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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

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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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Global Utilities (A Exhibits)

1 through 52

Residential Utility Consumer Office (RUCO Exhibits)

1 through 8

Staff (S Exhibits)

1 through 11

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Global Utilities (A Exhibits)

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Mr. Timothy Sabo, Global Utilities
Mr. Wesley Van Cleve, Staff
Mr. Daniel Pozefsky, RUCO

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EXHIBIT
S-5
ADMIT.

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 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 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
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SURREBUTTAL

TESTIMONY

OF

JIAN W. LIU

UTILITIES ENGINEER

UTILITIES DIVISION

ARIZONA CORPORATION COMMISSION

DECEMBER 7, 2009

EXECUTIVE SUMMARY

GLOBAL WATER-PALO VERDE UTILITIES COMPANY, ET AL
DOCKET NO. SW-20445A-09-0077, W-02451A-09-0078, W-01732A-09-0079, W-20446A-09-0080, W-02450A-09-0081 AND W-01212A-09-0082

Sun Valley Storage Issue

Staff concludes that the Sun Valley Water System (PWS #07-195) has adequate production capacity and storage capacity to serve the existing customer base and reasonable growth if the stand-by well, located a short distance away is available.

Staff recommends that Valencia Water Company-Greater Buckeye Division be required to report this stand-by well in future Annual Reports.

Staff continues to recommend that if the company finds that it is not cost-effective to reduce its water loss to less than 10% that it should submit a detailed cost analysis and explanation demonstrating why water loss reduction of less than 10% is not cost-effective.

INTRODUCTION

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

A. My name is Jian W. Liu. My job title is Water/Wastewater Engineer. My place of employment is the Arizona Corporation Commission ("Commission"), Utilities Division, 1200 West Washington Street, Phoenix, Arizona 85007.

Q. Are you the same Jian W. Liu who filed direct testimony in this case?

A. Yes, I am.

Q. What is the purpose of your Surrebuttal Testimony in this proceeding?

A. The purpose of my Surrebuttal Testimony in this proceeding is to respond, on behalf of Staff, to the rebuttal testimony of the Global Utilities' witness, Mr. Graham Symmonds, regarding the Sun Valley Storage Issue. The Company indicates that there is a stand-by well, located a short distance away, and connected to the existing tanks. This well, with capacity of 300 gpm, is available if it is needed for any emergency which negates the need for additional storage as recommended by Staff. The Company submitted a copy of Approval of Construction for the well.

Staff reviewed Well Registry Report from the Arizona Department of Water Resources ("ADWR"); the well number is 55-800946, producing a total of 500 gallons per minute ("gpm") when it was constructed in 1957.

Staff concludes that the Sun Valley Water System (PWS #07-195) has adequate production capacity and storage capacity to serve the existing customer base and reasonable growth if the stand-by well, located a short distance away is available.

Staff recommends that Valencia Water Company-Greater Buckeye Division be required to report this stand-by well in future Annual Reports.

Q. Have you had the opportunity to review Mr. Symmonds Rebuttal Testimony regarding water loss?

A. Yes.

Q. Do you have any comments regarding this portion of Mr. Symmonds testimony?

A. Yes. Staff agrees with the Company that neither the Unavoidable Annual Real Losses ("UARL") nor the Gallons Per Hour Per Mile Per Inch ("GPHMI") methods apply to any of the systems in this case that are experiencing excessive water loss. Also, the Company does not mention the cost of reducing the water loss in its systems. Staff continues to recommend that if the Company finds that it is not cost-effective to reduce its water loss to less than 10% that it should submit a detailed cost analysis and explanation demonstrating why water loss reduction of less than 10% is not cost-effective.

Q. Did you attempt to address every issue the Company raised in its rebuttal testimony?

A. No. Staff limited its discussion to the specific issue as outlined above. Staff's lack of response to any issue in this proceeding should not be construed as agreement with the Company's position in its rebuttal testimony; rather where there is no response, Staff relies on its original direct testimony.

Q. Does this conclude your surrebuttal testimony?

A. Yes, it does.

EXHIBIT
S-6
ADMITTED

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 ESTABLISHMENT OF JUST AND REASONABLE RATES AND CHARGES FOR UTILITY SERVICE DESIGNED TO REALIZE A REASONABLE RATE OF RETURN ON THE FAIR VALUE OF ITS PROPERTY THROUGHOUT THE STATE OF ARIZONA.	)	DOCKET NO. SW-20445A-09-0077
IN THE MATTER OF THE APPLICATION OF VALENCIA WATER COMPANY - GREATER BUCKEYE DIVISION FOR THE ESTABLISHMENT OF JUST AND REASONABLE RATES AND CHARGES FOR UTILITY SERVICE DESIGNED TO REALIZE A REASONABLE RATE OF RETURN ON THE FAIR VALUE OF ITS PROPERTY THROUGHOUT THE STATE OF ARIZONA.	)	DOCKET NO. W-02451A-09-0078
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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
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DIRECT

TESTIMONY

OF

CRYSTAL S. BROWN

PUBLIC UTILITIES ANALYST V

UTILITIES DIVISION

ARIZONA CORPORATION COMMISSION

OCTOBER 26, 2009

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Consolidated (Town Division, Buckeye, and Tonopah)

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EXECUTIVE SUMMARY

GLOBAL WATER – PALO VERDE UTILITIES COMPANY, DOCKET NO. SW-20445A-09-0077
GLOBAL WATER – SANTA CRUZ WATER COMPANY, DOCKET NO. W-20446A-09-0080
WILLOW VALLEY WATER COMPANY, DOCKET NO. W-01732A-09-0079
VALENCIA WATER COMPANY – TOWN DIVISION, DOCKET NO. W-01212A-09-0082
VALENCIA WATER COMPANY – GREATER BUCKEYE DIVISION, DOCKET NO. W-02451A-09-0078
WATER UTILITY OF GREATER TONOPAH, DOCKET NO. W-02450A-09-0081

Global Water - Palo Verde Utilities Company ("Palo Verde"), Global Water – Santa Cruz Water Company ("Santa Cruz"), Willow Valley Water Company ("Willow Valley"), Valencia Water Company – Town Division ("Town Division"), Valencia Water Company – Greater Buckeye Division ("Buckeye"), and Water Utility of Greater Tonopah ("Tonopah"), collectively "Global Companies", are certificated Arizona public service corporations that provided water and wastewater utility service during the test year of 2008 in various parts of Arizona. The average number of customers per company during the test year was as follows: 15,152, Palo Verde; 15,371, Santa Cruz; 1,559, Willow Valley; 5,024, Town Division; 620, Buckeye; and 346, Tonopah.

On February 20, 2009, Global Water filed applications for permanent rate increases. Palo Verde states that it experienced a $144,516 test year operating income resulting in a 0.23 percent rate of return. Santa Cruz states that it experienced a $1,969,624 test year operating income resulting in a 4.35 percent rate of return. Willow Valley states that it incurred a $95,459 test year operating loss resulting in no rate of return. Town Division states that it incurred a $601,944 test year operating loss resulting in no rate of return. Buckeye states that it incurred a $4,402 test year operating loss resulting in no rate of return. Tonopah states that it incurred a $153,369 test year operating loss resulting in no rate of return.

Palo Verde

Palo Verde proposed an $8,493,380, or 130.24 percent revenue increase from $6,521,201 to $15,014,581. The proposed revenue increase would produce an operating income of $5,307,395 for an 8.34 percent rate of return on an original cost rate base ("OCRB") of $63,637,830. Staff recommends a $5,444,899 or 81.95 percent revenue increase from $6,643,813 to $12,088,712. Staff's recommended revenue increase would produce an operating income of $4,438,060 for an 8.30 percent rate of return on an OCRB of $53,470,597.

Santa Cruz

Santa Cruz proposed a $3,081,292, or 33.82 percent revenue increase from $9,110,720 to $12,192,012. The proposed revenue increase would produce an operating income of $3,842,652 for an 8.49 percent rate of return on an OCRB of $45,260,919. Staff recommends a $1,142,237 or 12.14 percent revenue increase from $9,409,861 to $10,552,098. Staff's recommended revenue increase would produce an operating income of $3,328,234 for an 8.50 percent rate of return on an OCRB of $39,155,692.

Willow Valley

Willow Valley proposed a $499,229, or 105.43 percent, revenue increase from $473,527 to $972,756. The proposed revenue increase would produce an operating income of $208,008 for a 9.24 percent rate of return on an OCRB of $2,251,164. Staff recommends a $428,289 or 90.45 percent revenue increase from $473,527 to $901,816. Staff's recommended revenue increase would produce an operating income of $184,595 for an 8.20 percent rate of return on an OCRB of $2,251,164.

Town Division

Town Division proposed a $1,657,078, or 57.25 percent, revenue increase from $2,894,421 to $4,551,499. The proposed revenue increase would produce an operating income of $405,346 for a 9.56 percent rate of return on an OCRB of $4,240,018. Staff recommends a $1,439,278 or 47.38 percent revenue increase from $3,037,462 to $4,476,740. Staff's recommended revenue increase would produce an operating income of $368,882 for an 8.70 percent rate of return on an OCRB of $4,240,018.

Buckeye

Buckeye proposed a $155,800, or 46.26 percent, revenue increase from $336,819 to $492,619. The proposed revenue increase would produce an operating income of $90,304 for a 9.72 percent rate of return on an OCRB of $929,057. Staff recommends a $72,258 or 18.99 percent revenue increase from $380,474 to $452,732. Staff's recommended revenue increase would produce an operating income of $75,254 for an 8.10 percent rate of return on an OCRB of $929,057.

Tonopah

Tonopah proposed a $677,177, or 261.15 percent, revenue increase from $259,304 to $936,481. The proposed revenue increase would produce an operating income of $258,267 for a 9.94 percent rate of return on an OCRB of $2,598,259. Staff recommends a $23,144 or an 8.93 percent revenue decrease, from $259,304 to $236,160. Staff's recommended revenue decrease would produce an operating margin of 10.00 percent or $23,616. Staff's recommended OCRB is a negative $6,123,255.

INTRODUCTION

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

A. My name is Crystal S. Brown. I am a Public Utilities Analyst V employed by the Arizona Corporation Commission ("ACC" or "Commission") in the Utilities Division ("Staff"). My business address is 1200 West Washington Street, Phoenix, Arizona 85007.

Q. Briefly describe your responsibilities as a Public Utilities Analyst V.

A. I am responsible for the examination and verification of financial and statistical information included in utility rate applications. In addition, I develop revenue requirements, prepare written reports, testimonies, and schedules that include Staff recommendations to the Commission. I am also responsible for testifying at formal hearings on these matters.

Q. Please describe your educational background and professional experience.

A. I received a Bachelor of Science Degree in Business Administration from the University of Arizona and a Bachelor of Science Degree in Accounting from Arizona State University.

Since joining the Commission in August 1996, I have participated in numerous rate cases and other regulatory proceedings involving electric, gas, water, and wastewater utilities. I have testified on matters involving regulatory accounting and auditing. Additionally, I have attended utility-related seminars sponsored by the National Association of Regulatory Utility Commissioners ("NARUC") on ratemaking and accounting designed to provide continuing and updated education in these areas.

Q. What is the scope of your testimony in this case?

A. I am presenting Staff's analysis and recommendations in the areas of rate base and operating revenues and expenses regarding Global Water - Palo Verde Utilities Company, Valencia Water Company – Greater Buckeye Division, Willow Valley Water Company, Global – Water Santa Cruz Water Company, Water Utility of Greater Tonopah, and Valencia Water Company – Town Division (collectively "Global Companies" or "Companies") applications for a permanent rate increase. Staff witness Darak Eaddy is presenting Staff's rate design recommendations. Staff witness Linda Jaress is presenting Staff's cost of capital and Infrastructure Coordination Financing Agreements ("ICFA") recommendations. Staff witness Jian Liu is presenting Staff's engineering analysis and recommendations.

Q. What is the basis of your recommendations?

A. I performed a regulatory audit of the Global Companies' applications to determine whether sufficient, relevant, and reliable evidence exists to support the Companies' requested rate increases. The regulatory audit consisted of examining and testing the financial information, accounting records, and other supporting documentation and verifying that the accounting principles applied were in accordance with the Commission-adopted NARUC Uniform System of Accounts ("USOA").

BACKGROUND

Q. Please review the background of these applications.

A. The Global Companies are certificated Arizona public service corporations that provide water or wastewater utility service to customers in various parts of Arizona.

The Global Companies are owned by Global Water Resources, LLC. The Global Companies have no employees and are managed and operated by Global Water, Inc.

Global Water - Palo Verde Utilities Company's ("Palo Verde") current rates were authorized in Decision No. 61943, dated September 17, 1999. That Decision authorized Palo Verde's original Certificate of Convenience and Necessity.

Global Water - Santa Cruz Water Company's ("Santa Cruz") current rates were authorized in Decision No. 61943, dated September 17, 1999. That Decision authorized Santa Cruz's original Certificate of Convenience and Necessity.

Willow Valley Water Company's ("Willow Valley") current rates were authorized in Decision No. 63612, dated April 27, 2001. That Decision authorized a $45,640 revenue increase that provided a 9.99 percent rate of return on a $568,596 fair value rate base, which was also the original cost rate base.

Valencia Water Company – Town Division's ("Town Division") current rates were authorized in Decision No. 60832, dated April 30, 1998. That Decision authorized a $61,219 revenue increase that provided a 10.41 percent rate of return on a $537,773 fair value rate base, which was also the original cost rate base.

Valencia Water Company – Greater Buckeye Division's ("Buckeye") current rates were authorized in Decision No. 60386, dated August 29, 1997. That Decision authorized an $18,225 revenue increase that provided an 11.57 percent rate of return on an $81,044 fair value rate base, which was also the original cost rate base.

Water Utility of Greater Tonopah's ("Tonopah") current rates were authorized in Decision No. 62092, dated November 19, 1999. That Decision authorized a $12,004 revenue increase that provided a 10.34 percent rate of return on a $156,270 fair value rate base, which was also the original cost rate base.

Q. What are the primary reasons for the Global Companies' requested permanent rate increase?

A. According to the Global Companies, the primary reasons are to recover increased operating expenses and/or to earn its authorized rate of return on its rate base, which has increased significantly since the last rate cases.

CONSUMER SERVICE

Q. Please provide a brief history of customer complaints received by the Commission regarding the Global Companies.

A. Staff reviewed the Commission's records for the period January 1, 2006, through October 8, 2009, and found:

Palo Verde

2006 – Zero complaints/opinions

2007 – Five complaints (billing, two quality of service, two disconnect/termination)

2008 – Twelve complaints (six billing, deposit, five disconnect/termination)

2009 – Five complaints (three billing, quality of service, disconnect/termination)

Eighteen opinions (opposed to the rate case)

All Palo Verde complaints have been resolved and closed.

Santa Cruz

2006 – Six complaints (four billing, two quality of service)

2007 – Thirteen complaints (ten billing, service, two disconnect/termination)

2008 – Twenty-one complaints (fourteen billing, two deposit, new service, quality of service, three disconnect/termination)

2009 – Fifty-five complaints (seventeen billing, five deposits, new service, nineteen quality of service, thirteen disconnect/termination)

One hundred eleven opinions (opposed to the rate case)

All complaints have been resolved and closed.

Willow Valley

2006 – Eight complaints (five billing, three quality of service)

2007 – Six complaints (service, five quality of service)

2008 – Four complaints (two billing, two quality of service)

2009 – Five complaints (three billing, two quality of service)

Two opinions (opposed to the rate case)

All complaints have been resolved and closed.

Town Division

2006 – Thirteen complaints (seven billing, two deposits, four quality of service)

2007 – Twenty-one complaints (six billing, disc/term, two quality of service, eleven other, new service)

2008 – Eight complaints (six billing, disconnect/termination, other)

2009 – Fourteen complaints (six billing, three deposits, three quality of service, disconnect/termination, other)

All complaints have been resolved and closed.

Buckeye

2006 – One complaint (quality of service)

2007 – Two complaints (billing, quality of service)

2008 – Four complaints (three quality of service, new service)

2009 – Five complaints (three quality of service, two billing)

All complaints have been resolved and closed.

Tonopah

2006 – Three complaints (billing issues)

2007 – Five complaints (two billing, water quality, MXA, CC&N)

2008 – Three complaints (two billing, water quality)

2009 – Four complaints (billing, MXA and two CC&N)

All complaints have been resolved and closed.

COMPLIANCE

Q. Please provide a summary of the compliance status of the Global Companies.

A. A check of the Utilities Division Compliance Database indicates that there are currently no delinquencies for the Global Companies.

SUMMARY OF PROPOSED REVENUES

Q. Please summarize the Global Companies' filings.

A. The Global Companies propose, in aggregate, $34,159,948 of total annual operating revenue. This represents an increase of $14,563,956, or 74.32 percent, over test year revenue of $19,595,992. The amounts for each company are shown below.

Company Proposed	Test Year Per Global Companies	Global Companies Proposed Revenue	$ Increase	% Increase
Palo Verde	$ 6,521,201	$ 15,014,581	$ 8,493,380	130.24%
Santa Cruz	$ 9,110,720	$ 12,192,012	$ 3,081,292	33.82%
Willow Valley	$ 473,527	$ 972,756	$ 499,229	105.43%
Town Division	$ 2,894,421	$ 4,551,499	$ 1,657,078	57.25%
Buckeye	$ 336,819	$ 492,619	$ 155,800	46.26%
Tonopah	$ 259,304	$ 936,481	$ 677,177	261.15%
Total / Overall	$19,595,992	$ 34,159,948	$14,563,956	74.32%

Q. Please summarize Staff's recommended revenue.

A. Staff recommends an aggregate revenue requirement of $28,708,258. This represents an increase of $8,503,817, or 42.09 percent. The amounts for each system are shown below.

Staff Recommended	Test Year Per Staff	Staff Recommended	$ Increase	% Increase
Palo Verde	$ 6,643,813	$12,088,712	$ 5,444,899	81.95%
Santa Cruz	$ 9,409,861	$10,552,098	$ 1,142,237	12.14%
Willow Valley	$ 473,527	$ 901,816	$ 428,289	90.45%
Town Division	$ 3,037,462	$ 4,476,740	$ 1,439,278	47.38%
Buckeye	$ 380,474	$ 452,732	$ 72,258	18.99%
Tonopah	$ 259,304	$ 236,160	($ 23,144)	-8.93%
Total / Overall	$20,204,441	$28,708,258	$ 8,503,817	42.09%

The above proposed and recommended revenue increases would apply to the customers of each of the Global Companies as discussed below:

Palo Verde

Palo Verde proposed an $8,493,380, or 130.24 percent revenue increase from $6,521,201 to $15,014,581. The proposed revenue increase would produce an operating income of $5,307,395 for an 8.34 percent rate of return on an original cost rate base ("OCRB") of $63,637,830. Staff recommends a $5,444,899 or 81.95 percent revenue increase from $6,643,813 to $12,088,712. Staff's recommended revenue increase would produce an operating income of $4,438,060 for an 8.30 percent rate of return on an OCRB of $53,470,597.

Santa Cruz

Santa Cruz proposed a $3,081,292, or 33.82 percent revenue increase from $9,110,720 to $12,192,012. The proposed revenue increase would produce an operating income of $3,842,652 for an 8.49 percent rate of return on an OCRB of $45,260,919. Staff recommends a $1,142,237 or 12.14 percent revenue increase from $9,409,861 to $10,552,098. Staff's recommended revenue increase would produce an operating income of $3,328,234 for an 8.50 percent rate of return on an OCRB of $39,155,692.

Willow Valley

Willow Valley proposed a $499,229, or 105.43 percent revenue increase from $473,527 to $972,756. The proposed revenue increase would produce an operating income of $208,008 for a 9.24 percent rate of return on an OCRB of $2,251,164. Staff recommends a $428,289 or 90.45 percent revenue increase from $473,527 to $901,816. Staff's recommended revenue increase would produce an operating income of $184,595 for an 8.20 percent rate of return on an OCRB of $2,251,164.

Town Division

Town Division proposed a $1,657,078, or 57.25 percent revenue increase from $2,894,421 to $4,551,499. The proposed revenue increase would produce an operating income of $405,346 for a 9.56 percent rate of return on an OCRB of $4,240,018. Staff recommends a $1,439,278 or 47.38 percent revenue increase from $3,037,462 to $4,476,740. Staff's recommended revenue increase would produce an operating income of $368,882 for an 8.70 percent rate of return on an OCRB of $4,240,018.

Buckeye

Buckeye proposed a $155,800, or 46.26 percent revenue increase from $336,819 to $492,619. The proposed revenue increase would produce an operating income of $90,304 for a 9.72 percent rate of return on an OCRB of $929,057. Staff recommends a $72,258 or 18.99 percent revenue increase from $380,474 to $452,732. Staff's recommended revenue increase would produce an operating income of $75,254 for an 8.10 percent rate of return on an OCRB of $929,057.

Tonopah

Tonopah proposed a $677,177, or 261.15 percent, revenue increase from $259,304 to $936,481. The proposed revenue increase would produce an operating income of $258,267 for a 9.94 percent rate of return on an OCRB of $2,598,259. Staff recommends a $23,144 or 8.93 percent revenue decrease from $259,304 to $236,160. Staff's recommended revenue decrease would produce an operating margin of 10.00 percent or $23,616. Staff's recommended OCRB is a negative $6,123,255.

Q. What test year did the Global Companies use in this filing?

A. The Global Companies' rate filing is based on the twelve months ended December 31, 2008 ("test year").

Q. Please summarize the rate base and operating income recommendations and adjustments addressed in your testimony for the Global Companies.

A. My testimony addresses the following issues:

Contributions in Aid of Construction ("CIAC") – This adjustment is made only to the rate bases of Palo Verde, Santa Cruz, and Tonopah and increases CIAC by $10,991,128, $6,600,076, $9,022,750, respectively, to recognize as CIAC monies collected through Infrastructure Coordination and Financing Agreements ("ICFAs").

Amortization of CIAC – This adjustment is made only to the rate bases of Palo Verde, Santa Cruz, and Tonopah and increases Amortization of CIAC by $823,895, $494,849, $301,236, respectively, to reflect amortization of Staff's recommended CIAC additions.

Revenue and Expense Annualization – This adjustment is made only to the income statements of Palo Verde, Santa Cruz, Town Division, and Buckeye and increases operating income by $113,096, $281,210, $118,166, and $36,944, respectively, to remove inappropriate revenue and expense annualizations.

Salaries, Wages, Pensions, and Benefits – This adjustment is made for all the Global Companies and reclassifies costs from Salaries and Wages and Pensions and Benefits to Contract Services-Management Fees as follows: $1,140,645 for Palo Verde; $971,034 for Santa Cruz; $277,334 for Willow Valley; $813,888 for Town Division; $92,381 for

Buckeye; and $58,694 for Tonopah. All work performed for the Global Companies is done through contract services, therefore, in accordance with the NARUC USOA, labor costs incurred for management and operation should be reflected in the Contract Services-Management Fees account. The adjustment has no net effect on operating income.

Materials and Supplies Account 620.08/720.08 – This adjustment is made for all the Global Companies and decreases operating expenses to reflect materials and supplies at a normalized level as follows: $196,867 for Palo Verde; $191,860 for Santa Cruz; $21,759 for Willow Valley; $69,726 for Town Division; $10,466 for Buckeye; and $6,059 for Tonopah.

Contractual Services, Management Fees – This adjustment is made for all the Global Companies and decreases operating expenses to reflect contract employee costs at a normalized level and to remove costs that are not needed in the provision of service as follows: $28,621 for Palo Verde; $38,353 for Santa Cruz; $21,372 for Willow Valley; $61,633 for Town Division; $7,832 for Buckeye; and $5,070 for Tonopah.

Purchased Power – This adjustment is made only to the income statement of Tonopah and decreases expenses by $1,275 to remove the purchased pumping power costs related to Tonopah's continuing high water loss.

Contractual Services, Water Testing – This adjustment is made only to the income statement of Buckeye and reclassifies $3,774 in water testing costs from Contractual Services – Other to Contractual Services – Testing.

Bad Debt Expense – This adjustment is made for all the Global Companies and decreases operating expenses to remove bad debt expense that was not actually incurred as follows: $6,919 for Palo Verde; $49,147 for Santa Cruz; $3,948 for Willow Valley; $22,527 for Town Division; $2,214 for Buckeye; and $1,729 for Tonopah.

Depreciation Expense – This adjustment is made only to the income statements of Palo Verde, Santa Cruz, and Tonopah and decreases depreciation expense by $823,895, $494,849, $307,538, respectively, to reflect amortization of Staff's recommended CIAC balance in Staff's calculation of depreciation expense.

Property Tax Expense – This adjustment is made for all the Global Companies and increases operating expenses to reflect Staff's calculation of the property tax expense as follows: $480,259 for Palo Verde; $674,421 for Santa Cruz; $18,910 for Willow Valley; $143,236 for Town Division; $17,015 for Buckeye; and $8,989 for Tonopah.

Income Tax Expense – This adjustment is made for all the Global Companies and decreases operating expenses to reflect the income tax obligation on Staff's adjusted test year taxable income as follows: $332,533 for Palo Verde; $291,235 for Santa Cruz; $7,526 for Willow Valley; $28,526 for Town Division; $4,503 for Buckeye; and $121,646 for Tonopah.

RATE BASE

Fair Value Rate Base

Q. Did the Global Companies prepare schedules showing the elements of Reconstruction Cost New Rate Base?

A. No, the Global Companies did not. The Global Companies requested that their original cost rate bases be treated as their fair value rate bases.

Rate Base Summary

Q. Please summarize Staff's adjustments to the Global Companies' rate bases shown on Schedules CSB-3 and CSB-4 of their respective schedules.

A. Staff made adjustments to only the rate bases of Palo Verde, Santa Cruz, and Tonopah to reflect Staff's recommended CIAC and amortization of CIAC balances. A summary of the Global Companies' proposed and Staff's recommended rate bases follow:

TEST YEAR RATE BASE

	Per Company	Staff's Adjustment	Per Staff
Palo Verde	$ 63,637,830	$ (10,167,233)	$53,470,597
Santa Cruz	$ 45,260,919	$ (6,105,227)	$39,155,692
Willow Valley	$ 2,251,164	$ 0	$ 2,251,164
Town Division	$ 4,240,018	$ 0	$ 4,240,018
Buckeye	$ 929,057	$ 0	$ 929,057
Tonopah	$ 2,598,259	$ (8,721,514)	$(6,123,255)
Total	$118,917,247	$(24,993,974)	$93,923,273

Rate Base Adjustment – Contributions In Aid of Construction ("CIAC")

Q. What amount of CIAC did the Global Companies include in rate base?

A. The Global Companies included no CIAC for Palo Verde, Santa Cruz, and Willow Valley. It included $890,221, $407,979, and $73,118 for Town Division, Buckeye, and Tonopah, respectively.

Q. Did Staff identify additional CIAC that should be included in the rate bases of Palo Verde, Santa Cruz, and Tonopah?

A. Yes. Staff identified additional CIAC (i.e., monies collected though ICFAs) that should be included in the rate bases of Palo Verde, Santa Cruz, and Tonopah as discussed in greater detail in Staff witness Linda Jaress' direct testimony.

Q. What is Staff's recommendation?

A. As shown on Schedules CSB-3 and CSB-4 of the respective Global Companies, Staff recommends increasing the CIAC balances for Palo Verde, Santa Cruz and Tonopah as follows:

		Gross CIAC	Staff's	Gross CIAC
	Reference:	Per Company	Adjustment	Per Staff
Palo Verde	Schedules CSB-3 & CSB-4	$ 0	$ 10,991,128	$ 10,991,128
Santa Cruz	Schedules CSB-3 & CSB-4	$ 0	$ 6,600,076	$ 6,600,076
Willow Valley	Schedules CSB-3 & CSB-4	$ 0	$ 0	$ 0
Town Division	Schedules CSB-3 & CSB-4	$ 890,221	$ 0	$ 890,221
Buckeye	Schedules CSB-3 & CSB-4	$ 407,979	$ 0	$ 407,979
Tonopah	Schedules CSB-3 & CSB-4	$ 73,118	$ 9,022,750	$ 9,095,868

Rate Base Adjustment – Amortization of CIAC

Q. What adjustment did Staff make to the Global Companies' amortization of CIAC balances?

A. Consistent with Staff's recommendation to include additional CIAC in the rate bases of Palo Verde, Santa Cruz, and Tonopah, Staff also recommends increasing the amortization of CIAC balances to include amortization of the additional CIAC.

Q. What is Staff's recommendation?

A. As shown on Schedules CSB-3 and CSB-4 of the respective Global Companies, Staff recommends increasing the amortization of CIAC balances for Palo Verde, Santa Cruz and Tonopah as follows:

	Reference:	Amortization of CIAC Per Company	Staff's Adjustment	Amortization of CIAC Per Staff
Palo Verde	Schedules CSB-3 & CSB-4	$ 0	$ 823,895	$ 823,895
Santa Cruz	Schedules CSB-3 & CSB-4	$ 0	$ 494,849	$ 494,849
Willow Valley	Schedules CSB-3 & CSB-4	$ 0	$ 0	$ 0
Town Division	Schedules CSB-3 & CSB-4	$ 98,283	$ 0	$ 98,283
Buckeye	Schedules CSB-3 & CSB-4	$ 71,396	$ 0	$ 71,396
Tonopah	Schedules CSB-3 & CSB-4	$ 8,130	$ 301,236	$ 309,366

Operating Income

Operating Income Summary

Q. What are the results of Staff's analysis of test year revenues, expenses and operating income for the Global Companies?

A. Staff's analysis resulted in test year revenues, expenses, and operating income as follows:

TEST YEAR REVENUES, EXPENSE, & OPERATING INCOME						
	Palo Verde	Santa Cruz	Willow Valley	Town Division	Buckeye	Tonopah
	Sch CSB-7	Sch CSB-7	Sch CSB-5	Sch CSB-5	Sch CSB-5	Sch CSB-7
Revenues	$6,643,813	$9,409,861	$473,527	$3,037,462	$380,474	$259,304
Expenses	$5,477,625	$6,768,004	$548,343	$3,539,116	$348,938	$221,638
Operating Income	$1,166,188	$2,641,857	($74,816)	($501,654)	($31,536)	$37,666

Operating Income Adjustment – Revenue and Expense Annualization

Q. What Revenue and Expense Annualization adjustments did the Global Companies propose?

A. The Global Companies proposed revenue and expense annualization adjustments to decrease test year revenues, purchased pumping power expense, and chemicals expense

based upon year-end customer counts that were lower than the annual average number of customers.

Q. Does Staff agree that all of the revenue and expense annualization adjustments proposed for the Global Companies are appropriate?

A. No, Staff does not. Staff compared the number of customers used in the annualization adjustment to the number of customers as of July 31, 2009, and found that the customer counts had increased significantly for Palo Verde, Santa Cruz, Town Division, and Buckeye. Therefore, Staff removed the annualization adjustments to reflect actual test year revenues, purchased pumping power expense, and chemicals expense. The actual test year revenues and expenses provide a more realistic relationship between customer counts, revenues, operating expenses, and rate base.

Q. What is Staff's recommendation?

A. Staff recommends increasing operating income to reverse the net annualization adjustments for Palo Verde, Santa Cruz, Town Division, and Buckeye as follows:

	Reference	Operating Income Increase Due to Reversal of Annualization Adjustment
Palo Verde	Schedules CSB-8 & CSB-9	$ 113,096
Santa Cruz	Schedules CSB-8 & CSB-9	$ 281,210
Willow Valley	Schedule CSB-6	$ 0
Town Division	Schedules CSB-6 & CSB-7	$ 118,166
Buckeye	Schedules CSB-6 & CSB-7	$ 36,944
Tonopah	Schedule CSB-8	$ 0

Operating Income Adjustment – Salaries, Wages, Pensions, and Benefits

Q. Did the Global Companies report costs for individuals that are directly employed by an affiliate as employee costs for the Global Companies?

A. Yes, the Global Companies reported as employee payroll expenses costs incurred for individuals who are directly employed by the affiliate, Global Water Incorporated ("GWI").

Q. Do the Global Companies have employees?

A. No, the Global Companies contract all of their personnel for day to day operations through the affiliate, GWI.

Q. Should contract employees' payroll costs be recorded as salaries and wages?

A. No, they should not. The NARUC USOA, which is the accounting system prescribed by the Arizona Administrative code (R14-2-411. D. 2), requires that contract employees' costs incurred for management and operation be recorded in Account No. 634, Contractual Services - Management Fees.

Q. What is Staff's recommendation?

A. Staff recommends reclassifying costs from Salaries and Wages and Pensions and Benefits to Contract Services-Management Fees for all Global Companies as follows:

	Reference	Reclassify Expenses from Salaries, Wages, Pensions & Benefits to Contractual Services Management Fees
Palo Verde	Schedules CSB-8 & CSB-10	$ 1,140,645
Santa Cruz	Schedules CSB-8 & CSB-10	$ 971,034
Willow Valley	Schedules CSB-6 & CSB-7	$ 277,334
Town Division	Schedules CSB-6 & CSB-8	$ 813,888
Buckeye	Schedules CSB-6 & CSB-8	$ 92,381
Tonopah	Schedules CSB-8 & CSB-9	$ 58,694

Operating Income Adjustment – Materials and Supplies, Acct. Nos. 620.08 and 720.08

Q. What amount of Material and Supplies did the Global Companies report for the years 2006, 2007, 2008?

A. As shown on Schedule E-2 of the respective Global Companies' applications, the Companies reported the following materials and supplies (account numbers 620.08 or 720.08) for the years 2006, 2007, and 2008:

MATERIAL AND SUPPLIES EXPENSE, ACCT NOS. 620.08 & 720.08						
	Palo Verde	Santa Cruz	Willow Valley	Town Division	Buckeye	Tonopah
	Sch E-7	Sch E-7	Sch E-7	Sch E-7	Sch E-7	Sch E-7
2006	$ 0	$ 18,487	$ 17,706	$ 48,296	$ 1,704	$ 2,379
2007	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
2008	$ 295,301	$ 297,033	$ 41,492	$ 128,737	$ 16,551	$ 10,278

Q. For comparative purposes, do the Global Companies know the actual amount of expenses for the years 2006 and 2007 that are comparable to the 2008 expense?

A. No, they do not. The Companies stated in response to data request CSB 15-1, that the allocation methodology changed on January 1, 2008.

Q. If the amounts reported for the years 2006 and 2007 represent normal costs for these years, what would this indicate to Staff?

A. The wide fluctuations from year to year would indicate large projects or costs that were incurred in some years but not in others.

Q. How does including abnormally high costs in operating expenses harm customers?

A. It harms customers because, on average, the rates would be over-stated as the Companies would not be incurring the abnormally high level of materials and supplies expense each year.

Q. For ratemaking purposes, how did Staff treat the amounts reported for the years 2006 and 2007?

A. For ratemaking purposes, Staff treated the expenses reported for the years 2006 and 2007 as comparable amounts to the 2008 amount and normalized the amounts by averaging the total over three years.

Q. Did Staff attempt to review the test year invoices for this account?

A. Yes. Staff sent a data request for all test year invoices for the materials and supplies expenses for account nos. 620.08 and 720.08 on May 2, 2009. Unfortunately, the Companies did not provide the requested information until September 22, 2009, which did not afford Staff sufficient time to audit the documents and incorporate the findings in direct testimony.

Q. Will Staff review the invoices and make adjustments as appropriate in its Surrebuttal testimony?

A. Yes.

Q. What is Staff's recommendation?

A. At this time, Staff recommends decreasing Materials and Supplies expenses, Account Nos. 620.08 and 720.08 for all Global Companies as follows:

	Reference	Materials & Supplies Expense Account Nos. 620.08 &720.08 Adjustment
Palo Verde	Schedules CSB-8 & CSB-11	$ 196,867
Santa Cruz	Schedules CSB-8 & CSB-11	$ 191,860
Willow Valley	Schedules CSB-6 & CSB-8	$ 21,759
Town Division	Schedules CSB-6 & CSB-9	$ 69,726
Buckeye	Schedules CSB-6 & CSB-9	$ 10,466
Tonopah	Schedules CSB-8 & CSB-10	$ 6,059

Operating Income Adjustment – Contractual Services, Management Fees

Q. Did Staff adjust the Contractual Services, Management Fees account?

A. Yes.

Q. What adjustments did Staff make?

A. Staff removed contract employee bonuses and contract employee kitchen supplies cost.

Staff also reviewed the costs incurred for contract employee hiring and moving costs, contract employee training and certification costs, contract employee travel and contract employee meals costs and found that these types of costs would not typically be incurred at the same level each year. Therefore, Staff normalized these costs by dividing the total of these expenses by 2 years.

Q. What is Staff's recommendation?

A. Staff recommends decreasing Contractual Services, Management Fees expense for all Global Companies as follows:

	Reference	Contractual Services, Management Fees Adjustment
Palo Verde	Schedules CSB-8 & CSB-12	$ 28,621
Santa Cruz	Schedules CSB-8 & CSB-9	$ 38,353
Willow Valley	Schedules CSB-6 & CSB-9	$ 21,372
Town Division	Schedules CSB-6 & CSB-10	$ 61,633
Buckeye	Schedules CSB-6 & CSB-10	$ 7,832
Tonopah	Schedules CSB-8 & CSB-11	$ 5,070

Automatic Meter Readers

Q. Which Global Companies have automatic readers and when were they installed?

A. The companies that have automatic meter readers and the year they were installed are as follows:

COMPANIES WITH AUTOMATIC METER READERS	
	Year(s) Installed
Santa Cruz	2005 - 2008
Town Division	2008
Buckeye	2008 - 2009
Tonopah	2008

Q. Could the use of automatic meter readers have an impact on test year labor and transportation costs?

A. Yes, the use of automatic meter readers could eliminate some labor and transportation costs that would otherwise be needed to read the meters, resulting in a net decrease of labor and transportation costs allocated to these companies.

Q. Has Staff determined whether or not this has occurred?

A. No. Staff is currently reviewing the documentation related to automatic meter readers and other information that was provided by the Companies. That analysis is not yet complete.

Q. Will Staff complete its analysis and make adjustments as appropriate in its Surrebuttal testimony?

A. Yes.

Operating Income Adjustment – Purchased Power

Q. What amount did Tonopah propose for purchased power expense?

A. Tonopah proposed $16,192.

Q. Did Staff adjust purchased power for Tonopah?

A. Yes.

Q. Why did Staff adjust purchased power?

A. Tonopah has water loss greater than that recommended by Staff, as discussed in greater detail by Staff witness, Jian Liu. This problem has continued since the last rate case (Decision No. 62092, dated November 19, 1999). The cost of the purchased power used to pump the water that is lost does not provide a benefit to customers; consequently Staff reduced the purchased power to correspond to the portion of the water loss that is above Staff's recommended level of 10 percent.

Q. What is Staff's recommendation?

A. Staff recommends decreasing purchased power by $1,275 for Tonopah only. The adjustment is shown on Schedules CSB-8 and CSB-12.

Operating Income Adjustment – Contractual Services, Water Testing

Q. What amount did Buckeye propose for water testing expense?

A. Buckeye proposed no water testing expense.

Q. Was this omission an oversight by Buckeye?

A. Yes. Staff reviewed Buckeye's general ledger and found that these costs were inadvertently recorded in Contractual Services-Other rather than Contractual Services-Testing.

Q. What is Staff's recommendation?

A. Staff recommends reclassifying $3,774 in water testing costs from the Contractual Services-Other account to the Contractual Services-Testing account for Buckeye only. The adjustment is shown on Schedules CSB-6 and CSB-11.

Operating Income Adjustment – Bad Debt Expense

Q. Did the Global Companies include a provision for bad debt in the test year expenses?

A. Yes, the Global Companies included $65,212, $91,107, $4,735, $28,944, $3,368, and $2,593 for bad debt expense for Palo Verde, Santa Cruz, Willow Valley, Town Division, Buckeye and Tonopah, respectively.

Q. What was the actual Bad Debt Expense for the Global Companies during the test year?

A. The actual bad debt expense incurred during the test year was $58,293, $41,960, $787, $6,417, $1,154, and $864 for Palo Verde, Santa Cruz, Willow Valley, Town Division, Buckeye and Tonopah, respectively.

Q. What effect does recognizing the Companies' proposed Bad Debt Expense have on the revenue requirement?

A. It increases the revenue requirement and allows recovery of an expense the Companies did not experience in the test year.

Q. What is Staff's recommendation?

A. Staff recommends decreasing Bad Debt expense to the amount incurred in the test year for all the Global Companies as follows:

	Reference	Bad Debt Expense Adjustment
Palo Verde	Schedules CSB-8 & CSB-13	$ 6,919
Santa Cruz	Schedules CSB-8 & CSB-13	$ 49,147
Willow Valley	Schedules CSB-6 & CSB-10	$ 3,948
Town Division	Schedules CSB-6 & CSB-11	$ 22,527
Buckeye	Schedules CSB-6 & CSB-12	$ 2,214
Tonopah	Schedules CSB-8 & CSB-13	$ 1,729

Operating Income Adjustment – Depreciation Expense

Q. What are Palo Verde, Santa Cruz, and Tonopah proposing for depreciation expense?

A. Palo Verde, Santa Cruz, and Tonopah are proposing depreciation expense of $3,156,675, S3,506,485, and $307,538, respectively.

Q. What adjustment did Staff make to depreciation expense?

A. Staff adjusted depreciation expense to reflect application of the Staff-recommended amortization CIAC balance in its depreciation expense calculation.

Q. What is Staff's recommendation?

A. Staff recommends decreasing depreciation expense for Palo Verde, Santa Cruz and Tonopah as follows:

	Reference:	Depreciation Expense Per Company	Staff's Adjustment	Depreciation Expense Per Staff
Palo Verde	Schedules CSB-8 & CSB-14	$ 3,156,675	$ (823,895)	$ 2,332,780
Santa Cruz	Schedules CSB-8 & CSB-14	$ 3,506,485	$ (494,849)	$ 3,011,636
Willow Valley	Schedule CSB-6	$ 185,697	$ 0	$ 185,697
Town Division	Schedule CSB-6	$ 2,199,986	$ 0	$ 2,199,986
Buckeye	Schedule CSB-6	$ 113,580	$ 0	$ 113,580
Tonopah	Schedules CSB-8 & CSB-14	$ 307,538	$ (307,538)	$ 0

Operating Income Adjustment – Property Taxes

Q. What is the Companies' proposal regarding property tax expense?

A. The Companies propose that property taxes be treated as a pass-through tax and be removed from test-year expenses. The Companies propose that a tax rate be calculated and applied to the customer's bill, and that any over- or under-collections be applied to the subsequent year's calculation.

Q. What is the basis for the Global Companies' position?

A. The Global Companies assert that property taxes qualify as a pass-through because they are based on water sales or gross revenues. The Companies further state that property taxes have become increasingly volatile and are outside of the Companies' control.

Q. Does Staff believe that property tax can appropriately be classified as a pass-through tax?

A. No. A true pass-through tax, like sales tax, for example, is one which is known and measurable and easily calculated and assigned. Property tax, on the other hand, is not

based directly on only sales or revenue or any one factor. As described by the Global Companies in direct testimony, property tax is computed using several formulas involving multiple variables, of which average gross revenue is only one. Additionally, the Global Companies' proposed tax rate would be based on the property tax calculation and *estimated* revenues. The resulting customer charge clearly cannot be described as known and measurable or directly based on revenues or sales, as is further demonstrated by an anticipated over- or under-collection.

Q. How would Staff characterize the Global Companies' proposal?

A. Staff would classify the Global Companies' proposed treatment as an adjustor mechanism.

Q. Does Staff support the recovery of property tax expense through an adjustor mechanism?

A. No. An adjustor is generally used when a particular expense represents a significantly large percentage of total operating expenses and is highly volatile and out of the Companies' control. In the instant case, the property tax amount does not represent a significant portion of Staff's total recommended expenses. Also, as described in the Companies' direct testimony, the property valuation is determined on an annual basis and the property tax calculation uses a three-year average of gross revenues. Staff therefore does not consider this tax to be highly volatile, as it does not have the tendency to vary widely or to be subject to sudden changes.

Q. What treatment does Staff recommend for property taxes?

A. Staff believes property taxes should be treated as a cost of doing business and included in operating expenses, as has been the Commission's long standing practice.

Q. Did Staff make an adjustment to property tax expense?

A. Yes. Staff recommends property taxes for all Global Companies as follows:

	Reference:	Property Tax Expense Per Company	Staff's Adjustment	Property Tax Expense Per Staff
Palo Verde	Schedules CSB-8 & CSB-15	$ 0	$ 480,259	$ 480,259
Santa Cruz	Schedules CSB-8 & CSB-15	$ 0	$ 674,421	$ 674,421
Willow Valley	Schedules CSB-6 & CSB-11	$ 0	$ 18,910	$ 18,910
Town Division	Schedules CSB-6 & CSB-12	$ 0	$ 143,236	$ 143,236
Buckeye	Schedules CSB-6 & CSB-13	$ 0	$ 17,015	$ 17,015
Tonopah	Schedules CSB-8 & CSB-11	$ 0	$ 8,989	$ 8,989

Operating Income Adjustment – Income Taxes

Q. What are the Companies proposing for test year Income Tax Expense?

A. The Global Companies are proposing income tax expense of $90,848, $1,238,174, negative $72,955, negative $402,522, negative $5,703, and negative $97,968 for Palo Verde, Santa Cruz, Willow Valley, Town Division, Buckeye and Tonopah, respectively.

Q. Did Staff make any adjustments to test year Income Tax Expense?

A. Yes. Staff's adjustment reflects Staff's calculation of the income tax expense based upon Staff's adjusted test year taxable income.

Q. What is Staff's recommendation?

A. Staff recommends adjusting the test year Income Tax Expense for the Global Companies as follows:

	Reference:	Income Tax Expense Per Company	Staff's Adjustment	Income Tax Expense Per Staff
Palo Verde	Schedules CSB-8 & CSB-16	$90,848	($332,533)	($241,685)
Santa Cruz	Schedules CSB-8 & CSB-16	$1,238,174	($291,235)	$946,939
Willow Valley	Schedules CSB-6 & CSB-12	($72,955)	$7,526	($65,429)
Town Division	Schedules CSB-6 & CSB-13	($402,522)	$28,526	($373,996)
Buckeye	Schedules CSB-6 & CSB-14	($5,703)	$4,503	($1,200)
Tonopah	Schedules CSB-8 & CSB-12	($97,968)	$121,646	$23,678

Rate Consolidation

Q. Did Staff review the Global Companies' proposal to consolidate rates for Town Division, Buckeye, and Tonopah?

A. Yes. Staff reviewed the rate consolidation proposal.

Q. Did Staff prepare a schedule showing the individual and consolidated revenue requirements, rate bases, and operating income statements for Town Division, Buckeye and Tonopah?

A. Yes, see Schedules CSB-1 through CSB-5 for the consolidated systems.

Q. What is the Global Companies' primary reason for consolidating rates?

A. The primary reason, according to the Companies' filing, is that Tonopah customers would experience "an extremely large rate increase" (Rowell Direct Testimony, page 3, line 24). Tonopah proposes a revenue increase of $677,177, or 261.15 percent, from $259,304 to $936,481.

Q. What are the individual percentage revenue increase or decrease and customer counts for Town Division, Buckeye, and Tonopah under Staff's recommendation?

A. As shown on Schedule CSB-1 of the consolidated schedules, the individual percent increase or decrease of Town Division, Buckeye and Tonopah and customer counts are as follows:

	Staff Recommended Total Revenue	Staff Recommended $ Increase	Staff Recommended % Increase **Under Stand Alone**	Staff Recommended % Increase **Under Consolidated**	Number of Customers
Town Division	$ 4,490,760	$1,439,278	47.38%	45.72%	5,024
Buckeye	$ 452,732	$ 72,258	18.99%	45.72%	620
Tonopah	$ 236,160	($ 23,144)	-8.93%	45.72%	346

Q. How would rate consolidation impact the customers of Buckeye, Tonopah and Town Division under Staff's recommended revenue?

A. The Buckeye and Tonopah customers would be required to subsidize Town Division, a much larger company, as shown on the table above and Schedule CSB-1 of the consolidated schedules. Under Staff's recommendations, consolidation would result in Buckeye and Town Division customers experiencing a significantly higher increase than they would have on a stand-alone basis, while the Town Division customers would see only a slight decrease.

Q. Does Staff recommend approval of the Global Companies' rate consolidation proposal?

A. No. Staff recommends that the Commission establish individual rates for Town Division, Buckeye and Tonopah. Rate consolidation always results in some cross-subsidization among systems. A benefit of that subsidization can be that spreading costs among the customers of larger systems helps to mitigate a significant rate impact to customers of

smaller systems. In this instance, just the opposite outcome occurs, resulting in an unfair burden on the smaller systems. Staff does not find any significant benefit resulting from the Companies' rate consolidation proposal that would outweigh the detrimental effect of the proposed rate consolidation on the Buckeye and Town Division customers. However, Staff witness Darak Eaddy will continue to analyze rate consolidation. If Staff believes some other form of rate consolidation is appropriate, it will be presented in Mr. Eaddy's testimony.

Q. Does this conclude your direct testimony?

A. Yes, it does.

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Schedule CSB-1

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	[A] COMPANY ORIGINAL COST	[B] STAFF ORIGINAL COST
1	Adjusted Rate Base	$ 63,637,830	$ 53,470,597
2	Adjusted Operating Income (Loss)	$ 144,516	$ 1,166,188
3	Current Rate of Return (L2 / L1)	0.23%	2.18%
4	Required Rate of Return	8.34%	8.30%
5	Required Operating Income (L4 * L1)	$ 5,307,395	$ 4,438,060
6	Operating Income Deficiency (L5 - L2)	$ 5,162,879	$ 3,271,872
7	Gross Revenue Conversion Factor	1.64509	1.66415
8	Increase (Decrease) In Gross Revenue (L7 * L6)	$ 8,493,380	$ 5,444,899
9	Adjusted Test Year Revenue	$ 6,521,201	$ 6,643,813
10	Proposed Annual Revenue (L8 + L9)	$ 15,014,581	$ 12,088,712
11	Required Increase/(Decrease in Revenue) (%) (L8/L9)	130.24%	81.95%

References:
Column [A]: Company Schedules A-1, C-1, C-3, & D-1
Column [B]: Staff Schedules CSB-2, CSB-3, & CSB-7

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Schedule CSB-2

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
	Calculation of Gross Revenue Conversion Factor:				
1	Revenue	100.0000%			
2	Uncollecible Factor (Line 11)	0.0000%			
3	Revenues (L1 - L2)	100.0000%			
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)	39.9094%			
5	Subtotal (L3 - L4)	60.0906%			
6	**Revenue Conversion Factor (L1 / L5)**	1.664154			
	Calculation of Uncollectible Factor:				
7	Unity	100.0000%			
8	Combined Federal and State Tax Rate (Line 17)	38.5989%			
9	One Minus Combined Income Tax Rate (L7 - L8)	61.4011%			
10	Uncollectible Rate	0.0000%			
11	Uncollectible Factor (L9 * L10)	0.0000%			
	Calculation of Effective Tax Rate:				
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%			
13	Arizona State Income Tax Rate	6.9680%			
14	Federal Taxable Income (L12 - L13)	93.0320%			
15	Applicable Federal Income Tax Rate (Line 53)	34.0000%			
16	Effective Federal Income Tax Rate (L14 x L15)	31.6309%			
17	Combined Federal and State Income Tax Rate (L13 +L16)		38.5989%		
	Calculation of Effective Property Tax Factor				
18	Unity	100.0000%			
19	Combined Federal and State Income Tax Rate (L17)	38.5989%			
20	One Minus Combined Income Tax Rate (L18-L19)	61.4011%			
21	Property Tax Factor (CSB-15, Col. B, L 24)	2.1344%			
22	Effective Property Tax Factor (L20*L21)		1.3105%		
23	Combined Federal and State Income Tax and Property Tax Rate (L17+L22)			39.9094%	
24	Required Operating Income (Schedule CSB-1, Line 5)	$ 4,438,060			
25	AdjustedTest Year Operating Income (Loss) (Sch CSB-7, Col C, L 33)	1,166,188			
26	Required Increase in Operating Income (L24 - L25)		$ 3,271,872		
27	Income Taxes on Recommended Revenue (Col. [C], L52)	$ 1,815,128			
28	Income Taxes on Test Year Revenue (Col. [B], L52)	(241,685)			
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		2,056,812		
30	Recommended Revenue Requirement (Schedule CSB-1, Line 10)	$ 12,088,712			
31	Uncollectible Rate (Line 10)	0.0000%			
32	Uncollectible Expense on Recommended Revenue (L30*L31)	$ -			
33	Adjusted Test Year Uncollectible Expense	$ -			
34	Required Increase in Revenue to Provide for Uncollectible Exp. (L32-L33)		-		
35	Property Tax with Recommended Revenue (CSB-15, Col B, L19)	$ 596,474			
36	Property Tax on Test Year Revenue (CSB-15, Col A, L16)	480,259			
37	Increase in Property Tax Due to Increase in Revenue (L35-L36)		116,215		
38	Total Required Increase in Revenue (L26 + L29 + L34 + L37)		$ 5,444,899		

		Test Year		Staff Recommended
	Calculation of Income Tax:			
39	Revenue (Schedule CSB-11, Col. [C], Line 5 & Sch. CSB-1, Col. [D] Line	$ 6,643,813	$ 5,444,899	$12,088,712
40	Operating Expenses Excluding Income Taxes	$ 5,719,310	$ 116,215	$ 5,835,525
41	Synchronized Interest (L56)	$ 1,550,647		$ 1,550,647
42	Arizona Taxable Income (L39 - L40 - L41)	$ (626,144)		$ 4,702,540
43	Arizona State Income Tax Rate	6.9680%		6.9680%
44	Arizona Income Tax (L42 x L43)	$ (43,630)		$ 327,673
45	Federal Taxable Income (L42 - L44)	$ (582,514)		$ 4,374,867
46	Federal Tax on Income Bracket - Not Used	$ -		$ -
47	Federal Tax on Income Bracket - Not Used	$ -		$ -
48	Federal Tax on Income Bracket - Not Used	$ -		$ -
49	Federal Tax on Income Bracket - Not Used	$ -		$ -
50	Federal Tax on All Income ($0 -$10,000,000) @ 34%	$ (198,055)		$ 1,487,455
51	Total Federal Income Tax	$ (198,055)		$ 1,487,455
52	Combined Federal and State Income Tax (L44 + L51)	$ (241,685)		$ 1,815,128
53	Applicable Federal Income Tax Rate [Col. [C], L51 - Col. [A], L51] / [Col. [C], L45 - Col. [A], L45]			34.0000%
	Calculation of Interest Synchronization:			
54	Rate Base (Schedule CSB-3, Col. (C), Line 14	$ 53,470,597		
55	Weighted Average Cost of Debt	2.9000%		
56	Synchronized Interest (L45 X L46)	$ 1,550,647		

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Schedule CSB-3

RATE BASE - ORIGINAL COST

LINE NO.		(A) COMPANY AS FILED	(B) STAFF ADJUSTMENTS	ADJ NO.	(C) STAFF AS ADJUSTED
1	Plant in Service	$ 100,264,747	$ -		$ 100,264,747
2	Less: Accumulated Depreciation	(9,082,530)	-		(9,082,530)
3	Net Plant in Service	$ 91,182,217	$ -		$ 91,182,217
	LESS:				
4	Advances in Aid of Construction (AIAC)	$ 27,370,552	$ -		$ 27,370,552
5	Service Line and Meter Advances	$ -	$ -		$ -
6	Contributions in Aid of Construction (CIAC)	$ -	$ 10,991,128	1	$ 10,991,128
7	Less: Accumulated Amortization	-	823,895	2	823,895
8	Net CIAC	$ -	10,167,233		$ 10,167,233
9	Total Advances and Contributions	$ 27,370,552	$ 10,167,233		$ 37,537,785
10	Customer Deposits	$ 173,835	$ -		$ 173,835
11	Accumulated Deferred Income Taxes	$ -	$ -		$ -
	ADD:				
12	Deferred Tax Asset	$ -	$ -		$ -
13	Working Capital	$ -	$ -		$ -
14	**Total Rate Base**	$ 63,637,830	$ (10,167,233)		$ 53,470,597

References:
Column [A], Company Schedule B-1, Page 1
Column [B]: Schedule CSB-4
Column [C]: Column [A] + Column [B]

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Schedule CSB-4

SUMMARY OF RATE BASE ADJUSTMENTS

LINE NO.	PLANT IN SERVICE Acct. No. Plant Description	[A] COMPANY AS FILED	[B] Adj No.1 CIAC Ref: Sch CSB-5	[C] ADJ No. 2 Accumulated Amort of CIAC Ref: Sch CSB-6	[D] STAFF AS ADJUSTED
1					
2	353 Land and Land Rights	$ 186,009	$ -	$ -	$ 186,009
3	354 Structures and Improvements	16,520,426	-	-	16,520,426
4	355 Power Generation Equipment	321,425	-	-	321,425
5	360 Collection Sewers - Force	3,857,656	-	-	3,857,656
6	361 Collection Sewers - Gravity	47,344,470	-	-	47,344,470
7	363 Services to Customers	5,205,784	-	-	5,205,784
8	364 Flow Measuring Devices	23,636	-	-	23,636
9	370 Receiving Wells	1,940,450	-	-	1,940,450
10	371 Pumping Equipment	3,878,776	-	-	3,878,776
11	374 Reuse Distribution Reservoirs	11,043	-	-	11,043
12	375 Reuse Transmission & Distribution System	10,912,763	-	-	10,912,763
13	380 Treatment and Disposal Equipment	5,440,808	-	-	5,440,808
14	381 Plant Sewers	78,384	-	-	78,384
15	382 Outfall Sewers	353,645	-	-	353,645
16	389 Other Plant and Miscellaneous Equipment	2,271,644	-	-	2,271,644
17	390 Office Furniture and Equipment	138,995	-	-	138,995
18	391 Transportation Equipment	165,404	-	-	165,404
19	393 Tools, Shop, and Garage Equipment	100,819	-	-	100,819
20	394 Laboratory Equipment	36,073	-	-	36,073
21	395 Power Operated Equipment	10,320	-	-	10,320
22	396 Communication Equipment	38,289	-	-	38,289
23	397 Miscellaneous Equipment	359,170	-	-	359,170
24	398 Other Tangible Equipment	1,068,758	-	-	1,068,758
25	Total Plant in Service - Actual	$ 100,264,747	$ -	$ -	$ 100,264,747
26	Less: Accumulated Depreciation	$ (9,082,530)	$ -	$ -	(9,082,530)
27	Net Plant in Service	$ 91,182,217	$ -	$ -	$ 91,182,217
28					
29	*LESS:*				
30	Advances in Aid of Construction (AIAC)	$ 27,370,552	$ -	$ -	$ 27,370,552
31	Service Line and Meter Advances	$ -	-	-	$ -
32					
33	Contributions in Aid of Construction (CIAC)	$ -	-	-	$ -
34	CIAC/ICFAS - Plant	-	10,991,128	-	10,991,128
35	CIAC/ICFAS - Other	-	-	-	-
36	Total CIAC - Adjusted	$ -	$ 10,991,128	$ -	$ 10,991,128
37					
38	Less: Accumulated Amortization of CIAC	$ -	-	-	$ -
39	Accum Amort of CIAC / ICFAs - Plant	-	-	823,895	823,895
40	Total Accumulated Amortization of CIAC	$ -	$ -	$ 823,895	$ 823,895
41					
42	Net CIAC	$ -	10,991,128	(823,895)	$ 10,167,233
43					
44	Total Advances and Net Contributions	$ 27,370,552	$ 10,991,128	$ (823,895)	$ 37,537,785
45					
46	Customer Deposits	$ 173,835	-	-	$ 173,835
47	Accumulated Deferred Taxes	$ -	-	-	$ -
48					
49	*ADD:*				
50	Deferred Tax Asset	$ -	-	-	$ -
51	Working Capital Allowance	$ -	-	-	$ -
52	***Total Rate Base***	$ 63,637,830	$ (10,991,128)	$ 823,895	$ 53,470,597

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Schedule CSB-5

RATE BASE ADJUSTMENT NO. 1 - CONTRIBUTION IN AID OF CONSTRUCTION, ICFAS

		[A]	[B]	[C]
LINE NO.	**DESCRIPTION**	**COMPANY AS FILED**	**STAFF ADJUSTMENTS**	**STAFF AS ADJUSTED**
1	CIAC/ICFAS - Plant	$ -	10,991,128	$ 10,991,128

References:
Column [A]: Company Schedule B-2
Column [B]: Testimony, CSB
Column [C]: Column [A] + Column [B]

RATE BASE ADJUSTMENT NO. 2 - ACCUMULATED AMORTIZATION OF CIAC/ ICFAS

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Accumulated Amortization of CIAC/ICFA	$ -	$ 823,895	$ 823,895
2				
3				
4			Amortization Calculation	
5				
6	**2004** Beginning CIAC/ICFA Balance		$ -	
7	CIAC/ICFA Amort Rate		2.83%	From Page 2, Line 18, Col F
8	2004 Amort on Beginning Balance		-	
9				
10	2004 CIAC/ICFA Addition		$ 2,198,226	$10,991,128 / 5 years
11	CIAC/ICFA Amort Rate (Half Year Convention)		1.41%	From Page 2, Line 18, Col F, divided by 2
12	2004 Amort on CIAC/ICFA Addition		30,995	
13				
14	**2004 Ending Accu Amort of CIAC Balance**		**$ 30,995**	Line 8 + Line 12
15				
16	**2005** Beginning CIAC/ICFA Balance		$ 2,198,226	Line 8 + Line 10
17	CIAC/ICFA Amort Rate		2.88%	From Page 2, Line 19, Col F
18	2005 Amort on Beginning Balance		63,309	
19				
20	2005 CIAC/ICFA Addition		$ 2,198,226	$10,991,128 / 5 years
21	CIAC/ICFA Amort Rate (Half Year Convention)		1.44%	From Page 2, Line 19, Col F, divided by 2
22	2005 Amort on CIAC/ICFA Addition		31,654	
23				
24	**2005 Ending Accu Amort of CIAC Balance**		**$ 94,963**	Line 18 + Line 22
25				
26	**2006** Beginning CIAC/ICFA Balance		$ 4,396,451	Line 16 + Line 20
27	CIAC/ICFA Amort Rate		3.50%	From Page 2, Line 20, Col F
28	2006 Amort on Beginning Balance		153,876	
29				
30	2006 CIAC/ICFA Addition		$ 2,198,226	$10,991,128 / 5 years
31	CIAC/ICFA Amort Rate (Half Year Convention)		1.75%	From Page 2, Line 20, Col F, divided by 2
32	2006 Amort on CIAC/ICFA Addition		38,469	
33				
34	**2006 Ending Accu Amort of CIAC Balance**		**$ 192,345**	Line 28 + Line 32
35				
36	**2007** Beginning CIAC/ICFA Balance		$ 6,594,677	Line 26 + Line 30
37	CIAC/ICFA Amort Rate		3.18%	From Page 2, Line 21, Col F
38	2007 Amort on Beginning Balance		209,711	
39				
40	**2007** CIAC/ICFA Addition		$ 2,198,226	$10,991,128 / 5 years
41	CIAC/ICFA Amort Rate (Half Year Convention)		1.59%	From Page 2, Line 21, Col F, divided by 2
42	2007 Amort on CIAC/ICFA Addition		34,952	
43				
44	**2007 Ending Accu Amort of CIAC Balance**		***$ 437,007***	

Continued On Next Page

RATE BASE ADJUSTMENT NO. 2 - ACCUMULATED AMORTIZATION OF CIAC/ ICFAS CONTINUED

		Amortization Calculation	
1	**2008** Beginning CIAC/ICFA Balance	$ 8,792,902	From Page 1, Line 36 + Line 40
2	CIAC/ICFA Amort Rate	3.91%	From Line 22, Col F
3	2008 Amort on Beginning Balance	343,802	
4			
5	2008 CIAC/ICFA Addition	$ 2,198,226	Col E Line 45 - Col E Line 44
6	CIAC/ICFA Amort Rate (Half Year Convention)	1.96%	From Line 22, Col F, divided by 2
7	2008 Amort on CIAC/ICFA Addition	43,085	
8			
9	2008 Ending Accu Amort of CIAC Balance	**$ 823,895**	Page 1, L 44 + Page 2, L 3,+ Page 2, L 7
10			
11			
12			

13	[A]	[B]	[C]	[D]	[E]	[F]
14	Calculation of CIAC/ICFA Amortization Rate					
15–17	Year	Santa Cruz Gross Plant[1]	Santa Cruz Land & Land Rights[1]	Depreciable Plant[1] Col B - Col C	Santa Cruz Depreciation Expense[1]	CIAC Amortization Rate Col E / Col D
18	2004	$ 9,974,085	$ 13,490	$ 9,960,595	$ 281,430	2.83%
19	2005	$18,994,939	$ 29,990	$ 18,964,949	$ 547,074	2.88%
20	2006	$33,832,454	$ 44,856	$ 33,787,598	$ 1,183,943	3.50%
21	2007	$74,714,949	$ 44,856	$ 74,670,093	$ 2,373,028	3.18%
22	2008	$87,753,403	$ 44,856	$ 87,708,547	$ 3,430,845	3.91%

23
24
25 [1] From Company provided Plant Additions, Retirements, and Accum Depreciation Schedule

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Schedule CSB-7

OPERATING INCOME - TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	[A] COMPANY TEST YEAR AS FILED	[B] STAFF TEST YEAR ADJUSTMENTS	ADJ NO.	[C] STAFF TEST YEAR AS ADJUSTED	[D] STAFF PROPOSED CHANGES	[E] STAFF RECOMMENDED
	REVENUES:						
1	Flat Rate Revenues	$ 6,009,748	$ 122,612	1	$ 6,132,360	$ 5,444,899	$ 11,577,259
2	Other Wastewater Revenues	339,704	-		339,704		339,704
3	Measured Reuse Revenues	171,749	-		171,749	-	171,749
4	**Total Revenues**	$ 6,521,201	$ 122,612		$ 6,643,813	$ 5,444,899	$ 12,088,712
5							
6	*EXPENSES:*						
7	Salaries and Wages - Employees	$ 924,853	$ (924,853)	2	$ -	$ -	$ -
8	Employee Pensions and Benefits	215,792	(215,792)	2	-	-	-
9	Purchased Power	595,157	6,639	1	601,796	-	601,796
10	Fuel for Power Production	7,004	-		7,004	-	7,004
11	Chemicals	157,134	2,877	1	160,011	-	160,011
12	Materials and Supplies - Acct No. 720	263,301	-		263,301	-	263,301
13	Materials and Supplies - Acct No. 720.08	295,301	(196,867)	3	98,434	-	98,434
14	Contractual Services - Management Fees	-	1,112,024	2,4	1,112,024	-	1,112,024
15	Contractual Services - Testing	99,923	-		99,923	-	99,923
16	Contractual Services - Other	183,283	-		183,283	-	183,283
17	Rental of Building/Real Property	93,111	-		93,111	-	93,111
18	Rental of Equipment	20,469	-		20,469	-	20,469
19	Transportation Expense	35,559	-		35,559	-	35,559
20	Insurance - General Liability	52,375	-		52,375	-	52,375
21	Insurance - Other	4,320	-		4,320	-	4,320
22	Advertising Expense	-	-		-	-	-
23	Rate Case Expense	53,333	-		53,333	-	53,333
24	Bad Debt Expense	65,212	(6,919)	5	58,293	-	58,293
25	Miscellaneous Expense	56,965	-		56,965	-	56,965
26	Depreciation Expense	3,156,675	(823,895)	6	2,332,780	-	2,332,780
27	Taxes Other Than Income-Utility Regulatory	1,256	-		1,256	-	1,256
28	Taxes Other Than Income-Property Taxes	-	480,259	7	480,259	116,215	596,474
29	Taxes Other Than Income-Other	4,814	-		4,814	-	4,814
30	Income Taxes	90,848	(332,533)	8	(241,685)	2,056,812	1,815,128
31	**Total Operating Expenses**	$ 6,376,685	$ (899,060)		$ 5,477,625	$ 2,173,027	$ 7,650,652
32							
33	**Operating Income (Loss)**	$ 144,516	$ 1,021,672		$ 1,166,188	$ 3,271,872	$ 4,438,060

References:
Column (A): Company Schedule C-1, Page 2
Column (B): Schedule CSB-8
Column (C): Column (A) + Column (B)
Column (D): Schedules CSB-1 and CSB-2
Column (E): Column (C) + Column (D)

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Schedule CSB-8

SUMMARY OF OPERATING INCOME ADJUSTMENTS - TEST YEAR

LINE NO.	ACCT NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] ADJ #1 Revenue and Expense Annualization	[C] ADJ #2 Salaries, Wages Pensions, & Benefits	[D] ADJ #3 Materials & Supplies Acct No. 720.08	[E] ADJ #4 Contract Srvcs Management Fees	[F] ADJ #5 Bad Debt Expense	[G] ADJ #6 Depreciation Expense	[H] ADJ #7 Property Taxes	[I] ADJ #8 Income Taxes	[J] STAFF ADJUSTED
				Ref: Sch CSB-9	Ref: Sch CSB-10	Ref: Sch CSB-11	Ref: Sch CSB-12	Ref: Sch CSB-13	Ref: Sch CSB-14	Ref: Sch CSB-15	Ref: Sch CSB-16	
		REVENUES:										
1	521	Flat Rate Revenues	$ 6,009,748	$ 122,612	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 6,132,360
2	536	Other Wastewater Revenues	339,704	-	-	-	-	-	-	-	-	339,704
3	541	Measured Reuse Revenues	171,749	-	-	-	-	-	-	-	-	171,749
4		**Total Revenues**	$ 6,521,201	$ 122,612	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 6,643,813
5												
6		*OPERATING EXPENSES:*										
7	701	Salaries and Wages - Employees	$ 924,853	-	(924,853)	-	-	-	-	-	-	$ -
8	704	Employee Pensions and Benefits	215,792	-	(215,792)	-	-	-	-	-	-	-
10	715	Purchased Power	595,157	6,639	-	-	-	-	-	-	-	601,796
11	716	Fuel for Power Production	7,004	-	-	-	-	-	-	-	-	7,004
12	718	Chemicals	157,134	2,877	-	-	-	-	-	-	-	160,011
13	720	Materials and Supplies	263,301	-	-	-	-	-	-	-	-	263,301
14	720.08	Materials and Supplies	295,301	-	-	(196,867)	-	-	-	-	-	98,434
15	734	Contractual Services - Management Fees	-	-	1,140,645	-	(28,621)	-	-	-	-	1,112,024
16	735	Contractual Services - Testing	99,923	-	-	-	-	-	-	-	-	99,923
17	736	Contractual Services - Other	183,283	-	-	-	-	-	-	-	-	183,283
18	741	Rental of Building/Real Property	93,111	-	-	-	-	-	-	-	-	93,111
19	742	Rental of Equipment	20,469	-	-	-	-	-	-	-	-	20,469
20	650	Transportation Expense	35,559	-	-	-	-	-	-	-	-	35,559
21	757	Insurance - General Liability	52,375	-	-	-	-	-	-	-	-	52,375
22	759	Insurance - Other	4,320	-	-	-	-	-	-	-	-	4,320
23	760	Advertising Expense	-	-	-	-	-	-	-	-	-	-
24	767	Rate Case Expense	53,333	-	-	-	-	-	-	-	-	53,333
25	770	Bad Debt Expense	65,212	-	-	-	-	(6,919)	-	-	-	58,293
26	775	Miscellaneous Expense	56,965	-	-	-	-	-	-	-	-	56,965
27	403	Depreciation Expense	3,156,675	-	-	-	-	-	(823,895)		-	2,332,780
28	408.10	Taxes Other Than Income-Utility Regulator	1,256	-	-	-	-	-	-	-	-	1,256
29	408.11	Taxes Other Than Income-Property Taxes	-	-	-	-	-	-	-	480,259	-	480,259
30	408.13	Taxes Other Than Income-Other	4,814	-	-	-	-	-	-	-	-	4,814
31	409	Income Taxes	90,848	-	-	-	-	-	-	-	(332,533)	(241,685)
32		**Total Operating Expenses**	$ 6,376,685	$ 9,516	$ -	$ (196,867)	$ (28,621)	$ (6,919)	$ (823,895)	$ 480,259	$ (332,533)	$ 5,477,625
33												
34		**Operating Income (Loss)**	$ 144,516	$ 113,096	$ -	$ 196,867	$ 28,621	$ 6,919	$ 823,895	$ (480,259)	$ 332,533	$ 1,166,188

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Schedule CSB-9

OPERATING INCOME ADJUSTMENT NO. 1 - REVENUE AND EXPENSE ANNUALIZATION

LINE NO.	Description	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Metered Water Sales - Actual	$ 6,093,851	$ -	$ 6,093,851
2	Unbilled Revenue	38,508	-	38,508
3	Revenue Annualization to Metered Water Sales	(122,612)	122,612	-
4	Total	$ 6,009,747	$ 122,612	$ 6,132,359
5				
6	Purchased Pumping Power - Actual	$ 534,930	$ -	$ 534,930
7	Electrical District No. 3 Rate Increase	66,866	-	66,866
8	Annualization Adjustment to Pumping Power	(6,639)	6,639	-
9		$ 595,157	$ 6,639	$ 601,796
10				
11	Chemicals - Actual	$ 160,011	$ -	$ 160,011
12	Annualization Adjustment to Chemicals	(2,877)	$ 2,877	
13		$ 157,134	$ 2,877	$ 160,011
14				
15	Operating Income	$ 5,257,456	$ 113,096	$ 5,370,552

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

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Schedule CSB-10

OPERATING INCOME ADJUSTMENT NO. 2 - SALARIES, WAGES, PENSIONS, & BENEFITS

LINE NO.	Description	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Salaries and Wage Expense	$ 924,853	$ (924,853)	$ -
2	Pension and Benefits	215,792	$ (215,792)	$ -
3		$ 1,140,645	$ (1,140,645)	$ -
4				
5	Contractual Services - Management Fees	$ -	$ 1,140,645	$ 1,140,645

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

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Schedule CSB-11

OPERATING INCOME ADJUSTMENT NO. 3 - MATERIALS AND SUPPLIES, ACCT NO. 720.08

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Materials and Supplies, Acct No 720.08	295,301	$ (196,867)	$ 98,434

	Materials and Supplies Acct No. 720.08	
2006	$ -	Company Sch E-2
2007	$ -	Company Sch E-2
2008	$ 295,301	Company Sch E-2
	$ 295,301	
Divided by 3	3	
	$ 98,434	

References:

Column A: Company Schedule C-1 & E-2
Column B: Testimony, CSB; Data Request CSB 15-1
Column C: Column [A] + Column [B]

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Schedule CSB-12

OPERATING INCOME ADJUSTMENT NO. 4 - CONTRACTUAL SERVICES, MANAGEMENT FEES

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Contractual Services - Management Fees	$ -	$ (28,621)	$ (28,621)
2				
3				
4				
5	Bonuses (Indirect Allocation)	$ 1,905	Data Request Response CSB 2-28	
6	Bonuses (Direct Allocation)	5,213	From Trial Balance	
7	Kitchen Supplies	2,701	From Trial Balance	
8		$ 9,819		
9				
10				
11	Employee Moving & Hiring	$ 4,240	From Trial Balance	
12	Employee Training & Certification	8,343	From Trial Balance	
13	Employee Travel	23,170	From Trial Balance	
14	Employee Meals	1,850	From Trial Balance	
15		37,603		
16	Divided by 2 years	2		
17		$ 18,802		
18				
19	Total (Line 8 + Line 17)	$ 28,621		

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

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Schedule CSB-13

OPERATING INCOME ADJUSTMENT NO. 5 - BAD DEBT EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Bad Debt Expense	65,212	(6,919)	58,293

References:

Column A: Company Data Request Response CSB 1.26 & RUCO 2.04(e)
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

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Schedule CSB-14

OPERATING INCOME ADJUSTMENT NO. 6 - DEPRECIATION EXPENSE ON TEST YEAR PLANT

LINE NO.		DESCRIPTION	[A] PLANT In SERVICE Per Staff	[B] NonDepreciable or Fully Depreciated PLANT	[C] DEPRECIABLE PLANT (Col A - Col B)	[D] DEPRECIATION RATE	[E] DEPRECIATION EXPENSE (Col C x Col D)
1	353	Land and Land Rights	$ 186,009	$ (186,009)	$ 372,018	0.00%	$ -
2	354	Structures and Improvements	16,520,426	-	16,520,426	3.33%	550,130
3	355	Power Generation Equipment	321,425	-	321,425	5.00%	16,071
4	360	Collection Sewers - Force	3,857,656	-	3,857,656	2.00%	77,153
5	361	Collection Sewers - Gravity	47,344,470	-	47,344,470	2.00%	946,889
6	363	Services to Customers	5,205,784	-	5,205,784	2.00%	104,116
7	364	Flow Measuring Devices	23,636	-	23,636	10.00%	2,364
8	370	Receiving Wells	1,940,450	-	1,940,450	3.33%	64,617
9	371	Pumping Equipment	3,878,776	-	3,878,776	12.50%	484,847
10	374	Reuse Distribution Reservoirs	11,043	-	11,043	2.50%	276
11	375	Reuse Transmission & Distribution System	10,912,763	-	10,912,763	2.50%	272,819
12	380	Treatment and Disposal Equipment	5,440,808	-	5,440,808	5.00%	272,040
13	381	Plant Sewers	78,384	-	78,384	5.00%	3,919
14	382	Outfall Sewers	353,645	-	353,645	3.33%	11,776
15	389	Other Plant and Miscellaneous Equipment	2,271,644	-	2,271,644	6.67%	151,519
16	390	Office Furniture and Equipment	138,995	-	138,995	6.67%	9,271
17	391	Transportation Equipment	165,404	-	165,404	20.00%	33,081
18	393	Tools, Shop, and Garage Equipment	100,819	-	100,819	5.00%	5,041
19	394	Laboratory Equipment	36,073	-	36,073	10.00%	3,607
20	395	Power Operated Equipment	10,320	-	10,320	5.00%	516
21	396	Communication Equipment	38,289	-	38,289	10.00%	3,829
22	397	Miscellaneous Equipment	359,170	-	359,170	10.00%	35,917
23	398	Other Tangible Equipment	1,068,758	-	1,068,758	10.00%	106,876
24		Total Plant	$ 100,264,747	$ -	$ 100,450,756		$ 3,156,675
25							
29							
30		Depreciation Expense Before Amortization of CIAC:	$ 3,156,675				
31		Less Amortization of CIAC:	$ 823,895				
32		Test Year Depreciation Expense - Staff:	$ 2,332,780				
33		Depreciation Expense - Company:	3,156,675				
34		**Staff's Total Adjustment:**	**$ (823,895)**				

References:
Column [A]: Schedule CSB-4
Column [B]: From Column [A]
Column [C]: Column [A] - Column [B]
Column [D]: Engineering Staff Report
Column [E]: Column [C] x Column [D]

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Schedule CSB-15

OPERATING INCOME ADJUSTMENT NO. 7 - PROPERTY TAX EXPENSE

LINE NO.	Property Tax Calculation	[A] STAFF AS ADJUSTED	[B] STAFF RECOMMENDED
1	Staff Adjusted Test Year Revenues	$ 6,643,813	$ 6,643,813
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	13,287,626	$ 13,287,626
4	Staff Recommended Revenue, Per Schedule CSB-1	6,643,813	$ 12,088,712
5	Subtotal (Line 4 + Line 5)	19,931,439	25,376,338
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	6,643,813	$ 8,458,779
8	Department of Revenue Mutilplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	13,287,626	$ 16,917,559
10	Plus: 10% of CWIP -	1,778,334	1,778,334
11	Less: Net Book Value of Licensed Vehicles	65,257	$ 65,257
12	Full Cash Value (Line 9 + Line 10 - Line 11)	15,000,703	$ 18,630,635
13	Assessment Ratio	21.0%	21.0%
14	Assessment Value (Line 12 * Line 13)	3,150,148	$ 3,912,433
15	Composite Property Tax Rate	15.2456%	15.2456%
			$ -
16	Staff Test Year Adjusted Property Tax (Line 14 * Line 15)	$ 480,259	
17	Company Proposed Property Tax	-	
18	Staff Test Year Adjustment (Line 16-Line 17)	$ 480,259	
19	Property Tax - Staff Recommended Revenue (Line 14 * Line 15)		$ 596,474
20	Staff Test Year Adjusted Property Tax Expense (Line 16)		$ 480,259
21	Increase in Property Tax Expense Due to Increase in Revenue Requirement		$ 116,215
22	Increase to Property Tax Expense		$ 116,215
23	Increase in Revenue Requirement		5,444,899
24	Increase to Property Tax per Dollar Increase in Revenue (Line19/Line 20)		2.134384%

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Schedule CSB-16

OPERATING INCOME ADJUSTMENT NO. 8 - INCOME TAX EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Income Tax Expense - Test Year	90,848	(332,533)	(241,685)

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

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Schedule CSB-1

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	[A] COMPANY ORIGINAL COST	[B] STAFF ORIGINAL COST
1	Adjusted Rate Base	$ 45,260,919	$ 39,155,692
2	Adjusted Operating Income (Loss)	$ 1,969,624	$ 2,641,857
3	Current Rate of Return (L2 / L1)	4.35%	6.75%
4	Required Rate of Return	8.49%	8.50%
5	Required Operating Income (L4 * L1)	$ 3,842,652	$ 3,328,234
6	Operating Income Deficiency (L5 - L2)	$ 1,873,028	$ 686,377
7	Gross Revenue Conversion Factor	1.64509	1.66415
8	Increase (Decrease) In Gross Revenue (L7 * L6)	$ 3,081,292	$ 1,142,237
9	Adjusted Test Year Revenue	$ 9,110,720	$ 9,409,861
10	Proposed Annual Revenue (L8 + L9)	$ 12,192,012	$ 10,552,098
11	Required Increase/(Decrease in Revenue) (%) (L8/L9)	33.82%	12.14%

References:
Column [A]: Company Schedules A-1, C-1, C-3, & D-1
Column [B]: Staff Schedules CSB-2, CSB-3, & CSB-7

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Schedule CSB-2

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
	Calculation of Gross Revenue Conversion Factor:				
1	Revenue	100.0000%			
2	Uncollecible Factor (Line 11)	0.0000%			
3	Revenues (L1 - L2)	100.0000%			
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)	39.9094%			
5	Subtotal (L3 - L4)	60.0906%			
6	**Revenue Conversion Factor (L1 / L5)**	1.664154			
	Calculation of Uncollectible Factor:				
7	Unity	100.0000%			
8	Combined Federal and State Tax Rate (Line 17)	38.5989%			
9	One Minus Combined Income Tax Rate (L7 - L8)	61.4011%			
10	Uncollectible Rate	0.0000%			
11	Uncollectible Factor (L9 * L10)	0.0000%			
	Calculation of Effective Tax Rate:				
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%			
13	Arizona State Income Tax Rate	6.9680%			
14	Federal Taxable Income (L12 - L13)	93.0320%			
15	Applicable Federal Income Tax Rate (Line 53)	34.0000%			
16	Effective Federal Income Tax Rate (L14 x L15)	31.6309%			
17	Combined Federal and State Income Tax Rate (L13 +L16)		38.5989%		
	Calculation of Effective Property Tax Factor				
18	Unity	100.0000%			
19	Combined Federal and State Income Tax Rate (L17)	38.5989%			
20	One Minus Combined Income Tax Rate (L18-L19)	61.4011%			
21	Property Tax Factor (CSB-15, Col B, L24)	2.1344%			
22	Effective Property Tax Factor (L20*L21)		1.3105%		
23	Combined Federal and State Income Tax and Property Tax Rate (L17+L22)			39.9094%	
24	Required Operating Income (Schedule CSB-1, Line 5)	$ 3,328,234			
25	AdjustedTest Year Operating Income (Loss) (Sch CSB-7, Col C, Line 34)	2,641,857			
26	Required Increase in Operating Income (L24 - L25)		$ 686,377		
27	Income Taxes on Recommended Revenue (Col. [E], L52)	$ 1,378,419			
28	Income Taxes on Test Year Revenue (Col. [B], L52)	946,939			
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		431,480		
30	Recommended Revenue Requirement (Schedule CSB-1, Line 10)	$ 10,552,098			
31	Uncollectible Rate (Line 10)	0.0000%			
32	Uncollectible Expense on Recommended Revenue (L30*L31)	$ -			
33	Adjusted Test Year Uncollectible Expense	$ -			
34	Required Increase in Revenue to Provide for Uncollectible Exp. (L32-L33)		-		
35	Property Tax with Recommended Revenue (CSB-15, Col B, L19)	$ 698,801			
36	Property Tax on Test Year Revenue (CSB-15, Col A, L16)	674,421			
37	Increase in Property Tax Due to Increase in Revenue (L35-L36)		24,380		
38	Total Required Increase in Revenue (L26 + L29 + L34 + L37)		$ 1,142,237		

		Test Year		Staff Recommended
	Calculation of Income Tax:			
39	Revenue (Schedule CSB-11, Col. [C], Line 5 & Sch. CSB-1, Col. [D] Line	$ 9,409,861	$ 1,142,237	$10,552,098
40	Operating Expenses Excluding Income Taxes	$ 5,821,065	$ 24,380	$ 5,845,445
41	Synchronized Interest (L56)	$ 1,135,515		$ 1,135,515
42	Arizona Taxable Income (L39 - L40 - L41)	$ 2,453,281		$ 3,571,138
43	Arizona State Income Tax Rate	6.9680%		6.9680%
44	Arizona Income Tax (L42 x L43)	$ 170,945		$ 248,837
45	Federal Taxable Income (L42 - L44)	$ 2,282,336		$ 3,322,301
46	Federal Tax on Income Bracket - Not Used	$ -		$ -
47	Federal Tax on Income Bracket - Not Used	$ -		$ -
48	Federal Tax on Income Bracket - Not Used	$ -		$ -
49	Federal Tax on Income Bracket - Not Used	$ -		$ -
50	Federal Tax on All Income ($0 -$10,000,000) @ 34%	$ 775,994		$ 1,129,582
51	Total Federal Income Tax	$ 775,994		$ 1,129,582
52	Combined Federal and State Income Tax (L44 + L51)	$ 946,939		$ 1,378,419
53	Applicable Federal Income Tax Rate [Col. [C], L51 - Col. [A], L51] / [Col. [C], L45 - Col. [A], L45]			34.0000%
	Calculation of Interest Synchronization:			
54	Rate Base (Schedule CSB-3, Col. (C), Line 14	$ 39,155,692		
55	Weighted Average Cost of Debt	2.9000%		
56	Synchronized Interest (L45 X L46)	$ 1,135,515		

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Schedule CSB-3

RATE BASE - ORIGINAL COST

LINE NO.		(A) COMPANY AS FILED	(B) STAFF ADJUSTMENTS	ADJ NO.	(C) STAFF AS ADJUSTED
1	Plant in Service	$ 87,753,403	$ -		$ 87,753,403
2	Less: Accumulated Depreciation	(8,092,185)	-		(8,092,185)
3	Net Plant in Service	$ 79,661,218	$ -		$ 79,661,218
	LESS:				
4	Advances in Aid of Construction (AIAC)	$ 33,770,450	$ -		$ 33,770,450
5	Service Line and Meter Advances	$ -	$ -		$ -
6	Contributions in Aid of Construction (CIAC)	$ -	$ 6,600,076	1	$ 6,600,076
7	Less: Accumulated Amortization	-	494,849	2	494,849
8	Net CIAC	$ -	6,105,227		$ 6,105,227
9	Total Advances and Contributions	$ 33,770,450	$ 6,105,227		$ 39,875,677
10	Customer Deposits	$ 1,136,087	$ -		$ 1,136,087
11	Accumulated Deferred Income Taxes	$ -	$ -		$ -
	ADD:				
12	Deferred Tax Asset	$ 506,238	$ -		$ 506,238
13	Working Capital	$ -	$ -		$ -
14	**Total Rate Base**	$ 45,260,919	$ (6,105,227)		$ 39,155,692

References:
Column [A], Company Schedule B-1, Page 1
Column [B]: Schedule CSB-4
Column [C]: Column [A] + Column [B]

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Schedule CSB-4

SUMMARY OF RATE BASE ADJUSTMENTS

LINE NO.	PLANT IN SERVICE Acct. No.	Plant Description	[A] COMPANY AS FILED	[B] Adj No.1 CIAC Ref: Sch CSB-5	[C] ADJ No. 2 Accumulated Amort of CIAC Ref: Sch CSB-6	[D] STAFF AS ADJUSTED
1						
2	303	Land and Land Rights	$ 44,856	$ -	$ -	$ 44,856
3	304	Structures and Improvements	9,447,338	-	-	9,447,338
4	306	Lake, River, and Other Intakes	1,855	-	-	1,855
5	307	Wells and Springs	3,694,926	-	-	3,694,926
6	309	Supply Mains	2,086,246	-	-	2,086,246
7	310	Power Generation Equipment	323,093	-	-	323,093
8	311	Pumping Equipment	6,353,511	-	-	6,353,511
9	320	Water Treatment Equipment	12,554	-	-	12,554
10	330	Distribution Reservoirs and Standpipes	1,367,063	-	-	1,367,063
11	331	Transmission and Distribution Mains	44,443,414	-	-	44,443,414
12	333	Services	4,598,396	-	-	4,598,396
13	334	Meters and Meter Installations	3,553,579	-	-	3,553,579
14	335	Hydrants	4,340,566	-	-	4,340,566
15	336	Backflow Prevention Devices	26,572	-	-	26,572
16	339	Other Plant and Miscellaneous Equipment	695,109	-	-	695,109
17	340	Office Furniture and Equipment	504,424	-	-	504,424
18	341	Transportation Equipment	596,576	-	-	596,576
19	343	Tools, Shop, and Garage Equipment	65,276	-	-	65,276
20	344	Laboratory Equipment	107,172	-	-	107,172
21	345	Power Operated Equipment	60,372	-	-	60,372
22	346	Communication Equipment	565,936	-	-	565,936
23	347	Miscellaneous Equipment	80,859	-	-	80,859
24	348	Other Tangible Equipment	4,783,710	-	-	4,783,710
25		Total Plant in Service - Actual	$ 87,753,403	$ -	$ -	$ 87,753,403
26		Less: Accumulated Depreciation	$ (8,092,185)	$ -	$ -	(8,092,185)
27		Net Plant in Service	$ 79,661,218	$ -	$ -	$ 79,661,218
29		*LESS:*				
30		Advances in Aid of Construction (AIAC)	$ 33,770,450	$ -	$ -	$ 33,770,450
31		Service Line and Meter Advances	$ -	-	-	$ -
33		Contributions in Aid of Construction (CIAC)	$ -	-	-	$ -
34		CIAC/ICFAS - Plant	-	6,600,076	-	6,600,076
35		CIAC/ICFAS - Other	-	-	-	-
36		Total CIAC - Adjusted	$ -	$ 6,600,076	$ -	$ 6,600,076
38		Less: Accumulated Amortization of CIAC	$ -	-	-	$ -
39		Accum Amort of CIAC / ICFAs - Plant	-	-	494,849	494,849
40		Total Accumulated Amortization of CIAC	$ -	$ -	$ 494,849	$ 494,849
41						
42		Net CIAC	$ -	6,600,076	(494,849)	$ 6,105,227
44		Total Advances and Net Contributions	$ 33,770,450	$ 6,600,076	$ (494,849)	$ 39,875,677
46		Customer Deposits	$ 1,136,087	-	-	$ 1,136,087
47		Accumulated Deferred Taxes	$ -	-	-	$ -
49		*ADD:*				
50		Deferred Tax Asset	$ 506,238	-	-	$ 506,238
51		Working Capital Allowance	$ -	-	-	$ -
52		**Total Rate Base**	$ 45,260,919	$ (6,600,076)	$ 494,849	$ 39,155,692

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Schedule CSB-5

RATE BASE ADJUSTMENT NO. 1 - CONTRIBUTION IN AID OF CONSTRUCTION, ICFAS

		[A]	[B]	[C]
LINE NO.	**DESCRIPTION**	**COMPANY AS FILED**	**STAFF ADJUSTMENTS**	**STAFF AS ADJUSTED**
1	CIAC/ICFAS - Plant	$ -	6,600,076	$ 6,600,076

References:
Column [A]: Company Schedule B-2
Column [B]: Testimony, CSB
Column [C]: Column [A] + Column [B]

RATE BASE ADJUSTMENT NO. 2 - ACCUMULATED AMORTIZATION OF CIAC/ ICFAS

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Accumulated Amortization of CIAC/ICFA	$ -	$ 494,849	$ 494,849
2				
3				
4			Amortization Calculation	
5				
6	**2004** Beginning CIAC/ICFA Balance		$ -	
7	CIAC/ICFA Amort Rate		2.83%	From Page 2, Line 18, Col F
8	2004 Amort on Beginning Balance		-	
9				
10	2004 CIAC/ICFA Addition		$ 1,320,015	$6,600,076 / 5 years
11	CIAC/ICFA Amort Rate (Half Year Convention)		1.41%	From Page 2, Line 18, Col F, divided by 2
12	2004 Amort on CIAC/ICFA Addition		18,612	
13				
14	**2004 Ending Accu Amort of CIAC Balance**		**$ 18,612**	Line 8 + Line 12
15				
16	**2005** Beginning CIAC/ICFA Balance		$ 1,320,015	$6,600,076 / 5 years
17	CIAC/ICFA Amort Rate		2.88%	From Page 2, Line 19, Col F
18	2005 Amort on Beginning Balance		38,077.93	
19				
20	2005 CIAC/ICFA Addition		$ 1,320,015	$6,600,076 / 5 years
21	CIAC/ICFA Amort Rate (Half Year Convention)		1.44%	From Page 2, Line 19, Col F, divided by 2
22	2005 Amort on CIAC/ICFA Addition		19,008	
23				
24	**2005 Ending Accu Amort of CIAC Balance**		**$ 57,086**	Line 18 + Line 22
25				
26	**2006** Beginning CIAC/ICFA Balance		$ 2,640,030	
27	CIAC/ICFA Amort Rate		3.50%	From Page 2, Line 20, Col F
28	2006 Amort on Beginning Balance		92,508.66	
29				
30	2006 CIAC/ICFA Addition		$ 1,320,015	$6,600,076 / 5 years
31	CIAC/ICFA Amort Rate (Half Year Convention)		1.75%	From Page 2, Line 20, Col F, divided by 2
32	2006 Amort on CIAC/ICFA Addition		23,100	
33				
34	**2006 Ending Accu Amort of CIAC Balance**		**$ 115,609**	Line 28 + Line 32
35				
36	**2007** Beginning CIAC/ICFA Balance		$ 3,960,046	
37	CIAC/ICFA Amort Rate		3.18%	From Page 2, Line 21, Col F
38	2007 Amort on Beginning Balance		125,929	
39				
40	**2007** CIAC/ICFA Addition		$ 1,320,015	$6,600,076 / 5 years
41	CIAC/ICFA Amort Rate (Half Year Convention)		1.59%	From Page 2, Line 21, Col F, divided by 2
42	2007 Amort on CIAC/ICFA Addition		20,988	
43				
44	**2007 Ending Accu Amort of CIAC Balance**		**$ 262,527**	

Continued On Next Page

RATE BASE ADJUSTMENT NO. 2 - ACCUMULATED AMORTIZATION OF CIAC/ ICFAS CONTINUED

		Amortization Calculation	
1	**2008** Beginning CIAC/ICFA Balance	$ 5,280,061	From Page 1, Line 36 + Line 40
2	CIAC/ICFA Amort Rate	3.91%	From Line 22, Col. F
3	2008 Amort on Beginning Balance	206,450	
4			
5	2008 CIAC/ICFA Addition	$ 1,320,015	$6,600,076 / 5 years
6	CIAC/ICFA Amort Rate (Half Year Convention)	1.96%	From Line 22, Col F, divided by 2
7	2008 Amort on CIAC/ICFA Addition	25,872	
8			
9	2008 Ending Accu Amort of CIAC Balance	**$ 494,849**	Page 1, L 44 + Page 2, L 3,+ Page 2, L 7
10			
11			
12			

13	[A]	[B]	[C]	[D]	[E]	[F]
14	Calculation of CIAC/ICFA Amortization Rate					
15–17	Year	Santa Cruz Gross Plant[1]	Santa Cruz Land & Land Rights[1]	Depreciable Plant[1] Col B - Col C	Santa Cruz Depreciation Expense[1]	CIAC Amortization Rate Col E / Col D
18	2004	$ 9,974,085	$ 13,490	$ 9,960,595	$ 281,430	2.83%
19	2005	$18,994,939	$ 29,990	$ 18,964,949	$ 547,074	2.88%
20	2006	$33,832,454	$ 44,856	$ 33,787,598	$ 1,183,943	3.50%
21	2007	$74,714,949	$ 44,856	$ 74,670,093	$ 2,373,028	3.18%
22	2008	$87,753,403	$ 44,856	$ 87,708,547	$ 3,430,845	3.91%

23
24
25 [1] From Company provided Plant Additions, Retirements, and Accum Depreciation Schedule

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Schedule CSB-7

OPERATING INCOME - TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	[A] COMPANY TEST YEAR AS FILED	[B] STAFF TEST YEAR ADJUSTMENTS	ADJ NO.	[C] STAFF TEST YEAR AS ADJUSTED	[D] STAFF PROPOSED CHANGES	[E] STAFF RECOMMENDED
	REVENUES:						
1	Metered Water Sales	$ 8,744,774	$ 299,141	1	$ 9,043,915	$ 1,142,237	$ 10,186,152
2	Water Sales - Unmetered	-	-		-		-
3	Other Operating Revenues	365,946	-		365,946	-	365,946
4	**Total Revenues**	$ 9,110,720	$ 299,141		$ 9,409,861	$ 1,142,237	$ 10,552,098
5							
6	*EXPENSES:*						
7	Salaries and Wages - Employees	$ 781,051	$ (781,051)	2	$ -	$ -	$ -
8	Employee Pensions and Benefits	189,983	(189,983)	2	-	-	-
9	Purchased Water	-	-		-	-	-
10	Purchased Power	554,398	16,603	1	571,001	-	571,001
11	Fuel for Power Production	3,505	-		3,505	-	3,505
12	Chemicals	40,455	1,328	1	41,783	-	41,783
13	Materials and Supplies - Acct. No. 620	18,969	-		18,969	-	18,969
14	Materials and Supplies - Acct. No. 620.08	297,033	(191,860)	3	105,173	-	105,173
15	Contractual Services - Management Fees	-	932,681	2,4	932,681	-	932,681
16	Contractual Services - Testing	36,113	-		36,113	-	36,113
17	Contractual Services - Other	67,911	-		67,911	-	67,911
18	Rental of Building/Real Property	94,369	-		94,369	-	94,369
19	Rental of Equipment	7,803	-		7,803	-	7,803
20	Transportation Expense	45,296	-		45,296	-	45,296
21	Insurance - General Liability	53,083	-		53,083	-	53,083
22	Insurance - Other	4,647	-		4,647	-	4,647
23	Advertising Expense	-	-		-	-	-
24	Rate Case Expense	53,333	-		53,333	-	53,333
25	Bad Debt Expense	91,107	(49,147)	5	41,960	-	41,960
26	Miscellaneous Expense	34,629	-		34,629	-	34,629
27	Depreciation Expense	3,506,485	(494,849)	6	3,011,636	-	3,011,636
28	Taxes Other Than Income-Utility Regulatory	15,929	-		15,929	-	15,929
29	Taxes Other Than Income-Property Taxes	-	674,421	7	674,421	24,380	698,801
30	Taxes Other Than Income-Other	6,823	-		6,823	-	6,823
31	Income Taxes	1,238,174	(291,235)	8	946,939	431,480	1,378,419
32	**Total Operating Expenses**	$ 7,141,096	$ (373,092)		$ 6,768,004	$ 455,860	$ 7,223,864
33							
34	**Operating Income (Loss)**	$ 1,969,624	$ 672,233		$ 2,641,857	$ 686,377	$ 3,328,234

References:
Column (A): Company Schedule C-1, Page 2
Column (B): Schedule CSB-8
Column (C): Column (A) + Column (B)
Column (D): Schedules CSB-1 and CSB-2
Column (E): Column (C) + Column (D)

Santa Cruz Water Company
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Schedule CSB-8

SUMMARY OF OPERATING INCOME ADJUSTMENTS - TEST YEAR

LINE NO.	ACCT NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] ADJ #1 Revenue and Expense Annualization Ref: Sch CSB-9	[C] ADJ #2 Salaries, Wages Pensions, & Benefits Ref: Sch CSB-10	[D] ADJ #3 Materials & Supplies Acct No. 620.08 Ref: Sch CSB-11	[E] ADJ #4 Contract Srvcs Management Fees Ref: Sch CSB-12	[F] ADJ #5 Bad Debt Expense Ref: Sch CSB-13	[G] ADJ #6 Depreciation Expense Ref: Sch CSB-14	[H] ADJ #7 Property Taxes Ref: Sch CSB-15	[I] ADJ #8 Income Taxes Ref: Sch CSB-16	[J] STAFF ADJUSTED
		REVENUES:										
1		Metered Water Sales	$ 8,744,774	$ 299,141	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,043,915
2		Water Sales - Unmetered	-	-	-	-	-	-	-	-	-	-
3		Other Operating Revenues	365,946	-	-	-	-	-	-	-	-	365,946
4		Total Revenues	$ 9,110,720	$ 299,141	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,409,861
5												
6		*OPERATING EXPENSES:*										
7	601	Salaries and Wages - Employees	$ 781,051	-	(781,051)	-	-	-	-	-	-	$ -
8	604	Employee Pensions and Benefits	189,983	-	(189,983)	-	-	-	-	-	-	-
9	610	Purchased Water	-	-	-	-	-	-	-	-	-	-
10	615	Purchased Power	554,398	16,603	-	-	-	-	-	-	-	571,001
11	616	Fuel for Power Production	3,505	-	-	-	-	-	-	-	-	3,505
12	618	Chemicals	40,455	1,328	-	-	-	-	-	-	-	41,783
13	620	Materials and Supplies	18,969	-	-	-	-	-	-	-	-	18,969
14	620.08	Materials and Supplies	297,033	-	-	(191,860)	-	-	-	-	-	105,173
15	634	Contractual Services - Management Fees	-	-	971,034	-	(38,353)	-	-	-	-	932,681
16	635	Contractual Services - Testing	36,113	-	-	-	-	-	-	-	-	36,113
17	636	Contractual Services - Other	67,911	-	-	-	-	-	-	-	-	67,911
18	641	Rental of Building/Real Property	94,369	-	-	-	-	-	-	-	-	94,369
19	642	Rental of Equipment	7,803	-	-	-	-	-	-	-	-	7,803
20	650	Transportation Expense	45,296	-	-	-	-	-	-	-	-	45,296
21	657	Insurance - General Liability	53,083	-	-	-	-	-	-	-	-	53,083
22	659	Insurance - Other	4,647	-	-	-	-	-	-	-	-	4,647
23	660	Advertising Expense	-	-	-	-	-	-	-	-	-	-
24	667	Rate Case Expense	53,333	-	-	-	-	-	-	-	-	53,333
25	670	Bad Debt Expense	91,107	-	-	-	-	(49,147)	-	-	-	41,960
26	675	Miscellaneous Expense	34,629	-	-	-	-	-	-	-	-	34,629
27	403	Depreciation Expense	3,506,485	-	-	-	-	-	(494,849)		-	3,011,636
28	408	Taxes Other Than Income-Utility Regulatory	15,929	-	-	-	-	-	-	-	-	15,929
29	408.11	Taxes Other Than Income-Property Taxes	-	-	-	-	-	-	-	674,421	-	674,421
30	408.13	Taxes Other Than Income-Other	6,823	-	-	-	-	-	-	-	-	6,823
31	409	Income Taxes	1,238,174	-	-	-	-	-	-	-	(291,235)	946,939
32		Total Operating Expenses	$ 7,141,096	$ 17,931	$ -	$ (191,860)	$ (38,353)	$ (49,147)	$ (494,849)	$ 674,421	$ (291,235)	$ 6,768,004
33												
34		Operating Income (Loss)	$ 1,969,624	$ 281,210	$ -	$ 191,860	$ 38,353	$ 49,147	$ 494,849	$ (674,421)	$ 291,235	$ 2,641,857

Santa Cruz Water Company
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Schedule CSB-9

OPERATING INCOME ADJUSTMENT NO. 1 - REVENUE AND EXPENSE ANNUALIZATION

LINE NO.	Description	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Metered Water Sales - Actual	$ 8,941,756	$ -	$ 8,941,756
2	Unbilled Revenue	102,160	-	102,160
3	Revenue Annualization to Metered Water Sales	(299,141)	299,141	-
4	Total	$ 8,744,775	$ 299,141	$ 9,043,916
5				
6	Purchased Pumping Power - Actual	$ 507,556	$ -	$ 507,556
7	Electrical District No. 3 Rate Increase	63,445	-	63,445
8	Annualization Adjustment to Pumping Power	(16,603)	16,603	-
9		$ 554,398	$ 16,603	$ 571,001
10				
11	Chemicals - Actual	$ 41,783	$ -	$ 41,783
12	Annualization Adjustment to Chemicals	(1,328)	$ 1,328	
13		$ 40,455	$ 1,328	$ 41,783
14				
15	Operating Income	$ 8,149,922	$ 281,210	$ 8,431,132

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

Santa Cruz Water Company
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Schedule CSB-10

OPERATING INCOME ADJUSTMENT NO. 2 - SALARIES, WAGES, PENSIONS, & BENEFITS

LINE NO.	Description	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Salaries and Wage Expense	$ 781,051	$ (781,051)	$ -
2	Pension and Benefits	189,983	$ (189,983)	$ -
3		$ 971,034	$ (971,034)	$ -
4				
5	Contractual Services - Management Fees	$ -	$ 971,034	$ 971,034

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

Santa Cruz Water Company
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Test Year Ended December 31, 2008

Schedule CSB-11

OPERATING INCOME ADJUSTMENT NO. 3 - MATERIALS AND SUPPLIES, ACCT NO. 620.08

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Materials and Supplies, Acct No 620.08	297,033	$ (191,860)	$ 105,173

	Materials and Supplies Acct No. 620.08	
2006	$ 18,487	Company Sch E-2
2007	$ -	Company Sch E-2
2008	$ 297,033	Company Sch E-2
	$ 315,520	
Divided by 3	3	
	$ 105,173	

References:

Column A: Company Schedule C-1 & E-2
Column B: Testimony, CSB; Data Request CSB 15-1
Column C: Column [A] + Column [B]

Santa Cruz Water Company
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Schedule CSB-12

OPERATING INCOME ADJUSTMENT NO. 4 - CONTRACTUAL SERVICES, MANAGEMENT FEES

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Contractual Services - Management Fees	$ -	$ (38,353)	$ (38,353)
2				
3				
4	Bonuses (Indirect Allocation)	$ 1,905	Data Request Response CSB 2-33	
5	Bonuses (Direct Allocation)	9,822	From Trial Balance	
6	Kitchen Supplies	2,647	From Trial Balance	
7		$ 14,374		
8				
9				
10	Employee Moving & Hiring	$ 1,863	From Trial Balance	
11	Employee Training & Certification	8,268	From Trial Balance	
12	Employee Travel	35,918	From Trial Balance	
13	Employee Meals	1,908	From Trial Balance	
14		47,957		
15	Divided by 2 years	2		
16		$ 23,979		
17				
18	Total (Line 7 + Line 16)	$ 38,353		

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

Santa Cruz Water Company
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Schedule CSB-13

OPERATING INCOME ADJUSTMENT NO. 5 - BAD DEBT EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Bad Debt Expense	91,107	(49,147)	41,960

References:

Column A: Company Data Request Response CSB 1.26 & RUCO 2.04(e)
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

Santa Cruz Water Company
Docket No. SW-20446A-09-0080
Test Year Ended December 31, 2008

Schedule CSB-14

OPERATING INCOME ADJUSTMENT NO. 6 - DEPRECIATION EXPENSE ON TEST YEAR PLANT

LINE NO.		DESCRIPTION	[A] PLANT In SERVICE Per Staff	[B] NonDepreciable or Fully Depreciated PLANT	[C] DEPRECIABLE PLANT (Col A - Col B)	[D] DEPRECIATION RATE	[E] DEPRECIATION EXPENSE (Col C x Col D)
1	303	Land and Land Rights	$ 44,856	$ (44,856)	$ 89,712	0.00%	$ -
2	304	Structures and Improvements	9,447,338	-	9,447,338	3.33%	314,596
3	306	Lake, River, and Other Intakes	1,855	-	1,855	2.50%	46
4	307	Wells and Springs	3,694,926	-	3,694,926	3.33%	123,041
5	309	Supply Mains	2,086,246	-	2,086,246	2.00%	41,725
6	310	Power Generation Equipment	323,093	-	323,093	5.00%	16,155
7	311	Pumping Equipment	6,353,511	-	6,353,511	12.50%	794,189
8	320	Water Treatment Equipment	12,554	-	12,554	3.33%	418
9	330	Distribution Reservoirs and Standpipes	1,367,063	-	1,367,063	2.22%	30,349
10	331	Transmission and Distribution Mains	44,443,414	-	44,443,414	2.00%	888,868
11	333	Services	4,598,396	-	4,598,396	3.33%	153,127
12	334	Meters and Meter Installations	3,553,579	-	3,553,579	8.33%	296,013
13	335	Hydrants	4,340,566	-	4,340,566	2.00%	86,811
14	336	Backflow Prevention Devices	26,572	-	26,572	6.67%	1,772
15	339	Other Plant and Miscellaneous Equipment	695,109	-	695,109	6.67%	46,364
16	340	Office Furniture and Equipment	504,424	-	504,424	6.67%	33,645
17	341	Transportation Equipment	596,576	-	596,576	20.00%	119,315
18	343	Tools, Shop, and Garage Equipment	65,276	-	65,276	5.00%	3,264
19	344	Laboratory Equipment	107,172	-	107,172	10.00%	10,717
20	345	Power Operated Equipment	60,372	-	60,372	5.00%	3,019
21	346	Communication Equipment	565,936	-	565,936	10.00%	56,594
22	347	Miscellaneous Equipment	80,859	-	80,859	10.00%	8,086
23	348	Other Tangible Equipment	4,783,710	-	4,783,710	10.00%	478,371
24		Total Plant	$ 87,753,403	$ -	$ 87,798,259		$ 3,506,485
25							
29							

30	Depreciation Expense Before Amortization of CIAC:	$ 3,506,485
31	Less Amortization of CIAC:	$ 494,849
32	Test Year Depreciation Expense - Staff:	$ 3,011,636
33	Depreciation Expense - Company:	3,506,485
34	**Staff's Total Adjustment:**	**$ (494,849)**

References:
Column [A]: Schedule CSB-4
Column [B]: From Column [A]
Column [C]: Column [A] - Column [B]
Column [D]: Engineering Staff Report
Column [E]: Column [C] x Column [D]

Santa Cruz Water Company
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Schedule CSB-15

OPERATING INCOME ADJUSTMENT NO. 7 - PROPERTY TAX EXPENSE

LINE NO.	Property Tax Calculation	[A] STAFF AS ADJUSTED	[B] STAFF RECOMMENDED
1	Staff Adjusted Test Year Revenues	$ 9,409,861	$ 9,409,861
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	18,819,722	$ 18,819,722
4	Staff Recommended Revenue, Per Schedule CSB-1	9,409,861	$ 10,552,098
5	Subtotal (Line 4 + Line 5)	28,229,583	29,371,820
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	9,409,861	$ 9,790,607
8	Department of Revenue Mutilplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	18,819,722	$ 19,581,213
10	Plus: 10% of CWIP -	2,545,207	2,545,207
11	Less: Net Book Value of Licensed Vehicles	299,641	$ 299,641
12	Full Cash Value (Line 9 + Line 10 - Line 11)	21,065,288	$ 21,826,780
13	Assessment Ratio	21.0%	21.0%
14	Assessment Value (Line 12 * Line 13)	4,423,711	$ 4,583,624
15	Composite Property Tax Rate	15.2456%	15.2456%
			$ -
16	Staff Test Year Adjusted Property Tax (Line 14 * Line 15)	$ 674,421	
17	Company Proposed Property Tax	-	
18	Staff Test Year Adjustment (Line 16-Line 17)	$ 674,421	
19	Property Tax - Staff Recommended Revenue (Line 14 * Line 15)		$ 698,801
20	Staff Test Year Adjusted Property Tax Expense (Line 16)		$ 674,421
21	Increase in Property Tax Expense Due to Increase in Revenue Requirement		$ 24,380
22	Increase to Property Tax Expense		$ 24,380
23	Increase in Revenue Requirement		1,142,237
24	Increase to Property Tax per Dollar Increase in Revenue (Line19/Line 20)		2.134384%

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Schedule CSB-16

OPERATING INCOME ADJUSTMENT NO. 8 - INCOME TAX EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Income Tax Expense - Test Year	1,238,174	(291,235)	946,939

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

Willow Valley Water Company, Inc.
Docket No. W-01732A-09-0079
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Schedule CSB-1

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION		[A] COMPANY ORIGINAL COST		[B] STAFF ORIGINAL COST
1	Adjusted Rate Base	$	2,251,164	$	2,251,164
2	Adjusted Operating Income (Loss)	$	(95,459)	$	(74,816)
3	Current Rate of Return (L2 / L1)		-4.24%		-3.32%
4	Required Rate of Return		9.24%		8.20%
5	Required Operating Income (L4 * L1)	$	208,008	$	184,595
6	Operating Income Deficiency (L5 - L2)	$	303,467	$	259,411
7	Gross Revenue Conversion Factor		1.64509		1.65100
8	Increase (Decrease) In Gross Revenue (L7 * L6)	$	499,229	$	428,289
9	Adjusted Test Year Revenue	$	473,527	$	473,527
10	Proposed Annual Revenue (L8 + L9)	$	972,756	$	901,816
11	Required Increase/Decrease in Revenue (%) (L8/L9)		105.43%		90.45%

References:
Column [A]: Company Schedules A-1, C-1, C-3, & D-1
Column [B]: Staff Schedules CSB-2, CSB-3, & CSB-5

Willow Valley Water Company, Inc.
Docket No. W-01732A-09-0079
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Schedule CSB-2

ROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
	Calculation of Gross Revenue Conversion Factor:				
1	Revenue	100.0000%			
2	Uncollecible Factor (Line 11)	0.0000%			
3	Revenues (L1 - L2)	100.0000%			
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)	39.4308%			
5	Subtotal (L3 - L4)	60.5692%			
6	**Revenue Conversion Factor (L1 / L5)**	1.651005			
	Calculation of Uncollecttible Factor:				
7	Unity	100.0000%			
8	Combined Federal and State Tax Rate (Line 17)	38.5989%			
9	One Minus Combined Income Tax Rate (L7 - L8)	61.4011%			
10	Uncollectible Rate	0.0000%			
11	Uncollectible Factor (L9 * L10)	0.0000%			
	Calculation of Effective Tax Rate:				
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%			
13	Arizona State Income Tax Rate	6.9680%			
14	Federal Taxable Income (L12 - L13)	93.0320%			
15	Applicable Federal Income Tax Rate (Line 53)	34.0000%			
16	Effective Federal Income Tax Rate (L14 x L15)	31.6309%			
17	Combined Federal and State Income Tax Rate (L13 +L16)		38.5989%		
	Calculation of Effective Property Tax Factor				
18	Unity	100.0000%			
19	Combined Federal and State Income Tax Rate (L17)	38.5989%			
20	One Minus Combined Income Tax Rate (L18-L19)	61.4011%			
21	Property Tax Factor (CSB-11, Col B, L24)	1.3549%			
22	Effective Property Tax Factor (L20*L21)		0.8319%		
23	Combined Federal and State Income Tax and Property Tax Rate (L17+L22)			39.4308%	
24	Required Operating Income (Schedule CSB-1, Line 5)	$ 184,595			
25	AdjustedTest Year Operating Income (Loss) (Sch CSB-5, Col C, L34)	(74,816)			
26	Required Increase in Operating Income (L24 - L25)		$ 259,411		
27	Income Taxes on Recommended Revenue (Col. [E], L52)	$ 97,646			
28	Income Taxes on Test Year Revenue (Col. [B], L52)	(65,429)			
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		163,075		
30	Recommended Revenue Requirement (Schedule CSB-1, Line 10)	$ 901,816			
31	Uncollectible Rate (Line 10)	0.0000%			
32	Uncollectible Expense on Recommended Revenue (L30*L31)	$ -			
33	Adjusted Test Year Uncollectible Expense	$ -			
34	Required Increase in Revenue to Provide for Uncollectible Exp. (L32-L33)		-		
35	Property Tax with Recommended Revenue (CSB-11, Col B, L19)	$ 24,713			
36	Property Tax on Test Year Revenue (CSB-11, Col A, L16)	18,910			
37	Increase in Property Tax Due to Increase in Revenue (L35-L36)		5,803		
38	Total Required Increase in Revenue (L26 + L29 + L34 + L37)		$ 428,289		

		Test Year		Staff Recommended
	Calculation of Income Tax:			
39	Revenue (Schedule CSB-11, Col. [C], Line 5 & Sch. CSB-1, Col. [D] Line	$ 473,527	$ 428,289	$ 901,816
40	Operating Expenses Excluding Income Taxes	$ 613,772	$ 5,803	$ 619,575
41	Synchronized Interest (L56)	$ 29,265		$ 29,265
42	Arizona Taxable Income (L39 - L40 - L41)	$ (169,510)		$ 252,976
43	Arizona State Income Tax Rate	6.9680%		6.9680%
44	Arizona Income Tax (L42 x L43)	$ (11,811)		$ 17,627
45	Federal Taxable Income (L42 - L44)	$ (157,698)		$ 235,349
46	Federal Tax on Income Bracket - Not Used	$ -		$ -
47	Federal Tax on Income Bracket - Not Used	$ -		$ -
48	Federal Tax on Income Bracket - Not Used	$ -		$ -
49	Federal Tax on Income Bracket - Not Used	$ -		$ -
50	Federal Tax on All Income ($0 -$10,000,000) @ 34%	$ (53,617)		$ 80,019
51	Total Federal Income Tax	$ (53,617)		$ 80,019
52	Combined Federal and State Income Tax (L44 + L51)	$ (65,429)		$ 97,646
53	Applicable Federal Income Tax Rate [Col. [C], L51 - Col. [A], L51] / [Col. [C], L45 - Col. [A], L45]			34.0000%
	Calculation of Interest Synchronization:			
54	Rate Base (Schedule CSB-3, Col. (C), Line 14	$ 2,251,164		
55	Weighted Average Cost of Debt	1.3000%		
56	Synchronized Interest (L45 X L46)	$ 29,265		

Willow Valley Water Company, Inc.
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Schedule CSB-3

RATE BASE - ORIGINAL COST

LINE NO.		(A) COMPANY AS FILED	(B) STAFF ADJUSTMENTS	(C) STAFF AS ADJUSTED
1	Plant in Service	$ 4,016,878	$ -	$ 4,016,878
2	Less: Accumulated Depreciation	(1,228,047)	-	(1,228,047)
3	Net Plant in Service	$ 2,788,831	$ -	$ 2,788,831
	LESS:			
4	Advances in Aid of Construction (AIAC)	$ 618,488	$ -	$ 618,488
5	Service Line and Meter Advances	$ -	$ -	$ -
6	Contributions in Aid of Construction (CIAC)	$ -	$ -	$ -
7	Less: Accumulated Amortization	-	-	-
8	Net CIAC	$ -	-	$ -
9	Total Advances and Contributions	$ 618,488	$ -	$ 618,488
10	Customer Deposits	$ 6,985	$ -	$ 6,985
11	Accumulated Deferred Income Taxes	$ -	$ -	$ -
	ADD:			
12	Deferred Tax Assets	$ 87,806	$ -	$ 87,806
13	Working Capital	$ -	$ -	$ -
14	**Total Rate Base**	$ 2,251,164	$ -	$ 2,251,164

References:
Column [A], Company Schedule B-1, Page 1
Column [B]: Schedule CSB-4
Column [C]: Column [A] + Column [B]

Willow Valley Water Company, Inc.
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Schedule CSB-4

SUMMARY OF RATE BASE ADJUSTMENTS

LINE NO.	PLANT IN SERVICE	[A]	[B]	[C]
1	Acct. No. Plant Description	COMPANY AS FILED		STAFF AS ADJUSTED
2	303 Land and Land Rights	$ 18,100	$ -	$ 18,100
3	304 Structures and Improvements	197,952	-	197,952
4	306 Lake, River, and Other Intakes	-	-	-
5	307 Wells and Springs	1,622,446	-	1,622,446
6	309 Supply Mains	2,118	-	2,118
7	310 Power Generation Equipment	10,751	-	10,751
8	311 Pumping Equipment	492,405	-	492,405
9	320 Water Treatment Equipment	263,210	-	263,210
10	330 Distribution Reservoirs and Standpipes	265,882	-	265,882
11	331 Transmission and Distribution Mains	620,830	-	620,830
12	333 Services	95,359	-	95,359
13	334 Meters and Meter Installations	220,733	-	220,733
14	335 Hydrants	37,179	-	37,179
15	336 Backflow Prevention Devices	1,024	-	1,024
16	339 Other Plant and Miscellaneous Equipment	19,311	-	19,311
17	340 Office Furniture and Equipment	22,526	-	22,526
18	341 Transportation Equipment	20,846	-	20,846
19	343 Tools, Shop, and Garage Equipment	42,909	-	42,909
20	344 Laboratory Equipment	9,508	-	9,508
21	345 Power Operated Equipment	38,925	-	38,925
22	346 Communication Equipment	2,654	-	2,654
23	347 Miscellaneous Equipment	8,273	-	8,273
24	348 Other Tangible Equipment	3,937	-	3,937
25	Total Plant in Service - Actual	$ 4,016,878	$ -	$ 4,016,878
31	Less: Accumulated Depreciation	$ (1,228,047)	$ -	(1,228,047)
33	Net Plant in Service	$ 2,788,831	$ -	$ 2,788,831
35	*LESS:*			
36	Advances in Aid of Construction (AIAC)	$ 618,488	$ -	$ 618,488
38	Service Line and Meter Advances	$ -	-	$ -
40	Contributions in Aid of Construction (CIAC)	$ -	-	$ -
41	Less: CIAC - Pro Forma	-	-	-
42	Total CIAC - Adjusted	$ -	$ -	$ -
44	Less: Accumulated Amortization	$ -	-	$ -
45	Less: Accumulated Amort - Pro Forma	-	-	-
46		$ -	$ -	$ -
48	Net CIAC	$ -	-	$ -
50	Total Advances and Net Contributions	$ 618,488	-	$ 618,488
52	Customer Deposits	$ 6,985	-	$ 6,985
54	Deferred Tax Liability	$ -	-	$ -
56	*ADD:*			
57	Deferred Tax Asset	$ 87,806	-	$ 87,806
58	Working Capital Allowance	$ -	-	$ -
59	**Total Rate Base**	$ 2,251,164	$ -	$ 2,251,164

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Schedule CSB-5

OPERATING INCOME - TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	[A] COMPANY TEST YEAR AS FILED	[B] STAFF TEST YEAR ADJUSTMENTS	ADJ NO.	[C] STAFF TEST YEAR AS ADJUSTED	[D] STAFF PROPOSED CHANGES	[E] STAFF RECOMMENDED
	REVENUES:						
1	Metered Water Sales	$ 453,784	$ -		$ 453,784	$ 428,289	$ 882,073
2	Water Sales - Unmetered	-	-		-		-
3	Other Operating Revenues	19,743	-		19,743	-	19,743
4	**Total Revenues**	$ 473,527	$ -		$ 473,527	$ 428,289	$ 901,816
5							
6	*EXPENSES:*						
7	Salaries and Wages - Employees	$ 226,369	$ (226,369)	1	$ -	$ -	$ -
8	Employee Pensions and Benefits	50,965	(50,965)	1	-		-
9	Purchased Water	-	-		-		-
10	Purchased Power	33,567	-		33,567		33,567
11	Fuel for Power Production	-	-		-		-
12	Chemicals	18,049	-		18,049		18,049
13	Materials and Supplies - Acct No. 620	18,697	-		18,697		18,697
14	Materials and Supplies - Acct No. 620.08	41,492	(21,759)	2	19,733		19,733
15	Contractual Services - Management Fees	-	255,962	1,3	255,962		255,962
16	Contractual Services - Testing	5,401	-		5,401		5,401
17	Contractual Services - Other	12,787	-		12,787		12,787
18	Rental of Building/Real Property	9,185	-		9,185		9,185
19	Rental of Equipment	-	-		-		-
20	Transportation Expense	13,076	-		13,076		13,076
21	Insurance - General Liability	5,119	-		5,119		5,119
22	Insurance - Other	1,072	-		1,072		1,072
23	Advertising Expense	-	-		-		-
24	Rate Case Expense	5,333	-		5,333		5,333
25	Bad Debt Expense	4,735	(3,948)	4	787		787
26	Miscellaneous Expense	10,257	-		10,257		10,257
27	Depreciation Expense	185,697	-		185,697		185,697
28	Taxes Other Than Income-Utility Regulatory	140	-		140		140
29	Taxes Other Than Income-Property Taxes	-	18,910	5	18,910	5,803	24,713
30	Taxes Other Than Income-Other	-	-		-		-
31	Income Taxes	(72,955)	7,526	6	(65,429)	163,075	97,646
32	**Total Operating Expenses**	$ 568,986	$ (20,643)		$ 548,343	$ 168,878	$ 717,221
33							
34	**Operating Income (Loss)**	$ (95,459)	$ 20,643		$ (74,816)	$ 259,411	$ 184,595

References:
Column (A): Company Schedule C-1, Page 2
Column (B): Schedule CSB-8
Column (C): Column (A) + Column (B)
Column (D): Schedules CSB-1 and CSB-2
Column (E): Column (C) + Column (D)

Willow Valley Water Company, Inc.
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Schedule CSB-6

SUMMARY OF OPERATING INCOME ADJUSTMENTS - TEST YEAR

LINE NO.	ACCT NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] ADJ #1 Salaries, Wages Pensions, & Benefits Ref: Sch CSB-7	[C] ADJ #2 Materials & Supplies Acct No. 620.08 Ref: Sch CSB-8	[D] ADJ #3 Contract Services Management Fees Ref: Sch CSB-9	[E] ADJ #4 Bad Debt Expense Ref: Sch CSB-10	[F] ADJ #5 Property Tax Exp Ref: Sch CSB-11	[G] ADJ #6 Income Tax Expense Ref: Sch CSB-12	[H] STAFF ADJUSTED
		REVENUES:								
1		Metered Water Sales	$ 453,784	$ -	$ -	$ -	$ -	$ -	$ -	$ 453,784
2		Water Sales - Unmetered	-	-	-	-	-	-	-	-
3		Other Operating Revenues	19,743	-	-	-	-	-	-	19,743
4		**Total Revenues**	$ 473,527	$ -	$ -	$ -	$ -	$ -	$ -	$ 473,527
5										
6		*OPERATING EXPENSES:*								
7	601	Salaries and Wages - Employees	$ 226,369	(226,369)	-	-	-	-	-	-
8	604	Employee Pensions and Benefits	50,965	(50,965)	-	-	-	-	-	-
9	610	Purchased Water	-	-	-	-	-	-	-	-
10	615	Purchased Power	33,567	-	-	-	-	-	-	33,567
11	616	Fuel for Power Production	-	-	-	-	-	-	-	-
12	618	Chemicals	18,049	-	-	-	-	-	-	18,049
13	620	Materials and Supplies	18,697	-	-	-	-	-	-	18,697
14	620.08	Materials and Supplies	41,492	-	(21,759)	-	-	-	-	19,733
15	634	Contractual Services - Management Fees	-	277,334	-	(21,372)	-	-	-	255,962
16	635	Contractual Services - Testing	5,401	-	-	-	-	-	-	5,401
17	636	Contractual Services - Other	12,787	-	-	-	-	-	-	12,787
18	641	Rental of Building/Real Property	9,185	-	-	-	-	-	-	9,185
19	642	Rental of Equipment	-	-	-	-	-	-	-	-
20	650	Transportation Expense	13,076	-	-	-	-	-	-	13,076
21	657	Insurance - General Liability	5,119	-	-	-	-	-	-	5,119
22	659	Insurance - Other	1,072	-	-	-	-	-	-	1,072
23	660	Advertising Expense	-	-	-	-	-	-	-	-
24	667	Rate Case Expense	5,333	-	-	-	-	-	-	5,333
25	670	Bad Debt Expense	4,735	-	-	-	(3,948)	-	-	787
26	675	Miscellaneous Expense	10,257	-	-	-	-	-	-	10,257
27	403	Depreciation Expense	185,697	-	-	-	-	-	-	185,697
28	408	Taxes Other Than Income-Utility Regulatory	140	-	-	-	-	-	-	140
29	408.11	Taxes Other Than Income-Property Taxes	-	-	-	-	-	18,910	-	18,910
30	408.13	Taxes Other Than Income-Other	-	-	-	-	-	-	-	-
31	409	Income Taxes	(72,955)	-	-	-	-	-	7,526	(65,429)
32		**Total Operating Expenses**	$ 568,986	$ -	$ (21,759)	$ (21,372)	$ (3,948)	$ 18,910	$ 7,526	$ 548,343
33										
34		**Operating Income (Loss)**	$ (95,459)	$ -	$ 21,759	$ 21,372	$ 3,948	$ (18,910)	$ (7,526)	$ (74,816)

Willow Valley Water Company, Inc.
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Schedule CSB-7

OPERATING INCOME ADJUSTMENT NO. 1 - SALARIES, WAGES, PENSIONS, & BENEFITS

LINE NO.	Description	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Salaries and Wage Expense	$ 226,369	$ (226,369)	$ -
2	Pension and Benefits	50,965	$ (50,965)	$ -
3		$ 277,334	$ (277,334)	$ -
4				
5	Contractual Services - Management Fees	$ -	$ 277,334	$ 277,334

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

Willow Valley Water Company, Inc.
Docket No. W-01732A-09-0079
Test Year Ended December 31, 2008

Schedule CSB-8

OPERATING INCOME ADJUSTMENT NO. 2 - MATERIALS AND SUPPLIES, ACCT NO. 620.08

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Materials and Supplies, Acct No 620.08	41,492	$ (21,759)	$ 19,733
2				
3				
4			Materials and	
5			Supplies	
6			Acct No. 620.08	
7		2006	$ 17,706	Company Sch E-2
8		2007	$ -	Company Sch E-2
9		2008	$ 41,492	Company Sch E-2
10			$ 59,198	
11		Divided by 3	3	
12			$ 19,733	

References:

Column A: Company Schedule C-1 & E-2
Column B: Testimony, CSB; Data Request CSB 15-1
Column C: Column [A] + Column [B]

Willow Valley Water Company, Inc.
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Schedule CSB-9

OPERATING INCOME ADJUSTMENT NO. 3 - CONTRACTUAL SERVICES, MANAGEMENT FEES

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Contractual Services - Management Fees	$ -	$ (21,372)	$ (21,372)
2				
3				
4	Bonuses (Direct Allocation)	13,358	From Trial Balance	
5	Kitchen Supplies	851	From Trial Balance	
6		$ 14,209		
7				
8	Employee Moving & Hiring	$ 314	From Trial Balance	
9	Employee Training & Certification	894	From Trial Balance	
10	Employee Travel	11,471	From Trial Balance	
11	Employee Meals	1,647	From Trial Balance	
12		14,326		
13	Divided by 2 years	2		
14		$ 7,163		
15				
16	Total (Line 6 + Line 14)	$ 21,372		

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB; Data Request CSB 2-30
Column C: Column [A] + Column [B]

Willow Valley Water Company, Inc.
Docket No. W-01732A-09-0079
Test Year Ended December 31, 2008

Schedule CSB-10

OPERATING INCOME ADJUSTMENT NO. 4 - BAD DEBT EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Bad Debt Expense	4,735	(3,948)	787

References:

Column A: Company Data Request Response CSB 1.26 & RUCO 2.04(e)
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

Willow Valley Water Company, Inc.
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Schedule CSB-11

OPERATING INCOME ADJUSTMENT No. 5 - Property Tax Expense

LINE NO.	Property Tax Calculation	[A] STAFF AS ADJUSTED	[B] STAFF RECOMMENDED
1	Staff Adjusted Test Year Revenues	$ 473,527	$ 473,527
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	947,054	$ 947,054
4	Staff Recommended Revenue, Per Schedule CSB-1	473,527	$ 901,816
5	Subtotal (Line 4 + Line 5)	1,420,581	1,848,870
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	473,527	$ 616,290
8	Department of Revenue Mutilplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	947,054	$ 1,232,580
10	Plus: 10% of CWIP -	47	47
11	Less: Net Book Value of Licensed Vehicles	16,677	$ 16,677
12	Full Cash Value (Line 9 + Line 10 - Line 11)	930,424	$ 1,215,950
13	Assessment Ratio	21.0%	21.0%
14	Assessment Value (Line 12 * Line 13)	195,389	$ 255,350
15	Composite Property Tax Rate	9.6781%	9.6781%
			$ -
16	Staff Test Year Adjusted Property Tax (Line 14 * Line 15)	$ 18,910	
17	Company Proposed Property Tax	-	
18	Staff Test Year Adjustment (Line 16-Line 17)	$ 18,910	
19	Property Tax - Staff Recommended Revenue (Line 14 * Line 15)		$ 24,713
20	Staff Test Year Adjusted Property Tax Expense (Line 16)		$ 18,910
21	Increase in Property Tax Expense Due to Increase in Revenue Requirement		$ 5,803
22	Increase to Property Tax Expense		$ 5,803
23	Increase in Revenue Requirement		428,289
24	Increase to Property Tax per Dollar Increase in Revenue (Line19/Line 20)		1.354934%

Willow Valley Water Company, Inc.
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Schedule CSB-12

OPERATING INCOME ADJUSTMENT NO. 6 - INCOME TAX EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Income Tax Expense - Test Year	(72,955)	7,526	(65,429)

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

Valencia Water Company - Town Division
Docket No. W-01212A-09-0082
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Schedule CSB-1

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	[A] COMPANY ORIGINAL COST	[B] STAFF ORIGINAL COST
1	Adjusted Rate Base	$ 4,240,018	$ 4,240,018
2	Adjusted Operating Income (Loss)	$ (601,944)	$ (501,654)
3	Current Rate of Return (L2 / L1)	-14.20%	-11.83%
4	Required Rate of Return	9.56%	8.70%
5	Required Operating Income (L4 * L1)	$ 405,346	$ 368,882
6	Operating Income Deficiency (L5 - L2)	$ 1,007,290	$ 870,536
7	Gross Revenue Conversion Factor	1.64509	1.65332
8	Increase (Decrease) In Gross Revenue (L7 * L6)	$ 1,657,078	$ 1,439,278
9	Adjusted Test Year Revenue	$ 2,894,421	$ 3,037,462
10	Proposed Annual Revenue (L8 + L9)	$ 4,551,499	$ 4,476,740
11	Required Increase/Decrease in Revenue (%) (L8/L9)	57.25%	47.38%

References:
Column [A]: Company Schedules A-1, C-1, C-3, & D-1
Column [B]: Staff Schedules CSB-2, CSB-3, & CSB-5

Valencia Water Company - Town Division
Docket No. W-01212A-09-0082
Test Year Ended December 31, 2008

Schedule CSB-2

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
	Calculation of Gross Revenue Conversion Factor:				
1	Revenue	100.0000%			
2	Uncollecible Factor (Line 11)	0.0000%			
3	Revenues (L1 - L2)	100.0000%			
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)	39.5158%			
5	Subtotal (L3 - L4)	60.4842%			
6	**Revenue Conversion Factor (L1 / L5)**	1.653325			
	Calculation of Uncollectible Factor:				
7	Unity	100.0000%			
8	Combined Federal and State Tax Rate (Line 17)	38.5989%			
9	One Minus Combined Income Tax Rate (L7 - L8)	61.4011%			
10	Uncollectible Rate	0.0000%			
11	Uncollectible Factor (L9 * L10)	0.0000%			
	Calculation of Effective Tax Rate:				
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%			
13	Arizona State Income Tax Rate	6.9680%			
14	Federal Taxable Income (L12 - L13)	93.0320%			
15	Applicable Federal Income Tax Rate (Line 53)	34.0000%			
16	Effective Federal Income Tax Rate (L14 x L15)	31.6309%			
17	Combined Federal and State Income Tax Rate (L13 +L16)		38.5989%		
	Calculation of Effective Property Tax Factor				
18	Unity	100.0000%			
19	Combined Federal and State Income Tax Rate (L17)	38.5989%			
20	One Minus Combined Income Tax Rate (L18-L19)	61.4011%			
21	Property Tax Factor (CSB-12, Col B, L24)	1.4933%			
22	Effective Property Tax Factor (L20*L21)		0.9169%		
23	Combined Federal and State Income Tax and Property Tax Rate (L17+L22)			39.5158%	
24	Required Operating Income (Schedule CSB-1, Line 5)	$ 368,882			
25	AdjustedTest Year Operating Income (Loss) (Schedule CSB-5, Col C, L 34)	(501,654)			
26	Required Increase in Operating Income (L24 - L25)		$ 870,536		
27	Income Taxes on Recommended Revenue (Col. [C], L52)	$ 173,252			
28	Income Taxes on Test Year Revenue (Col. [B], L52)	(373,996)			
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		547,249		
30	Recommended Revenue Requirement (Schedule CSB-1, Line 10)	$ 4,476,740			
31	Uncollectible Rate (Line 10)	0.0000%			
32	Uncollectible Expense on Recommended Revenue (L30*L31)	$ -			
33	Adjusted Test Year Uncollectible Expense	$ -			
34	Required Increase in Revenue to Provide for Uncollectible Exp. (L32-L33)		-		
35	Property Tax with Recommended Revenue (CSB-12, Col B, L19)	$ 164,729			
36	Property Tax on Test Year Revenue (CSB-12, Col A, L16)	143,236			
37	Increase in Property Tax Due to Increase in Revenue (L35-L36)		21,493		
38	Total Required Increase in Revenue (L26 + L29 + L34 + L37)		$ 1,439,278		

	Calculation of Income Tax:	Test Year		Staff Recommended
39	Revenue (Schedule CSB-5)	$ 3,037,462	$ 1,439,278	$ 4,476,740
40	Operating Expenses Excluding Income Taxes	$ 3,913,112	$ 21,493	$ 3,934,606
41	Synchronized Interest (L56)	$ 93,280		$ 93,280
42	Arizona Taxable Income (L39 - L40 - L41)	$ (968,931)		$ 448,854
43	Arizona State Income Tax Rate	6.9680%		6.9680%
44	Arizona Income Tax (L42 x L43)	$ (67,515)		$ 31,276
45	Federal Taxable Income (L42 - L44)	$ (901,416)		$ 417,578
46	Federal Tax on Income Bracket - Not Used	$ -		$ -
47	Federal Tax on Income Bracket - Not Used	$ -		$ -
48	Federal Tax on Income Bracket - Not Used	$ -		$ -
49	Federal Tax on Income Bracket - Not Used	$ -		$ -
50	Federal Tax on All Income ($0 -$10,000,000) @ 34%	$ (306,481)		$ 141,976
51	Total Federal Income Tax	$ (306,481)		$ 141,976
52	Combined Federal and State Income Tax (L44 + L51)	$ (373,996)		$ 173,252
53	Applicable Federal Income Tax Rate [Col. [C], L51 - Col. [A], L51] / [Col. [C], L45 - Col. [A], L45]			34.0000%
	Calculation of Interest Synchronization:			
54	Rate Base (Schedule CSB-3, Col. (C), Line 14	$ 4,240,018		
55	Weighted Average Cost of Debt	2.2000%		
56	Synchronized Interest (L45 X L46)	$ 93,280		

RATE BASE - ORIGINAL COST

LINE NO.		(A) COMPANY AS FILED	(B) STAFF ADJUSTMENTS	(C) STAFF AS ADJUSTED
1	Plant in Service	$ 45,877,421	$ -	$ 45,877,421
2	Less: Accumulated Depreciation	(3,071,499)	-	(3,071,499)
3	Net Plant in Service	$ 42,805,922	$ -	$ 42,805,922
	LESS:			
4	Advances in Aid of Construction (AIAC)	$ 37,992,781	$ -	$ 37,992,781
5	Service Line and Meter Advances	$ -	$ -	$ -
6	Contributions in Aid of Construction (CIAC)	$ 890,221	$ -	$ 890,221
7	Less: Accumulated Amortization	98,283	-	98,283
8	Net CIAC	$ 791,938	-	$ 791,938
9	Total Advances and Contributions	$ 38,784,719	$ -	$ 38,784,719
10	Customer Deposits	$ 162,132	$ -	$ 162,132
11	Accumulated Deferred Income Taxes	$ -	$ -	$ -
	ADD:			
12	Deferred Tax Assets	$ 380,947	$ -	$ 380,947
13	Working Capital	$ -	$ -	$ -
14	**Total Rate Base**	$ 4,240,018	$ -	$ 4,240,018

References:
Column [A], Company Schedule B-1, Page 1
Column [B]: Schedule CSB-4
Column [C]: Column [A] + Column [B]

Valencia Water Company - Town Division
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Schedule CSB-4

SUMMARY OF RATE BASE ADJUSTMENTS

LINE NO.	PLANT IN SERVICE	[A]	[B]	[C]
1	Acct. No. Plant Description	COMPANY AS FILED		STAFF AS ADJUSTED
2	303 Land and Land Rights	$ 148,446	$ -	$ 148,446
3	304 Structures and Improvements	945,383	-	945,383
4	306 Lake, River, and Other Intakes	-	-	-
5	307 Wells and Springs	775,544	-	775,544
6	309 Supply Mains	-	-	-
7	310 Power Generation Equipment	20,612	-	20,612
8	311 Pumping Equipment	7,803,214	-	7,803,214
9	320 Water Treatment Equipment	3,892,532	-	3,892,532
10	330 Distribution Reservoirs and Standpipes	3,439,680	-	3,439,680
11	331 Transmission and Distribution Mains	19,407,008	-	19,407,008
12	333 Services	2,795,075	-	2,795,075
13	334 Meters and Meter Installations	1,562,332	-	1,562,332
14	335 Hydrants	1,900,270	-	1,900,270
15	336 Backflow Prevention Devices	12,674	-	12,674
16	339 Other Plant and Miscellaneous Equipment	114,439	-	114,439
17	340 Office Furniture and Equipment	46,206	-	46,206
18	341 Transportation Equipment	275,038	-	275,038
19	343 Tools, Shop, and Garage Equipment	90,582	-	90,582
20	344 Laboratory Equipment	42,171	-	42,171
21	345 Power Operated Equipment	55,588	-	55,588
22	346 Communication Equipment	20,584	-	20,584
23	347 Miscellaneous Equipment	15,371	-	15,371
24	348 Other Tangible Equipment	2,514,672	-	2,514,672
25	Total Plant in Service - Actual	$ 45,877,421	$ -	$ 45,877,421
31	Less: Accumulated Depreciation	$ (3,071,499)	$ -	(3,071,499)
33	Net Plant in Service	$ 42,805,922	$ -	$ 42,805,922
35	*LESS:*			
36	Advances in Aid of Construction (AIAC)	$ 37,992,781	$ -	$ 37,992,781
38	Service Line and Meter Advances	$ -	-	$ -
40	Contributions in Aid of Construction (CIAC)	$ 890,221	-	$ 890,221
41	Less: CIAC - Pro Forma	-	-	-
42	Total CIAC - Adjusted	$ 890,221	$ -	$ 890,221
44	Less: Accumulated Amortization	$ 98,283	-	$ 98,283
45	Less: Accumulated Amort - Pro Forma	-	-	-
46		$ 98,283	$ -	$ 98,283
48	Net CIAC	$ 791,938	-	$ 791,938
50	Total Advances and Net Contributions	$ 38,784,719	-	$ 38,784,719
52	Customer Deposits	$ 162,132	-	$ 162,132
54	Deferred Tax Liability	$ -	-	$ -
56	*ADD:*			
57	Deferred Tax Asset	$ 380,947	-	$ 380,947
58	Working Capital Allowance	$ -	-	$ -
59	**Total Rate Base**	$ 4,240,018	$ -	$ 4,240,018

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Schedule CSB-5

OPERATING INCOME - TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	[A] COMPANY TEST YEAR AS FILED	[B] STAFF TEST YEAR ADJUSTMENTS	ADJ NO.	[C] STAFF TEST YEAR AS ADJUSTED	[D] STAFF PROPOSED CHANGES	[E] STAFF RECOMMENDED
	REVENUES:						
1	Metered Water Sales	$ 2,659,938	$ 143,041	1	$ 2,802,979	$ 1,439,278	$ 4,242,257
2	Water Sales - Unmetered	-	-		-		-
3	Other Operating Revenues	234,483	-		234,483	-	234,483
4	**Total Revenues**	$ 2,894,421	$ 143,041		$ 3,037,462	$ 1,439,278	$ 4,476,740
5							
6	*EXPENSES:*						
7	Salaries and Wages - Employees	$ 670,808	$ (670,808)	2	$ -	$ -	$ -
8	Employee Pensions and Benefits	143,080	(143,080)	2	-		-
9	Purchased Water	-	-		-		-
10	Purchased Power	291,613	16,356	1	307,969		307,969
11	Fuel for Power Production	-	-		-		-
12	Chemicals	143,618	8,519	1	152,137		152,137
13	Materials and Supplies - Acct No. 620	31,821	-		31,821		31,821
14	Materials and Supplies - Acct No. 620.08	128,737	(69,726)	3	59,011		59,011
15	Contractual Services - Management Fees	-	752,255	2,4	752,255		752,255
16	Contractual Services - Testing	33,729	-		33,729		33,729
17	Contractual Services - Other	41,898	-		41,898		41,898
18	Rental of Building/Real Property	37,473	-		37,473		37,473
19	Rental of Equipment	4,239	-		4,239		4,239
20	Transportation Expense	67,812	-		67,812		67,812
21	Insurance - General Liability	17,098	-		17,098		17,098
22	Insurance - Other	3,336	-		3,336		3,336
23	Advertising Expense	-	-		-		-
24	Rate Case Expense	18,667	-		18,667		18,667
25	Bad Debt Expense	28,944	(22,527)	5	6,417		6,417
26	Miscellaneous Expense	28,042	-		28,042		28,042
27	Depreciation Expense	2,199,986	-		2,199,986		2,199,986
28	Taxes Other Than Income-Utility Regulatory	5,885	-		5,885		5,885
29	Taxes Other Than Income-Property Taxes	-	143,236	6	143,236	21,493	164,729
30	Taxes Other Than Income-Other	2,101	-		2,101		2,101
31	Income Taxes	(402,522)	28,526	7	(373,996)	547,249	173,252
32	**Total Operating Expenses**	$ 3,496,365	$ 42,751		$ 3,539,116	$ 568,742	$ 4,107,858
33							
34	**Operating Income (Loss)**	$ (601,944)	$ 100,290		$ (501,654)	$ 870,536	$ 368,882

References:
Column (A): Company Schedule C-1, Page 2
Column (B): Schedule CSB-8
Column (C): Column (A) + Column (B)
Column (D): Schedules CSB-1 and CSB-2
Column (E): Column (C) + Column (D)

Valencia Water Company - Town Division
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Schedule CSB-6

SUMMARY OF OPERATING INCOME ADJUSTMENTS - TEST YEAR

LINE NO.	ACCT NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] ADJ #1 Revenue and Expense Annualization Ref: Sch CSB-7	[C] ADJ #2 Salaries, Wages Pensions, & Benefits Ref: Sch CSB-8	[D] ADJ #3 Materials & Supplies Acct No. 620.08 Ref: Sch CSB-9	[F] ADJ #4 Contract Srvcs Management Fees Ref: Sch CSB-10	[G] ADJ #5 Bad Debt Expense Ref: Sch CSB-11	[H] ADJ #6 Property Tax Exp Ref: Sch CSB-12	[I] ADJ #7 Income Tax Expense Ref: Sch CSB-13	[J] STAFF ADJUSTED
		REVENUES:									
1		Metered Water Sales	$ 2,659,938	$ 143,041	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,802,979
2		Water Sales - Unmetered	-	-	-	-	-	-	-	-	-
3		Other Operating Revenues	234,483	-	-	-	-	-	-	-	234,483
4		Total Revenues	$ 2,894,421	$ 143,041	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,037,462
5											
6		*OPERATING EXPENSES:*									
7	601	Salaries and Wages - Employees	$ 670,808	-	(670,808)	-	-	-	-	-	$ -
8	604	Employee Pensions and Benefits	143,080	-	(143,080)	-	-	-	-	-	-
9	610	Purchased Water	-	-	-	-	-	-	-	-	-
10	615	Purchased Power	291,613	16,356	-	-	-	-	-	-	307,969
11	616	Fuel for Power Production	-	-	-	-	-	-	-	-	-
12	618	Chemicals	143,618	8,519	-	-	-	-	-	-	152,137
13	620	Materials and Supplies	31,821	-	-	-	-	-	-	-	31,821
14	620.08	Materials and Supplies	128,737	-	-	(69,726)	-	-	-	-	59,011
15	634	Contractual Services - Management Fees	-	-	813,888	-	(61,633)	-	-	-	752,255
16	635	Contractual Services - Testing	33,729	-	-	-	-	-	-	-	33,729
17	636	Contractual Services - Other	41,898	-	-	-	-	-	-	-	41,898
18	641	Rental of Building/Real Property	37,473	-	-	-	-	-	-	-	37,473
19	642	Rental of Equipment	4,239	-	-	-	-	-	-	-	4,239
20	650	Transportation Expense	67,812	-	-	-	-	-	-	-	67,812
21	657	Insurance - General Liability	17,098	-	-	-	-	-	-	-	17,098
22	659	Insurance - Other	3,336	-	-	-	-	-	-	-	3,336
23	660	Advertising Expense	-	-	-	-	-	-	-	-	-
24	667	Rate Case Expense	18,667	-	-	-	-	-	-	-	18,667
25	670	Bad Debt Expense	28,944	-	-	-	-	(22,527)	-	-	6,417
26	675	Miscellaneous Expense	28,042	-	-	-	-	-	-	-	28,042
27	403	Depreciation Expense	2,199,986	-	-	-	-	-	-	-	2,199,986
28	408	Taxes Other Than Income-Utility Regulatory	5,885	-	-	-	-	-	-	-	5,885
29	408.11	Taxes Other Than Income-Property Taxes	-	-	-	-	-	-	143,236	-	143,236
30	408.13	Taxes Other Than Income-Other	2,101	-	-	-	-	-	-	-	2,101
31	409	Income Taxes	(402,522)	-	-	-	-	-	-	28,526	(373,996)
32		Total Operating Expenses	$ 3,496,365	$ 24,875	$ -	$ (69,726)	$ (61,633)	$ (22,527)	$ 143,236	$ 28,526	$ 3,539,116
33											
34		Operating Income (Loss)	$ (601,944)	$ 118,166	$ -	$ 69,726	$ 61,633	$ 22,527	$ (143,236)	$ (28,526)	$ (501,654)

Valencia Water Company - Town Division
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Schedule CSB-7

OPERATING INCOME ADJUSTMENT NO. 1 - REVENUE AND EXPENSE ANNUALIZATION

LINE NO.	Description	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Metered Water Sales - Actual	$ 2,805,048	$ -	$ 2,805,048
2	Unbilled Revenue	(2,069)	-	(2,069)
3	Revenue Annualization to Metered Water Sales	(143,041)	143,041	-
4	Total	$ 2,659,938	$ 143,041	$ 2,802,979
5				
6	Purchased Pumping Power - Actual	$ 297,842	$ -	$ 297,842
7	APS Interim Rate Increase	10,127	-	10,127
8	Annualization Adjustment to Pumping Power	(16,356)	16,356	-
9		$ 291,613	$ 16,356	$ 307,969
10				
11	Chemicals - Actual	$ 152,137	$ -	$ 152,137
12	Annualization Adjustment to Chemicals	(8,519)	$ 8,519	
13		$ 143,618	$ 8,519	$ 152,137
14				
15	Operating Income	$ 2,224,707	$ 118,166	$ 2,342,873

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

Valencia Water Company - Town Division
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Schedule CSB-8

OPERATING INCOME ADJUSTMENT NO. 2 - SALARIES, WAGES, PENSIONS, & BENEFITS

LINE NO.	Description	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Salaries and Wage Expense	$ 670,808	$ (670,808)	$ -
2	Pension and Benefits	143,080	$ (143,080)	$ -
3		$ 813,888	$ (813,888)	$ -
4				
5	Contractual Services - Management Fees	$ -	$ 813,888	$ 813,888

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

Valencia Water Company - Town Division
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Test Year Ended December 31, 2008

Schedule CSB-9

OPERATING INCOME ADJUSTMENT NO. 3 - MATERIALS AND SUPPLIES, ACCT NO. 620.08

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Materials and Supplies, Acct No 620.08	128,737	$ (69,726)	$ 59,011
2				
3				
4			Materials and	
5			Supplies	
6			Acct No. 620.08	
7		2006	$ 48,296	Company Sch E-2
8		2007	$ -	Company Sch E-2
9		2008	$ 128,737	Company Sch E-2
10			$ 177,033	
11		Divided by 3	3	
12			$ 59,011	

References:

Column A: Company Schedule C-1 & E-2
Column B: Testimony, CSB; Data Request CSB 15-1
Column C: Column [A] + Column [B]

OPERATING INCOME ADJUSTMENT NO. 4 - CONTRACTUAL SERVICES, MANAGEMENT FEES

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Contractual Services - Management Fees	$ -	$ (61,633)	$ (61,633)
2				
3				
4				
5	Bonuses (Indirect Allocation)	$ 6,318	Data Request Response CSB 2-30	
6	Bonuses (Direct Allocation)	18,577	From Trial Balance	
7	Kitchen Supplies	3,624	From Trial Balance	
8		$ 28,520		
9				
10	Employee Moving & Hiring	$ 402	From Trial Balance	
11	Employee Training & Certification	7,050	From Trial Balance	
12	Employee Travel	54,000	From Trial Balance	
13	Employee Meals	4,774	From Trial Balance	
14		66,226		
15	Divided by 2 years	2		
16		$ 33,113		
17				
18	Total (Line 8 + Line 16)	$ 61,633		

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB; Data Request CSB 2-30
Column C: Column [A] + Column [B]

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Schedule CSB-11

OPERATING INCOME ADJUSTMENT NO. 5 - BAD DEBT EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Bad Debt Expense	28,944	(22,527)	6,417

References:

Column A: Company Data Request Response CSB 1.26 & RUCO 2.04(e)
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

Valencia Water Company - Town Division
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Schedule CSB-12

OPERATING INCOME ADJUSTMENT NO. 6 - PROPERTY TAX EXPENSE

LINE NO.	Property Tax Calculation	[A] STAFF AS ADJUSTED	[B] STAFF RECOMMENDED
1	Staff Adjusted Test Year Revenues	$ 3,037,462	$ 3,037,462
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	6,074,924	$ 6,074,924
4	Staff Recommended Revenue, Per Schedule CSB-1	3,037,462	$ 4,476,740
5	Subtotal (Line 4 + Line 5)	9,112,386	10,551,664
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	3,037,462	$ 3,517,221
8	Department of Revenue Mutilplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	6,074,924	$ 7,034,443
10	Plus: 10% of CWIP -	415,844	415,844
11	Less: Net Book Value of Licensed Vehicles	96,323	$ 96,323
12	Full Cash Value (Line 9 + Line 10 - Line 11)	6,394,445	$ 7,353,963
13	Assessment Ratio	21.0%	21.0%
14	Assessment Value (Line 12 * Line 13)	1,342,833	$ 1,544,332
15	Composite Property Tax Rate	10.6667%	10.6667%
			$ -
16	Staff Test Year Adjusted Property Tax (Line 14 * Line 15)	$ 143,236	
17	Company Proposed Property Tax	-	
18	Staff Test Year Adjustment (Line 16-Line 17)	$ 143,236	
19	Property Tax - Staff Recommended Revenue (Line 14 * Line 15)		$ 164,729
20	Staff Test Year Adjusted Property Tax Expense (Line 16)		$ 143,236
21	Increase in Property Tax Expense Due to Increase in Revenue Requirement		$ 21,493
22	Increase to Property Tax Expense		$ 21,493
23	Increase in Revenue Requirement		1,439,278
24	Increase to Property Tax per Dollar Increase in Revenue (Line19/Line 20)		1.493338%

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Schedule CSB-13

OPERATING INCOME ADJUSTMENT NO. 7 - INCOME TAX EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Income Tax Expense - Test Year	(402,522)	28,526	(373,996)

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

Valencia Water Company - Greater Buckeye Division
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Schedule CSB-1

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	[A] COMPANY ORIGINAL COST	[B] STAFF ORIGINAL COST
1	Adjusted Rate Base	$ 929,057	$ 929,057
2	Adjusted Operating Income (Loss)	$ (4,402)	$ 31,536
3	Current Rate of Return (L2 / L1)	-0.47%	3.39%
4	Required Rate of Return	9.72%	8.10%
5	Required Operating Income (L4 * L1)	$ 90,304	$ 75,254
6	Operating Income Deficiency (L5 - L2)	$ 94,706	$ 43,717
7	Gross Revenue Conversion Factor	1.64509	1.65286
8	Increase (Decrease) In Gross Revenue (L7 * L6)	$ 155,800	$ 72,258
9	Adjusted Test Year Revenue	$ 336,819	$ 380,474
10	Proposed Annual Revenue (L8 + L9)	$ 492,619	$ 452,732
11	Required Increase/Decrease in Revenue (%) (L8/L9)	46.26%	18.99%

References:
Column [A]: Company Schedules A-1, C-1, C-3, & D-1
Column [B]: Staff Schedules CSB-2, CSB-3, & CSB-5

Valencia Water Company - Greater Buckeye Division
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Schedule CSB-2

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
	Calculation of Gross Revenue Conversion Factor:				
1	Revenue	100.0000%			
2	Uncollecible Factor (Line 11)	0.0000%			
3	Revenues (L1 - L2)	100.0000%			
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)	39.4988%			
5	Subtotal (L3 - L4)	60.5012%			
6	**Revenue Conversion Factor (L1 / L5)**	1.652861			
	Calculation of Uncollectible Factor:				
7	Unity	100.0000%			
8	Combined Federal and State Tax Rate (Line 17)	38.5989%			
9	One Minus Combined Income Tax Rate (L7 - L8)	61.4011%			
10	Uncollectible Rate	0.0000%			
11	Uncollectible Factor (L9 * L10)	0.0000%			
	Calculation of Effective Tax Rate:				
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%			
13	Arizona State Income Tax Rate	6.9680%			
14	Federal Taxable Income (L12 - L13)	93.0320%			
15	Applicable Federal Income Tax Rate (Line 53)	34.0000%			
16	Effective Federal Income Tax Rate (L14 x L15)	31.6309%			
17	Combined Federal and State Income Tax Rate (L13 +L16)		38.5989%		
	Calculation of Effective Property Tax Factor				
18	Unity	100.0000%			
19	Combined Federal and State Income Tax Rate (L17)	38.5989%			
20	One Minus Combined Income Tax Rate (L18-L19)	61.4011%			
21	Property Tax Factor (CSB-13, Col. B, L24)	1.4657%			
22	Effective Property Tax Factor (L20*L21)		0.9000%		
23	Combined Federal and State Income Tax and Property Tax Rate (L17+L22)			39.4988%	
24	Required Operating Income (Schedule CSB-1, Line 5)	$ 75,254			
25	AdjustedTest Year Operating Income (Loss) (Sch CSB-5, Line 34)	31,536			
26	Required Increase in Operating Income (L24 - L25)		$ 43,717		
27	Income Taxes on Recommended Revenue (Col. [C], L52)	$ 26,282			
28	Income Taxes on Test Year Revenue (Col. [B], L52)	(1,200)			
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		27,482		
30	Recommended Revenue Requirement (Schedule CSB-1, Line 10)	$ 452,732			
31	Uncollectible Rate (Line 10)	0.0000%			
32	Uncollectible Expense on Recommended Revenue (L30*L31)	$ -			
33	Adjusted Test Year Uncollectible Expense	$ -			
34	Required Increase in Revenue to Provide for Uncollectible Exp. (L32-L33)		-		
35	Property Tax with Recommended Revenue (CSB-13, Col B, L16)	$ 18,074			
36	Property Tax on Test Year Revenue (CSB-13, Col A, L18)	17,015			
37	Increase in Property Tax Due to Increase in Revenue (L35-L36)		1,059		
38	Total Required Increase in Revenue (L26 + L29 + L34 + L37)		$ 72,258		

		Test Year		Staff Recommended
	Calculation of Income Tax:			
39	Revenue (Schedule CSB-5)	$ 380,474	$ 72,258	$ 452,732
40	Operating Expenses Excluding Income Taxes	$ 350,138	$ 1,059	$ 351,197
41	Synchronized Interest (L56)	$ 33,446		$ 33,446
42	Arizona Taxable Income (L39 - L40 - L41)	$ (3,110)		$ 68,089
43	Arizona State Income Tax Rate	6.9680%		6.9680%
44	Arizona Income Tax (L42 x L43)	$ (217)		$ 4,744
45	Federal Taxable Income (L42 - L44)	$ (2,893)		$ 63,345
46	Federal Tax on Income Bracket - Not Used	$ -		$ -
47	Federal Tax on Income Bracket - Not Used	$ -		$ -
48	Federal Tax on Income Bracket - Not Used	$ -		$ -
49	Federal Tax on Income Bracket - Not Used	$ -		$ -
50	Federal Tax on All Income ($0 -$10,000,000) @ 34%	$ (984)		$ 21,537
51	Total Federal Income Tax	$ (984)		$ 21,537
52	Combined Federal and State Income Tax (L44 + L51)	$ (1,200)		$ 26,282

53 Applicable Federal Income Tax Rate [Col. [C], L51 - Col. [A], L51] / [Col. [C], L45 - Col. [A], L45] 34.0000%

	Calculation of Interest Synchronization:	
54	Rate Base (Schedule CSB-3, Col. (C), Line 17	$ 929,057
55	Weighted Average Cost of Debt	3.6000%
56	Synchronized Interest (L45 X L46)	$ 33,446

Valencia Water Company - Greater Buckeye Division
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Schedule CSB-3

RATE BASE - ORIGINAL COST

LINE NO.		(A) COMPANY AS FILED	(B) STAFF ADJUSTMENTS	(C) STAFF AS ADJUSTED
1	Plant in Service	$ 2,832,537	$ -	$ 2,832,537
2	Less: Accumulated Depreciation	(898,484)	-	(898,484)
3	Net Plant in Service	$ 1,934,053	$ -	$ 1,934,053
	LESS:			
4	Advances in Aid of Construction (AIAC)	$ 747,555	$ -	$ 747,555
5	Service Line and Meter Advances	$ -	$ -	$ -
6	Contributions in Aid of Construction (CIAC)	$ 407,979	$ -	$ 407,979
7	Less: Accumulated Amortization	71,396	-	71,396
8	Net CIAC	$ 336,583	-	$ 336,583
9	Total Advances and Contributions	$ 1,084,138	$ -	$ 1,084,138
10	Customer Deposits	$ 11,080	$ -	$ 11,080
11	Accumulated Deferred Income Taxes	$ -	$ -	$ -
	ADD:			
12	Deferred Tax Assets	$ 90,222	$ -	$ 90,222
13	Working Capital	$ -	$ -	$ -
14	**Total Rate Base**	$ 929,057	$ -	$ 929,057

References:
Column [A], Company Schedule B-1, Page 1
Column [B]: Schedule CSB-4
Column [C]: Column [A] + Column [B]

Valencia Water Company - Greater Buckeye Division
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Schedule CSB-4

SUMMARY OF RATE BASE ADJUSTMENTS

LINE NO.	PLANT IN SERVICE	[A]	[B]	[C]
1	Acct. No. Plant Description	COMPANY AS FILED		STAFF AS ADJUSTED
2	303 Land and Land Rights	$ 27,898	$ -	$ 27,898
3	304 Structures and Improvements	39,169	-	39,169
4	306 Lake, River, and Other Intakes	-	-	-
5	307 Wells and Springs	115,895	-	115,895
6	309 Supply Mains	-	-	-
7	310 Power Generation Equipment	-	-	-
8	311 Pumping Equipment	472,851	-	472,851
9	320 Water Treatment Equipment	729,148	-	729,148
10	330 Distribution Reservoirs and Standpipes	588,545	-	588,545
11	331 Transmission and Distribution Mains	712,346	-	712,346
12	333 Services	37,406	-	37,406
13	334 Meters and Meter Installations	35,389	-	35,389
14	335 Hydrants	40,757	-	40,757
15	336 Backflow Prevention Devices	5,432	-	5,432
16	339 Other Plant and Miscellaneous Equipment	4,284	-	4,284
17	340 Office Furniture and Equipment	-	-	-
18	341 Transportation Equipment	-	-	-
19	343 Tools, Shop, and Garage Equipment	1,650	-	1,650
20	344 Laboratory Equipment	-	-	-
21	345 Power Operated Equipment	-	-	-
22	346 Communication Equipment	4,225	-	4,225
23	347 Miscellaneous Equipment	10,089	-	10,089
24	348 Other Tangible Equipment	7,453	-	7,453
25	Total Plant in Service - Actual	$ 2,832,537	$ -	$ 2,832,537
31	Less: Accumulated Depreciation	$ (898,484)	$ -	(898,484)
33	Net Plant in Service	$ 1,934,053	$ -	$ 1,934,053
35	*LESS:*			
36	Advances in Aid of Construction (AIAC)	$ 747,555	$ -	$ 747,555
38	Service Line and Meter Advances	$ -	-	$ -
40	Contributions in Aid of Construction (CIAC)	$ 407,979	-	$ 407,979
41	Less: CIAC - Pro Forma	-	-	-
42	Total CIAC - Adjusted	$ 407,979	$ -	$ 407,979
44	Less: Accumulated Amortization	$ 71,396	-	$ 71,396
45	Less: Accumulated Amort - Pro Forma	-	-	-
46		$ 71,396	$ -	$ 71,396
48	Net CIAC	$ 336,583	-	$ 336,583
50	Total Advances and Net Contributions	$ 1,084,138	-	$ 1,084,138
52	Customer Deposits	$ 11,080	-	$ 11,080
54	Deferred Tax Liability	$ -	-	$ -
56	*ADD:*			
57	Deferred Tax Asset	$ 90,222	-	$ 90,222
58	Working Capital Allowance	$ -	-	$ -
59	**Total Rate Base**	$ 929,057	$ -	$ 929,057

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Schedule CSB-5

OPERATING INCOME - TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	[A] COMPANY TEST YEAR AS FILED	[B] STAFF TEST YEAR ADJUSTMENTS	ADJ NO.	[C] STAFF TEST YEAR AS ADJUSTED	[D] STAFF PROPOSED CHANGES	[E] STAFF RECOMMENDED
	REVENUES:						
1	Metered Water Sales	$ 322,780	$ 43,655	1	$ 366,435	$ 72,258	$ 438,693
2	Water Sales - Unmetered	-	-		-		-
3	Other Operating Revenues	14,039	-		14,039	-	14,039
4	**Total Revenues**	$ 336,819	$ 43,655		$ 380,474	$ 72,258	$ 452,732
5							
6	*EXPENSES:*						
7	Salaries and Wages - Employees	$ 76,217	$ (76,217)	2	$ -	$ -	$ -
8	Employee Pensions and Benefits	16,164	(16,164)	2	-		-
9	Purchased Water	52,085	-		52,085		52,085
10	Purchased Power	22,565	4,429	1	26,994		26,994
11	Fuel for Power Production	-	-		-		-
12	Chemicals	10,761	2,282	1	13,043		13,043
13	Materials and Supplies - Acct No. 620	4,236	-		4,236		4,236
14	Materials and Supplies - Acct No. 620.08	16,551	(10,466)	3	6,085		6,085
15	Contractual Services - Management Fees	-	84,549	2,4	84,549		84,549
16	Contractual Services - Testing	-	3,774	5	3,774		3,774
17	Contractual Services - Other	3,774	(3,774)	5	-		-
18	Rental of Building/Real Property	593	-		593		593
19	Rental of Equipment	3,686	-		3,686		3,686
20	Transportation Expense	56	-		56		56
21	Insurance - General Liability	9,876	-		9,876		9,876
22	Insurance - Other	2,073	-		2,073		2,073
23	Advertising Expense	-	-		-		-
24	Rate Case Expense	1,355	-		1,355		1,355
25	Bad Debt Expense	3,368	(2,214)	6	1,154		1,154
26	Miscellaneous Expense	6,644	-		6,644		6,644
27	Depreciation Expense	113,580	-		113,580		113,580
28	Taxes Other Than Income-Utility Regulatory	3,340	-		3,340		3,340
29	Taxes Other Than Income-Property Taxes	-	17,015	7	17,015	1,059	18,074
30	Taxes Other Than Income-Other	-	-		-		-
31	Income Taxes	(5,703)	4,503	8	(1,200)	27,482	26,282
32	**Total Operating Expenses**	$ 341,221	$ 7,717		$ 348,938	$ 28,541	$ 377,479
33							
34	**Operating Income (Loss)**	$ (4,402)	$ 35,938		$ 31,536	$ 43,717	$ 75,254

References:
Column (A): Company Schedule C-1, Page 2
Column (B): Schedule CSB-6
Column (C): Column (A) + Column (B)
Column (D): Schedules CSB-1 and CSB-2
Column (E): Column (C) + Column (D)

Valencia Water Company - Greater Buckeye Division
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Schedule CSB-6

SUMMARY OF OPERATING INCOME ADJUSTMENTS - TEST YEAR

LINE NO.	ACCT NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] ADJ #1 Revenue and Expense Annualization Ref: Sch CSB-7	[C] ADJ #2 Salaries, Wages Pensions, & Benefits Ref: Sch CSB-8	[D] ADJ #3 Materials & Supplies Acct No. 620.08 Ref: Sch CSB-9	[F] ADJ #4 Contract Srvcs Management Fees Ref: Sch CSB-10	[G] ADJ #5 Contract Srvcs Water Testing Ref: Sch CSB-11	[H] ADJ #6 Bad Debt Expense Ref: Sch CSB-12	[I] ADJ #7 Property Tax Exp Ref: Sch CSB-13	[J] ADJ #8 Income Tax Expense Ref: Sch CSB-14	[K] STAFF ADJUSTED
		REVENUES:										
1		Metered Water Sales	$ 322,780	$ 43,655	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 366,435
2		Water Sales - Unmetered	-	-	-	-	-	-	-	-	-	-
3		Other Operating Revenues	14,039	-	-	-	-	-	-	-	-	14,039
4		Total Revenues	$ 336,819	$ 43,655	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 380,474
5												
6		*OPERATING EXPENSES:*										
7	601	Salaries and Wages - Employees	$ 76,217	-	(76,217)	-	-	-	-	-	-	$ -
8	604	Employee Pensions and Benefits	16,164	-	(16,164)	-	-	-	-	-	-	-
9	610	Purchased Water	52,085	-	-	-	-	-	-	-	-	52,085
10	615	Purchased Power	22,565	4,429	-	-	-	-	-	-	-	26,994
11	616	Fuel for Power Production	-	-	-	-	-	-	-	-	-	-
12	618	Chemicals	10,761	2,282	-	-	-	-	-	-	-	13,043
13	620	Materials and Supplies	4,236	-	-	-	-	-	-	-	-	4,236
14	620.08	Materials and Supplies	16,551	-	-	(10,466)	-	-	-	-	-	6,085
15	634	Contractual Services - Management Fees	-	-	92,381	-	(7,832)	-	-	-	-	84,549
16	635	Contractual Services - Testing	-	-	-	-	-	3,774	-	-	-	3,774
17	636	Contractual Services - Other	3,774	-	-	-	-	(3,774)	-	-	-	-
18	641	Rental of Building/Real Property	593	-	-	-	-	-	-	-	-	593
19	642	Rental of Equipment	3,686	-	-	-	-	-	-	-	-	3,686
20	650	Transportation Expense	56	-	-	-	-	-	-	-	-	56
21	657	Insurance - General Liability	9,876	-	-	-	-	-	-	-	-	9,876
22	659	Insurance - Other	2,073	-	-	-	-	-	-	-	-	2,073
23	660	Advertising Expense	-	-	-	-	-	-	-	-	-	-
24	667	Rate Case Expense	1,355	-	-	-	-	-	-	-	-	1,355
25	670	Bad Debt Expense	3,368	-	-	-	-	-	(2,214)	-	-	1,154
26	675	Miscellaneous Expense	6,644	-	-	-	-	-	-	-	-	6,644
27	403	Depreciation Expense	113,580	-	-	-	-	-	-	-	-	113,580
28	408	Taxes Other Than Income-Utility Regulatory	3,340	-	-	-	-	-	-	-	-	3,340
29	408.11	Taxes Other Than Income-Property Taxes	-	-	-	-	-	-	-	17,015	-	17,015
30	408.13	Taxes Other Than Income-Other	-	-	-	-	-	-	-	-	-	-
31	409	Income Taxes	(5,703)	-	-	-	-	-	-	-	4,503	(1,200)
32		Total Operating Expenses	$ 341,221	$ 6,711	$ -	$ (10,466)	$ (7,832)	$ -	$ (2,214)	$ 17,015	$ 4,503	$ 348,938
33												
34		Operating Income (Loss)	$ (4,402)	$ 36,944	$ -	$ 10,466	$ 7,832	$ -	$ 2,214	$ (17,015)	$ (4,503)	$ 31,536

OPERATING INCOME ADJUSTMENT NO. 1 - REVENUE AND EXPENSE ANNUALIZATION

LINE NO.	Description	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Metered Water Sales - Actual	$ 365,114	$ -	$ 365,114
2	Unbilled Revenue	1,321	-	1,321
3	Revenue Annualization to Metered Water Sales	(43,655)	43,655	-
4	Total	$ 322,780	$ 43,655	$ 366,435
5				
6	Purchased Pumping Power - Actual	$ 26,107	$ -	$ 26,107
7	APS Interim Rate Increase	888	-	888
8	Annualization Adjustment to Pumping Power	(4,429)	4,429	-
9		$ 22,566	$ 4,429	$ 26,995
10				
11	Chemicals - Actual	$ 13,043	$ -	$ 13,043
12	Annualization Adjustment to Chemicals	(2,282)	$ 2,282	
13		$ 10,761	$ 2,282	$ 13,043
14				
15	Operating Income	$ 289,453	$ 36,944	$ 326,397

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

Valencia Water Company - Greater Buckeye Division
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Schedule CSB-8

OPERATING INCOME ADJUSTMENT NO. 2 - SALARIES, WAGES, PENSIONS, & BENEFITS

LINE NO.	Description	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Salaries and Wage Expense	$ 76,217	$ (76,217)	$ -
2	Pension and Benefits	16,164	$ (16,164)	$ -
3		$ 92,381	$ (92,381)	$ -
4				
5	Contractual Services - Management Fees	$ -	$ 92,381	$ 92,381

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

Valencia Water Company - Greater Buckeye Division
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Schedule CSB-9

OPERATING INCOME ADJUSTMENT NO. 3 - MATERIALS AND SUPPLIES, ACCT NO. 620.08

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Materials and Supplies, Acct No 620.08	16,551	$ (10,466)	$ 6,085
2				
3				
4			Materials and	
5			Supplies	
6			Acct No. 620.08	
7		2006	$ 1,704	Company Sch E-2
8		2007	$ -	Company Sch E-2
9		2008	$ 16,551	Company Sch E-2
10			$ 18,255	
11		Divided by 3	3	
12			$ 6,085	

References:

Column A: Company Schedule C-1 & E-2
Column B: Testimony, CSB; Data Request CSB 15-1
Column C: Column [A] + Column [B]

Valencia Water Company - Greater Buckeye Division
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Schedule CSB-10

OPERATING INCOME ADJUSTMENT NO. 4 - CONTRACTUAL SERVICES, MANAGEMENT FEES

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Contractual Services - Management Fees	$ -	$ (7,832)	$ (7,832)
2				
3				
4	Bonuses (Indirect Allocation)	$ 816	Data Request Response CSB 2-30	
5	Bonuses (Direct Allocation)	2,290	From Trial Balance	
6	Kitchen Supplies	324	From Trial Balance	
7		$ 3,430		
8				
9	Employee Moving & Hiring	$ 52	From Trial Balance	
10	Employee Training & Certification	739	From Trial Balance	
11	Employee Travel	7,874	From Trial Balance	
12	Employee Meals	139	From Trial Balance	
13		8,804		
14	Divided by 2 years	2		
15		$ 4,402		
16				
17	Total (Line 7 + Line 15)	$ 7,832		

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB; Data Request CSB 2-30
Column C: Column [A] + Column [B]

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Schedule CSB-11

OPERATING INCOME ADJUSTMENT NO. 5 - CONTRACTUAL SERVICES WATER TESTING EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Water Testing Expense	-	3,774	3,774
2	Contractual Services - Other	3,774	(3,774)	-

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

Valencia Water Company - Greater Buckeye Division
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Schedule CSB-12

OPERATING INCOME ADJUSTMENT NO. 6 - BAD DEBT EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Bad Debt Expense	3,368	(2,214)	1,154

References:

Column A: Company Data Request Response CSB 1.26 & RUCO 2.04(e)
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

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Schedule CSB-13

OPERATING INCOME ADJUSTMENT No. 7 - Property Tax Expense

LINE NO.	Property Tax Calculation	[A] STAFF AS ADJUSTED	[B] STAFF RECOMMENDED
1	Staff Adjusted Test Year Revenues	$ 380,474	$ 380,474
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	760,948	$ 760,948
4	Staff Recommended Revenue, Per Schedule CSB-1	380,474	$ 452,732
5	Subtotal (Line 4 + Line 5)	1,141,422	1,213,680
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	380,474	$ 404,560
8	Department of Revenue Mutilplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	760,948	$ 809,120
10	Plus: 10% of CWIP -	12,969	12,969
11	Less: Net Book Value of Licensed Vehicles	-	$ -
12	Full Cash Value (Line 9 + Line 10 - Line 11)	773,917	$ 822,089
13	Assessment Ratio	21.0%	21.0%
14	Assessment Value (Line 12 * Line 13)	162,523	$ 172,639
15	Composite Property Tax Rate	10.4693%	10.4693%
			$ -
16	Staff Test Year Adjusted Property Tax (Line 14 * Line 15)	$ 17,015	
17	Company Proposed Property Tax	-	
18	Staff Test Year Adjustment (Line 16-Line 17)	$ 17,015	
19	Property Tax - Staff Recommended Revenue (Line 14 * Line 15)		$ 18,074
20	Staff Test Year Adjusted Property Tax Expense (Line 16)		$ 17,015
21	Increase in Property Tax Expense Due to Increase in Revenue Requirement		$ 1,059
22	Increase to Property Tax Expense		$ 1,059
23	Increase in Revenue Requirement		72,258
24	Increase to Property Tax per Dollar Increase in Revenue (Line19/Line 20)		1.465702%

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Schedule CSB-14

OPERATING INCOME ADJUSTMENT NO. 8 - INCOME TAX EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Income Tax Expense - Test Year	(5,703)	4,503	(1,200)

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

Water Utility of Greater Tonopah
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Schedule CSB-1

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	[A] COMPANY ORIGINAL COST	[B] STAFF ORIGINAL COST
1	Adjusted Rate Base	$ 2,598,259	$ (6,123,255)
2	Adjusted Operating Income (Loss)	$ (153,369)	$ 37,666
3	Current Rate of Return (L2 / L1)	-5.90%	Not Meaningful
4a	Required Rate of Return - Per Company	9.94%	Not Applicable
4b	Required Operating Margin Percentage - Per Staff	Not Applicable	10.00%
5a	Required Operating Income (L4a * L1) - Per Company	$ 258,267	Not Applicable
5b	Required Operating Margin (L4b * L10) - Per Staff	Not Applicable	23,616
6	Operating Income Deficiency (L5 - L2)	$ 411,636	$ (14,050)
7	Gross Revenue Conversion Factor	1.64509	1.64724
8	Increase (Decrease) In Gross Revenue (L7 * L6)	$ 677,177	$ (23,144)
9	Adjusted Test Year Revenue	$ 259,304	$ 259,304
10	Proposed Annual Revenue (L8 + L9)	$ 936,481	$ 236,160
11	Required Increase/(Decrease in Revenue) (%) (L8/L9)	261.15%	-8.93%

References:
Column [A]: Company Schedules A-1, C-1, C-3, & D-1
Column [B]: Staff Schedules CSB-2, CSB-3, & CSB-7

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Schedule CSB-2

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
	Calculation of Gross Revenue Conversion Factor:				
1	Revenue	100.0000%			
2	Uncollecible Factor (Line 11)	0.0000%			
3	Revenues (L1 - L2)	100.0000%			
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)	39.2923%			
5	Subtotal (L3 - L4)	60.7077%			
6	**Revenue Conversion Factor (L1 / L5)**	1.647238			
	Calculation of Uncollecttible Factor:				
7	Unity	100.0000%			
8	Combined Federal and State Tax Rate (Line 17)	38.5989%			
9	One Minus Combined Income Tax Rate (L7 - L8)	61.4011%			
10	Uncollectible Rate	0.0000%			
11	Uncollectible Factor (L9 * L10)	0.0000%			
	Calculation of Effective Tax Rate:				
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%			
13	Arizona State Income Tax Rate	6.9680%			
14	Federal Taxable Income (L12 - L13)	93.0320%			
15	Applicable Federal Income Tax Rate (Line 53)	34.0000%			
16	Effective Federal Income Tax Rate (L14 x L15)	31.6309%			
17	Combined Federal and State Income Tax Rate (L13 +L16)		38.5989%		
	Calculation of Effective Property Tax Factor				
18	Unity	100.0000%			
19	Combined Federal and State Income Tax Rate (L17)	38.5989%			
20	One Minus Combined Income Tax Rate (L18-L19)	61.4011%			
21	Property Tax Factor (CSB-15, Col B, L24)	1.1293%			
22	Effective Property Tax Factor (L20*L21)		0.6934%		
23	Combined Federal and State Income Tax and Property Tax Rate (L17+L22)			39.2923%	
24	Required Operating Income (Schedule CSB-1, Line 5)	$ 23,616			
25	AdjustedTest Year Operating Income (Loss) (Sch CSB-7, Col C, L34)	37,666			
26	Required Increase in Operating Income (L24 - L25)		$ (14,050)		
27	Income Taxes on Recommended Revenue (Col. [E], L52)	$ 14,846			
28	Income Taxes on Test Year Revenue (Col. [B], L52)	23,678			
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		(8,832)		
30	Recommended Revenue Requirement (Schedule CSB-1, Line 10)	$ 236,160			
31	Uncollectible Rate (Line 10)	0.0000%			
32	Uncollectible Expense on Recommended Revenue (L30*L31)	$ -			
33	Adjusted Test Year Uncollectible Expense	$ -			
34	Required Increase in Revenue to Provide for Uncollectible Exp. (L32-L33)		-		
35	Property Tax with Recommended Revenue (CSB-15, Col B, L16)	$ 8,728			
36	Property Tax on Test Year Revenue (CSB-15, Col A, L19)	8,989			
37	Increase in Property Tax Due to Increase in Revenue (L35-L36)		(261)		
38	Total Required Increase in Revenue (L26 + L29 + L34 + L37)		$ (23,144)		

		Test Year		Staff Recommended
	Calculation of Income Tax:			
39	Revenue (Schedule CSB-11, Col. [C], Line 5 & Sch. CSB-1, Col. [D] Line	$ 259,304	$ (23,144)	$ 236,160
40	Operating Expenses Excluding Income Taxes	$ 197,959	$ (261)	$ 197,698
41	Synchronized Interest (L56)	$ -		$ -
42	Arizona Taxable Income (L39 - L40 - L41)	$ 61,345		$ 38,462
43	Arizona State Income Tax Rate	6.9680%		6.9680%
44	Arizona Income Tax (L42 x L43)	$ 4,274		$ 2,680
45	Federal Taxable Income (L42 - L44)	$ 57,070		$ 35,782
46	Federal Tax on Income Bracket - Not Used	$ -		$ -
47	Federal Tax on Income Bracket - Not Used	$ -		$ -
48	Federal Tax on Income Bracket - Not Used	$ -		$ -
49	Federal Tax on Income Bracket - Not Used	$ -		$ -
50	Federal Tax on All Income ($0 -$10,000,000) @ 34%	$ 19,404		$ 12,166
51	Total Federal Income Tax	$ 19,404		$ 12,166
52	Combined Federal and State Income Tax (L44 + L51)	$ 23,678		$ 14,846
53	Applicable Federal Income Tax Rate [Col. [C], L51 - Col. [A], L51] / [Col. [C], L45 - Col. [A], L45]			34.0000%
	Calculation of Interest Synchronization:			
54	Rate Base (Schedule CSB-3, Col. (C), Line 14	$ (6,123,255)		
55	Weighted Average Cost of Debt	0.0000%		
56	Synchronized Interest (L45 X L46)	$ -		

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Schedule CSB-3

RATE BASE - ORIGINAL COST

LINE NO.		(A) COMPANY AS FILED	(B) STAFF ADJUSTMENTS	ADJ NO.	(C) STAFF AS ADJUSTED
1	Plant in Service	$ 4,764,593	$ -		$ 4,764,593
2	Less: Accumulated Depreciation	(952,778)	-		(952,778)
3	Net Plant in Service	$ 3,811,815	$ -		$ 3,811,815
	LESS:				
4	Advances in Aid of Construction (AIAC)	$ 1,244,686	$ -		$ 1,244,686
5	Service Line and Meter Advances	$ -	$ -		$ -
6	Contributions in Aid of Construction (CIAC)	$ 73,118	$ 9,022,750	1	$ 9,095,868
7	Less: Accumulated Amortization	8,130	301,236	2	309,366
8	Net CIAC	$ 64,988	8,721,514		$ 8,786,502
9	Total Advances and Contributions	$ 1,309,674	$ 8,721,514		$ 10,031,188
10	Customer Deposits	$ 11,537	$ -		$ 11,537
11	Accumulated Deferred Income Taxes	$ -	$ -		$ -
	ADD:				
12	Deferred Tax Asset	$ 107,655	$ -		$ 107,655
13	Working Capital	$ -	$ -		$ -
14	**Total Rate Base**	$ 2,598,259	$ (8,721,514)		$ (6,123,255)

References:
Column [A], Company Schedule B-1, Page 1
Column [B]: Schedule CSB-4
Column [C]: Column [A] + Column [B]

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Schedule CSB-4

SUMMARY OF RATE BASE ADJUSTMENTS

LINE NO.	Acct. No.	PLANT IN SERVICE Plant Description	[A] COMPANY AS FILED	[B] Adj No.1 CIAC Ref: Sch CSB-5	[C] ADJ No. 2 Accumulated Amort of CIAC Ref: Sch CSB-6	[D] STAFF AS ADJUSTED
1						
2	303	Land and Land Rights	$ 66,651	$ -	$ -	$ 66,651
3	304	Structures and Improvements	46,704	-	-	46,704
4	306	Lake, River, and Other Intakes	-	-	-	-
5	307	Wells and Springs	299,601	-	-	299,601
6	309	Supply Mains	-	-	-	-
7	310	Power Generation Equipment	-	-	-	-
8	311	Pumping Equipment	1,638,498	-	-	1,638,498
9	320	Water Treatment Equipment	1,348,884	-	-	1,348,884
10	330	Distribution Reservoirs and Standpipes	180,350	-	-	180,350
11	331	Transmission and Distribution Mains	880,279	-	-	880,279
12	333	Services	40,356	-	-	40,356
13	334	Meters and Meter Installations	57,148	-	-	57,148
14	335	Hydrants	38,386	-	-	38,386
15	336	Backflow Prevention Devices	5,894	-	-	5,894
16	339	Other Plant and Miscellaneous Equipment	3,543	-	-	3,543
17	340	Office Furniture and Equipment	-	-	-	-
18	341	Transportation Equipment	32,617	-	-	32,617
19	343	Tools, Shop, and Garage Equipment	1,123	-	-	1,123
20	344	Laboratory Equipment	663	-	-	663
21	345	Power Operated Equipment	838	-	-	838
22	346	Communication Equipment	12,408	-	-	12,408
23	347	Miscellaneous Equipment	5,436	-	-	5,436
24	348	Other Tangible Equipment	105,214	-	-	105,214
25		Total Plant in Service - Actual	$ 4,764,593	$ -	$ -	$ 4,764,593
26		Less: Accumulated Depreciation	$ (952,778)	$ -	$ -	(952,778)
27		Net Plant in Service	$ 3,811,815	$ -	$ -	$ 3,811,815
29		*LESS:*				
30		Advances in Aid of Construction (AIAC)	$ 1,244,686	$ -	$ -	$ 1,244,686
31		Service Line and Meter Advances	$ -	-	-	$ -
33		Contributions in Aid of Construction (CIAC)	$ 73,118	-	-	$ 73,118
34		CIAC/ICFAS - Plant	-	4,691,475	-	4,691,475
35		CIAC/ICFAS - Other	-	4,331,275	-	4,331,275
36		Total CIAC - Adjusted	$ 73,118	$ 9,022,750	$ -	$ 9,095,868
38		Less: Accumulated Amortization of CIAC	$ 8,130	-	-	$ 8,130
39		Accum Amort of CIAC / ICFAs - Plant	-	-	301,236	301,236
40		Total Accumulated Amortization of CIAC	$ 8,130	$ -	$ 301,236	$ 309,366
41						
42		Net CIAC	$ 64,988	9,022,750	(301,236)	$ 8,786,502
44		Total Advances and Net Contributions	$ 1,309,674	$ 9,022,750	$ (301,236)	$ 10,031,188
46		Customer Deposits	$ 11,537	-	-	$ 11,537
47		Accumulated Deferred Taxes	$ -	-	-	$ -
49		*ADD:*				
50		Deferred Tax Asset	$ 107,655	-	-	$ 107,655
51		Working Capital Allowance	$ -	-	-	$ -
52		**Total Rate Base**	$ 2,598,259	$ (9,022,750)	$ 301,236	$ (6,123,255)

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Schedule CSB-5

RATE BASE ADJUSTMENT NO. 1 - CONTRIBUTION IN AID OF CONSTRUCTION, ICFAS

		[A]	[B]	[C]	
LINE NO.	**DESCRIPTION**	**COMPANY AS FILED**	**STAFF ADJUSTMENTS**	**STAFF AS ADJUSTED**	
1	CIAC/ICFAS - Plant	$ -	4,691,475	$ 4,691,475	See calculation below
2	CIAC/ICFAS - Other		4,331,275	4,331,275	
3	Total CIAC/ICFAS	$ -	$ 9,022,750	$ 9,022,750	

	Calculation of CIAC/ICFAS - Plant
Test Year Plant	$ 4,764,593
Less: Test Year CIAC	$ (73,118)
CIAC/ICFAS - Plant	$ 4,691,475

References:
Column [A]: Company Schedule B-2
Column [B]: Testimony, CSB
Column [C]: Column [A] + Column [B]

RATE BASE ADJUSTMENT NO. 2 - ACCUMULATED AMORTIZATION OF CIAC/ ICFAS

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Accumulated Amortization of CIAC/ICFA	$ -	$ 301,236	$ 301,236
2				
3				
4			Amortization Calculation	
5				
6	**2006** Beginning CIAC/ICFA Balance		$ -	
7	CIAC/ICFA Amort Rate		4.82%	From Line 43, Col I
8	2006 Amort on Beginning Balance		-	
9				
10	2006 CIAC/ICFA Addition		$ 1,310,252	Line 43, Col E - $73,118 (TY CIAC)
11	CIAC/ICFA Amort Rate (Half Year Convention)		2.41%	From Line 43, Col I divided by 2
12	2006 Amort on CIAC/ICFA Addition		31,577	
13				
14	**2006 Ending Accu Amort of CIAC Balance (L8+ L12)**		**$ 31,577**	
15				
16	**2007** Beginning CIAC/ICFA Balance		$ 1,310,252	Line 6 + Line 10
17	CIAC/ICFA Amort Rate		2.99%	From Line 44, Col I
18	2007 Amort on Beginning Balance		39,177	
19				
20	**2007** CIAC/ICFA Addition		$ 2,718,545	Col E Line 44 - Col E Line 43
21	CIAC/ICFA Amort Rate (Half Year Convention)		1.49%	From Line 44, Col I divided by 2
22	2007 Amort on CIAC/ICFA Addition		40,506	
23				
24	**2007 Ending Accu Amort of CIAC Balance (L14+L18+L22)**		**$ 111,260**	
25				
26	**2008** Beginning CIAC/ICFA Balance		$ 4,028,797	Line 16 + Line 20
27	CIAC/ICFA Amort Rate		4.36%	From Line 45
28	2008 Amort on Beginning Balance		175,656	
29				
30	2008 CIAC/ICFA Addition		662,678	Col E Line 45 - Col E Line 44
31	CIAC/ICFA Amort Rate (Half Year Convention)		2.18%	From Line 45, Col I divided by 2
32	2008 Amort on CIAC/ICFA Addition		14,446	
33				
34	2008 Ending Accu Amort of CIAC Balance		$ 301,362	Line 24+ Line 28 + Line 32
35	To Reconcile to Sch CSB-4, Line 39 and Sch CSB-14, Line 30		$ (126)	
36	**2008 Ending Accu Amort of CIAC Balance**		**$ 301,236**	
37				

38

[D]	[E]	[F]	[G]	[H]	[I]
39	Calculation of CIAC/ICFA Amortization Rate				
40 / 41 / 42 Year	Tonopah Gross Plant[1]	Tonopah Land & Land Rights[1]	Depreciable Plant[1] Col E - Col F	Tonopah Depreciation Expense[1]	CIAC Amortization Rate Col H / Col G
43 2006	$1,383,370	$ 66,651	$ 1,316,719	$ 63,404	4.82%
44 2007	$4,101,915	$ 66,651	$ 4,035,264	$ 120,514	2.99%
45 2008	$4,764,593	$ 66,651	$ 4,697,942	$ 204,599	4.36%

46

47 [1] From Company provided Plant Additions, Retirements, and Accum Depreciation Schedule

Water Utility of Greater Tonopah
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Schedule CSB-7

OPERATING INCOME - TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	[A] COMPANY TEST YEAR AS FILED	[B] STAFF TEST YEAR ADJUSTMENTS	ADJ NO.	[C] STAFF TEST YEAR AS ADJUSTED	[D] STAFF PROPOSED CHANGES	[E] STAFF RECOMMENDED
	REVENUES:						
1	Metered Water Sales	$ 250,201	$ -		$ 250,201	$ (23,144)	$ 227,057
2	Water Sales - Unmetered	-	-		-		-
3	Other Operating Revenues	9,103	-		9,103	-	9,103
4	**Total Revenues**	$ 259,304	$ -		$ 259,304	$ (23,144)	$ 236,160
5							
6	*EXPENSES:*						
7	Salaries and Wages - Employees	$ 48,385	$ (48,385)	1	$ -	$ -	$ -
8	Employee Pensions and Benefits	10,309	(10,309)	1	-	-	-
9	Purchased Water	-	-		-	-	-
10	Purchased Power	16,192	(1,275)	4	14,917	-	14,917
11	Fuel for Power Production	-	-		-	-	-
12	Chemicals	31,128	-		31,128	-	31,128
13	Materials and Supplies - Acct. No. 620	12,609	-		12,609	-	12,609
14	Materials and Supplies - Acct. No. 620.08	10,278	(6,059)	2	4,219	-	4,219
15	Contractual Services - Management Fees	-	53,625	1,3	53,625	-	53,625
16	Contractual Services - Testing	11,006	-		11,006	-	11,006
17	Contractual Services - Other	34,683	-		34,683	-	34,683
18	Rental of Building/Real Property	2,075	-		2,075	-	2,075
19	Rental of Equipment	732	-		732	-	732
20	Transportation Expense	6,965	-		6,965	-	6,965
21	Insurance - General Liability	1,167	-		1,167	-	1,167
22	Insurance - Other	216	-		216	-	216
23	Advertising Expense	-	-		-	-	-
24	Rate Case Expense	1,333	-		1,333	-	1,333
25	Bad Debt Expense	2,593	(1,729)	5	864	-	864
26	Miscellaneous Expense	4,474	-		4,474	-	4,474
27	Depreciation Expense	307,538	(307,538)	6	0	-	0
28	Taxes Other Than Income-Utility Regulatory	8,614	-		8,614	-	8,614
29	Taxes Other Than Income-Property Taxes	-	8,989	7	8,989	(261)	8,728
30	Taxes Other Than Income-Other	344	-		344	-	344
31	Income Taxes	(97,968)	121,646	8	23,678	(8,832)	14,846
32	**Total Operating Expenses**	$ 412,673	$ (191,035)		$ 221,638	$ (9,094)	$ 212,544
33							
34	**Operating Income (Loss)**	$ (153,369)	$ 191,035		$ 37,666	$ (14,050)	$ 23,616

References:
Column (A): Company Schedule C-1, Page 2
Column (B): Schedule CSB-8
Column (C): Column (A) + Column (B)
Column (D): Schedules CSB-1 and CSB-2
Column (E): Column (C) + Column (D)

Water Utility of Greater Tonopah
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Schedule CSB-8

SUMMARY OF OPERATING INCOME ADJUSTMENTS - TEST YEAR

LINE NO.	ACCT NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] ADJ #1 Salaries, Wages Pensions, & Benefits Ref: Sch CSB-9	[C] ADJ #2 Materials & Supplies Acct No. 620.08 Ref: Sch CSB-10	[D] ADJ #3 Contract Srvcs Management Fees Ref: Sch CSB-11	[E] ADJ #4 Purchased Power Ref: Sch CSB-12	[F] ADJ #5 Bad Debt Expense Ref: Sch CSB-13	[G] ADJ #6 Depreciation Expense Ref: Sch CSB-14	[H] ADJ #7 Property Taxes Ref: Sch CSB-15	[I] ADJ #8 Income Taxes Ref: Sch CSB-16	[J] STAFF ADJUSTED
		REVENUES:										
1		Metered Water Sales	$ 250,201	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 250,201
2		Water Sales - Unmetered	-	-	-	-	-	-	-	-	-	-
3		Other Operating Revenues	9,103	-	-	-	-	-	-	-	-	9,103
4		**Total Revenues**	$ 259,304	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 259,304
5												
6		*OPERATING EXPENSES:*										
7	601	Salaries and Wages - Employees	$ 48,385	(48,385)	-	-	-	-	-	-	-	$ -
8	604	Employee Pensions and Benefits	10,309	(10,309)	-	-	-	-	-	-	-	-
9	610	Purchased Water	-									-
10	615	Purchased Power	16,192	-	-	-	(1,275)	-	-	-	-	14,917
11	616	Fuel for Power Production	-	-	-	-	-	-	-	-	-	-
12	618	Chemicals	31,128	-	-	-	-	-	-	-	-	31,128
13	620	Materials and Supplies	12,609	-	-	-	-	-	-	-	-	12,609
14	620.08	Materials and Supplies	10,278	-	(6,059)	-	-	-	-	-	-	4,219
15	634	Contractual Services - Management Fees	-	58,694	-	(5,070)						53,625
16	635	Contractual Services - Testing	11,006	-	-	-	-	-	-	-	-	11,006
17	636	Contractual Services - Other	34,683	-	-	-	-	-	-	-	-	34,683
18	641	Rental of Building/Real Property	2,075	-	-	-	-	-	-	-	-	2,075
19	642	Rental of Equipment	732	-	-	-	-	-	-	-	-	732
20	650	Transportation Expense	6,965	-	-	-	-	-	-	-	-	6,965
21	657	Insurance - General Liability	1,167	-	-	-	-	-	-	-	-	1,167
22	659	Insurance - Other	216	-	-	-	-	-	-	-	-	216
23	660	Advertising Expense	-	-	-	-	-	-	-	-	-	-
24	667	Rate Case Expense	1,333	-	-	-	-	-	-	-	-	1,333
25	670	Bad Debt Expense	2,593	-	-	-	-	(1,729)	-	-	-	864
26	675	Miscellaneous Expense	4,474	-	-	-	-	-	-	-	-	4,474
27	403	Depreciation Expense	307,538	-	-	-	-	-	(307,538)		-	0
28	408	Taxes Other Than Income-Utility Regulatory	8,614	-	-	-	-	-	-	-	-	8,614
29	408.11	Taxes Other Than Income-Property Taxes	-	-	-	-	-	-	-	8,989	-	8,989
30	408.13	Taxes Other Than Income-Other	344	-	-	-	-	-	-	-	-	344
31	409	Income Taxes	(97,968)	-	-	-	-	-	-	-	121,646	23,678
32		**Total Operating Expenses**	$ 412,673	$ -	$ (6,059)	$ (5,070)	$ (1,275)	$ (1,729)	$ (307,538)	$ 8,989	$ 121,646	$ 221,638
33												
34		***Operating Income (Loss)***	$ (153,369)	$ -	$ 6,059	$ 5,070	$ 1,275	$ 1,729	$ 307,538	$ (8,989)	$ (121,646)	$ 37,666

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Schedule CSB-9

OPERATING INCOME ADJUSTMENT NO. 1 - SALARIES, WAGES, PENSIONS, & BENEFITS

LINE NO.	Description	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Salaries and Wage Expense	$ 48,385	$ (48,385)	$ -
2	Pension and Benefits	10,309	$ (10,309)	$ -
3		$ 58,694	$ (58,694)	$ -
4				
5	Contractual Services - Management Fees	$ -	$ 58,694	$ 58,694

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

Santa Cruz Water Company
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Schedule CSB-10

OPERATING INCOME ADJUSTMENT NO. 2 - MATERIALS AND SUPPLIES, ACCT NO. 620.08

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Materials and Supplies, Acct No 620.08	10,278	$ (6,059)	$ 4,219

	Materials and Supplies Acct No. 620.08	
2006	$ 2,379	Company Sch E-2
2007	$ -	Company Sch E-2
2008	$ 10,278	Company Sch E-2
	$ 12,657	
Divided by 3	3	
	$ 4,219	

References:

Column A: Company Schedule C-1 & E-2
Column B: Testimony, CSB; Data Request CSB 15-1
Column C: Column [A] + Column [B]

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Schedule CSB-11

OPERATING INCOME ADJUSTMENT NO. 3 - CONTACTUAL SERVICES, MANAGEMENT FEES

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Contractual Services - Management Fees	$ -	$ (5,070)	$ (5,070)
2				
3				
4	Bonuses (Indirect Allocation)	$ 441	Data Request Response CSB 2-33	
5	Bonuses (Direct Allocation)	1,312	From Trial Balance	
6	Kitchen Supplies	223	From Trial Balance	
7		$ 1,976		
8				
9				
10	Employee Moving & Hiring	$ 32	From Trial Balance	
11	Employee Training & Certification	517	From Trial Balance	
12	Employee Travel	5,539	From Trial Balance	
13	Employee Meals	99	From Trial Balance	
14		6,187		
15	Divided by 2 years	2		
16		$ 3,094		
17				
18	Total (Line 7 + Line 16)	$ 5,070		

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

Water Utility of Greater Tonopah
Docket No. W-02450A-09-0081
Test Year Ended December 31, 2008

Schedule CSB-12

OPERATING INCOME ADJUSTMENT NO. 4 - PURCHASED POWER

		[A]	[B]	[C]
LINE NO.	DESCRIPTION	COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Purchased Power	16,192	$ (1,275)	$ 14,917

From Staff Engineering Report	
Water System	Water loss (%)
Garden City, PWS #07-037	23.4%
Roseview, PWS #07-082	8.3%
WPE #1, PWS #N/A	31.5%
WPE #6, PWS #07-733	23.4%
Tufte, PWS #07-617	13.6%
Buckeye Ranch, PWS #07-618	10.1%
Dixie, PWS #07-030	28.9%
Sunshine, PWS #07-071	3.8%
	143.0%
Divided by 8 Water Systems	8
Average Water Loss	17.9%
Average Water Loss	17.9%
Less: Water Loss Allowed by Staff Engineering	10.0%
Water Loss Percentage Exceeding Maximum Allowed	7.9%
Water Loss Percentage Exceeding Maximum Allowed	7.9%
Multiplied by Purchased Pumping Power Expense	16,192
Amount Disallowed	$ 1,275

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

Water Utility of Greater Tonopah
Docket No. W-02450A-09-0081
Test Year Ended December 31, 2008

Schedule CSB-13

OPERATING INCOME ADJUSTMENT NO. 5 - BAD DEBT EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Bad Debt Expense	2,593	(1,729)	864

References:

Column A: Company Data Request Response CSB 1.26 & RUCO 2.04(e)
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

Water Utility of Greater Tonopah
Docket No. W-02450A-09-0081
Test Year Ended December 31, 2008

Schedule CSB-14

OPERATING INCOME ADJUSTMENT NO. 6 - DEPRECIATION EXPENSE ON TEST YEAR PLANT

LINE NO.		DESCRIPTION	[A] PLANT In SERVICE Per Staff	[B] NonDepreciable or Fully Depreciated PLANT	[C] DEPRECIABLE PLANT (Col A - Col B)	[D] DEPRECIATION RATE	[E] DEPRECIATION EXPENSE (Col C x Col D)
1	303	Land and Land Rights	$ 66,651	$ (66,651)	$ 133,302	0.00%	$ -
2	304	Structures and Improvements	46,704	-	46,704	3.33%	1,555
3	306	Lake, River, and Other Intakes	-	-	-	2.50%	-
4	307	Wells and Springs	299,601	-	299,601	3.33%	9,977
5	309	Supply Mains	-	-	-	2.00%	-
6	310	Power Generation Equipment	-	-	-	5.00%	-
7	311	Pumping Equipment	1,638,498	-	1,638,498	12.50%	204,812
8	320	Water Treatment Equipment	1,348,884	-	1,348,884	3.33%	44,918
9	330	Distribution Reservoirs and Standpipes	180,350	-	180,350	2.22%	4,004
10	331	Transmission and Distribution Mains	880,279	-	880,279	2.00%	17,606
11	333	Services	40,356	-	40,356	3.33%	1,344
12	334	Meters and Meter Installations	57,148	-	57,148	8.33%	4,760
13	335	Hydrants	38,386	-	38,386	2.00%	768
14	336	Backflow Prevention Devices	5,894	-	5,894	6.67%	393
15	339	Other Plant and Miscellaneous Equipment	3,543	-	3,543	6.67%	236
16	340	Office Furniture and Equipment	-	-	-	6.67%	-
17	341	Transportation Equipment	32,617	-	32,617	20.00%	6,523
18	343	Tools, Shop, and Garage Equipment	1,123	-	1,123	5.00%	56
19	344	Laboratory Equipment	663	-	663	10.00%	66
20	345	Power Operated Equipment	838	-	838	5.00%	42
21	346	Communication Equipment	12,408	-	12,408	10.00%	1,241
22	347	Miscellaneous Equipment	5,436	-	5,436	10.00%	544
23	348	Other Tangible Equipment	105,214	-	105,214	10.00%	10,521
24		Total Plant	$ 4,764,593	$ -	$ 4,831,244		$ 309,366
25							
29							
30		Depreciation Expense Before Amortization of CIAC:	$ 309,366				
31		Less Amortization of CIAC:	$ 309,366				
32		Test Year Depreciation Expense - Staff:	$ 0				
33		Depreciation Expense - Company:	$ 307,538				
34		**Staff's Total Adjustment:**	**$ (307,538)**				

References:
Column [A]: Schedule CSB-4
Column [B]: From Column [A]
Column [C]: Column [A] - Column [B]
Column [D]: Engineering Staff Report
Column [E]: Column [C] x Column [D]

Water Utility of Greater Tonopah
Docket No. W-02450A-09-0081
Test Year Ended December 31, 2008

Schedule CSB-15

OPERATING INCOME ADJUSTMENT NO. 7 - PROPERTY TAX EXPENSE

LINE NO.	Property Tax Calculation	[A] STAFF AS ADJUSTED	[B] STAFF RECOMMENDED
1	Staff Adjusted Test Year Revenues	$ 259,304	$ 259,304
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	518,608	$ 518,608
4	Staff Recommended Revenue, Per Schedule CSB-1	259,304	$ 236,160
5	Subtotal (Line 4 + Line 5)	777,912	754,768
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	259,304	$ 251,589
8	Department of Revenue Mutilplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	518,608	$ 503,179
10	Plus: 10% of CWIP -	42,191	42,191
11	Less: Net Book Value of Licensed Vehicles	30,171	$ 30,171
12	Full Cash Value (Line 9 + Line 10 - Line 11)	530,628	$ 515,199
13	Assessment Ratio	21.0%	21.0%
14	Assessment Value (Line 12 * Line 13)	111,432	$ 108,192
15	Composite Property Tax Rate	8.0667%	8.0667%
			$ -
16	Staff Test Year Adjusted Property Tax (Line 14 * Line 15)	$ 8,989	
17	Company Proposed Property Tax	-	
18	Staff Test Year Adjustment (Line 16-Line 17)	$ 8,989	
19	Property Tax - Staff Recommended Revenue (Line 14 * Line 15)		$ 8,728
20	Staff Test Year Adjusted Property Tax Expense (Line 16)		$ 8,989
21	Increase in Property Tax Expense Due to Increase in Revenue Requirement		$ (261)
22	Increase to Property Tax Expense		$ (261)
23	Increase in Revenue Requirement		(23,144)
24	Increase to Property Tax per Dollar Increase in Revenue (Line19/Line 20)		1.129338%

Water Utility of Greater Tonopah
Docket No. W-02450A-09-0081
Test Year Ended December 31, 2008

Schedule CSB-16

OPERATING INCOME ADJUSTMENT NO. 8 - INCOME TAX EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Income Tax Expense - Test Year	(97,968)	121,646	23,678

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

Consolidated Systems (Town Division, Buckeye, Tonopah)
Docket Nos. W-01212A-09-0082, Et. Al
Test Year Ended December 31, 2008

Schedule CSB-1

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	Town Division	Buckeye	Tonopah	Consolidated
1	Adjusted Rate Base	$ 4,240,018	$ 929,057	$ (6,123,255)	$ (954,180)
2	Adjusted Operating Income (Loss)	$ (501,654)	$ 31,536	$ 37,666	$ (481,366)
3	Current Rate of Return (L2 / L1)	-11.83%	3.39%	Not Meaningful	Not Meaningful
4a	Required Rate of Return	8.70%	8.10%	Not Applicable	Not Applicable
4b	Required Operating Margin Percentage - Per Staff	Not Applicable	Not Applicable	10.00%	10.00%
5a	Required Operating Income (L4a * L1)	$ 368,882	$ 75,254	Not Applicable	Not Applicable
5b	Required Operating Margin (L4b * L10) - Per Staff	Not Applicable	Not Applicable	$ 23,616	$ 535,856
6	Operating Income Deficiency (L5 - L2)	$ 870,536	$ 43,717	$ (14,050)	$ 1,017,222
7	Gross Revenue Conversion Factor	1.65332	1.65286	1.64724	1.65286
8	Increase (Decrease) In Gross Revenue (L7 * L6)	$ 1,439,278	$ 72,258	$ (23,144)	$ 1,681,323
9	Adjusted Test Year Revenue	$ 3,037,462	$ 380,474	$ 259,304	$ 3,677,240
10	Proposed Annual Revenue (L8 + L9)	$ 4,476,740	$ 452,732	$ 236,160	$ 5,358,563
11	Required Increase/Decrease in Revenue (%) (L8/L9)	47.38%	18.99%	-8.93%	45.72%
12	Number of Customers	5,024	620	346	5,990

Consolidated Systems (Town Division, Buckeye, Tonopah)
Docket Nos. W-01212A-09-0082, Et. Al
Test Year Ended December 31, 2008

Schedule CSB-2

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
	Calculation of Gross Revenue Conversion Factor:				
1	Revenue	100.0000%			
2	Uncollecible Factor (Line 11)	0.0000%			
3	Revenues (L1 - L2)	100.0000%			
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)	39.4987%			
5	Subtotal (L3 - L4)	60.5013%			
6	**Revenue Conversion Factor (L1 / L5)**	1.652857			
	Calculation of Uncollectible Factor:				
7	Unity	100.0000%			
8	Combined Federal and State Tax Rate (Line 17)	38.5989%			
9	One Minus Combined Income Tax Rate (L7 - L8)	61.4011%			
10	Uncollectible Rate	0.0000%			
11	Uncollectible Factor (L9 * L10)	0.0000%			
	Calculation of Effective Tax Rate:				
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%			
13	Arizona State Income Tax Rate	6.9680%			
14	Federal Taxable Income (L12 - L13)	93.0320%			
15	Applicable Federal Income Tax Rate (Line 53)	34.0000%			
16	Effective Federal Income Tax Rate (L14 x L15)	31.6309%			
17	Combined Federal and State Income Tax Rate (L13 +L16)		38.5989%		
	Calculation of Effective Property Tax Factor				
18	Unity	100.0000%			
19	Combined Federal and State Income Tax Rate (L17)	38.5989%			
20	One Minus Combined Income Tax Rate (L18-L19)	61.4011%			
21	Property Tax Factor (Schedule CSB-5)	1.4655%			
22	Effective Property Tax Factor (L20*L21)		0.8998%		
23	Combined Federal and State Income Tax and Property Tax Rate (L17+L22)			39.4987%	
24	Required Operating Income (Schedule CSB-1, Line 5)	$ 535,856			
25	AdjustedTest Year Operating Income (Loss) (Schedule CSB-4)	(481,366)			
26	[illegible]red Increase in Operating Income (L24 - L25)		$ 1,017,222		
27	[illegible]e Taxes on Recommended Revenue (Col. [C], L52)	$ 336,858			
28	Income Taxes on Test Year Revenue (Col. [B], L52)	(302,604)			
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		639,461		
30	Recommended Revenue Requirement (Schedule CSB-1, Line 10)	$ 5,358,563			
31	Uncollectible Rate (Line 10)	0.0000%			
32	Uncollectible Expense on Recommended Revenue (L30*L31)	$ -			
33	Adjusted Test Year Uncollectible Expense	$ -			
34	Required Increase in Revenue to Provide for Uncollectible Exp. (L32-L33)		-		
35	Property Tax with Recommended Revenue (CSB-5)	$ 193,879			
36	Property Tax on Test Year Revenue (CSB-5)	169,240			
37	Increase in Property Tax Due to Increase in Revenue (L35-L36)		24,639		
38	Total Required Increase in Revenue (L26 + L29 + L34 + L37)		$ 1,681,323		

		Test Year		Staff Recommended
	Calculation of Income Tax:			
39	Revenue (Schedule CSB-11, Col. [C], Line 5 & Sch. CSB-1, Col. [D] Line 1(	$ 3,677,240	$ 1,681,323	$ 5,358,563
40	Operating Expenses Excluding Income Taxes	$ 4,461,210	$ 24,639	$ 4,485,849
41	Synchronized Interest (L56)	$ -		$ -
42	Arizona Taxable Income (L39 - L40 - L41)	$ (783,970)		$ 872,714
43	Arizona State Income Tax Rate	6.9680%		6.9680%
44	Arizona Income Tax (L42 x L43)	$ (54,627)		$ 60,811
45	Federal Taxable Income (L42 - L44)	$ (729,343)		$ 811,903
46	Federal Tax on Income Bracket - Not Used	$ -		$ -
47	Federal Tax on Income Bracket - Not Used	$ -		$ -
48	Federal Tax on Income Bracket - Not Used	$ -		$ -
49	Federal Tax on Income Bracket - Not Used	$ -		$ -
50	Federal Tax on All Income ($0 -$10,000,000) @ 34%	$ (247,977)		$ 276,047
51	Total Federal Income Tax	$ (247,977)		$ 276,047
52	Combined Federal and State Income Tax (L44 + L51)	$ (302,604)		$ 336,858
53	Applicable Federal Income Tax Rate [Col. [C], L51 - Col. [A], L51] / [Col. [C], L45 - Col. [A], L45]			34.0000%
	[illegible]tion of Interest Synchronization:			
54	[illegible]ase (Schedule CSB-3, Col. (C), Line 14	$ (6,123,255)		
55	Weighted Average Cost of Debt	0.0000%		
56	Synchronized Interest (L45 X L46)	$ -		

Consolidated Systems (Town Division, Buckeye, Tonopah)
Docket Nos. W-01212A-09-0082, Et. Al
Test Year Ended December 31, 2008

Schedule CSB-3

RATE BASE

LINE NO.	Acct. No.	Plant Description	Town Division	Buckeye	Tonopah	Total
1	303	Land and Land Rights	$ 148,446	$ 27,898	$ 66,651	$ 242,995
2	304	Structures and Improvements	945,383	39,169	46,704	1,031,256
3	306	Lake, River, and Other Intakes	-	-	-	-
4	307	Wells and Springs	775,544	115,895	299,601	1,191,040
5	309	Supply Mains	-	-	-	-
6	310	Power Generation Equipment	20,612	-	-	20,612
7	311	Pumping Equipment	7,803,214	472,851	1,638,498	9,914,563
8	320	Water Treatment Equipment	3,892,532	729,148	1,348,884	5,970,564
9	330	Distribution Reservoirs and Standpipes	3,439,680	588,545	180,350	4,208,575
10	331	Transmission and Distribution Mains	19,407,008	712,346	880,279	20,999,633
11	333	Services	2,795,075	37,406	40,356	2,872,837
12	334	Meters and Meter Installations	1,562,332	35,389	57,148	1,654,869
13	335	Hydrants	1,900,270	40,757	38,386	1,979,413
14	336	Backflow Prevention Devices	12,674	5,432	5,894	24,000
15	339	Other Plant and Miscellaneous Equipment	114,439	4,284	3,543	122,266
16	340	Office Furniture and Equipment	46,206	-	-	46,206
17	341	Transportation Equipment	275,038	-	32,617	307,655
18	343	Tools, Shop, and Garage Equipment	90,582	1,650	1,123	93,355
19	344	Laboratory Equipment	42,171	-	663	42,834
20	345	Power Operated Equipment	55,588	-	838	56,426
21	346	Communication Equipment	20,584	4,225	12,408	37,217
22	347	Miscellaneous Equipment	15,371	10,089	5,436	30,896
23	348	Other Tangible Equipment	2,514,672	7,453	105,214	2,627,339
24		Total Plant in Service - Actual	$ 45,877,421	$ 2,832,537	$ 4,764,593	$ 53,474,551
25		Less: Accumulated Depreciation	$ (3,071,499)	$ (898,484)	$ (952,778)	(4,922,761)
26		Net Plant in Service	$ 42,805,922	$ 1,934,053	$ 3,811,815	$ 48,551,790
28		*LESS:*				
29		Advances in Aid of Construction (AIAC)	$ 37,992,781	$ 747,555	$ 1,244,686	$ 39,985,022
30		Service Line and Meter Advances	-	-	-	$ -
32		Contributions in Aid of Construction (CIAC)	$ 890,221	$ 407,979	$ 73,118	$ 1,371,318
33		CIAC/ICFAS - Plant			4,691,475	$ 4,691,475
34		CIAC/ICFAS - Other	-	-	4,331,275	4,331,275
35		Total CIAC - Adjusted	$ 890,221	$ 407,979	$ 9,095,868	$ 10,394,068
37		Less: Accumulated Amortization of CIAC	$ -	-	8,130	$ 8,130
38		Accum Amort of CIAC / ICFAs - Plant	-	-	301,236	301,236
39		Total Accumulated Amortization of CIAC	$ -	$ -	$ 309,366	$ 309,366
41		Net CIAC	890,221	407,979	8,786,502	$ 10,084,702
43		Total Advances and Net Contributions	$ 38,883,002	$ 1,155,534	$ 10,031,188	$ 50,069,724
45		Customer Deposits	162,132	11,080	11,537	184,749
46		Deferred Tax Liability	-	-	-	-
48		*ADD:*				
49		Deferred Tax Asset	380,947	90,222	107,655	578,824
50		Working Capital Allowance	-	-	-	-
51		**Total Rate Base**	$ 4,141,735	$ 857,661	$ (6,123,255)	$ (1,123,859)

Consolid ystems (Town Division, Buckeye, Tonopah,)
Docket
Test Year ended December 31, 2008

edule CSB-4

OPERATING INCOME - TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	[A] Town Division Staff Test Year As Adjusted	[B] Buckeye Staff Test Year As Adjusted	[C] Tonopah Staff Test Year As Adjusted	[D] Consolidation Adjustments	Adj No.	[E] TOTAL STAFF TEST YEAR AS ADJUSTED	[F] STAFF PROPOSED CHANGES	Adj No.	[G] STAFF RECOMMENDED
	REVENUES:									
1	Metered Water Sales	$ 2,802,979	$ 366,435	$ 250,201			$ 3,419,615	$ 1,681,323		$ 5,100,938
2	Water Sales - Unmetered	-	-	-			-			-
3	Other Operating Revenues	234,483	14,039	9,103			257,625	-		257,625
4	**Total Revenues**	$ 3,037,462	$ 380,474	$ 259,304			$ 3,677,240	$ 1,681,323		$ 5,358,563
5										
6	*EXPENSES:*									
7	Salaries and Wages - Employees	$ -	$ -	$ -			$ -	$ -		$ -
8	Employee Pensions and Benefits	-	-	-			-	-		-
9	Purchased Water	-	52,085	-			52,085	-		52,085
10	Purchased Power	307,969	26,994	14,917			349,880	-		349,880
11	Fuel for Power Production	-	-	-			-	-		-
12	Chemicals	152,137	13,043	31,128			196,308	-		196,308
13	Materials and Supplies - Acct No. 620	31,821	4,236	12,609			48,666	-		48,666
14	Materials and Supplies - Acct No. 620.08	59,011	6,085	4,219			69,315	-		69,315
15	Contractual Services - Management Fees	752,255	84,549	53,625			890,429	-		890,429
16	Contractual Services - Testing	33,729	3,774	11,006			48,509	-		48,509
17	Contractual Services - Other	41,898	-	34,683			76,581	-		76,581
18	Rental of Building/Real Property	37,473	593	2,075			40,141	-		40,141
19	Rental of Equipment	4,239	3,686	732			8,657	-		8,657
20	Transportation Expense	67,812	56	6,965			74,833	-		74,833
21	Insurance - General Liability	17,098	9,876	1,167			28,141	-		28,141
22	Insurance - Other	3,336	2,073	216			5,625	-		5,625
23	Advertising Expense	-	-	-			-	-		-
24	Rate Case Expense	18,667	1,355	1,333			21,355	-		21,355
25	Bad Debt Expense	6,417	1,154	864			8,435	-		8,435
26	Miscellaneous Expense	28,042	6,644	4,474			39,160	-		39,160
27	Depreciation Expense	2,199,986	113,580	0			2,313,566	-		2,313,566
28	Taxes Other Than Income-Utility Regulatory	5,885	3,340	8,614			17,839	-		17,839
29	Taxes Other Than Income-Property Taxes	143,236	17,015	8,989			169,240	24,639	2	193,879
30	Taxes Other Than Income-Other	2,101	-	344			2,445	-		2,445
31	Income Taxes	(373,996)	(1,200)	23,678	48,915	1	(302,604)	639,461	3	336,858
32	**Total Operating Expenses**	$ 3,539,116	$ 348,938	$ 221,638	$ 48,915		$ 4,158,606	$ 664,101		$ 4,822,707
33										
34	**Operating Income (Loss)**	$ (501,654)	$ 31,536	$ 37,666			$ (481,366)	$ 1,017,222		$ 535,856
35										
36								**Note 1**		
37			**Adj. No. 1**	Consolidated Income Tax				Increase In Tax Due to Removal of Sychronized Intrest Deduction		
38	References:		Town Division Income Tax	$ (373,996)				Town Division	$ 36,005	
39	Column (A): Schedule CSB-5 for Town Division		Buckeye Income Tax	$ (1,200)				Buckeye	$ 12,909	
40	Column (B): Schedule CSB-5 for Buckeye		Tonopah Income Tax	$ 23,678					$ 48,914	
41	Column (C): Schedule CSB-7 for Tonopah			$ (351,519)						
42	Column (D): Line 43; Schedule CSB-2, Line 42		Less: Consolidated Income Tax	302,604	Sch CSB-2, Line 42					
43	Column (E): Col (A) + Col (B) + Col (C) + Col (D)			$ (48,915)	See Note 1					
44	Column (F): Schedule CSB-1									
45	Column (G): Col (E) + Col (F)									

Adj. No. 2 Schedule CSB-5, Line 39
Adj. No. 3 Schedule CSB-2, Line 52

Consolidated Systems (Town Division, Buckeye, Tonopah)
Doc[illegible]os. W-01212A-09-0082, Et. Al
Tes[illegible] Ended December 31, 2008

Schedule CSB-5

LINE NO.	Property Tax Calculation	Town Division	Buckeye	Tonopah	Total
1	Staff Adjusted Test Year Revenues	$ 3,037,462	$ 380,474	$ 259,304	$ 3,677,240
2	Weight Factor	2	2	2	2
3	Subtotal (Line 1 * Line 2)	6,074,924	760,948	518,608	7,354,480
4	Staff Recommended Revenue (Test Year), Per Schedule CSB-1	3,037,462	380,474	259,304	3,677,240
5	Subtotal (Line 4 + Line 5)	9,112,386	1,141,422	777,912	11,031,720
6	Number of Years	3	3	3	3
7	Three Year Average (Line 5 / Line 6)	3,037,462	380,474	259,304	3,677,240
8	Department of Revenue Mutilplier	2	2	2	2
9	Revenue Base Value (Line 7 * Line 8)	6,074,924	760,948	518,608	7,354,480
10	Plus: 10% of CWIP -	415,844	12,969	42,191	471,004
11	Less: Net Book Value of Licensed Vehicles	96,323	-	30,171	126,494
12	Full Cash Value (Line 9 + Line 10 - Line 11)	6,394,445	773,917	530,628	7,698,990
13	Assessment Ratio	21.0%	21.0%	21.0%	21.0%
14	Assessment Value (Line 12 * Line 13)	1,342,833	162,523	111,432	1,616,788
15	Composite Property Tax Rate	10.6667%	10.4693%	8.0667%	10.4677%
16	Staff Test Year Adjusted Property Tax (Line 14 * Line 15)	$ 143,236	$ 17,015	$ 8,989	$ 169,240
17	Company Proposed Property Tax	$ -	$ -	$ -	$ -
18	Staff Test Year Adjustment (Line 16-Line 17)	$ 143,236	$ 17,015	$ 8,989	$ 169,240

		Town Division	Buckeye	Tonopah	Total
19	Staff Adjusted Test Year Revenues	$ 3,037,462	$ 380,474	$ 259,304	$ 3,677,240
20	Weight Factor	2	2	2	2
21	Subtotal (Line 19 * Line 20)	6,074,924	760,948	518,608	7,354,480
22	Staff Recommended Revenue, Per Schedule CSB-1	$ 4,476,740	$ 452,732	$ 236,160	$ 5,358,563
23	Subtotal (Line 21 + Line 22)	10,551,664	1,213,680	754,768	12,713,043
24	Number of Years	3	3	3	3
25	Three Year Average (Line 23 / Line 24)	3,517,221	404,560	251,589	4,237,681
26	Department of Revenue Mutilplier	2	2	2	2
27	Revenue Base Value (Line 25 * Line 26)	7,034,443	809,120	503,179	8,475,362
28	Plus: 10% of CWIP -	415,844	12,969	42,191	471,004
29	Less: Net Book Value of Licensed Vehicles	96,323	-	30,171	126,494
30	Full Cash Value (Line 27 + Line 28 - Line 29)	7,353,963	822,089	515,199	8,819,872
31	Assessment Ratio	21.0%	21.0%	21.0%	21.0%
32	Assessment Value (Line 30 * Line 31)	1,544,332	172,639	108,192	1,852,173
33	Composite Property Tax Rate	10.6667%	10.4693%	8.0667%	10.4677%
34					
35					
36	Property Tax - Staff Recommended Rev (Line 34)	$ 164,729	$ 18,074	$ 8,728	$ 193,879
37	Staff Test Year Adjusted Property Tax Expense (Line 18)	$ 143,236	$ 17,015	$ 8,989	$ 169,240
38	Increase in Prop Tax Exp Due to Incr in Rev Requ (Line 36 - Line 37)	$ 21,493	$ 1,059	$ (261)	$ 24,639
39	Increase to Property Tax Expense (Line 38)	$ 21,493	$ 1,059	$ (261)	$ 24,639
40	Increase in Revenue Requirement (Line 22 - Line 19)	1,439,278	72,258	(23,144)	1,681,323
41	Increase to Property Tax per Dollar Increase in Rev (Line39/Line 40)	1.493338%	1.465702%	1.129338%	1.465472%

ALL-STATE LEGAL®
EXHIBIT
S-7
ADMITTED

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 ESTABLISHMENT OF JUST AND REASONABLE RATES AND CHARGES FOR UTILITY SERVICE DESIGNED TO REALIZE A REASONABLE RATE OF RETURN ON THE FAIR VALUE OF ITS PROPERTY THROUGHOUT THE STATE OF ARIZONA.	DOCKET NO. SW-20445A-09-0077
IN THE MATTER OF THE APPLICATION OF VALENCIA WATER COMPANY - GREATER BUCKEYE DIVISION FOR THE ESTABLISHMENT OF JUST AND REASONABLE RATES AND CHARGES FOR UTILITY SERVICE DESIGNED TO REALIZE A REASONABLE RATE OF RETURN ON THE FAIR VALUE OF ITS PROPERTY THROUGHOUT THE STATE OF ARIZONA.	DOCKET NO. W-02451A-09-0078
IN THE MATTER OF THE APPLICATION OF WILLOW VALLEY WATER COMPANY FOR THE ESTABLISHMENT OF JUST AND REASONABLE RATES AND CHARGES FOR UTILITY SERVICE DESIGNED TO 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 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

SURREBUTTAL

TESTIMONY

OF

CRYSTAL S. BROWN

PUBLIC UTILITIES ANALYST V

UTILITIES DIVISION

ARIZONA CORPORATION COMMISSION

DECEMBER 7, 2009

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EXECUTIVE SUMMARY

GLOBAL WATER – PALO VERDE UTILITIES COMPANY, DOCKET NO. SW-20445A-09-0077
GLOBAL WATER – SANTA CRUZ WATER COMPANY, DOCKET NO. W-20446A-09-0080
WILLOW VALLEY WATER COMPANY, DOCKET NO. W-01732A-09-0079
VALENCIA WATER COMPANY – TOWN DIVISION, DOCKET NO. W-01212A-09-0082
VALENCIA WATER COMPANY – GREATER BUCKEYE DIVISION, DOCKET NO. W-02451A-09-0078
WATER UTILITY OF GREATER TONOPAH, DOCKET NO. W-02450A-09-0081

Staff recommends the following for Global Water - Palo Verde Utilities Company ("Palo Verde"), Global Water – Santa Cruz Water Company ("Santa Cruz"), Willow Valley Water Company ("Willow Valley"), Valencia Water Company – Town Division ("Town Division"), Valencia Water Company – Greater Buckeye Division ("Buckeye"), and Water Utility of Greater Tonopah ("Tonopah"), collectively "Global Companies":

Palo Verde

Staff recommends a $6,118,237 or 92.09 percent revenue increase from $6,643,813 to $12,762,050. Staff's recommended revenue increase would produce an operating income of $4,425,069 for an 8.30 percent rate of return on an OCRB of $53,314,083.

Santa Cruz

Staff recommends a $1,576,527 or 16.75 percent revenue increase from $9,409,861 to $10,986,388. Staff's recommended revenue increase would produce an operating income of $3,328,234 for an 8.50 percent rate of return on an OCRB of $39,155,692.

Willow Valley

Staff recommends a $450,347 or 95.10 percent revenue increase from $473,527 to $923,874. Staff's recommended revenue increase would produce an operating income of $184,595 for an 8.20 percent rate of return on an OCRB of $2,251,164.

Town Division

Staff recommends a $1,516,475 or 49.93 percent revenue increase from $3,037,462 to $4,553,937. Staff's recommended revenue increase would produce an operating income of $368,882 for an 8.70 percent rate of return on an OCRB of $4,240,018.

Buckeye

Staff recommends an $83,708 or 22.00 percent revenue increase from $380,474 to $464,182. Staff's recommended revenue increase would produce an operating income of $75,254 for an 8.10 percent rate of return on an OCRB of $929,057.

Tonopah

Staff recommends a $14,100 or 5.44 percent revenue decrease from $259,304 to $245,204. Staff's recommended revenue decrease would produce an operating margin of 10.00 percent or $24,561. Staff's recommended OCRB is a negative $4,186,150.

Staff's surrebuttal testimony responds to the Global Companies' rebuttal testimony on the following issues:

1. Rate Base
    a. Contributions In Aid of Construction
2. Operating Income
    a. Materials and Supplies, Acct. Nos. 620.08 and 720.08
    b. Contract Services – Management Fees
    c. Purchased Power
    d. Depreciation Expense
    e. Property Tax Expense
    f. Income Tax Expense

INTRODUCTION

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

A. My name is Crystal S. Brown. I am a Public Utilities Analyst V employed by the Arizona Corporation Commission ("ACC" or "Commission") in the Utilities Division ("Staff"). My business address is 1200 West Washington Street, Phoenix, Arizona 85007.

Q. Are you the same Crystal S. Brown who filed direct testimony in this case?

A. Yes.

PURPOSE OF SURREBUTTAL TESTIMONY

Q. What is the purpose of your surrebuttal testimony in this proceeding?

A. The purpose of my surrebuttal testimony in this proceeding is to respond, on behalf of Staff, to the rebuttal testimony of Mr. Jamie Moe who represents Global Water - Palo Verde Utilities Company ("Palo Verde"), Global Water – Santa Cruz Water Company ("Santa Cruz"), Willow Valley Water Company ("Willow Valley"), Valencia Water Company – Town Division ("Town Division"), Valencia Water Company – Greater Buckeye Division ("Buckeye"), and Water Utility of Greater Tonopah ("Tonopah"), collectively "Global Companies or Companies."

Q. **Did you attempt to address every issue raised by the Global Companies in its rebuttal testimony?**

A. No. I limited my discussion to certain issues as outlined below. My silence on any particular issue raised in the Companies rebuttal testimony does not indicate that I agree with the Companies stated rebuttal position on the issue. Rather, where I do not respond, I rely on my direct testimony.

Q. What issues will you address?

A. I will address the issues listed below that are discussed in the rebuttal testimony of the Global Companies' witness Mr. Jamie Moe.

1. Rate Base
   a. Contributions In Aid of Construction
2. Operating Income
   a. Materials and Supplies, Acct. Nos. 620.08 and 720.08
   b. Contract Services – Management Fees
   c. Purchased Power
   d. Depreciation Expense
   e. Property Tax Expense
   f. Income Tax Expense

SUMMARY OF PROPOSED REVENUES

Q. Please summarize Staff's recommended revenue.

A. Staff recommends an aggregate revenue requirement of $29,935,635. This represents an increase over test-year revenue of $9,731,194, or 48.16% percent. The amounts for each system are shown below.

Summary of Staff-Recommended Annual Revenue by System

System	Adjusted Test Year	Surrebuttal Position	$ Change	% Change
Palo Verde	$ 6,643,813	$12,762,050	$6,118,237	92.09%
Santa Cruz	$ 9,409,861	$10,986,388	$1,576,527	16.75%
Willow Valley	$ 473,527	$ 923,874	$ 450,347	95.10%
Town Division	$ 3,037,462	$ 4,553,937	$1,516,475	49.93%
Buckeye	$ 380,474	$ 464,182	$ 83,708	22.00%
Tonopah	$ 259,304	$ 245,204	$ (14,100)	-5.44%
Total / Overall	$20,204,441	$29,935,635	$9,731,194	48.16%

Q. How does Staff's recommended revenue compare to the recommended revenue in Staff's direct testimony?

A. Staff's recommended revenue has increased in aggregate by $1,227,377, from $28,708,258 in its direct testimony to $29,935,635 in its surrebuttal testimony as follows:

Staff Recommended	Direct Testimony	Surrebuttal Testimony	$ Increase	% Increase
Palo Verde	$12,088,712	$12,762,050	$ 673,338	5.57%
Santa Cruz	$10,552,098	$10,986,388	$ 434,290	4.12%
Willow Valley	$ 901,816	$ 923,874	$ 22,058	2.45%
Town Division	$ 4,476,740	$ 4,553,937	$ 77,197	1.72%
Buckeye	$ 452,732	$ 464,182	$ 11,450	2.53%
Tonopah	$ 236,160	$ 245,204	$ 9,044	3.83%
Total / Overall	$28,708,258	$29,935,635	$1,227,377	4.28%

The increase reflects the adjustments made in Staff's surrebuttal testimony. The above proposed and recommended revenue increases would apply to the customers of each of the Global Companies as discussed below:

Palo Verde

Staff recommends a $6,118,237 or 92.09 percent revenue increase from $6,643,813 to $12,762,050. Staff's recommended revenue increase would produce an operating income of $4,425,069 for an 8.30 percent rate of return on an OCRB of $53,314,083.

Santa Cruz

Staff recommends a $1,576,527 or 16.75 percent revenue increase from $9,409,861 to $10,986,388. Staff's recommended revenue increase would produce an operating income of $3,328,234 for an 8.50 percent rate of return on an OCRB of $39,155,692.

Willow Valley

Staff recommends a $450,347 or 95.10 percent revenue increase from $473,527 to $923,874. Staff's recommended revenue increase would produce an operating income of $184,595 for an 8.20 percent rate of return on an OCRB of $2,251,164.

Town Division

Staff recommends a $1,516,475 or 49.93 percent revenue increase from $3,037,462 to $4,553,937. Staff's recommended revenue increase would produce an operating income of $368,882 for an 8.70 percent rate of return on an OCRB of $4,240,018.

Buckeye

Staff recommends an $83,708 or 22.00 percent revenue increase from $380,474 to $464,182. Staff's recommended revenue increase would produce an operating income of $75,254 for an 8.10 percent rate of return on an OCRB of $929,057.

Tonopah

Staff recommends a $14,100 or 5.44 percent revenue decrease from $259,304 to $245,204. Staff's recommended revenue decrease would produce an operating margin of 10.00 percent or $24,561. Staff's recommended OCRB is a negative $4,186,150.

RATE BASE

Q. Please summarize Staff's adjustments to the Global Companies' rate bases shown on Surrebuttal Schedules CSB-3 and CSB-4 of their respective schedules.

A. A summary of the Global Companies' proposed and Staff's recommended rate bases follow:

	RATE BASE		
	Per Company	Staff's Adjustment	Surrebuttal Per Staff
Palo Verde	$ 63,637,830	($10,323,747)	$53,314,083
Santa Cruz	$ 45,260,919	($6,105,227)	$39,155,692
Willow Valley	$ 2,251,164	$0	$2,251,164
Town Division	$ 4,240,018	$0	$4,240,018
Buckeye	$ 929,057	$0	$ 929,057
Tonopah	$ 2,598,259	($6,784,409)	($4,186,150)
Total	$118,917,247	($23,213,383)	$95,703,864

Q. How does Staff's recommended rate base compare to the recommended rate base in Staff's direct testimony?

A. Staff's recommended rate base has increased in aggregate by $1,780,591 from $93,923,273 in its direct testimony to $95,703,864 in its surrebuttal testimony as follows:

	RATE BASE			
Staff Recommended	Direct Testimony	Surrebuttal Testimony	$ Change	% Change
Palo Verde	$53,470,597	$53,314,083	($156,514)	-0.29%
Santa Cruz	$39,155,692	$39,155,692	$0	0.00%
Willow Valley	$ 2,251,164	$2,251,164	$0	0.00%
Town Division	$ 4,240,018	$4,240,018	$0	0.00%
Buckeye	$ 929,057	$ 929,057	$0	0.00%
Tonopah	$(6,123,255)	($4,186,150)	$1,937,105	-31.64%
Total / Overall	$93,923,273	$95,703,864	$1,780,591	1.90%

The increase reflects the adjustments made in Staff's surrebuttal testimony.

Rate Base Adjustment – Contributions In Aid of Construction ("CIAC")

Q. Did Staff make any changes to CIAC for Tonopah?

A. Yes. Staff decreased the amount of its adjustment to CIAC by $1,937,105, from $9,022,750 in its direct testimony to $7,085,645 as discussed in greater detail by Staff witness Linda Jaress.

Q. What is Staff's recommendation?

A. Staff recommends $7,158,763 in CIAC for Tonopah as shown on Surrebuttal Schedule CSB-4.

Rate Base Adjustment – Amortization of CIAC

Q. Did Staff review the Global Companies' rebuttal testimony concerning the amortization of CIAC for Palo Verde?

A. Yes. The Global Companies state that Staff used the historic plant balances for Santa Cruz rather than Palo Verde in its calculation of the amortization of CIAC for Palo Verde.

Q. Does Staff agree?

A. Yes. Staff has recalculated the amortization of CIAC for Palo Verde using the correct plant balances.

Q. How does this compare to Staff's direct testimony?

A. Staff's adjustment represents a $156,514 decrease in the amount of CIAC amortization, from $823,895 in its direct testimony to $667,381 in its surrebuttal testimony.

Q. What is Staff's recommendation?

A. Staff recommends $667,381 for the amortization of CIAC as shown on Surrebuttal Schedule CSB-6.

Operating Income

Operating Income Adjustment – Materials and Supplies, Acct. Nos. 620.08 and 720.08

Q. Did Staff review the Global Companies' rebuttal testimony concerning the Materials and Supplies?

A. Yes.

Q. Does Staff agree that the actual test year balances should be reflected?

A. Yes.

Q. How does this compare to Staff's direct testimony?

A. Staff's surrebuttal adjustment eliminates the adjustment to materials and supplies that Staff made in its direct testimony in order to reflect the actual test year amount. Staff's adjustment represents an aggregate $496,737 increase in materials and supplies expense, from a negative $496,737 in its direct testimony to $0 in its surrebuttal testimony.

Q. *What is Staff's recommendation?*

A. Staff recommends the removal of its adjustment to Materials and Supplies, Acct. Nos. 620.08 and 720.08 for all Global Companies as follows:

MATERIAL AND SUPPLIES EXPENSE, ACCOUNT NOS. 620.08 &720.08				
	Reference	Direct Testimony Adjustment	Increase	Surrebuttal Testimony Adjustment
Palo Verde	Sch CSB-8 & CSB-11	($ 196,867)	$ 196,867	$0
Santa Cruz	Sch CSB-8 & CSB-11	($ 191,860)	$ 191,860	$0
Willow Valley	Sch CSB-6 & CSB-8	($ 21,759)	$ 21,759	$0
Town Division	Sch CSB-6 & CSB-9	($ 69,726)	$ 69,726	$0
Buckeye	Sch CSB-6 & CSB-9	($ 10,466)	$ 10,466	$0
Tonopah	Sch CSB-8 & CSB-10	($ 6,059)	$ 6,059	$0
Total		($ 496,737)	$ 496,737	$0

Operating Income Adjustment – Contractual Services, Management Fees

Q. Did Staff review the Global Companies' rebuttal testimony concerning the Management Fees account?

A. Yes.

Q. Does Staff agree?

A. Yes.

Q. How does Staff's adjustment compare to its direct testimony?

A. Staff's adjustment represents an aggregate increase of $11,386 in management fees expense, from a negative $162,881 in its direct testimony to a negative $151,495 in its surrebuttal testimony.

Q. What is Staff's recommendation?

A. Staff recommends adoption of the adjustments to Contractual Services, Management Fees for all Global Companies as proposed in the rebuttal testimony of Mr. Jamie Moe as follows:

CONTRACTUAL SERVICES – MANAGEMENT FEES

	Reference:	Direct Testimony Adjustment	Increase	Surrebuttal Testimony Adjustment
Palo Verde	Schedules CSB-8 & CSB-12	($ 28,621)	$1,905	($ 26,716)
Santa Cruz	Schedules CSB-8 & CSB-9	($ 38,353)	$1,906	($ 36,447)
Willow Valley	Schedules CSB-6 & CSB-9	($ 21,372)	$0	($ 21,372)
Town Division	Schedules CSB-6 & CSB-10	($ 61,633)	$6,318	($ 55,315)
Buckeye	Schedules CSB-6 & CSB-10	($ 7,832)	$816	($ 7,016)
Tonopah	Schedules CSB-8 & CSB-11	($ 5,070)	$441	($ 4,629)
Total		($ 162,881)	$11,386	($ 151,495)

Operating Income Adjustment – Purchased Power

Q. Did Staff review the Global Companies' rebuttal testimony concerning Purchased Power?

A. Yes.

Q. Does Staff agree?

A. Yes.

Q. How does this adjustment compare to Staff's direct testimony?

A. The change is as follows:

PURCHASED POWER – TONOPAH				
	Reference	Direct Testimony Adjustment	Increase	Surrebuttal Testimony Adjustment
Tonopah	Sch CSB-8 & CSB-12	($ 1,275)	$ 903	($ 372)

Q. What is Staff's recommendation?

A. Staff recommends decreasing purchased power by $372 for Tonopah only. The adjustment is shown on Surrebuttal Schedules CSB-8 and CSB-12.

Operating Income Adjustment – Depreciation Expense

Q. Did Staff review the Global Companies' rebuttal testimony concerning Depreciation Expense?

A. Yes.

Q. Does Staff agree?

A. Yes.

Q. How does Staff's adjustment compare to its direct testimony?

A. Staff's adjustment represents an aggregate $709,752 increase in depreciation expense, from $7,843,679 in its direct testimony to $8,553,431 in its surrebuttal testimony.

Q. What is Staff's recommendation?

A. Staff recommends increasing depreciation expense for Palo Verde, Santa Cruz and Tonopah as follows:

DEPRECIATION EXPENSE				
	Reference:	Direct Testimony	Increase	Surrebuttal Testimony
Palo Verde	Schedules CSB-8 & CSB-14	$2,332,780	$478,497	$2,811,277
Santa Cruz	Schedules CSB-8 & CSB-14	$3,011,636	$231,255	$3,242,891
Willow Valley	Schedule CSB-6	$ 185,697	$0	$ 185,697
Town Division	Schedule CSB-6	$2,199,986	$0	$2,199,986
Buckeye	Schedule CSB-6	$ 113,580	$0	$ 113,580
Tonopah	Schedules CSB-8 & CSB-14	$ 0	$0	$ 0
Total		$7,843,679	$709,752	$8,553,431

Operating Income – Property Taxes

Q. Did Staff make any adjustment to the Property Tax Expense?

A. Yes. Staff's adjustment reflects Staff's calculation of the property tax expense using Staff's recommended revenues as modified in this surrebuttal testimony.

Operating Income – Income Taxes

Q. Did Staff make any adjustments to Test Year Income Tax Expense?

A. Yes. Staff's adjustment reflects Staff's calculation of the income tax expense based upon Staff's adjusted test year taxable income as modified in this surrebuttal testimony.

1 **Q. Does this conclude your surrebuttal testimony?**

2 A. Yes, it does.

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Surrebuttal Schedule CSB-1

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	[A] COMPANY ORIGINAL COST	[B] STAFF ORIGINAL COST
1	Adjusted Rate Base	$ 63,637,830	$ 53,314,083
2	Adjusted Operating Income (Loss)	$ 144,516	$ 748,584
3	Current Rate of Return (L2 / L1)	0.23%	1.40%
4	Required Rate of Return	8.34%	8.30%
5	Required Operating Income (L4 * L1)	$ 5,307,395	$ 4,425,069
6	Operating Income Deficiency (L5 - L2)	$ 5,162,879	$ 3,676,484
7	Gross Revenue Conversion Factor	1.64509	1.66415
8	Increase (Decrease) In Gross Revenue (L7 * L6)	$ 8,493,380	$ 6,118,237
9	Adjusted Test Year Revenue	$ 6,521,201	$ 6,643,813
10	Proposed Annual Revenue (L8 + L9)	$ 15,014,581	$ 12,762,050
11	Required Increase/(Decrease in Revenue) (%) (L8/L9)	130.24%	92.09%

References:
Column [A]: Company Schedules A-1, C-1, C-3, & D-1
Column [B]: Staff Schedules CSB-2, CSB-3, & CSB-7

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Surrebuttal Schedule CSB-2

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
	Calculation of Gross Revenue Conversion Factor:				
1	Revenue	100.0000%			
2	Uncollecible Factor (Line 11)	0.0000%			
3	Revenues (L1 - L2)	100.0000%			
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)	39.9094%			
5	Subtotal (L3 - L4)	60.0906%			
6	**Revenue Conversion Factor (L1 / L5)**	1.664154			
	Calculation of Uncollectible Factor:				
7	Unity	100.0000%			
8	Combined Federal and State Tax Rate (Line 17)	38.5989%			
9	One Minus Combined Income Tax Rate (L7 - L8)	61.4011%			
10	Uncollectible Rate	0.0000%			
11	Uncollectible Factor (L9 * L10)	0.0000%			
	Calculation of Effective Tax Rate:				
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%			
13	Arizona State Income Tax Rate	6.9680%			
14	Federal Taxable Income (L12 - L13)	93.0320%			
15	Applicable Federal Income Tax Rate (Line 53)	34.0000%			
16	Effective Federal Income Tax Rate (L14 x L15)	31.6309%			
17	Combined Federal and State Income Tax Rate (L13 +L16)		38.5989%		
	Calculation of Effective Property Tax Factor				
18	Unity	100.0000%			
19	Combined Federal and State Income Tax Rate (L17)	38.5989%			
20	One Minus Combined Income Tax Rate (L18-L19)	61.4011%			
21	Property Tax Factor (CSB-15, Col. B, L 24)	2.1344%			
22	Effective Property Tax Factor (L20*L21)		1.3105%		
23	Combined Federal and State Income Tax and Property Tax Rate (L17+L22)			39.9094%	
24	Required Operating Income (Schedule CSB-1, Line 5)	$ 4,425,069			
25	AdjustedTest Year Operating Income (Loss) (Sch CSB-7, Col C, L 33)	748,584			
26	Required Increase in Operating Income (L24 - L25)		$ 3,676,484		
27	Income Taxes on Recommended Revenue (Col. [C], L52)	$ 1,809,815			
28	Income Taxes on Test Year Revenue (Col. [B], L52)	(501,351)			
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		2,311,166		
30	Recommended Revenue Requirement (Schedule CSB-1, Line 10)	$ 12,762,050			
31	Uncollectible Rate (Line 10)	0.0000%			
32	Uncollectible Expense on Recommended Revenue (L30*L31)	$ -			
33	Adjusted Test Year Uncollectible Expense	$ -			
34	Required Increase in Revenue to Provide for Uncollectible Exp. (L32-L33)		-		
35	Property Tax with Recommended Revenue (CSB-15, Col B, L19)	$ 610,846			
36	Property Tax on Test Year Revenue (CSB-15, Col A, L16)	480,259			
37	Increase in Property Tax Due to Increase in Revenue (L35-L36)		130,587		
38	Total Required Increase in Revenue (L26 + L29 + L34 + L37)		$ 6,118,237		

	Calculation of Income Tax:	Test Year		Staff Recommended
39	Revenue (Schedule CSB-11, Col. [C], Line 5 & Sch. CSB-1, Col. [D] Line '	$ 6,643,813	$ 6,118,237	$12,762,050
40	Operating Expenses Excluding Income Taxes	$ 6,396,580	$ 130,587	$ 6,527,167
41	Synchronized Interest (L56)	$ 1,546,108		$ 1,546,108
42	Arizona Taxable Income (L39 - L40 - L41)	$ (1,298,875)		$ 4,688,775
43	Arizona State Income Tax Rate	6.9680%		6.9680%
44	Arizona Income Tax (L42 x L43)	$ (90,506)		$ 326,714
45	Federal Taxable Income (L42 - L44)	$ (1,208,370)		$ 4,362,061
46	Federal Tax on Income Bracket - Not Used	$ -		$ -
47	Federal Tax on Income Bracket - Not Used	$ -		$ -
48	Federal Tax on Income Bracket - Not Used	$ -		$ -
49	Federal Tax on Income Bracket - Not Used	$ -		$ -
50	Federal Tax on All Income ($0 -$10,000,000) @ 34%	$ (410,846)		$ 1,483,101
51	Total Federal Income Tax	$ (410,846)		$ 1,483,101
52	Combined Federal and State Income Tax (L44 + L51)	$ (501,351)		$ 1,809,815
53	Applicable Federal Income Tax Rate [Col. [C], L51 - Col. [A], L51] / [Col. [C], L45 - Col. [A], L45]			34.0000%
	Calculation of Interest Synchronization:			
54	Rate Base (Schedule CSB-3, Col. (C), Line 14	$ 53,314,083		
55	Weighted Average Cost of Debt	2.9000%		
56	Synchronized Interest (L45 X L46)	$ 1,546,108		

RATE BASE - ORIGINAL COST

LINE NO.		(A) COMPANY AS FILED	(B) STAFF ADJUSTMENTS	ADJ NO.	(C) STAFF AS ADJUSTED
1	Plant in Service	$ 100,264,747	$ -		$ 100,264,747
2	Less: Accumulated Depreciation	(9,082,530)	-		(9,082,530)
3	Net Plant in Service	$ 91,182,217	$ -		$ 91,182,217
	LESS:				
4	Advances in Aid of Construction (AIAC)	$ 27,370,552	$ -		$ 27,370,552
5	Service Line and Meter Advances	$ -	$ -		$ -
6	Contributions in Aid of Construction (CIAC)	$ -	$ 10,991,128	1	$ 10,991,128
7	Less: Accumulated Amortization	-	667,381	2	667,381
8	Net CIAC	$ -	10,323,747		$ 10,323,747
9	Total Advances and Contributions	$ 27,370,552	$ 10,323,747		$ 37,694,299
10	Customer Deposits	$ 173,835	$ -		$ 173,835
11	Accumulated Deferred Income Taxes	$ -	$ -		$ -
	ADD:				
12	Deferred Tax Asset	$ -	$ -		$ -
13	Working Capital	$ -	$ -		$ -
14	**Total Rate Base**	$ 63,637,830	$ (10,323,747)		$ 53,314,083

References:
Column [A], Company Schedule B-1, Page 1
Column [B]: Schedule CSB-4
Column [C]: Column [A] + Column [B]

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Surrebuttal Schedule CSB-4

SUMMARY OF RATE BASE ADJUSTMENTS

LINE NO.	Acct. No.	PLANT IN SERVICE Plant Description	[A] COMPANY AS FILED	[B] Adj No. 1 CIAC Ref: Sch CSB-5	[C] ADJ No. 2 Accumulated Amort of CIAC Ref: Sch CSB-6	[D] STAFF AS ADJUSTED
1						
2	353	Land and Land Rights	$ 186,009	$ -	$ -	$ 186,009
3	354	Structures and Improvements	16,520,426	-	-	16,520,426
4	355	Power Generation Equipment	321,425	-	-	321,425
5	360	Collection Sewers - Force	3,857,656	-	-	3,857,656
6	361	Collection Sewers - Gravity	47,344,470	-	-	47,344,470
7	363	Services to Customers	5,205,784	-	-	5,205,784
8	364	Flow Measuring Devices	23,636	-	-	23,636
9	370	Receiving Wells	1,940,450	-	-	1,940,450
10	371	Pumping Equipment	3,878,776	-	-	3,878,776
11	374	Reuse Distribution Reservoirs	11,043	-	-	11,043
12	375	Reuse Transmission & Distribution System	10,912,763	-	-	10,912,763
13	380	Treatment and Disposal Equipment	5,440,808	-	-	5,440,808
14	381	Plant Sewers	78,384	-	-	78,384
15	382	Outfall Sewers	353,645	-	-	353,645
16	389	Other Plant and Miscellaneous Equipment	2,271,644	-	-	2,271,644
17	390	Office Furniture and Equipment	138,995	-	-	138,995
18	391	Transportation Equipment	165,404	-	-	165,404
19	393	Tools, Shop, and Garage Equipment	100,819	-	-	100,819
20	394	Laboratory Equipment	36,073	-	-	36,073
21	395	Power Operated Equipment	10,320	-	-	10,320
22	396	Communication Equipment	38,289	-	-	38,289
23	397	Miscellaneous Equipment	359,170	-	-	359,170
24	398	Other Tangible Equipment	1,068,758	-	-	1,068,758
25		Total Plant in Service - Actual	$ 100,264,747	$ -	$ -	$ 100,264,747
26		Less: Accumulated Depreciation	$ (9,082,530)	$ -	$ -	(9,082,530)
27		Net Plant in Service	$ 91,182,217	$ -	$ -	$ 91,182,217
28						
29		*LESS:*				
30		Advances in Aid of Construction (AIAC)	$ 27,370,552	$ -	$ -	$ 27,370,552
31		Service Line and Meter Advances	$ -	-	-	$ -
32						
33		Contributions in Aid of Construction (CIAC)	$ -	-	-	$ -
34		CIAC/ICFAS - Plant	-	10,991,128	-	10,991,128
35		CIAC/ICFAS - Other	-	-	-	-
36		Total CIAC - Adjusted	$ -	$ 10,991,128	$ -	$ 10,991,128
37						
38		Less: Accumulated Amortization of CIAC	$ -	-	-	$ -
39		Accum Amort of CIAC / ICFAs - Plant	-	-	667,381	667,381
40		Total Accumulated Amortization of CIAC	$ -	$ -	$ 667,381	$ 667,381
41						
42		Net CIAC	$ -	10,991,128	(667,381)	$ 10,323,747
43						
44		Total Advances and Net Contributions	$ 27,370,552	$ 10,991,128	$ (667,381)	$ 37,694,299
45						
46		Customer Deposits	$ 173,835	-	-	$ 173,835
47		Accumulated Deferred Taxes	$ -	-	-	$ -
48						
49		*ADD:*				
50		Deferred Tax Asset	$ -	-	-	$ -
51		Working Capital Allowance	$ -	-	-	$ -
52		**Total Rate Base**	$ 63,637,830	$ (10,991,128)	$ 667,381	$ 53,314,083

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Surrebttal Schedule CSB-5

RATE BASE ADJUSTMENT NO. 1 - CONTRIBUTION IN AID OF CONSTRUCTION, ICFAS

		[A]	[B]	[C]
LINE NO.	DESCRIPTION	COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	CIAC/ICFAS - Plant	$ -	10,991,128	$ 10,991,128

References:
Column [A]: Company Schedule B-2
Column [B]: Testimony, CSB
Column [C]: Column [A] + Column [B]

RATE BASE ADJUSTMENT NO. 2 - ACCUMULATED AMORTIZATION OF CIAC/ ICFAS

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Accumulated Amortization of CIAC/ICFA	$ -	$ 667,381	$ 667,381
2				
3				
4			Amortization Calculation	
5				
6	**2004** Beginning CIAC/ICFA Balance		$ -	
7	CIAC/ICFA Amort Rate		1.85%	From Page 2, Line 18, Col F
8	2004 Amort on Beginning Balance		-	
9				
10	2004 CIAC/ICFA Addition		$ 2,198,226	$10,991,128 / 5 years
11	CIAC/ICFA Amort Rate (Half Year Convention)		0.92%	From Page 2, Line 18, Col F, divided by 2
12	2004 Amort on CIAC/ICFA Addition		20,224	
13				
14	**2004 Ending Accu Amort of CIAC Balance**		**$ 20,224**	Line 8 + Line 12
15				
16	**2005** Beginning CIAC/ICFA Balance		$ 2,198,226	Line 8 + Line 10
17	CIAC/ICFA Amort Rate		1.32%	From Page 2, Line 19, Col F
18	2005 Amort on Beginning Balance		29,017	
19				
20	2005 CIAC/ICFA Addition		$ 2,198,226	$10,991,128 / 5 years
21	CIAC/ICFA Amort Rate (Half Year Convention)		0.66%	From Page 2, Line 19, Col F, divided by 2
22	2005 Amort on CIAC/ICFA Addition		14,508	
23				
24	**2005 Ending Accu Amort of CIAC Balance**		**$ 43,525**	Line 18 + Line 22
25				
26	**2006** Beginning CIAC/ICFA Balance		$ 4,396,451	Line 16 + Line 20
27	CIAC/ICFA Amort Rate		2.14%	From Page 2, Line 20, Col F
28	2006 Amort on Beginning Balance		94,084	
29				
30	2006 CIAC/ICFA Addition		$ 2,198,226	$10,991,128 / 5 years
31	CIAC/ICFA Amort Rate (Half Year Convention)		1.07%	From Page 2, Line 20, Col F, divided by 2
32	2006 Amort on CIAC/ICFA Addition		23,521	
33				
34	**2006 Ending Accu Amort of CIAC Balance**		**$ 117,605**	Line 28 + Line 32
35				
36	**2007** Beginning CIAC/ICFA Balance		$ 6,594,677	Line 26 + Line 30
37	CIAC/ICFA Amort Rate		2.75%	From Page 2, Line 21, Col F
38	2007 Amort on Beginning Balance		181,354	
39				
40	**2007** CIAC/ICFA Addition		$ 2,198,226	$10,991,128 / 5 years
41	CIAC/ICFA Amort Rate (Half Year Convention)		1.37%	From Page 2, Line 21, Col F, divided by 2
42	2007 Amort on CIAC/ICFA Addition		30,116	
43				
44	**2007 Ending Accu Amort of CIAC Balance**		**$ 329,074**	

Continued On Next Page

RATE BASE ADJUSTMENT NO. 2 - ACCUMULATED AMORTIZATION OF CIAC/ ICFAS CONTINUED

		Amortization Calculation	
1	**2008** Beginning CIAC/ICFA Balance	$ 8,792,902	From Page 1, Line 36 + Line 40
2	CIAC/ICFA Amort Rate	3.42%	From Line 22, Col F
3	2008 Amort on Beginning Balance	300,717	
4			
5	2008 CIAC/ICFA Addition	$ 2,198,226	Col E Line 45 - Col E Line 44
6	CIAC/ICFA Amort Rate (Half Year Convention)	1.71%	From Line 22, Col F, divided by 2
7	2008 Amort on CIAC/ICFA Addition	37,590	
8			
9	2008 Ending Accu Amort of CIAC Balance	**$ 667,381**	Page 1, L 44 + Page 2, L 3,+ Page 2, L 7
10			
11			
12			

13	[A]	[B]	[C]	[D]	[E]	[F]
14	Calculation of CIAC/ICFA Amortization Rate					
15–17	Year	Palo Verde Gross Plant[1]	Palo Verde Land & Land Rights[1]	Depreciable Plant[1] Col B - Col C	Palo Verde Depreciation Expense[1]	CIAC Amortization Rate Col E / Col D
18	2004	$ 15,403,361	$ 164,670	$ 15,238,691	$ 281,430	1.85%
19	2005	$ 41,723,984	$ 164,670	$ 41,559,314	$ 547,074	1.32%
20	2006	$ 55,607,997	$ 186,009	$ 55,421,988	$ 1,183,943	2.14%
21	2007	$ 86,596,223	$ 186,009	$ 86,410,214	$ 2,373,028	2.75%
22	2008	$ 100,264,747	$ 44,856	$ 100,219,891	$ 3,430,845	3.42%

23
24
25 [1] From Company provided Plant Additions, Retirements, and Accum Depreciation Schedule

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Surrebttal Schedule CSB-7

OPERATING INCOME - TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	[A] COMPANY TEST YEAR AS FILED	[B] STAFF TEST YEAR ADJUSTMENTS	ADJ NO.	[C] STAFF TEST YEAR AS ADJUSTED	[D] STAFF PROPOSED CHANGES	[E] STAFF RECOMMENDED
	REVENUES:						
1	Flat Rate Revenues	$ 6,009,748	$ 122,612	1	$ 6,132,360	$ 6,118,237	$ 12,250,597
2	Other Wastewater Revenues	339,704	-		339,704		339,704
3	Measured Reuse Revenues	171,749	-		171,749	-	171,749
4	**Total Revenues**	$ 6,521,201	$ 122,612		$ 6,643,813	$ 6,118,237	$ 12,762,050
5							
6	*EXPENSES:*						
7	Salaries and Wages - Employees	$ 924,853	$ (924,853)	2	$ -	$ -	$ -
8	Employee Pensions and Benefits	215,792	(215,792)	2	-	-	-
9	Purchased Power	595,157	6,639	1	601,796	-	601,796
10	Fuel for Power Production	7,004	-		7,004	-	7,004
11	Chemicals	157,134	2,877	1	160,011	-	160,011
12	Materials and Supplies - Acct No. 720	263,301	-		263,301	-	263,301
13	Materials and Supplies - Acct No. 720.08	295,301	-	3	295,301	-	295,301
14	Contractual Services - Management Fees	-	1,113,930	2,4	1,113,930	-	1,113,930
15	Contractual Services - Testing	99,923	-		99,923	-	99,923
16	Contractual Services - Other	183,283	-		183,283	-	183,283
17	Rental of Building/Real Property	93,111	-		93,111	-	93,111
18	Rental of Equipment	20,469	-		20,469	-	20,469
19	Transportation Expense	35,559	-		35,559	-	35,559
20	Insurance - General Liability	52,375	-		52,375	-	52,375
21	Insurance - Other	4,320	-		4,320	-	4,320
22	Advertising Expense	-	-		-	-	-
23	Rate Case Expense	53,333	-		53,333	-	53,333
24	Bad Debt Expense	65,212	(6,919)	5	58,293	-	58,293
25	Miscellaneous Expense	56,965	-		56,965	-	56,965
26	Depreciation Expense	3,156,675	(345,398)	6	2,811,277	-	2,811,277
27	Taxes Other Than Income-Utility Regulatory	1,256	-		1,256	-	1,256
28	Taxes Other Than Income-Property Taxes	-	480,259	7	480,259	130,587	610,846
29	Taxes Other Than Income-Other	4,814	-		4,814	-	4,814
30	Income Taxes	90,848	(592,199)	8	(501,351)	2,311,166	1,809,815
31	**Total Operating Expenses**	$ 6,376,685	$ (481,456)		$ 5,895,229	$ 2,441,753	$ 8,336,981
32							
33	**Operating Income (Loss)**	$ 144,516	$ 604,068		$ 748,584	$ 3,676,484	$ 4,425,069

References:
Column (A): Company Schedule C-1, Page 2
Column (B): Schedule CSB-8
Column (C): Column (A) + Column (B)
Column (D): Schedules CSB-1 and CSB-2
Column (E): Column (C) + Column (D)

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Surrebuttal Schedule CSB-8

SUMMARY OF OPERATING INCOME ADJUSTMENTS - TEST YEAR

LINE NO.	ACCT NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] ADJ #1 Revenue and Expense Annualization	[C] ADJ #2 Salaries, Wages Pensions, & Benefits	[D] ADJ #3 Materials & Supplies Acct No. 720.08	[E] ADJ #4 Contract Srvcs Management Fees	[F] ADJ #5 Bad Debt Expense	[G] ADJ #6 Depreciation Expense	[H] ADJ #7 Property Taxes	[I] ADJ #8 Income Taxes	[J] STAFF ADJUSTED
				Ref: Sch CSB-9	Ref: Sch CSB-10	Ref: Sch CSB-11	Ref: Sch CSB-12	Ref: Sch CSB-13	Ref: Sch CSB-14	Ref: Sch CSB-15	Ref: Sch CSB-16	
		REVENUES:										
1	521	Flat Rate Revenues	$ 6,009,748	$ 122,612	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 6,132,360
2	536	Other Wastewater Revenues	339,704	-	-	-	-	-	-	-	-	339,704
3	541	Measured Reuse Revenues	171,749	-	-	-	-	-	-	-	-	171,749
4		**Total Revenues**	$ 6,521,201	$ 122,612	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 6,643,813
5												
6		*OPERATING EXPENSES:*										
7	701	Salaries and Wages - Employees	$ 924,853	-	(924,853)	-	-	-	-	-	-	$ -
8	704	Employee Pensions and Benefits	215,792	-	(215,792)	-	-	-	-	-	-	-
10	715	Purchased Power	595,157	6,639	-	-	-	-	-	-	-	601,796
11	716	Fuel for Power Production	7,004	-	-	-	-	-	-	-	-	7,004
12	718	Chemicals	157,134	2,877	-	-	-	-	-	-	-	160,011
13	720	Materials and Supplies	263,301	-	-	-	-	-	-	-	-	263,301
14	720.08	Materials and Supplies	295,301	-	-	-	-	-	-	-	-	295,301
15	734	Contractual Services - Management Fees	-	-	1,140,645	-	(26,716)	-	-	-	-	1,113,930
16	735	Contractual Services - Testing	99,923	-	-	-	-	-	-	-	-	99,923
17	736	Contractual Services - Other	183,283	-	-	-	-	-	-	-	-	183,283
18	741	Rental of Building/Real Property	93,111	-	-	-	-	-	-	-	-	93,111
19	742	Rental of Equipment	20,469	-	-	-	-	-	-	-	-	20,469
20	650	Transportation Expense	35,559	-	-	-	-	-	-	-	-	35,559
21	757	Insurance - General Liability	52,375	-	-	-	-	-	-	-	-	52,375
22	759	Insurance - Other	4,320	-	-	-	-	-	-	-	-	4,320
23	760	Advertising Expense	-	-	-	-	-	-	-	-	-	-
24	767	Rate Case Expense	53,333	-	-	-	-	-	-	-	-	53,333
25	770	Bad Debt Expense	65,212	-	-	-	-	(6,919)	-	-	-	58,293
26	775	Miscellaneous Expense	56,965	-	-	-	-	-	-	-	-	56,965
27	403	Depreciation Expense	3,156,675	-	-	-	-	-	(345,398)		-	2,811,277
28	408.10	Taxes Other Than Income-Utility Regulator	1,256	-	-	-	-	-	-	-	-	1,256
29	408.11	Taxes Other Than Income-Property Taxes	-	-	-	-	-	-	-	480,259	-	480,259
30	408.13	Taxes Other Than Income-Other	4,814	-	-	-	-	-	-	-	-	4,814
31	409	Income Taxes	90,848	-	-	-	-	-	-	-	(592,199)	(501,351)
32		**Total Operating Expenses**	$ 6,376,685	$ 9,516	$ -	$ -	$ (26,716)	$ (6,919)	$ (345,398)	$ 480,259	$ (592,199)	$ 5,895,229
33												
34		**Operating Income (Loss)**	$ 144,516	$ 113,096	$ -	$ -	$ 26,716	$ 6,919	$ 345,398	$ (480,259)	$ 592,199	$ 748,584

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Surrebtal Schedule CSB-9

OPERATING INCOME ADJUSTMENT NO. 1 - REVENUE AND EXPENSE ANNUALIZATION

LINE NO.	Description	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Metered Water Sales - Actual	$ 6,093,851	$ -	$ 6,093,851
2	Unbilled Revenue	38,508	-	38,508
3	Revenue Annualization to Metered Water Sales	(122,612)	122,612	-
4	Total	$ 6,009,747	$ 122,612	$ 6,132,359
5				
6	Purchased Pumping Power - Actual	$ 534,930	$ -	$ 534,930
7	Electrical District No. 3 Rate Increase	66,866	-	66,866
8	Annualization Adjustment to Pumping Power	(6,639)	6,639	-
9		$ 595,157	$ 6,639	$ 601,796
10				
11	Chemicals - Actual	$ 160,011	$ -	$ 160,011
12	Annualization Adjustment to Chemicals	(2,877)	$ 2,877	
13		$ 157,134	$ 2,877	$ 160,011
14				
15	Operating Income	$ 5,257,456	$ 113,096	$ 5,370,552

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

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Surrebuttal Schedule CSB-10

OPERATING INCOME ADJUSTMENT NO. 2 - SALARIES, WAGES, PENSIONS, & BENEFITS

		[A]	[B]	[C]
LINE NO.	Description	COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Salaries and Wage Expense	$ 924,853	$ (924,853)	$ -
2	Pension and Benefits	215,792	$ (215,792)	$ -
3		$ 1,140,645	$ (1,140,645)	$ -
4				
5	Contractual Services - Management Fees	$ -	$ 1,140,645	$ 1,140,645

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

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Surrebuttal Schedule CSB-11

OPERATING INCOME ADJUSTMENT NO. 3 - MATERIALS AND SUPPLIES, ACCT NO. 720.08

		[A]	[B]	[C]
LINE NO.	DESCRIPTION	COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Materials and Supplies, Acct No 720.08	295,301	$ -	$ 295,301

	Materials and Supplies Acct No. 720.08	
2006	$ -	Company Sch E-2
2007	$ -	Company Sch E-2
2008	$ 295,301	Company Sch E-2
	$ 295,301	
Divided by 3	3	
	$ 98,434	

References:

Column A: Company Schedule C-1 & E-2
Column B: Testimony, CSB; Data Request CSB 15-1
Column C: Column [A] + Column [B]

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Surrebuttal Schedule CSB-12

OPERATING INCOME ADJUSTMENT NO. 4 - CONTRACTUAL SERVICES, MANAGEMENT FEES

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Contractual Services - Management Fees	$ -	$ (26,716)	$ (26,716)
2				
3				
4				
5	Bonuses (Indirect Allocation)	$ -	Data Request Response CSB 2-28	
6	Bonuses (Direct Allocation)	5,213	From Trial Balance	
7	Kitchen Supplies	2,701	From Trial Balance	
8		$ 7,914		
9				
10				
11	Employee Moving & Hiring	$ 4,240	From Trial Balance	
12	Employee Training & Certification	8,343	From Trial Balance	
13	Employee Travel	23,170	From Trial Balance	
14	Employee Meals	1,850	From Trial Balance	
15		37,603		
16	Divided by 2 years	2		
17		$ 18,802		
18				
19	Total (Line 8 + Line 17)	$ 26,716		

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

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Surrebuttal Schedule CSB-13

OPERATING INCOME ADJUSTMENT NO. 5 - BAD DEBT EXPENSE

		[A]	[B]	[C]
LINE NO.	DESCRIPTION	COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Bad Debt Expense	65,212	(6,919)	58,293

References:

Column A: Company Data Request Response CSB 1.26 & RUCO 2.04(e)
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

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Surrebuttal Schedule CSB-14

OPERATING INCOME ADJUSTMENT NO. 6 - DEPRECIATION EXPENSE ON TEST YEAR PLANT

LINE NO.		DESCRIPTION	[A] PLANT In SERVICE Per Staff	[B] NonDepreciable or Fully Depreciated PLANT	[C] DEPRECIABLE PLANT (Col A - Col B)	[D] DEPRECIATION RATE	[E] DEPRECIATION EXPENSE (Col C x Col D)
1	353	Land and Land Rights	$ 186,009	$ (186,009)	$ 372,018	0.00%	$ -
2	354	Structures and Improvements	16,520,426	-	16,520,426	3.33%	550,130
3	355	Power Generation Equipment	321,425	-	321,425	5.00%	16,071
4	360	Collection Sewers - Force	3,857,656	-	3,857,656	2.00%	77,153
5	361	Collection Sewers - Gravity	47,344,470	-	47,344,470	2.00%	946,889
6	363	Services to Customers	5,205,784	-	5,205,784	2.00%	104,116
7	364	Flow Measuring Devices	23,636	-	23,636	10.00%	2,364
8	370	Receiving Wells	1,940,450	-	1,940,450	3.33%	64,617
9	371	Pumping Equipment	3,878,776	-	3,878,776	12.50%	484,847
10	374	Reuse Distribution Reservoirs	11,043	-	11,043	2.50%	276
11	375	Reuse Transmission & Distribution System	10,912,763	-	10,912,763	2.50%	272,819
12	380	Treatment and Disposal Equipment	5,440,808	-	5,440,808	5.00%	272,040
13	381	Plant Sewers	78,384	-	78,384	5.00%	3,919
14	382	Outfall Sewers	353,645	-	353,645	3.33%	11,776
15	389	Other Plant and Miscellaneous Equipment	2,271,644	-	2,271,644	6.67%	151,519
16	390	Office Furniture and Equipment	138,995	-	138,995	6.67%	9,271
17	391	Transportation Equipment	165,404	-	165,404	20.00%	33,081
18	393	Tools, Shop, and Garage Equipment	100,819	-	100,819	5.00%	5,041
19	394	Laboratory Equipment	36,073	-	36,073	10.00%	3,607
20	395	Power Operated Equipment	10,320	-	10,320	5.00%	516
21	396	Communication Equipment	38,289	-	38,289	10.00%	3,829
22	397	Miscellaneous Equipment	359,170	-	359,170	10.00%	35,917
23	398	Other Tangible Equipment	1,068,758	-	1,068,758	10.00%	106,876
24		Total Plant	$ 100,264,747	$ -	$ 100,450,756		$ 3,156,675
25							
29							
30							
31							
32		Composite Depreciation Rate (Depr Exp / Depreciable Plant):			3.14%		
33		CIAC:			$ 10,991,128		
34		Amortization of CIAC (Line 32 x Line 33):			$ 345,397		
35							
36							
37		Depreciation Expense Before Amortization of CIAC:			$ 3,156,675		
38		Less Amortization of CIAC:			$ 345,397		
39		Test Year Depreciation Expense - Staff:			$ 2,811,277		
40		Depreciation Expense - Company:			3,156,675		
41		**Staff's Total Adjustment:**			**$ (345,398)**		

References:
Column [A]: Schedule CSB-4
Column [B]: From Column [A]
Column [C]: Column [A] - Column [B]
Column [D]: Engineering Staff Report
Column [E]: Column [C] x Column [D]

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Surrebuttal Schedule CSB-15

OPERATING INCOME ADJUSTMENT NO. 7 - PROPERTY TAX EXPENSE

LINE NO.	Property Tax Calculation	[A] STAFF AS ADJUSTED	[B] STAFF RECOMMENDED
1	Staff Adjusted Test Year Revenues	$ 6,643,813	$ 6,643,813
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	13,287,626	$ 13,287,626
4	Staff Recommended Revenue, Per Schedule CSB-1	6,643,813	$ 12,762,050
5	Subtotal (Line 4 + Line 5)	19,931,439	26,049,676
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	6,643,813	$ 8,683,225
8	Department of Revenue Mutilplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	13,287,626	$ 17,366,451
10	Plus: 10% of CWIP -	1,778,334	1,778,334
11	Less: Net Book Value of Licensed Vehicles	65,257	$ 65,257
12	Full Cash Value (Line 9 + Line 10 - Line 11)	15,000,703	$ 19,079,528
13	Assessment Ratio	21.0%	21.0%
14	Assessment Value (Line 12 * Line 13)	3,150,148	$ 4,006,701
15	Composite Property Tax Rate	15.2456%	15.2456%
			$ -
16	Staff Test Year Adjusted Property Tax (Line 14 * Line 15)	$ 480,259	
17	Company Proposed Property Tax	-	
18	Staff Test Year Adjustment (Line 16-Line 17)	$ 480,259	
19	Property Tax - Staff Recommended Revenue (Line 14 * Line 15)		$ 610,846
20	Staff Test Year Adjusted Property Tax Expense (Line 16)		$ 480,259
21	Increase in Property Tax Expense Due to Increase in Revenue Requirement		$ 130,587
22	Increase to Property Tax Expense		$ 130,587
23	Increase in Revenue Requirement		6,118,237
24	Increase to Property Tax per Dollar Increase in Revenue (Line19/Line 20)		2.134384%

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Surrebuttal Schedule CSB-16

OPERATING INCOME ADJUSTMENT NO. 8 - INCOME TAX EXPENSE

		[A]	[B]	[C]
LINE NO.	DESCRIPTION	COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Income Tax Expense - Test Year	90,848	(592,199)	(501,351)

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

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Surrebuttal Schedule CSB-1

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	[A] COMPANY ORIGINAL COST	[B] STAFF ORIGINAL COST
1	Adjusted Rate Base	$ 45,260,919	$ 39,155,692
2	Adjusted Operating Income (Loss)	$ 1,969,624	$ 2,380,889
3	Current Rate of Return (L2 / L1)	4.35%	6.08%
4	Required Rate of Return	8.49%	8.50%
5	Required Operating Income (L4 * L1)	$ 3,842,652	$ 3,328,234
6	Operating Income Deficiency (L5 - L2)	$ 1,873,028	$ 947,344
7	Gross Revenue Conversion Factor	1.64509	1.66415
8	Increase (Decrease) In Gross Revenue (L7 * L6)	$ 3,081,292	$ 1,576,527
9	Adjusted Test Year Revenue	$ 9,110,720	$ 9,409,861
10	Proposed Annual Revenue (L8 + L9)	$ 12,192,012	$ 10,986,388
11	Required Increase/(Decrease in Revenue) (%) (L8/L9)	33.82%	16.75%

References:
Column [A]: Company Schedules A-1, C-1, C-3, & D-1
Column [B]: Staff Schedules CSB-2, CSB-3, & CSB-7

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Surrebuttal Schedule CSB-2

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
	Calculation of Gross Revenue Conversion Factor:				
1	Revenue	100.0000%			
2	Uncollecible Factor (Line 11)	0.0000%			
3	Revenues (L1 - L2)	100.0000%			
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)	39.9094%			
5	Subtotal (L3 - L4)	60.0906%			
6	**Revenue Conversion Factor (L1 / L5)**	1.664154			
	Calculation of Uncollecttible Factor:				
7	Unity	100.0000%			
8	Combined Federal and State Tax Rate (Line 17)	38.5989%			
9	One Minus Combined Income Tax Rate (L7 - L8)	61.4011%			
10	Uncollectible Rate	0.0000%			
11	Uncollectible Factor (L9 * L10)	0.0000%			
	Calculation of Effective Tax Rate:				
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%			
13	Arizona State Income Tax Rate	6.9680%			
14	Federal Taxable Income (L12 - L13)	93.0320%			
15	Applicable Federal Income Tax Rate (Line 53)	34.0000%			
16	Effective Federal Income Tax Rate (L14 x L15)	31.6309%			
17	Combined Federal and State Income Tax Rate (L13 +L16)		38.5989%		
	Calculation of Effective Property Tax Factor				
18	Unity	100.0000%			
19	Combined Federal and State Income Tax Rate (L17)	38.5989%			
20	One Minus Combined Income Tax Rate (L18-L19)	61.4011%			
21	Property Tax Factor (CSB-15, Col B, L24)	2.1344%			
22	Effective Property Tax Factor (L20*L21)		1.3105%		
23	Combined Federal and State Income Tax and Property Tax Rate (L17+L22)			39.9094%	
24	Required Operating Income (Schedule CSB-1, Line 5)	$ 3,328,234			
25	AdjustedTest Year Operating Income (Loss) (Sch CSB-7, Col C, Line 34)	2,380,889			
26	Required Increase in Operating Income (L24 - L25)		$ 947,344		
27	Income Taxes on Recommended Revenue (Col. [E], L52)	$ 1,378,419			
28	Income Taxes on Test Year Revenue (Col. [B], L52)	782,886			
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		595,534		
30	Recommended Revenue Requirement (Schedule CSB-1, Line 10)	$ 10,986,388			
31	Uncollectible Rate (Line 10)	0.0000%			
32	Uncollectible Expense on Recommended Revenue (L30*L31)	$ -			
33	Adjusted Test Year Uncollectible Expense	$ -			
34	Required Increase in Revenue to Provide for Uncollectible Exp. (L32-L33)		-		
35	Property Tax with Recommended Revenue (CSB-15, Col B, L19)	$ 708,070			
36	Property Tax on Test Year Revenue (CSB-15, Col A, L16)	674,421			
37	*Increase in Property Tax Due to Increase in Revenue (L35-L36)*		33,649		
38	Total Required Increase in Revenue (L26 + L29 + L34 + L37)		$ 1,576,527		

	Calculation of Income Tax:	Test Year		Staff Recommended
39	Revenue (Schedule CSB-11, Col. [C], Line 5 & Sch. CSB-1, Col. [D] Line	$ 9,409,861	$ 1,576,527	$10,986,388
40	Operating Expenses Excluding Income Taxes	$ 6,246,086	$ 33,649	$ 6,279,735
41	Synchronized Interest (L56)	$ 1,135,515		$ 1,135,515
42	Arizona Taxable Income (L39 - L40 - L41)	$ 2,028,260		$ 3,571,138
43	Arizona State Income Tax Rate	6.9680%		6.9680%
44	Arizona Income Tax (L42 x L43)	$ 141,329		$ 248,837
45	Federal Taxable Income (L42 - L44)	$ 1,886,931		$ 3,322,301
46	Federal Tax on Income Bracket - Not Used	$ -		$ -
47	Federal Tax on Income Bracket - Not Used	$ -		$ -
48	Federal Tax on Income Bracket - Not Used	$ -		$ -
49	Federal Tax on Income Bracket - Not Used	$ -		$ -
50	Federal Tax on All Income ($0 -$10,000,000) @ 34%	$ 641,556		$ 1,129,582
51	Total Federal Income Tax	$ 641,556		$ 1,129,582
52	Combined Federal and State income Tax (L44 + L51)	$ 782,886		$ 1,378,419
53	Applicable Federal Income Tax Rate [Col. [C], L51 - Col. [A], L51] / [Col. [C], L45 - Col. [A], L45]			34.0000%
	Calculation of Interest Synchronization:			
54	Rate Base (Schedule CSB-3, Col. (C), Line 14	$ 39,155,692		
55	Weighted Average Cost of Debt	2.9000%		
56	Synchronized Interest (L45 X L46)	$ 1,135,515		

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Surrebuttal Schedule CSB-3

RATE BASE - ORIGINAL COST

LINE NO.		(A) COMPANY AS FILED	(B) STAFF ADJUSTMENTS	ADJ NO.	(C) STAFF AS ADJUSTED
1	Plant in Service	$ 87,753,403	$ -		$ 87,753,403
2	Less: Accumulated Depreciation	(8,092,185)	-		(8,092,185)
3	Net Plant in Service	$ 79,661,218	$ -		$ 79,661,218
	LESS:				
4	Advances in Aid of Construction (AIAC)	$ 33,770,450	$ -		$ 33,770,450
5	Service Line and Meter Advances	$ -	$ -		$ -
6	Contributions in Aid of Construction (CIAC)	$ -	$ 6,600,076	1	$ 6,600,076
7	Less: Accumulated Amortization	-	494,849	2	494,849
8	Net CIAC	$ -	6,105,227		$ 6,105,227
9	Total Advances and Contributions	$ 33,770,450	$ 6,105,227		$ 39,875,677
10	Customer Deposits	$ 1,136,087	$ -		$ 1,136,087
11	Accumulated Deferred Income Taxes	$ -	$ -		$ -
	ADD:				
12	Deferred Tax Asset	$ 506,238	$ -		$ 506,238
13	Working Capital	$ -	$ -		$ -
14	**Total Rate Base**	$ 45,260,919	$ (6,105,227)		$ 39,155,692

References:
Column [A], Company Schedule B-1, Page 1
Column [B]: Schedule CSB-4
Column [C]: Column [A] + Column [B]

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Surrebuttal Schedule CSB-4

SUMMARY OF RATE BASE ADJUSTMENTS

LINE NO.	PLANT IN SERVICE	[A]	[B] Adj No.1	[C] ADJ No. 2	[D]
	Acct.	COMPANY	CIAC	Accumulated Amort of CIAC	STAFF AS
1	No. Plant Description	AS FILED	Ref: Sch CSB-5	Ref: Sch CSB-6	ADJUSTED
2	303 Land and Land Rights	$ 44,656	$ -	$ -	$ 44,656
3	304 Structures and Improvements	9,447,338	-	-	9,447,338
4	306 Lake, River, and Other Intakes	1,855	-	-	1,855
5	307 Wells and Springs	3,694,926	-	-	3,694,926
6	309 Supply Mains	2,086,246	-	-	2,086,246
7	310 Power Generation Equipment	323,093	-	-	323,093
8	311 Pumping Equipment	6,353,511	-	-	6,353,511
9	320 Water Treatment Equipment	12,554	-	-	12,554
10	330 Distribution Reservoirs and Standpipes	1,367,063	-	-	1,367,063
11	331 Transmission and Distribution Mains	44,443,414	-	-	44,443,414
12	333 Services	4,598,396	-	-	4,598,396
13	334 Meters and Meter Installations	3,553,579	-	-	3,553,579
14	335 Hydrants	4,340,566	-	-	4,340,566
15	336 Backflow Prevention Devices	26,572	-	-	26,572
16	339 Other Plant and Miscellaneous Equipment	695,109	-	-	695,109
17	340 Office Furniture and Equipment	504,424	-	-	504,424
18	341 Transportation Equipment	596,576	-	-	596,576
19	343 Tools, Shop, and Garage Equipment	65,276	-	-	65,276
20	344 Laboratory Equipment	107,172	-	-	107,172
21	345 Power Operated Equipment	60,372	-	-	60,372
22	346 Communication Equipment	565,936	-	-	565,936
23	347 Miscellaneous Equipment	80,859	-	-	80,859
24	348 Other Tangible Equipment	4,783,710	-	-	4,783,710
25	Total Plant in Service - Actual	$ 87,753,403	$ -	$ -	$ 87,753,403
26	Less: Accumulated Depreciation	$ (8,092,185)	$ -	$ -	(8,092,185)
27	Net Plant in Service	$ 79,661,218	$ -	$ -	$ 79,661,218
28					
29	*LESS:*				
30	Advances in Aid of Construction (AIAC)	$ 33,770,450	$ -	$ -	$ 33,770,450
31	Service Line and Meter Advances	$ -	-	-	$ -
32					
33	Contributions in Aid of Construction (CIAC)	$ -	-	-	$ -
34	CIAC/ICFAS - Plant	-	6,600,076	-	6,600,076
35	CIAC/ICFAS - Other	-	-	-	-
36	Total CIAC - Adjusted	$ -	$ 6,600,076	$ -	$ 6,600,076
37					
38	Less: Accumulated Amortization of CIAC	$ -	-	-	$ -
39	Accum Amort of CIAC / ICFAs - Plant	-	-	494,849	494,849
40	Total Accumulated Amortization of CIAC	$ -	$ -	$ 494,849	$ 494,849
41					
42	Net CIAC	$ -	6,600,076	(494,849)	$ 6,105,227
43					
44	Total Advances and Net Contributions	$ 33,770,450	$ 6,600,076	$ (494,849)	$ 39,875,677
45					
46	Customer Deposits	$ 1,136,087	-	-	$ 1,136,087
47	Accumulated Deferred Taxes	$ -	-	-	$ -
48					
49	*ADD:*				
50	Deferred Tax Asset	$ 506,238	-	-	$ 506,238
51	Working Capital Allowance	$ -	-	-	$ -
52	**Total Rate Base**	$ 45,260,919	$ (6,600,076)	$ 494,849	$ 39,155,692

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Surrebuttal Schedule CSB-5

RATE BASE ADJUSTMENT NO. 1 - CONTRIBUTION IN AID OF CONSTRUCTION, ICFAS

		[A]	[B]	[C]
LINE NO.	**DESCRIPTION**	**COMPANY AS FILED**	**STAFF ADJUSTMENTS**	**STAFF AS ADJUSTED**
1	CIAC/ICFAS - Plant	$ -	6,600,076	$ 6,600,076

References:
Column [A]: Company Schedule B-2
Column [B]: Testimony, CSB
Column [C]: Column [A] + Column [B]

RATE BASE ADJUSTMENT NO. 2 - ACCUMULATED AMORTIZATION OF CIAC/ ICFAS

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Accumulated Amortization of CIAC/ICFA	$ -	$ 494,849	$ 494,849
2				
3				
4			Amortization Calculation	
5				
6	**2004** Beginning CIAC/ICFA Balance		$ -	
7	CIAC/ICFA Amort Rate		2.83%	From Page 2, Line 18, Col F
8	2004 Amort on Beginning Balance		-	
9				
10	2004 CIAC/ICFA Addition		$ 1,320,015	$6,600,076 / 5 years
11	CIAC/ICFA Amort Rate (Half Year Convention)		1.41%	From Page 2, Line 18, Col F, divided by 2
12	2004 Amort on CIAC/ICFA Addition		18,612	
13				
14	**2004 Ending Accu Amort of CIAC Balance**		**$ 18,612**	Line 8 + Line 12
15				
16	**2005** Beginning CIAC/ICFA Balance		$ 1,320,015	$6,600,076 / 5 years
17	CIAC/ICFA Amort Rate		2.88%	From Page 2, Line 19, Col F
18	2005 Amort on Beginning Balance		38,077.93	
19				
20	2005 CIAC/ICFA Addition		$ 1,320,015	$6,600,076 / 5 years
21	CIAC/ICFA Amort Rate (Half Year Convention)		1.44%	From Page 2, Line 19, Col F, divided by 2
22	2005 Amort on CIAC/ICFA Addition		19,008	
23				
24	**2005 Ending Accu Amort of CIAC Balance**		**$ 57,086**	Line 18 + Line 22
25				
26	**2006** Beginning CIAC/ICFA Balance		$ 2,640,030	
27	CIAC/ICFA Amort Rate		3.50%	From Page 2, Line 20, Col F
28	2006 Amort on Beginning Balance		92,508.66	
29				
30	2006 CIAC/ICFA Addition		$ 1,320,015	$6,600,076 / 5 years
31	CIAC/ICFA Amort Rate (Half Year Convention)		1.75%	From Page 2, Line 20, Col F, divided by 2
32	2006 Amort on CIAC/ICFA Addition		23,100	
33				
34	**2006 Ending Accu Amort of CIAC Balance**		**$ 115,609**	Line 28 + Line 32
35				
36	**2007** Beginning CIAC/ICFA Balance		$ 3,960,046	
37	CIAC/ICFA Amort Rate		3.18%	From Page 2, Line 21, Col F
38	2007 Amort on Beginning Balance		125,929	
39				
40	**2007** CIAC/ICFA Addition		$ 1,320,015	$6,600,076 / 5 years
41	CIAC/ICFA Amort Rate (Half Year Convention)		1.59%	From Page 2, Line 21, Col F, divided by 2
42	2007 Amort on CIAC/ICFA Addition		20,988	
43				
44	**2007 Ending Accu Amort of CIAC Balance**		**$ 262,527**	

Continued On Next Page

RATE BASE ADJUSTMENT NO. 2 - ACCUMULATED AMORTIZATION OF CIAC/ ICFAS CONTINUED

		Amortization Calculation	
1	**2008** Beginning CIAC/ICFA Balance	$ 5,280,061	From Page 1, Line 36 + Line 40
2	CIAC/ICFA Amort Rate	3.91%	From Line 22, Col. F
3	2008 Amort on Beginning Balance	206,450	
4			
5	2008 CIAC/ICFA Addition	$ 1,320,015	$6,600,076 / 5 years
6	CIAC/ICFA Amort Rate (Half Year Convention)	1.96%	From Line 22, Col F, divided by 2
7	2008 Amort on CIAC/ICFA Addition	25,872	
8			
9	2008 Ending Accu Amort of CIAC Balance	**$ 494,849**	Page 1, L 44 + Page 2, L 3,+ Page 2, L 7
10			
11			
12			

13	[A]	[B]	[C]	[D]	[E]	[F]
14	Calculation of CIAC/ICFA Amortization Rate					
15–17	Year	Santa Cruz Gross Plant[1]	Santa Cruz Land & Land Rights[1]	Depreciable Plant[1] Col B - Col C	Santa Cruz Depreciation Expense[1]	CIAC Amortization Rate Col E / Col D
18	2004	$ 9,974,085	$ 13,490	$ 9,960,595	$ 281,430	2.83%
19	2005	$18,994,939	$ 29,990	$ 18,964,949	$ 547,074	2.88%
20	2006	$33,832,454	$ 44,856	$ 33,787,598	$ 1,183,943	3.50%
21	2007	$74,714,949	$ 44,856	$ 74,670,093	$ 2,373,028	3.18%
22	2008	$87,753,403	$ 44,856	$ 87,708,547	$ 3,430,845	3.91%

23
24
25 [1] From Company provided Plant Additions, Retirements, and Accum Depreciation Schedule

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Surrebuttal Schedule CSB-7

OPERATING INCOME - TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	[A] COMPANY TEST YEAR AS FILED	[B] STAFF TEST YEAR ADJUSTMENTS	ADJ NO.	[C] STAFF TEST YEAR AS ADJUSTED	[D] STAFF PROPOSED CHANGES	[E] STAFF RECOMMENDED
	REVENUES:						
1	Metered Water Sales	$ 8,744,774	$ 299,141	1	$ 9,043,915	$ 1,576,527	$ 10,620,442
2	Water Sales - Unmetered	-	-		-		-
3	Other Operating Revenues	365,946	-		365,946	-	365,946
4	**Total Revenues**	$ 9,110,720	$ 299,141		$ 9,409,861	$ 1,576,527	$ 10,986,388
5							
6	*EXPENSES:*						
7	Salaries and Wages - Employees	$ 781,051	$ (781,051)	2	$ -	$ -	$ -
8	Employee Pensions and Benefits	189,983	(189,983)	2	-	-	-
9	Purchased Water	-	-		-	-	-
10	Purchased Power	554,398	16,603	1	571,001	-	571,001
11	Fuel for Power Production	3,505	-		3,505	-	3,505
12	Chemicals	40,455	1,328	1	41,783	-	41,783
13	Materials and Supplies - Acct. No. 620	18,969	-		18,969	-	18,969
14	Materials and Supplies - Acct. No. 620.08	297,033	-	3	297,033	-	297,033
15	Contractual Services - Management Fees	-	934,587	2,4	934,587	-	934,587
16	Contractual Services - Testing	36,113	-		36,113	-	36,113
17	Contractual Services - Other	67,911	-		67,911	-	67,911
18	Rental of Building/Real Property	94,369	-		94,369	-	94,369
19	Rental of Equipment	7,803	-		7,803	-	7,803
20	Transportation Expense	45,296	-		45,296	-	45,296
21	Insurance - General Liability	53,083	-		53,083	-	53,083
22	Insurance - Other	4,647	-		4,647	-	4,647
23	Advertising Expense	-	-		-	-	-
24	Rate Case Expense	53,333	-		53,333	-	53,333
25	Bad Debt Expense	91,107	(49,147)	5	41,960	-	41,960
26	Miscellaneous Expense	34,629	-		34,629	-	34,629
27	Depreciation Expense	3,506,485	(263,594)	6	3,242,891	-	3,242,891
28	Taxes Other Than Income-Utility Regulatory	15,929	-		15,929	-	15,929
29	Taxes Other Than Income-Property Taxes	-	674,421	7	674,421	33,649	708,070
30	Taxes Other Than Income-Other	6,823	-		6,823	-	6,823
31	Income Taxes	1,238,174	(455,288)	8	782,886	595,534	1,378,419
32	**Total Operating Expenses**	$ 7,141,096	$ (112,124)		$ 7,028,972	$ 629,183	$ 7,658,154
33							
34	**Operating Income (Loss)**	$ 1,969,624	$ 411,265		$ 2,380,889	$ 947,344	$ 3,328,234

References:
Column (A): Company Schedule C-1, Page 2
Column (B): Schedule CSB-8
Column (C): Column (A) + Column (B)
Column (D): Schedules CSB-1 and CSB-2
Column (E): Column (C) + Column (D)

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Surrebuttal Schedule CSB-8

SUMMARY OF OPERATING INCOME ADJUSTMENTS - TEST YEAR

LINE NO.	ACCT NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] ADJ #1 Revenue and Expense Annualization Ref: Sch CSB-9	[C] ADJ #2 Salaries, Wages Pensions, & Benefits Ref: Sch CSB-10	[D] ADJ #3 Materials & Supplies Acct No. 620.08 Ref: Sch CSB-11	[E] ADJ #4 Contract Srvcs Management Fees Ref: Sch CSB-12	[F] ADJ #5 Bad Debt Expense Ref: Sch CSB-13	[G] ADJ #6 Depreciation Expense Ref: Sch CSB-14	[H] ADJ #7 Property Taxes Ref: Sch CSB-15	[I] ADJ #8 Income Taxes Ref: Sch CSB-16	[J] STAFF ADJUSTED
		REVENUES:										
1		Metered Water Sales	$ 8,744,774	$ 299,141	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,043,915
2		Water Sales - Unmetered	-	-	-	-	-	-	-	-	-	-
3		Other Operating Revenues	365,946	-	-	-	-	-	-	-	-	365,946
4		Total Revenues	$ 9,110,720	$ 299,141	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,409,861
5												
6		*OPERATING EXPENSES:*										
7	601	Salaries and Wages - Employees	$ 781,051	-	(781,051)	-	-	-	-	-	-	$ -
8	604	Employee Pensions and Benefits	189,983	-	(189,983)	-	-	-	-	-	-	-
9	610	Purchased Water	-	-	-	-	-	-	-	-	-	-
10	615	Purchased Power	554,398	16,603	-	-	-	-	-	-	-	571,001
11	616	Fuel for Power Production	3,505	-	-	-	-	-	-	-	-	3,505
12	618	Chemicals	40,455	1,328	-	-	-	-	-	-	-	41,783
13	620	Materials and Supplies	18,969	-	-	-	-	-	-	-	-	18,969
14	620.08	Materials and Supplies	297,033	-	-	-	-	-	-	-	-	297,033
15	634	Contractual Services - Management Fees	-	-	971,034	-	(36,447)	-	-	-	-	934,587
16	635	Contractual Services - Testing	36,113	-	-	-	-	-	-	-	-	36,113
17	636	Contractual Services - Other	67,911	-	-	-	-	-	-	-	-	67,911
18	641	Rental of Building/Real Property	94,369	-	-	-	-	-	-	-	-	94,369
19	642	Rental of Equipment	7,803	-	-	-	-	-	-	-	-	7,803
20	650	Transportation Expense	45,296	-	-	-	-	-	-	-	-	45,296
21	657	Insurance - General Liability	53,083	-	-	-	-	-	-	-	-	53,083
22	659	Insurance - Other	4,647	-	-	-	-	-	-	-	-	4,647
23	660	Advertising Expense	-	-	-	-	-	-	-	-	-	-
24	667	Rate Case Expense	53,333	-	-	-	-	-	-	-	-	53,333
25	670	Bad Debt Expense	91,107	-	-	-	-	(49,147)	-	-	-	41,960
26	675	Miscellaneous Expense	34,629	-	-	-	-	-	-	-	-	34,629
27	403	Depreciation Expense	3,506,485	-	-	-	-	-	(263,594)		-	3,242,891
28	408	Taxes Other Than Income-Utility Regulatory	15,929	-	-	-	-	-	-	-	-	15,929
29	408.11	Taxes Other Than Income-Property Taxes	-	-	-	-	-	-	-	674,421	-	674,421
30	408.13	Taxes Other Than Income-Other	6,823	-	-	-	-	-	-	-	-	6,823
31	409	Income Taxes	1,238,174	-	-	-	-	-	-	-	(455,288)	782,886
32		Total Operating Expenses	$ 7,141,096	$ 17,931	$ -	$ -	$ (36,447)	$ (49,147)	$ (263,594)	$ 674,421	$ (455,288)	$ 7,028,972
33												
34		Operating Income (Loss)	$ 1,969,624	$ 281,210	$ -	$ -	$ 36,447	$ 49,147	$ 263,594	$ (674,421)	$ 455,288	$ 2,380,889

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Surrebuttal Schedule CSB-9

OPERATING INCOME ADJUSTMENT NO. 1 - REVENUE AND EXPENSE ANNUALIZATION

LINE NO.	Description	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Metered Water Sales - Actual	$ 8,941,756	$ -	$ 8,941,756
2	Unbilled Revenue	102,160	-	102,160
3	Revenue Annualization to Metered Water Sales	(299,141)	299,141	-
4	Total	$ 8,744,775	$ 299,141	$ 9,043,916
5				
6	Purchased Pumping Power - Actual	$ 507,556	$ -	$ 507,556
7	Electrical District No. 3 Rate Increase	63,445	-	63,445
8	Annualization Adjustment to Pumping Power	(16,603)	16,603	-
9		$ 554,398	$ 16,603	$ 571,001
10				
11	Chemicals - Actual	$ 41,783	$ -	$ 41,783
12	Annualization Adjustment to Chemicals	(1,328)	$ 1,328	
13		$ 40,455	$ 1,328	$ 41,783
14				
15	Operating Income	$ 8,149,922	$ 281,210	$ 8,431,132

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

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Surrebuttal Schedule CSB-10

OPERATING INCOME ADJUSTMENT NO. 2 - SALARIES, WAGES, PENSIONS, & BENEFITS

		[A]	[B]	[C]
LINE NO.	Description	COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Salaries and Wage Expense	$ 781,051	$ (781,051)	$ -
2	Pension and Benefits	189,983	$ (189,983)	$ -
3		$ 971,034	$ (971,034)	$ -
4				
5	Contractual Services - Management Fees	$ -	$ 971,034	$ 971,034

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

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Surrebuttal Schedule CSB-11

OPERATING INCOME ADJUSTMENT NO. 3 - MATERIALS AND SUPPLIES, ACCT NO. 620.08

		[A]	[B]	[C]
LINE NO.	DESCRIPTION	COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Materials and Supplies, Acct No 620.08	297,033	$ -	$ 297,033

	Materials and Supplies Acct No. 620.08	
2006	$ 18,487	Company Sch E-2
2007	$ -	Company Sch E-2
2008	$ 297,033	Company Sch E-2
	$ 315,520	
Divided by 3	3	
	$ 105,173	

References:

Column A: Company Schedule C-1 & E-2
Column B: Testimony, CSB; Data Request CSB 15-1
Column C: Column [A] + Column [B]

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Surrebuttal Schedule CSB-12

OPERATING INCOME ADJUSTMENT NO. 4 - CONTRACTUAL SERVICES, MANAGEMENT FEES

		[A]	[B]	[C]
LINE NO.	DESCRIPTION	COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Contractual Services - Management Fees	$ -	$ (36,447)	$ (36,447)
2				
3				
4	Bonuses (Indirect Allocation)	$ -	Data Request Response CSB 2-33	
5	Bonuses (Direct Allocation)	9,822	From Trial Balance	
6	Kitchen Supplies	2,647	From Trial Balance	
7		$ 12,469		
8				
9				
10	Employee Moving & Hiring	$ 1,863	From Trial Balance	
11	Employee Training & Certification	8,268	From Trial Balance	
12	Employee Travel	35,918	From Trial Balance	
13	Employee Meals	1,908	From Trial Balance	
14		47,957		
15	Divided by 2 years	2		
16		$ 23,979		
17				
18	Total (Line 7 + Line 16)	$ 36,447		

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

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Surrebuttal Schedule CSB-13

OPERATING INCOME ADJUSTMENT NO. 5 - BAD DEBT EXPENSE

		[A]	[B]	[C]
LINE NO.	DESCRIPTION	COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Bad Debt Expense	91,107	(49,147)	41,960

References:

Column A: Company Data Request Response CSB 1.26 & RUCO 2.04(e)
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

OPERATING INCOME ADJUSTMENT NO. 6 - DEPRECIATION EXPENSE ON TEST YEAR PLANT

LINE NO.		DESCRIPTION	[A] PLANT In SERVICE Per Staff	[B] NonDepreciable or Fully Depreciated PLANT	[C] DEPRECIABLE PLANT (Col A - Col B)	[D] DEPRECIATION RATE	[E] DEPRECIATION EXPENSE (Col C x Col D)
1	303	Land and Land Rights	$ 44,856	$ (44,856)	$ 89,712	0.00%	$ -
2	304	Structures and Improvements	9,447,338	-	9,447,338	3.33%	314,596
3	306	Lake, River, and Other Intakes	1,855	-	1,855	2.50%	46
4	307	Wells and Springs	3,694,926	-	3,694,926	3.33%	123,041
5	309	Supply Mains	2,086,246	-	2,086,246	2.00%	41,725
6	310	Power Generation Equipment	323,093	-	323,093	5.00%	16,155
7	311	Pumping Equipment	6,353,511	-	6,353,511	12.50%	794,189
8	320	Water Treatment Equipment	12,554	-	12,554	3.33%	418
9	330	Distribution Reservoirs and Standpipes	1,367,063	-	1,367,063	2.22%	30,349
10	331	Transmission and Distribution Mains	44,443,414	-	44,443,414	2.00%	888,868
11	333	Services	4,598,396	-	4,598,396	3.33%	153,127
12	334	Meters and Meter Installations	3,553,579	-	3,553,579	8.33%	296,013
13	335	Hydrants	4,340,566	-	4,340,566	2.00%	86,811
14	336	Backflow Prevention Devices	26,572	-	26,572	6.67%	1,772
15	339	Other Plant and Miscellaneous Equipment	695,109	-	695,109	6.67%	46,364
16	340	Office Furniture and Equipment	504,424	-	504,424	6.67%	33,645
17	341	Transportation Equipment	596,576	-	596,576	20.00%	119,315
18	343	Tools, Shop, and Garage Equipment	65,276	-	65,276	5.00%	3,264
19	344	Laboratory Equipment	107,172	-	107,172	10.00%	10,717
20	345	Power Operated Equipment	60,372	-	60,372	5.00%	3,019
21	346	Communication Equipment	565,936	-	565,936	10.00%	56,594
22	347	Miscellaneous Equipment	80,859	-	80,859	10.00%	8,086
23	348	Other Tangible Equipment	4,783,710	-	4,783,710	10.00%	478,371
24		Total Plant	$ 87,753,403	$ -	$ 87,798,259		$ 3,506,485
25							
29							
30							
31		Composite Depreciation Rate (Depr Exp / Depreciable Plant):			3.99%		
32		CIAC:			$ 6,600,076		
33		Amortization of CIAC (Line 32 x Line 33):			$ 263,594		
34							
		Depreciation Expense Before Amortization of CIAC:			$ 3,506,485		
		Less Amortization of CIAC:			$ 263,594		
		Test Year Depreciation Expense - Staff:			$ 3,242,891		
		Depreciation Expense - Company:			3,506,485		
		Staff's Total Adjustment:			**$ (263,594)**		

References:
Column [A]: Schedule CSB-4
Column [B]: From Column [A]
Column [C]: Column [A] - Column [B]
Column [D]: Engineering Staff Report
Column [E]: Column [C] x Column [D]

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Surrebuttal Schedule CSB-15

OPERATING INCOME ADJUSTMENT NO. 7 - PROPERTY TAX EXPENSE

LINE NO.	Property Tax Calculation	[A] STAFF AS ADJUSTED	[B] STAFF RECOMMENDED
1	Staff Adjusted Test Year Revenues	$ 9,409,861	$ 9,409,861
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	18,819,722	$ 18,819,722
4	Staff Recommended Revenue, Per Schedule CSB-1	9,409,861	$ 10,986,388
5	Subtotal (Line 4 + Line 5)	28,229,583	29,806,110
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	9,409,861	$ 9,935,370
8	Department of Revenue Mutilplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	18,819,722	$ 19,870,740
10	Plus: 10% of CWIP -	2,545,207	2,545,207
11	Less: Net Book Value of Licensed Vehicles	299,641	$ 299,641
12	Full Cash Value (Line 9 + Line 10 - Line 11)	21,065,288	$ 22,116,306
13	Assessment Ratio	21.0%	21.0%
14	Assessment Value (Line 12 * Line 13)	4,423,711	$ 4,644,424
15	Composite Property Tax Rate	15.2456%	15.2456%
			$ -
16	Staff Test Year Adjusted Property Tax (Line 14 * Line 15)	$ 674,421	
17	Company Proposed Property Tax	-	
18	Staff Test Year Adjustment (Line 16-Line 17)	$ 674,421	
19	Property Tax - Staff Recommended Revenue (Line 14 * Line 15)		$ 708,070
20	Staff Test Year Adjusted Property Tax Expense (Line 16)		$ 674,421
21	Increase in Property Tax Expense Due to Increase in Revenue Requirement		$ 33,649
22	Increase to Property Tax Expense		$ 33,649
23	Increase in Revenue Requirement		1,576,527
24	Increase to Property Tax per Dollar Increase in Revenue (Line19/Line 20)		2.134384%

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Surrebuttal Schedule CSB-16

OPERATING INCOME ADJUSTMENT NO. 8 - INCOME TAX EXPENSE

		[A]	[B]	[C]
LINE NO.	DESCRIPTION	COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Income Tax Expense - Test Year	1,238,174	(455,288)	782,886

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

Willow Valley Water Company, Inc.
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Surrebuttal Schedule CSB-1

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	[A] COMPANY ORIGINAL COST	[B] STAFF ORIGINAL COST
1	Adjusted Rate Base	$ 2,251,164	$ 2,251,164
2	Adjusted Operating Income (Loss)	$ (95,459)	$ (88,176)
3	Current Rate of Return (L2 / L1)	-4.24%	-3.92%
4	Required Rate of Return	9.24%	8.20%
5	Required Operating Income (L4 * L1)	$ 208,008	$ 184,595
6	Operating Income Deficiency (L5 - L2)	$ 303,467	$ 272,772
7	Gross Revenue Conversion Factor	1.64509	1.65100
8	Increase (Decrease) In Gross Revenue (L7 * L6)	$ 499,229	$ 450,347
9	Adjusted Test Year Revenue	$ 473,527	$ 473,527
10	Proposed Annual Revenue (L8 + L9)	$ 972,756	$ 923,874
11	Required Increase/Decrease in Revenue (%) (L8/L9)	105.43%	95.10%

References:
Column [A]: Company Schedules A-1, C-1, C-3, & D-1
Column [B]: Staff Schedules CSB-2, CSB-3, & CSB-5

Willow Valley Water Company, Inc.
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Surrebuttal Schedule CSB-2

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
	Calculation of Gross Revenue Conversion Factor:				
1	Revenue	100.0000%			
2	Uncollecible Factor (Line 11)	0.0000%			
3	Revenues (L1 - L2)	100.0000%			
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)	39.4308%			
5	Subtotal (L3 - L4)	60.5692%			
6	**Revenue Conversion Factor (L1 / L5)**	1.651005			
	Calculation of Uncollectible Factor:				
7	Unity	100.0000%			
8	Combined Federal and State Tax Rate (Line 17)	38.5989%			
9	One Minus Combined Income Tax Rate (L7 - L8)	61.4011%			
10	Uncollectible Rate	0.0000%			
11	Uncollectible Factor (L9 * L10)	0.0000%			
	Calculation of Effective Tax Rate:				
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%			
13	Arizona State Income Tax Rate	6.9680%			
14	Federal Taxable Income (L12 - L13)	93.0320%			
15	Applicable Federal Income Tax Rate (Line 53)	34.0000%			
16	Effective Federal Income Tax Rate (L14 x L15)	31.6309%			
17	Combined Federal and State Income Tax Rate (L13 +L16)		38.5989%		
	Calculation of Effective Property Tax Factor				
18	Unity	100.0000%			
19	Combined Federal and State Income Tax Rate (L17)	38.5989%			
20	One Minus Combined Income Tax Rate (L18-L19)	61.4011%			
21	Property Tax Factor (CSB-11, Col B, L24)	1.3549%			
22	Effective Property Tax Factor (L20*L21)		0.8319%		
23	Combined Federal and State Income Tax and Property Tax Rate (L17+L22)			39.4308%	
24	Required Operating Income (Schedule CSB-1, Line 5)	$ 184,595			
25	AdjustedTest Year Operating Income (Loss) (Sch CSB-5, Col C, L34)	(88,176)			
26	Required Increase in Operating Income (L24 - L25)		$ 272,772		
27	Income Taxes on Recommended Revenue (Col. [E], L52)	$ 97,646			
28	Income Taxes on Test Year Revenue (Col. [B], L52)	(73,828)			
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		171,474		
30	Recommended Revenue Requirement (Schedule CSB-1, Line 10)	$ 923,874			
31	Uncollectible Rate (Line 10)	0.0000%			
32	Uncollectible Expense on Recommended Revenue (L30*L31)	$ -			
33	Adjusted Test Year Uncollectible Expense	$ -			
34	Required Increase in Revenue to Provide for Uncollectible Exp. (L32-L33)		-		
35	Property Tax with Recommended Revenue (CSB-11, Col B, L19)	$ 25,012			
36	Property Tax on Test Year Revenue (CSB-11, Col A, L16)	18,910			
37	Increase in Property Tax Due to Increase in Revenue (L35-L36)		6,102		
38	Total Required Increase in Revenue (L26 + L29 + L34 + L37)		$ 450,347		

	Calculation of Income Tax:	Test Year		Staff Recommended
39	Revenue (Schedule CSB-11, Col. [C], Line 5 & Sch. CSB-1, Col. [D] Line	$ 473,527	$ 450,347	$ 923,874
40	Operating Expenses Excluding Income Taxes	$ 635,531	$ 6,102	$ 641,633
41	Synchronized Interest (L56)	$ 29,265		$ 29,265
42	Arizona Taxable Income (L39 - L40 - L41)	$ (191,269)		$ 252,976
43	Arizona State Income Tax Rate	6.9680%		6.9680%
44	Arizona Income Tax (L42 x L43)	$ (13,328)		$ 17,627
45	Federal Taxable Income (L42 - L44)	$ (177,941)		$ 235,349
46	Federal Tax on Income Bracket - Not Used	$ -		$ -
47	Federal Tax on Income Bracket - Not Used	$ -		$ -
48	Federal Tax on Income Bracket - Not Used	$ -		$ -
49	Federal Tax on Income Bracket - Not Used	$ -		$ -
50	Federal Tax on All Income ($0 -$10,000,000) @ 34%	$ (60,500)		$ 80,019
51	Total Federal Income Tax	$ (60,500)		$ 80,019
52	Combined Federal and State Income Tax (L44 + L51)	$ (73,828)		$ 97,646
53	Applicable Federal Income Tax Rate [Col. [C], L51 - Col. [A], L51] / [Col. [C], L45 - Col. [A], L45]			34.0000%
	Calculation of Interest Synchronization:			
54	Rate Base (Schedule CSB-3, Col. (C), Line 14	$ 2,251,164		
55	Weighted Average Cost of Debt	1.3000%		
56	Synchronized Interest (L45 X L46)	$ 29,265		

Willow Valley Water Company, Inc.
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Surrebuttal Schedule CSB-3

RATE BASE - ORIGINAL COST

LINE NO.		(A) COMPANY AS FILED	(B) STAFF ADJUSTMENTS	(C) STAFF AS ADJUSTED
1	Plant in Service	$ 4,016,878	$ -	$ 4,016,878
2	Less: Accumulated Depreciation	(1,228,047)	-	(1,228,047)
3	Net Plant in Service	$ 2,788,831	$ -	$ 2,788,831
	LESS:			
4	Advances in Aid of Construction (AIAC)	$ 618,488	$ -	$ 618,488
5	Service Line and Meter Advances	$ -	$ -	$ -
6	Contributions in Aid of Construction (CIAC)	$ -	$ -	$ -
7	Less: Accumulated Amortization	-	-	-
8	Net CIAC	$ -	-	$ -
9	Total Advances and Contributions	$ 618,488	$ -	$ 618,488
10	Customer Deposits	$ 6,985	$ -	$ 6,985
11	Accumulated Deferred Income Taxes	$ -	$ -	$ -
	ADD:			
12	Deferred Tax Assets	$ 87,806	$ -	$ 87,806
13	Working Capital	$ -	$ -	$ -
14	**Total Rate Base**	$ 2,251,164	$ -	$ 2,251,164

References:
Column [A], Company Schedule B-1, Page 1
Column [B]: Schedule CSB-4
Column [C]: Column [A] + Column [B]

Willow Valley Water Company, Inc.
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Surrebuttal Schedule CSB-4

SUMMARY OF RATE BASE ADJUSTMENTS

LINE NO.	PLANT IN SERVICE	[A]	[B]	[C]
1	Acct. No. Plant Description	COMPANY AS FILED		STAFF AS ADJUSTED
2	303 Land and Land Rights	$ 18,100	$ -	$ 18,100
3	304 Structures and Improvements	197,952	-	197,952
4	306 Lake, River, and Other Intakes	-	-	-
5	307 Wells and Springs	1,622,446	-	1,622,446
6	309 Supply Mains	2,118	-	2,118
7	310 Power Generation Equipment	10,751	-	10,751
8	311 Pumping Equipment	492,405	-	492,405
9	320 Water Treatment Equipment	263,210	-	263;210
10	330 Distribution Reservoirs and Standpipes	265,882	-	265,882
11	331 Transmission and Distribution Mains	620,830	-	620,830
12	333 Services	95,359	-	95,359
13	334 Meters and Meter Installations	220,733	-	220,733
14	335 Hydrants	37,179	-	37,179
15	336 Backflow Prevention Devices	1,024	-	1,024
16	339 Other Plant and Miscellaneous Equipment	19,311	-	19,311
17	340 Office Furniture and Equipment	22,526	-	22,526
18	341 Transportation Equipment	20,846	-	20,846
19	343 Tools, Shop, and Garage Equipment	42,909	-	42,909
20	344 Laboratory Equipment	9,508	-	9,508
21	345 Power Operated Equipment	38,925	-	38,925
22	346 Communication Equipment	2,654	-	2,654
23	347 Miscellaneous Equipment	8,273	-	8,273
24	348 Other Tangible Equipment	3,937	-	3,937
25	Total Plant in Service - Actual	$ 4,016,878	$ -	$ 4,016,878
31	Less: Accumulated Depreciation	$ (1,228,047)	$ -	(1,228,047)
33	Net Plant in Service	$ 2,788,831	$ -	$ 2,788,831
34				
35	*LESS:*			
36	Advances in Aid of Construction (AIAC)	$ 618,488	$ -	$ 618,488
38	Service Line and Meter Advances	$ -	-	$ -
39				
40	Contributions in Aid of Construction (CIAC)	$ -	-	$ -
41	Less: CIAC - Pro Forma	-	-	-
42	Total CIAC - Adjusted	$ -	$ -	$ -
43				
44	Less: Accumulated Amortization	$ -	-	$ -
45	Less: Accumulated Amort - Pro Forma	-	-	-
46		$ -	$ -	$ -
47				
48	Net CIAC	$ -	-	$ -
49				
50	Total Advances and Net Contributions	$ 618,488	-	$ 618,488
51				
52	Customer Deposits	$ 6,985	-	$ 6,985
54	Deferred Tax Liability	$ -	-	$ -
55				
56	*ADD:*			
57	Deferred Tax Asset	$ 87,806	-	$ 87,806
58	Working Capital Allowance	$ -	-	$ -
59	**Total Rate Base**	$ 2,251,164	$ -	$ 2,251,164

Willow Valley Water Company, Inc.
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Surrebuttal Schedule CSB-5

OPERATING INCOME - TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	[A] COMPANY TEST YEAR AS FILED	[B] STAFF TEST YEAR ADJUSTMENTS	ADJ NO.	[C] STAFF TEST YEAR AS ADJUSTED	[D] STAFF PROPOSED CHANGES	[E] STAFF RECOMMENDED
	REVENUES:						
1	Metered Water Sales	$ 453,784	$ -		$ 453,784	$ 450,347	$ 904,131
2	Water Sales - Unmetered	-	-		-		-
3	Other Operating Revenues	19,743	-		19,743	-	19,743
4	**Total Revenues**	$ 473,527	$ -		$ 473,527	$ 450,347	$ 923,874
5							
6	*EXPENSES:*						
7	Salaries and Wages - Employees	$ 226,369	$ (226,369)	1	$ -	$ -	$ -
8	Employee Pensions and Benefits	50,965	(50,965)	1	-		-
9	Purchased Water	-	-		-		-
10	Purchased Power	33,567	-		33,567		33,567
11	Fuel for Power Production	-	-		-		-
12	Chemicals	18,049	-		18,049		18,049
13	Materials and Supplies - Acct No. 620	18,697	-		18,697		18,697
14	Materials and Supplies - Acct No. 620.08	41,492	-	2	41,492		41,492
15	Contractual Services - Management Fees	-	255,962	1,3	255,962		255,962
16	Contractual Services - Testing	5,401	-		5,401		5,401
17	Contractual Services - Other	12,787	-		12,787		12,787
18	Rental of Building/Real Property	9,185	-		9,185		9,185
19	Rental of Equipment	-	-		-		-
20	Transportation Expense	13,076	-		13,076		13,076
21	Insurance - General Liability	5,119	-		5,119		5,119
22	Insurance - Other	1,072	-		1,072		1,072
23	Advertising Expense	-	-		-		-
24	Rate Case Expense	5,333	-		5,333		5,333
25	Bad Debt Expense	4,735	(3,948)	4	787		787
26	Miscellaneous Expense	10,257	-		10,257		10,257
27	Depreciation Expense	185,697	-		185,697		185,697
28	Taxes Other Than Income-Utility Regulatory	140	-		140		140
29	Taxes Other Than Income-Property Taxes	-	18,910	5	18,910	6,102	25,012
30	Taxes Other Than Income-Other	-	-		-		-
31	Income Taxes	(72,955)	(873)	6	(73,828)	171,474	97,646
32	**Total Operating Expenses**	$ 568,986	$ (7,283)		$ 561,703	$ 177,576	$ 739,279
33							
34	**Operating Income (Loss)**	$ (95,459)	$ 7,283		$ (88,176)	$ 272,772	$ 184,595

References:
Column (A): Company Schedule C-1, Page 2
Column (B): Schedule CSB-8
Column (C): Column (A) + Column (B)
Column (D): Schedules CSB-1 and CSB-2
Column (E): Column (C) + Column (D)

Willow Valley Water Company, Inc.
Docket No. W-01732A-09-0079
Test Year Ended December 31, 2008

Surrebuttal Schedule CSB-6

SUMMARY OF OPERATING INCOME ADJUSTMENTS - TEST YEAR

LINE NO.	ACCT NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] ADJ #1 Salaries, Wages Pensions, & Benefits Ref: Sch CSB-7	[C] ADJ #2 Materials & Supplies Acct No. 620.08 Ref: Sch CSB-8	[D] ADJ #3 Contract Services Management Fees Ref: Sch CSB-9	[E] ADJ #4 Bad Debt Expense Ref: Sch CSB-10	[F] ADJ #5 Property Tax Exp Ref: Sch CSB-11	[G] ADJ #6 Income Tax Expense Ref: Sch CSB-12	[H] STAFF ADJUSTED
		REVENUES:								
1		Metered Water Sales	$ 453,784	$ -	$ -	$ -	$ -	$ -	$ -	$ 453,784
2		Water Sales - Unmetered	-	-	-	-	-	-	-	-
3		Other Operating Revenues	19,743	-	-	-	-	-	-	19,743
4		Total Revenues	$ 473,527	$ -	$ -	$ -	$ -	$ -	$ -	$ 473,527
5										
6		*OPERATING EXPENSES:*								
7	601	Salaries and Wages - Employees	$ 226,369	(226,369)	-	-	-	-	-	-
8	604	Employee Pensions and Benefits	50,965	(50,965)	-	-	-	-	-	-
9	610	Purchased Water	-	-	-	-	-	-	-	-
10	615	Purchased Power	33,567	-	-	-	-	-	-	33,567
11	616	Fuel for Power Production	-	-	-	-	-	-	-	-
12	618	Chemicals	18,049	-	-	-	-	-	-	18,049
13	620	Materials and Supplies	18,697	-	-	-	-	-	-	18,697
14	620.08	Materials and Supplies	41,492	-	-	-	-	-	-	41,492
15	634	Contractual Services - Management Fees	-	277,334	-	(21,372)	-	-	-	255,962
16	635	Contractual Services - Testing	5,401	-	-	-	-	-	-	5,401
17	636	Contractual Services - Other	12,787	-	-	-	-	-	-	12,787
18	641	Rental of Building/Real Property	9,185	-	-	-	-	-	-	9,185
19	642	Rental of Equipment	-	-	-	-	-	-	-	-
20	650	Transportation Expense	13,076	-	-	-	-	-	-	13,076
21	657	Insurance - General Liability	5,119	-	-	-	-	-	-	5,119
22	659	Insurance - Other	1,072	-	-	-	-	-	-	1,072
23	660	Advertising Expense	-	-	-	-	-	-	-	-
24	667	Rate Case Expense	5,333	-	-	-	-	-	-	5,333
25	670	Bad Debt Expense	4,735	-	-	-	(3,948)	-	-	787
26	675	Miscellaneous Expense	10,257	-	-	-	-	-	-	10,257
27	403	Depreciation Expense	185,697	-	-	-	-	-	-	185,697
28	408	Taxes Other Than Income-Utility Regulatory	140	-	-	-	-	-	-	140
29	408.11	Taxes Other Than Income-Property Taxes	-	-	-	-	-	18,910	-	18,910
30	408.13	Taxes Other Than Income-Other	-	-	-	-	-	-	-	-
31	409	Income Taxes	(72,955)	-	-	-	-	-	(873)	(73,828)
32		**Total Operating Expenses**	$ 568,986	$ -	$ -	$ (21,372)	$ (3,948)	$ 18,910	$ (873)	$ 561,703
33										
34		**Operating Income (Loss)**	$ (95,459)	$ -	$ -	$ 21,372	$ 3,948	$ (18,910)	$ 873	$ (88,176)

Willow Valley Water Company, Inc.
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Surrebuttal Schedule CSB-7

OPERATING INCOME ADJUSTMENT NO. 1 - SALARIES, WAGES, PENSIONS, & BENEFITS

LINE NO.	Description	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Salaries and Wage Expense	$ 226,369	$ (226,369)	$ -
2	Pension and Benefits	50,965	$ (50,965)	$ -
3		$ 277,334	$ (277,334)	$ -
4				
5	Contractual Services - Management Fees	$ -	$ 277,334	$ 277,334

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

Willow Valley Water Company, Inc.
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Surrebuttal Schedule CSB-8

OPERATING INCOME ADJUSTMENT NO. 2 - MATERIALS AND SUPPLIES, ACCT NO. 620.08

		[A]	[B]	[C]
LINE NO.	DESCRIPTION	COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Materials and Supplies, Acct No 620.08	41,492	$ -	$ 41,492
2				
3				
4			Materials and	
5			Supplies	
6			Acct No. 620.08	
7		2006	$ 17,706	Company Sch E-2
8		2007	$ -	Company Sch E-2
9		2008	$ 41,492	Company Sch E-2
10			$ 59,198	
11		Divided by 3	3	
12			$ 19,733	

References:

Column A: Company Schedule C-1 & E-2
Column B: Testimony, CSB; Data Request CSB 15-1
Column C: Column [A] + Column [B]

Willow Valley Water Company, Inc.
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Surrebuttal Schedule CSB-9

OPERATING INCOME ADJUSTMENT NO. 3 - CONTRACTUAL SERVICES, MANAGEMENT FEES

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Contractual Services - Management Fees	$ -	$ (21,372)	$ (21,372)
2				
3				
4	Bonuses (Direct Allocation)	13,358	From Trial Balance	
5	Kitchen Supplies	851	From Trial Balance	
6		$ 14,209		
7				
8	Employee Moving & Hiring	$ 314	From Trial Balance	
9	Employee Training & Certification	894	From Trial Balance	
10	Employee Travel	11,471	From Trial Balance	
11	Employee Meals	1,647	From Trial Balance	
12		14,326		
13	Divided by 2 years	2		
14		$ 7,163		
15				
16	Total (Line 6 + Line 14)	$ 21,372		

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB; Data Request CSB 2-30
Column C: Column [A] + Column [B]

Willow Valley Water Company, Inc.
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Surrebuttal Schedule CSB-10

OPERATING INCOME ADJUSTMENT NO. 4 - BAD DEBT EXPENSE

		[A]	[B]	[C]
LINE NO.	DESCRIPTION	COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	*Bad Debt Expense*	4,735	(3,948)	787

References:

Column A: Company Data Request Response CSB 1.26 & RUCO 2.04(e)
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

Willow Valley Water Company, Inc.
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Surrebuttal Schedule CSB-11

OPERATING INCOME ADJUSTMENT No. 5 - Property Tax Expense

LINE NO.	Property Tax Calculation	[A] STAFF AS ADJUSTED	[B] STAFF RECOMMENDED
1	Staff Adjusted Test Year Revenues	$ 473,527	$ 473,527
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	947,054	$ 947,054
4	Staff Recommended Revenue, Per Schedule CSB-1	473,527	$ 923,874
5	Subtotal (Line 4 + Line 5)	1,420,581	1,870,928
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	473,527	$ 623,643
8	Department of Revenue Mutilplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	947,054	$ 1,247,286
10	Plus: 10% of CWIP -	47	47
11	Less: Net Book Value of Licensed Vehicles	16,677	$ 16,677
12	Full Cash Value (Line 9 + Line 10 - Line 11)	930,424	$ 1,230,656
13	Assessment Ratio	21.0%	21.0%
14	Assessment Value (Line 12 * Line 13)	195,389	$ 258,438
15	Composite Property Tax Rate	9.6781%	9.6781%
			$ -
16	Staff Test Year Adjusted Property Tax (Line 14 * Line 15)	$ 18,910	
17	Company Proposed Property Tax	-	
18	Staff Test Year Adjustment (Line 16-Line 17)	$ 18,910	
19	Property Tax - Staff Recommended Revenue (Line 14 * Line 15)		$ 25,012
20	Staff Test Year Adjusted Property Tax Expense (Line 16)		$ 18,910
21	Increase in Property Tax Expense Due to Increase in Revenue Requirement		$ 6,102
22	Increase to Property Tax Expense		$ 6,102
23	Increase in Revenue Requirement		450,347
24	Increase to Property Tax per Dollar Increase in Revenue (Line19/Line 20)		1.354934%

Willow Valley Water Company, Inc.
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Surrebuttal Schedule CSB-12

OPERATING INCOME ADJUSTMENT NO. 6 - INCOME TAX EXPENSE

		[A]	[B]	[C]
LINE NO.	DESCRIPTION	COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Income Tax Expense - Test Year	(72,955)	(873)	(73,828)

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

Valencia Water Company - Town Division
Docket No. W-01212A-09-0082
Test Year Ended December 31, 2008

Surrebuttal Schedule CSB-1

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	[A] COMPANY ORIGINAL COST	[B] STAFF ORIGINAL COST
1	Adjusted Rate Base	$ 4,240,018	$ 4,240,018
2	Adjusted Operating Income (Loss)	$ (601,944)	$ (548,346)
3	Current Rate of Return (L2 / L1)	-14.20%	-12.93%
4	Required Rate of Return	9.56%	8.70%
5	Required Operating Income (L4 * L1)	$ 405,346	$ 368,882
6	Operating Income Deficiency (L5 - L2)	$ 1,007,290	$ 917,227
7	Gross Revenue Conversion Factor	1.64509	1.65332
8	Increase (Decrease) In Gross Revenue (L7 * L6)	$ 1,657,078	$ 1,516,475
9	Adjusted Test Year Revenue	$ 2,894,421	$ 3,037,462
10	Proposed Annual Revenue (L8 + L9)	$ 4,551,499	$ 4,553,937
11	Required Increase/Decrease in Revenue (%) (L8/L9)	57.25%	49.93%

References:
Column [A]: Company Schedules A-1, C-1, C-3, & D-1
Column [B]: Staff Schedules CSB-2, CSB-3, & CSB-5

Valencia Water Company - Town Division
Docket No. W-01212A-09-0082
Test Year Ended December 31, 2008

Surrebuttal Schedule CSB-2

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
	Calculation of Gross Revenue Conversion Factor:				
1	Revenue	100.0000%			
2	Uncollecible Factor (Line 11)	0.0000%			
3	Revenues (L1 - L2)	100.0000%			
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)	39.5158%			
5	Subtotal (L3 - L4)	60.4842%			
6	**Revenue Conversion Factor (L1 / L5)**	1.653325			
	Calculation of Uncollectible Factor:				
7	Unity	100.0000%			
8	Combined Federal and State Tax Rate (Line 17)	38.5989%			
9	One Minus Combined Income Tax Rate (L7 - L8)	61.4011%			
10	Uncollectible Rate	0.0000%			
11	Uncollectible Factor (L9 * L10)	0.0000%			
	Calculation of Effective Tax Rate:				
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%			
13	Arizona State Income Tax Rate	6.9680%			
14	Federal Taxable Income (L12 - L13)	93.0320%			
15	Applicable Federal Income Tax Rate (Line 53)	34.0000%			
16	Effective Federal Income Tax Rate (L14 x L15)	31.6309%			
17	Combined Federal and State Income Tax Rate (L13 +L16)		38.5989%		
	Calculation of Effective Property Tax Factor				
18	Unity	100.0000%			
19	Combined Federal and State Income Tax Rate (L17)	38.5989%			
20	One Minus Combined Income Tax Rate (L18-L19)	61.4011%			
21	Property Tax Factor (CSB-12, Col B, L24)	1.4933%			
22	Effective Property Tax Factor (L20*L21)		0.9169%		
23	Combined Federal and State Income Tax and Property Tax Rate (L17+L22)			39.5158%	
24	Required Operating Income (Schedule CSB-1, Line 5)	$ 368,882			
25	AdjustedTest Year Operating Income (Loss) (Schedule CSB-5, Col C, L 34)	(548,346)			
26	Required Increase in Operating Income (L24 - L25)		$ 917,227		
27	Income Taxes on Recommended Revenue (Col. [C], L52)	$ 173,252			
28	Income Taxes on Test Year Revenue (Col. [B], L52)	(403,349)			
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		576,601		
30	Recommended Revenue Requirement (Schedule CSB-1, Line 10)	$ 4,553,937			
31	Uncollectible Rate (Line 10)	0.0000%			
32	Uncollectible Expense on Recommended Revenue (L30*L31)	$ -			
33	Adjusted Test Year Uncollectible Expense	$ -			
34	Required Increase in Revenue to Provide for Uncollectible Exp. (L32-L33)		-		
35	Property Tax with Recommended Revenue (CSB-12, Col B, L19)	$ 165,882			
36	Property Tax on Test Year Revenue (CSB-12, Col A, L16)	143,236			
37	Increase in Property Tax Due to Increase in Revenue (L35-L36)		22,646		
38	Total Required Increase in Revenue (L26 + L29 + L34 + L37)		$ 1,516,475		

		Test Year		Staff Recommended
	Calculation of Income Tax:			
39	Revenue (Schedule CSB-5)	$ 3,037,462	$ 1,516,475	$ 4,553,937
40	Operating Expenses Excluding Income Taxes	$ 3,989,156	$ 22,646	$ 4,011,803
41	Synchronized Interest (L56)	$ 93,280		$ 93,280
42	Arizona Taxable Income (L39 - L40 - L41)	$ (1,044,975)		$ 448,854
43	Arizona State Income Tax Rate	6.9680%		6.9680%
44	Arizona Income Tax (L42 x L43)	$ (72,814)		$ 31,276
45	Federal Taxable Income (L42 - L44)	$ (972,161)		$ 417,578
46	Federal Tax on Income Bracket - Not Used	$ -		$ -
47	Federal Tax on Income Bracket - Not Used	$ -		$ -
48	Federal Tax on Income Bracket - Not Used	$ -		$ -
49	Federal Tax on Income Bracket - Not Used	$ -		$ -
50	Federal Tax on All Income ($0 -$10,000,000) @ 34%	$ (330,535)		$ 141,976
51	Total Federal Income Tax	$ (330,535)		$ 141,976
52	Combined Federal and State Income Tax (L44 + L51)	$ (403,349)		$ 173,252
53	Applicable Federal Income Tax Rate [Col. [C], L51 - Col. [A], L51] / [Col. [C], L45 - Col. [A], L45]			34.0000%
	Calculation of Interest Synchronization:			
54	Rate Base (Schedule CSB-3, Col. (C), Line 14	$ 4,240,018		
55	Weighted Average Cost of Debt	2.2000%		
56	Synchronized Interest (L45 X L46)	$ 93,280		

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Surrebuttal Schedule CSB-3

RATE BASE - ORIGINAL COST

LINE NO.		(A) COMPANY AS FILED	(B) STAFF ADJUSTMENTS	(C) STAFF AS ADJUSTED
1	Plant in Service	$ 45,877,421	$ -	$ 45,877,421
2	Less: Accumulated Depreciation	(3,071,499)	-	(3,071,499)
3	Net Plant in Service	$ 42,805,922	$ -	$ 42,805,922
	LESS:			
4	Advances in Aid of Construction (AIAC)	$ 37,992,781	$ -	$ 37,992,781
5	Service Line and Meter Advances	$ -	$ -	$ -
6	Contributions in Aid of Construction (CIAC)	$ 890,221	$ -	$ 890,221
7	Less: Accumulated Amortization	98,283	-	98,283
8	Net CIAC	$ 791,938	-	$ 791,938
9	Total Advances and Contributions	$ 38,784,719	$ -	$ 38,784,719
10	Customer Deposits	$ 162,132	$ -	$ 162,132
11	Accumulated Deferred Income Taxes	$ -	$ -	$ -
	ADD:			
12	Deferred Tax Assets	$ 380,947	$ -	$ 380,947
13	Working Capital	$ -	$ -	$ -
14	**Total Rate Base**	$ 4,240,018	$ -	$ 4,240,018

References:
Column [A], Company Schedule B-1, Page 1
Column [B]: Schedule CSB-4
Column [C]: Column [A] + Column [B]

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Surrebuttal Schedule CSB-4

SUMMARY OF RATE BASE ADJUSTMENTS

LINE NO.	PLANT IN SERVICE		[A]	[B]	[C]
1	Acct. No.	Plant Description	COMPANY AS FILED		STAFF AS ADJUSTED
2	303	Land and Land Rights	$ 148,446	$ -	$ 148,446
3	304	Structures and Improvements	945,383	-	945,383
4	306	Lake, River, and Other Intakes	-	-	-
5	307	Wells and Springs	775,544	-	775,544
6	309	Supply Mains	-	-	-
7	310	Power Generation Equipment	20,612	-	20,612
8	311	Pumping Equipment	7,803,214	-	7,803,214
9	320	Water Treatment Equipment	3,892,532	-	3,892,532
10	330	Distribution Reservoirs and Standpipes	3,439,680	-	3,439,680
11	331	Transmission and Distribution Mains	19,407,008	-	19,407,008
12	333	Services	2,795,075	-	2,795,075
13	334	Meters and Meter Installations	1,562,332	-	1,562,332
14	335	Hydrants	1,900,270	-	1,900,270
15	336	Backflow Prevention Devices	12,674	-	12,674
16	339	Other Plant and Miscellaneous Equipment	114,439	-	114,439
17	340	Office Furniture and Equipment	46,206	-	46,206
18	341	Transportation Equipment	275,038	-	275,038
19	343	Tools, Shop, and Garage Equipment	90,582	-	90,582
20	344	Laboratory Equipment	42,171	-	42,171
21	345	Power Operated Equipment	55,588	-	55,588
22	346	Communication Equipment	20,584	-	20,584
23	347	Miscellaneous Equipment	15,371	-	15,371
24	348	Other Tangible Equipment	2,514,672	-	2,514,672
25	Total Plant in Service - Actual		$ 45,877,421	$ -	$ 45,877,421
31	Less: Accumulated Depreciation		$ (3,071,499)	$ -	(3,071,499)
33	Net Plant in Service		$ 42,805,922	$ -	$ 42,805,922
35	*LESS:*				
36	Advances in Aid of Construction (AIAC)		$ 37,992,781	$ -	$ 37,992,781
38	Service Line and Meter Advances		$ -	-	$ -
40	Contributions in Aid of Construction (CIAC)		$ 890,221	-	$ 890,221
41	Less: CIAC - Pro Forma		-	-	-
42	Total CIAC - Adjusted		$ 890,221	$ -	$ 890,221
44	Less: Accumulated Amortization		$ 98,283	-	$ 98,283
45	Less: Accumulated Amort - Pro Forma		-	-	-
46			$ 98,283	$ -	$ 98,283
48	Net CIAC		$ 791,938	-	$ 791,938
50	Total Advances and Net Contributions		$ 38,784,719	-	$ 38,784,719
52	Customer Deposits		$ 162,132	-	$ 162,132
54	Deferred Tax Liability		$ -	-	$ -
56	*ADD:*				
57	Deferred Tax Asset		$ 380,947	-	$ 380,947
58	Working Capital Allowance		$ -	-	$ -
59	**Total Rate Base**		$ 4,240,018	$ -	$ 4,240,018

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Surrebuttal Schedule CSB-5

OPERATING INCOME - TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	[A] COMPANY TEST YEAR AS FILED	[B] STAFF TEST YEAR ADJUSTMENTS	ADJ NO.	[C] STAFF TEST YEAR AS ADJUSTED	[D] STAFF PROPOSED CHANGES	[E] STAFF RECOMMENDED
	REVENUES:						
1	Metered Water Sales	$ 2,659,938	$ 143,041	1	$ 2,802,979	$ 1,516,475	$ 4,319,454
2	Water Sales - Unmetered	-	-		-		-
3	Other Operating Revenues	234,483	-		234,483	-	234,483
4	**Total Revenues**	$ 2,894,421	$ 143,041		$ 3,037,462	$ 1,516,475	$ 4,553,937
5							
6	*EXPENSES:*						
7	Salaries and Wages - Employees	$ 670,808	$ (670,808)	2	$ -	$ -	$ -
8	Employee Pensions and Benefits	143,080	(143,080)	2	-		-
9	Purchased Water	-	-		-		-
10	Purchased Power	291,613	16,356	1	307,969		307,969
11	Fuel for Power Production	-	-		-		-
12	Chemicals	143,618	8,519	1	152,137		152,137
13	Materials and Supplies - Acct No. 620	31,821	-		31,821		31,821
14	Materials and Supplies - Acct No. 620.08	128,737	-	3	128,737		128,737
15	Contractual Services - Management Fees	-	758,573	2,4	758,573		758,573
16	Contractual Services - Testing	33,729	-		33,729		33,729
17	Contractual Services - Other	41,898	-		41,898		41,898
18	Rental of Building/Real Property	37,473	-		37,473		37,473
19	Rental of Equipment	4,239	-		4,239		4,239
20	Transportation Expense	67,812	-		67,812		67,812
21	Insurance - General Liability	17,098	-		17,098		17,098
22	Insurance - Other	3,336	-		3,336		3,336
23	Advertising Expense	-	-		-		-
24	Rate Case Expense	18,667	-		18,667		18,667
25	Bad Debt Expense	28,944	(22,527)	5	6,417		6,417
26	Miscellaneous Expense	28,042	-		28,042		28,042
27	Depreciation Expense	2,199,986	-		2,199,986		2,199,986
28	Taxes Other Than Income-Utility Regulatory	5,885	-		5,885		5,885
29	Taxes Other Than Income-Property Taxes	-	143,236	6	143,236	22,646	165,882
30	Taxes Other Than Income-Other	2,101	-		2,101		2,101
31	Income Taxes	(402,522)	(827)	7	(403,349)	576,601	173,252
32	**Total Operating Expenses**	$ 3,496,365	$ 89,443		$ 3,585,808	$ 599,247	$ 4,185,055
33							
34	**Operating Income (Loss)**	$ (601,944)	$ 53,598		$ (548,346)	$ 917,227	$ 368,882

References:
Column (A): Company Schedule C-1, Page 2
Column (B): Schedule CSB-8
Column (C): Column (A) + Column (B)
Column (D): Schedules CSB-1 and CSB-2
Column (E): Column (C) + Column (D)

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Surrebuttal Schedule CSB-6

SUMMARY OF OPERATING INCOME ADJUSTMENTS - TEST YEAR

LINE NO.	ACCT NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] ADJ #1 Revenue and Expense Annualization Ref: Sch CSB-7	[C] ADJ #2 Salaries, Wages Pensions, & Benefits Ref: Sch CSB-8	[D] ADJ #3 Materials & Supplies Acct No. 620.08 Ref: Sch CSB-9	[F] ADJ #4 Contract Srvcs Management Fees Ref: Sch CSB-10	[G] ADJ #5 Bad Debt Expense Ref: Sch CSB-11	[H] ADJ #6 Property Tax Exp Ref: Sch CSB-12	[I] ADJ #7 Income Tax Expense Ref: Sch CSB-13	[J] STAFF ADJUSTED
		REVENUES:									
1		Metered Water Sales	$ 2,659,938	$ 143,041	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,802,979
2		Water Sales - Unmetered	-	-	-	-	-	-	-	-	-
3		Other Operating Revenues	234,483	-	-	-	-	-	-	-	234,483
4		**Total Revenues**	$ 2,894,421	$ 143,041	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,037,462
5											
6		*OPERATING EXPENSES:*									
7	601	Salaries and Wages - Employees	$ 670,808	-	(670,808)	-	-	-	-	-	$ -
8	604	Employee Pensions and Benefits	143,080	-	(143,080)	-	-	-	-	-	-
9	610	Purchased Water	-	-	-	-	-	-	-	-	-
10	615	Purchased Power	291,613	16,356	-	-	-	-	-	-	307,969
11	616	Fuel for Power Production	-	-	-	-	-	-	-	-	-
12	618	Chemicals	143,618	8,519	-	-	-	-	-	-	152,137
13	620	Materials and Supplies	31,821	-	-	-	-	-	-	-	31,821
14	620.08	Materials and Supplies	128,737	-	-	-	-	-	-	-	128,737
15	634	Contractual Services - Management Fees	-	-	813,888	-	(55,315)	-	-	-	758,573
16	635	Contractual Services - Testing	33,729	-	-	-	-	-	-	-	33,729
17	636	Contractual Services - Other	41,898	-	-	-	-	-	-	-	41,898
18	641	Rental of Building/Real Property	37,473	-	-	-	-	-	-	-	37,473
19	642	Rental of Equipment	4,239	-	-	-	-	-	-	-	4,239
20	650	Transportation Expense	67,812	-	-	-	-	-	-	-	67,812
21	657	Insurance - General Liability	17,098	-	-	-	-	-	-	-	17,098
22	659	Insurance - Other	3,336	-	-	-	-	-	-	-	3,336
23	660	Advertising Expense	-	-	-	-	-	-	-	-	-
24	667	Rate Case Expense	18,667	-	-	-	-	-	-	-	18,667
25	670	Bad Debt Expense	28,944	-	-	-	-	(22,527)	-	-	6,417
26	675	Miscellaneous Expense	28,042	-	-	-	-	-	-	-	28,042
27	403	Depreciation Expense	2,199,986	-	-	-	-	-	-	-	2,199,986
28	408	Taxes Other Than Income-Utility Regulatory	5,885	-	-	-	-	-	-	-	5,885
29	408.11	Taxes Other Than Income-Property Taxes	-	-	-	-	-	-	143,236	-	143,236
30	408.13	Taxes Other Than Income-Other	2,101	-	-	-	-	-	-	-	2,101
31	409	Income Taxes	(402,522)	-	-	-	-	-	-	(827)	(403,349)
32		**Total Operating Expenses**	$ 3,496,365	$ 24,875	$ -	$ -	$ (55,315)	$ (22,527)	$ 143,236	$ (827)	$ 3,585,808
33											
34		Operating Income (Loss)	$ (601,944)	$ 118,166	$ -	$ -	$ 55,315	$ 22,527	$ (143,236)	$ 827	$ (548,346)

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Surrebuttal Schedule CSB-7

OPERATING INCOME ADJUSTMENT NO. 1 - REVENUE AND EXPENSE ANNUALIZATION

LINE NO.	Description	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Metered Water Sales - Actual	$ 2,805,048	$ -	$ 2,805,048
2	Unbilled Revenue	(2,069)	-	(2,069)
3	Revenue Annualization to Metered Water Sales	(143,041)	143,041	-
4	Total	$ 2,659,938	$ 143,041	$ 2,802,979
5				
6	Purchased Pumping Power - Actual	$ 297,842	$ -	$ 297,842
7	APS Interim Rate Increase	10,127	-	10,127
8	Annualization Adjustment to Pumping Power	(16,356)	16,356	-
9		$ 291,613	$ 16,356	$ 307,969
10				
11	Chemicals - Actual	$ 152,137	$ -	$ 152,137
12	Annualization Adjustment to Chemicals	(8,519)	$ 8,519	
13		$ 143,618	$ 8,519	$ 152,137
14				
15	Operating Income	$ 2,224,707	$ 118,166	$ 2,342,873

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

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Surrebuttal Schedule CSB-8

OPERATING INCOME ADJUSTMENT NO. 2 - SALARIES, WAGES, PENSIONS, & BENEFITS

		[A]	[B]	[C]
LINE NO.	Description	COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Salaries and Wage Expense	$ 670,808	$ (670,808)	$ -
2	Pension and Benefits	143,080	$ (143,080)	$ -
3		$ 813,888	$ (813,888)	$ -
4				
5	Contractual Services - Management Fees	$ -	$ 813,888	$ 813,888

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

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Surrebuttal Schedule CSB-9

OPERATING INCOME ADJUSTMENT NO. 3 - MATERIALS AND SUPPLIES, ACCT NO. 620.08

		[A]	[B]	[C]
LINE NO.	DESCRIPTION	COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Materials and Supplies, Acct No 620.08	128,737	$ -	$ 128,737
2				
3				
4			Materials and	
5			Supplies	
6			Acct No. 620.08	
7		2006	$ 48,296	Company Sch E-2
8		2007	$ -	Company Sch E-2
9		2008	$ 128,737	Company Sch E-2
10			$ 177,033	
11		Divided by 3	3	
12			$ 59,011	

References:

Column A: Company Schedule C-1 & E-2
Column B: Testimony, CSB; Data Request CSB 15-1
Column C: Column [A] + Column [B]

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Surrebuttal Schedule CSB-10

OPERATING INCOME ADJUSTMENT NO. 4 - CONTRACTUAL SERVICES, MANAGEMENT FEES

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Contractual Services - Management Fees	$ -	$ (55,315)	$ (55,315)
2				
3				
4				
5	Bonuses (Indirect Allocation)	$ -	Data Request Response CSB 2-30	
6	Bonuses (Direct Allocation)	18,577	From Trial Balance	
7	Kitchen Supplies	3,624	From Trial Balance	
8		$ 22,202		
9				
10	Employee Moving & Hiring	$ 402	From Trial Balance	
11	Employee Training & Certification	7,050	From Trial Balance	
12	Employee Travel	54,000	From Trial Balance	
13	Employee Meals	4,774	From Trial Balance	
14		66,226		
15	Divided by 2 years	2		
16		$ 33,113		
17				
18	Total (Line 8 + Line 16)	$ 55,315		

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB; Data Request CSB 2-30
Column C: Column [A] + Column [B]

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Surrebuttal Schedule CSB-11

OPERATING INCOME ADJUSTMENT NO. 5 - BAD DEBT EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Bad Debt Expense	28,944	(22,527)	6,417

References:

Column A: Company Data Request Response CSB 1.26 & RUCO 2.04(e)
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

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Surrebuttal Schedule CSB-12

OPERATING INCOME ADJUSTMENT NO. 6 - PROPERTY TAX EXPENSE

LINE NO.	Property Tax Calculation	[A] STAFF AS ADJUSTED	[B] STAFF RECOMMENDED
1	Staff Adjusted Test Year Revenues	$ 3,037,462	$ 3,037,462
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	6,074,924	$ 6,074,924
4	Staff Recommended Revenue, Per Schedule CSB-1	3,037,462	$ 4,553,937
5	Subtotal (Line 4 + Line 5)	9,112,386	10,628,861
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	3,037,462	$ 3,542,954
8	Department of Revenue Mutilplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	6,074,924	$ 7,085,907
10	Plus: 10% of CWIP -	415,844	415,844
11	Less: Net Book Value of Licensed Vehicles	96,323	$ 96,323
12	Full Cash Value (Line 9 + Line 10 - Line 11)	6,394,445	$ 7,405,428
13	Assessment Ratio	21.0%	21.0%
14	Assessment Value (Line 12 * Line 13)	1,342,833	$ 1,555,140
15	Composite Property Tax Rate	10.6667%	10.6667%
			$ -
16	Staff Test Year Adjusted Property Tax (Line 14 * Line 15)	$ 143,236	
17	Company Proposed Property Tax	-	
18	Staff Test Year Adjustment (Line 16-Line 17)	$ 143,236	
19	Property Tax - Staff Recommended Revenue (Line 14 * Line 15)		$ 165,882
20	Staff Test Year Adjusted Property Tax Expense (Line 16)		$ 143,236
21	Increase in Property Tax Expense Due to Increase in Revenue Requirement		$ 22,646
22	Increase to Property Tax Expense		$ 22,646
23	Increase in Revenue Requirement		1,516,475
24	Increase to Property Tax per Dollar Increase in Revenue (Line19/Line 20)		1.493338%

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Surrebuttal Schedule CSB-13

OPERATING INCOME ADJUSTMENT NO. 7 - INCOME TAX EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Income Tax Expense - Test Year	(402,522)	(827)	(403,349)

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

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Surrebuttal Schedule CSB-1

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	[A] COMPANY ORIGINAL COST	[B] STAFF ORIGINAL COST
1	Adjusted Rate Base	$ 929,057	$ 929,057
2	Adjusted Operating Income (Loss)	$ (4,402)	$ 24,609
3	Current Rate of Return (L2 / L1)	-0.47%	2.65%
4	Required Rate of Return	9.72%	8.10%
5	Required Operating Income (L4 * L1)	$ 90,304	$ 75,254
6	Operating Income Deficiency (L5 - L2)	$ 94,706	$ 50,644
7	Gross Revenue Conversion Factor	1.64509	1.65286
8	Increase (Decrease) In Gross Revenue (L7 * L6)	$ 155,800	$ 83,708
9	Adjusted Test Year Revenue	$ 336,819	$ 380,474
10	Proposed Annual Revenue (L8 + L9)	$ 492,619	$ 464,182
11	Required Increase/Decrease in Revenue (%) (L8/L9)	46.26%	22.00%

References:
Column [A]: Company Schedules A-1, C-1, C-3, & D-1
Column [B]: Staff Schedules CSB-2, CSB-3, & CSB-5

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Surrebuttal Schedule CSB-2

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
	Calculation of Gross Revenue Conversion Factor:				
1	Revenue	100.0000%			
2	Uncollecible Factor (Line 11)	0.0000%			
3	Revenues (L1 - L2)	100.0000%			
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)	39.4988%			
5	Subtotal (L3 - L4)	60.5012%			
6	**Revenue Conversion Factor (L1 / L5)**	1.652861			
	Calculation of Uncollectible Factor:				
7	Unity	100.0000%			
8	Combined Federal and State Tax Rate (Line 17)	38.5989%			
9	One Minus Combined Income Tax Rate (L7 - L8)	61.4011%			
10	Uncollectible Rate	0.0000%			
11	Uncollectible Factor (L9 * L10)	0.0000%			
	Calculation of Effective Tax Rate:				
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%			
13	Arizona State Income Tax Rate	6.9680%			
14	Federal Taxable Income (L12 - L13)	93.0320%			
15	Applicable Federal Income Tax Rate (Line 53)	34.0000%			
16	Effective Federal Income Tax Rate (L14 x L15)	31.6309%			
17	Combined Federal and State Income Tax Rate (L13 +L16)		38.5989%		
	Calculation of Effective Property Tax Factor				
18	Unity	100.0000%			
19	Combined Federal and State Income Tax Rate (L17)	38.5989%			
20	One Minus Combined Income Tax Rate (L18-L19)	61.4011%			
21	Property Tax Factor (CSB-13, Col. B, L24)	1.4657%			
22	Effective Property Tax Factor (L20*L21)		0.9000%		
23	Combined Federal and State Income Tax and Property Tax Rate (L17+L22)			39.4988%	
24	Required Operating Income (Schedule CSB-1, Line 5)	$ 75,254			
25	AdjustedTest Year Operating Income (Loss) (Sch CSB-5, Line 34)	24,609			
26	Required Increase in Operating Income (L24 - L25)		$ 50,644		
27	Income Taxes on Recommended Revenue (Col. [C], L52)	$ 26,282			
28	Income Taxes on Test Year Revenue (Col. [B], L52)	(5,555)			
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		31,837		
30	Recommended Revenue Requirement (Schedule CSB-1, Line 10)	$ 464,182			
31	Uncollectible Rate (Line 10)	0.0000%			
32	Uncollectible Expense on Recommended Revenue (L30*L31)	$ -			
33	Adjusted Test Year Uncollectible Expense	$ -			
34	Required Increase in Revenue to Provide for Uncollectible Exp. (L32-L33)		-		
35	Property Tax with Recommended Revenue (CSB-13, Col B, L16)	$ 18,242			
36	Property Tax on Test Year Revenue (CSB-13, Col A, L18)	17,015			
37	Increase in Property Tax Due to Increase in Revenue (L35-L36)		1,227		
38	Total Required Increase in Revenue (L26 + L29 + L34 + L37)		$ 83,708		

		Test Year		Staff Recommended
	Calculation of Income Tax:			
39	Revenue (Schedule CSB-5)	$ 380,474	$ 83,708	$ 464,182
40	Operating Expenses Excluding Income Taxes	$ 361,420	$ 1,227	$ 362,647
41	Synchronized Interest (L56)	$ 33,446		$ 33,446
42	Arizona Taxable Income (L39 - L40 - L41)	$ (14,392)		$ 68,089
43	Arizona State Income Tax Rate	6.9680%		6.9680%
44	Arizona Income Tax (L42 x L43)	$ (1,003)		$ 4,744
45	Federal Taxable Income (L42 - L44)	$ (13,389)		$ 63,345
46	Federal Tax on Income Bracket - Not Used	$ -		$ -
47	Federal Tax on Income Bracket - Not Used	$ -		$ -
48	Federal Tax on Income Bracket - Not Used	$ -		$ -
49	Federal Tax on Income Bracket - Not Used	$ -		$ -
50	Federal Tax on All Income ($0 -$10,000,000) @ 34%	$ (4,552)		$ 21,537
51	Total Federal Income Tax	$ (4,552)		$ 21,537
52	Combined Federal and State Income Tax (L44 + L51)	$ (5,555)		$ 26,282
53	Applicable Federal Income Tax Rate [Col. [C], L51 - Col. [A], L51] / [Col. [C], L45 - Col. [A], L45]			34.0000%
	Calculation of Interest Synchronization:			
54	Rate Base (Schedule CSB-3, Col. (C), Line 17	$ 929,057		
55	Weighted Average Cost of Debt	3.6000%		
56	Synchronized Interest (L45 X L46)	$ 33,446		

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Surrebuttal Schedule CSB-3

RATE BASE - ORIGINAL COST

LINE NO.		(A) COMPANY AS FILED	(B) STAFF ADJUSTMENTS	(C) STAFF AS ADJUSTED
1	Plant in Service	$ 2,832,537	$ -	$ 2,832,537
2	Less: Accumulated Depreciation	(898,484)	-	(898,484)
3	Net Plant in Service	$ 1,934,053	$ -	$ 1,934,053
	LESS:			
4	Advances in Aid of Construction (AIAC)	$ 747,555	$ -	$ 747,555
5	Service Line and Meter Advances	$ -	$ -	$ -
6	Contributions in Aid of Construction (CIAC)	$ 407,979	$ -	$ 407,979
7	Less: Accumulated Amortization	71,396	-	71,396
8	Net CIAC	$ 336,583	-	$ 336,583
9	Total Advances and Contributions	$ 1,084,138	$ -	$ 1,084,138
10	Customer Deposits	$ 11,080	$ -	$ 11,080
11	Accumulated Deferred Income Taxes	$ -	$ -	$ -
	ADD:			
12	Deferred Tax Assets	$ 90,222	$ -	$ 90,222
13	Working Capital	$ -	$ -	$ -
14	**Total Rate Base**	$ 929,057	$ -	$ 929,057

References:
Column [A], Company Schedule B-1, Page 1
Column [B]: Schedule CSB-4
Column [C]: Column [A] + Column [B]

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Surrebuttal Schedule CSB-4

SUMMARY OF RATE BASE ADJUSTMENTS

LINE NO.	PLANT IN SERVICE	[A]	[B]	[C]
1	Acct. No. Plant Description	COMPANY AS FILED		STAFF AS ADJUSTED
2	303 Land and Land Rights	$ 27,898	$ -	$ 27,898
3	304 Structures and Improvements	39,169	-	39,169
4	306 Lake, River, and Other Intakes	-	-	-
5	307 Wells and Springs	115,895	-	115,895
6	309 Supply Mains	-	-	-
7	310 Power Generation Equipment	-	-	-
8	311 Pumping Equipment	472,851	-	472,851
9	320 Water Treatment Equipment	729,148	-	729,148
10	330 Distribution Reservoirs and Standpipes	588,545	-	588,545
11	331 Transmission and Distribution Mains	712,346	-	712,346
12	333 Services	37,406	-	37,406
13	334 Meters and Meter Installations	35,389	-	35,389
14	335 Hydrants	40,757	-	40,757
15	336 Backflow Prevention Devices	5,432	-	5,432
16	339 Other Plant and Miscellaneous Equipment	4,284	-	4,284
17	340 Office Furniture and Equipment	-	-	-
18	341 Transportation Equipment	-	-	-
19	343 Tools, Shop, and Garage Equipment	1,650	-	1,650
20	344 Laboratory Equipment	-	-	-
21	345 Power Operated Equipment	-	-	-
22	346 Communication Equipment	4,225	-	4,225
23	347 Miscellaneous Equipment	10,089	-	10,089
24	348 Other Tangible Equipment	7,453	-	7,453
25	Total Plant in Service - Actual	$ 2,832,537	$ -	$ 2,832,537
31	Less: Accumulated Depreciation	$ (898,484)	$ -	(898,484)
33	Net Plant in Service	$ 1,934,053	$ -	$ 1,934,053
35	*LESS:*			
36	Advances in Aid of Construction (AIAC)	$ 747,555	$ -	$ 747,555
38	Service Line and Meter Advances	$ -	-	$ -
40	Contributions in Aid of Construction (CIAC)	$ 407,979	-	$ 407,979
41	Less: CIAC - Pro Forma	-	-	-
42	Total CIAC - Adjusted	$ 407,979	$ -	$ 407,979
44	Less: Accumulated Amortization	$ 71,396	-	$ 71,396
45	Less: Accumulated Amort - Pro Forma	-	-	-
46		$ 71,396	$ -	$ 71,396
48	Net CIAC	$ 336,583	-	$ 336,583
50	Total Advances and Net Contributions	$ 1,084,138	-	$ 1,084,138
52	Customer Deposits	$ 11,080	-	$ 11,080
54	Deferred Tax Liability	$ -	-	$ -
56	*ADD:*			
57	Deferred Tax Asset	$ 90,222	-	$ 90,222
58	Working Capital Allowance	$ -	-	$ -
59	**Total Rate Base**	$ 929,057	$ -	$ 929,057

OPERATING INCOME - TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	[A] COMPANY TEST YEAR AS FILED	[B] STAFF TEST YEAR ADJUSTMENTS	ADJ NO.	[C] STAFF TEST YEAR AS ADJUSTED	[D] STAFF PROPOSED CHANGES	[E] STAFF RECOMMENDED
	REVENUES:						
1	Metered Water Sales	$ 322,780	$ 43,655	1	$ 366,435	$ 83,708	$ 450,143
2	Water Sales - Unmetered	-	-		-		-
3	Other Operating Revenues	14,039	-		14,039	-	14,039
4	**Total Revenues**	$ 336,819	$ 43,655		$ 380,474	$ 83,708	$ 464,182
5							
6	*EXPENSES:*						
7	Salaries and Wages - Employees	$ 76,217	$ (76,217)	2	$ -	$ -	$ -
8	Employee Pensions and Benefits	16,164	(16,164)	2	-		-
9	Purchased Water	52,085	-		52,085		52,085
10	Purchased Power	22,565	4,429	1	26,994		26,994
11	Fuel for Power Production	-	-		-		-
12	Chemicals	10,761	2,282	1	13,043		13,043
13	Materials and Supplies - Acct No. 620	4,236	-		4,236		4,236
14	Materials and Supplies - Acct No. 620.08	16,551	-	3	16,551		16,551
15	Contractual Services - Management Fees	-	85,365	2,4	85,365		85,365
16	Contractual Services - Testing	-	3,774	5	3,774		3,774
17	Contractual Services - Other	3,774	(3,774)	5	-		-
18	Rental of Building/Real Property	593	-		593		593
19	Rental of Equipment	3,686	-		3,686		3,686
20	Transportation Expense	56	-		56		56
21	Insurance - General Liability	9,876	-		9,876		9,876
22	Insurance - Other	2,073	-		2,073		2,073
23	Advertising Expense	-	-		-		-
24	Rate Case Expense	1,355	-		1,355		1,355
25	Bad Debt Expense	3,368	(2,214)	6	1,154		1,154
26	Miscellaneous Expense	6,644	-		6,644		6,644
27	Depreciation Expense	113,580	-		113,580		113,580
28	Taxes Other Than Income-Utility Regulatory	3,340	-		3,340		3,340
29	Taxes Other Than Income-Property Taxes	-	17,015	7	17,015	1,227	18,242
30	Taxes Other Than Income-Other	-	-		-		-
31	Income Taxes	(5,703)	148	8	(5,555)	31,837	26,282
32	**Total Operating Expenses**	$ 341,221	$ 14,644		$ 355,865	$ 33,064	$ 388,929
33							
34	**Operating Income (Loss)**	$ (4,402)	$ 29,011		$ 24,609	$ 50,644	$ 75,254

References:
Column (A): Company Schedule C-1, Page 2
Column (B): Schedule CSB-6
Column (C): Column (A) + Column (B)
Column (D): Schedules CSB-1 and CSB-2
Column (E): Column (C) + Column (D)

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Surrebuttal Schedule CSB-6

SUMMARY OF OPERATING INCOME ADJUSTMENTS - TEST YEAR

LINE NO.	ACCT NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] ADJ #1 Revenue and Expense Annualization Ref: Sch CSB-7	[C] ADJ #2 Salaries, Wages Pensions, & Benefits Ref: Sch CSB-8	[D] ADJ #3 Materials & Supplies Acct No. 620.08 Ref: Sch CSB-9	[F] ADJ #4 Contract Srvcs Management Fees Ref: Sch CSB-10	[G] ADJ #5 Contract Srvcs Water Testing Ref: Sch CSB-11	[H] ADJ #6 Bad Debt Expense Ref: Sch CSB-12	[I] ADJ #7 Property Tax Exp Ref: Sch CSB-13	[J] ADJ #8 Income Tax Expense Ref: Sch CSB-14	[K] STAFF ADJUSTED
		REVENUES:										
1		Metered Water Sales	$ 322,780	$ 43,655	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 366,435
2		Water Sales - Unmetered	-	-	-	-	-	-	-	-	-	-
3		Other Operating Revenues	14,039	-	-	-	-	-	-	-	-	14,039
4		Total Revenues	$ 336,819	$ 43,655	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 380,474
5												
6		*OPERATING EXPENSES:*										
7	601	Salaries and Wages - Employees	$ 76,217	-	(76,217)	-	-	-	-	-	-	$ -
8	604	Employee Pensions and Benefits	16,164	-	(16,164)	-	-	-	-	-	-	-
9	610	Purchased Water	52,085	-	-	-	-	-	-	-	-	52,085
10	615	Purchased Power	22,565	4,429	-	-	-	-	-	-	-	26,994
11	616	Fuel for Power Production	-	-	-	-	-	-	-	-	-	-
12	618	Chemicals	10,761	2,282	-	-	-	-	-	-	-	13,043
13	620	Materials and Supplies	4,236	-	-	-	-	-	-	-	-	4,236
14	620.08	Materials and Supplies	16,551	-	-	-	-	-	-	-	-	16,551
15	634	Contractual Services - Management Fees	-	-	92,381	-	(7,016)	-	-	-	-	85,365
16	635	Contractual Services - Testing	-	-	-	-	-	3,774	-	-	-	3,774
17	636	Contractual Services - Other	3,774	-	-	-	-	(3,774)	-	-	-	-
18	641	Rental of Building/Real Property	593	-	-	-	-	-	-	-	-	593
19	642	Rental of Equipment	3,686	-	-	-	-	-	-	-	-	3,686
20	650	Transportation Expense	56	-	-	-	-	-	-	-	-	56
21	657	Insurance - General Liability	9,876	-	-	-	-	-	-	-	-	9,876
22	659	Insurance - Other	2,073	-	-	-	-	-	-	-	-	2,073
23	660	Advertising Expense	-	-	-	-	-	-	-	-	-	-
24	667	Rate Case Expense	1,355	-	-	-	-	-	-	-	-	1,355
25	670	Bad Debt Expense	3,368	-	-	-	-	-	(2,214)	-	-	1,154
26	675	Miscellaneous Expense	6,644	-	-	-	-	-	-	-	-	6,644
27	403	Depreciation Expense	113,580	-	-	-	-	-	-	-	-	113,580
28	408	Taxes Other Than Income-Utility Regulatory	3,340	-	-	-	-	-	-	-	-	3,340
29	408.11	Taxes Other Than Income-Property Taxes	-	-	-	-	-	-	-	17,015	-	17,015
30	408.13	Taxes Other Than Income-Other	-	-	-	-	-	-	-	-	-	-
31	409	Income Taxes	(5,703)	-	-	-	-	-	-	-	148	(5,555)
32		Total Operating Expenses	$ 341,221	$ 6,711	$ -	$ -	$ (7,016)	$ -	$ (2,214)	$ 17,015	$ 148	$ 355,865
33												
34		Operating Income (Loss)	$ (4,402)	$ 36,944	$ -	$ -	$ 7,016	$ -	$ 2,214	$ (17,015)	$ (148)	$ 24,609

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Surrebuttal Schedule CSB-7

OPERATING INCOME ADJUSTMENT NO. 1 - REVENUE AND EXPENSE ANNUALIZATION

LINE NO.	Description	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Metered Water Sales - Actual	$ 365,114	$ -	$ 365,114
2	Unbilled Revenue	1,321	-	1,321
3	Revenue Annualization to Metered Water Sales	(43,655)	43,655	-
4	Total	$ 322,780	$ 43,655	$ 366,435
5				
6	Purchased Pumping Power - Actual	$ 26,107	$ -	$ 26,107
7	APS Interim Rate Increase	888	-	888
8	Annualization Adjustment to Pumping Power	(4,429)	4,429	-
9		$ 22,566	$ 4,429	$ 26,995
10				
11	Chemicals - Actual	$ 13,043	$ -	$ 13,043
12	Annualization Adjustment to Chemicals	(2,282)	$ 2,282	
13		$ 10,761	$ 2,282	$ 13,043
14				
15	Operating Income	$ 289,453	$ 36,944	$ 326,397

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

OPERATING INCOME ADJUSTMENT NO. 2 - SALARIES, WAGES, PENSIONS, & BENEFITS

LINE NO.	Description	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Salaries and Wage Expense	$ 76,217	$ (76,217)	$ -
2	Pension and Benefits	16,164	$ (16,164)	$ -
3		$ 92,381	$ (92,381)	$ -
4				
5	Contractual Services - Management Fees	$ -	$ 92,381	$ 92,381

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

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Surrebuttal Schedule CSB-9

OPERATING INCOME ADJUSTMENT NO. 3 - MATERIALS AND SUPPLIES, ACCT NO. 620.08

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Materials and Supplies, Acct No 620.08	16,551	$ -	$ 16,551
2				
3				
4			Materials and	
5			Supplies	
6			Acct No. 620.08	
7		2006	$ 1,704	Company Sch E-2
8		2007	$ -	Company Sch E-2
9		2008	$ 16,551	Company Sch E-2
10			$ 18,255	
11		Divided by 3	3	
12			$ 6,085	

References:

Column A: Company Schedule C-1 & E-2
Column B: Testimony, CSB; Data Request CSB 15-1
Column C: Column [A] + Column [B]

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Surrebuttal Schedule CSB-10

OPERATING INCOME ADJUSTMENT NO. 4 - CONTRACTUAL SERVICES, MANAGEMENT FEES

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Contractual Services - Management Fees	$ -	$ (7,016)	$ (7,016)
2				
3				
4	Bonuses (Indirect Allocation)	$ -	Data Request Response CSB 2-30	
5	Bonuses (Direct Allocation)	2,290	From Trial Balance	
6	Kitchen Supplies	324	From Trial Balance	
7		$ 2,614		
8				
9	Employee Moving & Hiring	$ 52	From Trial Balance	
10	Employee Training & Certification	739	From Trial Balance	
11	Employee Travel	7,874	From Trial Balance	
12	Employee Meals	139	From Trial Balance	
13		8,804		
14	Divided by 2 years	2		
15		$ 4,402		
16				
17	Total (Line 7 + Line 15)	$ 7,016		

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB; Data Request CSB 2-30
Column C: Column [A] + Column [B]

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Surrebuttal Schedule CSB-11

OPERATING INCOME ADJUSTMENT NO. 5 - CONTRACTUAL SERVICES WATER TESTING EXPENSE

		[A]	[B]	[C]
LINE NO.	DESCRIPTION	COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Water Testing Expense	-	3,774	3,774
2	Contractual Services - Other	3,774	(3,774)	-

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

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Surrebuttal Schedule CSB-12

OPERATING INCOME ADJUSTMENT NO. 6 - BAD DEBT EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Bad Debt Expense	3,368	(2,214)	1,154

References:

Column A: Company Data Request Response CSB 1.26 & RUCO 2.04(e)
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

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Surrebuttal Schedule CSB-13

OPERATING INCOME ADJUSTMENT No. 7 - Property Tax Expense

LINE NO.	Property Tax Calculation	[A] STAFF AS ADJUSTED	[B] STAFF RECOMMENDED
1	Staff Adjusted Test Year Revenues	$ 380,474	$ 380,474
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	760,948	$ 760,948
4	Staff Recommended Revenue, Per Schedule CSB-1	380,474	$ 464,182
5	Subtotal (Line 4 + Line 5)	1,141,422	1,225,130
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	380,474	$ 408,377
8	Department of Revenue Mutilplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	760,948	$ 816,753
10	Plus: 10% of CWIP -	12,969	12,969
11	Less: Net Book Value of Licensed Vehicles	-	$ -
12	Full Cash Value (Line 9 + Line 10 - Line 11)	773,917	$ 829,722
13	Assessment Ratio	21.0%	21.0%
14	Assessment Value (Line 12 * Line 13)	162,523	$ 174,242
15	Composite Property Tax Rate	10.4693%	10.4693%
			$ -
16	Staff Test Year Adjusted Property Tax (Line 14 * Line 15)	$ 17,015	
17	Company Proposed Property Tax	-	
18	Staff Test Year Adjustment (Line 16-Line 17)	$ 17,015	
19	Property Tax - Staff Recommended Revenue (Line 14 * Line 15)		$ 18,242
20	Staff Test Year Adjusted Property Tax Expense (Line 16)		$ 17,015
21	Increase in Property Tax Expense Due to Increase in Revenue Requirement		$ 1,227
22	Increase to Property Tax Expense		$ 1,227
23	Increase in Revenue Requirement		83,708
24	Increase to Property Tax per Dollar Increase in Revenue (Line19/Line 20)		1.465702%

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Surrebuttal Schedule CSB-14

OPERATING INCOME ADJUSTMENT NO. 8 - INCOME TAX EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Income Tax Expense - Test Year	(5,703)	148	(5,555)

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

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Surrebuttal Schedule CSB-1

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	[A] COMPANY ORIGINAL COST	[B] STAFF ORIGINAL COST
1	Adjusted Rate Base	$ 2,598,259	$ (4,186,150)
2	Adjusted Operating Income (Loss)	$ (153,369)	$ 33,121
3	Current Rate of Return (L2 / L1)	-5.90%	Not Meaningful
4a	Required Rate of Return - Per Company	9.94%	Not Applicable
4b	Required Operating Margin Percentage - Per Staff	Not Applicable	10.00%
5a	Required Operating Income (L4a * L1) - Per Company	$ 258,267	Not Applicable
5b	Required Operating Margin (L4b * L10) - Per Staff	Not Applicable	24,561
6	Operating Income Deficiency (L5 - L2)	$ 411,636	$ (8,560)
7	Gross Revenue Conversion Factor	1.64509	1.64724
8	Increase (Decrease) In Gross Revenue (L7 * L6)	$ 677,177	$ (14,100)
9	Adjusted Test Year Revenue	$ 259,304	$ 259,304
10	Proposed Annual Revenue (L8 + L9)	$ 936,481	$ 245,204
11	Required Increase/(Decrease in Revenue) (%) (L8/L9)	261.15%	-5.44%

References:
Column [A]: Company Schedules A-1, C-1, C-3, & D-1
Column [B]: Staff Schedules CSB-2, CSB-3, & CSB-7

Water Utility of Greater Tonopah
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Surrebuttal Schedule CSB-2

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
	Calculation of Gross Revenue Conversion Factor:				
1	Revenue	100.0000%			
2	Uncollecible Factor (Line 11)	0.0000%			
3	Revenues (L1 - L2)	100.0000%			
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)	39.2923%			
5	Subtotal (L3 - L4)	60.7077%			
6	**Revenue Conversion Factor (L1 / L5)**	1.647238			
	Calculation of Uncollecttible Factor:				
7	Unity	100.0000%			
8	Combined Federal and State Tax Rate (Line 17)	38.5989%			
9	One Minus Combined Income Tax Rate (L7 - L8)	61.4011%			
10	Uncollectible Rate	0.0000%			
11	Uncollectible Factor (L9 * L10)	0.0000%			
	Calculation of Effective Tax Rate:				
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%			
13	Arizona State Income Tax Rate	6.9680%			
14	Federal Taxable Income (L12 - L13)	93.0320%			
15	Applicable Federal Income Tax Rate (Line 53)	34.0000%			
16	Effective Federal Income Tax Rate (L14 x L15)	31.6309%			
17	Combined Federal and State Income Tax Rate (L13 +L16)		38.5989%		
	Calculation of Effective Property Tax Factor				
18	Unity	100.0000%			
19	Combined Federal and State Income Tax Rate (L17)	38.5989%			
20	One Minus Combined Income Tax Rate (L18-L19)	61.4011%			
21	Property Tax Factor (CSB-15, Col B, L24)	1.1293%			
22	Effective Property Tax Factor (L20*L21)		0.6934%		
23	Combined Federal and State Income Tax and Property Tax Rate (L17+L22)			39.2923%	
24	Required Operating Income (Schedule CSB-1, Line 5)	$ 24,561			
25	AdjustedTest Year Operating Income (Loss) (Sch CSB-7, Col C, L34)	33,121			
26	Required Increase in Operating Income (L24 - L25)		$ (8,560)		
27	Income Taxes on Recommended Revenue (Col. [E], L52)	$ 15,440			
28	Income Taxes on Test Year Revenue (Col. [B], L52)	20,821			
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		(5,381)		
30	Recommended Revenue Requirement (Schedule CSB-1, Line 10)	$ 245,204			
31	Uncollectible Rate (Line 10)	0.0000%			
32	Uncolllectible Expense on Recommended Revenue (L30*L31)	$ -			
33	Adjusted Test Year Uncollectible Expense	$ -			
34	Required Increase in Revenue to Provide for Uncollectible Exp. (L32-L33)		-		
35	Property Tax with Recommended Revenue (CSB-15, Col B, L16)	$ 8,830			
36	Property Tax on Test Year Revenue (CSB-15, Col A, L19)	8,989			
37	Increase in Property Tax Due to Increase in Revenue (L35-L36)		(159)		
38	Total Required Increase in Revenue (L26 + L29 + L34 + L37)		$ (14,100)		

		Test Year		Staff Recommended
	Calculation of Income Tax:			
39	Revenue (Schedule CSB-11, Col. [C], Line 5 & Sch. CSB-1, Col. [D] Line	$ 259,304	$ (14,100)	$ 245,204
40	Operating Expenses Excluding Income Taxes	$ 205,362	$ (159)	$ 205,203
41	Synchronized Interest (L56)	$ -		$ -
42	Arizona Taxable Income (L39 - L40 - L41)	$ 53,942		$ 40,001
43	Arizona State Income Tax Rate	6.9680%		6.9680%
44	Arizona Income Tax (L42 x L43)	$ 3,759		$ 2,787
45	Federal Taxable Income (L42 - L44)	$ 50,183		$ 37,214
46	Federal Tax on Income Bracket - Not Used	$ -		$ -
47	Federal Tax on Income Bracket - Not Used	$ -		$ -
48	Federal Tax on Income Bracket - Not Used	$ -		$ -
49	Federal Tax on Income Bracket - Not Used	$ -		$ -
50	Federal Tax on All Income ($0 -$10,000,000) @ 34%	$ 17,062		$ 12,653
51	Total Federal Income Tax	$ 17,062		$ 12,653
52	Combined Federal and State Income Tax (L44 + L51)	$ 20,821		$ 15,440
53	Applicable Federal Income Tax Rate [Col. [C], L51 - Col. [A], L51] / [Col. [C], L45 - Col. [A], L45]			34.0000%
	Calculation of Interest Synchronization:			
54	Rate Base (Schedule CSB-3, Col. (C), Line 14	$ (4,186,150)		
55	Weighted Average Cost of Debt	0.0000%		
56	Synchronized Interest (L45 X L46)	$ -		

RATE BASE - ORIGINAL COST

LINE NO.		(A) COMPANY AS FILED	(B) STAFF ADJUSTMENTS	ADJ NO.	(C) STAFF AS ADJUSTED
1	Plant in Service	$ 4,764,593	$ -		$ 4,764,593
2	Less: Accumulated Depreciation	(952,778)	-		(952,778)
3	Net Plant in Service	$ 3,811,815	$ -		$ 3,811,815
	LESS:				
4	Advances in Aid of Construction (AIAC)	$ 1,244,686	$ -		$ 1,244,686
5	Service Line and Meter Advances	$ -	$ -		$ -
6	Contributions in Aid of Construction (CIAC)	$ 73,118	$ 7,085,645	1	$ 7,158,763
7	Less: Accumulated Amortization	8,130	301,236	2	309,366
8	Net CIAC	$ 64,988	6,784,409		$ 6,849,397
9	Total Advances and Contributions	$ 1,309,674	$ 6,784,409		$ 8,094,083
10	Customer Deposits	$ 11,537	$ -		$ 11,537
11	Accumulated Deferred Income Taxes	$ -	$ -		$ -
	ADD:				
12	Deferred Tax Asset	$ 107,655	$ -		$ 107,655
13	Working Capital	$ -	$ -		$ -
14	**Total Rate Base**	$ 2,598,259	$ (6,784,409)		$ (4,186,150)

References:
Column [A], Company Schedule B-1, Page 1
Column [B]: Schedule CSB-4
Column [C]: Column [A] + Column [B]

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Surrebuttal Schedule CSB-4

SUMMARY OF RATE BASE ADJUSTMENTS

LINE NO.	PLANT IN SERVICE	[A]	[B] Adj No.1	[C] ADJ No. 2	[D]
	Acct.	COMPANY	CIAC	Accumulated Amort of CIAC	STAFF AS
1	No. Plant Description	AS FILED	Ref: Sch CSB-5	Ref: Sch CSB-6	ADJUSTED
2	303 Land and Land Rights	$ 66,651	$ -	$ -	$ 66,651
3	304 Structures and Improvements	46,704	-	-	46,704
4	306 Lake, River, and Other Intakes	-	-	-	-
5	307 Wells and Springs	299,601	-	-	299,601
6	309 Supply Mains	-	-	-	-
7	310 Power Generation Equipment	-	-	-	-
8	311 Pumping Equipment	1,638,498	-	-	1,638,498
9	320 Water Treatment Equipment	1,348,884	-	-	1,348,884
10	330 Distribution Reservoirs and Standpipes	180,350	-	-	180,350
11	331 Transmission and Distribution Mains	880,279	-	-	880,279
12	333 Services	40,356	-	-	40,356
13	334 Meters and Meter Installations	57,148	-	-	57,148
14	335 Hydrants	38,386	-	-	38,386
15	336 Backflow Prevention Devices	5,894	-	-	5,894
16	339 Other Plant and Miscellaneous Equipment	3,543	-	-	3,543
17	340 Office Furniture and Equipment	-	-	-	-
18	341 Transportation Equipment	32,617	-	-	32,617
19	343 Tools, Shop, and Garage Equipment	1,123	-	-	1,123
20	344 Laboratory Equipment	663	-	-	663
21	345 Power Operated Equipment	838	-	-	838
22	346 Communication Equipment	12,408	-	-	12,408
23	347 Miscellaneous Equipment	5,436	-	-	5,436
24	348 Other Tangible Equipment	105,214	-	-	105,214
25	Total Plant in Service - Actual	$ 4,764,593	$ -	$ -	$ 4,764,593
26	Less: Accumulated Depreciation	$ (952,778)	$ -	$ -	(952,778)
27	Net Plant in Service	$ 3,811,815	$ -	$ -	$ 3,811,815
28					
29	*LESS:*				
30	Advances in Aid of Construction (AIAC)	$ 1,244,686	$ -	$ -	$ 1,244,686
31	Service Line and Meter Advances	$ -	-	-	$ -
32					
33	Contributions in Aid of Construction (CIAC)	$ 73,118	-	-	$ 73,118
34	CIAC/ICFAS - Plant	-	4,691,475	-	4,691,475
35	CIAC/ICFAS - Other	-	2,394,170	-	2,394,170
36	Total CIAC - Adjusted	$ 73,118	$ 7,085,645	$ -	$ 7,158,763
37					
38	Less: Accumulated Amortization of CIAC	$ 8,130	-	-	$ 8,130
39	Accum Amort of CIAC / ICFAs - Plant	-	-	301,236	301,236
40	*Total Accumulated Amortization of CIAC*	$ 8,130	$ -	$ 301,236	$ 309,366
41					
42	Net CIAC	$ 64,988	7,085,645	(301,236)	$ 6,849,397
43					
44	Total Advances and Net Contributions	$ 1,309,674	$ 7,085,645	$ (301,236)	$ 8,094,083
45					
46	Customer Deposits	$ 11,537	-	-	$ 11,537
47	Accumulated Deferred Taxes	$ -	-	-	$ -
48					
49	*ADD:*				
50	Deferred Tax Asset	$ 107,655	-	-	$ 107,655
51	Working Capital Allowance	$ -	-	-	$ -
52	**Total Rate Base**	$ 2,598,259	$ (7,085,645)	$ 301,236	$ (4,186,150)

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Surrebuttal Schedule CSB-5

RATE BASE ADJUSTMENT NO. 1 - CONTRIBUTION IN AID OF CONSTRUCTION, ICFAS

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED	
1	CIAC/ICFAS - Plant	$ -	4,691,475	$ 4,691,475	See calculation *below*
2	CIAC/ICFAS - Other		2,394,170	2,394,170	
3	Total CIAC/ICFAS	$ -	$ 7,085,645	$ 7,085,645	

	Calculation of CIAC/ICFAS - Plant
Test Year Plant	$ 4,764,593
Less: Test Year CIAC	$ (73,118)
CIAC/ICFAS - Plant	$ 4,691,475

References:
Column [A]: Company Schedule B-2
Column [B]: Testimony, CSB
Column [C]: Column [A] + Column [B]

RATE BASE ADJUSTMENT NO. 2 - ACCUMULATED AMORTIZATION OF CIAC/ ICFAS

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Accumulated Amortization of CIAC/ICFA	$ -	$ 301,236	$ 301,236
2				
3				
4			Amortization	
5			Calculation	
6	**2006** Beginning CIAC/ICFA Balance		$ -	
7	CIAC/ICFA Amort Rate		4.82%	From Line 43, Col I
8	2006 Amort on Beginning Balance		-	
9				
10	2006 CIAC/ICFA Addition		$ 1,310,252	Line 43, Col E - $73,118 (TY CIAC)
11	CIAC/ICFA Amort Rate (Half Year Convention)		2.41%	From Line 43, Col I divided by 2
12	2006 Amort on CIAC/ICFA Addition		31,577	
13				
14	**2006 Ending Accu Amort of CIAC Balance (L8+ L12)**		**$ 31,577**	
15				
16	**2007** Beginning CIAC/ICFA Balance		$ 1,310,252	Line 6 + Line 10
17	CIAC/ICFA Amort Rate		2.99%	From Line 44, Col I
18	2007 Amort on Beginning Balance		39,177	
19				
20	**2007** CIAC/ICFA Addition		$ 2,718,545	Col E Line 44 - Col E Line 43
21	CIAC/ICFA Amort Rate (Half Year Convention)		1.49%	From Line 44, Col I divided by 2
22	2007 Amort on CIAC/ICFA Addition		40,506	
23				
24	**2007 Ending Accu Amort of CIAC Balance (L14+L18+L22)**		**$ 111,260**	
25				
26	**2008** Beginning CIAC/ICFA Balance		$ 4,028,797	Line 16 + Line 20
27	CIAC/ICFA Amort Rate		4.36%	From Line 45
28	2008 Amort on Beginning Balance		175,656	
29				
30	2008 CIAC/ICFA Addition		662,678	Col E Line 45 - Col E Line 44
31	CIAC/ICFA Amort Rate (Half Year Convention)		2.18%	From Line 45, Col I divided by 2
32	2008 Amort on CIAC/ICFA Addition		14,446	
33				
34	2008 Ending Accu Amort of CIAC Balance		$ 301,362	Line 24+ Line 28 + Line 32
35	To Reconcile to Sch CSB-4, Line 39 and Sch CSB-14, Line 30		$ (126)	
36	**2008 Ending Accu Amort of CIAC Balance**		**$ 301,236**	
37				

Calculation of CIAC/ICFA Amortization Rate

38	[D]	[E]	[F]	[G]	[H]	[I]
39						
40		Tonopah	Tonopah	Depreciable	Tonopah	CIAC Amortization
41		Gross	Land &	Plant[1]	Depreciation	Rate
42	Year	Plant[1]	Land Rights[1]	Col E - Col F	Expense[1]	Col H / Col G
43	2006	$1,383,370	$ 66,651	$ 1,316,719	$ 63,404	4.82%
44	2007	$4,101,915	$ 66,651	$ 4,035,264	$ 120,514	2.99%
45	2008	$4,764,593	$ 66,651	$ 4,697,942	$ 204,599	4.36%
46						

47 [1] From Company provided Plant Additions, Retirements, and Accum Depreciation Schedule

Water Utility of Greater Tonopah
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Surrebuttal Schedule CSB-7

OPERATING INCOME - TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	[A] COMPANY TEST YEAR AS FILED	[B] STAFF TEST YEAR ADJUSTMENTS	ADJ NO.	[C] STAFF TEST YEAR AS ADJUSTED	[D] STAFF PROPOSED CHANGES	[E] STAFF RECOMMENDED
	REVENUES:						
1	Metered Water Sales	$ 250,201	$ -		$ 250,201	$ (14,100)	$ 236,101
2	Water Sales - Unmetered	-	-		-		-
3	Other Operating Revenues	9,103	-		9,103	-	9,103
4	**Total Revenues**	$ 259,304	$ -		$ 259,304	$ (14,100)	$ 245,204
5							
6	*EXPENSES:*						
7	Salaries and Wages - Employees	$ 48,385	$ (48,385)	1	$ -	$ -	$ -
8	Employee Pensions and Benefits	10,309	(10,309)	1	-	-	-
9	Purchased Water	-	-		-	-	-
10	Purchased Power	16,192	(372)	4	15,820	-	15,820
11	Fuel for Power Production	-	-		-	-	-
12	Chemicals	31,128	-		31,128	-	31,128
13	Materials and Supplies - Acct. No. 620	12,609	-		12,609	-	12,609
14	Materials and Supplies - Acct. No. 620.08	10,278	-	2	10,278	-	10,278
15	Contractual Services - Management Fees	-	54,066	1,3	54,066	-	54,066
16	Contractual Services - Testing	11,006	-		11,006	-	11,006
17	Contractual Services - Other	34,683	-		34,683	-	34,683
18	Rental of Building/Real Property	2,075	-		2,075	-	2,075
19	Rental of Equipment	732	-		732	-	732
20	Transportation Expense	6,965	-		6,965	-	6,965
21	Insurance - General Liability	1,167	-		1,167	-	1,167
22	Insurance - Other	216	-		216	-	216
23	Advertising Expense	-	-		-	-	-
24	Rate Case Expense	1,333	-		1,333	-	1,333
25	Bad Debt Expense	2,593	(1,729)	5	864	-	864
26	Miscellaneous Expense	4,474	-		4,474	-	4,474
27	Depreciation Expense	307,538	(307,538)	6	0	-	0
28	Taxes Other Than Income-Utility Regulatory	8,614	-		8,614	-	8,614
29	Taxes Other Than Income-Property Taxes	-	8,989	7	8,989	(159)	8,830
30	Taxes Other Than Income-Other	344	-		344	-	344
31	Income Taxes	(97,968)	118,789	8	20,821	(5,381)	15,440
32	**Total Operating Expenses**	$ 412,673	$ (186,490)		$ 226,183	$ (5,540)	$ 220,643
33							
34	**Operating Income (Loss)**	$ (153,369)	$ 186,490		$ 33,121	$ (8,560)	$ 24,561

References:
Column (A): Company Schedule C-1, Page 2
Column (B): Schedule CSB-8
Column (C): Column (A) + Column (B)
Column (D): Schedules CSB-1 and CSB-2
Column (E): Column (C) + Column (D)

Water Utility of Greater Tonopah
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Surrebuttal Schedule CSB-8

SUMMARY OF OPERATING INCOME ADJUSTMENTS - TEST YEAR

LINE NO.	ACCT NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] ADJ #1 Salaries, Wages Pensions, & Benefits Ref: Sch CSB-9	[C] ADJ #2 Materials & Supplies Acct No. 620.08 Ref: Sch CSB-10	[D] ADJ #3 Contract Srvcs Management Fees Ref: Sch CSB-11	[E] ADJ #4 Purchased Power Ref: Sch CSB-12	[F] ADJ #5 Bad Debt Expense Ref: Sch CSB-13	[G] ADJ #6 Depreciation Expense Ref: Sch CSB-14	[H] ADJ #7 Property Taxes Ref: Sch CSB-15	[I] ADJ #8 Income Taxes Ref: Sch CSB-16	[J] STAFF ADJUSTED
		REVENUES:										
1		Metered Water Sales	$ 250,201	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 250,201
2		Water Sales - Unmetered	-	-	-	-	-	-	-	-	-	-
3		Other Operating Revenues	9,103	-	-	-	-	-	-	-	-	9,103
4		**Total Revenues**	$ 259,304	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 259,304
5												
6		*OPERATING EXPENSES:*										
7	601	Salaries and Wages - Employees	$ 48,385	(48,385)	-	-	-	-	-	-	-	$ -
8	604	Employee Pensions and Benefits	10,309	(10,309)	-	-	-	-	-	-	-	-
9	610	Purchased Water	-									-
10	615	Purchased Power	16,192	-	-	-	(372)	-	-	-	-	15,820
11	616	Fuel for Power Production	-	-	-	-	-	-	-	-	-	-
12	618	Chemicals	31,128	-	-	-	-	-	-	-	-	31,128
13	620	Materials and Supplies	12,609	-	-	-	-	-	-	-	-	12,609
14	620.08	Materials and Supplies	10,278	-	-	-	-	-	-	-	-	10,278
15	634	Contractual Services - Management Fees	-	58,694	-	(4,629)						54,066
16	635	Contractual Services - Testing	11,006	-	-	-	-	-	-	-	-	11,006
17	636	Contractual Services - Other	34,683	-	-	-	-	-	-	-	-	34,683
18	641	Rental of Building/Real Property	2,075	-	-	-	-	-	-	-	-	2,075
19	642	Rental of Equipment	732	-	-	-	-	-	-	-	-	732
20	650	Transportation Expense	6,965	-	-	-	-	-	-	-	-	6,965
21	657	Insurance - General Liability	1,167	-	-	-	-	-	-	-	-	1,167
22	659	Insurance - Other	216	-	-	-	-	-	-	-	-	216
23	660	Advertising Expense	-	-	-	-	-	-	-	-	-	-
24	667	Rate Case Expense	1,333	-	-	-	-	-	-	-	-	1,333
25	670	Bad Debt Expense	2,593	-	-	-	-	(1,729)	-	-	-	864
26	675	Miscellaneous Expense	4,474	-	-	-	-	-	-	-	-	4,474
27	403	Depreciation Expense	307,538	-	-	-	-	-	(307,538)		-	0
28	408	Taxes Other Than Income-Utility Regulatory	8,614	-	-	-	-	-	-	-	-	8,614
29	408.11	Taxes Other Than Income-Property Taxes	-	-	-	-	-	-	-	8,989	-	8,989
30	408.13	Taxes Other Than Income-Other	344	-	-	-	-	-	-	-	-	344
31	409	Income Taxes	(97,968)	-	-	-	-	-	-	-	118,789	20,821
32		**Total Operating Expenses**	$ 412,673	$ -	$ -	$ (4,629)	$ (372)	$ (1,729)	$ (307,538)	$ 8,989	$ 118,789	$ 226,183
33												
34		**Operating Income (Loss)**	$ (153,369)	$ -	$ -	$ 4,629	$ 372	$ 1,729	$ 307,538	$ (8,989)	$ (118,789)	$ 33,121

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Surrebuttal Schedule CSB-9

OPERATING INCOME ADJUSTMENT NO. 1 - SALARIES, WAGES, PENSIONS, & BENEFITS

LINE NO.	Description	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Salaries and Wage Expense	$ 48,385	$ (48,385)	$ -
2	Pension and Benefits	10,309	$ (10,309)	$ -
3		$ 58,694	$ (58,694)	$ -
4				
5	Contractual Services - Management Fees	$ -	$ 58,694	$ 58,694

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

Santa Cruz Water Company
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Surrebuttal Schedule CSB-10

OPERATING INCOME ADJUSTMENT NO. 2 - MATERIALS AND SUPPLIES, ACCT NO. 620.08

		[A]	[B]	[C]
LINE NO.	DESCRIPTION	COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Materials and Supplies, Acct No 620.08	10,278	$ -	$ 10,278

	Materials and Supplies Acct No. 620.08	
2006	$ 2,379	Company Sch E-2
2007	$ -	Company Sch E-2
2008	$ 10,278	Company Sch E-2
	$ 12,657	
Divided by 3	3	
	$ 4,219	

References:

Column A: Company Schedule C-1 & E-2
Column B: Testimony, CSB; Data Request CSB 15-1
Column C: Column [A] + Column [B]

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Surrebuttal Schedule CSB-11

OPERATING INCOME ADJUSTMENT NO. 3 - CONTACTUAL SERVICES, MANAGEMENT FEES

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Contractual Services - Management Fees	$ -	$ (4,629)	$ (4,629)
2				
3				
4	Bonuses (Indirect Allocation)	$ -	Data Request Response CSB 2-33	
5	Bonuses (Direct Allocation)	1,312	From Trial Balance	
6	Kitchen Supplies	223	From Trial Balance	
7		$ 1,535		
8				
9				
10	Employee Moving & Hiring	$ 32	From Trial Balance	
11	Employee Training & Certification	517	From Trial Balance	
12	Employee Travel	5,539	From Trial Balance	
13	Employee Meals	99	From Trial Balance	
14		6,187		
15	Divided by 2 years	2		
16		$ 3,094		
17				
18	Total (Line 7 + Line 16)	$ 4,629		

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

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Surrebuttal Schedule CSB-12

OPERATING INCOME ADJUSTMENT NO. 4 - PURCHASED POWER

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Purchased Power	16,192	$ (372)	$ 15,820

Company's Rebuttal - Moe, P. 6	
Water System	Weighted Water loss (%)
Garden City, PWS #07-037	1.3%
Roseview, PWS #07-082	0.5%
WPE #1, PWS #N/A	0.4%
WPE #6, PWS #07-733	1.7%
Tufte, PWS #07-617	0.2%
Buckeye Ranch, PWS #07-618	3.2%
Dixie, PWS #07-030	3.7%
Sunshine, PWS #07-071	1.4%
	12.3%

Weighted Average Water Loss	12.3%
Less: Water Loss Allowed by Staff Engineering	10.0%
Water Loss Percentage Exceeding Maximum Allowed	2.3%
Water Loss Percentage Exceeding Maximum Allowed	2.3%
Multiplied by Purchased Pumping Power Expense	16,192
Amount Disallowed	$ 372

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

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Surrebuttal Schedule CSB-13

OPERATING INCOME ADJUSTMENT NO. 5 - BAD DEBT EXPENSE

		[A]	[B]	[C]
LINE NO.	DESCRIPTION	COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Bad Debt Expense	2,593	(1,729)	864

References:

Column A: Company Data Request Response CSB 1.26 & RUCO 2.04(e)
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

Water Utility of Greater Tonopah
Docket No. W-02450A-09-0081
Test Year Ended December 31, 2008

Surrebuttal Schedule CSB-14

OPERATING INCOME ADJUSTMENT NO. 6 - DEPRECIATION EXPENSE ON TEST YEAR PLANT

LINE NO.		DESCRIPTION	[A] PLANT In SERVICE Per Staff	[B] NonDepreciable or Fully Depreciated PLANT	[C] DEPRECIABLE PLANT (Col A - Col B)	[D] DEPRECIATION RATE	[E] DEPRECIATION EXPENSE (Col C x Col D)
1	303	Land and Land Rights	$ 66,651	$ (66,651)	$ 133,302	0.00%	$ -
2	304	Structures and Improvements	46,704	-	46,704	3.33%	1,555
3	306	Lake, River, and Other Intakes	-	-	-	2.50%	-
4	307	Wells and Springs	299,601	-	299,601	3.33%	9,977
5	309	Supply Mains	-	-	-	2.00%	-
6	310	Power Generation Equipment	-	-	-	5.00%	-
7	311	Pumping Equipment	1,638,498	-	1,638,498	12.50%	204,812
8	320	Water Treatment Equipment	1,348,884	-	1,348,884	3.33%	44,918
9	330	Distribution Reservoirs and Standpipes	180,350	-	180,350	2.22%	4,004
10	331	Transmission and Distribution Mains	880,279	-	880,279	2.00%	17,606
11	333	Services	40,356	-	40,356	3.33%	1,344
12	334	Meters and Meter Installations	57,148	-	57,148	8.33%	4,760
13	335	Hydrants	38,386	-	38,386	2.00%	768
14	336	Backflow Prevention Devices	5,894	-	5,894	6.67%	393
15	339	Other Plant and Miscellaneous Equipment	3,543	-	3,543	6.67%	236
16	340	Office Furniture and Equipment	-	-	-	6.67%	-
17	341	Transportation Equipment	32,617	-	32,617	20.00%	6,523
18	343	Tools, Shop, and Garage Equipment	1,123	-	1,123	5.00%	56
19	344	Laboratory Equipment	663	-	663	10.00%	66
20	345	Power Operated Equipment	838	-	838	5.00%	42
21	346	Communication Equipment	12,408	-	12,408	10.00%	1,241
22	347	Miscellaneous Equipment	5,436	-	5,436	10.00%	544
23	348	Other Tangible Equipment	105,214	-	105,214	10.00%	10,521
24		Total Plant	$ 4,764,593	$ -	$ 4,831,244		$ 309,366
25							
29							
30							
31		Composite Depreciation Rate (Depr Exp / Depreciable Plant):			6.40%		
32		CIAC:			$ 7,158,763		
33		Amortization of CIAC (Line 31 x Line 32):			$ 458,408		
34		Less: Amount to Reconcile to $309,366 in Depreciation Expense			$ 149,042		
35		Staff's Adjusted Amortization of CIAC			$ 309,366		
36							
37		Depreciation Expense Before Amortization of CIAC:			$ 309,366		
38		Less Amortization of CIAC:			$ 309,366		
39		Test Year Depreciation Expense - Staff:			$ 0		
40		Depreciation Expense - Company:			$ 307,538		
41		**Staff's Total Adjustment:**			**$ (307,538)**		

References:
Column [A]: Schedule CSB-4
Column [B]: From Column [A]
Column [C]: Column [A] - Column [B]
Column [D]: Engineering Staff Report
Column [E]: Column [C] x Column [D]

Water Utility of Greater Tonopah
Docket No. W-02450A-09-0081
Test Year Ended December 31, 2008

Surrebuttal Schedule CSB-15

OPERATING INCOME ADJUSTMENT NO. 7 - PROPERTY TAX EXPENSE

LINE NO.	Property Tax Calculation	[A] STAFF AS ADJUSTED	[B] STAFF RECOMMENDED
1	Staff Adjusted Test Year Revenues	$ 259,304	$ 259,304
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	518,608	$ 518,608
4	Staff Recommended Revenue, Per Schedule CSB-1	259,304	$ 245,204
5	Subtotal (Line 4 + Line 5)	777,912	763,812
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	259,304	$ 254,604
8	Department of Revenue Mutilplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	518,608	$ 509,208
10	Plus: 10% of CWIP -	42,191	42,191
11	Less: Net Book Value of Licensed Vehicles	30,171	$ 30,171
12	Full Cash Value (Line 9 + Line 10 - Line 11)	530,628	$ 521,228
13	Assessment Ratio	21.0%	21.0%
14	Assessment Value (Line 12 * Line 13)	111,432	$ 109,458
15	Composite Property Tax Rate	8.0667%	8.0667%
			$ -
16	Staff Test Year Adjusted Property Tax (Line 14 * Line 15)	$ 8,989	
17	Company Proposed Property Tax	-	
18	Staff Test Year Adjustment (Line 16-Line 17)	$ 8,989	
19	Property Tax - Staff Recommended Revenue (Line 14 * Line 15)		$ 8,830
20	Staff Test Year Adjusted Property Tax Expense (Line 16)		$ 8,989
21	Increase in Property Tax Expense Due to Increase in Revenue Requirement		$ (159)
22	Increase to Property Tax Expense		$ (159)
23	Increase in Revenue Requirement		(14,100)
24	Increase to Property Tax per Dollar Increase in Revenue (Line19/Line 20)		1.129338%

Water Utility of Greater Tonopah
Docket No. W-02450A-09-0081
Test Year Ended December 31, 2008

Surrebuttal Schedule CSB-16

OPERATING INCOME ADJUSTMENT NO. 8 - INCOME TAX EXPENSE

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS	[C] STAFF AS ADJUSTED
1	Income Tax Expense - Test Year	(97,968)	118,789	20,821

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

ALL-STATE LEGAL®
EXHIBIT
S-8
ADMITTED

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

DARAK R. EADDY

PUBLIC UTILITIES ANALYST II

UTILITIES DIVISION

ARIZONA CORPORATION COMMISSION

NOVEMBER 6, 2009

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EXECUTIVE SUMMARY

GLOBAL WATER – PALO VERDE UTILITIES COMPANY, DOCKET NO. SW-20445A-09-0077
GLOBAL WATER – SANTA CRUZ WATER COMPANY, DOCKET NO. W-20446A-09-0080
WILLOW VALLEY WATER COMPANY, DOCKET NO. W-01732A-09-0079
VALENCIA WATER COMPANY – TOWN DIVISION, DOCKET NO. W-01212A-09-0082
VALENCIA WATER COMPANY – GREATER BUCKEYE DIVISION, DOCKET NO. W-02451A-09-0078
WATER UTILITY OF GREATER TONOPAH, DOCKET NO. W-02450A-09-0081

Global Water - Palo Verde Utilities Company ("Palo Verde"), Global Water Santa Cruz Water Company ("Santa Cruz"), Willow Valley Water Company ("Willow Valley"), Valencia Water Company – Town Division ("Town Division"), Valencia Water Company – Greater Buckeye Division ("Buckeye"), and Water Utility of Greater Tonopah ("Tonopah"), collectively "Global Companies", are certificated Arizona public service corporations that provided water and wastewater utility service during 2008 in various parts of Arizona. On February 20, 2009, Global Water filed applications for permanent rate increases for the above mentioned water systems. The Company utilized a test year ended December 31, 2008.

Global Water - Palo Verde Utilities Company:

The typical 3/4-inch meter residential customers with a current flat rate of $33 per month would experience a $38.11 or a 115.48 percent increase in their monthly bill to $71.11 under the Company's proposed rates. This same customers would experience a $22.89 or a 69.36 percent increase in their monthly bill to $55.89 under Staff's recommended rates.

Global Water - Santa Cruz Water Company:

The typical 3/4-inch meter residential customers with a median usage of 5,500 gallons would experience a $7.23 or a 19.70 percent increase in their monthly bill from $36.70 to $43.93 under the Company's proposed rates. This same customers would experience a $0.73 or a 1.98 percent increase in their monthly bill from $36.70 to $37.43 under Staff's recommended rates.

Willow Valley Water Company:

The typical 5/8 x 3/4-inch meter residential customers with a median usage of 2,000 gallons would experience a $16.30 or an 88.35 percent increase in their monthly bill from $18.45 to $34.75 under the Company's proposed rates. This same customers would experience a $9.35 or a 50.68 percent increase in their monthly bill from $18.45 to $27.80 under Staff's recommended rates.

Valencia Water Company – Town Division:

The typical 5/8 x 3/4-inch meter residential customers with a median usage of 4,500 gallons would experience a $19.23 or a 74.33 percent increase in their monthly bill from $25.87 to $45.10 under the Company's proposed rates. This same customers would experience an $8.71 or a 33.65 percent increase in their monthly bill from $25.87 to $34.58 under Staff's recommended rates.

Valencia Water Company – Greater Buckeye Division:

The typical 5/8 x 3/4-inch meter residential customers with a median usage of 7,000 gallons would experience a $19.10 or a 54.18 percent increase in their monthly bill from $35.25 to $54.35 under the Company's proposed rates. This same customers would experience a $4.05 or an 11.49 percent increase in their monthly bill from $35.25 to $39.30 under Staff's recommended rates.

Water Utility of Greater Tonopah:

The typical 5/8 x 3/4-inch meter residential customers with a median usage of 5,000 gallons would experience a $58.04 or a 152.74 percent increase in their monthly bill from $38.00 to $96.04 under the Company's proposed rates. This same customers would experience a $6.50 or a 17.11 percent decrease in their monthly bill from $38.00 to $31.50 under Staff's recommended rates.

INTRODUCTION

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

A. My name is Darak R. Eaddy. I am a Public Utilities Analyst II employed by the Arizona Corporation Commission ("ACC" or "Commission") in the Utilities Division ("Staff"). My business address is 1200 West Washington Street, Phoenix, Arizona 85007.

Q. Briefly describe your responsibilities as a Public Utilities Analyst II.

A. In my capacity as a Public Utilities Analyst II, I analyze and examine accounting, financial, statistical and other information and prepare reports based on my analyses that present Staff's recommendations to the Commission on utility revenue requirements, rate design and other matters. I also provide expert testimony on these same issues.

Q. Please describe your educational background and professional experience.

A. I have received a Bachelor of Science Degree in Economics from Francis Marion University and a Masters of Business Administration degree with specializations in Corporate Finance and Risk Management and Insurance from the University of Georgia. I have attended the National Association of Regulatory Utility Commissioners' ("NARUC") Utility Rate School, which presents general regulatory and business issues. I joined the Commission as a Public Utilities Analyst in October of 2006.

Q. What is the scope of your testimony in this case?

A. I am presenting Staff's analysis and recommendations regarding Global Water Company's ("Company" or "Global") application for a permanent increase in its rates and charges for six of the Company's water or wastewater systems located in Arizona. I am presenting testimony and schedules addressing rate design.

Q. What is the basis of your testimony in this case?

A. Based on the adjustments and revenue requirement recommended by Staff, I will present Staff's recommended rate design.

BACKGROUND

Q. Please describe the Company.

A. The Global Companies are certificated Arizona public service corporations that provide water or wastewater utility service to customers in various parts of Arizona.

The Global Companies are owned by Global Water Resources, LLC. The Global Companies have no employees and are managed and operated by Global Water, Inc.

RATE DESIGN

Q. Have you prepared a schedule summarizing the present, Company proposed, and Staff recommended rates and service charges?

A. Yes. For comparative purposes, Staff has presented each system separately. A summary of the present, Company proposed, and Staff recommended rates are presented in the attached schedules.

Q. Has the Company proposed consolidation of three of its systems in this filing?

A. Yes. The Company proposes consolidating three of its systems for rate making purposes.

Q. Does the Company propose consolidation of the Town Division, Buckeye, and Tonopah?

A. Yes. The Company is proposing full consolidation.

Q. Does Staff agree with the Company's proposed consolidation of the Town Division, Buckeye, and Tonopah?

A. No. Staff's analysis of the Company's proposed consolidation indicates that Buckeye and Tonopah customers would experience a significant negative impact in comparison to the Town Division customers. Staff recommends that the Commission establish individual rates for the Town Division, Buckeye and Tonopah systems.

Q. Could you please explain how consolidation would negatively impact Buckeye and Tonopah customers?

A. Consolidation would require the Buckeye and Tonopah customers to subsidize the Town Division, a much larger system. Therefore, Staff does not believe consolidation of the three systems for rate purposes is appropriate. For a more thorough analysis and discussion of Staff's recommendation on consolidation, please see the direct testimony of Staff witness Crystal S. Brown.

PALO VERDE

Q. Would you please summarize the present rate design for Palo Verde?

A. The present monthly basic service charge by meter size is as follows: 5/8 x 3/4-inch $33.00; 3/4-inch $33.00; 1-inch $82.50; 1 1/2-inch $165.00; 2-inch $264.00; 3-inch $528.00; 4-inch $825.00; and 6-inch $1,650.00. The present commodity rate for effluent is $100.00 per acre foot for all gallons of usage. There are no volumetric rates for Palo Verde's basic service.

Q. Would you please summarize the Company's proposed rate design for Palo Verde?

A. The Company's proposed monthly charge by meter size is as follows: 5/8 x 3/4-inch $71.11; 3/4-inch $71.11; 1-inch $178.00; 1 1/2-inch $355.55; 2-inch $568.88; 3-inch

$1,137.76; 4-inch $1,777.75; 6-inch $3,555.50; and 8-inch $7,111.00. The Company proposes to phase-in its proposed monthly charge from the current rate over three years with approximately one-third of the increase each year. The Company proposes a commodity rate for effluent of $2.00 per thousand gallons or $651.70 per acre foot for all usage. The Company does not propose any volumetric rates for Palo Verde's basic service.

Q. Would you please summarize Staff's recommended rate design for Palo Verde?

A. Staff's recommended rates and charges are presented on Schedule DRE-1. Staff's recommended monthly charges by meter size are as follows: 5/8 x 3/4-inch $55.89; 3/4-inch $55.89; 1-inch $139.73; 1 1/2-inch $279.47; 2-inch $447.14; 3-inch $894.29; 4-inch $1,397.33; 6-inch $2,794.65; and 8-inch $4,471.45. Staff recommends a phase-in of its proposed monthly charge from the current rate over three years with approximately one-third of the increase each year. A summary of both the Company's proposed and Staff's recommended phased-in rates are provided on Schedule DRE-2. Staff recommends a commodity rate for effluent of $2.00 per thousand gallons for all usage. Staff does not recommend any volumetric rates for Palo Verde's basic service.

Q. What is the rate impact on a typical 3/4-inch meter residential customer of Palo Verde?

A. The typical 3/4-inch meter residential customer would experience a $38.11 or a 115.48 percent increase in their monthly bill from $33.00 to $71.11 under the Company's proposed rates at final phased-in rates. The first and second year would be $45.33 and $58.16, respectively. The typical 3/4-inch meter residential customer would experience a $22.89 or a 69.36 percent increase in their monthly bill from $33.00 to $55.89 under

Staff's recommended rates at final phased-in rates. The first and second year would be $40.63 and $48.26, respectively.

SANTA CRUZ

Q. Would you please summarize the present rate design for Santa Cruz?

A. The present monthly minimum charges by meter size are as follows: 5/8 x 3/4-inch $25.00; 3/4-inch $25.00; 1-inch $62.50; 1 1/2-inch $125.00; 2-inch $200.00; 3-inch $400.00; 4-inch $625.00; and 6-inch $1,250.00. 1,000 gallons are included in the monthly minimum charge. The commodity rate for all meters is $2.6000 per thousand gallons for all usage. The commodity rate for standpipe and construction water is $3.6000 per thousand gallons of usage. The present rate design does not have a monthly minimum charge for construction water based on meter size.

Q. Would you please summarize the Company's proposed rate design for Santa Cruz?

A. The Company's proposed monthly minimum charges by meter size for all classes are as follows: 5/8 x 3/4-inch $32.68; 3/4-inch $32.68; 1-inch $81.70; 1 1/2-inch $163.40; 2-inch $261.44; 3-inch $522.88; 4-inch $817.00; 6-inch $1,634.00; and 8-inch $3,268.00. The Company's proposed rate design includes the above monthly minimum charges for construction water based on meter size. Zero gallons are included in the monthly minimum charge. The Company proposes a 6-tier inverted commodity rate for all classes of $1.0000 per thousand gallons for zero to 1,000 gallons; $2.2500 per thousand gallons for 1,001 to 5,000 gallons; $2.5000 per thousand gallons for 5,001 to 10,000 gallons; $3.0000 per thousand gallons for 10,001 to 18,000 gallons; $3.5800 per thousand gallons for 18,001 to 25,000 gallons; and $4.5700 per thousand gallons for any consumption over 25,000 gallons. The Company proposes the same commodity rates for standpipe and construction water usage. The Company also proposes to enact a volumetric rebate of the

commodity rate for monthly usage below 90 percent of the average residential consumption for the period November 2007 to October 2008. For Santa Cruz, Global proposes a rebate threshold of 7,001 gallons and a reduction of commodity rates of 65 percent.

Q. Would you please summarize Staff's recommended rate design for Santa Cruz?

A. Staff's recommended rates and charges are presented on Schedule DRE-3. Staff's recommended monthly minimum charges by meter size are as follows: 5/8 x 3/4-inch $25.00; 3/4-inch $25.00; 1-inch $62.50; 1 1/2-inch $125.00; 2-inch $200.00; 3-inch $400.00; 4-inch $625.00; 6-inch $1,250.00; and 8-inch $2,000.00. Zero gallons are included in the monthly minimum charge. Staff recommends no monthly minimum charge for construction water. Staff recommends an inverted tier rate design that consists of three tiers for the 5/8 x 3/4-inch and 3/4-inch residential meters and a commodity rate of $1.8500 per thousand gallons for zero to 3,000 gallons, $2.7500 per thousand gallons for 3,001 to 10,000 gallons, and $3.4500 per thousand gallons for any consumption over 10,000 gallons. Staff's recommended larger residential, commercial, irrigation, and HOA commodity rates have two tiers and vary by meter size, set at $2.7500 per thousand gallons for the first tier and $3.4500 per thousand gallons for any consumption over the first tier. Staff recommends a flat commodity rate of $1.3900 per 1,000 gallons for non-potable water usage and a flat commodity rate of $3.4500 per 1,000 gallons for standpipe and construction water users. Staff recommends a monthly charge for fire sprinkler service of the greater of $10.00 or 2 percent of the monthly minimum charge for that meter size. Staff does not recommend any volumetric rebates of commodity charges.

Q. What is the rate impact on a typical 3/4-inch meter residential customer for Santa Cruz?

A. The typical 3/4-inch meter residential customer with a median usage of 5,500 gallons would experience a $7.23 or a 19.70 percent increase in their monthly bill from $36.70 to $43.93 under the Company's proposed rates. This same customer would experience a $0.73 or a 1.98 percent increase in their monthly bill from $36.70 to $37.43 under Staff's recommended rates. A typical bill analysis is provided on Schedule DRE-4.

Q. What service lines, meter installation charges, and service charges does Staff recommend for Santa Cruz?

A. A comparison of the current charges for service lines, metered installation charges, and service charges; the Company's proposed changes, and Staff's recommended changes are presented on Schedule DRE-5, pages 1 and 2. Staff's recommended charges are within Staff's experience of what are reasonable and customary charges.

Q. Did Staff present an alternative rate design that includes a different tier structure?

A. Yes. The Company is proposing a six tier rate design. Since Santa Cruz currently has a one tier rate structure (all of the Global systems currently have either a one or two tier rate structure), Staff believes transitioning to a six tier rate structure in one rate case would be too drastic of a change for the Company's customers. As an alternative, Staff considered the rate impact of an inverted four tier rate structure. While Staff continues to believe that Staff's recommendation for the Commission to adopt an inverted three tier rate design for Santa Cruz is the most appropriate, Staff presents an alternative rate design with four tiers if the Commission wishes to consider an alternative rate design with an additional tier.

Q. Would you please summarize Staff's alternative rate design for Santa Cruz?

Staff's alternative rate design is presented on Schedule DRE-6. Staff's alternative monthly minimum charges by meter size are as follows: 5/8 x 3/4-inch $25.00; 3/4-inch $25.00; 1-inch $62.50; 1 1/2-inch $125.00; 2-inch $200.00; 3-inch $400.00; 4-inch $625.00; 6-inch $1,250.00; and 8-inch $2,000.00. Zero gallons are included in the monthly minimum charge. Staff's alternative rate design has no monthly minimum charge for construction water. Staff's alternative rate design includes an inverted tier rate structure that consists of four tiers for the 5/8 x 3/4-inch and 3/4-inch residential meters and a commodity rate of $1.1500 per thousand gallons for zero to 2,000 gallons, $2.1500 per thousand gallons for 2,001 to 5,000 gallons, $3.2000 per thousand gallons for 5,001 to 10,000 gallons, and $4.2300 per thousand gallons for any consumption over 10,000 gallons. Staff's alternative larger residential, commercial, irrigation, and HOA commodity rates have three tiers and vary by meter size, set at $2.1500 per thousand gallons for the first tier, $3.2000 per thousand gallons for the second tier, and $4.2300 per thousand gallons for any consumption over the second tier. Staff's alternative rate design has a flat commodity rate of $0.8600 per 1,000 gallons for non-potable water usage and a flat commodity rate of $4.2300 per 1,000 gallons for construction water users. A monthly charge for fire sprinkler service to the greater of $10.00 or 2 percent of the monthly minimum charge for that meter size is also included in Staff's alternative rate design. Staff does not recommend any volumetric rebates of commodity charges in its alternative rate design.

Q. What is the rate impact on a typical 3/4-inch meter Santa Cruz residential customer, using this alternative rate design?

A. The typical 3/4-inch meter residential customer with a median usage of 5,500 gallons would experience a $1.35 or a 3.68 percent decrease in their monthly bill from $36.70 to $35.35 under Staff's alternative rates. A typical bill analysis is provided on Schedule DRE-7.

WILLOW VALLEY

Q. Would you please summarize the present rate design for Willow Valley?

A. The present monthly minimum charges by meter size are as follows: 5/8 x 3/4-inch $16.25; 3/4-inch $22.25; 1-inch $37.25; 1 1/2-inch $45.00; 2-inch $105.00; 3-inch $150.00; 4-inch $200.00; and 6-inch $300.00. Zero gallons are included in the monthly minimum charge. The commodity rate for all meters is $1.1000 per thousand gallons for zero to 8,000 gallons, and $1.7000 per thousand gallons for any consumption over 8,000 gallons. The commodity rate for standpipe water is $2.0000 per thousand gallons of usage. The monthly charge for fire sprinkler service varies by meter size, but is the greater of $5.00 or 1 percent of the monthly minimum charge per meter size. The present rate design does not have a monthly minimum charge for construction water based on meter size.

Q. Would you please summarize the Company's proposed rate design for Willow Valley?

A. The Company's proposed monthly minimum charges by meter size for all classes are as follows: 5/8 x 3/4-inch $31.15; 3/4-inch $31.15; 1-inch $77.88; 1 1/2-inch $155.75; 2-inch $249.20; 3-inch $498.40; 4-inch $778.75; 6-inch $1,557.50; and 8-inch $3,115.00. The Company's proposed rate design includes the above monthly minimum charges for standpipe and construction water based on meter size. Zero gallons are included in the monthly minimum charge. The Company proposes a 6-tier inverted commodity rate for all classes of $1.0000 per thousand gallons for zero to 1,000 gallons; $2.6000 per thousand gallons for 1,001 to 5,000 gallons; $2.8500 per thousand gallons for 5,001 to 10,000 gallons; $3.5000 per thousand gallons for 10,001 to 18,000 gallons; $4.5000 per thousand gallons for 18,001 to 25,000 gallons; and $5.4500 per thousand gallons for any consumption over 25,000 gallons. The Company proposes the same commodity rates for

standpipe and construction water usage. The Company also proposes to enact a volumetric rebate of the commodity rate for monthly usage below 90 percent of the average residential consumption for the period of November 2007 to October 2008. For Willow Valley, Global proposes a rebate threshold of 6,401 gallons and a reduction of commodity rates of 45 percent.

Q. Would you please summarize Staff's recommended rate design for Willow Valley?

A. Staff's recommended rates and charges are presented on Schedule DRE-8. Staff's recommended monthly minimum charges by meter size are as follows: 5/8 x 3/4-inch $21.50; 3/4-inch $32.25; 1-inch $53.75; 1 1/2-inch $107.50; 2-inch $172.00; 3-inch $344.00; 4-inch $537.50; 6-inch $1,075.00; and 8-inch $1,720.00. Zero gallons are included in the monthly minimum charge. Staff recommends no monthly minimum charge for standpipe or construction water. Staff recommends an inverted tier rate design that consists of three tiers for the 5/8 x 3/4-inch and 3/4-inch residential meters and a commodity rate of $3.1500 per thousand gallons for zero to 3,000 gallons, $4.7000 per thousand gallons for 3,001 to 10,000 gallons, and $5.6500 per thousand gallons for any consumption over 10,000 gallons. Staff's recommended larger residential, commercial, and irrigation commodity rates have two tiers and vary by meter size, set at $4.7000 per thousand gallons for the first tier and $5.6500 per thousand gallons for any consumption over the first tier. Staff recommends a flat commodity rate of $5.6500 per 1,000 gallons for standpipe and construction water users. Staff recommends a monthly charge for fire sprinkler service of the greater of $10.00 or 2 percent of the monthly minimum charge for that meter size. Staff does not recommend any volumetric rebates of commodity charges.

Q. What is the rate impact on a typical 5/8 x 3/4-inch meter residential customer for Willow Valley?

A. The typical 5/8 x 3/4-inch meter residential customer with a median usage of 2,000 gallons would experience a $16.30 or a 88.35 percent increase in their monthly bill from $18.45 to $34.75 under the Company's proposed rates. This same customer would experience a $9.35 or a 50.68 percent increase in their monthly bill from $18.45 to $27.80 under Staff's recommended rates. A typical bill analysis is provided on Schedule DRE-9.

Q. What service lines, meter installation charges, and service charges does Staff recommend for Willow Valley?

A. A comparison of the current charges for service lines, metered installation charges, and service charges; the Company's proposed changes, and Staff's recommended changes are presented on Schedule DRE-10, pages 1 and 2. Staff's recommended charges are within Staff's experience of what are reasonable and customary charges.

Q. Did Staff present an alternative rate design that includes a different tier structure?

A. Yes. The Company is proposing a six tier rate design. Since Willow Valley currently has a two tier rate structure (all of the Global systems currently have either a one or two tier rate structure), Staff believes transitioning to a six tier rate structure in one rate case would be too drastic of a change for the Company's customers. As an alternative, Staff considered the rate impact of an inverted four tier rate structure. While Staff continues to believe that Staff's recommendation for the Commission to adopt an inverted three tier rate design for Willow Valley is the most appropriate, Staff presents an alternative rate design with four tiers if the Commission wishes to consider an alternative rate design with an additional tier.

Q. Would you please summarize Staff's alternative rate design for Willow Valley?

Staff's alternative rate design is presented on Schedule DRE-11. Staff's alternative monthly minimum charges by meter size are as follows: 5/8 x 3/4-inch $21.00; 3/4-inch $31.50; 1-inch $52.50; 1 1/2-inch $105.00; 2-inch $168.00; 3-inch $336.00; 4-inch $525.00; 6-inch $1,050.00; and 8-inch $1,680.00. Zero gallons are included in the monthly minimum charge. Staff's alternative rate design has no monthly minimum charge for standpipe or construction water. Staff's alternative rate design includes an inverted tier rate structure that consists of four tiers for the 5/8 x 3/4-inch and 3/4-inch residential meters and a commodity rate of $2.0000 per thousand gallons for zero to 2,000 gallons, $3.5000 per thousand gallons for 2,001 to 5,000 gallons, $5.2500 per thousand gallons for 5,001 to 10,000 gallons, and $7.0000 per thousand gallons for any consumption over 10,000 gallons. Staff's alternative larger residential, commercial, and irrigation commodity rates have three tiers and vary by meter size, set at $3.5000 per thousand gallons for the first tier, $5.2500 per thousand gallons for the second tier, and $7.0000 per thousand gallons for any consumption over the second tier. Staff's alternative rate design has a flat commodity rate of $7.0000 per 1,000 gallons for standpipe and construction water users. A monthly charge for fire sprinkler service of the greater of $10.00 or 2 percent of the monthly minimum charge for that meter size is also included in Staff's alternative rate design. Staff does not recommend any volumetric rebates of commodity charges in its alternative rate design.

Q. What is the rate impact on a typical 5/8 x 3/4-inch meter Willow Valley residential customer, using this alternative rate design?

A. The typical 5/8 x 3/4-inch meter residential customer with a median usage of 2,000 gallons would experience a $6.55 or a 35.50 percent increase in their monthly bill from

$18.45 to $25.00 under Staff's alternative rates. A typical bill analysis is provided on Schedule DRE-12.

TOWN DIVISION

Q. Would you please summarize the present rate design for the Town Division?

A. The present monthly minimum charges by meter size are as follows: 5/8 x 3/4-inch $13.00; 3/4-inch $15.00; 1-inch $37.50; 1 1/2-inch $75.00; 2-inch $145.00; 3-inch $225.00; 4-inch $700.00; and 6-inch $700.00. Zero gallons are included in the monthly minimum charge. The commodity rate for all meters is $2.8600 per thousand gallons for all usage. The monthly charge for fire sprinkler service varies by meter size, but is the greater of $5.00 or 1 percent of the monthly minimum charge per meter size. The present rate design does not have a monthly minimum charge for construction water based on meter size.

Q. Would you please summarize the Company's proposed rate design for the Town Division?

A. The Company's proposed monthly minimum charges by meter size for all classes are as follows: 5/8 x 3/4-inch $36.75; 3/4-inch $36.75; 1-inch $91.88; 1 1/2-inch $183.75; 2-inch $294.00; 3-inch $588.00; 4-inch $918.75; 6-inch $1,837.50; and 8-inch $3,675.00. The Company's proposed rate design includes the above monthly minimum charges for standpipe or construction water based on meter size. Zero gallons are included in the monthly minimum charge. The Company proposes a 6-tier inverted commodity rate for all classes of $1.0000 per thousand gallons for zero to 1,000 gallons; $2.1000 per thousand gallons for 1,001 to 5,000 gallons; $2.3000 per thousand gallons for 5,001 to 10,000 gallons; $2.7500 per thousand gallons for 10,001 to 18,000 gallons; $3.5000 per thousand gallons for 18,001 to 25,000 gallons; and $4.2800 per thousand gallons for any

consumption over 25,000 gallons. The Company proposes the same commodity rates for standpipe and construction water usage. The Company also proposes to enact a volumetric rebate of the commodity rate for monthly usage below 90 percent of the average residential consumption for the period of November 2007 to October 2008. For the Town Division, Global proposes a rebate threshold of 6,701 gallons and a reduction of commodity rates of 59 percent.

Q. Would you please summarize Staff's recommended rate design for the Town Division?

A. Staff's recommended rates and charges are presented on Schedule DRE-13. Staff's recommended monthly minimum charges by meter size are as follows: 5/8 x 3/4-inch $18.00; 3/4-inch $27.00; 1-inch $45.00; 1 1/2-inch $90.00; 2-inch $144.00; 3-inch $288.00; 4-inch $450.00; 6-inch $900.00; and 8-inch $1,440.00. Zero gallons are included in the monthly minimum charge. Staff recommends no monthly minimum charge for standpipe or construction water. Staff recommends an inverted tier rate design that consists of three tiers for the 5/8 x 3/4-inch and 3/4-inch residential meters and a commodity rate of $3.1500 per thousand gallons for zero to 3,000 gallons, $4.7500 per thousand gallons for 3,001 to 10,000 gallons, and $5.7100 per thousand gallons for any consumption over 10,000 gallons. Staff's recommended larger residential, commercial, HOA, and irrigation commodity rates have two tiers and vary by meter size, set at $4.7500 per thousand gallons for the first tier and $5.7100 per thousand gallons for any consumption over the first tier. Staff recommends a flat commodity rate of $5.7100 per 1,000 gallons for standpipe and construction water users. Staff recommends a monthly charge for fire sprinkler service of the greater of $10.00 or 2 percent of the monthly minimum charge for that meter size. Staff does not recommend any volumetric rebates of commodity charges.

Q. What is the rate impact on a typical 5/8 x 3/4-inch meter residential customer for the Town Division?

A. The typical 5/8 x 3/4-inch meter residential customer with a median usage of 4,500 gallons would experience a $19.23 or a 74.33 percent increase in their monthly bill from $25.87 to $45.10 under the Company's proposed rates. This same customer would experience an $8.71 or a 33.65 percent increase in their monthly bill from $25.87 to $34.58 under Staff's recommended rates. A typical bill analysis is provided on Schedule DRE-14.

Q. What service lines, meter installation charges, and service charges does Staff recommend for the Town Division?

A. A comparison of the current charges for service lines, metered installation charges, and service charges; the Company's proposed changes, and Staff's recommended changes are presented on Schedule DRE-15, pages 1 and 2. Staff's recommended charges are within Staff's experience of what are reasonable and customary charges.

Q. Did Staff present an alternative rate design that includes a different tier structure?

A. Yes. The Company is proposing a six tier rate design. Since the Town Division currently has a one tier rate structure (all of the Global systems currently have either a one or two tier rate structure), Staff believes transitioning to a six tier rate structure in one rate case would be too drastic of a change for the Company's customers. As an alternative, Staff considered the rate impact of an inverted four tier rate structure. While Staff continues to believe that Staff's recommendation for the Commission to adopt an inverted three tier rate design for the Town Division is the most appropriate, Staff presents an alternative rate design with four tiers if the Commission wishes to consider an alternative rate design with an additional tier.

Q. Would you please summarize Staff's alternative rate design for the Town Division?

Staff's alternative rate design is presented on Schedule DRE-16. Staff's alternative monthly minimum charges by meter size are as follows: 5/8 x 3/4-inch $18.00; 3/4-inch $27.00; 1-inch $45.00; 1 1/2-inch $90.00; 2-inch $144.00; 3-inch $288.00; 4-inch $450.00; 6-inch $900.00; and 8-inch $1,440.00. Zero gallons are included in the monthly minimum charge. Staff's alternative rate design has no monthly minimum charge for standpipe or construction water. Staff's alternative rate design includes an inverted tier rate structure that consists of four tiers for the 5/8 x 3/4-inch and 3/4-inch residential meters and a commodity rate of $2.0000 per thousand gallons for zero to 2,000 gallons, $3.3500 per thousand gallons for 2,001 to 5,000 gallons, $5.3000 per thousand gallons for 5,001 to 10,000 gallons, and $6.5500 per thousand gallons for any consumption over 10,000 gallons. Staff's alternative larger residential, commercial, HOA, and irrigation commodity rates have three tiers and vary by meter size, set at $3.3500 per thousand gallons for the first tier, $5.3000 per thousand gallons for the second tier, and $6.5500 per thousand gallons for any consumption over the second tier. Staff's alternative rate design has a flat commodity rate of $6.5500 per 1,000 gallons for standpipe and construction water users. A monthly charge for fire sprinkler service of the greater of $10.00 or 2 percent of the monthly minimum charge for that meter size is also included in Staff's alternative rate design. Staff does not recommend any volumetric rebates of commodity charges in its alternative rate design.

Q. What is the rate impact on a typical 5/8 x 3/4-inch meter Town Division residential customer, using this alternative rate design?

A. The typical 5/8 x 3/4-inch meter residential customer with a median usage of 4,500 gallons would experience a $4.51 or a 17.41 percent increase in their monthly bill from

$25.87 to $30.38 under Staff's alternative rates. A typical bill analysis is provided on Schedule DRE-17.

BUCKEYE

Q. Would you please summarize the present rate design for Buckeye?

A. The present monthly minimum charges by meter size are as follows: 5/8 x 3/4-inch $16.00; 3/4-inch $16.00; 1-inch $40.00; 1 1/2-inch $80.00; 2-inch $128.00; 3-inch $240.00; 4-inch $400.00; and 6-inch $820.00. Zero gallons are included in the monthly minimum charge. The commodity rate for all meters is $2.7500 per thousand gallons for zero to 12,000 gallons, and $3.7500 per thousand gallons for any consumption over 12,000 gallons. The commodity rate for construction water usage is $2.7500 per thousand gallons for all usage. The present rate design also has a $150 monthly minimum charge for construction water for all meter sizes.

Q. Would you please summarize the Company's proposed rate design for Buckeye?

A. The Company's proposed monthly minimum charges by meter size for all classes are as follows: 5/8 x 3/4-inch $37.25; 3/4-inch $37.25; 1-inch $93.13; 1 1/2-inch $186.25; 2-inch $298.00; 3-inch $596.00; 4-inch $931.25; 6-inch $1,862.50; and 8-inch $3,725.00. The Company's proposed rate design includes the above monthly minimum charges for standpipe and construction water based on meter size. Zero gallons are included in the monthly minimum charge. The Company proposes a 6-tier inverted commodity rate for all classes of $1.0000 per thousand gallons for zero to 1,000 gallons; $2.6000 per thousand gallons for 1,001 to 5,000 gallons; $2.8500 per thousand gallons for 5,001 to 10,000 gallons; $3.4000 per thousand gallons for 10,001 to 18,000 gallons; $4.0000 per thousand gallons for 18,001 to 25,000 gallons; and $4.8400 per thousand gallons for any consumption over 25,000 gallons. The Company proposes the same commodity rates for

standpipe and construction water usage. The Company also proposes to enact a volumetric rebate of the commodity rate for monthly usage below 90 percent of the average residential consumption for the period of November 2007 to October 2008. For Buckeye, Global proposes a rebate threshold of 9,001 gallons and a reduction of commodity rates of 45 percent.

Q. Would you please summarize Staff's recommended rate design for Buckeye?

A. Staff's recommended rates and charges are presented on Schedule DRE-18. Staff's recommended monthly minimum charges by meter size are as follows: 5/8 x 3/4-inch $17.50; 3/4-inch $26.25; 1-inch $43.75; 1 1/2-inch $87.50; 2-inch $140.00; 3-inch $280.00; 4-inch $437.50; 6-inch $875.00; and 8-inch $1,400.00. Zero gallons are included in the monthly minimum charge. Staff recommends no monthly minimum charge for standpipe or construction water. Staff recommends an inverted tier rate design that consists of three tiers for the 5/8 x 3/4-inch and 3/4-inch residential meters and a commodity rate of $2.4000 per thousand gallons for zero to 3,000 gallons, $3.6500 per thousand gallons for 3,001 to 10,000 gallons, and $4.4000 per thousand gallons for any consumption over 10,000 gallons. Staff's recommended larger residential, commercial, and HOA commodity rates have two tiers and vary by meter size, set at $3.6500 per thousand gallons for the first tier and $4.4000 per thousand gallons for any consumption over the first tier. Staff recommends a flat commodity rate of $4.4000 per 1,000 gallons for standpipe and construction water users. Staff recommends a monthly charge for fire sprinkler service of the greater of $10.00 or 2 percent of the monthly minimum charge for that meter size. Staff does not recommend any volumetric rebates of commodity charges.

Q. What is the rate impact on a typical 5/8 x 3/4-inch meter residential customer for Buckeye?

A. The typical 5/8 x 3/4-inch meter residential customer with a median usage of 7,000 gallons would experience a $19.10 or a 54.18 percent increase in their monthly bill from $35.25 to $54.35 under the Company's proposed rates. This same customer would experience a $4.05 or an 11.49 percent increase in their monthly bill from $35.25 to $39.30 under Staff's recommended rates. A typical bill analysis is provided on Schedule DRE-19.

Q. What service lines, meter installation charges, and service charges does Staff recommend for Buckeye?

A. A comparison of the current charges for service lines, metered installation charges, and service charges; the Company's proposed changes, and Staff's recommended changes are presented on Schedule DRE-20, pages 1 and 2. Staff's recommended charges are within Staff's experience of what are reasonable and customary charges.

Q. Did Staff present an alternative rate design that includes a different tier structure?

A. Yes. The Company is proposing a six tier rate design. Since Buckeye currently has a two tier rate structure (all of the Global systems currently have either a one or two tier rate structure), Staff believes transitioning to a six tier rate structure in one rate case would be too drastic of a change for the Company's customers. As an alternative, Staff considered the rate impact of an inverted four tier rate structure. While Staff continues to believe that Staff's recommendation for the Commission to adopt an inverted three tier rate design for Buckeye is the most appropriate, Staff presents an alternative rate design with four tiers if the Commission wishes to consider an alternative rate design with an additional tier.

Q. Would you please summarize Staff's alternative rate design for Buckeye?

Staff's alternative rate design is presented on Schedule DRE-21. Staff's alternative monthly minimum charges by meter size are as follows: 5/8 x 3/4-inch $18.00; 3/4-inch $27.00; 1-inch $45.00; 1 1/2-inch $90.00; 2-inch $144.00; 3-inch $288.00; 4-inch $450.00; 6-inch $900.00; and 8-inch $1,440.00. Zero gallons are included in the monthly minimum charge. Staff's alternative rate design has no monthly minimum charge for standpipe or construction water. Staff's alternative rate design includes an inverted tier rate structure that consists of four tiers for the 5/8 x 3/4-inch and 3/4-inch residential meters and a commodity rate of $1.7500 per thousand gallons for zero to 2,000 gallons, $2.5000 per thousand gallons for 2,001 to 5,000 gallons, $3.7500 per thousand gallons for 5,001 to 10,000 gallons, and $5.0000 per thousand gallons for any consumption over 10,000 gallons. Staff's alternative larger residential, commercial, and HOA commodity rates have three tiers and vary by meter size, set at $2.5000 per thousand gallons for the first tier, $3.7500 per thousand gallons for the second tier, and $5.0000 per thousand gallons for any consumption over the second tier. Staff's alternative rate design has a flat commodity rate of $5.0000 per 1,000 gallons for standpipe and construction water users. A monthly charge for fire sprinkler service of the greater of $10.00 or 2 percent of the monthly minimum charge for that meter size is also included in Staff's alternative rate design. Staff does not recommend any volumetric rebates of commodity charges in its alternative rate design.

Q. What is the rate impact on a typical 5/8 x 3/4-inch meter Buckeye residential customer, using this alternative rate design?

A. The typical 5/8 x 3/4-inch meter residential customer with a median usage of 7,000 gallons would experience a $1.25 or a 3.55 percent increase in their monthly bill from

$35.25 to $36.50 under Staff's alternative rates. A typical bill analysis is provided on Schedule DRE-22.

TONOPAH

Q. Would you please summarize the present rate design for Tonopah?

A. The present monthly minimum charges by meter size are as follows: 5/8 x 3/4-inch $17.50; 3/4-inch $17.50; 1-inch $45.00; 1 1/2-inch $85.00; 2-inch $145.00; 3-inch $270.00; 4-inch $450.00; and 6-inch $900.00. Zero gallons are included in the monthly minimum charge. The commodity rate for all meters is $4.1000 per thousand gallons for zero to 12,000 gallons, and $5.2500 per thousand gallons for any consumption over 12,000 gallons. The commodity rate for construction water usage is $4.1000 per thousand gallons for all usage. The present rate design does not have a monthly minimum charge for construction water based on meter size.

Q. Would you please summarize the Company's proposed rate design for Tonopah?

A. The Company's proposed monthly minimum charges by meter size for all classes are as follows: 5/8 x 3/4-inch $75.00; 3/4-inch $75.00; 1-inch $187.50; 1 1/2-inch $375.00; 2-inch $600.00; 3-inch $1,200.00; 4-inch $1,875.00; 6-inch $3,750.00; and 8-inch $7,500.00. The Company's proposed rate design includes the above monthly minimum charges for construction water based on meter size. Zero gallons are included in the monthly minimum charge. The Company proposes a 6-tier inverted commodity rate for all classes of $1.0000 per thousand gallons for zero to 1,000 gallons; $5.0100 per thousand gallons for 1,001 to 5,000 gallons; $16.3200 per thousand gallons for 5,001 to 10,000 gallons; $19.5800 per thousand gallons for 10,001 to 18,000 gallons; $23.5000 per thousand gallons for 18,001 to 25,000 gallons; and $29.9400 per thousand gallons for any consumption over 25,000 gallons. The Company proposes the same commodity rates for

standpipe and construction water usage. The Company also proposes to enact a volumetric rebate of the commodity rate for monthly usage below 90 percent of the average residential consumption for the period of November 2007 to October 2008. For Tonopah, Global proposes a rebate threshold of 7,401 gallons and a reduction of commodity rates of 45 percent.

Q. Would you please summarize Staff's recommended rate design for Tonopah?

A. Staff's recommended rates and charges are presented on Schedule DRE-23. Staff's recommended monthly minimum charges by meter size are as follows: 5/8 x 3/4-inch $16.50; 3/4-inch $24.75; 1-inch $41.25; 1 1/2-inch $82.50; 2-inch $132.00; 3-inch $264.00; 4-inch $412.50; 6-inch $825.00; and 8-inch $1,320.00. Zero gallons are included in the monthly minimum charge. Staff recommends no monthly minimum charge for standpipe or construction water. Staff recommends an inverted tier rate design that consists of three tiers for the 5/8 x 3/4-inch and 3/4-inch residential meters and a commodity rate of $2.5000 per thousand gallons for zero to 3,000 gallons, $3.7500 per thousand gallons for 3,001 to 10,000 gallons, and $4.6500 per thousand gallons for any consumption over 10,000 gallons. Staff's recommended larger residential, commercial, and irrigation commodity rates have two tiers and vary by meter size, set at $3.7500 per thousand gallons for the first tier and $4.6500 per thousand gallons for any consumption over the first tier. Staff recommends a flat commodity rate of $4.6500 per 1,000 gallons for standpipe and construction water users. Staff recommends a monthly charge for fire sprinkler service of the greater of $10.00 or 2 percent of the monthly minimum charge for that meter size. Staff does not recommend any volumetric rebates of commodity charges.

Q. What is the rate impact on a typical 5/8 x 3/4-inch meter residential customer for Tonopah?

A. The typical 5/8 x 3/4-inch meter residential customer with a median usage of 5,000 gallons would experience a $58.04 or a 152.74 percent increase in their monthly bill from $38.00 to $96.04 under the Company's proposed rates. This same customer would experience a $6.50 or a 17.11 percent decrease in their monthly bill from $38.00 to $31.50 under Staff's recommended rates. A typical bill analysis is provided on Schedule DRE-24.

Q. What service lines, meter installation charges, and service charges does Staff recommend for Tonopah?

A. A comparison of the current charges for service lines, metered installation charges, and service charges; the Company's proposed changes, and Staff's recommended changes are presented on Schedule DRE-25, pages 1 and 2. Staff's recommended charges are within Staff's experience of what are reasonable and customary charges.

Q. Did Staff present an alternative rate design that includes a different tier structure?

A. Yes. The Company is proposing a six tier rate design. Since Tonopah currently has a two tier rate structure (all of the Global systems currently have either a one or two tier rate structure), Staff believes transitioning to a six tier rate structure in one rate case would be too drastic of a change for the Company's customers. As an alternative, Staff considered the rate impact of an inverted four tier rate structure. While Staff continues to believe that Staff's recommendation for the Commission to adopt an inverted three tier rate design for Tonopah is the most appropriate, Staff presents an alternative rate design with four tiers if the Commission wishes to consider an alternative rate design with an additional tier.

Q. Would you please summarize Staff's alternative rate design for Buckeye?

Staff's alternative rate design is presented on Schedule DRE-26. Staff's alternative monthly minimum charges by meter size are as follows: 5/8 x 3/4-inch $18.00; 3/4-inch $27.00; 1-inch $45.00; 1 1/2-inch $90.00; 2-inch $144.00; 3-inch $288.00; 4-inch $450.00; 6-inch $900.00; and 8-inch $1,440.00. Zero gallons are included in the monthly minimum charge. Staff's alternative rate design has no monthly minimum charge for standpipe or construction water. Staff's alternative rate design includes an inverted tier rate structure that consists of four tiers for the 5/8 x 3/4-inch and 3/4-inch residential meters and a commodity rate of $1.7500 per thousand gallons for zero to 2,000 gallons, $2.5000 per thousand gallons for 2,001 to 5,000 gallons, $3.5000 per thousand gallons for 5,001 to 10,000 gallons, and $5.0500 per thousand gallons for any consumption over 10,000 gallons. Staff's alternative larger residential, commercial, and irrigation commodity rates have three tiers and vary by meter size, set at $2.5000 per thousand gallons for the first tier, $3.5000 per thousand gallons for the second tier, and $5.0500 per thousand gallons for any consumption over the second tier. Staff's alternative rate design has a flat commodity rate of $5.0500 per 1,000 gallons for standpipe and construction water users. A monthly charge for fire sprinkler service of the greater of $10.00 or 2 percent of the monthly minimum charge for that meter size is also included in Staff's alternative rate design. Staff does not recommend any volumetric rebates of commodity charges in its alternative rate design.

Q. What is the rate impact on a typical 5/8 x 3/4-inch meter Tonopah residential customer, using this alternative rate design?

A. The typical 5/8 x 3/4-inch meter residential customer with a median usage of 5,000 gallons would experience a $9.00 or a 23.68 percent decrease in their monthly bill from

$38.00 to $29.00 under Staff's alternative rates. A typical bill analysis is provided on Schedule DRE-27.

DISTRIBUTED RENEWABLE ENERGY RECOVERY TARIFF

Q. Has the Company requested a distributed renewable energy recovery tariff?

A. Yes. In its application the Company requested a distributed renewable energy tariff to fund renewable energy projects. For a more thorough analysis and discussion of Staff's recommendation on the distributed renewable energy tariff, please see the direct testimony of Staff witness Linda A. Jaress.

Q. Does this conclude your direct testimony?

A. Yes, it does.

Global Water - Palo Verde Utilities Company
Docket No. SW-20445A-09-0077
Test Year Ended December 31, 2008

Schedule DRE-1

Global Water - Palo Verde Utilities Company

Meter Size	[A] Basic Service Charge: Company Present Rates	[B] Basic Service Charge: Company Proposed Rates	[C] Basic Service Charge: Staff Recommended Rates
5/8 x 3/4-inch	$ 33.00	$ 71.11	$ 55.89
3/4-inch	33.00	71.11	55.89
1-inch	82.50	178.00	139.73
1 1/2-inch	165.00	355.55	279.47
2-inch	264.00	568.88	447.14
3-inch	528.00	1,137.76	894.29
4-inch	825.00	1,777.75	1,397.33
6-inch	1,650.00	3,555.50	2,794.65
8-inch	n/a	7,111.00	4,471.45

Effluent Charge			
All Gallons (Per Acre Foot)	$ 100.00	$ 651.70	$ 651.70
All Gallons (Per 1,000 Gallons)	$ 0.31	$ 2.00	$ 2.00

Miscellaneous Service Charges	Company Present Rates	Company Proposed Rates	Staff Recommended Rates
Establishment	$ 25.00	$ 50.00	$ 35.00
Establishment (After Hours)	n/a	$ 100.00	$ 50.00
Re-establishment of Service (within 12 months)	(a)	(a)	(a)
Reconnection (Delinquent)	$ 30.00	$ 75.00	$ 35.00
Reconnection After Hours (Delinquent)	n/a	$ 100.00	$ 60.00
Meter Move at Customer Request	n/a	(b)	(b)
After Hours Service Charge, Per Hour	$ 50.00	$ 50.00	$ 50.00
Deposit	(c)	(c)	(c)
Meter Re-Read (If Correct)	n/a	$ 30.00	$ 30.00
Meter Test Fee (If Correct)	n/a	$ 50.00	$ 30.00
NSF Check	$ 10.00	$ 30.00	$ 30.00
Late Payment Charge (Per Month)	1.50%	(d)	1.50%
Deferred Payment Charge (Per Month)	1.50%	(e)	1.50%

(a) Number of Months off System times the monthly minimum per A.A.C. R14-2-403(D)

(b) Per Commission rules A.A.C. R14-2-405(B.5). Cc parts, labor, overhead and all applicable taxes

(c) Per Commission rules R14-2-403(B)

(d) Greater of 1.5% or $5.00

(e) Greater of 1.5% or $3.50

Global Water - Palo Verde Utilities Company
Docket No. SW-20445A-09-0077
Test Year Ended December 31, 2008

Schedule DRE-2

Meter Size	Present Rates	Proposed Phase In Rates		
		Year 1	Year 2	Year 3
Company Proposed:				
5/8 x 3/4-inch	$ 33.00	$ 45.33	$ 58.16	$ 71.11
3/4-inch	33.00	45.33	58.16	71.11
1-inch	82.50	113.33	145.40	178.00
1 1/2-inch	165.00	226.65	290.80	355.55
2-inch	264.00	362.64	465.28	568.88
3-inch	528.00	725.28	930.56	1,137.76
4-inch	825.00	1,133.25	1,454.00	1,777.75
6-inch	1,650.00	2,266.50	2,908.00	3,555.50
8-inch	n/a	4,533.00	5,816.00	7,111.00
Staff Recommended:				
5/8 x 3/4-inch	$ 33.00	$ 40.63	$ 48.26	$ 55.89
3/4-inch	33.00	40.63	48.26	55.89
1-inch	82.50	101.58	120.66	139.73
1 1/2-inch	165.00	203.16	241.31	279.47
2-inch	264.00	325.05	386.10	447.14
3-inch	528.00	650.10	772.19	894.29
4-inch	825.00	1,015.78	1,206.55	1,397.33
6-inch	1,650.00	2,031.55	2,413.10	2,794.65
8-inch	n/a	1,490.48	2,980.96	4,471.45

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		Global Water Company - Santa Cruz											
		[A]	[B]	[C]		[D]	[E]	[F]		[G]	[H]	[I]
		Basic Service Charge				Break-Over Points				Commodity Charge		
Line No.	Customer Class	Company Present Rates	Company Proposed Rates	Staff Recommended Rates		Company Present	Company Proposed	Staff Recommended		Company Present Rate	Company Proposed Rate	Staff Recommended Rate
1	Residential 5/8 x 3/4-inch	$ 25.00	$ 32.68	$ 25.00	Tier One Breakover (M Gal):	9999999	1	3		$ 2.6000	$ 1.0000	$ 1.8500
2	Gallons included in minimum	1000	n/a	n/a	Tier Two Breakover (M Gal):	n/a	5	10		n/a	$ 2.2500	$ 2.7500
3					Tier Three Breakover (M Gal):	n/a	10	9999999		n/a	$ 2.5000	$ 3.4500
4					Tier Four Breakover (M Gal):	n/a	18	n/a		n/a	$ 3.0000	n/a
5					Tier Five Breakover (M Gal):	n/a	25	n/a		n/a	$ 3.5800	n/a
6					Tier Six Breakover (M Gal):	n/a	9999999	n/a		n/a	$ 4.5700	n/a
7	Residential 3/4-inch	$ 25.00	$ 32.68	$ 25.00	Tier One Breakover (M Gal):	9999999	1	3		$ 2.6000	$ 1.0000	$ 1.8500
8	Gallons included in minimum	1000	n/a	n/a	Tier Two Breakover (M Gal):	n/a	5	10		n/a	$ 2.2500	$ 2.7500
9					Tier Three Breakover (M Gal):	n/a	10	9999999		n/a	$ 2.5000	$ 3.4500
10					Tier Four Breakover (M Gal):	n/a	18	n/a		n/a	$ 3.0000	n/a
11					Tier Five Breakover (M Gal):	n/a	25	n/a		n/a	$ 3.5800	n/a
12					Tier Six Breakover (M Gal):	n/a	9999999	n/a		n/a	$ 4.5700	n/a
13	5/8 x 3/4-inch All Classes [1]	25.00	32.68	25.00	Tier One Breakover (M Gal):	9999999	1	10		$ 2.6000	$ 1.0000	$ 2.7500
14	Gallons included in minimum	1000	n/a	n/a	Tier Two Breakover (M Gal):	n/a	5	9999999		n/a	$ 2.2500	$ 3.4500
15					Tier Three Breakover (M Gal):	n/a	10	n/a		n/a	$ 2.5000	n/a
16					Tier Four Breakover (M Gal):	n/a	18	n/a		n/a	$ 3.0000	n/a
17					Tier Five Breakover (M Gal):	n/a	25	n/a		n/a	$ 3.5800	n/a
18					Tier Six Breakover (M Gal):	n/a	9999999	n/a		n/a	$ 4.5700	n/a
19	3/4-inch All Classes [1]	25.00	32.68	25.00	Tier One Breakover (M Gal):	9999999	1	10		$ 2.6000	$ 1.0000	$ 2.7500
20	Gallons included in minimum	1000	n/a	n/a	Tier Two Breakover (M Gal):	n/a	5	9999999		n/a	$ 2.2500	$ 3.4500
21					Tier Three Breakover (M Gal):	n/a	10	n/a		n/a	$ 2.5000	n/a
22					Tier Four Breakover (M Gal):	n/a	18	n/a		n/a	$ 3.0000	n/a
23					Tier Five Breakover (M Gal):	n/a	25	n/a		n/a	$ 3.5800	n/a
24					Tier Six Breakover (M Gal):	n/a	9999999	n/a		n/a	$ 4.5700	n/a
25	1-inch All Classes [1]	$ 62.50	$ 81.70	$ 62.50	Tier One Breakover (M Gal):	9999999	1	55		$ 2.6000	$ 1.0000	$ 2.7500
26	Gallons included in minimum	1000	n/a	n/a	Tier Two Breakover (M Gal):	n/a	5	9999999		n/a	$ 2.2500	$ 3.4500
27					Tier Three Breakover (M Gal):	n/a	10	n/a		n/a	$ 2.5000	n/a
28					Tier Four Breakover (M Gal):	n/a	18	n/a		n/a	$ 3.0000	n/a
29					Tier Five Breakover (M Gal):	n/a	25	n/a		n/a	$ 3.5800	n/a
30					Tier Six Breakover (M Gal):	n/a	9999999	n/a		n/a	$ 4.5700	n/a
31	1 1/2-inch All Classes [1]	$ 125.00	$ 163.40	$ 125.00	Tier One Breakover (M Gal):	9999999	1	143		$ 2.6000	$ 1.0000	$ 2.7500
32	Gallons included in minimum	1000	n/a	n/a	Tier Two Breakover (M Gal):	n/a	5	9999999		n/a	$ 2.2500	$ 3.4500
33					Tier Three Breakover (M Gal):	n/a	10	n/a		n/a	$ 2.5000	n/a
34					Tier Four Breakover (M Gal):	n/a	18	n/a		n/a	$ 3.0000	n/a
35					Tier Five Breakover (M Gal):	n/a	25	n/a		n/a	$ 3.5800	n/a
36					Tier Six Breakover (M Gal):	n/a	9999999	n/a		n/a	$ 4.5700	n/a
37	2-inch All Classes [1]	$ 200.00	$ 261.44	$ 200.00	Tier One Breakover (M Gal):	9999999	1	249		$ 2.6000	$ 1.0000	$ 2.7500
38	Gallons included in minimum	1000	n/a	n/a	Tier Two Breakover (M Gal):	n/a	5	9999999		n/a	$ 2.2500	$ 3.4500
39					Tier Three Breakover (M Gal):	n/a	10	n/a		n/a	$ 2.5000	n/a
40					Tier Four Breakover (M Gal):	n/a	18	n/a		n/a	$ 3.0000	n/a
41					Tier Five Breakover (M Gal):	n/a	25	n/a		n/a	$ 3.5800	n/a
42					Tier Six Breakover (M Gal):	n/a	9999999	n/a		n/a	$ 4.5700	n/a
							*				*	

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Line No.	Customer Class	[A] Basic Service Charge: Company Present Rates	[B] Basic Service Charge: Company Proposed Rates	[C] Basic Service Charge: Staff Recommended Rates	Break-Over Points	[D] Company Present	[E] Company Proposed	[F] Staff Recommended	[G] Commodity Charge: Company Present Rate	[H] Commodity Charge: Company Proposed Rate	[I] Commodity Charge: Staff Recommended Rate
43	3-inch All Classes [1]	$ 400.00	$ 522.88	$ 400.00	Tier One Breakover (M Gal):	9999999	1	533	$ 2.6000	$ 1.0000	$ 2.7500
44	Gallons included in minimum	1000	n/a	n/a	Tier Two Breakover (M Gal):	n/a	5	9999999	n/a	$ 2.2500	$ 3.4500
45					Tier Three Breakover (M Gal):	n/a	10	n/a	n/a	$ 2.5000	n/a
46					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 3.0000	n/a
47					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 3.5800	n/a
48					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.5700	n/a
49	4-inch All Classes [1]	$ 625.00	$ 817.00	$ 625.00	Tier One Breakover (M Gal):	9999999	1	853	$ 2.6000	$ 1.0000	$ 2.7500
50	Gallons included in minimum	1000	n/a	n/a	Tier Two Breakover (M Gal):	n/a	5	9999999	n/a	$ 2.2500	$ 3.4500
51					Tier Three Breakover (M Gal):	n/a	10	n/a	n/a	$ 2.5000	n/a
52					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 3.0000	n/a
53					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 3.5800	n/a
54					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.5700	n/a
55	6-inch All Classes [1]	$ 1,250.00	$ 1,634.00	$ 1,250.00	Tier One Breakover (M Gal):	9999999	1	1744	$ 2.6000	$ 1.0000	$ 2.7500
56	Gallons included in minimum	1000	n/a	n/a	Tier Two Breakover (M Gal):	n/a	5	9999999	n/a	$ 2.2500	$ 3.4500
57					Tier Three Breakover (M Gal):	n/a	10	n/a	n/a	$ 2.5000	n/a
58					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 3.0000	n/a
59					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 3.5800	n/a
60					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.5700	n/a
61	8-inch All Classes [1]	n/a	$ 3,268.00	$ 2,000.00	Tier One Breakover (M Gal):	n/a	1	2814	n/a	$ 1.0000	$ 2.7500
62	Gallons included in minimum	n/a	n/a	n/a	Tier Two Breakover (M Gal):	n/a	5	9999999	n/a	$ 2.2500	$ 3.4500
63					Tier Three Breakover (M Gal):	n/a	10	n/a	n/a	$ 2.5000	n/a
64					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 3.0000	n/a
65					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 3.5800	n/a
66					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.5700	n/a
67	Construction	n/a	Same as Above	n/a	Tier One Breakover (M Gal):	9999999	1	9999999	$ 3.6000	$ 1.0000	$ 3.4500
68					Tier Two Breakover (M Gal):	n/a	5	n/a	n/a	$ 2.2500	n/a
69					Tier Three Breakover (M Gal):	n/a	10	n/a	n/a	$ 2.5000	n/a
70					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 3.0000	n/a
71					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 3.5800	n/a
72					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.5700	n/a
73	Standpipe	n/a	n/a	n/a	Tier One Breakover (M Gal):	9999999	1	9999999	$ 3.6000	$ 1.0000	$ 3.4500
74					Tier Two Breakover (M Gal):	n/a	5	n/a	n/a	$ 2.2500	n/a
75					Tier Three Breakover (M Gal):	n/a	10	n/a	n/a	$ 2.5000	n/a
76					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 3.0000	n/a
77					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 3.5800	n/a
78					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.5700	n/a
79	Non-Potable	n/a	n/a	n/a	Tier One Breakover (M Gal):	n/a	9999999	9999999	n/a	$ 2.0000	$ 1.3900
							*			*	

		Global Water Company - Santa Cruz									
		[A]	[B]	[C]		[D]	[E]	[F]	[G]	[H]	[I]
		Basic Service Charge				Break-Over Points			Commodity Charge		
Line No.	Customer Class	Company Present Rates	Company Proposed Rates	Staff Recommended Rates		Company Present	Company Proposed	Staff Recommended	Company Present Rate	Company Proposed Rate	Staff Recommended Rate
80	Private Fire Service 5/8-inch	n/a	n/a	(a)					n/a	n/a	n/a
81	3/4-inch	n/a	n/a	(a)					n/a	n/a	n/a
82	1-inch	n/a	n/a	(a)					n/a	n/a	n/a
83	1 1/2-inch	n/a	n/a	(a)					n/a	n/a	n/a
84	2-inch	n/a	n/a	(a)					n/a	n/a	n/a
85	3-inch	n/a	n/a	(a)					n/a	n/a	n/a
86	4-inch	n/a	n/a	(a)					n/a	n/a	n/a
87	6-inch	n/a	n/a	(a)					n/a	n/a	n/a
88	8-inch	n/a	n/a	(a)					n/a	n/a	n/a
							*			*	

(a) 2.00% of Monthly Minimum for a Comparable Sized Meter Connection, but no less than $10.00 per month. The Service Charge for Fire Sprinklers is only applicable for service lines separate and distinct from the primary water service line.

[1]All Classes includes 1-inch meter and larger Residential, Commercial, HOA, Irrigation, and Lake

*

	Current	Company Proposed (Gallons)	Staff Recommended (Gallons)
Conservation Rebate Threshold	n/a	7,001	n/a
Commodity rate rebate applied	n/a	65%	n/a

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Schedule DRE-4

Typical Bill Analysis
Residential 3/4-Inch Meters

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	6,474	$ 39.23	$ 46.36	$ 7.13	18.18%
Median Usage	5,500	36.70	43.93	$ 7.23	19.70%
Staff Recommended					
Average Usage	6,474	$ 39.23	$ 40.10	$ 0.87	2.22%
Median Usage	5,500	36.70	37.43	$ 0.73	1.98%

Consumption	Rates	Rates	Increase	Rates	Increase
-	$ 25.00	$ 32.68	30.72%	$ 25.00	0.00%
1,000	25.00	$ 33.68	34.72%	26.85	7.40%
2,000	27.60	$ 35.93	30.18%	28.70	3.99%
3,000	30.20	$ 38.18	26.42%	30.55	1.16%
4,000	32.80	$ 40.43	23.26%	33.30	1.52%
5,000	35.40	$ 42.68	20.56%	36.05	1.84%
6,000	38.00	$ 45.18	18.89%	38.80	2.11%
7,000	40.60	$ 47.68	17.44%	41.55	2.34%
8,000	43.20	$ 50.18	16.16%	44.30	2.55%
9,000	45.80	$ 52.68	15.02%	47.05	2.73%
10,000	48.40	$ 55.18	14.01%	49.80	2.89%
11,000	51.00	$ 58.18	14.08%	53.25	4.41%
12,000	53.60	$ 61.18	14.14%	56.70	5.78%
13,000	56.20	$ 64.18	14.20%	60.15	7.03%
14,000	58.80	$ 67.18	14.25%	63.60	8.16%
15,000	61.40	$ 70.18	14.30%	67.05	9.20%
16,000	64.00	$ 73.18	14.34%	70.50	10.16%
17,000	66.60	$ 76.18	14.38%	73.95	11.04%
18,000	69.20	$ 79.18	14.42%	77.40	11.85%
19,000	71.80	$ 82.76	15.26%	80.85	12.60%
20,000	74.40	$ 86.34	16.05%	84.30	13.31%
25,000	87.40	$ 104.24	19.27%	101.55	16.19%
30,000	100.40	$ 127.09	26.58%	118.80	18.33%
35,000	113.40	$ 149.94	32.22%	136.05	19.97%
40,000	126.40	$ 172.79	36.70%	153.30	21.28%
45,000	139.40	$ 195.64	40.34%	170.55	22.35%
50,000	152.40	$ 218.49	43.37%	187.80	23.23%
75,000	217.40	$ 332.74	53.05%	274.05	26.06%
100,000	282.40	$ 446.99	58.28%	360.30	27.58%

Service Line and Meter Installation Charges

Meter Size	Company Current Tariff	Company Proposed Tariff [1]	Staff's Recommendation		
			Service Line Charge [1]	Meter Charge [2]	Total Charge
5/8 x 3/4-inch	$400	$600	$445	$155	$600
3/4-inch	$440	$700	$445	$255	$700
1-inch	$500	$810	$495	$315	$810
1½-inch	$715	$1,075	$550	$525	$1,075
2-inch Turbo	$1,170	$1,875	$830	$1,045	$1,875
2-inch Compound	$1,700	$2,720	$830	$1,890	$2,720
3-inch Turbo	$1,585	$2,715	$1,045	$1,670	$2,715
3-inch Compound	$2,190	$3,710	$1,165	$2,545	$3,710
4-inch Turbo	$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 Turbo	$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 Turbo	n/a	Cost	At Cost	At Cost	At Cost
8-inch Compound	n/a	Cost	At Cost	At Cost	At Cost

[1] Costs for boring under highway or pavement are additional at cost

[2] Meter charge includes meter box or vault

Service Charge	Company Current Rates	Company Proposed Rates	Staff Recommended Rates
Establishment	$ 25.00	$ 50.00	$ 35.00
Establishment (After Hours)	$ 50.00	$ 100.00	$ 50.00
Re-establishment of Service (within 12 months)	(a)	(a)	(a)
Reconnection (Delinquent)	$ 30.00	$ 75.00	$ 35.00
Reconnection After Hours (Delinquent)	n/a	$ 100.00	$ 60.00
Meter Move at Customer Request	n/a	(b)	(b)
After Hours Service Charge, Per Hour	n/a	$ 50.00	$ 50.00
Deposit	(c)	(c)	(c)
Meter Re-Read (If Correct)	$ 15.00	$ 30.00	$ 30.00
Meter Test Fee (If Correct)	n/a	$ 50.00	$ 30.00
NSF Check	$ 10.00	$ 30.00	$ 30.00
Late Payment Charge (Per Month)	1.50%	(d)	1.50%
Deferred Payment Charge (Per Month)	1.50%	(e)	1.50%
Monthly Service Charge for Fire Sprinkler			
4" or Smaller	n/a	n/a	(f)
6"	n/a	n/a	(f)
8"	n/a	n/a	(f)
10"	n/a	n/a	(f)
Larger than 10"	n/a	n/a	(f)

(a) Number of Months off System times the monthly minimum per A.A.C. R14-2-403(D)

(b) Per Commission rules A.A.C. R14-2-405(B.5). Costs to include parts, labor, overhead and all applicable taxes

(c) Per Commission rules R14-2-403(B)

(d) Greater of 1.5% or $5.00

(e) Greater of 1.5% or $3.50

(f) 2.00% of Monthly Minimum for a Comparable Sized Meter Connection, but no less than $10.00 per month. The Service Charge for Fire Sprinklers is only applicable for service lines separate and distinct from the primary

Global Water Company - Santa Cruz

Line No.	Customer Class	[A] Basic Service Charge: Company Present Rates	[B] Basic Service Charge: Company Proposed Rates	[C] Basic Service Charge: Staff Recommended Rates	Break-Over Points	[D] Company Present	[E] Company Proposed	[F] Staff Recommended	[G] Commodity Charge: Company Present Rate	[H] Commodity Charge: Company Proposed Rate	[I] Commodity Charge: Staff Recommended Rate
1	Residential 5/8 x 3/4-inch	$ 25.00	$ 32.68	$ 25.00	Tier One Breakover (M Gal):	9999999	1	2	$ 2.6000	$ 1.0000	$ 1.1500
2	Gallons included in minimum				Tier Two Breakover (M Gal):	n/a	5	5	n/a	$ 2.2500	$ 2.1500
3					Tier Three Breakover (M Gal):	n/a	10	10	n/a	$ 2.5000	$ 3.2000
4					Tier Four Breakover (M Gal):	n/a	18	9999999	n/a	$ 3.0000	$ 4.2300
5					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 3.5800	n/a
6					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.5700	n/a
7	Residential 3/4-inch	$ 25.00	$ 32.68	$ 25.00	Tier One Breakover (M Gal):	9999999	1	2	$ 2.6000	$ 1.0000	$ 1.1500
8	Gallons included in minimum				Tier Two Breakover (M Gal):	n/a	5	5	n/a	$ 2.2500	$ 2.1500
9					Tier Three Breakover (M Gal):	n/a	10	10	n/a	$ 2.5000	$ 3.2000
10					Tier Four Breakover (M Gal):	n/a	18	9999999	n/a	$ 3.0000	$ 4.2300
11					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 3.5800	n/a
12					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.5700	n/a
13	5/8 x 3/4-inch All Classes [1]	25.00	32.68	25.00	Tier One Breakover (M Gal):	9999999	1	5	$ 2.6000	$ 1.0000	$ 2.1500
14	Gallons included in minimum				Tier Two Breakover (M Gal):	n/a	5	10	n/a	$ 2.2500	$ 3.2000
15					Tier Three Breakover (M Gal):	n/a	10	9999999	n/a	$ 2.5000	$ 4.2300
16					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 3.0000	n/a
17					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 3.5800	n/a
18					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.5700	n/a
19	3/4-inch All Classes [1]	25.00	32.68	25.00	Tier One Breakover (M Gal):	9999999	1	5	$ 2.6000	$ 1.0000	$ 2.1500
20	Gallons included in minimum				Tier Two Breakover (M Gal):	n/a	5	10	n/a	$ 2.2500	$ 3.2000
21					Tier Three Breakover (M Gal):	n/a	10	9999999	n/a	$ 2.5000	$ 4.2300
22					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 3.0000	n/a
23					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 3.5800	n/a
24					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.5700	n/a
25	1-inch All Classes [1]	$ 62.50	$ 81.70	$ 62.50	Tier One Breakover (M Gal):	9999999	1	18	$ 2.6000	$ 1.0000	$ 2.1500
26	Gallons included in minimum				Tier Two Breakover (M Gal):	n/a	5	45	n/a	$ 2.2500	$ 3.2000
27					Tier Three Breakover (M Gal):	n/a	10	9999999	n/a	$ 2.5000	$ 4.2300
28					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 3.0000	n/a
29					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 3.5800	n/a
30					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.5700	n/a
31	1 1/2-inch All Classes [1]	$ 125.00	$ 163.40	$ 125.00	Tier One Breakover (M Gal):	9999999	1	65	$ 2.6000	$ 1.0000	$ 2.1500
32	Gallons included in minimum				Tier Two Breakover (M Gal):	n/a	5	104	n/a	$ 2.2500	$ 3.2000
33					Tier Three Breakover (M Gal):	n/a	10	9999999	n/a	$ 2.5000	$ 4.2300
34					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 3.0000	n/a
35					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 3.5800	n/a
36					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.5700	n/a
37	2-inch All Classes [1]	$ 200.00	$ 261.44	$ 200.00	Tier One Breakover (M Gal):	9999999	1	120	$ 2.6000	$ 1.0000	$ 2.1500
38	Gallons included in minimum				Tier Two Breakover (M Gal):	n/a	5	175	n/a	$ 2.2500	$ 3.2000
39					Tier Three Breakover (M Gal):	n/a	10	9999999	n/a	$ 2.5000	$ 4.2300
40					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 3.0000	n/a
41					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 3.5800	n/a
42					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.5700	n/a
							*			*	

Global Water Company - Santa Cruz

Line No.	Customer Class	Basic Service Charge [A] Company Present Rates	[B] Company Proposed Rates	[C] Staff Recommended Rates	Break-Over Points	[D] Company Present	[E] Company Proposed	[F] Staff Recommended	Commodity Charge [G] Company Present Rate	[H] Company Proposed Rate	[I] Staff Recommended Rate
43	3-inch All Classes [1]	$ 400.00	$ 522.88	$ 400.00	Tier One Breakover (M Gal):	9999999	1	260	$ 2.6000	$ 1.0000	$ 2.1500
44	Gallons included in minimum				Tier Two Breakover (M Gal):	n/a	5	368	n/a	$ 2.2500	$ 3.2000
45					Tier Three Breakover (M Gal):	n/a	10	9999999	n/a	$ 2.5000	$ 4.2300
46					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 3.0000	n/a
47					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 3.5800	n/a
48					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.5700	n/a
49	4-inch All Classes [1]	$ 625.00	$ 817.00	$ 625.00	Tier One Breakover (M Gal):	9999999	1	420	$ 2.6000	$ 1.0000	$ 2.1500
50	Gallons included in minimum				Tier Two Breakover (M Gal):	n/a	5	585	n/a	$ 2.2500	$ 3.2000
51					Tier Three Breakover (M Gal):	n/a	10	9999999	n/a	$ 2.5000	$ 4.2300
52					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 3.0000	n/a
53					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 3.5800	n/a
54					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.5700	n/a
55	6-inch All Classes [1]	$ 1,250.00	$ 1,634.00	$ 1,250.00	Tier One Breakover (M Gal):	9999999	1	900	$ 2.6000	$ 1.0000	$ 2.1500
56	Gallons included in minimum				Tier Two Breakover (M Gal):	n/a	5	1190	n/a	$ 2.2500	$ 3.2000
57					Tier Three Breakover (M Gal):	n/a	10	9999999	n/a	$ 2.5000	$ 4.2300
58					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 3.0000	n/a
59					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 3.5800	n/a
60					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.5700	n/a
61	8-inch All Classes [1]	n/a	$ 3,268.00	$ 2,000.00	Tier One Breakover (M Gal):	n/a	1	1475	n/a	$ 1.0000	$ 2.1500
62	Gallons included in minimum				Tier Two Breakover (M Gal):	n/a	5	1917	n/a	$ 2.2500	$ 3.2000
63					Tier Three Breakover (M Gal):	n/a	10	9999999	n/a	$ 2.5000	$ 4.2300
64					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 3.0000	n/a
65					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 3.5800	n/a
66					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.5700	n/a
67	Construction	n/a	Same as Above	n/a	Tier One Breakover (M Gal):	9999999	1	9999999	$ 3.6000	$ 1.0000	$ 4.2300
68					Tier Two Breakover (M Gal):	n/a	5	n/a	n/a	$ 2.2500	n/a
69					Tier Three Breakover (M Gal):	n/a	10	n/a	n/a	$ 2.5000	n/a
70					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 3.0000	n/a
71					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 3.5800	n/a
72					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.5700	n/a
73	Standpipe	n/a	n/a	n/a	Tier One Breakover (M Gal):	9999999	1	9999999	$ 3.6000	$ 1.0000	$ 4.2300
74					Tier Two Breakover (M Gal):	n/a	5	n/a	n/a	$ 2.2500	n/a
75					Tier Three Breakover (M Gal):	n/a	10	n/a	n/a	$ 2.5000	n/a
76					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 3.0000	n/a
77					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 3.5800	n/a
78					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.5700	n/a
79	Non-Potable	n/a	n/a	n/a	Tier One Breakover (M Gal):	n/a	9999999	9999999	n/a	$ 2.0000	$ 0.8600
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		Global Water Company - Santa Cruz										
		[A]	[B]	[C]		[D]	[E]	[F]		[G]	[H]	[I]
		Basic Service Charge				Break-Over Points				Commodity Charge		
Line No.	Customer Class	Company Present Rates	Company Proposed Rates	Staff Recommended Rates		Company Present	Company Proposed	Staff Recommended		Company Present Rate	Company Proposed Rate	Staff Recommended Rate
80	Private Fire Service 5/8-inch	n/a	n/a	(a)						n/a	n/a	n/a
81	3/4-inch	n/a	n/a	(a)						n/a	n/a	n/a
82	1-inch	n/a	n/a	(a)						n/a	n/a	n/a
83	1 1/2-inch	n/a	n/a	(a)						n/a	n/a	n/a
84	2-inch	n/a	n/a	(a)						n/a	n/a	n/a
85	3-inch	n/a	n/a	(a)						n/a	n/a	n/a
86	4-inch	n/a	n/a	(a)						n/a	n/a	n/a
87	6-inch	n/a	n/a	(a)						n/a	n/a	n/a
88	8-inch	n/a	n/a	(a)						n/a	n/a	n/a
							*				*	

(a) 2.00% of Monthly Minimum for a Comparable Sized Meter Connection, but no less than $10.00 per month. The Service Charge for Fire Sprinklers is only applicable for service lines separate and distinct from the primary water service line.

[1]All Classes Includes 1-inch meter and larger Residential, Commercial, HOA, Irrigation, and Lake

*

	Current	Company Proposed (Gallons)	Staff Recommended (Gallons)
Conservation Rebate Threshold	n/a	7,001	n/a
Commodity rate rebate applied	n/a	65%	n/a

Global Water Company - Santa Cruz
Docket No. W-01212A-09-0082
Test Year Ended December 31, 2008

Schedule DRE-7
Alternative Schedule

Typical Bill Analysis
Residential 3/4-Inch Meters

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	6,474	$ 39.23	$ 46.36	$ 7.13	18.18%
Median Usage	5,500	36.70	43.93	$ 7.23	19.70%
Staff Recommended					
Average Usage	6,474	$ 39.23	$ 38.47	$ (0.77)	-1.95%
Median Usage	5,500	36.70	35.35	$ (1.35)	-3.68%

Consumption	Rates	Rates	Increase	Rates	Increase
-	$ 25.00	$ 32.68	30.72%	$ 25.00	0.00%
1,000	25.00	$ 33.68	34.72%	$ 26.15	4.60%
2,000	27.60	$ 35.93	30.18%	$ 27.30	-1.09%
3,000	30.20	$ 38.18	26.42%	$ 29.45	-2.48%
4,000	32.80	$ 40.43	23.26%	$ 31.60	-3.66%
5,000	35.40	$ 42.68	20.56%	$ 33.75	-4.66%
6,000	38.00	$ 45.18	18.89%	$ 36.95	-2.76%
7,000	40.60	$ 47.68	17.44%	$ 40.15	-1.11%
8,000	43.20	$ 50.18	16.16%	$ 43.35	0.35%
9,000	45.80	$ 52.68	15.02%	$ 46.55	1.64%
10,000	48.40	$ 55.18	14.01%	$ 49.75	2.79%
11,000	51.00	$ 58.18	14.08%	$ 53.98	5.84%
12,000	53.60	$ 61.18	14.14%	$ 58.21	8.60%
13,000	56.20	$ 64.18	14.20%	$ 62.44	11.10%
14,000	58.80	$ 67.18	14.25%	$ 66.67	13.38%
15,000	61.40	$ 70.18	14.30%	$ 70.90	15.47%
16,000	64.00	$ 73.18	14.34%	$ 75.13	17.39%
17,000	66.60	$ 76.18	14.38%	$ 79.36	19.16%
18,000	69.20	$ 79.18	14.42%	$ 83.59	20.79%
19,000	71.80	$ 82.76	15.26%	$ 87.82	22.31%
20,000	74.40	$ 86.34	16.05%	$ 92.05	23.72%
25,000	87.40	$ 104.24	19.27%	$ 113.20	29.52%
30,000	100.40	$ 127.09	26.58%	$ 134.35	33.81%
35,000	113.40	$ 149.94	32.22%	$ 155.50	37.13%
40,000	126.40	$ 172.79	36.70%	$ 176.65	39.75%
45,000	139.40	$ 195.64	40.34%	$ 197.80	41.89%
50,000	152.40	$ 218.49	43.37%	$ 218.95	43.67%
75,000	217.40	$ 332.74	53.05%	$ 324.70	49.36%
100,000	282.40	$ 446.99	58.28%	$ 430.45	52.43%

Willow Valley Water Company
Docket No. W-01732A-09-0079
Test Year Ended December 31, 2008

Willow Valley Water Company

Line No.	Customer Class	Basic Service Charge: Company Present Rates [A]	Basic Service Charge: Company Proposed Rates [B]	Basic Service Charge: Staff Recommended Rates [C]	Break-Over Points	Company Present [D]	Company Proposed [E]	Staff Recommended [F]	Commodity Charge: Company Present Rate [G]	Commodity Charge: Company Proposed Rate [H]	Commodity Charge: Staff Recommended Rate [I]
1	Residential 5/8 x 3/4-inch	$ 16.25	$ 31.15	$ 21.50	Tier One Breakover (M Gal):	8	1	3	$ 1.1000	$ 1.0000	$ 3.1500
2					Tier Two Breakover (M Gal):	9999999	5	10	$ 1.7000	$ 2.6000	$ 4.7000
3					Tier Three Breakover (M Gal):	n/a	10	9999999	n/a	$ 2.8500	$ 5.6500
4					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 3.5000	n/a
5					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 4.5000	n/a
6					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 5.4500	n/a
7	Residential 3/4-inch	$ 22.25	$ 31.15	$ 32.25	Tier One Breakover (M Gal):	8	1	3	$ 1.1000	$ 1.0000	$ 3.1500
8					Tier Two Breakover (M Gal):	9999999	5	10	$ 1.7000	$ 2.6000	$ 4.7000
9					Tier Three Breakover (M Gal):	n/a	10	9999999	n/a	$ 2.8500	$ 5.6500
10					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 3.5000	n/a
11					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 4.5000	n/a
12					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 5.4500	n/a
13	5/8 x 3/4-inch All Classes [1]	16.25	31.15	21.50	Tier One Breakover (M Gal):	8	1	10	$ 1.1000	$ 1.0000	$ 4.7000
14					Tier Two Breakover (M Gal):	9999999	5	9999999	$ 1.7000	$ 2.6000	$ 5.6500
15					Tier Three Breakover (M Gal):	n/a	10	n/a	n/a	$ 2.8500	n/a
16					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 3.5000	n/a
17					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 4.5000	n/a
18					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 5.4500	n/a
19	3/4-inch All Classes [1]	22.25	31.15	32.25	Tier One Breakover (M Gal):	8	1	10	$ 1.1000	$ 1.0000	$ 4.7000
20					Tier Two Breakover (M Gal):	9999999	5	9999999	$ 1.7000	$ 2.6000	$ 5.6500
21					Tier Three Breakover (M Gal):	n/a	10	n/a	n/a	$ 2.8500	n/a
22					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 3.5000	n/a
23					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 4.5000	n/a
24					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 5.4500	n/a
25	1-inch All Classes [1]	$ 37.25	$ 77.88	$ 53.75	Tier One Breakover (M Gal):	8	1	24	$ 1.1000	$ 1.0000	$ 4.7000
26					Tier Two Breakover (M Gal):	9999999	5	9999999	$ 1.7000	$ 2.6000	$ 5.6500
27					Tier Three Breakover (M Gal):	n/a	10	n/a	n/a	$ 2.8500	n/a
28					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 3.5000	n/a
29					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 4.5000	n/a
30					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 5.4500	n/a
31	1 1/2-inch All Classes [1]	$ 45.00	$ 155.75	$ 107.50	Tier One Breakover (M Gal):	8	1	79	$ 1.1000	$ 1.0000	$ 4.7000
32					Tier Two Breakover (M Gal):	9999999	5	9999999	$ 1.7000	$ 2.6000	$ 5.6500
33					Tier Three Breakover (M Gal):	n/a	10	n/a	n/a	$ 2.8500	n/a
34					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 3.5000	n/a
35					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 4.5000	n/a
36					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 5.4500	n/a
37	2-inch All Classes [1]	$ 105.00	$ 249.20	$ 172.00	Tier One Breakover (M Gal):	8	1	145	$ 1.1000	$ 1.0000	$ 4.7000
38					Tier Two Breakover (M Gal):	9999999	5	9999999	$ 1.7000	$ 2.6000	$ 5.6500
39					Tier Three Breakover (M Gal):	n/a	10	n/a	n/a	$ 2.8500	n/a
40					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 3.5000	n/a
41					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 4.5000	n/a
42					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 5.4500	n/a
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Willow Valley Water Company
Docket No. W-01732A-09-0079
Test Year Ended December 31, 2008

	Willow Valley Water Company												
	[A]	[B]	[C]		[D]	[E]	[F]		[G]	[H]	[I]		
		Basic Service Charge			Break-Over Points				Commodity Charge				
Line No.	Customer Class	Company Present Rates	Company Proposed Rates	Staff Recommended Rates		Company Present	Company Proposed	Staff Recommended		Company Present Rate	Company Proposed Rate	Staff Recommended Rate	
43	3-inch All Classes [1]	$ 150.00	$ 496.40	$ 344.00	Tier One Breakover (M Gal):	8	1	325		$ 1.1000	$ 1.0000	$ 4.7000	
44					Tier Two Breakover (M Gal):	9999999	5	9999999		$ 1.7000	$ 2.6000	$ 5.6500	
45					Tier Three Breakover (M Gal):	n/a	10	n/a		n/a	$ 2.8500	n/a	
46					Tier Four Breakover (M Gal):	n/a	18	n/a		n/a	$ 3.5000	n/a	
47					Tier Five Breakover (M Gal):	n/a	25	n/a		n/a	$ 4.5000	n/a	
48					Tier Six Breakover (M Gal):	n/a	9999999	n/a		n/a	$ 5.4500	n/a	
49	4-inch All Classes [1]	$ 200.00	$ 778.75	$ 537.50	Tier One Breakover (M Gal):	8	1	527		$ 1.1000	$ 1.0000	$ 4.7000	
50					Tier Two Breakover (M Gal):	9999999	5	9999999		$ 1.7000	$ 2.6000	$ 5.6500	
51					Tier Three Breakover (M Gal):	n/a	10	n/a		n/a	$ 2.8500	n/a	
52					Tier Four Breakover (M Gal):	n/a	18	n/a		n/a	$ 3.5000	n/a	
53					Tier Five Breakover (M Gal):	n/a	25	n/a		n/a	$ 4.5000	n/a	
54					Tier Six Breakover (M Gal):	n/a	9999999	n/a		n/a	$ 5.4500	n/a	
55	6-inch All Classes [1]	$ 300.00	$ 1,557.50	$ 1,075.00	Tier One Breakover (M Gal):	8	1	1091		$ 1.1000	$ 1.0000	$ 4.7000	
56					Tier Two Breakover (M Gal):	9999999	5	9999999		$ 1.7000	$ 2.6000	$ 5.6500	
57					Tier Three Breakover (M Gal):	n/a	10	n/a		n/a	$ 2.8500	n/a	
58					Tier Four Breakover (M Gal):	n/a	18	n/a		n/a	$ 3.5000	n/a	
59					Tier Five Breakover (M Gal):	n/a	25	n/a		n/a	$ 4.5000	n/a	
60					Tier Six Breakover (M Gal):	n/a	9999999	n/a		n/a	$ 5.4500	n/a	
61	8-inch All Classes [1]	n/a	$ 3,115.00	$ 1,720.00	Tier One Breakover (M Gal):	n/a	1	1768		n/a	$ 1.0000	$ 4.7000	
62					Tier Two Breakover (M Gal):	n/a	5	9999999		n/a	$ 2.6000	$ 5.6500	
63					Tier Three Breakover (M Gal):	n/a	10	n/a		n/a	$ 2.8500	n/a	
64					Tier Four Breakover (M Gal):	n/a	18	n/a		n/a	$ 3.5000	n/a	
65					Tier Five Breakover (M Gal):	n/a	25	n/a		n/a	$ 4.5000	n/a	
66					Tier Six Breakover (M Gal):	n/a	9999999	n/a		n/a	$ 5.4500	n/a	
67	Construction	n/a	Same as Above	n/a	Tier One Breakover (M Gal):	n/a	1	9999999		n/a	$ 1.0000	$ 5.6500	
68					Tier Two Breakover (M Gal):	n/a	5	n/a		n/a	$ 2.6000	n/a	
69					Tier Three Breakover (M Gal):	n/a	10	n/a		n/a	$ 2.8500	n/a	
70					Tier Four Breakover (M Gal):	n/a	18	n/a		n/a	$ 3.5000	n/a	
71					Tier Five Breakover (M Gal):	n/a	25	n/a		n/a	$ 4.5000	n/a	
72					Tier Six Breakover (M Gal):	n/a	9999999	n/a		n/a	$ 5.4500	n/a	
73	Standpipe	n/a	Same as Above	n/a	Tier One Breakover (M Gal):	9999999	1	9999999		$ 2.0000	$ 1.0000	$ 5.6500	
74					Tier Two Breakover (M Gal):	n/a	5	n/a		n/a	$ 2.6000	n/a	
75					Tier Three Breakover (M Gal):	n/a	10	n/a		n/a	$ 2.8500	n/a	
76					Tier Four Breakover (M Gal):	n/a	18	n/a		n/a	$ 3.5000	n/a	
77					Tier Five Breakover (M Gal):	n/a	25	n/a		n/a	$ 4.5000	n/a	
78					Tier Six Breakover (M Gal):	n/a	9999999	n/a		n/a	$ 5.4500	n/a	
							*				*		

			Willow Valley Water Company									
			[A]	[B]	[C]		[D]	[E]	[F]	[G]	[H]	[I]
			Basic Service Charge				Break-Over Points			Commodity Charge		
Line No.	Customer Class		Company Present Rates	Company Proposed Rates	Staff Recommended Rates		Company Present	Company Proposed	Staff Recommended	Company Present Rate	Company Proposed Rate	Staff Recommended Rate
79	Private Fire Service	5/8-inch	(a)	(a)	(b)					n/a	n/a	n/a
80		3/4-inch	(a)	(a)	(b)					n/a	n/a	n/a
81		1-inch	(a)	(a)	(b)					n/a	n/a	n/a
82		1 1/2-inch	(a)	(a)	(b)					n/a	n/a	n/a
83		2-inch	(a)	(a)	(b)					n/a	n/a	n/a
84		3-inch	(a)	(a)	(b)					n/a	n/a	n/a
85		4-inch	(a)	(a)	(b)					n/a	n/a	n/a
86		6-inch	(a)	(a)	(b)					n/a	n/a	n/a
87		8-inch	n/a	(a)	(b)					n/a	n/a	n/a
								*			*	

(a) 1.00% of Monthly Minimum for a Comparable Sized Meter Connection, but no less than $5.00 per month. The Service Charge for Fire Sprinklers is only applicable for service lines separate and distinct from the primary water service line.

(b) 2.00% of Monthly Minimum for a Comparable Sized Meter Connection, but no less than $10.00 per month. The Service Charge for Fire Sprinklers is only applicable for service lines separate and distinct from the primary water service line.

[1]All Classes includes 1-inch meter and larger Residential, Commercial, and Irrigation

*

	Current	Company Proposed (Gallons)	Staff Recommended (Gallons)
Conservation Rebate Threshold	n/a	6,401	n/a
Commodity rate rebate applied	n/a	45%	n/a

Willow Valley Water Company
Docket No. W-01732A-09-0079
Test Year Ended December 31, 2008

Schedule DRE-9

Typical Bill Analysis
Residential 5/8 x 3/4-Inch Meters

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	5,142	$ 21.91	$ 42.95	$ 21.05	96.08%
Median Usage	2,000	18.45	34.75	$ 16.30	88.35%
Staff Recommended					
Average Usage	5,142	$ 21.91	$ 41.02	$ 19.11	87.24%
Median Usage	2,000	18.45	27.80	$ 9.35	50.68%

Consumption	Rates	Rates	Increase	Rates	Increase
-	$ 16.25	$ 31.15	91.69%	$ 21.50	32.31%
1,000	17.35	$ 32.15	85.30%	24.65	42.07%
2,000	18.45	$ 34.75	88.35%	27.80	50.68%
3,000	19.55	$ 37.35	91.05%	30.95	58.31%
4,000	20.65	$ 39.95	93.46%	35.65	72.64%
5,000	21.75	$ 42.55	95.63%	40.35	85.52%
6,000	22.85	$ 45.40	98.69%	45.05	97.16%
7,000	23.95	$ 48.25	101.46%	49.75	107.72%
8,000	25.05	$ 51.10	103.99%	54.45	117.37%
9,000	26.75	$ 53.95	101.68%	59.15	121.12%
10,000	28.45	$ 56.80	99.65%	63.85	124.43%
11,000	30.15	$ 60.30	100.00%	69.50	130.51%
12,000	31.85	$ 63.80	100.31%	75.15	135.95%
13,000	33.55	$ 67.30	100.60%	80.80	140.83%
14,000	35.25	$ 70.80	100.85%	86.45	145.25%
15,000	36.95	$ 74.30	101.08%	92.10	149.26%
16,000	38.65	$ 77.80	101.29%	97.75	152.91%
17,000	40.35	$ 81.30	101.49%	103.40	156.26%
18,000	42.05	$ 84.80	101.66%	109.05	159.33%
19,000	43.75	$ 89.30	104.11%	114.70	162.17%
20,000	45.45	$ 93.80	106.38%	120.35	164.80%
25,000	53.95	$ 116.30	115.57%	148.60	175.44%
30,000	62.45	$ 143.55	129.86%	176.85	183.19%
35,000	70.95	$ 170.80	140.73%	205.10	189.08%
40,000	79.45	$ 198.05	149.28%	233.35	193.71%
45,000	87.95	$ 225.30	156.17%	261.60	197.44%
50,000	96.45	$ 252.55	161.85%	289.85	200.52%
75,000	138.95	$ 388.80	179.81%	431.10	210.26%
100,000	181.45	$ 525.05	189.36%	572.35	215.43%

Service Line and Meter Installation Charges

Meter Size	Company Current Tariff [1]		Company Proposed Tariff [1,2]		Staff's Recommendation		
					Service Line Charge	Meter Charge [3]	Total Charge [2]
5/8 x 3/4-inch	$445		$600		$445	$155	$600
3/4-inch	$515		$700		$445	$255	$700
1-inch	$590		$810		$495	$315	$810
1½-inch	$820		$1,075		$550	$525	$1,075
2-inch Turbo	$1,380		$1,875		$830	$1,045	$1,875
2-inch Compound	n/a		$2,720		$830	$1,890	$2,720
3-inch Turbo	$1,935		$2,715		$1,045	$1,670	$2,715
3-inch Compound	n/a		$3,710		$1,165	$2,545	$3,710
4-inch Turbo	$3,030		$4,160		$1,490	$2,670	$4,160
4-inch Compound	n/a		$5,315		$1,670	$3,645	$5,315
6-inch Turbo	$5,535		$7,235		$2,210	$5,025	$7,235
6-inch Compound	n/a		$9,250		$2,330	$6,920	$9,250
8-inch Turbo	n/a		Cost		At Cost	At Cost	At Cost
8-inch Compound	n/a		Cost		At Cost	At Cost	At Cost

[1] Plus actual road crossing charges

[2] Costs for boring under highway or pavement are additional at cost

3 Meter charge includes meter box or vault

Service Charge	Company Current Rates	Company Proposed Rates	Staff Recommended Rates
Establishment	$ 35.00	$ 50.00	$ 35.00
Establishment (After Hours)	$ 45.00	$ 100.00	$ 50.00
Re-establishment of Service (within 12 months)	(a)	(a)	(a)
Reconnection (Delinquent)	$ 35.00	$ 75.00	$ 35.00
Reconnection After Hours (Delinquent)	n/a	$ 100.00	$ 60.00
Meter Move at Customer Request	(b)	(b)	(b)
After Hours Service Charge, Per Hour	$ 45.00	$ 50.00	$ 50.00
Deposit	(c)	(c)	(c)
Meter Re-Read (If Correct)	$ 20.00	$ 30.00	$ 30.00
Meter Test Fee (If Correct)	$ 30.00	$ 50.00	$ 30.00
NSF Check	$ 15.00	$ 30.00	$ 30.00
Late Payment Charge (Per Month)	(d)	(d)	1.50%
Deferred Payment Charge (Per Month)	1.50%	(e)	1.50%
Monthly Service Charge for Fire Sprinkler			
4" or Smaller	n/a	n/a	(f)
6"	n/a	n/a	(f)
8"	n/a	n/a	(f)
10"	n/a	n/a	(f)
Larger than 10"	n/a	n/a	(f)

(a) Number of Months off System times the monthly minimum per A.A.C. R14-2-403(D)

(b) Per Commission rules A.A.C. R14-2-405(B.5). Costs to include parts, labor, overhead and all applicable taxes

(c) Per Commission rules R14-2-403(B)

(d) Greater of 1.5% or $5.00

(e) Greater of 1.5% or $3.50

(f) 2.00% of Monthly Minimum for a Comparable Sized Meter Connection, but no less than $10.00 per month. The Service Charge for Fire Sprinklers is only applicable for service lines separate and distinct from the primary

Residential 5/8 x 3/4-Inch Meters

	Willow Valley Water Company											
	[A]	[B]	[C]		[D]	[E]	[F]		[G]	[H]	[I]	
		Basic Service Charge			Break-Over Points				Commodity Charge			
Line No.	Customer Class	Company Present Rates	Company Proposed Rates	Staff Recommended Rates		Company Present	Company Proposed	Staff Recommended		Company Present Rate	Company Proposed Rate	Staff Recommended Rate
1	Residential 5/8 x 3/4-inch	$ 16.25	$ 31.15	$ 21.00	Tier One Breakover (M Gal):	8	1	2		$ 1.1000	$ 1.0000	$ 2.0000
2					Tier Two Breakover (M Gal):	9999999	5	5		$ 1.7000	$ 2.6000	$ 3.5000
3					Tier Three Breakover (M Gal):	n/a	10	10		n/a	$ 2.8500	$ 5.2500
4					Tier Four Breakover (M Gal):	n/a	18	9999999		n/a	$ 3.5000	$ 7.0000
5					Tier Five Breakover (M Gal):	n/a	25	n/a		n/a	$ 4.5000	n/a
6					Tier Six Breakover (M Gal):	n/a	9999999	n/a		n/a	$ 5.4500	n/a
7	Residential 3/4-inch	$ 22.25	$ 31.15	$ 31.50	Tier One Breakover (M Gal):	8	1	2		$ 1.1000	$ 1.0000	$ 2.0000
8					Tier Two Breakover (M Gal):	9999999	5	5		$ 1.7000	$ 2.6000	$ 3.5000
9					Tier Three Breakover (M Gal):	n/a	10	10		n/a	$ 2.8500	$ 5.2500
10					Tier Four Breakover (M Gal):	n/a	18	9999999		n/a	$ 3.5000	$ 7.0000
11					Tier Five Breakover (M Gal):	n/a	25	n/a		n/a	$ 4.5000	n/a
12					Tier Six Breakover (M Gal):	n/a	9999999	n/a		n/a	$ 5.4500	n/a
13	5/8 x 3/4-inch All Classes [1]	16.25	31.15	21.00	Tier One Breakover (M Gal):	8	1	5		$ 1.1000	$ 1.0000	$ 3.5000
14					Tier Two Breakover (M Gal):	9999999	5	10		$ 1.7000	$ 2.6000	$ 5.2500
15					Tier Three Breakover (M Gal):	n/a	10	9999999		n/a	$ 2.8500	$ 7.0000
16					Tier Four Breakover (M Gal):	n/a	18	n/a		n/a	$ 3.5000	n/a
17					Tier Five Breakover (M Gal):	n/a	25	n/a		n/a	$ 4.5000	n/a
18					Tier Six Breakover (M Gal):	n/a	9999999	n/a		n/a	$ 5.4500	n/a
19	3/4-inch All Classes [1]	22.25	31.15	31.50	Tier One Breakover (M Gal):	8	1	5		$ 1.1000	$ 1.0000	$ 3.5000
20					Tier Two Breakover (M Gal):	9999999	5	10		$ 1.7000	$ 2.6000	$ 5.2500
21					Tier Three Breakover (M Gal):	n/a	10	9999999		n/a	$ 2.8500	$ 7.0000
22					Tier Four Breakover (M Gal):	n/a	18	n/a		n/a	$ 3.5000	n/a
23					Tier Five Breakover (M Gal):	n/a	25	n/a		n/a	$ 4.5000	n/a
24					Tier Six Breakover (M Gal):	n/a	9999999	n/a		n/a	$ 5.4500	n/a
25	1-inch All Classes [1]	$ 37.25	$ 77.88	$ 52.50	Tier One Breakover (M Gal):	8	1	11		$ 1.1000	$ 1.0000	$ 3.5000
26					Tier Two Breakover (M Gal):	9999999	5	20		$ 1.7000	$ 2.6000	$ 5.2500
27					Tier Three Breakover (M Gal):	n/a	10	9999999		n/a	$ 2.8500	$ 7.0000
28					Tier Four Breakover (M Gal):	n/a	18	n/a		n/a	$ 3.5000	n/a
29					Tier Five Breakover (M Gal):	n/a	25	n/a		n/a	$ 4.5000	n/a
30					Tier Six Breakover (M Gal):	n/a	9999999	n/a		n/a	$ 5.4500	n/a
31	1 1/2-inch All Classes [1]	$ 45.00	$ 155.75	$ 105.00	Tier One Breakover (M Gal):	8	1	28		$ 1.1000	$ 1.0000	$ 3.5000
32					Tier Two Breakover (M Gal):	9999999	5	47		$ 1.7000	$ 2.6000	$ 5.2500
33					Tier Three Breakover (M Gal):	n/a	10	9999999		n/a	$ 2.8500	$ 7.0000
34					Tier Four Breakover (M Gal):	n/a	18	n/a		n/a	$ 3.5000	n/a
35					Tier Five Breakover (M Gal):	n/a	25	n/a		n/a	$ 4.5000	n/a
36					Tier Six Breakover (M Gal):	n/a	9999999	n/a		n/a	$ 5.4500	n/a
37	2-inch All Classes [1]	$ 105.00	$ 249.20	$ 168.00	Tier One Breakover (M Gal):	8	1	40		$ 1.1000	$ 1.0000	$ 3.5000
38					Tier Two Breakover (M Gal):	9999999	5	80		$ 1.7000	$ 2.6000	$ 5.2500
39					Tier Three Breakover (M Gal):	n/a	10	9999999		n/a	$ 2.8500	$ 7.0000
40					Tier Four Breakover (M Gal):	n/a	18	n/a		n/a	$ 3.5000	n/a
41					Tier Five Breakover (M Gal):	n/a	25	n/a		n/a	$ 4.5000	n/a
42					Tier Six Breakover (M Gal):	n/a	9999999	n/a		n/a	$ 5.4500	n/a
							*				*	

Willow Valley Water Company

Line No.	Customer Class	[A] Basic Service Charge: Company Present Rates	[B] Basic Service Charge: Company Proposed Rates	[C] Basic Service Charge: Staff Recommended Rates	Break-Over Points	[D] Company Present	[E] Company Proposed	[F] Staff Recommended	[G] Commodity Charge: Company Present Rate	[H] Commodity Charge: Company Proposed Rate	[I] Commodity Charge: Staff Recommended Rate
43	3-inch All Classes [1]	$ 150.00	$ 498.40	$ 336.00	Tier One Breakover (M Gal):	8	1	104	$ 1.1000	$ 1.0000	$ 3.5000
44					Tier Two Breakover (M Gal):	9999999	5	169	$ 1.7000	$ 2.6000	$ 5.2500
45					Tier Three Breakover (M Gal):	n/a	10	9999999	n/a	$ 2.8500	$ 7.0000
46					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 3.5000	n/a
47					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 4.5000	n/a
48					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 5.4500	n/a
49	4-inch All Classes [1]	$ 200.00	$ 778.75	$ 525.00	Tier One Breakover (M Gal):	8	1	160	$ 1.1000	$ 1.0000	$ 3.5000
50					Tier Two Breakover (M Gal):	9999999	5	270	$ 1.7000	$ 2.6000	$ 5.2500
51					Tier Three Breakover (M Gal):	n/a	10	9999999	n/a	$ 2.8500	$ 7.0000
52					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 3.5000	n/a
53					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 4.5000	n/a
54					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 5.4500	n/a
55	6-inch All Classes [1]	$ 300.00	$ 1,557.50	$ 1,050.00	Tier One Breakover (M Gal):	8	1	398	$ 1.1000	$ 1.0000	$ 3.5000
56					Tier Two Breakover (M Gal):	9999999	5	552	$ 1.7000	$ 2.6000	$ 5.2500
57					Tier Three Breakover (M Gal):	n/a	10	9999999	n/a	$ 2.8500	$ 7.0000
58					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 3.5000	n/a
59					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 4.5000	n/a
60					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 5.4500	n/a
61	8-inch All Classes [1]	n/a	$ 3,115.00	$ 1,680.00	Tier One Breakover (M Gal):	n/a	1	525	n/a	$ 1.0000	$ 3.5000
62					Tier Two Breakover (M Gal):	n/a	5	891	n/a	$ 2.6000	$ 5.2500
63					Tier Three Breakover (M Gal):	n/a	10	9999999	n/a	$ 2.8500	$ 7.0000
64					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 3.5000	n/a
65					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 4.5000	n/a
66					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 5.4500	n/a
67	Construction	n/a	Same as Above	n/a	Tier One Breakover (M Gal):	n/a	1	9999999	n/a	$ 1.0000	$ 7.0000
68					Tier Two Breakover (M Gal):	n/a	5	n/a	n/a	$ 2.6000	n/a
69					Tier Three Breakover (M Gal):	n/a	10	n/a	n/a	$ 2.8500	n/a
70					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 3.5000	n/a
71					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 4.5000	n/a
72					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 5.4500	n/a
73	Standpipe	n/a	Same as Above	n/a	Tier One Breakover (M Gal):	9999999	1	9999999	$ 2.0000	$ 1.0000	$ 7.0000
74					Tier Two Breakover (M Gal):	n/a	5	n/a	n/a	$ 2.6000	n/a
75					Tier Three Breakover (M Gal):	n/a	10	n/a	n/a	$ 2.8500	n/a
76					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 3.5000	n/a
77					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 4.5000	n/a
78					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 5.4500	n/a
							*			*	

Willow Valley Water Company
Docket No. W-01732A-09-0079
Test Year Ended December 31, 2008

Schedule DRE-11
Alternative Schedule
Page 3 of 3

Willow Valley Water Company

Line No.	Customer Class		[A] Basic Service Charge: Company Present Rates	[B] Basic Service Charge: Company Proposed Rates	[C] Basic Service Charge: Staff Recommended Rates	[D] Break-Over Points: Company Present	[E] Break-Over Points: Company Proposed	[F] Break-Over Points: Staff Recommended	[G] Commodity Charge: Company Present Rate	[H] Commodity Charge: Company Proposed Rate	[I] Commodity Charge: Staff Recommended Rate
79	Private Fire Service	5/8-inch	(a)	(a)	(b)				n/a	n/a	n/a
80		3/4-inch	(a)	(a)	(b)				n/a	n/a	n/a
81		1-inch	(a)	(a)	(b)				n/a	n/a	n/a
82		1 1/2-inch	(a)	(a)	(b)				n/a	n/a	n/a
83		2-inch	(a)	(a)	(b)				n/a	n/a	n/a
84		3-inch	(a)	(a)	(b)				n/a	n/a	n/a
85		4-inch	(a)	(a)	(b)				n/a	n/a	n/a
86		6-inch	(a)	(a)	(b)				n/a	n/a	n/a
87		8-inch	n/a	(a)	(b)				n/a	n/a	n/a
							*			*	

(a) 1.00% of Monthly Minimum for a Comparable Sized Meter Connection, but no less than $5.00 per month. The Service Charge for Fire Sprinklers is only applicable for service lines separate and distinct from the primary water service line.

(b) 2.00% of Monthly Minimum for a Comparable Sized Meter Connection, but no less than $10.00 per month. The Service Charge for Fire Sprinklers is only applicable for service lines separate and distinct from the primary water service line.

[1]All Classes includes 1-inch meter and larger Residential, Commercial, and Irrigation

*

	Current	Company Proposed (Gallons)	Staff Recommended (Gallons)
Conservation Rebate Threshold	n/a	6,401	n/a
Commodity rate rebate applied	n/a	45%	n/a

Willow Valley Water Company
Docket No. W-01732A-09-0079
Test Year Ended December 31, 2008

Schedule DRE-12
Alternative Schedule

Typical Bill Analysis
Residential 5/8 x 3/4-Inch Meters

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	5,142	$ 21.91	$ 42.96	$ 21.05	96.09%
Median Usage	2,000	18.45	34.75	$ 16.30	88.35%
Staff Recommended					
Average Usage	5,142	$ 21.91	$ 36.25	$ 14.34	65.46%
Median Usage	2,000	18.45	25.00	$ 6.55	35.50%

Consumption	Rates	Rates	Increase	Rates	Increase
-	$ 16.25	$ 31.15	91.69%	$ 21.00	29.23%
1,000	17.35	$ 32.15	85.30%	$ 23.00	32.56%
2,000	18.45	$ 34.75	88.35%	$ 25.00	35.50%
3,000	19.55	$ 37.35	91.05%	$ 28.50	45.78%
4,000	20.65	$ 39.95	93.46%	$ 32.00	54.96%
5,000	21.75	$ 42.55	95.63%	$ 35.50	63.22%
6,000	22.85	$ 45.40	98.69%	$ 40.75	78.34%
7,000	23.95	$ 48.25	101.46%	$ 46.00	92.07%
8,000	25.05	$ 51.10	103.99%	$ 51.25	104.59%
9,000	26.75	$ 53.95	101.68%	$ 56.50	111.21%
10,000	28.45	$ 56.80	99.65%	$ 61.75	117.05%
11,000	30.15	$ 60.30	100.00%	$ 68.75	128.03%
12,000	31.85	$ 63.80	100.31%	$ 75.75	137.83%
13,000	33.55	$ 67.30	100.60%	$ 82.75	146.65%
14,000	35.25	$ 70.80	100.85%	$ 89.75	154.61%
15,000	36.95	$ 74.30	101.08%	$ 96.75	161.84%
16,000	38.65	$ 77.80	101.29%	$ 103.75	168.43%
17,000	40.35	$ 81.30	101.49%	$ 110.75	174.47%
18,000	42.05	$ 84.80	101.66%	$ 117.75	180.02%
19,000	43.75	$ 89.30	104.11%	$ 124.75	185.14%
20,000	45.45	$ 93.80	106.38%	$ 131.75	189.88%
25,000	53.95	$ 116.30	115.57%	$ 166.75	209.08%
30,000	62.45	$ 143.55	129.86%	$ 201.75	223.06%
35,000	70.95	$ 170.80	140.73%	$ 236.75	233.69%
40,000	79.45	$ 198.05	149.28%	$ 271.75	242.04%
45,000	87.95	$ 225.30	156.17%	$ 306.75	248.78%
50,000	96.45	$ 252.55	161.85%	$ 341.75	254.33%
75,000	138.95	$ 388.80	179.81%	$ 516.75	271.90%
100,000	181.45	$ 525.05	189.36%	$ 691.75	281.23%

Valencia Water Company - Town Division

Line No.	Customer Class	[A] Basic Service Charge: Company Present Rates	[B] Basic Service Charge: Company Proposed Rates	[C] Basic Service Charge: Staff Recommended Rates	[D] Break-Over Points	[E] Company Present	[F] Company Proposed	[G] Staff Recommended	[H] Commodity Charge: Company Present Rate	[I] Commodity Charge: Company Proposed Rate	Commodity Charge: Staff Recommended Rate
1	Residential 5/8 x 3/4-Inch	$ 13.00	$ 36.75	$ 18.00	Tier One Breakover (M Gal):	9999999	1	3	$ 2.8600	$ 1.0000	$ 3.1500
2					Tier Two Breakover (M Gal):	n/a	5	10	n/a	$ 2.1000	$ 4.7500
3					Tier Three Breakover (M Gal):	n/a	10	9999999	n/a	$ 2.3000	$ 5.7100
4					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 2.7500	n/a
5					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 3.5000	n/a
6					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.2800	n/a
7	Residential 3/4-inch	$ 15.00	$ 36.75	$ 27.00	Tier One Breakover (M Gal):	9999999	1	3	$ 2.8600	$ 1.0000	$ 3.1500
8					Tier Two Breakover (M Gal):	n/a	5	10	n/a	$ 2.1000	$ 4.7500
9					Tier Three Breakover (M Gal):	n/a	10	9999999	n/a	$ 2.3000	$ 5.7100
10					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 2.7500	n/a
11					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 3.5000	n/a
12					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.2800	n/a
13	5/8 x 3/4-Inch All Classes [1]	13.00	36.75	18.00	Tier One Breakover (M Gal):	9999999	1	10	$ 2.8600	$ 1.0000	$ 4.7500
14					Tier Two Breakover (M Gal):	n/a	5	9999999	n/a	$ 2.1000	$ 5.7100
15					Tier Three Breakover (M Gal):	n/a	10	n/a	n/a	$ 2.3000	n/a
16					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 2.7500	n/a
17					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 3.5000	n/a
18					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.2800	n/a
19	3/4-inch All Classes [1]	15.00	36.75	27.00	Tier One Breakover (M Gal):	9999999	1	10	$ 2.8600	$ 1.0000	$ 4.7500
20					Tier Two Breakover (M Gal):	n/a	5	9999999	n/a	$ 2.1000	$ 5.7100
21					Tier Three Breakover (M Gal):	n/a	10	n/a	n/a	$ 2.3000	n/a
22					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 2.7500	n/a
23					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 3.5000	n/a
24					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.2800	n/a
25	1-inch All Classes [1]	$ 37.50	$ 91.88	$ 45.00	Tier One Breakover (M Gal):	9999999	1	20	$ 2.8600	$ 1.0000	$ 4.7500
26					Tier Two Breakover (M Gal):	n/a	5	9999999	n/a	$ 2.1000	$ 5.7100
27					Tier Three Breakover (M Gal):	n/a	10	n/a	n/a	$ 2.3000	n/a
28					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 2.7500	n/a
29					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 3.5000	n/a
30					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.2800	n/a
31	1 1/2-inch All Classes [1]	$ 75.00	$ 183.75	$ 90.00	Tier One Breakover (M Gal):	9999999	1	65	$ 2.8600	$ 1.0000	$ 4.7500
32					Tier Two Breakover (M Gal):	n/a	5	9999999	n/a	$ 2.1000	$ 5.7100
33					Tier Three Breakover (M Gal):	n/a	10	n/a	n/a	$ 2.3000	n/a
34					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 2.7500	n/a
35					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 3.5000	n/a
36					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.2800	n/a
37	2-inch All Classes [1]	$ 145.00	$ 294.00	$ 144.00	Tier One Breakover (M Gal):	9999999	1	119	$ 2.8600	$ 1.0000	$ 4.7500
38					Tier Two Breakover (M Gal):	n/a	5	9999999	n/a	$ 2.1000	$ 5.7100
39					Tier Three Breakover (M Gal):	n/a	10	n/a	n/a	$ 2.3000	n/a
40					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 2.7500	n/a
41					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 3.5000	n/a
42					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.2800	n/a
							*			*	

Valencia Water Company - Town Division

Line No.	Customer Class	Basic Service Charge [A] Company Present Rates	[B] Company Proposed Rates	[C] Staff Recommended Rates	Break-Over Points	[D] Company Present	[E] Company Proposed	[F] Staff Recommended	Commodity Charge [G] Company Present Rate	[H] Company Proposed Rate	[I] Staff Recommended Rate
43	3-inch All Classes [1]	$ 225.00	$ 588.00	$ 288.00	Tier One Breakover (M Gal):	9999999	1	266	$ 2.8600	$ 1.0000	$ 4.7500
44					Tier Two Breakover (M Gal):	n/a	5	9999999	n/a	$ 2.1000	$ 5.7100
45					Tier Three Breakover (M Gal):	n/a	10	n/a	n/a	$ 2.3000	n/a
46					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 2.7500	n/a
47					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 3.5000	n/a
48					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.2800	n/a
49	4-inch All Classes [1]	$ 700.00	$ 918.75	$ 450.00	Tier One Breakover (M Gal):	9999999	1	432	$ 2.8600	$ 1.0000	$ 4.7500
50					Tier Two Breakover (M Gal):	n/a	5	9999999	n/a	$ 2.1000	$ 5.7100
51					Tier Three Breakover (M Gal):	n/a	10	n/a	n/a	$ 2.3000	n/a
52					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 2.7500	n/a
53					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 3.5000	n/a
54					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.2800	n/a
55	6-inch All Classes [1]	$ 700.00	$ 1,837.50	$ 900.00	Tier One Breakover (M Gal):	9999999	1	894	$ 2.8600	$ 1.0000	$ 4.7500
56					Tier Two Breakover (M Gal):	n/a	5	9999999	n/a	$ 2.1000	$ 5.7100
57					Tier Three Breakover (M Gal):	n/a	10	n/a	n/a	$ 2.3000	n/a
58					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 2.7500	n/a
59					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 3.5000	n/a
60					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.2800	n/a
61	8-inch All Classes [1]	n/a	$ 3,675.00	$ 1,440.00	Tier One Breakover (M Gal):	n/a	1	1449	n/a	$ 1.0000	$ 4.7500
62					Tier Two Breakover (M Gal):	n/a	5	9999999	n/a	$ 2.1000	$ 5.7100
63					Tier Three Breakover (M Gal):	n/a	10	n/a	n/a	$ 2.3000	n/a
64					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 2.7500	n/a
65					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 3.5000	n/a
66					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.2800	n/a
67	Construction	n/a	Same as Above	n/a	Tier One Breakover (M Gal):	n/a	1	9999999	n/a	$ 1.0000	$ 5.7100
68					Tier Two Breakover (M Gal):	n/a	5	n/a	n/a	$ 2.1000	n/a
69					Tier Three Breakover (M Gal):	n/a	10	n/a	n/a	$ 2.3000	n/a
70					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 2.7500	n/a
71					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 3.5000	n/a
72					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.2800	n/a
73	Standpipe	n/a	n/a	n/a	Tier One Breakover (M Gal):	n/a	n/a	9999999	n/a	n/a	$ 5.7100
							*			*	

		Valencia Water Company - Town Division									
		[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	
		Basic Service Charge			Break-Over Points			Commodity Charge			
Line No.	Customer Class	Company Present Rates	Company Proposed Rates	Staff Recommended Rates	Company Present	Company Proposed	Staff Recommended	Company Present Rate	Company Proposed Rate	Staff Recommended Rate	
74	Private Fire Service 5/8-inch	(a)	(a)	(b)				n/a	n/a	n/a	
75	3/4-inch	(a)	(a)	(b)				n/a	n/a	n/a	
76	1-inch	(a)	(a)	(b)				n/a	n/a	n/a	
77	1 1/2-inch	(a)	(a)	(b)				n/a	n/a	n/a	
78	2-inch	(a)	(a)	(b)				n/a	n/a	n/a	
79	3-inch	(a)	(a)	(b)				n/a	n/a	n/a	
80	4-inch	(a)	(a)	(b)				n/a	n/a	n/a	
81	6-inch	(a)	(a)	(b)				n/a	n/a	n/a	
82	8-inch	n/a	(a)	(b)				n/a	n/a	n/a	
						*			*		

(a) 1.00% of Monthly Minimum for a Comparable Sized Meter Connection, but no less than $5.00 per month. The Service Charge for Fire Sprinklers is only applicable for service lines separate and distinct from the primary water service line.

(b) 2.00% of Monthly Minimum for a Comparable Sized Meter Connection, but no less than $10.00 per month. The Service Charge for Fire Sprinklers is only applicable for service lines separate and distinct from the primary water service line.

[1]All Classes includes 1-inch meter and larger Residential, Commercial, HOA, and Irrigation

*

	Current	Company Proposed (Gallons)	Staff Recommended (Gallons)
Conservation Rebate Threshold	n/a	6,701	n/a
Commodity rate rebate applied	n/a	59%	n/a

Valencia Water Company - Town Division
Docket No. W-01212A-09-0082
Test Year Ended December 31, 2008

Schedule DRE-14

Typical Bill Analysis
Residential 5/8 x 3/4-Inch Meters

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	5,817	$ 29.64	$ 48.03	$ 18.39	62.06%
Median Usage	4,500	25.87	45.10	$ 19.23	74.33%
Staff Recommended					
Average Usage	5,817	$ 29.64	$ 40.83	$ 11.19	37.77%
Median Usage	4,500	25.87	34.58	$ 8.71	33.65%

Consumption	Rates	Rates	Increase	Rates	Increase
-	$ 13.00	$ 36.75	182.69%	$ 18.00	38.46%
1,000	15.86	$ 37.75	138.02%	21.15	33.35%
2,000	18.72	$ 39.85	112.87%	24.30	29.81%
3,000	21.58	$ 41.95	94.39%	27.45	27.20%
4,000	24.44	$ 44.05	80.24%	32.20	31.75%
5,000	27.30	$ 46.15	69.05%	36.95	35.35%
6,000	30.16	$ 48.45	60.64%	41.70	38.26%
7,000	33.02	$ 50.75	53.69%	46.45	40.67%
8,000	35.88	$ 53.05	47.85%	51.20	42.70%
9,000	38.74	$ 55.35	42.88%	55.95	44.42%
10,000	41.60	$ 57.65	38.58%	60.70	45.91%
11,000	44.46	$ 60.40	35.85%	66.41	49.37%
12,000	47.32	$ 63.15	33.45%	72.12	52.41%
13,000	50.18	$ 65.90	31.33%	77.83	55.10%
14,000	53.04	$ 68.65	29.43%	83.54	57.50%
15,000	55.90	$ 71.40	27.73%	89.25	59.66%
16,000	58.76	$ 74.15	26.19%	94.96	61.61%
17,000	61.62	$ 76.90	24.80%	100.67	63.37%
18,000	64.48	$ 79.65	23.53%	106.38	64.98%
19,000	67.34	$ 83.15	23.48%	112.09	66.45%
20,000	70.20	$ 86.65	23.43%	117.80	67.81%
25,000	84.50	$ 104.15	23.25%	146.35	73.20%
30,000	98.80	$ 125.55	27.07%	174.90	77.02%
35,000	113.10	$ 146.95	29.93%	203.45	79.89%
40,000	127.40	$ 168.35	32.14%	232.00	82.10%
45,000	141.70	$ 189.75	33.91%	260.55	83.87%
50,000	156.00	$ 211.15	35.35%	289.10	85.32%
75,000	227.50	$ 318.15	39.85%	431.85	89.82%
100,000	299.00	$ 425.15	42.19%	574.60	92.17%

Service Line and Meter Installation Charges

Meter Size	Company Current Tariff [1]		Company Proposed Tariff [1, 2]		Staff's Recommendation		
					Service Line Charge [2]	Meter Charge [3]	Total Charge
5/8 x 3/4-inch	$360		$600		$445	$155	$600
3/4-inch	$360		$700		$445	$255	$700
1-inch	$400		$810		$495	$315	$810
1½-inch	$630		$1,075		$550	$525	$1,075
2-inch Turbo	$880		$1,875		$830	$1,045	$1,875
2-inch Compound	n/a		$2,720		$830	$1,890	$2,720
3-inch Turbo	$1,040		$2,715		$1,045	$1,670	$2,715
3-inch Compound	n/a		$3,710		$1,165	$2,545	$3,710
4-inch Turbo	$2,890		$4,160		$1,490	$2,670	$4,160
4-inch Compound	n/a		$5,315		$1,670	$3,645	$5,315
6-inch Turbo	$4,020		$7,235		$2,210	$5,025	$7,235
6-inch Compound	n/a		$9,250		$2,330	$6,920	$9,250
8-inch Turbo	n/a		Cost		At Cost	At Cost	At Cost
8-inch Compound	n/a		Cost		At Cost	At Cost	At Cost

[1] Plus actual road crossing charges

[2] Costs for boring under highway or pavement are additional at cost

[3] Meter charges includes meter box or vault

Service Charge	Company Current Rates	Company Proposed Rates	Staff Recommended Rates
Establishment	$ 30.00	$ 50.00	$ 35.00
Establishment (After Hours)	$ 45.00	$ 100.00	$ 50.00
Re-establishment of Service (within 12 months)	(a)	(a)	(a)
Reconnection (Delinquent)	$ 30.00	$ 75.00	$ 35.00
Reconnection After Hours (Delinquent)	n/a	$ 100.00	$ 60.00
Meter Move at Customer Request	(b)	(b)	(b)
After Hours Service Charge, Per Hour	n/a	$ 50.00	$ 50.00
Deposit	(c)	(c)	(c)
Meter Re-Read (If Correct)	$ 25.00	$ 30.00	$ 30.00
Meter Test Fee (If Correct)	$ 35.00	$ 50.00	$ 30.00
NSF Check	$ 15.00	$ 30.00	$ 30.00
Late Payment Charge (Per Month)	(d)	(d)	1.50%
Deferred Payment Charge (Per Month)	(e)	(e)	1.50%
Monthly Service Charge for Fire Sprinkler			
4" or Smaller	n/a	n/a	(f)
6"	n/a	n/a	(f)
8"	n/a	n/a	(f)
10"	n/a	n/a	(f)
Larger than 10"	n/a	n/a	(f)

(a) Number of Months off System times the monthly minimum per A.A.C. R14-2-403(D)

(b) Per Commission rules A.A.C. R14-2-405(B.5). Costs to include parts, labor, overhead and all applicable taxes

(c) Per Commission rules R14-2-403(B)

(d) Greater of 1.5% or $5.00

(e) Greater of 1.5% or $3.50

(f) 2.00% of Monthly Minimum for a Comparable Sized Meter Connection, but no less than $10.00 per month. The Service Charge for Fire Sprinklers is only applicable for service lines separate and distinct from the primary

Valencia Water Company - Town Division
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Test Year Ended December 31, 2008

Schedule DRE-16
Alternative Schedule
Page 1 of 3

Valencia Water Company - Town Division

Line No.	Customer Class	Basic Service Charge [A] Company Present Rates	[B] Company Proposed Rates	[C] Staff Recommended Rates	Break-Over Points	[D] Company Present	[E] Company Proposed	[F] Staff Recommended	Commodity Charge [G] Company Present Rate	[H] Company Proposed Rate	[I] Staff Recommended Rate
1	Residential 5/8 x 3/4-Inch	$ 13.00	$ 38.75	$ 18.00	Tier One Breakover (M Gal):	9999999	1	2	$ 2.8600	$ 1.0000	$ 2.0000
2					Tier Two Breakover (M Gal):	n/a	5	5	n/a	$ 2.1000	$ 3.3500
3					Tier Three Breakover (M Gal):	n/a	10	10	n/a	$ 2.3000	$ 5.3000
4					Tier Four Breakover (M Gal):	n/a	18	9999999	n/a	$ 2.7500	$ 6.5500
5					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 3.5000	n/a
6					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.2800	n/a
7	Residential 3/4-Inch	$ 15.00	$ 38.75	$ 27.00	Tier One Breakover (M Gal):	9999999	1	2	$ 2.8600	$ 1.0000	$ 2.0000
8					Tier Two Breakover (M Gal):	n/a	5	5	n/a	$ 2.1000	$ 3.3500
9					Tier Three Breakover (M Gal):	n/a	10	10	n/a	$ 2.3000	$ 5.3000
10					Tier Four Breakover (M Gal):	n/a	18	9999999	n/a	$ 2.7500	$ 6.5500
11					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 3.5000	n/a
12					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.2800	n/a
13	5/8 x 3/4-Inch All Classes [1]	13.00	36.75	18.00	Tier One Breakover (M Gal):	9999999	1	5	$ 2.8600	$ 1.0000	$ 3.3500
14					Tier Two Breakover (M Gal):	n/a	5	10	n/a	$ 2.1000	$ 5.3000
15					Tier Three Breakover (M Gal):	n/a	10	9999999	n/a	$ 2.3000	$ 6.5500
16					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 2.7500	n/a
17					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 3.5000	n/a
18					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.2800	n/a
19	3/4-Inch All Classes [1]	15.00	36.75	27.00	Tier One Breakover (M Gal):	9999999	1	5	$ 2.8600	$ 1.0000	$ 3.3500
20					Tier Two Breakover (M Gal):	n/a	5	10	n/a	$ 2.1000	$ 5.3000
21					Tier Three Breakover (M Gal):	n/a	10	9999999	n/a	$ 2.3000	$ 6.5500
22					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 2.7500	n/a
23					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 3.5000	n/a
24					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.2800	n/a
25	1-Inch All Classes [1]	$ 37.50	$ 91.88	$ 45.00	Tier One Breakover (M Gal):	9999999	1	11	$ 2.8600	$ 1.0000	$ 3.3500
26					Tier Two Breakover (M Gal):	n/a	5	23	n/a	$ 2.1000	$ 5.3000
27					Tier Three Breakover (M Gal):	n/a	10	9999999	n/a	$ 2.3000	$ 6.5500
28					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 2.7500	n/a
29					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 3.5000	n/a
30					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.2800	n/a
31	1 1/2-Inch All Classes [1]	$ 75.00	$ 183.75	$ 90.00	Tier One Breakover (M Gal):	9999999	1	31	$ 2.8600	$ 1.0000	$ 3.3500
32					Tier Two Breakover (M Gal):	n/a	5	58	n/a	$ 2.1000	$ 5.3000
33					Tier Three Breakover (M Gal):	n/a	10	9999999	n/a	$ 2.3000	$ 6.5500
34					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 2.7500	n/a
35					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 3.5000	n/a
36					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.2800	n/a
37	2-Inch All Classes [1]	$ 145.00	$ 294.00	$ 144.00	Tier One Breakover (M Gal):	9999999	1	49	$ 2.8600	$ 1.0000	$ 3.3500
38					Tier Two Breakover (M Gal):	n/a	5	100	n/a	$ 2.1000	$ 5.3000
39					Tier Three Breakover (M Gal):	n/a	10	9999999	n/a	$ 2.3000	$ 6.5500
40					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 2.7500	n/a
41					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 3.5000	n/a
42					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.2800	n/a
							*			*	

Valencia Water Company - Town Division

Line No.	Customer Class	[A] Basic Service Charge: Company Present Rates	[B] Basic Service Charge: Company Proposed Rates	[C] Basic Service Charge: Staff Recommended Rates	Break-Over Points	[D] Company Present	[E] Company Proposed	[F] Staff Recommended	[G] Commodity Charge: Company Present Rate	[H] Commodity Charge: Company Proposed Rate	[I] Commodity Charge: Staff Recommended Rate
43	3-inch All Classes [1]	$ 225.00	$ 588.00	$ 288.00	Tier One Breakover (M Gal):	9999999	1	112	$ 2.8600	$ 1.0000	$ 3.3500
44					Tier Two Breakover (M Gal):	n/a	5	214	n/a	$ 2.1000	$ 5.3000
45					Tier Three Breakover (M Gal):	n/a	10	9999999	n/a	$ 2.3000	$ 6.5500
46					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 2.7500	n/a
47					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 3.5000	n/a
48					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.2800	n/a
49	4-inch All Classes [1]	$ 700.00	$ 918.75	$ 450.00	Tier One Breakover (M Gal):	9999999	1	187	$ 2.8600	$ 1.0000	$ 3.3500
50					Tier Two Breakover (M Gal):	n/a	5	342	n/a	$ 2.1000	$ 5.3000
51					Tier Three Breakover (M Gal):	n/a	10	9999999	n/a	$ 2.3000	$ 6.5500
52					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 2.7500	n/a
53					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 3.5000	n/a
54					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.2800	n/a
55	6-inch All Classes [1]	$ 700.00	$ 1,837.50	$ 900.00	Tier One Breakover (M Gal):	9999999	1	403	$ 2.8600	$ 1.0000	$ 3.3500
56					Tier Two Breakover (M Gal):	n/a	5	701	n/a	$ 2.1000	$ 5.3000
57					Tier Three Breakover (M Gal):	n/a	10	9999999	n/a	$ 2.3000	$ 6.5500
58					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 2.7500	n/a
59					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 3.5000	n/a
60					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.2800	n/a
61	8-inch All Classes [1]	n/a	$ 3,675.00	$ 1,440.00	Tier One Breakover (M Gal):	n/a	1	627	n/a	$ 1.0000	$ 3.3500
62					Tier Two Breakover (M Gal):	n/a	5	1132	n/a	$ 2.1000	$ 5.3000
63					Tier Three Breakover (M Gal):	n/a	10	9999999	n/a	$ 2.3000	$ 6.5500
64					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 2.7500	n/a
65					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 3.5000	n/a
66					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.2800	n/a
67	Construction	n/a	Same as Above	n/a	Tier One Breakover (M Gal):	n/a	1	9999999	n/a	$ 1.0000	$ 6.5500
68					Tier Two Breakover (M Gal):	n/a	5	n/a	n/a	$ 2.1000	n/a
69					Tier Three Breakover (M Gal):	n/a	10	n/a	n/a	$ 2.3000	n/a
70					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 2.7500	n/a
71					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 3.5000	n/a
72					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.2800	n/a
73	Standpipe	n/a	n/a	n/a	Tier One Breakover (M Gal):	n/a	n/a	9999999	n/a	n/a	$ 6.5500
							*			*	

		Valencia Water Company - Town Division									
		[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]
		Basic Service Charge			Break-Over Points			Commodity Charge		
Line No.	Customer Class	Company Present Rates	Company Proposed Rates	Staff Recommended Rates	Company Present	Company Proposed	Staff Recommended	Company Present Rate	Company Proposed Rate	Staff Recommended Rate
74	Private Fire Service 5/8-inch	(a)	(a)	(b)				n/a	n/a	n/a
75	3/4-inch	(a)	(a)	(b)				n/a	n/a	n/a
76	1-inch	(a)	(a)	(b)				n/a	n/a	n/a
77	1 1/2-inch	(a)	(a)	(b)				n/a	n/a	n/a
78	2-inch	(a)	(a)	(b)				n/a	n/a	n/a
79	3-inch	(a)	(a)	(b)				n/a	n/a	n/a
80	4-inch	(a)	(a)	(b)				n/a	n/a	n/a
81	6-inch	(a)	(a)	(b)				n/a	n/a	n/a
82	8-inch	n/a	(a)	(b)				n/a	n/a	n/a
						*			*	

(a) 1.00% of Monthly Minimum for a Comparable Sized Meter Connection, but no less than $5.00 per month. The Service Charge for Fire Sprinklers is only applicable for service lines separate and distinct from the primary water service line.

(b) 2.00% of Monthly Minimum for a Comparable Sized Meter Connection, but no less than $10.00 per month. The Service Charge for Fire Sprinklers is only applicable for service lines separate and distinct from the primary water service line.

[1]All Classes includes 1-inch meter and larger Residential, Commercial, HOA, and Irrigation

*

	Current	Company Proposed (Gallons)	Staff Recommended (Gallons)
Conservation Rebate Threshold	n/a	6,701	n/a
Commodity rate rebate applied	n/a	59%	n/a

Valencia Water Company - Town Division
Docket No. W-01212A-09-0082
Test Year Ended December 31, 2008

Schedule DRE-17
Alternative Schedule.

Typical Bill Analysis
Residential 5/8 x 3/4-Inch Meters

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	5,817	$ 29.64	$ 48.03	$ 18.39	62.06%
Median Usage	4,500	25.87	45.10	$ 19.23	74.33%
Staff Recommended					
Average Usage	5,817	$ 29.64	$ 36.38	$ 6.74	22.75%
Median Usage	4,500	25.87	30.38	$ 4.51	17.41%

Consumption	Rates	Rates	Increase	Rates	Increase
-	$ 13.00	$ 36.75	182.69%	$ 18.00	38.46%
1,000	15.86	$ 37.75	138.02%	$ 20.00	26.10%
2,000	18.72	$ 39.85	112.87%	$ 22.00	17.52%
3,000	21.58	$ 41.95	94.39%	$ 25.35	17.47%
4,000	24.44	$ 44.05	80.24%	$ 28.70	17.43%
5,000	27.30	$ 46.15	69.05%	$ 32.05	17.40%
6,000	30.16	$ 48.45	60.64%	$ 37.35	23.84%
7,000	33.02	$ 50.75	53.69%	$ 42.65	29.16%
8,000	35.88	$ 53.05	47.85%	$ 47.95	33.64%
9,000	38.74	$ 55.35	42.88%	$ 53.25	37.45%
10,000	41.60	$ 57.65	38.58%	$ 58.55	40.75%
11,000	44.46	$ 60.40	35.85%	$ 65.10	46.42%
12,000	47.32	$ 63.15	33.45%	$ 71.65	51.42%
13,000	50.18	$ 65.90	31.33%	$ 78.20	55.84%
14,000	53.04	$ 68.65	29.43%	$ 84.75	59.79%
15,000	55.90	$ 71.40	27.73%	$ 91.30	63.33%
16,000	58.76	$ 74.15	26.19%	$ 97.85	66.52%
17,000	61.62	$ 76.90	24.80%	$ 104.40	69.43%
18,000	64.48	$ 79.65	23.53%	$ 110.95	72.07%
19,000	67.34	$ 83.15	23.48%	$ 117.50	74.49%
20,000	70.20	$ 86.65	23.43%	$ 124.05	76.71%
25,000	84.50	$ 104.15	23.25%	$ 156.80	85.56%
30,000	98.80	$ 125.55	27.07%	$ 189.55	91.85%
35,000	113.10	$ 146.95	29.93%	$ 222.30	96.55%
40,000	127.40	$ 168.35	32.14%	$ 255.05	100.20%
45,000	141.70	$ 189.75	33.91%	$ 287.80	103.11%
50,000	156.00	$ 211.15	35.35%	$ 320.55	105.48%
75,000	227.50	$ 318.15	39.85%	$ 484.30	112.88%
100,000	299.00	$ 425.15	42.19%	$ 648.05	116.74%

Valencia Water Company - Greater Buckeye Division

Line No.	Customer Class	Basic Service Charge [A] Company Present Rates	[B] Company Proposed Rates	[C] Staff Recommended Rates	Break-Over Points	[D] Company Present	[E] Company Proposed	[F] Staff Recommended	Commodity Charge [G] Company Present Rate	[H] Company Proposed Rate	[I] Staff Recommended Rate
1	Residential 5/8 x 3/4-Inch	$ 16.00	$ 37.25	$ 17.50	Tier One Breakover (M Gal):	12	1	3	$ 2.7500	$ 1.0000	$ 2.4000
2					Tier Two Breakover (M Gal):	9999999	5	10	$ 3.7500	$ 2.6000	$ 3.6500
3					Tier Three Breakover (M Gal):	n/a	10	9999999	n/a	$ 2.8500	$ 4.4000
4					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 3.4000	n/a
5					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 4.0000	n/a
6					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.8400	n/a
7	Residential 3/4-Inch	$ 16.00	$ 37.25	$ 26.25	Tier One Breakover (M Gal):	12	1	3	$ 2.7500	$ 1.0000	$ 2.4000
8					Tier Two Breakover (M Gal):	9999999	5	10	$ 3.7500	$ 2.6000	$ 3.6500
9					Tier Three Breakover (M Gal):	n/a	10	9999999	n/a	$ 2.8500	$ 4.4000
10					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 3.4000	n/a
11					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 4.0000	n/a
12					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.8400	n/a
13	5/8 x 3/4-inch All Classes [1]	16.00	37.25	17.50	Tier One Breakover (M Gal):	12	1	10	$ 2.7500	$ 1.0000	$ 3.6500
14					Tier Two Breakover (M Gal):	9999999	5	9999999	$ 3.7500	$ 2.6000	$ 4.4000
15					Tier Three Breakover (M Gal):	n/a	10	n/a	n/a	$ 2.8500	n/a
16					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 3.4000	n/a
17					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 4.0000	n/a
18					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.8400	n/a
19	3/4-Inch All Classes [1]	16.00	37.25	26.25	Tier One Breakover (M Gal):	12	1	10	$ 2.7500	$ 1.0000	$ 3.6500
20					Tier Two Breakover (M Gal):	9999999	5	9999999	$ 3.7500	$ 2.6000	$ 4.4000
21					Tier Three Breakover (M Gal):	n/a	10	n/a	n/a	$ 2.8500	n/a
22					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 3.4000	n/a
23					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 4.0000	n/a
24					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.8400	n/a
25	1-Inch All Classes [1]	$ 40.00	$ 93.13	$ 43.75	Tier One Breakover (M Gal):	12	1	25	$ 2.7500	$ 1.0000	$ 3.6500
26					Tier Two Breakover (M Gal):	9999999	5	9999999	$ 3.7500	$ 2.6000	$ 4.4000
27					Tier Three Breakover (M Gal):	n/a	10	n/a	n/a	$ 2.8500	n/a
28					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 3.4000	n/a
29					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 4.0000	n/a
30					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.8400	n/a
31	1 1/2-Inch All Classes [1]	$ 80.00	$ 186.25	$ 87.50	Tier One Breakover (M Gal):	12	1	82	$ 2.7500	$ 1.0000	$ 3.6500
32					Tier Two Breakover (M Gal):	9999999	5	9999999	$ 3.7500	$ 2.6000	$ 4.4000
33					Tier Three Breakover (M Gal):	n/a	10	n/a	n/a	$ 2.8500	n/a
34					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 3.4000	n/a
35					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 4.0000	n/a
36					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.8400	n/a
37	2-Inch All Classes [1]	$ 128.00	$ 298.00	$ 140.00	Tier One Breakover (M Gal):	12	1	151	$ 2.7500	$ 1.0000	$ 3.6500
38					Tier Two Breakover (M Gal):	9999999	5	9999999	$ 3.7500	$ 2.6000	$ 4.4000
39					Tier Three Breakover (M Gal):	n/a	10	n/a	n/a	$ 2.8500	n/a
40					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 3.4000	n/a
41					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 4.0000	n/a
42					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.8400	n/a
							*			*	

Valencia Water Company - Greater Buckeye Division

Line No.	Customer Class	[A] Basic Service Charge: Company Present Rates	[B] Basic Service Charge: Company Proposed Rates	[C] Basic Service Charge: Staff Recommended Rates	Break-Over Points	[D] Company Present	[E] Company Proposed	[F] Staff Recommended	[G] Commodity Charge: Company Present Rate	[H] Commodity Charge: Company Proposed Rate	[I] Commodity Charge: Staff Recommended Rate
43	3-inch All Classes [1]	$ 240.00	$ 596.00	$ 280.00	Tier One Breakover (M Gal):	12	1	336	$ 2.7500	$ 1.0000	$ 3.6500
44					Tier Two Breakover (M Gal):	9999999	5	9999999	$ 3.7500	$ 2.6000	$ 4.4000
45					Tier Three Breakover (M Gal):	n/a	10	n/a	n/a	$ 2.8500	n/a
46					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 3.4000	n/a
47					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 4.0000	n/a
48					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.8400	n/a
49	4-inch All Classes [1]	$ 400.00	$ 931.25	$ 437.50	Tier One Breakover (M Gal):	12	1	545	$ 2.7500	$ 1.0000	$ 3.6500
50					Tier Two Breakover (M Gal):	9999999	5	9999999	$ 3.7500	$ 2.6000	$ 4.4000
51					Tier Three Breakover (M Gal):	n/a	10	n/a	n/a	$ 2.8500	n/a
52					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 3.4000	n/a
53					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 4.0000	n/a
54					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.8400	n/a
55	6-inch All Classes [1]	$ 820.00	$ 1,862.50	$ 875.00	Tier One Breakover (M Gal):	12	1	1127	$ 2.7500	$ 1.0000	$ 3.6500
56					Tier Two Breakover (M Gal):	9999999	5	9999999	$ 3.7500	$ 2.6000	$ 4.4000
57					Tier Three Breakover (M Gal):	n/a	10	n/a	n/a	$ 2.8500	n/a
58					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 3.4000	n/a
59					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 4.0000	n/a
60					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.8400	n/a
61	8-inch All Classes [1]	n/a	$ 3,725.00	$ 1,400.00	Tier One Breakover (M Gal):	n/a	1	1826	n/a	$ 1.0000	$ 3.6500
62					Tier Two Breakover (M Gal):	n/a	5	9999999	n/a	$ 2.6000	$ 4.4000
63					Tier Three Breakover (M Gal):	n/a	10	n/a	n/a	$ 2.8500	n/a
64					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 3.4000	n/a
65					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 4.0000	n/a
66					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.8400	n/a
67	Construction	$ 150.00	Same as Above	n/a	Tier One Breakover (M Gal):	9999999	1	9999999	$ 2.7500	$ 1.0000	$ 4.4000
68					Tier Two Breakover (M Gal):	n/a	5	n/a	n/a	$ 2.6000	n/a
69					Tier Three Breakover (M Gal):	n/a	10	n/a	n/a	$ 2.8500	n/a
70					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 3.4000	n/a
71					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 4.0000	n/a
72					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.8400	n/a
73	Standpipe	n/a	Same as Above	n/a	Tier One Breakover (M Gal):	n/a	1	9999999	n/a	$ 1.0000	$ 4.4000
74					Tier Two Breakover (M Gal):	n/a	5	n/a	n/a	$ 2.6000	n/a
75					Tier Three Breakover (M Gal):	n/a	10	n/a	n/a	$ 2.8500	n/a
76					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 3.4000	n/a
77					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 4.0000	n/a
78					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.8400	n/a
							*			*	

Valencia Water Company - Greater Buckeye Division
Docket No. W-02451A-09-0078
Test Year Ended December 31, 2008

Line No.	Customer Class	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]
		Basic Service Charge			Break-Over Points			Commodity Charge		
		Company Present Rates	Company Proposed Rates	Staff Recommended Rates	Company Present	Company Proposed	Staff Recommended	Company Present Rate	Company Proposed Rate	Staff Recommended Rate
79	Private Fire Service									
80	5/8-inch	n/a	n/a	(a)				n/a	n/a	n/a
81	3/4-inch	n/a	n/a	(a)				n/a	n/a	n/a
82	1-inch	n/a	n/a	(a)				n/a	n/a	n/a
83	1 1/2-inch	n/a	n/a	(a)				n/a	n/a	n/a
84	2-inch	n/a	n/a	(a)				n/a	n/a	n/a
85	3-inch	n/a	n/a	(a)				n/a	n/a	n/a
86	4-inch	n/a	n/a	(a)				n/a	n/a	n/a
87	6-inch	n/a	n/a	(a)				n/a	n/a	n/a
	8-inch	n/a	n/a	(a)				n/a	n/a	n/a

(a) 2.00% of Monthly Minimum for a Comparable Sized Meter Connection, but no less than $10.00 per month. The Service Charge for Fire Sprinklers is only applicable for service lines separate and distinct from the primary water service line.

*All Classes includes 1-inch meter and larger Residential, Commercial, and HOA

	Current	Company Proposed (Gallons)	Staff Recommended (Gallons)
Conservation Rebate Threshold	n/a	9,001	n/a
Commodity rate rebate applied	n/a	45%	n/a

Valencia Water Company - Greater Buckeye Division
Docket No. W-02451A-09-0078
Test Year Ended December 31, 2008

Schedule DRE-19

Typical Bill Analysis
Residential 5/8 x 3/4-Inch Meters

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	9,068	$ 40.94	$ 60.24	$ 19.31	47.16%
Median Usage	7,000	35.25	54.35	$ 19.10	54.18%
Staff Recommended					
Average Usage	9,068	$ 40.94	$ 46.85	$ 5.91	14.44%
Median Usage	7,000	35.25	39.30	$ 4.05	11.49%

Consumption	Rates	Rates	Increase	Rates	Increase
-	$ 16.00	$ 37.25	132.81%	$ 17.50	9.38%
1,000	18.75	$ 38.25	104.00%	19.90	6.13%
2,000	21.50	$ 40.85	90.00%	22.30	3.72%
3,000	24.25	$ 43.45	79.18%	24.70	1.86%
4,000	27.00	$ 46.05	70.56%	28.35	5.00%
4,500	28.38	$ 47.35	66.87%	30.18	6.34%
5,000	29.75	$ 48.65	63.53%	32.00	7.56%
6,000	32.50	$ 51.50	58.46%	35.65	9.69%
7,000	35.25	$ 54.35	54.18%	39.30	11.49%
8,000	38.00	$ 57.20	50.53%	42.95	13.03%
9,000	40.75	$ 60.05	47.36%	46.60	14.36%
10,000	43.50	$ 62.90	44.60%	50.25	15.52%
11,000	46.25	$ 66.30	43.35%	54.65	18.16%
12,000	49.00	$ 69.70	42.24%	59.05	20.51%
13,000	52.75	$ 73.10	38.58%	63.45	20.28%
14,000	56.50	$ 76.50	35.40%	67.85	20.09%
15,000	60.25	$ 79.90	32.61%	72.25	19.92%
16,000	64.00	$ 83.30	30.16%	76.65	19.77%
17,000	67.75	$ 86.70	27.97%	81.05	19.63%
18,000	71.50	$ 90.10	26.01%	85.45	19.51%
19,000	75.25	$ 94.10	25.05%	89.85	19.40%
20,000	79.00	$ 98.10	24.18%	94.25	19.30%
25,000	97.75	$ 118.10	20.82%	116.25	18.93%
30,000	116.50	$ 142.30	22.15%	138.25	18.67%
35,000	135.25	$ 166.50	23.11%	160.25	18.48%
40,000	154.00	$ 190.70	23.83%	182.25	18.34%
45,000	172.75	$ 214.90	24.40%	204.25	18.23%
50,000	191.50	$ 239.10	24.86%	226.25	18.15%
75,000	285.25	$ 360.10	26.24%	336.25	17.88%
100,000	379.00	$ 481.10	26.94%	446.25	17.74%

Service Line and Meter Installation Charges

Meter Size	Company Current Tariff [1]		Company Proposed Tariff [1]		Staff's Recommendation		
					Service Line Charge	Meter Charge [2]	Total Charge [1]
5/8 x 3/4-inch	$485		$600		$445	$155	$600
3/4-inch	$485		$700		$445	$255	$700
1-inch	$570		$810		$495	$315	$810
1½-inch	$740		$1,075		$550	$525	$1,075
2-inch Turbo	$1,235		$1,875		$830	$1,045	$1,875
2-inch Compound	n/a		$2,720		$830	$1,890	$2,720
3-inch Turbo	$2,340		$2,715		$1,045	$1,670	$2,715
3-inch Compound	n/a		$3,710		$1,165	$2,545	$3,710
4-inch Turbo	$2,700		$4,160		$1,490	$2,670	$4,160
4-inch Compound	n/a		$5,315		$1,670	$3,645	$5,315
6-inch Turbo	$5,035		$7,235		$2,210	$5,025	$7,235
6-inch Compound	n/a		$9,250		$2,330	$6,920	$9,250
8-inch Turbo	n/a		Cost		At Cost	At Cost	At Cost
8-inch Compound	n/a		Cost		At Cost	At Cost	At Cost

[1] Costs for boring under highway or pavement are additional at cost

[2] Meter charges includes meter box or vault

Service Charge	Company Current Rates	Company Proposed Rates	Staff Recommended Rates
Establishment	$ 30.00	$ 50.00	$ 35.00
Establishment (After Hours)	$ 40.00	$ 100.00	$ 50.00
Re-establishment of Service (within 12 months)	(a)	(a)	(a)
Reconnection (Delinquent)	$ 30.00	$ 75.00	$ 35.00
Reconnection After Hours (Delinquent)	n/a	$ 100.00	$ 60.00
Meter Move at Customer Request	n/a	(b)	(b)
After Hours Service Charge, Per Hour	n/a	$ 50.00	$ 50.00
Deposit	(c)	(c)	(c)
Meter Re-Read (If Correct)	$ 20.00	$ 30.00	$ 30.00
Meter Test Fee (If Correct)	$ 30.00	$ 50.00	$ 30.00
NSF Check	$ 15.00	$ 30.00	$ 30.00
Late Payment Charge (Per Month)	1.50%	(d)	1.50%
Deferred Payment Charge (Per Month)	1.50%	(e)	1.50%
Monthly Service Charge for Fire Sprinkler			
4" or Smaller	n/a	n/a	(f)
6"	n/a	n/a	(f)
8"	n/a	n/a	(f)
10"	n/a	n/a	(f)
Larger than 10"	n/a	n/a	(f)

(a) Number of Months off System times the monthly minimum per A.A.C. R14-2-403(D)

(b) Per Commission rules A.A.C. R14-2-405(B.5). Costs to include parts, labor, overhead and all applicable taxes

(c) Per Commission rules R14-2-403(B)

(d) Greater of 1.5% or $5.00

(e) Greater of 1.5% or $3.50

(f) 2.00% of Monthly Minimum for a Comparable Sized Meter Connection, but no less than $10.00 per month. The Service Charge for Fire Sprinklers is only applicable for service lines separate and distinct from the primary

Valencia Water Company - Greater Buckeye Division

Line No.	Customer Class	[A] Basic Service Charge: Company Present Rates	[B] Basic Service Charge: Company Proposed Rates	[C] Basic Service Charge: Staff Recommended Rates		[D] Break-Over Points: Company Present	[E] Break-Over Points: Company Proposed	[F] Break-Over Points: Staff Recommended	[G] Commodity Charge: Company Present Rate	[H] Commodity Charge: Company Proposed Rate	[I] Commodity Charge: Staff Recommended Rate
1	Residential 5/8 x 3/4-inch	$ 16.00	$ 37.25	$ 18.00	Tier One Breakover (M Gal):	12	1	2	$ 2.7500	$ 1.0000	$ 1.7500
2					Tier Two Breakover (M Gal):	9999999	5	5	$ 3.7500	$ 2.6000	$ 2.5000
3					Tier Three Breakover (M Gal):	n/a	10	10	n/a	$ 2.8500	$ 3.7500
4					Tier Four Breakover (M Gal):	n/a	18	9999999	n/a	$ 3.4000	$ 5.0000
5					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 4.0000	n/a
6					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.8400	n/a
7	Residential 3/4-inch	$ 16.00	$ 37.25	$ 27.00	Tier One Breakover (M Gal):	12	1	2	$ 2.7500	$ 1.0000	$ 1.7500
8					Tier Two Breakover (M Gal):	9999999	5	5	$ 3.7500	$ 2.6000	$ 2.5000
9					Tier Three Breakover (M Gal):	n/a	10	10	n/a	$ 2.8500	$ 3.7500
10					Tier Four Breakover (M Gal):	n/a	18	9999999	n/a	$ 3.4000	$ 5.0000
11					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 4.0000	n/a
12					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.8400	n/a
13	5/8 x 3/4-inch All Classes [1]	16.00	37.25	18.00	Tier One Breakover (M Gal):	12	1	5	$ 2.7500	$ 1.0000	$ 2.5000
14					Tier Two Breakover (M Gal):	9999999	5	10	$ 3.7500	$ 2.6000	$ 3.7500
15					Tier Three Breakover (M Gal):	n/a	10	9999999	n/a	$ 2.8500	$ 5.0000
16					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 3.4000	n/a
17					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 4.0000	n/a
18					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.8400	n/a
19	3/4-inch All Classes [1]	16.00	37.25	27.00	Tier One Breakover (M Gal):	12	1	5	$ 2.7500	$ 1.0000	$ 2.5000
20					Tier Two Breakover (M Gal):	9999999	5	10	$ 3.7500	$ 2.6000	$ 3.7500
21					Tier Three Breakover (M Gal):	n/a	10	9999999	n/a	$ 2.8500	$ 5.0000
22					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 3.4000	n/a
23					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 4.0000	n/a
24					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.8400	n/a
25	1-inch All Classes [1]	$ 40.00	$ 93.13	$ 45.00	Tier One Breakover (M Gal):	12	1	11	$ 2.7500	$ 1.0000	$ 2.5000
26					Tier Two Breakover (M Gal):	9999999	5	23	$ 3.7500	$ 2.6000	$ 3.7500
27					Tier Three Breakover (M Gal):	n/a	10	9999999	n/a	$ 2.8500	$ 5.0000
28					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 3.4000	n/a
29					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 4.0000	n/a
30					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.8400	n/a
31	1 1/2-inch All Classes [1]	$ 80.00	$ 186.25	$ 90.00	Tier One Breakover (M Gal):	12	1	23	$ 2.7500	$ 1.0000	$ 2.5000
32					Tier Two Breakover (M Gal):	9999999	5	58	$ 3.7500	$ 2.6000	$ 3.7500
33					Tier Three Breakover (M Gal):	n/a	10	9999999	n/a	$ 2.8500	$ 5.0000
34					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 3.4000	n/a
35					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 4.0000	n/a
36					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.8400	n/a
37	2-inch All Classes [1]	$ 128.00	$ 298.00	$ 144.00	Tier One Breakover (M Gal):	12	1	38	$ 2.7500	$ 1.0000	$ 2.5000
38					Tier Two Breakover (M Gal):	9999999	5	100	$ 3.7500	$ 2.6000	$ 3.7500
39					Tier Three Breakover (M Gal):	n/a	10	9999999	n/a	$ 2.8500	$ 5.0000
40					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 3.4000	n/a
41					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 4.0000	n/a
42					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.8400	n/a
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Valencia Water Company - Greater Buckeye Division

Line No.	Customer Class	[A] Basic Service Charge: Company Present Rates	[B] Basic Service Charge: Company Proposed Rates	[C] Basic Service Charge: Staff Recommended Rates	Break-Over Points	[D] Company Present	[E] Company Proposed	[F] Staff Recommended	[G] Commodity Charge: Company Present Rate	[H] Commodity Charge: Company Proposed Rate	[I] Commodity Charge: Staff Recommended Rate
43	3-inch All Classes [1]	$ 240.00	$ 596.00	$ 288.00	Tier One Breakover (M Gal):	12	1	101	$ 2.7500	$ 1.0000	$ 2.5000
44					Tier Two Breakover (M Gal):	9999999	5	214	$ 3.7500	$ 2.6000	$ 3.7500
45					Tier Three Breakover (M Gal):	n/a	10	9999999	n/a	$ 2.8500	$ 5.0000
46					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 3.4000	n/a
47					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 4.0000	n/a
48					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.8400	n/a
49	4-inch All Classes [1]	$ 400.00	$ 931.25	$ 450.00	Tier One Breakover (M Gal):	12	1	142	$ 2.7500	$ 1.0000	$ 2.5000
50					Tier Two Breakover (M Gal):	9999999	5	342	$ 3.7500	$ 2.6000	$ 3.7500
51					Tier Three Breakover (M Gal):	n/a	10	9999999	n/a	$ 2.8500	$ 5.0000
52					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 3.4000	n/a
53					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 4.0000	n/a
54					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.8400	n/a
55	6-inch All Classes [1]	$ 820.00	$ 1,862.50	$ 900.00	Tier One Breakover (M Gal):	12	1	398	$ 2.7500	$ 1.0000	$ 2.5000
56					Tier Two Breakover (M Gal):	9999999	5	701	$ 3.7500	$ 2.6000	$ 3.7500
57					Tier Three Breakover (M Gal):	n/a	10	9999999	n/a	$ 2.8500	$ 5.0000
58					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 3.4000	n/a
59					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 4.0000	n/a
60					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.8400	n/a
61	8-inch All Classes [1]	n/a	$ 3,725.00	$ 1,440.00	Tier One Breakover (M Gal):	n/a	1	525	n/a	$ 1.0000	$ 2.5000
62					Tier Two Breakover (M Gal):	n/a	5	1132	n/a	$ 2.6000	$ 3.7500
63					Tier Three Breakover (M Gal):	n/a	10	9999999	n/a	$ 2.8500	$ 5.0000
64					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 3.4000	n/a
65					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 4.0000	n/a
66					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.8400	n/a
67	Construction	n/a	Same as Above	n/a	Tier One Breakover (M Gal):	9999999	1	9999999	$ 2.7500	$ 1.0000	$ 5.0000
68					Tier Two Breakover (M Gal):	n/a	5	n/a	n/a	$ 2.6000	n/a
69					Tier Three Breakover (M Gal):	n/a	10	n/a	n/a	$ 2.8500	n/a
70					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 3.4000	n/a
71					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 4.0000	n/a
72					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.8400	n/a
73	Standpipe	n/a	n/a	n/a	Tier One Breakover (M Gal):	n/a	1	9999999	n/a	$ 1.0000	$ 5.0000
74					Tier Two Breakover (M Gal):	n/a	5	n/a	n/a	$ 2.6000	n/a
75					Tier Three Breakover (M Gal):	n/a	10	n/a	n/a	$ 2.8500	n/a
76					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 3.4000	n/a
77					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 4.0000	n/a
78					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 4.8400	n/a
							*			*	

		Valencia Water Company - Greater Buckeye Division									
		[A]	[B]	[C]		[D]	[E]	[F]	[G]	[H]	[I]
		Basic Service Charge				Break-Over Points			Commodity Charge		
Line No.	Customer Class	Company Present Rates	Company Proposed Rates	Staff Recommended Rates		Company Present	Company Proposed	Staff Recommended	Company Present Rate	Company Proposed Rate	Staff Recommended Rate
79	Private Fire Service 5/8-inch	n/a	n/a	(a)					n/a	n/a	n/a
80	3/4-inch	n/a	n/a	(a)					n/a	n/a	n/a
81	1-inch	n/a	n/a	(a)					n/a	n/a	n/a
82	1 1/2-inch	n/a	n/a	(a)					n/a	n/a	n/a
83	2-inch	n/a	n/a	(a)					n/a	n/a	n/a
84	3-inch	n/a	n/a	(a)					n/a	n/a	n/a
85	4-inch	n/a	n/a	(a)					n/a	n/a	n/a
86	6-inch	n/a	n/a	(a)					n/a	n/a	n/a
87	8-inch	n/a	n/a	(a)					n/a	n/a	n/a
							*			*	

(a) 2.00% of Monthly Minimum for a Comparable Sized Meter Connection, but no less than $10.00 per month. The Service Charge for Fire Sprinklers is only applicable for service lines separate and distinct from the primary water service line.

[1]All Classes includes 1-inch meter and larger Residential, Commercial, and HOA

*

	Current	Company Proposed (Gallons)	Staff Recommended (Gallons)
Conservation Rebate Threshold	n/a	9,001	n/a
Commodity rate rebate applied	n/a	45%	n/a

Valencia Water Company - Greater Buckeye Division
Docket No. W-02451A-09-0078
Test Year Ended December 31, 2008

Schedule DRE-22
Alternative Schedule

Typical Bill Analysis
Residential 3/4-Inch Meters

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	9,068	$ 40.94	$ 60.24	$ 19.31	47.16%
Median Usage	7,000	35.25	54.35	$ 19.10	54.18%
Staff Recommended					
Average Usage	9,068	$ 40.94	$ 44.25	$ 3.32	8.10%
Median Usage	7,000	35.25	36.50	$ 1.25	3.55%

Consumption	Rates	Rates	Increase	Rates	Increase
-	$ 16.00	$ 37.25	132.81%	$ 18.00	12.50%
1,000	18.75	$ 38.25	104.00%	$ 19.75	5.33%
2,000	21.50	$ 40.85	90.00%	$ 21.50	0.00%
3,000	24.25	$ 43.45	79.18%	$ 24.00	-1.03%
4,000	27.00	$ 46.05	70.56%	$ 26.50	-1.85%
5,000	29.75	$ 48.65	63.53%	$ 29.00	-2.52%
6,000	32.50	$ 51.50	58.46%	$ 32.75	0.77%
7,000	35.25	$ 54.35	54.18%	$ 36.50	3.55%
8,000	38.00	$ 57.20	50.53%	$ 40.25	5.92%
9,000	40.75	$ 60.05	47.36%	$ 44.00	7.98%
10,000	43.50	$ 62.90	44.60%	$ 47.75	9.77%
11,000	46.25	$ 66.30	43.35%	$ 52.75	14.05%
12,000	49.00	$ 69.70	42.24%	$ 57.75	17.86%
13,000	52.75	$ 73.10	38.58%	$ 62.75	18.96%
14,000	56.50	$ 76.50	35.40%	$ 67.75	19.91%
15,000	60.25	$ 79.90	32.61%	$ 72.75	20.75%
16,000	64.00	$ 83.30	30.16%	$ 77.75	21.48%
17,000	67.75	$ 86.70	27.97%	$ 82.75	22.14%
18,000	71.50	$ 90.10	26.01%	$ 87.75	22.73%
19,000	75.25	$ 94.10	25.05%	$ 92.75	23.26%
20,000	79.00	$ 98.10	24.18%	$ 97.75	23.73%
25,000	97.75	$ 118.10	20.82%	$ 122.75	25.58%
30,000	116.50	$ 142.30	22.15%	$ 147.75	26.82%
35,000	135.25	$ 166.50	23.11%	$ 172.75	27.73%
40,000	154.00	$ 190.70	23.83%	$ 197.75	28.41%
45,000	172.75	$ 214.90	24.40%	$ 222.75	28.94%
50,000	191.50	$ 239.10	24.86%	$ 247.75	29.37%
75,000	285.25	$ 360.10	26.24%	$ 372.75	30.67%
100,000	379.00	$ 481.10	26.94%	$ 497.75	31.33%

Water Utility of Greater Tonopah
Docket No. W-02450A-09-0081
Test Year Ended December 31, 2008

Water Utility of Greater Tonopah

Line No.	Customer Class	Basic Service Charge [A] Company Present Rates	[B] Company Proposed Rates	[C] Staff Recommended Rates	Break-Over Points	[D] Company Present	[E] Company Proposed	[F] Staff Recommended	Commodity Charge [G] Company Present Rate	[H] Company Proposed Rate	[I] Staff Recommended Rate
1	Residential 5/8 x 3/4-inch	$ 17.50	$ 76.00	$ 16.50	Tier One Breakover (M Gal):	12	1	3	$ 4.1000	$ 1.0000	$ 2.5000
2					Tier Two Breakover (M Gal):	9999999	5	10	$ 5.2500	$ 5.0100	$ 3.7500
3					Tier Three Breakover (M Gal):	n/a	10	9999999	n/a	$ 16.3200	$ 4.6500
4					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 19.5800	n/a
5					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 23.5000	n/a
6					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 29.9400	n/a
7	Residential 3/4-inch	$ 17.50	$ 75.00	$ 24.75	Tier One Breakover (M Gal):	12	1	3	$ 4.1000	$ 1.0000	$ 2.5000
8					Tier Two Breakover (M Gal):	9999999	5	10	$ 5.2500	$ 5.0100	$ 3.7500
9					Tier Three Breakover (M Gal):	n/a	10	9999999	n/a	$ 16.3200	$ 4.6500
10					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 19.5800	n/a
11					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 23.5000	n/a
12					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 29.9400	n/a
13	5/8 x 3/4-inch All Classes [1]	17.50	75.00	16.50	Tier One Breakover (M Gal):	12	1	10	$ 4.1000	$ 1.0000	$ 3.7500
14					Tier Two Breakover (M Gal):	9999999	5	9999999	$ 5.2500	$ 5.0100	$ 4.6500
15					Tier Three Breakover (M Gal):	n/a	10	n/a	n/a	$ 16.3200	n/a
16					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 19.5800	n/a
17					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 23.5000	n/a
18					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 29.9400	n/a
19	3/4-inch All Classes [1]	17.50	75.00	24.75	Tier One Breakover (M Gal):	12	1	10	$ 4.1000	$ 1.0000	$ 3.7500
20					Tier Two Breakover (M Gal):	9999999	5	9999999	$ 5.2500	$ 5.0100	$ 4.6500
21					Tier Three Breakover (M Gal):	n/a	10	n/a	n/a	$ 16.3200	n/a
22					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 19.5800	n/a
23					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 23.5000	n/a
24					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 29.9400	n/a
25	1-inch All Classes [1]	$ 45.00	$ 187.50	$ 41.25	Tier One Breakover (M Gal):	12	1	20	$ 4.1000	$ 1.0000	$ 3.7500
26					Tier Two Breakover (M Gal):	9999999	5	9999999	$ 5.2500	$ 5.0100	$ 4.6500
27					Tier Three Breakover (M Gal):	n/a	10	n/a	n/a	$ 16.3200	n/a
28					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 19.5800	n/a
29					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 23.5000	n/a
30					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 29.9400	n/a
31	1 1/2-inch All Classes [1]	$ 85.00	$ 375.00	$ 82.50	Tier One Breakover (M Gal):	12	1	64	$ 4.1000	$ 1.0000	$ 3.7500
32					Tier Two Breakover (M Gal):	9999999	5	9999999	$ 5.2500	$ 5.0100	$ 4.6500
33					Tier Three Breakover (M Gal):	n/a	10	n/a	n/a	$ 16.3200	n/a
34					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 19.5800	n/a
35					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 23.5000	n/a
36					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 29.9400	n/a
37	2-inch All Classes [1]	$ 145.00	$ 600.00	$ 132.00	Tier One Breakover (M Gal):	12	1	118	$ 4.1000	$ 1.0000	$ 3.7500
38					Tier Two Breakover (M Gal):	9999999	5	9999999	$ 5.2500	$ 5.0100	$ 4.6500
39					Tier Three Breakover (M Gal):	n/a	10	n/a	n/a	$ 16.3200	n/a
40					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 19.5800	n/a
41					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 23.5000	n/a
42					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 29.9400	n/a
							*			*	

		Water Utility of Greater Tonopah									
		[A]	[B]	[C]		[D]	[E]	[F]	[G]	[H]	[I]
		Basic Service Charge			Break-Over Points				Commodity Charge		
Line No.	Customer Class	Company Present Rates	Company Proposed Rates	Staff Recommended Rates		Company Present	Company Proposed	Staff Recommended	Company Present Rate	Company Proposed Rate	Staff Recommended Rate
43	3-inch All Classes [1]	$ 270.00	$ 1,200.00	$ 264.00	Tier One Breakover (M Gal):	12	1	263	$ 4.1000	$ 1.0000	$ 3.7500
44					Tier Two Breakover (M Gal):	9999999	5	9999999	$ 5.2500	$ 5.0100	$ 4.6500
45					Tier Three Breakover (M Gal):	n/a	10	n/a	n/a	$ 16.3200	n/a
46					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 19.5800	n/a
47					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 23.5000	n/a
48					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 29.9400	n/a
49	4-inch All Classes [1]	$ 450.00	$ 1,875.00	$ 412.50	Tier One Breakover (M Gal):	12	1	427	$ 4.1000	$ 1.0000	$ 3.7500
50					Tier Two Breakover (M Gal):	9999999	5	9999999	$ 5.2500	$ 5.0100	$ 4.6500
51					Tier Three Breakover (M Gal):	n/a	10	n/a	n/a	$ 16.3200	n/a
52					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 19.5800	n/a
53					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 23.5000	n/a
54					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 29.9400	n/a
55	6-inch All Classes [1]	$ 900.00	$ 3,750.00	$ 825.00	Tier One Breakover (M Gal):	12	1	884	$ 4.1000	$ 1.0000	$ 3.7500
56					Tier Two Breakover (M Gal):	9999999	5	9999999	$ 5.2500	$ 5.0100	$ 4.6500
57					Tier Three Breakover (M Gal):	n/a	10	n/a	n/a	$ 16.3200	n/a
58					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 19.5800	n/a
59					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 23.5000	n/a
60					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 29.9400	n/a
61	8-inch All Classes [1]	n/a	$ 7,500.00	$ 1,320.00	Tier One Breakover (M Gal):	n/a	1	1433	n/a	$ 1.0000	$ 3.7500
62					Tier Two Breakover (M Gal):	n/a	5	9999999	n/a	$ 5.0100	$ 4.6500
63					Tier Three Breakover (M Gal):	n/a	10	n/a	n/a	$ 16.3200	n/a
64					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 19.5800	n/a
65					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 23.5000	n/a
66					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 29.9400	n/a
67	Construction	n/a	Same as Above	n/a	Tier One Breakover (M Gal):	9999999	1	9999999	$ 4.1000	$ 1.0000	$ 4.6500
68					Tier Two Breakover (M Gal):	n/a	5	n/a	n/a	$ 5.0100	n/a
69					Tier Three Breakover (M Gal):	n/a	10	n/a	n/a	$ 16.3200	n/a
70					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 19.5800	n/a
71					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 23.5000	n/a
72					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 29.9400	n/a
73	Standpipe	n/a	n/a	n/a	Tier One Breakover (M Gal):	9999999	1	9999999	$ 4.1000	$ 1.0000	$ 4.6500
74					Tier Two Breakover (M Gal):	n/a	5	n/a	n/a	$ 5.0100	n/a
75					Tier Three Breakover (M Gal):	n/a	10	n/a	n/a	$ 16.3200	n/a
76					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 19.5800	n/a
77					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 23.5000	n/a
78					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 29.9400	n/a
							*			*	

			Water Utility of Greater Tonopah									
			[A]	[B]	[C]		[D]	[E]	[F]	[G]	[H]	[I]
			Basic Service Charge				Break-Over Points			Commodity Charge		
Line No.	Customer Class		Company Present Rates	Company Proposed Rates	Staff Recommended Rates		Company Present	Company Proposed	Staff Recommended	Company Present Rate	Company Proposed Rate	Staff Recommended Rate
79	Private Fire Service	5/8-inch	n/a	n/a	(a)					n/a	n/a	n/a
80		3/4-inch	n/a	n/a	(a)					n/a	n/a	n/a
81		1-inch	n/a	n/a	(a)					n/a	n/a	n/a
82		1 1/2-inch	n/a	n/a	(a)					n/a	n/a	n/a
83		2-inch	n/a	n/a	(a)					n/a	n/a	n/a
84		3-inch	n/a	n/a	(a)					n/a	n/a	n/a
85		4-inch	n/a	n/a	(a)					n/a	n/a	n/a
86		6-inch	n/a	n/a	(a)					n/a	n/a	n/a
87		8-inch	n/a	n/a	(a)					n/a	n/a	n/a
								*			*	

(a) 2.00% of Monthly Minimum for a Comparable Sized Meter Connection, but no less than $10.00 per month. The Service Charge for Fire Sprinklers is only applicable for service lines separate and distinct from the primary water service line.

[1]All Classes includes 1-inch meter and larger Residential, Commercial, and Irrigation

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	Current	Company Proposed (Gallons)	Staff Recommended (Gallons)
Conservation Rebate Threshold	n/a	7,401	n/a
Commodity rate rebate applied	n/a	45%	n/a

Water Utility of Greater Tonopah
Docket No. W-02450A-09-0081
Test Year Ended December 31, 2008

Schedule DRE-24

Typical Bill Analysis
Residential 5/8 x 3/4-Inch Meters

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	7,346	$ 47.62	$ 134.32	$ 86.70	182.09%
Median Usage	5,000	38.00	96.04	$ 58.04	152.74%
Staff Recommended					
Average Usage	7,346	$ 47.62	$ 40.30	$ (7.32)	-15.37%
Median Usage	5,000	38.00	31.50	$ (6.50)	-17.11%

Consumption	Rates	Rates	Increase	Rates	Increase
-	$ 17.50	$ 75.00	328.57%	$ 16.50	-5.71%
1,000	21.60	$ 76.00	251.85%	19.00	-12.04%
2,000	25.70	$ 81.01	215.21%	21.50	-16.34%
3,000	29.80	$ 86.02	188.66%	24.00	-19.46%
4,000	33.90	$ 91.03	168.53%	27.75	-18.14%
5,000	38.00	$ 96.04	152.74%	31.50	-17.11%
6,000	42.10	$ 112.36	166.89%	35.25	-16.27%
7,000	46.20	$ 128.68	178.53%	39.00	-15.58%
8,000	50.30	$ 145.00	188.27%	42.75	-15.01%
9,000	54.40	$ 161.32	196.54%	46.50	-14.52%
10,000	58.50	$ 177.64	203.66%	50.25	-14.10%
11,000	62.60	$ 197.22	215.05%	54.90	-12.30%
12,000	66.70	$ 216.80	225.04%	59.55	-10.72%
13,000	71.95	$ 236.38	228.53%	64.20	-10.77%
14,000	77.20	$ 255.96	231.55%	68.85	-10.82%
15,000	82.45	$ 275.54	234.19%	73.50	-10.86%
16,000	87.70	$ 295.12	236.51%	78.15	-10.89%
17,000	92.95	$ 314.70	238.57%	82.80	-10.92%
18,000	98.20	$ 334.28	240.41%	87.45	-10.95%
19,000	103.45	$ 357.78	245.85%	92.10	-10.97%
20,000	108.70	$ 381.28	250.76%	96.75	-10.99%
25,000	134.95	$ 498.78	269.60%	120.00	-11.08%
30,000	161.20	$ 648.48	302.28%	143.25	-11.14%
35,000	187.45	$ 798.18	325.81%	166.50	-11.18%
40,000	213.70	$ 947.88	343.56%	189.75	-11.21%
45,000	239.95	$ 1,097.58	357.42%	213.00	-11.23%
50,000	266.20	$ 1,247.28	368.55%	236.25	-11.25%
75,000	397.45	$ 1,995.78	402.15%	352.50	-11.31%
100,000	528.70	$ 2,744.28	419.06%	468.75	-11.34%

Service Line and Meter Installation Charges

Meter Size	Company Current Tariff		Company Proposed Tariff [1]		Staff's Recommendation		
					Service Line Charge [1]	Meter Charge [2]	Total Charge
5/8 x 3/4-inch	$485		$600		$445	$155	$600
3/4-inch	$485		$700		$445	$255	$700
1-inch	$570		$810		$495	$315	$810
1½-inch	$775		$1,075		$550	$525	$1,075
2-inch Turbo	$1,900		$1,875		$830	$1,045	$1,875
2-inch Compound	n/a		$2,720		$830	$1,890	$2,720
3-inch Turbo	$2,490		$2,715		$1,045	$1,670	$2,715
3-inch Compound	n/a		$3,710		$1,165	$2,545	$3,710
4-inch Turbo	$3,615		$4,160		$1,490	$2,670	$4,160
4-inch Compound	n/a		$5,315		$1,670	$3,645	$5,315
6-inch Turbo	$6,810		$7,235		$2,210	$5,025	$7,235
6-inch Compound	n/a		$9,250		$2,330	$6,920	$9,250
8-inch Turbo	n/a		Cost		At Cost	At Cost	At Cost
8-inch Compound	n/a		Cost		At Cost	At Cost	At Cost

[1] Costs for boring under highway or pavement are additional at cost

[2] Meter Charge includes meter box or vault

Service Charge	Company Current Rates	Company Proposed Rates	Staff Recommended Rates
Establishment	$ 30.00	$ 50.00	$ 35.00
Establishment (After Hours)	$ 45.00	$ 100.00	$ 50.00
Re-establishment of Service (within 12 months)	(a)	(a)	(a)
Reconnection (Delinquent)	$ 30.00	$ 75.00	$ 35.00
Reconnection After Hours (Delinquent)	n/a	$ 100.00	$ 60.00
Meter Move at Customer Request	n/a	(b)	(b)
After Hours Service Charge, Per Hour	n/a	$ 50.00	$ 50.00
Deposit	(c)	(c)	(c)
Meter Re-Read (If Correct)	$ 20.00	$ 30.00	$ 30.00
Meter Test Fee (If Correct)	$ 30.00	$ 50.00	$ 30.00
NSF Check	$ 15.00	$ 30.00	$ 30.00
Late Payment Charge (Per Month)	$ 3.00	(d)	1.50%
Deferred Payment Charge (Per Month)	1.50%	(e)	1.50%
Monthly Service Charge for Fire Sprinkler			
4" or Smaller	n/a	n/a	(f)
6"	n/a	n/a	(f)
8"	n/a	n/a	(f)
10"	n/a	n/a	(f)
Larger than 10"	n/a	n/a	(f)

(a) Number of Months off System times the monthly minimum per A.A.C. R14-2-403(D)

(b) Per Commission rules A.A.C. R14-2-405(B.5). Costs to include parts, labor, overhead and all applicable taxes

(c) Per Commission rules R14-2-403(B)

(d) Greater of 1.5% or $5.00

(e) Greater of 1.5% or $3.50

(f) 2.00% of Monthly Minimum for a Comparable Sized Meter Connection, but no less than $10.00 per month. The Service Charge for Fire Sprinklers is only applicable for service lines separate and distinct from the primary

Water Utility of Greater Tonopah

Line No.	Customer Class	Basic Service Charge [A] Company Present Rates	[B] Company Proposed Rates	[C] Staff Recommended Rates	Break-Over Points [D]	[E] Company Present	Company Proposed	[F] Staff Recommended	Commodity Charge [G] Company Present Rate	[H] Company Proposed Rate	[I] Staff Recommended Rate
1	Residential 5/8 x 3/4-inch	$ 17.50	$ 75.00	$ 18.00	Tier One Breakover (M Gal):	12	1	2	$ 4.1000	$ 1.0000	$ 1.7500
2					Tier Two Breakover (M Gal):	9999999	5	5	$ 5.2500	$ 5.0100	$ 2.5000
3					Tier Three Breakover (M Gal):	n/a	10	10	n/a	$ 16.3200	$ 3.5000
4					Tier Four Breakover (M Gal):	n/a	18	9999999	n/a	$ 19.5800	$ 5.0500
5					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 23.5000	n/a
6					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 29.9400	n/a
7	Residential 3/4-inch	$ 17.50	$ 75.00	$ 27.00	Tier One Breakover (M Gal):	12	1	2	$ 4.1000	$ 1.0000	$ 1.7500
8					Tier Two Breakover (M Gal):	9999999	5	5	$ 5.2500	$ 5.0100	$ 2.5000
9					Tier Three Breakover (M Gal):	n/a	10	10	n/a	$ 16.3200	$ 3.5000
10					Tier Four Breakover (M Gal):	n/a	18	9999999	n/a	$ 19.5800	$ 5.0500
11					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 23.5000	n/a
12					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 29.9400	n/a
13	5/8 x 3/4-inch All Classes [1]	17.50	75.00	18.00	Tier One Breakover (M Gal):	12	1	5	$ 4.1000	$ 1.0000	$ 2.5000
14					Tier Two Breakover (M Gal):	9999999	5	10	$ 5.2500	$ 5.0100	$ 3.5000
15					Tier Three Breakover (M Gal):	n/a	10	9999999	n/a	$ 16.3200	$ 5.0500
16					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 19.5800	n/a
17					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 23.5000	n/a
18					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 29.9400	n/a
19	3/4-inch All Classes [1]	17.50	75.00	27.00	Tier One Breakover (M Gal):	12	1	5	$ 4.1000	$ 1.0000	$ 2.5000
20					Tier Two Breakover (M Gal):	9999999	5	10	$ 5.2500	$ 5.0100	$ 3.5000
21					Tier Three Breakover (M Gal):	n/a	10	9999999	n/a	$ 16.3200	$ 5.0500
22					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 19.5800	n/a
23					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 23.5000	n/a
24					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 29.9400	n/a
25	1-inch All Classes [1]	$ 45.00	$ 187.50	$ 45.00	Tier One Breakover (M Gal):	12	1	10	$ 4.1000	$ 1.0000	$ 2.5000
26					Tier Two Breakover (M Gal):	9999999	5	20	$ 5.2500	$ 5.0100	$ 3.5000
27					Tier Three Breakover (M Gal):	n/a	10	9999999	n/a	$ 16.3200	$ 5.0500
28					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 19.5800	n/a
29					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 23.5000	n/a
30					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 29.9400	n/a
31	1 1/2-inch All Classes [1]	$ 85.00	$ 375.00	$ 90.00	Tier One Breakover (M Gal):	12	1	24	$ 4.1000	$ 1.0000	$ 2.5000
32					Tier Two Breakover (M Gal):	9999999	5	48	$ 5.2500	$ 5.0100	$ 3.5000
33					Tier Three Breakover (M Gal):	n/a	10	9999999	n/a	$ 16.3200	$ 5.0500
34					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 19.5800	n/a
35					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 23.5000	n/a
36					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 29.9400	n/a
37	2-inch All Classes [1]	$ 145.00	$ 600.00	$ 144.00	Tier One Breakover (M Gal):	12	1	40	$ 4.1000	$ 1.0000	$ 2.5000
38					Tier Two Breakover (M Gal):	9999999	5	81	$ 5.2500	$ 5.0100	$ 3.5000
39					Tier Three Breakover (M Gal):	n/a	10	9999999	n/a	$ 16.3200	$ 5.0500
40					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 19.5800	n/a
41					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 23.5000	n/a
42					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 29.9400	n/a
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Water Utility of Greater Tonopah

Line No.	Customer Class	Basic Service Charge [A] Company Present Rates	[B] Company Proposed Rates	[C] Staff Recommended Rates	Break-Over Points	[D] Company Present	[E] Company Proposed	[F] Staff Recommended	Commodity Charge [G] Company Present Rate	[H] Company Proposed Rate	[I] Staff Recommended Rate
43	3-inch All Classes [1]	$ 270.00	$ 1,200.00	$ 288.00	Tier One Breakover (M Gal):	12	1	104	$ 4.1000	$ 1.0000	$ 2.5000
44					Tier Two Breakover (M Gal):	9999999	5	172	$ 5.2500	$ 5.0100	$ 3.5000
45					Tier Three Breakover (M Gal):	n/a	10	9999999	n/a	$ 16.3200	$ 5.0500
46					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 19.5800	n/a
47					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 23.5000	n/a
48					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 29.9400	n/a
49	4-inch All Classes [1]	$ 450.00	$ 1,875.00	$ 450.00	Tier One Breakover (M Gal):	12	1	160	$ 4.1000	$ 1.0000	$ 2.5000
50					Tier Two Breakover (M Gal):	9999999	5	275	$ 5.2500	$ 5.0100	$ 3.5000
51					Tier Three Breakover (M Gal):	n/a	10	9999999	n/a	$ 16.3200	$ 5.0500
52					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 19.5800	n/a
53					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 23.5000	n/a
54					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 29.9400	n/a
55	6-inch All Classes [1]	$ 900.00	$ 3,750.00	$ 900.00	Tier One Breakover (M Gal):	12	1	398	$ 4.1000	$ 1.0000	$ 2.5000
56					Tier Two Breakover (M Gal):	9999999	5	564	$ 5.2500	$ 5.0100	$ 3.5000
57					Tier Three Breakover (M Gal):	n/a	10	9999999	n/a	$ 16.3200	$ 5.0500
58					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 19.5800	n/a
59					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 23.5000	n/a
60					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 29.9400	n/a
61	8-inch All Classes [1]	n/a	$ 7,500.00	$ 1,440.00	Tier One Breakover (M Gal):	n/a	1	525	n/a	$ 1.0000	$ 2.5000
62					Tier Two Breakover (M Gal):	n/a	5	911	n/a	$ 5.0100	$ 3.5000
63					Tier Three Breakover (M Gal):	n/a	10	9999999	n/a	$ 16.3200	$ 5.0500
64					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 19.5800	n/a
65					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 23.5000	n/a
66					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 29.9400	n/a
67	Construction	n/a	Same as Above	n/a	Tier One Breakover (M Gal):	9999999	1	9999999	$ 4.1000	$ 1.0000	$ 5.0500
68					Tier Two Breakover (M Gal):	n/a	5	n/a	n/a	$ 5.0100	n/a
69					Tier Three Breakover (M Gal):	n/a	10	n/a	n/a	$ 16.3200	n/a
70					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 19.5800	n/a
71					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 23.5000	n/a
72					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 29.9400	n/a
73	Standpipe	n/a	n/a	n/a	Tier One Breakover (M Gal):	9999999	1	9999999	$ 4.1000	$ 1.0000	$ 5.0500
74					Tier Two Breakover (M Gal):	n/a	5	n/a	n/a	$ 5.0100	n/a
75					Tier Three Breakover (M Gal):	n/a	10	n/a	n/a	$ 16.3200	n/a
76					Tier Four Breakover (M Gal):	n/a	18	n/a	n/a	$ 19.5800	n/a
77					Tier Five Breakover (M Gal):	n/a	25	n/a	n/a	$ 23.5000	n/a
78					Tier Six Breakover (M Gal):	n/a	9999999	n/a	n/a	$ 29.9400	n/a
							*			*	

Water Utility of Greater Tonopah
Docket No. W-02450A-09-0081
Test Year Ended December 31, 2008

		Water Utility of Greater Tonopah								
		[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]
		Basic Service Charge			Break-Over Points			Commodity Charge		
Line No.	Customer Class	Company Present Rates	Company Proposed Rates	Staff Recommended Rates	Company Present	Company Proposed	Staff Recommended	Company Present Rate	Company Proposed Rate	Staff Recommended Rate
79	*Private Fire Service* 5/8-inch	n/a	n/a	(a)				n/a	n/a	n/a
80	3/4-inch	n/a	n/a	(a)				n/a	n/a	n/a
81	1-inch	n/a	n/a	(a)				n/a	n/a	n/a
82	1 1/2-inch	n/a	n/a	(a)				n/a	n/a	n/a
83	2-inch	n/a	n/a	(a)				n/a	n/a	n/a
84	3-inch	n/a	n/a	(a)				n/a	n/a	n/a
85	4-inch	n/a	n/a	(a)				n/a	n/a	n/a
86	6-inch	n/a	n/a	(a)				n/a	n/a	n/a
87	8-inch	n/a	n/a	(a)				n/a	n/a	n/a
						*			*	

(a) 2.00% of Monthly Minimum for a Comparable Sized Meter Connection, but no less than $10.00 per month. The Service Charge for Fire Sprinklers is only applicable for service lines separate and distinct from the primary water service line.

[1]All Classes includes 1-inch meter and larger Residential, Commercial, and Irrigation

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	Current	Company Proposed (Gallons)	Staff Recommended (Gallons)
Conservation Rebate Threshold	n/a	7,401	n/a
Commodity rate rebate applied	n/a	45%	n/a

Water Utility of Greater Tonopah
Docket No. W-02450A-09-0081
Test Year Ended December 31, 2008

Schedule DRE-27

Typical Bill Analysis
Residential 3/4-Inch Meters

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	7,346	$ 47.62	$ 134.32	$ 86.70	182.09%
Median Usage	5,000	38.00	96.04	$ 58.04	152.74%
Staff Recommended					
Average Usage	7,346	$ 47.62	$ 37.21	$ (10.41)	-21.86%
Median Usage	5,000	38.00	29.00	$ (9.00)	-23.68%

Consumption	Rates	Rates	Increase	Rates	Increase
-	$ 17.50	$ 75.00	328.57%	$ 18.00	2.86%
1,000	21.60	$ 76.00	251.85%	$ 19.75	-8.56%
2,000	25.70	$ 81.01	215.21%	$ 21.50	-16.34%
3,000	29.80	$ 86.02	188.66%	$ 24.00	-19.46%
4,000	33.90	$ 91.03	168.53%	$ 26.50	-21.83%
5,000	38.00	$ 96.04	152.74%	$ 29.00	-23.68%
6,000	42.10	$ 112.36	166.89%	$ 32.50	-22.80%
7,000	46.20	$ 128.68	178.53%	$ 36.00	-22.08%
8,000	50.30	$ 145.00	188.27%	$ 39.50	-21.47%
9,000	54.40	$ 161.32	196.54%	$ 43.00	-20.96%
10,000	58.50	$ 177.64	203.66%	$ 46.50	-20.51%
11,000	62.60	$ 197.22	215.05%	$ 51.55	-17.65%
12,000	66.70	$ 216.80	225.04%	$ 56.60	-15.14%
13,000	71.95	$ 236.38	228.53%	$ 61.65	-14.32%
14,000	77.20	$ 255.96	231.55%	$ 66.70	-13.60%
15,000	82.45	$ 275.54	234.19%	$ 71.75	-12.98%
16,000	87.70	$ 295.12	236.51%	$ 76.80	-12.43%
17,000	92.95	$ 314.70	238.57%	$ 81.85	-11.94%
18,000	98.20	$ 334.28	240.41%	$ 86.90	-11.51%
19,000	103.45	$ 357.78	245.85%	$ 91.95	-11.12%
20,000	108.70	$ 381.28	250.76%	$ 97.00	-10.76%
25,000	134.95	$ 498.78	269.60%	$ 122.25	-9.41%
30,000	161.20	$ 648.48	302.28%	$ 147.50	-8.50%
35,000	187.45	$ 798.18	325.81%	$ 172.75	-7.84%
40,000	213.70	$ 947.88	343.56%	$ 198.00	-7.35%
45,000	239.95	$ 1,097.58	357.42%	$ 223.25	-6.96%
50,000	266.20	$ 1,247.28	368.55%	$ 248.50	-6.65%
75,000	397.45	$ 1,995.78	402.15%	$ 374.75	-5.71%
100,000	528.70	$ 2,744.28	419.06%	$ 501.00	-5.24%