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BEFORE THE ARIZONA CORPORATION C

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AZ CORP COMMISSION  
DOCKET CONTROL

**COMMISSIONERS**

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

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  
UPDATED SCHEDULES AND  
SUPPORTING TESTIMONY**

As directed by the procedural order dated September 19, 2011, the Utilities Division ("Staff")  
of the Arizona Corporation Commission ("Commission") hereby files supplemental Surrebuttal  
testimony of Jeffrey Michlik and updated schedules.

Arizona Corporation Commission

DOCKETED

SEP 29 2011

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RESPECTFULLY SUBMITTED this 30<sup>th</sup> day of September, 2011.



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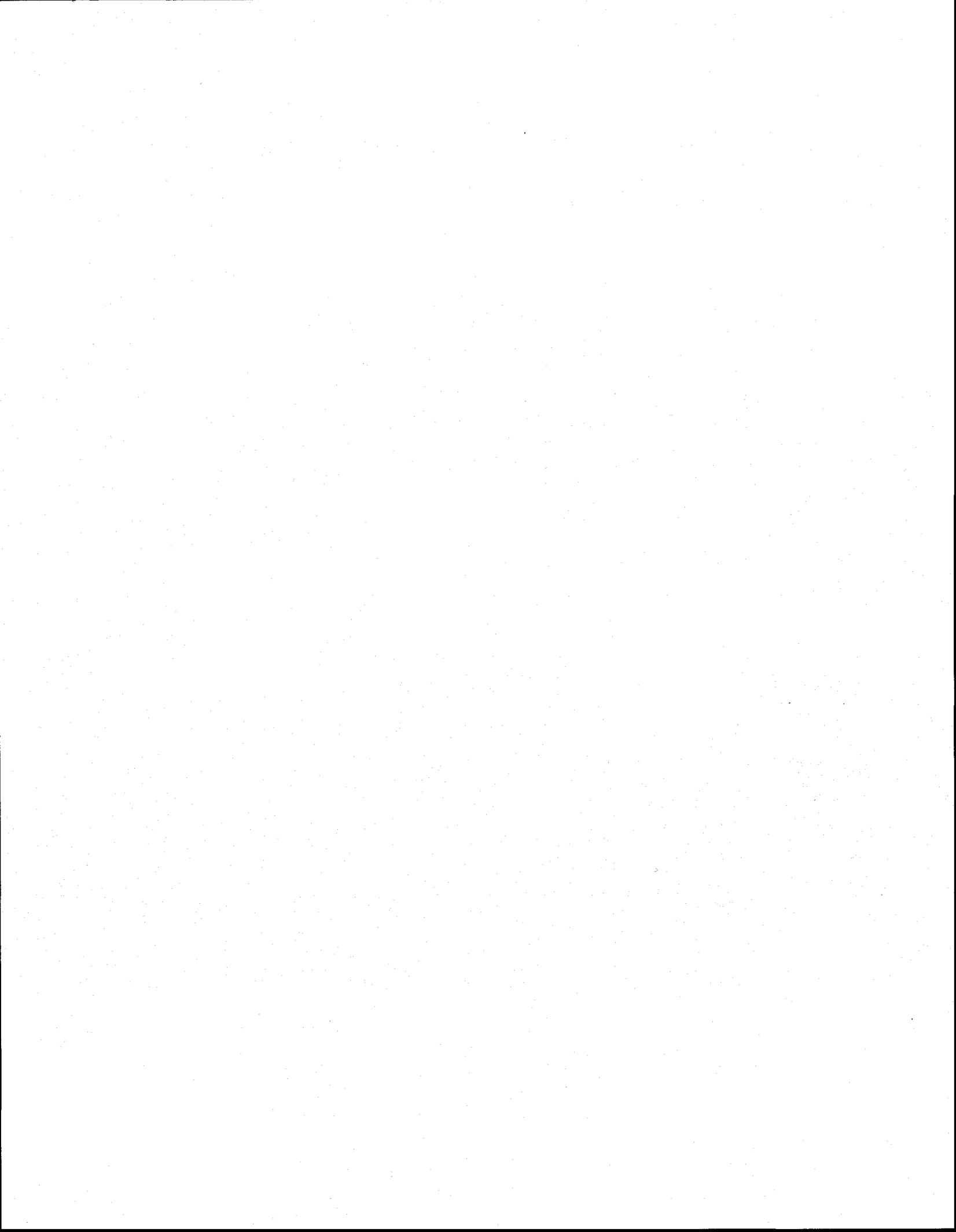
Original and thirteen (13) copies  
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Phoenix, Arizona 85007

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this 30<sup>th</sup> day of September, 2011 to:

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BEFORE THE ARIZONA CORPORATION COMMISSION

GARY PIERCE  
Chairman

BOB STUMP  
Commissioner

SANDRA D. KENNEDY  
Commissioner

PAUL NEWMAN  
Commissioner

BRENDA BURNS  
Commissioner

IN THE MATTER OF THE APPLICATION OF )  
INDIADA WATER COMPANY, INC. FOR A )  
PERMANENT RATE INCREASE )

DOCKET NO. W-02031A-10-0168

IN THE MATTER OF THE APPLICATION OF )  
ANTELOPE RUN WATER COMPANY FOR A )  
PERMANENT RATE INCREASE )

DOCKET NO. W-02327A-10-0169

IN THE MATTER OF THE APPLICATION OF )  
EAST SLOPE WATER COMPANY FOR A )  
PERMANENT RATE INCREASE )

DOCKET NO. W-01906A-10-0170

IN THE MATTER OF THE JOINT )  
APPLICATION OF INDIADA WATER )  
COMPANY, INC., ANTELOPE RUN WATER )  
COMPANY, AND EAST SLOPE WATER )  
COMPANY FOR APPROVAL OF TRANSFER )  
OF ASSETS AND CERTIFICATES OF )  
CONVENIENCE AND NECESSITY )

DOCKET NOS. W-02031A-10-0171  
W-02327A-10-0171  
W-01906A-10-0171

IN THE MATTER OF THE APPLICATION OF )  
EAST SLOPE WATER COMPANY FOR A )  
AUTHORITY TO INCUR LONG-TERM DEBT )

DOCKET NO. W-01906A-10-0183

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

DOCKET NO. W-02031A-10-0184

IN THE MATTER OF THE APPLICATION OF )  
ANTELOPE RUN APPLICATION FOR A )  
AUTHORITY TO INCUR LONG-TERM DEBT )

DOCKET NO. W-02327A-10-0185

SUPPLEMENTAL  
SURREBUTTAL  
TESTIMONY  
OF  
JEFFREY M. MICHLIK  
PUBLIC UTILITIES ANALYST V  
UTILITIES DIVISION  
ARIZONA CORPORATION COMMISSION

SEPTEMBER 30, 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-10-0171,  
W-02327A-10-0171, AND W-01906A-10-0171  
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 Supplemental Surrebuttal Testimony of Jeffrey M. Michlik addresses the following issues:

- 1) Gross Revenue Conversion Factor for Property Taxes;
- 2) Depreciation Expense;
- 3) Pumping Equipment;
- 4) Reclassification of Customer Meter Deposits to Advances-in-Aid-of-Construction;
- 5) Additional Schedules and other information requested of Staff by the Administrative Law Judge (ALJ).

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**ESARIN CONSOLIDATED**

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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 in the Utilities Division ("Staff"). My business address  
5 is 1200 West Washington Street, Phoenix, Arizona 85007.

6

7 **Q. Are you the same Jeffrey M. Michlik that filed Direct and Surrebuttal Testimonies in**  
8 **this case?**

9 A. Yes, I am.

10

11 **II. RESPONSES TO COMPANY'S REJOINDER TESTIMONY**

12 *Gross Revenue Conversion Factor increase for property taxes (Antelope Run and Indiada)*

13 **Q. Please comment on a statement in the East Slope Water Company, Antelope Run**  
14 **Water Company and Indiada Water Company ("Companies") rejoinder testimony**  
15 **at page 7 that Staff did not recognize a gross-up for property taxes for Indiada?**

16 A. Staff reviewed its schedule and found that a gross revenue conversion factor ("GRCF")  
17 was inadvertently omitted for both the Indiada and Antelope Run stand-alone schedules.  
18 Staff has included the appropriate GRCF for property taxes in its supplemental testimony  
19 schedules.

20

21 *Depreciation Expense (Antelope Run)*

22 **Q. Please comment on a statement in the Companies' rejoinder testimony at page 8 that**  
23 **it disagrees with Staff's Contribution in Aid of Construction ("CIAC") offset to**  
24 **Depreciation Expense?**

25 A. After reviewing the information provided in the Companies' rejoinder schedule B-2a for  
26 Antelope Run, Staff agrees with the CIAC amortization shown in that schedule and has

1           made corresponding changes in its supplemental testimony schedules (See Antelope Run  
2           and combined Schedules JMM-14).

3  
4       *Depreciation Expense (East Slope)*

5       **Q.     Please comment on a statement in the Companies' rejoinder testimony at page 10**  
6       **that it disagrees with Staff's CIAC offset to Depreciation Expense?**

7       A.     After reviewing the Companies' rejoinder testimony, Staff revisited the CIAC  
8           amortization for East Slope. A \$353 unamortized CIAC balance remains that should be  
9           amortized, and the annual amortized amount is an offset in the calculation of depreciation  
10          expense. Staff recommends amortizing the \$353 unamortized CIAC balance over three  
11          years. Staff's supplemental testimony schedules reflect corresponding revisions. (See  
12          East Slope Schedule JMM-14 and Combined Schedule JMM-14).

13  
14       **Q.     Please comment on the Companies' proposal to disregard the \$353 unamortized**  
15       **CIAC balance.**

16       A.     Rates are based on a test year. The test year concept provides for measuring all rate base  
17           components at the same point in time. Recognizing CIAC amortization after the end of  
18           the test year would require moving the measurement date for all other rate base items to  
19           the revised date used to measure CIAC amortization, and it essentially creates the need for  
20           a new test year. The test year concept is fundamental to ratemaking, and it effectively  
21           addresses the concern over the dynamic and continually-changing state of a utility's  
22           operations. The Companies' proposal to disregard the \$353 unamortized CIAC balance  
23           creates an undesirable mismatch due to a violation of the test year concept, and it should  
24           be rejected.

1 *Pumping Equipment (East Slope)*

2 **Q. Please comment on a statement in the Companies' rejoinder testimony at page 9**  
3 **regarding Pumping Equipment Account (311)?**

4 A. The Companies have now provided support for all claimed pumping equipment, and Staff  
5 agrees with the Companies' reclassifications between capitalization and expensing of  
6 costs. As a result, Staff and the Companies are in agreement regarding amount of  
7 pumping equipment. Staff's supplemental testimony schedules reflect corresponding  
8 revisions. (See East Slope and Combined Schedules JMM-5).

9  
10 *Customer Deposits*

11 **Q. Has Staff revised its customer deposit amounts?**

12 A. Yes.

13  
14 **Q. Why did Staff change the amounts?**

15 A. After reviewing the Companies' rejoinder testimony, Staff revisited the customer deposits  
16 and noted that a portion of its customer deposit amount pertained to service line and  
17 installation fees. The latter are properly reflected in Advances in Aid of Construction  
18 ("AIAC"). Originally, Staff's values for customer deposits were based on the Companies'  
19 ending balances on its annual reports.

20  
21 For example, in Staff's Surrebuttal testimony, Staff recommended a deduction for  
22 customer deposits in the amount of \$5,139 for Antelope Run. However, a review of the  
23 Companies' general ledger shows that the \$5,139 amount is composed of \$4,775 in  
24 customer meter deposits and \$364 in customer security deposits. The Company in its  
25 Rebuttal testimony reclassified amounts from AIAC to CIAC. Staff accepted the  
26 Companies' adjustment of \$4,775 from AIAC to CIAC. However, Staff's AIAC balance

1 already recognized this amount as AIAC. Accordingly, to avoid double-counting, Staff is  
2 now reducing customer deposits by the amount related to meter deposits, with no further  
3 adjustment to AIAC. Staff's adjustment (Schedule JMM-6) now mirrors the amounts  
4 reflected in the Company's rejoinder schedule E-1 for Antelope Run, where \$4,775 is  
5 classified as AIAC and \$364 is classified as customer security deposits.

6  
7 Likewise, Staff in its Surrebuttal testimony for East Slope recommended a deduction for  
8 customer deposits in the amount of \$21,904. Staff's subsequent review of the Companies'  
9 general ledger revealed that the \$21,904 amount is composed of \$14,464 in customer  
10 meter deposits and \$7,440 in customer security deposits. The Companies in Rebuttal  
11 testimony reclassified amounts from AIAC to CIAC. Staff accepted the Companies'  
12 adjustment of \$14,464 from AIAC to CIAC. However, Staff's AIAC balance already  
13 recognized this amount as AIAC. Accordingly, to avoid double-counting, Staff is now  
14 reducing the customer deposits by the amount related to the meter deposits, with no  
15 further adjustment to AIAC. Staff's adjustment (Schedule JMM-6) now mirrors the  
16 amounts reflected in the Company's rejoinder schedule E-1 for East Slope, where \$14,464  
17 is classified as AIAC and \$7,440 is classified as customer security deposits.

18  
19 **Q. Please explain what Staff is recommending for customer deposits related to Indiada?**

20 A. Staff in its Surrebuttal testimony recommended a deduction of \$680 for customer deposits.  
21 Staff subsequently reviewed the Companies' general ledger and determined that the \$680  
22 amount is composed of \$520 in customer meter deposits and \$160 in customer security  
23 deposits. The Company in its Rebuttal testimony did not make an adjustment to reclassify  
24 the customer meter deposits to AIAC, as it did in the other two systems mentioned above.  
25 Therefore, Staff recommends reclassifying \$520 from customer deposits to AIAC, and  
26 recognizing the remaining \$160 as customer security deposits. (See Schedule JMM-6).

1 **Q. As a result of the changes to customer security deposits, has Staff also changed the**  
2 **corresponding customer deposit interest recognized as an operating expense?**

3 A. Yes. (See individual and combined Schedules JMM-17).  
4

5 *Additional Schedules and Information Requested by the Administrative Law Judge*

6 **Q. On the first day of the hearing,<sup>1</sup> did the Administrative Law Judge (“ALJ”) recess**  
7 **the hearing and request Staff to prepare additional schedules for each individual**  
8 **system on a stand alone basis?**

9 A. Yes. In response to the ALJ’s request, Staff has prepared a Cash Flow Analysis (Schedule  
10 JMM-19); a Financial Analysis (Schedule JMM-20); an Infrastructure Surcharge Analysis  
11 (Schedule JMM-21); and a Typical Bill Analysis with the impact of the Stand Alone  
12 Surcharge for each system (Schedule JMM-24).  
13

14 **Q. The ALJ also asked Staff to present the Rate of Return and Operating Margin for**  
15 **each individual system before and after the Surcharge. Has Staff done this?**

16 A. Yes. The information is included at the bottom of Schedule JMM-19 for each system.  
17

18 **Q. Staff was also asked by the ALJ to comment on Rate of Return and Operating**  
19 **Margin as a method of determining the Companies’ revenue requirement. Please**  
20 **comment.**

21 A. Under the traditional regulatory framework, the required operating income for an investor-  
22 owned utility is determined by the product of multiplying rate base by rate of return.  
23 Typically, a utility is entitled to a reasonable return on the value of its property and no  
24 more. Since a utility incurs expenses in the provision of service, these expenses, when  
25 added to the operating income, provide the revenue requirement. Thus, the revenue

---

<sup>1</sup> September 14, 2011.

1 requirement can be expressed mathematically as: Revenue Requirement = Operating and  
2 Maintenance expenses + Depreciation expense + Taxes + Operating Income.

3  
4 In the circumstances of small utilities with too little or no rate base, it is not uncommon  
5 for the rate base/rate of return methodology to result in an operating income that generates  
6 a cash flow insufficient to meet a reasonable level of contingencies.<sup>2</sup> Owners of these  
7 small utilities often have no known sources of capital to address contingencies. Therefore,  
8 for the health and safety of the ratepayer and the financial viability of the company, it is  
9 reasonable to provide the utility with additional revenues to provide sufficient cash flow  
10 for contingencies.

11  
12 In the instant case, Staff's recommended revenue based on a 10.0 percent rate of return  
13 would provide adequate cash flow for contingencies were it not for the proposed loan.  
14 Staff's recommended surcharge provides 100 percent of all incremental costs related to  
15 the proposed Water Infrastructure Finance Authority of Arizona ("WIFA") loan.  
16 Accordingly, the Companies would have adequate cash flows with Staff's recommended  
17 revenue requirement and surcharge. Staff's cash flow analysis is presented in Schedules  
18 JMM-19, and it demonstrates that the Companies, on either a stand-alone basis or on a  
19 combined basis, have adequate cash flow with the rate base / rate of return method,  
20 coupled with a WIFA loan surcharge.

21  

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<sup>2</sup> Reasonable contingencies do not include acquisition of capital improvements which should be financed with long-term capital as opposed to operating revenues. Capital improvement contingencies should not be confused with planned capital improvement such as are provided for in the WIFA loan in this instance.

1     **Q.    Please summarize Staff's recommendation regarding the appropriate method for**  
2     **calculating the operating income and revenue requirement.**

3     A.    The preferred method is the traditional rate base/rate of return method.  However, in  
4     circumstances where the rate base/rate of return method does not provide sufficient cash  
5     flow to address contingencies, and the small utility has no access to other capital, the  
6     revenue requirement should be determined based on cash flow needs.  The operating  
7     margin should be simply a calculation resulting from the revenue requirement that  
8     provides adequate cash flow.

9  
10    **Q.    Is the WIFA debt service reserve fund a component of the revenue requirement?**

11    A.    No.  The components of the revenue requirement were discussed above, and the WIFA  
12    debt service reserve fund is not one of those components.<sup>3</sup>  The debt service reserve is  
13    essentially a savings account that accumulates to the benefit of the utility owners.  
14    However, cash is needed for funding the WIFA debt service reserve.  Accordingly, in  
15    circumstances in which the rate base/rate of return method does not provide adequate cash  
16    flow to cover the WIFA debt service reserve, a provision for additional collections from  
17    ratepayers is appropriate.  Since ratepayers should not be required to provide funds for  
18    utility owners to accumulate savings, any additional funds collected from ratepayers to  
19    satisfy the cash flow requirement of the WIFA debt service reserve fund should be treated  
20    as a regulatory liability.  Minimizing the regulatory liability is one reason that a WIFA  
21    loan surcharge should not become effective until a utility begins drawing on a loan and  
22    repayment is initiated.

23

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<sup>3</sup> The debt reserve fund is established by WIFA to secure payment of loan repayments.  When the fund becomes equal to or greater than the balance due on the loan, WIFA applies the fund to pay in full the remaining amount due and WIFA refunds to the Company any monies remaining in the fund after payment in full.

1 **Q. Does Staff recommend that the WIFA loan surcharge include a component for the**  
2 **debt service reserve fund?**

3 A. No. Staff's recommended surcharge includes principal, interest on the WIFA loan and  
4 incremental income and property taxes due to the surcharge revenue. Staff's cash flow  
5 analysis shows that with Staff's recommended surcharge the Companies, collectively and  
6 by individual system, would generate sufficient cash flow to meet all obligations including  
7 the WIFA debt service reserve funds. (See Schedule JMM-19). Accordingly, Staff does  
8 not recommend including a provision for the debt service reserve fund in the surcharge.  
9 In the event that the Commission were to include a provision in the surcharge for the  
10 WIFA debt reserve, that portion of the surcharge could be recognized as a regulatory  
11 liability.

12  
13 **Q. What is a regulatory liability?**

14 A. A regulatory liability is the opposite of a regulatory asset. A regulatory asset represents an  
15 amount a utility is expected to recover from ratepayers. A regulatory liability is an  
16 amount ratepayers can expect to receive as a benefit in the future via various means  
17 (refunds, rate base reductions, operating expense reductions, etc.) as determined by the  
18 Commission at a later time (future rate case).

19  
20 **Q. What else does Staff's analysis reveal?**

21 A. Staff's analysis also reveals that the surcharge revenues would provide not only high rates  
22 of return on the rate bases for the three systems, but also unusually high operating margins  
23 as noted on Schedule JJM-19 for each company with the WIFA Surcharge, for East Slope,  
24 the rate of return would be 89.88 percent, with an operating margin of 30.64 percent. For  
25 Antelope Run, the rate of return would be 78.88 percent with an operating margin of 46.71

1           percent. For Indiada, the rate of return would be 72.92 percent, with an operating margin  
2           of 40.14 percent.

3  
4       **Q.    Is there anything else Staff would like to recommend?**

5       A.    Yes. Staff recommends approval of the loan and surcharge subject to the following  
6           conditions:

7  
8           1)    The Companies shall file, as a compliance item in this docket, copies of any  
9           executed loan agreements between the Companies and WIFA, within 30 days of  
10          execution.

11  
12          2)    Within 30 days of the filing of the loan documents, Staff shall calculate the WIFA  
13          surcharge and prepare and file a recommended order for Commission  
14          consideration.

15  
16          3)    Upon Commission approval of the WIFA surcharge, the Companies shall open a  
17          separate interest-bearing account in which all surcharge monies collected from  
18          customers will be deposited.

19  
20          4)    The only disbursement of funds from this account will be to make deposits to the  
21          WIFA debt reserve or to make debt service payments to WIFA.

22  
23          5)    The Companies shall file, by January 30th of each year, as a compliance item in  
24          this docket, a report reconciling all surcharge monies billed and collected, along  
25          with copies of the prior year's monthly bank statements for the surcharge account.  
26

1           Staff further recommends that the Companies be required to notify their customers of the  
2           authorized rates and charges, and their effective date, as well as information explaining the  
3           WIFA surcharge, the approximate date that the WIFA surcharge is expected to go into  
4           effect, and Staff's estimated amount of the WIFA Surcharge, by means of an insert in their  
5           next regularly scheduled billing.

6  
7           **Q.    Does this conclude your Supplemental Surrebuttal Testimony?**

8           A.    Yes, it does.

REVENUE REQUIREMENT

<u>LINE NO.</u>	<u>DESCRIPTION</u>	(A) COMPANY FAIR VALUE	(B) STAFF FAIR VALUE
1	Adjusted Rate Base	\$ 61,769	\$ 92,296
2	Adjusted Operating Income (Loss)	\$ (34,390)	\$ (32,080)
3	Current Rate of Return (L2 / L1)	-55.68%	-34.76%
4	Required Rate of Return	12.00%	10.00%
5	Required Operating Income (L4 * L1)	\$ 7,412	\$ 9,230
6	Operating Income Deficiency (L6 - L2)	\$ 41,802	\$ 41,310
7	Gross Revenue Conversion Factor	1.0000	1.0161
8	Required Revenue Increase (L7 * L6)	\$ 41,802	\$ 41,985
9	Adjusted Test Year Revenue	\$ 49,257	\$ 49,257
10	Proposed Annual Revenue <sup>1</sup>	\$ 139,322	\$ 91,242
11	Required Increase in Revenue (%)	182.85%	85.24%

<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**

Antelope Run Water Company  
Docket No. W-02327A-10-0169  
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	\$ 194,971	\$ -	\$ 194,971
2	93,631	-	93,631
3	<u>\$ 101,340</u>	<u>\$ -</u>	<u>\$ 101,340</u>
<u>LESS:</u>			
4	\$ -	\$ 40,169	\$ 40,169
5	-	29,456	29,456
6	<u>-</u>	<u>10,713</u>	<u>\$ 10,713</u>
7	46,435	(41,660)	4,775
8	-	364	364
9	-	-	-
<u>ADD:</u>			
10	6,864	(56)	6,808
11	-	-	-
12	<u>\$ 61,769</u>	<u>\$ 30,527</u>	<u>\$ 92,296</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]	[B]	[C]	[D]	[E]
			COMPANY AS FILED	ADJ #2 Customer Deposits Ref: Sch JMM-6	Cash Working Capital ADJ #3 Ref: Sch JMM-7	Reclassification of AIAC and CIAC ADJ #4 Ref: Sch JMM-8	STAFF ADJUSTED
<b>PLANT IN SERVICE:</b>							
1							
2	301	Organization Cost	\$ -	\$ -	\$ -	\$ -	\$ -
3	302	Franchise Cost	-	-	-	-	-
4	303	Land and Land Rights	5,159	-	-	-	5,159
5	304	Structures and Improvements	619	-	-	-	619
6	305	Collecting and Impounding Res.	-	-	-	-	-
7	306	Lake River and Other Intakes	-	-	-	-	-
8	307	Wells and Springs	17,939	-	-	-	17,939
9	308	Infiltration Galleries and Tunnels	-	-	-	-	-
10	309	Supply Mains	-	-	-	-	-
11	310	Power Generation Equipment	-	-	-	-	-
12	311	Electric Pumping Equipment	94,263	-	-	-	94,263
13	320.1	Water Treatment Plants	-	-	-	-	-
14	320.2	Solution Chemical Feeders	-	-	-	-	-
15	330	Distribution Reservoirs & Standpipe	3,475	-	-	-	3,475
16	330.1	Storage Tanks	425	-	-	-	425
17	330.2	Pressure Tanks	3,413	-	-	-	3,413
18	331	Transmission and Distribution Mains	63,498	-	-	-	63,498
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	-	-	-	-	-
25	343	Tools and Work Equipment	-	-	-	-	-
26	344	Laboratory Equipment	-	-	-	-	-
27	345	Power Operated Equipment	-	-	-	-	-
28	346	Communications Equipment	-	-	-	-	-
29	347	Miscellaneous Equipment	-	-	-	-	-
30	348	Other Tangible Plant	-	-	-	-	-
31		Total Plant in Service - Actual	194,971	-	-	-	194,971
32		Post Test-Year Plant	-	-	-	-	-
33		Total Plant in Service	\$ 194,971	\$ -	\$ -	\$ -	\$ 194,971
34		Less: Accumulated Depreciation	93,631	-	-	-	93,631
35			-	-	-	-	-
36		Net Plant in Service	\$ 101,340	\$ -	\$ -	\$ -	\$ 101,340
37							
38		<b>LESS:</b>					
39		Contributions in Aid of Construction (CIAC)	\$ -	\$ -	\$ -	\$ 40,169	\$ 40,169
40		Less: Accumulated Amortization	-	-	-	29,456	29,456
41		Net CIAC (L25 - L26)	-	-	-	10,713	10,713
42		Advances in Aid of Construction (AIAC)	46,435	-	-	(41,660)	4,775
43		Customer Deposits	-	364	-	-	364
44		Deferred Income Taxes	-	-	-	-	-
45			-	-	-	-	-
46							
47		<b>ADD:</b>					
48		Working Capital Allowance	6,864	-	(56)	-	6,808
49		Deferred Regulatory Assets	-	-	-	-	-
50							
51		Original Cost Rate Base	\$ 61,769	\$ (364)	\$ (56)	\$ 30,947	\$ 92,296

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**

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

Schedule JMM-6

**RATE BASE ADJUSTMENT NO. 2 - CUSTOMER DEPOSITS**

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Customer Deposits	\$ -	\$ 364	\$ 364

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	\$ (56)	\$ 6,808

Staff's Calculation of Cash Working Capital

1/24th Purchased Power	\$ 737
1/8th Operation & Maintenance Expense	6,071
Total Cash Working Capital	<u>\$ 6,808</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	\$ -	\$ 40,169	\$ 40,169
4				
5	Amortization of CIAC	\$ -	\$ 29,456	\$ 29,456

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	[F] SURCHARGE	[G] STAFF RECOMMENDED WITH SURCHARGE
1	<b>REVENUES:</b>							
2	Metered Water Sales	\$ 48,910	\$ -	\$ 48,910	\$ 41,985	\$ 90,895	\$ 64,615	\$ 155,510
3	Water Sales-Unmetered	-	-	-	-	-	-	-
4	Other Water Revenue	347	-	347	-	347	-	347
5	Intentionally Left Blank	-	-	-	-	-	-	-
6	<b>Total Operating Revenues</b>	<u>\$ 49,257</u>	<u>\$ -</u>	<u>\$ 49,257</u>	<u>\$ 41,985</u>	<u>\$ 91,242</u>	<u>\$ 64,615</u>	<u>\$ 155,857</u>
7								
8	<b>OPERATING EXPENSES:</b>							
9	Salaries and Wages	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
10	Purchased Water	-	-	-	-	-	-	-
11	Purchased Power	17,695	-	17,695	-	17,695	-	17,695
12	Fuel for Power Production	-	-	-	-	-	-	-
13	Chemicals	166	-	166	-	166	-	166
14	Repairs and Maintenance	3,358	-	3,358	-	3,358	-	3,358
15	Office Supplies and Expense	2,393	-	2,393	-	2,393	-	2,393
16	Outside Services	33,478	-	33,478	-	33,478	-	33,478
17	Outside Services - Other	-	-	-	-	-	-	-
18	Outside Services - Legal	-	-	-	-	-	-	-
19	Water Testing	1,899	-	1,899	-	1,899	-	1,899
20	Rents	-	-	-	-	-	-	-
21	Transportation Expenses	5,245	-	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	-	2,000
26	General and Administrative	5	22	27	-	27	-	27
27	Bad Debt Expense	-	-	-	-	-	-	-
28	Depreciation Expense	14,443	(1,741)	12,702	-	12,702	-	12,702
29	Amortization of CIAC	-	-	-	-	-	-	-
30	Taxes Other than Income	-	-	-	-	-	-	-
31	Property Taxes	2,497	(122)	2,375	675	3,049	1,038	4,088
32	Income Taxes	-	-	-	-	-	-	-
33	Intentionally Left Blank	-	-	-	-	-	-	-
34	<b>Total Operating Expenses</b>	<u>\$ 83,647</u>	<u>\$ (2,310)</u>	<u>\$ 81,337</u>	<u>\$ 675</u>	<u>\$ 82,012</u>	<u>\$ 1,038</u>	<u>\$ 83,050</u>
35	<b>Operating Income (Loss)</b>	<u>\$ (34,390)</u>	<u>\$ 2,310</u>	<u>\$ (32,080)</u>	<u>\$ 41,310</u>	<u>\$ 9,230</u>	<u>\$ 63,577</u>	<u>\$ 72,807</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)

Antelope Run Water Company  
 Docket No. W-02327A-10-0169  
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**SUMMARY OF OPERATING INCOME STATEMENT ADJUSTMENTS - TEST YEAR**

LINE NO.	[A]	[B]	[C]	[D]	[E]	[F]	[G]
	COMPANY AS FILED	Management Fees Expense ADJ #2	Rate Case Expense ADJ #3	Depreciation Expense ADJ #4	Property Tax Expense ADJ #6	Customer Deposit Interest ADJ #7	STAFF ADJUSTED
	Ref. Sch JMM-12	Ref. Sch JMM-13	Ref. Sch JMM-14	Ref. Sch JMM-16	Ref. Sch JMM-17		
1	REVENUES:						
2	Metered Water Sales	\$ 48,910	\$ -	\$ -	\$ -	\$ -	\$ 48,910
3	Water Sales-Unmetered	-	-	-	-	-	-
4	Other Water Revenue	347	-	-	-	-	347
5	Intentionally Left Blank	-	-	-	-	-	-
6	<b>Total Operating Revenues</b>	\$ 49,257	\$ -	\$ -	\$ -	\$ -	\$ 49,257
7							
8	OPERATING EXPENSES:						
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	-	-	-	22	27
27	Bad Debt Expense	-	-	-	-	-	-
28	Depreciation Expense	14,443	-	(1,741)	-	-	12,702
29	Amortization of CIAC	-	-	-	-	-	-
30	Taxes Other than Income	-	-	-	(122)	-	-
31	Property Taxes	2,497	-	-	-	-	2,375
32	Income Taxes	-	-	-	-	-	-
33	Intentionally Left Blank	-	-	-	-	-	-
34	<b>Total Operating Expenses</b>	\$ 83,647	\$ (468)	\$ (1,741)	\$ (122)	\$ 22	\$ 81,337
35	<b>Operating Income (Loss)</b>	\$ (34,390)	\$ 468	\$ 1,741	\$ 122	\$ (22)	\$ (32,080)

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  
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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]	[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	\$ 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: \$	22,883				
36		Amortization of CIAC (Line 32 x Line 33): \$	1,741				
37							
38		Depreciation Expense Before Amortization of CIAC: \$	14,443				
39		Less Amortization of CIAC: \$	1,741				
40		<b>Test Year Depreciation Expense - Staff: \$</b>	<b>12,702</b>				
41		Depreciation Expense - Company: \$	14,443				
42		<b>Staff's Total Adjustment: \$</b>	<b>(1,741)</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] STAFF AS ADJUSTED	[B] STAFF RECOMMENDED	[C] STAFF W/SURCHARGE
1	Staff Adjusted Test Year Revenues	\$ 49,257	\$ 49,257	\$ 49,257
2	Weight Factor	2	2	2
3	Subtotal (Line 1 * Line 2)	98,514	\$ 98,514	\$ 98,514
4	Staff Recommended Revenue, Per Schedule JMM-1	49,257	\$ 91,242	\$ 155,857
5	Subtotal (Line 4 + Line 5)	147,771	189,756	254,371
6	Number of Years	3	3	3
7	Three Year Average (Line 5 / Line 6)	49,257	\$ 63,252	\$ 84,790
8	Department of Revenue Multiplier	2	2	2
9	Revenue Base Value (Line 7 * Line 8)	98,514	\$ 126,504	\$ 169,581
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	\$ 126,504	\$ 169,581
13	Assessment Ratio	20.5%	20.5%	20.5%
14	Assessment Value (Line 12 * Line 13)	20,195	\$ 25,933	\$ 34,764
15	Composite Property Tax Rate (Per Company Schedule)	11.7583%	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)		\$ 3,049	\$ 4,088
22	Staff Test Year Adjusted Property Tax Expense (Line 17)		\$ 2,375	\$ 3,049
23	Increase in Property Tax Expense Due to Increase in Revenue Requirement		\$ 675	\$ 1,038
24				
25	Increase to Property Tax Expense		\$ 675	
26	Increase in Revenue Requirement		41,985	
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  
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**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	\$ 22	\$ 27

Staff's Calculation

Customer Deposits	\$ 364
Interest Expense	6%
Customer Deposit Interest	<u>\$ 22</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**

**CASH FLOW ANALYSIS**

Line No.	Without Surcharge	With Surcharge
<b>Cash Inflows</b>		
1		
2	\$ 91,242	\$ 91,242
3	\$ 64,615	\$ 64,615
4	<u>\$ 91,242</u>	<u>\$ 155,857</u>
<b>Cash Outflows</b>		
5	\$ -	\$ -
6	\$ -	\$ -
7	\$ 17,695	\$ 17,695
8	\$ -	\$ -
9	\$ 166	\$ 166
10	\$ 3,358	\$ 3,358
11	\$ 2,393	\$ 2,393
12	\$ 33,478	\$ 33,478
13	\$ -	\$ -
14	\$ -	\$ -
15	\$ 1,899	\$ 1,899
16	\$ -	\$ -
17	\$ 5,245	\$ 5,245
18	\$ -	\$ -
19	\$ -	\$ -
20	\$ -	\$ -
21	\$ 2,000	\$ 2,000
22	\$ 27	\$ 27
23	\$ -	\$ -
24	\$ 12,702	\$ 12,702
25	\$ -	\$ -
26	\$ -	\$ -
27	\$ 3,049	\$ 4,088
28	\$ -	\$ -
29	<u>\$ 82,012</u>	<u>\$ 83,050</u>
30	\$ 9,230	\$ 72,807
31	\$ 12,702	\$ 12,702
32	\$ 478	\$ 478
33	\$ -	\$ 32,538
34	\$ -	\$ 31,039
35	<u>\$ 21,454</u>	<u>\$ 21,454</u>
36		<u>\$ 12,715</u>
37		<u><u>\$ 8,739</u></u>
38	\$ 9,230	\$ 72,807
39	\$ -	\$ 32,538
40	<u>\$ 9,230</u>	<u>\$ 40,269</u>
41	10.00%	78.88%
42	10.12%	46.71%

**FINANCIAL ANALYSIS**

	[A]	[B]
	<u>12/31/2009</u>	<u>Pro forma</u> <u>Includes Surcharge</u>
1 Operating Income	\$9,230	\$64,615
2 Depreciation & Amort.	12,702	12,702
3 Income Tax Expense	0	0
4		
5 Interest Expense	0	32,538
6 Repayment of Principal	0	31,039
7		
8 <b>TIER</b>		
9 [1+3] + [5]	NM	1.99
10		
11 <b>DSC</b>		
12 [1+2+3] + [5+6]	NM	1.22
13		
14		

**CALCULATION OF INFRASTRUCTURE SURCHARGE AMOUNT**

**Surcharge Inclusive of AWWA Meter Multiplier**

<b>Loan Amount</b>		<b>\$</b>	<b>899,510</b>
<b>Total Yearly Surcharge</b>			
Principal & Interest - 20-year WIFA Loan and a 3.675% Interest Rate.		<b>\$</b>	<b>63,577</b>
Incremental Property Taxes on Surcharge		<b>\$</b>	<b>1,038</b>
<b>Total Yearly Surcharge</b>		<b>\$</b>	<b>64,615</b>
<b>Total Equivalent Annual Bills (168 customers x 12 months)</b>			<b>2,172</b>
<b>5/8"x 3/4" Meter Surcharge Amount</b>	$(\$64,615 / 2,172)$	<b>\$</b>	<b>29.75</b>
<b>3/4" Meter Surcharge Amount</b>	$(\$64,615 / 2,172) * 1.5$	<b>\$</b>	<b>44.62</b>
<b>1" Meter Surcharge Amount</b>	$(\$64,615 / 2,172) * 2.5$	<b>\$</b>	<b>74.37</b>
<b>1 1/2" Meter Surcharge Amount</b>	$(\$64,615 / 2,172) * 5$	<b>\$</b>	<b>148.75</b>
<b>2" Meter Surcharge Amount</b>	$(\$64,615 / 2,172) * 8$	<b>\$</b>	<b>237.99</b>
<b>3." Meter Surcharge Amount</b>	$(\$64,615 / 2,172) * 16$	<b>\$</b>	<b>475.98</b>
<b>4" Meter Surcharge Amount</b>	$(\$64,615 / 2,172) * 25$	<b>\$</b>	<b>743.73</b>
<b>6" Meter Surcharge Amount</b>	$(\$64,615 / 2,172) * 50$	<b>\$</b>	<b>1,487.45</b>

Meter Size	Number of Customers <sup>1</sup>	Meter Multiplier	Equivalent Customers	Equivalent No. of Bills	Monthly Surcharge	Yearly Surcharge	Total Amount
5/8" x 3/4" Meter	163	1	163	1,956	\$ 29.75	\$ 356.99	\$ 58,189
3/4" Meter	-	1.5	-	-	44.62	535.48	\$ -
1" Meter	4	2.5	10	120	74.37	892.47	\$ 3,570
1 1/2" Meter	-	5	-	-	148.75	1,784.94	\$ -
2" Meter	1	8	8	96	237.99	2,855.91	\$ 2,856
3" Meter	-	16	-	-	475.98	5,711.81	\$ -
4" Meter	-	25	-	-	743.73	8,924.71	\$ -
6" Meter	-	50	-	-	1,487.45	17,849.42	\$ -
<b>TOTAL</b>	<b>168</b>		<b>181</b>	<b>2,172</b>			<b>\$ 64,615</b>

<sup>1</sup> As of Test Year.

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	3.0700
<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	3.0700
<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	3.0700
<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	3.0700
<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	3.0700
<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	3.0700
<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	3.0700
<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	3.0700

<b>4" 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 200,000 gallons	N/A	N/A	1.4500
Over 200,000 gallons	N/A	N/A	3.0700
<b>6" 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 400,000 gallons	N/A	N/A	1.4500
Over 400,000 gallons	N/A	N/A	3.0700
<b>Other Service Charges</b>			
Establishment	\$ 20.00	\$ 35.00	\$ 35.00
Establishment (After Hours)	\$ 30.00	\$ 50.00	N/A
Reconnection (Delinquent)	\$ 10.00	\$ 35.00	\$ 35.00
Reconnection (Delinquent) - After Hours	N/A	\$ 50.00	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)	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.

\*\*\*\* 2% of monthly minimum for a comparable sized meter connection, but no less than \$10.00 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"	\$ 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	\$ 38.27	\$ 14.93	63.96%
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 Consumption	Present Rates	Company Proposed Rates	% Increase	Staff Recommended 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%	32.62	51.72%
11,000	22.50	55.80	147.98%	35.69	58.62%
12,000	23.50	60.33	156.73%	38.76	64.94%
13,000	24.50	64.87	164.77%	41.83	70.73%
14,000	25.50	69.40	172.17%	44.90	76.08%
15,000	26.50	73.94	179.02%	47.97	81.02%
16,000	27.50	78.48	185.37%	51.04	85.60%
17,000	28.50	83.01	191.27%	54.11	89.86%
18,000	29.50	87.55	196.77%	57.18	93.83%
19,000	30.50	92.08	201.91%	60.25	97.54%
20,000	31.50	96.62	206.73%	63.32	101.02%
25,000	36.50	119.30	226.85%	78.67	115.53%
30,000	41.50	141.98	242.12%	94.02	126.55%
35,000	46.50	164.66	254.11%	109.37	135.20%
40,000	51.50	187.34	263.77%	124.72	142.17%
45,000	56.50	210.02	271.72%	140.07	147.91%
50,000	61.50	232.70	278.37%	155.42	152.72%
75,000	86.50	346.10	300.12%	232.17	168.40%
100,000	111.50	459.50	312.11%	308.92	177.06%

Typical Bill Analysis with Stand Alone Surcharge  
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	\$ 68.02	\$ 44.68	191.43%
Median Usage	6,900	18.40	56.26	\$ 37.86	205.73%

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	\$ 29.42	155.83%	\$ 47.75	315.22%
1,000	12.50	30.82	146.56%	48.70	289.60%
2,000	13.50	32.22	138.67%	49.65	267.78%
3,000	14.50	33.62	131.86%	50.60	248.97%
4,000	15.50	36.14	133.16%	52.05	235.81%
5,000	16.50	38.66	134.30%	53.50	224.24%
6,000	17.50	41.18	135.31%	54.95	214.00%
7,000	18.50	43.70	136.22%	56.40	204.86%
8,000	19.50	46.22	137.03%	57.85	196.67%
9,000	20.50	48.74	137.76%	59.30	189.27%
10,000	21.50	51.26	138.42%	62.37	190.09%
11,000	22.50	55.80	147.98%	65.44	190.84%
12,000	23.50	60.33	156.73%	68.51	191.53%
13,000	24.50	64.87	164.77%	71.58	192.16%
14,000	25.50	69.40	172.17%	74.65	192.75%
15,000	26.50	73.94	179.02%	77.72	193.28%
16,000	27.50	78.48	185.37%	80.79	193.78%
17,000	28.50	83.01	191.27%	83.86	194.25%
18,000	29.50	87.55	196.77%	86.93	194.68%
19,000	30.50	92.08	201.91%	90.00	195.08%
20,000	31.50	96.62	206.73%	93.07	195.46%
25,000	36.50	119.30	226.85%	108.42	197.04%
30,000	41.50	141.98	242.12%	123.77	198.24%
35,000	46.50	164.66	254.11%	139.12	199.18%
40,000	51.50	187.34	263.77%	154.47	199.94%
45,000	56.50	210.02	271.72%	169.82	200.57%
50,000	61.50	232.70	278.37%	185.17	201.09%
75,000	86.50	346.10	300.12%	261.92	202.80%
100,000	111.50	459.50	312.11%	338.67	203.74%

REVENUE REQUIREMENT

<u>LINE NO.</u>	<u>DESCRIPTION</u>	(A) COMPANY FAIR VALUE	(B) STAFF FAIR VALUE
1	Adjusted Rate Base	\$ 168,488	\$ 142,619
2	Adjusted Operating Income (Loss)	\$ (21,870)	\$ (43,630)
3	Current Rate of Return (L2 / L1)	-12.98%	-30.59%
4	Required Rate of Return	12.00%	10.00%
5	Required Operating Income (L4 * L1)	\$ 20,219	\$ 14,262
6	Operating Income Deficiency (L5 - L2)	\$ 42,089	\$ 57,892
7	Gross Revenue Conversion Factor	1.3844	1.2886
8	Required Revenue Increase (L7 * L6)	\$ 58,269	<b>\$ 74,599</b>
9	Adjusted Test Year Revenue	\$ 206,686	\$ 206,686
10	Proposed Annual Revenue <sup>1</sup>	\$ 538,058	\$ 281,285
11	Required Increase in Revenue (%)	160.33%	36.09%

<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)	22.3955%			
5	Subtotal (L3 - L4)	77.6045%			
6	Revenue Conversion Factor (L1 / L5)	1.288586			
<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)	15.2207%			
11	Effective Federal Income Tax Rate (L9 x L10)	14.1601%			
12	Combined Federal and State Income Tax Rate (L8 +L11)		21.1281%		
<i>Calculation of Effective Property Tax Factor</i>					
13	Unity	100.0000%			
14	Combined Federal and State Income Tax Rate (L12)	21.1281%			
15	One Minus Combined Income Tax Rate (L13-L14)	78.8719%			
16	Property Tax Factor (JMM-14, L27)	1.6070%			
17	Effective Property Tax Factor (L15*L16)		1.2674%		
18	Combined Federal and State Income Tax and Property Tax Rate (L12+L17)			22.3955%	
19	Required Operating Income (Schedule JMM-1, Line 5)	\$ 14,262			
20	Adjusted Test Year Operating Income (Loss) (JMM-8, L35)	(43,630)			
21	Required Increase in Operating Income (L19 - L20)		\$ 57,892		
22	Income Taxes on Recommended Revenue (Col. [C], L47)	\$ 3,774			
23	Income Taxes on Test Year Revenue (Col. [A], L47)	(11,735)			
24	Required Increase in Revenue to Provide for Income Taxes (L22 - L23)		15,508		
25	Recommended Revenue Requirement (Schedule JMM-1, Line 10)	\$ 281,285			
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)	\$ 11,163			
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)		1,199		
33	Total Required Increase in Revenue (L21 + L24 + L29 + L32)		\$ 74,599		

	Test Year	Staff Recommended	Staff W/Surcharge	
			Recommended	W/Surcharge
34	Revenue (Schedule JMM-1, Col. [B], Line 9 & Sch. JMM-1, Col. [B] Line 10)	\$ 206,686	\$ 281,285	\$ 418,441
35	Operating Expenses Excluding Income Taxes	\$ 262,051	\$ 263,249	\$ 265,454
36	Synchronized Interest (L51)	\$ -	\$ -	\$ 58,308
37	Arizona Taxable Income (L34 - L35 - L36)	\$ (55,365)	\$ 18,035	\$ 94,679
38	Arizona State Income Tax Rate	6.9680%	6.9680%	6.9680%
39	Arizona Income Tax (L37 x L38)	\$ (3,858)	\$ 1,257	\$ 6,597
40	Federal Taxable Income (L37- L39)	\$ (51,507)	\$ 16,779	\$ 88,082
41	Federal Tax on First Income Bracket (\$1 - \$50,000) @ 15%	\$ (7,500)	\$ 2,517	\$ 7,500
42	Federal Tax on Second Income Bracket (\$51,001 - \$75,000) @ 25%	\$ (377)	\$ -	\$ 6,250
43	Federal Tax on Third Income Bracket (\$75,001 - \$100,000) @ 34%	\$ -	\$ -	\$ 4,448
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	\$ (7,877)	\$ 2,517	\$ 18,198
47	Combined Federal and State Income Tax (L39 + L46)	\$ (11,735)	\$ 3,774	\$ 24,795

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

15.2207%

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	\$ (39,551)	\$ 455,259
2	330,223	(15,483)	314,740
3	<u>\$ 164,587</u>	<u>\$ (24,068)</u>	<u>\$ 140,519</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	-	7,441	7,441
9	-	-	-
<u>ADD:</u>			
10	24,284	74	24,358
11	-	-	-
12	<u>\$ 168,488</u>	<u>\$ (25,869)</u>	<u>\$ 142,619</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.	[A]	[B]	[C]	[D]	[E]	[F]
		COMPANY AS FILED	ADJ #1 Unsubstantiated Plant	ADJ #2 Customer Deposits	ADJ #3 Cash Working Capital	ADJ #4 Reclassification of AIAC and CIAC	STAFF ADJUSTED
		\$	Ref. Sch JMM-5	Ref. Sch JMM-6	Ref. Sch JMM-7	Ref. Sch JMM-8	\$
1							
2	301	2,180					2,180
3	302						
4	303	75					75
5	304	9,003					9,003
6	305						
7	306						
8	307	44,427					44,427
9	308						
10	309						
11	310						
12	311	148,499	(330)				148,169
13	320.1						
14	320.2						
15	330	20,799					20,799
16	330.1	5,474					5,474
17	330.2	209,649					209,649
18	331						
19	333						
20	334	11,498					11,498
21	335						
22	336						
23	339						
24	340	11,330	(11,330)				
25	341	31,876	(27,891)				3,985
26	342						
27	343						
28	344						
29	345						
30	346						
31	347						
32	348						
33		494,810					455,259
34		\$ 494,810	\$ (39,551)	\$	\$	\$	\$ 455,259
35		330,223	(15,483)				314,740
36		\$ 164,587	\$ (24,068)	\$	\$	\$	\$ 140,519
37							
38							
39							
40							
41							
42		20,383					353
43							
44				7,441			14,464
45							7,441
46							
47							
48		24,284			74		24,358
49							
50							
51		\$ 168,488	\$ (24,068)	\$ (7,441)	\$ 74	\$ 5,566	\$ 142,619

LESS:  
Contributions in Aid of Construction (CIAC)  
Less: Accumulated Amortization  
Net CIAC (L39 - L40)  
Advances in Aid of Construction (AIAC)  
Customer Deposits  
Deferred Income Taxes

ADD:  
Working Capital Allowance  
Deferred Regulatory Assets

Original Cost Rate Base

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	\$ (330)	\$ 148,169
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>\$ (39,551)</u>	<u>\$ 152,154</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]

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Schedule JMM-6

RATE BASE ADJUSTMENT NO. 2 - CUSTOMER DEPOSITS

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Customer Deposits	\$ -	\$ 7,441	\$ 7,441

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	\$ 74	\$ 24,358
2				
3	<u>Staff's Calculation of Cash Working Capital</u>			
4	1/24th Purchased Power	\$ 2,218		
5	1/8th Operation & Maintenance Expense	22,140		
6	Total Cash Working Capital	<u>\$ 24,358</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	[F] SURCHARGE	[G] STAFF RECOMMENDED WITH SURCHARGE
1	<b>REVENUES:</b>							
2	Metered Water Sales	\$ 203,436	\$ -	\$ 203,436	\$ 74,599	\$ 278,035	137,156	\$ 415,191
3	Water Sales-Unmetered	-	-	-	-	-	-	-
4	Other Water Revenue	3,250	-	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>\$ 74,599</u>	<u>\$ 281,285</u>	<u>\$ 137,156</u>	<u>\$ 418,441</u>
7								
8	<b>OPERATING EXPENSES:</b>							
9	Salaries and Wages	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -
10	Purchased Water	-	-	-	-	-	-	-
11	Purchased Power	52,368	866	53,234	-	53,234	-	53,234
12	Fuel for Power Production	-	-	-	-	-	-	-
13	Chemicals	460	-	460	-	460	-	460
14	Repairs and Maintenance	11,895	446	12,341	-	12,341	-	12,341
15	Office Supplies and Expense	8,246	-	8,246	-	8,246	-	8,246
16	Outside Services	122,149	-	122,149	-	122,149	-	122,149
17	Outside Services - Other	-	-	-	-	-	-	-
18	Outside Services - Legal	-	-	-	-	-	-	-
19	Water Testing	3,980	-	3,980	-	3,980	-	3,980
20	Rents	-	-	-	-	-	-	-
21	Transportation Expenses	13,003	-	13,003	-	13,003	-	13,003
22	Insurance - General Liability	6,491	-	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	-	10,000
26	Miscellaneous Expense	-	446	446	-	446	-	446
27	Bad Debt Expense	-	-	-	-	-	-	-
28	Depreciation Expense	28,229	(6,493)	21,736	-	21,736	-	21,736
29	Amortization of CIAC	-	-	-	-	-	-	-
30	Taxes Other than Income	-	-	-	-	-	-	-
31	Property Taxes	10,547	(583)	9,964	1,199	11,163	2,204	13,367
32	Income Taxes	(39,404)	27,669	(11,735)	15,508	3,774	21,022	24,795
33	Intentionally Left Blank	-	-	-	-	-	-	-
34	<b>Total Operating Expenses</b>	<u>\$ 228,556</u>	<u>\$ 21,760</u>	<u>\$ 250,316</u>	<u>\$ 16,707</u>	<u>\$ 267,023</u>	<u>\$ 23,226</u>	<u>\$ 290,249</u>
35	<b>Operating Income (Loss)</b>	<u>\$ (21,870)</u>	<u>\$ (21,760)</u>	<u>\$ (43,630)</u>	<u>\$ 57,892</u>	<u>\$ 14,262</u>	<u>\$ 113,930</u>	<u>\$ 128,192</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)

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

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) Reclassification of Expenses 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	<u>REVENUES:</u>									
2	Metered Water Sales	\$ 203,436	-	-	-	-	-	-	-	203,436
3	Water Sales-Unmetered	-	-	-	-	-	-	-	-	-
4	Other Water Revenue	3,250	-	-	-	-	-	-	-	3,250
5	Intentionally Left Blank	-	-	-	-	-	-	-	-	-
6	<b>Total Operating Revenues</b>	<b>\$ 206,686</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 206,686</b>
7	<u>OPERATING EXPENSES:</u>									
8	Salaries and Wages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9	Purchased Water	-	-	-	-	-	-	-	-	-
10	Purchased Power	52,368	866	-	-	-	-	-	-	53,234
11	Fuel for Power Production	-	-	-	-	-	-	-	-	-
12	Chemicals	460	-	-	-	-	-	-	-	460
13	Repairs and Maintenance	11,895	446	-	-	-	-	-	-	12,341
14	Office Supplies and Expense	8,246	-	-	-	-	-	-	-	8,246
15	Outside Services	122,149	-	-	-	-	-	-	-	122,149
16	Outside Services - Other	-	-	-	-	-	-	-	-	-
17	Outside Services - Legal	-	-	-	-	-	-	-	-	-
18	Water Testing	3,980	-	-	-	-	-	-	-	3,980
19	Rents	-	-	-	-	-	-	-	-	-
20	Transportation Expenses	13,003	-	-	-	-	-	-	-	13,003
21	Insurance - General Liability	6,491	-	-	-	-	-	-	-	6,491
22	Insurance - Health and Life	-	-	-	-	-	-	-	-	-
23	Regulatory Commission Expense	-	-	-	-	-	-	-	-	-
24	Regulatory Commission Expense - Rate Case	10,592	-	(592)	-	-	-	-	-	10,000
25	Miscellaneous Expense	-	-	-	-	-	-	-	446	446
26	Bad Debt Expense	-	-	-	-	(6,493)	-	-	-	21,736
27	Depreciation Expense	28,229	-	-	-	-	-	-	-	-
28	Amortization of CIAC	-	-	-	-	-	-	-	-	-
29	Taxes Other than Income	-	-	-	-	-	-	-	-	-
30	Property Taxes	10,547	-	-	-	-	(583)	-	-	9,964
31	Income Taxes	(39,404)	-	-	-	-	-	27,669	-	(11,735)
32	Intentionally Left Blank	-	-	-	-	-	-	-	-	-
33	<b>Total Operating Expenses</b>	<b>\$ 228,556</b>	<b>\$ 1,312</b>	<b>\$ (592)</b>	<b>\$ (6,493)</b>	<b>\$ (583)</b>	<b>\$ (583)</b>	<b>\$ 27,669</b>	<b>\$ 446</b>	<b>\$ 250,316</b>
34	<b>Operating Income (Loss)</b>	<b>\$ (21,870)</b>	<b>\$ (1,312)</b>	<b>\$ 592</b>	<b>\$ 6,493</b>	<b>\$ 583</b>	<b>\$ (446)</b>	<b>\$ (27,669)</b>	<b>\$ (446)</b>	<b>\$ (43,630)</b>

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	\$ 148,169	\$ -	\$ 148,169	12.50%	\$ 18,521
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	\$ 455,259	\$ 173,847	\$ 281,412		\$ 21,854
33							
34		Composite Depreciation Rate (Depr Exp / Depreciable Plant):	7.77%				
35		CIAC:	\$ -				
36		Amortization of CIAC (Line 32 x Line 33):	\$ -				
37							
38		Depreciation Expense Before Amortization of CIAC:	\$ 21,854				
39		Less Amortization of CIAC: <sup>1</sup>	\$ 118				
40		<b>Test Year Depreciation Expense - Staff:</b>	<b>\$ 21,736</b>				
41		Depreciation Expense - Company:	\$ 28,229				
42		<b>Staff's Total Adjustment:</b>	<b>\$ (6,493)</b>				
43							

<sup>1</sup> Amortized Net CIAC over three years

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	[C] STAFF W/SURCHARGE
1	Staff Adjusted Test Year Revenues	\$ 206,686	\$ 206,686	\$ 206,686
2	Weight Factor	2	2	2
3	Subtotal (Line 1 * Line 2)	413,372	\$ 413,372	\$ 413,372
4	Staff Recommended Revenue, Per Schedule JMM-1	206,686	\$ 281,285	\$ 418,441
5	Subtotal (Line 4 + Line 5)	620,058	694,657	831,813
6	Number of Years	3	3	3
7	Three Year Average (Line 5 / Line 6)	206,686	\$ 231,552	\$ 277,271
8	Department of Revenue Multiplier	2	2	2
9	Revenue Base Value (Line 7 * Line 8)	413,372	\$ 463,105	\$ 554,542
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	\$ 463,105	\$ 554,542
13	Assessment Ratio	20.5%	20.5%	20.5%
14	Assessment Value (Line 12 * Line 13)	84,741	\$ 94,936	\$ 113,681
15	Composite Property Tax Rate (Per Company Schedule)	11.7583%	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)		\$ 11,163	\$ 13,367
22	Staff Test Year Adjusted Property Tax Expense (Line 17)		\$ 9,964	\$ 11,163
23	Increase in Property Tax Expense Due to Increase in Revenue Requirement		\$ 1,199	\$ 2,204
24				
25	Increase to Property Tax Expense		\$ 1,199	
26	Increase in Revenue Requirement		74,599	
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]

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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)	\$ 27,669	\$ (11,735)

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	\$ -	\$ 446	\$ 446

Staff's Calculation

Customer Deposits	\$ 7,441
Interest Expense	6%
Customer Deposit Interest	<u>\$ 446</u>

References:

Column (A), Company Schedule C-1

Column (B): Testimony JMM

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

East Slope Water Company  
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Schedule JMM-18

NOT USED

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

**Schedule JMM-19**

Line No.	Without Surcharge	With Surcharge
<b>1 Cash Inflows</b>		
2 Revenue - Base Rates	\$ 281,285	\$ 281,285
3 Revenue - Surcharge for Principle, Interest and Taxes		\$ 137,156
4 Total Revenue	<u>\$ 281,285</u>	<u>\$ 418,441</u>
<b>Cash Outflows</b>		
5 Salaries and Wages	\$ -	\$ -
6 Purchased Water	\$ -	\$ -
7 Purchased Power	\$ 53,234	\$ 53,234
8 Fuel for Power Production	\$ -	\$ -
9 Chemicals	\$ 460	\$ 460
10 Repairs and Maintenance	\$ 12,341	\$ 12,341
11 Office Supplies and Expense	\$ 8,246	\$ 8,246
12 Outside Services	\$ 122,149	\$ 122,149
13 Outside Services - Other	\$ -	\$ -
14 Outside Services - Legal	\$ -	\$ -
15 Water Testing	\$ 3,980	\$ 3,980
16 Rents	\$ -	\$ -
17 Transportation Expenses	\$ 13,003	\$ 13,003
18 Insurance - General Liability	\$ 6,491	\$ 6,491
19 Insurance - Health and Life	\$ -	\$ -
20 Regulatory Commission Expense	\$ -	\$ -
21 Regulatory Commission Expense - Rate Case	\$ 10,000	\$ 10,000
22 General and Administrative	\$ 446	\$ 446
23 Bad Debt Expense	\$ -	\$ -
24 Depreciation Expense	\$ 21,736	\$ 21,736
25 Amortization of CIAC	\$ -	\$ -
26 Taxes Other than Income	\$ -	\$ -
27 Property Taxes	\$ 11,163	\$ 13,367
28 Income Taxes	\$ 3,774	\$ 24,795
29 Total Expenses	<u>\$ 267,023</u>	<u>\$ 290,249</u>
<b>30 Operating Income</b>	\$ 14,262	\$ 128,192
31 Plus Depreciation Expense	\$ 21,736	\$ 21,736
32 Less AIAC refunded over 10 years	\$ 1,446	\$ 1,446
33 Less: WIFA Loan Payment Interest	\$ -	\$ 58,308
34 Less: WIFA Loan Payment Principle	\$ -	\$ 55,622
<b>35 Cash Flow from Operations before WIFA Reserve</b>	<u>\$ 34,552</u>	<u>\$ 34,552</u>
36 WIFA Reserve (20% of Principal and Interest)		\$ 22,786
<b>37 Cash Flow from Operations after WIFA Reserve</b>		<u><u>\$ 11,766</u></u>
38 Operating Income	\$ 14,262	\$ 128,192
39 Less: WIFA Loan Payment Interest	\$ -	\$ 58,308
<b>40 Net Income</b>	<u><u>\$ 14,262</u></u>	<u><u>\$ 69,884</u></u>
41 Rate of Return on Rate Base	10.00%	89.88%
42 Operating Margin	5.07%	30.64%

**FINANCIAL ANALYSIS**

	[A]	[B]
	<u>12/31/2009</u>	<u>Pro forma</u> <u>Includes Surcharge</u>
1 Operating Income	\$14,262	\$128,192
2 Depreciation & Amort.	21,736	21,736
3 Income Tax Expense	3,774	24,795
4		
5 Interest Expense	0	58,308
6 Repayment of Principal	0	55,622
7		
8 <b>TIER</b>		
9 [1+3] ÷ [5]	NM	2.62
10		
11 <b>DSC</b>		
12 [1+2+3] ÷ [5+6]	NM	1.53
13		
14		

**CALCULATION OF INFRASTRUCTURE SURCHARGE AMOUNT**

**Surcharge Inclusive of AWWA Meter Multiplier**

Loan Amount	\$ 1,611,936
<b>Total Yearly Surcharge</b>	
Principal & Interest - 20-year WIFA Loan and a 3.675% Interest Rate.	\$ 113,930
Incremental Income and Property Taxes on Surcharge	\$ 23,226
<b>Total Yearly Surcharge</b>	<u>\$ 137,156</u>

Total Equivalent Annual Bills (820 customers x 12 months) 10,842

5/8"x 3/4" Meter Surcharge Amount	(\$137,157 / 10,842)	\$ 12.65
3/4" Meter Surcharge Amount	(\$137,157 / 10,842) * 1.5	\$ 18.98
1" Meter Surcharge Amount	(\$137,157 / 10,842) * 2.5	\$ 31.63
1 1/2" Meter Surcharge Amount	(\$137,157 / 10,842) * 5	\$ 63.25
2" Meter Surcharge Amount	(\$137,157 / 10,842) * 8	\$ 101.20
3." Meter Surcharge Amount	(\$137,157 / 10,842) * 16	\$ 202.41
4" Meter Surcharge Amount	(\$137,157 / 10,842) * 25	\$ 316.26
6" Meter Surcharge Amount	(\$137,157 / 10,842) * 50	\$ 632.52

Meter Size	Number of Customers <sup>1</sup>	Meter Multiplier	Equivalent Customers	Equivalent No. of Bills	Monthly Surcharge	Yearly Surcharge	Total Amount
5/8" x 3/4" Meter	792	1	792	9,504	\$ 12.65	\$ 151.81	\$ 120,230
3/4" Meter	-	1.5	-	-	18.98	227.71	\$ -
1" Meter	15	2.5	38	450	31.63	379.51	\$ 5,693
1 1/2" Meter	10	5	50	600	63.25	759.03	\$ 7,590
2" Meter	3	8	24	288	101.20	1,214.44	\$ 3,643
3" Meter	-	16	-	-	202.41	2,428.88	\$ -
4" Meter	-	25	-	-	316.26	3,795.13	\$ -
6" Meter	-	50	-	-	632.52	7,590.25	\$ -
<b>TOTAL</b>	<b>820</b>		<b>904</b>	<b>10,842</b>			<b>\$ 137,156</b>

<sup>1</sup> As of Test Year.

Monthly Usage Charge	Present	Company Proposed Rates	Staff Recommended Rates
<u>Meter Size (All Classes):</u>			
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
<u>Commodity Charge - Per 1,000 Gallons</u>			
<u>5/8" x 3/4" Meter (Residential)</u>			
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	3.1000
<u>3/4" Meter (Residential)</u>			
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	3.1000
<u>5/8" x 3/4" Meter (Commercial/Irrigation)</u>			
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	3.1000
<u>3/4" Meter (Commercial/Irrigation)</u>			
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	3.1000
<u>1" Meter (All Sizes)</u>			
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	3.1000
<u>1.5" Meter (All Sizes)</u>			
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	3.1000
<u>2" Meter (All Sizes)</u>			
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	3.1000

<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	3.1000
<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 160,000 gallons	N/A	N/A	1.7000
Over 160,000 gallons	N/A	N/A	3.1000
<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 335,000 gallons	N/A	N/A	1.7000
Over 335,000 gallons	N/A	N/A	3.1000
<b>Other Service Charges</b>			
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.			
**** 2% of monthly minimum for a comparable sized meter connection, but no less than \$10.00 per month. The service charge for fire sprinklers is only applicable for service lines separate and distinct from the primary water service line.			

<b>Service and Meter Installation Charges</b>							
	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	\$ 23.62	\$ 2.42	11.41%
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%	26.30	15.96%
11,000	24.39	45.06	84.73%	29.40	20.54%
12,000	26.10	49.59	90.01%	32.50	24.52%
13,000	27.81	54.13	94.64%	35.60	28.01%
14,000	29.52	58.66	98.73%	38.70	31.10%
15,000	31.23	63.20	102.37%	41.80	33.85%
16,000	32.94	67.74	105.63%	44.90	36.31%
17,000	34.65	72.27	108.58%	48.00	38.53%
18,000	36.36	76.81	111.24%	51.10	40.54%
19,000	38.07	81.34	113.67%	54.20	42.37%
20,000	39.78	85.88	115.89%	57.30	44.04%
25,000	48.33	108.56	124.62%	72.80	50.63%
30,000	56.88	131.24	130.73%	88.30	55.24%
35,000	65.43	153.92	135.24%	103.80	58.64%
40,000	73.98	176.60	138.71%	119.30	61.26%
45,000	82.53	199.28	141.46%	134.80	63.33%
50,000	91.08	221.96	143.70%	150.30	65.02%
75,000	133.83	335.36	150.59%	227.80	70.22%
100,000	176.58	448.76	154.14%	305.30	72.90%

Typical Bill Analysis with Stand Alone Surcharge  
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	\$ 36.27	\$ 15.07	71.07%
Median Usage	5,330	14.69	29.61	\$ 14.92	101.51%

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
-	\$ 9.00	\$ 18.68	107.56%	\$ 22.65	151.67%
1,000	9.00	20.08	123.11%	23.65	162.78%
2,000	9.00	21.48	138.67%	24.65	173.89%
3,000	10.71	22.88	113.63%	25.65	139.50%
4,000	12.42	25.40	104.51%	27.35	120.21%
5,000	14.13	27.92	97.59%	29.05	105.59%
6,000	15.84	30.44	92.17%	30.75	94.13%
7,000	17.55	32.96	87.81%	32.45	84.90%
8,000	19.26	35.48	84.22%	34.15	77.31%
9,000	20.97	38.00	81.21%	35.85	70.96%
10,000	22.68	40.52	78.66%	38.95	71.74%
11,000	24.39	45.06	84.73%	42.05	72.41%
12,000	26.10	49.59	90.01%	45.15	72.99%
13,000	27.81	54.13	94.64%	48.25	73.50%
14,000	29.52	58.66	98.73%	51.35	73.95%
15,000	31.23	63.20	102.37%	54.45	74.35%
16,000	32.94	67.74	105.63%	57.55	74.71%
17,000	34.65	72.27	108.58%	60.65	75.04%
18,000	36.36	76.81	111.24%	63.75	75.33%
19,000	38.07	81.34	113.67%	66.85	75.60%
20,000	39.78	85.88	115.89%	69.95	75.84%
25,000	48.33	108.56	124.62%	85.45	76.81%
30,000	56.88	131.24	130.73%	100.95	77.48%
35,000	65.43	153.92	135.24%	116.45	77.98%
40,000	73.98	176.60	138.71%	131.95	78.36%
45,000	82.53	199.28	141.46%	147.45	78.66%
50,000	91.08	221.96	143.70%	162.95	78.91%
75,000	133.83	335.36	150.59%	240.45	79.67%
100,000	176.58	448.76	154.14%	317.95	80.06%

**REVENUE REQUIREMENT**

<u>LINE NO.</u>	<u>DESCRIPTION</u>	(A) COMPANY FAIR VALUE	(B) STAFF FAIR VALUE
1	Adjusted Rate Base	\$ 45,683	\$ 27,816
2	Adjusted Operating Income (Loss)	\$ (6,197)	\$ (1,746)
3	Current Rate of Return (L2 / L1)	-13.57%	-6.28%
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	\$ 4,528
7	Gross Revenue Conversion Factor	1.0000	1.0161
8	Required Revenue Increase (L7 * L6)	\$ 11,679	<b>\$ 4,601</b>
9	Adjusted Test Year Revenue	\$ 28,140	\$ 28,140
10	Proposed Annual Revenue <sup>1</sup>	\$ 58,062	\$ 32,741
11	Required Increase in Revenue (%)	106.33%	16.35%

<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**

**Indiada Water Company**  
**Docket No. W-01427A-09-0104**  
**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	\$ 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>
<u>LESS:</u>			
4	\$ -	\$ -	\$ -
5	-	-	-
6	<u>-</u>	<u>-</u>	<u>\$ -</u>
7	-	520	520
8	-	160	160
9	-	-	-
<u>ADD:</u>			
10	3,083	(45)	3,038
11	-	-	-
12	<u>\$ 45,683</u>	<u>\$ (17,867)</u>	<u>\$ 27,816</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	[C] ADJ #2 Customer Deposits	[D] ADJ #3 Cash Working Capital	[E] STAFF ADJUSTED
			Ref. Sch JMM-5	Ref. Sch JMM-6	Ref. Sch JMM-7		
			\$	\$	\$		\$
1	301	Organization Cost	-	-	-	-	-
2	302	Franchise Cost	-	-	-	-	-
3	303	Land and Land Rights	750	-	-	-	750
4	304	Structures and Improvements	-	-	-	-	-
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	312	Water Treatment Plants	-	-	-	-	-
13	320.1	Solution Chemical Feeders	1,076	-	-	-	1,076
14	320.2	Distribution Reservoirs & Standpipe	1,503	-	-	-	1,503
15	330	Storage Tanks	10,865	-	-	-	10,865
16	330.1	Pressure Tanks	5,054	-	-	-	5,054
17	330.2	Transmission and Distribution Mains	26,736	-	-	-	26,736
18	331	Services	474	-	-	-	474
19	333	Meters	3,440	-	-	-	3,440
20	334	Hydrants	-	-	-	-	-
21	335	Backflow Prevention Devices	-	-	-	-	-
22	336	Other Plant and Miscellaneous Equipment	-	-	-	-	-
23	339	Office Furniture and Fixtures	3,789	(3,789)	-	-	-
24	340	Transportation Equipment	18,045	(18,045)	-	-	-
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	Post Test-Year Plant	-	-	-	-	-
33		Total Plant in Service - Actual	95,971	-	-	-	74,137
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)	-	-	520	-	520
43		Customer Deposits	-	-	160	-	160
44		Deferred Income Taxes	-	-	-	-	-
45			-	-	-	-	-
46			-	-	-	-	-
47		ADD:					
48		Working Capital Allowance	3,083	-	-	(45)	3,038
49		Deferred Regulatory Assets	-	-	-	-	-
50			-	-	-	-	-
51		Original Cost Rate Base	\$ 45,684	\$ (17,142)	\$ (680)	\$ (45)	\$ 27,816

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

Schedule JMM-5

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)	\$ 48,679

RATE BASE ADJUSTMENT NO. 2 - CUSTOMER DEPOSITS

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Customer Deposits	\$ -	\$ 160	\$ 160
2	Advances in Aid of Construction (AIAC)	\$ -	\$ 520	\$ 520

Indiada portion not previously recognized

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	\$ (45)	\$ 3,038
2				
3	<u>Staff's Calculation of Cash Working Capital</u>			
4	1/24th Purchased Power	\$ 76		
5	1/8th Operation & Maintenance Expense	2,962		
6	Total Cash Working Capital	<u>\$ 3,038</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	[F] SURCHARGE	[G] STAFF RECOMMENDED WITH SURCHARGE
1	<b>REVENUES:</b>							
2	Metered Water Sales	\$ 28,013	\$ -	\$ 28,013	\$ 4,601	\$ 32,614	\$ 17,788	\$ 50,402
3	Water Sales-Unmetered	-	-	-	-	-	-	-
4	Other Water Revenue	127	-	127	-	127	-	127
5	Intentionally Left Blank	-	-	-	-	-	-	-
6	<b>Total Operating Revenues</b>	<b>\$ 28,140</b>	<b>\$ -</b>	<b>\$ 28,140</b>	<b>\$ 4,601</b>	<b>\$ 32,741</b>	<b>\$ 17,788</b>	<b>\$ 50,529</b>
7								
8	<b>OPERATING EXPENSES:</b>							
9	Salaries and Wages	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -
10	Purchased Water	-	-	-	-	-	-	-
11	Purchased Power	1,818	-	1,818	-	1,818	-	1,818
12	Fuel for Power Production	-	-	-	-	-	-	-
13	Chemicals	166	-	166	-	166	-	166
14	Repairs and Maintenance	910	-	910	-	910	-	910
15	Office Supplies and Expense	1,384	-	1,384	-	1,384	-	1,384
16	Outside Services	14,101	-	14,101	-	14,101	-	14,101
17	Outside Services - Other	-	-	-	-	-	-	-
18	Outside Services - Legal	-	-	-	-	-	-	-
19	Water Testing	2,129	-	2,129	-	2,129	-	2,129
20	Rents	-	-	-	-	-	-	-
21	Transportation Expenses	3,557	-	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	-	1,439
26	General and Administrative	-	10	10	-	10	-	10
27	Bad Debt Expense	-	-	-	-	-	-	-
28	Depreciation Expense	7,057	(4,041)	3,016	-	3,016	-	3,016
29	Amortization of CIAC	-	-	-	-	-	-	-
30	Taxes Other than Income	-	-	-	-	-	-	-
31	Property Taxes	1,402	(45)	1,357	74	1,431	286	1,716
32	Income Taxes	-	-	-	-	-	-	-
33	Intentionally Left Blank	-	-	-	-	-	-	-
34	<b>Total Operating Expenses</b>	<b>\$ 34,337</b>	<b>\$ (4,451)</b>	<b>\$ 29,886</b>	<b>\$ 74</b>	<b>\$ 29,960</b>	<b>\$ 286</b>	<b>\$ 30,246</b>
35	<b>Operating Income (Loss)</b>	<b>\$ (6,197)</b>	<b>\$ 4,451</b>	<b>\$ (1,746)</b>	<b>\$ 4,527</b>	<b>\$ 2,780</b>	<b>\$ 17,502</b>	<b>\$ 20,283</b>

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)

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

SUMMARY OF OPERATING INCOME STATEMENT ADJUSTMENTS - TEST YEAR

LINE NO.	[A] COMPANY AS FILED	[B] Management Fee Expense ADJ #2 Ref. Sch JMM-12	[C] Rate Case Expense ADJ #3 Ref. Sch JMM-13	[D] Customer Deposit Interest ADJ #4 Ref. Sch JMM-17	[E] Depreciation Expense ADJ #5 Ref. Sch JMM-14	[F] Property Tax Expense ADJ #6 Ref. Sch JMM-15	[G] STAFF AS ADJUSTED
1	REVENUES:						
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>\$ 28,140</b>
7							
8	OPERATING EXPENSES:						
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	-	-	10	-	-	10
27	Bad Debt Expense	-	-	-	-	-	-
28	Depreciation Expense	7,057	-	-	(4,041)	-	3,016
29	Amortization of CIAC	-	-	-	-	-	-
30	Taxes Other than Income	-	-	-	-	(45)	-
31	Property Taxes	1,402	-	-	-	-	1,357
32	Income Taxes	-	-	-	-	-	-
33	Intentionally Left Blank	-	-	-	-	-	-
34	<b>Total Operating Expenses</b>	<b>\$ 34,337</b>	<b>\$ (374)</b>	<b>\$ 10</b>	<b>\$ (4,041)</b>	<b>\$ (45)</b>	<b>\$ 29,886</b>
35	<b>Operating Income (Loss)</b>	<b>\$ (6,197)</b>	<b>\$ 374</b>	<b>\$ (10)</b>	<b>\$ 4,041</b>	<b>\$ 45</b>	<b>\$ (1,746)</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		<b>Test Year Depreciation Expense - Staff:</b>	<b>\$ 3,016</b>				
41		Depreciation Expense - Company:	\$ 7,057				
42		<b>Staff's Total Adjustment:</b>	<b>\$ (4,041)</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.		[A] STAFF AS ADJUSTED	[B] STAFF RECOMMENDED	[C] STAFF W/SURCHARGE
1	Staff Adjusted Test Year Revenues	\$ 28,140	\$ 28,140	\$ 28,140
2	Weight Factor	2	2	2
3	Subtotal (Line 1 * Line 2)	56,280	\$ 56,280	\$ 56,280
4	Staff Recommended Revenue, Per Schedule JMM-1	28,140	\$ 32,741	\$ 50,529
5	Subtotal (Line 4 + Line 5)	84,420	89,021	106,809
6	Number of Years	3	3	3
7	Three Year Average (Line 5 / Line 6)	28,140	\$ 29,674	\$ 35,603
8	Department of Revenue Multiplier	2	2	2
9	Revenue Base Value (Line 7 * Line 8)	56,280	\$ 59,347	\$ 71,206
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	\$ 59,347	\$ 71,206
13	Assessment Ratio	20.5%	20.5%	20.5%
14	Assessment Value (Line 12 * Line 13)	11,537	\$ 12,166	\$ 14,597
15	Composite Property Tax Rate (Per Company Schedule)	11.7583%	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)		\$ 1,431	\$ 1,716
22	Staff Test Year Adjusted Property Tax Expense (Line 17)		\$ 1,357	\$ 1,431
23	Change in Property Tax Expense Due to Change in Revenue Requirement		\$ 74	\$ 286
24				
25	Change in Property Tax Expense		\$ 74	
26	Change in Revenue Requirement		4,601	
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**

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY PROPOSED	STAFF ADJUSTMENTS	STAFF RECOMMENDED
1	Miscellaneous Expense	\$ -	\$ 10	\$ 10

Staff's Calculation

Customer Deposits	\$ 160
Interest Expense	6%
Customer Deposit Interest	<u>\$ 10</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**

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

**Schedule JMM-19**

Line No.	Without Surcharge	With Surcharge
<b>1 Cash Inflows</b>		
2 Revenue - Base Rates	\$ 32,741	\$ 32,741
3 Revenue - Surcharge for Principle, Interest and Taxes		\$ 17,788
4 Total Revenue	<u>\$ 32,741</u>	<u>\$ 50,529</u>
<b>Cash Outflows</b>		
5 Salaries and Wages	\$ -	\$ -
6 Purchased Water	\$ -	\$ -
7 Purchased Power	\$ 1,818	\$ 1,818
8 Fuel for Power Production	\$ -	\$ -
9 Chemicals	\$ 166	\$ 166
10 Repairs and Maintenance	\$ 910	\$ 910
11 Office Supplies and Expense	\$ 1,384	\$ 1,384
12 Outside Services	\$ 14,101	\$ 14,101
13 Outside Services - Other	\$ -	\$ -
14 Outside Services - Legal	\$ -	\$ -
15 Water Testing	\$ 2,129	\$ 2,129
16 Rents	\$ -	\$ -
17 Transportation Expenses	\$ 3,557	\$ 3,557
18 Insurance - General Liability	\$ -	\$ -
19 Insurance - Health and Life	\$ -	\$ -
20 Regulatory Commission Expense	\$ -	\$ -
21 Regulatory Commission Expense - Rate Case	\$ 1,439	\$ 1,439
22 General and Administrative	\$ 10	\$ 10
23 Bad Debt Expense	\$ -	\$ -
24 Depreciation Expense	\$ 3,016	\$ 3,016
25 Amortization of CIAC	\$ -	\$ -
26 Taxes Other than Income	\$ -	\$ -
27 Property Taxes	\$ 1,431	\$ 1,716
28 Income Taxes	\$ -	\$ -
29 Total Expenses	<u>\$ 29,960</u>	<u>\$ 30,246</u>
<b>30 Operating Income</b>	\$ 2,780	\$ 20,283
31 Plus Depreciation Expense	\$ 3,016	\$ 3,016
32 Less AIAC refunded over 10 years	\$ 52	\$ 52
33 Less: WIFA Loan Payment Interest	\$ -	\$ 9,104
34 Less: WIFA Loan Payment Principle	\$ -	\$ 8,684
35 <b>Cash Flow from Operations before WIFA Reserve</b>	<u>\$ 5,744</u>	<u>\$ 5,459</u>
36 WIFA Reserve (20% of Principal and Interest)		\$ 3,558
37 <b>Cash Flow from Operations after WIFA Reserve</b>		<u><u>\$ 1,901</u></u>
38 Operating Income	\$ 2,780	\$ 20,283
39 Less: WIFA Loan Payment Interest	\$ -	\$ 9,104
40 <b>Net Income</b>	<u><u>\$ 2,780</u></u>	<u><u>\$ 11,179</u></u>
41 Rate of Return on Rate Base	10.00%	72.92%
42 Operating Margin	8.49%	40.14%

**FINANCIAL ANALYSIS**

	[A]	[B]
	<u>12/31/2009</u>	<u>Pro forma</u> <u>Includes Surcharge</u>
1 Operating Income	\$2,780	\$20,283
2 Depreciation & Amort.	3,016	3,016
3 Income Tax Expense	0	0
4		
5 Interest Expense	0	9,104
6 Repayment of Principal	0	8,684
7		
8 <b>TIER</b>		
9 [1+3] ÷ [5]	NM	2.23
10		
11 <b>DSC</b>		
12 [1+2+3] ÷ [5+6]	NM	1.31
13		

**CALCULATION OF INFRASTRUCTURE SURCHARGE AMOUNT**

**Surcharge Inclusive of AWWA Meter Multiplier**

Loan Amount	\$ 251,674
<b>Total Yearly Surcharge</b>	
Principal & Interest - 20-year WIFA Loan and a 3.675% Interest Rate.	\$ 17,788
Incremental Property Taxes on Surcharge	\$ 286
<b>Total Yearly Surcharge</b>	<u>\$ 18,074</u>

<b>Total Equivalent Annual Bills (56 customers x 12 months)</b>	<b>672</b>
5/8"x 3/4" Meter Surcharge Amount (\$18,074 / 672)	\$ 26.90
3/4" Meter Surcharge Amount (\$18,074 / 672) * 1.5	\$ 40.34
1" Meter Surcharge Amount (\$18,074 / 672) * 2.5	\$ 67.24
1 1/2" Meter Surcharge Amount (\$18,074 / 672) * 5	\$ 134.48
2" Meter Surcharge Amount (\$18,074 / 672) * 8	\$ 215.17
3." Meter Surcharge Amount (\$18,074 / 672) * 16	\$ 430.33
4" Meter Surcharge Amount (\$18,074 / 672) * 25	\$ 672.39
6" Meter Surcharge Amount (\$18,074 / 672) * 50	\$ 1,344.79

Meter Size	Number of Customers <sup>1</sup>	Meter Multiplier	Equivalent Customers	Equivalent No. of Bills	Monthly Surcharge	Yearly Surcharge	Total Amount
5/8" x 3/4" Meter	56	1	56	672	\$ 26.90	\$ 322.75	\$ 18,074
3/4" Meter	-	1.5	-	-	40.34	484.12	\$ -
1" Meter	-	2.5	-	-	67.24	806.87	\$ -
1 1/2" Meter	-	5	-	-	134.48	1,613.74	\$ -
2" Meter	-	8	-	-	215.17	2,581.99	\$ -
3" Meter	-	16	-	-	430.33	5,163.98	\$ -
4" Meter	-	25	-	-	672.39	8,068.72	\$ -
6" Meter	-	50	-	-	1,344.79	16,137.45	\$ -
<b>TOTAL</b>	<b>56</b>		<b>56</b>	<b>672</b>			<b>\$ 18,074</b>

<sup>1</sup> As of Test Year.

Monthly Usage Charge	Present	Company Proposed Rates	Staff Recommended Rates
<u>Meter Size (All Classes):</u>			
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
<u>Commodity Charge - Per 1,000 Gallons</u>			
<u>5/8" x 3/4" Meter (Residential)</u>			
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
<u>3/4" Meter (Residential)</u>			
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
<u>5/8" x 3/4" Meter (Commerical/Irrigation)</u>			
First 9,000 gallons	N/A	N/A	3.7500
Over 9,000 gallons	N/A	N/A	5.0000
<u>3/4" Meter (Commercial, Irrigation)</u>			
First 9,000 gallons	N/A	N/A	3.7500
Over 9,000 gallons	N/A	N/A	5.0000
<u>1" Meter (All Sizes)</u>			
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
<u>1.5" Meter (All Sizes)</u>			
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
<u>2" Meter (All Sizes)</u>			
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
<u>3" Meter (All Sizes)</u>			
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.

\*\*\*\* 2% of monthly minimum for a comparable sized meter connection, but no less than \$10.00 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"	\$ 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%

Typical Bill Analysis with Stand Alone Surcharge  
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	\$ 70.89	\$ 28.83	68.55%
Median Usage	5,260	29.91	57.88	\$ 27.97	93.50%

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%	\$ 44.90	199.33%
1,000	15.00	40.57	170.47%	46.40	209.33%
2,000	18.50	43.27	133.89%	47.90	158.92%
3,000	22.00	45.97	108.95%	49.40	124.55%
4,000	25.50	50.83	99.33%	53.15	108.43%
5,000	29.00	55.69	92.03%	56.90	96.21%
6,000	32.50	60.55	86.31%	60.65	86.62%
7,000	36.00	65.41	81.69%	64.40	78.89%
8,000	39.50	70.27	77.90%	68.15	72.53%
9,000	43.00	75.13	74.72%	71.90	67.21%
10,000	46.50	79.99	72.02%	76.90	65.38%
11,000	50.00	88.74	77.48%	81.90	63.80%
12,000	53.50	97.49	82.22%	86.90	62.43%
13,000	57.00	106.24	86.39%	91.90	61.23%
14,000	60.50	114.99	90.07%	96.90	60.17%
15,000	64.00	123.74	93.34%	101.90	59.22%
16,000	67.50	132.49	96.28%	106.90	58.37%
17,000	71.00	141.24	98.93%	111.90	57.61%
18,000	74.50	149.99	101.33%	116.90	56.91%
19,000	78.00	158.74	103.51%	121.90	56.28%
20,000	81.50	167.49	105.51%	126.90	55.71%
25,000	99.00	211.24	113.37%	151.90	53.43%
30,000	116.50	254.99	118.88%	176.90	51.85%
35,000	134.00	298.74	122.94%	201.90	50.67%
40,000	151.50	342.49	126.07%	226.90	49.77%
45,000	169.00	386.24	128.54%	251.90	49.05%
50,000	186.50	429.99	130.56%	276.90	48.47%
75,000	274.00	648.74	136.77%	401.90	46.68%
100,000	361.50	867.49	139.97%	526.90	45.75%

REVENUE REQUIREMENT

LINE NO.	DESCRIPTION	(A) COMPANY FAIR VALUE	(B) STAFF FAIR VALUE
1	Adjusted Rate Base	\$ 275,941	\$ 263,029
2	Adjusted Operating Income (Loss)	\$ (35,013)	\$ (59,073)
3	Current Rate of Return (L2 / L1)	-12.69%	-22.46%
4	Required Rate of Return	12.00%	10.00%
5	Required Operating Income (L4 * L1)	\$ 33,113	\$ 26,303
6	Operating Income Deficiency (L5 - L2)	\$ 68,126	\$ 85,376
7	Gross Revenue Conversion Factor	1.4158	1.3185
8	Required Revenue Increase <sup>1</sup>	\$ 470,029	<b>\$ 112,568</b>
9	Adjusted Test Year Revenue	\$ 284,083	\$ 284,083
10	Proposed Annual Revenue <sup>1</sup>	\$ 754,112	\$ 396,651
11	Required Increase in Revenue (%)	165.45%	39.63%

<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)	24.1565%			
5	Subtotal (L3 - L4)	75.8435%			
6	<b>Revenue Conversion Factor (L1 / L5)</b>	<b>1.318505</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)	17.1445%			
11	Effective Federal Income Tax Rate (L9 x L10)	15.9498%			
12	Combined Federal and State Income Tax Rate (L8 +L11)		22.9178%		
<i>Calculation of Effective Property Tax Factor</i>					
13	Unity	100.0000%			
14	Combined Federal and State Income Tax Rate (L12)	22.9178%			
15	One Minus Combined Income Tax Rate (L13-L14)	77.0822%			
16	Property Tax Factor (JMM-14, L27)	1.6070%			
17	Effective Property Tax Factor (L15*L16)		1.2387%		
18	Combined Federal and State Income Tax and Property Tax Rate (L12+L17)			<u>24.1565%</u>	
19	Required Operating Income (Schedule JMM-1, Line 5)	\$ 26,303			
20	Adjusted Test Year Operating Income (Loss) (JMM-8, L35)	(59,073)			
21	Required Increase in Operating Income (L19 - L20)		\$ 85,376		
22	Income Taxes on Recommended Revenue (Col. [C], L47)	\$ 6,959			
23	Income Taxes on Test Year Revenue (Col. [A], L47)	(18,424)			
24	Required Increase in Revenue to Provide for Income Taxes (L22 - L23)		25,384		
25	Recommended Revenue Requirement (Schedule JMM-1, Line 10)	\$ 396,651			
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)	\$ 15,504			
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)		1,809		
33	<b>Total Required Increase in Revenue (L21 + L24 + L29 + L32)</b>		<b>\$ 112,568</b>		

	Test Year	Staff Recommended	Staff W/Surcharge
<i>Calculation of Income Tax:</i>			
34	Revenue (Schedule JMM-1, Col. [B], Line 9 & Sch. JMM-1, Col. [B] Line 10)	\$ 284,083	\$ 650,852
35	Operating Expenses Excluding Income Taxes	\$ 361,580	\$ 367,474
36	Interest on Proposed WIFA Loan	\$ -	\$ 99,421
37	Arizona Taxable Income (L34 - L35 - L36)	\$ (77,497)	\$ 183,958
38	Arizona State Income Tax Rate	6.9680%	6.9680%
39	Arizona Income Tax (L37 x L38)	\$ (5,400)	\$ 12,818
40	Federal Taxable Income (L37- L39)	\$ (72,097)	\$ 171,139
41	Federal Tax on First Income Bracket (\$1 - \$50,000) @ 15%	\$ (7,500)	\$ 7,500
42	Federal Tax on Second Income Bracket (\$51,001 - \$75,000) @ 25%	\$ (5,524)	\$ 6,250
43	Federal Tax on Third Income Bracket (\$75,001 - \$100,000) @ 34%	\$ -	\$ 8,500
44	Federal Tax on Fourth Income Bracket (\$100,001 - \$335,000) @ 39%	\$ -	\$ 27,744
45	Federal Tax on Fifth Income Bracket (\$335,001 - \$10,000,000) @ 34%	\$ -	\$ -
46	Total Federal Income Tax	\$ (13,024)	\$ 49,994
47	Combined Federal and State Income Tax (L39 + L46)	\$ (18,424)	\$ 62,813

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

17.1445%

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-3

RATE BASE - ORIGINAL COST

LINE NO.	(A) COMPANY AS FILED	(B) STAFF ADJUSTMENTS	(C) STAFF AS ADJUSTED
1	Plant in Service	\$ 785,752	\$ 724,367
2	Less: Accumulated Depreciation	477,224	457,049
3	Net Plant in Service	<u>\$ 308,528</u>	<u>\$ 267,318</u>
<u>LESS:</u>			
4	Contributions in Aid of Construction (CIAC)	\$ -	\$ 242,033
5	Less: Accumulated Amortization	-	232,726
6	Net CIAC	<u>-</u>	<u>\$ 9,307</u>
7	Advances in Aid of Construction (AIAC)	66,818	19,759
8	Customer Deposits	-	7,964
9	Deferred Income Tax Credits	-	-
<u>ADD:</u>			
10	Working Capital Allowance	34,231	32,741
11	Deferred Regulatory Asset	-	-
12	<b>Original Cost Rate Base</b>	<u>\$ 275,941</u>	<u>\$ 263,029</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.	[A]	[B]	[C]	[D]	[E]	[F]
		COMPANY AS FILED	Reclassification of AIAC and CIAC	Unsubstantiated Plant	Customer Deposits	Cash Working Capital	STAFF ADJUSTED
		Ref: Sch JMM-8	Ref: Sch JMM-5	Ref: Sch JMM-6	Ref: Sch JMM-7		
1		\$ 2,180					\$ 2,180
2	301	Organization Cost					
3	302	Franchise Cost					
4	303	Land and Land Rights	5,984				5,984
5	304	Structures and Improvements	9,622				9,622
6	305	Collecting and Impounding Res.					
7	306	Lake River and Other Intakes					
8	307	Wells and Springs	70,152				70,152
9	308	Infiltration Galleries and Tunnels					
10	309	Supply Mains					
11	310	Power Generation Equipment					
12	311	Electric Pumping Equipment		(330)			258,885
13	320.1	Water Treatment Plants					
14	320.2	Solution Chemical Feeders	1,076				1,076
15	330	Distribution Reservoirs & Standpipe	4,978				4,978
16	330.1	Storage Tanks	32,089				32,089
17	330.2	Pressure Tanks	13,941				13,941
18	331	Transmission and Distribution Mains	299,883				299,883
19	333	Services	474				474
20	334	Meters	21,118				21,118
21	335	Hydrants					
22	336	Backflow Prevention Devices					
23	339	Other Plant and Miscellaneous Equipment					
24	340	Office Furniture and Fixtures	15,119	(15,119)			
25	341	Transportation Equipment	49,921	(45,936)			3,985
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	785,752				724,367
34		Post Test-Year Plant					
35		Total Plant in Service	\$ 785,752	\$ (61,385)		\$	\$ 724,367
36		Less: Accumulated Depreciation	477,224	(20,175)			457,049
37		Net Plant in Service	\$ 308,527	\$ (41,210)		\$	\$ 267,318
39		LESS:					
40		Contributions in Aid of Construction (CIAC)					
41		Less: Accumulated Amortization	242,033				242,033
42		Net CIAC (L41 - L42)	232,726				232,726
43		Advances in Aid of Construction (AIAC)	9,307				9,307
44		Customer Deposits	(47,579)		520		19,759
45		Deferred Income Taxes			7,964		7,964
46							
47							
48							
49		Working Capital Allowance	34,231			(1,490)	32,741
50		Deferred Regulatory Assets					
51							
52							
53		Original Cost Rate Base	\$ 275,940	\$ (41,210)	\$ (8,484)	\$ (1,490)	\$ 263,029

**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	\$ (330)	\$ 258,885
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>\$ (61,385)</u>	<u>\$ 262,870</u>
5					
6		Accumulated Depreciation	<u>\$ 477,224</u>	<u>\$ (20,175)</u>	<u>\$ 457,049</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	\$	- \$ 7,964	\$ 7,964
2	Advances in Aid of Construction (AIAC)	\$	- \$ 520	\$ 520

Indiada portion not previously recognized

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	\$ (1,490)	\$ 32,741

Staff's Calculation of Cash Working Capital

1/24th Purchased Power	\$	3,031
1/8th Operation & Maintenance Expense		29,710
Total Cash Working Capital	\$	32,741

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 PERMANENT REVENUES	[F] SURCHARGE	[G] STAFF RECOMMENDED WITH SURCHARGE
1	<b>REVENUES:</b>							
2	Metered Water Sales	\$ 280,359	\$ -	\$ 280,359	\$ 112,568	\$ 392,927	\$ 254,201	\$ 647,128
3	Water Sales-Unmetered	-	-	-	-	-	-	-
4	Other Water Revenue	3,724	-	3,724	-	3,724	-	3,724
5	Intentionally Left Blank	-	-	-	-	-	-	-
6	<b>Total Operating Revenues</b>	<b>\$ 284,083</b>	<b>\$ -</b>	<b>\$ 284,083</b>	<b>\$ 112,568</b>	<b>\$ 396,651</b>	<b>\$ 254,201</b>	<b>\$ 650,852</b>
7								
8	<b>OPERATING EXPENSES:</b>							
9	Salaries and Wages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10	Purchased Water	-	-	-	-	-	-	-
11	Purchased Power	71,881	866	72,747	-	72,747	-	72,747
12	Fuel for Power Production	-	-	-	-	-	-	-
13	Chemicals	792	-	792	-	792	-	792
14	Repairs and Maintenance	16,163	446	16,609	-	16,609	-	16,609
15	Office Supplies and Expense	12,023	-	12,023	-	12,023	-	12,023
16	Outside Services	158,038	-	158,038	-	158,038	-	158,038
17	Outside Services - Other	-	-	-	-	-	-	-
18	Outside Services - Legal	-	-	-	-	-	-	-
19	Water Testing	8,008	-	8,008	-	8,008	-	8,008
20	Rents	-	-	-	-	-	-	-
21	Transportation Expenses	21,805	-	21,805	-	21,805	-	21,805
22	Insurance - General Liability	6,491	-	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	-	13,439
26	General and Administrative	5	473	478	-	478	-	478
27	Bad Debt Expense	-	-	-	-	-	-	-
28	Depreciation Expense	49,729	(12,274)	37,455	-	37,455	-	37,455
29	Amortization of CIAC	-	-	-	-	-	-	-
30	Taxes Other than Income	-	-	-	-	-	-	-
31	Property Taxes	14,446	(751)	13,695	1,809	15,504	4,085	19,589
32	Income Taxes	(55,158)	36,734	(18,424)	25,384	6,959	55,853	62,813
33	Intentionally Left Blank	-	-	-	-	-	-	-
34	<b>Total Operating Expenses</b>	<b>\$ 319,096</b>	<b>\$ 24,060</b>	<b>\$ 343,156</b>	<b>\$ 27,193</b>	<b>\$ 370,348</b>	<b>\$ 59,938</b>	<b>\$ 430,286</b>
35	<b>Operating Income (Loss)</b>	<b>\$ (35,013)</b>	<b>\$ (24,060)</b>	<b>\$ (59,073)</b>	<b>\$ 85,376</b>	<b>\$ 26,303</b>	<b>\$ 194,263</b>	<b>\$ 220,566</b>

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 Indiana 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	<b>REVENUES:</b>									
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										
8	<b>OPERATING EXPENSES:</b>									
9	Salaries and Wages	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10	Purchased Water	-	-	-	-	-	-	-	-	-
11	Fuel for Power Production	71,881	866	-	-	-	-	-	-	72,747
12	Chemicals	-	-	-	-	-	-	-	-	-
13	Repairs and Maintenance	792	-	-	-	-	-	-	-	792
14	Office Supplies and Expense	16,163	446	-	-	-	-	-	-	16,609
15	Outside Services	12,023	-	-	-	-	-	-	-	12,023
16	Outside Services - Other	158,038	-	-	-	-	-	-	-	158,038
17	Outside Services - Legal	-	-	-	-	-	-	-	-	-
18	Water Testing	8,008	-	-	-	-	-	-	-	8,008
19	Rents	-	-	-	-	-	-	-	-	-
20	Transportation Expenses	21,805	-	-	-	-	-	-	-	21,805
21	Insurance - General Liability	6,491	-	-	-	-	-	-	-	6,491
22	Insurance - Health and Life	-	-	-	-	-	-	-	-	-
23	Regulatory Commission Expense	-	-	-	-	-	-	-	-	-
24	Regulatory Commission Expense - Rate Case	14,873	-	-	(1,434)	-	-	-	-	13,439
25	Miscellaneous Expense	5	-	-	-	-	-	-	473	478
26	Bad Debt Expense	-	-	-	-	-	-	-	-	-
27	Depreciation Expense	49,729	-	-	(12,274)	-	-	-	-	37,455
28	Amortization of CIAC	-	-	-	-	-	-	-	-	-
29	Taxes Other than Income	-	-	-	-	-	-	-	-	-
30	Property Taxes	14,446	-	-	-	-	(751)	-	-	13,695
31	Income Taxes	(55,158)	-	-	-	-	-	36,734	-	(18,424)
32	Intentionally Left Blank	-	-	-	-	-	-	-	-	-
33	Intentionally Left Blank	-	-	-	-	-	-	-	-	-
34	<b>Total Operating Expenses</b>	<b>\$ 319,096</b>	<b>\$ 1,312</b>	<b>\$ -</b>	<b>\$ (1,434)</b>	<b>\$ (12,274)</b>	<b>\$ (751)</b>	<b>\$ 36,734</b>	<b>\$ 473</b>	<b>\$ 343,156</b>
35	<b>Operating Income (Loss)</b>	<b>\$ (35,013)</b>	<b>\$ (1,312)</b>	<b>\$ -</b>	<b>\$ 1,434</b>	<b>\$ 12,274</b>	<b>\$ 751</b>	<b>\$ (36,734)</b>	<b>\$ (473)</b>	<b>\$ (59,073)</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-11

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	\$ 258,885	\$ -	\$ 258,885	12.50%	\$ 32,361
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	\$ 724,367	\$ 207,389	\$ 516,978		\$ 39,313
33							
34		Composite Depreciation Rate (Depr Exp / Depreciable Plant):	7.60%				
35		CIAC:	\$ 22,883				
36		Amortization of CIAC (Line 32 x Line 33):	\$ 1,740				
37							
38		Depreciation Expense Before Amortization of CIAC:	\$ 39,313				
39		Less Amortization of CIAC: <sup>1</sup>	\$ 1,858				
40		<b>Test Year Depreciation Expense - Staff:</b>	<b>\$ 37,455</b>				
41		Depreciation Expense - Company:	\$ 49,729				
42		<b>Staff's Total Adjustment:</b>	<b>\$ (12,274)</b>				

<sup>1</sup> Also includes \$353 Amortized Net CIAC over three years

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	[C] STAFF W/SURCHARGE
1	Staff Adjusted Test Year Revenues	\$ 284,083	\$ 284,083	\$ 284,083
2	Weight Factor	<u>2</u>	<u>2</u>	<u>2</u>
3	Subtotal (Line 1 * Line 2)	568,166	\$ 568,166	\$ 568,166
4	Staff Recommended Revenue, Per Schedule JMM-1	284,083	\$ 396,651	\$ 650,852
5	Subtotal (Line 4 + Line 5)	852,249	964,817	1,219,018
6	Number of Years	3	3	3
7	Three Year Average (Line 5 / Line 6)	284,083	\$ 321,606	\$ 406,339
8	Department of Revenue Multiplier	2	2	2
9	Revenue Base Value (Line 7 * Line 8)	568,166	\$ 643,211	\$ 812,679
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	\$ 643,211	\$ 812,679
13	Assessment Ratio	20.5%	20.5%	20.5%
14	Assessment Value (Line 12 * Line 13)	116,474	\$ 131,858	\$ 166,599
15	Composite Property Tax Rate (Per Company Schedule)	<u>11.7583%</u>	<u>11.7583%</u>	<u>11.7583%</u>
16				
17	Staff Test Year Adjusted Property Tax (Line 14 * Line 15)	\$ 13,695		
18	Company Proposed Property Tax	<u>14,446</u>		
19				
20	Staff Test Year Adjustment (Line 17-Line 18)	<u>\$ (751)</u>		
21	Property Tax - Staff Recommended Revenue (Line 14 * Line 15)		\$ 15,504	\$ 19,589
22	Staff Test Year Adjusted Property Tax Expense (Line 17)		\$ 13,695	\$ 15,504
23	Increase in Property Tax Expense Due to Increase in Revenue Requirement		<u>\$ 1,809</u>	<u>\$ 4,085</u>
24				
25	Increase to Property Tax Expense		\$ 1,809	
26	Increase in Revenue Requirement		112,568	
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.  
Docket Nos. W-02327A-10-0171, W-01906A-10-0171, and W-02031A-10-0171  
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)	\$ 36,734	\$ (18,424)

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	\$ 473	\$ 478

Staff's Calculation

Customer Deposits	7,964
Interest Expense	6%
Customer Deposit Interest	<u>477.84</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

Antelope Run Water Company, East Slope Water Company, and Indiana 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-19

Line No.	Without Surcharge	With Surcharge
<b>1 Cash Inflows</b>		
2 Revenue - Base Rates	\$ 396,651	\$ 396,651
3 Surcharge - Principle, Interest and Taxes		\$ 254,201
4 Total Revenue	<u>\$ 396,651</u>	<u>\$ 650,852</u>
<b>Cash Outflows</b>		
5 Salaries and Wages	\$ -	\$ -
6 Purchased Water	\$ -	\$ -
7 Purchased Power	\$ 72,747	\$ 72,747
8 Fuel for Power Production	\$ -	\$ -
9 Chemicals	\$ 792	\$ 792
10 Repairs and Maintenance	\$ 16,609	\$ 16,609
11 Office Supplies and Expense	\$ 12,023	\$ 12,023
12 Outside Services	\$ 158,038	\$ 158,038
13 Outside Services - Other	\$ -	\$ -
14 Outside Services - Legal	\$ -	\$ -
15 Water Testing	\$ 8,008	\$ 8,008
16 Rents	\$ -	\$ -
17 Transportation Expenses	\$ 21,805	\$ 21,805
18 Insurance - General Liability	\$ 6,491	\$ 6,491
19 Insurance - Health and Life	\$ -	\$ -
20 Regulatory Commission Expense	\$ -	\$ -
21 Regulatory Commission Expense - Rate Case	\$ 13,439	\$ 13,439
22 General and Administrative	\$ 478	\$ 478
23 Bad Debt Expense	\$ -	\$ -
24 Depreciation Expense	\$ 37,455	\$ 37,455
25 Amortization of CIAC	\$ -	\$ -
26 Taxes Other than Income	\$ -	\$ -
27 Property Taxes	\$ 15,504	\$ 19,589
28 Income Taxes	\$ 6,959	\$ 62,813
29 Total Expenses	<u>\$ 370,348</u>	<u>\$ 430,286</u>
30 Operating Income	\$ 26,303	\$ 220,566
31 Plus Depreciation Expense	\$ 37,455	\$ 37,455
32 Less AIAC refunded over 10 years	\$ 1,924	\$ 1,924
33 Less: WIFA Loan Payment Interest	\$ -	\$ 99,421
34 Less: WIFA Loan Payment Principle	\$ -	\$ 94,841
35 Cash Flow from Operations before WIFA Reserve	<u>\$ 61,834</u>	<u>\$ 61,835</u>
36 WIFA Reserve (20% of Principal and Interest)		\$ 38,852
37 Cash Flow from Operations after WIFA Reserve		<u>\$ 22,982</u>
38 Operating Income	\$ 26,303	\$ 220,566
39 Less: WIFA Loan Payment Interest	\$ -	\$ 99,421
40 Net Income	<u>\$ 26,303</u>	<u>\$ 121,145</u>
41 Rate of Return on Rate Base	10.00%	83.84%
42 Operating Margin	6.63%	33.89%

**FINANCIAL ANALYSIS**

	[A]	[B]
	<u>12/31/2009</u>	<u>Pro forma Includes Surcharge</u>
1 Operating Income	\$26,303	\$220,566
2 Depreciation & Amort.	37,455	37,455
3 Income Tax Expense	6,959	62,813
4		
5 Interest Expense	0	99,421
6 Repayment of Principal	0	94,841
7		
8 <b>TIER</b>		
9 [1+3] + [5]	NM	2.85
10		
11 <b>DSC</b>		
12 [1+2+3] + [5+6]	NM	1.65
13		
14		

**CALCULATION OF INFRASTRUCTURE SURCHARGE AMOUNT**

**Surcharge Inclusive of AWWA Meter Multiplier**

Loan Amount \$ 2,748,504

Total Yearly Surcharge  
 Principal & Interest - 20-year WIFA Loan and a 3.675% Interest Rate. \$ 194,262  
 Incremental Income and Property Taxes on Surcharge \$ 59,938  
 Total Yearly Surcharge \$ 254,200

Total Equivalent Annual Bills (1,044 customers x 12 months) 13,590

5/8"x 3/4" Meter Surcharge Amount	(\$254,201 / 13,590)	\$	18.70
3/4" Meter Surcharge Amount	(\$254,201 / 13,590) * 1.5	\$	28.06
1" Meter Surcharge Amount	(\$254,201 / 13,590) * 2.5	\$	46.76
1 1/2" Meter Surcharge Amount	(\$254,201 / 13,590) * 5	\$	93.52
2" Meter Surcharge Amount	(\$254,201 / 13,590) * 8	\$	149.64
3." Meter Surcharge Amount	(\$254,201 / 13,590) * 16	\$	299.28
4" Meter Surcharge Amount	(\$254,201 / 13,590) * 25	\$	467.62
6" Meter Surcharge Amount	(\$254,201 / 13,590) * 50	\$	935.25

Meter Size	Number of Customers <sup>1</sup>	Meter Multiplier	Equivalent Customers	Equivalent No. of Bills	Monthly Surcharge	Yearly Surcharge	Total Amount
5/8" x 3/4" Meter	1,011	1	1,011	12,132	\$ 18.70	\$ 224.46	\$ 226,928
3/4" Meter	-	1.5	-	-	28.06	336.69	\$ -
1" Meter	19	2.5	48	570	46.76	561.15	\$ 10,662
1 1/2" Meter	10	5	50	600	93.52	1,122.30	\$ 11,223
2" Meter	3	8	24	288	149.64	1,795.67	\$ 5,387
3" Meter	-	16	-	-	299.28	3,591.34	\$ -
4" Meter	-	25	-	-	467.62	5,611.48	\$ -
6" Meter	-	50	-	-	935.25	11,222.95	\$ -
<b>TOTAL</b>	<b>1,043</b>		<b>1,133</b>	<b>13,590</b>			<b>\$ 254,200</b>

<sup>1</sup> As of Test Year.

Rate Design

Monthly Usage Charge	Present	Company Proposed Rates	Staff Recommended Rates
<b>Meter Size (All Classes):</b>			
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
<b>Commodity Charge - Per 1,000 Gallons</b>			
<b>5/8" x 3/4" Meter (Residential)</b>			
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	3.1700
<b>3/4" Meter (Residential)</b>			
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	3.1700
<b>5/8" x 3/4" Meter (Commercial/Irrigation)</b>			
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	3.1700
<b>3/4" Meter (Commercial/Irrigation)</b>			
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	3.1700
<b>1" Meter (All Sizes)</b>			
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	3.1700
<b>1.5" Meter (All Sizes)</b>			
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	3.1700
<b>2" Meter (All Sizes)</b>			
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	3.1700

Rate Design

<b>3" Meter (All Sizes)</b>			
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	3.1700
<b>4" Meter (All Sizes)</b>			
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	3.1700
<b>6" Meter (All Sizes)</b>			
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	3.1700
<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.			
**** 2% of monthly minimum for a comparable sized meter connection, but no less than \$10.00 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	\$ 32.58	\$ 9.24	39.59%
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%	29.92	32.98%
12,000	23.50	63.84	171.66%	33.09	40.81%
13,000	24.50	70.26	186.78%	36.26	48.00%
14,000	25.50	76.68	200.71%	39.43	54.63%
15,000	26.50	83.10	213.58%	42.60	60.75%
16,000	27.50	89.52	225.53%	45.77	66.44%
17,000	28.50	95.94	236.63%	48.94	71.72%
18,000	29.50	102.36	246.98%	52.11	76.64%
19,000	30.50	108.78	256.66%	55.28	81.25%
20,000	31.50	115.20	265.71%	58.45	85.56%
25,000	36.50	147.30	303.56%	74.30	103.56%
30,000	41.50	179.40	332.29%	90.15	117.23%
35,000	46.50	211.50	354.84%	106.00	127.96%
40,000	51.50	243.60	373.01%	121.85	136.60%
45,000	56.50	275.70	387.96%	137.70	143.72%
50,000	61.50	307.80	400.49%	153.55	149.67%
75,000	86.50	468.30	441.39%	232.80	169.13%
100,000	111.50	628.80	463.95%	312.05	179.87%

**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%	29.92	22.67%
12,000	26.10	63.84	144.60%	33.09	26.78%
13,000	27.81	70.26	152.64%	36.26	30.38%
14,000	29.52	76.68	159.76%	39.43	33.57%
15,000	31.23	83.10	166.09%	42.60	36.41%
16,000	32.94	89.52	171.77%	45.77	38.95%
17,000	34.65	95.94	176.88%	48.94	41.24%
18,000	36.36	102.36	181.52%	52.11	43.32%
19,000	38.07	108.78	185.74%	55.28	45.21%
20,000	39.78	115.20	189.59%	58.45	46.93%
25,000	48.33	147.30	204.78%	74.30	53.73%
30,000	56.88	179.40	215.40%	90.15	58.49%
35,000	65.43	211.50	223.25%	106.00	62.01%
40,000	73.98	243.60	229.28%	121.85	64.71%
45,000	82.53	275.70	234.06%	137.70	66.85%
50,000	91.08	307.80	237.94%	153.55	68.59%
75,000	133.83	468.30	249.92%	232.80	73.95%
100,000	176.58	628.80	256.10%	312.05	76.72%

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	Company Proposed		%	Staff Recommended	
	Present	Proposed		Recommended	%
	3/4"			3/4"	
	Minimum Charge \$ 15.00	Minimum Charge \$ 20.14		Minimum Charge \$ 12.00	
	1st Tier Rate -	1st Tier Rate 1.9800		1st Tier Rate 0.9500	
	1st Tier Breakover 1,000	1st Tier Breakover 3,000		1st Tier Breakover 3,000	
	2nd Tier Rate 3.5000	2nd Tier Rate 3.5600		2nd Tier Rate 1.7000	
	2nd Tier Breakover 10,000	2nd Tier Breakover 10,000		2nd Tier Breakover 10,000	
	3rd Tier Rate 3.5000	3rd Tier Rate 6.4200		3rd Tier Rate 3.1700	
Consumption	Rates	Rates	Increase	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%	29.92	-40.16%
12,000	53.50	63.84	19.33%	33.09	-38.15%
13,000	57.00	70.26	23.26%	36.26	-36.39%
14,000	60.50	76.68	26.74%	39.43	-34.83%
15,000	64.00	83.10	29.84%	42.60	-33.44%
16,000	67.50	89.52	32.62%	45.77	-32.19%
17,000	71.00	95.94	35.13%	48.94	-31.07%
18,000	74.50	102.36	37.40%	52.11	-30.05%
19,000	78.00	108.78	39.46%	55.28	-29.13%
20,000	81.50	115.20	41.35%	58.45	-28.28%
25,000	99.00	147.30	48.79%	74.30	-24.95%
30,000	116.50	179.40	53.99%	90.15	-22.62%
35,000	134.00	211.50	57.84%	106.00	-20.90%
40,000	151.50	243.60	60.79%	121.85	-19.57%
45,000	169.00	275.70	63.14%	137.70	-18.52%
50,000	186.50	307.80	65.04%	153.55	-17.67%
75,000	274.00	468.30	70.91%	232.80	-15.04%
100,000	361.50	628.80	73.94%	312.05	-13.68%

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	\$ 51.29	\$ 27.95	119.76%
Median Usage	6,900	18.40	40.19	\$ 21.79	118.42%

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%	\$ 30.71	167.04%
1,000	12.50	22.12	76.96%	31.66	153.28%
2,000	13.50	24.10	78.52%	32.61	141.56%
3,000	14.50	26.08	79.86%	33.56	131.45%
4,000	15.50	29.64	91.23%	35.26	127.48%
5,000	16.50	33.20	101.21%	36.96	124.00%
6,000	17.50	36.76	110.06%	38.66	120.91%
7,000	18.50	40.32	117.95%	40.36	118.16%
8,000	19.50	43.88	125.03%	42.06	115.69%
9,000	20.50	47.44	131.41%	43.76	113.46%
10,000	21.50	51.00	137.21%	45.46	111.44%
11,000	22.50	57.42	155.20%	48.63	116.13%
12,000	23.50	63.84	171.66%	51.80	120.43%
13,000	24.50	70.26	186.78%	54.97	124.37%
14,000	25.50	76.68	200.71%	58.14	128.00%
15,000	26.50	83.10	213.58%	61.31	131.36%
16,000	27.50	89.52	225.53%	64.48	134.47%
17,000	28.50	95.94	236.63%	67.65	137.37%
18,000	29.50	102.36	246.98%	70.82	140.07%
19,000	30.50	108.78	256.66%	73.99	142.59%
20,000	31.50	115.20	265.71%	77.16	144.95%
25,000	36.50	147.30	303.56%	93.01	154.82%
30,000	41.50	179.40	332.29%	108.86	162.31%
35,000	46.50	211.50	354.84%	124.71	168.19%
40,000	51.50	243.60	373.01%	140.56	172.93%
45,000	56.50	275.70	387.96%	156.41	176.83%
50,000	61.50	307.80	400.49%	172.26	180.10%
75,000	86.50	468.30	441.39%	251.51	190.76%
100,000	111.50	628.80	463.95%	330.76	196.65%

**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	\$ 43.99	\$ 22.79	107.47%
Median Usage	5,330	14.69	37.52	\$ 22.83	155.34%

**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%	\$ 30.71	241.22%
1,000	9.00	22.12	145.78%	31.66	251.78%
2,000	9.00	24.10	167.78%	32.61	262.33%
3,000	10.71	26.08	143.51%	33.56	213.35%
4,000	12.42	29.64	138.65%	35.26	183.90%
5,000	14.13	33.20	134.96%	36.96	161.57%
6,000	15.84	36.76	132.07%	38.66	144.07%
7,000	17.55	40.32	129.74%	40.36	129.97%
8,000	19.26	43.88	127.83%	42.06	118.38%
9,000	20.97	47.44	126.23%	43.76	108.68%
10,000	22.68	51.00	124.87%	45.46	100.44%
11,000	24.39	57.42	135.42%	48.63	99.38%
12,000	26.10	63.84	144.60%	51.80	98.47%
13,000	27.81	70.26	152.64%	54.97	97.66%
14,000	29.52	76.68	159.76%	58.14	96.95%
15,000	31.23	83.10	166.09%	61.31	96.32%
16,000	32.94	89.52	171.77%	64.48	95.75%
17,000	34.65	95.94	176.88%	67.65	95.24%
18,000	36.36	102.36	181.52%	70.82	94.77%
19,000	38.07	108.78	185.74%	73.99	94.35%
20,000	39.78	115.20	189.59%	77.16	93.97%
25,000	48.33	147.30	204.78%	93.01	92.45%
30,000	56.88	179.40	215.40%	108.86	91.39%
35,000	65.43	211.50	223.25%	124.71	90.60%
40,000	73.98	243.60	229.28%	140.56	90.00%
45,000	82.53	275.70	234.06%	156.41	89.52%
50,000	91.08	307.80	237.94%	172.26	89.13%
75,000	133.83	468.30	249.92%	251.51	87.93%
100,000	176.58	628.80	256.10%	330.76	87.31%

**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	\$ 43.30	\$ 1.24	2.96%
Median Usage	5,260	29.91	37.40	\$ 7.49	25.05%

**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%	\$ 30.71	104.73%
1,000	15.00	22.12	47.47%	31.66	111.07%
2,000	18.50	24.10	30.27%	32.61	76.27%
3,000	22.00	26.08	18.55%	33.56	52.55%
4,000	25.50	29.64	16.24%	35.26	38.27%
5,000	29.00	33.20	14.48%	36.96	27.45%
6,000	32.50	36.76	13.11%	38.66	18.95%
7,000	36.00	40.32	12.00%	40.36	12.11%
8,000	39.50	43.88	11.09%	42.06	6.48%
9,000	43.00	47.44	10.33%	43.76	1.77%
10,000	46.50	51.00	9.68%	45.46	-2.24%
11,000	50.00	57.42	14.84%	48.63	-2.74%
12,000	53.50	63.84	19.33%	51.80	-3.18%
13,000	57.00	70.26	23.26%	54.97	-3.56%
14,000	60.50	76.68	26.74%	58.14	-3.90%
15,000	64.00	83.10	29.84%	61.31	-4.20%
16,000	67.50	89.52	32.62%	64.48	-4.47%
17,000	71.00	95.94	35.13%	67.65	-4.72%
18,000	74.50	102.36	37.40%	70.82	-4.94%
19,000	78.00	108.78	39.46%	73.99	-5.14%
20,000	81.50	115.20	41.35%	77.16	-5.33%
25,000	99.00	147.30	48.79%	93.01	-6.05%
30,000	116.50	179.40	53.99%	108.86	-6.56%
35,000	134.00	211.50	57.84%	124.71	-6.93%
40,000	151.50	243.60	60.79%	140.56	-7.22%
45,000	169.00	275.70	63.14%	156.41	-7.45%
50,000	186.50	307.80	65.04%	172.26	-7.64%
75,000	274.00	468.30	70.91%	251.51	-8.21%
100,000	361.50	628.80	73.94%	330.76	-8.50%