

| | |
|---|------------------------------------|
| Company Name: <u>Catherine Resort Water Company</u> | Test Year Ended: <u>12.31.2010</u> |
|---|------------------------------------|

CURRENT AND PROPOSED RATES AND CHARGES

CUSTOMER CLASS: Residential Commercial Industrial
 Irrigation All Other, specify _____

| MINIMUM OR SERVICE CHARGES | CURRENT RATES | | PROPOSED RATES | |
|----------------------------|--------------------|---------|--------------------|---------|
| | \$ | GALLONS | \$ | GALLONS |
| 5/8" x 3/4" Meter | 2785 | for Q | 55 ⁰⁰ | for Q |
| 3/4" Meter | 41.78 | for Q | 55 ⁰⁰ | for Q |
| 1" Meter | 1863 | for Q | 8250 | for Q |
| 1-1/2" Meter | 13925 | for Q | 13925 | for Q |
| 2" Meter | 222.80 | for Q | 275 ⁰⁰ | for Q |
| 3" Meter | N/A | for N/A | 440 ⁰⁰ | for Q |
| 4" Meter | 69625 | for Q | 880 ⁰⁰ | for Q |
| 6" Meter | 1392 ⁰⁰ | for Q | 1500 ⁰⁰ | for Q |

| GALLONS IN EXCESS OF MINIMUM | |
|--|---------|
| Commodity Charge in Excess of Minimum (Charge Per 1,000 Gallons) | |
| First Tier | \$ 3.00 |
| Second Tier | \$ 4.25 |
| Third Tier | \$ 4.75 |
| FLAT RATE | |

| Current Rates | | Proposed Rates | |
|---------------|-----------------|----------------|-----------------|
| Rate | Gallons | Rate | Gallons |
| \$ 3.00 | Up to 4,000 | \$ 8.25 | Up to 4,000 |
| \$ 4.25 | 4,001 to 30,000 | \$ 13890 | 4,001 to 30,000 |
| \$ 4.75 | Over 30,000 | \$ 20850 | Over 30,000 |
| \$ N/A | Per Month | \$ N/A | Per Month |

Note: If rates and charges vary across customer classes, duplicate the form and complete one for each rate class. (e.g., residential, commercial) unless "All" is checked.

| | |
|--|------------------------------------|
| Company Name: <u>Katherine Resort Water Co</u> | Test Year Ended: <u>12-31-2010</u> |
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CURRENT AND PROPOSED SERVICE CHARGES

CUSTOMER CLASS: Residential Commercial Industrial
 Irrigation All Other, specify _____

| SERVICE LINE AND METER INSTALLATION CHARGES | CURRENT CHARGES | PROPOSED CHARGES |
|---|------------------------|------------------------|
| 5/8" X 3/4" Meter | \$ 420 ⁰⁰ | \$ 450 ⁰⁰ |
| 3/4" Meter | \$ 495 ⁰⁰ | \$ 500 ⁰⁰ |
| 1" Meter | \$ 580 ⁰⁰ | \$ 595 ⁰⁰ |
| 1-1/2" Meter | \$ 820 ⁰⁰ | \$ 925 ⁰⁰ |
| 2" Meter | \$ 2,140 ⁰⁰ | \$ 2,250 ⁰⁰ |
| 3" Meter | \$ N/A | \$ |
| 4" Meter | \$ 4,105 ⁰⁰ | \$ 4,250 ⁰⁰ |
| 6" Meter | \$ 7,590 ⁰⁰ | \$ 7,750 ⁰⁰ |

| | | |
|---------------------------------------|---------------------|---------------------|
| Establishment | \$ 15 ⁰⁰ | \$ 25 ⁰⁰ |
| Establishment (after hours) | \$ 22.50 | \$ 0 |
| Reconnection (delinquent) | \$ 25 ⁰⁰ | \$ 50 ⁰⁰ |
| Reconnection (delinquent) after hours | \$ 0 | \$ 0 |
| Meter Test | \$ 15 ⁰⁰ | \$ 25 ⁰⁰ |
| Deposit | \$ per rule | \$ 50 ⁰⁰ |
| Deposit Interest | per rule % | 0 % |
| Re-establishment (within 12 months) | \$ per rule | \$ 25.00 |
| NSF Check | \$ 15 ⁰⁰ | \$ 15 ⁰⁰ |
| Deferred Payment <i>per month</i> | 1.50 % | 1.50 % |
| Meter Re-read <i>if correct</i> | \$ 5 ⁰⁰ | \$ 15 ⁰⁰ |
| Late Fee <i>per month</i> | \$ 1.50 % | \$ 1.50 % |

Note: If rates and charges vary across customer classes, duplicate the form and complete one for each rate class. (e.g., residential, commercial) unless "All" is checked.

STATEMENTS IN SUPPORT OF RATE REQUEST

Complete the following statements in support of your rate request.

KATHERINE RESORT WATER CO (the "Company") requests an adjustment in the existing rates charged by the Company. The information contained in this application is based upon a twelve-month Test Year ending 12-31-2010 (mm/dd/yy). The Company had total operating revenues of \$ 20,892.38, served 42 metered and NO un-metered (from page 19) customers, and sold 1,748,857 gallons of water during the Test Year. (from page 18)

The Company is requesting a(n) increase/decrease in revenues in the amount of \$ 23,600.00. Total annual operating revenues, if the Company is granted the rate adjustment, will be \$ 44,492.

The Company is current on all property taxes. [X] YES [] NO

The Company is current on all sales taxes. [X] YES [] NO (Please use the form in the appendix and see checklist item 2 on page 1.)

The Company currently has a Curtailment Plan Tariff on file with the Commission. [] YES [X] NO

The Company currently has a Backflow Prevention Tariff on file with the Commission. [] YES [X] NO

The Company notified its customers of its application for a rate adjustment on August 26, 2011 (mm/dd/yy). A COPY OF THE NOTICE WITH A NOTARIZED COVER LETTER STATING THE METHOD OF CUSTOMER NOTIFICATION, AS WELL AS THE DATE OF THE NOTIFICATION, MUST BE ATTACHED. (See page 32)

By completing this application in support of the Company's request for a rate adjustment, the Company realizes that Original Cost Less Depreciation ("OCLD") plant information will be used to determine the fair value rate base, i.e., the Company waives the right to Reconstruction Cost New.

Company Name: **KATHERINE RESORT**

Test Year Ended: **12/31/2010**

Plant Additions and Retirements by Year

| Acct. No. | Description | Year <u>2010</u> | | Year <u>2009</u> | |
|-----------|--------------------------------------|------------------|-------------|------------------|-------------|
| | | Additions | Retirements | Additions | Retirements |
| 301 | Organization | 0 | 0 | 0 | 0 |
| 302 | Franchises | | | | |
| 303 | Land & Land Rights | | | | |
| 304 | Structures & Improvements | | | | |
| 307 | Wells & Springs | | | | |
| 311 | Pumping Equipment | | | | |
| 320 | Water Treatment Equipment | | | | |
| 320.1 | Water Treatment Plants | | | | |
| 320.2 | Solution Chemical Feeders | | | | |
| 330 | Distribution Reservoirs & Standpipes | | | | |
| 330.1 | Storage Tanks | | | | |
| 330.2 | Pressure Tanks | | | | |
| 331 | Transmission & Distrib. Mains | | | | |
| 333 | Services | | | | |
| 334 | Meters & Meter Installations | | | | |
| 335 | Hydrants | | | | |
| 336 | Backflow Prevention Devices | | | | |
| 339 | Other Plant & Misc. Equipment | | | | |
| 340 | Office Furniture & Equipment | | | | |
| 340.1 | Computers & Software | | | | |
| 341 | Transportation Equipment | | | | |
| 343 | Tools, Shop & Garage Equip. | | | | |
| 344 | Laboratory Equipment | | | | |
| 345 | Power Operated Equipment | | | | |
| 346 | Communication Equipment | | | | |
| 347 | Miscellaneous Equipment | | | | |
| 348 | Other Tangible Plant | | | | |
| | TOTAL WATER PLANT | 0 | 0 | 0 | 0 |

Note: Enter all additions and retirements, by year, from the prior test year through the end of the current test year. Enter the totals for the additions and retirements for all intervening years on page 14, Columns B and C, respectively.

Company Name: **KATHERINE RESORT** Test Year Ended: **12/31/2010**

Plant Additions and Retirements by Year

| Acct. No. | Description | Year 2008 | | Year 2007 | |
|-----------|--------------------------------------|------------------|-------------|------------------|-------------|
| | | Additions | Retirements | Additions | Retirements |
| 301 | Organization | 0 | 0 | 0 | 0 |
| 302 | Franchises | | | | |
| 303 | Land & Land Rights | | | | |
| 304 | Structures & Improvements | | | | |
| 307 | Wells & Springs | | | | |
| 311 | Pumping Equipment | | | | |
| 320 | Water Treatment Equipment | | | | |
| 320.1 | Water Treatment Plants | | | | |
| 320.2 | Solution Chemical Feeders | | | | |
| 330 | Distribution Reservoirs & Standpipes | | | | |
| 330.1 | Storage Tanks | | | | |
| 330.2 | Pressure Tanks | | | | |
| 331 | Transmission & Distrib. Mains | | | | |
| 333 | Services | | | | |
| 334 | Meters & Meter Installations | | | | |
| 335 | Hydrants | | | | |
| 336 | Backflow Prevention Devices | | | | |
| 339 | Other Plant & Misc. Equipment | | | | |
| 340 | Office Furniture & Equipment | | | | |
| 340.1 | Computers & Software | | | | |
| 341 | Transportation Equipment | | | | |
| 343 | Tools, Shop & Garage Equip. | | | | |
| 344 | Laboratory Equipment | | | | |
| 345 | Power Operated Equipment | | | | |
| 346 | Communication Equipment | | | | |
| 347 | Miscellaneous Equipment | | | | |
| 348 | Other Tangible Plant | | | | |
| | TOTAL WATER PLANT | 0 | 0 | 0 | 0 |

Note: Enter all additions and retirements, by year, from the prior test year through the end of the current test year. Enter the totals for the additions and retirements for all intervening years on page 14, Columns B and C, respectively.

Company Name:

KATHERINE RESORT

Test Year Ended:

12/31/2010

Plant Additions and Retirements by Year

| Acct. No. | Description | Year 2006 | | Year 2005 | |
|-----------|--------------------------------------|-----------|-------------|-----------|-------------|
| | | Additions | Retirements | Additions | Retirements |
| 301 | Organization | 0 | 0 | 0 | 0 |
| 302 | Franchises | | | | |
| 303 | Land & Land Rights | | | | |
| 304 | Structures & Improvements | | | | |
| 307 | Wells & Springs | | | | |
| 311 | Pumping Equipment | | | | |
| 320 | Water Treatment Equipment | | | | |
| 320.1 | Water Treatment Plants | | | | |
| 320.2 | Solution Chemical Feeders | | | | |
| 330 | Distribution Reservoirs & Standpipes | | | | |
| 330.1 | Storage Tanks | | | | |
| 330.2 | Pressure Tanks | | | | |
| 331 | Transmission & Distrib. Mains | | | | |
| 333 | Services | | | | |
| 334 | Meters & Meter Installations | | | | |
| 335 | Hydrants | | | | |
| 336 | Backflow Prevention Devices | | | | |
| 339 | Other Plant & Misc. Equipment | | | | |
| 340 | Office Furniture & Equipment | | | | |
| 340.1 | Computers & Software | | | | |
| 341 | Transportation Equipment | | | | |
| 343 | Tools, Shop & Garage Equip. | | | | |
| 344 | Laboratory Equipment | | | | |
| 345 | Power Operated Equipment | | | | |
| 346 | Communication Equipment | | | | |
| 347 | Miscellaneous Equipment | | | | |
| 348 | Other Tangible Plant | | | | |
| | TOTAL WATER PLANT | 0 | 0 | 0 | 0 |

Note: Enter all additions and retirements, by year, from the prior test year through the end of the current test year. Enter the totals for the additions and retirements for all intervening years on page 14, Columns B and C, respectively.

Company Name: KATHERINE RESORT Test Year Ended: 12/31/2010

Plant Additions and Retirements by Year

| Acct. No. | Description | Year <u>2004</u> | | Year <u>2003</u> | |
|-----------|--------------------------------------|------------------|-------------|------------------|-------------|
| | | Additions | Retirements | Additions | Retirements |
| 301 | Organization | 0 | 0 | 0 | 0 |
| 302 | Franchises | | | | |
| 303 | Land & Land Rights | | | | |
| 304 | Structures & Improvements | | | | |
| 307 | Wells & Springs | | | | |
| 311 | Pumping Equipment | | | | |
| 320 | Water Treatment Equipment | | | | |
| 320.1 | Water Treatment Plants | | | | |
| 320.2 | Solution Chemical Feeders | | | | |
| 330 | Distribution Reservoirs & Standpipes | | | | |
| 330.1 | Storage Tanks | | | | |
| 330.2 | Pressure Tanks | | | | |
| 331 | Transmission & Distrib. Mains | | | | |
| 333 | Services | | | | |
| 334 | Meters & Meter Installations | | | | |
| 335 | Hydrants | | | | |
| 336 | Backflow Prevention Devices | | | | |
| 339 | Other Plant & Misc. Equipment | | | | |
| 340 | Office Furniture & Equipment | | | | |
| 340.1 | Computers & Software | | | | |
| 341 | Transportation Equipment | | | | |
| 343 | Tools, Shop & Garage Equip. | | | | |
| 344 | Laboratory Equipment | | | | |
| 345 | Power Operated Equipment | | | | |
| 346 | Communication Equipment | | | | |
| 347 | Miscellaneous Equipment | | | | |
| 348 | Other Tangible Plant | | | | |
| | TOTAL WATER PLANT | 0 | 0 | 0 | 0 |

Note: Enter all additions and retirements, by year, from the prior test year through the end of the current test year. Enter the totals for the additions and retirements for all intervening years on page 14, Columns B and C, respectively.

Company Name: **KATHERINE RESORT** Test Year Ended: **12/31/2010**

Plant Additions and Retirements by Year

| Acct. No. | Description | Year <u>2002</u> | | Year ____ | |
|-----------|--------------------------------------|------------------|-------------|-----------|-------------|
| | | Additions | Retirements | Additions | Retirements |
| 301 | Organization | 0 | 0 | | |
| 302 | Franchises | | | | |
| 303 | Land & Land Rights | | | | |
| 304 | Structures & Improvements | | | | |
| 307 | Wells & Springs | | | | |
| 311 | Pumping Equipment | | | | |
| 320 | Water Treatment Equipment | | | | |
| 320.1 | Water Treatment Plants | | | | |
| 320.2 | Solution Chemical Feeders | | | | |
| 330 | Distribution Reservoirs & Standpipes | | | | |
| 330.1 | Storage Tanks | | | | |
| 330.2 | Pressure Tanks | | | | |
| 331 | Transmission & Distrib. Mains | | | | |
| 333 | Services | | | | |
| 334 | Meters & Meter Installations | | | | |
| 335 | Hydrants | | | | |
| 336 | Backflow Prevention Devices | | | | |
| 339 | Other Plant & Misc. Equipment | | | | |
| 340 | Office Furniture & Equipment | | | | |
| 340.1 | Computers & Software | | | | |
| 341 | Transportation Equipment | | | | |
| 343 | Tools, Shop & Garage Equip. | | | | |
| 344 | Laboratory Equipment | | | | |
| 345 | Power Operated Equipment | | | | |
| 346 | Communication Equipment | | | | |
| 347 | Miscellaneous Equipment | | | | |
| 348 | Other Tangible Plant | | | | |
| | TOTAL WATER PLANT | 0 | 0 | | |

Note: Enter all additions and retirements, by year, from the prior test year through the end of the current test year. Enter the totals for the additions and retirements for all intervening years on page 14, Columns B and C, respectively.

Company Name: KATHRINE RESORT Test Year Ended: 12/31/2010

Plant Summary

| Acct. No. | Description | Plant in Service Per Prior Decision <i>Column A</i> | Total Additions <i>Column B</i> | Total Retirements <i>Column C</i> | Test Year End Total <i>Column D*</i> |
|-----------|--------------------------------------|--|------------------------------------|--------------------------------------|---|
| 301 | Organization | | | | |
| 302 | Franchises | | 0 | 0 | |
| 303 | Land & Land Rights | 4,000 | | | 4,000 |
| 304 | Structures & Improvements | 11,009 | | | 11,009 |
| 307 | Wells & Springs | 776 | | | 776 |
| 311 | Pumping Equipment | 40,772 | | | 40,772 |
| 320 | Water Treatment Equipment | | | | |
| 320.1 | Water Treatment Plants | | | | |
| 320.2 | Solution Chemical Feeders | 4,426 | | | 4,426 |
| 330 | Distribution Reservoirs & Standpipes | | | | |
| 330.1 | Storage Tanks | 25,668 | | | 25,668 |
| 330.2 | Pressure Tanks | | | | |
| 331 | Transmission & Distrib. Mains | 7,190 | | | 7,190 |
| 333 | Services | 1,665 | | | 1,665 |
| 334 | Meters & Meter Installations | 9,825 | | | 9,825 |
| 335 | Hydrants | | | | |
| 336 | Backflow Prevention Devices | | | | |
| 339 | Other Plant & Misc. Equipment | | | | |
| 340 | Office Furniture & Equipment | 200 | | | 200 |
| 340.1 | Computers & Software | | | | |
| 341 | Transportation Equipment | | | | |
| 343 | Tools, Shop & Garage Equip. | | | | |
| 344 | Laboratory Equipment | | | | |
| 345 | Power Operated Equipment | | | | |
| 346 | Communication Equipment | | | | |
| 347 | Miscellaneous Equipment | | | | |
| 348 | Other Tangible Plant | | | | |
| | TOTAL WATER PLANT | 105,521 | | | 105,521 |

Note: Please refer to the checklist on page 1 for the required attachments related to this schedule

* Column D = Column A + Column B - Column C

| | |
|---------------|------------------|
| Company Name: | Test Year Ended: |
|---------------|------------------|

UTILITY PLANT IN SERVICE

| Acct No. | Description | Original Cost | Accumulated Depreciation | OCLD |
|----------|--------------------------------------|-----------------|--------------------------|-------------------|
| | | <i>Column A</i> | <i>Column B</i> | <i>Column C**</i> |
| 301 | Organization | | | |
| 302 | Franchises | | | |
| 303 | Land & Land Rights | 4,000 | N/A | 4,000 |
| 304 | Structures & Improvements | 11,009 | 0-3-33 1/2 | 11,009 |
| 307 | Wells & Springs | 776 | None Taken | 776 |
| 311 | Pumping Equipment | 40,772 | | 40,772 |
| 320 | Water Treatment Equipment | | | |
| 320.1 | Water Treatment Plants | | | |
| 320.2 | Solution Chemical Feeders | 4,426 | | 4,426 |
| 330 | Distribution Reservoirs & Standpipes | | | |
| 330.1 | Storage Tanks | 25,668 | | 25,668 |
| 330.2 | Pressure Tanks | | | |
| 331 | Transmission & Distrib. Mains | 7,190 | | 7,190 |
| 333 | Services | 1,665 | | 1,665 |
| 334 | Meters & Meter Installations | 9,825 | | 9,825 |
| 335 | Hydrants | | | |
| 336 | Backflow Prevention Devices | | | |
| 339 | Other Plant & Misc. Equipment | | | |
| 340 | Office Furniture & Equipment | 200 | | 200 |
| 340.1 | Computers & Software | | | |
| 341 | Transportation Equipment | | | |
| 343 | Tools, Shop & Garage Equip. | | | |
| 344 | Laboratory Equipment | | | |
| 345 | Power Operated Equipment | | | |
| 346 | Communication Equipment | | | |
| 347 | Miscellaneous Equipment | | | |
| 348 | Other Tangible Plant | | | |
| | TOTAL WATER PLANT | * 105,521 | * -0- | 105,521 |

* Must be the same as the amount reported on page 20

**Column C = Column A - Column B

Company Name:

Test Year Ended:

CALCULATION OF DEPRECIATION EXPENSE

| Acct. No.. | Description | Original Cost | Depreciation Percentage | Depreciation Expense |
|------------|--------------------------------------|---------------|-------------------------|----------------------|
| | | Column A | Column B | Column C* |
| 301 | Organization | | | |
| 302 | Franchises | | | |
| 303 | Land & Land Rights | 4,000 | N/A | |
| 304 | Structures & Improvements | 11,009 | 3.33% | 367 |
| 307 | Wells & Springs | 776 | 3.33% | 26 |
| 311 | Pumping Equipment | 40,772 | 12.50% | 5,097 |
| 320 | Water Treatment Equipment | | | |
| 320.1 | Water Treatment Plants | | | |
| 320.2 | Solution Chemical Feeders | 4,426 | 20.00% | 885 |
| 330 | Distribution Reservoirs & Standpipes | | | |
| 330.1 | Storage Tanks | 25,668 | 2.22% | 570 |
| 330.2 | Pressure Tanks | | | |
| 331 | Transmission & Distrib. Mains | 7,190 | 2.00% | 144 |
| 333 | Services | 1,665 | 3.33% | 55 |
| 334 | Meters & Meter Installations | 9,825 | 8.33% | 818 |
| 335 | Hydrants | | | |
| 336 | Backflow Prevention Devices | | | |
| 339 | Other Plant & Misc. Equipment | | | |
| 340 | Office Furniture & Equipment | 200 | 6.67% | 13 |
| 340.1 | Computers & Software | | | |
| 341 | Transportation Equipment | | | |
| 343 | Tools, Shop & Garage Equip. | | | |
| 344 | Laboratory Equipment | | | |
| 345 | Power Operated Equipment | | | |
| 346 | Communication Equipment | | | |
| 347 | Miscellaneous Equipment | | | |
| 348 | Other Tangible Plant | | | |
| | TOTAL WATER PLANT | 105,521 | | 7,975 |

Note: Use Test Year ending balances for column 1, and approved depreciation rates from the prior rate case in column 2.

* Column C = Column A x Column B

CUSTOMER NOTIFICATION

Katherine Resort Water Co.

(Company Name) has applied to the Arizona Corporation Commission for an adjustment in rates. The current rates have been in effect since

6/25/04 (mm/yy). A(n) increase decrease in rates is necessary at this time due to the fact that the co. is losing money yearly (reason for the Company's request for a rate adjustment as summarized from pages 2 and 4).

Based on the Company's unaudited Test Year results, Katherine Resort Water Co. (Company Name) realized an operating income loss of \$ 5307.

The Company is requesting a revenue increase decrease of \$ 23,600 or 112 % of total revenues. Please see the attached pages 8 and 10 of the Company's application for the current and proposed rates.

The Application is available for inspection during regular business hours at the offices of the Commission in Phoenix at 1200 West Washington Street (for Tucson, call 800-535-0148 if located outside the Tucson local calling area or 520-628-6555 if inside the Tucson local calling area) and at [name of Company and address]. Please be advised that the rates and charges ultimately approved by the Commission may be higher or lower than the rates and charges requested in the Application.

Customer input is an important part of the Commission's analysis of the requested adjustment and is a factor in determining whether a hearing will be conducted. Customers should bring to the Commission's attention any questions or concerns related to the Company's Application, including service, billing procedures or other factors important in determining the reasonableness of charges. Customers may have the right to intervene in this matter. Customers wishing to communicate with the Commission, or request information on intervention in the proceeding, should contact the Commission's Consumer Services Section at 800-222-7000 (if located outside the Phoenix local calling area) or 602-542-4251 in the Phoenix local calling area. Customers may also contact the Tucson Commission office by calling 800-535-0148 (if located outside the Tucson local calling area) or 520-628-6555 in the Tucson local calling area.

Customers are advised that the Commission may act upon the Application without a hearing. Regardless of whether a formal hearing is held, customer comments submitted in writing will be placed in the office file, which the Commission reviews prior to making its final decision on the Application. It is important that customers contact the Commission within 15 days of the receipt of this notice so that the Commission's Staff can consider customer comments and concerns in developing its recommendations to the Commission.

Amended