

ORIGINAL



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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

GARY PIERCE, Chairman  
BOB STUMP  
SANDRA D. KENNEDY  
PAUL NEWMAN  
BRENDA BURNS

2011 AUG 22 P 3: 08

AZ CORP COMMISSION  
DOCKET CONTROL

Arizona Corporation Commission

DOCKETED

AUG 22 2011

DOCKETED BY

IN THE MATTER OF THE APPLICATION OF INDIADA WATER COMPANY, INC., FOR APPROVAL OF A PERMANENT INCREASE IN ITS WATER RATES.

DOCKET NO. W-02031A-10-0168

IN THE MATTER OF THE APPLICATION OF ANTELOPE RUN WATER COMPANY FOR APPROVAL OF A PERMANENT INCREASE IN ITS WATER RATES.

DOCKET NO. W-02327A-10-0169

IN THE MATTER OF THE APPLICATION OF BOB B. WATKINS DBA EAST SLOPE WATER COMPANY FOR APPROVAL OF A PERMANENT INCREASE IN ITS WATER RATES.

DOCKET NO. W-01906A-10-0170

IN THE MATTER OF THE APPLICATIONS OF BOB B. WATKINS DBA EAST SLOPE WATER COMPANY, INDIADA WATER COMPANY, INC., AND ANTELOPE RUN WATER COMPANY FOR APPROVAL OF A TRANSFER OF ASSETS AND CERTIFICATES OF CONVENIENCE AND NECESSITY.

DOCKET NO. W-01906A-10-0171  
DOCKET NO. W-02031A-10-0171  
DOCKET NO. W-02327A-10-0171

IN THE MATTER OF THE APPLICATION OF BOB B. WATKINS DBA EAST SLOPE WATER COMPANY FOR AUTHORITY TO INCUR LONG-TERM DEBT.

DOCKET NO. W-01906A-10-0183

IN THE MATTER OF THE APPLICATION OF INDIADA WATER COMPANY, INC. FOR AUTHORITY TO INCUR LONG-TERM DEBT.

DOCKET NO. W-02031A-10-0184

IN THE MATTER OF THE APPLICATION OF ANTELOPE RUN WATER COMPANY FOR AUTHORITY TO INCUR LONG-TERM DEBT.

DOCKET NO. W-02327A-10-0185

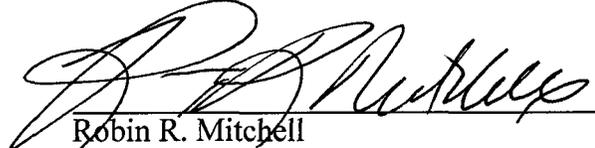
STAFF'S NOTICE OF FILING SURREBUTTAL TESTIMONY

The Utilities Division ("Staff") of the Arizona Corporation Commission ("Commission") hereby files the Surrebuttal Testimony of Staff Witness Jeffrey M. Michlik in the above-referenced matter.

...

...

1 RESPECTFULLY SUBMITTED this 22<sup>nd</sup> day of August, 2011.

2  
3  
4   
5 Robin R. Mitchell  
6 Attorney, Legal Division  
7 Arizona Corporation Commission  
8 1200 West Washington Street  
9 Phoenix, Arizona 85007  
10 (602) 542-3402

11 Original and thirteen (13) copies  
12 of the foregoing were filed this  
13 22<sup>nd</sup> day of August, 2011 with:

14 Docket Control  
15 Arizona Corporation Commission  
16 1200 West Washington Street  
17 Phoenix, Arizona 85007

18 Copies of the foregoing were mailed  
19 this 22<sup>nd</sup> day of August, 2011 to:

20 Steve Wene, Esq.  
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23 Phoenix, Arizona 85004

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25  
26  
27  
28 

**BEFORE THE ARIZONA CORPORATION COMMISSION**

GARY PIERCE  
Chairman

BOB STUMP  
Commissioner

SANDRA D. KENNEDY  
Commissioner

PAUL NEWMAN  
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Commissioner

IN THE MATTER OF THE APPLICATION OF ) DOCKET NO. W-02031A-10-0168  
INDIADA WATER COMPANY, INC., FOR )  
APPROVAL OF A PERMANENT INCREASE IN )  
ITS WATER RATES. )

IN THE MATTER OF THE APPLICATION OF ) DOCKET NO. W-02327A-10-0169  
ANTELOPE RUN WATER COMPANY FOR )  
APPROVAL OF A PERMANENT INCREASE IN )  
ITS WATER RATES. )

IN THE MATTER OF THE APPLICATION OF ) DOCKET NO. W-01906A-10-0170  
BOB B. WATKINS DBA EAST SLOPE WATER )  
COMPANY FOR APPROVAL OF A PERMANENT )  
INCREASE IN ITS WATER RATES. )

IN THE MATTER OF THE APPLICATION OF ) DOCKET NOS. W-01906A-10-0171  
BOB B. WATKINS DBA EAST SLOPE WATER ) W-02031A-10-0171  
COMPANY, INDIADA WATER COMPANY, INC., ) W-02327A-10-0171  
AND ANTELOPE RUN WATER COMPANY FOR )  
APPROVAL OF A TRANSFER OF ASSETS AND )  
CERTIFICATES OF CONVENIENCE AND )  
NECESSITY. )

IN THE MATTER OF THE APPLICATION OF ) DOCKET NO. W-01906A-10-0183  
BOB B. WATKINS DBA EAST SLOPE WATER )  
COMPANY FOR AUTHORITY TO INCUR LONG- )  
TERM DEBT. )

IN THE MATTER OF THE APPLICATION OF ) DOCKET NO. W-02031A-10-0184  
INDIADA WATER COMPANY, INC., FOR )  
AUTHORITY TO INCUR LONG-TERM DEBT. )

IN THE MATTER OF THE APPLICATION OF ) DOCKET NO. W-02327A-10-0185  
ANTELOPE RUN WATER COMPANY FOR )  
AUTHORITY TO INCUR LONG-TERM DEBT )

SURREBUTTAL  
TESTIMONY  
OF  
JEFFREY M. MICHLIK  
PUBLIC UTILITIES ANALYST V  
UTILITIES DIVISION  
ARIZONA CORPORATION COMMISSION  
AUGUST 22, 2011

**EXECUTIVE SUMMARY**

**INDIADA WATER COMPANY, INC. DOCKET NO. W-02031A-10-0168  
ANTELOPE RUN WATER COMPANY DOCKET NO. W-02327A-10-0169  
EAST SLOPE WATER COMPANY DOCKET NO. W-01906A-10-0170  
INDIADA WATER COMPANY, INC., ANTELOPE RUN WATER COMPANY, AND  
EAST SLOPE WATER COMPANY, DOCKET NOS. W-02031A-10-0170,  
W-02327A-10-0171, AND W-01906A-10-0170  
EAST SLOPE WATER COMPANY DOCKET NO. W-01906A-10-0183  
INDIADA WATER COMPANY, INC. DOCKET NO. W-02031A-10-0184  
ANTELOPE RUN WATER COMPANY DOCKET NO. W-02327A-10-0185**

The Surrebuttal Testimony of Jeffrey M. Michlik addresses the following issues:

- 1) Management Fees;
- 2) Changes to AIAC and CIAC;
- 3) Reclassifications of plant to expenses;
- 4) Customer deposits;
- 5) Emergency rate case expense;
- 6) Property Tax and
- 7) Rate of return on equity.

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***EAST SLOPE WATER COMPANY***

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Rate Base – Original Cost..... JMM-3

Summary of Original Cost Rate Base Adjustments..... JMM-4

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1 **I. INTRODUCTION**

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

3 A. My name is Jeffrey M. Michlik. I am a Public Utilities Analyst V employed by the  
4 Arizona Corporation Commission (“Commission”) in the Utilities Division (“Staff”). My  
5 business address is 1200 West Washington Street, Phoenix, Arizona 85007.

6

7 **Q. Are you the same Jeffrey M. Michlik that filed Direct Testimony in this case**  
8 **regarding revenue requirement and rate design?**

9 A. Yes, I am.

10

11 **Q. What is the purpose of your Surrebuttal Testimony?**

12 A. I am responding to the Rebuttal Testimony filed for Indiada Water Company, Antelope  
13 Run Water Company, and East Slope Water Company, collectively (“Companies”) and  
14 submitting updated schedules to reflect any changes in my recommendations.

15

16 **Q. Does your silence on any of the issues, matters or findings addressed in the testimony**  
17 **of any of the witnesses for the Companies constitute your acceptance of their**  
18 **positions on such issues, matters or findings?**

19 A. No. Staff limited its discussion to the specific issues outlined above. Staff’s lack of  
20 response to any issue in this proceeding should not be construed as agreement with the  
21 Companies’ position in its Rebuttal Testimony; rather, where there is no response Staff  
22 relies on its original Direct Testimony.

1 **II. RESPONSES TO COMPANIES' REBUTTAL TESTIMONY**

2 **Management Fees**

3 **Q. Did the Companies' witness Bonnie O' Connor present new information in her**  
4 **rebuttal testimony in regards to management fees?**

5 A. Yes. Ms. O'Connor provided additional documentation to support the Companies'  
6 request.

7  
8 **Q. Based on this new information, has Staff changed its position?**

9 A. Yes. Staff's changes are reflected in its attached schedules (see all systems and combined  
10 Schedules JMM-12).

11  
12 **Advances in Aid of Construction ("AIAC") and Contributions in Aid of Construction**  
13 **("CIAC")**

14 **Q. Did the Companies propose changes to AIAC and CIAC in their rebuttal testimony?**

15 A. Yes. The Companies made adjustments to AIAC and CIAC as a result of information  
16 provided to Staff in response to data requests.

17  
18 **Q. Is Staff in agreement with these changes?**

19 A. Yes. Staff's changes are reflected in its attached schedules (see Antelope Run Water  
20 Company, East Slope Water Company, and combined Schedules JMM-8).

21  
22 **Reclassification of Plant Items to Expense Items**

23 **Q. Did the Companies propose reclassifying some plant items to expense items?**

24 A. Yes.

1 **Q. Is Staff in agreement with these changes?**

2 A. Yes. Staff's changes are reflected in its attached schedules (see East Slope Water  
3 Company, and combined Schedules JMM-11).

4

5 **Customer Deposits**

6 **Q. Does Staff still believe security deposits should be included in rate base?**

7 A. Yes. By definition, customer security deposits are customer deposits which represent non-  
8 investor-provided capital.

9

10 **Q. Is Staff's recommendation consistent with prior Commission decisions?**

11 A. Yes. In Decision No. 72026 (Litchfield Park Service Company), and more recently in  
12 Decision No. 72251 (Bella Vista Water Company, Inc.), the Commission supported  
13 Staff's position that security deposits, as well as all customer deposits, should be treated as  
14 a reduction to rate base and the associated interest on these deposits should be included in  
15 operating expenses.

16

17 **Q. Has Staff made an adjustment in its schedules to recognize deposit interest expense?**

18 A. Yes (see all systems and combined schedules JMM-17).

19

20 **Emergency Rate Case Expense**

21 **Q. Do the Companies still propose to include the costs associated with the emergency  
22 rate case in addition to the costs of the current proceeding?**

23 A. Yes. Although Companies' witness Sonn Rowell acknowledges that the expenses  
24 associated with the emergency rate case are not ongoing, she nevertheless suggests that

1           these costs should be included in future rates because they were incurred during the test  
2           year.<sup>1</sup>

3  
4           **Q.    Should rates be established such that they will provide for actual recovery of all test**  
5           **year expenses?**

6           A.    No. The purpose of the test year is to establish a baseline relationship between rate base  
7           and operating income. According to Commission rules, “Adjustments [are then made] to  
8           actual test year results and balances to obtain a normal or more realistic relationship  
9           between revenues, expenses and rate base.<sup>2</sup> Adjustments are made to remove non-  
10          recurring or extraordinary expenses in order to more accurately reflect the cost of  
11          providing utility service during a “normal” year. To include the costs of the emergency  
12          rate case would require one to assume that the Companies will continue to file for  
13          emergency rates every year going forward.

14  
15          **Q.    Has the Commission previously adopted Staff’s position with respect to the inclusion**  
16          **of emergency rate case expense in permanent rates?**

17          A.    Yes. Staff made a similar recommendation for Sun Leisure Estates Utilities Company,  
18          Inc. which was adopted by the Commission in Decision No. 71831.<sup>3</sup>

19

20          **Composite Property Tax Rates**

21          **Q.    Did the Companies propose changing the composite property tax rates?**

22          A.    Yes.

---

<sup>1</sup> Rowell Rebuttal Testimony at 7:14-16.

<sup>2</sup> Arizona Administrative Code R14-2-103(A)(3)(i).

<sup>3</sup> Dec. No 71831, issued Aug. 10, 2010, Docket Nos. W-02386A-09-0308, et al.

1 **Q. Is Staff in agreement with the new property tax rate?**

2 A. Yes (see all systems and combined schedules JMM-16).

3

4 **Return on Equity and Operating Margin**

5 **Q. Did the Companies change their methodology for calculating the revenue**  
6 **requirement?**

7 A. Yes. According to Ms. Rowell, she previously calculated revenue requirements using a 12  
8 percent rate of return on rate base, but found that this was insufficient to cover the service  
9 of the proposed debt.<sup>4</sup> Therefore, she instead used an operating margin methodology to  
10 achieve revenue sufficient to cover the costs of the loan.<sup>5</sup>

11

12 Ms. Rowell states that she agrees with Staff's recommendation for a surcharge in  
13 conjunction with a rate of return methodology:

14

15 We agree with Staff that a surcharge is an appropriate way to recover the  
16 cost of the WIFA loan. Rates based on a rate of return on rate base  
17 generate sufficient revenue for the company if a separate revenue source  
18 (i.e., a surcharge) is established to cover the costs of the WIFA loan.  
19 Therefore the Companies are now recommending rates based on a return  
20 on the rate bases of the utilities and the establishment of a surcharge(s) to  
21 cover the costs of the WIFA loan.<sup>6</sup>

22

23 **Q. Is that, in fact, how the Companies are now calculating the proposed revenues?**

24 A. No. In contradiction to the above statements, Ms. Rowell abandons her 12 percent rate of  
25 return and "selects" a rate of return for each of the Companies based on the operating  
26 margin produced.<sup>7</sup> The result is a return on equity for each of the Companies ranging

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<sup>4</sup> Rowell Rebuttal at 3:25-29.

<sup>5</sup> Rowell Rebuttal at 4:1-3.

<sup>6</sup> Rowell Rebuttal at 4:7-15.

<sup>7</sup> Rowell Rebuttal at 4:18-20.

1 from 12 percent to 20 percent. For the combined Companies, she now proposes a 16  
2 percent rate of return—this, in addition to the surcharge for the loan.

3

4 **Q. What does Staff recommend?**

5 A. Staff continues to recommend base rates established using a 10 percent return on equity  
6 and a surcharge to service the loan.

7

8 **III. UPDATED SCHEDULES**

9 **Q. Has Staff updated its schedules and rate design to reflect the changes discussed**  
10 **herein.**

11 A. Yes. Updated schedules are attached to my testimony.

12

13 **Q. Does this conclude your Surrebuttal Testimony?**

14 A. Yes, it does.

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	(A) COMPANY FAIR VALUE	(B) STAFF FAIR VALUE
1	Adjusted Rate Base	\$ 275,941	\$ 241,146
2	Adjusted Operating Income (Loss)	\$ (35,013)	\$ (48,156)
3	Current Rate of Return (L2 / L1)	-12.69%	-19.97%
4	Required Rate of Return	12.00%	10.00%
5	Required Operating Income (L4 * L1)	\$ 33,113	\$ 24,115
6	Operating Income Deficiency (L5 - L2)	\$ 68,126	\$ 72,270
7	Gross Revenue Conversion Factor	1.4158	1.2987
8	Required Revenue Increase <sup>1</sup>	\$ 470,029	<b>\$ 93,854</b>
9	Adjusted Test Year Revenue	\$ 284,083	\$ 284,083
10	Proposed Annual Revenue <sup>1</sup>	\$ 754,112	\$ 377,937
11	Required Increase in Revenue (%)	165.45%	33.04%

<sup>1</sup> Company's proposed revenue and revenue increase discards its rate base/rate of return calculation and substitutes a 39.38 percent operating margin.

References:

Column (A): Company Schedule A-1

Column (B): Staff Schedules JMM-3 and JMM-7

**GROSS REVENUE CONVERSION FACTOR**

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
<i>Calculation of Gross Revenue Conversion Factor:</i>					
1	Revenue	100.0000%			
2	Uncollectible Factor	0.0000%			
3	Revenues (L1 - L2)	100.0000%			
4	Combined Federal and State Income Tax and Property Tax Rate (Line 18)	22.9970%			
5	Subtotal (L3 - L4)	77.0030%			
6	Revenue Conversion Factor (L1 / L5)	1.298651			
<i>Calculation of Effective Tax Rate:</i>					
7	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%			
8	Arizona State Income Tax Rate	6.9680%			
9	Federal Taxable Income (L7 - L8)	93.0320%			
10	Applicable Federal Income Tax Rate (Line 48)	15.8778%			
11	Effective Federal Income Tax Rate (L9 x L10)	14.7714%			
12	Combined Federal and State Income Tax Rate (L8 +L11)		21.7394%		
<i>Calculation of Effective Property Tax Factor</i>					
13	Unity	100.0000%			
14	Combined Federal and State Income Tax Rate (L12)	21.7394%			
15	One Minus Combined Income Tax Rate (L13-L14)	78.2606%			
16	Property Tax Factor (JMM-14, L27)	1.6070%			
17	Effective Property Tax Factor (L15*L16)		1.2576%		
18	Combined Federal and State Income Tax and Property Tax Rate (L12+L17)			22.9970%	
19	Required Operating Income (Schedule JMM-1, Line 5)	\$ 24,115			
20	Adjusted Test Year Operating Income (Loss) (JMM-8, L35)	(48,156)			
21	Required Increase in Operating Income (L19 - L20)		\$ 72,270		
22	Income Taxes on Recommended Revenue (Col. [C], L47)	\$ 6,380			
23	Income Taxes on Test Year Revenue (Col. [A], L47)	(13,695)			
24	Required Increase in Revenue to Provide for Income Taxes (L22 - L23)		20,075		
25	Recommended Revenue Requirement (Schedule JMM-1, Line 10)	\$ 377,937			
26	Uncollectible Rate	0.0000%			
27	Uncollectible Expense on Recommended Revenue (L25*L26)	\$ -			
28	Adjusted Test Year Uncollectible Expense	\$ -			
29	Required Increase in Revenue to Provide for Uncollectible Exp. (L27-L28)		-		
30	Property Tax with Recommended Revenue (Schedule JMM-14, L21)	\$ 15,204			
31	Property Tax on Test Year Revenue (Schedule JMM-14, Line 17)	13,695			
32	Increase in Property Tax Due to Increase in Revenue (L30-31)		1,508		
33	Total Required Increase in Revenue (L21 + L24 + L29 + L32)		\$ 93,854		

	Test Year	Staff Recommended
<i>Calculation of Income Tax:</i>		
34	Revenue (Schedule JMM-1, Col. [B], Line 9 & Sch. JMM-1, Col. [B] Line 10)	\$ 377,937
35	Operating Expenses Excluding Income Taxes	\$ 347,442
36	Synchronized Interest (L51)	\$ -
37	Arizona Taxable Income (L34 - L35 - L36)	\$ 30,495
38	Arizona State Income Tax Rate	6.9680%
39	Arizona Income Tax (L37 x L38)	\$ 2,125
40	Federal Taxable Income (L37-L39)	\$ 28,370
41	Federal Tax on First Income Bracket (\$1 - \$50,000) @ 15%	\$ 4,256
42	Federal Tax on Second Income Bracket (\$51,001 - \$75,000) @ 25%	\$ -
43	Federal Tax on Third Income Bracket (\$75,001 - \$100,000) @ 34%	\$ -
44	Federal Tax on Fourth Income Bracket (\$100,001 - \$335,000) @ 39%	\$ -
45	Federal Tax on Fifth Income Bracket (\$335,001 - \$10,000,000) @ 34%	\$ -
46	Total Federal Income Tax	\$ 4,256
47	Combined Federal and State Income Tax (L39 + L46)	\$ 6,380

48 Applicable Federal Income Tax Rate [Col. [C], L46 - Col. [A], L46] / [Col. [C], L40 - Col. [A], L40] 15.8778%

<i>Calculation of Interest Synchronization:</i>	
49	Rate Base (Schedule JMM-3, Col. (C), Line 11) \$ 241,146
50	Weighted Average Cost of Debt 0.0000%
51	Synchronized Interest (L49 X L50) \$ -

**RATE BASE - ORIGINAL COST**

LINE NO.	(A) COMPANY AS FILED	(B) STAFF ADJUSTMENTS	(C) STAFF AS ADJUSTED
1	Plant in Service	\$ 785,752	\$ 721,574
2	Less: Accumulated Depreciation	477,224	457,049
3	Net Plant in Service	<u>\$ 308,528</u>	<u>\$ 264,525</u>
<u>LESS:</u>			
4	Contributions in Aid of Construction (CIAC)	\$ -	\$ 242,033
5	Less: Accumulated Amortization	-	232,726
6	Net CIAC	-	<u>\$ 9,307</u>
7	Advances in Aid of Construction (AIAC)	66,818	(47,579)
8	Customer Deposits	-	27,723
9	Deferred Income Tax Credits	-	-
<u>ADD:</u>			
10	Working Capital Allowance	34,231	(1,341)
11	Deferred Regulatory Asset	-	-
12	<b>Original Cost Rate Base</b>	<u>\$ 275,941</u>	<u>\$ 241,146</u>

References:

Column [A]: Company as Filed

Column [B]: Schedule JMM-4

Column [C]: Column (A) + Column (B)



RATE BASE ADJUSTMENT NO. 1 - UNSUBSTANTIATED PLANT

LINE NO.	ACCT NO.	DESCRIPTION	[A]	[B]	[C]
			Plant in Service Per Company	Unsubstantiated Plant	Plant in Service Per Staff (Col A + Col B)
1	311	Electric Pumping Equipment	\$ 259,215	\$ (3,123)	\$ 256,092
2	340	Office Furniture and Fixtures	\$ 15,119	\$ (15,119)	\$ -
3	341	Transportation Equipment	49,921	(45,936)	3,985
4		Total Plant	<u>\$ 324,255</u>	<u>\$ (64,178)</u>	<u>\$ 260,077</u>
5					
6		Accumulated Depreciation	\$ 477,224	\$ (20,175)	\$ 457,049

References:

- Column [A]: Company Application
- Column [B]: Testimony JMM
- Column [C]: Column [A] + Column [B]

RATE BASE ADJUSTMENT NO. 2 - CUSTOMER DEPOSITS

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Customer Deposits	\$	- \$ 27,723	\$ 27,723

References:

Column [A]: Company Application

Column [B]: Testimony JMM

Column [C]: Column [A] + Column [B]

RATE BASE ADJUSTMENT NO. 3 - CASH WORKING CAPITAL

LINE NO.	DESCRIPTION	[A]		[B]		[C]	
		COMPANY AS FILED		STAFF ADJUSTMENTS		STAFF AS ADJUSTED	
1	Cash Working Capital	\$	34,231	\$	(1,341)	\$	32,890

Staff's Calculation of Cash Working Capital

1/24th Purchased Power	\$	3,031
1/8th Operation & Maintenance Expense		29,859
Total Cash Working Capital	\$	32,890

References:

- Column [A]: Company Application
- Column [B]: Testimony JMM
- Column [C]: Column [A] + Column [B]

**RATE BASE ADJUSTMENT NO. 4 - RECLASSIFICATION OF AIAC AND CIAC**

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Advances in Aid of Construction	\$ 66,818	\$ (47,579)	\$ 19,239
2				
3	Contributions in Aid of Construction	\$ -	\$ 242,033	\$ 242,033
4				
5	Amortization of CIAC	\$ -	\$ 232,726	\$ 232,726

References:

- Column [A]: Company Application
- Column [B]: Testimony JMM
- Column [C]: Column [A] + Column [B]

OPERATING INCOME STATEMENT - ADJUSTED TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	[A] COMPANY ADJUSTED TEST YEAR AS FILED	[B] STAFF TEST YEAR ADJUSTMENTS	[C] STAFF TEST YEAR AS ADJUSTED	[D] STAFF PROPOSED CHANGES	[E] STAFF RECOMMENDED
1	<u>REVENUES:</u>					
2	Metered Water Sales	\$ 280,359	\$ -	\$ 280,359	\$ 93,854	\$ 374,213
3	Water Sales-Unmetered	-	-	-	-	-
4	Other Water Revenue	3,724	-	3,724	-	3,724
5	Intentionally Left Blank	-	-	-	-	-
6	<b>Total Operating Revenues</b>	<u>\$ 284,083</u>	<u>\$ -</u>	<u>\$ 284,083</u>	<u>\$ 93,854</u>	<u>\$ 377,937</u>
7						
8	<u>OPERATING EXPENSES:</u>					
9	Salaries and Wages	\$ -	\$ -	\$ -	\$ -	\$ -
10	Purchased Water	-	-	-	-	-
11	Purchased Power	71,881	866	72,747	-	72,747
12	Fuel for Power Production	-	-	-	-	-
13	Chemicals	792	-	792	-	792
14	Repairs and Maintenance	16,163	446	16,609	-	16,609
15	Office Supplies and Expense	12,023	-	12,023	-	12,023
16	Outside Services	158,038	-	158,038	-	158,038
17	Outside Services - Other	-	-	-	-	-
18	Outside Services - Legal	-	-	-	-	-
19	Water Testing	8,008	-	8,008	-	8,008
20	Rents	-	-	-	-	-
21	Transportation Expenses	21,805	-	21,805	-	21,805
22	Insurance - General Liability	6,491	-	6,491	-	6,491
23	Insurance - Health and Life	-	-	-	-	-
24	Regulatory Commission Expense	-	-	-	-	-
25	Regulatory Commission Expense - Rate Case	14,873	(1,434)	13,439	-	13,439
26	General and Administrative	5	1,658	1,663	-	1,663
27	Bad Debt Expense	-	-	-	-	-
28	Depreciation Expense	49,729	(29,106)	20,623	-	20,623
29	Amortization of CIAC	-	-	-	-	-
30	Taxes Other than Income	-	-	-	-	-
31	Property Taxes	14,446	(751)	13,695	1,508	15,204
32	Income Taxes	(55,158)	41,463	(13,695)	20,075	6,380
33	Intentionally Left Blank	-	-	-	-	-
34	<b>Total Operating Expenses</b>	<u>\$ 319,096</u>	<u>\$ 13,143</u>	<u>\$ 332,239</u>	<u>\$ 21,584</u>	<u>\$ 353,822</u>
35	<b>Operating Income (Loss)</b>	<u>\$ (35,013)</u>	<u>\$ (13,143)</u>	<u>\$ (48,156)</u>	<u>\$ 72,270</u>	<u>\$ 24,115</u>

References:

Column (A): Company Schedule C-1  
Column (B): Schedule JMM-10  
Column (C): Column (A) + Column (B)  
Column (D): Schedules JMM-16 and JMM-17  
Column (E): Column (C) + Column (D)

Antelope Run Water Company, East Slope Water Company, and Indiada Water Company, Inc.  
 Docket Nos. W-02327A-10-0171, W-01906A-10-0171, and W-02031A-10-0171  
 Test Year Ended December 31, 2009

**SUMMARY OF OPERATING INCOME STATEMENT ADJUSTMENTS - TEST YEAR**

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) Reclassification of Invoices ADJ #1 Ref. Sch JMM-11	(C) Management Fees Expense ADJ #2 Ref. Sch JMM-12	(D) Rate Case Expense ADJ #3 Ref. Sch JMM-13	(E) Depreciation Expense ADJ #4 Ref. Sch JMM-14	(F) Property Tax Expense ADJ #5 Ref. Sch JMM-15	(G) Income Tax Expense ADJ #6 Ref. Sch JMM-16	(H) Customer Deposit Interest ADJ #7 Ref. Sch JMM-17	(I) STAFF ADJUSTED
1	REVENUES:									
2	Metered Water Sales	\$ 280,359	-	-	-	-	-	-	-	\$ 280,359
3	Water Sales-Unmetered	-	-	-	-	-	-	-	-	-
4	Other Water Revenue	3,724	-	-	-	-	-	-	-	3,724
5	Intentionally Left Blank	-	-	-	-	-	-	-	-	-
6	<b>Total Operating Revenues</b>	<b>\$ 284,083</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 284,083</b>
7	OPERATING EXPENSES:									
8	Salaries and Wages	-	-	-	-	-	-	-	-	-
9	Purchased Water	-	-	-	-	-	-	-	-	-
10	Fuel for Power Production	71,881	866	-	-	-	-	-	-	72,747
11	Chemicals	792	-	-	-	-	-	-	-	792
12	Repairs and Maintenance	16,163	446	-	-	-	-	-	-	16,609
13	Office Supplies and Expense	12,023	-	-	-	-	-	-	-	12,023
14	Outside Services	158,038	-	-	-	-	-	-	-	158,038
15	Outside Services - Other	-	-	-	-	-	-	-	-	-
16	Outside Services - Legal	-	-	-	-	-	-	-	-	-
17	Water Testing	8,008	-	-	-	-	-	-	-	8,008
18	Rents	-	-	-	-	-	-	-	-	-
19	Transportation Expenses	21,805	-	-	-	-	-	-	-	21,805
20	Insurance - General Liability	6,491	-	-	-	-	-	-	-	6,491
21	Insurance - Health and Life	-	-	-	-	-	-	-	-	-
22	Regulatory Commission Expense	-	-	-	-	-	-	-	-	-
23	Regulatory Commission Expense - Rate Case	14,873	-	(1,434)	-	-	-	-	-	13,439
24	Miscellaneous Expense	5	-	-	-	-	-	-	1,658	1,663
25	Bad Debt Expense	-	-	-	-	-	-	-	-	-
26	Depreciation Expense	49,729	-	-	(29,106)	-	-	-	-	20,623
27	Amortization of CIAC	-	-	-	-	-	-	-	-	-
28	Taxes Other than Income	14,446	-	-	-	-	(751)	-	-	13,695
29	Property Taxes	(55,158)	-	-	-	-	-	-	-	(13,695)
30	Income Taxes	-	-	-	-	-	-	41,463	-	-
31	Intentionally Left Blank	-	-	-	-	-	-	-	-	-
32	Intentionally Left Blank	-	-	-	-	-	-	-	-	-
33	<b>Total Operating Expenses</b>	<b>\$ 319,096</b>	<b>\$ 1,312</b>	<b>\$ (1,434)</b>	<b>\$ (29,106)</b>	<b>\$ (751)</b>	<b>\$ (41,463)</b>	<b>\$ 41,463</b>	<b>\$ 1,658</b>	<b>\$ 332,239</b>
34	<b>Operating Income (Loss)</b>	<b>\$ (35,013)</b>	<b>\$ (1,312)</b>	<b>\$ 1,434</b>	<b>\$ 29,106</b>	<b>\$ 751</b>	<b>\$ (41,463)</b>	<b>\$ (41,463)</b>	<b>\$ (1,658)</b>	<b>\$ (48,156)</b>

OPERATING ADJUSTMENT NO. 1 - RECLASSIFICATION OF INVOICES

Line No.	Description	[A]	[B]	[C]
		COMPANY PROPOSED	STAFF ADJUSTMENTS	STAFF RECOMMENDED
1	Purchased Power Expense	\$ 71,881	\$ 866	\$ 72,747
2				
3	Repairs and Maintenance	\$ 16,163	\$ 446	\$ 16,609
4				

References:

- Column [A]: Company Application
- Column [B]: Testimony JMM
- Column [C]: Column [A] + Column [B]

OPERATING ADJUSTMENT NO. 2 - MANAGEMENT FEES EXPENSE

Line No.	Description	[A]	[B]	[C]
		COMPANY PROPOSED	STAFF ADJUSTMENTS	STAFF RECOMMENDED
1	Outside Service	\$ 158,038	\$ -	\$ 158,038
	Company Proposed - East Slope	\$ 122,149	\$ -	\$ 122,149
	Company Proposed - Antelope Run	\$ 33,478	\$ -	\$ 33,478
	Company Proposed - Indiada	\$ 14,101	\$ -	\$ 14,101
	Total for Individual Systems	\$ 169,728	\$ -	\$ 169,728
	Less: Company Proposed - Combined	\$ 158,038	\$ -	\$ -
	Company Combined Understatement	\$ 11,690	\$ -	\$ -

References:

- Column [A]: Company Application
- Column [B]: Testimony JMM
- Column [C]: Column [A] + Column [B]

OPERATING INCOME ADJUSTMENT NO. 3 - RATE CASE EXPENSE

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY PROPOSED	STAFF ADJUSTMENTS	STAFF RECOMMENDED
1	Rate Case Expense	\$ 14,873	\$ (1,434)	\$ 13,439

References:

Column (A): Company Schedule C-1

Column (B): Testimony JMM

Column (C): Column (A) + Column (B)

OPERATING INCOME ADJUSTMENT NO. 4 - DEPRECIATION EXPENSE ON TEST YEAR PLANT

LINE NO.	ACCT NO.	DESCRIPTION	[A]	[B]	[C]	[D]	[E]
			PLANT In SERVICE Per Staff	NonDepreciable or Fully Depreciated PLANT	DEPRECIABLE PLANT (Col A - Col B)	DEPRECIATION RATE	DEPRECIATION EXPENSE (Col C x Col D)
1	301	Organization Cost	\$ 2,180	\$ 2,180	\$ -	0.00%	\$ -
2	302	Franchise Cost	\$ -	\$ -	\$ -	0.00%	\$ -
3	303	Land and Land Rights	\$ 5,984	\$ 5,984	\$ -	0.00%	\$ -
4	304	Structures and Improvements	\$ 9,622	\$ -	\$ 9,622	3.33%	\$ 320
5	305	Collecting and Impounding Res.	\$ -	\$ -	\$ -	2.50%	\$ -
6	306	Lake River and Other Intakes	\$ -	\$ -	\$ -	2.50%	\$ -
7	307	Wells and Springs	\$ 70,152	\$ 42,649	\$ 27,503	3.33%	\$ 916
8	308	Infiltration Galleries and Tunnels	\$ -	\$ -	\$ -	6.67%	\$ -
9	309	Supply Mains	\$ -	\$ -	\$ -	2.00%	\$ -
10	310	Power Generation Equipment	\$ -	\$ -	\$ -	5.00%	\$ -
11	311	Electric Pumping Equipment	\$ 256,092	\$ -	\$ 256,092	12.50%	\$ 32,012
12	320	Water Treatment Equipment	\$ -	\$ -	\$ -	3.33%	\$ -
13	320	Water Treatment Plant	\$ 1,076	\$ -	\$ 1,076	3.33%	\$ 36
14	330	Distribution Reservoirs & Standpipe	\$ 4,978	\$ -	\$ 4,978	2.22%	\$ 111
15	330.1	Storage Tanks	\$ 32,089	\$ -	\$ 32,089	2.22%	\$ 712
16	330.2	Pressure Tanks	\$ 13,941	\$ -	\$ 13,941	5.00%	\$ 697
17	331	Transmission and Distribution Mains	\$ 299,883	\$ 143,358	\$ 156,525	2.00%	\$ 3,131
18	333	Services	\$ 474	\$ 474	\$ -	3.33%	\$ -
19	334	Meters	\$ 21,118	\$ 8,759	\$ 12,359	8.33%	\$ 1,030
20	335	Hydrants	\$ -	\$ -	\$ -	2.00%	\$ -
21	336	Backflow Prevention Devices	\$ -	\$ -	\$ -	6.67%	\$ -
22	339	Other Plant and Miscellaneous Equipment	\$ -	\$ -	\$ -	6.67%	\$ -
23	340	Office Furniture and Fixtures	\$ -	\$ -	\$ -	6.67%	\$ -
24	341	Transportation Equipment	\$ 3,985	\$ 3,985	\$ -	20.00%	\$ -
25	342	Stores Equipment	\$ -	\$ -	\$ -	4.00%	\$ -
26	343	Tools and Work Equipment	\$ -	\$ -	\$ -	5.00%	\$ -
27	344	Laboratory Equipment	\$ -	\$ -	\$ -	10.00%	\$ -
28	345	Power Operated Equipment	\$ -	\$ -	\$ -	5.00%	\$ -
29	346	Communications Equipment	\$ -	\$ -	\$ -	10.00%	\$ -
30	347	Miscellaneous Equipment	\$ -	\$ -	\$ -	10.00%	\$ -
31	348	Other Tangible Plant	\$ -	\$ -	\$ -	10.00%	\$ -
32		Total Plant	\$ 721,574	\$ 207,389	\$ 514,185		\$ 38,964
33							
34		Composite Depreciation Rate (Depr Exp / Depreciable Plant):	7.58%				
35		CIAC:	\$ 242,033				
36		Amortization of CIAC (Line 32 x Line 33):	\$ 18,341				
37							
38		Depreciation Expense Before Amortization of CIAC:	\$ 38,964				
39		Less Amortization of CIAC:	\$ 18,341				
40		Test Year Depreciation Expense - Staff:	\$ 20,623				
41		Depreciation Expense - Company:	\$ 49,729				
42		Staff's Total Adjustment:	\$ (29,106)				

References:

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

**OPERATING INCOME ADJUSTMENT NO. 5 - PROPERTY TAX EXPENSE**

LINE NO.	Property Tax Calculation	[A] STAFF AS ADJUSTED	[B] STAFF RECOMMENDED
1	Staff Adjusted Test Year Revenues	\$ 284,083	\$ 284,083
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	568,166	\$ 568,166
4	Staff Recommended Revenue, Per Schedule JMM-1	284,083	\$ 377,937
5	Subtotal (Line 4 + Line 5)	852,249	946,103
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	284,083	\$ 315,368
8	Department of Revenue Mutilplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	568,166	\$ 630,735
10	Plus: 10% of CWIP -	-	-
11	Less: Net Book Value of Licensed Vehicles	-	\$ -
12	Full Cash Value (Line 9 + Line 10 - Line 11)	568,166	\$ 630,735
13	Assessment Ratio	20.5%	20.5%
14	Assessment Value (Line 12 * Line 13)	116,474	\$ 129,301
15	Composite Property Tax Rate (Per Company Schedule)	11.7583%	11.7583%
16			\$ -
17	Staff Test Year Adjusted Property Tax (Line 14 * Line 15)	\$ 13,695	
18	Company Proposed Property Tax	14,446	
19			
20	Staff Test Year Adjustment (Line 17-Line 18)	\$ (751)	
21	Property Tax - Staff Recommended Revenue (Line 14 * Line 15)		\$ 15,204
22	Staff Test Year Adjusted Property Tax Expense (Line 17)		\$ 13,695
23	Increase in Property Tax Expense Due to Increase in Revenue Requirement		\$ 1,508
24			
25	Increase to Property Tax Expense		\$ 1,508
26	Increase in Revenue Requirement		93,854
27	Increase to Property Tax per Dollar Increase in Revenue (Line 25/Line 26)		1.606968%

Antelope Run Water Company, East Slope Water Company, and Indiada Water Company, Inc.  
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Test Year Ended December 31, 2009

Schedule JMM-16

OPERATING INCOME ADJUSTMENT NO. 6 - TEST YEAR INCOME TAXES

LINE NO.	DESCRIPTION	COMPANY PROPOSED	STAFF ADJUSTMENTS	STAFF RECOMMENDED
1	Income Tax Expense	\$ (55,158)	\$ 41,463	\$ (13,695)

References:

Column (A): Company Schedule C-1  
Column (B): Column [C] - Column [A]  
Column (C): Schedule JMM-2

OPERATING INCOME ADJUSTMENT NO. 7 - CUSTOMER DEPOSIT INTEREST

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY PROPOSED	STAFF ADJUSTMENTS	STAFF RECOMMENDED
1	Miscellaneous Expense	\$ 5	\$ 1,658	\$ 1,663

Staff's Calculation

Customer Deposits	27,723
Interest Expense	6%
Customer Deposit Interest	<u>1,663.38</u>

References:

- Column (A), Company Schedule C-1
- Column (B): Testimony JMM
- Column (C): Column (A) + Column (B)

Antelope Run Water Company, East Slope Water Company, and Indiada Water Company, Inc.  
Docket Nos. W-02327A-10-0171, W-01906A-10-0171, and W-02031A-10-0171  
Test Year Ended December 31, 2009

Schedule JMM-18

NOT USED

Rate Design

Monthly Usage Charge	Present	Company Proposed Rates	Staff Recommended Rates
<u>Meter Size (All Classes):</u>			
5/8 x 3/4 Inch	N/A	\$ 20.14	\$ 12.00
3/4 Inch	N/A	50.35	18.00
1 Inch	N/A	50.35	30.00
1 1/2 Inch	N/A	100.70	60.00
2 Inch	N/A	161.12	96.00
3 Inch	N/A	322.24	192.00
4 Inch	N/A	503.50	300.00
6 Inch	N/A	1,007.00	600.00
<u>Commodity Charge - Per 1,000 Gallons</u>			
<u>5/8" x 3/4" Meter (Residential)</u>			
First 3,000 gallons	N/A	\$ 2.1200	N/A
3,001 to 10,000 gallons	N/A	3.8200	N/A
All gallons over 10,000	N/A	6.8700	N/A
First 3,000 gallons	N/A	N/A	\$ 0.9500
3,001 to 10,000 gallons	N/A	N/A	1.7000
Over 10,000 gallons	N/A	N/A	2.7500
<u>3/4" Meter (Residential)</u>			
First 3,000 gallons	N/A	2.1200	N/A
3,001 to 10,000 gallons	N/A	3.8200	N/A
All gallons over 10,000	N/A	6.8700	N/A
First 3,000 gallons	N/A	N/A	0.9500
3,001 to 10,000 gallons	N/A	N/A	1.7000
Over 10,000 gallons	N/A	N/A	2.7500
<u>5/8" x 3/4" Meter (Commercial/Irrigation)</u>			
First 3,000 gallons	N/A	2.1200	N/A
3,001 to 10,000 gallons	N/A	3.8200	N/A
All gallons over 10,000	N/A	6.8700	N/A
First 10,000 gallons	N/A	N/A	1.7000
Over 10,000 gallons	N/A	N/A	2.7500
<u>3/4" Meter (Commercial/Irrigation)</u>			
First 3,000 gallons	N/A	2.1200	N/A
3,001 to 10,000 gallons	N/A	3.8200	N/A
All gallons over 10,000	N/A	6.8700	N/A
First 9,000 gallons	N/A	N/A	1.7000
Over 9,000 gallons	N/A	N/A	2.7500
<u>1" Meter (All Sizes)</u>			
First 10,000 gallons	N/A	2.1200	N/A
Over 10,000 gallons	N/A	3.8200	N/A
First 15,000 gallons	N/A	N/A	1.7000
Over 15,000 gallons	N/A	N/A	2.7500
<u>1.5" Meter (All Sizes)</u>			
First 20,000 gallons	N/A	2.1200	N/A
Over 20,000 gallons	N/A	3.8200	N/A
First 34,000 gallons	N/A	N/A	1.7000
Over 34,000 gallons	N/A	N/A	2.7500
<u>2" Meter (All Sizes)</u>			
First 20,000 gallons	N/A	2.1200	N/A
Over 20,000 gallons	N/A	3.8200	N/A
First 55,000 gallons	N/A	N/A	1.7000
Over 55,000 gallons	N/A	N/A	2.7500

Rate Design

<u>3" Meter (All Sizes)</u>			
First 20,000 gallons	N/A	2.1200	N/A
Over 20,000 gallons	N/A	3.8200	N/A
First 115,000 gallons	N/A	N/A	1.7000
Over 115,000 gallons	N/A	N/A	2.7500
<u>4" Meter (All Sizes)</u>			
First 20,000 gallons	N/A	2.1200	N/A
Over 20,000 gallons	N/A	3.8200	N/A
First 185,000 gallons	N/A	N/A	1.7000
Over 185,000 gallons	N/A	N/A	2.7500
<u>6" Meter (All Sizes)</u>			
First 20,000 gallons	N/A	2.1200	N/A
Over 20,000 gallons	N/A	3.8200	N/A
First 380,000 gallons	N/A	N/A	1.7000
Over 380,000 gallons	N/A	N/A	2.7500
<b>Other Service Charges</b>			
Establishment	N/A	\$ 35.00	\$ 35.00
Establishment (After Hours)	N/A	\$ 50.00	N/A
Reconnection (Delinquent)	N/A	\$ 35.00	\$ 35.00
Reconnection (Delinquent) - After Hours	N/A	\$ 50.00	N/A
Meter Test (If Correct)	N/A	\$ 25.00	\$ 25.00
Meter Reread (If Correct)	N/A	\$ 20.00	\$ 20.00
NSF Check Charge	N/A	\$ 25.00	\$ 25.00
Deposit	N/A	*	*
Deposit Interest (Per Annum)	N/A	*	*
Deferred Payment (Per Month)	N/A	**	**
Late Charge (Per Month)	N/A	**	**
Re-establishment (within 12 months)	N/A	***	***
Monthly Service Charge for Fire Sprinkler	N/A	****	****
After Hours Service Charge	N/A	N/A	\$ 35.00
* Per Commission Rule A.A.C. R-14-2-403(B)			
** Per Commission Rule A.A.C. R-14-2-403(B)			
*** Per Commission Rule A.A.C. R-14-2-403(D) - Months off the system times the monthly minimum.			
**** 1% of monthly minimum for a comparable sized meter connection, but no less than \$5.00 per month. The service charge for fire sprinklers is only applicable for service lines separate and distinct from the primary water service line.			

**Service and Meter Installation Charges**

	Total Present Charge	Proposed Service Line Charge	Proposed Meter Installation Charge	Total Proposed Charge	Recommended Service Line Charge	Recommended Meter Installation Charge	Total Recommended Charge
Service Size 5/8"	N/A	\$ 430.00	\$ 130.00	\$ 560.00	\$ 430.00	\$ 130.00	\$ 560.00
3/4"	N/A	\$ 430.00	\$ 230.00	\$ 660.00	\$ 430.00	\$ 230.00	\$ 660.00
1"	N/A	\$ 480.00	\$ 290.00	\$ 770.00	\$ 480.00	\$ 290.00	\$ 770.00
1-1/2"	N/A	\$ 535.00	\$ 500.00	\$ 1,035.00	\$ 535.00	\$ 500.00	\$ 1,035.00
2" Turbine	N/A	\$ 815.00	\$ 1,020.00	\$ 1,835.00	\$ 815.00	\$ 1,020.00	\$ 1,835.00
2" Compound	N/A	\$ 815.00	\$ 1,865.00	\$ 2,680.00	\$ 815.00	\$ 1,865.00	\$ 2,680.00
3" Turbine	N/A	\$ 1,030.00	\$ 1,645.00	\$ 2,675.00	\$ 1,030.00	\$ 1,645.00	\$ 2,675.00
3" Compound	N/A	\$ 1,150.00	\$ 2,545.00	\$ 3,695.00	\$ 1,150.00	\$ 2,545.00	\$ 3,695.00
4" Turbine	N/A	\$ 1,460.00	\$ 2,620.00	\$ 4,080.00	\$ 1,460.00	\$ 2,620.00	\$ 4,080.00
4" Compound	N/A	\$ 1,640.00	\$ 3,595.00	\$ 5,235.00	\$ 1,640.00	\$ 3,595.00	\$ 5,235.00
6" Turbine	N/A	\$ 2,180.00	\$ 4,975.00	\$ 7,155.00	\$ 2,180.00	\$ 4,975.00	\$ 7,155.00
6" Compound	N/A	\$ 2,300.00	\$ 6,870.00	\$ 9,170.00	\$ 2,300.00	\$ 6,870.00	\$ 9,170.00

**Typical Bill Analysis**  
General Service 5/8 x 3/4-Inch Meter

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	11,839	\$ 23.34	\$ 62.81	\$ 39.47	169.10%
Median Usage	6,900	18.40	39.96	\$ 21.56	117.20%
<b>Staff Recommended</b>					
Average Usage	11,839	\$ 23.34	\$ 31.81	\$ 8.47	36.28%
Median Usage	6,900	18.40	21.48	\$ 3.08	16.74%

**Present & Proposed Rates (Without Taxes)**  
General Service 5/8 x 3/4-Inch Meter

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 11.50	\$ 20.14	75.13%	\$ 12.00	4.35%
1,000	12.50	22.12	76.96%	12.95	3.60%
2,000	13.50	24.10	78.52%	13.90	2.96%
3,000	14.50	26.08	79.86%	14.85	2.41%
4,000	15.50	29.64	91.23%	16.55	6.77%
5,000	16.50	33.20	101.21%	18.25	10.61%
6,000	17.50	36.76	110.06%	19.95	14.00%
7,000	18.50	40.32	117.95%	21.65	17.03%
8,000	19.50	43.88	125.03%	23.35	19.74%
9,000	20.50	47.44	131.41%	25.05	22.20%
10,000	21.50	51.00	137.21%	26.75	24.42%
11,000	22.50	57.42	155.20%	29.50	31.11%
12,000	23.50	63.84	171.66%	32.25	37.23%
13,000	24.50	70.26	186.78%	35.00	42.86%
14,000	25.50	76.68	200.71%	37.75	48.04%
15,000	26.50	83.10	213.58%	40.50	52.83%
16,000	27.50	89.52	225.53%	43.25	57.27%
17,000	28.50	95.94	236.63%	46.00	61.40%
18,000	29.50	102.36	246.98%	48.75	65.25%
19,000	30.50	108.78	256.66%	51.50	68.85%
20,000	31.50	115.20	265.71%	54.25	72.22%
25,000	36.50	147.30	303.56%	68.00	86.30%
30,000	41.50	179.40	332.29%	81.75	96.99%
35,000	46.50	211.50	354.84%	95.50	105.38%
40,000	51.50	243.60	373.01%	109.25	112.14%
45,000	56.50	275.70	387.96%	123.00	117.70%
50,000	61.50	307.80	400.49%	136.75	122.36%
75,000	86.50	468.30	441.39%	205.50	137.57%
100,000	111.50	628.80	463.95%	274.25	145.96%

**Typical Bill Analysis**  
General Service 5/8 x 3/4-Inch Meter

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	9,137	\$ 21.20	\$ 47.93	\$ 26.72	126.03%
Median Usage	5,330	14.69	34.37	\$ 19.68	133.93%
<b>Staff Recommended</b>					
Average Usage	9,137	\$ 21.20	\$ 25.28	\$ 4.08	19.23%
Median Usage	5,330	14.69	18.81	\$ 4.12	28.02%

**Present & Proposed Rates (Without Taxes)**  
General Service 5/8 x 3/4-Inch Meter

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 9.00	\$ 20.14	123.78%	\$ 12.00	33.33%
1,000	9.00	22.12	145.78%	12.95	43.89%
2,000	9.00	24.10	167.78%	13.90	54.44%
3,000	10.71	26.08	143.51%	14.85	38.66%
4,000	12.42	29.64	138.65%	16.55	33.25%
5,000	14.13	33.20	134.96%	18.25	29.16%
6,000	15.84	36.76	132.07%	19.95	25.95%
7,000	17.55	40.32	129.74%	21.65	23.36%
8,000	19.26	43.88	127.83%	23.35	21.24%
9,000	20.97	47.44	126.23%	25.05	19.46%
10,000	22.68	51.00	124.87%	26.75	17.95%
11,000	24.39	57.42	135.42%	29.50	20.95%
12,000	26.10	63.84	144.60%	32.25	23.56%
13,000	27.81	70.26	152.64%	35.00	25.85%
14,000	29.52	76.68	159.76%	37.75	27.88%
15,000	31.23	83.10	166.09%	40.50	29.68%
16,000	32.94	89.52	171.77%	43.25	31.30%
17,000	34.65	95.94	176.88%	46.00	32.76%
18,000	36.36	102.36	181.52%	48.75	34.08%
19,000	38.07	108.78	185.74%	51.50	35.28%
20,000	39.78	115.20	189.59%	54.25	36.38%
25,000	48.33	147.30	204.78%	68.00	40.70%
30,000	56.88	179.40	215.40%	81.75	43.72%
35,000	65.43	211.50	223.25%	95.50	45.96%
40,000	73.98	243.60	229.28%	109.25	47.68%
45,000	82.53	275.70	234.06%	123.00	49.04%
50,000	91.08	307.80	237.94%	136.75	50.14%
75,000	133.83	468.30	249.92%	205.50	53.55%
100,000	176.58	628.80	256.10%	274.25	55.31%

**Typical Bill Analysis**  
General Service 5/8 x 3/4-Inch Meter

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	8,731	\$ 42.06	\$ 46.48	\$ 4.42	10.52%
Median Usage	5,260	29.91	34.13	\$ 4.22	14.09%
<b>Staff Recommended</b>					
Average Usage	8,731	\$ 42.06	\$ 24.59	\$ (17.47)	-41.53%
Median Usage	5,260	29.91	18.69	\$ (11.22)	-37.51%

**Present & Proposed Rates (Without Taxes)**  
General Service 5/8 x 3/4-Inch Meter

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 15.00	\$ 20.14	34.27%	\$ 12.00	-20.00%
1,000	15.00	22.12	47.47%	12.95	-13.67%
2,000	18.50	24.10	30.27%	13.90	-24.86%
3,000	22.00	26.08	18.55%	14.85	-32.50%
4,000	25.50	29.64	16.24%	16.55	-35.10%
5,000	29.00	33.20	14.48%	18.25	-37.07%
6,000	32.50	36.76	13.11%	19.95	-38.62%
7,000	36.00	40.32	12.00%	21.65	-39.86%
8,000	39.50	43.88	11.09%	23.35	-40.89%
9,000	43.00	47.44	10.33%	25.05	-41.74%
10,000	46.50	51.00	9.68%	26.75	-42.47%
11,000	50.00	57.42	14.84%	29.50	-41.00%
12,000	53.50	63.84	19.33%	32.25	-39.72%
13,000	57.00	70.26	23.26%	35.00	-38.60%
14,000	60.50	76.68	26.74%	37.75	-37.60%
15,000	64.00	83.10	29.84%	40.50	-36.72%
16,000	67.50	89.52	32.62%	43.25	-35.93%
17,000	71.00	95.94	35.13%	46.00	-35.21%
18,000	74.50	102.36	37.40%	48.75	-34.56%
19,000	78.00	108.78	39.46%	51.50	-33.97%
20,000	81.50	115.20	41.35%	54.25	-33.44%
25,000	99.00	147.30	48.79%	68.00	-31.31%
30,000	116.50	179.40	53.99%	81.75	-29.83%
35,000	134.00	211.50	57.84%	95.50	-28.73%
40,000	151.50	243.60	60.79%	109.25	-27.89%
45,000	169.00	275.70	63.14%	123.00	-27.22%
50,000	186.50	307.80	65.04%	136.75	-26.68%
75,000	274.00	468.30	70.91%	205.50	-25.00%
100,000	361.50	628.80	73.94%	274.25	-24.14%

**REVENUE REQUIREMENT**

LINE NO.	<u>DESCRIPTION</u>	(A) COMPANY FAIR VALUE	(B) STAFF FAIR VALUE
1	Adjusted Rate Base	\$ 45,683	\$ 27,820
2	Adjusted Operating Income (Loss)	\$ (6,197)	\$ (1,777)
3	Current Rate of Return (L2 / L1)	-13.57%	-6.39%
4	Required Rate of Return	12.00%	10.00%
5	Required Operating Income (L4 * L1)	\$ 5,482	\$ 2,782
6	Operating Income Deficiency (L5 - L2)	\$ 11,679	\$ 4,559
7	Gross Revenue Conversion Factor	1.0000	1.0000
8	Required Revenue Increase (L7 * L6)	\$ 11,679	<b>\$ 4,559</b>
9	Adjusted Test Year Revenue	\$ 28,140	\$ 28,140
10	Proposed Annual Revenue <sup>1</sup>	\$ 58,062	\$ 32,699
11	Required Increase in Revenue (%)	106.33%	16.20%

<sup>1</sup> Company's proposed revenue discards its rate base/rate of return calculation and substitutes a 40.86 percent operating margin.

References:

Column (A): Company Schedule A-1

Column (B): Staff Schedules JMM-2 and JMM-7

**Indiada Water Company**  
**Docket No. W-02327A-10-0169**  
**Test Year Ended December 31, 2009**

**Schedule JMM-2**

**NOT USED**

**RATE BASE - ORIGINAL COST**

LINE NO.	(A) COMPANY AS FILED	(B) STAFF ADJUSTMENTS	(C) STAFF AS ADJUSTED
1	\$ 95,971	\$ (21,834)	\$ 74,137
2	53,371	(4,692)	48,679
3	<u>\$ 42,600</u>	<u>\$ (17,142)</u>	<u>\$ 25,458</u>
<i>LESS:</i>			
4	\$ -	\$ -	\$ -
5	-	-	-
6	<u>-</u>	<u>-</u>	<u>\$ -</u>
7	-	-	-
8	-	680	680
9	-	-	-
<i>ADD:</i>			
10	3,083	(41)	3,042
11	-	-	-
12	<u>\$ 45,683</u>	<u>\$ (17,863)</u>	<u>\$ 27,820</u>

**References:**

Column [A]: Company as Filed  
 Column [B]: Schedule JMM-4  
 Column (C): Column (A) + Column (B)

SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] ADJ #1 Unsubstantiated Plant Ref. Sch JMM-5	[C] ADJ #2 Customer Deposits Ref. Sch JMM-6	[D] ADJ #3 Cash Working Capital Ref. Sch JMM-7	[E] STAFF ADJUSTED
1	301	Organization Cost	\$ -	\$ -	\$ -	\$ -	\$ -
2	302	Franchise Cost	-	-	-	-	-
3	303	Land and Land Rights	-	-	-	-	-
4	304	Structures and Improvements	750	-	-	-	750
5	305	Collecting and Impounding Res.	-	-	-	-	-
6	306	Lake River and Other Intakes	-	-	-	-	-
7	307	Wells and Springs	7,786	-	-	-	7,786
8	308	Infiltration Galleries and Tunnels	-	-	-	-	-
9	309	Supply Mains	-	-	-	-	-
10	310	Power Generation Equipment	-	-	-	-	-
11	311	Electric Pumping Equipment	16,453	-	-	-	16,453
12	320.1	Water Treatment Plants	-	-	-	-	-
13	320.2	Solution Chemical Feeders	1,076	-	-	-	1,076
14	330	Distribution Reservoirs & Standpipe	10,865	-	-	-	10,865
15	330.1	Storage Tanks	5,054	-	-	-	5,054
16	330.2	Pressure Tanks	26,736	-	-	-	26,736
17	331	Transmission and Distribution Mains	474	-	-	-	474
18	333	Services	3,440	-	-	-	3,440
19	334	Meters	-	-	-	-	-
20	335	Hydrants	-	-	-	-	-
21	336	Backflow Prevention Devices	-	-	-	-	-
22	339	Other Plant and Miscellaneous Equipment	-	(3,789)	-	-	-
23	340	Office Furniture and Fixtures	3,789	(18,045)	-	-	-
24	341	Transportation Equipment	18,045	-	-	-	-
25	342	Stores Equipment	-	-	-	-	-
26	343	Tools and Work Equipment	-	-	-	-	-
27	344	Laboratory Equipment	-	-	-	-	-
28	345	Power Operated Equipment	-	-	-	-	-
29	346	Communications Equipment	-	-	-	-	-
30	347	Miscellaneous Equipment	-	-	-	-	-
31	348	Other Tangible Plant	-	-	-	-	-
32		Total Plant in Service - Actual	95,971	-	-	-	74,137
33		Post Test-Year Plant	-	-	-	-	-
34		Total Plant in Service	\$ 95,971	\$ (21,834)	\$ -	\$ -	\$ 74,137
35		Less: Accumulated Depreciation	53,371	(4,692)	-	-	48,679
36		Net Plant in Service	\$ 42,600	\$ (17,142)	\$ -	\$ -	\$ 25,458
37							
38		LESS:					
39		Contributions in Aid of Construction (CIAC)	\$ -	\$ -	\$ -	\$ -	\$ -
40		Less: Accumulated Amortization	-	-	-	-	-
41		Net CIAC (L25 - L26)	-	-	-	-	-
42		Advances in Aid of Construction (AIAC)	-	-	680	-	680
43		Customer Deposits	-	-	-	-	-
44		Deferred Income Taxes	-	-	-	-	-
45							
46							
47		ADD:					
48		Working Capital Allowance	3,083	-	-	(41)	3,042
49		Deferred Regulatory Assets	-	-	-	-	-
50							
51		Original Cost Rate Base	\$ 45,684	\$ (17,142)	\$ (680)	\$ (41)	\$ 27,820

RATE BASE ADJUSTMENT NO. 1 - UNSUBSTANTIATED PLANT

LINE NO.	ACCT NO.	DESCRIPTION	[A]	[B]	[C]
			Plant in Service Per Company	Unsubstantiated Plant	Plant in Service Per Staff (Col A + Col B)
1	340	Office Furniture and Fixtures	\$ 3,789	\$ (3,789)	\$ -
2	341	Transportation Equipment	18,045	(18,045)	-
3		Total Plant	\$ 21,834	\$ (21,834)	\$ -
4					
5		Accumulated Depreciation	\$ 53,371	\$ (4,692)	\$ 47,374

RATE BASE ADJUSTMENT NO. 2 - CUSTOMER DEPOSITS

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Customer Deposits	\$ -	\$ 680	\$ 680

References:

Column [A]: Company Application

Column [B]: Testimony JMM

Column [C]: Column [A] + Column [B]

RATE BASE ADJUSTMENT NO. 3 - CASH WORKING CAPITAL

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Cash Working Capital	\$ 3,083	\$ (41)	\$ 3,042
2				
3	<u>Staff's Calculation of Cash Working Capital</u>			
4	1/24th Purchased Power	\$ 76		
5	1/8th Operation & Maintenance Expense	2,966		
6	Total Cash Working Capital	<u>\$ 3,042</u>		
7				

References:

- Column [A]: Company Application
- Column [B]: Testimony JMM
- Column [C]: Column [A] + Column [B]

**Indiada Water Company**  
**Docket No. W-01427A-09-0104**  
**Test Year Ended December 31, 2009**

**Schedule JMM-8**

**NOT USED**

OPERATING INCOME STATEMENT - ADJUSTED TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	[A] COMPANY ADJUSTED TEST YEAR AS FILED	[B] STAFF TEST YEAR ADJUSTMENTS	[C] STAFF TEST YEAR AS ADJUSTED	[D] STAFF PROPOSED CHANGES	[E] STAFF RECOMMENDED
1	<u>REVENUES:</u>					
2	Metered Water Sales	\$ 28,013	\$ -	\$ 28,013	\$ 4,559	\$ 32,572
3	Water Sales-Unmetered	-	-	-	-	-
4	Other Water Revenue	127	-	127	-	127
5	Intentionally Left Blank	-	-	-	-	-
6	<b>Total Operating Revenues</b>	<u>\$ 28,140</u>	<u>\$ -</u>	<u>\$ 28,140</u>	<u>\$ 4,559</u>	<u>\$ 32,699</u>
7						
8	<u>OPERATING EXPENSES:</u>					
9	Salaries and Wages	\$ -	\$ -	\$ -	\$ -	\$ -
10	Purchased Water	-	-	-	-	-
11	Purchased Power	1,818	-	1,818	-	1,818
12	Fuel for Power Production	-	-	-	-	-
13	Chemicals	166	-	166	-	166
14	Repairs and Maintenance	910	-	910	-	910
15	Office Supplies and Expense	1,384	-	1,384	-	1,384
16	Outside Services	14,101	-	14,101	-	14,101
17	Outside Services - Other	-	-	-	-	-
18	Outside Services - Legal	-	-	-	-	-
19	Water Testing	2,129	-	2,129	-	2,129
20	Rents	-	-	-	-	-
21	Transportation Expenses	3,557	-	3,557	-	3,557
22	Insurance - General Liability	-	-	-	-	-
23	Insurance - Health and Life	-	-	-	-	-
24	Regulatory Commission Expense	-	-	-	-	-
25	Regulatory Commission Expense - Rate Case	1,813	(374)	1,439	-	1,439
26	General and Administrative	-	41	41	-	41
27	Bad Debt Expense	-	-	-	-	-
28	Depreciation Expense	7,057	(4,041)	3,016	-	3,016
29	Amortization of CIAC	-	-	-	-	-
30	Taxes Other than Income	-	-	-	-	-
31	Property Taxes	1,402	(45)	1,357	73	1,430
32	Income Taxes	-	-	-	-	-
33	Intentionally Left Blank	-	-	-	-	-
34	<b>Total Operating Expenses</b>	<u>\$ 34,337</u>	<u>\$ (4,420)</u>	<u>\$ 29,917</u>	<u>\$ 73</u>	<u>\$ 29,991</u>
35	<b>Operating Income (Loss)</b>	<u>\$ (6,197)</u>	<u>\$ 4,420</u>	<u>\$ (1,777)</u>	<u>\$ 4,486</u>	<u>\$ 2,709</u>

References:

- Column (A): Company Schedule C-1
- Column (B): Schedule JMM-8
- Column (C): Column (A) + Column (B)
- Column (D): Schedules JMM-1 and JMM-14
- Column (E): Column (C) + Column (D)

Indiada Water Company  
 Docket No. W-02031A-10-0168  
 Test Year Ended December 31, 2009

**SUMMARY OF OPERATING INCOME STATEMENT ADJUSTMENTS - TEST YEAR**

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] Management Fee Expense ADJ #2 Ref. Sch JMM-12	[C] Rate Case Expense ADJ #3 Ref. Sch JMM-13	[E] Depreciation Expense ADJ #4 Ref. Sch JMM-14	[F] Property Tax Expense ADJ #5 Ref. Sch JMM-15	[D] Customer Deposit Interest ADJ #7 Ref. Sch JMM-17	[F] STAFF AS ADJUSTED
1	<u>REVENUES:</u>							
2	Metered Water Sales	\$ 28,013	\$ -	\$ -	\$ -	\$ -	\$ -	28,013
3	Water Sales-Unmetered	-	-	-	-	-	-	-
4	Other Water Revenue	127	-	-	-	-	-	127
5	Intentionally Left Blank	-	-	-	-	-	-	-
6	<b>Total Operating Revenues</b>	<b>\$ 28,140</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>28,140</b>
7								
8	<u>OPERATING EXPENSES:</u>							
9	Salaries and Wages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
10	Purchased Water	-	-	-	-	-	-	-
11	Purchased Power	1,818	-	-	-	-	-	1,818
12	Fuel for Power Production	-	-	-	-	-	-	-
13	Chemicals	166	-	-	-	-	-	166
14	Repairs and Maintenance	910	-	-	-	-	-	910
15	Office Supplies and Expense	1,384	-	-	-	-	-	1,384
16	Outside Services	14,101	-	-	-	-	-	14,101
17	Outside Services - Other	-	-	-	-	-	-	-
18	Outside Services - Legal	-	-	-	-	-	-	-
19	Water Testing	2,129	-	-	-	-	-	2,129
20	Rents	-	-	-	-	-	-	-
21	Transportation Expenses	3,557	-	-	-	-	-	3,557
22	Insurance - General Liability	-	-	-	-	-	-	-
23	Insurance - Health and Life	-	-	-	-	-	-	-
24	Regulatory Commission Expense	-	-	-	-	-	-	-
25	Regulatory Commission Expense - Rate Case	1,813	(374)	-	-	-	-	1,439
26	Miscellaneous Expense	-	-	-	-	-	41	41
27	Bad Debt Expense	-	-	-	-	-	-	-
28	Depreciation Expense	7,057	-	-	(4,041)	-	-	3,016
29	Amortization of CIAC	-	-	-	-	-	-	-
30	Taxes Other than Income	-	-	-	-	-	-	-
31	Property Taxes	1,402	-	-	-	(45)	-	1,357
32	Income Taxes	-	-	-	-	-	-	-
33	Intentionally Left Blank	-	-	-	-	-	-	-
34	<b>Total Operating Expenses</b>	<b>\$ 34,337</b>	<b>\$ (374)</b>	<b>\$ (4,041)</b>	<b>\$ (45)</b>	<b>\$ 41</b>	<b>\$ (41)</b>	<b>29,917</b>
35	<b>Operating Income (Loss)</b>	<b>\$ (6,197)</b>	<b>\$ 374</b>	<b>\$ 4,041</b>	<b>\$ 45</b>	<b>\$ (41)</b>	<b>\$ (41)</b>	<b>(1,777)</b>

**Indiada Water Company**  
**Docket No. W-02327A-10-0169**  
**Test Year Ended December 31, 2009**

**Schedule JMM-11**

**NOT USED**

**OPERATING ADJUSTMENT NO. 2 - MANAGEMENT FEES EXPENSE**

Line No.	Description	[A]	[B]	[C]
		COMPANY PROPOSED	STAFF ADJUSTMENTS	STAFF RECOMMENDED
1	Outside Service	\$ 14,101	\$ -	\$ 14,101
2				
3	Staff's Calculation			
4	Remove Pro-forma Management Fees	\$ -		
5	Insert Test Year Management Fees	\$ -		
6	Less Management Fees out of Test Year	\$ -		
7		\$ -		

References:

Column [A]: Company Application

Column [B]: Testimony JMM

Column [C]: Column [A] + Column [B]

OPERATING INCOME ADJUSTMENT NO. 3 - RATE CASE EXPENSE

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY PROPOSED	STAFF ADJUSTMENTS	STAFF RECOMMENDED
1	Rate Case Expense	\$ 1,813	\$ (374)	\$ 1,439

References:

- Column (A), Company Schedule C-1
- Column (B): Testimony JMM
- Column (C): Column (A) + Column (B)

OPERATING INCOME ADJUSTMENT NO. 4 - DEPRECIATION EXPENSE ON TEST YEAR PLANT

LINE NO.	ACCT NO.	DESCRIPTION	[A]	[B]	[C]	[D]	[E]
			PLANT In SERVICE Per Staff	NonDepreciable or Fully Depreciated PLANT	DEPRECIABLE PLANT (Col A - Col B)	DEPRECIATION RATE	DEPRECIATION EXPENSE (Col C x Col D)
1	301	Organization Cost	\$ -	\$ -	\$ -	0.00%	\$ -
2	302	Franchise Cost	\$ -	\$ -	\$ -	0.00%	\$ -
3	303	Land and Land Rights	\$ 750	\$ 750	\$ -	0.00%	\$ -
4	304	Structures and Improvements	\$ -	\$ -	\$ -	3.33%	\$ -
5	305	Collecting and Impounding Res.	\$ -	\$ -	\$ -	2.50%	\$ -
6	306	Lake River and Other Intakes	\$ -	\$ -	\$ -	2.50%	\$ -
7	307	Wells and Springs	\$ 7,786	\$ 7,786	\$ -	3.33%	\$ -
8	308	Infiltration Galleries and Tunnels	\$ -	\$ -	\$ -	6.67%	\$ -
9	309	Supply Mains	\$ -	\$ -	\$ -	2.00%	\$ -
10	310	Power Generation Equipment	\$ -	\$ -	\$ -	5.00%	\$ -
11	311	Electric Pumping Equipment	\$ 16,453	\$ -	\$ 16,453	12.50%	\$ 2,057
12	320	Water Treatment Equipment	\$ -	\$ -	\$ -	3.33%	\$ -
13	320	Water Treatment Plant	\$ 1,076	\$ -	\$ 1,076	3.33%	\$ 36
14	330	Distribution Reservoirs & Standpipe	\$ 1,503	\$ -	\$ 1,503	2.22%	\$ 33
15	330.1	Storage Tanks	\$ 10,865	\$ -	\$ 10,865	2.22%	\$ 241
16	330.2	Pressure Tanks	\$ 5,054	\$ -	\$ 5,054	5.00%	\$ 253
17	331	Transmission and Distribution Mains	\$ 26,736	\$ 18,780	\$ 7,956	2.00%	\$ 159
18	333	Services	\$ 474	\$ 474	\$ -	3.33%	\$ -
19	334	Meters	\$ 3,440	\$ 593	\$ 2,847	8.33%	\$ 237
20	335	Hydrants	\$ -	\$ -	\$ -	2.00%	\$ -
21	336	Backflow Prevention Devices	\$ -	\$ -	\$ -	6.67%	\$ -
22	339	Other Plant and Miscellaneous Equipment	\$ -	\$ -	\$ -	6.67%	\$ -
23	340	Office Furniture and Fixtures	\$ -	\$ -	\$ -	6.67%	\$ -
24	341	Transportation Equipment	\$ -	\$ -	\$ -	20.00%	\$ -
25	342	Stores Equipment	\$ -	\$ -	\$ -	4.00%	\$ -
26	343	Tools and Work Equipment	\$ -	\$ -	\$ -	5.00%	\$ -
27	344	Laboratory Equipment	\$ -	\$ -	\$ -	10.00%	\$ -
28	345	Power Operated Equipment	\$ -	\$ -	\$ -	5.00%	\$ -
29	346	Communications Equipment	\$ -	\$ -	\$ -	10.00%	\$ -
30	347	Miscellaneous Equipment	\$ -	\$ -	\$ -	10.00%	\$ -
31	348	Other Tangible Plant	\$ -	\$ -	\$ -	10.00%	\$ -
32		Total Plant	\$ 74,137	\$ 28,383	\$ 45,754		\$ 3,016
33							
34		Composite Depreciation Rate (Depr Exp / Depreciable Plant):	6.59%				
35		CIAC: \$	-				
36		Amortization of CIAC (Line 32 x Line 33): \$	-				
37							
38		Depreciation Expense Before Amortization of CIAC: \$	3,016				
39		Less Amortization of CIAC: \$	-				
40		Test Year Depreciation Expense - Staff: \$	3,016				
41		Depreciation Expense - Company: \$	7,057				
42		Staff's Total Adjustment: \$	(4,041)				

References:

- Column [A]: Schedule JMM-3
- Column [B]: From Column [A]
- Column [C]: Column [A] - Column [B]
- Column [D]: Engineering Staff Report
- Column [E]: Column [C] x Column [D]

OPERATING INCOME ADJUSTMENT NO. 5 - PROPERTY TAX EXPENSE

LINE NO.	Property Tax Calculation	[A] STAFF AS ADJUSTED	[B] STAFF RECOMMENDED
1	Staff Adjusted Test Year Revenues	\$ 28,140	\$ 28,140
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	56,280	\$ 56,280
4	Staff Recommended Revenue, Per Schedule JMM-1	28,140	\$ 32,699
5	Subtotal (Line 4 + Line 5)	84,420	88,979
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	28,140	\$ 29,660
8	Department of Revenue Multiplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	56,280	\$ 59,320
10	Plus: 10% of CWIP -	-	-
11	Less: Net Book Value of Licensed Vehicles	-	\$ -
12	Full Cash Value (Line 9 + Line 10 - Line 11)	56,280	\$ 59,320
13	Assessment Ratio	20.5%	20.5%
14	Assessment Value (Line 12 * Line 13)	11,537	\$ 12,161
15	Composite Property Tax Rate (Per Company Schedule)	11.7583%	11.7583%
16			\$ -
17	Staff Test Year Adjusted Property Tax (Line 14 * Line 15)	\$ 1,357	
18	Company Proposed Property Tax	1,402	
19			
20	Staff Test Year Adjustment (Line 17-Line 18)	\$ (45)	
21	Property Tax - Staff Recommended Revenue (Line 14 * Line 15)		\$ 1,430
22	Staff Test Year Adjusted Property Tax Expense (Line 17)		\$ 1,357
23	Change in Property Tax Expense Due to Change in Revenue Requirement		\$ 73
24			
25	Change in Property Tax Expense		\$ 73
26	Change in Revenue Requirement		4,559
27	Change in Property Tax per Dollar Increase in Revenue (Line 25/Line 26)		1.606968%

References:

Column [A]: Company Application  
Column [B]: Testimony JMM  
Column [C]: Column [A] + Column [B]

**Indiada Water Company**  
**Docket No. W-02327A-10-0169**  
**Test Year Ended December 31, 2009**

**Schedule JMM-16**

**NOT USED**

**OPERATING INCOME ADJUSTMENT NO. 7 - CUSTOMER DEPOSIT INTEREST**

		[A]	[B]	[C]
LINE NO.	DESCRIPTION	COMPANY PROPOSED	STAFF ADJUSTMENTS	STAFF RECOMMENDED
1	Miscellaneous Expense	\$ -	\$ 41	\$ 41

Staff's Calculation

Customer Deposits	680
Interest Expense	6%
Customer Deposit Interest	<u>40.80</u>

References:  
 Column (A), Company Schedule C-1  
 Column (B): Testimony JMM  
 Column (C): Column (A) + Column (B)

**Indiada Water Company**  
**Docket No. W-02327A-10-0169**  
**Test Year Ended December 31, 2009**

**Schedule JMM-18**

**NOT USED**

Monthly Usage Charge	Present	Company Proposed Rates	Staff Recommended Rates
<b>Meter Size (All Classes):</b>			
5/8 x 3/4 Inch	\$ 15.00	\$ 37.87	\$ 18.00
3/4 Inch	15.00	56.81	27.00
1 Inch	15.00	94.68	45.00
1 1/2 Inch	15.00	189.35	90.00
2 Inch	15.00	302.96	144.00
3 Inch	15.00	605.92	288.00
4 Inch	15.00	946.75	450.00
6 Inch	15.00	1,893.50	900.00
8 inch	N/A	N/A	1,400.00
<b>Commodity Charge - Per 1,000 Gallons</b>			
<b>5/8" x 3/4" Meter (Residential)</b>			
First 1,000 gallons	\$ -	\$ 2.7000	N/A
1,001 to 3,000 gallons	3.5000	2.7000	N/A
3,001 to 10,000 gallons	3.5000	4.8600	N/A
All gallons over 10,000	3.5000	8.7500	N/A
First 3,000 gallons	N/A	N/A	\$ 1.5000
3,001 to 9,000 gallons	N/A	N/A	3.7500
Over 9,000 gallons	N/A	N/A	5.0000
<b>3/4" Meter (Residential)</b>			
First 1,000 gallons	-	2.7000	N/A
1,001 to 3,000 gallons	3.5000	2.7000	N/A
3,001 to 10,000 gallons	3.5000	4.8600	N/A
All gallons over 10,000	3.5000	8.7500	N/A
First 3,000 gallons	N/A	N/A	1.5000
3,001 to 9,000 gallons	N/A	N/A	3.7500
Over 9,000 gallons	N/A	N/A	5.0000
<b>5/8" x 3/4" Meter (Commercial/Irrigation)</b>			
First 9,000 gallons	N/A	N/A	3.7500
Over 9,000 gallons	N/A	N/A	5.0000
<b>3/4" Meter (Commercial, Irrigation)</b>			
First 9,000 gallons	N/A	N/A	3.7500
Over 9,000 gallons	N/A	N/A	5.0000
<b>1" Meter (All Sizes)</b>			
First 1,000 gallons	-	2.7000	N/A
1,001 to 6,000 gallons	3.5000	2.7000	N/A
Over 6,000 gallons	3.5000	4.8600	N/A
First 15,000 gallons	N/A	N/A	3.7500
Over 15,000 gallons	N/A	N/A	5.0000
<b>1.5" Meter (All Sizes)</b>			
First 1,000 gallons	-	2.7000	N/A
1,001 to 6,000 gallons	3.5000	2.7000	N/A
Over 6,000 gallons	3.5000	4.8600	N/A
First 35,000 gallons	N/A	N/A	3.7500
Over 35,000 gallons	N/A	N/A	5.0000
<b>2" Meter (All Sizes)</b>			
First 1,000 gallons	-	2.7000	N/A
1,001 to 6,000 gallons	3.5000	2.7000	N/A
Over 6,000 gallons	3.5000	4.8600	N/A
First 60,000 gallons	N/A	N/A	3.7500
Over 60,000 gallons	N/A	N/A	5.0000
<b>3" Meter (All Sizes)</b>			
First 1,000 gallons	-	2.7000	N/A
1,001 to 6,000 gallons	3.5000	2.7000	N/A
Over 6,000 gallons	3.5000	4.8600	N/A
First 130,000 gallons	N/A	N/A	3.7500
Over 130,000 gallons	N/A	N/A	5.0000

<b>4" Meter (All Sizes)</b>			
First 1,000 gallons	-	2.7000	N/A
1,001 to 6,000 gallons	3.5000	2.7000	N/A
Over 6,000 gallons	3.5000	4.8600	N/A
First 200,000 gallons	N/A	N/A	3.7500
Over 200,000 gallons	N/A	N/A	5.0000
<b>6" Meter (All Sizes)</b>			
First 1,000 gallons	-	2.7000	N/A
1,001 to 6,000 gallons	3.5000	2.7000	N/A
Over 6,000 gallons	3.5000	4.8600	N/A
First 400,000 gallons	N/A	N/A	3.7500
Over 400,000 gallons	N/A	N/A	5.0000
<b>8" Meter (All Sizes)</b>			
First 1,000 gallons	-	2.7000	N/A
1,001 to 6,000 gallons	3.5000	2.7000	N/A
Over 6,000 gallons	3.5000	4.8600	N/A
First 600,000 gallons	N/A	N/A	3.7500
Over 600,000 gallons	N/A	N/A	5.0000
<b>Other Service Charges</b>			
Establishment	\$ 20.00	\$ 35.00	\$ 35.00
Establishment (After Hours)	\$ 50.00	\$ 50.00	N/A
Reconnection (Delinquent)	\$ 10.00	\$ 35.00	\$ 35.00
Reconnection (Delinquent) - After Hours	\$ 40.00	\$ 50.00	N/A
Meter Test (If Correct)	\$ 20.00	Cost	Cost
Meter Reread (If Correct)	\$ 10.00	\$ 5.00	\$ 5.00
NSF Check Charge	\$ 15.00	\$ 35.00	\$ 35.00
Deposit	N/A	*	*
Deposit Interest (Per Annum)	N/A	*	*
Deferred Payment (Per Month)	N/A	**	**
Late Charge (Per Month)	N/A	**	**
Re-establishment (within 12 months)	\$ 50.00	***	***
Monthly Service Charge for Fire Sprinkler	N/A	****	****
After-Hours Service Charge	N/A	N/A	\$ 35.00

\* Per Commission Rule A.A.C. R-14-2-403(B)

\*\* Per Commission Rule A.A.C. R-14-2-403(B)

\*\*\* Per Commission Rule A.A.C. R-14-2-403(D) - Months off the system times the monthly minimum.

\*\*\*\* 1% of monthly minimum for a comparable sized meter connection, but no less than \$5.00 per month. The service charge for fire sprinklers is only applicable for service lines separate and distinct from the primary water service line.

**Service and Meter Installation Charges**

	Total Present Charge	Proposed Service Line Charge	Proposed Meter Installation Charge	Total Proposed Charge	Recommended Service Line Charge	Recommended Meter Installation Charge	Total Recommended Charge
Service Size 5/8"	\$ 100.00	\$ 400.00	\$ 100.00	\$ 500.00	\$ 430.00	\$ 130.00	\$ 560.00
3/4"	\$ 120.00	\$ 415.00	\$ 205.00	\$ 620.00	\$ 430.00	\$ 230.00	\$ 660.00
1"	\$ 200.00	\$ 465.00	\$ 265.00	\$ 730.00	\$ 480.00	\$ 290.00	\$ 770.00
1-1/2"	\$ 300.00	\$ 520.00	\$ 475.00	\$ 995.00	\$ 535.00	\$ 500.00	\$ 1,035.00
2" Turbine	N/A	\$ 800.00	\$ 995.00	\$ 1,795.00	\$ 815.00	\$ 1,020.00	\$ 1,835.00
2" Compound	N/A	\$ 800.00	\$ 1,840.00	\$ 2,640.00	\$ 815.00	\$ 1,865.00	\$ 2,680.00
3" Turbine	N/A	\$ 1,015.00	\$ 1,620.00	\$ 2,635.00	\$ 1,030.00	\$ 1,645.00	\$ 2,675.00
3" Compound	N/A	\$ 1,135.00	\$ 2,495.00	\$ 3,630.00	\$ 1,150.00	\$ 2,545.00	\$ 3,695.00
4" Turbine	N/A	\$ 1,430.00	\$ 2,570.00	\$ 4,000.00	\$ 1,460.00	\$ 2,620.00	\$ 4,080.00
4" Compound	N/A	\$ 1,610.00	\$ 3,545.00	\$ 5,155.00	\$ 1,640.00	\$ 3,595.00	\$ 5,235.00
6" Turbine	N/A	\$ 2,150.00	\$ 4,925.00	\$ 7,075.00	\$ 2,180.00	\$ 4,975.00	\$ 7,155.00
6" Compound	N/A	\$ 2,270.00	\$ 6,820.00	\$ 9,090.00	\$ 2,300.00	\$ 6,870.00	\$ 9,170.00
8" Turbine	N/A	\$ 2,881.00	\$ 9,456.00	\$ 12,337.00	\$ 2,881.00	\$ 9,456.00	\$ 12,337.00
8" Compound	N/A	\$ 3,860.54	\$ 18,155.52	\$ 22,016.06	\$ 3,860.54	\$ 18,155.52	\$ 22,016.06

**Typical Bill Analysis**  
General Service 5/8 x 3/4-Inch Meter

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	8,731	\$ 42.06	\$ 73.82	\$ 31.76	75.52%
Median Usage	5,260	29.91	56.95	\$ 27.04	90.42%
<b>Staff Recommended</b>					
Average Usage	8,731	\$ 42.06	\$ 43.99	\$ 1.93	4.60%
Median Usage	5,260	29.91	30.98	\$ 1.07	3.56%

**Present & Proposed Rates (Without Taxes)**  
General Service 5/8 x 3/4-Inch Meter

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 15.00	\$ 37.87	152.47%	\$ 18.00	20.00%
1,000	15.00	40.57	170.47%	19.50	30.00%
2,000	18.50	43.27	133.89%	21.00	13.51%
3,000	22.00	45.97	108.95%	22.50	2.27%
4,000	25.50	50.83	99.33%	26.25	2.94%
5,000	29.00	55.69	92.03%	30.00	3.45%
6,000	32.50	60.55	86.31%	33.75	3.85%
7,000	36.00	65.41	81.69%	37.50	4.17%
8,000	39.50	70.27	77.90%	41.25	4.43%
9,000	43.00	75.13	74.72%	45.00	4.65%
10,000	46.50	79.99	72.02%	50.00	7.53%
11,000	50.00	88.74	77.48%	55.00	10.00%
12,000	53.50	97.49	82.22%	60.00	12.15%
13,000	57.00	106.24	86.39%	65.00	14.04%
14,000	60.50	114.99	90.07%	70.00	15.70%
15,000	64.00	123.74	93.34%	75.00	17.19%
16,000	67.50	132.49	96.28%	80.00	18.52%
17,000	71.00	141.24	98.93%	85.00	19.72%
18,000	74.50	149.99	101.33%	90.00	20.81%
19,000	78.00	158.74	103.51%	95.00	21.79%
20,000	81.50	167.49	105.51%	100.00	22.70%
25,000	99.00	211.24	113.37%	125.00	26.26%
30,000	116.50	254.99	118.88%	150.00	28.76%
35,000	134.00	298.74	122.94%	175.00	30.60%
40,000	151.50	342.49	126.07%	200.00	32.01%
45,000	169.00	386.24	128.54%	225.00	33.14%
50,000	186.50	429.99	130.56%	250.00	34.05%
75,000	274.00	648.74	136.77%	375.00	36.86%
100,000	361.50	867.49	139.97%	500.00	38.31%

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	(A) COMPANY FAIR VALUE	(B) STAFF FAIR VALUE
1	Adjusted Rate Base	\$ 168,488	\$ 125,471
2	Adjusted Operating Income (Loss)	\$ (21,870)	\$ (31,964)
3	Current Rate of Return (L2 / L1)	-12.98%	-25.47%
4	Required Rate of Return	12.00%	10.00%
5	Required Operating Income (L4 * L1)	\$ 20,219	\$ 12,547
6	Operating Income Deficiency (L5 - L2)	\$ 42,089	\$ 44,511
7	Gross Revenue Conversion Factor	1.3844	1.2852
8	Required Revenue Increase (L7 * L6)	\$ 58,269	<b>\$ 57,207</b>
9	Adjusted Test Year Revenue	\$ 206,686	\$ 206,686
10	Proposed Annual Revenue <sup>1</sup>	\$ 538,058	\$ 263,893
11	Required Increase in Revenue (%)	160.33%	27.68%

<sup>1</sup> Company's proposed revenue discards its rate base/rate of return calculation and substitutes a 40.44 percent operating margin.

References:

**GROSS REVENUE CONVERSION FACTOR**

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
<i>Calculation of Gross Revenue Conversion Factor:</i>					
1	Revenue	100.0000%			
2	Uncollectible Factor	0.0000%			
3	Revenues (L1 - L2)	100.0000%			
4	Combined Federal and State Income Tax and Property Tax Rate (Line 18)	22.1935%			
5	Subtotal (L3 - L4)	77.8065%			
6	<b>Revenue Conversion Factor (L1 / L5)</b>	<b>1.285240</b>			
<i>Calculation of Effective Tax Rate:</i>					
7	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%			
8	Arizona State Income Tax Rate	6.9680%			
9	Federal Taxable Income (L7 - L8)	93.0320%			
10	Applicable Federal Income Tax Rate (Line 48)	15.0000%			
11	Effective Federal Income Tax Rate (L9 x L10)	13.9548%			
12	Combined Federal and State Income Tax Rate (L8 +L11)		20.9228%		
<i>Calculation of Effective Property Tax Factor</i>					
13	Unity	100.0000%			
14	Combined Federal and State Income Tax Rate (L12)	20.9228%			
15	One Minus Combined Income Tax Rate (L13-L14)	79.0772%			
16	Property Tax Factor (JMM-14, L27)	1.6070%			
17	Effective Property Tax Factor (L15*L16)		1.2707%		
18	Combined Federal and State Income Tax and Property Tax Rate (L12+L17)			22.1935%	
19	Required Operating Income (Schedule JMM-1, Line 5)	\$ 12,547			
20	Adjusted Test Year Operating Income (Loss) (JMM-8, L35)	(31,964)			
21	Required Increase in Operating Income (L19 - L20)		\$ 44,511		
22	Income Taxes on Recommended Revenue (Col. [C], L47)	\$ 3,320			
23	Income Taxes on Test Year Revenue (Col. [A], L47)	(8,457)			
24	Required Increase in Revenue to Provide for Income Taxes (L22 - L23)		11,777		
25	Recommended Revenue Requirement (Schedule JMM-1, Line 10)	\$ 263,893			
26	Uncollectible Rate	0.0000%			
27	Uncollectible Expense on Recommended Revenue (L25*L26)	\$ -			
28	Adjusted Test Year Uncollectible Expense	\$ -			
29	Required Increase in Revenue to Provide for Uncollectible Exp. (L27-L28)		-		
30	Property Tax with Recommended Revenue (Schedule JMM-14, L21)	\$ 10,883			
31	Property Tax on Test Year Revenue (Schedule JMM-14, Line 17)	9,964			
32	Increase in Property Tax Due to Increase in Revenue (L30-31)		919		
33	Total Required Increase in Revenue (L21 + L24 + L29 + L32)		\$ 57,207		
<i>Calculation of Income Tax:</i>					
34	Revenue (Schedule JMM-1, Col. [B], Line 9 & Sch. JMM-1, Col. [B] Line 10)	\$ 206,686	\$ 57,207	\$ 263,893	
35	Operating Expenses Excluding Income Taxes	\$ 247,107		\$ 248,026	
36	Synchronized Interest (L51)	\$ -		\$ -	
37	Arizona Taxable Income (L34 - L35 - L36)	\$ (40,421)		\$ 15,867	
38	Arizona State Income Tax Rate	6.9680%		6.9680%	
39	Arizona Income Tax (L37 x L38)	\$ (2,817)		\$ 1,106	
40	Federal Taxable Income (L37- L39)	\$ (37,604)		\$ 14,761	
41	Federal Tax on First Income Bracket (\$1 - \$50,000) @ 15%	\$ (5,641)		\$ 2,214	
42	Federal Tax on Second Income Bracket (\$51,001 - \$75,000) @ 25%	\$ -		\$ -	
43	Federal Tax on Third Income Bracket (\$75,001 - \$100,000) @ 34%	\$ -		\$ -	
44	Federal Tax on Fourth Income Bracket (\$100,001 - \$335,000) @ 39%	\$ -		\$ -	
45	Federal Tax on Fifth Income Bracket (\$335,001 - \$10,000,000) @ 34%	\$ -		\$ -	
46	Total Federal Income Tax	\$ (5,641)		\$ 2,214	
47	Combined Federal and State Income Tax (L39 + L46)	\$ (8,457)		\$ 3,320	
48	Applicable Federal Income Tax Rate [Col. [C], L46 - Col. [A], L46] / [Col. [C], L40 - Col. [A], L40]			15.0000%	
<i>Calculation of Interest Synchronization:</i>					
49	Rate Base (Schedule JMM-3, Col. (C), Line 11)	\$ 125,471			
50	Weighted Average Cost of Debt	0.0000%			
51	Synchronized Interest (L49 X L50)	\$ -			

East Slope Water Company  
Docket No. W-01906A-10-0170  
Test Year Ended December 31, 2009

Schedule JMM-3

RATE BASE - ORIGINAL COST

LINE NO.	(A) COMPANY AS FILED	(B) STAFF ADJUSTMENTS	(C) STAFF AS ADJUSTED
1	\$ 494,810	\$ (42,344)	\$ 452,466
2	330,223	(15,483)	314,740
3	<u>\$ 164,587</u>	<u>\$ (26,861)</u>	<u>\$ 137,726</u>
<u>LESS:</u>			
4	\$ -	\$ 201,862	\$ 201,862
5	-	201,509	201,509
6	<u>-</u>	<u>353</u>	<u>\$ 353</u>
7	20,383	(5,919)	14,464
8	-	21,904	21,904
9	-	-	-
<u>ADD:</u>			
10	24,284	182	24,466
11	-	-	-
12	<u>\$ 168,488</u>	<u>\$ (43,017)</u>	<u>\$ 125,471</u>

References:

Column [A]: Company Application  
Column [B]: Testimony JMM  
Column [C]: Column [A] + Column [B]

**SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS**

LINE NO.	ACCT. NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] ADJ #1 Unsubstantiated Plant	[C] ADJ #2 Customer Deposits	[D] ADJ #3 Cash Working Capital	[E] ADJ #4 Reclassification of AIAC and CIAC	[F] STAFF ADJUSTED
		<u>PLANT IN SERVICE:</u>	Ref: Sch JMM-5	Ref: Sch JMM-6	Ref: Sch JMM-7	Ref: Sch JMM-8		
			\$	\$	\$	\$	\$	\$
1	301	Organization Cost	2,180	-	-	-	-	2,180
2	302	Franchise Cost	-	-	-	-	-	-
3	303	Land and Land Rights	75	-	-	-	-	75
4	304	Structures and Improvements	9,003	-	-	-	-	9,003
5	305	Collecting and Impounding Res.	-	-	-	-	-	-
6	306	Lake River and Other Intakes	-	-	-	-	-	-
7	307	Wells and Springs	44,427	-	-	-	-	44,427
8	308	Infiltration Galleries and Tunnels	-	-	-	-	-	-
9	309	Supply Mains	-	-	-	-	-	-
10	310	Power Generation Equipment	-	-	-	-	-	-
11	311	Electric Pumping Equipment	148,499	(3,123)	-	-	-	145,376
12	311	Water Treatment Plants	-	-	-	-	-	-
13	320.1	Solution Chemical Feeders	-	-	-	-	-	-
14	320.2	Distribution Reservoirs & Standpipe	-	-	-	-	-	-
15	330	Storage Tanks	20,799	-	-	-	-	20,799
16	330.1	Pressure Tanks	5,474	-	-	-	-	5,474
17	330.2	Transmission and Distribution Mains	209,649	-	-	-	-	209,649
18	331	Services	-	-	-	-	-	-
19	333	Meters	11,498	-	-	-	-	11,498
20	334	Hydrants	-	-	-	-	-	-
21	335	Backflow Prevention Devices	-	-	-	-	-	-
22	336	Other Plant and Miscellaneous Equipment	-	-	-	-	-	-
23	339	Office Furniture and Fixtures	11,330	(11,330)	-	-	-	-
24	340	Transportation Equipment	31,876	(27,891)	-	-	-	3,985
25	341	Stores Equipment	-	-	-	-	-	-
26	342	Tools and Work Equipment	-	-	-	-	-	-
27	343	Laboratory Equipment	-	-	-	-	-	-
28	344	Power Operated Equipment	-	-	-	-	-	-
29	345	Communications Equipment	-	-	-	-	-	-
30	346	Miscellaneous Equipment	-	-	-	-	-	-
31	347	Other Tangible Plant	-	-	-	-	-	-
32	348	Total Plant in Service - Actual	494,810	-	-	-	-	452,466
33		Post Test-Year Plant	-	-	-	-	-	-
34		Total Plant in Service	494,810	(42,344)	-	-	-	452,466
35		Less: Accumulated Depreciation	330,223	(15,483)	-	-	-	314,740
36		Net Plant in Service	164,587	(26,861)	-	-	-	137,726
37		LESS:						
38		Contributions in Aid of Construction (CIAC)	-	-	-	-	201,862	201,862
39		Less: Accumulated Amortization	-	-	-	-	201,509	201,509
40		Net CIAC (L39 - L40)	-	-	-	-	353	353
41		Advances in Aid of Construction (AIAC)	20,383	-	-	-	(5,919)	14,464
42		Customer Deposits	-	21,904	-	-	-	21,904
43		Deferred Income Taxes	-	-	-	-	-	-
44			-	-	-	-	-	-
45			-	-	-	-	-	-
46			-	-	-	-	-	-
47			-	-	-	-	-	-
48		Working Capital Allowance	24,284	-	-	182	-	24,466
49		Deferred Regulatory Assets	-	-	-	-	-	-
50			-	-	-	-	-	-
51		Original Cost Rate Base	168,488	(26,861)	(21,904)	182	5,566	125,471

RATE BASE ADJUSTMENT NO. 1 - UNSUBSTANTIATED PLANT

LINE NO.	ACCT NO.	DESCRIPTION	[A]	[B]	[C]
			Plant in Service Per Company	Unsubstantiated Plant	Plant in Service Per Staff (Col A + Col B)
1	311	Electric Pumping Equipment	\$ 148,499	\$ (3,123)	\$ 145,376
2	340	Office Furniture and Equipment	11,330	(11,330)	-
3	341	Transportation Equipment	31,876	(27,891)	3,985
4	Total		<u>\$ 191,705</u>	<u>\$ (42,344)</u>	<u>\$ 149,361</u>
5					
6					
7					
8					
9					
10		DESCRIPTION	Plant in Service Per Company	Unsubstantiated Plant	Plant in Service Per Staff (Col A + Col B)
11		Accumulated Depreciation	<u>\$ 330,223</u>	<u>\$ (15,483)</u>	<u>\$ 314,740</u>

References:

- Column [A]: Company Application
- Column [B]: Testimony JMM
- Column [C]: Column [A] + Column [B]

RATE BASE ADJUSTMENT NO. 2 - CUSTOMER DEPOSITS

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Customer Deposits	\$ -	\$ 21,904	\$ 21,904

References:

- Column [A]: Company Application
- Column [B]: Testimony JMM
- Column [C]: Column [A] + Column [B]

RATE BASE ADJUSTMENT NO. 3 - CASH WORKING CAPITAL

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Cash Working Capital	\$ 24,284	\$ 182	\$ 24,466
2				
3	<u>Staff's Calculation of Cash Working Capital</u>			
4	1/24th Purchased Power	\$ 2,218		
5	1/8th Operation & Maintenance Expense	22,248		
6	Total Cash Working Capital	<u>\$ 24,466</u>		

References:

- Column [A]: Company Application
- Column [B]: Testimony JMM
- Column [C]: Column [A] + Column [B]

**RATE BASE ADJUSTMENT NO. 4 - RECLASSIFICATION OF AIAC AND CIAC**

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Advances in Aid of Construction	\$ 20,383	\$ (5,919)	\$ 14,464
2				
3	Contributions in Aid of Construction	\$ -	\$ 201,862	\$ 201,862
4				
5	Amortization of CIAC	\$ -	\$ 201,509	\$ 201,509

References:

- Column [A]: Company Application
- Column [B]: Testimony JMM
- Column [C]: Column [A] + Column [B]

OPERATING INCOME STATEMENT - ADJUSTED TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	[A] COMPANY ADJUSTED TEST YEAR AS FILED	[B] STAFF TEST YEAR ADJUSTMENTS	[C] STAFF TEST YEAR AS ADJUSTED	[D] STAFF PROPOSED CHANGES	[E] STAFF RECOMMENDED
1	<u>REVENUES:</u>					
2	Metered Water Sales	\$ 203,436	\$ -	\$ 203,436	\$ 57,207	\$ 260,643
3	Water Sales-Unmetered	-	-	-	-	-
4	Other Water Revenue	3,250	-	3,250	-	3,250
5	Intentionally Left Blank	-	-	-	-	-
6	<b>Total Operating Revenues</b>	<u>\$ 206,686</u>	<u>\$ -</u>	<u>\$ 206,686</u>	<u>\$ 57,207</u>	<u>\$ 263,893</u>
7						
8	<u>OPERATING EXPENSES:</u>					
9	Salaries and Wages	\$ -	\$ -	\$ -	\$ -	\$ -
10	Purchased Water	-	-	-	-	-
11	Purchased Power	52,368	866	53,234	-	53,234
12	Fuel for Power Production	-	-	-	-	-
13	Chemicals	460	-	460	-	460
14	Repairs and Maintenance	11,895	-	12,341	-	12,341
15	Office Supplies and Expense	8,246	-	8,246	-	8,246
16	Outside Services	122,149	-	122,149	-	122,149
17	Outside Services - Other	-	-	-	-	-
18	Outside Services - Legal	-	-	-	-	-
19	Water Testing	3,980	-	3,980	-	3,980
20	Rents	-	-	-	-	-
21	Transportation Expenses	13,003	-	13,003	-	13,003
22	Insurance - General Liability	6,491	-	6,491	-	6,491
23	Insurance - Health and Life	-	-	-	-	-
24	Regulatory Commission Expense	-	-	-	-	-
25	Regulatory Commission Expense - Rate Case	10,592	(592)	10,000	-	10,000
26	General and Administrative	-	1,314	1,314	-	1,314
27	Bad Debt Expense	-	-	-	-	-
28	Depreciation Expense	28,229	(22,305)	5,924	-	5,924
29	Amortization of CIAC	-	-	-	-	-
30	Taxes Other than Income	-	-	-	-	-
31	Property Taxes	10,547	(583)	9,964	919	10,883
32	Income Taxes	(39,404)	30,947	(8,457)	11,777	3,320
33	Intentionally Left Blank	-	-	-	-	-
34	<b>Total Operating Expenses</b>	<u>\$ 228,556</u>	<u>\$ 9,648</u>	<u>\$ 238,650</u>	<u>\$ 12,696</u>	<u>\$ 251,346</u>
35	<b>Operating Income (Loss)</b>	<u>\$ (21,870)</u>	<u>\$ (9,648)</u>	<u>\$ (31,964)</u>	<u>\$ 44,511</u>	<u>\$ 12,547</u>

References:

- Column (A): Company Schedule C-1
- Column (B): Schedule JMM-9
- Column (C): Column (A) + Column (B)
- Column (D): Schedules JMM-1, JMM-14 and JMM-15
- Column (E): Column (C) + Column (D)



OPERATING ADJUSTMENT NO. 8 - RECLASSIFICATION OF INVOICES

Line No.	Description	[A]	[B]	[C]
		COMPANY PROPOSED	STAFF ADJUSTMENTS	STAFF RECOMMENDED
1	Purchased Power Expense	\$ 52,368	\$ 866	\$ 53,234
2				
3	Repairs and Maintenance	\$ 11,895	\$ 446	\$ 12,341
4				

References:

Column [A]: Company Application

Column [B]: Testimony JMM

Column [C]: Column [A] + Column [B]

**OPERATING ADJUSTMENT NO. 2 - MANAGEMENT FEES EXPENSE**

Line No.	Description	[A]	[B]	[C]
		COMPANY PROPOSED	STAFF ADJUSTMENTS	STAFF RECOMMENDED
1	Outside Service	\$ 122,149	\$ -	\$ 122,149
2				
3	Staff's Calculation			
4	Remove Pro-forma Management Fees	\$ -		
5	Insert Test Year Management Fees	\$ -		
6	Less Management Fees out of Test Year	\$ -		
7		\$ -		

References:

Column [A]: Company Application

Column [B]: Testimony JMM

Column [C]: Column [A] + Column [B]

OPERATING INCOME ADJUSTMENT NO. 3 - RATE CASE EXPENSE

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY PROPOSED	STAFF ADJUSTMENTS	STAFF RECOMMENDED
1	Rate Case Expense	\$ 10,592	\$ (592)	\$ 10,000

References:

- Column (A), Company Schedule C-1
- Column (B): Testimony JMM
- Column (C): Column (A) + Column (B)

OPERATING INCOME ADJUSTMENT NO. 4 - DEPRECIATION EXPENSE ON TEST YEAR PLANT

LINE NO.	ACCT NO.	DESCRIPTION	[A]	[B]	[C]	[D]	[E]
			PLANT In SERVICE Per Staff	NonDepreciable or Fully Depreciated PLANT	DEPRECIABLE PLANT (Col A - Col B)	DEPRECIATION RATE	DEPRECIATION EXPENSE (Col C x Col D)
1	301	Organization Cost	\$ 2,180	\$ 2,180	\$ -	0.00%	\$ -
2	302	Franchise Cost	\$ -	\$ -	\$ -	0.00%	\$ -
3	303	Land and Land Rights	\$ 75	\$ 75	\$ -	0.00%	\$ -
4	304	Structures and Improvements	\$ 9,003	\$ -	\$ 9,003	3.33%	\$ 300
5	305	Collecting and Impounding Res.	\$ -	\$ -	\$ -	2.50%	\$ -
6	306	Lake River and Other Intakes	\$ -	\$ -	\$ -	2.50%	\$ -
7	307	Wells and Springs	\$ 44,427	\$ 34,863	\$ 9,564	3.33%	\$ 318
8	308	Infiltration Galleries and Tunnels	\$ -	\$ -	\$ -	6.67%	\$ -
9	309	Supply Mains	\$ -	\$ -	\$ -	2.00%	\$ -
10	310	Power Generation Equipment	\$ -	\$ -	\$ -	5.00%	\$ -
11	311	Electric Pumping Equipment	\$ 145,376	\$ -	\$ 145,376	12.50%	\$ 18,172
12	320	Water Treatment Equipment	\$ -	\$ -	\$ -	3.33%	\$ -
13	320	Water Treatment Plant	\$ -	\$ -	\$ -	3.33%	\$ -
14	330	Distribution Reservoirs & Standpipe	\$ -	\$ -	\$ -	2.22%	\$ -
15	330.1	Storage Tanks	\$ 20,799	\$ -	\$ 20,799	2.22%	\$ 462
16	330.2	Pressure Tanks	\$ 5,474	\$ -	\$ 5,474	5.00%	\$ 274
17	331	Transmission and Distribution Mains	\$ 209,649	\$ 124,578	\$ 85,071	2.00%	\$ 1,701
18	333	Services	\$ -	\$ -	\$ -	3.33%	\$ -
19	334	Meters	\$ 11,498	\$ 8,166	\$ 3,332	8.33%	\$ 278
20	335	Hydrants	\$ -	\$ -	\$ -	2.00%	\$ -
21	336	Backflow Prevention Devices	\$ -	\$ -	\$ -	6.67%	\$ -
22	339	Other Plant and Miscellaneous Equipment	\$ -	\$ -	\$ -	6.67%	\$ -
23	340	Office Furniture and Fixtures	\$ -	\$ -	\$ -	6.67%	\$ -
24	341	Transportation Equipment	\$ 3,985	\$ 3,985	\$ -	20.00%	\$ -
25	342	Stores Equipment	\$ -	\$ -	\$ -	4.00%	\$ -
26	343	Tools and Work Equipment	\$ -	\$ -	\$ -	5.00%	\$ -
27	344	Laboratory Equipment	\$ -	\$ -	\$ -	10.00%	\$ -
28	345	Power Operated Equipment	\$ -	\$ -	\$ -	5.00%	\$ -
29	346	Communications Equipment	\$ -	\$ -	\$ -	10.00%	\$ -
30	347	Miscellaneous Equipment	\$ -	\$ -	\$ -	10.00%	\$ -
31	348	Other Tangible Plant	\$ -	\$ -	\$ -	10.00%	\$ -
32		Total Plant	\$ 452,466	\$ 173,847	\$ 278,619		\$ 21,505
33							
34		Composite Depreciation Rate (Depr Exp / Depreciable Plant):	7.72%				
35		CIAC: \$	201,862				
36		Amortization of CIAC (Line 32 x Line 33):	\$ 15,580				
37							
38		Depreciation Expense Before Amortization of CIAC: \$	21,505				
39		Less Amortization of CIAC: \$	15,580				
40		<b>Test Year Depreciation Expense - Staff: \$</b>	<b>5,924</b>				
41		Depreciation Expense - Company: \$	28,229				
42		<b>Staff's Total Adjustment: \$</b>	<b>(22,305)</b>				
43							

References:

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

**OPERATING INCOME ADJUSTMENT NO. 5 - PROPERTY TAX EXPENSE**

LINE NO.		[A] STAFF AS ADJUSTED	[B] STAFF RECOMMENDED
	Property Tax Calculation		
1	Staff Adjusted Test Year Revenues	\$ 206,686	\$ 206,686
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	413,372	\$ 413,372
4	Staff Recommended Revenue, Per Schedule JMM-1	206,686	\$ 263,893
5	Subtotal (Line 4 + Line 5)	620,058	677,265
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	206,686	\$ 225,755
8	Department of Revenue Mutilplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	413,372	\$ 451,510
10	Plus: 10% of CWIP -	-	-
11	Less: Net Book Value of Licensed Vehicles	-	\$ -
12	Full Cash Value (Line 9 + Line 10 - Line 11)	413,372	\$ 451,510
13	Assessment Ratio	20.5%	20.5%
14	Assessment Value (Line 12 * Line 13)	84,741	\$ 92,560
15	Composite Property Tax Rate (Per Company Schedule)	11.7583%	11.7583%
16			\$ -
17	Staff Test Year Adjusted Property Tax (Line 14 * Line 15)	\$ 9,964	
18	Company Proposed Property Tax	10,547	
19			
20	Staff Test Year Adjustment (Line 17-Line 18)	\$ (583)	
21	Property Tax - Staff Recommended Revenue (Line 14 * Line 15)		\$ 10,883
22	Staff Test Year Adjusted Property Tax Expense (Line 17)		\$ 9,964
23	Increase in Property Tax Expense Due to Increase in Revenue Requirement		\$ 919
24			
25	Increase to Property Tax Expense		\$ 919
26	Increase in Revenue Requirement		57,207
27	Increase to Property Tax per Dollar Increase in Revenue (Line 25/Line 26)		1.606968%

References:

- Column [A]: Company Application
- Column [B]: Testimony JMM
- Column [C]: Column [A] + Column [B]

East Slope Water Company  
Docket No. W-01906A-10-0170  
Test Year Ended December 31, 2009

Schedule JMM-16

OPERATING INCOME ADJUSTMENT NO. 6 - TEST YEAR INCOME TAXES

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY PROPOSED	STAFF ADJUSTMENTS	STAFF RECOMMENDED
1	Income Tax Expense	\$ (39,404)	\$ 30,947	\$ (8,457)

References:

Column (A): Company Schedule C-1  
Column (B): Column [C] - Column [A]  
Column (C): Schedule JMM-2

OPERATING INCOME ADJUSTMENT NO. 7 - CUSTOMER DEPOSIT INTEREST

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY PROPOSED	STAFF ADJUSTMENTS	STAFF RECOMMENDED
1	Miscellaneous Expense	\$ -	\$ 1,314	\$ 1,314

Staff's Calculation

Customer Deposits	21,904
Interest Expense	6%
Customer Deposit Interest	<u>1,314.24</u>

References:

- Column (A), Company Schedule C-1
- Column (B): Testimony JMM
- Column (C): Column (A) + Column (B)

East Slope Water Company  
Docket No. W-01906A-10-0170  
Test Year Ended December 31, 2009

Schedule JMM-18

NOT USED

Monthly Usage Charge	Present	Company Proposed Rates	Staff Recommended Rates
<b>Meter Size (All Classes):</b>			
5/8 x 3/4 Inch	\$ 9.00	\$ 18.68	\$ 10.00
3/4 Inch	9.00	28.02	15.00
1 Inch	15.00	46.70	25.00
1 1/2 Inch	25.00	93.40	50.00
2 Inch	50.00	149.44	80.00
3 Inch	N/A	298.88	160.00
4 Inch	N/A	467.00	250.00
6 Inch	N/A	934.00	500.00
<b>Commodity Charge - Per 1,000 Gallons</b>			
<b>5/8" x 3/4" Meter (Residential)</b>			
First 2,000 gallons	\$ -	\$ 2.0000	N/A
2,001 to 3,000 gallons	1.7100	2.0000	N/A
3,001 to 10,000 gallons	1.7100	3.6000	N/A
All gallons over 10,000	1.7100	6.4800	N/A
First 3,000 gallons	N/A	N/A	\$ 1.0000
3,001 to 9,000 gallons	N/A	N/A	1.7000
Over 9,000 gallons	N/A	N/A	2.5600
<b>3/4" Meter (Residential)</b>			
First 2,000 gallons	-	2.0000	N/A
2,001 to 3,000 gallons	1.7100	2.0000	N/A
3,001 to 10,000 gallons	1.7100	3.6000	N/A
All gallons over 10,000	1.7100	6.4800	N/A
First 3,000 gallons	N/A	N/A	1.0000
3,001 to 9,000 gallons	N/A	N/A	1.7000
Over 9,000 gallons	N/A	N/A	2.5600
<b>5/8" x 3/4" Meter (Commercial/Irrigation)</b>			
First 2,000 gallons	-	2.0000	N/A
2,001 to 3,000 gallons	1.7100	2.0000	N/A
3,001 to 10,000 gallons	1.7100	3.6000	N/A
All gallons over 10,000	1.7100	6.4800	N/A
First 9,000 gallons	N/A	N/A	1.7000
Over 9,000 gallons	N/A	N/A	2.5600
<b>3/4" Meter (Commercial/Irrigation)</b>			
First 2,000 gallons	-	2.0000	N/A
2,001 to 3,000 gallons	1.7100	2.0000	N/A
3,001 to 10,000 gallons	1.7100	3.6000	N/A
All gallons over 10,000	1.7100	6.4800	N/A
First 9,000 gallons	N/A	N/A	1.7000
Over 9,000 gallons	N/A	N/A	2.5600
<b>1" Meter (All Sizes)</b>			
First 2,000 gallons	-	2.0000	N/A
2,001 to 5,000	1.7100	2.0000	N/A
All gallons over 5,000	1.7100	3.6000	N/A
First 15,000 gallons	N/A	N/A	1.7000
Over 15,000 gallons	N/A	N/A	2.5600
<b>1.5" Meter (All Sizes)</b>			
First 2,000 gallons	-	2.0000	N/A
2,001 to 20,000	1.7100	2.0000	N/A
All gallons over 20,000	1.7100	3.6000	N/A
First 30,000 gallons	N/A	N/A	1.7000
Over 30,000 gallons	N/A	N/A	2.5600
<b>2" Meter (All Sizes)</b>			
First 2,000 gallons	-	2.0000	N/A
2,001 to 20,000	1.7100	2.0000	N/A
All gallons over 20,000	1.7100	3.6000	N/A
First 50,000 gallons	N/A	N/A	1.7000
Over 50,000 gallons	N/A	N/A	2.5600

<b>3" Meter (All Sizes)</b>			
First 2,000 gallons	-	2.0000	N/A
2,001 to 20,000	1.7100	2.0000	N/A
All gallons over 20,000	1.7100	3.6000	N/A
First 100,000 gallons	N/A	N/A	1.7000
Over 100,000 gallons	N/A	N/A	2.5600
<b>4" Meter (All Sizes)</b>			
First 2,000 gallons	-	2.0000	N/A
2,001 to 20,000	1.7100	2.0000	N/A
All gallons over 20,000	1.7100	3.6000	N/A
First 170,000 gallons	N/A	N/A	1.7000
Over 170,000 gallons	N/A	N/A	2.5600
<b>6" Meter (All Sizes)</b>			
First 2,000 gallons	-	2.0000	N/A
2,001 to 20,000	1.7100	2.0000	N/A
All gallons over 20,000	1.7100	3.6000	N/A
First 350,000 gallons	N/A	N/A	1.7000
Over 350,000 gallons	N/A	N/A	2.5600

Other Service Charges			
Establishment	\$ 15.00	\$ 25.00	\$ 35.00
Establishment (After Hours)	\$ 20.00	\$ 20.00	N/A
Reconnection (Delinquent)	\$ 15.00	\$ 25.00	\$ 35.00
Reconnection (Delinquent) - After Hours	N/A	*	N/A
Meter Test (If Correct)	\$ 20.00	\$ 25.00	\$ 25.00
Meter Reread (If Correct)	\$ 10.00	\$ 20.00	\$ 20.00
NSF Check Charge	\$ 15.00	\$ 25.00	\$ 25.00
Deposit	*	*	*
Deposit Interest (Per Annum)	*	*	*
Deferred Payment (Per Month)	15% per anum	**	**
Late Charge (Per Month)	N/A	**	**
Re-establishment (within 12 months)	***	***	***
Monthly Service Charge for Fire Sprinkler	N/A	****	****
After Hours Service Charge	N/A	N/A	\$ 35.00

\* Per Commission Rule A.A.C. R-14-2-403(B)

\*\* Per Commission Rule A.A.C. R-14-2-403(B)

\*\*\* Per Commission Rule A.A.C. R-14-2-403(D) - Months off the system times the monthly minimum.

\*\*\*\* 1% of monthly minimum for a comparable sized meter connection, but no less than \$5.00 per month. The service charge for fire sprinklers is only applicable for service lines separate and distinct from the primary water service line.

Service and Meter Installation Charges

	Total Present Charge	Proposed Service Line Charge	Proposed Meter Insallation Charge	Total Proposed Charge	Recommended Service Line Charge	Recommended Meter Insallation Charge	Total Recommended Charge
Service Size 5/8"	\$ 275.00	\$ 430.00	\$ 130.00	\$ 560.00	\$ 430.00	\$ 130.00	\$ 560.00
3/4"	\$ 300.00	\$ 430.00	\$ 230.00	\$ 660.00	\$ 430.00	\$ 230.00	\$ 660.00
1"	\$ 325.00	\$ 480.00	\$ 290.00	\$ 770.00	\$ 480.00	\$ 290.00	\$ 770.00
1-1/2"	\$ 475.00	\$ 535.00	\$ 500.00	\$ 1,035.00	\$ 535.00	\$ 500.00	\$ 1,035.00
2" Turbine	\$ 650.00	\$ 815.00	\$ 1,020.00	\$ 1,835.00	\$ 815.00	\$ 1,020.00	\$ 1,835.00
2" Compound	N/A	\$ 815.00	\$ 1,865.00	\$ 2,680.00	\$ 815.00	\$ 1,865.00	\$ 2,680.00
3" Turbine	N/A	\$ 1,030.00	\$ 1,645.00	\$ 2,675.00	\$ 1,030.00	\$ 1,645.00	\$ 2,675.00
3" Compound	N/A	\$ 1,150.00	\$ 2,545.00	\$ 3,695.00	\$ 1,150.00	\$ 2,545.00	\$ 3,695.00
4" Turbine	N/A	\$ 1,460.00	\$ 2,620.00	\$ 4,080.00	\$ 1,460.00	\$ 2,620.00	\$ 4,080.00
4" Compound	N/A	\$ 1,640.00	\$ 3,595.00	\$ 5,235.00	\$ 1,640.00	\$ 3,595.00	\$ 5,235.00
6" Turbine	N/A	\$ 2,180.00	\$ 4,975.00	\$ 7,155.00	\$ 2,180.00	\$ 4,975.00	\$ 7,155.00
6" Compound	N/A	\$ 2,300.00	\$ 6,870.00	\$ 9,170.00	\$ 2,300.00	\$ 6,870.00	\$ 9,170.00

**Typical Bill Analysis**  
General Service 5/8 x 3/4-Inch Meter

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	9,137	\$ 21.20	\$ 38.35	\$ 17.14	80.84%
Median Usage	5,330	14.69	28.75	\$ 14.06	95.66%
<b>Staff Recommended</b>					
Average Usage	9,137	\$ 21.20	\$ 23.55	\$ 2.35	11.07%
Median Usage	5,330	14.69	16.96	\$ 2.27	15.43%

**Present & Proposed Rates (Without Taxes)**  
General Service 5/8 x 3/4-Inch Meter

Gallons Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended Rates	% Increase
-	\$ 9.00	\$ 18.68	107.56%	\$ 10.00	11.11%
1,000	9.00	20.08	123.11%	11.00	22.22%
2,000	9.00	21.48	138.67%	12.00	33.33%
3,000	10.71	22.88	113.63%	13.00	21.38%
4,000	12.42	25.40	104.51%	14.70	18.36%
5,000	14.13	27.92	97.59%	16.40	16.07%
6,000	15.84	30.44	92.17%	18.10	14.27%
7,000	17.55	32.96	87.81%	19.80	12.82%
8,000	19.26	35.48	84.22%	21.50	11.63%
9,000	20.97	38.00	81.21%	23.20	10.63%
10,000	22.68	40.52	78.66%	25.76	13.58%
11,000	24.39	45.06	84.73%	28.32	16.11%
12,000	26.10	49.59	90.01%	30.88	18.31%
13,000	27.81	54.13	94.64%	33.44	20.24%
14,000	29.52	58.66	98.73%	36.00	21.95%
15,000	31.23	63.20	102.37%	38.56	23.47%
16,000	32.94	67.74	105.63%	41.12	24.83%
17,000	34.65	72.27	108.58%	43.68	26.06%
18,000	36.36	76.81	111.24%	46.24	27.17%
19,000	38.07	81.34	113.67%	48.80	28.18%
20,000	39.78	85.88	115.89%	51.36	29.11%
25,000	48.33	108.56	124.62%	64.16	32.75%
30,000	56.88	131.24	130.73%	76.96	35.30%
35,000	65.43	153.92	135.24%	89.76	37.18%
40,000	73.98	176.60	138.71%	102.56	38.63%
45,000	82.53	199.28	141.46%	115.36	39.78%
50,000	91.08	221.96	143.70%	128.16	40.71%
75,000	133.83	335.36	150.59%	192.16	43.59%
100,000	176.58	448.76	154.14%	256.16	45.07%

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	(A) COMPANY FAIR VALUE	(B) STAFF FAIR VALUE
1	Adjusted Rate Base	\$ 61,769	\$ 89,316
2	Adjusted Operating Income (Loss)	\$ (34,390)	\$ (31,051)
3	Current Rate of Return (L2 / L1)	-55.68%	-34.77%
4	Required Rate of Return	12.00%	10.00%
5	Required Operating Income (L4 * L1)	\$ 7,412	\$ 8,932
6	Operating Income Deficiency (L6 - L2)	\$ 41,802	\$ 39,983
7	Gross Revenue Conversion Factor	1.0000	1.0080
8	Required Revenue Increase (L7 * L6)	\$ 41,802	<b>\$ 40,303</b>
9	Adjusted Test Year Revenue	\$ 49,257	\$ 49,257
10	Proposed Annual Revenue <sup>1</sup>	\$ 139,322	\$ 89,560
11	Required Increase in Revenue (%)	182.85%	81.82%

<sup>1</sup> Company's proposed revenue discards its rate base/rate of return calculation and substitutes a 39.96 percent operating margin.

References:

Column (A): Company Schedule A-1

Column (B): Staff Schedules JMM-3 and JMM-6

**Antelope Run Water Company**  
**Docket No. W-02327A-10-0169**  
**Test Year Ended December 31, 2009**

**Schedule JMM-2**

**NOT USED**

**RATE BASE - ORIGINAL COST**

LINE NO.	(A) COMPANY AS FILED	(B) STAFF ADJUSTMENTS	(C) STAFF AS ADJUSTED
1	\$ 194,971	\$ -	\$ 194,971
2	93,631	-	93,631
3	<u>\$ 101,340</u>	<u>\$ -</u>	<u>\$ 101,340</u>
<i>LESS:</i>			
4	\$ -	\$ 40,171	\$ 40,171
5	-	31,217	31,217
6	<u>-</u>	<u>8,954</u>	<u>\$ 8,954</u>
7	46,435	(41,660)	4,775
8	-	5,139	5,139
9	-	-	-
<i>ADD:</i>			
10	6,864	(20)	6,844
11	-	-	-
12	<u>\$ 61,769</u>	<u>\$ 27,547</u>	<u>\$ 89,316</u>

References:

Column [A]: Company as Filed

Column [B]: Schedule JMM-4

Column (C): Column (A) + Column (B)

Antelope Run Water Company  
 Docket No. W-02327A-10-0169  
 Test Year Ended December 31, 2009

**SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS**

LINE NO.	ACCT. NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) ADJ #2 Customer Deposits Ref. Sch JMM-6	(C) ADJ #3 Cash Working Capital Ref. Sch JMM-7	(D) ADJ #4 Reclassification of AIAC and CIAC Ref. Sch JMM-8	(E) STAFF ADJUSTED
1	301	Organization Cost	-	-	-	-	-
2	302	Franchise Cost	-	-	-	-	-
3	303	Land and Land Rights	5,159	-	-	-	5,159
4	304	Structures and Improvements	619	-	-	-	619
5	305	Collecting and Impounding Res.	-	-	-	-	-
6	306	Lake River and Other Intakes	-	-	-	-	-
7	307	Wells and Springs	17,939	-	-	-	17,939
8	308	Infiltration Galleries and Tunnels	-	-	-	-	-
9	309	Supply Mains	-	-	-	-	-
10	310	Power Generation Equipment	94,263	-	-	-	94,263
11	311	Electric Pumping Equipment	-	-	-	-	-
12	320.1	Water Treatment Plants	-	-	-	-	-
13	320.2	Solution Chemical Feeders	-	-	-	-	-
14	330	Distribution Reservoirs & Standpipe	3,475	-	-	-	3,475
15	330	Distribution Reservoirs & Standpipe	425	-	-	-	425
16	330.1	Storage Tanks	3,413	-	-	-	3,413
17	330.2	Pressure Tanks	63,498	-	-	-	63,498
18	331	Transmission and Distribution Mains	-	-	-	-	-
19	333	Services	-	-	-	-	-
20	334	Meters	6,180	-	-	-	6,180
21	335	Hydrants	-	-	-	-	-
22	336	Backflow Prevention Devices	-	-	-	-	-
23	339	Other Plant and Miscellaneous Equipment	-	-	-	-	-
24	340	Office Furniture and Fixtures	-	-	-	-	-
25	341	Transportation Equipment	-	-	-	-	-
26	342	Stores Equipment	-	-	-	-	-
27	343	Tools and Work Equipment	-	-	-	-	-
28	344	Laboratory Equipment	-	-	-	-	-
29	345	Power Operated Equipment	-	-	-	-	-
30	346	Communications Equipment	-	-	-	-	-
31	347	Miscellaneous Equipment	-	-	-	-	-
32	348	Other Tangible Plant	-	-	-	-	-
33		Total Plant in Service - Actual	194,971	-	-	-	194,971
34		Post Test-Year Plant	-	-	-	-	-
35		Total Plant in Service	194,971	-	-	-	194,971
36		Less: Accumulated Depreciation	93,631	-	-	-	93,631
37		Net Plant in Service	101,340	-	-	-	101,340
38		LESS:					
39		Contributions in Aid of Construction (CIAC)	-	-	-	40,171	40,171
40		Less: Accumulated Amortization	-	-	-	31,217	31,217
41		Net CIAC (L25 - L26)	-	-	-	8,954	8,954
42		Advances in Aid of Construction (AIAC)	46,435	5,139	-	(41,660)	4,775
43		Customer Deposits	-	-	-	-	5,139
44		Deferred Income Taxes	-	-	-	-	-
45			-	-	-	-	-
46			-	-	-	-	-
47		ADD:					
48		Working Capital Allowance	6,864	-	(20)	-	6,844
49		Deferred Regulatory Assets	-	-	-	-	-
50			61,769	(5,139)	(20)	32,706	89,316
51		Original Cost Rate Base	\$ 61,769	\$ (5,139)	\$ (20)	\$ 32,706	\$ 89,316

Rate Base Adjustment No. 2 - Not Used

**Antelope Run Water Company**  
**Docket No. W-02327A-10-0169**  
**Test Year Ended December 31, 2009**

**Schedule JMM-5**

**NOT USED**

RATE BASE ADJUSTMENT NO. 2 - CUSTOMER DEPOSITS

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Customer Deposits	\$ -	\$ 5,139	\$ 5,139

References:

Column [A]: Company Application

Column [B]: Testimony JMM

Column [C]: Column [A] + Column [B]

RATE BASE ADJUSTMENT NO. 3 - CASH WORKING CAPITAL

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Cash Working Capital	\$ 6,864	\$ (20)	\$ 6,844

Staff's Calculation of Cash Working Capital

1/24th Purchased Power	\$ 737
1/8th Operation & Maintenance Expense	6,107
Total Cash Working Capital	<u>\$ 6,844</u>

References:

- Column [A]: Company Application
- Column [B]: Testimony JMM
- Column [C]: Column [A] + Column [B]

**RATE BASE ADJUSTMENT NO. 4 - RECLASSIFICATION OF AIAC AND CIAC**

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Advances in Aid of Construction	\$ 46,435	\$ (41,660)	\$ 4,775
2				
3	Contributions in Aid of Construction	\$ -	\$ 40,171	\$ 40,171
4				
5	Amortization of CIAC	\$ -	\$ 31,217	\$ 31,217

References:

Column [A]: Company Application

Column [B]: Testimony JMM

Column [C]: Column [A] + Column [B]

OPERATING INCOME STATEMENT - ADJUSTED TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	[A] COMPANY ADJUSTED TEST YEAR AS FILED	[B] STAFF TEST YEAR ADJUSTMENTS	[C] STAFF TEST YEAR AS ADJUSTED	[D] STAFF PROPOSED CHANGES	[E] STAFF RECOMMENDED
1	<u>REVENUES:</u>					
2	Metered Water Sales	\$ 48,910	\$ -	\$ 48,910	\$ 40,303	\$ 89,213
3	Water Sales-Unmetered	-	-	-	-	-
4	Other Water Revenue	347	-	347	-	347
5	Intentionally Left Blank	-	-	-	-	-
6	<b>Total Operating Revenues</b>	<u>\$ 49,257</u>	<u>\$ -</u>	<u>\$ 49,257</u>	<u>\$ 40,303</u>	<u>\$ 89,560</u>
7						
8	<u>OPERATING EXPENSES:</u>					
9	Salaries and Wages	\$ -	\$ -	\$ -	\$ -	\$ -
10	Purchased Water	-	-	-	-	-
11	Purchased Power	17,695	-	17,695	-	17,695
12	Fuel for Power Production	-	-	-	-	-
13	Chemicals	166	-	166	-	166
14	Repairs and Maintenance	3,358	-	3,358	-	3,358
15	Office Supplies and Expense	2,393	-	2,393	-	2,393
16	Outside Services	33,478	-	33,478	-	33,478
17	Outside Services - Other	-	-	-	-	-
18	Outside Services - Legal	-	-	-	-	-
19	Water Testing	1,899	-	1,899	-	1,899
20	Rents	-	-	-	-	-
21	Transportation Expenses	5,245	-	5,245	-	5,245
22	Insurance - General Liability	-	-	-	-	-
23	Insurance - Health and Life	-	-	-	-	-
24	Regulatory Commission Expense	-	-	-	-	-
25	Regulatory Commission Expense - Rate Case	2,468	(468)	2,000	-	2,000
26	General and Administrative	5	308	313	-	313
27	Bad Debt Expense	-	-	-	-	-
28	Depreciation Expense	14,443	(3,057)	11,386	-	11,386
29	Amortization of CIAC	-	-	-	-	-
30	Taxes Other than Income	-	-	-	-	-
31	Property Taxes	2,497	(122)	2,375	648	3,022
32	Income Taxes	-	-	-	-	-
33	Intentionally Left Blank	-	-	-	-	-
34	<b>Total Operating Expenses</b>	<u>\$ 83,647</u>	<u>\$ (3,339)</u>	<u>\$ 80,308</u>	<u>\$ 648</u>	<u>\$ 80,956</u>
35	<b>Operating Income (Loss)</b>	<u>\$ (34,390)</u>	<u>\$ 3,339</u>	<u>\$ (31,051)</u>	<u>\$ 39,655</u>	<u>\$ 8,604</u>

References:

- Column (A): Company Schedule C-1
- Column (B): Schedule JMM-W12
- Column (C): Column (A) + Column (B)
- Column (D): Schedules JMM-1 and JMM-W14
- Column (E): Column (C) + Column (D)

SUMMARY OF OPERATING INCOME STATEMENT ADJUSTMENTS - TEST YEAR

LINE NO.	[A] DESCRIPTION	[B] Management Fees Expense ADJ #2	[C] Rate Case Expense ADJ #3	[D] Depreciation Expense ADJ #4	[E] Property Tax Expense ADJ #6	[F] Customer Deposit Interest ADJ #7	[G] STAFF ADJUSTED
1	<b>REVENUES:</b>						
2	Metered Water Sales	\$ 48,910					\$ 48,910
3	Water Sales-Umeters	-					-
4	Other Water Revenue	347					347
5	Intentionally Left Blank	-					-
6	<b>Total Operating Revenues</b>	\$ 49,257	\$ -	\$ -	\$ -	\$ -	\$ 49,257
7							
8	<b>OPERATING EXPENSES:</b>						
9	Salaries and Wages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10	Purchased Water	-					-
11	Purchased Power	17,695					17,695
12	Fuel for Power Production	-					-
13	Chemicals	166					166
14	Repairs and Maintenance	3,358					3,358
15	Office Supplies and Expense	2,393					2,393
16	Outside Services	33,478					33,478
17	Outside Services - Other	-					-
18	Outside Services - Legal	-					-
19	Water Testing	1,899					1,899
20	Rents	-					-
21	Transportation Expenses	5,245					5,245
22	Insurance - General Liability	-					-
23	Insurance - Health and Life	-					-
24	Regulatory Commission Expense	-					-
25	Regulatory Commission Expense - Rate Case	2,468	(468)				2,000
26	Miscellaneous Expense	5					308
27	Bad Debt Expense	-					-
28	Depreciation Expense	14,443		(3,057)			11,386
29	Amortization of CIAC	-					-
30	Taxes Other than Income	-					-
31	Property Taxes	2,497			(122)		2,375
32	Income Taxes	-					-
33	Intentionally Left Blank	-					-
34	<b>Total Operating Expenses</b>	\$ 83,647	\$ (468)	\$ (3,057)	\$ (122)	\$ 308	\$ 80,308
35	<b>Operating Income (Loss)</b>	\$ (34,390)	\$ 468	\$ 3,057	\$ 122	\$ (308)	\$ (31,051)

Operating Income Adjustment Nos. 1 and 4- Not Used

**Antelope Run Water Company**  
**Docket No. W-02327A-10-0169**  
**Test Year Ended December 31, 2009**

**Schedule JMM-11**

**NOT USED**

OPERATING ADJUSTMENT NO. 2 - MANAGEMENT FEES EXPENSE

Line No.	Description	[A]	[B]	[C]
		COMPANY PROPOSED	STAFF ADJUSTMENTS	STAFF RECOMMENDED
1	Outside Service	\$ 33,478	\$ -	\$ 33,478
2				
3	Staff's Calculation			
4	Remove Pro-forma Management Fees	\$ -		
5	Insert Test Year Management Fees	\$ -		
6	Less Management Fees out of Test Year	\$ -		
7		\$ -		

References:

Column [A]: Company Application

Column [B]: Testimony JMM

Column [C]: Column [A] + Column [B]

Antelope Run Water Company  
Docket No. W-02327A-10-0169  
Test Year Ended December 31, 2009

Schedule JMM-13

OPERATING INCOME ADJUSTMENT NO. 3 - RATE CASE EXPENSE

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY PROPOSED	STAFF ADJUSTMENTS	STAFF RECOMMENDED
1	Rate Case Expense	\$ 2,468	\$ (468)	\$ 2,000

References:

- Column (A), Company Schedule C-1
- Column (B): Testimony JMM
- Column (C): Column (A) + Column (B)

OPERATING INCOME ADJUSTMENT NO. 4 - DEPRECIATION EXPENSE ON TEST YEAR PLANT

LINE NO.	ACCT NO.	DESCRIPTION	[A] PLANT In SERVICE Per Staff	[B] NonDepreciable or Fully Depreciated PLANT	[C] DEPRECIABLE PLANT (Col A - Col B)	[D] DEPRECIATION RATE	[E] DEPRECIATION EXPENSE (Col C x Col D)
1	301	Organization Cost	\$ -	\$ -	\$ -	0.00%	\$ -
2	302	Franchise Cost	\$ -	\$ -	\$ -	0.00%	\$ -
3	303	Land and Land Rights	\$ 5,159	\$ 5,159	\$ -	0.00%	\$ -
4	304	Structures and Improvements	\$ 619	\$ -	\$ 619	3.33%	\$ 21
5	305	Collecting and Impounding Res.	\$ -	\$ -	\$ -	2.50%	\$ -
6	306	Lake River and Other Intakes	\$ -	\$ -	\$ -	2.50%	\$ -
7	307	Wells and Springs	\$ 17,939	\$ -	\$ 17,939	3.33%	\$ 597
8	308	Infiltration Galleries and Tunnels	\$ -	\$ -	\$ -	6.67%	\$ -
9	309	Supply Mains	\$ -	\$ -	\$ -	2.00%	\$ -
10	310	Power Generation Equipment	\$ -	\$ -	\$ -	5.00%	\$ -
11	311	Electric Pumping Equipment	\$ 94,263	\$ -	\$ 94,263	12.50%	\$ 11,783
12	320	Water Treatment Equipment	\$ -	\$ -	\$ -	3.33%	\$ -
13	320	Water Treatment Plant	\$ -	\$ -	\$ -	3.33%	\$ -
14	330	Distribution Reservoirs & Standpipe	\$ 3,475	\$ -	\$ 3,475	2.22%	\$ 77
15	330.1	Storage Tanks	\$ 425	\$ -	\$ 425	2.22%	\$ 9
16	330.2	Pressure Tanks	\$ 3,413	\$ -	\$ 3,413	5.00%	\$ 171
17	331	Transmission and Distribution Mains	\$ 63,498	\$ -	\$ 63,498	2.00%	\$ 1,270
18	333	Services	\$ -	\$ -	\$ -	3.33%	\$ -
19	334	Meters	\$ 6,180	\$ -	\$ 6,180	8.33%	\$ 515
20	335	Hydrants	\$ -	\$ -	\$ -	2.00%	\$ -
21	336	Backflow Prevention Devices	\$ -	\$ -	\$ -	6.67%	\$ -
22	339	Other Plant and Miscellaneous Equipment	\$ -	\$ -	\$ -	6.67%	\$ -
23	340	Office Furniture and Fixtures	\$ -	\$ -	\$ -	6.67%	\$ -
24	341	Transportation Equipment	\$ -	\$ -	\$ -	20.00%	\$ -
25	342	Stores Equipment	\$ -	\$ -	\$ -	4.00%	\$ -
26	343	Tools and Work Equipment	\$ -	\$ -	\$ -	5.00%	\$ -
27	344	Laboratory Equipment	\$ -	\$ -	\$ -	10.00%	\$ -
28	345	Power Operated Equipment	\$ -	\$ -	\$ -	5.00%	\$ -
29	346	Communications Equipment	\$ -	\$ -	\$ -	10.00%	\$ -
30	347	Miscellaneous Equipment	\$ -	\$ -	\$ -	10.00%	\$ -
31	348	Other Tangible Plant	\$ -	\$ -	\$ -	10.00%	\$ -
32		Total Plant	\$ 194,971	\$ 5,159	\$ 189,812		\$ 14,443
33							
34		Composite Depreciation Rate (Depr Exp / Depreciable Plant):	7.61%				
35		CIAC: \$	40,171				
36		Amortization of CIAC (Line 32 x Line 33): \$	3,057				
37							
38		Depreciation Expense Before Amortization of CIAC: \$	14,443				
39		Less Amortization of CIAC: \$	3,057				
40		<b>Test Year Depreciation Expense - Staff: \$</b>	<b>11,386</b>				
41		Depreciation Expense - Company: \$	14,443				
42		<b>Staff's Total Adjustment: \$</b>	<b>(3,057)</b>				

References:

- Column [A]: Schedule JMM-3
- Column [B]: From Column [A]
- Column [C]: Column [A] - Column [B]
- Column [D]: Engineering Staff Report
- Column [E]: Column [C] x Column [D]

OPERATING INCOME ADJUSTMENT NO. 5 - PROPERTY TAX EXPENSE

LINE NO.	Property Tax Calculation	[A]	[B]
		STAFF AS ADJUSTED	STAFF RECOMMENDED
1	Staff Adjusted Test Year Revenues	\$ 49,257	\$ 49,257
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	98,514	\$ 98,514
4	Staff Recommended Revenue, Per Schedule JMM-1	49,257	\$ 89,560
5	Subtotal (Line 4 + Line 5)	147,771	188,074
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	49,257	\$ 62,691
8	Department of Revenue Mutilplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	98,514	\$ 125,383
10	Plus: 10% of CWIP -	-	-
11	Less: Net Book Value of Licensed Vehicles	-	\$ -
12	Full Cash Value (Line 9 + Line 10 - Line 11)	98,514	\$ 125,383
13	Assessment Ratio	20.5%	20.5%
14	Assessment Value (Line 12 * Line 13)	20,195	\$ 25,703
15	Composite Property Tax Rate (Per Company Schedule)	11.7583%	11.7583%
16			\$ -
17	Staff Test Year Adjusted Property Tax (Line 14 * Line 15)	\$ 2,375	
18	Company Proposed Property Tax	2,497	
19			
20	Staff Test Year Adjustment (Line 17-Line 18)	\$ (122)	
21	Property Tax - Staff Recommended Revenue (Line 14 * Line 15)		\$ 3,022
22	Staff Test Year Adjusted Property Tax Expense (Line 17)		\$ 2,375
23	Increase in Property Tax Expense Due to Increase in Revenue Requirement		\$ 648
24			
25	Increase to Property Tax Expense		\$ 648
26	Increase in Revenue Requirement		40,303
27	Increase to Property Tax per Dollar Increase in Revenue (Line 25/Line 26)		1.606968%

References:

Column (A), Company Schedule C-1  
Column (B): Testimony JMM  
Column (C): Column (A) + Column (B)

**Antelope Run Water Company**  
**Docket No. W-02327A-10-0169**  
**Test Year Ended December 31, 2009**

**Schedule JMM-16**

**NOT USED**

OPERATING INCOME ADJUSTMENT NO. 7 - CUSTOMER DEPOSIT INTEREST

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY PROPOSED	STAFF ADJUSTMENTS	STAFF RECOMMENDED
1	Miscellaneous Expense	\$ 5	\$ 308	\$ 313

Staff's Calculation

Customer Deposits	5,139
Interest Expense	6%
Customer Deposit Interest	<u>308.34</u>

References:

- Column (A), Company Schedule C-1
- Column (B): Testimony JMM
- Column (C): Column (A) + Column (B)

**Antelope Run Water Company**  
**Docket No. W-02327A-10-0169**  
**Test Year Ended December 31, 2009**

**Schedule JMM-18**

**NOT USED**

Monthly Usage Charge	Present	Company Proposed Rates	Staff Recommended Rates
<b>Meter Size (All Classes):</b>			
5/8 x 3/4 Inch	\$ 11.50	\$ 29.42	\$ 18.00
3/4 Inch	17.25	44.13	27.00
1 Inch	28.75	73.55	45.00
1 1/2 Inch	57.50	147.10	90.00
2 Inch	92.00	235.36	144.00
3 Inch	172.50	470.72	288.00
4 Inch	287.50	735.50	450.00
6 Inch	575.00	1,471.00	900.00
<b>Commodity Charge - Per 1,000 Gallons</b>			
<b>5/8" x 3/4" Meter (Residential)</b>			
First 3,000 gallons	\$ 1.0000	\$ 1.4000	N/A
3,001 to 10,000 gallons	1.0000	2.5200	N/A
All gallons over 10,000	1.0000	4.5360	N/A
First 3,000 gallons	N/A	N/A	\$ 0.9500
3,001 to 9,000 gallons	N/A	N/A	1.4500
Over 9,000 gallons	N/A	N/A	2.9500
<b>3/4" Meter (Residential)</b>			
First 3,000 gallons	1.0000	1.4000	N/A
3,001 to 10,000 gallons	1.0000	2.5200	N/A
All gallons over 10,000	1.0000	4.5360	N/A
First 3,000 gallons	N/A	N/A	0.9500
3,001 to 9,000 gallons	N/A	N/A	1.4500
Over 9,000 gallons	N/A	N/A	2.9500
<b>5/8" x 3/4" Meter (Commercial/Irrigation)</b>			
First 3,000 gallons	1.0000	1.4000	N/A
3,001 to 10,000 gallons	1.0000	2.5200	N/A
All gallons over 10,000	1.0000	4.5360	N/A
First 9,000 gallons	N/A	N/A	1.4500
Over 9,000 gallons	N/A	N/A	2.9500
<b>3/4" Meter (Commercial/Irrigation)</b>			
First 3,000 gallons	1.0000	1.4000	N/A
3,001 to 10,000 gallons	1.0000	2.5200	N/A
All gallons over 10,000	1.0000	4.5360	N/A
First 9,000 gallons	N/A	N/A	1.4500
Over 9,000 gallons	N/A	N/A	2.9500
<b>1" Meter (All Sizes)</b>			
First 8,000 gallons	1.0000	1.4000	N/A
Over 8,000 gallons	1.0000	2.5200	N/A
First 15,000 gallons	N/A	N/A	1.4500
Over 15,000 gallons	N/A	N/A	2.9500
<b>1.5" Meter (All Sizes)</b>			
First 8,000 gallons	1.0000	1.4000	N/A
Over 8,000 gallons	1.0000	2.5200	N/A
First 35,000 gallons	N/A	N/A	1.4500
Over 35,000 gallons	N/A	N/A	2.9500
<b>2" Meter (All Sizes)</b>			
First 8,000 gallons	1.0000	1.4000	N/A
Over 8,000 gallons	1.0000	2.5200	N/A
First 60,000 gallons	N/A	N/A	1.4500
Over 60,000 gallons	N/A	N/A	2.9500
<b>3" Meter (All Sizes)</b>			
First 8,000 gallons	1.0000	1.4000	N/A
Over 8,000 gallons	1.0000	2.5200	N/A
First 120,000 gallons	N/A	N/A	1.4500
Over 120,000 gallons	N/A	N/A	2.9500

<b>4" Meter (All Sizes)</b>			
First 8,000 gallons	1.0000		1.4000
Over 8,000 gallons	1.0000		2.5200
First 200,000 gallons	N/A		N/A
Over 200,000 gallons	N/A		N/A
<b>6" Meter (All Sizes)</b>			
First 8,000 gallons	1.0000		1.4000
Over 8,000 gallons	1.0000		2.5200
First 400,000 gallons	N/A		N/A
Over 400,000 gallons	N/A		N/A
<b>Other Service Charges</b>			
Establishment	\$ 20.00		\$ 35.00
Establishment (After Hours)	\$ 30.00		\$ 50.00
Reconnection (Delinquent)	\$ 10.00		\$ 35.00
Reconnection (Delinquent) - After Hours	N/A		\$ 50.00
Meter Test (If Correct)	\$ 20.00		\$ 25.00
Meter Reread (If Correct)	\$ 10.00		\$ 20.00
NSF Check Charge	\$ 15.00		\$ 25.00
Deposit	*		*
Deposit Interest (Per Annum)	6%		*
Deferred Payment (Per Month)	N/A		**
Late Charge (Per Month)	N/A		**
Re-establishment (within 12 months)	***		***
Monthly Service Charge for Fire Sprinkler	N/A		****
After Hours Service Charge	N/A		N/A
			\$ 35.00
* Per Commission Rule A.A.C. R-14-2-403(B)			
** Per Commission Rule A.A.C. R-14-2-403(B)			
*** Per Commission Rule A.A.C. R-14-2-403(D) - Months off the system times the monthly minimum.			
**** 1% of monthly minimum for a comparable sized meter connection, but no less than \$5.00 per month. The service charge for fire sprinklers is only applicable for service lines separate and distinct from the primary water service line.			

**Service and Meter Installation Charges**

	Total Present Charge	Proposed Service Line Charge	Proposed Meter Insallation Charge	Total Proposed Charge	Recommended Service Line Charge	Recommended Meter Insallation Charge	Total Recommended Charge
Service Size 5/8"	\$ 175.00	\$ 430.00	\$ 130.00	\$ 560.00	\$ 430.00	\$ 130.00	\$ 560.00
3/4"	\$ 220.00	\$ 430.00	\$ 230.00	\$ 660.00	\$ 430.00	\$ 230.00	\$ 660.00
1"	\$ 250.00	\$ 480.00	\$ 290.00	\$ 770.00	\$ 480.00	\$ 290.00	\$ 770.00
1-1/2"	\$ 275.00	\$ 535.00	\$ 500.00	\$ 1,035.00	\$ 535.00	\$ 500.00	\$ 1,035.00
2" Turbine	\$ 500.00	\$ 815.00	\$ 1,020.00	\$ 1,835.00	\$ 815.00	\$ 1,020.00	\$ 1,835.00
2" Compound	\$ 500.00	\$ 815.00	\$ 1,865.00	\$ 2,680.00	\$ 815.00	\$ 1,865.00	\$ 2,680.00
3" Turbine	\$ 700.00	\$ 1,030.00	\$ 1,645.00	\$ 2,675.00	\$ 1,030.00	\$ 1,645.00	\$ 2,675.00
3" Compound	\$ 700.00	\$ 1,150.00	\$ 2,545.00	\$ 3,695.00	\$ 1,150.00	\$ 2,545.00	\$ 3,695.00
4" Turbine	\$ 1,300.00	\$ 1,460.00	\$ 2,620.00	\$ 4,080.00	\$ 1,460.00	\$ 2,620.00	\$ 4,080.00
4" Compound	\$ 1,300.00	\$ 1,640.00	\$ 3,595.00	\$ 5,235.00	\$ 1,640.00	\$ 3,595.00	\$ 5,235.00
6" Turbine	\$ 2,800.00	\$ 2,180.00	\$ 4,975.00	\$ 7,155.00	\$ 2,180.00	\$ 4,975.00	\$ 7,155.00
6" Compound	\$ 2,800.00	\$ 2,300.00	\$ 6,870.00	\$ 9,170.00	\$ 2,300.00	\$ 6,870.00	\$ 9,170.00

**Typical Bill Analysis**  
General Service 5/8 x 3/4-Inch Meter

Company Proposed	Gallons	Present Rates	Proposed Rates	Dollar Increase	Percent Increase
Average Usage	11,839	\$ 23.34	\$ 59.60	\$ 36.26	155.37%
Median Usage	6,900	18.40	43.45	\$ 25.05	136.13%
<b>Staff Recommended</b>					
Average Usage	11,839	\$ 23.34	\$ 37.93	\$ 14.59	62.50%
Median Usage	6,900	18.40	26.51	\$ 8.11	44.05%

**Present & Proposed Rates (Without Taxes)**  
General Service 5/8 x 3/4-Inch Meter

Gallons	Company Proposed		%	Staff Recommended	
	Present	Proposed		Rates	Increase
	3/4"	3/4"		3/4"	
	Minimum Charge \$ 11.50	Minimum Charge \$ 29.42		Minimum Charge \$ 18.00	
	1st Tier Rate 1,0000	1st Tier Rate 1,4000		1st Tier Rate 0,9500	
	1st Tier Breakover 3,000	1st Tier Breakover 3,000		1st Tier Breakover 3,000	
	2nd Tier Rate 1,0000	2nd Tier Rate 2,5200		2nd Tier Rate 1,4500	
	2nd Tier Breakover 10,000	2nd Tier Breakover 10,000		2nd Tier Breakover 9,000	
	3rd Tier Rate 1,0000	3rd Tier Rate 4,5360		3rd Tier Rate 2,9500	
Consumption	Rates	Rates	Increase	Rates	Increase
-	\$ 11.50	\$ 29.42	155.83%	\$ 18.00	56.52%
1,000	12.50	30.82	146.56%	18.95	51.60%
2,000	13.50	32.22	138.67%	19.90	47.41%
3,000	14.50	33.62	131.86%	20.85	43.79%
4,000	15.50	36.14	133.16%	22.30	43.87%
5,000	16.50	38.66	134.30%	23.75	43.94%
6,000	17.50	41.18	135.31%	25.20	44.00%
7,000	18.50	43.70	136.22%	26.65	44.05%
8,000	19.50	46.22	137.03%	28.10	44.10%
9,000	20.50	48.74	137.76%	29.55	44.15%
10,000	21.50	51.26	138.42%	32.50	51.16%
11,000	22.50	55.80	147.98%	35.45	57.56%
12,000	23.50	60.33	156.73%	38.40	63.40%
13,000	24.50	64.87	164.77%	41.35	68.78%
14,000	25.50	69.40	172.17%	44.30	73.73%
15,000	26.50	73.94	179.02%	47.25	78.30%
16,000	27.50	78.48	185.37%	50.20	82.55%
17,000	28.50	83.01	191.27%	53.15	86.49%
18,000	29.50	87.55	196.77%	56.10	90.17%
19,000	30.50	92.08	201.91%	59.05	93.61%
20,000	31.50	96.62	206.73%	62.00	96.83%
25,000	36.50	119.30	226.85%	76.75	110.27%
30,000	41.50	141.98	242.12%	91.50	120.48%
35,000	46.50	164.66	254.11%	106.25	128.49%
40,000	51.50	187.34	263.77%	121.00	134.95%
45,000	56.50	210.02	271.72%	135.75	140.27%
50,000	61.50	232.70	278.37%	150.50	144.72%
75,000	86.50	346.10	300.12%	224.25	159.25%
100,000	111.50	459.50	312.11%	298.00	167.26%