

OPEN MEETING ITEM

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

ORIGINAL



0000135960

ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission
DOCKETED

APR - 9 2012

DATE: APRIL 9, 2012
DOCKET NO.: W-01445A-10-0517
TO ALL PARTIES:

DOCKETED BY	nr
-------------	----

Enclosed please find the recommendation of Administrative Law Judge Sarah N. Harpring. The recommendation has been filed in the form of an Opinion and Order on:

ARIZONA WATER COMPANY
(WESTERN GROUP)
(RATES)

Pursuant to A.A.C. R14-3-110(B), you may file exceptions to the recommendation of the Administrative Law Judge by filing an original and thirteen (13) copies of the exceptions with the Commission's Docket Control at the address listed below by **4:00** p.m. on or before:

APRIL 18, 2012

The enclosed is NOT an order of the Commission, but a recommendation of the Administrative Law Judge to the Commissioners. Consideration of this matter has tentatively been scheduled for the Commission's Open Meeting to be held on:

APRIL 24, 2012 and APRIL 25, 2012

For more information, you may contact Docket Control at (602) 542-3477 or the Hearing Division at (602)542-4250. For information about the Open Meeting, contact the Executive Director's Office at (602) 542-3931.

ERNEST G. JOHNSON
EXECUTIVE DIRECTOR

2012 APR 9 PM 3 41

DOCKET CONTROL
AZ CORP COMMISSION

1200 WEST WASHINGTON STREET, PHOENIX, ARIZONA 85007-2927 / 400 WEST CONGRESS STREET, TUCSON, ARIZONA 85701-1347

www.azcc.gov

This document is available in alternative formats by contacting Shaylin Bernal, ADA Coordinator, voice phone number 602-542-3931, E-mail SBernal@azcc.gov

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 COMMISSIONERS

3 GARY PIERCE - Chairman
4 BOB STUMP
5 SANDRA D. KENNEDY
6 PAUL NEWMAN
7 BRENDA BURNS

8 IN THE MATTER OF THE APPLICATION OF
9 ARIZONA WATER COMPANY, AN ARIZONA
10 CORPORATION, FOR A DETERMINATION OF
11 THE FAIR VALUE OF ITS UTILITY PLANT AND
12 PROPERTY AND FOR ADJUSTMENTS TO ITS
13 RATES AND CHARGES FOR UTILITY SERVICE
14 FURNISHED BY ITS WESTERN GROUP AND
15 FOR CERTAIN RELATED APPROVALS.

DOCKET NO. W-01445A-10-0517

DECISION NO. _____

OPINION AND ORDER

11 DATE OF HEARING: March 24, 2011; January 27, 2012; February 13, 2012
12 (Procedural Conferences); February 21, 2012 (Public
13 Comment); March 1, 2012

13 PLACE OF HEARING: Phoenix, Arizona

14 ADMINISTRATIVE LAW JUDGE: Sarah N. Harpring

15 IN ATTENDANCE: Sandra D. Kennedy, Commissioner
16 Brenda Burns, Commissioner

17 APPEARANCES: Mr. Steven A. Hirsch, BRYAN CAVE, LLP, and Mr.
18 Robert W. Geake, Vice President and General Counsel,
19 Arizona Water Company, on behalf of Applicant;

Ms. Michele Van Quathem, RYLEY CARLOCK &
APPLEWHITE, on behalf of Abbott Laboratories;

20 Mr. Greg Patterson, Of Counsel, MUNGER
21 CHADWICK, on behalf of the Water Utilities
22 Association of Arizona;

23 Ms. Michelle Wood, Counsel, on behalf of the
24 Residential Utility Consumer Office; and

25 Mr. Wesley C. Van Cleve, Mr. Scott Hesla, and Ms.
26 Ayesha Vohra, Staff Attorneys, Legal Division, on
27 behalf of the Utilities Division of the Arizona
28 Corporation Commission.

BY THE COMMISSION:

This case involves an Amended Application for a permanent rate increase, filed with the

1 Arizona Corporation Commission (“Commission”) on May 9, 2011, by Arizona Water Company
2 (“AWC”), a Class A water utility, in which AWC requested adjustments to the rates and charges for
3 utility service provided by AWC’s Western Group, comprised of its water systems known as Pinal
4 Valley (Casa Grande, Coolidge, and Stanfield), Ajo, and White Tank. AWC’s Amended Application
5 uses a test year ending December 31, 2010. In its Amended Application, AWC also requested
6 approval of an Arsenic Cost Recovery Mechanism, consolidation of its White Tank water system into
7 its Pinal Valley water system, continuation and consolidation of its Central Arizona Project Hook-Up
8 Fees for its Pinal Valley and White Tank water systems, approval of a Distribution System
9 Improvement Charge, and approval of an Off-Site Facilities Fee for each new service connection.
10 The parties to this matter have entered into a Settlement Agreement resolving all of the disputed
11 issues in this matter.

12 * * * * *

13 Having considered the entire record herein and being fully advised in the premises, the
14 Commission finds, concludes, and orders that:

15 **FINDINGS OF FACT**

16 **I. Background**

17 1. AWC is an Arizona corporation that provides water utility service, pursuant to
18 Certificates of Convenience and Necessity granted by the Commission, to approximately 84,000
19 customers through 19 water systems located in Cochise, Coconino, Gila, Maricopa, Navajo, Pima,
20 Pinal, and Yavapai Counties. (Ex. A-1 at 1.) AWC’s water systems are organized into three groups:
21 the Northern Group, the Eastern Group, and the Western Group. (Decision No. 71845¹ (August 25,
22 2010).)

23 2. AWC’s Western Group includes the Pinal Valley (Casa Grande, Coolidge, and
24 Stanfield) system, the Ajo system, and the White Tank system. (Ex. A-1.) As of December 31, 2010,
25 the Western Group systems were serving approximately 30,600 customers, with the following
26 number of connections each: Pinal Valley—28,026; Ajo—681; and White Tank—1,937. (Ex. S-1,
27

28 ¹ Official notice is taken of Decision No. 71845 (August 25, 2010).

1 Ex. KS, at 1, 4.)

2 3. From an engineering perspective, the Western Group includes six separate
3 independent water systems, each with its own water production, water treatment, storage, and
4 distribution facilities: Tierra Grande, Pinal Valley,² Coolidge Airport, Stanfield, White Tank, and
5 Ajo. (Ex. S-1, Ex. KS, at 1.) The Tierra Grande, Pinal Valley, Coolidge Airport, and Stanfield
6 systems (all included within AWC's Pinal Valley system for purposes of ratemaking) are located in
7 Pinal County. (*Id.*) The White Tank system is located in Maricopa County. (*Id.*) The Ajo system is
8 located in Pima County. (*Id.*)

9 4. The Coolidge Airport system was added at the end of 2007 pursuant to a Water
10 System Lease and Operation Agreement with the City of Coolidge and has not previously been
11 included in an AWC rate case.³ (Ex. S-1, Ex. KS, at 1.) The Coolidge Airport system is small, with
12 only approximately one dozen customers, and is remote from the rest of the Pinal Valley system and
13 not yet interconnected with the Pinal Valley system. (Tr. at 36-37.) AWC does plan, in the long
14 term, to interconnect the Coolidge Airport system with the Pinal Valley system. (Tr. at 37.) AWC
15 does not intend for any off-site facilities fee to apply to the Coolidge Airport system. (*Id.*)

16 5. All of the systems within the Western Group are in full compliance with the
17 requirements of the Arizona Department of Environmental Quality ("ADEQ") or the Maricopa
18 County Environmental Services Division ("MCESD"), as applicable, and are delivering water that
19 meets the water quality standards required by Title 18, Chapter 4 of the Arizona Administrative
20 Code. (Ex. S-1, Ex. KS, at 26.)

21 _____
22 ² The Pinal Valley system includes the interconnected Casa Grande and Coolidge systems, the only Western Group
water systems that are currently interconnected. (Tr. at 52.)

23 ³ William Garfield testified that the City of Coolidge had owned and operated the airport water system for decades, did
24 not have any other water utility operations, and approached AWC to take over the management and operation of the
25 system and supported AWC's extension of its CC&N to take the system into its CC&N. (Tr. at 45.) AWC took over the
26 system effectively through a leasing agreement, and AWC has acquired facilities in the system as the City-owned old
27 facilities are replaced with new AWC-owned facilities. (Tr. at 46.) Mr. Garfield testified that the airport water system
28 was not included in AWC's last rate case because AWC did not begin operating it until either the end of its last test year
or even post-test year, and AWC thus did not have data for operation of the system. (*See* Tr. at 46-47.) When AWC took
it over, the system was in need of repairs and replacement of facilities, with greatly excessive water loss, and AWC has
been improving it since and has brought its water loss under control. (*See* Tr. at 48.) Under the leasing arrangement,
AWC will pay the City for use of its facilities until those facilities are all replaced, at which time AWC will own the
system outright. (*See* Tr. at 49-50.) The airport water system came into AWC's service area as part of the Coolidge
system for rate purposes, and it thus has been within the Pinal Valley system for billing purposes. (Tr. at 50-51.) The
CC&N extension area including the Coolidge Airport system was granted in Decision No. 69386 (March 22, 2007).

1 6. Except for the Ajo system, each Western Group system is located in an Arizona
2 Department of Water Resources ("ADWR") Active Management Area ("AMA"), with White Tank
3 located in the Phoenix AMA and the others located in the Pinal AMA. (Ex. S-1, Ex. KS, at 27.)
4 ADWR has reported that all of the Western Group systems are in compliance with ADWR reporting
5 requirements and have System Water Plans meeting ADWR requirements. (*Id.*)

6 7. All of the Western Group systems have water loss levels below 10 percent (ranging
7 from 3.2 percent (White Tank) to 7.8 percent (Ajo)), and all have adequate production and storage
8 capacities. (Ex. S-1, Ex. KS, at 4.)

9 8. Customers served by 5/8" x 3/4" meters comprise the vast majority of Western Group
10 customers, representing the following percentage of overall customers for each system during the
11 TY: Pinal Valley (Casa Grande, Coolidge)—94.05 percent; Pinal Valley (Stanfield)—95.61 percent;
12 Ajo—95.41 percent; and White Tank—80.66 percent. (*See* Ex. S-1, Ex. KS, at 11, 17, 22, 24.) The
13 average water usage of these customers differs significantly by system, as follows:⁴

	<u>Pinal Valley</u>	<u>White Tank</u>	<u>Ajo</u>
Average:	8,520 gallons	13,906 gallons	4,764 gallons

16 9. AWC described the Ajo service area as a somewhat depressed area, as the major
17 employer shut down the mine years ago, with a lot of retirees and small household sizes, and
18 generally lower water usage than in AWC's other service areas. (Tr. at 56.) AWC described the
19 White Tank service area as an area of primarily single family homes on relatively large lots, with
20 higher water usage than in areas with more typically sized lots, and with some larger properties with
21 livestock and horses. (*See* Tr. at 56-57.) AWC also explained that there are a handful of residential
22 5/8" x 3/4" customers in the White Tank service area who use extremely large amounts of water, far in
23 excess of typical residential usage, in the neighborhood of 100,000 to 200,000 gallons per month,
24 which increases the average for the area. (Tr. at 72-73.) AWC described Pinal Valley as having
25 more typically sized lots. (*See* Tr. at 56-57.) AWC described the Casa Grande area as a little more
26 urbanized, with homes and lots that are not as large as those in the White Tank area and that are more

27
28 ⁴ These figures are taken from Ex. A-2, Sched. H-2.

1 consistent with what would be found in the eastern or central areas of the Phoenix metropolitan area.
2 (Tr. at 57.) The Coolidge Airport service area has no residential customers, only serving businesses
3 related to aviation. (*Id.*)

4 10. AWC's current rates were established in Decision No. 71845, which involved all three
5 groups and was determined using a 2007 test year. In Decision No. 71845, the Commission
6 authorized AWC, for ratemaking purposes, fully to consolidate the rates for the Casa Grande and
7 Coolidge systems and partially to consolidate (with Casa Grande and Coolidge) the rates for the
8 Stanfield system.⁵ The Commission also required AWC to undertake a study outlining consolidation
9 proposals, including a full system-wide single-tariff consolidation option, and to file its consolidation
10 report, as a compliance item, by June 30, 2011, and no later than three months before filing its next
11 rate case application. The Commission further directed AWC to use the information in the
12 consolidation report to inform its proposals in future rate cases. AWC filed its consolidation report
13 on September 30, 2010, in the docket for Decision No. 71845. (Ex. A-1 at 4.)

14 11. In Decision No. 68302 (November 14, 2005), the Commission authorized an Arsenic
15 Cost Recovery Mechanism ("ACRM") for AWC's Western Group, to be implemented in accordance
16 with the ACRM approved for its Northern Group in Decision No. 66400 (October 14, 2003) and for
17 its Eastern Group in Decision No. 66849 (March 19, 2004).⁶ AWC was subsequently authorized to
18 implement ACRM tariffs in Casa Grande, Stanfield, and White Tank, through three separate
19 Commission Decisions.⁷

20 12. The ACRM surcharges were discontinued for the Western Group as a result of
21 Decision No. 71845, which adopted AWC's current rates. (Tr. at 52-53.)

22 13. Decision No. 68302 authorized AWC to implement Central Arizona Project ("CAP")
23 Hook-Up Fee ("HUF") tariffs for its Western Group, which CAP HUF tariffs were to be reevaluated
24 in AWC's next rate case to determine if they should be continued, eliminated, or modified based on

25 ⁵ Stanfield shares the same monthly service charge, but has different commodity rates.

26 ⁶ Official notice is taken of Decision No. 68302 (November 14, 2005), Decision No. 66400 (October 14, 2003), and
Decision No. 66849 (March 19, 2004).

27 ⁷ Official notice is taken of Decision No. 70192 (March 10, 2008), authorizing AWC to implement Step One of the
28 ACRM for its Casa Grande system; Decision No. 70702 (January 20, 2009), authorizing AWC to implement Step Two of
the ACRM for its Casa Grande system and Step One of the ACRM for its Stanfield system; and Decision No. 70963
(April 7, 2009), authorizing AWC to implement Step One of the ACRM for its White Tank system.

1 AWC's CAP Water Use Plan and any other evidence introduced in that proceeding. Decision No.
2 68302 required AWC to refund the collected CAP HUF monies, with 6 percent interest, if its CAP
3 Water Use Plan (required by the Decision) were disapproved, and restricted the use of the CAP HUF
4 monies collected to paying ongoing and deferred CAP Municipal and Industrial capital charges
5 incurred with regard to AWC's CAP allocations for each system.

6 14. Decision No. 71845 authorized AWC to continue charging the CAP HUFs for the
7 Casa Grande, Coolidge, and White Tank systems until its next Western Group rate case or December
8 31, 2012, whichever came first.

9 15. Decision No. 71845 required AWC to submit for Commission approval, within 120
10 days of the Decision, additional Best Management Practices ("BMPs") as follows for the Western
11 Group systems: Casa Grande (10 BMPs), Coolidge (10 BMPs), White Tank (5 BMPs), Stanfield (3
12 BMPs), and Ajo (3 BMPs). The Decision further provided that where systems were consolidated, the
13 higher BMP requirement would apply and that AWC could, in its next rate case, request cost
14 recovery of actual costs associated with the BMPs implemented.

15 16. AWC has an approved curtailment plan tariff and an approved backflow prevention
16 tariff for its Western Group. (Ex. S-1, Ex. KS, at 29.)

17 **II. Procedural History**

18 17. On December 29, 2010, AWC filed with the Commission an application requesting
19 adjustments to its rates and charges for utility service provided by its Western Group and using a test
20 year ending December 31, 2009.

21 18. On January 7, 2011, the Commission's Utilities Division ("Staff") filed a Letter of
22 Deficiency based upon AWC's test year. Staff asserted that AWC should withdraw its application
23 and submit a new application using a test year including at least 12 months of actual data under
24 AWC's current rates, which had taken effect on July 1, 2010, pursuant to Decision No. 71845.

25 19. A dispute between AWC and Staff as to the sufficiency of AWC's application
26 continued, with various filings made by each of them, until March 24, 2011.

27 20. On March 24, 2011, a procedural conference was held at the Commission's offices in
28 Phoenix, with AWC and Staff appearing through counsel. Rather than immediately proceeding to

1 oral argument, the parties were provided an opportunity to engage in discussions in an attempt to
2 resolve their dispute. As a result of their discussions, the parties reached an agreement to resolve
3 their dispute. The particular points of agreement were read into the record.⁸ As part of the
4 agreement, AWC agreed to file a fully amended new application for its Western Group using a test
5 year ending December 31, 2010.

6 21. On March 25, 2011, a Procedural Order was issued setting forth the items of
7 agreement specifically pertaining to this docket, ordering that no action would be taken on a Motion
8 and requests for relief that had been rendered moot by the agreement, and ordering that this docket
9 would remain open for the filing of AWC's Amended Application. AWC subsequently filed a
10 Motion for Clarification of the March 25, 2011, Procedural Order.

11 22. On May 9, 2011, AWC filed an Amended Application for its Western Group
12 ("Amended Application"), using a test year ending December 31, 2010 ("TY").

13 23. On June 8, 2011, AWC filed a Response to Staff's List of Deficiencies,⁹ including
14 revised schedules, revised plant data, and additional public water system compliance documentation.

15 24. Also on June 8, 2011, Staff issued a Letter of Sufficiency, stating that AWC's
16 Amended Application had met the sufficiency requirements outlined in A.A.C. R14-2-103 and that
17 AWC had been classified as a Class A utility.

18 25. On June 13, 2011, AWC filed a Supplemental Response to Staff's List of
19 Deficiencies, providing additional data concerning water testing, the Coolidge Airport water system,
20 and pre-TY system connections.

21 26. On June 15, 2011, the Residential Utility Consumer Office ("RUCO") filed an
22 Application to Intervene. No objections to RUCO's intervention were filed.

23 27. On June 28, 2011, a Procedural Order was issued denying AWC's Motion for
24 Clarification, granting RUCO's Application to Intervene, and establishing a procedural schedule for
25 this matter that accommodated AWC's and Staff's desire to have two separate tracks—one to follow
26 in the event that the parties were able to reach a settlement agreement (with hearing to commence on
27

⁸ All of the items of agreement are included in the transcript for the procedural conference.

⁹ Staff's List of Deficiencies was not docketed.

1 January 20, 2012) and one to follow in the event that the parties were not able to reach a settlement
2 agreement (with hearing to commence on February 2, 2012).

3 28. On July 8, 2011, Staff filed Staff's Request for a Modification to the Procedural
4 Schedule, to avoid a conflict with an unrelated docket. Staff and RUCO proposed an alternate dual-
5 track procedural schedule, with a hearing to start either on February 23, 2012, or March 22, 2012,
6 depending on settlement. Staff also suggested a joint procedural conference for this docket and the
7 unrelated docket, to allow input regarding the procedural schedules for both matters.

8 29. On July 13, 2011, AWC filed a Response and Objection to Staff's Request for
9 Modification to the Procedural Schedule, asserting that Staff's request should be denied or, in the
10 alternative, that a joint procedural conference should be held in this docket and the unrelated docket
11 so that the impact of the requested delays in this docket could instead be balanced between this
12 docket and the unrelated docket.

13 30. On July 15, 2011, RUCO filed a Response in Support of Staff's Request for
14 Modification of the Procedural Schedule, in which RUCO asserted that the procedural schedule
15 herein needed to be modified to resolve conflicts with the unrelated docket, but urged that no joint
16 procedural conference be held.

17 31. On July 15, 2011, a Procedural Order was issued vacating the prior dual-track
18 procedural schedule; establishing a new single-track procedural schedule with a hearing to commence
19 on February 21, 2012; and establishing other procedural requirements and deadlines.

20 32. On July 19, 2011, AWC filed a Request for Amendment to Procedural Order
21 Concerning Public Notice, in which it requested that AWC's deadline for providing public notice be
22 extended by one week so that a special customer mailing, at additional expense, would not be
23 necessary.

24 33. On July 20, 2011, a Procedural Order was issued granting AWC's requested public
25 notice deadline extension.

26 34. On July 25, 2011, AWC filed an Explanation of Public Notice, as required by a prior
27 Procedural Order.

28 35. On August 26, 2011, AWC filed a Certificate of Notice stating that public notice had

1 been mailed to each of AWC's customers via a bill insert with the billing cycle beginning on July 22,
2 2011, and ending on August 18, 2011, and had been published in the *West Valley View* on July 26,
3 2011, and in the *Ajo Copper News*, the *Casa Grande Dispatch*, and the *Coolidge Examiner* on July
4 27, 2011. An affidavit of publication was included for each newspaper, all of which are considered
5 to be newspapers of general circulation.

6 36. On September 13, 2011, Abbott Laboratories ("Abbott") filed an Application to
7 Intervene, stating that its manufacturing plant in Casa Grande, which operates at all times, is the
8 largest user in AWC's Casa Grande water system and that Abbott thus would be directly and
9 substantially affected by rate changes in this matter.

10 37. On September 15, 2011, AWC filed a September 13, 2011, letter from the Mayor of
11 Casa Grande to Chairman Pierce, in which the Mayor expressed support for the Distribution System
12 Improvement Charge requested by AWC in its Amended Application. This letter was filed again on
13 September 16, September 20, and October 5, 2011.

14 38. On September 26, 2011, a Procedural Order was issued granting, without objection,
15 Abbott's Application to Intervene.

16 39. On October 3, 2011, Water Utilities Association of Arizona ("WUAA") filed an
17 Application for Leave to Intervene, stating that WUAA is a non-profit corporation representing the
18 investor-owned segment of Arizona's water industry; that WUAA has approximately 100 members,
19 of which AWC is one; and that several of the policy issues in this matter have broad implications for
20 the investor-owned water industry.

21 40. On October 11, 2011, a Procedural Order was issued granting, without objection,
22 WUAA's Application to Intervene.

23 41. On December 2, 2011, Staff filed Staff's Motion for Extension of Time to File Rate
24 Design Testimony, requesting a brief extension in the deadline for filing rate design testimony, which
25 Staff asserted the other parties did not oppose provided that they were provided similar extensions.

26 42. On December 5, 2011, a Procedural Order was issued extending the deadlines for Staff
27 and Intervenor direct testimony related to rate design and for AWC's rebuttal testimony related to
28 rate design.

1 43. On December 5, 2011, Abbott filed the Direct Testimony of Stephen V. Chasse; Staff
2 filed the Direct Testimony of Jeffrey M. Michlik and Katrin Stukov; and RUCO filed the Direct
3 Testimony of William A. Rigsby and Timothy J. Coley.

4 44. On December 12, 2011, RUCO filed the Direct Testimony (Rate Design) of Rodney
5 L. Moore, and Staff filed the Direct Testimony (Rate Design) of Bentley Erdwurm.

6 45. On December 15, 2011, RUCO filed a Notice of Errata providing revised schedules
7 for the Direct Testimony (Rate Design) of Rodney L. Moore.

8 46. On January 6, 2012, AWC filed the Rebuttal Testimony of William M. Garfield,
9 Fredrick K. Schneider, Joseph D. Harris, Joel M. Reiker, and Thomas M. Zepp.

10 47. On January 13, 2012, AWC filed the Rebuttal Testimony (Rate Design) of Joseph D.
11 Harris and Joel M. Reiker.

12 48. On January 24, 2012, Staff filed a Notice of Settlement Discussions, stating that AWC
13 had approached Staff with an interest in engaging in settlement discussions and that Staff believed
14 that settlement might be possible and would like to engage in settlement discussions with all parties.
15 Staff stated that Staff would be entering settlement discussions the week of January 30, 2012, with all
16 parties invited and given the opportunity to attend all settlement discussions.

17 49. On January 24, 2012, Staff filed Staff's Request for a Procedural Conference, stating
18 that Staff desired a procedural conference to be held as soon as possible to discuss modifying filing
19 deadlines, including the surrebuttal testimony deadline of January 27, 2012. Staff asserted that AWC
20 and RUCO supported Staff's request.

21 50. On January 25, 2012, AWC filed a Notice of Scheduling of Settlement Conference,
22 providing each party notice that a settlement meeting was scheduled to be held from 9:00 a.m. until
23 4:00 p.m. at the Commission's office on January 31, 2012.

24 51. On January 27, 2012, a procedural conference was held before a duly authorized
25 Administrative Law Judge of the Commission at the Commission's offices in Phoenix, with AWC,
26 Abbott, RUCO, and Staff appearing through counsel. WUAA did not appear, but counsel for AWC
27 averred that WUAA had previously indicated its assent to the scheduling proposal to be made by the
28 parties. The parties proposed that a dual-track schedule be established, to accommodate settlement

1 discussions and the possibility of settlement, and provided proposed dates for each track.

2 52. On January 31, 2012, a Procedural Order was issued adopting a dual-track schedule
3 including the dates proposed by the parties and extending the Commission's time frame in this
4 matter.

5 53. On February 10, 2012, AWC and Staff filed a Joint Request for a Procedural
6 Conference, stating that all of the parties had been able to reach settlement and that the parties desired
7 a procedural conference to discuss whether additional notice was necessary because, although all of
8 the rates that would be adopted pursuant to the settlement, if approved by the Commission, would fall
9 within the percentage increase stated in the public notice provided by AWC, a single rate
10 classification's rate increase percentage exceeded that proposed in the schedules included with
11 AWC's Amended Application.

12 54. On February 13, 2012, a Procedural Order was issued scheduling a telephonic
13 procedural conference to take place that afternoon to discuss the notice issue; vacating the pre-
14 hearing conference scheduled for February 17, 2012; changing the first scheduled day of the
15 evidentiary hearing, February 21, 2012, to a public comment proceeding; and scheduling the
16 evidentiary hearing to commence on March 1, 2012, and to continue on March 2, 2012, and such
17 other dates as might be scheduled.

18 55. On February 13, 2012, the telephonic procedural conference proceeded as scheduled,
19 with AWC, Abbott, RUCO, WUAA, and Staff appearing through counsel. During the procedural
20 conference, Staff raised an issue regarding whether additional notice should be provided to White
21 Tank residential customers, and it was determined after discussion that no such notice was required
22 because the approximately 12-percent increase to the White Tank residential customers under the
23 parties' proposed settlement was consistent with what should have been anticipated by a customer
24 receiving and reading the notice stating that AWC had requested a revenue increase of 24.45 percent
25 and that the Commission could grant an increase higher or lower than that requested in the Amended
26 Application. The parties agreed that the notice had been accurate when it was provided and that it
27 was still accurate.

28 56. On February 15, 2012, Staff, on behalf of the parties, filed a Proposed Settlement

1 Agreement (“Agreement”) signed by all of the parties.

2 57. On February 21, 2012, a public comment proceeding convened before a duly
3 authorized Administrative Law Judge of the Commission, with AWC, Abbott, and Staff appearing
4 through counsel. No member of the public attended to provide comment, but discussion occurred
5 regarding procedural matters related to the upcoming hearing.

6 58. Also on February 21, 2012, AWC filed the Testimony in Support of Settlement of
7 William M. Garfield and Joel Reiker; RUCO filed the Settlement Testimony of William A. Rigsby
8 and Jodi A. Jerich; Abbott filed the Testimony in Support of Settlement of Stephen V. Chasse; and
9 Staff filed the Testimony in Support of the Proposed Settlement Agreement of Steven M. Olea.

10 59. On February 23, 2012, AWC, on behalf of the other parties, filed a Notice of Parties’
11 Agreements Regarding Settlement Hearing Procedural Matters.

12 60. Also on February 23, 2012, RUCO filed the Testimony Summaries of William
13 Rigsby, Rodney Moore, Timothy Coley, and Jodi Jerich.

14 61. On February 27, 2012, AWC filed Summaries of Testimony for William Garfield and
15 Joel Reiker.

16 62. On February 28, 2012, Staff filed the Testimony Summary of Steven Olea, and Abbott
17 filed the Summary of Testimony of Stephen Chasse.

18 63. On February 29, 2012, RUCO filed the Amended Direct Testimony of William
19 Rigsby.

20 64. On March 1, 2012, an evidentiary hearing was held before a duly authorized
21 Administrative Law Judge of the Commission at the Commission’s offices in Phoenix, Arizona.
22 AWC, Abbott, RUCO, WUAA, and Staff all appeared through counsel. AWC provided exhibits and
23 the testimony of William Garfield, President of AWC, and of Joel Reiker, Vice-President of Rates
24 and Revenues for AWC. Abbott provided exhibits and the testimony of Stephen Chasse, Manager of
25 Facilities and Utilities for Abbott. RUCO provided exhibits and the testimony of William Rigsby,
26 Chief of Accounting and Rates for RUCO, and of Jodi Jerich, Director of RUCO. WUAA did not
27 provide exhibits or testimony. Staff provided exhibits and the testimony of Steven Olea, Director of
28 the Commission’s Utilities Division and Interim Director of the Commission’s Safety Division. The

1 parties stipulated as to the admissibility of the Amended Application with accompanying schedules,
2 the parties' testimony that preceded the filing of the Settlement Agreement, and a joint issues matrix.
3 No members of the public attended to provide public comment.

4 65. On August 8 and 25, 2011, two customer comments were filed in opposition to
5 AWC's requested rate increase, one from the Coolidge system and one from the Casa Grande system.
6 On August 29 and September 13, 2011, two customer comments were filed in opposition to AWC's
7 requested rate increase, one from the Casa Grande system and one from the Ajo system.

8 **III. The Intervenors**

9 **A. Abbott**

10 66. Abbott is one of the largest industrial customers in AWC's Pinal Valley system. (Ex.
11 Abbott-1 at 1.) Abbott operates a manufacturing facility on the west side of Casa Grande that
12 employs approximately 500 employees, operates at all times, and manufactures a variety of infant
13 formula and adult nutritional products for distribution primarily in the western United States. (Ex.
14 Abbott-1 at 2, 3.) Abbott receives chlorinated groundwater from AWC through a dedicated 7-mile
15 pipeline that was constructed by Abbott and contributed to AWC. (*Id.* at 2.) The water Abbott
16 receives from AWC is not otherwise treated by AWC. (*Id.*) Abbott treats the water received from
17 AWC with Abbott's own reverse osmosis treatment plant, to remove impurities including arsenic and
18 fluoride. (*Id.*) AWC considers Abbott to be a non-potable customer.¹⁰ (Tr. at 57.) Abbott's cost to
19 operate the reverse osmosis plant, not including capital costs, amounted to \$0.96 per thousand gallons
20 in 2010-2011. (Ex. Abbott-1 at 5.) Abbott asserts that the water it receives from AWC is not treated
21 for arsenic by AWC, even though Abbott has been paying for arsenic treatment through the arsenic
22 surcharge in place before Decision No. 71845 (set at \$0.2147 per thousand gallons) and now included
23 within the rates approved by the Commission in Decision No. 71845. (*Id.* at 3.) Abbott receives its
24 water primarily through a 6" meter and pays \$1.5036 per thousand gallons, a tariffed rate, plus other
25 tariffed fees and charges. (Ex. Abbott-1 at 4.) Abbott receives some water through a 1" meter. (*Id.*;

26
27 ¹⁰ The only AWC tariff that would have a non-potable rate is its untreated CAP water tariff, which is used for surface
28 water taken off the canals primarily for golf courses. (Tr. at 58.) AWC is not proposing any changes to that tariff in this
matter. (*See id.*) Mr. Garfield testified that that tariff is effectively a pass through of the CAP water costs to the golf
course users. (*Id.*)

1 Tr. at 96.) Abbott reports that it has a strong incentive to reduce its water consumption, both for
2 financial and environmental reasons, and has implemented ongoing water conservation efforts at its
3 plant. (Ex. Abbott-1 at 4.) Abbott used approximately 387 million gallons of water in 2009, 379
4 million gallons of water in 2010, and 393 million gallons of water in 2011. (*Id.* at 5; Tr. at 93.)
5 Although Abbott's 2011 water consumption was an increase from its 2010 water consumption, Mr.
6 Chasse testified that this was due to an increase in production at the plant and actually represented
7 either no change or a per-unit reduction in water consumption. (Tr. at 93.)

8 67. Abbott provided testimony in this matter, but did not provide a position as to rate base,
9 cost of capital, revenue requirement, rate design, or most of the other approvals requested by AWC in
10 its Amended Application. Abbott's primary focus in this case was to ensure that Abbott and similarly
11 situated customers would not be required to pay an arsenic treatment surcharge for purchased water
12 that is not treated for arsenic. (*See* Tr. at 91-92.) Abbott also asserted that AWC's proposed Off-Site
13 Facilities Fee tariff language should be modified to exclude new service connections intended only to
14 provide alternate delivery locations for existing water service. (Ex. Abbott-1 at 6.)

15 B. WUAA

16 68. WUAA did not file any testimony or otherwise provide any evidence in this matter.

17 C. RUCO

18 69. RUCO provided testimony and exhibits in this matter, which included RUCO's
19 position as to rate base, cost of capital, revenue requirement, rate design, and the other approvals
20 requested by AWC in its Amended Application.

21 **IV. Pre-Settlement Positions**

22 A. The Amended Application

23 70. In the Amended Application, AWC asserted that the revenues from its utility
24 operations are presently inadequate to allow AWC to recover its operating costs and provide a just
25 and reasonable rate of return on the fair value of its utility plant and property used to provide service
26 to its Western Group customers. (Ex. A-1 at 2-3.) AWC asserted that it had made significant
27 additions to its plant in service since the test year used in its last rate case, both to assure safe and
28 reliable service to its customers and to comply with the Commission's directive for AWC to reduce

1 its water losses by July 1, 2011. (*Id.* at 3.) AWC also stipulated in the Amended Application that the
 2 Commission could use AWC's original cost rate base ("OCRB") as its fair value rate base ("FVRB")
 3 for the limited purpose of setting rates in this matter. (*Id.*) AWC's position in the Amended
 4 Application,¹¹ as to the Western Group's TY operations and revenue requirement, was as follows:

5	TY Adjusted Operating Revenues:	\$18,666,157
6	TY Adjusted Operating Expenses:	\$16,278,093
7	TY Adjusted Operating Income:	\$2,388,064
8	Adjusted OCRB:	\$54,072,795
9	TY Rate of Return:	4.42%
10	Required Operating Income:	\$5,144,329
11	Operating Income Deficiency:	\$2,756,265
12	Gross Revenue Conversion Factor	1.6559
	Required Revenue Increase:	\$4,564,110
	Required Revenue Increase %:	24.45%
	Required Operating Revenues:	\$23,230,225
	Required Rate of Return:	9.51%

13 71. In the Amended Application, AWC also requested the following:

14 (a) That the Commission authorize AWC's Western Group to implement an
 15 ACRM consistent with the ACRM authorized for AWC's Sedona and Superstition systems in
 16 Decision No. 71845 because AWC must construct additional arsenic treatment plants in its Pinal
 17 Valley system;

18 (b) That the Commission authorize consolidation of the White Tank system with
 19 the Pinal Valley system;

20 (c) That the Commission authorize AWC to continue collecting the CAP HUF for
 21 the Pinal Valley (Casa Grande and Coolidge) and White Tank water systems, as authorized in
 22 Decision No. 68302 and continued in Decision No. 71845, and further to consolidate the CAP HUF
 23 into a single fee, so that AWC will continue to recover its on-going and deferred CAP Municipal and
 24 Industrial capital costs;

25 (d) That the Commission authorize AWC to collect a Distribution System
 26 Improvement Charge ("DSIC") for AWC's Western Group systems so that AWC is able to restore
 27

28 ¹¹ This data comes from Ex. A-2, Sched. A-1.

1 and maintain its financial ability to provide an adequate level of water service to its Western Group
 2 customers by recovering the fixed costs (depreciation and rate of return) of non-revenue producing
 3 distribution system improvement projects completed between rate cases;

4 (e) That the Commission authorize AWC to collect an Off-Site Facilities Fee
 5 (“OSFF”) so that AWC can equitably apportion the costs of constructing additional off-site facilities
 6 to provide water production, treatment, delivery, storage, and pressure facilities among all new
 7 customers whose water supply requirements make the facilities necessary, with the fee starting at
 8 \$3,500 for a 5/8” x 3/4” new service connection and graduated fees for larger meter sizes; and

9 (f) That the Commission authorize such other and further relief as may be
 10 appropriate to ensure that AWC has an opportunity to earn a just and reasonable return on the fair
 11 value of its utility plant and property and as may otherwise be required under Arizona law.¹²

12 B. ACRM

13 72. AWC asserted that it must construct additional arsenic treatment plants in the Pinal
 14 Valley system and that planning and design for those plants was already underway as of May 2011.
 15 (Ex. A-1, Harris, at 7-8.) AWC requested that the ACRM authorization granted in Decision No.
 16 71845, specifically allowing AWC to make new ACRM filings for arsenic treatment plants planned
 17 for the Sedona and Superstition water systems, be extended to its Western Group water systems. (*Id.*
 18 at 8.) AWC planned to expand its Henness Road arsenic treatment plant and to build new arsenic
 19 treatment facilities at Coolidge Well No. 13, at an estimated cost of \$2,650,000. (*Id.*) AWC asserted
 20 that it would need an additional \$493,000 of additional revenues just to recover the capital costs of
 21 this additional plant, without taking into account any of the additional operating costs resulting from
 22 arsenic treatment. (*Id.*)

23 73. Staff recommended that the Commission continue authorization for an ACRM that
 24 would preserve eligibility for an ACRM surcharge for each new arsenic treatment facility, but would
 25 require AWC to apply and obtain approval for each ACRM surcharge. (Ex. S-2 at 31.)
 26
 27

28 ¹² Ex. A-1 at 4-6. AWC also included a single reference to a MAP Surcharge in its Amended Application. (Ex. A-1 at 6.)

1 74. RUCO recommended approval of AWC's request for continuation of its ACRM for
2 the Western Group. (Ex. R-5 at 13.)

3 C. Consolidation of White Tank with Pinal Valley

4 75. AWC asserted that Decision No. 71845 approved consolidation of Casa Grande,
5 Coolidge, and Stanfield into Pinal Valley and required AWC to complete a consolidation study with
6 proposals for its remaining systems. (Ex. A-1, Garfield, at 23-24.) AWC filed its consolidation study
7 on September 30, 2010, and consistent with the study, proposed to consolidate White Tank with Pinal
8 Valley.¹³ (*Id.* at 24.) AWC proposed to "operationally consolidate" White Tank into Pinal Valley,
9 which would mean that their accounting, regulatory, operational, and ratemaking functions would be
10 consolidated. (Ex. A-1, Harris, at 8-9.) AWC asserted that full consolidation of the rates of White
11 Tank and Pinal Valley was not possible and proposed phased consolidation, with full consolidation
12 for residential and commercial rates in this case and later consolidation for industrial general service
13 rates. (*Id.* at 10-11.) AWC clarified that White Tank and Pinal Valley financial and operating data
14 would be fully consolidated, but that tariffs and billing records would remain separate until the
15 industrial rates were fully consolidated later. (Ex. A-1, Reiker, at 9-10.) AWC asserted that the key
16 in consolidating rates is to ensure that residential customers do not pay more than their cost of
17 service, and testified that AWC's proposal would not result in residents of one service area
18 subsidizing the residents of another service area after rate consolidation. (Ex. A-3, Harris (RD), at 5.)

19 76. RUCO opposed consolidation of White Tank into Pinal Valley. (Ex. R-5 at 13.)
20 RUCO expressed concern that cross subsidization and distorted price signals would result from such
21 consolidation. (*Id.* at 13-14.) RUCO asserted that White Tank's rates should be more reflective of
22 AWC's cost of service and questioned the wisdom of AWC's proposed shift of revenue from White
23 Tank customers to Pinal Valley customers, as White Tank customers have average monthly
24 consumption more than 5,500 gallons higher than that of Pinal Valley customers. (*Id.* at 14.) RUCO
25 stated that the consolidation would send the wrong price signals to White Tank customers, whose
26 bills would increase about \$0.16 at the average level and would decrease \$0.32 at 9,000 gallons,
27

28 ¹³ In the study, AWC did not propose to consolidate Ajo because Ajo does not share similarities in water resources with the other systems. (*See* Ex. A-1, Harris, at 8-10, Ex. JDH-2.)

1 while Pinal Valley customers with average and median usage would see increases of \$9.33 and \$8.31.
2 (*Id.* at 14-15.) RUCO asserted that the Commission should approve rate consolidation only when
3 there are public policy reasons that outweigh adherence to traditional cost of service principles. (*Id.*
4 at 15.)

5 77. Staff recommended full consolidation of the Western Group in this case. (Ex. S-3 at
6 2, 4.) Staff asserted that consolidating the rate schedules would reduce administrative burden on both
7 AWC and the Commission and promote equity by eliminating the substantial disparities in bills over
8 geographic areas. (*Id.* at 2.) Staff determined that full consolidation would result in decreased bills
9 for most Ajo and Stanfield customers and for White Tank customers using 20,000 gallons or less per
10 month, and that Casa Grande and Coolidge customers would not be harmed by full consolidation, and
11 reasoned that the lack of adverse impact provided an excellent opportunity for bill consolidation in
12 this matter. (*Id.* at 4.) However, Staff provided an alternate set of schedules, with separate rates for
13 White Tank and Ajo, for use if the Commission preferred a more gradual move toward consolidation.
14 (*Id.* at 2.)

15 D. Complete Consolidation of Stanfield into Pinal Valley

16 78. The rates for Stanfield were partially consolidated with those for Pinal Valley (Casa
17 Grande and Coolidge) in Decision No. 71845. (Ex. A-1, Harris, at 11.) AWC now proposes to fully
18 consolidate Stanfield's rates with Pinal Valley's rates. (*Id.*)

19 79. Staff's primary recommendation was to fully consolidate the Western Group as a
20 whole. (Ex. S-3 at 2.) Staff's alternate recommendation included full consolidation of Stanfield into
21 Pinal Valley. (*Id.*)

22 80. RUCO's schedules included full consolidation of Stanfield into Pinal Valley. (Ex. R-2
23 at Schedules RD-1, RD-2; Ex. R-3 at Schedule RD-2.)

24 E. CAP HUFs

25 81. AWC requested that it be permitted to continue collecting the CAP HUFs for the Pinal
26 Valley (Casa Grande and Coolidge) and White Tank systems, which had been approved in Decision
27 No. 68302 to allow AWC to recover ongoing and deferred CAP Municipal and Industrial ("M&I")
28

1 capital costs¹⁴ and continued in Decision No. 71845 until its next Western Group rate case, or
 2 December 31, 2012, whichever came first. (Ex. A-1, Reiker, at 6-7.) AWC requested that it be
 3 authorized to continue collecting the present CAP HUFs and that the CAP HUFs be consolidated into
 4 a single fee consistent with AWC's request to consolidate the water rates for the Pinal Valley and
 5 White Tank systems. (*Id.* at 7-8.) AWC prepared a true-up of the CAP HUFs for Casa Grande,
 6 Coolidge, and White Tank through the end of the TY. (*Id.* at JMR-1, JMR-2, JMR-3.) The true-up
 7 showed a balance of deferred CAP M&I capital charges of \$5,025,502 at the end of the TY. (*Id.* at
 8 7.) AWC expected that balance to increase over the coming years because customer growth had been
 9 and was expected to continue to be far below the levels assumed when the CAP HUFs were set. (*Id.*)
 10 AWC requested that the CAP HUF authority continue, but that the CAP HUFs be consolidated into a
 11 single fee of \$204 for a 5/8" x 3/4" meter, higher for larger meters, in the Pinal Valley and White Tank
 12 systems. (*Id.* at 7-8.) AWC did not request to increase or decrease the CAP HUFs, only to
 13 consolidate them. (*Id.* at 8.) AWC asserted that it expected to file another Western Group rate case
 14 in 2013, using a 2012 TY. (*Id.* at 8-9.)

15 82. RUCO opposed consolidation of the CAP HUFs for Pinal Valley and White Tank
 16 because RUCO opposed consolidation of Pinal Valley and White Tank. (Ex. R-5 at 16-17.) RUCO
 17 stated that it had supported the original adoption of the CAP HUFs in Decision No. 68302, and
 18 RUCO did not express opposition to continuation of the CAP HUFs herein. (*Id.*)

19 83. Staff recommended continuation of the CAP HUF tariff for Pinal Valley and White
 20 Tank, but recommended that the title of the tariff be changed to "CAP M&I Fees," which Staff
 21 asserted is a more accurate description of the fees. (Ex. S-2 at 31.) Staff also recommended that the
 22 appropriateness of the tariff be reviewed again in AWC's next rate case. (*Id.*) Staff did not oppose
 23 consolidation of the CAP HUFs. (*See id.*)

24 ...

25
 26 ¹⁴ Mr. Garfield testified that the CAP M&I costs are effectively for repayment of the cost of building the CAP canal and
 27 that each subcontractor to the CAWCD must pay its share of the cost of the canal that delivers its subcontracted amount
 28 of water. (Tr. at 58-59.) AWC was unable to recover those costs for a number of years, so AWC deferred those costs for
 future recovery, and those deferred costs are being recovered under the CAP HUF. (*Id.* at 59.) AWC incurs ongoing
 costs as well. (*Id.*) The CAP HUFs apply only to Casa Grande, Coolidge, and White Tank because those are the areas
 that have subcontracts for CAP water. (*Id.*) Ajo is outside of the CAP delivery area. (*Id.*)

1 F. DSIC

2 84. AWC requested authority to implement a DSIC, which it described as a ratemaking
3 tool that would allow it to recover the fixed costs (depreciation and rate of return) of non-revenue-
4 producing distribution system improvement projects completed between rate cases. (Ex. A-1, Harris,
5 at 11.) AWC asserted that Decision No. 71845 had indicated that a DSIC may be a reasonable way to
6 deal with the issue of replacing aging infrastructure and required AWC to complete a DSIC study,
7 which AWC included as an exhibit to Mr. Harris's Direct Testimony accompanying the Amended
8 Application. (*Id.* at 12-13, Ex. JDH-3.)

9 85. RUCO opposed the DSIC, stating that AWC was seeking recovery of routine plant
10 improvements that would normally be recovered in a general rate case proceeding. (Ex. R-5 at 4.)
11 RUCO asserted that a DSIC is a one-sided mechanism that fails to consider reduced operating and
12 maintenance expenses attributable to new plant. (*Id.*) RUCO also asserted that because there is no
13 federal or state requirement mandating the types of routine plant additions for which AWC seeks
14 recovery through the DSIC (such as is present in the context of building an arsenic treatment plant),
15 there is no need for the Commission to adopt a special surcharge to allow AWC recovery for the
16 additions. (*Id.* at 4-5.)

17 86. Staff also recommended denial of the DSIC. (Ex. S-2 at 30.) Staff stated that the
18 DSIC is a surcharge mechanism that would allow AWC to implement and/or change a surcharge to
19 recover the cost of certain items of plant between rate cases and that the use of such adjustor
20 mechanisms should only be permitted under extraordinary circumstances, which are absent in this
21 case. (*Id.* at 29-30.) Staff also stated that a similar mechanism had been requested by Arizona-
22 American in a rate case, although Arizona-American referred to it as an "infrastructure improvement
23 surcharge," and that the Commission had denied the infrastructure improvement surcharge in
24 Decision No. 72047 (January 6, 2011). (*Id.* at 30.)

25 G. OSFF

26 87. AWC requested authority to implement an OSFF tariff, which it stated would
27 equitably apportion the costs of constructing additional off-site facilities to provide water production,
28 treatment, delivery, storage, and pressure facilities among all new customers whose water supply

1 requirements make the facilities necessary. (Ex. A-1, Harris, at 20.) AWC proposed a \$3,500 OSFF
2 for each new 5/8" x 3/4" service connection, with graduated OSFFs for larger meter sizes, and that the
3 OSFF be applicable to all new service connections in the service area. (*Id.*) AWC asserted that the
4 OSFF would be in addition to an applicant's advances in aid of construction ("AIAC") or
5 contributions in aid of construction ("CIAC") and cited other dockets in which OSFFs have been
6 approved by the Commission for other utilities. (Ex. A-1, Harris, at 21.) AWC asserted that the
7 OSFF would primarily be used to cover the costs of the Pinal Valley CAP Treatment Plant and the
8 necessary transmission and distribution mains, water storage tanks, and booster stations needed to
9 provide water service in the growing area. (*Id.*) AWC asserted that it has a policy of not
10 commencing construction of a particular phase until sufficient OSFFs have been collected to offset
11 the costs associated with the phase, so as to ensure that AWC is not faced with large off-site
12 infrastructure investments that are not fully funded by contributions, as this could lead to large
13 increases in rate base and rates. (*Id.* at 21-22.) AWC further asserted that it is not appropriate to
14 offset rate base with any unexpended OSFFs because the OSFFs are not available to AWC except for
15 the purpose of constructing off-site facilities. (*Id.* at 22.)

16 88. RUCO stated that it neither agreed nor disagreed with the OSFF tariff, which RUCO
17 described as "delay[ing] the recognition of CIAC as a deduction to rate base until the plant funded by
18 hook-up fees is placed into service," but asserted that delaying recognition of CIAC as a deduction to
19 rate base is not in the best interest of ratepayers. (Ex. R-5 at 19.)

20 89. Abbott asserted that the proposed OSFF tariff language should be changed to exclude
21 new service connections intended to provide alternate delivery locations for existing water service, as
22 opposed to new water service. (Ex. Abbott-1 at 6.)

23 90. Staff determined that the proposed OSFFs were reasonable and recommended
24 adoption of specific tariff language provided with the Direct Testimony of Katrin Stukov. (Ex. S-1,
25 Ex. KS at 30.) Staff recommended that its OSFF tariff language be adopted; that the funds generated
26 by the OSFF tariff be used only for plant items meeting the conditions of Staff's recommended OSFF
27 tariff; and that AWC submit to Docket Control each January, beginning in January 2013 and until the
28

1 OSFF tariff is no longer in effect, a calendar year OSFF status report containing specified data. (Ex.
2 S-1, Ex. KS at ii.)

3 H. Deferral of Costs for BMPs

4 91. On December 22, 2010, AWC submitted, for the Commission's consideration, the
5 additional BMPs required by Decision No. 71845. (Ex. A-1, Garfield, at 26.) As of the filing of
6 AWC's Amended Application and of Staff's Direct Testimony, the Commission was still considering
7 AWC's proposed BMPs. (*Id.*; Ex. S-1, Ex. KS, at 30.)

8 92. In this case, AWC proposed to increase its operating expenses by \$11,925 to include
9 the costs of implementing the additional BMPs required by Decision No. 71845 for the Pinal Valley
10 and White Tank systems. (Ex. A-1, Reiker, at 21.)

11 93. RUCO did not exclude AWC's pro forma adjustment for additional BMP costs. (*See*
12 Ex. R-1 at 21-28, Sched. TJC-7.)

13 94. Staff disallowed AWC's pro forma adjustment for additional BMP expenses and
14 recommended that AWC continue to defer its BMP costs for recovery in a future general rate case.
15 (Ex. S-2 at 20.) Staff stated that it had not yet completed its review of AWC's BMP proposal, that
16 Staff was awaiting AWC's response to a data request, and that Staff might change its
17 recommendation after receiving the response to the data request. (*Id.*)

18 95. On rebuttal, AWC asserted that although it had, in another docket,¹⁵ filed an
19 application to allow deferral of costs associated with implementing the additional BMPs required by
20 Decision No. 71845, no action had yet been taken on AWC's application in that docket, and AWC
21 urged the Commission, if Staff's position were adopted, also to approve AWC's application to allow
22 deferral of those costs. (Ex. A-3, Harris, at 9-10.)

23 I. Accrual of Allowance for Funds Used During Construction ("AFUDC")

24 96. AWC included in plant-in-service for the Pinal Valley system \$258,409 for real
25 property that does not currently have water plant serving customers. (Ex. S-2 at 7, 10-11.) AWC
26

27 ¹⁵ AWC asserted that the application had been filed in Docket No. W-01445A-11-0092. (Ex. A-3, Harris, at 9.)
28 Official notice is taken that AWC filed an application requesting an accounting order to record as miscellaneous deferred
debits both BMP expenses and tank painting expenses in Docket No. W-01445A-11-0092 on February 28, 2011, and that
no additional filings have been made in that docket as of April 4, 2012.

1 intends to use the property to serve the Arizona City portion of its Pinal Valley system. (Ex. S-2 at
 2 11.) Design and permitting were complete, water transmission lines had been constructed, and a
 3 booster station and storage tank materials had been ordered at the time of the Amended Application,
 4 but construction was to commence post-TY, in October 2011, and to be completed by May 31, 2012.
 5 (*Id.*)

6 97. RUCO did not make a deduction from plant-in-service for the property to be used for
 7 the Arizona City booster station and storage tank. (*See* Ex. R-1 at 9, Sched. TJC-2.)

8 98. Staff found that the real property to be used for the Arizona City booster station and
 9 storage tank was not yet used and useful, as it contained no plant that was providing service to
 10 customers, and recommended a \$258,409 deduction from plant-in-service to exclude the property.
 11 (*Ex.* S-2 at 7, 10-11.)

12 J. Cost of Capital

13 99. AWC, RUCO, and Staff took the following positions on the Western Group’s cost of
 14 capital, with the cost of equity as the area of dispute:¹⁶

	AWC			RUCO			STAFF		
	Weight	Cost	Weighted Avg. Cost	Weight	Cost	Weighted Avg. Cost	Weight	Cost	Weighted Avg. Cost
Common Equity	50.97%	12.10%	6.17%	50.97%	9.50%	4.84%	51.1%	10.0%	5.1%
Debt	49.03%	6.82%	3.35%	49.03%	6.82%	3.35%	49.0%	6.8%	3.3%
Weighted Avg. Cost of Capital			9.51%			8.19%			8.4%

20 100. AWC asserted that the cost of equity should be determined using a sample of seven
 21 publicly traded water utilities with the discounted cash flow (“DCF”) model, the capital asset pricing
 22 model (“CAPM”), and two versions of the risk premium (“RP”) model. (*Ex.* A-1, Zepp, at 5.) AWC
 23 gave a 50-percent weight to DCF estimates and a 50-percent weight to CAPM estimates and
 24 concluded that the appropriate cost of equity for the sample group fell in the range of 10.9 percent to
 25 12.3 percent. (*Id.*) Mr. Zepp further determined a risk premium for AWC based on specific
 26 additional business risks faced by AWC—specifically AWC’s size because it is smaller than the
 27

28 ¹⁶ The sources for this data are Ex. A-2, Sched. D-1; Ex. A-3, Zepp, at 3; Ex. R-4 at Sched. WAR-1; Ex. S-2 at 29.

1 sample utilities, the use of a historical test year, and risk relative to other companies as analyzed by
2 the California Public Utilities Commission in a 2009 generic return on equity case. (*Id.* at 5-6.) Mr.
3 Zepp concluded that because of Arizona's regulatory system, AWC's cost of equity is increased by
4 no less than 50 basis points above the return on equity for the seven sample utilities. (*Id.* at 6.) Mr.
5 Zepp concluded that the cost of equity for AWC is in the range of 11.4 to 12.8 and that the midpoint
6 of 12.1 was a reasonable required rate of return on equity for AWC. (*Id.*) Mr. Zepp's
7 recommendation regarding cost of equity did not change on rebuttal. (Ex. A-3, Zepp, at 3.)

8 101. To determine cost of equity, RUCO conducted a market-based DCF and CAPM
9 analyses using two separate proxy groups, a water company proxy group comprised of four publicly
10 traded water companies and a natural gas proxy group consisting of nine natural gas local distribution
11 companies with similar operating characteristics to water providers. (Ex. R-4 at 7, 17-21.) RUCO's
12 proxy group for the analyses diverged from AWC's in that AWC used three water companies that
13 RUCO excluded, and RUCO included a sample of natural gas local distribution companies, which
14 AWC did not. (*Id.* at 22.) In addition, AWC and RUCO used different growth estimates in their
15 DCF analyses, used different risk-free instruments for the risk-free rate of return component in their
16 CAPM analyses, and used different market risk premiums in their CAPM analyses. (*Id.* at 54-58.) In
17 addition, RUCO did not adopt the additional 50 basis point addition that AWC included in its cost of
18 common equity. (*Id.* at 59.) RUCO's recommended cost of common equity figure of 9.50 fell just
19 above the high end of its range of estimates (3.97 percent to 9.40 percent), which RUCO determined
20 was appropriate after considering the current state of the national and Arizona economies, Arizona's
21 rate of unemployment, and the U.S. Federal Reserve's recent decision not to raise interest rates for
22 the next two years. (*Id.* at 34-35.)

23 102. Staff did not conduct its typical market-based DCF and CAPM analysis due to limited
24 Staff resources and instead derived its recommended cost of equity by taking an average of the most
25 recent Commission-authorized cost of equity (10.4 percent) and the most recent Staff market-based
26 cost of equity estimate (9.6 percent) for non-publicly traded water utilities. (Ex. S-2 at 28-29.)

27 K. TY Results, Rate Base, and Revenue Requirement

28 103. RUCO and Staff adopted the following positions regarding the TY operations and

1 required revenue for the separate systems in the Western Group, which are shown in comparison to
 2 the figures included in the Amended Application:¹⁷

PINAL VALLEY (Casa Grande, Coolidge, & Stanfield)			
	AWC	RUCO	Staff
TY Adjusted Operating Revenues:	\$16,572,288	\$16,572,049	\$16,657,541
TY Adjusted Operating Expenses:	\$14,428,651	\$14,350,194	\$13,976,267
TY Adjusted Operating Income:	\$2,143,637	\$2,221,855	\$2,681,274
Adjusted OCRB:	\$47,398,030	\$46,846,040	\$46,898,537
TY Rate of Return:	4.52%	4.74%	5.72%
Required Operating Income:	\$4,509,311	\$3,834,846	\$3,939,477
Operating Income Deficiency:	\$2,365,674	\$1,612,991	\$1,258,203
Gross Revenue Conversion Factor	1.6569	1.6569	1.6562
Required Revenue Increase:	\$3,919,673	\$2,672,556	\$2,083,848
Required Revenue Increase %:	23.65%	16.13%	12.51%
Required Rate of Return:	9.51%	8.19%	8.40%
Proposed Revenue Increase:	\$4,509,782 ¹⁸	\$2,672,556	\$2,083,848
WHITE TANK			
	AWC	RUCO	Staff
TY Adjusted Operating Revenues:	\$1,584,389	\$1,584,472	\$1,582,565
TY Adjusted Operating Expenses:	\$1,422,306	\$1,417,249	\$1,397,216
TY Adjusted Operating Income:	\$162,083	\$167,223	\$185,350
Adjusted OCRB:	\$5,682,264	\$5,606,782	\$5,652,142
TY Rate of Return:	2.85%	2.98%	3.28%
Required Operating Income:	\$540,594	\$458,975	\$474,780
Operating Income Deficiency:	\$378,512	\$291,752	\$289,430
Gross Revenue Conversion Factor	1.6497	1.6497	1.6526
Required Revenue Increase:	\$624,449	\$481,317	\$478,324

17 The sources for this data are Ex. A-2 at Sched. A-1; Ex. R-1 at Sched. TJC-1 (Pinal Valley, White Tank, Ajo); Ex. S-1 at Sched. JMM-1 (Pinal Valley, White Tank, Ajo).

18 AWC included in its Amended Application a "Consolidated Revenue Adjustment" affecting Pinal Valley and White Tank, which resulted in a \$590,109 increase in the proposed gross revenue increase for Pinal Valley and a corresponding decrease in the proposed gross revenue increase for White Tank. (Ex. A-2 at Sched. A-1.) The accompanying footnote stated: "Consolidated Revenue Adjustment represents the increase/(decrease) in revenue requirement resulting from proposed rate consolidation." (*Id.*)

1	Required Revenue Increase %:	39.41%	30.38%	30.22%
	Required Rate of Return:	9.51%	8.19%	8.40%
2	Proposed Revenue Increase:	\$34,340 ¹⁹	\$481,317	\$478,324
3				
4	AJO			
		AWC	RUCO	Staff
5	TY Adjusted Operating Revenues:	\$509,480	\$509,594	\$515,694
6	TY Adjusted Operating Expenses:	\$427,136	\$425,291	\$406,232
7	TY Adjusted Operating Income:	\$82,344	\$84,303	\$109,463
8	Adjusted OCRB:	\$992,500	\$986,335	\$987,646
9	TY Rate of Return:	8.30%	8.55%	11.08%
	Required Operating Income:	\$94,424	\$80,742	\$82,962
10	Operating Income Deficiency:	\$12,079	-\$3,561	-\$26,500
11	Gross Revenue Conversion Factor	1.6548	1.6548	1.5726
12	Required Revenue Increase:	\$19,988	-\$5,893	-\$41,676
13	Required Revenue Increase %:	3.92%	-1.16%	-8.08%
	Required Rate of Return:	9.51%	8.19%	8.40%
14	Proposed Revenue Increase:	\$19,988	-\$5,893	-\$41,676

15 ...
 16 ...
 17 ...
 18 ...
 19 ...
 20 ...
 21 ...
 22 ...
 23 ...
 24 ...
 25 ...
 26 ...
 27 ...

¹⁹ See preceding note.

1 L. Rate Design

2 104. AWC's current rates and charges and the rates and charges proposed by AWC in its
3 Amended Application and on rebuttal are as shown in Exhibit A, attached hereto and incorporated
4 herein.²⁰ AWC's rate design on rebuttal did not change significantly from that originally proposed in
5 the Amended Application. (*See* Exhibit A hereto; Ex. A-3 at Sched. H-3.)

6 105. RUCO's proposed rate design for Pinal Valley residential and commercial customers
7 differed from that proposed by AWC in that RUCO proposed lower basic service charges and lower
8 commodity rates. (*See* Ex. R-2 at Sched. RD-1 (Pinal Valley).) For Pinal Valley industrial
9 customers, RUCO's proposed rate design differed in that RUCO proposed higher basic service
10 charges and a higher flat commodity rate. (*See id.*) RUCO also proposed a higher monthly charge
11 for private fire service; a lower gallonage allowance per coin for coin machines; lower monthly
12 minimum charges, commodity rates, and tier-break-over points for construction meters; and lower
13 monthly minimum charges and flat commodity rates for meters used for sales for resale. (*See id.*)

14 106. RUCO's proposed rate design for White Tank residential customers differed from that
15 proposed by AWC in that RUCO proposed higher basic service charges, higher commodity rates, a
16 lower tier-break-over point for 1" meters, and a higher tier-break-over point for 2" meters. (*See* Ex.
17 R-2 at Sched. RD-1 (White Tank).) For White Tank commercial customers, RUCO's proposed rate
18 design differed in that RUCO proposed higher basic service charges, higher commodity rates, and
19 higher tier-break-over points. (*See id.*) For White Tank industrial customers, RUCO's proposed rate
20 design differed in that RUCO proposed higher basic service charges and a higher flat commodity
21 rate. (*See id.*) For White Tank construction customers, RUCO's proposed rate design different in
22 that RUCO proposed higher basic service charges, higher commodity rates, and lower tier-break-over
23 points. (*See id.*) RUCO also proposed a higher basic service charge for private fire service. (*See id.*)

24 107. RUCO's proposed rate design for Ajo residential and commercial customers differed
25 from that proposed by AWC in that RUCO proposed lower basic service charges and higher
26 commodity rates. (*See* Ex. R-2 at Sched. RD-1 (Ajo).) RUCO also proposed no industrial rates or
27

28 _____
²⁰ The sources for the data in Exhibit A hereto are Ex. A-2 at Sched. H-3; Ex. A-3 at Sched. H-3.

1 sales for resale rates; a lower private fire service charge; a lower gallonage allowance per coin for
2 coin machines; and a higher basic service charge, lower tier-break-over point, and higher commodity
3 rates for construction water. (*See id.*)

4 108. Staff's primary recommended rate design differed most significantly from that
5 proposed by AWC in that Staff would have consolidated rates for the entire Western Group. (Ex. S-3
6 at 2-4, Sched. DBE-1A (Casa Grande-Coolidge, Stanfield, White Tank, Ajo).) Staff's recommended
7 rate design used lower basic service charges for all classes except private fire service, used lower
8 first- and second-tier commodity rates, used a higher third-tier commodity rate, and used lower tier-
9 break-over points for all meter sizes larger than 5/8" x 3/4". (*Id.* at Sched. DBE-1A (Casa Grande-
10 Coolidge, Stanfield, White Tank, Ajo).) Staff's rate design among systems was the same except as to
11 the gallonage allowance for coin machines, for which Staff's recommendations were the same as
12 AWC's proposals. (*See id.*)

13 109. AWC disagreed with Staff's method of allocating revenues to customer classes,
14 asserting that Staff's rate design, including full consolidation, would have resulted in a 38 percent
15 increase in the level of revenues collected from industrial customers, a 24 percent increase in the
16 level of revenues collected from commercial customers, and only a 10 percent increase in the level of
17 revenues collected from residential customers. (Ex. A-3, Reiker, at 5.) AWC asserted that this was
18 not consistent with AWC's cost of service study, which showed that the required increase in gross
19 revenues for the industrial class was negative because the present revenues collected from the
20 industrial class were, on average, greater than the cost of serving that class. (*Id.*) AWC further
21 asserted that the industrial class is the most sensitive to price. (Ex. A-3, Reiker, at 5-6.) AWC also
22 expressed concern that Staff's rate design would allocate only 40.5 percent of revenues over all
23 classes to the fixed basic service charge, which AWC asserted would increase revenue volatility and
24 uncertainty. (Ex. A-3, Reiker, at 6.) AWC asserted that the Commission should instead authorize
25 rates that would collect 50 percent of AWC's revenue requirement through the fixed basic service
26 charge. (*See id.*) AWC accepted Staff's proposed changes to AWC's service charges, including its
27 service line and meter installation charges. (Ex. A-3, Reiker, at 7.)

28

110. AWC asserted that RUCO's rate design allocated the largest revenue increase to the industrial class, thereby unduly burdening the industrial customer class and not following cost of service principles. (Ex. A-3, Reiker, at 12.)

111. Abbott and WUAA did not make rate design proposals.

M. Bill Impacts

112. The rates and charges proposed by AWC in its Rebuttal Testimony deviated only very slightly from those proposed in the Amended Application and would have had approximately the following monthly bill impact on an average usage residential customer served by a 5/8" x 3/4" meter in each of the Western Group systems:²¹

System	Usage (Gallons)	Current Bill	Proposed Bill	Dollar Change	Percent Change
Pinal Valley (Casa Grande & Coolidge)	8,500	\$29.36	\$38.57	+\$9.21	+31.38%
Pinal Valley (Stanfield)	8,300	\$39.17	\$38.03	-\$1.14	-2.91%
Ajo	4,800	\$50.24	\$53.33	+\$3.08	+6.13%
White Tank	13,900	\$52.16	\$52.18	+\$0.02	+0.03%

113. The rates and charges proposed by RUCO would have had approximately the following monthly bill impact on an average usage residential customer served by a 5/8" x 3/4" meter in each of the Western Group systems:²²

System	Usage (Gallons)	Current Bill	Proposed Bill	Dollar Change	Percent Change
Pinal Valley (Casa Grande & Coolidge)	8,500	\$29.36	\$34.34	+\$4.98	+16.96%
Pinal Valley (Stanfield)	8,300	\$39.17	\$33.94	-\$5.23	-13.35%
Ajo	4,800	\$50.24	\$49.87	-\$0.37	-0.74%
White Tank	13,900	\$52.16	\$68.17	+\$16.01	+30.69%

114. The rates and charges recommended by Staff, under its primary recommendation for full consolidation, would have had approximately the following monthly bill impact on an average usage residential customer served by a 5/8" x 3/4" meter in each of the Western Group systems:²³

...
...

²¹ This data is taken from Ex. A-3, Sched. H-4. AWC used slightly rounded figures for average monthly usage, and those figures are repeated here.

²² The impacts for RUCO's proposed rates and charges are calculated from Ex. R-2, Sched. RD-2 for each system.

²³ The impacts for Staff's proposed rates and charges are calculated from Ex. S-3, Sched. DBE-1A for each system.

System	Usage (Gallons)	Current Bill	Proposed Bill	Dollar Change	Percent Change
Pinal Valley (Casa Grande & Coolidge)	8,500	\$29.36	\$31.38	+\$2.02	+6.88%
Pinal Valley (Stanfield)	8,300	\$39.17	\$30.98	-\$8.19	-20.91%
Ajo	4,800	\$50.24	\$23.98	-\$26.26	-52.27%
White Tank	13,900	\$52.16	\$46.66	-\$5.50	-10.54%

V. The Settlement

A. The Settlement Agreement

115. The Settlement Agreement, attached hereto and incorporated herein as Exhibit B,²⁴ was executed on February 15, 2012, by representatives for all of the parties to this matter, specifically William Garfield for AWC, Jeffrey Starling for Abbott, Greg Patterson for WUAA, Jodi Jerich for RUCO, and Steven Olea (by proxy) for Staff. (Ex. S-5.) The Settlement Agreement states that the negotiation process was open, transparent, and inclusive of all parties; that each party had an equal opportunity to participate; and that all parties attended and actively participated in all phases of the settlement discussions. (*Id.* at 3, § 1.7.) The stated purpose of the Settlement Agreement is to settle all issues in this matter in a manner that will promote the public interest, provide for prompt resolution, and allow expeditious implementation of new rates. (*Id.* at 3, § 1.8.) The Settlement Agreement asserts:

[T]he terms of this Agreement will serve the public interest by providing a just and reasonable resolution of the issues presented by the Rate Case, establishing just and reasonable rates for AWC's customers, and promoting the health, welfare and safety of AWC's customers. Commission approval of this Agreement will further serve the public interest by allowing the Signatory Parties to avoid the expense and delay associated with continued litigation.²⁵

The parties desire for the Commission to find the terms and conditions of the Settlement Agreement to be just and reasonable and in the public interest, along with all other necessary findings; to approve the Settlement Agreement; and to order the Settlement Agreement and the rates contained therein to become effective at the earliest practicable date. (*Id.* at 3, § 1.10.)

116. The Settlement Agreement includes, as Exhibit No. 1, both an Off-Site Facilities Fee (Water) Tariff Schedule and a number of supporting schedules that include data for the Western

²⁴ The Settlement Agreement was admitted herein as Exhibit S-5.
²⁵ Ex. S-5 at 3, § 1.9.

1 Group as a whole as well as breakdown data for Pinal Valley, Ajo, and White Tank. (*See id.* at Ex.
2 1.) The supporting schedules detail and support the parties' agreements related to revenue
3 requirement, OCRB/FVRB, TY income and expenses, cost of capital, and rate design. (*See id.*)

4 B. ACRM

5 117. The parties agree that AWC should be permitted to continue its ACRM as proposed
6 and that AWC's General Service Tariff should be amended to exclude from applicability of the
7 ACRM surcharge any industrial class customer that does not receive water from AWC's potable
8 water distribution system. (Ex. S-5 at 5, § 7.2.)

9 C. Consolidation of White Tank with Pinal Valley

10 118. The parties agree that the White Tank and Ajo systems should remain separate and
11 should not be consolidated with the Pinal Valley system at this time. (Ex. S-5 at 5, § 5.1.)

12 D. Complete Consolidation of Stanfield into Pinal Valley

13 119. The parties agree that the Stanfield system should be fully consolidated with the Pinal
14 Valley system (Casa Grande and Coolidge) at this time. (Ex. S-5 at 5, § 5.1.)

15 E. CAP HUFs

16 120. The parties agree that AWC's CAP HUFs for the Casa Grande, Coolidge, and White
17 Tank systems should be continued, without change, except that the name of the CAP HUFs should be
18 changed to CAP M&I Fees to more accurately describe the fees and avoid confusion with other hook-
19 up fee tariffs. (Ex. S-5 at 5-6, § 7.3.)

20 F. DSIC

21 121. AWC withdrew its request for a DSIC in this matter. (Ex. S-5 at 5, § 6.1.)

22 G. OSFF

23 122. The parties agree that AWC should be permitted to collect OSFFs as proposed in its
24 Amended Application and agree on the language of the Off-Site Facilities Fee (Water) Tariff
25 Schedule as included in Exhibit No. 1 to the Settlement Agreement. (Ex. S-5 at 5, § 7.1.)

26 ...

27 ...

28 ...

1 H. Deferral of Costs for BMPs

2 123. The parties agree that Decision No. 71845 authorized AWC to continue to defer its
3 costs associated with implementing and performing additional BMPs for recovery in a future general
4 rate case, and that AWC should record such deferral of costs. (Ex. S-5 at 6, § 7.4.)

5 I. Accrual of AFUDC

6 124. The parties agree that AWC should be allowed to accrue AFUDC on the land
7 purchased for the Arizona City water storage tank and booster pump station. (Ex. S-5 at 6, § 7.5.)

8 J. Cost of Capital

9 125. The parties agree on the following calculation of AWC's cost of capital for the
10 Western Group:²⁶

	Weight	Cost	Weighted Avg. Cost
Common Equity	50.97%	10.0%	5.10%
Debt	49.03%	6.82%	3.34%
Weighted Avg. Cost of Capital			8.44%

11 K. TY Results, Rate Base, and Revenue Requirement

12 126. The parties agree on the following TY results, OCRB/FVRB, and revenue requirement
13 for the Western Group:²⁷

TY Adjusted Operating Revenues:	\$18,638,195
TY Adjusted Operating Expenses:	\$16,088,735
TY Adjusted Operating Income:	\$2,549,460
Adjusted OCRB/FVRB:	\$53,234,209
TY Rate of Return:	4.79%
Required Operating Income:	\$4,494,718
Operating Income Deficiency:	\$1,945,258
Gross Revenue Conversion Factor	1.6576
Required Revenue Increase:	\$3,224,403
Required Revenue Increase %:	17.30%
Required Operating Revenues:	\$21,862,556
Required Rate of Return:	8.44%

14
15
16
17
18
19
20
21
22
23
24
25
26
27 ²⁶ Ex. S-5 at 4, § 3.1, Ex. 1 at Sched. D-1. This calculation differs from that in the Amended Application only as to the
cost of common equity, which is reduced to 10.0 percent here from the 12.10 percent included in the Amended
Application. (See Ex. S-5, Ex. 1 at Sched. D-1.)

28 ²⁷ The provisions of the Agreement come from Ex. S-5 at 3, § 2.0 and at Sched. A-1.

1 L. Rate Design

2 127. The parties agree on the following overall revenue percentage increases/decreases by
3 customer class for the Western Group as a whole, and the Pinal Valley, White Tank, and Ajo systems
4 separately, under the rates and charges agreed upon in the Settlement Agreement:²⁸

Customer Class	Western Group	Pinal Valley	White Tank	Ajo
Residential	14.53%	13.63%	27.09%	-4.08%
Commercial	28.97%	27.88%	68.00%	10.87%
Industrial	13.27%	13.58%	2.27%	0%
Private Fire	9.24%	9.27%	10.18%	3.35%
Other Water	16.51%	7.96%	56.87%	-1.08%
Miscellaneous	0%	0%	0%	0%
Total Operating Revenues	17.30%	16.47%	31.65%	-0.43%

11 The agreed-upon rates will also result in the following revenue percentage increases/decreases for the
12 residential 5/8" x 3/4" meter and 1" meter customer classes within the Western Group as a whole and
13 within the separate systems:²⁹

Residential Meter Size	Western Group	Pinal Valley	White Tank ³⁰	Ajo
5/8" x 3/4" Meter	13.28%	12.19%	29.76%	-4.19%
1" Meter	14.78%	15.94%	13.32%	-0.36%

17 M. Bill Impacts

18 128. The agreed upon rates and charges would have approximately the following monthly
19 bill impact on an average usage residential customer served by a 5/8" x 3/4" meter in each of the
20 Western Group systems:³¹

System	Usage (Gallons)	Current Bill	Proposed Bill	Dollar Change	Percent Change
Pinal Valley (Casa Grande & Coolidge)	8,500	\$29.36	\$31.17	+\$1.82	+6.20%
Pinal Valley (Stanfield)	8,300	\$39.17	\$30.65	-\$8.52	-21.76%
Ajo	4,800	\$50.24	\$45.58	-4.66	-9.28%
White Tank	13,900	\$52.16	\$58.72	+\$6.55	+12.57%

26 ²⁸ These figures come from Ex. S-5, Ex. 1 at Sched. H-1.

27 ²⁹ This data is taken from Ex. S-5, Ex. 1 at Sched. H-2. These represent the majority of customers in each system. (See *id.*)

28 ³⁰ The average consumption for a White Tank residential 5/8" x 3/4" customer is 13,906 gallons, while the average consumption for a White Tank residential 1" customer is 8,955 gallons. (Ex. S-5, Ex. 1 at Sched. H-2.)

³¹ This data is taken from Ex. S-5, Ex. 1 at Sched. H-4.

1 N. Additional Settlement Agreement Provisions

2 129. The parties agree that AWC's next Western Group general rate case filing, or rate case
3 filed for any system within the Western Group, shall use a test year that includes at least 12 months
4 of actual experience with the rates approved in this matter. (Ex. S-5 at 6, § 7.6.)

5 130. The Settlement Agreement provides that if the Commission issues an order adopting
6 all material terms of the Settlement Agreement, such action shall constitute Commission approval of
7 the Settlement Agreement, and the parties shall thereafter abide by the terms as approved by the
8 Commission. (Ex. S-5 at 6, § 8.4.) The Settlement Agreement further provides that the parties agree
9 to waive their rights to appeal a Commission Decision approving the Settlement Agreement, provided
10 that the Commission approves all material provisions of the Settlement Agreement. (*Id.* at 6, § 8.5.)

11 131. The Settlement Agreement provides that AWC shall file compliance tariffs, consistent
12 with any order of the Commission, for Staff review and approval and that such compliance tariffs
13 shall become effective on the effective date of the rate increase stated in the Commission's order.
14 (*Id.* at 7, § 8.6.)

15 132. The Settlement Agreement also states that if the Commission fails to issue an order
16 adopting all material terms of the Settlement Agreement, or adds new or different material terms to
17 the Settlement Agreement, any party may withdraw from the Settlement Agreement and may pursue
18 remedies at law. (*Id.* at 7, § 8.7.) The Settlement Agreement allows a party to exercise reasonable
19 discretion in determining whether a term is material. (*Id.*) In addition, the Settlement Agreement
20 provides that if a party files an application for rehearing before the Commission, "Staff shall not be
21 obligated to file any document or take any position regarding the . . . application for rehearing." (*Id.*)

22 133. The Settlement Agreement also provides that nothing therein shall prevent AWC from
23 requesting a change to its rates in the event of conditions or circumstances that constitute an
24 emergency, which is "limited to an extraordinary event that, in the Commission's judgment, requires
25 rate relief in order to protect the public interest." (Ex. S-5 at 8, § 9.10.)

26 **VI. Parties' Support of Settlement Agreement**

27 134. AWC requests that the Commission approve the Settlement Agreement as written.
28 (Ex. A-4, Garfield, at 8.) Mr. Garfield testified that AWC agreed to materially reduce its rate request

1 because of the expense and uncertainty of protracted litigation, including potential appeals, and so
 2 that it could secure all parties' commitment to expedite the Settlement Agreement, bring it before the
 3 Commission for approval, and obtain implementation of the Settlement Agreement's provision,
 4 including new rates, at the earliest possible date. (Ex. A-4, Garfield, at 7.) Mr. Garfield stated that
 5 each month of delay in having the new rates implemented amounts to approximately \$250,000 of lost
 6 revenues, so AWC sees a great benefit in resolving the complexities of the case through agreement so
 7 as to expedite a Commission decision. (See Tr. at 61-62.) Mr. Garfield further testified that the
 8 Settlement Agreement provides the following benefits:

- 9 • It avoids protracted litigation and yields significant savings of rate case expenses, making lower customer rates possible.
- 10 • It establishes rate designs that promote water conservation and provides a financial incentive and savings for customers who use less water.
- 11 • It produces lower rates to customers by adopting Staff's proposed return on common equity of 10.0%, rather than the Company's requested return on common equity of 12.1%.
- 12 • It postpones any rate application for any water system in the Western Group until there is at least twelve months of recorded revenues with rates approved in this proceeding, effectively postponing any new rate increase for the Western Group for two years or longer.³²

15 135. Mr. Reiker testified that the Settlement Agreement rate design is much more
 16 aggressive in terms of conservation than was AWC's proposed rate design because it provides
 17 significant monetary discounts to residential customers who lower their usage, even to customers
 18 who are already at the lifeline usage of 3,000 gallons or maybe right above it and who can reduce
 19 their usage just enough to get below the break-over point. (Tr. at 74.) Mr. Reiker testified that this
 20 was accomplished by increasing the first and second tier-break-over points for White Tank to make it
 21 easier for those customers to get their usage down under those break-over points and by increasing
 22 the differential between the three tier commodity rates for 5/8" x 3/4" residential customers. (*Id.* at
 23 75.) Mr. Reiker stated that the middle tier is the theoretical cost of water and that the Settlement
 24 Agreement rate design lowered the first tier charge and raised the third tier charge, which shifts more
 25 revenue recovery to the third tier and has the potential to increase revenue volatility, but provides a
 26 better tool to customers who can reduce their usage and thereby save money. (*Id.*) Mr. Reiker added
 27

28 ³² Ex. A-4, Garfield, at 7.

1 that having the greater tier differentials will be something of an experiment for AWC, as it has never
2 had such large differentials. (*Id.* at 76.) Mr. Reiker testified that the rates under the Settlement
3 Agreement would produce revenues from residential customers that are equal to or below the cost of
4 service for those residential customers and that they provide those customers an even larger discount,
5 on an aggregate basis, than would have existed under AWC's proposed rates. (*Id.* at 78-79.) Mr.
6 Reiker also spoke to four policy considerations AWC applies in developing rates, which were still
7 applied in the rates under the Settlement Agreement: (1) achieving gradualism, because the rates
8 under the Settlement Agreement represent small steps toward moving different classes toward their
9 cost of service; (2) achieving affordability, because revenues for residential customers are kept lower
10 than the cost of service; (3) avoiding residential intersystem subsidies, because White Tank is not
11 being consolidated with Pinal Valley and thus Pinal Valley customers will not pay any more to
12 support White Tank customers; and (4) ensuring revenue recovery, because the basic service charge
13 is designed to provide AWC with 41 percent of its overall revenue, which is a small increase from its
14 last rate case. (*See Tr.* at 79-82.) Mr. Reiker also confirmed that the largest percentage revenue
15 increase under the Settlement Agreement comes from the commercial customer class, which had
16 increasing usage for the period from 2000 to 2010, at least in the Pinal Valley and White Tank areas.
17 (*Tr.* at 82-83.)

18 136. Mr. Chasse testified that Abbott intervened in this matter to assert that 6" industrial
19 customers in the Pinal Valley system, such as itself, should not be required to pay tiered rates because
20 rate tiers are not needed to encourage additional conservation by these customers; that customers
21 should pay rates that reflect AWC's cost of providing service to the customers; and that AWC's
22 OSFF tariff language should be changed to reflect that the OSFF is not payable for additional service
23 connections established as back-up connections. (*Ex. Abbott-2* at 1-2.) Mr. Chasse testified that the
24 rate design in the Settlement Agreement includes a flat commodity rate for 6" industrial customers in
25 the Pinal Valley system and more closely reflects the cost of service than did the other parties' initial
26 rate design proposals. (*Id.* at 2.) Mr. Chasse also testified that the ACRM surcharge previously paid
27 by non-potable industrial customers would be inapplicable under the Settlement Agreement and that
28 the OSFF tariff will not apply to redundant connections because such connections do not require

1 AWC to increase its off-site facility capacity. (*Id.*) Mr. Chasse characterized these provisions as just
2 and reasonable resolutions of disputed issues, designed to distribute the rate increase in a fair manner
3 consistent with cost of service rate design, and expressed appreciation for the parties' willingness to
4 engage in settlement discussions to seek a fair resolution that would save the parties the expense of
5 preparing for and attending a lengthy hearing. (*Id.*)

6 137. WUAA did not provide any testimony in this matter.

7 138. Ms. Jerich testified that RUCO does not enter into settlements lightly and that the
8 negotiations in this matter produced a well-balanced and fair result that benefits both ratepayers and
9 AWC. (*Id.* at 2-3.) Ms. Jerich stated that the Settlement Agreement provides regulatory certainty
10 and clarity, avoids the risk of protracted litigation and appeals, represents a middle ground that the
11 parties can support, and has terms that are favorable to ratepayers and are in the public interest. (*Id.*)
12 Ms. Jerich pointed out that the Settlement Agreement adopts RUCO's positions on rate consolidation
13 and the DSIC, would provide a revenue increase only \$76,423 higher than that recommended by
14 RUCO, and will result in a rate increase far less than what AWC proposed for Pinal Valley customers
15 and far less than what RUCO originally proposed for White Tank customers. (*Id.* at 4, 7.) Ms. Jerich
16 presented the benefits of the Settlement Agreement to ratepayers and intervenors as follows:

- 17 • The overall revenue increase of approximately \$3.2 million is
18 significantly less than the \$4.5 million increase Arizona Water
19 requested and is very close to the \$3.1 million revenue increase RUCO
20 recommended.
- 21 • Ajo residents will enjoy a decrease in their rates instead of the rate
22 increase proposed by Arizona Water.
- 23 • Stanfield residents will enjoy a decrease in their rates.
- 24 • Pinal Valley and White Tanks [sic] customers will pay fair rates for
25 their own respective systems without one system subsidizing rates for
26 the other through rate consolidation.
- 27 • Arizona Water withdraws its request for a DSIC mechanism in this rate
28 case.
- The earliest that Arizona Water can file for new rates is twelve (12)
months after the new rates go into effect.³³

139. Mr. Olea testified that the Settlement Agreement represents compromise by the parties
on their various litigation positions, in a manner that furthers the public interest. (Ex. S-4 at 5-6.)
Mr. Olea pointed out that even though the total revenue that would be produced under the Settlement

³³ Ex. R-7 at 5-6.

1 Agreement is greater than that recommended by Staff, the Settlement Agreement would result in
2 smaller rate increases than proposed by AWC or recommended by Staff for both average and median
3 Pinal Valley (Casa Grande and Coolidge) system customers and would result in larger decreases for
4 Stanfield customers than would have occurred under AWC's proposed rate design or Staff's
5 recommended rate design, due to the Settlement Agreement's lower monthly minimum charges and
6 greater rate spread for commodity charges between tiers, which also promote more efficient water
7 usage. (*Id.* at 7-8.) Mr. Olea testified that Ajo residential customers with average and median use
8 would also see a decrease in their monthly bills under the Settlement Agreement, although the
9 decrease is less than would have occurred under Staff's recommended full consolidation rate design.
10 (*See id.* at 8.) Staff felt that it was important to achieve a rate decrease for the majority of Ajo
11 customers. (*See id.* at 9.) In addition, Mr. Olea testified that White Tank residential customers with
12 average and median usage would see an increase in their monthly bills, of \$6.55 and \$3.96,
13 respectively, and further testified that had the parties not reached settlement, Staff's surrebuttal
14 testimony would have recommended that White Tank not be consolidated with the other Western
15 Group systems because Staff determined after its direct testimony had been filed that consolidation of
16 White Tank was not in the public interest at this time because the water consumption patterns of
17 White Tank customers are so different from those of the other systems' customers, and the other
18 systems' customers should not be required to subsidize White Tank. (*Id.* at 8-10; Tr. at 120.) Mr.
19 Olea testified that the rates proposed for White Tank in the Settlement Agreement are the rates that
20 are necessary to achieve the revenue requirement for the White Tank system without consolidation.
21 (Ex. S-4 at 10.) Mr. Olea testified that in Staff's opinion, the Settlement Agreement is fair, balanced,
22 and in the public interest because it addresses AWC's needs while balancing them with terms and
23 conditions that provide customer benefits, such as the following:

- 24 • The Company cannot file its next rate case until the Company has at
25 least twelve months of actual experience using the rates approved in
26 this case;
- 27 • The Company will adopt the 10.0 percent cost of equity that Staff
28 recommended in its direct testimony;
- Residential Customers for the Pinal Valley, Stanfield and Ajo systems
with average usage or less will experience a rate decrease [compared to
Staff's proposal];

- The Company has withdrawn its request to implement a DSIC mechanism; [and]
- The Company has agreed to larger spreads for its charges between tiers, which gives customers more control over their bills.³⁴

1
2
3 Mr. Olea emphasized that the rate design will have much of the revenue increase generated by the
4 third tier, which in Staff's opinion allows customers much more control over their bills and allows
5 them to save a lot of money by using even a little less water, possibly even enabling them to bring
6 their bills lower than they were under existing rates. (Tr. at 126.) Mr. Olea added that the
7 requirement for AWC to have at least 12 months of actual data under its existing rates before filing
8 its next general rate case is important because having only six months of data, as in the Amended
9 Application herein, makes reviewing a rate application unnecessarily difficult, especially with a large
10 utility such as AWC, reduces burdensome pro forma adjustments, and reduces rate case expense.
11 (See Ex. S-4 at 12.) Mr. Olea added that the OSFF tariff treatment of CIAC in regard to rate base is
12 consistent with recent Commission decisions considering the subject. (Tr. at 122.)

13 **VII. Discussion and Resolution**

14 140. The Settlement Agreement entered into by the parties was, by all accounts, the product
15 of a robust, open, and inclusive negotiation process in which all of the parties actively participated in
16 good faith and during which all of the parties made compromises as to their pre-settlement positions
17 so as to reach an agreement that would resolve all of the disputed issues in this matter. The
18 Commission appreciates the parties' efforts in this regard, particularly considering this case's rocky
19 start.

20 141. As is acknowledged in the Settlement Agreement, the Commission is not bound by the
21 terms of the Settlement Agreement and must independently consider and evaluate the terms of the
22 Settlement Agreement to ensure that they are in the public interest. (See Ex. S-5 at 6-7, §§ 8.3, 8.8.)

23 142. Based on our consideration of the complete evidentiary record in this proceeding,
24 including the level of cooperation and compromise exhibited by the parties and most significantly the
25 benefits to be derived by AWC and its customers, we find that the Settlement Agreement is in the
26

27 ³⁴ Ex. S-4 at 11-12 (footnote omitted); Tr. at 121-22. Mr. Olea acknowledged at hearing that AWC has requested
28 approval of a DSIC mechanism in its Eastern Group rate case filed in a different docket, and that its request therein is not
a violation of the Settlement Agreement in this case. (Tr. at 117-18.)

1 public interest and should be adopted, with one minor modification, described below.

2 143. In § 7.4 of the Settlement Agreement, the parties agree that Decision No. 71845
3 authorized AWC to continue to defer its costs associated with implementing and performing
4 additional BMPs for recovery in a future general rate case and that AWC should record such deferral
5 of costs. (Ex. S-5 at 6, § 7.4.) We disagree with the parties' interpretation of Decision No. 71845 in
6 this regard, because Decision No. 71845 expressly authorized AWC to "request cost recovery of
7 actual costs associated with the BMPs implemented in its next rate case." (Decision No. 71845 at 78,
8 94.) As this matter is the "next rate case" for AWC's Western Group, and we must give the language
9 of Decision No. 71845 its plain meaning, we find that Decision No. 71845 authorized AWC to
10 request cost recovery of actual costs associated with its additional BMPs for the Western Group in
11 this case, not to continue deferring its costs associated with the additional BMPs for recovery in any
12 other future rate case. Thus, we will not adopt § 7.4 of the Settlement Agreement. However, because
13 we find that AWC should be granted the authority to defer its actual costs associated with
14 implementing and performing additional BMPs for recovery in a future general rate case, and that
15 AWC should record such deferral of costs, we will grant AWC such authority herein. We find this
16 modification to be technically necessary and do not intend for it to be, or for any party to determine
17 that it is, a substantive change to a material term of the Settlement Agreement as adopted by the
18 Commission.

19 144. In determining that the Settlement Agreement is in the public interest, while we have
20 considered all of the parties' testimony in support of the Settlement Agreement, we are particularly
21 persuaded by the rate design that promotes water conservation and will allow customers more control
22 over their own bills; the adoption of Staff's recommended cost of equity; the requirement for the test
23 year for AWC's next Western Group (or Western Group system) rate case to include 12 months of
24 actual data under existing rates; the reduced rates for the residential customers of the Ajo system,
25 who use relatively little water; and the more appropriate rate design for the residential customers of
26 the White Tank system, who use relatively more water.

27 145. Based on the totality of the circumstances presented in this case, we find that the
28 Settlement Agreement, with the modification described in Findings of Fact No. 143, is just and

1 reasonable and that its adoption by the Commission is in the public interest. Thus, the Settlement
2 Agreement as so modified, including all of its attachments, is approved.

3 146. We find the following to be just and reasonable and in the public interest, for purposes
4 of setting rates for the Pinal Valley system (including the fully consolidated Casa Grande, Coolidge,
5 and Stanfield systems):

6 **Pinal Valley System**

7	TY Operating Revenues:	\$16,544,087
8	TY Operating Expenses:	\$14,249,542
9	TY Operating Income:	\$2,294,545
10	OCRB/FVRB:	\$46,638,551
11	TY Rate of Return:	4.92%
12	Required Operating Income:	\$3,937,827
13	Operating Income Deficiency:	\$1,643,282
14	Gross Revenue Conversion Factor	1.6585
15	Required Revenue Increase:	\$2,725,357
16	Required Revenue Increase %:	16.47%
17	Required Operating Revenues:	\$19,269,444
18	Required Rate of Return:	8.44%

19 147. We find the following to be just and reasonable and in the public interest, for purposes
20 of setting rates for the White Tank system:

21 **White Tank System**

22	TY Operating Revenues:	\$1,584,472
23	TY Operating Expenses:	\$1,414,248
24	TY Operating Income:	\$170,224
25	OCRB/FVRB:	\$5,609,221
26	TY Rate of Return:	3.03%
27	Required Operating Income:	\$473,603
28	Operating Income Deficiency:	\$303,379
29	Gross Revenue Conversion Factor	1.6526
30	Required Revenue Increase:	\$501,373
31	Required Revenue Increase %:	31.65%
32	Required Operating Revenues:	\$2,085,845
33	Required Rate of Return:	8.44%

34 ...

35 ...

36 ...

1 148. We find the following to be just and reasonable and in the public interest, for purposes
2 of setting rates for the Ajo system:

3 **Ajo System**

4	TY Operating Revenues:	\$509,594
4	TY Operating Expenses:	\$424,903
5	TY Operating Income:	\$84,691
6	OCRB/FVRB:	\$986,437
6	TY Rate of Return:	8.59%
7	Required Operating Income:	\$83,288
7	Operating Income Deficiency:	-\$1,404
8	Gross Revenue Conversion Factor	1.6573
9	Required Revenue Increase:	-\$2,326
9	Required Revenue Increase %:	-0.43%
10	Required Operating Revenues:	\$507,268
11	Required Rate of Return:	8.44%

12 149. AWC currently reports information such as water loss, water use, and plant data
13 separately for each individual system, by public water system, in its annual reports and intends to
14 continue doing so in the future. (Tr. at 86.) We find that Decision No. 71845 required AWC, in
15 future annual reports and rate filings, to continue reporting information (including but not limited to
16 water use and plant description data) separately for each of its public water systems, as defined by
17 ADEQ, and that this requirement remains in effect. (Decision No. 71845 at 93.)

18 150. AWC testified that it has no objection to reporting on its BMPs by public water
19 system. (Tr. at 86-87.) We find that it is reasonable and appropriate for it to do so.

20 **CONCLUSIONS OF LAW**

21 1. AWC is a public service corporation within the meaning of Article XV of the Arizona
22 Constitution and A.R.S. §§ 40-250, 40-251, and 40-367.

23 2. The Commission has jurisdiction over AWC and the subject matter of its Amended
24 Application.

25 3. Notice of the Amended Application was provided in accordance with the law.

26 4. Adoption of the Settlement Agreement, as discussed and modified herein, is just and
27 reasonable and in the public interest.

28 5. It is just and reasonable and in the public interest to modify the Settlement Agreement

1 as described in Findings of Fact No. 143 and to grant AWC the authority described therein.

2 6. The fair value rate bases of AWC's Pinal Valley system, White Tank system, and Ajo
3 system are as set forth in Findings of Fact Nos. 146 through 148.

4 7. The rates, charges, and conditions of service established herein are just and reasonable
5 and in the public interest.

6 **ORDER**

7 IT IS THEREFORE ORDERED that the Settlement Agreement filed in this Docket on
8 February 15, 2012, and attached to this Decision as Exhibit B, is hereby approved as discussed
9 herein.

10 IT IS FURTHER ORDERED that Arizona Water Company is hereby directed to file with the
11 Commission, on or before April 30, 2012, revised schedules of its rates and charges consistent with
12 Exhibit B and the findings herein.

13 IT IS FURTHER ORDERED that the rates and charges and conditions of service adopted
14 herein shall be effective for all services rendered on and after May 1, 2012.

15 IT IS FURTHER ORDERED that Arizona Water Company shall notify its affected customers
16 of the revised schedules of rates and charges authorized herein by means of an insert in its next
17 regularly scheduled billing, and by posting a notice on its website, in a form acceptable to the
18 Commission's Utilities Division Staff.

19 IT IS FURTHER ORDERED that Arizona Water Company shall implement and comply with
20 the terms of the Settlement Agreement as discussed herein and that any failure to comply with the
21 Settlement Agreement adopted herein shall be deemed a failure to comply with this Decision.

22 ...
23 ...
24 ...
25 ...
26 ...
27 ...
28 ...

1 IT IS FURTHER ORDERED that Arizona Water Company is authorized to defer its actual
2 costs associated with implementing and performing Best Management Practices in its Western Group
3 systems, for recovery in a future general rate case.

4 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

5 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.
6
7

8 CHAIRMAN _____ COMMISSIONER _____

9
10 COMMISSIONER _____ COMMISSIONER _____ COMMISSIONER _____

11
12 IN WITNESS WHEREOF, I, ERNEST G. JOHNSON,
13 Executive Director of the Arizona Corporation Commission,
14 have hereunto set my hand and caused the official seal of the
15 Commission to be affixed at the Capitol, in the City of Phoenix,
16 this _____ day of _____ 2012.

17 _____
18 ERNEST G. JOHNSON
19 EXECUTIVE DIRECTOR

20 DISSENT _____

21 DISSENT _____
22
23
24
25
26
27
28

1 SERVICE LIST FOR: ARIZONA WATER COMPANY

2 DOCKET NO.: W-01445A-10-0517

3

4 Steven A. Hirsch
5 Stanley B. Lutz
6 BRYAN CAVE LLP
7 Two North Central Avenue, Suite 2200
8 Phoenix, AZ 85004-4406
9 Attorneys for Arizona Water Company

10 Robert W. Geake, Vice President and General Counsel
11 ARIZONA WATER COMPANY
12 P.O. Box 29006
13 Phoenix, AZ 85038-9006

14 Daniel W. Pozefsky, Chief Counsel
15 Michelle Wood, Attorney
16 RESIDENTIAL UTILITY CONSUMER OFFICE
17 1110 West Washington Street, Suite 220
18 Phoenix, AZ 85007

19 Michele Van Quathem
20 RYLEY CARLOCK & APPLEWHITE
21 One North Central Avenue, Suite 1200
22 Phoenix, AZ 85004-4417
23 Attorneys for Abbott Laboratories

24 Greg Patterson
25 MUNGER CHADWICK, PLC
26 2398 East Camelback Road, Suite 240
27 Phoenix, AZ 85016
28 Attorneys for Water Utilities Association of Arizona

Janice Alward, Chief Counsel
Legal Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, AZ 85007

Steven M. Olea, Director
Utilities Division
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, AZ 85007

23

24

25

26

27

28

PINAL--CASA GRANDE & COOLIDGE			
	Current	AWC App.	AWC Rebuttal
Monthly Minimum Charges			
Residential, Commercial, Construction Water, Sales for Resale			
5/8" x 3/4" Meter	\$ 15.79	\$ 21.75	\$ 21.61
1" Meter	39.47	54.38	54.03
1 1/2" Meter	N/A	108.75	108.05
2" Meter	126.29	174.00	172.88
3" Meter	252.59	348.00	345.76
4" Meter	394.67	543.75	540.25
6" Meter	789.33	1,087.50	1,080.50
8" Meter	1,262.93	1,740.00	1,728.80
10" Meter	1,815.47	2,501.25	2,485.15
Industrial			
5/8" x 3/4" Meter	\$ 9.59	\$ 10.00	\$ 10.00
1" Meter	23.98	25.00	25.00
1 1/2" Meter	N/A	50.00	50.00
2" Meter	76.73	80.00	80.00
3" Meter	153.46	160.00	160.00
4" Meter	239.77	250.00	250.00
6" Meter	479.55	500.00	500.00
8" Meter	767.28	800.00	800.00
10" Meter	1,102.96	1,150.00	1,150.00
Private Fire			
All Sizes	\$22.88	\$25.00	\$25.00
Commodity Rates			
Residential			
5/8" x 3/4" Meter			
1 to 3,000 gallons	\$ 1.3700	\$ 1.7111	\$ 1.7123
3,001 to 10,000 gallons	1.7123	2.1389	2.1404
Over 10,000 gallons	2.1406	2.6736	2.6755
1" Meter			
1 to 10,000 gallons	1.7123		
Over 10,000 gallons	2.1406		
1 to 40,000 gallons		2.1389	2.1404
Over 40,000 gallons		2.6736	2.6755
1 1/2" Meter			
1 to 75,000 gallons	N/A	2.1389	2.1404
Over 75,000 gallons	N/A	2.6736	2.6755
2" Meter			
1 to 125,000 gallons	1.7123	2.1389	2.1404
Over 125,000 gallons	2.1406	2.6736	2.6755
3" Meter			
1 to 299,000 gallons	1.7123		
Over 299,000 gallons	2.1406		
1 to 300,000 gallons		2.1389	2.1404

Over 300,000 gallons		2.6736	2.6755
4" Meter			
1 to 494,000 gallons	1.7123		
Over 494,000 gallons	2.1406		
1 to 500,000 gallons		2.1389	2.1404
Over 500,000 gallons		2.6736	2.6755
6" Meter			
1 to 925,000 gallons	1.7123		
Over 925,000 gallons	2.1406		
1 to 1,000,000 gallons		2.1389	2.1404
Over 1,000,000 gallons		2.6736	2.6755
8" Meter			
1 to 1,500,000 gallons	1.7123	2.1389	2.1404
Over 1,500,000 gallons	2.1406	2.6736	2.6755
10" Meter			
1 to 2,264,000 gallons	1.7123		
Over 2,264,000 gallons	2.1406		
1 to 2,300,000 gallons		2.1389	2.1404
Over 2,300,000 gallons		2.6736	2.6755
Commercial			
5/8" x 3/4" Meter			
1 to 10,000 gallons	\$ 1.7123	\$ 2.1389	\$ 2.1404
Over 10,000 gallons	2.1406	2.6736	2.6755
1" Meter			
1 to 40,000 gallons	1.7123	2.1389	2.1404
Over 40,000 gallons	2.1406	2.6736	2.6755
1 1/2" Meter			
1 to 75,000 gallons	N/A	2.1389	2.1404
Over 75,000 gallons	N/A	2.6736	2.6755
2" Meter			
1 to 125,000 gallons	1.7123	2.1389	2.1404
Over 125,000 gallons	2.1406	2.6736	2.6755
3" Meter			
1 to 299,000 gallons	1.7123		
Over 299,000 gallons	2.1406		
1 to 300,000 gallons		2.1389	2.1404
Over 300,000 gallons		2.6736	2.6755
4" Meter			
1 to 494,000 gallons	1.7123		
Over 494,000 gallons	2.1406		
1 to 500,000 gallons		2.1389	2.1404
Over 500,000 gallons		2.6736	2.6755
6" Meter			
1 to 925,000 gallons	1.7123		
Over 925,000 gallons	2.1406		
1 to 1,000,000 gallons		2.1389	2.1404
Over 1,000,000 gallons		2.6736	2.6755
8" Meter			
1 to 1,500,000 gallons	1.7123	2.1389	2.1404
Over 1,500,000 gallons	2.1406	2.6736	2.6755
10" Meter			

1 to 2,264,000 gallons	1.7123		
Over 2,264,000 gallons	2.1406		
1 to 2,300,000 gallons		2.1389	2.1404
Over 2,300,000 gallons		2.6736	2.6755
Industrial			
All meters & all gallons	\$1.5036	\$1.5500	\$1.5500
Coin Machine			
Gallons per Quarter (\$0.25)	132.99	107	107
Construction Water			
2" Meter			
1 to 125,000 gallons	\$ 1.7123	\$ 2.1389	\$ 2.1404
Over 125,000 gallons	2.1406	2.6736	2.6755
3" Meter			
1 to 299,000 gallons	1.7123		
Over 299,000 gallons	2.1406		
1 to 300,000 gallons		2.1389	2.1404
Over 300,000 gallons		2.6736	2.6755
4" Meter			
1 to 494,000 gallons	1.7123		
Over 494,000 gallons	2.1406		
1 to 500,000 gallons		2.1389	2.1404
Over 500,000 gallons		2.6736	2.6755
Sales for Resale			
All meters & all gallons	\$1.5036	\$2.1389	\$2.1404

PINAL--STANFIELD			
	Current	AWC App.	AWC Rebuttal
Monthly Minimum Charges			
<u>Residential, Commercial, Construction Water, Sales for Resale</u>			
5/8" x 3/4" Meter	\$ 15.79	\$ 21.75	\$ 21.61
1" Meter	39.47	54.38	54.03
1 1/2" Meter	N/A	108.75	108.05
2" Meter	126.29	174.00	172.88
3" Meter	252.59	348.00	345.76
4" Meter	394.67	543.75	540.25
6" Meter	789.33	1,087.50	1,080.50
8" Meter	1,262.93	1,740.00	1,728.80
10" Meter	1,815.47	2,501.25	2,485.15
Industrial			
5/8" x 3/4" Meter	\$ 9.59	\$ 10.00	\$ 10.00
1" Meter	40.00	25.00	25.00
1 1/2" Meter	N/A	50.00	50.00
2" Meter	200.00	80.00	80.00
3" Meter	153.46	160.00	160.00
4" Meter	239.77	250.00	250.00
6" Meter	479.55	500.00	500.00
8" Meter	767.28	800.00	800.00

10" Meter	1,102.96	1,150.00	1,150.00
Private Fire			
All Sizes	\$22.88	\$25.00	\$25.00
Commodity Rates			
Residential			
5/8" x 3/4" Meter			
1 to 3,000 gallons	\$ 2.4379	\$ 1.7111	\$ 1.7123
3,001 to 10,000 gallons	3.0476	2.1389	2.1404
Over 10,000 gallons	3.8097	2.6736	2.6755
1" Meter			
1 to 10,000 gallons	3.0476		
Over 10,000 gallons	3.8097		
1 to 40,000 gallons		2.1389	2.1404
Over 40,000 gallons		2.6736	2.6755
1 1/2" Meter			
1 to 75,000 gallons	N/A	2.1389	2.1404
Over 75,000 gallons	N/A	2.6736	2.6755
2" Meter			
1 to 122,000 gallons	3.0476		
Over 122,000 gallons	3.8097		
1 to 125,000 gallons		2.1389	2.1404
Over 125,000 gallons		2.6736	2.6755
3" Meter			
1 to 286,000 gallons	3.0476		
Over 286,000 gallons	3.8097		
1 to 300,000 gallons		2.1389	2.1404
Over 300,000 gallons		2.6736	2.6755
4" Meter			
1 to 471,000 gallons	3.0476		
Over 471,000 gallons	3.8097		
1 to 500,000 gallons		2.1389	2.1404
Over 500,000 gallons		2.6736	2.6755
6" Meter			
1 to 925,000 gallons	3.0476		
Over 925,000 gallons	3.8097		
1 to 1,000,000 gallons		2.1389	2.1404
Over 1,000,000 gallons		2.6736	2.6755
8" Meter			
1 to 1,500,000 gallons	3.0476	2.1389	2.1404
Over 1,500,000 gallons	3.8097	2.6736	2.6755
10" Meter			
1 to 2,223,000 gallons	3.0476		
Over 2,223,000 gallons	3.8097		
1 to 2,300,000 gallons		2.1389	2.1404
Over 2,300,000 gallons		2.6736	2.6755
Commercial			
5/8" x 3/4" Meter			
1 to 10,000 gallons	\$ 3.0476	\$ 2.1389	\$ 2.1404
Over 10,000 gallons	3.8097	2.6736	2.6755
1" Meter			

1 to 40,000 gallons	3.0476	2.1389	2.1404
Over 40,000 gallons	3.8097	2.6736	2.6755
<u>1 ½" Meter</u>			
1 to 75,000 gallons	N/A	2.1389	2.1404
Over 75,000 gallons	N/A	2.6736	2.6755
<u>2" Meter</u>			
1 to 125,000 gallons	3.0476	2.1389	2.1404
Over 125,000 gallons	3.8097	2.6736	2.6755
<u>3" Meter</u>			
1 to 289,000 gallons	3.0476		
Over 289,000 gallons	3.8097		
1 to 300,000 gallons		2.1389	2.1404
Over 300,000 gallons		2.6736	2.6755
<u>4" Meter</u>			
1 to 474,000 gallons	3.0476		
Over 474,000 gallons	3.8097		
1 to 500,000 gallons		2.1389	2.1404
Over 500,000 gallons		2.6736	2.6755
<u>6" Meter</u>			
1 to 925,000 gallons	3.0476		
Over 925,000 gallons	3.8097		
1 to 1,000,000 gallons		2.1389	2.1404
Over 1,000,000 gallons		2.6736	2.6755
<u>8" Meter</u>			
1 to 1,500,000 gallons	3.0476	2.1389	2.1404
Over 1,500,000 gallons	3.8097	2.6736	2.6755
<u>10" Meter</u>			
1 to 2,223,000 gallons	3.0476		
Over 2,223,000 gallons	3.8097		
1 to 2,300,000 gallons		2.1389	2.1404
Over 2,300,000 gallons		2.6736	2.6755
<u>Industrial</u>			
All meters & all gallons	\$3.0476	\$1.5500	\$1.5500
<u>Coin Machine</u>			
Gallons per Quarter (\$0.25)	74.72	107	107
<u>Construction Water</u>			
<u>2" Meter</u>			
1 to 125,000 gallons	\$ 3.0476	\$ 2.1389	\$ 2.1404
Over 125,000 gallons	3.8097	2.6736	2.6755
<u>3" Meter</u>			
1 to 289,000 gallons	3.0476		
Over 289,000 gallons	3.8097		
1 to 300,000 gallons		2.1389	2.1404
Over 300,000 gallons		2.6736	2.6755
<u>4" Meter</u>			
1 to 474,000 gallons	3.0476		
Over 474,000 gallons	3.8097		
1 to 500,000 gallons		2.1389	2.1404
Over 500,000 gallons		2.6736	2.6755
<u>Sales for Resale</u>			
All meters & all gallons	\$3.0476	\$2.1389	\$2.1404

WHITE TANK			
	Current	AWC App.	AWC Rebuttal
Monthly Minimum Charges			
<u>Residential, Commercial, Construction Water, Sales for Resale</u>			
5/8" x 3/4" Meter	\$ 22.72	\$ 21.75	\$ 21.61
1" Meter	56.80	54.38	54.03
1 1/2" Meter	N/A	108.75	108.05
2" Meter	181.76	174.00	172.88
3" Meter	363.51	348.00	345.76
4" Meter	567.99	543.75	540.25
6" Meter	1,135.98	1,087.50	1,080.50
8" Meter	1,817.56	1,740.00	1,728.80
10" Meter	2,612.75	2,501.25	2,485.15
<u>Industrial</u>			
5/8" x 3/4" Meter	\$ 18.54	\$ 18.54	\$ 18.54
1" Meter	46.34	46.35	46.35
1 1/2" Meter	N/A	92.70	92.70
2" Meter	148.28	148.32	148.32
3" Meter	296.56	296.64	296.64
4" Meter	463.38	463.50	463.50
6" Meter	926.75	927.00	927.00
8" Meter	1,482.81	1,483.20	1,483.20
10" Meter	2,131.54	2,132.10	2,132.10
<u>Private Fire</u>			
All Sizes	\$22.69	\$25.00	\$25.00
Commodity Rates			
<u>Residential</u>			
5/8" x 3/4" Meter			
1 to 3,000 gallons	\$ 1.6493	\$ 1.7111	\$ 1.7123
3,001 to 10,000 gallons	2.0614	2.1389	2.1404
Over 10,000 gallons	2.5769	2.6736	2.6755
1" Meter			
1 to 10,000 gallons	2.0614		
Over 10,000 gallons	2.5769		
1 to 40,000 gallons		2.1389	2.1404
Over 40,000 gallons		2.6736	2.6755
1 1/2" Meter			
1 to 75,000 gallons	N/A	2.1389	2.1404
Over 75,000 gallons	N/A	2.6736	2.6755
2" Meter			
1 to 185,000 gallons	2.0614		
Over 185,000 gallons	2.5769		
1 to 125,000 gallons		2.1389	2.1404
Over 125,000 gallons		2.6736	2.6755
3" Meter			

1 to 400,000 gallons	2.0614		
Over 400,000 gallons	2.5769		
1 to 300,000 gallons		2.1389	2.1404
Over 300,000 gallons		2.6736	2.6755
4" Meter			
1 to 795,000 gallons	2.0614		
Over 795,000 gallons	2.5769		
1 to 500,000 gallons		2.1389	2.1404
Over 500,000 gallons		2.6736	2.6755
6" Meter			
1 to 1,895,000 gallons	2.0614		
Over 1,895,000 gallons	2.5769		
1 to 1,000,000 gallons		2.1389	2.1404
Over 1,000,000 gallons		2.6736	2.6755
8" Meter			
1 to 2,500,000 gallons	2.0614		
Over 2,500,000 gallons	2.5769		
1 to 1,500,000 gallons		2.1389	2.1404
Over 1,500,000 gallons		2.6736	2.6755
10" Meter			
1 to 5,024,000 gallons	2.0614		
Over 5,024,000 gallons	2.5769		
1 to 2,300,000 gallons		2.1389	2.1404
Over 2,300,000 gallons		2.6736	2.6755
Commercial			
5/8" x 3/4" Meter			
1 to 10,000 gallons	\$ 2.0614	\$ 2.1389	\$ 2.1404
Over 10,000 gallons	2.5769	2.6736	2.6755
1" Meter			
1 to 75,000 gallons	2.0614		
Over 75,000 gallons	2.5769		
1 to 40,000 gallons		2.1389	2.1404
Over 40,000 gallons		2.6736	2.6755
1 1/2" Meter			
1 to 75,000 gallons	N/A	2.1389	2.1404
Over 75,000 gallons	N/A	2.6736	2.6755
2" Meter			
1 to 316,000 gallons	2.0614		
Over 316,000 gallons	2.5769		
1 to 125,000 gallons		2.1389	2.1404
Over 125,000 gallons		2.6736	2.6755
3" Meter			
1 to 667,000 gallons	2.0614		
Over 667,000 gallons	2.5769		
1 to 300,000 gallons		2.1389	2.1404
Over 300,000 gallons		2.6736	2.6755
4" Meter			
1 to 1,062,000 gallons	2.0614		
Over 1,062,000 gallons	2.5769		
1 to 500,000 gallons		2.1389	2.1404
Over 500,000 gallons		2.6736	2.6755

6" Meter			
1 to 2,162,000 gallons	2.0614		
Over 2,162,000 gallons	2.5769		
1 to 1,000,000 gallons		2.1389	2.1404
Over 1,000,000 gallons		2.6736	2.6755
8" Meter			
1 to 3,483,000 gallons	2.0614		
Over 3,483,000 gallons	2.5769		
1 to 1,500,000 gallons		2.1389	2.1404
Over 1,500,000 gallons		2.6736	2.6755
10" Meter			
1 to 5,024,000 gallons	2.0614		
Over 5,024,000 gallons	2.5769		
1 to 2,300,000 gallons		2.1389	2.1404
Over 2,300,000 gallons		2.6736	2.6755
Industrial			
All meters & all gallons	\$4.6274	\$4.6200	\$4.6200
Coin Machine			
Gallons per Quarter (\$0.25)	N/A	N/A	N/A
Construction Water			
2" Meter			
1 to 316,000 gallons	\$ 2.0614		
Over 316,000 gallons	2.5769		
1 to 125,000 gallons		\$ 2.1389	\$ 2.1404
Over 125,000 gallons		2.6736	2.6755
3" Meter			
1 to 667,000 gallons	2.0614		
Over 667,000 gallons	2.5769		
1 to 300,000 gallons		2.1389	2.1404
Over 300,000 gallons		2.6736	2.6755
4" Meter			
1 to 1,062,000 gallons	2.0614		
Over 1,062,000 gallons	2.5769		
1 to 500,000 gallons		2.1389	2.1404
Over 500,000 gallons		2.6736	2.6755
Sales for Resale			
All meters & all gallons	\$4.6274	\$2.1389	\$2.1404

AJO			
	Current	AWC App.	AWC Rebuttal
Monthly Minimum Charges			
Residential, Commercial, Construction Water, Sales for Resale			
5/8" x 3/4" Meter	\$ 25.16	\$ 29.20	\$ 29.20
1" Meter	62.90	73.00	73.00
1 1/2" Meter	N/A	146.00	146.00

2" Meter	201.27	233.60	233.60
3" Meter	402.54	467.20	467.20
4" Meter	628.97	730.00	730.00
6" Meter	1,257.94	1,460.00	1,460.00
8" Meter	2,012.70	2,336.00	2,336.00
10" Meter	2,893.25	3,358.00	3,358.00
Industrial			
5/8" x 3/4" Meter	\$ 25.16	\$ 29.20	\$ 29.20
1" Meter	65.60	73.00	73.00
1 1/2" Meter	N/A	146.00	146.00
2" Meter	201.27	233.60	233.60
3" Meter	402.54	467.20	467.20
4" Meter	628.97	730.00	730.00
6" Meter	1,257.94	1,460.00	1,460.00
8" Meter	2,012.70	2,336.00	2,336.00
10" Meter	2,893.25	3,358.00	3,358.00
Private Fire			
All Sizes	\$24.19	\$25.00	\$25.00
Commodity Rates			
Residential			
5/8" x 3/4" Meter			
1 to 3,000 gallons	\$ 4.8189	\$ 4.6070	\$ 4.6348
3,001 to 10,000 gallons	6.0236	5.7588	5.7935
Over 10,000 gallons	7.5292	7.1984	7.2419
1" Meter			
1 to 10,000 gallons	6.0236		
Over 10,000 gallons	7.5292		
1 to 30,000 gallons		5.7588	5.7935
Over 30,000 gallons		7.1984	7.2419
1 1/2" Meter			
1 to 75,000 gallons	N/A	5.7588	5.7935
Over 75,000 gallons	N/A	7.1984	7.2419
2" Meter			
1 to 90,000 gallons	6.0236		
Over 90,000 gallons	7.5292		
1 to 125,000 gallons		5.7588	5.7935
Over 125,000 gallons		7.1984	7.2419
3" Meter			
1 to 200,000 gallons	6.0236		
Over 200,000 gallons	7.5292		
1 to 275,000 gallons		5.7588	5.7935
Over 275,000 gallons		7.1984	7.2419
4" Meter			
1 to 325,000 gallons	6.0236		
Over 325,000 gallons	7.5292		
1 to 450,000 gallons		5.7588	5.7935
Over 450,000 gallons		7.1984	7.2419
6" Meter			
1 to 725,000 gallons	6.0236		
Over 725,000 gallons	7.5292		

1 to 950,000 gallons		5.7588	5.7935
Over 950,000		7.1984	7.2419
8" Meter			
1 to 1,200,000 gallons	6.0236		
Over 1,200,000 gallons	7.5292		
1 to 1,500,000 gallons		5.7588	5.7935
Over 1,500,000 gallons		7.1984	7.2419
10" Meter			
1 to 1,783,000 gallons	6.0236		
Over 1,783,000 gallons	7.5292		
1 to 2,200,000 gallons		5.7588	5.7935
Over 2,200,000 gallons		7.1984	7.2419
<u>Commercial</u>			
5/8" x 3/4" Meter			
1 to 10,000 gallons	\$ 6.0236	\$ 5.7588	\$ 5.7935
Over 10,000 gallons	7.5292	7.1984	7.2419
1" Meter			
1 to 30,000 gallons	6.0236	5.7588	5.7935
Over 30,000 gallons	7.5292	7.1984	7.2419
1 1/2" Meter			
1 to 75,000 gallons	N/A	5.7588	5.7935
Over 75,000 gallons	N/A	7.1984	7.2419
2" Meter			
1 to 100,000 gallons	6.0236		
Over 100,000 gallons	7.5292		
1 to 125,000 gallons		5.7588	5.7935
Over 125,000 gallons		7.1984	7.2419
3" Meter			
1 to 200,000 gallons	6.0236		
Over 200,000 gallons	7.5292		
1 to 275,000 gallons		5.7588	5.7935
Over 275,000 gallons		7.1984	7.2419
4" Meter			
1 to 325,000 gallons	6.0236		
Over 325,000 gallons	7.5292		
1 to 450,000 gallons		5.7588	5.7935
Over 450,000 gallons		7.1984	7.2419
6" Meter			
1 to 725,000 gallons	6.0236		
Over 725,000 gallons	7.5292		
1 to 950,000 gallons		5.7588	5.7935
Over 950,000 gallons		7.1984	7.2419
8" Meter			
1 to 1,200,000 gallons	6.0236		
Over 1,200,000 gallons	7.5292		
1 to 1,500,000 gallons		5.7588	5.7935
Over 1,500,000 gallons		7.1984	7.2419
10" Meter			
1 to 1,783,000 gallons	6.0236		
Over 1,783,000 gallons	7.5292		
1 to 2,200,000 gallons		5.7588	5.7935

Over 2,200,000 gallons		7.1984	7.2419
<u>Industrial</u>			
All meters & all gallons	\$6.0236	\$5.7588	\$5.7935
<u>Coin Machine</u>			
Gallons per Quarter (\$0.25)	37.81	40	39
<u>Construction Water</u>			
<u>2" Meter</u>			
1 to 100,000 gallons	6.0236		
Over 100,000 gallons	7.5292		
1 to 125,000 gallons		5.7588	5.7935
Over 125,000 gallons		7.1984	7.2419
<u>3" Meter</u>			
1 to 200,000 gallons	6.0236		
Over 200,000 gallons	7.5292		
1 to 275,000 gallons		5.7588	5.7935
Over 275,000 gallons		7.1984	7.2419
<u>4" Meter</u>			
1 to 325,000 gallons	6.0236		
Over 325,000 gallons	7.5292		
1 to 450,000 gallons		5.7588	5.7935
Over 450,000 gallons		7.1984	7.2419
<u>Sales for Resale</u>			
All meters & all gallons	\$6.0236	\$5.7588	\$5.7935

ALL WESTERN GROUP SYSTEMS						
Service Line and Meter Installation Charges						
Meter Size	Current			Amended Application		
	Service Line	Meter	Total	Service Line*	Meter	Total
5/8" Meter	\$ 445	\$ 155	\$ 600	\$ 445	\$ 155	\$ 600
1" Meter	495	315	810	495	315	810
2" Turbine	830	1,045	1,875	830	1,045	1,875
2" Compound	830	1,890	2,720	830	1,890	2,720
3" Turbine	1,045	1,670	2,715	Cost	Cost	Cost
3" Compound	1,165	2,545	3,710	Cost	Cost	Cost
4" Turbine	1,490	2,670	4,160	Cost	Cost	Cost
4" Compound	1,670	3,645	5,315	Cost	Cost	Cost
6" Turbine	2,210	5,025	7,235	Cost	Cost	Cost
6" Compound	2,330	6,920	9,250	Cost	Cost	Cost
8" Turbine	2,210	5,025	7,235	Cost	Cost	Cost
8" Compound	2,330	6,920	9,250	Cost	Cost	Cost
10" Turbine	2,210	5,025	7,235	Cost	Cost	Cost
10" Compound	2,330	6,920	9,250	Cost	Cost	Cost

* Actual cost of service line if boring under roadway is required.

ALL WESTERN GROUP SYSTEMS			
Miscellaneous Service Charges			
	<u>Current</u>	<u>AWC App.</u>	<u>Staff Recommended &</u>

			<u>Accepted by AWC on Rebuttal</u>
Service Charges			
Establishment	\$16.00	\$30.00	\$32.00
Guarantee Deposit	*	*	*
Reconnection for Delinquency	\$16.00	\$30.00	\$32.00
Re-Establishment	**	**	**
Service Call Out, Regular Hours	No Charge	\$30.00	No Charge
Service Call Out, After Hours ^A	\$35.00	\$45.00	N/A
Returned Check	\$25.00	N/A	N/A
Returned Payment for Insufficient Funds	N/A	\$25.00	\$25.00
Meter Re-Read, Regular Hours	No Charge	\$15.00	\$25.00
Meter Re-Read, After Hours ^A	\$35.00	\$45.00	\$25.00
Meter Test	***	***	****
Late Charge, after 15 days	1.5%	1.5%	1.5%
After Hours Service Charge ^A	N/A	N/A	\$35.00

- * Residential maximum: Two times average customer class bill
Non-residential maximum: Two and one-half times that customer's estimated maximum monthly bill
- ** Eight times the customer's monthly minimum charge, or payment of the minimums since disconnection, whichever is less.
- *** No charge for the first test; for the second test for the same customer within a 12-month period, \$50.00 or actual time and material, whichever is greater
- **** No charge for the first test; for the second test for the same customer within a 12-month period, \$25.00 or actual time and material, whichever is greater.
- ^A After Hours means after regular working hours, on Saturday or Sunday, or on a holiday.

EXHIBIT B

ARIZONA WATER COMPANY

WESTERN GROUP GENERAL RATE CASE

PROPOSED SETTLEMENT AGREEMENT

Docket No. W-01445A-10-0517

SETTLEMENT AGREEMENT

AND

LIST OF SIGNATORY PARTIES

The purpose of this Settlement Agreement (“Agreement”) is to settle identified disputed issues related to Docket No. W-01445A-10-0517, Arizona Water Company’s (“AWC” or “Company”) application to increase rates for its Western Group of systems as identified in its December 29, 2010 application, as amended on May 9, 2011 (“Rate Case”). This Agreement is entered into by the following entities, which together comprise the entirety of the parties to this proceeding, including all intervenors:

Arizona Water Company
Arizona Corporation Commission Utilities Division (“Staff”)
Residential Utility Consumer Office (“RUCO”)
Abbott Laboratories (“Abbott”)
The Water Utility Association of Arizona (“WUAA”)

These entities shall be referred to collectively as the “Signatory Parties.”

TERMS AND CONDITIONS

In consideration of the promises and agreements contained in this Agreement, the Signatory Parties agree that the following numbered sections and subsections, including attached exhibits and schedules, comprise the Signatory Parties' Agreement.

1.0 RECITALS

1.1 Docket No. W-01445A-10-0517 was commenced by the filing of a rate application by AWC on December 29, 2010. AWC filed an amendment to its application on May 9, 2011. AWC's amended application ("Application") requested a total proposed revenue increase of \$4,564,110, or approximately 24.45%, and a Fair Value Rate Base ("FVRB") of \$54,072,795.

1.2 Following a sufficiency finding by Staff on June 8, 2011, RUCO filed an Application to Intervene on June 15, 2011. Abbott filed an Application to Intervene on September 13, 2011. WUAA filed an Application to Intervene on October 3, 2011.

1.3 The Administrative Law Judge granted the applications to intervene filed by RUCO, Abbott and WUAA ("Intervenors"). No other persons or entities have intervened in this proceeding.

1.4 The Administrative Law Judge scheduled an evidentiary hearing on the Application to commence on February 21, 2012.

1.5 The parties' litigation positions for hearing associated with the total proposed revenue increase and FVRB, together with the amount proposed in settlement¹, are as follows:

	Revenue Increase	% Increase	FVRB
Company	\$4,535,587	24.34%	\$53,798,510
Staff	\$2,520,496	13.52%	\$53,538,325
RUCO	\$3,147,980	16.89%	\$53,439,157
Agreement	\$3,224,403	17.30%	\$53,234,209

1.6 Staff filed a notice of settlement discussions on January 24, 2012, noting that AWC had approached Staff concerning the possibility of settling some or all of the issues in the Rate Case, and that Staff believed settlement of the Rate Case might be possible. The Signatory Parties were notified of the settlement discussion process, were encouraged to participate in the negotiations, and were provided with an equal opportunity to participate. Pursuant to a notice of scheduling of settlement conference docketed by the Company on January 25, 2012, formal settlement discussions between the Signatory Parties began on January 31, 2012, at the

¹ WUAA and Abbott did not advocate for a particular amount of revenue increase or FVRB, but rather focused on issues specific to their interests, the resolution of which are set forth in other sections of this Agreement.

Commission's offices, and resumed on February 2, 2012, at which point they were concluded, with a settlement reached on all issues in the Rate Case by the Signatory Parties.

1.7 The Signatory Parties agree that the negotiation process undertaken in this matter was open, transparent and inclusive of all Signatory Parties, with each such party having an equal opportunity to participate. All Signatory Parties, including their counsel and principal witnesses and representatives, attended and actively participated in all phases of the settlement discussions. This Agreement is a result of those meetings and the Signatory Parties' good faith efforts to settle all of the issues presented in this Rate Case. A material consideration by AWC in compromising its positions is the ability to quickly move its Application to final determination by the Commission, so that the new rates as set forth in this Agreement and ordered by the Commission may be implemented at the earliest possible date. To this end, the Signatory Parties agree to expedite their efforts in advancing this matter before the Commission consistent with the Procedural Orders made in the Rate Case and Commission Rules.

1.8 The purpose of this Agreement is to settle all issues presented in the Rate Case in a manner that will promote the public interest, provide for a prompt resolution of the issues, and allow expeditious implementation of the new rates as ordered by the Commission.

1.9 The Signatory Parties agree that the terms of this Agreement will serve the public interest by providing a just and reasonable resolution of the issues presented by the Rate Case, establishing just and reasonable rates for AWC's customers, and promoting the health, welfare and safety of AWC's customers. Commission approval of this Agreement will further serve the public interest by allowing the Signatory Parties to avoid the expense and delay associated with continued litigation.

1.10 The Signatory Parties agree to ask the Commission to (1) find that the terms and conditions of this Agreement are just and reasonable and in the public interest, along with all other necessary findings, and (2) approve the Agreement and order that the Agreement and the rates contained therein shall become effective at the earliest practicable date.

2.0 REVENUE REQUIREMENT, RATE BASE, INCOME STATEMENTS AND ADJUSTMENTS TO SAME

2.1 For ratemaking purposes and for the purposes of this Agreement, the Signatory Parties agree that:

2.2 AWC will receive an annual increase in revenues of \$3,224,403 for an annual revenue requirement of \$21,862,556;

2.3 The FVRB, which is determined based on the Original Cost Less Depreciation Rate Base for purposes of this Rate Case, is \$53,234,209.

2.4 The breakdown of test year revenues of the Western Group among the Pinal Valley (Casa Grande, Coolidge, Stanfield), White Tank and Ajo systems is set forth in Schedule A-1 attached and incorporated into the Agreement by this reference.

2.5 The breakdown of FVRB of the Western Group among the Pinal Valley (Casa Grande, Coolidge, Stanfield), White Tank and Ajo systems is set forth in Schedule B-1 attached and incorporated into the Agreement by this reference.

2.6 The Pro Forma Adjustments applicable to FVRB for the Western Group and the breakdown of such adjustments among the Pinal Valley (Casa Grande, Coolidge, Stanfield), White Tank and Ajo systems and the Phoenix Office and Meter Shop are set forth in Schedule B-2, including its appendix attached, which are incorporated into the Agreement by this reference.

2.7 The Adjusted Test Year Operating Income applicable to the Western Group and the breakdown of same among the Pinal Valley (Casa Grande, Coolidge, Stanfield), White Tank and Ajo systems are set forth in Schedule C-1 attached and incorporated into the Agreement by this reference.

2.8 The Income Statement Pro Forma Adjustments applicable to the Western Group and the breakdown of such adjustments among the Pinal Valley (Casa Grande, Coolidge, Stanfield), White Tank and Ajo systems are set forth in Schedule C-2, including its appendix attached, which are incorporated into the Agreement by this reference.

2.9 The computation of the Gross Revenue Conversion Factor applicable to the Western Group and the breakdown of such factor among the Pinal Valley (Casa Grande, Coolidge, Stanfield), White Tank and Ajo systems are set forth in Schedule C-3 attached and incorporated into the Agreement by this reference.

3.0 COST OF CAPITAL

3.1 For ratemaking purposes and for the purposes of this Agreement, the Signatory Parties agree that an appropriate return on common equity shall be 10.0%, an appropriate cost of long-term debt shall be 6.82%, and that a capital structure comprised of 49.03% long-term debt and 50.97% common equity shall be adopted, which equates to a weighted cost of debt of 3.34%, a weighted cost of common equity of 5.10%, and an overall Weighted Average Cost of Capital of 8.44%, as set forth in Schedule D-1 attached and incorporated into the Agreement by this reference.

4.0 RATE DESIGN

4.1 For ratemaking purposes and for the purposes of this Agreement, the Signatory Parties agree that:

4.2 The summary of revenues by customer classification for the Western Group and the breakdown of such revenues by classification among the Pinal Valley (Casa Grande, Coolidge, Stanfield), White Tank and Ajo systems shall be as set forth in Schedule H-1 attached and incorporated into the Agreement by this reference.

4.3 The specific revenues by customer classification for the Western Group and the breakdown of such specific revenues by classification among the Pinal Valley (Casa Grande, Coolidge, Stanfield), White Tank and Ajo systems are set forth in Schedule H-2 attached and incorporated into the Agreement by this reference.

4.4 The summary of changes in representative rate schedules by customer classification for the Pinal Valley (Casa Grande/Coolidge), Pinal Valley (Stanfield), White Tank and Ajo systems is set forth in Schedule H-3 attached and incorporated into the Agreement by this reference.

4.5 The summary of a typical bill analysis, showing impact on bills from the settlement set forth in this Agreement for the Pinal Valley (Casa Grande/Coolidge), Pinal Valley (Stanfield), White Tank and Ajo systems is set forth in Schedule H-4 attached and incorporated into the Agreement by this reference.

5.0 RATE CONSOLIDATION

5.1 The Signatory Parties spent a significant portion of their settlement discussions on the topic of rate consolidation of the Company's Western Group systems, specifically regarding AWC's, Staff's and RUCO's separate positions regarding system consolidation, the Commission's comments regarding consolidation in the last AWC rate case (Docket No. W-01445A-08-0440, Decision No. 71845, August 25, 2010), and the Company's consolidation study docketed in that case. Without waiving their respective positions regarding rate consolidation for future cases, the Signatory Parties agree that the Stanfield system should be fully consolidated with the Pinal Valley system. In Decision No. 71845, the Commission partially consolidated the Stanfield system with the other Pinal Valley (Casa Grande and Coolidge) systems by authorizing a common monthly service charge, but different commodity rates. Under this Agreement, the White Tank and Ajo systems will remain separate and unconsolidated.

6.0 DISTRIBUTION SYSTEM IMPROVEMENT CHARGE ("DSIC")

6.1 The Signatory Parties also spent significant time and effort in discussing the appropriateness of implementing a DSIC mechanism in this Rate Case. Both Staff and RUCO opposed a DSIC in their testimony. Without waiving its position for future cases that a DSIC is in the public interest, AWC withdraws its request for a DSIC in this Rate Case.

7.0 OTHER SETTLEMENT ISSUES

7.1 The Signatory Parties agree on AWC's Off-site Facilities Fee as proposed in its Application and on the Company's Off-site Facilities Fee Tariff Schedule in the form set forth on Exhibit 1 attached and incorporated into the Agreement by this reference.

7.2 The Signatory Parties agree on AWC's proposal to continue its Arsenic Cost Recovery Mechanism ("ACRM"). AWC's General Service Tariff shall be amended to provide limited exceptions to the ACRM surcharge to exclude Industrial class customers that do not receive water from the potable water distribution system from the surcharge.

7.3 The Signatory Parties agree that AWC's Central Arizona Project ("CAP") hook-up fee for the Company's Casa Grande, Coolidge and White Tank systems should be continued, without change, but that the name of this fee should be changed to "CAP M&I Fees," as this

more accurately describes the charges being imposed and avoids confusion with other hook-up fee tariffs.

7.4 The Signatory Parties agree that Decision No. 71845 authorizes AWC to continue to defer its costs associated with implementing and performing additional Best Management Practices for recovery in a future general rate case, and that AWC should record such deferral of costs.

7.5 The Signatory Parties agree that AWC should be allowed to accrue Allowance for Funds Used During Construction on land purchased for the Arizona City water storage tank and booster pump station.

7.6 AWC's next Western Group general rate case filing, or rate case filed for any individual system of the Western Group, shall use a test year including at least twelve months of actual experience with the rates approved in this Rate Case.

8.0 COMMISSION EVALUATION OF PROPOSED SETTLEMENT

8.1 This Agreement shall serve as a procedural device by which the Signatory Parties will submit their proposed settlement of AWC's Rate Case Docket No. W-01445A-10-0517 to the Commission.

8.2 All currently-filed testimony and exhibits, as well as the testimony in support of this Agreement anticipated by the Commission's January 31, 2012 Procedural Order, shall be offered into the Commission's record as evidence. All Signatory Parties waive the filing and submission of surrebuttal testimony and exhibits from Staff and Intervenors, and the filing and submission of rejoinder testimony and exhibits from AWC.

8.3 The Signatory Parties recognize that the Commission will independently consider and evaluate the terms of this Agreement.

8.4 If the Commission issues an order adopting all material terms of this Agreement, such action shall constitute Commission approval of the Agreement. Thereafter, the Signatory Parties shall abide by the terms as approved by the Commission.

8.5 The Signatory Parties agree to support and defend this Agreement, including filing testimony in support of the Agreement and presenting evidence in support of the Agreement at the hearing scheduled to begin on March 1, 2012, and will not oppose any provision of the Agreement in pre-filed or live testimony. The parties agree to waive their rights to appeal a Commission Decision approving the same, provided that the Commission approves all material provisions of the Agreement. The Signatory Parties shall take reasonable steps to expedite consideration of the settlement, entry of a Decision adopting the settlement, and implementation of the rates anticipated in this Agreement and shall not seek any delay in the schedules set for consideration of the Agreement or for the Administrative Law Judge's or Commission's consideration of the settlement embodied in the Agreement. If the Commission adopts an order approving all material terms of this Agreement, the Signatory Parties will

support and defend the Commission's order before any court or regulatory agency in which it may be at issue.

8.6 Consistent with any order of the Commission, AWC shall file compliance tariffs for Staff review and approval. Such compliance tariffs, however, will become effective upon the effective date of the rate increase stated in the Commission's Order.

8.7 If the Commission fails to issue an order adopting all material terms of this Agreement or adds new or different material terms to this Agreement, any or all of the Signatory Parties may withdraw from this Agreement, and such Signatory Party or Parties may pursue without prejudice their respective remedies at law. For the purposes of this Agreement, whether a term is material shall be left to the discretion of the Signatory Party choosing to withdraw from the Agreement, so long as such discretion is reasonable. If a Signatory Party files an application for rehearing before the Commission, Staff shall not be obligated to file any document or take any position regarding the withdrawing Signatory Party's application for rehearing.

8.8 The Signatory parties recognize that Staff does not have the power to bind the Commission. For purposes of proposing a settlement agreement, Staff acts in the same manner as any party to a Commission proceeding.

9.0 MISCELLANEOUS PROVISIONS

9.1 The provisions set forth in the Agreement are made for purposes of settlement only and shall not be construed as admissions against interest or waivers of litigation positions of the Signatory parties in this Rate Case or related to other or future rate cases.

9.2 This Agreement represents the Signatory Parties' mutual desire to settle disputed issues in a manner consistent with the public interest. None of the positions taken in this Agreement by any of the Signatory Parties may be referred to, cited, or relied upon as precedent in any proceeding before the Commission, any other regulatory agency, or any court for any purpose except in furtherance of this Agreement.

9.3 This case presents a unique set of circumstances and to achieve consensus for settlement, participants may be accepting positions that, in other circumstances, they would be unwilling to accept. They are doing so because the Agreement, as a whole, with its various provisions for settling the unique issues presented by this case, is consistent with their long-term interests and with the broad public interest. The acceptance by any Signatory Party of a specific element of this Agreement shall not be considered as precedent for acceptance of that element in any other context.

9.4 No Signatory Party is bound by any position asserted in negotiations, except as expressly stated otherwise in this Agreement. No Signatory Party shall offer evidence of conduct or statements made in the course of negotiating this Agreement before this Commission, or any other regulatory agency, or any court.

9.5 Each of the terms and conditions of the Agreement is in consideration and support of all other terms. Accordingly, the terms are not severable.

9.6 The Signatory Parties warrant and represent that each person whose signature appears below is fully authorized and empowered to execute this Agreement.

9.7 The Signatory Parties acknowledge that they are represented by competent legal counsel and that they understand all of the terms of this Agreement and have had an opportunity to participate in the drafting of this Agreement and to fully review it with their counsel before signing, and that they execute this Agreement with full knowledge of the terms of the Agreement.

9.8 This Agreement may be executed in any number of counterparts and by each individual Signatory Party on separate counterparts, each of which when so executed and delivered shall be deemed an original and all of which taken together shall constitute one and the same instrument. This Agreement may also be executed electronically or by facsimile.

9.9 To the extent any provision of this Agreement is inconsistent with any existing Commission order, rule or regulation, this Agreement shall control.

9.10 Nothing in this Agreement shall prevent AWC from requesting a change to its rates in the event of conditions or circumstances that constitute an emergency. For purposes of this Agreement, the term "emergency" is limited to an extraordinary event that, in the Commission's judgment, requires rate relief in order to protect the public interest. This provision is not intended to preclude Staff or any Intervenor from opposing an application for rate relief filed by AWC pursuant to this paragraph. Nothing in this Agreement is intended to limit the Commission's ability to change rates at any time pursuant to its lawful authority.

Executed this 15TH day of February, 2012.

ARIZONA WATER COMPANY

By: William M. Garfield
Name: William M. Garfield
Its: President and Chief Operating Officer

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

for By: SMD. Abregoes
Name: Steve M. Dlea
Its: Arizona Corp. Commission
Director Utilities Division

RESIDENTIAL UTILITY CONSUMER OFFICE

By: *Adriana Sanchez*
Name: *RUCO*
Its: *Director*

ABBOTT LABORATORIES

By: Jeffrey T. Starling
Name: Jeffrey T. Starling
Its: Plant Engineering Manager

THE WATER UTILITY ASSOCIATION OF
ARIZONA

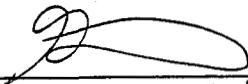
By: 
Name: WUA Director
Its: _____

EXHIBIT NO. 1

TARIFF SCHEDULE

UTILITY: Arizona Water Company
 (Pinal Valley & Stanfield systems)
 DOCKET NO. W-01445A-10-0517

DECISION NO. _____
 EFFECTIVE DATE: _____

OFF-SITE FACILITIES FEE (WATER)

I. Purpose and Applicability

The purpose of the off-site facilities fees payable to Arizona Water Company ("the Company") pursuant to this tariff is to equitably apportion the costs of constructing additional off-site facilities necessary to provide water production, treatment, delivery, storage and pressure among all new service connections. These charges are applicable to all new service connections established after the effective date of this tariff undertaken via Main Extension Agreements or requests for service not requiring a Main Extension Agreement. The charges are one-time charges and are payable as a condition to Company's establishment of service, as more particularly provided below.

II. Definitions

Unless the context otherwise requires, the definitions set forth in R-14-2-401 of the Arizona Corporation Commission's ("Commission") rules and regulations governing water utilities shall apply in interpreting this tariff schedule.

"Applicant" means any party entering into an agreement with Company for the installation of water facilities to serve new service connections, including Developers and/or Builders of new residential subdivisions and/or commercial and industrial properties.

"CAP Water" means water from the Central Arizona Project provided directly or indirectly to the Company.

"Company" means Arizona Water Company.

"Main Extension Agreement" means any agreement whereby an Applicant agrees to advance the costs of the installation of water facilities necessary for the Company to serve new service connections within a development, or installs such water facilities necessary to serve new service connections and transfer ownership of such water facilities to the Company, which agreement shall require the approval of the Commission pursuant to A.A.C. R-14-2-406, and shall have the same meaning as "Water Facilities Agreement" or "Line Extension Agreement."

"Off-site Facilities" means water treatment facilities, including treatment of CAP Water and other available water supplies, storage tanks and related appurtenances and equipment necessary for proper operation of such water treatment facilities, including engineering and design costs. Off-site facilities may also include booster pumps, wells for recovery of stored CAP water or

DECISION NO. _____

other groundwater supplies, pressure tanks, transmission mains and related appurtenances and equipment necessary for proper operation of such facilities if these facilities are not for the exclusive use of the applicant and will benefit the entire water system.

“Service Connection” means and includes all service connections for single-family residential or commercial, industrial other uses, regardless of meter size.

III. Off-Site Water Facilities Fee

For each new service connection, the Company shall collect an off-site facilities fee derived from the following table:

OFF-SITE FACILITIES FEE TABLE		
Meter Size	Size Factor	Total Fee
5/8" x 3/4 "	1	\$3,500
3/4"	1.5	\$5,250
1"	2.5	\$8,750
1-1/2 "	5	\$17,500
2"	8	\$28,000
3"	16	\$56,000
4"	25	\$87,500
6" or larger	50	\$175,000

IV. Terms and Conditions

(A) Assessment of One Time Off-Site Facilities Fee: The off-site facilities fee may be assessed only once per parcel, service connection, or lot within a subdivision (similar to meter and service line installation charge). These charges are not applicable to additional service connections that are established as back-up connections, under the condition that these service connections are not to be used at the same time.

(B) Use of Off-Site Facilities Fee: Off-site facilities fees may only be used to pay for capital items of off-site facilities or for repayment of loans obtained to fund the cost of installation of off-site facilities. Off-site facilities fees shall not be used to cover repairs, maintenance, or operational costs. The Company shall record amounts collected under tariff as Contributions in Aid of Construction (“CIAC”); however, such amounts shall not be deducted from rate base until such amounts have been expended for utility plant.

(C) Time of Payment:

- 1) For those requiring a Main Extension Agreement: In the event that the Applicant is required to enter into a Main Extension Agreement, whereby the Applicant agrees to advance the costs of installing mains, valves, fittings, hydrants and other on-site improvements or construct such improvements in order to extend service in accordance with R-14-2-406(B), payment of the off-site facilities fees required hereunder shall be made by the Applicant no later than 15 calendar days after receipt of notification from the Company that the Utilities Division of the Arizona Corporation Commission has approved the Main Extension Agreement in accordance with R-14-2-406(M).
- 2) For those connecting to an existing main: In the event that the Applicant is not required to enter into a Main Extension Agreement, the off-site facilities fee charges hereunder shall be due and payable at the time the meter and service line installation fee is due and payable.

(D) Off-Site Facilities Construction By Developer: Company and Applicant may agree to construction of off-site facilities necessary to serve a particular development by Applicant, which facilities are then conveyed to Company. In that event, Company shall credit the total cost of such off-site facilities as an offset to off-site facilities fees due under this Tariff. If the total cost of the off-site facilities constructed by Applicant and conveyed to Company is less than the applicable off-site facilities fees under this Tariff, Applicant shall pay the remaining amount of off-site facilities fees owed hereunder. If the total cost of the off-site facilities contributed by Applicant and conveyed to Company is more than the applicable off-site facilities fees under this Tariff, Applicant shall be refunded the difference upon acceptance of the off-site facilities by the Company.

(E) Failure to Pay Charges; Delinquent Payments: The Company will not be obligated to make an advance commitment to provide or actually provide water service to any Applicant in the event that the Applicant has not paid in full all charges hereunder. Under no circumstances will the Company set a meter or otherwise allow service to be established if the entire amount of any payment due hereunder has not been paid.

(F) Large Subdivision and/or Development Projects: In the event that the Applicant is engaged in the development of a residential subdivision and/or development containing more than 150 lots, the Company may, in its discretion, agree to payment of off-site facilities fees in installments. Such installments may be based on the residential subdivision and/or development's phasing, and should attempt to equitably apportion the payment of charges hereunder based on the Applicant's construction schedule and water service requirements. In the alternative, the Applicant shall post an irrevocable letter of credit in favor of the Company in a commercially reasonable form, which may be drawn by the Company consistent with the actual or planned construction and hook up schedule for the subdivision and/or development.

(G) Off-Site Facilities Fees Non-refundable: The amounts collected by the Company as off-site facilities fees shall be non-refundable contributions in aid of construction.

(H) Use of Off-Site Facilities Fees Received: All funds collected by the Company as off-site facilities fees shall be deposited into a separate interest bearing bank account and used solely for the purposes of paying for the costs of installation of off-site facilities, including repayment of loans obtained for the installation of off-site facilities that will benefit the entire water system.

(I) Off-Site Facilities Fee in Addition to On-site Facilities: The off-site facilities fee shall be in addition to any costs associated with the construction of on-site facilities under a Main Extension Agreement.

(J) Disposition of Excess Funds: After all necessary and desirable off-site facilities are constructed utilizing funds collected pursuant to this tariff, or if the off-site facilities fee tariff has been terminated by order of the Arizona Corporation Commission, any funds remaining in the bank account shall be refunded. The manner of the refund shall be determined by the Commission at the time a refund becomes necessary.

(K) Fire Flow Requirements: In the event the Applicant for service has fire flow requirements that require additional facilities not covered by this tariff, such additional facilities shall be constructed under a separate Main Extension Agreement as a non-refundable contribution and shall be in addition to the off-site facilities fees.

(L) Status Reporting Requirements to the Commission: The Company shall submit a calendar year off-site facilities fee status report each January 31st to Docket Control for the prior twelve (12) month period, beginning January 31, 2013, until the off-site facilities fee tariff is no longer in effect. This status report shall contain a list of all customers that have paid the off-site facilities fee, the amount each has paid, the physical location/address of the property in respect of which such fee was paid, the amount of money spent from the account, the amount of interest earned on the funds within the tariff account, and a list of all facilities that have been installed with the tariff funds during the 12 month period.

Line No.	Description	Western Group		Settlement	
		(A)	(B)		(C)
3	Adjusted Rate Base	\$ 53,234,209			
6	Adjusted Operating Income	\$ 2,549,460			
8	Current Rate of Return (Ln. 6 + Ln. 4)	4.79%			
10	Required Operating Income (Ln. 4 X Ln. 12)	\$ 4,494,718			
12	Required Rate of Return	8.44%			
14	Operating Income Deficiency (Ln. 10 - Ln. 6)	\$ 1,945,258			
16	Gross Revenue Conversion Factor	1.6576			
18	Required Increase in Gross Revenue (Ln. 14 X Ln. 16)	\$ 3,224,403			
21	Add: Consolidated Revenue Adjustment ¹	\$ -			
22	Proposed Increase in Gross Revenues	\$ 3,224,403			
29	Customer Classification				
30		Revenue - Present Rates	Revenue - Settlement Rates	Dollar Increase	Percent Increase
31	Residential	\$ 12,151,216	\$ 13,916,986	\$ 1,765,770	14.53%
32	Commercial	4,419,455	5,699,855	1,280,400	28.97%
33	Industrial	937,053	1,061,432	124,380	13.27%
34	Private Fire Service	102,252	111,700	9,448	9.24%
35	Other Water Revenues	268,754	313,117	44,363	16.51%
37	Total Water Revenues	\$ 17,878,729	\$ 21,103,091	\$ 3,224,361	18.03%
40	Miscellaneous Revenues	759,466	759,466		
42	Total Operating Revenues	\$ 18,638,195	\$ 21,862,556	\$ 3,224,361	17.30%

¹Consolidated Revenue Adjustment represents the increase/(decrease) in revenue requirement resulting from proposed rate consolidation.

ARIZONA WATER COMPANY
Test Year Ended December 31, 2010
Computation of Increase in Gross Revenue Requirement

Line No.	Description	Pinal Valley (Casa Grande, Coolidge, Stanfield)		White Tank	
		[A]	[B]	[F]	[G]
1					
2					
3					
4	Adjusted Rate Base	\$ 46,638,551		\$ 5,609,221	
5	Adjusted Operating Income	\$ 2,284,545		\$ 170,224	
6	Current Rate of Return (Ln. 6 + Ln. 4)	4.92%		3.03%	
7	Required Operating Income (Ln. 4 X Ln. 12)	\$ 3,937,827		\$ 473,603	
8	Required Rate of Return	8.44%		8.44%	
9	Operating Income Deficiency (Ln. 10 - Ln. 6)	\$ 1,643,282		\$ 303,379	
10	Gross Revenue Conversion Factor	1.6585		1.6526	
11	Required Increase in Gross Revenue (Ln. 14 X Ln. 16)	\$ 2,725,357		\$ 501,373	
12	Add: Consolidated Revenue Adjustment ¹	\$ -		\$ -	
13	Proposed Increase in Gross Revenues	\$ 2,725,357		\$ 501,373	
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29	Customer Classification				
30	Residential	\$ 10,454,403	\$ 11,878,933	\$ 1,673,608	\$ 356,749
31	Commercial	4,124,957	5,275,058	172,063	116,995
32	Industrial	911,893	1,035,703	25,159	571
33	Private Fire Service	100,237	109,525	1,361	139
34	Other Water Revenues	218,600	235,990	47,484	27,002
35	Total Water Revenues	\$ 15,810,092	\$ 18,535,209	\$ 2,064,382	\$ 501,455
36					
37					
38	Miscellaneous Revenues	734,234	734,234	21,463	21,463
39	Total Operating Revenues	\$ 16,544,326	\$ 19,269,443	\$ 2,085,845	\$ 501,455
40					
41					
42					
43					
44					
45					
46					
47					
48					
49					
50					
51					
52					
53					
54					
55					

¹Consolidated Revenue Adjustment represents the increase/(decrease) in revenue requirement resulting from proposed rate consolidation.

DECISION NO. _____

Line No.	Description	[A]	[B]	[C]	[D]
Ajo Settlement					
3	Adjusted Rate Base	\$ 986,437			
5	Adjusted Operating Income	\$ 84,691			
8	Current Rate of Return (Ln. 6 + Ln. 4)	8.59%			
10	Required Operating Income (Ln. 4 X Ln. 12)	\$ 83,288			
12	Required Rate of Return	8.44%			
14	Operating Income Deficiency (Ln. 10 - Ln. 6)	\$ (1,404)			
16	Gross Revenue Conversion Factor	1.6573			
18	Required Increase in Gross Revenue (Ln. 14 X Ln. 16)	\$ (2,326)			
21	Add: Consolidated Revenue Adjustment ¹	\$ -			
22	Proposed Increase in Gross Revenues	\$ (2,326)			
Customer Classification					
29	Residential	\$ 379,953	\$ 364,445	\$ (15,509)	-4.08%
31	Commercial	122,434	135,739	13,305	10.87%
33	Industrial	-	-	-	0.00%
34	Private Fire Service	653	675	22	3.35%
35	Other Water Revenues	2,671	2,642	(29)	-1.08%
37	Total Water Revenues	\$ 505,711	\$ 503,500	\$ (2,211)	-0.44%
39	Miscellaneous Revenues	3,768	3,768		
42	Total Operating Revenues	\$ 509,480	\$ 507,269	\$ (2,211)	-0.43%

¹ Consolidated Revenue Adjustment represents the increase/(decrease) in revenue requirement resulting from proposed rate consolidation.

Line No.	Western Group		
	[A]	[B]	[C]
	O.C. Rate Base - Company - As Filed	Settlement Adjustments	O.C. Rate Base Settlement
1			
2	\$ 166,694,053	\$ (196,090)	\$ 166,497,963
3			
4	\$ 33,280,458	\$ 334,468	\$ 33,614,925
5	\$ 133,413,595	\$ (530,558)	\$ 132,883,037
6			
7			
8			
9	\$ 53,463,817	-	\$ 53,463,817
10			
11	\$ 21,508,932	-	\$ 21,508,932
12	\$ (3,699,158)	-	\$ (3,699,158)
13	\$ 17,809,774	-	\$ 17,809,774
14			
15	\$ 9,644,941	-	\$ 9,644,941
16	\$ 357,699	-	\$ 357,699
17			
18			
19	\$ 1,462,431	\$ (308,027)	\$ 1,154,404
20	\$ 473,000	-	\$ 473,000
21			
22			
23	\$ 54,072,795	\$ (838,585)	\$ 53,234,209
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43			
44			
45			
46			
47			
48			
49			
50			
51			
52			
53			
54			
55			

DECISION NO. _____

Line No.	Pinal Valley (Casa Grande, Coolidge, Stanfield)			White Tank		
	[A] O.C. Rate Base - Company - As Filed	[B] Settlement Adjustments	[C] O.C. Rate Base Settlement	[A] O.C. Rate Base - Company - As Filed	[B] Settlement Adjustments	[C] O.C. Rate Base Settlement
1						
2	\$ 145,686,165	\$ (201,996)	\$ 145,484,169	\$ 18,693,007	\$ 5,876	\$ 18,698,883
3						
4						
5	\$ 29,456,880	\$ 290,128	\$ 29,747,008	\$ 2,856,989	\$ 44,245	\$ 2,901,234
6	\$ 116,229,285	\$ (482,124)	\$ 115,737,160	\$ 15,836,018	\$ (38,369)	\$ 15,797,649
7						
8						
9	\$ 45,465,736	\$ -	\$ 45,465,736	\$ 7,891,919	\$ -	\$ 7,891,919
10						
11	\$ 19,589,664	\$ -	\$ 19,589,664	\$ 1,831,118	\$ -	\$ 1,831,118
12	\$ (3,428,365)	\$ -	\$ (3,428,365)	\$ (250,616)	\$ -	\$ (250,616)
13	\$ 16,161,299	\$ -	\$ 16,161,299	\$ 1,580,502	\$ -	\$ 1,580,502
14						
15	\$ 8,683,491	\$ -	\$ 8,683,491	\$ 771,189	\$ -	\$ 771,189
16	\$ 327,277	\$ -	\$ 327,277	\$ 22,494	\$ -	\$ 22,494
17						
18						
19	\$ 1,333,549	\$ (267,355)	\$ 1,066,194	\$ 112,351	\$ (34,674)	\$ 77,677
20	\$ 473,000	\$ -	\$ 473,000	\$ -	\$ -	\$ -
21						
22						
23	\$ 47,398,030	\$ (759,479)	\$ 46,638,551	\$ 5,692,264	\$ (73,043)	\$ 5,609,221
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42						
43						
44						
45						
46						
47						
48						
49						
50						
51						
52						
53						
54						
55						

DECISION NO. _____

Line No.	(A) O.C. Rate Base - Company - As Filed	Ajo (B) Settlement Adjustments	(C) O.C. Rate Base Settlement
1			
2	\$ 2,314,881	\$ 30	\$ 2,314,911
3			
4			
5	966,588	95	966,683
6	1,348,293	(65)	1,348,228
7			
8			
9	106,162	-	106,162
10			
11	88,150	-	88,150
12	(20,177)	-	(20,177)
13	67,973	-	67,973
14			
15	190,261	-	190,261
16	7,929	-	7,929
17			
18			
19	16,531	(5,998)	10,533
20			
21			
22			
23	\$ 992,500	(6,063)	\$ 986,437
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43			
44			
45			
46			
47			
48			
49			
50			
51			
52			
53			
54			
55			

DECISION NO. _____

Western Group

Line No.	Plant Classification	(A) Actual End of Test Year	(B) Total Pro Forma Adjustments	(C) Adjusted Test Year As Filed	(D) BLANK	(E) Settlement			(F) Settlement			(G) Settlement Rate Base Adjustments			(H) Settlement Adj. RB-4	(I) BLANK	(J) Settlement Adj. RB-5	(K) Total Settlement Adjustments	(L) Adjusted Test Year Settlement
						Adj. RB-1	Adj. RB-2	Adj. RB-3	Adj. RB-2	Adj. RB-3	Adj. RB-2	Adj. RB-3							
1																			
2	Intangible Plant	\$ 1,552,568	\$ 3,478	\$ 1,556,046															\$ 1,556,046
3	Source of Supply Plant	8,633,660	30	8,633,691															8,633,691
4	Pumping Plant	10,822,941	154,865	10,977,806				9,532										9,532	10,987,338
5	Water Treatment Plant	10,814,267	779	10,815,047			(63)											(63)	10,814,984
6	Transmission & Distribution Plant	126,807,423	1,138,354	127,945,777															127,945,777
7	General Plant	4,083,217	2,682,471	6,765,688															6,765,688
8	Total Gross Plant in Service	\$ 162,714,076	\$ 3,979,977	\$ 166,694,053			(63)												\$ 166,694,053
9																			
10																			
11	Less:																		
12	Accumulated Depreciation	32,640,331	640,126	33,280,458			333,247												33,280,458
13	Net Plant in Service	\$ 130,073,744	\$ 3,339,851	\$ 133,413,595			\$ (333,310)												\$ 132,883,037
14																			
15	Less:																		
16	Advances in Aid of Construction	53,463,817	-	53,463,817															53,463,817
17	Contributions in Aid of Construction:																		
18	Gross	21,508,932	-	21,508,932															21,508,932
19	Accumulated Amortization	(3,699,158)	-	(3,699,158)															(3,699,158)
20	Net Contributions in Aid of Construction	\$ 17,809,774	\$ -	\$ 17,809,774			\$ -												\$ 17,809,774
21																			
22	Deferred Income Tax	-	9,644,941	9,644,941															9,644,941
23	Customer Deposits	357,699	-	357,699															357,699
24																			
25	Add:																		
26	Working Capital	1,462,431	-	1,462,431															1,462,431
27	Net Regulatory Asset / (Liability)	-	473,000	473,000															473,000
28																			
29																			
30	Total Rate Base	\$ 59,904,885	\$ (5,832,090)	\$ 54,072,795			\$ (333,310)												\$ 53,234,209
31																			
32																			
33																			
34																			
35																			
36																			
37																			
38																			
39																			
40																			
41																			
42																			
43																			
44																			
45																			
46																			
47																			
48																			
49																			
50																			
51																			
52																			
53																			
54																			
55																			

Pinal Valley (Casa Grande, Coolidge, Stanfield)

Line No.	[A] Actual End of Test Year	[B] Total Pro Forma Adjustments	[C] Adjusted Test Year - As Filed	[D] BLANK	[E] Settlement Adj. RB-1	[F] Settlement Adj. RB-2	[G] Settlement Adj. RB-3	[H] Settlement Adj. RB-4	[I] BLANK	[J] Settlement Adj. RB-5	[K] Total Settlement Adjustments	[L] Adjusted Test Year - Settlement
2	\$ 1,533,974	\$ 3,131	\$ 1,537,106		\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ 1,537,106
3	7,110,689	27	7,110,716		-	-	-	-		-	-	7,110,716
4	9,110,796	154,865	9,265,661		-	9,532	-	-		-	9,532	9,275,193
5	9,119,376	702	9,120,077		-	-	-	-		-	-	9,120,077
6	111,483,305	1,022,395	112,505,699		-	44,771	(258,409)	-		-	(213,638)	112,292,061
7	3,731,834	2,415,071	6,146,905		-	-	-	-		2,110	2,110	6,149,015
8	\$ 142,089,974	\$ 3,596,191	\$ 145,686,165		\$ -	\$ 54,303	\$ (258,409)	\$ -		\$ 2,110	\$ (201,996)	\$ 145,484,169
9												
10												
11												
12	28,880,112	576,768	29,456,880		288,979	961	-	-		187	290,128	29,747,008
13	\$ 113,209,862	\$ 3,019,422	\$ 116,229,285		\$ (288,979)	\$ 53,341	\$ (258,409)	\$ -		\$ 1,923	\$ (492,124)	\$ 115,737,160
14												
15	45,465,736	-	45,465,736									45,465,736
16												
17	19,589,664	-	19,589,664									19,589,664
18	(3,428,365)	-	(3,428,365)									(3,428,365)
19	\$ 16,161,299	\$ -	\$ 16,161,299		\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ 16,161,299
20												
21		8,683,491	8,683,491									8,683,491
22	327,277	-	327,277									327,277
23												
24												
25												
26	1,333,549	473,000	1,333,549									1,066,194
27			473,000								(267,355)	473,000
28												
29												
30	\$ 52,589,100	\$ (5,191,069)	\$ 47,398,030		\$ (288,979)	\$ 53,341	\$ (267,355)	\$ (258,409)		\$ 1,923	\$ (759,479)	\$ 46,638,551
31												
32												
33												
34												
35												
36												
37												
38												
39												
40												
41												
42												
43												
44												
45												
46												
47												
48												
49												
50												
51												
52												
53												
54												
55												

DECISION NO. _____

White Tank

Line No.	(A) Actual End of Test Year	(B) Total Pro Forma Adjustments	(C) Adjusted Test Year - As Filed	(D) BLANK	(E) Settlement Adj. RB-1	(F) Settlement Adj. RB-2	(G) Settlement Adj. RB-3	(H) Settlement Adj. RB-4	(I) BLANK	(J) Settlement Adj. RB-5	(K) Total Settlement Adjustments	(L) Adjusted Test Year - Settlement
1												
2	\$ 14,082	\$ 278	\$ 14,360	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,360
3	1,511,948	2	1,511,950	-	-	-	-	-	-	-	-	1,511,950
4	1,622,914	-	1,622,914	-	-	-	-	-	-	-	-	1,622,914
5	1,690,602	62	1,690,664	-	(47)	-	-	-	-	-	(47)	1,690,617
6	13,304,456	115,913	13,420,369	-	-	5,735	-	-	-	-	5,735	13,426,104
7	218,266	214,485	432,750	-	-	-	-	-	187	187	187	432,938
8	\$ 18,362,266	\$ 330,741	\$ 18,693,007	\$ -	\$ (47)	\$ 5,735	\$ -	\$ -	\$ 187	\$ 5,876	\$ 5,876	\$ 18,698,883
9												
10												
11												
12	2,805,964	51,025	2,856,989	51	44,177	51	17	44,245	17	44,245	2,901,234	
13	\$ 15,556,302	\$ 279,716	\$ 15,836,018	\$ -	\$ (44,224)	\$ 5,684	\$ -	\$ -	\$ 171	\$ (38,369)	\$ 15,797,649	
14												
15												
16	7,891,919	-	7,891,919	-	-	-	-	-	-	-	-	7,891,919
17	1,831,118	-	1,831,118	-	-	-	-	-	-	-	-	1,831,118
18	(250,616)	-	(250,616)	-	-	-	-	-	-	-	-	(250,616)
19	\$ 1,580,502	\$ -	\$ 1,580,502	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,580,502
20												
21												
22	22,494	771,189	771,189	-	-	-	-	-	-	-	-	771,189
23												
24												
25												
26	112,351	-	112,351	-	-	-	-	-	-	-	-	112,351
27												
28												
29												
30	\$ 6,173,736	\$ (491,473)	\$ 5,682,264	\$ -	\$ (44,224)	\$ 5,684	\$ (34,674)	\$ -	\$ 171	\$ (73,043)	\$ 5,609,221	
31												
32												
33												
34												
35												
36												
37												
38												
39												
40												
41												
42												
43												
44												
45												
46												
47												
48												
49												
50												
51												
52												
53												
54												
55												

Line No.	Plant Classification	(A) Actual End of Test Year	(B) Total Pro Forma Adjustments	(C) Adjusted Test Year - As Filed	(D) BLANK	(E)		(F)		(G) Settlement Adj. RB-3	(H) Settlement Adj. RB-4	(I) BLANK	(J) Settlement Adj. RB-5	(K) Total Settlement Adjustments	(L) Adjusted Test Year - Settlement
						Settlement Adj. RB-1	Settlement Adj. RB-2								
1															
2	Plant Classification														
3	Intangible Plant	\$ 4,512	\$ 69	\$ 4,580											\$ 4,580
4	Source of Supply Plant	11,024	1	11,024											11,024
5	Pumping Plant	89,231	-	89,231											89,231
6	Water Treatment Plant	4,290	15	4,305		(16)								(16)	4,289
7	Transmission & Distribution Plant	2,019,663	45	2,019,708											2,019,708
8	General Plant	133,117	52,916	186,032									46	46	186,079
9	Total Gross Plant in Service	\$ 2,261,836	\$ 53,046	\$ 2,314,881		(16)							46	30	\$ 2,314,911
10															
11	Less:														
12	Accumulated Depreciation	954,255	12,333	966,588		91							4	95	966,683
13	Net Plant in Service	\$ 1,307,580	\$ 40,713	\$ 1,348,293		(107)							42	(65)	\$ 1,348,228
14															
15	Less:														
16	Advances in Aid of Construction	106,162	-	106,162											106,162
17	Contributions in Aid of Construction:														
18	Gross	88,150	-	88,150											88,150
19	Accumulated Amortization	(20,177)	-	(20,177)											(20,177)
20	Net Contributions in Aid of Construction	\$ 67,973	\$ -	\$ 67,973											\$ 67,973
21															
22	Deferred Income Tax	-	190,261	190,261											190,261
23	Customer Deposits	7,929	-	7,929											7,929
24															
25	Add:														
26	Working Capital	16,531	-	16,531						(5,998)				(5,998)	10,533
27	Net Regulatory Asset / (Liability)	-	-	-											-
28															
29															
30	Total Rate Base	\$ 1,142,048	\$ (149,548)	\$ 992,500		(107)				(5,998)			42	(6,063)	\$ 986,437
31															
32															
33															
34															
35															
36															
37															
38															
39															
40															
41															
42															
43															
44															
45															
46															
47															
48															
49															
50															
51															
52															
53															
54															
55															

DECISION NO. _____

DOCKET NO. W-01445A-10-0517

Line No.	Plant Classification	[A] Actual End of Test Year	[B] Total Pro Forma Adjustments	[C] Adjusted Test Year - As Filed	Phoenix Office					[K] Total Settlement Adjustments	[L] Adjusted Test Year - Settlement
					[D] BLANK	[E] Settlement Adj. RB-1	[F] Settlement Adj. RB-2	[G] Settlement Adj. RB-3	[H] Settlement Adj. RB-4		
2	Intangible Plant	\$ 9,148	\$ (9,148)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	Source of Supply Plant	-	-	-	-	-	-	-	-	-	-
4	Pumping Plant	-	-	-	-	-	-	-	-	-	-
5	Water Treatment Plant	-	-	-	-	-	-	-	-	-	-
6	Transmission & Distribution Plant	-	-	-	-	-	-	-	-	-	-
7	General Plant	6,883,048	(6,883,048)	-	6,163	-	-	-	(6,163)	-	-
8	Total Gross Plant in Service	\$ 6,892,196	\$ (6,892,196)	\$ -	\$ 6,163	\$ -	\$ -	\$ -	\$ (6,163)	\$ -	\$ -
10											
11	Less:										
12	Accumulated Depreciation	1,587,468	(1,587,468)	-	547	-	-	-	(547)	-	-
13	Net Plant in Service	\$ 5,304,728	\$ (5,304,728)	\$ -	\$ 5,617	\$ -	\$ -	\$ -	\$ (5,617)	\$ -	\$ -
14											
15	Less:										
16	Advances in Aid of Construction	-	-	-	-	-	-	-	-	-	-
17	Contributions in Aid of Construction:										
18	Gross	-	-	-	-	-	-	-	-	-	-
19	Accumulated Amortization	-	-	-	-	-	-	-	-	-	-
20	Net Contributions in Aid of Construction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21											
22	Deferred Income Tax	25,368,073	(25,368,073)	-	-	-	-	-	-	-	-
23	Customer Deposits	-	-	-	-	-	-	-	-	-	-
24											
25	Add:										
26	Working Capital	-	-	-	-	-	-	-	-	-	-
27	Net Regulatory Asset / (Liability)	-	-	-	-	-	-	-	-	-	-
28											
29											
30	Total Rate Base	\$ (20,063,345)	\$ 20,063,345	\$ -	\$ 5,617	\$ -	\$ -	\$ -	\$ (5,617)	\$ -	\$ -
31											
32											
33											
34											
35											
36											
37											
38											
39											
40											
41											
42											
43											
44											
45											
46											
47											
48											
49											
50											
51											
52											
53											
54											
55											

Line No.	Plant Classification	(A) Actual End of Test Year	(B) Total Pro Forma Adjustments	(C) Adjusted Test Year - As Filed	Meter Shop										(K) Total Settlement Adjustments	(L) Adjusted Test Year - Settlement
					(D) BLANK	(E) Settlement Adj. RB-1	(F) Settlement Adj. RB-2	(G) Settlement Adj. RB-3	(H) Settlement Adj. RB-4	(I) BLANK	(J) Settlement Adj. RB-5					
1																
2	Intangible Plant	\$ -	\$ -	\$ -												
3	Source of Supply Plant	80	(80)	-												
4	Pumping Plant	-	-	-												
5	Water Treatment Plant	2,050	(2,050)	-												
6	Transmission & Distribution Plant	6,066	(6,066)	-												
7	General Plant	146,809	(146,809)	-												
8	Total Gross Plant in Service	\$ 155,005	\$ (155,005)	\$ -												
9																
10																
11	Less:															
12	Accumulated Depreciation	56,404	(56,404)	-												
13	Net Plant in Service	\$ 98,601	\$ (98,601)	\$ -												
14																
15	Less:															
16	Advances in Aid of Construction	-	-	-												
17	Contributions in Aid of Construction:															
18	Gross	-	-	-												
19	Accumulated Amortization	-	-	-												
20	Net Contributions in Aid of Construction	\$ -	\$ -	\$ -												
21																
22	Deferred Income Tax	-	-	-												
23	Customer Deposits	-	-	-												
24																
25	Add:															
26	Working Capital	-	-	-												
27	Net Regulatory Asset / (Liability)	-	-	-												
28																
29																
30	Total Rate Base	\$ 98,601	\$ (98,601)	\$ -												
31																
32																
33																
34																
35																
36																
37																
38																
39																
40																
41																
42																
43																
44																
45																
46																
47																
48																
49																
50																
51																
52																
53																
54																
55																

		White Tank		
		[A]	[B]	
Line No.	Description	Increase / (Decrease)	Adjstmt to Depreciation Expense	Depreciation Rate
1	Intangible Plant	\$ -	\$ -	0.00%
2	301 Organization	-	-	n/a
3	302 Franchises	-	-	n/a
4	303 Other Intangibles	-	-	
5	Subtotal Intangible Plant	\$ -	\$ -	
6	Source of Supply Plant	-	-	0.00%
7	310.1 Water Rights	-	-	0.00%
8	310.3 Other Source of Supply Land	-	-	n/a
9	310.4 Wells - Other	-	-	3.13%
10	314 Wells	\$ -	\$ -	
11	Subtotal Source of Sup. Plant	-	-	
12	Pumping Plant	-	-	0.00%
13	320 Pumping Plant Land	-	-	2.86%
14	321 Pumping Plant Struct. & Improv.	-	-	5.88%
15	325 Electric Pumping Equipment	-	-	4.00%
16	328 Gas Engine Equipment	\$ -	\$ -	
17	Subtotal Pumping Plant	-	-	
18	Water Treatment Plant	-	-	0.00%
19	330 Water Treatment Plant Land	-	-	2.50%
20	331 Water Trtmt. Struct. & Improv.	(47)	(1)	2.86%
21	332 Water Treatment Equipment	(47)	(1)	
22	Subtotal Water Trtmt. Plant	\$ -	\$ -	
23	Transmission & Distribution Plant	-	-	0.00%
24	340 Trans. and Dist. Land	-	-	2.00%
25	342 Storage Tanks	-	-	1.79%
26	343 Trans. & Dist. Mains	-	-	2.00%
27	344 Fire Sprinkler Taps	-	-	2.38%
28	345 Services	-	-	4.55%
29	346 Meters	-	-	1.82%
30	348 Hydrants	\$ -	\$ -	
31	Subtotal Trans. & Dist.	-	-	
32	General Plant	-	-	0.00%
33	389 General Plant Land	-	-	2.50%
34	390 General Plant Structures	-	-	n/a
35	390.1 Leasehold Improvements	-	-	6.67%
36	391 Office Furniture & Equipment	-	-	5.00%
37	393 Warehouse Equipment	-	-	4.00%
38	394 Tools, Shop & Garage Equip.	-	-	5.00%
39	395 Laboratory Equipment	-	-	6.67%
40	396 Power Operated Equipment	-	-	6.67%
41	397 Communication Equipment	-	-	6.67%
42	398 Miscellaneous Equipment	\$ -	\$ -	3.33%
43	Subtotal General Plant	\$ -	\$ -	
44	Total Utility Plant	\$ (47)	\$ (1)	
45	Accumulated Depreciation	\$ 44,177	\$ 44,177	
46	Net Plant	\$ (44,224)	\$ (44,224)	

DECISION NO.

Line No.	Depreciation Rate	[A] Increase / (Decrease)	[B] Adjstm't to Depreciation Expense
1	Intangible Plant		
2	301 Organization	\$ -	\$ -
3	302 Franchises	-	-
4	303 Other Intangibles	-	-
5	Subtotal Intangible Plant	\$ -	\$ -
6	Source of Supply Plant		
7	310.1 Water Rights	-	-
8	310.3 Other Source of Supply Land	-	-
9	310.4 Wells - Other	-	-
10	314 Wells	-	-
11	3.13%		
12	Subtotal Source of Sup. Plant	\$ -	\$ -
13	Pumping Plant		
14	320 Pumping Plant Land	-	-
15	321 Pumping Plant Struct. & Improv.	-	-
16	325 Electric Pumping Equipment	-	-
17	328 Gas Engine Equipment	-	-
18	4.00%		
19	Subtotal Pumping Plant	\$ -	\$ -
20	Water Treatment Plant		
21	330 Water Treatment Plant Land	-	-
22	331 Water Trtmt. Struct. & Improv.	-	-
23	332 Water Treatment Equipment	(16)	(0)
24	Subtotal Water Trtmt. Plant	\$ (16)	\$ (0)
25	Transmission & Distribution Plant		
26	340 Trans. and Dist. Land	-	-
27	342 Storage Tanks	-	-
28	343 Trans. & Dist. Mains	-	-
29	344 Fire Sprinkler Taps	-	-
30	345 Services	-	-
31	346 Meters	-	-
32	348 Hydrants	-	-
33	1.82%		
34	Subtotal Trans. & Dist. General Plant	\$ -	\$ -
35	General Plant Land		
36	389 General Plant Structures	-	-
37	390.1 Leasehold Improvements	-	-
38	391 Office Furniture & Equipment	-	-
39	393 Warehouse Equipment	-	-
40	394 Tools, Shop & Garage Equip.	-	-
41	395 Laboratory Equipment	-	-
42	396 Power Operated Equipment	-	-
43	397 Communication Equipment	-	-
44	398 Miscellaneous Equipment	-	-
45	3.33%		
46	Subtotal General Plant	\$ -	\$ -
47	Total Utility Plant	\$ (16)	\$ (0)
48	Accumulated Depreciation	\$ 91	\$ 91
49	Net Plant	\$ (107)	\$ (107)

DECISION NO

ARIZONA WATER COMPANY
Test Year Ended December 31, 2010
Settlement Rate Base Adjustment RB-2
True-up Post-Test Year Plant to Reflect Actual Costs

Line No.	Pinal Valley				Adjstmt' to Depreciation Expense
	(A) 1-4768 As Filed	(B) 1-4768 Actual Cost	(C) 1-4768 Increase / (Decrease)	(D)	
1	0.00%	\$		\$	
2	n/a				
3	n/a				
4		\$		\$	
5					
6	0.00%				
7	0.00%				
8	n/a				
9	3.13%	\$		\$	
10					
11					
12	0.00%				
13	2.86%				
14	5.88%				
15	4.00%				
16		\$		\$	
17					
18	0.00%				
19	2.50%				
20	2.86%				
21		\$		\$	
22					
23	0.00%				
24	2.00%				
25	1.79%	116,754	3,494	63	
26	2.00%				
27	2.38%	13,529	353	8	
28	4.55%				
29	1.82%	7,531	186	3	
30		\$ 137,814	\$ 141,847	\$ 74	
31			\$ 4,033		
32	0.00%				
33	2.50%				
34	n/a				
35	6.67%				
36	5.00%				
37	4.00%				
38	5.00%				
39	6.67%				
40	6.67%				
41	6.67%				
42	3.33%				
43					
44		\$ 137,814	\$ 141,847	\$ 74	
45			\$ 4,033		
46					
47				\$ 37	
48				\$ 3,996	
49					
50					
51					
52					
53					
54					
55					

DECISION NO

ARIZONA WATER COMPANY

Test Year Ended December 31, 2010
 Settlement Rate Base Adjustment RB-2 (Continued)
 True-up Post-Test Year Plant to Reflect Actual Costs

Exhibit
 Schedule B-2 Settlement Appendix
 Page 5 of 17
 Witness: Reiker

DOCKET NO. W-01445A-10-0517

Line No.	Description	Pinal Valley (Continued)				Adjustmt to Depreciation Expense
		(A) 1-4773 As Filed	(B) Work Authorization 1-4773 Actual Cost	(C) 1-4773 Increase / (Decrease)	(D)	
1	Intangible Plant					
2	301 Organization	0.00%	\$		\$	
3	302 Franchises	n/a				
4	303 Other Intangibles	n/a				
5	Subtotal Intangible Plant		\$		\$	
6	Source of Supply Plant					
7	310.1 Water Rights	0.00%				
8	310.3 Other Source of Supply Land	0.00%				
9	310.4 Wells - Other	n/a				
10	314 Wells	3.13%				
11	Subtotal Source of Sup. Plant		\$		\$	
12	Pumping Plant					
13	320 Pumping Plant Land	0.00%				
14	321 Pumping Plant Struct. & Improv.	2.86%				
15	325 Electric Pumping Equipment	5.88%				
16	328 Gas Engine Equipment	4.00%				
17	Subtotal Pumping Plant		\$		\$	
18	Water Treatment Plant					
19	330 Water Treatment Plant Land	0.00%				
20	331 Water Trtmt. Struct. & Improv.	2.50%				
21	332 Water Treatment Equipment	2.86%				
22	Subtotal Water Trtmt. Plant		\$		\$	
23	Transmission & Distribution Plant					
24	340 Trans. and Dist. Land	0.00%				
25	342 Storage Tanks	2.00%				
26	343 Trans. & Dist. Mains	1.79%	75,683	117,361	41,678	746
27	344 Fire Sprinkler Taps	2.00%				
28	345 Services	2.38%	45,487	28,468	(17,029)	(405)
29	346 Meters	4.55%				
30	348 Hydrants	1.82%				
31	Subtotal Trans. & Dist.		\$ 121,180	\$ 145,829	\$ 24,649	\$ 341
32	General Plant					
33	369 General Plant Land	0.00%				
34	350 General Plant Structures	2.50%				
35	390.1 Leasehold Improvements	n/a				
36	391 Office Furniture & Equipment	6.67%				
37	393 Warehouse Equipment	5.00%				
38	394 Tools, Shop & Garage Equip.	4.00%				
39	395 Laboratory Equipment	5.00%				
40	396 Power Operated Equipment	6.67%				
41	397 Communication Equipment	6.67%				
42	398 Miscellaneous Equipment	3.33%				
43	Subtotal General Plant		\$	\$	\$	\$
44	Total Utility Plant		\$ 121,180	\$ 145,829	\$ 24,649	\$ 341
45	Accumulated Depreciation (1/2-Year Convention)					\$ 170
46	Net Plant					\$ 24,479

DECISION NO.

Pinal Valley (Continued)

Line No.	Description	Pinal Valley (Continued)			Adjustmt to Depreciation Expense
		(A) 1-4772 As Filed	(B) Work Authorization 1-4772 Actual Cost	(C) 1-4772 Increase / (Decrease)	
1	Intangible Plant				
2	301 Organization	0.00%	\$ -	-	\$ -
3	302 Franchises	n/a	-	-	-
4	303 Other Intangibles	n/a	-	-	-
5	Subtotal Intangible Plant		\$ -		\$ -
6	Source of Supply Plant				
7	310.1 Water Rights	0.00%	-	-	-
8	310.3 Other Source of Supply Land	0.00%	-	-	-
9	310.4 Wells - Other	n/a	-	-	-
10	314 Wells	3.13%	-	-	-
11	Subtotal Source of Sup. Plant		\$ -		\$ -
12	Pumping Plant				
13	320 Pumping Plant Land	0.00%	-	-	-
14	321 Pumping Plant Struct. & Improv.	2.86%	-	-	-
15	325 Electric Pumping Equipment	5.88%	-	-	-
16	328 Gas Engine Equipment	4.00%	-	-	-
17	Subtotal Pumping Plant		\$ -		\$ -
18	Water Treatment Plant				
19	330 Water Treatment Plant Land	0.00%	-	-	-
20	331 Water Trtmt. Struct. & Improv.	2.50%	-	-	-
21	332 Water Treatment Equipment	2.86%	-	-	-
22	Subtotal Water Trtmt. Plant		\$ -		\$ -
23	Transmission & Distribution Plant				
24	340 Trans. and Dist. Land	0.00%	-	-	-
25	342 Storage Tanks	2.00%	-	-	-
26	343 Trans. & Dist. Mains	1.79%	545,741	(117,510)	(2,103)
27	344 Fire Sprinkler Taps	2.00%	-	-	-
28	345 Services	2.38%	111,993	111,993	2,665
29	346 Meters	4.55%	-	-	-
30	348 Hydrants	1.82%	12,272	12,272	223
31	Subtotal Trans. & Dist. General Plant		\$ 670,006	\$ 6,755	\$ 785
32	General Plant				
33	389 General Plant Land	0.00%	-	-	-
34	390 General Plant Structures	2.50%	-	-	-
35	390.1 Leasehold Improvements	n/a	-	-	-
36	391 Office Furniture & Equipment	6.67%	-	-	-
37	393 Warehouse Equipment	5.00%	-	-	-
38	394 Tools, Shop & Garage Equip.	4.00%	-	-	-
39	395 Laboratory Equipment	5.00%	-	-	-
40	396 Power Operated Equipment	6.67%	-	-	-
41	397 Communication Equipment	6.67%	-	-	-
42	398 Miscellaneous Equipment	3.33%	-	-	-
43	Subtotal General Plant		\$ -		\$ -
44	Total Utility Plant		\$ 670,006	\$ 6,755	\$ 785
45	Accumulated Depreciation (1/2-Year Convention)				\$ 393
46	Net Plant				\$ 6,362

DECISION NO. _____

Pinal Valley (Continued)

Line No.	Description	[A] 1-4801 As Filed		[B] Work Authorization 1-4801 Actual Cost		[C] 1-4801 Increase / (Decrease)	[D] Adjustm't to Depreciation Expense
		Depreciation Rate					
1	Intangible Plant						
2	301 Organization	0.00%		\$			\$
3	302 Franchises	n/a					
4	303 Other Intangibles	n/a					
5	Subtotal Intangible Plant			\$			\$
6	Source of Supply Plant						
7	310.1 Water Rights	0.00%					
8	310.3 Other Source of Supply Land	0.00%					
9	310.4 Wells - Other	n/a					
10	314 Wells	3.13%					
11	Subtotal Source of Sup. Plant			\$			\$
12	Pumping Plant						
13	320 Pumping Plant Land	0.00%					
14	321 Pumping Plant Struct. & Improv.	2.86%					
15	325 Electric Pumping Equipment	5.88%	23,971	35,083	11,112		653
16	328 Gas Engine Equipment	4.00%					
17	Subtotal Pumping Plant		\$ 23,971	\$ 35,083	\$ 11,112		\$ 653
18	Water Treatment Plant						
19	330 Water Treatment Plant Land	0.00%					
20	331 Water Trtmt. Struct. & Improv.	2.50%					
21	332 Water Treatment Equipment	2.86%					
22	Subtotal Water Trtmt. Plant		\$	\$	\$		\$
23	Transmission & Distribution Plant						
24	340 Trans. and Dist. Land	0.00%					
25	342 Storage Tanks	2.00%					
26	343 Trans. & Dist. Mains	1.79%	64,375	75,449	11,074		198
27	344 Fire Sprinkler Taps	2.00%					
28	345 Services	2.38%					
29	346 Meters	4.55%					
30	348 Hydrants	1.82%					
31	Subtotal Trans. & Dist.		\$ 64,375	\$ 75,449	\$ 11,074		\$ 198
32	General Plant						
33	389 General Plant Land	0.00%					
34	390 General Plant Structures	2.50%					
35	390.1 Leasehold Improvements	n/a					
36	391 Office Furniture & Equipment	6.67%					
37	393 Warehouse Equipment	5.00%					
38	394 Tools, Shop & Garage Equip.	4.00%					
39	395 Laboratory Equipment	5.00%					
40	396 Power Operated Equipment	6.67%					
41	397 Communication Equipment	6.67%					
42	398 Miscellaneous Equipment	3.33%					
43	Subtotal General Plant		\$	\$	\$		\$
44	Total Utility Plant		\$ 88,346	\$ 110,533	\$ 22,187		\$ 852
45	Accumulated Depreciation (1/2-Year Convention)						\$ 426
46	Net Plant						\$ 21,761

Pinal Valley (Continued)

Line No.	Description	Pinal Valley (Continued)			Adjstmt' to Depreciation Expense
		(A) 1-4802 As Filed	(B) 1-4802 Actual Cost	(C) 1-4802 Increase / (Decrease)	
1	Intangible Plant				
2	301 Organization	0.00%	\$		\$
3	302 Franchises	n/a			
4	303 Other Intangibles	n/a			
5	Subtotal Intangible Plant		\$		\$
6	Source of Supply Plant				
7	310.1 Water Rights	0.00%			
8	310.3 Other Source of Supply Land	0.00%			
9	310.4 Wells - Other	n/a			
10	314 Wells	3.13%			
11	Subtotal Source of Sup. Plant		\$		\$
12	Pumping Plant				
13	320 Pumping Plant Land	0.00%			
14	321 Pumping Plant Struct. & Improv.	2.86%			
15	325 Electric Pumping Equipment	5.88%	80,720	(1,909)	(112)
16	328 Gas Engine Equipment	4.00%			
17	Subtotal Pumping Plant		\$ 80,720	\$ (1,909)	\$ (112)
18	Water Treatment Plant				
19	330 Water Treatment Plant Land	0.00%			
20	331 Water Trtmt. Struct. & Improv.	2.50%			
21	332 Water Treatment Equipment	2.86%			
22	Subtotal Water Trtmt. Plant		\$	\$	\$
23	Transmission & Distribution Plant				
24	340 Trans. and Dist. Land	0.00%			
25	342 Storage Tanks	2.00%			
26	343 Trans. & Dist. Mains	1.79%			
27	344 Fire Sprinkler Taps	2.00%			
28	345 Services	2.38%			
29	346 Meters	4.55%			
30	348 Hydrants	1.82%			
31	Subtotal Trans. & Dist.		\$	\$	\$
32	General Plant				
33	389 General Plant Land	0.00%			
34	390 General Plant Structures	2.50%			
35	390.1 Leasehold Improvements	n/a			
36	391 Office Furniture & Equipment	6.87%			
37	393 Warehouse Equipment	5.00%			
38	394 Tools, Shop & Garage Equip.	4.00%			
39	395 Laboratory Equipment	5.00%			
40	396 Power Operated Equipment	6.67%			
41	397 Communication Equipment	6.67%			
42	398 Miscellaneous Equipment	3.33%			
43	Subtotal General Plant		\$	\$	\$
44	Total Utility Plant		\$ 80,720	\$ (1,909)	\$ (112)
45	Accumulated Depreciation (1/2-Year Convention)				\$ (56)
46	Net Plant				\$ (1,853)

ARIZONA WATER COMPANY
Test Year Ended December 31, 2010
Settlement Rate Base Adjustment RB-2 (Continued)
True-up Post-Test Year Plant to Reflect Actual Costs

Line No.	Description	Pinal Valley (Continued)			Adjstmt to Depreciation Expense
		[A] 1-4803 As Filed	[B] 1-4803 Actual Cost	[C] 1-4803 Increase / (Decrease)	
1	Intangible Plant				
2	301 Organization		\$		\$
3	302 Franchises				
4	303 Other Intangibles				
5	Subtotal Intangible Plant	\$	\$		\$
6	Source of Supply Plant				
7	310.1 Water Rights				
8	310.3 Other Source of Supply Land				
9	310.4 Wells - Other				
10	314 Wells				
11	Subtotal Source of Sup. Plant	\$	\$		\$
12	Pumping Plant				
13	320 Pumping Plant Land				
14	321 Pumping Plant Struct. & Improv.				
15	325 Electric Pumping Equipment	35,039	32,984	(2,056)	(121)
16	328 Gas Engine Equipment				
17	Subtotal Pumping Plant	\$ 35,039	\$ 32,984	(2,056)	\$ (121)
18	Water Treatment Plant				
19	330 Water Treatment Plant Land				
20	331 Water Trtmt. Struct. & Improv.				
21	332 Water Treatment Equipment				
22	Subtotal Water Trtmt. Plant	\$	\$		\$
23	Transmission & Distribution Plant				
24	340 Trans. and Dist. Land				
25	342 Storage Tanks				
26	343 Trans. & Dist. Mains				
27	344 Fire Sprinkler Taps				
28	345 Services	359		(359)	(9)
29	346 Meters				
30	348 Hydrants				
31	Subtotal Trans. & Dist.	\$ 359	\$	(359)	\$ (9)
32	General Plant				
33	389 General Plant Land				
34	390 General Plant Structures				
35	390.1 Leasehold Improvements				
36	391 Office Furniture & Equipment				
37	393 Warehouse Equipment				
38	394 Tools, Shop & Garage Equip.				
39	395 Laboratory Equipment				
40	396 Power Operated Equipment				
41	397 Communication Equipment				
42	398 Miscellaneous Equipment				
43	Subtotal General Plant	\$	\$		\$
44	Total Utility Plant	\$ 35,398	\$ 32,984	(2,415)	\$ (129)
45	Accumulated Depreciation (1/2-Year Convention)				\$ (65)
46	Net Plant				\$ (2,350)

DECISION NO.

ARIZONA WATER COMPANY
Test Year Ended December 31, 2010
Settlement Rate Base Adjustment RB-2 (Continued)
True-up Post-Test Year Plant to Reflect Actual Costs

Line No.	Description	Pinal Valley (Continued)				Adjstmt to Depreciation Expense
		(A) 1-4807 As Filed	(B) Work Authorization 1-4807 Actual Cost	(C) 1-4807 Increase / (Decrease)	(D)	
1	Intangible Plant					
2	301 Organization	0.00%	\$		\$	
3	302 Franchises	n/a				
4	303 Other Intangibles	n/a				
5	Subtotal Intangible Plant		\$		\$	
6	Source of Supply Plant					
7	310.1 Water Rights	0.00%				
8	310.3 Other Source of Supply Land	0.00%				
9	310.4 Wells - Other	n/a				
10	314 Wells	3.13%				
11	Subtotal Source of Sup. Plant		\$		\$	
12	Pumping Plant					
13	320 Pumping Plant Land	0.00%				
14	321 Pumping Plant Struct. & Improv.	2.86%				
15	325 Electric Pumping Equipment	5.88%				
16	328 Gas Engine Equipment	4.00%				
17	Subtotal Pumping Plant		\$		\$	
18	Water Treatment Plant					
19	330 Water Treatment Plant Land	0.00%				
20	331 Water Trtmt. Struct. & Improv.	2.50%				
21	332 Water Treatment Equipment	2.86%				
22	Subtotal Water Trtmt. Plant		\$		\$	
23	Transmission & Distribution Plant					
24	340 Trans. and Dist. Land	0.00%				
25	342 Storage Tanks	2.00%	33,339	(1,381)	(28)	
26	343 Trans. & Dist. Mains	1.79%				
27	344 Fire Sprinkler Taps	2.00%				
28	345 Services	2.38%				
29	346 Meters	4.55%				
30	348 Hydrants	1.82%				
31	Subtotal Trans. & Dist. General Plant		\$ 33,339	\$ (1,381)	\$ (28)	
32	General Plant					
33	389 General Plant Land	0.00%				
34	390 General Plant Structures	2.50%				
35	390.1 Leasehold Improvements	n/a				
36	391 Office Furniture & Equipment	6.67%				
37	393 Warehouse Equipment	5.00%				
38	394 Tools, Shop & Garage Equip.	4.00%				
39	395 Laboratory Equipment	5.00%				
40	396 Power Operated Equipment	6.67%				
41	397 Communication Equipment	6.67%				
42	398 Miscellaneous Equipment	3.33%				
43	Subtotal General Plant		\$	\$	\$	
44	Total Utility Plant		\$ 33,339	\$ (1,381)	\$ (28)	
45	Accumulated Depreciation (1/2-Year Convention)					
46	47					
47	48					
48	49					
49	Net Plant					
50						
51						
52						
53						
54						
55						

DECISION NO.

Line No.	Description	Pinal Valley (Continued)				Adjstmt to Depreciation Expense
		[A] 1-4763 As Filed	[B] Work Authorization 1-4763 Actual Cost	[C] 1-4763 Increase / Decrease	[D]	
1	Intangible Plant					
2	301 Organization	0.00%	\$ -	-	\$ -	
3	302 Franchises	n/a	-	-	-	
4	303 Other Intangibles	n/a	-	-	-	
5	Subtotal Intangible Plant		\$ -	-	\$ -	
6	Source of Supply Plant					
7	310.1 Water Rights	0.00%	-	-	-	
8	310.3 Other Source of Supply Land	0.00%	-	-	-	
9	310.4 Wells - Other	n/a	-	-	-	
10	314 Wells	3.13%	-	-	-	
11	Subtotal Source of Sup. Plant		\$ -	-	\$ -	
12	Pumping Plant					
13	320 Pumping Plant Land	0.00%	-	-	-	
14	321 Pumping Plant Struct. & Improv.	2.86%	-	-	-	
15	325 Electric Pumping Equipment	5.88%	15,135	2,384	140	
16	328 Gas Engine Equipment	4.00%	-	-	-	
17	Subtotal Pumping Plant		\$ 15,135	\$ 2,384	\$ 140	
18	Water Treatment Plant					
19	330 Water Treatment Plant Land	0.00%	-	-	-	
20	331 Water Trmt. Struct. & Improv.	2.50%	-	-	-	
21	332 Water Treatment Equipment	2.86%	-	-	-	
22	Subtotal Water Trmt. Plant		\$ -	-	\$ -	
23	Transmission & Distribution Plant					
24	340 Trans. and Dist. Land	0.00%	-	-	-	
25	342 Storage Tanks	2.00%	-	-	-	
26	343 Trans. & Dist. Mains	1.79%	-	-	-	
27	344 Fire Sprinkler Taps	2.00%	-	-	-	
28	345 Services	2.38%	-	-	-	
29	346 Meters	4.55%	-	-	-	
30	348 Hydrants	1.82%	-	-	-	
31	Subtotal Trans. & Dist.		\$ -	-	\$ -	
32	General Plant					
33	389 General Plant Land	0.00%	-	-	-	
34	390 General Plant Structures	2.50%	-	-	-	
35	390.1 Leasehold Improvements	n/a	-	-	-	
36	391 Office Furniture & Equipment	6.67%	-	-	-	
37	393 Warehouse Equipment	5.00%	-	-	-	
38	394 Tools, Shop & Garage Equip.	4.00%	-	-	-	
39	395 Laboratory Equipment	5.00%	-	-	-	
40	396 Power Operated Equipment	6.67%	-	-	-	
41	397 Communication Equipment	6.67%	-	-	-	
42	398 Miscellaneous Equipment	3.33%	-	-	-	
43	Subtotal General Plant		\$ -	-	\$ -	
44	Total Utility Plant		\$ 15,135	\$ 2,384	\$ 140	
45	Accumulated Depreciation (1/2-Year Convention)		\$ -	-	\$ 70	
46	Net Plant		\$ -	-	\$ 2,314	

ARIZONA WATER COMPANY
Test Year Ended December 31, 2010
Settlement Rate Base Adjustment RB-2 (Continued)
True-up Post-Test Year Plant to Reflect Actual Costs

Line No.	Description	Pinal Valley - Total				Total Adjustm't to Depreciation Expense	
		(A) Total As Filed		(B) Work Authorization Total Actual Cost			(C) Total Increase / (Decrease)
		Depreciation Rate	Total	Total			
1	Intangible Plant						
2	301 Organization	0.00%	\$ -	\$ -	\$ -	\$ -	
3	302 Franchises	n/a	-	-	-	-	
4	303 Other Intangibles	n/a	-	-	-	-	
5	Subtotal Intangible Plant		\$ -	\$ -	\$ -	\$ -	
6	Source of Supply Plant						
7	310.1 Water Rights	0.00%	-	-	-	-	
8	310.3 Other Source of Supply Land	0.00%	-	-	-	-	
9	310.4 Wells - Other	n/a	-	-	-	-	
10	314 Wells	3.13%	-	-	-	-	
11	Subtotal Source of Sup. Plant		\$ -	\$ -	\$ -	\$ -	
12	Pumping Plant						
13	320 Pumping Plant Land	0.00%	-	-	-	-	
14	321 Pumping Plant Struct. & Improv.	2.86%	-	-	-	-	
15	325 Electric Pumping Equipment	5.88%	154,865	164,397	9,532	560	
16	328 Gas Engine Equipment	4.00%	-	-	-	-	
17	Subtotal Pumping Plant		\$ 154,865	\$ 164,397	\$ 9,532	\$ 560	
18	Water Treatment Plant						
19	330 Water Treatment Plant Land	0.00%	-	-	-	-	
20	331 Water Trtmt. Struct. & Improv.	2.50%	-	-	-	-	
21	332 Water Treatment Equipment	2.86%	-	-	-	-	
22	Subtotal Water Trtmt. Plant		\$ -	\$ -	\$ -	\$ -	
23	Transmission & Distribution Plant						
24	340 Trans. and Dist. Land	0.00%	-	-	-	-	
25	342 Storage Tanks	2.00%	33,339	31,958	(1,381)	(28)	
26	343 Trans. & Dist. Mains	1.79%	920,063	858,800	(61,263)	(1,097)	
27	344 Fire Sprinkler Taps	2.00%	-	-	-	-	
28	345 Services	2.38%	59,385	154,343	94,958	2,260	
29	346 Meters	4.55%	-	-	-	-	
30	348 Hydrants	1.82%	7,531	19,988	12,457	227	
31	Subtotal Trans. & Dist.		\$ 1,020,318	\$ 1,065,089	\$ 44,771	\$ 1,362	
32	General Plant						
33	389 General Plant Land	0.00%	-	-	-	-	
34	390 General Plant Structures	2.50%	-	-	-	-	
35	390.1 Leasehold Improvements	n/a	-	-	-	-	
36	391 Office Furniture & Equipment	6.67%	-	-	-	-	
37	393 Warehouse Equipment	5.00%	-	-	-	-	
38	394 Tools, Shop & Garage Equip.	4.00%	-	-	-	-	
39	395 Laboratory Equipment	5.00%	-	-	-	-	
40	396 Power Operated Equipment	6.67%	-	-	-	-	
41	397 Communication Equipment	6.67%	-	-	-	-	
42	398 Miscellaneous Equipment	3.33%	-	-	-	-	
43	Subtotal General Plant		\$ -	\$ -	\$ -	\$ -	
44	Total Utility Plant		\$ 1,175,183	\$ 1,229,486	\$ 54,303	\$ 1,923	
45	Accumulated Depreciation (1/2-Year Convention)						
46						\$ 961	
47	Net Plant					\$ 53,341	

DECISION NO.

Line No.	Description	White Tank			Adjustmt' to Depreciation Expense
		(A) 1-4810 As Filed	(B) Work Authorization 1-4810 Actual Cost	(C) 1-4810 Increase / (Decrease)	
1	Intangible Plant				
2	301 Organization		\$		
3	302 Franchises				
4	303 Other Intangibles				
5	Subtotal Intangible Plant	\$	\$	\$	
6	Source of Supply Plant				
7	310.1 Water Rights				
8	310.3 Other Source of Supply Land				
9	310.4 Wells - Other				
10	314 Wells				
11	Subtotal Source of Sup. Plant	\$	\$	\$	
12	Pumping Plant				
13	320 Pumping Plant Land				
14	321 Pumping Plant Struct. & Improv.				
15	325 Electric Pumping Equipment				
16	328 Gas Engine Equipment				
17	Subtotal Pumping Plant	\$	\$	\$	
18	Water Treatment Plant				
19	330 Water Treatment Plant Land				
20	331 Water Trmt. Struct. & Improv.				
21	332 Water Treatment Equipment				
22	Subtotal Water Trmt. Plant	\$	\$	\$	
23	Transmission & Distribution Plant				
24	340 Trans. and Dist. Land				
25	342 Storage Tanks				
26	343 Trans. & Dist. Mains				
27	344 Fire Sprinkler Taps	115,729	121,464	5,735	103
28	345 Services				
29	346 Meters				
30	348 Hydrants				
31	Subtotal Trans. & Dist.	\$ 115,729	\$ 121,464	\$ 5,735	\$ 103
32	General Plant				
33	389 General Plant Land				
34	390 General Plant Structures				
35	390.1 Leasehold Improvements				
36	391 Office Furniture & Equipment				
37	393 Warehouse Equipment				
38	394 Tools, Shop & Garage Equip.				
39	395 Laboratory Equipment				
40	396 Power Operated Equipment				
41	397 Communication Equipment				
42	398 Miscellaneous Equipment				
43	Subtotal General Plant	\$	\$	\$	\$
44	Total Utility Plant	\$ 115,729	\$ 121,464	\$ 5,735	\$ 103
45	Accumulated Depreciation (1/2-Year Convention)				
46	Net Plant				
47					
48					
49					
50					
51					
52					
53					
54					
55					

DECISION NO.

ARIZONA WATER COMPANY

Test Year Ended December 31, 2010
 Settlement Rate Base Adjustment RB-2 (Continued)
 True-up Post-Test Year Plant to Reflect Actual Costs

Schedule B-2 Settlement Appendix
 Page 14 of 17
 Witness: Reiker

DOCKET NO. W-01445A-10-0517

Line No.	Description	Phoenix Office			Adjustmt to Depreciation Expense
		[A] 1-4823 As Filed	[B] 1-4823 Actual Cost	[C] 1-4823 Increase / (Decrease)	
1	Intangible Plant				
2	301 Organization	0.00%	\$ -	-	\$ -
3	302 Franchises	n/a	-	-	-
4	303 Other Intangibles	n/a	-	-	-
5	Subtotal Intangible Plant		\$ -		\$ -
6	Source of Supply Plant				
7	310.1 Water Rights	0.00%	-	-	-
8	310.3 Other Source of Supply Land	0.00%	-	-	-
9	310.4 Wells - Other	n/a	-	-	-
10	314 Wells	3.13%	-	-	\$ -
11	Subtotal Source of Sup. Plant		\$ -		\$ -
12	Pumping Plant				
13	320 Pumping Plant Land	0.00%	-	-	-
14	321 Pumping Plant Struct. & Improv.	2.86%	-	-	-
15	325 Electric Pumping Equipment	5.88%	-	-	-
16	328 Gas Engine Equipment	4.00%	-	-	\$ -
17	Subtotal Pumping Plant		\$ -		\$ -
18	Water Treatment Plant				
19	330 Water Treatment Plant Land	0.00%	-	-	-
20	331 Water Trtmt. Struct. & Improv.	2.50%	-	-	-
21	332 Water Treatment Equipment	2.86%	-	-	\$ -
22	Subtotal Water Trtmt. Plant		\$ -		\$ -
23	Transmission & Distribution Plant				
24	340 Trans. and Dist. Land	0.00%	-	-	-
25	342 Storage Tanks	2.00%	-	-	-
26	343 Trans. & Dist. Mains	1.79%	-	-	-
27	344 Fire Sprinkler Taps	2.00%	-	-	-
28	345 Services	2.38%	-	-	-
29	346 Meters	4.55%	-	-	-
30	348 Hydrants	1.82%	-	-	\$ -
31	Subtotal Trans. & Dist.		\$ -		\$ -
32	General Plant				
33	389 General Plant Land	0.00%	-	-	-
34	390 General Plant Structures	2.50%	-	-	-
35	390.1 Leasehold Improvements	n/a	-	-	-
36	391 Office Furniture & Equipment	6.67%	-	-	-
37	393 Warehouse Equipment	5.00%	-	-	-
38	394 Tools, Shop & Garage Equip.	4.00%	25,564	(25,564)	(1,023)
39	395 Laboratory Equipment	5.00%	-	-	-
40	396 Power Operated Equipment	6.67%	-	-	-
41	397 Communication Equipment	6.67%	31,727	31,727	2,116
42	398 Miscellaneous Equipment	3.33%	-	-	-
43	Subtotal General Plant		\$ 25,564	\$ 31,727	\$ 1,094
44	Total Utility Plant		\$ 25,564	\$ 31,727	\$ 1,094
45			\$ 25,564	\$ 31,727	\$ 1,094
46			\$ 25,564	\$ 31,727	\$ 1,094
47	Accumulated Depreciation (1/2-Year Convention)				\$ 547
48					\$ 547
49	Net Plant				\$ 5,617
50					\$ 5,617
51					\$ 5,617
52					\$ 5,617
53					\$ 5,617
54					\$ 5,617
55					\$ 5,617

Update Working Cash to reflect Settlement Operating Expenses and Remove Cost of Equity Component
 (Accept Staff Rate Base Adjustment No. 2 & RUCO Rate Base Adjustment No. 6)

Line No.	Company Working Capital - As Filed	Revised Working Capital - Settlement	Adjustment to Working Capital / Rate Base
1			
2	\$ 1,333,549	\$ 1,066,194	\$ (267,355)
3	112,351	77,677	(34,674)
4	16,531	10,533	(5,998)
5			
6	\$ 1,462,431	\$ 1,154,404	\$ (308,027)
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43			
44			
45			
46			
47			
48			
49			
50			
51			
52			
53			
54			
55			

Pinal Valley
 White Tank
 Ajo

ARIZONA WATER COMPANY
Test Year Ended December 31, 2010
Settlement Rate Base Adjustment RB-4
Accept Staff Rate Base Adjustment No. 1 - Remove Arizona City Water Campus land site from Rate Base

Line No.	Description	Pinal Valley			
		(A) Total As Filed	(B)	(C) Total Increase / (Decrease)	(D) Total Adjusted to Depreciation Expense
1	Intangible Plant				
2	301 Organization	0.00%	\$ -	-	\$ -
3	302 Franchises	n/a	-	-	-
4	303 Other Intangibles	n/a	\$ -	-	\$ -
5	Subtotal Intangible Plant		\$ -	-	\$ -
6	Source of Supply Plant				
7	310.1 Water Rights	0.00%	-	-	-
8	310.3 Other Source of Supply Land	0.00%	-	-	-
9	310.4 Wells - Other	n/a	-	-	-
10	314 Wells	3.13%	\$ -	-	\$ -
11	Subtotal Source of Sup. Plant		\$ -	-	\$ -
12	Pumping Plant				
13	320 Pumping Plant Land	0.00%	-	-	-
14	321 Pumping Plant Struct. & Improv.	2.86%	-	-	-
15	325 Electric Pumping Equipment	5.88%	-	-	-
16	328 Gas Engine Equipment	4.00%	-	-	-
17	Subtotal Pumping Plant		\$ -	-	\$ -
18	Water Treatment Plant				
19	330 Water Treatment Plant Land	0.00%	-	-	-
20	331 Water Trtmt. Struct. & Improv.	2.50%	-	-	-
21	332 Water Treatment Equipment	2.86%	\$ -	-	\$ -
22	Subtotal Water Trtmt. Plant		\$ -	-	\$ -
23	Transmission & Distribution Plant				
24	340 Trans. and Dist. Land	0.00%	258,409	(258,409)	-
25	342 Storage Tanks	2.00%	-	-	-
26	343 Trans. & Dist. Mains	1.79%	-	-	-
27	344 Fire Sprinkler Taps	2.00%	-	-	-
28	345 Services	2.38%	-	-	-
29	346 Meters	4.55%	-	-	-
30	348 Hydrants	1.82%	-	-	-
31	Subtotal Trans. & Dist.		\$ 258,409	-(258,409)	\$ -
32	General Plant				
33	389 General Plant Land	0.00%	-	-	-
34	390 General Plant Structures	2.50%	-	-	-
35	390.1 Leasehold Improvements	n/a	-	-	-
36	391 Office Furniture & Equipment	6.67%	-	-	-
37	393 Warehouse Equipment	5.00%	-	-	-
38	394 Tools, Shop & Garage Equip.	4.00%	-	-	-
39	395 Laboratory Equipment	5.00%	-	-	-
40	396 Power Operated Equipment	6.67%	-	-	-
41	397 Communication Equipment	6.67%	-	-	-
42	398 Miscellaneous Equipment	3.33%	-	-	-
43	Subtotal General Plant		\$ -	-	\$ -
44	Total Utility Plant		\$ 258,409	-(258,409)	\$ -
45	Accumulated Depreciation (1/2-Year Convention)		\$ -	-	\$ -
46	Net Plant		\$ -	-	\$ (258,409)

DECISION NO.

Rate Base Adjustments

Line No.	(A) Rebuttal - Adjusted	(B) Western Group	(C) Allocated	(D) Alo
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				

chedules:

Line No.	Western Group		
	(A) Company - As Filed Working Capital	(B) Settlement Adjustments	(C) Working Capital - Settlement
1			
2	Working Cash Requirement		
3	(Sch. B-5 Appendix)		
4			
5	Material and Supplies Inventories ¹		
6			
7	Required Bank Balances ¹		
8			
9	Prepayments & Special Deposits ¹		
10			
11	Total Working Capital Allowance		
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43			
44			
45			
46			
47			
48			
49			
50			
51			
52			
53			
54			
55			
	\$	254,562 \$	(53,466)
		128,714	128,714
		826,817	826,817
		252,338	252,338
	\$	1,462,431 \$	1,154,404
		(308,027) \$	
	\$		

¹13-month average balances

ARIZONA WATER COMPANY
 Test Year Ended December 31, 2010
 Computation of Working Capital

Exhibit
 Schedule B-5 Settler
 Page 2 of 2
 Witness: Reike

DOCKET NO. W-01445A-10-0517

Recap Schedules:
 B-5 Settlement

Line No.	[A] Pinal Valley (Casa Grande, Coolidge, Stanfield) Company - As Filed Working Capital	[B] Settlement Adjustments	[C] Working Capital - Settlement
1			
2			
3	Working Cash Requirement (Sch. B-5 Appendix)	(267,355) \$	(31,805)
4			
5	Material and Supplies Inventories ¹	-	126,149
6			
7	Required Bank Balances ¹	-	744,601
8			
9	Prepayments & Special Deposits ¹	-	227,249
10			
11	Total Working Capital Allowance	(267,355) \$	1,066,194
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43			
44			
45			
46			
47			
48			
49			
50			
51			
52			
53			
54			
55			

¹13-month average balances

DECISION NO. _____

Supporting Schedules:
 B-5 Settlement Appendix

N:\2011_Rate_Case\Settlement\Western Group\2011 AWC Rate Case Model Settlement-WG w FINAL\B5
 Processing Date: 2/14/2012 4:19 PM

ARIZONA WESTERN COMPANY
 Test Year Ended December 31, 2010
 Computation of Working Capital

Line No.	White Tank		
	[A] Company - As Filed Working Capital	[B] Settlement Adjustments	[C] Working Capital - Settlement
1			
2	Working Cash Requirement		
3	(Sch. B-5 Appendix)	(34,674) \$	(10,451)
4			
5	Material and Supplies Inventories ¹	-	2,057
6			
7	Required Bank Balances ¹	-	65,947
8			
9	Prepayments & Special Deposits ¹	-	20,124
10			
11	Total Working Capital Allowance	(34,674) \$	77,677
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43			
44			
45			
46			
47			
48			
49			
50			
51			
52			
53			
54			
55			

¹13-month average balances

Line No.	Ajo		
	(A) Company - As Filed Working Capital	(B) Settlement Adjustments	(C) Working Capital - Settlement
2	Working Cash Requirement (Sch. B-5 Appendix)		
3	\$ (5,211) \$	(5,998) \$	(11,209)
4			
5	507	-	507
6			
7	16,270	-	16,270
8			
9	4,965	-	4,965
10			
11	\$ 16,531 \$	(5,998) \$	10,533
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43			
44			
45			
46			
47			
48			
49			
50			
51			
52			
53			
54			
55			

13-month average balances

DECISION NO

ARIZONA WATER SERVICES COMPANY
Test Year Ended December 31, 2010
Computation of Working Cash Requirement

Line No.	Pinal Valley (Casa Grande, Coolidge, Starfield)											
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)
	Company - As Filed				Settlement				Working Cash Requirement			
	Adjusted Results - As Filed	Revenue Lag Days ¹	Expense Lag Days ²	Net Lag Days [B-C]	Lead / Lag Factor [D+365]	Working Cash Requirement [A,X,E]	Adjusted Results - Rebuttal	Revenue Lag Days ¹	Expense Lag Days ²	Net Lag Days [H-I]	Lead / Lag Factor [J+365]	Working Cash Requirement [G,X,K]
1	\$ 1,783,602	30.10	30.87	(0.77)	(0.0021)	(\$ 3,758)	\$ 1,771,173	30.10	30.87	(0.77)	(0.0021)	\$ (3,732)
2	2,924,079	30.10	14.00	16.10	0.0441	128,988	2,924,079	30.10	14.00	16.10	0.0441	128,988
3	445,372	30.10	(55.31)	85.41	0.2340	104,218	427,973	30.10	(55.31)	85.41	0.2340	100,147
4	237,329	30.10	(18.11)	48.21	0.1321	31,348	237,329	30.10	(18.11)	48.21	0.1321	31,348
5	189,650	30.10	(45.27)	75.37	0.2065	39,162	189,650	30.10	(45.27)	75.37	0.2065	39,162
6	43,376	30.10	(46.50)	9.103	0.2089	39,162	43,376	30.10	(46.50)	9.103	0.2089	39,162
7	539,321	30.10	(6.92)	39.02	0.1069	57,657	539,321	30.10	(6.92)	39.02	0.1069	57,657
8	2,913,906	30.10	(9.27)	39.37	0.1079	314,311	2,735,356	30.10	(9.27)	39.37	0.1079	295,051
9	1,505,971	30.10	37.00	39.37	(0.0189)	(28,465)	1,224,661	30.10	37.00	(6.90)	(0.0189)	(5,099)
10	331,752	30.10	37.00	39.37	(0.0189)	(28,465)	269,782	30.10	37.00	(6.90)	(0.0189)	9,664
11	Federal Income Taxes	30.10	37.00	39.37	(0.0189)	(28,465)	219,076	30.10	37.00	(6.90)	(0.0189)	9,664
12	Other O&M (Excluding Rate Case Expense)	30.10	37.00	39.37	(0.0189)	(28,465)	6,783	30.10	37.00	(6.90)	(0.0189)	(985)
13	FICA Taxes	30.10	37.00	39.37	(0.0189)	(28,465)	942,318	30.10	37.00	(6.90)	(0.0189)	(469,608)
14	FUTA & SUTA Taxes	30.10	37.00	39.37	(0.0189)	(28,465)	182,839	30.10	37.00	(6.90)	(0.0189)	64,585
15	Property Taxes	30.10	37.00	39.37	(0.0189)	(28,465)	276,469	30.10	37.00	(6.90)	(0.0189)	(3,499)
16	Registration, Svc. Contracts, & Misc. Fees	30.10	37.00	39.37	(0.0189)	(28,465)		30.10	37.00	(6.90)	(0.0189)	
17	Retirement Annuities (401k)	30.10	37.00	39.37	(0.0189)	(28,465)		30.10	37.00	(6.90)	(0.0189)	
18							\$ 11,990,184					\$ 229,635
19												
20												
21	Subtotal						1,560,544	30.10	91.25	(61.15)	(0.16753)	(261,440)
22	Interest Expense	1,585,957	30.10	91.25	(61.15)	(265,698)						
23	Cost of Equity	2,923,355	30.10	91.25	(61.15)	(241,085)						
24												
25												
26	Subtotal	\$ 4,509,311				(24,613)	\$ 1,560,544					\$ (31,805)
27	Total	17,023,638				235,550	13,550,728					\$ (31,805)
28												
29												
30												
31												
32												
33												
34												
35												
36												
37												
38												
39												
40												
41												
42												
43												
44												
45												
46												
47												
48												
49												
50												
51												
52												
53												
54												
55												

¹2010 Actual lag days per AWC billing system.
²Dec. No. 64282 as amended by Dec. Nos. 66849 & 68302. Purchased power and purchased water lag days per Dec. No. 71845.

Line No.	White Tank											
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]
	Company - As Filed						Settlement					
	Adjusted Results - As Filed	Revenue Lag Days ¹	Expense Lag Days ²	Net Lag Days [B-C]	Lead / Lag Factor [D+365]	Working Cash Requirement [A X E]	Adjusted Results - Rebuttal	Revenue Lag Days ¹	Expense Lag Days ²	Net Lag Days [H-I]	Lead / Lag Factor [J+365]	Working Cash Requirement [G X K]
1	\$ 147,338	31.37	30.87	0.50	0.0014	\$ 203	\$ 146,135	31.37	30.87	0.50	0.0014	\$ 201
2	293,306	31.37	14.00	17.37	0.0476	13,961	293,306	31.37	14.00	17.37	0.0476	13,961
3	64,894	31.37	41.88	(10.51)	(0.0288)	(1,866)	64,894	31.37	41.88	(10.51)	(0.0288)	(1,866)
4	18,312	31.37	(18.11)	49.48	0.1356	2,483	16,312	31.37	(18.11)	49.48	0.1356	2,483
5	16,843	31.37	(45.27)	76.64	0.2100	3,537	16,843	31.37	(45.27)	76.64	0.2100	3,537
6	3,852	31.37	(46.50)	77.87	0.2134	822	3,852	31.37	(46.50)	77.87	0.2134	822
7	35,631	31.37	(8.92)	40.29	0.1104	3,933	35,631	31.37	(8.92)	40.29	0.1104	3,933
8	297,309	31.37	(9.27)	40.64	0.1114	33,106	280,404	31.37	(9.27)	40.64	0.1114	31,223
9	180,542	31.37	37.00	(5.63)	(0.0154)	(2,783)	147,290	31.37	37.00	(5.63)	(0.0154)	(2,271)
10	39,772	31.37	37.00	(5.63)	(0.0154)	(2,783)	32,447	31.37	37.00	(5.63)	(0.0154)	(2,271)
11	22,133	31.37	14.00	17.37	0.0476	1,053	22,133	31.37	14.00	17.37	0.0476	1,053
12	764	31.37	83.10	(51.73)	(0.1417)	(108)	764	31.37	83.10	(51.73)	(0.1417)	(108)
13	68,827	31.37	212.00	(180.63)	(0.4949)	(34,060)	76,289	31.37	212.00	(180.63)	(0.4949)	(37,753)
14	16,238	31.37	(88.83)	130.20	0.3567	5,792	16,238	31.37	(88.83)	130.20	0.3567	5,792
15	18,265	31.37	34.72	(3.35)	(0.0092)	(167)	18,265	31.37	34.72	(3.35)	(0.0092)	(167)
16	\$ 1,224,026					\$ 25,289	\$ 1,172,803					\$ 20,338
17	190,131	31.37	91.25	(59.88)	(0.16405)	(31,190)	187,667	31.37	91.25	(59.88)	(0.16405)	(30,789)
18	350,463	31.37	-	31.37	0.08595	30,124	-	31.37	-	31.37	0.08595	(30,789)
19	\$ 540,594					\$ (1,067)	\$ 187,687					\$ (30,789)
20	1,764,620					24,222	1,360,490					(10,451)
21												
22												
23												
24												
25												
26												
27												
28												
29												
30												
31												
32												
33												
34												
35												
36												
37												
38												
39												
40												
41												
42												
43												
44												
45												
46												
47												
48												
49												
50												
51												
52												
53												
54												
55												

¹2010 Actual lag days per AWC billing system.
²Dec. No. 64282 as amended by Dec. Nos. 66849 & 68302. Purchased power and purchased water lag days per Dec. No. 71845.

Supporting Schedules:

N:\2011_Rate_Case\Settlement\Western Group\2011 AWC Rate Case Model Settlement-WG v4 FINAL\B5.1
 Processing Date: 2/14/2012 4:19 PM

Recap Schedules:
 B-5 Settlement

ARIZONA WATERWORKS COMPANY
Test Year Ended December 31, 2010
Computation of Working Cash Requirement

Line No.	Ajo											
	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]
	Company - As Filed					Settlement						
	Adjusted Results - As Filed	Revenue Lag Days ¹	Expense Lag Days ²	Net Lag Days [B-C]	Lead / Lag Factor [D+365]	Working Cash Requirement [A X E]	Adjusted Results - Rebuttal	Revenue Lag Days ¹	Expense Lag Days ²	Net Lag Days [H-I]	Lead / Lag Factor [J+365]	Working Cash Requirement [G X K]
1	\$	3,083	30.87	(1.93)	(0.0053)	\$	\$	28.95	30.87	(1.93)	(0.0053)	\$
2		76,021	14.00	14.95	0.0409	3,113	76,021	28.95	14.00	14.95	0.0409	3,113
3		147,188	38.97	(10.03)	(0.0275)	(4,043)	147,188	28.95	38.97	(10.03)	(0.0275)	(4,043)
4		1,146	(18.11)	47.06	0.1289	148	1,146	28.95	(18.11)	47.06	0.1289	148
5		4,155	(45.27)	74.22	0.2033	845	4,155	28.95	(45.27)	74.22	0.2033	845
6		950	(46.50)	75.45	0.2067	196	950	28.95	(46.50)	75.45	0.2067	196
7		14,052	(9.27)	37.87	0.1037	1,458	14,052	28.95	(9.27)	37.87	0.1037	1,458
8		52,754	(9.27)	38.22	0.1047	5,523	49,160	28.95	(9.27)	38.22	0.1047	5,147
9		31,535	37.00	(8.06)	(0.0221)	(696)	25,902	28.95	37.00	(8.06)	(0.0221)	(572)
10		6,947	37.00	(8.06)	(0.0221)	(153)	5,706	28.95	37.00	(8.06)	(0.0221)	(126)
11		5,695	14.00	14.95	0.0409	233	5,695	28.95	14.00	14.95	0.0409	233
12		167	83.10	(54.16)	(0.1484)	(25)	167	28.95	83.10	(54.16)	(0.1484)	(25)
13		24,461	212.00	(183.06)	(0.5015)	(12,268)	26,363	28.95	212.00	(183.06)	(0.5015)	(13,222)
14		4,006	(98.83)	127.78	0.3501	1,402	4,006	28.95	(98.83)	127.78	0.3501	1,402
15		7,203	34.72	(5.78)	(0.0158)	(114)	7,203	28.95	34.72	(5.78)	(0.0158)	(114)
16							\$					
17							\$					
18							\$					
19							\$					
20							\$					
21							\$					
22							\$					
23							\$					
24							\$					
25							\$					
26							\$					
27							\$					
28							\$					
29							\$					
30							\$					
31							\$					
32							\$					
33							\$					
34							\$					
35							\$					
36							\$					
37							\$					
38							\$					
39							\$					
40							\$					
41							\$					
42							\$					
43							\$					
44							\$					
45							\$					
46							\$					
47							\$					
48							\$					
49							\$					
50							\$					
51							\$					
52							\$					
53							\$					
54							\$					
55							\$					

¹2010 Actual lag days per AWC billing system.
²Dec. No. 64282 as amended by Dec. Nos. 66849 & 68302. Purchased power and purchased water lag days per Dec. No. 71845.

	[A]	[B]	[C]	[D]	[E]	[F]	[G]
	Test Year Ended 12/31/2010	Pro Forma Adjustments - As Filed	Adjusted Test Year - As Filed	Settlement Adjustments	Adjusted Test Year - Settlement	Required Increase - Settlement	Adjst'd w/ Increase - Settlement
Western Group							
Operating Revenues							
Residential	\$ 12,691,964	\$ (540,880)	\$ 12,151,084	\$ -	\$ 12,151,084		
Commercial	4,520,297	(100,784)	4,419,514	-	4,419,514		
Industrial	1,209,938	(244,923)	965,015	(27,962)	937,053		
Private Fire Service	56,746	45,506	102,252	-	102,252		
Other Water Revenues	257,514	11,271	268,786	-	268,786		
Total Water Revenues	\$ 18,736,459	\$ (829,809)	\$ 17,906,650	\$ (27,962)	\$ 17,878,688		
Miscellaneous	832,174	(72,708)	759,466	-	759,466		
Total Operating Revenues	\$ 19,568,633	\$ (902,517)	\$ 18,666,115	\$ (27,962)	\$ 18,638,153	\$ 3,224,403	\$ 21,862,557
Operating Expenses							
Source of Supply Expenses:							
Purchased Water	618,095	39,359	657,454	(17,399)	640,055	-	640,055
Other	82,779	3,162	85,941	(591)	85,350	-	85,350
Pumping Expenses:							
Purchased Power	1,901,110	32,913	1,934,023	(13,632)	1,920,391	-	1,920,391
Purchased Gas	927	-	927	-	927	-	927
Other	643,730	159,766	803,496	(31,091)	772,405	-	772,405
Water Treatment Expenses	1,107,808	108,937	1,216,745	(2,484)	1,214,261	-	1,214,261
Transmission & Distribution Expenses	1,729,209	596,996	2,326,205	(115,312)	2,210,893	-	2,210,893
Customer Accounting Expenses	1,300,821	59,488	1,360,309	(16,442)	1,343,867	-	1,343,867
Sales Expense	2,230,487	351,821	2,582,308	(140,188)	2,442,119	-	2,442,119
Administrative & General Expenses	\$ 9,614,766	\$ 1,352,442	\$ 10,967,208	\$ (337,140)	\$ 10,630,068	\$ -	\$ 10,630,068
Total Operations & Maintenance Expense	3,586,696	213,761	3,800,457	(27,066)	3,773,390	-	3,773,390
Depreciation & Amortization Expenses							
Taxes							
Federal Income Taxes	693,433	(395,280)	298,153	97,598	395,751	1,002,102	1,397,853
State Income Taxes	78,335	(12,655)	65,680	21,500	87,180	220,754	307,935
Property Taxes	723,110	209,821	932,931	55,750	988,681	56,289	1,044,970
Other	2,125,026	(1,911,404)	213,622	-	213,622	-	213,622
Total Taxes	\$ 3,619,904	\$ (2,109,517)	\$ 1,510,387	\$ 174,848	\$ 1,685,235	\$ 1,279,146	\$ 2,964,380
Total Operating Expenses	\$ 16,821,366	\$ (543,315)	\$ 16,278,051	\$ (189,358)	\$ 16,088,693	\$ 1,279,146	\$ 17,367,839
Operating Income	\$ 2,747,267	\$ (359,203)	\$ 2,388,064	\$ 161,396	\$ 2,549,460	\$ 1,945,258	\$ 4,494,718
Other Income & Deductions:							
Interest:							
Long-Term Debt	1,856,723	(47,426)	1,809,297	(28,059)	1,781,238	-	1,781,238
Short-Term Debt	42,802	(42,802)	-	-	-	-	-
Other	(114,557)	114,557	-	-	-	-	-
Total Interest	\$ 1,784,968	\$ 24,329	\$ 1,809,297	\$ (28,059)	\$ 1,781,238	\$ -	\$ 1,781,238
Other (Income) - Net	(74,481)	74,481	-	-	-	-	-
Total Other (Income) & Deductions	\$ 1,710,487	\$ 98,810	\$ 1,809,297	\$ (28,059)	\$ 1,781,238	\$ -	\$ 1,781,238
Net Income	\$ 1,036,780	\$ (458,013)	\$ 578,767	\$ 189,455	\$ 768,222	\$ 1,945,258	\$ 2,713,480

ARIZONA WATER COMPANY
Test Year Ended December 31, 2010
Adjusted Test Year Income Statement

Line No.	Pinal Valley (Casa Grande, Coolidge, Stanfield)						
	[A] Test Year Ended 12/31/2010	[B] Pro Forma Adjustments - As Filed	[C] Adjusted Test Year - As Filed	[D] Settlement Adjustments	[E] Adjusted Test Year - Settlement	[F] Required Increase - Settlement	[G] Adjstd' w/ Increase - Settlement
1	\$ 10,895,910	\$ (441,824)	\$ 10,454,087	\$ -	\$ 10,454,087		
2	4,209,134	(84,136)	4,124,997	-	4,124,997		
3	1,185,133	(245,277)	939,855	(27,962)	911,893		
4	55,631	44,606	100,237	-	100,237		
5	207,551	11,087	218,638	-	218,638		
6	\$ 16,553,359	\$ (715,545)	\$ 15,837,815	\$ (27,962)	\$ 15,809,853		
7							
8	805,141	(70,907)	734,234	-	734,234		
9	\$ 17,358,501	\$ (786,452)	\$ 16,572,049	\$ (27,962)	\$ 16,544,087	\$ 2,725,357	\$ 19,269,444
10							
11							
12							
13	445,372	-	445,372	(17,399)	427,973	-	427,973
14	67,345	2,693	70,038	(541)	69,497	-	69,497
15							
16	1,758,865	24,737	1,783,602	(12,429)	1,771,173	-	1,771,173
17	927	-	927	-	927	-	927
18	500,924	145,411	646,335	(28,234)	618,101	-	618,101
19	995,342	110,334	1,105,676	(2,526)	1,103,150	-	1,103,150
20	1,562,011	534,339	2,096,350	(104,251)	1,992,099	-	1,992,099
21	1,177,556	53,664	1,231,220	(15,130)	1,216,090	-	1,216,090
22							
23	2,028,410	318,979	2,347,389	(127,310)	2,220,079	-	2,220,079
24	\$ 8,536,752	\$ 1,190,157	\$ 9,726,909	\$ (307,820)	\$ 9,419,089	\$ -	\$ 9,419,089
25							
26	3,104,883	208,518	3,313,401	(27,209)	3,286,192	-	3,286,192
27							
28							
29	612,128	(324,838)	287,290	90,832	378,122	846,539	1,224,661
30	69,150	(5,863)	63,287	20,009	83,297	186,485	269,782
31	656,118	191,833	847,951	45,317	893,268	49,050	942,318
32	1,954,315	(1,764,741)	189,574	-	189,574	-	189,574
33							
34	\$ 3,291,711	\$ (1,903,609)	\$ 1,388,102	\$ 156,159	\$ 1,544,261	\$ 1,082,075	\$ 2,626,335
35							
36	\$ 14,933,346	\$ (504,934)	\$ 14,428,412	\$ (178,870)	\$ 14,249,542	\$ 1,082,075	\$ 15,331,616
37	\$ 2,425,155	\$ (281,517)	\$ 2,143,637	\$ 150,908	\$ 2,294,545	\$ 1,643,282	\$ 3,937,827
38							
39							
40	1,629,974	(44,017)	1,585,957	(25,412)	1,560,544	-	1,560,544
41	37,575	(37,575)	-	-	-	-	-
42	(100,567)	100,567	-	-	-	-	-
43							
44	\$ 1,586,982	\$ 18,975	\$ 1,585,957	\$ (25,412)	\$ 1,560,544	\$ -	\$ 1,560,544
45							
46	(67,057)	67,057	-	-	-	-	-
47							
48	\$ 1,499,925	\$ 86,032	\$ 1,585,957	\$ (25,412)	\$ 1,560,544	\$ -	\$ 1,560,544
49							
50	\$ 925,230	\$ (367,549)	\$ 557,680	\$ 176,321	\$ 734,001	\$ 1,643,282	\$ 2,377,283
51							
52							
53							
54							
55							

DECISION NO

Line No.	White Tank						
	[A] Test Year Ended 12/31/2010	[B] Pro Forma Adjustments - As Filed	[C] Adjusted Test Year - As Filed	[D] Settlement Adjustments	[E] Adjusted Test Year - Settlement	[F] Required Increase - Settlement	[G] Adjst'd w/ Increase - Settlement
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30							
31							
32							
33							
34							
35							
36							
37							
38							
39							
40							
41							
42							
43							
44							
45							
46							
47							
48							
49							
50							
51							
52							
53							
54							
55							

Line No.	[A] Test Year Ended 12/31/2010	[B] Pro Forma Adjustments - As Filed	[C] Adjusted Test Year - As Filed	[D] Settlement Adjustments	[E] Adjusted Test Year - Settlement	[F] Required Increase - Settlement	[G] Adjst'd w/ Increase - Settlement
1	Operating Revenues						
2	Residential	\$ 386,577	\$ (6,524)	\$ 380,053	\$ -	\$ 380,053	
3	Commercial	122,784	(329)	122,455	-	122,455	
4	Industrial	-	-	-	-	-	
5	Private Fire Service	412	241	653	-	653	
6	Other Water Revenues	2,719	(54)	2,665	-	2,665	
7	Total Water Revenues	\$ 512,492	\$ (6,666)	\$ 505,826	\$ -	\$ 505,826	
8	Miscellaneous	4,016	(248)	3,768	-	3,768	
9	Total Operating Revenues	\$ 516,508	\$ (6,914)	\$ 509,594	\$ -	\$ 509,594	\$ (2,326)
10							\$ 507,268
11	Operating Expenses						
12	Source of Supply Expenses:						
13	Purchased Water	147,188	-	147,188	-	147,188	147,188
14	Other	276	191	467	(11)	456	456
15	Pumping Expenses:						
16	Purchased Power	3,083	-	3,083	-	3,083	3,083
17	Purchased Gas	-	-	-	-	-	-
18	Other	8,819	2,480	11,299	(412)	10,887	10,887
19	Water Treatment Expenses	8,024	131	8,155	142	8,297	8,297
20	Transmission & Distribution Expenses	43,973	15,641	59,614	(2,723)	56,891	56,891
21	Customer Accounting Expenses	29,834	1,121	30,955	(147)	30,808	30,808
22	Sales Expense	47,000	7,423	54,423	(3,064)	51,360	51,360
23	Administrative & General Expenses	288,197	26,988	315,185	(6,215)	308,970	308,970
24	Operations & Maintenance Expense						
25		50,906	1,394	52,300	8	52,308	52,308
26	Depreciation & Amortization Expenses						
27							
28							
29	Taxes						
30	Federal Income Taxes	23,398	1,914	25,312	1,313	26,625	25,902
31	State Income Taxes	2,643	2,933	5,576	289	5,865	5,706
32	Property Taxes	21,214	2,932	24,146	2,258	26,403	26,363
33	Other	37,454	(32,723)	4,731	-	4,731	4,731
34	Total Taxes	\$ 84,709	\$ (24,945)	\$ 59,764	\$ 3,860	\$ 63,625	\$ 62,702
35	Total Operating Expenses	\$ 423,812	\$ 3,438	\$ 427,250	\$ (2,347)	\$ 424,903	\$ 423,981
36	Operating Income	\$ 92,686	\$ (10,352)	\$ 82,334	\$ 2,347	\$ 84,681	\$ 83,288
37							
38	Other Income & Deductions:						
39	Interest:						
40	Long-Term Debt	35,397	(2,188)	33,209	(203)	33,007	33,007
41	Short-Term Debt	816	(816)	-	-	-	-
42	Other	(2,184)	2,184	-	-	-	-
43	Total Interest	\$ 34,029	\$ (820)	\$ 33,209	\$ (203)	\$ 33,007	\$ 33,007
44	Other (Income) - Net	(1,469)	1,469	-	-	-	-
45							
46							
47	Total Other (Income) & Deductions	\$ 32,560	\$ 649	\$ 33,209	\$ (203)	\$ 33,007	\$ 33,007
48							
49	Net Income	\$ 60,136	\$ (11,001)	\$ 49,135	\$ 2,550	\$ 51,685	\$ 50,281
50							
51							
52							
53							
54							
55							

DECISION NO

Line No.	Western Group										
	[A] Actual End of Test Year	[B] Pro Forma Adjustments - As Filed	[C] Adjusted Test Year - As Filed	[D] BLANK	[E] Settlement Adj. IS-1	[F] Settlement Adj. IS-2	[G] Settlement Adj. IS-3	[H] Settlement Adj. IS-4	[I] Settlement Adj. IS-5	[J] Settlement Adj. IS-6	[K] Settlement Adj. IS-7
1	Operating Revenues										
2	Residential	\$ 12,691,964	\$ (540,880)	\$ 12,151,084							
3	Commercial	4,520,297	(100,784)	4,419,514							
4	Industrial	1,209,938	(244,923)	965,015				(27,962)			
5	Private Fire Service	56,746	45,506	102,252							
6	Other Water Revenues	257,514	11,271	268,786							
7	Total Water Revenues	\$ 18,736,459	\$ (829,809)	\$ 17,906,650				\$ (27,962)			
8	Miscellaneous	832,174	(72,708)	759,466							
9	Total Operating Revenues	\$ 19,568,633	\$ (902,517)	\$ 18,666,115				\$ (27,962)			
10	Operating Expenses										
11	Source of Supply Expenses:										
12	Purchased Water	618,095	39,359	657,454		(17,399)					(176)
13	Other	82,779	3,162	85,941		(415)					(13,632)
14	Pumping Expenses:										
15	Purchased Power	1,901,110	32,913	1,934,023							(8,591)
16	Purchased Gas	927		927							(1,181)
17	Other	643,730	159,766	803,496		(4,197)					(23,600)
18	Water Treatment Expenses	1,107,608	108,937	1,216,545		(1,303)					(12,748)
19	Transmission & Distribution Expenses	1,729,209	596,996	2,326,205		(13,703)					(9,199)
20	Customer Accounting Expenses	1,300,821	59,488	1,360,309		(3,694)					
21	Sales Expense										
22	Administrative & General Expenses	2,290,487	351,821	2,592,308		(1,340)		(10,664)		(11,925)	(9,199)
23	Operations & Maintenance Expense	9,614,766	1,352,442	10,967,208		(17,399)		(24,652)		(11,925)	(69,127)
24	Depreciation & Amortization Expenses	3,586,696	213,761	3,800,457			(29,506)				
25	Taxes										
26	Federal Income Taxes	693,433	(395,280)	298,153							
27	State Income Taxes	78,335	(12,655)	65,680							
28	Property Taxes	723,110	209,821	932,931							
29	Other	2,125,026	(1,911,404)	213,622							
30	Total Taxes	\$ 3,619,904	\$ (2,109,517)	\$ 1,510,387							
31	Total Operating Expenses	\$ 16,821,366	\$ (543,315)	\$ 16,278,051		(17,399)	(29,506)	(10,664)		(11,925)	(69,127)
32	Operating Income	\$ 2,747,297	\$ (359,203)	\$ 2,388,064		17,399	29,506	10,664		11,925	69,127
33	Other Income & Deductions:										
34	Interest:										
35	Long-Term Debt	1,856,723	(47,426)	1,809,297							
36	Short-Term Debt	42,802	(42,802)	-							
37	Other	(114,557)	114,557	-							
38	Total Interest	\$ 1,784,968	\$ 24,329	\$ 1,809,297							
39	Other (Income) - Net	(74,481)	74,481	-							
40	Total Other (Income) & Deductions	\$ 1,710,487	\$ 98,810	\$ 1,809,297							
41	Net Income	\$ 1,036,780	\$ (458,013)	\$ 578,767		17,399	24,652	10,664		11,925	69,127

Line No.	Western Group										Adj'd w/ Increase - Settlement
	[L]	[M]	[N]	[O]	[P]	[Q]	[R]	[S]	[T]	[U]	
	Settlement Adj. IS-8	Settlement Adj. IS-9	BLANK	Settlement Adj. IS-10	Settlement Adj. IS-11	Settlement Adj. IS-12	Settlement Adj. IS-13	Total Settlement Adjustments	Adjusted Test Year - Settlement	Required Increase - Settlement	Adj'd w/ Increase - Settlement
1	Operating Revenues										
2	Residential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,151,084		
3	Commercial								4,419,514		
4	Industrial							(27,962)	937,053		
5	Private Fire Service								102,252		
6	Other Water Revenues								268,786		
7	Total Water Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	(27,962)	\$ 17,878,688		
8	Miscellaneous								759,466		
9	Total Operating Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	(27,962)	\$ 18,638,153	\$ 3,224,403	\$ 21,862,557
10	Operating Expenses										
11	Source of Supply Expenses:										
12	Purchased Water							(17,399)	640,055		640,055
13	Other							(591)	85,350		85,350
14	Pumping Expenses:										
15	Purchased Power							(13,632)	1,920,391		1,920,391
16	Purchased Gas								927		927
17	Other							(31,091)	772,405		772,405
18	Water Treatment Expenses							(2,484)	1,214,061		1,214,061
19	Transmission & Distribution Expenses		(18,303)					(115,312)	2,210,893		2,210,893
20	Customer Accounting Expenses		(78,009)					(16,442)	1,343,867		1,343,867
21	Sales Expense										
22	Administrative & General Expenses										
23	Administrations & Maintenance Expense										
24	Total Operating Expenses	(107,060)	(96,313)	\$ -	\$ -	\$ -	\$ -	(140,188)	2,442,119		2,442,119
25	Depreciation & Amortization Expenses							(337,140)	10,630,068		10,630,068
26								(2,440)	3,773,390		3,773,390
27	Taxes										
28	Federal Income Taxes										
29	State Income Taxes										
30	Property Taxes										
31	Other										
32	Total Taxes										
33	Total Operating Expenses	\$ (107,060)	\$ (96,313)	\$ -	\$ 2,440	\$ -	\$ -	(17,399)	3,957,511	1,002,102	1,397,853
34	Operating Income	\$ 107,060	\$ 96,313	\$ -	\$ (2,440)	\$ -	\$ -	161,396	220,754	220,754	307,935
35	Other Income & Deductions:										
36	Interest:										
37	Long-Term Debt										
38	Short-Term Debt										
39	Other										
40	Total Interest										
41	Other (Income) - Net										
42	Total Other (Income) & Deductions										
43	Net Income	\$ 107,060	\$ 96,313	\$ -	\$ (2,440)	\$ -	\$ (55,750)	189,455	768,222	1,945,258	2,713,480
44											
45											
46											
47											
48											
49											
50											
51											
52											
53											
54											
55											

Line No.	Pinal Valley (Casa Grande, Coolidge, Stanfield)										
	[A] Actual End of Test Year	[B] Pro Forma Adjustments - As Filed	[C] Adjusted Test Year - As Filed	[D] BLANK	[E] Settlement Adj. IS-1	[F] Settlement Adj. IS-2	[G] Settlement Income Statement Adj. IS-3	[H] Settlement Adj. IS-4	[I] Settlement Adj. IS-5	[J] Settlement Adj. IS-6	[K] Settlement Adj. IS-7
1	Operating Revenues										
2	Residential	\$ 10,895,910	\$ (441,824)	\$ 10,454,087							
3	Commercial	4,209,134	(84,136)	4,124,997							
4	Industrial	1,185,133	(245,277)	939,855				(27,962)			
5	Private Fire Service	59,631	44,606	100,237							
6	Other Water Revenues	207,551	11,087	218,638							
7	Total Water Revenues	\$ 16,553,359	\$ (715,545)	\$ 15,837,815				\$ (27,962)			
8	Miscellaneous	805,141	(70,907)	734,234							
9	Total Operating Revenues	\$ 17,358,501	\$ (786,452)	\$ 16,572,049				\$ (27,962)			
10	Operating Expenses										
11	Source of Supply Expenses:										
12	Purchased Water	445,372		445,372							(168)
13	Other	67,345	2,693	70,038	(17,399)	(373)					(12,429)
14	Pumping Expenses:										
15	Purchased Power	1,758,865	24,737	1,783,602							(7,039)
16	Purchased Gas	927		927							(1,353)
17	Other	500,924	145,411	646,335	(3,778)						(22,009)
18	Water Treatment Expenses	995,342	110,334	1,105,676	(1,173)						(11,804)
19	Transmission & Distribution Expenses	1,562,011	534,339	2,096,350	(12,337)						
20	Customer Accounting Expenses	1,177,556	53,664	1,231,220	(3,326)						
21	Sales Expense	2,028,410	318,979	2,347,389	(1,207)			(9,757)	(8,425)		(8,479)
22	Administrative & General Expenses	8,536,752	1,190,157	9,726,909	(17,399)	(22,194)		(9,757)	(8,425)		(63,281)
23	Operations & Maintenance Expense	3,104,883	208,518	3,313,401			(29,506)				
24	Depreciation & Amortization Expenses										
25	Taxes										
26	Federal Income Taxes	612,128	(324,838)	287,290							
27	State Income Taxes	69,150	(5,863)	63,287							
28	Property Taxes	656,118	191,833	847,951							
29	Other	1,954,315	(1,764,741)	189,574							
30	Total Taxes	\$ 3,291,711	\$ (1,903,609)	\$ 1,388,102							
31	Total Operating Expenses	\$ 14,933,346	\$ (504,934)	\$ 14,428,412	(17,399)	(22,194)	(29,506)	(9,757)	(8,425)		(63,281)
32	Operating Income	\$ 2,425,155	\$ (281,517)	\$ 2,143,637	\$ 17,399	\$ 22,194	\$ 29,506	\$ 9,757	\$ 8,425	\$ (27,962)	\$ 63,281
33	Other Income & Deductions:										
34	Interest:										
35	Long-Term Debt	1,629,974	(44,017)	1,585,957							
36	Short-Term Debt	37,575	(37,575)	-							
37	Other	(100,567)	100,567	-							
38	Total Interest	\$ 1,566,982	\$ 18,975	\$ 1,585,957							
39	Other (Income) - Net	(67,057)	67,057	-							
40	Total Other (Income) & Deductions	\$ 1,499,925	\$ 86,032	\$ 1,585,957							
41	Net Income	\$ 925,230	\$ (367,549)	\$ 557,680	\$ 17,399	\$ 22,194	\$ 29,506	\$ 9,757	\$ 8,425	\$ (27,962)	\$ 63,281

DECISION NO

Line No.	Pinal Valley (Casa Grande, Coolidge, Stanfield)										
	[L]	[M]	[N]	[O]	[P]	[Q]	[R]	[S]	[T]	[U]	[V]
	Settlement Adj. IS-8	Settlement Adj. IS-9	Settlement Adj. IS-10	Settlement Adj. IS-11	Settlement Adj. IS-12	Settlement Adj. IS-13	Total Settlement Adjustments	Adjusted Test Year Settlement	Required Increase - Settlement	Adj'd w/ Increase - Settlement	
1											
2											
3											
4											
5											
6											
7											
8											
9											
10											
11											
12											
13											
14											
15											
16											
17											
18											
19											
20											
21											
22											
23											
24											
25											
26											
27											
28											
29											
30											
31											
32											
33											
34											
35											
36											
37											
38											
39											
40											
41											
42											
43											
44											
45											
46											
47											
48											
49											
50											
51											
52											
53											
54											
55											

DECISION NO

Line No.	White Tank										
	(A) Actual End of Test Year	(B) Pro Forma Adjustments - As Filed	(C) Adjusted Test Year - As Filed	(D) BLANK	(E) Settlement Adj. IS-1	(F) Settlement Adj. IS-2	(G) Settlement Adj. IS-3	(H) Settlement Adj. IS-4	(I) Settlement Adj. IS-5	(J) Settlement Adj. IS-6	(K) Settlement Adj. IS-7
1	Operating Revenues										
2	Residential	\$ 1,409,477	\$ (92,533)	\$ 1,316,944							
3	Commercial	188,379	(16,318)	172,061							
4	Industrial	24,805	354	25,159							
5	Private Fire Service	702	659	1,361							
6	Other Water Revenues	47,244	238	47,483							
7	Total Water Revenues	\$ 1,670,608	\$ (107,599)	\$ 1,563,009							
8											
9	Miscellaneous	23,016	(1,553)	21,463							
10	Total Operating Revenues	\$ 1,693,624	\$ (109,152)	\$ 1,584,472							
11											
12	Operating Expenses										
13	Source of Supply Expenses:										
14	Purchased Water	25,535	39,359	64,894							(6)
15	Other	15,158	278	15,436		(33)					(1,203)
16	Pumping Expenses:										
17	Purchased Power	139,162	8,176	147,338							
18	Purchased Gas										
19	Other	133,987	11,875	145,862		(336)					(1,535)
20	Water Treatment Expenses	104,242	(1,528)	102,714		(104)					4
21	Transmission & Distribution Expenses	123,225	47,016	170,241		(1,096)					(1,246)
22	Customer Accounting Expenses	93,431	4,703	98,134		(295)					(870)
23	Sales Expense										
24	Administrative & General Expenses	155,077	25,418	180,495		(107)		(671)		(3,500)	(540)
25	Administrative & Maintenance Expense	789,817	135,297	925,114		(1,971)		(671)		(3,900)	(5,396)
26											
27	Depreciation & Amortization Expenses	430,907	3,848	434,755							
28											
29	Taxes										
30	Federal Income Taxes	57,907	(72,356)	(14,449)							
31	Slate Income Taxes	6,542	(9,725)	(3,183)							
32	Property Taxes	45,778	15,057	60,835							
33	Other	133,257	(113,940)	19,317							
34	Total Taxes	\$ 243,484	\$ (180,964)	\$ 62,520							
35											
36	Total Operating Expenses	\$ 1,484,208	\$ (41,819)	\$ 1,422,389		(1,971)		(671)		(3,500)	(5,396)
37	Operating Income	\$ 229,416	\$ (67,334)	\$ 162,083		1,971		671		3,500	5,396
38											
39	Other Income & Deductions:										
40	Interest:										
41	Long-Term Debt	191,352	(1,221)	190,131							
42	Short-Term Debt	4,411	(4,411)	-							
43	Other	(11,806)	11,806	-							
44	Total Interest	\$ 183,957	\$ 6,174	\$ 190,131							
45	Other (Income) - Net	(5,955)	5,955	-							
46											
47	Total Other (Income) & Deductions	\$ 178,002	\$ 12,129	\$ 190,131							
48											
49											
50	Net Income	\$ 51,414	\$ (79,463)	\$ (28,048)		1,971		671		3,500	5,396
51											
52											
53											
54											
55											

ARIZONA WATER COMPANY
Test Year Ended December 31, 2010
Income Statement Pro Forma Adjustments

Line No.	White Tank									
	[L]	[M]	[N]	[O]	[P]	[Q]	[R]	[S]	[T]	[U]
	Settlement Adj. IS-8	Settlement Adj. IS-9	Settlement Adj. IS-10	Settlement Adj. IS-11	Settlement Adj. IS-12	Settlement Adj. IS-13	Total Settlement Adjustments	Adjusted Test Year - Settlement	Required Increase - Settlement	Adjusted Increase - Settlement
1										
2										
3										
4										
5										
6										
7										
8										
9										
10										
11										
12										
13										
14										
15										
16										
17										
18										
19										
20										
21										
22										
23										
24										
25										
26										
27										
28										
29										
30										
31										
32										
33										
34										
35										
36										
37										
38										
39										
40										
41										
42										
43										
44										
45										
46										
47										
48										
49										
50										
51										
52										
53										
54										
55										

Line No.	[A] Actual End of Test Year	[B] Pro Forma Adjustments - As Filed	[C] Adjusted Test Year - As Filed	[D] BLANK	Ajo Settlement Income Statement Adjustments					[K] Settlement Adj. IS-7	
					[E] Settlement Adj. IS-1	[F] Settlement Adj. IS-2	[G] Adj. IS-3	[H] Adj. IS-4	[I] Adj. IS-5		[J] Settlement Adj. IS-6
1											
2	Operating Revenues										
3	Residential		380,053								
4	Commercial	(6,524)	122,455								
5	Industrial	(329)									
6	Private Fire Service	241	653								
7	Other Water Revenues	(54)	2,665								
8	Total Water Revenues	(6,666)	505,826								
9	Miscellaneous	(248)	3,768								
10	Total Operating Revenues	(6,914)	509,594								
11											
12	Operating Expenses										
13	Source of Supply Expenses:										
14	Purchased Water		147,188								(2)
15	Other	191	487		(9)						
16	Pumping Expenses:										
17	Purchased Power		3,083								
18	Purchased Gas										
19	Other	2,480	11,299		(83)						(17)
20	Water Treatment Expenses	131	8,155		(26)						168
21	Transmission & Distribution Expenses	15,641	59,614		(270)						(845)
22	Customer Accounting Expenses	1,121	30,955		(73)						(74)
23	Sales Expense										
24	Administrative & General Expenses	7,423	54,423		(26)		(236)				(180)
25	Total Operations & Maintenance Expense	26,988	315,185		(487)		(236)				(450)
26											
27	Depreciation & Amortization Expenses	1,394	52,300								
28	Taxes										
29	Federal Income Taxes	1,914	25,312								
30	State Income Taxes	2,933	5,576								
31	Property Taxes	2,932	24,146								
32	Other	(32,723)	4,731								
33	Total Taxes	(24,945)	59,764								
34											
35	Total Operating Expenses	3,438	427,250		(487)		(236)				(450)
36	Operating Income	(10,352)	82,344		487		236				450
37											
38	Other Income & Deductions:										
39	Interest:										
40	Long-Term Debt	(2,188)	33,209								
41	Short-Term Debt	(816)									
42	Other	2,184									
43	Total Interest	(820)	33,209								
44	Other (Income) - Net	1,469									
45											
46	Total Other (Income) & Deductions	649	33,209								
47											
48	Net Income	(11,001)	49,135		487		236				450
49											
50											
51											
52											
53											
54											
55											

ARIZONA WATER COMPANY
Test Year Ended December 31, 2010
Income Statement Pro Forma Adjustments

Line No.	[L] Settlement Adj. IS-8	[M] Settlement Adj. IS-9	[N] BLANK	[O] Settlement Adj. IS-10	[P] Settlement Adj. IS-11	[Q] Settlement Adj. IS-12	[R] Settlement Adj. IS-13	[S] Total Settlement Adjustments	[T] Adjusted Test Year Settlement	[U] Required Increase Settlement	[V] Adjusted w/ Increase Settlement
1	Operating Revenues							\$	\$		
2	Residential								380,053		
3	Commercial								122,455		
4	Industrial								653		
5	Private Fire Service								2,665		
6	Other Water Revenues								505,826		
7	Total Water Revenues								3,768		
8	Miscellaneous								509,594	(2,326)	507,268
9	Total Operating Revenues										
10	Operating Expenses								147,188		147,188
11	Source of Supply Expenses:								456		456
12	Purchased Water										
13	Other								3,083		3,083
14	Pumping Expenses:										
15	Purchased Power								10,887		10,887
16	Purchased Gas								8,297		8,297
17	Other	(312)							142		10,887
18	Water Treatment Expenses								56,891		56,891
19	Transmission & Distribution Expenses	(2,108)							30,808		30,808
20	Customer Accounting Expenses										
21	Sales Expense								51,360		51,360
22	Administrative & General Expenses								308,970		308,970
23	Administrative & Maintenance Expense										
24	Total Operations & Maintenance Expense	(2,420)							8		52,308
25	Depreciation & Amortization Expenses										
26	Taxes										
27	Federal Income Taxes								1,313		25,902
28	State Income Taxes								289		5,706
29	Property Taxes								2,258		26,363
30	Other								4,731		4,731
31	Total Taxes								3,860		62,702
32	Total Operating Expenses	(2,621)							424,903	(723)	423,981
33	Operating Income								84,691	(1,404)	83,288
34	Other Income & Deductions:										
35	Interest:										
36	Long-Term Debt								(203)		33,007
37	Short-Term Debt										
38	Other										
39	Total Interest								(203)		33,007
40	Other (Income) - Net										
41	Total Other (Income) & Deductions								(203)		33,007
42	Net Income	2,621							51,685	(1,404)	50,281

Line No.		Increase / (Decrease)
1		
2	Pinal Valley	\$ (17,399)
3	White Tank	
4	Ajo	
5		
6	Total Western Group	\$ (17,399)
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		
41		
42		
43		
44		
45		
46		
47		
48		
49		
50		
51		
52		
53		
54		
55		

ARIZONA WATER COMPANY
Test Year Ended December 31, 2010
Settlement Income Statement Adjustment IS-2
Accept Staff Income Statement Adjustment No. 3 - Fleet Fuel Expense

Line No.	Source of Supply Expenses - Increase / (Decrease)	Pumping Expenses - Increase / (Decrease)	Water Treatment Expenses - Increase / (Decrease)	Transmission & Distribution Expenses - Increase / (Decrease)	Customer Accounting Expenses - Increase / (Decrease)	Administrative & General Expenses - Increase / (Decrease)	Total Increase / (Decrease)
1							
2	\$ (373)	\$ (3,778)	\$ (1,173)	\$ (12,337)	\$ (3,326)	\$ (1,207)	\$ (22,194)
3	(33)	(336)	(104)	(1,096)	(295)	(107)	(1,971)
4	(9)	(83)	(26)	(270)	(73)	(26)	(487)
5							
6	\$ (415)	\$ (4,197)	\$ (1,303)	\$ (13,703)	\$ (3,694)	\$ (1,340)	\$ (24,652)
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26							
27							
28							
29							
30							
31							
32							
33							
34							
35							
36							
37							
38							
39							
40							
41							
42							
43							
44							
45							
46							
47							
48							
49							
50							
51							
52							
53							
54							
55							

ARIZONA WATER & POWER COMPANY
 Test Year Ended December 31, 2010
 Settlement Income Statement Adjustment IS-3
 Accept Staff Income Statement Adjustment No. 7 - Depreciation Expense (Amortization of Regulatory Asset - Double Counted)

Line No.	Depreciation & Amortization Expense - Increase / (Decrease)
1	
2	Pinal Valley \$ (29,506)
3	White Tank -
4	Ajo -
5	
6	Total Western Group \$ (29,506)
7	
8	
9	
10	
11	
12	
13	
14	
15	
16	
17	
18	
19	
20	
21	
22	
23	
24	
25	
26	
27	
28	
29	
30	
31	
32	
33	
34	
35	
36	
37	
38	
39	
40	
41	
42	
43	
44	
45	
46	
47	
48	
49	
50	
51	
52	
53	
54	
55	

ARIZONA WATER R COMPANY

Test Year Ended December 31, 2010
 Settlement Income Statement Adjustment IS-4
 Adjust and Partially Accept RUCO Income Statement Adjustment No. 5 (Miscellaneous Expense)

Exhibit
 Schedule C-2 Settlement Appendix
 Page 4 of 19
 Witness: Reiker

Line No.	Description	Pinal Valley		White Tank		Ajo	
		Amount		Amount		Amount	
1	Civic/Service Club Fees, Donations, and Dues	\$	4,907	\$	4,907	\$	4,907
4	Water Association Dues and Fees	\$2,717.36		\$2,717.36		\$2,717.36	
		50%		50%		50%	
			1,359		1,359		1,359
9	Flowers		\$375.36		\$375.36		\$375.36
13	Service Awards and Banquets	\$4,022.57		\$4,022.57		\$4,022.57	
15	Total Miscellaneous Expenses Disallowed	\$	10,664	\$	10,664	\$	10,664
17	Pinal Valley Allocation Factor by Customer Count		0.9149		0.0629		0.0222
19	RUCO Miscellaneous Expense Adjustment	\$	(9,757)	\$	(671)	\$	(236)

DECISION NO.

DOCKET NO. W-01445A-10-0517

ARIZONA WATER COMPANY
 Test Year Ended December 31, 2010
 Settlement Income Statement Adjustment IS-5
 Adjust Pinal Valley Industrial Revenues to Reflect Known & Measurable Post-Test Year Reduction in Usage

Line No.	Description	Total Industrial Usage - (M Gals) T.Y. 2010	Total Industrial Usage - (M Gals) 2011	Increase / (Decrease) in Usage	T.Y. Rate Per 1,000 Gals	Increase / (Decrease) in Revenues
2	Pinal Valley					
3						
4	Industrial 5/8 x 3/4 -inch	722.7	398.0	(324.7)	\$ 1,5036	\$ (488)
5	Industrial 1-inch	8,889.4	11,378.2	2,488.8	\$ 1,5036	\$ 3,742
6	Industrial 1.5-inch	-	-	-	\$ 1,5036	-
7	Industrial 2-inch	10,490.5	11,586.6	1,096.1	\$ 1,5036	\$ 1,648
8	Industrial 3-inch	-	-	-	\$ 1,5036	-
9	Industrial 4-inch	39,790.0	42,327.0	2,537.0	\$ 1,5036	\$ 3,815
10	Industrial 6-inch	509,003.9	486,411.0	(22,592.9)	\$ 1,5036	\$ (33,971)
11	Industrial 8-inch	27,807.4	26,006.4	(1,801.0)	\$ 1,5036	\$ (2,708)
12	Industrial 10-inch	-	-	-	\$ 1,5036	-
13						
14		596,703.9	578,107.2	(18,596.7)	\$	\$ (27,962)
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42						
43						
44						
45						
46						
47						
48						
49						
50						
51						
52						
53						
54						
55						

ARIZONA WATER COMPANY
 Test Year Ended December 31, 2010
 Settlement Income Statement Adjustment IS-6
 Remove Company pro forma adjustment related to additional BMP's

Line No.	Description	Company Proposed BMP Expense - As Filed	Increase / (Decrease) Settlement
1			
2	Pinat Valley	8,425	(8,425)
3	White Tank	3,500	(3,500)
4	Ajo		
5			
6		<u>11,925</u>	<u>(11,925)</u>
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43			
44			
45			
46			
47			
48			
49			
50			
51			
52			
53			
54			
55			

Line No.	Description	Source of Supply - As Filed	Purchased Power Pumping - As Filed	Other Pumping - As Filed	Water Treatment - As Filed	Transmission & Distribution - As Filed	Customer Accounting - As Filed	Administrative & General - As Filed	Totals
1									
2	Pinal Valley	\$ 168	\$ 12,429	\$ 7,039	\$ 1,353	\$ 22,009	\$ 11,804	\$ 8,479	\$ 63,281
3	White Tank	6	1,203	1,535	(4)	1,246	870	540	5,396
4	Ajo	2	-	17	(168)	345	74	180	450
5									
6	Total - As Filed	\$ 176	\$ 13,632	\$ 8,591	\$ 1,181	\$ 23,600	\$ 12,748	\$ 9,199	\$ 69,127
7									
8	Increase/(Decrease)	\$ (176)	\$ (13,632)	\$ (8,591)	\$ (1,181)	\$ (23,600)	\$ (12,748)	\$ (9,199)	\$ (69,127)
9									
10									
11									
12									
13									
14									
15									
16									
17									
18									
19									
20									
21									
22									
23									
24									
25									
26									
27									
28									
29									
30									
31									
32									
33									
34									
35									
36									
37									
38									
39									
40									
41									
42									
43									
44									
45									
46									
47									
48									
49									
50									
51									
52									
53									
54									
55									

ARIZONA WATER COMPANY
 Test Year Ended December 31, 2010
 Settlement Income Statement Adjustment IS-8
 Rate Case Expense Settlement - Adopt RUCO recommended rate case expense of \$304,975 recovered over 3-years

Line No.	Description	3-Factor Ratio	Allocation %	Company Proposed Rate Case Expense - As Filed	Agreed Upon Rate Case Expense - Settlement	Difference	Normalization in Years	Increase / Decrease
1								
2	Pinal Valley	0.3423	90.03%	\$ 572,901	\$ 274,574	\$(298,327)	3	\$(99,442)
3	White Tank	0.0304	8.00%	39,375	24,385	(14,990)	3	(4,997)
4	Ajo	0.0075	1.97%	13,880	6,016	(7,864)	3	(2,621)
5								
6	Total	0.3802	100%	\$ 626,156	\$ 304,975	\$(321,181)		\$ (107,060)
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
17								
18								
19								
20								
21								
22								
23								
24								
25								
26								
27								
28								
29								
30								
31								
32								
33								
34								
35								
36								
37								
38								
39								
40								
41								
42								
43								
44								
45								
46								
47								
48								
49								
50								
51								
52								
53								
54								
55								

DECISION NO

Line No.	Description	Normalized T&D Maintenance Expense - As Filed	Normalized T&D Maintenance Expense - Settlement	Increase / Decrease	Normalized Pumping Maintenance Expense - As Filed	Normalized Pumping Maintenance Expense - Settlement	Increase / Decrease	Total Increase / Decrease
1								
2	Pinal Valley	\$ 1,215,264	\$ 1,145,359	\$ (69,905)	\$ 212,845	\$ 195,428	\$ (17,417)	\$ (87,322)
3	White Tank	89,157	83,160	(5,997)	15,381	14,807	(574)	(6,571)
4	A/o	33,631	31,523	(2,108)	3,908	3,596	(312)	(2,420)
5								
6	Total	\$ 1,338,052	\$ 1,260,043	\$ (78,009)	\$ 232,134	\$ 213,831	\$ (18,303)	\$ (96,313)
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
17								
18								
19								
20								
21								
22								
23								
24								
25								
26								
27								
28								
29								
30								
31								
32								
33								
34								
35								
36								
37								
38								
39								
40								
41								
42								
43								
44								
45								
46								
47								
48								
49								
50								
51								
52								
53								
54								
55								

ARIZONA WATER COMPANY
Test Year Ended December 31, 2010
Settlement Income Statement Adjustment IS-10
Adjust Depreciation Expense to Reflect Settlement Plant Adjustments

Line No.	Acct. No.	Description	(A) Depreciation Rate	Pinal Valley					(G) Total Increase / (Decrease) [C + D + E + F]
				(B) Settlement Rate Base Adjustments - Direct Plant	(C) Settlement Rate Base Adjustments - P.I.Y.P.	(D) Increase / (Decrease) Depr. Exp.	(E) Increase / (Decrease) Phoenix Office (3-factor Alloc.) 0.3423	(F) Increase / (Decrease) Meter Shop (3-factor Alloc.) 0.3423	
1		Intangible Plant							
2	301	Organization	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	302	Franchises	0.00% note_1	-	-	-	-	-	-
4	303	Other Intangibles	0.00% note_1	-	-	-	-	-	-
5		Subtotal Intangible Plant		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6		Source of Supply Plant							
7	310.1	Water Rights	0.00%	-	-	-	-	-	-
8	310.3	Other Source of Supply Land	0.00%	-	-	-	-	-	-
9	310.4	Wells - Other	0.00% note_1	-	-	-	-	-	-
10	314	Wells	3.13%	-	-	-	-	-	-
11		Subtotal Source of Supply Plant		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12		Pumping Plant							
13	320	Pumping Plant Land	0.00%	-	-	-	-	-	-
14	321	Pumping Plant Structures & Improvements	2.86%	-	-	-	-	-	-
15	325	Electric Pumping Equipment	5.88%	-	9,532	560	-	-	560
16	328	Gas Engine Equipment	4.00%	-	9,532	560	-	-	560
17		Subtotal Pumping Plant		\$ -	\$ 9,532	\$ 560	\$ -	\$ -	\$ 560
18		Water Treatment Plant							
19	330	Water Treatment Plant Land	0.00%	-	-	-	-	-	-
20	331	Water Treatment Structures & Improvements	2.50%	-	-	-	-	-	-
21	332	Water Treatment Equipment	2.86%	-	-	-	-	-	-
22		Subtotal Water Treatment Plant		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
23		Transmission & Distribution Plant							
24	340	Transmission and Distribution Land	0.00%	(258,409)	-	-	-	-	(28)
25	342	Storage Tanks	2.00%	-	(1,381)	(28)	-	-	(1,097)
26	343	Transmission & Distribution Mains	1.79%	-	(61,263)	(1,097)	-	-	(1,097)
27	344	Fire Sprinkler Taps	2.00%	-	94,958	2,260	-	-	2,260
28	345	Services	2.38%	-	-	-	-	-	-
29	346	Meters	4.55%	-	-	-	-	-	-
30	348	Hydrants	1.82%	-	12,457	227	-	-	227
31		Subtotal Transmission & Distribution Plant		\$ (258,409)	\$ 44,771	\$ 1,362	\$ -	\$ -	\$ 1,362
32		General Plant							
33	389	General Plant Land	0.00%	-	-	-	-	-	-
34	390	General Plant Structures	2.50%	-	-	-	-	-	-
35	390.1	Leasehold Improvements	note_2	-	-	-	-	-	-
36	391	Office Furniture & Equipment	6.67%	-	-	-	-	-	-
37	393	Warehouse Equipment	5.00%	-	-	-	-	-	-
38	394	Tools, Shop & Garage Equipment	4.00%	-	-	-	(350)	-	(350)
39	395	Laboratory Equipment	5.00%	-	-	-	-	-	-
40	396	Power Operated Equipment	6.67%	-	-	-	-	-	-
41	397	Communication Equipment	6.67%	-	-	-	-	-	-
42	398	Miscellaneous Equipment	3.33%	-	-	-	-	-	-
43		Subtotal General Plant		\$ -	\$ -	\$ -	\$ 374	\$ -	\$ 374
44		Total Depreciation Expense - Utility Plant		\$ (258,409)	\$ 54,303	\$ 1,323	\$ 374	\$ -	\$ 2,297
45		Net Regulatory Assets/(Liabilities) (Sch. B-2 Rebuttal Appendix)							
46		Less: Contributions in Aid of Construction	2.00%						
47		Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement							\$ 2,297

note_1 Acct. 302 - Franchises amortized over 25 years. Acct. 303 - Other intangibles amortized over 15 & 20 Years.
note_2 Acct. 310.4 - Wells - Other amortized over 24 years. Accumulated Amortization booked to Acct. 111 - Amort. Of Ltd. Term Investments.
note_2 Acct. 390.1 - Leasehold improvements amortized over the remaining life of the associated lease.

ARIZONA WATER COMPANY
Test Year Ended December 31, 2010
Settlement Income Statement Adjustment IS-10 (Continued)
Adjust Depreciation Expense to Reflect Settlement Plant Adjustments

Line No.	Acct. No.	Description	White Tank					Total Increase / (Decrease) [C + D + E + F]
			[A] Depreciation Rate	[B] Settlement Rate Base Adjustments - Direct Plant	[C] Settlement Rate Base Adjustments - P.I.Y.P.	[D] Increase / (Decrease) Depr. Exp.	[E] Increase / (Decrease) Phoenix Office (3-factor Alloc.) 0.0304	
1		Intangible Plant						
2	301	Organization	0.00%	\$ -	\$ -	\$ -	\$ -	\$ -
3	302	Franchises	note_1	-	-	-	-	-
4	303	Other Intangibles	note_1	-	-	-	-	-
5		Subtotal Intangible Plant		\$ -	\$ -	\$ -	\$ -	\$ -
6		Source of Supply Plant						
7	310.1	Water Rights	0.00%	-	-	-	-	-
8	310.3	Other Source of Supply Land	0.00%	-	-	-	-	-
9	310.4	Wells - Other	note_1	-	-	-	-	-
10	314	Wells	3.13%	-	-	-	-	-
11		Subtotal Source of Supply Plant		\$ -	\$ -	\$ -	\$ -	\$ -
12		Pumping Plant						
13	320	Pumping Plant Land	0.00%	-	-	-	-	-
14	321	Pumping Plant Structures & Improvements	2.86%	-	-	-	-	-
15	325	Electric Pumping Equipment	5.88%	-	-	-	-	-
16	328	Gas Engine Equipment	4.00%	-	-	-	-	-
17		Subtotal Pumping Plant		\$ -	\$ -	\$ -	\$ -	\$ -
18		Water Treatment Plant						
19	330	Water Treatment Plant Land	0.00%	-	-	-	-	-
20	331	Water Treatment Structures & Improvements	2.50%	-	-	-	-	-
21	332	Water Treatment Equipment	2.86%	(47)	-	(1)	-	(1)
22		Subtotal Water Treatment Plant		\$ (47)	\$ -	\$ (1)	\$ -	\$ (1)
23		Transmission & Distribution Plant						
24	340	Transmission and Distribution Land	0.00%	-	-	-	-	-
25	342	Storage Tanks	2.00%	-	-	-	-	-
26	343	Transmission & Distribution Mains	1.79%	-	5,735	103	-	103
27	344	Fire Sprinkler Taps	2.00%	-	-	-	-	-
28	345	Services	2.38%	-	-	-	-	-
29	346	Meters	4.55%	-	-	-	-	-
30	348	Hydrants	1.82%	-	-	-	-	-
31		Subtotal Transmission & Distribution Plant		\$ -	\$ 5,735	\$ 103	\$ -	\$ 103
32		General Plant						
33	389	General Plant Land	0.00%	-	-	-	-	-
34	390	General Plant Structures	2.50%	-	-	-	-	-
35	390.1	Leasehold Improvements	note_2	-	-	-	-	-
36	391	Office Furniture & Equipment	6.67%	-	-	-	-	-
37	393	Warehouse Equipment	5.00%	-	-	-	-	-
38	394	Tools, Shop & Garage Equipment	4.00%	-	-	-	(31)	(31)
39	395	Laboratory Equipment	5.00%	-	-	-	-	-
40	396	Power Operated Equipment	6.67%	-	-	-	-	-
41	397	Communication Equipment	6.67%	-	-	-	64	64
42	398	Miscellaneous Equipment	3.33%	-	-	-	33	33
43		Subtotal General Plant		\$ -	\$ -	\$ -	\$ 33	\$ 33
44		Total Depreciation Expense - Utility Plant		\$ (47)	\$ 5,735	\$ 101	\$ 33	\$ 135
45		Net Regulatory Assets/(Liabilities) (Sch. B-2 Rebuttal Appendix)						
46		Less: Contributions in Aid of Construction	2.00%					
47		Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement						
48								
49								
50								
51								\$ 135

note_1 Acct. 302 - Franchises amortized over 25 years. Acct. 303 - Other intangibles amortized over 15 & 20 Years.
Acct. 310.4 - Wells - Other amortized over 24 years. Accumulated Amortization booked to Acct. 111 - Amort. Of Ltd. Term Investments.
note_2 Acct. 390.1 - Leasehold Improvements amortized over the remaining life of the associated lease.

ARIZONA WATER COMPANY
 Test Year Ended December 31, 2010
 Settlement Income Statement Adjustment IS-10 (Continued)
 Adjust Depreciation Expense to Reflect Settlement Plant Adjustments

Line No.	Acct. No.	Description	Phoenix Office			Increase / (Decrease) Depr. Exp.
			[A] Depreciation Rate	[B] Settlement Rate Base Adjustments - Direct Plant	[C] Settlement Rate Base Adjustments - P.T.Y.P.	
1		Intangible Plant				
2	301	Organization	0.00% note_1	\$ -		\$ -
3	302	Franchises				
4	303	Other Intangibles				
5		Subtotal Intangible Plant		\$ -		\$ -
6		Source of Supply Plant				
7	310.1	Water Rights	0.00%			
8	310.3	Other Source of Supply Land	0.00% note_1			
9	310.4	Wells - Other	3.13%			
10	314	Wells				
11		Subtotal Source of Supply Plant		\$ -		\$ -
12		Pumping Plant				
13	320	Pumping Plant Land	0.00%			
14	321	Pumping Plant Structures & Improvements	2.86%			
15	325	Electric Pumping Equipment	5.88%			
16	328	Gas Engine Equipment	4.00%			
17		Subtotal Pumping Plant		\$ -		\$ -
18		Water Treatment Plant				
19	330	Water Treatment Plant Land	0.00%			
20	331	Water Treatment Structures & Improvements	2.50%			
21	332	Water Treatment Equipment	2.86%			
22		Subtotal Water Treatment Plant		\$ -		\$ -
23		Transmission & Distribution Plant				
24	340	Transmission and Distribution Land	0.00%			
25	342	Storage Tanks	2.00%			
26	343	Transmission & Distribution Mains	1.79%			
27	344	Fire Sprinkler Taps	2.00%			
28	345	Services	2.38%			
29	346	Meters	4.55%			
30	348	Hydrants	1.82%			
31		Subtotal Transmission & Distribution Plant		\$ -		\$ -
32		General Plant				
33	389	General Plant Land	0.00%			
34	390	General Plant Structures	2.50%			
35	390.1	Leasehold Improvements	note_2			
36	391	Office Furniture & Equipment	6.87%			
37	393	Warehouse Equipment	5.00%			
38	394	Tools, Shop & Garage Equipment	4.00%		(25,564)	(1,023)
39	395	Laboratory Equipment	5.00%			
40	396	Power Operated Equipment	6.87%			
41	397	Communication Equipment	6.87%		31,727	2,116
42	398	Miscellaneous Equipment	3.33%			
43		Subtotal General Plant		\$ -	6,163	\$ 1,094
44		Total Depreciation Expense - Utility Plant		\$ -	6,163	\$ 1,094
45		Net Regulatory Assets/(Liabilities) (Sch. B-2 Rebuttal Appendix)		\$ -		\$ -
46		Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement		\$ -		\$ 1,094

note_1 Acct. 302 - Franchises amortized over 25 years. Acct. 303 - Other intangibles amortized over 15 & 20 Years.
 Acct. 310.4 - Wells - Other amortized over 24 years. Accumulated Amortization booked to Acct. 111 - Amort. Of Ltd. Term Investments.
 note_2 Acct. 390.1 - Leasehold Improvements amortized over the remaining life of the associated lease.

ARIZONA WATER R COMPANY
 Test Year Ended December 31, 2010
 Settlement Income Statement Adjustment IS-10 (Continued)
 Adjust Depreciation Expense to Reflect Settlement Plant Adjustments

Line No.	Acct. No.	(A) Depreciation Rate	(B) Settlement Rate Base Adjustments - Direct Plant	(C) Meter Shop Settlement Rate Base Adjustments - P.I.Y.P.	(D) Increase / (Decrease) Depr. Exp.
1	In tangible Plant				
2	301 Organization	0.00%			\$
3	302 Franchises	note_1			
4	303 Other Intangibles	note_1	\$	\$	\$
5	Subtotal Intangible Plant				
6	Source of Supply Plant	0.00%			
7	310.1 Water Rights	0.00%			
8	310.3 Other Source of Supply Land	note_1			
9	310.4 Wells - Other	3.13%	\$	\$	\$
10	314 Wells				
11	Subtotal Source of Supply Plant				
12	Pumping Plant	0.00%			
13	320 Pumping Plant Land	2.86%			
14	321 Pumping Plant Structures & Improvements	5.86%			
15	325 Electric Pumping Equipment	4.00%	\$	\$	\$
16	328 Gas Engine Equipment				
17	Subtotal Pumping Plant				
18	Water Treatment Plant	0.00%			
19	330 Water Treatment Plant Land	2.50%			
20	331 Water Treatment Structures & Improvements	2.86%			
21	332 Water Treatment Equipment		\$	\$	\$
22	Subtotal Water Treatment Plant				
23	Transmission & Distribution Plant	0.00%			
24	340 Transmission and Distribution Land	2.00%			
25	342 Storage Tanks	1.79%			
26	343 Transmission & Distribution Mains	2.00%			
27	344 Fire Sprinkler Taps	2.38%			
28	345 Services	4.55%			
29	346 Meters	1.82%			
30	348 Hydrants		\$	\$	\$
31	Subtotal Transmission & Distribution Plant				
32	General Plant	0.00%			
33	389 General Plant Land	2.50%			
34	390 General Plant Structures	note_2			
35	390.1 Leasehold Improvements	6.67%			
36	391 Office Furniture & Equipment	5.00%			
37	393 Warehouse Equipment	4.00%			
38	394 Tools, Shop & Garage Equipment	5.00%			
39	395 Laboratory Equipment	6.67%			
40	396 Power Operated Equipment	6.67%			
41	397 Communication Equipment	6.67%			
42	398 Miscellaneous Equipment	3.33%			
43	Subtotal General Plant		\$	\$	\$
44	Total Depreciation Expense - Utility Plant		\$	\$	\$
45	Net Regulatory Assets/(Liabilities) (Sch. B-2 Rebuttal Appendix)				
46	Net Regulatory Assets/(Liabilities) (Sch. B-2 Rebuttal Appendix)				
47	Total Increase/(Decrease) in Depreciation & Amortization Expense - Settlement				\$
48					
49					
50					
51					
52					
53	note_1 Acct. 302 - Franchises amortized over 25 years. Acct. 303 - Other intangibles amortized over 15 & 20 Years.				
54	note_2 Acct. 310.4 - Wells - Other amortized over 24 years. Accumulated Amortization booked to Acct. 111 - Amort. Of Ltd. Term Investments.				
55	note_2 Acct. 390.1 - Leasehold Improvements amortized over the remaining life of the associated lease.				

DECISION NO.

ARIZONA WATER COMPANY
Test Year Ended December 31, 2010
Settlement Income Statement Adjustment IS-12
Adjust Property Taxes

Line No.	Pinal Valley		White Tank		Ajo	
	(A) T.Y. Adjst'd - Settlement	(B) Adjusted - Settlement w/ Increase	(C) T.Y. Adjst'd - Settlement	(D) Adjusted - Settlement w/ Increase	(E) T.Y. Adjst'd - Settlement	(F) Adjusted - Settlement w/ Increase
1						
2	Adjusted Revenues - Settlement	\$ 16,544,087	\$ 1,584,472	\$ 1,584,472	\$ 509,594	\$ 509,594
3	Adjusted Revenues - Settlement	16,544,087	1,584,472	1,584,472	509,594	509,594
4	Adjusted Revenues - Settlement / Proposed Revenues	16,544,087	1,584,472	2,085,845	509,594	507,268
5	Average Revenue	\$ 16,544,087	\$ 17,452,539		\$ 509,594	\$ 508,819
6						
7	Average Revenue Multiplied by 2	\$ 33,088,174	\$ 34,905,079		\$ 1,019,189	\$ 1,017,638
8						
9						
10						
11						
12						
13						
14						
15	Deduct:	\$ -	\$ -		\$ -	\$ -
16	Net Book Value of Transportation Equipment					
17						
18	Full Cash Value	\$ 33,088,174	\$ 34,905,079	\$ 3,168,944	\$ 3,503,192	\$ 1,019,189
19						
20	Assessment Ratio	21.0%	21.0%	21.0%	21.0%	21.0%
21	Assessed Value	6,948,517	7,330,067	665,478	735,670	214,030
22						
23	Property Tax Rate ¹	12.86%	12.86%	10.37%	10.37%	12.34%
24						
25	Property Tax	893,268	942,318	69,010	76,289	26,403
26						
27	Tax on Parcels					
28						
29	Total Property Taxes - Calculated	\$ 893,268	\$ 942,318	\$ 69,010	\$ 76,289	\$ 26,403
30						
31	Adjusted Property Taxes - As filed	847,951		60,835		24,146
32						
33	Increase / (Decrease) in Property Taxes - Settlement	\$ 45,317		\$ 8,175		\$ 2,258
34						
35	Adjusted Property Taxes - Settlement		893,268			26,403
36						
37	Inc. / (Dec.) in Property Taxes at Proposed Rates - Settlement	\$ 49,050	\$ 7,279			\$ (40)
38						
39	As % of Change in Revenue Requirement	1.80%	1.45%			1.73%
40						
41						
42						
43						
44						
45						
46						
47						
48						
49						
50						
51						
52						
53						
54	¹ Property Tax rates updated to reflect current known & measurable rates.					
55						

DECISION NO.

		Western Group	
Line No.		[A]	[B]
		T.Y. Adjusted Settlement	Adjusted Settlement w/ Increase
1			
2	Adjusted Revenues - Settlement	\$ 18,638,153	\$ 18,638,153
3	Adjusted Revenues - Settlement	18,638,153	18,638,153
4	Adjusted Revenues - Settlement / Proposed Revenues	18,638,153	21,862,557
5			
6	Average Revenue	\$ 18,638,153	\$ 19,712,955
7			
8	Average Revenue Multiplied by 2	\$ 37,276,307	\$ 39,425,909
9			
10			
11			
12			
13			
14			
15	Deduct:		
16	Net Book Value of Transportation Equipment	\$ -	\$ -
17			
18			
19	Full Cash Value	\$ 37,276,307	\$ 39,425,909
20			
21	Assessment Ratio	21.0%	21.0%
22			
23	Assessed Value	7,828,024	8,279,441
24			
25	Property Tax Rate ¹	12.63%	12.63%
26			
27	Property Tax	988,681	1,044,970
28			
29	Tax on Parcels	-	-
30			
31	Total Property Taxes - Calculated	\$ 988,681	\$ 1,044,970
32			
33	Adjusted Property Taxes - As filed	932,931	
34			
35	Increase / (Decrease) in Property Taxes - Settlement	\$ 55,750	
36			
37	Adjusted Property Taxes - Settlement		988,681
38			
39	Inc. / (Dec.) in Property Taxes at Proposed Rates - Settlement	\$ 56,289	
40			
41	As % of Change in Revenue Requirement		1.75%
42			
43			
44			
45			
46			
47			
48			
49			
50			
51			
52			
53			
54	¹ Property Tax rates updated to reflect current known & measurable rates.		
55			

DECISION NO.

ARIZONA WATER COMPANY

Test Year Ended December 31, 2010

Settlement Income Statement Adjustment IS-13

Adjust Income Taxes to Reflect Adjusted Test Year Results & Proposed Revenues

Line No.	Pinal Valley		White Tank		Ajo	
	[A] T.Y. Adjusted - Settlement	[B] Adjusted - Settlement w/ Increase	[C] T.Y. Adjusted - Settlement	[D] Adjusted - Settlement w/ Increase	[E] T.Y. Adjusted - Settlement	[F] Adjusted - Settlement w/ Increase
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42						
43						
44						
45						
46						
47						
48						
49						
50						
51						
52						
53						
54						
55						

ARIZONA WATER COMPANY
Test Year Ended December 31, 2010
Settlement Income Statement Adjustment IS-13 (Continued)
Adjust Income Taxes to Reflect Adjusted Test Year Results & Proposed Revenues

Line No.	Western Group	
	[A]	[B]
	T.Y. Adjusted - Settlement	Adjusted - Settlement w/ Increase
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		
41		
42		
43		
44		
45		
46		
47		
48		
49		
50		
51		
52		
53		
54		
55		

ARIZONA WAJER COMPANY
 Test Year Ended December 31, 2010
 Computation of Gross Revenue Conversion Factor

Line No.	Description	Western Group [A]	Percentage of Incremental Gross Revenues
1			
2	Federal Income Taxes	31.63%	
3			
4	State Income Taxes	6.97%	
5			
6	Total Federal & State Income Tax Percentage	38.60%	
7			
8	Operating Income % = 100% - Tax Percentage	61.40%	
9			
10	Property Tax Factor (Sch. C-2 Appdx.)	1.75%	
11			
12	Effective Property Tax Factor (Ln. 8 x Ln. 10)	1.07%	
13			
14	Combined Federal & State Income & Property Tax Rate	39.67%	
15			
16	Operating Income % = 100% - Tax Percentage	60.33%	
17			
18			
19			
20			
21			
22			
23	$\frac{1}{\text{Operating Income \%}} = \text{Gross Revenue Conversion Factor}$	1.6576	
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43			
44			
45			
46			
47			
48			
49			
50			
51			
52			
53			
54			
55			

ARIZONA WATER COMPANY
Test Year Ended December 31, 2010
Computation of Gross Revenue Conversion Factor

Line No.	Description	Pinal Valley (Casa Grande, Coolidge, Stanfield)		
		[A]	[B]	[C]
		Percentage of Incremental Gross Revenues	Percentage of Incremental Gross Revenues	Percentage of Incremental Gross Revenues
1	Federal Income Taxes	31.63%	31.63%	31.63%
2	State Income Taxes	6.97%	6.97%	6.97%
3	Total Federal & State Income Tax Percentage	38.60%	38.60%	38.60%
4	Operating Income % = 100% - Tax Percentage	61.40%	61.40%	61.40%
5	Property Tax Factor (Sch. C-2 Appdx.)	1.80%	1.45%	1.73%
6	Effective Property Tax Factor (Ln. 8 x Ln. 10)	1.11%	0.89%	1.06%
7	Combined Federal & State Income & Property Tax Rate	39.70%	39.49%	39.66%
8	Operating Income % = 100% - Tax Percentage	60.30%	60.51%	60.34%
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42				
43				
44				
45				
46				
47				
48				
49				
50				
51				
52				
53				
54				
55				

$\frac{1}{\text{Operating Income \%}} = \text{Gross Revenue Conversion Factor}$

1.6585 = 1.6526 = 1.6573

ARIZONA WESTERN COMPANY
Test Year Ended December 31, 2010
Summary Cost of Capital

Line No.	Description	Western Group		
		(A)	(B)	(C) (D)
		End of Test Year - Actual	Percent of Total	Rate of Return
		Dollar Amount ¹		Weighted Return
1	Short-Term Debt	\$ -	0.00%	0.00%
2				
3	Long-Term Debt	28,515,000	49.03%	6.82%
4				
5	Common Equity	29,646,222	50.97%	3.21%
6				
7	Totals	\$ 58,161,222	100.00%	4.98%
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20	Short-Term Debt	\$ -	0.00%	0.00%
21				
22	Long-Term Debt	28,515,000	49.03%	6.82%
23				
24	Common Equity	29,646,222	50.97%	12.10%
25				
26	Totals	\$ 58,161,222	100.00%	9.51%
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37	Short-Term Debt	\$ -	0.00%	0.00%
38				
39	Long-Term Debt	28,515,000	49.03%	6.82%
40				
41	Common Equity	29,646,222	50.97%	10.00%
42				
43	Totals	\$ 58,161,222	100.00%	8.44%
44				
45				
46				
47				
48				
49				
50				
51				
52				
53				
54				
55				

¹Allocated based on 3-factor methodology

Supporting Schedules:

N:\2011_Rate_Case\Settlement\Western Group\2011 AWC Rate Case Model Settlement-WG v4 FINAL.D1
Processing Date: 2/14/2012 4:26 PM

Recap Schedules:

Line No.	Customer Classification	Western Group		Settlement		
		[A] Test Year Rates Sch. H-2 Col.E	[B]	[C] Proposed Rates Sch. H-2 Col.I	[D] Proposed Increase Amount	%
2	Residential	\$ 12,151,216		\$ 13,916,986	\$ 1,765,770	14.53%
3	Commercial	4,419,455		5,699,855	1,280,400	28.97%
4	Industrial	937,063		1,061,432	124,380	13.27%
5	Private Fire Service	102,252		111,700	9,448	9.24%
6	Other Water Revenues	268,754		313,117	44,363	16.51%
7						
8	Total Water Revenues	\$ 17,878,729		\$ 21,103,091	\$ 3,224,361	18.03%
9						
10						
11						
12	Miscellaneous Revenues	759,466		759,466		
13						
14	Total Operating Revenues	\$ 18,638,195		\$ 21,862,556	\$ 3,224,361	17.30%
15						
16						
17						
18	Target Revenue Requirement (Sch. C-1, Ln. 10)			21,862,557		
19	Difference (Ln. 14 - Ln. 17)			(0)		
20	Less: Consolidated Revenue Adjustment ¹					
21	Over/(Short)			(0)		
22	%			0.00%		
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42						
43						
44						
45						
46						
47						
48						
49						
50						
51						
52						
53						
54						
55						

¹Consolidated Revenue Adjustment represents the increase/(decrease) in revenue requirement resulting from proposed rate consolidation.

ARIZONA WATER COMPANY
Test Year Ended December 31, 2010
Summary of Revenues by Customer
Classification - Present & Proposed Rates

Line No.	Customer Classification	Pinal Valley (Casa Grande, Coolidge, Stanfield)		
		[A]	[B]	[C]
		Test Year Rates Sch. H-2 Col. E	Proposed Rates Sch. H-2 Col. I	Settlement Proposed Increase Amount %
2	Residential	\$ 10,454,403	\$ 11,878,933	\$ 1,424,530 13.63%
3	Commercial	4,124,957	5,275,058	1,150,101 27.88%
4	Industrial	911,893	1,035,703	123,809 13.58%
5	Private Fire Service	100,237	109,525	9,288 9.27%
6	Other Water Revenues	218,600	235,990	17,390 7.96%
7				
8	Total Water Revenues	\$ 15,810,092	\$ 18,535,209	\$ 2,725,117 17.24%
9				
10				
11				
12	Miscellaneous Revenues	734,234	734,234	
13				
14	Total Operating Revenues	\$ 16,544,326	\$ 19,269,443	\$ 2,725,117 16.47%
15				
16				
17	Target Revenue Requirement (Sch. C-1, Ln. 10)		19,269,444	
18	Difference (Ln. 14 - Ln. 17)		(0)	
19	Less: Consolidated Revenue Adjustment ¹			
20	Over/(Short)		(0)	
21	%		0.00%	
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42				
43				
44				
45				
46				
47				
48				
49				
50				
51				
52				
53				
54				
55				

¹Consolidated Revenue Adjustment represents the increase/(decrease) in revenue requirement resulting from proposed rate consolidation.

ARIZONA WATERWORKS COMPANY
Test Year Ended December 31, 2010
Summary of Revenues by Customer
Classification - Present & Proposed Rates

Line No.	Customer Classification	White Tank			
		(A)	(B)	(C) [D]	
		Settlement			
	Test Year Rates Sch. H-2 Col. E	Proposed Rates Sch. H-2 Col. I	Proposed Increase Amount	%	
1	Residential	\$ 1,316,859	\$ 1,673,608	\$ 356,749	27.09%
2	Commercial	172,063	289,058	116,995	68.00%
3	Industrial	25,159	25,730	571	2.27%
4	Private Fire Service	1,361	1,500	139	10.18%
5	Other Water Revenues	47,484	74,486	27,002	56.87%
6	Total Water Revenues	\$ 1,562,926	\$ 2,064,382	\$ 501,455	32.08%
7	Miscellaneous Revenues	21,463	21,463		
8	Total Operating Revenues	\$ 1,584,389	\$ 2,085,845	\$ 501,455	31.65%
9	Target Revenue Requirement (Sch. C-1, Ln. 10)		2,085,845		
10	Difference (Ln. 14 - Ln. 17)		(0)		
11	Less: Consolidated Revenue Adjustment ¹		(0)		
12	Over/(Short)		(0)		
13	%		0.00%		

¹ Consolidated Revenue Adjustment represents the increase/(decrease) in revenue requirement resulting from proposed rate consolidation.

ARIZONA WATER COMPANY
Test Year Ended December 31, 2010
Summary of Revenues by Customer
Classification - Present & Proposed Rates

Line No.	Customer Classification	Ajo			
		[A]	[B]	[C]	
		Settlement			
		Test Year Rates Sch. H-2 Col. E	Proposed Rates Sch. H-2 Col. I	Proposed Increase Amount	
				%	
2	Residential	\$ 379,953	\$ 364,445	\$ (15,509)	-4.08%
3	Commercial	122,434	135,739	13,305	10.87%
4	Industrial	-	-	-	0.00%
5	Private Fire Service	653	675	22	3.35%
6	Other Water Revenues	2,671	2,642	(29)	-1.08%
7					
8	Total Water Revenues	\$ 505,711	\$ 503,500	\$ (2,211)	-0.44%
9					
10					
11					
12	Miscellaneous Revenues	3,768	3,768		
13					
14	Total Operating Revenues	\$ 509,480	\$ 507,269	\$ (2,211)	-0.43%
15					
16					
17					
18	Target Revenue Requirement (Sch. C-1, Ln. 10)		507,268		
19	Difference (Ln. 14 - Ln. 17)		\$ 0		
20	Less: Consolidated Revenue Adjustment ¹				
21	Over/(Short)		\$ 0		
22	%				0.00%
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					
41					
42					
43					
44					
45					
46					
47					
48					
49					
50					
51					
52					
53					
54					
55					

¹Consolidated Revenue Adjustment represents the increase/(decrease) in revenue requirement resulting from proposed rate consolidation.

ARIZONA WATER COMPANY
Test Year Ended December 31, 2010
Detail Analysis of Revenue by Class

Line No.	Detail Class of Service	Western Group					Bill Count Water Revenues			Settlement Increase [F-E]	%
		[A] Average Number of Customers	[B] Average Consumption	[C] Test Year Rates	[D] Reconciling/Revenue Adjustments	[E] Adjusted T.Y. Rates [C+D]	[F] Proposed Rates	[G] Settlement Increase	[H] %		
1	Residential 5/8 x 3/4 -inch	27,238	8,745	\$ 10,582,674	\$ (4,835)	\$ 10,577,840	\$ 11,982,853	\$ 1,405,014	13.28%		
2	Residential 1-inch	812	17,288	798,664	1,475	800,140	918,391	118,251	14.78%		
3	Residential 1.5-inch	77	163,172	413,673	(304)	413,369	553,097	139,728	33.80%		
4	Residential 2-inch	7	406,313	84,981	(117)	84,863	114,786	29,923	35.26%		
5	Residential 3-inch	4	885,251	94,678	(131)	94,547	132,720	38,173	40.37%		
6	Residential 4-inch	8	628,570	180,709	(252)	180,457	215,139	34,682	19.22%		
7	Residential 6-inch	-	-	-	-	-	-	-	0.00%		
8	Residential 8-inch	-	-	-	-	-	-	-	0.00%		
9	Residential 10-inch	-	-	-	-	-	-	-	0.00%		
10	Commercial 5/8 x 3/4 -inch	940	8,449	391,393	2,594	393,986	475,865	81,878	20.78%		
11	Commercial 1-inch	517	27,930	622,833	5,283	628,116	795,410	167,294	26.63%		
12	Commercial 1.5-inch	512	114,096	2,170,613	17,862	2,188,475	2,843,894	655,419	29.95%		
13	Commercial 2-inch	36	193,051	270,001	2,386	272,387	348,820	76,433	28.06%		
14	Commercial 3-inch	25	599,542	456,927	4,660	461,587	630,653	169,066	36.63%		
15	Commercial 4-inch	15	746,105	381,524	4,004	385,528	492,710	107,181	27.80%		
16	Commercial 6-inch	3	908,677	88,403	973	89,375	112,504	23,129	25.88%		
17	Commercial 8-inch	-	-	-	-	-	-	-	0.00%		
18	Commercial 10-inch	-	-	-	-	-	-	-	0.00%		
19	Industrial 5/8 x 3/4 -inch	3	20,075	1,432	(488)	944	2,105	1,162	123.12%		
20	Industrial 1-inch	7	113,967	15,237	3,742	18,979	24,189	5,210	27.45%		
21	Industrial 1.5-inch	12	82,355	34,014	1,648	35,662	44,638	8,975	25.17%		
22	Industrial 2-inch	-	-	-	-	-	-	-	0.00%		
23	Industrial 3-inch	3	1,105,278	68,460	3,815	72,275	104,641	32,367	44.78%		
24	Industrial 4-inch	3	13,428,539	794,853	(33,971)	760,883	827,398	66,515	8.74%		
25	Industrial 6-inch	1	2,317,283	51,019	(2,708)	48,311	58,461	10,151	21.01%		
26	Industrial 8-inch	-	-	-	-	-	-	-	0.00%		
27	Industrial 10-inch	372	-	102,252	-	102,252	111,700	9,448	9.24%		
28	Private Fire Service	-	-	-	-	-	-	-	0.00%		
29	Other Water Revenues	-	-	-	-	-	-	-	0.00%		
30	Public Fire Hydrant	-	-	19,746	-	19,746	14,811	(4,935)	-24.99%		
31	Coin Machine	-	-	-	-	-	-	-	0.00%		
32	Construction Water 2-inch	-	-	193,568	-	193,568	241,358	47,790	24.69%		
33	Construction Water 3-inch	37	85,293	4,377	-	4,377	4,470	93	2.13%		
34	Construction Water 4-inch	1	8,133	-	-	-	-	-	0.00%		
35	Sales for Resale 5/8 x 3/4 -inch	-	-	-	-	-	-	-	0.00%		
36	Sales for Resale 1-inch	-	-	-	-	-	-	-	0.00%		
37	Sales for Resale 1.5-inch	-	-	-	-	-	-	-	0.00%		
38	Sales for Resale 2-inch	-	-	25,674	-	25,674	26,388	714	2.78%		
39	Sales for Resale 3-inch	3	390,317	-	-	-	-	-	0.00%		
40	Sales for Resale 4-inch	-	-	25,389	-	25,389	26,091	701	2.76%		
41	Sales for Resale 6-inch	-	-	-	-	-	-	-	0.00%		
42	Sales for Resale 8-inch	-	-	-	-	-	-	-	0.00%		
43	Sales for Resale 10-inch	-	-	-	-	-	-	-	0.00%		
44	Totals	30,636	14,594	\$ 17,873,094	\$ 5,635	\$ 17,878,729	\$ 21,103,091	\$ 3,224,361	18.03%		

DECISION NO.

ARIZONA WATER COMPANY
 Test Year Ended December 31, 2010
 Summary Analysis of Revenue by Class

Line No.	Summary Class of Service	Western Group					Settlement Increase [F - E]	%	
		[A] Average Number of Customers	[B] Average Consumption	[C] Test Year Rates	[D] Reconciling/ Revenue Adjustments	[E] Adjusted T.Y. Rates [C + D]			[F] Proposed Rates
1	Total Residential	28,146	9,808	\$ 12,155,380	\$ (4,164)	\$ 12,151,216	\$ 13,916,986	\$ 1,765,770	14.53%
2	Total Commercial	2,047	56,482	4,381,693	37,762	4,419,455	5,699,855	1,280,400	28.97%
3	Total Industrial	29	1,742,306	965,015	(27,962)	937,053	1,061,432	124,380	13.27%
4	Total Private Fire	372	-	102,252	-	102,252	111,700	9,448	9.24%
5	Total Other Water Revenues	42	131,291	268,754	-	268,754	313,117	44,363	16.51%
7	Totals	30,636	14,594	\$ 17,873,094	\$ 5,635	\$ 17,878,729	\$ 21,103,091	\$ 3,224,361	18.03%
9	Miscellaneous Revenues	-	-	759,466	-	759,466	759,466	-	-
10	Total Revenue Generated	-	-	\$ 18,638,195	-	\$ 18,638,195	\$ 21,862,557	\$ 3,224,361	17.30%
13	Target Rev. Rqmt. (Sch. C-1)						21,862,557	(0)	
14	Difference							(0)	
15	Less: Consolidated Revenue Adj.							(0)	
16	Over/(Short)							0.00%	
17	%								

DECISION NO. _____

Line No.	Detail Class of Service	Pinjal Valley (Casa Grande, Coolidge, Stanfield)					Bill Count Water Revenues				
		[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]
Average Number of Customers	Average Consumption	Test Year Rates	Reconciling/Revenue Adjustments	Adjusted T.Y. Rates [C+D]	Proposed Rates	Settlement Increase [F-E]	%				
1	Residential 5/8 x 3/4 -inch	25,100	8,520	\$ 9,215,386	\$ (11,452)	\$ 9,203,934	\$ 10,325,491	\$ 1,121,557	12.19%		
2	Residential 1-inch	492	22,736	501,249	(668)	500,581	580,366	79,785	15.94%		
3	Residential 1.5-inch	75	158,940	390,495	(474)	390,021	510,431	120,411	30.87%		
4	Residential 2-inch	7	406,313	84,981	(117)	84,863	114,786	29,923	35.26%		
5	Residential 3-inch	4	885,251	94,678	(131)	94,547	132,720	38,173	40.37%		
6	Residential 4-inch	8	628,570	180,709	(252)	180,457	215,139	34,682	19.22%		
7	Residential 6-inch	-	-	-	-	-	-	-	0.00%		
8	Residential 8-inch	-	-	-	-	-	-	-	0.00%		
9	Residential 10-inch	-	-	-	-	-	-	-	0.00%		
10	Commercial 5/8 x 3/4 -inch	867	8,203	331,608	2,608	334,216	399,534	65,318	19.54%		
11	Commercial 1-inch	480	27,502	530,038	5,152	535,190	675,834	140,643	26.28%		
12	Commercial 1.5-inch	-	-	-	-	-	-	-	0.00%		
13	Commercial 2-inch	493	112,714	2,046,015	19,638	2,065,654	2,644,908	579,254	28.04%		
14	Commercial 3-inch	34	191,776	250,649	2,758	253,407	318,916	65,509	25.85%		
15	Commercial 4-inch	25	599,542	456,927	4,660	461,587	630,653	169,066	36.63%		
16	Commercial 6-inch	15	746,105	381,524	4,004	385,528	492,710	107,181	27.80%		
17	Commercial 8-inch	3	908,677	88,403	973	89,375	112,504	23,129	25.88%		
18	Commercial 10-inch	-	-	-	-	-	-	-	0.00%		
19	Industrial 5/8 x 3/4 -inch	3	20,075	1,432	(488)	944	2,105	1,162	123.12%		
20	Industrial 1-inch	7	113,967	15,237	3,742	18,979	24,189	5,210	27.45%		
21	Industrial 1.5-inch	-	-	-	-	-	-	-	0.00%		
22	Industrial 2-inch	11	79,473	25,902	1,648	27,550	36,550	9,000	32.67%		
23	Industrial 3-inch	-	-	-	-	-	-	-	0.00%		
24	Industrial 4-inch	3	1,105,278	68,460	3,815	72,275	104,641	32,367	44.78%		
25	Industrial 6-inch	2	19,577,073	777,807	(33,971)	743,836	809,756	65,920	8.86%		
26	Industrial 8-inch	1	2,317,283	51,019	(2,708)	48,311	58,461	10,151	21.01%		
27	Industrial 10-inch	-	-	-	-	-	-	-	0.00%		
28	Private Fire Service	365	-	100,237	-	100,237	109,525	9,288	9.27%		
29	Other Water Revenues	-	-	-	-	-	-	-	0.00%		
30	Public Fire Hydrant	-	-	-	-	-	-	-	0.00%		
31	Coin Machine	-	-	18,977	-	18,977	14,054	(4,923)	-25.94%		
32	Construction Water 2-inch	-	-	-	-	-	-	-	0.00%		
33	Construction Water 3-inch	32	68,799	146,492	-	146,492	167,341	20,849	14.23%		
34	Construction Water 4-inch	0	11,000	2,068	-	2,068	2,116	48	2.33%		
35	Sales for Resale 5/8 x 3/4 -inch	-	-	-	-	-	-	-	0.00%		
36	Sales for Resale 1-inch	-	-	-	-	-	-	-	0.00%		
37	Sales for Resale 1.5-inch	-	-	-	-	-	-	-	0.00%		
38	Sales for Resale 2-inch	-	-	-	-	-	-	-	0.00%		
39	Sales for Resale 3-inch	3	390,317	25,674	-	25,674	26,388	714	2.78%		
40	Sales for Resale 4-inch	-	-	-	-	-	-	-	0.00%		
41	Sales for Resale 6-inch	1	1,144,667	25,389	-	25,389	26,091	701	2.76%		
42	Sales for Resale 8-inch	-	-	-	-	-	-	-	0.00%		
43	Sales for Resale 10-inch	-	-	-	-	-	-	-	0.00%		
44	Totals	28,030	14,726	\$ 15,811,355	\$ (1,263)	\$ 15,810,092	\$ 18,535,209	\$ 2,725,117	17.24%		

Line No.	Summary Class of Service	Pinal Valley (Casa Grande, Coolidge, Starfield)					Settlement Increase [F - E]	%	
		[A] Average Number of Customers	[B] Average Consumption	[C] Test Year Rates	[D] Reconciling/ Revenue Adjustments	[E] Adjusted T.Y. Rates [C + D]			[F] Proposed Rates
1									
2	Total Residential	25,686	9,864	\$ 10,467,498	\$ (13,095)	\$ 10,454,403	\$ 11,878,933	\$ 1,424,530	13.63%
3	Total Commercial	1,916	57,558	4,085,164	39,793	4,124,957	5,275,058	1,150,101	27.88%
4	Total Industrial	27	1,864,700	939,855	(27,962)	911,893	1,035,703	123,809	13.58%
5	Total Private Fire	365	-	100,237	-	100,237	109,525	9,288	9.27%
6	Total Other Water Revenues	37	123,915	218,600	-	218,600	235,990	17,390	7.96%
7	Totals	28,030	14,726	\$ 15,811,355	\$ (1,263)	\$ 15,810,092	\$ 18,535,209	\$ 2,725,117	17.24%
9	Miscellaneous Revenues			734,234		734,234	734,234		
10	Total Revenue Generated			\$ 16,544,326		\$ 16,544,326	\$ 19,269,443	\$ 2,725,117	16.47%
11							19,269,444		
12							(0)		
13	Target Rev. Rqmt. (Sch. C-1)								
14	Difference								
15									
16	Less: Consolidated Revenue Adj.								
17	Over/(Short)								
18	%								
19									
20									
21									
22									
23									
24									
25									
26									
27									
28									
29									
30									
31									
32									
33									
34									
35									
36									
37									
38									
39									
40									
41									
42									
43									
44									
45									
46									
47									
48									
49									
50									
51									
52									
53									
54									
55									

Line No.	Detail Class of Service	White Tank				Bill Count Water Revenues				Settlement Increase [F-E]	%
		[A] Average Number of Customers	[B] Average Consumption	[C] Test Year Rates	[D] Reconciling/Revenue Adjustments	[E] Adjusted T.Y. Rates [C+D]	[F] Proposed Rates	[G] Settlement Increase	[H]		
1	Residential 5/8 x 3/4 -inch	1,549	13,906	\$ 996,917	\$ 7,460	\$ 1,004,378	\$ 1,303,305	\$ 296,928	29.76%		
2	Residential 1-inch	312	8,955	286,966	2,167	289,133	327,637	38,504	13.32%		
3	Residential 1.5-inch	-	-	-	-	-	-	-	0.00%		
4	Residential 2-inch	2	322,754	23,179	170	23,348	42,666	19,317	82.74%		
5	Residential 3-inch	-	-	-	-	-	-	-	0.00%		
6	Residential 4-inch	-	-	-	-	-	-	-	0.00%		
7	Residential 6-inch	-	-	-	-	-	-	-	0.00%		
8	Residential 8-inch	-	-	-	-	-	-	-	0.00%		
9	Residential 10-inch	-	-	-	-	-	-	-	0.00%		
10	Commercial 5/8 x 3/4 -inch	17	32,539	21,244	(402)	20,843	35,718	14,876	71.37%		
11	Commercial 1-inch	17	36,104	27,924	(510)	27,414	43,797	16,383	59.76%		
12	Commercial 1.5-inch	-	-	-	-	-	-	-	0.00%		
13	Commercial 2-inch	16	169,296	106,786	(1,960)	104,826	179,639	74,813	71.37%		
14	Commercial 3-inch	2	214,825	19,352	(372)	18,980	29,904	10,924	57.55%		
15	Commercial 4-inch	-	-	-	-	-	-	-	0.00%		
16	Commercial 6-inch	-	-	-	-	-	-	-	0.00%		
17	Commercial 8-inch	-	-	-	-	-	-	-	0.00%		
18	Commercial 10-inch	-	-	-	-	-	-	-	0.00%		
19	Commercial 5/8 x 3/4 -inch	-	-	-	-	-	-	-	0.00%		
20	Industrial 1-inch	-	-	-	-	-	-	-	0.00%		
21	Industrial 1.5-inch	1	114,050	8,112	-	8,112	8,088	(24)	-0.30%		
22	Industrial 2-inch	-	-	-	-	-	-	-	0.00%		
23	Industrial 3-inch	-	-	-	-	-	-	-	0.00%		
24	Industrial 4-inch	-	-	-	-	-	-	-	0.00%		
25	Industrial 6-inch	1	106,717	17,047	-	17,047	17,642	595	3.49%		
26	Industrial 8-inch	-	-	-	-	-	-	-	0.00%		
27	Industrial 10-inch	-	-	-	-	-	-	-	0.00%		
28	Private Fire Service	5	-	1,361	-	1,361	1,500	139	10.18%		
29	Other Water Revenues	-	-	-	-	-	-	-	0.00%		
30	Public Fire Hydrant	-	-	-	-	-	-	-	0.00%		
31	Coin Machine	-	-	-	-	-	-	-	0.00%		
32	Construction Water 2-inch	-	-	-	-	-	-	-	0.00%		
33	Construction Water 3-inch	5	205,804	45,174	-	45,174	72,131	26,957	59.67%		
34	Construction Water 4-inch	0	4,550	2,309	-	2,309	2,355	45	1.95%		
35	Sales for Resale 5/8 x 3/4 -inch	-	-	-	-	-	-	-	0.00%		
36	Sales for Resale 1-inch	-	-	-	-	-	-	-	0.00%		
37	Sales for Resale 1.5-inch	-	-	-	-	-	-	-	0.00%		
38	Sales for Resale 2-inch	-	-	-	-	-	-	-	0.00%		
39	Sales for Resale 3-inch	-	-	-	-	-	-	-	0.00%		
40	Sales for Resale 4-inch	-	-	-	-	-	-	-	0.00%		
41	Sales for Resale 6-inch	-	-	-	-	-	-	-	0.00%		
42	Sales for Resale 8-inch	-	-	-	-	-	-	-	0.00%		
43	Sales for Resale 10-inch	-	-	-	-	-	-	-	0.00%		
44	Totals	1,927	15,795	\$ 1,556,373	\$ 6,554	\$ 1,562,926	\$ 2,054,382	\$ 501,455	32.08%		

DECISION NO.

Line No.	Summary Class of Service	White Tank					Settlement Increase [F - E]	%	
		[A] Average Number of Customers	[B] Average Consumption	[C] Test Year Rates	[D] Reconciling/Revenue Adjustments	[E] Adjusted T.Y. Rates [C + D]			[F] Proposed Rates
1									
2	Total Residential	1,863	13,409	\$ 1,307,062	\$ 9,797	\$ 1,316,859	\$ 1,673,608	\$ 356,749	27.09%
3	Total Commercial	52	82,783	175,307	(3,243)	172,063	289,058	116,995	68.00%
4	Total Industrial	2	110,383	25,159	-	25,159	25,730	571	2.27%
5	Total Private Fire	5	-	1,361	-	1,361	1,500	139	10.18%
6	Total Other Water Revenues	5	191,924	47,484	-	47,484	74,486	27,002	56.87%
7									
8	Totals	1,927	15,795	\$ 1,556,373	\$ 6,554	\$ 1,562,926	\$ 2,064,382	\$ 501,455	32.08%
9									
10	Miscellaneous Revenues	-	-	21,463	-	21,463	21,463	-	-
11	Total Revenue Generated	-	-	21,463	-	\$ 1,584,389	\$ 2,085,845	\$ 501,455	31.65%
12									
13	Target Rev. Rqmt. (Sch. C-1)						2,085,845		
14	Difference						(0)		
15									
16	Less: Consolidated Revenue Adj.								
17	Over/(Short)						(0)		
18	%						0.00%		
19									
20									
21									
22									
23									
24									
25									
26									
27									
28									
29									
30									
31									
32									
33									
34									
35									
36									
37									
38									
39									
40									
41									
42									
43									
44									
45									
46									
47									
48									
49									
50									
51									
52									
53									
54									
55									

Line No.	Detail Class of Service	Average Number of Customers	Average Consumption	Test Year Rates	Reconciling Revenue Adjustments	Adjusted T.Y. Rates [C+D]	Bill Count Water Revenues		Settlement Increase [F-E]	%
							[A]	[B]		
1	Residential 5/8 x 3/4 -inch	589	4,764	\$ 370,371	\$ (843)	\$ 369,528	\$ 354,057	\$ (15,471)	-4.19%	
2	Residential 1-inch	8	7,107	10,450	(24)	10,426	10,388	(38)	-0.36%	
3	Residential 1.5-inch	-	-	-	-	-	-	-	0.00%	
4	Residential 2-inch	-	-	-	-	-	-	-	0.00%	
5	Residential 3-inch	-	-	-	-	-	-	-	0.00%	
6	Residential 4-inch	-	-	-	-	-	-	-	0.00%	
7	Residential 5-inch	-	-	-	-	-	-	-	0.00%	
8	Residential 6-inch	-	-	-	-	-	-	-	0.00%	
9	Residential 8-inch	-	-	-	-	-	-	-	0.00%	
10	Residential 10-inch	-	-	-	-	-	-	-	0.00%	
11	Commercial 5/8 x 3/4 -inch	56	4,888	38,540	387	38,928	40,613	1,685	4.33%	
12	Commercial 1-inch	20	31,342	64,871	641	65,512	75,780	10,268	15.67%	
13	Commercial 1.5-inch	-	-	-	-	-	-	-	0.00%	
14	Commercial 2-inch	3	46,931	17,811	183	17,995	19,347	1,352	7.51%	
15	Commercial 3-inch	-	-	-	-	-	-	-	0.00%	
16	Commercial 4-inch	-	-	-	-	-	-	-	0.00%	
17	Commercial 6-inch	-	-	-	-	-	-	-	0.00%	
18	Commercial 8-inch	-	-	-	-	-	-	-	0.00%	
19	Commercial 10-inch	-	-	-	-	-	-	-	0.00%	
20	Industrial 5/8 x 3/4 -inch	-	-	-	-	-	-	-	0.00%	
21	Industrial 1-inch	-	-	-	-	-	-	-	0.00%	
22	Industrial 1.5-inch	-	-	-	-	-	-	-	0.00%	
23	Industrial 2-inch	-	-	-	-	-	-	-	0.00%	
24	Industrial 3-inch	-	-	-	-	-	-	-	0.00%	
25	Industrial 4-inch	-	-	-	-	-	-	-	0.00%	
26	Industrial 6-inch	-	-	-	-	-	-	-	0.00%	
27	Industrial 8-inch	-	-	-	-	-	-	-	0.00%	
28	Industrial 10-inch	-	-	-	-	-	-	-	0.00%	
29	Private Fire Service	2	-	653	-	653	675	22	3.35%	
30	Other Water Revenues	-	-	-	-	-	-	-	-	
31	Public Fire Hydrant	-	-	-	-	-	-	-	-	
32	Coin Machine	-	-	769	-	769	756	(13)	-1.67%	
33	Construction Water 2-inch	-	-	-	-	-	-	-	0.00%	
34	Construction Water 3-inch	-	-	-	-	-	-	-	0.00%	
35	Construction Water 4-inch	0	38,400	1,902	-	1,902	1,885	(16)	-0.85%	
36	Sales for Resale 5/8 x 3/4 -inch	-	-	-	-	-	-	-	0.00%	
37	Sales for Resale 1-inch	-	-	-	-	-	-	-	0.00%	
38	Sales for Resale 1.5-inch	-	-	-	-	-	-	-	0.00%	
39	Sales for Resale 2-inch	-	-	-	-	-	-	-	0.00%	
40	Sales for Resale 3-inch	-	-	-	-	-	-	-	0.00%	
41	Sales for Resale 4-inch	-	-	-	-	-	-	-	0.00%	
42	Sales for Resale 6-inch	-	-	-	-	-	-	-	0.00%	
43	Sales for Resale 8-inch	-	-	-	-	-	-	-	0.00%	
44	Sales for Resale 10-inch	-	-	-	-	-	-	-	0.00%	
45	Totals	679	5,768	\$ 505,366	\$ 345	\$ 505,711	\$ 503,500	\$ (2,211)	-0.44%	

DECISION NO. _____

ARIZONA WATER CORP COMPANY
Test Year Ended December 31, 2010
Summary Analysis of Revenue by Class

Line No.	Summary Class of Service	Ajo					Settlement Increase [F-E]	%	
		[A]	[B]	[C]	[D]	[E]			[F]
		Bill Count Water Revenues							
		Average Number of Customers	Average Consumption	Test Year Rates	Reconciling/ Revenue Adjustments	Adjusted T.Y. Rates [C+D]	Proposed Rates		
1	Total Residential	597	4,796	\$ 380,820	\$ (867)	\$ 379,953	\$ 364,445	\$ (15,509)	-4.08%
2	Total Commercial	79	13,164	121,223	1,212	122,434	135,739	13,305	10.87%
3	Total Industrial	-	-	-	-	-	675	22	0.00%
4	Total Private Fire	2	-	653	-	653	2,642	(29)	3.35%
5	Total Other Water Revenues	0	38,400	2,671	-	2,671	-	-	-1.08%
6									
7	Totals	679	5,768	\$ 505,366	\$ 345	\$ 505,711	\$ 503,500	\$ (2,211)	-0.44%
8									
9	Miscellaneous Revenues					3,768	3,768		
10	Total Revenue Generated					\$ 509,480	\$ 507,269	\$ (2,211)	-0.43%
11									
12	Target Rev. Rqmt. (Sch. C-1)						507,268		
13	Difference						0		
14									
15	Less: Consolidated Revenue Adj.								
16	Over/(Short)								
17	%								0.00%
18									
19									
20									
21									
22									
23									
24									
25									
26									
27									
28									
29									
30									
31									
32									
33									
34									
35									
36									
37									
38									
39									
40									
41									
42									
43									
44									
45									
46									
47									
48									
49									
50									
51									
52									
53									
54									
55									

Line No.	Class of Service	Rate Block				Basic Service Charge				Volumetric Charge (M Gal)								
		[A]		[B]		[C]		[D]		[E]		[F]		[G]		[H]		[I]
		Present	Proposed - Settlement	Present	Proposed - Settlement	Present	Proposed - Settlement	Present	Proposed - Settlement	Present	Proposed - Settlement	Present	Proposed - Settlement	Present	Proposed - Settlement	Present	Proposed - Settlement	Change
1	Residential 5/8 x 3/4 -inch	3	3	15.79	16.00	3	3	15.79	16.00	0.21	0.21	1.3700	1.1879	1.3700	1.1879	0.1821		
2	Tier One Breakover (M Gal):	10	10									1.7123	2.1026	1.7123	2.1026	0.3903		
3	Tier Two Breakover (M Gal):	99,999	99,999									2.1406	3.2590	2.1406	3.2590	1.1184		
4	Tier Three Breakover (M Gal):																	
5	Residential 1-inch	10	25	39.47	40.00	25	25	39.47	40.00	0.53	0.53	1.7123	2.1026	1.7123	2.1026	0.3903		
6	Tier One Breakover (M Gal):	99,999	99,999									2.1406	3.2590	2.1406	3.2590	1.1184		
7	Tier Two Breakover (M Gal):	99,999	99,999									2.1406	3.2590	2.1406	3.2590	1.1184		
8	Tier Three Breakover (M Gal):																	
9	Residential 1.5-inch	n/a	55	n/a	80.00	55	55	n/a	80.00	n/a	n/a	n/a	2.1026	n/a	2.1026	n/a		
10	Tier One Breakover (M Gal):	n/a	99,999									n/a	3.2590	n/a	3.2590	n/a		
11	Tier Two Breakover (M Gal):	n/a	99,999									n/a	3.2590	n/a	3.2590	n/a		
12	Tier Three Breakover (M Gal):																	
13	Residential 2-inch	125	95	126.29	128.00	95	95	126.29	128.00	1.71	1.71	1.7123	2.1026	1.7123	2.1026	0.3903		
14	Tier One Breakover (M Gal):	99,999	99,999									2.1406	3.2590	2.1406	3.2590	1.1184		
15	Tier Two Breakover (M Gal):	99,999	99,999									2.1406	3.2590	2.1406	3.2590	1.1184		
16	Tier Three Breakover (M Gal):																	
17	Residential 3-inch	299	195	252.59	256.00	195	195	252.59	256.00	3.41	3.41	1.7123	2.1026	1.7123	2.1026	0.3903		
18	Tier One Breakover (M Gal):	99,999	99,999									2.1406	3.2590	2.1406	3.2590	1.1184		
19	Tier Two Breakover (M Gal):	99,999	99,999									2.1406	3.2590	2.1406	3.2590	1.1184		
20	Tier Three Breakover (M Gal):																	
21	Residential 4-inch	494	315	394.67	400.00	315	315	394.67	400.00	5.33	5.33	1.7123	2.1026	1.7123	2.1026	0.3903		
22	Tier One Breakover (M Gal):	99,999	99,999									2.1406	3.2590	2.1406	3.2590	1.1184		
23	Tier Two Breakover (M Gal):	99,999	99,999									2.1406	3.2590	2.1406	3.2590	1.1184		
24	Tier Three Breakover (M Gal):																	
25	Residential 6-inch	925	650	789.33	800.00	650	650	789.33	800.00	10.67	10.67	1.7123	2.1026	1.7123	2.1026	0.3903		
26	Tier One Breakover (M Gal):	99,999	99,999									2.1406	3.2590	2.1406	3.2590	1.1184		
27	Tier Two Breakover (M Gal):	99,999	99,999									2.1406	3.2590	2.1406	3.2590	1.1184		
28	Tier Three Breakover (M Gal):																	
29	Residential 8-inch	1,500	1,000	1,262.93	1,280.00	1,000	1,000	1,262.93	1,280.00	17.07	17.07	1.7123	2.1026	1.7123	2.1026	0.3903		
30	Tier One Breakover (M Gal):	99,999	99,999									2.1406	3.2590	2.1406	3.2590	1.1184		
31	Tier Two Breakover (M Gal):	99,999	99,999									2.1406	3.2590	2.1406	3.2590	1.1184		
32	Tier Three Breakover (M Gal):																	
33	Residential 10-inch	2,264	1,475	1,815.47	1,840.00	1,475	1,475	1,815.47	1,840.00	24.53	24.53	1.7123	2.1026	1.7123	2.1026	0.3903		
34	Tier One Breakover (M Gal):	99,999	99,999									2.1406	3.2590	2.1406	3.2590	1.1184		
35	Tier Two Breakover (M Gal):	99,999	99,999									2.1406	3.2590	2.1406	3.2590	1.1184		
36	Tier Three Breakover (M Gal):																	
37																		
38																		
39																		
40																		
41																		
42																		
43																		
44																		
45																		
46																		
47																		
48																		
49																		
50																		
51																		
52																		
53																		
54																		
55																		

(Continued)

For Service Charges See Company-wide Service Charge Tariff at the end of this schedule

Line No.	Class of Service	Rate Block		Basic Service Charge		Volumetric Charge (M Gal)		
		[B]		[E]		[G]		
		Present	Proposed - Settlement	Present Rate	Proposed Settlement	Present Rate	Proposed Settlement	
1								
2	Commercial 5/8 x 3/4 -inch	10	10	\$ 15.79	\$ 16.00	\$ 1.7123	\$ 2.1026	\$ 0.3903
3		99,999	99,999			2.1406	3.2590	1.1184
4		99,999	99,999			2.1406	3.2590	1.1184
5	Commercial 1-inch	40	25	\$ 39.47	\$ 40.00	\$ 1.7123	\$ 2.1026	\$ 0.3903
6		99,999	99,999			2.1406	3.2590	1.1184
7		99,999	99,999			2.1406	3.2590	1.1184
8	Commercial 1.5-inch	n/a	55	n/a	\$ 80.00	n/a	\$ 2.1026	n/a
9		n/a	99,999			n/a	3.2590	n/a
10		n/a	99,999			n/a	3.2590	n/a
11	Commercial 2-inch	125	95	\$ 126.29	\$ 128.00	\$ 1.7123	\$ 2.1026	\$ 0.3903
12		99,999	99,999			2.1406	3.2590	1.1184
13		99,999	99,999			2.1406	3.2590	1.1184
14	Commercial 3-inch	299	195	\$ 252.59	\$ 256.00	\$ 1.7123	\$ 2.1026	\$ 0.3903
15		99,999	99,999			2.1406	3.2590	1.1184
16		99,999	99,999			2.1406	3.2590	1.1184
17	Commercial 4-inch	494	315	\$ 394.67	\$ 400.00	\$ 1.7123	\$ 2.1026	\$ 0.3903
18		99,999	99,999			2.1406	3.2590	1.1184
19		99,999	99,999			2.1406	3.2590	1.1184
20	Commercial 6-inch	925	650	\$ 789.33	\$ 800.00	\$ 1.7123	\$ 2.1026	\$ 0.3903
21		99,999	99,999			2.1406	3.2590	1.1184
22		99,999	99,999			2.1406	3.2590	1.1184
23	Commercial 8-inch	1,500	1,000	\$ 1,262.93	\$ 1,280.00	\$ 1.7123	\$ 2.1026	\$ 0.3903
24		99,999	99,999			2.1406	3.2590	1.1184
25		99,999	99,999			2.1406	3.2590	1.1184
26	Commercial 10-inch	2,264	1,475	\$ 1,815.47	\$ 1,840.00	\$ 1.7123	\$ 2.1026	\$ 0.3903
27		99,999	99,999			2.1406	3.2590	1.1184
28		99,999	99,999			2.1406	3.2590	1.1184
29		99,999	99,999			2.1406	3.2590	1.1184
30		99,999	99,999			2.1406	3.2590	1.1184
31		99,999	99,999			2.1406	3.2590	1.1184
32		99,999	99,999			2.1406	3.2590	1.1184
33		99,999	99,999			2.1406	3.2590	1.1184
34		99,999	99,999			2.1406	3.2590	1.1184
35		99,999	99,999			2.1406	3.2590	1.1184
36		99,999	99,999			2.1406	3.2590	1.1184
37		99,999	99,999			2.1406	3.2590	1.1184
38		99,999	99,999			2.1406	3.2590	1.1184
39		99,999	99,999			2.1406	3.2590	1.1184
40		99,999	99,999			2.1406	3.2590	1.1184
41		99,999	99,999			2.1406	3.2590	1.1184
42		99,999	99,999			2.1406	3.2590	1.1184
43		99,999	99,999			2.1406	3.2590	1.1184
44		99,999	99,999			2.1406	3.2590	1.1184
45		99,999	99,999			2.1406	3.2590	1.1184
46		99,999	99,999			2.1406	3.2590	1.1184
47		99,999	99,999			2.1406	3.2590	1.1184
48		99,999	99,999			2.1406	3.2590	1.1184
49		99,999	99,999			2.1406	3.2590	1.1184
50		99,999	99,999			2.1406	3.2590	1.1184
51		99,999	99,999			2.1406	3.2590	1.1184
52		99,999	99,999			2.1406	3.2590	1.1184
53		99,999	99,999			2.1406	3.2590	1.1184
54		99,999	99,999			2.1406	3.2590	1.1184
55		99,999	99,999			2.1406	3.2590	1.1184

(Continued)

For Service Charges See Company-wide Service Charge Tariff at the end of this schedule

Line No.	Class of Service	Rate Block		Basic Service Charge		Volumetric Charge (M Gal)			
		[B]		[E]		[G]			
		Present	Proposed - Settlement	Present Rate	Proposed Settlement	Present Rate	Proposed Settlement		
1									
2	Industrial 5/8 x 3/4 -inch	99,999	10	\$ 9.59	\$ 16.00	\$ 6.41	\$ 1,5036	\$ 1,5500	\$ 0.0464
3	Tier One Breakover (M Gal):	99,999	99,999				1,5036	2,4800	0.9764
4	Tier Two Breakover (M Gal):	99,999	99,999				1,5036	2,4800	0.9764
5	Tier Three Breakover (M Gal):	99,999	99,999						
6	Industrial 1-inch	99,999	25	\$ 23.98	\$ 40.00	\$ 16.02	\$ 1,5036	\$ 1,5500	\$ 0.0464
7	Tier One Breakover (M Gal):	99,999	99,999				1,5036	2,4800	0.9764
8	Tier Two Breakover (M Gal):	99,999	99,999				1,5036	2,4800	0.9764
9	Tier Three Breakover (M Gal):	99,999	99,999						
10	Industrial 1.5-inch	n/a	55	n/a	\$ 80.00	n/a	n/a	\$ 1,5500	n/a
11	Tier One Breakover (M Gal):	n/a	99,999				n/a	2,4800	n/a
12	Tier Two Breakover (M Gal):	n/a	99,999				n/a	2,4800	n/a
13	Tier Three Breakover (M Gal):	n/a	99,999						
14	Industrial 2-inch	99,999	95	\$ 76.73	\$ 128.00	\$ 51.27	\$ 1,5036	\$ 1,5500	\$ 0.0464
15	Tier One Breakover (M Gal):	99,999	99,999				1,5036	2,4800	0.9764
16	Tier Two Breakover (M Gal):	99,999	99,999				1,5036	2,4800	0.9764
17	Tier Three Breakover (M Gal):	99,999	99,999						
18	Industrial 3-inch	99,999	195	\$ 153.46	\$ 256.00	\$ 102.54	\$ 1,5036	\$ 1,5500	\$ 0.0464
19	Tier One Breakover (M Gal):	99,999	99,999				1,5036	2,4800	0.9764
20	Tier Two Breakover (M Gal):	99,999	99,999				1,5036	2,4800	0.9764
21	Tier Three Breakover (M Gal):	99,999	99,999						
22	Industrial 4-inch	99,999	315	\$ 239.77	\$ 400.00	\$ 160.23	\$ 1,5036	\$ 1,5500	\$ 0.0464
23	Tier One Breakover (M Gal):	99,999	99,999				1,5036	2,4800	0.9764
24	Tier Two Breakover (M Gal):	99,999	99,999				1,5036	2,4800	0.9764
25	Tier Three Breakover (M Gal):	99,999	99,999						
26	Industrial 6-inch	99,999	650	\$ 479.55	\$ 800.00	\$ 320.45	\$ 1,5036	\$ 1,5500	\$ 0.0464
27	Tier One Breakover (M Gal):	99,999	99,999				1,5036	2,4800	0.9764
28	Tier Two Breakover (M Gal):	99,999	99,999				1,5036	2,4800	0.9764
29	Tier Three Breakover (M Gal):	99,999	99,999						
30	Industrial 8-inch	99,999	1,000	\$ 767.28	\$ 1,280.00	\$ 512.72	\$ 1,5036	\$ 1,5500	\$ 0.0464
31	Tier One Breakover (M Gal):	99,999	99,999				1,5036	2,4800	0.9764
32	Tier Two Breakover (M Gal):	99,999	99,999				1,5036	2,4800	0.9764
33	Tier Three Breakover (M Gal):	99,999	99,999						
34	Industrial 10-inch	99,999	1,475	\$ 1,102.96	\$ 1,840.00	\$ 737.04	\$ 1,5036	\$ 1,5500	\$ 0.0464
35	Tier One Breakover (M Gal):	99,999	99,999				1,5036	2,4800	0.9764
36	Tier Two Breakover (M Gal):	99,999	99,999				1,5036	2,4800	0.9764
37	Tier Three Breakover (M Gal):	99,999	99,999						
38	Private Fire Service			\$ 22.88	\$ 25.00	\$ 2.12	n/a	n/a	n/a

(Continued)

For Service Charges See Company-wide Service Charge Tariff at the end of this schedule

Line No.	Class of Service	Rate Block		Basic Service Charge		Volumetric Charge (M Gal)			
		[A]		[E]		[H]			
		[B]	[C]	[D]	[F]	[G]	[I]		
		Present	Proposed - Settlement	Present Rate	Proposed Settlement	Present Rate	Proposed Settlement	Change	Change
1									
2	Public Fire Hydrant			n/a	n/a	n/a	n/a	n/a	n/a
3									
4	Coin Machine			n/a	n/a	132.99	109	0.1817	0.1817
5									
6	Construction Water (2-Inch)	125	95	\$ 126.29	\$ 128.00	\$ 1.7123	\$ 2.1026	\$ 0.3903	\$ 0.3903
7	Tier One Breakover (M Gal):	99,999	99,999			2.1406	3.2590	1.1184	1.1184
8	Tier Two Breakover (M Gal):	99,999	99,999			2.1406	3.2590	1.1184	1.1184
9	Tier Three Breakover (M Gal):								
10	Construction Water (3-Inch)	299	195	\$ 252.59	\$ 256.00	\$ 1.7123	\$ 2.1026	\$ 0.3903	\$ 0.3903
11	Tier One Breakover (M Gal):	99,999	99,999			2.1406	3.2590	1.1184	1.1184
12	Tier Two Breakover (M Gal):	99,999	99,999			2.1406	3.2590	1.1184	1.1184
13	Tier Three Breakover (M Gal):								
14	Construction Water (4-Inch)	494	315	\$ 394.67	\$ 400.00	\$ 1.7123	\$ 2.1026	\$ 0.3903	\$ 0.3903
15	Tier One Breakover (M Gal):	99,999	99,999			2.1406	3.2590	1.1184	1.1184
16	Tier Two Breakover (M Gal):	99,999	99,999			2.1406	3.2590	1.1184	1.1184
17	Tier Three Breakover (M Gal):								
18	Sales for Resale (5/8-Inch)	99,999	99,999	\$ 15.79	\$ 16.00	\$ 1.5036	\$ 1.5500	\$ 0.0464	\$ 0.0464
19	Tier One Breakover (M Gal):	99,999	99,999			1.5036	1.5500	0.0464	0.0464
20	Tier Two Breakover (M Gal):	99,999	99,999			1.5036	1.5500	0.0464	0.0464
21	Tier Three Breakover (M Gal):								
22	Sales for Resale (1-Inch)	99,999	99,999	\$ 39.47	\$ 40.00	\$ 1.5036	\$ 1.5500	\$ 0.0464	\$ 0.0464
23	Tier One Breakover (M Gal):	99,999	99,999			1.5036	1.5500	0.0464	0.0464
24	Tier Two Breakover (M Gal):	99,999	99,999			1.5036	1.5500	0.0464	0.0464
25	Tier Three Breakover (M Gal):								
26	Sales for Resale (1.5-Inch)	n/a	n/a	n/a	80.00	n/a	n/a	n/a	n/a
27	Tier One Breakover (M Gal):	n/a	n/a			n/a	n/a	n/a	n/a
28	Tier Two Breakover (M Gal):	n/a	n/a			n/a	n/a	n/a	n/a
29	Tier Three Breakover (M Gal):								
30	Sales for Resale (2-Inch)	99,999	99,999	\$ 126.29	\$ 128.00	\$ 1.5036	\$ 1.5500	\$ 0.0464	\$ 0.0464
31	Tier One Breakover (M Gal):	99,999	99,999			1.5036	1.5500	0.0464	0.0464
32	Tier Two Breakover (M Gal):	99,999	99,999			1.5036	1.5500	0.0464	0.0464
33	Tier Three Breakover (M Gal):								
34	Sales for Resale (3-Inch)	99,999	99,999	\$ 252.59	\$ 256.00	\$ 1.5036	\$ 1.5500	\$ 0.0464	\$ 0.0464
35	Tier One Breakover (M Gal):	99,999	99,999			1.5036	1.5500	0.0464	0.0464
36	Tier Two Breakover (M Gal):	99,999	99,999			1.5036	1.5500	0.0464	0.0464
37	Tier Three Breakover (M Gal):								
38	Sales for Resale (4-Inch)	99,999	99,999	\$ 394.67	\$ 400.00	\$ 1.5036	\$ 1.5500	\$ 0.0464	\$ 0.0464
39	Tier One Breakover (M Gal):	99,999	99,999			1.5036	1.5500	0.0464	0.0464
40	Tier Two Breakover (M Gal):	99,999	99,999			1.5036	1.5500	0.0464	0.0464
41	Tier Three Breakover (M Gal):								
42	Sales for Resale (6-Inch)	99,999	99,999	\$ 789.33	\$ 800.00	\$ 1.5036	\$ 1.5500	\$ 0.0464	\$ 0.0464
43	Tier One Breakover (M Gal):	99,999	99,999			1.5036	1.5500	0.0464	0.0464
44	Tier Two Breakover (M Gal):	99,999	99,999			1.5036	1.5500	0.0464	0.0464
45	Tier Three Breakover (M Gal):								
46	Sales for Resale (8-Inch)	99,999	99,999	\$ 1,262.93	\$ 1,280.00	\$ 1.5036	\$ 1.5500	\$ 0.0464	\$ 0.0464
47	Tier One Breakover (M Gal):	99,999	99,999			1.5036	1.5500	0.0464	0.0464
48	Tier Two Breakover (M Gal):	99,999	99,999			1.5036	1.5500	0.0464	0.0464
49	Tier Three Breakover (M Gal):								
50	Sales for Resale (10-Inch)	99,999	99,999	\$ 1,815.47	\$ 1,840.00	\$ 1.5036	\$ 1.5500	\$ 0.0464	\$ 0.0464
51	Tier One Breakover (M Gal):	99,999	99,999			1.5036	1.5500	0.0464	0.0464
52	Tier Two Breakover (M Gal):	99,999	99,999			1.5036	1.5500	0.0464	0.0464
53	Tier Three Breakover (M Gal):								
54									
55									

For Service Charges See Company-wide Service Charge Tariff at the end of this schedule

Line No.	Class of Service	[A] Rate Block		[B] Present Settlement		[C] Proposed Settlement		[D] Pinal Valley (Stanfield)		[E] Basic Service Charge		[F] Change		[G] Present Rate		[H] Proposed Settlement		[I] Change			
		Present	Proposed	Present	Proposed	Present	Proposed	Present	Proposed	Present	Proposed	Present	Proposed	Present	Proposed	Present	Proposed	Present	Proposed	Present	Proposed
		Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate
1	Residential 5/8 x 3/4 -inch	3	3	15.79	16.00	3	3	15.79	16.00	0.21	2.4379	1.1879	2.4379	1.1879	3.0476	3.0476	3.0476	3.0476	1.2500	1.2500	(0.9450)
2	Tier One Breakover (M Gal):	10	10			10	10				3.0476	2.1026	3.0476	2.1026	3.8097	3.8097	3.8097	3.8097	(0.5507)	(0.5507)	(0.5507)
3	Tier Two Breakover (M Gal):	99,999	99,999			99,999	99,999				3.8097	3.2590	3.8097	3.2590							
4	Tier Three Breakover (M Gal):																				
5	Residential 1-inch	10	25	39.47	40.00	25	25	39.47	40.00	0.53	3.0476	2.1026	3.0476	2.1026	3.8097	3.8097	3.8097	3.8097	(0.9450)	(0.9450)	(0.5507)
6	Tier One Breakover (M Gal):	99,999	99,999			99,999	99,999				3.8097	3.2590	3.8097	3.2590							
7	Tier Two Breakover (M Gal):	99,999	99,999			99,999	99,999				3.8097	3.2590	3.8097	3.2590							
8	Tier Three Breakover (M Gal):																				
9	Residential 1.5-inch	n/a	55	n/a	80.00	55	55	n/a	80.00	n/a	n/a	2.1026	n/a	2.1026	n/a	n/a	n/a	n/a	n/a	n/a	n/a
10	Tier One Breakover (M Gal):	n/a	99,999			n/a	99,999				n/a	3.2590	n/a	3.2590							
11	Tier Two Breakover (M Gal):	n/a	99,999			n/a	99,999				n/a	3.2590	n/a	3.2590							
12	Tier Three Breakover (M Gal):																				
13	Residential 2-inch	122	95	126.29	128.00	95	95	126.29	128.00	1.71	3.0476	2.1026	3.0476	2.1026	3.8097	3.8097	3.8097	3.8097	(0.9450)	(0.9450)	(0.5507)
14	Tier One Breakover (M Gal):	99,999	99,999			99,999	99,999				3.8097	3.2590	3.8097	3.2590							
15	Tier Two Breakover (M Gal):	99,999	99,999			99,999	99,999				3.8097	3.2590	3.8097	3.2590							
16	Tier Three Breakover (M Gal):																				
17	Residential 3-inch	286	195	252.59	256.00	195	195	252.59	256.00	3.41	3.0476	2.1026	3.0476	2.1026	3.8097	3.8097	3.8097	3.8097	(0.9450)	(0.9450)	(0.5507)
18	Tier One Breakover (M Gal):	99,999	99,999			99,999	99,999				3.8097	3.2590	3.8097	3.2590							
19	Tier Two Breakover (M Gal):	99,999	99,999			99,999	99,999				3.8097	3.2590	3.8097	3.2590							
20	Tier Three Breakover (M Gal):																				
21	Residential 4-inch	471	315	394.67	400.00	315	315	394.67	400.00	5.33	3.0476	2.1026	3.0476	2.1026	3.8097	3.8097	3.8097	3.8097	(0.9450)	(0.9450)	(0.5507)
22	Tier One Breakover (M Gal):	99,999	99,999			99,999	99,999				3.8097	3.2590	3.8097	3.2590							
23	Tier Two Breakover (M Gal):	99,999	99,999			99,999	99,999				3.8097	3.2590	3.8097	3.2590							
24	Tier Three Breakover (M Gal):																				
25	Residential 6-inch	925	650	789.33	800.00	650	650	789.33	800.00	10.67	3.0476	2.1026	3.0476	2.1026	3.8097	3.8097	3.8097	3.8097	(0.9450)	(0.9450)	(0.5507)
26	Tier One Breakover (M Gal):	99,999	99,999			99,999	99,999				3.8097	3.2590	3.8097	3.2590							
27	Tier Two Breakover (M Gal):	99,999	99,999			99,999	99,999				3.8097	3.2590	3.8097	3.2590							
28	Tier Three Breakover (M Gal):																				
29	Residential 8-inch	1,500	1,000	1,262.93	1,280.00	1,000	1,000	1,262.93	1,280.00	17.07	3.0476	2.1026	3.0476	2.1026	3.8097	3.8097	3.8097	3.8097	(0.9450)	(0.9450)	(0.5507)
30	Tier One Breakover (M Gal):	99,999	99,999			99,999	99,999				3.8097	3.2590	3.8097	3.2590							
31	Tier Two Breakover (M Gal):	99,999	99,999			99,999	99,999				3.8097	3.2590	3.8097	3.2590							
32	Tier Three Breakover (M Gal):																				
33	Residential 10-inch	2,223	1,475	1,815.47	1,840.00	1,475	1,475	1,815.47	1,840.00	24.53	3.0476	2.1026	3.0476	2.1026	3.8097	3.8097	3.8097	3.8097	(0.9450)	(0.9450)	(0.5507)
34	Tier One Breakover (M Gal):	99,999	99,999			99,999	99,999				3.8097	3.2590	3.8097	3.2590							
35	Tier Two Breakover (M Gal):	99,999	99,999			99,999	99,999				3.8097	3.2590	3.8097	3.2590							
36	Tier Three Breakover (M Gal):																				

(Continued)

For Service Charges See Company-wide Service Charge Tariff at the end of this schedule

ARIZONA WATER & POWER COMPANY
Test Year Ended December 31, 2010
Changes in Representative Rate Schedules

Line No.	Class of Service	Rate Block		Basic Service Charge		Volumetric Charge (M Gal)	
		Present	Proposed - Settlement	Present Rate	Proposed Settlement	Present Rate	Proposed Settlement
1	Commercial 5/8 x 3/4 -inch	10	10	\$ 15.79	\$ 16.00	\$ 3.0476	\$ 2.1026
2		99,999	99,999			3.8097	\$ (0.9450)
3		99,999	99,999			3.8097	\$ (0.5507)
4							\$ (0.5507)
5	Commercial 1-inch	40	25	\$ 39.47	\$ 40.00	\$ 3.0476	\$ 2.1026
6		99,999	99,999			3.8097	\$ (0.9450)
7		99,999	99,999			3.8097	\$ (0.5507)
8							\$ (0.5507)
9	Commercial 1.5-inch	n/a	55	n/a	\$ 80.00	n/a	2.1026
10		n/a	99,999			n/a	\$ (0.9450)
11		n/a	99,999			n/a	\$ (0.5507)
12		n/a	99,999			n/a	\$ (0.5507)
13	Commercial 2-inch	125	95	\$ 126.29	\$ 128.00	\$ 3.0476	\$ 2.1026
14		99,999	99,999			3.8097	\$ (0.9450)
15		99,999	99,999			3.8097	\$ (0.5507)
16							\$ (0.5507)
17	Commercial 3-inch	289	195	\$ 252.59	\$ 256.00	\$ 3.0476	\$ 2.1026
18		99,999	99,999			3.8097	\$ (0.9450)
19		99,999	99,999			3.8097	\$ (0.5507)
20							\$ (0.5507)
21	Commercial 4-inch	474	315	\$ 394.67	\$ 400.00	\$ 3.0476	\$ 2.1026
22		99,999	99,999			3.8097	\$ (0.9450)
23		99,999	99,999			3.8097	\$ (0.5507)
24							\$ (0.5507)
25	Commercial 6-inch	925	650	\$ 789.33	\$ 800.00	\$ 3.0476	\$ 2.1026
26		99,999	99,999			3.8097	\$ (0.9450)
27		99,999	99,999			3.8097	\$ (0.5507)
28							\$ (0.5507)
29	Commercial 8-inch	1,500	1,000	\$ 1,262.93	\$ 1,280.00	\$ 3.0476	\$ 2.1026
30		99,999	99,999			3.8097	\$ (0.9450)
31		99,999	99,999			3.8097	\$ (0.5507)
32							\$ (0.5507)
33	Commercial 10-inch	2,223	1,475	\$ 1,815.47	\$ 1,840.00	\$ 3.0476	\$ 2.1026
34		99,999	99,999			3.8097	\$ (0.9450)
35		99,999	99,999			3.8097	\$ (0.5507)
36							\$ (0.5507)
37							\$ (0.5507)
38							\$ (0.5507)
39							\$ (0.5507)
40							\$ (0.5507)
41							\$ (0.5507)
42							\$ (0.5507)
43							\$ (0.5507)
44							\$ (0.5507)
45							\$ (0.5507)
46							\$ (0.5507)
47							\$ (0.5507)
48							\$ (0.5507)
49							\$ (0.5507)
50							\$ (0.5507)
51							\$ (0.5507)
52							\$ (0.5507)
53							\$ (0.5507)
54							\$ (0.5507)
55							\$ (0.5507)

(Continued)

For Service Charges See Company-wide Service Charge Tariff at the end of this schedule

Line No.	Class of Service	Rate Block		Basic Service Charge		Volumetric Charge (M Gal)		
		[A]		[E]		[H]		
		[B]	[C]	[D]	[F]	[G]	[I]	
		Present	Proposed - Settlement	Present Rate	Proposed Settlement	Present Rate	Proposed Settlement	Change
1	Industrial 5/8 x 3/4 -inch	99,999	10	\$ 9.59	\$ 16.00	\$ 3.0476	\$ 1,5500	\$ (1.4976)
2	Tier One Breakover (M Gal):	99,999	99,999		6.41	3.0476	2,4800	(0.5676)
3	Tier Two Breakover (M Gal):	99,999	99,999			3.0476	2,4800	(0.5676)
4	Tier Three Breakover (M Gal):	99,999	99,999					
5	Industrial 1-inch	99,999	25	\$ 40.00	\$ 40.00	\$ 3.0476	\$ 1,5500	\$ (1.4976)
6	Tier One Breakover (M Gal):	99,999	99,999			3.0476	2,4800	(0.5676)
7	Tier Two Breakover (M Gal):	99,999	99,999			3.0476	2,4800	(0.5676)
8	Tier Three Breakover (M Gal):	99,999	99,999					
9	Industrial 1.5-inch	n/a	55	n/a	\$ 80.00	n/a	\$ 1,5500	n/a
10	Tier One Breakover (M Gal):	n/a	99,999			n/a	2,4800	n/a
11	Tier Two Breakover (M Gal):	n/a	99,999			n/a	2,4800	n/a
12	Tier Three Breakover (M Gal):	n/a	99,999					
13	Industrial 2-inch	99,999	95	\$ 200.00	\$ 128.00	\$ 3.0476	\$ 1,5500	\$ (1.4976)
14	Tier One Breakover (M Gal):	99,999	99,999			3.0476	2,4800	(0.5676)
15	Tier Two Breakover (M Gal):	99,999	99,999			3.0476	2,4800	(0.5676)
16	Tier Three Breakover (M Gal):	99,999	99,999					
17	Industrial 3-inch	99,999	195	\$ 153.46	\$ 256.00	\$ 3.0476	\$ 1,5500	\$ (1.4976)
18	Tier One Breakover (M Gal):	99,999	99,999			3.0476	2,4800	(0.5676)
19	Tier Two Breakover (M Gal):	99,999	99,999			3.0476	2,4800	(0.5676)
20	Tier Three Breakover (M Gal):	99,999	99,999					
21	Industrial 4-inch	99,999	315	\$ 239.77	\$ 400.00	\$ 3.0476	\$ 1,5500	\$ (1.4976)
22	Tier One Breakover (M Gal):	99,999	99,999			3.0476	2,4800	(0.5676)
23	Tier Two Breakover (M Gal):	99,999	99,999			3.0476	2,4800	(0.5676)
24	Tier Three Breakover (M Gal):	99,999	99,999					
25	Industrial 6-inch	99,999	650	\$ 479.55	\$ 800.00	\$ 3.0476	\$ 1,5500	\$ (1.4976)
26	Tier One Breakover (M Gal):	99,999	99,999			3.0476	1,5500	(1.4976)
27	Tier Two Breakover (M Gal):	99,999	99,999			3.0476	1,5500	(1.4976)
28	Tier Three Breakover (M Gal):	99,999	99,999					
29	Industrial 8-inch	99,999	1,000	\$ 767.28	\$ 1,280.00	\$ 3.0476	\$ 1,5500	\$ (1.4976)
30	Tier One Breakover (M Gal):	99,999	99,999			3.0476	1,5500	(1.4976)
31	Tier Two Breakover (M Gal):	99,999	99,999			3.0476	1,5500	(1.4976)
32	Tier Three Breakover (M Gal):	99,999	99,999					
33	Industrial 10-inch	99,999	1,475	\$ 1,102.96	\$ 1,840.00	\$ 3.0476	\$ 1,5500	\$ (1.4976)
34	Tier One Breakover (M Gal):	99,999	99,999			3.0476	1,5500	(1.4976)
35	Tier Two Breakover (M Gal):	99,999	99,999			3.0476	1,5500	(1.4976)
36	Tier Three Breakover (M Gal):	99,999	99,999					
37	Private Fire Service			\$ 22.88	\$ 25.00	n/a	n/a	n/a

(Continued)

For Service Charges See Company-wide Service Charge Tariff at the end of this schedule

Line No.	Class of Service	Rate Block		Basic Service Charge		Volumetric Charge (M Gal)		
		[A]		[F]		[H]		
		Present	Proposed - Settlement	Present Rate	Proposed Settlement	Present Rate	Proposed Settlement	Change
1								
2	Public Fire Hydrant			n/a	n/a	n/a	n/a	n/a
3	Coin Machine			n/a	n/a	74.72	109	(0.4564)
4								
5	Construction Water (2-inch)	125	95	\$ 126.29	\$ 128.00	\$ 3.0476	\$ 2.1026	\$ (0.9450)
6	Tier One Breakover (M Gal):	99,999	99,999			3.8097	3.2590	(0.5507)
7	Tier Two Breakover (M Gal):	99,999	99,999			3.8097	3.2590	(0.5507)
8	Tier Three Breakover (M Gal):							
9	Construction Water (3-inch)	289	195	\$ 252.59	\$ 256.00	\$ 3.0476	\$ 2.1026	\$ (0.9450)
10	Tier One Breakover (M Gal):	99,999	99,999			3.8097	3.2590	(0.5507)
11	Tier Two Breakover (M Gal):	99,999	99,999			3.8097	3.2590	(0.5507)
12	Tier Three Breakover (M Gal):							
13	Construction Water (4-inch)	474	315	\$ 394.67	\$ 400.00	\$ 3.0476	\$ 2.1026	\$ (0.9450)
14	Tier One Breakover (M Gal):	99,999	99,999			3.8097	3.2590	(0.5507)
15	Tier Two Breakover (M Gal):	99,999	99,999			3.8097	3.2590	(0.5507)
16	Tier Three Breakover (M Gal):							
17	Sales for Resale (5/8-inch)	99,999	99,999	\$ 15.79	\$ 16.00	\$ 3.0476	\$ 1.5500	\$ (1.4976)
18	Tier One Breakover (M Gal):	99,999	99,999			3.0476	1.5500	(1.4976)
19	Tier Two Breakover (M Gal):	99,999	99,999			3.0476	1.5500	(1.4976)
20	Tier Three Breakover (M Gal):							
21	Sales for Resale (1-inch)	99,999	99,999	\$ 39.47	\$ 40.00	\$ 3.0476	\$ 1.5500	\$ (1.4976)
22	Tier One Breakover (M Gal):	99,999	99,999			3.0476	1.5500	(1.4976)
23	Tier Two Breakover (M Gal):	99,999	99,999			3.0476	1.5500	(1.4976)
24	Tier Three Breakover (M Gal):							
25	Sales for Resale (1.5-inch)	n/a	n/a	n/a	80.00	n/a	n/a	n/a
26	Tier One Breakover (M Gal):							
27	Tier Two Breakover (M Gal):							
28	Tier Three Breakover (M Gal):							
29	Sales for Resale (2-inch)	99,999	99,999	\$ 126.29	\$ 128.00	\$ 3.0476	\$ 1.5500	\$ (1.4976)
30	Tier One Breakover (M Gal):	99,999	99,999			3.0476	1.5500	(1.4976)
31	Tier Two Breakover (M Gal):	99,999	99,999			3.0476	1.5500	(1.4976)
32	Tier Three Breakover (M Gal):							
33	Sales for Resale (3-inch)	99,999	99,999	\$ 252.59	\$ 256.00	\$ 3.0476	\$ 1.5500	\$ (1.4976)
34	Tier One Breakover (M Gal):	99,999	99,999			3.0476	1.5500	(1.4976)
35	Tier Two Breakover (M Gal):	99,999	99,999			3.0476	1.5500	(1.4976)
36	Tier Three Breakover (M Gal):							
37	Sales for Resale (4-inch)	99,999	99,999	\$ 394.67	\$ 400.00	\$ 3.0476	\$ 1.5500	\$ (1.4976)
38	Tier One Breakover (M Gal):	99,999	99,999			3.0476	1.5500	(1.4976)
39	Tier Two Breakover (M Gal):	99,999	99,999			3.0476	1.5500	(1.4976)
40	Tier Three Breakover (M Gal):							
41	Sales for Resale (6-inch)	99,999	99,999	\$ 789.33	\$ 800.00	\$ 3.0476	\$ 1.5500	\$ (1.4976)
42	Tier One Breakover (M Gal):	99,999	99,999			3.0476	1.5500	(1.4976)
43	Tier Two Breakover (M Gal):	99,999	99,999			3.0476	1.5500	(1.4976)
44	Tier Three Breakover (M Gal):							
45	Sales for Resale (8-inch)	99,999	99,999	\$ 1,262.93	\$ 1,280.00	\$ 3.0476	\$ 1.5500	\$ (1.4976)
46	Tier One Breakover (M Gal):	99,999	99,999			3.0476	1.5500	(1.4976)
47	Tier Two Breakover (M Gal):	99,999	99,999			3.0476	1.5500	(1.4976)
48	Tier Three Breakover (M Gal):							
49	Sales for Resale (10-inch)	99,999	99,999	\$ 1,815.47	\$ 1,840.00	\$ 3.0476	\$ 1.5500	\$ (1.4976)
50	Tier One Breakover (M Gal):	99,999	99,999			3.0476	1.5500	(1.4976)
51	Tier Two Breakover (M Gal):	99,999	99,999			3.0476	1.5500	(1.4976)
52	Tier Three Breakover (M Gal):							
53								
54								
55								

For Service Charges See Company-wide Service Charge Tariff at the end of this schedule

Line No.	Class of Service	Rate Block			Basic Service Charge			Volumetric Charge (M Gal)				
		[A]		[B]	[C]		[D]	[E]	[F]	[G]	[H]	[I]
		Present	Proposed - Settlement	Present Rate	Proposed Settlement	Change	Present Rate	Proposed Settlement	Change	Present Rate	Proposed Settlement	Change
1	Residential 5/8 x 3/4 -inch	3	5	\$ 22.72	\$ 23.00	\$ 0.28	\$ 1.8493	\$ 1.8000	\$ 0.1507	1.8000	1.8000	\$ 0.1507
2	Tier One Breakover (M Gal):	10	15				2.0614	3.0000	0.9386	3.0000	3.0000	0.9386
3	Tier Two Breakover (M Gal):	99,999	99,999				2.5769	5.1664	2.5895	5.1664	5.1664	2.5895
4	Tier Three Breakover (M Gal):											
5	Residential 1-inch	10	25	\$ 56.80	\$ 57.50	\$ 0.70	\$ 2.0614	\$ 3.0000	\$ 0.9386	3.0000	3.0000	\$ 0.9386
6	Tier One Breakover (M Gal):	99,999	99,999				2.5769	5.1664	2.5895	5.1664	5.1664	2.5895
7	Tier Two Breakover (M Gal):	99,999	99,999				2.5769	5.1664	2.5895	5.1664	5.1664	2.5895
8	Tier Three Breakover (M Gal):											
9	Residential 1.5-inch	n/a	50	n/a	\$ 115.00	n/a	n/a	\$ 3.0000	n/a	3.0000	3.0000	n/a
10	Tier One Breakover (M Gal):	n/a	99,999				n/a	5.1664	n/a	5.1664	5.1664	n/a
11	Tier Two Breakover (M Gal):	n/a	99,999				n/a	5.1664	n/a	5.1664	5.1664	n/a
12	Tier Three Breakover (M Gal):											
13	Residential 2-inch	185	80	\$ 181.76	\$ 184.00	\$ 2.24	\$ 2.0614	\$ 3.0000	\$ 0.9386	3.0000	3.0000	\$ 0.9386
14	Tier One Breakover (M Gal):	99,999	99,999				2.5769	5.1664	2.5895	5.1664	5.1664	2.5895
15	Tier Two Breakover (M Gal):	99,999	99,999				2.5769	5.1664	2.5895	5.1664	5.1664	2.5895
16	Tier Three Breakover (M Gal):											
17	Residential 3-inch	400	160	\$ 363.51	\$ 368.00	\$ 4.49	\$ 2.0614	\$ 3.0000	\$ 0.9386	3.0000	3.0000	\$ 0.9386
18	Tier One Breakover (M Gal):	99,999	99,999				2.5769	5.1664	2.5895	5.1664	5.1664	2.5895
19	Tier Two Breakover (M Gal):	99,999	99,999				2.5769	5.1664	2.5895	5.1664	5.1664	2.5895
20	Tier Three Breakover (M Gal):											
21	Residential 4-inch	795	250	\$ 567.99	\$ 575.00	\$ 7.01	\$ 2.0614	\$ 3.0000	\$ 0.9386	3.0000	3.0000	\$ 0.9386
22	Tier One Breakover (M Gal):	99,999	99,999				2.5769	5.1664	2.5895	5.1664	5.1664	2.5895
23	Tier Two Breakover (M Gal):	99,999	99,999				2.5769	5.1664	2.5895	5.1664	5.1664	2.5895
24	Tier Three Breakover (M Gal):											
25	Residential 6-inch	1,895	500	\$ 1,135.98	\$ 1,150.00	\$ 14.02	\$ 2.0614	\$ 3.0000	\$ 0.9386	3.0000	3.0000	\$ 0.9386
26	Tier One Breakover (M Gal):	99,999	99,999				2.5769	5.1664	2.5895	5.1664	5.1664	2.5895
27	Tier Two Breakover (M Gal):	99,999	99,999				2.5769	5.1664	2.5895	5.1664	5.1664	2.5895
28	Tier Three Breakover (M Gal):											
29	Residential 8-inch	2,500	800	\$ 1,817.56	\$ 1,840.00	\$ 22.44	\$ 2.0614	\$ 3.0000	\$ 0.9386	3.0000	3.0000	\$ 0.9386
30	Tier One Breakover (M Gal):	99,999	99,999				2.5769	5.1664	2.5895	5.1664	5.1664	2.5895
31	Tier Two Breakover (M Gal):	99,999	99,999				2.5769	5.1664	2.5895	5.1664	5.1664	2.5895
32	Tier Three Breakover (M Gal):											
33	Residential 10-inch	5,024	1,150	\$ 2,812.75	\$ 2,845.00	\$ 32.25	\$ 2.0614	\$ 3.0000	\$ 0.9386	3.0000	3.0000	\$ 0.9386
34	Tier One Breakover (M Gal):	99,999	99,999				2.5769	5.1664	2.5895	5.1664	5.1664	2.5895
35	Tier Two Breakover (M Gal):	99,999	99,999				2.5769	5.1664	2.5895	5.1664	5.1664	2.5895
36	Tier Three Breakover (M Gal):											
37												
38												
39												
40												
41												
42												
43												
44												
45												
46												
47												
48												
49												
50												
51												
52												
53												
54												
55												

(Continued)

For Service Charges See Company-wide Service Charge Tariff at the end of this schedule

ARIZONA WATER COMPANY
Test Year: Ended December 31, 2010
Changes in Representative Rate Schedules

Line No.	Class of Service	[A] Rate Block		[B]		[C] Proposed Settlement		[D] White Tank		[E] Basic Service Charge		[F] Change		[G] Volumetric Charge (M Gal)		[H] Proposed Settlement		[I] Change		
		Present	Proposed	Present	Proposed	Present	Proposed	Present	Proposed	Present	Proposed	Present	Proposed	Present	Proposed	Present	Proposed	Present	Proposed	Present
1	Commercial 5/8 x 3/4 -inch	10	10	99,999	99,999	99,999	99,999	22.72	23.00	0.28	2.0614	2.5769	3,0000	3,0000	2.0614	2.5769	3,0000	3,0000	0.9386	2.5895
2	Tier One Breakover (M Gal):	99,999	99,999																	
3	Tier Two Breakover (M Gal):	99,999	99,999																	
4	Tier Three Breakover (M Gal):	99,999	99,999																	
5	Commercial 1-inch	75	20	99,999	99,999	99,999	99,999	56.80	57.50	0.70	2.0614	2.5769	3,0000	3,0000	2.0614	2.5769	3,0000	3,0000	0.9386	2.5895
6	Tier One Breakover (M Gal):	99,999	99,999																	
7	Tier Two Breakover (M Gal):	99,999	99,999																	
8	Tier Three Breakover (M Gal):	99,999	99,999																	
9	Commercial 1.5-inch	n/a	45	n/a	99,999	99,999	99,999	n/a	115.00	n/a	n/a	n/a	3,0000	3,0000	n/a	n/a	3,0000	3,0000	n/a	n/a
10	Tier One Breakover (M Gal):	n/a	99,999																	
11	Tier Two Breakover (M Gal):	n/a	99,999																	
12	Tier Three Breakover (M Gal):	n/a	99,999																	
13	Commercial 2-inch	316	75	99,999	99,999	99,999	99,999	181.76	184.00	2.24	2.0614	2.5769	3,0000	3,0000	2.0614	2.5769	3,0000	3,0000	0.9386	2.5895
14	Tier One Breakover (M Gal):	99,999	99,999																	
15	Tier Two Breakover (M Gal):	99,999	99,999																	
16	Tier Three Breakover (M Gal):	99,999	99,999																	
17	Commercial 3-inch	667	155	99,999	99,999	99,999	99,999	363.51	368.00	4.49	2.0614	2.5769	3,0000	3,0000	2.0614	2.5769	3,0000	3,0000	0.9386	2.5895
18	Tier One Breakover (M Gal):	99,999	99,999																	
19	Tier Two Breakover (M Gal):	99,999	99,999																	
20	Tier Three Breakover (M Gal):	99,999	99,999																	
21	Commercial 4-inch	1,062	245	99,999	99,999	99,999	99,999	567.99	575.00	7.01	2.0614	2.5769	3,0000	3,0000	2.0614	2.5769	3,0000	3,0000	0.9386	2.5895
22	Tier One Breakover (M Gal):	99,999	99,999																	
23	Tier Two Breakover (M Gal):	99,999	99,999																	
24	Tier Three Breakover (M Gal):	99,999	99,999																	
25	Commercial 6-inch	2,162	500	99,999	99,999	99,999	99,999	1,135.98	1,150.00	14.02	2.0614	2.5769	3,0000	3,0000	2.0614	2.5769	3,0000	3,0000	0.9386	2.5895
26	Tier One Breakover (M Gal):	99,999	99,999																	
27	Tier Two Breakover (M Gal):	99,999	99,999																	
28	Tier Three Breakover (M Gal):	99,999	99,999																	
29	Commercial 8-inch	3,483	800	99,999	99,999	99,999	99,999	1,817.56	1,840.00	22.44	2.0614	2.5769	3,0000	3,0000	2.0614	2.5769	3,0000	3,0000	0.9386	2.5895
30	Tier One Breakover (M Gal):	99,999	99,999																	
31	Tier Two Breakover (M Gal):	99,999	99,999																	
32	Tier Three Breakover (M Gal):	99,999	99,999																	
33	Commercial 10-inch	5,024	1,150	99,999	99,999	99,999	99,999	2,612.75	2,645.00	32.25	2.0614	2.5769	3,0000	3,0000	2.0614	2.5769	3,0000	3,0000	0.9386	2.5895
34	Tier One Breakover (M Gal):	99,999	99,999																	
35	Tier Two Breakover (M Gal):	99,999	99,999																	
36	Tier Three Breakover (M Gal):	99,999	99,999																	

(Continued)

DECISION NO. _____

For Service Charges See Company-wide Service Charge Tariff at the end of this schedule

Line No.	Class of Service	Rate Block			White Tank			Volumetric Charge (M Gal)							
		[A]		[B]	[C]		[D]	[E]	[F]	[G]	[H]	[I]			
		Present	Proposed - Settlement	Present Rate	Proposed Settlement	Change	Present Rate	Proposed Settlement	Change	Present Rate	Proposed Settlement	Change			
1	Industrial 5/8 x 3/4 -inch	99,999	10	\$ 18.54	\$ 23.00	\$ 4.46	\$ 4.6274	\$ 3,0000	\$ 3,0000	\$ (1,6274)	99,999	99,999	4.6274	5,1664	0,5390
2	Tier One Breakover (M Gal):	99,999													
3	Tier Two Breakover (M Gal):	99,999													
4	Tier Three Breakover (M Gal):	99,999													
5	Industrial 1-inch	99,999	20	\$ 46.34	\$ 57.50	\$ 11.16	\$ 4.6274	\$ 3,0000	\$ 3,0000	\$ (1,6274)	99,999	99,999	4.6274	5,1664	0,5390
6	Tier One Breakover (M Gal):	99,999													
7	Tier Two Breakover (M Gal):	99,999													
8	Tier Three Breakover (M Gal):	99,999													
9	Industrial 1.5-inch	n/a	45	n/a	\$ 115.00	n/a	n/a	\$ 3,0000	n/a	\$ n/a	n/a	n/a	n/a	\$ 3,0000	n/a
10	Tier One Breakover (M Gal):	n/a													
11	Tier Two Breakover (M Gal):	n/a													
12	Tier Three Breakover (M Gal):	n/a													
13	Industrial 2-inch	99,999	75	\$ 148.28	\$ 184.00	\$ 35.72	\$ 4.6274	\$ 3,0000	\$ 3,0000	\$ (1,6274)	99,999	99,999	4.6274	5,1664	0,5390
14	Tier One Breakover (M Gal):	99,999													
15	Tier Two Breakover (M Gal):	99,999													
16	Tier Three Breakover (M Gal):	99,999													
17	Industrial 3-inch	99,999	155	\$ 296.56	\$ 368.00	\$ 71.44	\$ 4.6274	\$ 3,0000	\$ 3,0000	\$ (1,6274)	99,999	99,999	4.6274	5,1664	0,5390
18	Tier One Breakover (M Gal):	99,999													
19	Tier Two Breakover (M Gal):	99,999													
20	Tier Three Breakover (M Gal):	99,999													
21	Industrial 4-inch	99,999	245	\$ 463.38	\$ 575.00	\$ 111.62	\$ 4.6274	\$ 3,0000	\$ 3,0000	\$ (1,6274)	99,999	99,999	4.6274	5,1664	0,5390
22	Tier One Breakover (M Gal):	99,999													
23	Tier Two Breakover (M Gal):	99,999													
24	Tier Three Breakover (M Gal):	99,999													
25	Industrial 6-inch	99,999	500	\$ 926.75	\$ 1,150.00	\$ 223.25	\$ 4.6274	\$ 3,0000	\$ 3,0000	\$ (1,6274)	99,999	99,999	4.6274	5,1664	0,5390
26	Tier One Breakover (M Gal):	99,999													
27	Tier Two Breakover (M Gal):	99,999													
28	Tier Three Breakover (M Gal):	99,999													
29	Industrial 8-inch	99,999	800	\$ 1,482.81	\$ 1,840.00	\$ 357.19	\$ 4.6274	\$ 3,0000	\$ 3,0000	\$ (1,6274)	99,999	99,999	4.6274	5,1664	0,5390
30	Tier One Breakover (M Gal):	99,999													
31	Tier Two Breakover (M Gal):	99,999													
32	Tier Three Breakover (M Gal):	99,999													
33	Industrial 10-inch	99,999	1,150	\$ 2,131.54	\$ 2,845.00	\$ 513.46	\$ 4.6274	\$ 3,0000	\$ 3,0000	\$ (1,6274)	99,999	99,999	4.6274	5,1664	0,5390
34	Tier One Breakover (M Gal):	99,999													
35	Tier Two Breakover (M Gal):	99,999													
36	Tier Three Breakover (M Gal):	99,999													
37	Private Fire Service			\$ 22.69	\$ 25.00	\$ 2.31	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
38	All meter connection sizes:														

(Continued)

For Service Charges See Company-wide Service Charge Tariff at the end of this schedule

DECISION NO.

Line No.	Class of Service	Rate Block				White Tank				Volumetric Charge (M Gal)											
		[A]		[B]		[C]		[D]		[E]		[F]		[G]		[H]		[I]			
		Present	Proposed Settlement	Present Rate	Proposed Settlement	Present Rate	Proposed Settlement	Present Rate	Proposed Settlement	Present Rate	Proposed Settlement	Present Rate	Proposed Settlement	Present Rate	Proposed Settlement	Present Rate	Proposed Settlement	Present Rate	Proposed Settlement	Change	
1																					
2	Public Fire Hydrant																				
3																					
4	Coin Machine																				
5																					
6	Construction Water (2-Inch)	316	75																		
7	Tier One Breakover (M Gal):	99,999	99,999																		
8	Tier Two Breakover (M Gal):	99,999	99,999																		
9	Tier Three Breakover (M Gal):	99,999	99,999																		
10	Construction Water (3-Inch)	667	155																		
11	Tier One Breakover (M Gal):	99,999	99,999																		
12	Tier Two Breakover (M Gal):	99,999	99,999																		
13	Tier Three Breakover (M Gal):	99,999	99,999																		
14	Construction Water (4-Inch)	1,062	245																		
15	Tier One Breakover (M Gal):	99,999	99,999																		
16	Tier Two Breakover (M Gal):	99,999	99,999																		
17	Tier Three Breakover (M Gal):	99,999	99,999																		
18	Sales for Resale (5/8-Inch)	99,999	99,999																		
19	Tier One Breakover (M Gal):	99,999	99,999																		
20	Tier Two Breakover (M Gal):	99,999	99,999																		
21	Tier Three Breakover (M Gal):	99,999	99,999																		
22	Sales for Resale (1-Inch)	99,999	99,999																		
23	Tier One Breakover (M Gal):	99,999	99,999																		
24	Tier Two Breakover (M Gal):	99,999	99,999																		
25	Tier Three Breakover (M Gal):	99,999	99,999																		
26	Sales for Resale (1.5-Inch)	n/a	n/a																		
27	Tier One Breakover (M Gal):	n/a	n/a																		
28	Tier Two Breakover (M Gal):	n/a	n/a																		
29	Tier Three Breakover (M Gal):	n/a	n/a																		
30	Sales for Resale (2-Inch)	99,999	99,999																		
31	Tier One Breakover (M Gal):	99,999	99,999																		
32	Tier Two Breakover (M Gal):	99,999	99,999																		
33	Tier Three Breakover (M Gal):	99,999	99,999																		
34	Sales for Resale (3-Inch)	99,999	99,999																		
35	Tier One Breakover (M Gal):	99,999	99,999																		
36	Tier Two Breakover (M Gal):	99,999	99,999																		
37	Tier Three Breakover (M Gal):	99,999	99,999																		
38	Sales for Resale (4-Inch)	99,999	99,999																		
39	Tier One Breakover (M Gal):	99,999	99,999																		
40	Tier Two Breakover (M Gal):	99,999	99,999																		
41	Tier Three Breakover (M Gal):	99,999	99,999																		
42	Sales for Resale (5-Inch)	99,999	99,999																		
43	Tier One Breakover (M Gal):	99,999	99,999																		
44	Tier Two Breakover (M Gal):	99,999	99,999																		
45	Tier Three Breakover (M Gal):	99,999	99,999																		
46	Sales for Resale (8-Inch)	99,999	99,999																		
47	Tier One Breakover (M Gal):	99,999	99,999																		
48	Tier Two Breakover (M Gal):	99,999	99,999																		
49	Tier Three Breakover (M Gal):	99,999	99,999																		
50	Sales for Resale (10-Inch)	99,999	99,999																		
51	Tier One Breakover (M Gal):	99,999	99,999																		
52	Tier Two Breakover (M Gal):	99,999	99,999																		
53	Tier Three Breakover (M Gal):	99,999	99,999																		
54																					
55																					

For Service Charges See Company-wide Service Charge Tariff at the end of this schedule

Line No.	Class of Service	Rate Block			Basic Service Charge			Volumetric Charge (M Gal)				
		[A]		[B]	[C]		[D]	[E]	[F]	[G]	[H]	[I]
		Present	Proposed - Settlement	Present Rate	Proposed Settlement	Change	Present Rate	Proposed Settlement	Change	Present Rate	Proposed Settlement	Change
1	Residential 5/8 x 3/4 -inch	3	3	\$ 25.16	\$ 25.00	\$ (0.16)	\$	\$ 4.8189	\$ 3.3617	\$ (1.4572)		
2		10	10					6.0236	5.9502	(0.0734)		
3		99,999	99,999					7.5292	9.2228	1.6936		
4												
5	Residential 1-inch	10	15	\$ 62.90	\$ 62.50	\$ (0.40)	\$	6.0236	5.9502	\$ (0.0734)		
6		99,999	99,999					7.5292	9.2228	1.6936		
7		99,999	99,999					7.5292	9.2228	1.6936		
8												
9	Residential 1.5-inch	n/a	30	n/a	\$ 125.00	n/a	\$	n/a	5.9502	n/a		
10		n/a	99,999					n/a	9.2228	n/a		
11		n/a	99,999					n/a	9.2228	n/a		
12												
13	Residential 2-inch	90	50	\$ 201.27	\$ 200.00	\$ (1.27)	\$	6.0236	5.9502	\$ (0.0734)		
14		99,999	99,999					7.5292	9.2228	1.6936		
15		99,999	99,999					7.5292	9.2228	1.6936		
16												
17	Residential 3-inch	200	100	\$ 402.54	\$ 400.00	\$ (2.54)	\$	6.0236	5.9502	\$ (0.0734)		
18		99,999	99,999					7.5292	9.2228	1.6936		
19		99,999	99,999					7.5292	9.2228	1.6936		
20												
21	Residential 4-inch	325	150	\$ 628.97	\$ 625.00	\$ (3.97)	\$	6.0236	5.9502	\$ (0.0734)		
22		99,999	99,999					7.5292	9.2228	1.6936		
23		99,999	99,999					7.5292	9.2228	1.6936		
24												
25	Residential 6-inch	725	330	\$ 1,257.94	\$ 1,250.00	\$ (7.94)	\$	6.0236	5.9502	\$ (0.0734)		
26		99,999	99,999					7.5292	9.2228	1.6936		
27		99,999	99,999					7.5292	9.2228	1.6936		
28												
29	Residential 8-inch	1,200	525	\$ 2,012.70	\$ 2,000.00	\$ (12.70)	\$	6.0236	5.9502	\$ (0.0734)		
30		99,999	99,999					7.5292	9.2228	1.6936		
31		99,999	99,999					7.5292	9.2228	1.6936		
32												
33	Residential 10-inch	1,783	775	\$ 2,893.25	\$ 2,875.00	\$ (18.25)	\$	6.0236	5.9502	\$ (0.0734)		
34		99,999	99,999					7.5292	9.2228	1.6936		
35		99,999	99,999					7.5292	9.2228	1.6936		
36												
37												
38												
39												
40												
41												
42												
43												
44												
45												
46												
47												
48												
49												
50												
51												
52												
53												
54												
55												

(Continued)

For Service Charges See Company-wide Service Charge Tariff at the end of this schedule

DECISION NO.

Line No.	Class of Service	Rate Block		Basic Service Charge		Volumetric Charge (M Gal)	
		Present	Proposed - Settlement	Present Rate	Proposed Settlement	Present Rate	Proposed Settlement
1							
2	Commercial 5/8 x 3/4 -inch	10	10	\$ 25.16	\$ 25.00	\$ 6.0236	\$ 5.9502
3		99,999	99,999			7.5292	9.2228
4		99,999	99,999			7.5292	9.2228
5							
6	Commercial 1-inch	30	15	\$ 62.90	\$ 62.50	\$ 6.0236	\$ 5.9502
7		99,999	99,999			7.5292	9.2228
8		99,999	99,999			7.5292	9.2228
9							
10	Commercial 1.5-inch	n/a	30	n/a	125.00	n/a	\$ 5.9502
11		n/a	99,999			n/a	9.2228
12		n/a	99,999			n/a	9.2228
13							
14	Commercial 2-inch	100	50	\$ 201.27	\$ 200.00	\$ 6.0236	\$ 5.9502
15		99,999	99,999			7.5292	9.2228
16		99,999	99,999			7.5292	9.2228
17							
18	Commercial 3-inch	200	100	\$ 402.54	\$ 400.00	\$ 6.0236	\$ 5.9502
19		99,999	99,999			7.5292	9.2228
20		99,999	99,999			7.5292	9.2228
21							
22	Commercial 4-inch	325	150	\$ 628.97	\$ 625.00	\$ 6.0236	\$ 5.9502
23		99,999	99,999			7.5292	9.2228
24		99,999	99,999			7.5292	9.2228
25							
26	Commercial 6-inch	725	330	\$ 1,257.94	\$ 1,250.00	\$ 6.0236	\$ 5.9502
27		99,999	99,999			7.5292	9.2228
28		99,999	99,999			7.5292	9.2228
29							
30	Commercial 8-inch	1,200	525	\$ 2,012.70	\$ 2,000.00	\$ 6.0236	\$ 5.9502
31		99,999	99,999			7.5292	9.2228
32		99,999	99,999			7.5292	9.2228
33							
34	Commercial 10-inch	1,783	775	\$ 2,893.25	\$ 2,875.00	\$ 6.0236	\$ 5.9502
35		99,999	99,999			7.5292	9.2228
36		99,999	99,999			7.5292	9.2228
37							
38							
39							
40							
41							
42							
43							
44							
45							
46							
47							
48							
49							
50							
51							
52							
53							
54							
55							

(Continued)

For Service Charges See Company-wide Service Charge Tariff at the end of this schedule

Line No.	Class of Service	Rate Block		Basic Service Charge		Volumetric Charge (M Gal)	
		[A]		[E]		[H]	
		[B]	[C]	[D]	[F]	[G]	[I]
		Present	Proposed - Settlement	Present Rate	Proposed Settlement	Present Rate	Proposed Settlement
1	Industrial 5/8 x 3/4 -inch	99,999	10	\$ 25.16	\$ 25.00	\$ 6.0236	\$ 5.9502
2	Tier One Breakover (M Gal):	99,999					\$ (0.0734)
3	Tier Two Breakover (M Gal):	99,999					9.2228
4	Tier Three Breakover (M Gal):	99,999					3.1992
5	Industrial 1-inch	99,999	15	\$ 65.60	\$ 62.50	\$ 6.0236	\$ 5.9502
6	Tier One Breakover (M Gal):	99,999					\$ (0.0734)
7	Tier Two Breakover (M Gal):	99,999					9.2228
8	Tier Three Breakover (M Gal):	99,999					3.1992
9	Industrial 1.5-inch	n/a	30	n/a	\$ 125.00	n/a	\$ 5.9502
10	Tier One Breakover (M Gal):	n/a					n/a
11	Tier Two Breakover (M Gal):	n/a					9.2228
12	Tier Three Breakover (M Gal):	n/a					n/a
13	Industrial 2-inch	99,999	50	\$ 201.27	\$ 200.00	\$ 6.0236	\$ 5.9502
14	Tier One Breakover (M Gal):	99,999					\$ (0.0734)
15	Tier Two Breakover (M Gal):	99,999					9.2228
16	Tier Three Breakover (M Gal):	99,999					3.1992
17	Industrial 3-inch	99,999	100	\$ 402.54	\$ 400.00	\$ 6.0236	\$ 5.9502
18	Tier One Breakover (M Gal):	99,999					\$ (0.0734)
19	Tier Two Breakover (M Gal):	99,999					9.2228
20	Tier Three Breakover (M Gal):	99,999					3.1992
21	Industrial 4-inch	99,999	150	\$ 628.97	\$ 625.00	\$ 6.0236	\$ 5.9502
22	Tier One Breakover (M Gal):	99,999					\$ (0.0734)
23	Tier Two Breakover (M Gal):	99,999					9.2228
24	Tier Three Breakover (M Gal):	99,999					3.1992
25	Industrial 6-inch	99,999	330	\$ 1,257.94	\$ 1,250.00	\$ 6.0236	\$ 5.9502
26	Tier One Breakover (M Gal):	99,999					\$ (0.0734)
27	Tier Two Breakover (M Gal):	99,999					9.2228
28	Tier Three Breakover (M Gal):	99,999					3.1992
29	Industrial 8-inch	99,999	525	\$ 2,012.70	\$ 2,000.00	\$ 6.0236	\$ 5.9502
30	Tier One Breakover (M Gal):	99,999					\$ (0.0734)
31	Tier Two Breakover (M Gal):	99,999					9.2228
32	Tier Three Breakover (M Gal):	99,999					3.1992
33	Industrial 10-inch	99,999	775	\$ 2,893.25	\$ 2,875.00	\$ 6.0236	\$ 5.9502
34	Tier One Breakover (M Gal):	99,999					\$ (0.0734)
35	Tier Two Breakover (M Gal):	99,999					9.2228
36	Tier Three Breakover (M Gal):	99,999					3.1992
37	Private Fire Service			\$ 24.19	\$ 25.00	n/a	n/a
38	All meter connection sizes:						
39							
40							
41							
42							
43							
44							
45							
46							
47							
48							
49							
50							
51							
52							
53							
54							
55							

DECISION NO.

(Continued)

For Service Charges See Company-wide Service Charge Tariff at the end of this schedule

Line No.	Class of Service	Rate Block		Basic Service Charge		Volumetric Charge (M Gal)		
		[B]		[E]		[G]		
		Present	Proposed - Settlement	Present Rate	Proposed Settlement	Present Rate	Proposed Settlement	Change
1								
2	Public Fire Hydrant			n/a	n/a	n/a	n/a	n/a
3								
4	Coin Machine			n/a	n/a	37.81	38	(0.0170)
5								
6	Construction Water (2-Inch)	100	50	\$ 201.27	\$ 200.00	\$ 6.0236	\$ 5.9502	\$ (0.0734)
7		99,999	99,999			7.5292	9.2228	1.6936
8		99,999	99,999			7.5292	9.2228	1.6936
9								
10	Construction Water (3-Inch)	200	100	\$ 402.54	\$ 400.00	\$ 6.0236	\$ 5.9502	\$ (0.0734)
11		99,999	99,999			7.5292	9.2228	1.6936
12		99,999	99,999			7.5292	9.2228	1.6936
13								
14	Construction Water (4-Inch)	325	150	\$ 628.97	\$ 625.00	\$ 6.0236	\$ 5.9502	\$ (0.0734)
15		99,999	99,999			7.5292	9.2228	1.6936
16		99,999	99,999			7.5292	9.2228	1.6936
17								
18	Sales for Resale (5/8-Inch)	99,999	99,999	\$ 25.16	\$ 25.00	\$ 6.0236	\$ 5.9502	\$ (0.0734)
19		99,999	99,999			6.0236	5.9502	(0.0734)
20		99,999	99,999			6.0236	5.9502	(0.0734)
21								
22	Sales for Resale (1-Inch)	99,999	99,999	\$ 62.90	\$ 62.50	\$ 6.0236	\$ 5.9502	\$ (0.0734)
23		99,999	99,999			6.0236	5.9502	(0.0734)
24		99,999	99,999			6.0236	5.9502	(0.0734)
25								
26	Sales for Resale (1.5-Inch)	n/a	n/a	n/a	125.00	n/a	n/a	n/a
27		n/a	n/a			n/a	n/a	n/a
28		n/a	n/a			n/a	n/a	n/a
29								
30	Sales for Resale (2-Inch)	99,999	99,999	\$ 201.27	\$ 200.00	\$ 6.0236	\$ 5.9502	\$ (0.0734)
31		99,999	99,999			6.0236	5.9502	(0.0734)
32		99,999	99,999			6.0236	5.9502	(0.0734)
33								
34	Sales for Resale (3-Inch)	99,999	99,999	\$ 402.54	\$ 400.00	\$ 6.0236	\$ 5.9502	\$ (0.0734)
35		99,999	99,999			6.0236	5.9502	(0.0734)
36		99,999	99,999			6.0236	5.9502	(0.0734)
37								
38	Sales for Resale (4-Inch)	99,999	99,999	\$ 628.97	\$ 625.00	\$ 6.0236	\$ 5.9502	\$ (0.0734)
39		99,999	99,999			6.0236	5.9502	(0.0734)
40		99,999	99,999			6.0236	5.9502	(0.0734)
41								
42	Sales for Resale (6-Inch)	99,999	99,999	\$ 1,257.94	\$ 1,250.00	\$ 6.0236	\$ 5.9502	\$ (0.0734)
43		99,999	99,999			6.0236	5.9502	(0.0734)
44		99,999	99,999			6.0236	5.9502	(0.0734)
45								
46	Sales for Resale (8-Inch)	99,999	99,999	\$ 2,012.70	\$ 2,000.00	\$ 6.0236	\$ 5.9502	\$ (0.0734)
47		99,999	99,999			6.0236	5.9502	(0.0734)
48		99,999	99,999			6.0236	5.9502	(0.0734)
49								
50	Sales for Resale (10-Inch)	99,999	99,999	\$ 2,893.25	\$ 2,875.00	\$ 6.0236	\$ 5.9502	\$ (0.0734)
51		99,999	99,999			6.0236	5.9502	(0.0734)
52		99,999	99,999			6.0236	5.9502	(0.0734)
53								
54								
55								

For Service Charges See Company-wide Service Charge Tariff at the end of this schedule

Western Group

Line No.	Service Charges	Current Rate	[A]	[B]	Settlement Rate*
1					
2	Establishment	\$16.00			\$32.00
3					
4	Guarantee Deposit	Residential - maximum: Two(2) times average customer class bill. Non-Residential-maximum: Two and one-half (2 1/2) times that customers estimated maximum monthly bill.			No Change
5					
6					
7					
8	Reconnection for Delinquency	\$16.00			\$32.00
9					
10					
11					
12					
13	Re-Establishment	Eight (8) times the customer's monthly minimum charge, or payment of the minimums since disconnection, whichever is less.			No Change
14					
15					
16	Service Call Out	During regular working hours - No charge. After regular working hours, on Saturdays, Sundays, or holidays - \$35.00			During regular working hours - no charge. After regular working hours, on Saturdays, Sundays, or holidays - a \$35.00 After Hours Service Charge. The current Service Call Out After Hours Charge is eliminated.
17					
18					
19					
20	Returned Check	\$25.00			No Change in rate. Change language to read "Returned payment for insufficient funds."
21					
22					
23					
24	Meter Re-read	No charge, if done during regular working hours, otherwise, a \$35.00 service call out.			All Meter Re-Reads - \$25.00
25					
26					
27	Meter Test	No charge for the first test; for the second test for the same customer within any twelve (12) month period, \$50.00, or actual time and material whichever is greater.			No charge for the first test; for the second test for the same customer within any twelve (12) month period, \$25.00, or actual time and material, whichever is greater.
28					
29					
30					
31	Service Line and Meter Installation				
32					
33					
34					
35					
36					
37					
38					
39					
40					
41					
42					
43					
44					
45					
46					
47					
48					
49					
50					
51	Late Charge	1.5 percent after 15 days.			No Change
52					
53					
54					
55					

DOCKET NO. W-01445A-10-0517

Meter Size	Service Line ¹	Meter	Total ¹
5/8-inch	\$ 445.00	\$ 155.00	\$ 600.00
1-inch	495.00	315.00	810.00
2" turbine	830.00	1,045.00	1,875.00
2" compound	830.00	1,890.00	2,720.00
3" turbine	1,045.00	1,670.00	2,715.00
3" compound	1,165.00	2,545.00	3,710.00
4" turbine	1,490.00	2,670.00	4,160.00
4" compound	1,670.00	3,645.00	5,315.00
6" turbine	2,210.00	5,025.00	7,235.00
6" compound	2,330.00	6,920.00	9,250.00
8" turbine	2,210.00	5,025.00	7,235.00
8" compound	2,330.00	6,920.00	9,250.00
10" turbine	2,210.00	5,025.00	7,235.00
10" compound	2,330.00	6,920.00	9,250.00

¹Actual cost of service line if boring under roadway is required.

*Adopts Staff's recommended service charges.

DECISION NO.

ARIZONA WATER SERVICES COMPANY
Test Year Ended December 31, 2010
Typical Bill Analysis

Line No.	Description	[A] Base Rates	[B] ACRM / PPA Surcharge	[C] Monthly Consumption (M Gal)	[D] Typical Bill		[E] Present Rates	[F] Total	[G] Proposed Rates - Settlement	[H] Increase		[I] Percent
					Base	Surcharge				Amount	Percent	
1	Residential 5/8 x 3/4 -inch			5	\$ 15.79	\$ -	\$ 15.79	\$ 16.00	\$ 0.21	1.33%		
2				15	23.32	-	23.32	23.77	0.44	1.91%		
3				20	42.59	-	42.59	50.58	7.99	18.76%		
4	Present Rates			25	53.29	-	53.29	66.87	13.58	25.48%		
5				30	64.00	-	64.00	83.17	19.17	29.96%		
6				35	74.70	-	74.70	99.46	24.76	33.15%		
7	Basic Service Charge:	\$ 15.79	\$ -	40	85.40	-	85.40	115.76	30.36	35.55%		
8				45	96.10	-	96.10	132.05	35.95	37.41%		
9	Tier One Breakover (M Gal):	3		50	106.81	-	106.81	148.35	41.54	38.89%		
10	Tier Two Breakover (M Gal):	10		55	117.51	-	117.51	164.64	47.13	40.11%		
11	Tier Three Breakover (M Gal):	99,999		60	128.21	-	128.21	180.94	52.73	41.12%		
12				65	138.92	-	138.92	197.23	58.32	41.98%		
13				70	149.62	-	149.62	213.53	63.91	42.72%		
14	Tier One Rate:	\$ 1.3700	\$ -	75	160.32	-	160.32	229.82	69.50	43.35%		
15	Tier Two Rate:	1.7123		80	171.03	-	171.03	246.12	75.09	43.91%		
16	Tier Three Rate:	2.1406		85	181.74	-	181.74	262.42	80.68	44.45%		
17				90	192.44	-	192.44	278.72	86.28	44.89%		
18	Proposed Rates - Settlement			95	203.15	-	203.15	295.02	91.87	45.23%		
19				100	213.85	-	213.85	311.32	97.47	45.57%		
20				105	224.55	-	224.55	327.62	103.06	45.91%		
21				110	235.25	-	235.25	343.92	108.67	46.25%		
22	Basic Service Charge:	\$ 16.00	\$ -	115	245.95	-	245.95	360.22	114.27	46.59%		
23				120	256.65	-	256.65	376.52	119.87	46.93%		
24	Tier One Breakover (M Gal):	3		125	267.35	-	267.35	392.82	125.47	47.27%		
25	Tier Two Breakover (M Gal):	10		130	278.05	-	278.05	409.12	131.07	47.61%		
26	Tier Three Breakover (M Gal):	99,999		135	288.75	-	288.75	425.42	136.67	47.95%		
27				140	299.45	-	299.45	441.72	142.27	48.19%		
28	Tier One Rate:	\$ 1.1879	\$ -	145	310.15	-	310.15	458.02	147.87	48.33%		
29	Tier Two Rate:	2.1026		150	320.85	-	320.85	474.32	153.47	48.47%		
30	Tier Three Rate:	3.2590		155	331.55	-	331.55	490.62	159.07	48.61%		
31				160	342.25	-	342.25	506.92	164.67	48.75%		
32				165	352.95	-	352.95	523.22	170.27	48.89%		
33				170	363.65	-	363.65	539.52	175.87	49.03%		
34				175	374.35	-	374.35	555.82	181.47	49.17%		
35				180	385.05	-	385.05	572.12	187.07	49.31%		
36				185	395.75	-	395.75	588.42	192.67	49.45%		
37				190	406.45	-	406.45	604.72	198.27	49.59%		
38				195	417.15	-	417.15	621.02	203.87	49.73%		
39				200	427.85	-	427.85	637.32	209.47	49.87%		
40				205	438.55	-	438.55	653.62	215.07	49.91%		
41				210	449.25	-	449.25	670.00	220.75	50.05%		
42				215	459.95	-	459.95	686.30	226.35	50.19%		
43				220	470.65	-	470.65	702.60	231.95	50.33%		
44				225	481.35	-	481.35	718.90	237.55	50.47%		
45				230	492.05	-	492.05	735.20	243.15	50.61%		
46				235	502.75	-	502.75	751.50	248.75	50.75%		
47				240	513.45	-	513.45	767.80	254.35	50.89%		
48				245	524.15	-	524.15	784.10	260.00	51.03%		
49				250	534.85	-	534.85	800.40	265.55	51.17%		
50				255	545.55	-	545.55	816.70	271.15	51.31%		
51				260	556.25	-	556.25	833.00	276.75	51.45%		
52				265	566.95	-	566.95	849.30	282.35	51.59%		
53				270	577.65	-	577.65	865.60	287.95	51.73%		
54				275	588.35	-	588.35	881.90	293.55	51.87%		
55				280	599.05	-	599.05	898.20	299.15	52.01%		

Average Usage: 8.5
Median Usage: 6.1
Standardized Usage: 7.5

Proposed Bill at Lifeline Usage (3.0 M Gal): \$ 19.56
Cost of Service at Lifeline Usage (3.0 M Gal): \$ 28.97
% Cost Discount at Lifeline Usage: 32.47%

Cost of Service at Average Usage: \$ 40.76
% Cost Discount at Average Usage: 23.53%

DECISION NO. _____

ARIZONA WATER SERVICES COMPANY
Test Year Ended December 31, 2010
Typical Bill Analysis

Line No.	Description	(A) Base Rates	(B) ACRM / PPA Surcharge	(C) Monthly Consumption (M. Gal)	(D) Pinal Valley (Stanfield)			(E) Typical Bill			(F) Total	(G) Proposed Rates - Settlement	(H) Amount	(I) Percent
					Base	Surcharge	Present Rates	Base	Surcharge	Present Rates				
1	Residential 5/8 x 3/4 -inch	\$ 15.79	\$ -	5	\$ 15.79	\$ -	\$ 15.79	\$ 16.00	\$ 0.21	\$ 16.00	\$ 0.21	1.33%		
2		29.20	-	15	63.49	-	63.49	29.77	(5.43)	29.20	(5.43)	-18.60%		
3		63.49	-	20	82.53	-	82.53	50.58	(12.91)	63.49	(12.91)	-20.33%		
4	Present Rates	101.58	-	25	101.58	-	101.58	66.87	(15.66)	82.53	(15.66)	-18.98%		
5		120.63	-	30	120.63	-	120.63	83.17	(18.41)	101.58	(18.41)	-18.13%		
6		139.68	-	35	139.68	-	139.68	99.46	(21.17)	120.63	(21.17)	-17.55%		
7	Basic Service Charge:	158.73	-	40	158.73	-	158.73	115.76	(26.67)	139.68	(26.67)	-16.81%		
8		177.78	-	45	177.78	-	177.78	148.35	(29.43)	158.73	(29.43)	-16.55%		
9	Tier One Breakover (M Gal):	196.82	-	50	196.82	-	196.82	164.64	(32.18)	177.78	(32.18)	-16.35%		
10	Tier Two Breakover (M Gal):	215.87	-	55	215.87	-	215.87	180.94	(34.93)	196.82	(34.93)	-16.18%		
11	Tier Three Breakover (M Gal):	234.92	-	60	234.92	-	234.92	197.23	(37.69)	215.87	(37.69)	-16.04%		
12		253.97	-	65	253.97	-	253.97	213.53	(40.44)	234.92	(40.44)	-15.92%		
13	Tier One Rate:	273.02	-	70	273.02	-	273.02	246.12	(43.19)	253.97	(43.19)	-15.82%		
14	Tier Two Rate:	292.07	-	75	292.07	-	292.07	262.60	(45.95)	273.02	(45.95)	-15.73%		
15	Tier Three Rate:	387.31	-	100	387.31	-	387.31	327.60	(59.71)	292.07	(59.71)	-15.42%		
16		490.55	-	150	490.55	-	490.55	480.55	(87.25)	387.31	(87.25)	-15.10%		
17		577.79	-	200	577.79	-	577.79	653.50	(114.78)	490.55	(114.78)	-14.94%		
18	Proposed Rates - Settlement	788.28	-	250	788.28	-	788.28	816.45	(142.31)	577.79	(142.31)	-14.84%		
19		958.76	-	300	958.76	-	958.76	979.40	(169.85)	788.28	(169.85)	-14.78%		
20		1,149.25	-	350	1,149.25	-	1,149.25	1,142.36	(197.36)	958.76	(197.36)	-14.73%		
21	Basic Service Charge:	1,339.73	-	400	1,339.73	-	1,339.73	1,305.31	(224.91)	1,149.25	(224.91)	-14.70%		
22		1,530.22	-	450	1,530.22	-	1,530.22	1,468.26	(252.44)	1,339.73	(252.44)	-14.67%		
23		1,720.70	-	500	1,720.70	-	1,720.70	1,631.21	(279.98)	1,530.22	(279.98)	-14.65%		
24	Tier One Breakover (M Gal):	1,911.19	-	550	1,911.19	-	1,911.19	1,794.16	(307.51)	1,720.70	(307.51)	-14.63%		
25	Tier Two Breakover (M Gal):	2,101.67	-	600	2,101.67	-	2,101.67	1,957.12	(335.04)	1,911.19	(335.04)	-14.62%		
26	Tier Three Breakover (M Gal):	2,292.16	-	650	2,292.16	-	2,292.16	2,120.07	(362.56)	2,101.67	(362.56)	-14.60%		
27		2,482.64	-	700	2,482.64	-	2,482.64	2,283.02	(417.64)	2,292.16	(417.64)	-14.59%		
28	Tier One Rate:	2,673.13	-	750	2,673.13	-	2,673.13	2,445.97	(445.18)	2,482.64	(445.18)	-14.58%		
29	Tier Two Rate:	2,863.61	-	800	2,863.61	-	2,863.61	2,608.92	(472.71)	2,673.13	(472.71)	-14.57%		
30	Tier Three Rate:	3,054.10	-	850	3,054.10	-	3,054.10	2,771.88	(500.24)	2,863.61	(500.24)	-14.56%		
31		3,244.58	-	900	3,244.58	-	3,244.58	2,934.83	(555.31)	3,054.10	(555.31)	-14.55%		
32		3,435.07	-	1,000	3,435.07	-	3,435.07	3,260.73	(630.64)	3,244.58	(630.64)	-14.52%		
33		3,816.04	-	1,500	3,816.04	-	3,816.04	4,890.25	(1,105.97)	3,435.07	(1,105.97)	-14.50%		
34		5,720.89	-	2,000	5,720.89	-	5,720.89	6,519.77	(1,381.30)	3,816.04	(1,381.30)	-14.49%		
35		7,625.74	-	2,500	7,625.74	-	7,625.74	8,149.29	(1,656.63)	5,720.89	(1,656.63)	-14.48%		
36		9,530.59	-	3,000	9,530.59	-	9,530.59	9,778.81	(8.52)	7,625.74	(8.52)	-21.76%		
37		11,435.44	-		11,435.44	-	11,435.44	30.65	(6.88)	9,530.59	(6.88)	-20.31%		
38			-			-		27.00	(7.79)		(7.79)	-21.16%		
39			-			-		29.03						
40			-			-								
41			-			-								
42			-			-								
43			-			-								
44			-			-								
45			-			-								
46			-			-								
47			-			-								
48			-			-								
49			-			-								
50			-			-								
51			-			-								
52			-			-								
53			-			-								
54			-			-								
55			-			-								

Proposed Bill at Lifeline Usage (3.0 M Gal): \$ 19.56
 Cost of Service at Lifeline Usage (3.0 M Gal): \$ 28.97
 % Cost Discount at Lifeline Usage: 32.47%

Cost of Service at Average Usage: \$ 40.23
 % Cost Discount at Average Usage: 23.82%

Average Usage: 6.3
 Median Usage: 6.5
 Standardized Usage: 7.5

DECISION NO. _____

ARIZONA WATER COMPANY
Test Year Ended December 31, 2010
Typical Bill Analysis

Line No.	White Tank										Increase								
	[A]		[B]		[C]		[D]		[E]			[F]		[G]		[H]		[I]	
	Base Rates	ACRM/PPA Surcharge	Monthly Consumption (M Gal)	Typical Bill Base	Typical Bill Present Rates	Typical Bill Surcharge	Typical Bill Total	Proposed Rates - Settlement	Amount	Percent		Amount	Percent						
1	Residential 5/8 x 3/4 - inch			\$ 22.72	\$ -	\$ 22.72	\$ 23.00	\$ 0.28	1.23%										
2			5	31.79		31.79	32.00	0.21	0.66%										
3			15	54.98		54.98	62.00	7.02	12.76%										
4			20	67.87		67.87	87.83	19.97	29.42%										
5	Present Rates		25	80.75		80.75	113.66	32.91	40.76%										
6			30	93.64		93.64	139.50	45.86	48.98%										
7			35	106.52		106.52	165.33	58.81	55.21%										
8	Basic Service Charge:		40	119.40		119.40	191.16	71.76	60.09%										
9			45	132.29		132.29	216.99	84.70	64.03%										
10	Tier One Breakover (M Gal):	3	45	145.17		145.17	242.82	97.65	67.26%										
11	Tier Two Breakover (M Gal):	10	50	158.06		158.06	268.66	110.60	69.97%										
12	Tier Three Breakover (M Gal):	99,999	55	170.94		170.94	294.49	123.55	72.27%										
13			60	183.83		183.83	320.32	136.49	74.25%										
14	Tier One Rate:	\$ 1.6493	65	196.71		196.71	346.15	149.44	75.97%										
15	Tier Two Rate:	2.0614	70	209.60		209.60	371.96	162.39	77.48%										
16	Tier Three Rate:	2.5769	75	274.02		274.02	501.14	227.13	82.89%										
17			100	402.86		402.86	759.46	356.60	88.52%										
18	Proposed Rates - Settlement		150	531.71		531.71	1,017.78	486.08	91.42%										
19			200	660.55		660.55	1,276.10	615.55	93.19%										
20			250	789.40		789.40	1,534.42	745.03	94.38%										
21			300	918.24		918.24	1,792.74	874.50	95.24%										
22	Basic Service Charge:		350	1,047.09		1,047.09	2,051.06	1,003.98	95.88%										
23			400	1,175.93		1,175.93	2,309.38	1,133.45	96.39%										
24	Tier One Breakover (M Gal):	5	450	1,304.78		1,304.78	2,567.70	1,262.93	96.79%										
25	Tier Two Breakover (M Gal):	15	500	1,433.62		1,433.62	2,826.02	1,392.40	97.12%										
26	Tier Three Breakover (M Gal):	99,999	550	1,562.47		1,562.47	3,084.34	1,521.88	97.40%										
27			600	1,691.31		1,691.31	3,342.66	1,651.35	97.64%										
28	Tier One Rate:	\$ 1.8000	650	1,820.16		1,820.16	3,600.98	1,780.83	97.84%										
29	Tier Two Rate:	3.0000	700	1,949.00		1,949.00	3,859.30	1,910.30	98.01%										
30	Tier Three Rate:	5.1664	750	2,077.85		2,077.85	4,117.62	2,039.78	98.17%										
31			800	2,206.69		2,206.69	4,375.94	2,169.25	98.30%										
32			850	2,335.54		2,335.54	4,634.26	2,298.73	98.42%										
33			900	2,593.23		2,593.23	5,150.90	2,557.68	98.63%										
34			1,000	3,881.68		3,881.68	7,734.10	3,852.43	99.25%										
35			1,500	5,170.13		5,170.13	10,317.30	5,147.18	99.56%										
36			2,000	6,458.58		6,458.58	12,900.50	6,441.93	99.74%										
37			2,500	7,747.03		7,747.03	15,483.70	7,736.68	99.87%										
38			3,000																
39	Average Usage:		13.9	\$ 52.16	\$ -	\$ 52.16	\$ 58.72	\$ 6.55	12.57%										
40	Median Usage:		9.0	\$ 40.02	\$ -	\$ 40.02	\$ 43.98	\$ 3.96	9.89%										
41	Standardized Usage:		7.5	\$ 36.94	\$ -	\$ 36.94	\$ 39.50	\$ 2.56	6.92%										
42	Proposed Bill at Lifeline Usage (3.0 M Gal):						\$ 28.40												
43	Cost of Service at Lifeline Usage (3.0 M Gal):						\$ 40.91												
44	% Cost Discount at Lifeline Usage:						30.58%												
45	Cost of Service at Average Usage:						\$ 75.02												
46	% Cost Discount at Average Usage:						21.73%												

Line No.	Description	[A] Base Rates	[B] ACRM / PPA Surcharge	[C] Monthly Consumption (M Gal)	[D] Ajo Present Rates		[F] Total	[G] Proposed Rates - Settlement	[H] Increase		[I] Percent
					Base	Surcharge			Amount	Percent	
1	Residential 5/8 x 3/4 -inch			5	\$ 25.16	\$ -	\$ 25.16	\$ 25.00	\$ (0.16)	-0.64%	
2				15	51.66	-	51.66	46.99	(4.68)	-9.06%	
3				20	119.43	-	119.43	122.85	3.42	2.87%	
4				25	157.07	-	157.07	168.96	11.89	7.57%	
5	Present Rates			30	194.72	-	194.72	215.08	20.36	10.46%	
6				35	232.37	-	232.37	261.19	28.83	12.41%	
7				40	270.01	-	270.01	307.31	37.30	13.81%	
8	Basic Service Charge:	\$ 25.16	\$ -	45	307.66	-	307.66	353.42	45.76	14.87%	
9				50	345.30	-	345.30	399.54	54.23	15.71%	
10	Tier One Breakover (M Gal):	3		55	382.95	-	382.95	445.65	62.70	16.37%	
11	Tier Two Breakover (M Gal):	10		60	420.60	-	420.60	491.76	71.17	16.92%	
12	Tier Three Breakover (M Gal):	99,999		65	458.24	-	458.24	537.88	79.64	17.38%	
13				70	495.89	-	495.89	583.99	88.10	17.77%	
14	Tier One Rate:	\$ 4.8189	\$ -	75	533.53	-	533.53	630.11	96.57	18.10%	
15	Tier Two Rate:	6.0236		80	571.18	-	571.18	676.22	105.04	18.39%	
16	Tier Three Rate:	7.5292		85	759.41	-	759.41	906.78	147.38	19.41%	
17				90	1,135.87	-	1,135.87	1,367.93	232.06	20.43%	
18	Proposed Rates - Settlement			95	1,512.33	-	1,512.33	1,829.07	316.74	20.94%	
19				100	1,888.79	-	1,888.79	2,290.21	401.42	21.25%	
20				105	2,265.25	-	2,265.25	2,751.36	486.11	21.46%	
21				110	2,641.71	-	2,641.71	3,212.50	570.79	21.61%	
22	Basic Service Charge:	\$ 25.00	\$ -	115	3,018.17	-	3,018.17	3,673.64	655.47	21.72%	
23				120	3,394.63	-	3,394.63	4,134.78	740.15	21.80%	
24	Tier One Breakover (M Gal):	3		125	3,771.09	-	3,771.09	4,595.92	824.83	21.87%	
25	Tier Two Breakover (M Gal):	10		130	4,147.55	-	4,147.55	5,057.06	909.51	21.93%	
26	Tier Three Breakover (M Gal):	99,999		135	4,524.01	-	4,524.01	5,518.20	994.19	21.98%	
27				140	4,900.47	-	4,900.47	5,979.34	1,078.87	22.02%	
28	Tier One Rate:	\$ 3.3617	\$ -	145	5,276.93	-	5,276.93	6,440.49	1,163.56	22.05%	
29	Tier Two Rate:	5.9502		150	5,653.39	-	5,653.39	6,901.63	1,248.24	22.08%	
30	Tier Three Rate:	9.2228		155	6,029.85	-	6,029.85	7,362.77	1,332.92	22.11%	
31				160	6,406.31	-	6,406.31	7,823.91	1,417.60	22.13%	
32				165	6,782.77	-	6,782.77	8,285.05	1,502.28	22.15%	
33				170	7,159.23	-	7,159.23	8,746.19	1,586.96	22.17%	
34				175	7,535.69	-	7,535.69	9,207.33	1,671.64	22.18%	
35				180	7,912.15	-	7,912.15	9,668.47	1,756.32	22.20%	
36				185	8,288.61	-	8,288.61	10,129.61	1,841.00	22.21%	
37				190	8,665.07	-	8,665.07	10,590.75	1,925.68	22.22%	
38				195	9,041.53	-	9,041.53	11,051.89	2,010.36	22.23%	
39				200	9,418.00	-	9,418.00	11,513.03	2,094.03	22.24%	
40				205	9,794.46	-	9,794.46	11,974.17	2,178.71	22.25%	
41				210	10,170.92	-	10,170.92	12,435.31	2,263.39	22.26%	
42				215	10,547.38	-	10,547.38	12,896.45	2,348.07	22.27%	
43				220	10,923.84	-	10,923.84	13,357.59	2,432.75	22.28%	
44				225	11,300.30	-	11,300.30	13,818.74	2,517.44	22.29%	
45				230	11,676.76	-	11,676.76	14,279.88	2,602.12	22.30%	
46				235	12,053.22	-	12,053.22	14,741.02	2,686.80	22.31%	
47				240	12,429.68	-	12,429.68	15,202.16	2,771.48	22.32%	
48				245	12,806.14	-	12,806.14	15,663.30	2,856.16	22.33%	
49				250	13,182.60	-	13,182.60	16,124.44	2,940.84	22.34%	
50				255	13,559.06	-	13,559.06	16,585.58	3,025.52	22.35%	
51				260	13,935.52	-	13,935.52	17,046.72	3,110.20	22.36%	
52				265	14,312.00	-	14,312.00	17,507.86	3,194.88	22.37%	
53				270	14,688.46	-	14,688.46	17,969.00	3,279.54	22.38%	
54				275	15,064.92	-	15,064.92	18,430.14	3,364.22	22.39%	
55				280	15,441.40	-	15,441.40	18,891.28	3,448.88	22.40%	

Average Usage: 4.8
 Median Usage: 3.2
 Standardized Usage: 7.5

Proposed Bill at Lifeline Usage (3.0 M Gal): \$ 35.09
 Cost of Service at Lifeline Usage (3.0 M Gal): \$ 42.27
 % Cost Discount at Lifeline Usage: 17.00%

Cost of Service at Average Usage: \$ 53.72
 % Cost Discount at Average Usage: 15.14%

DECISION NO. _____