

OPEN MEETING AGENDA ITEM
ORIGINAL



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Arizona Corporation Commission
DOCKETED

MAR 24 2011

DOCKETED BY

1 FENNEMORE CRAIG, P.C.
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6 Phoenix, Arizona 85012
7 Attorneys for Applicants

BEFORE THE ARIZONA CORPORATION COMMISSION

8 IN THE MATTER OF THE APPLICATION
9 OF BELLA VISTA WATER CO., INC. AN
10 ARIZONA CORPORATION, FOR A
11 DETERMINATION OF THE FAIR VALUE
12 OF ITS UTILITY PLANTS AND PROPERTY
13 AND FOR INCREASES IN ITS WATER
14 RATES AND CHARGES FOR UTILITY
15 SERVICE BASED THEREON.

DOCKET NO. W-02465A-09-0411

16 IN THE MATTER OF THE APPLICATION
17 OF NORTHERN SUNRISE WATER
18 COMPANY, INC., AN ARIZONA
19 CORPORATION, FOR A DETERMINATION
20 OF THE FAIR VALUE OF ITS UTILITY
21 PLANTS AND PROPERTY AND FOR
22 INCREASES IN ITS WATER RATES AND
23 CHARGES FOR UTILITY SERVICE BASED
24 THEREON.

DOCKET NO. W-20453A-09-0412

25 IN THE MATTER OF THE APPLICATION
26 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

RECEIVED
2011 MAR 24 P 3:22
AZ CORP COMMISSION
DOCKET CONTROL

1 IN THE MATTER OF THE JOINT
2 APPLICATION OF BELLA VISTA WATER
3 CO., INC., NORTHERN SUNRISE WATER
4 COMPANY, INC., AND SOUTHERN
5 SUNRISE WATER COMPANY, INC. FOR
6 APPROVAL OF AUTHORITY TO
7 CONSOLIDATE OPERATIONS, AND FOR
8 THE TRANSFER OF UTILITY ASSETS TO
9 BELLA VISTA WATER CO., INC.
10 PURSUANT TO ARIZONA REVISED
11 STATUTES 40-285.

DOCKET NO. W-02465A-09-0414
DOCKET NO. W-20453A-09-0414
DOCKET NO. W-20454A-09-0414

**REQUEST FOR CORRECTIONS TO
RECOMMENDED OPINION AND
ORDER**

8 Applicants Bella Vista Water Co., Inc. (“Bella Vista”), Northern Sunrise Water
9 Company, Inc. (“NSWC”), and Southern Sunrise Water Company, Inc. (“SSWC”) (jointly
10 “BVWC” or “Company”) hereby submit this request that the ROO be corrected in three
11 separate respects: (1) accumulated depreciation and depreciation expense are **not**
12 calculated using the group depreciation methodology adopted in the ROO; (2) outside
13 services expense has been reduced without any ruling to support the adjustment; and (3)
14 interest expense is calculated using the wrong weighted cost of debt. Because each of
15 these reflects a discrepancy between the ROO and the schedules, the Company believes
16 these matters require correction.

17 **I. ACCUMULATED DEPRECIATION AND DEPRECIATION EXPENSE.**

18 In this rate case, Staff recommended that BVWC “convert from the group
19 depreciation methodology to individual asset methodology.”¹ Rejecting Staff’s
20 recommendation, the ROO holds that the Company will not be required to convert the
21 manner in which it determines depreciation expense.² In other words, the ROO adopts the
22 Company’s position and authorizes the continued use of group depreciation. The group
23 depreciation methodology used by the Company in this case is the same one commonly
24 used and approved by the Commission for water utilities.³

25 ¹ ROO at 15:25 – 16:1.

26 ² *Id.* at 16:21-22.

³ Tr. at 241 – 242, 304, 1040 – 1041, 1046 – 1047; Rejoinder Testimony of Thomas J. Bourassa

1 Unfortunately, the ROO's schedules, and the rate base, operating expenses and
2 rates set forth therein, are based on Staff's individual asset methodology, which the ROO
3 rejected.⁴ As a result, rate base is increased by nearly \$365,000, but depreciation expense
4 is understated by more than \$226,000.⁵ The Company can find no explanation for the
5 discrepancy, other than it being a mistake. The difference in both the computed
6 accumulated depreciation balance and annual depreciation expense between the ROO and
7 BVWC's position is the methodology employed by Staff, which was rejected in the ROO.

8 Staff's method is an asset specific method that was rejected in favor of continued
9 use of the group depreciation method.⁶ As compared to the group method, Staff's method
10 results in lower annual depreciation expense compared to the group method. The ROO
11 adopts an accumulated depreciation balance of \$10,077,878.⁷ Under the group method,
12 however, the accumulated depreciation is \$10,442,498.⁸

13 In conclusion, since the ROO clearly adopts the continued use of the group
14 method, the Company respectfully submits that the rates should be determined using that
15 method as well. Right now, the rates are erroneously calculated using the rejected
16 individual asset method and the Company faces a revenue shortfall as a result.

17 **II. OUTSIDE SERVICES EXPENSE.**

18 The Company made a pro forma adjustment to recognize known and measurable
19 changes in the costs of Outside Services expense occurring during the test year.⁹ Staff
20 recommended an adjustment to reduce this expense by \$36,038, which adjustment
21 eliminated known and measurable wage increases.¹⁰ Nowhere in the ROO is Staff's

22 ("Bourassa Rj.") at 10.

23 ⁴ See Summary of Corrections to Depreciation Expense and Income Tax Expense at **Attachment 1.**

24 ⁵ *Id.*

25 ⁶ For more information on the acceptability of the group method *see* Bourassa Rj. at 7 – 12.

26 ⁷ See ROO at 19.

⁸ See BVWC Consolidated Schedule B-2 at **Attachment 2.**

⁹ Thomas J. Bourassa Testimony in Support of Consolidation at 11:22-23.

¹⁰ See Staff's Opening Brief Schedule CSB-15 for Bella Vista, and CSB-14 for NSWC and SSWC. Respectively, the breakdown is \$29,388 for Bella Vista, \$2,313 for NSWC, and \$29,388 for SSWC.

1 recommended adjustment adopted, or even discussed; however, the adjustment is made in
2 the ROO's schedules reflecting operating expenses. As a result, BVWC's operating
3 expenses are understated by \$36,038.

4 **III. INTEREST EXPENSE.**

5 The interest synchronization in the ROO appears to be based on Staff's weighted
6 cost of debt of 2.1 percent.¹¹ Based on the ROO's recommended capital structure and the
7 cost of debt, however, the weighted cost of debt should be 1.4 percent.¹² As a result of
8 this error, the ROO's income tax expense is understated by approximately \$35,300.

9 **IV. RELIEF REQUESTED.**

10 In light of the foregoing, the Company asks that the Hearing Division issue
11 amendments to correct the depreciation methodology and calculation of accumulated
12 depreciation and depreciation expense, outside services expense and interest expense, as
13 well as the resulting rate base, operating expenses and rates for water utility service by
14 BVWC. The attached schedules reflect what the Company believes should be the rate
15 base, operating expenses and revenue requirement would be if the ROO were adopted as
16 appears to be intended.¹³

17 ...
18 ...
19 ...
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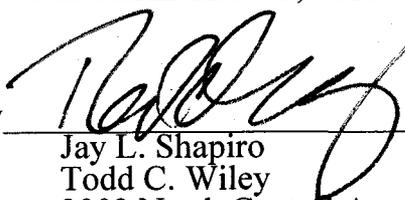
23 ¹¹ This is not readily discernible from the ROO; however, the Company discovered the anomaly because
24 Staff's Opening Brief Schedule Consolidated Systems (Bella Vista, Northern Sunrise, Southern Sunrise)
25 CSB-2 shows a weighted cost of debt of 2.1% and it is only by the use of a 2.1% weighted cost of debt that
26 the numbers in the ROO at page 19 reconcile.

¹² See ROO at 33:18.
¹³ See Attachment 1.

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DATED this 24th day of March, 2011.

FENNEMORE CRAIG, P.C.

By 
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Todd C. Wiley
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Suite 2600
Phoenix, Arizona 85012
Attorneys for Bella Vista Water Co., Inc.,
Northern Sunrise Water Company, Inc.,
and Southern Sunrise Water Company,
Inc.

ORIGINAL and thirteen (13) copies
of the foregoing were filed
this 24th day of March, 2011, with:

Docket Control
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007

COPY of the foregoing hand-delivered
this 24th day of March, 2011, to:

Chairman Gary Pierce
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, AZ 85007

Commissioner Paul Newman
Arizona Corporation Commission
1200 W. Washington Street
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Commissioner Sandra D. Kennedy
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Commissioner Bob Stump
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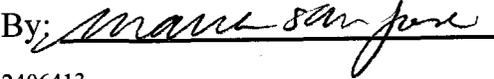
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19 **COPY** of the foregoing mailed/emailed
20 this 24th day of March, 2011 to:

21 Michelle Wood, Esq.
22 RUCO
23 1110 W. Washington St., Suite 220
24 Phoenix, Arizona 85007

25 By: 
26 2406413

ATTACHMENT 1

Bella Vista Water Company
Docket No. W-02465A-09-0411
Summary of Corrections to Depreciation Expense and Income Tax Expense

Schedule 1

	Per ROO	<u>Correction</u>	Per Corrected ROO
Plant-in-Service	\$ 26,505,766		\$ 26,505,766
Less:			
Accumulated Depreciation	(10,077,878)	(364,620)	(10,442,498)
Net Plant-in-Service	<u>\$ 16,427,888</u>		<u>\$ 16,063,268</u>
Less:			
Advances-in-Aid of Construction	\$ 6,781,443		\$ 6,781,443
Contributions-in-Aid of Construction	542,445		542,445
Less: Accumulated Amortization	<u>(230,987)</u>		<u>(230,987)</u>
Net CIAC	311,458		311,458
Service and Meter Line Advances	559,605		559,605
Customer Security Deposits	206,120		206,120
Deferred Income Taxes	626,933		626,933
Original Cost Rate Base	<u><u>7,942,330</u></u>		<u><u>7,577,710</u></u>
Adjusted T.Y. Revenues	\$ 4,162,136		\$ 4,162,136
Less:			
Operating Expenses	\$ 2,856,232		\$ 2,856,232
Depreciation ¹	809,973	226,729	1,036,702
Income Taxes ²	127,045	(64,459)	62,586
Operating Income	<u>\$ 368,886</u>		<u>\$ 206,616</u>
Required Rate of Return	8.8%		8.8%
Required Operating Income	\$ 698,925		\$ 666,838
Operating Income Deficiency	\$ 330,039		\$ 460,223
Tax Factor	1.6517		1.6517
Increase in Gross Revenue Requirement	<u>\$ 545,126</u>		<u>\$ 760,150</u>
Total Revenue Requirement	\$ 4,707,262		\$ 4,922,286
% Increase	13.10%		18.26%

¹ The ROO's accumulated depreciation balance and annual depreciation expense are based upon specific asset method. However, ROO adopts group depreciation method.

² Income Tax Expense per the ROO is understated because the weighted cost of debt used to compute the interest expense deduction is too high. The ROO appears to use a weighted cost of debt of 2.1% rather than the correct weighted cost of debt of 1.4%.

Bella Vista Water Company (Consolidated)
 Test Year Ended March 31, 2009
 Depreciation Computation

Line No.	Acct. No.	Description	Bella Vista			Northern Sunrise			Southern Sunrise			Total Adj'd.	
			Adjusted Plant Balance	Depr. Rate	Depr. Expense	Adjusted Plant Balance	Depr. Rate	Depr. Expense	Adjusted Plant Balance	Depr. Rate	Depr. Expense	Plant Balance	Depr. Expense
1		Depreciation & Amortization Expense											
2													
3													
4	301	Organization Cost		0.00%			0.00%			71	0.00%		961
5	302	Franchise Cost		0.00%			0.00%			336,686	0.00%		688,011
6	303	Land and Land Rights	327,389	0.00%		23,926	0.00%			326,168	0.00%		1,914,771
7	304	Structures and Improvements	1,307,936	3.33%	43,554	280,668	3.33%	9,346				10,861	63,762
8	305	Collecting and Impounding Res.		2.50%	1,284	51,378	2.50%	1,284					51,378
9	306	Lake River and Other Intakes		2.50%			2.50%						
10	307	Wells and Springs	1,127,614	3.33%	37,550	34,064	3.33%	1,134		132,029	3.33%	4,397	43,080
11	308	Infiltration Galleries and Tunnels		6.67%			6.67%						
12	309	Supply Mains		2.00%			2.00%			3,256	2.00%	65	65
13	310	Power Generation Equipment		5.00%		1,293	5.00%	65					65
14	311	Electric Pumping Equipment	1,963,086	12.50%	245,386	91,019	12.50%	11,377		192,066	12.50%	24,008	280,771
15	312	Water Treatment Equipment	83,385	3.33%	2,777		3.33%						83,385
16	320.1	Water Treatment Plant		20.00%			20.00%						
17	320.2	Chemical Solution Feeders		2.22%		95,668	2.22%	2,124		261,921	2.22%	5,815	58,557
18	330	Dist. Reservoirs & Standpipe	2,280,128	5.00%			5.00%						
19	330.1	Storage tanks		2.00%			2.00%						
20	330.2	Pressure Tanks		3.33%			3.33%						
21	331	Trans. and Dist. Mains	12,008,025	8.33%	240,160	36,763	2.00%	735		81,090	2.00%	1,622	242,518
22	333	Services	1,358,732	8.33%	45,246	29,756	3.33%	991		70,227	3.33%	2,339	48,575
23	334	Meters	1,358,176	2.00%	113,136	3,449	8.33%	287		16,708	8.33%	1,382	114,815
24	335	Hydrants	884,182	6.67%	17,684	59,298	2.00%	1,186		18,416	2.00%	368	19,238
25	336	Backflow Prevention Devices		6.67%			6.67%						
26	339	Other Plant and Misc. Equip.	69,551	6.67%	4,639	23,472	6.67%	1,566		21,516	6.67%	1,435	7,640
27	340	Office Furniture and Fixtures	177,672	20.00%	11,851		6.67%						11,851
28	340.1	Computers and Software	160,920	4.00%	32,184		20.00%						32,184
29	341	Transportation Equipment	288,464	5.00%	53,693		4.00%						53,693
30	342	Stores Equipment		5.00%			5.00%			270	5.00%	13	6,136
31	343	Tools and Work Equipment	122,443	10.00%	6,122		10.00%						
32	344	Laboratory Equipment		5.00%			5.00%						
33	345	Power Operated Equipment	31,548	10.00%	1,577		10.00%						1,577
34	346	Communications Equipment	411,484	10.00%	41,148	5,881	10.00%	588		3,379	10.00%	338	42,074
35	347	Miscellaneous Equipment	107,306	10.00%	10,731		10.00%						10,731
36	348	Other Tangible Plant		10.00%		48,984	10.00%	4,898		106,394	10.00%	10,639	15,538
37													
38													
39		TOTALS	\$ 24,048,050		\$ 958,056	\$ 786,509		\$ 35,582		\$ 1,570,196		\$ 63,292	\$ 1,056,931
40													
41		Post Test Year Plant											
42	331	Trans. and Dist. Mains	\$ 101,011	2.00%	\$ 2,020		0.00%						\$ 2,020
43													
44		Total Plant Balance	\$ 24,148,061		\$ 960,076	\$ 786,509		\$ 35,582		\$ 1,570,196		\$ 63,292	\$ 1,058,951
45		Total Depreciation											
46													
47													
48		CIAC Balance	\$ 496,445			\$ 26,000				\$ 20,000			\$ 1,058,951
49		Less: Amortization of Contributions		4.030%	\$ (20,008)		4.671%	\$ (1,215)					\$ (22,249)
50													
51		Total Depreciation & Amortization Expense			\$ 940,068			\$ 34,368					\$ 1,036,702

ATTACHMENT 2

Bella Vista Water Company (Consolidated)
 Plant Additions and Retirements

Exhibit
 Schedule B-2
 Page 1

Account No.	Description	Plant At 12/31/2000	2000 Accum. Debit	2001 Plant Additions	2001 Plant Additions	2001 Adjusted Plant Additions	Final 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	8,739	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	7,056,631	2,450,915	219,615	1,463,902	1,683,517	(20,083)	-	8,720,065	157,968
331	Transmission and Distribution Mains	829,747	660,025	(20)	-	(20)	(2,039)	-	827,688	16,595
333	Services	903,840	798,362	37,895	-	37,895	(15,525)	-	926,210	92,279
334	Meters	457,210	177,863	17,961	749	18,710	(971)	-	474,949	9,331
335	Hydrants	-	-	-	-	-	-	-	-	-
336	Backflow Prevention Devices	-	-	-	-	-	(0)	-	(0)	(0)
339	Other Plant and Miscellaneous Equipment	100,023	86,329	-	6,994	6,994	(3,157)	-	103,660	6,905
340	Office Furniture and Fixtures	161,264	29,062	-	-	-	-	-	161,264	10,756
340.1	Computers and Software	190,166	108,206	-	-	-	(1,644)	-	186,524	27,175
341	Transportation Equipment	-	-	-	-	-	-	-	-	-
342	Stores Equipment	121,859	80,790	1,197	-	1,197	(266)	-	122,789	14,401
343	Tools and Work Equipment	-	-	-	-	-	-	-	-	-
344	Laboratory Equipment	-	-	-	-	-	(0)	-	(0)	(0)
345	Power Operated Equipment	38,740	20,080	-	-	-	(3,023)	-	35,717	3,874
346	Communications Equipment	100,766	51,170	-	-	-	(380)	-	100,386	6,296
347	Miscellaneous Equipment	-	-	-	-	-	-	-	-	-
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
 Schedule B-2
 Page 2

Account No.	Description	2002 Plant Additions	2002 Plant Adjustments ¹	2002 Adjusted Plant Additions	Final 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)	-	848,595	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)	(0)	(54,089)	-	1,621,938	164,898
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	-	354,211	(20,083)	-	9,054,193	177,743
333	Services	42,378	-	42,378	(2,039)	-	868,027	16,957
334	Meters	28,053	-	28,053	(15,525)	-	939,737	93,297
335	Hydrants	43,354	-	43,354	(971)	-	517,332	9,923
336	Backflow Prevention Devices	-	-	-	(0)	-	(0)	(0)
339	Other Plant and Miscellaneous Equipment	-	-	-	(3,157)	-	100,703	6,822
340	Office Furniture and Fixtures	-	-	-	-	-	161,264	10,756
340.1	Computers and Software	-	-	-	-	-	191,725	27,169
341	Transportation Equipment	4,844	-	4,844	(1,644)	-	-	-
342	Stores Equipment	-	-	-	-	-	122,523	14,424
343	Tools and Work Equipment	-	-	-	(286)	-	-	-
344	Laboratory Equipment	-	-	-	(0)	-	(0)	(0)
345	Power Operated Equipment	-	-	-	(3,023)	-	32,694	3,421
346	Communications Equipment	-	-	-	(390)	-	100,006	6,262
347	Miscellaneous Equipment	-	-	-	-	-	-	-
348	Other Tangible Plant	-	-	-	-	-	-	-
	Rounding	-	-	-	-	-	-	-
	Plant Held for Future Use	-	-	-	-	-	-	-
	TOTAL WATER PLANT	490,827	54,088 (71,076)	473,839	(108,899)	-	17,267,001	615,811

Bella Vista Water Company (Consolidated)
 Plant Additions and Retirements

Exhibit
 Schedule B-2
 Page 3

Account No.	Description	2003 Plant Additions	2003 Plant Adjustments ¹	2003 Adjusted Plant Additions	Final 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	(10,160)	95,830	(54,089)	-	1,663,680	164,281
320	Water Treatment Equipment	24,705	-	24,705	(3,282)	-	38,032	2,732
320.1	Water Treatment Equipment	-	-	-	-	-	-	-
320.2	Water Treatment Equipment	-	-	-	-	-	-	-
330	Chemical Solution Feeders	106	-	106	(3,346)	-	1,452,895	36,363
330.1	Distribution Reservoirs & Standpipe	-	-	-	-	-	-	-
330.2	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	32,875	-	32,875	(3,157)	-	(0)	(0)
340	Office Furniture and Fixtures	-	-	-	-	-	130,421	7,708
340.1	Computers and Software	-	-	-	-	-	181,264	10,756
341	Transportation Equipment	8,623	-	8,623	(1,644)	-	198,704	27,896
342	Stores Equipment	-	-	-	-	-	-	-
343	Tools and Work Equipment	-	-	-	(286)	-	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)	-	89,625	6,238
348	Other Tangible Plant	-	-	-	-	-	-	-
348	Rounding	-	-	-	-	-	-	-
Plant Held for Future Use		382,573	(10,160)	372,413	(108,899)	-	17,530,515	567,000
TOTAL WATER PLANT								

¹ Affiliate Profit

Bella Vista Water Company (Consolidated)
Plant Additions and Retirements

Exhibit
 Schedule B-2
 Page 4

Account No.	Description	2004 Plant Additions	2004 Plant Adjustments ¹	2004 Adjusted Plant Additions	Final 2004 Plant Retirements	2004 Salvage A/D Only	2004 Plant Balance	2004 Debits
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)	-	1,707,128	168,540
320	Water Treatment Equipment	-	-	-	(3,262)	-	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	(23,747)	76,342	(2,039)	-	89,015	18,437
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	77,639	-	77,639	(1,644)	-	161,264	10,756
341	Transportation Equipment	-	-	-	-	-	274,699	33,825
342	Stores Equipment	-	-	-	-	-	-	-
343	Tools and Work Equipment	-	-	-	(286)	-	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	(23,747)	1,036,294	(108,899)	-	18,457,910	638,965

¹ Affiliate Profit

Bella Vista Water Company (Consolidated)
 Plant Additions and Retirements

Exhibit
 Schedule B-2
 Page 5

Account No.	Description	2005 Plant Additions	2005 Plant Adjustments ¹	Final 2005 Plant Adjustments	2005 Adjusted Plant Additions	Final 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	-	-	-	-	(571)	-	-	-
307	Wells and Springs	-	-	-	-	-	-	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)	-	1,712,484	170,981
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)	-	1,075,688	20,347
334	Meters	151,792	-	-	151,792	(15,525)	-	1,204,608	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	-	-	-	-	(1,644)	-	161,264	10,756
341	Transportation Equipment	-	-	-	-	(266)	-	273,055	39,137
342	Stores Equipment	-	-	-	-	-	-	121,723	-
343	Tools and Work Equipment	-	-	-	-	-	-	-	-
344	Laboratory Equipment	-	-	-	-	(0)	-	(0)	(0)
345	Power Operated Equipment	64,857	-	-	64,857	(3,023)	-	97,350	6,643
346	Communications Equipment	5,600	-	-	5,600	(380)	-	104,465	6,366
347	Miscellaneous Equipment	-	-	-	-	-	-	-	-
348	Other Tangible Plant	-	-	-	-	-	-	-	-
	Rounding	-	-	-	-	-	-	-	-
	Plant Held for Future Use	-	-	-	-	-	-	-	-
	TOTAL WATER PLANT	1,201,694	(5,608)	-	1,196,086	(108,899)	-	19,545,096	678,936

¹ Affiliate Profit

Account No.	Description	2006 Plant Additions	2006 Plant Adjustments ¹	Final 2006 Plant Adjustments	2006 Adjusted Plant Additions	Final 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)	(1,588)	94,365	(54,089)	-	67,441	1,820,202	173,262
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	216,589
333	Services	182,904	(1,109)	(176)	181,619	(2,038)	-	1,065	1,286,332	23,310
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	-	-	-	8,090	(0)	-	-	(0)	(0)
340	Office Furniture and Fixtures	8,090	-	(344)	(344)	(3,157)	-	-	160,894	10,567
340.1	Computers and Software	-	-	-	-	-	-	-	160,920	10,745
341	Transportation Equipment	-	-	-	-	(1,644)	-	-	271,411	16,222
342	Stores Equipment	-	-	-	-	(286)	-	-	121,457	-
343	Tools and Work Equipment	-	-	-	-	-	-	-	-	-
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	21,874,473	702,684

¹ Affiliate Profit

Bella Vista Water Company (Consolidated)
 Plant Additions and Retirements

Exhibit
 Schedule B-2
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Account No.	Description	2007 Plant Additions	2007 Plant Adjustments ¹	Final 2007 Plant Adjustments	2007 Adjusted Plant Additions	Final 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.	46,503	-	-	46,503	-	-	46,503	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)	(8,104)	210,581	(54,089)	-	1,976,695	176,848
320	Water Treatment Equipment	12,563	(60)	-	12,503	(3,282)	-	46,743	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	46,450	-	(612)	47,838	(2,039)	-	1,302,131	25,810
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	(25,969)	-	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	300,001	-	(144,623)	155,378	(380)	-	103,704	6,483
348	Other Tangible Plant	-	-	-	-	-	-	155,378	7,769
	Rounding	-	-	-	-	-	-	-	-
	Plant Held for Future Use	-	-	-	-	-	-	-	-
	TOTAL WATER PLANT	1,002,995	(30,090)	(164,359)	808,547	(540,236)	-	22,142,783	640,275

¹ Affiliate Profit

Bella Vista Water Company (Consolidated)
 Plant Additions and Retirements

Exhibit
 Schedule B-2
 Page 8

Account No.	Description	2008 Plant Additions	2008 Plant Adjustments ¹	Final 2008 Plant Adjustments	2008 Adjusted Plant Additions	Final 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	86,310	(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)	-	2,142,305	131,274
320	Water Treatment Equipment	5,764	-	-	5,764	(3,282)	-	51,225	4,988
320.1	Water Treatment Equipment	-	-	-	-	-	-	-	-
320.2	Chemical Solution Feeders	-	-	-	-	-	-	-	-
330	Distribution Reservoirs & Standpipe	1,047,079	(2,909)	(22,386)	1,021,794	(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)	-	1,402,548	27,786
334	Meters	96,042	(21,469)	(8,671)	65,883	(15,525)	-	1,347,761	57,331
335	Hydrants	45,597	(300)	(209)	45,088	(971)	-	929,298	16,145
336	Backflow Prevention Devices	-	-	-	-	-	-	-	-
339	Other Plant and Miscellaneous Equipment	107,222	(11,765)	-	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)	-	25,046,980	650,508

¹ Affiliate Profit

Bella Vista Water Company (Consolidated)
 Plant Additions and Retirements

Exhibit
 Schedule B-2
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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
		2000	2001	2002	2003
301	Organization Cost	-	-	-	-
302	Franchise Cost	-	-	-	-
303	Land and Land Rights	-	-	-	-
304	Structures and Improvements	207,134	227,528	248,252	268,963
305	Collecting and Impounding Res.	-	-	-	289,852
306	Lake River and Other Intakes	-	-	-	-
307	Wells and Springs	-	-	-	-
308	Infiltration Galleries and Tunnels	304,933	328,349	352,401	376,734
309	Supply Mains	-	-	-	-
310	Power Generation Equipment	-	-	-	-
311	Electric Pumping Equipment	991,154	1,106,936	1,217,746	1,327,938
320	Water Treatment Equipment	9,739	8,513	7,056	6,506
320.1	Water Treatment Equipment	-	-	-	-
320.2	Chemical Solution Feeders	-	-	-	-
330	Distribution Reservoirs & Standpipe	498,098	529,552	562,551	595,668
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
333	Services	660,025	674,560	689,498	704,986
334	Meters	758,362	835,115	912,887	955,988
335	Hydrants	177,863	186,224	195,176	204,585
336	Backflow Prevention Devices	-	-	-	-
339	Other Plant and Miscellaneous Equipment	86,329	90,077	93,742	98,292
340	Office Furniture and Fixtures	29,062	39,818	50,574	61,330
340.1	Computers and Software	106,206	133,738	159,263	185,515
341	Transportation Equipment	-	-	-	-
342	Stores Equipment	80,790	94,924	109,082	121,990
343	Tools and Work Equipment	-	-	-	-
344	Laboratory Equipment	-	-	-	-
345	Power Operated Equipment	20,080	20,931	21,329	21,424
346	Communications Equipment	-	-	-	-
347	Miscellaneous Equipment	51,170	57,087	62,969	68,827
348	Other Tangible Plant	-	-	-	-
	Rounding	-	-	-	-
	Plant Held for Future Use	-	-	-	-
	TOTAL WATER PLANT	6,433,660	6,922,173	7,429,065	7,907,166
					8,437,252

