

ORIGINAL

CEDAR GROVE WATER, INC.

PHONE - (928) 537-8739 FAX - (928) 537-1245 E-MAIL - water

PO BOX 1270 SHOW LOW, AZ 85902 Arizona Corporation Commission



0000130845

RECEIVED

DOCKETED

1

2011 NOV -1 A 9:56

NOV 1 2011

October 29, 2011

AZ CORP COMMISSION  
DOCKET CONTROL

DOCKETED BY

RE: REPONSE TO STAFF REPORT FOR CEDAR GROVE WATER, INC.'S APPLICATION FOR A PERMANENT RATE INCREASE (DOCKET NO. W-20541A-11-0199)

Dear Arizona Corporation Commission Staff,

Cedar Grove Water, Inc. appreciates Staff's efforts in attempting to determine rates that are equitable to the customer and Company. Having reviewed the Staff Report pertaining to aforementioned Docket Number, Cedar Grove Water, Inc. has compiled this response in an effort to clearly communicate the expenses that need to be included to ensure the financial health of Cedar Grove Water, Inc. Cedar Grove Water, Inc. believes the financial health of a water utility translates directly into customer benefits. The following narrative and schedules are designed to further complement the original rate application filed by Cedar Grove Water, Inc.

Cedar Grove Water, Inc.'s understanding is that Account 408, Taxes Other Than Income, is an expense that needs to be passed through to the customer. In the original rate application, Cedar Grove Water, Inc. included Account 408 in the Revenues line item and subsequently deducted such as an expense to the Company. Staff removed the amount in Account 408 from the expense section of the Income Statement; however, neglected to remove the same amount from the Revenues line item. The amount of \$10,694 must either be added back into the expense section or removed from the revenues section.

Staff left Account 601, Salaries and Wages, at \$91,445. Although this is the amount that Cedar Grove Water, Inc. paid during the Test Year, Cedar Grove Water, Inc. would like to refer to the Excel Spreadsheet identifying the amount of Salaries and Wages that should have been paid. Supporting documentation included as Exhibit A demonstrates that employees of Cedar Grove Water, Inc. are not receiving compensation consistent with the industry standard. Attached documentation shows that competitive salaries and wages for the positions filled at Cedar Grove Water, Inc. are as follows: Office Personnel, \$49,809 - \$57,778; Water Plant Operator - \$37,440 - \$49,920; Vice President of Operations - \$71,520; President - \$99,240. Using these averages, the total amount of salaries and wages would be \$278,458 plus an approximate 16% that Cedar Grove Water, Inc. pays in taxes; thus, the total becomes \$323,011. The portion payable by Cedar Grove Water, Inc. would be \$164,736 (this is \$4,874 more than the proposed salaries and wages included in the rate application). Please note that the documentation submitted with regard to salaries and wages is not a comprehensive compensation package; the numbers presented do not include any benefits such as insurance, retirement, vacation, sick leave, etc. Cedar Grove Water, Inc. is in danger of losing competent, conscientious and trained employees because the compensation package offered is insufficient to compete with other employment opportunities. Cedar Grove Water, Inc. understands the money was not actually expended in the Test Year; however, also understands that a Company is not capable of spending money that is not available and incurring debt to pay expenses is not sustainable. Although Cedar Grove Water, Inc. would greatly appreciate Staff's consideration pertaining to Salaries and Wages, Cedar Grove Water, Inc. realizes the Arizona

Corporation Commission's desire to use costs incurred in reviewing a rate application; therefore, a salaries and wages increase was not used in Cedar Grove Water, Inc.'s response.

Account 615, Purchased Power, has become an area of concern for Cedar Grove Water, Inc. Navopache Electric Cooperative, the power supplier for Cedar Grove Water, Inc., is in the process of receiving a rate increase from the Arizona Corporation Commission. Information provided by Navopache Electric Cooperative indicates that the proposed increase applicable to Cedar Grove Water Inc. will be approximately 34.7%. This will increase Cedar Grove Water, Inc.'s purchased power expense from \$15,803 to \$21,289; an increase of \$5,486. The Net Income proposed by Staff does not allow for a contingency of this magnitude.

Repairs and Maintenance, Account 620, was decreased in accordance with documentation submitted by Cedar Grove Water, Inc. However, Cedar Grove Water, Inc. paid \$3,166 and \$2,010 for installation of meters and services respectively. Neither of these expenses was included in the expense section of the Income Statement. The total expense of \$5,176 is a direct expense to the Company and Cedar Grove Water, Inc. believes should be considered in the rate application as such.

Outside Services, Account 630, is accurate as of the Test Year; however, Cedar Grove Water, Inc. received notice that Outside Services expense has increased \$128 per month, or \$1,536 annually. The Net Income proposed by Staff does not appear to have taken into consideration the possibility of contingency expenses such as this.

Regulatory Commission Expense – Rate Case, Account 666, was calculated using a total rate case expense amount of \$15,625 amortized over the five year span since the last rate case; thus, resulting in \$3,125 per year. Cedar Grove Water, Inc. has researched options available for performing a rate case and is well aware of the expense associated therewith. Cedar Grove Water, Inc. collected information indicating that a rate case can exceed \$5,000 per each year that has elapsed since the previous rate case. Cedar Grove Water, Inc. believes that \$3,125 per year, or \$15,625 total, is a fair and equitable expense for the rate application currently being reviewed and encourages Staff to allow an accurate representation and use the amount originally submitted.

Long Term Notes and Bonds, Account 224, is not included anywhere on the Income and Expense Statement. Cedar Grove Water, Inc. has a loan from WIFA that costs \$9,705 annually. Staff calculated the interest expense at \$1,164 and included this amount in the Income and Expense Statement. According to the amortization schedule submitted in the original application, interest expense associated with the WIFA loan for the Test Year was \$1,699. Additionally, the remainder of the \$9,705 is not included as an expense to Cedar Grove Water, Inc. The WIFA note is a direct expense to Cedar Grove Water, Inc. and the entire \$9,705 must be included in the Income and Expense Statement to accurately forecast Net Income/ (Loss). Furthermore, the Arizona Corporation Commission approved the finance application requesting the assumption of debt from WIFA; the rate application associated therewith was approved under decision number 63673. The loan documents from WIFA state that Cedar Grove Water, Inc. is required to maintain a Debt Service Coverage Ratio of 1.2. In order to comply with WIFA's stipulations, Cedar Grove Water, Inc. requires a minimum \$11,646 Net Income. This was

calculated using the Debt Service Coverage Ratio calculation of, Debt Service Coverage Ratio = Operating Income / Annual Payment. The calculation proceeds as follows:  $1.2 = 11,646 / 9,705$ . Attached as Exhibit B is an amortization schedule for the WIFA loan.

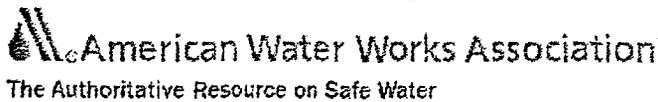
Cedar Grove Water, Inc. recognizes that a Company should operate with an operating margin of 15%. The operating margin allows for the coverage of contingencies (two examples presented herein being a rate increase from the purchased power provider and from an outside services provider). Water utilities are high capital expense companies and extensive repairs often cost several thousand dollars; for example, pump replacement, line replacement, tank replacement, etc. Having an operating margin of 15% provides financial stability to the Company which benefits customers by allowing Facilities and appurtenances to receive repairs, maintenance and replacement when needed.

Cedar Grove Water, Inc. recognizes the Arizona Corporation Commission's reasoning for requiring the implementation of BMP's. The implementation of BMP's will require additional resources such as travel, time, office supplies, plant replacement, enforcement and initial set-up fees for proper recordation of the BMP's. Cedar Grove Water, Inc. would like to see Staff's estimated cost of implementing and maintaining the BMP's and where the additional expense will be included in the expenses of the Company.

Attached as Exhibit C is a spreadsheet identifying Cedar Grove Water, Inc.'s adjustments to Staff's recommendations.

The recommended revenues were calculated by using expenses of \$187,211 and determining that the WIFA Debt Service Reserve Ratio of 1.2 will require an approximate 6% increase above and beyond expenses,  $11,646/187,211 = .06$ . Adding a 15% operating margin to the 6% DSR, Cedar Grove Water, Inc. added 21% to the Test Year expense of 187,211 to arrive at a recommended revenue amount,  $187,211(1.21) = 226,525$ . The increase of \$57,509 over current revenues results in an anticipated increase of approximately 34%,  $57,509 / 169,016 = .34$  and  $169,016 (1.34) = 226,481$ . A 34% increase is far below the percent increase Cedar Grove Water, Inc. believes necessary for the benefit of the customer and Company; however, is aware of the Arizona Corporation Commission's desire to avoid "rate shock" and is willing to consent to a minimum 34% increase in rates at this time. As further evidence of the reasonableness of Cedar Grove Water, Inc.'s response to the Staff Report, the Net Income of \$37,198 shown on the attached spreadsheet can be analyzed in the following manner: \$37,198 minus the WIFA Debt Service Reserve amount of \$11,646 leaves \$25,552; minus a possible increase of purchased power rates that will increase this expense by approximately \$5,486 leaves \$20,066; minus outside services increase of \$1,536 leaves \$18,530. When considering that the Cedar Grove Water, Inc. System contains five wells, four tanks, multiple booster pumps and miles of distribution lines and services, the remaining \$18,530 is a minimal reserve for increases in other expenses, repairs, maintenance and failures that could occur. Additionally, the cost of implementing and maintaining the Arizona Corporation Commission's BMP's will have to be removed from this amount as well. The final question to consider is if Cedar Grove Water, Inc. will have sufficient cash flow to perform as a viable Company. Cedar Grove Water, Inc.'s response includes concessions and provides the minimum increase that is necessary at this time.

EXHIBIT A



CareerCenter

**WATER CAREER RESOURCES**

**Job Descriptions & Salaries**

**For Water Utility Professionals**

**Top Executive**

Under general direction of the city, managing Board of Directors, mayor, or Board of Water Commissioners, responsibilities include managing, planning, coordinating, and administering all activities of the Water Department and/or water company. Responsible for the short and long range strategy of the organization subject to review by the Board.  
Median Salary: \$94,179

**Top Planning Executive**

Responsible for functions relating to raw water development planning, protection and operation; hydraulic system planning; demographics, land use and plan review; and capital program development, both long and short range.  
Median Salary: \$92,785

**Top Operations & Maintenance Executive**

Directs and administers Operations/ Maintenance Division functions of Source and Supply, Water Treatment, Water Quality, Water Control, Transmission and Distribution, Maintenance and Process Control.  
Median Salary: \$83,317

**Top Engineering Executive**

Responsible for administering all engineering/construction programs, including special projects and the design and construction of Departmental facilities.  
Median Salary: \$88,780

**Top Internal Audit Executive**

Responsible for the internal audit function, including the analysis and auditing of divisional and sectional operations.  
Median Salary: \$90,483

**Top Public Affairs Executive**

Responsible for public affairs including: media relations; conservation; intergovernmental relations; environmental coordination; and community affairs. Reviews, analyzes, and

recommends Board policy.  
Median Salary: \$80,146

**Top Finance Executive**

Responsible for management of the Department's financial resources, including acting as the dispersing authority for the Top Executive. Directs and manages the Accounting, Treasury and Budget Operations, Rate Administration, Contract and Information Services Sections.  
Median Salary: \$84,278

**Top Administration Executive**

Under general direction of the Top Executive and is responsible for all administrative functions, including Human Resources, the Affirmative Action Program, Customer Services, General Services, Administrative Services, and Property Administration.  
Median Salary: \$79,683

**Top Legal Executive**

Responsible for providing legal advice to the Board and Top Executive on all matters submitted and rendering opinions on their legal implications. Manages a staff that is skilled in legal research, litigation, legal counseling, and contract and property matters.  
Median Salary: \$106,675

**Top Human Resources Executive**

Responsible for the formulation, administration, and direction for all human resources programs including: recruitment, selection and employment, compensation, benefits, training, and employee relations.  
Median Salary: \$75,012

**Conservation Manager**

Designs, directs, administers, and ensures operation of the Department's Conservation Program. Serves as the Department's representative on all local, state, and federal conservation organizations.  
Median Salary: \$56,930

**Information Services Manager**

Responsible for all Information Services activities including: equipment selection, systems analysis, and programming and operations. Provides liaison with authorized users of information processing services, and develops techniques and methods for improving Departmental activities.  
Median Salary: \$75,451

**Water Resource Planning Manager**

Responsible for the analysis, implementation, internal coordination, and direction necessary for development of present and future raw water resources, including hydropower, and for the protection of water rights associated with these

water resources.

Median Salary: \$81,359

**Water Operations Manager**

Responsible for the operation of the water distribution system and control of the flow of filtered water into and throughout the system; plans and supervises the operation of all pumping stations and distribution reservoirs; supervises leak detection activities and 24-hour service department.

Median Salary: \$61,373

**Water Maintenance Manager**

Responsible for the construction and maintenance of the finished water distribution system and related facilities.

Median Salary: \$57,048

**Fleet/Building Maintenance Manager**

Plans, manages, directs, and supervises the operation and maintenance activities of the various skilled craft shops in the Section, and maintains the transportation fleet, and building and grounds maintenance functions.

Median Salary: \$60,786

**Procurement Manager**

Responsible for planning, managing, coordinating, and administering the Purchasing functions.

Median Salary: \$59,476

**General Services Manager**

Responsible for planning, managing, coordinating, and administering the General Services functions of records and control, warehousing and purchasing.

Median Salary: \$67,737

**Environmental Manager**

Plans, directs, supervises, and evaluates the effectiveness of environmental programs. Analyzes data to develop recommendations for compliance with environmental legislation and to minimize negative impact of Departmental operations on the environment. Reviews environmental research representing the Department to governmental, public, and environmental groups.

Median Salary: \$69,933

**Office/Administrative Services Manager**

Responsible for direction of the functions of graphics and reproduction, records and facility mapping, mail and messenger services, switchboard and other general office functions.

Median Salary: \$45,459

**Customer Service Manager**

Responsible for the customer services, water sales and

collections functions. Ensures the maintenance of customer relations at an effective level, while handling customer inquiries and problems related to billing, meter reading, service contracts, revenue collection, and inspection.

Median Salary: \$49,809

#### **Accounting Manager/Controller**

Responsible for planning, organizing, directing, and participating in all accounting functions.

Median Salary: \$62,210

#### **Community Affairs Manager**

Plans, develops, and administers a comprehensive public information program, including a variety of programs for the community, public, and Department work force.

Median Salary: \$61,931

#### **Associate Engineer**

Under direct supervision, performs a variety of routine professional level engineering work involving both office and field activities. Typically has a Bachelor's Degree in Engineering and 0-1 years of experience.

Median Salary: \$50,258

#### **Engineer**

Under supervision, performs a variety of complex and advanced professional level engineering work involving both office and field activities. Typically has a Bachelor's Degree in Engineering and 2-4 years of experience.

Median Salary: \$67,863

#### **Senior Engineer**

Under general supervision, performs a variety of complex advanced professional level engineering work involving both office and field activities. Supervises engineering activities and manages engineering projects.

Median Salary: \$76,443

#### **Water Quality/Laboratory Manager**

Responsible for the direction, administration, and operation of the water quality laboratory. Ensures quality and compliance with the requirements of state and federal regulatory agencies through the monitoring and testing of water introduced into the water system.

Median Salary: \$56,877

#### **SCADA Systems Manager**

Responsible for the operation of the SCADA system including the design, programming and maintenance of the process control system.

Median Salary: \$56,491

**Associate Programmer/Analyst**

Under direct supervision, performs programming assignments on less complex new systems and on minor revisions to existing systems. May have some user contact and perform limited systems analysis work. Typically has Bachelor's Degree in related field and 2-4 years of experience.

Median Salary: \$50,979

**Programmer/Analyst**

Under supervision, performs both systems analysis and programming activities on a variety of new and existing systems. Contacts users to determine needs and attempts to meet their needs through computer applications. Typically has Bachelor's Degree in related field and 2-4 years of experience.

Median Salary: \$56,390

**Senior Programmer/Analyst**

Under general supervision, performs system analysis and programming activities on most difficult systems and on major projects. May provide technical direction to less skilled Programmer/Analysts. Typically has Bachelor's Degree in related field and 5 or more years of experience.

Median Salary: \$68,723

**Associate Chemist**

Under direct supervision, performs chemical and physical analyses for the purpose of water quality assurance. Typically has Bachelor's Degree in Chemistry and 0-1 years experience.

Median Salary: \$35,751

**Chemist**

Under supervision, performs chemical and physical analyses for the purpose of water quality assurance. Typically has Bachelor's Degree in Chemistry and 2-4 years experience.

Median Salary: \$44,140

**Senior Chemist**

Under general supervision, performs chemical and physical analyses for the purpose of water quality assurance; develops and supports research and special projects. Typically has a Bachelor's Degree in Chemistry and 5 years experience.

Median Salary: \$51,889

**Associate Accountant**

Under direct supervision, applies general and cost accounting principles to work assignments in specialized fields. Prepares and analyses monthly statements, special reports and costs; develops rates for standard costs and overhead expense clearance. Typically has Bachelor's Degree in Accounting and 0-1 years experience.

Median Salary: \$39,242

**Accountant**

Under supervision, applies general and cost accounting principles to work assignments in specialized fields. Prepares and analyses monthly statements, special reports and costs; develops rates for standard cost and overhead expense clearance. Typically has Bachelor's Degree in Accounting and 2-4 years experience.

Median Salary: \$45,661

**Senior Accountant**

Under general supervision, is responsible for providing leadership and accomplishing the work of an accounting group. Performs technically difficult non-supervisory accounting work assisting in the development of appropriate policies and procedures. Typically has a Bachelor's Degree in Accounting and 5 years of experience.

Median Salary: \$53,911

**Water Treatment Plant Manager**

Responsible for all operations of a single water treatment plant, including staffing, training, directing operations, maintenance, and budgeting.

Median Salary: \$55,407

**Entry Level Water Treatment Plant Operator (Operator In Training)**

Under direct supervision, performs tasks related to the operation of a water treatment plant. Typically holds or is working on first-level water treatment certification.

Median Salary: \$33,775

**Water Treatment Plant Operator**

Operates and maintains a water treatment plant, including maintenance of equipment, quality control/testing, and day-to-day activities. Typically holds or is working towards an intermediate-level water treatment certification.

Median Salary: \$38,241

**Senior/Lead Water Treatment Plant Operator**

Operates and maintains a water treatment plant. Is fully qualified to perform most complex functions and may direct the work of other operators. Typically holds a high-level water treatment certification.

Median Salary: \$44,677

**Wastewater Treatment Plant Manager**

Responsible for all operations of a single wastewater treatment plant, including staffing, training, directing operations, maintenance, and budgeting.

Median Salary: \$54,570

**Entry Level Wastewater Treatment Plant Operator**





American Water Works  
Association

The Authoritative Resource on Safe Water®

6666 West Quincy Avenue  
Denver, CO 80235-3098  
T 303.794.7711  
F 303.794.7310  
www.awwa.org

## *Statement of Policy on Public Water Supply Matters*

### **Employee Compensation**

The American Water Works Association (AWWA) strongly recommends that governing boards and water utility managers establish fair and equitable compensation policies that reward the critical elements of protecting the public health and that are competitive with other industries, utilities, and professional services in their service area. It is recognized that public water services contribute directly and indirectly to the general health and economic well-being of the communities they serve and that implemented compensation programs and strategies should be designed to attract, reward, and retain highly qualified managerial, professional, technical, and operating personnel. Therefore, the Association urges the adoption of compensation policies and programs to attract and retain employees competent to manage and operate water systems in a manner that will assure safe and satisfactory water service to the consuming public.

Compensation consists not only of direct monetary remuneration for services rendered but also such benefits as medical and insurance coverage, holidays, vacations, educational assistance (including continuing education, skills enhancement, and certification), retirement, and leave for sickness, injuries, and military or jury duty. Benefits, as with salaries, should also be in accordance with general practices of other industries, utilities, and professional services in their service areas.

An equitable employee compensation program should include:

- equal compensation for work of equivalent responsibility;
- periodic review of the utility's compensation plan and compensation in related industries in both the public and private sector, with periodic compensatory adjustment to maintain a competitive salary base;
- special attention to current conditions and trends in employee benefits because benefits represent a significant portion of the total payroll;
- a method of recognizing employees for competent service;
- a method of recognizing employees who offer excellent service or obtain and utilize skills or certification beyond those required;

*Continued . . .*

---

Adopted by the Board of Directors Jan. 26, 1969, reaffirmed June 24, 1979, and revised June 10, 1984, Jan. 28, 1990, Jan. 30, 1994, Jan. 21, 2001 and June 12, 2005. .



American Water Works  
Association

The Authoritative Resource on Safe Water®

6666 West Quincy Avenue  
Denver, CO 80235-3098  
T 303.794.7711  
F 303.794.7310  
[www.awwa.org](http://www.awwa.org)

- employee retention plans, including succession planning that offers utility employees work opportunities and special assignments that develop the knowledge, skills, and abilities required in more responsible and/or promotional positions designed to maintain continuity and stability in water utility operations.
- regular review of position descriptions to ensure they reflect operational and technological changes that might impact compensable factors.

---

### ***Employee Compensation***

Adopted by the Board of Directors Jan. 26, 1969, reaffirmed June 24, 1979, and revised June 10, 1984, Jan. 28, 1990, Jan. 30, 1994, Jan. 21, 2001 and June 12, 2005.

**EXHIBIT B**

Print Date: 1/29/2008  
 Loan Amount: 120,000  
 Interest rate: 2.0750%  
 Administrative Fee: 3.0000%  
 Term: 19.5 Years

Arizona Water Infrastructure Finance Authority  
 State Revolving Fund Loan Repayment Schedule

Borrower: Cedar Grove Water Company  
 Loan Number: 920033-02

Date	Disbursement/ Repayment No.	Beginning Balance	Draw Amount	Construction Period Interest (CPI)		Annual Interest Accrued	Principal Paid/Due	DSR Paid/Due	Interest Paid/Due	Fees Paid/Due	Total Payment	Ending Balance
				Amount Accrued	Amt. Trans. to Principal							
7/1/2008	Repayment 77	82,209.89				159.45	418.79	0.00	159.45	230.52	808.76	91,791.10
8/1/2008	Repayment 78	91,791.10				158.72	420.56	0.00	158.72	229.48	808.76	91,370.54
9/1/2008	Repayment 79	91,370.54				157.99	422.34	0.00	157.99	228.43	808.76	90,948.20
10/1/2008	Repayment 80	90,948.20				157.26	424.13	0.00	157.26	227.37	808.76	90,524.07
11/1/2008	Repayment 81	90,524.07				156.53	425.92	0.00	156.53	226.31	808.76	90,098.15
12/1/2008	Repayment 82	90,098.15				155.79	427.72	0.00	155.79	225.25	808.76	89,670.43
1/1/2009	Repayment 83	89,670.43				155.06	429.52	0.00	155.06	224.18	808.76	89,240.91
2/1/2009	Repayment 84	89,240.91				154.31	431.35	0.00	154.31	223.10	808.76	88,809.56
3/1/2009	Repayment 85	88,809.56				153.57	433.17	0.00	153.57	222.02	808.76	88,376.39
4/1/2009	Repayment 86	88,376.39				152.82	435.00	0.00	152.82	220.94	808.76	87,941.39
5/1/2009	Repayment 87	87,941.39				152.07	436.84	0.00	152.07	219.85	808.76	87,504.55
6/1/2009	Repayment 88	87,504.55				151.31	438.69	0.00	151.31	218.76	808.76	87,065.86
7/1/2009	Repayment 89	87,065.86				150.55	440.55	0.00	150.55	217.66	808.76	86,625.31
8/1/2009	Repayment 90	86,625.31				149.79	442.41	0.00	149.79	216.56	808.76	86,182.90
9/1/2009	Repayment 91	86,182.90				149.02	444.28	0.00	149.02	215.46	808.76	85,738.62
10/1/2009	Repayment 92	85,738.62				148.26	446.15	0.00	148.26	214.35	808.76	85,292.47
11/1/2009	Repayment 93	85,292.47				147.48	448.05	0.00	147.48	213.23	808.76	84,844.42
12/1/2009	Repayment 94	84,844.42				146.71	449.94	0.00	146.71	212.11	808.76	84,394.48
1/1/2010	Repayment 95	84,394.48				145.93	451.84	0.00	145.93	210.99	808.76	83,942.64
2/1/2010	Repayment 96	83,942.64				145.15	453.75	0.00	145.15	209.86	808.76	83,488.89
3/1/2010	Repayment 97	83,488.89				144.37	455.67	0.00	144.37	208.72	808.76	83,033.22
4/1/2010	Repayment 98	83,033.22				143.58	457.60	0.00	143.58	207.58	808.76	82,575.62
5/1/2010	Repayment 99	82,575.62				142.79	459.53	0.00	142.79	206.44	808.76	82,116.09
6/1/2010	Repayment 100	82,116.09				141.99	461.48	0.00	141.99	205.29	808.76	81,654.61
7/1/2010	Repayment 101	81,654.61				141.19	463.43	0.00	141.19	204.14	808.76	81,191.18
8/1/2010	Repayment 102	81,191.18				140.39	465.39	0.00	140.39	202.98	808.76	80,725.79
9/1/2010	Repayment 103	80,725.79				139.59	467.36	0.00	139.59	201.81	808.76	80,258.43
10/1/2010	Repayment 104	80,258.43				138.78	469.33	0.00	138.78	200.65	808.76	79,788.10
11/1/2010	Repayment 105	79,788.10				137.97	471.32	0.00	137.97	199.47	808.76	79,317.78
12/1/2010	Repayment 106	79,317.78				137.15	473.32	0.00	137.15	198.29	808.76	78,844.46
1/1/2011	Repayment 107	78,844.46				136.34	475.31	0.00	136.34	197.11	808.76	78,368.15
2/1/2011	Repayment 108	78,368.15				135.51	477.33	0.00	135.51	195.92	808.76	77,891.82
3/1/2011	Repayment 109	77,891.82				134.69	479.34	0.00	134.69	194.73	808.76	77,412.48
4/1/2011	Repayment 110	77,412.48				133.86	481.37	0.00	133.86	193.53	808.76	76,931.11
5/1/2011	Repayment 111	76,931.11				133.03	483.40	0.00	133.03	192.33	808.76	76,447.71
6/1/2011	Repayment 112	76,447.71				132.19	485.45	0.00	132.19	191.12	808.76	75,962.26
7/1/2011	Repayment 113	75,962.26				131.35	487.50	0.00	131.35	189.91	808.76	75,474.76
8/1/2011	Repayment 114	75,474.76				130.51	489.56	0.00	130.51	188.69	808.76	74,985.20
9/1/2011	Repayment 115	74,985.20				129.66	491.64	0.00	129.66	187.46	808.76	74,493.56
10/1/2011	Repayment 116	74,493.56				128.81	493.72	0.00	128.81	186.23	808.76	73,999.84
11/1/2011	Repayment 117	73,999.84				127.96	495.80	0.00	127.96	185.00	808.76	73,504.04

# EXHIBIT C

Cedar Grove Water, Inc.  
 Docket No. W-20541A-11-0199  
 Test Year Ended: December 31, 2010

	Staff Exhibit	Company Adjustments	Company Adjusted
<b>REVENUES</b>			
461: METERED WATER REVENUE	165,558	60086	225644
460: UNMETERED WATER REVENUE	0	0	0
474: OTHER WATER REVENUES	881	0	881
TOTAL OPERATING REVENUE	166439	60086	226525
<b>EXPENSES:</b>			
333: SERVICES	0	2010	2010
334: METERS	0	3166	3166
601: SALARIES AND WAGES	91445	0	91445
610: PURCHASED WATER	0	0	0
615: PURCHASED POWER	15,563	0	15563
618: CHEMICALS	0	0	0
620: REPAIRS AND MAINTENANCE	2479	0	2479
621: OFFICE SUPPLIES AND EXPENSE	6896	0	6896
630: OUTSIDE SERVICES	2997	0	2997
635: WATER TESTING	1849	0	1849
641: RENTS	13396	0	13396
650: TRANSPORTATION EXPENSE	8020	0	8020
657: INSURANCE - GENERAL LIABILITY	1478	0	1478
659: INSURANCE - HEALTH AND LIFE	0	0	0
666: REGULATORY COMMISSION EXP	500	2625	3125
675: MISCELLANEOUS EXPENSE	10	0	10
403: DEPRECIATION EXPENSE	12015	0	12015
408: TAXES OTHER THAN INCOME	0	10694	10694

408.11: PROPERTY TAXES		4062	0	4062
409: INCOME TAX		0	0	0
224: LONG TERM NOTES AND BONDS		0	8006	8006
TOTAL OPERATING EXPENSES		160710	26501	187211
OPERATING INCOME / (LOSS)		5729	33585	39314
OTHER INCOME/EXPENSE				
419: INTEREST AND DIVIDEND INCOME		0	0	0
421: NON-UTILITY INCOME		0	0	0
427: INTEREST EXPENSE		1581	535	2116
4XX: RESERVE/REPLACEMENT FUND DEP		0	0	0
426: MIS NON-UTILITY EXPENSE		0	0	0
TOTAL OTHER INCOME/EXPENSE		1581	535	2116
NET INCOME / (LOSS)		4148	33050	37198