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Attorneys for Applicants

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION OF BELLA VISTA WATER CO., INC. AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANTS AND PROPERTY AND FOR INCREASES IN ITS WATER RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.	DOCKET NO. W-02465A-09-0411
IN THE MATTER OF THE APPLICATION OF NORTHERN SUNRISE WATER COMPANY, INC., AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANTS AND PROPERTY AND FOR INCREASES IN ITS WATER RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.	DOCKET NO. W-20453A-09-0412
IN THE MATTER OF THE APPLICATION OF SOUTHERN SUNRISE WATER COMPANY, INC., AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANTS AND PROPERTY AND FOR INCREASES IN ITS WATER RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.	DOCKET NO. W-20454A-09-0413

IN THE MATTER OF THE JOINT APPLICATION OF BELLA VISTA WATER CO., INC., NORTHERN SUNRISE WATER COMPANY, INC., AND SOUTHERN SUNRISE WATER COMPANY, INC. FOR APPROVAL OF AUTHORITY TO CONSOLIDATE OPERATIONS, AND FOR THE TRANSFER OF UTILITY ASSETS TO BELLA VISTA WATER CO., INC. PURSUANT TO ARIZONA REVISED STATUTES 40-285.	DOCKET NO. W-02465A-09-0414 DOCKET NO. W-20453A-09-0414 DOCKET NO. W-20454A-09-0414 **NOTICE OF FILING REJOINDER TESTIMONY**

Bella Vista Water Co., Inc., Northern Sunrise Water Company, Inc., and Southern Sunrise Water Company, Inc. (jointly "Applicants") hereby submit this Notice of Filing Rejoinder Testimony in the above-referenced matter. Specifically filed herewith are the Applicants' rejoinder testimonies, which include the following testimonies, along with supporting schedules and/or attachments:

1. Rejoinder Testimony of Greg Sorensen;
2. Rejoinder Testimony of Peter Eichler;
3. Rejoinder Testimony of Thomas J. Bourassa (Rate Base); and
4. Rejoinder Testimony of Thomas J. Bourassa (Cost of Capital).

RESPECTFULLY SUBMITTED this 7th day of July, 2010.

FENNEMORE CRAIG, P.C.

By: _____
Jay L. Shapiro
Todd C. Wiley
Attorneys for Bella Vista Water Co., Inc., Northern Sunrise Water Company, Inc., and Southern Sunrise Water Company, Inc.

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this 7th day of July, 2010 with:

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COPY sent via e-mail and U.S. mail
this 7th day of July, 2010 to:

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2330173.1/17962.008

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BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION OF BELLA VISTA WATER CO., INC. AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANTS AND PROPERTY AND FOR INCREASES IN ITS WATER RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.	DOCKET NO. W-02465A-09-0411
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IN THE MATTER OF THE JOINT APPLICATION OF BELLA VISTA WATER CO., INC., NORTHERN SUNRISE WATER COMPANY, INC., AND SOUTHERN SUNRISE WATER COMPANY, INC. FOR APPROVAL OF AUTHORITY TO CONSOLIDATE OPERATIONS, AND FOR THE TRANSFER OF UTILITY ASSETS TO BELLA VISTA WATER CO., INC. PURSUANT TO ARIZONA REVISED STATUTES 40-285.	DOCKET NO. W-02465A-09-0414 DOCKET NO. W-20453A-09-0414 DOCKET NO. W-20454A-09-0414

REJOINDER TESTIMONY OF

GREG SORENSEN

July 7, 2010

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I. INTRODUCTION, PURPOSE AND SCOPE OF REJOINDER TESTIMONY

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

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

Q. ARE YOU THE SAME GREG SORENSEN THAT PREVIOUSLY FILED TESTIMONY IN THIS DOCKET?

A. Yes. Four separate volumes of my direct testimony were filed; one each on behalf of the Applicants, Bella Vista Water Co., Inc. ("BVWC"), Northern Sunrise Water Company, Inc. ("NSWC"), and Southern Sunrise Water Company, Inc. ("SSWC"), and a fourth volume in support of consolidation, and one volume of my rebuttal testimony was filed. When referring to the three utilities collectively, including a consolidated BVWC, I will use BVWC in my rejoinder.

Q. WHAT IS THE PURPOSE OF YOUR REJOINDER TESTIMONY?

A. To further support the request for consolidation of BVWC, NSWC and SSWC and establishment of new rates by responding to certain aspects of the surrebuttal filings made by Staff and RUCO. Specifically, I will address 3 issues: an accounting (as opposed to an engineering) issue related to our proposed hook-up fee; RUCO's contradictory views on the benefits of the Liberty Water parent; and Staff's recommended "competitive bid" requirement for Liberty Water's employees.

Q. WHAT ABOUT THE CONSOLIDATION?

A. I addressed this issue in both the direct and rebuttal stages of this proceeding but no party opposes the requested consolidation and neither Staff nor RUCO presented anything new in surrebuttal. So, there's nothing left for me to say at this time, except that we appreciate the other parties' support in this matter. Of course, I will be prepared to answer any and all questions that the ALJ or Commission may have

when this case goes to trial. The same is true with respect to plant retirements, which I addressed in my rebuttal but not in this rejoinder as the issue no longer appears to be in dispute.[1]

Q. IN YOUR REBUTTAL, YOU ALSO ADDRESSED CERTAIN "ENGINEERING" ISSUES IN DISPUTE WITH STAFF. WHAT ABOUT THOSE ISSUES?

A. In my rebuttal, I addressed Staff's recommendation regarding non-account water and Mr. Scott has clarified what Staff recommends regarding the timing of meter reads.[2] As a result, we accept Staff's recommendations regarding non-account water, which recommendations are intended to make sure our non-account water readings are accurate. I also provided additional information to Staff on water testing expense in my rebuttal and subsequent to my rebuttal. This issue was not in dispute *per se*, rather, a mistake in the expense level that has been corrected. The parties remain in agreement on this expense level, as stated in Mr. Scott's Surrebuttal, totaling $51,155 for the three companies.[3] Finally, in my rebuttal, I also raised concerns about Staff's response to our request for approval of hook-up fee tariffs. In response to this testimony, Staff has changed its recommendation and supports a HUF tariff for the whole of the consolidated BVWC, and I truly appreciate their reconsideration of that matter.[4] However, as mentioned above, Staff's accounting witness continues to oppose certain language in our proposed HUF tariff, and that's the issue I further address in this rejoinder testimony.

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[1] Rejoinder Testimony of Thomas J. Bourassa (Rate Base, Income Statement and Rate Design) at 5:12-15.

[2] Surrebuttal Testimony of Marlin Scott, Jr. ("Scott Sb.") at 3:7 – 4:18.

[3] *Id.* at 2:1 – 3:5; Rebuttal Testimony of Greg Sorensen ("Sorensen Rb.") at 10:5 – 11:10; Surrebuttal Testimony of Rodney L. Moore at 5:5-7.

[4] Scott Sb. at 5:16–23.

II. REJOINDER TO RUCO

Q. RUCO OPPOSES LANGUAGE IN THE PROPOSED HUF TARIFF REGARDING WHEN HUF FUNDS ARE RECORDED AS CIAC. WHY DID THE COMPANY INCLUDE THIS PROPOSED LANGUAGE?

A. We added the following language to the HUF: "[t]he Company shall not record amounts collected under this tariff as CIAC until such amounts have been expended for plant." Absent this language, we face the unnecessary risk that HUF funds will be deducted from our rate base before the funds are spent on plant.

Q. WHAT DO YOU MEAN BY "UNNECESSARY"?

A. We don't have any use of the money until it's spent on plant. I could understand the basis for the opposition **if** we had use of the HUF funds before they are spent on plant. But we don't. Under the express language of our proposed tariff these funds have limited use[5] and must be held in a separate interest bearing third party bank account until used for plant construction.[6] In other words, all we are doing is holding developer funds for the benefit of new customers without any benefit to the utility until the funds are actually spent. Therefore, deducting HUF funds from rate base before they are spent on plant is purely punitive to the utility.

Q. SO WHAT IS THE BASIS FOR RUCO'S OPPOSITION?

A. It appears that Mr. Coley has misinterpreted a provision of the Uniform System of Accounts for Class A water companies.[7] First, it bears noting that none of the utilities in this rate case are Class A water utilities, nor will BVWC be a Class A utility. Second, the language Mr. Coley cites on page 28 of his testimony actually

---

[5] Per Section IV(B), "[o]ff-site hook-up fees may only be used to pay for capital items of off-site facilities, or for repayment of loans obtained to fund the cost of installation of off-site facilities."

[6] Sorensen Rb., Exhibit GS-RB4 at Section IV(H) and Section IV(J); *see also id.* at 8:22 – 9:7.

[7] Surrebuttal Testimony of Timothy J. Coley ("Coley Sb.") at 27:18 – 28:24.

supports the language proposed by the Company. That's why I attached this NARUC provision to my rebuttal testimony as Exhibit GS-RB5.

Q. PLEASE EXPLAIN.

A. Actually, the language speaks for itself:

> 271. Contributions in Aid of Construction
>
> A. This account shall include:
>
> 1. Any amount or item of money, services or property received by a utility, from any person or governmental agency, any portion of which is provided at no cost to the utility, which represents an addition or transfer to the capital of the utility, ***and*** which is utilized to offset the acquisition, improvement or construction costs of the utility's property, facilities, or equipment used to provide utility services to the public.

The word "and" (which I have emphasized) makes it clear that there is more to CIAC than just the receipt of funds or property by the utility. Indeed, according to NARUC, CIAC does not exist until there has been an acquisition or construction of utility plant. In other words, HUF funds in a segregated bank account do not meet the NARUC definition of CIAC that Mr. Coley cites in his testimony.

Q. HOW DOES RUCO ADDRESS THIS ASSERTION?

A. It doesn't. I explained the basis for our proposed language in my rebuttal testimony[8] and we made the same assertions in response to RUCO's same arguments in the recently briefed Rio Rico rate case. I can't respond to Mr. Coley's reasons for disagreeing with us because he has not identified them.

Q. RUCO'S WITNESS WILLIAM RIGSBY RESPONDED TO YOUR CONCERNS OVER HIS RECOMMENDED STAND-ALONE DEBT COST

[8] Sorensen Rb. at 8:7-21.

FOR THE TWO SUNRISE UTILITIES. DO YOU HAVE ANY REJOINDER TO THIS TESTIMONY?

A. Basically, Mr. Rigsby seems to be in agreement that neither NSWC nor SSWC could borrow money at the rates he recommends be used in his hypothetical capital structure.[9] Nevertheless, Mr. Rigsby went on to use this opportunity to take what may be considered gratuitous potshots at Liberty Water, a company that has provided excellent service to its customers in this state.

Q. WHAT DO YOU MEAN MR. SORENSEN?

A. Mr. Rigsby's testimony goes on to criticize Liberty Water for defending recommendations by Staff and RUCO to disallow more than $1 million of reasonable, prudent and necessary operating expense incurred by the utilities owned and operated by Liberty Water in Arizona.[10] I am certainly not going to apologize for our defense of these costs, a defense that would not have been necessary had Staff and RUCO not rejected all of these expenses in these rate cases.[11]

Q. ARE YOU SUGGESTING THAT STAFF AND RUCO SHOULD JUST HAVE ACCEPTED THE COMPANY'S COST ALLOCATIONS?

A. Absolutely not, in fact I have repeatedly testified that we expected and welcomed rigorous scrutiny. What we don't understand and disagree with is the disparate treatment we are receiving relative to other utilities. Specifically, I refer to the pending Global Water rate case in which neither Staff nor RUCO voiced any

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[9] Surrebuttal Testimony of William A. Rigsby at 10:13-17.

[10] *Id.* at 10:19 – 11:15. Notably, RUCO did not oppose any of the cost allocated to Liberty Water by the parent.

[11] Notably, RUCO actually supported recovery of the cost allocation in BMSC's two rate cases, the second of which is still pending, and in the GCSC rate case. RUCO's position inexplicably changed in the pending LPSCO rate case, which case preceded the RRUI rate case and this one.

opposition to the cost allocations from affiliates, despite what we believe to be significant similarities.[12] It is unfortunate that we have had to spend what Mr. Rigsby calls "endless amounts of time and money" defending this issue, but just as it is RUCO's right to recommend that more than a million dollars of costs be rejected, we have a right to defend these costs as reasonable, prudent and necessary. This is the subject of Mr. Eichler's testimony in this rate case.

Q. MR. RIGSBY TESTIFIES THAT IT'S "INTERESTING" THAT LIBERTY WATER IS DEFENDING THESE COST ALLOCATIONS BY THE PARENT BUT IGNORING THE ABILITY OF THE PARENT TO FACILITATE DEBT BORROWING BY ITS SUBSIDIARIES. HOW DO YOU RESPOND?

A. In response, I would make two points. First, what's interesting is that Mr. Rigsby wants to recognize the benefit of the parent providing access to capital, but RUCO rejects the majority of the cost allocation by arguing that it does not benefit rate payers.[13] As Mr. Eichler explains, a large part of the allocated cost exists because of the access to capital.[14] Second, the parent company is not required to facilitate low cost debt to its subsidiaries, nor is the additional risk that debt subsidization would create for the shareholder considered or compensated for in the cost of capital process. Thus, my initial conclusion that Mr. Rigsby may have just taken this opportunity to simply take unnecessary, as well as inaccurate, potshots.

III. <u>REJOINDER TO STAFF</u>

Q. MS. BROWN CONTINUES TO TESTIFY THAT WITHOUT COMPETITIVE BIDDING, THE LEVEL OF OUTSIDE SERVICES

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[12] Rejoinder Testimony of Peter Eichler ("Eichler Rj.") at 17 – 18.

[13] Direct Testimony of Timothy J. Coley at 30:5-15.

[14] Eichler Rj. at 2:16 – 3:5.

EXPENSE IS SUSPECT AND SHOULD BE NORMALIZED. DO YOU WISH TO FURTHER ADDRESS THIS TESTIMONY?

A. Yes, as I noted, a utility should not be treated differently than other similarly situated utilities. Global Water uses a similar corporate structure to Liberty Water and Ms. Brown was the witness in that pending rate case. She was also the witness in the pending BMSC rate case. In neither of those cases did Staff make a recommendation similar to that made in this case. Nor did Staff make this recommendation in the prior BMSC or GCSC cases, or in the pending LPSCO and RRUI cases. This issue is inexplicably limited to this rate case.

Q. WELL, MR. SORENSEN, THINGS DO CHANGE AND STAFF CAN LOOK AT ISSUES ANEW IN THAT LIGHT, CORRECT?

A. Yes, in theory, but nowhere does Ms. Brown explain why the utilities in this rate case are being treated differently than other Arizona utilities. Nor do I believe there is a reason. Although the operators that operate BVWC are not employed by BVWC, they are still employed by the utility operator. In that sense, they are no different than, for example, the employees of Arizona Water, which directly employs its operators. I doubt anyone has ever suggested, let alone required, that Arizona Water "competitively bid" its employees. I have been in business a long time, but I have never seen a HELP WANTED sign that said "apply and bid your salary."

Q. FAIR ENOUGH, BUT DOESN'T THE COMMISSION HAVE TO MAKE SURE THE EXPENSES ARE REASONABLE?

A. Of course, just like every single other operating expense subject to recovery. Further, as I have repeatedly testified, because this is part of an affiliate transaction, we expect and welcome rigorous scrutiny.

Q. ISN'T THAT WHAT STAFF HAS DONE IN THIS CASE?

A. No. Staff has not presented any evidence that the expenses are unreasonable. Instead, all we have is Staff's suspicion that the costs may be unreasonable because they are an affiliated transaction, a suspicion that can only be eliminated, in Staff's opinion it appears, by a competitive bid.[15]

Q. WHAT EVIDENCE IS THERE THAT THE COSTS ARE REASONABLE AND PRUDENT?

A. First, to borrow Ms. Brown's terms, "conventional wisdom" suggests that Liberty Water does not look for ways to spend extra money by paying our employees above market. Not only are we in a bad economy, which forces any business that wants to survive to cut costs, but every dollar we spend in this State is subject to scrutiny first by the parent and then by the Commission. It would be foolish for a company to attempt to push intentionally inflated salaries through the audit and shareholder review of a publicly-traded company, and through the ACC's famously rigorous rate case review. The only reasonable suspicion is that Liberty is not attempting to fool auditors, equity analysts, shareholders, bondholders, and regulators.

Second, and beyond suspicion now and into the realm of provable fact, because we need to justify every dollar we spend, we made sure that our salaries are justified by the prevailing market, so we conducted a salary survey.[16]

Q. WHAT ABOUT MS. BROWN'S TESTIMONY THAT THE SALARY SURVEY DOES NOT TAKE THE PLACE OF A COMPETITIVE BID?

A. I believe that her statement is, in general, correct, but in this instance and circumstances, it is misplaced. If this were the 2006 Black Mountain Sewer

[15] Surrebuttal Testimony of Crystal S. Brown ("Brown Sb.") at 27:14 – 30:3.

[16] **Exhibit GS-RJ1.**

Corporation rate case, of which Ms. Brown was an integral part, and AWS was trying to hold itself out as "equivalent to a third party" and trying to charge BMSC (or BVWC) at "market rates" and make a profit by selling its services to BMSC or BVWC at a "profit," I would agree with Ms. Brown.

However, this is not the same situation as we had in 2006. Thanks to Ms. Brown's hard work and the ALJ and Commission's conclusions regarding affiliate profit, *we changed our business model to eliminate inter-affiliate profit.* We use a salary survey, or comparative market data, to ensure that our employees are fairly compensated in the market; neither under or over paid relative to wages they could earn elsewhere for similar work.

As to Staff's suggestion for a "competitive bid" – that occurs everyday when our employees judge whether they are being paid fairly. If they don't feel that way, they can leave for other employment. We ensure we are not over paying them by comparing to market rates.[17] Our compensation rates are well within the market ranges. This provides the assurance that we are not inappropriately paying our employees, and thus harming the utilities.

Q. BUT IS THERE STILL WHAT MS. BROWN CALLS 'SELF-DEALING" GOING ON?

A. No, not in the negative sense I think the term was used. If we were making a profit at AWS on the wages charged to the utilities that would be different. But now, after we adapted to Staff and the Commission's determinations, the wages paid are simply the wages charged to the utility. Self-dealing implies that we are "benefitting" from the action. The benefit is actually to the ratepayer in the form of more efficient utility operation while maintaining high quality service. Let me

[17] *See* the attached comparison of municipal wage rates – **Exhibit GS-RJ2** – which was previously provided to Staff.

provide a brief example of one of the financial benefits of using a company like AWS as a wage "cost pool."

Suppose a meter reader who works for AWS today is paid $12.00 per hour and works 2,080 hours per year (40 hours per week x 52 weeks per year), spending about 85% of his time on BVWC, 10% on SSWC, and 5% on NSWC, assuming hours commensurate with relative customer count. AWS, as employer, is required to pay federal and state unemployment taxes (FUTA and SUTA) on the first $7,000 of compensation paid to that employee each year. This would be about $196 per year in taxes. Now, one alternative to the meter reader being employed by AWS would be for each of BVWC, SSWC, and NSWC to employ him for 1,768, 208, and 104 hours per year to accomplish the same work. However, if this were done, each of those three companies would have to pay 2.8% of the first $7,000 compensation at each of the three companies. This would increase taxes, and operating expenses passed along to the customers, by $104.83 per year, just for this one position. The same situation holds true for any AWS employee working on multiple utilities.

With all due respect, Staff is letting form rule over the substance. Yes, AWS is an affiliate. But since it isn't profiting from the transaction, it's nothing more than a cost pool, and as noted above, it's actually reducing tax burdens (operating expenses) to the ratepayers.

Q. THANK YOU. YOU ALSO MENTIONED DISAGREEMENT WITH STAFF OVER LANGUAGE IN THE HUF. WOULD YOU PLEASE EXPLAIN THE DISPUTE?

A. Actually, it's the same dispute as I discussed above with RUCO. Like RUCO, Staff asserts that NARUC requires HUF payments to be recorded as CIAC upon

receipt.[18] And, like Mr. Coley, Ms. Brown is underemphasizing the conjunction "and" in the definition, which makes the definition of CIAC a two part test. Unexpended HUF funds have not yet been "utilized to offset the acquisition or improvement of the utilities' facilities."[19] Like Mr. Coley, Ms. Brown does not address the import of the word "and" I emphasized above, which term connects the two parts of the test to make something "CIAC." Since the cash received from a developer is not "fungible," it can't be comingled with the utility's operating cash due to the language in the proposed tariff that the funds be segregated in an interest bearing third party bank account. It simply has no benefit to us.

Q. DOES THE COMPANY'S PROPOSAL HARM RATEPAYERS OR DEVELOPERS MAKING HUF PAYMENTS?

A. Not at all. As long as we are holding the money "in trust" with no use until spent on plant, ratepayers are not harmed; nor are the developers or others that pay the HUF funds. They paid a prerequisite to service that will be used for the purpose of building plant needed to serve new customers. In contrast, if we are required to record HUF funds as CIAC before the funds are actually spent on plant, we are harmed by the unnecessary loss of rate base as I explained earlier.

Q. ONE FINAL QUESTION THEN, WHAT IF PLANT IS PROVIDED IN LIEU OF THE HUF PAYMENT?

A. It should be recorded as CIAC and the cost of the plant recorded in plant in service. This leads to a balanced adjustment that ensures that neither shareholders nor ratepayers benefit or suffer from third-party contributions. And that's all we are asking for here with our recommended HUF language regarding when HUF funds become CIAC.

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[18] Brown Sb. at 31:17 – 32:22.

[19] Rejoinder Testimony of Greg Sorensen, *supra* at 4.

Q. LASTLY, WHAT ABOUT THE LOW INCOME TARIFF?

A. I did not address all of Staff's testimony and recommended changes in my rebuttal because we were working with Staff on the low income tariff in the pending RRUI rate case. That effort is done and at trial we will present as an exhibit the same form of Low Income Tariff we have agreed to with Staff in that case for use in the consolidated BVWC. That is what we propose in this rate case too.

Q. DOES THIS CONCLUDE YOUR REJOINDER TESTIMONY?

A. Yes.

Bella Vista Water Co., Inc.
Northern Sunrise Water Company Inc.
Southern Sunrise Water Company Inc.

W-02465A-09-0411, W-20453A-09-0412, W-20454A-09-0413,
W-02465A-09-0414, W-20453A-09-0414 and W-20454A-09-0414

Greg Sorensen
Rejoinder Testimony
July 7, 2010

Exhibit
GS-RJ1

2232477.1

SITE	TITLE	HIREDATE	CLASS'N	2010 Min	2010 Max	2009 RATE /SAL
Sierra Vista						
	Operations Manager	10/16/06	Salaried	61,402	87,360	73,174
Sunrise	Lead Water Operator	07/23/01	Hourly	19.90	24.87	19.13
	Field Supervisor	08/27/85	Hourly	19.90	24.87	21.20
	Water Operator I	02/09/87	Hourly	14.96	21.56	16.50
Sunrise	Water Operator I	09/20/06	Hourly	14.96	21.56	14.40
Sunrise	Water Operator I	09/20/06	Hourly	14.96	21.56	14.40
	Water Operator I	04/17/07	Hourly	14.96	21.56	14.37
	Water Operator I	02/12/01	Hourly	14.96	21.56	15.50
	Water Operator II	09/18/81	Hourly	14.96	21.56	18.60
	Water Operator II	04/29/85	Hourly	14.96	21.56	18.60
	Operations Admin Assistant	02/27/90	Hourly	14.96	21.56	17.16
	CSR III	10/20/08	Hourly	14.96	21.56	16.75
	CSR III	09/21/09	Hourly	14.96	21.56	16.75
	Meter Reader	07/14/08	Hourly	11.52	16.32	11.07
Sunrise	Meter Reader	06/11/07	Hourly	11.52	16.32	12.00
	Plan Reviewer/Inspector	12/27/07	Hourly	19.89	28.66	20.00
Avondale	Sr. Accountant	11/17/08	Salaried	48,691	68,136	56,000

Metro Phoenix Wage Comparison

					Job Range	Test Year
	LW - Phx Area	City of Goodyear	City of Peoria	City of Phoenix	Liberty/BVWC	Actual Pay
Admin. Assistant	17.25 - 24.86	18.94 - 28.12	16.07 - 22.62	20.43-30.44	14.96-21.56	17.16
Construction Inspector I	19.89-28.66	18.94 - 28.12	21.75 - 29.26	17.68-23.51	19.89-28.66	20.00
Customer Service Rep	13.02-18.45	15.58 - 23.13	15.78- 25.86	12.90-18.70	14.96-21.56	16.75
Operations Supervisor	26.45 - 37.96	32.15 - 47.73	26.55 - 39.23	28.92-43.20	19.90-24.87	19.13-21.20
Senior Accountant	47,736 - 68,761	63,696 - 94,557	59,110 - 87,333	49,338-89,856	48,672-68,141	56,000
Utility Technician I (Operator)	17.25 - 24.86	15.58 - 23.13	17.42 - 24.61	16.01-20.71	14.96-21.56	14.37-16.50
Utility Technician II (Operator)	17.25 - 24.86	20.07 - 29.80	20.71 - 29.26	16.59-21.61	14.96-21.56	18.60
Water Resources Manager	82,213 - 116,345	70,893 - 105,242	76,543 - 113,089		61,402-87,360	73,174

29-Apr-10

City of Tucson								Liberty Water Job Range		LW/BVWC Actual Range Paid in Test Year	
Tucson's Title	**Liberty Water/BVWC**	**Min.**	**Med.**	**Max.**	**Min.**	**Med.**	**Max.**	**Min.**	**Max.**	**Min.**	**Max.**
Water Operator	Water Operator	$ 34,569.60	$ 44,148.00	$ 53,726.40	$ 16.62	$ 21.23	$ 25.83	$ 14.96	$ 21.56	$ 14.37	$ 18.60
Water Supervisor	Water Supervisor	$ 42,307.20	$ 54,038.40	$ 65,769.60	$ 20.34	$ 25.98	$ 31.62	$ 19.90	$ 24.87	$ 19.13	$ 21.20
Water Administrator	Ops Manager	$ 64,296.80	$ 86,278.40	$ 108,160.00	$ 30.91	$ 41.48	$ 52.00	$ 61,402	$ 87,360	$ 73,174	$ 73,174
Water Superintendent	Ops Manager	$ 58,094.40	$ 77,875.20	$ 97,635.20	$ 27.93	$ 37.44	$ 46.94	$ 61,402	$ 87,360	$ 73,174	$ 73,174
Meter Service Rep	Meter Reader	$ 31,553.60	$ 40,320.80	$ 49,088.00	$ 15.17	$ 19.39	$ 23.60	$ 11.52	$ 16.32	$ 11.07	$ 12.00
CSR	CSR	$ 26,894.40	$ 34,340.80	$ 41,787.20	$ 12.93	$ 16.51	$ 20.09	$ 14.96	$ 21.56	$ 16.75	$ 16.75
Sr. Accountant	Sr. Accountant	$ 43,971.20	$ 58,926.40	$ 73,860.80	$ 21.14	$ 28.33	$ 35.51	$ 23.40	$ 32.76	$ 26.92	$ 26.92

The website is www.tucsonaz.gov/humanre/

City of Bisbee They don't do water, only wastewater. Water is handled by AZ Water

WW Operator	Water Operator	$ 25,228.00	$ 48,442.00	$ 12.13	$ 23.29	$ 14.96	$ 21.56	$ 14.37	$ 18.60
WW Superintendent	Ops Manager	$ 36,433.00	$ 54,650.00	$ 17.52	$ 26.27	$ 61,402	$ 87,360	$ 73,174	$ 73,174
Office Asst.	CSR	$ 18,249.00	$ 27,373.00	$ 8.77	$ 13.16	$ 14.96	$ 21.56	$ 16.75	$ 16.75
Admin. Asst.	CSR	$ 23,360.00	$ 35,040.00	$ 11.23	$ 16.85	$ 14.96	$ 21.56	$ 16.75	$ 16.75
Exec. Asst.	Operations Admin Assistant	$ 27,090.00	$ 40,635.00	$ 13.02	$ 19.54	$ 14.96	$ 21.56	$ 17.16	$ 17.16
Accountant	Sr. Accountant	$ 33,832.00	$ 50,748.00	$ 16.27	$ 24.40	$ 23.40	$ 32.76	$ 26.92	$ 26.92

www.cityofbisbee.com Obtained VERBALLY as info not published on website

Bella Vista Water Co., Inc.
Northern Sunrise Water Company Inc.
Southern Sunrise Water Company Inc.

W-02465A-09-0411, W-20453A-09-0412, W-20454A-09-0413,
W-02465A-09-0414, W-20453A-09-0414 and W-20454A-09-0414

Greg Sorensen
Rejoinder Testimony
July 7, 2010

Exhibit
GS-RJ2

2232477.1

Job Descriptions & Salary Ranges

This is a City of Goodyear Job Description listing. This is NOT a listing of current recruitments. Please visit the Job Opportunities page for current open positions.

A|B|C|D|E **Go to Job Descriptions: F-P** **Go to Job Descriptions: Q-Z**

Job Title	Grade	Min. Hourly	Max. Hourly	Minimum Annual	Maximum Annual
Account Clerk	802	16.3610	24.2881	34,030.88	50,519.25
Account Specialist	806	20.0764	29.8034	41,758.91	61,991.07
Administrative Assistant	805	18.9399	28.1165	39,394.99	58,482.32
Administrative Services Manager	609	34.0836	50.5973	70,893.89	105,242.38
Alarm Ordinance Coordinator	804	18.0380	26.7775	37,519.04	55,697.20
Applications & Business Analyst	606	29.1649	43.2955	60,662.99	90,054.64
Application & Business Manager	611	39.3870	58.4701	81,924.96	121,617.81
Assistant City Attorney	611	39.3870	58.4701	81,924.96	121,617.81
Assistant City Engineer	611	39.3870	58.4701	81,924.96	121,617.81
Assistant City Prosecutor	607	30.6231	45.4602	63,696.05	94,557.22
Assistant City Traffic Engineer	609	34.0836	50.5973	70,893.89	105,242.38
Assistant to the City Manager	608	32.1543	47.7332	66,880.94	99,285.06
Assistant to the Council	606	29.1649	43.2955	60,662.99	90,054.64
Assistant to the Mayor	607	30.6231	45.4602	63,696.05	94,557.22
Assistant to the Chief of Police	607	30.6231	45.4602	63,696.05	94,557.22
Ballpark Manager	610	36.4694	54.1390	75,856.35	112,609.12
Ballpark Supervisor	608	32.1543	47.7332	66,880.94	99,285.06
Ballpark Coordinator	809	23.9112	35.4963	49,735.30	73,832.30
Ballpark Foreman	809	23.9112	35.4963	49,735.30	73,832.30
Benefits Specialist	805	18.9399	28.1165	39,394.99	58,482.32
Budget Analyst	606	29.1649	43.2955	60,662.99	90,054.64
Budget & Financial Planning Analyst	607	30.6231	45.4602	63,696.05	94,557.22
Budget & Research Manager	611	39.3870	58.4701	81,924.96	121,617.81
Building Inspector I	805	18.9399	28.1165	39,394.99	58,482.32
Building Inspector II	807	21.2809	31.5916	44,264.27	65,710.53
Building Inspector III	808	22.5577	33.4872	46,920.02	69,653.38
Building Inspection Supervisor	608	32.1543	47.7332	66,880.94	99,285.06
Building Official	611	39.3870	58.4701	81,924.96	121,617.81
Business Registration Coordinator	804	18.0380	26.7775	37,519.04	55,697.20
Capital Improvement Program Administrator	609	34.0836	50.5973	70,893.89	105,242.38
CFD Administrator	610	36.4694	54.1390	75,856.35	112,609.12
CFD Specialist	805	18.9399	28.1165	39,394.99	58,482.32
Chief of Police	614	52.8920	78.5184	110,015.36	163,318.27
City Clerk	613	47.2250	70.1057	98,228.00	145,819.86
City Engineer	614	52.8920	78.5184	110,015.36	163,318.27
City Prosecutor	612	42.9318	63.7324	89,298.14	132,563.39
City Traffic Engineer	612	42.9318	63.7324	89,298.14	132,563.39
Civil Engineer	605	27.7761	41.2338	57,774.29	85,766.30
Code Compliance Officer I	804	18.0380	26.7775	37,519.04	55,697.20
Code Compliance Officer II	805	18.9399	28.1165	39,394.99	58,482.32
Code Compliance Manager	607	30.6231	45.4602	63,696.05	94,557.22
Community Advocate	607	30.6231	45.4602	63,696.05	94,557.22
Community Development Director	614	52.8920	78.5184	110,015.36	163,318.27
Community Education Coordinator	806	20.0764	29.8034	41,758.91	61,991.07
Construction Inspection Supervisor	608	32.1543	47.7332	66,880.94	99,285.06
Construction Inspector I	805	18.9399	28.1165	39,394.99	58,482.32
Construction Inspector II	807	21.2809	31.5916	44,264.27	65,710.53

Construction Inspector III	808	22.5577	33.4872	46,920.02	69,653.38
Contract Analyst	606	29.1649	43.2955	60,662.99	90,054.64
Controller	611	39.3870	58.4701	81,924.96	121,617.81
Court Administrator	611	39.3870	58.4701	81,924.96	121,617.81
Court Interpreter	805	18.9399	28.1165	39,394.99	58,482.32
Court Specialist I	801	15.5820	23.1314	32,410.56	48,113.31
Court Specialist II	803	17.1791	25.5024	35,732.53	53,044.99
Court Specialist III	805	18.9399	28.1165	39,394.99	58,482.32
Court Supervisor	809	23.9112	35.4963	49,735.30	73,832.30
Crisis Services Coordinator	607	30.6231	45.4602	63,696.05	94,557.22
Customer Service Advocate	803	17.1791	25.5024	35,732.53	53,044.99
Customer Service Representative I	801	15.5820	23.1314	32,410.56	48,113.31
Customer Service Representative II	803	17.1791	25.5024	35,732.53	53,044.99
Customer Service Supervisor	608	32.1543	47.7332	66,880.94	99,285.06
Deputy City Clerk	608	32.1543	47.7332	66,880.94	99,285.06
Deputy City Manager - Admin Services	615	60.8257	90.2961	126,517.46	187,815.89
Deputy City Manager - Operations	615	60.8257	90.2961	126,517.46	187,815.89
Deputy Fire Chief	466	38.4920	54.0714	80,063.18	115,954.95
Deputy Public Works Director	612	42.9318	63.7324	89,298.14	132,563.39
Development Services Administrator	607	30.6231	45.4602	63,696.05	94,557.22
Development Services Technician I	802	16.3610	24.2881	34,030.88	50,519.25
Development Services Technician II	804	18.0380	26.7775	37,519.04	55,697.20
Development Services Technician III	806	20.0764	29.8034	41,758.91	61,991.07
Director of Engineering	614	52.8920	78.5184	110,015.36	163,318.27
Director of Information Technology Services	614	52.8920	78.5184	110,015.36	163,318.27
Economic Development Director	613	47.2250	70.1057	98,228.00	145,819.86
Economic Development Manager	612	42.9318	63.7324	89,298.14	132,563.39
Emergency Management Coordinator	608	32.1543	47.7332	66,880.94	99,285.06
Employee Development Manager	609	34.0836	50.5973	70,893.89	105,242.38
EMS Coordinator	607	30.6231	45.4602	63,696.05	94,557.22
Environmental Compliance Officer	807	21.2809	31.5916	44,264.27	65,710.53
Environmental Compliance Supervisor	608	32.1543	47.7332	66,880.94	99,285.06
Equipment Operator	803	17.1791	25.5024	35,732.53	53,044.99
Executive Assistant	806	20.0764	29.8034	41,758.91	61,991.07
Executive Management Assistant	607	30.6231	45.4602	63,696.05	94,557.22

Last Updated: 3/1/2010

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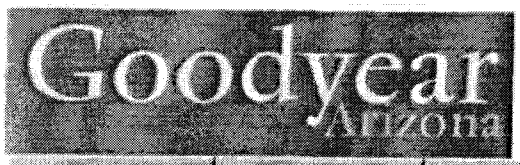

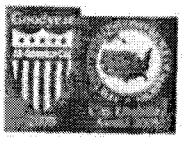

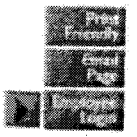

Job Descriptions & Salary Ranges

This is a City of Goodyear Job Description listing. This is NOT a listing of current recruitments. Please visit the Job Opportunities page for current open positions.

Go to Job Descriptions: A-E F|G|H|I|J|K|L|M|N|O|P **Go to Job Descriptions:** Q-Z

Job Title	Grade	Min. Hourly	Max. Hourly	Minimum Annual	Maximum Annual
Facilities Maintenance Foreman	809	23.9112	35.4963	49,735.30	73,832.30
Facilities Maintenance Superintendent	610	36.4694	54.1390	75,856.35	112,609.12
Facilities Maintenance Worker I	800	14.8398	22.0298	30,866.78	45,821.98
Facilities Maintenance Worker II	804	18.0380	26.7775	37,519.04	55,697.20
Facilities Maintenance Worker III	807	21.2809	31.5916	44,264.27	65,710.53
Finance Director	614	52.8920	78.5184	110,015.36	163,318.27
Fire Battalion Chief	465	27.3816	38.6896	75,463.69	106.628.54
Fire Captain (Medic Add $5512)	464	20.8688	27.3816	57,514.41	75,463.69
Fire Chief	614	52.8920	78.5184	110,015.36	163,318.27
Fire Engineer (Medic Add $5512)	463	17.5562	23.0353	48,384.89	63,485.29
Fire Equipment Maintenance Worker II	804	18.0380	26.7775	37,519.04	55,697.20
Fire Equipment Maintenance Worker III	807	21.2809	31.5916	44,264.27	65,710.53
Fire Inspector I	804	18.0380	26.7775	37,519.04	55,697.20
Fire Inspector II	807	21.2809	31.5916	44,264.27	65,710.53
Fire Inspector III	808	22.5577	33.4872	46,920.02	69,653.38
Fire Marshal	611	39.3870	58.4701	81,924.96	121,617.81
Firefighter (Medic Add $5512) (56 hours)	462	15.1387	21.9253	41,722.26	60,426.13
Fleet Management Superintendent	610	36.4694	54.1390	75,856.35	112,609.12
Forensics Specialist ↑	806	20.0764	29.8034	41,758.91	61,991.07
GIS Analyst	606	29.1649	43.2955	60,662.99	90,054.64
GIS Coordinator	609	34.0836	50.5973	70,893.89	105,242.38
GIS Technician	805	18.9399	28.1165	39,394,.99	58,482.32
Graphic Designer	605	27.7761	41.2338	57,774.29	85,766.30
Grounds Equipment Mechanic	805	18.9399	28.1165	39,394.99	58,482.32
Groundskeeper I	800	14.8398	22.0298	30,866.78	45,821.98
Groundskeeper II	804	18.3080	26.7775	37,519.04	55,697.20
Groundskeeper III ↑	807	21.2809	31.5916	44,264.27	65,710.53
Human Resources Analyst	606	29.1649	43.2955	60,662.99	90,054.64
Human Resources Director	614	52.8920	78.5184	110,015.36	163,318.27
Human Resources Manager	611	39.3870	58.4701	81,924.96	121,617.81
Human Resources Specialist ↑	805	18.9399	28.1165	39,394.99	58,482.32
Information Technician Specialist I	804	18.3080	26.7775	37,519.04	55,697.20
Information Technician Specialist II	806	20.0764	29.8034	41,758.91	61,991.07
Intelligence Analyst	806	20.0764	29.8034	41,758.91	61,991.07
Intergovernmental Programs Manager	611	39.3870	58.4701	81,924.96	121,617.81
Intergovernmental & Grants Programs Coordinator	606	29.1649	43.2955	60,662.99	90,054.64
Investigations Specialist	806	20.0764	29.8034	41,758.91	61,991.07
ITS Application Developer	607	30.6231	45.4602	63,696.05	94,557.22
ITS Senior Project Manager ↑	610	36.4694	54.1390	75,856.35	112,609.12
Judicial Enforcement Officer ↑	453	24.6050	35.6353	51,178.40	74,121.42
Landscape Technician	805	18.9399	28.1165	39,394.99	58,482.32
Lead Technology Specialist	808	22.5577	33.4872	46,920.02	69,653.38
Legal Assistant	805	18.9399	28.1165	39,394.99	58,482.32
Legal Services Coordinator ↑	806	20.0764	29.8034	41,758.91	61,991.07

Mail & Copy Clerk	800	14.8398	22.0298	30,866.78	45,821.98
Maintenance Mechanic I	801	15.5820	23.1314	32,410.56	48,113.31
Maintenance Mechanic II	806	20.0764	29.8034	41,758.91	61,991.07
Maintenance Mechanic III	808	22.5577	33.4872	46,920.02	69,653.38
Management Assistant	605	27.7761	41.2338	57,774.29	85,766.30
Mechanic Foreman	809	23.9112	35.4963	49,735.30	73,832.30
Mechanic I	801	15.5820	23.1314	32,410.56	48,113.31
Mechanic II	806	20.0764	29.8034	41,758.91	61,991.07
Mechanic III ↑	807	21.2809	31.5916	44,264.27	65,710.53
Neighborhood Services Manager ↑	606	29.1649	43.2955	60,662.99	90,054.64
Operations Supervisor ↑	608	32.1543	47.7332	66,880.94	99,285.06
Parks Foreman	809	23.9112	35.4963	49,735.30	73,832.30
Parks & Recreation Director	613	47.2250	70.1057	98,228.00	145,819.86
Parks Superintendent	610	36.4694	54.1390	75,856.35	112,609.12
Parks Worker I	800	14.8398	22.0298	30,866.78	45,821.98
Parks Worker II	804	18.0380	26.7775	37,519.04	55,697.20
Parks Worker III	807	21.2809	31.5916	44,264.27	65,710.53
Plan Review Supervisor	608	32.1543	47.7332	66,880.94	99,285.06
Planner I	605	27.7761	41.2338	57,774.29	85,766.30
Planner II	606	29.1649	43.2955	60,662.99	90,054.64
Planner III	607	30.6231	45.4602	63,696.05	94,557.22
Planning Manager	611	39.3870	58.4701	81,924.96	121,617.81
Plans Examiner I	805	18.9399	28.1165	39,394.99	58,482.32
Plans Examiner II	808	22.5577	33.4872	46,920.02	69,653.38
Plans Examiner III	809	23.9112	35.4963	49,735.30	73,832.30
Police Commander	456	43.4182	61.3488	90,309.86	127,605.50
Police Detective	453	24.6050	35.6353	51,178.40	74,121.42
Police Lieutenant	455	37.4394	52.9009	77,879.95	110,033.87
Police Officer	452	23.4194	33.9182	48,712.35	70,549.86
Police Records Clerk II	803	17.1791	25.5024	35,732.53	53,044.99
Police Records Specialist	805	18.9399	28.1165	39,394.99	58,482.32
Police Sergeant	454	30.7282	42.3592	63,914.66	88,107.14
Procurement Manager	610	36.4694	54.1390	75,856.35	112,609.12
Procurement Specialist	603	25.1937	37.4002	52,402.90	77,792.42
Project Manager	608	32.1543	47.7332	66,880.94	99,285.06
Public Arts Specialist	604	26.4534	39.2702	55,023.07	81,682.022
Public Information Officer	607	30.6231	45.4602	63,696.05	94,557.22
Public Works and Water Resources Director ↑	614	52.8920	78.5184	110,015.36	163,318.27

Last Updated: 12/9/2009

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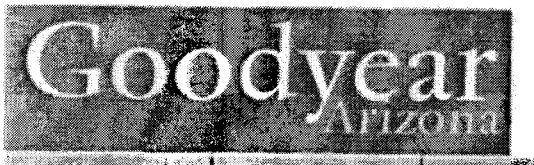

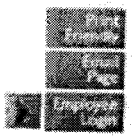

Job Descriptions & Salary Ranges

This is a City of Goodyear Job Description listing. This is NOT a listing of current recruitments. Please visit the Job Opportunities page for current open positions.

Go to Job Descriptions: A-E **Go to Job Descriptions:** F-P Q|R|S|T|U|V|W|X|Y|Z

Job Title	Grade	Min. Hourly	Max. Hourly	Minimum Annual	Maximum Annual
Real Estate Coordinator	607	30.6231	45.4602	63,696.05	94,557.22
Records Administrator	807	21.2809	31.5916	44,264.27	65,710.53
Records Analyst I	801	15.5820	23.1314	32,410.56	48,113.31
Records Analyst II	803	17.1791	25.5024	35,732.53	53,044.99
Recreation & Aquatics Coordinator	809	23.9112	35.4963	49,735.30	73,832.30
Recreation & Aquatics Superintendent	610	36.4694	54.1390	75,856.35	112,609.12
Recruit Firefighter / EMT (40 hours)	461	18.0528	18.9668	37,549.82	39,450.94
Recycling Coordinator	807	21.2809	31.5916	44,264.27	65,710.53
Risk Manager	611	39.3870	58.4701	81,924.96	121,617.81
Safety Training Compliance Specialist	607	30.6231	45.4602	63,696.05	94,557.22
Sales Tax Auditor	607	30.6231	45.4602	63,696.05	94,557.22
Sanitation Foreman	809	23.9112	35.4963	49,735.30	73,832.30
Sanitation Inspector	804	18.0380	26.7775	37,519.04	55,697.20
Sanitation Superintendent	610	36.4694	54.1390	75,856.35	112,609.12
Sanitation Worker I	800	14.8398	22.0298	30,866.78	45,821.98
Sanitation Worker II	804	18.0380	26.7775	37,519.04	55,697.20
Sanitation Worker III	807	21.2809	31.5916	44,264.27	65,710.53
Security Administrator	609	34.0836	50.5973	70,893.89	105,242.38
Senior Account Clerk	804	18.0380	26.7775	37,519.04	55,697.20
Senior Accountant	607	30.6231	45.4602	63,696.05	94,557.22
Senior Civil Engineer	609	34.0836	50.5973	70,893.89	105,242.38
Senior GIS Technician	808	22.5577	33.4872	46,920.02	69,653.38
Senior Office & Industrial Development Manager	608	32.1543	47.7332	66,880.94	99,285.06
Senior Planner	608	32.1543	47.7332	66,880.94	99,285.06
Senior Project Manager	610	36.4694	54.1390	75,856.35	112,609.12
Senior Retail Development Manager	608	32.1543	47.7332	66,880.94	99,285.06
Senior Utility Technician	808	22.5577	33.4872	46,920.02	69,653.38
Service Advisor	803	17.1791	25.5024	35,732.53	53,044.99
Signal Foreman	809	23.9112	35.4963	49,735.30	73,832.30
Signal Technician I	801	15.5820	23.1314	32,410.56	48,113.31
Signal Technician II	806	20.0764	29.8034	41,758.91	61,991.07
Signal Technician III	808	22.5577	33.4872	46,920.02	69,653.38
Staff Assistant	802	16.3610	24.2881	34,030.88	50,519.25
Strategic Planning Coordinator	608	32.1543	47.7332	66,880.94	99,285.06
Street Maintenance Foreman	809	23.9112	35.4963	49,735.30	73,832.30
Street Maintenance Worker I	800	14.8398	22.0298	30,866.78	45,821.98
Street Maintenance Worker II	804	18.0380	26.7775	37,519.04	55,697.20
Street Maintenance Worker III	807	21.2809	31.5916	44,264.27	65,710.53
Street Superintendent	610	36.4694	54.1390	75,856.35	112,609.12
Systems Administrator	605	27.7761	41.2338	57,774.29	85,766.30
Sr. Systems Administrator	608	32.1543	47.7332	66,880.94	99,285.06
Technical Services Manager	611	39.3870	58.4701	81,924.96	121,617.81
Telecommunications Manager	611	39.3870	58.4701	81,924.96	121,617.81
Telecommunications Operator	806	20.0764	29.8034	41,758.91	61,991.07
Telecommunications Supervisor	809	23.9112	35.4963	49,735.30	73,832.30
Traffic Operations Worker II	804	18.0380	26.7775	37,519.04	55,697.20
Utility Billing Specialist	806	20.0764	29.8034	41,758.91	61,991.07

Utility Technician I	801	15.5820	23.1314	32,410.56	48,113.31
Utility Technician II	806	20.0764	29.8034	41,758.91	61,991.07
Utility Technician Intern		14.8029			
Volunteer Coordinator	806	20.0764	29.8034	41,758.91	61,991.07
Water Conservation Specialist	606	29.1649	43.2955	60,662.99	90,054.64
Water Resources Manager	609	34.0836	50.5973	70,893.89	105,242.38
Water Quality Technician III	807	21.2809	31.5916	44,264.27	65,710.53
Water Quality Technician II	805	18.9399	28.1165	39,394.99	58,482.32
Webmaster	605	27.7761	41.2338	57,774.29	85,766.30

Last Updated: 4/13/2010

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PEORIA

Job Descriptions A through C

Effective: July 1, 2009

Please note: This is not a list of current job openings. We only accept applications for open positions.
For current and open employment opportunities, click here.

Job Title	Salary Plan	Grade	Last Job Description Revision	Min Hour (Non-Exempt)	Max Hour (Non-Exempt)	Min Annual	Max Annual
Accountant	PROF	617	05/08			$49,166	$72,641
Accounting Technician I	AFS	326	07/09	$15.78	$21.22		
Accounting Technician II (Accounts Payable)	AFS	328	07/09	$16.58	$22.30		
Accounting Technician II (Accounts Receivable)	AFS	328	07/09	$16.58	$22.30		
Accounting Technician III	AFS	335	07/09	$19.71	$26.50		
Accounting Supervisor	PROF	621	06/09			$63,839	$94,319
Accreditation & Compliance Coordinator	PROF	618	05/08			$52,116	$76,999
Administrative Assistant I	AFS	324	07/09	$15.02	$20.20		
Administrative Assistant II	AFS	329	02/10	$16.99	$22.85		
Administrative Assistant II (Confidential)	CONF	910	02/10	$16.07	$22.62		
Administrative Services Supervisor	PROF	621	05/08			$63,839	$94,319
Animal Control Officer	AFS	333	07/09	$18.76	$25.23		
Application Systems Analyst	PROF	619	06/08			$55,243	$81,619
Apprenticeship Program Coordinator	PROF	619	09/09			$55,243	$81,619
Aquatics Maintenance Specialist	AFS	337	07/09	$20.71	$27.85		
Aquatics Supervisor	PROF	619	06/08			$55,243	$81,619
Assistant City Attorney	PROF	624	06/08			$84,197	$124,398
Assistant City Engineer	MNGR	M624	06/08			$84,197	$124,398
Assistant City Prosecutor	PROF	622	06/08			$69,585	$102,808
Assistant City Traffic Engineer	PROF	622	06/08			$69,585	$102,808
Assistant to the City Manager	MNGR	623	06/09			$76,543	$113,089
Associate Sales Tax Auditor	PROF	615	05/08			$44,595	$65,887
Associate Engineer	PROF	619	06/08			$55,243	$81,619
Associate Planner	PROF	615	05/08			$44,595	$65,887
Automotive Technician I	AFS	324	07/09	$15.02	$20.20		
Automotive Technician II	AFS	334	07/09	$19.23	$25.86		
Benefits Administrator	PROF	620	11/08			$59,110	$87,333
Branch Library Manager	PROF	621	05/08			$63,839	$94,319
Budget Analyst	PROF	618	05/08			$52,116	$76,999
Budget Coordinator	PROF	621	05/08			$63,839	$94,319
Building Inspector I	AFS	339	07/09	$21.75	$29.26		
Building Inspector II	AFS	341	07/09	$22.85	$30.74		
Building Inspector III	AFS	343	07/09	$24.01	$32.29		
Building Safety Manager	MNGR	M623	05/08			$76,543	$113,089
Building Safety Supervisor	PROF	621	05/08			$63,839	$94,319
Business Analyst	PROF	618	06/08			$52,116	$76,999
Business Development Specialist	PROF	621	03/09			$63,839	$94,319
Buyer I	AFS	330	07/09	$17.42	$23.43		
Buyer II	PROF	616	06/09			$46,825	$69,182
Chief Assistant City Attorney	MNGR	M626	06/08			$103,740	$153,270
Chief Deputy City Clerk	PROF	621	06/08			$63,839	$94,319
City Attorney	CP	1	06/08			$162,900	$162,900
City Clerk	EXEC	D1	06/08			$97,617	$146,425
City Clerk Specialist	CONF	914	06/08	$20.29	$28.56		
City Traffic Engineer	MNGR	M624	06/08			$84,197	$124,398
Civil Engineer	PROF	621	06/08			$63,839	$94,319
Civilian Investigator	AFS	337	07/09	$20.71	$27.85		

Claims Coordinator	PROF	617	05/08			$49,166	$72,641
Code Compliance Officer	AFS	338	01/10	$21.22	$28.54		
Code Compliance Supervisor	PROF	620	05/08			$59,110	$87,333
Code Technician	AFS	333	07/09	$18.76	$25.23		
Communications Specialist	AFS	334	07/09	$19.23	$25.86		
Communications Supervisor	SPRN	S618	06/08	$25.05	$37.01		
Community Services Director	EXEC	D2	05/08			$108,354	$162,532
Compensation Administrator	PROF	620	06/09			$59,110	$87,333
Construction Projects Coordinator	PROF	619	06/08			$55,243	$81,619
Construction Superintendent	PROF	622	06/08			$69,585	$102,808
Contract Administrator	PROF	620	05/08			$59,110	$87,333
Contract Officer	PROF	619	05/08			$55,243	$81,619
Cost and Rate Analyst	PROF	619	06/08			$55,243	$81,619
Council Assistant	PROF	616	10/08			$46,825	$69,182
Council Assistant to the Mayor	PROF	617	10/08			$49,166	$72,641
Court Administrator	MNGR	M622	05/08			$69,585	$102,808
Crime Analyst	PROF	616	06/08			$46,825	$69,182
Crime Scene Technician	AFS	333	07/09	$18.76	$25.23		
Cross Connection Specialist	AFS	337	07/09	$20.71	$27.85		
Cultural Arts Coordinator	PROF	617	05/08			$49,166	$72,641
Custodian	AFS	316	07/09	$12.33	$16.58		
Customer Service Representative I	AFS	326	07/09	$15.78	$21.22		
Customer Service Representative II (Billing)	AFS	328	07/09	$16.58	$22.30		
Customer Service Representative II (Community Services)	AFS	328	07/09	$16.58	$22.30		
Customer Service Representative II (Tax & License)	AFS	328	07/09	$16.58	$22.30		
Customer Service Representative III (Billing)	AFS	334	07/09	$19.23	$25.86		
Customer Service Representative III (Tax & License)	AFS	334	07/09	$19.23	$25.86		

Non-Exempt salaries are based on the full time annual equivalent of hourly rates. Exempt salaries are based on full time employment.

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Job Descriptions D through I

Effective: July 1, 2009

Please note: This is not a list of current job openings. We only accept applications for open positions.
For current and open employment opportunities, click here.

Job Title	Salary Plan	Grade	Last Job Description Revision	Min Hour (Non-Exempt)	Max Hour (Non-Exempt)	Min Annual	Max Annual
Database Administrator	PROF	621	06/08			$63,839	$94,319
Department Training & Compliance Specialist	PROF	617	02/10			$49,166	$72,641
Deputy City Clerk	PROF	617	06/08			$49,166	$72,641
Deputy City Manager	EXEC	D4	05/08			$130,000	$195,000
Deputy Director of Police Services	MNGR	M625	06/08			$93,459	$138,082
Deputy Director of the Public Works & Utilities Department	MNGR	M625	05/09			$93,459	$138,082
Deputy Fire Chief	MNGR	M625	06/08			$93,459	$138,082
Deputy Police Chief	MNGR	M626	06/08			$103,740	$153,270
Design and Construction Division Manager	MNGR	M623	05/08			$76,543	$113,089
Development Assistant	AFS	329	07/09	$16.99	$22.85		
Development Plan Reviewer	PROF	617	05/08			$49,166	$72,641
Development Technician I	AFS	332	07/09	$18.30	$24.61		
Development Technician II	AFS	340	07/09	$22.30	$29.99		
Economic Development Services Director	EXEC	D2	09/09			$108,354	$162,532
Economic Development Analyst	PROF	618	05/08			$52,116	$76,999
Economic Development Coordinator	PROF	621	11/09			$63,839	$94,319
Economic Development Manager	MNGR	M623	01/10			$76,543	$113,089
Emergency Medical Services Coordinator	PROF	619	05/08			$55,243	$81,619
Emergency Preparedness Coordinator	PROF	619	01/09			$55,243	$81,619
EMS Chief	MNGR	M623	05/08			$76,543	$113,089
Engineering Director	EXEC	D2	06/08			$108,354	$162,532
Engineering Inspection Supervisor	PROF	621	07/09			$63,839	$94,319
Engineering Inspector	AFS	342	07/09	$23.43	$31.51		
Engineering Supervisor	PROF	623	06/08			$76,543	$113,089
Engineering Technician I	AFS	333	07/09	$18.76	$25.23		
Engineering Technician II	AFS	342	07/09	$23.43	$31.51		
Environmental Quality Assurance Officer	PROF	619	05/08			$55,243	$81,619
Equipment Operator	AFS	331	03/10	$17.85	$24.01		
Executive Assistant	CONF	913	07/09	$19.15	$26.94		
Facilities Maintenance Supervisor	PROF	617	05/08			$49,166	$72,641
Facilities Manager	MNGR	M623	06/08			$76,543	$113,089
Facilities Operations Technician	AFS	338	07/09	$21.22	$28.54		
Facilities Project Coordinator	PROF	617	05/09			$49,166	$72,641

Facilities Systems Operations Analyst	AFS	342	07/09	$23.43	$31.51		
Facilities Technical Operations Supervisor	PROF	620	06/08			$59,110	$87,333
Facilities Technician I	AFS	325	07/09	$15.40	$20.71		
Facilities Technician II	AFS	333	07/09	$18.76	$25.23		
Finance and Accounting Assistant	CONF	913	07/09	$19.15	$26.94		
Finance Director	EXEC	D2	05/08			$108,354	$162,532
Financial Services Manager	MNGR	M624	05/08			$84,197	$124,398
Financial Systems Supervisor	PROF	620	05/08			$59,110	$87,333
Fire and Life Safety Education Specialist	AFS	336	07/09	$20.20	$27.17		
Fire Administration Services Manager	MNGR	M622	05/08			$69,585	$102,808
Fire Battalion Chief	MNGR	M623	06/08			$76,543	$113,089
Fire Captain	PFF	F-35		$23.33	$27.02		
Fire Captain/Days	PFD	F-36		$34.44	$39.86		
Fire Department Director	EXEC	D3	02/10			$120,273	$180,410
Fire Engineer	PFF	F-33		$21.17	$22.24		
Fire Marshal	MNGR	M624	05/08			$84,197	$124,398
Fire Physical Resources Supervisor	PROF	619	05/08			$55,243	$81,619
Fire Prevention Inspector	AFS	343	07/09	$24.01	$32.29		
Fire Prevention Inspector Supervisor	PROF	621	05/08			$63,839	$94,319
Fire Recruit	PFD	F-30		$16.43	$16.43		
Fire Training Chief	MNGR	M623	05/08			$76,543	$113,089
Firefighter	PFF	F-31		$14.31	$20.16		
Fleet Manager	MNGR	M622	06/08			$69,585	$102,808
Fleet Supervisor	PROF	619	06/08			$55,243	$81,619
GIS Technician I	AFS	336	09/09	$20.20	$27.17		
GIS Technician II	AFS	342	09/09	$23.43	$31.51		
Grants Coordinator	PROF	621	05/08			$63,839	$94,319
Human Resources Analyst	PROF	617	07/09			$49,166	$72,641
Human Resources Assistant	CONF	911	02/10	$17.04	$23.98		
Human Resources Director	EXEC	D2	06/08			$108,354	$162,532
Human Resources Manager	MNGR	M624	09/08			$84,197	$124,398
Human Resources Specialist	CONF	914	07/09	$20.29	$28.56		
Information Technology Director	EXEC	D2	06/08			$108,354	$162,532
Instrument Control Technician I	AFS	334	07/09	$19.23	$25.86		
Instrument Control Technician II	AFS	341	07/09	$22.85	$30.74		
Intergovernmental Affairs Coordinator	PROF	621	05/08			$63,839	$94,319
Intergovernmental Affairs Director	EXEC	D1	05/08			$97,617	$146,425
Inventory Control Supervisor	PROF	617	05/08			$49,166	$72,641
Irrigation Technician	AFS	332	07/09	$18.30	$24.61		
IT Applications Systems Supervisor	PROF	622	06/08			$69,585	$102,808
IT GIS Analyst	PROF	619	01/10			$55,243	$81,619
IT GIS Supervisor	PROF	622	08/09			$69,585	$102,808
IT Operations Division Manager	MNGR	M624	06/08			$84,197	$124,398

IT Project Coordinator	PROF	621	05/08			$63,839	$94,319
IT Project Manager	PROF	623	06/08			$76,543	$113,089
IT Security Administrator	PROF	622	05/08			$69,585	$102,808
IT Technical Support Supervisor	PROF	622	06/08			$69,585	$102,808
IT Technician I	AFS	341	07/09	$22.85	$30.74		
IT Technician II	AFS	344	07/09	$24.61	$33.10		

Non-Exempt salaries are based on the full-time annual equivalent of hourly rates. Exempt salaries are based on full-time employment.

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Job Descriptions J through P

Effective: July 1, 2009

Please note: This is not a list of current job openings. We only accept applications for open positions. For current and open employment opportunities, click here.

Job Title	Salary Plan	Grade	Last Job Description Revision	Min Hour (Non-Exempt)	Max Hour (Non-Exempt)	Min Annual	Max Annual
Judicial Assistant	AFS	325	07/09	$15.40	$20.71		
Judicial Assistant Supervisor	PROF	617	05/08			$49,166	$72,641
Laboratory Technician	AFS	335	07/09	$19.71	$26.50		
Law Office Administrator	PROF	618	06/08			$52,116	$76,999
Lead Automotive Technician	AFS	339	07/09	$21.75	$29.26		
Lead Custodian	AFS	324	07/09	$15.02	$20.20		
Lead Customer Service Representative	AFS	335	07/09	$19.71	$26.50		
Lead Engineering Inspector	AFS	345	07/09	$25.23	$33.93		
Lead Equipment Operator	AFS	336	07/09	$20.20	$27.17		
Lead GIS Technician	AFS	344	08/09	$24.61	$33.10		
Lead Instrument Control Technician	AFS	345	07/09	$25.23	$33.93		
Lead IT Technician	AFS	346	07/09	$25.86	$34.78		
Lead Judicial Assistant	AFS	332	07/09	$18.30	$24.61		
Lead Traffic Signal Technician	AFS	342	07/09	$23.43	$31.51		
Lead Transit Dispatcher	AFS	333	07/09	$18.76	$25.23		
Lead Transportation Technician	AFS	336	07/09	$20.20	$27.17		
Lead Utility Mechanic	AFS	343	07/09	$24.01	$32.29		
Lead Utility Plant Operator	AFS	343	07/09	$24.01	$32.29		
Lead Utility System Operator	AFS	341	07/09	$22.85	$30.74		
Lead Water Meter Technician	AFS	336	07/09	$20.20	$27.17		
Lead Water Quality Inspector	AFS	339	07/09	$21.75	$29.26		
Legal Assistant	CONF	912	08/08	$18.06	$25.42		
Legal Specialist	CONF	910	06/08	$16.07	$22.62		
Librarian	PROF	618	06/08			$52,116	$76,999
Library Assistant I	AFS	320	11/09	$13.61	$18.30		
Library Assistant II	AFS	321	11/09	$13.95	$18.76		
Library Assistant III	AFS	324	11/09	$15.02	$20.20		
Library Manager	MNGR	M623	06/08			$76,543	$113,089
Library Services Coordinator	PROF	617	05/08			$49,166	$72,641
Library Specialist	AFS	329	07/09	$16.99	$22.85		
Library Supervisor	PROF	620	06/08			$59,110	$87,333
Library Technology Specialist	AFS	334	04/10	$19.23	$25.86		
Maintenance and Inventory Support Assistant	CONF	914	05/08	$20.29	$28.56		
Management Analyst	PROF	618	06/08			$52,116	$76,999
Management Assistant	PROF	615	02/10			$44,595	$65,887
Management and Budget Director	EXEC	D2	06/09			$108,354	$162,532
Marketing Manager	MNGR	620	05/08			$59,110	$87,333
Marketing Supervisor	PROF	619	06/08			$55,243	$81,619
Materials Management Supervisor	PROF	621	05/08			$63,839	$94,319
Materials Manager	MNGR	M623	05/08			$76,543	$113,089
Municipal Security Guard	AFS	326	11/09	$15.78	$21.22		
Neighborhood and Revitalization Administrator	PROF	621	09/09			$63,839	$94,319
Neighborhood Improvement Specialist	AFS	337	07/09	$20.71	$27.85		
Neighborhood Programs Coordinator	PROF	617	05/08			$49,166	$72,641
Network Administrator	PROF	620	05/08			$59,110	$87,333
Network Engineer	PROF	622	05/08			$69,585	$102,808
Network Supervisor	PROF	623	05/08			$76,543	$113,089
Office Assistant	AFS	317	07/09	$12.64	$16.99		

Paralegal	CONF	914	06/08	$20.29	$28.56		
Parks and Sports Facilities Crew Leader	AFS	335	07/09	$19.71	$26.50		
Parks and Sports Facilities Equipment Mechanic	AFS	329	07/09	$16.99	$22.85		
Parks and Sports Facilities Worker I	AFS	318	07/09	$12.95	$17.42		
Parks and Sports Facilities Worker II	AFS	321	09/09	$13.95	$18.76		
Parks and Sports Facilities Worker III	AFS	326	07/09	$15.78	$21.22		
Parks Manager	MNGR	M624	05/08			$84,197	$124,398
Parks Project Administrator	PROF	622	06/08			$69,585	$102,808
Parks Supervisor	PROF	619	06/08			$55,243	$81,619
Pavement Maintenance Coordinator	AFS	345	07/09	$25.23	$33.93		
Pawn Specialist	AFS	332	07/09	$18.30	$24.61		
Payroll Specialist	CONF	913	05/08	$19.15	$26.94		
Payroll Supervisor	PROF	618	05/08			$52,116	$76,999
Photo Enforcement Coordinator	AFS	336	07/09	$20.20	$27.17		
Planner	PROF	618	05/08			$52,116	$76,999
Planning and Community Development Director	EXEC	D2	06/09			$108,354	$162,532
Planning Assistant	CONF	913	05/08	$19.15	$26.94		
Planning Manager	MNGR	M623	05/08			$76,543	$113,089
Planning Technician	AFS	333	07/09	$18.76	$25.23		
Plans Examiner I	AFS	346	07/09	$25.86	$34.78		
Plans Examiner II	AFS	350	07/09	$28.54	$38.39		
Police Chief	EXEC	D3	05/08			$120,273	$180,410
Police Commander	MNGR	M624	06/08			$84,197	$124,398
Police Equipment Coordinator	AFS	332	07/09	$18.30	$24.61		
Police Investigative Officer	AFS	342	07/09	$23.43	$31.51		
Police Lieutenant	MNGR		05/08			$76,543	$113,089
Police Manager	MNGR	M622	05/08			$69,585	$102,808
Police Officer	PPO	P-31		$25.11	$35.33		
Police Property and Evidence Technician	AFS	330	07/09	$17.42	$23.43		
Police Records Supervisor	PROF	618	06/08			$52,116	$76,999
Police Recruit	PPO	P-30		$22.60	$22.60		
Police Sergeant	SPRN	S621	08/08	$31.61	$46.70		
Police Services Officer	AFS	332	07/09	$18.30	$24.61		
Police Services Specialist	AFS	327	07/09	$16.17	$21.75		
Police Special Services Supervisor	PROF	618	05/09			$52,116	$76,999
Police Support Assistant	AFS	325	07/09	$15.40	$20.71		
Principal Planner	PROF	622	02/10			$69,585	$102,808
Programs Assistant	CONF	914	05/08	$20.29	$28.56		
Property and Evidence Supervisor	PROF	618	05/08			$52,116	$76,999
Property Management Agent	PROF	618	05/08			$52,116	$76,999
Public Affairs Specialist	PROF	615	06/08			$44,595	$65,887
Public Education Specialist	AFS	336	07/09	$20.20	$27.17		
Public Information Manager	MNGR	M622	06/08			$69,585	$102,808
Public Information Officer	PROF	619	06/08			$55,243	$81,619
Public Works and Utilities Director	EXEC	D2	06/09			$108,354	$162,532
Public Works Operations Manager	MNGR	M623	05/08			$76,543	$113,089
Public Works Inspector	AFS	342	07/09	$23.43	$31.51		

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Job Descriptions Home	Job Descriptions A - C	Job Descriptions D - I	Job Descriptions J - P	Job Descriptions T - W

Job Descriptions R through S

Effective: July 1, 2009

Please note: This is not a list of current job openings. We only accept applications for open positions. For current and open employment opportunities, click here.

Job Title	Salary Plan	Grade	Last Job Description Revision	Min Hour (Non-Exempt)	Max Hour (Non-Exempt)	Min Annual	Max Annual
Radio Systems Engineer	PROF	620	05/08			$59,110	$87,333
Records Assistant	CONF	910	06/08	$16.07	$22.62		
Recreation Coordinator	PROF	618	06/08			$52,116	$76,999
Recreation Manager	MNGR	M624	05/08			$84,197	$124,398
Recreation Programmer	AFS	333	07/09	$18.76	$25.23		
Recreation Specialist I	AFS	310	07/09	$10.63	$14.30		
Recreation Specialist II	AFS	318	07/09	$12.95	$17.42		
Recreation Supervisor	PROF	621	06/08			$63,839	$94,319
Recycling Coordinator	PROF	619	06/08			$55,243	$81,619
Recycling Technician	AFS	332	07/09	$18.30	$24.61		
Revenue Administrator	PROF	621	06/08			$63,839	$94,319
Revenue Collections Specialist	AFS	339	07/09	$21.75	$29.26		
Revenue Manager	MNGR	M623	09/08			$76,543	$113,089
Rio Vista Manager	PROF	622	06/08			$69,585	$102,808
ROW Contract Supervisor	PROF	618	06/08			$52,116	$76,999
Safety and Training Officer	PROF	619	05/08			$55,243	$81,619
Sales Tax Auditor	PROF	618	06/08			$52,116	$76,999
Sales Tax and Licensing Supervisor	PROF	620	05/08			$59,110	$87,333
SCADA Supervisor	PROF	621	06/08			$63,839	$94,319
Senior Accountant	PROF	620	05/08			$59,110	$87,333
Senior Applications Systems Analyst	PROF	621	06/08			$63,839	$94,319
Senior Assistant City Prosecutor	PROF	623	05/08			$76,543	$113,089
Senior Budget Analyst	PROF	620	05/08			$59,110	$87,333
Senior Civil Engineer	PROF	622	06/08			$69,585	$102,808
Senior Executive Assistant	CONF	914	06/08	$20.29	$28.56		
Senior Human Resources Consultant	PROF	619	05/08			$55,243	$81,619
Senior Librarian	PROF	619	06/08			$55,243	$81,619
Senior Management Analyst	PROF	620	02/10			$59,110	$87,333
Senior Planner	PROF	620	05/08			$59,110	$87,333
Senior Real Property Administrator	PROF	622	06/08			$69,585	$102,808
Solid Waste Manager	MNGR	M623	06/08			$76,543	$113,089
Solid Waste Supervisor	PROF	619	06/08			$55,243	$81,619
Solid Waste Worker	AFS	327	07/09	$16.17	$21.75		
Special Events Coordinator	PROF	616	05/08			$46,825	$69,182
Special Interest Class (SIC) Supervisor	PROF	619	05/08			$55,243	$81,619
Sports Complex Manager	PROF	622	05/08			$69,585	$102,808
Sports Complex Operations Coordinator	PROF	618	05/08			$52,116	$76,999
Sports Complex Supervisor	PROF	620	05/08			$59,110	$87,333
Sports Facilities Maintenance Coordinator	PROF	616	05/08			$46,825	$69,182
Sports Facilities Manager	MNGR	M624	05/08			$84,197	$124,398
Storekeeper I	AFS	315	07/09	$12.03	$16.17		
Storekeeper II	AFS	324	07/09	$15.02	$20.20		
Street Maintenance Supervisor	PROF	620	06/08			$59,110	$87,333
Street Maintenance Worker	AFS	327	07/09	$16.17	$21.75		
Systems Engineer	PROF	620	05/08			$59,110	$87,333

Job Descriptions T through W

Effective: July 1, 2009

Please note: This is not a list of current job openings. We only accept applications for open positions. For current and open *employment opportunities, click here.*

Job Title	Salary Plan	Grade	Last Job Description Revision	Min Hour (Non-Exempt)	Max Hour (Non-Exempt)	Min Annual	Max Annual
Teen Supervisor	PROF	619	06/08			$55,243	$81,619
Traffic Signal System Specialist	AFS	351	07/09	$29.26	$39.35		
Traffic Signal Technician I	AFS	333	07/09	$18.76	$25.23		
Traffic Signal Technician II	AFS	335	07/09	$19.71	$26.50		
Traffic Signal Technician III	AFS	337	07/09	$20.71	$27.85		
Training and Development Coordinator	PROF	618	07/09			$52,116	$76,999
Transit Dispatcher	AFS	324	07/09	$15.02	$20.20		
Transit Manager	MNGR	M622	06/08			$69,585	$102,808
Transit Operator I	AFS	326	07/09	$15.78	$21.22		
Transit Operator II	AFS	332	07/09	$18.30	$24.61		
Transit Operations Supervisor	PROF	618	06/08			$52,116	$76,999
Transportation Maintenance Specialist	AFS	342	07/09	$23.43	$31.51		
Transportation Planning Engineer	PROF	621	06/08			$63,839	$94,319
Transportation Technician I	AFS	331	07/09	$17.85	$24.01		
Transportation Technician II	AFS	335	07/09	$19.71	$26.50		
Treasury Manager	MNGR	M623	05/08			$76,543	$113,089
Utilities Engineering Manager	MNGR	M624	06/08			$84,197	$124,398
Utilities Operations Manager	MNGR	M622	05/08			$69,585	$102,808
Utility Locator I	AFS	330	07/09	$17.42	$23.43		
Utility Locator II	AFS	333	07/09	$18.76	$25.23		
Utility Mechanic I	AFS	332	07/09	$18.30	$24.61		
Utility Mechanic II	AFS	339	07/09	$21.75	$29.26		
Utility Plant Operator I	AFS	332	04/10	$18.30	$24.61		
Utility Plant Operator II	AFS	339	04/10	$21.75	$29.26		
Utility Services Supervisor	PROF	619	06/08			$55,243	$81,619
Utility Supervisor	PROF	620	06/08			$59,110	$87,333
Utility System Operator I	AFS	330	04/10	$17.42	$23.43		
Utility System Operator II	AFS	337	04/10	$20.71	$27.85		
Utility Trainee	AFS	318	04/10	$12.95	$17.42		
Utility Treatment Supervisor	PROF	620	06/08			$59,110	$87,333
Vehicle Impound Coordinator	AFS	337	07/09	$20.71	$27.85		
Victim Assistance Coordinator	PROF	616	06/08			$46,825	$69,182
Video Production Coordinator	PROF	618	06/08			$52,116	$76,999
Video Production Specialist	PROF	615	05/08			$44,595	$65,887
Waste Reduction Program Administrator	PROF	622	09/09			$69,585	$102,808
Water Conservation Coordinator	PROF	618	05/08			$52,116	$76,999
Water Conservation Specialist	AFS	338	01/10	$21.22	$28.54		
Water Meter Technician I	AFS	326	07/09	$15.78	$21.22		
Water Meter Technician II	AFS	328	02/10	$16.58	$22.30		
Water Quality Inspector	AFS	333	07/09	$18.76	$25.23		
Water Resources Coordinator	PROF	618	09/08			$52,116	$76,999
Water Resources and Environmental Manager	MNGR	M623	05/08			$76,543	$113,089
Water Resources Supervisor	PROF	620	06/08			$59,110	$87,333
Web Designer-Developer	PROF	619	06/08			$55,243	$81,619
Webmaster	PROF	622	06/08			$69,585	$102,808

ALPHABETICAL LISTING (Exceptions to union codes may exist based on position)

Class Code	Union Code	Class Title:	Grade Code	Min Salary	Mid Pt Salary	Max Salary
2021	N	Traffic Signal & Street Lighting Engineer	816	52,686.40	70,616.00	88,524.80
2730	N	Transit Services Coordinator	816	52,686.40	70,616.00	88,524.80
2760	N	Transportation Administrator	818	64,396.80	86,278.40	108,160.00
2712	N	Transportation Eligibility Specialist	917	34,569.60	44,148.00	53,726.40
2790	N	Transportation Program Coordinator	816	52,686.40	70,616.00	88,524.80
2755	N	Transportation Public Information Officer	816	52,686.40	70,616.00	88,524.80
5230	N	Transportation Superintendent	817	58,094.40	77,875.20	97,635.20
0433	N	Tucson-Mexico Program Director (Unclassified)	818	64,396.80	86,278.40	108,160.00
0767	C	UNIX Systems Administrator	715	52,936.00	70,137.60	87,318.40
5160	C	Utility Service Representative	916	31,553.60	40,320.80	49,088.00
4022	A	Utility Service Worker	915	29,036.80	37,086.40	45,136.00
4030	N	Utility Services Crew Supervisor	918	38,105.60	48,672.00	59,238.40
4025	A	Utility Technician - Apprentice	A	26,894.40	33,176.00	39,436.80
4025	A	Utility Technician - Craft	C	39,436.80	45,572.80	51,688.00
4025	A	Utility Technician - Journey	J	51,688.00	57,512.00	63,315.20
0768	C	WAN Administrator	715	52,936.00	70,137.60	87,318.40
0114	C	Warrant Clerk	913	25,064.00	32,021.60	38,979.20
0436	C	Waste Reduction Planner	815	48,006.40	64,334.40	80,662.40
X 4186	N	Water Administrator	818	64,396.80	86,278.40	108,160.00
4004	C	Water Communications Operator	914	26,894.40	34,340.80	41,787.20
0222	N	Water Conservation / Information Supervisor	815	48,006.40	64,334.40	80,662.40
2022	C	Water Control Systems Engineer	816	52,686.40	70,616.00	88,524.80
2023	N	Water Control Systems Manager	817	58,094.40	77,875.20	97,635.20
2267	N	Water Control Systems Supervisor	815	48,006.40	64,334.40	80,662.40
X 4036	A	Water Meter Repairer	916	31,553.60	40,320.80	49,088.00
X 4069	N	Water Operations Superintendent	817	58,094.40	77,875.20	97,635.20
X 4029	N	Water Operations Supervisor	919	42,307.20	54,038.40	65,769.60
4055	N	Water Plant Supervisor	919	42,307.20	54,038.40	65,769.60
4067	N	Water Program Supervisor	817	58,094.40	77,875.20	97,635.20
0221	N	Water Public Information Officer	816	52,686.40	70,616.00	88,524.80
4016	C	Water Quality Analyst	917	34,569.60	44,148.00	53,726.40
4020	N	Water Quality Laboratory Supervisor	817	58,094.40	77,875.20	97,635.20
4026	A	Water Service Locator	916	31,553.60	40,320.80	49,088.00
4040	N	Water Services Supervisor	918	38,105.60	48,672.00	59,238.40
X 4053	A	Water System Operator	917	34,569.60	44,148.00	53,726.40
4062	A	Water Treatment Plant Operator	916	31,553.60	40,320.80	49,088.00
0769	C	WEB Administrator	714	47,819.20	63,356.80	78,873.60
5772	A	Welder	917	34,569.60	44,148.00	53,726.40
5773	N	Welder Supervisor	814	43,971.20	58,926.40	73,860.80
4090	A	Well Maintenance Mechanic	916	31,553.60	40,320.80	49,088.00
3303	N	WSI / Senior Lifeguard (Hourly)	1017	19,822.40	19,822.40	19,822.40
2620	N	Zoning Administrator	818	64,396.80	86,278.40	108,160.00
0417	N	Zoning Examiner (Unclassified)	819	71,697.60	96,075.20	120,432.00
3270	N	Zoo Administrator	818	64,396.80	86,278.40	108,160.00
3255	N	Zoo Area Supervisor	814	43,971.20	58,926.40	73,860.80
3261	N	Zoo Education Curator	816	52,686.40	70,616.00	88,524.80
3260	N	Zoo General Curator	817	58,094.40	77,875.20	97,635.20
3252	A	Zookeeper	915	29,036.80	37,086.40	45,136.00

GRADES 302-307, 400-408, 900s, AND 1000s ARE OVERTIME ELIGIBLE
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ALPHABETICAL LISTING (Exceptions to union codes may exist based on position)

Class Code	Union Code	Class Title:	Grade Code	Min Salary	Mid Pt Salary	Max Salary
0980	C	Contract Officer	917	34,569.60	44,148.00	53,726.40
1547	N	Convention Center Administrator	818	64,396.80	86,278.40	108,160.00
1520	N	Convention Center Box Office Supervisor	815	48,006.40	64,334.40	80,662.40
0145	C	Convention Center Cashier	913	25,064.00	32,021.60	38,979.20
1545	N	Convention Center Event Services Manager	816	52,686.40	70,616.00	88,524.80
1540	C	Convention Center Events Coordinator	813	40,456.00	54,204.80	67,953.60
1511	N	Convention Center Manager	815	48,006.40	64,334.40	80,662.40
1546	N	Convention Center Operations Manager	815	48,006.40	64,334.40	80,662.40
1505	N	Convention Center Parking Supervisor	813	40,456.00	54,204.80	67,953.60
1542	N	Convention Center Sales Manager	815	48,006.40	64,334.40	80,662.40
1510	N	Convention Center Stagehand Supervisor	918	38,105.60	48,672.00	59,238.40
1544	N	Convention Center Technical Manager	815	48,006.40	64,334.40	80,662.40
1501	A	Convention Center Worker	913	25,064.00	32,021.60	38,979.20
1502	N	Convention Center Worker Supervisor	917	34,569.60	44,148.00	53,726.40
4028	C	Corrosion Control Technician	917	34,569.60	44,148.00	53,726.40
0164	C	Cost Recovery Clerk	914	26,894.40	34,340.80	41,787.20
0402	N	Council Administrative Assistant (Unclassified)	814	43,971.20	58,926.40	73,860.80
0401	N	Council Member (Unclassified) (effective 12-6-99)	0401	24,000.00	24,000.00	24,000.00
7010	C	Courier	912	23,524.80	30,045.60	36,566.40
0280	N	Court Administrator	818	64,396.80	86,278.40	108,160.00
0119	C	Court Clerk	913	25,064.00	32,021.60	38,979.20
0609	N	Court Section Manager	815	48,006.40	64,334.40	80,662.40
0124	N	Court Supervisor	917	34,569.60	44,148.00	53,726.40
6328	N	Crime Laboratory Coordinator	816	52,686.40	70,616.00	88,524.80
6329	N	Crime Laboratory Superintendent	817	58,094.40	77,875.20	97,635.20
6350	C	Crime Scene Specialist	917	34,569.60	44,148.00	53,726.40
6351	N	Crime Scene Specialist Supervisor	918	38,105.60	48,672.00	59,238.40
6321	C	Criminalist	813	40,456.00	54,204.80	67,953.60
2568	C	Cross Connection Control Specialist	917	34,569.60	44,148.00	53,726.40
6105	N	Custodial Services Supervisor	917	34,569.60	44,148.00	53,726.40
6101	A	Custodian	912	23,524.80	30,045.60	36,566.40
0151	C	Customer Service Clerk	912	23,524.80	30,045.60	36,566.40
X 0152	C	Customer Service Representative	914	26,894.40	34,340.80	41,787.20
0764	C	Data Base Administrator	715	52,936.00	70,137.60	87,318.40
0710	C	Data Control Clerk	912	23,524.80	30,045.60	36,566.40
0701	C	Data Entry Operator	911	22,256.00	28,423.20	34,590.40
0715	C	Data Production Scheduler	915	29,036.80	37,086.40	45,136.00
0880	N	Department Finance Manager	817	58,094.40	77,875.20	97,635.20
1018	N	Department Human Resources Manager	817	58,094.40	77,875.20	97,635.20
2792	N	Deputy / Assistant Director of Transportation	819	71,697.60	96,075.20	120,432.00
4188	N	Deputy / Assistant Director of Water	819	71,697.60	96,075.20	120,432.00
0207	N	Deputy City Clerk	819	71,697.60	96,075.20	120,432.00
0429	N	Deputy City Manager (Unclassified)	823	115,003.20	154,107.20	193,211.20
0898	N	Deputy Director of Budget and Research	819	71,697.60	96,075.20	120,432.00
0610	N	Deputy Director of City Court	819	71,697.60	96,075.20	120,432.00
1488	N	Deputy Director of Community Services	819	71,697.60	96,075.20	120,432.00
1549	N	Deputy Director of Convention Center	819	71,697.60	96,075.20	120,432.00
0458	N	Deputy Director of Development Services	819	71,697.60	96,075.20	120,432.00
5195	N	Deputy Director of Environmental Services	819	71,697.60	96,075.20	120,432.00
0889	N	Deputy Director of Finance	819	71,697.60	96,075.20	120,432.00
5038	N	Deputy Director of General Services	819	71,697.60	96,075.20	120,432.00
1075	N	Deputy Director of Human Resources	819	71,697.60	96,075.20	120,432.00
0794	N	Deputy Director of Information Technology	718	76,044.80	100,755.20	125,465.60

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ALPHABETICAL LISTING (Exceptions to union codes may exist based on position)

Class Code	Union Code	Class Title:	Grade Code	Min Salary	Mid Pt Salary	Max Salary
1002	C	Public Safety Education Specialist	815	48,006.40	64,334.40	80,662.40
6342	N	Public Safety Facility Specialist	917	34,569.60	44,148.00	53,726.40
2174	C	Real Estate Appraiser	816	52,686.40	70,616.00	88,524.80
2156	N	Real Estate Program Coordinator	816	52,686.40	70,616.00	88,524.80
0418	N	Real Estate Program Director (Unclassified)	819	71,697.60	96,075.20	120,432.00
2176	N	Real Estate Program Manager	817	58,094.40	77,875.20	97,635.20
3312	C	Recreation Assistant	913	25,064.00	32,021.60	38,979.20
3321	N	Recreation Program Coordinator	916	31,553.60	40,320.80	49,088.00
3314	C	Recreation Specialist	916	31,553.60	40,320.80	49,088.00
3325	N	Recreation Supervisor	815	48,006.40	64,334.40	80,662.40
3311	N	Recreation Worker (Hourly)	1006	16,244.80	16,244.80	16,244.80
5164	C	Recycling Coordinator	815	48,006.40	64,334.40	80,662.40
2512	C	Rehabilitation Inspector / Estimator	917	34,569.60	44,148.00	53,726.40
2515	N	Rehabilitation Inspector / Estimator Supervisor	815	48,006.40	64,334.40	80,662.40
0949	N	Reprographics Supervisor	814	43,971.20	58,926.40	73,860.80
0905	A	Reprographics Technician	914	26,894.40	34,340.80	41,787.20
0442	N	Research Assistant Special Projects	818	64,396.80	86,278.40	108,160.00
2571	C	Residential Inspector	917	34,569.60	44,148.00	53,726.40
1460	N	Residential Rehabilitation Project Coordinator	814	43,971.20	58,926.40	73,860.80
0852	N	Revenue Investigation Supervisor	917	34,569.60	44,148.00	53,726.40
0851	C	Revenue Investigator	916	31,553.60	40,320.80	49,088.00
2173	C	Review Appraiser	815	48,006.40	64,334.40	80,662.40
0431	N	Rio Nuevo Community Outreach Officer (Unclassified)	814	43,971.20	58,926.40	73,860.80
0432	N	Rio Nuevo Project Director (Unclassified)	820	80,184.00	107,452.80	134,721.60
0310	N	Risk Management Specialist	815	48,006.40	64,334.40	80,662.40
0316	N	Risk Management Supervisor	816	52,686.40	70,616.00	88,524.80
0325	N	Risk Manager	818	64,396.80	86,278.40	108,160.00
5744	A	Roofer	916	31,553.60	40,320.80	49,088.00
0305	N	Safety Specialist	814	43,971.20	58,926.40	73,860.80
5166	N	Scalehouse Supervisor	917	34,569.60	44,148.00	53,726.40
0041	C	Secretary	914	26,894.40	34,340.80	41,787.20
0040	C	Secretary: Assignment	915	29,036.80	37,086.40	45,136.00
0802	C	Senior Account Clerk	914	26,894.40	34,340.80	41,787.20
X 0832	C	Senior Accountant / Auditor	814	43,971.20	58,926.40	73,860.80
0623	N	Senior Assistant City Attorney	616	63,315.20	83,865.60	104,395.20
3215	N	Senior Assistant Golf Professional	502	23,524.80	30,056.00	36,566.40
0617	N	Senior Assistant Prosecuting City Attorney	616	63,315.20	83,865.60	104,395.20
0142	C	Senior Cashier	913	25,064.00	32,021.60	38,979.20
0981	C	Senior Contract Officer	815	48,006.40	64,334.40	80,662.40
0912	A	Senior Copy Technician	915	29,036.80	37,086.40	45,136.00
0120	C	Senior Court Clerk	915	29,036.80	37,086.40	45,136.00
6323	C	Senior Criminalist	815	48,006.40	64,334.40	80,662.40
0702	C	Senior Data Entry Operator	912	23,524.80	30,045.60	36,566.40
0202	N	Senior Election Technician (Hourly)	1027	25,729.60	30,534.40	35,339.20
2012	N	Senior Engineering Associate	815	48,006.40	64,334.40	80,662.40
2007	C	Senior Engineering Technician	917	34,569.60	44,148.00	53,726.40
5153	A	Senior Environmental Services Worker	914	26,894.40	34,340.80	41,787.20
0273	N	Senior Equal Opportunity Specialist	815	48,006.40	64,334.40	80,662.40
5303	A	Senior Fleet Services Technician	914	26,894.40	34,340.80	41,787.20
5322	A	Senior Heavy Equipment Mechanic	918	38,105.60	48,672.00	59,238.40
0628	C	Senior Legal Investigator	918	38,105.60	48,672.00	59,238.40
2542	C	Senior Mechanical Inspector	918	38,105.60	48,672.00	59,238.40
2562	C	Senior Plumbing Inspector	918	38,105.60	48,672.00	59,238.40

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City of Phoenix

Schedule II - Report by Job Code

Effective: 07/13/2009

Job Code	Job Title	FLSA Status	Salary Plan	Grade	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Benefit Category
01032	Admin Secretary*Mayor	HR	001	029	19.38	20.44	21.48	22.48	23.72	24.91	26.15	27.54	28.93	007
					1,550.40	1,635.20	1,718.40	1,798.40	1,897.60	1,992.80	2,092.00	2,203.20	2,314.40	
					3,359.20	3,542.93	3,723.20	3,896.53	4,111.47	4,317.73	4,532.67	4,773.60	5,014.53	
01040	Secretarial Supervisor	HR	001	029	19.38	20.44	21.48	22.48	23.72	24.91	26.15	27.54	28.93	007
					1,550.40	1,635.20	1,718.40	1,798.40	1,897.60	1,992.80	2,092.00	2,203.20	2,314.40	
					3,359.20	3,542.93	3,723.20	3,896.53	4,111.47	4,317.73	4,532.67	4,773.60	5,014.53	
01050	Council Reporter Coordinator	HR	001	030	20.44	21.48	22.48	23.72	24.91	26.15	27.54	28.93	30.44	007
					1,635.20	1,718.40	1,798.40	1,897.60	1,992.80	2,092.00	2,203.20	2,314.40	2,435.20	
					3,542.93	3,723.20	3,896.53	4,111.47	4,317.73	4,532.67	4,773.60	5,014.53	5,276.27	
01060	Secretary to Mayor(NC)	EX	001	035	26.15	27.54	28.93	30.44	31.98	33.63	35.41	37.18	39.06	007
					2,092.00	2,203.20	2,314.40	2,435.20	2,558.40	2,690.40	2,832.80	2,974.40	3,124.80	
					4,532.67	4,773.60	5,014.53	5,276.27	5,543.20	5,829.20	6,137.73	6,444.53	6,770.40	
01061	Secretary to Mayor(NC)*Sp Proj	EX	001	037	28.93	30.44	31.98	33.63	35.41	37.18	39.06	41.06	43.20	007
					2,314.40	2,435.20	2,558.40	2,690.40	2,832.80	2,974.40	3,124.80	3,284.80	3,456.00	
					5,014.53	5,276.27	5,543.20	5,829.20	6,137.73	6,444.53	6,770.40	7,117.07	7,488.00	
01070	Council Aide (NC)	EX	012	726	17.14	17.95	18.89	19.85	20.91	21.94	23.03	24.25	25.52	008
					1,371.20	1,436.00	1,511.20	1,588.00	1,672.80	1,755.20	1,842.40	1,940.00	2,041.60	
					2,970.93	3,111.33	3,274.27	3,440.67	3,624.40	3,802.93	3,991.87	4,203.33	4,423.47	
01080	Customer Service Clerk	HR	006	320	12.90	13.51	14.23	14.86	15.48	16.31	17.14	17.88	18.70	003
					1,032.00	1,080.80	1,138.40	1,188.80	1,238.40	1,304.80	1,371.20	1,430.40	1,496.00	
					2,236.00	2,341.73	2,466.53	2,575.73	2,683.20	2,827.07	2,970.93	3,099.20	3,241.33	
01083	Customer Service Clerk*Lead-U7	HR	001	022	13.89	14.50	15.07	15.86	16.75	17.56	18.46	19.38	20.44	007
					1,111.20	1,160.00	1,205.60	1,268.80	1,340.00	1,404.80	1,476.80	1,550.40	1,635.20	
					2,407.60	2,513.33	2,612.13	2,749.07	2,903.33	3,043.73	3,199.73	3,359.20	3,542.93	
01084	Customer Service Clerk*U8	HR	012	720	12.91	13.57	14.24	14.88	15.53	16.30	17.14	17.95	18.89	008
					1,032.80	1,085.60	1,139.20	1,190.40	1,242.40	1,304.00	1,371.20	1,436.00	1,511.20	
					2,237.73	2,352.13	2,468.27	2,579.20	2,691.87	2,825.33	2,970.93	3,111.33	3,274.27	
01085	Customer Service Clerk*Plans	HR	006	322	14.23	14.86	15.48	16.31	17.14	17.88	18.70	19.61	20.59	003
					1,138.40	1,188.80	1,238.40	1,304.80	1,371.20	1,430.40	1,496.00	1,568.80	1,647.20	
					2,466.53	2,575.73	2,683.20	2,827.07	2,970.93	3,099.20	3,241.33	3,399.07	3,568.93	
01100	Records Imaging Specialist	HR	006	326	17.14	17.88	18.70	19.61	20.59	21.61	22.63	23.76	24.89	003
					1,371.20	1,430.40	1,496.00	1,568.80	1,647.20	1,728.80	1,810.40	1,900.80	1,991.20	
					2,970.93	3,099.20	3,241.33	3,399.07	3,568.93	3,745.73	3,922.53	4,118.40	4,314.27	
01110	Records Clerk I	HR	006	320	12.90	13.51	14.23	14.86	15.48	16.31	17.14	17.88	18.70	003
					1,032.00	1,080.80	1,138.40	1,188.80	1,238.40	1,304.80	1,371.20	1,430.40	1,496.00	
					2,236.00	2,341.73	2,466.53	2,575.73	2,683.20	2,827.07	2,970.93	3,099.20	3,241.33	
01120	Records Clerk II	HR	006	322	14.23	14.86	15.48	16.31	17.14	17.88	18.70	19.61	20.59	003
					1,138.40	1,188.80	1,238.40	1,304.80	1,371.20	1,430.40	1,496.00	1,568.80	1,647.20	
					2,466.53	2,575.73	2,683.20	2,827.07	2,970.93	3,099.20	3,241.33	3,399.07	3,568.93	

City of Phoenix

Schedule II - Report by Job Code

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Job Code	Job Title	FLSA Status	Salary Plan	Grade	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Benefit Category
02040	Offset Press Operator	HR	006	324	15.48 1,238.40 2,683.20	16.31 1,304.80 2,827.07	17.14 1,371.20 2,970.93	17.88 1,430.40 3,099.20	18.70 1,496.00 3,241.33	19.61 1,568.80 3,399.07	20.59 1,647.20 3,568.93	21.61 1,728.80 3,745.73	22.63 1,810.40 3,922.53	003
02042	Offset Press Op*Special Press	HR	006	325	16.31 1,304.80 2,827.07	17.14 1,371.20 2,970.93	17.88 1,430.40 3,099.20	18.70 1,496.00 3,241.33	19.61 1,568.80 3,399.07	20.59 1,647.20 3,568.93	21.61 1,728.80 3,745.73	22.63 1,810.40 3,922.53	23.76 1,900.80 4,118.40	003
02043	Offset Press Operator*Lead	HR	001	025	15.86 1,268.80 2,749.07	16.75 1,340.00 2,903.33	17.56 1,404.80 3,043.73	18.46 1,476.80 3,199.73	19.38 1,550.40 3,359.20	20.44 1,635.20 3,542.93	21.48 1,718.40 3,723.20	22.48 1,798.40 3,896.53	23.72 1,897.60 4,111.47	007
02050	Printing Services Foreman	HR	001	027	17.56 1,404.80 3,043.73	18.46 1,476.80 3,199.73	19.38 1,550.40 3,359.20	20.44 1,635.20 3,542.93	21.48 1,718.40 3,723.20	22.48 1,798.40 3,896.53	23.72 1,897.60 4,111.47	24.91 1,992.80 4,317.73	26.15 2,092.00 4,532.67	007
02060	Printing Services Supervisor	EX	001	036	27.54 2,203.20 4,773.60	28.93 2,314.40 5,014.53	30.44 2,435.20 5,276.27	31.98 2,558.40 5,543.20	33.63 2,690.40 5,829.20	35.41 2,832.80 6,137.73	37.18 2,974.40 6,444.53	39.06 3,124.80 6,770.40	41.06 3,284.80 7,117.07	007
02070	Rehabilitation Loan Processor	HR	006	324	15.48 1,238.40 2,683.20	16.31 1,304.80 2,827.07	17.14 1,371.20 2,970.93	17.88 1,430.40 3,099.20	18.70 1,496.00 3,241.33	19.61 1,568.80 3,399.07	20.59 1,647.20 3,568.93	21.61 1,728.80 3,745.73	22.63 1,810.40 3,922.53	003
03190	Payroll Supervisor	EX	001	037	28.93 2,314.40 5,014.53	30.44 2,435.20 5,276.27	31.98 2,558.40 5,543.20	33.63 2,690.40 5,829.20	35.41 2,832.80 6,137.73	37.18 2,974.40 6,444.53	39.06 3,124.80 6,770.40	41.06 3,284.80 7,117.07	43.20 3,456.00 7,488.00	007
03200	Investment Manager	EX	001	039	31.98 2,558.40 5,543.20	33.63 2,690.40 5,829.20	35.41 2,832.80 6,137.73	37.18 2,974.40 6,444.53	39.06 3,124.80 6,770.40	41.06 3,284.80 7,117.07	43.20 3,456.00 7,488.00	45.35 3,628.00 7,860.67	47.69 3,815.20 8,266.27	007
03210	Accountant I	HR	001	030	20.44 1,635.20 3,542.93	21.48 1,718.40 3,723.20	22.48 1,798.40 3,896.53	23.72 1,897.60 4,111.47	24.91 1,992.80 4,317.73	26.15 2,092.00 4,532.67	27.54 2,203.20 4,773.60	28.93 2,314.40 5,014.53	30.44 2,435.20 5,276.27	007
03220	Accountant II	EX	001	033	23.72 1,897.60 4,111.47	24.91 1,992.80 4,317.73	26.15 2,092.00 4,532.67	27.54 2,203.20 4,773.60	28.93 2,314.40 5,014.53	30.44 2,435.20 5,276.27	31.98 2,558.40 5,543.20	33.63 2,690.40 5,829.20	35.41 2,832.80 6,137.73	007
03240	Accountant III	EX	001	035	26.15 2,092.00 4,532.67	27.54 2,203.20 4,773.60	28.93 2,314.40 5,014.53	30.44 2,435.20 5,276.27	31.98 2,558.40 5,543.20	33.63 2,690.40 5,829.20	35.41 2,832.80 6,137.73	37.18 2,974.40 6,444.53	39.06 3,124.80 6,770.40	007
03250	Municipal Court Controller	EX	013	841	34.87 2,789.60 6,044.13	PERFORMANCE RANGE							54.96 4,396.80 9,526.40	009
03260	Accountant IV	EX	001	037	28.93 2,314.40 5,014.53	30.44 2,435.20 5,276.27	31.98 2,558.40 5,543.20	33.63 2,690.40 5,829.20	35.41 2,832.80 6,137.73	37.18 2,974.40 6,444.53	39.06 3,124.80 6,770.40	41.06 3,284.80 7,117.07	43.20 3,456.00 7,488.00	007

City of Phoenix

Schedule II - Report by Job Code

Effective: 07/13/2009

Job Code	Job Title	FLSA Status	Salary Plan	Grade	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Benefit Category
05550	Business Assistance Adm	EX	013	841	34.87 2,789.60 6,044.13	PERFORMANCE RANGE							54.96 4,396.80 9,526.40	009
05560	Business Assistance Coord	EX	001	039	31.98 2,558.40 5,543.20	33.63 2,690.40 5,829.20	35.41 2,832.80 6,137.73	37.18 2,974.40 6,444.53	39.06 3,124.80 6,770.40	41.06 3,284.80 7,117.07	43.20 3,456.00 7,488.00	45.35 3,628.00 7,860.67	47.69 3,815.20 8,266.27	007
06000	Admin Intern (NC)	HR	001	026	16.75 1,340.00 2,903.33	17.56 1,404.80 3,043.73	18.46 1,476.80 3,199.73	19.38 1,550.40 3,359.20	20.44 1,635.20 3,542.93	21.48 1,718.40 3,723.20	22.48 1,798.40 3,896.53	23.72 1,897.60 4,111.47	24.91 1,992.80 4,317.73	007
06020	Admin Aide	HR	006	326	17.14 1,371.20 2,970.93	17.88 1,430.40 3,099.20	18.70 1,496.00 3,241.33	19.61 1,568.80 3,399.07	20.59 1,647.20 3,568.93	21.61 1,728.80 3,745.73	22.63 1,810.40 3,922.53	23.76 1,900.80 4,118.40	24.89 1,991.20 4,314.27	003
06021	Admin Aide*U7	HR	001	026	16.75 1,340.00 2,903.33	17.56 1,404.80 3,043.73	18.46 1,476.80 3,199.73	19.38 1,550.40 3,359.20	20.44 1,635.20 3,542.93	21.48 1,718.40 3,723.20	22.48 1,798.40 3,896.53	23.72 1,897.60 4,111.47	24.91 1,992.80 4,317.73	007
06022	Admin Aide*U8	HR	012	726	17.14 1,371.20 2,970.93	17.95 1,436.00 3,111.33	18.89 1,511.20 3,274.27	19.85 1,588.00 3,440.67	20.91 1,672.80 3,624.40	21.94 1,755.20 3,802.93	23.03 1,842.40 3,991.87	24.25 1,940.00 4,203.33	25.52 2,041.60 4,423.47	008
06023	Admin Aide*Empl Parking Coord	HR	006	327	17.88 1,430.40 3,099.20	18.70 1,496.00 3,241.33	19.61 1,568.80 3,399.07	20.59 1,647.20 3,568.93	21.61 1,728.80 3,745.73	22.63 1,810.40 3,922.53	23.76 1,900.80 4,118.40	24.89 1,991.20 4,314.27	26.15 2,092.00 4,532.67	003
06030	Admin Asst I	HR	001	030	20.44 1,635.20 3,542.93	21.48 1,718.40 3,723.20	22.48 1,798.40 3,896.53	23.72 1,897.60 4,111.47	24.91 1,992.80 4,317.73	26.15 2,092.00 4,532.67	27.54 2,203.20 4,773.60	28.93 2,314.40 5,014.53	30.44 2,435.20 5,276.27	007
06031	Admin Asst I*Open Mtg LawCoord	EX	001	032	22.48 1,798.40 3,896.53	23.72 1,897.60 4,111.47	24.91 1,992.80 4,317.73	26.15 2,092.00 4,532.67	27.54 2,203.20 4,773.60	28.93 2,314.40 5,014.53	30.44 2,435.20 5,276.27	31.98 2,558.40 5,543.20	33.63 2,690.40 5,829.20	007
06040	Admin Asst II	EX	001	035	26.15 2,092.00 4,532.67	27.54 2,203.20 4,773.60	28.93 2,314.40 5,014.53	30.44 2,435.20 5,276.27	31.98 2,558.40 5,543.20	33.63 2,690.40 5,829.20	35.41 2,832.80 6,137.73	37.18 2,974.40 6,444.53	39.06 3,124.80 6,770.40	007
06050	Admin Asst III	EX	013	840	33.23 2,658.40 5,759.87	PERFORMANCE RANGE							52.35 4,188.00 9,074.00	009
06060	Special Asst to City Mgr (NC)	EX	018	906	44.75 3,580.00 7,756.67	PERFORMANCE RANGE							70.48 5,638.40 12,216.53	010
06070	Exec Asst to Mayor (NC)	EX	018	907	47.00 3,760.00 8,146.67	PERFORMANCE RANGE							74.04 5,923.20 12,833.60	010

Job Code	Job Title	FLSA Status	Salary Plan	Grade	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Benefit Category
18290	Planning Director (NC)	EX	018	908	49.37	PERFORMANCE RANGE							77.78	010
					3,949.60								6,222.40	
					8,557.47								13,481.87	
18500	Neighborhood Services Dir (NC)	EX	018	908	49.37	PERFORMANCE RANGE							77.78	010
					3,949.60								6,222.40	
					8,557.47								13,481.87	
18510	Deputy Neighborhood Svcs Dir	EX	013	842	36.64	PERFORMANCE RANGE							57.73	009
					2,931.20								4,618.40	
					6,350.93								10,006.53	
18530	Neighborhood Specialist	EX	001	035	26.15	27.54	28.93	30.44	31.98	33.63	35.41	37.18	39.06	007
					2,092.00	2,203.20	2,314.40	2,435.20	2,558.40	2,690.40	2,832.80	2,974.40	3,124.80	
					4,532.67	4,773.60	5,014.53	5,276.27	5,543.20	5,829.20	6,137.73	6,444.53	6,770.40	
18531	Neighborhood Specialist*Lead	EX	001	036	27.54	28.93	30.44	31.98	33.63	35.41	37.18	39.06	41.06	007
					2,203.20	2,314.40	2,435.20	2,558.40	2,690.40	2,832.80	2,974.40	3,124.80	3,284.80	
					4,773.60	5,014.53	5,276.27	5,543.20	5,829.20	6,137.73	6,444.53	6,770.40	7,117.07	
18550	Grants Compliance Supervisor	EX	001	038	30.44	31.98	33.63	35.41	37.18	39.06	41.06	43.20	45.35	007
					2,435.20	2,558.40	2,690.40	2,832.80	2,974.40	3,124.80	3,284.80	3,456.00	3,628.00	
					5,276.27	5,543.20	5,829.20	6,137.73	6,444.53	6,770.40	7,117.07	7,488.00	7,860.67	
18560	Asst Neighborhood Services Dir	EX	018	904	40.56	PERFORMANCE RANGE							63.83	010
					3,244.80								5,106.40	
					7,030.40								11,063.87	
19000	Construction Insp	HR	004	217	17.69	18.36	19.01	19.77	20.71	21.61	22.51	23.51		002
					1,415.20	1,468.80	1,520.80	1,581.60	1,656.80	1,728.80	1,800.80	1,880.80		
					3,066.27	3,182.40	3,295.07	3,426.80	3,589.73	3,745.73	3,901.73	4,075.07		
19010	Senior Construction Insp	HR	004	225	24.49	25.56	26.54	27.65	28.69	29.85	31.21	32.80		002
					1,959.20	2,044.80	2,123.20	2,212.00	2,295.20	2,388.00	2,496.80	2,624.00		
					4,244.93	4,430.40	4,600.27	4,792.67	4,972.93	5,174.00	5,409.73	5,685.33		
19011	Senior Construction Insp*U1	HR	002	125	24.18	25.16	26.19	27.27	28.37	29.51	30.69	31.92	33.19	001
					1,934.40	2,012.80	2,095.20	2,181.60	2,269.60	2,360.80	2,455.20	2,553.60	2,655.20	
					4,191.20	4,361.07	4,539.60	4,726.80	4,917.47	5,115.07	5,319.60	5,532.80	5,752.93	
19020	Chief Construction Insp	HR	004	226	25.56	26.54	27.65	28.69	29.85	31.21	32.80	34.48		002
					2,044.80	2,123.20	2,212.00	2,295.20	2,388.00	2,496.80	2,624.00	2,758.40		
					4,430.40	4,600.27	4,792.67	4,972.93	5,174.00	5,409.73	5,685.33	5,976.53		
19021	Chief Construction Insp*U1	HR	002	126	25.16	26.19	27.27	28.37	29.51	30.69	31.92	33.19	34.57	001
					2,012.80	2,095.20	2,181.60	2,269.60	2,360.80	2,455.20	2,553.60	2,655.20	2,765.60	
					4,361.07	4,539.60	4,726.80	4,917.47	5,115.07	5,319.60	5,532.80	5,752.93	5,992.13	
19025	Chief Construction Insp*U7	HR	001	034	24.91	26.15	27.54	28.93	30.44	31.98	33.63	35.41	37.18	007
					1,992.80	2,092.00	2,203.20	2,314.40	2,435.20	2,558.40	2,690.40	2,832.80	2,974.40	
					4,317.73	4,532.67	4,773.60	5,014.53	5,276.27	5,543.20	5,829.20	6,137.73	6,444.53	

City of Phoenix

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Job Code	Job Title	FLSA Status	Salary Plan	Grade	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Benefit Category
43050	Asst Pool Manager	PT	006	321	13.51	14.23	14.86	15.48	16.31	17.14	17.88	18.70	19.61	999
43070	Pool Manager	PT	006	324	15.48	16.31	17.14	17.88	18.70	19.61	20.59	21.61	22.63	999
50010	Water Meter Reader	HR	004	212	15.19 1,215.20 2,632.93	15.56 1,244.80 2,697.07	16.01 1,280.80 2,775.07	16.59 1,327.20 2,875.60	17.11 1,368.80 2,965.73	17.69 1,415.20 3,066.27	18.36 1,468.80 3,182.40	19.01 1,520.80 3,295.07		002
50020	Water Services Tech Trnee (NC)	HR	004	212	15.19 1,215.20 2,632.93	15.56 1,244.80 2,697.07	16.01 1,280.80 2,775.07	16.59 1,327.20 2,875.60	17.11 1,368.80 2,965.73	17.69 1,415.20 3,066.27	18.36 1,468.80 3,182.40	19.01 1,520.80 3,295.07		002
50090	Water Meter Technician I	HR	004	213	15.56 1,244.80 2,697.07	16.01 1,280.80 2,775.07	16.59 1,327.20 2,875.60	17.11 1,368.80 2,965.73	17.69 1,415.20 3,066.27	18.36 1,468.80 3,182.40	19.01 1,520.80 3,295.07	19.77 1,581.60 3,426.80		002
50100	Water Meter Technician II	HR	004	215	16.59 1,327.20 2,875.60	17.11 1,368.80 2,965.73	17.69 1,415.20 3,066.27	18.36 1,468.80 3,182.40	19.01 1,520.80 3,295.07	19.77 1,581.60 3,426.80	20.71 1,656.80 3,589.73	21.61 1,728.80 3,745.73		002
50160	Utilities Credit Counselor	HR	006	328	18.70 1,496.00 3,241.33	19.61 1,568.80 3,399.07	20.59 1,647.20 3,568.93	21.61 1,728.80 3,745.73	22.63 1,810.40 3,922.53	23.76 1,900.80 4,118.40	24.89 1,991.20 4,314.27	26.15 2,092.00 4,532.67	27.44 2,195.20 4,756.27	003
50190	Utilities Service Coordinator	EX	001	033	23.72 1,897.60 4,111.47	24.91 1,992.80 4,317.73	26.15 2,092.00 4,532.67	27.54 2,203.20 4,773.60	28.93 2,314.40 5,014.53	30.44 2,435.20 5,276.27	31.98 2,558.40 5,543.20	33.63 2,690.40 5,829.20	35.41 2,832.80 6,137.73	007
50200	Water Services Technician	HR	004	215	16.59 1,327.20 2,875.60	17.11 1,368.80 2,965.73	17.69 1,415.20 3,066.27	18.36 1,468.80 3,182.40	19.01 1,520.80 3,295.07	19.77 1,581.60 3,426.80	20.71 1,656.80 3,589.73	21.61 1,728.80 3,745.73		002
50220	Water Services Specialist	HR	004	216	17.11 1,368.80 2,965.73	17.69 1,415.20 3,066.27	18.36 1,468.80 3,182.40	19.01 1,520.80 3,295.07	19.77 1,581.60 3,426.80	20.71 1,656.80 3,589.73	21.61 1,728.80 3,745.73	22.51 1,800.80 3,901.73		002
50260	Water Customer Services Spv I	HR	001	030	20.44 1,635.20 3,542.93	21.48 1,718.40 3,723.20	22.48 1,798.40 3,896.53	23.72 1,897.60 4,111.47	24.91 1,992.80 4,317.73	26.15 2,092.00 4,532.67	27.54 2,203.20 4,773.60	28.93 2,314.40 5,014.53	30.44 2,435.20 5,276.27	007
50270	Water Customer Services Spv II	EX	001	033	23.72 1,897.60 4,111.47	24.91 1,992.80 4,317.73	26.15 2,092.00 4,532.67	27.54 2,203.20 4,773.60	28.93 2,314.40 5,014.53	30.44 2,435.20 5,276.27	31.98 2,558.40 5,543.20	33.63 2,690.40 5,829.20	35.41 2,832.80 6,137.73	007
50271	Water Customer Svc Spvr II*Fld	EX	001	034	24.91 1,992.80 4,317.73	26.15 2,092.00 4,532.67	27.54 2,203.20 4,773.60	28.93 2,314.40 5,014.53	30.44 2,435.20 5,276.27	31.98 2,558.40 5,543.20	33.63 2,690.40 5,829.20	35.41 2,832.80 6,137.73	37.18 2,974.40 6,444.53	007

Job Code	Job Title	FLSA Status	Salary Plan	Grade	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Benefit Category
50360	Ops & Maint Tech Trnee (NC)	HR	022	214	16.01	16.59								002
					1,280.80	1,327.20								
					2,775.07	2,875.60								
50370	Ops & Maintenance Tech	HR	022	221	20.71	21.61	22.51	23.51	24.49	26.08				002
					1,656.80	1,728.80	1,800.80	1,880.80	1,959.20	2,086.40				
					3,589.73	3,745.73	3,901.73	4,075.07	4,244.93	4,520.53				
50371	Ops & Maintenance Tech*Spec	HR	022	227	26.54	27.65	29.21							002
					2,123.20	2,212.00	2,336.80							
					4,600.27	4,792.67	5,063.07							
50372	Ops & Maintenance Tech*Tm Ldr	HR	022	230	30.37									002
					2,429.60									
					5,264.13									
50380	Ops & Maintenance Supervisor	HR	001	032	22.48	23.72	24.91	26.15	27.54	28.93	30.44	31.98	33.63	007
					1,798.40	1,897.60	1,992.80	2,092.00	2,203.20	2,314.40	2,435.20	2,558.40	2,690.40	
					3,896.53	4,111.47	4,317.73	4,532.67	4,773.60	5,014.53	5,276.27	5,543.20	5,829.20	
50390	Water Facilities Supervisor	EX	001	037	28.93	30.44	31.98	33.63	35.41	37.18	39.06	41.06	43.20	007
					2,314.40	2,435.20	2,558.40	2,690.40	2,832.80	2,974.40	3,124.80	3,284.80	3,456.00	
					5,014.53	5,276.27	5,543.20	5,829.20	6,137.73	6,444.53	6,770.40	7,117.07	7,488.00	
50400	Utility Helper	HR	004	212	15.19	15.56	16.01	16.59	17.11	17.69	18.36	19.01		002
					1,215.20	1,244.80	1,280.80	1,327.20	1,368.80	1,415.20	1,468.80	1,520.80		
					2,632.93	2,697.07	2,775.07	2,875.60	2,965.73	3,066.27	3,182.40	3,295.07		
50430	Heavy Duty Maintenance Mech	HR	005	222			23.51	24.49	25.56	26.54	27.65	28.69		002
							1,880.80	1,959.20	2,044.80	2,123.20	2,212.00	2,295.20		
							4,075.07	4,244.93	4,430.40	4,600.27	4,792.67	4,972.93		
50690	Laboratory Superintendent	EX	013	841	34.87	PERFORMANCE RANGE							54.96	009
					2,789.60								4,396.80	
					6,044.13								9,526.40	
50710	Compliance/Reg Affairs Adm	EX	013	841	34.87	PERFORMANCE RANGE							54.96	009
					2,789.60								4,396.80	
					6,044.13								9,526.40	
50720	Asst Laboratory Superintendent	EX	001	040	33.63	35.41	37.18	39.06	41.06	43.20	45.35	47.69	50.20	007
					2,690.40	2,832.80	2,974.40	3,124.80	3,284.80	3,456.00	3,628.00	3,815.20	4,016.00	
					5,829.20	6,137.73	6,444.53	6,770.40	7,117.07	7,488.00	7,860.67	8,266.27	8,701.33	
50730	Pollution Control Supt	EX	013	841	34.87	PERFORMANCE RANGE							54.96	009
					2,789.60								4,396.80	
					6,044.13								9,526.40	
50770	Water Production Supt	EX	013	842	36.64	PERFORMANCE RANGE							57.73	009
					2,931.20								4,618.40	
					6,350.93								10,006.53	

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Job Code	Job Title	FLSA Status	Salary Plan	Grade	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Benefit Category
50790	Water Systems Operator	HR	006	329	19.61 ✓ 1,568.80 3,399.07	20.59 1,647.20 3,568.93	21.61 1,728.80 3,745.73	22.63 1,810.40 3,922.53	23.76 1,900.80 4,118.40	24.89 1,991.20 4,314.27	26.15 2,092.00 4,532.67	27.44 2,195.20 4,756.27	28.76 ✓ 2,300.80 4,985.07	003
50791	Water Systems Operator*Lead	HR	001	030	20.44 1,635.20 3,542.93	21.48 1,718.40 3,723.20	22.48 1,798.40 3,896.53	23.72 1,897.60 4,111.47	24.91 1,992.80 4,317.73	26.15 2,092.00 4,532.67	27.54 2,203.20 4,773.60	28.93 2,314.40 5,014.53	30.44 2,435.20 5,276.27	007
50830	Water Services Project Coord	EX	001	037	28.93 2,314.40 5,014.53	30.44 2,435.20 5,276.27	31.98 2,558.40 5,543.20	33.63 2,690.40 5,829.20	35.41 2,832.80 6,137.73	37.18 2,974.40 6,444.53	39.06 3,124.80 6,770.40	41.06 3,284.80 7,117.07	43.20 3,456.00 7,488.00	007
50850	Asst to the Water Supt	EX	001	038	30.44 2,435.20 5,276.27	31.98 2,558.40 5,543.20	33.63 2,690.40 5,829.20	35.41 2,832.80 6,137.73	37.18 2,974.40 6,444.53	39.06 3,124.80 6,770.40	41.06 3,284.80 7,117.07	43.20 3,456.00 7,488.00	45.35 3,628.00 7,860.67	007
50860	Asst Water Distribution Supt	EX	001	038	30.44 2,435.20 5,276.27	31.98 2,558.40 5,543.20	33.63 2,690.40 5,829.20	35.41 2,832.80 6,137.73	37.18 2,974.40 6,444.53	39.06 3,124.80 6,770.40	41.06 3,284.80 7,117.07	43.20 3,456.00 7,488.00	45.35 3,628.00 7,860.67	007
50870	Water Distribution Supt	EX	013	842	36.64 2,931.20 6,350.93	---------- PERFORMANCE RANGE ----------							57.73 4,618.40 10,006.53	009
51120	Instrumentation & Cont Supv	HR	001	034	24.91 1,992.80 4,317.73	26.15 2,092.00 4,532.67	27.54 2,203.20 4,773.60	28.93 2,314.40 5,014.53	30.44 2,435.20 5,276.27	31.98 2,558.40 5,543.20	33.63 2,690.40 5,829.20	35.41 2,832.80 6,137.73	37.18 2,974.40 6,444.53	007
51130	Instrumentation & Cont Spec	HR	005	222			23.51 1,880.80 4,075.07	24.49 1,959.20 4,244.93	25.56 2,044.80 4,430.40	26.54 2,123.20 4,600.27	27.65 2,212.00 4,792.67	28.69 2,295.20 4,972.93		002
51131	Instrumentation & Cont Spec*Ld	HR	005	223			24.49 1,959.20 4,244.93	25.56 2,044.80 4,430.40	26.54 2,123.20 4,600.27	27.65 2,212.00 4,792.67	28.69 2,295.20 4,972.93	29.85 2,388.00 5,174.00		002
51200	Water Quality Supervisor	EX	001	037	28.93 2,314.40 5,014.53	30.44 2,435.20 5,276.27	31.98 2,558.40 5,543.20	33.63 2,690.40 5,829.20	35.41 2,832.80 6,137.73	37.18 2,974.40 6,444.53	39.06 3,124.80 6,770.40	41.06 3,284.80 7,117.07	43.20 3,456.00 7,488.00	007
51210	Senior Water Quality Inspector	HR	004	222	21.61 1,728.80 3,745.73	22.51 1,800.80 3,901.73	23.51 1,880.80 4,075.07	24.49 1,959.20 4,244.93	25.56 2,044.80 4,430.40	26.54 2,123.20 4,600.27	27.65 2,212.00 4,792.67	28.69 2,295.20 4,972.93		002
51220	Chief Water Quality Inspector	EX	001	035	26.15 2,092.00 4,532.67	27.54 2,203.20 4,773.60	28.93 2,314.40 5,014.53	30.44 2,435.20 5,276.27	31.98 2,558.40 5,543.20	33.63 2,690.40 5,829.20	35.41 2,832.80 6,137.73	37.18 2,974.40 6,444.53	39.06 3,124.80 6,770.40	007
51230	Asst Wastewater Collect Supt	EX	001	038	30.44 2,435.20 5,276.27	31.98 2,558.40 5,543.20	33.63 2,690.40 5,829.20	35.41 2,832.80 6,137.73	37.18 2,974.40 6,444.53	39.06 3,124.80 6,770.40	41.06 3,284.80 7,117.07	43.20 3,456.00 7,488.00	45.35 3,628.00 7,860.67	007

Job Code	Job Title	FLSA Status	Salary Plan	Grade	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Benefit Category
51240	Wastewater Collections Supt	EX	013	842	36.64 2,931.20 6,350.93	PERFORMANCE RANGE							57.73 4,618.40 10,006.53	009
51250	Wastewater Treatment Supt	EX	013	842	36.64 2,931.20 6,350.93	PERFORMANCE RANGE							57.73 4,618.40 10,006.53	009
51260	Water Quality Inspector	HR	004	219	19.01 1,520.80 3,295.07	19.77 1,581.60 3,426.80	20.71 1,656.80 3,589.73	21.61 1,728.80 3,745.73	22.51 1,800.80 3,901.73	23.51 1,880.80 4,075.07	24.49 1,959.20 4,244.93	25.56 2,044.80 4,430.40		002
51280	Asst Customer Svcs Adm	EX	001	037	28.93 2,314.40 5,014.53	30.44 2,435.20 5,276.27	31.98 2,558.40 5,543.20	33.63 2,690.40 5,829.20	35.41 2,832.80 6,137.73	37.18 2,974.40 6,444.53	39.06 3,124.80 6,770.40	41.06 3,284.80 7,117.07	43.20 3,456.00 7,488.00	007
51290	Customer Services Adm	EX	013	841	34.87 2,789.60 6,044.13	PERFORMANCE RANGE							54.96 4,396.80 9,526.40	009
51300	Environmental Programs Manager	EX	018	903	38.56 3,084.80 6,683.73	PERFORMANCE RANGE							60.76 4,860.80 10,531.73	010
51320	Asst Water Resources Mgt Advsr	EX	013	842	36.64 2,931.20 6,350.93	PERFORMANCE RANGE							57.73 4,618.40 10,006.53	009
51330	Water Resources Mgt Advsr (NC)	EX	018	903	38.56 3,084.80 6,683.73	PERFORMANCE RANGE							60.76 4,860.80 10,531.73	010
51340	Water Conservation Coordinator	EX	001	034	24.91 1,992.80 4,317.73	26.15 2,092.00 4,532.67	27.54 2,203.20 4,773.60	28.93 2,314.40 5,014.53	30.44 2,435.20 5,276.27	31.98 2,558.40 5,543.20	33.63 2,690.40 5,829.20	35.41 2,832.80 6,137.73	37.18 2,974.40 6,444.53	007
51380	Water Resource Specialist	EX	001	033	23.72 1,897.60 4,111.47	24.91 1,992.80 4,317.73	26.15 2,092.00 4,532.67	27.54 2,203.20 4,773.60	28.93 2,314.40 5,014.53	30.44 2,435.20 5,276.27	31.98 2,558.40 5,543.20	33.63 2,690.40 5,829.20	35.41 2,832.80 6,137.73	007
51390	Water Services Director (NC)	EX	018	910	54.50 4,360.00 9,446.67	PERFORMANCE RANGE							85.85 6,868.00 14,880.67	010
51410	Asst Water Services Dir-Ops	EX	018	906	44.75 3,580.00 7,756.67	PERFORMANCE RANGE							70.48 5,638.40 12,216.53	010
51420	Asst Water Services Dir-Admstn	EX	018	906	44.75 3,580.00 7,756.67	PERFORMANCE RANGE							70.48 5,638.40 12,216.53	010

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51430	Asst Water Services Dir-Tech	EX	018	906	44.75	PERFORMANCE RANGE							70.48	010
					3,580.00								5,638.40	
					7,756.67								12,216.53	
51500	Environmental Programs Spec	EX	013	838	30.16	PERFORMANCE RANGE							47.48	009
					2,412.80								3,798.40	
					5,227.73								8,229.87	
51510	Environmental Programs Asst	HR	001	031	21.48	22.48	23.72	24.91	26.15	27.54	28.93	30.44	31.98	007
					1,718.40	1,798.40	1,897.60	1,992.80	2,092.00	2,203.20	2,314.40	2,435.20	2,558.40	
					3,723.20	3,896.53	4,111.47	4,317.73	4,532.67	4,773.60	5,014.53	5,276.27	5,543.20	
51520	Environmental Quality Spec	EX	001	035	26.15	27.54	28.93	30.44	31.98	33.63	35.41	37.18	39.06	007
					2,092.00	2,203.20	2,314.40	2,435.20	2,558.40	2,690.40	2,832.80	2,974.40	3,124.80	
					4,532.67	4,773.60	5,014.53	5,276.27	5,543.20	5,829.20	6,137.73	6,444.53	6,770.40	
51521	Environ Quality Spec*Brownflds	EX	001	036	27.54	28.93	30.44	31.98	33.63	35.41	37.18	39.06	41.06	007
					2,203.20	2,314.40	2,435.20	2,558.40	2,690.40	2,832.80	2,974.40	3,124.80	3,284.80	
					4,773.60	5,014.53	5,276.27	5,543.20	5,829.20	6,137.73	6,444.53	6,770.40	7,117.07	
51530	Water & Wastewtr Econ Anlst	EX	001	035	26.15	27.54	28.93	30.44	31.98	33.63	35.41	37.18	39.06	007
					2,092.00	2,203.20	2,314.40	2,435.20	2,558.40	2,690.40	2,832.80	2,974.40	3,124.80	
					4,532.67	4,773.60	5,014.53	5,276.27	5,543.20	5,829.20	6,137.73	6,444.53	6,770.40	
51531	Water & Wastewtr Econ Anlst*Ld	EX	001	037	28.93	30.44	31.98	33.63	35.41	37.18	39.06	41.06	43.20	007
					2,314.40	2,435.20	2,558.40	2,690.40	2,832.80	2,974.40	3,124.80	3,284.80	3,456.00	
					5,014.53	5,276.27	5,543.20	5,829.20	6,137.73	6,444.53	6,770.40	7,117.07	7,488.00	
53000	Utility Technician Trainee(NC)	HR	004	210	14.46	14.75	15.19	15.56	16.01	16.59	17.11	17.69		002
					1,156.80	1,180.00	1,215.20	1,244.80	1,280.80	1,327.20	1,368.80	1,415.20		
					2,506.40	2,556.67	2,632.93	2,697.07	2,775.07	2,875.60	2,965.73	3,066.27		
53010	Utility Technician	HR	004	214	16.01	16.59	17.11	17.69	18.36	19.01	19.77	20.71		002
					1,280.80	1,327.20	1,368.80	1,415.20	1,468.80	1,520.80	1,581.60	1,656.80		
					2,775.07	2,875.60	2,965.73	3,066.27	3,182.40	3,295.07	3,426.80	3,589.73		
53020	Utility Specialty Technician	HR	004	215	16.59	17.11	17.69	18.36	19.01	19.77	20.71	21.61		002
					1,327.20	1,368.80	1,415.20	1,468.80	1,520.80	1,581.60	1,656.80	1,728.80		
					2,875.60	2,965.73	3,066.27	3,182.40	3,295.07	3,426.80	3,589.73	3,745.73		
53030	Senior Utility Technician	HR	004	218	18.36	19.01	19.77	20.71	21.61	22.51	23.51	24.49		002
					1,468.80	1,520.80	1,581.60	1,656.80	1,728.80	1,800.80	1,880.80	1,959.20		
					3,182.40	3,295.07	3,426.80	3,589.73	3,745.73	3,901.73	4,075.07	4,244.93		
53040	Utility TV Technician	HR	004	218	18.36	19.01	19.77	20.71	21.61	22.51	23.51	24.49		002
					1,468.80	1,520.80	1,581.60	1,656.80	1,728.80	1,800.80	1,880.80	1,959.20		
					3,182.40	3,295.07	3,426.80	3,589.73	3,745.73	3,901.73	4,075.07	4,244.93		
53050	Utility Foreman	HR	001	029	19.38	20.44	21.48	22.48	23.72	24.91	26.15	27.54	28.93	007
					1,550.40	1,635.20	1,718.40	1,798.40	1,897.60	1,992.80	2,092.00	2,203.20	2,314.40	
					3,359.20	3,542.93	3,723.20	3,896.53	4,111.47	4,317.73	4,532.67	4,773.60	5,014.53	

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BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION OF BELLA VISTA WATER CO., INC. AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANTS AND PROPERTY AND FOR INCREASES IN ITS WATER RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.	DOCKET NO. W-02465A-09-0411
IN THE MATTER OF THE APPLICATION OF NORTHERN SUNRISE WATER COMPANY, INC., AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANTS AND PROPERTY AND FOR INCREASES IN ITS WATER RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.	DOCKET NO. W-20453A-09-0412
IN THE MATTER OF THE APPLICATION OF SOUTHERN SUNRISE WATER COMPANY, INC., AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANTS AND PROPERTY AND FOR INCREASES IN ITS WATER RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.	DOCKET NO. W-20454A-09-0413

IN THE MATTER OF THE JOINT APPLICATION OF BELLA VISTA WATER CO., INC., NORTHERN SUNRISE WATER COMPANY, INC., AND SOUTHERN SUNRISE WATER COMPANY, INC. FOR APPROVAL OF AUTHORITY TO CONSOLIDATE OPERATIONS, AND FOR THE TRANSFER OF UTILITY ASSETS TO BELLA VISTA WATER CO., INC. PURSUANT TO ARIZONA REVISED STATUTES 40-285.	DOCKET NO. W-02465A-09-0414 DOCKET NO. W-20453A-09-0414 DOCKET NO. W-20454A-09-0414

REJOINDER TESTIMONY OF

PETER EICHLER

July 7, 2010

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I. INTRODUCTION AND PURPOSE OF TESTIMONY

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Peter Eichler. My business address is 2845 Bristol Circle, Oakville, Ontario L6A 7H7.

Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY IN THIS CASE?

A. Yes, my rebuttal testimony was submitted in support of the rebuttal filing in this docket by Bella Vista Water Company, Northern Sunrise Water Company, and Southern Sunrise Water Company (the "Bella Vista Companies").

Q. WHAT IS THE PURPOSE OF YOUR REJOINDER TESTIMONY?

A. The purpose of my rejoinder testimony is to further support the Bella Vista Companies' application for rate relief by providing a detailed explanation of Liberty Water's affiliate cost allocation method in response to the surrebuttal testimonies of Staff and RUCO. Specifically, I respond to the surrebuttal testimonies of Crystal Brown on behalf of Staff and Tim Coley on behalf of RUCO.

II. REJOINDER TO STAFF.

Q. HOW WOULD YOU CHARACTERIZE STAFF'S SURREBUTTAL TESTIMONY ON THE ISSUE OF CENTRAL OFFICE COSTS?

A. I would characterize the testimony as attempting to further Staff's position on Central Office Costs, while remaining silent on the points and proposals I made in my rebuttal testimony. Interestingly, Mr. Brown did not dispute Staff's position taken in the recent Rio Rico rate case that Staff "is not opposed to the concept of a shared services model," as I stated in my rebuttal testimony (page 19). In her surrebuttal testimony, Ms. Brown makes a few generic criticisms of the APT cost allocations, but those criticisms can be readily answered and addressed.

Q. WHAT IS STAFF'S POSITION ON THE CENTRAL OFFICE COSTS?

A. In Ms. Brown's surrebuttal testimony, Staff takes the position that although the APT Central Office Costs benefit Northern Sunrise, Southern Sunrise, and Bella Vista, those costs should be disallowed because the parent company would have incurred the same level of costs whether it owned the Bella Vista Utilities or not. Based on that assumption, Ms. Brown then concludes that the APT costs primarily benefit the Income Fund and are driven by the Fund's desire for business growth.

Q. WHAT DO YOU THINK OF THAT POSITION?

A. I can agree with Staff that the Central Office Costs provide significant benefits to Northern Sunrise, Southern Sunrise, and Bella Vista, but I disagree with Staff on the remainder of these issues. For starters, the presumption that the APT costs would have been incurred irrespective of whether Liberty Water owned the Bella Vista facilities is not correct. Further, Staff's conclusion that the APT costs are driven by business growth for other unregulated affiliates simply is not true.

Q. PLEASE EXPLAIN.

A. The Central Office Costs are incurred by APT strictly and solely to benefit the facilities and utilities owned by the parent company. Put simply, if the parent did not own any facilities, the Central Office Costs would not be incurred. Likewise, if the parent owned half as many facilities as it owns today, it would incur a much lower amount of costs, because access to capital requirements would be lower, audit requirements would be less, tax services would be required in much lower proportions, depreciation would be lower because less staff would be required which in turn would mean less office furniture, computers, servers, etc. In short, Staff's contention simply is not true. Also, the notion that the APT costs drive or facilitate growth of the Income Fund's business activities isn't correct. The APT costs are incurred solely to serve the facilities currently owned by the parent.

Incurring audit costs for the facilities owned by the parent does not result in business growth. Rather, it is a cost of doing business. APIF and its investors do not generate additional profits from the APT costs, nor do those costs allow the parent's business to grow. The APT costs are simply necessary costs of doing business as a publicly traded company. In her testimony, Ms. Brown does not explain how audit costs, tax costs, legal costs or other similar cost incurred by APT generate revenue or growth for the parent company. Nor can she provide such explanation because the APT costs do not generate revenue or business for the parent company.

Q. ARE THERE ANY APT COSTS THAT REMAIN THE SAME EVEN IF THE NUMBER OF FACILITIES INCREASES?

A. Yes, there are likely some small costs that don't increase, such as the fees for listing on the Toronto Stock Exchange. Those listing fees do not change with the number of facilities. There are fewer examples of these types of costs than ones that increase incrementally with the number of facilities.

Q. CAN YOU EXPLAIN WHY THOSE TYPES OF COSTS SHOULD BE INCLUDED IN THE APT COST POOL AND ALLOCATED TO THE BELLA VISTA COMPANIES?

A. Definitely. Let me explain by providing an analogy. Let's assume a company owns two regulated businesses and buys a scalable software package that benefits both companies. Subsequently, the parent company purchases a third unregulated business. There is no need to upgrade the software package, so the company does not incur any additional costs. Following Staff's logic, the third business should not be allocated any of the software costs because those software costs would have been incurred whether or not the parent company owned the third unregulated business, which obviously would be unfair to ratepayers of the first two companies.

The inverse is also true. Under either scenario, the software costs are used by and benefit all of the companies and should be allocated to them accordingly.

Q. DOES THE FACT THAT THE PARENT COMPANY OWNS MANY FACILITIES AND UTILITIES BENEFIT THE REGULATED UTILITIES?

A. Absolutely. The economies of scale increase with added utilities and facilities. To illustrate, let's consider audit costs as an example. If the parent currently owns 50 facilities and expands to say 75 facilities, I would expect the audit costs to increase by an amount less than 50% (25 additional facilities is equal to a 50% increase in the total number of facilities). This means that as the parent company grows, the utilities continue to receive the benefits of these services at lower costs. That result is the purpose and primary benefit of a shared service model like the one used by Liberty Water, including the APT Central Office Costs, and companies like Global Water Resources, Arizona Water Company and Arizona-American. The success of that concept for Liberty Water's shared services model is demonstrated by my comparison of Bella Vista's total operating expenses per customer contained in my rebuttal testimony, which Staff has not disputed or contested.

Q. HAVE THE APT CENTRAL OFFICE COSTS PROVIDED ANY OTHER BENEFITS TO THE ARIZONA UTILITIES?

A. Yes, our acquisition and salvation of the McLain system is a prime example. We have taken over troubled systems, implemented necessary system upgrades and restored high quality service to customers. Liberty Water is able to do those things in large part because of its shared services model and access to capital resulting from the APT services. Over and over again, Liberty Water has invested capital and engineering to resolve utility problems and render high quality service to customers. Our numerous success stories demonstrate the substantial benefits and advantages available to customers under the Liberty Water business model. Put

simply, Liberty Water is an entity that gets things done, and provides high quality utility service with reasonable and transparent operating expenses. To illustrate this fact yet again, I've attached as **Exhibit PE-RJ1** a copy of a June 27, 2010 article from the Sierra Vista Herald, which includes comments from customers about Liberty Water's efforts to resolve the prior problems with the McLain systems. One customer even stated that he "was constantly calling the ACC (Arizona Corporation Commission) and talking to [Commissioner] Mayes about all the problems we were having. But there have been no problems with Liberty Water." Other comments included those from real estate agents in the area who said they couldn't sell homes until we acquired the McLain systems, took over operations and fixed the utility. Liberty Water was able to resolve the McLain crisis because the organization has experienced, professional employees that worked on the McLain crisis – Liberty did not have to hire those employees and add those costs to the McLain system.

Q. WHAT OTHER CRITICISMS OF THE CENTRAL OFFICE COST ALLOCATIONS DOES STAFF HAVE?

A. Staff asserts that Bella Vista failed to show that the APT cost allocations comply with the NARUC Guidelines. Ms. Brown criticizes Bella Vista for not providing time or cost studies to demonstrate compliance with the NARUC Guidelines.

Q. HOW DO YOU RESPOND TO THAT?

A. Mr. Brown's testimony on this issue may be the result of sincere concerns about the cost allocations, but her testimony mischaracterizes the NARUC guidelines and Liberty's compliance with those guidelines. The focal issue raised by Staff under the NARUC Guidelines is whether Bella Vista and the parent companies have direct charged any and all direct charges under the Guidelines first, before placing those costs into an allocation pool, which is allowed under the Guidelines. A time

or cost study will not answer that question because such study does not determine whether, for cost allocation purposes, a charge is a direct charge or not. To the extent Ms. Brown is critical of the invoices provided by Bella Vista relating to the APT Costs, the Company has provided many (emphasis added) invoices to substantiate these costs. We have provided all invoices over $5,000 and have made informal offers to Staff to provide any other specific invoice requested by Staff. We have more than met our burden of providing supporting invoices for the APT costs.

Q. WHAT ABOUT A TIME STUDY?

A. Ms. Brown doesn't explain what she means by a time or cost study, but such a study typically involves an analysis of a specific job by a qualified worker in an effort to find the most efficient or appropriate method in terms of time and effort. Here, a time study would not determine whether or not an invoice is a direct or indirect charge under the NARUC Guidelines.

Q. COULD YOU PERFORM A TIME STUDY ON THE APT COST POOL?

A. A fundamental premise of a time study is that it is a study of labor. As outlined in my previous testimony and attachments, the APT cost pool does not include any direct labor charges.

Q. SO COULD YOU DO A TIME STUDY RELATING TO THE APT COSTS?

A. No.

Q. SO ARE YOU SAYING THE COST POOL CONFORMS TO THE NARUC GUIDELINES?

A. Yes. The cost pool is compliant with the guidelines and so are our allocations of the APT costs to the Bella Vista Utilities. Mr. Brown's criticism seems focused on whether the costs are excessive, not whether we have complied with the NARUC Guidelines. Without question, the Commission should be concerned with whether

costs are excessive – but that is the function of audits and reviews, and that is why Liberty has been so forthcoming with invoices. The NARUC Guidelines are not intended to avoid passing through costs; rather, the Guidelines ensure that costs are properly allocated and that affiliate transactions do not create unjust returns. The NARUC Guidelines state only that costs that can be directly charged should be directly charged. Our methodology does exactly that. The APT costs are all indirect costs, whereas Liberty Water (AWS) costs are direct utility costs, with the majority being direct labor costs. Therefore, where possible, costs have been directly charged. We have reported all of the APT costs as indirect costs, which necessitates that the APT costs be allocated to the unregulated facilities and regulated utilities, including Bella Vista, pursuant to an allocation methodology. Liberty Water's allocation of the APT costs follows the NARUC Guidelines on those issues, which expressly recognize allocation of indirect costs.

Q. DOES STAFF HAVE ANY OTHER CONCERNS WITH THE CENTRAL OFFICE COSTS?

A. Yes. Staff claims that the Central Office Costs are incurred to create a profit for the parent company and, therefore, Staff claims that the costs benefit the parent company and its shareholders. Further, Staff claims that the parent company's business plans to grow its business are the primary driver for incurrence of the APT costs.

Q. HOW DO YOU RESPOND TO THOSE ISSUES?

A. I have several concerns with Staff's position. First, the fact that the parent company is a "for profit" and "growth oriented" company does not bear on the usefulness of these services to the Companies in this proceeding. The Bella Vista Companies themselves are "for profit" companies. Whether a company is "for profit" or not-for-profit does not have any bearing on the relevance or justness of

these costs or whether those costs are used by the utilities in providing service. Taken to the extreme, I do not believe the cost pool would be significantly different if the parent company were not-for-profit. The costs have little or nothing to do with the profit orientation of the parent. Second, as noted above, the APT costs do not generate profit for investors and the APT costs do not result in business growth.

Q. WHAT ABOUT THE PARENT COMPANY'S GROWTH HISTORY?

A. While the parent has demonstrated a strong history of growth, that has nothing to do with the APT cost pool. Audits of current facilities, tax planning and compliance for current facilities, legal services, rent, depreciation, HR and IT systems, escrow services, etc. all are relevant to the facilities and utilities currently owned, not to future facilities or utilities that may be acquired. Further, as I discussed above, the parent's growth allows the Companies to take advantage of the parent's economies of scale and also allows additional benefits such as strengthened access to capital.

Q. WHAT ABOUT STAFF'S DISALLOWANCE OF THE FEES RELATED TO MANAGEMENT SERVICES?

A. Staff suggests that the Management Fees relate to management of the fund, not the utilities. Essentially, Ms. Brown claims that the management fees in the APT Cost Pool relate to management of the income fund and would be duplicative of the Liberty Water costs for management of the Bella Vista Utilities.

Q. WHAT IS "MANAGEMENT OF THE FUND"?

A. Management of the fund and management of the facilities and utilities owned by the fund are not duplicative. "Management of the Fund" includes activities such as coordinating access to capital, corporate oversight and governance of the utilities, coordinating legal services, audit services, etc. As mentioned above, Staff admits that there are benefits of these services to the Companies. It also should be noted

that Ms. Brown does not identify what management services provided by APT are duplicative with management services provided by Liberty Water. The reality is that the management services provided by Liberty Water relate to day to day operations of the utilities; and the management services provided by APT relate to capital financing, strategic decisions, taxes, audits and other similar issues.

Q. SO WHAT IS YOUR RECOMMENDATION?

A. My recommendation continues to be for allowance of the APT costs. They are prudently incurred, provide benefits to the utilities and are necessary in the provision of service.

Q. NOW THAT YOU HAVE BEEN THROUGH THE RATE CASE PROCESS BEFORE THE COMMISSION, WHY DO YOU BELIEVE STAFF IS SO CONCERNED ABOUT THE APT COST ALLOCATIONS?

A. I believe Staff's added scrutiny results from the last Black Mountain Sewer Corporation rate case filed in 2005, Docket No. SW-02361A-05-0657, which involved charging and allocation of affiliate profit. We appreciate and understand Staff's scrutiny given those prior circumstances.

Q. IS THERE ANY AFFILIATE PROFIT IN THE APT COSTS HERE?

A. No. We took the message delivered by the Commission in that case and excluded any and all affiliate profit from the APT Cost Pool.

Q. NOW, IN THE LPSCO AND RIO RICO RATE CASES, STAFF EXPRESSED CONCERNS ABOUT IMPROPER CHARGES INCLUDED IN THE COST POOL. ARE THERE ANY INAPPROPRIATE CHARGES IN THE APT COST POOL IN THIS CASE?

A. No. As stated in by rebuttal testimony, we removed any and all questionable charges from the pool in response to Staff's and RUCO's concerns.

Q. WERE YOU THE WITNESS FOR LIBERTY WATER AT THE RIO RICO HEARING?

A. Yes.

Q. DO YOU RECALL A LINE OF QUESTIONING BY STAFF ATTORNEY MITCHELL REGARDING WHAT ASSURANCES YOU CAN GIVE STAFF THAT NO INAPPROPRIATE COSTS ARE INCLUDED IN THE POOL?

A. Yes.

Q. WHAT WAS YOUR ANSWER IN THAT CASE?

A. In response to that question, I consulted the NARUC Guidelines on Cost Allocations, and I noticed a section that describes an "Independent Attestation" that can be requested by a regulatory commission. Subsequently, Liberty Water offered to have an independent attestation by a third party CPA as picked by Staff and/or RUCO at the company's expense.

Q. DID YOU PROPOSE THE SAME INDEPENDENT ATTESTATION IN THIS CASE?

A. Yes. As stated in my rebuttal testimony, we proposed to subject the APT cost pool to an independent attestation by a third party CPA to prove that the costs in the pool are materially indirect costs. This proposal would alleviate Staff's concerns about improper charges by providing an independent "attestation" of the final APT cost pool. An attestation by an independent CPA would resolve Staff's and RUCO's concerns about whether the final APT cost pool includes charges relating to unregulated business operations or reflect services that can't be verified from invoices.

Q. WHAT WAS STAFF'S RESPONSE TO THE INDEPENDENT ATTESTATION PROPOSAL IN THIS CASE?

A. Staff did not address the independent attestation in its surrebuttal testimony. As a result, while I remain hopeful that the solution is agreeable to Staff, I cannot speculate as to Staff's position.

III. <u>REJOINDER TO RUCO.</u>

Q. HAS RUCO TAKEN A POSITION DIFFERENT FROM ITS DIRECT FILING ON THE CENTRAL OFFICE COSTS?

A. No. RUCO continues to propose disallowance of the APT costs. RUCO's primary objection is that the APT costs are excessive and unnecessary.

Q. ON WHAT BASIS DOES RUCO SUGGEST IN SURREBUTTAL THAT THE APT COSTS ARE EXCESSIVE?

A. In its surrebuttal testimony, RUCO has attempted to show that Bella Vista (Consolidated)'s labor costs are high on a per customer basis as compared to other selected water companies in Arizona.

Q. DO YOU AGREE WITH THE ANALYSIS?

A. Absolutely not. Mr. Coley has presented the same labor comparison that he presented in the Rio Rico rate case. At hearing in that case, however, Mr. Coley expressly acknowledged the shortcomings of his comparative analysis.[1] Among other things, Mr. Coley acknowledged that the APT costs are not labor costs; he conceded that the other water companies in his analysis itemize and account for labor costs in different ways; and he admitted that those other comparable

[1] Transcript of March 12, 2010 hearing, Rio Rico Utilities, Inc., Docket No. WS-02676A-09-0257 ("RRUI Tr.") at 402 – 403, 409 – 416, 418 – 419, 432 – 434, 437 – 439.

companies provide differing levels of utility service to customers.[2] Mr. Coley has presented the same flawed analysis relating to Bella Vista.

Q. PLEASE EXPLAIN.

A. There are several significant flaws with Mr. Coley's analysis. The following is a short list:

1) Mr. Coley's analysis overstates Bella Vista Water Company's labor expenses, and understates other companies' labor expenses to make his point. As provided to RUCO, and attached to my rejoinder testimony as **Exhibit PE-RJ2**, the total labor costs per customer for Bella Vista, as filed on a consolidated basis are $7.40. Including the APT costs, the total monthly cost per customer is $8.65 ($7.40 + $144,906/12 months/9610 customers). <u>This is lower than every comparable company used by Mr. Coley except Lago Del Oro</u>. Mr. Coley produced a similar analysis in the Rio Rico rate case, but he acknowledged that the Outside Services account encompasses far more than labor costs.[3] In this case, it seems as if he is going against his previous acknowledgement.

2) Mr. Coley's analysis does not compare costs from the same year. Most of the comparisons from Mr. Coley's analysis are either from a 2007 or even a 2006 test year in the case of Chaparral City. That's over a two year difference from the March 31, 2009 test year for the Bella Vista Companies.

3) Mr. Coley also does not take in to account the different operating methods of different utilities. Some utilities choose to outsource certain functions while others may perform them in-house. This makes comparability of labor costs near impossible. Mr. Coley failed to make that adjustment even though he acknowledged at the Rio Rico hearing that the various utilities report costs

[2] *Id.*

[3] RRUI Tr. at 402 – 409.

differently using different business models and different accounting methods.[4] Also, other utilities may have varying levels of automation in their utilities, and with more automation (SCADA, AMR/AMI Meters, etc.), there is less need for labor costs.

4) Perhaps the fatal flaw of Mr. Coley's testimony is that he is using labor statistics to disallow a cost pool that has nothing to do with labor. As stated many times, the APT costs are non-labor, indirect costs. In short, Mr. Coley is comparing apples to oranges.

5) As noted above, yet another flaw in Mr. Coley's analysis is that companies may choose to report the same costs in different line items. For example, some may report salaries under the Salaries and Wages account, while others that operate shared services models or use third party operating companies may record them in "Outside Services" and companies that do a little of each may record expenses in both.

6) It is my understanding that Mr. Coley has understated costs for other companies such as Arizona Water Company. For example, Arizona Water Company allocates some $2.0M in salaries from its Phoenix office and meter shop to its utilities. These costs were not included in Mr. Coley's analysis.

7) Mr. Coley also has left out payroll taxes for some companies and included it for others. For example, the three "standalone" companies used by Mr. Coley (Rio Verde, Bermuda Water Company and Lago Del Oro) did not have any amounts for payroll taxes included.

[4] *Id.* at 412 – 414.

Q. SO IS THERE A BETTER ANALYSIS THAT SHOWS HOW EFFICIENT BELLA VISTA IS IN RELATION TO A PEER GROUP?

A. Yes. For all the reasons I mentioned above, a line by line comparison of efficiency is near impossible. A better way would be to evaluate companies on a total operating cost per customer basis (controllable costs) as I provided in my rebuttal exhibits PE-RB3 and PE-RB4.

Q. REMIND US, MR. EICHLER, WHAT WERE THE RESULTS OF THOSE STUDIES?

A. The results were that Bella Vista, on a consolidated basis, ranked 8th out of the 23 water companies evaluated. I also demonstrated that Bella Vista's operating costs have decreased on a per customer basis under Liberty Water as compared to its prior operations as a stand-alone utility. I also prepared the chart attached to this rejoinder testimony as **Exhibit PE-RJ3**, which is a comparison of Bella Vista's controllable costs per customer versus 22 other water utilities. As shown on that chart, Bella Vista ranks eighth (8th) out of 23 for total costs.

Q. DID RUCO COMMENT ON THAT STUDY OR EVALUATE ITS RESULTS?

A. No. Mr. Coley did not address or respond to my comparisons and rebuttal exhibits.

Q. DO YOU HAVE ANY OTHER CONCERNS WITH RUCO'S ANALYSIS?

A. Yes. As I stated in my testimony in Rio Rico, Mr. Coley is trying to compare labor costs to disallow a set of costs that are not labor related. The APT costs are indirect costs related to strategic management, access to capital, corporate governance and administration. I am unsure why Mr. Coley continues to try and use labor as the driver for his analysis.

Q. RUCO ALSO OPPOSES YOUR SUGGESTION FOR AN INDEPENDENT ATTESTATION OF THE CENTRAL OFFICE COSTS ON THE GROUNDS

THAT OTHER STAFF AND RUCO WITNESSES ALREADY HAVE LOOKED AT THE POOL. HOW DO YOU RESPOND TO THAT TESTIMONY?

A. RUCO's proposed denial of an independent audit is puzzling on several fronts. Mr. Coley opposes the independent attestation for two reasons. First, he claims that the independent attestation will not address the inadequacy of the invoices as determined by Staff and RUCO. Second, Mr. Coley claims that an independent CPA isn't qualified to determine whether the APT costs are attributable to a utility. These arguments are red herrings and should be disregarded for several reasons. To start, the independent attestation is expressly authorized by the NARUC Guidelines. RUCO can't pick and choose what portions of the NARUC Guidelines it likes and dislikes in this case. Further, Mr. Coley misunderstands what an independent auditor would do. To the extent an invoice does not explain the charge incurred to Staff's or RUCO's satisfaction, the auditor then would contact the company involved or potentially the vendor and determine exactly what services were provided. Whether or not the invoice is adequate on its face does not change the nature and benefits of the actual services provided. Further, the CPAs or analysts referenced by Mr. Coley that have audited the cost pool thus far have not been independent. They have either been employed by the Arizona Corporation Commission or RUCO, or under contract to one of these parties. That is not an independent third-party attestation as envisioned by the NARUC Guidelines. Again, the independent attestation concept originates from the NARUC Guidelines for Cost Allocations, which Mr. Coley and RUCO purport to be the guiding principles of cost allocations.

Q. WHAT DO THE NARUC GUIDELINES SAY ON INDEPENDENT ATTESTATIONS?

A. The NARUC Guidelines state (page 4):

> "3. Any jurisdictional regulatory authority may request an independent attestation engagement of the [Cost Allocation Manual]. The cost of any independent attestation engagement associated with the CAM, should be shared between regulated and non-regulated operations consistent with the allocation of similar common costs."

Q. IS YOUR RECOMMENDATION CONSISTENT WITH THIS SECTION OF THE NARUC GUIDELINES?

A. Yes. In fact, my recommendation takes it a step further by proposing that the attestation be conducted by an auditor selected by RUCO and Staff (at Bella Vista's cost) and by offering to allow RUCO and Staff to choose the scope and purpose of the audit.

Q. DO YOU BELIEVE AN AUDIT HAS TO BE DONE?

A. No. As I mentioned earlier in my rejoinder, we have provided any and all invoices necessary to verify the APT costs. I have suggested the attestation engagement only as a measure to provide additional assurances to Staff and RUCO regarding the contents of the APT Cost Pool given their limited resources and in hopes of eliminating an issue in dispute between the Company and Staff/RUCO.

IV. <u>OTHER ANALYSIS.</u>

Q. MR. EICHLER, ARE YOU AWARE OF ANY OTHER UTILITIES WHO RUN BUSINESS MODELS SIMILAR TO LIBERTY WATER'S BUSINESS MODEL IN ARIZONA?

A. Yes. There are several companies that operate similar models.

Q. DO THOSE COMPANIES INCLUDE SIMILAR COST ALLOCATIONS IN THEIR RATE APPLICATIONS?

A. In our pending rate case for Black Mountain Sewer Corporation, Ms. Brown was Staff's witness on cost allocations and she testified that she was comfortable with and made no disallowances for shared costs in the recent Global Water rate cases.[5] As a result, I have undertaken a comparative analysis of the costs included by Global Water to the proposed Central Office Costs in Liberty Water's application. In the recent Rio Rico hearing, Mr. Coley acknowledged that the Commission has approved cost allocations for Chaparral City Water Company, Arizona Water Company and Arizona-American Water Company.[6] Perhaps the best comparison is Global Water, which uses a corporate cost allocation model very similar to Liberty Water. In Global's pending rate cases for its various utilities, Global included corporate costs allocations virtually identical to our cost allocations here and yet neither Staff nor RUCO opposed Global Water's cost allocations. It seems unfair for the Commission to approve costs allocations for Global but deny 99% of our cost allocations without any explanation.

Q. WHAT WAS THE OUTCOME OF YOUR ANALYSIS RELATING TO GLOBAL?

A. I have prepared **Exhibit PE-RJ4,** which shows a comparison of the types of costs included in the APT cost allocations versus the types of costs included by Global Water. My analysis shows that most of the costs allocated by APT also are allocated by Global. I hypothesize that other costs such as Escrow & Transfer Agent costs are not incurred because Global is not a publicly traded entity.

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[5] Transcript of November 25, 2009 hearing, *Black Mountain Sewer Corporation*, Docket No. SW-02361A-08-0609 at 781-782.

[6] RRUI Tr. at 432 – 435.

Q. ARE THERE ANY SIGNIFICANT DIFFERENCES IN YOUR ALLOCATIONS THAT YOU CAN POINT TO?

A. No. While the allocation factors may vary, the overall concepts are the same. Arizona utilities incur these costs prudently to operate shared services models and should be allowed uniformly in all cases.

Q. DOES THIS CONCLUDE YOUR REJOINDER TESTIMONY?

A. Yes.

Bella Vista Water Co., Inc.
Northern Sunrise Water Company Inc.
Southern Sunrise Water Company Inc.

W-02465A-09-0411, W-20453A-09-0412, W-20454A-09-0413,
W-02465A-09-0414, W-20453A-09-0414 and W-20454A-09-0414

Peter Eichler
Rejoinder Testimony
July 7, 2010

Exhibit

PE-RJ1

2232477.1

SIERRA VISTA THE HERALD

Published on *The Sierra Vista Herald* (http://www.svherald.com)

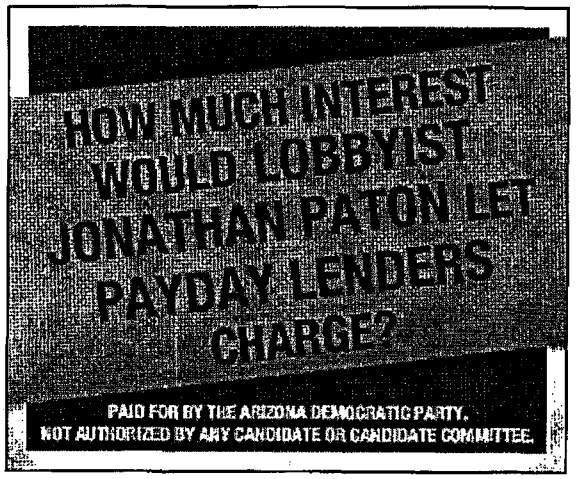
Customer praise flows for water service

From left, Michael Bullington and Kadin Hidecker play "Fix the Leak," a leaky house game, at Liberty Water Co.'s open house on Saturday. Liberty Water President David Pasieka of Canada is supervising the youngsters. (Dana Cole • Herald/Review)

By Dana Cole
Herald/Review

SIERRA VISTA — During an open house on Saturday at the Liberty Water Co. office, 4055 Campus Drive, customers praised the company for the improvements and upgrades Liberty has made since acquiring their water systems.

Liberty Water — formerly Algonquin Water Services — owns Bella Vista, Northern Sunrise and Southern Sunrise water companies. The systems, located in the Hereford/Palominas and Whetstone areas, were in dire condition before Liberty assumed ownership. Customers endured frequent water outages during summer that, at times, lasted days.



"Thankfully, those days are over," said Tim Bullington, a Re-Max agent who recalls the concerns people had about purchasing homes in the affected areas. "We had to go through a disclosure process where customers signed waivers stating they were informed of the frequent, long-term outages," Bullington said. "I was constantly calling the ACC (Arizona Corporation Commission) and talking to Kris Mayes about all the problems we were having. But there have been no problems with Liberty Water."

Hereford resident Tanny Schmidt remembers those outages. "It was so inconvenient for us. When we had an outage, sometimes the water company would drop off a couple of cases of bottled water, but when you need to do laundry, flush toilets and take showers, it just wasn't adequate."

Liberty Water President David Pasieka made the trip from the company's corporate office in Canada to attend the open house and talk to customers. "These comments are good news," he said. "It's really what we're trying to do here. We're trying to build a sustainable water utility in our service areas."

With 19 water and sewer facilities in four states, Liberty Water is a growth company looking to expand its services, Pasieka said.

The open house featured games for youngsters, refreshments and raffle prizes.

If you find a correction for this story, please contact our editorial department [1]

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SIERRA VISTA THE HERALD

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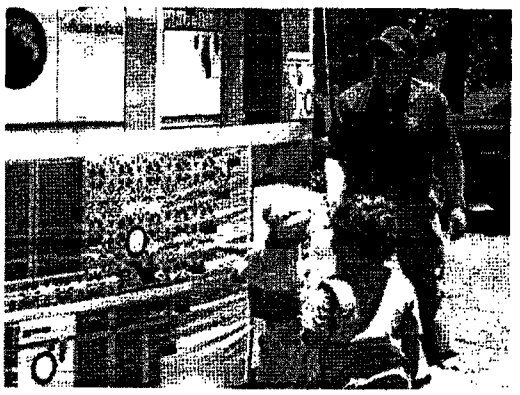

From left, Michael Bullington and Kadin Hidecker play "Fix the Leak," a leaky house game, at Liberty Water Co.'s open house on Saturday. Liberty Water President David Pasiaka of Canada is supervising the youngsters. (Dana Cole - Herald/Review)

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BY DANA COLE
Herald/Review

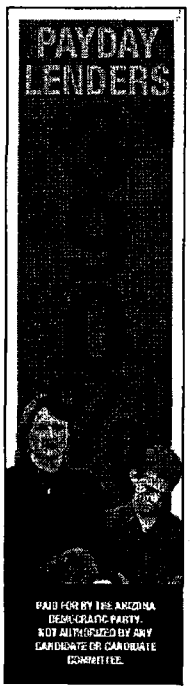
SIERRA VISTA — During an open house on Saturday at the Liberty Water Co. office, 4055 Campus Drive, customers praised the company for the improvements and upgrades Liberty has made since acquiring their water systems.

Liberty Water — formerly Algonquin Water Services — owns Bella Vista, Northern Sunrise and Southern Sunrise water companies. The systems, located in the Hereford/Palominas and Whetstone areas, were in dire condition before Liberty assumed ownership. Customers endured frequent water outages during summer that, at times, lasted days.

"Thankfully, those days are over," said Tim Bullington, a Re-Max agent who recalls the concerns people had about purchasing homes in the affected areas. "We had to go through a disclosure process where customers signed waivers stating they were informed of the frequent, long-term outages," Bullington said. "I was constantly calling the ACC (Arizona Corporation Commission) and talking to Kris Mayes about all the problems we were having. But there have been no problems with Liberty Water."

Hereford resident Tanny Schmidt remembers those outages. "It was so inconvenient for us. When we had an outage, sometimes the water company would drop off a couple of cases of bottled water, but when you need to do laundry, flush toilets and take showers, it just wasn't adequate."

Text Resize



Poll

What do you think of the firing of Gen. Stanley McChrystal?

Right 50%

Wrong 44%

Undecided 6%

Total votes: 64

Older polls

Local Jobs

- Weekend Night Auditor Wanted. Experience a plus. Apply in person
- HELP OTHERS SUCCEED! Foster Care Licensing Specialist needed. Must be
- ATTN: RNS Would you like to create your own work

Most popular stories in the last week

Most Read | Most Commented

- Robbery with AK-47 reported near Mall at Sierra Vista (3,018 reads)
- Police seek 3 suspects after heist in mall lot (2,474 reads)
- Woman gets 10-year sentence in plea deal (1,609 reads)
- Traffic stop results in pursuit of vehicle suspected of smuggling illegal immigrants (1,115 reads)
- Giffords slams boycotts over immigration law (1,008 reads)
- Chase through Sierra Vista ends with arrest (998 reads)
- Driver wanted on felony warrant flees after traffic stop (782 reads)
- Promoted Sierra Vista police officers look forward to new responsibilities (778 reads)
- National Guard to send 524 to Arizona border (604 reads)
- Hiring freeze creates more work for many (578 reads)

Latest Comments

Huachuca Henry
Succeed? LOL. You need your temperature taken pal. AZ is one of the taker states as far fed...view

CCWHM
Giffords did come out with a press release, that was as much, if not more, about the...view

MyBella
So was he captured.. or did he flee? I am guessing that he was arrested since it says he wa...view

MyBella
....I completely agree with you, this deal helps Carondolet and only hurts SVRHC and ou...view

Mr. Polytristor
What you suggest requires both parents to, themselves, have a solid understanding of the co...view

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Bella Vista Water Co., Inc.
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W-02465A-09-0414, W-20453A-09-0414 and W-20454A-09-0414

Peter Eichler
Rejoinder Testimony
July 7, 2010

Exhibit
PE-RJ2

2232477.1

EXHIBIT PE-RJ2

BELLA VISTA CONSOLIDATED WATER COMPANY CONTRACTUAL SERVICES BREAKDOWN

Contractual Services ($1,599,375)		TOTAL	LABOR COSTS
1.	Operations Labor (Liberty Water):	$482,661[1]	$482,661
2.	Administrative Labor (Liberty Water):	$270,164[2]	$270,164
3.	Administrative Allocation (Liberty Water):	$256,445[3]	$68,551
4.	Central Office Costs (APT):	$144,906[4]	$0.00
5.	Technical Services Labor:	$31,654	$31,654
6.	Contract Services Miscellaneous:	$114,984[5]	$0.00
7.	Labor Burdens:	$298,847[6]	

TOTAL COSTS FOR CONTRACTUAL SERVICES:	**$1,599,375**
TOTAL LABOR COSTS FOR CONTRACTUAL SERVICES:	**$853,030**
TOTAL LABOR BURDENS FOR CONTRACTUAL SERVICES:	**$298,847**
TOTAL NON-LABOR COSTS FOR CONTRACT SERVICES:	**$447,785**

BELLA VISTA 2008 CUSTOMER COUNT FOR WATER SERVICE:	**9,610**
BELLA VISTA ANNUAL LABOR/WAGE COST PER CUSTOMER:	**$88.76**
BELLA VISTA MONTHLY LABOR/WAGE COST PER CUSTOMER:	**$7.40**

2329626

---

[1] These costs are direct charges from Liberty Water for operations and engineering. The labor rate charged by Liberty Water is the dollar hourly rate per employee as recorded in Liberty Water's payroll system, excluding 35% for burdens such as payroll taxes, health benefits, retirement plans, and other insurance provided to employees. This exhibit is based on company's "as filed" numbers.

[2] These costs are labor costs for accounting, billing, customer service and human resources. These labor costs incurred by Liberty Water are allocated to the Regulated Utilities based on customer count. The labor rate charged by Liberty Water is the dollar hourly rate per employee as recorded in Liberty Water's payroll system, excluding 35% for burdens such as payroll taxes, health benefits, retirement plans, and other insurance provided to employees.

[3] These costs are incurred by Liberty Water for rent, administrative costs, depreciation of office furniture, depreciation of computers, and other labor that cannot be directly attributed to a specific Regulated Utility. Those administrative costs are allocated to RRUI by use of the "four factor" methodology. Other costs in this category include insurance, janitorial services and other general non-payroll costs. The methodology used by Liberty Water involves (1) Rate Base, (2) Total Customers, (3) Non-Labor Expenses and (3) Labor as allocating factors, with each factor assigned a specific weight. In total, the Administrative Allocation is 67% non-labor and 33% labor. The 33% labor is excluding 35% for burdens such as payroll taxes, health benefits, retirement plans, and other insurance provided to employees.

[4] The Central Office Costs from APT do not include any direct labor costs. Instead, these costs include professional services like third-party legal services, accounting services, tax planning and filings, and required auditing that are done for the benefit of all of the Liberty Water Regulated Utilities, including RRUI.

[5] These costs are non-labor costs for construction, alarm services, imaging, copiers and related services,

[6] Labor burdens include costs for payroll taxes (which are a legal requirement), health benefits, retirement plans, and insurance provided to employees.

Bella Vista Water Co., Inc.
Northern Sunrise Water Company Inc.
Southern Sunrise Water Company Inc.

W-02465A-09-0411, W-20453A-09-0412, W-20454A-09-0413,
W-02465A-09-0414, W-20453A-09-0414 and W-20454A-09-0414

Peter Eichler
Rejoinder Testimony
July 7, 2010

Exhibit
PE-RJ3

2232477.1

COMPARISON OF BELLA VISTA (CONSOLIDATED)'S OPERATING COSTS TO OTHER ARIZONA WATER UTILITIES

	Lago Del Oro Water Co. [1]	Az-Am Water Co. (Mohave)	Bermuda Water Co.	Arizona Water Co. (Oracle) (Overgaard)	Az-Am Water Co.	Az-Am Water Co.	Willow Valley Water	Bella Vista Water	Arizona Water Co. (Coolidge)	Arizona Water Co. (Lakeside)	Az-Am Water Co.	Arizona Water Co. (Casa	Global Water Co. (Santa	Az-Am Water Co	Arizona Water Co. (Sedona)	Chaparral City Water Co.	Arizona Water Co.	Arizona Water Co. (San Manuel)	Arizona Water Co. (Oracle)	H20, Inc.	Rio Verde Utilities, Inc.	Az-Am Water Co.	Az-Am Water Co.
Test Year	12/31/2008	12/31/2007	12/31/2008	12/31/2007	12/31/2007	12/31/2008	12/31/2008	3/31/2009	12/31/2007	12/31/2007	12/31/2007	12/31/2007	12/31/2008	12/31/2007	12/31/2007	12/31/2008	12/31/2007	12/31/2007	12/31/2007	12/31/2008	12/31/2008	12/31/2007	12/31/2007
Customers[2]	6,346	16,635	7,672	4,124	15,465	23,140	1,554	9,610	4,656	4,953	2,565	22,455	15,371	34,402	6,419	13,423	171	1,573	1,524	6,300	1,688	8,764	4,884
Total Revenue	$1,905,111	$5,113,631	$3,103,252	$1,686,342	$5,701,431	$9,283,101	$482,166	$4,162,136	$2,214,952	$2,588,943	$1,026,587	$10,934,895	$9,453,438	$18,818,613	$3,521,124	$7,471,697	$98,722	$812,539	$1,115,109	$3,934,320.46	$1,402,646	$9,357,346	$7,848,732
Total Expenses	$1,666,701	$5,076,491	$2,410,387	$1,316,453	$5,114,006	$8,422,016	$586,481	$3,932,129	$1,938,319	$2,071,226	$1,158,005	$10,277,900	$7,196,180	$16,217,325	$3,096,417	$6,856,065	$88,524	$859,882	$931,996	$4,263,281.58	$1,176,153	$7,215,051	$6,296,235
Salary/Wages	$186,384	$899,973	$752,628		$703,217	$1,225,670	$248,567				$204,471		$857,540	$1,440,677		$982,169				$1,146,370.93	$145,812	$801,914	$715,859
Pension/ Benefits							$55,580						$205,327										
Purchased Water		$44,384		$58	($2,690)			$708		$1,233		$374,207		$901,467		$802,368		$241,318		$138,403.02	$68,561	$444,337	
Purchased Power	$376,962	$501,877	$359,090	$71,171	$830,074	$1,722,582	$33,979	$609,459	$192,581	$181,940	$111,139	$1,387,878	$588,793	$1,954,815	$518,834	$609,412	$7,310	$38,358	$149,736	$354,337.27	$217,417	$965,412	$693,068
Chemicals	$12,570	$7,846	$61,759	$14,733	$227,889	$37,037		$5,715	$33,911	$28,463	$88,249	$531,617	$3,505	$1,121,555	$319,722	$116,571	$1,372	$40,816	$15,542	$5,633.36	$11,430	$90,637	$236,982
Materials/Supp.		$103,944	$56,770		$57,226	$78,546	$18,274	$49,998			$13,616		$41,783	$161,107		$21,358					$11,129	$64,824	$87,860
Testing Serv.	$34,435		706				$5,401	$51,155					$36,113			$47,072				$20,926.77	$11,443		
Cust. Accounting		$132,002			$133,476	$235,348			$267,290	$275,893	$22,062	$909,384		$370,806	$323,108		$11,332	$104,428	$100,428.00				
Admin/General							$12,770		$378,361	$506,659		$1,761,682			$641,077		$16,116	$151,590	$151,590.00				
Contr. Serv. Other	$56,007		$57,743					$1,626,931					$67,741			$268,977				$455,818.27	$93,990	$14,739	$21,467
Management Fees		$940,899		$486,871	$999,903	$1,509,322					$166,461			$2,775,604								$1,132,699	$923,778
Rent		$15,559	$8,229		$14,331	$60,016	$9,185	$60,740			$5,059		$94,639	$63,217						$350,895.47			
Transportation			$58,567				$12,699	$116,419					$43,326			$74,600				$185,890.68	$13,868.00		
Insurance-GL	$18,339	$209,312	$69,678		$191,120	$354,396	$5,119	$59,410			$63,729		$53,083	$396,645		$29,241				$39,453.09	$9,475	$240,221	$184,827
Insurance Other		$51,991			$58,622	$93,255	$1,058	$7,290			$8,974			$158,153		$102,877				$78,822.54	$17,952	$45,435	$45,435
Misc.	$74,039	$354,017	($79,668)		$232,408	$300,084	$9,936	$92,502			$42,644		$34,089	$591,329		$850,715				$156,563.92	$21,875.00	$351,828	$351,828
Depreciation	$605,880	$883,235	$666,306	$214,780	$1,323,541	$1,565,706	$126,911	$1,048,142	$426,056	$416,943	$291,351	$2,329,760	$3,431,687.00	$4,397,190	$731,033	$2,051,748	$19,928	$106,134	$181,393	$958,802.67	$177,320	$1,979,583	$1,615,824
Income Taxes	$109,419	($196,927)	$185,211	$154,685	($324,059)	$9,746	($41,507)	($19,780)	$73,220	$158,301	($159,839)	($549,326)	$924,207	($138,756)	($153,125)	$111,401	($1,170)	($77,597)	$65,869		$88,268	$228,400	$228,400
Property Taxes	$107,326	$221,795	$48,114	$65,159	$179,896	$156,074		$201,215	$151,656	$116,684	$44,112	$806,467	$423,523	$803,071	$125,837	$187,217	$10,675	$68,170	$53,921	$158,746.98	26059	$268,996	$268,996
Other Taxes		$75,809	$50,154	$22,756	$65,832	$94,912	$21,944		$52,532	$35,117	$17,638	$219,346	$6,823	$128,923	$47,845	$48,353	$1,235	$9,102.00	$12,458	$91,543.43	$19,206	$67,972	$67,972
Cost/ Customer[3]	$262.64	$305.17	$314.18	$319.22	$330.68	$363.96	$377.40	$409.17	$416.31	$418.18	$451.46	$457.71	$468.17	$471.41	$482.38	$510.77	$517.68	$546.65	$611.55	$676.71	$696.77	$823.26	$1,289.16
Rank out of 23	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23

[1] Data is based on each company's 2008 utility annual report on file with the Arizona Corporation Commission, with the exception of the Arizona-American Water Company systems and Arizona Water Company systems included on this chart, which data is based on the C-1 and H-2 schedules attached to the applications filed in the recent rate cases

[2] The customer numbers are as of December 2008 as reported in the 2008 utility annual report, or come from Arizona-American Water Company's and Arizona Water Company's H-2 schedules attached to the applications filed in the recent rate cases.

[3] This row equals Total Operating Expenses divided by the total number of customers.

[4] This row equals Total Operating Expenses minus Taxes and Depreciation divided by the total number of customers.

[5] This row equals Total Operating Expenses minus Taxes, Depreciation, Purchased Power, Purchased Water and Chermicals divided by the total number of customers.

Bella Vista Water Co., Inc.
Northern Sunrise Water Company Inc.
Southern Sunrise Water Company Inc.

W-02465A-09-0411, W-20453A-09-0412, W-20454A-09-0413,
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Peter Eichler
Rejoinder Testimony
July 7, 2010

Exhibit

PE-RJ4

2232477.1

Rejoinder Schedule Exhibit PE-RJ4

Peter Eichler

Comparison of Liberty Water Central Office Costs to Global Water

Type of Cost - APT	APT Cost Pool	Global Water	Description
Management Fees	Allocates 24.28% to Liberty Utilities	Includes 16% of Exec Management (	Pg 3 of Testimony of Gregory A. Barber, SVP & CFO cites that 84% of these costs are allocated to Globab Shareholders
Legal Fees	Allocates 24.28% to Liberty Utilities	Includes 52% allocated to utilities	GWM Parent Company Allocation Appendix 1
Rent	Allocates 24.28% to Liberty Utilities	Includes 52% allocated to utilities	GWM Parent Company Allocation Appendix 1
Depreciation	Allocates 24.28% to Liberty Utilities	Includes 52% allocated to utilities	GWM Parent Company Allocation Appendix 1 - Rent Equipment. Since Equipment is rented, there is likely no depreciation
Computer Repair & Mtce	Allocates 24.28% to Liberty Utilities	Includes 62% allocated to utilities	GWM Parent Company Allocation Appendix 1
Other Professional Services	Allocates 24.28% to Liberty Utilities	Includes 62% allocated to utilities	Likely included in "Dues & Subscriptions"

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BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION OF BELLA VISTA WATER CO., INC. AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANTS AND PROPERTY AND FOR INCREASES IN ITS WATER RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.	DOCKET NO. W-02465A-09-0411
IN THE MATTER OF THE APPLICATION OF NORTHERN SUNRISE WATER COMPANY, INC., AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANTS AND PROPERTY AND FOR INCREASES IN ITS WATER RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.	DOCKET NO. W-20453A-09-0412
IN THE MATTER OF THE APPLICATION OF SOUTHERN SUNRISE WATER COMPANY, INC., AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANTS AND PROPERTY AND FOR INCREASES IN ITS WATER RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.	DOCKET NO. W-20454A-09-0413

IN THE MATTER OF THE JOINT APPLICATION OF BELLA VISTA WATER CO., INC., NORTHERN SUNRISE WATER COMPANY, INC., AND SOUTHERN SUNRISE WATER COMPANY, INC. FOR APPROVAL OF AUTHORITY TO CONSOLIDATE OPERATIONS, AND FOR THE TRANSFER OF UTILITY ASSETS TO BELLA VISTA WATER CO., INC. PURSUANT TO ARIZONA REVISED STATUTES 40-285.	DOCKET NO. W-02465A-09-0414 DOCKET NO. W-20453A-09-0414 DOCKET NO. W-20454A-09-0414

REJOINDER TESTIMONY OF

THOMAS J. BOURASSA

(RATE BASE, INCOME STATEMENT AND RATE DESIGN)

July 7, 2010

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2325550

I. INTRODUCTION, QUALIFICATIONS AND PURPOSE

Q. PLEASE STATE YOUR NAME AND ADDRESS.

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

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

A. I am testifying in this proceeding on behalf of the applicants, Bella Vista Water Company, Northern Sunrise Water Company, and Southern Sunrise Water Company, consolidated as Bella Vista Water Company ("BVWC" or "the Company").

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

A. Yes, my direct testimony was submitted in support of the initial application in this docket. My direct testimony consisted of two volumes of testimony (one addressing rate base, income statement and rate design, and the other addressing cost of capital) for each of the companies referenced above on a stand-alone basis. In addition, I submitted two volumes of testimony in support of consolidation (one addressing rate base, income statement and rate design, and the other addressing cost of capital). I also filed two volumes of rebuttal testimonies.

Q. WHAT IS THE PURPOSE OF THIS REJOINDER TESTIMONY?

A. I will provide rejoinder testimony in response to the surrebuttal filings by Staff and RUCO. More specifically, this first volume of my rejoinder testimony relates to rate base, income statement and rate design for BVWC. In the second, separate volume of my rebuttal testimony, I will also provide responses to Staff and RUCO on the cost of capital and rate of return applied to the fair value rate base, and the determination of operating income.

Q. ARE YOU ALSO SUBMITTING SEPARATE VOLUMES OF TESTIMONY FOR EACH UTILITY ON A STAND-ALONE BASIS?

A. No, because there has been no opposition to consolidation.[1] However, schedules detailing the rate base, income statement, rate design for each utility on a stand-alone basis are included. This is consistent with the approach used by Staff and RUCO in their respective surrebuttal filings. I also note that, at this point, the issues in dispute are irrespective of the consolidation.

Q. WHAT DO YOU MEAN, MR. BOURASSA?

A. I mean that the numbers may change depending on whether there is or isn't consolidation but the nature and substance of the issues in dispute do not change.

II. SUMMARY OF BVWC'S REJOINDER POSITION

Q. WHAT ARE THE REVENUE INCREASES THE COMPANY IS PROPOSING IN THIS REJOINDER TESTIMONY?

A. The Company is proposing a total revenue requirement of $5,292,386, which constitutes an increase in revenues of $1,130,251, or 27.16% over adjusted test year revenues.

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

A. In its rebuttal filing, the Company proposed a total revenue requirement of $5,308,101, an increase in revenues of $1,145,966, or 27.53%.

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

---

[1] *See* Surrebuttal Testimony of Crystal S. Brown ("Brown Sb.") at 3; Surrebuttal Testimony of Jodi Jerich ("Jerich Sb.") at 4.

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

	Revenue Requirement	Revenue Incr.	% Increase
Staff Surrebuttal	$4,604,136	$ 442,372	10.63%
RUCO Surrebuttal	$4,619,447	$ 457,311	10.99%
Company Rejoinder	$5,292,386	$1,130,251	27.16%

III. RATE BASE

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

A. Yes, the rate bases proposed by the Company, Staff and RUCO, are as follows:

	OCRB	FVRB
Staff Surrebuttal	$ 8,027,155	$ 8,027,155
RUCO Surrebuttal	$ 5,695,062	$ 5,695,062
Company Rejoinder	$ 7,857,799	$ 7,857,799

There is no change since rebuttal.

A. Plant-in-Service.

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

A. The Company's rejoinder rate base adjustments to OCRB are detailed on rebuttal schedules B-2, pages 3 through 6. Rejoinder Schedule B-2, page 1 and 2, summarize the Company's proposed adjustments and the rejoinder OCRB. The Company does not propose any changes from its rebuttal plant in service or PIS.[2]

[2] *See* Rebuttal Testimony of Thomas J. Bourassa – Rate Base, Income Statement and Rate Design ("Bourassa Rb.") at 4 – 9.

Q. PLEASE SUMMARIZE THE PLANT-IN-SERVICE BALANCES RECOMMENDED BY THE PARTIES AT THIS STAGE OF THE PROCEEDING.

A. The PIS balances proposed by the parties at this stage of the proceeding are:

Staff	$ 26,505,765[3]
RUCO	$ 26,605,855[4]
Company	$ 26,610,749[5]

Q. PLEASE DISCUSS THE DIFFERENCE BETWEEN THE COMPANY AND RUCO WITH RESPECT TO THE BALANCE OF PIS?

A. The difference of $4,894 between the Company and RUCO ($26,610,749 minus $26,605,855) is due to an error contained in RUCO's plant adjustment related to post test year retirement. RUCO's retirement amount is $8,390, whereas both Staff and the Company use the figure $3,496.[6] The difference between these two amounts is $4,896 ($8,390 minus $3,496). The rest is likely just rounding.

Q. PLEASE DISCUSS THE DIFFERENCE BETWEEN THE COMPANY AND STAFF WITH RESPECT TO THE BALANCE OF PIS?

A. The difference of $104,984 between the Company and Staff ($26,610,749 minus $26,505,765) is the amount of alleged "inadequately supported" PIS identified by Staff for Bella Vista Water Company.[7]

---

[3] Staff Consolidated Surrebuttal Schedule CSB-3.

[4] RUCO Consolidated Surrebuttal Schedule RLM-2.

[5] Bella Vista Water (Consolidated) Rejoinder Schedule B-1.

[6] *See* Company revised response to Staff Data Request MSJ 5.2(f) (which is not attached but was previously provided to the parties).

[7] Brown Sb. at 10. Staff total adjustment for unsupported plant and AFUDC is $185,038. The Company and Staff agree on the AFUDC adjustment of $80,055. The net amount of $104,984 ($185,038 minus $80,055) is Staff's identified unsupported plant for Bella Vista Water.

Q. DO YOU AGREE WITH MS. BROWN'S TESTIMONY ON PAGE 10 THAT INADEQUATELY SUPPORTED PLANT HAS TO BE REMOVED TO REMOVE THE RISK THAT RATEPAYERS ARE PAYING FOR NON-EXISTENT OR OVERSTATED COSTS?

A. No. The plant exists and the cost of plant is most certainly not zero. Actually, the Company's books and records reflect a total of $104,984 (2002 Acct 311 - $71,076, 2003 Acct 311 - $10,160, and 2004 - $23,747). To disregard this evidence of cost, we have to assume that the Company either recorded the plant incorrectly or just made-up its plant costs out of thin air.[8] I can't make or support such an assumption and see no evidence causing me to question the books and records.

Q. ON THE ISSUE OF RETIREMENTS, DO THE PARTIES NOW AGREE ON THE AMOUNT OF RETIREMENTS?

A. Yes. Both Staff and RUCO agree with the Company's proposed PIS retirements totaling $1,333,228.[9]

Q. ON THE ISSUE OF ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION, DO THE PARTIES NOW AGREE ON THE AMOUNT OF THE ADJUSTMENT?

A. Yes. Both Staff and RUCO agree with the Company's proposed allowance for funds used during construction ("AFUDC") adjustment totaling $80,055 ($40,887 for Bella Vista Water, $13,740 for Northern Sunrise Water Company and $25,428 for Southern Sunrise Water Company).[10]

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[8] Bourassa Rb. at 9.

[9] *Id.*. at 8; Brown Sb. at 8; Surrebuttal Testimony of Rodney L. Moore ("Moore Sb.") at 7.

[10] Bourassa Rb. at 5; Brown Sb. at 9; Moore Sb. at 8.

Q. DO THE PARTIES NOW AGREE ON THE BALANCE OF REGULATORY ASSETS FOR NORTHERN SUNRISE WATER AND SOUTHERN SUNRISE WATER?

A. Yes. Both Staff and RUCO are in agreement with the Company's proposed regulatory assets of $48,984 for Northern Sunrise and $106,394 for Southern Sunrise totaling $155,378.[11]

B. <u>Accumulated Depreciation.</u>

Q. PLEASE SUMMARIZE THE PARTIES' ACCUMULATED DEPRECIATION BALANCE RECOMMENDATIONS.

A. The accumulated depreciation ("A/D") balances proposed by the parties at this stage of the proceeding are:

Staff	$ 10,077,878 [12]
RUCO	$ 10,552,073 [13]
Company	$ 10,528,021 [14]

Q. PLEASE DISCUSS THE DIFFERENCE BETWEEN THE COMPANY AND RUCO WITH RESPECT TO THE BALANCE OF ACCUMULATED DEPRECIATION?

A. Although RUCO suggests that there is "substantial agreement" with the Company with respect to the proposed A/D balance,[15] there remains a difference of $24,052 ($10,552,073 minus $10,528,021). The difference is due to an error contained in RUCO's A/D adjustment related to post test year plant retirement of $4,896 <u>and</u> a

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[11] Brown Sb. at 10; Moore Sb. at 9.

[12] Staff Consolidated Systems (Bella Vista, Northern Sunrise, Southern Sunrise) Surrebuttal Schedule CSB-3.

[13] RUCO Consolidated Surrebuttal Schedule RLM-2.

[14] Bella Vista Water (Consolidated) Rejoinder Schedule B-1.

[15] Moore Sb. at 7.

difference in the adjustment to reflect the re-computed amount per BVWC's Rejoinder B-2 plant schedule[16] of $28,946. The net of these two items is $24,052 ($28,946 minus $4,896 plus $2 rounding).

With respect to an error contained in the post test year plant retirement adjustment to A/D, RUCO has over-adjusted A/D (an increase to A/D) by $4,896. This is the result of RUCO's use of incorrect amounts for the post test year related retirements as I discussed above. The retirement amount RUCO employs is $8,390 in contrast to $3,496 used by the Company and Staff.[17] The difference between these two amounts is $4,896 ($8,390 minus $3,496).

With respect to the adjustment to reflect the recomputed A/D balance, RUCO's proposed adjustment appears to exclude the Company proposed adjustments for Northern Sunrise Water Company of $4,879[18] and Southern Sunrise Water Company of $24,067[19] (totaling $28,946). RUCO proposes a total adjustment (a reduction to A/D) of $176,221 which matches the Company's adjustment for Bella Vista Water Company only.[20] However, the Company's total adjustment (a reduction to A/D) is $205,167[21] which consists of $176,221 for Bella Vista, $4,879 for Northern Sunrise, and $24,067 for Southern Sunrise.

Q. PLEASE DISCUSS THE DIFFERENCE BETWEEN THE COMPANY AND STAFF WITH RESPECT TO THE BALANCE OF ACCUMULATED DEPRECIATION?

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[16] *See* Bella Vista Water (Consolidated) Rejoinder Schedule B-2, pages 3.1 to 3.16. The re-computed A/D balance takes into consideration the removed affiliate profit, removed AFUDC, and retired plant proposed by the Company.

[17] *See* Company revised response to Staff Data Request MSJ 5.2(f).

[18] *See* Northern Sunrise Water (Stand-Alone) Rejoinder Schedule B-2, page 2.

[19] *See* Southern Sunrise Water (Stand-Alone) Rejoinder Schedule B-2, page 2.

[20] *See* Bella Vista Water (Stand-Alone) Rejoinder Schedule B-2, page 2.

[21] *See* Bella Vista Water (Consolidated) Rejoinder Schedule B-2, page 2.

A. Staff's proposed A/D balance is lower than the Company's proposed A/D balance by $450,143. This difference is primarily the result of the method by which Staff computes annual depreciation from the end of the last test year to the end of the current test year. Staff does not use the asset group depreciation method of computing depreciation[22] as does the Company. Rather, Staff uses a vintage year group deprecation method and excludes from its annual depreciation expense computation any depreciation on vintage groups of assets Staff considered to be fully depreciated.

Q. PLEASE EXPLAIN HOW THE VINTAGE YEAR GROUP DEPRECIATION METHOD COMPARES TO THE ASSET GROUP DEPRECIATION METHOD.

A. Under the vintage year group method, an asset group (e.g. pumping equipment, transmissions and distribution mains, well and springs) may consist of one or more vintage year groups. There is no attempt made to keep track of the depreciation reserve of individual assets within the vintage year group. Depreciation reserve for assets added to an asset group in a particular year (vintage year) is tracked separately from other vintage year groups within that asset group. When the vintage year group is fully depreciated then depreciation ceases. For example, the pumping equipment account (account 311) may consist of assets added in 1998, 1999 and 2000. If the depreciation rate is 10 percent (10 year life), then the pumping equipment added in 1998 would be fully depreciated by the end of 2008. Similarly, pumping equipment added in 1999 would be fully depreciated by 1999, and so on.

[22] Brown Sb. at 14.

Under the asset group depreciation method, there is no attempt either to track the depreciation reserve by vintage year group or individually. It is only when the asset group is fully depreciated does the depreciation cease.

Q. DO THE TWO METHODS PROVIDE FOR THE SAME RESULTS OVER TIME?

A. Yes, as long as retirements are timely recorded and the average service life used to depreciate the plant matches the actual service life experienced. This is illustrated in **Exhibit TJB-RJ1**. As shown, under either method, at year 2010, net plant is zero.

Q. DOESN'T STAFF RECOMMEND THAT BELLA VISTA USE AN INDIVIDUAL ASSET METHOD OF COMPUTING DEPRECIATION?

A. Yes.[23] Under the individual or asset specific method the depreciation reserve is tracked individually. As shown in **Exhibit TJB-RJ1**, the individual asset method produces the same results as the vintage year group method and the asset group method. This method is more precise, but not more accurate. In other words, under both the vintage year group method and the asset group method, the results will be the same.

Q. IS THERE A PRACTICAL PROBLEM IF BELLA VISTA WERE TO USE THE INDIVIDUAL ASSET METHOD?

A. Yes. The Company has not tracked individual assets and their respective deprecation reserves and it may be difficult if not impossible for the Company to comply.

Q. IS THE GROUP DEPRECIATION METHOD AN ACCEPTED METHOD IN REGULATORY UTILITY ACCOUNTING?

[23] *Id.* at 12.

A. Yes. As I stated in my rebuttal testimony, the group method is a commonly used and accepted method in regulatory utility accounting.[24] As stated in *Accounting for Public Utilities* published by Mathew Bender and Company:[25]

> The group concept has been an integral part of utility depreciation accounting practice for many years. Though the concept is applicable to nonregulated entities, it is not often applied. Nonregulated entities tend to depreciate individual property units independently. Under the group concept, no attempt is made to keep track of the depreciation reserve applicable to individual items of property. This does not imply loss of control, but rather is a practical approach for utilities because they possess millions of items of property.

In fact, the group method was employed and was unopposed by Staff in recent cases for the other utilities owned and operated by APUC such as Black Mountain Sewer Corporation,[26] Gold Canyon Sewer Company,[27] Litchfield Park Service Company,[28] and Rio Rico Utilities.[29] Ms. Brown was also the witness in the Black Mountain and Gold Canyon cases, and in my experience, Staff has regularly used the group depreciation method for annualizing depreciation expense.

Q. HOW DOES MATHEW-BENDER DESCRIBE THE GROUP METHOD FOR DEPRECIATION?

A. The group concept is explained by Deloitte & Touche in *Accounting for Public Utilities* as follows:[30]

> Under the group concept each depreciable property group has some "average" life. For accounting purposes, every item in

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[24] Bourassa Rb. at 8.

[25] Deloitte & Touche LLP, et al. *Accounting for Public Utilities*. Lexus-Nexis (Mathew-Bender & Co.) 2009, Sec. 6.04 ("Deloitte & Touche").

[26] *Black Mountain Sewer Corporation*, Docket Nos. SW-02361A-05-0657 and SW-02361A-08-0609.

[27] *Gold Canyon Sewer Company*, Docket Nos. SW-02519A-00-0638 and SW-02519A-0015.

[28] *Litchfield Park Service Company*, Docket No. SW-01428A-09-0103, *et al.*

[29] *Rio Rico Utilities, Inc.*, Docket No. W-02676A-09-0257.

[30] Deloitte & Touche, *supra*.

> the group is assumed to have the life of the group and to be fully depreciated at the time of retirement. The average is the result of a calculation, and there is no assurance that any of the property items in the group is average.
>
> The use of the term 'average useful life" in the measurement of the mortality characteristics of utility property carries with it the concept of retirement dispersion (variation around the average service life). If every item was average, thereby having exactly the same life, there would be no dispersion. The concept of dispersion recognizes that nearly have of the items in a group last to an age less than the average service life, a few last to an age equal to the average, and the rest last longer than the average...
>
> ...[U]nder the group concept, normal retirements are considered fully depreciated no matter what their age. The capital cost is removed from investment and the same amount is removed from the depreciation reserve...

Q. WHAT DOES DELOITTE AND TOUCHE SAY WITH RESPECT TO THE METHOD STAFF EMPLOYS FOR COMPUTING DEPRECIATION IN THE INSTANT CASE?

A. Keeping in mind, as I explained above, Staff actually employs a vintage year group method in its re-computation of A/D and in annualizing depreciation expense, Deloitte & Touche states:[31]

> Some regulators suggest that the reserve be recorded by vintage when equal life group rates are used. These suggestions are the result of confusion caused by the use of the "group" in both the utility accounting concept and in the name given to rate calculation procedures. Under the group concept, mortality characteristics apply to the total group, not to the specific components of the group. Therefore suggestions for recording the reserve by vintage are inconsistent with the group concept. ***This would be precise, but not accurate.*** *(emphasis added)*

Q. DO YOU AGREE WITH MS. BROWN'S ASSERTION ON PAGE 14 OF HER TESTIMONY THAT THE NARUC UNIFORM SYSTEM OF

[31] *Id.*

ACCOUNTS DOES NOT RECOMMEND THE GROUP METHOD OF DEPRECIATION?

A. No, I am perplexed. Staff has not opposed the use of the asset group depreciation method in other rate cases. Nor does the NARUC Uniform System of Accounts ("USOA") say anything about the specific asset method or group method. The NARUC USOA definition 37 quoted by Ms. Brown speaks to the use of a straight-line method.[32] The group depreciation method used by the Company uses straight-line depreciation.

C. <u>AIAC and CIAC.</u>

Q. PLEASE DISCUSS THE RECOMMENDED AIAC AND CIAC BALANCES.

A. The Company and RUCO propose an advances-in-aid of construction ("AIAC") balance of $6,781,443; Staff proposes an AIAC balance of $6,784,313.[33] The difference between the Company and Staff of $2,870 ($6,784,313 minus $6,781,443) appears to be an amount that both RUCO and the Company include in the customer meter deposit (service and meter advances) balance. The Company and RUCO propose customer meter deposit balance of $559,605 whereas Staff proposes a balance of $556,735.[34] The difference is $2,870 ($559,605 minus $556,735). I believe that Staff has incorrectly included the $2,870 in AIAC as opposed to customer meter deposits.

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[32] Brown Sb. at 14.

[33] *See* Bella Vista Water (Consolidated) Rejoinder Schedule B-1, Staff Consolidated Systems (Bella Vista, Northern Sunrise, Southern Sunrise) Surrebuttal Schedule CSB-3, and RUCO Surrebuttal Schedule RLM-2.

[34] *Id.*.

With respect to contributions-in-aid of construction ("CIAC"), the Company, Staff and RUCO propose a CIAC balance of $542,445, and an accumulated amortization balance of $230,987.[35]

Q. PLEASE RESPOND TO MS. BROWN'S TESTIMONY REGARDING THE METHODOLOGY FOR COMPUTING AMORTIZATION OF CIAC?

A. Ms. Brown defends Staff's method of determining the amortization rate of CIAC (dividing depreciation expense by depreciable plant) by asserting that it's appropriate to use a composite rate when the exact amount of CIAC plant in each account is not known.[36] I do not disagree with Ms. Brown on this point. However, Ms. Brown goes on to state that land should be excluded from the computation because the Company did not provide evidence showing that land was purchased with CIAC.[37] That doesn't square with Ms. Brown's argument that a composite rate is used when we do not know the exact amount of CIAC in each account (which includes the land plant account). This sort of "heads I win, tails you lose" construct is inherently unfair and should be rejected.

Q. THEN CAN I ASSUME YOU ALSO DISAGREE WITH MS. BROWN (ON PAGE 16) THAT THE COMPANY'S METHOD OF COMPUTING THE COMPOSITE RATE HAS THE POTENTIAL OF HARMING CUSTOMERS?

A. Yes, I do disagree. If we accept the premise underlying the use of a composite rate – that all plant is assumed to be funded with CIAC - then there is no harm to either the Company or ratepayers. In fact, using the correct composite rate is revenue

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[35] *Id.*

[36] Brown Sb. at 16.

[37] *Id..*

neutral. This is because the depreciation expense will be exactly offset by the CIAC amortization.

Q. CAN YOU DEMONSTRATE THIS?

A. Yes. Assume that a utility has $10 of non-depreciable plant such as land and $90 of depreciable plant funded with $100 of CIAC. Rate base is zero ($100 minus $100). The depreciation rate for depreciable plant is 3.33% and the annual depreciation is $3 ($90 times 3.33%). The composite rate for amortizing CIAC using all plant, not just depreciable plant is 3.0% ($3 divided by $100). The annual amortization of CIAC is $3 ($100 times 3%). Thus, the annual depreciation of $3 is exactly offset by the annual amortization of $3 so there is zero net impact on operating expense. Rate base also continues to be zero into the future. Depreciable net plant is reduced by $3 and net CIAC is reduced by $3.

In contrast, Staff's approach has a negative impact on cash flows related to depreciation and amortization. Using the example above, the composite rate for amortizing CIAC using just depreciable plant is 3.33% ($3 divided by $90). The annual amortization of CIAC is $3.33 ($100 times 3.33%). Thus, the annual depreciation is $3 and it is offset by annual amortization of $3.33 resulting in a negative cash flow of $0.33.

Q. ISN'T THE COMPANY'S RECOMMENDED ACCUMULATED AMORTIZATION BALANCE BASED ON A COMPOSITE RATE THAT INCLUDES ALL PLANT, NOT JUST DEPRECIABLE PLANT?

A. Yes, and as I testified earlier, Staff agrees with the Company proposed accumulated amortization balance. Staff's proposal going forward is inconsistent with the composite rate used in the past.

Q. WHAT IS THE IMPACT OF USING STAFF'S METHOD OF DETERMINING THE COMPOSITE RATE FOR COMPUTING PAST CIAC AMORTIZATION HAVE ON THE COMPANY'S RATE BASE?

A. It would have increased. While the increase in rate base would be relatively small, Staff's proposals are inconsistent and result in a mismatch.

D. <u>ADITs</u>

Q. PLEASE SUMMARIZE THE PARTIES' ACCUMULATED DEFERRED INCOME TAX RECOMMENDATIONS.

A. The accumulated deferred income tax ("ADIT") proposed by the parties at this stage of the proceeding are:

Staff	$ 542,106 [38]
RUCO	$ 2,706,214 [39]
Company	$ 572,006 [40]

These are all DIT liabilities, deductions from rate base.

Q. PLEASE DISCUSS THE DIFFERENCE BETWEEN THE COMPANY AND STAFF WITH RESPECT TO ACCUMULATED DEFERRED INCOME TAXES?

A. Staff has reviewed the Company's rebuttal ADIT computations and agrees with the individual ADIT balances of $327,255, $69,887, and $144,964 for Bella Vista, Northern Sunrise, and Southern Sunrise, respectively.[41] However, while these total $542,106 (which is the amount Staff proposes), the reason why the Company's proposed ADIT balance is $572,006 is because the effective tax rate of the

[38] Staff Consolidated Systems (Bella Vista, Northern Sunrise, Southern Sunrise) Surrebuttal Schedule CSB-3.

[39] RUCO Consolidated Surrebuttal Schedule RLM-2.

[40] Bella Vista Water (Stand-Alone) Rejoinder Schedule B-1.

[41] Brown Sb. at 18.

Company is 38.6%[42] whereas for the stand-alone companies the effective tax rates are 38.6%, 26.9%, and 35.9% for Bella Vista,[43] Northern Sunrise,[44] and Southern Sunrise,[45] respectively. The Statement of Financial Accounting Standards No. 109 ("SFAS 109") requires that ADITs be computed using the expected future income tax rate. At the consolidated level, the effective income tax rate is 38.6%.

Q. PLEASE DISCUSS THE DIFFERENCE BETWEEN THE COMPANY AND RUCO WITH RESPECT TO ACCUMULATED DEFERRED INCOME TAXES?

A. RUCO has proposed yet another recommendation for computing ADIT.[46] RUCO's revised method is based on information specific to Bella Vista, Northern Sunrise, and Southern Sunrise, rather than based on an allocation of APUC's ADIT.[47] Further, RUCO's revised ADIT method is similar in format to the Company's ADIT computation which includes a component for fixed assets and AIAC.[48] Unfortunately, however, RUCO's components are incorrectly computed and the result is a vast overstatement (more than $2 million) of ADIT.

Q. PLEASE EXPLAIN.

A. The most egregious error in RUCO's ADIT computation is contained in the amount of CIAC used to compute the book value fixed asset component.[49] RUCO uses the adjusted net CIAC balance at the end of the test year without adjustment

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[42] *See* Bella Vista Water (Consolidated) Rejoinder Schedule B-2, page 5.

[43] *See* Bella Vista Water (Stand-Alone) Rejoinder Schedule B-2, page 5.

[44] *See* Northern Sunrise Water (Stand-Alone) Rejoinder Schedule B-2, page 5.

[45] *See* Southern Sunrise Water (Stand-Alone) Rejoinder Schedule B-2, page 5.

[46] *See* Surrebuttal Testimony of Timothy J. Coley ("Coley Sb.") at 11.

[47] Coley Sb. at 12.

[48] *Compare* Bella Vista Water (Consolidated) Schedule B-2, page 5 *with* RUCO Surrebuttal Schedule SURR RLM-5(A).

[49] *See* RUCO Surrebuttal Schedule SURR RLM-5(A).

(1) for the expected unrealized tax benefit of AIAC or (2) by amounts for which the Company has a tax basis (pre-1996 CIAC). RUCO's computation is incomplete and would violate the provisions of SFAS 109.

With respect to RUCO's failure to adjust CIAC for the expected unrealized tax benefit of AIAC, if the net realizable tax benefit of AIAC is reduced to less than 100%, the amount of the reduction to AIAC must be included in the CIAC balance used to compute the book value fixed asset component of ADIT.[50] The reason is simple. The underlying consideration regarding the net realizable tax benefit of AIAC is the amount the Company expects to refund in the future and ultimately expects to receive a tax basis. Any un-refunded AIAC (unrealized portion of AIAC) in the future will revert to CIAC and become a reduction to the book basis in fixed assets. Both future expectations must be accounted for, otherwise, the computation is incomplete and not in compliance with SFAS 109.

Q. ANYTHING ELSE?

A. Yes, all net CIAC for which the Company has a tax basis must be removed from the CIAC balance used to compute the book value of fixed assets.[51] The reason for this is that the Company has a tax basis in the assets. Only CIAC amounts for which the Company does not have a tax basis should be used to reduce the book value of fixed assets. Otherwise, a mismatch between the book and tax values will occur and result in a failure to comply with SFAS 109. Alternatively, the pre-1996 CIAC can be removed from the tax value of fixed assets and the CIAC balance left alone. Either way, the resulting ADIT will be the same.

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[50] The Company's ADIT computation employs a net realizable percent of AIAC of 30% of the adjusted AIAC balance. The remaining 70% is added to the CIAC balance. *See* Bella Vista Water (Consolidated) Schedule B-2, page 5 at lines 50 and 51.

[51] The Company removes $326,777 of pre-1996 CIAC from the gross CIAC balance and $191,996 of related amortization. *See* Bella Vista Water (Consolidated) Schedule B-2, page 5, footnotes 3 and 4.

Because RUCO employs a net realizable AIAC tax benefit of less than 100%,[52] and does not adjust CIAC for the unrealized portion of AIAC, and does not account for the pre-1996 CIAC, in either the CIAC balance or the tax value of assets, RUCO's ADIT computation is incomplete and contrary to SFAS 109.

Q. HAVE YOU RESTATED RUCO'S ADIT BALANCE ADDRESSING THE FLAWS YOU IDENTIFIED ABOVE?

A. Yes. Attached at **Exhibit TJB-RJ2** is a corrected ADIT computation based upon RUCO's proposed PIS, A/D, AIAC and CIAC. The correct ADIT computation is $560,883 – far less than the $2,706,214 RUCO proposes and in line with proposed ADIT balances of Staff and the Company at $542,106 and $572,006, respectively. Actually, I would expect the ADIT for the Company and RUCO to be similar as RUCO has accepted (excluding errors) the Company's proposed adjustments to PIS and A/D, and agrees with (excluding error) the balances for PIS, A/D, AIAC and CIAC included in rate base. Hopefully, RUCO will correct its mistakes, essentially taking the ADIT issue out of this rate case.

E. <u>Remaining Rate Bases Issues.</u>

Q. DO STAFF AND THE COMPANY DISAGREE WITH RESPECT TO THE INCLUSION OF SECURITY DEPOSITS IN RATE BASE?

A. Yes. Staff continues to propose the inclusion of customer security deposits in rate base totaling $206,120 because "customer deposits are customer-provided capital". The Company continues to exclude customer security deposits for the reasons previously stated, most notably, the simple fact that customer security deposits are not customer-provided capital. These funds are not a source of capital for long-term assets such as plant.[53] Security deposits are short-term liabilities and would

[52] RUCO uses 7.2%. *See* RUCO Surrebuttal Schedule SURR RLM-5(A) at line 10.

[53] Bourassa Rb. at 19 – 20.

be included in the traditional accounting and financial definition of working capital (working capital – current assets minus current liabilities). But no party has proposed working capital in this case.

Q. WERE CUSTOMER SECURITY DEPOSITS INCLUDED IN RATE BASE IN BELLA VISTA WATER COMPANY'S LAST RATE CASE?

A. No. In Bella Vista Water's last rate case, customer security deposits totaled nearly $100,000.[54]

Q. HAS STAFF INCLUDED ANY INTEREST EXPENSE RELATED TO SECURITY DEPOSITS IN OPERATING EXPENSES?

A. No, although Ms. Brown does state that Staff will consider an "appropriate amount" of interest expense on customer security deposits if it is properly supported.[55]

Q. WHAT DOES STAFF NEED TO DETERMINE AN APPROPRIATE AMOUNT?

A. Staff suggests it needs substantial documentation showing the customer name, deposit amount and interest paid among other things.[56]

Q. DO YOU BELIEVE THIS INFORMATION IS NECESSARY?

A. No. Staff has no problem with the $206,120 it seeks to reduce rate base without this information. The ACC Rules (R-14-403.d) state the Company must pay an annual interest rate of 6% on customer deposits, so the computation is simple – 6% times $206,120 or $12,367. This computation is no more complicated than the interest synchronization computation Staff and the Company employ to compute the interest expense deduction used in computing income taxes.

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[54] *See Bella Vista Water Company*, Docket W-02465A-01-0776.

[55] Brown Sb. at 19.

[56] *Id.*

IV. INCOME STATEMENT

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

A. The Company rejoinder adjustments are detailed on Rejoinder Schedule C-2, pages 1-8. The rejoinder income statement with adjustments is summarized on Rejoinder Schedule C-1, page 1-2. I have previously testified to the Company's proposed adjustments to revenues and expenses in my rebuttal testimony.[57] The Company does not propose any additional adjustments to revenue and expenses, but is proposing some revisions as described below.

The Company's property tax adjustment (Adjustment Number 2) has been revised to reflect the Company's rejoinder proposed revenues. The detail of the Company's proposed property tax adjustment is detailed on Rejoinder Schedule C-2, page 3.

The Company has also revised its proposed level of water testing expense from $66,652 in its rebuttal filing to $51,155 in its rejoinder filing ($43,192 for Bella Vista, $3,568 for Northern Sunrise, and $4,395 for Southern Sunrise). The Company and Staff are now in agreement on the proposed level of water testing expense.[58] RUCO has adopted the Company's rebuttal recommendation of $66,652. I hope that RUCO will ultimately adopt the amount of water testing expense proposed by Staff and the Company in its final schedules.

Finally, BVWC's income tax adjustment has been revised to reflect the rejoinder revenues and expenses. The details of the Company's income tax adjustment are detailed on Rejoinder Schedule C-2, page 8.

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[57] *See* Bourassa Rb. at 4 – 9.

[58] Brown Sb. at 24.

Q. DO STAFF AND THE COMPANY AGREE ON THE PROPOSED LEVEL OF TRANSPORTATION EXPENSE?

A. Yes. The Company and Staff both recommend a transportation expense level of $116,419 ($71,094 for Bella Vista, $20,877 for Northern Sunrise, and $24,448 for Southern Sunrise).[59] RUCO is in agreement with the Company's rebuttal adjustment to transportation expense of $8,703,[60] which brings RUCO into agreement with the Company's proposed level of transportation expense of $116,416.[61]

A. <u>Remaining Revenue and Expense Issues.</u>

Q. PLEASE DISCUSS THE REMAINING ISSUES WITH RESPECT TO REVENUES AND EXPENSES.

A. There are several issues that remain in dispute. Rate case expense is one. Staff has modified its total rate case expense recommendation from $113,648 to $202,316.[62] Staff continues to recommend a "normalization" period of 3 years to determine the annual rate case expense. Staff recommends annual rate case expense of $67,439. RUCO has revised its recommendation and now proposes $200,000 of total rate case expense and an annual amount of $66,666 using a "normalization" period of 3 years.[63]

Second, Staff continues to reject the known and measurable costs incurred during the test year for wages totaling $36,038 that are both direct-charged via

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[59] Brown Sb. at 25.

[60] Moore Sb. at 12.

[61] *See* RUCO Surrebuttal Schedule SURR RLM-6.

[62] Brown Sb. at 27.

[63] Moore Sb. at 14.

timesheet and in some cases allocated from Liberty Water to BVWC.[64] This issue is addressed in more detail in the rejoinder testimony of Mr. Greg Sorensen.[65]

Third, Staff continues to reject the allocated costs from the Company's parent, APUC.[66] The Company continues to recommend allocated central office costs totaling $125,830 whereas Staff recommends allocated costs totaling $9,396. RUCO also continues to dispute the Company's allocated central office costs.[67] However, RUCO has modified its adjustment and now appears to recommend an adjustment of $152,470.[68]

Q. PLEASE COMMENT ON STAFF'S ANNUALIZATION OF DEPRECIATION EXPENSE?

A. Staff excluded from its depreciation expense computation plant amounts which Staff considers to be fully retired. This is contrary to the group depreciation method Staff typically employs in rate cases. I discussed this issue at length earlier in my rejoinder testimony. Staff also continues to use a composite depreciation rate which excludes non-depreciable plant. I have also discussed this issue earlier in my testimony. The bottom line is that Staff is recommending depreciation expense totaling $810,426 ($711,002 for Bella Vista, $34,761 for Northern Sunrise, and $64,663 for Southern Sunrise).[69] Both the Company and RUCO recommend depreciation expense of $1,048,124 and are in agreement regarding the method upon which depreciation expense is annualized.[70]

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[64] Brown Sb. at 27 – 28.

[65] *See* Rejoinder Testimony of Greg Sorensen ("Sorensen Rj.") at 6 – 10.

[66] Brown Sb. at 19 – 24.

[67] Coley Sb. at 7 – 10.

[68] *Id.* at 8 – 10. Mr. Coley recommends removal of $140,134 for Adjustment 6(A), removal of $1,093 for Adjustment 6(B), and removal of $11,243 for Adjustment 6(C).

[69] Brown Sb. at 30.

[70] Moore Sb. at 10; *see also* RUCO Bella Vista Water (Consolidated) Schedule SURR RLM-6.

Q. OKAY, WHAT ABOUT RATE CASE EXPENSE MR. BOURASSA?

A. RUCO continues to advocate substantial reductions to rate case expense based on a handwritten estimate Mr. Shapiro handed Mr. Moore during the Black Mountain case.[71] Mr. Shapiro isn't here to testify but I was there and in my opinion, this is just an example of why no good deed goes unpunished with RUCO in a rate case. RUCO complained until we gave them a detailed estimate of the future cost in that rate case. Mr. Shapiro reluctantly agreed, and now they are trying to graft that estimate from another case on to this case. But Mr. Moore never really explains how this document supports RUCO's position, nor has Mr. Moore offered a single good reason to reduce rate case expense.

Q. DOESN'T MR. MOORE TESTIFY ON PAGE 14 THAT RUCO MAY REVISE ITS ESTIMATE AT A LATER DATE?

A. Yes, and I understand the problem as we never really know the total amount of rate case expense until after the case is decided. That's why I provide our best estimate at the front and we revise it as necessary as the case proceeds.

Q. DOESN'T THAT SUPPORT RUCO'S POSITION THAT A FINAL RECOMMENDATION CANNOT YET BE MADE?

A. No, this does not excuse RUCO from coming up with a valid reason why rate case expense is being reduced and to date, Mr. Moore hasn't even come close.

Q. WHAT ABOUT STAFF?

A. Ms. Brown agrees that she made a mistake in her prior recommendation, which was based on an error in her comparison of this case to the pending case for Global Water.[72] However, even after correcting the mistake, Staff is still recommending a

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[71] Moore Sb. at 13.

[72] Brown Sb. at 27.

50% reduction. But Ms. Brown does virtually nothing to justify or explain her recommended level of rate case expense. Therefore, I cannot really respond.

Q. WHAT IS THE REQUESTED RATE CASE EXPENSE?

A. On a consolidated-Company wide basis, we have requested $400,000, and through June 30, 2010, total rate case expense is roughly $190,000. This amount reflects the significant upfront costs of filing what were four rate cases, with four separate sets of schedules and testimony. In that sense, Ms. Brown's comparison to Global's rate case is reasonable. What isn't reasonable, however, is that Staff's recommendation in this case is for only 50 percent of the amount it recommended in the Global case, without any explanation. Ironically, RUCO didn't fight over rate case expense in that case either, nor did Staff assert that rate case expense should be normalized.

For all these reasons, I felt then and still feel that the requested level is reasonable. Of course, we will continue to monitor rate case expense and provide an updated estimate in our final schedules.

Q. DID THE COMPANY TAKE STEPS TO REDUCE RATE CASE EXPENSES?

A. Absolutely. The Company has worked diligently with both Staff and RUCO to reduce issues, and to minimize the need for extensive formal discovery. For example, following Staff's Direct Testimony, the Company met with Staff to hear concerns over some of the previous information provided, then followed up with additional information on ADITs, AFUDC, Shared Services costs, etc. Similarly, the Company offered and subsequently provided responses to many volumes of informal data requests from RUCO in an effort to minimize issues and costs.

V. RATE DESIGN

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

A. BVWC's proposed rates are:

MONTHLY SERVICE CHARGES

5/8" x 3/4" meters	$17.00
3/4" Meters	$25.50
1" Meters	$38.25
1 1/2" Meters	$76.50
2" Meters	$95.20
3" Meters	$190.40
4" Meters	$318.75
6" Meters	$850.00
8" Meters	$1360.00

COMMODITY RATES

Residential	5/8" X ¾" Meters	1 to 4,000 gals	$1.81
		4,001 to 10,000 gals	$2.41
		Over 10,000 gals	$2.96
Residential	¾" Meters	1 to 4000 gals	$1.81
		4,001 to 10,000 gals	$2.41
		Over 10,000 gals	$2.91
Commercial	5/8" X ¾" Meters	1 to 4,000 gals	$2.11
		Over 4,000 gals	$2.91
Commercial	¾" Meters	1 to 4,000 gals	$2.11
		Over 4,000 gals	$2.91
1" Meters		1 to 10,000 gals	$2.11

	Over 10,000 gals	$2.91
1 ½" Meters	1 to 25,000	$2.11
	Over 25,000	$2.91
2" Meters	1 to 50,000	$2.11
	Over 50,000	$2.91
3" Meters	1 to 80,000	$2.11
	Over 80,000	$2.11
4" Meters	1 to 175,000	$2.91
	Over 175,000	$2.11
6" Meters	1 to 450,000	$2.91
	Over 450,000	$2.11
8" Meters	1 to 720,000	$2.91
	Over 720,000	$2.11
Hydrant Meters	All gallons	$2.96

Fire Sprinkler Service - 2% of monthly minimum, but no less than $15.00

Q. WHAT WILL BE THE MONTHLY INCREASES BY CUSTOMER CLASS AT THE AVERAGE USAGE UNDER THE NEW RATES?

A. The monthly bills under new rates by customer class and meter size are shown on Rebuttal Schedule H-2, page 1. As shown, the Bella Vista 5/8x3/4 inch residential customer's new monthly bill at an average monthly usage of 7,377 gallons will be $30.57. The current monthly bill is $22.90. So, the average Bella Vista 5/8x3/4 inch residential customer will see an increase on $7.67 or 33.50 percent.

As also shown, the Northern Sunrise 5/8x3/4 inch residential customer new monthly bill at an average monthly usage of 5,755 gallons will be $28.50. The

current monthly bill is $43.08. So, the average Northern Sunrise 5/8x3/4 inch residential customer will see a decrease of $14.58 or (33.84) percent.

Finally, the Southern Sunrise 5/8x3/4 inch residential customer's new monthly bill at an average monthly usage of 5,581 gallons will be $28.08. The current monthly bill is $42.60. So, the average Southern 5/8x3/4 inch residential customer will see a decrease of $14.52 or (34.09) percent.

Notably, it bears mentioning again that these rates are all based on the full consolidation of the three utilities as proposed.

Q. HAVE YOU MADE ANY SUBSTANTIVE REVISIONS TO THE RATE DESIGN THE COMPANY PROPOSED IN ITS REBUTTAL TESTIMONY?

A. No. The commodity rates were lowered slightly in order to reflect the lower revenues the Company proposes in its rejoinder filing; the basic rate design remains intact.[73]

Q. HAVE YOU UPDATED YOUR COST OF SERVICE STUDY USING THE COMPANY REJOINDER PROPOSED RATES?

A. Yes. As shown on Rebuttal Schedule G-0, the returns at the rejoinder proposed rates continue to vary substantially between the various meter sizes. While all the returns are positive, the 5/8x3/4 inch and ¾ inch residential customer classes provide returns below the 9.85 percent requested in the instant case. They are at 5.53 percent and 4.59 percent, respectively. The larger sized meters, such as the 1 inch commercial, 2 inch commercial, 3 inch commercial are providing much higher returns at 13.03 percent, 22.91 percent, and 23.01 percent, respectively. This indicates that the larger meter customer classes continue to subsidize the 5/8 inch and ¾ inch customer classes under the rebuttal proposed rates. However,

[73] Bourassa Rb. at 32 – 33.

consistent with the concept of gradualism, there is improvement in eliminating existing subsidization under the Company's proposed rates.

Q. HAVE YOU UPDATED THE ANALYSIS OF REVENUE RECOVERY FROM THE MONTHLY MINIMUMS AND THE COMMODITY RATES?

A. Yes. As shown on **Exhibit TJB-RJ3** (page 2), under the rejoinder proposed rates, approximately 47.42 percent of the proposed revenues are recovered from the monthly minimums. The percent of recovery from the monthly minimums has changed only slightly compared to the Company's proposed rebuttal rates. As shown on **Exhibit TJB-RB3** (page 1), about 53.78 percent of the proposed revenues are recovered from the monthly minimums and the first tier commodity rates.

Q. PLEASE COMMENT ON THE PROPOSED RATE DESIGN OF STAFF FOR THE CONSOLIDATED BELLA VISTA WATER COMPANY.

A. Like the Company, Staff continues to propose an inverted 3 tier rate design for the small residential customers and an inverted 2 tier rate design for small commercial and larger meter sizes (all classes). Staff's break-over points increase with meter size, but are different than the Company's for some meter sizes. The first tier commodity rate for the small commercial and the 1 inch and larger metered customers is the same as the second tier of the 5/8 inch metered residential customers. The second tier of the small commercial and larger metered customers is the same as the third tier of the 5/8 inch metered residential customers. Staff also proposes that the fire line charges be equivalent to 2% of the average monthly bill for that meter size, but not less than $10 per month.

Q. HAVE YOUR CONCERNS AND OPINION OF STAFF'S PROPOSED RATE DESIGN CHANGED FROM YOUR REBUTTAL TESTIMONY?

A. Yes. First, as a quick housekeeping matter, I believe that Staff's rates do not produce Staff's revenue requirement. I believe the revenues are short by approximately $30,000. The $30,000 represents a discrepancy of about 0.85%. Typically, tolerance is the rate of +/- 0.50 which would translate to about $20,000 in the instant case. So, Staff's proposed rates are fairly close to tolerance by that measure. However, typically we can get much closer than +/- 0.5%. Having said that, it appears that Staff has revised its rate design such that more of the revenue recovery is from the monthly minimums. This is a positive revision in my view.

Q. PLEASE EXPLAIN.

A. The percent of revenue recovery from the monthly minimums under Staff's proposed rates is now 46.05% compared to Staff's previous rates at 39.0%.

Q. HAVE YOU UPDATED THE ANALYSIS OF REVENUE RECOVERY FROM THE MONTHLY MINIMUMS AND THE COMMODITY RATES USING STAFF'S PROPOSED RATES?

A. Yes. I have included the update as **Exhibit TJB-RJ3** (page 3).

Q. PLEASE CONTINUE.

A. Despite a dramatic improvement in the percent of revenue recovery from the monthly minimums, Staff's rate design is still characterized as having relatively low first tier commodity rates for small residential customers, and high commodity rates for small commercial and larger metered customers. In fact, under Staff's rate design, Staff reduces the first tier commodity rate to $0.90 per 1,000 gallons which is below the current first tier commodity rate for Bella Vista at $0.97 per 1,000 gallons. This sends the wrong price signal to the small residential customers – that water is cheaper.

Q. DOES STAFF'S PROPOSED RATE DESIGN CONTINUE TO SHIFT REVENUE RECOVERY AWAY FROM THE SMALLER METERED RESIDENTIAL CUSTOMERS?

A. Yes. Staff's proposed rate design continues to shift revenue recovery away from the 5/8x3/4 inch residential class to the small commercial and larger metered customer classes.

Q. CAN YOU DEMONSTRATE THIS?

A. Yes. As shown on **Exhibit TJB-RJ4** (page 2), the percent of total revenues from the 5/8x3/4 inch residential customer (Bella Vista) decreases from 53.38 percent to 49.60 percent. By comparison, the commercial customers as a group contribute 29.94 percent of revenues under present rates whereas this group contributes 41.54 percent of revenues under Staff proposed rates.

Q. PLEASE CONTINUE.

A. The 5/8x3/4 inch residential customers comprise the largest group of customers at nearly 77 percent of the total customers yet this group continues to contribute far less of a proportion of revenues compared to present rates.

Q. HAVE YOU UPDATED YOUR REBUTTAL SCHEDULE WHICH PROVIDES FURTHER ILLUSTRATION OF THE REVENUE SHIFT?

A. Yes, as shown on **Exhibit TJB-RJ5** (page 1) is similar to the H-2 schedule contained in the Company's rejoinder filing. The H-2 shows the average bill at present and proposed rates. Staff is recommending an overall revenue increase of approximately 10.6 percent. But, as shown on the schedule, Staff is decreasing the Bella Vista 5/8x3/4 inch residential customer rates by 2.5 percent.

Q. HOW DOES STAFF'S PROPOSED RATE STACK UP AGAINST THE COST OF SERVICE?

A. As shown on **Exhibit TJB-RJ6** (page 1), which is similar to Rejoinder Schedule G-0, Staff's proposed rates result in a relatively small return for the 5/8x3/4 inch and a negative return for the ¾ inch residential customers at 2.28 percent and negative 0.27 percent, respectively. As a class, the residential customers provide an over-all 2.30 percent return. Compare this to the commercial customers who provide an over-all 24.5 percent return.

Q. PLEASE RESPOND TO MS. BROWN'S CRITICISM OF YOUR COST OF SERVICE STUDY.

A. Ms. Brown is critical of my cost of service study ("COSS") particularly in the area of allocating costs to the customer function. It is Ms. Brown's belief that I should have allocated less cost to the customer function and more to the demand and commodity function.[74] I would note that Ms. Brown has not prepared a cost of service study in this case. Further, it is not clear exactly how Ms. Brown would change the allocation factors I used in my cost of service study. Putting that aside, while we are now forced to debate the finer points cost of service, the bottom line is that allocating more of the costs Ms. Brown suggests should be allocated to the demand function and commodity functions[75] would not appreciably change the results of the COSS. More importantly, my conclusion that the 5/8x3/4 inch residential customers (and residential customers in general) are being subsidized by the commercial class would not change.

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[74] Brown Sb. at 35.

[75] *Id.* at 33 – 35. Ms. Brown suggests that more of a proportion of expenses such as insurance, rate case expense, and miscellaneous expense should be allocated to the demand and commodity function. Ms. Brown also suggests that more transportation costs (both depreciation and operating expense) should be allocated to the demand and commodity functions.

Q. WHY?

A. Even if more costs are allocated to the demand and commodity function and less to the commodity function, as Ms. Brown suggests, the 5/8x3/4 inch residential customers will still be allocated the bulk of the costs. This is because the 5/8x3/4 inch residential customers as a class comprise the largest number of customers, have the greatest demand on the system, and use the most water. A simple review of the allocation factors for the 5/8x3/4 inch residential customers shows that this will be true:

Function	Factor (%)
Demand	66.01
Commodity	58.67
Customer	88.64

Further, the expenses which Ms. Brown suggests should be allocated differently are relatively small compared to the total operating expenses. So, the fact that the 5/8x3/4 inch residential customer are the cause of the bulk of the expenses combined with the fact that the expenses in question are relatively small will mean that the impact on the results of the COSS will be very minor.

Q. CAN YOU PROVIDE FURTHER ILLUSTRATION?

A. Yes. Ms. Brown suggests that certain expenses (health and life insurance, rate case expense, miscellaneous expense, and bad debt expense) should be allocated differently.[76] These expenses comprise about 4.9% ($188,973) of the total operating expenses proposed by Staff ($3,891,492).[77] My cost of service study allocated these costs 100% to the customer function. Ultimately, I allocated $167,505 ($188,973 times 88.64%) to the 5/8x3/4 inch residential class. If I would

[76] *Id.* at 34.

[77] Includes property taxes and income taxes at proposed rates.

have allocated these costs equally to all three functions, the change in the total cost attributed to the 5/8x3/4 inch residential customers would have been about $33,000, or 0.85% of total operating expenses. This is shown as follows:

Allocated Expenses (Staff Proposed)		
Insurance - Health and Life	$	7,290
Reg. Comm. Exp.	$	10,628
Reg. Comm. Exp. - Rate Case	$	67,439
Miscellaneous Expense	$	85,438
Bad Debt Expense	$	18,178
Total Expense to Allocate	$	188,973

	Allocation Factor (%)			Allocation Factor (%)		Residential 5/8x3/4 inch
Demand	33.33%	$	62,991	66.01%	$	41,583
Commodity	33.33%	$	62,991	58.67%	$	36,956
Customer	33.33%	$	62,991	88.64%	$	55,832
Total	100.00%	$	188,973		$	134,372

Amount Allocated in COSS	$	167,497
Ms. Brown's Suggested Amount to be Allocated	$	134,372
Difference	$	33,125
Staff Proposed Total Operating Expenses	$	3,891,492
% of difference to total operating expenses		0.85%

Ms. Brown also suggests that depreciation expense for some plant (office equipment, tools and work equipment, power operated equipment, and miscellaneous equipment)[78] should be allocated differently. Depreciation for these plant items comprise about 1.0% ($39,902) of the total operating expenses proposed by Staff ($3,891,492).[79] My cost of service study allocated these costs 100% to the customer function. So, I allocated $35,367 ($39,902 times 88.64%) to the 5/8x3/4 inch residential class. If I would have allocated these costs equally to all three functions, the change in the total cost attributed to the 5/8x3/4 inch

[78] Brown Sb. at 34.

[79] Includes property taxes and income taxes at proposed rates.

residential customers would have been less than $7,000, or 0.18% of total operating expenses. This is shown as follows:

Allocated Depreciation Expense		
Office Furniture and Fixtures	$	11,828
Tools and Work Equipment	$	14,743
Power Operated Equipment	$	2,600
Miscellaneous Equipment	$	10,731
Total Expense to Allocate	$	39,902

	Allocation Factor (%)			Factor (%)		Residential 5/8x3/4 inch
Demand	33.33%	$	13,301	66.01%	$	8,780
Commodity	33.33%	$	13,301	58.67%	$	7,803
Customer	33.33%	$	13,301	88.64%	$	11,789
Total	100.00%	$	39,902		$	28,373

Amount Allocated in COSS	$	35,367
Ms. Brown's Suggested Amount to be Allocated	$	28,373
Difference	$	6,994
% of difference to total operating expenses		0.18%

Combined the total reduction of costs for the 5/8x3/4 inch residential customers would have been about $40,000 ($33,125 plus $6,994), or about 1 percent of total operating expenses. Ultimately, the rate of return provided by the 5/8x3/4 inch residential customers under Staff's proposed rates would increase by about 0.8 percent to 3 percent from the 2.28 percent found in **Exhibit TJB-RJ6**.

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

A. RUCO's rate design is very similar to the Company initial rate design. However, like the Company's initial rate design, RUCO's rates continue to suffer from the problem of cross-over of bill amounts.[80]

Q. HAVE YOU PREPARED EXHIBITS ON RUCO'S RATE DESIGN SIMILAR TO THE EXHIBITS YOU PREPARED FOR STAFF'S RATE DESIGN?

A. Yes. Similar schedules discussed above for Staff are also included in exhibits **TJB-RJ3** and **TJB-RJ4, TJB-RJ5,** and **TJB-RJ6**.

A. <u>Miscellaneous Charges</u>

Q. IS THERE ANY DISAGREEMENT BETWEEN THE COMPANY AND STAFF ON THE COMPANY'S PROPOSED METER AND SERVICE LINE INSTALLATION CHARGES?

A. No. The Company has adopted Staff's recommended meter and service line installation charges.

Q. IS THERE ANY DISAGREEMENT BETWEEN THE COMPANY AND STAFF ON THE COMPANY'S PROPOSED MISCELLANEOUS CHARGES?

A. No.

Q. DO YOU HAVE ANY RESPONSE TO STAFF'S RECOMMENDATIONS CONCERNING THE COMPANY PROPOSED HOOK-UP FEE?

A. No. Response to Staff's testimony can be found in the rebuttal testimony of Greg Sorensen.[81] I do agree with him, however. My reading of the NARUC definition

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[80] Bourassa Rb. at 38.

[81] Rebuttal Testimony of Greg Sorensen at 5 – 8.

of CIAC supports that mere receipt of hook up fees does not create CIAC, CIAC comes after the funds have been "utilized" for plant.

Q. DO YOU HAVE ANY RESPONSE TO STAFF'S AND/OR RECOMMENDATIONS CONCERNING THE COMPANY PROPOSED LOW INCOME TARIFF?

A. No. Mr. Sorensen addresses this issue in his testimony.[82]

Q. DOES THIS CONCLUDE YOUR REJOINDER TESTIMONY?

A. Yes.

[82] Sorensen Rj. at 12.

Bella Vista Water Co., Inc.
Northern Sunrise Water Company Inc.
Southern Sunrise Water Company Inc.

W-02465A-09-0411, W-20453A-09-0412, W-20454A-09-0413,
W-02465A-09-0414, W-20453A-09-0414 and W-20454A-09-0414

Thomas J. Bourassa
Rejoinder Testimony
(Rate Base, Income Statement And Rate Design)
July 7, 2010

Exhibit
TB-RJ1

2232477.1

Bella Vista Water Company (Consolidated)
Individual Asset vs. Vintage Year Group Method vs. Asset Group Depreication Method

Individual Asset Method
Depreciation Rate 10%

Year	Cost		1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
1998	$ 100	Asset A	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ -	$ -
1999	$ 100	Asset B		$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ -
2000	$ 100	Asset C			$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100
Retirement 1998													$ (100)		
Retirement 1999														$ (100)	
Retirement 2000															$ (100)
Total Plant			$ 100	$ 200	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 200	$ 100	$ -
Annual Depreciation															
1998			$ 5	$ 10	$ 10	$ 10	$ 10	$ 10	$ 10	$ 10	$ 10	$ 10	$ 5		
1999				$ 5	$ 10	$ 10	$ 10	$ 10	$ 10	$ 10	$ 10	$ 10	$ 10	$ 5	
2000					$ 5	$ 10	$ 10	$ 10	$ 10	$ 10	$ 10	$ 10	$ 10	$ 10	$ 5
Total Annual Depreciation			$ 5	$ 15	$ 25	$ 30	$ 30	$ 30	$ 30	$ 30	$ 30	$ 30	$ 25	$ 15	$ 5

Vintage Year Method.
Depreciation Rate 10%

Year	Cost	Group	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
1998	$ 100	1998	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ -	$ -
1999	$ 100	1999		$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ -
2000	$ 100	2000			$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100
Retirement 1998													$ (100)		
Retirement 1999														$ (100)	
Retirement 2000															$ (100)
Total Plant			$ 100	$ 200	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 200	$ 100	$ -
Annual Depreciation															
1998			$ 5	$ 10	$ 10	$ 10	$ 10	$ 10	$ 10	$ 10	$ 10	$ 10	$ 5		
1999				$ 5	$ 10	$ 10	$ 10	$ 10	$ 10	$ 10	$ 10	$ 10	$ 10	$ 5	
2000					$ 5	$ 10	$ 10	$ 10	$ 10	$ 10	$ 10	$ 10	$ 10	$ 10	$ 5
Total Annual Depreciation			$ 5	$ 15	$ 25	$ 30	$ 30	$ 30	$ 30	$ 30	$ 30	$ 30	$ 25	$ 15	$ 5
Total Plant			$ 100	$ 200	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 200	$ 100	$ -
Depreciation Reserve															
1998			$ 5	$ 15	$ 25	$ 35	$ 45	$ 55	$ 65	$ 75	$ 85	$ 95	$ -	$ -	$ -
1999			$ -	$ 5	$ 15	$ 25	$ 35	$ 45	$ 55	$ 65	$ 75	$ 85	$ 95	$ -	$ -
2000			$ -	$ -	$ 5	$ 15	$ 25	$ 35	$ 45	$ 55	$ 65	$ 75	$ 85	$ 95	$ -
Total Depreciation Reserve (A/D)			$ 5	$ 20	$ 45	$ 75	$ 105	$ 135	$ 165	$ 195	$ 225	$ 255	$ 180	$ 95	$ -
Net Plant			$ 95	$ 180	$ 255	$ 225	$ 195	$ 165	$ 135	$ 105	$ 75	$ 45	$ 20	$ 5	$ -

Asset Group method
Depreciation Rate 10%

Year	Cost	Group													
1998	$ 100	A	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ -	$ -
1999	$ 100	A		$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ -
2000	$ 100	A			$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100
Retirement 1998													$ (100)		
Retirement 1999														$ (100)	
Retirement 2000															$ (100)
Total Plant			$ 100	$ 200	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 200	$ 100	$ -
Annual Depreciation			$ 5	$ 15	$ 25	$ 30	$ 30	$ 30	$ 30	$ 30	$ 30	$ 30	$ 25	$ 15	$ 5
Gross Plant			$ 100	$ 200	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 200	$ 100	$ -
Total Depreciation Reserve (A/D)			$ 5	$ 20	$ 45	$ 75	$ 105	$ 135	$ 165	$ 195	$ 225	$ 255	$ 180	$ 95	$ -
Net Plant			$ 95	$ 180	$ 255	$ 225	$ 195	$ 165	$ 135	$ 105	$ 75	$ 45	$ 20	$ 5	$ -

Bella Vista Water Co., Inc.
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W-02465A-09-0411, W-20453A-09-0412, W-20454A-09-0413,
W-02465A-09-0414, W-20453A-09-0414 and W-20454A-09-0414

Thomas J. Bourassa
Rejoinder Testimony
(Rate Base, Income Statement And Rate Design)
July 7, 2010

Exhibit
TB-RJ2

2232477.1

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
ACCUMULATED DEFERRED INCOME TAXES
BASED UPON RUCO'S PROPOSED RATE BASE COMPONENTS (PIS, A/D, AIAC AND CIAC)

Line No.		Adjusted Book Value	Tax Value	Probability of Realization of Future Tax Benefit	Deductible TD (Taxable TD) Expected to be Realized	Tax Rate[5]	Future Tax Asset Current	Future Tax Asset Non Current	Future Tax Liability Current	Future Tax Liability Non Current
1	**Deferred Income Tax as of March 31, 2009**									
6	Plant-in-Service	$ 26,605,855 [1]								
7	Accum. Deprec.	(10,552,073) [1]								
8	CIAC	(5,871,343) [3]								
9	Fixed Assets	$ 10,182,439	$ 8,287,666 [2]	100.0%	$ (1,894,773)	38.6%		-		(731,361)
10	AIAC		6,136,045 [4]	7.2%	$ 441,795 [4]	38.6%		$ 170,528		
11	Tax Benefits from O.L. Carry Forward			100.0%	$ -			$ -		
12							$ -	$ 170,528	$ -	$ (731,361)
13										
14	Allocated DIT Asset (Liability)						$ (560,833)			
15										
16										
17										
18										
19										
20	**[1] Adjusted per Rebuttal Schedule B-2, page 2**									
21										
22	**[2] Tax Basis as of March 31, 2009**									
23										
24	Unadjusted Cost Basis per 2008 Tax Return (Fiscal Year Ended 12/31/2008)							$ 18,314,641		
25	Adjustments:									
26	Land not on tax return depreciation repor							656,307		
27	Tax accumulated depreciation through 12/31/2008							(9,166,130)		
28	Tax depreciation from 1/1/2009 to 3/31/2009 for assets added before 12/31/2008.							(254,979)		
29	Bonus Depreciation/Section 179 deductions through 12/31/2008							(1,490,506)		
30	Assets added after 12/31/2008 (net of affiliate profit, AIAC, CIAC)							947,275		
31	Tax depreciation for assets added after 12/31/2008 thru 3/31/2009 (Estimated 25 yr S.L. half-year convention							(4,736)		
32	Bonus depreciation for assets added after 12/31/2008 thru 3/31/2009 (Estimated)							(118,409)		
33	B-2 Adjustments to plant-in-service (PTY Plant of $110,057 and plant retirement of $12,000)							101,011		
34	Tax accumulated depreciation from B-2 adjustments to plant-in-service							(3,496)		
35	Affiliate profit removed through 2008							(229,194)		
36	Tax accumulated depreciation related to affilitate profit through 2001							17,533		
37	Proposed retirements per B-2							(1,333,228)		
38	Estimated tax depreciation on B- 2 proposed retirement:							1,162,419		
39	Proposed B-2 adjustments (AFUDC)							(80,055)		
40	Estimated Tax depreciation on B- 2 proposed adjustments (AFUDC							4,214		
41	Proposed B-2 adjustments (McClain acquistion costs)							(144,623)		
42	Estimated Tax depreciation on B- 2 proposed adjustments (McClain acqusition costs							9,943		
43	Timing difference through 2008							(100,321)		
44	Net tax value as of March 31. 2009							$ 8,287,666		
45										
46	**[3] CIAC (including impact of change to probability of realization)**									
47										
48	Gross CIAC per B-2						$ 542,445			
49	Less: Pre-1996 CIAC						(326,777)			
50	A.A per B-2					$ (230,570)				
51	A.A on Pre-1996 CIAC					191,996				
52	A.A. on Post 1996 CIAC						(38,574)			
53	Net CIAC before unrealized AIAC							$ 177,094		
54										
55	Unrealized AIAC Componen									
56	Adjusted Net AIAC (see footnote 5 below)						$ 6,136,045			
57	Unrealized AIAC Component % (1-Realized AIAC Component						92.8%			
58	Addition to CIAC							$ 5,694,250		
59	Total realizable CIAC							$ 5,871,343		
60										
61	**[4] AIAC (including impact of change in probability of realization)**									
62	AIAC per B-2						$ 6,781,443			
63	Less: Pre-1996 AIAC included for book and tax purpose:						(645,398)			
64	Net AIAC before unrealized portio:							$ 6,136,045		
65	Less: Unrealized AIAC (from Note 4, above							$ (5,694,250)		
66	Net realizable AIAC							$ 441,795		
67										
68	**[5] Effective tax rates Per C-3 schedule**									
69										

Bella Vista Water Co., Inc.
Northern Sunrise Water Company Inc.
Southern Sunrise Water Company Inc.

W-02465A-09-0411, W-20453A-09-0412, W-20454A-09-0413,
W-02465A-09-0414, W-20453A-09-0414 and W-20454A-09-0414

Thomas J. Bourassa
Rejoinder Testimony
(Rate Base, Income Statement And Rate Design)
July 7, 2010

Exhibit
TB-RJ3

2232477.1

Bella Vista Water Company (Consolidated)
Revenue Breakdown Summary
Present Rates

			Current Monthly Mins	Commodity First Tier	Commodity Second Tier	Commodity Third Tier	Total
5/8x3/4 Inch	Residential	Bella Vista	$ 1,332,900	$ 117,412	$ 558,072	$ 138,609	$ 2,146,992
5/8x3/4 Inch	Residential	Northern Sunrise	$ 127,596	$ 10,155	$ 17,388	$ 31,907	$ 187,046
5/8x3/4 Inch	Residential	Southern Sunrise	$ 294,624	$ 27,442	$ 39,620	$ 64,802	$ 426,488
3/4 Inch	Residential	Bella Vista	$ 8,989	$ 595	$ 1,517	$ -	$ 11,100
3/4 Inch	Residential	Northern Sunrise	$ 558	$ 3	$ 355	$ 428	$ 1,344
1 Inch	Residential	Bella Vista	$ 2,698	$ 84	$ 1,030	$ 2,009	$ 5,821
2 Inch	Residential	Bella Vista	$ 507	$ 7	$ 57	$ 153	$ 725
			$ 1,767,872	$ 155,698	$ 618,039	$ 237,909	$ 2,779,517
Percent of Revenues			63.60%	5.60%	22.24%	8.56%	100.00%
Cummulative Percentage			63.60%	69.21%	91.44%	100.00%	
5/8 Inch	Commercial	Bella Vista	$ 68,580	$ 4,543	$ 23,125	$ 26,628	$ 122,876
3/4 Inch	Commercial	Bella Vista	$ 1,634	$ 113	$ 299	$ 1,369	$ 3,415
1 Inch	Commercial	Bella Vista	$ 46,871	$ 1,199	$ 15,423	$ 27,163	$ 90,656
1 Inch	Commercial	Southern Sunrise	$ 1,860	$ 57	$ 204	$ -	$ 2,121
1.5 Inch	Commercial	Bella Vista	$ 35,190	$ 482	$ 6,853	$ 75,854	$ 118,379
2 Inch	Commercial	Bella Vista	$ 138,381	$ 1,954	$ 15,274	$ 499,575	$ 655,183
2 Inch	Commercial	Southern Sunrise	$ 2,976	$ 7	$ -	$ 1,439	$ 4,422
3 Inch	Commercial	Bella Vista	$ 38,033	$ 30	$ 2,366	$ 93,373	$ 133,801
4 Inch	Commercial	Bella Vista	$ 6,228	$ (34)	$ (8,241)	$ 48,706	$ 46,658
6 Inch	Commercial	Bella Vista	$ 11,400	$ -	$ 105	$ 725	$ 12,229
8 Inch	Commercial	Bella Vista	$ 15,540	$ 11	$ 27	$ -	$ 15,578
			$ 366,693	$ 8,360	$ 55,435	$ 774,831	$ 1,205,319
Percent of Revenues			30.42%	0.69%	4.60%	64.28%	100.00%
Cummulative Percentage			30.42%	31.12%	35.72%	100.00%	
4 Inch	Fire Sprinkler	Bella Vista	$ 5,940	$ -	$ -		$ 5,940
6 Inch	Fire Sprinkler	Bella Vista	$ 2,394	$ -	$ -		$ 2,394
8 Inch	Fire Sprinkler	Bella Vista	$ 155	$ -	$ -		$ 155
			$ 8,489	$ -	$ -	$ -	$ 8,489
Percent of Revenues			100.00%	0.00%	0.00%	0.00%	100.00%
Cummulative Percentage			100.00%	100.00%	100.00%	100.00%	
3 Inch	Hydrant	Bella Vista	$ 20,479	$ 25	$ 9,178		$ 29,683
Grand Total			$ 2,163,533	$ 164,084	$ 682,652	$ 1,012,740	$ 4,023,008
Percent of Total Revenues			53.78%	4.08%	16.97%	25.17%	100.00%
Cummulative Percentage			53.78%	57.86%	74.83%	100.00%	

Bella Vista Water Company (Consolidated)
Revenue Breakdown Summary
Company Proposed Rates

			Current Monthly Mins	Commodity First Tier	Commodity Second Tier	Commodity Third Tier	Total
5/8x3/4 Inch	Residential	Bella Vista	$ 1,510,620	$ 140,911	$ 476,092	$ 694,289	$ 2,821,912
5/8x3/4 Inch	Residential	Northern Sunrise	$ 69,972	$ 6,159	$ 19,402	$ 26,686	$ 122,220
5/8x3/4 Inch	Residential	Southern Sunrise	$ 161,568	$ 16,625	$ 45,690	$ 53,796	$ 277,679
3/4 Inch	Residential	Bella Vista	$ 10,098	$ 756	$ 2,298	$ 577	$ 13,729
3/4 Inch	Residential	Northern Sunrise	$ 306	$ 3	$ 54	$ 580	$ 943
1 Inch	Residential	Bella Vista	$ 3,672	$ 578	$ 3,849		$ 8,099
2 Inch	Residential	Bella Vista	$ 1,142	$ 272	$ -		$ 1,414
			$ 1,757,378	$ 165,304	$ 547,386	$ 775,929	$ 3,245,997
Percent of Revenues			54.14%	5.09%	16.86%	23.90%	100.00%
Cummulative Percentage			54.14%	59.23%	76.10%	100.00%	
5/8 Inch	Commercial	Bella Vista	$ 77,724	$ 7,388	$ 81,420		$ 166,532
3/4 Inch	Commercial	Bella Vista	$ 1,836	$ 159	$ 2,476		$ 4,470
1 Inch	Commercial	Bella Vista	$ 63,801	$ 7,407	$ 54,482		$ 125,691
1 Inch	Commercial	Southern Sunrise	$ 918	$ 252	$ -		$ 1,170
1.5 Inch	Commercial	Bella Vista	$ 78,030	$ 8,855	$ 111,567		$ 198,452
2 Inch	Commercial	Bella Vista	$ 310,733	$ 67,985	$ 667,463		$ 1,046,181
2 Inch	Commercial	Southern Sunrise	$ 1,142	$ 483	$ 505		$ 2,131
3 Inch	Commercial	Bella Vista	$ 59,405	$ 9,254	$ 124,516		$ 193,175
4 Inch	Commercial	Bella Vista	$ 11,475	$ (1,581)	$ 61,618		$ 71,512
6 Inch	Commercial	Bella Vista	$ 10,200	$ 990	$ -		$ 11,190
8 Inch	Commercial	Bella Vista	$ 16,320	$ 65	$ -		$ 16,385
			$ 631,584	$ 101,256	$ 1,104,047	$ -	$ 1,836,888
Percent of Revenues			34.38%	5.51%	60.10%	0.00%	100.00%
Cummulative Percentage			34.38%	39.90%	100.00%	100.00%	
4 Inch	Fire Sprinkler	Bella Vista	$ 17,820	$ 1	$ -		$ 17,821
6 Inch	Fire Sprinkler	Bella Vista	$ 4,284	$ -	$ -		$ 4,284
8 Inch	Fire Sprinkler	Bella Vista	$ 326	$ -	$ -		$ 326
			$ 22,430	$ 1	$ -	$ -	$ 22,431
Percent of Revenues			100.00%	0.00%	0.00%	0.00%	100.00%
Cummulative Percentage			100.00%	100.00%	100.00%	100.00%	
3 Inch	Hydrant	Bella Vista	$ 31,987	$ (731)	$ 15,834		$ 47,090
Grand Total			$ 2,443,380	$ 265,830	$ 1,667,267	$ 775,929	$ 5,152,406
Percent of Total Revenues			47.42%	5.16%	32.36%	15.06%	100.00%
Cummulative Percentage			47.42%	52.58%	84.94%	100.00%	

Bella Vista Water Company (Consolidated) - Staff Rates
Revenue Breakdown Summary
Staff Proposed Rates

			Current Monthly Mins	Commodity First Tier	Commodity Second Tier	Commodity Third Tier	Total
5/8x3/4 Inch	Residential	Bella Vista	$ 1,199,610	$ 69,878	$ 306,299	$ 623,261	$ 2,199,048
5/8x3/4 Inch	Residential	Northern Sunrise	$ 55,566	$ 3,055	$ 12,455	$ 23,589	$ 94,664
5/8x3/4 Inch	Residential	Southern Sunrise	$ 128,304	$ 8,244	$ 29,255	$ 48,329	$ 214,132
3/4 Inch	Residential	Bella Vista	$ 7,128	$ 375	$ 1,469	$ 457	$ 9,429
3/4 Inch	Residential	Northern Sunrise	$ 216	$ 1	$ 38	$ 562	$ 817
1 Inch	Residential	Bella Vista	$ 2,880	$ 547	$ 4,050		$ 7,478
2 Inch	Residential	Bella Vista	$ 1,200	$ 257	$ -		$ 1,457
			$ 1,394,904	$ 82,357	$ 353,567	$ 696,197	$ 2,527,025
Percent of Revenues			55.20%	3.26%	13.99%	27.55%	100.00%
Cummulative Percentage			55.20%	58.46%	72.45%	100.00%	
5/8 Inch	Commercial	Bella Vista	$ 61,722	$ 6,554	$ 77,261		$ 145,537
3/4 Inch	Commercial	Bella Vista	$ 1,296	$ 158	$ 2,464		$ 3,918
1 Inch	Commercial	Bella Vista	$ 50,040	$ 7,005	$ 57,253		$ 114,298
1 Inch	Commercial	Southern Sunrise	$ 720	$ 238	$ -		$ 958
1.5 Inch	Commercial	Bella Vista	$ 63,240	$ 8,542	$ 114,916		$ 186,698
2 Inch	Commercial	Bella Vista	$ 326,400	$ 64,293	$ 707,317		$ 1,098,010
2 Inch	Commercial	Southern Sunrise	$ 1,200	$ 457	$ 536		$ 2,193
3 Inch	Commercial	Bella Vista	$ 62,400	$ 9,101	$ 122,905		$ 194,406
4 Inch	Commercial	Bella Vista	$ 11,232	$ (2,103)	$ 65,861		$ 74,990
6 Inch	Commercial	Bella Vista	$ 7,500	$ 936	$ -		$ 8,436
8 Inch	Commercial	Bella Vista	$ 12,000	$ 61	$ -		$ 12,061
			$ 597,750	$ 95,242	$ 1,148,513	$ -	$ 1,841,504
Percent of Revenues			32.46%	5.17%	62.37%	0.00%	100.00%
Cummulative Percentage			32.46%	37.63%	100.00%	100.00%	
4 Inch	Fire Sprinkler	Bella Vista	$ 11,880	$ 1	$ -		$ 11,881
6 Inch	Fire Sprinkler	Bella Vista	$ 3,150	$ -	$ -		$ 3,150
8 Inch	Fire Sprinkler	Bella Vista	$ 240	$ -	$ -		$ 240
			$ 15,270	$ 1	$ -	$ -	$ 15,271
Percent of Revenues			100.00%	0.00%	0.00%	0.00%	100.00%
Cummulative Percentage			100.00%	100.00%	100.00%	100.00%	
3 Inch	Hydrant	Bella Vista	$ 33,600	$ (785)	$ 16,994		$ 49,809
Grand Total			$ 2,041,524	$ 176,815	$ 1,519,073	$ 696,197	$ 4,433,609
Percent of Total Revenues			46.05%	3.99%	34.26%	15.70%	100.00%
Cummulative Percentage			46.05%	50.03%	84.30%	100.00%	

Bella Vista Water Company (Consolidated) - RUCO Rates
Revenue Breakdown Summary
RUCO Proposed Rates

			Current Monthly Mins	Commodity First Tier	Commodity Second Tier	Commodity Third Tier	Total
5/8x3/4 Inch	Residential	Bella Vista	$ 1,305,353	$ 125,726	$ 449,657	$ 709,041	$ 2,589,777
5/8x3/4 Inch	Residential	Northern Sunrise	$ 60,464	$ 5,496	$ 18,315	$ 27,150	$ 111,425
5/8x3/4 Inch	Residential	Southern Sunrise	$ 139,614	$ 14,833	$ 43,104	$ 54,949	$ 252,500
3/4 Inch	Residential	Bella Vista	$ 8,724	$ 675	$ 2,167	$ 572	$ 12,137
3/4 Inch	Residential	Northern Sunrise	$ 264	$ 2	$ 52	$ 604	$ 923
1 Inch	Residential	Bella Vista	$ 3,173	$ 396	$ 2,896		$ 6,465
2 Inch	Residential	Bella Vista	$ 987	$ 186	$ -		$ 1,173
			$ 1,518,579	$ 147,314	$ 516,191	$ 792,317	$ 2,974,401
Percent of Revenues			51.05%	4.95%	17.35%	26.64%	100.00%
Cummulative Percentage			51.05%	56.01%	73.36%	100.00%	
5/8 Inch	Commercial	Bella Vista	$ 67,163	$ 5,055	$ 61,708		$ 133,926
3/4 Inch	Commercial	Bella Vista	$ 1,586	$ 109	$ 1,893		$ 3,588
1 Inch	Commercial	Bella Vista	$ 55,127	$ 5,069	$ 40,947		$ 101,144
1 Inch	Commercial	Southern Sunrise	$ 793	$ 172	$ -		$ 965
1.5 Inch	Commercial	Bella Vista	$ 67,412	$ 6,060	$ 84,096		$ 157,568
2 Inch	Commercial	Bella Vista	$ 268,464	$ 46,522	$ 505,429		$ 820,415
2 Inch	Commercial	Southern Sunrise	$ 987	$ 331	$ 383		$ 1,701
3 Inch	Commercial	Bella Vista	$ 51,324	$ 6,332	$ 93,720		$ 151,376
4 Inch	Commercial	Bella Vista	$ 9,914	$ (3,397)	$ 46,513		$ 53,030
6 Inch	Commercial	Bella Vista	$ 8,813	$ 677	$ -		$ 9,490
8 Inch	Commercial	Bella Vista	$ 14,100	$ 44	$ -		$ 14,144
			$ 545,683	$ 66,974	$ 834,690	$ -	$ 1,447,347
Percent of Revenues			37.70%	4.63%	57.67%	0.00%	100.00%
Cummulative Percentage			37.70%	42.33%	100.00%	100.00%	
4 Inch	Fire Sprinkler	Bella Vista	$ 17,820	$ 0	$ -		$ 17,820
6 Inch	Fire Sprinkler	Bella Vista	$ 3,701	$ -	$ -		$ 3,701
8 Inch	Fire Sprinkler	Bella Vista	$ 282	$ -	$ -		$ 282
			$ 21,803	$ 0	$ -	$ -	$ 21,804
Percent of Revenues			100.00%	0.00%	0.00%	0.00%	100.00%
Cummulative Percentage			100.00%	100.00%	100.00%	100.00%	
3 Inch	Hydrant	Bella Vista	$ 27,636	$ (783)	$ 16,965		$ 43,817
Reconciling Amount			$ (7,036)				$ (7,036)
Grand Total			$ 2,106,666	$ 213,505	$ 1,367,846	$ 792,317	$ 4,480,334
Percent of Total Revenues			47.02%	4.77%	30.53%	17.68%	100.00%
Cummulative Percentage			47.02%	51.79%	82.32%	100.00%	

Bella Vista Water Co., Inc.
Northern Sunrise Water Company Inc.
Southern Sunrise Water Company Inc.

W-02465A-09-0411, W-20453A-09-0412, W-20454A-09-0413,
W-02465A-09-0414, W-20453A-09-0414 and W-20454A-09-0414

Thomas J. Bourassa
Rejoinder Testimony
(Rate Base, Income Statement And Rate Design)
July 7, 2010

Exhibit
TB-RJ4

2232477.1

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Exhibit
Page 1

Line No.	Meter Size	Class	Division	Present Revenues	Company Proposed Revenues	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues
1	5/8x3/4 Inch	Residential	Bella Vista	$ 2,146,992	$ 2,821,912	$ 674,920	31.44%	53.38%	54.77%
	5/8x3/4 Inch	Residential	Northern Sunrise	187,046	122,220	(64,826)	-34.66%	4.65%	2.37%
	5/8x3/4 Inch	Residential	Southern Sunrise	426,488	277,679	(148,809)	-34.89%	10.60%	5.39%
2	3/4 Inch	Residential	Bella Vista	11,100	13,729	2,628	23.68%	0.28%	0.27%
	3/4 Inch	Residential	Northern Sunrise	1,344	943	(401)	-29.82%	0.03%	0.02%
3	1 Inch	Residential	Bella Vista	5,821	8,099	2,278	39.14%	0.14%	0.16%
4	2 Inch	Residential	Bella Vista	725	1,414	690	95.17%	0.02%	0.03%
5									
6		Subtotal		2,779,517	3,245,997	466,480	16.78%	69.11%	63.00%
7									
8	5/8 Inch	Commercial	Bella Vista	$ 122,876	$ 166,532	$ 43,656	35.53%	3.06%	3.23%
9	3/4 Inch	Commercial	Bella Vista	3,415	4,470	1,055	30.89%	0.08%	0.09%
10	1 Inch	Commercial	Bella Vista	90,656	125,691	35,035	38.65%	2.25%	2.44%
	1 Inch	Commercial	Southern Sunrise	2,121	1,170	(951)	-44.85%	0.05%	0.02%
11	1.5 Inch	Commercial	Bella Vista	118,379	198,452	80,074	67.64%	2.94%	3.85%
12	2 Inch	Commercial	Bella Vista	654,069	1,046,181	392,111	59.95%	16.26%	20.30%
	2 Inch	Commercial	Southern Sunrise	4,422	2,131	(2,291)	-51.82%	0.11%	0.04%
13	3 Inch	Commercial	Bella Vista	133,801	193,175	59,374	44.37%	3.33%	3.75%
14	4 Inch	Commercial	Bella Vista	46,658	71,512	24,854	53.27%	1.16%	1.39%
15	6 Inch	Commercial	Bella Vista	12,229	11,190	(1,040)	-8.50%	0.30%	0.22%
16	8 Inch	Commercial	Bella Vista	15,578	16,385	807	5.18%	0.39%	0.32%
17									
18		Subtotal		$ 1,204,205	$ 1,836,888	$ 632,683	52.54%	29.94%	35.65%
19									
20									
21	3 Inch	Hydrant	Bella Vista	$ 29,683	$ 47,090	17,407	58.65%	0.74%	0.91%
22									
23	4 Inch	Fire Sprinkler	Bella Vista	$ 5,940	$ 17,820	$ 11,880	200.00%	0.15%	0.35%
24	6 Inch	Fire Sprinkler	Bella Vista	2,394	4,284	1,890	78.95%	0.06%	0.08%
25	8 Inch	Fire Sprinkler	Bella Vista	155	326	171	110.04%	0.00%	0.01%
26									
27		Subtotal		$ 8,489	$ 22,430	$ 13,941	164.22%	0.21%	0.44%
28									
29									
30									
31	Total Revenues			$ 4,021,894	$ 5,152,405	$ 1,130,511	28.11%	100.00%	100.00%
32									
33	Misc. Revenues			$ 139,114	$ 139,114	-	0.00%	3.46%	2.70%
34	Reconciling Amount to GL			1,128	867	(261)	-23.14%	0.03%	0.02%
35	Total Water Revenues			$ 4,162,136	$ 5,292,386	$ 1,130,250	27.16%	103.49%	102.72%
36									

Bella Vista Water Company (Consolidated) - Staff Rates
Test Year Ended March 31, 2009
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Line No.	Meter Size	Class	Division	Present Revenues	Staff Proposed Revenues	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues
1	5/8x3/4 Inch	Residential	Bella Vista	$ 2,146,992	$ 2,199,048	$ 52,055	2.42%	53.38%	49.60%
	5/8x3/4 Inch	Residential	Northern Sunrise	187,046	94,664	(92,382)	-49.39%	4.65%	2.14%
	5/8x3/4 Inch	Residential	Southern Sunrise	426,488	214,132	(212,356)	-49.79%	10.60%	4.83%
2	3/4 Inch	Residential	Bella Vista	11,100	9,429	(1,672)	-15.06%	0.28%	0.21%
	3/4 Inch	Residential	Northern Sunrise	1,344	817	(527)	-39.20%	0.03%	0.02%
3	1 Inch	Residential	Bella Vista	5,821	7,478	1,656	28.46%	0.14%	0.17%
4	2 Inch	Residential	Bella Vista	725	1,457	732	101.09%	0.02%	0.03%
5									
6		Subtotal		2,779,517	2,527,025	(252,493)	-9.08%	69.11%	57.00%
7									
8	5/8 Inch	Commercial	Bella Vista	$ 122,876	$ 145,537	$ 22,661	18.44%	3.06%	3.28%
9	3/4 Inch	Commercial	Bella Vista	3,415	3,918	502	14.71%	0.08%	0.09%
10	1 Inch	Commercial	Bella Vista	90,656	114,298	23,642	26.08%	2.25%	2.58%
	1 Inch	Commercial	Southern Sunrise	2,121	958	(1,163)	-54.83%	0.05%	0.02%
11	1.5 Inch	Commercial	Bella Vista	118,379	186,698	68,320	57.71%	2.94%	4.21%
12	2 Inch	Commercial	Bella Vista	654,069	1,098,010	443,940	67.87%	16.26%	24.77%
	2 Inch	Commercial	Southern Sunrise	4,422	2,193	(2,229)	-50.41%	0.11%	0.05%
13	3 Inch	Commercial	Bella Vista	133,801	194,406	60,605	45.29%	3.33%	4.38%
14	4 Inch	Commercial	Bella Vista	46,658	74,990	28,331	60.72%	1.16%	1.69%
15	6 Inch	Commercial	Bella Vista	12,229	8,436	(3,793)	-31.02%	0.30%	0.19%
16	8 Inch	Commercial	Bella Vista	15,578	12,061	(3,517)	-22.58%	0.39%	0.27%
17									
18		Subtotal		$ 1,204,205	$ 1,841,504	$ 637,300	52.92%	29.94%	41.54%
19									
20									
21	3 Inch	Hydrant	Bella Vista	$ 29,683	$ 49,809	20,126	67.81%	0.74%	1.12%
22									
23	4 Inch	Fire Sprinkler	Bella Vista	$ 5,940	$ 11,880	$ 5,940	100.00%	0.15%	0.27%
24	6 Inch	Fire Sprinkler	Bella Vista	2,394	3,150	756	31.58%	0.06%	0.07%
25	8 Inch	Fire Sprinkler	Bella Vista	155	240	85	54.44%	0.00%	0.01%
26									
27		Subtotal		$ 8,489	$ 15,270	$ 6,781	79.87%	0.21%	0.34%
28									
29									
30									
31	Total Revenues			$ 4,021,894	$ 4,433,608	$ 411,714	10.24%	100.00%	100.00%
32									
33	Misc. Revenues			$ 139,114	$ 139,114	-	0.00%	3.46%	3.14%
34	Reconciling Amount to GL			1,128	35,115	33,987	3013.03%	0.03%	0.79%
35	Total Water Revenues			$ 4,162,136	$ 4,607,837	$ 445,701	10.71%	103.49%	103.93%
36									

Bella Vista Water Company (Consolidated) - RUCO Rates
Test Year Ended March 31, 2009
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Line No.	Meter Size	Class	Division	Present Revenues	RUCO Proposed Revenues	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues
1	5/8x3/4 Inch	Residential	Bella Vista	$ 2,146,992	$ 2,589,777	$ 442,785	20.62%	53.38%	57.71%
	5/8x3/4 Inch	Residential	Northern Sunrise	187,046	111,425	(75,621)	-40.43%	4.65%	2.48%
	5/8x3/4 Inch	Residential	Southern Sunrise	426,488	252,500	(173,988)	-40.80%	10.60%	5.63%
2	3/4 Inch	Residential	Bella Vista	11,100	12,138	1,037	9.34%	0.28%	0.27%
	3/4 Inch	Residential	Northern Sunrise	1,344	923	(421)	-31.32%	0.03%	0.02%
3	1 Inch	Residential	Bella Vista	5,821	6,465	644	11.06%	0.14%	0.14%
4	2 Inch	Residential	Bella Vista	725	1,173	448	61.88%	0.02%	0.03%
5									
6		Subtotal		2,779,517	2,974,401	194,884	7.01%	69.11%	66.28%
7									
8	5/8 Inch	Commercial	Bella Vista	$ 122,876	$ 133,926	$ 11,051	8.99%	3.06%	2.98%
9	3/4 Inch	Commercial	Bella Vista	3,415	3,588	172	5.04%	0.08%	0.08%
10	1 Inch	Commercial	Bella Vista	90,656	101,144	10,488	11.57%	2.25%	2.25%
	1 Inch	Commercial	Southern Sunrise	2,121	965	(1,155)	-54.48%	0.05%	0.02%
11	1.5 Inch	Commercial	Bella Vista	118,379	157,568	39,189	33.10%	2.94%	3.51%
12	2 Inch	Commercial	Bella Vista	654,069	820,415	166,346	25.43%	16.26%	18.28%
	2 Inch	Commercial	Southern Sunrise	4,422	1,701	(2,721)	-61.54%	0.11%	0.04%
13	3 Inch	Commercial	Bella Vista	133,801	151,376	17,575	13.14%	3.33%	3.37%
14	4 Inch	Commercial	Bella Vista	46,658	53,030	6,372	13.66%	1.16%	1.18%
15	6 Inch	Commercial	Bella Vista	12,229	9,490	(2,739)	-22.40%	0.30%	0.21%
16	8 Inch	Commercial	Bella Vista	15,578	14,144	(1,433)	-9.20%	0.39%	0.32%
17									
18		Subtotal		$ 1,204,205	$ 1,447,347	$ 243,143	20.19%	29.94%	32.25%
19									
20									
21	3 Inch	Hydrant	Bella Vista	$ 29,683	$ 43,817	14,135	47.62%	0.74%	0.98%
22									
23	4 Inch	Fire Sprinkler	Bella Vista	$ 5,940	$ 17,820	$ 11,880	200.00%	0.15%	0.40%
24	6 Inch	Fire Sprinkler	Bella Vista	2,394	3,701	1,307	54.61%	0.06%	0.08%
25	8 Inch	Fire Sprinkler	Bella Vista	155	282	127	81.47%	0.00%	0.01%
26									
27		Subtotal		$ 8,489	$ 21,803	$ 13,314	156.83%	0.21%	0.49%
28									
29									
30									
31	Total Revenues			$ 4,021,894	$ 4,487,369	$ 465,475	11.57%	100.00%	100.00%
32									
33	Misc. Revenues			$ 139,114	$ 139,114	-	0.00%	3.46%	3.10%
34	Reconciling Amount to GL			1,128	(7,036)	(8,164)	-723.76%	0.03%	-0.16%
35	Total Water Revenues			$ 4,162,136	$ 4,619,447	$ 457,311	10.99%	103.49%	102.94%
36									

Bella Vista Water Co., Inc.
Northern Sunrise Water Company Inc.
Southern Sunrise Water Company Inc.

W-02465A-09-0411, W-20453A-09-0412, W-20454A-09-0413,
W-02465A-09-0414, W-20453A-09-0414 and W-20454A-09-0414

Thomas J. Bourassa
Rejoinder Testimony
(Rate Base, Income Statement And Rate Design)
July 7, 2010

Exhibit
TB-RJ5

2232477.1

Bella Vista Water Company (Consolidated) - Staff Rates
Test Year Ended March 31, 2009
Customer Summary

Line No.	Meter Size, Class		Division	(a) Average Number of Customers at 3/31/2009	Average Consumption	Average Bill Present Rates	Average Bill Proposed Rates	Proposed Increase Dollar Amount	Proposed Increase Percent Amount
1	5/8x3/4 Inch	Residential	Bella Vista	7,377	6,612	$ 22.90	$ 22.32	$ (0.57)	-2.50%
2	5/8x3/4 Inch	Residential	Northern Sunrise	348	5,755	43.08	20.61	(22.47)	-52.15%
3	5/8x3/4 Inch	Residential	Southern Sunrise	786	5,581	42.60	20.26	(22.34)	-52.43%
4	3/4 Inch	Residential	Bella Vista	33	4,539	27.10	22.68	(4.42)	-16.32%
5	3/4 Inch	Residential	Northern Sunrise	1	20,334	110.55	66.59	(43.97)	-39.77%
6	1 Inch	Residential	Bella Vista	8	18,005	57.53	75.47	17.94	31.19%
7	2 Inch	Residential	Bella Vista	1	10,709	57.89	121.42	63.53	109.74%
8		Subtotal		8,554					
9									
10	5/8 Inch	Commercial	Bella Vista	386	7,365	$ 24.32	$ 28.23	$ 3.91	16.08%
11	3/4 Inch	Commercial	Bella Vista	6	13,542	43.69	49.27	5.58	12.76%
12	1 Inch	Commercial	Bella Vista	138	14,485	50.88	64.27	13.40	26.33%
13	1 Inch	Commercial	Southern Sunrise	2	4,448	86.40	38.90	(47.50)	-54.98%
14	1.5 Inch	Commercial	Bella Vista	83	45,156	115.24	171.41	56.16	48.73%
15	2 Inch	Commercial	Bella Vista	271	85,760	199.74	313.79	114.05	57.10%
16	2 Inch	Commercial	Southern Sunrise	1	34,624	367.78	169.25	(198.54)	-53.98%
17	3 Inch	Commercial	Bella Vista	26	164,752	428.68	588.31	159.63	37.24%
18	4 Inch	Commercial	Bella Vista	4	588,148	1,280.00	1,961.27	681.27	53.22%
19	6 Inch	Commercial	Bella Vista	1	39,001	1,019.11	703.00	(316.11)	-31.02%
20	8 Inch	Commercial	Bella Vista	1	2,542	1,297.47	1,005.08	(292.38)	-22.53%
21		Subtotal		918					
22									
23	3 Inch	Hydrant	Bella Vista	15	30,148	$ 174.28	$ 295.93	$ 121.65	69.80%
24									
25	4 Inch	Fire Sprinkler	Bella Vista	101	-	$ 5.00	$ 10.00	$ 5.00	100.00%
26	6 Inch	Fire Sprinkler	Bella Vista	21	-	9.50	12.50	3.00	31.58%
27	8 Inch	Fire Sprinkler	Bella Vista	1	-	12.95	20.00	7.05	54.44%
28		Subtotal		123					
29									
30									
31									
32		Total		9,610					
33									

34 **(a)** Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.
35

Bella Vista Water Company (Consolidated) - RUCO Rates
Test Year Ended March 31, 2009
Customer Summary

Line No.	Meter Size, Class		Division	(a) Average Number of Customers at 3/31/2009	Average Consumption	Average Bill Present Rates	Average Bill Proposed Rates	Proposed Increase Dollar Amount	Proposed Increase Percent Amount
1	5/8x3/4 Inch	Residential	Bella Vista	7,377	6,612	$ 22.90	$ 27.54	$ 4.64	20.27%
2	5/8x3/4 Inch	Residential	Northern Sunrise	348	5,755	43.08	25.45	(17.63)	-40.92%
3	5/8x3/4 Inch	Residential	Southern Sunrise	786	5,581	42.60	25.02	(17.57)	-41.26%
4	3/4 Inch	Residential	Bella Vista	33	4,539	27.10	29.82	2.72	10.03%
5	3/4 Inch	Residential	Northern Sunrise	1	20,334	110.55	75.97	(34.58)	-31.28%
6	1 Inch	Residential	Bella Vista	8	18,005	57.53	65.67	8.14	14.15%
7	2 Inch	Residential	Bella Vista	1	10,709	57.89	97.75	39.86	68.85%
8		Subtotal		8,554					
9									
10	5/8 Inch	Commercial	Bella Vista	386	7,365	$ 24.32	$ 28.11	$ 3.79	15.57%
11	3/4 Inch	Commercial	Bella Vista	6	13,542	43.69	49.45	5.75	13.17%
12	1 Inch	Commercial	Bella Vista	138	14,485	50.88	57.69	6.81	13.39%
13	1 Inch	Commercial	Southern Sunrise	2	4,448	86.40	39.49	(46.91)	-54.30%
14	1.5 Inch	Commercial	Bella Vista	83	45,156	115.24	147.96	32.71	28.39%
15	2 Inch	Commercial	Bella Vista	271	85,760	199.74	235.67	35.93	17.99%
16	2 Inch	Commercial	Southern Sunrise	1	34,624	367.78	132.36	(235.43)	-64.01%
17	3 Inch	Commercial	Bella Vista	26	164,752	428.68	472.39	43.71	10.20%
18	4 Inch	Commercial	Bella Vista	4	588,148	1,280.00	1,321.74	41.74	3.26%
19	6 Inch	Commercial	Bella Vista	1	39,001	1,019.11	790.83	(228.28)	-22.40%
20	8 Inch	Commercial	Bella Vista	1	2,542	1,297.47	1,178.70	(118.77)	-9.15%
21		Subtotal		918					
22									
23	3 Inch	Hydrant	Bella Vista	15	30,148	$ 174.28	$ 260.27	$ 85.99	49.34%
24									
25	4 Inch	Fire Sprinkler	Bella Vista	101	-	$ 5.00	$ 15.00	$ 10.00	200.00%
26	6 Inch	Fire Sprinkler	Bella Vista	21	-	9.50	14.69	5.19	54.61%
27	8 Inch	Fire Sprinkler	Bella Vista	1	-	12.95	23.50	10.55	81.47%
28		Subtotal		123					
29									
30									
31									
32		Total		9,610					
33									

34 **(a)** Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.
35

Bella Vista Water Co., Inc.
Northern Sunrise Water Company Inc.
Southern Sunrise Water Company Inc.

W-02465A-09-0411, W-20453A-09-0412, W-20454A-09-0413,
W-02465A-09-0414, W-20453A-09-0414 and W-20454A-09-0414

Thomas J. Bourassa
Rejoinder Testimony
(Rate Base, Income Statement And Rate Design)
July 7, 2010

Exhibit
TB-RJ6

2232477.1

Bella Vista Water Company (Consolidated) - Staff
Test Year Ended March 31, 2009
Cost of Service Study, Using Commodity Demand Method
Summary by Customer Class - Present and Staff Proposed Rates

Line No.	Class	Meter Size	Rate Base	Present Rates Operating Income	Present Rates Rate of Return	Proposed Rates Operating Income	Proposed Rates Rate of Return
5	Residential	5/8 Inch	$ 5,359,095	$ 270,719	5.05%	$ 122,398	2.28%
6		3/4 Inch	30,393	1,142	3.76%	(81)	-0.27%
7		1 Inch	11,871	862	7.26%	1,950	16.43%
8		2 Inch	4,531	(183)	-4.04%	262	5.79%
10	Residential		$ 5,405,890	$ 272,541	5.04%	$ 124,529	2.30%
12	Commercial	5/8 Inch	$ 240,814	$ 8,720	3.62%	$ 24,073	10.00%
13		3/4 Inch	5,624	602	10.71%	959	17.04%
14		1 Inch	206,587	12,631	6.11%	27,514	13.32%
15		1.5 Inch	250,232	15,724	6.28%	59,017	23.58%
16		2 Inch	1,303,386	96,851	7.43%	375,887	28.84%
17		3 Inch	244,296	26,228	10.74%	65,167	26.68%
18		4 Inch	49,198	11,750	23.88%	29,909	60.79%
19		6 Inch	26,772	3,990	14.90%	1,848	6.90%
20		8 Inch	42,409	4,455	10.51%	2,505	5.91%
22	Commercial		$ 2,369,318	$ 180,951	7.64%	$ 586,880	24.77%
24	Hydrant	3 Inch	$ 124,295	$ 856	0.69%	$ 13,367	10.75%
26	Fire	4 Inch	$ 97,720	$ (12,798)	-13.10%	$ (9,567)	-9.79%
27		6 Inch	28,601	(2,870)	-10.03%	(2,505)	-8.76%
28		8 Inch	1,332	(120)	-8.99%	(71)	-5.36%
30	Fire		$ 127,653	$ (15,787)	-12.37%	$ (12,144)	-9.51%
34	Total		$ 8,027,157	$ 438,561	5.46%	$ 712,633	8.88%

Bella Vista Water Company (Consolidated) - RUCO
Test Year Ended March 31, 2009
Cost of Service Study, Using Commodity Demand Method
Summary by Customer Class - Present and RUCO Proposed Rates

Line No.	Class	Meter Size	Rate Base	Present Rates Operating Income	Present Rates Rate of Return	Proposed Rates Operating Income	Proposed Rates Rate of Return
5	Residential	5/8 Inch	$ 3,390,865	$ 93,438	2.76%	$ 215,548	6.36%
6		3/4 Inch	21,993	391	1.78%	764	3.47%
7		1 Inch	9,817	596	6.07%	971	9.89%
8		2 Inch	4,034	(282)	-7.00%	(15)	-0.36%
10	Residential		$ 3,426,709	$ 94,143	2.75%	$ 217,267	6.34%
12	Commercial	5/8 Inch	$ 152,990	$ 2,213	1.45%	$ 8,752	5.72%
13		3/4 Inch	4,140	459	11.10%	557	13.45%
14		1 Inch	170,395	8,044	4.72%	13,505	7.93%
15		1.5 Inch	225,262	10,541	4.68%	33,305	14.79%
16		2 Inch	1,202,616	69,469	5.78%	164,547	13.68%
17		3 Inch	231,874	21,355	9.21%	31,482	13.58%
18		4 Inch	47,248	10,672	22.59%	14,268	30.20%
19		6 Inch	25,756	3,508	13.62%	1,894	7.35%
20		8 Inch	40,988	3,711	9.05%	2,861	6.98%
22	Commercial		$ 2,101,269	$ 129,971	6.19%	$ 271,170	12.91%
24	Hydrant	3 Inch	$ 115,103	$ (1,593)	-1.38%	$ 6,715	5.83%
26	Fire	4 Inch	$ 41,657	$ (18,472)	-44.34%	$ (11,243)	-26.99%
27		6 Inch	9,831	(4,898)	-49.83%	(4,042)	-41.11%
28		8 Inch	493	(216)	-43.84%	(138)	-28.08%
30	Fire		$ 51,981	$ (23,587)	-45.37%	$ (15,423)	-29.67%
34	Total		$ 5,695,063	$ 198,936	3.49%	$ 479,730	8.42%

Bella Vista Water Co., Inc.
Northern Sunrise Water Company Inc.
Southern Sunrise Water Company Inc.

W-02465A-09-0411, W-20453A-09-0412, W-20454A-09-0413,
W-02465A-09-0414, W-20453A-09-0414 and W-20454A-09-0414

Thomas J. Bourassa
Rejoinder Testimony
(Rate Base, Income Statement And Rate Design)
July 7, 2010

Bella Vista Water Company
Consolidated Schedules

2232477.1

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Computation of Increase in Gross Revenue
Requirements As Adjusted

Exhibit
Rejoinder Schedule A-1
Page 1
Witness: Bourassa

Line No.			
1	Fair Value Rate Base		$ 7,857,799
2			
3	Adjusted Operating Income		80,007
4			
5	Current Rate of Return		1.02%
6			
7	Required Operating Income		$ 773,993
8			
9	Required Rate of Return on Fair Value Rate Base		9.85%
10			
11	Operating Income Deficiency		$ 693,987
12			
13	Gross Revenue Conversion Factor		1.6286
14			
15	Increase in Gross Revenue Revenue Requirement		1,130,251
16			
17	Adjusted Test Year Revenues		$ 4,162,136
18	Increase in Gross Revenue Revenue Requirement		$ 1,130,251
19	Proposed Revenue Requirement		$ 5,292,386
20	% Increase		27.16%
21			

22	Customer		Present	Proposed	Dollar	Percent
23	Classification		Rates	Rates	Increase	Increase
24	5/8 Inch	Residential	$ 2,752,231	$ 3,211,043	$ 458,812	16.67%
25	3/4 Inch	Residential	12,526	14,774	2,248	17.95%
26	1 Inch	Residential	5,821	8,099	2,278	39.14%
27	2 Inch	Residential	725	1,414	690	95.17%
28		**Subtotal**	$ 2,771,302	$ 3,235,331	$ 464,029	16.74%
29						
30	5/8 Inch	Commercial	$ 124,380	$ 168,716	$ 44,336	35.65%
31	3/4 Inch	Commercial	3,382	4,425	1,043	30.83%
32	1 Inch	Commercial	91,585	125,558	33,973	37.09%
33	1.5 Inch	Commercial	115,753	194,186	78,432	67.76%
34	2 Inch	Commercial	656,390	1,045,096	388,706	59.22%
35	3 Inch	Commercial	131,628	190,095	58,467	44.42%
36	4 Inch	Commercial	56,353	85,975	29,623	52.57%
37	6 Inch	Commercial	12,229	11,190	(1,040)	-8.50%
38	8 Inch	Commercial	15,578	16,385	807	5.18%
39		**Subtotal**	$ 1,207,278	$ 1,841,625	$ 634,346	52.54%
40						
41	3 Inch	Hydrant	$ 31,719	$ 50,361	$ 18,642	58.77%
42						
43	4 Inch	Fire Sprinkler	$ 6,050	$ 18,150	12,100	200.00%
44	6 Inch	Fire Sprinkler	2,394	4,284	1,890	
45	8 Inch	Fire Sprinkler	155	326	171	110.04%
46		**Subtotal**	$ 8,599	$ 22,760	$ 14,161	164.67%
47						
48	**Subtotal Revenues before Annualization**		$ 4,018,899	$ 5,150,077	$ 1,131,178	28.15%
49	**Revenue Annualization**		2,995	2,328	(667)	-22.27%
50	Miscellaneous Revenues		139,114	139,114	-	0.00%
51	Reconciling Amount H-1 to C-1		1,128	867	(261)	-23.14%
52	**Total of Water Revenues**		$ 4,162,136	$ 5,292,386	$ 1,130,250	27.16%
53						

54 SUPPORTING SCHEDULES:
55 Rejoinder B-1
56 Rejoinder C-1
57 Rejoinder C-3
58 Rejoinder H-1

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Summary of Rate Base

Exhibit
Rejoinder Schedule B-1
Page 1
Witness: Bourassa

Line No.		Original Cost Rate base	Fair Value Rate Base
1			
2	Gross Utility Plant in Service	$ 26,610,749	$ 26,610,749
3	Less: Accumulated Depreciation	10,528,021	10,528,021
4			
5	Net Utility Plant in Service	$ 16,082,728	$ 16,082,728
6			
7	Less:		
8	Advances in Aid of		
9	Construction	6,781,443	6,781,443
10	Contributions in Aid of		
11	Construction	542,445	542,445
12			
13	Accumulated Amortization of CIAC	(230,570)	(230,570)
14			
15	Customer Meter Deposits	559,605	559,605
16	Deferred Income Taxes & Credits	572,006	572,006
17			
18			
19			
20	Plus:		
21	Unamortized Debt Issuance		
22	Costs	-	-
23	Deferred Reg. Assets	-	-
24	Working capital	-	-
25			
26			
27			
28			
29	Total Rate Base	$ 7,857,799	$ 7,857,799
30			
31			
32			
33	SUPPORTING SCHEDULES:		RECAP SCHEDULES:
34	Rejoinder B-2		Rejoinder A-1
35	Rejoinder B-3		
36	Rejoinder B-5		
37			
38			

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Original Cost Rate Base Proforma Adjustments

Exhibit
Rejoinder Schedule B-2
Page 1
Witness: Bourassa

Line No.		Adjusted at end of Test Year	Proforma Adjustment Amount	Rejoinder at end of Test Year
1	Gross Utility			
2	Plant in Service	$ 28,165,702	(1,554,953)	$ 26,610,749
3				
4	**Less:**			
5	Accumulated			
6	Depreciation	12,057,912	(1,529,891)	10,528,021
7				
8				
9	Net Utility Plant			
10	in Service	$ 16,107,790	$ (25,061)	$ 16,082,728
11				
12	**Less:**			
13	Advances in Aid of			
14	Construction	6,781,443	-	6,781,443
15				
16	Contributions in Aid of			
17	Construction	542,445	-	542,445
18				
19	Accumulated Amort of CIAC	(230,987)	417	(230,570)
20				
21	Customer Meter Deposits	559,605	-	559,605
22	Deferred Income Taxes & Credits	(173,329)	745,335	572,006
23				
24				
25				
26	**Plus:**			
27	Unamortized Debt Issuance			
28	Costs	-		-
29	Deferred Reg. Assets	-	-	-
30	Working capital	-	-	-
31				
32				
33				
34				
35	Total	$ 8,628,613	$ (770,814)	$ 7,857,799
36				
37				
38				
39	SUPPORTING SCHEDULES:			RECAP SCHEDULES:
40	Rejoinder B-2, pages 2			Rejoinder B-1
41				
42				

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Original Cost Rate Base Proforma Adjustments

Exhibit
Rejoinder Schedule B-2
Page 2
Witness: Bourassa

Line No.		Adjusted at End of Test Year	Proforma Adjustments 1 Plant	2 Accumulated Depr.	3 CIAC	4 DIT	Rejoinder Adjusted at end of Test Year
1	Gross Utility						
2	Plant in Service	$ 28,165,702	(1,554,953)	-	-	-	$ 26,610,749
3							
4	**Less:**						
5	Accumulated						
6	Depreciation	12,057,912	-	(1,529,891)	-	-	10,528,021
7							
8							
9	Net Utility Plant						
10	in Service	$ 16,107,790	$ (1,554,953)	$ 1,529,891	$ -	$ -	$ 16,082,728
11							
12	**Less:**						
13	Advances in Aid of						
14	Construction	6,781,443	-	-	-	-	6,781,443
15							
16	Contributions in Aid of						
17	Construction (CIAC)	542,445	-	-	-	-	542,445
18							
19	Accumulated Amort of CIAC	(230,987)	-	-	417	-	(230,570)
20							
21	Customer Meter Deposits	559,605	-	-	-	-	559,605
22	Deferred Income Taxes & Credits	(173,329)	-	-	-	745,335	572,006
23							
24							
25	**Plus:**						
26	Unamortized Finance						
27	Charges	-	-	-	-	-	-
28							
29	Allowance for Working Capital	-	-	-	-	-	-
30							
31	Total	$ 8,628,613	$ (1,554,953)	$ 1,529,891	$ (417)	$ (745,335)	$ 7,857,799
32							
33							
34							
35	SUPPORTING SCHEDULES:						
36	Rejoinder B-2, pages 3-6						
37							
38							
39							
40							

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1

Exhibit
Rejoinder Schedule B-2
Page 3
Witness: Bourassa

Line No.				Adjustments A	B	C	D	E	
1	Plant-in-Service								
2			Adjusted	Post	Post Test Year	Mclain			Rejoinder Adjusted
3	Acct.		Orginal	Test Year	Plant	Acquistion	AFUDC	Plant	Original
4	No.	Description	Cost	Plant	Retirement	Costs	Adjustment	Retirements	Cost
5	301	Organization Cost	$ -				$ -	$ -	$ -
6	302	Franchise Cost	961				-	-	961
7	303	Land and Land Rights	688,011				-	-	688,011
8	304	Structures and Improvements	1,929,428				(10,476)	(4,181)	1,914,771
9	305	Collecting and Impounding Res.	51,378				-	(4,565)	46,813
10	306	Lake River and Other Intakes	-				-	-	-
11	307	Wells and Springs	1,300,212				(1,940)	-	1,298,272
12	308	Infiltration Galleries and Tunnels	-				-	-	-
13	309	Supply Mains	3,798				(542)	-	3,256
14	310	Power Generation Equipment	1,293				-	-	1,293
15	311	Electric Pumping Equipment	2,777,250				(17,134)	(432,710)	2,327,407
16	320	Water Treatment Equipment	109,639				-	(26,254)	83,385
17	320.1	Water Treatment Plant	-				-	-	-
18	320.2	Chemical Solution Feeders	-				-	-	-
19	330	Dist. Reservoirs & Standpipe	2,709,163				(27,589)	(43,858)	2,637,716
20	330.1	Storage tanks	-				-	-	-
21	330.2	Pressure Tanks	-				-	-	-
22	331	Trans. and Dist. Mains	12,820,712	(5,550)	8,504		(4,775)	(592,002)	12,226,889
23	333	Services	1,500,252				(1,475)	(16,315)	1,482,462
24	334	Meters	1,517,711				(15,174)	(124,204)	1,378,333
25	335	Hydrants	970,159				(498)	(7,765)	961,896
26	336	Backflow Prevention Devices	-				-	-	-
27	339	Other Plant and Misc. Equip.	114,540				-	(0)	114,539
28	340	Office Furniture and Fixtures	202,929				-	(25,258)	177,672
29	340.1	Computers and Software	161,264				(344)	-	160,920
30	341	Transportation Equipment	295,224				-	(26,760)	268,464
31	342	Stores Equipment	-				-	-	-
32	343	Tools and Work Equipment	124,953				(109)	(2,132)	122,712
33	344	Laboratory Equipment	-				-	-	-
34	345	Power Operated Equipment	31,548				-	(0)	31,548
35	346	Communications Equipment	444,928				-	(24,184)	420,744
36	347	Miscellaneous Equipment	110,348				-	(3,042)	107,306
37	348	Other Tangible Plant	300,001			(144,623)	-	-	155,378
38		Reounding	-						-
39		TOTALS	$ 28,165,702	$ (5,550)	$ 8,504	$ (144,623)	$ (80,055)	$ (1,333,228)	$ 26,610,749
40									
41	Plant-in-Service per Direct								$ 28,165,702
42									
43	Increase (decrease) in Plant-in-Service								$ (1,554,953)
44									
45	Adjustment to Plant-in-Service								$ (1,554,953)
46									
47	SUPPORTING SCHEDULES								
48	Rejoinder B-2, page 3.1 to 3.5								
49	Rejoinder B-2, page 3.6 to 3.16								

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1 - A

Exhibit
Rejoinder Schedule B-2
Page 3.1
Witness: Bourassa

Line No.		
1	Post Test Year Plant	
2		
3		
4	Rejoinder Adjusted Post Test Year Plant (Acct 331)	$ 104,507
5		
6	Adjusted Post Test Year Plant per Direct (Acct 331)	$ 110,057
7		
8		
9	Increase (decrease) to plant-in-service	$ (5,550)
10		
11		
12		
13		
14		
15	REFERENCES	
16	Testimony and Co. Response to MSJ 5.2	
17		
18		
19		
20		
21		
22		
23		
24		
25		

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1 - B

Exhibit
Rejoinder Schedule B-2
Page 3.2
Witness: Bourassa

Line No.		
1	Post Test Year Plant Plant Retirement	
2		
3		
4	Rejoinder Adjusted Post Test Year Plant (Acct 331)	$ (3,496)
5		
6	Adjusted Post Test Year Plant per Direct (Acct 331)	$ (12,000)
7		
8		
9	Increase (decrease) to plant-in-service	$ 8,504
10		
11		
12		
13		
14		
15	REFERENCES	
16	Testimony and Co. Resposne to MSJ 5.2	
17		
18		
19		
20		
21		
22		
23		
24		
25		

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1 - C

Exhibit
Rejoinder Schedule B-2
Page 3.3
Witness: Bourassa

Line No.		
1	McClain Acquisition Costs	
2		
3		
4	Rejoinder McClain Acquistion Costs	$ 155,378
5		
6	McClain Acquisition Costs per Direct	$ 300,001
7		
8		
9	Increase (decrease) to plant-in-service	$ (144,623)
10		
11		
12		
13		
14		
15	REFERENCES	
16	Testimony and Co. Response to CSB 10.3	
17		
18		
19		
20		
21		
22		
23		
24		
25		

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1 - D

Exhibit
Rejoinder Schedule B-2
Page 3.4
Witness: Bourassa

Line No.

1 Adjusted Allowance for Funds Used During Constructiion ("AFUDC")

Acct	Description	As Filed	Revised	Adjustment
301	Organization Cost	$ -	$ -	$ -
302	Franchise Cost	-	-	-
303	Land and Land Rights	-	-	-
304	Structures and Improvements	46,467	35,991	(10,476)
305	Collecting and Impounding Res.	-	-	-
306	Lake River and Other Intakes	-	-	-
307	Wells and Springs	6,730	4,791	(1,940)
308	Infiltration Galleries and Tunnels	-	-	-
309	Supply Mains	542	-	(542)
310	Power Generation Equipment	-	-	-
311	Electric Pumping Equipment	29,470	12,336	(17,134)
320	Water Treatment Equipment	342	342	-
320.1	Water Treatment Plant	-	-	-
320.2	Chemical Solution Feeders	-	-	-
330	Dist. Reservoirs & Standpipe	57,619	30,030	(27,589)
330.1	Storage tanks	-	-	-
330.2	Pressure Tanks	-	-	-
331	Trans. and Dist. Mains	5,002	227	(4,775)
333	Services	1,475	-	(1,475)
334	Meters	18,966	3,793	(15,174)
335	Hydrants	498	-	(498)
336	Backflow Prevention Devices	-	-	-
339	Other Plant and Misc. Equip.	-	-	-
340	Office Furniture and Fixtures	-	-	-
340.1	Computers and Software	1,021	677	(344)
341	Transportation Equipment	-	-	-
342	Stores Equipment	-	-	-
343	Tools and Work Equipment	109	-	(109)
344	Laboratory Equipment	-	-	-
345	Power Operated Equipment	-	-	-
346	Communications Equipment	8,416	8,416	-
347	Miscellaneous Equipment	3,176	3,176	-
348	Other Tangible Plant	-	-	-
		0	0	
		$ 179,833	$ 99,778	$ (80,055)

Adjustment to plant-in-service $ (80,055)

REFERENCES
Testimony
Rejoinder B-2, page 3.5 to 3.16

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1 - E

Exhibit
Rejoinder Schedule B-2
Page 3.5
Witness: Bourassa

Line No.			
1	Retirements		
2			
3			
4	Acct	Description	Adjustment
5	301	Organization Cost	
6	302	Franchise Cost	
7	303	Land and Land Rights	
8	304	Structures and Improvements	(4,181)
9	305	Collecting and Impounding Res.	(4,565)
10	306	Lake River and Other Intakes	
11	307	Wells and Springs	
12	308	Infiltration Galleries and Tunnels	
13	309	Supply Mains	
14	310	Power Generation Equipment	
15	311	Electric Pumping Equipment	(432,710)
16	320	Water Treatment Equipment	(26,254)
17	320.1	Water Treatment Plant	
18	320.2	Chemical Solution Feeders	
19	330	Dist. Reservoirs & Standpipe	(43,858)
20	330.1	Storage tanks	
21	330.2	Pressure Tanks	
22	331	Trans. and Dist. Mains	(592,002)
23	333	Services	(16,315)
24	334	Meters	(124,204)
25	335	Hydrants	(7,765)
26	336	Backflow Prevention Devices	
27	339	Other Plant and Misc. Equip.	(0)
28	340	Office Furniture and Fixtures	(25,258)
29	340.1	Computers and Software	-
30	341	Transportation Equipment	(26,760)
31	342	Stores Equipment	
32	343	Tools and Work Equipment	(2,132)
33	344	Laboratory Equipment	
34	345	Power Operated Equipment	(0)
35	346	Communications Equipment	(24,184)
36	347	Miscellaneous Equipment	(3,042)
37	348	Other Tangible Plant	
38			
39			$ (1,333,228)
40			
41			
42	Adjustment to plant-in-service		$ (1,333,228)
43			
44	REFERENCES		
45	Testimony		
46	Rejoinder B-2, page 3.5.1		
47	Rejoinder B-2, page 3.6 to 3.16		
48			
49			
50			

Bella Vista Water Company (Consolidated)
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.6

Account No.	Description	Plant At 12/31/2000	2000 Accum. Depr.	2001 Plant Additions	2001 Plant Additions	2001 Adjusted Plant Additions	Rejoinder 2001 Plant Retirements	2001 Salvage A/D Only	2001 Plant Balance	2001 Deprec.
301	Organization Cost	-	-	-	-	-	-	-	-	-
302	Franchise Cost	-	-	-	-	-	-	-	-	-
303	Land and Land Rights	322,875	-	-	-	-	-	-	322,875	-
304	Structures and Improvements	822,687	207,134	-	27,953	27,953	(523)	-	850,118	20,917
305	Collecting and Impounding Res.	-	-	-	-	-	-	-	-	-
306	Lake River and Other Intakes	-	-	-	-	-	-	-	-	-
307	Wells and Springs	864,013	304,933	0	48,775	48,775	(571)	-	912,217	23,987
308	Infiltration Galleries and Tunnels	-	-	-	-	-	-	-	-	-
309	Supply Mains	-	-	-	-	-	-	-	-	-
310	Power Generation Equipment	-	-	-	-	-	-	-	-	-
311	Electric Pumping Equipment	1,667,296	991,154	12,153	50,667	62,820	(54,089)	-	1,676,027	169,871
320	Water Treatment Equipment	17,938	9,739	2,671	2,563	5,234	(3,282)	-	19,891	2,056
320.1	Water Treatment Equipment	-	-	-	-	-	-	-	-	-
320.2	Chemical Solution Feeders	-	-	-	-	-	-	-	-	-
330	Distribution Reservoirs & Standpipe	1,321,238	498,098	1	141,588	141,589	(3,346)	-	1,459,481	34,801
330.1	Storage tanks	-	-	-	-	-	-	-	-	-
330.2	Pressure Tanks	-	-	-	-	-	-	-	-	-
331	Transmission and Distribution Mains	7,056,631	2,450,915	219,615	1,463,902	1,683,517	(20,083)	-	8,720,065	157,968
333	Services	829,747	660,025	(20)	-	(20)	(2,039)	-	827,688	16,595
334	Meters	903,840	758,362	37,895	-	37,895	(15,525)	-	926,210	92,279
335	Hydrants	457,210	177,863	17,961	749	18,710	(971)	-	474,949	9,331
336	Backflow Prevention Devices	-	-	-	-	-	-	-	-	-
339	Other Plant and Miscellaneous Equipment	-	-	-	-	-	(0)	-	(0)	(0)
340	Office Furniture and Fixtures	100,023	86,329	-	6,994	6,994	(3,157)	-	103,860	6,905
340.1	Computers and Software	161,264	29,062	-	-	-	-	-	161,264	10,756
341	Transportation Equipment	190,168	108,206	-	-	-	(1,644)	-	188,524	27,175
342	Stores Equipment	-	-	-	-	-	-	-	-	-
343	Tools and Work Equipment	121,859	80,790	1,197	-	1,197	(266)	-	122,789	14,401
344	Laboratory Equipment	-	-	-	-	-	-	-	-	-
345	Power Operated Equipment	-	-	-	-	-	(0)	-	(0)	(0)
346	Communications Equipment	38,740	20,080	-	-	-	(3,023)	-	35,717	3,874
347	Miscellaneous Equipment	100,766	51,170	-	-	-	(380)	-	100,386	6,298
348	Other Tangible Plant	-	-	-	-	-	-	-	-	-
	Rounding	-	-	-	-	-	-	-	-	-
						-			-	-
	Plant Held for Future Use									
	TOTAL WATER PLANT	14,976,295	6,433,860	291,474	1,743,191	2,034,665	(108,899)	-	16,902,061	597,212

Bella Vista Water Company (Consolidated)
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.7

Account No.	Description	2002 Plant Additions	2002 Plant Additions	2002 Plant Adjustments[1]	2002 Adjusted Plant Additions	Rejoinder 2002 Plant Retirements	2002 Salvage/Adj. A/D Only	2002 Plant Balance	2002 Deprec.
301	Organization Cost	-	-	-	-	-	-	-	-
302	Franchise Cost	-	-	-	-	-	-	-	-
303	Land and Land Rights	-	-	-	-	-	-	322,875	-
304	Structures and Improvements	-	-	-	-	(523)	-	849,595	21,246
305	Collecting and Impounding Res.	-	-	-	-	-	-	-	-
306	Lake River and Other Intakes	-	-	-	-	-	-	-	-
307	Wells and Springs	-	-	-	-	(571)	-	911,647	24,622
308	Infiltration Galleries and Tunnels	-	-	-	-	-	-	-	-
309	Supply Mains	-	-	-	-	-	-	-	-
310	Power Generation Equipment	-	-	-	-	-	-	-	-
311	Electric Pumping Equipment	71,076	-	-	71,076	(54,089)	-	1,693,014	168,452
320	Water Treatment Equipment	-	-	-	-	(3,282)	-	16,609	1,825
320.1	Water Treatment Equipment	-	-	-	-	-	-	-	-
320.2	Chemical Solution Feeders	-	-	-	-	-	-	-	-
330	Distribution Reservoirs & Standpipe	-	-	-	-	(3,346)	-	1,456,135	36,445
330.1	Storage tanks	-	-	-	-	-	-	-	-
330.2	Pressure Tanks	-	-	-	-	-	-	-	-
331	Transmission and Distribution Mains	300,123	54,088	-	354,211	(20,083)	-	9,054,193	177,743
333	Services	42,378	-	-	42,378	(2,039)	-	868,027	16,957
334	Meters	29,053	-	-	29,053	(15,525)	-	939,737	93,297
335	Hydrants	43,354	-	-	43,354	(971)	-	517,332	9,923
336	Backflow Prevention Devices	-	-	-	-	-	-	-	-
339	Other Plant and Miscellaneous Equipment	-	-	-	-	(0)	-	(0)	(0)
340	Office Furniture and Fixtures	-	-	-	-	(3,157)	-	100,703	6,822
340.1	Computers and Software	-	-	-	-	-	-	161,264	10,756
341	Transportation Equipment	4,844	-	-	4,844	(1,644)	-	191,725	27,169
342	Stores Equipment	-	-	-	-	-	-	-	-
343	Tools and Work Equipment	-	-	-	-	(266)	-	122,523	14,424
344	Laboratory Equipment	-	-	-	-	-	-	-	-
345	Power Operated Equipment	-	-	-	-	(0)	-	(0)	(0)
346	Communications Equipment	-	-	-	-	(3,023)	-	32,694	3,421
347	Miscellaneous Equipment	-	-	-	-	(380)	-	100,006	6,262
348	Other Tangible Plant	-	-	-	-	-	-	-	-
	Rounding	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
	Plant Held for Future Use								
	TOTAL WATER PLANT	490,827	54,088	-	544,915	(108,899)	-	17,338,077	619,365

Bella Vista Water Company (Consolidated)
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.8

Account No.	Description	2003 Plant Additions	2003 Plant Adjustments[1]	2003 Adjusted Plant Additions	Rejoinder 2003 Plant Retirements	2003 Salvage A/D Only	2003 Plant Balance	2003 Deprec.
301	Organization Cost	-	-	-	-	-	-	-
302	Franchise Cost	-	-	-	-	-	-	-
303	Land and Land Rights	-	-	-	-	-	322,875	-
304	Structures and Improvements	-	-	-	(523)	-	849,073	21,233
305	Collecting and Impounding Res.	-	-	-	-	-	-	-
306	Lake River and Other Intakes	-	-	-	-	-	-	-
307	Wells and Springs	21,972	-	21,972	(571)	-	933,048	24,903
308	Infiltration Galleries and Tunnels	-	-	-	-	-	-	-
309	Supply Mains	-	-	-	-	-	-	-
310	Power Generation Equipment	-	-	-	-	-	-	-
311	Electric Pumping Equipment	105,990	-	105,990	(54,089)	-	1,744,916	171,897
320	Water Treatment Equipment	24,705	-	24,705	(3,282)	-	38,032	2,732
320.1	Water Treatment Equipment	-	-	-	-	-	-	-
320.2	Chemical Solution Feeders	-	-	-	-	-	-	-
330	Distribution Reservoirs & Standpipe	106	-	106	(3,346)	-	1,452,895	36,363
330.1	Storage tanks	-	-	-	-	-	-	-
330.2	Pressure Tanks	-	-	-	-	-	-	-
331	Transmission and Distribution Mains	118,031	-	118,031	(20,083)	-	9,152,141	182,063
333	Services	18,726	-	18,726	(2,039)	-	884,713	17,527
334	Meters	47,302	-	47,302	(15,525)	-	971,514	58,627
335	Hydrants	4,242	-	4,242	(971)	-	520,604	10,379
336	Backflow Prevention Devices	-	-	-	-	-	-	-
339	Other Plant and Miscellaneous Equipment	-	-	-	(0)	-	(0)	(0)
340	Office Furniture and Fixtures	32,875	-	32,875	(3,157)	-	130,421	7,708
340.1	Computers and Software	-	-	-	-	-	161,264	10,756
341	Transportation Equipment	8,623	-	8,623	(1,644)	-	198,704	27,896
342	Stores Equipment	-	-	-	-	-	-	-
343	Tools and Work Equipment	-	-	-	(266)	-	122,256	13,174
344	Laboratory Equipment	-	-	-	-	-	-	-
345	Power Operated Equipment	-	-	-	(0)	-	(0)	(0)
346	Communications Equipment	-	-	-	(3,023)	-	29,671	3,118
347	Miscellaneous Equipment	-	-	-	(380)	-	99,625	6,238
348	Other Tangible Plant	-	-	-	-	-	-	-
	Rounding	-	-	-	-	-	-	-
		-	-	-	-	-	-	-
	Plant Held for Future Use							
	TOTAL WATER PLANT	382,573	-	382,573	(108,899)	-	17,611,751	594,616

Bella Vista Water Company (Consolidated)
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.9

Account No.	Description	2004 Plant Additions	2004 Plant Adjustments[1]	2004 Adjusted Plant Additions	Rejoinder 2004 Plant Retirements	2004 Salvage A/D Only	2004 Plant Balance	2004 Deprec.
301	Organization Cost	-	-	-	-	-	-	-
302	Franchise Cost	-	-	-	-	-	-	-
303	Land and Land Rights	-	-	-	-	-	322,875	-
304	Structures and Improvements	15,322	-	15,322	(523)	-	863,872	21,412
305	Collecting and Impounding Res.	-	-	-	-	-	-	-
306	Lake River and Other Intakes	-	-	-	-	-	-	-
307	Wells and Springs	99,307	-	99,307	(571)	-	1,031,785	26,525
308	Infiltration Galleries and Tunnels	-	-	-	-	-	-	-
309	Supply Mains	-	-	-	-	-	-	-
310	Power Generation Equipment	-	-	-	-	-	-	-
311	Electric Pumping Equipment	97,537	-	97,537	(54,089)	-	1,788,364	176,664
320	Water Treatment Equipment	-	-	-	(3,282)	-	34,750	3,639
320.1	Water Treatment Equipment	-	-	-	-	-	-	-
320.2	Chemical Solution Feeders	-	-	-	-	-	-	-
330	Distribution Reservoirs & Standpipe	1,500	-	1,500	(3,346)	-	1,451,049	36,299
330.1	Storage tanks	-	-	-	-	-	-	-
330.2	Pressure Tanks	-	-	-	-	-	-	-
331	Transmission and Distribution Mains	459,511	-	459,511	(20,083)	-	9,591,569	187,437
333	Services	100,089	-	100,089	(2,039)	-	982,762	18,675
334	Meters	112,553	-	112,553	(15,525)	-	1,068,541	102,003
335	Hydrants	55,861	-	55,861	(971)	-	575,495	10,961
336	Backflow Prevention Devices	-	-	-	-	-	-	-
339	Other Plant and Miscellaneous Equipment	-	-	-	(0)	-	(0)	(0)
340	Office Furniture and Fixtures	31,854	-	31,854	(3,157)	-	159,118	9,656
340.1	Computers and Software	-	-	-	-	-	161,264	10,756
341	Transportation Equipment	77,639	-	77,639	(1,644)	-	274,699	33,825
342	Stores Equipment	-	-	-	-	-	-	-
343	Tools and Work Equipment	-	-	-	(266)	-	121,990	-
344	Laboratory Equipment	-	-	-	-	-	-	-
345	Power Operated Equipment	-	-	-	(0)	-	(0)	(0)
346	Communications Equipment	8,868	-	8,868	(3,023)	-	35,516	3,259
347	Miscellaneous Equipment	-	-	-	(380)	-	99,245	6,215
348	Other Tangible Plant	-	-	-	-	-	-	-
	Rounding	-	-	-	-	-	-	-
		-	-	-	-	-	-	-
	Plant Held for Future Use							
	TOTAL WATER PLANT	1,060,041	-	1,060,041	(108,899)	-	18,562,893	647,326

Bella Vista Water Company (Consolidated)
Plant Additions and Retirements

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Account No.	Description	2005 Plant Additions	2005 Plant Adjustments[1]	Rejoinder 2005 Plant Adjustments	2005 Adjusted Plant Additions	Rejoinder 2005 Plant Retirements	2005 Salvage A/D Only	2005 Plant Balance	2005 Deprec.
301	Organization Cost	-	-	-	-	-	-	-	-
302	Franchise Cost	-	-	-	-	-	-	-	-
303	Land and Land Rights	-	-	-	-	-	-	322,875	-
304	Structures and Improvements	1,500	-	-	1,500	(523)	-	864,849	21,609
305	Collecting and Impounding Res.	-	-	-	-	-	-	-	-
306	Lake River and Other Intakes	-	-	-	-	-	-	-	-
307	Wells and Springs	-	-	-	-	(571)	-	1,031,214	27,850
308	Infiltration Galleries and Tunnels	-	-	-	-	-	-	-	-
309	Supply Mains	-	-	-	-	-	-	-	-
310	Power Generation Equipment	-	-	-	-	-	-	-	-
311	Electric Pumping Equipment	59,445	-	-	59,445	(54,089)	-	1,793,720	179,104
320	Water Treatment Equipment	11,336	-	-	11,336	(3,282)	-	42,804	3,878
320.1	Water Treatment Equipment	-	-	-	-	-	-	-	-
320.2	Chemical Solution Feeders	-	-	-	-	-	-	-	-
330	Distribution Reservoirs & Standpipe	-	-	-	-	(3,346)	-	1,447,703	36,234
330.1	Storage tanks	-	-	-	-	-	-	-	-
330.2	Pressure Tanks	-	-	-	-	-	-	-	-
331	Transmission and Distribution Mains	720,627	(5,429)	-	715,198	(20,083)	-	10,286,684	198,783
333	Services	118,891	(179)	-	118,712	(2,039)	-	1,099,435	20,822
334	Meters	151,792	-	-	151,792	(15,525)	-	1,204,808	113,667
335	Hydrants	67,646	-	-	67,646	(971)	-	642,170	12,177
336	Backflow Prevention Devices	-	-	-	-	-	-	-	-
339	Other Plant and Miscellaneous Equipment	-	-	-	-	(0)	-	(0)	(0)
340	Office Furniture and Fixtures	-	-	-	-	(3,157)	-	155,961	10,508
340.1	Computers and Software	-	-	-	-	-	-	161,264	10,756
341	Transportation Equipment	-	-	-	-	(1,644)	-	273,055	39,137
342	Stores Equipment	-	-	-	-	-	-	-	-
343	Tools and Work Equipment	-	-	-	-	(266)	-	121,723	-
344	Laboratory Equipment	-	-	-	-	-	-	-	-
345	Power Operated Equipment	-	-	-	-	(0)	-	(0)	(0)
346	Communications Equipment	64,857	-	-	64,857	(3,023)	-	97,350	6,643
347	Miscellaneous Equipment	5,600	-	-	5,600	(380)	-	104,465	6,366
348	Other Tangible Plant	-	-	-	-	-	-	-	-
	Rounding	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
	Plant Held for Future Use								
	TOTAL WATER PLANT	1,201,694	(5,608)	-	1,196,086	(108,899)	-	19,650,079	687,535

Bella Vista Water Company (Consolidated)
Plant Additions and Retirements

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Account No.	Description	2006 Plant Additions	2006 Plant Adjustments[1]	Rejoinder 2006 Plant Adjustments	2006 Adjusted Plant Additions	Rejoinder 2006 Plant Retirements	2006 Salvage A/D Only	McClain Systems Plant	2006 Plant Balance	2006 Deprec.
301	Organization Cost	-	-	-	-	-	-	-	-	-
302	Franchise Cost	-	-	-	-	-	-	-	-	-
303	Land and Land Rights	-	-	-	-	-	-	360,612	683,487	-
304	Structures and Improvements	-	-	-	-	(523)	-	1,622	865,949	21,615
305	Collecting and Impounding Res.	-	-	-	-	-	-	-	-	-
306	Lake River and Other Intakes	-	-	-	-	-	-	-	-	-
307	Wells and Springs	-	-	-	-	(571)	-	26,825	1,057,469	27,835
308	Infiltration Galleries and Tunnels	-	-	-	-	-	-	-	-	-
309	Supply Mains	-	-	-	-	-	-	-	-	-
310	Power Generation Equipment	-	-	-	-	-	-	-	-	-
311	Electric Pumping Equipment	98,205	(2,251)	(1,589)	94,365	(54,089)	-	67,441	1,901,438	181,386
320	Water Treatment Equipment	-	-	-	-	(3,282)	-	-	39,522	4,116
320.1	Water Treatment Equipment	-	-	-	-	-	-	-	-	-
320.2	Chemical Solution Feeders	-	-	-	-	-	-	-	-	-
330	Distribution Reservoirs & Standpipe	-	(18,843)	-	(18,843)	(3,346)	-	130,236	1,555,750	35,915
330.1	Storage tanks	-	-	-	-	-	-	-	-	-
330.2	Pressure Tanks	-	-	-	-	-	-	-	-	-
331	Transmission and Distribution Mains	1,106,649	-	-	1,106,649	(20,083)	-	108,651	11,481,901	216,599
333	Services	182,904	(1,109)	(176)	181,619	(2,039)	-	1,065	1,280,079	23,784
334	Meters	110,081	(1,073)	(3,154)	105,854	(15,525)	-	-	1,295,136	124,997
335	Hydrants	116,600	(294)	(289)	116,017	(971)	-	300	757,516	13,994
336	Backflow Prevention Devices	-	-	-	-	-	-	-	-	-
339	Other Plant and Miscellaneous Equipment	-	-	-	-	(0)	-	-	(0)	(0)
340	Office Furniture and Fixtures	8,090	-	-	8,090	(3,157)	-	-	160,894	10,567
340.1	Computers and Software	-	-	(344)	(344)	-	-	-	160,920	10,745
341	Transportation Equipment	-	-	-	-	(1,644)	-	-	271,411	16,222
342	Stores Equipment	-	-	-	-	-	-	-	-	-
343	Tools and Work Equipment	-	-	-	-	(266)	-	-	121,457	-
344	Laboratory Equipment	-	-	-	-	-	-	-	-	-
345	Power Operated Equipment	-	-	-	-	(0)	-	-	(0)	(0)
346	Communications Equipment	148,115	-	-	148,115	(3,023)	-	-	242,441	16,990
347	Miscellaneous Equipment	-	-	-	-	(380)	-	-	104,085	6,517
348	Other Tangible Plant	-	-	-	-	-	-	-	-	-
	Rounding	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
	Plant Held for Future Use									
	TOTAL WATER PLANT	1,770,645	(23,570)	(5,551)	1,741,523	(108,899)	-	696,752	21,979,456	711,283

Bella Vista Water Company (Consolidated)
Plant Additions and Retirements

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Account No.	Description	2007 Plant Additions	2007 Plant Adjustments[1]	Rejoinder 2007 Plant Adjustments	2007 Adjusted Plant Additions	Rejoinder 2007 Plant Retirements	2007 Salvage A/D Only	2007 Plant Balance	2007 Deprec.
301	Organization Cost	-	-	-	-	-	-	-	-
302	Franchise Cost	-	-	-	-	-	-	-	-
303	Land and Land Rights	4,524	-	-	4,524	-	-	688,011	-
304	Structures and Improvements	46,875	(214)	-	46,661	(523)	-	912,087	22,239
305	Collecting and Impounding Res.	46,603	-	-	46,603	-	-	46,603	583
306	Lake River and Other Intakes	-	-	-	-	-	-	-	-
307	Wells and Springs	74,738	(1,855)	(924)	71,958	(571)	-	1,128,857	29,841
308	Infiltration Galleries and Tunnels	-	-	-	-	-	-	-	-
309	Supply Mains	2,706	-	(542)	2,163	-	-	2,163	22
310	Power Generation Equipment	531	-	-	531	-	-	531	13
311	Electric Pumping Equipment	220,166	(481)	(9,104)	210,581	(54,089)	-	2,057,931	200,486
320	Water Treatment Equipment	12,563	(60)	-	12,503	(3,282)	-	48,743	4,413
320.1	Water Treatment Equipment	-	-	-	-	-	-	-	-
320.2	Chemical Solution Feeders	-	-	-	-	-	-	-	-
330	Distribution Reservoirs & Standpipe	2,079	-	(5,204)	(3,124)	(3,346)	-	1,549,279	38,452
330.1	Storage tanks	-	-	-	-	-	-	-	-
330.2	Pressure Tanks	-	-	-	-	-	-	-	-
331	Transmission and Distribution Mains	3,748	-	-	3,748	(451,420)	-	11,034,229	225,161
333	Services	48,450	-	(612)	47,838	(2,039)	-	1,325,878	26,285
334	Meters	15,142	-	(3,349)	11,793	(15,525)	-	1,291,403	36,408
335	Hydrants	128,719	(84)	-	128,635	(971)	-	885,181	16,427
336	Backflow Prevention Devices	-	-	-	-	-	-	-	-
339	Other Plant and Miscellaneous Equipment	45,091	(25,989)	-	19,102	(0)	-	19,102	643
340	Office Furniture and Fixtures	7,438	-	-	7,438	(3,157)	-	165,174	10,874
340.1	Computers and Software	-	-	-	-	-	-	160,920	10,733
341	Transportation Equipment	-	-	-	-	(1,644)	-	269,767	-
342	Stores Equipment	-	-	-	-	-	-	-	-
343	Tools and Work Equipment	1,412	-	-	1,412	(266)	-	122,602	1,412
344	Laboratory Equipment	-	-	-	-	-	-	-	-
345	Power Operated Equipment	36,567	(1,407)	-	35,160	(0)	-	35,160	1,758
346	Communications Equipment	5,643	-	-	5,643	(3,023)	-	245,061	24,375
347	Miscellaneous Equipment	-	-	-	-	(380)	-	103,704	6,493
348	Other Tangible Plant	300,001	-	(144,623)	155,378	-	-	155,378	7,769
	Rounding	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
	Plant Held for Future Use								
	TOTAL WATER PLANT	1,002,995	(30,090)	(164,359)	808,547	(540,236)	-	22,247,766	664,388

Bella Vista Water Company (Consolidated)
Plant Additions and Retirements

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Account No.	Description	2008 Plant Additions	2008 Plant Adjustments[1]	Rejoinder 2008 Plant Adjustments	2008 Adjusted Plant Additions	Rejoinder 2008 Plant Retirements	2008 Salvage (A/D Only)	2008 Plant Balance	2008 Deprec.
301	Organization Cost	-	-	-	-	-	-	-	-
302	Franchise Cost	-	-	-	-	-	-	-	-
303	Land and Land Rights	-	-	-	-	-	-	688,011	-
304	Structures and Improvements	584,964	(10,353)	(10,476)	564,135	(523)	-	1,475,700	32,039
305	Collecting and Impounding Res.	308	-	-	308	-	-	46,912	1,169
306	Lake River and Other Intakes	-	-	-	-	-	-	-	-
307	Wells and Springs	88,310	(243)	(1,015)	87,051	(571)	-	1,215,337	32,385
308	Infiltration Galleries and Tunnels	-	-	-	-	-	-	-	-
309	Supply Mains	550	-	-	550	-	-	2,713	49
310	Power Generation Equipment	763	-	-	763	-	-	1,293	46
311	Electric Pumping Equipment	250,151	(24,011)	(6,441)	219,699	(54,089)	-	2,223,541	153,332
320	Water Treatment Equipment	5,764	-	-	5,764	(3,282)	-	51,225	4,998
320.1	Water Treatment Equipment	-	-	-	-	-	-	-	-
320.2	Chemical Solution Feeders	-	-	-	-	-	-	-	-
330	Distribution Reservoirs & Standpipe	1,047,079	(2,909)	(22,386)	1,021,784	(20,435)	-	2,550,628	50,586
330.1	Storage tanks	-	-	-	-	-	-	-	-
330.2	Pressure Tanks	-	-	-	-	-	-	-	-
331	Transmission and Distribution Mains	865,285	(82,084)	(4,775)	778,425	(20,083)	-	11,792,571	228,268
333	Services	105,669	(2,525)	(687)	102,457	(2,039)	-	1,426,295	28,261
334	Meters	96,042	(21,489)	(8,671)	65,883	(15,525)	-	1,341,761	57,331
335	Hydrants	45,597	(300)	(209)	45,088	(971)	-	929,298	18,145
336	Backflow Prevention Devices	-	-	-	-	-	-	-	-
339	Other Plant and Miscellaneous Equipment	107,222	(11,785)	-	95,437	(0)	-	114,539	5,621
340	Office Furniture and Fixtures	12,291	(3,258)	-	9,033	(3,157)	-	171,050	11,213
340.1	Computers and Software	-	-	-	-	-	-	160,920	10,733
341	Transportation Equipment	341	-	-	341	(15,253)	-	254,855	(13,268)
342	Stores Equipment	-	-	-	-	-	-	-	-
343	Tools and Work Equipment	2,637	(2,449)	(109)	80	(266)	-	122,415	(42)
344	Laboratory Equipment	-	-	-	-	-	-	-	-
345	Power Operated Equipment	3,071	(6,683)	-	(3,612)	(0)	-	31,548	3,335
346	Communications Equipment	48,619	(815)	-	47,804	(3,023)	-	289,842	26,745
347	Miscellaneous Equipment	3,342	(537)	-	2,805	(380)	-	106,129	6,557
348	Other Tangible Plant	-	-	-	-	-	-	155,378	15,538
	Rounding	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
	Plant Held for Future Use								
	TOTAL WATER PLANT	3,268,004	(169,441)	(54,769)	3,043,794	(139,597)	-	25,151,963	673,041

Bella Vista Water Company (Consolidated)
Plant Additions and Retirements

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Account No.	Description	2009 Plant Additions	2009 Plant Adjustments	2009 Plant Adjustments[1]	Rejoinder 2009 Plant Adjustments	2009 Adjusted Plant Additions	Rejoinder 2009 Plant Retirements	2009 Salvage (A/D Only)	March 31 2009 Plant Balance	Jan-Mar 2009 Deprec.	Rejoinder Adjusted Post Test Year Plant	Rejoinder Adjusted PTY Retirement	Adjusted Test Year 2009 Plant Balance
301	Organization Cost	-	-	-	-	-	-	-	-	-	-	-	-
302	Franchise Cost	-	6,362	(5,401)	-	961	-	-	961	-	-	-	961
303	Land and Land Rights	-	-	-	-	-	-	-	688,011	-	-	-	688,011
304	Structures and Improvements	343,676	99,772	(4,376)	-	439,072	-	-	1,914,771	11,771	-	-	1,914,771
305	Collecting and Impounding Res.	4,466	-	-	-	4,466	-	-	51,378	307	-	-	51,378
306	Lake River and Other Intakes	-	-	-	-	-	-	-	-	-	-	-	-
307	Wells and Springs	78,370	-	-	-	78,370	-	-	1,293,708	8,723	-	-	1,293,708
308	Infiltration Galleries and Tunnels	-	-	-	-	-	-	-	-	-	-	-	-
309	Supply Mains	542	-	-	-	542	-	-	3,256	15	-	-	3,256
310	Power Generation Equipment	-	-	-	-	-	-	-	1,293	16	-	-	1,293
311	Electric Pumping Equipment	106,421	-	(2,555)	-	103,866	-	-	2,327,407	58,541	-	-	2,327,407
320	Water Treatment Equipment	32,159	-	-	-	32,159	-	-	83,385	1,683	-	-	83,385
320.1	Water Treatment Equipment	-	-	-	-	-	-	-	-	-	-	-	-
320.2	Chemical Solution Feeders	-	-	-	-	-	-	-	-	-	-	-	-
330	Distribution Reservoirs & Standpipe	86,328	2,900	(2,140)	-	87,088	-	-	2,637,716	15,967	-	-	2,637,716
330.1	Storage tanks	-	-	-	-	-	-	-	-	-	-	-	-
330.2	Pressure Tanks	-	-	-	-	-	-	-	-	-	-	-	-
331	Transmission and Distribution Mains	329,867	10,615	(7,176)	-	333,306	-	-	12,125,878	59,796	104,507	(3,496)	12,226,889
333	Services	55,999	167	-	-	56,166	-	-	1,482,462	7,568	-	-	1,482,462
334	Meters	33,103	3,470	-	-	36,573	-	-	1,378,333	33,932	-	-	1,378,333
335	Hydrants	32,664	-	(66)	-	32,598	-	-	961,896	4,728	-	-	961,896
336	Backflow Prevention Devices	-	-	-	-	-	-	-	-	-	-	-	-
339	Other Plant and Miscellaneous Equipment	-	-	-	-	-	-	-	114,539	2,489	-	-	114,539
340	Office Furniture and Fixtures	7,221	-	(599)	-	6,622	-	-	177,672	2,907	-	-	177,672
340.1	Computers and Software	-	-	-	-	-	-	-	160,920	2,683	-	-	160,920
341	Transportation Equipment	-	13,609	-	-	13,609	-	-	268,464	9,348	-	-	268,464
342	Stores Equipment	-	-	-	-	-	-	-	-	-	-	-	-
343	Tools and Work Equipment	365	-	(68)	-	297	-	-	122,712	422	-	-	122,712
344	Laboratory Equipment	-	-	-	-	-	-	-	-	-	-	-	-
345	Power Operated Equipment	-	-	-	-	-	-	-	31,548	789	-	-	31,548
346	Communications Equipment	74,378	57,385	(861)	-	130,902	-	-	420,744	8,882	-	-	420,744
347	Miscellaneous Equipment	3,176	-	(1,999)	-	1,177	-	-	107,306	1,667	-	-	107,306
348	Other Tangible Plant	-	-	-	-	-	-	-	155,378	3,884	-	-	155,378
	Rounding	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-
	Plant Held for Future Use												
	TOTAL WATER PLANT	1,188,736	194,280	(25,241)	-	1,357,775	-	-	26,509,738	236,120	104,507	(3,496)	26,610,749

Bella Vista Water Company (Consolidated)
Plant Additions and Retirements

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Account No.	Description	Year End Accumulated Depreciation by Account Dec 31 2000	Dec 31 2001	Dec 31 2002	Dec 31 2003	Dec 31 2004
301	Organization Cost	-	-	-	-	-
302	Franchise Cost	-	-	-	-	-
303	Land and Land Rights	-	-	-	-	-
304	Structures and Improvements	207,134	227,528	248,252	268,963	289,852
305	Collecting and Impounding Res.	-	-	-	-	-
306	Lake River and Other Intakes	-	-	-	-	-
307	Wells and Springs	304,933	328,349	352,401	376,734	402,688
308	Infiltration Galleries and Tunnels	-	-	-	-	-
309	Supply Mains	-	-	-	-	-
310	Power Generation Equipment	-	-	-	-	-
311	Electric Pumping Equipment	991,154	1,106,936	1,221,299	1,339,107	1,461,683
320	Water Treatment Equipment	9,739	8,513	7,056	6,506	6,863
320.1	Water Treatment Equipment	-	-	-	-	-
320.2	Chemical Solution Feeders	-	-	-	-	-
330	Distribution Reservoirs & Standpipe	498,098	529,552	562,651	595,668	628,621
330.1	Storage tanks	-	-	-	-	-
330.2	Pressure Tanks	-	-	-	-	-
331	Transmission and Distribution Mains	2,450,915	2,588,800	2,746,460	2,908,440	3,075,794
333	Services	660,025	674,580	689,498	704,986	721,621
334	Meters	758,362	835,115	912,887	955,988	1,042,465
335	Hydrants	177,863	186,224	195,176	204,585	214,575
336	Backflow Prevention Devices	-	-	-	-	-
339	Other Plant and Miscellaneous Equipment	-	(0)	(0)	(0)	(0)
340	Office Furniture and Fixtures	86,329	90,077	93,742	98,292	104,791
340.1	Computers and Software	29,062	39,818	50,574	61,330	72,087
341	Transportation Equipment	108,206	133,738	159,263	185,515	217,696
342	Stores Equipment	-	-	-	-	-
343	Tools and Work Equipment	80,790	94,924	109,082	121,990	121,723
344	Laboratory Equipment	-	-	-	-	-
345	Power Operated Equipment	-	(0)	(0)	(0)	(0)
346	Communications Equipment	20,080	20,931	21,329	21,424	21,660
347	Miscellaneous Equipment	51,170	57,087	62,969	68,827	74,662
348	Other Tangible Plant	-	-	-	-	-
	Rounding	-	-	-	-	-
		-	-	-	-	-
	Plant Held for Future Use	-				
	TOTAL WATER PLANT	6,433,860	6,922,173	7,432,639	7,918,356	8,456,782

Bella Vista Water Company (Consolidated)
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.16

Account No.	Description	Year End Accumulated Depreciation by Account Dec 31 2005	Dec 31 2006	Dec 31 2007	Dec 31 2008	March 31 2009	Adjusted Test Year Plant Balance
301	Organization Cost	-	-	-	-	-	-
302	Franchise Cost	-	-	-	-	-	-
303	Land and Land Rights	-	-	-	-	-	-
304	Structures and Improvements	310,938	332,030	353,747	385,263	397,034	397,034
305	Collecting and Impounding Res.	-	-	583	1,751	2,059	2,059
306	Lake River and Other Intakes	-	-	-	-	-	-
307	Wells and Springs	429,968	457,233	486,503	518,317	527,041	527,041
308	Infiltration Galleries and Tunnels	-	-	-	-	-	-
309	Supply Mains	-	-	22	70	85	85
310	Power Generation Equipment	-	-	13	59	75	75
311	Electric Pumping Equipment	1,586,698	1,713,995	1,860,393	1,959,637	2,018,177	2,018,177
320	Water Treatment Equipment	7,459	8,294	9,425	11,142	12,825	12,825
320.1	Water Treatment Equipment	-	-	-	-	-	-
320.2	Chemical Solution Feeders	-	-	-	-	-	-
330	Distribution Reservoirs & Standpipe	661,510	694,079	729,185	759,335	775,303	775,303
330.1	Storage tanks	-	-	-	-	-	-
330.2	Pressure Tanks	-	-	-	-	-	-
331	Transmission and Distribution Mains	3,254,493	3,451,010	3,224,751	3,432,935	3,492,732	3,489,236
333	Services	740,404	762,149	786,395	812,616	820,185	820,185
334	Meters	1,140,607	1,250,079	1,270,961	1,312,767	1,346,699	1,346,699
335	Hydrants	225,781	238,804	254,261	271,435	276,163	276,163
336	Backflow Prevention Devices	-	-	-	-	-	-
339	Other Plant and Miscellaneous Equipment	(0)	(0)	643	6,264	8,753	8,753
340	Office Furniture and Fixtures	112,142	119,552	127,269	135,325	138,232	138,232
340.1	Computers and Software	82,843	93,588	104,321	115,055	117,738	117,738
341	Transportation Equipment	255,189	269,767	268,123	239,602	248,950	248,950
342	Stores Equipment	-	-	-	-	-	-
343	Tools and Work Equipment	121,457	121,190	122,336	122,027	122,448	122,448
344	Laboratory Equipment	-	-	-	-	-	-
345	Power Operated Equipment	(0)	(0)	1,758	5,093	5,882	5,882
346	Communications Equipment	25,281	39,247	60,599	84,321	93,204	93,204
347	Miscellaneous Equipment	80,648	86,784	92,898	99,075	100,742	100,742
348	Other Tangible Plant	-	-	7,769	23,307	27,191	27,191
	Rounding	-	-	-	-	-	-
		-	-	-	-	-	-
	Plant Held for Future Use						
	TOTAL WATER PLANT	9,035,418	9,637,802	9,761,953	10,295,397	10,531,517	10,528,021

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2

Exhibit
Rejoinder Schedule B-2
Page 4
Witness: Bourassa

Line No.				A	B	C	
1	Accumulated Depreciation						
2			Adjusted Accum.	Post Test Year		Difference to Computed	Rebuttal Adjusted Accum.
3	Acct.						
4	No.	Description	Depr.	Retirement	Retirements	Balance	Depr.
5	301	Organization Cost	$ -		$ -	$ -	$ -
6	302	Franchise Cost	-		-	-	-
7	303	Land and Land Rights	-		-	-	-
8	304	Structures and Improvements	401,914		(4,181)	(699)	397,034
9	305	Collecting and Impounding Res.	2,059		-	-	2,059
10	306	Lake River and Other Intakes	-		-	-	-
11	307	Wells and Springs	532,200		(4,565)	(595)	527,041
12	308	Infiltration Galleries and Tunnels	-		-	-	-
13	309	Supply Mains	104		-	(19)	85
14	310	Power Generation Equipment	75		-	-	75
15	311	Electric Pumping Equipment	2,527,613		(432,710)	(76,726)	2,018,177
16	320	Water Treatment Equipment	50,073		(26,254)	(10,994)	12,825
17	320.1	Water Treatment Plant	-		-	-	-
18	320.2	Chemical Solution Feeders	-		-	-	-
19	330	Dist. Reservoirs & Standpipe	822,901		(43,858)	(3,741)	775,303
20	330.1	Storage tanks	-		-	-	-
21	330.2	Pressure Tanks	-		-	-	-
22	331	Trans. and Dist. Mains	4,101,341	8,504	(592,002)	(28,607)	3,489,236
23	333	Services	837,916		(16,315)	(1,416)	820,185
24	334	Meters	1,492,936		(124,204)	(22,033)	1,346,699
25	335	Hydrants	284,597		(7,765)	(669)	276,163
26	336	Backflow Prevention Devices	-		-	-	-
27	339	Other Plant and Misc. Equip.	8,753		(0)	(0)	8,753
28	340	Office Furniture and Fixtures	170,545		(25,258)	(7,055)	138,232
29	340.1	Computers and Software	117,801		-	(63)	117,738
30	341	Transportation Equipment	291,918		(26,760)	(16,209)	248,950
31	342	Stores Equipment	-		-	-	-
32	343	Tools and Work Equipment	124,689		(2,132)	(109)	122,448
33	344	Laboratory Equipment	-		-	-	-
34	345	Power Operated Equipment	5,882		(0)	(0)	5,882
35	346	Communications Equipment	127,515		(24,184)	(10,127)	93,204
36	347	Miscellaneous Equipment	104,580		(3,042)	(796)	100,742
37	348	Other Tangible Plant	52,500		-	(25,309)	27,191
38							-
39		TOTALS	$ 12,057,912	$ 8,504	$ (1,333,228)	$ (205,167)	$ 10,528,021
40							
41	*Accumulated Depreciation per Direct*						$ 12,057,912
42							
43	Increase (decrease) in Plant-in-Service						$ (1,529,891)
44							
45	Adjustment to Plant-in-Service						$ (1,529,891)
46							
47	SUPPORTING SCHEDULES						
48	Rejoinder B-2, page 4.1 and 4.2						
49	Rejoinder B-2, pages 3.6 to 3.16						

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2 - A

Exhibit
Rejoinder Schedule B-2
Page 4.1
Witness: Bourassa

Line No.		
1	Post Test Year Plant Plant Retirement	
2		
3		
4	Rejoinder Adjusted Post Test Year Plant (Acct 331)	$ (3,496)
5		
6	Adjusted Post Test Year Plant per Direct (Acct 331)	$ (12,000)
7		
8		
9	Increase (decrease) to plant-in-service	$ 8,504
10		
11		
12		
13		
14		
15	REFERENCES	
16	Testimony and Co. Response to MSJ 5.2	
17		
18		
19		
20		
21		
22		
23		
24		
25		

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1 - B

Exhibit
Rejoinder Schedule B-2
Page 4.2
Witness: Bourassa

Line No.			
1	Retirements		
2			
3			
4	Acct	Description	Adjustment
5	301	Organization Cost	$ -
6	302	Franchise Cost	-
7	303	Land and Land Rights	-
8	304	Structures and Improvements	(4,181)
9	305	Collecting and Impounding Res.	-
10	306	Lake River and Other Intakes	-
11	307	Wells and Springs	(4,565)
12	308	Infiltration Galleries and Tunnels	-
13	309	Supply Mains	-
14	310	Power Generation Equipment	-
15	311	Electric Pumping Equipment	(432,710)
16	320	Water Treatment Equipment	(26,254)
17	320.1	Water Treatment Plant	-
18	320.2	Chemical Solution Feeders	-
19	330	Dist. Reservoirs & Standpipe	(43,858)
20	330.1	Storage tanks	-
21	330.2	Pressure Tanks	-
22	331	Trans. and Dist. Mains	(592,002)
23	333	Services	(16,315)
24	334	Meters	(124,204)
25	335	Hydrants	(7,765)
26	336	Backflow Prevention Devices	-
27	339	Other Plant and Misc. Equip.	(0)
28	340	Office Furniture and Fixtures	(25,258)
29	340.1	Computers and Software	-
30	341	Transportation Equipment	(26,760)
31	342	Stores Equipment	-
32	343	Tools and Work Equipment	(2,132)
33	344	Laboratory Equipment	-
34	345	Power Operated Equipment	(0)
35	346	Communications Equipment	(24,184)
36	347	Miscellaneous Equipment	(3,042)
37	348	Other Tangible Plant	-
38			
39			$ (1,333,228)
40			
41			
42	Adjustment to accumulated depreciation		$ (1,333,228)
43			
44	REFERENCES		
45	Testimony		
46	Rejoinder B-2, page 3.5.1		
47	Rejoinder B-2, page 3.6 to 3.16		
48			
49			
50			

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Original Cost Rate Base Proforma Adjustments
Adjustment 3

Exhibit
Rejoinder Schedule B-2
Page 5
Witness: Bourassa

Deferred Income Tax as of March 31, 2009

Line No.		Adjusted Book Value	Tax Value	Probability of Realization of Future Tax Benefit	Deductible TD (Taxable TD) Expected to be Realized	Tax Rate[5]	Future Tax Asset Current	Future Tax Asset Non Current	Future Tax Liability Current	Future Tax Liability Non Current
6	Plant-in-Service	$ 26,610,749 [1]								
7	Accum. Deprec.	(10,528,021) [1]								
8	CIAC	(4,472,325) [3]								
9	Fixed Assets	$ 11,610,403	$ 8,287,666 [2]	100.0%	$ (3,322,737)	38.6%		-		(1,282,539)
10	AIAC		6,136,045 [4]	30.0%	$ 1,840,813 [4]	38.6%		$ 710,533		
11	Tax Benefits from O.L. Carry Forward			100.0%	$ -			$ -		
12							$ -	$ 710,533	$ -	$ (1,282,539)
13										
14	Allocated DIT Asset (Liability)						$ (572,006)			
15										
16	DIT Asset (Liability) per Direct						$ 173,329			
17										
18	Adjustment to DIT						$ 745,335			
19										

20 [1] ***Adjusted per Rebuttal Schedule B-2, page 2***

21

22 [2] **Tax Basis as of March 31, 2009**

Line No.		
23		
24	Unadjusted Cost Basis per 2008 Tax Return (Fiscal Year Ended 12/31/2008)	$ 18,314,641
25	Adjustments:	
26	Land not on tax return depreciation repor	656,307
27	Tax accumulated depreciation through 12/31/2008	(9,166,130)
28	Tax depreciation from 1/1/2009 to 3/31/2009 for assets added before 12/31/2008.	(254,979)
29	Bonus Depreciation/Section 179 deductions through 12/31/2008	(1,490,506)
30	Assets added after 12/31/2008 (net of affiliate profit, AIAC, CIAC)	947,275
31	Tax depreciation for assets added after 12/31/2008 thru 3/31/2009 (Estimated 25 yr S.L. half-year convention	(4,736)
32	Bonus depreciation for assets added after 12/31/2008 thru 3/31/2009 (Estimated)	(118,409)
33	B-2 Adjustments to plant-in-service (PTY Plant of $110,057 and plant retirement of $12,000)	101,011
34	Tax accumulated depreciation from B-2 adjustments to plant-in-service	(3,496)
35	Affiliate profit removed through 2008	(229,194)
36	Tax accumulated depreciation related to affiliate profit through 2008	17,533
37	Proposed retirements per B-2	(1,333,228)
38	Estimated tax depreciation on B- 2 proposed retirement	1,162,419
39	Proposed B-2 adjustments (AFUDC)	(80,055)
40	Estimated Tax depreciation on B- 2 proposed adjustments (AFUDC	4,214
41	Proposed B-2 adjustments (McClain acquistion costs)	(144,623)
42	Estimated Tax depreciation on B- 2 proposed adjustments (McClain acqusition costs	9,943
43	Timing difference through 2008	(100,321)
44	Net tax value as of March 31, 2009	$ 8,287,666
45		

46 [3] **CIAC (including impact of change to probability of realization)**

Line No.				
47				
48	Gross CIAC per B-2		$ 542,445	
49	Less: Pre-1996 CIAC		(326,777)	
50	A.A per B-2	$ (230,570)		
51	A.A on Pre-1996 CIAC	191,996		
52	A.A. on Post 1996 CIAC		(38,574)	
53	Net CIAC before unrealized AIAC			$ 177,094
54				
55	Unrealized AIAC Componen			
56	Adjusted Net AIAC (see footnote 5 below)		$ 6,136,045	
57	Unrealized AIAC Component % (1-Realized AIAC Component		70.0%	
58	Addition to CIAC			$ 4,295,231
59	Total realizable CIAC			$ 4,472,325
60				

61 [4] **AIAC (including impact of change in probability of realization)**

Line No.			
62	AIAC per B-2	$ 6,781,443	
63	Less: Pre-1996 AIAC included for book and tax purpose:	(645,398)	
64	Net AIAC before unrealized portion		$ 6,136,045
65	Less: Unrealized AIAC (from Note 4, above		$ (4,295,231)
66	Net realizable AIAC		$ 1,840,813
67			

68 [5] ***Effective tax rates Per C-3 schedule***

69

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Original Cost Rate Base Proforma Adjustments
Adjustment 4

Exhibit
Rejoinder Schedule B-2
Page 6
Witness: Bourassa

Line No.		Gross CIAC	Accum. Amort.
1	CIAC and Accumulated Amortization		
2			
3			
4		Gross CIAC	Accum. Amort.
5	Computed balance at 3/31/2009	$ 542,445	$ 230,570
6			
7	Adjusted balance at 3/31/2009	$ 542,445	$ 230,987
8			
9	Increase (decrease)	$ -	$ (417)
10			
11			
12	Adjustment to CIAC	$ -	$ 417
13	Label	4a	4b
14			
15			
16			
17			
18			
19	SUPPORTING SCHEDULES		
20	Rejoinder B-2, page 6.1 to 6.5		
21			
22			
23			
24			
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33			
34			
35			
36			

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Original Cost Rate Base Proforma Adjustments
Contributions-in-aid of Construction and Amortization
Adjustment 4

Exhibit
Rejoinder Schedule B-2
Page 6.1
Witness: Bourassa

Line No.		Balance at 12/31/2000	2001 Activity	Balance at 12/31/2001	2002 Activity	Balance at 12/31/2002
1						
2						
3	Bella Vista Water Company					
4	CIAC	403,046	-	403,046	43,680	446,726
5						
6						
7	Amortization		14,241		15,178	
8	Accum Amort.	103,590	14,241	117,831	15,178	133,009
9						
10	Composite Amortization Rate		3.5334%		3.5723%	
11						
12	Northern Sunrise Water Company					
13	CIAC	-		-	-	-
14						
15						
16	Amortization		-		-	
17	Accum Amort.	-	-	-	-	-
18						
19	Composite Amortization Rate		0.0000%		0.0000%	
20						
21	Southern Sunrise Water Company					
22	CIAC	-		-	-	-
23						
24						
25	Amortization		-		-	
26	Accum Amort.	-	-	-	-	-
27						
28	Composite Amortization Rate		0.0000%		0.0000%	
29						
30						
31						
32	**Consolidated**					
33	CIAC	403,046	-	403,046	43,680	446,726
34						
35						
22	Amortization		14,241		15,178	
23	Accum Amort.	103,590	14,241	117,831	15,178	133,009
24						
25						
26						

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Original Cost Rate Base Proforma Adjustments
Contributions-in-aid of Construction and Amortization
Adjustment 4

Exhibit
Rejoinder Schedule B-2
Page 6.2
Witness: Bourassa

Line No.		2003 Activity	Balance at 12/31/2003	2004 Activity	Balance at 12/31/2004
1					
2					
3	Bella Vista Water Company				
4	CIAC	1,400	448,126	25,829	473,955
5					
6					
7	Amortization	15,106		16,077	
8	Accum Amort.	15,106	148,115	16,077	164,193
9					
10	Composite Amortization Rate	3.3762%		3.4872%	
11					
12	Northern Sunrise Water Company				
13	CIAC		-		-
14					
15					
16	Amortization	-		-	
17	Accum Amort.	-	-	-	-
18					
19	Composite Amortization Rate	0.0000%		0.0000%	
20					
21	Southern Sunrise Water Company				
22	CIAC		-		-
23					
24					
25	Amortization	-		-	
26	Accum Amort.	-	-	-	-
27					
28	Composite Amortization Rate	0.0000%		0.0000%	
29					
30					
31					
32	**Consolidated**				
33	CIAC	1,400	448,126	25,829	473,955
34					
35					
22	Amortization	15,106		16,077	
23	Accum Amort.	15,106	148,115	16,077	164,193
24					
25					
26					

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Original Cost Rate Base Proforma Adjustments
Contributions-in-aid of Construction and Amortization
Adjustment 4

Exhibit
Rejoinder Schedule B-2
Page 6.3
Witness: Bourassa

Line No.		2005 Activity	Balance at 12/31/2005	2006 Activity	Balance at 12/31/2006
1					
2					
3	Bella Vista Water Company				
4	CIAC	15,560	489,515	13,630	503,145
5					
6					
7	Amortization	16,855		16,588	
8	Accum Amort.	16,855	181,048	16,588	197,636
9					
10	Composite Amortization Rate	3.4989%		3.3421%	
11					
12	Northern Sunrise Water Company				
13	CIAC		-	-	-
14					
15					
16	Amortization	-		-	
17	Accum Amort.	-	-	-	-
18					
19	Composite Amortization Rate	0.0000%		3.0621%	
20					
21	Southern Sunrise Water Company				
22	CIAC	-			-
23					
24					
25	Amortization	-		-	
26	Accum Amort.	-	-	-	-
27					
28	Composite Amortization Rate	0.0000%		2.4811%	
29					
30					
31					
32	**Consolidated**				
33	CIAC	15,560	489,515	13,630	503,145
34					
35					
22	Amortization	16,855		16,588	
23	Accum Amort.	16,855	181,048	16,588	197,636
24					
25					
26					

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Original Cost Rate Base Proforma Adjustments
Contributions-in-aid of Construction and Amortization
Adjustment 4

Exhibit
Rejoinder Schedule B-2
Page 6.4
Witness: Bourassa

Line No.		2007 Activity	Balance at 12/31/2007	2008 Activity	Balance at 12/31/2006
1					
2					
3	Bella Vista Water Company				
4	CIAC	800	503,945	-	503,945
5					
6					
7	Amortization	15,134		13,316	
8	Accum Amort.	15,134	212,770	13,316	226,085
9					
10	Composite Amortization Rate	3.0054%		2.6423%	
11					
12	Northern Sunrise Water Company				
13	CIAC	-	-	-	-
14					
15					
16	Amortization	-		-	
17	Accum Amort.	-	-	-	-
18					
19	Composite Amortization Rate	3.0134%		1.0427%	
20					
21	Southern Sunrise Water Company				
22	CIAC		-	-	-
23					
24					
25	Amortization	-		-	
26	Accum Amort.	-	-	-	-
27					
28	Composite Amortization Rate	3.0379%		0.9771%	
29					
30					
31					
32	**Consolidated**				
33	CIAC	800	503,945	-	503,945
34					
35					
22	Amortization	15,134		13,316	
23	Accum Amort.	15,134	212,770	13,316	226,085
24					
25					
26					

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Original Cost Rate Base Proforma Adjustments
Contributions-in-aid of Construction and Amortization
Adjustment 4

Exhibit
Rejoinder Schedule B-2
Page 6.5
Witness: Bourassa

Line No.		2009 Activity	Balance at 3/31/2009
1			
2			
3	Bella Vista Water Company		
4	CIAC	(7,500)	496,445
5			
6			
7	Amortization	4,402	
8	Accum Amort.	4,402	230,488
9			
10	Composite Amortization Rate	0.8801%	
11			
12	Northern Sunrise Water Company		
13	CIAC	26,000	26,000
14			
15			
16	Amortization	66	
17	Accum Amort.	66	66
18			
19	Composite Amortization Rate	0.5041%	
20			
21	Southern Sunrise Water Company		
22	CIAC	20,000	20,000
23			
24			
25	Amortization	17	
26	Accum Amort.	17	17
27			
28	Composite Amortization Rate	0.1675%	
29			
30			
31			
32	**Consolidated**		
33	CIAC	38,500	542,445
34			
35			
22	Amortization	4,485	
23	Accum Amort.	4,485	230,570
24			
25			
26			

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Computation of Working Capital

Exhibit
Rejoinder Schedule B-5
Page 1
Witness: Bourassa

Line No.			
1	Cash Working Capital (1/8 of Allowance		
2	Operation and Maintenance Expense)	$	280,300
3	Pumping Power (1/24 of Pumping Power)		25,394
4	Purchased Water (1/24 of Purchased Water)		30
5	Materials and Supplies		-
6	Prepaids		23,268
7			
8			
9	Total Working Capital Allowance	$	328,992
10			
11			
12	Working Capital Requested	$	-
13			
14			
15	SUPPORTING SCHEDULES:	RECAP SCHEDULES:	
16	Rejoinder C-1	Rejoinder B-1	
17			
18			Adjusted
19	Cash Working Capital Detail		Test Year Results
20			
21	Total Operating Expense	$	4,082,129
22	Less:		
23	Income Tax		(19,780)
24	Property Tax		201,215
25	Depreciation		1,048,124
26	Purchased Water		708
27	Pumping Power		609,459
28	Allowable Expenses	$	2,242,403
29	1/8 of allowable expenses	$	280,300
30			
31			

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Income Statement

Exhibit
Rejoinder Schedule C-1
Page 1
Witness: Bourassa

Line No.		Test Year Adjusted Results	Adjustment	Rejoinder Test Year Adjusted Results	Proposed Rate Increase	Rejoinder Adjusted with Rate Increase
1	**Revenues**					
2	Metered Water Revenues	$ 4,023,022	$ -	$ 4,023,022	$ 1,130,251	$ 5,153,272
3	Unmetered Water Revenues	-	-	-		-
4	Other Water Revenues	139,114	-	139,114		139,114
5		$ 4,162,136	$ -	$ 4,162,136	$ 1,130,251	$ 5,292,386
6	**Operating Expenses**					
7	Salaries and Wages	$ -	-	$ -		$ -
8	Purchased Water	708	-	708		708
9	Purchased Power	609,459	-	609,459		609,459
10	Fuel for Power Production	-	-	-		-
11	Chemicals	5,715	-	5,715		5,715
12	Materials & Supplies	49,998	-	49,998		49,998
13	Outside Services	4,696	-	4,696		4,696
14	Outside Services- Legal	41,937	-	41,937		41,937
15	Outside Services- Other	1,599,375	(19,076)	1,580,298		1,580,298
16	Water Testing	28,184	22,971	51,155		51,155
17	Equipment Rental	140	-	140		140
18	Rents	60,600	-	60,600		60,600
19	Transportation Expenses	125,122	(8,703)	116,419		116,419
20	Insurance - General Liability	59,410	-	59,410		59,410
21	Insurance - Health and Life	7,290	-	7,290		7,290
22	Reg. Comm. Exp.	10,628	-	10,628		10,628
23	Reg. Comm. Exp. - Rate Case	150,000	-	150,000		150,000
24	Miscellaneous Expense	92,502	(6,564)	85,938		85,938
25	Bad Debt Expense	18,178	-	18,178		18,178
26	Depreciation Expense	1,122,485	(74,360)	1,048,124		1,048,124
27	Taxes Other Than Income	-	-	-		-
28	Property Taxes	199,553	1,662	201,215		201,215
29	Income Tax	(43,092)	23,311	(19,780)	436,264	416,484
30	***Total Operating Expenses***	$ 4,142,888	$ (60,759)	$ 4,082,129	$ 436,264	$ 4,518,393
31	**Operating Income**	$ 19,248	$ 60,759	$ 80,007	$ 693,987	$ 773,993
32	**Other Income (Expense)**					
33	Interest Income	-	-	-		-
34	Other income (loss)	-	-	-		-
35	Interest Expense	(110,537)	(935)	(111,472)		(111,472)
36	Other Expense	-	-	-		-
37		-	-	-		-
38	**Total Other Income (Expense)**	$ (110,537)	$ (935)	$ (111,472)	$ -	$ (111,472)
39	**Net Profit (Loss)**	$ (91,290)	$ 59,824	$ (31,466)	$ 693,987	$ 662,521
40						
41	SUPPORTING SCHEDULES:				RECAP SCHEDULES:	
42	Rejoinder C-1, page 2				Rejoinder A-1	
43						

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Income Statement

Exhibit
Rejoinder Schedule C-1
Page 2
Witness: Bourassa

Line No.		Label>>>>>>>>>> Test Year Adjusted Results	1 Depreciation	2 Property Taxes	3 Meals Entertainment Contributions	4 Water Testing	5 Transport. Expense	6 Central Office Allocation	7 Interest Sunch.	8 Income Tax	Rejoinder Test Year Adjusted Results	Proposed Rate Increase	Rejoinder Adjusted with Rate Increase
1	**Revenues**												
2	Metered Water Revenues	$ 4,023,022									$ 4,023,022	$ 1,130,251	$ 5,153,272
3	Unmetered Water Revenues	-									-		-
4	Other Water Revenues	139,114									139,114		139,114
5		$ 4,162,136	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,162,136	$ 1,130,251	$ 5,292,386
6	**Operating Expenses**												
7	Salaries and Wages	$ -									$ -		$ -
8	Purchased Water	708									708		708
9	Purchased Power	609,459									609,459		609,459
10	Fuel for Power Production	-									-		-
11	Chemicals	5,715									5,715		5,715
12	Materials & Supplies	49,998									49,998		49,998
13	Outside Services	4,696									4,696		4,696
14	Outside Services- Legal	41,937									41,937		41,937
15	Outside Services- Other	1,599,375						(19,076)			1,580,298		1,580,298
16	Water Testing	28,184				22,971					51,155		51,155
17	Equipment Rental	140									140		140
18	Rents	60,600									60,600		60,600
19	Transportation Expenses	125,122					(8,703)				116,419		116,419
20	Insurance - General Liability	59,410									59,410		59,410
21	Insurance - Health and Life	7,290									7,290		7,290
22	Reg. Comm. Exp.	10,628									10,628		10,628
23	Reg. Comm. Exp. - Rate Case	150,000									150,000		150,000
24	Miscellaneous Expense	92,502			(6,564)						85,938		85,938
25	Bad Debt Expense	18,178									18,178		18,178
26	Depreciation Expense	1,122,485	(74,360)								1,048,124		1,048,124
27	Taxes Other Than Income	-									-		-
28	Property Taxes	199,553		1,662							201,215		201,215
29	Income Tax	(43,092)								23,311	(43,092)	459,575	416,484
30	**Total Operating Expenses**	$ 4,142,888	$ (74,360)	$ 1,662	$ (6,564)	$ 22,971	$ (8,703)	$ (19,076)	$ -	$ 23,311	$ 4,058,818	$ 459,575	$ 4,518,393
31	**Operating Income**	$ 19,248	$ 74,360	$ (1,662)	$ 6,564	$ (22,971)	$ 8,703	$ 19,076	$ -	$ (23,311)	$ 103,318	$ 670,675	$ 773,993
32	**Other Income (Expense)**												
33	Interest Income	-									-		-
34	Other income (loss)	-									-		-
35	Interest Expense	(110,537)							(935)		(111,472)		(111,472)
36	Other Expense	-									-		-
37		-									-		-
38	**Total Other Income (Expense)**	$ (110,537)	$ -	$ -	$ -	$ -	$ -	$ -	$ (935)	$ -	$ (111,472)	$ -	$ (111,472)
39	**Net Profit (Loss)**	$ (91,290)	$ 74,360	$ (1,662)	$ 6,564	$ (22,971)	$ 8,703	$ 19,076	$ (935)	$ (23,311)	$ (8,154)	$ 670,675	$ 662,521
40													
41	SUPPORTING SCHEDULES:												
42	Rejoinder C-2												
43													

RECAP SCHEDULES:
Rejoinder C-1, page 1

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Adjustments to Revenues and Expenses

Exhibit
Rejoinder Schedule C-2
Page 1
Witness: Bourassa

Line No.		Adjustments to Revenues and Expenses						
		1	2	3	4	5	6	Subtotal
1		Depreciation	Property	Miscellaneous	Water	Transportation	Central Cost	
2		Expense	Taxes	Expense	Testing	Expense	Allocation	
3	Revenues							-
4								
5	Expenses	(74,360)	1,662	(6,564)	22,971	(8,703)	(19,076)	(84,070)
6								
7	Operating							
8	Income	74,360	(1,662)	6,564	(22,971)	8,703	19,076	84,070
9								
10	Interest							
11	Expense							-
12	Other							
13	Income /							-
14	Expense							
15								
16	Net Income	74,360	(1,662)	6,564	(22,971)	8,703	19,076	84,070
17								
18		Adjustments to Revenues and Expenses						
19		7	8	9	10	11	12	Subtotal
20		Interest	Income					
21		Synch.	Taxes	Blank	Blank	Blank	Blank	
22	Revenues							-
23								
24	Expenses		23,311					(60,759)
25								
26	Operating							
27	Income	-	(23,311)	-	-	-	-	60,759
28								
29	Interest							
30	Expense	(935)						(935)
31	Other							
32	Income /							-
33	Expense							
34								
35	Net Income	(935)	(23,311)	-	-	-	-	59,824

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Adjustments to Revenues and Expenses
Adjustment Number 1

Exhibit
Rejoinder Schedule C-2
Page 2
Witness: Bourassa

Line No.					
1	Depreciation Expense				
2					
3	Acct.		Adjusted Original	Proposed	Depreciation
4	No.	Description	Cost	Rates	Expense
5	301	Organization Cost	-	0.00%	-
6	302	Franchise Cost	961	0.00%	-
7	303	Land and Land Rights	688,011	0.00%	-
8	304	Structures and Improvements	1,914,771	3.33%	63,762
9	305	Collecting and Impounding Res.	46,813	2.50%	1,170
10	306	Lake River and Other Intakes	-	2.50%	-
11	307	Wells and Springs	1,298,272	3.33%	43,232
12	308	Infiltration Galleries and Tunnels	-	6.67%	-
13	309	Supply Mains	3,256	2.00%	65
14	310	Power Generation Equipment	1,293	5.00%	65
15	311	Electric Pumping Equipment	2,327,407	12.50%	290,926
16	320	Water Treatment Equipment	83,385	3.33%	2,777
17	320.1	Water Treatment Plant	-	3.33%	-
18	320.2	Chemical Solution Feeders	-	20.00%	-
19	330	Dist. Reservoirs & Standpipe	2,637,716	2.22%	58,557
20	330.1	Storage tanks	-	2.22%	-
21	330.2	Pressure Tanks	-	5.00%	-
22	331	Trans. and Dist. Mains	12,226,889	2.00%	244,538
23	333	Services	1,482,462	3.33%	49,366
24	334	Meters	1,378,333	8.33%	114,815
25	335	Hydrants	961,896	2.00%	19,238
26	336	Backflow Prevention Devices	-	6.67%	-
27	339	Other Plant and Misc. Equip.	114,539	6.67%	7,640
28	340	Office Furniture and Fixtures	177,672	6.67%	11,851
29	340.1	Computers and Software	160,920	20.00%	32,184
30	341	Transportation Equipment	268,464	20.00%	53,693
31	342	Stores Equipment	-	4.00%	-
32	343	Tools and Work Equipment	122,712	5.00%	6,136
33	344	Laboratory Equipment	-	10.00%	-
34	345	Power Operated Equipment	31,548	5.00%	1,577
35	346	Communications Equipment	420,744	10.00%	42,074
36	347	Miscellaneous Equipment	107,306	10.00%	10,731
37	348	Other Tangible Plant	155,378	10.00%	15,538
38					
39		TOTALS	$ 26,610,749		$ 1,069,934
40					
41					
42	Less: Amortization of Contributions		$ 542,445	4.0207%	$ (21,810)
43					
44					
45					
46	Total Depreciation Expense				$ 1,048,124
47					
48	Adjusted Test Year Depreciation Expense per Direct				1,122,485
49					
50	Increase (decrease) in Depreciation Expense				(74,360)
51					
52	Adjustment to Revenues and/or Expenses				$ (74,360)
53					
54	SUPPORTING SCHEDULE				
55	Rejoinder B-2, page 3		* Fully Depreciated		
56	Rejoinder B-2, page 6				

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Adjustment to Revenues and Expenses
Adjustment Number 2

Exhibit
Rejoinder Schedule C-2
Page 3
Witness: Bourassa

Line No.			
1	Property Taxes:		
2			
3	Adjusted Revenues in year ended 3/31/09	$	4,162,136
4	Adjusted Revenues in year ended 3/31/09		4,162,136
5	Proposed Revenues		5,292,386
6	Average of three year's of revenue	$	4,538,886
7	Average of three year's of revenue, times 2	$	9,077,772
8	Add:		
9	Construction Work in Progess at 10%	$	526,003
10	Deduct:		
11	Book Value of Transportation Equipment		19,514
12			
13	Full Cash Value	$	9,584,261
14	Assessment Ratio		21%
15	Assessed Value		2,012,695
16	Property Tax Rate		9.8984%
17			
18	Property Tax		199,224
19	Plus: Tax on Parcels		1,991
20			
21	Total Property Tax at Proposed Rates	$	201,215
22	Property Taxes recorded during the test year		199,553
23	Change in Property Taxes	$	1,662
24			
25			
26	Adjustment to Revenues and/or Expenses	$	1,662
27			
28			

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
ADJUSTMENTS TO REVENUES AND/OR EXPENSES
Adjustment Number 3

Exhibit
Rejoinder Schedule C-2
Page 4
Witness: Bourassa

Line No.			
1	Remove Meals, Entertainment and Contibutions		
2			
3	Meals and Entertainment	$	(6,564)
4	Contributions		(500)
5			
6			
7	Increase(decrease) Miscellaneous Expense	$	(6,564)
8			
9	Adjustment to Revenue and/or Expense	$	(6,564)
10			
11			
12			
13			
14			
15			
16	SUPPORTING SCHEDULES		
17	Staff Schedule CSB-18		
18			
19			
20			
21			
22			
23			
24			

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Adjustment to Revenues and Expenses
Adjustment Number 4

Exhibit
Rejoinder Schedule C-2
Page 5
Witness: Bourassa

Line No.			
1	Water Testing Expense		
2			
3	Proposed Water Testing Expense	$	51,155
4			
5	Adjusted Test Year Expense		28,184
6			
7			
8	Increase (decrease) in Water Testing Expense	$	22,971
9			
10			
11			
12			
13			
14			
15			
16	REFERENCE		
17	See testimony		
18			
19			
20			

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Adjustment to Revenues and Expenses
Adjustment Number 5

Exhibit
Rejoinder Schedule C-2
Page 6
Witness: Bourassa

Line No.					
1	Transportation Expense (Remove Airlink costs)				
2					
3	Date	Invoice	Amount		
4	9/30/2008	1023	$ (5,596)		
5	9/30/2008	1040	(1,427)		
6	9/30/2008	1021	(516)		
7	9/30/2008	1038	(131)		
8	9/30/2008	1022	(823)		
9	9/30/2008	1039	(210)		
10					
11	Total			$	(8,703)
12					
13					
14	Increase (decrease) in Water Testing Expense			$	(8,703)
15					
16					
17					
18	REFERENCE				
19	See testimony				
20					

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Adjustment to Revenues and Expenses
Adjustment Number 6

Exhibit
Rejoinder Schedule C-2
Page 7
Witness: Bourassa

Cental Office Costs - Infrastructure Allocation

Line No.		Test Year Actual Total Cost Pool	Adjustments	Adjusted Total Cost Pool	Utility Infrastructure Group Allocation %	Utility Infrastructure Group Allocated Cost Pool	BVWC Water Allocation by Customer Count	Rebuttal BVWC Allocation
9	Audit	$ 778,285	$ (97,474)	$ 680,812	24.29%	$ 165,340	14.52%	24,014
10	Tax Services	518,775	(48,971)	469,804	24.29%	114,095	14.52%	16,571
11	Legal	159,053	(20,521)	138,531	24.29%	33,643	14.52%	4,886
12	Other Professional Services	506,082	(53,879)	452,202	24.29%	109,821	14.52%	15,950
13	Management Fee - Total	644,943	(81,140)	563,803	24.29%	136,924	14.52%	19,887
14	Unit Holder Communications	156,766	(11,108)	145,658	24.29%	35,374	14.52%	5,138
15	Trustee Fees	129,000	(1,884)	127,116	24.29%	30,871	14.52%	4,484
16	Escrow & Transfer Agent Fees	96,138	(10,784)	85,354	24.29%	20,729	14.52%	3,011
17	Rent	307,337	(33,372)	273,965	24.29%	66,534	14.52%	9,663
18	Licenses/Fees & Permits	17,561	(2,995)	14,565	24.29%	3,537	14.52%	514
19	Office Expenses	572,357	(146,601)	425,755	24.29%	103,398	14.52%	15,017
20	Depreciation	211,653	(21,856)	189,797	24.29%	46,094	14.52%	6,695
22	**Total (US dollars USD)**	**$ 4,097,949**	**$ (530,586)**	**$ 3,567,363**		**$ 866,360**		**$ 125,830**
26	Infrastructure Cost Allocation per Direct (USD)							$ 144,906
28	Increase (decrease) in Infrastructure Allocated Costs (USD)							$ (19,076)
31	Adjustment to Revenues and/or Expenses							$ (19,076)

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Adjustment to Revenues and Expenses
Adjustment Number 7

Exhibit
Rejoinder Schedule C-2
Page 8
Witness: Bourassa

Line No.			
1	Interest Synchronization		
2			
3			
4	Fair Value Rate Base	$ 7,857,799	
5	Weighted Cost of Debt	1.42%	
6	Interest Expense		$ 111,472
7			
8	Test Year Interest Expense		$ 110,537
9			
10	Increase (decrease) in Interest Expense		935
11			
12			
13			
14	Adjustment to Revenue and/or Expense		$ (935)
15			
16			
17	Weighted Cost of Debt Computation		

18						Weighted
19			Amount	Percent	Cost	Cost
20	Debt	$	1,697,323	22.60%	6.28%	1.42%
21	Equity	$	5,812,207	77.40%	10.90%	8.44%
22	Total	$	7,509,530	100.00%		9.85%
23						
24						

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Adjustment to Revenues and/or Expenses
Adjustment Number 8

Exhibit
Rejoinder Schedule C-2
Page 9
Witness: Bourassa

Line No.			Test Year Adjusted Results	Adjusted with Rate Increase	
1	Income Tax Computation				
2					
3					
4					
5					
6					
7	Taxable Income		$ (51,246)	$ 1,079,005	
8					
9	Taxable Income		$ (51,246)	$ 1,079,005	
10					
11	Arizona Income Before Taxes			$ 1,079,005	
12					
13	Less Arizona Income Tax			$ 75,185	
14	Rate =	6.97%			
15	Arizona Taxable Income			$ 1,003,820	
16					
17	Arizona Income Taxes			$ 75,185	
18					
19	Federal Income Before Taxes			$ 1,079,005	
20					
21	Less Arizona Income Taxes			$ 75,185	
22					
23	Federal Taxable Income			$ 1,003,820	
24					
25					
26					
27	FEDERAL INCOME TAXES:				
28	15% BRACKET			$ 7,500	
29	25% BRACKET			$ 6,250	
30	34% BRACKET			$ 8,500	Federal
31	39% BRACKET			$ 91,650	Effective
32	34% BRACKET			$ 227,399	Tax
33					Rate
34	Federal Income Taxes			$ 341,299	31.63%
35					
36					
37	Total Income Tax			$ 416,484	
38					
39	Overall Tax Rate			38.60%	
40					
41	Income Tax at Proposed Rates Effective Rate		$ (19,780)		
42					
43	Adjusted Test Year Income Taxes		(43,092)		
44					
45	Adjustment to Income Taxes		23,311		
46					

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Computation of Gross Revenue Conversion Factor

Exhibit
Rejoinder Schedule C-3
Page 1
Witness: Bourassa

Line No.	Description	Percentage of Incremental Gross Revenues
1	Federal Income Taxes	31.63%
2		
3	State Income Taxes	6.97%
4		
5	Other Taxes and Expenses	0.00%
6		
7		
8	Total Tax Percentage	38.60%
9		
10	Operating Income % = 100% - Tax Percentage	61.40%
11		
12		
13		
14		
15	1 = Gross Revenue Conversion Factor	
16	Operating Income %	1.6286
17		
18	SUPPORTING SCHEDULES:	RECAP SCHEDULES:
19		Rejoinder A-1
20		

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Cost of Service Study, Using Commodity Demand Method
Summary by Customer Class - Present and Proposed Rates

Exhibit
Rejoinder Schedule G-0
Page 1
Witness: Bourassa

Line No.	Class	Meter Size	Rate Base	Present Rates Operating Income	Present Rates Rate of Return	Proposed Rates Operating Income	Proposed Rates Rate of Return
1							
2							
3							
4							
5	Residential	5/8 Inch	$ 5,306,945	$ 36,394	0.69%	$ 320,944	6.05%
6		3/4 Inch	29,626	30	0.10%	1,428	4.82%
7		1 Inch	11,614	377	3.25%	1,760	15.16%
8		2 Inch	4,261	(340)	-7.97%	72	1.69%
9							
10	Residential		$ 5,352,445	$ 36,462	0.68%	$ 324,205	6.06%
11							
12	Commercial	5/8 Inch	$ 238,474	$ (1,205)	-0.51%	$ 25,389	10.65%
13		3/4 Inch	5,487	356	6.49%	1,001	18.24%
14		1 Inch	202,070	4,579	2.27%	25,310	12.53%
15		1.5 Inch	244,395	5,024	2.06%	53,077	21.72%
16		2 Inch	1,264,275	37,786	2.99%	272,236	21.53%
17		3 Inch	237,781	15,323	6.44%	51,243	21.55%
18		4 Inch	47,936	8,785	18.33%	23,761	49.57%
19		6 Inch	25,989	3,129	12.04%	2,592	9.97%
20		8 Inch	41,226	3,156	7.65%	3,731	9.05%
21							
22	Commercial		$ 2,307,634	$ 76,932	3.33%	$ 458,341	19.86%
23							
24	Hydrant	3 Inch	$ 118,292	$ (3,368)	-2.85%	$ 7,103	6.00%
25							
26	Fire	4 Inch	$ 64,078	$ (18,768)	-29.29%	$ (11,706)	-18.27%
27		6 Inch	14,628	(4,965)	-33.94%	(3,832)	-26.20%
28		8 Inch	721	(219)	-30.42%	(117)	-16.27%
29							
30	Fire		$ 79,428	$ (23,953)	-30.16%	$ (15,656)	-19.71%
31							
32							
33							
34	Total		$ 7,857,799	$ 86,072	1.10%	$ 773,993	9.85%
35							
36							

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Cost of Service Study, Using Commodity Demand Method
Operating Margins at Present Rates

Exhibit
Rejoinder Schedule G-1
Page 1
Witness: Bourassa

Line No.		Totals	Res 5/8 Inch	Res 3/4 Inch	Res 1 Inch	Res 2 Inch	Com 5/8 Inch	Com 3/4 Inch	Com 1 Inch	Com 1.5 Inch
1										
2	Water Revenues	$ 4,018,899	$ 2,752,231	$ 12,526	$ 5,821	$ 725	$ 124,380	$ 3,382	$ 91,585	$ 115,753
3	Revenue Annualizations	2,995	8,296	(81)	-	-	(1,504)	33	1,191	2,625
4	Misc. Revenues[1]	139,114	123,304	491	116	14	5,501	87	2,036	1,227
5	Reconcilation H-1 to C-1[1]	1,128	1,000	4	1	0	45	1	17	10
6	Total Revenues	$ 4,162,136	$ 2,884,831	$ 12,940	$ 5,938	$ 739	$ 128,421	$ 3,503	$ 94,829	$ 119,616
7										
8	Operating Expenses[2]	$ 2,852,570	$ 2,021,049	$ 8,638	$ 3,713	$ 754	$ 93,852	$ 2,082	$ 59,788	$ 79,185
9	Depreciation and									
10	Amortization[2]	1,048,124	722,251	3,890	1,427	541	32,451	721	24,801	28,645
11	Property Tax[3]	201,215	139,465	626	287	36	6,208	169	4,584	5,783
12	Income Tax[4]	(25,846)	(34,328)	(245)	134	(252)	(2,884)	175	1,077	979
13	Total Operating Expenses	$ 4,076,063	$ 2,848,437	$ 12,909	$ 5,560	$ 1,079	$ 129,626	$ 3,147	$ 90,250	$ 114,592
14	Operating Income	$ 86,072	$ 36,394	$ 30	$ 377	$ (340)	$ (1,205)	$ 356	$ 4,579	$ 5,024
15	Interest Expense[5]	111,472	75,285	420	165	60	3,383	78	2,867	3,467
16	Net Income	$ (25,400)	$ (38,891)	$ (390)	$ 212	$ (400)	$ (4,588)	$ 278	$ 1,713	$ 1,557
17										
18			Com 2 Inch	Com 3 Inch	Com 4 Inch	Com 6 Inch	Com 8 Inch	Hydrant 3 Inch	Fire 4 Inch	Fire 6 Inch
19										
20	Water Revenues		$ 656,390	$ 131,628	$ 56,353	$ 12,229	$ 15,578	$ 31,719	$ 6,050	$ 2,394
21	Revenue Annualizations		2,102	2,174	(9,694)	-	-	(2,036)	(110)	-
22	Misc. Revenues[1]		3,942	375	43	14	14	202	1,429	303
23	Reconcilation H-1 to C-1[1]		32	3	0	0	0	2	12	2
24	Total Revenues		$ 662,465	$ 134,180	$ 46,702	$ 12,244	$ 15,592	$ 29,886	$ 7,381	$ 2,700
25										
26	Operating Expenses[2]		$ 430,411	$ 77,591	$ 24,979	$ 3,891	$ 5,509	$ 21,107	$ 16,383	$ 3,475
27	Depreciation and									
28	Amortization[2]		149,762	27,267	5,586	2,898	4,558	13,875	21,780	7,311
29	Property Tax[3]		32,026	6,487	2,258	592	754	1,445	357	131
30	Income Tax[4]		12,480	7,512	5,095	1,735	1,616	(3,172)	(12,370)	(3,252)
31	Total Operating Expenses		$ 624,679	$ 118,857	$ 37,917	$ 9,115	$ 12,437	$ 33,255	$ 26,149	$ 7,665
32	Operating Income		$ 37,786	$ 15,323	$ 8,785	$ 3,129	$ 3,156	$ (3,368)	$ (18,768)	$ (4,965)
33	Interest Expense[5]		17,935	3,373	680	369	585	1,678	909	208
34	Net Income		$ 19,851	$ 11,950	$ 8,105	$ 2,760	$ 2,571	$ (5,046)	$ (19,677)	$ (5,173)
35										
36			Fire 8 Inch	Blank Blank	Totals					
37										
38	Water Revenues		$ 155	$ -	$ 4,018,899					
39	Revenue Annualizations		-	-	2,995					
40	Misc. Revenues[1]		14	-	139,114					
41	Reconcilation H-1 to C-1[1]		0	-	1,128					
42	Total Revenues		$ 170	$ -	$ 4,162,136					
43										
44	Operating Expenses[2]		$ 165	$ -	$ 2,852,570					
45	Depreciation and									
46	Amortization[2]		360	-	1,048,124					
47	Property Tax[3]		8	-	201,215					
48	Income Tax[4]		(144)	-	(25,846)					
49	Total Operating Expenses		$ 389	$ -	$ 4,076,063					
50	Operating Income		$ (219)	$ -	$ 86,072					
51	Interest Expense[5]		10	-	111,472					
52	Net Income		$ (230)	$ -	$ (25,400)					
53										
54										

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Cost of Service Study, Using Commodity Demand Method
Operating Margins at Present Rates

Exhibit
Rejoinder Schedule G-1
Page 2
Witness: Bourassa

Line No.			Res 5/8 Inch	Res 3/4 Inch	Res 1 Inch	Res 2 Inch	Com 5/8 Inch	Com 3/4 Inch	Com 1 Inch	Com 1.5 Inch
7	**Rate Base[6]**	$ 7,857,799	$ 5,306,945	$ 29,626	$ 11,614	$ 4,261	$ 238,474	$ 5,487	$ 202,070	$ 244,395
8	**Return on Rate Base[7]**	1.10%	0.69%	0.10%	3.25%	-7.97%	-0.51%	6.49%	2.27%	2.06%

Line No.	Com 2 Inch	Com 3 Inch	Com 4 Inch	Com 6 Inch	Com 8 Inch	Hydrant 3 Inch	Fire 4 Inch	Fire 6 Inch
13	$ 1,264,275	$ 237,781	$ 47,936	$ 25,989	$ 41,226	$ 118,292	$ 64,078	$ 14,628
14	2.99%	6.44%	18.33%	12.04%	7.65%	-2.85%	-29.29%	-33.94%

Line No.	Fire 8 Inch	Blank Blank	Totals
19	$ 721	$ -	$ 7,857,799
20	-30.42%	0.00%	1.10%

Line No.		Res 5/8 Inch	Res 3/4 Inch	Res 1 Inch	Res 2 Inch	Com 5/8 Inch	Com 3/4 Inch	Com 1 Inch	Com 1.5 Inch
26	**Percent of Total Customers**	88.64%	0.35%	0.08%	0.01%	3.95%	0.06%	1.46%	0.88%

Line No.	Com 2 Inch	Com 3 Inch	Com 4 Inch	Com 6 Inch	Com 8 Inch	Hydrant 3 Inch	Fire 4 Inch	Fire 6 Inch
31	2.83%	0.27%	0.03%	0.01%	0.01%	0.15%	1.03%	0.22%

Line No.	Fire 8 Inch	Blank Blank	Totals
36	0.01%	0.00%	100.00%

[1] Allocated based on customer counts.
[2] Operating Expenses and Depreciation computations are shown on Schedule G-4, Page 1.
[3] Property Taxes allocation based on Revenues
[4] Income Tax from Schedule C-1, at Proposed Rates. Income Taxes allocated based on taxable income
[5] Interest Synchronized Interest Expense. Allocation based on Rate Base
[6] Rate Base computations are shown on Schedule G-3, Page 1
[7] Operating Income Divided by Rate Base

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Cost of Service Study, Using Commodity Demand Method
Operating Margins at Proposed Rates

Exhibit
Rejoinder Schedule G-2
Page 1
Witness: Bourassa

Line No.		Totals	Res 5/8 Inch	Res 3/4 Inch	Res 1 Inch	Res 2 Inch	Com 5/8 Inch	Com 3/4 Inch	Com 1 Inch	Com 1.5 Inch
3	Water Revenues	$ 5,150,077	$ 3,211,043	$ 14,774	$ 8,099	$ 1,414	$ 168,716	$ 4,425	$ 125,558	$ 194,186
4	Revenue Annualizations	2,328	10,768	(102)	-	-	(2,184)	45	1,302	4,267
5	Misc. Revenues[1]	139,114	123,304	491	116	14	5,501	87	2,036	1,227
6	Reconcilation H-1 to C-1[1]	867	768	3	1	0	34	1	13	8
7	Total Revenues	$ 5,292,386	$ 3,345,883	$ 15,166	$ 8,216	$ 1,429	$ 172,067	$ 4,558	$ 128,909	$ 199,687
9	Operating Expenses[2]	$ 2,852,570	$ 2,021,049	$ 8,638	$ 3,713	$ 754	$ 93,852	$ 2,082	$ 59,788	$ 79,185
10	Depreciation and									
11	Amortization[2]	1,048,124	722,251	3,890	1,427	541	32,451	721	24,801	28,645
12	Property Tax[3]	201,215	127,209	577	312	54	6,542	173	4,901	7,592
13	Income Tax[4]	416,484	154,430	633	1,003	7	13,834	580	14,109	31,187
14	Total Operating Expenses	$ 4,518,393	$ 3,024,939	$ 13,739	$ 6,455	$ 1,356	$ 146,678	$ 3,557	$ 103,598	$ 146,610
15	Operating Income	$ 773,993	$ 320,944	$ 1,428	$ 1,760	$ 72	$ 25,389	$ 1,001	$ 25,310	$ 53,077
16	Interest Expense[5]	111,472	75,285	420	165	60	3,383	78	2,867	3,467
17	Net Income	$ 662,521	$ 245,659	$ 1,007	$ 1,596	$ 12	$ 22,006	$ 923	$ 22,444	$ 49,610

Line No.	Meter Size->	Com 2 Inch	Com 3 Inch	Com 4 Inch	Com 6 Inch	Com 8 Inch	Hydrant 3 Inch	Fire 4 Inch	Fire 6 Inch
21	Water Revenues	$ 1,045,096	$ 190,095	$ 85,975	$ 11,190	$ 16,385	$ 50,361	$ 18,150	$ 4,284
22	Revenue Annualizations	3,216	3,080	(14,463)	-	-	(3,271)	(330)	-
23	Misc. Revenues[1]	3,942	375	43	14	14	202	1,429	303
24	Reconcilation H-1 to C-1[1]	25	2	0	0	0	1	9	2
25	Total Revenues	$ 1,052,278	$ 193,552	$ 71,556	$ 11,204	$ 16,399	$ 47,294	$ 19,258	$ 4,589
27	Operating Expenses[2]	$ 430,411	$ 77,591	$ 24,979	$ 3,891	$ 5,509	$ 21,107	$ 16,383	$ 3,475
28	Depreciation and	0	0	0	0	0	0	0	0
29	Amortization[2]	149,762	27,267	5,586	2,898	4,558	13,875	21,780	7,311
30	Property Tax[3]	40,007	7,359	2,721	426	623	1,798	732	174
31	Income Tax[4]	159,862	30,093	14,510	1,398	1,978	3,410	(7,930)	(2,540)
32	Total Operating Expenses	$ 780,042	$ 142,309	$ 47,795	$ 8,612	$ 12,668	$ 40,191	$ 30,965	$ 8,421
33	Operating Income	$ 272,236	$ 51,243	$ 23,761	$ 2,592	$ 3,731	$ 7,103	$ (11,706)	$ (3,832)
34	Interest Expense[5]	17,935	3,373	680	369	585	1,678	909	208
35	Net Income	$ 254,300	$ 47,870	$ 23,081	$ 2,224	$ 3,146	$ 5,425	$ (12,615)	$ (4,040)

Line No.	Meter Size->	Fire 8 Inch	Blank Blank	Totals
39	Water Revenues	$ 326	$ -	$ 5,150,077
40	Revenue Annualizations	-	-	2,328
41	Misc. Revenues[1]	14	-	139,114
42	Reconcilation H-1 to C-1[1]	0	-	867
43	Total Revenues	$ 341	$ -	$ 5,292,386
45	Operating Expenses[2]	$ 165	$ -	$ 2,852,570
46	Depreciation and			
47	Amortization[2]	360	-	1,048,124
48	Property Tax[3]	13	-	201,215
49	Income Tax[4]	(80)	-	416,484
50	Total Operating Expenses	$ 458	$ -	$ 4,518,393
51	Operating Income	$ (117)	$ -	$ 773,993
52	Interest Expense[5]	10	-	111,472
53	Net Income	$ (128)	$ -	$ 662,521

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Cost of Service Study, Using Commodity Demand Method
Operating Margins at Proposed Rates

Exhibit
Rejoinder Schedule G-2
Page 2
Witness: Bourassa

Line No.			Res 5/8 Inch	Res 3/4 Inch	Res 1 Inch	Res 2 Inch	Com 5/8 Inch	Com 3/4 Inch	Com 1 Inch	Com 1.5 Inch
8	**Rate Base[6]**	$ 7,857,799	$ 5,306,945	$ 29,626	$ 11,614	$ 4,261	$ 238,474	$ 5,487	$ 202,070	$ 244,395
9	**Return on Rate Base[7]**	9.85%	6.05%	4.82%	15.16%	1.69%	10.65%	18.24%	12.53%	21.72%

	Com 2 Inch	Com 3 Inch	Com 4 Inch	Com 6 Inch	Com 8 Inch	Hydrant 3 Inch	Fire 4 Inch	Fire 6 Inch
	$ 1,264,275	$ 237,781	$ 47,936	$ 25,989	$ 41,226	$ 118,292	$ 64,078	$ 14,628
	21.53%	21.55%	49.57%	9.97%	9.05%	6.00%	-18.27%	-26.20%

	Fire 8 Inch	Blank Blank	Totals
	$ 721	$ -	$ 7,857,799
	-16.27%	0.00%	9.85%

	Res 5/8 Inch	Res 3/4 Inch	Res 1 Inch	Res 2 Inch	Com 5/8 Inch	Com 3/4 Inch	Com 1 Inch	Com 1.5 Inch
Percent of Total Customers	88.635%	0.353%	0.083%	0.010%	3.954%	0.062%	1.463%	0.882%

	Com 2 Inch	Com 3 Inch	Com 4 Inch	Com 6 Inch	Com 8 Inch	Hydrant 3 Inch	Fire 4 Inch	Fire 6 Inch
	2.833%	0.270%	0.031%	0.010%	0.010%	0.145%	1.028%	0.218%

	Fire 8 Inch	Blank Blank	Totals
	0.010%	0.000%	100.000%

[1] Allocated based on customer counts.
[2] Operating Expenses and Depreciation computations are shown on Schedule G-4, Page 1.
[3] Property Taxes allocation based on revenues.
[4] Income Tax from Schedule C-1, at Proposed Rates. Income Taxes allocated based on taxable income
[5] Interest Synchronized Interest Expense. Allocation based on Rate Base
[6] Rate Base computations are shown on Schedule G-3, Page 1
[7] Operating Income Divided by Rate Base

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Cost of Service Study Using Commodity / Demand Method
Allocation of Assets to Customer Classes

Exhibit
Rejoinder Schedule G-3
Page 1
Witness: Bourassa

Line No.		Totals	Factor	Res 5/8 Inch	Res 3/4 Inch	Res 1 Inch	Res 2 Inch	Com 5/8 Inch	Com 3/4 Inch	Com 1 Inch	Com 1.5 Inch
1	Plant, Minus Accumulated Depreciation, Advances and Contributions in Aid, Meter Deposits, and Deferred Income Tax (from Schedule G-5, Page 1)										
2	Commodity	$ 481,270	C-1	$ 282,358	$ 868	$ 735	$ 55	$ 14,309	$ 412	$ 10,324	$ 19,624
3	Demand	6,624,903	D-1	4,373,414	26,118	10,242	4,097	195,114	4,609	180,519	217,646
4	Customer	617,320	CS-1	547,163	2,178	513	64	24,411	384	9,034	5,446
5	Service	102,672	S-1	85,367	340	89	19	3,809	60	1,568	1,050
6	Meter	31,634	M-1	18,642	122	35	27	832	22	626	628
7	Totals	$ 7,857,799		$ 5,306,945	$ 29,626	$ 11,614	$ 4,261	$ 238,474	$ 5,487	$ 202,070	$ 244,395
8											
9				Com 2 Inch	Com 3 Inch	Com 4 Inch	Com 6 Inch	Com 8 Inch	Hydrant 3 Inch	Fire 4 Inch	Fire 6 Inch
10			Factor								
11	Commodity		C-1	$ 119,229	$ 21,856	$ 9,123	$ 199	$ 13	$ 2,165	$ -	$ -
12	Demand		D-1	1,118,447	213,038	38,408	25,605	40,969	114,713	50,699	10,754
13	Customer		CS-1	17,491	1,666	192	64	64	897	6,343	1,345
14	Service		S-1	5,090	610	100	50	74	16	3,314	1,043
15	Meter		M-1	4,018	611	113	71	106	502	3,723	1,486
16				$ 1,264,275	$ 237,781	$ 47,936	$ 25,989	$ 41,226	$ 118,292	$ 64,078	$ 14,628
17											
18				Fire 8 Inch	Blank Blank						
19			Factor			Totals					
20	Commodity		C-1	$ -	$ -	$ 481,270					
21	Demand		D-1	512	-	6,624,903					
22	Customer		CS-1	64	-	617,320					
23	Service		S-1	74	-	102,672					
24	Meter		M-1	71	-	31,634					
25				$ 721	$ -	$ 7,857,799					
26											
27				Res 5/8 Inch	Res 3/4 Inch	Res 1 Inch	Res 2 Inch	Com 5/8 Inch	Com 3/4 Inch	Com 1 Inch	Com 1.5 Inch
28											
29											
30	Net Rate Base	$ 7,857,799		$ 5,306,945	$ 29,626	$ 11,614	$ 4,261	$ 238,474	$ 5,487	$ 202,070	$ 244,395
31											
32				Com 2 Inch	Com 3 Inch	Com 4 Inch	Com 6 Inch	Com 8 Inch	Hydrant 3 Inch	Fire 4 Inch	Fire 6 Inch
33											
34											
35				$ 1,264,275	$ 237,781	$ 47,936	$ 25,989	$ 41,226	$ 118,292	$ 64,078	$ 14,628
36											
37				Fire 8 Inch	Blank Blank	0 Totals					
38											
39											
40				$ 721	$ -	$ 7,857,799					
41											
42				Res 5/8 Inch	Res 3/4 Inch	Res 1 Inch	Res 2 Inch	Com 5/8 Inch	Com 3/4 Inch	Com 1 Inch	Com 1.5 Inch
43											
44											
45	Allocation %	100.00%		67.54%	0.38%	0.15%	0.05%	3.03%	0.07%	2.57%	3.11%
46											
47				Com 2 Inch	Com 3 Inch	Com 4 Inch	Com 6 Inch	Com 8 Inch	Hydrant 3 Inch	Fire 4 Inch	Fire 6 Inch
48											
49											
50				16.09%	3.03%	0.61%	0.33%	0.52%	1.51%	0.82%	0.19%
51											
52				Fire 8 Inch	Blank Blank	0 Totals					
53											
54											
55				0.01%	0.00%	100.00%					

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Cost of Service Study, Using Commodity Demand Method
Allocation of Expenses to Customer Classes

Exhibit
Rejoinder Schedule G-4
Page 1
Witness: Bourassa

Line No.	Operation and Maintenance Expense (from Schedule G-6, Page 1)	Totals	Factor	Res 5/8 Inch	Res 3/4 Inch	Res 1 Inch	Res 2 Inch	Com 5/8 Inch	Com 3/4 Inch	Com 1 Inch	Com 1.5 Inch
1	Commodity	$ 1,036,005	C-1	$ 607,818	$ 1,868	$ 1,582	$ 118	$ 30,802	$ 887	$ 22,224	$ 42,244
2	Demand	870,388	D-1	574,585	3,431	1,346	538	25,634	606	23,717	28,595
3	Customer	946,177	CS-1	838,646	3,339	786	98	37,415	589	13,846	8,347
4	Service	-	S-1	-	-	-	-	-	-	-	-
5	Meter	-	M-1	-	-	-	-	-	-	-	-
6	Totals	$ 2,852,570		$ 2,021,049	$ 8,638	$ 3,713	$ 754	$ 93,852	$ 2,082	$ 59,788	$ 79,185
7											
8				Com	Com	Com	Com	Com	Hydrant	Fire	Fire
9			Factor	2 Inch	3 Inch	4 Inch	6 Inch	8 Inch	3 Inch	4 Inch	6 Inch
10											
11	Commodity		C-1	$ 256,659	$ 47,048	$ 19,638	$ 428	$ 28	$ 4,661	$ -	$ -
12	Demand		D-1	146,943	27,989	5,046	3,364	5,383	15,071	6,661	1,413
13	Customer		CS-1	26,809	2,553	295	98	98	1,375	9,722	2,062
14	Service		S-1	-	-	-	-	-	-	-	-
15	Meter		M-1	-	-	-	-	-	-	-	-
16	Totals			$ 430,411	$ 77,591	$ 24,979	$ 3,891	$ 5,509	$ 21,107	$ 16,383	$ 3,475
17											
18				Fire	Blank						
19			Factor	8 Inch	Blank	Totals					
20											
21	Commodity		C-1	$ -	$ -	$ 1,036,005					
22	Demand		D-1	67	-	870,388					
23	Customer		CS-1	98	-	946,177					
24	Service		S-1	-	-	-					
25	Meter		M-1	-	-	-					
26	Totals			$ 165	$ -	$ 2,852,570					

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Cost of Service Study, Using Commodity Demand Method
Allocation of Expenses to Customer Classes

Exhibit
Rejoinder Schedule G-4
Page 1.1
Witness: Bourassa

Line No.			Factor	Res 5/8 Inch	Res 3/4 Inch	Res 1 Inch	Res 2 Inch	Com 5/8 Inch	Com 3/4 Inch	Com 1 Inch	Com 1.5 Inch
1											
2			Factor	Res 5/8 Inch	Res 3/4 Inch	Res 1 Inch	Res 2 Inch	Com 5/8 Inch	Com 3/4 Inch	Com 1 Inch	Com 1.5 Inch
3	Depreciaton Expense on Plant (from Schedule G-6, Page 2)										
4	Commodity	$ 64,270	C-1	$ 37,707	$ 116	$ 98	$ 7	$ 1,911	$ 55	$ 1,379	$ 2,621
5	Demand	666,132	D-1	439,745	2,626	1,030	412	19,619	463	18,151	21,884
6	Customer	153,542	CS-1	136,092	542	127	16	6,072	96	2,247	1,355
7	Service	49,366	S-1	41,046	163	43	9	1,831	29	754	505
8	Meter	114,815	M-1	67,662	443	129	97	3,019	78	2,270	2,281
9	Totals	$ 1,048,124		$ 722,251	$ 3,890	$ 1,427	$ 541	$ 32,451	$ 721	$ 24,801	$ 28,645
10											
11				Com 2 Inch	Com 3 Inch	Com 4 Inch	Com 6 Inch	Com 8 Inch	Hydrant 3 Inch	Fire 4 Inch	Fire 6 Inch
12			Factor	Com 2 Inch	Com 3 Inch	Com 4 Inch	Com 6 Inch	Com 8 Inch	Hydrant 3 Inch	Fire 4 Inch	Fire 6 Inch
13											
14	Commodity		C-1	$ 15,922	$ 2,919	$ 1,218	$ 27	$ 2	$ 289	$ -	$ -
15	Demand		D-1	112,459	21,421	3,862	2,575	4,119	11,534	5,098	1,081
16	Customer		CS-1	4,350	414	48	16	16	223	1,578	335
17	Service		S-1	2,447	293	48	24	36	8	1,593	501
18	Meter		M-1	14,582	2,219	409	257	385	1,821	13,511	5,394
19	Totals			$ 149,762	$ 27,267	$ 5,586	$ 2,898	$ 4,558	$ 13,875	$ 21,780	$ 7,311
20											
21				Fire 8 Inch	Blank Blank						
22			Factor	Fire 8 Inch	Blank Blank	Totals					
23											
24	Commodity		C-1	$ -	$ -	$ 64,270					
25	Demand		D-1	51	-	666,132					
26	Customer		CS-1	16	-	153,542					
27	Service		S-1	36	-	49,366					
28	Meter		M-1	257	-	114,815					
29	Totals			$ 360	$ -	$ 1,048,124					
30											
31				Res 5/8 Inch	Res 3/4 Inch	Res 1 Inch	Res 2 Inch	Com 5/8 Inch	Com 3/4 Inch	Com 1 Inch	Com 1.5 Inch
32	Total Expenses (excluding										
33	Income Tax and										
34	Property Taxes)	$ 3,900,695		$ 2,743,300	$ 12,529	$ 5,140	$ 1,295	$ 126,302	$ 2,803	$ 84,588	$ 107,831
35											
36				Com 2 Inch	Com 3 Inch	Com 4 Inch	Com 6 Inch	Com 8 Inch	Hydrant 3 Inch	Fire 4 Inch	Fire 6 Inch
37											
38											
39				$ 149,762	$ 27,267	$ 5,586	$ 2,898	$ 4,558	$ 13,875	$ 21,780	$ 7,311
40											
41				Fire 8 Inch	Blank Blank						
42											
43											
44				$ 526	$ -	$ 3,900,695					
45											
46	Property Taxes, Allocated on Schedules G-1 & G-2	$ 201,215									
47	Income Tax, Allocated on Schedules G-1 & G-2	416,484									
48	Total Expenses	$ 4,518,393									
49											
50											

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Cost of Service Study, Using Commodity Demand Method
Summary of Allocation of Expenses to Customer Classes

Exhibit
Rejoinder Schedule G-4
Page 2
Witness: Bourassa

Line No.		Totals	Factor	Res 5/8 Inch	Res 3/4 Inch	Res 1 Inch	Res 2 Inch	Com 5/8 Inch	Com 3/4 Inch	Com 1 Inch	Com 1.5 Inch
1	Commodity	$ 1,100,275	C-1	$ 645,525	$ 1,984	$ 1,680	$ 125	$ 32,713	$ 942	$ 23,603	$ 44,864
2	Demand	1,536,520	D-1	1,014,330	6,057	2,375	950	45,253	1,069	41,868	50,479
3	Customer	1,099,719	CS-1	974,738	3,881	913	114	43,487	685	16,093	9,702
4	Service	49,366	S-1	41,046	163	43	9	1,831	29	754	505
5	Meter	114,815	M-1	67,662	443	129	97	3,019	78	2,270	2,281
6											
7											
8	Totals	$ 3,900,695		$ 2,743,300	$ 12,529	$ 5,140	$ 1,295	$ 126,302	$ 2,803	$ 84,588	$ 107,831
9											
10				Com 2 Inch	Com 3 Inch	Com 4 Inch	Com 6 Inch	Com 8 Inch	Hydrant 3 Inch	Fire 4 Inch	Fire 6 Inch
11			Factor								
12											
13	Commodity		C-1	$ 272,581	$ 49,967	$ 20,856	$ 455	$ 30	$ 4,950	$ -	$ -
14	Demand		D-1	259,402	49,410	8,908	5,939	9,502	26,605	11,759	2,494
15	Customer		CS-1	31,160	2,968	342	114	114	1,598	11,300	2,397
16	Service		S-1	2,447	293	48	24	36	8	1,593	501
17	Meter		M-1	14,582	2,219	409	257	385	1,821	13,511	5,394
18											
19	Totals			$ 580,173	$ 104,858	$ 30,565	$ 6,788	$ 10,067	$ 34,982	$ 38,163	$ 10,786
20											
21				Fire 8 Inch	Blank Blank	Totals					
22			Factor								
23											
24			C-1	$ -	$ -	$ -					
25			D-1	-	-	-					
26			CS-1	-	-	-					
27			S-1	-	-	-					
28			M-1	-	-	-					
29											
30				$ -	$ -	$ -					
31											
32				Res 5/8 Inch	Res 3/4 Inch	Res 1 Inch	Res 2 Inch	Com 5/8 Inch	Com 3/4 Inch	Com 1 Inch	Com 1.5 Inch
33											
34	Total Expenses (excluding Income Tax and										
35	Property Taxes)	**$ 3,900,695**		$ 2,743,300	$ 12,529	$ 5,140	$ 1,295	$ 126,302	$ 2,803	$ 84,588	$ 107,831
36											
37				Com 2 Inch	Com 3 Inch	Com 4 Inch	Com 6 Inch	Com 8 Inch	Hydrant 3 Inch	Fire 4 Inch	Fire 6 Inch
38											
39											
40				$ 580,173	$ 104,858	$ 30,565	$ 6,788	$ 10,067	$ 34,982	$ 38,163	$ 10,786
41											
42				Fire 8 Inch	Blank Blank	0 Totals					
43											
44											
45				$ -	$ -	$ -					
46											
47	Property Taxes, Allocated on Schedules G-1 & G-2	$ 201,215									
48	Income Tax, Allocated on Schedules G-1 & G-2	416,484									
49	Total Expenses	**$ 4,518,393**									
50											

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Cost of Service Study, Using Commodity Demand Method
Allocation of Rate Base by Function

Exhibit
Rejoinder Schedule G-5
Page 1
Witness: Bourassa

Line No.		Adjusted	Demand	Commodity	Customer	Meter	Service
1	**Rate Base**						
2	Plant minus (Accumulated Depreciation	$ 7,857,799	$ 6,624,903	$ 481,270	$ 617,320	$ 31,634	$ 102,672
3	Contributions in Aid of Construction						
4	Advances in Aid of Construction,						
5	Meter Deposits and Deferred Income Tax)						
6							
7							
8							
9		7,857,799	6,624,903	481,270	617,320	31,634	102,672
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Allocation of Plant, Less Contributions and Advances in Aid of
Construction , Meter Deposits *and* Accumulated Depreciation to Functions

Exhibit
Rejoinder Schedule G-5
Page 2
Witness: Bourassa

Line No.	Account No.	Description	Original Cost Plant	Accumulated Depreciation	Total Net Plant Values	Factor	Demand	Commodity	Customer	Meter	Service
1	**Intangible**										
2	301	Organization	$ -		$ -	F-6	$ -	$ -	$ -	$ -	$ -
3	302	Franchises	961		961	F-6	961	-	-		
4											
5	**Subtotal Intangible**		961		961		961	-	-	-	-
6											
7	**Source of Supply & Pumping Plant**										
8	303	Land and Land Rights	$ 688,011		$ 688,011	F-6	$ 688,011	$ -	$ -	$ -	$ -
9	304	Structures and Improvements	1,914,771	397,034	1,517,738	F-4	1,517,738	-	-		
10	305	Collecting and Impounding Res.	46,813	2,059	44,754	F-1	40,279	4,475	-		
11	306	Lakes, Rivers, Other Intakes	-	-	-	F-1	-	-	-		
12	307	Wells and Springs	1,298,272	527,041	771,232	F-1	694,108	77,123	-		
13	308	Infiltration Galleries and Tunnels	-	-	-	F-1	-	-	-		
14	309	Supply Mains	3,256	85	3,170	F-1	2,853	317	-		
15	310	Power Generation Equipment	1,293	75	1,218	F-1	1,096	122	-		
16	311	Electric Pumping Equipment	2,327,407	2,018,177	309,230	F-2	278,307	30,923	-		
17	**Subtotal Source of Supply & Pumping Plant**		$ 6,279,824	$ 2,944,471	$ 3,335,353		$ 3,222,393	$ 112,960	$ -	$ -	$ -
18											
19	**Water Treatment**										
20	320	Water Treatment Equipment	$ 83,385	$ 12,825	$ 70,560	F-5	$ 63,504	$ 7,056	$ -	$ -	$ -
21	**Subtotal Water Treatment**		$ 83,385	$ 12,825	$ 70,560		$ 63,504	$ 7,056	$ -	$ -	$ -
22											
23	**Transmission and Distribution Plant**										
24	330	Distribution Reservoirs & Standpipe	$ 2,637,716	$ 775,303	$ 1,862,414	F-3	$ 1,676,173	$ 186,241	$ -	$ -	$ -
25	331	Transmission and Distribution Mains	12,226,889	3,489,236	8,737,653	F-3	7,863,888	873,765	-	-	-
26	333	Services	1,482,462	820,185	662,277	F-8					662,277
27	334	Meters	1,378,333	1,346,699	31,634	F-9				31,634	
28	335	Hydrants	961,896	276,163	685,733	F-10	-	-	685,733		
29	336	Backflow Prevention Devices	-	-	-	F-1	-	-	-		
30	339	Other Plant and Miscellaneous Equip.	114,539	8,753	105,786	F-1	95,208	10,579	-		
31	**Subtotal Transmission and Distribution Plant**		$ 18,801,835	$ 6,716,338	$ 12,085,497		$ 9,635,268	$ 1,070,585	$ 685,733	$ 31,634	$ 662,277
32											
33	**General Plant**										
34	340	Office Furniture and Fixtures	$ 177,672	$ 138,232	$ 39,439	F-12	$ -	$ -	$ 39,439	$ -	$ -
35	340.1	Computer Equipment	160,920	117,738	43,182	F-12	-	-	43,182	-	-
36	341	Transportation Equipment	268,464	248,950	19,514	F-11	4,879	-	14,636		
37	342	Stores Equipment	-	-	-	SF-3			-		-
38	343	Tools and Work Equipment	122,712	122,448	264	SF-3			264		-
39	344	Laboratory Equipment	-	-	-	SF-3			-		
40	345	Power Operated Equipment	31,548	5,882	25,666	SF-3			25,666		
41	346	Communications Equipment	420,744	93,204	327,540	F-13	81,885	-	245,655		

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Allocation of Plant, Less Contributions and Advances in Aid of
Construction , Meter Deposits and Accumulated Depreciation to Functions

Exhibit
Rejoinder Schedule G-5
Page 2.1
Witness: Bourassa

Line No.	Account No.	Description	Original Cost Plant	Accumulated Depreciation	Total Net Plant Values		Demand	Commodity	Customer	Meter	Service
									-		
1	**General Plant Continued**										
2	347	Miscellaneous Equipment	107,306	100,742	6,564	SF-3			6,564		
3	348	Other Tangible Plant	155,378	27,191	128,187	F-1			128,187		
4	**Subtotal General Plant**		$ 1,444,744	$ 854,388	$ 590,357		$ 86,764	$ -	$ 503,593	$ -	$ -
5	Total Plant		$ 26,610,749	$ 10,528,021	$ 16,082,728		$ 13,008,889	$ 1,190,602	$ 1,189,326	$ 31,634	$ 662,277
6											
7	Contributions in Aid of Construction, Net		(542,445)	230,570	(311,875)	F-1	$ (280,687)	$ (31,187)	$ -	$ -	$ -
8	Advances in Aid of Construction		(6,781,443)		(6,781,443)	F-3	(6,103,299)	(678,144)	-	-	-
9	Meter Deposits		(559,605)		(559,605)						(559,605)
10	Deferred Income Tax		(572,006)		(572,006)	SF-3			(572,006)		
11	Deferred Reg Assets		-		-				-		
12	Unamortized Debt Service Costs		-		-				-		
13	Totals		$ 18,155,251	$ 10,758,591	$ 7,857,799		$ 6,624,903	$ 481,270	$ 617,320	$ 31,634	$ 102,672
14	Rate Bases (Plant -(AIAC, CIAC, Meter Deposits & Accum. Depr.)				$ 7,857,799		$ 6,624,903	$ 481,270	$ 617,320	$ 31,634	$ 102,672

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Cost of Service Study, Using Commodity Demand Method
Allocation of Expenses to Functions

Exhibit
Rejoinder Schedule G-6
Page 1
Witness: Bourassa

Line No.	Description		Adjusted	Factor	Demand	Commodity	Customer	Meter	Service	Totals
1	Salaries and Wages[1]		$ -	E-1	$ -	$ -	$ -	$ -	$ -	$ -
2	Purchased Water[1]		708	E-5		708				708
3	Purchased Power[1]		609,459	E-4	-	609,459	-	-	-	609,459
4	Fuel For Power Production[1]		-	E-4	-	-	-	-	-	-
5	Chemicals[1]		5,715	E-9	-	5,715	-	-	-	5,715
6	Materials & Supplies/Repairs & Maintenance[1]		49,998	E-1	44,998	5,000	-	-	-	49,998
7	Outside Services[1]		4,696	E-3	1,878	939	1,878	-	-	4,696
8	Outside Services - Other[1]		41,937	E-3	16,775	8,387	16,775	-	-	41,937
9	Outside Services- Legal[1]		1,580,298	E-3	632,119	316,060	632,119	-	-	1,580,298
10	Water Testing[1]		51,155	E-10	46,039	5,115	-	-	-	51,155
11	Equipment Rent		140	E-11	-	-	140	-	-	140
12	Rents - Building		60,600	E-11	-	-	60,600	-	-	60,600
13	Transportation Expenses[1]		116,419	E-8	29,105	-	87,314	-	-	116,419
14	Insurance - General Liability		59,410	E-8	14,853	-	44,558	-	-	59,410
15	Insurance - Health and Life		7,290	SE-3	-	-	7,290	-	-	7,290
16	Reg. Comm. Exp.		10,628	SE-3	-	-	10,628	-	-	10,628
17	Reg. Comm. Exp. - Rate Case		150,000	SE-3	49,950	49,950	50,100	-	-	150,000
18	Miscellaneous Expense		85,938	SE-3	28,617	28,617	28,703	-	-	85,938
19	Bad Debt Expense		18,178	SE-3	6,053	6,053	6,071	-	-	18,178
20										-
21	Depreciation Expense[2]		1,048,124		666,132	64,270	153,542	114,815	49,366	1,048,124
22	Taxes Other Than Income		-		-	-	-	-	-	-
23	Subtotal		$ 3,900,695							
24										
25		Present Rates	Proposed Rates							-
26	Property Taxes, Allocated on Schedules G-1 & G-2	**201,215**	**201,215**							
27	Income Tax, Allocated on Schedules G-1 & G-2[3]	**(25,846)**	**416,484**							
28										
29	Total	$ 4,076,063	$ 4,518,393		$ 1,536,520	$ 1,100,275	$ 1,099,719	$ 114,815	$ 49,366	**$ 3,900,695**
30										
31										

32 [1] Allocation factors see Schedule G-7, page 2.1.
33 [2] Depreciation allocation computed on Schedule G-6, Page 2.
34 [3] Income Taxes shown at proposed rates.
35
36

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Allocation of Depreciation Expense to Functions

Exhibit
Rejoinder Schedule G-6
Page 2
Witness: Bourassa

Line No.	Account No.	Description	Original Cost	Depreciation Rate	Depreciation Expense	Factor	Total Depr. Expense	Demand	Commodity	Customer	Meter	Service
1	**Intangible**											
2	301	Organization	$ -		$ -							
3	302	Franchises	961		-							
4												
5	**Subtotal Intangible**		$ 961		$ -		$ -	$ -	$ -	$ -	$ -	$ -
6												
7		**Source of Supply & Pumping Plant**										
8	303	Land and Land Rights	$ 688,011	0.000%	$ -		$ -	-	$ -	$ -	$ -	$ -
9	304	Structures and Improvements	1,914,771	3.330%	63,762	F-4	63,762	63,762	-			
10	305	Collecting and Impounding Res.	46,813	2.500%	1,170	F-1	1,170	1,053	117			
11	306	Lakes, Rivers, Other Intakes	-	2.500%	-	F-1	-	-	-			
12	307	Wells and Springs	1,298,272	3.330%	43,232	F-1	43,232	38,909	4,323			
13	308	Infiltration Galleries and Tunnels	-	6.670%	-	F-1	-	-	-			
14	309	Supply Mains	3,256	2.000%	65	F-1	65	59	7			
15	310	Power Generation Equipment	1,293	5.000%	65	F-1	65	58	6			
16	311	Electric Pumping Equipment	2,327,407	12.500%	290,926	F-2	290,926	261,833	29,093			
17	**Subtotal Source of Supply & Pumping Plant**		$ 6,279,824		$ 399,220		$ 399,220	$ 365,675	$ 33,546	$ -	$ -	$ -
18												
19	**Water Treatment**											
20	320	Water Treatment Equipment	83,385	3.330%	2,777	F-5	2,777	2,499	278	-		
21	**Subtotal Water Treatment**		$ 83,385		$ 2,777		$ 2,777	$ 2,499	$ 278	$ -	$ -	$ -
22												
23	**Transmission and Distribution Plant**											
24	330	Distribution Reservoirs & Standpipe	$ 2,637,716	2.220%	$ 58,557	F-3	$ 58,557	$ 52,702	$ 5,856	$ -	$ -	$ -
25	331	Transmission and Distribution Mains	12,226,889	2.000%	244,538	F-3	244,538	220,084	24,454			
26	333	Services	1,482,462	3.330%	49,366	F-8	49,366	-	-	-		49,366
27	334	Meters	1,378,333	8.330%	114,815	F-9	114,815	-	-	-	114,815	
28	335	Hydrants	961,896	2.000%	19,238	F-10	19,238	-	-	19,238		
29	336	Backflow Prevention Devices	-	6.670%	-	F-1	-	-	-	-		
30	339	Other Plant and Miscellaneous Equipment	114,539	6.670%	7,640	F-1	7,640	6,876	764	-		
31	**Subtotal Transmission and Distribution Plant**		$ 18,801,835		$ 494,154		$ 494,154	$ 279,661	$ 31,073	$ 19,238	$ 114,815	$ 49,366
32												
33	**General Plant**											
34	340	Office Furniture and Fixtures	$ 177,672	6.670%	$ 11,851	F-12	$ 11,851	$ -	$ -	$ 11,851		
35	340.1	Computer Equipment*	160,920	20.000%	32,184	F-12	32,184	-	-	32,184		
36	341	Transportation Equipment	268,464	20.000%	53,693	F-11	53,693	13,423	-	40,270		
37	342	Stores Equipment	-	4.000%	-	SF-3	-			-		
38	343	Tools and Work Equipment	122,712	5.000%	6,136	SF-3	6,136			6,136		
39	344	Laboratory Equipment	-	10.000%	-	SF-3	-			-		
40	345	Power Operated Equipment	31,548	5.000%	1,577	SF-3	1,577			1,577		
41	346	Communications Equipment	420,744	10.000%	42,074	F-13	42,074	10,519	-	31,556		

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Allocation of Depreciation Expense to Functions

Exhibit
Rejoinder Schedule G-6
Page 2.1
Witness: Bourassa

Line No.	Account No.	Description	Original Cost	Depreciatior Rate	Depreciation Expense	Factor	Total Depr. Expense	Demand	Commodity	Customer	Meter	Service
1	**General Plant Continued**											
2	347	Miscellaneous Equipment	107,306	10.00%	10,731	SF-3	10,731			10,731		
3	348	Other Tangible Plant	155,378	10.00%	15,538	F-1	15,538	13,984	1,554	-		
4	**Subtotal General Plant**		$ 1,444,744		$ 173,783		$ 173,783	$ 37,926	$ 1,554	$ 134,304	$ -	$ -
5	**Total Plant**		$ 26,610,749		$ 1,069,934		$ 1,069,934	$ 685,761	$ 66,451	$ 153,542	$ 114,815	$ 49,366
6												
7												
8	Less: Amortization of Contributions											
9	Gross Contributions-in-aid of construction		$ (542,445)	4.0207%	$ (21,810)	F-1	$ (21,810)	$ (19,629)	$ (2,181)	$ -		
10					-		-	-	-			
11					-		-					-
12					-		-				-	
13					-		-			-		
14	Total Depreciation Expense		(542,445)		$ 1,048,124		$ 1,048,124	$ 666,132	$ 64,270	$ 153,542	$ 114,815	$ 49,366
15												
16												
17												
18	* Fully Depreciated											
19												

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Summary of Commodity - Demand Method Functions Factors

Exhibit
Rejoinder Schedule G-7
Page 1
Witness: Bourassa

Line No.	Description	Factor	Res 5/8 Inch	Res 3/4 Inch	Res 1 Inch	Res 2 Inch	Com 5/8 Inch	Com 3/4 Inch	Com 1 Inch	Com 1.5 Inch
3	Commodity	C-1	58.669%	0.180%	0.153%	0.011%	2.973%	0.086%	2.145%	4.078%
4	Demand	D-1	66.015%	0.394%	0.155%	0.062%	2.945%	0.070%	2.725%	3.285%
5	Customer	CS-1	88.635%	0.353%	0.083%	0.010%	3.954%	0.062%	1.463%	0.882%
6	Services	S-1	83.145%	0.331%	0.087%	0.018%	3.709%	0.058%	1.527%	1.023%
7	Meters	M-1	58.931%	0.386%	0.112%	0.084%	2.629%	0.068%	1.977%	1.987%

Line No.	Description	Factor	Com 2 Inch	Com 3 Inch	Com 4 Inch	Com 6 Inch	Com 8 Inch	Hydrant 3 Inch	Fire 4 Inch	Fire 6 Inch
12	Commodity	C-1	24.774%	4.541%	1.896%	0.041%	0.003%	0.450%	0.000%	0.000%
13	Demand	D-1	16.882%	3.216%	0.580%	0.387%	0.618%	1.732%	0.765%	0.162%
14	Customer	CS-1	2.833%	0.270%	0.031%	0.010%	0.010%	0.145%	1.028%	0.218%
15	Services	S-1	4.957%	0.594%	0.098%	0.048%	0.073%	0.015%	3.227%	1.015%
16	Meters	M-1	12.701%	1.933%	0.357%	0.224%	0.336%	1.586%	11.768%	4.698%

	Description	Factor	Fire 8 Inch	Blank Blank	Totals
18	Commodity	C-1	0.000%	0.000%	100.000%
19	Demand	D-1	0.008%	0.000%	100.000%
20	Customer	CS-1	0.010%	0.000%	100.000%
21	Services	S-1	0.073%	0.000%	100.000%
22	Meters	M-1	0.224%	0.000%	100.000%

25 SUPPORTING SCHEDULES
26 G-7, page 3

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
COMMODITY - DEMAND METHOD FUNCTION FACTORS
Plant and Depreciation Expense Allocations Functions

Exhibit
Rejoinder Schedule G-7
Page 2
Witness: Bourassa

Line No.	Description	Factor	Total	Demand	Commodity	Customer	Meter	Service
1								
2	Description	Factor	Total	Demand	Commodity	Customer	Meter	Service
3	Wells	F-1	1.00	0.90	0.10			
4	Pumps & Equipment	F-2	1.00	0.90	0.10			
5	Trans. & Dist. Mains	F-3	1.00	0.90	0.10			
6	Structures & Improv.	F-4	1.00	1.00				
7	Water Treatment Equip.	F-5	1.00	0.90	0.10			
8	Land	F-6	1.00	1.00				
9	Customer	F-7	1.00			1.00		
10	Services	F-8	1.00					1.00
11	Meters	F-9	1.00				1.00	
12	Fire Hydrants	F-10	1.00			1.00		
13	Transportation Equip.	F-11	1.00	0.25		0.75		
14	Office Furniture	F-12	1.00			1.00		
15	Communication Equip.	F-13	1.00	0.25		0.75		
16	Specific	SF-1	1.00	1.00				
17	Specific	SF-2	1.00		1.00			
18	Specific	SF-3	1.00			1.00		
19								
20								

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Cost of Service Study, Using Commodity Demand Method
Development Of Expense Allocation Factors

Exhibit
Rejoinder Schedule G-7
Page 2.1
Witness: Bourassa

Line No.	Expense Type	Factor	Total	Demand	Commodity	Customer	Meters	Services
1								
2	Salaries and Wages[8]	E-1	1.00	0.40	0.20	0.40		
3	Repairs and Maintenance[1]	E-2	1.00	0.90	0.10			
4	Oustside Services[2]	E-3	1.00	0.40	0.20	0.40		
5	Purchased Power/Fuel for Power Prod.[3]	E-4	1.00		1.00			
6	Purchased Water[4]	E-5	1.00		1.00			
7	Materials and Supplies	E-6	1.00	0.90	0.10			
8	Rents	E-7	1.00			1.00		
9	Transportation[5]	E-8	1.00	0.25	-	0.75		
10	Chemicals[6]	E-9	1.00		1.00			
11	Water Testing[7]	E-10	1.00	0.90	0.10			
12	Specific	SE-1	1.00	1.00				
13	Specific	SE-2	1.00		1.00			
14	Specific	SE-3	1.00			1.00		
15	Specific	SE-4	1.00				1.00	
16	Specific	SE-5	1.00					1.00
17	Specific	SE-6	1.00	0.33	0.33	0.33		
18								
19	[1] Estimated based on examination of costs in repairs and maintenance and professional judgement.							
20	[2] Estimated based on examination of costs included in contractual services and professional judgement.							
21	[3] 100% related to pumping and water production.							
22	[4] 100% related to pumping and water production.							
23	[5] Based on allocation of transportation equipment. See G-7, page 2.							
24	[6] 100% related to water production.							
25	[7] Based on allocation of well plant and equipment. See G-7, page 2.							
26	[8] The Company does not have recorded salaries and wages expense. See allocation of contractual services.							
27								
28								
29								
30								
31								

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Cost of Service Study, Using Commodity Demand Method
Development of Class Allocation Factors

Exhibit
Rejoinder Schedule G-7
Page 3
Witness: Bourassa

COMMODITY ALLOCATION FACTOR (C-1)

Meter Size	Class	(a) Total Gallons (in 1,000's) In Test Year	Percent of Total
5/8 Inch	Res	664,275	58.67%
3/4 Inch	Res	2,042	0.18%
1 Inch	Res	1,728	0.15%
2 Inch	Res	129	0.01%
5/8 Inch	Com	33,663	2.97%
3/4 Inch	Com	969	0.09%
1 Inch	Com	24,289	2.15%
1.5 Inch	Com	46,167	4.08%
2 Inch	Com	280,498	24.77%
3 Inch	Com	51,419	4.54%
4 Inch	Com	21,462	1.896%
6 Inch	Com	468	0.041%
8 Inch	Com	31	0.003%
3 Inch	Hydrant	5,094	0.450%
4 Inch	Fire	-	0.000%
6 Inch	Fire	-	0.000%
8 Inch	Fire	-	0.000%
Totals		1,132,234	100.00%

DEMAND ALLOCATION FACTOR (D-1)

Meter Size	Class	Number of Meters and/or Services	Equivalent Weight	Equivalent Number of Meters and/or Services	Percent of Total
5/8 Inch	Res	8,540	1.0	8,540	66.01%
3/4 Inch	Res	34	1.5	51	0.39%
1 Inch	Res	8	2.5	20	0.15%
2 Inch	Res	1	8.0	8	0.06%
5/8 Inch	Com	381	1.0	381	2.95%
3/4 Inch	Com	6	1.5	9	0.07%
1 Inch	Com	141	2.5	353	2.72%
1.5 Inch	Com	85	5.0	425	3.29%
2 Inch	Com	273	8.0	2,184	16.88%
3 Inch	Com	26	16.0	416	3.22%
4 Inch	Com	3	25.0	75	0.58%
6 Inch	Com	1	50.0	50	0.39%
8 Inch	Com	1	80.0	80	0.62%
3 Inch	Hydrant	14	16.0	224	1.73%
4 Inch	Fire	99	1.0	99	0.77%
6 Inch	Fire	21	1.0	21	0.16%
8 Inch	Fire	1	1.0	1	0.01%
Totals		9,635		12,937	100.00%

CUSTOMER ALLOCATION FACTOR (CS-1)

Meter Size	Class	Number of Meters	Percent of Total
5/8 Inch	Res	8,540	88.64%
3/4 Inch	Res	34	0.35%
1 Inch	Res	8	0.08%
2 Inch	Res	1	0.01%
5/8 Inch	Com	381	3.95%
3/4 Inch	Com	6	0.06%
1 Inch	Com	141	1.46%
1.5 Inch	Com	85	0.88%
2 Inch	Com	273	2.83%
3 Inch	Com	26	0.27%
4 Inch	Com	3	0.03%
6 Inch	Com	1	0.01%
8 Inch	Com	1	0.01%
3 Inch	Hydrant	14	0.15%
4 Inch	Fire	99	1.03%
6 Inch	Fire	21	0.22%
8 Inch	Fire	1	0.01%
Totals		9,635	100.00%

SERVICES ALLOCATION FACTOR (S-1) (b)

Meter Size	Class	Number of Services	Installation Cost	Weighted Number Services	Percent of Total
5/8 Inch	Res	8,540	$ 445.00	3,800,300	83.15%
3/4 Inch	Res	34	445.00	15,130	0.33%
1 Inch	Res	8	495.00	3,960	0.09%
2 Inch	Res	1	830.00	830	0.02%
5/8 Inch	Com	381	445.00	169,545	3.71%
3/4 Inch	Com	6	445.00	2,670	0.06%
1 Inch	Com	141	495.00	69,795	1.53%
1.5 Inch	Com	85	550.00	46,750	1.02%
2 Inch	Com	273	830.00	226,590	4.96%
3 Inch	Com	26	1,045.00	27,170	0.59%
4 Inch	Com	3	1,490.00	4,470	0.10%
6 Inch	Com	1	2,210.00	2,210	0.05%
8 Inch	Com	1	3,315.00	3,315	0.07%
3 Inch	Hydrant	14	50.00	700	0.02%
4 Inch	Fire	99	1,490.00	147,510	3.23%
6 Inch	Fire	21	2,210.00	46,410	1.02%
8 Inch	Fire	1	3,315.00	3,315	0.07%
Totals		9,635		4,570,670	100.00%

METER ALLOCATION FACTOR (M-1) (b)

Meter Size	Class	Number of Meters	Meter Cost	Weighted Dollars of Meters	Percent of Total
5/8 Inch	Res	8,540	$ 155.00	1,323,700	58.93%
3/4 Inch	Res	34	255.00	8,670	0.39%
1 Inch	Res	8	315.00	2,520	0.11%
2 Inch	Res	1	1,890.00	1,890	0.08%
5/8 Inch	Com	381	155.00	59,055	2.63%
3/4 Inch	Com	6	255.00	1,530	0.07%
1 Inch	Com	141	315.00	44,415	1.98%
1.5 Inch	Com	85	525.00	44,625	1.99%
2 Inch	Com	273	1,045.00	285,285	12.70%
3 Inch	Com	26	1,670.00	43,420	1.93%
4 Inch	Com	3	2,670.00	8,010	0.36%
6 Inch	Com	1	5,025.00	5,025	0.22%
8 Inch	Com	1	7,537.50	7,538	0.34%
3 Inch	Hydrant	14	2,545.00	35,630	1.59%
4 Inch	Fire	99	2,670.00	264,330	11.77%
6 Inch	Fire	21	5,025.00	105,525	4.70%
8 Inch	Fire	1	5,025.00	5,025	0.22%
Totals		9,635		2,246,193	100.00%

(a) Includes customer and gallon sold annualization.
(b) Meter and Service Line cost from Arizona Corporation Commission Memo of February 21, 2008 from Marlin Scott, Jr.. Meter costs based on compound meters. Cost of service line and meter is based on costs allowed for a compound meter installation.

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Cost of Service Study Using Commodity / Demand Method
Computation of Monthly Minimums for Customer, Service, Meter
Using Function Costs and Expenses

Exhibit
Rejoinder Schedule G-8
Page 1
Witness: Bourassa

Line No.						Customer	Service	Meter
1	Return on Rate Base	9.85%				60,806	3,116	10,113
2	Misc. Revenues					768		
3	Customer, Services and Meter Expenses (From Sch. G-6. Page 1)					1,099,719	49,366	114,815
4	Property Taxes					201,215		
5	Income Taxes					416,484		
6	Total Revenue Requirement / Customer, Meter & Service (Line 13+15+16+17)					1,778,992	52,482	124,928
7								
8	**Customer Charge**							
9	Number of Bills =	9,635	times	12		115,620		
10								
11	**Charge per Bill**					$ 15.39		
12	(Customer Revenue Requirement divided by Annualized Number of Bills)							
13								
14	**Service Line and Meter Charge**							
15	Equivalent 5/8 Meters		12,937	times	12		155,238	155,238
16								
17	**Charge per Equivalent Meter**						$ 0.34	$ 0.80
18								
19								
20	**CUSTOMER CHARGE:**							
21	Monthly Minimum for 5/8 Inch Meter (with no water included in Minimum or Demand Charge)							
22	Charge per Bill						$ 15.39	
23	Charge per Equivalent Service Line						0.34	
24	Charge per Equivalent Meter						0.80	
25	(Service and Meter Revenue Requirement divided by Annual Equivalent Meters)							
26	Monthly Minimum for 5/8 Inch Meter, **WITHOUT** Demand Charge Included						$ 16.53	

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Cost of Service Study Using Commodity / Demand Method
Computation of Monthly Minimums for Demand Charge

Exhibit
Rejoinder Schedule G-8
Page 2
Witness: Bourassa

Line No.	**DEMAND CHARGE:**		
1			
2	Return on Rate Base 9.85%		652,553
3	Demand Expenses, from Schedule G-6, Page 1		1,536,520
4			
5	Totals		2,189,073
6	Total Revenue Requirement / Demand Component		
7	Equivalent Number of 5/8 Meters billings		150,246
8	Demand Charge for 5/8 Inch Meter		$ 14.57
9			
10		5/8" Demand	Meter	Demand
11	Demand Charge Per Equivalent	Charge	Ratio	Charge
12	5/8 Inch Meter	$ 14.57	1.0	$ 14.57
13	3/4 Inch Meter	$ 14.57	1.5	$ 21.85
14	1 Inch Meter	$ 14.57	2.5	$ 36.42
15	1 1/2 Inch Meter	$ 14.57	5.0	$ 72.85
16	2 Inch Meter	$ 14.57	8.0	$ 116.56
17	3 Inch Meter	$ 14.57	16.0	$ 233.12
18	4 Inch Meter	$ 14.57	25.0	$ 364.25
19	6 Inch Meter	$ 14.57	50.0	$ 728.50
20				
21				

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Cost of Service Study Using Commodity / Demand Method
Computation Demand Charge and Commodity

Exhibit
Rejoinder Schedule G-8
Page 3
Witness: Bourassa

Line No.			Commodity	Customer	Service	Meter	Demand
1	Return on Rate Base	9.85%	47,405	60,806	10,113	3,116	652,553
2	Less: Miscellaneous Revenues			(139,114)			
3							
4	Expenses (From Sch. G-6. Page 1)		1,100,275	1,099,719	49,366	114,815	1,536,520
5	Property taxes			201,215			
6	Income Taxes			416,484			
7	Total Revenue Requirement by function		1,147,680	1,639,109	59,479	117,931	2,189,073
8	Gallons Sold (in 1,000's)(Zero Gallons in Minimum) (G-7, page 3)		1,132,234				
9	Computed Commodity Rate		$ 1.0136				
10	Annualized Number of Bills			115,620			
11	Equivalent Meters and Service Lines				155,238	155,238	155,238
12	Customer Charge (line 18 divided by line 21)			$ 14.18			
13	Meter, Service Line & Demand Charge (Line 18 divided by Line 22)				$ 0.38	$ 0.76	$ 14.10
14	Total Monthly Minimum Charge for a 5/8 Inch Meter (Sum of Customer,						
15	Service Line, Meter and Demand Charge on Lines 23 & Line 24)						$ 29.42
16							
17							

	Monthly Minimum	5/8" Monthly Minimum	Meter Ratio	Demand Charge
19	5/8 Inch Meter	$ 29.42	1.0	$ 29.42
20	3/4 Inch Meter	$ 29.42	1.5	$ 44.13
21	1 Inch Meter	$ 29.42	2.5	$ 73.55
22	1 1/2 Inch Meter	$ 29.42	5.0	$ 147.10
23	2 Inch Meter	$ 29.42	8.0	$ 235.37
24	3 Inch Meter	$ 29.42	16.0	$ 470.73
25	4 Inch Meter	$ 29.42	25.0	$ 735.52
26	6 Inch Meter	$ 29.42	50.0	$ 1,471.05
27	8 Inch Meter	$ 29.42	80.0	$ 2,353.67

28
29
30
31

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Cost of Service Study Using Commodity / Demand Method
Computation Demand Charge and Commodity

Exhibit
Rejoinder Schedule G-8
Page 4
Witness: Bourassa

Line No.					
1	**Single Tier Rate Design with Some Customer and Demand Costs recovered via the Commodity Rate**				
2					
3	Revenue Requirements Collected via Commodity Charge				
4		Total		Portion of	
5		Rev. Req.	%	Rev. Req.	
6	Customer, Service, and Meter Costs	$ 1,816,520	45%	$ 817,434	
7	Demand Costs	2,189,073	45%	985,083	
8	Commodity Costs	1,147,680	100%	1,147,680	
9	Total Costs to be Collected via Commodity			$ 2,950,196	
10	Gallons Sold			1,132,234	
11					
12	Commodity Charge (per 1,000 gallons)			$ 2.606	
13					
14	Revenue Requirement Collected				
15					
16	Monthly Minimum 5/8 Meter				
17	Total Revenue Requirement			$ 5,153,272	
18	Less: Portion of Revenue Requirement Collected via Commodity Charge			(2,950,196)	
19	Balance to be Recovered through Monthly Minimum			$ 2,203,076	42.75%
20					
21	Number of Equivalent 5/8 Inch Meter Billings			155,238	
22					
23	Computed Monthly Minimum 5/8 Inch Meter			$ 14.19	
24					
25					
26		5/8"	Meter	Monthly	
27	Meter Size	Minimum	Ratio	Minimum	
28	5/8 Inch Meter	$ 14.19	1.0	$ 14.19	
29	3/4 Inch Meter	$ 14.19	1.5	$ 21.29	
30	1 Inch Meter	$ 14.19	2.5	$ 35.48	
31	1 1/2 Inch Meter	$ 14.19	5.0	$ 70.96	
32	2 Inch Meter	$ 14.19	8.0	$ 113.53	
33	3 Inch Meter	$ 14.19	16.0	$ 227.07	
34	4 Inch Meter	$ 14.19	25.0	$ 354.79	
35	6 Inch Meter	$ 14.19	50.0	$ 709.58	
36	8 Inch Meter	$ 14.19	80.0	$ 1,135.33	
37	10 Inch Meter				
38					

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Comparison of Proposed Rates to Computed Costs
For a 5/8 Inch Residential Meter

Exhibit
Rejoinder Schedule G-9
Page 1
Witness: Bourassa

Column Number-->		(1)	(2)		(3)	(4)	(5)	(6)	(7)	(8)	(9)
		Revenues									(Col. 2 - Col. 8) Total Revenues minus Total Charges & Costs
Line No.	Water Usage	Monthly Minimum	Commodity	Total	Demand Charges	Customer Charges	Service Line Charges	Meter Charges	Commodity Charges	Total Charges & Costs	
1	0	$ 17.00	$ -	$ 17.00	$ 14.10	$ 14.18	$ 0.38	$ 0.76	0	$ 29.42	$ (12.42)
2	1,000	17.00	1.81	18.81	14.10	14.18	0.38	0.76	1.014	30.43	(11.62)
3	2,000	17.00	3.63	20.63	14.10	14.18	0.38	0.76	2.027	31.45	(10.82)
4	3,000	17.00	5.44	22.44	14.10	14.18	0.38	0.76	3.041	32.46	(10.02)
5	4,000	17.00	7.26	24.26	14.10	14.18	0.38	0.76	4.055	33.48	(9.22)
6	5,000	17.00	9.67	26.67	14.10	14.18	0.38	0.76	5.068	34.49	(7.81)
7	6,000	17.00	12.09	29.09	14.10	14.18	0.38	0.76	6.082	35.50	(6.41)
8	7,000	17.00	14.50	31.50	14.10	14.18	0.38	0.76	7.095	36.52	(5.01)
9	8,000	17.00	16.92	33.92	14.10	14.18	0.38	0.76	8.109	37.53	(3.61)
10	9,000	17.00	19.33	36.33	14.10	14.18	0.38	0.76	9.123	38.54	(2.21)
11	10,000	17.00	21.75	38.75	14.10	14.18	0.38	0.76	10.136	39.56	(0.81)
12	12,000	17.00	27.68	44.68	14.10	14.18	0.38	0.76	12.164	41.58	3.09
13	14,000	17.00	33.61	50.61	14.10	14.18	0.38	0.76	14.191	43.61	7.00
14	16,000	17.00	39.54	56.54	14.10	14.18	0.38	0.76	16.218	45.64	10.90
15	18,000	17.00	45.47	62.47	14.10	14.18	0.38	0.76	18.246	47.67	14.80
16	20,000	17.00	51.40	68.40	14.10	14.18	0.38	0.76	20.273	49.69	18.70
17	25,000	17.00	66.22	83.22	14.10	14.18	0.38	0.76	25.341	54.76	28.46
18	30,000	17.00	81.05	98.05	14.10	14.18	0.38	0.76	30.409	59.83	38.22
19	35,000	17.00	95.87	112.87	14.10	14.18	0.38	0.76	35.477	64.90	47.97
20	40,000	17.00	110.69	127.69	14.10	14.18	0.38	0.76	40.546	69.97	57.73
21	45,000	17.00	125.52	142.52	14.10	14.18	0.38	0.76	45.614	75.03	67.48
22	50,000	17.00	140.34	157.34	14.10	14.18	0.38	0.76	50.682	80.10	77.24
23	60,000	17.00	169.99	186.99	14.10	14.18	0.38	0.76	60.819	90.24	96.75
24	70,000	17.00	199.64	216.64	14.10	14.18	0.38	0.76	70.955	100.38	116.27
25	80,000	17.00	229.29	246.29	14.10	14.18	0.38	0.76	81.091	110.51	135.78
26	90,000	17.00	258.94	275.94	14.10	14.18	0.38	0.76	91.228	120.65	155.29
27	100,000	17.00	288.59	305.59	14.10	14.18	0.38	0.76	101.364	130.79	174.80

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Comparison of Proposed Rates to Computed Costs
For a 3/4 Inch Residential Meter

Exhibit
Rejoinder Schedule G-9
Page 2
Witness: Bourassa

Column Number-->		(1)	(2)		(3)	(4)	(5)	(6)	(7)	(8)	(9)
		Revenues									(Col. 2 - Col. 8) Total Revenues minus Total Charges & Costs
Line No.	Water Usage	Monthly Minimum	Commodity	Total	Demand Charges	Customer Charges	Service Line Charges	Meter Charges	Commodity Charges	Total Charges & Costs	
1	0	$ 25.50	$ -	$ 25.50	$ 21.15	$ 21.27	$ 0.57	$ 1.14	0	$ 44.13	$ (18.63)
2	1,000	25.50	1.81	27.31	21.15	21.27	0.57	1.14	1.014	45.15	(17.83)
3	2,000	25.50	3.63	29.13	21.15	21.27	0.57	1.14	2.027	46.16	(17.03)
4	3,000	25.50	5.44	30.94	21.15	21.27	0.57	1.14	3.041	47.17	(16.23)
5	4,000	25.50	7.26	32.76	21.15	21.27	0.57	1.14	4.055	48.19	(15.43)
6	5,000	25.50	9.67	35.17	21.15	21.27	0.57	1.14	5.068	49.20	(14.03)
7	6,000	25.50	12.09	37.59	21.15	21.27	0.57	1.14	6.082	50.21	(12.62)
8	7,000	25.50	14.50	40.00	21.15	21.27	0.57	1.14	7.095	51.23	(11.22)
9	8,000	25.50	16.92	42.42	21.15	21.27	0.57	1.14	8.109	52.24	(9.82)
10	9,000	25.50	19.33	44.83	21.15	21.27	0.57	1.14	9.123	53.25	(8.42)
11	10,000	25.50	21.75	47.25	21.15	21.27	0.57	1.14	10.136	54.27	(7.02)
12	12,000	25.50	27.68	53.18	21.15	21.27	0.57	1.14	12.164	56.30	(3.12)
13	14,000	25.50	33.61	59.11	21.15	21.27	0.57	1.14	14.191	58.32	0.79
14	16,000	25.50	39.54	65.04	21.15	21.27	0.57	1.14	16.218	60.35	4.69
15	18,000	25.50	45.47	70.97	21.15	21.27	0.57	1.14	18.246	62.38	8.59
16	20,000	25.50	51.40	76.90	21.15	21.27	0.57	1.14	20.273	64.40	12.49
17	25,000	25.50	66.22	91.72	21.15	21.27	0.57	1.14	25.341	69.47	22.25
18	30,000	25.50	81.05	106.55	21.15	21.27	0.57	1.14	30.409	74.54	32.01
19	35,000	25.50	95.87	121.37	21.15	21.27	0.57	1.14	35.477	79.61	41.76
20	40,000	25.50	110.69	136.19	21.15	21.27	0.57	1.14	40.546	84.68	51.52
21	45,000	25.50	125.52	151.02	21.15	21.27	0.57	1.14	45.614	89.75	61.27
22	50,000	25.50	140.34	165.84	21.15	21.27	0.57	1.14	50.682	94.81	71.03
23	60,000	25.50	169.99	195.49	21.15	21.27	0.57	1.14	60.819	104.95	90.54
24	70,000	25.50	199.64	225.14	21.15	21.27	0.57	1.14	70.955	115.09	110.05
25	80,000	25.50	229.29	254.79	21.15	21.27	0.57	1.14	81.091	125.22	129.57
26	90,000	25.50	258.94	284.44	21.15	21.27	0.57	1.14	91.228	135.36	149.08
27	100,000	25.50	288.59	314.09	21.15	21.27	0.57	1.14	101.364	145.50	168.59

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Comparison of Proposed Rates to Computed Costs
For a 1 Inch Residential Meter

Exhibit
Rejoinder Schedule G-9
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Witness: Bourassa

Column Number-->		(1)	(2)		(3)	(4)	(5)	(6)	(7)	(8)	(9)
		Revenues									(Col. 2 - Col. 8) Total Revenues minus Total Charges & Costs
Line No.	Water Usage	Monthly Minimum	Commodity	Total	Demand Charges	Customer Charges	Service Line Charges	Meter Charges	Commodity Charges	Total Charges & Costs	
1	0	$ 38.25	$ -	$ 38.25	$ 35.25	$ 35.44	$ 0.96	$ 1.90	0	$ 73.55	$ (35.30)
2	1,000	38.25	2.11	40.36	35.25	35.44	0.96	1.90	1.014	74.57	(34.20)
3	2,000	38.25	4.23	42.48	35.25	35.44	0.96	1.90	2.027	75.58	(33.10)
4	3,000	38.25	6.34	44.59	35.25	35.44	0.96	1.90	3.041	76.59	(32.00)
5	4,000	38.25	8.46	46.71	35.25	35.44	0.96	1.90	4.055	77.61	(30.90)
6	5,000	38.25	10.57	48.82	35.25	35.44	0.96	1.90	5.068	78.62	(29.80)
7	6,000	38.25	12.69	50.94	35.25	35.44	0.96	1.90	6.082	79.63	(28.69)
8	7,000	38.25	14.80	53.05	35.25	35.44	0.96	1.90	7.095	80.65	(27.59)
9	8,000	38.25	16.92	55.17	35.25	35.44	0.96	1.90	8.109	81.66	(26.49)
10	9,000	38.25	19.03	57.28	35.25	35.44	0.96	1.90	9.123	82.68	(25.39)
11	10,000	38.25	21.15	59.40	35.25	35.44	0.96	1.90	10.136	83.69	(24.29)
12	12,000	38.25	26.98	65.23	35.25	35.44	0.96	1.90	12.164	85.72	(20.49)
13	14,000	38.25	32.81	71.06	35.25	35.44	0.96	1.90	14.191	87.74	(16.69)
14	16,000	38.25	38.64	76.89	35.25	35.44	0.96	1.90	16.218	89.77	(12.88)
15	18,000	38.25	44.47	82.72	35.25	35.44	0.96	1.90	18.246	91.80	(9.08)
16	20,000	38.25	50.30	88.55	35.25	35.44	0.96	1.90	20.273	93.83	(5.28)
17	25,000	38.25	64.87	103.12	35.25	35.44	0.96	1.90	25.341	98.89	4.23
18	30,000	38.25	79.45	117.70	35.25	35.44	0.96	1.90	30.409	103.96	13.73
19	35,000	38.25	94.02	132.27	35.25	35.44	0.96	1.90	35.477	109.03	23.24
20	40,000	38.25	108.59	146.84	35.25	35.44	0.96	1.90	40.546	114.10	32.75
21	45,000	38.25	123.17	161.42	35.25	35.44	0.96	1.90	45.614	119.17	42.25
22	50,000	38.25	137.74	175.99	35.25	35.44	0.96	1.90	50.682	124.23	51.76
23	60,000	38.25	166.89	205.14	35.25	35.44	0.96	1.90	60.819	134.37	70.77
24	70,000	38.25	196.04	234.29	35.25	35.44	0.96	1.90	70.955	144.51	89.78
25	80,000	38.25	225.19	263.44	35.25	35.44	0.96	1.90	81.091	154.64	108.80
26	90,000	38.25	254.34	292.59	35.25	35.44	0.96	1.90	91.228	164.78	127.81
27	100,000	38.25	283.49	321.74	35.25	35.44	0.96	1.90	101.364	174.92	146.82

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Exhibit
Rejoinder Schedule H-1
Page 1
Witness: Bourassa

Line No.	Meter Size	Class	Division	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues
1	5/8x3/4 Inch	Residential	Bella Vista	$ 2,139,103	$ 2,811,386	$ 672,283	31.43%	53.23%	54.59%
	5/8x3/4 Inch	Residential	Northern Sunrise	189,511	123,860	(65,651)	-34.64%	4.72%	2.41%
	5/8x3/4 Inch	Residential	Southern Sunrise	423,617	275,797	(147,820)	-34.89%	10.54%	5.36%
2	3/4 Inch	Residential	Bella Vista	11,182	13,831	2,649	23.69%	0.28%	0.27%
	3/4 Inch	Residential	Northern Sunrise	1,344	943	(401)	-29.82%	0.03%	0.02%
3	1 Inch	Residential	Bella Vista	5,821	8,099	2,278	39.14%	0.14%	0.16%
4	2 Inch	Residential	Bella Vista	725	1,414	690	95.17%	0.02%	0.03%
5									
6		Subtotal		2,771,302	3,235,331	464,029	16.74%	68.96%	62.82%
7									
8	5/8 Inch	Commercial	Bella Vista	$ 124,380	$ 168,716	$ 44,336	35.65%	3.09%	3.28%
9	3/4 Inch	Commercial	Bella Vista	3,382	4,425	1,043	30.83%	0.08%	0.09%
10	1 Inch	Commercial	Bella Vista	89,928	124,652	34,724	38.61%	2.24%	2.42%
	1 Inch	Commercial	Southern Sunrise	1,657	905	(752)	-45.36%	0.04%	0.02%
11	1.5 Inch	Commercial	Bella Vista	115,753	194,186	78,432	67.76%	2.88%	3.77%
12	2 Inch	Commercial	Bella Vista	651,968	1,042,965	390,997	59.97%	16.22%	20.25%
	2 Inch	Commercial	Southern Sunrise	4,422	2,131	(2,291)	-51.82%	0.11%	0.04%
13	3 Inch	Commercial	Bella Vista	131,628	190,095	58,467	44.42%	3.28%	3.69%
14	4 Inch	Commercial	Bella Vista	56,353	85,975	29,623	52.57%	1.40%	1.67%
15	6 Inch	Commercial	Bella Vista	12,229	11,190	(1,040)	-8.50%	0.30%	0.22%
16	8 Inch	Commercial	Bella Vista	15,578	16,385	807	5.18%	0.39%	0.32%
17									
18		Subtotal		$ 1,207,278	$ 1,841,625	$ 634,346	52.54%	30.04%	35.76%
19									
20									
21	3 Inch	Hydrant	Bella Vista	$ 31,719	$ 50,361	18,642	58.77%	0.79%	0.98%
22									
23	4 Inch	Fire Sprinkler	Bella Vista	6,050	18,150	12,100	200.00%	0.15%	0.35%
24	6 Inch	Fire Sprinkler	Bella Vista	2,394	4,284	1,890	78.95%	0.06%	0.08%
25	8 Inch	Fire Sprinkler	Bella Vista	155	326	171	110.04%	0.00%	0.01%
26									
27		Subtotal		$ 8,599	$ 22,760	$ 14,161	164.67%	0.21%	0.44%
28									
29									
30									
31	Total Revenues Before Annualization			$ 4,018,899	$ 5,150,077	$ 1,131,178	28.15%	100.00%	100.00%
32									

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Exhibit
Rejoinder Schedule H-1
Page 2
Witness: Bourassa

Line No.	Meter Size	Class	Division	Present Revenues	Revenue Annualization: Proposed Revenues	Revenue Annualization: Dollar Change	Revenue Annualization: Percent Change	Revenue Annualization: Additional Bills	Revenue Annualization: Additional Gallons to be Pumped (In 1,000's)	
1										
2										
3										
4										
5	5/8x3/4 Inch	Residential	Bella Vista	$ 7,889	$ 10,526	2,637	33.42%	340	2,303	C-2, pg 5.1
	5/8x3/4 Inch	Residential	Northern Sunrise	(2,465)	(1,640)	824	0.00%	(56)	(341)	C-2, pg 5.2
	5/8x3/4 Inch	Residential	Southern Sunrise	2,872	1,882	(990)	-34.46%	68	368	C-2, pg 5.3
6	3/4 Inch	Residential	Bella Vista	(81)	(102)	(21)	0.00%	(3)	(14)	C-2, pg. 5.4
	3/4 Inch	Residential	Northern Sunrise	-	-	-	0.00%	-	-	C-2, pg. 5.5
7	1 Inch	Residential	Bella Vista	-	-	-	0.00%	-	-	C-2, pg. 5.6
8	2 Inch	Residential	Bella Vista	-	-	-	0.00%	-	-	C-2, pg. 5.7
9										
10		Subtotal		$ 8,215	$ 10,666	2,451	29.84%	349	2,317	
11										
12	5/8 Inch	Commercial	Bella Vista	$ (1,504)	$ (2,184)	(679)	0.00%	(61)	(460)	C-2, pg. 5.8
13	3/4 Inch	Commercial	Bella Vista	33	45	12	37.23%	1	8	C-2, pg. 5.9
14	1 Inch	Commercial	Bella Vista	727	1,038	311	42.69%	14	211	C-2, pg. 5.10
	1 Inch	Commercial	Southern Sunrise	464	264	(199)	-43.01%	5	35	C-2, pg. 5.11
15	1.5 Inch	Commercial	Bella Vista	2,625	4,267	1,642	62.53%	21	1,057	C-2, pg. 5.12
16	2 Inch	Commercial	Bella Vista	2,102	3,216	1,114	53.00%	9	933	C-2, pg. 5.13
	2 Inch	Commercial	Southern Sunrise	-	-	-	0.00%	-	-	C-2, pg. 5.14
17	3 Inch	Commercial	Bella Vista	2,174	3,080	906	41.69%	5	840	C-2, pg. 5.15
18	4 Inch	Commercial	Bella Vista	(9,694)	(14,463)	(4,769)	0.00%	(8)	(4,416)	C-2, pg. 5.16
19	6 Inch	Commercial	Bella Vista	-	-	-	0.00%	-	-	
20	8 Inch	Commercial	Bella Vista	-	-	-	0.00%	-	-	
21						-				
22		Subtotal		$ (3,074)	$ (4,737)	3,239	-105.36%	(14)	(1,794)	
23										
24										
25	3 Inch	Hydrant	Bella Vista	$ (2,036)	$ (3,271)	(1,235)	0.00%	(12)	(333)	C-2, pg. 5.17
26										
27	4 Inch	Fire Sprinkler	Bella Vista	(110)	(330)	(220)	0.00%	(22)	-	C-2, pg. 5.18
28	6 Inch	Fire Sprinkler	Bella Vista	-	-	-	0.00%	-	-	
29	8 Inch	Fire Sprinkler	Bella Vista	-	-	-	0.00%	-	-	
30										
31		Subtotal		$ (110)	$ (330)	$ (220)	200.00%	(22)	-	
32										
33										
34										
35										
36	Total Revenue Annualization			$ 2,995	$ 2,328	$ 4,235	141.42%	301	190	
37										

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Exhibit
Rejoinder Schedule H-1
Page 3
Witness: Bourassa

Line No.		Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues
1							
2							
3	Subtotal Metered Revenues	$ 4,018,899	$ 5,150,077	$ 1,131,178	28.15%	100.00%	100.00%
4	Subtotal Revenue Annualization	2,995	2,328	(667)	-22.27%	0.07%	0.05%
5	Total Metered Revenues	$ 4,021,894	$ 5,152,405	$ 1,130,511	28.11%		
6							
7	Misc. Revenues	$ 139,114	$ 139,114	-	0.00%	3.46%	2.70%
8	Reconciling Amount to GL	1,128	867	(261)	-23.14%	0.03%	0.02%
9	Total Water Revenues	$ 4,162,136	$ 5,292,386	$ 1,130,250	27.16%	0.00%	0.00%
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30							
31							
32							
33							
34							
35							

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Customer Summary

Exhibit
Rejoinder Schedule H-2
Page 1
Witness: Bourassa

Line No.	Meter Size, Class		Division	(a) Average Number of Customers at 3/31/2009	Average Consumption	Average Bill Present Rates	Average Bill Proposed Rates	Proposed Increase Dollar Amount	Proposed Increase Percent Amount
1	5/8x3/4 Inch	Residential	Bella Vista	7,377	6,612	$ 22.90	$ 30.57	$ 7.67	33.50%
2	5/8x3/4 Inch	Residential	Northern Sunrise	348	5,755	43.08	28.50	(14.58)	-33.84%
3	5/8x3/4 Inch	Residential	Southern Sunrise	786	5,581	42.60	28.08	(14.52)	-34.09%
4	3/4 Inch	Residential	Bella Vista	33	4,539	27.10	34.06	6.96	25.68%
5	3/4 Inch	Residential	Northern Sunrise	1	20,334	110.55	77.89	(32.66)	-29.55%
6	1 Inch	Residential	Bella Vista	8	18,005	57.53	82.73	25.20	43.81%
7	2 Inch	Residential	Bella Vista	1	10,709	57.89	117.85	59.96	103.57%
8		Subtotal		8,554					
9									
10	5/8 Inch	Commercial	Bella Vista	386	7,365	$ 24.32	$ 35.27	$ 10.95	45.02%
11	3/4 Inch	Commercial	Bella Vista	6	13,542	43.69	61.77	18.08	41.38%
12	1 Inch	Commercial	Bella Vista	138	14,485	50.88	72.47	21.60	42.45%
13	1 Inch	Commercial	Southern Sunrise	2	4,448	86.40	47.66	(38.74)	-44.84%
14	1.5 Inch	Commercial	Bella Vista	83	45,156	115.24	188.12	72.88	63.24%
15	2 Inch	Commercial	Bella Vista	271	85,760	199.74	305.18	105.44	52.79%
16	2 Inch	Commercial	Southern Sunrise	1	34,624	367.78	168.42	(199.36)	-54.21%
17	3 Inch	Commercial	Bella Vista	26	164,752	428.68	606.63	177.95	41.51%
18	4 Inch	Commercial	Bella Vista	4	588,148	1,280.00	1,913.12	633.13	49.46%
19	6 Inch	Commercial	Bella Vista	1	39,001	1,019.11	932.48	(86.63)	-8.50%
20	8 Inch	Commercial	Bella Vista	1	2,542	1,297.47	1,365.38	67.91	5.23%
21		Subtotal		918					
22									
23	3 Inch	Hydrant	Bella Vista	15	30,148	$ 174.28	$ 279.78	$ 105.50	60.54%
24									
25	4 Inch	Fire Sprinkler	Bella Vista	101	-	$ 5.00	$ 15.00	$ 10.00	200.00%
26	6 Inch	Fire Sprinkler	Bella Vista	21	-	9.50	17.00	7.50	78.95%
27	8 Inch	Fire Sprinkler	Bella Vista	1	-	12.95	27.20	14.25	110.04%
28		Subtotal		123					
29									
30									
31									
32		Total		9,610					
33									

34 **(a)** Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.
35

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Customer Summary

Exhibit
Rejoinder Schedule H-2
Page 2
Witness: Bourassa

Line No.	Meter Size, Class		Division	(a) Average Number of Customers at 3/31/2009	Median Consumption	Median Bill Present Rates	Median Bill Proposed Rates	Proposed Increase Dollar Amount	Proposed Increase Percent Amount
1	5/8x3/4 Inch	Residential	Bella Vista	7,377	4,500	$ 19.37	$ 25.47	$ 6.10	31.51%
2	5/8x3/4 Inch	Residential	Northern Sunrise	348	4,500	40.00	25.47	(14.53)	-36.33%
3	5/8x3/4 Inch	Residential	Southern Sunrise	786	3,500	38.00	23.35	(14.65)	-38.55%
4	3/4 Inch	Residential	Bella Vista	33	4,500	27.07	33.97	6.90	25.50%
5	3/4 Inch	Residential	Northern Sunrise	1	18,500	103.40	72.45	(30.95)	-29.93%
6	1 Inch	Residential	Bella Vista	8	10,500	43.35	60.86	17.51	40.40%
7	2 Inch	Residential	Bella Vista	-	1,500	43.71	98.37	54.67	125.08%
8		Subtotal		8,553					
9									
10	5/8 Inch	Commercial	Bella Vista	386	3,500	$ 18.40	$ 24.40	$ 6.01	32.66%
11	3/4 Inch	Commercial	Bella Vista	6	4,500	27.07	35.42	8.35	30.86%
12	1 Inch	Commercial	Bella Vista	138	8,500	39.57	56.23	16.66	42.11%
13	1 Inch	Commercial	Southern Sunrise	2	6,500	91.63	52.00	(39.63)	-43.25%
14	1.5 Inch	Commercial	Bella Vista	-	28,500	83.77	139.57	55.81	66.63%
15	2 Inch	Commercial	Bella Vista	271	39,500	112.31	178.74	66.43	59.15%
16	2 Inch	Commercial	Southern Sunrise	1	21,000	314.65	139.61	(175.04)	-55.63%
17	3 Inch	Commercial	Bella Vista	26	143,700	388.89	545.27	156.37	40.21%
18	4 Inch	Commercial	Bella Vista	-	623,000	1,345.87	2,014.71	668.84	49.70%
19	6 Inch	Commercial	Bella Vista	1	43,500	1,027.62	942.00	(85.62)	-8.33%
20	8 Inch	Commercial	Bella Vista	1	1,000	1,295.97	1,362.11	66.14	5.10%
21		Subtotal		831					
22									
23	3 Inch	Hydrant	Bella Vista	15	4,500	$ 126.27	$ 203.74	$ 77.48	61.36%
24									
25	4 Inch	Fire Sprinkler	Bella Vista	-	-	$ 5.00	$ 15.00	$ 10.00	200.00%
26	6 Inch	Fire Sprinkler	Bella Vista	-	-	9.50	17.00	7.50	78.95%
27	8 Inch	Fire Sprinkler	Bella Vista	1	-	12.95	27.20	14.25	110.04%
28		Subtotal		1					
29									
30									
31									
32		Total		9,400					

33 **(a)** Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.
34
35

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Present and Proposed Rates

Exhibit
Rejoinder Schedule H-3
Page 1
Witness: Bourassa

Line No.	Monthly Usage Charge for:	Bella Vista Present Rates	Northern Sunrise Present Rates	Southern Sunrise Present Rates	Consolidated Proposed Rates
1	Meter Size (All Zones and Classes):				
2	5/8 Inch	$ 15.00	$ 31.00	$ 31.00	$ 17.00
2	3/4 Inch	22.70	46.50	46.50	25.50
3	1 Inch	28.10	77.50	77.50	38.25
4	1 1/2 Inch	34.50	155.00	155.00	76.50
5	2 Inch	42.25	248.00	248.00	95.20
6	3 Inch	121.90	496.00	496.00	190.40
7	4 Inch	173.00	775.00	775.00	318.75
8	6 Inch	950.00	930.00	930.00	850.00
9	8 Inch	1,295.00	1,550.00	1,550.00	1,360.00
10					
11	Fire Sprinklers - 4 Inch (See Note1 and Note 2)	5.00	NT	NT	15.00
12	Fire Sprinklers - 6 Inch (See Note1 and Note 2)	9.50	NT	NT	17.00
13	Fire Sprinklers - 8 Inch (See Note1 and Note 2)	12.95	NT	NT	27.20
14					
15	Gallons In Minimum (All Meter Sizes and Classes)	-	-	-	-

Line No.	Commodity Rates Meter Size and Class	Block	Bella Vista Present Rate	Northern Sunrise Present Rate	Southern Sunrise Present Rate	Consolidated Proposed Rate
			(Per 1,000 gallons)			
16						
17						
18						
19						
20						
21						
22						
23	5/8 Inch Residential	0 gallons to 5,000 gallons	$ 0.97			
24		5,000 gallons to 25,000 gallons	$ 1.89			
25		Over 25,000 gallons	$ 2.41			
26						
27	5/8 Inch - Residential	0 gallons to 5,000 gallons		$ 2.00	$ 2.00	
28		5,001 to 10,000 gallons		$ 2.75	$ 2.75	
29		over 10,000 gallons		$ 3.90	$ 3.90	
30						
31	5/8 Inch - Residential	0 gallons to 4,000 gallons				$ 1.81
32		4,000 gallons to 10,000 gallons				$ 2.41
33		Over 10,000 gallons				$ 2.96
34						
35	5/8 Inch - Commercial	0 gallons to 5,000 gallons	$ 0.97			
36		5,000 gallons to 25,000 gallons	$ 1.89			
37		Over 25,000 gallons	$ 2.41			
38						
39	5/8 Inch - Commercial	0 gallons to 5,000 gallons		$ 2.00	$ 2.00	
40		5,001 to 10,000 gallons		$ 2.75	$ 2.75	
41		over 10,000 gallons		$ 3.90	$ 3.90	
42						
43	5/8 Inch - Commercial	0 gallons to 4,000 gallons				$ 2.11
44		Over 4,000 gallons				$ 2.91
45						

46 Note 1 - Present Rates are 1% of monthly minimum for comparable sized meters, but not less than $5.00 per month
47 Note 2 - Proposed rates are 2% of monthly minimum for comparable sized meters, but not less than $15 per month.
48
49 NT = No Tariff

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Present and Proposed Rates

Exhibit
Rejoinder Schedule H-3
Page 2
Witness: Bourassa

Line No.			Bella Vista	Northern Sunrise	Southern Sunrise	Consolidated
1			(Per 1,000 gallons)			
2	**Commodity Rates**		**Present**	**Present**	**Present**	**Proposed**
3	**Meter Size and Class**	**Block**	**Rate**	**Rate**	**Rate**	**Rate**
4						
5	3/4 Inch - Residential	0 gallons to 5,000 gallons	$ 0.97			
6		5,000 gallons to 25,000 gallons	$ 1.89			
7		Over 25,000 gallons	$ 2.41			
8						
9	3/4 Inch - Residential	NT		NT	NT	
10						
11	3/4 Inch - Residential	0 gallons to 4,000 gallons				$ 1.81
12		4,000 gallons to 10,000 gallons				$ 2.41
13		Over 10,000 gallons				$ 2.96
14						
15	3/4 Inch - Commercial	0 gallons to 5,000 gallons	$ 0.97			
16		5,000 gallons to 25,000 gallons	$ 1.89			
17		Over 25,000 gallons	$ 2.41			
18						
19	3/4 Inch - Commercial	NT		NT	NT	
20						
21	3/4 Inch - Commercial	0 gallons to 4,000 gallons				$ 2.11
22		Over 4,000 gallons				$ 2.91
23						
24						
25	1 Inch - Residential	0 gallons to 5,000 gallons	$ 0.97			
26		5,000 gallons to 25,000 gallons	$ 1.89			
27		Over 25,000 gallons	$ 2.41			
28						
29	1 Inch - Residential	0 gallons to5,000 gallons		$ 2.00	$ 2.00	
30		5,001 to 10,000 gallons		$ 2.75	$ 2.75	
31		Over 10,000 gallons		$ 3.90	$ 3.90	
32						
33	1 Inch - Residential	0 gallons to 10,000 gallons				$ 2.11
34		Over 10,000 gallons				$ 2.91
35						
36	1 Inch - Commercial	0 gallons to 5,000 gallons	$ 0.97			
37		5,001 gallons to 25,000 gallons	$ 1.89			
38		Over 25,000 gallons	$ 2.41			
39						
40						
41	1 Inch - Commercial	NT		NT	NT	
42						
43	1 Inch - Commercial	0 gallons to 10,000 gallons				$ 2.11
44		Over 10,000 gallons				$ 2.91
45	NT = No Tariff					

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Present and Proposed Rates

Exhibit
Rejoinder Schedule H-3
Page 3
Witness: Bourassa

Line No.			Bella Vista	Northern Sunrise	Southern Sunrise	Consolidated
1			(Per 1,000 gallons)			
2	**Commodity Rates**		**Present**	**Present**	**Present**	**Proposed**
3	**Meter Size and Class**	**Block**	**Rate**	**Rate**	**Rate**	**Rate**
4						
5	1 1/2 Inch - Residential	0 gallons to 5,000 gallons	$ 0.97			
6		5,001 gallons to 25,000 gallons	$ 1.89			
7		Over 25,000 gallons	$ 2.41			
8						
9	1 1/2 Inch - Residential	0 gallons to5,000 gallons		$ 2.00	$ 2.00	
10		5,001 to 10,000 gallons		$ 2.75	$ 2.75	
11		Over 10,000 gallons		$ 3.90	$ 3.90	
12						
13	1 1/2 Inch - Residential	0 gallons to 25,000 gallons				$ 2.11
14		Over 25,000 gallons				$ 2.91
15						
16	1 1/2 Inch - Commercial	0 gallons to 5,000 gallons	$ 0.97			
17		5,001 gallons to 25,000 gallons	$ 1.89			
18		Over 25,000 gallons	$ 2.41			
19						
20						
21	1 1/2 Inch - Commercial	NT		NT	NT	
22						
23	1 1/2 Inch - Commercial	0 gallons to 25,000 gallons				$ 2.11
24		Over 25,000 gallons				$ 2.91
25						
26	2 Inch - Residential	0 gallons to 5,000 gallons	$ 0.97			
27		5,001 gallons to 25,000 gallons	$ 1.89			
28		Over 25,000 gallons	$ 2.41			
29						
30	2 Inch - Residential	0 gallons to5,000 gallons		$ 2.00	$ 2.00	
31		5,001 to 10,000 gallons		$ 2.75	$ 2.75	
32		Over 10,000 gallons		$ 3.90	$ 3.90	
33						
34	2 Inch - Residential	0 gallons to 50,000 gallons				$ 2.11
35		Over 50,000 gallons				$ 2.91
36						
37	2 Inch - Commercial	0 gallons to 5,000 gallons	$ 0.97			
38		5,001 gallons to 25,000 gallons	$ 1.89			
39		Over 25,000 gallons	$ 2.41			
40						
41	2 Inch - Commercial	NT		NT	NT	
42						
43	2 Inch - Commercial	0 gallons to 50,000 gallons				$ 2.11
44		Over 50,000 gallons				$ 2.91
45	NT = No Tariff					

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Present and Proposed Rates

Exhibit
Rejoinder Schedule H-3
Page 4
Witness: Bourassa

Line No.			Bella Vista	Northern Sunrise	Southern Sunrise	Consolidated
1				(Per 1,000 gallons)		
2	**Commodity Rates**		**Present**	**Present**	**Present**	**Proposed**
3	**Meter Size and Class**	**Block**	**Rate**	**Rate**	**Rate**	**Rate**
4						
5	3 Inch - Residential	0 gallons to 5,000 gallons	$ 0.97			
6		5,000 gallons to 25,000 gallons	$ 1.89			
7		Over 25,000 gallons	$ 2.41			
8						
9	3 Inch - Residential	0 gallons to5,000 gallons		$ 2.00	$ 2.00	
10		5,001 to 10,000 gallons		$ 2.75	$ 2.75	
11		Over 10,000 gallons		$ 3.90	$ 3.90	
12						
13	3 Inch - Residential	0 gallons to 80,000 gallons				$ 2.11
14		Over 80,000 gallons				$ 2.91
15						
16	3 Inch - Commercial	0 gallons to 5,000 gallons	$ 0.97			
17		5,000 gallons to 25,000 gallons	$ 1.89			
18		Over 25,000 gallons	$ 2.41			
19						
20	3 Inch - Commercial	NT		NT	NT	
21						
22	3 Inch - Commercial	0 gallons to 80,000 gallons				$ 2.11
23		Over 80,000 gallons				$ 2.91
24						
25	4 Inch - Residential	0 gallons to 5,000 gallons	$ 0.97			
26		5,000 gallons to 25,000 gallons	$ 1.89			
27		Over 25,000 gallons	$ 2.41			
28						
29	4 Inch - Residential	0 gallons to5,000 gallons		$ 2.00	$ 2.00	
30		5,001 to 10,000 gallons		$ 2.75	$ 2.75	
31		Over 10,000 gallons		$ 3.90	$ 3.90	
32						
33	4 Inch - Residential	0 gallons to 350,000 gallons				$ 2.11
34		Over 350,000 gallons				$ 2.91
35						
36	4 Inch - Commercial	0 gallons to 5,000 gallons	$ 0.97			
37		5,000 gallons to 25,000 gallons	$ 1.89			
38		Over 25,000 gallons	$ 2.41			
39						
40	4 Inch - Commercial	NT		NT	NT	
41						
42	4 Inch - Commercial	0 gallons to 350,000 gallons				$ 2.11
43		Over 350,000 gallons				$ 2.91
44						
45	NT = No Tariff					

Bella Vista Water Company (*Consolidated*)
Test Year Ended March 31, 2009
Present and Proposed Rates

Exhibit
Rejoinder Schedule H-3
Page 5
Witness: Bourassa

Line No.			Bella Vista	Northern Sunrise	Southern Sunrise	Consolidated
1			(Per 1,000 gallons)			
2	**Commodity Rates**		**Present**	**Present**	**Present**	**Proposed**
3	**Meter Size and Class**	**Block**	**Rate**	**Rate**	**Rate**	**Rate**
4						
5	6 Inch - Residential	0 gallons to 5,000 gallons	$ 0.97			
6		5,000 gallons to 25,000 gallons	$ 1.89			
7		Over 25,000 gallons	$ 2.41			
8						
9	6 Inch - Residential	0 gallons to5,000 gallons		$ 2.00	$ 2.00	
10		5,001 to 10,000 gallons		$ 2.75	$ 2.75	
11		Over 10,000 gallons		$ 3.90	$ 3.90	
12						
13	6 Inch - Residential	0 gallons to 450,000 gallons				$ 2.11
14		Over 250,000 gallons				$ 2.91
15						
16	6 Inch - Commercial	0 gallons to 5,000 gallons	$ 0.97			
17		5,000 gallons to 25,000 gallons	$ 1.89			
18		Over 25,000 gallons	$ 2.41			
19						
20	6 Inch - Commercial	NT		NT	NT	
21						
22	6 Inch - Commercial	0 gallons to 450,000 gallons				$ 2.11
23		Over 450,000 gallons				$ 2.91
24						
25	8 Inch - Residential	0 gallons to 5,000 gallons	$ 0.97			
26		5,000 gallons to 25,000 gallons	$ 1.89			
27		Over 25,000 gallons	$ 2.41			
28						
29	8 Inch - Residential	0 gallons to5,000 gallons		$ 2.00	$ 2.00	
30		5,001 to 10,000 gallons		$ 2.75	$ 2.75	
31		Over 10,000 gallons		$ 3.90	$ 3.90	
32						
33	8 Inch - Residential	0 gallons to 720,000 gallons				$ 2.11
34		Over 720,000 gallons				$ 2.91
35						
36	8 Inch - Commercial	0 gallons to 5,000 gallons	$ 0.97			
37		5,000 gallons to 25,000 gallons	$ 1.89			
38		Over 25,000 gallons	$ 2.41			
39						
40	8 Inch - Commercial	NT		NT	NT	
41						
42	8 Inch - Commercial	0 gallons to 720,000 gallons				$ 2.11
43		Over 720,000 gallons				$ 2.91
44						
45	NT = No Tariff					

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Present and Proposed Rates

Exhibit
Rejoinder Schedule H-3
Page 6
Witness: Bourassa

Line No.			Bella Vista	Northern Sunrise	Southern Sunrise	Consolidated
1			(Per 1,000 gallons)			
2	**Commodity Rates**		**Present**	**Present**	**Present**	**Proposed**
3	**Meter Size and Class**	**Block**	**Rate**	**Rate**	**Rate**	**Rate**
4						
5	Standpipe (bulk)			$ 3.90	$ 3.90	
6						
7	Standpipe (hydrant, bulk)					$ 2.96
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
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27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42	NT = No Tariff					
43						
44						
45						

Bella Vista Water Company (Consolidated)
Changes in Representative Rate Schedules
Test Year Ended March 31, 2009

Exhibit
Rejoinder Schedule H-3
Page 7
Witness: Bourassa

Line No.	Other Service Charges	Bella Vista Present Rates	Northern Sunrise Present Rates	Southern Sunrise Present Rates	Proposed Rates
1	Establishment (Regular Hours) per Rule R14-2-403D	$ 30.00	$ 25.00	$ 25.00	$ 30.00
2	Establishment (After Hours) per Rule R14-2-403D	$ 45.00	$ 35.00	$ 35.00	$ 45.00
3	Re-Establishment of Service per Rule R14-2-403D	[a]	[a]	[a]	[a]
4	Reconnection (Delinquent) per Rule R14-2-403D	$ 30.00	$ 35.00	$ 35.00	$ 30.00
5	Reconnection (After Hours) per Rule R14-2-403D	$ 45.00	NT	NT	$ 45.00
6	Meter Test (if correct) per Rule R14-2-408F	$ 30.00	NT	NT	$ 30.00
7	Meter Reread per Rule R14-2-408C (if correct)	$ 15.00	$ 5.00	$ 5.00	$ 15.00
8	NSF Check per Rule R14-2-409F	$ 15.00	NT	NT	$ 15.00
9	Deferred Payment, Per Month	1.50%	1.50%	1.50%	1.50%
10	Late Charge	[b]	1.50%	1.50%	[b]
11	Service Calls - Per Hour/After Hours(e)	NT	$ 50.00	$ 50.00	$ 50.00
12	Deposit Requirements	[c]	[c]	[c]	[c]
13	Moving Meter at Customer Requesdt	Cost	NT	NT	Cost
14	Damage to Meter	Cost	NT	NT	Cost
15	Meter and Service lines	see H-3, page 4			
16	Main Extension Tariff	Cost	Cost	Cost	Cost
17					
18					
19					
20					

21 [a] Minimum charge times number of full months off the system. per Rule R14-2-403(D).
22 [b] Greater of $5.00 or 1.5% of unpaid balance.
23 [c] Per ACC Rules R14-2-403(B) Residential - two times the average bill.
24 Commercial - two and one-half times the average bill.
25
26
27
28 IN ADDITION TO THE COLLECTION OF REGULAR RATES, EACH UTILITY MAY COLLECT FROM
29 ITS CUSTOMERS A PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES OR USE
30 TAX. PER COMMISSION RULE 14-2-409D(5).
31
32
33
34
35

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Meter and Service Line Charges

Exhibit
Rejoinder Schedule H-3
Page 8
Witness: Bourassa

Refundable Meter and Service Line Charges

Line No.		Bella Vista Water Company			Northern Sunrise Water Company			Southern Sunrise Water Company					
		Present Service Line Charge	Present Meter Install-ation Charge	Total Present Charge	Service Line Charge	Install-ation Charge	Total Present Charge	Service Line Charge	Install-ation Charge	Total Present Charge	Proposed Service Line Charge	Proposed Meter Install-ation Charge	Total Proposed Charge*
10	5/8 x 3/4 Inch			$ 350.00			$ 410.00			$ 410.00	$ 1,765.00	$ 105.00	$ 1,870.00
11	3/4 Inch			350.00			410.00			410.00	1,765.00	180.00	1,945.00
12	1 Inch			400.00			520.00			520.00	1,765.00	240.00	2,005.00
13	1 1/2 Inch			500.00			660.00			660.00	At Cost	At Cost	At Cost
14	2 Inch / Turbine			NT			1,155.00			1,155.00	At Cost	At Cost	At Cost
15	2 Inch / Compound			675.00			1,720.00			1,720.00	At Cost	At Cost	At Cost
16	3 Inch / Turbine			NT			1,625.00			1,625.00	At Cost	At Cost	At Cost
17	3 Inch / Compound			1,500.00			2,260.00			2,260.00	At Cost	At Cost	At Cost
18	4 Inch / Turbine			NT			2,500.00			2,500.00	At Cost	At Cost	At Cost
19	4 Inch / Compound			1,500.00			3,200.00			3,200.00	At Cost	At Cost	At Cost
20	6 Inch / Turbine			NT			4,500.00			4,500.00	At Cost	At Cost	At Cost
21	6 Inch / Compound			4,400.00			6,300.00			6,300.00	At Cost	At Cost	At Cost
22	8 Inch & Larger			At Cost			8,200.00			8,200.00	At Cost	At Cost	At Cost

* Plus actual road crossing costs.

N/T = No Tariff

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Hook-Up Fees

Exhibit
Rejoinder Schedule H-3
Page 9
Witness: Bourassa

Line No.		Present Charge	Proposed Charge
1			
2	**Off-site Facilities Hook-up Fee**		
3			
4		Present	Proposed
5		Charge	Charge
6	5/8 x 3/4 Inch	NT	$ 1,600
7	3/4 Inch	NT	2,400
8	1 Inch	NT	4,000
9	1 1/2 Inch	NT	8,000
10	2 Inch	NT	12,800
11	3 Inch	NT	25,600
12	4 Inch	NT	40,000
13	6 Inch or larger	NT	80,000
14			
15			
16			
17			
18			
19			
20			
21	NT = No Tariff		
22			
23			
24			
25			
26			
27			
28			
29			
30			
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33			
34			
35			
36			

Bella Vista Water Co., Inc.
Northern Sunrise Water Company Inc.
Southern Sunrise Water Company Inc.

W-02465A-09-0411, W-20453A-09-0412, W-20454A-09-0413,
W-02465A-09-0414, W-20453A-09-0414 and W-20454A-09-0414

Thomas J. Bourassa
Rejoinder Testimony
(Rate Base, Income Statement And Rate Design)
July 7, 2010

Bella Vista Water Company
Stand-Alone Schedules

2232477.1

Bella Vista Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Computation of Increase in Gross Revenue
Requirements As Adjusted

Exhibit
Rejoinder Schedule A-1
Page 1
Witness: Bourassa

Line No.			
1	Fair Value Rate Base	$	5,914,568
2			
3	Adjusted Operating Income		133,247
4			
5	Current Rate of Return		2.25%
6			
7	Required Operating Income	$	562,475
8			
9	Required Rate of Return on Fair Value Rate Base		9.51%
10			
11	Operating Income Deficiency	$	429,229
12			
13	Gross Revenue Conversion Factor		1.6286
14			
15	Increase in Gross Revenue Revenue Requirement		699,057
16			
17	Adjusted Test Year Revenues	$	3,526,033
18	Increase in Gross Revenue Revenue Requirement	$	699,057
19	Proposed Revenue Requirement	$	4,225,090
20	% Increase		19.83%

22	**Customer**			**Present**		**Proposed**		**Dollar**	**Percent**
23	**Classification**			**Rates**		**Rates**		**Increase**	**Increase**
24	5/8 Inch	Residential	$	2,139,103	$	2,441,888	$	302,785	14.15%
25	3/4 Inch	Residential		11,182		12,440		1,258	11.25%
26	1 Inch	Residential		5,821		7,043		1,222	21.00%
27	2 Inch	Residential		725		1,296		572	78.90%
28		**Subtotal**	$	2,156,831	$	2,462,667	$	305,837	14.18%
29									
30	5/8 Inch	Commercial	$	124,380	$	147,579	$	23,199	18.65%
31	3/4 Inch	Commercial		3,382		3,848		466	13.78%
32	1 Inch	Commercial		89,928		109,455		19,527	21.71%
33	1.5 Inch	Commercial		115,753		167,503		51,749	44.71%
34	2 Inch	Commercial		651,968		885,210		233,242	35.78%
35	3 Inch	Commercial		131,628		156,675		25,048	19.03%
36	4 Inch	Commercial		56,353		71,496		15,143	26.87%
37	6 Inch	Commercial		12,229		10,487		(1,743)	-14.25%
38	8 Inch	Commercial		15,578		15,630		52	0.33%
39		**Subtotal**	$	1,201,199	$	1,567,883	$	366,684	30.53%
40									
41	3 Inch	Hydrant	$	31,719	$	46,016	$	14,297	45.07%
42									
43	4 Inch	Fire Sprinkler	$	6,050	$	18,150		12,100	200.00%
44	6 Inch	Fire Sprinkler		2,394		4,090		1,696	
45	8 Inch	Fire Sprinkler		155		312		156	100.53%
46		**Subtotal**	$	8,599	$	22,552	$	13,952	162.25%
47									
48	**Subtotal Revenues before Annualization**		$	3,398,348	$	4,099,118	$	700,770	20.62%
49	**Revenue Annualization**			2,124		1,615		(509)	-23.95%
50	Miscellaneous Revenues			125,141		125,141		-	0.00%
51	Reconciling Amount H-1 to C-1			420		(785)		(1,205)	-286.94%
52	**Total of Water Revenues (a)**		$	3,526,033	$	4,225,089	$	699,056	19.83%

53
54
55 SUPPORTING SCHEDULES:
56 *Rejoinder B-1*
57 Rejoinder C-1
58 Rejoinder C-3
59 Rejoinder H-1

Bella Vista Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Summary of Rate Base

Exhibit
Rejoinder Schedule B-1
Page 1
Witness: Bourassa

Line No.		Original Cost Rate base	Fair Value Rate Base
1			
2	Gross Utility Plant in Service	$ 24,254,044	$ 24,254,044
3	Less: Accumulated Depreciation	10,408,496	10,408,496
4			
5	Net Utility Plant in Service	$ 13,845,548	$ 13,845,548
6			
7	Less:		
8	Advances in Aid of		
9	Construction	6,781,443	6,781,443
10	Contributions in Aid of		
11	Construction	496,445	496,445
12			
13	Accumulated Amortization of CIAC	(230,488)	(230,488)
14			
15	Customer Meter Deposits	556,325	556,325
16	Deferred Income Taxes & Credits	327,255	327,255
17		-	-
18		-	-
19			
20	Plus:		
21	Unamortized Debt Issuance		
22	Costs	-	-
23	Deferred Reg. Assets	-	-
24	Working capital	-	-
25			
26			
27			
28			
29	Total Rate Base	$ 5,914,568	$ 5,914,568
30			
31			
32			
33	SUPPORTING SCHEDULES:		RECAP SCHEDULES:
34	Rejoinder B-2		Rejoinder A-1
35	Rejoinder B-5		
36			
37			
38			

Bella Vista Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Original Cost Rate Base Proforma Adjustments

Exhibit
Rejoinder Schedule B-2
Page 1
Witness: Bourassa

Line No.		Actual at End of Test Year	Proforma Adjustment Amount	Adjusted at end of Test Year
1	Gross Utility			
2	Plant in Service	$ 25,625,205	(1,371,161)	$ 24,254,044
3				
4	**Less:**			
5	Accumulated			
6	Depreciation	11,909,440	(1,500,945)	10,408,496
7				
8				
9	Net Utility Plant			
10	in Service	$ 13,715,765		$ 13,845,548
11				
12	**Less:**			
13	Advances in Aid of			
14	Construction	6,781,443	-	6,781,443
15				
16	Contributions in Aid of			
17	Construction	496,445	-	496,445
18				
19	Accumulated Amort of CIAC	(230,909)	421	(230,488)
20				
21	Customer Meter Deposits	556,325	-	556,325
22	Deferred Income Taxes & Credits	(230,850)	558,105	327,255
23				-
24				
25				
26	**Plus:**			
27	Unamortized Debt Issuance			
28	Costs	-		-
29	Deferred Reg. Assets	-	-	-
30	Working capital	-	-	-
31				
32				
33				
34				
35	Total	$ 6,343,311		$ 5,914,568
36				
37				
38				
39	SUPPORTING SCHEDULES:			RECAP SCHEDULES:
40	Rejoinder B-2, pages 2			Rejoinder B-1
41				
42				
43				
44				
45				
46				
47				
48				

Bella Vista Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Original Cost Rate Base Proforma Adjustments

Exhibit
Rejoinder Schedule B-2
Page 2
Witness: Bourassa

Line No.		Direct Adjusted at End of Test Year	Proforma Adjustments 1 Plant	2 Accumulated Depr.	3 DIT	4 CIAC	Rebuttal Adjusted at end of Test Year
1	Gross Utility						
2	Plant in Service	$ 25,625,205	(1,371,161)				$ 24,254,044
3							
4	**Less:**						
5	Accumulated						
6	Depreciation	11,909,440		(1,500,945)			10,408,496
7							
8							
9	Net Utility Plant						
10	in Service	$ 13,715,765	$ (1,371,161)	$ 1,500,945	$ -	$ -	$ 13,845,548
11							
12	**Less:**						
13	Advances in Aid of						
14	Construction	6,781,443					6,781,443
15							
16	Contributions in Aid of						
17	Construction (CIAC)	496,445				-	496,445
18							
19	Accumulated Amort of CIAC	(230,909)				421	(230,488)
20							
21	Customer Meter Deposits	556,325					556,325
22	Deferred Income Taxes & Credits	(230,850)			558,105		327,255
23							
24							
25	**Plus:**						
26	Unamortized Finance						
27	Charges	-					-
28							
29	Allowance for Working Capital	-					-
30							
31	Total	$ 6,343,311	$ (1,371,161)	$ 1,500,945	$ (558,105)	$ (421)	$ 5,914,568
32							
33							
34							
35	SUPPORTING SCHEDULES:						
36	Rejoinder B-2, pages 3-6						
37							
38							
39							
40							

Bella Vista Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1

Exhibit
Rejoinder Schedule B-2
Page 3
Witness: Bourassa

Line No.				Adjustments						
1	Plant-in-Service			A	B	C	D	E	F	
2			Adjusted	Post	Post			Intentionally	Intentionally	Rebuttal Adjusted
3	Acct.		Orginal	Test Year	Test Year			Left	Left	Original
4	No.	Description	Cost	Plant	Plant Retirement	AFUDC	Retirements	Blank	Blank	Cost
5	301	Organization Cost	$ -			$ -	$ -			$ -
6	302	Franchise Cost	-			-	-			-
7	303	Land and Land Rights	327,399			-	-			327,399
8	304	Structures and Improvements	1,312,116			-	(4,181)			1,307,936
9	305	Collecting and Impounding Res.	-			-	-			-
10	306	Lake River and Other Intakes	-			-	-			-
11	307	Wells and Springs	1,132,179			-	(4,565)			1,127,614
12	308	Infiltration Galleries and Tunnels	-			-	-			-
13	309	Supply Mains	-			-	-			-
14	310	Power Generation Equipment	-			-	-			-
15	311	Electric Pumping Equipment	2,487,503			(10,472)	(432,710)			2,044,322
16	320	Water Treatment Equipment	109,639			-	(26,254)			83,385
17	320.1	Water Treatment Plant	-			-	-			-
18	320.2	Chemical Solution Feeders	-			-	-			-
19	330	Dist. Reservoirs & Standpipe	2,343,634			(19,649)	(43,858)			2,280,128
20	330.1	Storage tanks	-			-	-			-
21	330.2	Pressure Tanks	-			-	-			-
22	331	Trans. and Dist. Mains	12,698,084	(5,550)	8,504	-	(592,002)			12,109,036
23	333	Services	1,399,781			(986)	(16,315)			1,382,479
24	334	Meters	1,491,209			(8,829)	(124,204)			1,358,176
25	335	Hydrants	892,445			(498)	(7,765)			884,182
26	336	Backflow Prevention Devices	-			-	-			-
27	339	Other Plant and Misc. Equip.	69,551			-	(0)			69,551
28	340	Office Furniture and Fixtures	202,929			-	(25,258)			177,672
29	340.1	Computers and Software	161,264			(344)	-			160,920
30	341	Transportation Equipment	295,224			-	(26,760)			268,464
31	342	Stores Equipment	-			-	-			-
32	343	Tools and Work Equipment	124,683			(109)	(2,132)			122,443
33	344	Laboratory Equipment	-			-	-			-
34	345	Power Operated Equipment	31,548			-	(0)			31,548
35	346	Communications Equipment	435,668			-	(24,184)			411,484
36	347	Miscellaneous Equipment	110,348			-	(3,042)			107,306
37	348	Other Tangible Plant	-			-	-			-
38			-							-
39		TOTALS	$ 25,625,206	$ (5,550)	$ 8,504	$ (40,887)	$ (1,333,228)	$ -	$ -	$ 24,254,044
40										
41	Plant-in-Service per Direct									$ 25,625,206
42										
43	Increase (decrease) in Plant-in-Service									$ (1,371,161)
44										
45	Adjustment to Plant-in-Service									$ (1,371,161)
46										
47	SUPPORTING SCHEDULES									
48	Rejoinder B-2, pages 3.1-3.4									
49	Rejoinder B-2, pages 3.5-3.15									

Bella Vista Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1 - A

Exhibit
Rejoinder Schedule B-2
Page 3.1
Witness: Bourassa

Line No.		
1	Post Test Year Plant	
2		
3		
4	Rejoinder Adjusted Post Test Year Plant (Acct 331)	$ 104,507
5		
6	Adjusted Post Test Year Plant per Direct (Acct 331)	$ 110,057
7		
8		
9	Increase (decrease) to plant-in-service	$ (5,550)
10		
11		
12		
13		
14		
15	REFERENCES	
16	Testimony and Co. Response to MSJ 5.2	
17		
18		
19		
20		
21		
22		
23		
24		
25		

Bella Vista Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1 - B

Exhibit
Rejoinder Schedule B-2
Page 3.2
Witness: Bourassa

Line No.		
1	Post Test Year Plant Plant Retirement	
2		
3		
4	Rejoinder Adjusted Post Test Year Plant (Acct 331)	$ (3,496)
5		
6	Adjusted Post Test Year Plant per Direct (Acct 331)	$ (12,000)
7		
8		
9	Increase (decrease) to plant-in-service	$ 8,504
10		
11		
12		
13		
14		
15	REFERENCES	
16	Testimony and Co. Response to MSJ 5.2	
17		
18		
19		
20		
21		
22		
23		
24		
25		

Bella Vista Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1 - C

Exhibit
Rejoinder Schedule B-2
Page 3.3
Witness: Bourassa

Line No.

1 Adjusted Allowance for Funds Used During Constructiion ("AFUDC")

Acct	Description	As Filed	Revised	Adjustment
301	Organization Cost			$ -
302	Franchise Cost			-
303	Land and Land Rights			-
304	Structures and Improvements	2,114	2,114	-
305	Collecting and Impounding Res.			-
306	Lake River and Other Intakes			-
307	Wells and Springs	349	349	-
308	Infiltration Galleries and Tunnels			-
309	Supply Mains			-
310	Power Generation Equipment			-
311	Electric Pumping Equipment	11,182	710	(10,472)
320	Water Treatment Equipment	342	342	-
320.1	Water Treatment Plant			-
320.2	Chemical Solution Feeders			-
330	Dist. Reservoirs & Standpipe	41,534	21,886	(19,649)
330.1	Storage tanks			-
330.2	Pressure Tanks			-
331	Trans. and Dist. Mains			-
333	Services	986	-	(986)
334	Meters	12,622	3,793	(8,829)
335	Hydrants	498	-	(498)
336	Backflow Prevention Devices			-
339	Other Plant and Misc. Equip.			-
340	Office Furniture and Fixtures			-
340.1	Computers and Software	1,021	677	(344)
341	Transportation Equipment			-
342	Stores Equipment			-
343	Tools and Work Equipment	109	-	(109)
344	Laboratory Equipment			-
345	Power Operated Equipment			-
346	Communications Equipment	8,416	8,416	-
347	Miscellaneous Equipment	3,176	3,176	-
348	Other Tangible Plant			-
		$ 82,349	$ 41,462	$ (40,887)

Adjustment to plant-in-service $ (40,887)

REFERENCES
Testimony

Bella Vista Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1 - D

Exhibit
Rejoinder Schedule B-2
Page 3.4
Witness: Bourassa

Line No.			
1	Retirements		
2			
3			
4	Acct	Description	Adjustment
5	301	Organization Cost	
6	302	Franchise Cost	
7	303	Land and Land Rights	
8	304	Structures and Improvements	(4,181)
9	305	Collecting and Impounding Res.	
10	306	Lake River and Other Intakes	
11	307	Wells and Springs	(4,565)
12	308	Infiltration Galleries and Tunnels	
13	309	Supply Mains	
14	310	Power Generation Equipment	
15	311	Electric Pumping Equipment	(432,710)
16	320	Water Treatment Equipment	(26,254)
17	320.1	Water Treatment Plant	
18	320.2	Chemical Solution Feeders	
19	330	Dist. Reservoirs & Standpipe	(43,858)
20	330.1	Storage tanks	
21	330.2	Pressure Tanks	
22	331	Trans. and Dist. Mains	(592,002)
23	333	Services	(16,315)
24	334	Meters	(124,204)
25	335	Hydrants	(7,765)
26	336	Backflow Prevention Devices	
27	339	Other Plant and Misc. Equip.	(0)
28	340	Office Furniture and Fixtures	(25,258)
29	340.1	Computers and Software	-
30	341	Transportation Equipment	(26,760)
31	342	Stores Equipment	
32	343	Tools and Work Equipment	(2,132)
33	344	Laboratory Equipment	
34	345	Power Operated Equipment	(0)
35	346	Communications Equipment	(24,184)
36	347	Miscellaneous Equipment	(3,042)
37	348	Other Tangible Plant	
38			
39			$ (1,333,228)
40			
41			
42	Adjustment to plant-in-service		$ (1,333,228)
43			
44	REFERENCES		
45	Testimony		
46			
47			
48			
49			
50			

Bella Vista Water Company (Stand-Alone)
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.5

Account No.	Description	Deprec. Rate Before Nov-02	Deprec. Rate After Nov-02	Plant At 12/31/2000	2000 Accum. Depr.	2001 Plant Additions	2001 Plant Additions	2001 Adjusted Plant Additions	Rejoinder 2001 Plant Retirements	2001 Salvage A/D Only	2001 Plant Balance	2001 Deprec.
301	Organization Cost			-	-			-			-	-
302	Franchise Cost			-	-			-			-	-
303	Land and Land Rights			322,875	-	-	-	-			322,875	-
304	Structures and Improvements	2.50%	2.50%	822,687	207,134	-	27,953	27,953	(523)		850,118	20,917
305	Collecting and Impounding Res.			-	-	-	-	-			-	-
306	Lake River and Other Intakes			-	-	-	-	-			-	-
307	Wells and Springs	2.70%	2.70%	864,013	304,933	0	48,775	48,775	(571)		912,217	23,987
308	Infiltration Galleries and Tunnels			-	-	-	-	-			-	-
309	Supply Mains			-	-	-	-	-			-	-
310	Power Generation Equipment			-	-	-	-	-			-	-
311	Electric Pumping Equipment	10.00%	10.00%	1,667,296	991,154	12,153	50,667	62,820	(54,089)		1,676,027	169,871
320	Water Treatment Equipment	10.00%	10.00%	17,938	9,739	2,671	2,563	5,234	(3,282)		19,891	2,056
320.1	Water Treatment Equipment			-	-	-	-	-			-	-
320.2	Chemical Solution Feeders			-	-	-	-	-			-	-
330	Distribution Reservoirs & Standpipe	2.50%	2.50%	1,321,238	498,098	1	141,588	141,589	(3,346)		1,459,481	34,801
330.1	Storage tanks			-	-	-	-	-			-	-
330.2	Pressure Tanks			-	-	-	-	-			-	-
331	Transmission and Distribution Mains	2.00%	2.00%	7,056,631	2,450,915	219,615	1,463,902	1,683,517	(20,083)		8,720,065	157,968
333	Services	2.00%	2.00%	829,747	660,025	(20)	-	(20)	(2,039)		827,688	16,595
334	Meters	10.00%	10.00%	903,840	758,362	37,895	-	37,895	(15,525)		926,210	92,279
335	Hydrants	2.00%	2.00%	457,210	177,863	17,961	749	18,710	(971)		474,949	9,331
336	Backflow Prevention Devices			-	-	-	-	-			-	-
339	Other Plant and Miscellaneous Equipment	10.00%	10.00%	-	-	-	-	-	(0)		(0)	(0)
340	Office Furniture and Fixtures	6.67%	6.67%	100,023	86,329	-	6,994	6,994	(3,157)		103,860	6,905
340.1	Computers and Software	6.67%	6.67%	161,264	29,062	-	-	-	-		161,264	10,756
341	Transportation Equipment	14.29%	14.29%	190,168	108,206	-	-	-	(1,644)		188,524	27,175
342	Stores Equipment			-	-	-	-	-			-	-
343	Tools and Work Equipment	11.76%	11.76%	121,859	80,790	1,197	-	1,197	(266)		122,789	14,401
344	Laboratory Equipment			-	-	-	-	-			-	-
345	Power Operated Equipment	10.00%	10.00%	-	-	-	-	-	(0)		(0)	(0)
346	Communications Equipment	10.00%	10.00%	38,740	20,080	-	-	-	(3,023)		35,717	3,874
347	Miscellaneous Equipment	6.25%	6.25%	100,766	51,170	-	-	-	(380)		100,386	6,298
348	Other Tangible Plant							-			-	-
	Rounding			-				-			-	-
								-			-	-
	Plant Held for Future Use											
	TOTAL WATER PLANT			14,976,295	6,433,860	291,474	1,743,191	2,034,665	(108,899)	-	16,902,061	597,212
				See B-2, page 3.16	See B-2, page 3.17							

Bella Vista Water Company (Stand-Alone)
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.6

Account No.	Description	Deprec. Rate Before Nov-02	Deprec. Rate After Nov-02	2002 Plant Additions	2002 Plant Additions	2002 Plant Adjustments[1]	2002 Adjusted Plant Additions	Rejoinder 2002 Plant Retirements	2002 Salvage/Adj. A/D Only	2002 Plant Balance	2002 Deprec.
301	Organization Cost						-			-	-
302	Franchise Cost						-			-	-
303	Land and Land Rights			-			-			322,875	-
304	Structures and Improvements	2.50%	2.50%	-			-	(523)		849,595	21,246
305	Collecting and Impounding Res.			-			-			-	-
306	Lake River and Other Intakes			-			-			-	-
307	Wells and Springs	2.70%	2.70%	-			-	(571)		911,647	24,622
308	Infiltration Galleries and Tunnels			-			-			-	-
309	Supply Mains			-			-			-	-
310	Power Generation Equipment			-			-			-	-
311	Electric Pumping Equipment	10.00%	10.00%	71,076			71,076	(54,089)		1,593,014	168,452
320	Water Treatment Equipment	10.00%	10.00%	-			-	(3,282)		16,609	1,825
320.1	Water Treatment Equipment			-			-			-	-
320.2	Chemical Solution Feeders			-			-			-	-
330	Distribution Reservoirs & Standpipe	2.50%	2.50%	-			-	(3,346)		1,456,135	36,445
330.1	Storage tanks			-			-			-	-
330.2	Pressure Tanks			-			-			-	-
331	Transmission and Distribution Mains	2.00%	2.00%	300,123	54,088		354,211	(20,083)		9,054,193	177,743
333	Services	2.00%	2.00%	42,378			42,378	(2,039)		868,027	16,957
334	Meters	10.00%	10.00%	29,053			29,053	(15,525)		939,737	93,297
335	Hydrants	2.00%	2.00%	43,354			43,354	(971)		517,332	9,923
336	Backflow Prevention Devices			-			-			-	-
339	Other Plant and Miscellaneous Equipment	10.00%	10.00%	-			-	(0)		(0)	(0)
340	Office Furniture and Fixtures	6.67%	6.67%	-			-	(3,157)		100,703	6,822
340.1	Computers and Software	6.67%	6.67%	-			-	-		161,264	10,756
341	Transportation Equipment	14.29%	14.29%	4,844			4,844	(1,644)		191,725	27,169
342	Stores Equipment			-			-			-	-
343	Tools and Work Equipment	11.76%	11.76%	-			-	(266)		122,523	14,424
344	Laboratory Equipment			-			-			-	-
345	Power Operated Equipment	10.00%	10.00%	-			-	(0)		(0)	(0)
346	Communications Equipment	10.00%	10.00%	-			-	(3,023)		32,694	3,421
347	Miscellaneous Equipment	6.25%	6.25%	-			-	(380)		100,006	6,262
348	Other Tangible Plant						-			-	-
	Rounding						-			-	-
							-			-	-
	Plant Held for Future Use										
	TOTAL WATER PLANT			490,827	54,088	-	544,915	(108,899)	-	17,338,077	619,365

Bella Vista Water Company (Stand-Alone)
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.7

Account No.	Description	Deprec. Rate Before Nov-02	Deprec. Rate After Nov-02	2003 Plant Additions	2003 Plant Adjustments[1]	2003 Adjusted Plant Additions	Rejoinder 2003 Plant Retirements	2003 Salvage A/D Only	2003 Plant Balance	2003 Deprec.
301	Organization Cost					-			-	-
302	Franchise Cost					-			-	-
303	Land and Land Rights			-		-			322,875	-
304	Structures and Improvements	2.50%	2.50%	-		-	(523)		849,073	21,233
305	Collecting and Impounding Res.			-		-			-	-
306	Lake River and Other Intakes			-		-			-	-
307	Wells and Springs	2.70%	2.70%	21,972		21,972	(571)		933,048	24,903
308	Infiltration Galleries and Tunnels			-		-			-	-
309	Supply Mains			-		-			-	-
310	Power Generation Equipment			-		-			-	-
311	Electric Pumping Equipment	10.00%	10.00%	105,990		105,990	(54,089)		1,744,916	171,897
320	Water Treatment Equipment	10.00%	10.00%	24,705		24,705	(3,282)		38,032	2,732
320.1	Water Treatment Equipment			-		-			-	-
320.2	Chemical Solution Feeders			-		-			-	-
330	Distribution Reservoirs & Standpipe	2.50%	2.50%	106		106	(3,346)		1,452,895	36,363
330.1	Storage tanks			-		-			-	-
330.2	Pressure Tanks			-		-			-	-
331	Transmission and Distribution Mains	2.00%	2.00%	118,031		118,031	(20,083)		9,152,141	182,063
333	Services	2.00%	2.00%	18,726		18,726	(2,039)		884,713	17,527
334	Meters	10.00%	10.00%	47,302		47,302	(15,525)		971,514	58,627
335	Hydrants	2.00%	2.00%	4,242		4,242	(971)		520,604	10,379
336	Backflow Prevention Devices			-		-			-	-
339	Other Plant and Miscellaneous Equipment	10.00%	10.00%	-		-	(0)		(0)	(0)
340	Office Furniture and Fixtures	6.67%	6.67%	32,875		32,875	(3,157)		130,421	7,708
340.1	Computers and Software	6.67%	6.67%	-		-	-		161,264	10,756
341	Transportation Equipment	14.29%	14.29%	8,623		8,623	(1,644)		198,704	27,896
342	Stores Equipment			-		-			-	-
343	Tools and Work Equipment	11.76%	11.76%	-		-	(266)		122,256	13,174
344	Laboratory Equipment			-		-			-	-
345	Power Operated Equipment	10.00%	10.00%	-		-	(0)		(0)	(0)
346	Communications Equipment	10.00%	10.00%	-		-	(3,023)		29,671	3,118
347	Miscellaneous Equipment	6.25%	6.25%	-		-	(380)		99,625	6,238
348	Other Tangible Plant					-			-	-
	Rounding					-			-	-
						-			-	
	Plant Held for Future Use									
	TOTAL WATER PLANT			382,573	-	382,573	(108,899)	-	17,611,751	594,616

[1] Affiliate Profit

Bella Vista Water Company (Stand-Alone)
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.8

Account No.	Description	Deprec. Rate Before Nov-02	Deprec. Rate After Nov-02	2004 Plant Additions	2004 Plant Adjustments[1]	2004 Adjusted Plant Additions	Rejoinder 2004 Plant Retirements	2004 Salvage A/D Only	2004 Plant Balance	2004 Deprec.
301	Organization Cost					-			-	-
302	Franchise Cost					-			-	-
303	Land and Land Rights			-		-			322,875	-
304	Structures and Improvements	2.50%	2.50%	15,322		15,322	(523)		863,872	21,412
305	Collecting and Impounding Res.			-		-			-	-
306	Lake River and Other Intakes			-		-			-	-
307	Wells and Springs	2.70%	2.70%	99,307		99,307	(571)		1,031,785	26,525
308	Infiltration Galleries and Tunnels			-		-			-	-
309	Supply Mains			-		-			-	-
310	Power Generation Equipment			-		-			-	-
311	Electric Pumping Equipment	10.00%	10.00%	97,537		97,537	(54,089)		1,788,364	176,664
320	Water Treatment Equipment	10.00%	10.00%	-		-	(3,282)		34,750	3,639
320.1	*Water Treatment Equipment*			-		-			-	-
320.2	Chemical Solution Feeders			-		-			-	-
330	Distribution Reservoirs & Standpipe	2.50%	2.50%	1,500		1,500	(3,346)		1,451,049	36,299
330.1	Storage tanks			-		-			-	-
330.2	Pressure Tanks			-		-			-	-
331	Transmission and Distribution Mains	2.00%	2.00%	459,511		459,511	(20,083)		9,591,569	187,437
333	Services	2.00%	2.00%	100,089		100,089	(2,039)		982,762	18,675
334	Meters	10.00%	10.00%	112,553		112,553	(15,525)		1,068,541	102,003
335	Hydrants	2.00%	2.00%	55,861		55,861	(971)		575,495	10,961
336	Backflow Prevention Devices			-		-			-	-
339	Other Plant and Miscellaneous Equipment	10.00%	10.00%	-		-	(0)		(0)	(0)
340	Office Furniture and Fixtures	6.67%	6.67%	31,854		31,854	(3,157)		159,118	9,656
340.1	Computers and Software	6.67%	6.67%	-		-	-		161,264	10,756
341	Transportation Equipment	14.29%	14.29%	77,639		77,639	(1,644)		274,699	33,825
342	Stores Equipment			-		-			-	-
343	Tools and Work Equipment	11.76%	11.76%	-		-	(266)		121,990	-
344	Laboratory Equipment			-		-			-	-
345	Power Operated Equipment	10.00%	10.00%	-		-	(0)		(0)	(0)
346	Communications Equipment	10.00%	10.00%	8,868		8,868	(3,023)		35,516	3,259
347	Miscellaneous Equipment	6.25%	6.25%	-		-	(380)		99,245	6,215
348	Other Tangible Plant					-			-	-
	Rounding					-			-	-
						-			-	-
	Plant Held for Future Use									
	TOTAL WATER PLANT			1,060,041	-	1,060,041	(108,899)	-	18,562,893	647,326

[1] Affiliate Profit

Bella Vista Water Company (Stand-Alone)
Plant Additions and Retirements

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Account No.	Description	Deprec. Rate Before Nov-02	Deprec. Rate After Nov-02	2005 Plant Additions	2005 Plant Adjustments[1]	Rejoinder 2005 Plant Adjustments	2005 Adjusted Plant Additions	Rejoinder 2005 Plant Retirements	2005 Salvage A/D Only	2005 Plant Balance	2005 Deprec.
301	Organization Cost						-			-	-
302	Franchise Cost						-			-	-
303	Land and Land Rights			-			-			322,875	-
304	Structures and Improvements	2.50%	2.50%	1,500			1,500	(523)		864,849	21,609
305	Collecting and Impounding Res.			-			-			-	-
306	Lake River and Other Intakes			-			-			-	-
307	Wells and Springs	2.70%	2.70%	-			-	(571)		1,031,214	27,850
308	Infiltration Galleries and Tunnels			-			-			-	-
309	Supply Mains			-			-			-	-
310	Power Generation Equipment			-			-			-	-
311	Electric Pumping Equipment	10.00%	10.00%	59,445			59,445	(54,089)		1,793,720	179,104
320	Water Treatment Equipment	10.00%	10.00%	11,336			11,336	(3,282)		42,804	3,878
320.1	Water Treatment Equipment			-			-			-	-
320.2	Chemical Solution Feeders			-			-			-	-
330	Distribution Reservoirs & Standpipe	2.50%	2.50%	-			-	(3,346)		1,447,703	36,234
330.1	Storage tanks			-			-			-	-
330.2	Pressure Tanks			-			-			-	-
331	Transmission and Distribution Mains	2.00%	2.00%	720,627	(5,429)		715,198	(20,083)		10,286,684	198,783
333	Services	2.00%	2.00%	118,891	(179)		118,712	(2,039)		1,099,435	20,822
334	Meters	10.00%	10.00%	151,792			151,792	(15,525)		1,204,808	113,667
335	Hydrants	2.00%	2.00%	67,646			67,646	(971)		642,170	12,177
336	Backflow Prevention Devices			-			-			-	-
339	Other Plant and Miscellaneous Equipment	10.00%	10.00%	-			-	(0)		(0)	(0)
340	Office Furniture and Fixtures	6.67%	6.67%	-			-	(3,157)		155,961	10,508
340.1	Computers and Software	6.67%	6.67%	-			-	-		161,264	10,756
341	Transportation Equipment	14.29%	14.29%	-			-	(1,644)		273,055	39,137
342	Stores Equipment			-			-			-	-
343	Tools and Work Equipment	11.76%	11.76%	-			-	(266)		121,723	-
344	Laboratory Equipment			-			-			-	-
345	Power Operated Equipment	10.00%	10.00%	-			-	(0)		(0)	(0)
346	Communications Equipment	10.00%	10.00%	64,857			64,857	(3,023)		97,350	6,643
347	Miscellaneous Equipment	6.25%	6.25%	5,600			5,600	(380)		104,465	6,366
348	Other Tangible Plant						-			-	-
	Rounding						-			-	-
							-			-	-
	Plant Held for Future Use										
	TOTAL WATER PLANT			1,201,694	(5,608)	-	1,196,086	(108,899)	-	19,650,079	687,535

[1] Affiliate Profit

Bella Vista Water Company (Stand-Alone)
Plant Additions and Retirements

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Account No.	Description	Deprec. Rate Before Nov-02	Deprec. Rate After Nov-02	2006 Plant Additions	2006 Plant Adjustments[1]	Rejoinder 2006 Plant Adjustments	2006 Adjusted Plant Additions	Rejoinder 2006 Plant Retirements	2006 Salvage A/D Only	2006 Plant Balance	2006 Deprec.
301	Organization Cost						-			-	-
302	Franchise Cost						-			-	-
303	Land and Land Rights			-			-			322,875	-
304	Structures and Improvements	2.50%	2.50%	-		-	-	(523)		864,327	21,615
305	Collecting and Impounding Res.			-			-			-	-
306	Lake River and Other Intakes			-			-			-	-
307	Wells and Springs	2.70%	2.70%	-		-	-	(571)		1,030,644	27,835
308	Infiltration Galleries and Tunnels			-			-			-	-
309	Supply Mains			-			-			-	-
310	Power Generation Equipment			-			-			-	-
311	Electric Pumping Equipment	10.00%	10.00%	98,205	(2,251)	(1,589)	94,365	(54,089)		1,833,997	181,386
320	Water Treatment Equipment	10.00%	10.00%	-			-	(3,282)		39,522	4,116
320.1	Water Treatment Equipment			-			-			-	-
320.2	Chemical Solution Feeders			-			-			-	-
330	Distribution Reservoirs & Standpipe	2.50%	2.50%	-	(18,843)	-	(18,843)	(3,346)		1,425,514	35,915
330.1	Storage tanks			-			-			-	-
330.2	Pressure Tanks			-			-			-	-
331	Transmission and Distribution Mains	2.00%	2.00%	1,106,649			1,106,649	(20,083)		11,373,250	216,599
333	Services	2.00%	2.00%	182,904	(1,109)	(176)	181,619	(2,039)		1,279,014	23,784
334	Meters	10.00%	10.00%	110,081	(1,073)	(3,154)	105,854	(15,525)		1,295,136	124,997
335	Hydrants	2.00%	2.00%	116,600	(294)	(289)	116,017	(971)		757,216	13,994
336	Backflow Prevention Devices			-			-			-	-
339	Other Plant and Miscellaneous Equipment	10.00%	10.00%	-			-	(0)		(0)	(0)
340	Office Furniture and Fixtures	6.67%	6.67%	8,090			8,090	(3,157)		160,894	10,567
340.1	Computers and Software	6.67%	6.67%	-		(344)	(344)	-		160,920	10,745
341	Transportation Equipment	14.29%	14.29%	-			-	(1,644)		271,411	16,222
342	Stores Equipment			-			-			-	-
343	Tools and Work Equipment	11.76%	11.76%	-			-	(266)		121,457	-
344	Laboratory Equipment			-			-			-	-
345	Power Operated Equipment	10.00%	10.00%	-			-	(0)		(0)	(0)
346	Communications Equipment	10.00%	10.00%	148,115			148,115	(3,023)		242,441	16,990
347	Miscellaneous Equipment	6.25%	6.25%	-			-	(380)		104,085	6,517
348	Other Tangible Plant						-			-	-
	Rounding						-			-	-
							-			-	-
	Plant Held for Future Use										
	TOTAL WATER PLANT			1,770,645	(23,570)	(5,551)	1,741,523	(108,899)	-	21,282,704	711,283

[1] Affiliate Profit

Bella Vista Water Company (Stand-Alone)
Plant Additions and Retirements

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Account No.	Description	Deprec. Rate Before Nov-02	Deprec. Rate After Nov-02	2007 Plant Additions	2007 Plant Adjustments[1]	Rejoinder 2007 Plant Adjustments	2007 Adjusted Plant Additions	Rejoinder 2007 Plant Retirements	2007 Salvage A/D Only	2007 Plant Balance	2007 Deprec.
301	Organization Cost						-			-	-
302	Franchise Cost						-			-	-
303	Land and Land Rights			4,524			4,524			327,399	-
304	Structures and Improvements	2.50%	2.50%	46,875	(214)		46,661	(523)		910,465	22,185
305	Collecting and Impounding Res.			-			-			-	-
306	Lake River and Other Intakes			-			-			-	-
307	Wells and Springs	2.70%	2.70%	24,212	(1,855)		22,357	(571)		1,052,430	28,121
308	Infiltration Galleries and Tunnels			-			-			-	-
309	Supply Mains			-			-			-	-
310	Power Generation Equipment			-			-			-	-
311	Electric Pumping Equipment	10.00%	10.00%	149,939	(481)	(5,416)	144,043	(54,089)		1,923,951	187,897
320	Water Treatment Equipment	10.00%	10.00%	12,563	(60)		12,503	(3,282)		48,743	4,413
320.1	Water Treatment Equipment			-			-			-	-
320.2	Chemical Solution Feeders			-			-			-	-
330	Distribution Reservoirs & Standpipe	2.50%	2.50%	-		(590)	(590)	(3,346)		1,421,577	35,589
330.1	Storage tanks			-			-			-	-
330.2	Pressure Tanks			-			-			-	-
331	Transmission and Distribution Mains	2.00%	2.00%	-			-	(451,420)		10,921,830	222,951
333	Services	2.00%	2.00%	16,451		(378)	16,073	(2,039)		1,293,048	25,721
334	Meters	10.00%	10.00%	9,790		(3,128)	6,662	(15,525)		1,286,273	36,194
335	Hydrants	2.00%	2.00%	66,645	(84)		66,561	(971)		822,807	15,800
336	Backflow Prevention Devices			-			-			-	-
339	Other Plant and Miscellaneous Equipment	10.00%	10.00%	26,351	(25,989)		362	(0)		362	18
340	Office Furniture and Fixtures	6.67%	6.67%	7,438			7,438	(3,157)		165,174	10,874
340.1	Computers and Software	6.67%	6.67%	-		-	-	-		160,920	10,733
341	Transportation Equipment	14.29%	14.29%	-			-	(1,644)		269,767	-
342	Stores Equipment			-			-			-	-
343	Tools and Work Equipment	11.76%	11.76%	1,412			1,412	(266)		122,602	1,412
344	Laboratory Equipment			-			-			-	-
345	Power Operated Equipment	10.00%	10.00%	36,567	(1,407)		35,160	(0)		35,160	1,758
346	Communications Equipment	10.00%	10.00%	3,141			3,141	(3,023)		242,559	24,250
347	Miscellaneous Equipment	6.25%	6.25%	-			-	(380)		103,704	6,493
348	Other Tangible Plant						-			-	-
	Rounding						-			-	-
							-			-	-
	Plant Held for Future Use										
	TOTAL WATER PLANT			405,909	(30,090)	(9,512)	366,307	(540,236)	-	21,108,774	634,411

[1] Affiliate Profit

Bella Vista Water Company (Stand-Alone)
Plant Additions and Retirements

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Account No.	Description	Deprec. Rate Before Nov-02	Deprec. Rate After Nov-02	2008 Plant Additions	2008 Plant Adjustments[1]	Rejoinder 2008 Plant Adjustments	2008 Adjusted Plant Additions	Rejoinder 2008 Plant Retirements	2008 Salvage (A/D Only)	2008 Plant Balance	2008 Deprec.
301	Organization Cost						-			-	-
302	Franchise Cost						-			-	-
303	Land and Land Rights			-			-			327,399	-
304	Structures and Improvements	2.50%	2.50%	41,923	(2,561)	-	39,362	(523)		949,304	23,247
305	Collecting and Impounding Res.			-			-			-	-
306	Lake River and Other Intakes			-			-			-	-
307	Wells and Springs	2.70%	2.70%	5,712	(243)	-	5,469	(571)		1,057,328	28,482
308	Infiltration Galleries and Tunnels			-			-			-	-
309	Supply Mains			-			-			-	-
310	Power Generation Equipment			-			-			-	-
311	Electric Pumping Equipment	10.00%	10.00%	111,779	(797)	(3,468)	107,515	(54,089)		1,977,378	129,573
320	Water Treatment Equipment	10.00%	10.00%	5,764			5,764	(3,282)		51,225	4,998
320.1	Water Treatment Equipment			-			-			-	-
320.2	Chemical Solution Feeders			-			-			-	-
330	Distribution Reservoirs & Standpipe	2.50%	2.50%	823,517	(942)	(19,058)	803,517	(20,435)		2,204,659	45,328
330.1	Storage tanks			-			-			-	-
330.2	Pressure Tanks			-			-			-	-
331	Transmission and Distribution Mains	2.00%	2.00%	855,016	(75,570)		779,446	(20,083)		11,681,192	226,030
333	Services	2.00%	2.00%	57,455	(97)	(433)	56,925	(2,039)		1,347,934	26,410
334	Meters	10.00%	10.00%	60,593		(2,547)	58,046	(15,525)		1,328,793	58,046
335	Hydrants	2.00%	2.00%	30,257	(300)	(209)	29,748	(971)		851,584	16,744
336	Backflow Prevention Devices			-			-			-	-
339	Other Plant and Miscellaneous Equipment	10.00%	10.00%	80,492	(11,303)		69,189	(0)		69,551	3,496
340	Office Furniture and Fixtures	6.67%	6.67%	12,291	(3,258)		9,033	(3,157)		171,050	11,213
340.1	Computers and Software	6.67%	6.67%	-		-	-	-		160,920	10,733
341	Transportation Equipment	14.29%	14.29%	341			341	(15,253)		254,855	(13,268)
342	Stores Equipment			-			-			-	-
343	Tools and Work Equipment	11.76%	11.76%	2,512	(2,449)	(109)	(46)	(266)		122,290	(46)
344	Laboratory Equipment			-			-			-	-
345	Power Operated Equipment	10.00%	10.00%	3,071	(6,683)		(3,612)	(0)		31,548	3,335
346	Communications Equipment	10.00%	10.00%	41,861	(815)	-	41,046	(3,023)		280,582	26,157
347	Miscellaneous Equipment	6.25%	6.25%	3,342	(537)	-	2,805	(380)		106,129	6,557
348	Other Tangible Plant						-			-	-
	Rounding						-			-	-
							-			-	-
	Plant Held for Future Use										
	TOTAL WATER PLANT			2,135,925	(105,555)	(25,824)	2,004,546	(139,597)	-	22,973,723	607,036

[1] Affiliate Profit

Bella Vista Water Company (Stand-Alone)
Plant Additions and Retirements

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Account No.	Description	Deprec. Rate Before Nov-02	Deprec. Rate After Nov-02	2009 Plant Additions	2009 Plant Adjustments	2009 Plant Adjustments[1]	Rejoinder 2009 Plant Adjustments	2009 Adjusted Plant Additions	Rejoinder 2009 Plant Retirements	2009 Salvage (A/D Only)	March 31 2009 Plant Balance	Jan-Mar 2009 Deprec.	Rejoinder Adjusted Post Test Year Plant	Rejoinder Adjusted PTY Retirement	Adjusted Test Year 2009 Plant Balance
301	Organization Cost							-			-	-			-
302	Franchise Cost							-			-	-			-
303	Land and Land Rights			-	-			-			327,399	-			327,399
304	Structures and Improvements	2.50%	2.50%	262,894	99,772	(4,034)		358,631			1,307,936	7,054			1,307,936
305	Collecting and Impounding Res.			-	-			-			-	-			-
306	Lake River and Other Intakes			-	-			-			-	-			-
307	Wells and Springs	2.70%	2.70%	70,286	-			70,286			1,127,614	7,374			1,127,614
308	Infiltration Galleries and Tunnels			-	-			-			-	-			-
309	Supply Mains			-	-			-			-	-			-
310	Power Generation Equipment			-	-			-			-	-			-
311	Electric Pumping Equipment	10.00%	10.00%	67,812	-	(868)		66,944			2,044,322	50,271			2,044,322
320	Water Treatment Equipment	10.00%	10.00%	32,159	-		-	32,159			83,385	1,683			83,385
320.1	Water Treatment Equipment			-	-			-			-	-			-
320.2	Chemical Solution Feeders			-	-			-			-	-			-
330	Distribution Reservoirs & Standpipe	2.50%	2.50%	74,709	2,900	(2,140)		75,469			2,280,128	14,015			2,280,128
330.1	Storage tanks			-	-			-			-	-			-
330.2	Pressure Tanks			-	-			-			-	-			-
331	Transmission and Distribution Mains	2.00%	2.00%	324,865	9,143	(7,176)		326,832			12,008,025	59,223	104,507	(3,496)	12,109,036
333	Services	2.00%	2.00%	34,545	-			34,545			1,382,479	6,826			1,382,479
334	Meters	10.00%	10.00%	25,913	3,470			29,383			1,358,176	33,587			1,358,176
335	Hydrants	2.00%	2.00%	32,664	-	(66)		32,598			884,182	4,339			884,182
336	Backflow Prevention Devices			-	-			-			-	-			-
339	Other Plant and Miscellaneous Equipment	10.00%	10.00%	-	-			-			69,551	1,739			69,551
340	Office Furniture and Fixtures	6.67%	6.67%	7,221	-	(599)		6,622			177,672	2,907			177,672
340.1	Computers and Software	6.67%	6.67%	-	-			-			160,920	2,683			160,920
341	Transportation Equipment	14.29%	14.29%	-	13,609			13,609			268,464	9,348			268,464
342	Stores Equipment			-	-			-			-	-			-
343	Tools and Work Equipment	11.76%	11.76%	221	-	(68)		153			122,443	419			122,443
344	Laboratory Equipment			-	-			-			-	-			-
345	Power Operated Equipment	10.00%	10.00%	-	-			-			31,548	789			31,548
346	Communications Equipment	10.00%	10.00%	74,378	57,385	(861)		130,902			411,484	8,651			411,484
347	Miscellaneous Equipment	6.25%	6.25%	3,176	-	(1,999)		1,177			107,306	1,667			107,306
348	Other Tangible Plant							-			-	-			-
	Rounding							-			-	-			-
								-			-	-			-
	Plant Held for Future Use														
	TOTAL WATER PLANT			1,010,842	186,278	(17,811)	-	1,179,310	-	-	24,153,033	212,576	104,507	(3,496)	24,254,044

[1] Affiliate Profit

Bella Vista Water Company (Stand-Alone)
Plant Additions and Retirements

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Account No.	Description	Deprec. Rate Before Nov-02	Deprec. Rate After Nov-02	Year End Accumulated Depreciation by Account Dec 31 2000	Dec 31 2001	Dec 31 2002	Dec 31 2003	Dec 31 2004
301	Organization Cost			-	-	-	-	-
302	Franchise Cost			-	-	-	-	-
303	Land and Land Rights			-	-	-	-	-
304	Structures and Improvements	2.50%	2.50%	207,134	227,528	248,252	268,963	289,852
305	Collecting and Impounding Res.			-	-	-	-	-
306	Lake River and Other Intakes			-	-	-	-	-
307	Wells and Springs	2.70%	2.70%	304,933	328,349	352,401	376,734	402,688
308	Infiltration Galleries and Tunnels			-	-	-	-	-
309	Supply Mains			-	-	-	-	-
310	Power Generation Equipment			-	-	-	-	-
311	Electric Pumping Equipment	10.00%	10.00%	991,154	1,106,936	1,221,299	1,339,107	1,461,683
320	Water Treatment Equipment	10.00%	10.00%	9,739	8,513	7,056	6,506	6,863
320.1	Water Treatment Equipment			-	-	-	-	-
320.2	Chemical Solution Feeders			-	-	-	-	-
330	Distribution Reservoirs & Standpipe	2.50%	2.50%	498,098	529,552	562,651	595,668	628,621
330.1	Storage tanks			-	-	-	-	-
330.2	Pressure Tanks			-	-	-	-	-
331	Transmission and Distribution Mains	2.00%	2.00%	2,450,915	2,588,800	2,746,460	2,908,440	3,075,794
333	Services	2.00%	2.00%	660,025	674,580	689,498	704,986	721,621
334	Meters	10.00%	10.00%	758,362	835,115	912,887	955,988	1,042,465
335	Hydrants	2.00%	2.00%	177,863	186,224	195,176	204,585	214,575
336	Backflow Prevention Devices			-	-	-	-	-
339	Other Plant and Miscellaneous Equipment	10.00%	10.00%	-	(0)	(0)	(0)	(0)
340	Office Furniture and Fixtures	6.67%	6.67%	86,329	90,077	93,742	98,292	104,791
340.1	Computers and Software	6.67%	6.67%	29,062	39,818	50,574	61,330	72,087
341	Transportation Equipment	14.29%	14.29%	108,206	133,738	159,263	185,515	217,696
342	Stores Equipment			-	-	-	-	-
343	Tools and Work Equipment	11.76%	11.76%	80,790	94,924	109,082	121,990	121,723
344	Laboratory Equipment			-	-	-	-	-
345	Power Operated Equipment	10.00%	10.00%	-	(0)	(0)	(0)	(0)
346	Communications Equipment	10.00%	10.00%	20,080	20,931	21,329	21,424	21,660
347	Miscellaneous Equipment	6.25%	6.25%	51,170	57,087	62,969	68,827	74,662
348	Other Tangible Plant			-	-	-	-	-
	Rounding			-	-	-	-	-
				-	-	-	-	-
	Plant Held for Future Use			-				
	TOTAL WATER PLANT			6,433,860	6,922,173	7,432,639	7,918,356	8,456,782

Bella Vista Water Company (Stand-Alone)
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.15

Account No.	Description	Deprec. Rate Before Nov-02	Deprec. Rate After Nov-02	Year End Accumulated Depraciation by Account Dec 31 2005	Dec 31 2006	Dec 31 2007	Dec 31 2008	March 31 2009	Adjusted Test Year Plant Balance
301	Organization Cost			-	-	-	-	-	-
302	Franchise Cost			-	-	-	-	-	-
303	Land and Land Rights			-	-	-	-	-	-
304	Structures and Improvements	2.50%	2.50%	310,938	332,030	353,693	376,417	383,471	383,471
305	Collecting and Impounding Res.			-	-	-	-	-	-
306	Lake River and Other Intakes			-	-	-	-	-	-
307	Wells and Springs	2.70%	2.70%	429,968	457,233	484,784	512,695	520,069	520,069
308	Infiltration Galleries and Tunnels			-	-	-	-	-	-
309	Supply Mains			-	-	-	-	-	-
310	Power Generation Equipment			-	-	-	-	-	-
311	Electric Pumping Equipment	10.00%	10.00%	1,586,698	1,713,995	1,847,804	1,923,289	1,973,560	1,973,560
320	Water Treatment Equipment	10.00%	10.00%	7,459	8,294	9,425	11,142	12,825	12,825
320.1	Water Treatment Equipment			-	-	-	-	-	-
320.2	Chemical Solution Feeders			-	-	-	-	-	-
330	Distribution Reservoirs & Standpipe	2.50%	2.50%	661,510	694,079	726,321	751,214	765,229	765,229
330.1	Storage tanks			-	-	-	-	-	-
330.2	Pressure Tanks			-	-	-	-	-	-
331	Transmission and Distribution Mains	2.00%	2.00%	3,254,493	3,451,010	3,222,540	3,428,487	3,487,710	3,484,214
333	Services	2.00%	2.00%	740,404	762,149	785,830	810,201	817,027	817,027
334	Meters	10.00%	10.00%	1,140,607	1,250,079	1,270,748	1,313,268	1,346,855	1,346,855
335	Hydrants	2.00%	2.00%	225,781	238,804	253,634	269,407	273,747	273,747
336	Backflow Prevention Devices			-	-	-	-	-	-
339	Other Plant and Miscellaneous Equipment	10.00%	10.00%	(0)	(0)	18	3,514	5,252	5,252
340	Office Furniture and Fixtures	6.67%	6.67%	112,142	119,552	127,269	135,325	138,232	138,232
340.1	Computers and Software	6.67%	6.67%	82,843	93,588	104,321	115,055	117,738	117,738
341	Transportation Equipment	14.29%	14.29%	255,189	269,767	268,123	239,602	248,950	248,950
342	Stores Equipment			-	-	-	-	-	-
343	Tools and Work Equipment	11.76%	11.76%	121,457	121,190	122,336	122,024	122,443	122,443
344	Laboratory Equipment			-	-	-	-	-	-
345	Power Operated Equipment	10.00%	10.00%	(0)	(0)	1,758	5,093	5,882	5,882
346	Communications Equipment	10.00%	10.00%	25,281	39,247	60,474	83,608	92,259	92,259
347	Miscellaneous Equipment	6.25%	6.25%	80,648	86,784	92,898	99,075	100,742	100,742
348	Other Tangible Plant			-	-	-	-	-	-
	Rounding			-	-	-	-	-	-
				-	-	-	-	-	-
	Plant Held for Future Use								
	TOTAL WATER PLANT			9,035,418	9,637,802	9,731,977	10,199,416	10,411,992	10,408,496

Bella Vista Water Company (Stand-Alone)
Plant Reconciliation to Prior Rate Case

Exhibit
Rejoinder Schedule B-2
Page 3.16

Line No.	Account No.	Description	Balance Per Company Per 2000 Filing Before Adj.	PTY Plant	Rate Case Adjustments	Intentionally Left Blank	Per Decision 65350 Prior Case Adjusted Plant	PTY Plant	Rounding	Initial Balance
1										
2										
3										
4										
5										
6	301	Organization Cost	-				-	-		-
7	302	Franchise Cost	-				-	-		-
8	303	Land and Land Rights	322,875	25,000			347,875	(25,000)		322,875
9	304	Structures and Improvements	822,687	27,953			850,640	(27,953)		822,687
10	305	Collecting and Impounding Res.	-				-	-		-
11	306	Lake River and Other Intakes	-				-	-		-
12	307	Wells and Springs	864,013	23,775			887,788	(23,775)		864,013
13	308	Infiltration Galleries and Tunnels	-				-	-		-
14	309	Supply Mains	-				-	-		-
15	310	Power Generation Equipment	-				-	-		-
16	311	Electric Pumping Equipment	1,649,484	50,667	17,812		1,717,963	(50,667)		1,667,296
17	320	Water Treatment Equipment	17,938	2,563			20,501	(2,563)		17,938
18	320.1	Water Treatment Plants	-				-	-		-
19	320.2	Chemical Solution Feeders	-				-	-		-
20	330	Distribution Reservoirs & Standpipe	1,321,238	141,588			1,462,826	(141,588)		1,321,238
21	330.1	Storage tanks	-				-	-		-
22	330.2	Pressure Tanks	-				-	-		-
23	331	Transmission and Distribution Mains	7,056,631	1,517,990			8,574,621	(1,517,990)		7,056,631
24	333	Services	811,995		17,752		829,747	-		829,747
25	334	Meters	903,840	749			904,589	(749)		903,840
26	335	Hydrants	457,210				457,210	-		457,210
27	336	Backflow Prevention Devices	-				-	-		-
28	339	Other Plant and Miscellaneous Equipment	-				-	-		-
29	340	Office Furniture and Fixtures	100,023				100,023	-		100,023
30	340.1	Computers and Software	161,264	6,994			168,258	(6,994)		161,264
31	341	Transportation Equipment	190,168				190,168	-		190,168
32	342	Stores Equipment	-				-	-		-
33	343	Tools and Work Equipment	121,859				121,859	-		121,859
34	344	Laboratory Equipment	-				-	-		-
35	345	Power Operated Equipment	-				-	-		-
36	346	Communications Equipment	38,740				38,740	-		38,740
37	347	Miscellaneous Equipment	100,766				100,766	-		100,766
38	348	Other Tangible Plant	-				-	-		-
39		Plant not in Service	3,883		(3,883)		-			-
40		TOTAL	14,944,614	1,797,279	31,681	-	16,773,574	(1,797,279)	-	14,976,295
41										

Bella Vista Water Company (Stand-Alone)
A/D Reconciliation to Prior Rate Case

Exhibit
Rejoinder Schedule B-2
Page 3.17

Line No.	Account No.	Description	Balance Per Company Per 2000 Filing Before Adj.	PTY Plant	Rate Case Adjustments	Rate Case Adjustments	Staff Rate Case Adjustments	65350 Per Decision Prior Case Adjusted A/D	PTY Plant	Initial Balance
1										
2										
3										
4										
5	301	Organization Cost		-				-		-
6	302	Franchise Cost		-				-		-
7	303	Land and Land Rights		-				-		-
8	304	Structures and Improvements	203,768	349		2,342	1,024	207,484	(349)	207,134
9	305	Collecting and Impounding Res.		-				-	-	-
10	306	Lake River and Other Intakes		-				-	-	-
11	307	Wells and Springs	308,299	321			(3,366)	305,254	(321)	304,933
12	308	Infiltration Galleries and Tunnels		-				-	-	-
13	309	Supply Mains		-				-	-	-
14	310	Power Generation Equipment		-				-	-	-
15	311	Electric Pumping Equipment	907,290	2,533	891	8,142	74,832	993,688	(2,533)	991,154
16	320	Water Treatment Equipment	8,640	128			1,099	9,867	(128)	9,739
17	320.1	Water Treatment Plants		-				-	-	
18	320.2	Checmical Solution Feeders		-				-	-	
19	330	Distribution Reservoirs & Standpipe	490,760	1,770		11	7,327	499,867	(1,770)	498,098
20	330.1	Storage tanks		-				-	-	
21	330.2	Pressure Tanks		-				-	-	
22	331	Transmission and Distribution Mains	2,480,004	15,180		10,740	(39,829)	2,466,095	(15,180)	2,450,915
23	333	Services	644,803	-	178	228	14,817	660,025	-	660,025
24	334	Meters	663,278	37		1,521	93,563	758,399	(37)	758,362
25	335	Hydrants	177,721	-			142	177,863	-	177,863
26	336	Backflow Prevention Devices		-				-	-	-
27	339	Other Plant and Miscellaneous Equipment		-				-	-	-
28	340	Office Furniture and Fixtures	77,269	-		48	9,012	86,329	-	86,329
29	340.1	Computers and Software	53,232	233		1,442	(25,612)	29,295	(233)	29,062
30	341	Transportation Equipment	132,113	-		(2,048)	(21,859)	108,206	-	108,206
31	342	Stores Equipment		-				-	-	-
32	343	Tools and Work Equipment	71,370	-		130	9,290	80,790	-	80,790
33	344	Laboratory Equipment		-				-	-	-
34	345	Power Operated Equipment		-				-	-	-
35	346	Communications Equipment	23,054	-		(743)	(2,231)	20,080	-	20,080
36	347	Miscellaneous Equipment	68,547	-		(1,604)	(15,773)	51,170	-	51,170
37	348	Other Tangible Plant		-						
38		Rounding						-	-	-
39										
40		TOTAL	6,310,147	20,552	1,068	20,208	102,437	6,454,413	(20,552)	6,433,860
41										

Bella Vista Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2

Exhibit
Rejoinder Schedule B-2
Page 4
Witness: Bourassa

Line No.	Acct. No.	Description	Adjusted Accum. Depr.	A Post Test Year Plant Retirement	B Retirements	C Reconciliation to Computed Balance	D Intentionally Left Blank	E Intentionally Left Blank	Rejoinder Adjusted Accum. Depr.
1	Plant-in-Service								
5	301	Organization Cost	$ -		$ -	$ -			$ -
6	302	Franchise Cost	-		-	-			-
7	303	Land and Land Rights	-		-	-			-
8	304	Structures and Improvements	388,090		(4,181)	(438)			383,471
9	305	Collecting and Impounding Res.	-		-	-			-
10	306	Lake River and Other Intakes	-		-	-			-
11	307	Wells and Springs	525,150		(4,565)	(516)			520,069
12	308	Infiltration Galleries and Tunnels	-		-	-			-
13	309	Supply Mains	-		-	-			-
14	310	Power Generation Equipment	-		-	-			-
15	311	Electric Pumping Equipment	2,481,910		(432,710)	(75,640)			1,973,560
16	320	Water Treatment Equipment	50,073		(26,254)	(10,994)			12,825
17	320.1	Water Treatment Plant	-		-	-			-
18	320.2	Chemical Solution Feeders	-		-	-			-
19	330	Dist. Reservoirs & Standpipe	812,593		(43,858)	(3,506)			765,229
20	330.1	Storage tanks	-		-	-			-
21	330.2	Pressure Tanks	-		-	-			-
22	331	Trans. and Dist. Mains	4,096,265	8,504	(592,002)	(28,552)			3,484,214
23	333	Services	834,738		(16,315)	(1,396)			817,027
24	334	Meters	1,491,209		(124,204)	(20,151)			1,346,855
25	335	Hydrants	282,181		(7,765)	(669)			273,747
26	336	Backflow Prevention Devices	-		-	-			-
27	339	Other Plant and Misc. Equip.	5,253		(0)	(0)			5,252
28	340	Office Furniture and Fixtures	170,545		(25,258)	(7,055)			138,232
29	340.1	Computers and Software	117,801		-	(63)			117,738
30	341	Transportation Equipment	291,918		(26,760)	(16,209)			248,950
31	342	Stores Equipment	-		-	-			-
32	343	Tools and Work Equipment	124,683		(2,132)	(109)			122,443
33	344	Laboratory Equipment	-		-	-			-
34	345	Power Operated Equipment	5,882		(0)	(0)			5,882
35	346	Communications Equipment	126,570		(24,184)	(10,127)			92,259
36	347	Miscellaneous Equipment	104,580		(3,042)	(796)			100,742
37	348	Other Tangible Plant	-		-	-			-
38			-						-
39		TOTALS	$ 11,909,440	$ 8,504	$ (1,333,228)	$ (176,221)	$ -	$ -	$ 10,408,496
40									
41	Accumulated Depreciation per Direct								$ 11,909,440
42									
43	Increase (decrease) in Plant-in-Service								$ (1,500,945)
44									
45	Adjustment to Plant-in-Service								$ (1,500,945)
46									
47	SUPPORTING SCHEDULES								
48	Rejoinder B-2, pages 4.1 to 4.2								
49	Rejoinder B-2, pages 3.5 to 3.15								

Bella Vista Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2 - A

Exhibit
Rejoinder Schedule B-2
Page 4.1
Witness: Bourassa

Line No.		
1	Post Test Year Plant Plant Retirement	
2		
3		
4	Rejoinder Adjusted Post Test Year Plant (Acct 331)	$ (3,496)
5		
6	Adjusted Post Test Year Plant per Direct (Acct 331)	$ (12,000)
7		
8		
9	Increase (decrease) to plant-in-service	$ 8,504
10		
11		
12		
13		
14		
15	REFERENCES	
16	Testimony and Co. Response to MSJ 5.2	
17		
18		
19		
20		
21		
22		
23		
24		
25		

Bella Vista Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1 - B

Exhibit
Rebuttal Schedule B-2
Page 4.2
Witness: Bourassa

Line No.			
1	Retirements		
2			
3			
4	Acct	Description	Adjustment
5	301	Organization Cost	$ -
6	302	Franchise Cost	-
7	303	Land and Land Rights	-
8	304	Structures and Improvements	(4,181)
9	305	Collecting and Impounding Res.	-
10	306	Lake River and Other Intakes	-
11	307	Wells and Springs	(4,565)
12	308	Infiltration Galleries and Tunnels	-
13	309	Supply Mains	-
14	310	Power Generation Equipment	-
15	311	Electric Pumping Equipment	(432,710)
16	320	Water Treatment Equipment	(26,254)
17	320.1	Water Treatment Plant	-
18	320.2	Chemical Solution Feeders	-
19	330	Dist. Reservoirs & Standpipe	(43,858)
20	330.1	Storage tanks	-
21	330.2	Pressure Tanks	-
22	331	Trans. and Dist. Mains	(592,002)
23	333	Services	(16,315)
24	334	Meters	(124,204)
25	335	Hydrants	(7,765)
26	336	Backflow Prevention Devices	-
27	339	Other Plant and Misc. Equip.	(0)
28	340	Office Furniture and Fixtures	(25,258)
29	340.1	Computers and Software	-
30	341	Transportation Equipment	(26,760)
31	342	Stores Equipment	-
32	343	Tools and Work Equipment	(2,132)
33	344	Laboratory Equipment	-
34	345	Power Operated Equipment	(0)
35	346	Communications Equipment	(24,184)
36	347	Miscellaneous Equipment	(3,042)
37	348	Other Tangible Plant	-
38			
39			$ (1,333,228)
40			
41			
42	Adjustment to accumulated depreciation		$ (1,333,228)
43			
44	REFERENCES		
45	Testimony		
46			
47			
48			
49			
50			

Bella Vista Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Original Cost Rate Base Proforma Adjustments
Adjustment 3

Exhibit
Rejoinder Schedule B-2
Page 5
Witness: Bourassa

Deferred Income Tax as of March 31, 2009

Line No.		Adjusted Book Value[1]	Tax Value	Probability of Realization of Future Tax Benefit	Deductible TD (Taxable TD) Expected to be Realized	Tax Rate[5]	Future Tax Asset Current	Future Tax Asset Non Current	Future Tax Liability Current	Future Tax Liability Non Current
6	Plant-in-Service	$ 24,254,044 [1]								
7	Accum. Deprec.	(10,408,496) [1]								
8	CIAC	(4,426,407) [3]								
9	Fixed Assets	$ 9,419,141	$ 6,730,491 [2]	100.0%	$ (2,688,650)	38.60%		-		(1,037,789)
10	AIAC		6,136,045 [4]	30.0%	$ 1,840,813 [4]	38.60%		$ 710,533		
11	Tax Benefits from O.L. Carry Forward			100.0%	$ -	38.60%		$ -		
12							$ -	$ 710,533	$ -	$ (1,037,789)
13										
14	Net Asset (Liability)						$ (327,255)			
15										
16	DIT Asset (Liability) per books						$ 230,850			
17										
18	Adjustment to DIT						$ 558,105			
19										

20 [1] ***Adjusted per Rebuttal Schedule B-2, page 2***

21

22 [2] **Tax Basis as of March 31, 2009**

23		
24	Unadjusted Cost Basis per 2008 Tax Return (Fiscal Year Ended 12/31/2008)	$ 16,213,366
25	Adjustments:	
26	Land not on tax return depreciation repor	295,695
27	Tax accumulated depreciation through 12/31/2008	(9,088,034)
28	Tax depreciation from 1/1/2009 to 3/31/2009 for assets added before 12/31/2008.	(113,677)
29	Bonus Depreciation/Section 179 deductions through 12/31/2008	(958,092)
30	Assets added after 12/31/2008 (net of affiliate profit, AIAC, CIAC;	814,810
31	Tax depreciation for assets added after 12/31/2008 thru 3/31/2009 (Estimated 25 yr S.L. half-year convention	(4,074)
32	Bonus depreciation for assets added after 12/31/2008 thru 3/31/2009 (Estimated)	(101,851)
33	B-2 Adjustments to plant-in-service (PTY Plant of $110,057 and plant retirement of $12,000.	101,011
34	Tax accumulated depreciation from B-2 adjustments to plant-in-service	(3,496)
35	Affiliate profit removed through 2008	(164,823)
36	Tax accumulated depreciation related to affilitate profit through 2008	13,652
37	Proposed retirements per B-2	(1,333,228)
38	Estimated tax depreciation on B- 2 proposed retirement:	1,162,419
39	Proposed B-2 adjustments (AFUDC)	(40,887)
40	Estimated Tax depreciation on B- 2 proposed adjustments (AFUDC	2,051
41		
42		
43	Timing difference through 2008	(64,351)
44	Net tax value as of March 31, 2009	$ 6,730,491
45		

46 [3] **CIAC (including impact of change to probability of realization)**

47				
48	Gross CIAC per B-2		$ 496,445	
49	Less: Pre-1996 CIAC		(326,777)	
50	A.A per B-2	$ (230,488)		
51	A.A on Pre-1996 CIAC	191,996		
52	A.A. on Post 1996 CIAC		(38,492)	
53	Net CIAC before unrealized AIAC			$ 131,176
54				
55	Unrealized AIAC Componen			
56	Adjusted Net AIAC (see footnote 5 below)		$ 6,136,045	
57	Unrealized AIAC Component % (1-Realized AIAC Component		70.0%	
58	Addition to CIAC			$ 4,295,231
59	Total realizable CIAC			$ 4,426,407
60				

61 [4] **AIAC (including impact of change in probability of realization)**

62	AIAC per B-2	$ 6,781,443	
63	Less: Pre-1996 AIAC included for book and tax purpose:	(645,398)	
64	Net AIAC before unrealized portio:		$ 6,136,045
65	Less: Unrealized AIAC (from Note 4, above		$ (4,295,231)
66	Net realizable AIAC		$ 1,840,813
67			

68 [5] ***Effective tax rates Per C-3 schedule***

69

Bella Vista Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Original Cost Rate Base Proforma Adjustments
Adjustment 4

Exhibit
Rejoinder Schedule B-2
Page 6
Witness: Bourassa

Line No.		Gross CIAC	Accum. Amort.
1	CIAC and Accumulated Amortization		
2			
3			
4		Gross CIAC	Accum. Amort.
5	Computed balance at 3/31/2009	$ 496,445	$ 230,488
6			
7	Adjusted Test Year Balance	$ 496,445	$ 230,909
8			
9	Increase (decrease)	$ -	$ (421)
10			
11			
12	Adjustment to CIAC	$ -	$ 421
13	Label	4a	4b
14			
15			
16			
17			
18			
19	SUPPORTING SCHEDULES		
20	Rejoinder B-2, page 6.1 to 6.5		
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			

Bella Vista Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Original Cost Rate Base Proforma Adjustments
Contributions-in-aid of Construction and Amortization
Adjustment 4

Exhibit
Rejoinder Schedule B-2
Page 6.1
Witness: Bourassa

Line No.		Balance at 12/31/2000	2001 Activity	Balance at 12/31/2001	2002 Activity	Balance at 12/31/2002
1						
2						
3						
4	CIAC	403,046		403,046	43,680	446,726
5						
6						
7	Amortization		14,241		15,178	
8	Accum Amort.	103,590	14,241	117,831	15,178	133,009
9						
10	Composite Amortization Rate		3.5334%		3.5723%	
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35	**Total CIAC Water**	**403,046**		**403,046**		**446,726**
22						
23						
24	**Total Accum Amort.**	**103,590**		**117,831**		**133,009**
25						
26						

Bella Vista Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Original Cost Rate Base Proforma Adjustments
Contributions-in-aid of Construction and Amortization
Adjustment 4

Exhibit
Rejoinder Schedule B-2
Page 6.2
Witness: Bourassa

Line No.		2003 Activity	Balance at 12/31/2003	2004 Activity	Balance at 12/31/2004
1					
2					
3					
4	CIAC	1,400	448,126	25,829	473,955
5					
6					
7	Amortization	15,106		16,077	
8	Accum Amort.	15,106	148,115	16,077	164,193
9					
10	Composite Amortization Rate	3.3762%		3.4872%	
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35	**Total CIAC Water**		**448,126**		**473,955**
22					
23					
24	**Total Accum Amort.**		**148,115**		**164,193**
25					
26					

Bella Vista Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Original Cost Rate Base Proforma Adjustments
Contributions-in-aid of Construction and Amortization
Adjustment 4

Exhibit
Rejoinder Schedule B-2
Page 6.3
Witness: Bourassa

Line No.		2005 Activity	Balance at 12/31/2005	2006 Activity	Balance at 12/31/2006
1					
2					
3					
4	CIAC	15,560	489,515	13,630	503,145
5					
6					
7	Amortization	16,855		16,588	
8	Accum Amort.	16,855	181,048	16,588	197,636
9					
10	Composite Amortization Rate	3.4989%		3.3421%	
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35	**Total CIAC Water**		**489,515**		**503,145**
22					
23					
24	**Total Accum Amort.**		**181,048**		**197,636**
25					
26					

Bella Vista Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Original Cost Rate Base Proforma Adjustments
Contributions-in-aid of Construction and Amortization
Adjustment 4

Exhibit
Rejoinder Schedule B-2
Page 6.4
Witness: Bourassa

Line No.		2007 Activity	Balance at 12/31/2007	2008 Activity	Balance at 12/31/2006
1					
2					
3					
4	CIAC	800	503,945	-	503,945
5					
6					
7	Amortization	15,134		13,316	
8	Accum Amort.	15,134	212,770	13,316	226,085
9					
10	Composite Amortization Rate	3.0054%		2.6423%	
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35	**Total CIAC Water**		**503,945**		**503,945**
22					
23					
24	**Total Accum Amort.**		**212,770**		**226,085**
25					
26					

Bella Vista Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Original Cost Rate Base Proforma Adjustments
Contributions-in-aid of Construction and Amortization
Adjustment 4

Exhibit
Rejoinder Schedule B-2
Page 6.5
Witness: Bourassa

Line No.		2009 Activity	Balance at 3/31/2009
1			
2			
3			
4	CIAC	(7,500)	496,445
5			
6			
7	Amortization	4,402	
8	Accum Amort.	4,402	230,488
9			
10	Composite Amortization Rate	0.8801%	
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35	**Total CIAC Water**		**496,445**
22			
23			
24	**Total Accum Amort.**		**230,488**
25			
26			

Bella Vista Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Computation of Working Capital

Exhibit
Rejoinder Schedule B-5
Page 1
Witness: Bourassa

Line No.			
1	Cash Working Capital (1/8 of Allowance		
2	Operation and Maintenance Expense)	$	213,267
3	Pumping Power (1/24 of Pumping Power)		23,379
4	Purchased Water (1/24 of Purchased Water)		30
5	Materials and Supplies		-
6	Prepaids		13,691
7			
8			
9	Total Working Capital Allowance	$	250,366
10			
11			
12	Working Capital Requested	$	-
13			
14			
15	SUPPORTING SCHEDULES:	RECAP SCHEDULES:	
16	Rejoinder C-1	Rejoinder B-1	
17			
18			Adjusted
19	Cash Working Capital Detail		Test Year Results
20			
21	Total Operating Expense	$	3,392,786
22	Less:		
23	Income Tax		10,122
24	Property Tax		163,583
25	Depreciation		951,146
26	Purchased Water		708
27	Pumping Power		561,094
28	Allowable Expenses	$	1,706,133
29	1/8 of allowable expenses	$	213,267
30			
31			

Bella Vista Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Income Statement

Exhibit
Rejoinder Schedule C-1
Page 1
Witness: Bourassa

Line No.		Test Year Adjusted Results	Adjustment	Rejoinder Test Year Adjusted Results	Proposed Rate Increase	Rejoinder Adjusted with Rate Increase
1	**Revenues**					
2	Metered Water Revenues	$ 3,400,892	$ -	$ 3,400,892	$ 699,057	$ 4,099,949
3	Unmetered Water Revenues	-	-	-		-
4	Other Water Revenues	125,141	-	125,141		125,141
5		$ 3,526,033	$ -	$ 3,526,033	$ 699,057	$ 4,225,090
6	**Operating Expenses**					
7	Salaries and Wages	$ -	$ -	$ -		$ -
8	Purchased Water	708	-	708		708
9	Purchased Power	561,094	-	561,094		561,094
10	Fuel for Power Production	-	-	-		-
11	Chemicals	4,273	-	4,273		4,273
12	Materials & Supplies	36,932	-	36,932		36,932
13	Outside Services	4,605	-	4,605		4,605
14	Outside Services- Legal	35,245	-	35,245		35,245
15	Outside Services- Other	1,258,045	(16,734)	1,241,311		1,241,311
16	Water Testing	18,805	24,387	43,192		43,192
17	Equipment Rental	-	-	-		-
18	Rents	60,600	-	60,600		60,600
19	Transportation Expenses	78,117	(7,023)	71,094		71,094
20	Insurance - General Liability	38,930	-	38,930		38,930
21	Insurance - Health and Life	7,290	-	7,290		7,290
22	Reg. Comm. Exp.	9,017	-	9,017		9,017
23	Reg. Comm. Exp. - Rate Case	83,333	-	83,333		83,333
24	Miscellaneous Expense	65,966	(5,181)	60,785		60,785
25	Bad Debt Expense	9,526	-	9,526		9,526
26	Depreciation Expense	1,009,435	(58,288)	951,146		951,146
27	Taxes Other Than Income	-	-	-		-
28	Property Taxes	159,659	3,924	163,583		163,583
29	Income Tax	(10,068)	20,190	10,122	269,828	279,950
30	**Total Operating Expenses**	$ 3,431,512	$ (38,725)	$ 3,392,786	$ 269,828	$ 3,662,614
31	**Operating Income**	$ 94,521	$ 38,725	$ 133,247	$ 429,229	$ 562,475
32	**Other Income (Expense)**					
33	Interest Income	-	-	-		-
34	Other income (loss)	-	-	-		-
35	Interest Expense	(110,537)	(6,608)	(117,145)		(117,145)
36	Other Expense	-	-	-		-
37		-	-	-		-
38	**Total Other Income (Expense)**	$ (110,537)	$ (6,608)	$ (117,145)	$ -	$ (117,145)
39	**Net Profit (Loss)**	$ (16,016)	$ 32,117	$ 16,101	$ 429,229	$ 445,330
40						
41	SUPPORTING SCHEDULES:				RECAP SCHEDULES:	
42	Rejoinder C-1, page 2				Rejoinder A-1	
43						

Bella Vista Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Income Statement

Exhibit
Rejoinder Schedule C-1
Page 2
Witness: Bourassa

Line No.		Label>>>>>>>> Test Year Adjusted Results	1 Depreciation	2 Property Taxes	3 Meals Entertainment Contributions	4 Water Testing	5 Transport. Expense	6 Central Office Allocation	7 Interest Sunch.	8 Income Taxes	Rejoinder Test Year Adjusted Results	Proposed Rate Increase	Rejoinder Adjusted with Rate Increase
1	**Revenues**												
2	Metered Water Revenues	$ 3,400,892									$ 3,400,892	$ 699,057	$ 4,099,949
3	Unmetered Water Revenues	-									-		-
4	Other Water Revenues	125,141									125,141		125,141
5		$ 3,526,033	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,526,033	$ 699,057	$ 4,225,090
6	**Operating Expenses**												
7	Salaries and Wages	$ -									$ -		$ -
8	Purchased Water	708									708		708
9	Purchased Power	561,094									561,094		561,094
10	Fuel for Power Production	-									-		-
11	Chemicals	4,273									4,273		4,273
12	Materials & Supplies	36,932									36,932		36,932
13	Outside Services	4,605									4,605		4,605
14	Outside Services- Legal	35,245									35,245		35,245
15	Outside Services- Other	1,258,045						(16,734)			1,241,311		1,241,311
16	Water Testing	18,805				24,387					43,192		43,192
17	Equipment Rental	-									-		-
18	Rents	60,600									60,600		60,600
19	Transportation Expenses	78,117					(7,023)				71,094		71,094
20	Insurance - General Liability	38,930									38,930		38,930
21	Insurance - Health and Life	7,290									7,290		7,290
22	Reg. Comm. Exp.	9,017									9,017		9,017
23	Reg. Comm. Exp. - Rate Case	83,333									83,333		83,333
24	Miscellaneous Expense	65,966			(5,181)						60,785		60,785
25	Bad Debt Expense	9,526									9,526		9,526
26	Depreciation Expense	1,009,435	(58,288)								951,146		951,146
27	Taxes Other Than Income	-									-		-
28	Property Taxes	159,659		3,924							163,583		163,583
29	Income Tax	(10,068)								20,190	10,122	269,828	279,950
30	**Total Operating Expenses**	$ 3,431,512	$ (58,288)	$ 3,924	$ (5,181)	$ 24,387	$ (7,023)	$ (16,734)	$ -	$ 20,190	$ 3,392,786	$ 269,828	$ 3,662,614
31	**Operating Income**	$ 94,521	$ 58,288	$ (3,924)	$ 5,181	$ (24,387)	$ 7,023	$ 16,734	$ -	$ (20,190)	$ 133,247	$ 429,229	$ 562,475
32	**Other Income (Expense)**												
33	Interest Income	-									-		-
34	Other income (loss)	-									-		-
35	Interest Expense	(110,537)							(6,608)		(117,145)		(117,145)
36	*Other Expense*	-									-		-
37		-									-		-
38	**Total Other Income (Expense)**	$ (110,537)	$ -	$ -	$ -	$ -	$ -	$ -	$ (6,608)	$ -	$ (117,145)	$ -	$ (117,145)
39	**Net Profit (Loss)**	$ (16,016)	$ 58,288	$ (3,924)	$ 5,181	$ (24,387)	$ 7,023	$ 16,734	$ (6,608)	$ (20,190)	$ 16,101	$ 429,229	$ 445,330
40													
41	SUPPORTING SCHEDULES:												
42	Rejoinder C-2												
43													

RECAP SCHEDULES:
Rejoinder C-1, page 1

Bella Vista Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Adjustments to Revenues and Expenses

Exhibit
Rejoinder Schedule C-2
Page 1
Witness: Bourassa

Line No.		Adjustments to Revenues and Expenses						
		1	2	3	4	5	6	Subtotal
1		Depreciation	Property	Meals, Entertainment	Water	Transportation	Central	
2		Expense	Taxes	Contibutions	Testing	Expense	Office Allocation	
3	Revenues							-
4								
5	Expenses	(58,288)	3,924	(5,181)	24,387	(7,023)	(16,734)	(58,916)
6								
7	Operating							
8	Income	58,288	(3,924)	5,181	(24,387)	7,023	16,734	58,916
9								
10	Interest							
11	Expense							-
12	Other							
13	Income /							-
14	Expense							
15								
16	Net Income	58,288	(3,924)	5,181	(24,387)	7,023	16,734	58,916
17								
18		Adjustments to Revenues and Expenses						
19		7	8	9	10	11	12	Subtotal
20		Interest	Income					
21		Synchronization	Taxes	Blank	Blank	Blank	Blank	
22	Revenues							-
23								
24	Expenses		20,190					(38,725)
25								
26	Operating							
27	Income	-	(20,190)	-	-	-	-	38,725
28								
29	Interest							
30	Expense	(6,608)						(6,608)
31	Other							
32	Income /							-
33	Expense							
34								
35	Net Income	(6,608)	(20,190)	-	-	-	-	32,117

Bella Vista Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Adjustments to Revenues and Expenses
Adjustment Number 1

Exhibit
Rejoinder Schedule C-2
Page 2
Witness: Bourassa

Line No.

1 Depreciation Expense

Line	Acct. No.	Description	Adjusted Original Cost	Proposed Rates	Depreciation Expense
5	301	Organization Cost	-	0.00%	-
6	302	Franchise Cost	-	0.00%	-
7	303	Land and Land Rights	327,399	0.00%	-
8	304	Structures and Improvements	1,307,936	3.33%	43,554
9	305	Collecting and Impounding Res.	-	2.50%	-
10	306	Lake River and Other Intakes	-	2.50%	-
11	307	Wells and Springs	1,127,614	3.33%	37,550
12	308	Infiltration Galleries and Tunnels	-	6.67%	-
13	309	Supply Mains	-	2.00%	-
14	310	Power Generation Equipment	-	5.00%	-
15	311	Electric Pumping Equipment	2,044,322	12.50%	255,540
16	320	Water Treatment Equipment	83,385	3.33%	2,777
17	320.1	Water Treatment Plant	-	3.33%	-
18	320.2	Chemical Solution Feeders	-	20.00%	-
19	330	Dist. Reservoirs & Standpipe	2,280,128	2.22%	50,619
20	330.1	Storage tanks	-	2.22%	-
21	330.2	Pressure Tanks	-	5.00%	-
22	331	Trans. and Dist. Mains	12,109,036	2.00%	242,181
23	333	Services	1,382,479	3.33%	46,037
24	334	Meters	1,358,176	8.33%	113,136
25	335	Hydrants	884,182	2.00%	17,684
26	336	Backflow Prevention Devices	-	6.67%	-
27	339	Other Plant and Misc. Equip.	69,551	6.67%	4,639
28	340	Office Furniture and Fixtures	177,672	6.67%	11,851
29	340.1	Computers and Software	160,920	20.00%	32,184
30	341	Transportation Equipment	268,464	20.00%	53,693
31	342	Stores Equipment	-	4.00%	-
32	343	Tools and Work Equipment	122,443	5.00%	6,122
33	344	Laboratory Equipment	-	10.00%	-
34	345	Power Operated Equipment	31,548	5.00%	1,577
35	346	Communications Equipment	411,484	10.00%	41,148
36	347	Miscellaneous Equipment	107,306	10.00%	10,731
37	348	Other Tangible Plant	-	10.00%	-
39		TOTALS	$ 24,254,044		$ 971,022
42		Less: Amortization of Contributions	$ 496,445	4.0035%	$ (19,875)
46		Total Depreciation Expense			$ 951,146
48		Test Year Depreciation Expense			1,009,435
50		Increase (decrease) in Depreciation Expense			(58,288)
52		Adjustment to Revenues and/or Expenses			$ (58,288)

54 SUPPORTING SCHEDULE
55 Rejoinder B-2, page 3
56 Rejoinder B-2, page 6.4

* Fully Depreciated

Bella Vista Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Adjustment to Revenues and Expenses
Adjustment Number 2

Exhibit
Rejoinder Schedule C-2
Page 3
Witness: Bourassa

Line No.			
1	Property Taxes:		
2			
3	Adjusted Revenues in year ended 3/31/09	$	3,526,033
4	Adjusted Revenues in year ended 3/31/09		3,526,033
5	Proposed Revenues		4,225,090
6	Average of three year's of revenue	$	3,759,052
7	Average of three year's of revenue, times 2	$	7,518,104
8	Add:		
9	Construction Work in Progess at 10%	$	379,887
10	Deduct:		
11	Book Value of Transportation Equipment		19,514
12			
13	Full Cash Value	$	7,878,477
14	Assessment Ratio		21%
15	Assessed Value		1,654,480
16	Property Tax Rate		9.8053%
17			
18	Property Tax		162,226
19	Plus: Tax on Parcels		1,357
20			
21	Total Property Tax at Proposed Rates	$	163,583
22	Property Taxes recorded during the test year		159,659
23	Change in Property Taxes	$	3,924
24			
25			
26	Adjustment to Revenues and/or Expenses	$	3,924
27			
28			

Bella Vista Water Company (Stand-Alone)
Test Year Ended March 31, 2009
ADJUSTMENTS TO REVENUES AND/OR EXPENSES
Adjustment Number 3

Exhibit
Rejoinder Schedule C-2
Page 4
Witness: Bourassa

Line No.			
1	Remove Meals, Entertainment and Contibutions		
2			
3	Meals and Entertainment	$	(5,181)
4	Contributions		(500)
5			
6			
7	Increase(decrease) Miscellaneous Expense	$	(5,181)
8			
9	Adjustment to Revenue and/or Expense	$	(5,181)
10			
11			
12			
13			
14			
15			
16	SUPPORTING SCHEDULES		
17	Staff Schedule CSB-18		
18			
19			
20			
21			
22			
23			
24			

Bella Vista Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Adjustment to Revenues and Expenses
Adjustment Number 4

Exhibit
Rejoinder Schedule C-2
Page 5
Witness: Bourassa

Line No.			
1	Water Testing Expense		
2			
3	Proposed Water Testing Expense	$	43,192
4			
5	Adjusted Test Year Expense		18,805
6			
7			
8	Increase (decrease) in Water Testing Expense	$	24,387
9			
10			
11			
12			
13			
14	REFERENCE		
15	See testimony		
16			
17			
18			
19			
20			

Bella Vista Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Adjustment to Revenues and Expenses
Adjustment Number 5

Exhibit
Rejoinder Schedule C-2
Page 6
Witness: Bourassa

Line No.					
1	Transportation Expense (Remove Airlink costs)				
2					
3	Date	Invoice	Amount		
4	9/30/2008	1023	$ (5,596)		
5	9/30/2008	1040	(1,427)		
6					
7	Total			$	(7,023)
8					
9					
10	Increase (decrease) in Water Testing Expense			$	(7,023)
11					
12					
13					
14	REFERENCE				
15	See testimony				
16					
17					
18					
19					
20					

Bella Vista Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Adjustment to Revenues and Expenses
Adjustment Number 6

Exhibit
Rejoinder Schedule C-2
Page 7
Witness: Bourassa

Cental Office Costs - Infrastructure Allocation

Line No.		Test Year Actual Total Cost Pool	Adjustments	Adjusted Total Cost Pool	Utility Infrastructure Group Allocation %	Utility Infrastructure Group Allocated Cost Pool	BVWC Water Allocation by Customer Count	Rebuttal BVWC Allocation
9	Audit	$ 778,285	$ (97,474)	$ 680,812	24.29%	$ 165,340	12.74%	21,065
10	Tax Services	518,775	(48,971)	469,804	24.29%	114,095	12.74%	14,536
11	Legal	159,053	(20,521)	138,531	24.29%	33,643	12.74%	4,286
12	Other Professional Services	506,082	(53,879)	452,202	24.29%	109,821	12.74%	13,992
13	Management Fee - Total	644,943	(81,140)	563,803	24.29%	136,924	12.74%	17,445
14	Unit Holder Communications	156,766	(11,108)	145,658	24.29%	35,374	12.74%	4,507
15	Trustee Fees	129,000	(1,884)	127,116	24.29%	30,871	12.74%	3,933
16	Escrow & Transfer Agent Fees	96,138	(10,784)	85,354	24.29%	20,729	12.74%	2,641
17	Rent	307,337	(33,372)	273,965	24.29%	66,534	12.74%	8,477
18	Licenses/Fees & Permits	17,561	(2,995)	14,565	24.29%	3,537	12.74%	451
19	Office Expenses	572,357	(146,601)	425,755	24.29%	103,398	12.74%	13,174
20	Depreciation	211,653	(21,856)	189,797	24.29%	46,094	12.74%	5,873
22	**Total (US dollars USD)**	**$ 4,097,949**	**$ (530,586)**	**$ 3,567,363**		**$ 866,360**		**$ 110,380**

26	Infrastructure Cost Allocation per Direct (USD)	$ 127,114
28	Increase (decrease) in Infrastructure Allocated Costs (USD)	$ (16,734)
31	Adjustment to Revenues and/or Expenses	$ (16,734)

Bella Vista Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Adjustment to Revenues and Expenses
Adjustment Number 7

Exhibit
Rejoinder Schedule C-2
Page 8
Witness: Bourassa

Line No.			
1	Interest Synchronization		
2			
3			
4	Fair Value Rate Base	$ 5,914,568	
5	Weighted Cost of Debt	1.98%	
6	Interest Expense		$ 117,145
7			
8	Test Year Interest Expense		$ 110,537
9			
10	Increase (decrease) in Interest Expense		6,608
11			
12			
13			
14	Adjustment to Revenue and/or Expense		$ (6,608)
15			
16			
17	Weighted Cost of Debt Computation		

18						Weighted
19			Amount	Percent	Cost	Cost
20	Debt	$	1,697,323	31.56%	6.28%	1.98%
21	Equity	$	3,681,371	68.44%	11.00%	7.53%
22	Total	$	5,378,694	100.00%		9.51%
23						
24						

Bella Vista Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Adjustment to Revenues and/or Expenses
Adjustment Number 8

Exhibit
Rejoinder Schedule C-2
Page 9
Witness: Bourassa

Line No.			Test Year Adjusted Results	Adjusted with Rate Increase	
1	Income Tax Computation				
2					
3					
4					
5					
6					
7	Taxable Income		$ 26,223	$ 725,280	
8					
9	Taxable Income		$ 26,223	$ 725,280	
10					
11					
12	Arizona Income Before Taxes			$ 725,280	
13					
14	Less Arizona Income Tax			$ 50,538	
15	Rate =	6.97%			
16	Arizona Taxable Income			$ 674,743	
17					
18	Arizona Income Taxes			$ 50,538	
19					
20	Federal Income Before Taxes			$ 725,280	
21					
22	Less Arizona Income Taxes			$ 50,538	
23					
24	Federal Taxable Income			$ 674,743	
25					
26					
27					
28	FEDERAL INCOME TAXES:				
29	15% BRACKET			$ 7,500	
30	25% BRACKET			$ 6,250	
31	34% BRACKET			$ 8,500	Federal
32	39% BRACKET			$ 91,650	Effective
33	34% BRACKET			$ 115,512	Tax
34					Rate
35	Federal Income Taxes			$ 229,412	31.63%
36					
37					
38	Total Income Tax			$ 279,950	
39					
40	Overall Tax Rate			38.60%	
41					
42	Income Tax at Proposed Rates Effective Rate		$ 10,122		
43					
44	Adjusted Test Year Income Taxes		(10,068)		
45					
46	Adjustment to Income Taxes		20,190		
47					

Bella Vista Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Computation of Gross Revenue Conversion Factor

Exhibit
Rejoinder Schedule C-3
Page 1
Witness: Bourassa

Line No.	Description	Percentage of Incremental Gross Revenues
1	Federal Income Taxes	31.63%
2		
3	State Income Taxes	6.97%
4		
5	Other Taxes and Expenses	0.00%
6		
7		
8	Total Tax Percentage	38.60%
9		
10	Operating Income % = 100% - Tax Percentage	61.40%
11		
12		
13		
14		
15	1 = Gross Revenue Conversion Factor	
16	Operating Income %	1.6286
17		
18	SUPPORTING SCHEDULES:	RECAP SCHEDULES:
19		Rejoinder A-1
20		

Bella Vista Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Exhibit
Rejoinder Schedule H-1
Page 1
Witness: Bourassa

Line No.	Meter Size	Class	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues
1	5/8 Inch	Residential	$ 2,139,103	$ 2,441,888	$ 302,785	14.15%	62.95%	59.57%
2	3/4 Inch	Residential	11,182	12,440	1,258	11.25%	0.33%	0.30%
3	1 Inch	Residential	5,821	7,043	1,222	21.00%	0.17%	0.17%
4	2 Inch	Residential	725	1,296	572	78.90%	0.02%	0.03%
5								
6		Subtotal	2,156,831	2,462,667	305,837	14.18%	63.47%	60.08%
7								
8	5/8 Inch	Commercial	$ 124,380	$ 147,579	$ 23,199	18.65%	3.66%	3.60%
9	3/4 Inch	Commercial	3,382	3,848	466	13.78%	0.10%	0.09%
10	1 Inch	Commercial	89,928	109,455	19,527	21.71%	2.65%	2.67%
11	1.5 Inch	Commercial	115,753	167,503	51,749	44.71%	3.41%	4.09%
12	2 Inch	Commercial	651,968	885,210	233,242	35.78%	19.18%	21.60%
13	3 Inch	Commercial	131,628	156,675	25,048	19.03%	3.87%	3.82%
14	4 Inch	Commercial	56,353	71,496	15,143	26.87%	1.66%	1.74%
15	6 Inch	Commercial	12,229	10,487	(1,743)	-14.25%	0.36%	0.26%
16	8 Inch	Commercial	15,578	15,630	52	0.33%	0.46%	0.38%
17								
18		Subtotal	$ 1,201,199	$ 1,567,883	$ 366,684	30.53%	35.35%	38.25%
19								
20								
21	3 Inch	Hydrant	$ 31,719	$ 46,016	14,297	45.07%	0.93%	1.12%
22								
23	4 Inch	Fire Sprinkler	6,050	18,150	12,100	200.00%	0.18%	0.44%
24	6 Inch	Fire Sprinkler	2,394	4,090	1,696	70.84%	0.07%	0.10%
25	8 Inch	Fire Sprinkler	155	312	156	100.53%	0.00%	0.01%
26								
27		Subtotal	8,599	22,552	13,952	162.25%	0.25%	0.55%
28								
29								
30								
31	Total Revenues Before Annualization		$ 3,398,348	$ 4,099,118	$ 700,770	20.62%	100.00%	100.00%
32								

Bella Vista Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Exhibit
Rejoinder Schedule H-1
Page 2
Witness: Bourassa

Line No.	Meter Size	Class	Present Revenues	Revenue Annualization: Proposed Revenues	Dollar Change	Percent Change	Additional Bills	Additional Gallons to be Pumped (In 1,000's)	
5	5/8 Inch	Residential	$ 7,889	$ 9,078	1,189	15.07%	340	2,303	C-2, pg 5.1
6	3/4 Inch	Residential	(81)	(92)	(10)	0.00%	(3)	(14)	C-2, pg. 5.2
7	1 Inch	Residential	-	-	-	0.00%	-	-	C-2, pg. 5.3
8	2 Inch	Residential	-	-	-	0.00%	-	-	C-2, pg. 5.4
10		Subtotal	$ 7,808	$ 8,987	1,179	15.10%	337	2,290	
12	5/8 Inch	Commercial	$ (1,504)	$ (1,900)	(395)	0.00%	(61)	(460)	C-2, pg. 5.5
13	3/4 Inch	Commercial	33	40	7	21.43%	1	8	C-2, pg. 5.6
14	1 Inch	Commercial	727	905	178	24.44%	14	211	C-2, pg. 5.7
15	1.5 Inch	Commercial	2,625	3,650	1,025	39.04%	21	1,057	C-2, pg. 5.8
16	2 Inch	Commercial	2,102	2,697	595	28.30%	9	933	C-2, pg. 5.9
17	3 Inch	Commercial	2,174	2,476	303	13.92%	5	840	C-2, pg. 5.10
18	4 Inch	Commercial	(9,694)	(11,914)	(2,220)	0.00%	(8)	(4,416)	C-2, pg. 5.11
19	6 Inch	Commercial	-	-	-	0.00%	-	-	
20	8 Inch	Commercial	-	-	-	0.00%	-	-	
21					-				
22		Subtotal	$ (3,538)	$ (4,045)	1,850	-52.30%	(19)	(1,829)	
25	3 Inch	Hydrant	$ (2,036)	$ (2,996)	(960)	0.00%	(12)	(333)	C-2, pg. 5.12
27	4 Inch	Fire Sprinkler	(110)	(330)	(220)	0.00%	(22)	-	C-2, pg. 5.13
28	6 Inch	Fire Sprinkler	-	-	-	0.00%	-	-	
29	8 Inch	Fire Sprinkler	-	-	-	0.00%	-	-	
31		Subtotal	$ (110)	$ (330)	$ (220)	200.00%	(22)	-	
36	Total Revenue Annualization		$ 2,124	$ 1,615	$ 1,849	87.05%	284	128	

Bella Vista Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Exhibit
Rejoinder Schedule H-1
Page 3
Witness: Bourassa

Line No.		Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues
1							
2							
3	Subtotal Metered Revenues	$ 3,398,348	$ 4,099,118	$ 700,770	20.62%	100.00%	100.00%
4	Subtotal Revenue Annualization	2,124	1,615	(509)	-23.95%	0.06%	0.04%
5	Total Metered Revenues	$ 3,400,472	$ 4,100,733	$ 700,261	20.59%		
6							
7	Misc. Revenues	$ 125,141	$ 125,141	-	0.00%	3.68%	3.05%
8	Reconciling Amount to GL	420	(785)	(1,205)	-286.94%	0.01%	-0.02%
9	Total Water Revenues	$ 3,526,033	$ 4,225,089	$ 699,056	19.83%	0.00%	0.00%
10							
11							
12	Revenue Reconciliation						
13							
14	Revenue per bill count before revenue annualization		$ 3,398,348				
15	Revenue per GL (metered water revenues)		3,398,768				
16	Difference		$ (420)				
17	Difference %		-0.01%				
18	Tolerance %		0.50%				
19	Tolerance Amount + or -		$ 16,994				
20							
21	Acceptable?		YES				
22							
23							
24							
25							
26							
27							
28							
29							
30							
31							
32							
33							
34							
35							

Bella Vista Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Customer Summary

Exhibit
Rejoinder Schedule H-2
Page 1
Witness: Bourassa

Line No.		Meter Size, Class	(a) Average Number of Customers at 3/31/2009	Average Consumption	Average Bill Present Rates	Average Bill Proposed Rates	Proposed Increase Dollar Amount	Proposed Increase Percent Amount
1	5/8 Inch	Residential	7,377	6,612	$ 22.90	$ 26.39	3.50	15.27%
2	3/4 Inch	Residential	33	4,539	27.10	30.57	3.47	12.81%
3	1 Inch	Residential	8	18,005	57.53	71.73	14.20	24.69%
4	2 Inch	Residential	1	10,709	57.89	108.02	50.13	86.60%
5		Subtotal	7,419					
6								
7	5/8 Inch	Commercial	386	7,365	$ 24.32	$ 30.71	6.39	26.26%
8	3/4 Inch	Commercial	6	13,542	$ 43.69	53.65	9.96	22.79%
9	1 Inch	Commercial	138	14,485	50.88	63.28	12.41	24.39%
10	1.5 Inch	Commercial	83	45,156	115.24	161.41	46.17	40.06%
11	2 Inch	Commercial	271	85,760	199.74	256.71	56.98	28.53%
12	3 Inch	Commercial	26	164,752	428.68	487.58	58.90	13.74%
13	4 Inch	Commercial	4	588,148	1,280.00	1,575.86	295.87	23.11%
14	6 Inch	Commercial	1	39,001	1,019.11	873.90	(145.21)	-14.25%
15	8 Inch	Commercial	1	2,542	1,297.47	1,302.47	5.00	0.39%
16		Subtotal	916					
17								
18	3 Inch	Hydrant	15	30,148	$ 174.28	$ 255.64	81.36	46.69%
19								
20	4 Inch	Fire Sprinkler	101	-	5.00	15.00	10.00	200.00%
21	6 Inch	Fire Sprinkler	21	-	9.50	16.23	6.73	70.84%
22	8 Inch	Fire Sprinkler	1	-	12.95	25.97	13.02	100.53%
23		Subtotal	123					
24								
25								
26								
27		Total	8,472					
28								

29 **(a)** Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.
30

Bella Vista Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Customer Summary

Exhibit
Rejoinder Schedule H-2
Page 2
Witness: Bourassa

Line No.	Meter Size, Class		(a) Average Number of Customers at 3/31/2009	Median Consumption	Median Bill Present Rates	Median Bill Proposed Rates	Proposed Increase Dollar Amount	Proposed Increase Percent Amount
1	5/8 Inch	Residential	7,377	4,500	$ 19.37	$ 22.38	3.02	15.57%
2	3/4 Inch	Residential	33	4,500	27.07	30.50	3.44	12.69%
3	1 Inch	Residential	8	10,500	43.35	53.72	10.38	23.94%
4	2 Inch	Residential	1	1,500	43.71	93.29	49.59	113.45%
5		Subtotal	7,419					
6								
7	5/8 Inch	Commercial	386	3,500	$ 18.40	$ 21.83	3.44	18.67%
8	3/4 Inch	Commercial	6	4,500	27.07	31.95	4.89	18.05%
9	1 Inch	Commercial	138	8,500	39.57	50.12	10.56	26.68%
10	1.5 Inch	Commercial	83	28,500	83.77	121.44	37.68	44.98%
11	2 Inch	Commercial	271	39,500	112.31	154.09	41.79	37.21%
12	3 Inch	Commercial	26	143,100	387.76	435.62	47.86	12.34%
13	4 Inch	Commercial	4	623,000	1,345.87	1,659.51	313.64	23.30%
14	6 Inch	Commercial	1	43,500	1,027.62	881.10	(146.52)	-14.26%
15	8 Inch	Commercial	1	1,000	1,295.97	1,300.00	4.03	0.31%
16		Subtotal	916					
17								
18	3 Inch	Hydrant	15	4,500	$ 126.27	$ 192.81	66.54	52.70%
19								
20	4 Inch	Fire Sprinkler	101	-	5.00	15.00	10.00	200.00%
21	6 Inch	Fire Sprinkler	21	-	9.50	16.23	6.73	70.84%
22	8 Inch	Fire Sprinkler	1	-	12.95	25.97	13.02	100.53%
23		Subtotal	123					
24								
25								
26								
27		Total	8,472					

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

29

30

Bella Vista Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Present and Proposed Rates

Exhibit
Rejoinder Schedule H-3
Page 1
Witness: Bourassa

Line No.	Monthly Usage Charge for:	Present Rates	Proposed Rates	Change	Percent Change
1	Meter Size (All Classes):				
2	5/8 Inch	$ 15.00	$ 16.23	$ 1.23	8.20%
2	3/4 Inch	22.70	24.35	1.65	7.27%
3	1 Inch	28.10	36.52	8.42	29.96%
4	1 1/2 Inch	34.50	73.04	38.54	111.71%
5	2 Inch	42.25	90.89	48.64	115.12%
6	3 Inch	121.90	181.78	59.88	49.12%
7	4 Inch	173.00	304.31	131.31	75.90%
8	6 Inch	950.00	811.50	(138.50)	-14.58%
9	8 Inch	1,295.00	1,298.40	3.40	0.26%
10					
11	Fire Sprinkler Service				
12	Fire Sprinklers - 4 Inch (See Note1 and Note 2)	5.00	15.00	10.00	200.00%
13	Fire Sprinklers - 6 Inch (See Note1 and Note 2)	9.50	16.23	6.73	70.84%
14	Fire Sprinklers - 8 Inch (See Note1 and Note 2)	12.95	25.97	13.02	100.53%
15					
16	Gallons In Minimum (All Meter Sizes and Classes)	-	-		

Line No.	Commodity Rates Meter Size and Class	Block	(Per 1,000 gallons) Present Rate	Proposed Rate
18				
22	All Meter Sizes and Classes	0 gallons to 5,000 gallons	$ 0.97	
23		5,000 gallons to 25,000 gallons	$ 1.89	
24		Over 25,000 gallons	$ 2.41	
25				
26	5/8 Inch and 3/4 Inch Meter - Residential	0 gallons to 4,000 gallons		$ 1.30
27		4,001 gallons to 10,000 gallons		$ 1.90
28		over 10,000 gallons		$ 2.45
29				
30	5/8 Inch and 3/4 Inch Meter - Commercial	0 gallons to 4,000 gallons		$ 1.60
31		over 4,000 gallons		$ 2.40
32				
33	1 Inch Meter - All classes	0 gallons to 10,000 gallons		$ 1.60
34		over 10,000 gallons		$ 2.40
35				
36	1.5 Inch Meter - All Classes	0 gallons to 25,000 gallons		$ 1.60
37		over 25,000 gallons		$ 2.40

36 NT = No Tariff

37

38 Note 1 - Present Rates are 1% of monthly minimum for comparable sized meters, but not less than $5.00 per month

37 Note 2 - Proposed rates are 2% of monthly minimum for comparable sized meters, but not less than $15 per month.

Bella Vista Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Present and Proposed Rates

Exhibit
Rejoinder Schedule H-3
Page 2
Witness: Bourassa

Line No.			(Per 1,000 gallons) Present Rate	Proposed Rate
1				
2	**Commodity Rates**			
3	**Meter Size and Class**	**Block**		
4				
5	2 Inch Meter - All Classes	0 gallons to 50,000 gallons		$ 1.60
6		over 50,000 gallons		$ 2.40
7				
8	3 Inch Meter -All Classes	0 gallons to 80,000 gallons		$ 1.60
9		over 80,000 gallons		$ 2.40
10				
11	4 Inch Meter- All Classes	0 gallons to 175,000 gallons		$ 1.60
12		over 175,000 gallons		$ 2.40
13				
14	6 Inch Meter - All Classes	0 gallons to 450,000 gallons		$ 1.60
15		over 450,000 gallons		$ 2.40
16				
17	8 Inch Meter - All Classes	0 gallons to 720,000 gallons		$ 1.60
18		over 720,000 gallons		$ 2.40
19				
20				
21	Standpipe (Hydrant, Bulk)	All gallons	NT	$ 2.45
22				
23				
24				
25	NT = No Tariff			
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				

Bella Vista Water Company (Stand-Alone)
Changes in Representative Rate Schedules
Test Year Ended March 31, 2009

Exhibit
Rejoinder Schedule H-3
Page 3
Witness: Bourassa

Line No.	Other Service Charges	Present Rates	Proposed Rates
1	Establishment (Regular Hours) per Rule R14-2-403D	$ 30.00	$ 30.00
2	Establishment (After Hours) per Rule R14-2-403D	$ 45.00	$ 45.00
3	Re-Establishment of Service per Rule R14-2-403D	[a]	[a]
4	Reconnection (Delinquent) per Rule R14-2-403D	$ 30.00	$ 30.00
5	Reconnection (After Hours) per Rule R14-2-403D	$ 45.00	$ 45.00
6	Meter Test (if correct) per Rule R14-2-408F	$ 30.00	$ 30.00
7	Meter Reread per Rule R14-2-408C (if correct)	$ 15.00	$ 15.00
8	NSF Check per Rule R14-2-409F	$ 15.00	$ 15.00
9	Deferred Payment, Per Month	1.50%	1.50%
10	Late Charge	[b]	[b]
11	Service Calls - Per Hour/After Hours(e)	NT	$ 40.00
12	Deposit Requirements	[c]	[c]
13	Moving Meter at Customer Requesdt	Cost	Cost
14	Damage to Meter	Cost	Cost
15	Meter and Service lines	see H-3, page 4	
16	Main Extension Tariff	Cost	Cost
17			
18			
19			
20			

21 [a] Minimum charge times number of full months off the system. per Rule R14-2-403(D).
22 [b] Greater of $5.00 or 1.5% of unpaid balance.
23 [c] Per ACC Rules R14-2-403(B) Residential - two times the average bill.
24 Commercial - two and one-half times the average bill.
25
26
27
28 IN ADDITION TO THE COLLECTION OF REGULAR RATES, EACH UTILITY MAY COLLECT FROM
29 ITS CUSTOMERS A PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES OR USE
30 TAX. PER COMMISSION RULE 14-2-409D(5).
31
32
33
34
35

Bella Vista Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Meter and Service Line Charges

Exhibit
Rejoinder Schedule H-3
Page 4
Witness: Bourassa

Refundable Meter and Service Line Charges

Line No.		Present Service Line Charge	Present Meter Install-ation Charge	Total Present Charge	Proposed Service Line Charge	Proposed Meter Install-ation Charge	Total Proposed Charge*
9	5/8 x 3/4 Inch			$ 350.00	$ 1,765.00	$ 105.00	$ 1,870.00
10	3/4 Inch			350.00	1,765.00	180.00	1,945.00
11	1 Inch			400.00	1,765.00	240.00	2,005.00
12	1 1/2 Inch			500.00	At Cost	At Cost	At Cost
13	2 Inch / Turbine			NT	At Cost	At Cost	At Cost
14	2 Inch / Compound			675.00	At Cost	At Cost	At Cost
15	3 Inch / Turbine			NT	At Cost	At Cost	At Cost
16	3 Inch / Compound			1,500.00	At Cost	At Cost	At Cost
17	4 Inch / Turbine			NT	At Cost	At Cost	At Cost
18	4 Inch / Compound			1,500.00	At Cost	At Cost	At Cost
19	6 Inch / Turbine			NT	At Cost	At Cost	At Cost
20	6 Inch / Compound			4,400.00	At Cost	At Cost	At Cost
21	8 Inch & Larger			At Cost	At Cost	At Cost	At Cost

24 * Plus actual road crossing costs.

29 N/T = No Tariff

Bella Vista Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Hook-Up Fees

Exhibit
Schedule H-3
Page 5
Witness: Bourassa

Off-site Facilities Hook-up Fee

	Present Charge	Proposed Charge
5/8 x 3/4 Inch	NT	$ 1,600
3/4 Inch	NT	2,400
1 Inch	NT	4,000
1 1/2 Inch	NT	8,000
2 Inch	NT	12,800
3 Inch	NT	25,600
4 Inch	NT	40,000
6 Inch or larger	NT	80,000

NT = No Tariff

Bella Vista Water Co., Inc.
Northern Sunrise Water Company Inc.
Southern Sunrise Water Company Inc.

W-02465A-09-0411, W-20453A-09-0412, W-20454A-09-0413,
W-02465A-09-0414, W-20453A-09-0414 and W-20454A-09-0414

Thomas J. Bourassa
Rejoinder Testimony
(Rate Base, Income Statement And Rate Design)
July 7, 2010

Northern Sunrise Water Company Stand-Alone Schedules

2232477.1

Northern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Computation of Increase in Gross Revenue
Requirements As Adjusted

Exhibit
Rejoinder Schedule A-1
Page 1
Witness: Bourassa

Line No.			
1	Fair Value Rate Base	$	660,315
2			
3	Adjusted Operating Income		(84,236)
4			
5	Current Rate of Return		-12.76%
6			
7	Required Operating Income	$	73,295
8			
9	Required Rate of Return on Fair Value Rate Base		11.10%
10			
11	Operating Income Deficiency	$	157,531
12			
13	Gross Revenue Conversion Factor		1.3676
14			
15	Increase in Gross Revenue Revenue Requirement		215,439
16			
17	Adjusted Test Year Revenues	$	191,966
18	Increase in Gross Revenue Revenue Requirement	$	215,439
19	Proposed Revenue Requirement	$	407,406
20	Percent Increase		112.23%

	Customer Classification		Present Rates	Proposed Rates	Dollar Increase	Percent Increase
24	5/8 Inch	Residential	$ 189,511	$ 406,752	$ 217,241	114.63%
25	3/4 Inch	Residential	1,344	2,657	1,313	97.69%
26						
27						
28		**Subtotal**	$ 190,855	$ 409,410	$ 218,555	114.51%
29						
30						0.00%
31						0.00%
32						0.00%
33						0.00%
34						0.00%
35						0.00%
36						0.00%
37						0.00%
38						0.00%
39						0.00%
40						
41						0.00%
42						
43						0.00%
44						
45						0.00%
46						0.00%
47						
48	**Subtotal Revenues before Annualization**		$ 190,855	$ 409,410	$ 218,555	114.51%
49	**Revenue Annualization**		(2,465)	(5,435)	(2,970)	120.51%
50	Miscellaneous Revenues		3,294	3,294	-	0.00%
51	Reconciling Amount H-1 to C-1		282	137	(145)	-51.42%
52	**Total of Water Revenues (a)**		$ 191,966	$ 407,406	$ 215,440	112.23%
53						
54						
55	SUPPORTING SCHEDULES:					
56	Rejoinder B-1					
57	Rejoinder C-1					
58	Rejoinder C-3					
59	Rejoinder H-1					

Northern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Summary of Rate Base

Exhibit
Rejoinder Schedule B-1
Page 1
Witness: Bourassa

Line No.		Original Cost Rate base	Fair Value Rate Base
1			
2	Gross Utility Plant in Service	$ 786,509	$ 786,509
3	Less: Accumulated Depreciation	37,859	37,859
4			
5	Net Utility Plant in Service	$ 748,650	$ 748,650
6			
7	Less:		
8	Advances in Aid of		
9	Construction	-	-
10	Contributions in Aid of		
11	Construction	26,000	26,000
12			
13	Accumulated Amortization of CIAC	(66)	(66)
14			
15	Customer Meter Deposits	410	410
16	Deferred Income Taxes & Credits	61,990	61,990
17			
18			
19			
20	Plus:		
21	Unamortized Debt Issuance		
22	Costs	-	-
23	Deferred Reg. Assets	-	-
24	Working capital	-	-
25			
26			
27			
28			
29	Total Rate Base	$ 660,315	$ 660,315
30			
31			
32			
33	SUPPORTING SCHEDULES:		RECAP SCHEDULES:
34	Rejoinder B-2		Rejoinder A-1
35	Rejoinder B-3		
36	Rejoinder B-5		
37			
38			

Northern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Original Cost Rate Base Proforma Adjustments

Exhibit
Rejoinder Schedule B-2
Page 1
Witness: Bourassa

Line No.		Adjusted End of Test Year	Proforma Adjustment Amount	Rebuttal Adjusted at end Test Year
1	Gross Utility			
2	Plant in Service	$ 815,886	(29,377)	$ 786,509
3				
4	**Less:**			
5	Accumulated			
6	Depreciation	42,738	(4,879)	37,859
7				
8				
9	Net Utility Plant			
10	in Service	$ 773,148		$ 748,650
11				
12	**Less:**			
13	Advances in Aid of			
14	Construction	-	-	-
15				
16	Contributions in Aid of			
17	Construction	26,000	-	26,000
18				
19	Accumulated Amort of CIAC	(63)	(2)	(66)
20				
21	Customer Meter Deposits	410	-	410
22	Deferred Income Taxes & Credits	4,144	57,847	61,990
23				
24				
25				
26	**Plus:**			
27	Unamortized Debt Issuance			
28	Costs	-		-
29	Deferred Reg. Assets	-	-	-
30	Working capital	-	-	-
31				
32				
33				
34				
35	Total	$ 742,658		$ 660,315
36				
37				
38				
39	SUPPORTING SCHEDULES:			RECAP SCHEDULES:
40	Rejoinder B-2, pages 2			Rejoinder B-1
41				
42				
43				
44				
45				
46				
47				
48				

Northern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Original Cost Rate Base Proforma Adjustments

Exhibit
Rejoinder Schedule B-2
Page 2
Witness: Bourassa

Line No.		Adjusted End of Test Year	Proforma Adjustments 1 Plant	2 Accumulated Depr.	3 DIT	4 CIAC	Rejoinder Adjusted at end Test Year
1	Gross Utility						
2	Plant in Service	$ 815,886	(29,377)				$ 786,509
3							
4	**Less:**						
5	Accumulated						
6	Depreciation	42,738		(4,879)			37,859
7							
8							
9	Net Utility Plant						
10	in Service	$ 773,148	$ (29,377)	$ 4,879	$ -	$ -	$ 748,650
11							
12	**Less:**						
13	Advances in Aid of						
14	Construction	-					-
15							
16	Contributions in Aid of						
17	Construction (CIAC)	26,000				-	26,000
18							
19	Accumulated Amort of CIAC	(63)				(2)	(66)
20							
21	Customer Meter Deposits	410					410
22	Deferred Income Taxes & Credits	4,144			57,847		61,990
23							
24							
25	**Plus:**						
26	Unamortized Finance						
27	Charges	-					-
28							
29	Allowance for Working Capital	-					-
30							
31	Total	$ 742,658	$ (29,377)	$ 4,879	$ (57,847)	$ 2	$ 660,315
32							
33							
34							
35	SUPPORTING SCHEDULES:						
36	Rejoinder B-2, pages 3-6						
37							

Northern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1

Exhibit
Rejoinder Schedule B-2
Page 3
Witness: Bourassa

Line No.	Plant-in-Service			A	B	Adjustments C	D	E	F	
1				2007						Rebuttal
2			Adjusted	McClain		Intentionally	Intentionally	Intentionally	Intentionally	Adjusted
3	Acct.		Orginal	Acquistion		Left	Left	Left	Left	Original
4	No.	Description	Cost	Costs	AFUDC	Blank	Blank	Blank	Blank	Cost
5	301	Organization Cost	$ -		$ -					$ -
6	302	Franchise Cost	890		-					890
7	303	Land and Land Rights	23,926		-					23,926
8	304	Structures and Improvements	281,810		(1,142)					280,668
9	305	Collecting and Impounding Res.	51,378		-					51,378
10	306	Lake River and Other Intakes	-		-					-
11	307	Wells and Springs	34,064		-					34,064
12	308	Infiltration Galleries and Tunnels	-		-					-
13	309	Supply Mains	-		-					-
14	310	Power Generation Equipment	1,293		-					1,293
15	311	Electric Pumping Equipment	92,122		(1,103)					91,019
16	320	Water Treatment Equipment	-		-					-
17	320.1	Water Treatment Plant	-		-					-
18	320.2	Chemical Solution Feeders	-		-					-
19	330	Dist. Reservoirs & Standpipe	102,018		(6,349)					95,668
20	330.1	Storage tanks	-		-					-
21	330.2	Pressure Tanks	-		-					-
22	331	Trans. and Dist. Mains	36,763		-					36,763
23	333	Services	30,106		(350)					29,756
24	334	Meters	8,244		(4,795)					3,449
25	335	Hydrants	59,298		-					59,298
26	336	Backflow Prevention Devices	-		-					-
27	339	Other Plant and Misc. Equip.	23,472		-					23,472
28	340	Office Furniture and Fixtures	-		-					-
29	340.1	Computers and Software	-		-					-
30	341	Transportation Equipment	-		-					-
31	342	Stores Equipment	-		-					-
32	343	Tools and Work Equipment	-		-					-
33	344	Laboratory Equipment	-		-					-
34	345	Power Operated Equipment	-		-					-
35	346	Communications Equipment	5,881		-					5,881
36	347	Miscellaneous Equipment	-		-					-
37	348	Other Tangible Plant	64,621	(15,636)	-					48,984
38			-							-
39		TOTALS	$ 815,886	$ (15,636)	$ (13,740)	$ -	$ -	$ -	$ -	$ 786,509
40										
41	Adjusted Plant-in-Service per Direct									$ 815,886
42										
43	Increase (decrease) in Plant-in-Service									$ (29,377)
44										
45	Adjustment to Plant-in-Service									$ (29,377)
46										
47	SUPPORTING SCHEDULES									
48	Rejoinder B-2, pages 3.1 to 3.2									
49	Rejoinder B-2, pages 3.3 to 3.6									

Northern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1 - A

Exhibit
Rejoinder Schedule B-2
Page 3.1
Witness: Bourassa

Line No.		
1	McClain Acquisition Costs	
2		
3		
4	Rebuttal McClain Acquistion Costs	$ 48,984
5		
6	McClain Acquisition Costs per Direct	$ 64,621
7		
8		
9	Increase (decrease) to plant-in-service	$ (15,636)
10		
11		
12		
13		
14		
15	REFERENCES	
16	Testimony and Co. Response to CSB 10.3	
17		
18		
19		
20		
21		
22		
23		
24		
25		

Northern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1 - B

Exhibit
Rejoinder Schedule B-2
Page 3.2
Witness: Bourassa

Line No.					
1	Adjusted Allowance for Funds Used During Constructiion ("AFUDC")				
2					
3					
4	Acct	Description	As Filed	Revised	Adjustment
5	301	Organization Cost			$ -
6	302	Franchise Cost			-
7	303	Land and Land Rights			-
8	304	Structures and Improvements	19,041	17,899	(1,142)
9	305	Collecting and Impounding Res.			-
10	306	Lake River and Other Intakes			-
11	307	Wells and Springs	523	523	-
12	308	Infiltration Galleries and Tunnels			-
13	309	Supply Mains			-
14	310	Power Generation Equipment			-
15	311	Electric Pumping Equipment	4,413	3,309	(1,103)
16	320	Water Treatment Equipment			-
17	320.1	Water Treatment Plant			-
18	320.2	Chemical Solution Feeders			-
19	330	Dist. Reservoirs & Standpipe	11,125	4,775	(6,349)
20	330.1	Storage tanks			-
21	330.2	Pressure Tanks			-
22	331	Trans. and Dist. Mains			-
23	333	Services	350	-	(350)
24	334	Meters	4,795	-	(4,795)
25	335	Hydrants			-
26	336	Backflow Prevention Devices			-
27	339	Other Plant and Misc. Equip.			-
28	340	Office Furniture and Fixtures			-
29	340.1	Computers and Software			-
30	341	Transportation Equipment			-
31	342	Stores Equipment			-
32	343	Tools and Work Equipment			-
33	344	Laboratory Equipment			-
34	345	Power Operated Equipment			-
35	346	Communications Equipment			-
36	347	Miscellaneous Equipment			-
37	348	Other Tangible Plant			-
38					
39			$ 40,247	$ 26,507	$ (13,740)
40					
41					
42	Adjustment to plant-in-service				$ (13,740)
43					
44	REFERENCES				
45	Testimony				
46					
47					
48					
49					
50					

Northern Sunrise Water Company (Stand-Alone)
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.3

Account No.	Description	Deprec. Rate After Dec-06	Per Decision 68412 Plant At 12/31/2006	12/31/2006 Accum. Depr.	2007 Plant Additions	Rebuttal 2007 Plant Adjustments	2007 Adjusted Plant Additions	2007 Plant Retirements	2007 Salvage A/D Only	2007 Plant Balance	2007 Deprec.
301	Organization Cost	0.00%	-	-			-			-	-
302	Franchise Cost	0.00%	-	-	-		-			-	-
303	Land and Land Rights	0.00%	23,926	-	-		-			23,926	-
304	Structures and Improvements	3.33%	335	-	-	-	-			335	11
305	Collecting and Impounding Res.	2.50%	-	-	46,603		46,603			46,603	583
306	Lake River and Other Intakes	2.50%	-	-	-		-			-	-
307	Wells and Springs	3.33%	-	-	25,209	-	25,209			25,209	420
308	Infiltration Galleries and Tunnels	6.67%	-	-	-		-			-	-
309	Supply Mains	2.00%	-	-	-		-			-	-
310	Power Generation Equipment	5.00%	-	-	531		531			531	13
311	Electric Pumping Equipment	12.50%	24,594	-	6,698	-	6,698			31,292	3,493
320	Water Treatment Equipment	3.33%	-	-	-		-			-	-
320.1	Water Treatment Equipment	3.33%	-	-	-		-			-	-
320.2	Chemical Solution Feeders	20.00%	-	-	-		-			-	-
330	Distribution Reservoirs & Standpipe	2.22%	4,680	-	-	(4,613)	(4,613)			67	53
330.1	Storage tanks	2.22%	-	-	-		-			-	-
330.2	Pressure Tanks	5.00%	-	-	-		-			-	-
331	Transmission and Distribution Mains	2.00%	36,984	-	-		-			36,984	740
333	Services	3.33%	1,065	-	9,381	(234)	9,146			10,211	188
334	Meters	8.33%	-	-	2,354	(221)	2,133			2,133	89
335	Hydrants	2.00%	-	-	57,373		57,373			57,373	574
336	Backflow Prevention Devices	6.67%	-	-	-		-			-	-
339	Other Plant and Miscellaneous Equipment	6.67%	-	-	9,370		9,370			9,370	312
340	Office Furniture and Fixtures	6.67%	-	-	-		-			-	-
340.1	Computers and Software	20.00%	-	-	-		-			-	-
341	Transportation Equipment	20.00%	-	-	-		-			-	-
342	Stores Equipment	4.00%	-	-	-		-			-	-
343	Tools and Work Equipment	5.00%	-	-	-		-			-	-
344	Laboratory Equipment	10.00%	-	-	-		-			-	-
345	Power Operated Equipment	5.00%	-	-	-		-			-	-
346	Communications Equipment	10.00%	-	-	2,502		2,502			2,502	125
347	Miscellaneous Equipment	10.00%	-	-	-		-			-	-
348	Other Tangible Plant	10.00%			64,621	(15,636)	48,984			48,984	2,449
	Rounding		-				-			-	-
							-			-	-
	Plant Held for Future Use										
	TOTAL WATER PLANT		91,584	-	224,642	(20,705)	203,937	-	-	295,521	9,049

See B-2, page 3.5 See B-2, page 3.6

Northern Sunrise Water Company (Stand-Alone)
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.4

Account No.	Description	Deprec. Rate After Dec-06	2008 Plant Additions	2008 Plant Adjustments[1]	Rebuttal 2008 Plant Adjustments	2008 Adjusted Plant Additions	2008 Plant Retirements	2008 Salvage/Adj. A/D Only	2008 Plant Balance	2008 Deprec.
301	Organization Cost	0.00%				-			-	-
302	Franchise Cost	0.00%	-			-			-	-
303	Land and Land Rights	0.00%	-			-			23,926	-
304	Structures and Improvements	3.33%	237,086	(7,792)	(1,142)	228,152			228,487	3,810
305	Collecting and Impounding Res.	2.50%	308			308			46,912	1,169
306	Lake River and Other Intakes	2.50%	-			-			-	-
307	Wells and Springs	3.33%	6,629		-	6,629			31,838	950
308	Infiltration Galleries and Tunnels	6.67%	-			-			-	-
309	Supply Mains	2.00%	-			-			-	-
310	Power Generation Equipment	5.00%	763			763			1,293	46
311	Electric Pumping Equipment	12.50%	45,823	(7,302)	(1,103)	37,417			68,710	6,250
320	Water Treatment Equipment	3.33%	-			-			-	-
320.1	Water Treatment Equipment	3.33%	-			-			-	-
320.2	Chemical Solution Feeders	20.00%	-			-			-	-
330	Distribution Reservoirs & Standpipe	2.22%	90,986	(307)	(1,736)	88,943			89,009	989
330.1	Storage tanks	2.22%	-			-			-	-
330.2	Pressure Tanks	5.00%	-			-			-	-
331	Transmission and Distribution Mains	2.00%	3,950	(4,171)		(221)			36,763	737
333	Services	3.33%	12,535	(1,898)	(116)	10,521			20,733	515
334	Meters	8.33%	17,031	(15,936)	(4,574)	(3,480)			(1,346)	(1,435)
335	Hydrants	2.00%	1,925			1,925			59,298	1,167
336	Backflow Prevention Devices	6.67%	-			-			-	-
339	Other Plant and Miscellaneous Equipment	6.67%	14,102			14,102			23,472	1,095
340	Office Furniture and Fixtures	6.67%	-			-			-	-
340.1	Computers and Software	20.00%	-			-			-	-
341	Transportation Equipment	20.00%	-			-			-	-
342	Stores Equipment	4.00%	-			-			-	-
343	Tools and Work Equipment	5.00%	-			-			-	-
344	Laboratory Equipment	10.00%	-			-			-	-
345	Power Operated Equipment	5.00%	-			-			-	-
346	Communications Equipment	10.00%	3,379			3,379			5,881	419
347	Miscellaneous Equipment	10.00%	-			-			-	-
348	Other Tangible Plant	10.00%	-			-			48,984	4,898
	Rounding					-			-	-
						-			-	-
	Plant Held for Future Use									
	TOTAL WATER PLANT		434,517	(37,406)	(8,672)	388,439	-	-	683,960	20,610

[1] Affiliate Profit

Northern Sunrise Water Company (Stand-Alone)
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.5

Account No.	Description	Deprec. Rate After Dec-06	2009 Plant Additions	2009 Plant Adjustments[1]	2009 Plant Adjustments	Rebuttal 2009 Plant Adjustments	2009 Adjusted Plant Additions	2009 Plant Retirements	2009 Salvage A/D Only	2009 Plant Balance	March 31 2009 Deprec.
301	Organization Cost	0.00%					-			-	-
302	Franchise Cost	0.00%	-	(2,860)	3,750		890			890	-
303	Land and Land Rights	0.00%	-		-		-			23,926	-
304	Structures and Improvements	3.33%	52,523	(342)	-		52,181			280,668	2,119
305	Collecting and Impounding Res.	2.50%	4,466		-		4,466			51,378	307
306	Lake River and Other Intakes	2.50%	-		-		-			-	-
307	Wells and Springs	3.33%	2,226		-		2,226			34,064	274
308	Infiltration Galleries and Tunnels	6.67%	-		-		-			-	-
309	Supply Mains	2.00%	-		-		-			-	-
310	Power Generation Equipment	5.00%	-		-		-			1,293	16
311	Electric Pumping Equipment	12.50%	23,996	(1,687)	-		22,309			91,019	2,496
320	Water Treatment Equipment	3.33%	-		-		-			-	-
320.1	Water Treatment Equipment	3.33%	-		-		-			-	-
320.2	Chemical Solution Feeders	20.00%	-		-		-			-	-
330	Distribution Reservoirs & Standpipe	2.22%	6,659		-		6,659			95,668	512
330.1	Storage tanks	2.22%	-		-		-			-	-
330.2	Pressure Tanks	5.00%	-		-		-			-	-
331	Transmission and Distribution Mains	2.00%	-		-		-			36,763	184
333	Services	3.33%	8,856		167		9,023			29,756	210
334	Meters	8.33%	4,795		-		4,795			3,449	22
335	Hydrants	2.00%	-		-		-			59,298	296
336	Backflow Prevention Devices	6.67%	-		-		-			-	-
339	Other Plant and Miscellaneous Equipment	6.67%	-		-		-			23,472	391
340	Office Furniture and Fixtures	6.67%	-		-		-			-	-
340.1	Computers and Software	20.00%	-		-		-			-	-
341	Transportation Equipment	20.00%	-		-		-			-	-
342	Stores Equipment	4.00%	-		-		-			-	-
343	Tools and Work Equipment	5.00%	-		-		-			-	-
344	Laboratory Equipment	10.00%	-		-		-			-	-
345	Power Operated Equipment	5.00%	-		-		-			-	-
346	Communications Equipment	10.00%	-		-		-			5,881	147
347	Miscellaneous Equipment	10.00%	-		-		-			-	-
348	Other Tangible Plant	10.00%	-		-		-			48,984	1,225
	Rounding						-			-	-
							-			-	
	Plant Held for Future Use										
	TOTAL WATER PLANT		103,521	(4,889)	3,917		102,549	-	-	786,509	8,201

[1] Affiliate Profit

Northern Sunrise Water Company (Stand-Alone)
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.6

Account No.	Description	Deprec. Rate After Dec-06	Year End Accumulated Depreciation by Account Dec 31 2006	Dec 31 2007	Dec 31 2008	March 31 2009
301	Organization Cost	0.00%	-	-	-	-
302	Franchise Cost	0.00%	-	-	-	-
303	Land and Land Rights	0.00%	-	-	-	-
304	Structures and Improvements	3.33%	-	11	3,821	5,940
305	Collecting and Impounding Res.	2.50%	-	583	1,751	2,059
306	Lake River and Other Intakes	2.50%	-	-	-	-
307	Wells and Springs	3.33%	-	420	1,370	1,644
308	Infiltration Galleries and Tunnels	6.67%	-	-	-	-
309	Supply Mains	2.00%	-	-	-	-
310	Power Generation Equipment	5.00%	-	13	59	75
311	Electric Pumping Equipment	12.50%	-	3,493	9,743	12,239
320	Water Treatment Equipment	3.33%	-	-	-	-
320.1	Water Treatment Equipment	3.33%	-	-	-	-
320.2	Chemical Solution Feeders	20.00%	-	-	-	-
330	Distribution Reservoirs & Standpipe	2.22%	-	53	1,041	1,554
330.1	Storage tanks	2.22%	-	-	-	-
330.2	Pressure Tanks	5.00%	-	-	-	-
331	Transmission and Distribution Mains	2.00%	-	740	1,477	1,661
333	Services	3.33%	-	188	703	913
334	Meters	8.33%	-	89	(1,346)	(1,324)
335	Hydrants	2.00%	-	574	1,740	2,037
336	Backflow Prevention Devices	6.67%	-	-	-	-
339	Other Plant and Miscellaneous Equipment	6.67%	-	312	1,408	1,799
340	Office Furniture and Fixtures	6.67%	-	-	-	-
340.1	Computers and Software	20.00%	-	-	-	-
341	Transportation Equipment	20.00%	-	-	-	-
342	Stores Equipment	4.00%	-	-	-	-
343	Tools and Work Equipment	5.00%	-	-	-	-
344	Laboratory Equipment	10.00%	-	-	-	-
345	Power Operated Equipment	5.00%	-	-	-	-
346	Communications Equipment	10.00%	-	125	544	691
347	Miscellaneous Equipment	10.00%	-	-	-	-
348	Other Tangible Plant	10.00%	-	2,449	7,348	8,572
	Rounding		-	-	-	-
			-	-	-	-
	Plant Held for Future Use		-			
	TOTAL WATER PLANT		-	9,049	29,659	37,860

Northern Sunrise Water Company (Stand-Alone)
Plant Reconciliation to Prior Rate Case

Exhibit
Rejoinder Schedule B-2
Page 3.7

Line No.	Account No.	Description	Per Decision 68412 Mustang	Crystal	Sierra	Coronado	Per Decision 68412 Prior Case Adjusted Plant
1							
2							
3							
4							
5							
6	301	Organization Cost					-
7	302	Franchise Cost					-
8	303	Land and Land Rights	8,736	4,000	22	11,168	23,926
9	304	Structures and Improvements		194	141		335
10	305	Collecting and Impounding Res.					-
11	306	Lake River and Other Intakes					-
12	307	Wells and Springs					-
13	308	Infiltration Galleries and Tunnels					-
14	309	Supply Mains					-
15	310	Power Generation Equipment					-
16	311	Electric Pumping Equipment	8,216	5,878	6,500	4,000	24,594
17	320	Water Treatment Equipment					-
18	320.1	Water Treatment Plants					-
19	320.2	Chemical Solution Feeders					-
20	330	Distribution Reservoirs & Standpipe			4,680		4,680
21	330.1	Storage tanks					-
22	330.2	Pressure Tanks					-
23	331	Transmission and Distribution Mains	7,056	8,931	6,176	14,821	36,984
24	333	Services			1,065		1,065
25	334	Meters					-
26	335	Hydrants					-
27	336	Backflow Prevention Devices					-
28	339	Other Plant and Miscellaneous Equipment					-
29	340	Office Furniture and Fixtures					-
30	340.1	Computers and Software					-
31	341	Transportation Equipment					-
32	342	Stores Equipment					-
33	343	Tools and Work Equipment					-
34	344	Laboratory Equipment					-
35	345	Power Operated Equipment					-
36	346	Communications Equipment					-
37	347	Miscellaneous Equipment					-
38	348	Other Tangible Plant					-
39		Plant not in Service					
40		TOTAL	24,008	19,003	18,584	29,989	91,584
41							

Northern Sunrise Water Company (Stand-Alone)
A/D Reconciliation to Prior Rate Case

Exhibit
Rejoinder Schedule B-2
Page 3.8

Line No.	Account No.	Description	Per Decision 68412 Prior Case Adjusted A/D	Adjustments: Intentionally Left Blank	Intentionally Left Blank	Intentionally Left Blank	Intentionally Left Blank	Per Decision 68412 Prior Case Adjusted A/D
1								
2								
3								
4								
5	301	Organization Cost	-					-
6	302	Franchise Cost	-					-
7	303	Land and Land Rights	-					-
8	304	Structures and Improvements	-					-
9	305	Collecting and Impounding Res.	-					-
10	306	Lake River and Other Intakes	-					-
11	307	Wells and Springs	-					-
12	308	Infiltration Galleries and Tunnels	-					-
13	309	Supply Mains	-					-
14	310	Power Generation Equipment	-					-
15	311	Electric Pumping Equipment	-					-
16	320	Water Treatment Equipment	-					-
17	320.1	Water Treatment Plants	-					-
18	320.2	Checmical Solution Feeders	-					-
19	330	Distribution Reservoirs & Standpipe	-					-
20	330.1	Storage tanks	-					-
21	330.2	Pressure Tanks	-					-
22	331	Transmission and Distribution Mains	-					-
23	333	Services	-					-
24	334	Meters	-					-
25	335	Hydrants	-					-
26	336	Backflow Prevention Devices	-					-
27	339	Other Plant and Miscellaneous Equipment	-					-
28	340	Office Furniture and Fixtures	-					-
29	340.1	Computers and Software	-					-
30	341	Transportation Equipment	-					-
31	342	Stores Equipment	-					-
32	343	Tools and Work Equipment	-					-
33	344	Laboratory Equipment	-					-
34	345	Power Operated Equipment	-					-
35	346	Communications Equipment	-					-
36	347	Miscellaneous Equipment	-					-
37	348	Other Tangible Plant	-					
38		Rounding						-
39								
40		TOTAL	-	-	-	-	-	-
41								

Northern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2

Exhibit
Rejoinder Schedule B-2
Page 4
Witness: Bourassa

Line No.				A	B	C	D	E	
1	Accumulated Depreciation								
2			Adjusted	Reconcilation	Intentionally	Intentionally	Intentionally	Intentionally	Rebuttal Adjusted
3	Acct.		Accum.	to Computed	Left	Left	Left	Left	Accum.
4	No.	Description	Depr.	Balance	Blank	Blank	Blank	Blank	Depr.
5	301	Organization Cost	$ -	$ -					$ -
6	302	Franchise Cost	-	-					-
7	303	Land and Land Rights	-	-					-
8	304	Structures and Improvements	5,969	(29)					5,940
9	305	Collecting and Impounding Res.	2,059	-					2,059
10	306	Lake River and Other Intakes	-	-					-
11	307	Wells and Springs	1,644	-					1,644
12	308	Infiltration Galleries and Tunnels	-	-					-
13	309	Supply Mains	-	-					-
14	310	Power Generation Equipment	75	-					75
15	311	Electric Pumping Equipment	12,342	(103)					12,239
16	320	Water Treatment Equipment	-	-					-
17	320.1	Water Treatment Plant	-	-					-
18	320.2	Chemical Solution Feeders	-	-					-
19	330	Dist. Reservoirs & Standpipe	1,762	(208)					1,554
20	330.1	Storage tanks	-	-					-
21	330.2	Pressure Tanks	-	-					-
22	331	Trans. and Dist. Mains	1,661	-					1,661
23	333	Services	930	(17)					913
24	334	Meters	462	(1,786)					(1,324)
25	335	Hydrants	2,037	-					2,037
26	336	Backflow Prevention Devices	-	-					-
27	339	Other Plant and Misc. Equip.	1,799	-					1,799
28	340	Office Furniture and Fixtures	-	-					-
29	340.1	Computers and Software	-	-					-
30	341	Transportation Equipment	-	-					-
31	342	Stores Equipment	-	-					-
32	343	Tools and Work Equipment	-	-					-
33	344	Laboratory Equipment	-	-					-
34	345	Power Operated Equipment	-	-					-
35	346	Communications Equipment	691	-					691
36	347	Miscellaneous Equipment	-	-					-
37	348	Other Tangible Plant	11,309	(2,736)					8,572
38			-						-
39		TOTALS	$ 42,739	$ (4,879)	$ -	$ -	$ -	$ -	$ 37,860
40									
41	Adjusted Accumulated Depreciation per Direct								$ 42,739
42									
43	Increase (decrease) in Plant-in-Service								$ (4,879)
44									
45	Adjustment to Plant-in-Service								$ (4,879)
46									
47	SUPPORTING SCHEDULES								
48	Rejoinder B-2, pages 3.3 to 3.6								
49									

Northern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Original Cost Rate Base Proforma Adjustments
Adjustment 3

Exhibit
Rejoinder Schedule B-2
Page 5
Witness: Bourassa

Line No.		Adjusted Book Value	Tax Value	Probability of Realization of Future Tax Benefit	Deductible TD (Taxable TD) Expected to be Realized	Tax Rate[5]	Future Tax Asset Current	Future Tax Asset Non Current	Future Tax Liability Current	Future Tax Liability Non Current
1	**Deferred Income Tax as of March 31, 2009**									
6	Plant-in-Service	$ 786,509								
7	Accum. Deprec.	(37,859)								
8	CIAC	(25,934)								
9	Fixed Assets	$ 722,716	$ 492,090	100.0%	$ (230,626)	26.9%		-		(61,990)
10	AIAC		-	30.0%	$ -	26.9%		$ -		
11	Tax Benefits from O.L. Carry Forward.			100.0%	$ -	26.9%		$ -		
12							$ -	$ -	$ -	$ (61,990)
14	Allocated DIT Asset (Liability)						$ (61,990)			
16	DIT Asset (Liability) per Direct						$ (4,144)			
18	Adjustment to DIT						$ 57,847			

[1] **Adjusted per Rebuttal Schedule B-2, page 2**

[2] **Tax Basis as of March 31, 2009**

Line No.			
24	Unadjusted Cost Basis per 2008 Tax Return (Fiscal Year Ended 12/31/2008)		$ 768,564
25	Adjustments:		
26	Land not on tax return depreciation report		23,926
27	Tax accumulated depreciation through 12/31/2008		(24,412)
28	Tax depreciation from 1/1/2009 to 3/31/2009 for assets added before 12/31/2008.		(5,477)
29	Bonus Depreciation/Section 179 deductions through 12/31/2008		(232,687)
30	Assets added after 12/31/2008 (net of affiliate profit, AIAC, CIAC)		76,549
31	Tax depreciation for assets added after 12/31/2008 thru 3/31/2009 (Estimated 25 yr S.L. half-year convention)		(383)
32	Bonus depreciation for assets added after 12/31/2008 thru 3/31/2009 (Estimated)		(9,569)
35	Affiliate profit removed through 2008		(37,406)
36	Tax accumulated depreciation related to affilitate profit through 2008		2,244
39	Proposed B-2 adjustments (AFUDC)		(13,740)
40	Estimated Tax depreciation on B- 2 proposed adjustments (AFUDC)		788
41	Proposed B-2 adjustments (McClain acquistion costs)		(15,636)
42	Estimated Tax depreciation on B- 2 proposed adjustments (McClain acqusition costs)		1,075
43	Timing difference through 2008		(41,747)
44	Net tax value as of March 31, 2009		$ 492,090

[3] **CIAC (including impact of change to probability of realization)**

Line No.				
48	Gross CIAC per B-2		$ 26,000	
49	Less: Pre-1996 CIAC		-	
50	A.A per B-2	$ (66)		
51	A.A on Pre-1996 CIAC	-		
52	A.A. on Post 1996 CIAC		(66)	
53	Net CIAC before unrealized AIAC			$ 25,934
55	Unrealized AIAC Component			
56	Adjusted Net AIAC (see footnote 5 below)		$ -	
57	Unrealized AIAC Component % (1-Realized AIAC Component)		70.0%	
58	Addition to CIAC			$ -
59	Total realizable CIAC			$ 25,934

[4] **AIAC (including impact of change in probability of realization)**

Line No.			
62	AIAC per B-2	$ -	
63	Less: Pre-1996 AIAC included for book and tax purposes	-	
64	Net AIAC before unrealized portion		$ -
65	Less: Unrealized AIAC (from Note 4, above)		$ -
66	Net realizable AIAC		$ -

[5] **Effective tax rates Per C-3 schedule**

Northern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Original Cost Rate Base Proforma Adjustments
Adjustment 4

Exhibit
Rejoinder Schedule B-2
Page 6
Witness: Bourassa

Line No.		Gross CIAC	Accum. Amort.
1	CIAC and Accumulated Amortization		
2			
3			
4		Gross CIAC	Accum. Amort.
5	Computed balance at 3/31/2009	$ 26,000	$ 66
6			
7	Book balance at 3/31/2009	$ 26,000	$ 63
8			
9	Increase (decrease)	$ -	$ 2
10			
11			
12	Adjustment to CIAC	$ -	$ (2)
13	Label	4a	4b
14			
15			
16			
17			
18			
19	SUPPORTING SCHEDULES		
20	Rejoinder B-2, page 6.1 to 6.2		
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			

Northern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Original Cost Rate Base Proforma Adjustments
Contributions-in-aid of Construction and Amortization
Adjustment 4

Exhibit
Rejoinder Schedule B-2
Page 6.1
Witness: Bourassa

Line No.		Balance at 1/1/2006	2006 Activity	Balance at 12/31/2006	2007 Activity	Balance at 12/31/2007
1						
2						
3						
4	CIAC	-		-	-	-
5						
6						
7	Amortization		-		-	
8	Accum Amort.	-	-	-	-	-
9						
10	Composite Amortization Rate		3.0621%		3.0134%	
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35	**Total CIAC Water**	-		-		-
22						
23						
24	**Total Accum Amort.**	-		-		-
25						
26						

Northern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Original Cost Rate Base Proforma Adjustments
Contributions-in-aid of Construction and Amortization
Adjustment 4

Exhibit
Rejoinder Schedule B-2
Page 6.2
Witness: Bourassa

Line No.		2008 Activity	Balance at 12/31/2008	2009 Activity	Balance at 3/31/2009
1					
2					
3					
4	CIAC		-	26,000	26,000
5					
6					
7	Amortization	-		66	
8	Accum Amort.	-	-	66	66
9					
10	Composite Amortization Rate	1.0427%		0.5041%	
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35	**Total CIAC Water**		-		26,000
22					
23					
24	**Total Accum Amort.**		-		66
25					
26					

Northern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Computation of Working Capital

Exhibit
Rejoinder Schedule B-5
Page 1
Witness: Bourassa

Line No.			
1	Cash Working Capital (1/8 of Allowance		
2	Operation and Maintenance Expense)	$	30,259
3	Pumping Power (1/24 of Pumping Power)		667
4	Purchased Water (1/24 of Purchased Water)		
5	Materials and Supplies		-
6	Prepaids		4,203
7			
8			
9	Total Working Capital Allowance	$	35,129
10			
11			
12	Working Capital Requested	$	-
13			
14			
15	SUPPORTING SCHEDULES:	RECAP SCHEDULES:	
16	Rejoinder C-1	Rejoinder B-1	
17			
18			Adjusted
19	Cash Working Capital Detail		Test Year Results
20			
21	Total Operating Expense	$	276,202
22	Less:		
23	Income Tax		(30,962)
24	Property Tax		14,677
25	Depreciation		34,406
26	Purchased Water		-
27	Pumping Power		16,012
28	Allowable Expenses	$	242,070
29	1/8 of allowable expenses	$	30,259
30			
31			

Northern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Income Statement

Exhibit
Rejoinder Schedule C-1
Page 1
Witness: Bourassa

Line No.		Test Year Adjusted Results	Adjustment	Rebuttal Test Year Adjusted Results	Proposed Rate Increase	Rejoinder Adjusted with Rate Increase
1	**Revenues**					
2	Metered Water Revenues	$ 188,672	$ -	$ 188,672	$ 215,439	$ 404,112
3	Unmetered Water Revenues	-	-	-		-
4	Other Water Revenues	3,294	-	3,294		3,294
5		$ 191,966	$ -	$ 191,966	$ 215,439	$ 407,406
6	**Operating Expenses**					
7	Salaries and Wages	$ -	-	$ -		$ -
8	Purchased Water	-	-	-		-
9	Purchased Power	16,012	-	16,012		16,012
10	Fuel for Power Production	-	-	-		-
11	Chemicals	178	-	178		178
12	Materials & Supplies	5,094	-	5,094		5,094
13	Outside Services	-	-	-		-
14	Outside Services- Legal	1,302	-	1,302		1,302
15	Outside Services- Other	161,902	(693)	161,209		161,209
16	Water Testing	3,787	(219)	3,568		3,568
17	Equipment Rental	140	-	140		140
18	Rents - Building	-	-	-		-
19	Transportation Expenses	21,524	(647)	20,877		20,877
20	Insurance - General Liability	9,692	-	9,692		9,692
21	Insurance - Health and Life	-	-	-		-
22	Reg. Comm. Exp.	587	-	587		587
23	Reg. Comm. Exp. - Rate Case	25,000	-	25,000		25,000
24	Miscellaneous Expense	11,726	(610)	11,116		11,116
25	Bad Debt Expense	3,306	-	3,306		3,306
26	Depreciation Expense	36,631	(2,225)	34,406		34,406
27	Taxes Other Than Income	-	-	-		-
28	Property Taxes	13,128	1,548	14,677		14,677
29	Income Tax	(36,727)	5,765	(30,962)	57,904	26,942
30	**Total Operating Expenses**	$ 273,282	$ 2,920	$ 276,202	$ 57,904	$ 334,106
31	**Operating Income**	$ (81,316)	$ (2,920)	$ (84,236)	$ 157,535	$ 73,299
32	**Other Income (Expense)**					
33	Interest Income	-	-	-		-
34	Other income (loss)	-	-	-		-
35	Interest Expense	-	-	-		-
36	Other Expense	-	-	-		-
37		-	-	-		-
38	**Total Other Income (Expense)**	$ -	$ -	$ -	$ -	$ -
39	**Net Profit (Loss)**	$ (81,316)	$ (2,920)	$ (84,236)	$ 157,535	$ 73,299
40						
41	SUPPORTING SCHEDULES:				RECAP SCHEDULES:	
42	Rejoinder C-2				Rejoinder A-1	
43						

Northern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Income Statement

Exhibit
Rejoinder Schedule C-1
Page 1
Witness: Bourassa

Line No.		Label>>>>>>> Test Year Adjusted Results	1 Depreciation	2 Property Taxes	3 Meals, Entertainment Contributions	4 Water Testing	5 Transport Expense	6 Central Office Allocation	7 Income Taxes	Rebuttal Test Year Adjusted Results	Proposed Rate Increase	Rebuttal Adjusted with Rate Increase
1	**Revenues**											
2	Metered Water Revenues	$ 188,672								$ 188,672	$ 215,439	$ 404,112
3	Unmetered Water Revenues	-								-		-
4	Other Water Revenues	3,294								3,294		3,294
5		$ 191,966	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 191,966	$ 215,439	$ 407,406
6	**Operating Expenses**											
7	Salaries and Wages	$ -								$ -		$ -
8	Purchased Water	-								-		-
9	Purchased Power	16,012								16,012		16,012
10	Fuel for Power Production	-								-		-
11	Chemicals	178								178		178
12	Materials & Supplies	5,094								5,094		5,094
13	Outside Services	-								-		-
14	Outside Services- Legal	1,302								1,302		1,302
15	Outside Services- Other	161,902						(693)		161,902		161,902
16	Water Testing	3,787				(219)				3,787		3,787
17	Equipment Rental	140								140		140
18	Rents - Building	-								-		-
19	Transportation Expenses	21,524					(647)			21,524		21,524
20	Insurance - General Liability	9,692								9,692		9,692
21	Insurance - Health and Life	-								-		-
22	Reg. Comm. Exp.	587								587		587
23	Reg. Comm. Exp. - Rate Case	25,000								25,000		25,000
24	Miscellaneous Expense	11,726			(610)					11,726		11,726
25	Bad Debt Expense	3,306								3,306		3,306
26	Depreciation Expense	36,631	(2,225)							36,631		36,631
27	Taxes Other Than Income	-								-		-
28	Property Taxes	13,128		1,548						13,128		13,128
29	Income Tax	(36,727)							5,765	(31,322)	57,166	25,844
30	**Total Operating Expenses**	$ 273,282	$ (2,225)	$ 1,548	$ (610)	$ (219)	$ (647)	$ (693)	$ 5,765	$ 278,687	$ 57,166	$ 335,853
31	**Operating Income**	$ (81,316)	$ 2,225	$ (1,548)	$ 610	$ 219	$ 647	$ 693	$ (5,765)	$ (86,720)	$ 158,273	$ 71,553
32	**Other Income (Expense)**											
33	Interest Income	-								-		-
34	Other income (loss)	-								-		-
35	Interest Expense	-								-		-
36	Other Expense	-								-		-
37		-								-		-
38	**Total Other Income (Expense)**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
39	**Net Profit (Loss)**	$ (81,316)	$ 2,225	$ (1,548)	$ 610	$ 219	$ 647	$ 693	$ (5,765)	$ (86,720)	$ 158,273	$ 71,553
40												
41	SUPPORTING SCHEDULES:											
42	Rejoinder C-2											
43												

RECAP SCHEDULES:
Rejoinder C-1, page 1

Northern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Adjustments to Revenues and Expenses

Exhibit
Rejoinder Schedule C-2
Page 1
Witness: Bourassa

Line No.		Adjustments to Revenues and Expenses						
		1	2	3	4	5	6	Subtotal
1		Depreciation	Property	Meals, Entertainment	Water	Transport.	Central	
2		Expense	Taxes	Contributions	Testing	Expense	Office Costs	
3	Revenues							-
4								
5	Expenses	(2,225)	1,548	(610)	(219)	(647)	(693)	(2,845)
6								
7	Operating							
8	Income	2,225	(1,548)	610	219	647	693	2,845
9								
10	Interest							
11	Expense							-
12	Other							
13	Income /							-
14	Expense							
15								
16	Net Income	2,225	(1,548)	610	219	647	693	2,845
17								
18		Adjustments to Revenues and Expenses						
19		7	8	9	10	11	12	Subtotal
20		Income						
21		Taxes	Blank	Blank	Blank	Blank	Blank	
22	Revenues							-
23								
24	Expenses	5,765						2,920
25								
26	Operating							
27	Income	(5,765)	-	-	-	-	-	(2,920)
28								
29	Interest							
30	Expense		-					-
31	Other							
32	Income /							-
33	Expense							
34								
35	Net Income	(5,765)	-	-	-	-	-	(2,920)

Northern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Adjustments to Revenues and Expenses
Adjustment Number 1

Exhibit
Rejoinder Schedule C-2
Page 2
Witness: Bourassa

Line No.						
1	Depreciation Expense					
2						
3	Acct.		Adjusted Original		Proposed	Depreciation
4	No.	Description	Cost		Rates	Expense
5	301	Organization Cost	-		0.00%	-
6	302	Franchise Cost	890		0.00%	-
7	303	Land and Land Rights	23,926		0.00%	-
8	304	Structures and Improvements	280,668		3.33%	9,346
9	305	Collecting and Impounding Res.	51,378		2.50%	1,284
10	306	Lake River and Other Intakes	-		2.50%	-
11	307	Wells and Springs	34,064		3.33%	1,134
12	308	Infiltration Galleries and Tunnels	-		6.67%	-
13	309	Supply Mains	-		2.00%	-
14	310	Power Generation Equipment	1,293		5.00%	65
15	311	Electric Pumping Equipment	91,019		12.50%	11,377
16	320	Water Treatment Equipment	-		3.33%	-
17	320.1	Water Treatment Plant	-		3.33%	-
18	320.2	Chemical Solution Feeders	-		20.00%	-
19	330	Dist. Reservoirs & Standpipe	95,668		2.22%	2,124
20	330.1	Storage tanks	-		2.22%	-
21	330.2	Pressure Tanks	-		5.00%	-
22	331	Trans. and Dist. Mains	36,763		2.00%	735
23	333	Services	29,756		3.33%	991
24	334	Meters	3,449		8.33%	287
25	335	Hydrants	59,298		2.00%	1,186
26	336	Backflow Prevention Devices	-		6.67%	-
27	339	Other Plant and Misc. Equip.	23,472		6.67%	1,566
28	340	Office Furniture and Fixtures	-		6.67%	-
29	340.1	Computers and Software	-		20.00%	- *
30	341	Transportation Equipment	-		20.00%	-
31	342	Stores Equipment	-		4.00%	-
32	343	Tools and Work Equipment	-		5.00%	-
33	344	Laboratory Equipment	-		10.00%	-
34	345	Power Operated Equipment	-		5.00%	-
35	346	Communications Equipment	5,881		10.00%	588
36	347	Miscellaneous Equipment	-		10.00%	-
37	348	Other Tangible Plant	48,984		10.00%	4,898
38						
39		TOTALS	$	786,509		$ 35,582
40						
41						
42	Less: Amortization of Contributions		$	26,000	4.5241%	$ (1,176)
43						
44						
45						
46	Total Depreciation Expense					$ 34,406
47						
48	Adjusted Test Year Depreciation Expense					36,631
49						
50	Increase (decrease) in Depreciation Expense					(2,225)
51						
52	Adjustment to Revenues and/or Expenses					$ (2,225)
53						
54	SUPPORTING SCHEDULE					
55	Rejoinder B-2, page 3		* Fully Depreciated			
56	Rejoinder B-2, page 6					

Northern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Adjustment to Revenues and Expenses
Adjustment Number 2

Exhibit
Rejoinder Schedule C-2
Page 3
Witness: Bourassa

Line No.			
1	Property Taxes:		
2			
3	Adjusted Revenues in year ended 3/31/09	$	191,966
4	Adjusted Revenues in year ended 3/31/09		191,966
5	Proposed Revenues		407,406
6	Average of three year's of revenue	$	263,780
7	Average of three year's of revenue, times 2	$	527,559
8	Add:		
9	Construction Work in Progess at 10%	$	92,936
10	Deduct:		
11	Book Value of Transportation Equipment		-
12			
13	Full Cash Value	$	620,495
14	Assessment Ratio		21%
15	Assessed Value		130,304
16	Property Tax Rate		11.1932%
17			
18	Property Tax		14,585
19	Plus: Tax on Parcels		91
20			
21	Total Property Tax at Proposed Rates	$	14,677
22	Property Taxes recorded during the test year		13,128
23	Change in Property Taxes	$	1,548
24			
25			
26	Adjustment to Revenues and/or Expenses	$	1,548
27			
28			

Northern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
ADJUSTMENTS TO REVENUES AND/OR EXPENSES
Adjustment Number 3

Exhibit
Rejoinder Schedule C-2
Page 4
Witness: Bourassa

Line No.			
1	Remove Meals, Entertainment and Contibutions		
2			
3	Meals and Entertainment	$	(610)
4			
5			
6			
7	Increase(decrease) Miscellaneous	$	(610)
8			
9	Adjustment to Revenue and/or Expense	$	(610)
10			
11			
12			
13			
14			
15			
16	SUPPORTING SCHEDULES		
17	Staff Schedule CSB-16		
18			
19			
20			
21			
22			
23			
24			

Northern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Adjustment to Revenues and Expenses
Adjustment Number 4

Exhibit
Rejoinder Schedule C-2
Page 5
Witness: Bourassa

Line No.			
1	Water Testing Expense		
2			
3	Proposed Water Testing Expense	$	3,568
4			
5	Adjusted Test Year Expense		3,787
6			
7			
8	Increase (decrease) in Water Testing Expense	$	(219)
9			
10			
11			
12			
13			
14			
15			
16	REFERENCE		
17	See testimony		
18			
19			
20			

Northern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Adjustment to Revenues and Expenses
Adjustment Number 5

Exhibit
Rejoinder Schedule C-2
Page 6
Witness: Bourassa

Line No.					
1	Transportation Expense (Remove Airlink costs)				
2					
3	Date	Invoice	Amount		
4	9/30/2008	1021	$ (516)		
5	9/30/2008	1038	(131)		
6					
7	Total			$	(647)
8					
9					
10	Increase (decrease) in Water Testing Expense			$	(647)
11					
12					
13					
14	REFERENCE				
15	See testimony				
16					
17					
18					
19					
20					
21					

Northern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Adjustment to Revenues and Expenses
Adjustment Number 6

Exhibit
Rejoinder Schedule C-2
Page 7
Witness: Bourassa

Cental Office Costs - Infrastructure Allocation

Line No.		Test Year Actual Total Cost Pool	Adjustments	Adjusted Total Cost Pool	Utility Infrastructure Group Allocation %	Utility Infrastructure Group Allocated Cost Pool	NSWC Water Allocation by Customer Count	Rebuttal NSWC Allocation
9	Audit	$ 778,285	$ (97,474)	$ 680,812	24.29%	$ 165,340	0.53%	872
10	Tax Services	518,775	(48,971)	469,804	24.29%	114,095	0.53%	602
11	Legal	159,053	(20,521)	138,531	24.29%	33,643	0.53%	177
12	Other Professional Services	506,082	(53,879)	452,202	24.29%	109,821	0.53%	579
13	Management Fee - Total	644,943	(81,140)	563,803	24.29%	136,924	0.53%	722
14	Unit Holder Communications	156,766	(11,108)	145,658	24.29%	35,374	0.53%	187
15	Trustee Fees	129,000	(1,884)	127,116	24.29%	30,871	0.53%	163
16	Escrow & Transfer Agent Fees	96,138	(10,784)	85,354	24.29%	20,729	0.53%	109
17	Rent	307,337	(33,372)	273,965	24.29%	66,534	0.53%	351
18	Licenses/Fees & Permits	17,561	(2,995)	14,565	24.29%	3,537	0.53%	19
19	Office Expenses	572,357	(146,601)	425,755	24.29%	103,398	0.53%	545
20	Depreciation	211,653	(21,856)	189,797	24.29%	46,094	0.53%	243
22	**Total (US dollars USD)**	**$ 4,097,949**	**$ (530,586)**	**$ 3,567,363**		**$ 866,360**		**$ 4,569**
26	Infrastructure Cost Allocation per Direct (USD)							$ 5,261
28	Increase (decrease) in Infrastructure Allocated Costs (USD)							$ (693)
31	Adjustment to Revenues and/or Expenses							$ (693)

Northern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Adjustment to Revenues and/or Expenses
Adjustment Number 7

Exhibit
Rejoinder Schedule C-2
Page 8
Witness: Bourassa

Line No.			Test Year Adjusted Results	Adjusted with Rate Increase	
1	Income Tax Computation				
2					
3					
4					
5					
6					
7	Taxable Income		$ (115,198)	$ 100,241	
8					
9	Taxable Income		$ (115,198)	$ 100,241	
10					
11					
12	Arizona Income Before Taxes			$ 100,241	
13					
14	Less Arizona Income Tax			$ 6,985	
15	Rate =	6.97%			
16	Arizona Taxable Income			$ 93,257	
17					
18	Arizona Income Taxes			$ 6,985	
19					
20	Federal Income Before Taxes			$ 100,241	
21					
22	Less Arizona Income Taxes			$ 6,985	
23					
24	Federal Taxable Income			$ 93,257	
25					
26					
27					
28	FEDERAL INCOME TAXES:				
29	15% BRACKET			$ 7,500	
30	25% BRACKET			$ 6,250	
31	34% BRACKET			$ 6,207	Federal
32	39% BRACKET			$ -	Effective
33	34% BRACKET			$ -	Tax
34					Rate
35	Federal Income Taxes			$ 19,957	19.91%
36					
37					
38	Total Income Tax			$ 26,942	
39					
40	Overall Tax Rate			26.88%	
41					
42	Income Tax at Proposed Rates Effective Rate		$ (30,962)		
43					
44	Adjusted Test Year Income Taxes		(36,727)		
45					
46	Adjustment to Income Taxes		5,765		

Northern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Computation of Gross Revenue Conversion Factor

Exhibit
Rejoinder Schedule C-3
Page 1
Witness: Bourassa

Line No.	Description	Percentage of Incremental Gross Revenues
1	Federal Income Taxes	19.91%
2		
3	State Income Taxes	6.97%
4		
5	Other Taxes and Expenses	0.00%
6		
7		
8	Total Tax Percentage	26.88%
9		
10	Operating Income % = 100% - Tax Percentage	73.12%
11		
12		
13		
14		
15	1 = Gross Revenue Conversion Factor	
16	Operating Income %	1.3676
17		
18	SUPPORTING SCHEDULES:	RECAP SCHEDULES:
19		Rejoinder A-1
20		

Northern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Exhibit
Rejoinder Schedule H-1
Page 1
Witness: Bourassa

Line No.	Meter Size	Class	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues
1	5/8 Inch	Residential	$ 189,511	$ 406,752	$ 217,241	114.63%	99.30%	99.35%
2	3/4 Inch	Residential	1,344	2,657	1,313	97.69%	0.70%	0.65%
3								
4								
5								
6		Subtotal	190,855	409,410	218,555	114.51%	100.00%	100.00%
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
17								
18								
19								
20								
21								
22								
23								
24								
25								
26								
27								
28								
29								
30								
31	Total Revenues Before Annualization		$ 190,855	$ 409,410	$ 218,555	114.51%	100.00%	100.00%
32								

Northern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Exhibit
Rejoinder Schedule H-1
Page 2
Witness: Bourassa

Line No.	Meter Size	Class	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Additional Bills	Additional Gallons to be Pumped (In 1,000's)	
1				Revenue Annualization					
5	5/8 Inch	Residential	$ (2,465)	$ (5,435)	(2,970)	0.00%	(56)	(341)	C-2, pg 5.1
6	3/4 Inch	Residential	-	-	-	0.00%	-	-	C-2, pg. 5.2
10		Subtotal	$ (2,465)	$ (5,435)	(2,970)	120.51%	(56)	(341)	
36	Total Revenue Annualization		$ (2,465)	$ (5,435)	$ (2,970)	0.00%	(56)	(341)	

Northern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Exhibit
Rejoinder Schedule H-1
Page 3
Witness: Bourassa

Line No.		Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues
1							
2							
3	Subtotal Metered Revenues	$ 190,855	$ 409,410	$ 218,555	114.51%	100.00%	100.00%
4	Subtotal Revenue Annualization	(2,465)	(5,435)	(2,969.98)	120.51%	-1.29%	-1.33%
5	Total Metered Revenues	$ 188,390	$ 403,975	$ 215,585	114.44%		
6							
7	Misc. Revenues	$ 3,294	$ 3,294	-	0.00%	1.73%	0.80%
8	Reconciling Amount to GL	282	137	(145)	-51.42%	0.15%	0.03%
9	Total Water Revenues	$ 191,966	$ 407,406	$ 215,440	112.23%	0.00%	0.00%
10							
11							
12	Revenue Reconciliation						
13							
14	Revenue per bill count before revenue annualization		$ 190,855				
15	Revenue per GL (metered water revenues)		191,137				
16	Difference		$ (282)				
17	Difference %		-0.15%				
18	Tolerance %		0.50%				
19	Tolerance Amount + or -		$ 956				
20							
21	Acceptable?		YES				
22							
23							
24							
25							
26							
27							
28							
29							
30							
31							
32							
33							
34							
35							

Northern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Customer Summary

Exhibit
Rejoinder Schedule H-2
Page 1
Witness: Bourassa

Line No.		Meter Size, Class	(a) Average Number of Customers at 3/31/2009	Average Consumption	Average Bill Present Rates	Average Bill Proposed Rates	Proposed Increase Dollar Amount	Proposed Increase Percent Amount
1	5/8 Inch	Residential	348	5,755	$ 43.08	$ 95.28	52.20	121.18%
2	3/4 Inch	Residential	1	20,334	110.55	219.99	109.43	98.99%
3								
4								
5		Subtotal	349					
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
17								
18								
19								
20								
21								
22								
23								
24								
25								
26								
27		Total	349					

28 **(a)** Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.
29
30

Northern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Customer Summary

Exhibit
Rejoinder Schedule H-2
Page 2
Witness: Bourassa

Line No.		Meter Size, Class	(a) Average Number of Customers at 3/31/2009	Median Consumption	Median Bill Present Rates	Median Bill Proposed Rates	Proposed Increase Dollar Amount	Proposed Increase Percent Amount
1	5/8 Inch	Residential	348	4,500	$ 40.00	$ 88.50	48.50	121.25%
2	3/4 Inch	Residential	1	18,500	103.40	207.98	104.58	101.14%
3								
4								
5		Subtotal	349					
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
17								
18								
19								
20								
21								
22								
23								
24								
25								
26								
27		Total	349					

28 **(a)** Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.
29
30

Northern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Present and Proposed Rates

Exhibit
Rejoinder Schedule H-3
Page 1
Witness: Bourassa

Line No.	Monthly Usage Charge for:	Present Rates	Proposed Rates	Change	Percent Change
1	Meter Size (All Classes):				
2	5/8 Inch	$ 31.00	$ 68.20	$ 37.20	120.00%
2	3/4 Inch	46.50	102.30	55.80	120.00%
3	1 Inch	77.50	170.50	93.00	120.00%
4	1 1/2 Inch	155.00	341.00	186.00	120.00%
5	2 Inch	248.00	545.60	297.60	120.00%
6	3 Inch	496.00	1,091.20	595.20	120.00%
7	4 Inch	775.00	1,705.00	930.00	120.00%
8	6 Inch	930.00	3,410.00	2,480.00	266.67%
9	8 Inch	1,550.00	5,456.00	3,906.00	252.00%
10					
11					
12					
13					
14					
15	Gallons In Minimum (All Meter Sizes and Classes)	-	-		
16					
17			(Per 1,000 gallons)		
18	**Commodity Rates**		**Present**	**Proposed**	
19	**Meter Size and Class**	**Block**	**Rate**	**Rate**	
20					
21	All Meter Sizes and Classes, Except Irrigation	0 gallons to 5,000 gallons	$ 2.00		
22		5,000 gallons to10,000 gallons	$ 2.75		
23		Over 10,000 gallons	$ 3.90		
24					
25	All Meter Sizes - Irrigation	0 gallons to 45,000 gallons	$ 2.75		
26		Over 45,000 gallons	$ 3.90		
27					
28	5/8 Inch and 3/4 Inch Meter - Residential	0 gallons to 4,000 gallons		$ 4.40	
29		4,001 gallons to 10,000 gallons		$ 5.40	
30		over 10,000 gallons		$ 6.55	
31					
32	5/8 Inch and 3/4 Inch Meter - Com, Irrigation	0 gallons to 10,000 gallons		$ 4.40	
33		over 10,000 gallons		$ 5.40	
34					
35	1 Inch Meter - All classes	0 gallons to 25,000 gallons		$ 4.40	
36		over 25,000 gallons		$ 5.40	
37					
38	1.5 Inch Meter - All Classes	0 gallons to 50,000 gallons		$ 4.40	
39		over 50,000 gallons		$ 5.40	
40					
41	NT = No Tariff				

Northern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Present and Proposed Rates

Exhibit
Rejoinder Schedule H-3
Page 2
Witness: Bourassa

Line No.			(Per 1,000 gallons) Present Rate	Proposed Rate
1				
2	**Commodity Rates**			
3	**Meter Size and Class**	**Block**		
4				
5	2 Inch Meter - All Classes	0 gallons to 80,000 gallons		$ 4.40
6		over 80,000 gallons		$ 5.40
7				
8	3 Inch Meter -All Classes	0 gallons to 160,000 gallons		$ 4.40
9		over 160,000 gallons		$ 5.40
10				
11	4 Inch Meter- All Classes	0 gallons to 250,000 gallons		$ 4.40
12		over 250,000 gallons		$ 5.40
13				
14	6 Inch Meter - All Classes	0 gallons to 500,000 gallons		$ 4.40
15		over 500,000 gallons		$ 5.40
16				
17	8 Inch Meter - All Classes	0 gallons to 800,000 gallons		$ 4.40
18		over 800,000 gallons		$ 5.40
19				
20	Standpipe (Bulk)	All gallons	$ 3.90	$ 5.40
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				

Northern Sunrise Water Company (Stand-Alone)
Changes in Representative Rate Schedules
Test Year Ended March 31, 2009

Exhibit
Rejoinder Schedule H-3
Page 3
Witness: Bourassa

Line No.	Other Service Charges	Present Rates	Proposed Rates
1	Establishment (Regular Hours) per Rule R14-2-403.D	$ 25.00	$ 25.00
2	Establishment (After Hours) per Rule R14-2-403.D	$ 35.00	$ 35.00
3	Re-Establishment of Service per Rule R14-2-403.D	[a]	[a]
4	Reconnection (Delinquent) per Rule R14-2-403.D	$ 35.00	$ 35.00
5	Reconnection (After Hours) per Rule R14-2-403.D	NT	$ 45.00
6	Meter Test (if correct) per Rule R14-2-408.F	NT	$ 30.00
7	Meter Reread per Rule R14-2-408.C (if correct)	$ 5.00	$ 15.00
8	NSF Check per Rule R14-2-409.F	NT	$ 15.00
9	Deferred Payment, Per Month per Rule R14-2-409.G	1.50%	1.50%
10	Late Charge	1.50%	1.50%
11	Service Calls - Per Hour/After Hours(e)	$ 50.00	$ 50.00
12	Deposit Requirements	[b]	[b]
13	Moving Meter at Customer Requesdt	NT	Cost
14	Damage to Meter	NT	Cost
15	Meter and Service lines	see H-3, page 4	
16	Main Extension Tariff	Cost	Cost
17			
18			
19			
20			
21	[a] Minimum charge times number of full months off the system. per Rule R14-2-403.D.		
22	[b] Per ACC Rules R14-2-403.B Residential - two times the average bill.		
23	Commercial - two and one-half times the average bill.		
24			
25			
26			
27			
28	IN ADDITION TO THE COLLECTION OF REGULAR RATES, EACH UTILITY MAY COLLECT FROM		
29	ITS CUSTOMERS A PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES OR USE		
30	TAX. PER COMMISSION RULE 14-2-409D(5).		
31			
32			
33			
34			
35			

Northern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Meter and Service Line Charges

Exhibit
Rejoinder Schedule H-3
Page 4
Witness: Bourassa

Refundable Meter and Service Line Charges

Line No.		Present Service Line Charge	Present Meter Install-ation Charge	Total Present Charge	Proposed Service Line Charge	Proposed Meter Install-ation Charge	Total Proposed Charge*
9	5/8 x 3/4 Inch			$ 410.00	$ 1,765.00	$ 105.00	$ 1,870.00
10	3/4 Inch			410.00	1,765.00	180.00	1,945.00
11	1 Inch			520.00	1,765.00	240.00	2,005.00
12	1 1/2 Inch			660.00	At Cost	At Cost	At Cost
13	2 Inch / Turbine			1,155.00	At Cost	At Cost	At Cost
14	2 Inch / Compound			1,720.00	At Cost	At Cost	At Cost
15	3 Inch / Turbine			1,625.00	At Cost	At Cost	At Cost
16	3 Inch / Compound			2,260.00	At Cost	At Cost	At Cost
17	4 Inch / Turbine			2,500.00	At Cost	At Cost	At Cost
18	4 Inch / Compound			3,200.00	At Cost	At Cost	At Cost
19	6 Inch / Turbine			4,500.00	At Cost	At Cost	At Cost
20	6 Inch / Compound			6,300.00	At Cost	At Cost	At Cost
21	8 Inch & Larger			8,200.00	At Cost	At Cost	At Cost

* Plus actual road crossing costs.

N/T = No Tariff

Northern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Hook-Up Fees

Exhibit
Rejoinder Schedule H-3
Page 5
Witness: Bourassa

Line No.		Present Charge	Proposed Charge
1			
2	**Off-site Facilities Hook-up Fee**		
3			
4		Present	Proposed
5		Charge	Charge
6	5/8 x 3/4 Inch	NT	$ 1,600
7	3/4 Inch	NT	2,400
8	1 Inch	NT	4,000
9	1 1/2 Inch	NT	8,000
10	2 Inch	NT	12,800
11	3 Inch	NT	25,600
12	4 Inch	NT	40,000
13	6 Inch or larger	NT	80,000
14			
15			
16			
17			
18			
19			
20			
21	NT = No Tariff		
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			

Bella Vista Water Co., Inc.
Northern Sunrise Water Company Inc.
Southern Sunrise Water Company Inc.

W-02465A-09-0411, W-20453A-09-0412, W-20454A-09-0413,
W-02465A-09-0414, W-20453A-09-0414 and W-20454A-09-0414

Thomas J. Bourassa
Rejoinder Testimony
(Rate Base, Income Statement And Rate Design)
July 7, 2010

Southern Sunrise Water Company Stand-Alone Schedules

2232477.1

Southern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Computation of Increase in Gross Revenue
Requirements As Adjusted

Exhibit
Rejoinder Schedule A-1
Page 1
Witness: Bourassa

Line No.		
1	Fair Value Rate Base	$ 1,320,713
2		
3	Adjusted Operating Income	18,435
4		
5	Current Rate of Return	1.40%
6		
7	Required Operating Income	$ 146,599
8		
9	Required Rate of Return on Fair Value Rate Base	11.10%
10		
11	Operating Income Deficiency	$ 128,164
12		
13	Gross Revenue Conversion Factor	1.5608
14		
15	Increase in Gross Revenue Revenue Requirement	200,038
16		
17	Adjusted Test Year Revenues	$ 444,136
18	Increase in Gross Revenue Revenue Requirement	$ 200,038
19	Proposed Revenue Requirement	$ 644,174
20	Percent Increase	45.04%
21		

22	**Customer**		**Present**	**Proposed**	**Dollar**	**Percent**
23	**Classification**		**Rates**	**Rates**	**Increase**	**Increase**
24	5/8 Inch	Residential	$ 423,617	$ 620,399	$ 196,782	46.45%
25	3/4 Inch	Residential	-	-	-	0.00%
26						
27						
28		**Subtotal**	$ 423,617	$ 620,399	$ 196,782	46.45%
29						
30	1 Inch	Commercial	$ 1,657	$ 2,441	$ 783	47.27%
31	2 Inch	Commercial	4,422	5,740	1,318	29.80%
32						
33						
34						
35						
36						
37						
38						
39		**Subtotal**	$ 6,079	$ 8,181	$ 2,101	34.57%
40						
41						
42						
43						
44						
45						
46						
47						
48	**Subtotal Revenues before Annualization**		$ 429,696	$ 628,579	$ 198,883	46.28%
49	**Revenue Annualization**		3,335	4,979	1,644	49.30%
50	Miscellaneous Revenues		10,679	10,679	-	0.00%
51	Reconciling Amount H-1 to C-1		426	(63)	(489)	-114.79%
52	**Total of Water Revenues (a)**		$ 444,136	$ 644,175	$ 200,038	45.04%
53						
54						
55	SUPPORTING SCHEDULES:					
56	Rejoinder B-1					
57	Rejoinder C-1					
58	Rejoinder C-3					
59	Rejoinder H-1					

Southern Sunrise Water Company
Test Year Ended March 31, 2009
Summary of Rate Base

Exhibit
Rejoinder Schedule B-1
Page 1
Witness: Bourassa

Line No.		Original Cost Rate base	Fair Value Rate Base
1			
2	Gross Utility Plant in Service	$ 1,570,195	$ 1,570,195
3	Less: Accumulated Depreciation	81,666	81,666
4			
5	Net Utility Plant in Service	$ 1,488,530	$ 1,488,530
6			
7	Less:		
8	Advances in Aid of		
9	Construction	-	-
10	Contributions in Aid of		
11	Construction	20,000	20,000
12			
13	Accumulated Amortization of CIAC	(17)	(17)
14			
15	Customer Meter Deposits	2,870	2,870
16	Deferred Income Taxes & Credits	144,964	144,964
17			
18			
19			
20	Plus:		
21	Unamortized Debt Issuance		
22	Costs	-	-
23	Deferred Reg. Assets	-	-
24	Working capital	-	-
25			
26			
27			
28			
29		$ 1,320,713	$ 1,320,713
30			
31			
32			
33	SUPPORTING SCHEDULES:		RECAP SCHEDULES:
34	Rejoinder B-2		Rejoinder A-1
35	Rejoinder B-3		
36	Rejoinder B-5		
37			
38			

Southern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Original Cost Rate Base Proforma Adjustments

Exhibit
Rejoinder Schedule B-2
Page 1
Witness: Bourassa

Line No.		Adjusted End of Test Year	Proforma Adjustment Amount	Rebuttal Adjusted at end Test Year
1	Gross Utility			
2	Plant in Service	$ 1,724,610	(154,415)	$ 1,570,195
3				
4	**Less:**			
5	Accumulated			
6	Depreciation	105,733	(24,067)	81,666
7				
8				
9	Net Utility Plant			
10	in Service	$ 1,618,877		$ 1,488,530
11				
12	**Less:**			
13	Advances in Aid of			
14	Construction	-	-	-
15				
16	Contributions in Aid of			
17	Construction	20,000	-	20,000
18				
19	Accumulated Amort of CIAC	(15)	(1)	(17)
20				
21	Customer Meter Deposits	2,870	-	2,870
22	Deferred Income Taxes & Credits	51,588	93,376	144,964
23				
24				
25				
26	**Plus:**			
27	Unamortized Debt Issuance			
28	Costs	-		-
29	Deferred Reg. Assets	-	-	-
30	Working capital	-	-	-
31				
32				
33				
34				
35	Total	$ 1,544,434		$ 1,320,713
36				
37				
38				
39	SUPPORTING SCHEDULES:			RECAP SCHEDULES:
40	Rejoinder B-2, pages 2			Rejoinder B-1
41				
42				
43				
44				
45				
46				
47				
48				

Southern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Original Cost Rate Base Proforma Adjustments

Exhibit
Rejoinder Schedule B-2
Page 2
Witness: Bourassa

Line No.		Adjusted at End of Test Year	Proforma Adjustments 1 Plant	2 Accumulated Depr.	3 DIT	4 CIAC	Rebuttal Adjusted at end of Test Year
1	Gross Utility						
2	Plant in Service	$ 1,724,610	(154,415)				$ 1,570,195
3							
4	**Less:**						
5	Accumulated						
6	Depreciation	105,733		(24,067)			81,666
7							
8							
9	Net Utility Plant						
10	in Service	$ 1,618,877	$ (154,415)	$ 24,067	$ -	$ -	$ 1,488,530
11							
12	**Less:**						
13	Advances in Aid of						
14	Construction	-					-
15							
16	Contributions in Aid of						
17	Construction (CIAC)	20,000				-	20,000
18							
19	Accumulated Amort of CIAC	(15)				(1)	(17)
20							
21	Customer Meter Deposits	2,870					2,870
22	Deferred Income Taxes & Credits	51,588			93,376		144,964
23							
24							
25	**Plus:**						
26	Unamortized Debt Issuance						
27	Costs	-					-
28	Deferred Reg. Assets	-					-
29	Allowance for Working Capital	-					-
30							
31	Total	$ 1,544,434	$ (154,415)	$ 24,067	$ (93,376)	$ 1	$ 1,320,713
32							
33							
34							
35	SUPPORTING SCHEDULES:						
36	Rejoinder B-2, pages 3-6						
37							

Southern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1

Exhibit
Rejoinder Schedule B-2
Page 3
Witness: Bourassa

Line No.				A	B	Adjustments C	D	E	F	
1	Plant-in-Service			2007						
2			Adjusted	McClain						Rebuttal
3	Acct.		Orginal	Acquistion		Intentionally	Intentionally	Intentionally	Intentionally	Adjusted
4	No.	Description	Cost	Costs	AFUDC	Left Blank	Left Blank	Left Blank	Left Blank	Original Cost
5	301	Organization Cost	$ -		$ -					$ -
6	302	Franchise Cost	71		-					71
7	303	Land and Land Rights	336,686		-					336,686
8	304	Structures and Improvements	335,501		(9,334)					326,168
9	305	Collecting and Impounding Res.	-		-					-
10	306	Lake River and Other Intakes	-		-					-
11	307	Wells and Springs	133,969		(1,940)					132,029
12	308	Infiltration Galleries and Tunnels	-		-					-
13	309	Supply Mains	3,798		(542)					3,256
14	310	Power Generation Equipment	-		-					-
15	311	Electric Pumping Equipment	197,625		(5,558)					192,066
16	320	Water Treatment Equipment	-		-					-
17	320.1	Water Treatment Plant	-		-					-
18	320.2	Chemical Solution Feeders	-		-					-
19	330	Dist. Reservoirs & Standpipe	263,512		(1,591)					261,921
20	330.1	Storage tanks	-		-					-
21	330.2	Pressure Tanks	-		-					-
22	331	Trans. and Dist. Mains	85,865		(4,775)					81,090
23	333	Services	70,365		(138)					70,227
24	334	Meters	18,257		(1,549)					16,708
25	335	Hydrants	18,416		-					18,416
26	336	Backflow Prevention Devices	-		-					-
27	339	Other Plant and Misc. Equip.	21,516		-					21,516
28	340	Office Furniture and Fixtures	-		-					-
29	1 Inch	Computers and Software	-		-					-
30	2 Inch	Transportation Equipment	-		-					-
31	342	Stores Equipment	-		-					-
32	343	Tools and Work Equipment	270		-					270
33	344	Laboratory Equipment	-		-					-
34	345	Power Operated Equipment	-		-					-
35	346	Communications Equipment	3,379		-					3,379
36	347	Miscellaneous Equipment	-		-					-
37	348	Other Tangible Plant	235,381	(128,987)	-					106,394
38										-
39		TOTALS	$ 1,724,610	$ (128,987)	$ (25,428)	$ -	$ -	$ -	$ -	$ 1,570,196
40										
41	Adjusted Plant-in-Service per Direct									$ 1,724,610
42										
43	Increase (decrease) in Plant-in-Service									$ (154,415)
44										
45	Adjustment to Plant-in-Service									$ (154,415)
46										
47	SUPPORTING SCHEDULES									
48	Rejoinder B-2, pages 3.1-3.2									
49	Rejoinder B-2, pages 3.3-3.6									

Southern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1 - A

Exhibit
Rejoinder Schedule B-2
Page 3.1
Witness: Bourassa

Line No.		
1	McClain Acquisition Costs	
2		
3		
4	Rebuttal McClain Acquistion Costs	$ 106,394
5		
6	McClain Acquisition Costs per Direct	$ 235,381
7		
8		
9	Increase (decrease) to plant-in-service	$ (128,987)
10		
11		
12		
13		
14		
15	REFERENCES	
16	Testimony and Co. Response to CSB 10.3	
17		
18		
19		
20		
21		
22		
23		
24		
25		

Southern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1 - B

Exhibit
Rejoinder Schedule B-2
Page 3.2
Witness: Bourassa

Line No.

1 Adjusted Allowance for Funds Used During Constructiion ("AFUDC")

Acct	Description	As Filed	Revised	Adjustment
301	Organization Cost			$ -
302	Franchise Cost			-
303	Land and Land Rights			-
304	Structures and Improvements	25,311	15,978	(9,334)
305	Collecting and Impounding Res.			-
306	Lake River and Other Intakes			-
307	Wells and Springs	5,858	3,918	(1,940)
308	Infiltration Galleries and Tunnels			-
309	Supply Mains	542	-	(542)
310	Power Generation Equipment			-
311	Electric Pumping Equipment	13,875	8,317	(5,558)
320	Water Treatment Equipment			-
320.1	Water Treatment Plant			-
320.2	Chemical Solution Feeders			-
330	Dist. Reservoirs & Standpipe	4,961	3,369	(1,591)
330.1	Storage tanks			-
330.2	Pressure Tanks			-
331	Trans. and Dist. Mains	5,002	227	(4,775)
333	Services	138	-	(138)
334	Meters	1,549	-	(1,549)
335	Hydrants			-
336	Backflow Prevention Devices			-
339	Other Plant and Misc. Equip.			-
340	Office Furniture and Fixtures			-
340.1	Computers and Software			-
341	Transportation Equipment			-
342	Stores Equipment			-
343	Tools and Work Equipment			-
344	Laboratory Equipment			-
345	Power Operated Equipment			-
346	Communications Equipment			-
347	Miscellaneous Equipment			-
348	Other Tangible Plant			-
		$ 57,237	$ 31,809	$ (25,428)

Adjustment to plant-in-service $ (25,428)

REFERENCES
Testimony

Southern Sunrise Water Company (Stand-Alone)
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.3

Account No.	Description	Deprec. Rate Before Dec-06	Deprec. Rate After Dec-06	Per Decision 68412 Plant At 12/31/2006	12/31/2006 Accum. Depr.	2007 Plant Additions	Rebuttal 2007 Plant Adjustments	2007 Adjusted Plant Additions	2007 Plant Retirements	2007 Salvage A/D Only	2007 Plant Balance	2007 Deprec.
301	Organization Cost	0.00%	0.00%	-	-			-			-	-
302	Franchise Cost	0.00%	0.00%	-	-	-		-			-	-
303	Land and Land Rights	0.00%	0.00%	336,686	-	-		-			336,686	-
304	Structures and Improvements	3.33%	3.33%	1,287	-	-	-	-			1,287	43
305	Collecting and Impounding Res.	2.50%	2.50%	-	-	-		-			-	-
306	Lake River and Other Intakes	2.50%	2.50%	-	-	-		-			-	-
307	Wells and Springs	3.33%	3.33%	26,825	-	25,317	(924)	24,393			51,218	1,299
308	Infiltration Galleries and Tunnels	6.67%	6.67%	-	-	-		-			-	-
309	Supply Mains	2.00%	2.00%	-	-	2,706	(542)	2,163			2,163	22
310	Power Generation Equipment	5.00%	5.00%	-	-	-		-			-	-
311	Electric Pumping Equipment	12.50%	12.50%	42,847	-	63,528	(3,688)	59,840			102,687	9,096
320	Water Treatment Equipment	3.33%	3.33%	-	-	-		-			-	-
320.1	Water Treatment Equipment	3.33%	3.33%	-	-	-		-			-	-
320.2	Chemical Solution Feeders	20.00%	20.00%	-	-	-		-			-	-
330	Distribution Reservoirs & Standpipe	2.22%	2.22%	125,556	-	2,079	-	2,079			127,635	2,810
330.1	Storage tanks	2.22%	2.22%	-	-	-		-			-	-
330.2	Pressure Tanks	5.00%	5.00%	-	-	-		-			-	-
331	Transmission and Distribution Mains	2.00%	2.00%	71,667	-	3,748	-	3,748			75,415	1,471
333	Services	3.33%	3.33%	-	-	22,618	-	22,618			22,618	377
334	Meters	8.33%	8.33%	-	-	2,997	-	2,997			2,997	125
335	Hydrants	2.00%	2.00%	300	-	4,701		4,701			5,001	53
336	Backflow Prevention Devices	6.67%	6.67%	-	-	-		-			-	-
339	Other Plant and Miscellaneous Equipment	6.67%	6.67%	-	-	9,370		9,370			9,370	312
340	Office Furniture and Fixtures	6.67%	6.67%	-	-	-		-			-	-
340.1	Computers and Software	20.00%	20.00%	-	-	-		-			-	-
341	Transportation Equipment	20.00%	20.00%	-	-	-		-			-	-
342	Stores Equipment	4.00%	4.00%	-	-	-		-			-	-
343	Tools and Work Equipment	5.00%	5.00%	-	-	-		-			-	-
344	Laboratory Equipment	10.00%	10.00%	-	-	-		-			-	-
345	Power Operated Equipment	5.00%	5.00%	-	-	-		-			-	-
346	Communications Equipment	10.00%	10.00%	-	-	-		-			-	-
347	Miscellaneous Equipment	10.00%	10.00%	-	-	-		-			-	-
348	Other Tangible Plant	10.00%	10.00%			235,381	(128,987)	106,394			106,394	5,320
	Rounding			-				-			-	-
								-			-	-
	Plant Held for Future Use											
	TOTAL WATER PLANT			605,168	-	372,444	(134,142)	238,303	-	-	843,471	20,928

See B-2 page 3.5 See B-2 page 3.6

[1] Affiliate Profit

Southern Sunrise Water Company (Stand-Alone)
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.4

Account No.	Description	Deprec. Rate Before Dec-06	Deprec. Rate After Dec-06	2008 Plant Additions	2008 Plant Adjustments[1]	Rebuttal 2008 Plant Adjustments	2008 Adjusted Plant Additions	2008 Plant Retirements	2008 Salvage/Adj. A/D Only	2008 Plant Balance	2008 Deprec.
301	Organization Cost	0.00%	0.00%				-			-	-
302	Franchise Cost	0.00%	0.00%	-			-			-	-
303	Land and Land Rights	0.00%	0.00%	-			-			336,686	-
304	Structures and Improvements	3.33%	3.33%	305,955		(9,334)	296,621			297,908	4,982
305	Collecting and Impounding Res.	2.50%	2.50%	-			-			-	-
306	Lake River and Other Intakes	2.50%	2.50%	-			-			-	-
307	Wells and Springs	3.33%	3.33%	75,969		(1,015)	74,954			126,171	2,954
308	Infiltration Galleries and Tunnels	6.67%	6.67%	-			-			-	-
309	Supply Mains	2.00%	2.00%	550		-	550			2,713	49
310	Power Generation Equipment	5.00%	5.00%	-			-			-	-
311	Electric Pumping Equipment	12.50%	12.50%	92,548	(15,912)	(1,870)	74,766			177,453	17,509
320	Water Treatment Equipment	3.33%	3.33%	-			-			-	-
320.1	Water Treatment Equipment	3.33%	3.33%	-			-			-	-
320.2	Chemical Solution Feeders	20.00%	20.00%	-			-			-	-
330	Distribution Reservoirs & Standpipe	2.22%	2.22%	132,576	(1,660)	(1,591)	129,325			256,960	4,269
330.1	Storage tanks	2.22%	2.22%	-			-			-	-
330.2	Pressure Tanks	5.00%	5.00%	-			-			-	-
331	Transmission and Distribution Mains	2.00%	2.00%	6,319	(2,343)	(4,775)	(799)			74,616	1,500
333	Services	3.33%	3.33%	35,678	(530)	(138)	35,010			57,629	1,336
334	Meters	8.33%	8.33%	18,419	(5,553)	(1,549)	11,317			14,313	721
335	Hydrants	2.00%	2.00%	13,415			13,415			18,416	234
336	Backflow Prevention Devices	6.67%	6.67%	-			-			-	-
339	Other Plant and Miscellaneous Equipment	6.67%	6.67%	12,628	(482)		12,146			21,516	1,030
340	Office Furniture and Fixtures	6.67%	6.67%	-			-			-	-
340.1	Computers and Software	20.00%	20.00%	-			-			-	-
341	Transportation Equipment	20.00%	20.00%	-			-			-	-
342	Stores Equipment	4.00%	4.00%	-			-			-	-
343	Tools and Work Equipment	5.00%	5.00%	125			125			125	3
344	Laboratory Equipment	10.00%	10.00%	-			-			-	-
345	Power Operated Equipment	5.00%	5.00%	-			-			-	-
346	Communications Equipment	10.00%	10.00%	3,379			3,379			3,379	169
347	Miscellaneous Equipment	10.00%	10.00%	-			-			-	-
348	Other Tangible Plant	10.00%	10.00%	-			-			106,394	10,639
	Rounding						-			-	-
							-			-	-
	Plant Held for Future Use										
	TOTAL WATER PLANT			697,562	(26,480)	(20,273)	650,809	-	-	1,494,280	45,395

[1] Affiliate Profit

Southern Sunrise Water Company (Stand-Alone)
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.5

Account No.	Description	Deprec. Rate Before Dec-06	Deprec. Rate After Dec-06	2009 Plant Additions	2009 Plant Adjustments[1]	2009 Plant Adjustments	Rebuttal 2009 Plant Adjustments	2009 Adjusted Plant Additions	2009 Plant Retirements	2009 Salvage A/D Only	2009 Plant Balance	2009 Deprec.
301	Organization Cost	0.00%	0.00%					-			-	-
302	Franchise Cost	0.00%	0.00%	-	(2,541)	2,612		71			71	-
303	Land and Land Rights	0.00%	0.00%	-		-		-			336,686	-
304	Structures and Improvements	3.33%	3.33%	28,259		-		28,259			326,168	2,598
305	Collecting and Impounding Res.	2.50%	2.50%	-		-		-			-	-
306	Lake River and Other Intakes	2.50%	2.50%	-		-		-			-	-
307	Wells and Springs	3.33%	3.33%	5,858		-		5,858			132,029	1,075
308	*Infiltration Galleries and Tunnels*	6.67%	6.67%	-		-		-			-	-
309	Supply Mains	2.00%	2.00%	542		-		542			3,256	15
310	Power Generation Equipment	5.00%	5.00%	-		-		-			-	-
311	Electric Pumping Equipment	12.50%	12.50%	14,613		-		14,613			192,066	5,774
320	Water Treatment Equipment	3.33%	3.33%	-		-		-			-	-
320.1	Water Treatment Equipment	3.33%	3.33%	-		-		-			-	-
320.2	Chemical Solution Feeders	20.00%	20.00%	-		-		-			-	-
330	Distribution Reservoirs & Standpipe	2.22%	2.22%	4,961		-		4,961			261,921	1,440
330.1	Storage tanks	2.22%	2.22%	-		-		-			-	-
330.2	Pressure Tanks	5.00%	5.00%	-		-		-			-	-
331	Transmission and Distribution Mains	2.00%	2.00%	5,002		1,472		6,474			81,090	389
333	Services	3.33%	3.33%	12,598		-		12,598			70,227	532
334	Meters	8.33%	8.33%	2,395		-		2,395			16,708	323
335	Hydrants	2.00%	2.00%	-		-		-			18,416	92
336	Backflow Prevention Devices	6.67%	6.67%	-		-		-			-	-
339	Other Plant and Miscellaneous Equipment	6.67%	6.67%	-		-		-			21,516	359
340	Office Furniture and Fixtures	6.67%	6.67%	-		-		-			-	-
340.1	Computers and Software	20.00%	20.00%	-		-		-			-	-
341	*Transportation Equipment*	20.00%	20.00%	-		-		-			-	-
342	Stores Equipment	4.00%	4.00%	-		-		-			-	-
343	Tools and Work Equipment	5.00%	5.00%	144		-		144			270	2
344	Laboratory Equipment	10.00%	10.00%	-		-		-			-	-
345	Power Operated Equipment	5.00%	5.00%	-		-		-			-	-
346	Communications Equipment	10.00%	10.00%	-		-		-			3,379	84
347	Miscellaneous Equipment	10.00%	10.00%	-		-		-			-	-
348	Other Tangible Plant	10.00%	10.00%	-		-		-			106,394	2,660
	Rounding							-			-	-
								-			-	
	Plant Held for Future Use											
	TOTAL WATER PLANT			74,373	(2,541)	4,084		75,916	-	-	1,570,196	15,343

[1] Affiliate Profit

Southern Sunrise Water Company (Stand-Alone)
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.6

Account No.	Description	Deprec. Rate Before Dec-06	Deprec. Rate After Dec-06	Year End Accumulated Depreciation by Account Dec 31 2006	Dec 31 2007	Dec 31 2008	March 31 2009
301	Organization Cost	0.00%	0.00%	-	-	-	-
302	Franchise Cost	0.00%	0.00%	-	-	-	-
303	Land and Land Rights	0.00%	0.00%	-	-	-	-
304	Structures and Improvements	3.33%	3.33%	-	43	5,024	7,622
305	Collecting and Impounding Res.	2.50%	2.50%	-	-	-	-
306	Lake River and Other Intakes	2.50%	2.50%	-	-	-	-
307	Wells and Springs	3.33%	3.33%	-	1,299	4,253	5,328
308	Infiltration Galleries and Tunnels	6.67%	6.67%	-	-	-	-
309	Supply Mains	2.00%	2.00%	-	22	70	85
310	Power Generation Equipment	5.00%	5.00%	-	-	-	-
311	Electric Pumping Equipment	12.50%	12.50%	-	9,096	26,605	32,378
320	Water Treatment Equipment	3.33%	3.33%	-	-	-	-
320.1	Water Treatment Equipment	3.33%	3.33%	-	-	-	-
320.2	Chemical Solution Feeders	20.00%	20.00%	-	-	-	-
330	Distribution Reservoirs & Standpipe	2.22%	2.22%	-	2,810	7,079	8,519
330.1	Storage tanks	2.22%	2.22%	-	-	-	-
330.2	Pressure Tanks	5.00%	5.00%	-	-	-	-
331	Transmission and Distribution Mains	2.00%	2.00%	-	1,471	2,971	3,360
333	Services	3.33%	3.33%	-	377	1,713	2,245
334	Meters	8.33%	8.33%	-	125	846	1,169
335	Hydrants	2.00%	2.00%	-	53	287	379
336	Backflow Prevention Devices	6.67%	6.67%	-	-	-	-
339	Other Plant and Miscellaneous Equipment	6.67%	6.67%	-	312	1,343	1,701
340	Office Furniture and Fixtures	6.67%	6.67%	-	-	-	-
340.1	Computers and Software	20.00%	20.00%	-	-	-	-
341	Transportation Equipment	20.00%	20.00%	-	-	-	-
342	Stores Equipment	4.00%	4.00%	-	-	-	-
343	Tools and Work Equipment	5.00%	5.00%	-	-	3	6
344	Laboratory Equipment	10.00%	10.00%	-	-	-	-
345	Power Operated Equipment	5.00%	5.00%	-	-	-	-
346	Communications Equipment	10.00%	10.00%	-	-	169	253
347	Miscellaneous Equipment	10.00%	10.00%	-	-	-	-
348	Other Tangible Plant	10.00%	10.00%	-	5,320	15,959	18,619
	Rounding			-	-	-	-
				-	-	-	-
	Plant Held for Future Use			-			
	TOTAL WATER PLANT			-	20,928	66,322	81,666

Southern Sunrise Water Company (Stand-Alone)
Plant Reconciliation to Prior Rate Case

Exhibit
Rejoinder Schedule B-2
Page 3.7

Line No.	Account No.	Description	Miracle	Horseshoe	Cochise	Per Decision 68412 Prior Case Adjusted Plant	Adjustments Intentionally Left Blank	Adjustments Intentionally Left Blank	Per Decision 68412 Prior Case Adjusted Plant
1									
2									
3									
4									
5									
6	301	Organization Cost				-			-
7	302	Franchise Cost				-			-
8	303	Land and Land Rights	6,550	7,955	322,181	336,686			336,686
9	304	Structures and Improvements		1,287		1,287			1,287
10	305	Collecting and Impounding Res.				-			-
11	306	Lake River and Other Intakes				-			-
12	307	Wells and Springs		21,050	5,775	26,825			26,825
13	308	Infiltration Galleries and Tunnels				-			-
14	309	Supply Mains				-			-
15	310	Power Generation Equipment				-			-
16	311	Electric Pumping Equipment	6,855	1,500	34,492	42,847			42,847
17	320	Water Treatment Equipment				-			-
18	320.1	Water Treatment Plants				-			-
19	320.2	Chemical Solution Feeders				-			-
20	330	Distribution Reservoirs & Standpipe		30,556	95,000	125,556			125,556
21	330.1	Storage tanks				-			-
22	330.2	Pressure Tanks				-			-
23	331	Transmission and Distribution Mains	9,394	62,273		71,667			71,667
24	333	Services				-			-
25	334	Meters				-			-
26	335	Hydrants		300		300			300
27	336	Backflow Prevention Devices				-			-
28	339	Other Plant and Miscellaneous Equipment				-			-
29	340	Office Furniture and Fixtures				-			-
30	340.1	Computers and Software				-			-
31	341	Transportation Equipment				-			-
32	342	Stores Equipment				-			-
33	343	Tools and Work Equipment				-			-
34	344	Laboratory Equipment				-			-
35	345	Power Operated Equipment				-			-
36	346	Communications Equipment				-			-
37	347	Miscellaneous Equipment				-			-
38	348	Other Tangible Plant				-			-
39		Plant not in Service							-
40		TOTAL	22,799	124,921	457,448	605,168	-	-	605,168
41									

Southern Sunrise Water Company (Stand-Alone)
A/D Reconciliation to Prior Rate Case

Exhibit
Rejoinder Schedule B-2
Page 3.8

Line No.	Account No.	Description	Per Decision 68412 Prior Case Adjusted A/D	Adjustments: Intentionally Left Blank	Intentionally Left Blank	Intentionally Left Blank	Intentionally Left Blank	Per Decision 68412 Prior Case Adjusted A/D
5	301	Organization Cost	-					-
6	302	Franchise Cost	-					-
7	303	Land and Land Rights	-					-
8	304	Structures and Improvements	-					-
9	305	Collecting and Impounding Res.	-					-
10	306	Lake River and Other Intakes	-					-
11	307	Wells and Springs	-					-
12	308	Infiltration Galleries and Tunnels	-					-
13	309	Supply Mains	-					-
14	310	Power Generation Equipment	-					-
15	311	Electric Pumping Equipment	-					-
16	320	Water Treatment Equipment	-					-
17	320.1	Water Treatment Plants	-					-
18	320.2	Checmical Solution Feeders	-					-
19	330	Distribution Reservoirs & Standpipe	-					-
20	330.1	Storage tanks	-					-
21	330.2	Pressure Tanks	-					-
22	331	Transmission and Distribution Mains	-					-
23	333	Services	-					-
24	334	Meters	-					-
25	335	Hydrants	-					-
26	336	Backflow Prevention Devices	-					-
27	339	Other Plant and Miscellaneous Equipment	-					-
28	340	Office Furniture and Fixtures	-					-
29	340.1	Computers and Software	-					-
30	341	Transportation Equipment	-					-
31	342	Stores Equipment	-					-
32	343	Tools and Work Equipment	-					-
33	344	Laboratory Equipment	-					-
34	345	Power Operated Equipment	-					-
35	346	Communications Equipment	-					-
36	347	Miscellaneous Equipment	-					-
37	348	Other Tangible Plant	-					
38		Rounding						-
39								
40		TOTAL	-	-	-	-	-	-
41								

Southern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2

Exhibit
Rejoinder Schedule B-2
Page 4
Witness: Bourassa

Line No.				A	B	C	D	E	
1	Accumulated Depreciation								
2			Per Books	Reconcilation to	Intentionally Left	Intentionally Left	Intentionally Left	Intentionally Left	Adjusted Accum.
3	Acct.		Accum.	Computed					
4	No.	Description	Depr.	Balance	Blank	Blank	Blank	Blank	Depr.
5	301	Organization Cost	$ -	$ -					$ -
6	302	Franchise Cost	-	-					-
7	303	Land and Land Rights	-	-					-
8	304	Structures and Improvements	7,855	(233)					7,622
9	305	Collecting and Impounding Res.	-	-					-
10	306	Lake River and Other Intakes	-	-					-
11	307	Wells and Springs	5,407	(79)					5,328
12	308	Infiltration Galleries and Tunnels	-	-					-
13	309	Supply Mains	104	(19)					85
14	310	Power Generation Equipment	-	-					-
15	311	Electric Pumping Equipment	33,360	(982)					32,378
16	320	Water Treatment Equipment	-	-					-
17	320.1	Water Treatment Plant	-	-					-
18	320.2	Chemical Solution Feeders	-	-					-
19	330	Dist. Reservoirs & Standpipe	8,546	(26)					8,519
20	330.1	Storage tanks	-	-					-
21	330.2	Pressure Tanks	-	-					-
22	331	Trans. and Dist. Mains	3,415	(55)					3,360
23	333	Services	2,248	(3)					2,245
24	334	Meters	1,266	(97)					1,169
25	335	Hydrants	379	-					379
26	336	Backflow Prevention Devices	-	-					-
27	339	Other Plant and Misc. Equip.	1,701	-					1,701
28	340	Office Furniture and Fixtures	-	-					-
29	1 Inch	Computers and Software	-	-					-
30	2 Inch	Transportation Equipment	-	-					-
31	342	Stores Equipment	-	-					-
32	343	Tools and Work Equipment	6	-					6
33	344	Laboratory Equipment	-	-					-
34	345	Power Operated Equipment	-	-					-
35	346	Communications Equipment	253	-					253
36	347	Miscellaneous Equipment	-	-					-
37	348	Other Tangible Plant	41,192	(22,573)					18,619
38			-						-
39		TOTALS	$ 105,733	$ (24,067)	$ -	$ -	$ -	$ -	$ 81,666
40									
41	Adjusted Accumulated Depreciation per Direct								$ 105,733
42									
43	Increase (decrease) in A/D								$ (24,067)
44									
45	Adjustment to A/D								$ (24,067)
46									
47	SUPPORTING SCHEDULES								
48	Rejoinder B-2, pages 3.3 to 3.6								
49									

Southern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Original Cost Rate Base Proforma Adjustments
Adjustment 3

Exhibit
Rejoinder Schedule B-2
Page 5
Witness: Bourassa

Deferred Income Tax as of March 31, 2009

Line No.		Adjusted Book Value	Tax Value	Probability of Realization of Future Tax Benefit	Deductible TD (Taxable TD) Expected to be Realized	Tax Rate[5]	Future Tax Asset Current	Future Tax Asset Non Current	Future Tax Liability Current	Future Tax Liability Non Current
6	Plant-in-Service	$ 1,570,195 [1]								
7	Accum. Deprec.	(81,666) [1]								
8	CIAC	(19,983) [3]								
9	Fixed Assets	$ 1,468,547	$ 1,065,085 [2]	100.0%	$ (403,462)	35.9%		-		(144,964)
10	AIAC		- [4]	30.0%	$ - [4]	35.9%		$ -		
11	Tax Benefits from O.L. Carry Forward			100.0%	$ -	35.9%		$ -		
12							$ -	$ -	$ -	$ (144,964)
13										
14	Allocated DIT Asset (Liability)						$ (144,964)			
15										
16	DIT Asset (Liability) per Direct						$ (51,588)			
17										
18	Adjustment to DIT						$ 93,376			
19										

20 **[1] Adjusted per Rebuttal Schedule B-2, page 2**

21

22 **[2] Tax Basis as of March 31, 2009**

Line No.			
23			
24	Unadjusted Cost Basis per 2008 Tax Return (Fiscal Year Ended 12/31/2008)		$ 1,332,711
25	Adjustments:		
26	Land not on tax return depreciation repor		336,686
27	Tax accumulated depreciation through 12/31/2008		(53,684)
28	Tax depreciation from 1/1/2009 to 3/31/2009 for assets added before 12/31/2008.		(135,825)
29	Bonus Depreciation/Section 179 deductions through 12/31/2008		(299,727)
30	Assets added after 12/31/2008 (net of affiliate profit, AIAC, CIAC)		55,916
31	Tax depreciation for assets added after 12/31/2008 thru 3/31/2009 (Estimated 25 yr S.L. half-year convention		(280)
32	Bonus depreciation for assets added after 12/31/2008 thru 3/31/2009 (Estimated)		(6,990)
33			
34			
35	Affiliate profit removed through 2008		(26,965)
36	Tax accumulated depreciation related to affilitate profit through 2008		1,637
37			
38			
39	Proposed B-2 adjustments (AFUDC)		(25,428)
40	Estimated Tax depreciation on B- 2 proposed adjustments (AFUDC		1,374
41	Proposed B-2 adjustments (McClain acquistion costs)		(128,987)
42	Estimated Tax depreciation on B- 2 proposed adjustments (McClain acqusition costs		8,868
43	Timing difference through 2008		5,777
44	Net tax value as of March 31, 2009		$ 1,065,085
45			

46 **[3] CIAC (including impact of change to probability of realization)**

Line No.				
47				
48	Gross CIAC per B-2		$ 20,000	
49	Less: Pre-1996 CIAC		-	
50	A.A per B-2	$ (17)		
51	A.A on Pre-1996 CIAC	-		
52			(17)	
53	Net CIAC before unrealized AIAC			$ 19,983
54				
55	Unrealized AIAC Componen			
56	Adjusted Net AIAC (see footnote 5 below)		$ -	
57	Unrealized AIAC Component % (1-Realized AIAC Component		70.0%	
58	Addition to CIAC			$ -
59	Total realizable CIAC			$ 19,983
60				

61 **[4] AIAC (including impact of change in probability of realization)**

Line No.			
62	AIAC per B-2	$ -	
63	Less: Pre-1996 AIAC included for book and tax purposes	-	
64	Net AIAC before unrealized portion		$ -
65	Less: Unrealized AIAC (from Note 4, above		$ -
66	Net realizable AIAC		$ -
67			

68 **[5] Effective tax rates Per C-3 schedule**

69

Southern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Original Cost Rate Base Proforma Adjustments
Adjustment 4

Exhibit
Rejoinder Schedule B-2
Page 6
Witness: Bourassa

Line No.		Gross CIAC	Accum. Amort.
1	CIAC and Accumulated Amortization		
2			
3			
4		Gross CIAC	Accum. Amort.
5	Computed balance at 3/31/2009	$ 20,000	$ 17
6			
7	Book balance at 3/31/2009	$ 20,000	$ 15
8			
9	Increase (decrease)	$ -	$ 1
10			
11			
12	Adjustment to CIAC	$ -	$ (1)
13	Label	4a	4b
14			
15			
16			
17			
18			
19	SUPPORTING SCHEDULES		
20	Rejoinder B-2, page 6.1 to 6.2		
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			

Southern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Original Cost Rate Base Proforma Adjustments
Contributions-in-aid of Construction and Amortization
Adjustment 4

Exhibit
Rejoinder Schedule B-2
Page 6.1
Witness: Bourassa

Line No.		Balance at 1/1/2006	2006 Activity	Balance at 12/31/2006	2007 Activity
1					
2					
3					
4	CIAC	-		-	-
5					
6					
7	Amortization		-		-
8	Accum Amort.	-	-	-	-
9					
10	Composite Amortization Rate		2.4811%		3.0379%
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35	**Total CIAC Water**	-		-	
22					
23					
24	**Total Accum Amort.**	-		-	
25					
26					

Southern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Original Cost Rate Base Proforma Adjustments
Contributions-in-aid of Construction and Amortization
Adjustment 4

Exhibit
Rejoinder Schedule B-2
Page 6.2
Witness: Bourassa

Line No.		2008 Activity	Balance at 12/31/2008	2009 Activity	Balance at 3/31/2009
1					
2					
3					
4	CIAC		-	20,000	20,000
5					
6					
7	Amortization	-		17	
8	Accum Amort.	-	-	17	17
9					
10	Composite Amortization Rate	0.9771%		0.1675%	
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35	**Total CIAC Water**		-		20,000
22					
23					
24	**Total Accum Amort.**		-		17
25					
26					

Southern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Computation of Working Capital

Exhibit
Rejoinder Schedule B-5
Page 1
Witness: Bourassa

Line No.			
1	Cash Working Capital (1/8 of Allowance		
2	Operation and Maintenance Expense)	$	36,775
3	Pumping Power (1/24 of Pumping Power)		1,348
4	Purchased Water (1/24 of Purchased Water)		-
5	Materials and Supplies		-
6	Prepaids		5,374
7			
8			
9	Total Working Capital Allowance	$	43,497
10			
11			
12	Working Capital Requested	$	-
13			
14			
15	SUPPORTING SCHEDULES:	RECAP SCHEDULES:	
16	Rejoinder C-1	Rejoinder B-1	
17			
18			Adjusted
19	Cash Working Capital Detail		Test Year Results
20			
21	Total Operating Expense	$	425,701
22	Less:		
23	Income Tax		10,338
24	Property Tax		26,323
25	Depreciation		62,486
26	Purchased Water		-
27	Purchased Power		32,354
28	Allowable Expenses	$	294,200
29	1/8 of allowable expenses	$	36,775
30			
31			

Southern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Income Statement

Exhibit
Rejoinder Schedule C-1
Page 1
Witness: Bourassa

Line No.		Test Year Adjusted Results	Adjustment	Rebuttal Test Year Adjusted Results	Proposed Rate Increase	Rebuttal Adjusted with Rate Increase
1	**Revenues**					
2	Metered Water Revenues	$ 433,457	$ -	$ 433,457	$ 200,038	$ 633,495
3	Unmetered Water Revenues	-	-	-		-
4	Other Water Revenues	10,679	-	10,679		10,679
5		$ 444,136	$ -	$ 444,136	$ 200,038	$ 644,174
6	**Operating Expenses**					
7	Salaries and Wages	$ -	-	$ -		$ -
8	Purchased Water	-	-	-		-
9	Purchased Power	32,354	-	32,354		32,354
10	Fuel for Power Production	-	-	-		-
11	Chemicals	1,265	-	1,265		1,265
12	Materials & Supplies	7,972	-	7,972		7,972
13	Outside Services	91	-	91		91
14	Outside Services- Legal	5,390	-	5,390		5,390
15	Outside Services- Other	179,427	(1,650)	177,778		177,778
16	Water Testing	5,592	-	5,592		5,592
17	Equipment Rental	-	(1,197)	(1,197)		(1,197)
18	Rents - Building	-	-	-		-
19	Transportation Expenses	25,481	(1,033)	24,448		24,448
20	Insurance - General Liability	10,788	-	10,788		10,788
21	Insurance - Health and Life	-	-	-		-
22	Reg. Comm. Exp.	1,024	-	1,024		1,024
23	Reg. Comm. Exp. - Rate Case	41,667	-	41,667		41,667
24	Miscellaneous Expense	14,810	(773)	14,037		14,037
25	Bad Debt Expense	5,346	-	5,346		5,346
26	Depreciation Expense	76,419	(13,933)	62,486		62,486
27	Taxes Other Than Income	-	-	-		-
28	Property Taxes	26,765	(442)	26,323		26,323
29	Income Tax	3,703	6,635	10,338	71,874	82,212
30	**Total Operating Expenses**	$ 438,094	$ (12,392)	$ 425,701	$ 71,874	$ 497,575
31	**Operating Income**	$ 6,042	$ 12,392	$ 18,435	$ 128,164	$ 146,599
32	**Other Income (Expense)**					
33	Interest Income	-		-		-
34	Other income (loss)	-		-		-
35	Interest Expense	-		-		-
36	Other Expense	-		-		-
37		-		-		-
38	**Total Other Income (Expense)**	$ -	$ -	$ -	$ -	$ -
39	**Net Profit (Loss)**	$ 6,042	$ 12,392	$ 18,435	$ 128,164	$ 146,599
40						
41	SUPPORTING SCHEDULES:				RECAP SCHEDULES:	
42	Rejoinder C-1, page 2				Rejoinder A-1	
43						

Southern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Income Statement

Exhibit
Rejoinder Schedule C-1
Page 2
Witness: Bourassa

Line No.		Label>>>>>>> Test Year Adjusted Results	1 Depreciation	2 Property Taxes	3 Meals, Entertainment Contributions	4 Water Testing	5 Transport. Expense	6 Central Office Allocation	7 Income Taxes	Rebuttal Test Year Adjusted Results	Proposed Rate Increase	Rebuttal Adjusted with Rate Increase
1	**Revenues**											
2	Metered Water Revenues	$ 433,457								$ 433,457	$ 200,038	$ 633,495
3	Unmetered Water Revenues	-								-		-
4	Other Water Revenues	10,679								10,679		10,679
5		$ 444,136	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 444,136	$ 200,038	$ 644,174
6	**Operating Expenses**											
7	Salaries and Wages	$ -								$ -		$ -
8	Purchased Water	-								-		-
9	Purchased Power	32,354								32,354		32,354
10	Fuel for Power Production	-								-		-
11	Chemicals	1,265								1,265		1,265
12	Materials & Supplies	7,972								7,972		7,972
13	Outside Services	91								91		91
14	Outside Services- Legal	5,390								5,390		5,390
15	Outside Services- Other	179,427						(1,650)		177,778		177,778
16	Water Testing	5,592								5,592		5,592
17	Equipment Rental	-				(1,197)				(1,197)		(1,197)
18	Rents - Building	-								-		-
19	Transportation Expenses	25,481					(1,033)			24,448		24,448
20	Insurance - General Liability	10,788								10,788		10,788
21	Insurance - Health and Life	-								-		-
22	Reg. Comm. Exp.	1,024								1,024		1,024
23	Reg. Comm. Exp. - Rate Case	41,667								41,667		41,667
24	Miscellaneous Expense	14,810			(773)					14,037		14,037
25	Bad Debt Expense	5,346								5,346		5,346
26	Depreciation Expense	76,419	(13,933)							62,486		62,486
27	Taxes Other Than Income	-								-		-
28	Property Taxes	26,765		(442)						26,323		26,323
29	Income Tax	3,703							6,635	10,338	71,874	82,212
30	**Total Operating Expenses**	$ 438,094	$ (13,933)	$ (442)	$ (773)	$ (1,197)	$ (1,033)	$ (1,650)	$ 6,635	$ 425,701	$ 71,874	$ 497,575
31	**Operating Income**	$ 6,042	$ 13,933	$ 442	$ 773	$ 1,197	$ 1,033	$ 1,650	$ (6,635)	$ 18,435	$ 128,164	$ 146,599
32	**Other Income (Expense)**											
33	Interest Income	-								-		-
34	Other income (loss)	-								-		-
35	Interest Expense	-								-		-
36	Other Expense	-								-		-
37		-								-		-
38	**Total Other Income (Expense)**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
39	**Net Profit (Loss)**	$ 6,042	$ 13,933	$ 442	$ 773	$ 1,197	$ 1,033	$ 1,650	$ (6,635)	$ 18,435	$ 128,164	$ 146,599
40												
41	SUPPORTING SCHEDULES:											
42	Rejoinder C-2											
43												

RECAP SCHEDULES:
Rejoinder C-1, page 1

Southern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Adjustments to Revenues and Expenses

Exhibit
Rejoinder Schedule C-2
Page 1
Witness: Bourassa

Line No.		Adjustments to Revenues and Expenses						
		1	2	3	4	5	6	Subtotal
1		Depreciation	Property	Meals, Entertainment	Water	Transport.	Central	
2		Expense	Taxes	Contributions	Testing	Expense	Office Costs	
3	Revenues							-
4								
5	Expenses	(13,933)	(442)	(773)	(1,197)	(1,033)	(1,650)	(19,028)
6								
7	Operating							
8	Income	13,933	442	773	1,197	1,033	1,650	19,028
9								
10	Interest							
11	Expense							-
12	Other							
13	Income /							-
14	Expense							
15								
16	Net Income	13,933	442	773	1,197	1,033	1,650	19,028
17								
18		Adjustments to Revenues and Expenses						
19		7	8	9	10	11	12	Subtotal
20		Income						
21		Taxes	Blank	Blank	Blank	Blank	Blank	
22	Revenues							-
23								
24	Expenses	6,635						(12,392)
25								
26	Operating							
27	Income	(6,635)	-	-	-	-	-	12,392
28								
29	1 Inch							
30	2 Inch							-
31	Other							
32	Income /							-
33	Expense							
34								
35	Net Income	(6,635)	-	-	-	-	-	12,392

Southern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Adjustments to Revenues and Expenses
Adjustment Number 1

Exhibit
Rejoinder Schedule C-2
Page 2
Witness: Bourassa

Line No.					
1	Depreciation Expense				
2					
3	**Acct.**		**Adjusted Original**	**Proposed**	**Depreciation**
4	**No.**	**Description**	**Cost**	**Rates**	**Expense**
5	301	Organization Cost	-	0.00%	-
6	302	Franchise Cost	71	0.00%	-
7	303	Land and Land Rights	336,686	0.00%	-
8	304	Structures and Improvements	326,168	3.33%	10,861
9	305	Collecting and Impounding Res.	-	2.50%	-
10	306	Lake River and Other Intakes	-	2.50%	-
11	307	Wells and Springs	132,029	3.33%	4,397
12	308	Infiltration Galleries and Tunnels	-	6.67%	-
13	309	Supply Mains	3,256	2.00%	65
14	310	Power Generation Equipment	-	5.00%	-
15	311	Electric Pumping Equipment	192,066	12.50%	24,008
16	320	Water Treatment Equipment	-	3.33%	-
17	320.1	Water Treatment Plant	-	3.33%	-
18	320.2	Chemical Solution Feeders	-	20.00%	-
19	330	Dist. Reservoirs & Standpipe	261,921	2.22%	5,815
20	330.1	Storage tanks	-	2.22%	-
21	330.2	Pressure Tanks	-	5.00%	-
22	331	Trans. and Dist. Mains	81,090	2.00%	1,622
23	333	Services	70,227	3.33%	2,339
24	334	Meters	16,708	8.33%	1,392
25	335	Hydrants	18,416	2.00%	368
26	336	Backflow Prevention Devices	-	6.67%	-
27	339	Other Plant and Misc. Equip.	21,516	6.67%	1,435
28	340	Office Furniture and Fixtures	-	6.67%	-
29	340.1	Computers and Software	-	20.00%	-
30	341	Transportation Equipment	-	20.00%	-
31	342	Stores Equipment	-	4.00%	-
32	343	Tools and Work Equipment	270	5.00%	13
33	344	Laboratory Equipment	-	10.00%	-
34	345	Power Operated Equipment	-	5.00%	-
35	346	Communications Equipment	3,379	10.00%	338
36	347	Miscellaneous Equipment	-	10.00%	-
37	348	Other Tangible Plant	106,394	10.00%	10,639
38					
39		TOTALS	$ 1,570,196		$ 63,292
40					
41					
42	Less: Amortization of Contributions		$ 20,000	4.0309%	$ (806)
43					
44					
45					
46	Total Depreciation Expense				$ 62,486
47					
48	Adjusted Test Year Depreciation Expense				76,419
49					
50	Increase (decrease) in Depreciation Expense				(13,933)
51					
52	Adjustment to Revenues and/or Expenses				$ (13,933)
53					
54	SUPPORTING SCHEDULE				
55	Rejoinder B-2, page 3		* Fully Depreciated		
56	Rejoinder B-2, page 6				

Southern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Adjustment to Revenues and Expenses
Adjustment Number 2

Exhibit
Rejoinder Schedule C-2
Page 3
Witness: Bourassa

Line No.			
1	Property Taxes:		
2			
3	Adjusted Revenues in year ended 3/31/09	$	444,136
4	Adjusted Revenues in year ended 3/31/09		444,136
5	Proposed Revenues		644,174
6	Average of three year's of revenue	$	510,816
7	Average of three year's of revenue, times 2	$	1,021,631
8	Add:		
9	Construction Work in Progess at 10%	$	53,180
10	Deduct:		
11	Book Value of Transportation Equipment		-
12			
13	Full Cash Value	$	1,074,811
14	Assessment Ratio		21%
15	Assessed Value		225,710
16	Property Tax Rate		10.7803%
17			
18	Property Tax		24,332
19	Plus: Tax on Parcels		1,991
20			
21	Total Property Tax at Proposed Rates	$	26,323
22	Property Taxes recorded during the test year		26,765
23	Change in Property Taxes	$	(442)
24			
25			
26	Adjustment to Revenues and/or Expenses	$	(442)
27			
28			

Southern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
ADJUSTMENTS TO REVENUES AND/OR EXPENSES
Adjustment Number 3

Exhibit
Rejoinder Schedule C-2
Page 4
Witness: Bourassa

Line No.			
1	Remove Meals, Entertainment and Contibutions		
2			
3	Meals and Entertainment	$	(773)
4			
5			
6			
7	Increase(decrease) Miscellaneous	$	(773)
8			
9	Adjustment to Revenue and/or Expense	$	(773)
10			
11			
12			
13			
14			
15			
16	SUPPORTING SCHEDULES		
17	Staff Schedule CSB-16		
18			
19			
20			
21			
22			
23			
24			

Southern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Adjustment to Revenues and Expenses
Adjustment Number 4

Exhibit
Rejoinder Schedule C-2
Page 5
Witness: Bourassa

Line No.			
1	Water Testing Expense		
2			
3	Proposed Water Testing Expense	$	4,395
4			
5	Adjusted Test Year Expense		5,592
6			
7			
8	Increase (decrease) in Water Testing Expense	$	(1,197)
9			
10			
11			
12			
13			
14			
15			
16	REFERENCE		
17	See testimony		
18			
19			
20			

Southern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Adjustment to Revenues and Expenses
Adjustment Number 5

Exhibit
Rejoinder Schedule C-2
Page 6
Witness: Bourassa

Line No.					
1	Transportation Expense (Remove Airlink costs)				
2					
3	Date	Invoice	Amount		
4	9/30/2008	1022	$ (823)		
5	9/30/2008	1039	(210)		
6					
7	Total			$	(1,033)
8					
9					
10	Increase (decrease) in Water Testing Expense			$	(1,033)
11					
12					
13					
14	REFERENCE				
15	See testimony				
16					
17					
18					
19					
20					
21					

Southern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Adjustment to Revenues and Expenses
Adjustment Number 6

Exhibit
Rejoinder Schedule C-2
Page 7
Witness: Bourassa

Cental Office Costs - Infrastructure Allocation

Line No.		Test Year Actual Total Cost Pool	Adjustments	Adjusted Total Cost Pool	Utility Infrastructure Group Allocation %	Utility Infrastructure Group Allocated Cost Pool	SSWC Water Allocation by Customer Count	Rebuttal SSWC Allocation
9	Audit	$ 778,285	$ (97,474)	$ 680,812	24.29%	$ 165,340	1.26%	2,077
10	Tax Services	518,775	(48,971)	469,804	24.29%	114,095	1.26%	1,433
11	Legal	159,053	(20,521)	138,531	24.29%	33,643	1.26%	423
12	Other Professional Services	506,082	(53,879)	452,202	24.29%	109,821	1.26%	1,379
13	Management Fee - Total	644,943	(81,140)	563,803	24.29%	136,924	1.26%	1,720
14	Unit Holder Communications	156,766	(11,108)	145,658	24.29%	35,374	1.26%	444
15	Trustee Fees	129,000	(1,884)	127,116	24.29%	30,871	1.26%	388
16	Escrow & Transfer Agent Fees	96,138	(10,784)	85,354	24.29%	20,729	1.26%	260
17	Rent	307,337	(33,372)	273,965	24.29%	66,534	1.26%	836
18	Licenses/Fees & Permits	17,561	(2,995)	14,565	24.29%	3,537	1.26%	44
19	Office Expenses	572,357	(146,601)	425,755	24.29%	103,398	1.26%	1,299
20	Depreciation	211,653	(21,856)	189,797	24.29%	46,094	1.26%	579
22	**Total (US dollars USD)**	**$ 4,097,949**	**$ (530,586)**	**$ 3,567,363**		**$ 866,360**		**$ 10,881**

26	Infrastructure Cost Allocation per Direct (USD)	$ 12,531
28	Increase (decrease) in Infrastructure Allocated Costs (USD)	$ (1,650)
31	Adjustment to Revenues and/or Expenses	$ (1,650)

Southern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Adjustment to Revenues and/or Expenses
Adjustment Number 7

Exhibit
Rejoinder Schedule C-2
Page 8
Witness: Bourassa

Line No.			Test Year Adjusted Results	Adjusted with Rate Increase	
1	Income Tax Computation				
2					
3					
4					
5					
6					
7	Taxable Income		$ 28,773	$ 228,811	
8					
9	Taxable Income		$ 28,773	$ 228,811	
10					
11	Arizona Income Before Taxes			$ 228,811	
12					
13	Less Arizona Income Tax			$ 15,944	
14	Rate =	6.97%			
15	Arizona Taxable Income			$ 212,867	
16					
17	Arizona Income Taxes			$ 15,944	
18					
19	Federal Income Before Taxes			$ 228,811	
20					
21	Less Arizona Income Taxes			$ 15,944	
22					
23	Federal Taxable Income			$ 212,867	
24					
25					
26	1 Inch				
27	2 Inch				
28	15% BRACKET			$ 7,500	
29	25% BRACKET			$ 6,250	
30	34% BRACKET			$ 8,500	Federal
31	39% BRACKET			$ 44,018	Effective
32	34% BRACKET			$ -	Tax
33					Rate
34	Federal Income Taxes			$ 66,268	28.96%
35					
36					
37	Total Income Tax			$ 82,212	
38					
39	Overall Tax Rate			35.93%	
40					
41	Income Tax at Proposed Rates Effective Rate		$ 10,338		
42					
43	Adjusted Test Year Income Taxes		3,703		
44					
45	Adjustment to Income Taxes		6,635		
46					

Southern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Computation of Gross Revenue Conversion Factor

Exhibit
Rejoinder Schedule C-3
Page 1
Witness: Bourassa

Line No.	Description	Percentage of Incremental Gross Revenues
1	Federal Income Taxes	28.96%
2		
3	State Income Taxes	6.97%
4		
5	Other Taxes and Expenses	0.00%
6		
7		
8	Total Tax Percentage	35.93%
9		
10	Operating Income % = 100% - Tax Percentage	64.07%
11		
12		
13		
14		
15	1 = Gross Revenue Conversion Factor	
16	Operating Income %	1.5608
17		
18	SUPPORTING SCHEDULES:	RECAP SCHEDULES:
19		Rejoinder A-1
20		

Southern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Exhibit
Rejoinder Schedule H-1
Page 1
Witness: Bourassa

Line No.	Meter Size	Class	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues
1	5/8 Inch	Residential	$ 423,617	$ 620,399	$ 196,782	46.45%	98.59%	98.70%
2								
3								
4								
5								
6		Subtotal	423,617	620,399	196,782	46.45%	98.59%	98.70%
7								
8	1 Inch	Commercial	$ 1,657	$ 2,441	$ 783	47.27%	0.39%	0.39%
9	2 Inch	Commercial	4,422	5,740	1,318	29.80%	1.03%	0.91%
10								
11								
12								
13								
14								
15								
16								
17								
18		Subtotal	$ 6,079	$ 8,181	2,101	34.57%	1.41%	1.30%
19								
20								
21								
22								
23								
24								
25								
26								
27								
28								
29								
30								
31	Total Revenues Before Annualization		$ 429,696	$ 628,579	$ 198,883	46.28%	100.00%	100.00%
32								

Southern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Exhibit
Rejoinder Schedule H-1
Page 2
Witness: Bourassa

Line No.	Meter Size	Class	Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Additional Bills	Additional Gallons to be Pumped (In 1,000's)	
				Revenue Annualization					
5	5/8 Inch	Residential	$ 2,872	$ 4,301	1,429	49.77%	68	368	C-2, pg 5.1
10		Subtotal	$ 2,872	$ 4,301	1,429	49.77%	68	368	
12	1 Inch	Commercial	$ 464	$ 679	215	46.39%	5	35	C-2, pg 5.2
13	2 Inch	Commercial	-	-	-	0.00%	-	-	C-2, pg 5.3
22		Subtotal	$ 464	$ 679	215	46.39%	5	35	
36	Total Revenue Annualization		$ 3,335	$ 4,979	$ 1,644	49.30%	73	403	

Southern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Revenue Summary
With Annualized Revenues to Year End Number of Customers

Exhibit
Rejoinder Schedule H-1
Page 3
Witness: Bourassa

Line No.		Present Revenues	Proposed Revenues	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues
1							
2							
3	Subtotal Metered Revenues	$ 429,696	$ 628,579	$ 198,883	46.28%	100.00%	100.00%
4	Subtotal Revenue Annualization	3,335	4,979	1,644	49.30%	0.78%	0.79%
5	Total Metered Revenues	$ 433,031	$ 633,559	$ 200,527	46.31%		
6							
7	Misc. Revenues	$ 10,679	$ 10,679	-	0.00%	2.49%	1.70%
8	Reconciling Amount to GL	426	(63)	(489)	-114.79%	0.10%	-0.01%
9	Total Water Revenues	$ 444,136	$ 644,175	$ 200,038	45.04%	0.00%	0.00%
10							
11							
12	Revenue Reconciliation						
13							
14	Revenue per bill count before revenue annualization		$ 429,696				
15	Revenue per GL (metered water revenues)		430,122				
16	Difference		$ (426)				
17	Difference %		-0.10%				
18	Tolerance %		0.50%				
19	Tolerance Amount + or -		$ 2,151				
20							
21	Acceptable?		YES				
22							
23							
24							
25							
26							
27							
28							
29							
30							
31							
32							
33							
34							
35							

Southern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Customer Summary

Exhibit
Rejoinder Schedule H-2
Page 1
Witness: Bourassa

Line No.		Meter Size, Class	(a) Average Number of Customers at 3/31/2009	Average Consumption	Average Bill Present Rates	Average Bill Proposed Rates	Proposed Increase Dollar Amount	Proposed Increase Percent Amount
1	5/8 Inch	Residential	786	5,581	$ 42.60	$ 63.86	21.26	49.92%
2								
3								
4								
5		Subtotal	786					
6								
7	1 Inch	Commercial	2	4,448	$ 86.40	$ 128.46	42.06	48.69%
8	2 Inch	Commercial	1	34,624	$ 367.78	$ 471.63	103.85	28.24%
9								
10								
11								
12								
13								
14								
15								
16		Subtotal	3					
17								
18								
19								
20								
21								
22								
23								
24								
25								
26								
27		Total	789					

28 **(a)** Average number of customers of less than one (1), indicates that less than 12 bills were issued during the year.
29
30

Southern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Customer Summary

Exhibit
Rejoinder Schedule H-2
Page 2
Witness: Bourassa

Line No.		Meter Size, Class	(a) Average Number of Customers at 3/31/2009	Median Consumption	Median Bill Present Rates	Median Bill Proposed Rates	Proposed Increase Dollar Amount	Proposed Increase Percent Amount
1	5/8 Inch	Residential	786	4,500	$ 40.00	$ 59.84	19.84	49.60%
2								
3								
4								
5		Subtotal	786					
6								
7	1 Inch	Commercial	2	6,500	$ 91.63	$ 134.56	42.93	46.85%
8	2 Inch	Commercial	1	21,500	316.60	432.66	116.06	36.66%
9								
10								
11								
12								
13								
14								
15								
16		Subtotal	3					
17								
18								
19								
20								
21								
22								
23								
24								
25								
26								
27		Total	789					

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

29

30

Southern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Present and Proposed Rates

Exhibit
Rejoindr Schedule H-3
Page 1
Witness: Bourassa

Line No.	Monthly Usage Charge for:	Present Rates	Proposed Rates	Change	Percent Change
1	Meter Size (All Zones and Classes):				
2	5/8 Inch	$ 31.00	$ 46.10	$ 15.10	48.71%
2	3/4 Inch	46.50	69.15	22.65	48.71%
3	1 Inch	77.50	115.25	37.75	48.71%
4	1 1/2 Inch	155.00	230.50	75.50	48.71%
5	2 Inch	248.00	368.80	120.80	48.71%
6	3 Inch	496.00	737.60	241.60	48.71%
7	4 Inch	775.00	1,152.50	377.50	48.71%
8	6 Inch	930.00	2,305.00	1,375.00	147.85%
9	8 Inch	1,550.00	3,688.00	2,138.00	137.94%
10					
11					
12	Fire Sprinklers	1% of monthly minimum for comparable sized meters, but not less than			
13		$5.00 per month			
14					
15	Gallons In Minimum (All Meter Sizes and Classes)	-	-		
16					
17			(Per 1,000 gallons)		
18	**Commodity Rates**		**Present**	**Proposed**	
19	**Meter Size and Class**	**Block**	**Rate**	**Rate**	
20					
21	All Meter Sizes and Classes, Except Irrigation	0 gallons to 5,000 gallons	$ 2.00		
22		5,000 gallons to10,000 gallons	$ 2.75		
23		Over 10,000 gallons	$ 3.90		
24					
25	All Meter Sizes - Irrigation	0 gallons to 45,000 gallons	$ 2.75		
26		Over 45,000 gallons	$ 3.90		
27					
28	5/8 Inch and 3/4 Inch Meter - Residential	0 gallons to 4,000 gallons		$ 2.97	
29		4,001 gallons to 10,000 gallons		$ 3.72	
30		over 10,000 gallons		$ 4.87	
31					
32	5/8 Inch and 3/4 Inch Meter - Com, Irrigation	0 gallons to 10,000 gallons		$ 2.97	
33		over 10,000 gallons		$ 3.72	
34					
35					
36	1 Inch Meter - All classes	0 gallons to 15,000 gallons		$ 2.97	
37		over 15,000 gallons		$ 3.72	
38					
39	1.5 Inch Meter - All Classes	0 gallons to 25,000 gallons		$ 2.97	
40		over 25,000 gallons		$ 3.72	
41					
42	NT = No Tariff				

Southern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Present and Proposed Rates

Exhibit
Rejoinder Schedule H-3
Page 2
Witness: Bourassa

Line No.			(Per 1,000 gallons) Present Rate	Proposed Rate
1				
2	**Commodity Rates**			
3	**Meter Size and Class**	**Block**		
4				
5	2 Inch Meter - All Classes	0 gallons to 50,000 gallons		$ 2.97
6		over 50,000 gallons		$ 3.72
7				
8	3 Inch Meter -All Classes	0 gallons to 80,000 gallons		$ 2.97
9		over 80,000 gallons		$ 3.72
10				
11	4 Inch Meter- All Classes	0 gallons to 160,000 gallons		$ 2.97
12		over 160,000 gallons		$ 3.72
13				
14	6 Inch Meter - All Classes	0 gallons to 250,000 gallons		$ 2.97
15		over 250,000 gallons		$ 3.72
16				
17	8 Inch Meter - All Classes	0 gallons to 500,000 gallons		$ 2.97
18		over 500,000 gallons		$ 3.72
19				
20	Standpipe (Bulk)	All gallons	$ 3.90	$ 3.72
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				

Southern Sunrise Water Company (Stand-Alone)
Changes in Representative Rate Schedules
Test Year Ended March 31, 2009

Exhibit
Rejoinder Schedule H-3
Page 3
Witness: Bourassa

Line No.	Other Service Charges	Present Rates	Proposed Rates
1	Establishment (Regular Hours) per Rule R14-2-403.D	$ 25.00	$ 25.00
2	Establishment (After Hours) per Rule R14-2-403.D	$ 35.00	$ 35.00
3	Re-Establishment of Service per Rule R14-2-403.D	[a]	[a]
4	Reconnection (Delinquent) per Rule R14-2-403.D	$ 35.00	$ 35.00
5	Reconnection (After Hours) per Rule R14-2-403.D	NT	$ 45.00
6	Meter Test (if correct) per Rule R14-2-408.F	NT	$ 30.00
7	Meter Reread per Rule R14-2-408.C (if correct)	$ 5.00	$ 15.00
8	NSF Check per Rule R14-2-409.F	NT	$ 15.00
9	Deferred Payment, Per Month per Rule R14-2-409.G	1.50%	1.50%
10	Late Charge	1.50%	1.50%
11	Service Calls - Per Hour/After Hours(e)	$ 50.00	$ 50.00
12	Deposit Requirements	[b]	[b]
13	Moving Meter at Customer Requesdt	NT	Cost
14	Damage to Meter	NT	Cost
15	Meter and Service lines	see H-3, page 4	
16	Main Extension Tariff	Cost	Cost
17			
18			
19			
20			
21	[a] Minimum charge times number of full months off the system. per Rule R14-2-403.D.		
22	[b] Per ACC Rules R14-2-403.B Residential - two times the average bill.		
23	Commercial - two and one-half times the average bill.		
24			
25			
26			
27			
28	IN ADDITION TO THE COLLECTION OF REGULAR RATES, EACH UTILITY MAY COLLECT FROM		
29	ITS CUSTOMERS A PROPORTIONATE SHARE OF ANY PRIVILEGE, SALES OR USE		
30	TAX. PER COMMISSION RULE 14-2-409D(5).		
31			
32			
33			
34			
35			

Southern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Meter and Service Line Charges

Exhibit
Rejoinder Schedule H-3
Page 4
Witness: Bourassa

Refundable Meter and Service Line Charges

Line No.		Present Service Line Charge	Present Meter Install-ation Charge	Total Present Charge	Proposed Service Line Charge	Proposed Meter Install-ation Charge	Total Proposed Charge*
9	5/8 x 3/4 Inch			$ 410.00	$ 1,765.00	$ 105.00	$ 1,870.00
10	3/4 Inch			410.00	1,765.00	180.00	1,945.00
11	1 Inch			520.00	1,765.00	240.00	2,005.00
12	1 1/2 Inch			660.00	At Cost	At Cost	At Cost
13	2 Inch / Turbine			1,155.00	At Cost	At Cost	At Cost
14	2 Inch / Compound			1,720.00	At Cost	At Cost	At Cost
15	3 Inch / Turbine			1,625.00	At Cost	At Cost	At Cost
16	3 Inch / Compound			2,260.00	At Cost	At Cost	At Cost
17	4 Inch / Turbine			2,500.00	At Cost	At Cost	At Cost
18	4 Inch / Compound			3,200.00	At Cost	At Cost	At Cost
19	6 Inch / Turbine			4,500.00	At Cost	At Cost	At Cost
20	6 Inch / Compound			6,300.00	At Cost	At Cost	At Cost
21	8 Inch & Larger			8,200.00	At Cost	At Cost	At Cost

* Plus actual road crossing costs.

N/T = No Tariff

Southern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Hook-Up Fees

Exhibit
Rejoinder Schedule H-3
Page 5
Witness: Bourassa

Line No.		Present Charge	Proposed Charge
1			
2	**Off-site Facilities Hook-up Fee**		
3			
4		Present	Proposed
5		Charge	Charge
6	5/8 x 3/4 Inch	NT	$ 1,600
7	3/4 Inch	NT	2,400
8	1 Inch	NT	4,000
9	1 1/2 Inch	NT	8,000
10	2 Inch	NT	12,800
11	3 Inch	NT	25,600
12	4 Inch	NT	40,000
13	6 Inch or larger	NT	80,000
14			
15			
16			
17			
18			
19			
20			
21	NT = No Tariff		
22			
23			
24			
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26			
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34			
35			
36			

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BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION OF BELLA VISTA WATER CO., INC. AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANTS AND PROPERTY AND FOR INCREASES IN ITS WATER RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.	DOCKET NO. W-02465A-09-0411
IN THE MATTER OF THE APPLICATION OF NORTHERN SUNRISE WATER COMPANY, INC., AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANTS AND PROPERTY AND FOR INCREASES IN ITS WATER RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.	DOCKET NO. W-20453A-09-0412
IN THE MATTER OF THE APPLICATION OF SOUTHERN SUNRISE WATER COMPANY, INC., AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANTS AND PROPERTY AND FOR INCREASES IN ITS WATER RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.	DOCKET NO. W-20454A-09-0413

IN THE MATTER OF THE JOINT APPLICATION OF BELLA VISTA WATER CO., INC., NORTHERN SUNRISE WATER COMPANY, INC., AND SOUTHERN SUNRISE WATER COMPANY, INC. FOR APPROVAL OF AUTHORITY TO CONSOLIDATE OPERATIONS, AND FOR THE TRANSFER OF UTILITY ASSETS TO BELLA VISTA WATER CO., INC. PURSUANT TO ARIZONA REVISED STATUTES 40-285.	DOCKET NO. W-02465A-09-0414 DOCKET NO. W-20453A-09-0414 DOCKET NO. W-20454A-09-0414

REJOINDER TESTIMONY OF

THOMAS J. BOURASSA

(COST OF CAPITAL)

BELLA VISTA WATER CO., INC.,
NORTHERN SUNRISE WATER COMPANY INC.
AND SOUTHERN SUNRISE WATER COMPANY INC

July 7, 2010

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I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND ADDRESS.

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

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

A. I am testifying in this proceeding on behalf of the applicants, Bella Vista Water Company, Northern Sunrise Water Company, and Southern Sunrise Water Company, consolidated as Bella Vista Water Company ("BVWC" or "the Company").

Q. ARE YOU THE SAME THOMAS J. BOURASSA THAT FILED DIRECT AND REBUTTAL TESTIMONY IN THIS DOCKET?

A. Yes. I am submitting separately bound rejoinder testimony on rate base, income statement, revenue requirement and rate design, along with this rejoinder testimony on the cost of capital.

II. SUMMARY OF REJOINDER TESTIMONY AND THE PROPOSED COST OF CAPITAL FOR THE COMPANY

A. Summary of Company's Rebuttal Recommendation

Q. WHAT IS THE COMPANY'S FINAL POSITION ON THE COST OF CAPITAL?

A. The Company's position regarding the cost of equity has not changed since my rebuttal testimony was filed on May 25, 2010. The Company's proposed consolidated capital structure is 22.6 percent debt and 77.4 percent equity. I continue to recommend a cost of equity of 10.9 percent, which results in a weighted cost of capital ("WACC") of 9.85 percent.

As I explained in my rebuttal testimony, I believe that a return on equity of 10.9 percent is fair and reasonable, and properly takes into account BVWC's

financial and business risk. It is based on applying the Discounted Cash Flow ("DCF") model and the Capital Asset Pricing Model ("CAPM") to the sample group of publicly traded water utilities normally used by Staff and approved by the Commission in setting rates for numerous water and wastewater utilities, including affiliates of BVWC. The return produced by those models was then adjusted downward by 60 basis points to account for the absence of debt in the Company's capital structure, and then, finally, upward by 50 basis points to account for the Company's extremely small size, lack of investment liquidity, and the additional risk that results from the particular rate-making methods employed in Arizona. The table below summarizes the Company's final position:

Method	Low	High	Midpoint
Range DCF Constant Growth Estimates	9.1%	10.5%	9.8%
Range of CAPM Estimates	10.4%	13.9%	12.2%
Average of DCF and CAPM midpoint estimates	9.8%	12.2%	11.0%
Financial Risk Adjustment	-0.6%	-0.6%	-0.6%
Specific Company Risk Premium	0.5%	0.5%	0.5%
Indicated Cost of Equity	**9.7%**	**12.1%**	**10.9%**

The schedules containing the cost of capital analysis are attached to my cost of capital rejoinder testimony. There have been no significant changes in the financial markets that affect that analysis, which was performed approximately six weeks ago.

Q. ON A STAND ALONE BASIS, WHAT ARE THE COMPANY'S RECOMMENDATIONS?

A. The Company's proposed capital structure for a stand-alone Bella Vista is 31.56

percent debt and 68.44 percent equity. I recommend a cost of equity of 11.0 percent, which results in a weighted cost of capital ("WACC") of 9.51 percent. The Company's proposed capital structure for Northern Sunrise and Southern Sunrise is 100 percent equity. I recommend a cost of equity of 11.1 percent, which results in a weighted cost of capital ("WACC") of 11.1 percent. The details of my cost of capital analysis on a stand-alone basis can be found in the respective stand-alone D schedules for Bella Vista, Northern Sunrise, and Southern Sunrise. From this point forward I will be testifying on the cost of capital as it relates to the consolidated Bella Vista Water Company.

B. <u>Summary of the Recommendations of Staff and RUCO.</u>

Q. PLEASE SUMMARIZE THE COMPANY'S RESPONSE REGARDING STAFF'S RECOMMENDED EQUITY RETURN AND WACC.

A. Staff's cost of capital witness, Mr. Chaves, continues to recommend a capital structure consisting of 18.7 percent debt and 81.3 percent equity.[1] He also recommends a return on equity of 9.3 percent. That return is based on the average cost of equity produced by its DCF and CAPM models – 10.3 percent – and a 100 basis-point downward adjustment for BVWC's financial risk.[2] Based on Staff's proposed capital structure, Mr. Chaves is proposing a WACC for BVWC of 8.8 percent.[3]

Q. HAS STAFF MADE COST OF EQUITY AND WEIGHTED COST OF CAPITAL RECOMMENDATIONS FOR BELLA VISTA, NORTHERN SUNRISE, AND SOUTHERN SUNRISE ON A STAND-ALONE BASIS?

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[1] Surrebuttal Testimony of Pedro M. Chaves ("Chaves Sb.") at 7.

[2] *Id.*

[3] *Id.*

A. Actually, Staff uses its 8.8 percent return for both its consolidated basis and stand-alone basis for all three utilities.

Q. PLEASE CONTINUE.

A. The most significant problems with Staff's recommendations are, in summary:

(1) Staff's downward adjustment for financial risk is significantly overstated. First, Mr. Chaves has misapplied the Hamada formula by using the book value of the sample utilities' equity rather than the conceptually correct market value of their equity. Moreover, he has assumed that the average beta of the sample utilities can be applied to BVWC, even though BVWC is much smaller and is riskier than the publicly traded utilities.

(2) Staff ignores the fact that BVWC is riskier than the publicly traded utilities in the sample group, despite BVWC's small size, lack of liquidity and Arizona's unfavorable regulatory climate. Empirical financial data demonstrate that there exists a relationship between firm size and return.[4] No rational investor would agree with Staff's position, which violates the comparable earnings standard.

(3) Staff improperly double-counts historic growth rates in estimating the future dividend growth rate – *g* – in the DCF model, and fails to properly utilize the best estimate of expected dividend growth, analysts' forecasts. Historic growth is already reflected in the current stock prices of the publicly traded sample utilities and is considered by analysts in developing their growth rate forecasts. This error depresses the result produced by the DCF model.

Q. PLEASE SUMMARIZE THE COMPANY'S RESPONSE REGARDING RUCO'S RECOMMENDED EQUITY RETURN AND WACC.

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[4] Morningstar, *Ibbotson SBBI 2010 Valuation Yearbook* ("*Ibbotson*") at 85 – 107.

A. RUCO's cost of capital witness, Mr. Rigsby, recommends a consolidated capital structure consisting of 21.08 percent debt and 78.92 percent debt.[5] He also recommends a return on equity of 9.0 and a cost of debt of 6.27 percent.[6] Based on RUCO's recommend capital structure, RUCO recommends a WACC of 8.42 percent.[7] As I discussed in my rebuttal testimony, RUCO's witness, Mr. Rigsby, estimated that the cost of equity for its sample utilities is only 7.93 percent, based on the results of his DCF and CAPM methods.[8] RUCO's cost of equity is driven by its extraordinarily low CAPM estimate, 5.95 percent, which is lower than the current yield on an investment grade bond and, moreover, lower than the cost of debt RUCO's recommends. Mr. Rigsby obviously utilized techniques that greatly bias downward his cost of equity estimates and, for this reason, he had to increase his own recommended cost of equity upwards by roughly 110 basis points to 9 percent. The most significant flaws in RUCO's cost of equity estimate, in summary, are:

(1) RUCO relies on a sample group of publicly traded gas utilities to estimate BVWC's cost of equity, and estimates that this industry's group's cost of equity is only 7.8 percent. In contrast, the Commission recently authorized a 9.5 percent return on equity for UNS Gas.[9] The water industry sample group has significantly more market risk than the gas industry sample group, as estimated by each industry group's beta, and therefore has a significantly higher cost of equity than 9.5 percent.

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[5] Surrebuttal Testimony of William A. Rigsby ("Rigsby Sb.") at 4.

[6] *Id.* at 4 – 5.

[7] *Id.* at 5.

[8] Rebuttal Testimony of Thomas J. Bourassa – Consolidated Cost of Capital ("Bourassa COC Rb.") at 5.

[9] *UNS Gas, Inc.*, Decision No. 71623 (April 14, 2010).

(2) RUCO used a sample of only three water utilities when useful data for three other water utilities that Staff includes in its sample group are available.

(3) RUCO erroneously relies on geometric annual averages in its CAPM estimates instead of conceptually correct arithmetic annual averages to compute the historic market risk premium.

(4) RUCO did not compute a current risk premium in estimating the cost of equity using the CAPM, notwithstanding the fact that Staff has consistently presented, and the Commission has consistently approved, CAPM estimates that rely on a current market risk premium.

(5) RUCO erroneously uses total returns on Treasury securities to estimate the historic market risk premium in its CAPM estimates, rather than the conceptually correct income returns.

(6) RUCO erroneously uses the yield on a 5-year Treasury note as the risk-free rate in its CAPM estimates rather than the conceptually correct expected yield on a long-term Treasury bond.

Q. WHAT ARE RUCO'S RECOMMENDATIONS FOR BELLA VISTA, NORTHERN SUNRISE AND SOUTHERN SUNRISE ON A STAND-ALONE BASIS?

A. For Bella Vista (stand-alone), RUCO recommends a capital structure consisting of 27.76 percent debt and 72.24 percent equity. RUCO recommends a cost of debt of 6.27 percent and 9.0 percent cost of equity, which produces an overall return on 8.24 percent.[10] RUCO recommends a hypothetical capital structure consisting of 40 percent debt and 60 percent equity for Northern Sunrise (stand-alone) and Southern Sunrise (stand-alone). RUCO recommends a cost of debt of 6.26 percent

[10] Rigsby Sb. at 3.

and 9.0 percent cost of equity, which produces an overall return on 7.90 percent.[11]

Q. EXCUSE ME, MR. BOURASSA, DID YOU JUST SAY THAT RUCO IS RECOMMENDING AN OVERALL RETURN FOR NORTHERN SUNRISE AND SOUTHERN SUNRISE THAT IS LESS THAN BELLA VISTA?

A. Yes. This is because RUCO recommends the same 9.0 percent return on equity, proposes a hypothetical capital structure of 40 percent debt and 60 percent equity, and uses the same cost of debt for Northern Sunrise (stand-alone) and Southern Sunrise (stand-alone) as it does for Bella Vista (stand-alone). In my view, Mr. Rigsby's recommendations are at the very least inconsistent. Even worse, they defy simple financial common sense. Let me give some examples.

Mr. Rigsby appears to find Bella Vista's (stand-alone) proportion of debt in its capital structure of nearly 28 percent acceptable at the same time he recommends a hypothetical debt level of 40 percent debt as appropriate for the much smaller Northern Sunrise and Southern Sunrise. This shows the overly subjective nature of his recommendation, a problem compounded by the fact that his hypothetical capital structures presume an optimal level of leverage in the capital structure for Northern Sunrise and Southern Sunrise, meaning Northern and Southern Sunrise (as stand-alone companies) could borrow at what is effectively the current rate for investment grade bonds, for which Mr. Rigsby provides no evidence. Further, the effective overall return on equity is **only 6.9 percent** when RUCO's fictitious income tax deduction is considered. How can anyone recommend a 6.9 percent return for the former McLain systems?

Q. MR. BOURASSA, STAFF AND RUCO BOTH HAVE RECOMMENDED A DISALLOWANCE OF VIRTUALLY THE ENTIRE AMOUNT OF

[11] *Id.* at 3 – 4.

CENTRAL OFFICE COSTS INCURRED BY APT AND ALLOCATED TO BVWC. IF ADOPTED BY THE COMMISSION, WOULD THAT DISALLOWANCE OF THE APT CENTRAL OFFICE COSTS HAVE ANY IMPACT ON THE COST OF EQUITY FOR BVWC?

A. Yes, a denial of the APT Central Office Costs would deprive BVWC of the opportunity to earn the rate of return as set by Staff and RUCO based on the sample group of publicly traded utilities. Specifically, Staff and RUCO have disallowed the costs incurred by APUC, through APT, as a publicly traded income fund, including costs for escrow fees, shareholder communications, securities filings, Board of Director/Trustee fees, auditing and financial requirements imposed on publicly traded companies (such as Sarbanes-Oxley or its Canadian equivalent), and other similar costs. In disallowing those costs, however, Staff and RUCO have failed to address the impact of denying the APT costs on their cost of capital analyses.

Q. HOW SO?

A. In developing information on cost of equity, both Staff and RUCO rely on data from publicly traded companies in deriving their cost of equity calculations. Those companies include San Jose Water, Connecticut Water, American States, Aqua America, California Water and Middlesex Water, among others. Essentially, Staff and RUCO use financial information from Value Line, which is based on the annual reports filed by the various companies in the sample group. In those annual reports, the companies in the sample group report the various costs of being publicly traded on their respective exchanges as expenses, including director fees, taxes and audits. For example, companies such as San Jose Water, Connecticut Water, American States, Aqua America, California Water and Middlesex Water incur expenses associated with boards of directors, audit fees, and tax services as a

result of being publicly traded. Unfortunately, however, Staff and RUCO do not adjust for denial of those expenses in their cost of capital analyses.

Staff and RUCO have not produced any evidence showing that the regulatory jurisdictions for the sample companies have disallowed those corporate costs from inclusion in operating expenses of those companies. If those jurisdictions allow recovery of such corporate costs as operating expenses for the sample companies, then, by denying those same costs for BVWC, Staff and RUCO would prevent BVWC from earning its authorized rate of return. In fact, I am aware that the California PUC has authorized recovery of these types of expenses.[12] It is arbitrary and unfair for Staff and RUCO to set BVWC's cost of equity based on net earnings of the sample companies, which reflect corporate expenses of being publicly traded, but disallow BVWC from recovering those costs in this case, and then also fail to account for the differences.

III. REJOINDER TO STAFF'S COST OF CAPITAL ANALYSIS, TESTIMONY AND RECOMMENDATIONS

A. Staff's Financial Risk Adjustment

Q. PLEASE COMMENT ON STAFF'S FINANCIAL RISK ADJUSTMENT?

A. Because Staff incorrectly uses book values in its Hamada approach, for the reasons set forth in my direct and rebuttal testimony,[13] Staff's recommended surrebuttal financial risk adjustment of 100 basis points is overstated by at least 50 basis

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[12] *See, e.g., In Re San Jose Water Co.*, 2004 WL 1947074 at ¶4.8 (Cal. P.U.C. 2004) (approving settlement which "includes an additional $141,000 for 2004 and $143,000 for 2005 for expenses related to compliance with the Sarbanes-Oxley Act. In 2002, Congress enacted the Sarbanes-Oxley Act. Among other things, section 404 of the Act requires companies to establish and certify their internal financial control systems by developing risk assessments and an internal audit plan....The new requirements of the Sarbanes-Oxley Act also have increased the audit fees associated with the standard financial auditing required of a publicly traded company.")

[13] Direct Testimony of Thomas J. Bourassa – Cost of Capital ("Bourassa COC Dt.") at 35 – 36; Bourassa COC Rb. at 9.

points. Accordingly, Staff's cost of equity estimate would increase from 9.3 percent to at least 9.8 percent if market values rather than book values were used in the Hamada method.

The other problem with Staff's financial risk adjustment is that Staff assumes that the average beta of the publicly traded water utilities is the beta for BVWC. A basic assumption underlying the use of the Hamada method is that the publicly traded utility companies are comparable in every way except for capital structure. I have testified extensively that small companies like BVWC are not comparable,[14] consequently the beta for would be higher[15] and the results of any financial risk adjustment would be lower.[16]

Q. DO YOU USE THE AVERAGE BETA FOR THE SAMPLE WATER COMPANIES IN PERFORMING YOUR FINANCIAL RISK ADJUSTMENT?

A. Yes. But the important difference is that my cost of capital analysis includes a company specific risk premium (small company risk premium) which reflects the fact that the Company is more risky than the publicly traded water utilities – the risks of smaller firms not captured by the market beta of the larger water utility companies. Ignoring the additional risk of smaller firms and adjusting only for financial risk based on a proxy beta of much larger companies produces anomalous results.

Q. DO YOU HAVE AN EXAMPLE?

A. Yes. Staff recommended an 80 basis point financial risk adjustment in the pending

[14] Bourassa COC Dt. at 15 – 22; Bourassa COC Rb. at 11 – 13.

[15] Bourassa COC Dt. at 31 – 32; Bourassa COC Rb. at 8.

[16] *Id.*

Litchfield Park Service Company ("LPSCO") rate case.[17] LPSCO is a much larger utility than BVWC having over 15,000 water customers and nearly 15,000 wastewater customers compared to 9,600 water customers for BVWC. A rational investor would not view BVWC as having directly comparable business and operational risks as the much larger LPSCO. Despite recommending a similar capital structure for LPSCO,[18] Staff's financial risk adjustment is higher by 20 basis points for BVWC than for LPSCO.

Another example is the pending Black Mountain Sewer Company ("BMSC") rate case. In that case, Staff recommended a financial risk adjustment of 80 basis points using a capital structure very similar to BVWC.[19] Yet, BMSC has only 2,100 wastewater customers less than 1/6 the size of LPSCO. Again, a rational investor would not view BMSC as having directly comparable business and operational risks as the much larger LPSCO. Perhaps this is why Staff did not recommend a financial risk adjustment for BMSC in its prior rate case.[20] In fact, in the BMSC rate case, Staff's cost of capital witness, in explaining why no adjustment to the utility's return on equity was appropriate, stated:

> Staff's ROE recommendation does not reflect a financial risk adjustment due to the lower financial risk reflected in the Applicant's capital structure in relation to that of the sample companies because *the Applicant's capital structure is reasonable and the Applicant should be encouraged, not discouraged, to maintain a healthy capital structure.*[21]

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[17] *See* Surrebuttal Testimony of Juan C. Manrique, filed December 17, 2009 in Docket Nos. SW-01428A-09-0103 & W-01427A-09-0104, at Schedule JCM-3.

[18] In the LPSCO rate case Staff recommends a capital structure of 17.2 percent debt and 82.8 percent equity. *See id.* at Schedule JCM-4.

[19] In the BMSC, Staff recommends a capital structure consisting of 21.6 percent debt and 78.4 percent equity. *See* Surrebuttal Testimony of Juan C. Manrique, filed November 9, 2009 in Docket W-02361A-08-0609, at Schedules JCM-3 and JCM-4.

[20] *Black Mountain Sewer Corporation*, Decision 69164 (December 5, 2006).

[21] Surrebuttal Testimony of Pedro M. Chaves, filed May 4, 2006 in Docket No. SW-02361A-05-0657, at 2

Yet another example, in the pending Sahuarita Water Company ("SWC") rate case, Staff is recommending a very similar capital structure for SWC and yet is not recommending any financial risk adjustment.[22] Staff is recommending a 10.3 percent rate of return in that case. SWC has about 4,600 customers and is somewhat smaller than BVWC so this might justify a bit lower return than 10.3 percent. However, in the pending BMSC rate case, where BMSC has less than half the number of customers, Staff is recommending a 9.4 percent return.[23]

Q. WHAT REASON DOES STAFF PROVIDE FOR NOT MAKING ANY FINANCIAL RISK ADJUSTMENT IN THE SWC RATE CASE?

A. Staff states, "[It] does not use a financial risk adjustment because SWC is not a publicly traded company, and does not have access to the capital markets."[24]

Q. IS BVWC PUBLICLY TRADED?

A. No. So the same view should hold in this rate case. However, I suspect that Staff will make a distinction in the fact that BVWC's parent, APUC, is publicly traded whereas the owners of SWC are not publicly traded.

Q. IS THIS THE CORRECT VIEW?

A. No. None of the parties consider who the shareholders of the publicly traded utility companies are to make a determination on the cost of equity. And, neither should we. It is the investment, and not the investor, that is relevant to the cost of capital.

(emphasis supplied).

[22] In the SWC rate case (Docket W-03718A-09-0359), Staff recommends a capital structure consisting of 17.8 percent debt and 82.2 percent equity. Staff recommends its unadjusted cost of equity of 10.3 percent. *See* Direct and Surrebuttal Testimony of Juan C. Manrique, filed April 22, 2010 and June 21, 2010, respectively, in Docket W-03718A-09-0359, at Schedules JCM-3 and JCM-4.

[23] *See* Surrebuttal Testimony of Juan C. Manrique, filed November 9, 2009 in Docket W-02361A-08-0609, at Schedules JCM-3 and JCM-4. Staff recommendation is for a unadjusted return of 10.3% and a financial risk adjustment of 80 basis points.

[24] See Direct Testimony of Juan C. Manrique filed April 22, 2010 in Docket W-03718A-09-0359 at 33.

Q. WHAT REASON DOES STAFF GIVE TO SUPPORT THE USE OF BOOK VALUES?

A. Staff simply claims that the use of book values is "prudent and reasonable in a regulatory environment."[25] This is hardly authoritative. In fact, following Staff's reasoning, it should also be prudent and reasonable in a regulatory environment to use current book values rather than current stock prices in the DCF model to determine the dividend yield and the cost of equity. After all, we are applying a return to an original cost rate base (book value) for the determination of the return dollars available to investors.

Q. WHAT WOULD BE THE RESULTS OF STAFF'S MODELS IF BOOK VALUES ARE USED RATHER THAN STOCK PRICES?

A. If book values are used rather than stock prices, Staff's dividend yield increases to 7.0 percent and Staff's cost of equity estimate for the DCF constant growth method would increase from 8.9 percent to 12.3 percent. The average of Staff's DCF method would increase to 11.7 percent from 9.5 percent (average of 12.3 percent for DCF constant growth, and 10.0 percent for multi-stage DCF).

Q. WHY IS IT REASONABLE TO USE BOOK VALUES RATHER THAN STOCK PRICES IN THE DCF?

A. As I pointed out in my direct testimony, the application of the DCF model produces estimates of the cost of equity that are consistent with investor expectations only when the market price of a stock and the stock's book value are approximately the same. The DCF model will understate the cost of equity when the market-to-book ratio ("M/B") exceeds 1.0 and conversely, will overstate the cost of equity when the M/B is less than 1.0.[26] Staff has not disputed this point.

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[25] Chaves Sb. at 3.

[26] Bourassa COC Dt. at 26.

Dr. Morin points out that one of most important reasons for caution and skepticism in the application of the DCF model is that it "produces estimates of common equity cost that are consistent with investors' expected return only when stock price and book value are reasonably similar, that is, when the M/B is close to unity."[27] In fact, Dr. Morin provides an illustration which shows that when a market based return is applied to a book value figure it will produce insufficient earnings necessary to provide the indicated dividend and indicated growth.[28] Over time, earnings will be insufficient to pay dividends and both earnings and book value will necessarily decline.

Q. IS THERE A WAY TO RESTATE STAFF'S CAPM RESULTS IN TERMS OF BOOK VALUE?

A. Yes. A book value return from the CAPM can be obtained using a derivation of the DCF model.[29] The equation is

$$r = M/B(k-g) + g$$

Where r = book return on equity
M/B = the market-to-book ratio
k = market cost of equity
g = growth rate

Using the average of Staff's CAPM results of 11.1 percent as k, the average M/B ratio of 1.8 for Staff sample group as M/B, and an implied growth rate of 7.5 percent[30] as g, the indicated book equity return for Staff's models using the equation above is 13.2 percent and is computed as follows:

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[27] Roger A. Morin, *New Regulatory Finance* 223-24 (Public Utility Reports, Inc. 2006) ("Morin") at 434 – 436.

[28] *Id.* at 434.

[29] *Id.* at 364.

[30] Solving for g (growth rate) in the DCF equation, $g = k - D_1/P_0$ where K = return on equity and D_1/P_0 = expected dividend yield. The average of Staff's CAPM estimates is 11.1% and Staff's dividend yield is 3.6%, thus the implied growth rate in 11.1% less 3.6% or 7.5%.

$13.98\% = 1.8(11.1\% - 7.5\%) + 7.5\%$

Thus, Staff's CAPM estimate would increase to 13.98 percent from 11.1 percent.

Q. WHAT WOULD BE STAFF'S OVERALL COST OF EQUITY ESTIMATE USING THE BOOK VALUE BASED DCF AND CAPM DESCRIBED ABOVE?

A. The average of Staff's DCF and CAPM estimates would increase to 12.8 percent from 10.3 percent. Applying Staff's book value based financial risk adjustment of 100 basis points to Staff's book value based cost of equity estimate would result in an indicated cost of equity of 11.8 percent as shown below:

DCF Method	D_1/B_0	+	g^1	=	k
Constant Growth DCF estimate (book value)	7.0%	+	5.7%	=	12.7%
Multi-stage DCF estimate (book value)					10.0%
Average of DCF estimates					11.7%

CAPM Method	k
CAPM (book value)	13.98%

Average	12.8%
Financial Risk Adjustment[1]	-1.0%
Total	11.7%

[1] From Staff Surrebuttal Schedule JCM-3

Q. WHAT'S THE AVERAGE PERCENTAGE PROJECTED RATE OF RETURN ON BOOK COMMON EQUITY FOR MR. CHAVES' WATER UTILITIES SAMPLE?

A. Based on Mr. Chaves' water industry, the average ROE is 11.8 percent. It is found as the average of Value Line's projected ROEs for American States of 10.5 percent, for Aqua America of 14.0 percent and California Water of 11.0 percent.[31]

[31] Value Line Investment Survey, April 23, 2010.

This compares favorably with the 11.7 percent estimate shown above and like the 11.7 percent, it is much higher than the 10.3 percent estimate of Staff.[32]

B. Firm Specific Risk

Q. HOW DO YOU RESPOND TO MR. CHAVES' ASSERTION THAT THE ARIZONA REGULATORY ENVIRONMENT IS NO LESS FAVORABLE THAN THE REGULATORY ENVIRONMENTS FACED BY THE SAMPLE UTILITIES?

A. I disagree with him. Mr. Chaves testifies that the regulatory environment in Arizona has many "attractive attributes," including the use of a fair value rate base ("FVRB"), the ability to seek accounting orders, the recognition of known and measurable changes, the wide use of hook-up fees, and regulatory responsiveness, such as the approval of arsenic recovery mechanisms and arsenic remedial surcharge mechanisms.[33] I will address each of the alleged "attractive attributes" Mr. Chaves has identified.

Q. PLEASE START WITH FAIR VALUE RATE BASE. DO INVESTORS CONSIDER ARIZONA'S USE OF FAIR VALUE RATE BASE AN ATTRACTIVE ATTRIBUTE OF INVESTING IN ARIZONA?

A. To my knowledge, investors do not. This is because the Commission does not recognize the increased value when the utility's FVRB is higher than the original cost rate base. If a higher FVRB does not generate higher returns then investors will not consider it an attractive attribute. Again, this is financial common sense.

Furthermore, the issue of FVRB has been significantly disputed in Arizona. The Court of Appeals in Chaparral City Water Co. v. Ariz. Corp. Comm'n 1 CA-

[32] The unadjusted average of Staff's DCF and CAPM results as shown on Staff Surrebuttal Schedule PCM-2 is 10.3%.

[33] Chaves Sb. at 4:20 – 5:18.

CC-05-0002 (Ariz. App. Feb. 13, 2007) ("Chaparral City") issued a Memorandum Decision on the issue, which rejected the ACC's methodology for calculating FVRB, which led to a remand decision, (Decision No. 70441, July 28, 2008) which revised the ACC method, adjusting the equity component of FVRB downward to account for inflation. Then, the ACC adopted another decision (Decision No. 71308, October 21, 2009) which applied the inflation factor discount to both the equity and the debt components of FVRB.

In that case, the Commission itself stated:

> "The Constitution is silent as to how the Commission is to determine the rate of return, thereby leaving that duty to the Commission and allowing it to use its knowledge and expertise, with the caveat that resulting rates and charges must be just and reasonable." [Decision No. 70441, at 20]

To claim that investors would view that dispute, that transition from one method to another, to yet another, all in the light of the Commission stating that there is no Constitutional clarity as a positive, is to completely misunderstand investors' desire for certainty, transparency, and stability.

Q. ARE ACCOUNTING ORDERS AN "ATTRACTIVE ATTRIBUTE" OF REGULATION IN ARIZONA?

A. No. I am not aware that regulatory mechanisms similar to accounting orders are not available to any of the sample water utilities in the regulatory jurisdictions in which they operate. Therefore, accounting orders do not make Arizona attractive to investors relative to other investments. Besides, the nature of accounting orders limits their attractiveness.

Q. WHAT DO YOU MEAN?

A. In Arizona, accounting orders are narrowly tailored for specific circumstances and generally only allow utilities to track certain, specified costs. No rate recovery is authorized or assured. Rather, accounting orders issued by this Commission

postpone consideration of any cost recovery until a future rate case. In fact, the uncertainty inherent in an accounting order is illustrated in the pending rate case for BVWC's affiliate, LPSCO, where both Staff and RUCO oppose recovery of costs incurred pursuant to a recent Commission-issued accounting order.[34] This is yet another area where Staff misunderstands investors – having a potentially positive tool that is irregularly applied, and always disputed, does nothing to add stability, transparency, or certainty to the Arizona regulatory climate.

Q. WHAT ABOUT THE RECOGNITION OF "KNOWN AND MEASURABLE" CHANGES?

A. Again, this is not a regulatory attribute unique to Arizona. In fact, I am not aware of any jurisdictions that utilize an historic test year where adjustments based on known and measurable changes cannot be made to either the test year rate base or to test year revenue and expenses in order to make the test year a more "normal" representation of the costs of service during the period in which the rates will be in effect. Besides, the historical test year, with its inherent time lag, is not the most favorable base for regulation in the first place.

In contrast, California, in which three of the six sample water companies (American States, California Water, and SJW Corp.) primarily operate, uses future test years in setting rates. Under that state's rate making system, future expenses can be increased to reflect <u>expected</u> changes including projected inflation, revenues can be adjusted to reflect <u>expected</u> future erosion of revenues from water conservation, and future expected capital investment can be recognized in rate

[34] *See* Direct Testimony of Jeffery M. Michlik (water division), filed November 4, 2009 in Docket Nos. SW-01428A-09-0103 & W-01427A-09-0104, at 12 – 14. Staff and RUCO are recommending denial of recovery of costs related to the potential contamination of its water supply due to the proximity of a federally designated superfund site in the current rate case, although Staff has suggested consideration in a future rate case.

base. This regulatory approach is far more attractive to investors than the recognition of known and measurable changes, which is common.

Moreover, California allows adjuster mechanisms that permit utilities to recover increases in purchased power and purchased water costs due to increases in rates charged by power and water providers. More recently, in connection with implementing conservation-oriented rate structures, California has authorized water revenue adjustment mechanisms to be implemented in order to offset revenue erosion due to conservation. In some cases, California allows utilities to file for adjustment mechanisms when unexpected significant capital investment has to be made. By allowing revenues to change between rate cases to match known increases in investment and operating expenses, utilities are given a reasonable chance to earn their authorized return.

In contrast, in Arizona, adjuster mechanisms for purchased water and purchased power have been uniformly opposed by Staff and RUCO over the past decade, and they have been denied by the Commission.[35] And, I don't believe that I have ever seen a revenue conservation adjustment adopted by the Commission for an Arizona water utility with inverted-tier rates designed to encourage water conservation.

Q. DIDN'T THE COMMISSION PROVIDE ARSENIC COST RECOVERY MECHANISMS IN THE PAST?

A. To some extent. But generally these mechanisms have only been allowed for recovery of debt service costs not capital costs and depreciation. That was beneficial, particularly for utilities that could not cash flow the debt service without this mechanism in place. However, these mechanisms did not include recovery of

[35] *See, e.g. Chaparral City Water Company*, Decision 68176 (September 30, 2005); *Arizona Water Company (Eastern Group)*, Decision No. 66849 (March 19, 2004).

increases in operating and maintenance costs associated with the arsenic facilities. And the Commission has made it clear that such mechanisms were special cases intended to address extraordinary circumstances, and their approval did not establish a precedent for adjuster mechanisms in general. Thus, while approval of the ACRMs was certainly helpful to the water utilities that obtained them, they do not make Arizona's regulatory environment more attractive to investors than other jurisdictions, which routinely authorize cost recovery mechanisms.

Q. ARE THERE ANY OTHER "ATTRACTIVE ATTRIBUTES" OF OTHER JURISDICTIONS?

A. Yes. For instance, as I discussed in my direct testimony, in many states in which Aqua America operates, utilities are permitted to implement surcharges to recover additional depreciation and capital costs outside the context of a rate case.[36] Aqua America also operates in jurisdictions that allow utilities to implement rates before a final decision in a rate case.[37] In addition, in certain states in which Aqua America operates, utilities are allowed surcharges to reflect changes in certain costs until such time as the costs are incorporated into base rates. Pennsylvania allows water utilities to collect a distribution system improvement charge ("DISC") for the replacement of mains, storage tanks and other distribution system infrastructure. Similarly, Middlesex operates utilities in Delaware, which also allows for the implementation of a DISC for the recovery of depreciation and capital costs outside the context of a rate case. Delaware also allows plant expected to be constructed within three years from the end of the test period to be included in rate base. These attributes are attractive to investors, and none of them are available in Arizona.

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[36] Bourassa COC Dt. at 21.

[37] *Id.*

Q. ARE YOU AWARE OF ANY STUDIES THAT SUPPORT YOUR TESTIMONY THAT ARIZONA IS NOT AN ATTRACTIVE REGULATORY ENVIRONMENT?

A. Yes. Standard and Poor's, for example, issued a report in November 2008 that ranked Arizona among the least credit supportive regulatory environments.[38] Investors do recognize the overall effect of the unfavorable regulatory environment here in Arizona. Again, this is why Liberty Water's utilities in Arizona are having a hard time competing for capital with utilities in other states.

Q. BUT LIBERTY WATER WASN'T FORCED TO BUY BVWC AND THE OTHER UTILITIES IT OWNS IN ARIZONA, WAS IT?

A. No, but that isn't the point. Not if we want to attract capital to Arizona, which we obviously do. The goal in this case and every rate case should be to develop a fair and reasonable return on invested capital and, ultimately, rate of return on rate base. The Commission has broad discretion, and may choose to use historic test years with limited out-of-period adjustments, refuse to approve adjuster mechanisms for water and wastewater utilities, and impose inverted-tier water rates without considering the impact on the utility's revenues. But if it chooses to adopt these policies, it cannot also ignore the impact on investment risk. The criteria established by the Supreme Court in decisions such as *Bluefield Water Works* apply in Arizona too.

Q. PLEASE RESPOND TO MR. CHAVES' TESTIMONY ON PAGE 5 THAT REGULATORY RISK IS A FIRM-SPECIFIC RISK AND INVESTORS CANNOT EXPECT TO BE COMPENSATED FOR FIRM-SPECIFIC RISKS.

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[38] Assessing U.S. Utility Regulatory Environments, Rating Directs, Standard and Poor's (November 7, 2008).

A. I have three comments. First, Mr. Chaves' assertion is undermined by the fact that the *Bluefield* standard requires the return on equity be commensurate with returns on enterprises with comparable risks (the "comparable earning standard"). The impact of the various factors on investment risk that I have discussed throughout my testimony, such as small size, construction risk, regulatory risk, lack of diversification, small customer base, liquidity risk, etc., are factors which make BVWC more risky and therefore not comparable to the large publicly traded water companies. Second, Mr. Chaves does not dispute my testimony that smaller companies tend to have higher betas than larger companies making smaller companies more risky.[39] It stands to reason that BVWC would have higher beta than the sample water companies.[40] Yet, Mr. Chaves blindly accepts that the average beta of the much larger publicly traded water utilities as the beta for BVWC.[41] Third, the firm size phenomenon is real and should not be ignored. As *Morningstar* states[42]:

> One of the most remarkable discoveries of modern finance is that of a relationship between firm size and return. The relationship cuts across the entire size spectrum but is most evident among smaller companies which have higher returns than larger ones. Many studies have looked at the effect of firm size and return...

And, the CAPM has been shown to be incomplete - not fully account for the higher returns of small company stocks. As *Morningstar* states[43]:

> The firm size phenomenon is remarkable in several ways. First, the greater risk of small stocks does not, in the context

[39] Bourassa COC Dt. at 15 – 22; Bourassa COC Rb. at 11 – 13.

[40] Bourassa COC Rb. at 8.

[41] Chaves Dt. at 30.

[42] *Ibbotson* at 85.

[43] *Id.* at 89.

of the capital asset pricing model (CAPM), fully account for their higher returns over the long term. In the CAPM only systematic, or beta risk, is rewarded; small company stocks have had returns in excess of those implied by their betas.

Q. DOES THE ANNIE WONG STUDY CITED BY MR. CHAVES DISPROVE THE EXISTENCE OF A SIZE PREMIUM FOR SMALL UTILITY STOCKS?

A. No. As Dr. Zepp concluded in his review of Ms. Wong's study, "[her] weak evidence provides little support for a small firm effect existing or not existing in either the industrial or utility sector."[44] In Dr. Zepp's study he concluded that there was a 99 basis point higher indicated return for smaller water utilities.[45]

Q. ARE THERE OTHER STUDIES WHICH DEMONSTRATE THAT SMALLER UTILITIES ARE RISKIER THAN LARGER UTILITIES?

A. Yes. A California PUC study, as mentioned by Dr. Zepp, showed smaller water utilities are more risky than larger ones.[46] Frankly, it seems to me indisputable that investors require higher returns on small company stocks as compared to large company stocks – this includes utility stocks. Yet again, one has to understand that investors seek certainty, transparency, and stability. Small water companies do not provide anything like the transparency of a publicly traded company; this is simply because of the more stringent oversight and reporting requirements on publicly traded companies and is not a criticism of small and private companies' commitment to accounting standards.

The only firm-specific risk Staff acknowledges is financial risk. Other risks

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[44] Thomas M. Zepp, "Utility Stocks and the Size Effect – Revisited," The Quarterly Review Economics and Finance, Vol. 43, Issue 3, Autumn 2003, 578 – 582.

[45] *Id.* at 580.

[46] Staff Report on Issues Related to Small Water Utilities, June 10, 1991 and CPUC Decision 92-03-093.

that would obviously be considered by any rational investor are simply ignored. Would a rational investor really regard an equity investment in BVWC as presenting less risk than an equity investment in Aqua America or in Connecticut Water Services, which have AA- and AAA bond ratings, respectively, for example, notwithstanding the lack of debt in BVWC's capital structure? The answer is a resounding "no."

Q. IS THERE A WAY TO ESTIMATE THE COST OF EQUITY FOR A NON-PUBLICLY TRADED COMPANY THAT DOES NOT HAVE A MARKET BETA?

A. Yes, it is called the Build-up Method.[47] This is a common and effective method used by appraisers and valuation experts.[48] The Build-up Method is an additive model in which the return on a security is the sum of a risk-free rate and more or more risk premia. Each premium represents the reward an investor receives for taking on a specific risk. The elegance of the Build-up Method is that it does not require an estimate of market beta which is problematic for non-publicly traded companies such as BVWC. The Build-up Method can be stated as follows:

[1] $k = R_f + RP_m + RP_s +/- RP_u$

where k = the expected return

R_f = risk-free rate

RP_m = equity risk premium for the market

RPs = equity risk premium for size

RP_u = risk premium attributed to the specific company or to the industry (often call the company specific risk premium)

[47] *Ibbotson*, Chapter 3.

[48] *Id.* at 27.

Alternatively the Build-up method can be stated as:

[2] $k = R_f + RP_{ms} +/- RP_u$

where k = the expected return

R_f = risk-free rate

RP_{m+s} = equity risk premium for the market and size

RP_u = risk premium attributed to the specific company or to the industry (often call the company specific risk premium)

The data for the equity risk premium for the market (RP_m), the equity risk premium for size (RP_s), and the company specific or industry risk premium (RP_u) can be ready obtained from *Morningstar* and/or other size premium studies such as the *Duff & Phelps* study.[49] *Morningstar* quantifies the size premium separate from the market risk premium by market capitalization as a measure of size whereas *Duff & Phelps* study quantifies the risk premium (RP_{m+s}) (market premium (RP_m) plus the size premium (RP_s)) by book value of common equity, 5 year average net income, market value of invested capital, total assets (as reported on balance sheet), 5-year average of earnings before interest, income taxes, depreciation and amortization (EBITDA), sales, and number of employees in addition to market capitalization – all of which have been shown to be highly correlated with market returns. I should note that the authors of the *Duff & Phelps* study concludes that, by whatever measures of size is used, the results are clear that there is an inverse relationship between size and historical equity returns – small companies have higher returns than larger companies.[50] They also explain, as I have previously, in

[49] Duff & Phelps LLC, Risk Premium Report 2010.

[50] Duff & Phelps at 10.

the context of the CAPM, the greater betas of smaller companies explain some, but not all of the higher average returns in their size-ranked portfolios.[51]

Q. HAVE YOU PREPARED AN ESTIMATE OF THE COST OF EQUITY USING THE BUILD-UP METHOD FOR BVWC USING DATA FROM MORNINGSTAR?

A. Yes. Using the Build-up Method, I estimate the cost of equity for BVWC to be 13.18 percent. This is based upon the data from Morningstar as contained Table C-1 (the risk-rate would be 4.6 percent,[52] the equity risk premium would be 6.7 percent,[53] the small company risk premium of 6.28 percent[54]) and data contained in Table 3-5 – Industry Premia Estimates (negative 4.40 for the water supply industry SIC code 494). The calculation is shown as follows:

[3] $k = R_f + RP_m + RP_s +/- RP_u$

[4] $k = 4.6\% + 6.7\% + 6.28\% - 4.4\%$

[5] $k = 13.18\%$

Q. HAVE YOU PREPARED A COST OF EQUITY ESTIMATE FOR BVWC USING THE DUFF & PHELPS STUDY?

A. Yes. Please *see* **Exhibit TJB-COC-RJ1**. I have included cost of equity estimates for the water sample companies. These estimates have been adjusted for leverage (financial risk) differences between the companies in the size portfolios contained in the study and the water sample companies and BVWC. Further, like the Build-up Method cost of equity estimate using the Morningstar data, the cost of equity

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[51] *Id.*

[52] Long-term (20 year) U.S. Treasury Bond Yield.

[53] Long-horizon historical equity risk premium.

[54] Decile 10 – smallest, market capitalization of 1 million to 214 million.

estimates includes a water industry risk premium adjustment. Based on various measures of size the results are as follows:

Stock Symbol	Company	Cost of Equity
AWR	American States Water Co.	11.90%
WTR	Aqua America	10.77%
CWT	California Water Services Group	11.75%
CTWS	Connecticut Water Services	11.47%
MSEX	Middlesex Water Company	12.88%
SJW	SJW Corp.	12.60%
	Average	11.90%
	Bella Vista Water (Consolidated)	12.64%

Q. WHAT DOES ALL THIS MEAN?

A. It means that my cost of equity estimate of 10.9 percent for BVWC is very conservative. It also shows that my size premium used in my cost of capital analysis of 50 basis points is likely far too low and should be on the order of 200 basis points or more. Even accounting for financial risk differences, the indicated cost of equity for BVWC based on the *Duff & Phelps* study is nearly 75 basis points higher than the sample water companies (12.64% minus 11.90%).

IV. REJOINDER TO RUCO'S COST OF CAPITAL ANALYSIS, TESTIMONY AND RECOMMENDATIONS

A. Use of Publicly Traded Gas Utilities

Q. DOES THE COMPANY OBJECT TO THE USE OF THE PUBLICLY TRADED GAS UTILITIES TO ESTIMATE THE COST OF EQUITY, AS MR. RIGSBY CLAIMS IN HIS TESTIMONY?

A. No. Mr. Rigsby has misunderstood my rebuttal testimony. The point is that the sample gas utilities are less risky and therefore not directly comparable to water utilities. The gas utilities can be used if the results produced by the DCF and CAPM models are adjusted upward to reflect the water utilities' additional risk. Mr. Rigsby made no such adjustment. In addition, the gas sample provides useful information, which demonstrates that RUCO's recommended return on equity is unfair and unreasonable.

Q. HOW DO THE GAS UTILITIES SUPPORT A HIGHER EQUITY RETURN FOR BVWC?

A. The Commission recently authorized a 10.0 percent return on equity for Southwest Gas Corporation, based on the recommendation of Staff's cost of capital witness, Mr. Parcell.[55] Moreover, in April 2010, the Commission authorized a 9.5 percent return on equity for UNS Gas.[56] Based on these cases, we know that a return on equity of 9.5 percent to 10 percent is just and reasonable for an Arizona gas utility. We also know that Mr. Rigsby's water industry sample has a beta of 0.73, while his gas industry sample has a beta of just 0.66.[57] That means that the equity cost for a water utility is greater than a gas utility. Yet, Mr. Rigsby's artificially inflated 9.0 percent ROE is 100 basis points lower than Southwest Gas and 50 basis points lower than UNS Gas. If Mr. Rigsby is going to insist on using gas companies, he should follow his own logic and recommend a return of more than 10 percent. In my rebuttal testimony, I estimated that the cost of equity for the water industry sample should be 110 basis points greater than the gas industry sample.[58]

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[55] *Southwest Gas Corporation*, Decision No. 70665 (December 24, 2008).

[56] Decision No. 71623.

[57] *See* RUCO Schedule WAR-7, page 1 of 2.

[58] In that case, Staff estimated that the cost of equity for the gas utilities was 10.4% using the CAPM, while the cost of equity for the water utilities was 9.4% – a difference of 100 basis points. *See* Direct Testimony of Joel M. Reiker, filed July 8, 2003 in Docket No. W-01445A-02-0619 ("Reiker Dt."), at

Q. SO THE POINT IS NOT WHETHER IT IS APPROPRIATE TO USE A SAMPLE OF GAS UTILITIES, BUT HOW THEY ARE USED?

A. Exactly. Mr. Rigsby has failed to properly use the gas industry sample by ignoring the differences in risk between the water and gas industries, as estimated by beta. It is a simple matter to adjust the 9.5 percent return on equity for an Arizona gas utility upward to account for the additional risk associated with a water utility, as Staff has done in previous cases. With this adjustment, the indicated cost of equity for an Arizona water utility (unadjusted for other risks) is 10.6 percent, not 7.9 percent, as Mr. Rigsby has estimated.

Q. AT PAGE 16 OF HIS TESTIMONY, MR. RIGSBY ARGUES THAT BOTH THE GEOMETRIC AS WELL AS THE ARITHMETIC ANNUAL AVERAGES SHOULD BE CONSIDERED WHEN ESTIMATING THE MARKET RISK PREMIUM. DO YOU HAVE A RESPONSE?

A. I addressed this in my rebuttal testimony.[59] I also attached an excerpt from Dr. Morin's textbook in my Exhibit TJB-COC-RB2 to that testimony to show why no weight should be given to geometric annual averages when computing the market risk premium ("MRP"). At page 16, lines 6-8, Mr. Rigsby says that consideration of geometric annual averages is "particularly relevant in the case of the return on the stock market, which has had its share of ups and downs." He is correct that the stock market has been volatile. In fact, the stock market has been unusually volatile in the past 5 years. But such volatility is only recognized by the arithmetic annual average. By contrast, the geometric annual average simply compares two observations – the one at the start of the period and the one at the end of the period.

Schedules JMR-7 and JMR-18.

[59] Bourassa COC Rb. at 27.

It ignores the variability in returns that occurred between the beginning and ending points, and therefore, understates the risk associated with the market. A good illustration of this point is found in Dr. Morin's textbook on page 134, attached to my rebuttal testimony as Exhibit TJB-COC-RB2, which compares the historical returns of two stocks calculated using arithmetic and geometric averages.

Q. DOES MR. RIGSBY'S EXAMPLE ON PAGES 16 AND 17 OF HIS SURREBUTTAL TESTIMONY JUSTIFY USING GEOMETRIC ANNUAL AVERAGES TO FORECAST THE FUTURE?

A. No. His example correctly shows that the geometric annual average is the best way to describe what has happened in the past. The problem is that it's our goal to forecast what may happen in the future. When we are determining a forecast of the future from past data, we never know what the final outcome will be when we hold risky assets. Therefore, we look at an average of all of the annual returns from the past to try and glean what may happen. If we actually know what is going to happen – as Mr. Rigsby assumes – the asset would be risk-less and not a risky asset like a common stock.

Q. PLEASE RESPOND TO MR. RIGSBY'S TESTIMONY THAT THE USE OF GEOMETRIC MEANS AND INCOME RETURNS ARE APPROPRIATE BECAUSE THIS INFORMATION IS AVAILABLE TO INVESTORS.

A. Rather than focusing on what method is conceptually correct,[60] Mr. Rigsby contends that if an investor has information available, such information should be used to determine the Company's cost of equity, even if its use is improper.[61] If the test is simply whether investors have information available, and not whether its use is conceptually correct, then the Commission's prior rejection of methods such

[60] Bourassa COC Rb. at 28.

[61] Rigsby Sb. at 18.

as the risk premium method and the comparable earnings method in past cases was improper.[62] The Commission has stated that the risk premium methodology is based on a "comparable earnings" method that "has long been discredited."[63] Even if true, however, an investor may still rely on that method and, under the logic of Mr. Rigsby, the Commission should have considered it.

Moreover, there are types of information and methods that the Commission should also consider if it were to accept the arguments of Mr. Rigsby. For example, Value Line reports projected returns on equity (2013 through 2015) for the water utility group and the gas utility group used by Mr. Rigsby in his cost of capital analysis have projected returns of 11.9 percent and 11.9 percent, respectively.

The project Value Line returns are shown below.

RUCO Water Utility Sample Group

Stock Symbol	Company	Value Line Projected Book Return on Equity[64]
AWR	American States Water Co.	10.5%
WTR	Aqua America	11.0%
CWT	California Water Services Group	14.0%
	Average	11.9%

[62] *See Arizona Water Company (Western Group)*, Decision No. 68302 (November 14, 2005) at 37 – 38.
[63] *Id.* at 37.
[64] Value Line Investment Survey April 23, 2010.

RUCO Gas Utility Sample Group

Stock Symbol	Company	Value Line Projected Book Return on Equity[65]
AGL	AGL Resources, Inc.	11.5%
ATO	Atmos Energy Corp.	10.0%
LG	Laclede Group, Inc.	11.0%
NJR	New Jersey Resources Corp.	16.5%
GAS	Nicor, Inc.	11.0%
NWN	Northwest Natural Gas	11.5%
PNY	Piedmont Natural Gas Company	13.0%
SJI	South Jersey Industry	14.5%
SWX	Southwest Gas Corp.	9.0%
WGL	WGL Holdings, Inc.	10.5%
	Average	11.9%

Value Line's forecasts are widely available and would be considered by investors in evaluating an investment in those utilities. In fact, Mr. Rigsby specifically selected the three water utilities for his proxy group for BVWC because Value Line provides long-term estimates of those utilities' return on common equity.[66] Therefore, if the principal criterion for deciding whether to consider a particular equity cost estimate is its "availability to investors," the Commission should use Value Line's projected average return of 11.9 percent to estimate BVWC's cost of equity.

There's more. The market-to-book ("M/B") ratios of the sample water utilities are widely available to the investment community, along with the book

[65] Value Line Investment Survey June 11, 2010.

[66] *See* Direct Testimony of William A. Rigsby ("Rigsby Dt.") at 21.

values of those utilities' stocks. Some authorities believe that it is improper to use a market-based equity return derived by means of the DCF model with an original cost (i.e., net book value) rate base when a utility's stock is trading above book value.[67] Instead, when an original cost rate base is used, the book value of the sample water utilities' stocks should be used to calculate the dividend yield to ensure methodological consistency.[68] The average M/B ratio of the sample water utilities used by Mr. Rigsby is over 1.9,[69] i.e., the average market price of those utilities' stocks is nearly two times their book value. This means that the dividend yield calculations made by the parties are understated by nearly 50 percent! Thus, instead of being in 3.0 percent to 3.4 percent range for the sample water utility group, the dividend yield should be 300 to 340 basis points higher, and the parties' DCF model estimates should likewise be 300 to 340 basis points higher.

The bottom line, and the point I am going to extremes to make, is that investors may well use data from investment sources such as Value Line and Ibbotson incorrectly. Investors undoubtedly use (and misuse) a variety of information in deciding whether to invest in securities. But that does not mean the Commission should make the same mistakes in determining the cost of capital for water utilities. For the reasons stated, there is no conceptual basis for using geometric averages to estimate expected returns on equity. Therefore, the cost of equity estimates of Mr. Rigsby should be rejected.

Q. AT PAGE 19, LINES 9-13, MR. RIGSBY ALSO CLAIMS THE CKM BOOK SHOWS THAT YEAR-TO-YEAR RETURNS ARE NOT INDEPENDENT,

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[67] *See, e.g.*, Win Whittaker, *The Discounted Cash Flow Methodology: Its Use in Estimating a Utility's Cost of Equity*, 12 Energy L.J. 265 (1991).

[68] *Id.* at 281 – 283 (citing *Farmers Union Cent. Exch., Inc. v. FERC*, 734 F.2d 1486 (D.C.Cir. 1984)).

[69] *See* RUCO Direct Schedule WAR-4, page 2 of 2.

WHICH MEANS THAT THE ARITHMETIC AVERAGE BASED ON AN AVERAGE OF ANNUAL RETURNS HAS LESS CREDENCE. WHAT DOES CURRENT RESEARCH SHOW ON THIS POINT?

A. Morningstar provides updated evidence on this point. Morningstar has determined that the yearly difference between the stock market total return and the income return on long-term Treasury securities in any particular year is random, i.e., there is no serial correlation.[70] Therefore, the arithmetic average of those annual returns provides the best estimate of the average of all "possible paths" of concern to CKM. Also, if annual returns are independent of each other, it is appropriate to use annual periods, rather than a longer period such as two years or three years, as is suggested by Mr. Rigsby at page 19, to compute arithmetic averages.

Q. AT PAGE 20 OF HIS TESTIMONY, MR. RIGSBY ALSO DISCUSSES OTHER POTENTIAL DATA PROBLEMS RAISED BY CKM AND STATES THAT AFTER CKM CONSIDERED THOSE PROBLEMS, THEIR ESTIMATE OF THE MRP IS IN THE RANGE OF 4.0 PERCENT TO 5.5 PERCENT. DO YOU AGREE?

A. No. CKM, in part, justifies its range of 4.0 percent to 5.5 percent based on an analysis of historical data from 1962 to 2002 (40 years of data). The *Morningstar* long-horizon equity risk premium for this time period is 4.0 percent and is not inconsistent with CKM for this time period.[71] However, the estimate of the equity risk premium depends on the length of the data series studied. A longer historical time period shows that the long-horizon equity risk premium is 7.0 percent (1926 to 2002 or 74 years of data).[72] As Morningstar states[73]:

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[70] *Ibbotson* at 60.

[71] *Id.* at Table A-1 (page 4 of 6).

[72] *Id.* at Table A-1 (page 2 of 6).

> A proper estimate of the equity risk premium requires a data series long enough to give a reliable average without being unduly influenced by very good and very poor short-term returns. When calculated using a long data series, the historical equity risk premium is relatively stable. Furthermore, because an average of the realized equity risk premium is quite volatile when calculated using a short history, using a long series makes it less likely the analyst can justify a number he or she wants.

Morningstar also shows the average stock market return and average realized long-horizon equity risk premium over various time periods.[74] This data show that using a longer historical period provides a more stable estimate of the equity risk premium. The reason is that any unique period will not be weighted heavily in an average covering a longer time period.[75]

An additional problem with CKM's analysis besides subjectively using a shorter time horizon, is that CKM arbitrarily substitutes an average based on 10-year periods, 5.5 percent (Exhibit 10-5),[76] and combines that average with a negative adjustment of 1.0 percent to 2.0 percent to account for their subjective view that U.S. stock markets will not do as well during the next 100 years as they have in the past. Given the updated analysis in Morningstar, which shows that annual market returns are random and are not influenced by returns in the prior year, the correct MRP is 7.0 percent if we do not apply CKM's subjective downward adjustment. Mr. Rigsby should have relied upon the 7.0 percent MRP in his CAPM estimate.

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[73] *Id. at* 59.

[74] *Id.*

[75] *Id.*

[76] CKM admits that the downside to using 10-year holding periods is that they have very few observations. *See* page 302.

Q. ARE THERE OTHER PROBLEMS WITH MR. RIGSBY'S CALCULATIONS AT PAGE 13?

A. Yes. He adds the risk premium range determined by CKM to a 5-year Treasury bond rate, when the MRP range computed by CKM was based on differences between returns for large company stocks and long-term government bonds. This inconsistency must be corrected if data from CKM are used to make the CAPM estimate. Without the correction, his choice of a 5-year Treasury bond rate biases downward the equity cost range.

Q. ON PAGE 20 OF HIS TESTIMONY, MR. RIGSBY SUGGESTS THAT YOU WERE INCORRECT IN YOUR CRITICISM OF HIS USE OF TOTAL RETURNS ON BONDS TO COMPUTE HIS MARKET RISK PREMIUM. PLEASE COMMENT.

A. As I testified, if the total return on a Treasury security is used, additional risk from capital loss or gain is injected into the CAPM estimate, which is inconsistent with treating the Treasury security as a riskless asset.[77] Thus, income returns rather than total returns should be used in the estimation of the equity risk premium.[78] Mr. Rigsby admits that Treasury security income returns ignore the fluctuations in the price of the bonds – which is exactly what is required for treating the security as a riskless asset. I would note that, in the instant case, Staff does not use a MRP based upon total returns in its CAPM estimates, presumably for the same reasons.[79]

Q. DOES THE FACT THAT UTILITY RATES ARE NOT SET EVERY THIRTY YEARS HAVE ANYTHING TO DO WITH THE PROPER

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[77] Bourassa COC Rb. at 27 – 29.

[78] *Id.* at 38.

[79] Chaves Dt. at 30 – 31. Staff uses historical market risk premium calculated from Ibbotson Associates SBBI 2009 Yearbook data.

CHOICE OF THE LENGTH OF THE TREASURY THAT SHOULD BE USED IN THE CAPM AS SUGGESTED BY MR. RIGSBY ON PAGE 21 OF HIS TESTIMONY?

A. No. This is simply incorrect. As I explained in my rebuttal testimony, the expected stock return is based upon long-term cash flows, regardless of an individual's holding period.[80] Moreover, short term rates are volatile, fluctuate widely, and are subject to more random disturbances leading to volatile and unreliable equity returns.[81]

Q. DOES THE ARGUMENT THAT THE ECONOMY IS IMPROVING MAKE THE USE OF A CURRENT MARKET RISK PREMIUM PASSE?

A. Again, no. I find it odd that Mr. Rigsby now seeks to dismiss any consideration of the current economic conditions. After all, he acknowledges the importance of considering current economic conditions.[82] As I have testified, changes in the current market risk premium have been a significant factor in the cost of equity authorized by the Commission in the past.[83] And, the current market risk premium has had impact on the cost of equity in both directions over the years.[84] My current market equity risk premium of 11.2 percent in the instant case is no larger than current market risk premiums employed by Staff and relied upon when adopting Staff cost of equity in the past.[85] In fact, my current market risk premium estimate is 80 basis points lower than Staff's 12.0 percent estimate.[86] Further, while

[80] Bourassa COC Rb. at 38 – 39.

[81] *Id.* at 39.

[82] Rigsby Dt. at 38 – 39.

[83] Bourassa COC Rb. at 41 – 42.

[84] *Id.* at 42.

[85] *Id.* at 40.

[86] *See* Staff Surrebuttal Schedule PMC-2.

economic conditions have improved since the start of the recession in 2008, unemployment remains high and the economic outlook is still very uncertain. Value Line recently commented that "the strength and sustainability of the economic recovery are open questions at this time."[87]

Q. ON PAGE 22 AND 23, MR. RIGSBY STATES HIS RECOLLECTION OF COMMENTS MADE BY PROFESSOR DAMODARAN AND PROFESSOR MARSTON AT A 2007 CONFERENCE HE SAYS HE ATTENDED. DO STUDIES MADE BY THOSE PROFESSORS LEAD YOU TO QUESTION WHETHER THEY WOULD ENDORSE A RANGE OF MRPS OF 4.0% TO 5.5% IN 2010?

A. Yes. I was not at the 2007 conference and do not know what was actually said and in what context. I am also not aware of the studies upon which the panelists relied. I am aware of a 2009 estimate of the current MRP estimated by Professor Damodaran and I am also aware of a paper written by Dr. Marston which suggests these two would not say the current MRP fails in a range of 4.0% to 5.0%. First, with respect to Professor Damodaran, I am aware that his current estimate of the MRP is 6.43%. Work papers supporting that estimate were provided by Department of Ratepayer Advocates witness Professor J.R. Woolridge in California PUC Application 09-05-001, *et al.*, which went to hearing in August 2009. I was a witness in that case for Valencia Water (Application 09-05-002) and reviewed the work papers supporting the Damodaran estimate. It is possible that Professor Damodaran presented a lower MRP estimate in 2007.

Second, with respect to Professor Marston, I am aware of a paper, "Ex Ante Cost of Equity Estimates of S&P 500 Firms: The Choice between Global and

[87] Value Line *Selection and Opinion*, February 26, 2010.

Domestic CAPM, published in Financial Management (Autumn 2003), co-authored with Robert Harris, Dev Mishra and Thomas O'Bien, Professor Marston estimated the MRP to be 7.3% based on data for a 16 year period ending in 1998. Given her past published study, I am puzzled she would state that the MRP has dropped to less than 5.5% at a conference. As with Professor Damodaran, it is possible that Professor Martson presented a lower estimate in 2007, but I am not sure on what basis Professor Martson would have based her opinion.

Q. WERE CURRENT MARKET RISK PREMIUMS LOWER DURING THIS TIME PERIOD?

A. As I discussed in my rebuttal testimony, during the Black Mountain Company rate case in 2006, Staff computed a current MRP of 5.7 percent, which was much lower than earlier estimates which over 13 percent.[88] The 5.7 percent is near the range allegedly offered by the panelists mentioned by Mr. Rigsby.

Q. DO YOU HAVE ANY RESPONSE TO THE CAPM CALCULATIONS PRESENTED AT PAGE 23 BY MR. RIGSBY?

A. Yes. These calculations are simply mechanical applications of the simple version of the CAPM. They rely on the wrong interest rate concept and MRPs attributed to someone who is not a witness in this case. There is no reason to believe the 4 percent or the 5 percent MRPs are reasonable at this time. Notwithstanding the fact that there is no support for either of these calculations, there are serious problems with Mr. Rigsby's claim that equity cost estimates of 5.28 percent and 6.01 percent are reasonable when the cost of Baa bonds was 6.28 percent.[89] A reasonable estimate of the cost of equity must be higher than the cost of Baa bonds.

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[88] Bourassa COC Rb. at 40.

[89] Federal Reserve at 3/26/2010.

B. RUCO's Hypothetical Capital Structure for Northern Sunrise and Southern Sunrise on Stand-Alone Basis

Q. PLEASE SUMMARIZE THE FINAL POSITIONS OF THE PARTIES CONCERNING THE CAPITAL STRUCTURE FOR NORTHERN SUNRISE AND SOUTHERN SUNRISE ON A STAND-ALONE BASIS, AND WHAT, IF ANY ADJUSTMENTS TO THAT CAPITAL STRUCTURE ARE APPROPRIATE.

A. Northern Sunrise and Southern Sunrise on a stand-alone basis have an actual capital structure consisting of 100 percent equity. The Company proposes the use of the Company's actual capital structure[90] to develop the WACC and required rate of return on rate base, which is consistent with other water and wastewater utility rate cases in this jurisdiction. Both Staff and the Company propose direct downward adjustments to account for lower financial risk of BVWC compared to the publicly traded water utilities. On a consolidated basis, Staff proposes a direct, downward adjustment to the cost of equity of 100 basis points, calculated using the Hamada formula.[91] I also propose such a downward financial risk adjustment both on a consolidated basis, but also on a stand-alone basis. On a consolidated basis, I recommend a smaller financial risk adjustment of 60 basis points. On a stand-alone basis, I recommend a downward adjustment of 50 basis points and 100 basis points for Bella Vista (stand-alone) and Northern Sunrise (stand-alone) and Southern Sunrise (stand-alone), respectively. Staff does not propose a separate WACC and financial risk adjustments on a stand-alone basis. And, as I have explained, Staff's adjustment is incorrectly calculated and erroneously assumes that BVWC would have the same beta as the water utility sample.

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[90] As adjusted for Company proposed changes to PIS, CIAC, and ADIT.

[91] Chaves Sb. at 2.

RUCO, however, has taken a much different tack for Northern Sunrise and Southern Sunrise (stand-alone), and argues that a hypothetical capital structure should be imputed to these utilities, containing 40 percent hypothetical debt at a hypothetical interest rate of 6.26 percent. This produces a WACC of 7.9 percent (which happens to equal the cost of equity produced by Mr. Rigsby's DCF and CAPM models). Mr. Rigsby effectively turns 40 percent of the investor's equity investment into debt and then provides a return on that equity investment equal to only 6.26 percent. Moreover, Mr. Rigsby creates fictional interest expense resulting from fictional debt with a fictional interest rate to eliminate income tax expense and, ultimately, lower Northern Sunrise's and Southern Sunrise's test year operating expenses by nearly $20,000. That reduction reduces the actual rate of return on rate base on a stand-alone basis to approximately 6.9 percent – a return that is hundreds of basis points less than the cost of equity indicated by the parties' finance models.

Q. SINCE WE ARE DEALING IN HYPOTHETICALS, IF A FICTITIOUS CAPITAL STRUCTURE WITH FICTITIOUS DEBT WERE IMPUTED TO NORTHERN SUNRISE AND SOUTHERN SUNRISE, DOES THAT MEAN THAT THEIR INCOME TAX EXPENSE SHOULD BE REDUCED?

A. Absolutely not. As Mr. Rigsby explained in his direct testimony, the purpose of using a hypothetical capital structure is to account for imprudent capital structures.[92] Presumably, this is to account for reduced financial risk. However, besides converting 40 percent of the Company's equity to lower cost debt, RUCO further reduces the effective return on equity by interest synchronization which lowers the Company's operating expenses.

[92] Rigsby Dt. at 55.

Q. I AM CONFUSED, MR. BOURASSA. WHAT DOES INTEREST SYNCHRONIZATION HAVE TO DO WITH WHETHER AN ADJUSTMENT TO COST OF EQUITY IS APPROPRIATE TO ACCOUNT FOR FINANCIAL RISK?

A. I understand your confusion. Interest synchronization has nothing to do with developing an appropriate cost of equity. It is instead intended to match a utility's interest expense with the portion of the utility's rate base financed by debt. Northern Sunrise and Southern Sunrise, however, have no debt in their capital structure and thus have no interest to synchronize with its rate base. RUCO's adjustment is entirely fictitious and, frankly, punitive in nature.

Q. WHY IS IT PUNITIVE?

A. Because RUCO is actually using its recommended hypothetical structure to lower operating expenses, not to develop an appropriate cost of equity. They are using an income statement adjustment to change the balance sheet. In effect, Northern Sunrise and Southern Sunrise and its shareholders are being punished because they have financed their plant with equity. The penalty being imposed is the loss of almost $20,000 of operating expenses, in addition to having the WACC reduced by the imputation of fictional debt at an unrealistic cost. This penalty will discourage investment in Arizona, and ensure that neither Northern Sunrise nor Southern Sunrise will earn a reasonable return on their invested capital.

The bottom line is that both the Hamada formula and a hypothetical capital structure are tools to develop an appropriate cost of equity. Neither is intended to be used to manipulate a utility's income tax expense, and thereby prevent the utility from actually earning its authorized rate of return.

C. RUCO's Unrealistic Cost of Debt

Q. PLEASE COMMENT ON MR. RIGSBY'S HYPOTHETICAL COST OF DEBT FOR NORTHERN SUNRISE AND SOUTHERN SUNRISE ON A STAND-ALONE BASIS.

A. As already mentioned, Mr. Rigsby's hypothetical cost of debt, applicable to 40 percent of his hypothetical capital structure, is 6.26 percent. He bases this debt cost on the average weighted cost of debt for the large, publicly traded water utilities in his water proxy group. As I previously discussed, those water utilities have, on average, net plant of $1.47 billion and revenue of $488 million. Moreover, because of their size and the fact that they issue debt in the public markets, these utilities have published bond ratings – that significantly reduces their cost of debt – that is why companies seek bond ratings to reduce the cost of debt. Mr. Rigsby assumes that Northern Sunrise or Southern Sunrise could raise debt capital at the same cost as these entities. No one could believe that is true, in fact even Mr. Rigsby does not appear to believe that's true.[93]

Q. DO YOU HAVE ANY ADDITIONAL COMMENTS ON MR. RIGSBY'S UNREALISTIC HYPOTHETICAL DEBT COST?

A. Yes. Mr. Rigsby continues to assert that because the Company's parent has access to the capital markets, the Company can obtain debt financing at a cost of 6.26 percent per annum, i.e., the current yield on a Baa bond. This debt cost is based on the average weighted cost of debt for the large, publicly traded water utilities in his water proxy group. As I have discussed in my previous testimony, those water utilities have, on average, net plant of $1.47 billion and revenue of $488 million. Moreover, because of their size and the fact that they issue debt in the public

[93] Rigsby Sb. at 10 – 12.

markets, these utilities have published bond ratings. They are much different from Northern Sunrise and Southern Sunrise in terms of operating income, cash flow, investment in plant, and other criteria that would be considered by a lender.

Mr. Rigsby apparently acknowledges that Northern Sunrise and Southern Sunrise could not borrow the equivalent of 40 percent of their capitalization – about $1 million – at an interest rate approaching 6.26 percent. He argues instead that the Company's parent should obtain debt financing for the Company. This is illogical. An equity investor is not required to provide debt financing to the firm by virtue of holding the firm's common stock. To my knowledge, the shareholders of Aqua America and California Water Service aren't required to secure debt financing for those utilities. If that were the case, the return on equity would have to be increased substantially in order to compensate shareholders for acting as lenders.

Q. HAS MR. RIGSBY PROPOSED TO ADD A PREMIUM TO THE AUTHORIZED RETURN ON EQUITY TO COMPENSATE FOR THE ADDITIONAL RISK OF PROCURING DEBT FINANCING FOR THE COMPANY?

A. No. The authorized return on equity must compensate investors for the risks they have assumed by investing their capital in the enterprise. If those risks also include providing debt financing, a higher return on equity is required. Yet RUCO proposes an effective return on equity of 6.9 percent for Northern and Southern Sunrise, which is barely above an investment grade bond and far less than equity return estimated by the parties for the industry sample groups. Again, RUCO's recommendations are punitive and should be rejected.

Q. DOES THAT CONCLUDE YOUR REJOINDER TESTIMONY ON COST OF CAPITAL?

A. Yes. Although my silence on any issue does not constitute agreement with the other parties.

Bella Vista Water Co., Inc.
Northern Sunrise Water Company Inc.
Southern Sunrise Water Company Inc.

W-02465A-09-0411, W-20453A-09-0412, W-20454A-09-0413,
W-02465A-09-0414, W-20453A-09-0414 and W-20454A-09-0414

Thomas J. Bourassa
Rejoinder Testimony
(Cost of Capital)
July 7, 2010

Exhibit

TB-RJ1

2232477.1

Bella Vista Water Company (Consolidated)
COST OF EQUITY (COE) USING BUILD-UP METHOD

TABLE 1

			Measures of size				
			(Millions)				
	Company	Symbol	MV Equity[1]	Book Equity[1]	MVIC[1]	Total Assets[2]	5 Yr Avg. EBITDA[3]
1.	American States	AWR	$ 659	$ 336	$ 965	$ 1,113	$ 92
2.	Aqua America	WTR	$ 2,501	$ 1,101	$ 3,887	$ 3,763	$ 304
3.	California Water	CWT	$ 805	$ 419	$ 1,180	$ 1,526	$ 100
4.	Connecticut Water	CTWS	$ 204	$ 108	$ 316	$ 415	$ 20
5.	Middlesex	MSEX	$ 243	$ 138	$ 368	$ 458	$ 29
6.	SJW Corp.	SJW	$ 496	$ 249	$ 743	$ 878	$ 73
	Bella Vista Water Company (Consolidated)		$ 11.4 (Estimate)	$ 6	$ 13.1 (Estimate)	$ 17.6	$ 1.5

[1] From Value Line data (12/31/2009)
[2] From Zacks Investment Research. From E-1 for subject utility.
[3] Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA). From Zacks Investment Research and Company ACC reports

Bella Vista Water Company (Consolidated)
COST OF EQUITY (COE) USING BUILD-UP METHOD

MRP_{m+s} Estimates Using Duff & Phelps Study (Levered)

TABLE 2

Data Smoothing with Regression Analysis ***Snoothed Premium = Constant + X Coefficients * Log(Relevent Metric)***	MV Equity (Table A-1)	Book Equity (Table A-2)	MVIC (Table A-4)	Total Assets (Table A-5)	5 Yr Avg. EBITDA (Table A-6)
Constant	17.357%	15.190%	17.375%	15.804%	13.723%
X Coefficient(s)	-2.924%	-2.296%	-2.154%	-2.230%	-2.141%

			MRP_{m+s} Estimates (Levered)					
	Company	Symbol	MV Equity	Book Equity	MVIC	Total Assets	5 Yr Avg. EBITDA	Average
1.	American States	AWR	9.11%	9.39%	10.95%	9.01%	9.52%	9.60%
2.	Aqua America	WTR	7.42%	8.21%	9.64%	7.83%	8.41%	8.30%
3.	California Water	CWT	8.86%	9.17%	10.76%	8.70%	9.44%	9.39%
4.	Connecticut Water	CTWS	10.61%	10.52%	11.99%	9.97%	10.96%	10.81%
5.	Middlesex	MSEX	10.38%	10.27%	11.85%	9.87%	10.58%	10.59%
6.	SJW Corp.	SJW	9.47%	9.69%	11.19%	9.24%	9.73%	9.86%
	Average (Unlevered)		9.31%	9.54%	11.06%	9.10%	9.77%	9.76%
	Bella Vista Water Company (Consolidated)		14.26%	13.44%	14.97%	13.03%	13.36%	13.81%

Bella Vista Water Company (Consolidated)
COST OF EQUITY (COE) USING BUILD-UP METHOD

Average Debt to Market Value of Equity for MRP_{m+s} for Portfilios used in Duff & Phelps RP Study
(from Duff & Phelps RP Study (W_d/W_e) for use in un-levering MRP_{m+s} . See Table 4)

TABLE 3

	Company	Symbol	W_d/W_e (Table C-1)	(Table C-2)	(Table C-4)	(Table C-5)	(Table C-6)	Average
1.	American States	AWR	34.10%	32.60%	36.10%	37.10%	35.50%	35.08%
2.	Aqua America	WTR	30.90%	33.30%	36.70%	41.50%	34.40%	35.36%
3.	California Water	CWT	32.40%	33.40%	34.90%	35.90%	35.50%	34.42%
4.	Connecticut Water	CTWS	36.60%	32.90%	35.30%	31.60%	30.70%	33.42%
5.	Middlesex	MSEX	35.70%	32.90%	34.80%	32.10%	34.40%	33.98%
6.	SJW Corp.	SJW	35.00%	34.60%	35.60%	35.60%	34.50%	35.06%
	Average		34.12%	33.28%	35.57%	35.63%	34.17%	34.55%

Bella Vista Water Company (Consolidated)
COST OF EQUITY (COE) USING BUILD-UP METHOD

MRP Estimates Using Duff & Phelps Study (Un-levered)

TABLE 4

Un-levered realized risk premium = {[Levered realized risk preium * 100) + $(W_d/W_e)*b_d/[1 + W_d/W_e]$}/100

			MRP_{m+s} (Un-levered)					
	Company	Symbol	MV Equity	Book Equity	MVIC	Total Assets	5 Yr Avg. EBITDA	Average
1.	American States	AWR	6.85%	7.13%	8.10%	6.63%	7.08%	7.16%
2.	Aqua America	WTR	5.72%	6.21%	7.11%	5.59%	6.31%	6.19%
3.	California Water	CWT	6.74%	6.92%	8.03%	6.46%	7.02%	7.03%
4.	Connecticut Water	CTWS	7.82%	7.97%	8.92%	7.62%	8.43%	8.15%
5.	Middlesex	MSEX	7.70%	7.78%	8.84%	7.52%	7.93%	7.95%
6.	SJW Corp.	SJW	7.07%	7.25%	8.31%	6.87%	7.29%	7.36%
	Average MRP (Unlevered)		6.98%	7.21%	8.22%	6.78%	7.34%	7.31%
	Bella Vista Water Company (Consolidated)		10.64%	10.08%	11.04%	9.60%	9.96%	10.26%
	Implied small company risk premium over sample publicly traded water utilities							2.96%

Bella Vista Water Company (Consolidated)
COST OF EQUITY (COE) USING BUILD-UP METHOD

MRP Estimates Using Duff & Phelps Study (Relevered)
(using W_d/W_e data from Table 4)

TABLE 5

				MRP_{m+s} (Relevered)					
	Company	Symbol	W_d/W_e	MV Equity	Book Equity	MVIC	Total Assets	5 Yr Avg. EBITDA	Average
1.	American States	AWR	55.3%	10.53%	10.97%	12.47%	10.18%	10.88%	11.00%
2.	Aqua America	WTR	61.2%	9.09%	9.88%	11.34%	8.89%	10.05%	9.85%
3.	California Water	CWT	55.6%	10.38%	10.66%	12.38%	9.94%	10.81%	10.83%
4.	Connecticut Water	CTWS	30.2%	10.12%	10.31%	11.54%	9.86%	10.92%	10.55%
5.	Middlesex	MSEX	51.6%	11.58%	11.69%	13.30%	11.30%	11.92%	11.96%
6.	SJW Corp.	SJW	60.5%	11.22%	11.51%	13.21%	10.90%	11.57%	11.68%
	Average MRP (Relevered)		52.41%	10.49%	10.84%	12.37%	10.18%	11.02%	10.98%
	Bella Vista Water Company (Consolidated)		14.81%	12.18%	11.54%	12.65%	11.00%	11.40%	11.75%

Bella Vista Water Company (Consolidated)
COST OF EQUITY (COE) USING BUILD-UP METHOD

Equity Risk Premium Adjustment and Other meterics used in Build-up Method **TABLE 6**

[1] Estimate of Current Market Risk Premium	4.25%
[2] Risk Premium Assumed in Duff & Phelps Study (1963-2009)	4.25%
[3] Equity Risk Premium Adjustment ([1] - [2])	0.00%
[4] Average MRP (relevered) for publicly traded water companies (from Table 5)	10.98%
[5] MRP (relevered) for publicly traded water companies (R_{m+s}) ([3] + [4])	10.98%
[6] Equity Risk Premium Adjustment ([3])	0.00%
[7] Average MRP (relevered) for subject utlity company (from Table 5)	11.75%
[8] MRP (relevered) for subject utility company (R_{m+s}) ([6] + [7])	11.75%
[9] Industry Risk Premium (From *Ibbotson* for SIC 494 Water Supply Industry Table 3-5)	-4.40%
[10] Adjustment Factor to Industry Risk Premium ([2] / 6.7%[1])	0.6343
[11] Adjusted Industry Risk Premium (R_i) ([9] x [10])	-2.79%
[12] Risk Free Rate (Ibbotson LT U.S. Treasury Yield) (R_f)[2]	3.71%

[1] From *Ibbotson SBBI 2010 Valuation Edition Yearbook*. Long-Horison Equity Risk Premium (1926-2009)
[2] 20 year U.S. Treasury Bond Yield at July 1, 2010

Bella Vista Water Company (Consolidated)
COST OF EQUITY (COE) USING BUILD-UP METHOD

Cost of Equity (COE) Estimate using Build-up Method **TABLE 7**

$E(R_i) = R_f + RP_{m+s} + R_i + R_u$

Where:	Sample Publicly Traded Water Utilities	Bella Vista
$E(R_i)$ =Expected rate of return		
R_f = Risk-free rate of return. See Table 6.	3.71%	3.71%
RP_{m+s} = Market risk premium including size premium. See Table 5	See Table 5	See Table 5
R_i = Industry risk premium (adjusted) See Table 6	-2.79%	-2.79%
R_u = Company-specific risk premium	0.00%	0.00%

			Indicated COE					
	Company	Symbol	MV Equity	Book Equity	MVIC	Total Assets	5 Yr Avg. EBITDA	Average
1.	American States	AWR	11.44%	11.89%	13.38%	11.10%	11.80%	11.92%
2.	Aqua America	WTR	10.01%	10.80%	12.26%	9.81%	10.97%	10.77%
3.	California Water	CWT	11.30%	11.58%	13.30%	10.86%	11.73%	11.75%
4.	Connecticut Water	CTWS	11.04%	11.23%	12.46%	10.78%	11.83%	11.47%
5.	Middlesex	MSEX	12.50%	12.61%	14.22%	12.22%	12.83%	12.88%
6.	SJW Corp.	SJW	12.14%	12.43%	14.13%	11.82%	12.49%	12.60%
	Average COE estimate		11.40%	11.76%	13.29%	11.10%	11.94%	11.90%
	Bella Vista Water Company (Consolidated)		13.10%	12.46%	13.56%	11.92%	12.32%	12.67%

Bella Vista Water Co., Inc.
Northern Sunrise Water Company Inc.
Southern Sunrise Water Company Inc.

W-02465A-09-0411, W-20453A-09-0412, W-20454A-09-0413,
W-02465A-09-0414, W-20453A-09-0414 and W-20454A-09-0414

Thomas J. Bourassa
Rejoinder Testimony
(Cost of Capital)
July 7, 2010

Bella Vista Water Company Consolidated Schedules

2232477.1

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Summary of Cost of Capital

Exhibit
Rejoinder Schedule D-1
Page 1
Witness: Bourassa

Line No.	Item of Capital	End of Test Year Dollar Amount	End of Test Year Percent of Total	End of Test Year Cost Rate	End of Test Year Weighted Cost	End of Projected Year Dollar Amount	End of Projected Year Percent of Total	End of Projected Year Cost Rate	End of Projected Year Weighted Cost
1	Long-Term Debt	1,697,323	22.60%	6.28%	1.42%	1,584,033	19.66%	6.27%	1.23%
2									
3	Stockholder's Equity[1]	5,812,207	77.40%	10.90%	8.44%	6,474,728	80.34%	10.90%	8.76%
4									
5	Totals	$ 7,509,530	100.00%		9.85%	$ 8,058,761	100.00%		9.99%
6									
7									
8	[1] Adjustments to equity								
9	Acumm. depreciation adjustment		$ 205,167						
10	CIAC adjustment		$ (417)						
11	Deferred Income Tax Adjustment		$ (745,335)						
12									
13									
14									
15									
16	SUPPORTING SCHEDULES:								
17	Rejoinder D-1								
18	Rejoinder D-2								
19	Rejoinder D-3								
20	Rejoinder D-4								
21	Consolidated E-1								
22									
23									
24									
25									
26									
27									
28									
29									
30									
31									
32									
33									

RECAP SCHEDULES:

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Cost of Long Term Debt

Exhibit
Rejoinder Schedule D-2
Page 1
Witness: Bourassa

Line No.	Description of Debt	End of Test Year Amount Outstanding[1]	Annual Interest	Interest Rate	Weighted Cost	End of Projected Year Amount Outstanding	Annual Interest	Interest Rate	Weighted Cost
1	WIFA #1	108,754	6,634	6.10%	0.39%	108,754	6,634	6.10%	0.39%
2	WIFA #2	1,545,436	96,744	6.26%	5.70%	1,545,436	96,744	6.26%	5.70%
3	K-Mart	6,140	526	8.56%	0.03%	6,140	526	8.56%	0.03%
4	BVR/RC-3	13,849	1,011	7.30%	0.06%	13,849	1,011	7.30%	0.06%
5	BVR/RC-4	16,109	1,113	6.91%	0.07%	16,109	1,113	6.91%	0.07%
6	BVR-CCCII	7,035	504	7.16%	0.03%	7,035	504	7.16%	0.03%
7			-	0.00%	0.00%	-	-	0.00%	0.00%
8			-	0.00%	0.00%	-	-	0.00%	0.00%
9			-	0.00%	0.00%	-	-	0.00%	0.00%
10			-	0.00%	0.00%	-	-	0.00%	0.00%
11			-	0.00%	0.00%	-	-	0.00%	0.00%
12									
13	Totals	$ 1,697,323	$ 106,532		6.28%	$ 1,697,323	106,532		6.28%
14									
15	SUPPORTING SCHEDULES:					RECAP SCHEDULES:			
16						Rejoinder D-1			
17									
18									
19									
20									

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Cost of Preferred Stock

Exhibit
Rejoinder Schedule D-3
Page 1
Witness: Bourassa

Line No.	Description of Issue	End of Test Year Shares Outstanding	End of Test Year Amount	End of Test Year Dividend Requirement	End of Projected Year Shares Outstanding	End of Projected Year Amount	End of Projected Year Dividend Requirement
1							
2							
3	NOT APPLICABLE, NO PREFERRED STOCK ISSUED OR OUTSTANDING						
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17	SUPPORTING SCHEDULES:			RECAP SCHEDULES:			
18				Rejoinder D-1			
19							
20							

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Cost of Common Equity

Exhibit
Rejoinder Schedule D-4
Page 1
Witness: Bourassa

Line No.		
1		
2	The Company is proposing a cost of common equity of	10.90% .
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17	SUPPORTING SCHEDULES:	RECAP SCHEDULES:
18	Rejoinder D-4.1 to D-4.16	Rejoinder D-1
19		
20		

Bella Vista Water Company (Consolidated)
Summary of Results

Exhibit
Rejoinder Schedule D-4.1

Line No.	Method	Low	High	Midpoint
1				
2				
3				
4	Method	Low	High	Midpoint
5				
6	Range DCF Constant Growth Estimates[1]	9.1%	10.5%	9.8%
7				
8	Range of CAPM Estimates[2]	10.4%	13.9%	12.2%
9				
10				
11	Average of DCF and CAPM midpoint estimates	9.8%	12.2%	11.0%
12				
13				
14	Financial Risk Adjustment[3]	-0.6%	-0.6%	-0.6%
15				
16	Specific Company Risk Premium[4]	0.5%	0.5%	0.5%
17				
18	Indicated Cost of Equity	9.7%	12.1%	10.9%
19				
20				
21				
22	Recommended Cost of Equity			10.9%
23				
24				
25				
26	[1] See Rejoinder Schedule D-4-8			
27	[2] See Rejoinder Schedule D-4.12			
28	[3] See Rejoinder Schedule D-4.16			
29	[4] See testimony.			

Bella Vista Water Company (Consolidated)
Selected Characteristics of Sample Group of Water Utilities

Exhibit
Rejoinder Schedule D-4.2

Line No.	Company[1]	% Water Revenues	Operating Revenues (millions)	Net Plant (millions)	S&P Bond Rating	Moody's Bond Rating
1	1. American States	76%	$ 361.0	$ 962.1	A	A2
2	2. Aqua America	90%	$ 670.5	$ 2,790.5	AA-	NR
3	3. California Water	99%	$ 449.4	$ 1,079.9	AA-	NR
4	4. Connecticut Water	90%	$ 67.5	$ 273.1	A	NR
5	5. Middlesex	89%	$ 91.2	$ 329.7	A	NR
6	6. SJW Corp.	96%	$ 216.1	$ 523.7	NR	NR
7						
8	Average	90%	$ 309.3	$ 993.2		
9						
10	Bella Vista Water Company (Consolidated) (as of December 31, 2008)	100%	$ 4.2	$ 16.1	NR	NR

[1]AUS Utility Reports (May 2010).

Bella Vista Water Company (Consolidated)
Capital Structures

Exhibit
Rejoinder Schedule D-4.3

No.	Company	Book Value[1] Long-Term Debt	Book Value[1] Common Equity	Market Value[1] Long-Term Debt	Market Value[1] Common Equity
1	American States	47.7%	52.3%	31.7%	68.3%
2	Aqua America	55.7%	44.3%	35.7%	64.3%
3	California Water	47.2%	52.8%	31.7%	68.3%
4	Connecticut Water	51.0%	49.0%	35.5%	64.5%
5	Middlesex	47.4%	52.6%	34.0%	66.0%
6	SJW Corp.	49.8%	50.2%	33.2%	66.8%
	Average	49.8%	50.2%	33.6%	66.4%
	Bella Vista Water Company (Consolidated) [2] (Adjusted as of December 31, 2008)	22.6%	77.4%	N/A	N/A

[1] Value Line Analyzer Data (April 23, 2010)
[2] Adjusted Per Rejoinder Schedule D-1

Bella Vista Water Company (Consolidated)
Comparisons of Past and Future Estimates of Growth

Exhibit
Rejoinder Schedule D-4.4

Line No.		[1]	[2]	[3]	[4]	[5]	[6]	[7]
		Five-year historical average annual changes						
	Company	Price[1]	Book Value[2]	EPS[2]	DPS[2]	Average Col 1-4	Average Future Growth[3]	Average of Future and Historical Growth Col 5-6
8	1. American States	8.76%	4.98%	9.69%	2.88%	6.58%	5.38%	5.98%
9	2. Aqua America	NMF	6.20%	3.85%	8.81%	6.29%	9.02%	7.65%
10	3. California Water	4.93%	4.92%	6.62%	0.88%	4.34%	5.88%	5.11%
11	4. Connecticut Water	3.15%	2.88%	1.72%	1.39%	2.29%	7.25%	4.77%
12	5. Middlesex	2.61%	4.00%	0.41%	1.49%	2.13%	7.25%	4.69%
13	6. SJW Corp.	6.79%	5.68%	0.25%	5.53%	4.56%	7.25%	5.91%
16	GROUP AVERAGE	5.25%	4.78%	3.76%	3.50%	4.36%	7.01%	5.68%
17	GROUP MEDIAN	4.93%	4.95%	2.79%	2.18%	4.45%	7.25%	5.51%

[1] Average of changes in annual stock prices ending on April 23, 2010. Data from Yahoo Finance website.
[2] Data derived from Value Line Investment Survey and/or 10K Reports for period 2005 to 2010.
[3] See Rejoinder Schedule D-4.6.

Bella Vista Water Company (Consolidated)
Comparisons of Past and Future Estimates of Growth

Exhibit
Rejoinder Schedule D-4.5

Line No.		[1]	[2]	[3]	[4]	[5]	[6]	[7]
1								
2								Average of
3								Future and
4			**Ten-year historical average annual changes**				Average	Historical
5			Book			Average	Future	Growth
6	Company	Price[1]	Value[2]	EPS[2]	DPS[2]	Col 1-4	Growth[3]	Col 5-6
7	1. American States	8.60%	4.80%	5.36%	1.79%	5.14%	5.38%	5.26%
8	2. Aqua America	7.94%	8.19%	6.34%	7.67%	7.53%	9.02%	8.28%
9	3. California Water	7.79%	3.91%	4.09%	0.80%	4.15%	5.88%	5.01%
10	4. Connecticut Water	4.73%	3.77%	2.08%	1.31%	2.97%	7.25%	5.11%
11	5. Middlesex	4.64%	3.81%	1.24%	1.71%	2.85%	7.25%	5.05%
12	6. SJW Corp.	3.01%	5.25%	1.44%	5.53%	3.81%	7.25%	5.53%
13								
14								
15	GROUP AVERAGE	6.12%	4.96%	3.42%	3.13%	4.41%	7.01%	5.71%
16	GROUP MEDIAN	6.26%	4.36%	3.08%	1.75%	3.98%	7.25%	5.18%
17								
18								
19								
20	[1] Average of changes in annual stock prices ending in 2009. Data from Yahoo Finance website.							
21	[2] Data derived from Value Line Investment Survey and/or 10K Reports for period 2000 to 2009.							
22	[3] See Rejoinder Schedule D-4.6.							
23								
24								
25								
26								
27								
28								

Bella Vista Water Company (Consolidated)
Analysts Forecasts of Earnings Per Share Growth

Exhibit
Rejoinder Schedule D-4.6

Line No.		[1]	[2]	[3]	[4]	[5]
		ESTIMATES OF EARNINGS GROWTH				Average Growth (G)
	Company	Zacks[1]	Reuters[1]	Yahoo[1]	Value Line[1]	(Cols 1-4)[2]
1	1. American States	4.00%	4.00%	7.00%	6.50%	5.38%
2	2. Aqua America	8.00%	8.25%	8.33%	11.50%	9.02%
3	3. California Water	7.00%	4.00%	6.00%	6.50%	5.88%
4	4. Connecticut Water			15.00%		7.25%
5	5. Middlesex			8.00%		7.25%
6	6. SJW Corp.			10.00%		7.25%
7	GROUP AVERAGE	6.33%	5.42%	9.06%	8.17%	7.01%
8	GROUP MEDIAN					7.25%

[1] Data as of April 23, 2010

[2] Where no data available or single estimate, average of other utilities assumed to estimate for utility.

Bella Vista Water Company (Consolidated)
Current Dividend Yields for Water Utility Sample Group

Exhibit
Rejoinder Schedule D-4.7

Line No.	Company	Curent Stock Price (P_0)[1]	Current Dividend (D_0)[1]	Current Dividend Yield (D_0/P_0)[1]	Average Annual Dividend Yield (D_0/P_0)[1,2]
1					
2					
3					
4					
5					
6	1. American States	$ 38.09	$ 1.04	2.73%	2.86%
7	2. Aqua America	$ 18.47	$ 0.60	3.25%	2.80%
8	3. California Water	$ 38.90	$ 1.19	3.06%	3.12%
9	4. Connecticut Water	$ 23.95	$ 0.91	3.81%	3.58%
10	5. Middlesex	$ 18.12	$ 0.72	3.98%	3.99%
11	6. SJW Corp.	$ 27.28	$ 0.70	2.55%	2.27%
12					
13	Average			3.23%	3.10%
14	Median			3.15%	2.99%
15					
16	[1] Value Line Analyzer Data. Stock prices as of April 23, 2010.				
17	[2] Average Annual Dividend is dividends declared per share for a year divided by the average annual price of the stock in the same year,				
18	expressed as a percentage. For comparison purposes only.				
19					
20					
21					
22					
23					
24					
25					

Bella Vista Water Company (Consolidated)
Discounted Cash Flow Analysis
DCF Constant Growth

Exhibit
Rejoinder Schedule D-4.8

Line No.		[1] Average Spot Dividend Yield (D_0/P_0)[1]	[2] Expected Dividend Yield (D_1/P_0)[2]	[3] Growth (g)	[4] Indicated Cost of Equity k=Div Yld + g (Cols 2+3)
8	DCF - Past and Future Growth	3.23%	3.41%	5.68% [3]	9.1%
10	DCF - Future Growth	3.23%	3.46%	7.01% [4]	10.5%
13		3.23%	3.43%	6.34%	9.8%

[1] Spot Dividend Yield = D_0/P_0. See Rejoinder Schedule D-4.7.
[2] Expected Dividend Yield = $D_1/P_0 = D_0/P_0 * (1+g)$.
[3] Growth rate (g). Average of Past and Future Growth. See Rejoinder Schedule D-4.4, column 7
[4] Growth rate (g). Average of Analyst Estimates Future Growth. See Rejoinder Schedule D-4.6.

Bella Vista Water Company (Consolidated)
Market Betas

Exhibit
Rejoinder Schedule D-4.9

Line No.		Company	Beta (β)[1]
1		Company	Beta (β)[1]
2	1.	American States	0.80
3	2.	Aqua America	0.65
4	3.	California Water	0.75
5	4.	Connecticut Water	0.80
6	5.	Middlesex	0.75
7	6.	SJW Corp.	0.95
8			
9		Average	**0.78**
10			
11			
12			
13		[1] Value Line Investment Analyzer data (April 23, 2010)	
14		Note: Beta is a relative measure of the historical sensitivity of a stock's price to overall fluctuations	
15		in the New York Stock Exchange Composite Index. A Beta of 1.50 indicates a stock tends to rise	
16		(or fall) 50% more than the New York Stock Exchange Composite Index. The "Beta coefficient" is	
17		derived from a regression analysis of the relationship between weekly percent-age changes in the	
18		price of a stock and weekly percentage changes in the NYSE Index over a period of five years. In	
19		the case of shorter price histories, a smaller time period is used, but two years is the minimum.	
20		The Betas are adjusted for their long-term tendency to converge toward 1.00.	

Bella Vista Water Company (Consolidated)
Forecasts of Long-Term Interest Rates
2011-2012

Exhibit
Rejoinder Schedule D-4.10

Line No.	Description	2011	2012	Average
1				
2				
3				
4	Description	2011	2012	Average
5				
6	Blue Chip Consensus Forecasts[1]	5.1%	5.5%	5.3%
7				
8	Value Line[2]	4.9%	5.3%	5.1%
9				
10	Average			5.2%
11				
12				
13				
14				
15	[1] December 2009 Blue Chip Financial Forecasts consensus forecast of 30 Year U.S.Treasury			
16	[2] Value Line Quarterly forecast, dated February 26, 2010, Long-term Treasury			
17				
18				
19				
20				
21				
22				
23				
24				

Bella Vista Water Company (Consolidated)
Computation of Current Market Risk Premium

Exhibit
Rejoinder Schedule D-4.11

Line No.	Month	Dividend Yield (D_0/P_0)[1]	Expected Dividend Yield (D_1/P_0)[2]	+	Growth (g)[3]	=	Expected Market Return (k)	-	Monthly Average 30 Year Treasury Rate[4]	=	Market Risk Premium (MRP)
4	Jan 2009	4.86%	6.32%	+	30.02%	=	36.34%	-	3.13%	=	33.21%
5	Feb	5.50%	7.43%	+	35.13%	=	42.56%	-	3.59%	=	38.97%
6	Mar	4.21%	5.36%	+	27.33%	=	32.69%	-	3.64%	=	29.05%
7	April	3.66%	4.47%	+	22.05%	=	26.52%	-	3.76%	=	22.76%
8	May	3.46%	4.14%	+	19.67%	=	23.81%	-	4.23%	=	19.58%
9	Jun	3.25%	3.87%	+	19.16%	=	23.03%	-	4.52%	=	18.51%
10	Jul	2.90%	3.37%	+	16.31%	=	19.68%	-	4.41%	=	15.27%
11	Aug	2.82%	3.22%	+	14.21%	=	17.43%	-	4.37%	=	13.06%
12	Sept	2.80%	3.20%	+	14.32%	=	17.52%	-	4.19%	=	13.33%
13	Oct	2.75%	3.15%	+	14.49%	=	17.64%	-	4.19%	=	13.45%
14	Nov	2.68%	3.05%	+	13.88%	=	16.93%	-	4.31%	=	12.62%
15	Dec 2009	2.56%	2.88%	+	12.58%	=	15.46%	-	4.35%	=	11.11%
16	Jan 2010	2.64%	3.00%	+	13.71%	=	16.71%	-	4.48%	=	12.23%
17	Feb	2.59%	2.97%	+	14.65%	=	17.62%	-	4.48%	=	13.14%
18	Mar	2.44%	2.75%	+	12.69%	=	15.44%	-	4.48%	=	10.96%
19	April	2.36%	2.63%	+	11.61%	=	14.24%	-	4.69%	=	9.55%
20											
21											
22	Recommended	2.46%	2.78%	+	12.98%	=	15.77%	-	4.55%	=	11.22%
23											
24	Short-term Trends										
25	Recent Twelve Months Avg	2.77%	3.19%	+	14.77%	=	17.96%	-	4.39%	=	13.57%
26	Recent Nine Months Avg	2.63%	2.98%	+	13.57%	=	16.56%	-	4.39%	=	12.16%
27	Recent Six Months Avg	2.55%	2.88%	+	13.19%	=	16.07%	-	4.47%	=	11.60%
28	Recent Three Months Avg	2.46%	2.78%	+	12.98%	=	15.77%	-	4.55%	=	11.22%
29											
30											

31 [1] Average Current Dividend Yield (D_0/P_0) of dividend paying stocks. Data from Value Line Investment Analyzer Software Data - Value Line 1700 Stocks

32 [2] Expected Dividend Yield (D_1/P_0) equals average current dividend yield (D0/P0) times one plus growth rate(g).

33 [3] Average 3-5 year price appreciation (annualized). Data from Value Line Investment Analyzer Software Data - Value Line 1700 Stocks

34 [4] Montly average 30 year U.S. Treasury. Federal Reserve.

35

Bella Vista Water Company (Consolidated)
Capital Asset Pricing Model (CAPM)

Exhibit
Rejoinder Schedule D-4.12

Line No.		Rf[1]	+	beta[3]	x	Rp		=	k
1									
2									
3	Historical Market Risk Premium CAPM	5.2%	+	0.78	x	6.7%	[4]	=	10.4%
4									
5	Current Market Risk Premium CAPM	5.2%	+	0.78	x	11.2%	[5]	=	13.9%
6									
7	Average								12.2%
8									
9									
10									
11									

12 [1] Forecasts of long-term treasury yields. See Rejoinder Schedule D-4.10.
13 [2] Value Line Investment Analyzer data. See Rejoinder Schedule D-4.9.
14 [3] Historical Market Risk Premium from (Rp) MorningStar SBBI 2010 Valuation Yearbook Table A-1 Long-Horizon ERP 1926-2009
15 [4] Computed using DCF constant growth method to determine current market return onValue Line 1700 stocks
16 and CAPM with beta of 1.0 to compute *Current Market Risk Premium* (Rp). See Rejoinder Schedule D-4.11.
17
18
19
20

Bella Vista Water Company (Consolidated)
Financial Risk Computation

Exhibit
Rejoinder Schedule D-4.13

Line No.											
1	**CAPM**										
2		**Rf**		+	**β**		x	**(Rp)**			**k**
3	Historical Market Risk Premium	5.2%	1	+	0.78	2	x	6.7%	3	=	10.4%
4	Current Market Risk Premium	5.2%	1	+	0.78	2	x	11.2%	4	=	13.9%
5											
6	Average										12.2%
7											
8											
9	**CAPM Relevered Beta**										
10		**Rf**		+	**β**		x	**(Rp)**			**k**
11	Historical Market Risk Premium	5.2%	1	+	0.71	5	x	6.7%	3	=	10.0%
12	Current Market Risk Premium	5.2%	1	+	0.71	5	x	11.2%	4	=	13.2%
13											
14	Average										11.6%
15											
16	Financial Risk Adjustment										**-0.6%**
17											
18											

19 [1] Forecast of long-term treasury yields. See Rejoinder Schedule D-4.10
20 [2] Value Line Investment Analyzer data. See Rejoinder Schedule D-4.9
21 [3] Historical Market Risk Premium from (Rp) MorningStar SBBI 2010 Valuation Yearbook Table A-1 Long-Horizon ERP 1926-2009
22 [4] Computed using DCF constant growth method to determine current market return on Value Line 1700 stocks
23 and CAPM with beta of 1.0 to compute Current Market Risk Premium (Rp). See Rejoinder Schedule D-4.11
24 [5] Relevered bata found on Rejoinder Schedule D-4.15
25

Bella Vista Water Company (Consolidated)
Financial Risk Computation
Unlevered Beta

Exhibit
Rejoinder Schedule D-4.14

Line No.		Company	VL Beta β_l [1]	Raw Beta Raw β_l [2]	Tax Rate t [3]	MV Debt D [4]	MV Equity E [4]	Unlevered Raw Beta β_U [5]
5	1.	American States	0.80	0.70	37.8%	31.7%	68.3%	0.54
6	2.	Aqua America	0.65	0.48	39.4%	35.7%	64.3%	0.36
7	3.	California Water	0.75	0.63	38.0%	31.7%	68.3%	0.49
8	4.	Connecticut Water	0.80	0.70	19.5%	35.5%	64.5%	0.49
9	5.	Middlesex	0.75	0.63	34.1%	34.0%	66.0%	0.47
10	6.	SJW Corp.	0.95	0.93	40.4%	33.2%	66.8%	0.72
13		Sample Water Utilities	0.78	0.68	34.8%	33.6%	66.4%	0.51

[1] Value Line Investment Analyzer data. See Rejoinder Scheule D-4.13
Value Line uses the historical data of the stock, but assumes that a security's beta moves toward the market average over time. The formula is as follows:
Adjusted beta = .33 + (.67) * Raw beta
[2] Raw Beta = (VL beta - .33)/(.67)
[3] Effective tax rates for year ended December 31, 2009.
[4] See Rejoinder Scehdule D-4.3
[5] Raw B_u = Raw B_L/ (1+ (1-t)*D/E)

Bella Vista Water Company (Consolidated)
Financial Risk Computation
Relevered Beta

Exhibit
Rejoinder Schedule D-4.15

Line No.		Unlevered Raw Beta β_U[1]	MV Book Debt BD[2]	MV Equity Capital EC[2]	Tax Rate t[3]	Relevered Raw Beta $\beta_{RL}=\beta_U(1+(1-t)BD/EC))$ β_{RL}	VL Adjusted Relevered Beta .33 + .67(Raw Beta) β_{RL}
1							
2							
3							
4							
5	Bella Vista Water Company (Cor	0.51	12.9%	87.1%	38.60%	0.56	0.71
6							
7							
8							
9							
10							
11							
12							

13 [1] Unlevered Beta from Table 18.

14 [2] Capital Structure of Company (Projected)

	BV (in Thousands)			MV (in Thousands)	%
Long-term Debt	$ 1,697.32	1.00		$ 1,697	12.90%
Preferred Stock	-	1.00		-	0.0%
Common Stock	5,812.21	1.97	(a)	11,428	87.1%
Total Capital	$ 7,509.53			$ 13,125	100.0%

(a) Current market-to-book ratio of sample water utilities. See work papers.

[3] Current Tax rate based on test year ending 3/31/2009. See Rejoinder Schedule D-1.

Bella Vista Water Company (Consolidated)
Size Premium[1]

Exhibit
Rejoinder Schedule D-4.16

Line No.		Beta(ß)	Size Premium	Risk Premium for Small Water Utilities[7]
6	Mid-Cap Companies[2]	1.13	1.00%	
8	Low-Cap Companies[3]	1.26	1.64%	
10	Micro-Cap Companies[4]	1.51	3.00%	
12	Decile 10[5]	1.64	4.74%	2.46%

Line No.		Risk Premium for Small Water Utilities
20	Estimated Risk Premium for small water utilities[6]	0.99%

[1] Data from Table 7-11 of Morningstar, *Ibbotson SBBI 2010 Valuation Yearbook.*
[2] Mid-Cap companies includes companies with market capitalization between $1,602 million and $5,936 million.
[3] Low-Cap companies includes companies with market capitalization between $432 million and $1,600 million.
[4] Micro-Cap companies includes companies with market capitalization less than $431 million.
[5] Decile 10 includes companies with market capitalization between $1.0 million and $214 million.
[6] From Table 2, Thomas M. Zepp, "Utility Stocks and the Size Effect Revisited," *The Quarterly Review of Economics and Finance*, 43 (2003), 578-582.
[7] Computed as the weighted differences between the Decile 10 risk premium and the inidicated risk premiums for the sample water utlities as shown below. Excludes risk due to differences in beta.

		Market Cap. (Millions)	Class	Size Premium	Difference to Decile 10	Weight	Weighted Size Premium
1.	American States	$ 659	Low-Cap	1.64%	3.10%	0.1666667	0.52%
2.	Aqua America	$ 2,501	Mid-Cap	1.00%	3.74%	0.1666667	0.62%
3.	California Water	$ 805	Low-Cap	1.64%	3.10%	0.1666667	0.52%
4.	Connecticut Water	$ 204	Decile 10	4.74%	0.00%	0.1666667	0.00%
5.	Middlesex	$ 243	Micro-Cap	3.00%	1.74%	0.1666667	0.29%
6.	SJW Corp.	$ 496	Low-Cap	1.64%	3.10%	0.1666667	0.52%
	Weighted Size Premium for Small Companies						2.46%

Bella Vista Water Co., Inc.
Northern Sunrise Water Company Inc.
Southern Sunrise Water Company Inc.

W-02465A-09-0411, W-20453A-09-0412, W-20454A-09-0413,
W-02465A-09-0414, W-20453A-09-0414 and W-20454A-09-0414

Thomas J. Bourassa
Rejoinder Testimony
(Cost of Capital)
July 7, 2010

Bella Vista Water Company Stand-Alone Schedules

2232477.1

Bella Vista Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Summary of Cost of Capital

Exhibit
Rejoinder Schedule D-1
Page 1
Witness: Bourassa

Line No.	Item of Capital	End of Test Year Dollar Amount	End of Test Year Percent of Total	End of Test Year (e) Cost Rate	End of Test Year Weighted Cost	End of Projected Year Dollar Amount	End of Projected Year Percent of Total	End of Projected Year (e) Cost Rate	End of Projected Year Weighted Cost
1	Long-Term Debt	1,697,323	31.56%	6.28%	1.98%	$ 1,584,033	27.74%	6.27%	1.74%
2									
3	Stockholder's Equity[1]	3,681,371	68.44%	11.00%	7.53%	4,126,701	72.26%	11.00%	7.95%
4									
5	Totals	$ 5,378,694	100.00%		9.51%	$ 5,710,734	100.00%		9.69%
6									
7									
8	[1] Rebuttal adjustments to equity								
9	Acumm. depreciation adjustment		$ (176,221)						
10	CIAC adjustment		$ (421)						
11	Deferred Income Tax Adjustment		$ (558,105)						
12									
13									
14									
15									
16	SUPPORTING SCHEDULES:								RECAP SCHEDULES:
17	Rejoinder D-1								
18	Rejoinder D-2								
19	Rejoinder D-3								
20	Rejoinder D-4								
21									
22									
23									
24									
25									
26									
27									
28									
29									
30									
31									
32									
33									

Bella Vista Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Cost of Long Term Debt

Exhibit
Rejoinder Schedule D-2
Page 1
Witness: Bourassa

Line No.	Description of Debt	End of Test Year Amount Outstanding[1]	Annual Interest	Interest Rate	Weighted Cost	End of Projected Year Amount Outstanding	Annual Interest	Interest Rate	Weighted Cost
1	WIFA #1	108,754	6,634	6.10%	0.39%	99,968	6,098	6.10%	0.38%
2	WIFA #2	1,545,436	96,744	6.26%	5.70%	1,455,280	91,101	6.26%	5.75%
3	K-Mart	6,140	526	8.56%	0.03%	484	41	8.56%	0.00%
4	BVR/RC-3	13,849	1,011	7.30%	0.06%	9,854	719	7.30%	0.05%
5	BVR/RC-4	16,109	1,113	6.91%	0.07%	12,802	885	6.91%	0.06%
6	BVR-CCCII	7,035	504	7.16%	0.03%	5,645	404	7.16%	0.03%
7			-	0.00%	0.00%	-	-	0.00%	0.00%
8			-	0.00%	0.00%	-	-	0.00%	0.00%
9			-	0.00%	0.00%	-	-	0.00%	0.00%
10			-	0.00%	0.00%	-	-	0.00%	0.00%
11			-	0.00%	0.00%	-	-	0.00%	0.00%
12									
13	Totals	$ 1,697,323	$ 106,532		6.28%	$ 1,584,033	99,248		6.27%
14									
15	SUPPORTING SCHEDULES:					RECAP SCHEDULES:			
16						Rejoinder D-1			
17									
18									
19									
20									

Bella Vista Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Cost of Preferred Stock

Exhibit
Rejoinder Schedule D-3
Page 1
Witness: Bourassa

Line No.	Description of Issue	End of Test Year Shares Outstanding	End of Test Year Amount	End of Test Year Dividend Requirement	End of Projected Year Shares Outstanding	End of Projected Year Amount	End of Projected Year Dividend Requirement
1							
2							
3	NOT APPLICABLE, NO PREFERRED STOCK ISSUED OR OUTSTANDING						
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17	SUPPORTING SCHEDULES:			RECAP SCHEDULES:			
18				Rejoinder D-1			
19							
20							

Bella Vista Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Cost of Common Equity

Exhibit
Rejoinder Schedule D-4
Page 1
Witness: Bourassa

Line No.		
1		
2	The Company is proposing a cost of common equity of	11.00% .
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17	SUPPORTING SCHEDULES:	RECAP SCHEDULES:
18	Rejoinder D-4.1 to D-4.16	Rejoinder D-1
19		
20		

Bella Vista Water Company (Stand-Alone)
Summary of Results

Exhibit
Rejoinder Schedule D-4.1

Line No.	Method	Low	High	Midpoint
6	Range DCF Constant Growth Estimates[1]	9.1%	10.5%	9.8%
8	Range of CAPM Estimates[2]	10.4%	13.9%	12.2%
11	Average of DCF and CAPM midpoint estimates	9.8%	12.2%	11.0%
14	Financial Risk Adjustment[3]	-0.5%	-0.5%	-0.5%
16	Specific Company Risk Premium[4]	0.5%	0.5%	0.5%
18	Indicated Cost of Equity	9.8%	12.2%	11.0%
22	Recommended Cost of Equity			11.0%

[1] See Rejoinder Schedule D-4-8
[2] See Rejoinder Schedule D-4.12
[3] See Rejoinder Schedule D-4.16
[4] See testimony.

Bella Vista Water Company (Stand-Alone)
Selected Characteristics of Sample Group of Water Utilities

Exhibit
Rejoinder Schedule D-4.2

Line No.	Company[1]	% Water Revenues	Operating Revenues (millions)	Net Plant (millions)	S&P Bond Rating	Moody's Bond Rating
1	1. American States	76%	$ 361.0	$ 962.1	A	A2
2	2. Aqua America	90%	$ 670.5	$ 2,790.5	AA-	NR
3	3. California Water	99%	$ 449.4	$ 1,079.9	AA-	NR
4	4. Connecticut Water	90%	$ 67.5	$ 273.1	A	NR
5	5. Middlesex	89%	$ 91.2	$ 329.7	A	NR
6	6. SJW Corp.	96%	$ 216.1	$ 523.7	NR	NR
7						
8	Average	90%	$ 309.3	$ 993.2		
9						
10	Bella Vista Water Company (Stan	100%	$ 3.5	$ 5.9	NR	NR
11	(as of December 31, 2008)					

[1]AUS Utility Reports (May 2010).

Bella Vista Water Company (Stand-Alone)
Capital Structures

Exhibit
Rejoinder Schedule D-4.3

No.	Company	Book Value[1] Long-Term Debt	Book Value[1] Common Equity	Market Value[1] Long-Term Debt	Market Value[1] Common Equity
1	American States	47.7%	52.3%	31.7%	68.3%
2	Aqua America	55.7%	44.3%	35.7%	64.3%
3	California Water	47.2%	52.8%	31.7%	68.3%
4	Connecticut Water	51.0%	49.0%	35.5%	64.5%
5	Middlesex	47.4%	52.6%	34.0%	66.0%
6	SJW Corp.	49.8%	50.2%	33.2%	66.8%
	Average	49.8%	50.2%	33.6%	66.4%
	Bella Vista Water Company (Stand-Alone[2] (Adjusted as of December 31, 2008)	31.6%	68.4%	N/A	N/A

[1] Value Line Analyzer Data (April 23, 2010)
[2] Adjusted Per Rejoinder Schedule D-1

Bella Vista Water Company (Stand-Alone)
Comparisons of Past and Future Estimates of Growth

Exhibit
Rejoinder Schedule D-4.4

Line No.	Company	[1] Price[1]	[2] Book Value[2]	[3] EPS[2]	[4] DPS[2]	[5] Average Col 1-4	[6] Average Future Growth[3]	[7] Average of Future and Historical Growth Col 5-6
		Five-year historical average annual changes						
8	1. American States	8.76%	4.98%	9.69%	2.88%	6.58%	5.38%	5.98%
9	2. Aqua America	NMF	6.20%	3.85%	8.81%	6.29%	9.02%	7.65%
10	3. California Water	4.93%	4.92%	6.62%	0.88%	4.34%	5.88%	5.11%
11	4. Connecticut Water	3.15%	2.88%	1.72%	1.39%	2.29%	7.25%	4.77%
12	5. Middlesex	2.61%	4.00%	0.41%	1.49%	2.13%	7.25%	4.69%
13	6. SJW Corp.	6.79%	5.68%	0.25%	5.53%	4.56%	7.25%	5.91%
16	GROUP AVERAGE	5.25%	4.78%	3.76%	3.50%	4.36%	7.01%	5.68%
17	GROUP MEDIAN	4.93%	4.95%	2.79%	2.18%	4.45%	7.25%	5.51%

[1] Average of changes in annual stock prices ending on April 23, 2010. Data from Yahoo Finance website.
[2] Data derived from Value Line Investment Survey and/or 10K Reports for period 2005 to 2010.
[3] See Rejoinder Schedule D-4.6.

Bella Vista Water Company (Stand-Alone)
Comparisons of Past and Future Estimates of Growth

Exhibit
Rejoinder Schedule D-4.5

Line No.	Company	[1] Price[1]	[2] Book Value[2]	[3] EPS[2]	[4] DPS[2]	[5] Average Col 1-4	[6] Average Future Growth[3]	[7] Average of Future and Historical Growth Col 5-6
		Ten-year historical average annual changes						
7	1. American States	8.60%	4.80%	5.36%	1.79%	5.14%	5.38%	5.26%
8	2. Aqua America	7.94%	8.19%	6.34%	7.67%	7.53%	9.02%	8.28%
9	3. California Water	7.79%	3.91%	4.09%	0.80%	4.15%	5.88%	5.01%
10	4. Connecticut Water	4.73%	3.77%	2.08%	1.31%	2.97%	7.25%	5.11%
11	5. Middlesex	4.64%	3.81%	1.24%	1.71%	2.85%	7.25%	5.05%
12	6. SJW Corp.	3.01%	5.25%	1.44%	5.53%	3.81%	7.25%	5.53%
15	GROUP AVERAGE	6.12%	4.96%	3.42%	3.13%	4.41%	7.01%	5.71%
16	GROUP MEDIAN	6.26%	4.36%	3.08%	1.75%	3.98%	7.25%	5.18%

[1] Average of changes in annual stock prices ending on April 23, 2009. Data from Yahoo Finance website.
[2] Data derived from Value Line Investment Survey and/or 10K Reports for period 2000 to 2009.
[3] See Rejoinder Schedule D-4.6.

Bella Vista Water Company (Stand-Alone)
Analysts Forecasts of Earnings Per Share Growth

Exhibit
Rejoinder Schedule D-4.6

Line No.		[1]	[2]	[3]	[4]	[5]
		ESTIMATES OF EARNINGS GROWTH				Average Growth (G)
	Company	Zacks[1]	Reuters[1]	Yahoo[1]	Value Line[1]	(Cols 1-4)[2]
1	1. American States	4.00%	4.00%	7.00%	6.50%	5.38%
2	2. Aqua America	8.00%	8.25%	8.33%	11.50%	9.02%
3	3. California Water	7.00%	4.00%	6.00%	6.50%	5.88%
4	4. Connecticut Water			15.00%		7.25%
5	5. Middlesex			8.00%		7.25%
6	6. SJW Corp.			10.00%		7.25%
7						
8	GROUP AVERAGE	6.33%	5.42%	9.06%	8.17%	7.01%
9	GROUP MEDIAN					7.25%

[1] Data as of April 23, 2010

[2] Where no data available or single estimate, average of other utilities assumed to estimate for utility.

Bella Vista Water Company (Stand-Alone)
Current Dividend Yields for Water Utility Sample Group

Exhibit
Rejoinder Schedule D-4.7

Line No.	Company	Curent Stock Price (P_0)[1]	Current Dividend (D_0)[1]	Current Dividend Yield (D_0/P_0)[1]	Average Annual Dividend Yield (D_0/P_0)[1,2]
1					
2					
3					
4					
5					
6	1. American States	$ 38.09	$ 1.04	2.73%	2.86%
7	2. Aqua America	$ 18.47	$ 0.60	3.25%	2.80%
8	3. California Water	$ 38.90	$ 1.19	3.06%	3.12%
9	4. Connecticut Water	$ 23.95	$ 0.91	3.81%	3.58%
10	5. Middlesex	$ 18.12	$ 0.72	3.98%	3.99%
11	6. SJW Corp.	$ 27.28	$ 0.70	2.55%	2.27%
12					
13	Average			3.23%	3.10%
14	Median			3.15%	2.99%
15					
16	[1] Value Line Analyzer Data. Stock prices as of April 23, 2010.				
17	[2] Average Annual Dividend is dividends declared per share for a year divided by the average annual price of the stock in the same year,				
18	expressed as a percentage. For comparison purposes only.				
19					
20					
21					
22					
23					
24					
25					

Bella Vista Water Company (Stand-Alone)
Discounted Cash Flow Analysis
DCF Constant Growth

Exhibit
Rejoinder Schedule D-4.8

Line No.		[1] Average Spot Dividend Yield (D_0/P_0)[1]	[2] Expected Dividend Yield (D_1/P_0)[2]	[3] Growth (g)	[4] Indicated Cost of Equity k=Div Yld + g (Cols 2+3)
8	DCF - Past and Future Growth	3.23%	3.41%	5.68% [3]	9.1%
10	DCF - Future Growth	3.23%	3.46%	7.01% [4]	10.5%
13		3.23%	3.43%	6.34%	9.8%

[1] Spot Dividend Yield = D_0/P_0. See Rejoinder Schedule D-4.7.
[2] Expected Dividend Yield = $D_1/P_0 = D_0/P_0 * (1+g)$.
[3] Growth rate (g). Average of Past and Future Growth. See Rejoinder Schedule D-4.4, column 7
4 Growth rate (g). Average of Analyst Estimates Future Growth. See Rejoinder Schedule D-4.6.

Bella Vista Water Company (Stand-Alone)
Market Betas

Exhibit
Rejoinder Schedule D-4.9

Line No.		Company	Beta (β)[1]
1		Company	Beta (β)[1]
2	1.	American States	0.80
3	2.	Aqua America	0.65
4	3.	California Water	0.75
5	4.	Connecticut Water	0.80
6	5.	Middlesex	0.75
7	6.	SJW Corp.	0.95
8			
9		Average	**0.78**
10			
11			
12			

13 [1] Value Line Investment Analyzer data (April 23, 2010)

14 Note: Beta is a relative measure of the historical sensitivity of a stock's price to overall fluctuations
15 in the New York Stock Exchange Composite Index. A Beta of 1.50 indicates a stock tends to rise
16 (or fall) 50% more than the New York Stock Exchange Composite Index. The "Beta coefficient" is
17 derived from a regression analysis of the relationship between weekly percent-age changes in the
18 price of a stock and weekly percentage changes in the NYSE Index over a period of five years. In
19 the case of shorter price histories, a smaller time period is used, but two years is the minimum.
20 The Betas are adjusted for their long-term tendency to converge toward 1.00.

Bella Vista Water Company (Stand-Alone)
Forecasts of Long-Term Interest Rates
2011-2012

Exhibit
Rejoinder Schedule D-4.10

Line No.	Description	2011	2012	Average
1				
2				
3				
4	Description	2011	2012	Average
5				
6	Blue Chip Consensus Forecasts[1]	5.1%	5.5%	5.3%
7				
8	Value Line[2]	4.9%	5.3%	5.1%
9				
10	Average			5.2%
11				
12				
13				
14				
15	[1] December 2009 Blue Chip Financial Forecasts consensus forecast of 30 Year U.S.Treasury			
16	[2] Value Line Quarterly forecast, dated February 26, 2010, Long-term Treasury			
17				
18				
19				
20				
21				
22				
23				
24				

Bella Vista Water Company (Stand-Alone)
Computation of Current Market Risk Premium

Exhibit
Rejoinder Schedule D-4.11

Line No.	Month	Dividend Yield (D_0/P_0)[1]	Expected Dividend Yield (D_1/P_0)[2]	+	Growth (g)[3]	=	Expected Market Return (k)	-	Monthly Average 30 Year Treasury Rate[4]	=	Market Risk Premium (MRP)
4	Jan 2009	4.86%	6.32%	+	30.02%	=	36.34%	-	3.13%	=	33.21%
5	Feb	5.50%	7.43%	+	35.13%	=	42.56%	-	3.59%	=	38.97%
6	Mar	4.21%	5.36%	+	27.33%	=	32.69%	-	3.64%	=	29.05%
7	April	3.66%	4.47%	+	22.05%	=	26.52%	-	3.76%	=	22.76%
8	May	3.46%	4.14%	+	19.67%	=	23.81%	-	4.23%	=	19.58%
9	Jun	3.25%	3.87%	+	19.16%	=	23.03%	-	4.52%	=	18.51%
10	Jul	2.90%	3.37%	+	16.31%	=	19.68%	-	4.41%	=	15.27%
11	Aug	2.82%	3.22%	+	14.21%	=	17.43%	-	4.37%	=	13.06%
12	Sept	2.80%	3.20%	+	14.32%	=	17.52%	-	4.19%	=	13.33%
13	Oct	2.75%	3.15%	+	14.49%	=	17.64%	-	4.19%	=	13.45%
14	Nov	2.68%	3.05%	+	13.88%	=	16.93%	-	4.31%	=	12.62%
15	Dec 2009	2.56%	2.88%	+	12.58%	=	15.46%	-	4.35%	=	11.11%
16	Jan 2010	2.64%	3.00%	+	13.71%	=	16.71%	-	4.48%	=	12.23%
17	Feb	2.59%	2.97%	+	14.65%	=	17.62%	-	4.48%	=	13.14%
18	Mar	2.44%	2.75%	+	12.69%	=	15.44%	-	4.48%	=	10.96%
19	April	2.36%	2.63%	+	11.61%	=	14.24%	-	4.69%	=	9.55%
20											
21											
22	Recommended	2.46%	2.78%	+	12.98%	=	15.77%	-	4.55%	=	11.22%
23											
24	Short-term Trends										
25	Recent Twelve Months Avg	2.77%	3.19%	+	14.77%	=	17.96%	-	4.39%	=	13.57%
26	Recent Nine Months Avg	2.63%	2.98%	+	13.57%	=	16.56%	-	4.39%	=	12.16%
27	Recent Six Months Avg	2.55%	2.88%	+	13.19%	=	16.07%	-	4.47%	=	11.60%
28	Recent Three Months Avg	2.46%	2.78%	+	12.98%	=	15.77%	-	4.55%	=	11.22%

29
30
31 [1] Average Current Dividend Yield (D_0/P_0) of dividend paying stocks. Data from Value Line Investment Analyzer Software Data - Value Line 1700 Stocks
32 [2] Expected Dividend Yield (D_1/P_0) equals average current dividend yield (D0/P0) times one plus growth rate(g).
33 [3] Average 3-5 year price appreciation (annualized). Data from Value Line Investment Analyzer Software Data - Value Line 1700 Stocks
34 [4] Montly average 30 year U.S. Treasury. Federal Reserve.
35

Bella Vista Water Company (Stand-Alone)
Capital Asset Pricing Model (CAPM)

Exhibit
Rejoinder Schedule D-4.12

Line No.		Rf[1]	+	beta[3]	x	Rp		=	k
1									
2									
3	Historical Market Risk Premium CAPM	5.2%	+	0.78	x	6.7%	[4]	=	10.4%
4									
5	Current Market Risk Premium CAPM	5.2%	+	0.78	x	11.2%	[5]	=	13.9%
6									
7	Average								12.2%
8									
9									
10									
11									
12	[1] Forecasts of long-term treasury yields. See Rejoinder Schedule D-4.10.								
13	[2] Value Line Investment Analyzer data. See Rejoinder Schedule D-4.9.								
14	[3] Historical Market Risk Premium from (Rp) MorningStar SBBI 2010 Valuation Yearbook Table A-1 Long-Horizon ERP 1926-2009								
15	[4] *Computed using* DCF constant growth method to determine current market return onValue Line 1700 stocks								
16	and CAPM with beta of 1.0 to compute Current Market Risk Premium (Rp). See Rejoinder Schedule D-4.11.								
17									
18									
19									
20									

Bella Vista Water Company (Stand-Alone)
Financial Risk Computation

Exhibit
Rejoinder Schedule D-4.13

Line No.											
1	**CAPM**										
2		**Rf**		+	β		x	**(Rp)**			**k**
3	Historical Market Risk Premium	5.2%	1	+	0.78	2	x	6.7%	3	=	10.4%
4	Current Market Risk Premium	5.2%	1	+	0.78	2	x	11.2%	4	=	13.9%
5											
6	Average										12.2%
7											
8											
9	**CAPM Relevered Beta**										
10		**Rf**		+	β		x	**(Rp)**			**k**
11	Historical Market Risk Premium	5.2%	1	+	0.72	5	x	6.7%	3	=	10.0%
12	Current Market Risk Premium	5.2%	1	+	0.72	5	x	11.2%	4	=	13.3%
13											
14	Average										11.7%
15											
16	Financial Risk Adjustment										**-0.5%**
17											
18											

19 [1] Forecast of long-term treasury yields. See Rejoinder Schedule D-4.10
20 [2] Value Line Investment Analyzer data. See Rejoinder Schedule D-4.9
21 [3] Historical Market Risk Premium from (Rp) MorningStar SBBI 2010 Valuation Yearbook Table A-1 Long-Horizon ERP 1926-2009
22 [4] Computed using DCF constant growth method to determine current market return on Value Line 1700 stocks
23 and CAPM with beta of 1.0 to compute Current Market Risk Premium (Rp). See Rejoinder Schedule D-4.11
24 [5] Relevered bata found on Rejoinder Schedule D-4.15
25

Bella Vista Water Company (Stand-Alone)
Financial Risk Computation
Unlevered Beta

Exhibit
Rejoinder Schedule D-4.14

Line No.		Company	VL Beta β_L [1]	Raw Beta Raw β_L [2]	Tax Rate t[3]	MV Debt D[4]	MV Equity E[4]	Unlevered Raw Beta β_U [5]
5	1.	American States	0.80	0.70	37.8%	31.7%	68.3%	0.54
6	2.	Aqua America	0.65	0.48	39.4%	35.7%	64.3%	0.36
7	3.	California Water	0.75	0.63	38.0%	31.7%	68.3%	0.49
8	4.	Connecticut Water	0.80	0.70	19.5%	35.5%	64.5%	0.49
9	5.	Middlesex	0.75	0.63	34.1%	34.0%	66.0%	0.47
10	6.	SJW Corp.	0.95	0.93	40.4%	33.2%	66.8%	0.72
13		Sample Water Utilities	0.78	0.68	34.8%	33.6%	66.4%	0.51

[1] Value Line Investment Analyzer data. See Rejoinder Scheule D-4.13
Value Line uses the historical data of the stock, but assumes that a security's beta moves toward the market average over time. The formula is as follows:
Adjusted beta = .33 + (.67) * Raw beta
[2] Raw Beta = (VL beta - .33)/(.67)
[3] Effective tax rates for year ended December 31, 2009.
[4] See Rejoinder Schedule D-4.3
[5] Raw B_u = Raw B_L / (1+ (1-t)*D/E)

Bella Vista Water Company (Stand-Alone)
Financial Risk Computation
Relevered Beta

Exhibit
Rejoinder Schedule D-4.15

Line No.		Unlevered Raw Beta β_U[1]	MV Book Debt BD[2]	MV Equity Capital EC[2]	Tax Rate t[3]	Relevered Raw Beta $\beta_{RL}=\beta_U(1+(1-t)BD/EC))$ β_{RL}	VL Adjusted Relevered Beta .33 + .67(Raw Beta) β_{RL}
5	Bella Vista Water Company (Stai	0.51	19.0%	81.0%	38.60%	0.58	0.72

[1] Unlevered Beta from Table 18.

[2] Capital Structure of Company (Projected)

	BV (in Thousands)			MV (in Thousands)	%
Long-term Debt	$ 1,697.32	1.00		$ 1,697	19.00%
Preferred Stock	-	1.00		-	0.0%
Common Stock	3,681.37	1.97	(a)	7,238	81.0%
Total Capital	$ 5,378.69			$ 8,935	100.0%

(a) *Current* market-to-book ratio of sample water utilities. See work papers.

[3] Current Tax rate based on test year ending 3/31/2009. See Rejoinder Schedule D-1.

Bella Vista Water Company (Stand-Alone)
Size Premium[1]

Exhibit
Rejoinder Schedule D-4.16

Line No.		Beta(β)	Size Premium	Risk Premium for Small Water Utilities[7]
6	Mid-Cap Companies[2]	1.13	1.00%	
8	Low-Cap Companies[3]	1.26	1.64%	
10	Micro-Cap Companies[4]	1.51	3.00%	
12	Decile 10[5]	1.64	4.74%	2.46%

		Risk Premium for Small Water Utilities
20	Estimated Risk Premium for small water utilities[6]	0.99%

[1] Data from Table 7-11 of Morningstar, *Ibbotson SBBI 2010 Valuation Yearbook.*
[2] Mid-Cap companies includes companies with market capitalization between $1,602 million and $5,936 million.
[3] Low-Cap companies includes companies with market capitalization between $432 million and $1,600 million.
[4] Micro-Cap companies includes companies with market capitalization less than $431 million.
[5] Decile 10 includes companies with market capitalization between $1.0 million and $214 million.
[6] From Table 2, Thomas M. Zepp, "Utility Stocks and the Size Effect Revisited," *The Quarterly Review of Economics and Finance*, 43 (2003), 578-582.
[7] Computed as the weighted differences between the Decile 10 risk premium and the inidicated risk premiums for the sample water utlities as shown below. Excludes risk due to differences in beta.

		Market Cap. (Millions)	Class	Size Premium	Difference to Decile 10	Weight	Weighted Size Premium
1.	American States	$ 659	Low-Cap	1.64%	3.10%	0.1666667	0.52%
2.	Aqua America	$ 2,501	Mid-Cap	1.00%	3.74%	0.1666667	0.62%
3.	California Water	$ 805	Low-Cap	1.64%	3.10%	0.1666667	0.52%
4.	Connecticut Water	$ 204	Decile 10	4.74%	0.00%	0.1666667	0.00%
5.	Middlesex	$ 243	Micro-Cap	3.00%	1.74%	0.1666667	0.29%
6.	SJW Corp.	$ 496	Low-Cap	1.64%	3.10%	0.1666667	0.52%
	Weighted Size Premium for Small Companies						2.46%

Bella Vista Water Co., Inc.
Northern Sunrise Water Company Inc.
Southern Sunrise Water Company Inc.

W-02465A-09-0411, W-20453A-09-0412, W-20454A-09-0413,
W-02465A-09-0414, W-20453A-09-0414 and W-20454A-09-0414

Thomas J. Bourassa
Rejoinder Testimony
(Cost of Capital)
July 7, 2010

Northern Sunrise Water Company Stand-Alone Schedules

2232477.1

Northern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Summary of Cost of Capital

Exhibit
Rejoinder Schedule D-1
Page 1
Witness: Bourassa

Line No.	Item of Capital	End of Test Year Dollar Amount	End of Test Year Percent of Total	End of Test Year (e) Cost Rate	End of Test Year Weighted Cost	End of Projected Year Dollar Amount	End of Projected Year Percent of Total	End of Projected Year (e) Cost Rate	End of Projected Year Weighted Cost
1	Long-Term Debt	-	0.00%	0.00%	0.00%	$ -	0.00%	0.00%	0.00%
2									
3	Stockholder's Equity[1]	466,936	100.00%	11.10%	11.10%	540,236	100.00%	11.10%	11.10%
4									
5	Totals	$ 466,936	100.00%		11.10%	$ 540,236	100.00%		11.10%
6									
7									
8	[1] Rebuttal Adjustments to equity								
9	Acumm. depreciation adjustment		$ (4,879)						
10	CIAC adjustment		$ 2						
11	Deferred Income Tax Adjustment		$ (57,847)						
12									
13									
14									
15									
16	SUPPORTING SCHEDULES:								RECAP SCHEDULES:
17	Rejoinder D-1								
18	Rejoinder D-2								
19	Rejoinder D-3								
20	Rejoinder D-4								
21									
22									
23									
24									
25									
26									
27									
28									
29									
30									
31									
32									
33									

Northern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Cost of Long Term Debt

Exhibit
Rejoinder Schedule D-2
Page 1
Witness: Bourassa

Line No.	Description of Debt	End of Test Year Amount Outstanding[1]	End of Test Year Annual Interest	End of Test Year Interest Rate	End of Test Year Weighted Cost	End of Projected Year Amount Outstanding	End of Projected Year Annual Interest	End of Projected Year Interest Rate	End of Projected Year Weighted Cost
1			-	6.10%	0.00%	-	-	6.10%	0.00%
2			-	6.26%	0.00%	-	-	6.26%	0.00%
3			-	8.56%	0.00%	-	-	8.56%	0.00%
4			-	7.30%	0.00%	-	-	7.30%	0.00%
5			-	6.91%	0.00%	-	-	6.91%	0.00%
6			-	7.16%	0.00%	-	-	7.16%	0.00%
7			-	0.00%	0.00%	-	-	0.00%	0.00%
8			-	0.00%	0.00%	-	-	0.00%	0.00%
9			-	0.00%	0.00%	-	-	0.00%	0.00%
10			-	0.00%	0.00%	-	-	0.00%	0.00%
11			-	0.00%	0.00%	-	-	0.00%	0.00%
12									
13	Totals	$ -	$ -		0.00%	$ -	-		0.00%
14									
15	SUPPORTING SCHEDULES:					RECAP SCHEDULES:			
16	Rejoinder D-2					Rejoinder D-1			
17									
18									
19									
20									

Northern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Cost of Preferred Stock

Exhibit
Rejoinder Schedule D-3
Page 1
Witness: Bourassa

Line No.	Description of Issue	End of Test Year Shares Outstanding	End of Test Year Amount	End of Test Year Dividend Requirement	End of Projected Year Shares Outstanding	End of Projected Year Amount	End of Projected Year Dividend Requirement
1							
2							
3	NOT APPLICABLE, NO PREFERRED STOCK ISSUED OR OUTSTANDING						
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17	SUPPORTING SCHEDULES:			RECAP SCHEDULES:			
18				Rejoinder D-1			
19							
20							

Northern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Cost of Common Equity

Exhibit
Rejoinder Schedule D-4
Page 1
Witness: Bourassa

Line No.	
1	
2	The Company is proposing a cost of common equity of 11.10% .
3	
4	
5	
6	
7	
8	
9	
10	
11	
12	
13	
14	
15	
16	
17	SUPPORTING SCHEDULES: RECAP SCHEDULES:
18	Rejoinder D-4.1 to D-4.16 Rejoinder D-1
19	
20	

Northern Sunrise Water Company (Stand-Alone)
Summary of Results

Exhibit
Rejoinder Schedule D-4.1

Line No.	Method	Low	High	Midpoint
6	Range DCF Constant Growth Estimates[1]	9.1%	10.5%	9.8%
8	Range of CAPM Estimates[2]	10.4%	13.9%	12.2%
11	Average of DCF and CAPM midpoint estimates	9.8%	12.2%	11.0%
14	Financial Risk Adjustment[3]	-1.0%	-1.0%	-1.0%
16	Specific Company Risk Premium[4]	1.1%	1.1%	1.1%
18	Indicated Cost of Equity	9.9%	12.3%	11.1%
22	Recommended Cost of Equity			11.1%

[1] See Rejoinder Schedule D-4-8
[2] See Rejoinder Schedule D-4.12
[3] See Rejoinder Schedule D-4.16
[4] See testimony.

Northern Sunrise Water Company (Stand-Alone)
Selected Characteristics of Sample Group of Water Utilities

Exhibit
Rejoinder Schedule D-4.2

Line No.	Company[1]	% Water Revenues	Operating Revenues (millions)	Net Plant (millions)	S&P Bond Rating	Moody's Bond Rating
1						
2						
3						
4	1. American States	76%	$ 361.0	$ 962.1	A	A2
5	2. Aqua America	90%	$ 670.5	$ 2,790.5	AA-	NR
6	3. California Water	99%	$ 449.4	$ 1,079.9	AA-	NR
7	4. Connecticut Water	90%	$ 67.5	$ 273.1	A	NR
8	5. Middlesex	89%	$ 91.2	$ 329.7	A	NR
9	6. SJW Corp.	96%	$ 216.1	$ 523.7	NR	NR
10						
11	Average	90%	$ 309.3	$ 993.2		
12						
13	Northern Sunrise Water Company	100%	$ 0.2	$ 0.7	NR	NR
14	(as of December 31, 2008)					
15						
16						
17						
18						
19						
20						
21	[1]AUS Utility Reports (May 2010).					
22						
23						
24						
25						

Northern Sunrise Water Company (Stand-Alone)
Capital Structures

Exhibit
Rejoinder Schedule D-4.3

No.	Company	Book Value[1] Long-Term Debt	Book Value[1] Common Equity	Market Value[1] Long-Term Debt	Market Value[1] Common Equity
1	American States	47.7%	52.3%	31.7%	68.3%
2	Aqua America	55.7%	44.3%	35.7%	64.3%
3	California Water	47.2%	52.8%	31.7%	68.3%
4	Connecticut Water	51.0%	49.0%	35.5%	64.5%
5	Middlesex	47.4%	52.6%	34.0%	66.0%
6	SJW Corp.	49.8%	50.2%	33.2%	66.8%
	Average	49.8%	50.2%	33.6%	66.4%
	Northern Sunrise Water Company (Stan[2] (Adjusted as of December 31, 2008)	0.0%	100.0%	N/A	N/A

[1] Value Line Analyzer Data (April 23, 2010)
[2] Adjusted Per Rejoinder Schedule D-1

Northern Sunrise Water Company (Stand-Alone)
Comparisons of Past and Future Estimates of Growth

Exhibit
Rejoinder Schedule D-4.4

Line No.	Company	[1] Price[1]	[2] Book Value[2]	[3] EPS[2]	[4] DPS[2]	[5] Average Col 1-4	[6] Average Future Growth[3]	[7] Average of Future and Historical Growth Col 5-6
		Five-year historical average annual changes						
1	1. American States	8.76%	4.98%	9.69%	2.88%	6.58%	5.38%	5.98%
2	2. Aqua America	NMF	6.20%	3.85%	8.81%	6.29%	9.02%	7.65%
3	3. California Water	4.93%	4.92%	6.62%	0.88%	4.34%	5.88%	5.11%
4	4. Connecticut Water	3.15%	2.88%	1.72%	1.39%	2.29%	7.25%	4.77%
5	5. Middlesex	2.61%	4.00%	0.41%	1.49%	2.13%	7.25%	4.69%
6	6. SJW Corp.	6.79%	5.68%	0.25%	5.53%	4.56%	7.25%	5.91%
7	GROUP AVERAGE	5.25%	4.78%	3.76%	3.50%	4.36%	7.01%	5.68%
8	GROUP MEDIAN	4.93%	4.95%	2.79%	2.18%	4.45%	7.25%	5.51%

[1] Average of changes in annual stock prices ending on April 23, 2010. Data from Yahoo Finance website.
[2] Data derived from Value Line Investment Survey and/or 10K Reports for period 2005 to 2010.
[3] See Rejoinder Schedule D-4.6.

Northern Sunrise Water Company (Stand-Alone)
Comparisons of Past and Future Estimates of Growth

Exhibit
Rejoinder Schedule D-4.5

Line No.		[1]	[2]	[3]	[4]	[5]	[6]	[7]
1								
2								Average of
3								Future and
4			**Ten-year historical average annual changes**				Average	Historical
5			Book			Average	Future	Growth
6	Company	Price[1]	Value[2]	EPS[2]	DPS[2]	Col 1-4	Growth[3]	Col 5-6
7	1. American States	8.60%	4.80%	5.36%	1.79%	5.14%	5.38%	5.26%
8	2. Aqua America	7.94%	8.19%	6.34%	7.67%	7.53%	9.02%	8.28%
9	3. California Water	7.79%	3.91%	4.09%	0.80%	4.15%	5.88%	5.01%
10	4. Connecticut Water	4.73%	3.77%	2.08%	1.31%	2.97%	7.25%	5.11%
11	5. Middlesex	4.64%	3.81%	1.24%	1.71%	2.85%	7.25%	5.05%
12	6. SJW Corp.	3.01%	5.25%	1.44%	5.53%	3.81%	7.25%	5.53%
13								
14								
15	GROUP AVERAGE	6.12%	4.96%	3.42%	3.13%	4.41%	7.01%	5.71%
16	GROUP MEDIAN	6.26%	4.36%	3.08%	1.75%	3.98%	7.25%	5.18%
17								
18								
19								
20	[1] Average of changes in annual stock prices ending on April 23, 2010. Data from Yahoo Finance website.							
21	[2] Data derived from Value Line Investment Survey and/or 10K Reports for period 2000 to 2009.							
22	[3] See Rejoinder Schedule D-4.6.							
23								
24								
25								
26								
27								
28								

Northern Sunrise Water Company (Stand-Alone)
Analysts Forecasts of Earnings Per Share Growth

Exhibit
Rejoinder Schedule D-4.6

Line No.		[1]	[2]	[3]	[4]	[5]
		ESTIMATES OF EARNINGS GROWTH				Average Growth (G)
	Company	Zacks[1]	Reuters[1]	Yahoo[1]	Value Line[1]	(Cols 1-4)[2]
1	1. American States	4.00%	4.00%	7.00%	6.50%	5.38%
2	2. Aqua America	8.00%	8.25%	8.33%	11.50%	9.02%
3	3. California Water	7.00%	4.00%	6.00%	6.50%	5.88%
4	4. Connecticut Water			15.00%		7.25%
5	5. Middlesex			8.00%		7.25%
6	6. SJW Corp.			10.00%		7.25%
7	GROUP AVERAGE	6.33%	5.42%	9.06%	8.17%	7.01%
8	GROUP MEDIAN					7.25%

[1] Data as of April 23, 2010

[2] Where no data available or single estimate, average of other utilities assumed to estimate for utility.

Northern Sunrise Water Company (Stand-Alone)
Current Dividend Yields for Water Utility Sample Group

Exhibit
Rejoinder Schedule D-4.7

Line No.	Company	Curent Stock Price (P_0)[1]	Current Dividend (D_0)[1]	Current Dividend Yield (D_0/P_0)[1]	Average Annual Dividend Yield (D_0/P_0)[1,2]
1					
2					
3					
4					
5					
6	1. American States	$ 38.09	$ 1.04	2.73%	2.86%
7	2. Aqua America	$ 18.47	$ 0.60	3.25%	2.80%
8	3. California Water	$ 38.90	$ 1.19	3.06%	3.12%
9	4. Connecticut Water	$ 23.95	$ 0.91	3.81%	3.58%
10	5. Middlesex	$ 18.12	$ 0.72	3.98%	3.99%
11	6. SJW Corp.	$ 27.28	$ 0.70	2.55%	2.27%
12					
13	Average			3.23%	3.10%
14	Median			3.15%	2.99%
15					
16	[1] Value Line Analyzer Data. Stock prices as of April 23, 2010.				
17	[2] Average Annual Dividend is dividends declared per share for a year divided by the average annual price of the stock in the same year,				
18	expressed as a percentage. For comparison purposes only.				
19					
20					
21					
22					
23					
24					
25					

Northern Sunrise Water Company (Stand-Alone)
Discounted Cash Flow Analysis
DCF Constant Growth

Exhibit
Rejoinder Schedule D-4.8

Line No.		[1] Average Spot Dividend Yield (D_0/P_0)[1]	[2] Expected Dividend Yield (D_1/P_0)[2]	[3] Growth (g)	[4] Indicated Cost of Equity k=Div Yld + g (Cols 2+3)
8	DCF - Past and Future Growth	3.23%	3.41%	5.68% [3]	9.1%
10	DCF - Future Growth	3.23%	3.46%	7.01% [4]	10.5%
13		3.23%	3.43%	6.34%	9.8%

[1] Spot Dividend Yield = D_0/P_0. *See Rejoinder Schedule D-4.7.*
[2] Expected Dividend Yield = $D_1/P_0 = D_0/P_0 * (1+g)$.
[3] Growth rate (g). Average of Past and Future Growth. See Rejoinder Schedule D-4.4, column 7
4 Growth rate (g). Average of Analyst Estimates Future Growth. See Rejoinder Schedule D-4.6.

Northern Sunrise Water Company (Stand-Alone)
Market Betas

Exhibit
Rejoinder Schedule D-4.9

Line No.	Company	Beta (β)[1]
1		
2	1. American States	0.80
3	2. Aqua America	0.65
4	3. California Water	0.75
5	4. Connecticut Water	0.80
6	5. Middlesex	0.75
7	6. SJW Corp.	0.95
8		
9	Average	**0.78**
10		
11		
12		
13	[1] Value Line Investment Analyzer data (April 23, 2010)	
14	Note: Beta is a relative measure of the historical sensitivity of a stock's price to overall fluctuations	
15	in the New York Stock Exchange Composite Index. A Beta of 1.50 indicates a stock tends to rise	
16	(or fall) 50% more than the New York Stock Exchange Composite Index. The "Beta coefficient" is	
17	derived from a regression analysis of the relationship between weekly percent-age changes in the	
18	price of a stock and weekly percentage changes in the NYSE Index over a period of five years. In	
19	the case of shorter price histories, a smaller time period is used, but two years is the minimum.	
20	The Betas are adjusted for their long-term tendency to converge toward 1.00.	

Northern Sunrise Water Company (Stand-Alone)
Forecasts of Long-Term Interest Rates
2011-2012

Exhibit
Rejoinder Schedule D-4.10

Line No.	Description	2011	2012	Average
1				
2				
3				
4	Description	2011	2012	Average
5				
6	Blue Chip Consensus Forecasts[1]	5.1%	5.5%	5.3%
7				
8	Value Line[2]	4.9%	5.3%	5.1%
9				
10	Average			5.2%
11				
12				
13				
14				
15	[1] December 2009 Blue Chip Financial Forecasts consensus forecast of 30 Year U.S.Treasury			
16	[2] Value Line Quarterly forecast, dated February 26, 2010, Long-term Treasury			
17				
18				
19				
20				
21				
22				
23				
24				

Northern Sunrise Water Company (Stand-Alone)
Computation of Current Market Risk Premium

Exhibit
Rejoinder Schedule D-4.11

Line No.	Month	Dividend Yield (D_0/P_0)[1]	Expected Dividend Yield (D_1/P_0)[2]	+	Growth (g)[3]	=	Expected Market Return (k)	-	Monthly Average 30 Year Treasury Rate[4]	=	Market Risk Premium (MRP)
4	Jan 2009	4.86%	6.32%	+	30.02%	=	36.34%	-	3.13%	=	33.21%
5	Feb	5.50%	7.43%	+	35.13%	=	42.56%	-	3.59%	=	38.97%
6	Mar	4.21%	5.36%	+	27.33%	=	32.69%	-	3.64%	=	29.05%
7	April	3.66%	4.47%	+	22.05%	=	26.52%	-	3.76%	=	22.76%
8	May	3.46%	4.14%	+	19.67%	=	23.81%	-	4.23%	=	19.58%
9	Jun	3.25%	3.87%	+	19.16%	=	23.03%	-	4.52%	=	18.51%
10	Jul	2.90%	3.37%	+	16.31%	=	19.68%	-	4.41%	=	15.27%
11	Aug	2.82%	3.22%	+	14.21%	=	17.43%	-	4.37%	=	13.06%
12	Sept	2.80%	3.20%	+	14.32%	=	17.52%	-	4.19%	=	13.33%
13	Oct	2.75%	3.15%	+	14.49%	=	17.64%	-	4.19%	=	13.45%
14	Nov	2.68%	3.05%	+	13.88%	=	16.93%	-	4.31%	=	12.62%
15	Dec 2009	2.56%	2.88%	+	12.58%	=	15.46%	-	4.35%	=	11.11%
16	Jan 2010	2.64%	3.00%	+	13.71%	=	16.71%	-	4.48%	=	12.23%
17	Feb	2.59%	2.97%	+	14.65%	=	17.62%	-	4.48%	=	13.14%
18	Mar	2.44%	2.75%	+	12.69%	=	15.44%	-	4.48%	=	10.96%
19	April	2.36%	2.63%	+	11.61%	=	14.24%	-	4.69%	=	9.55%
20											
21											
22	Recommended	2.46%	2.78%	+	12.98%	=	15.77%	-	4.55%	=	11.22%
23											
24	Short-term Trends										
25	Recent Twelve Months Avg	2.77%	3.19%	+	14.77%	=	17.96%	-	4.39%	=	13.57%
26	Recent Nine Months Avg	2.63%	2.98%	+	13.57%	=	16.56%	-	4.39%	=	12.16%
27	Recent Six Months Avg	2.55%	2.88%	+	13.19%	=	16.07%	-	4.47%	=	11.60%
28	Recent Three Months Avg	2.46%	2.78%	+	12.98%	=	15.77%	-	4.55%	=	11.22%
29											
30											

31 [1] Average Current Dividend Yield (D_0/P_0) of dividend paying stocks. Data from Value Line Investment Analyzer Software Data - Value Line 1700 Stocks

32 [2] Expected Dividend Yield (D_1/P_0) equals average current dividend yield (D0/P0) times one plus growth rate(g).

33 [3] Average 3-5 year price appreciation (annualized). Data from Value Line Investment Analyzer Software Data - Value Line 1700 Stocks

34 [4] Montly average 30 year U.S. Treasury. Federal Reserve.

35

Northern Sunrise Water Company (Stand-Alone)
Capital Asset Pricing Model (CAPM)

Exhibit
Rejoinder Schedule D-4.12

Line No.		Rf[1]	+	beta[3]	x	Rp		=	k
1									
2									
3	Historical Market Risk Premium CAPM	5.2%	+	0.78	x	6.7%	[4]	=	10.4%
4									
5	Current Market Risk Premium CAPM	5.2%	+	0.78	x	11.2%	[5]	=	13.9%
6									
7	Average								12.2%
8									
9									
10									
11									

12 [1] Forecasts of long-term treasury yields. See Rejoinder Schedule D-4.10.
13 [2] Value Line Investment Analyzer data. See Rejoinder Schedule D-4.9.
14 [3] Historical Market Risk Premium from (Rp) MorningStar SBBI 2010 Valuation Yearbook Table A-1 Long-Horizon ERP 1926-2009
15 [4] Computed using DCF constant growth method to determine current market return onValue Line 1700 stocks
16 and CAPM with beta of 1.0 to compute Current Market Risk Premium (Rp). See Rejoinder Schedule D-4.11.
17
18
19
20

Northern Sunrise Water Company (Stand-Alone)
Financial Risk Computation

Exhibit
Rejoinder Schedule D-4.13

Line No.											
1	**CAPM**										
2		**Rf**		+	**β**		x	**(Rp)**			**k**
3	Historical Market Risk Premium	5.2%	1	+	0.78	2	x	6.7%	3	=	10.4%
4	Current Market Risk Premium	5.2%	1	+	0.78	2	x	11.2%	4	=	13.9%
5											
6	Average										12.2%
7											
8											
9	**CAPM Relevered Beta**										
10		**Rf**		+	**β**		x	**(Rp)**			**k**
11	Historical Market Risk Premium	5.2%	1	+	0.67	5	x	6.7%	3	=	9.7%
12	Current Market Risk Premium	5.2%	1	+	0.67	5	x	11.2%	4	=	12.7%
13											
14	Average										11.2%
15											
16	Financial Risk Adjustment										**-1.0%**
17											
18											
19	[1] Forecast of long-term treasury yields. See Rebuttal Schedule D-4.10										
20	[2] Value Line Investment Analyzer data. See Rebuttal Schedule D-4.9										
21	[3] Historical Market Risk Premium from (Rp) MorningStar SBBI 2010 Valuation Yearbook Table A-1 Long-Horizon ERP 1926-2009										
22	[4] Computed using DCF constant growth method to determine current market return on Value Line 1700 stocks										
23	and CAPM with beta of 1.0 to compute Current Market Risk Premium (Rp). See Rebuttal Schedule D-4.11										
24	[5] Relevered bata found on Rebuttal Schedule D-4.15										
25											

Northern Sunrise Water Company (Stand-Alone)
Financial Risk Computation
Unlevered Beta

Exhibit
Rebuttal Schedule D-4.14

Line No.		Company	VL Beta β_l [1]	Raw Beta Raw β_l [2]	Tax Rate t[3]	MV Debt D[4]	MV Equity E[4]	Unlevered Raw Beta β_U [5]
5	1.	American States	0.80	0.70	37.8%	31.7%	68.3%	0.54
6	2.	Aqua America	0.65	0.48	39.4%	35.7%	64.3%	0.36
7	3.	California Water	0.75	0.63	38.0%	31.7%	68.3%	0.49
8	4.	Connecticut Water	0.80	0.70	19.5%	35.5%	64.5%	0.49
9	5.	Middlesex	0.75	0.63	34.1%	34.0%	66.0%	0.47
10	6.	SJW Corp.	0.95	0.93	40.4%	33.2%	66.8%	0.72
13		Sample Water Utilities	0.78	0.68	34.8%	33.6%	66.4%	0.51

[1] Value Line Investment Analyzer data.
Value Line uses the historical data of the stock, but assumes that a security's beta moves toward the market average over time. The formula is as follows:
Adjusted beta = .33 + (.67) * Raw beta
[2] Raw Beta = (VL beta - .33)/(.67)
[3] Effective tax rates for year ended December 31, 2009.
[4] See Rejoinder Scehdule D-4.3
[5] Raw B_u = Raw B_L / (1+ (1-t)*D/E)

Northern Sunrise Water Company (Stand-Alone)
Financial Risk Computation
Relevered Beta

Exhibit
Rejoinder Schedule D-4.15

Line No.		Unlevered Raw Beta β_U[1]	MV Book Debt BD[2]	MV Equity Capital EC[2]	Tax Rate t[3]	Relevered Raw Beta $\beta_{RL}=\beta_U(1+(1-t)BD/EC)$ β_{RL}	VL Adjusted Relevered Beta .33 + .67(Raw Beta) β_{RL}
1							
2							
3							
4							
5	Northern Sunrise Water Compan	0.51	0.0%	100.0%	26.80%	0.51	0.67
6							
7							
8							
9							
10							
11							
12							

13 [1] Unlevered Beta from Table 18.

14 [2] Capital Structure of Company (Projected)

	BV (in Thousands)		MV (in Thousands)	%
15				
16				
17 Long-term Debt	$ -	1.00	$ -	0.00%
18 Preferred Stock	$ -	1.00	-	0.0%
19 Common Stock	$ 477	1.97 (a)	938	100.0%
20 Total Capital	$ 477		$ 938	100.0%

21

22 (a) Current market-to-book ratio of sample water utilities. See work papers.

23

24 [3] Current Tax rate based on test year ending 2009. See Rejoinder Schedule D-1.

25

26

Northern Sunrise Water Company (Stand-Alone)
Size Premium[1]

Exhibit
Rejoinder Schedule D-4.16

Line No.		Beta(β)	Size Premium	Risk Premium for Small Water Utilities[7]
6	Mid-Cap Companies[2]	1.13	1.00%	
8	Low-Cap Companies[3]	1.26	1.64%	
10	Micro-Cap Companies[4]	1.51	3.00%	
12	Decile 10[5]	1.64	4.74%	2.46%

		Risk Premium for Small Water Utilities
20	Estimated Risk Premium for small water utilities[6]	0.99%

[1] Data from Table 7-11 of Morningstar, *Ibbotson SBBI 2010 Valuation Yearbook.*
[2] Mid-Cap companies includes companies with market capitalization between $1,602 million and $5,936 million.
[3] Low-Cap companies includes companies with market capitalization between $432 million and $1,600 million.
[4] Micro-Cap companies includes companies with market capitalization less than $431 million.
[5] Decile 10 includes companies with market capitalization between $1.0 million and $214 million.
[6] From Table 2, Thomas M. Zepp, "Utility Stocks and the Size Effect Revisited," *The Quarterly Review of Economics and Finance*, 43 (2003), 578-582.
[7] Computed as the weighted differences between the Decile 10 risk premium and the inidicated risk premiums for the sample water utlities as shown below. Excludes risk due to differences in beta.

		Market Cap. (Millions)	Class	Size Premium	Difference to Decile 10	Weight	Weighted Size Premium
1.	American States	$ 659	Low-Cap	1.64%	3.10%	0.1666667	0.52%
2.	Aqua America	$ 2,501	Mid-Cap	1.00%	3.74%	0.1666667	0.62%
3.	California Water	$ 805	Low-Cap	1.64%	3.10%	0.1666667	0.52%
4.	Connecticut Water	$ 204	Decile 10	4.74%	0.00%	0.1666667	0.00%
5.	Middlesex	$ 243	Micro-Cap	3.00%	1.74%	0.1666667	0.29%
6.	SJW Corp.	$ 496	Low-Cap	1.64%	3.10%	0.1666667	0.52%
	Weighted Size Premium for Small Companies						2.46%

Bella Vista Water Co., Inc.
Northern Sunrise Water Company Inc.
Southern Sunrise Water Company Inc.

W-02465A-09-0411, W-20453A-09-0412, W-20454A-09-0413,
W-02465A-09-0414, W-20453A-09-0414 and W-20454A-09-0414

Thomas J. Bourassa
Rejoinder Testimony
(Cost of Capital)
July 7, 2010

Southern Sunrise Water Company Stand-Alone Schedules

2232477.1

Southern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Summary of Cost of Capital

Exhibit
Rejoinder Schedule D-1
Page 1
Witness: Bourassa

Line No.	Item of Capital	End of Test Year Dollar Amount	Percent of Total	(e) Cost Rate	Weighted Cost	End of Projected Year Dollar Amount	Percent of Total	(e) Cost Rate	Weighted Cost
1	Long-Term Debt	-	0.00%	0.00%	0.00%	$ -	0.00%	0.00%	0.00%
2									
3	Stockholder's Equity[1]	1,339,497	100.00%	11.10%	11.10%	1,486,096	100.00%	11.10%	11.10%
4									
5	Totals	$ 1,339,497	100.00%		11.10%	$ 1,486,096	100.00%		11.10%
6									
7									
8	[1] Adjustments to equity								
9	Acumm. depreciation adjustment		$ 24,067						
10	CIAC adjustment		$ 1						
11	Deferred Income Tax Adjustment		$ (93,376)						
12									
13									
14									
15									
16	SUPPORTING SCHEDULES:								RECAP SCHEDULES:
17	Rejoinder D-1								
18	Rejoinder D-2								
19	Rejoinder D-3								
20	Rejoinder D-4								
21									
22									
23									
24									
25									
26									
27									
28									
29									
30									
31									
32									
33									

Southern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Cost of Long Term Debt

Exhibit
Rejoinder Schedule D-2
Page 1
Witness: Bourassa

Line No.	Description of Debt	End of Test Year Amount Outstanding[1]	End of Test Year Annual Interest	End of Test Year Interest Rate	End of Test Year Weighted Cost	End of Projected Year Amount Outstanding	End of Projected Year Annual Interest	End of Projected Year Interest Rate	End of Projected Year Weighted Cost
1			-	6.10%	0.00%	-	-	6.10%	0.00%
2			-	6.26%	0.00%	-	-	6.26%	0.00%
3			-	8.56%	0.00%	-	-	8.56%	0.00%
4			-	7.30%	0.00%	-	-	7.30%	0.00%
5			-	6.91%	0.00%	-	-	6.91%	0.00%
6			-	7.16%	0.00%	-	-	7.16%	0.00%
7			-	0.00%	0.00%	-	-	0.00%	0.00%
8			-	0.00%	0.00%	-	-	0.00%	0.00%
9			-	0.00%	0.00%	-	-	0.00%	0.00%
10			-	0.00%	0.00%	-	-	0.00%	0.00%
11			-	0.00%	0.00%	-	-	0.00%	0.00%
12									
13	Totals	$ -	$ -		0.00%	$ -	-		0.00%
14									
15	SUPPORTING SCHEDULES:					RECAP SCHEDULES:			
16						Rejoinder D-1			
17									
18									
19									
20									

Southern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Cost of Preferred Stock

Exhibit
Rejoinder Schedule D-3
Page 1
Witness: Bourassa

Line No.	Description of Issue	End of Test Year Shares Outstanding	End of Test Year Amount	End of Test Year Dividend Requirement	End of Projected Year Shares Outstanding	End of Projected Year Amount	End of Projected Year Dividend Requirement
1							
2							
3	NOT APPLICABLE, NO PREFERRED STOCK ISSUED OR OUTSTANDING						
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17	SUPPORTING SCHEDULES:			RECAP SCHEDULES:			
18				Rejoinder D-1			
19							
20							

Southern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Cost of Common Equity

Exhibit
Rejoinder Schedule D-4
Page 1
Witness: Bourassa

Line No.	
1	
2	The Company is proposing a cost of common equity of 11.10% .
3	
4	
5	
6	
7	
8	
9	
10	
11	
12	
13	
14	
15	
16	
17	SUPPORTING SCHEDULES: RECAP SCHEDULES:
18	Rejoinder D-4.1 to D-4.16 Rejoinder D-1
19	
20	

Southern Sunrise Water Company (Stand-Alone)
Summary of Results

Exhibit
Rejoinder Schedule D-4.1

Line No.	Method	Low	High	Midpoint
6	Range DCF Constant Growth Estimates[1]	9.1%	10.5%	9.8%
8	Range of CAPM Estimates[2]	10.4%	13.9%	12.2%
11	Average of DCF and CAPM midpoint estimates	9.8%	12.2%	11.0%
14	Financial Risk Adjustment[3]	-1.0%	-1.0%	-1.0%
16	Specific Company Risk Premium[4]	1.1%	1.1%	1.1%
18	Indicated Cost of Equity	9.9%	12.3%	11.1%
22	Recommended Cost of Equity			11.1%

1 See Rejoinder Schedule D-4-8
2 See Rejoinder Schedule D-4.12
3 See Rejoinder Schedule D-4.16
4 See testimony.

Southern Sunrise Water Company (Stand-Alone)
Selected Characteristics of Sample Group of Water Utilities

Exhibit
Rejoinder Schedule D-4.2

Line No.	Company[1]	% Water Revenues	Operating Revenues (millions)	Net Plant (millions)	S&P Bond Rating	Moody's Bond Rating
1	1. American States	76%	$ 361.0	$ 962.1	A	A2
2	2. Aqua America	90%	$ 670.5	$ 2,790.5	AA-	NR
3	3. California Water	99%	$ 449.4	$ 1,079.9	AA-	NR
4	4. Connecticut Water	90%	$ 67.5	$ 273.1	A	NR
5	5. Middlesex	89%	$ 91.2	$ 329.7	A	NR
6	6. SJW Corp.	96%	$ 216.1	$ 523.7	NR	NR
7						
8	Average	90%	$ 309.3	$ 993.2		
9						
10	Southern Sunrise Water Compan	100%	$ 0.2	$ 0.7	NR	NR
11	(as of December 31, 2008)					

[1]AUS Utility Reports (May 2010).

Southern Sunrise Water Company (Stand-Alone)
Capital Structures

Exhibit
Rejoinder Schedule D-4.3

No.	Company	Book Value[1] Long-Term Debt	Book Value[1] Common Equity	Market Value[1] Long-Term Debt	Market Value[1] Common Equity
1	American States	47.7%	52.3%	31.7%	68.3%
2	Aqua America	55.7%	44.3%	35.7%	64.3%
3	California Water	47.2%	52.8%	31.7%	68.3%
4	Connecticut Water	51.0%	49.0%	35.5%	64.5%
5	Middlesex	47.4%	52.6%	34.0%	66.0%
6	SJW Corp.	49.8%	50.2%	33.2%	66.8%
	Average	49.8%	50.2%	33.6%	66.4%
	Southern Sunrise Water Company (Stan[2] (Adjusted as of December 31, 2008)	0.0%	100.0%	N/A	N/A

[1] Value Line Analyzer Data (April 23, 2010)
[2] Adjusted Per Rejoinder Schedule D-1

Southern Sunrise Water Company (Stand-Alone)
Comparisons of Past and Future Estimates of Growth

Exhibit
Rejoinder Schedule D-4.4

Line No.	Company	[1] Price[1]	[2] Book Value[2]	[3] EPS[2]	[4] DPS[2]	[5] Average Col 1-4	[6] Average Future Growth[3]	[7] Average of Future and Historical Growth Col 5-6
		Five-year historical average annual changes						
1	1. American States	8.76%	4.98%	9.69%	2.88%	6.58%	5.38%	5.98%
2	2. Aqua America	NMF	6.20%	3.85%	8.81%	6.29%	9.02%	7.65%
3	3. California Water	4.93%	4.92%	6.62%	0.88%	4.34%	5.88%	5.11%
4	4. Connecticut Water	3.15%	2.88%	1.72%	1.39%	2.29%	7.25%	4.77%
5	5. Middlesex	2.61%	4.00%	0.41%	1.49%	2.13%	7.25%	4.69%
6	6. SJW Corp.	6.79%	5.68%	0.25%	5.53%	4.56%	7.25%	5.91%
7	GROUP AVERAGE	5.25%	4.78%	3.76%	3.50%	4.36%	7.01%	5.68%
8	GROUP MEDIAN	4.93%	4.95%	2.79%	2.18%	4.45%	7.25%	5.51%

[1] Average of changes in annual stock prices ending on April 23, 2010. Data from Yahoo Finance website.
[2] Data derived from Value Line Investment Survey and/or 10K Reports for period 2005 to 2010.
[3] See Rejoinder Schedule D-4.6.

Southern Sunrise Water Company (Stand-Alone)
Comparisons of Past and Future Estimates of Growth

Exhibit
Rejoinder Schedule D-4.5

Line No.	Company	[1] Price[1]	[2] Book Value[2]	[3] EPS[2]	[4] DPS[2]	[5] Average Col 1-4	[6] Average Future Growth[3]	[7] Average of Future and Historical Growth Col 5-6
		Ten-year historical average annual changes						
7	1. American States	8.60%	4.80%	5.36%	1.79%	5.14%	5.38%	5.26%
8	2. Aqua America	7.94%	8.19%	6.34%	7.67%	7.53%	9.02%	8.28%
9	3. California Water	7.79%	3.91%	4.09%	0.80%	4.15%	5.88%	5.01%
10	4. Connecticut Water	4.73%	3.77%	2.08%	1.31%	2.97%	7.25%	5.11%
11	5. Middlesex	4.64%	3.81%	1.24%	1.71%	2.85%	7.25%	5.05%
12	6. SJW Corp.	3.01%	5.25%	1.44%	5.53%	3.81%	7.25%	5.53%
15	GROUP AVERAGE	6.12%	4.96%	3.42%	3.13%	4.41%	7.01%	5.71%
16	GROUP MEDIAN	6.26%	4.36%	3.08%	1.75%	3.98%	7.25%	5.18%

[1] Average of changes in annual stock prices ending on April 23, 2010. Data from Yahoo Finance website.
[2] Data derived from Value Line Investment Survey and/or 10K Reports for period 2000 to 2009.
[3] See Rejoinder Schedule D-4.6.

Southern Sunrise Water Company (Stand-Alone)
Analysts Forecasts of Earnings Per Share Growth

Exhibit
Rejoinder Schedule D-4.6

Line No.		[1]	[2]	[3]	[4]	[5]
		ESTIMATES OF EARNINGS GROWTH				Average Growth (G)
	Company	Zacks[1]	Reuters[1]	Yahoo[1]	Value Line[1]	(Cols 1-4)[2]
1	1. American States	4.00%	4.00%	7.00%	6.50%	5.38%
2	2. Aqua America	8.00%	8.25%	8.33%	11.50%	9.02%
3	3. California Water	7.00%	4.00%	6.00%	6.50%	5.88%
4	4. Connecticut Water			15.00%		7.25%
5	5. Middlesex			8.00%		7.25%
6	6. SJW Corp.			10.00%		7.25%
7						
8	GROUP AVERAGE	6.33%	5.42%	9.06%	8.17%	7.01%
9	GROUP MEDIAN					7.25%

[1] Data as of April 23, 2010

[2] Where no data available or single estimate, average of other utilities assumed to estimate for utility.

Southern Sunrise Water Company (Stand-Alone)
Current Dividend Yields for Water Utility Sample Group

Exhibit
Rejoinder Schedule D-4.7

Line No.	Company	Curent Stock Price (P_0)[1]	Current Dividend (D_0)[1]	Current Dividend Yield (D_0/P_0)[1]	Average Annual Dividend Yield (D_0/P_0)[1,2]
6	1. American States	$ 38.09	$ 1.04	2.73%	2.86%
7	2. Aqua America	$ 18.47	$ 0.60	3.25%	2.80%
8	3. California Water	$ 38.90	$ 1.19	3.06%	3.12%
9	4. Connecticut Water	$ 23.95	$ 0.91	3.81%	3.58%
10	5. Middlesex	$ 18.12	$ 0.72	3.98%	3.99%
11	6. SJW Corp.	$ 27.28	$ 0.70	2.55%	2.27%
13	Average			3.23%	3.10%
14	Median			3.15%	2.99%

[1] Value Line Analyzer Data. Stock prices as of April 23, 2010.

[2] Average Annual Dividend is dividends declared per share for a year divided by the average annual price of the stock in the same year, expressed as a percentage. For comparison purposes only.

Southern Sunrise Water Company (Stand-Alone)
Discounted Cash Flow Analysis
DCF Constant Growth

Exhibit
Rejoinder Schedule D-4.8

Line No.		[1]	[2]	[3]		[4]
		Average Spot Dividend Yield (D_0/P_0)[1]	Expected Dividend Yield (D_1/P_0)[2]	Growth (g)		Indicated Cost of Equity k=Div Yld + g (Cols 2+3)
8	DCF - Past and Future Growth	3.23%	3.41%	5.68%	3	9.1%
10	DCF - Future Growth	3.23%	3.46%	7.01%	4	10.5%
13		3.23%	3.43%	6.34%		9.8%

[1] Spot Dividend Yield = D_0/P_0. See Rejoinder Schedule D-4.7.
[2] Expected Dividend Yield = $D_1/P_0 = D_0/P_0 * (1+g)$.
[3] Growth rate (g). Average of Past and Future Growth. See Rejoinder Schedule D-4.4, column 7
4 Growth rate (g). Average of Analyst Estimates Future Growth. See Rejoinder Schedule D-4.6.

Southern Sunrise Water Company (Stand-Alone)
Market Betas

Exhibit
Rejoinder Schedule D-4.9

Line No.		Company	Beta (β)[1]
1		Company	Beta (β)[1]
2	1.	American States	0.80
3	2.	Aqua America	0.65
4	3.	California Water	0.75
5	4.	Connecticut Water	0.80
6	5.	Middlesex	0.75
7	6.	SJW Corp.	0.95
8			
9		Average	**0.78**
10			
11			
12			
13		[1] Value Line Investment Analyzer data (April 23, 2010)	
14		Note: Beta is a relative measure of the historical sensitivity of a stock's price to overall fluctuations	
15		in the New York Stock Exchange Composite Index. A Beta of 1.50 indicates a stock tends to rise	
16		(or fall) 50% more than the New York Stock Exchange Composite Index. The "Beta coefficient" is	
17		derived from a regression analysis of the relationship between weekly percent-age changes in the	
18		price of a stock and weekly percentage changes in the NYSE Index over a period of five years. In	
19		the case of shorter price histories, a smaller time period is used, but two years is the minimum.	
20		The Betas are adjusted for their long-term tendency to converge toward 1.00.	

Southern Sunrise Water Company (Stand-Alone)
Forecasts of Long-Term Interest Rates
2011-2012

Exhibit
Rejoinder Schedule D-4.10

Line No.	Description	2011	2012	Average
1				
2				
3				
4	Description	2011	2012	Average
5				
6	Blue Chip Consensus Forecasts[1]	5.1%	5.5%	5.3%
7				
8	Value Line[2]	4.9%	5.3%	5.1%
9				
10	Average			5.2%
11				
12				
13				
14				
15	[1] December 2009 Blue Chip Financial Forecasts consensus forecast of 30 Year U.S.Treasury			
16	[2] Value Line Quarterly forecast, dated February 26, 2010, Long-term Treasury			
17				
18				
19				
20				
21				
22				
23				
24				

Southern Sunrise Water Company (Stand-Alone)
Computation of Current Market Risk Premium

Exhibit
Rejoinder Schedule D-4.11

Line No.	Month	Dividend Yield (D_0/P_0)[1]	Expected Dividend Yield (D_1/P_0)[2]	+	Growth (g)[3]	=	Expected Market Return (k)	-	Monthly Average 30 Year Treasury Rate[4]	=	Market Risk Premium (MRP)
4	Jan 2009	4.86%	6.32%	+	30.02%	=	36.34%	-	3.13%	=	33.21%
5	Feb	5.50%	7.43%	+	35.13%	=	42.56%	-	3.59%	=	38.97%
6	Mar	4.21%	5.36%	+	27.33%	=	32.69%	-	3.64%	=	29.05%
7	April	3.66%	4.47%	+	22.05%	=	26.52%	-	3.76%	=	22.76%
8	May	3.46%	4.14%	+	19.67%	=	23.81%	-	4.23%	=	19.58%
9	Jun	3.25%	3.87%	+	19.16%	=	23.03%	-	4.52%	=	18.51%
10	Jul	2.90%	3.37%	+	16.31%	=	19.68%	-	4.41%	=	15.27%
11	Aug	2.82%	3.22%	+	14.21%	=	17.43%	-	4.37%	=	13.06%
12	Sept	2.80%	3.20%	+	14.32%	=	17.52%	-	4.19%	=	13.33%
13	Oct	2.75%	3.15%	+	14.49%	=	17.64%	-	4.19%	=	13.45%
14	Nov	2.68%	3.05%	+	13.88%	=	16.93%	-	4.31%	=	12.62%
15	Dec 2009	2.56%	2.88%	+	12.58%	=	15.46%	-	4.35%	=	11.11%
16	Jan 2010	2.64%	3.00%	+	13.71%	=	16.71%	-	4.48%	=	12.23%
17	Feb	2.59%	2.97%	+	14.65%	=	17.62%	-	4.48%	=	13.14%
18	Mar	2.44%	2.75%	+	12.69%	=	15.44%	-	4.48%	=	10.96%
19	April	2.36%	2.63%	+	11.61%	=	14.24%	-	4.69%	=	9.55%
20											
21											
22	Recommended	2.46%	2.78%	+	12.98%	=	15.77%	-	4.55%	=	11.22%
23											
24	Short-term Trends										
25	Recent Twelve Months Avg	2.77%	3.19%	+	14.77%	=	17.96%	-	4.39%	=	13.57%
26	Recent Nine Months Avg	2.63%	2.98%	+	13.57%	=	16.56%	-	4.39%	=	12.16%
27	Recent Six Months Avg	2.55%	2.88%	+	13.19%	=	16.07%	-	4.47%	=	11.60%
28	Recent Three Months Avg	2.46%	2.78%	+	12.98%	=	15.77%	-	4.55%	=	11.22%
29											
30											

31 [1] Average Current Dividend Yield (D_0/P_0) of dividend paying stocks. Data from Value Line Investment Analyzer Software Data - Value Line 1700 Stocks

32 [2] Expected Dividend Yield (D_1/P_0) equals average current dividend yield (D0/P0) times one plus growth rate(g).

33 [3] Average 3-5 year price appreciation (annualized). Data from Value Line Investment Analyzer Software Data - Value Line 1700 Stocks

34 [4] Montly average 30 year U.S. Treasury. Federal Reserve.

35

Southern Sunrise Water Company (Stand-Alone)
Capital Asset Pricing Model (CAPM)

Exhibit
Rejoinder Schedule D-4.12

Line No.		Rf[1]	+	beta[3]	x	Rp		=	k
1									
2									
3	Historical Market Risk Premium CAPM	5.2%	+	0.78	x	6.7%	[4]	=	10.4%
4									
5	Current Market Risk Premium CAPM	5.2%	+	0.78	x	11.2%	[5]	=	13.9%
6									
7	Average								12.2%
8									
9									
10									
11									

12 [1] Forecasts of long-term treasury yields. See Rejoinder Schedule D-4.10.
13 [2] Value Line Investment Analyzer data. See Rejoinder Schedule D-4.9.
14 [3] Historical Market Risk Premium from (Rp) MorningStar SBBI 2010 Valuation Yearbook Table A-1 Long-Horizon ERP 1926-2009
15 [4] Computed using DCF constant growth method to determine current market return onValue Line 1700 stocks
16 and CAPM with beta of 1.0 to compute Current Market Risk Premium (Rp). See Rejoinder Schedule D-4.11.
17
18
19
20

Southern Sunrise Water Company (Stand-Alone)
Financial Risk Computation

Exhibit
Rejoinder Schedule D-4.13

Line No.											
1	**CAPM**										
2		**Rf**		+	**β**		x	**(Rp)**			**k**
3	Historical Market Risk Premium	5.2%	1	+	0.78	2	x	6.7%	3	=	10.4%
4	Current Market Risk Premium	5.2%	1	+	0.78	2	x	11.2%	4	=	13.9%
5											
6	Average										12.2%
7											
8											
9	**CAPM Relevered Beta**										
10		**Rf**		+	**β**		x	**(Rp)**			**k**
11	Historical Market Risk Premium	5.2%	1	+	0.67	5	x	6.7%	3	=	9.7%
12	Current Market Risk Premium	5.2%	1	+	0.67	5	x	11.2%	4	=	12.7%
13											
14	Average										11.2%
15											
16	Financial Risk Adjustment										**-1.0%**
17											
18											

19 [1] Forecast of long-term treasury yields. See Rejoinder Schedule D-4.10
20 [2] Value Line Investment Analyzer data. See Rejoinder Schedule D-4.9
21 [3] Historical Market Risk Premium from (Rp) MorningStar SBBI 2010 Valuation Yearbook Table A-1 Long-Horizon ERP 1926-2009
22 [4] Computed using DCF constant growth method to determine current market return on Value Line 1700 stocks
23 and CAPM with beta of 1.0 to compute Current Market Risk Premium (Rp). See Rejoinder Schedule D-4.11
24 [5] *Relevered bata found on Rejoinder Schedule D-4.15*
25

Southern Sunrise Water Company (Stand-Alone)
Financial Risk Computation
Unlevered Beta

Exhibit
Rejoinder Schedule D-4.14

Line No.		Company	VL Beta β_L [1]	Raw Beta Raw β_L [2]	Tax Rate t [3]	MV Debt D [4]	MV Equity E [4]	Unlevered Raw Beta β_U [5]
5	1.	American States	0.80	0.70	37.8%	31.7%	68.3%	0.54
6	2.	Aqua America	0.65	0.48	39.4%	35.7%	64.3%	0.36
7	3.	California Water	0.75	0.63	38.0%	31.7%	68.3%	0.49
8	4.	Connecticut Water	0.80	0.70	19.5%	35.5%	64.5%	0.49
9	5.	Middlesex	0.75	0.63	34.1%	34.0%	66.0%	0.47
10	6.	SJW Corp.	0.95	0.93	40.4%	33.2%	66.8%	0.72
13		Sample Water Utilities	0.78	0.68	34.8%	33.6%	66.4%	0.51

[1] Value Line Investment Analyzer data. See Table 13.
Value Line uses the historical data of the stock, but assumes that a security's beta moves toward the market average over time. The formula is as follows:
Adjusted beta = .33 + (.67) * Raw beta
[2] Raw Beta = (VL beta - .33)/(.67)
[3] Effective tax rates for year ended December 31, 2009.
[4] See Rejoinder Scehdule D-4.3
[5] Raw B_u = Raw B_L / (1+ (1-t)*D/E)

Southern Sunrise Water Company (Stand-Alone)
Financial Risk Computation
Relevered Beta

Exhibit
Rejoinder Schedule D-4.15

Line No.		Unlevered Raw Beta β_U[1]	MV Book Debt BD[2]	MV Equity Capital EC[2]	Tax Rate t[3]	Relevered Raw Beta $\beta_{RL}=\beta_U(1+(1-t)BD/EC))$ β_{RL}	VL Adjusted Relevered Beta .33 + .67(Raw Beta) β_{RL}
5	Southern Sunrise Water Compar	0.51	0.0%	100.0%	35.93%	0.51	0.67

[1] Unlevered Beta from Table 18.

[2] Capital Structure of Company (Projected)

	BV (in Thousands)		MV (in Thousands)		%
Long-term Debt	$ -	1.00	$ -		0.00%
Preferred Stock	-	1.00	-		0.0%
Common Stock	1,339.50	1.97	2,634	(a)	100.0%
Total Capital	$ 1,339		$ 2,634		100.0%

(a) Current market-to-book ratio of sample water utilities. See work papers.

3 Current Tax rate based on test year ending 2009. See Rejoinder Schedule D-1.

Southern Sunrise Water Company (Stand-Alone)
Size Premium[1]

Exhibit
Rejoinder Schedule D-4.16

Line No.		Beta(ß)	Size Premium	Risk Premium for Small Water Utilities[7]
6	Mid-Cap Companies[2]	1.13	1.00%	
8	Low-Cap Companies[3]	1.26	1.64%	
10	Micro-Cap Companies[4]	1.51	3.00%	
12	Decile 10[5]	1.64	4.74%	2.46%

		Risk Premium for Small Water Utilities
20	Estimated Risk Premium for small water utilities[6]	0.99%

[1] Data from Table 7-11 of Morningstar, *Ibbotson SBBI 2010 Valuation Yearbook.*
[2] Mid-Cap companies includes companies with market capitalization between $1,602 million and $5,936 million.
[3] Low-Cap companies includes companies with market capitalization between $432 million and $1,600 million.
[4] Micro-Cap companies includes companies with market capitalization less than $431 million.
[5] Decile 10 includes companies with market capitalization between $1.0 million and $214 million.
[6] From Table 2, Thomas M. Zepp, "Utility Stocks and the Size Effect Revisited," *The Quarterly Review of Economics and Finance*, 43 (2003), 578-582.
[7] Computed as the weighted differences between the Decile 10 risk premium and the inidicated risk premiums for the sample water utilities as shown below. Excludes risk due to differences in beta.

	Market Cap. (Millions)	Class	Size Premium	Difference to Decile 10	Weight	Weighted Size Premium
1. American States	$ 659	Low-Cap	1.64%	3.10%	0.1666667	0.52%
2. Aqua America	$ 2,501	Mid-Cap	1.00%	3.74%	0.1666667	0.62%
3. California Water	$ 805	Low-Cap	1.64%	3.10%	0.1666667	0.52%
4. Connecticut Water	$ 204	Decile 10	4.74%	0.00%	0.1666667	0.00%
5. Middlesex	$ 243	Micro-Cap	3.00%	1.74%	0.1666667	0.29%
6. SJW Corp.	$ 496	Low-Cap	1.64%	3.10%	0.1666667	0.52%
Weighted Size Premium for Small Companies						2.46%

Bella Vista Water Co., Inc.
Northern Sunrise Water Company Inc.
Southern Sunrise Water Company Inc.

W-02465A-09-0411, W-20453A-09-0412, W-20454A-09-0413,
W-02465A-09-0414, W-20453A-09-0414 and W-20454A-09-0414

Thomas J. Bourassa
Rejoinder Testimony
(Cost of Capital)
July 7, 2010

Bella Vista Water Company Consolidated Schedules

2232477.1

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Summary of Cost of Capital

Exhibit
Rejoinder Schedule D-1
Page 1
Witness: Bourassa

Line No.	Item of Capital	End of Test Year Dollar Amount	End of Test Year Percent of Total	End of Test Year Cost Rate	End of Test Year Weighted Cost	End of Projected Year Dollar Amount	End of Projected Year Percent of Total	End of Projected Year Cost Rate	End of Projected Year Weighted Cost
1	Long-Term Debt	1,697,323	22.60%	6.28%	1.42%	1,584,033	19.66%	6.27%	1.23%
2									
3	Stockholder's Equity[1]	5,812,207	77.40%	10.90%	8.44%	6,474,728	80.34%	10.90%	8.76%
4									
5	Totals	$ 7,509,530	100.00%		9.85%	$ 8,058,761	100.00%		9.99%
6									
7									
8	[1] Adjustments to equity								
9	Acumm. depreciation adjustment		$ 205,167						
10	CIAC adjustment		$ (417)						
11	Deferred Income Tax Adjustment		$ (745,335)						
12									
13									
14									
15									
16	SUPPORTING SCHEDULES:								
17	Rejoinder D-1								
18	Rejoinder D-2								
19	Rejoinder D-3								
20	Rejoinder D-4								
21	Consolidated E-1								
22									
23									
24									
25									
26									
27									
28									
29									
30									
31									
32									
33									

RECAP SCHEDULES:

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Cost of Long Term Debt

Exhibit
Rejoinder Schedule D-2
Page 1
Witness: Bourassa

Line No.	Description of Debt	End of Test Year Amount Outstanding[1]	Annual Interest	Interest Rate	Weighted Cost	End of Projected Year Amount Outstanding	Annual Interest	Interest Rate	Weighted Cost
1	WIFA #1	108,754	6,634	6.10%	0.39%	108,754	6,634	6.10%	0.39%
2	WIFA #2	1,545,436	96,744	6.26%	5.70%	1,545,436	96,744	6.26%	5.70%
3	K-Mart	6,140	526	8.56%	0.03%	6,140	526	8.56%	0.03%
4	BVR/RC-3	13,849	1,011	7.30%	0.06%	13,849	1,011	7.30%	0.06%
5	BVR/RC-4	16,109	1,113	6.91%	0.07%	16,109	1,113	6.91%	0.07%
6	BVR-CCCII	7,035	504	7.16%	0.03%	7,035	504	7.16%	0.03%
7			-	0.00%	0.00%	-	-	0.00%	0.00%
8			-	0.00%	0.00%	-	-	0.00%	0.00%
9			-	0.00%	0.00%	-	-	0.00%	0.00%
10			-	0.00%	0.00%	-	-	0.00%	0.00%
11			-	0.00%	0.00%	-	-	0.00%	0.00%
12									
13	Totals	$ 1,697,323	$ 106,532		6.28%	$ 1,697,323	106,532		6.28%
14									
15	SUPPORTING SCHEDULES:					RECAP SCHEDULES:			
16						Rejoinder D-1			
17									
18									
19									
20									

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Cost of Preferred Stock

Exhibit
Rejoinder Schedule D-3
Page 1
Witness: Bourassa

Line No.	Description of Issue	End of Test Year Shares Outstanding	End of Test Year Amount	End of Test Year Dividend Requirement	End of Projected Year Shares Outstanding	End of Projected Year Amount	End of Projected Year Dividend Requirement
1							
2							
3	NOT APPLICABLE, NO PREFERRED STOCK ISSUED OR OUTSTANDING						
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17	SUPPORTING SCHEDULES:			RECAP SCHEDULES:			
18				Rejoinder D-1			
19							
20							

Bella Vista Water Company (Consolidated)
Test Year Ended March 31, 2009
Cost of Common Equity

Exhibit
Rejoinder Schedule D-4
Page 1
Witness: Bourassa

Line No.		
1		
2	The Company is proposing a cost of common equity of	10.90% .
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17	SUPPORTING SCHEDULES:	RECAP SCHEDULES:
18	Rejoinder D-4.1 to D-4.16	Rejoinder D-1
19		
20		

Bella Vista Water Company (Consolidated)
Summary of Results

Exhibit
Rejoinder Schedule D-4.1

Line No.	Method	Low	High	Midpoint
1				
2				
3				
4	Method	Low	High	Midpoint
5				
6	Range DCF Constant Growth Estimates[1]	9.1%	10.5%	9.8%
7				
8	Range of CAPM Estimates[2]	10.4%	13.9%	12.2%
9				
10				
11	Average of DCF and CAPM midpoint estimates	9.8%	12.2%	11.0%
12				
13				
14	Financial Risk Adjustment[3]	-0.6%	-0.6%	-0.6%
15				
16	Specific Company Risk Premium[4]	0.5%	0.5%	0.5%
17				
18	Indicated Cost of Equity	9.7%	12.1%	10.9%
19				
20				
21				
22	Recommended Cost of Equity			10.9%
23				
24				
25				
26	[1] See Rejoinder Schedule D-4-8			
27	[2] See Rejoinder Schedule D-4.12			
28	[3] See Rejoinder Schedule D-4.16			
29	[4] See testimony.			

Bella Vista Water Company (Consolidated)
Selected Characteristics of Sample Group of Water Utilities

Exhibit
Rejoinder Schedule D-4.2

Line No.	Company[1]	% Water Revenues	Operating Revenues (millions)	Net Plant (millions)	S&P Bond Rating	Moody's Bond Rating
1	1. American States	76%	$ 361.0	$ 962.1	A	A2
2	2. Aqua America	90%	$ 670.5	$ 2,790.5	AA-	NR
3	3. California Water	99%	$ 449.4	$ 1,079.9	AA-	NR
4	4. Connecticut Water	90%	$ 67.5	$ 273.1	A	NR
5	5. Middlesex	89%	$ 91.2	$ 329.7	A	NR
6	6. SJW Corp.	96%	$ 216.1	$ 523.7	NR	NR
7						
8	Average	90%	$ 309.3	$ 993.2		
9						
10	Bella Vista Water Company (Consolidated) (as of December 31, 2008)	100%	$ 4.2	$ 16.1	NR	NR

[1]AUS Utility Reports (May 2010).

Bella Vista Water Company (Consolidated)
Capital Structures

Exhibit
Rejoinder Schedule D-4.3

No.	Company	Book Value[1] Long-Term Debt	Book Value[1] Common Equity	Market Value[1] Long-Term Debt	Market Value[1] Common Equity
1	American States	47.7%	52.3%	31.7%	68.3%
2	Aqua America	55.7%	44.3%	35.7%	64.3%
3	California Water	47.2%	52.8%	31.7%	68.3%
4	Connecticut Water	51.0%	49.0%	35.5%	64.5%
5	Middlesex	47.4%	52.6%	34.0%	66.0%
6	SJW Corp.	49.8%	50.2%	33.2%	66.8%
	Average	49.8%	50.2%	33.6%	66.4%
	Bella Vista Water Company (Consolidated) (Adjusted as of December 31, 2008) [2]	22.6%	77.4%	N/A	N/A

[1] Value Line Analyzer Data (April 23, 2010)
[2] Adjusted Per Rejoinder Schedule D-1

Bella Vista Water Company (Consolidated)
Comparisons of Past and Future Estimates of Growth

Exhibit
Rejoinder Schedule D-4.4

Line No.	Company	[1] Price[1]	[2] Book Value[2]	[3] EPS[2]	[4] DPS[2]	[5] Average Col 1-4	[6] Average Future Growth[3]	[7] Average of Future and Historical Growth Col 5-6
		Five-year historical average annual changes						
8	1. American States	8.76%	4.98%	9.69%	2.88%	6.58%	5.38%	5.98%
9	2. Aqua America	NMF	6.20%	3.85%	8.81%	6.29%	9.02%	7.65%
10	3. California Water	4.93%	4.92%	6.62%	0.88%	4.34%	5.88%	5.11%
11	4. Connecticut Water	3.15%	2.88%	1.72%	1.39%	2.29%	7.25%	4.77%
12	5. Middlesex	2.61%	4.00%	0.41%	1.49%	2.13%	7.25%	4.69%
13	6. SJW Corp.	6.79%	5.68%	0.25%	5.53%	4.56%	7.25%	5.91%
16	GROUP AVERAGE	5.25%	4.78%	3.76%	3.50%	4.36%	7.01%	5.68%
17	GROUP MEDIAN	4.93%	4.95%	2.79%	2.18%	4.45%	7.25%	5.51%

[1] Average of changes in annual stock prices ending on April 23, 2010. Data from Yahoo Finance website.
[2] Data derived from Value Line Investment Survey and/or 10K Reports for period 2005 to 2010.
[3] See Rejoinder Schedule D-4.6.

Bella Vista Water Company (Consolidated)
Comparisons of Past and Future Estimates of Growth

Exhibit
Rejoinder Schedule D-4.5

Line No.	Company	[1] Price[1]	[2] Book Value[2]	[3] EPS[2]	[4] DPS[2]	[5] Average Col 1-4	[6] Average Future Growth[3]	[7] Average of Future and Historical Growth Col 5-6
		Ten-year historical average annual changes						
7	1. American States	8.60%	4.80%	5.36%	1.79%	5.14%	5.38%	5.26%
8	2. Aqua America	7.94%	8.19%	6.34%	7.67%	7.53%	9.02%	8.28%
9	3. California Water	7.79%	3.91%	4.09%	0.80%	4.15%	5.88%	5.01%
10	4. Connecticut Water	4.73%	3.77%	2.08%	1.31%	2.97%	7.25%	5.11%
11	5. Middlesex	4.64%	3.81%	1.24%	1.71%	2.85%	7.25%	5.05%
12	6. SJW Corp.	3.01%	5.25%	1.44%	5.53%	3.81%	7.25%	5.53%
15	GROUP AVERAGE	6.12%	4.96%	3.42%	3.13%	4.41%	7.01%	5.71%
16	GROUP MEDIAN	6.26%	4.36%	3.08%	1.75%	3.98%	7.25%	5.18%

[1] Average of changes in annual stock prices ending in 2009. Data from Yahoo Finance website.
[2] Data derived from Value Line Investment Survey and/or 10K Reports for period 2000 to 2009.
[3] See Rejoinder Schedule D-4.6.

Bella Vista Water Company (Consolidated)
Analysts Forecasts of Earnings Per Share Growth

Exhibit
Rejoinder Schedule D-4.6

Line No.		[1]	[2]	[3]	[4]	[5]
		ESTIMATES OF EARNINGS GROWTH				Average Growth (G)
	Company	Zacks[1]	Reuters[1]	Yahoo[1]	Value Line[1]	(Cols 1-4)[2]
1	1. American States	4.00%	4.00%	7.00%	6.50%	5.38%
2	2. Aqua America	8.00%	8.25%	8.33%	11.50%	9.02%
3	3. California Water	7.00%	4.00%	6.00%	6.50%	5.88%
4	4. Connecticut Water			15.00%		7.25%
5	5. Middlesex			8.00%		7.25%
6	6. SJW Corp.			10.00%		7.25%
7	GROUP AVERAGE	6.33%	5.42%	9.06%	8.17%	7.01%
8	GROUP MEDIAN					7.25%

[1] Data as of April 23, 2010

[2] Where no data available or single estimate, average of other utilities assumed to estimate for utility.

Bella Vista Water Company (Consolidated)
Current Dividend Yields for Water Utility Sample Group

Exhibit
Rejoinder Schedule D-4.7

Line No.	Company	Curent Stock Price (P_0)[1]	Current Dividend (D_0)[1]	Current Dividend Yield (D_0/P_0)[1]	Average Annual Dividend Yield (D_0/P_0)[1,2]
1					
2					
3	1. American States	$ 38.09	$ 1.04	2.73%	2.86%
4	2. Aqua America	$ 18.47	$ 0.60	3.25%	2.80%
5	3. California Water	$ 38.90	$ 1.19	3.06%	3.12%
6	4. Connecticut Water	$ 23.95	$ 0.91	3.81%	3.58%
7	5. Middlesex	$ 18.12	$ 0.72	3.98%	3.99%
8	6. SJW Corp.	$ 27.28	$ 0.70	2.55%	2.27%
9					
10	Average			3.23%	3.10%
11	Median			3.15%	2.99%

[1] Value Line Analyzer Data. Stock prices as of April 23, 2010.

[2] Average Annual Dividend is dividends declared per share for a year divided by the average annual price of the stock in the same year, expressed as a percentage. For comparison purposes only.

Bella Vista Water Company (Consolidated)
Discounted Cash Flow Analysis
DCF Constant Growth

Exhibit
Rejoinder Schedule D-4.8

Line No.		[1] Average Spot Dividend Yield (D_0/P_0)[1]	[2] Expected Dividend Yield (D_1/P_0)[2]	[3] Growth (g)	[4] Indicated Cost of Equity k=Div Yld + g (Cols 2+3)
8	DCF - Past and Future Growth	3.23%	3.41%	5.68% [3]	9.1%
10	DCF - Future Growth	3.23%	3.46%	7.01% [4]	10.5%
13		3.23%	3.43%	6.34%	9.8%

[1] Spot Dividend Yield = D_0/P_0. See Rejoinder Schedule D-4.7.
[2] Expected Dividend Yield = $D_1/P_0 = D_0/P_0 * (1+g)$.
[3] Growth rate (g). Average of Past and Future Growth. See Rejoinder Schedule D-4.4, column 7
[4] Growth rate (g). Average of Analyst Estimates Future Growth. See Rejoinder Schedule D-4.6.

Bella Vista Water Company (Consolidated)
Market Betas

Exhibit
Rejoinder Schedule D-4.9

Line No.	Company	Beta (β)[1]
1		
2	1. American States	0.80
3	2. Aqua America	0.65
4	3. California Water	0.75
5	4. Connecticut Water	0.80
6	5. Middlesex	0.75
7	6. SJW Corp.	0.95
8		
9	Average	**0.78**
10		
11		
12		
13	[1] Value Line Investment Analyzer data (April 23, 2010)	
14	Note: Beta is a relative measure of the historical sensitivity of a stock's price to overall fluctuations	
15	in the New York Stock Exchange Composite Index. A Beta of 1.50 indicates a stock tends to rise	
16	(or fall) 50% more than the New York Stock Exchange Composite Index. The "Beta coefficient" is	
17	derived from a regression analysis of the relationship between weekly percent-age changes in the	
18	price of a stock and weekly percentage changes in the NYSE Index over a period of five years. In	
19	the case of shorter price histories, a smaller time period is used, but two years is the minimum.	
20	The Betas are adjusted for their long-term tendency to converge toward 1.00.	

Bella Vista Water Company (Consolidated)
Forecasts of Long-Term Interest Rates
2011-2012

Exhibit
Rejoinder Schedule D-4.10

Line No.	Description	2011	2012	Average
1				
2				
3				
4	Description	2011	2012	Average
5				
6	Blue Chip Consensus Forecasts[1]	5.1%	5.5%	5.3%
7				
8	Value Line[2]	4.9%	5.3%	5.1%
9				
10	Average			5.2%
11				
12				
13				
14				
15	[1] December 2009 Blue Chip Financial Forecasts consensus forecast of 30 Year U.S.Treasury			
16	[2] Value Line Quarterly forecast, dated February 26, 2010, Long-term Treasury			
17				
18				
19				
20				
21				
22				
23				
24				

Bella Vista Water Company (Consolidated)
Computation of Current Market Risk Premium

Exhibit
Rejoinder Schedule D-4.11

Line No.	Month	Dividend Yield (D_0/P_0)[1]	Expected Dividend Yield (D_1/P_0)[2]	+	Growth (g)[3]	=	Expected Market Return (k)	-	Monthly Average 30 Year Treasury Rate[4]	=	Market Risk Premium (MRP)
4	Jan 2009	4.86%	6.32%	+	30.02%	=	36.34%	-	3.13%	=	33.21%
5	Feb	5.50%	7.43%	+	35.13%	=	42.56%	-	3.59%	=	38.97%
6	Mar	4.21%	5.36%	+	27.33%	=	32.69%	-	3.64%	=	29.05%
7	April	3.66%	4.47%	+	22.05%	=	26.52%	-	3.76%	=	22.76%
8	May	3.46%	4.14%	+	19.67%	=	23.81%	-	4.23%	=	19.58%
9	Jun	3.25%	3.87%	+	19.16%	=	23.03%	-	4.52%	=	18.51%
10	Jul	2.90%	3.37%	+	16.31%	=	19.68%	-	4.41%	=	15.27%
11	Aug	2.82%	3.22%	+	14.21%	=	17.43%	-	4.37%	=	13.06%
12	Sept	2.80%	3.20%	+	14.32%	=	17.52%	-	4.19%	=	13.33%
13	Oct	2.75%	3.15%	+	14.49%	=	17.64%	-	4.19%	=	13.45%
14	Nov	2.68%	3.05%	+	13.88%	=	16.93%	-	4.31%	=	12.62%
15	Dec 2009	2.56%	2.88%	+	12.58%	=	15.46%	-	4.35%	=	11.11%
16	Jan 2010	2.64%	3.00%	+	13.71%	=	16.71%	-	4.48%	=	12.23%
17	Feb	2.59%	2.97%	+	14.65%	=	17.62%	-	4.48%	=	13.14%
18	Mar	2.44%	2.75%	+	12.69%	=	15.44%	-	4.48%	=	10.96%
19	April	2.36%	2.63%	+	11.61%	=	14.24%	-	4.69%	=	9.55%
20											
21											
22	Recommended	2.46%	2.78%	+	12.98%	=	15.77%	-	4.55%	=	11.22%
23											
24	Short-term Trends										
25	Recent Twelve Months Avg	2.77%	3.19%	+	14.77%	=	17.96%	-	4.39%	=	13.57%
26	Recent Nine Months Avg	2.63%	2.98%	+	13.57%	=	16.56%	-	4.39%	=	12.16%
27	Recent Six Months Avg	2.55%	2.88%	+	13.19%	=	16.07%	-	4.47%	=	11.60%
28	Recent Three Months Avg	2.46%	2.78%	+	12.98%	=	15.77%	-	4.55%	=	11.22%
29											
30											

31 [1] Average Current Dividend Yield (D_0/P_0) of dividend paying stocks. Data from Value Line Investment Analyzer Software Data - Value Line 1700 Stocks

32 [2] Expected Dividend Yield (D_1/P_0) equals average current dividend yield (D0/P0) times one plus growth rate(g).

33 [3] Average 3-5 year price appreciation (annualized). Data from Value Line Investment Analyzer Software Data - Value Line 1700 Stocks

34 [4] Montly average 30 year U.S. Treasury. Federal Reserve.

35

Bella Vista Water Company (Consolidated)
Capital Asset Pricing Model (CAPM)

Exhibit
Rejoinder Schedule D-4.12

Line No.		Rf[1]	+	beta[3]	x	Rp		=	k
1									
2									
3	Historical Market Risk Premium CAPM	5.2%	+	0.78	x	6.7%	[4]	=	10.4%
4									
5	Current Market Risk Premium CAPM	5.2%	+	0.78	x	11.2%	[5]	=	13.9%
6									
7	Average								12.2%
8									
9									
10									
11									
12	[1] Forecasts of long-term treasury yields. See Rejoinder Schedule D-4.10.								
13	[2] Value Line Investment Analyzer data. See Rejoinder Schedule D-4.9.								
14	[3] Historical Market Risk Premium from (Rp) MorningStar SBBI 2010 Valuation Yearbook Table A-1 Long-Horizon ERP 1926-2009								
15	[4] Computed using DCF constant growth method to determine current market return onValue Line 1700 stocks								
16	and CAPM with beta of 1.0 to compute Current Market Risk Premium (Rp). See Rejoinder Schedule D-4.11.								
17									
18									
19									
20									

Bella Vista Water Company (Consolidated)
Financial Risk Computation

Exhibit
Rejoinder Schedule D-4.13

Line No.											
1	**CAPM**										
2		**Rf**		+	**β**		x	**(Rp)**			**k**
3	Historical Market Risk Premium	5.2%	1	+	0.78	2	x	6.7%	3	=	10.4%
4	Current Market Risk Premium	5.2%	1	+	0.78	2	x	11.2%	4	=	13.9%
5											
6	Average										12.2%
7											
8											
9	**CAPM Relevered Beta**										
10		**Rf**		+	**β**		x	**(Rp)**			**k**
11	Historical Market Risk Premium	5.2%	1	+	0.71	5	x	6.7%	3	=	10.0%
12	Current Market Risk Premium	5.2%	1	+	0.71	5	x	11.2%	4	=	13.2%
13											
14	Average										11.6%
15											
16	Financial Risk Adjustment										**-0.6%**
17											
18											

19 [1] Forecast of long-term treasury yields. See Rejoinder Schedule D-4.10
20 [2] Value Line Investment Analyzer data. See Rejoinder Schedule D-4.9
21 [3] Historical Market Risk Premium from (Rp) MorningStar SBBI 2010 Valuation Yearbook Table A-1 Long-Horizon ERP 1926-2009
22 [4] Computed using DCF constant growth method to determine current market return on Value Line 1700 stocks
23 and CAPM with beta of 1.0 to compute Current Market Risk Premium (Rp). See Rejoinder Schedule D-4.11
24 [5] Relevered bata found on Rejoinder Schedule D-4.15
25

Bella Vista Water Company (Consolidated)
Financial Risk Computation
Unlevered Beta

Exhibit
Rejoinder Schedule D-4.14

Line No.		Company	VL Beta β_L[1]	Raw Beta Raw β_L[2]	Tax Rate t[3]	MV Debt D[4]	MV Equity E[4]	Unlevered Raw Beta β_U[5]
5	1.	American States	0.80	0.70	37.8%	31.7%	68.3%	0.54
6	2.	Aqua America	0.65	0.48	39.4%	35.7%	64.3%	0.36
7	3.	California Water	0.75	0.63	38.0%	31.7%	68.3%	0.49
8	4.	Connecticut Water	0.80	0.70	19.5%	35.5%	64.5%	0.49
9	5.	Middlesex	0.75	0.63	34.1%	34.0%	66.0%	0.47
10	6.	SJW Corp.	0.95	0.93	40.4%	33.2%	66.8%	0.72
13		Sample Water Utilities	0.78	0.68	34.8%	33.6%	66.4%	0.51

[1] Value Line Investment Analyzer data. See Rejoinder Scheule D-4.13
Value Line uses the historical data of the stock, but assumes that a security's beta moves toward the market average over time. The formula is as follows:
Adjusted beta = .33 + (.67) * Raw beta
[2] Raw Beta = (VL beta - .33)/(.67)
[3] Effective tax rates for year ended December 31, 2009.
[4] See Rejoinder Scehdule D-4.3
[5] Raw B_u = Raw B_L/ (1+ (1-t)*D/E)

Bella Vista Water Company (Consolidated)
Financial Risk Computation
Relevered Beta

Exhibit
Rejoinder Schedule D-4.15

Line No.		Unlevered Raw Beta β_U[1]	MV Book Debt BD[2]	MV Equity Capital EC[2]	Tax Rate t[3]	Relevered Raw Beta $\beta_{RL}=\beta_U$ (1+(1-t)BD/EC)) β_{RL}	VL Adjusted Relevered Beta .33 + .67(Raw Beta) β_{RL}
1							
2							
3							
4							
5	Bella Vista Water Company (Cor	0.51	12.9%	87.1%	38.60%	0.56	0.71
6							
7							
8							
9							
10							
11							
12							

13 [1] Unlevered Beta from Table 18.

14 [2] Capital Structure of Company (Projected)

	BV (in Thousands)			MV (in Thousands)	%
15					
16					
17 Long-term Debt	$ 1,697.32	1.00		$ 1,697	12.90%
18 Preferred Stock	-	1.00		-	0.0%
19 Common Stock	5,812.21	1.97	(a)	11,428	87.1%
20 Total Capital	$ 7,509.53			$ 13,125	100.0%

21

22 (a) Current market-to-book ratio of sample water utilities. See work papers.

23

24 [3] Current Tax rate based on test year ending 3/31/2009. See Rejoinder Schedule D-1.

25

26

Bella Vista Water Company (Consolidated)
Size Premium[1]

Exhibit
Rejoinder Schedule D-4.16

Line No.		Beta(β)	Size Premium	Risk Premium for Small Water Utilities[7]
6	Mid-Cap Companies[2]	1.13	1.00%	
8	Low-Cap Companies[3]	1.26	1.64%	
10	Micro-Cap Companies[4]	1.51	3.00%	
12	Decile 10[5]	1.64	4.74%	2.46%

Line No.		Risk Premium for Small Water Utilities
20	Estimated Risk Premium for small water utilities[6]	0.99%

[1] Data from Table 7-11 of Morningstar, *Ibbotson SBBI 2010 Valuation Yearbook.*
[2] Mid-Cap companies includes companies with market capitalization between $1,602 million and $5,936 million.
[3] Low-Cap companies includes companies with market capitalization between $432 million and $1,600 million.
[4] Micro-Cap companies includes companies with market capitalization less than $431 million.
[5] Decile 10 includes companies with market capitalization between $1.0 million and $214 million.
[6] From Table 2, Thomas M. Zepp, "Utility Stocks and the Size Effect Revisited," *The Quarterly Review of Economics and Finance*, 43 (2003), 578-582.
[7] Computed as the weighted differences between the Decile 10 risk premium and the inidicated risk premiums for the sample water utlities as shown below. Excludes risk due to differences in beta.

	Market Cap. (Millions)	Class	Size Premium	Difference to Decile 10	Weight	Weighted Size Premium
1. American States	$ 659	Low-Cap	1.64%	3.10%	0.1666667	0.52%
2. Aqua America	$ 2,501	Mid-Cap	1.00%	3.74%	0.1666667	0.62%
3. California Water	$ 805	Low-Cap	1.64%	3.10%	0.1666667	0.52%
4. Connecticut Water	$ 204	Decile 10	4.74%	0.00%	0.1666667	0.00%
5. Middlesex	$ 243	Micro-Cap	3.00%	1.74%	0.1666667	0.29%
6. SJW Corp.	$ 496	Low-Cap	1.64%	3.10%	0.1666667	0.52%
Weighted Size Premium for Small Companies						2.46%

Bella Vista Water Co., Inc.
Northern Sunrise Water Company Inc.
Southern Sunrise Water Company Inc.

W-02465A-09-0411, W-20453A-09-0412, W-20454A-09-0413,
W-02465A-09-0414, W-20453A-09-0414 and W-20454A-09-0414

Thomas J. Bourassa
Rejoinder Testimony
(Cost of Capital)
July 7, 2010

Bella Vista Water Company
Stand-Alone Schedules

2232477.1

Bella Vista Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Summary of Cost of Capital

Exhibit
Rejoinder Schedule D-1
Page 1
Witness: Bourassa

Line No.	Item of Capital	End of Test Year Dollar Amount	End of Test Year Percent of Total	End of Test Year (e) Cost Rate	End of Test Year Weighted Cost	End of Projected Year Dollar Amount	End of Projected Year Percent of Total	End of Projected Year (e) Cost Rate	End of Projected Year Weighted Cost
1	Long-Term Debt	1,697,323	31.56%	6.28%	1.98%	$ 1,584,033	27.74%	6.27%	1.74%
2									
3	Stockholder's Equity[1]	3,681,371	68.44%	11.00%	7.53%	4,126,701	72.26%	11.00%	7.95%
4									
5	Totals	$ 5,378,694	100.00%		9.51%	$ 5,710,734	100.00%		9.69%
6									
7									
8	[1] Rebuttal adjustments to equity								
9	Acumm. depreciation adjustment		$ (176,221)						
10	CIAC adjustment		$ (421)						
11	Deferred Income Tax Adjustment		$ (558,105)						
12									
13									
14									
15									
16	SUPPORTING SCHEDULES:								
17	Rejoinder D-1								
18	Rejoinder D-2								
19	Rejoinder D-3								
20	Rejoinder D-4								
21									
22									
23									
24									
25									
26									
27									
28									
29									
30									
31									
32									
33									

RECAP SCHEDULES:

Bella Vista Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Cost of Long Term Debt

Exhibit
Rejoinder Schedule D-2
Page 1
Witness: Bourassa

Line No.	Description of Debt	End of Test Year Amount Outstanding[1]	Annual Interest	Interest Rate	Weighted Cost	End of Projected Year Amount Outstanding	Annual Interest	Interest Rate	Weighted Cost
1	WIFA #1	108,754	6,634	6.10%	0.39%	99,968	6,098	6.10%	0.38%
2	WIFA #2	1,545,436	96,744	6.26%	5.70%	1,455,280	91,101	6.26%	5.75%
3	K-Mart	6,140	526	8.56%	0.03%	484	41	8.56%	0.00%
4	BVR/RC-3	13,849	1,011	7.30%	0.06%	9,854	719	7.30%	0.05%
5	BVR/RC-4	16,109	1,113	6.91%	0.07%	12,802	885	6.91%	0.06%
6	BVR-CCCII	7,035	504	7.16%	0.03%	5,645	404	7.16%	0.03%
7			-	0.00%	0.00%	-	-	0.00%	0.00%
8			-	0.00%	0.00%	-	-	0.00%	0.00%
9			-	0.00%	0.00%	-	-	0.00%	0.00%
10			-	0.00%	0.00%	-	-	0.00%	0.00%
11			-	0.00%	0.00%	-	-	0.00%	0.00%
12									
13	Totals	$ 1,697,323	$ 106,532		6.28%	$ 1,584,033	99,248		6.27%
14									
15	SUPPORTING SCHEDULES:					RECAP SCHEDULES:			
16						Rejoinder D-1			
17									
18									
19									
20									

Bella Vista Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Cost of Preferred Stock

Exhibit
Rejoinder Schedule D-3
Page 1
Witness: Bourassa

Line No.	Description of Issue	End of Test Year Shares Outstanding	End of Test Year Amount	End of Test Year Dividend Requirement	End of Projected Year Shares Outstanding	End of Projected Year Amount	End of Projected Year Dividend Requirement
1							
2							
3	NOT APPLICABLE, NO PREFERRED STOCK ISSUED OR OUTSTANDING						
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17	SUPPORTING SCHEDULES:			RECAP SCHEDULES:			
18				Rejoinder D-1			
19							
20							

Bella Vista Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Cost of Common Equity

Exhibit
Rejoinder Schedule D-4
Page 1
Witness: Bourassa

Line No.		
1		
2	The Company is proposing a cost of common equity of	11.00% .
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17	SUPPORTING SCHEDULES:	RECAP SCHEDULES:
18	Rejoinder D-4.1 to D-4.16	Rejoinder D-1
19		
20		

Bella Vista Water Company (Stand-Alone)
Summary of Results

Exhibit
Rejoinder Schedule D-4.1

Line No.	Method	Low	High	Midpoint
6	Range DCF Constant Growth Estimates[1]	9.1%	10.5%	9.8%
8	Range of CAPM Estimates[2]	10.4%	13.9%	12.2%
11	Average of DCF and CAPM midpoint estimates	9.8%	12.2%	11.0%
14	Financial Risk Adjustment[3]	-0.5%	-0.5%	-0.5%
16	Specific Company Risk Premium[4]	0.5%	0.5%	0.5%
18	Indicated Cost of Equity	9.8%	12.2%	11.0%
22	Recommended Cost of Equity			11.0%

26 [1] See Rejoinder Schedule D-4-8
27 [2] See Rejoinder Schedule D-4.12
28 [3] See Rejoinder Schedule D-4.16
29 [4] See testimony.

Bella Vista Water Company (Stand-Alone)
Selected Characteristics of Sample Group of Water Utilities

Exhibit
Rejoinder Schedule D-4.2

Line No.	Company[1]	% Water Revenues	Operating Revenues (millions)	Net Plant (millions)	S&P Bond Rating	Moody's Bond Rating
4	1. American States	76%	$ 361.0	$ 962.1	A	A2
5	2. Aqua America	90%	$ 670.5	$ 2,790.5	AA-	NR
6	3. California Water	99%	$ 449.4	$ 1,079.9	AA-	NR
7	4. Connecticut Water	90%	$ 67.5	$ 273.1	A	NR
8	5. Middlesex	89%	$ 91.2	$ 329.7	A	NR
9	6. SJW Corp.	96%	$ 216.1	$ 523.7	NR	NR
11	Average	90%	$ 309.3	$ 993.2		
13	Bella Vista Water Company (Stan	100%	$ 3.5	$ 5.9	NR	NR
14	(as of December 31, 2008)					

[1]AUS Utility Reports (May 2010).

Bella Vista Water Company (Stand-Alone)
Capital Structures

Exhibit
Rejoinder Schedule D-4.3

No.	Company	Book Value[1] Long-Term Debt	Book Value[1] Common Equity	Market Value[1] Long-Term Debt	Market Value[1] Common Equity
1	American States	47.7%	52.3%	31.7%	68.3%
2	Aqua America	55.7%	44.3%	35.7%	64.3%
3	California Water	47.2%	52.8%	31.7%	68.3%
4	Connecticut Water	51.0%	49.0%	35.5%	64.5%
5	Middlesex	47.4%	52.6%	34.0%	66.0%
6	SJW Corp.	49.8%	50.2%	33.2%	66.8%
	Average	49.8%	50.2%	33.6%	66.4%
	Bella Vista Water Company (Stand-Alone[2] (Adjusted as of December 31, 2008)	31.6%	68.4%	N/A	N/A

[1] Value Line Analyzer Data (April 23, 2010)
[2] Adjusted Per Rejoinder Schedule D-1

Bella Vista Water Company (Stand-Alone)
Comparisons of Past and Future Estimates of Growth

Exhibit
Rejoinder Schedule D-4.4

Line No.	Company	[1] Price[1]	[2] Book Value[2]	[3] EPS[2]	[4] DPS[2]	[5] Average Col 1-4	[6] Average Future Growth[3]	[7] Average of Future and Historical Growth Col 5-6
		Five-year historical average annual changes						
1	1. American States	8.76%	4.98%	9.69%	2.88%	6.58%	5.38%	5.98%
2	2. Aqua America	NMF	6.20%	3.85%	8.81%	6.29%	9.02%	7.65%
3	3. California Water	4.93%	4.92%	6.62%	0.88%	4.34%	5.88%	5.11%
4	4. Connecticut Water	3.15%	2.88%	1.72%	1.39%	2.29%	7.25%	4.77%
5	5. Middlesex	2.61%	4.00%	0.41%	1.49%	2.13%	7.25%	4.69%
6	6. SJW Corp.	6.79%	5.68%	0.25%	5.53%	4.56%	7.25%	5.91%
7	GROUP AVERAGE	5.25%	4.78%	3.76%	3.50%	4.36%	7.01%	5.68%
8	GROUP MEDIAN	4.93%	4.95%	2.79%	2.18%	4.45%	7.25%	5.51%

[1] Average of changes in annual stock prices ending on April 23, 2010. Data from Yahoo Finance website.
[2] Data derived from Value Line Investment Survey and/or 10K Reports for period 2005 to 2010.
[3] See Rejoinder Schedule D-4.6.

Bella Vista Water Company (Stand-Alone)
Comparisons of Past and Future Estimates of Growth

Exhibit
Rejoinder Schedule D-4.5

Line No.	Company	[1] Price[1]	[2] Book Value[2]	[3] EPS[2]	[4] DPS[2]	[5] Average Col 1-4	[6] Average Future Growth[3]	[7] Average of Future and Historical Growth Col 5-6
		Ten-year historical average annual changes						
7	1. American States	8.60%	4.80%	5.36%	1.79%	5.14%	5.38%	5.26%
8	2. Aqua America	7.94%	8.19%	6.34%	7.67%	7.53%	9.02%	8.28%
9	3. California Water	7.79%	3.91%	4.09%	0.80%	4.15%	5.88%	5.01%
10	4. Connecticut Water	4.73%	3.77%	2.08%	1.31%	2.97%	7.25%	5.11%
11	5. Middlesex	4.64%	3.81%	1.24%	1.71%	2.85%	7.25%	5.05%
12	6. SJW Corp.	3.01%	5.25%	1.44%	5.53%	3.81%	7.25%	5.53%
15	GROUP AVERAGE	6.12%	4.96%	3.42%	3.13%	4.41%	7.01%	5.71%
16	GROUP MEDIAN	6.26%	4.36%	3.08%	1.75%	3.98%	7.25%	5.18%

[1] Average of changes in annual stock prices ending on April 23, 2009. Data from Yahoo Finance website.
[2] Data derived from Value Line Investment Survey and/or 10K Reports for period 2000 to 2009.
[3] See Rejoinder Schedule D-4.6.

Bella Vista Water Company (Stand-Alone)
Analysts Forecasts of Earnings Per Share Growth

Exhibit
Rejoinder Schedule D-4.6

Line No.		[1]	[2]	[3]	[4]	[5]
		ESTIMATES OF EARNINGS GROWTH				Average Growth (G)
	Company	Zacks[1]	Reuters[1]	Yahoo[1]	Value Line[1]	(Cols 1-4)[2]
1	1. American States	4.00%	4.00%	7.00%	6.50%	5.38%
2	2. Aqua America	8.00%	8.25%	8.33%	11.50%	9.02%
3	3. California Water	7.00%	4.00%	6.00%	6.50%	5.88%
4	4. Connecticut Water			15.00%		7.25%
5	5. Middlesex			8.00%		7.25%
6	6. SJW Corp.			10.00%		7.25%
7	GROUP AVERAGE	6.33%	5.42%	9.06%	8.17%	7.01%
8	GROUP MEDIAN					7.25%

[1] Data as of April 23, 2010

[2] Where no data available or single estimate, average of other utilities assumed to estimate for utility.

Bella Vista Water Company (Stand-Alone)
Current Dividend Yields for Water Utility Sample Group

Exhibit
Rejoinder Schedule D-4.7

Line No.	Company	Curent Stock Price (P_0)[1]	Current Dividend (D_0)[1]	Current Dividend Yield (D_0/P_0)[1]	Average Annual Dividend Yield (D_0/P_0)[1,2]
1					
2					
3					
4					
5					
6	1. American States	$ 38.09	$ 1.04	2.73%	2.86%
7	2. Aqua America	$ 18.47	$ 0.60	3.25%	2.80%
8	3. California Water	$ 38.90	$ 1.19	3.06%	3.12%
9	4. Connecticut Water	$ 23.95	$ 0.91	3.81%	3.58%
10	5. Middlesex	$ 18.12	$ 0.72	3.98%	3.99%
11	6. SJW Corp.	$ 27.28	$ 0.70	2.55%	2.27%
12					
13	Average			3.23%	3.10%
14	Median			3.15%	2.99%
15					
16	[1] Value Line Analyzer Data. Stock prices as of April 23, 2010.				
17	[2] Average Annual Dividend is dividends declared per share for a year divided by the average annual price of the stock in the same year,				
18	expressed as a percentage. For comparison purposes only.				
19					
20					
21					
22					
23					
24					
25					

Bella Vista Water Company (Stand-Alone)
Discounted Cash Flow Analysis
DCF Constant Growth

Exhibit
Rejoinder Schedule D-4.8

Line No.		[1]	[2]	[3]		[4]
		Average Spot Dividend Yield (D_0/P_0)[1]	Expected Dividend Yield (D_1/P_0)[2]	Growth (g)		Indicated Cost of Equity k=Div Yld + g (Cols 2+3)
8	DCF - Past and Future Growth	3.23%	3.41%	5.68%	3	9.1%
10	DCF - Future Growth	3.23%	3.46%	7.01%	4	10.5%
13		3.23%	3.43%	6.34%		9.8%

[1] Spot Dividend Yield = D_0/P_0. See Rejoinder Schedule D-4.7.
[2] Expected Dividend Yield = $D_1/P_0 = D_0/P_0 * (1+g)$.
[3] Growth rate (g). Average of Past and Future Growth. See Rejoinder Schedule D-4.4, column 7
4 Growth rate (g). Average of Analyst Estimates Future Growth. See Rejoinder Schedule D-4.6.

Bella Vista Water Company (Stand-Alone)
Market Betas

Exhibit
Rejoinder Schedule D-4.9

Line No.		Company	Beta (β)[1]
1		Company	Beta (β)[1]
2	1.	American States	0.80
3	2.	Aqua America	0.65
4	3.	California Water	0.75
5	4.	Connecticut Water	0.80
6	5.	Middlesex	0.75
7	6.	SJW Corp.	0.95
8			
9		Average	**0.78**
10			
11			
12			
13		[1] Value Line Investment Analyzer data (April 23, 2010)	
14		Note: Beta is a relative measure of the historical sensitivity of a stock's price to overall fluctuations	
15		in the New York Stock Exchange Composite Index. A Beta of 1.50 indicates a stock tends to rise	
16		(or fall) 50% more than the New York Stock Exchange Composite Index. The "Beta coefficient" is	
17		derived from a regression analysis of the relationship between weekly percent-age changes in the	
18		price of a stock and weekly percentage changes in the NYSE Index over a period of five years. In	
19		the case of shorter price histories, a smaller time period is used, but two years is the minimum.	
20		The Betas are adjusted for their long-term tendency to converge toward 1.00.	

Bella Vista Water Company (Stand-Alone)
Forecasts of Long-Term Interest Rates
2011-2012

Exhibit
Rejoinder Schedule D-4.10

Line No.	Description	2011	2012	Average
1				
2				
3				
4	Description	2011	2012	Average
5				
6	Blue Chip Consensus Forecasts[1]	5.1%	5.5%	5.3%
7				
8	Value Line[2]	4.9%	5.3%	5.1%
9				
10	Average			5.2%
11				
12				
13				
14				
15	[1] December 2009 Blue Chip Financial Forecasts consensus forecast of 30 Year U.S.Treasury			
16	[2] Value Line Quarterly forecast, dated February 26, 2010, Long-term Treasury			
17				
18				
19				
20				
21				
22				
23				
24				

Bella Vista Water Company (Stand-Alone)
Computation of Current Market Risk Premium

Exhibit
Rejoinder Schedule D-4.11

Line No.	Month	Dividend Yield (D_0/P_0)[1]	Expected Dividend Yield (D_1/P_0)[2]	+	Growth (g)[3]	=	Expected Market Return (k)	-	Monthly Average 30 Year Treasury Rate[4]	=	Market Risk Premium (MRP)
4	Jan 2009	4.86%	6.32%	+	30.02%	=	36.34%	-	3.13%	=	33.21%
5	Feb	5.50%	7.43%	+	35.13%	=	42.56%	-	3.59%	=	38.97%
6	Mar	4.21%	5.36%	+	27.33%	=	32.69%	-	3.64%	=	29.05%
7	April	3.66%	4.47%	+	22.05%	=	26.52%	-	3.76%	=	22.76%
8	May	3.46%	4.14%	+	19.67%	=	23.81%	-	4.23%	=	19.58%
9	Jun	3.25%	3.87%	+	19.16%	=	23.03%	-	4.52%	=	18.51%
10	Jul	2.90%	3.37%	+	16.31%	=	19.68%	-	4.41%	=	15.27%
11	Aug	2.82%	3.22%	+	14.21%	=	17.43%	-	4.37%	=	13.06%
12	Sept	2.80%	3.20%	+	14.32%	=	17.52%	-	4.19%	=	13.33%
13	Oct	2.75%	3.15%	+	14.49%	=	17.64%	-	4.19%	=	13.45%
14	Nov	2.68%	3.05%	+	13.88%	=	16.93%	-	4.31%	=	12.62%
15	Dec 2009	2.56%	2.88%	+	12.58%	=	15.46%	-	4.35%	=	11.11%
16	Jan 2010	2.64%	3.00%	+	13.71%	=	16.71%	-	4.48%	=	12.23%
17	Feb	2.59%	2.97%	+	14.65%	=	17.62%	-	4.48%	=	13.14%
18	Mar	2.44%	2.75%	+	12.69%	=	15.44%	-	4.48%	=	10.96%
19	April	2.36%	2.63%	+	11.61%	=	14.24%	-	4.69%	=	9.55%
20											
21											
22	Recommended	2.46%	2.78%	+	12.98%	=	15.77%	-	4.55%	=	11.22%
23											
24	Short-term Trends										
25	Recent Twelve Months Avg	2.77%	3.19%	+	14.77%	=	17.96%	-	4.39%	=	13.57%
26	Recent Nine Months Avg	2.63%	2.98%	+	13.57%	=	16.56%	-	4.39%	=	12.16%
27	Recent Six Months Avg	2.55%	2.88%	+	13.19%	=	16.07%	-	4.47%	=	11.60%
28	Recent Three Months Avg	2.46%	2.78%	+	12.98%	=	15.77%	-	4.55%	=	11.22%
29											
30											

31 [1] Average Current Dividend Yield (D_0/P_0) of dividend paying stocks. Data from Value Line Investment Analyzer Software Data - Value Line 1700 Stocks

32 [2] Expected Dividend Yield (D_1/P_0) equals average current dividend yield (D0/P0) times one plus growth rate(g).

33 [3] Average 3-5 year price appreciation (annualized). Data from Value Line Investment Analyzer Software Data - Value Line 1700 Stocks

34 [4] Montly average 30 year U.S. Treasury. Federal Reserve.

35

Bella Vista Water Company (Stand-Alone)
Capital Asset Pricing Model (CAPM)

Exhibit
Rejoinder Schedule D-4.12

Line No.		Rf[1]	+	beta[3]	x	Rp		=	k
1									
2									
3	Historical Market Risk Premium CAPM	5.2%	+	0.78	x	6.7%	[4]	=	10.4%
4									
5	Current Market Risk Premium CAPM	5.2%	+	0.78	x	11.2%	[5]	=	13.9%
6									
7	Average								12.2%
8									
9									
10									
11									
12	[1] Forecasts of long-term treasury yields. See Rejoinder Schedule D-4.10.								
13	[2] Value Line Investment Analyzer data. See Rejoinder Schedule D-4.9.								
14	[3] Historical Market Risk Premium from (Rp) MorningStar SBBI 2010 Valuation Yearbook Table A-1 Long-Horizon ERP 1926-2009								
15	[4] Computed using DCF constant growth method to determine current market return onValue Line 1700 stocks								
16	and CAPM with beta of 1.0 to compute Current Market Risk Premium (Rp). See Rejoinder Schedule D-4.11.								
17									
18									
19									
20									

Bella Vista Water Company (Stand-Alone)
Financial Risk Computation

Exhibit
Rejoinder Schedule D-4.13

Line No.											
1	**CAPM**										
2		**Rf**		+	**β**		x	**(Rp)**			**k**
3	Historical Market Risk Premium	5.2%	1	+	0.78	2	x	6.7%	3	=	10.4%
4	Current Market Risk Premium	5.2%	1	+	0.78	2	x	11.2%	4	=	13.9%
5											
6	Average										12.2%
7											
8											
9	**CAPM Relevered Beta**										
10		**Rf**		+	**β**		x	**(Rp)**			**k**
11	Historical Market Risk Premium	5.2%	1	+	0.72	5	x	6.7%	3	=	10.0%
12	Current Market Risk Premium	5.2%	1	+	0.72	5	x	11.2%	4	=	13.3%
13											
14	Average										11.7%
15											
16	Financial Risk Adjustment										**-0.5%**
17											
18											

19 [1] Forecast of long-term treasury yields. See Rejoinder Schedule D-4.10
20 [2] Value Line Investment Analyzer data. See Rejoinder Schedule D-4.9
21 [3] Historical Market Risk Premium from (Rp) MorningStar SBBI 2010 Valuation Yearbook Table A-1 Long-Horizon ERP 1926-2009
22 [4] Computed using DCF constant growth method to determine current market return on Value Line 1700 stocks
23 and CAPM with beta of 1.0 to compute Current Market Risk Premium (Rp). See Rejoinder Schedule D-4.11
24 [5] Relevered bata found on Rejoinder Schedule D-4.15
25

Bella Vista Water Company (Stand-Alone)
Financial Risk Computation
Unlevered Beta

Exhibit
Rejoinder Schedule D-4.14

Line No.		Company	VL Beta β_l [1]	Raw Beta Raw β_l [2]	Tax Rate t [3]	MV Debt D [4]	MV Equity E [4]	Unlevered Raw Beta β_u [5]
5	1.	American States	0.80	0.70	37.8%	31.7%	68.3%	0.54
6	2.	Aqua America	0.65	0.48	39.4%	35.7%	64.3%	0.36
7	3.	California Water	0.75	0.63	38.0%	31.7%	68.3%	0.49
8	4.	Connecticut Water	0.80	0.70	19.5%	35.5%	64.5%	0.49
9	5.	Middlesex	0.75	0.63	34.1%	34.0%	66.0%	0.47
10	6.	SJW Corp.	0.95	0.93	40.4%	33.2%	66.8%	0.72
13		Sample Water Utilities	0.78	0.68	34.8%	33.6%	66.4%	0.51

[1] Value Line Investment Analyzer data. See Rejoinder Scheule D-4.13
Value Line uses the historical data of the stock, but assumes that a security's beta moves toward the market average over time. The formula is as follows:
Adjusted beta = .33 + (.67) * Raw beta
[2] Raw Beta = (VL beta - .33)/(.67)
[3] Effective tax rates for year ended December 31, 2009.
[4] See Rejoinder Schedule D-4.3
[5] Raw B_u = Raw B_L/ (1+ (1-t)*D/E)

Bella Vista Water Company (Stand-Alone)
Financial Risk Computation
Relevered Beta

Exhibit
Rejoinder Schedule D-4.15

Line No.		Unlevered Raw Beta β_U[1]	MV Book Debt BD[2]	MV Equity Capital EC[2]	Tax Rate t[3]	Relevered Raw Beta $\beta_{RL}=\beta_U(1+(1-t)BD/EC)$ β_{RL}	VL Adjusted Relevered Beta .33 + .67(Raw Beta) β_{RL}
5	Bella Vista Water Company (Stai	0.51	19.0%	81.0%	38.60%	0.58	0.72

[1] Unlevered Beta from Table 18.

[2] Capital Structure of Company (Projected)

	BV (in Thousands)			MV (in Thousands)	%
Long-term Debt	$ 1,697.32	1.00		$ 1,697	19.00%
Preferred Stock	-	1.00		-	0.0%
Common Stock	3,681.37	1.97	(a)	7,238	81.0%
Total Capital	$ 5,378.69			$ 8,935	100.0%

(a) Current market-to-book ratio of sample water utilities. See work papers.

[3] Current Tax rate based on test year ending 3/31/2009. See Rejoinder Schedule D-1.

Bella Vista Water Company (Stand-Alone)
Size Premium[1]

Exhibit
Rejoinder Schedule D-4.16

Line No.		Beta(β)	Size Premium	Risk Premium for Small Water Utilities[7]
6	Mid-Cap Companies[2]	1.13	1.00%	
8	Low-Cap Companies[3]	1.26	1.64%	
10	Micro-Cap Companies[4]	1.51	3.00%	
12	Decile 10[5]	1.64	4.74%	2.46%

		Risk Premium for Small Water Utilities
20	Estimated Risk Premium for small water utilities[6]	0.99%

[1] Data from Table 7-11 of Morningstar, *Ibbotson SBBI 2010 Valuation Yearbook.*
[2] Mid-Cap companies includes companies with market capitalization between $1,602 million and $5,936 million.
[3] Low-Cap companies includes companies with market capitalization between $432 million and $1,600 million.
[4] Micro-Cap companies includes companies with market capitalization less than $431 million.
[5] Decile 10 includes companies with market capitalization between $1.0 million and $214 million.
[6] From Table 2, Thomas M. Zepp, "Utility Stocks and the Size Effect Revisited," *The Quarterly Review of Economics and Finance*, 43 (2003), 578-582.
[7] Computed as the weighted differences between the Decile 10 risk premium and the inidicated risk premiums for the sample water utlities as shown below. Excludes risk due to differences in beta.

		Market Cap. (Millions)	Class	Size Premium	Difference to Decile 10	Weight	Weighted Size Premium
1.	American States	$ 659	Low-Cap	1.64%	3.10%	0.1666667	0.52%
2.	Aqua America	$ 2,501	Mid-Cap	1.00%	3.74%	0.1666667	0.62%
3.	California Water	$ 805	Low-Cap	1.64%	3.10%	0.1666667	0.52%
4.	Connecticut Water	$ 204	Decile 10	4.74%	0.00%	0.1666667	0.00%
5.	Middlesex	$ 243	Micro-Cap	3.00%	1.74%	0.1666667	0.29%
6.	SJW Corp.	$ 496	Low-Cap	1.64%	3.10%	0.1666667	0.52%
	Weighted Size Premium for Small Companies						2.46%

Bella Vista Water Co., Inc.
Northern Sunrise Water Company Inc.
Southern Sunrise Water Company Inc.

W-02465A-09-0411, W-20453A-09-0412, W-20454A-09-0413,
W-02465A-09-0414, W-20453A-09-0414 and W-20454A-09-0414

Thomas J. Bourassa
Rejoinder Testimony
(Cost of Capital)
July 7, 2010

Northern Sunrise Water Company
Stand-Alone Schedules

2232477.1

Northern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Summary of Cost of Capital

Exhibit
Rejoinder Schedule D-1
Page 1
Witness: Bourassa

Line No.	Item of Capital	End of Test Year Dollar Amount	Percent of Total	(e) Cost Rate	Weighted Cost	End of Projected Year Dollar Amount	Percent of Total	(e) Cost Rate	Weighted Cost
1	Long-Term Debt	-	0.00%	0.00%	0.00%	$ -	0.00%	0.00%	0.00%
2									
3	Stockholder's Equity[1]	466,936	100.00%	11.10%	11.10%	540,236	100.00%	11.10%	11.10%
4									
5	Totals	$ 466,936	100.00%		11.10%	$ 540,236	100.00%		11.10%
6									
7									
8	[1] Rebuttal Adjustments to equity								
9	Acumm. depreciation adjustment		$ (4,879)						
10	CIAC adjustment		$ 2						
11	Deferred Income Tax Adjustment		$ (57,847)						
12									
13									
14									
15									
16	SUPPORTING SCHEDULES:								RECAP SCHEDULES:
17	Rejoinder D-1								
18	Rejoinder D-2								
19	Rejoinder D-3								
20	Rejoinder D-4								
21									
22									
23									
24									
25									
26									
27									
28									
29									
30									
31									
32									
33									

Northern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Cost of Long Term Debt

Exhibit
Rejoinder Schedule D-2
Page 1
Witness: Bourassa

Line No.	Description of Debt	End of Test Year Amount Outstanding[1]	End of Test Year Annual Interest	End of Test Year Interest Rate	End of Test Year Weighted Cost	End of Projected Year Amount Outstanding	End of Projected Year Annual Interest	End of Projected Year Interest Rate	End of Projected Year Weighted Cost
1			-	6.10%	0.00%	-	-	6.10%	0.00%
2			-	6.26%	0.00%	-	-	6.26%	0.00%
3			-	8.56%	0.00%	-	-	8.56%	0.00%
4			-	7.30%	0.00%	-	-	7.30%	0.00%
5			-	6.91%	0.00%	-	-	6.91%	0.00%
6			-	7.16%	0.00%	-	-	7.16%	0.00%
7			-	0.00%	0.00%	-	-	0.00%	0.00%
8			-	0.00%	0.00%	-	-	0.00%	0.00%
9			-	0.00%	0.00%	-	-	0.00%	0.00%
10			-	0.00%	0.00%	-	-	0.00%	0.00%
11			-	0.00%	0.00%	-	-	0.00%	0.00%
12									
13	Totals	$ -	$ -		0.00%	$ -	-		0.00%
14									
15	SUPPORTING SCHEDULES:					RECAP SCHEDULES:			
16	Rejoinder D-2					Rejoinder D-1			
17									
18									
19									
20									

Northern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Cost of Preferred Stock

Exhibit
Rejoinder Schedule D-3
Page 1
Witness: Bourassa

Line No.	Description of Issue	End of Test Year Shares Outstanding	End of Test Year Amount	End of Test Year Dividend Requirement	End of Projected Year Shares Outstanding	End of Projected Year Amount	End of Projected Year Dividend Requirement
1							
2							
3	NOT APPLICABLE, NO PREFERRED STOCK ISSUED OR OUTSTANDING						
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17	SUPPORTING SCHEDULES:			RECAP SCHEDULES:			
18				Rejoinder D-1			
19							
20							

Northern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Cost of Common Equity

Exhibit
Rejoinder Schedule D-4
Page 1
Witness: Bourassa

Line No.	
1	
2	The Company is proposing a cost of common equity of 11.10% .
3	
4	
5	
6	
7	
8	
9	
10	
11	
12	
13	
14	
15	
16	
17	SUPPORTING SCHEDULES: RECAP SCHEDULES:
18	Rejoinder D-4.1 to D-4.16 Rejoinder D-1
19	
20	

Northern Sunrise Water Company (Stand-Alone)
Summary of Results

Exhibit
Rejoinder Schedule D-4.1

Line No.	Method	Low	High	Midpoint
1				
2				
3				
4	Method	Low	High	Midpoint
5				
6	Range DCF Constant Growth Estimates[1]	9.1%	10.5%	9.8%
7				
8	Range of CAPM Estimates[2]	10.4%	13.9%	12.2%
9				
10				
11	Average of DCF and CAPM midpoint estimates	9.8%	12.2%	11.0%
12				
13				
14	Financial Risk Adjustment[3]	-1.0%	-1.0%	-1.0%
15				
16	Specific Company Risk Premium[4]	1.1%	1.1%	1.1%
17				
18	Indicated Cost of Equity	9.9%	12.3%	11.1%
19				
20				
21				
22	Recommended Cost of Equity			11.1%
23				
24				
25				
26	[1] See Rejoinder Schedule D-4-8			
27	[2] See Rejoinder Schedule D-4.12			
28	[3] See Rejoinder Schedule D-4.16			
29	[4] See testimony.			

Northern Sunrise Water Company (Stand-Alone)
Selected Characteristics of Sample Group of Water Utilities

Exhibit
Rejoinder Schedule D-4.2

Line No.	Company[1]	% Water Revenues	Operating Revenues (millions)	Net Plant (millions)	S&P Bond Rating	Moody's Bond Rating
1						
2						
3	Company[1]					
4	1. American States	76%	$ 361.0	$ 962.1	A	A2
5	2. Aqua America	90%	$ 670.5	$ 2,790.5	AA-	NR
6	3. California Water	99%	$ 449.4	$ 1,079.9	AA-	NR
7	4. Connecticut Water	90%	$ 67.5	$ 273.1	A	NR
8	5. Middlesex	89%	$ 91.2	$ 329.7	A	NR
9	6. SJW Corp.	96%	$ 216.1	$ 523.7	NR	NR
10						
11	Average	90%	$ 309.3	$ 993.2		
12						
13	Northern Sunrise Water Company	100%	$ 0.2	$ 0.7	NR	NR
14	(as of December 31, 2008)					
15						
16						
17						
18						
19						
20						
21	[1]AUS Utility Reports (May 2010).					
22						
23						
24						
25						

Northern Sunrise Water Company (Stand-Alone)
Capital Structures

Exhibit
Rejoinder Schedule D-4.3

No.	Company	Book Value[1] Long-Term Debt	Book Value[1] Common Equity	Market Value[1] Long-Term Debt	Market Value[1] Common Equity
1	American States	47.7%	52.3%	31.7%	68.3%
2	Aqua America	55.7%	44.3%	35.7%	64.3%
3	California Water	47.2%	52.8%	31.7%	68.3%
4	Connecticut Water	51.0%	49.0%	35.5%	64.5%
5	Middlesex	47.4%	52.6%	34.0%	66.0%
6	SJW Corp.	49.8%	50.2%	33.2%	66.8%
7					
8	Average	49.8%	50.2%	33.6%	66.4%
9					
10	Northern Sunrise Water Company (Stan[2] (Adjusted as of December 31, 2008)	0.0%	100.0%	N/A	N/A

[1] Value Line Analyzer Data (April 23, 2010)
[2] Adjusted Per Rejoinder Schedule D-1

Northern Sunrise Water Company (Stand-Alone)
Comparisons of Past and Future Estimates of Growth

Exhibit
Rejoinder Schedule D-4.4

Line No.	Company	[1] Price[1]	[2] Book Value[2]	[3] EPS[2]	[4] DPS[2]	[5] Average Col 1-4	[6] Average Future Growth[3]	[7] Average of Future and Historical Growth Col 5-6
		Five-year historical average annual changes						
1	1. American States	8.76%	4.98%	9.69%	2.88%	6.58%	5.38%	5.98%
2	2. Aqua America	NMF	6.20%	3.85%	8.81%	6.29%	9.02%	7.65%
3	3. California Water	4.93%	4.92%	6.62%	0.88%	4.34%	5.88%	5.11%
4	4. Connecticut Water	3.15%	2.88%	1.72%	1.39%	2.29%	7.25%	4.77%
5	5. Middlesex	2.61%	4.00%	0.41%	1.49%	2.13%	7.25%	4.69%
6	6. SJW Corp.	6.79%	5.68%	0.25%	5.53%	4.56%	7.25%	5.91%
7	GROUP AVERAGE	5.25%	4.78%	3.76%	3.50%	4.36%	7.01%	5.68%
8	GROUP MEDIAN	4.93%	4.95%	2.79%	2.18%	4.45%	7.25%	5.51%

[1] Average of changes in annual stock prices ending on April 23, 2010. Data from Yahoo Finance website.
[2] Data derived from Value Line Investment Survey and/or 10K Reports for period 2005 to 2010.
[3] See Rejoinder Schedule D-4.6.

Northern Sunrise Water Company (Stand-Alone)
Comparisons of Past and Future Estimates of Growth

Exhibit
Rejoinder Schedule D-4.5

Line No.		[1]	[2]	[3]	[4]	[5]	[6]	[7]
1								
2								Average of Future and Historical Growth
3								
4			**Ten-year historical average annual changes**				Average Future	
5			Book			Average		
6	Company	Price[1]	Value[2]	EPS[2]	DPS[2]	Col 1-4	Growth[3]	Col 5-6
7	1. American States	8.60%	4.80%	5.36%	1.79%	5.14%	5.38%	5.26%
8	2. Aqua America	7.94%	8.19%	6.34%	7.67%	7.53%	9.02%	8.28%
9	3. California Water	7.79%	3.91%	4.09%	0.80%	4.15%	5.88%	5.01%
10	4. Connecticut Water	4.73%	3.77%	2.08%	1.31%	2.97%	7.25%	5.11%
11	5. Middlesex	4.64%	3.81%	1.24%	1.71%	2.85%	7.25%	5.05%
12	6. SJW Corp.	3.01%	5.25%	1.44%	5.53%	3.81%	7.25%	5.53%
13								
14								
15	GROUP AVERAGE	6.12%	4.96%	3.42%	3.13%	4.41%	7.01%	5.71%
16	GROUP MEDIAN	6.26%	4.36%	3.08%	1.75%	3.98%	7.25%	5.18%
17								
18								
19								
20	[1] Average of changes in annual stock prices ending on April 23, 2010. Data from Yahoo Finance website.							
21	[2] Data derived from Value Line Investment Survey and/or 10K Reports for period 2000 to 2009.							
22	[3] See Rejoinder Schedule D-4.6.							
23								
24								
25								
26								
27								
28								

Northern Sunrise Water Company (Stand-Alone)
Analysts Forecasts of Earnings Per Share Growth

Exhibit
Rejoinder Schedule D-4.6

Line No.		[1]	[2]	[3]	[4]	[5]
		ESTIMATES OF EARNINGS GROWTH				Average Growth (G)
	Company	Zacks[1]	Reuters[1]	Yahoo[1]	Value Line[1]	(Cols 1-4)[2]
1	1. American States	4.00%	4.00%	7.00%	6.50%	5.38%
2	2. Aqua America	8.00%	8.25%	8.33%	11.50%	9.02%
3	3. California Water	7.00%	4.00%	6.00%	6.50%	5.88%
4	4. Connecticut Water			15.00%		7.25%
5	5. Middlesex			8.00%		7.25%
6	6. SJW Corp.			10.00%		7.25%
7	GROUP AVERAGE	6.33%	5.42%	9.06%	8.17%	7.01%
8	GROUP MEDIAN					7.25%

[1] Data as of April 23, 2010

[2] Where no data available or single estimate, average of other utilities assumed to estimate for utility.

Exhibit
Rejoinder Schedule D-4.7

Northern Sunrise Water Company (Stand-Alone)
Current Dividend Yields for Water Utility Sample Group

Line No.	Company	Curent Stock Price (P_0)[1]	Current Dividend (D_0)[1]	Current Dividend Yield (D_0/P_0)[1]	Average Annual Dividend Yield (D_0/P_0)[1,2]
1					
2					
3					
4					
5					
6	1. American States	$ 38.09	$ 1.04	2.73%	2.86%
7	2. Aqua America	$ 18.47	$ 0.60	3.25%	2.80%
8	3. California Water	$ 38.90	$ 1.19	3.06%	3.12%
9	4. Connecticut Water	$ 23.95	$ 0.91	3.81%	3.58%
10	5. Middlesex	$ 18.12	$ 0.72	3.98%	3.99%
11	6. SJW Corp.	$ 27.28	$ 0.70	2.55%	2.27%
12					
13	Average			3.23%	3.10%
14	Median			3.15%	2.99%
15					
16	[1] Value Line Analyzer Data. Stock prices as of April 23, 2010.				
17	[2] Average Annual Dividend is dividends declared per share for a year divided by the average annual price of the stock in the same year,				
18	expressed as a percentage. For comparison purposes only.				
19					
20					
21					
22					
23					
24					
25					

Northern Sunrise Water Company (Stand-Alone)
Discounted Cash Flow Analysis
DCF Constant Growth

Exhibit
Rejoinder Schedule D-4.8

Line No.		[1] Average Spot Dividend Yield (D_0/P_0)[1]	[2] Expected Dividend Yield (D_1/P_0)[2]	[3] Growth (g)	[4] Indicated Cost of Equity k=Div Yld + g (Cols 2+3)
8	DCF - Past and Future Growth	3.23%	3.41%	5.68% [3]	9.1%
10	DCF - Future Growth	3.23%	3.46%	7.01% [4]	10.5%
13		3.23%	3.43%	6.34%	9.8%

[1] Spot Dividend Yield = D_0/P_0. See Rejoinder Schedule D-4.7.
[2] Expected Dividend Yield = $D_1/P_0 = D_0/P_0 * (1+g)$.
[3] Growth rate (g). Average of Past and Future Growth. See Rejoinder Schedule D-4.4, column 7
4 Growth rate (g). Average of Analyst Estimates Future Growth. See Rejoinder Schedule D-4.6.

Northern Sunrise Water Company (Stand-Alone)
Market Betas

Exhibit
Rejoinder Schedule D-4.9

Line No.		Company	Beta (β)[1]
1		Company	Beta (β)[1]
2	1.	American States	0.80
3	2.	Aqua America	0.65
4	3.	California Water	0.75
5	4.	Connecticut Water	0.80
6	5.	Middlesex	0.75
7	6.	SJW Corp.	0.95
8			
9		Average	**0.78**
10			
11			
12			
13		[1] Value Line Investment Analyzer data (April 23, 2010)	
14		Note: Beta is a relative measure of the historical sensitivity of a stock's price to overall fluctuations	
15		in the New York Stock Exchange Composite Index. A Beta of 1.50 indicates a stock tends to rise	
16		(or fall) 50% more than the New York Stock Exchange Composite Index. The "Beta coefficient" is	
17		derived from a regression analysis of the relationship between weekly percent-age changes in the	
18		price of a stock and weekly percentage changes in the NYSE Index over a period of five years. In	
19		the case of shorter price histories, a smaller time period is used, but two years is the minimum.	
20		The Betas are adjusted for their long-term tendency to converge toward 1.00.	

Northern Sunrise Water Company (Stand-Alone)
Forecasts of Long-Term Interest Rates
2011-2012

Exhibit
Rejoinder Schedule D-4.10

Line No.	Description	2011	2012	Average
1				
2				
3				
4	Description	2011	2012	Average
5				
6	Blue Chip Consensus Forecasts[1]	5.1%	5.5%	5.3%
7				
8	Value Line[2]	4.9%	5.3%	5.1%
9				
10	Average			5.2%
11				
12				
13				
14				
15	[1] December 2009 Blue Chip Financial Forecasts consensus forecast of 30 Year U.S.Treasury			
16	[2] *Value Line Quarterly forecast*, dated February 26, 2010, Long-term Treasury			
17				
18				
19				
20				
21				
22				
23				
24				

Northern Sunrise Water Company (Stand-Alone)
Computation of Current Market Risk Premium

Exhibit
Rejoinder Schedule D-4.11

Line No.	Month	Dividend Yield (D_0/P_0)[1]	Expected Dividend Yield (D_1/P_0)[2]	+	Growth (g)[3]	=	Expected Market Return (k)	-	Monthly Average 30 Year Treasury Rate[4]	=	Market Risk Premium (MRP)
4	Jan 2009	4.86%	6.32%	+	30.02%	=	36.34%	-	3.13%	=	33.21%
5	Feb	5.50%	7.43%	+	35.13%	=	42.56%	-	3.59%	=	38.97%
6	Mar	4.21%	5.36%	+	27.33%	=	32.69%	-	3.64%	=	29.05%
7	April	3.66%	4.47%	+	22.05%	=	26.52%	-	3.76%	=	22.76%
8	May	3.46%	4.14%	+	19.67%	=	23.81%	-	4.23%	=	19.58%
9	Jun	3.25%	3.87%	+	19.16%	=	23.03%	-	4.52%	=	18.51%
10	Jul	2.90%	3.37%	+	16.31%	=	19.68%	-	4.41%	=	15.27%
11	Aug	2.82%	3.22%	+	14.21%	=	17.43%	-	4.37%	=	13.06%
12	Sept	2.80%	3.20%	+	14.32%	=	17.52%	-	4.19%	=	13.33%
13	Oct	2.75%	3.15%	+	14.49%	=	17.64%	-	4.19%	=	13.45%
14	Nov	2.68%	3.05%	+	13.88%	=	16.93%	-	4.31%	=	12.62%
15	Dec 2009	2.56%	2.88%	+	12.58%	=	15.46%	-	4.35%	=	11.11%
16	Jan 2010	2.64%	3.00%	+	13.71%	=	16.71%	-	4.48%	=	12.23%
17	Feb	2.59%	2.97%	+	14.65%	=	17.62%	-	4.48%	=	13.14%
18	Mar	2.44%	2.75%	+	12.69%	=	15.44%	-	4.48%	=	10.96%
19	April	2.36%	2.63%	+	11.61%	=	14.24%	-	4.69%	=	9.55%
20											
21											
22	Recommended	2.46%	2.78%	+	12.98%	=	15.77%	-	4.55%	=	11.22%
23											
24	Short-term Trends										
25	Recent Twelve Months Avg	2.77%	3.19%	+	14.77%	=	17.96%	-	4.39%	=	13.57%
26	Recent Nine Months Avg	2.63%	2.98%	+	13.57%	=	16.56%	-	4.39%	=	12.16%
27	Recent Six Months Avg	2.55%	2.88%	+	13.19%	=	16.07%	-	4.47%	=	11.60%
28	Recent Three Months Avg	2.46%	2.78%	+	12.98%	=	15.77%	-	4.55%	=	11.22%

29
30
31 [1] Average Current Dividend Yield (D_0/P_0) of dividend paying stocks. Data from Value Line Investment Analyzer Software Data - Value Line 1700 Stocks
32 [2] Expected Dividend Yield (D_1/P_0) equals average current dividend yield (D0/P0) times one plus growth rate(g).
33 [3] Average 3-5 year price appreciation (annualized). Data from Value Line Investment Analyzer Software Data - Value Line 1700 Stocks
34 [4] Montly average 30 year U.S. Treasury. Federal Reserve.
35

Northern Sunrise Water Company (Stand-Alone)
Capital Asset Pricing Model (CAPM)

Exhibit
Rejoinder Schedule D-4.12

Line No.		Rf[1]	+	beta[3]	x	Rp		=	k
1									
2									
3	Historical Market Risk Premium CAPM	5.2%	+	0.78	x	6.7%	[4]	=	10.4%
4									
5	Current Market Risk Premium CAPM	5.2%	+	0.78	x	11.2%	[5]	=	13.9%
6									
7	Average								12.2%
8									
9									
10									
11									
12	[1] Forecasts of long-term treasury yields. See Rejoinder Schedule D-4.10.								
13	[2] Value Line Investment Analyzer data. See Rejoinder Schedule D-4.9.								
14	[3] Historical Market Risk Premium from (Rp) MorningStar SBBI 2010 Valuation Yearbook Table A-1 Long-Horizon ERP 1926-2009								
15	[4] Computed using DCF constant growth method to determine current market return onValue Line 1700 stocks								
16	and CAPM with beta of 1.0 to compute Current Market Risk Premium (Rp). See Rejoinder Schedule D-4.11.								
17									
18									
19									
20									

Northern Sunrise Water Company (Stand-Alone)
Financial Risk Computation

Exhibit
Rejoinder Schedule D-4.13

Line No.											
1	**CAPM**										
2		**Rf**		+	**β**		x	**(Rp)**			**k**
3	Historical Market Risk Premium	5.2%	1	+	0.78	2	x	6.7%	3	=	10.4%
4	Current Market Risk Premium	5.2%	1	+	0.78	2	x	11.2%	4	=	13.9%
5											
6	Average										12.2%
7											
8											
9	**CAPM Relevered Beta**										
10		**Rf**		+	**β**		x	**(Rp)**			**k**
11	Historical Market Risk Premium	5.2%	1	+	0.67	5	x	6.7%	3	=	9.7%
12	Current Market Risk Premium	5.2%	1	+	0.67	5	x	11.2%	4	=	12.7%
13											
14	Average										11.2%
15											
16	Financial Risk Adjustment										**-1.0%**
17											
18											

19 [1] Forecast of long-term treasury yields. See Rebuttal Schedule D-4.10
20 [2] Value Line Investment Analyzer data. See Rebuttal Schedule D-4.9
21 [3] Historical Market Risk Premium from (Rp) MorningStar SBBI 2010 Valuation Yearbook Table A-1 Long-Horizon ERP 1926-2009
22 [4] Computed using DCF constant growth method to determine current market return on Value Line 1700 stocks
23 and CAPM with beta of 1.0 to compute Current Market Risk Premium (Rp). See Rebuttal Schedule D-4.11
24 [5] Relevered bata found on Rebuttal Schedule D-4.15
25

Northern Sunrise Water Company (Stand-Alone)
Financial Risk Computation
Unlevered Beta

Exhibit
Rebuttal Schedule D-4.14

Line No.		Company	VL Beta β_L [1]	Raw Beta Raw β_L [2]	Tax Rate t[3]	MV Debt D[4]	MV Equity E[4]	Unlevered Raw Beta β_U [5]
5	1.	American States	0.80	0.70	37.8%	31.7%	68.3%	0.54
6	2.	Aqua America	0.65	0.48	39.4%	35.7%	64.3%	0.36
7	3.	California Water	0.75	0.63	38.0%	31.7%	68.3%	0.49
8	4.	Connecticut Water	0.80	0.70	19.5%	35.5%	64.5%	0.49
9	5.	Middlesex	0.75	0.63	34.1%	34.0%	66.0%	0.47
10	6.	SJW Corp.	0.95	0.93	40.4%	33.2%	66.8%	0.72
13		Sample Water Utilities	0.78	0.68	34.8%	33.6%	66.4%	0.51

[1] Value Line Investment Analyzer data.
Value Line uses the historical data of the stock, but assumes that a security's beta moves toward the market average over time. The formula is as follows:
Adjusted beta = .33 + (.67) * Raw beta
[2] Raw Beta = (VL beta - .33)/(.67)
[3] Effective tax rates for year ended December 31, 2009.
[4] See Rejoinder Scehdule D-4.3
[5] Raw B_u = Raw B_L/ (1+ (1-t)*D/E)

Northern Sunrise Water Company (Stand-Alone)
Financial Risk Computation
Relevered Beta

Exhibit
Rejoinder Schedule D-4.15

Line No.		Unlevered Raw Beta β_U[1]	MV Book Debt BD[2]	MV Equity Capital EC[2]	Tax Rate t[3]	Relevered Raw Beta $\beta_{RL}=\beta_U(1+(1-t)BD/EC)$ β_{RL}	VL Adjusted Relevered Beta .33 + .67(Raw Beta) β_{RL}
1							
2							
3							
4							
5	Northern Sunrise Water Compan	0.51	0.0%	100.0%	26.80%	0.51	0.67
6							
7							
8							
9							
10							
11							
12							

13 [1] Unlevered Beta from Table 18.

14 [2] Capital Structure of Company (Projected)

	BV (in Thousands)			MV (in Thousands)		%
15						
16						
17 Long-term Debt	$	-	1.00	$	-	0.00%
18 Preferred Stock	$	-	1.00		-	0.0%
19 Common Stock	$	477	1.97 (a)		938	100.0%
20 Total Capital	$	477		$	938	100.0%

21

22 (a) Current market-to-book ratio of sample water utilities. See work papers.

23

24 [3] Current Tax rate based on test year ending 2009. See Rejoinder Schedule D-1.

25

26

Northern Sunrise Water Company (Stand-Alone)
Size Premium[1]

Exhibit
Rejoinder Schedule D-4.16

Line No.		Beta(β)	Size Premium	Risk Premium for Small Water Utilities[7]
6	Mid-Cap Companies[2]	1.13	1.00%	
8	Low-Cap Companies[3]	1.26	1.64%	
10	Micro-Cap Companies[4]	1.51	3.00%	
12	Decile 10[5]	1.64	4.74%	2.46%

		Risk Premium for Small Water Utilities
20	Estimated Risk Premium for small water utilities[6]	0.99%

[1] Data from Table 7-11 of Morningstar, *Ibbotson SBBI 2010 Valuation Yearbook.*
[2] Mid-Cap companies includes companies with market capitalization between $1,602 million and $5,936 million.
[3] Low-Cap companies includes companies with market capitalization between $432 million and $1,600 million.
[4] Micro-Cap companies includes companies with market capitalization less than $431 million.
[5] Decile 10 includes companies with market capitalization between $1.0 million and $214 million.
[6] From Table 2, Thomas M. Zepp, "Utility Stocks and the Size Effect Revisited," *The Quarterly Review of Economics and Finance*, 43 (2003), 578-582.
[7] Computed as the weighted differences between the Decile 10 risk premium and the inidicated risk premiums for the sample water utlities as shown below. Excludes risk due to differences in beta.

		Market Cap. (Millions)	Class	Size Premium	Difference to Decile 10	Weight	Weighted Size Premium
1.	American States	$ 659	Low-Cap	1.64%	3.10%	0.1666667	0.52%
2.	Aqua America	$ 2,501	Mid-Cap	1.00%	3.74%	0.1666667	0.62%
3.	California Water	$ 805	Low-Cap	1.64%	3.10%	0.1666667	0.52%
4.	Connecticut Water	$ 204	Decile 10	4.74%	0.00%	0.1666667	0.00%
5.	Middlesex	$ 243	Micro-Cap	3.00%	1.74%	0.1666667	0.29%
6.	SJW Corp.	$ 496	Low-Cap	1.64%	3.10%	0.1666667	0.52%
	Weighted Size Premium for Small Companies						2.46%

Bella Vista Water Co., Inc.
Northern Sunrise Water Company Inc.
Southern Sunrise Water Company Inc.

W-02465A-09-0411, W-20453A-09-0412, W-20454A-09-0413,
W-02465A-09-0414, W-20453A-09-0414 and W-20454A-09-0414

Thomas J. Bourassa
Rejoinder Testimony
(Cost of Capital)
July 7, 2010

Southern Sunrise Water Company Stand-Alone Schedules

2232477.1

Southern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Summary of Cost of Capital

Exhibit
Rejoinder Schedule D-1
Page 1
Witness: Bourassa

Line No.	Item of Capital	End of Test Year Dollar Amount	End of Test Year Percent of Total	End of Test Year (e) Cost Rate	End of Test Year Weighted Cost	End of Projected Year Dollar Amount	End of Projected Year Percent of Total	End of Projected Year (e) Cost Rate	End of Projected Year Weighted Cost
1	Long-Term Debt	-	0.00%	0.00%	0.00%	$ -	0.00%	0.00%	0.00%
2									
3	Stockholder's Equity[1]	1,339,497	100.00%	11.10%	11.10%	1,486,096	100.00%	11.10%	11.10%
4									
5	Totals	$ 1,339,497	100.00%		11.10%	$ 1,486,096	100.00%		11.10%
6									
7									
8	[1] Adjustments to equity								
9	Acumm. depreciation adjustment		$ 24,067						
10	CIAC adjustment		$ 1						
11	Deferred Income Tax Adjustment		$ (93,376)						
12									
13									
14									
15									
16	SUPPORTING SCHEDULES:								
17	Rejoinder D-1								
18	Rejoinder D-2								
19	Rejoinder D-3								
20	Rejoinder D-4								
21									
22									
23									
24									
25									
26									
27									
28									
29									
30									
31									
32									
33									

RECAP SCHEDULES:

Southern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Cost of Long Term Debt

Exhibit
Rejoinder Schedule D-2
Page 1
Witness: Bourassa

Line No.	Description of Debt	End of Test Year: Amount Outstanding[1]	Annual Interest	Interest Rate	Weighted Cost	End of Projected Year: Amount Outstanding	Annual Interest	Interest Rate	Weighted Cost
1			-	6.10%	0.00%	-	-	6.10%	0.00%
2			-	6.26%	0.00%	-	-	6.26%	0.00%
3			-	8.56%	0.00%	-	-	8.56%	0.00%
4			-	7.30%	0.00%	-	-	7.30%	0.00%
5			-	6.91%	0.00%	-	-	6.91%	0.00%
6			-	7.16%	0.00%	-	-	7.16%	0.00%
7			-	0.00%	0.00%	-	-	0.00%	0.00%
8			-	0.00%	0.00%	-	-	0.00%	0.00%
9			-	0.00%	0.00%	-	-	0.00%	0.00%
10			-	0.00%	0.00%	-	-	0.00%	0.00%
11			-	0.00%	0.00%	-	-	0.00%	0.00%
12									
13	Totals	$ -	$ -		0.00%	$ -	-		0.00%
14									
15	SUPPORTING SCHEDULES:					RECAP SCHEDULES:			
16						Rejoinder D-1			
17									
18									
19									
20									

Southern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Cost of Preferred Stock

Exhibit
Rejoinder Schedule D-3
Page 1
Witness: Bourassa

Line No.	Description of Issue	End of Test Year Shares Outstanding	End of Test Year Amount	End of Test Year Dividend Requirement	End of Projected Year Shares Outstanding	End of Projected Year Amount	End of Projected Year Dividend Requirement
1							
2							
3	NOT APPLICABLE, NO PREFERRED STOCK ISSUED OR OUTSTANDING						
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17	SUPPORTING SCHEDULES:			RECAP SCHEDULES:			
18				Rejoinder D-1			
19							
20							

Southern Sunrise Water Company (Stand-Alone)
Test Year Ended March 31, 2009
Cost of Common Equity

Exhibit
Rejoinder Schedule D-4
Page 1
Witness: Bourassa

Line No.	
1	
2	The Company is proposing a cost of common equity of 11.10% .
3	
4	
5	
6	
7	
8	
9	
10	
11	
12	
13	
14	
15	
16	
17	SUPPORTING SCHEDULES: RECAP SCHEDULES:
18	Rejoinder D-4.1 to D-4.16 Rejoinder D-1
19	
20	

Southern Sunrise Water Company (Stand-Alone)
Summary of Results

Exhibit
Rejoinder Schedule D-4.1

Line No.	Method	Low	High	Midpoint
6	Range DCF Constant Growth Estimates[1]	9.1%	10.5%	9.8%
8	Range of CAPM Estimates[2]	10.4%	13.9%	12.2%
11	Average of DCF and CAPM midpoint estimates	9.8%	12.2%	11.0%
14	Financial Risk Adjustment[3]	-1.0%	-1.0%	-1.0%
16	Specific Company Risk Premium[4]	1.1%	1.1%	1.1%
18	Indicated Cost of Equity	9.9%	12.3%	11.1%
22	Recommended Cost of Equity			11.1%

1 See Rejoinder Schedule D-4-8
2 See Rejoinder Schedule D-4.12
3 See Rejoinder Schedule D-4.16
4 See testimony.

Southern Sunrise Water Company (Stand-Alone)
Selected Characteristics of Sample Group of Water Utilities

Exhibit
Rejoinder Schedule D-4.2

Line No.	Company[1]	% Water Revenues	Operating Revenues (millions)	Net Plant (millions)	S&P Bond Rating	Moody's Bond Rating
4	1. American States	76%	$ 361.0	$ 962.1	A	A2
5	2. Aqua America	90%	$ 670.5	$ 2,790.5	AA-	NR
6	3. California Water	99%	$ 449.4	$ 1,079.9	AA-	NR
7	4. Connecticut Water	90%	$ 67.5	$ 273.1	A	NR
8	5. Middlesex	89%	$ 91.2	$ 329.7	A	NR
9	6. SJW Corp.	96%	$ 216.1	$ 523.7	NR	NR
11	Average	90%	$ 309.3	$ 993.2		
13	Southern Sunrise Water Compan	100%	$ 0.2	$ 0.7	NR	NR
14	(as of December 31, 2008)					

[1]AUS Utility Reports (May 2010).

Southern Sunrise Water Company (Stand-Alone)
Capital Structures

Exhibit
Rejoinder Schedule D-4.3

No.	Company	Book Value[1] Long-Term Debt	Book Value[1] Common Equity	Market Value[1] Long-Term Debt	Market Value[1] Common Equity
1	American States	47.7%	52.3%	31.7%	68.3%
2	Aqua America	55.7%	44.3%	35.7%	64.3%
3	California Water	47.2%	52.8%	31.7%	68.3%
4	Connecticut Water	51.0%	49.0%	35.5%	64.5%
5	Middlesex	47.4%	52.6%	34.0%	66.0%
6	SJW Corp.	49.8%	50.2%	33.2%	66.8%
	Average	49.8%	50.2%	33.6%	66.4%
	Southern Sunrise Water Company (Stan[2] (Adjusted as of December 31, 2008)	0.0%	100.0%	N/A	N/A

[1] Value Line Analyzer Data (April 23, 2010)
[2] Adjusted Per Rejoinder Schedule D-1

Southern Sunrise Water Company (Stand-Alone)
Comparisons of Past and Future Estimates of Growth

Exhibit
Rejoinder Schedule D-4.4

Line No.	Company	[1] Price[1]	[2] Book Value[2]	[3] EPS[2]	[4] DPS[2]	[5] Average Col 1-4	[6] Average Future Growth[3]	[7] Average of Future and Historical Growth Col 5-6
		Five-year historical average annual changes						
1	American States	8.76%	4.98%	9.69%	2.88%	6.58%	5.38%	5.98%
2	Aqua America	NMF	6.20%	3.85%	8.81%	6.29%	9.02%	7.65%
3	California Water	4.93%	4.92%	6.62%	0.88%	4.34%	5.88%	5.11%
4	Connecticut Water	3.15%	2.88%	1.72%	1.39%	2.29%	7.25%	4.77%
5	Middlesex	2.61%	4.00%	0.41%	1.49%	2.13%	7.25%	4.69%
6	SJW Corp.	6.79%	5.68%	0.25%	5.53%	4.56%	7.25%	5.91%
7	GROUP AVERAGE	5.25%	4.78%	3.76%	3.50%	4.36%	7.01%	5.68%
8	GROUP MEDIAN	4.93%	4.95%	2.79%	2.18%	4.45%	7.25%	5.51%

[1] Average of changes in annual stock prices ending on April 23, 2010. Data from Yahoo Finance website.
[2] Data derived from Value Line Investment Survey and/or 10K Reports for period 2005 to 2010.
[3] See Rejoinder Schedule D-4.6.

Southern Sunrise Water Company (Stand-Alone)
Comparisons of Past and Future Estimates of Growth

Exhibit
Rejoinder Schedule D-4.5

Line No.		[1]	[2]	[3]	[4]	[5]	[6]	[7]
1								
2								Average of Future and Historical Growth
3								
4			**Ten-year historical average annual changes**				Average Future	
5			Book			Average		
6	Company	Price[1]	Value[2]	EPS[2]	DPS[2]	Col 1-4	Growth[3]	Col 5-6
7	1. American States	8.60%	4.80%	5.36%	1.79%	5.14%	5.38%	5.26%
8	2. Aqua America	7.94%	8.19%	6.34%	7.67%	7.53%	9.02%	8.28%
9	3. California Water	7.79%	3.91%	4.09%	0.80%	4.15%	5.88%	5.01%
10	4. Connecticut Water	4.73%	3.77%	2.08%	1.31%	2.97%	7.25%	5.11%
11	5. Middlesex	4.64%	3.81%	1.24%	1.71%	2.85%	7.25%	5.05%
12	6. SJW Corp.	3.01%	5.25%	1.44%	5.53%	3.81%	7.25%	5.53%
13								
14								
15	GROUP AVERAGE	6.12%	4.96%	3.42%	3.13%	4.41%	7.01%	5.71%
16	GROUP MEDIAN	6.26%	4.36%	3.08%	1.75%	3.98%	7.25%	5.18%
17								
18								
19								
20	[1] Average of changes in annual stock prices ending on April 23, 2010. Data from Yahoo Finance website.							
21	[2] Data derived from Value Line Investment Survey and/or 10K Reports for period 2000 to 2009.							
22	[3] See Rejoinder Schedule D-4.6.							
23								
24								
25								
26								
27								
28								

Southern Sunrise Water Company (Stand-Alone)
Analysts Forecasts of Earnings Per Share Growth

Exhibit
Rejoinder Schedule D-4.6

Line No.		[1]	[2]	[3]	[4]	[5]
		ESTIMATES OF EARNINGS GROWTH				Average Growth (G)
	Company	Zacks[1]	Reuters[1]	Yahoo[1]	Value Line[1]	(Cols 1-4)[2]
1	1. American States	4.00%	4.00%	7.00%	6.50%	5.38%
2	2. Aqua America	8.00%	8.25%	8.33%	11.50%	9.02%
3	3. California Water	7.00%	4.00%	6.00%	6.50%	5.88%
4	4. Connecticut Water			15.00%		7.25%
5	5. Middlesex			8.00%		7.25%
6	6. SJW Corp.			10.00%		7.25%
7	GROUP AVERAGE	6.33%	5.42%	9.06%	8.17%	7.01%
8	GROUP MEDIAN					7.25%

[1] Data as of April 23, 2010

[2] Where no data available or single estimate, average of other utilities assumed to estimate for utility.

Southern Sunrise Water Company (Stand-Alone)
Current Dividend Yields for Water Utility Sample Group

Exhibit
Rejoinder Schedule D-4.7

Line No.	Company	Curent Stock Price (P_0)[1]	Current Dividend (D_0)[1]	Current Dividend Yield (D_0/P_0)[1]	Average Annual Dividend Yield (D_0/P_0)[1,2]
1					
2					
3					
4					
5					
6	1. American States	$ 38.09	$ 1.04	2.73%	2.86%
7	2. Aqua America	$ 18.47	$ 0.60	3.25%	2.80%
8	3. California Water	$ 38.90	$ 1.19	3.06%	3.12%
9	4. Connecticut Water	$ 23.95	$ 0.91	3.81%	3.58%
10	5. Middlesex	$ 18.12	$ 0.72	3.98%	3.99%
11	6. SJW Corp.	$ 27.28	$ 0.70	2.55%	2.27%
12					
13	Average			3.23%	3.10%
14	Median			3.15%	2.99%
15					
16	[1] Value Line Analyzer Data. Stock prices as of April 23, 2010.				
17	[2] Average Annual Dividend is dividends declared per share for a year divided by the average annual price of the stock in the same year,				
18	expressed as a percentage. For comparison purposes only.				
19					
20					
21					
22					
23					
24					
25					

Southern Sunrise Water Company (Stand-Alone)
Discounted Cash Flow Analysis
DCF Constant Growth

Exhibit
Rejoinder Schedule D-4.8

Line No.		[1]	[2]	[3]		[4]
		Average Spot Dividend Yield (D_0/P_0)[1]	Expected Dividend Yield (D_1/P_0)[2]	Growth (g)		Indicated Cost of Equity k=Div Yld + g (Cols 2+3)
8	DCF - Past and Future Growth	3.23%	3.41%	5.68%	3	9.1%
10	DCF - Future Growth	3.23%	3.46%	7.01%	4	10.5%
13		3.23%	3.43%	6.34%		9.8%

[1] Spot Dividend Yield = D_0/P_0. See Rejoinder Schedule D-4.7.
[2] Expected Dividend Yield = $D_1/P_0 = D_0/P_0 * (1+g)$.
[3] Growth rate (g). Average of Past and Future Growth. See Rejoinder Schedule D-4.4, column 7
4 Growth rate (g). Average of Analyst Estimates Future Growth. See Rejoinder Schedule D-4.6.

Southern Sunrise Water Company (Stand-Alone)
Market Betas

Exhibit
Rejoinder Schedule D-4.9

Line No.	Company	Beta (β)[1]
1		
2	1. American States	0.80
3	2. Aqua America	0.65
4	3. California Water	0.75
5	4. Connecticut Water	0.80
6	5. Middlesex	0.75
7	6. SJW Corp.	0.95
8		
9	Average	**0.78**
10		
11		
12		
13	[1] Value Line Investment Analyzer data (April 23, 2010)	
14	Note: Beta is a relative measure of the historical sensitivity of a stock's price to overall fluctuations	
15	in the New York Stock Exchange Composite Index. A Beta of 1.50 indicates a stock tends to rise	
16	(or fall) 50% more than the New York Stock Exchange Composite Index. The "Beta coefficient" is	
17	derived from a regression analysis of the relationship between weekly percent-age changes in the	
18	price of a stock and weekly percentage changes in the NYSE Index over a period of five years. In	
19	the case of shorter price histories, a smaller time period is used, but two years is the minimum.	
20	The Betas are adjusted for their long-term tendency to converge toward 1.00.	

Southern Sunrise Water Company (Stand-Alone)
Forecasts of Long-Term Interest Rates
2011-2012

Exhibit
Rejoinder Schedule D-4.10

Line No.	Description	2011	2012	Average
1				
2				
3				
4	Description	2011	2012	Average
5				
6	Blue Chip Consensus Forecasts[1]	5.1%	5.5%	5.3%
7				
8	Value Line[2]	4.9%	5.3%	5.1%
9				
10	Average			5.2%
11				
12				
13				
14				
15	[1] December 2009 Blue Chip Financial Forecasts consensus forecast of 30 Year U.S.Treasury			
16	[2] Value Line Quarterly forecast, dated February 26, 2010, Long-term Treasury			
17				
18				
19				
20				
21				
22				
23				
24				

Southern Sunrise Water Company (Stand-Alone)
Computation of Current Market Risk Premium

Exhibit
Rejoinder Schedule D-4.11

Line No.	Month	Dividend Yield (D_0/P_0)[1]	Expected Dividend Yield (D_1/P_0)[2]	+	Growth (g)[3]	=	Expected Market Return (k)	-	Monthly Average 30 Year Treasury Rate[4]	=	Market Risk Premium (MRP)
4	Jan 2009	4.86%	6.32%	+	30.02%	=	36.34%	-	3.13%	=	33.21%
5	Feb	5.50%	7.43%	+	35.13%	=	42.56%	-	3.59%	=	38.97%
6	Mar	4.21%	5.36%	+	27.33%	=	32.69%	-	3.64%	=	29.05%
7	April	3.66%	4.47%	+	22.05%	=	26.52%	-	3.76%	=	22.76%
8	May	3.46%	4.14%	+	19.67%	=	23.81%	-	4.23%	=	19.58%
9	Jun	3.25%	3.87%	+	19.16%	=	23.03%	-	4.52%	=	18.51%
10	Jul	2.90%	3.37%	+	16.31%	=	19.68%	-	4.41%	=	15.27%
11	Aug	2.82%	3.22%	+	14.21%	=	17.43%	-	4.37%	=	13.06%
12	Sept	2.80%	3.20%	+	14.32%	=	17.52%	-	4.19%	=	13.33%
13	Oct	2.75%	3.15%	+	14.49%	=	17.64%	-	4.19%	=	13.45%
14	Nov	2.68%	3.05%	+	13.88%	=	16.93%	-	4.31%	=	12.62%
15	Dec 2009	2.56%	2.88%	+	12.58%	=	15.46%	-	4.35%	=	11.11%
16	Jan 2010	2.64%	3.00%	+	13.71%	=	16.71%	-	4.48%	=	12.23%
17	Feb	2.59%	2.97%	+	14.65%	=	17.62%	-	4.48%	=	13.14%
18	Mar	2.44%	2.75%	+	12.69%	=	15.44%	-	4.48%	=	10.96%
19	April	2.36%	2.63%	+	11.61%	=	14.24%	-	4.69%	=	9.55%
20											
21											
22	Recommended	2.46%	2.78%	+	12.98%	=	15.77%	-	4.55%	=	11.22%
23											
24	Short-term Trends										
25	Recent Twelve Months Avg	2.77%	3.19%	+	14.77%	=	17.96%	-	4.39%	=	13.57%
26	Recent Nine Months Avg	2.63%	2.98%	+	13.57%	=	16.56%	-	4.39%	=	12.16%
27	Recent Six Months Avg	2.55%	2.88%	+	13.19%	=	16.07%	-	4.47%	=	11.60%
28	Recent Three Months Avg	2.46%	2.78%	+	12.98%	=	15.77%	-	4.55%	=	11.22%

29
30
31 [1] Average Current Dividend Yield (D_0/P_0) of dividend paying stocks. Data from Value Line Investment Analyzer Software Data - Value Line 1700 Stocks
32 [2] Expected Dividend Yield (D_1/P_0) equals average current dividend yield (D0/P0) times one plus growth rate(g).
33 [3] Average 3-5 year price appreciation (annualized). Data from Value Line Investment Analyzer Software Data - Value Line 1700 Stocks
34 [4] Montly average 30 year U.S. Treasury. Federal Reserve.
35

Southern Sunrise Water Company (Stand-Alone)
Capital Asset Pricing Model (CAPM)

Exhibit
Rejoinder Schedule D-4.12

Line No.		Rf[1]	+	beta[3]	x	Rp		=	k
1									
2									
3	Historical Market Risk Premium CAPM	5.2%	+	0.78	x	6.7%	[4]	=	10.4%
4									
5	Current Market Risk Premium CAPM	5.2%	+	0.78	x	11.2%	[5]	=	13.9%
6									
7	Average								12.2%
8									
9									
10									
11									

12 [1] Forecasts of long-term treasury yields. See Rejoinder Schedule D-4.10.
13 [2] Value Line Investment Analyzer data. See Rejoinder Schedule D-4.9.
14 [3] Historical Market Risk Premium from (Rp) MorningStar SBBI 2010 Valuation Yearbook Table A-1 Long-Horizon ERP 1926-2009
15 [4] Computed using DCF constant growth method to determine current market return onValue Line 1700 stocks
16 and CAPM with beta of 1.0 to compute Current Market Risk Premium (Rp). See Rejoinder Schedule D-4.11.
17
18
19
20

Southern Sunrise Water Company (Stand-Alone)
Financial Risk Computation

Exhibit
Rejoinder Schedule D-4.13

Line No.											
1	**CAPM**										
2		**Rf**		+	**β**		x	**(Rp)**			**k**
3	Historical Market Risk Premium	5.2%	1	+	0.78	2	x	6.7%	3	=	10.4%
4	Current Market Risk Premium	5.2%	1	+	0.78	2	x	11.2%	4	=	13.9%
5											
6	Average										12.2%
7											
8											
9	**CAPM Relevered Beta**										
10		**Rf**		+	**β**		x	**(Rp)**			**k**
11	Historical Market Risk Premium	5.2%	1	+	0.67	5	x	6.7%	3	=	9.7%
12	Current Market Risk Premium	5.2%	1	+	0.67	5	x	11.2%	4	=	12.7%
13											
14	Average										11.2%
15											
16	Financial Risk Adjustment										**-1.0%**
17											
18											

19 [1] Forecast of long-term treasury yields. See Rejoinder Schedule D-4.10
20 [2] Value Line Investment Analyzer data. See Rejoinder Schedule D-4.9
21 [3] Historical Market Risk Premium from (Rp) MorningStar SBBI 2010 Valuation Yearbook Table A-1 Long-Horizon ERP 1926-2009
22 [4] Computed using DCF constant growth method to determine current market return on Value Line 1700 stocks
23 and CAPM with beta of 1.0 to compute Current Market Risk Premium (Rp). See Rejoinder Schedule D-4.11
24 [5] Relevered bata found on Rejoinder Schedule D-4.15
25

Southern Sunrise Water Company (Stand-Alone)
Financial Risk Computation
Unlevered Beta

Exhibit
Rejoinder Schedule D-4.14

Line No.		Company	VL Beta β_l [1]	Raw Beta Raw β_l [2]	Tax Rate t [3]	MV Debt D [4]	MV Equity E [4]	Unlevered Raw Beta β_U [5]
5	1.	American States	0.80	0.70	37.8%	31.7%	68.3%	0.54
6	2.	Aqua America	0.65	0.48	39.4%	35.7%	64.3%	0.36
7	3.	California Water	0.75	0.63	38.0%	31.7%	68.3%	0.49
8	4.	Connecticut Water	0.80	0.70	19.5%	35.5%	64.5%	0.49
9	5.	Middlesex	0.75	0.63	34.1%	34.0%	66.0%	0.47
10	6.	SJW Corp.	0.95	0.93	40.4%	33.2%	66.8%	0.72
13		Sample Water Utilities	0.78	0.68	34.8%	33.6%	66.4%	0.51

[1] Value Line Investment Analyzer data. See Table 13.
Value Line uses the historical data of the stock, but assumes that a security's beta moves toward the market average over time. The formula is as follows:
Adjusted beta = .33 + (.67) * Raw beta
[2] Raw Beta = (VL beta - .33)/(.67)
[3] Effective tax rates for year ended December 31, 2009.
[4] See Rejoinder Scehdule D-4.3
[5] Raw B_u = Raw B_L/ (1+ (1-t)*D/E)

Southern Sunrise Water Company (Stand-Alone)
Financial Risk Computation
Relevered Beta

Exhibit
Rejoinder Schedule D-4.15

Line No.		Unlevered Raw Beta β_U[1]	MV Book Debt BD[2]	MV Equity Capital EC[2]	Tax Rate t[3]	Relevered Raw Beta $\beta_{RL}=\beta_U(1+(1-t)BD/EC))$ β_{RL}	VL Adjusted Relevered Beta .33 + .67(Raw Beta) β_{RL}
5	Southern Sunrise Water Compar	0.51	0.0%	100.0%	35.93%	0.51	0.67

[1] Unlevered Beta from Table 18.

[2] Capital Structure of Company (Projected)

	BV (in Thousands)			MV (in Thousands)	%
Long-term Debt	$ -	1.00		$ -	0.00%
Preferred Stock	-	1.00		-	0.0%
Common Stock	1,339.50	1.97	(a)	2,634	100.0%
Total Capital	$ 1,339			$ 2,634	100.0%

(a) Current market-to-book ratio of sample water utilities. See work papers.

3 Current Tax rate based on test year ending 2009. See Rejoinder Schedule D-1.

Southern Sunrise Water Company (Stand-Alone)
Size Premium[1]

Exhibit
Rejoinder Schedule D-4.16

Line No.		Beta(β)	Size Premium	Risk Premium for Small Water Utilities[7]
6	Mid-Cap Companies[2]	1.13	1.00%	
8	Low-Cap Companies[3]	1.26	1.64%	
10	Micro-Cap Companies[4]	1.51	3.00%	
12	Decile 10[5]	1.64	4.74%	2.46%

		Risk Premium for Small Water Utilities
20	Estimated Risk Premium for small water utilities[6]	0.99%

[1] Data from Table 7-11 of Morningstar, *Ibbotson SBBI 2010 Valuation Yearbook.*
[2] Mid-Cap companies includes companies with market capitalization between $1,602 million and $5,936 million.
[3] Low-Cap companies includes companies with market capitalization between $432 million and $1,600 million.
[4] Micro-Cap companies includes companies with market capitalization less than $431 million.
[5] Decile 10 includes companies with market capitalization between $1.0 million and $214 million.
[6] From Table 2, Thomas M. Zepp, "Utility Stocks and the Size Effect Revisited," *The Quarterly Review of Economics and Finance*, 43 (2003), 578-582.
[7] Computed as the weighted differences between the Decile 10 risk premium and the inidicated risk premiums for the sample water utlities as shown below. Excludes risk due to differences in beta.

		Market Cap. (Millions)	Class	Size Premium	Difference to Decile 10	Weight	Weighted Size Premium
1.	American States	$ 659	Low-Cap	1.64%	3.10%	0.1666667	0.52%
2.	Aqua America	$ 2,501	Mid-Cap	1.00%	3.74%	0.1666667	0.62%
3.	California Water	$ 805	Low-Cap	1.64%	3.10%	0.1666667	0.52%
4.	Connecticut Water	$ 204	Decile 10	4.74%	0.00%	0.1666667	0.00%
5.	Middlesex	$ 243	Micro-Cap	3.00%	1.74%	0.1666667	0.29%
6.	SJW Corp.	$ 496	Low-Cap	1.64%	3.10%	0.1666667	0.52%
	Weighted Size Premium for Small Companies						2.46%