water used for flushing.

RECOMMENDATIONS:

1. Staff recommends that within 90 days of a Decision in this matter Willow Valley file with Docket Control, as a compliance item in this docket, a detailed plan demonstrating how Willow Valley will reduce its water loss for King Street, PWS #08-040, and Lake Cimarron, PWS #08-129 to less than 10 percent. If Willow Valley finds that reduction of water loss to less than 10 percent is not cost-effective, Willow Valley should submit, within 90 days of a Decision in this matter, a detailed cost analysis and explanation demonstrating why water loss reduction to less than 10 percent is not cost-effective. In any event water loss shall not exceed 15 percent.

2. Staff recommends the annual water testing expense of $5,401 reported by Willow Valley be used for purposes of this application.

3. Staff recommends that Willow Valley use the depreciation rates delineated in Table B of Exhibit JWL-5.

4. Staff recommends that the meter and service line installation charges listed under "Staff's Recommendation" in Table C of Exhibit JWL-5 be adopted along with the adoption of an installation charge of "At Cost" for meter sizes of 8-inch and larger.

Palo Verde Utilities Company ("Palo Verde")

CONCLUSIONS:

1. ADEQ regulates the Palo Verde wastewater treatment plant under Permit No. 34460. Per the January 29, 2009, Compliance Status Report issued by ADEQ, the Palo Verde plant is in full compliance with ADEQ requirements.

2. A check with the Utilities Division Compliance Section showed no delinquent compliance items for Palo Verde.

3. Staff inspected Palo Verde's 1.0 MGD SBR treatment facility. This Plant was not in service and therefore not used and useful during Staff's field inspection.

4. Staff inspected Palo Verde's 0.3 MGD facultative lagoon. This facility was not in service and therefore not used and useful during Staff's field inspection.

RECOMMENDATIONS:

1. It is recommended that Palo Verde use depreciation rates by individual NARUC category as presented in Table G-1 of Exhibit JWL-6.

2. Staff recommends the annual testing expense of $99,923 reported by Palo Verde be used for purposes of this application.

Q. Does this conclude your Direct Testimony?

A. Yes, it does.

EXHIBIT JWL-1

ENGINEERING REPORT FOR VALENCIA WATER COMPANY – GREATER BUCKEYE DIVISION

DOCKET NO. W-02451A-09-0078 (RATES)

JIAN W LIU

OCTOBER 13, 2009

Engineering Report for VALENCIA WATER COMPANY - GREATER BUCKEYE DIVISION

Docket No. W-02451A-09-0078 (Rates)

By: Jian Liu
Utilities Engineer

October 13, 2009

CONCLUSIONS

1. Arizona Department of Environmental Quality ("ADEQ") or its formally delegated agent, the Maricopa County Environmental Services Department ("MCESD"), reported that the Valencia Greater Buckeye drinking water systems are in compliance with regulatory agency requirements and are currently delivering water that meets State and Federal drinking water quality standards required by the Arizona Administrative Code, Title 18, Chapter 4.

2. Valencia Greater Buckeye is located in the Phoenix Active Management Area ("AMA") and is subject to its AMA reporting and conservation requirements. Staff received an ADWR compliance status report in May 2009. ADWR reported that Valencia Greater Buckeye is currently in compliance with departmental requirements governing water providers and/or community water systems.

3. A check with the Utilities Division Compliance Section showed no delinquent compliance items for Valencia Greater Buckeye.

4. Valencia Greater Buckeye has approved Curtailment Plan and Backflow Prevention Tariffs on file with the Commission.

5. Sun Valley/Sweetwater I, PWS #07-195, and Sweetwater II, PWS #07-129 reported water loss as:

Water System	Gallons Pumped	Gallons Sold	Water loss (%)
Sun Valley/ Sweetwater I, PWS #07-195	48,210,000	39,057,000	**19.0**
Sweetwater II, PWS #07-129	13,305,000*	11,586,000	**12.9**

*Note: Gallons Purchased.

6. During its field inspection Staff observed old water system (Sweetwater II, PWS #07-129) pumping and storage facilities that were not in service. The old water system

facilities that were found not to be used and useful to the Company's provision of service consisted of a well (ADWR ID No. 55-802333), a 157,000 gallon storage tank, two booster pumps, and one 3,400 gallon pressure tank.

RECOMMENDATIONS

1. Staff recommends that the Company add additional storage with a minimum storage capacity of 150,000 gallons to the Sun Valley/ Sweetwater I water system (PWS #07-195) within one year of the effective date of the order in this proceeding. Staff further recommends that the Company file as a compliance item in this docket within one year of the effective date of the order in this proceeding a copy of the Approval of Construction ("AOC") issued by ADEQ for this storage addition.

2. Staff recommends the annual water testing expense of $3,774 reported by the Company be used for purposes of this application.

3. Staff recommends that within 90 days of a Decision in this matter the Company file with Docket Control, as a compliance item in this docket, a detailed plan demonstrating how the Sun Valley/Sweetwater I, PWS #07-195, and Sweetwater II, PWS #07-129 will reduce its water loss to less than 10 percent. If the Company finds that reduction of water loss to less than 10 percent is not cost-effective, the Company should submit, within 90 days of a Decision in this matter, a detailed cost analysis and explanation demonstrating why water loss reduction to less than 10 percent is not cost-effective. In any event, water loss shall not exceed 15 percent.

4. Staff recommends that the Company use the depreciation rates delineated in Table B on a going forward bases.

5. Staff recommends that the charges listed under "Staff's Recommendation" in Table C be adopted along with the adoption of an installation charge of "At Cost" for meter sizes of 8-inch and larger.

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A. LOCATION OF COMPANY

Valencia Water Company - Greater Buckeye Division ("Valencia Greater Buckeye" or "Company") is located approximately 40 miles west of downtown Phoenix in Maricopa County with a certificated area covering approximately 4,300 acres. Figure 1 shows the location of Valencia Greater Buckeye within Maricopa County and Figure 2 shows the certificated area which consists of separate parcels in and around the Town of Buckeye.

B. DESCRIPTION OF THE WATER SYSTEMS

The plant facilities were visited on Aug 3rd and 4th, 2009, by Jian Liu, Staff Utilities Engineer, in the accompaniment of Ron Fleming, and James Taylor of the Company. The Company operates four independent water systems with brief descriptions as follows:

1. Sun Valley/ Sweetwater I, PWS #07-195: This system consists of a well (equipped with a 20 horsepower ("Hp") submersible pump producing 300 gallons per minute ("gpm")) that pumps water into a 125,000 gallon storage tank, three booster pumps then pump the water to a 3,000 gallon pressure tank before delivery to customers through the distribution system. This system serves 408 service connections.

2. Sweetwater II, PWS #07-129: This system is currently being operated as a consecutive water system to the City of Goodyear. During its field inspection Staff observed old water system pumping and storage facilities that were not in service. The old water system facilities that were found not to be used and useful to the Company's provision of service consisted of a well (ADWR ID No. 55-802333), a 157,000 gallon storage tank, two booster pumps, and one 3,400 gallon pressure tank. This system serves 95 service connections.

3. Bulfer/ Primrose, PWS #07-114: This system consists of 1 well (producing approximately 40 gpm) that pumps water into a 130,000 gallon storage tank, three booster pumps then pump the water to a 2,400 gallon pressure tank before delivery to customers through distribution system. This system serves 92 service connections.

4. Sonoran Ridge, PWS #07-732: This system consists of a well (producing approximately 180 gpm), one arsenic treatment system, a 250,000 gallon storage tank, 5,000 gallon pressure tank and distribution system. This system serves 58 service connections.

Combined detailed plant facility listings are as follows:

Table 1. Well Data (active wells only)

Location/No.	ADWR ID #	Pump Hp	Pump GPM	Casing Size	Casing Depth (Feet)	Meter Size
Sun Valley/ Sweetwater I	55-800947	20	300	16 - 20"	747	1 1/2"
Bulfer/ Primrose	55-618513	5	40	8"	273	1 1/2"
Sonoran Ridge	55-572657	40	180	6"	700	4"

Sun Valley/ Sweetwater I, PWS #07-195

Storage Tanks		Pressure Tanks		Booster Pumps	
Capacity (gallons)	Quantity	Capacity (gallons)	Quantity	Capacity (HP)	Quantity
125,000	1	3,000	1	20	1
				25	2
Total 125,000					

Mains		Customer Meters		Fire Hydrants
Size (inches)	Length (feet)	Size (inches)	Quantity	Quantity
4	12,305	5/8x3/4	394	42
6	73,265	3/4	7	
8	13,825	1	7	
10	2,268	2		
		Comp.3		
		Comp.4		
		Total	408	

Bulfer/ Primrose, PWS #07-114

Storage Tanks		Pressure Tanks		Booster Pumps	
Capacity (gallons)	Quantity	Capacity (gallons)	Quantity	Capacity (HP)	Quantity
130,000	1	2,400	1	25	1
				10	2
Total 130,000					

Mains		Customer Meters		Fire Hydrants
Size (inches)	Length (feet)	Size (inches)	Quantity	Quantity
4	1,321	5/8x3/4	81	10
6	563	3/4	3	
8	5,534	1	8	
Unknown	6,655	2		
		Comp.3		
		Comp.4		
		Total	92	

Sonoran Ridge, PWS #07-732

Storage Tanks		Pressure Tanks		Booster Pumps	
Capacity (gallons)	Quantity	Capacity (gallons)	Quantity	Capacity (HP)	Quantity
250,000	1	5,000	1	40	3
				150	2
Total 250,000					

Mains		Customer Meters		Fire Hydrants
Size (inches)	Length (feet)	Size (inches)	Quantity	Quantity
4		5/8x3/4	18	23
6	117	3/4	1	
8	6,031	1	39	
10	4,468	2		
12	640	Comp.3		
16	91	Comp.4		
		Total	58	

C. WATER USE

Water Sold

Based on the information provided by the Company on its Water Use Data Sheets, water use for the year 2008 is presented below for each system.

Water Use, gallons per day ("GPD") per connection

System	High/Mo.	Low/Mo.	Average
Sun Valley/ Sweetwater I	375 in June	179 in Mar.	269
Bulfer/ Primrose	443 in Aug.	223 in Dec.	333
Sonoran Ridge	1,604 in Apr.	250 in Dec.	754
Sweetwater II	472 in Sept.	225 in Mar.	336

Non-Account Water

For each water system, the Company reported the following gallons pumped and gallons sold in 2008, which Staff used to determine the water loss per system:

Table 2. Water Loss

Water System	Gallons Pumped	Gallons Sold	Water loss (%)
Sun Valley/ Sweetwater I, PWS #07-195	48,210,000	39,057,000	19.0
Bulfer/ Primrose, PWS #07-114	11,970,000	11,178,000	6.6
Sonoran Ridge, PWS #07-732	14,762,000	13,384,000	9.3
Sweetwater II, PWS #07-129	13,305,000*	11,586,000	12.9

*Note: Gallons Purchased.

Non-account water should be 10 percent or less and never more than 15 percent. It is important to be able to reconcile the difference between water sold and the water produced by the source. A water balance will allow a water company to identify water and revenue losses due to leakage, theft, and flushing. Staff recommends that within 90 days of a Decision in this matter the Company file with Docket Control, as a compliance item in this docket, a detailed plan demonstrating how the Sun Valley/Sweetwater I, PWS #07-195, and Sweetwater II, PWS #07-129 will reduce its water loss to less than 10 percent. If the Company finds that reduction of water loss to less than 10 percent is not cost-effective, the Company should submit, within 90 days of a Decision in this matter, a detailed cost analysis and explanation demonstrating why water loss reduction to less than 10 percent is not cost-effective. In any event water loss shall not exceed 15 percent.

System Analysis

1. Sun Valley/Sweetwater I, PWS #07-195

The Sun Valley/Sweetwater I has well capacity of 300 gpm and storage capacity of 125,000 gallons. Staff recommends that the Company add additional storage with a minimum storage capacity of 150,000 gallons to the Sun Valley/Sweetwater I water system (PWS #07-195) within one year of the effective date of the order in this proceeding. Staff further recommends that the Company file as a compliance item in this docket within one year of the effective date of the order in this proceeding a copy of the Approval of Construction ("AOC") issued by the Arizona Department of Environmental Quality ("ADEQ") for this storage addition.

Staff concludes that the other Valencia Greater Buckeye water systems have adequate production capacity and storage capacity to serve the existing customer base and reasonable growth.

D. GROWTH

In July 2009, the Company had 600 active customers, and 62 vacant units within its certificated service area. The Company estimates that the customer base will grow at approximately 1 percent per year for the next 5 years. Using the Company's estimate of projected growth the Company will be serving 708 customers in 2013.

E. ADEQ COMPLIANCE

Compliance

ADEQ or its formally delegated agent, the Maricopa County Environmental Services Department ("MCESD"), reported that the Valencia Greater Buckeye drinking water systems are in compliance with regulatory agency requirements and are currently delivering water that meets State and Federal drinking water quality standards required by the Arizona Administrative Code, Title 18, Chapter 4.[1]

Water Testing Expense

The Company reported its total water testing expense as $3,774.05 during the test year, and provided those expenses in tabular form as follows. Staff reviewed this reported amount and supporting documentation. Staff recommends the annual water testing expense of $3,774 reported by the Company be used for purposes of this application.

[1] MCESD Status Reports from May to July 2009 were used to determine compliance.

Table A. Water Testing Cost

Valencia, Greater Buckeye Division - 2008 Testing Expense

Description	Total
Legend Technical Services	2,635.23
GW Lab Services	1,035.00
TestAmerica Laboratories, Inc	103.82
Grand Total	**3,774.05**

F. ARIZONA DEPARTMENT OF WATER RESOURCES ("ADWR") COMPLIANCE

Valencia Greater Buckeye is located in the Phoenix Active Management Area ("AMA") and is subject to its AMA reporting and conservation requirements. Staff received an ADWR compliance status report in May 2009. ADWR reported that Valencia Greater Buckeye is currently in compliance with departmental requirements governing water providers and/or community water systems.

G. ARIZONA CORPORATION COMMISSION ("ACC") COMPLIANCE

A check with the Utilities Division Compliance Section showed no delinquent compliance items for Valencia Greater Buckeye.

H. DEPRECIATION RATES

Staff has developed typical and customary depreciation rates within a range of anticipated equipment life. These rates are presented in Table B. It is recommended that the Company use depreciation rates by individual National Association of Regulatory Utility Commissioners ("NARUC") category, as delineated in Table B.

Table B. Depreciation Rates

NARUC Acct. No.	Depreciable Plant	Average Service Life (Years)	Annual Accrual Rate (%)
304	Structures & Improvements	30	3.33
305	Collecting & Impounding Reservoirs	40	2.50
306	Lake, River, Canal Intakes	40	2.50
307	Wells & Springs	30	3.33
308	Infiltration Galleries	15	6.67
309	Raw Water Supply Mains	50	2.00
310	Power Generation Equipment	20	5.00
311	Pumping Equipment	8	12.5
320	Water Treatment Equipment		
320.1	Water Treatment Plants	30	3.33
320.2	Solution Chemical Feeders	5	20.0
330	Distribution Reservoirs & Standpipes		
330.1	Storage Tanks	45	2.22
330.2	Pressure Tanks	20	5.00
331	Transmission & Distribution Mains	50	2.00
333	Services	30	3.33
334	Meters	12	8.33
335	Hydrants	50	2.00
336	Backflow Prevention Devices	15	6.67
339	Other Plant & Misc Equipment	15	6.67
340	Office Furniture & Equipment	15	6.67
340.1	Computers & Software	3	33.33
341	Transportation Equipment	5	20.00
342	Stores Equipment	25	4.00
343	Tools, Shop & Garage Equipment	20	5.00
344	Laboratory Equipment	10	10.00
345	Power Operated Equipment	20	5.00
346	Communication Equipment	10	10.00
347	Miscellaneous Equipment	10	10.00
348	Other Tangible Plant	----	----

NOTES:

1. These depreciation rates represent average expected rates. Water companies may experience different rates due to variations in construction, environment, or the physical and chemical characteristics of the water.

2. Acct. 348, Other Tangible Plant may vary from 5% to 50%. The depreciation rate would be set in accordance with the specific capital items in this account.

I. OTHER ISSUES

1. Curtailment and Backflow Prevention Tariffs

The Company has approved Curtailment and Backflow Prevention tariffs on file with the ACC.

2. Service Line and Meter Installation Charges

The Company requested permission to change its service line and meter installation charges. These charges are refundable advances and the Company's proposed charges are within Staff's recommended range for these charges. Since the Company may at times install meters on existing service lines, it would be appropriate for some customers to only be charged for the meter installation. Therefore, separate service line and meter charges have been developed by Staff. Staff recommends that the charges listed under "Staff's Recommendation" in Table C be adopted along with the adoption of an installation charge of "At Cost" for meter sizes of 8-inch and larger.

Table C. Service Line and Meter Installation Charges

Meter Size	Current Charges	Proposed Charges	Staff recommended Service Line Charges	Staff (1) recommended Meter Charges	Staff (2) recommended **Total Charges**
5/8 x3/4-inch	485	$600	$445	$155	$600
3/4-inch	485	$700	$445	$255	$700
1-inch	570	$810	$495	$315	$810
1-1/2-inch	740	$1075	$550	$525	$1075
2-inch Turbine	1,235	$1,875	$830	$1045	$1,875
2-inch Compound	1,235	$2,720	$830	$1,890	$2,720
3-inch Turbine	2,340	$2,715	$1045	$1,670	$2,715
3-inch Compound	2,340	$3,710	$1165	$2,545	$3,710
4-inch Turbine	2,700	$4,160	$1,490	$2,670	$4,160
4-inch Compound	2,700	$5,315	$1,670	$3,645	$5,315
6-inch Turbine	5,035	$7,235	$2,210	$5,025	$7,235
6-inch Compound	5,035	$9,250	$2,330	$6,920	$9,250
8-inch & Larger	N/A	At Cost	At Cost	At Cost	At Cost

(1). Meter charge includes meter box or vault.
(2). Costs for boring under highway or pavement are additional, at cost.

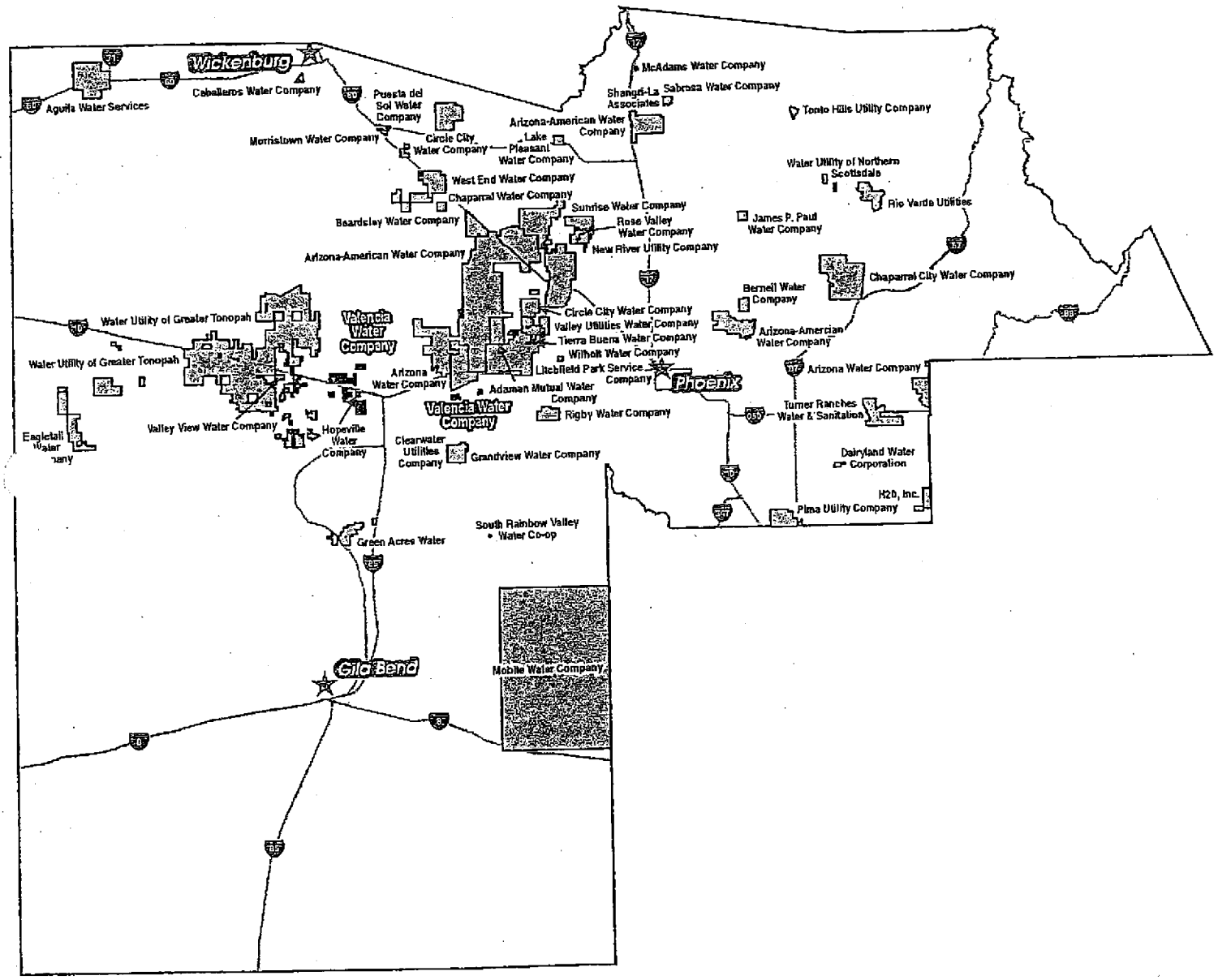

Figure 1: County Map

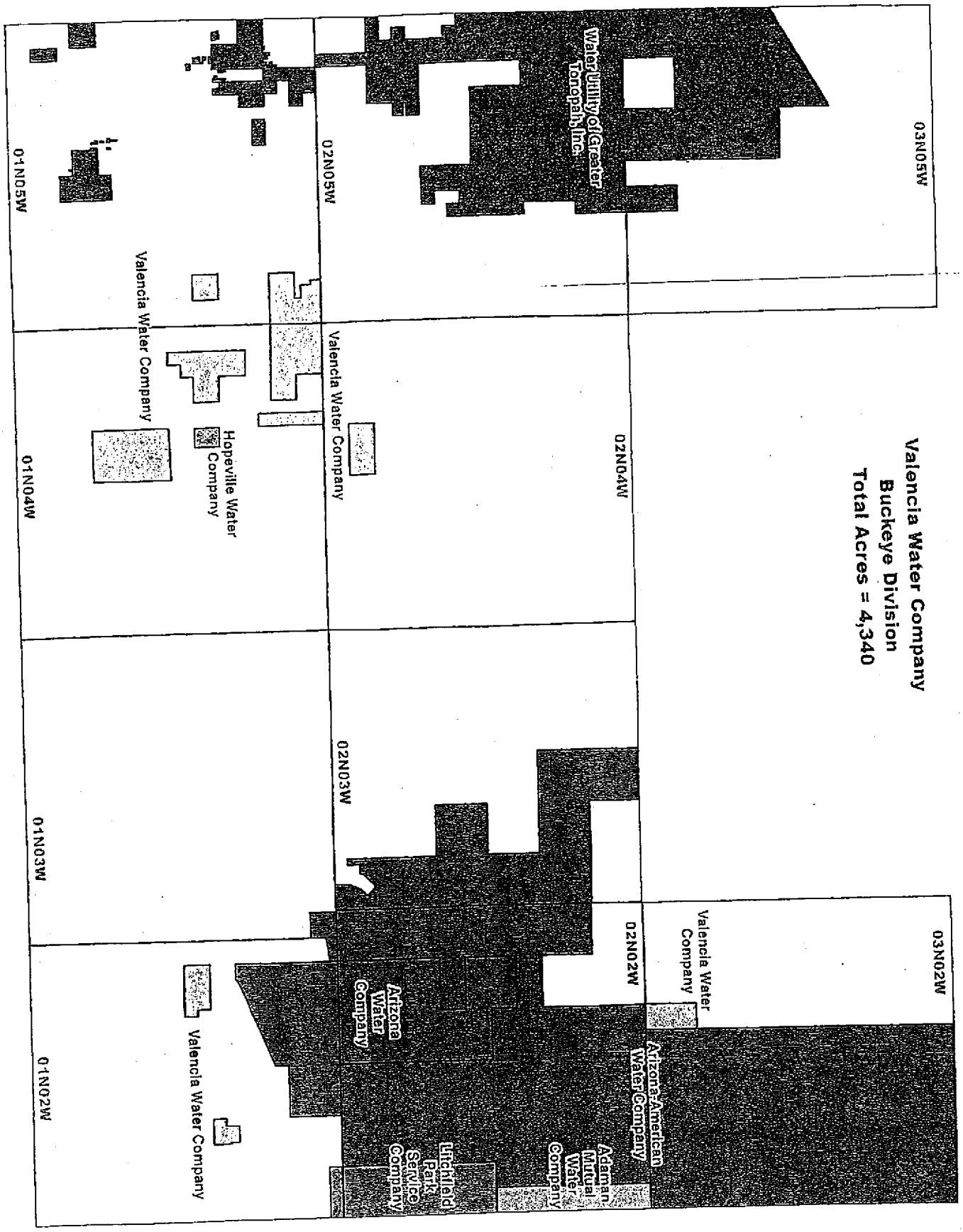

Figure 2: Certificated Area

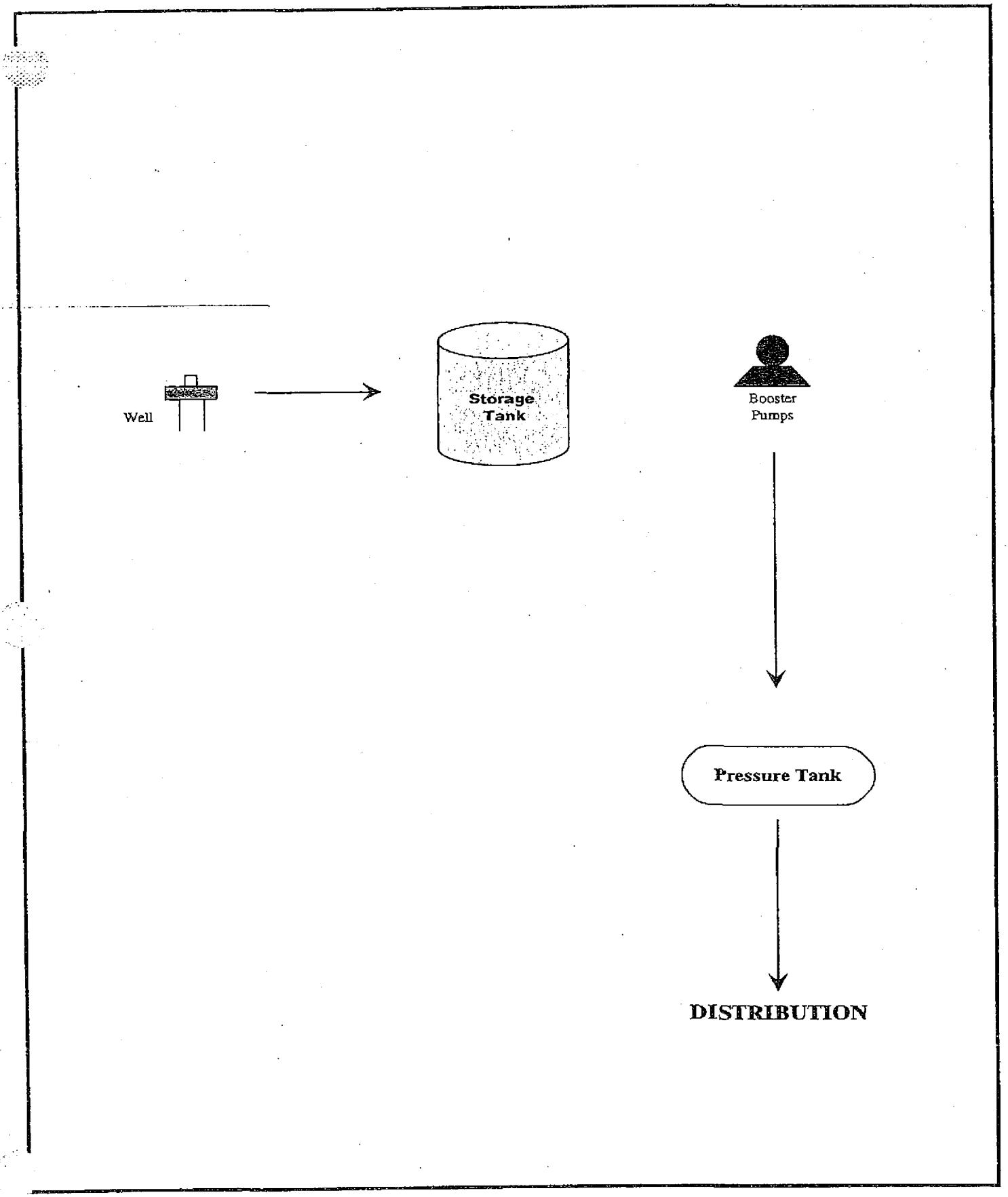

Figure 3: General System Schematic

EXHIBIT JWL-2

ENGINEERING REPORT FOR

WATER UTILITY OF GREATER TONOPAH, INC.

DOCKET NO. W-02450A-09-0081 (RATES)

JIAN W LIU

OCTOBER 13, 2009

Engineering Report for WATER UTILITY OF GREATER TONOPAH, INC.

Docket No. W-02450A-09-0081 (Rates)

By: Jian Liu
Utilities Engineer

October 13, 2009

CONCLUSIONS

1. ADEQ or its formally delegated agent, the Maricopa County Environmental Services Department ("MCESD"), reported that the WUGT drinking water systems are in compliance with regulatory agency requirements and are currently delivering water that meets State and Federal drinking water quality standards required by the Arizona Administrative Code, Title 18, Chapter 4.

2. The Roseview system's current storage capacity of 7,600 gallons is inadequate to serve its 19 connections.

3. WUGT is located in the Phoenix Active Management Area ("AMA") and is subject to its AMA reporting and conservation requirements. Staff received an ADWR compliance status report on May 4, 2009. ADWR reported that WUGT is currently in compliance with departmental requirements governing water providers and/or community water systems.

4. A check with the Utilities Division Compliance Section showed no delinquent compliance items for WUGT.

5. The Company has an approved Curtailment Plan Tariff on file with the Commission.

6. The Company has a Backflow Prevention Tariff on file with the Commission.

7. Garden City (PWS #07-037), WPE #1, WPE #6 (PWS #07-733), Tufte (PWS #07-617), Buckeye Ranch (PWS #07-618), and Dixie (PWS #07-030) reported water loss as:

Water System	Gallons Pumped	Gallons Sold	Water loss (%)
Garden City, PWS #07-037	2,560,000	1,960,000	23.4
WPE #1, PWS #N/A	499,000	342,000	31.5
WPE #6, PWS #07-733	2,530,000	1,758,000	23.4

Tufte, PWS #07-617	514,000	444,000	13.6
Buckeye Ranch, PWS #07-618	13,929,000	12,521,000	10.1
Dixie, PWS #07-030	5,656,000	4,023,000	28.9

RECOMMENDATIONS

1. Staff recommends that the Company install a storage tank with a minimum storage capacity of 3,750 gallons for Roseview (PWS #07-082) within one year of the effective date of the order in this proceeding. Staff further recommends that the Company file, as a compliance item in this docket, within one year of the effective date of the order in this proceeding, a copy of the Approval of Construction ("AOC") issued by ADEQ or MCESD.

2. Staff recommends that within 90 days of a Decision in this matter the Company file with Docket Control, as a compliance item in this docket, a detailed plan demonstrating how the Garden City (PWS #07-037), WPE #1, WPE #6 (PWS #07-733), Tufte (PWS #07-617), Buckeye Ranch (PWS #07-618), and Dixie (PWS #07-030) will reduce its water loss to less than 10 percent. If the Company finds that reduction of water loss to less than 10 percent is not cost-effective, the Company should submit, within 90 days of a Decision in this matter, a detailed cost analysis and explanation for each system demonstrating why water loss reduction to less than 10 percent is not cost-effective. In any event water loss shall not exceed 15 percent.

3. Staff recommends the annual water testing expense of $11,006 reported by the Company be used for purposes of this application.

4. Staff recommends that the Company use the depreciation rates delineated in Table B on a going forward basis.

5. Staff recommends that the charges listed under "Staff's Recommendation" in Table C be adopted along with the adoption of an installation charge of "At Cost" for meter sizes of 8-inch and larger.

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A. LOCATION OF COMPANY

Water Utility of Greater Tonopah, Inc. ("WUGT" or "Company") is located approximately 60 miles west of downtown Phoenix in Maricopa County with a certificated area covering approximately 65,600 acres, or approximately 102 square miles. Figure 1 shows the location of WUGT within Maricopa County and Figure 2 shows the certificated area.

B. DESCRIPTION OF THE WATER SYSTEMS

The plant facilities were visited on Aug 3rd and 4th, 2009, by Jian Liu, Staff Utilities Engineer, in the accompaniment of Ron Fleming, and James Taylor of the Company. The Company operates eight independent water systems with brief descriptions as follows:

1. Garden City, PWS #07-037: This system consists of a well (equipped with a 5 horsepower ("Hp") submersible pump producing 30 gallons per minute ("gpm")) that pumps water into two 12,000 gallon storage tanks, a booster pump then pumps the water to a 2,000 gallon pressure tank before delivery to customers through the distribution system. This system serves 18 service connections.

2. Roseview, PWS #07-082: This system consists of a well (equipped with a 5 Hp submersible pump producing 30 gpm) that pumps water into a 7,600 gallon storage tank, two booster pumps then pump the water to a 1,000 gallon pressure tank before delivery to customers through the distribution system. This system serves 19 service connections. There is a point of use reverse osmosis arsenic treatment system (Watts R.O. KO4) for each service connection.

3. WPE #1, PWS #N/A: This system consists of 1 well (producing approximately 127 gpm) that pumps water into a 5,000 gallons of storage, a booster pump then pumps the water to two 30 gallon pressure tanks before delivery to customers through the distribution system. This system serves 9 service connections. There is a point of use reverse osmosis arsenic treatment system (Watts R.O. KO4) for each service connection.

4. WPE #6, PWS #07-733: This system consists of a well (producing approximately 20 gpm), one arsenic/fluoride treatment system, two storage tanks (one 18,000 gallon, and one 9,500 gallon), a 2,000 gallon pressure tank and distribution system. This system serves 29 service connections.

5. Tufte, PWS #07-617: This system consists of a well (equipped with a 2 Hp submersible pump producing 20 gpm) that pumps water into a 5,400 gallon storage tank, a booster pump then pumps the water to an 800 gallon pressure tank before delivery to customers through the distribution system. This system serves 6 service connections. There is a point of use reverse osmosis arsenic treatment system (Watts R.O. KO4) for each service connection.

6. Buckeye Ranch, PWS #07-618: This system consists of a well (producing approximately 150 gpm), one arsenic treatment system, one 222,000 gallon storage tank, a 5,000 gallon pressure tank and distribution system. This system serves 97 service connections.

7. Dixie, PWS #07-030: This system consists of a well (equipped with two 5 Hp submersible pumps producing 80 gpm) that pumps water into two storage tanks (one 10,000 gallons, and one 5,000 gallons), a booster pump then pumps the water to a 500 gallon pressure tank before delivery to customers through the distribution system. This system serves 41 service connections.

8. Sunshine, PWS #07-071: This system consists of a well (producing approximately 100 gpm), one arsenic treatment system, one 100,000 gallon storage tank, a 5,000 gallon pressure tank and distribution system. This system serves 144 service connections.

Combined detailed plant facility listings are as follows:

Table 1. Well Data (active wells only)

Location/No.	ADWR ID #	Pump Hp	Pump GPM	Casing Size	Casing Depth (Feet)	Meter Size	Year Drilled
Garden City	55-804131	5	30	8"	927	2"	1961
Roseview	55-802143	5	30	16"	1000	1 1/2"	1960
WPE #1	55-600209	3	127	8"	365	2"	1967
WPE #6	55-802145	7.5	20	8"	600	1 1/2"	1978
Tufte	55-802144	2	20	8"	400	2"	1977
Buckeye Ranch	55-802962	10	150	16"	900	4"	1955
Dixie	55-639586	2X2	80	16"	367	2"	1948
Sunshine	55-802141	7.5	100	8"	200	3"	1976

Garden City, PWS #07-037

Storage Tanks		Pressure Tanks		Booster Pumps	
Capacity (gallons)	Quantity	Capacity (gallons)	Quantity	Capacity (HP)	Quantity
12,000	2	2,000	1	5	1
Total 24,000					

Mains		Customer Meters		Fire Hydrants
Size (inches)	Length (feet)	Size (inches)	Quantity	Quantity
4	15,663	5/8x3/4	14	
6	4,557	3/4		
		1	3	
		1.5	1	
		Total	18	

Roseview, PWS #07-082

Storage Tanks		Pressure Tanks		Booster Pumps	
Capacity (gallons)	Quantity	Capacity (gallons)	Quantity	Capacity (HP)	Quantity
7,600	1	1,000	1	3	2
Total 7,600					

Mains		Customer Meters		Fire Hydrants
Size (inches)	Length (feet)	Size (inches)	Quantity	Quantity
		5/8x3/4	18	
6	6,494	3/4	1	
		1		
		Total	19	

WPE #1, PWS #N/A

Storage Tanks		Pressure Tanks		Booster Pumps	
Capacity (gallons)	Quantity	Capacity (gallons)	Quantity	Capacity (HP)	Quantity
5,000	1	30	2	5	1
Total 5,000					

Mains		Customer Meters		Fire Hydrants
Size (inches)	Length (feet)	Size (inches)	Quantity	Quantity
		5/8x3/4	7	
4	33,106	3/4		
		1	2	
		Total	9	

WPE #6, PWS #07-733

Storage Tanks		Pressure Tanks		Booster Pumps	
Capacity (gallons)	Quantity	Capacity (gallons)	Quantity	Capacity (HP)	Quantity
18,000	1	2,000	1	7.5	2
9,500	1				
Total 27,500					

Mains		Customer Meters		Fire Hydrants
Size (inches)	Length (feet)	Size (inches)	Quantity	Quantity
4	36,511	5/8x3/4	29	
6	2,608	3/4		
8	8,528	1		
		Total	29	

Tufte, PWS #07-617

Storage Tanks		Pressure Tanks		Booster Pumps	
Capacity (gallons)	Quantity	Capacity (gallons)	Quantity	Capacity (HP)	Quantity
5,400	1	800	1	5	1
Total 5,400					

Mains		Customer Meters		Fire Hydrants
Size (inches)	Length (feet)	Size (inches)	Quantity	Quantity
2	41	5/8x3/4	6	
4	579	3/4		
6	4,317	1		
		Total	6	

Buckeye Ranch, PWS #07-618

Storage Tanks		Pressure Tanks		Booster Pumps	
Capacity (gallons)	Quantity	Capacity (gallons)	Quantity	Capacity (HP)	Quantity
222,000	1	5,000	1	7.5	1
				10	3
Total 222,000				100	1

Mains		Customer Meters		Fire Hydrants
Size (inches)	Length (feet)	Size (inches)	Quantity	Quantity
4	31,317	5/8x3/4	94	14
6	8,488	3/4		
8	7,776	1	1	
Unknown	62	2	1	
		3	1	
		Total	97	

Dixie, PWS #07-030

Storage Tanks		Pressure Tanks		Booster Pumps	
Capacity (gallons)	Quantity	Capacity (gallons)	Quantity	Capacity (HP)	Quantity
10,000	1	500	1	5	1
5,000	1				
Total 15,000					

Mains		Customer Meters		Fire Hydrants
Size (inches)	Length (feet)	Size (inches)	Quantity	Quantity
2	10,475	5/8x3/4	39	
3	1,464	3/4		
4	3,553	1	2	
8	2,075			
		Total	41	

Sunshine, PWS #07-071

Storage Tanks		Pressure Tanks		Booster Pumps	
Capacity (gallons)	Quantity	Capacity (gallons)	Quantity	Capacity (HP)	Quantity
100,000	1	5,000	1	30	2
Total 100,000					

Mains		Customer Meters		Fire Hydrants
Size (inches)	Length (feet)	Size (inches)	Quantity	Quantity
2	106	5/8x3/4	135	
4	27,155	3/4	2	
6	11,925	1	2	
8	14,659	1.5	1	
12	7,725	2	1	
14	207	6	1	
		Construction	2	
		Total	144	

C. WATER USE

Water Sold

Based on the information provided by the Company on its Water Use Data Sheets, water use for the year 2008 is presented below for each system.

Water Use, gallons per day ("GPD") per connection

System	High/Mo.	Low/Mo.	Average
Garden City, PWS #07-037	581 in Sept	159 in Mar.	299
Roseview, PWS #07-082	593 in June	137 in Mar.	340
WPE #1, PWS #N/A	163 in Nov	60 in Mar.	121
WPE #6, PWS #07-733	255 in Sept	95 in Mar.	166
Tufte, PWS #07-617	382 in July	124 in Oct.	203
Buckeye Ranch, PWS #07-618	500 in Sept	164 in Jan.	354
Dixie, PWS #07-030	377 in June	156 in Jan.	271
Sunshine, PWS #07-071	444 in June	140 in Mar.	302

Non-Account Water

For each water system, the Company reported the following gallons pumped and gallons sold in 2008, which Staff used to determine the water loss per system:

Table 2. Water Loss

Water System	Gallons Pumped	Gallons Sold	Water loss (%)
Garden City, PWS #07-037	2,560,000	1,960,000	**23.4**
Roseview, PWS #07-082	2,413,000	2,212,000	8.3
WPE #1, PWS #N/A	499,000	342,000	**31.5**
WPE #6, PWS #07-733	2,530,000	1,758,000	**23.4**
Tufte, PWS #07-617	514,000	444,000	13.6
Buckeye Ranch, PWS #07-618	13,929,000	12,521,000	10.1
Dixie, PWS #07-030	5,656,000	4,023,000	**28.9**
Sunshine, PWS #07-071	16,375,000	15,745,000	3.8

Non-account water should be 10% or less and never more than 15%. It is important to be able to reconcile the difference between water sold and the water produced by the source. A water balance will allow a water company to identify water and revenue losses due to leakage,

theft; and flushing. Staff recommends that within 90 days of a Decision in this matter the Company file with Docket Control, as a compliance item in this docket, a detailed plan demonstrating how the Garden City (PWS #07-037), WPE #1, WPE #6 (PWS #07-733), Tufte (PWS #07-617), Buckeye Ranch (PWS #07-618), and Dixie (PWS #07-030) will reduce its water loss to less than 10 percent. If the Company finds that reduction of water loss to less than 10 percent is not cost-effective, the Company should submit within, 90 days of a Decision in this matter, a detailed cost analysis and explanation for each system demonstrating why water loss reduction to less than 10 percent is not cost-effective. In any event water loss shall not exceed 15 percent.

System Analysis

1. Roseview, PWS #07-082

The Roseview system's current well capacity of 30 gpm and storage capacity of 7,600 gallons could adequately serve up to 13 connections. However, this system has 19 connections.

Staff recommends that the Company install a storage tank with a minimum storage capacity of 3,750 gallons for Roseview (PWS #07-082) within one year of the effective date of the order in this proceeding. Staff further recommends that the Company file, as a compliance item in this docket, within one year of the effective date of the order in this proceeding, a copy of the Approval of Construction ("AOC") issued by the Arizona Department of Environmental Quality ("ADEQ") or MCESD.

Staff concludes that the other WUGT water systems have adequate production capacity and storage capacity to serve the existing customer base.

D. GROWTH

In July 2009, WUGT had 311 active customers, 60 vacant units. In this changing economic climate it is hard for Staff to predict what level of growth is reasonable. In support of its growth projections WUGT has informed Staff that there are a number of master-planned communities in planning – Belmont, Balterra, Copperleaf, Sierra Negra etc. The Company estimates that the customer base could grow to over 2,000 customers by 2013 if any of the developments materialize as planned. However, if the Company does not improve, the Company estimates 20 customers would be added each year. In this case the customer base would be approximate 500 customers by 2013.

E. ADEQ COMPLIANCE

Compliance

ADEQ or its formally delegated agent, the Maricopa County Environmental Services Department ("MCESD"), reported that the WUGT drinking water systems are in compliance with regulatory agency requirements and are currently delivering water that meets State and Federal drinking water quality standards required by the Arizona Administrative Code, Title 18, Chapter 4. (MCESD reports dated Nov 2008 to July 2009).

Water Testing Expense

The Company reported its total water testing expense as $11,006.29 during the test year, and provided those expenses in tabular form as follows. Staff reviewed this reported amount and supporting documentation. Staff recommends the annual water testing expense of $11,006 reported by the Company be used for purposes of this application.

Table 1 Water Testing Cost

WUGT - 2008 Testing Expense

Description	Total
Legend Technical Services	9,740.87
GW Lab Services	1,068.00
TestAmerica Laboratories, Inc	117.42
Metering Services, Inc	80.00
Grand Total	**11,006.29**

F. ARIZONA DEPARTMENT OF WATER RESOURCES COMPLIANCE

WUGT is located in the Phoenix Active Management Area ("AMA") and is subject to its AMA reporting and conservation requirements. Staff received an ADWR compliance status report on May 4, 2009. ADWR reported that WUGT is currently in compliance with departmental requirements governing water providers and/or community water systems.

G. ARIZONA CORPORATION COMMISSION COMPLIANCE

A check with the Utilities Division Compliance Section showed no delinquent compliance items for WUGT. (ACC Compliance Section Email dated 8/5/09)

H. DEPRECIATION RATES

Staff has developed typical and customary depreciation rates within a range of anticipated equipment life. These rates are presented in Table B. It is recommended that the Company use depreciation rates by individual NARUC category, as delineated in Table B.

Table B. Depreciation Rates

NARUC Acct. No.	Depreciable Plant	Average Service Life (Years)	Annual Accrual Rate (%)
304	Structures & Improvements	30	3.33
305	Collecting & Impounding Reservoirs	40	2.50
306	Lake, River, Canal Intakes	40	2.50
307	Wells & Springs	30	3.33
308	Infiltration Galleries	15	6.67
309	Raw Water Supply Mains	50	2.00
310	Power Generation Equipment	20	5.00
311	Pumping Equipment	8	12.5
320	Water Treatment Equipment		
320.1	Water Treatment Plants	30	3.33
320.2	Solution Chemical Feeders	5	20.0
330	Distribution Reservoirs & Standpipes		
330.1	Storage Tanks	45	2.22
330.2	Pressure Tanks	20	5.00
331	Transmission & Distribution Mains	50	2.00
333	Services	30	3.33
334	Meters	12	8.33
335	Hydrants	50	2.00
336	Backflow Prevention Devices	15	6.67
339	Other Plant & Misc Equipment	15	6.67
340	Office Furniture & Equipment	15	6.67
340.1	Computers & Software	3	33.33
341	Transportation Equipment	5	20.00
342	Stores Equipment	25	4.00
343	Tools, Shop & Garage Equipment	20	5.00
344	Laboratory Equipment	10	10.00
345	Power Operated Equipment	20	5.00
346	Communication Equipment	10	10.00
347	Miscellaneous Equipment	10	10.00
348	Other Tangible Plant	----	----

NOTES:

1. These depreciation rates represent average expected rates. Water companies may experience different rates due to variations in construction, environment, or the physical and chemical characteristics of the water.

2. Acct. 348, Other Tangible Plant may vary from 5% to 50%. The depreciation rate would be set in accordance with the specific capital items in this account.

I. OTHER ISSUES

1. Curtailment Plan Tariff

The Company has an approved Curtailment Plan Tariff on file with the Commission.

2. Backflow Prevention Tariff

The Company has an approved Backflow Prevention Tariff on file with the Commission.

3. Service Line and Meter Installation Charges

The Company requested permission to change its service line and meter installation charges. These charges are refundable advances and the Company's proposed charges are within Staff's recommended range for these charges. Since the Company may at times install meters on existing service lines, it would be appropriate for some customers to only be charged for the meter installation. Therefore, separate service line and meter charges have been developed by Staff. Staff recommends that the charges listed under "Staff's Recommendation" in Table C be adopted along with the adoption of an installation charge of "At Cost" for meter sizes of 8-inch and larger.

Table C. Service Line and Meter Installation Charges

Meter Size	Current Charges	Proposed Charges	Staff recommended Service Line Charges	Staff[1] recommended Meter Charges	Staff[2] recommended **Total Charges**
5/8 x3/4-inch	485	$600	$445	$155	$600
3/4-inch	485	$700	$445	$255	$700
1-inch	570	$810	$495	$315	$810
1-1/2-inch	775	$1075	$550	$525	$1075
2-inch Turbine	1,900	$1,875	$830	$1045	$1,875
2-inch Compound	1,900	$2,720	$830	$1,890	$2,720
3-inch Turbine	2,490	$2,715	$1045	$1,670	$2,715
3-inch Compound	2,490	$3,710	$1165	$2,545	$3,710
4-inch Turbine	3,615	$4,160	$1,490	$2,670	$4,160
4-inch Compound	3,615	$5,315	$1,670	$3,645	$5,315
6-inch Turbine	6,810	$7,235	$2,210	$5,025	$7,235
6-inch Compound	6,810	$9,250	$2,330	$6,920	$9,250
8-inch & Larger	N/A	At Cost	At Cost	At Cost	At Cost

(1). Meter charge includes meter box or vault.
(2). Costs for boring under highway or pavement are additional, at cost.

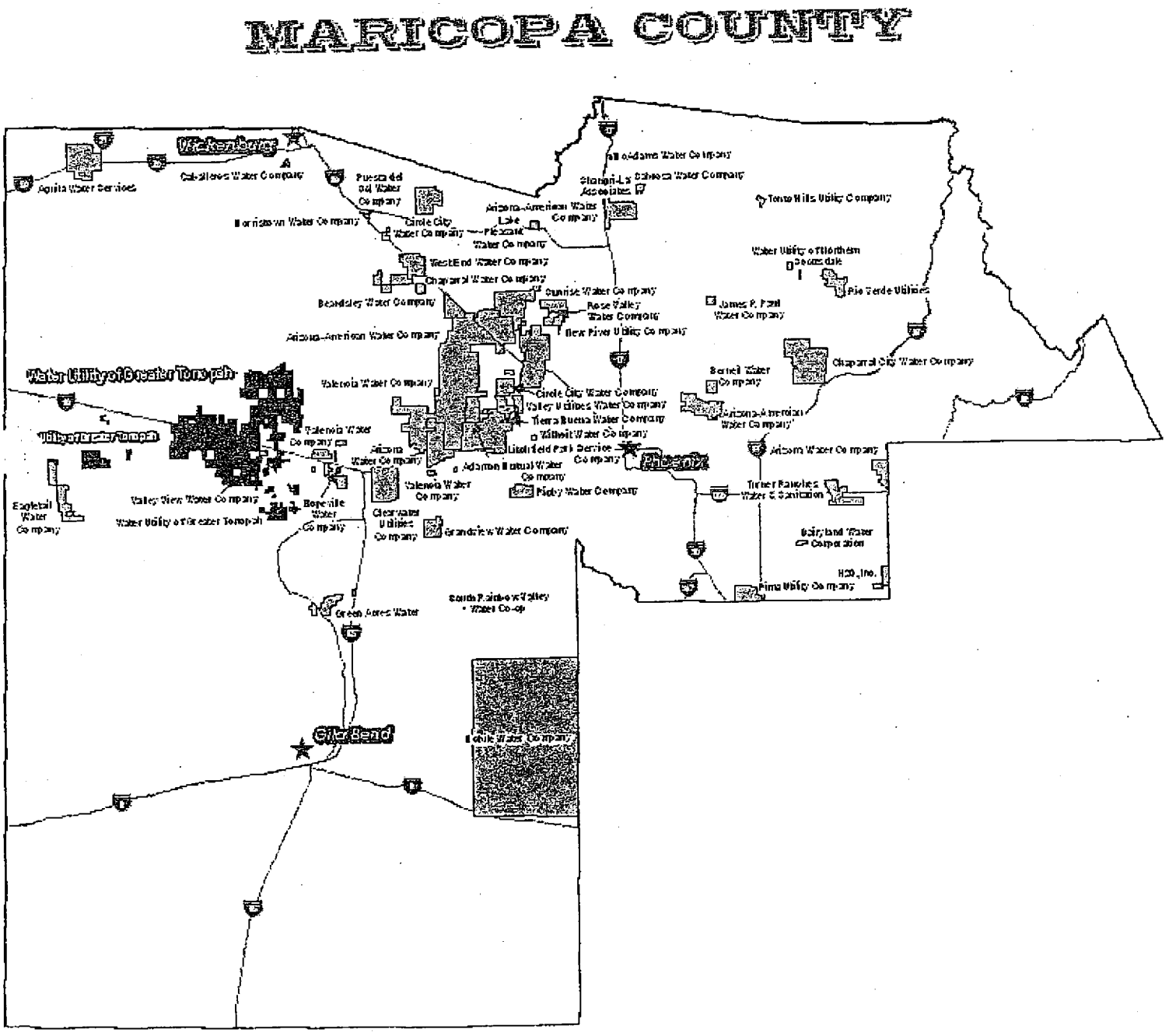


Figure 1: Maricopa County Map

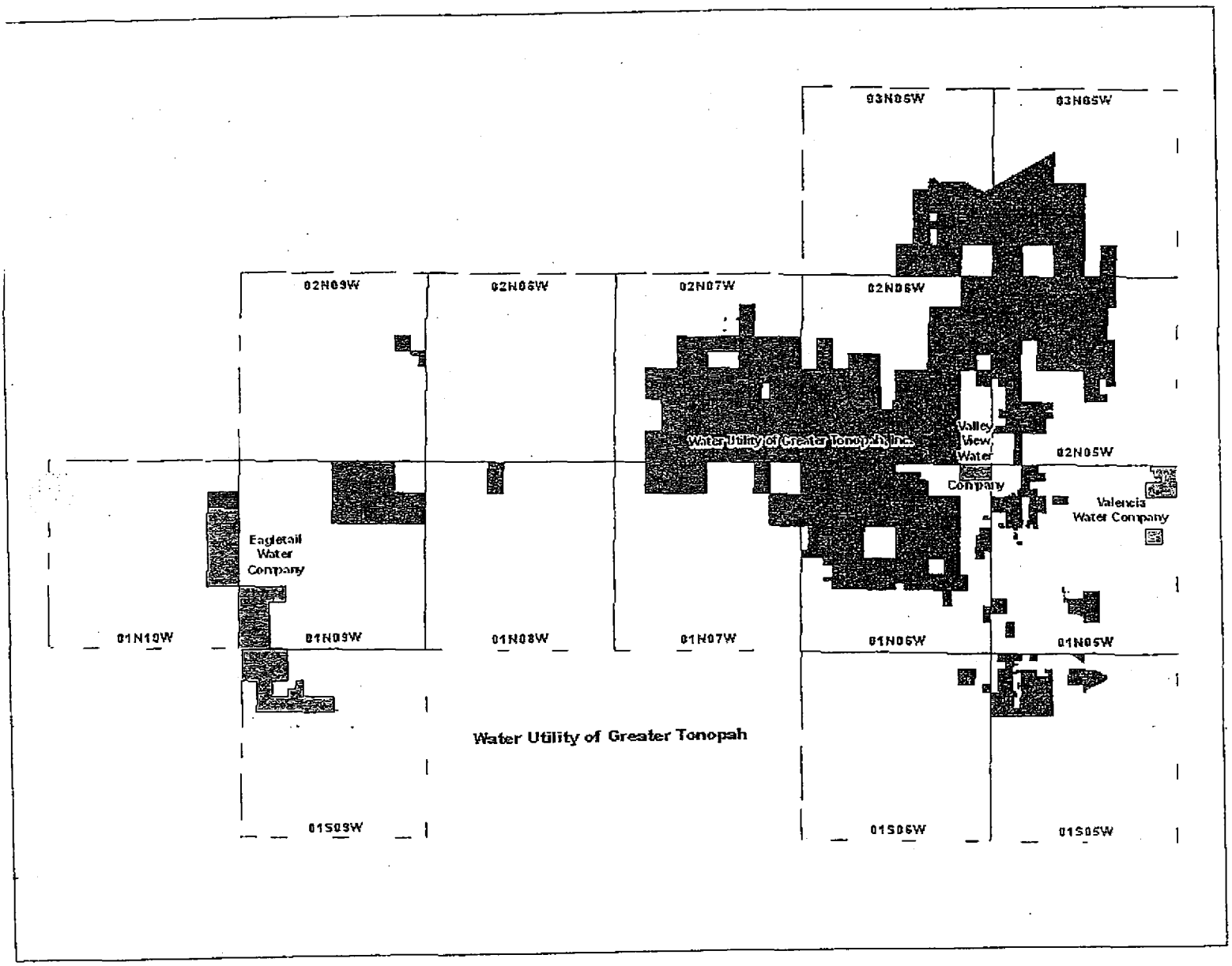


Figure 2: Certificated Areas

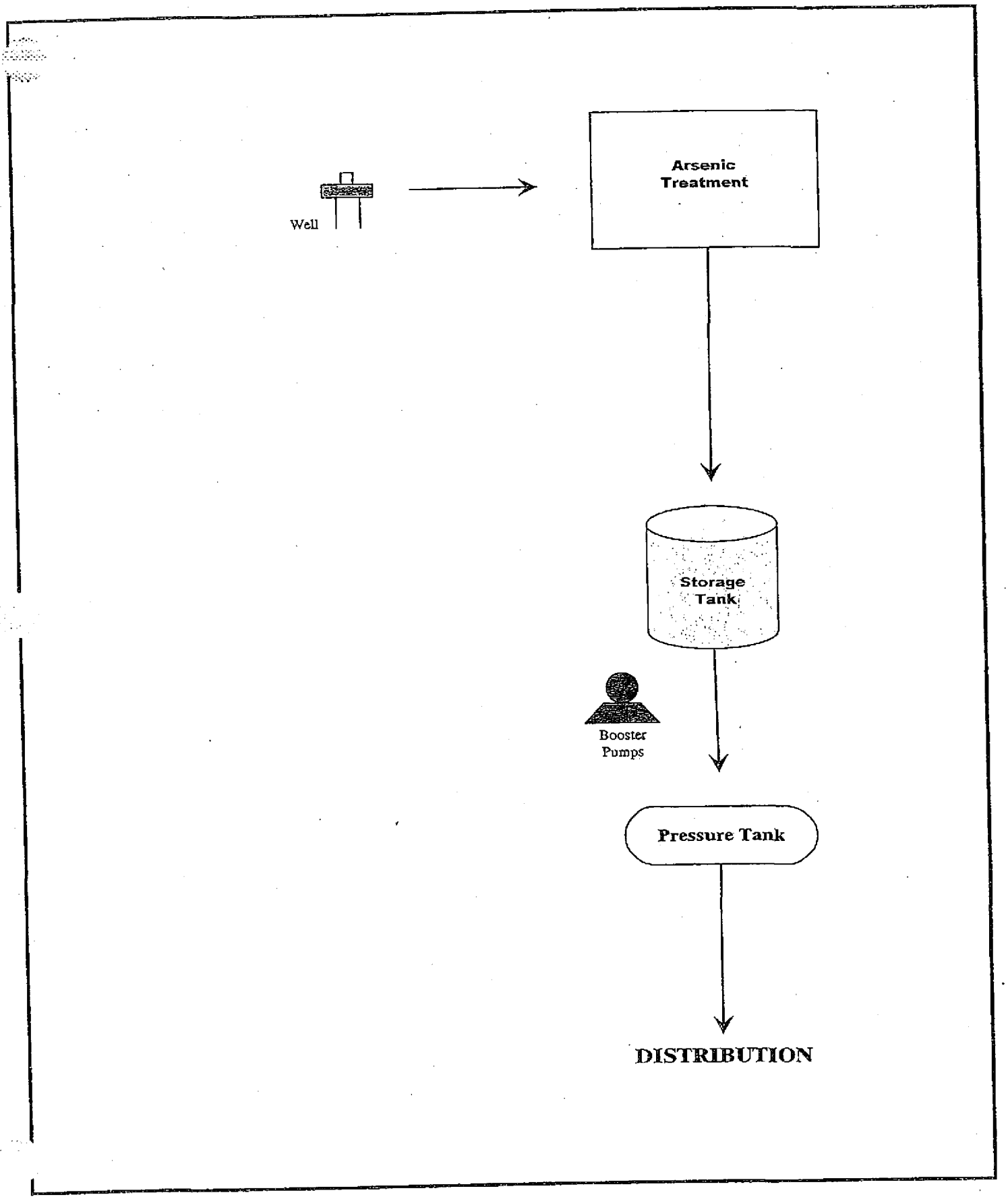


Figure 3: General System Schematic

EXHIBIT JWL-3

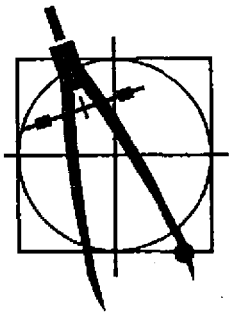
ENGINEERING REPORT FOR

VALENCIA WATER COMPANY, INC.,

DOCKET NO. W-01212A-09-0082 (RATES)

JIAN W LIU

OCTOBER 13, 2009



Engineering Report for:
Valencia Water Company, Inc. for a Rate Increase
Docket No. W-01212A-09-0082 (Rates)

By: Jian W Liu
Utilities Engineer

October 13, 2009

EXECUTIVE SUMMARY

CONCLUSIONS:

1. ADEQ or its formally delegated agent, the Maricopa County Environmental Services Department ("MCESD"), reported that the Valencia-Town drinking water system (PWS Number 07-078) is in compliance with regulatory agency requirements and is currently delivering water that meets State and Federal drinking water quality standards required by the Arizona Administrative Code, Title 18, Chapter 4.

2. Valencia-Town is located in the Phoenix Active Management Area ("AMA") and is subject to its AMA reporting and conservation requirements. Staff received an ADWR compliance status report in May 2009. ADWR reported that Valencia-Town is currently in compliance with departmental requirements governing water providers and/or community water systems.

3. Staff concludes that the Valencia-Town drinking water system has adequate production capacity and storage capacity to serve the existing customer base and reasonable growth rate.

4. The Company has an approved Curtailment Plan Tariff on file with the Commission.

5. The Company has a Backflow Prevention Tariff on file with the Commission.

6. A check with the Utilities Division Compliance Section showed no delinquent compliance items for Valencia–Town.

RECOMMENDATIONS

1. Staff recommends that the Company use Staff's depreciation rates by individual National Association of Regulatory Utility Commissioners category as delineated in Table B of Exhibit JWL-3.

2. Staff recommends the annual water testing expense of $33,729 reported by the Company be used for purposes of this application.

3. Staff recommends that the charges listed under "Staff's Recommendation" in Table C be adopted along with the adoption of an installation charge of "At Cost" for meter sizes of 8-inch and larger.

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FIGURES

County Map	FIGURE 1
Certificated Area	FIGURE 2
Process Schematic	FIGURE 3

A. LOCATION OF COMPANY

Valencia Water Company - Town Division ("Valencia-Town" or "Company") is located approximately 40 miles west of downtown Phoenix in Maricopa County with a certificated area covering approximately 7,500 acres. Figure 1 shows the location of Valencia-Town within Maricopa County and Figure 2 shows the certificated area.

B. DESCRIPTION OF THE WATER SYSTEM

The plant facilities were visited on Aug 3rd and 4th, 2009, by Jian Liu, Staff Utilities Engineer, in the accompaniment of Ron Fleming, and James Taylor of the Company.

The facility consists of 9 active wells with total pumping capacity of over 4,100 gallon per minute ("GPM"), 6 arsenic treatment systems ("ATS"), 16 storage tanks with total storage capacity of 4,530,000 gallons, hydro-pneumatic systems and a distribution system serving approximately 5,400 connections. Figure 3 provides a process schematic for the water system. Staff concludes that the Valencia-Town has adequate production capacity and storage capacity to serve the existing customer base and reasonable growth.

(Tabular Description of Water System)

Well Data (active wells only)

ADWR ID No.	Pump HP	Pump GPM	Casing Depth(ft)	Casing Size(in)	Meter Size(in)	Year Drilled
55- 201740 Sonoran Vista NE	150	700	645	11	6	2004
55- 202399 Riata Well #2	125	525	660	11	8	2004
55- 202400 Bales School Well	50	750	550	11	4	2004
55- 207806 4th & Central	25	410	820	10 3/4	6	2006
55- 577508 4th & Baseline Large Well #2	60	600	620	8	6	2000
55- 592220 Blue Hills Deep Well #2	60	350	580	11	6	2002
55- 595258 Sonoran Vista SW	100	500	750	11	6	2003
55- 599204 Blue Hills Shallow Well #1	20	110	320	8 3/4	4	2003
55- 599950 7th & Alarcon Large Well #2	50	250	800	10	4	2004

Note: GPM = gallons per minute.

Storage Tanks		Pressure Tanks		Booster Pumps	
Capacity (gallons)	Quantity	Capacity (gallons)	Quantity	Capacity (HP)	Quantity
25,000	2	100	1	5	2
50,000	3	119	2	15	8
100,000	2	3,000	1	20	3
180,000	1	5,000	5	25	8
195,000	1	6,000	1	30	3
215,000	1			40	6
240,000	1			50	4
500,000	2			60	2
650,000	1			100	2
750,000	1			150	2
900,000	1				
Total 4,530,000					

Mains		Customer Meters		Fire Hydrants
Size (inches)	Length (feet)	Size (inches)	Quantity	Quantity
1	79	5/8x3/4	5076	718
2	2,068	3/4	103	
3	1,415	1	115	
4	24,461	1.5	14	
6	56,183	2	107	
8	332,881	3	1	
10	7,010	6	4	
12	76,314	Construction Meters	14	
16	50,019			
18	8,026			
Unknown	1,754	Total	5,434	

C. ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY COMPLIANCE ("ADEQ")

ADEQ or its formally delegated agent, the Maricopa County Environmental Services Department ("MCESD"), reported that the Valencia-Town drinking water system (PWS Number 07-078) is in compliance with regulatory agency requirements and is currently delivering water that meets State and Federal drinking water quality standards required by the Arizona Administrative Code,Title 18, Chapter 4. (MCESD report dated 5/5/09)

D. ARIZONA CORPORATION COMMISSION ("ACC") COMPLIANCE

A check with the Utilities Division Compliance Section showed no delinquent compliance items for Valencia-Town. (ACC Compliance Section Email dated 8/5/09)

E. ARIZONA DEPARTMENT OF WATER RESOURCES ("ADWR") COMPLIANCE

Valencia-Town is located in the Phoenix Active Management Area ("AMA") and is subject to its AMA reporting and conservation requirements. Staff received an ADWR compliance status report in May 2009. ADWR reported that Valencia-Town is currently in compliance with departmental requirements governing water providers and/or community water systems.

F. WATER TESTING EXPENSES

Since Valencia-Town drinking water system serves more than 5,000 customers, the Company does not participate in the Monitoring Assistance Program. The Company reported its total water testing expense as $33,729.06 during the test year, and provided those expenses in tabular form as follows. Staff reviewed this reported amount and supporting documentation. Staff recommends the annual water testing expense of $33,729 reported by the Company be used for purposes of this application.

Table 1 Water Testing Cost

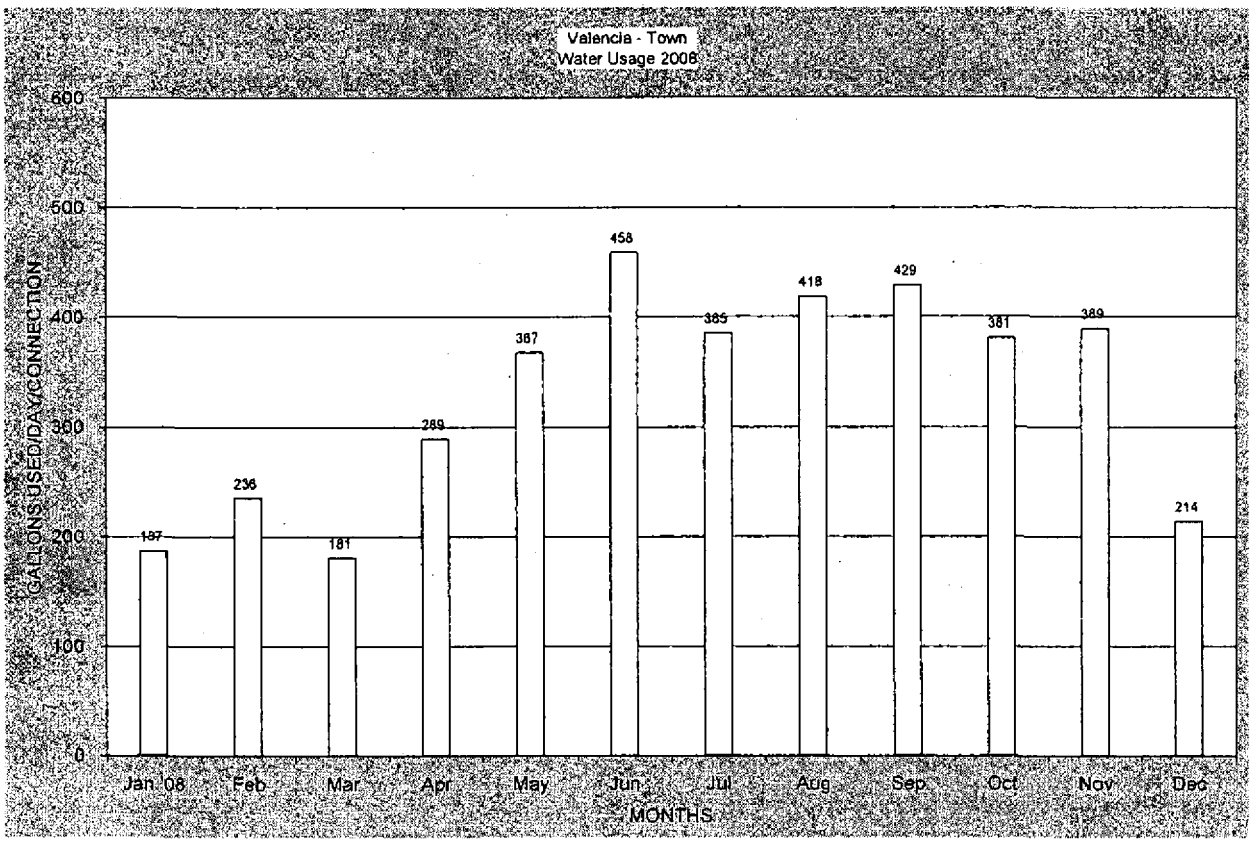
Valencia, Town Division - 2008 Testing Expense

Description	Total
Legend Technical Services	29,651.56
GW Lab Services	2,752.90
TestAmerica Laboratories, Inc	873.48
Statewide Disinfection Service	300.00
Metering Services, Inc	90.00
Mountain States Pipe and Supply	55.00
WVR Supplies for testing	6.12
Grand Total	**33,729.06**

G. WATER USE

Water Sold

Based on the information provided by the Company, water use for the year 2008 is presented below. The high monthly domestic water use was 458 gal/day per service connection in June and the low monthly domestic water use was 181 gal/day per service connection in March. The average annual use was 328 gal/day per service connection.



Non-account Water

Non-account water should be 10% or less and never more than 15%. It is important to be able to reconcile the difference between water sold and the water produced by the source. A water balance will allow a water company to identify water and revenue losses due to leakage, theft, and flushing. The Company reported 691,866,000 gallons pumped and 635,251,000 gallons sold, resulting in a water loss of 8.18% for 2008. Non-account water is within acceptable limits.

H. GROWTH

In July 2009, the Company had 5,019 active customers and 509 vacant units within its certificated service area. The Company estimates that the customer base will grow at approximately 2% per year for the next 5 years. Using the Company's estimate of projected growth the Company will be serving 6,197 customers in 2013.

I. DEPRECIATION RATES

Staff recommends that the Company use Staff's depreciation rates by individual NARUC category on a going forward bases. Individual depreciation rates by NARUC category are presented in Table B.

Table B. Depreciation Rates

NARUC Acct. No.	Depreciable Plant	Average Service Life (Years)	Annual Accrual Rate (%)
304	Structures & Improvements	30	3.33
305	Collecting & Impounding Reservoirs	40	2.50
306	Lake, River, Canal Intakes	40	2.50
307	Wells & Springs	30	3.33
308	Infiltration Galleries	15	6.67
309	Raw Water Supply Mains	50	2.00
310	Power Generation Equipment	20	5.00
311	Pumping Equipment	8	12.5
320	Water Treatment Equipment		
320.1	Water Treatment Plants	30	3.33
320.2	Solution Chemical Feeders	5	20.0
330	Distribution Reservoirs & Standpipes		
330.1	Storage Tanks	45	2.22
330.2	Pressure Tanks	20	5.00
331	Transmission & Distribution Mains	50	2.00
333	Services	30	3.33
334	Meters	12	8.33
335	Hydrants	50	2.00
336	Backflow Prevention Devices	15	6.67
339	Other Plant & Misc Equipment	15	6.67
340	Office Furniture & Equipment	15	6.67
340.1	Computers & Software	5	20.00
341	Transportation Equipment	5	20.00

342	Stores Equipment	25	4.00
343	Tools, Shop & Garage Equipment	20	5.00
344	Laboratory Equipment	10	10.00
345	Power Operated Equipment	20	5.00
346	Communication Equipment	10	10.00
347	Miscellaneous Equipment	10	10.00
348	Other Tangible Plant	---	----

NOTES:

1. These depreciation rates represent average expected rates. Water companies may experience different rates due to variations in construction, environment, or the physical and chemical characteristics of the water.

2. Acct. 348, Other Tangible Plant may vary from 5% to 50%. The depreciation rate would be set in accordance with the specific capital items in this account.

J. CURTAILMENT PLAN AND BACKFLOW PREVENTION TARIFFS

The Company has approved Curtailment Plan and Backflow Prevention Tariffs on file with the Commission.

K. METER AND SERVICE LINE INSTALLATION CHARGES

The Company requested permission to change its service line and meter installation charges. These charges are refundable advances and the Company's proposed charges are within Staff's recommended range for these charges. Since the Company may at times install meters on existing service lines, it would be appropriate for some customers to only be charged for the meter installation. Therefore, separate service line and meter charges have been developed by Staff. Staff recommends that the charges listed under "Staff's Recommendation" in Table C be adopted along with the adoption of an installation charge of "At Cost" for meter sizes of 8-inch and larger.

Table C. Service Line and Meter Installation Charges

Meter Size	Current Charges	Proposed Charges	Staff recommended Service Line Charges	Staff[1] recommended *Meter Charges	Staff[2] recommended **Total Charges**
5/8 x3/4-inch	360	$600	$445	$155	$600
3/4-inch	360	$700	$445	$255	$700
1-inch	400	$810	$495	$315	$810
1-1/2-inch	630	$1075	$550	$525	$1075
2-inch Turbine	880	$1,875	$830	$1045	$1,875
2-inch Compound	880	$2,720	$830	$1,890	$2,720
3-inch Turbine	1,040	$2,715	$1045	$1,670	$2,715
3-inch Compound	1,040	$3,710	$1165	$2,545	$3,710
4-inch Turbine	2,890	$4,160	$1,490	$2,670	$4,160
4-inch Compound	2,890	$5,315	$1,670	$3,645	$5,315
6-inch Turbine	4,020	$7,235	$2,210	$5,025	$7,235
6-inch Compound	4,020	$9,250	$2,330	$6,920	$9,250
8-inch & Larger	N/A	At Cost	At Cost	At Cost	At Cost

(1). Meter charge includes meter box or vault.
(2). Costs for boring under highway or pavement are additional, at cost.

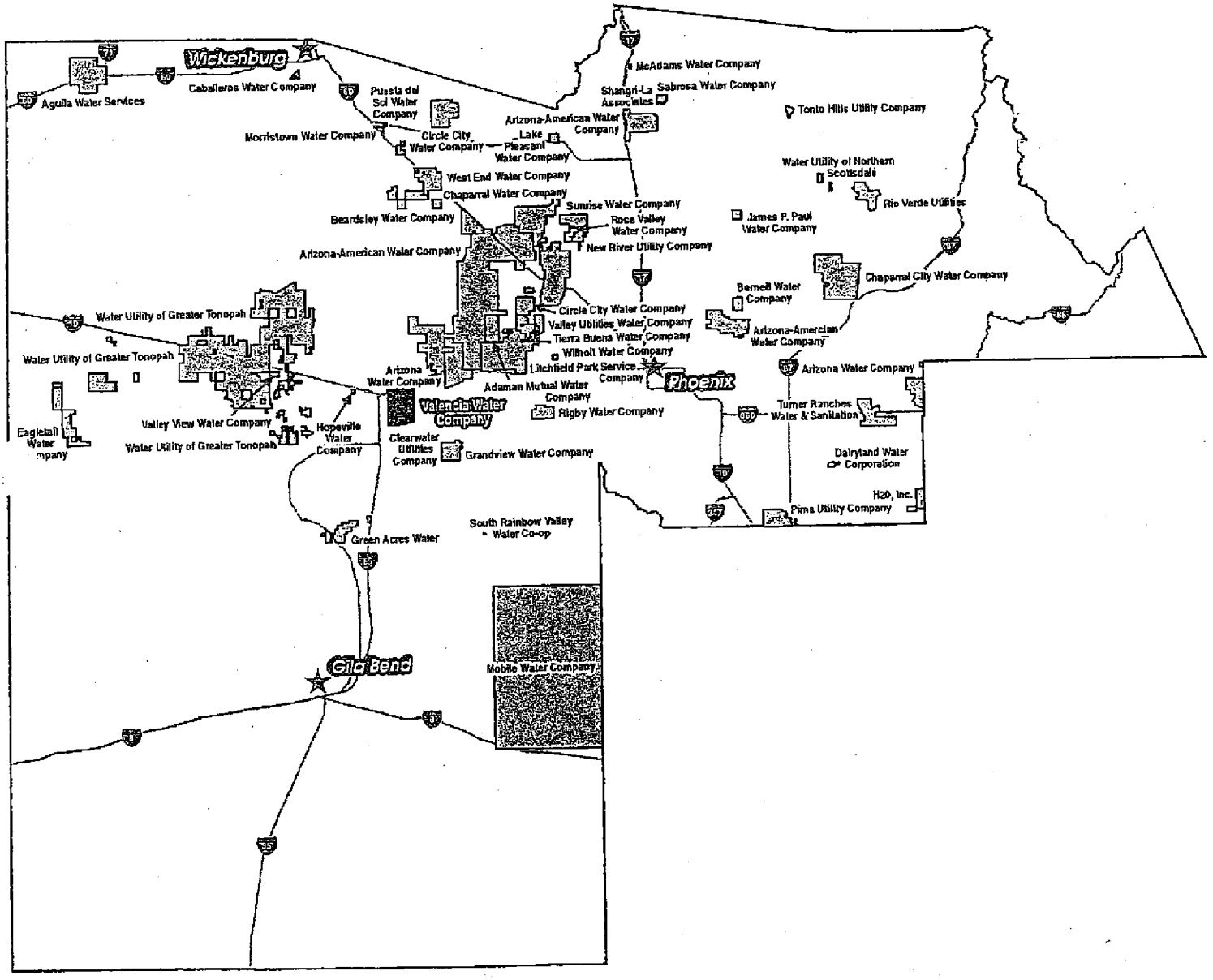


Figure 1: County Map

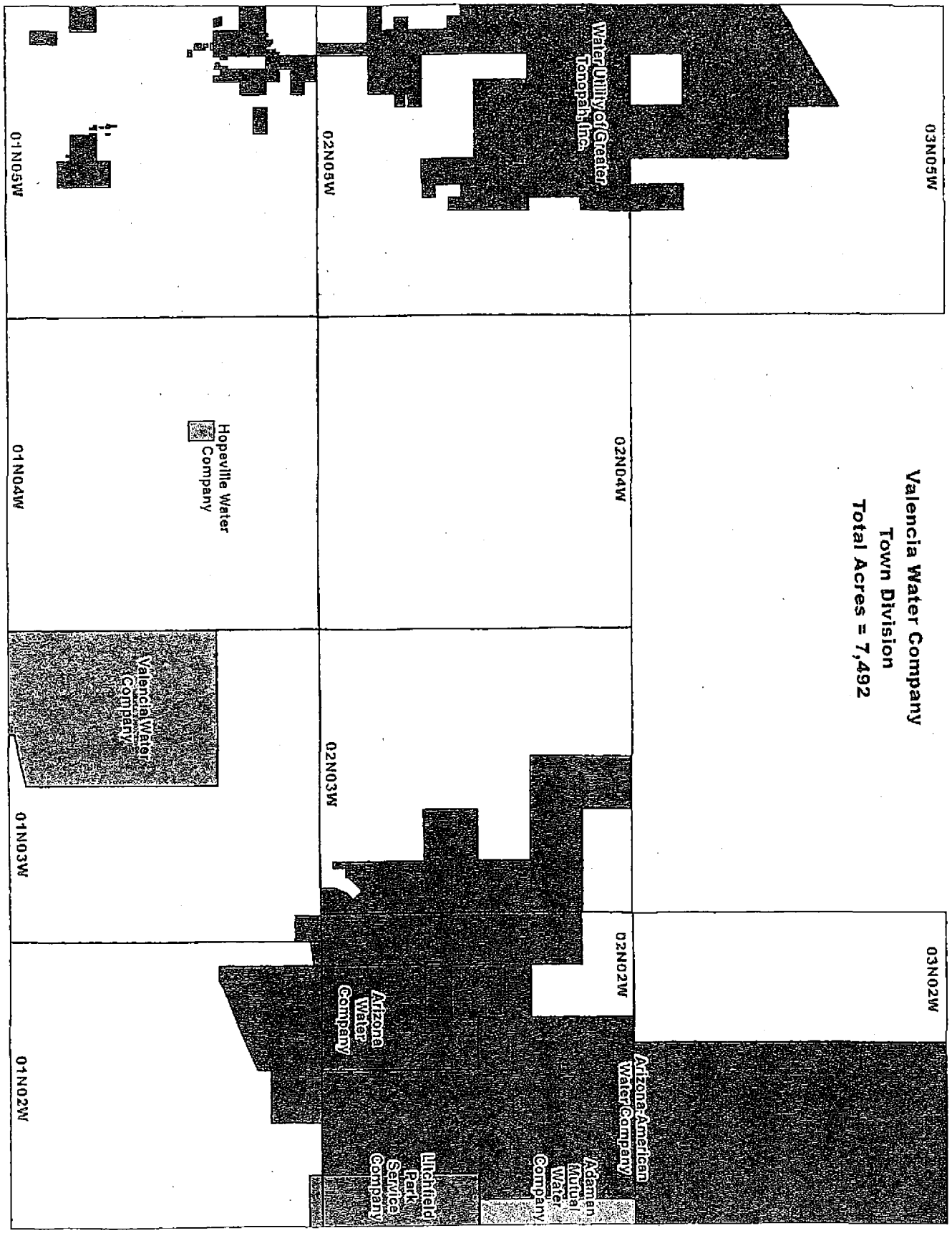


Figure 2: Certificated Area

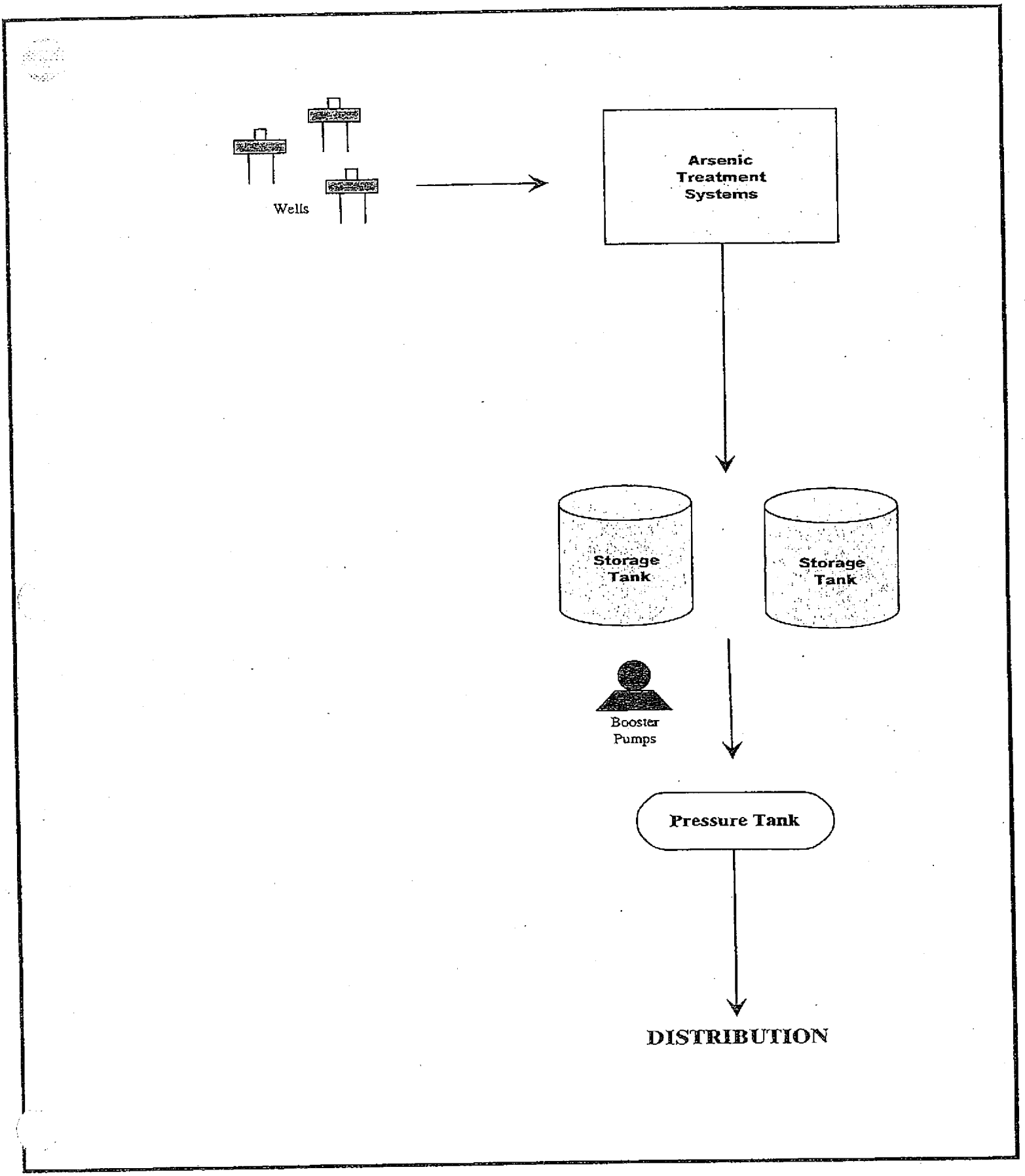


Figure 3: General System Schematic

EXHIBIT JWL-4

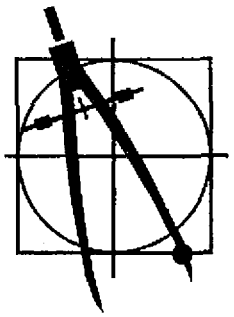
ENGINEERING REPORT FOR

SANTA CRUZ WATER COMPANY

DOCKET NO. W-20446A-09-0080 (RATES)

JIAN W LIU

OCTOBER 13, 2009



Engineering Report for:
Santa Cruz Water Company for a Rate Increase
Docket No. W-20446A-09-0080 (Rates)

By: Jian W Liu
Utilities Engineer

October 13, 2009

EXECUTIVE SUMMARY

CONCLUSIONS:

1. ADEQ regulates the Company's Water System under ADEQ Public Water System ("PWS") #11-131. Based on compliance information submitted by the Company, the system has no deficiencies and ADEQ has determined that the system is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, and Chapter 4. (ADEQ reports dated 12/9/08).

2. Santa Cruz Water Company ("Santa Cruz" or "Company") is located in the Pinal Active Management Area ("AMA") and is subject to its AMA reporting and conservation requirements. Staff received an ADWR compliance status report in April 2009. ADWR reported that Santa Cruz is currently in compliance with departmental requirements governing water providers and/or community water systems.

3. Staff concludes that the Santa Cruz has adequate production capacity and storage capacity to serve the existing customer base and reasonable growth.

4. A check with the Utilities Division Compliance Section showed no delinquent compliance items for Santa Cruz.

5. Staff inspected Santa Cruz's Southwest Water Treatment and Distribution Plant (Terrazzo). This Plant was not in service and therefore not used and useful during Staff's field inspection.

6. Santa Cruz has approved Curtailment Plan and Backflow Prevention Tariffs on file with the Commission.

RECOMMENDATIONS

1. Staff recommends that the Company use Staff's depreciation rates by individual National Association of Regulatory Utility Commissioners category as delineated in Table B of Exhibit JWL-4.

2. Staff recommends the annual water testing expense of $36,113 reported by the Company be used for purposes of this application.

3. Staff recommends that the charges listed under "Staff's Recommendation" in Table C be adopted along with the adoption of an installation charge of "At Cost" for meter sizes of 8-inch and larger.

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A. LOCATION OF COMPANY

Global Water - Santa Cruz Water Company ("Santa Cruz" or "Company") is an Arizona public service corporation authorized to provide water service within portions of Pinal County, Arizona. Santa Cruz provided water service to 15,196 customers as of July 31, 2009. Figure 1 shows the location of Santa Cruz within Pinal County and Figure 2 shows the certificated area.

B. DESCRIPTION OF THE WATER SYSTEM

The plant facilities were visited on Aug 18th and 19th, 2009, by Jian Liu, Staff Utilities Engineer, in the accompaniment of Ed Borromeo, and Scott Thomas of the Company.

The facility consists of 5 active wells with total pumping capacity of over 9,800 gallon per minute ("GPM") for potable water use, 5 active wells with total pumping capacity of over 6,300 GPM for construction, golf course, irrigation, and lake water use purposes only, 5 storage tanks with total storage capacity of 6,500,000 gallons, hydro-pneumatic systems and a distribution system serving approximately 15,000 connections. Figure 3 provides a process schematic for the water system. Staff concludes that the Santa Cruz has adequate production capacity and storage capacity to serve the existing customer base and reasonable growth.

Staff inspected Santa Cruz's Southwest Water Treatment and Distribution Plant (Terrazzo). This Plant was not in service and therefore not used and useful during Staff's field inspection.

(Tabular Description of Water System)

Well Data (active wells only)

ADWR ID No.	Pump HP	Pump GPM	Casing Depth(ft)	Casing Size(in)	Meter Size(in)	Year Drilled
55- 612737 Smith	100	1070	1000	20	8	1972
55- 617336 Vance	250	1965	800	20	10	1973
55- 621407 Neely West	350	1980	700	12	10	1955
55- 621406 Neely North	400	2000	1000	12	10	1955
55- 509941 Rancho Mirage	400	2800	1100	16	N/A	1985
55- 621410 Porter *	100	1000	400	20	10	1955
55- 801069 Cobblestone *	200	1280	600	12	10	1957
55- 624037 Glennwilde *	200	1650	1992	18	N/A	1965
55- 622132 Maricopa Meadows *	UNK	600	600	20	4	1976
55- 612247 Amarillo Creek East *	300	1800	1000	18	10	1973

Note: GPM = gallons per minute.
* for construction, golf course, irrigation, and lake water use purposes only

Storage Tanks		Pressure Tanks		Booster Pumps	
Capacity (gallons)	Quantity	Capacity (gallons)	Quantity	Capacity (HP)	Quantity
500,000	2	5,000	4	18	2
1,500,000	2	10,000	1	25	1
2,500,000	1			40	4
				50	5
				75	6
				150	6
Total 6,500,000				200	1

Mains		Customer Meters		Fire Hydrants
Size (inches)	Length (feet)	Size (inches)	Quantity	Quantity
2	518			
6	37,820	5/8x3/4	1825	2,228
8	914,878	3/4	14452	
10	1,540	1	167	
12	183,414	1.5	51	
16	182,991	2	152	
20	23,583	3	3	
24	14,640	4	3	
30	6771			
		Total	16,653	

C. ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY COMPLIANCE ("ADEQ")

ADEQ regulates the Company's Water System under ADEQ Public Water System ("PWS") #11-131. Based on compliance information submitted by the Company, the system has no deficiencies and ADEQ has determined that the system is currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, and Chapter 4. (ADEQ report dated 12/9/08).

D. ARIZONA CORPORATION COMMISSION ("ACC") COMPLIANCE

A check with the Utilities Division Compliance Section showed no delinquent compliance items for the Company.

E. ARIZONA DEPARTMENT OF WATER RESOURCES ("ADWR") COMPLIANCE

Santa Cruz is located in the Pinal Active Management Area ("AMA") and is subject to its AMA reporting and conservation requirements. Staff received an ADWR compliance status report in April 2009. ADWR reported that Santa Cruz is currently in compliance with departmental requirements governing water providers and/or community water systems.

F. WATER TESTING EXPENSES

The Company reported its total water testing expense as $36,113.26 during the test year, and provided those expenses in tabular form as follows. Staff reviewed this reported amount and supporting documentation provided by the Company. Staff recommends the annual water testing expense of $36,113 reported by the Company be used for purposes of this application.

Table A. Water Testing Cost

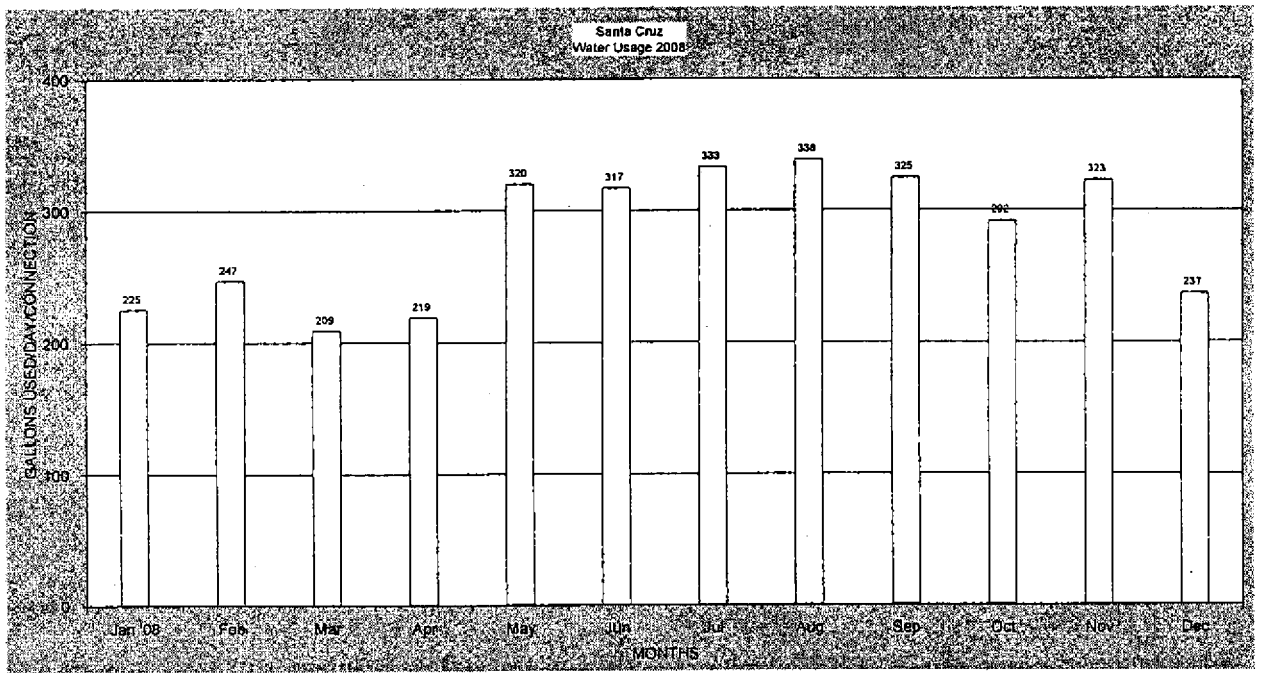
Santa Cruz Water Company - 2008 Testing Expense

Description	Total
GW Lab Services	19937.76
TestAmerica Laboratories, Inc	15613.23
RCI Systems, Inc	195
Legend Tech	163.5
Mountain States Pipe and Supply	126.47
MCGR Ship4Water Samples	77.3
Grand Total	**36,113.26**

G. WATER USE

Water Sold

Based on the information provided by the Company, water use for the year 2008 is presented below. The high monthly domestic water use was 338 gal/day per service connection in August and the low monthly domestic water use was 209 gal/day per service connection in March. The average annual use was 282 gal/day per service connection.



Non-account Water

Non-account water should be 10% or less and never more than 15%. It is important to be able to reconcile the difference between water sold and the water produced by the source. A water balance will allow a water company to identify water and revenue losses due to leakage, theft, and flushing. The Company reported 1,749,993,000 gallons pumped and 1,688,656,000 gallons sold, resulting in a water loss of 3.50% for 2008[1]. Non-account water is within acceptable limits.

[1] The Company reported approximately 644 million gallons of groundwater used for construction, golf course, irrigation, and lakes.

H. GROWTH

In December 2003, Santa Cruz had 1,772 customers. In December 2007, Santa Cruz's customer base was 15,717 customers. In July 2009, the Company had 15,196 active customers, 1,714 vacant units. In this changing economic climate it is hard for Staff to predict what level of growth is reasonable. The Company estimates a much lower growth rate in the Maricopa area, as a result of the economic down-turn in the economy the customer base is expected to grow at approximately 2 percent per year for 2009, 2010, and 2011. Using the Company's estimate of projected growth the Company will be serving 17,875 customers in 2011.

I. DEPRECIATION RATES

Staff recommends that Santa Cruz use Staff's depreciation rates by individual National Association of Regulatory Utility Commissioners category as delineated in Table B of Exhibit JWL-4.

Table B. Depreciation Rates

NARUC Acct. No.	Depreciable Plant	Average Service Life (Years)	Annual Accrual Rate (%)
304	Structures & Improvements	30	3.33
305	Collecting & Impounding Reservoirs	40	2.50
306	Lake, River, Canal Intakes	40	2.50
307	Wells & Springs	30	3.33
308	Infiltration Galleries	15	6.67
309	Raw Water Supply Mains	50	2.00
310	Power Generation Equipment	20	5.00
311	Pumping Equipment	8	12.5
320	Water Treatment Equipment		
320.1	Water Treatment Plants	30	3.33
320.2	Solution Chemical Feeders	5	20.0
330	Distribution Reservoirs & Standpipes		
330.1	Storage Tanks	45	2.22
330.2	Pressure Tanks	20	5.00
331	Transmission & Distribution Mains	50	2.00
333	Services	30	3.33
334	Meters	12	8.33
335	Hydrants	50	2.00
336	Backflow Prevention Devices	15	6.67
339	Other Plant & Misc Equipment	15	6.67
340	Office Furniture & Equipment	15	6.67
340.1	Computers & Software	5	20.00
341	Transportation Equipment	5	20.00
342	Stores Equipment	25	4.00
343	Tools, Shop & Garage Equipment	20	5.00
344	Laboratory Equipment	10	10.00
345	Power Operated Equipment	20	5.00
346	Communication Equipment	10	10.00
347	Miscellaneous Equipment	10	10.00
348	Other Tangible Plant	----	----

NOTES:

1. These depreciation rates represent average expected rates. Water companies may experience different rates due to variations in construction, environment, or the physical and chemical characteristics of the water.

2. Acct. 348, Other Tangible Plant may vary from 5% to 50%. The depreciation rate would be set in accordance with the specific capital items in this account.

J. CURTAILMENT PLAN AND BACKFLOW PREVENTION TARIFF

Santa Cruz has approved Curtailment Plan and Backflow Prevention Tariffs on file with the Commission.

K. METER AND SERVICE LINE INSTALLATION CHARGES

The Company requested permission to change its service line and meter installation charges. These charges are refundable advances and the Company's proposed charges are within Staff's recommended range for these charges. Since the Company may at times install meters on existing service lines, it would be appropriate for some customers to only be charged for the meter installation. Therefore, separate service line and meter charges have been developed by Staff. Staff recommends that the charges listed under "Staff's Recommendation" in Table C be adopted along with the adoption of an installation charge of "At Cost" for meter sizes of 8-inch and larger.

Table C. Service Line and Meter Installation Charges

Meter Size	Current Charges	Proposed Charges	Staff recommended Service Line Charges	Staff[1] recommended Meter Charges	Staff[2] recommended **Total Charges**
5/8 x3/4-inch	400	$600	$445	$155	$600
3/4-inch	440	$700	$445	$255	$700
1-inch	500	$810	$495	$315	$810
1-1/2-inch	715	$1075	$550	$525	$1075
2-inch Turbine	1,170	$1,875	$830	$1045	$1,875
2-inch Compound	1,700	$2,720	$830	$1,890	$2,720
3-inch Turbine	1,585	$2,715	$1045	$1,670	$2,715
3-inch Compound	2,190	$3,710	$1165	$2,545	$3,710
4-inch Turbine	2,540	$4,160	$1,490	$2,670	$4,160
4-inch Compound	3,215	$5,315	$1,670	$3,645	$5,315
6-inch Turbine	4,815	$7,235	$2,210	$5,025	$7,235
6-inch Compound	6,270	$9,250	$2,330	$6,920	$9,250
8-inch & Larger	N/A	At Cost	At Cost	At Cost	At Cost

(1). Meter charge includes meter box or vault.
(2). Costs for boring under highway or pavement are additional, at actual cost.

SANTA CRUZ WATER COMPANY
Docket No. W-20446A-09-0080

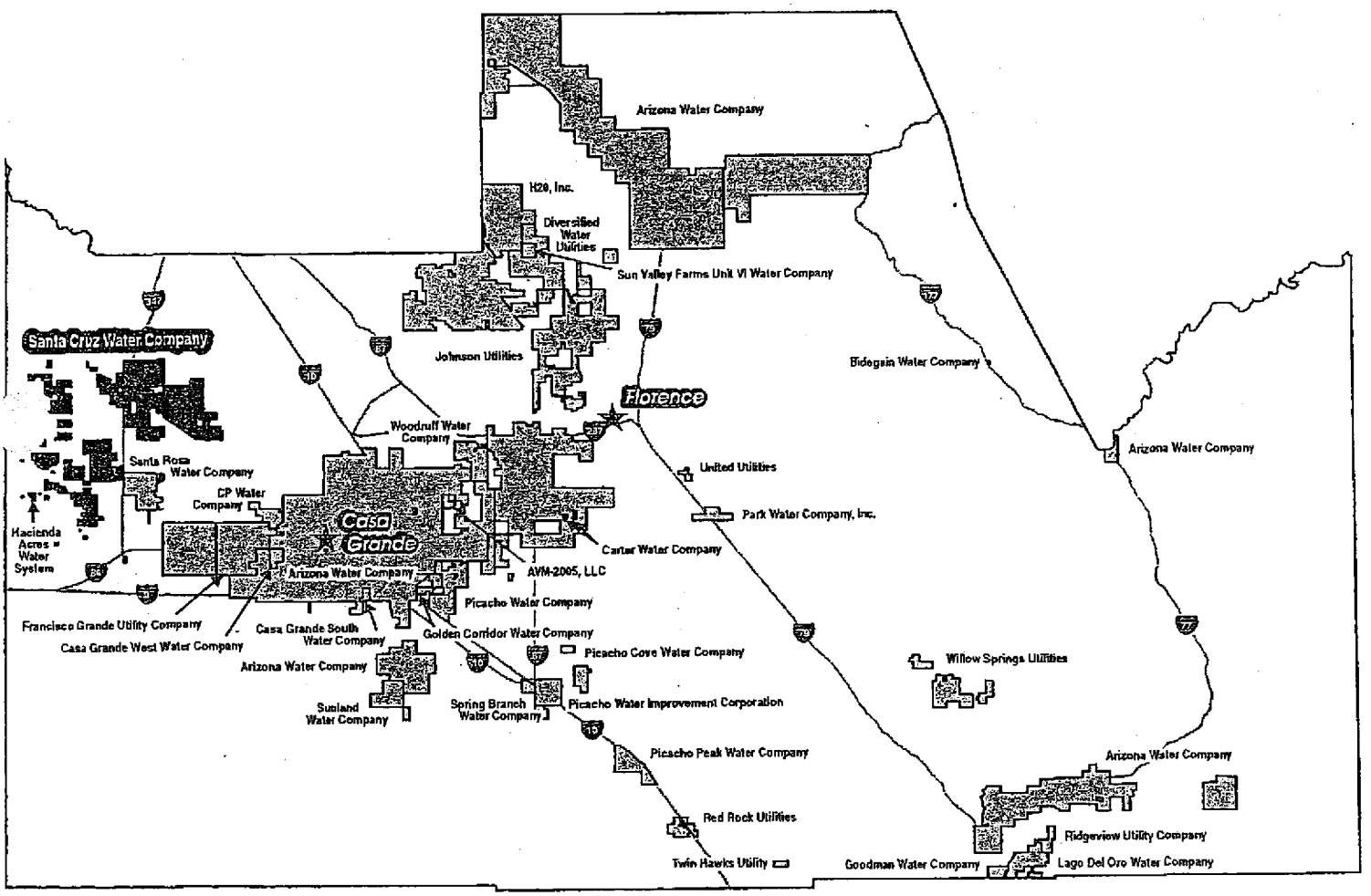


Figure 1: County Map

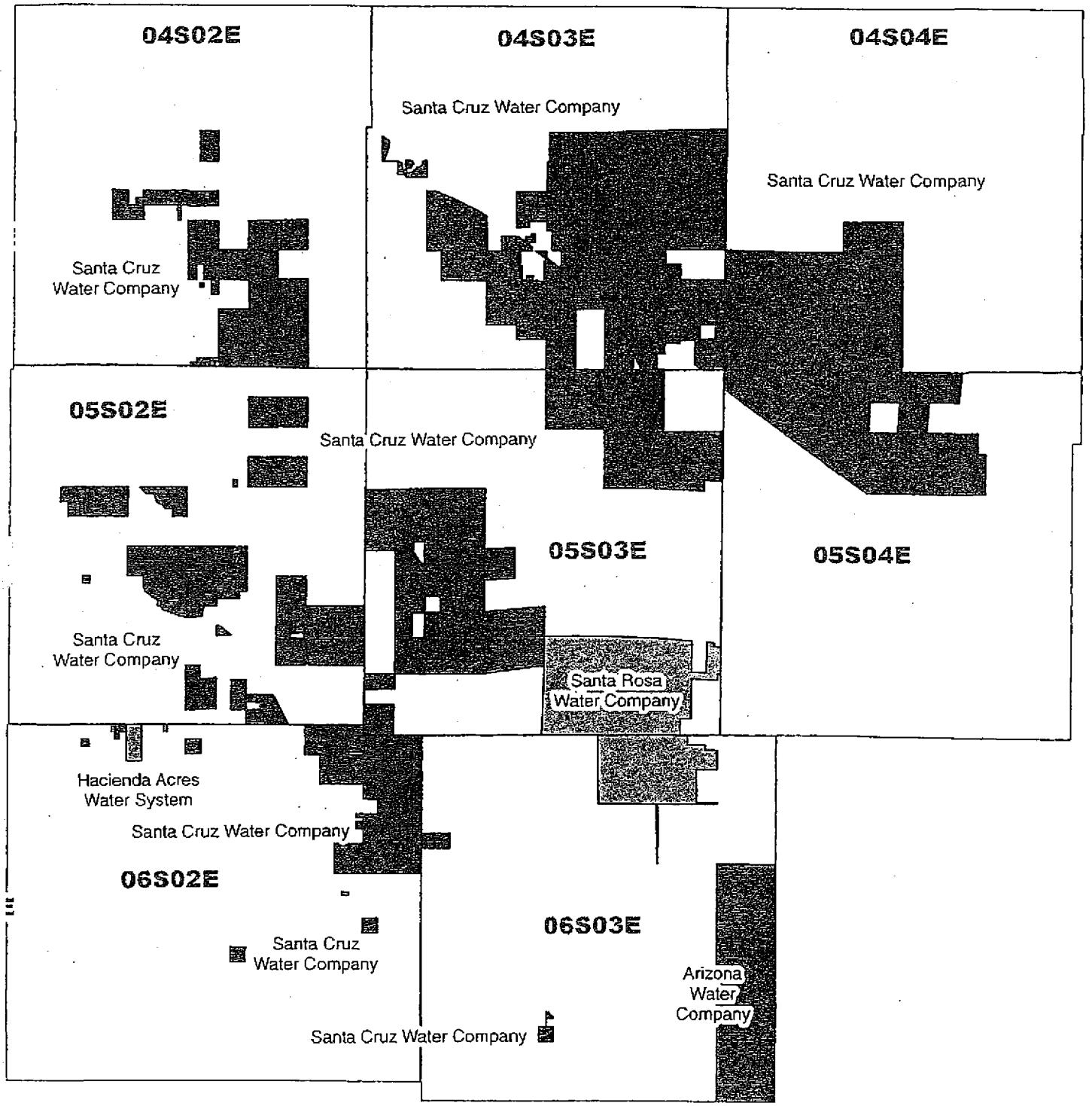


Figure 2: Certificated Area

EXHIBIT JWL-5

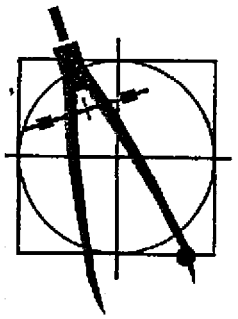
ENGINEERING REPORT FOR

WILLOW VALLEY WATER CO., INC.

DOCKET NO. W-01732A-09-0079 (RATES)

JIAN W LIU

OCTOBER 13, 2009



Engineering Report for WILLOW VALLEY WATER CO., INC.

Docket No. W-01732A-09-0079 (Rates)

By: Jian Liu
Utilities Engineer

October 13, 2009

CONCLUSIONS

1. ADEQ regulates the Company's Water Systems under ADEQ Public Water System ("PWS") #08-040 and #08-129. Based on compliance information submitted by the Company, the systems have no deficiencies and ADEQ has determined that these systems are currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, and Chapter 4. (ADEQ reports dated 2/13/09).

2. The Company is not located in any Active Management Area ("AMA") and is not subject to any AMA reporting and conservation requirements. Staff received an ADWR compliance status report on April 30, 2009, ADWR reported that it has determined that Willow Valley is currently in compliance with departmental requirements governing water providers and/or community water systems.

3. A check with the Utilities Division Compliance Section showed no delinquent compliance items for Willow Valley. (ACC Compliance Section Email dated 9/11/09).

4. Willow Valley has approved Curtailment Plan and Backflow Prevention Tariffs on file with the Commission.

5. King Street, PWS #08-040, and Lake Cimarron, PWS #08-129 reported water loss as:

Water System	Gallons Pumped	Gallons Sold	Water loss (%)
King Street, PWS #08-040	115,312,000	91,995,000	16.8*
Lake Cimarron, PWS #08-129	13,543,000	10,379,000	20.4**

* 3,924,000 gallons of water used for flushing;
** 405,000 gallons of water used for flushing.

RECOMMENDATIONS

1. Staff recommends that within 90 days of a Decision in this matter the Company file with Docket Control, as a compliance item in this docket, a detailed plan demonstrating how the Company will reduce its water loss for King Street, PWS #08-040, and Lake Cimarron, PWS #08-129 to less than 10 percent. If the Company finds that reduction of water loss to less than 10 percent is not cost-effective, the Company should submit, within 90 days of a Decision in this matter, a detailed cost analysis and explanation demonstrating why water loss reduction to less than 10 percent is not cost-effective. In any event water loss shall not exceed 15 percent.

2. Staff recommends the annual water testing expense of $5,401 reported by the Company be used for purposes of this application.

3. Staff recommends that Willow Valley use the depreciation rates delineated in Table B of Exhibit JWL-5.

4. Staff recommends that the charges listed under "Staff's Recommendation" in Table C be adopted along with the adoption of an installation charge of "At Cost" for meter sizes of 8-inch and larger.

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A. LOCATION OF COMPANY

Willow Valley Water Co., Inc. ("Willow Valley" or the "Company") is an Arizona public service corporation authorized to provide water service within portions of Mohave County, Arizona. Willow Valley provided service to 1,528 customers as of July, 2009. Figure 1 shows the location of Willow Valley within Mohave County and Figure 2 shows the certificated area.

B. DESCRIPTION OF THE WATER SYSTEMS

The plant facilities were visited on September 18, 2009, by Jian Liu, Staff Utilities Engineer, in the accompaniment of Ron Fleming, and Curtis Pine of the Company. The Company operates two independent water systems. Arizona Department of Environmental Quality ("ADEQ") regulates the Company's Water Systems under ADEQ Public Water System ("PWS") #08-040 and #08-129. Brief descriptions of the two systems are as follows:

1. King Street, PWS # 08-040: This system consists of three wells (equipped with a 15 horsepower ("Hp") submersible pump for each well, producing a total of 1,100 gallons per minute ("gpm")), three storage tanks (one 47,000 gallon, one 96,000 gallon, and one 163,000 gallon), eight booster pumps, three pressure tanks (one 2,200 gallon, one 5,200 gallon, and one 14,000 gallon), an Iron and Manganese removal systems at Unit 17 and King St., and a distribution system. This system serves approximately 1,400 service connections.

2. Lake Cimarron, PWS #08-129: This system consists of two wells, producing a total of 415 gpm, a 196,000 gallon storage tank, four booster pumps, a 5,800 gallons pressure tank and a distribution system. There is an Iron and Manganese removal system on site. This system serves approximately 120 service connections.

Detailed plant facility listings are as follows:

King Street, PWS #08-040

Well Data (active wells only)

Location/No.	ADWR ID #	Pump Hp	Pump GPM	Casing Size	Casing Depth (Feet)	Meter Size
King Street	55-603947	15	300	8"	120	4"
Unit 17	55-603949	15	300	8"	100	4"
Unit 17	55-206170	15	500	8"	120	6"

Storage Tanks		Pressure Tanks		Booster Pumps	
Capacity (gallons)	Quantity	Capacity (gallons)	Quantity	Capacity (HP)	Quantity
163,000	1	14,000	1	15	6
47,000	1	5,200	1	30	1
96,000	1	2,200	1	40	1
Total 306,000					

Mains		Customer Meters		Fire Hydrants
Size (inches)	Length (feet)	Size (inches)	Quantity	Quantity
2	904	5/8x3/4	1,421	47
3	1,587	3/4	11	
4	68,093	1	15	
6	28,368	1.5	2	
8	4,220	2	1	
Unknown	122	4	2	
		6	3	
		Total	1,455	

Lake Cimarron, PWS #08-129

Well Data (active wells only)

Location/No.	ADWR ID #	Pump Hp	Pump GPM	Casing Size	Casing Depth (Feet)	Meter Size
Lake Cimarron Small	55-604161	10	225	6"	100	4"
Lake Cimarron Big	55-604160	7.5	190	12"	60	4"

Storage Tanks		Pressure Tanks		Booster Pumps	
Capacity (gallons)	Quantity	Capacity (gallons)	Quantity	Capacity (HP)	Quantity
196,000	1	5,800	1	20	2
				25	2
Total 196,000					

Mains		Customer Meters		Fire Hydrants
Size (inches)	Length (feet)	Size (inches)	Quantity	Quantity
4	297	5/8x3/4	128	19
6	880	2	1	
8	11,866			
10	6,161	Total	129	

C. WATER USE

Water Sold

Based on the information provided by the Company on its Water Use Data Sheets, water use for the year 2008 is presented below for each system.

Water Use, gallons per day ("GPD") per connection

System	High/Mo.	Low/Mo.	Average
King Street, PWS #08-040	270 in Aug.	96 in Jan.	173
Lake Cimarron, PWS #08-129	334 in Sept.	128 in Dec.	210

Non-Account Water

For each water system, the Company reported the following gallons pumped and gallons sold in 2008, which Staff used to determine the water loss per system:

Water Loss

Water System	Gallons Pumped	Gallons Sold	Water loss (%)
King Street, PWS #08-040	115,312,000	91,995,000	16.8*
Lake Cimarron, PWS #08-129	13,543,000	10,379,000	20.4**

* 3,924,000 gallons of water used for flushing;
** 405,000 gallons of water used for flushing.

Non-account water should be 10 percent or less and never more than 15 percent. It is important to be able to reconcile the difference between water sold and the water produced by the source. A water balance will allow a water company to identify water and revenue losses due to leakage, theft, and flushing. Staff recommends that within 90 days of a Decision in this matter the Company file with Docket Control, as a compliance item in this docket, a detailed plan demonstrating how the Company will reduce its water loss for King Street, PWS #08-040, and Lake Cimarron, PWS #08-129 to less than 10 percent. If the Company finds that reduction of water loss to less than 10 percent is not cost-effective, the Company should submit, within 90 days of a Decision in this matter, a detailed cost analysis and explanation for each system demonstrating why water loss reduction to less than 10 percent is not cost-effective. In any event water loss shall not exceed 15 percent.

D. GROWTH

In July 2009, the Company had 1,528 active customers, 66 vacant units. The Company estimates that the customer base will grow at approximately 1 percent per year for next 5 years. Using the Company's estimate of projected growth the Company will be serving 1,660 customers in 2013.

Staff concludes that the Willow Valley has adequate production capacity and storage capacity to serve the existing customer base and reasonable growth.

E. ADEQ COMPLIANCE

Compliance

Based on compliance information submitted by the Company, the systems have no deficiencies and ADEQ has determined that these systems are currently delivering water that meets water quality standards required by Arizona Administrative Code, Title 18, and Chapter 4. (ADEQ reports dated 2/13/09).

Water Testing Expense

The Company reported its total water testing expense as $5,400.59 during the test year, and provided those expenses in tabular form as follows. Staff reviewed this reported amount and supporting documentation provided by the Company. Staff recommends the annual water testing expense of $5,401 (rounded) reported by the Company be used for purposes of this application.

Table A. Water Testing Cost

Willow Valley - 2008 Testing Expense

Description	Total
Legend Technical Services	2,042.00
FedEx	1,276.45
GW Lab Services	1,275.00
Mohave Environmental Laborator	760.00
WVWC Portion Invoice #2-614-62	47.14
TestAmerica Laboratories, Inc	-
Grand Total	**5,400.59**

F. ARIZONA DEPARTMENT OF WATER RESOURCES ("ADWR") COMPLIANCE

The Company is not located in any Active Management Area ("AMA") and is not subject to any AMA reporting and conservation requirements. Staff received an ADWR compliance status report on April 30, 2009, ADWR reported that it has determined that Willow Valley is currently in compliance with departmental requirements governing water providers and/or community water systems.

G. ARIZONA CORPORATION COMMISSION ("ACC") COMPLIANCE

A check with the ACC Utilities Division Compliance Section showed no delinquent compliance items for the Company. (ACC Compliance Section Email dated 9/11/09).

H. DEPRECIATION RATES

Staff has developed typical and customary depreciation rates within a range of anticipated equipment life. These rates are presented in Table B. It is recommended that the Company use depreciation rates by individual NARUC category, as delineated in Table B.

Table B. Depreciation Rates

NARUC Acct. No.	Depreciable Plant	Average Service Life (Years)	Annual Accrual Rate (%)
304	Structures & Improvements	30	3.33
305	Collecting & Impounding Reservoirs	40	2.50
306	Lake, River, Canal Intakes	40	2.50
307	Wells & Springs	30	3.33
308	Infiltration Galleries	15	6.67
309	Raw Water Supply Mains	50	2.00
310	Power Generation Equipment	20	5.00
311	Pumping Equipment	8	12.5
320	Water Treatment Equipment		
320.1	Water Treatment Plants	30	3.33
320.2	Solution Chemical Feeders	5	20.0
330	Distribution Reservoirs & Standpipes		
330.1	Storage Tanks	45	2.22
330.2	Pressure Tanks	20	5.00
331	Transmission & Distribution Mains	50	2.00
333	Services	30	3.33
334	Meters	12	8.33
335	Hydrants	50	2.00
336	Backflow Prevention Devices	15	6.67
339	Other Plant & Misc Equipment	15	6.67
340	Office Furniture & Equipment	15	6.67
340.1	Computers & Software	3	33.33
341	Transportation Equipment	5	20.00
342	Stores Equipment	25	4.00
343	Tools, Shop & Garage Equipment	20	5.00
344	Laboratory Equipment	10	10.00
345	Power Operated Equipment	20	5.00
346	Communication Equipment	10	10.00
347	Miscellaneous Equipment	10	10.00
348	Other Tangible Plant	----	----

NOTES:

1. These depreciation rates represent average expected rates. Water companies may experience different rates due to variations in construction, environment, or the physical and chemical characteristics of the water.

2. Acct. 348, Other Tangible Plant may vary from 5% to 50%. The depreciation rate would be set in accordance with the specific capital items in this account.

I. OTHER ISSUES

1. Curtailment Plan and Backflow Prevention Tariffs

Willow Valley has approved Curtailment Plan and Backflow Prevention Tariffs on file with the Commission.

2. Service Line and Meter Installation Charges

The Company requested permission to change its service line and meter installation charges. These charges are refundable advances and the Company's proposed charges are within Staff's recommended range for these charges. Since the Company may at times install meters on existing service lines, it would be appropriate for some customers to only be charged for the meter installation. Therefore, separate service line and meter charges have been developed by Staff. Staff recommends that the charges listed under "Staff's Recommendation" in Table C be adopted along with the adoption of an installation charge of "At Cost" for meter sizes of 8-inch and larger.

Table C. Service Line and Meter Installation Charges

Meter Size	Current Charges	Proposed Charges	Staff recommended Service Line Charges	Staff[1] recommended Meter Charges	Staff[2] recommended **Total Charges**
5/8 x3/4-inch	445	$600	$445	$155	$600
3/4-inch	515	$700	$445	$255	$700
1-inch	590	$810	$495	$315	$810
1-1/2-inch	820	$1075	$550	$525	$1075
2-inch Turbine	1,380	$1,875	$830	$1045	$1,875
2-inch Compound	1,380	$2,720	$830	$1,890	$2,720
3-inch Turbine	1,935	$2,715	$1045	$1,670	$2,715
3-inch Compound	1,935	$3,710	$1165	$2,545	$3,710
4-inch Turbine	3,030	$4,160	$1,490	$2,670	$4,160
4-inch Compound	3,030	$5,315	$1,670	$3,645	$5,315
6-inch Turbine	5,535	$7,235	$2,210	$5,025	$7,235
6-inch Compound	5,535	$9,250	$2,330	$6,920	$9,250
8-inch & Larger	N/A	At Cost	At Cost	At Cost	At Cost

(1). Meter charge includes meter box or vault.
(2). Costs for boring under highway or pavement are additional, at actual cost.

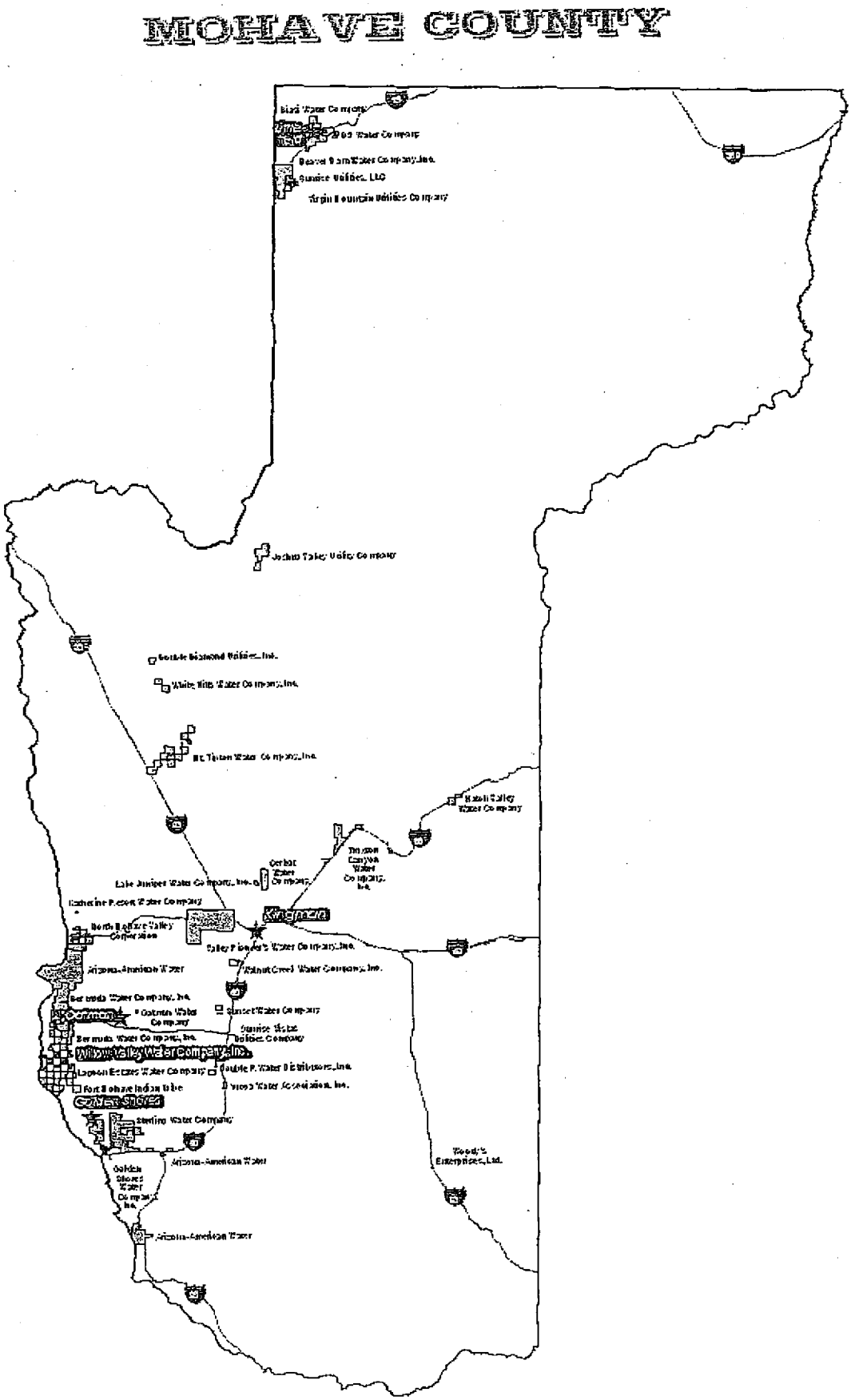


Figure 1: Mohave County Map

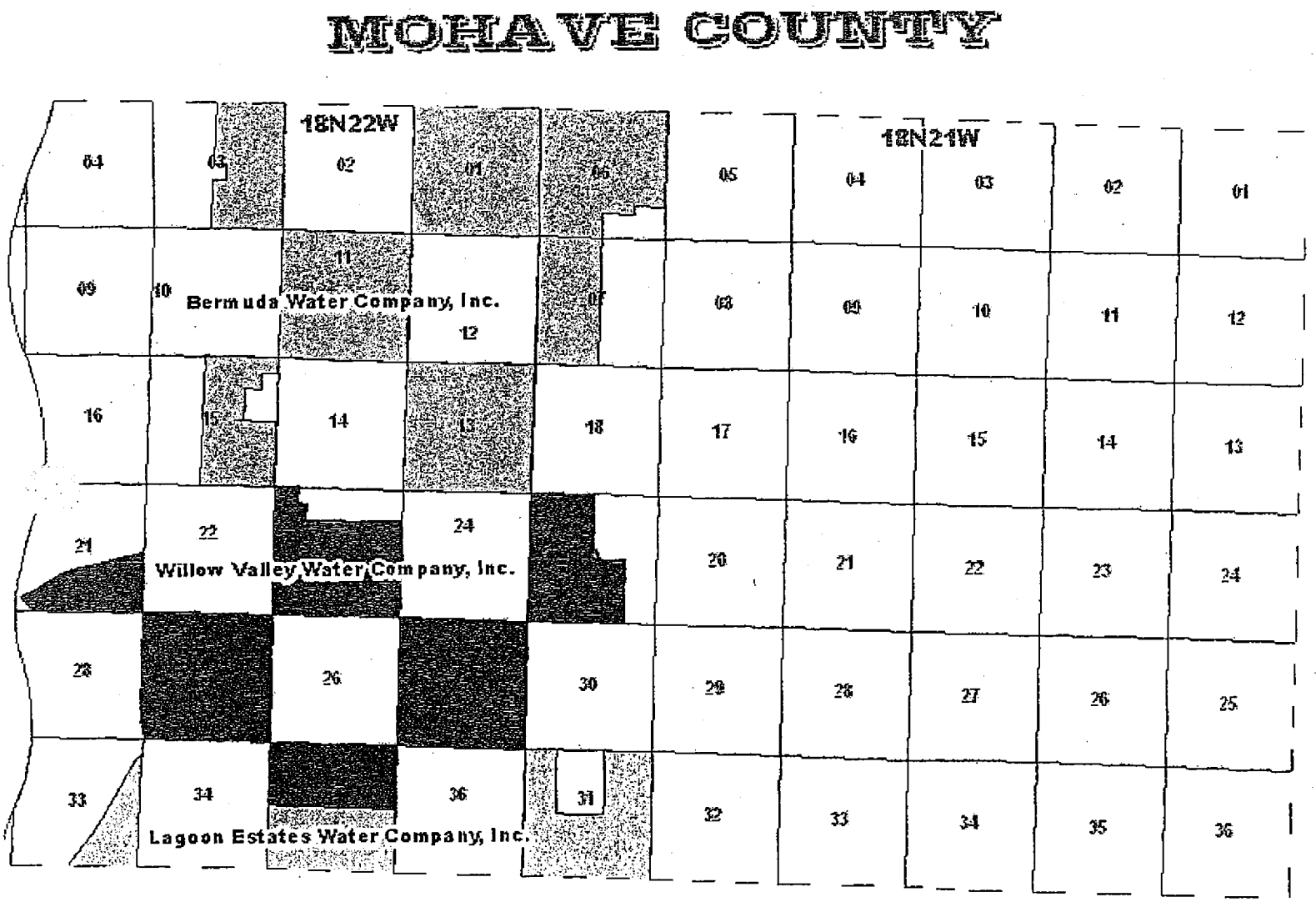


Figure 2: Certificated Area

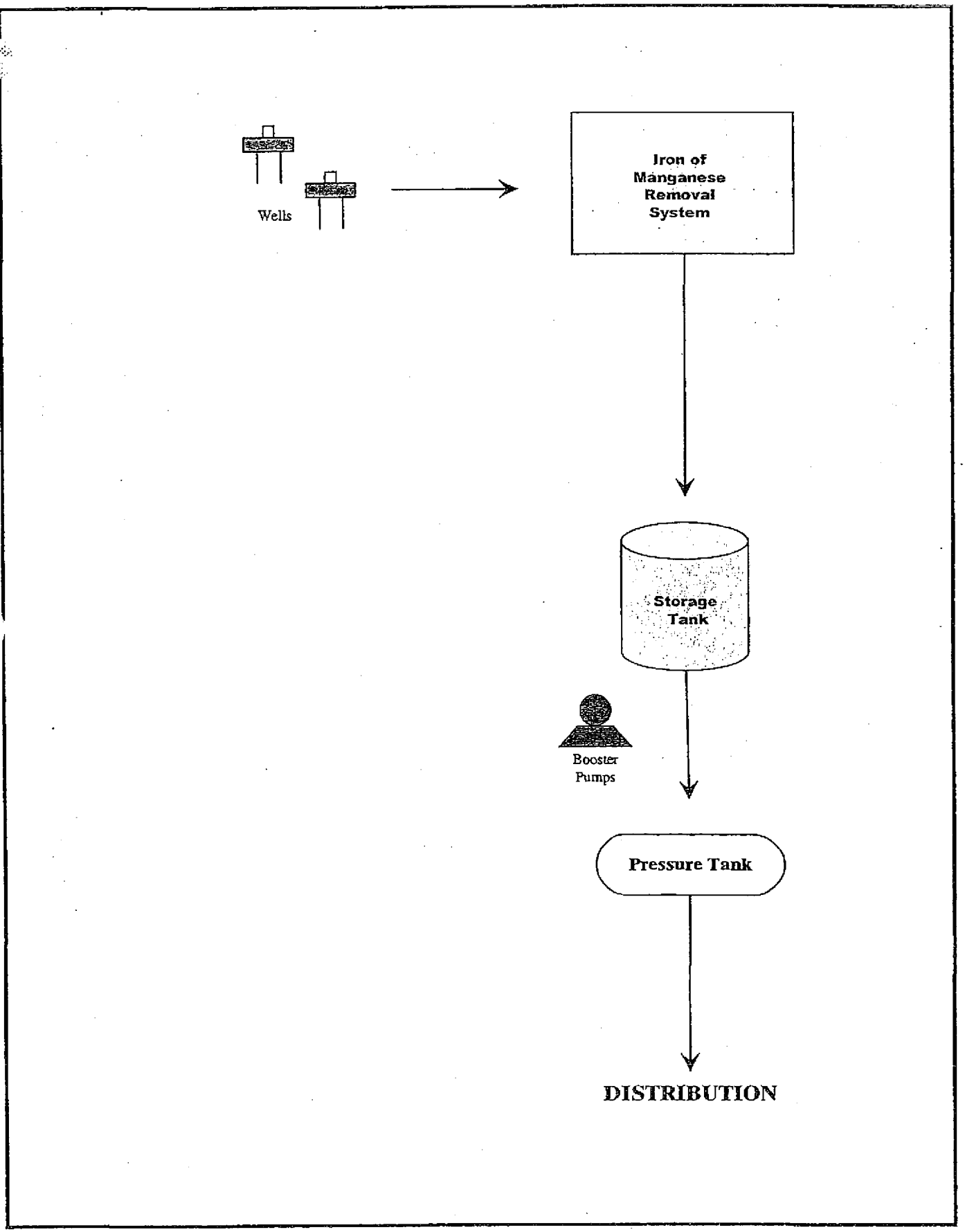


Figure 3: General System Schematic

EXHIBIT JWL-6

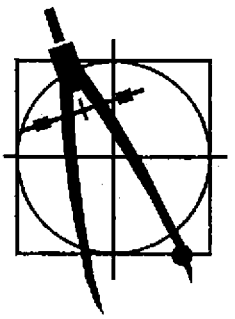
ENGINEERING REPORT FOR

GLOBAL WATER-PALO VERDE UTILITIES COMPANY

DOCKET NO. SW-20445A-09-0077 (RATES)

JIAN W LIU

OCTOBER 13, 2009



Engineering Report
For Global Water-Palo Verde Utilities Company
Docket No. SW-20445A-09-0077
(Rate Increase Application)

By Jian W Liu

October 13, 2009

EXECUTIVE SUMMARY

CONCLUSIONS:

1. ADEQ regulates the Palo Verde wastewater treatment plant under Permit No. 34460. Per the January 29, 2009 Compliance Status Reports issued by ADEQ, the system is in full compliance with ADEQ requirements.

2. A check with the Utilities Division Compliance Section showed no delinquent compliance items. (ACC Compliance Section Email dated 9/11/09).

3. Staff inspected Palo Verde's 1.0 MGD SBR treatment facility. This Plant was not in service and therefore not used and useful during Staff's field inspection.

4. Staff inspected Palo Verde's 0.3 MGD facultative lagoon. This facility was not in service and therefore not used and useful during Staff's field inspection

RECOMMENDATIONS:

1. It is recommended that the Company use the depreciation rates presented in Table G-1 by individual NARUC category.

2. Staff recommends the annual testing expense of $99,923 reported by the Company be used for purposes of this application.

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FIGURES

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A. LOCATION OF COMPANY

Global Water-Palo Verde Utilities Company ("Palo Verde" or "Company") is an Arizona public service corporation authorized to provide wastewater service within portions of Pinal County, Arizona. Palo Verde provided wastewater service to 14,997 customers as of July 31, 2009. Figure 1 shows the location of Palo Verde within Pinal County and Figure 2 shows the certificated area.

B. DESCRIPTION OF THE WASTEWATER SYSTEM

Palo Verde owns and operates an enclosed three million gallon per day ("MGD") sequential batch reactor ("SBR") treatment plant, sand filters, ultra violet disinfection units and an effluent reuse and surface water disposal system to serve approximately 15,000 customers. The plant facilities were visited on Aug 18th and 19th, 2009, by Jian Liu, Staff Utilities Engineer, in the accompaniment of Ed Borromeo, and Scott Thomas of the Company.

Staff inspected Palo Verde's 1.0 MGD SBR treatment facility. This Plant was not in service and therefore not used and useful during Staff's field inspection.

Staff inspected Palo Verde's 0.3 MGD facultative lagoon. This facility was not in service and therefore not used and useful during Staff's field inspection.

Lift Station

Location	Quantity of Pumps	Horsepower per Pump	Capacity per Pump (GPM)	Wet Well Capacity (gals.)
Rancho El Dorado	3	20	1,000	23,095
Reclaimed Water Delivery System	3	50	2,100	93,223
Cobblestone	2	18	1,200	8,900
McDavid	2	70	650	15,000
Maricopa Groves	2	40	750	24,600
Alterra	2	15	690 (no head*)	13,200
Tortosa	2	5	300 (no head)	10,300
PVWR Influent	2	100	5,000	328,000

* no head refers to the flow under open pipe conditions.

Manholes

Type	Quantity
Standard	1497
Drop	35
Discharge	1

Force Mains

Size	Material	Length (Feet)
6-inch	PVC	1,850
8-inch	PVC	520
10-inch	PVC	6,552
14-inch	PVC	2,406

Force Mains - Reclaimed Water Lines

Size	Length (Feet)
8-inch	5,957
10-inch	6,290
12-inch	130
16-inch	6,030
18-inch	32,130
24-inch	32,421

Cleanouts

Quantity
48

Collection Mains

Diameter	Length (Feet)
6-inch	115
8-inch	459,974
10-inch	41,869
12-inch	35,132
14-inch	5,560
15-inch	16,414
16-inch	145
18-inch	8,801
24-inch	27,463
27-inch	1,679
30-inch	23,380
36-inch	17,902
42-inch	11,551
48-inch	4,474

Service Laterals

Diameter	Material	Length (Feet)
4-inch	PVC	16,355
8-inch	PVC	8
	Total:	16,363

Staff concludes that Palo Verde has adequate treatment capacity to serve the existing customer base and reasonable growth.

C. WASTEWATER FLOW

Based on the information provided by the Company, wastewater flow for the year 2008 is presented in Figure 4. Customers experienced a high monthly average wastewater flow of 151 GPD per connection and a low monthly average wastewater flow of 125 GPD per connection for an average annual wastewater flow of 137 GPD per connection.

D. GROWTH

In July 2009, the Company had 14,997 active customers, 1,710 vacant units. The Company estimates that the customer base will grow at approximately 2 percent per year for 2009, 2010, and 2011. Using the Company's estimate of projected growth the Company will be serving 17,676 customers in 2011.

E. ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY ("ADEQ") COMPLIANCE

ADEQ regulates the Palo Verde wastewater treatment plant under Permit No. 34460. Per the January 29, 2009 Compliance Status Reports issued by ADEQ, the system is in full compliance with ADEQ requirements.

F. ARIZONA CORPORATION COMMISSION ("ACC") COMPLIANCE

A check with the Utilities Division Compliance Section showed no delinquent compliance items. (ACC Compliance Section Email dated 9/11/09).

G. DEPRECIATION RATES

In recent orders, the Commission has been shifting away from the use of composite depreciation rates in favor of individual depreciation rates by National Association of Regulatory Utility Commissioners ("NARUC") category. (For example, a uniform 2.50% composite rate would not really be appropriate for either vehicles or transmission mains and instead, different specific retirement rates should be used.)

Staff has developed typical and customary depreciation rates within a range of anticipated equipment life. These rates are presented in Table G-1 and it is recommended that the Company use these depreciation rates by individual NARUC category.

Table G-1. Wastewater Depreciation Rates

NARUC Acct. No.	Depreciable Plant	Average Service Life (Years)	Annual Accrual Rate (%)
354	Structures & Improvements	30	3.33
355	Power Generation Equipment	20	5.00
360	Collection Sewers – Force	50	2.0
361	Collection Sewers- Gravity	50	2.0
362	Special Collecting Structures	50	2.0
363	Services to Customers	50	2.0
364	Flow Measuring Devices	10	10.0
365	Flow Measuring Installations	10	10.00
366	Reuse Services	50	2.00
367	Reuse Meters & Meter Installations	12	8.33
370	Receiving Wells	30	3.33
371	Pumping Equipment	8	12.50
374	Reuse Distribution Reservoirs	40	2.50
375	Reuse Transmission & Distribution System	40	2.50
380	Treatment & Disposal Equipment	20	5.0
381	Plant Sewers	20	5.0
382	Outfall Sewer Lines	30	3.33
389	Other Plant & Miscellaneous Equipment	15	6.67
390	Office Furniture & Equipment	15	6.67
390.1	Computers & Software	5	20.0
391	Transportation Equipment	5	20.0
392	Stores Equipment	25	4.0
393	Tools, Shop & Garage Equipment	20	5.0
394	Laboratory Equipment	10	10.0
395	Power Operated Equipment	20	5.0
396	Communication Equipment	10	10.0
397	Miscellaneous Equipment	10	10.0
398	Other Tangible Plant	----	----

NOTE: Acct. 398, Other Tangible Plant may vary from 5% to 50%. The depreciation rate would be set in accordance with the specific capital items in this account.

H. Palo Verde Utilities Company Testing Expenses

The Company reported a total testing expense of $99,922.75 during the test year, and provided testing expenses in tabular form as follows. Staff has reviewed the information provided by the Company and recommends the annual testing expense of $99,923 (rounded) reported by the Company be used for purposes of this application.

Table A. Testing Cost

Palo Verde Utilities Company - 2008 Testing Expense

Description	Total
TestAmerica Laboratories, Inc	49,066.00
GW Lab Services	37,085.15
Aquatic Consulting & Testing I	11,600.00
Edward Hyden	840.00
RCI Systems, Inc.	627.43
Environmental Resource Assoc.	247.46
Metering Services, Inc	222.78
FEDEX	194.89
Cooler and dry ice for samples	39.04
Grand Total	**99,922.75**

PINAL COUNTY - SEWER

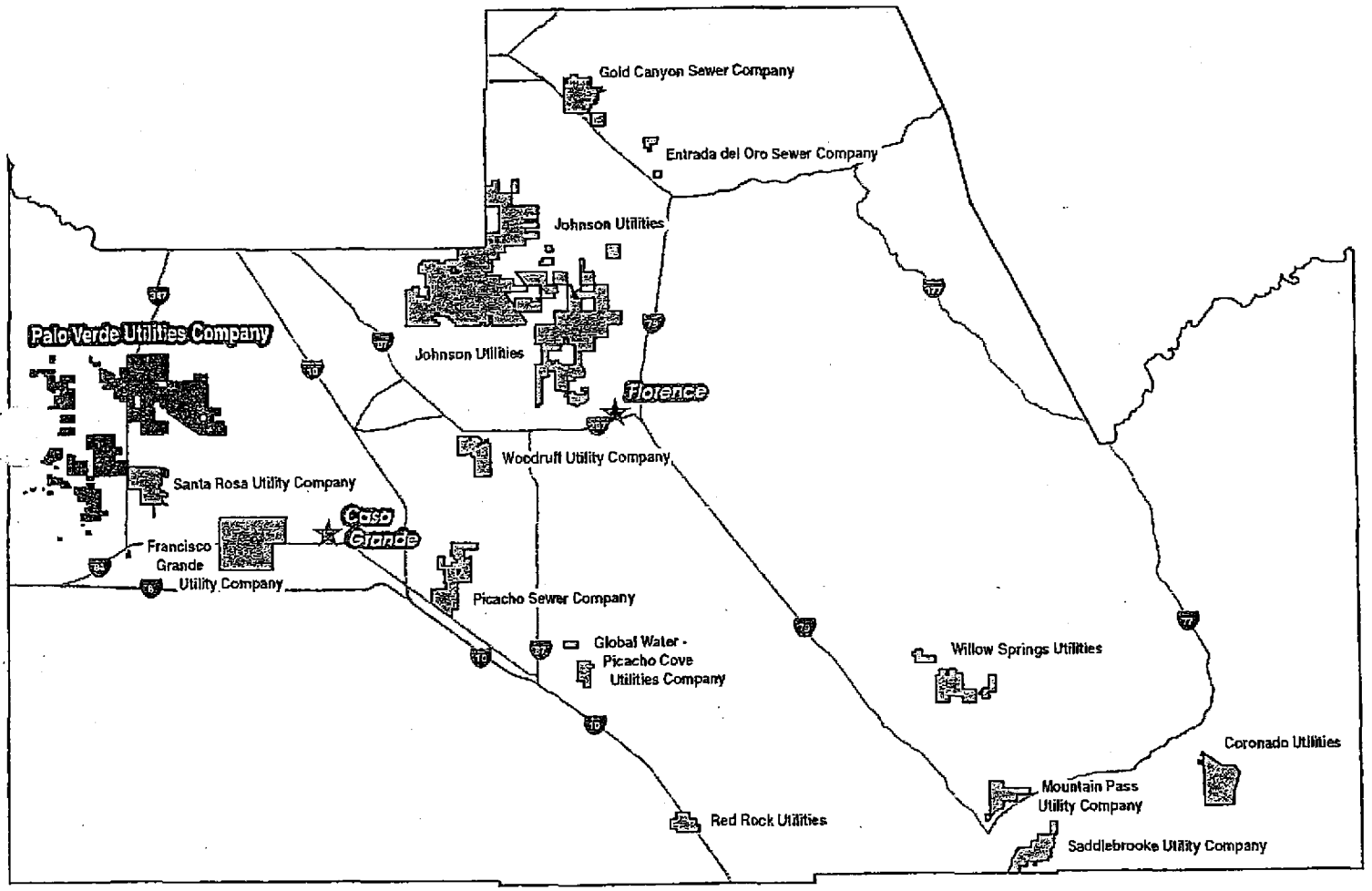

Figure 1: County Map

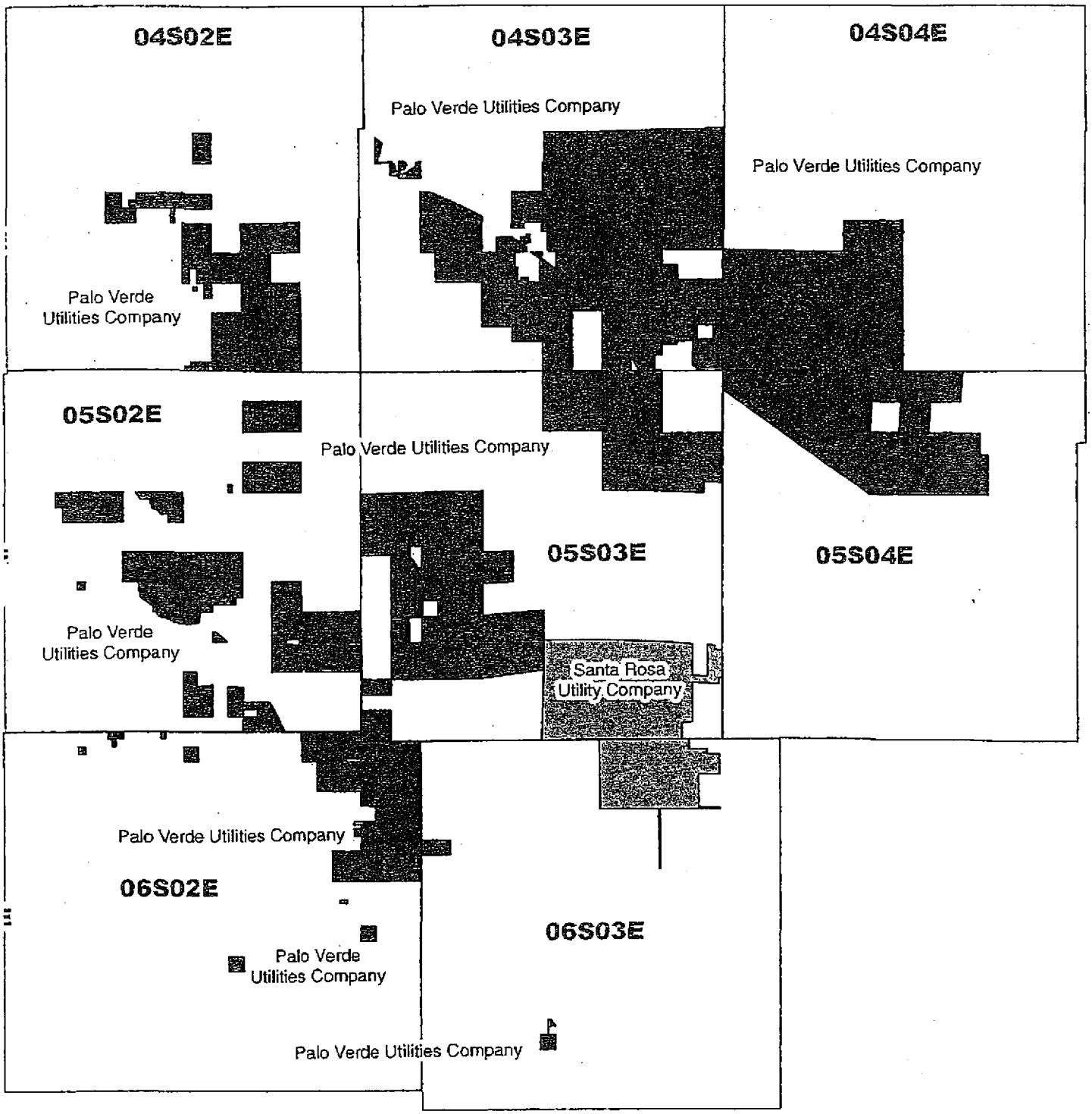

Figure 2: Certificated Area

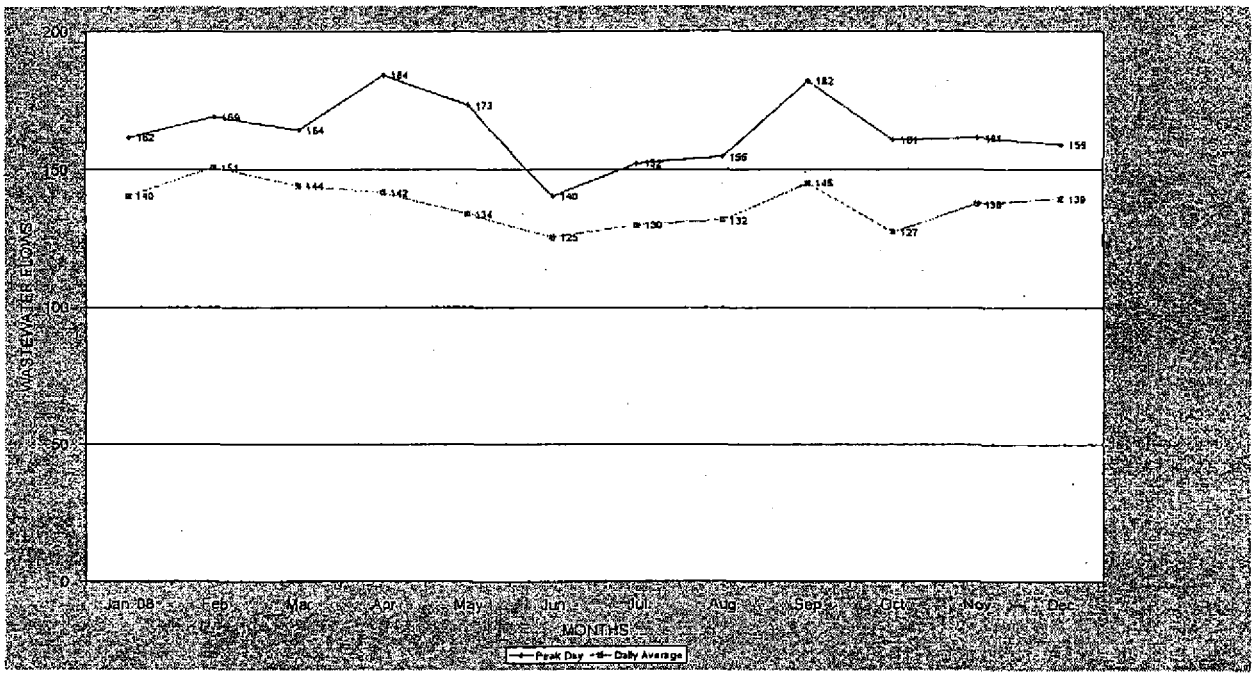

FIGURE 3

WASTEWATER FLOW