

ORIGINAL



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AZ CORP COMMISSION
DOCKET CONTROL

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

8
9 KRISTIN K. MAYES, CHAIRMAN
10 GARY PIERCE
11 PAUL NEWMAN
12 SANDRA D. KENNEDY
13 BOB STUMP

Arizona Corporation Commission
DOCKETED

JUN 18 2010

DOCKETED BY *MM*

14 APPLICATION OF MOUNT TIPTON
15 WATER CO., INC. FOR AN INCREASE
16 IN ITS WATER RATES

Docket No. W-02105A-09-0522

NOTICE OF FILING OF REBUTTAL
TESTIMONY AND POTENTIAL
EXHIBITS

17
18
19 Mt. Tipton Water Co., Inc. ("Company"), hereby gives notice that it is filing the
20 rebuttal testimony of the following witnesses:
21

- 22 • Sonn Rowell (Attachment 1); and
- 23 • Michelle Monzillo (Attachment 2).
- 24

25 The rebuttal testimony of each of these witnesses is being submitted with this notice. The
26 potential exhibits are being submitted as exhibits to the testimonies identified above.
27
28

1
2 RESPECTFULLY SUBMITTED this 18th day of June, 2010.
3

4 **MOYES SELLERS & SIMS**

5 

6 Steve Wene

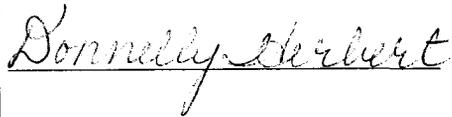
7 Attorneys for Mt. Tipton Water Company
8

9 Original and 13 copies of the foregoing
10 filed this 18th day of June, 2010, with:

11 Docket Control
12 Arizona Corporation Commission
13 1200 West Washington
14 Phoenix, Arizona 85007

15 Copy of the foregoing mailed this
16 18th day of June, 2010, to:

17 Kimberly Ruht
18 Legal Division
19 Arizona Corporation Commission
20 1200 West Washington Street
21 Phoenix, Arizona 85007

22 
23
24
25
26
27
28

ATTACHMENT 1

1
2 **BEFORE THE ARIZONA CORPORATION COMMISSION**
3
4

5 **COMMISSIONERS**

6 KRISTIN K. MAYES, CHAIRMAN
7 GARY PIERCE
8 PAUL NEWMAN
9 SANDRA D. KENNEDY
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11 **APPLICATION OF MOUNT TIPTON**
12 **WATER CO., INC. FOR AN INCREASE**
13 **IN ITS WATER RATES**

Docket No. W-02105A-09-0522

14 **REBUTTAL TESTIMONY OF**
15 **SONN ROWELL**

16 **Q-1 Please state your name and current employment position:**

17 **A-1** My name is Sonn S. Rowell, and I am a Certified Public Accountant and
18 managing member of Desert Mountain Analytical Services, PLLC.
19

20 **Q-2 Describe your educational and professional background:**

21 **A-2** I have a Bachelor of Science Degree in Accounting from Arizona State University,
22 as well as my CPA certification from the Arizona State Board of Accountancy. I have
23 worked for many years in the practice of public accounting, and have held part-time
24 teaching positions at Mesa Community College. After employment with the Utilities
25 Division of the Arizona Corporation Commission ("Commission") for four years, I
26 started DMAS and now specialize in regulatory accounting and consulting.
27
28

1 **Q-3 By whom are you employed and in what capacity?**

2 **A-3** I have been retained by Mount Tipton Water Company (“Company”) to perform a
3
4 financial analysis of the books and records of the Company in order to prepare a
5 permanent rate application for submittal to the Commission.

6 **Q-4 What is the purpose of your testimony?**

7
8 **A-4** The purpose of my testimony is to explain the Company’s position generally and
9 identify material issues where the Company’s position differs from the testimony
10 provided by Staff and explain the Company’s position as it relates to rate-making. As
11 part of this process, I generated the schedules set forth in Exhibit 1, which I hereby offer
12 as exhibits in this matter.

13
14 **Q-5 What is the Company’s recommended revenue?**

15 **A-5** The Company proposes increasing its revenue by \$88,701, or 22.9% over its
16 adjusted test year revenue of \$285,116, resulting in recommended revenue of \$373,817.
17 This revenue requirement will result in operating income of \$58,899, or a 10% rate of
18 return on proposed rate base of \$588,989.

19
20
21 **Q-6 Does the Company rebuttal schedules and testimony reflect the changes to**
22 **gross utility plant in service and accumulated depreciation referenced by Mr. Igwe**
23 **on page 3 of his direct testimony?**

24
25 **A-6** Yes. All Company schedules have been updated to match the changes to plant as
26 discussed in Mr. Igwe’s testimony, and now the Company and Staff agree on both test
27 year end utility plant in service and accumulated depreciation.

28 **Q-7 Are there other rate base areas where the Company and Staff agree?**

1 A-7 Yes, we agree on net CIAC of \$67,502 and the revised AIAC amount of \$144,604.

2 **Q-8 Where do the Company and Staff disagree on rate base?**

3
4 A-8 The Company and Staff disagree on rate base treatment of customer security
5 deposits, and the amount of working capital allowance.

6 **Q-9 What is the working capital allowance difference?**

7
8 A-9 The difference is attributed to adjustments to test year operating expenses that
9 directly impact the working capital allowance calculation. Fundamentally, there is no
10 disagreement with Staff, and the operating expense differences will be discussed later in
11 this testimony.

12
13 **Q-10 Why do you disagree with Staff's \$14,940 rate base disallowance associated**
14 **with customer security deposits?**

15 A-10 A security deposit is money that belongs to the customer, not the Company.
16 Subtracting customer security deposits from rate base is not a proper ratemaking
17 procedure, and even if the adjustment was warranted, it would need to be modified to
18 account for the 6% interest the company is required to pay on customer security deposits.
19
20

21 **Q-11 Why do you believe that a deduction to rate base for customer security**
22 **deposits is not proper ratemaking procedure?**

23 A-11 First, a review of the NARUC Uniform System of Accounts for Class C Water
24 Utilities ("USoA") reveals that customer security deposits are not mentioned at all in the
25 USoA. It is quite common for utilities to require security deposits, thus if a rate base
26 adjustment to account for them was warranted, one would expect the USoA to include
27 some description of security deposits and the proper accounting of them. If security
28

1 deposits were rarely used or were specific to particular circumstances it would be
2 reasonable to believe that the USoA would not include a reference to them; however, as
3 previously stated, security deposits are quite common in the water utility industry.
4 Additionally, Staff's adjustment treats the security deposits as if they were AIAC or
5 CIAC but a review of the USoA's definition of AIAC and CIAC reveals that security
6 deposits do not fit NARUC's definitions of AIAC or CIAC. The USoA description of
7 AIAC indicates that it "shall include advances by or in behalf of customers *for*
8 *construction* which are to be refunded..."¹ Since customer security deposits are collected
9 as security for future amounts due, they are clearly not intended to cover any construction
10 costs. Customer security deposits are not AIAC and should not be treated as such.
11

12
13 Similarly, customer security deposits do not meet the USoA definition of CIAC.
14 The USoA describes CIAC as "Any amount or item of money, services or property
15 received by a utility, from any person or governmental agency, any portion of which is
16 provided *at no cost* to the utility, which represents *an addition or transfer to the capital*
17 *of the utility, and which is utilized to offset the acquisition, improvement or construction*
18 *costs of the utilities property, facilities or equipment used to provide utility services to the*
19 *public.*"² Customer security deposits are not provided at no cost (the utility must refund
20 the security deposit *with interest*); they do not in any way increase the capital of the
21
22
23
24

25
26 ¹ NARUC Uniform System of Accounts for Class C Water Utilities Description of Balance
27 sheet account 252. (Emphasis added).

28 ² NARUC Uniform System of Accounts for Class C Water Utilities Description of Balance
sheet account 271. (Emphasis added).

1 utility and they are not used to offset the acquisition, improvement or construction of
2 utility property. Since customer security deposits do not meet the USoA's definition of
3 CIAC they should not be treated as CIAC as Staff recommends.
4

5 **Q-12 Why do you believe that Staff's stated reason for Rate Base Adjustment No. 4**
6 **is not compelling?**

7
8 **A-12** At page 12 lines 8-9 of his Direct Testimony Mr. Igwe states that "(T)he balance
9 of customer deposits is eliminated from OCRB to insure that investors do not earn a
10 return on customer deposits." Utility investors earn the ACC authorized rate of return on
11 the utility's rate base only. Customer security deposits *are not included* in the
12 Company's rate base, so there is no way for it to earn the authorized rate of return on
13 them. Even if the security deposits were held in an interest bearing account, given the
14 low interest rates currently prevailing, any amount of interest earned would be more than
15 offset by the requirement that the Company pay 6% interest to its customers on security
16 deposits. In addition, the Company is a non-profit corporation owned by the ratepayers,
17 so it does not have any true investors.
18
19
20

21 **Q-13 Please explain why you believe that even if a rate base adjustment was**
22 **warranted, it would need to be modified to account for the 6% interest the**
23 **Company pays on customer security deposits.**

24
25 **A-13** Reducing rate base by the amount of customer deposits at the end of the test year
26 will impact the revenue requirement through the authorized rate of return (10%
27 recommended by the Company and 8.49% as recommended by Staff). Since the
28 Company is already required to pay 6% interest to its customers that provide security

1 deposits the 6% should be netted against the authorized rate of return such that the return
2 used to calculate the revenue requirement impact of Rate Base Adjustment 4 would be
3
4 4% if the Company's recommended rate of return is approved or 2.49% if Staff's
5 recommended rate of return is approved.

6 **Q-14 Moving to Rebuttal Schedule C-1, it appears the Company has increased the**
7 **amount of adjustments to actual test year end amounts. Why?**

9 **A-14** The Company has added several adjustments that either incorporate, or respond to,
10 the adjustments proposed to operating revenue and expense on Schedule AII-10.
11

12 **Q-15 Adjustment A now reduces test year metered water revenue, but in direct**
13 **testimony this adjustment increased test year metered water revenue. What drove**
14 **this change?**

15 **A-15** Test year revenues for the 5/8 by 3/4-inch and 2-inch meters have been annualized
16 to May 2010 customer count.
17

18 **Q-16 Why did the Company determine it was appropriate to annualize revenue for**
19 **rebuttal testimony?**

21 **A-16** During the Test Year, and subsequent to the Test Year, the Company has
22 experienced nearly a continued decrease in customers each month. The following table
23 delineates the monthly billed connections each month, from the first month of the test
24 year through May 2010.
25

26

Month/Year	# of Connections
July 2008	750
August 2008	754
September 2008	749

27
28

October 2008	738
November 2008	740
December 2008	737
January 2009	740
February 2009	742
March 2009	734
April 2009	727
May 2009	728
June 2009	721
July 2009	711
August 2009	710
September 2009	702
October 2009	704
November 2009	688
December 2009	691
January 2010	696
February 2010	695
March 2010	690
April 2010	695
May 2010	692

As illustrated in the above table, the monthly connections for the Company has decreased from 750 at the beginning of the test year in July of 2008, to 692 in May 2010. This translates to 58 monthly customers, or a loss of 7.7% of the beginning customer base.

Since the loss of customers has been so dramatic, and the financial position of the company continues to be tenuous, it necessary to annualize test year revenue to account for this known substantial loss of monthly revenue.

Q-17 Is there detail provided of the revenue annualization adjustments proposed by the Company?

A-17 Yes. Rebuttal Schedule C-2a provides the calculation for Adjustment A at test year present rates, and Rebuttal Schedule C-2e contains the support behind the adjustment to proposed revenue as reflected on Rebuttal Schedule H-1.

1 **Q-18 Is this revenue annualization the only difference between the Company and**
2 **Staff's adjusted test year revenue?**

3
4 **A-18** Yes. The difference is \$9,377, which is the net amount of the two annualization
5 adjustments as reflected on Rebuttal Schedule C-2a.

6 **Q-19 Please identify which adjustments to operating expenses Staff has**
7 **recommended the Company has adopted.**

8
9 **A-19** The Company has reduced its adjustment to repairs and maintenance expense by
10 \$3,000 to incorporate Staff's decrease as recommended on Schedule AII-13, which is
11 reflected by Adjustment C on Rebuttal Schedule C-1. The Company has also accepted
12 Staff's adjustment to water testing expense as reflected on Schedule AII-14, and that is
13 Company Adjustment M. Additionally, due to the previously discussed increase to utility
14 plant in service, the Company has also adopted Staff's recommended depreciation
15 expense amount as depicted on Schedule AII-16 of \$49,695, reflected in Adjustment H.

16
17
18 **Q-20 Does the Company agree with Staff's proposed adjustment to decrease**
19 **general liability insurance expense as reflected on Schedule AII-15?**

20
21 **A-20** Not completely. Staff's adjustment reduced this expense to the current amount of
22 the general liability insurance policy obtained by the Company, and as a result, omitted
23 some test year workers compensation insurance expenses.

24
25 **Q-21 So, the Company agrees with Staff that the amount of insurance expense**
26 **related to the general liability insurance should be decreased, but should also be**
27 **adjusted for actual test year expenses attributed to workers compensation**
28 **insurance?**

1 **A-21** Yes. The Company is proposing two adjustments to include actual test year
2 workers compensation insurance expenses on Rebuttal Schedule C-2b. Adjustment N
3 first nets Staff's adjustment to decrease insurance expense with the Company's proposed
4 adjustment to include test year expenses related to workers compensation insurance. The
5 net amount of \$10,273 reduced Insurance – General Liability to \$12,230. Second,
6 Adjustment N reduces Taxes Other Than Income by \$1,700 to remove improperly
7 classified accruals related to workers compensation insurance.
8

9
10 **Q-22** What currently are the areas of disagreement between Staff and the
11 Company regarding operating income and expense adjustments?
12

13 **A-22** Mainly, the Company disagrees with Staff's adjustments to purchased power
14 expense and property taxes.
15

16 **Q-23** Please explain the Company's position on Staff's \$4,722 decrease to
17 purchased power expense as reflected on Schedule AII-12.

18 **A-23** First, it is unfair to penalize a Company with this type of adjustment, especially
19 when the Company's last quarterly water loss report achieved a water loss of under 10%.
20 The Company is not intentionally losing water. The sad reality is that the system is past
21 its operating prime. Second, my understanding from the Company is that the water loss
22 amounts had been misstated in past reporting, but the Company has corrected the
23 reporting problems. Third, the Company has been actively seeking and stopping leaks to
24 improve water loss on an ongoing basis, a process that continues to this day. Finally,
25 much of the "water loss" could potentially be attributed to the fire department which
26
27
28

1 refuses to report the amount of water they obtain from Company water sources, or pay for
2 it.

3
4 **Q-24 Why then does the Company recommend a \$1,000 decrease to Purchased**
5 **Power as reflected by Adjustment P on Rebuttal Schedule C-1?**

6 **A-24** Adjustment P could be best described as the companion adjustment to the revenue
7 annualization adjustments. The Company asserts that customer levels have dropped
8 during and since the test year, and as a result, so has the amount of water pumped and
9 sold. This change impacts purchased power expense, and the Company's proposed
10 adjustment to account for this is detailed on Rebuttal Schedule C-2d.
11
12

13 **Q-25 Why does the Company disagree with the reduction proposed to property tax**
14 **expense by Staff?**

15 **A-25** I disagree because the amount of annual property tax expense proposed by Staff is
16 less than the actual test year amount. Rebuttal Schedule C-2c details the actual amount of
17 property tax expense incurred by the utility during the test year, and Adjustment O
18 increases property tax expense by \$156 to reflect that actual test year amount.
19
20

21 **Q-26 Please explain the difference between Staff and the Company's recommended**
22 **franchise taxes.**

23 **A-26** The franchise taxes that the Company is required by Mohave County to pay are
24 simply 2% of revenue. The difference between the Company and Staff's recommended
25 tax amounts can be attributed to the amount of revenue requirement proposed by each
26 party. The Company's calculations to adjust franchise tax expenses in both the test year,
27 and at proposed rates are detailed on Rebuttal Schedule C-2f.
28

1 **Q-27 Do you agree with the amount of revenue increase Staff attributed to Coin**
 2 **Operated Sales of \$8,878?**

3
 4 **A-27** No. The Company feels the amount of the increase is overstated by \$1,386.

5 Please refer to the following table for details behind the Company calculation to support
 6 the actual amount of revenue increase based on a change from 58 gallons for \$0.25 to 40
 7 gallons for \$0.25.
 8

1	Test Year Coin Operated Revenue	\$16,646.50
2	Number of Quarters (Line 1 times .25)	66,598
3	Gallons per quarter	58
4	Gallons sold per quarters received (Line 2 x Line 3)	3,862,684
5	Actual gallons sold from coin machine	3,309,200
6	Difference (Line 4 – Line 5)	553,484
7	Percentage (Line 5 divided by Line 4)	14.33%
8	Proposed gallons per quarter	40
9	Percentage of gallons not taken per Line 7	14.33%
10	Actual gallons dispensed per quarter (Line 8 times 9)	34.27
11	Actual gallons sold from coin machine	3,309,200
12	Quarters needed to reach test year gallons (Line 11/10)	96,567
13	Revenue generated at proposed rates (Line 12 * \$0.25)	\$24,142

14
 15
 16
 17
 18
 19
 20 **Q-28 Which Company proposed adjustments did not change on Schedule C-1**
 21 **between the original application and this rebuttal testimony?**

22 **A-28** Adjustment B to surcharge revenue did not change, as well as Adjustment D to
 23 Office Supplies and Expense. Other proposed adjustments that remain the same since the
 24 original application are Adjustments E, F, and G to Regulatory Commission Expense,
 25 Rate Case Expense, and Miscellaneous Expense. In addition, Company proposed
 26 Adjustment J to Non-Utility income has not changed. Finally, the \$7,492 portion of
 27
 28

1 Adjustment K to Coin-Operated Sales remains the same, but differs from Staff's
2 calculation.

3
4 **Q-29 Did Staff agree with the above adjustments in its direct testimony?**

5 **A-29** It appears so, with the exception of the aforementioned difference in Coin-
6 Operated Sales.

7
8 **Q-30 The actual amount of the proposed increase recommended by the Company**
9 **in this rebuttal testimony is nearly identical to that requested in its application. Has**
10 **the rate design remained virtually the same as well?**

11 **A-30** No. The rate design proposed by the Company in its rebuttal filing adopts Staff's
12 commodity rate tier design as proposed in direct testimony. Staff recommended the
13 current monthly minimum charge for all meter sizes remain the same, thus placing the
14 entire amount of the rate increase on the commodity rates. The Company will adopt
15 Staff's tiered rate design, and proposes the balance of the rate increase come from an
16 increase to the monthly minimum rates.

17
18
19 **Q-31 What will the monthly minimum increase for a 5/8 by 3/4-inch meter amount**
20 **to under the Company's revised rate design?**

21
22 **A-31** The monthly minimum will increase from the current rate and Staff proposed rate
23 of \$19.00, by \$3.60 to the Company recommended amount of \$22.60 per month.

24
25 **Q-32 Will the current emergency surcharge of \$10 per meter connection per month**
26 **continue once the new rates are approved?**

27 **A-32** No. The currently approved emergency surcharge in effect will cease once the
28 new rates go into effect. As a result, the amount that a 5/8 by 3/4-inch customer will pay

1 as a minimum rate on a monthly basis will actually change from \$29.00 (\$19.00 monthly
2 minimum charge plus \$10.00 monthly emergency surcharge) to \$22.60, or a decrease of
3
4 \$6.40 per month.

5 **Q-33 Won't that savings be offset by the increase in the commodity rates?**

6 **A-33** For some customers, yes. However, the amount of the revised Company proposed
7 increase in the gross revenue requirement is only about \$5,000 more than if the \$10 per
8 month emergency surcharge had remained in effect going forward. Theoretically, this
9 rate increase could better be characterized as a rate re-distribution, whereas the monthly
10 minimum reflects a modest increase, while the bulk of the increase comes from the
11 commodity rate, thus water use, and the surcharge disappears from the rate structure.
12
13

14 **Q-34 Why is some of the rate increase resulting from increases to the monthly
15 minimum charges important to the Company even though Staff was in favor of the
16 entire amount of its recommended increase coming from the commodity rates?**

17 **A-34** The Company has had an emergency surcharge of \$10 per connection per month
18 for over a year now, and has come to depend on the consistent amount of money it
19 generates each month. Although redistribution of the surcharge revenue is appropriate at
20 this time, the Company recommends a small portion of the increase come from the
21 monthly minimum charges.
22
23

24 **Q-35 Does that conclude your testimony?**

25 **A-35** Yes.
26
27
28

EXHIBIT 1

Mount Tipton Water Company, Inc.
 Test Year Ended June 30, 2009

Rebuttal Schedule: A-1
Title: Computation of Increase in Gross Revenue Requirements.

Explanation:
 Schedule showing computation of increase in gross revenue requirements and spread of revenue increase by customer classification.

Required for:	All Utilities	<input checked="" type="checkbox"/>
	Class A	<input type="checkbox"/>
	Class B	<input type="checkbox"/>
	Class C	<input type="checkbox"/>
	Class D	<input type="checkbox"/>
	Special Reqmt	<input type="checkbox"/>

	Original Cost		RCND
1. Adjusted Rate Base	\$ 588,989 (a)	\$	588,989 (a)
2. Adjusted Operating Income	\$ (28,028) (b)	\$	(28,028) (b)
3. Current Rate of Return	0.00%		0.00%
4. Required Operating Income	\$ 58,899	\$	58,899
5. Required Rate of Return	10.00%		10.00%
6. Operating Income Deficiency (4 - 2)	\$ 86,927	\$	86,927
7. Gross Revenue Conversion Factor	1.0204 (c)		1.0204 (c)
8. Increase in Gross Revenue Requirements (6 x 7)	\$ 88,701	\$	88,701

Customer Classification	Revenue at Present Rates	Revenue at Proposed	Dollar Increase	Percent Increase	
Residential	\$ 235,773	\$ 295,625	\$ 59,852	25.39%	(d)
Commercial	31,882	46,626	14,745	46.25%	
Emergency Surcharge	21,810	-	(21,810)	-100.00%	
Coin Operated	16,650	24,142	7,492	45.00%	
Other	7,424	7,424	-	0.00%	
Total	\$ 313,538	\$ 373,817	\$ 60,279	19.23%	

Note: For combination utilities, the above information should be presented in total and by department.

Supporting Schedules:

- (a) B-1 (c) C-3
- (b) C-1 (d) H-1

Mount Tipton Water Company, Inc.
 Test Year Ended June 30, 2009

Rebuttal Schedule: A-2
Title: Summary Results of Operations

Required for: All Utilities	<input checked="" type="checkbox"/>
Class A	<input type="checkbox"/>
Class B	<input type="checkbox"/>
Class C	<input type="checkbox"/>
Class D	<input type="checkbox"/>
Spec'l Reqmt	<input type="checkbox"/>

Explanation:
 Schedule showing comparative operating results for the test year and the 2 fiscal years ended prior to the end of the test year, compared with the projected year.

Description	<u>Prior Years</u>		<u>Test Year</u>		<u>Projected Year</u>	
	Year End	Year End	Actual	Adjusted	Present	Proposed
	31-Dec-07	31-Dec-08	Rates	Rates	Rates	Rates
	(a)	(a)	(a)	(b)	(c)	(c)
1. Gross Revenues	\$ 299,492	\$ 285,932	\$ 313,539	\$ 285,116	\$ 285,116	\$ 373,817
2. Revenue Deductions & Operating Expenses	(325,885)	(328,582)	(293,735)	(313,144)	(313,144)	(314,918)
3. Operating Income	\$ (26,393)	\$ (42,650)	\$ 19,804	\$ (28,028)	\$ (28,028)	\$ 58,899
4. Other Income and Deductions	3,662	50,202	46,393	11,556	11,556	11,556
5. Interest Expense	19,738	18,001	13,507	13,507	13,507	13,507
6. Net Income	\$ (42,469)	\$ (10,449)	\$ 52,690	\$ (29,979)	\$ (29,979)	\$ 56,948

- 7. Earned Per Average Common Share*
- 8. Dividends Per Common Share*
- 9. Payout Ratio*
- 10. Return on Average Invested Capital
- 11. Return on Year End Capital
- 12. Return on Average Common Equity
- 13. Return on Year End Common Equity
- 14. Times Bond Interest Earned - Before Inc Tax
- 15. Times Total Interest and Preferred Dividends Earned - After Income Taxes

Ratios not meaningful due to negative equity amount.

Supporting Schedules:

- (a) E-2
- (b) C-1
- (c) F-1

*Optional for projected year

Mount Tipton Water Company, Inc.

Test Year Ended June 30, 2009

Rebuttal Schedule: A-4

**Title: Construction Expenditures and
Gross Utility Plant in Service**

Explanation:

Schedule showing construction expenditures, plant placed in service and gross utility plant in service for the test year and the 2 fiscal years ended prior to the end of the test year, compared with the projected year.

Required for: All Utilities
 Class A
 Class B
 Class C
 Class D
 Specl Reqmt

Year	Construction Expenditures (a)	Net Plant Placed In Service (b)	Gross Utility Plant In Service
1. Prior Year 1 - 2007	\$ 36,565	\$ 36,565	\$ 1,860,115
2. Prior Year 2 - 2008	28,335	28,335	1,888,450
3. Test Year - 06/30/2009	28,290	28,290	1,916,740
4. Projected Year - 06/30/10	140,000	140,000	2,056,740
5. Projected *			
6. Projected *			

*** Required only for Class A and B Utilities**

NOTE: For combination utilities, above information should be presented in total and by department.

Supporting Schedules:

(a) F-3

(b) E-5

Mount Tipton Water Company, Inc.
 Test Year Ended June 30, 2009

Rebuttal Schedule: B-1
 Title: Summary of Original Cost
 and RCND

Explanation:
 Schedule showing elements of adjusted original cost
 and RCND rate bases.

Required for:	All Utilities	<input checked="" type="checkbox"/>
	Class A	<input type="checkbox"/>
	Class B	<input type="checkbox"/>
	Class C	<input type="checkbox"/>
	Class D	<input type="checkbox"/>
	Spec'l Reqmt	<input type="checkbox"/>

	Original Cost Rate Base*		RCND Rate Base*
1. Gross Utility Plant in Service	\$ 1,916,740		\$ 1,916,740
2. Less: Accumulated Depreciation	<u>(1,212,674)</u>		<u>(1,212,674)</u>
3. Net Utility Plant in Service	\$ 704,066 (a)		704,066 (b)
Less:			
4. Advances in Aid of Construction	144,604 (c)		144,604 (c)
5. Contributions in Aid of Construction (net)	<u>67,502 (c)</u>		<u>67,502 (c)</u>
6. Total Deductions	\$ 212,106		\$ 212,106
Add:			
7. Allowance for Working Capital	\$ 97,029 (d)		\$ 97,029 (d)
8. Total Original Cost Rate Base	<u>\$ 588,989 (e)</u>		<u>\$ 588,989 (e)</u>

* Including pro forma adjustments

NOTE: For combination utilities, above information should be presented in total and by department.

Supporting Schedules:

- (a) B-2 (d) B-5
- (b) B-3
- (c) E-1

Recap Schedules:

- (e) A-1

Mount Tipton Water Company, Inc.
 Test Year Ended June 30, 2009

Rebuttal Schedule: B-2
Title: Original Cost Rate Base
Proforma Adjustments

Explanation:
 Schedule showing pro forma adjustments to gross plant in service and accumulated depreciation for the original cost rate base.

Required for: All Utilities
 Class A
 Class B
 Class C
 Class D
 Specl Reqmt

X

	Actual at End Of Test Year (a)		Pro forma Adjustment		Adjusted at End Of Test Year (b)
1. Gross Utility Plant in Service	\$ 1,727,581	\$	189,159	1	\$ 1,916,740
2. Less: Accumulated Depreciation	(1,147,977)		(64,697)	2	(1,212,674)
3. Net Utility Plant in Service	\$ 579,604	\$	124,462		\$ 704,066

All pro forma adjustments should be adequately explained on this schedule or on attachments hereto.

1. Adopt Staff's adjustment as reflected on Schedule AII-3 to include items improperly recorded in the Advances in Aid of Construction account.
2. Adjust accumulated depreciation to account for additional plant as described in item 1 above.

NOTE: For combination utilities, above information should be presented in total and by department.

Supporting Schedules:
 (a) E-1

Recap Schedules:
 (b) B-1

Mount Tipton Water Company, Inc.
 Test Year Ended June 30, 2009

Rebuttal Schedule: B-5
Title: Computation of Working Capital

Explanation:
 Schedule showing computation of working capital allowance.

Required for: All Utilities
 Class A
 Class B
 Class C
 Class D
 Specl Reqmt

	<u>Amount</u>
1. Cash working capital	
1/24th Purchased Power	\$ 1,497
1/24th Purchased Water	171
1/8th Operation & Maintenance Expense	27,927
2. Materials and Supplies Inventories	- (a)
3. Prepayments	<u>67,434 (a)</u>
4. Total Working Capital Allowance	\$ 97,029 (b)

NOTES:

1. Adequate detail should be provided to determine the bases for the above computations.
2. Adjusted test year operating expenses should be used in computing cash working capital requirements.
3. Combination utilities should compute working capital allowances for each department.

Supporting Schedules:
 (a) E-1

Recap Schedules:
 (b) B-1

Required for: All Utilities	X
Class A	
Class B	
Class C	
Class D	
Specl Reqmt	

Explanation:
 Schedule showing statement of income for the test year,
 including pro forma adjustments.

Description	Actual for Test Year Ended (a) 30-Jun-09	Ref	Proforma Adjustments (b)	Test Year Results After Pro Forma Adjustments	Proposed Rate Increase	Adjusted Test Year With Rate Increase
Operating Revenues:						
460 Unmetered Water Revenue	\$ 100		\$ -	\$ 100		\$ 100
461 Metered Water Revenue	267,655	A	(6,613)	261,042	K \$ 81,209	342,251
461.1 Coin-Operated Sales	16,650			16,650	K 7,492	24,142
474 Other Water Revenue	7,324			7,324		7,324
474.1 Surcharge Revenue	21,810	B	(21,810)	-		-
Total Operating Revenue	\$ 313,539		\$ (28,423)	\$ 285,116	\$ 88,701	\$ 373,817
Operating Expenses:						
601 Salaries & Wages	\$ 93,529			\$ 93,529		\$ 93,529
610 Purchased Water	4,109			4,109		4,109
615 Purchased Power	36,926	P	(1,000)	35,926		35,926
618 Chemicals				-		-
620 Repairs & Maintenance	7,501	C	3,863	11,364		11,364
621 Office Supplies and Expense	14,126	D	250	14,376		14,376
630 Outside Services	7,155			7,155		7,155
635 Water Testing	3,716	M	2,973	6,689		6,689
641 Rental Expense	6,582			6,582		6,582
650 Transportation Expense	9,746			9,746		9,746
657 Insurance - General Liability	22,503	N	(10,273)	12,230		12,230
659 Insurance - Health and Life				-		-
665 Regulatory Commission Expense	5,350	E	(5,350)	-		-
666 Rate Case Expense		F	6,667	6,667		6,667
675 Miscellaneous Expense	12,252	G	9,109	21,361		21,361
403 Depreciation & Amortization	35,093	H	14,602	49,695		49,695
408 Property Taxes	17,019	O	156	17,175		17,175
408.1 Taxes Other Than Income	12,538	N	(1,700)	10,838		10,838
408.2 Franchise Taxes	5,590	I	112	5,702	L 1,774	7,476
409 Income Taxes	-			-		-
Total Operating Expenses	\$ 293,735		\$ 19,409	\$ 313,144	\$ 1,774	\$ 314,918
OPERATING INCOME/(LOSS)	\$ 19,804		\$ (47,832)	\$ (28,028)	(c) \$ 86,927	\$ 58,899
Other Income/(Expense):						
419 Interest and Dividend Income	\$ 106			\$ 106		\$ 106
419.1 Rental Income	11,450			11,450		11,450
421 Non-Utility Income	34,837	J	(34,837)	-		-
426 Miscellaneous Non-Utility Expenses	-			-		-
427 Interest Expense	(13,507)			(13,507)		(13,507)
Total Other Income/(Expense)	\$ 32,886		\$ (34,837)	\$ (1,951)	\$ -	\$ (1,951)
NET INCOME/(LOSS)	\$ 52,690		\$ (82,669)	\$ (29,979)	\$ 86,927	\$ 56,948

Note: For combination utilities, above information should be presented in total and by department.

Supporting Schedules:
 (a) E-2 (b) C-2

Recap Schedules:
 (c) A-1

Mount Tipton Water Company, Inc.
 Test Year Ended June 30, 2009

Rebuttal Schedule: C-2
Title: Income Statement Proforma Adjustments

Required for: All Utilities	X
Class A	
Class B	
Class C	
Class D	
Spec Reqmt	

Explanation:
 Schedule itemizing pro forma adjustments to the test year income statement.

Description	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Total (a) Adjustments
Revenues:																	
Metered Water Revenue	\$ (6,613)										\$ 88,701						\$ 82,089
Surcharge Revenue		(21,810)															(21,810)
Expenses:																	
Purchased Power			3,863													(1,000)	(1,000)
Repairs & Maintenance				250													3,863
Office Supplies and Expense													2,973				250
Water Testing														(10,273)			2,973
Insurance - General Liability					(5,350)												(10,273)
Regulatory Commission Expense																	(5,350)
Rate Case Expense						6,667											6,667
Miscellaneous Expense							9,109										9,109
Depreciation & Amortization								14,602									14,602
Property Taxes																	156
Taxes Other Than Income									112								(1,700)
Franchise Taxes												1,774					(1,700)
Other Income/(Expense):																	
Non-Utility Income																	(34,837)

Adjustment Descriptions:

- A - Decrease Metered Water Revenue to adjust for net of under billing to fire department, Tier 3 programming error, and revenue annualization as per Schedule C-2a.
- B - Decrease Surcharge revenue to remove partial amount from test year. Surcharge is temporary, and sufficient revenue to meet adjusted expense is built into base rates.
- C - Increase Repairs and Maintenance for amounts incorrectly capitalized for repairs, and reduce by \$3,000 per Staff adjustment to amortize well cleaning.
- D - Increase Office Supplies and Expense by \$250 for bank charges reclassified from Regulatory Commission Expense.
- E - Reduce Regulatory Commission Expense by \$5,100 to reclassify CD to Balance Sheet and \$250 to Office Supplies and Expense for bank charges.
- F - Increase Rate Case Expense to include \$20,000 in estimated expenses for proceeding amortized over three years.
- G - Increase Miscellaneous Expense to include annualized amount for WIFA service fees paid monthly.
- H - Increase depreciation expense to reflect Staff proposed amount.
- I - Increase Franchise Taxes to reflect an expense level of 2% of adjusted test year revenue per Schedule C-2f.
- J - Remove non-recurring prior period adjustment.
- K - Increase Revenue per calculations on Schedule A-1, as adjusted by revenue annualization on Schedule C-2e.
- L - Increase Franchise Taxes to reflect an expense level of 2% of proposed revenue per schedule C-2f.
- M - Increase water testing expense to reflect Staff proposed amount.
- N - Decrease Insurance - General Liability, and Taxes Other Than Income as detailed on Schedule C-2b.
- O - Increase Property Tax Expense per detail of actual test year expenses depicted on Schedule C-2c.
- P - Decrease Purchased Power per Schedule C-2d due to revenue annualization of gallons sold/pumped.

Note: All pro forma adjustments should be adequately explained on this schedule or on attachments thereto.

Supporting Schedules:

Recap Schedules: (a) C-1

METERED WATER REVENUE ANNUALIZATION - PRESENT RATES

Month/ Year	Test Year Actual Customers	Customer Count May 2010	Change in Customer Count	Monthly Avg Revenue - Present Rates	Revenue Annualization at Current Rates	Present Average Usage (in Gallons)	Additional Production Required (Gallons)
<i>5/8 x 3/4-Inch Meter</i>							
Jul-08	726	687	(39)	32.72	\$ (1,276.13)	4,693	(183,042)
Aug-08	724	687	(37)	29.84	(1,103.99)	3,813	(141,078)
Sep-08	725	687	(38)	30.70	(1,166.58)	4,041	(153,570)
Oct-08	711	687	(24)	31.97	(767.38)	4,458	(106,981)
Nov-08	712	687	(25)	27.75	(693.64)	3,139	(78,472)
Dec-08	716	687	(29)	26.80	(777.18)	2,878	(83,463)
Jan-09	714	687	(27)	29.99	(809.71)	3,782	(102,122)
Feb-09	719	687	(32)	24.54	(785.35)	2,093	(66,983)
Mar-09	719	687	(32)	26.71	(854.68)	2,842	(90,951)
Apr-09	713	687	(26)	30.03	(780.90)	3,911	(101,674)
May-09	720	687	(33)	33.39	(1,101.73)	4,882	(161,096)
Jun-09	711	687	(24)	30.97	(743.31)	4,165	(99,955)
Totals	8,610	8,244	(366)		\$ (10,860.58)		(1,369,387)
<i>2-Inch Meter</i>							
Jul-08	1	2	1	\$ 152.00	\$ 152.00	-	-
Aug-08	1	2	1	152.00	152.00	-	-
Sep-08	1	2	1	182.72	182.72	9,600	9,600
Oct-08	1	2	1	168.96	168.96	5,300	5,300
Nov-08	1	2	1	165.12	165.12	4,100	4,100
Dec-08	1	2	1	164.80	164.80	4,000	4,000
Jan-09	1	2	1	171.20	171.20	6,000	6,000
Feb-09	1	2	1	162.24	162.24	3,200	3,200
Mar-09	1	2	1	164.80	164.80	4,000	4,000
Apr-09	2	2	-	161.76	-	3,050	-
May-09	2	2	-	176.21	-	7,565	-
Jun-09	2	2	-	249.76	-	30,550	-
Totals	15	24	9		\$ 1,483.84		36,200
Total Revenue Annualization Adjustments					\$ (9,377)		
Original Revenue Adjustment for Tier 3 Programming Error					\$ 2,764		
Total Adjustment A to Test Year Metered Water Revenue					\$ (6,613)		

Workers Compensation Insurance Adjustments

Staff adjustment to Insurance - General Liability	\$	(13,518)
Company adjustment to Insurance - General Liability		3,245
Net Adjustment N to Insurance - General Liability	\$	<u>(10,273)</u>

Adjustment N to Taxes Other Than Income \$ **(1,700)**

Adjustment N recognizes Staff's adjustment to Insurance - General Liability, removes workers compensation insurance accruals from Taxes Other Than Income, and replaces actual Test Year workers compensation expenses removed from Insurance - General Liability by Staff.

Mount Tipton Water Company, Inc.
Test Year Ended June 30, 2009

Rebuttal Schedule: C-2c

Detail of Actual Test Year Property Tax Expense

Parcel 91741110	\$	14,636
Parcel 31918390		1,271
Parcel 91740400		23
Parcel 31918391		1,245
		<hr/>
Actual Test Year Property Taxes	\$	17,175
Unadjusted Property Taxes Per Application		17,019
		<hr/>
Adjustment O to Increase Property Tax Expense	\$	156
		<hr/> <hr/>

Mount Tipton Water Company, Inc.
Test Year Ended June 30, 2009

Rebuttal Schedule: C-2d

Detail of Adjustment to Purchased Power for Revenue Annualization

Test Year Gallons Pumped		49,238,194
Test Year Purchased Power Expense	\$	36,926
Pumping Cost per Gallon	\$	0.000750
Net Reduction in Gallons due to Revenue Annualizations Per Schedule C-2a		(1,333,187)
Pumping Cost per Gallon	\$	0.000750
		<hr/>
Adjustment P to Decrease Purchased Power Expense	\$	(1,000)

METERED WATER REVENUE ANNUALIZATION - PROPOSED RATES

Month/ Year	Test Year Actual Customers	Customer Count May 2010	Change in Customer Count	Monthly Avg Revenue - Proposed Rates	Revenue Annualization at Proposed Rates	Present Average Usage (in Gallons)	Additional Production Required (Gallons)
<i>5/8 x 3/4-Inch Meter</i>							
Jul-08	726	687	(39)	\$ 42.98	\$ (1,676.20)	4,693	(183,042)
Aug-08	724	687	(37)	39.19	(1,450.10)	3,813	(141,078)
Sep-08	725	687	(38)	40.32	(1,532.30)	4,041	(153,570)
Oct-08	711	687	(24)	42.00	(1,007.95)	4,458	(106,981)
Nov-08	712	687	(25)	36.44	(911.10)	3,139	(78,472)
Dec-08	716	687	(29)	35.20	(1,020.82)	2,878	(83,463)
Jan-09	714	687	(27)	39.39	(1,063.55)	3,782	(102,122)
Feb-09	719	687	(32)	32.24	(1,031.56)	2,093	(66,983)
Mar-09	719	687	(32)	35.08	(1,122.62)	2,842	(90,951)
Apr-09	713	687	(26)	39.45	(1,025.71)	3,911	(101,674)
May-09	720	687	(33)	43.85	(1,447.13)	4,882	(161,096)
Jun-09	711	687	(24)	40.68	(976.34)	4,165	(99,955)
Totals	8,610	8,244	(366)		\$ (14,265.37)		(1,369,387)
<i>2-Inch Meter</i>							
Jul-08	1	2	1	\$ 189.39	\$ 189.39	-	-
Aug-08	1	2	1	189.39	189.39	-	-
Sep-08	1	2	1	227.67	227.67	9,600	9,600
Oct-08	1	2	1	210.52	210.52	5,300	5,300
Nov-08	1	2	1	205.74	205.74	4,100	4,100
Dec-08	1	2	1	205.34	205.34	4,000	4,000
Jan-09	1	2	1	213.32	213.32	6,000	6,000
Feb-09	1	2	1	202.15	202.15	3,200	3,200
Mar-09	1	2	1	205.34	205.34	4,000	4,000
Apr-09	2	2	-	201.55	-	3,050	-
May-09	2	2	-	219.56	-	7,565	-
Jun-09	2	2	-	311.20	-	30,550	-
Totals	15	24	9		\$ 1,848.86		36,200
Total Revenue Annualization Adjustments to Metered Water Revenue Included in Adjustment K					\$ (12,417)		

Detail of Adjustments to Test Year and Proposed Franchise Taxes

Test Year

Adjusted Test Year Revenue	\$	285,116
Mohave County Franchise Tax Rate		<u>2.00%</u>
Adjusted Test Year Franchise Tax Expense	\$	5,702
Actual Test Year Franchise Tax Expense		<u>5,590</u>
Adjustment I to Increase Test Year Franchise Tax Expense	\$	<u><u>112</u></u>

Proposed Rates

Proposed Revenue	\$	373,817
Mohave County Franchise Tax Rate		<u>2.00%</u>
Proposed Franchise Tax Expense	\$	7,476
Adjusted Test Year Franchise Tax Expense		<u>5,702</u>
Adjustment L to Increase Franchise Tax Expense at Proposed Rates	\$	<u><u>1,774</u></u>

Mount Tipton Water Company, Inc.
 Test Year Ended June 30, 2009

Rebuttal Schedule: C-3
Title: Computation of Gross Revenue
Conversion Factor

Explanation:
 Schedule showing incremental taxes on gross revenues and
 the development of a gross revenue conversion factor.

Required for:	All Utilities	<input checked="" type="checkbox"/>
	Class A	<input type="checkbox"/>
	Class B	<input type="checkbox"/>
	Class C	<input type="checkbox"/>
	Class D	<input type="checkbox"/>
	Spec'l Reqmt	<input type="checkbox"/>

<u>Description</u>	<u>Calculation</u>
Revenue	100.0000%
Less: County Franchise Tax @ 2.00%	-2.0000%
Operating Income	<u>98.0000%</u>
Gross Revenue Conversion Factor = 1/Operating Income %	1.0204

Note: All tax percentages shall include the effect of other taxes upon the incremental rate. The applicant may use other formulas in developing the conversion factor.

Supporting Schedules:

Recap Schedules:
 (a) A-1

Mount Tipton Water Company, Inc.
 Test Year Ended June 30, 2009

Rebuttal Schedule: D-1
 Title: Summary Cost of Capital

Explanation:
 Schedule showing elements of capital structure
 and the related cost.

Required for All Utilities	X
Class A	
Class B	
Class C	
Class D	
Special Reqmt	

Invested Capital	End of Test Year				End of Projected Year			
	Amount	%	Cost	Composite	Amount	%	Cost	Composite
			Rate (e)	Cost %			Rate (e)	Cost %
Long-Term Debt (a)								
USDA RD 91-03	\$ 58,993	7.59%	4.5000%	0.3415%	\$ 58,993	7.59%	4.5000%	0.3415%
USDA RD 91-05	67,159	8.64%	4.5000%	0.3888%	67,159	8.64%	4.5000%	0.3888%
WIFA Loan	651,235	83.77%	4.7250%	3.9582%	651,235	83.77%	4.7250%	3.9582%
Short-Term Debt (a)	-				-			0.00%
Common Equity (c)	(362,421)	0.00%	10.00%	0.00%	(362,421)	0.00%	10.00%	0.00%
Total†	\$ 777,387	100.00%		4.6885%	\$ (362,421)	100.00%		4.6885%

†Note: Negative equity is assumed to be zero for these calculations.

Supporting Schedules:

- (a) D-2
- (b) D-3
- (c) D-4
- (d) E-1

Recap Schedules:

- (e) A-3

Mount Tipton Water Company, Inc.
 Test Year Ended June 30, 2009

Rebuttal Schedule: E-1
Title: Comparative Balance Sheet

Required for:	All Utilities	<input checked="" type="checkbox"/>
	Class A	<input type="checkbox"/>
	Class B	<input type="checkbox"/>
	Class C	<input type="checkbox"/>
	Class D	<input type="checkbox"/>
	Spec'l Reqmt	<input type="checkbox"/>

Explanation:
 Schedule showing comparative balance sheets at the end of the test year and the 2 fiscal years ended prior to the test year.

	Test Year At 30-Jun-09	Prior Year 31-Dec-08	Prior Year 31-Dec-07
ASSETS			
Property, Plant & Equipment: (a)			
101 Utility Plant In Service	\$ 1,916,740	\$ 1,888,450	\$ 1,860,115
105 Construction Work in Process	-	-	-
108 Accumulated Depreciation	(1,212,674)	(1,156,397)	(1,127,975)
121 Non-Utility Property			
Total Property Plant & Equipment	<u>\$ 704,067</u>	<u>\$ 732,054</u>	<u>\$ 732,140</u>
Current Assts:			
131 Cash	\$ 18,422	\$ 14,067	\$ 11,984
135 Temporary Cash Investments	5,100		
141 Customer Accounts Receivable	30,081	18,067	20,136
146 Notes/Receivables from Associated Companies			
151 Plant Material and Supplies			
162 Prepayments	67,434	66,242	77,869
174 Miscellaneous Current and Accrued Assets			
Total Current Assets	<u>\$ 121,037</u>	<u>\$ 98,376</u>	<u>\$ 109,989</u>
TOTAL ASSETS	<u>\$ 825,104</u>	<u>\$ 830,430</u>	<u>\$ 842,129</u>
LIABILITIES and CAPITAL			
Capitalization: (b)			
201 Common Stock Issued			
211 Paid in Capital in Excess of Par Value			
215 Retained Earnings	(362,421)	(256,963)	(302,999)
Total Capital	<u>\$ (362,421)</u>	<u>\$ (256,963)</u>	<u>\$ (302,999)</u>
Current Liabilities:			
231 Accounts Payable	\$ 91,178	\$ 89,609	\$ 73,889
232 Notes Payable (Current Portion)			
234 Notes/Accounts Payable to Associated Companies			
235 Customer Deposits	14,940	16,241	44,744
236 Accrued Taxes	88,324	75,816	55,784
241 Miscellaneous Current and Accrued Liabilities	3,590	11,783	8,800
Total Current Liabilities	<u>\$ 198,032</u>	<u>\$ 193,449</u>	<u>\$ 183,217</u>
224 Long-Term Debt (Over 12 Months)	\$ 777,387	\$ 787,330	\$ 836,603
Deferred Credits:			
251 Unamortized Premium on Debt	\$ -	\$ -	\$ -
252 Advances In Aid Of Construction	144,604	32,403	37,678
271 Contributions In Aid Of Construction	347,002	347,002	347,002
272 Less: Amortization of Contributions	(279,500)	(272,791)	(259,372)
281 Accumulated Deferred Income Tax			
Total Deferred Credits	<u>\$ 212,106</u>	<u>\$ 106,614</u>	<u>\$ 125,308</u>
Total Liabilities	<u>\$ 1,187,525</u>	<u>\$ 1,087,393</u>	<u>\$ 1,145,128</u>
TOTAL LIABILITIES and CAPITAL	<u>\$ 825,104</u>	<u>\$ 830,430</u>	<u>\$ 842,129</u>

Supporting Schedules:
 (a) E-5

Recap Schedules:
 (b) A-3

Mount Tipton Water Company, Inc.
 Test Year Ended June 30, 2009

Rebuttal Schedule: E-2
Title: Comparative Income Statements

Explanation:
 Schedule showing comparative income statements for the test year and the 2 fiscal years ended prior to the test year.

Required for: All Utilities	<input checked="" type="checkbox"/>
Class A	<input type="checkbox"/>
Class B	<input type="checkbox"/>
Class C	<input type="checkbox"/>
Class D	<input type="checkbox"/>
Spec'l Reqmt	<input type="checkbox"/>

	Test Year Ended 30-Jun-09	Prior Year Ended 31-Dec-08	Prior Year Ended 31-Dec-07
Revenues: (a)			
460 Unmetered Water Revenue	\$ 100	\$ 10,555	\$ 1,673
461 Metered Water Revenue	284,304	264,334	283,317
474 Other Water Revenue	29,134	11,043	14,502
Total Revenues	<u>\$ 313,538</u>	<u>\$ 285,932</u>	<u>\$ 299,492</u>
Operating Expenses (a)			
601 Salaries & Wages	\$ 93,529	\$ 85,669	\$ 75,694
610 Purchased Water	4,109		
615 Purchased Power	36,926	35,581	35,535
618 Chemicals	-		
620 Repairs & Maintenance	7,501	12,647	13,861
621 Office Supplies and Expense	14,126	19,907	12,115
630 Outside Services	7,155	13,972	27,734
635 Water Testing	3,716	3,833	2,669
641 Rental Expense	6,582		
650 Transportation Expense	9,746	11,426	9,469
657 Insurance - General Liability	22,503	24,682	23,159
659 Insurance - Health and Life	-		
665 Regulatory Commission Expense	5,350		
666 Rate Case Expense	-		2,537
675 Miscellaneous Expense	12,252	29,632	
403 Depreciation & Amortization	35,093	57,867	81,240
408 Property Taxes	17,019	14,769	20,582
408.1 Taxes Other Than Income	12,538	18,597	21,290
408.2 Franchise Taxes	5,590		
409 Income Taxes	-		
Total Operating Expenses	<u>\$ 293,735</u>	<u>\$ 328,582</u>	<u>\$ 325,885</u>
OPERATING INCOME/(LOSS)	<u>\$ 19,803</u>	<u>\$ (42,650)</u>	<u>\$ (26,393)</u>
Other Income/(Expense)			
419 Interest and Dividend Income	\$ 106	\$ 166	\$ 218
419.1 Rental Income	11,450	15,199	11,350
421 Non-Utility Income	34,837		
426 Miscellaneous Non-Utility Expenses	-	34,837	(7,906)
427 Interest Expense	(13,507)	(18,001)	(19,738)
Total Other Income/(Expense)	<u>\$ 32,886</u>	<u>\$ 32,201</u>	<u>\$ (16,076)</u>
NET INCOME/(LOSS)	<u>\$ 52,689</u>	<u>\$ (10,449)</u>	<u>\$ (42,469)</u>

Supporting Schedules:
 (a) E-6

Recap Schedules:
 A-2

Mount Tipton Water Company, Inc.
 Test Year Ended June 30, 2009

Rebuttal Schedule: E-5
Title: Detail of Utility Plant

Explanation:
 Schedule showing utility plant balance, by detailed account number, at the end of the test year and the end of the prior fiscal year.

Required for: All Utilities	<input checked="" type="checkbox"/>
Class A	<input type="checkbox"/>
Class B	<input type="checkbox"/>
Class C	<input type="checkbox"/>
Class D	<input type="checkbox"/>
Spec'l Reqmt	<input type="checkbox"/>

Account Number	Description	End of Prior Year at 30-Jun-08	Net Additions	End of Test Year at 30-Jun-09
301	Organization	\$ 17,450		\$ 17,450
302	Franchises	500		500
303	Land & Land Rights	9,842		9,842
304	Structures & Improvements	55,389		55,389
307	Wells & Springs	458,530	1,424	459,954
311	Pumping Equipment	58,004	16,804	74,808
320	Water Treatment Equipment	-		-
320.1	Water Treatment Plant	-		-
320.2	Solution Chemical Feeders	53,075		53,075
330	Distr Res/Standpipes	-		-
330.1	Storage Tanks	223,341		223,341
330.2	Pressure Tanks	-		-
331	T&D Mains	787,400	7,917	795,317
333	Services	67,193		67,193
334	Meters & Meter Installations	87,562	1,875	89,438
335	Hydrants	1,230		1,230
339	Other Plant and Misc Equipment	998		998
340	Office Furniture & Equipment	18,096	400	18,496
340.1	Computers	4,921	765	5,686
341	Transportation Equipment	31,671	2,000	33,671
343	Tools, Shop, and Garage Equipment	3,409	(2,895)	514
345	Power Operated Equipment	167		167
347	Miscellaneous Equipment	8,464		8,464
348	Other Tangible Plant	1,208		1,208
Total Plant In Service		\$ 1,888,450	\$ 28,290	\$ 1,916,740
Accumulated Depreciation		1,156,397	56,277	1,212,674
Net Plant In Service		\$ 732,053	\$ (27,987)	\$ 704,066
Construction Work in Process		-	-	-
Total Net Plant		\$ 732,053	\$ (27,987)	\$ 704,066

Supporting Schedules:

Recap Schedules:
 E-1 A-4

Mount Tipton Water Company, Inc.
 Test Year Ended June 30, 2009

Rebuttal Schedule: E-7
Title: Operating Statistics

Explanation:
 Schedule showing key operating statistics in comparative format,
 for the test year and the 2 fiscal years ended prior to the test year.

Required for:	All Utilities	<input checked="" type="checkbox"/>
	Class A	<input type="checkbox"/>
	Class B	<input type="checkbox"/>
	Class C	<input type="checkbox"/>
	Class D	<input type="checkbox"/>
	Specl Reqmt	<input type="checkbox"/>

Water Statistics:	Test Year Ended 30-Jun-09	Prior Year Ended 31-Dec-08	Prior Year Ended 31-Dec-07
Gallons Sold - By Class of Service:			
Residential	28,849,830	33,330,815	33,051,134
Commercial	4,244,625	4,903,905	4,862,756
Service:			
Residential	680	704	698
Commercial	42	40	50
Average Annual Gallons Per Residential Customer	42,426	47,345	47,351
Average Annual Revenue Per Residential Customer \$	320.58	\$ 342.19	\$ 228.00
Pumping Cost Per 1,000 Gallons	\$ 1.1158	\$ 0.9306	\$ 0.9373

Mount Tipton Water Company, Inc.
 Test Year Ended June 30, 2009

Rebuttal Schedule: E-8
Title: Taxes Charged to Operations

Explanation:
 Schedule showing all significant taxes charged to operations for the test year and the 2 fiscal years ended prior to the test year.

Required for: All Utilities	<input checked="" type="checkbox"/>
Class A	<input type="checkbox"/>
Class B	<input type="checkbox"/>
Class C	<input type="checkbox"/>
Class D	<input type="checkbox"/>
Spec'l Reqmt	<input type="checkbox"/>

Description	Test Year Ended 30-Jun-09	Prior Year Ended 31-Dec-08	Prior Year Ended 31-Dec-07
Federal Taxes:			
Income	\$ -	\$ -	\$ -
Payroll	11,107	9,939	8,861
Total Federal Taxes	\$ 11,107	\$ 9,939	\$ 8,861
State Taxes:			
Income	\$ -	\$ -	\$ -
Payroll	3,402	2,835	2,520
Total State Taxes	\$ 3,402	\$ 2,835	\$ 2,520
Local Taxes:			
Property	\$ 17,019	\$ 14,769	\$ 20,582
Franchise	5,590	5,719	5,990
Total Local Taxes	\$ 22,609	\$ 20,488	\$ 26,572
Total Taxes	\$ 37,118	\$ 33,261	\$ 37,952

NOTE: For combination utilities, the above should be presented in total and by department.

Supporting Schedules:

Recap Schedules:

Mount Tipton Water Company, Inc.
Test Year Ended June 30, 2009

Rebuttal Schedule: E-9
Title: Notes to Financial
Statements

Explanation:
Disclosure of important facts pertaining to the understanding
of the financial statements.

Required for: All Utilities	<input checked="" type="checkbox"/>
Class A	<input type="checkbox"/>
Class B	<input type="checkbox"/>
Class C	<input type="checkbox"/>
Class D	<input type="checkbox"/>
Specl Reqmt	<input type="checkbox"/>

Disclosures should include, but not be limited to the following:

1 Accounting Method.

The books of Mount Tipton are kept as accrual based, and also follow NARUC rules, including the USoA.

2 Depreciation lives and methods employed by major classification of utility property.

For years up to and including the test year ended 06/30/09, depreciation rates as authorized in Decision 67162 were used for all plant asset categories. Proposed depreciation rates were taken from ACC Engineering Staff Memo regarding their recommended rates for depreciation dated April 21, 2000, and revised March 1, 2001.

3 Income tax treatment - normalization or flow through.

Since Mount Tipton is structured as a not-for-profit corporation, income taxes are not included as part of the application.

4 Interest rate used to charge interest during construction, if applicable.

Not Applicable.

Supporting Schedules:

Recap Schedules:

Mount Tipton Water Company, Inc.
 Test Year Ended June 30, 2009

Rebuttal Schedule: F-1
 Title: Projected Income Statements
 Present and Proposed Rates

Explanation:
 Schedule showing an income statement for the projected year,
 compared with actual test year results, at present and proposed
 rates.

Required for:	All Utilities	<input checked="" type="checkbox"/>
	Class A	<input type="checkbox"/>
	Class B	<input type="checkbox"/>
	Class C	<input type="checkbox"/>
	Class D	<input type="checkbox"/>
	Spec'l Reqmt	<input type="checkbox"/>

	Actual Test Year Ended (a) 31-Dec-08	Projected Year	
		At Present Rates Year Ended (b) 31-Dec-09	At Proposed Rates Year Ended (b) 31-Dec-09
Operating Revenues:			
460 Unmetered Water Revenue	\$ 100	\$ 100	\$ 100
461 Metered Water Revenue	284,304	277,692	366,393
474 Other Water Revenue	29,134	7,324	7,324
Total Operating Revenue	\$ 313,538	\$ 285,116	\$ 373,817
Operating Expenses:			
601 Salaries & Wages	\$ 93,529	\$ 93,529	\$ 93,529
610 Purchased Water	4,109	4,109	4,109
615 Purchased Power	36,926	35,926	35,926
618 Chemicals	-	-	-
620 Repairs & Maintenance	7,501	11,364	11,364
621 Office Supplies and Expense	14,126	14,376	14,376
630 Outside Services	7,155	7,155	7,155
635 Water Testing	3,716	6,689	6,689
641 Rental Expense	6,582	6,582	6,582
650 Transportation Expense	9,746	9,746	9,746
657 Insurance - General Liability	22,503	12,230	12,230
659 Insurance - Health and Life	-	-	-
665 Regulatory Commission Expense	5,350	-	-
666 Rate Case Expense	-	6,667	6,667
675 Miscellaneous Expense	12,252	21,361	21,361
403 Depreciation & Amortization	35,093	49,695	49,695
408 Property Taxes	17,019	17,175	17,175
408.1 Taxes Other Than Income	12,538	10,838	10,838
408.2 Franchise Taxes	5,590	5,702	7,476
409 Income Taxes	-	-	-
Total Operating Expenses	\$ 293,735	\$ 313,144	\$ 314,918
OPERATING INCOME/(LOSS)	\$ 19,803	\$ (28,029)	\$ 58,898
Other Income/(Expense):			
419 Interest Income	\$ 106	\$ 106	\$ 106
419.1 Rental Income	11,450	11,450	11,450
421 Non-Utility Income	34,837	-	-
426 Miscellaneous Non-Utility Expenses	-	-	-
427 Interest Expense	(13,507)	(13,507)	(13,507)
Total Other Income/(Expense)	\$ 32,886	\$ (1,951)	\$ (1,951)
NET INCOME/(LOSS)	\$ 52,689	\$ (29,980)	\$ 56,947
Earnings per share of average Common Stock Outstanding	N/A	N/A	N/A
% Return on Common Equity	N/A	N/A	N/A

Supporting Schedules:
 (a) E-2

Recap Schedules:
 (b) A-2

Mount Tipton Water Company, Inc.

Test Year Ended June 30, 2009

Rebuttal Schedule: F-3

Title: Projected Construction Requirements

Explanation:
Schedule showing projected annual construction requirements, by property classification, for 1 to 3 years subsequent to the test year compared with the test year.

Required for:	All Utilities	<input checked="" type="checkbox"/>
	Class A	<input type="checkbox"/>
	Class B	<input type="checkbox"/>
	Class C	<input type="checkbox"/>
	Class D	<input type="checkbox"/>
	Spec'l Reqmt	<input type="checkbox"/>

<u>Property Classification</u>	<u>Actual</u> <u>Test Year</u> <u>Ended</u> <u>6/30/2009</u>	<u>Projected</u> <u>Year</u> <u>Ended</u> <u>6/30/2010</u>
Production Plant	\$ 18,228	\$ 140,000
Transmission Plant	7,917	
Other Plant	5,040	
Total Plant	<u>\$ 31,185</u>	<u>\$ 140,000</u>

NOTE: For combination utilities, the above should be presented by department.

Supporting Schedules:

Recap Schedules:
(a) F-2 & A-4

Mount Tipton Water Company, Inc.
Test Year Ended June 30, 2009

Rebuttal Schedule: F-4
Title: Assumptions Used in
Developing Projections

Explanation:
Documentation of important assumptions used in preparing
forecasts and projections

Required for: All Utilities
Class A
Class B
Class C
Class D
Spec'l Reqmt

X

Important assumptions used in preparing projections should be explained.

Areas covered should include:

- 1 Customer growth
The company has experienced customer decline in the past few years, and does not anticipate that will change.
- 2 Growth in consumption and customer demand
Customer count, demand, and consumption has actually been *decreasing*.
- 3 Changes in expenses
The company believes the test year, with the limited proforma adjustments included in this application, accurately depict expense levels going forward.
- 4 Construction requirements including production reserves and changes in plant capacity
Mount Tipton is currently cleaning and putting new pumps into many of the wells, and may possibly drill a new well. They are also putting in a large amount of new meters, which has been an ongoing project.
- 5 Capital structure changes
No changes to the capital structure are anticipated.
- 6 Financing costs, interest rates
Currently, the Company has three loans as depicted on Schedule D-1, that totaled \$777,387 at the end of the test year. Two of the loans are with USRDA for system improvements, both having interest rates of 4.5%, and one is from WIFA to purchase Dolan Springs Water Company in 2001, and make improvements. The interest on that loan is 4.725%.

Supporting Schedules:

Recap Schedules:

Mount Tipton Water Company
Test Year Ended June 30, 2009

Rebuttal Schedule: H-1
Title: Summary of Revenues by Customer
Classification - Present and Proposed Rates

Explanation:
Schedule comparing revenues by customer classification for
the Test Year, at present and proposed rates.

Required for:	All Utilities	<input checked="" type="checkbox"/>
	Class A	<input type="checkbox"/>
	Class B	<input type="checkbox"/>
	Class C	<input type="checkbox"/>
	Class D	<input type="checkbox"/>
	Spec'l Reqmt	<input type="checkbox"/>

Customer Classification	Revenues in the Test Year (a)		Proposed Increase (b)	
	Present Rates	Proposed Rates	Amount	%
Residential				
5/8 x 3/4 inch	\$ 235,773	\$ 309,891	74,118	31.4%
Commercial				
5/8 x 3/4 inch	19,253	27,477	8,224	42.7%
1 inch	570	1,221	652	114.5%
1.5 inch	3,169	5,136	1,967	62.1%
2 inch	2,659	3,318	658	24.8%
4 inch	6,231	7,627	1,395	22.4%
Total Revenue Prior to Annualization	\$ 267,655	\$ 354,670	\$ 87,014	32.5%
5/8 x 3/4-inch Revenue Annualization	\$ (10,861)	\$ (14,265)	\$ (3,405)	31.4%
2-inch Revenue Annualization	1,484	1,849	365	24.6%
Total Revenue After Annualization	\$ 258,278	\$ 342,251	\$ 83,974	32.5%
Emergency Surcharge	\$ 21,810	-	(21,810)	-100.0%
Coin Operated	\$ 16,650	24,142	7,492	45.0%
Total Metered Water Revenues	\$ 296,738	\$ 366,393	\$ 69,657	23.5%
Other Revenues	\$ 7,424	\$ 7,424	-	0.0%
Total Revenues	\$ 304,162	\$ 373,817	\$ 69,657	22.9%

Note: For combination utilities, above information should be presented in total and by department.

Supporting Schedules:
(a) H-2

Recap Schedules:
(b) A-1

Explanation:
 Schedule comparing present rate schedules with proposed
 rate schedule.

(Note: Rates apply to both residential and commercial usage)

Required for: All Utilities	<input checked="" type="checkbox"/>
Class A	<input type="checkbox"/>
Class B	<input type="checkbox"/>
Class C	<input type="checkbox"/>
Class D	<input type="checkbox"/>
Spec'l Reqmt	<input type="checkbox"/>

Description	Present Rate	Proposed Rate	% change
MONTHLY USAGE CHARGE			
5/8" x 3/4" Meter	\$ 19.00	\$ 22.60	18.9%
3/4" Meter	28.50	33.90	18.9%
1" Meter	47.50	56.50	18.9%
1-1/2" Meter	95.00	112.99	18.9%
2" Meter	152.00	180.79	18.9%
3" Meter	285.00	361.57	26.9%
4" Meter	475.00	564.96	18.9%
6" Meter	950.00	1,129.92	18.9%
8" Meter	1,425.00	1,694.88	18.9%

Commodity Charges Per 1,000 Gallons:

Company Recommended Commodity Rates for All Meter Sizes

Tier one: 0 - 4,000 Gallons	\$ 3.60
Tier two: 4,001 to 9,000 Gallons	5.00
Tier three: All Gallons Over 9,000	6.45

5/8 x 3/4 - inch meter

Tier one: 0 - 4,000 Gallons	\$ 2.45
Tier two: 4,001 to 9,000 Gallons	3.20
Tier three: All Gallons Over 9,000	4.20

3/4 - inch meter

Tier one: 0 - 4,000 Gallons	\$ 2.45
Tier two: 4,001 to 15,000 Gallons	3.20
Tier three: All Gallons Over 15,000	4.20

One - inch meter

Tier one: 0 - 25,000 Gallons	\$ 3.20
Tier two: All Gallons Over 25,000	4.20

One and one half - inch meter

Tier one: 0 - 50,000 Gallons	\$ 3.20
Tier two: All Gallons Over 50,000	4.20

Two - inch meter

Tier one: 0 - 125,000 Gallons	\$ 3.20
Tier two: All Gallons Over 125,000	4.20

Three - inch meter

Tier one: 0 - 250,000 Gallons	\$ 3.20
Tier two: All Gallons Over 250,000	4.20

Four - inch meter

Tier one: 0 - 400,000 Gallons	\$ 3.20
Tier two: All Gallons Over 400,000	4.20

Six - inch meter

Tier one: 0 - 825,000 Gallons	\$ 3.20
Tier two: All Gallons Over 825,000	4.20

Eight - inch meter

Tier one: 0 - 1,250,000 Gallons	\$	3.20
Tier two: All Gallons Over 1,250,000		4.20

Description	Present Rate	Proposed Rate	% change
SERVICE CHARGES			
Establishment	\$ 25.00	\$ 30.00	20.0%
Establishment (After Hours)	40.00	40.00	0.0%
Reconnection (Delinquent)	40.00	40.00	0.0%
Reconnection (After Hours)	40.00	40.00	0.0%
Meter Test (If Correct)	40.00	40.00	0.0%
Meter Reread (If Correct)	10.00	15.00	50.0%
NSF Check Charge	15.00	25.00	66.7%
Deposit	*	*	
Deposit Interest (Per Annum)	*	*	
Deferred Payment (Per Month)	**	**	
Late Charge (Per Month)	**	**	
Re-establishment (Within 12 Months)	***	***	
Main Extension	N/A	Cost	
Bulk Sales per 1,000 Gallons ≈	\$ 4.20	\$ 6.45	53.6%
Vending rate for 58 gallons	0.25		
Vending rate for 40 gallons		0.25	45.0%

MONTHLY SERVICE CHARGE

FOR FIRE SPRINKLER:	N/A	****
----------------------------	-----	------

SERVICE LINE AND METER INSTALLATION CHARGES

Refundable Pursuant to AAC R14-2-405

Description	Present Rate	Proposed Rates			% change
		Service Line	Meter Charge	Total Charge	
5/8" x 3/4" Meter	\$ 438.00	\$ 445.00	\$ 155.00	\$ 600.00	37.0%
3/4" Meter	462.00	445.00	255.00	700.00	51.5%
1" Meter	562.00	495.00	315.00	810.00	44.1%
1-1/2" Meter	838.00	550.00	525.00	1,075.00	28.3%
2" Meter - Turbine	N/A	830.00	1,045.00	1,875.00	100.0%
2" Meter - Compound	1,094.00	830.00	1,890.00	2,720.00	148.6%
3" Meter - Turbine	N/A	1,045.00	1,670.00	2,715.00	100.0%
3" Meter - Compound	1,281.00	1,165.00	2,545.00	3,710.00	189.6%
4" Meter - Turbine	N/A	1,490.00	2,670.00	4,160.00	100.0%
4" Meter - Compound	3,375.00	1,670.00	3,645.00	5,315.00	57.5%
6" Meter - Turbine	N/A	2,210.00	5,025.00	7,235.00	100.0%
6" Meter - Compound	4,781.00	2,330.00	6,920.00	9,250.00	93.5%
8" Meter - Turbine	N/A	3,000.00	7,500.00	10,500.00	100.0%
8" Meter - Compound	5,000.00	3,200.00	8,000.00	11,200.00	124.0%

* Per Commission Rule AAC R-14-2-403(B).

** 1.50% of unpaid monthly balance.

*** Month off system times the monthly minimum per Commission rule AAC R14-2-403(D).

**** 1% 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.

Supporting Schedules:

Explanation: Schedule(s) comparing typical customer bills at varying consumption levels at present and proposed rates. 5/8" x 3/4" meter - residential and commercial	Required for: All Utilities Class A Class B Class C Class D Specl Reqmt	<table border="1" style="border-collapse: collapse;"> <tr><td style="text-align: center;">X</td></tr> <tr><td style="text-align: center;"> </td></tr> </table>	X					
X								

Monthly Consumption	Present Bill	Proposed Bill	Percent Increase
-	\$ 19.00	\$ 22.60	18.94%
1,000	21.45	26.20	22.14%
2,000	23.90	29.80	24.68%
3,000	26.35	33.40	26.75%
4,000	28.80	37.00	28.47%
5,000	32.00	42.00	31.25%
6,000	35.20	47.00	33.52%
7,000	38.40	52.00	35.41%
8,000	41.60	57.00	37.02%
9,000	44.80	62.00	38.39%
10,000	49.00	68.45	39.69%
15,000	70.00	100.70	43.85%
20,000	91.00	132.95	46.10%
25,000	112.00	165.20	47.50%
50,000	217.00	326.45	50.44%
75,000	322.00	487.70	51.46%
100,000	427.00	648.95	51.98%
125,000	532.00	810.20	52.29%
150,000	637.00	971.45	52.50%
175,000	742.00	1,132.70	52.65%
200,000	847.00	1,293.95	52.77%

Supporting Schedules:

Explanation: Schedule(s) comparing typical customer bills at varying consumption levels at present and proposed rates. 1 inch meter - commercial	Required for: All Utilities Class A Class B Class C Class D Specl Reqmt	<table border="1" style="border-collapse: collapse;"> <tr><td style="text-align: center;">X</td></tr> <tr><td style="text-align: center;"> </td></tr> </table>	X					
X								

Monthly Consumption	Present Bill	Proposed Bill	Percent Increase
-	\$ 47.50	\$ 56.50	18.94%
1,000	50.70	60.10	18.53%
2,000	53.90	63.70	18.17%
3,000	57.10	67.30	17.86%
4,000	60.30	70.90	17.57%
5,000	63.50	75.90	19.52%
6,000	66.70	80.90	21.28%
7,000	69.90	85.90	22.88%
8,000	73.10	90.90	24.34%
9,000	76.30	95.90	25.68%
10,000	79.50	102.35	28.74%
15,000	95.50	134.60	40.94%
20,000	111.50	166.85	49.64%
25,000	127.50	199.10	56.15%
50,000	232.50	360.35	54.99%
75,000	337.50	521.60	54.55%
100,000	442.50	682.85	54.32%
125,000	547.50	844.10	54.17%
150,000	652.50	1,005.35	54.08%
175,000	757.50	1,166.60	54.01%
200,000	862.50	1,327.85	53.95%

Supporting Schedules:

Explanation: Schedule(s) comparing typical customer bills at varying consumption levels at present and proposed rates. 1.5 inch meter - commercial	Required for: All Utilities Class A Class B Class C Class D Specl Reqmt	<table border="1"> <tr><td>X</td></tr> <tr><td> </td></tr> <tr><td> </td></tr> <tr><td> </td></tr> <tr><td> </td></tr> <tr><td> </td></tr> </table>	X					
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Monthly Consumption	Present Bill	Proposed Bill	Percent Increase
-	\$ 95.00	\$ 112.99	18.94%
1,000	98.20	116.59	18.73%
2,000	101.40	120.19	18.53%
3,000	104.60	123.79	18.35%
4,000	107.80	127.39	18.17%
5,000	111.00	132.39	19.27%
6,000	114.20	137.39	20.31%
7,000	117.40	142.39	21.29%
8,000	120.60	147.39	22.22%
9,000	123.80	152.39	23.10%
10,000	127.00	158.84	25.07%
15,000	143.00	191.09	33.63%
20,000	159.00	223.34	40.47%
25,000	175.00	255.59	46.05%
50,000	255.00	416.84	63.47%
75,000	340.00	578.09	70.03%
100,000	445.00	739.34	66.14%
125,000	550.00	900.59	63.74%
150,000	655.00	1,061.84	62.11%
175,000	760.00	1,223.09	60.93%
200,000	865.00	1,384.34	60.04%

Supporting Schedules:

Explanation: Schedule(s) comparing typical customer bills at varying consumption levels at present and proposed rates. 2 inch meter - commercial	Required for: All Utilities Class A Class B Class C Class D Specl Reqmt	<table border="1" style="border-collapse: collapse;"> <tr><td style="text-align: center;">X</td></tr> <tr><td style="text-align: center;"> </td></tr> </table>	X					
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Monthly Consumption	Present Bill	Proposed Bill	Percent Increase
- \$	152.00	\$ 180.79	18.94%
1,000	155.20	184.39	18.81%
2,000	158.40	187.99	18.68%
3,000	161.60	191.59	18.56%
4,000	164.80	195.19	18.44%
5,000	168.00	200.19	19.16%
6,000	171.20	205.19	19.85%
7,000	174.40	210.19	20.52%
8,000	177.60	215.19	21.16%
9,000	180.80	220.19	21.78%
10,000	184.00	226.64	23.17%
15,000	200.00	258.89	29.44%
20,000	216.00	291.14	34.79%
25,000	232.00	323.39	39.39%
50,000	312.00	484.64	55.33%
75,000	392.00	645.89	64.77%
100,000	472.00	807.14	71.00%
125,000	552.00	968.39	75.43%
150,000	657.00	1,129.64	71.94%
175,000	762.00	1,290.89	69.41%
200,000	867.00	1,452.14	67.49%

Supporting Schedules:

Explanation: Schedule(s) comparing typical customer bills at varying consumption levels at present and proposed rates. 4 inch meter - commercial	Required for: All Utilities Class A Class B Class C Class D Specl Reqmt	<table border="1" style="border-collapse: collapse;"> <tr><td style="text-align: center;">X</td></tr> <tr><td style="text-align: center;"> </td></tr> </table>	X					
X								

Monthly Consumption	Present Bill	Proposed Bill	Percent Increase
- \$	475.00	\$ 564.96	18.94%
1,000	478.20	568.56	18.90%
2,000	481.40	572.16	18.85%
3,000	484.60	575.76	18.81%
4,000	487.80	579.36	18.77%
5,000	491.00	584.36	19.01%
6,000	494.20	589.36	19.26%
7,000	497.40	594.36	19.49%
8,000	500.60	599.36	19.73%
9,000	503.80	604.36	19.96%
10,000	507.00	610.81	20.48%
15,000	523.00	643.06	22.96%
20,000	539.00	675.31	25.29%
25,000	555.00	707.56	27.49%
50,000	635.00	868.81	36.82%
75,000	715.00	1,030.06	44.06%
100,000	795.00	1,191.31	49.85%
125,000	875.00	1,352.56	54.58%
150,000	955.00	1,513.81	58.51%
175,000	1,035.00	1,675.06	61.84%
200,000	1,115.00	1,836.31	64.69%

Supporting Schedules:

Explanation:
 Schedule(s) showing billing activity by block for each rate
 schedule.

5/8 x 3/4 inch meter - Residential

Required for: All Utilities

Class A

Class B

Class C

Class D

Spec'l Reqmt

X

Block	Number of Bills by Block	Consumption By Blocks	Cumulative Bills		Cumulative Consumption	
			No.	% of Total	Amount	% of Total
-	1,249	-	1,249	15.31%	-	0.00%
1 to 1,000	1,332	666,000	2,581	31.64%	666,000	2.30%
1,001 to 2,000	1,191	1,786,500	3,772	46.24%	2,452,500	8.47%
2,001 to 3,000	1,006	2,515,000	4,778	58.58%	4,967,500	17.15%
3,001 to 4,000	876	3,066,000	5,654	69.31%	8,033,500	27.73%
4,001 to 5,000	605	2,722,500	6,259	76.73%	10,756,000	37.13%
5,001 to 6,000	496	2,728,000	6,755	82.81%	13,484,000	46.55%
6,001 to 7,000	319	2,073,500	7,074	86.72%	15,557,500	53.70%
7,001 to 8,000	242	1,815,000	7,316	89.69%	17,372,500	59.97%
8,001 to 9,000	180	1,530,000	7,496	91.90%	18,902,500	65.25%
9,001 to 10,000	120	1,140,000	7,616	93.37%	20,042,500	69.18%
10,001 to 12,000	173	1,903,000	7,789	95.49%	21,945,500	75.75%
12,001 to 14,000	117	1,521,000	7,906	96.92%	23,466,500	81.00%
14,001 to 16,000	72	1,080,000	7,978	97.81%	24,546,500	84.73%
16,001 to 18,000	45	765,000	8,023	98.36%	25,311,500	87.37%
18,001 to 20,000	35	665,000	8,058	98.79%	25,976,500	89.67%
20,001 to 25,000	39	877,500	8,097	99.26%	26,854,000	92.70%
25,001 to 30,000	28	770,000	8,125	99.61%	27,624,000	95.35%
30,001 to 35,000	14	455,000	8,139	99.78%	28,079,000	96.93%
35,001 to 40,000	8	300,000	8,147	99.88%	28,379,000	97.96%
40,001 to 50,000	6	270,000	8,153	99.95%	28,649,000	98.89%
50,001 to 60,000	1	55,000	8,154	99.96%	28,704,000	99.08%
60,001 to 70,000	2	130,000	8,156	99.99%	28,834,000	99.53%
70,001 to 80,000	-	-	8,156	99.99%	28,834,000	99.53%
80,001 to 90,000	-	-	8,156	99.99%	28,834,000	99.53%
90,001 to 100,000	-	-	8,156	99.99%	28,834,000	99.53%
135,640	1	135,640	8,157	100.00%	28,969,640	100.00%
	8,157	28,969,640				

Average Number of Customers 680
 Average Consumption 3,552
 Median Consumption 2,305

Supporting Schedules:

Recap Schedules:

Explanation:
 Schedule(s) showing billing activity by block for each rate
 schedule.

Required for: All Utilities
 Class A
 Class B
 Class C
 Class D
 Specl Reqmt

X

5/8 x 3/4 inch meter - Commercial

Block	Number of Bills by Block	Consumption By Blocks	Cumulative Bills		Cumulative Consumption	
			No.	% of Total	Amount	% of Total
-	8	-	8	1.77%	-	0.00%
1 to 1,000	143	71,500	151	33.33%	71,500	2.20%
1,001 to 2,000	81	121,500	232	51.21%	193,000	5.94%
2,001 to 3,000	49	122,500	281	62.03%	315,500	9.71%
3,001 to 4,000	20	70,000	301	66.45%	385,500	11.86%
4,001 to 5,000	12	54,000	313	69.09%	439,500	13.52%
5,001 to 6,000	12	66,000	325	71.74%	505,500	15.55%
6,001 to 7,000	13	84,500	338	74.61%	590,000	18.15%
7,001 to 8,000	6	45,000	344	75.94%	635,000	19.53%
8,001 to 9,000	10	85,000	354	78.15%	720,000	22.15%
9,001 to 10,000	9	85,500	363	80.13%	805,500	24.78%
10,001 to 12,000	10	110,000	373	82.34%	915,500	28.16%
12,001 to 14,000	7	91,000	380	83.89%	1,006,500	30.96%
14,001 to 16,000	14	210,000	394	86.98%	1,216,500	37.42%
16,001 to 18,000	7	119,000	401	88.52%	1,335,500	41.08%
18,001 to 20,000	7	133,000	408	90.07%	1,468,500	45.18%
20,001 to 25,000	10	225,000	418	92.27%	1,693,500	52.10%
25,001 to 30,000	12	330,000	430	94.92%	2,023,500	62.25%
30,001 to 35,000	10	325,000	440	97.13%	2,348,500	72.25%
35,001 to 40,000	1	37,500	441	97.35%	2,386,000	73.40%
40,001 to 50,000	4	180,000	445	98.23%	2,566,000	78.94%
50,001 to 60,000	3	165,000	448	98.90%	2,731,000	84.02%
60,001 to 70,000	2	130,000	450	99.34%	2,861,000	88.01%
70,001 to 80,000	1	75,000	451	99.56%	2,936,000	90.32%
80,001 to 90,000	-	-	451	99.56%	2,936,000	90.32%
90,001 to 100,000	1	95,000	452	99.78%	3,031,000	93.24%
219,600	1	219,600	453	100.00%	3,250,600	100.00%
	453	3,250,600				

Average Number of Customers 38
 Average Consumption 7,176
 Median Consumption 1,932

Supporting Schedules:

Recap Schedules:

Explanation:
 Schedule(s) showing billing activity by block for each rate
 schedule.

1 inch meter - Commercial

Required for: All Utilities
 Class A
 Class B
 Class C
 Class D
 Specl Reqmt

X

Block	Number of Bills by Block	Consumption By Blocks	Cumulative Bills		Cumulative Consumption	
			No.	% of Total	Amount	% of Total
-	-	-	-	0.00%	-	0.00%
1 to 1,000	-	-	-	0.00%	-	0.00%
1,001 to 2,000	-	-	-	0.00%	-	0.00%
2,001 to 3,000	-	-	-	0.00%	-	0.00%
3,001 to 4,000	-	-	-	0.00%	-	0.00%
4,001 to 5,000	1	4,500	1	8.33%	4,500	3.83%
5,001 to 6,000	-	-	1	8.33%	4,500	3.83%
6,001 to 7,000	-	-	1	8.33%	4,500	3.83%
7,001 to 8,000	1	7,500	2	16.67%	12,000	10.21%
8,001 to 9,000	1	8,500	3	25.00%	20,500	17.45%
9,001 to 10,000	4	38,000	7	58.33%	58,500	49.79%
10,001 to 12,000	4	44,000	11	91.67%	102,500	87.23%
12,001 to 14,000	-	-	11	91.67%	102,500	87.23%
14,001 to 16,000	1	15,000	12	100.00%	117,500	100.00%
16,001 to 18,000	-	-	12	100.00%	117,500	100.00%
18,001 to 20,000	-	-	12	100.00%	117,500	100.00%
20,001 to 25,000	-	-	12	100.00%	117,500	100.00%
25,001 to 30,000	-	-	12	100.00%	117,500	100.00%
30,001 to 35,000	-	-	12	100.00%	117,500	100.00%
35,001 to 40,000	-	-	12	100.00%	117,500	100.00%
40,001 to 50,000	-	-	12	100.00%	117,500	100.00%
50,001 to 60,000	-	-	12	100.00%	117,500	100.00%
60,001 to 70,000	-	-	12	100.00%	117,500	100.00%
70,001 to 80,000	-	-	12	100.00%	117,500	100.00%
80,001 to 90,000	-	-	12	100.00%	117,500	100.00%
90,001 to 100,000	-	-	12	100.00%	117,500	100.00%
	-	-	12	100.00%	117,500	100.00%
	12	117,500				

Average Number of Customers 1
 Average Consumption 9,792
 Median Consumption 9,750

Supporting Schedules:

Recap Schedules:

Explanation:
 Schedule(s) showing billing activity by block for each rate
 schedule.

Required for: All Utilities
 Class A
 Class B
 Class C
 Class D
 Specl Reqmt

X

1.5 inch meter - Commercial

Block	Number of Bills by Block	Consumption By Blocks	Cumulative Bills		Cumulative Consumption	
			No.	% of Total	Amount	% of Total
-		-	-	0.00%	-	0.00%
1 to 1,000		-	-	0.00%	-	0.00%
1,001 to 2,000		-	-	0.00%	-	0.00%
2,001 to 3,000		-	-	0.00%	-	0.00%
3,001 to 4,000		-	-	0.00%	-	0.00%
4,001 to 5,000		-	-	0.00%	-	0.00%
5,001 to 6,000		-	-	0.00%	-	0.00%
6,001 to 7,000		-	-	0.00%	-	0.00%
7,001 to 8,000		-	-	0.00%	-	0.00%
8,001 to 9,000		-	-	0.00%	-	0.00%
9,001 to 10,000		-	-	0.00%	-	0.00%
10,001 to 12,000		-	-	0.00%	-	0.00%
12,001 to 14,000		-	-	0.00%	-	0.00%
14,001 to 16,000		-	-	0.00%	-	0.00%
16,001 to 18,000		-	-	0.00%	-	0.00%
18,001 to 20,000		-	-	0.00%	-	0.00%
20,001 to 25,000	2	45,000	2	16.67%	45,000	7.25%
25,001 to 30,000	1	27,500	3	25.00%	72,500	11.68%
30,001 to 35,000		-	3	25.00%	72,500	11.68%
35,001 to 40,000	1	37,500	4	33.33%	110,000	17.72%
40,001 to 50,000	3	135,000	7	58.33%	245,000	39.47%
50,001 to 60,000	2	110,000	9	75.00%	355,000	57.19%
60,001 to 70,000		-	9	75.00%	355,000	57.19%
70,001 to 80,000	2	150,000	11	91.67%	505,000	81.36%
80,001 to 90,000		-	11	91.67%	505,000	81.36%
90,001 to 100,000		-	11	91.67%	505,000	81.36%
115,720	1	115,720	12	100.00%	620,720	100.00%
	12	620,720				

Average Number of Customers 1
 Average Consumption 51,727
 Median Consumption 40,667

Supporting Schedules:

Recap Schedules:

Explanation:
 Schedule(s) showing billing activity by block for each rate
 schedule.

2 inch meter - Commercial

Required for: All Utilities
 Class A
 Class B
 Class C
 Class D
 Specl Reqmt

X

Block	Number of Bills by Block	Consumption By Blocks	Cumulative Bills		Cumulative Consumption	
			No.	% of Total	Amount	% of Total
-	3	-	3	20.00%	-	0.00%
1 to 1,000	1	500	4	26.67%	500	0.42%
1,001 to 2,000		-	4	26.67%	500	0.42%
2,001 to 3,000		-	4	26.67%	500	0.42%
3,001 to 4,000	3	10,500	7	46.67%	11,000	9.32%
4,001 to 5,000	1	4,500	8	53.33%	15,500	13.14%
5,001 to 6,000	3	16,500	11	73.33%	32,000	27.12%
6,001 to 7,000	1	6,500	12	80.00%	38,500	32.63%
7,001 to 8,000		-	12	80.00%	38,500	32.63%
8,001 to 9,000		-	12	80.00%	38,500	32.63%
9,001 to 10,000	1	9,500	13	86.67%	48,000	40.68%
10,001 to 12,000		-	13	86.67%	48,000	40.68%
12,001 to 14,000		-	13	86.67%	48,000	40.68%
14,001 to 16,000	1	15,000	14	93.33%	63,000	53.39%
16,001 to 18,000		-	14	93.33%	63,000	53.39%
18,001 to 20,000		-	14	93.33%	63,000	53.39%
20,001 to 25,000		-	14	93.33%	63,000	53.39%
25,001 to 30,000		-	14	93.33%	63,000	53.39%
30,001 to 35,000		-	14	93.33%	63,000	53.39%
35,001 to 40,000		-	14	93.33%	63,000	53.39%
40,001 to 50,000		-	14	93.33%	63,000	53.39%
50,001 to 60,000	1	55,000	15	100.00%	118,000	100.00%
60,001 to 70,000		-	15	100.00%	118,000	100.00%
70,001 to 80,000		-	15	100.00%	118,000	100.00%
80,001 to 90,000		-	15	100.00%	118,000	100.00%
90,001 to 100,000		-	15	100.00%	118,000	100.00%
		-	15	100.00%	118,000	100.00%
	15	118,000				

Average Number of Customers 1
 Average Consumption 7,867
 Median Consumption 4,500

Supporting Schedules:

Recap Schedules:

Explanation:
 Schedule(s) showing billing activity by block for each rate
 schedule.

4 inch meter - Commercial

Required for: All Utilities
 Class A
 Class B
 Class C
 Class D
 Specl Reqmt

X

Block	Number of Bills by Block	Consumption By Blocks	Cumulative Bills		Cumulative Consumption	
			No.	% of Total	Amount	% of Total
-		-	-	0.00%	-	0.00%
1 to 1,000	1	500	1	8.33%	500	0.31%
1,001 to 2,000		-	1	8.33%	500	0.31%
2,001 to 3,000		-	1	8.33%	500	0.31%
3,001 to 4,000		-	1	8.33%	500	0.31%
4,001 to 5,000		-	1	8.33%	500	0.31%
5,001 to 6,000	1	5,500	2	16.67%	6,000	3.70%
6,001 to 7,000	1	6,500	3	25.00%	12,500	7.72%
7,001 to 8,000		-	3	25.00%	12,500	7.72%
8,001 to 9,000		-	3	25.00%	12,500	7.72%
9,001 to 10,000		-	3	25.00%	12,500	7.72%
10,001 to 12,000	2	22,000	5	41.67%	34,500	21.30%
12,001 to 14,000	1	13,000	6	50.00%	47,500	29.32%
14,001 to 16,000	2	30,000	8	66.67%	77,500	47.84%
16,001 to 18,000	1	17,000	9	75.00%	94,500	58.33%
18,001 to 20,000		-	9	75.00%	94,500	58.33%
20,001 to 25,000	3	67,500	12	100.00%	162,000	100.00%
25,001 to 30,000		-	12	100.00%	162,000	100.00%
30,001 to 35,000		-	12	100.00%	162,000	100.00%
35,001 to 40,000		-	12	100.00%	162,000	100.00%
40,001 to 50,000		-	12	100.00%	162,000	100.00%
50,001 to 60,000		-	12	100.00%	162,000	100.00%
60,001 to 70,000		-	12	100.00%	162,000	100.00%
70,001 to 80,000		-	12	100.00%	162,000	100.00%
80,001 to 90,000		-	12	100.00%	162,000	100.00%
90,001 to 100,000		-	12	100.00%	162,000	100.00%
115,720		-	12	100.00%	162,000	100.00%
	<u>12</u>	<u>162,000</u>				

Average Number of Customers 1
 Average Consumption 13,500
 Median Consumption 14,000

Supporting Schedules:

Recap Schedules:

ATTACHMENT 2

1
2 **BEFORE THE ARIZONA CORPORATION COMMISSION**

3
4
5 **COMMISSIONERS**

6 KRISTIN K. MAYES, CHAIRMAN

7 GARY PIERCE

8 PAUL NEWMAN

9 SANDRA D. KENNEDY

10 BOB STUMP

11
12 **APPLICATION OF MOUNT TIPTON**
13 **WATER CO., INC. FOR AN INCREASE**
14 **IN ITS WATER RATES**

Docket No. W-02105A-09-0522

15
16
17 **REBUTTAL TESTIMONY OF**
18 **MICHELLE MONZILLO**

19
20
21 **Q-1 Please state your name and current employment position:**

22 **A-1** My name is Michelle Monzillo and I am currently the business manager for the
23 Mt. Tipton Water Company. I have held this position for approximately eight months.

24
25 **Q-2 What is the purpose of your testimony?**

26 **A-2** The purpose of my testimony is to address certain recommendations and
27 statements by the Arizona Corporation Commission ("Commission"). Specifically,
28 Commission Staff recommends that any rate increase resulting from this rate proceeding
not be come effective until the Company demonstrates that its water loss is less than 10%
and it is in full compliance with Decision Nos. 67162 and 70837. The Company
disagrees with this recommendation.

1 **Q-3 What would be the harm if the rate increase was postponed?**

2 **A-3** My understanding is that the Company's emergency rate surcharge now in place
3
4 will end when the Commission makes a decision in this matter. Leaving the Company
5 without this surcharge and no rate increase would leave the Company unable to pay its
6 bills and meet its debt service obligations.

7
8 **Q-4 Please comment on Staff's statement that the Company must demonstrate**
9 **that its water loss is less than 10%.**

10 **A-4** The Company has done so. In the first quarter of 2010, the Company's water loss
11 was 9.2%. *See Exhibit 1.* The Company has previously filed its quarterly water loss
12 report with the Commission.

13
14 The fact that the Company has achieved this goal is incredible. Unlike an urban
15 setting where water providers serve thousands of customers in a relatively small area, the
16 Company has a large and sparsely populated service area with miles of pipelines and a
17 small customer base. So even under ideal conditions, the goal of attaining 10% water
18 loss is extremely difficult to achieve. The problem is compounded because most of the
19 Company's underground system is old. Over 70 leaks have been addressed since L. Tim
20 Clark joined the Company. In the past, the Company also has had significant problems
21 with water theft and customer meters that were not working properly. The Company has
22 replaced over 200 meters over the past 14 months. Further, the local fire department
23 refuses to pay for or report water use. The Company is working to solve these problems
24 as well.
25
26
27
28

1 **Q-5 Please comment on Staff's statement that the Company has not complied**
2 **with Decision No. 70837 because it has not filed as a compliance item a water supply**
3 **shortage report.**
4

5 **A-5** The Company sent the Water Supply Shortage Plan Report to the Commission
6 Compliance Department on October 27, 2009 and had it filed in Docket No. W-02105A-
7 07-0510 on October 29, 2009, before the permanent rate case was filed. *See Exhibit 2.*
8
9 To ensure compliance, the Company will refile this report in this docket.

10 **Q-6 Please comment on Staff's statement that the Company has not complied with**
11 **Decision No. 70837 because it has not filed as a compliance item its hook-up fee**
12 **report.**
13

14 **A-6** The Company sent the Hook-Up Fee Report to the Commission Compliance
15 Department on October 27, 2009 and had it filed in Docket No. W-02105A-07-0510 on
16 November 2, 2009, before the permanent rate case was filed. *See Exhibit 3.* To ensure
17 compliance, the Company will refile this report in this docket.
18

19 **Q-7 Does this conclude your testimony?**
20

21 **A-7** Yes.
22
23
24
25
26
27
28

EXHIBIT 1

**Mt. Tipton Water Company Water Pumped and Sold
1st, 2nd, 3rd & 4th Quarters 2010**

Docket No. W-20105A-03-0303 and Decision No. 67162

Month	Gal. Sold	Gal. Pumped	Gal. Lost	% Mth Loss	% Qtrly Loss	#of Cust.
January	1,804,546	2,723,151	918,605	33.7%		696
February	2,612,992	2,414,135	-198,857	-8.2%		695
March	2,319,944	2,368,844	48,900	2.1%		690
1st Qrt					9.2%	

This quarter we had 3 line breaks, 25 blow offs and 14 over flows.

We installed 28 new meters. Negative water loss in Feb. due to billing cycle being longer than calendar month.

April	2,895,816	2,910,970	15,154	1.0%		695
May	2,389,520	3,052,155	662,635	21.7%		692
June						
2 nd Qrt						

We had an enormous line break in early May that was not discovered for at least half a day.

EXHIBIT 2

ORIGINAL

50



P.O. Box 38
 15996 Ironwood Drive,
 Dolan Springs, AZ 86441
 928-767-3713 Fax: 928-767-3053

October 27th, 2009

Compliance Department
 Arizona Corporation Commission
 1200 W. Washington St.
 Phoenix, AZ 85007

Re: **Water Supply Shortage Plan Report**
 W-02105A-07-0510 Decision 70837

Here is the water supply shortage analysis and plan required as part of Mt. Tipton Water Company's permanent ratemaking docket. We have been making good progress in reducing our water loss, which has been a significant part of previous water shortages, as noted in our last quarterly water report.

Please contact me if you have any questions, 928-767-3713.
 Thank you.

Michelle Monzillo
 Business Administrator
 Mt. Tipton Water Co.

Arizona Corporation Commission
DOCKETED
 OCT 29 2009

DOCKETED BY	<i>MM</i>
-------------	-----------

RECEIVED
 2009 OCT 29 A 10:45
 ARIZONA CORPORATION
 DOCKET CONTROL



P.O. Box 38
15996 Ironwood Drive,
Dolan Springs, AZ 86441
928-767-3713 Fax: 928-767-3053

Water Supply Shortage Analysis & Plan for Mt. Tipton Water Company

Mt. Tipton Water Company has had a history of inconsistent water delivery to the community of Dolan Springs, AZ. There are many reasons why there have been water shortages in the past; an aging system that the company has been unable to afford to maintain properly, and employees and board members who were either not dedicated or not knowledgeable enough to ensure an adequate water supply for the community.

The age of our system varies from over 40 years old to fairly recent, yet there has been minimal maintenance done except for taking care of emergencies such as line breaks. The financial state of the company has not allowed replacing pipe and other maintenance items that would minimize line breaks and leaks in the system. The company has been operating on a philosophy of "putting out fires." When a well stops working or a line breaks, we fix it as soon as we are able to afford to do so. A contributing problem has been that none of the well contractors wanted to work with us due to previously unpaid bills. Thanks to the emergency surcharge, we are paying off past due bills and restoring our reputation with the business community.

The wells have not been properly maintained due to financial problems, which have contributed to problems with being able to supply an adequate amount of water. Because the company has had such a limited budget, *none of the wells were ever cleaned until this year.* In the past, when a well has broken down, it was usually "fixed" by replacing the existing pump with a smaller pump that could pump the smaller amount of water being produced by a well with clogged perforations. The result has been dramatically reduced output of water over the years.

There are several contributing factors to our water loss. The road graders from the county gradually lower the level of the roads year by year bringing our pipes and valves closer and closer to the surface and thereby subject to damage. Also, past field employees had identified many leaks, yet had not fixed them due to a lack of money to hire a backhoe. Another factor is the

recent discovery that 2 line extensions had been connected bypassing the pressure relief valve for that area. This has caused several major line breaks because of very high water pressure. Some very old meters in our system have contributed to water loss as well since older meters often slow down and do not accurately account for customer water usage.

Mt. Tipton Water Company has done many things recently to reduce our water loss. Since our current Field Manager, Tim Clark, started working for the company, at least 50 leaks in the system have been repaired. The water loss for the last quarter was less than 4% for the first time in memory! Our current field staff are not afraid to get their hands dirty and most work is done by hand since we cannot afford to hire a backhoe unless absolutely necessary. We are actively replacing all of the aging meters in our system to reduce water loss due to inaccurate readings. This should raise our income as well by ensuring that customers are paying for all of the water they use. We need to install another pressure relief valve in the area where the bypass was discovered. This has been on hold due to the expense of such a major installation and the time of the field staff has been occupied maintaining the system and completing items to come into compliance with ADEQ. Nonetheless, we are planning on completing this before the end of the year to prevent additional line breaks in the affected area.

The water supply here has been stable for a record period of time. This summer was the first on record where there were no water restrictions for metered customers and the standpipe remained open. We would like to note that the company would not be where it is now if it was not for Field Manager, Tim Clark. Tim has been known to be out working and transferring water around the system at any hour of the day or night, including weekends. He is the reason why we have not had any water restrictions for over a year now. Tim is the kind of dedicated employee that has been lacking in the past history of the company. We are very happy with our current field staff and are confident in their ability to maintain our water supply.

The current board of directors is committed to cleaning the wells to increase our water supply. We have cleaned 2 wells this year and intend to clean at least 3 more in the near future thanks to the funding provided by ARRA (American Reinvestment & Recovery Act of 2009). The downside of cleaning wells, some of which are very old, is that there can be unexpected problems. Our contractor was starting to clean one of our older wells recently and part of the casing collapsed. The board is unsure if this well is worth trying to repair or if the best option may be to drill a brand new well, which would be covered under the ARRA loan/ grant. In the future, if a well breaks down, we will clean it before putting it back online if at all financially possible. Certainly in

the future the company needs at least one new well in order to ensure the water supply in case of unexpected well outages or an expanded customer base.

As a long-term plan, Mt. Tipton Water Company intends to move, redo, and/or bury our lines deeper to prevent line breaks due to road grading, traffic, and aging. We understand that this would be extremely expensive and may not be feasible in actuality with the cost of maintaining and repairing the wells to ensure the water supply. However, Mt. Tipton Water Company does believe that a permanent rate increase would provide us with the funds to do a lot more preventive maintenance and well cleaning in order to maintain a consistent water supply in the future. We are very proud of what we have accomplished in the last year and are looking forward to continued good service to the community of Dolan Springs.

Thank you for your help and support.

Mt. Tipton Water Company Board of Directors and Staff

EXHIBIT 3

ORIGINAL



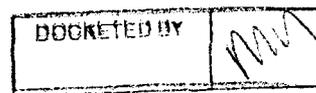
P.O. Box 38
15996 Ironwood Drive,
Dolan Springs, AZ 86441
928-767-3713 Fax: 928-767-3053

**Compliance Department
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007**

Arizona Corporation Commission
DOCKETED

NOV - 2 2009

Re: Docket W-02105A-07-0510 Decision 70837
Final Hook-Up Fee Report, Calendar Year 2008



Here is the final consolidated hook-up fee report for 2008. Included are invoices and/or check stubs for all of the expenditures made with these funds for calendar year 2008. We understand that this is the final report due on this matter since we stopped charging these fees in November of 2008.

We would like to note that all of these funds were spent maintaining our system and allowing us to continue to deliver water to our customers. Without these funds, Mt. Tipton Water Company would have been unable to carry on. We understand that the company should have filed for a permanent rate increase years ago, but apparently the board of directors and staff were not consistent enough to make this happen in a timely manner. The current board of directors and staff has made great strides towards making this company accountable and consistent, and are absolutely committed to ensuring a good future for Mt. Tipton Water Company.

Any questions, please contact me anytime at 928-767-3713.

Thank you.

Michelle Monzillo
Business Administrator

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL
2009 NOV - 2 A 11:48

RECEIVED

Invoice

PRECISION PUMP INC.
 4214 BERTSOS DRIVE #3
 LAS VEGAS, NV 89103
 PH: (702) 873-1178
 FX: (702) 873-1190

DATE	INVOICE #
7/4/2008	806091

BILL TO:

MT. TIPTON WATER CO
 PO BOX 38
 DOLAN SPRINGS AZ 86441

SHIP TO:

P.O. NUMBER	TERMS	REP	SHIP	VIA	F.O.B.	PROJECT
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VERBAL JUDY COD 7/4/2008 W/C

QUANTITY	ITEM CODE	DESCRIPTION	PRICE EACH	AMOUNT
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1	002	PUMPS/GOULDS 3SVBK-5 PUMP	2,356.00	2,356.00
1	008	FREIGHT IN	128.00	128.00
	012	DISCOUNT/CREDIT ON PUMP	-800.00	-800.00

1 010 CUSTOMER AGREES TO RENDER PAYMENT IN ACCORDANCE WITH THE TERMS STATED ABOVE. IN THE EVENT OF LEGAL PROCEEDINGS TO ENFORCE COLLECTION, CUSTOMER SHALL BE LIABLE FOR ATTORNEY'S FEES AND EXPENSE OF COLLECTION. 1.5% PER MONTH WILL BE ADDED TO ALL PAST DUE INVOICES.
 Out-of-state sale, exempt from sales tax

0.00% 0.00

*pd ck # 7714
 al
 7/9/08*

TOTAL \$1,684.00

Precision Pump, Inc.

7/8/2008

7714

Date	Type	Reference
7/8/2008	Bill	070808

Original Amt.
1,684.00

Balance Due	Discount
1,684.00	
Check Amount	

Payment
1,684.00
1,684.00

Cash in Bank-Stockm Replacement transfer pump black flag(inc. \$800.

1,684.00

39098

39098

PRECISION PUMP

4214 BERTSOS DRIVE
 LAS VEGAS, NV 89103
 (702) 873-1178

JOB #

89625

SOLD TO

MT TIPPIN WATER

SHIP TO

CUSTOMER'S ORDER	SOLD BY	TERMS	SHIPPED VIA	FOB	DATE
		CO D	wk		6/30/79
1		57A-R4c 7.5 HP	HK 3-142 4x6		800
1		361 seal, gasket & key			86
				TOTAL	\$ 886

pd dr
 7696
 mt



7/2/2008
[Signature]

Precision Pump, Inc.

**886.00

Eight Hundred Eighty-Six and 00/100*****

Precision Pump, Inc.
4214 Bertson Dr. # 3
Las Vegas, Nv. 89103

transfer pump for well # 1 Black Flag

Precision Pump, Inc.			7/2/2008			
Date	Type	Reference	Original Amt.	Balance Due	Discount	Payment
6/30/2008	Bill	806091	886.00	886.00		886.00
				Check Amount		886.00

Cash in Bank-Stockm transfer pump for well # 1 Black Flag 886.00

Precision Pump, Inc.			7/2/2008			
Date	Type	Reference	Original Amt.	Balance Due	Discount	Payment
6/30/2008	Bill	806091	886.00	886.00		886.00
				Check Amount		886.00

Cash in Bank-Stockm transfer pump for well # 1 Black Flag 886.00

Hoffman Repair & Backhoe Service
Date 2/16/2006 Type Bill Reference 021606

Original Amt. 7,400.00
Balance Due 3,100.00
1/31/2008 Discount
Check Amount
Payment 7470
500.00
500.00

Cash in Bank-Stockm Spring Well hookup material



500.00



39068

Hoffman Repair & Backhoe Service

3/13/2008

7528

Date 2/16/2006 Type Bill Reference 021606

Original Amt. 7,400.00

Balance Due 2,600.00
Discount
Check Amount

Cash in Bank-Stockm Spring Well hookup material



39098

INVOICE

~~Richard Jones~~
Hoffman Repair
Box 1203
Dolan Springs

492161

SOLD TO MT Tipton Water		SHIP TO	
ADDRESS		ADDRESS	
CITY, STATE, ZIP		CITY, STATE, ZIP	

CUSTOMER ORDER NO.	SOLED BY	TERMS	F.O.B.	DATE 2/16/06
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ORDERED	SHIPPED	DESCRIPTION	PRICE	UNIT	AMOUNT
		material to hook springs to tank line			
		240 foot 6" Pipe			550.00
		60 foot 4" Pipe			210.00
		1 meter			755.00
		6" to 4" Reducer 4" 90°			
		valve & fittings			285.00
		Trenching & Labor			NC
					7400.00

Short Enterprises L.L.C.
 dba Arthur's Sales & Service
 523 E. Andy Devine
 Kingman, AZ 86401

Statement

DATE

12/29/2007

Mt. Tipton Water Co., Inc.
 PO Box 38
 Dolan Springs, AZ 86441-0038

DATE	TRANSACTION			AMOUNT	BALANCE
06/07/2007	INV #15561. Orig. Amount \$7,029.68.			2,550.77	2,550.77
09/06/2007	INV #15748. Orig. Amount \$4,829.95.			2,829.95	5,380.72
09/27/2007	INV #16508. Orig. Amount \$1,858.07.			1,858.07	7,238.79
12/29/2007	INV #FC 561. Orig. Amount \$99.96. Finance Charge			99.96	7,338.75
CURRENT	1-30 DAYS CURRENT DUE	31-60 DAYS PAST DUE	61-90 DAYS PAST DUE	OVER 90 DAYS PAST DUE	TOTAL AMOUNT DUE
99.96	0.00	0.00	0.00	7,238.79	\$7,338.75

Please make sure your pipes & pumps are winterized. Arthur's Sales & Service is NOT responsible for damages caused by freezing.

Phone #
928 753-2048

TERMS: Net 10th Prox. Interest will be charged at the rate of 1-1/2% per month on unpaid balances. Annual percentage rate 18%. Minimum monthly interest charge of \$0.50.

Arthurs Sales & Service

1/3/2008

7434

Date	Type	Reference
6/8/2007	Bill	15561

Original Amt.
7,363.55

Balance Due Discount
2,167.59
Check Amount

Payment
1,000.00
1,000.00



PS

Cash in Bank-Stockm Repair Well # 9 and # 2

1,000.00



39098

SHORT ENTERPRISES, L.L.C.
dba: ARTHUR'S SALES & SERVICE
 523 East Arroyo Drive Ave.
 KINGMAN, ARIZONA 86401
 (928) 753-2648 R.O.C. - 174674

CUSTOMER'S ORDER NO.		PHONE		DATE 4-10-08	
NAME MT Tipton Water Co.					
ADDRESS					
con. #1 Well					
SOLD BY	CASH	C.O.D.	CHARGE <input checked="" type="checkbox"/>	ON ACCT.	PAID OUT
QTY.		DESCRIPTION		PRICE	AMOUNT
1		777 HVR mtr. sawer		760	00
		labor to install		170	00
0.2		mileage fee (pickup)		2.00	00
				1010	00
				TAX	38 41
RECEIVED BY				TOTAL	1048 41

16817

All claims and returned goods
 MUST be accompanied by this bill.

PRODUCT 2531

Thank You!

CK 7709
A

7/3/2008

T & F ENTERPRISES

**240.00

Two Hundred Forty and 00/100*****

T & F ENTERPRISES
P.O. BOX 8
DOLAN SPRINGS, AZ
86441-0008

Interconnect Pump connection

T & F ENTERPRISES			7/3/2008			
Date	Type	Reference	Original Amt.	Balance Due	Discount	Payment
7/3/2008	Bill	8362	240.00	240.00		240.00
				Check Amount		240.00

Cash in Bank-Stockm Interconnect Pump connection 240.00

T & F ENTERPRISES			7/3/2008			
Date	Type	Reference	Original Amt.	Balance Due	Discount	Payment
7/3/2008	Bill	8362	240.00	240.00		240.00
				Check Amount		240.00

*Invoice has been misfiled in the shuffle.
Still researching*

Cash in Bank-Stockm Interconnect Pump connection 240.00

A-1 Well Service and Supply, Inc.

Date	Type	Reference
1/12/2008	Bill	11208

Original Amt.
6,030.20

11/5/2008	
Balance Due	Discount
5,530.20	
	Check Amount

Payment
250.00
250.00

Cash in Bank-Stockm Test Pumping of Detrital Well

250.00

A-1 Well Service and Supply, Inc.

Date	Type	Reference
1/12/2008	Bill	11208

Original Amt.
6,030.20

11/5/2008	
Balance Due	Discount
5,530.20	
	Check Amount

Payment
250.00
250.00

Cash in Bank-Stockm Test Pumping of Detrital Well

250.00



44515