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2010 MAR 22 P 3:43

ADDED CORONADO UTILITIES  
DOCKET CONTROL

**BEFORE THE ARIZONA CORPORATION COMMISSION**

7 IN THE MATTER OF THE APPLICATION  
 8 OF CORONADO UTILITIES, INC. FOR A  
 9 DETERMINATION OF THE FAIR VALUE  
 10 OF ITS UTILITY PLANT AND PROPERTY  
 11 AND FOR INCREASES IN ITS RATES  
 12 AND CHARGES FOR UTILITY SERVICE  
 13 BASED THEREON.

DOCKET NO: SW-04305A-09-0291

**NOTICE OF FILING REBUTTAL TESTIMONY**

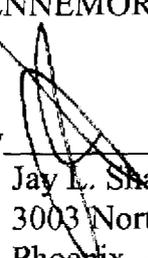
12 Coronado Utilities, Inc. (the "Company") hereby submits this Notice of Filing  
 13 Rebuttal Testimony in the above-referenced matter. Specifically filed herewith are the  
 14 Company's Rebuttal Testimonies, which include the following testimonies, along with  
 15 supporting schedules and/or attachments:

- 16 1. Rebuttal Testimony of Jason Williamson; and
- 17 2. Rebuttal Testimony of Thomas J. Bourassa.

18 RESPECTFULLY SUBMITTED this 22nd day of March, 2010.

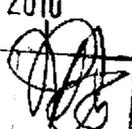
FENNEMORE CRAIG, P.C.

By

  
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Arizona Corporation Commission  
DOCKETED

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ORIGINAL and 13 copies of the foregoing  
filed this 22nd day of March, 2010 with:

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

COPY of the foregoing emailed/mailed  
this 22nd day of March, 2010 to:

Jane L. Rodda  
Administrative Law Judge  
Hearing Division  
Arizona Corporation Commission  
400 West Congress  
Tucson, Arizona 85710-1347

COPY of the foregoing hand-delivered  
this 22nd day of March, 2010 to:

Ayesha Vohra, Esq.  
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By *Maria Sanjiv*  
2296359.1/12923.003

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AND CHARGES FOR UTILITY SERVICE  
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16 **REBUTTAL TESTIMONY OF**  
17 **JASON WILLIAMSON**

18  
19 **March 22, 2010**  
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1 **I. INTRODUCTION AND OVERVIEW OF TESTIMONY.**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Jason Williamson and my business address is 6825 E. Tennessee  
4 Avenue, Suite 547, Denver Co 80224.

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

6 A. On behalf of the Applicant Coronado Utilities, Inc. ("Coronado" or "Company").

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

8 A. I am the President and Manager of Pivotal Utility Management, LLC (hereinafter,  
9 "Pivotal"). Pivotal manages and/or operates a total of ten water and sewer utilities,  
10 nine of which are in Arizona, seven of those regulated by the Commission. One  
11 water and sewer utility is located in Missouri, and the other two referenced sewer  
12 systems in Arizona are owned by HOAs, which Pivotal manages and operates  
13 under contract. I also hold positions in several of the utilities, including Coronado,  
14 for which I am President and a Director.

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

17 A. Yes, my direct testimony was filed on June 3, 2009, with the Company's  
18 application.

19 **Q. HAVE YOU REVIEWED STAFF'S DIRECT FILING?**

20 A. Yes, and I was happy to see how few issues we have in dispute.

21 **Q. WHAT ISSUES ARE IN DISPUTE WITH STAFF?**

22 A. There are three significant issues in dispute: Staff's reduction to bad debt expense,  
23 some of Staff's modifications to the proposed low income tariff, and Staff's denial  
24 of changes to our tariff to address disconnection for non-payment.

25 **Q. DO YOU ADDRESS THESE ISSUES IN YOUR TESTIMONY?**

26 A. I will address Staff's reduction in bad debt expense and the low income tariff. Tom

1 Bourassa will also address both of these issues, along with the other issues in  
2 dispute regarding rate base and operating expenses.

3 **Q. WHAT ABOUT THE DISCONNECTION TARIFF ISSUE?**

4 A. In my direct testimony, I explained our ongoing problem with non-payment for  
5 sewer service, our efforts to address the issue including collections, and the costs  
6 we incur when all else fails and we have to physically stop service.<sup>1</sup> Now Staff  
7 wants us to be ordered to enter into an agreement with a third party to terminate  
8 water service.<sup>2</sup>

9 **Q. WHAT'S WRONG WITH THAT, MR. WILLIAMSON?**

10 A. I will leave the legal implications to our lawyer to address. For my part, I don't  
11 speak for Arizona Water. We are totally unaffiliated, they are not a party to our  
12 rate case, nor should they be.

13 **Q. HAVE YOU SPOKEN TO THEM ABOUT A WATER TERMINATION  
14 AGREEMENT?**

15 A. Yes, several times including three times since Staff's direct testimony was filed.  
16 They are not interested. I respect their position; they have the right to manage their  
17 own business affairs. Now I have to leave it to my legal counsel because I do not  
18 see how I can be ordered to do something contingent on a third party that does not  
19 want to do that something.

20 **II. BAD DEBT EXPENSE**

21 **Q. WHAT WAS CORONADO'S TEST YEAR BAD DEBT EXPENSE?**

22 A. \$46,313.  
23  
24

25 <sup>1</sup> Direct Testimony of Jason Williamson ("Williamson Dt.") at 11.

26 <sup>2</sup> Direct Testimony of Gary T. McMurry ("McMurry Dt.") at 14 - 16.

1 Q. WHAT AMOUNT OF BAD DEBT EXPENSE DOES STAFF  
2 RECOMMEND?

3 A. \$18,432.

4 Q. THAT'S A DIFFERENCE OF ALMOST \$28,000, WHICH APPEARS  
5 SIGNIFICANT. IS IT?

6 A. Yes, it is very significant. Staff has reduced the Company's bad debt expense to a  
7 level that is barely 40 percent of our test year amount.

8 Q. BUT WHAT ABOUT STAFF'S ARGUMENT THAT THESE EXPENSES  
9 "VARY WIDELY FROM YEAR TO YEAR" SO THE EXPENSE LEVEL  
10 MUST BE NORMALIZED?

11 A. I will leave the question of when normalizing is appropriate ratemaking to  
12 Mr. Bourassa as he is the expert.<sup>3</sup> From an operations perspective, Staff doesn't  
13 seem to recognize substantial changes that explain what is brushed off as "wide  
14 variation."

15 Q. WHAT DO YOU MEAN, MR. WILLIAMSON?

16 A. I believe Staff's Auditor, Mr. McMurry, looked at 2006, 2007 and 2008 (the test  
17 year), which had bad debt expense of \$3,483, \$5,500 and \$46,312, respectively, in  
18 order to reach his conclusions.<sup>4</sup> It does not seem that Mr. McMurry has considered  
19 the difficult economic conditions in San Manuel before the recession, a situation  
20 that was made worse by the same economic downturn everyone else is facing.  
21 These conditions are one specific explanation for what Mr. McMurry simply calls  
22 "variation" from year to year.

23

24

25 <sup>3</sup> Rebuttal Testimony of Thomas J. Bourassa ("Bourassa Rb.") at 7 - 9.

26 <sup>4</sup> McMurry Dt. at 8 - 9.

1 **Q. HAS THE ECONOMIC SITUATION IMPROVED AT ALL IN SAN**  
2 **MANUEL?**

3 A. No, which is why I suspect our bad debt expense was even higher in 2009, the year  
4 after the test year. If our expense level is supposed to reflect the level of the  
5 expense we expect to incur when the approved rates are in effect, Staff's  
6 recommended expense level is about 30 percent of what we are incurring. And I  
7 don't think further rate increases, even though they are moderate, are going to  
8 lower our bad debt expense.

9 **Q. WHAT ABOUT MR. MCMURRY'S TESTIMONY (AT 9:11-14) THAT**  
10 **PAST RATE INCREASES DID NOT INCREASE BAD DEBT EXPENSE?**

11 A. Because Coronado was newly formed in 2006, and because the final (phase 3) rates  
12 did not go into effect until July of 2008, we chose to not aggressively post bad debt  
13 prior to 2008. The goal of delaying the recognition of bad debt was two-fold; to  
14 give our customers every opportunity to become acclimated to the new situation  
15 (both in terms of Coronado's existence and the phase-in of rates), and secondly, to  
16 be sure our database and billing information were completely accurate.

17 **Q. SO WHAT LEVEL OF BAD DEBT EXPENSE IS CORONADO SEEKING?**

18 A. The test year level.

19 **Q. OKAY, PLEASE SUMMARIZE WHY YOU THINK THE COMMISSION**  
20 **SHOULD REJECT STAFF'S RECOMMENDATION AND JUST ADOPT**  
21 **THE TEST YEAR LEVEL?**

22 A. Leaving the ratemaking aspects to Mr. Bourassa, I believe that the economic  
23 situation in San Manuel will not be improving anytime soon, and as we saw in  
24 2009, write-offs might end up getting worse before they get better. Coupled with  
25 Staff's refusal to include verbiage in our tariff that makes customers responsible  
26

1 financially for the physical costs of disconnection/ reconnection, we are left with  
2 no other option than to include a realistic bad debt expense in our rate structure.

3 **III. LOW INCOME TARIFF**

4 **Q. MR. MCMURRY TESTIFIED THAT STAFF SUPPORTS A LOW INCOME**  
5 **TARIFF. SO WHAT'S THE DISPUTE?**

6 A. Although Staff does support a low income tariff, Mr. McMurry offers several  
7 criticisms and then makes several recommendations for changes. We do not agree  
8 with all of Staff's recommended changes and we certainly want to set the record  
9 straight regarding our proposed tariff.

10 **Q. WHY DID CORONADO PROPOSE A LOW-INCOME TARIFF?**

11 A. Because Chairperson Mayes basically told us at a Town Hall meeting in San  
12 Manuel that the Commission expected to see one in our filing. And it's the right  
13 thing to do.

14 **Q. WHAT ABOUT MR. MCMURRY'S CRITICISM (DIRECT AT 18-19)**  
15 **THAT CORONADO'S PROPOSED TARIFF IS DIFFERENT THAN**  
16 **OTHERS RECENTLY APPROVED AND PROPOSED?**

17 A. I can't speak to what others have done, except to say that Mr. Bourassa testified  
18 that our proposed low-income tariff is modeled after the one first proposed by  
19 Chaparral City Water based on the one its parent used in California and that it is  
20 materially similar to the ones he has proposed in several other rate cases.<sup>5</sup> If there  
21 are differences in the specifics, there are explanations.

22 **Q. FAIR ENOUGH. CAN YOU RESPOND TO MR. MCMURRY'S**  
23 **COMPLAINT (DIRECT AT 19-20) THAT CORONADO HAS NOT**  
24 **EXPLAINED WHY IT RECOMMENDS A 25 PERCENT DISCOUNT FOR**

25 \_\_\_\_\_  
26 <sup>5</sup> Direct Testimony of Thomas J. Bourassa (Rate Base, Income Statement and Rate Design) ("Bourassa Dt.") at 13.

1                   **QUALIFYING CUSTOMERS RATHER THAN THE 15 PERCENT IN THE**  
2                   **CHAPARRAL CITY TARIFF?**

3   A.   Yes, I can. As we have explained already,<sup>6</sup> our service territory has a large number  
4       of low and fixed income residents, especially after the mine closed several years  
5       ago. Therefore, we felt that if someone does qualify, they would need a larger  
6       reduction in their sewer bill than someone in Fountain Hills, Arizona.

7   **Q.   BUT WHAT ABOUT MR. MCMURRY'S CRITICISM (DIRECT AT 19)**  
8       **THAT YOU HAVE NOT DONE ANY DEMOGRAPHIC STUDIES TO**  
9       **SUPPORT YOUR TARIFF?**

10   A.   He's right. Did Chaparral City or LPSCO do demographic studies? I am informed  
11       they did not. And why should we incur the costs to do such studies? As Mr.  
12       McMurry admits, these tariffs are a recent development.<sup>7</sup> As we begin to  
13       implement the tariff, we will find out how effective they are and what impact they  
14       have. Keep in mind that low-income tariffs are not proposed for the benefit of the  
15       utility and its shareholders.

16   **Q.   DOES THE ADMINISTRATIVE FEE CREATE A "PROFIT CENTER"**  
17       **FOR CORONADO AS MR. MCMURRY CLAIMS (DIRECT AT 21)?**

18   A.   No, and I take exception to Mr. McMurry's testimony. If the Commission does not  
19       want us to have a low income tariff, that's fine. But we are certainly not doing this  
20       to add to our bottom line. Not only do we have to wait longer for some of our  
21       revenue, we have the added administrative burden of implementing the tariff, as  
22       well as the possible customer relations issues that may come with the tariff. The  
23       administrative fee will not compensate Coronado fully for the lost time value of  
24       money or the added operational burden, but it does in part.

25       <sup>6</sup> See Williamson Dt. at 4.

26       <sup>7</sup> McMurry Dt. at 18:14.

1 Q. WHAT ABOUT MR. MCMURRY'S CLAIM THAT THE FEE IS NOT  
2 EXPLAINED?

3 A. He's wrong. Mr. Bourassa explains it, as well as the fact that the fee is identical to  
4 the one approved by the Commission for Chaparral City.<sup>8</sup> I sincerely doubt the  
5 Commission approved a low-income "profit center" for that utility.

6 Q. OKAY, WHAT ABOUT THE CONCERN OVER ELIGIBILITY?

7 A. Mr. McMurry testifies he does not know why we used the federal poverty level  
8 instead of 150 percent of the level.<sup>9</sup> Again, San Manuel is a very poor community  
9 and we were concerned we would have too many people qualifying if we set  
10 eligibility above the federal poverty level.

11 Q. WHAT ABOUT STAFF'S RECOMMENDED CAP ON THE NUMBER OF  
12 PARTICIPANTS?

13 A. We share Staff's concern that there could be heavy participation,<sup>10</sup> but we opted to  
14 use a higher eligibility requirement (100 percent of federal poverty as opposed to  
15 150 percent) in an effort to help reduce the chance of over-participation. I am  
16 concerned about how we handle the 401<sup>st</sup> applicant if Staff's hard cap approach is  
17 adopted.

18 Q. WHAT ABOUT STAFF'S OTHER RECOMMENDED CHANGES?

19 A. Staff's recommendation for recertification is a good idea.<sup>11</sup> We would also agree  
20 to Staff's recommended one-year program period, if Staff's recommendation for  
21 bad debt expense is not adopted.

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<sup>8</sup> Bourassa Dt. at 13; Bourassa Rb. at 12 – 13.  
<sup>9</sup> McMurry Dt. at 20:5-11.  
<sup>10</sup> *Id.* at 20:16-22.  
<sup>11</sup> *Id.* at 20:12-15.

1 **Q. WHY HAVE YOU TIED THE TWO ISSUES TOGETHER?**

2 A. Because they are both issues of cash flow. We recommended a six-month program  
3 period because we were worried about having sufficient cash flow, as  
4 Mr. McMurry recognized.<sup>12</sup> Given that our current bad debt expense is over  
5 \$40,000 higher than Staff's recommended level, I do not see how we can further  
6 reduce our cash flow for one year without significant repercussions.

7 **Q. DOES THAT CONCLUDE YOUR REBUTTAL TESTIMONY?**

8 A. Yes.

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<sup>12</sup> *Id.* at 21:24-26.

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16 **REBUTTAL TESTIMONY OF**  
17 **THOMAS J. BOURASSA**

18  
19 **MARCH 22, 2010**  
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1 **I. INTRODUCTION AND QUALIFICATIONS.**

2 **Q. PLEASE STATE YOUR NAME AND ADDRESS.**

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

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

6 A. I am testifying in this proceeding on behalf of the applicant, Coronado Utilities,  
7 Inc. ("Coronado" or the "Company").

8 **Q. HAVE YOU PREVIOUSLY SUBMITTED DIRECT TESTIMONY IN THE**  
9 **INSTANT CASE?**

10 A. Yes, my direct testimony was submitted in support of the initial application in this  
11 docket. There were two volumes, one addressing rate base, income statement and  
12 rate design, and the other addressing cost of capital.

13 **Q. WHAT IS THE PURPOSE OF THIS REBUTTAL TESTIMONY?**

14 A. I will provide rebuttal testimony in response to the direct filing by Staff. Notably  
15 though, because Staff has accepted the Company's recommended cost of capital,<sup>1</sup>  
16 specifically Coronado's weighted average cost of capital equal to 7.36 percent, I  
17 have not filed a separate volume of my testimony regarding cost of capital.

18 **Q. IF YOU HAD UPDATED YOUR COST OF CAPITAL ANALYSIS, WOULD**  
19 **YOUR RECOMMENDATION REGARDING THE RATE OF RETURN**  
20 **HAVE CHANGED?**

21 A. No.

22 **II. SUMMARY OF CORONADO'S REBUTTAL POSITION**

23 **Q. WHAT REVENUE INCREASE IS THE COMPANY PROPOSING IN THIS**  
24 **REBUTTAL TESTIMONY?**

25

26 <sup>1</sup> Direct Testimony of Gary T. McMurry ("McMurry Dt.") at 23.

1 A. Coronado is proposing a total revenue requirement of \$1,038,933, constituting an  
2 increase in revenues of \$170,030, or 19.57 percent over adjusted test year revenues.

3 **Q. HOW DOES THIS COMPARE WITH THE COMPANY'S DIRECT**  
4 **FILING?**

5 A. In the direct filing the Company requested a total revenue requirement of  
6 \$1,040,098, which required an increase in revenues of \$156,498, or 17.71%.

7 **Q. PLEASE BRIEFLY EXPLAIN WHY THE RATE INCREASE IS HIGHER**  
8 **IN THE REBUTTAL FILING.**

9 A. The rate increase is higher because the Company proposes an additional downward  
10 adjustment to test year revenues in its rebuttal filing. The resulting lower adjusted  
11 test year revenues means that a higher rate increase is necessary to achieve the  
12 Company's proposed revenue requirement.

13 **Q. PLEASE BRIEFLY EXPLAIN THE COMPANY'S REBUTTAL PROPOSED**  
14 **DOWNWARD ADJUSTMENT TO TEST YEAR REVENUES.**

15 A. As I will explain in this rebuttal testimony, during the test year the Company lost a  
16 mobile home (trailer park) customer and this lost revenue was not reflected in the  
17 Company's direct filing. Coronado was hopeful this was temporary, but given the  
18 passage of another full year, the Company now proposes an additional downward  
19 adjustment to adjusted test year revenues of approximately \$14,600. This is the  
20 primary reason for the higher rate increase the Company seeks at this stage of the  
21 proceeding.

22 **Q. PLEASE BRIEFLY EXPLAIN WHY THE REVENUE REQUIREMENT IS**  
23 **LOWER.**

24 A. The Company's slightly lower revenue requirement is primarily the result of a  
25 slightly lower rate base. In its rebuttal filing, Coronado has adjusted its  
26 accumulated depreciation balance due to a correction and adjusted its deferred

1 income tax (DIT) balance to reflect the change to accumulated depreciation. The  
 2 net rate base impact of this adjustment is \$(7,225). The reduction in rate base due  
 3 to the Company's revised accumulated depreciation balance is offset by a \$2,318  
 4 increase in deferred income taxes ("DIT") asset balance. Together, these comprise  
 5 the net change in the Company's rate base of \$(4,906). The net result of the  
 6 adjustment to rate base is that the Company's proposed operating expenses have  
 7 decreased by \$5,087, from \$729,033 in the direct filing to \$723,746; and a net  
 8 decrease of \$4,906 in rate base from the direct filing of \$3,536,648 to \$3,531,741.

9 **Q. WHAT ARE THE PROPOSED REVENUE REQUIREMENTS AND RATE**  
 10 **INCREASES FOR THE COMPANY AND STAFF AT THIS STAGE OF**  
 11 **THE PROCEEDING?**

12 A. The proposed revenue requirements and proposed rate increases are as follows:

	<u>Revenue Requirement</u>	<u>Revenue Incr.</u>	<u>% Increase</u>
14 Staff	\$1,002,515	\$118,985	13.47%
15 Company Rebuttal	\$1,038,933	\$170,030	19.57%

16 **III. RATE BASE**

17 **Q. WOULD YOU PLEASE IDENTIFY THE PARTIES' RESPECTIVE RATE**  
 18 **BASE RECOMMENDATIONS?**

19 A. Yes, the rate bases proposed by the parties proposing a rate base in the case, the  
 20 Company and Staff are as follows:

	<u>OCRB</u>	<u>FVRB</u>
22 Staff	\$ 3,531,141	\$ 3,531,141
23 Company Rebuttal	\$ 3,531,741	\$ 3,531,741

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**A. Plant-in-service.**

**Q. WOULD YOU PLEASE DISCUSS THE COMPANY'S PROPOSED ORIGINAL COST RATE BASE AND IDENTIFY ANY ADJUSTMENTS YOU HAVE ACCEPTED FROM STAFF?**

A. The Company's rebuttal rate base adjustments to OCRB are detailed on rebuttal schedules B-2, pages 3 through 6. Rebuttal Schedule B-2, page 1 and 2, summarize the Company's proposed adjustments and the rebuttal OCRB. Coronado has not proposed any changes to plant-in-service ("PIS") and the parties are in agreement on the PIS balance of \$4,428,471.<sup>2</sup>

**B. Accumulated Depreciation.**

**Q. PLEASE DISCUSS CORONADO'S ADJUSTMENT TO ACCUMULATED DEPRECIATION.**

A. In rebuttal B-2 adjustment 2, as shown on Schedule B-2, page 2, the Company proposes an increase to accumulated depreciation ("A/D") of \$7,225. The adjustment is the result of a correction to the depreciation rates for account 371 – Pumping Equipment and account 382 – Outfall Sewer Lines used to re-compute the A/D balance.<sup>3</sup> The Company corrected these depreciation rates in response to Staff's testimony.<sup>4</sup>

**Q. ARE THE COMPANY AND STAFF NOW IN AGREEMENT WITH RESPECT TO THE ACCUMULATED DEPRECIATION BALANCE?**

A. No. The Company proposes an A/D balance of \$406,157. Staff proposes an A/D balance of \$407,078.<sup>5</sup> The difference is \$921.

<sup>2</sup> Compare Rebuttal Schedule B-2, page 1, line 2 with Staff Schedule GTM-1, 3, line 1, column C.

<sup>3</sup> See Rebuttal Schedule B-2, page 3.1 – 3.4.

<sup>4</sup> McMurry Dt. at 8.

<sup>5</sup> See Staff Schedule GTM-3, line 2, column C.

1 **Q. WHAT IS THE CAUSE OF THE DIFFERENCE?**

2 A. The Company proposes an adjustment to A/D of \$7,225 while Staff proposes an  
3 adjustment of \$8,146. Staff's A/D adjustment computation contains an error and is  
4 too high by \$921. This is because in Staff's computation Staff uses an incorrect  
5 amount for the Company's direct filing A/D for account 382- Outfall Sewer Lines.  
6 Let me explain. On Staff Schedule GTM-6, line 7, column A, Staff uses the figure  
7 of \$35,933 as the amount of depreciation expensed by the Company through the  
8 end of the test year. In other words, this figure is supposed to be the A/D balance  
9 for this account through the end of the test year. However, the figure contained in  
10 the Company's direct filing was \$36,854, as shown on the Company's direct  
11 schedule B-2, page 3.4. The difference between the \$35,933 figure Staff used and  
12 the correct figure of \$36,854 is \$921.

13 C. Advances-in-aid of Construction (AIAC) and Contributions-in-aid of  
14 Construction (CIAC).

15 **Q. PLEASE DISCUSS THE COMPANY'S ADJUSTMENT TO ADVANCES-IN-**  
16 **AID OF CONSTRUCTION AND CONTRIBUTIONS-IN-AID OF**  
17 **CONSTRUCTION.**

18 A. The Company does not propose any adjustments to advances-in-aid of construction  
19 ("AIAC") or contributions-in-aid of construction ("CIAC").

20 **Q. DO THE COMPANY AND STAFF AGREE WITH RESPECT TO THE**  
21 **AIAC AND CIAC BALANCES?**

22 A. Yes.<sup>6</sup> Both the Company and Staff propose an AIAC balance of \$ 0, a gross CIAC  
23 balance of \$603,201, and an accumulated amortization of CIAC balance of  
24 \$9,755.<sup>7</sup>

25 <sup>6</sup> Compare Rebuttal Schedule B-2, page 2 with Staff Schedule GTM-3.

26 <sup>7</sup> *Id.*

1           **D.    Deferred Income Taxes (DITS)**

2   **Q.    HAS THE COMPANY PROPOSED A REBUTTAL ADJUSTMENT TO**  
3   **DEFERRED INCOME TAXES?**

4   A.    Yes.  In rebuttal B-2 adjustment 4, as shown on Schedule B-2, page 2, the  
5   Company's deferred income tax asset (an addition to rate base), is increased by  
6   \$2,318 from \$37,425 to \$39,744.  The increase reflects the Company's rebuttal  
7   proposed changes to accumulated depreciation.  The details of the Company's  
8   rebuttal proposed DIT adjustment is shown on Schedule B-2, page 6.

9   **Q.    PLEASE COMMENT ON STAFF'S RECOMMENDED DIT BALANCE.**

10  A.    Staff proposes a DIT balance of \$40,064,<sup>8</sup> which is slightly higher than Coronado's  
11  proposed balance.  Like the Company's DIT balance, Staff's DIT balance is an  
12  asset (increase in rate base) and reflects Staff's proposed change to accumulated  
13  depreciation.  If Staff corrects this error in its A/D balance, the Company and Staff  
14  should be in agreement.

15  **Q.    IS THERE ANY DISAGREEMENT OVER THE DIT METHODOLOGY?**

16  A.    No.<sup>9</sup>

17  **IV.   INCOME STATEMENT**

18  **Q.    WOULD YOU PLEASE DISCUSS THE COMPANY'S PROPOSED**  
19  **ADJUSTMENTS TO REVENUES AND EXPENSES AND IDENTIFY ANY**  
20  **ADJUSTMENTS YOU HAVE ACCEPTED FROM STAFF?**

21  A.    The Company rebuttal adjustments are detailed on Rebuttal Schedule C-2, pages 1-  
22  6.  The rebuttal income statement with adjustments is summarized on Rebuttal  
23  Schedule C-1, page 1-2.

24           Rebuttal adjustment 1 reflects Coronado's proposed depreciation expense.

25  <sup>8</sup> McMurry Dt. at 7.

26  <sup>9</sup> *Id.*

1 This adjustment is zero as the Company has not proposed any changes to PIS.

2 Rebuttal adjustment number 2 increases property tax expense and reflects  
3 the rebuttal proposed revenues. Staff and Coronado are in agreement on the  
4 method of computing property taxes. This method utilized the ADOR formula and  
5 inputs two years of adjusted revenues plus one year of proposed revenues. I  
6 computed the property taxes based on the Company's proposed revenues, and then  
7 used the property tax rate and assessment ratio that was used in the direct filing.  
8 The details of the Company property tax computation are shown on Rebuttal  
9 Schedule C-2, page 3. The difference in the level of property taxes between  
10 Coronado and Staff are due to the differences in the parties' respective proposed  
11 level of revenues.

12 Rebuttal adjustment 3 reduces test year revenues for the closure of a mobile  
13 home park (San Miguel Highlands) that occurred during the test year.

14 **Q. WHY DIDN'T THE COMPANY PROPOSE AN ADJUSTMENT IN ITS**  
15 **DIRECT FILING IF IT KNEW THE PARK WAS CLOSED DURING THE**  
16 **TEST YEAR?**

17 A. Because at the time the application was prepared the Company hoped the closure  
18 of the mobile home park was temporary. At this point, over a year and a half since  
19 the park closed, it is clear to the Company that this customer will not return in the  
20 foreseeable future, particularly given the continuing poor economic conditions in  
21 the area. Consequently, unless the test year revenues are adjusted to reflect this  
22 known and measurable change to test year revenues, the new rates will be  
23 understated and the Company will not have a reasonable chance to recover the  
24 revenue requirement and earn its authorized return.

25 **Q. PLEASE CONTINUE.**

26 A. Rebuttal adjustment 4 synchronizes interest expense with rate base. Finally,

1 Rebuttal adjustment 5 reflects income taxes at Company's proposed rates.

2 **A. Remaining Issues in Dispute**

3 **Q. PLEASE DISCUSS THE REMAINING RATE BASE ISSUES BETWEEN**  
4 **THE PARTIES.**

5 A. The Company does not agree with Staff's proposed normalization of bad debt  
6 expense by averaging the test year (2008) with two historical years (2006 and  
7 2007). Staff's adjustment results in bad debt expense of \$18,432, nearly \$28,000  
8 less than the test year level.

9 **Q. DO YOU DISAGREE WITH THE USE OF AVERAGES?**

10 A. Yes, generally I disagree with use of averages as a method of normalizing  
11 expenses. Surrounding facts and circumstances must justify their use because  
12 averaging does not reflect a known and measurable change to the test year. It is, at  
13 best, a guess. Averaging as a means of normalizing an expense is also subjective  
14 with respect to which expenses are averaged and which years (historical or future)  
15 are included in the average. Averaging with historical years is also backward  
16 looking. Finally, in my experience, Staff uses averages to adjust expense  
17 downward far more frequently than it uses averages to adjust expenses upward.

18 To illustrate the subjective nature of normalizing by averaging, consider that  
19 if the years 2007, 2008, and 2009 are used, the average would be over \$37,000 -  
20 nearly \$19,000 higher than Staff's average of approximately \$18,000. If a four  
21 year average is used (2006, 2007, 2008, and 2009), the average would be nearly  
22 \$29,000 - \$11,000 higher than Staff's average. If 2008 and 2009 are used the  
23 average would be over \$53,000 - \$7,000 higher than the test year.

24 In other words, there is too much subjectivity and therefore this is not proper  
25 ratemaking. If we are going to use the historical test year, with all of its flaws, we  
26 shouldn't just discard the test year based on the presumption something is wrong

1 with the test year and in the absence of evidence that shows “extenuating”  
2 circumstances.

3 **Q. HAS THE COMMISSION REJECTED STAFF’S NORMALIZATION**  
4 **ADJUSTMENTS USING THREE YEAR HISTORICAL AVERAGES IN**  
5 **THE PAST?**

6 A. Yes. In the recent Chaparral City Water Company decision, the Commission  
7 rejected Staff’s normalization adjustment for repairs and maintenance expense and  
8 chemicals.<sup>10</sup> In that case, Staff also justified the use of normalization because these  
9 expenses fluctuated widely. The Commission rejected the argument because the  
10 test year is presumed normal and Staff had failed to meet its burden of proof that its  
11 proposed adjustments were necessary and warranted.<sup>11</sup>

12 **Q. WHAT REASONS DOES STAFF PROVIDE FOR AVERAGING THREE**  
13 **HISTORICAL YEARS TO NORMALIZE BAD DEBT EXPENSE?**

14 A. Staff asserts that the levels of bad debt expense for the years 2006, 2007 and 2008  
15 vary widely from year to year and the test year level is not representative of the  
16 average bad debt expense for the Company.<sup>12</sup>

17 **Q. DO YOU AGREE?**

18 A. Actually, I do agree that the test year level is not representative of the Company’s  
19 bad debt expense during the period rates will be in effect. The test year is likely  
20 much too low to be representative going forward.

21 **Q. HOW CAN YOU SAY THAT IF THE YEARS PRIOR TO THE TEST YEAR**  
22 **WERE SO MUCH LOWER?**

23 A. Bad debt expense for 2009 is nearly \$60,000 – over \$13,000 higher than the test

24 <sup>10</sup> See *Chaparral City Water Company*, Decision No. 71308 (October 21, 2009) at 22 – 23.

25 <sup>11</sup> *Id.*

26 <sup>12</sup> *McMurry Dt.* at 8.

1 year level. As suggested by both 2008 and 2009, the new "normal" for bad debt  
2 expense going forward is high, very high. Just as important, the new normal for  
3 bad debt expense is well above the approximately \$18,000 Staff proposes.

4 **Q. DID STAFF ASK FOR THE 2009 BAD DEBT EXPENSE INFORMATION?**

5 A. No, but it should have. Since the test year is presumed normal and rates will be in  
6 effect going-forward, it is imperative that an analyst consider post test year data  
7 before normalizing. Attached hereto as **Rebuttal Exhibit 1** is the general ledger  
8 detail for bad debt in 2009. (Customer names are redacted.) As shown, bad debt  
9 expense for 2009 is nearly \$60,000.

10 **Q. WHY DO BELIEVE THIS IS THE NEW "NORMAL" FOR BAD DEBT**  
11 **EXPENSE?**

12 A. First, there is the continued economic hardship throughout the Company's service  
13 territory. The Commission has addressed this problem on several occasions at  
14 town meetings and Commission proceedings the past few years. This situation  
15 started years ago when the mine was closed and has only been made worse by the  
16 recent "Great Recession." Second, the Company's rates for 2006, 2007 and half of  
17 2008 were being phased-in and were, in part, subsidized by BHP. It was not until  
18 the middle of 2008 that customers felt the full impact of the rate increase granted in  
19 2006.<sup>13</sup> Finally, as explained by Mr. Williamson in his rebuttal testimony, the  
20 Company did not aggressively seek to record bad debt because of, in part, the  
21 phase-in of rates.<sup>14</sup>

22  
23  
24  
25 <sup>13</sup> *Coronado Utilities, Inc.*, Decision 68608 (March 23, 2006).

26 <sup>14</sup> Rebuttal Testimony of Jason Williamson at 4.

1 **V. RATE DESIGN**

2 **Q. WHAT ARE THE COMPANY'S REBUTTAL PROPOSED RATES?**

3 A. The Company's proposed rates are:

4 Monthly Customer Charges

5 Residential \$55.66

6 Commercial \$ 8.98

7 Mobile Home – Winter Only N/A

8 Mobile Home – Summer Only (per occupied space) N/A

9 Mobile Home – per occupied space \$38.78

10 School \$ 8.98

11 Volumetric Rates (per 100 gallons of water use)

12 Commercial \$1.173

13 Mobile Home Park (Winter only) N/A

14 School \$0.374

15 In addition, the proposed charge for reclaimed (non-potable) water is \$65.17  
16 per acre-foot or \$0.20 per 1,000 gallons.

17 **Q. HAS CORONADO MADE ANY CHANGES IN ITS RATE DESIGN AT**  
18 **THIS REBUTTAL STAGE?**

19 A. Yes, I have modified the rate design with respect to mobile homes. Instead of a  
20 fixed rate per occupied space during the summer months and fixed monthly rate  
21 plus a commodity charge for the winter months, the Company proposes a fixed rate  
22 per occupied space for all months of the year.

23 **Q. WHY HAVE YOU MADE THIS CHANGE?**

24 A. The mobile home park owner contacted the Company and expressed a concern  
25 about the present rate structure certainty and suggested a fixed monthly fee per  
26 occupied space on a year round basis as opposed to just the summer months.

1 Coronado and I believe this is a reasonable request as long as the Company  
2 annually earns approximately the same level of revenues. Therefore, I have  
3 calculated the required revenue and based the rate design on recovery of a roughly  
4 equal amount per month.

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

6 A. Staff is proposing to continue with the existing rate structure as the Company and  
7 Staff also spreads the increase fairly evenly amongst all customers.<sup>15</sup> Of course,  
8 Staff has not yet had a chance to consider the rebuttal change to the mobile home  
9 park rate which I just introduced.

10 **Q. DO THE COMPANY AND STAFF AGREE ON THE EFFLUENT  
11 (RECLAIMED NON POTABLE WATER) RATE?**

12 A. Yes. Both Staff and the Company agree on an effluent rate of \$0.20 per 1,000  
13 gallons.<sup>16</sup>

14 **Q. DO THE COMPANY AND STAFF AGREE ON THE PROPOSED  
15 MISCELLANEOUS CHARGES?**

16 A. On the specific charges, the Company and Staff are in agreement with the  
17 exception of Staff's recommended denial of changes to the Company's proposed  
18 tariff that addresses disconnection for non-payment. That matter is being  
19 addressed by the Company's legal counsel.

20 **Q. DO YOU HAVE ANY COMMENTS ON STAFF'S TESTIMONY POINTING  
21 OUT THAT THE COMPANY HAS NOT PROVIDED ANY SPECIFIC  
22 TARIFF LANGUAGE WITH RESPECT TO ITS SERVICE CHARGES  
23 AND RATES?**

24  
25 <sup>15</sup> McMurry Dt. at 25.

26 <sup>16</sup> *Id.*

1 A. No. If Staff wishes to propose specific tariff language, it is free to do so and the  
2 Company will consider those proposals. Coronado had no reason, however, to  
3 increase rate case expense and add more paper to the file for matters it recommends  
4 remain as is.

5 **Q. DO YOU HAVE ANY RESPONSE AT THIS TIME TO STAFF'S**  
6 **TESTIMONY ON THE COMPANY'S PROPOSED LOW INCOME**  
7 **TARIFF?**

8 A. Yes, I take issue with Mr. McMurry's testimony that the low income tariff creates a  
9 "profit center."<sup>17</sup> I have proposed the same administrative fee in several rate cases  
10 and it has been approved by the Commission in one of them,<sup>18</sup> and supported by  
11 Staff without concern over a "profit center" in the others.<sup>19</sup>

12 **Q. HOW WAS THE ADMINISTRATIVE FEE DETERMINED?**

13 A. The administrative fee is intended to cover, among other things, cost of processing  
14 applications for enrollment in the program, verifying customer information,  
15 processing participation renewals, tracking discounts provided under the program,  
16 and reporting of the discounts given to participants and amounts collected from  
17 non-participants in the program to regulators. It also covers the time value of  
18 money, or carrying costs. Since the Company collects the discounts provided to  
19 participants from non-participants in arrears, the Company is entitled to collect  
20 interest on the monies from the time it provides the discounts to the time it collects  
21 the money from non-participants. The 10% fee, therefore, covers both the cost of  
22 money plus a small administrative fee.

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<sup>17</sup> *Id.* at 21:5-9.  
<sup>18</sup> *See* Decision No. 71308 at 53 – 54.  
<sup>19</sup> *Id.* at 54.

1 Q. SO WILL CORONADO EARN A PROFIT ON THE LOW INCOME  
2 TARIFF?

3 A. No. The fee is intended to cover the costs described above.

4 Q. DOES THAT CONCLUDE YOUR REBUTTAL TESTIMONY?

5 A. Yes.

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**Coronado Utilities, Inc.**  
**Docket No. SW-04305A-09-0291**

**THOMAS J. BOURASSA**  
**REBUTTAL TESTIMONY**

**March 22, 2010**

**Exhibit 1**

**Coronado Utilities, Inc.**  
**Transaction Detail by Account**  
**January through December 2009**

Type	Date	Num	Name	Memo	Amount	Balance
<b>770 - Bad Debt Expense</b>						
Credit Memo	02/23/2009	8547	0781.02 - REDACTED - TERM	Bad Debt Writeoff	22.27	22.27
Credit Memo	02/23/2009	8551	0999.02 - REDACTED - TERM	Bad Debt Writeoff	36.11	58.38
Credit Memo	02/23/2009	8552	1283.01 - REDACTED - TERM	Bad Debt Writeoff	51.48	109.86
Credit Memo	02/23/2009	8553	1310.01 - REDACTED - TERM	Bad Debt Writeoff	109.89	219.75
Credit Memo	09/04/2009	Bkcy W/O	0903.01 - REDACTED - COLLECT - TERM	Bad Debt Writeoff	525.65	745.40
Credit Memo	12/31/2009	22544	0364.01 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	1,338.58	2,083.98
Credit Memo	12/31/2009	Bad Debt WO	1276.01 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	1,163.43	3,247.41
Credit Memo	12/31/2009	Bad Debt WO	1266.01 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	1,077.22	4,324.63
Credit Memo	12/31/2009	Bad Debt WO	0059.01 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	1,075.85	5,400.48
Credit Memo	12/31/2009	Bad Debt WO	1165.01 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	990.00	6,390.48
Credit Memo	12/31/2009	Bad Debt WO	1377.01 - REDACTED - TERM	Bad Debt Writeoff	953.72	7,344.20
Credit Memo	12/31/2009	Bad Debt WO	1130.01 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	940.34	8,284.54
Credit Memo	12/31/2009	Bad Debt WO	0396.02 - REDACTED - TERM - COLLECT	Bad Debt Writeoff - as per letter offer to settle for 50 percent of amt. owed if pd. by 12/31/09	899.23	9,183.77
Credit Memo	12/31/2009	Bad Debt WO	0396.02 - REDACTED - TERM - COLLECT	Bad Debt Writeoff - additional late fees accrued, but written off to close this acct.	41.11	9,224.88
Credit Memo	12/31/2009	Bad Debt WO	0450.01 - REDACTED - DNS	Bad Debt Writeoff in accordance with settlement agreement (see notes)	997.88	10,222.76
Credit Memo	12/31/2009	Bad Debt WO	0450.01 - REDACTED - DNS	Bad Debt Writeoff - additional late fees associated with settlement balance	46.01	10,268.77
Credit Memo	12/31/2009	Bad Debt WO	0473.01 - REDACTED - TERM - HOLD	Bad Debt Writeoff	923.51	11,192.28
Credit Memo	12/31/2009	Bad Debt WO	0488.01 - REDACTED	Bad Debt Writeoff - all accrued late fees to date	151.58	11,343.86
Credit Memo	12/31/2009	Bad Debt WO	0692.01 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	892.47	12,236.33
Credit Memo	12/31/2009	Bad debt WO	1293.01 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	820.04	13,056.37
Credit Memo	12/31/2009	Bad Debt WO	1269.03 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	794.46	13,850.83
Credit Memo	12/31/2009	Bad Debt WO	0729.01 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	768.77	14,619.60
Credit Memo	12/31/2009	Bad Debt WO	0351.02 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	752.39	15,371.99
Credit Memo	12/31/2009	Bad Debt WO	1302.01 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	700.61	16,072.60
Credit Memo	12/31/2009	Bad Debt WO	1189.01 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	667.04	16,739.64
Credit Memo	12/31/2009	Bad Debt WO	1189.01 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	0.05	16,739.69

**Coronado Utilities, Inc.**  
**Transaction Detail by Account**  
 January through December 2009

Type	Date	Num	Name	Memo	Amount	Balance
<b>770 - Bad Debt Expense</b>						
Credit Memo	12/31/2009	Bad Debt WO	0859.03 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	664.57	17,404.26
Credit Memo	12/31/2009	Bad Debt WO	0654.02 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	645.10	18,049.36
Credit Memo	12/31/2009	Bad Debt WO	0866.04 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	643.97	18,693.33
Credit Memo	12/31/2009	Bad Debt WO	0039.01 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	633.87	19,327.20
Credit Memo	12/31/2009	Bad Debt WO	0491.03 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	615.54	19,942.74
Credit Memo	12/31/2009	Bad Debt WO	0052.01 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	577.11	20,519.85
Credit Memo	12/31/2009	Bad Debt WO	1200.02 - REDACTED - TERM	Bad Debt Writeoff	549.90	21,069.75
Credit Memo	12/31/2009	Bad Debt WO	0452.03 - REDACTED - TERM	Bad Debt Writeoff	532.22	21,601.97
Credit Memo	12/31/2009	Bad Debt WO	0357.02 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	518.69	22,120.66
Credit Memo	12/31/2009	Bad Debt WO	1166.02 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	502.14	22,622.80
Credit Memo	12/31/2009	Bad Debt WO	1203.05 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	481.08	23,103.88
Credit Memo	12/31/2009	Bad Debt WO	0848.02 - REDACTED - TERM - DNS - NLP - PP	Bad Debt Writeoff - per settlement agreement with customer	141.43	23,245.31
Credit Memo	12/31/2009	Bad Debt WO	0684.01 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	465.01	23,710.32
Credit Memo	12/31/2009	Bad Debt WO	1189.06 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	458.23	24,168.55
Credit Memo	12/31/2009	Bad Debt WO	0322.01 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	458.08	24,626.63
Credit Memo	12/31/2009	Bad Debt WO	1290.01 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	446.31	25,072.94
Credit Memo	12/31/2009	Bad Debt WO	0260.02 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	444.39	25,517.33
Credit Memo	12/31/2009	Bad Debt WO	0654.01 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	423.94	25,941.27
Credit Memo	12/31/2009	Bad Debt WO	1370.05 - REDACTED - TERM	Bad Debt Writeoff	404.42	26,345.69
Credit Memo	12/31/2009	Bad Debt WO	0505.04 - REDACTED - TERM	Bad Debt Writeoff	402.85	26,748.54
Credit Memo	12/31/2009	Bad Debt WO	0834.05 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	401.42	27,149.96
Credit Memo	12/31/2009	Bad Debt WO	1135.01 - REDACTED - COLLECT - TERM	Bad Debt Writeoff	398.45	27,548.41
Credit Memo	12/31/2009	Bad Debt WO	0476.01 - REDACTED - COM - TERM - COLLECT	Bad Debt Writeoff	380.95	27,929.36
Credit Memo	12/31/2009	Bad Debt WO	0501.02 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	379.76	28,309.12
Credit Memo	12/31/2009	Bad Debt WO	0106.02 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	377.03	28,686.15
Credit Memo	12/31/2009	Bad Debt WO	0723.01 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	374.24	29,060.39
Credit Memo	12/31/2009	Bad Debt WO	1173.01 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	368.74	29,429.13
Credit Memo	12/31/2009	Bad Debt WO	1189.02 - REDACTED - TERM	Bad Debt Writeoff	344.71	29,773.84
Credit Memo	12/31/2009	Bad Debt WO	1110.01 - REDACTED - TERM	Bad Debt Writeoff	329.68	30,103.52
Credit Memo	12/31/2009	Bad Debt WO	1108.01 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	316.97	30,420.49

**Coronado Utilities, Inc.**  
**Transaction Detail by Account**  
 January through December 2009

Type	Date	Num	Name	Memo	Amount	Balance
<b>770 - Bad Debt Expense</b>						
Credit Memo	12/31/2009	Bad debt WO	1225.01 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	305.26	30,725.75
Credit Memo	12/31/2009	Bad Debt WO	0501.04 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	373.46	31,099.21
Credit Memo	12/31/2009	Bad Debt WO	0974.02 - IREDACTED. - TERM - COLLECT	Bad Debt Writeoff	309.58	31,408.79
Credit Memo	12/31/2009	Bad Debt WO	0616.02 - REDACTED - TERM	Bad Debt Writeoff	299.71	31,708.50
Credit Memo	12/31/2009	Bad Debt WO	0491.01 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	292.88	32,001.38
Credit Memo	12/31/2009	Bad Debt WO	1113.02 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	273.76	32,275.14
Credit Memo	12/31/2009	Bad Debt WO	0045.03 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	272.70	32,547.84
Credit Memo	12/31/2009	Bad Debt WO	1204.01 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	267.20	32,815.04
Credit Memo	12/31/2009	Bad Debt WO	0822.01 - REDACTED. - TERM - COLLECT	Bad Debt Writeoff	266.83	33,081.87
Credit Memo	12/31/2009	Bad Debt WO	1000.02 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	265.91	33,347.78
Credit Memo	12/31/2009	Bad Debt WO	1073.01 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	259.70	33,607.48
Credit Memo	12/31/2009	Bad Debt WO	0073.01 - REDACTED - TER - EM - COL - PP -NLP	Bad Debt Writeoff	255.41	33,862.89
Credit Memo	12/31/2009	Bad Debt WO	0120.01 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	230.98	34,093.87
Credit Memo	12/31/2009	Bad Debt WO	1375.03 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	248.68	34,342.55
Credit Memo	12/31/2009	Bad Debt WO	0527.02 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	244.22	34,586.77
Credit Memo	12/31/2009	Bad Debt WO	1197.02 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	255.36	34,842.13
Credit Memo	12/31/2009	Bad Debt WO	0976.01 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	230.37	35,072.50
Credit Memo	12/31/2009	Bad Debt WO	0050.01 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	223.98	35,296.48
Credit Memo	12/31/2009	Bad Debt WO	1200.01 - REDACTED- TERM - COLLECT	Bad Debt Writeoff	214.35	35,510.83
Credit Memo	12/31/2009	Bad Debt WO	0975.02 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	210.80	35,721.63
Credit Memo	12/31/2009	bad debt WO	0964.02 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	227.37	35,949.00
Credit Memo	12/31/2009	Bad Debt WO	0815.02 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	189.04	36,138.04
Credit Memo	12/31/2009	Bad Debt WO	1269.02 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	183.94	36,321.98
Credit Memo	12/31/2009	Bad Debt WO	1030.03 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	175.55	36,497.53
Credit Memo	12/31/2009	Bad Debt WO	0973.01 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	172.12	36,669.65
Credit Memo	12/31/2009	22560	0836.01 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	172.00	36,841.65
Credit Memo	12/31/2009	22561	1153.02 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	163.92	37,005.57
Credit Memo	12/31/2009	22562	0045.02 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	161.89	37,167.46
Credit Memo	12/31/2009	22563	0334.01 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	158.41	37,325.87
Credit Memo	12/31/2009	Bad Debt WO	0866.05 - REDACTED - TERM	Bad Debt Writeoff	158.15	37,484.02

**Coronado Utilities, Inc.**  
**Transaction Detail by Account**  
 January through December 2009

Type	Date	Num	Name	Memo	Amount	Balance
<b>770 - Bad Debt Expense</b>						
Credit Memo	12/31/2009	Bad debt WO	0384.02 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	138.36	37,622.38
Credit Memo	12/31/2009	Bad Debt WO	1153.03 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	136.08	37,758.46
Credit Memo	12/31/2009	Bad Debt WO	0044.01 - REDACTED - TERM - COLLECT - NLP	Bad Debt Writeoff	138.64	37,897.10
Credit Memo	12/31/2009	Bad Debt WO	1346.01 - REDACTED - COM - TERM	Bad Debt Writeoff	139.39	38,036.49
Credit Memo	12/31/2009	Bd Debt WO	1373.03 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	154.24	38,190.73
Credit Memo	12/31/2009	Bad Debt WO	0086.02 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	121.15	38,311.88
Credit Memo	12/31/2009	Bad Debt WO	0932.03 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	134.20	38,446.08
Credit Memo	12/31/2009	Bad Debt WO	1076.01 - REDACTED - TERM	Bad Debt Writeoff	121.31	38,567.39
Credit Memo	12/31/2009	Bad Debt WO	1345.01 - REDACTED - TERM	Bad Debt Writeoff	142.96	38,710.35
Credit Memo	12/31/2009	Bad Debt WO	0527.03 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	153.97	38,864.32
Credit Memo	12/31/2009	Bad Debt WO	0747.01 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	116.86	38,981.18
Credit Memo	12/31/2009	Bad Debt WO	1119.02 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	109.07	39,090.25
Credit Memo	12/31/2009	Bad debt WO	0616.01 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	107.31	39,197.56
Credit Memo	12/31/2009	Bad debt WO	1189.05 - REDACTED - TERM - COLLECT	Bad Debt Writeoff	102.65	39,300.21
General Journal	12/31/2009	Bad debt WO	Unknown & Bad Debt - NLP	2009 Bad Debt WO on Active customers over 90 days as of 12/31/09	20,464.13	59,764.34

**Coronado Utilities, Inc.**  
**Docket No. SW-04305A-09-0291**

**THOMAS J. BOURASSA**  
**REBUTTAL TESTIMONY**

**March 22, 2010**

# **Schedules**

**Coronado Utilities, Inc.**  
 Test Year Ended December 31, 2008  
 Computation of Increase in Gross Revenue  
 Requirements As Adjusted

Exhibit  
 Rebuttal Schedule A-1  
 Page 1  
 Witness: Bourassa

Line  
No.

1	Fair Value Rate Base	\$	3,531,741
2			
3	Adjusted Operating Income		144,957
4			
5	Current Rate of Return		4.10%
6			
7	Required Operating Income	\$	259,936
8			
9	Required Rate of Return on Fair Value Rate Base		7.36%
10			
11	Operating Income Deficiency	\$	114,979
12			
13	Gross Revenue Conversion Factor		1.4788
14			
15	Increase in Gross Revenue Revenue Requirement	\$	170,030
16			
17	Test Year Revenues	\$	868,903
18	Increase in Gross Revenue Revenue Requirement	\$	170,030
19	Proposed Revenue Requirement	\$	1,038,933
20	% Increase		19.57%

22 Customer Classification	23 Present Rates	23 Proposed Rates	23 Dollar Increase	23 Percent Increase
24				
25				
26 Residential	\$ 693,176	\$ 829,724	136,548	19.70%
27 Commercial (Standard Rate)	60,805	72,782	11,977	19.70%
28 Commercial (Special Rate)	100,605	120,063	19,458	19.34%
29 Effluent Sales	11,122	14,829	3,707	33.33%
30 School	9,121	10,926	1,805	19.79%
31 Revenue Annualization	(20,660)	(24,730)	(4,070)	19.70%
32				
33 <b>Subtotal</b>	<u>\$ 854,168</u>	<u>\$ 1,023,594</u>	<u>\$ 169,426</u>	<u>19.84%</u>
34				
35 Other Wastewater Revenues	15,218	15,218	-	0.00%
36 Reconciling Amount H-1 to C-1	(483)	121	604	-125.05%
37				
38 <b>Total of Water Revenues</b>	<u>\$ 868,903</u>	<u>\$ 1,038,933</u>	<u>\$ 170,030</u>	<u>19.57%</u>

41

42 SUPPORTING SCHEDULES:

- 43 Rebuttal B-1
- 44 Rebuttal C-1
- 45 Rebuttal C-3
- 46 Rebuttal H-1
- 47

**Coronado Utilities, Inc.**  
 Test Year Ended December 31, 2008  
 Summary of Rate Base

Exhibit  
 Rebuttal Schedule B-1  
 Page 1  
 Witness: Bourassa

Line No.	<u>Original Cost</u> <u>Rate base</u>	<u>Fair Value</u> <u>Rate Base</u>
1		
2	\$ 4,428,471	\$ 4,428,471
3	Less: Accumulated Depreciation	
4	406,157	406,157
5	\$ 4,022,314	\$ 4,022,314
6		
7	<u>Less:</u>	
8	Advances in Aid of	
9	Construction	-
10	Contributions in Aid of	
11	Construction	603,201
12	Accumulated Amortization of CIAC	(9,755)
13		
14	Customer Meter Deposits	19,809
15	Deferred Income Taxes & Credits	(39,744)
16		-
17		
18		
19	<u>Plus:</u>	
20	Unamortized Finance	
21	Charges	82,938
22	Deferred Regulatory Assets	-
23	Allowance for Working Capital	-
24		
25		
26	<u>\$ 3,531,741</u>	<u>\$ 3,531,741</u>
27		
28		
29		
30	<u>SUPPORTING SCHEDULES:</u>	
31	Rebuttal B-2	
32	Rebuttal B-3	
33	Rebuttal B-5	
34		
35		

**Coronado Utilities, Inc.**  
 Test Year Ended December 31, 2008  
 Original Cost Rate Base Proforma Adjustments

Exhibit  
 Rebuttal Schedule B-2  
 Page 1  
 Witness: Bourassa

Line No.		Actual at End of <u>Test Year</u>	Proforma Adjustments <u>Amount</u>	Adjusted at end of <u>Test Year</u>
1	Gross Utility			
2	Plant in Service	\$ 4,428,471	-	\$ 4,428,471
3				
4	<b>Less:</b>			
5	Accumulated			
6	Depreciation	398,932	7,225	406,157
7				
8				
9	Net Utility Plant			
10	in Service	\$ 4,029,539	\$ (7,225)	\$ 4,022,314
11				
12	<b>Less:</b>			
13	Advances in Aid of			
14	Construction	-	-	-
15				
16	Contributions in Aid of			
17	Construction (CIAC)	603,201	-	603,201
18				
19	Accumulated Amortization of CIAC	(9,755)	-	(9,755)
20				
21	Customer Meter Deposits	19,809	-	19,809
22	Deferred Income Taxes	(37,425)	(2,318)	(39,744)
23				
24				
25	<b>Plus:</b>			
26	Unamortized Finance			
27	Charges	82,938	-	82,938
28	Deferred Regulatory Assets	-	-	-
29	Allowance for Working Capital	-	-	-
30				
31	Total	<u>\$ 3,536,648</u>	<u>\$ (4,906)</u>	<u>\$ 3,531,741</u>

35 SUPPORTING SCHEDULES:  
 36 Rebuttal B-2, pages 1-6

RECAP SCHEDULES:  
 Rebuttal B-1

37  
 38  
 39  
 40  
 41  
 42  
 43  
 44

Coronado Utilities, Inc.  
 Test Year Ended December 31, 2008  
 Original Cost Rate Base Proforma Adjustments

Line No.	Description	Adjusted at end of Test Year	Proforma Adjustments			Rebuttal Adjusted at end of Test Year
			1 Plant Adjustments	2 Accum. Depr.	3 CIAC	
1	Gross Utility Plant in Service	\$ 4,428,471				\$ 4,428,471
2						
3						
4	Less:					
5	Accumulated Depreciation	398,932	7,225			406,157
6						
7						
8						
9	Net Utility Plant in Service	\$ 4,029,539	\$ (7,225)	\$ -	\$ -	\$ 4,022,314
10						
11						
12	Less:					
13	Advances in Aid of Construction	-				-
14						
15						
16	Contributions in Aid of Construction (CIAC)	603,201				603,201
17						
18						
19	Accumulated Amort of CIAC	(9,755)				(9,755)
20						
21	Customer Meter Deposits	19,809				19,809
22	Deferred Income Taxes	(37,425)			(2,318)	(39,744)
23						
24						
25	Plus:					
26	Unamortized Finance Charges	82,938				82,938
27						
28	Deferred Reg. Assets	-				-
29	Allowance for Working Capital	-				-
30						
31	Total	\$ 3,536,648	\$ (7,225)	\$ -	\$ 2,318	\$ 3,531,741
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						

RECAP SCHEDULES:  
 Rebuttal B-1

SUPPORTING SCHEDULES:  
 Rebuttal B-2, pages 3-6

Line No.	Plant-in-Service	Acct. No.	Description	Adjusted Original Cost	A Difference to Computed Balance <sup>1</sup>	Adjustments				Rebuttal Adjusted Original Cost
						B Intentionally Left Blank	C Intentionally Left Blank	D Intentionally Left Blank	E Intentionally Left Blank	
1				5,194						5,194
2										
3										
4										
5										
6										
7										
8										
9										
10										
11										
12										
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45										
46										
TOTALS										
Plant-in-Service per Direct										
Increase (decrease) in Plant-in-Service										
Adjustment to Plant-in-Service										

<sup>1</sup> Computed Balance as shown on Rebuttal B-2, page 3.4.

Coronado Utilities, Inc.  
Plant Additions and Retirements

Exhibit  
Rebuttal Schedule B-2  
Page 3.1

Account No.	Description	Deprec. Rate	Plant At 12/31/2005	2005 Accum. Depr.	2006 Plant		2006 Adjustments		2006 Adjusted Plant		2006 Salvage		2006 Deprec.
					Additions	Balance	Adjustments	Additions	AVD Only	Retirements	Balance	Deprec.	
351	Organization	0.00%	-	-	5,194	5,194	-	-	-	-	-	-	-
352	Franchises	0.00%	-	-	-	-	-	-	-	-	-	-	-
353	Land	0.00%	-	-	249,999	249,999	-	-	-	-	-	-	-
354	Structures & Improvements	3.33%	-	-	-	-	-	-	-	-	-	-	-
355	Power Generation	5.00%	-	-	-	-	-	-	-	-	-	-	-
360	Collection Sewer Forced	2.00%	-	-	-	-	-	-	-	-	-	-	-
361	Collection Sewers Gravity	2.00%	-	-	-	-	-	-	-	-	-	-	-
362	Special Collecting Structures	2.00%	-	-	1,600	1,600	-	-	-	-	-	-	16
363	Customer Services	2.00%	-	-	-	-	-	-	-	-	-	-	-
364	Flow Measuring Devices	10.00%	-	-	-	-	-	-	-	-	-	-	-
365	Flow Measuring Installation	10.00%	-	-	-	-	-	-	-	-	-	-	-
366	Reuse Services	2.00%	-	-	-	-	-	-	-	-	-	-	-
367	Reuse Meters And Installation	8.33%	-	-	-	-	-	-	-	-	-	-	-
370	Receiving Wells	3.33%	-	-	-	-	-	-	-	-	-	-	-
371	Pumping Equipment	10.00%	-	-	-	-	-	-	-	-	-	-	-
374	Reuse Distribution Reservoirs	2.50%	-	-	-	-	-	-	-	-	-	-	-
375	Reuse Trans. and Dist. System	2.50%	-	-	-	-	-	-	-	-	-	-	-
380	Treatment & Disposal Equipment	5.00%	-	-	1,753,197	1,753,197	-	-	-	-	-	-	43,830
381	Plant Sewers	5.00%	-	-	-	-	-	-	-	-	-	-	-
382	Outfall Sewer Lines	4.00%	-	-	263,058	263,058	-	-	-	-	-	-	5,661
389	Other Sewer Plant & Equipment	6.67%	-	-	113,691	113,691	-	-	-	-	-	-	3,792
390	Office Furniture & Equipment	6.67%	-	-	-	-	-	-	-	-	-	-	-
390.1	Computers and Software	20.00%	-	-	-	-	-	-	-	-	-	-	-
391	Transportation Equipment	20.00%	-	-	-	-	-	-	-	-	-	-	-
392	Stores Equipment	4.00%	-	-	-	-	-	-	-	-	-	-	-
393	Tools, Shop And Garage Equip	5.00%	-	-	-	-	-	-	-	-	-	-	-
394	Laboratory Equip	10.00%	-	-	-	-	-	-	-	-	-	-	-
396	Communication Equip	10.00%	-	-	-	-	-	-	-	-	-	-	-
398	Other Tangible Plant	4.00%	-	-	52,423	52,423	-	-	-	-	-	-	1,048

Plant Held for Future Use  
TOTAL WASTEWATER PLANT

-	-	-	-	-	-	2,459,162	-	-	-	2,459,162	-	-	54,347
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Coconado Utilities, Inc.  
Plant Additions and Retirements

Exhibit  
Rebuttal Schedule B-2  
Page 3.2

Account No.	Description	Deprec. Rate	2007 Plant Additions	2007 Plant Adjustments	2007 Adjusted Plant Additions	2007 Plant Retirements	2007 Salvage/Adj. A/D Only	2007 Plant Balance	2007 Deprec.
351	Organization	0.00%						5,194	-
352	Franchises	0.00%						-	-
353	Land	0.00%		(9,999)	(9,999)		240,000	-	-
354	Structures & Improvements	3.33%	1,858		1,858		1,858	31	
355	Power Generation	5.00%							
360	Collection Sewer Forced	2.00%							
361	Collection Sewers Gravity	2.00%	59,350	(24)	59,350	(24)	59,350	594	
362	Special Collecting Structures	2.00%					1,576	32	
363	Customer Services	2.00%							
364	Flow Measuring Devices	10.00%							
365	Flow Measuring Installation	10.00%							
366	Reuse Services	2.00%							
367	Reuse Meters And Installation	8.33%							
370	Receiving Wells	3.33%							
371	Pumping Equipment	10.00%							
374	Reuse Distribution Reservoirs	2.50%							
375	Reuse Trans. and Dist. System	2.50%							
380	Treatment & Disposal Equipment	5.00%	1,437,019		1,437,019		3,190,216	123,585	
381	Plant Sewers	5.00%							
382	Outfall Sewer Lines	4.00%	270,514		270,514		553,572	16,733	
389	Other Sewer Plant & Equipment	6.67%	64,475		64,475		178,166	9,733	
390	Office Furniture & Equipment	6.67%							
390.1	Computers and Software	20.00%							
391	Transportation Equipment	20.00%							
392	Stores Equipment	4.00%							
393	Tools, Shop And Garage Equip	5.00%							
394	Laboratory Equip	10.00%							
395	Communication Equip	10.00%							
398	Other Tangible Plant	4.00%					52,423	2,097	
Plant Held for Future Use									
TOTAL WASTEWATER PLANT									
			1,833,216	(10,023)	1,823,193			4,282,355	152,804

Coronado Utilities, Inc.  
Plant Additions and Retirements

Exhibit  
Rebuttal Schedule B-2  
Page 3.3

Account No.	Description	Deprec. Rate	2008 Plant Additions	2008 Plant Adjustments	2008 Adjusted Plant Additions	2008 Plant Retirements	2008 Salvage A/D Only	2008 Plant Balance	2008 Deprgs.
351	Organization	0.00%						5,194	-
352	Franchises	0.00%						-	-
353	Land	0.00%	75,001		75,001			315,001	-
354	Structures & Improvements	3.33%						1,856	62
355	Power Generation	5.00%						-	-
360	Collection Sewer Forced	2.00%						-	-
361	Collection Sewers Gravity	2.00%						59,350	1,187
362	Special Collecting Structures	2.00%						1,576	32
363	Customer Services	2.00%						-	-
364	Flow Measuring Devices	10.00%						-	-
365	Flow Measuring Installation	10.00%						-	-
366	Reuse Services	2.00%						-	-
367	Reuse Meters And Installation	8.33%						-	-
370	Receiving Wells	3.33%	16,133		16,133			16,133	269
371	Pumping Equipment	10.00%	15,223		15,223			15,223	761
374	Reuse Distribution Reservoirs	2.50%						-	-
375	Reuse Trans. and Dist. System	2.50%						-	-
380	Treatment & Disposal Equipment	5.00%	53,159		53,159			3,243,375	160,840
381	Plant Sewers	5.00%						-	-
382	Outfall Sewer Lines	4.00%						-	-
389	Other Sewer Plant & Equipment	6.67%						540,205	21,876
390	Office Furniture & Equipment	6.67%		(13,367)	(13,367)			178,135	11,883
390.1	Computers and Software	20.00%		(31)	(31)			-	-
391	Transportation Equipment	20.00%						-	-
392	Stores Equipment	4.00%						-	-
393	Tools, Shop And Garage Equip	5.00%						-	-
394	Laboratory Equip	10.00%						-	-
395	Communication Equip	10.00%						-	-
398	Other Tangible Plant	4.00%						52,423	2,097

Plant Held for Future Use  
TOTAL WASTEWATER PLANT

159,515 (13,399) 146,117 4,428,472 199,095

Account No.	Description	Deprec. Rate	Year End Accumulated Depreciation by Account	
			2005	2006
351	Organization	0.00%	-	-
352	Franchises	0.00%	-	-
353	Land	0.00%	-	-
354	Structures & Improvements	3.33%	-	93
355	Power Generation	5.00%	31	-
360	Collection Sewer Force	2.00%	-	-
361	Collection Sewers Gravity	2.00%	594	1,781
362	Special Collecting Structures	2.00%	48	79
363	Customer Services	2.00%	-	-
364	Flow Measuring Devices	10.00%	-	-
365	Flow Measuring Installation	10.00%	-	-
366	Reuse Services	2.00%	-	-
367	Reuse Meters And Installation	8.33%	-	269
370	Receiving Wells	3.33%	-	761
371	Pumping Equipment	10.00%	-	-
374	Reuse Distribution Reservoirs	2.50%	-	-
375	Reuse Trans. and Dist. System	2.50%	-	-
380	Treatment & Disposal Equipment	5.00%	43,830	167,415
381	Plant Sewers	5.00%	-	328,255
382	Outfall Sewer Lines	4.00%	5,661	22,394
389	Other Sewer Plant & Equipment	6.67%	3,792	44,269
390	Office Furniture & Equipment	20.00%	-	13,525
390.1	Computers and Software	20.00%	-	-
391	Transportation Equipment	20.00%	-	-
392	Stores Equipment	4.00%	-	-
393	Tools, Shop And Garage Equip	5.00%	-	-
394	Laboratory Equip	10.00%	-	-
395	Communication Equip	10.00%	-	-
398	Other Tangible Plant	4.00%	1,048	3,145
				5,242

Plant Held for Future Use  
 TOTAL WASTEWATER PLANT

54,347	207,152	406,157
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**Coronado Utilities, Inc.**  
 Test Year Ended December 31, 2008  
 Original Cost Rate Base Proforma Adjustments  
 Adjustment 3

Exhibit  
 Rebuttal Schedule B-2  
 Page 5  
 Witness: Bourassa

Line No.			<u>CIAC</u>	<u>Rate</u>	<u>Amortization</u>	<u>Accumulated Amortization</u>
1	<u>CIAC and Accumulated Amortization</u>					
2			<b>CIAC</b>			
3	Balance at 12/31/2005	\$	-			-
4						
5	Jan-Dec Amortization			0.000%	-	-
6	2006 Land Additions	\$	240,000	0.000%	-	-
7	2006 Additions - Outfall Sewer Lines		55,676	1.665%	927	927
8						
9	Balance at 12/31/2006	\$	295,676			927
10						
11	Jan-Dec Amortization Land		\$ 240,000	0.000%	-	927
12	Jan-Dec Amortization- Outfall Sewer Lines		\$ 55,676	3.330%	1,854	2,781
13	2007 Additions - Outfall Sewer Lines		307,525	1.665%	5,120	7,901
14						
15	Balance at 12/31/2007	\$	603,201			7,901
16	Jan-Dec Amortization Land		\$ 240,000	0.00%		7,901
17	Jan-Dec Amortization- Outfall Sewer Lines		\$ 55,676	3.330%	1,854	9,755
18	2008 Additions - Outfall Sewer Lines		-	1.665%	-	9,755
19						
20						
21	Balance at 12/31/2008	<u>\$</u>	<u>603,201</u>			9,755
22						
23						
24						
25	Computed balance at 12/31/2008	\$	603,201			\$ 9,755
26						
27	Balance per Direct	<u>\$</u>	<u>603,201</u>			<u>\$ 9,755</u>
28						
29	Increase (decrease)	\$	-			\$ -
30						
31						
32	Adjustment to CIAC	<u>\$</u>	<u>-</u>			<u>\$ -</u>
33	Label		3a			3b
34						
35						

Coronado Utilities, Inc.  
 Test Year Ended December 31, 2008  
 Original Cost Rate Base Proforma Adjustments  
 Adjustment 4

Line No.	Deferred Income Tax as of December 31, 2008	Adjusted Book Value <sup>1</sup>	Tax Value	Probability of Realization of Future Tax Benefit	Deductible TD (Taxable TD) Expected to be Realized	Tax Rate	Future Tax Asset Current	Future Tax Asset Non Current	Future Tax Liability Current	Future Tax Liability Non Current
1										
2										
3										
4										
5										
6	Plant-in-Service	\$ 4,428,471								
7	Accum. Deprec.	(406,157)								
8	CIAC	(593,446)								
9	Fixed Assets	\$ 3,428,869	3,551,621	100.0%	\$ 122,752	32.4%			\$	39,744
10	AIAC	\$ -	-	100.0%	-	32.4%		\$ -		
11										
12										
13										
14										
15										
16							\$ -	\$ -	\$ -	\$ 39,744
17										
18										
19										
20										
21										
22										
23										
24										
16							\$ -	\$ -	\$ -	\$ 39,744
17										
18										
19										
20										
21										
22										
23										
24										
16							\$ -	\$ -	\$ -	\$ 39,744
17										
18										
19										
20										
21										
22										
23										
24										
16							\$ -	\$ -	\$ -	\$ 39,744
17										
18										
19										
20										
21										
22										
23										
24										
16							\$ -	\$ -	\$ -	\$ 39,744
17										
18										
19										
20										
21										
22										
23										
24										
16							\$ -	\$ -	\$ -	\$ 39,744
17										
18										
19										
20										
21										
22										
23										
24										

<sup>1</sup> Adjusted per Rebuttal B-2

Coronado Utilities, Inc.  
Test Year Ended December 31, 2008  
Computation of Working Capital

Exhibit  
Rebuttal Schedule B-5  
Page 1  
Witness: Bourassa

Line No.			
1	Cash Working Capital (1/8 of Allowance		
2	Operation and Maintenance Expense)	\$	53,962
3	Pumping Power (1/24 of Pumping Power)		2,259
4	Purchased Water (1/24 of Purchased Water)		-
5	Prepays		790
6	Materials & Supplies		-
7			
8			
9	Total Working Capital Allowance	<u>\$</u>	<u>57,011</u>
10			
11			
12	Working Capital Requested	<u>\$</u>	<u>-</u>
13			
14			
15	<u>SUPPORTING SCHEDULES:</u>	<u>RECAP SCHEDULES:</u>	
16	Rebuttal C-1	Rebuttal B-1	
17			
18			
19	Total Operating Expense	\$	723,946
20	Less:		
21	Income Tax		(5,174)
22	Property Tax		57,109
23	Depreciation		186,095
24	Purchased Water		-
25	Pumping Power		54,218
26	Allowable Expenses	<u>\$</u>	<u>431,698</u>
27	1/8 of allowable expenses	<u>\$</u>	<u>53,962</u>
28			

**Coronado Utilities, Inc.**  
 Test Year Ended December 31, 2008  
 Income Statement

Exhibit  
 Rebuttal Schedule C-1  
 Page 1  
 Witness: Bourassa

Line No.		Test Year Adjusted Results	Adjustment	Rebuttal Test Year Adjusted Results	Proposed Rate Increase	Rebuttal Adjusted with Rate Increase
1	<b>Revenues</b>					
2	Flat Rate Revenues	\$ 710,657	\$ (14,627)	\$ 696,030	\$ 170,030	\$ 866,060
3	Measured Revenues	157,655	-	157,655	-	157,655
4	Other Wastewater Revenues	15,218	-	15,218	-	15,218
5		<u>\$ 883,530</u>	<u>\$ (14,627)</u>	<u>\$ 868,903</u>	<u>\$ 170,030</u>	<u>\$ 1,038,933</u>
6	<b>Operating Expenses</b>					
7	Salaries and Wages	\$ 52,500	-	\$ 52,500	-	\$ 52,500
8	Purchased Wastewater Treatment	-	-	-	-	-
9	Sludge Removal Expense	-	-	-	-	-
10	Purchased Power	54,218	-	54,218	-	54,218
11	Fuel for Power Production	-	-	-	-	-
12	Chemicals	27,790	-	27,790	-	27,790
13	Materials and Supplies	2,978	-	2,978	-	2,978
14	Contractual Services	141,386	-	141,386	-	141,386
15	Contractual Services- Testing	3,676	-	3,676	-	3,676
16	Contractual Services - Other	41,341	-	41,341	-	41,341
17	Equipment Rental	-	-	-	-	-
18	Rents - Building	-	-	-	-	-
19	Transportation Expenses	209	-	209	-	209
20	Insurance - General Liability	11,066	-	11,066	-	11,066
21	Insurance - Other	-	-	-	-	-
22	Regulatory Expenses	3,505	-	3,505	-	3,505
23	Regulatory Commission Expense	58,333	-	58,333	-	58,333
24	Miscellaneous Expense	37,081	-	37,081	-	37,081
25	Bad Debt Expense	46,313	-	46,313	-	46,313
26	Depreciation and Amortization	186,095	-	186,095	-	186,095
27	Taxes Other Than Income	5,521	-	5,521	-	5,521
28	Property Taxes	57,733	(624)	57,109	-	57,109
29	Income Tax	(711)	(4,463)	(5,174)	55,051	49,876
30				-		-
31	<b>Total Operating Expenses</b>	<u>\$ 729,033</u>	<u>\$ (5,087)</u>	<u>\$ 723,946</u>	<u>\$ 55,051</u>	<u>\$ 778,997</u>
32	<b>Operating Income</b>	<u>\$ 154,497</u>	<u>\$ (9,540)</u>	<u>\$ 144,957</u>	<u>\$ 114,979</u>	<u>\$ 259,936</u>
33	<b>Other Income (Expense)</b>					
34	Interest Income	-	-	-	-	-
35	Other income	-	-	-	-	-
36	Interest Expense	(155,981)	216	(155,765)	-	(155,765)
37	Other Expense	-	-	-	-	-
38						
39	<b>Total Other Income (Expense)</b>	<u>\$ (155,981)</u>	<u>\$ 216</u>	<u>\$ (155,765)</u>	<u>\$ -</u>	<u>\$ (155,765)</u>
40	<b>Net Profit (Loss)</b>	<u>\$ (1,484)</u>	<u>\$ (9,323)</u>	<u>\$ (10,807)</u>	<u>\$ 114,979</u>	<u>\$ 104,171</u>

41  
 42 SUPPORTING SCHEDULES:  
 43 Rebuttal C-2  
 44  
 45

RECAP SCHEDULES:  
 Rebuttal A-1

Coronado Utilities, Inc.  
Test Year Ended December 31, 2008  
Income Statement

Line No.	Label	1	2	3	4	5	Rebuttal Test Year Adjusted Results	Proposed Rate Increase	Rebuttal Adjusted with Rate Increase
1	Revenues								
2	Flat Rate Revenues	\$ 710,657		\$ (14,627)			\$ 696,030	\$ 170,030	\$ 866,060
3	Measured Revenues	157,655					157,655		157,655
4	Other Wastewater Revenues	15,218					15,218		15,218
5		\$ 883,530	\$ -	\$ (14,627)	\$ -	\$ -	\$ 868,903	\$ 170,030	\$ 1,038,933
6	Operating Expenses								
7	Salaries and Wages	\$ 52,500					\$ 52,500	\$ -	\$ 52,500
8	Purchased Wastewater Treatment								
9	Purchased Power								
10	Sludge Removal Expense	54,218					54,218		54,218
11	Fuel for Power Production								
12	Chemicals	27,790					27,790		27,790
13	Materials and Supplies	2,978					2,978		2,978
14	Contractual Services	141,386					141,386		141,386
15	Contractual Services- Testing	3,676					3,676		3,676
16	Contractual Services - Other	41,341					41,341		41,341
17	Equipment Rental								
18	Rents - Building								
19	Transportation Expenses	209					209		209
20	Insurance - General Liability	11,066					11,066		11,066
21	Insurance - Other								
22	Regulatory Expenses	3,505					3,505		3,505
23	Regulatory Commission Expense	58,333					58,333		58,333
24	Miscellaneous Expense	37,081					37,081		37,081
25	Bad Debt Expense	46,313					46,313		46,313
26	Depreciation and Amortization	186,095					186,095		186,095
27	Taxes Other Than Income	5,521					5,521		5,521
28	Property Taxes	57,733	(624)				57,109		57,109
29	Income Tax	(711)				(4,463)	(5,174)	55,051	49,876
30									
31	Total Operating Expenses	\$ 729,033	\$ (624)	\$ -	\$ -	\$ (4,463)	\$ 723,946	\$ 55,051	\$ 778,997
32	Operating Income	\$ 154,487	\$ 624	\$ (14,627)	\$ -	\$ 4,463	\$ 144,957	\$ 114,979	\$ 259,936
33	Other Income (Expense)								
34	Interest Income								
35	Other income								
36	Interest Expense								
37	Other Expense	(155,981)			216		(155,765)		(155,765)
38									
39	Total Other Income (Expense)	\$ (155,981)	\$ -	\$ -	\$ 216	\$ -	\$ (155,765)	\$ -	\$ (155,765)
40	Net Profit (Loss)	\$ (1,484)	\$ 624	\$ (14,627)	\$ 216	\$ 4,463	\$ (10,807)	\$ 114,979	\$ 104,171
41									
42									
43									
44									
45									

SUPPORTING SCHEDULES:  
Rebuttal C-2

RECAP SCHEDULES:  
Rebuttal C-1, page 1

Coronado Utilities, Inc.  
 Test Year Ended December 31, 2008  
 Adjustments to Revenues and Expenses

Line No.	1	2	3	4	5	6	Subtotal
	Depreciation Expense	Property Taxes	Revenue Annualization	Interest Synchronization	Income Taxes		
1	-						
2							
3			(14,627)				(14,627)
4							
5		(624)			(4,463)		(5,087)
6							
7		624	(14,627)		4,463		(9,540)
8							
9							
10							
11				216			216
12							
13							
14							
15							
16		624	(14,627)	216	4,463		(9,323)
17							

**Coronado Utilities, Inc.**  
 Test Year Ended December 31, 2008  
 Adjustments to Revenues and Expenses  
 Adjustment Number 1

Exhibit  
 Rebuttal Schedule C-2  
 Page 2  
 Witness: Bourassa

Line No.	Acct.	No.	Description	Adjusted Original Cost	Proposed Rates	Depreciation Expense
1	<u>Depreciation Expense</u>					
2						
3						
4						
5	351		Organization	5,194	0.00%	-
6	352		Franchises	-	0.00%	-
7	353		Land	315,001	0.00%	-
8	354		Structures & Improvements	1,858	3.33%	62
9	355		Power Generation	-	5.00%	-
10	360		Collection Sewer Forced	-	2.00%	-
11	361		Collection Sewers Gravity	59,350	2.00%	1,187
12	362		Special Collecting Structures	1,576	2.00%	32
13	363		Customer Services	-	2.00%	-
14	364		Flow Measuring Devices	-	10.00%	-
15	365		Flow Measuring Installation	-	10.00%	-
16	366		Reuse Services	-	2.00%	-
17	367		Reuse Meters And Installation	-	8.33%	-
18	370		Receiving Wells	16,133	3.33%	537
19	371		Pumping Equipment	15,223	12.50%	1,903
20	374		Reuse Distribution Reservoirs	-	2.50%	-
21	375		Reuse Trans. and Dist. System	-	2.50%	-
22	380		Treatment & Disposal Equipment	3,243,375	5.00%	162,169
23	381		Plant Sewers	-	5.00%	-
24	382		Outfall Sewer Lines	540,205	3.33%	17,989
25	389		Other Sewer Plant & Equipment	178,135	6.67%	11,882
26	390		Office Furniture & Equipment	-	6.67%	-
27	390.1		Computers and Software	-	20.00%	-
28	391		Transportation Equipment	-	20.00%	-
29	392		Stores Equipment	-	4.00%	-
30	393		Tools, Shop And Garage Equip	-	5.00%	-
31	394		Laboratory Equip	-	10.00%	-
32	396		Communication Equip	-	10.00%	-
33	398		Other Tangible Plant	52,423	4.00%	2,097
34			<b>TOTALS</b>	<b>\$ 4,428,472</b>		<b>\$ 197,857</b>
35						
36			Less: Amortization of Contributions			
37	353		Land	\$ 250,000	0.0000%	\$ -
38	382		Outfall Sewer Lines	\$ 353,201	3.3300%	\$ (11,762)
39				\$ 603,201		\$ (11,762)
40						
41			Total Depreciation Expense			\$ 186,095
42						
43			Test Year Depreciation Expense			186,095
44						
45			Increase (decrease) in Depreciation Expense			-
46						
47			Adjustment to Revenues and/or Expenses			\$ -
48						
49			<u>SUPPORTING SCHEDULE</u>			
50			B-2, page 3			

**Coronado Utilities, Inc**  
 Test Year Ended December 31, 2008  
 Adjustment to Revenues and/or Expenses  
 Adjustment Number 2

Exhibit  
 Rebuttal Schedule C-2  
 Page 3  
 Witness: Bourassa

Line  
 No.

1	<u>Adjust Property Taxes to Reflect Proposed Revenues:</u>	
2		
3	Adjusted Revenues in year ended 12/31/2008	\$ 868,903
4	Adjusted Revenues in year ended 12/31/2008	868,903
5	Proposed Revenues	<u>1,038,933</u>
6	Average of three year's of revenue	\$ 925,580
7	Average of three year's of revenue, times 2	\$ 1,851,160
8	Add:	
9	Construction Work in Progress at 10%	\$ -
10	Deduct:	
11	Book Value of Transportation Equipment	<u>-</u>
12		
13	Full Cash Value	\$ 1,851,160
14	Assessment Ratio	<u>21%</u>
15	Assessed Value	388,744
16	Property Tax Rate	14.6906%
17		
18	Property Tax	57,109
19	Tax on Parcels	0
20		
21	Total Property Tax at Proposed Rates	<u>\$ 57,109</u>
22	Property taxes in the test year	<u>57,733</u>
23	Change in property taxes	<u><u>\$ (624)</u></u>
24		
25		
26	Adjustment to Revenues and/or Expenses	<u><u>\$ (624)</u></u>
27		
28		

Coronado Utilities, Inc.  
Test Year Ended December 31, 2008  
Adjustment to Revenues and/or Expenses  
Adjustment Number 3

Exhibit  
Rebuttal Schedule C-2  
Page 4  
Witness: Bourassa

Line  
No.  
1  
2  
3  
4  
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7  
8  
9  
10  
11  
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13  
14  
15  
16  
17  
18  
19  
20

Remove Revenues from loss of major customer

San Miguel Highland Mobile Home park

(14,627)

Increase(decrease) in Revenues

\$ (14,627)

Adjustment to Revenue and/or Expense

\$ (14,627)

**Coronado Utilities, Inc.**  
 Test Year Ended December 31, 2008  
 Adjustment to Revenues and Expenses  
 Adjustment Number 4

Exhibit  
 Rebuttal Schedule C-2  
 Page 5  
 Witness: Bourassa

Line  
 No.

1	<u>Interest Synchronization</u>				
2					
3					
4	Fair Value Rate Base			\$3,531,741	
5	Weighted Cost of Debt			4.41%	
6	Interest Expense			\$	155,765
7					
8	Test Year Interest Expense			\$	<u>155,981</u>
9					
10	Increase (decrease) in Interest Expense				(216)
11					
12					
13					
14	Adjustment to Revenue and/or Expense			\$	<u>216</u>
15					
16					
17	<u>Weighted Cost of Debt Computation</u>				
18					Weighted
19		<u>Amount</u>	<u>Percent</u>	<u>Cost</u>	<u>Cost</u>
20	Debt	\$ 2,575,000	70.57%	6.25%	4.41%
21	Perferred Stock	\$ 570,000	15.62%	6.50%	1.02%
22	Common Stock	\$ 504,024	13.81%	14.00%	1.93%
23	Total	\$ 3,649,024	100.00%		<u>7.36%</u>
24					
25					
26					
27					

**Coronado Utilities, Inc.**  
 Test Year Ended December 31, 2008  
 Adjustment to Revenues and/or Expenses  
 Adjustment Number 5

Exhibit  
 Rebuttal Schedule C-2  
 Page 6  
 Witness: Bourassa

Line No.		Test Year Adjusted Results	Adjusted with Rate Increase
1	<u>Income Tax Computation</u>		
2			
3			
4			
5			
6			
7	Taxable Income before Scottsdale Operating Lease	\$ (15,982)	\$ 154,048
8	Plus: Scottsdale Operating Lease	-	-
9	Taxable Income	<u>\$ (15,982)</u>	<u>\$ 154,048</u>
10			
11			
12			
13	Income Before Taxes	<u>\$ (15,982)</u>	<u>\$ 154,048</u>
14			
15	Arizona Income Before Taxes		\$ 154,048
16			
17	Less Arizona Income Tax		<u>\$ 10,734</u>
18	Rate = 6.97%		
19	Arizona Taxable Income		\$ 143,314
20			
21	Arizona Income Taxes		\$ 10,734
22			
23	Federal Income Before Taxes		\$ 154,048
24			
25	Less Arizona Income Taxes		<u>\$ 10,734</u>
26			
27	Federal Taxable Income		<u>\$ 143,314</u>
28			
29			
30			
31	FEDERAL INCOME TAXES:		
32	15% BRACKET		\$ 7,500
33	25% BRACKET		\$ 6,250
34	34% BRACKET		\$ 8,500 Federal
35	39% BRACKET		\$ 16,892 Effective
36	34% BRACKET		\$ - Tax
37			Rate
38	Federal Income Taxes		<u>\$ 39,142</u> 25.41%
39			
40			
41	Total Income Tax		<u>\$ 49,876</u>
42			
43	Overall Tax Rate		<u>32.38%</u>
44			
45	Income Tax at Proposed Rates Effective Rate	<u>\$ (5,174)</u>	
46			

Coronado Utilities, Inc.  
Test Year Ended December 31, 2008  
Computation of Gross Revenue Conversion Factor

Exhibit  
Rebuttal Schedule C-3  
Page 1  
Witness: Bourassa

Line No.	Description	Percentage of Incremental Gross Revenues
1	Federal Income Taxes	25.41%
2		
3	State Income Taxes	6.97%
4		
5	Other Taxes and Expenses	<u>0.00%</u>
6		
7		
8	Total Tax Percentage	32.38%
9		
10	Operating Income % = 100% - Tax Percentage	67.62%
11		
12		
13		
14		
15	<u>1</u> = Gross Revenue Conversion Factor	
16	Operating Income %	1.4788
17		
18	<u>SUPPORTING SCHEDULES:</u>	<u>RECAP SCHEDULES:</u>
19		Rebuttal A-1
20		

**Coronado Utilities, Inc.**  
 Test Year Ended December 31, 2008  
 Summary of Cost of Capital

Exhibit  
 Rebuttal Schedule D-1  
 Page 1  
 Witness: Bourassa

Line No.	Item of Capital	End of Test Year			End of Projected Year		
		Dollar Amount	Percent of Total	Cost Rate	Dollar Amount	Percent of Total	Cost Rate
1	Long-Term Debt	\$ 2,575,000	70.57%	6.25%	2,495,000	67.92%	6.25%
2							
3	Preferred Stock	570,000	15.62%	6.50%	570,000	15.52%	6.50%
4							
5	Stockholder's Equity	504,024	13.81%	14.00%	608,195	16.56%	14.00%
6							
7	Totals	\$ 3,649,024	100.00%		\$ 3,673,195	100.00%	
8							7.57%
9							
10							
11							
12							
13							
14							
15							
16							
17							

SUPPORTING SCHEDULES:

- 18 Rebuttal D-2
- 19 Rebuttal D-3
- 20 Rebuttal D-4
- 21
- 22
- 23
- 24
- 25
- 26
- 27
- 28
- 29
- 30

RECAP SCHEDULES:

Coronado Utilities, Inc.  
 Test Year Ended December 31, 2008  
 Cost of Long Term Debt

Exhibit  
 Rebuttal Schedule D-2  
 Page 1  
 Witness: Bourassa

Line No.	Description of Debt	End of Test Year			End of Projected Year			Weighted Cost
		Amount Outstanding	Annual Interest	Interest Rate	Amount Outstanding	Annual Interest	Interest Rate	
1	Pinal County IDA Bonds	2,575,000	160,938	6.25%	2,495,000	155,938	6.25%	
2		-	-	0.00%	-	-	0.00%	
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13	Totals	\$ 2,575,000	\$ 160,938		\$ 2,495,000	\$ 155,938	6.25%	
14							0.00%	
15								
16								
17								
18								
19								
20								

SUPPORTING SCHEDULES:

RECAP SCHEDULES:  
 Rebuttal D-1

Coronado Utilities, Inc.  
Test Year Ended December 31, 2008  
Cost of Preferred Stock

Exhibit  
Rebuttal Schedule D-3  
Page 1  
Witness: Bourassa

End of Test Year

End of Projected Year

Line No.	Description of Issue	<u>End of Test Year</u>		<u>End of Projected Year</u>	
		Shares Outstanding	Dividend Amount Requirement	Shares Outstanding	Dividend Amount Requirement
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17	<u>SUPPORTING SCHEDULES:</u>			<u>RECAP SCHEDULES:</u>	
18				Rebuttal D-1	
19					
20					

Coronado Utilities, Inc.  
Test Year Ended December 31, 2008  
Cost of Common Equity

Exhibit  
Rebuttal Schedule D-4  
Page 1  
Witness: Bourassa

Line  
No.

1  
2 The Company is proposing a cost of common equity of 14.00%

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17 SUPPORTING SCHEDULES:

18 Direct D-4.1 to D-4.16

19

20

RECAP SCHEDULES:

Rebuttal D-1

Coronado Utilities, Inc  
 Test Year Ended December 31, 2001  
 Revenue Summary  
 With Annualized Revenues to Year End Number of Customers

Line No.	Customer Class	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Wastewater Revenues	Percent of Proposed Wastewater Revenues
1	Residential	\$ 693,176	\$ 829,724	\$ 136,548	19.70%	79.24%	79.15%
2	Commercial	60,805	72,782	11,977	19.70%	6.95%	6.94%
3	Mobile Home	100,605	120,063	19,458	19.34%	11.50%	11.45%
4	School	9,121	10,926	1,805	19.79%	1.04%	1.04%
5							
6	Effluent	11,122	14,829	3,707	33.33%	1.27%	1.41%
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28	Total Revenues Before Annualizatio	\$ 874,828	\$ 1,048,324	\$ 173,496	19.83%	100.00%	100.00%
29							

Line No.	Class	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Additional Bills	Schedule
1		\$ (2,372)	\$ (2,839)	(467)	19.70%		(51) C-2, pg. 3.1
2	Residential	(3,661)	(4,382)	(721)	19.70%		(45) C-2, pg. 3.2
3	Commercial	(14,627)	(17,509)	(2,882)	19.70%		(2) C-2, pg. 3.2
4	Mobile Home						
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33	Total Revenue Annualization	\$ (20,660)	\$ (24,730)	\$ (4,070)	0.00%		(98)
34							

Line No.	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues
1						
2	\$ 874,828	\$ 1,048,324	\$ 173,496	19.83%	100.00%	100.00%
3	(20,660)	(24,730)	(4,070)	19.70%	-2.36%	-2.36%
4	\$ 854,168	\$ 1,023,594	\$ 169,426	19.84%		
5						
6						
7	\$ 15,218	\$ 15,218	\$ -	0.00%	1.74%	1.45%
8	(483)	121	604	-125.05%	-0.06%	0.01%
9	\$ 868,903	\$ 1,038,933	\$ 170,030	19.57%	0.00%	0.00%
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Line No.	Customer Class	(a) Average Number of Customers at 12/31/2008	Average Consumption (in 1,000 gals)	Average Bill		Proposed Increase	
				Present Rates	Proposed Rates	Dollar Amount	Percent Amount
1	Residential	1,242	-	46.50 \$	55.66	9.16	19.70%
2	Commercial	62	1,500	22.20	26.58	4.38	19.71%
3	Mobile Home	108	1,233,600	7,039.02	8,422.13	1,383.11	19.65%
4	School	4	58,463	152.67	182.89	30.22	19.79%
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6	Effluent	1	6,178,667	954.98	1,273.30	318.33	33.33%
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24	Total	<u>1,417</u>					
25							

(a) Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.

Coronado Utilities, Inc.  
 Test Year Ended December 31, 2008  
 Customer Summary

Line No.	Customer Class	(a) Average Number of Customers at 12/31/2008	Median Consumption (in 1,000 gals)	Present Rates	Median Bill Proposed Rates	Proposed Increase Dollar Amount	Proposed Increase Percent Amount
1	Residential	1,242	-	46.50 \$	55.66	9.16	19.70%
2	Commercial	62	1,500	22.20	26.58	4.38	19.71%
3	Mobile Home	108	1,233,600	7,039.02	8,422.13	1,383.11	19.65%
4	School	4	46,500	152.67	182.89	30.22	19.79%
5							
6	Effluent	1	6,366,500	954.98	1,273.30	318.33	33.33%
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23							
24	Total	<u>1,417</u>					
25							

(a) Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.

Coronado Utilities, Inc.  
 Test Year Ended December 31, 2008  
 Present and Proposed Rates

Exhibit  
 Rebuttal Schedule H-3  
 Page 1  
 Witness: Bourassa

Line No.	Monthly Minimum Charge for:	Present Rates	Proposed Rates	Change	Percent Change
5	Residential	\$ 46.50	\$ 55.66	\$ 9.16	19.70%
6	Commercial	\$ 7.50	\$ 8.98	\$ 1.48	19.73%
7	Mobile Home Park – Winter Months Only	\$ 7.50	N/A		
8	Mobile Home Park – Summer Months Only per occupied space	\$ 31.86	N/A		
9	Mobile Home Park – monthly per occupied space year-round	\$ N/A	\$ 38.78		
10	School	\$ 7.50	\$ 8.98	\$ 1.48	19.73%
17	<u>Volumetric Rates</u>				
(Per 100 gallons of water usage)					
19	Commercial	\$ 0.98	\$ 1.173		19.69%
20	Mobile Home Park - Winter Only	\$ 0.57	N/A		
21	School	\$ 0.31	\$ 0.374		19.80%
23	<u>Effluent</u>				
24	Effluent (per 1,000 gallons)	\$ 0.15	\$ 0.20		33.33%
25	Effluent (per acre foot)	\$ 48.88	\$ 65.17		33.33%
32	NT = No Tariff				

**Coronado Utilities, Inc.**  
 Changes in Representative Rate Schedules  
 Test Year Ended December 31, 2008

Exhibit  
 Rebuttal Schedule H-3  
 Page 2  
 Witness: Bourassa

Line No.	<u>Other Service Charges</u>	Present <u>Rates</u>	Proposed <u>Rates</u>
1	Establishment of service	\$ 25.00	\$ 25.00
2	Reconnection (Delinquent)(a)	\$ 35.00	\$ 35.00
3	Deposit	*	*
4	Deposit Interest	**	**
5	Re-establishment of service	***	***
6	NSF Check	\$ 25.00	\$ 25.00
7	Late Payment Penalty	1.5% per month	1.5% per month
8	Deferred Payment	1.5% per month	1.5% per month
9	Main extension and additional facilities agreements (b)	Cost	Cost
10	Service Calls (after hours, per hour)	NT	\$40.00

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\* Per Commission Rule A.A.C. R-14-2-603(B). Residential: Min. deposit two times average monthly bill.  
 Non-residential - 2 and one-half time the estimated maximum bill.  
 \*\* Per Commission Rule A.A.C. R-14-2-603(B)  
 \*\*\* Per Commission Rule A.A.C. R14-2-603(D) - Months off the system times the monthly minimum.

(a) Plus cost of physical disconnection and reconnection including parts, labor overhead,  
 and all applicable taxes, including income tax.  
 (b) Cost includes parts, labor overhead, and all applicable taxes, including income tax.

IN ADDITION TO THE COLLECTION OF REGULAR RATES, THE UTILITY WILL COLLECT FROM  
 ITS CUSTOMERS A PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES, USE, AND FRANCHISE  
 TAX. PER COMMISSION RULE 14-2-608D(5).

Coronado Utilities, Inc.  
Test Year Ended December 31, 2008  
Service Line Installation Charges

Exhibit  
Rebuttal Schedule H-3  
Page 3  
Witness: Bourassa

Line  
No.

1  
2 Service Line Installation Charges

3  
4  
5  
6

7		Present	Proposed
8	<u>Service Line Size</u>	<u>Charge(a)</u>	<u>Charge(a)</u>
9	4 Inch	At Cost	At Cost
10	6 Inch	At Cost	At Cost
11	8 Inch	At Cost	At Cost
12	10 Inch	At Cost	At Cost
13	12 Inch	At Cost	At Cost

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19 (a) Cost includes parts, labor overhead, and all applicable taxes, including income tax.

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32 N/T = No Tariff

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