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BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION OF PIMA UTILITY COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANTS AND PROPERTY AND FOR INCREASES IN ITS WATER RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.	DOCKET NO: W-02199A-11-0329
IN THE MATTER OF THE APPLICATION OF PIMA UTILITY COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANTS AND PROPERTY AND FOR INCREASES IN ITS WASTEWATER RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.	DOCKET NO: SW-02199A-11-0330 **NOTICE OF FILING REJOINDER TESTIMONY**

Pima Utility Company hereby submits this Notice of Filing Rejoinder Testimony in the above-referenced matter. Specifically filed herewith are Rejoinder Testimony of the following:

1. Ray L. Jones, P.E.;
2. Marc L. Spitzer;
3. Thomas J. Bourassa (Cost of Capital); and
4. Thomas J. Bourassa (Rate Base).

RESPECTFULLY SUBMITTED this 25th day of May, 2012.

FENNEMORE CRAIG, P.C.

By_____
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ORIGINAL and thirteen (13) copies of the foregoing were delivered this 25th day of May, 2012, to:

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REJOINDER TESTIMONY OF

RAY L. JONES, P.E.

May 25, 2012

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7001583.4/075040.0025

I. INTRODUCTION AND PURPOSE OF TESTIMONY

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Ray L. Jones, P.E. My business address is 25213 N. 49th Drive, Phoenix, Arizona 85083.

Q. ARE YOU THE SAME RAY L. JONES THAT FILED DIRECT AND REBUTTAL TESTIMONY IN THIS CONSOLIDATED DOCKET?

A. Yes.

Q. HAS ANYTHING CHANGED WITH RESPECT TO YOUR EMPLOYMENT OR RESPONSIBILITIES?

A. No, I am still owner and principal of ARICOR Water Solutions LC, and I am testifying on behalf of the Applicant Pima Utility Company ("Pima" or the "Company").

Q. HAVE YOU REVIEWED THE SURREBUTTAL FILINGS MADE BY STAFF AND RUCO?

A. Yes.

Q. WHAT WILL YOU ADDRESS IN THIS REJOINDER TESTIMONY?

A. My rejoinder testimony is limited to addressing Staff's conclusion that Pima's 2.4 million gallon per day ("MGD") Water Reclamation Facility ("WRF") has excess capacity and the related Staff recommendation that the cost of the Phase II WRF be excluded from Pima's rate base.

II. WATER RECLAMATION FACILITY (WRF)

Q. HAVE YOU REVIEWED THE SURREBUTTAL TESTIMONY OF MARLIN SCOTT, JR. AND CRYSTAL BROWN REGARDING CAPACITY AT THE WRF?

A. Yes.

Q. HAS MR. SCOTT ALTERED HIS CONCLUSIONS OR RECOMMENDATIONS REGARDING THE WRF?

A. No. Mr. Scott continues to consider the 2.4 MGD WRF to have excess capacity at this time.

Q. HAS MS. BROWN CHANGED HER POSITION REGARDING THE WRF?

A. No. Ms. Brown continues to recommend exclusion of $598,468 in plant costs and $356,088 for excess capacity plant that she argues is not used and useful.

Q. DID MS. BROWN ADDRESS YOUR REBUTTAL TESTIMONY POINTING OUT A TECHNICAL PROBLEM WITH THIS ADJUSTMENT?

A. No. Ms. Brown did not address the issue and did not correct her schedules to reflect the updated amounts I provided. Staff's adjustment, which I continue to disagree with in principle, should be a $595,468 reduction to plant in service and a reduction to accumulated depreciation of $354,303, if adopted.

Q. WHY DO YOU DISAGREE WITH STAFF'S CONCLUSION AND ADJUSTMENT?

A. Because Pima's investment in the facility meets the requirements under Commission rules for inclusion in rate base. Two definitions contained in Commission rules establish the requirement for the inclusion of plant expenditures in rate base:

A.A.C. R14-2-103A.3(h) defines "original cost rate base" as:

> An amount consisting of the depreciated original cost, prudently invested, of the property (exclusive of contributions and/or advances in aid of construction) at the end of the test year, used or useful, plus a proper allowance for working capital and including all applicable pro forma adjustments.

A.A.C. R14-2-103A.3(l) defines "prudently invested" as:

> Investments which under ordinary circumstances would be deemed reasonable and not dishonest or obviously wasteful. All investments shall be presumed to have been prudently

> made, and such presumptions may be set aside only by clear and convincing evidence that such investments were imprudent, when viewed in the light of all relevant conditions known or which in the exercise of reasonable judgment should have been known, at the time such investments were made.

Taken together, these rules establish a two-pronged standard for inclusion in rate base. First, the plant investment must be prudent, and second, that the plant itself must be used and useful.

Q. DOES THE WRF, INCLUDING THE PHASE II WRF, CONSTITUTE PRUDENTLY INVESTED PLANT?

A. Yes. As I testified in my rebuttal testimony, "...the design, sizing and phasing of the Pima WRF, including the Phase II WRF, was a reasonable and prudent decision based on sound engineering analysis that considered all relevant information available at the time the decision was made."[1] In his surrebuttal testimony, Mr. Scott reiterates his support of the project from the 1994 financing case and does not take any issue with my extensive rebuttal testimony addressing prudency.

Q. DO YOU BELIEVE THE WRF, INCLUDING THE PHASE II WRF, IS USED AND USEFUL IN THE PROVISION OF SERVICE TO PIMA'S CUSTOMERS?

A. Yes. As I testified in my rebuttal testimony, "...the Phase II WRF project is an integral part of the WRF, all of which is in service and used and useful in the provision of wastewater treatment by Pima."[2]

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[1] Rebuttal Testimony of Ray L. Jones ("Jones Rb.") at 2:17-20.

[2] *Id.* at 2:15-16.

Q. WHY DO YOU BELIEVE THE WRF, INCLUDING THE PHASE II WRF, IS USED AND USEFUL?

A. Because it is in service providing substantial benefits to Pima's customers. I have investigated the history of the WRF, spent time at the WRF and talked to the operators of the WRF in reaching my conclusion. It is clear to me that the entire plant, including the Phase II facilities, are physically used each and every day in the provision of wastewater treatment services by Pima. Furthermore, the existing customers of Pima clearly benefit from the added capacity the Phase II components provide.

Q. WHAT BENEFITS DO PIMA'S CUSTOMERS RECEIVE FROM THE PHASE II CAPACITY?

A. Pima's customers receive several benefits from the Phase II capacity, including the fundamental benefit of being able to live in Sun Lakes. The Pima WRF, including the Phase II capacity, was a regulatorily required element of the infrastructure serving Sun Lakes. If the Phase II capacity had never been constructed, many of the homes and businesses in Sun Lakes could not have been built.

Q. PLEASE EXPLAIN.

A. Based on the information available in 1994, Pima's engineers and its regulators concluded that 1.6 million gallons per day of capacity would be sufficient to serve approximately 7,300 homes, and that 2.4 million gallons per day would be required to serve the approximately 11,000 homes planned for Sun Lakes. The design and sizing was based on prudently selected and regulatorily approved wastewater design factors. Pima constructed the WRF, at the planned and approved capacities, with the intention of providing wastewater services to the community of Sun Lakes.

In addition to determining the capacity of the Pima WRF, the regulatorily approved wastewater design factors have a second function related to the permitting and construction of homes. Under Arizona's regulatory construct, before obtaining a building permit to build a home, a developer must obtain approval for the subdivision and the sanitary facilities serving the subdivision. In order to obtain approval of the sanitary facilities, a capacity assurance for the sewage treatment facility serving the subdivision must be obtained. The capacity assurance for the treatment facility must show that the projected wastewater flows for the new subdivision, in combination with the projected flows for all previously approved subdivisions, is less than the constructed design capacity of the serving sewage treatment facility. All of this capacity analysis must be performed using the same regulatorily approved wastewater design factors that are required to be used in the design and sizing of the treatment facility. Put more succinctly, before building a subdivision, it must be shown that providing service to the subdivision will not cause the constructed design capacity of the treatment facility to be exceeded by the design flow of all subdivisions connected to the treatment facility.

In Pima's case, this means that 1.6 million gallons per day of constructed capacity would have only been sufficient to allow about 7,300 homes to be constructed in Sun Lakes. Put another way, if the Phase II capacity had not been constructed, approximately 3,000 of the existing homes in Sun Lakes could never have been built.

Q. WHAT OTHER BENEFITS DO PIMA'S CUSTOMERS RECEIVE FROM THE PHASE II CAPACITY?

A. The Phase II capacity provides Pima with several operational advantages that provide ongoing benefit to Pima's customers. For example:

- Operating below rated design capacity provides operational flexibility that

would not exist at higher flow rates. The operational flexibility allows Pima to perform routine maintenance at lower cost and without major disruption of the facility. It also allows Pima greater flexibility in shutting down lift stations for maintenance.

- At current operational flows, Pima is able to staff the facility with only three full time positions working eight hours per day five days a week. Weekend coverage is provided by a single person working 8 hours on Saturday, and conducting a brief operational check on Sunday. In contrast, a facility operating at its maximum rated capacity would be expected to need a much heavier staffing, likely 18 to 20 hours per day seven days a week.
- At current operational flows, Pima is able to consistently produce a very high quality effluent that exceeds permit requirements. This consistently high quality effluent reduces recharge and recovery well operational costs and provides direct benefit to golf course customers. All customers receive an indirect benefit since recharging a higher quality effluent preserves Pima's groundwater aquifer.

These cost savings and water quality advantages are real customer benefits provided on a daily basis as a direct result of the Phase II capacity.

Q. ON WHAT BASIS DOES STAFF ARGUE THAT THE PHASE II FACILITIES ARE NOT USED AND USEFUL?

A. Staff's argument is based on a comparison of historic flows to rated capacity and is summarized by the following from Mr. Scott's surrebuttal testimony:

> ...the "known and measureable" flows indicate that the 2.4 MGD WRF is excessive and the 1.6 MGD capacity is adequate at this time.[3]

[3] Surrebuttal Testimony of Marlin Scott, Jr. at 3:14-15.

Q. IS IT APPROPRIATE TO BASE A USED AND USEFUL DETERMINATION FOR PIMA ON STAFF'S CAPACITY ANALYSIS?

A. No it is not.

Q. PLEASE EXPLAIN.

A. Pima's wastewater system is essentially built out. My rebuttal testimony shows that the customers receiving service from Pima's WRF are the same customers it was intended to serve. And, as I explained earlier, many of the homes actually being served would not exist without the Phase II WRF being constructed. Therefore, in Pima's case, there is no mismatch between the customers benefiting from the plant and the customers being asked to pay for the plant. One generation of customers is not being asked to subsidize a different generation of customers.

It is this intergenerational customer equity issue that a capacity analysis, such as the one performed by Staff, can help address. That is why Staff routinely uses a capacity analysis, including a five-year planning horizon, to evaluate the used and usefulness of plant facilities. The difference is that, in every other case I am aware of, the water or wastewater system is growing, and a significant portion of the plant capacity was constructed to serve future customers, creating the potential for an intergenerational subsidy. A mismatch exists because the full cost of a facility has been incurred, but some of the customers it is intended to serve and benefit have not yet arrived. In growing systems, where a mismatch exists, capacity analysis is an appropriate tool to help determine what portion of the plant is used and useful and what portion is not.

In contrast, Pima does not have an intergenerational customer equity issue – there is no mismatch to address. In this case, all a capacity analysis reveals is that the Pima WRF is not operating at full rated capacity. It provides no indication of whether the Pima WRF is a prudent investment or used and useful.

When an intergenerational equity issue does not exist, as in the case of Pima, a used and useful determination should be made by evaluating the facility components and operations to determine if they are serving and benefiting the customers connected to the plant.

Q. AFTER CONSIDERING STAFF'S SURREBUTTAL TESTIMONY, WHAT ARE YOUR CONCLUSIONS REGARDING THE PIMA WRF?

A. Pima made a prudent investment in both Phase I and Phase II of the Pima WRF. The Pima WRF, including Phase II, was necessary to provide wastewater treatment service to the homes and businesses that are currently connected to the plant. The Pima WRF serves the customers it was designed to serve. It was not designed to serve other homes and businesses yet to come or homes and businesses that never materialized. Reduced flows at the Pima WRF are primarily the result of shifting demographics within Pima's customer base. The plant, including the Phase II WRF at issue in this proceeding, has provided and continues to provide direct and substantial benefits to Pima's current customers and is used and useful in providing wastewater treatment services to those customers.

Pima's customers are provided wastewater treatment services by the Pima WRF. They are the same customers that the Pima WRF was designed for and constructed to serve, and they are the same customers that have benefitted and continue to benefit from the plant. It is appropriate that Pima's customers pay for the cost of the Phase II WRF.

Q. DOES THIS CONCLUDE YOUR REJOINDER TESTIMONY?

A. Yes.

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REJOINDER TESTIMONY OF

MARC L. SPITZER

May 25, 2012

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II. SUMMARY OF PIMA'S REJOINDER POSITION 1

7001954.3/075040.0025

I. INTRODUCTION AND PURPOSE OF TESTIMONY

A. My name is Marc L. Spitzer. My business address is 1330 Connecticut Avenue, NW, Washington, DC 20036.

Q. ARE YOU THE SAME MARC SPITZER THAT FILED REBUTTAL TESTIMONY IN THIS CONSOLIDATED DOCKET?

A. Yes.

Q. HAS ANYTHING CHANGED WITH RESPECT TO YOUR EMPLOYMENT OR RESPONSIBILITIES?

A. No, I am still a partner in the Washington, D.C. office of Steptoe & Johnson LLP, practicing in the area of Federal and State utilities regulation.

Q. WHAT IS THE PURPOSE OF THIS REJOINDER TESTIMONY?

A. I will provide rejoinder testimony in response to the surrebuttal filings by Staff and RUCO addressing Pima's request to recover income taxes as part of its cost of service.

II. SUMMARY OF PIMA'S REJOINDER POSITION

Q. BRIEFLY SUMMARIZE YOUR REJOINDER TESTIMONY.

A. The heart of the issue is whether income tax arising from Pima's income from operations "exists." My rebuttal testimony observed that RUCO has confused the accrual of an income tax liability with the payment of income tax. I further observed that every dime of income tax liability created by a pass-through entity and paid by Tier II investors is just as real as income tax paid at the Tier I (corporate) level. My rejoinder testimony builds upon the rebuttal testimony through the use of examples that demonstrate that income of Pima (and any pass-through entity) creates "real" income tax.

Q. WHAT REASONS DOES RUCO WITNESS RIGSBY GIVE FOR OPPOSING PIMA'S INCOME TAX ALLOWANCE?

A. Mr. Rigsby believes the income tax liability arising from Pima's operations does not exist.[1] Mr. Rigsby states that because there is no remittance of tax associated *directly* with the filing of Pima's Form 1120S the tax does not exist.[2] Mr. Rigsby further asserts that Tier II taxes do not exist because they are paid on the "personal" returns of Pima's shareholders.[3]

Q. IS THE ISSUE THAT NARROW – THAT TIER II TAXES DON'T EXIST?

A. Yes. Mr. Rigsby's position is that taxes on Pima's income, paid by Pima's shareholders, don't exist. In his direct testimony, Mr. Rigsby misstated the holding of the D.C. Circuit Court of Appeals in *BP West Coast Products, LLC v. FERC*, 374 F.3d 1263 (D.C. Cir 2004).[4] Mr. Rigsby also quoted *verbatim* from David Cay Johnston.[5] Mr. Johnston has opined that the use of pass-through entities to operate common carriage oil pipelines tariffed under the Interstate Commerce Act is improper and perhaps illegal. I explained in my rebuttal testimony that Congress permits oil pipelines to operate as master limited partnerships, and Mr. Johnston's arguments have been rejected.[6]

Mr. Rigsby's reliance on Mr. Johnston is misplaced. If Pima were to be formed today, it would doubtless be formed as an LLC. Pima was not formed as a subchapter S corporation in 1972 from any malevolent intent. In surrebuttal

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[1] Surrebuttal Testimony of William A. Rigsby ("Rigsby Sb.") at 3 – 4.

[2] *Id. See also id.* at 8.

[3] "So any tax liability owed on the S corporation income is a tax on the personal income of the S corporation shareholder as opposed to a flowed through corporate tax liability." *Id* at 8.

[4] This citation is inconveniently omitted by Mr. Rigsby in his direct testimony. *See* Direct Testimony of William A. Rigsby ("Rigsby Dt.") at 13.

[5] *Id.* at 13 – 14.

[6] *BP West Coast Products LLC v SFPP*, 121 FERC ¶ 61,239 (2007).

testimony, Mr. Rigsby has apparently abandoned the Johnston position and retreated to the ground that Tier II taxes do not exist.

Q. PLEASE PROVIDE SOME EXAMPLES THAT SHOW TIER II TAXES EXIST.

A. Let's take four case studies. In Example I, Joe decides to go into the utility business as a sole proprietor. Joe applies for and receives a certificate (Joe's Utility Business) and earns $100,000 in income. Joe prepares a Schedule C reflecting his $100,000 net income from his new utility business and $100,000 is reported at Line 12 of his Form 1040. If there are no other items of income, loss, expense, credit, deduction, exemption, *etc.* for 2011 Joe will remit a check payable to the United States Treasury in the amount of $21,617 as a direct consequence of the operation of Joe's Utility Business.

In Example II, Joe takes on a 50/50 partner (with the permission of the Commission) who works just as hard as Joe, and each generates $100,000 in utility net income, producing total taxable income for Joe's Utility Business in the amount of $200,000. Under Arizona law, Joe's Utility Business is now a general partnership, and under the tax code Joe's Utility Business is a pass-through entity. Joe prepares IRS Form 1065 to report income for Joe's Utility Business that reflects the two partners' income tax liability in the amount of $100,000 each. Joe's Utility Business submits IRS Form K-1 to Joe showing $100,000 in taxable income. Joe reports the $100,000 income on Schedule E and again at Line 17 of his Form 1040. Based on the same facts as Example I, Joe will pay the identical amount of $21,617 to the United States Treasury as a direct consequence of his $100,000 share of the income of Joe's Utility Business.

In Example III, again with the prior approval of the Commission, Joe's Utility Business forms an Arizona corporation pursuant to Title X, Arizona

Revised Statutes, and then makes an S election. Under Arizona law, Joe's Utility Business has been converted from an Arizona general partnership to an Arizona corporation. Under the tax code, Joe's Utility Business remains a pass-through entity, *albeit* under Subchapter S rather than Subchapter K of the Internal Revenue Code. Assume the same facts as in Example II. Joe will prepare and file IRS Form 1120S rather than Form 1065 to report to IRS the Federal income tax liability of Joe's Utility Business. The result on Joe's personal Form 1040 will be similar to Example II. Joe will report his share of the income of Joe's Utility Business at Schedule E (the difference being the $100,000 is reported as S corporation income rather than partnership income on Part II) and, again, Joe will remit $21,617 to the United States Treasury for his share of the income of Joe's Utility Business.

In Example IV, Joe's fellow shareholder retires from the utility business, leaves the country and becomes a citizen of Ireland. Joe's Utility Business remains an Arizona corporation, but the S election for Joe's Utility Business is terminated and the entity is now taxable as a C corporation. Assume Joe has his normal year and Joe's Utility Business (with just Joe working) earns $100,000. Joe's Utility Business would file IRS Form 1120 and the corporate entity would tender a check to IRS in the amount of $22,250. Joe would only pay taxes on his Form 1040 if he received dividends during that year.

Q. WHAT CONCLUSIONS DO YOU DRAW FROM THESE FOUR EXAMPLES?

A. Joe's Utility Business earned taxable income in each example above, and in every case the taxes were paid. The utility generated the taxable income and the taxes did not disappear. The income tax allowance arises as a result of the conduct of the utility business—whether Joe's Utility Business reports the income to IRS on Form 1040 Schedule C, Form 1065, Form 1120S or Form 1120. For utility ratemaking

purposes, it should not matter whether the check to the United States Treasury is attached to IRS Form 1040 or IRS Form 1120. In Examples I and IV, the taxes are paid at Tier I. In Examples II and III, taxes are paid at Tier II—a distinction without a difference. In all four examples, taxes are paid with respect to the taxable income of Joe's Utility Business.

Q. CAN YOU OPINE ON THE CONCLUSIONS MR. RIGSBY MIGHT DRAW FROM THESE EXAMPLES?

A. Clearly, he would allow the income tax allowance to Joe's Utility Business in Example IV because the payment was reported on Form 1120. Based on his testimony though, I assume the reporting of the income tax liability of Joe's Utility Business on Form 1120S (Example III, which is the situation of Pima) would disqualify the income tax allowance notwithstanding the payment of tax by Joe on his Form 1040. I further assume Mr. Rigsby would reach the same result in Example II, because although the full liability was reported on Form 1065, the tax was paid by Joe as a partner (Tier II) on his individual income tax return. I am not sure what he would conclude as to Example I, the sole proprietorship hypothetical. Either way, granting the allowance because tax is paid at Tier I or rejecting the allowance because the tax payment is reflected on a personal income tax return, illustrates that Mr. Rigsby's position is arbitrary.

In all four examples, Joe's Utility Business earns income and income tax is paid. In all four examples, the same income exists. In all four examples, tax exists. The only difference is that in Example IV the tax borne by Joe's Utility Business is higher. Example I would illuminate whether Mr. Rigsby believes income taxes paid to the IRS "cease to exist" because they are paid at Tier II, or whether they "cease to exist" because the check to IRS is attached to Form 1040.

Neither theory is sufficient to cause the $21,617 in taxes paid by Joe to cease to exist in Examples II and III.

Q. IS THERE ANY POLICY RATIONALE TO SUPPORT THE RESULT PERMITTING AN INCOME TAX ALLOWANCE FOR EXAMPLE IV (AND POSSIBLY EXAMPLE I) BUT NOT EXAMPLES II AND III?

A. No.

Q. IN YOUR REBUTTAL TESTIMONY YOU DISCUSSED FERC PRECEDENT ON THE INCOME TAX ALLOWANCE FOR PIPELINES. WHAT IS THE RELEVANCE OF FERC'S AUTHORITY IN THIS AREA?

A. Obviously this Commission is not bound by FERC precedent. Nor should the Commission follow FERC because it is FERC. However, orders from FERC and the Federal Courts are, I believe, relevant in two respects. First, FERC grappled with the "phantom income" argument advanced by Mr. Johnston and relied on by Mr. Rigsby, at least in his direct testimony. FERC thoroughly analyzed, in the Policy Statement on Income Tax Allowance, 111 FERC ¶ 61,139 (2005), and more closely in Orders 511 and 511-A, 137 FERC ¶ 61,220 (2011), the question of whether Tier II taxes are "real." Secondly, FERC reversed the *Lakehead* precedent (Lakehead Pipeline Company, LP, 71 FERC ¶ 61,388 (1995) *reh'g denied* 75 FERC ¶ 61,181 (1996). In this proceeding, Pima requests that the Commission re-evaluate whether disallowance of the income tax allowance is good policy, and FERC's prior undertaking provides invaluable insight into this exact issue. FERC changed its mind because the *Lakehead* precedent did not produce just and reasonable rates and created an artificial impediment to investment in utility infrastructure. In the pipeline sector, much like other businesses, new investment is flowing into pass-through entities. There is no reason to create a Hobson's choice of forcing a company (its investors and ultimately its customers) to either

pay higher C corporation taxes or forfeit the income tax allowance. FERC changed its policy in light of the changed circumstances. This Commission should do so as well, after its own analysis of course, but for similar reasons.

Q. EXPLAIN STAFF'S OBJECTION TO PIMA'S INCOME TAX ALLOWANCE.

A. Staff does not deny that the taxes paid by Pima's shareholders exist. Staff believes that the income reported on Forms 1040 by Pima's shareholders is investment income, rather than utility operating income.[7]

Q. HOW DO YOU RESPOND TO THAT ARGUMENT?

A. Example I demonstrates the flaw in this reasoning. Just because Joe reports income from Joe's Utility Business on Form 1040 does not mean the income loses its character as income generated due to the utility providing service, even though income is reported and tax is paid on a "personal" rather than corporate tax return. And if Staff concedes that an income tax allowance is appropriate in Example I, on what non-arbitrary basis would it be denied to Joe in Examples II and III? It is an unassailable fact that in Examples I, II and III income is earned by Joe's Utility Business that is reported in each case on Joe's Form 1040, resulting in identical income tax payments to the IRS in the amount of $21,617. There is no legal requirement that the check to IRS be attached to Form 1120 rather than Form 1040 else the tax allowance be forfeit. Whether the utility files Form 1120, Form 1065, Form 1120S or Form 1040, income is earned, income is reported and tax is paid.

Q. DOES THIS CONCLUDE YOUR REJOINDER TESTIMONY?

A. Yes.

[7] Surrebuttal.Testimony of Crystal Brown at 9 – 12.

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REJOINDER TESTIMONY OF

THOMAS J. BOURASSA

(COST OF CAPITAL)

May 25, 2012

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I. INTRODUCTION AND QUALIFICATIONS

Q. PLEASE STATE YOUR NAME AND ADDRESS.

A. My name is Thomas J. Bourassa. My business address is 139 W. Wood Drive, Phoenix, Arizona 85029.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS CASE?

A. I am testifying on behalf of the applicant, Pima Utilities Company ("Pima" or the "Company").

Q. ARE YOU THE SAME THOMAS J. BOURASSA THAT FILED DIRECT AND REBUTTAL TESTIMONY ON RATE BASE, INCOME STATEMENT, REVENUE REQUIREMENT AND RATE DESIGN IN THIS CASE?

A. Yes. My background and qualifications are discussed in my direct testimony on those aspects of the case.

Q. DID YOU ALSO PREPARE DIRECT AND REBUTTAL TESTIMONY ON COST OF CAPITAL ON BEHALF OF PIMA IN THIS CASE?

A. Yes, I also provided direct and rebuttal testimony on the cost of capital in this case.

II. SUMMARY OF REJOINDER TESTIMONY AND THE PROPOSED COST OF CAPITAL FOR THE COMPANY

A. Summary of Company's Rejoinder Recommendation

Q. HAVE YOU UPDATED YOUR COST OF CAPITAL ANALYSIS?

A. No. I updated my cost of capital analysis in my rebuttal testimony filed on April 27, 2012. I updated my cost of capital in my rebuttal testimony because of the significant period of time between the Company's direct filing and its rebuttal filing. I did not feel the need to provide an additional update at this time as my rebuttal update is less than 1 month old.

Q. PLEASE SUMMARIZE YOUR RECOMMENDED REJOINDER COST OF DEBT AND EQUITY, AND YOUR RECOMMENDED REJOINDER RATE OF RETURN ON RATE BASE.

A. I continue to recommend a cost of equity of 10.50 percent based on my most recent cost of capital analysis. The results of my cost of capital analysis can be found in my rebuttal testimony.[1] The Company's recommended capital structure consists of approximately 35.4 percent debt and 64.6 percent common equity as shown on Rejoinder Schedule D-1. The Company's recommended cost of debt is 4.25 percent. Based on the Company's recommended cost of equity, cost of debt and capital structure, the Company's weighted cost of capital ("WACC") is 8.29 percent, as shown on Rejoinder Schedule D-1.

B. <u>Summary of the Recommendations of Staff and RUCO</u>

Q. PLEASE SUMMARIZE THE COST OF DEBT AND EQUITY RECOMMENDED BY STAFF AND RUCO, AND THEIR RESPECTIVE RECOMMENDATIONS FOR THE RATE OF RETURN ON FAIR VALUE RATE BASE.

A. Staff has updated its cost of capital analysis in its surrebuttal testimony and now recommends a cost of equity of 9.4 percent based on the average cost of equity produced by its DCF and CAPM models.[2] Staff also now recommends a capital structure consisting of approximately 35.4 percent debt and 64.6 percent equity.[3] Based on Staff's recommended capital structure, Staff determined the WACC for Pima to be 7.6 percent.[4]

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[1] *See* Rebuttal Testimony of Thomas J. Bourassa – Cost of Capital ("Bourassa COC Rb.") at 2.
[2] *See* Surrebuttal Testimony of John A. Cassidy at 2.
[3] *Id.* at 3.
[4] *Id.*

RUCO still recommends a cost of equity of 9.4 percent.[5] RUCO is recommending a capital structure of 35.4 percent debt and 64.6 percent equity.[6] RUCO's recommended cost of debt is 4.25 percent. Based on RUCO's recommended capital structure, RUCO computed a WACC of 7.6 percent.[7]

C. <u>Responses to RUCO Surrebuttal Testimony</u>

Q. ON PAGE 14 OF HIS SURREBUTTAL TESTIMONY, MR. RIGSBY POINTS OUT THAT YOU DID NOT INCLUDE MIDDLESEX WATER IN YOUR COMPUTATION OF THE AVERAGE PROJECTED RETURNS FOR THE SAMPLE WATER UTILITIES. PLEASE RESPOND.

A. I did not include Middlesex Water Company (MSEX) in the average and this was an oversight. In the past, *Value Line* did not provide this information for MSEX. However, as you will note in Mr. Rigsby's Attachment A, the projected long-term book return for MSEX is 11.0 percent. Inclusion of MSEX in the average computed in my rebuttal testimony would result in an average return of 10.6 percent, which Mr. Rigsby does not mention.

Q. WHAT ABOUT AMERICAN WATER WORKS COMPANY?

A. Neither Mr. Rigsby nor I include American Water Works Company (AWK) in the respective proxy groups used in our cost of capital analyses. The primary reason I do not include AWK is that it went public in 2006 and there isn't enough historical earnings information yet to provide a reliable and meaningful basis for use in my analysis. I suspect that eventually I will include AWK but I should note that AWK is the largest water company in the United States, nearly 4 times larger than Aqua America (WTR) in terms of both annual revenues and net plant. See Rejoinder

[5] *See* Surrebuttal Testimony of William A. Rigsby at 11.
[6] *Id.* at 13.
[7] *Id.* at 14.

Exhibit TJB-COC-RJ1. In my view, AWK's massive size makes it even less relevant to small utilities like Pima. That said, the projected long-term return for AWK is 9.5 percent, as Mr. Rigsby noted.[8] Including AWK in the computation of the long-term averaged projected return would still result in a return that is over 10.4 percent. Mr. Rigsby doesn't disclose this either. Instead, Mr. Rigsby points out that the *Value Line* Water Industry long-term composite return is 9.5 percent.[9]

Q. WHAT'S WRONG WITH POINTING OUT THIS STATISTIC?

A. Nothing, except that we don't know how the composite is derived. *Value Line* does not provide long-term estimates for several of the water companies it follows so I cannot replicate 9.5 percent based on the available information from *Value Line*. Furthermore, the composite return likely includes companies that were excluded for each of our respective proxy groups for valid reasons. So this composite statistic should be relied upon with caution.

Q. ISN'T THE LONG-TERM COMPOSITE RETURN STATISTIC 14.5 PERCENT FOR THE LDC'S?

A. Yes. Mr. Rigsby points this out but then dismisses it stating "Pima is after all a water utility."[10] I find this ironic since Mr. Rigsby has been justifying using LDC's in his cost of capital analyses for water utilities for many years because the LDC's are similar to water utilities and therefore have comparable risks.[11] In fact, in his direct testimony, he states his proxy group LDC's "have similar operating characteristics to water providers."[12] If we are to believe Mr. Rigsby, then the LDC composite should be relevant to an evaluation of his cost of equity

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[8] *Id.*

[9] *Id.* at 15.

[10] *Id.*

[11] *See* Surrebuttal Testimony of William A. Rigsby, filed June 18, 2010 in Docket No. W-02465A-09-0411, *et al.*, at 12 - 13.

[12] *See* Direct Testimony of William A. Rigsby at 19.

recommendation. The average of the long-term composite returns Water Industry and the Natural Gas Industry is 12 percent, which is far greater than Mr. Rigsby's recommended 9.4 percent and yet another number he has failed to disclose.

Q. HAVE YOU ANYTHING ELSE TO ADD?

A. Yes. I have attached the most recent AUS Utility Reports statistics for regulated water utilities and natural gas distribution companies. See **Exhibit TJB-COC-RJ1**. You will note that the average authorized return for the water companies and the natural gas distribution companies is 9.98 percent and 10.6 percent, respectively. You will also note that the average earned return on common equity for the water companies and the natural gas distribution companies is 9.9 percent and 11.1 percent, respectively. All of these are significantly higher than Mr. Rigsby's recommendation of 9.4 percent in this case.

D. <u>Responses to Staff Surrebuttal Testimony</u>

Q. PLEASE RESPOND TO MR. CASSIDY'S CLAIM ON PAGE 5 THAT YOU MADE AN ERROR IN COMPUTING YOUR GROWTH RATES.

A. Mr. Cassidy asserts that I used the wrong growth rate for Connecticut Water Company (CTWS) resulting in an over-statement of my growth rate and ultimately my DCF cost of equity estimates. However, Mr. Cassidy is simply wrong. As I have done for many years, I use the average growth estimate of the other water utilities when there are no growth estimates from any one of my three sources of growth estimates or only one source provides a growth estimate for a company. This approach has the same effect as excluding the growth estimate for that company. Mr. Cassidy may not realize that my approach is no different than the approach Staff has employed in its own determination of growth estimates for many years and the approach Mr. Cassidy employs in the instant case. The difference being that Staff only uses one source for its growth rates (*Value Line*)

and I use three. I use three sources in order to provide for a more robust estimate of growth.

Q. ON PAGE 4 AND 5 OF HIS TESTIMONY, MR. CASSIDY POINTS OUT THAT YOUR FINANCIAL RISK ADJUSTMENT CHANGED IN YOUR UPDATED ANALYSIS. WHY DID YOUR FINANCIAL RISK ADJUSTMENT CHANGE FROM 40 BASIS POINT IN YOUR DIRECT TESTIMONY TO 30 BASIS POINT IN YOUR REBUTTAL TESTIMONY?

A. Because the recommended capital structure changed and contains more debt.[13] I thought this would be obvious to Staff and required no additional explanation. After all, Staff typically uses the Hamada adjustment just as I do when computing a financial risk adjustment. Additionally, I included the computation supporting the 30 basis point financial risk adjustment in my schedules.[14]

Q. HAS MR. CASSIDY PROVIDED ANY RESPONSE TO THE COMPARABLE EARNINGS ANALYSIS PROVIDED IN YOUR REBUTTAL TESTIMONY?

A. No. A check on the reasonableness of the results produced by the DCF and CAPM methods are highly relevant and should not be completely ignored. I am disappointed (but not surprised) that neither Mr. Cassidy nor Mr. Rigsby commented on the updated results using the *Duff and Phelps* risk premium study data which showed the indicated cost of equity for the water proxy group of 11.2 percent. *See* Exhibit TJB-COC-RB1. This analysis incorporated elements which I believed would have garnered acceptance by both RUCO and Staff such as a relatively low market risk premium and spot interest rates.[15] Further, the build-up

[13] *See* Bourassa COC Rb. at 5 – 6.
[14] *See* Rebuttal Cost of Capital Schedule D-4.13.
[15] Bourassa COC Rb. at 16.

method using Duff and Phelps study data does not suffer from many of the shortcomings of the CAPM, and the DCF for that matter. I can only guess that since the indicated cost of equity of 11.2 percent was greater than the results of DCF and CAPM models and, therefore, the results were ignored by both parties. Like Mr. Rigsby's recommendation, Mr. Cassidy's cost of equity recommendation fails the reasonableness check and should be rejected.

Q. DOES THAT CONCLUDE YOUR REJOINDER TESTIMONY ON COST OF CAPITAL?

A. Yes.

Pima Utility Company

Thomas Bourassa Direct Testimony
(Cost of Capital)

Exhibit TJB-COC-RJ1

AUS UTILITY REPORTS
155 Gaither Drive, Suite A
Mount Laurel, NJ 08054

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THE INVESTOR'S EDGE

AUS MONTHLY UTILITY REPORT

ELECTRIC COMPANIES

NATURAL GAS COMPANIES

WATER COMPANIES

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NATURAL GAS DISTRIBUTION & INTEGRATED NAT. GAS COMPANIES

COMPANY	TOTAL REV $ MILL (1)	% REG GAS REV	NET PLANT $ MILL	NET PLANT PER $ REV (1)	S&P BOND RATING	MOODY'S BOND RATING	COMMON EQUITY RATIO (3)	% RETURN ON BOOK VALUE COMMON EQUITY (4)	% RETURN ON BOOK VALUE TOTAL CAPITAL	REGULATION ALLOWED ROE	REGULATION ORDER DATE
AGL Resources Inc. (NYSE-GAS)	2,238.0	68	7,900.0	3.38	A-	Aa3	40.3	6.7	4.7	10.17	03/09
Atmos Energy Corporation (NYSE-ATO)	4,361.8	62	5,246.2	1.21	BBB+	Baa2	46.6	8.9	7.2	11.71	[illegible]
Delta Natural Gas Company (NDQ-DGAS)	184.7	54	293.5	1.58	NR	NR	59.1	9.3	8.9	10.40	10/10
El Paso Corporation (NYSE-EP)	4,860.0	63	19,170.0	3.94	B-/B+	Baa3	19.7	3.7	3.0	NM	11/02
Energen Corporation (NYSE-EGN)	1,481.5	36	4,620.8	3.11	BBB+	A1	67.5	11.3	9.4	13.40	10/02
EQT Corporation (NYSE-EQT)	1,659.9	26	6,806.2	4.15	BBB+	NR	58.7	14.4	10.8	11.00	[illegible]
Gas Natural, Inc. (NDQ-EGAS)	150.4	94	136.0	0.90	NR	NR	60.5	10.0	7.6	12.63	[illegible]
Laclede Group, Inc. (NYSE-LG)	1,570.0	56	936.9	0.60	A	A2	55.3	11.5	8.7	NM	10/05
National Fuel Gas Company (NYSE-NFG)	1,760.5	53	4,227.9	2.40	BBB	Baa1	57.5	14.2	10.9	9.50	[illegible]
New Jersey Resources Corp. (NYSE-NJR)	2,238.5	30	1,070.2	0.47	A-	Aa3	52.0	17.2	9.0	10.30	10/08
Northwest Natural Gas Co. (NYSE-NWN)	660.2	56	1,889.9	2.87	A-	A1	46.5	9.1	6.9	10.20	[illegible]
ONEOK, Inc. (NYSE-OKE)	14,305.8	15	8,421.9	0.57	BBB+	Baa2	23.5	15.4	7.1	10.50	[illegible]
Piedmont Natural Gas Co., Inc. (NYSE-PNY)	1,253.7	100	2,697.4	2.15	A-	A3	47.6	10.3	4.8	10.40	[illegible]
Questar Corporation (NYSE-STR)	1,194.1	97	3,098.4	2.59	A-	A3	43.2	20.1	14.3	10.00	08/08
RGC Resources, Inc. (NDQ-RGCO)	66.8	98	86.8	1.30	NR	NR	68.1	9.2	6.2	9.85	[illegible]
South Jersey Industries, Inc. (NYSE-SJI)	828.6	58	1,352.4	1.63	A-	A2	45.5	15.0	8.6	10.30	9/10
Southern Union Company (NYSE-SUG)	2,666.0	55	5,726.3	2.15	BBB-	Baa3	41.6	9.9	7.5	9.73	[illegible]
Southwest Gas Corporation (NYSE-SWX)	1,887.2	74	3,218.9	1.71	BBB-	Baa2	49.5	9.4	7.5	10.22	[illegible]
WGL Holdings, Inc. (NYSE-WGL)	2,888.4	45	2,721.1	0.94	A-	A2	48.1	8.4	6.9	9.85	[illegible]
Williams Companies, Inc. (NYSE-WMB)	7,930.0	85	12,580.0	1.59	BBB-	Baa2	15.2	8.3	9.4	NM	[illegible]
AVERAGE	[illegible]		[illegible]		[illegible]		47.2	11.1	7.9	10.60	[illegible]

WATER COMPANIES

COMPANY	TOTAL REV $ MILL (1)	% REG WATER REV	NET PLANT $ MILL	NET PLANT PER $ REV (1)	S&P BOND RATING	MOODY'S BOND RATING	COMMON EQUITY RATIO (3)	% RETURN ON BOOK VALUE COMMON EQUITY (4)	% RETURN ON BOOK VALUE TOTAL CAPITAL	REGULATION ALLOWED ROE	REGULATION ORDER DATE
American States Water Co. (NYSE-AWR)	419.5	72	889.8	2.12	A+	A2	34.4	11.7	8.8	9.99	01/11
American Water Works Co., Inc. (NYSE-AWK)	2,675.4	89	10,872.0	4.06	A+	Baa1	41.8	15.8	9.7	9.61	
Aqua America, Inc. (NYSE-WTR)	789.6	96	3,910.9	4.95	AA-	NR	44.1	11.8	5.8	10.33	
Artesian Resources Corp. (NDQ-ARTNA)	162.9	91	875.5	5.40	NR	NR	37.9	6.1	5.9	10.00	09/09
California Water Service Group (NYSE-CWT)	501.8	97	1,364.6	2.72	AA-	NR	45.7	8.5	7.0	9.99	11/11
Connecticut Water Service, Inc. (NDQ-CTWS)	227.7	98	1,114.0	4.87	A	NR	45.4	9.7	6.4	9.75	07/10
Middlesex Water Company (NDQ-MSEX)	101.5	90	422.2	4.16	A-	NR	51.9	7.6	5.9	10.15	
SJW Corporation (NYSE-SJW)	239.0	96	730.0	3.06	A-	NR	48.4	8.0	7.0	9.99	01/11
York Water Company (NDQ-YORW)	40.6	100	232.5	5.72	A-	NR	52.8	9.7	8.0	NM	10/08
AVERAGE	[illegible]		[illegible]		[illegible]		47.5	9.9	7.2	9.98	[illegible]

Pima Utility Company

Thomas Bourassa Direct Testimony
(Cost of Capital)

D Schedules

Pima Utility Company
Test Year Ended December 31, 2010
Summary of Cost of Capital

Exhibit
Rejoinder Schedule D-1
Page 1
Witness: Bourassa

Consolidated Capital Structure of Water and Sewer Division

Proforma End of Test Year

Line No.	Item of Capital	Dollar Amount	Percent of Total	Cost Rate	Weighted Cost
1	Long-Term Debt	8,370,000	35.36%	4.250%	1.50%
2					
3	Stockholder's Equity	15,301,736	64.64%	10.50%	6.79%
4					
5	Totals	23,671,736	100.00%		8.29%
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22	SUPPORTING SCHEDULES:				
23	D-1, page 2				
24	Testimony				
25					
26					
27					
28					
29					
30					

RECAP SCHEDULES:

Pima Utility Company
Test Year Ended December 31, 2010

Computation of Consolidated Capital Structure

Exhibit
Rejoinder Schedule D-1
Page 2
Witness: Bourassa

Line No.			
1	Equity Distribution		
2	Per E-1 Water	$	12,160,028
3	Per E-1 Wastewater		7,272,375
4	Water A/D Adjustments per Direct		588,942
5	Sewer A/D Adjustments per Direct		(2,219,610)
6	Subtotal		17,801,736
7	Equity Distribution		(2,500,000)
8	Net Equity Balance	$	15,301,736
9			
10	Debt		
11	Balance end of Test year	$	6,125,000
12	2011 principal payments		(1,755,000)
13	Subtotal		4,370,000
14	Increase in Debt		4,000,000
15	Net Debt Balance	$	8,370,000
16			
17	Total Capital	$	23,671,736
18	% Debt		35.36%
19	% Equity		64.64%
20			

Pima UtilityCompany - Water Division
Test Year Ended December 31, 2010
Cost of Long Term Debt

Exhibit
Rejoinder Schedule D-2
Page 1
Witness: Bourassa

Line No.	Description of Debt	End of Test Year Amount Outstanding	End of Test Year Annual Interest	End of Test Year Interest Rate	End of Test Year Weighted Cost	Proforma End of Test Year Amount Outstanding	Proforma End of Test Year Annual Interest	Proforma End of Test Year Interest Rate	Proforma End of Test Year Weighted Cost	End of Projected Year Amount Outstanding	End of Projected Year Annual Interest	End of Projected Year Interest Rate	End of Projected Year Weighted Cost
1													
2	IDA Bonds - Maricopa Cnty	6,125,000	471,380	7.696% [1]	7.696%	-	-	7.696%	0.000%	-	-	7.696%	0.000%
3	Proposed Long-term Debt				0.000%	8,370,000	355,728	4.250% [2]	4.250%	8,370,000	355,728	4.250%	4.250%
4													
5													
6													
7													
8													
9													
10													
11													
12													
13	Totals	$ 6,125,000	471,380		7.696%	$ 8,370,000	355,728		4.250%	$ 8,370,000	355,728		4.250%
14													
15													
16	Supporting Schdules:												
17	E-1												
18	Testimony												
19													
20													
21													
22													
23	[1] Effective interest rate using Effective Interest Method for amortizing bond issuance costs. See work papers.												
24	[2] Estimate of Effective interest rate using Effective Interest Method for amortizing bond issuance costs. See work papers.												
25													
26													
27													
28													
29													
30													

Pima UtilityCompany - Water Division
Test Year Ended December 31, 2010
Cost of Preferred Stock

Exhibit
Rejoinder Schedule D-3
Page 1
Witness: Bourassa

Line No.		End of Test Year			End of Projected Year		
1							
2							
3	Description	Shares		Dividend	Shares		Dividend
4	of Issue	Outstanding	Amount	Requirement	Outstanding	Amount	Requirement
5							
6							
7	NOT APPLICABLE, NO PREFERRED STOCK ISSUED OR OUTSTANDING						
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21	SUPPORTING SCHEDULES:			RECAP SCHEDULES:			
22				D-1			
23							
24							
25							
26							
27							
28							
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30							
31							
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34							
35							
36							
37							
38							
39							
40							

Pima UtilityCompany - Water Division
Test Year Ended December 31, 2010
Cost of Common Equity

Exhibit
Rejoinder Schedule D-4
Page 1
Witness: Bourassa

Line No.		
1		
2	The Company is proposing a cost of common equity of	10.50% .
3		
4		
5		
6		
7		
8		
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10		
11		
12		
13		
14		
15		
16		
17	SUPPORTING SCHEDULES:	RECAP SCHEDULES:
18	D-4.1 to D-4.16	D-1
19		
20		

Pima Utility Company
Summary of Results

Exhibit
Rejoinder Schedule D-4.1
Witness: Bourassa

Line No.	Method	Low	High	Midpoint
6	Range DCF Constant Growth Estimates[1]	9.7%	11.3%	10.5%
8	Range of CAPM Estimates[2]	8.2%	13.7%	10.9%
11	Average of DCF and CAPM midpoint estimates	8.9%	12.5%	10.7%
14	Financial Risk Adjustment[3]	-0.3%	-0.3%	-0.3%
16	Small Company Risk Premium[4]	0.5%	1.0%	0.8%
18	Indicated Cost of Equity	9.1%	13.2%	11.2%
22	Recommended Cost of Equity			10.5%

[1] See Schedule D-4-8
[2] See Schedule D-4.12
[3] See Schedule D-4.13, Testimony
[4] See Schedule D-4.16, Testimony

Pima Utility Company
Selected Characteristics of Sample Group of Water Utilities

Exhibit
Rejoinder Schedule D-4.2
Witness: Bourassa

Line No.	Company[1]	% Water Revenues	Operating Revenues (millions)	Net Plant (millions)	S&P Bond Rating	Moody's Bond Rating	Allowed ROE
1	1. American States	72%	$ 419.3	$ 889.8	A+	A2	9.99
2	2. Aqua America	96%	$ 729.6	$ 3,612.9	AA-	NR	10.33
3	3. California Water	97%	$ 501.8	$ 1,364.6	AA-	NR	9.99
4	4. Connecticut Water	98%	$ 72.7	$ 354.6	A	NR	9.75
5	5. Middlesex	90%	$ 101.5	$ 422.2	A	NR	10.15
6	6. SJW Corp.	96%	$ 239.0	$ 730.9	A	NR	9.99
7							
8	Average	92%	$ 344.0	$ 1,229.2			10.03
9							
10	Pima Utility Company (as of December 31, 2010)	100% Water/Sewer	$ 5.1	$ 21.9	NR	NR	

[1]AUS Utility Reports (April 2012).

Pima Utility Company
Capital Structures

Exhibit
Rejoinder Schedule D-4.3
Witness: Bourassa

No.	Company	Book Value[1] Long-Term Debt	Book Value[1] Common Equity	Market Value[1] Long-Term Debt	Market Value[1] Common Equity
1	American States	44.3%	55.7%	30.7%	69.3%
2	Aqua America	56.6%	43.4%	33.3%	66.7%
3	California Water	52.4%	47.6%	39.0%	61.0%
4	Connecticut Water	53.2%	46.8%	35.3%	64.7%
5	Middlesex	43.5%	56.5%	31.7%	68.3%
6	SJW Corp.	53.6%	46.4%	39.5%	60.5%
	Average	50.6%	49.4%	34.9%	65.1%
	Pima Utility Company (Proforma) [2]	35.4%	64.6%	N/A	N/A

[1] Value Line Analyzer Data (April 6, 2012)
[2] Adjusted Per Schedule D-1

Pima Utility Company
Comparisons of Past and Future Estimates of Growth

Exhibit
Rejoinder Schedule D-4.4
Witness: Bourassa

Line No.	Company	[1] Price[1]	[2] Book Value[2]	[3] EPS[2]	[4] DPS[2]	[5] Average Col 1-4	[6] Average Future Growth[3]	[7] Average of Future and Historical Growth Col 5-6
		Five-year historical average annual changes						
8	1. American States	5.86%	5.00%	11.50%	2.50%	6.21%	8.07%	7.14%
9	2. Aqua America	0.38%	7.00%	4.50%	8.00%	4.97%	8.60%	6.79%
10	3. California Water	NMF	5.50%	6.50%	1.00%	4.33%	8.48%	6.41%
11	4. Connecticut Water	3.43%	3.00%	1.50%	1.50%	2.36%	7.90%	5.13%
12	5. Middlesex	7.10%	5.50%	4.50%	1.50%	4.65%	4.35%	4.50%
13	6. SJW Corp.	NMF	6.50%	NMF	5.50%	6.00%	10.00%	8.00%
16	GROUP AVERAGE	4.19%	5.42%	5.70%	3.33%	4.75%	7.90%	6.33%
17	GROUP MEDIAN	4.64%	5.50%	4.50%	2.00%	4.81%	8.27%	6.60%

[1] Average of changes in annual stock prices ending on December 31 through 2011. Data from Yahoo Finance website.
[2] Value Line Analyzer Data, April 6, 2012
[3] See Schedule D-4.6.

Pima Utility Company
Comparisons of Past and Future Estimates of Growth

Exhibit
Rejoinder Schedule D-4.5
Witness: Bourassa

Line No.	Company	[1] Price[1]	[2] Book Value[2]	[3] EPS[2]	[4] DPS[2]	[5] Average Col 1-4	[6] Average Future Growth[3]	[7] Average of Future and Historical Growth Col 5-6
1								
2								
3								
4		**Ten-year historical average annual changes**						
5								
6								
7	1. American States	6.51%	5.00%	4.50%	2.00%	4.50%	8.07%	6.28%
8	2. Aqua America	7.63%	9.00%	6.50%	7.50%	7.66%	8.60%	8.13%
9	3. California Water	3.95%	4.50%	3.00%	1.00%	3.11%	8.48%	5.79%
10	4. Connecticut Water	5.00%	4.00%	1.00%	1.50%	2.87%	7.90%	5.39%
11	5. Middlesex	5.84%	4.50%	2.50%	2.00%	3.71%	4.35%	4.03%
12	6. SJW Corp.	2.69%	6.00%	2.00%	5.00%	3.92%	10.00%	6.96%
13								
14								
15	GROUP AVERAGE	5.27%	5.50%	3.25%	3.17%	4.30%	7.90%	6.10%
16	GROUP MEDIAN	5.42%	4.75%	2.75%	2.00%	3.82%	8.27%	6.04%
17								
18								
19								
20	[1] Average of changes in annual stock prices ending December 31, 2011. Data from Yahoo Finance website.							
21	[2] Value Line Analyzer Data, March 8, 2012.							
22	[3] See Rejoinder Schedule D-4.6.							
23								
24								
25								
26								
27								
28								

Pima Utility Company
Analysts Forecasts of Earnings Per Share Growth

Exhibit
Rejoinder Schedule D-4.6
Witness: Bourassa

Line No.	Company	[1] Zacks[1]	[3] Yahoo[1]	[4] Value Line[1]	[5] Average Growth (G) (Cols 1-4)[2]
		ESTIMATES OF EARNINGS GROWTH			
7	1. American States	12.00%	5.70%	6.50%	8.07%
8	2. Aqua America	8.30%	7.50%	10.00%	8.60%
9	3. California Water	10.00%	9.93%	5.50%	8.48%
10	4. Connecticut Water		4.55%		7.90%
11	5. Middlesex		2.70%	6.00%	4.35%
12	6. SJW Corp.		14.00%	6.00%	10.00%
15	GROUP AVERAGE	10.10%	7.40%	6.80%	7.90%
16	GROUP MEDIAN				8.27%

[1] Data as of April 6, 2012

[2] Where no data available or single estimate, average of other utilities assumed to estimate for utility.

Pima Utility Company
Current Dividend Yields for Water Utility Sample Group

Exhibit
Rejoinder Schedule D-4.7
Witness: Bourassa

Line No.	Company	Curent Stock Price (P_0)[1]	Current Dividend (D_0)[1]	Current Dividend Yield (D_0/P_0)[1]	Average Annual Dividend Yield (D_0/P_0)[1,2]
6	1. American States	$ 36.36	$ 1.04	2.86%	2.98%
7	2. Aqua America	$ 22.23	$ 0.59	2.65%	3.11%
8	3. California Water	$ 17.94	$ 0.60	3.34%	3.24%
9	4. Connecticut Water	$ 28.23	$ 0.94	3.33%	3.62%
10	5. Middlesex	$ 18.50	$ 0.72	3.89%	4.23%
11	6. SJW Corp.	$ 24.32	$ 0.68	2.80%	2.78%
13	Average			3.15%	3.33%
14	Median			3.10%	3.18%

[1] Value Line Analyzer Data. Stock prices as of April 6, 2012.

[2] Average Annual Dividend is dividends declared per share for a year divided by the average annual price of the stock in the same year, expressed as a percentage. For comparison purposes only.

Pima Utility Company
Discounted Cash Flow Analysis
DCF Constant Growth

Exhibit
Rejoinder Schedule D-4.8
Witness: Bourassa

Line No.		[1]	[2]	[3]		[4]
		Average Spot Dividend Yield (D_0/P_0)[1]	Expected Dividend Yield (D_1/P_0)[2]	Growth (g)		Indicated Cost of Equity k=Div Yld + g (Cols 2+3)
8	DCF - Past and Future Growth	3.15%	3.35%	6.33%	[3]	9.7%
10	DCF - Future Growth	3.15%	3.39%	7.90%	[4]	11.3%
13	Average	3.15%	3.37%	7.11%		10.5%

[1] Spot Dividend Yield = D_0/P_0. See Schedule D-4.7.
[2] Expected Dividend Yield = $D_1/P_0 = D_0/P_0 * (1+g)$.
[3] Growth rate (g). Average of Past and Future Growth. See Schedule D-4.4, column 7
[4] Growth rate (g). Average of Analyst Estimates Future Growth. See Schedule D-4.6.

Pima Utility Company
Market Betas

Exhibit
Rejoinder Schedule D-4.9
Witness: Bourassa

Line No.		Company	Beta ( )[1]
1		Company	Beta ( )[1]
2	1.	American States	0.70
3	2.	Aqua America	0.65
4	3.	California Water	0.65
5	4.	Connecticut Water	0.75
6	5.	Middlesex	0.70
7	6.	SJW Corp.	0.85
8			
9		Average	**0.72**
10			
11			
12			
13		[1] Value Line Investment Analyzer data (April 6, 2012)	
14		Note: Beta is a relative measure of the historical sensitivity of a stock's price to overall fluctuations	
15		in the New York Stock Exchange Composite Index. A Beta of 1.50 indicates a stock tends to rise	
16		(or fall) 50% more than the New York Stock Exchange Composite Index. The "Beta coefficient" is	
17		derived from a regression analysis of the relationship between weekly percent-age changes in the	
18		price of a stock and weekly percentage changes in the NYSE Index over a period of five years. In	
19		the case of shorter price histories, a smaller time period is used, but two years is the minimum.	
20		The Betas are adjusted for their long-term tendency to converge toward 1.00.	

Pima Utility Company
Forecasts of Long-Term Interest Rates
2011-2012

Exhibit
Rejoinder Schedule D-4.10
Witness: Bourassa

Line No.	Description	Actual 2012 Q-1	2012	2013	Average
1					
2					
3					
4					
5					
6	Blue Chip Consensus Forecasts[1]	3.04%	3.4%	3.8%	3.4%
7					
8	Value Line[2]	3.04%	3.4%	3.7%	3.4%
9					
10	Average				3.4%
11					
12					
13					
14					
15	[1] April 2012 Blue Chip Financial Forecasts consensus forecast of 30 Year U.S.Treasury				
16	[2] Value Line Quarterly forecast, dated February 24, 2012, Long-term Treasury				
17					
18					
19					
20					
21					
22					
23					
24					

Pima Utility Company
Computation of Current Market Risk Premium

Exhibit
Rejoinder Schedule D-4.11
Witness: Bourassa

Line No.	Month	Dividend Yield (D_0/P_0)[1]	Expected Dividend Yield (D_1/P_0)[2]	+	Growth (g)[3]	=	Expected Market Return (k)	-	Monthly Average 30 Year Treasury Rate[4]	=	Market Risk Premium (MRP)
4	Jan 2011	2.34%	2.60%	+	11.10%	=	13.70%	-	4.52%	=	9.18%
5	Feb	2.41%	2.73%	+	13.16%	=	15.89%	-	4.65%	=	11.24%
6	Mar	2.35%	2.64%	+	12.33%	=	14.97%	-	4.51%	=	10.46%
7	April	1.83%	2.02%	+	10.30%	=	12.32%	-	4.50%	=	7.82%
8	May	1.95%	2.18%	+	11.76%	=	13.94%	-	4.29%	=	9.65%
9	June	1.97%	2.21%	+	12.11%	=	14.32%	-	4.23%	=	10.09%
10	July	2.23%	2.58%	+	15.51%	=	18.09%	-	4.27%	=	13.82%
11	Aug	2.73%	3.24%	+	18.51%	=	21.75%	-	3.65%	=	18.10%
12	Sept	2.88%	3.47%	+	20.40%	=	23.87%	-	3.18%	=	20.69%
13	Oct	2.60%	3.03%	+	16.35%	=	19.38%	-	3.13%	=	16.25%
14	Nov	2.75%	3.24%	+	17.89%	=	21.13%	-	3.02%	=	18.11%
15	Dec 2011	2.70%	3.17%	+	17.41%	=	20.58%	-	2.98%	=	17.60%
16	Jan 2012	2.61%	2.98%	+	14.18%	=	17.16%	-	3.03%	=	14.13%
17	Feb	2.60%	2.99%	+	15.01%	=	18.00%	-	3.11%	=	14.89%
18											
19	Recommended	2.64%	3.05%	+	15.53%	=	18.58%	-	3.04%	=	14.30%
20											
21	Short-term Trends										
22	Recent Twelve Months Avg	2.43%	2.81%	+	15.15%	=	17.96%	-	3.66%	=	14.30%
23	Recent Nine Months Avg	2.56%	2.99%	+	16.37%	=	19.36%	-	3.40%	=	15.96%
24	Recent Six Months Avg	2.69%	3.15%	+	16.87%	=	20.02%	-	3.08%	=	16.94%
25	Recent Three Months Avg	2.64%	3.05%	+	15.53%	=	18.58%	-	3.04%	=	15.54%

[1] Average Current Dividend Yield (D_0/P_0) of dividend paying stocks. Data from Value Line Investment Analyzer Software Data - Value Line 1700 Stocks

[2] Expected Dividend Yield (D_1/P_0) equals average current dividend yield (D0/P0) times one plus growth rate(g).

[3] Average 3-5 year price appreciation (annualized). Data from Value Line Investment Analyzer Software Data - Value Line 1700 Stocks

[4] Monthly average 30 year U.S. Treasury. Federal Reserve.

Pima Utility Company
Capital Asset Pricing Model (CAPM)

Exhibit
Rejoinder Schedule D-4.12
Witness: Bourassa

Line No.		Rf[1]	+	beta[3]	x	Rp		=	k
1									
2									
3	Historical Market Risk Premium CAPM	3.4%	+	0.72	x	6.6%	[4]	=	8.2%
4									
5	Current Market Risk Premium CAPM	3.4%	+	0.72	x	14.3%	[5]	=	13.7%
6									
7	Average								10.9%
8									
9									
10									
11									
12	[1] Forecasts of long-term treasury yields. See Schedule D-4.10.								
13	[2] Value Line Investment Analyzer data. See Schedule D-4.9.								
14	[3] Historical Market Risk Premium from (Rp) MorningStar *SBBI 2012 Valuation Yearbook* Table A-1 Long-Horizon ERP 1926-2011.								
15	[4] Computed using DCF constant growth method to determine current market return onValue Line 1700 stocks								
16	and CAPM with beta of 1.0 to compute Current Market Risk Premium (Rp). See Schedule D-4.11.								
17									
18									
19									
20									

Pima Utility Company
Financial Risk Computation

Exhibit
RejoinderSchedule D-4.13
Witness: Bourassa

Line No.											
1	**CAPM**										
2		**Rf**		+	**β**		x	**(Rp)**			**k**
3	Historical Market Risk Premium	3.4%	1	+	0.72	2	x	6.6%	3	=	8.2%
4	Current Market Risk Premium	3.4%	1	+	0.72	2	x	14.3%	4	=	13.7%
5											
6	Average										11.0%
7											
8											
9	**CAPM Relevered Beta**										
10		**Rf**		+	**β**		x	**(Rp)**			**k**
11	Historical Market Risk Premium	3.4%	1	+	0.69	5	x	6.6%	3	=	8.0%
12	Current Market Risk Premium	3.4%	1	+	0.69	5	x	14.3%	4	=	13.3%
13											
14	Average										10.7%
15											
16	Financial Risk Adjustment										**-0.3%**
17											
18											
19	[1] Forecast of long-term treasury yields. See Schedule D-4.10										
20	[2] Value Line Investment Analyzer data. See Schedule D-4.9										
21	[3] Historical Market Risk Premium from (Rp) MorningStar SBBI 2012 Valuation Yearbook Table A-1 Long-Horizon ERP 1926-2011										
22	[4] Computed using DCF constant growth method to determine current market return on Value Line 1700 stocks										
23	and CAPM with beta of 1.0 to compute Current Market Risk Premium (Rp). See Schedule D-4.11										
24	[5] Relevered bata found on Schedule D-4.15										
25											

Pima Utility Company
Financial Risk Computation
Unlevered Beta

Exhibit
Rejoinder Schedule D-4.14
Witness: Bourassa

Line No.		Company	VL Beta β_L[1]	Raw Beta Raw β_L[2]	Tax Rate t[3]	MV Debt D[4]	MV Equity E[4]	Unlevered Raw Beta β_U[5]
5	1.	American States	0.70	0.55	43.2%	30.7%	69.3%	0.44
6	2.	Aqua America	0.65	0.48	39.2%	33.3%	66.7%	0.37
7	3.	California Water	0.65	0.48	39.5%	39.0%	61.0%	0.35
8	4.	Connecticut Water	0.75	0.63	41.3%	35.3%	64.7%	0.48
9	5.	Middlesex	0.70	0.55	32.1%	31.7%	68.3%	0.42
10	6.	SJW Corp.	0.85	0.78	38.8%	39.5%	60.5%	0.56
13		Sample Water Utilitie:	0.72	0.58	39.0%	34.9%	65.1%	0.44

[1] Value Line Investment Analyzer data. See Schedule D-4.13
Value Line uses the historical data of the stock, but assumes that a security's beta moves toward the market average over time. The formula is as follows:
Adjusted beta = .33 + (.67) * Raw beta
[2] Raw Beta = (VL beta - .33)/(.67)
[3] Effective tax rates for year ended December 31, 2011.
[4] See Schedule D-4.3
[5] Raw B_u = Raw B_L/ (1+ (1-t)*D/E)

Pima Utility Company
Financial Risk Computation
Relevered Beta

Exhibit
Rejoinder Schedule D-4.15
Witness: Bourassa

Line No.		Unlevered Raw Beta β_U[1]	MV Book Debt BD[2]	MV Equity Capital EC[2]	Tax Rate t[3]	Relevered Raw Beta $\beta_{RL}=\beta_U$ (1+(1-t)BD/EC)) β_{RL}	VL Adjusted Relevered Beta .33 + .67(Raw Beta) β_{RL}
5	Pima Utility Company	0.44	22.0%	78.0%	24.14%	0.53	0.69

[1] Unlevered Beta from Schedule D-4.14.

[2] Capital Structure of Company

	BV (in Thousands)		MV (in Thousands)	MV %
Long-term Debt	$ 8,370	1.00	$ 8,370	22.00%
Preferred Stock	$ -	1.00	-	0.0%
Common Stock	$ 15,302	1.94	(a) 29,700	78.0%
Total Capital	$ 23,672		$ 38,070	100.0%

(a) Current market-to-book ratio of sample water utilities. See work papers.

[3] Current Tax rate based on test year ending 12/31/2011. See Schedule D-1.

Pima Utility Company
Size Premium[1]

Exhibit
Rejoinder Schedule D-4.16
Witness: Bourassa

Line No.		Beta( )	Size Premium	Risk Premium for Small Water Utilities[7]
6	Mid-Cap Companies[2]	1.12	1.14%	
8	Low-Cap Companies[3]	1.23	1.88%	
10	Micro-Cap Companies[4]	1.36	3.89%	
12	Decile 10[5]	1.7	6.10%	3.86%

Line No.		Risk Premium for Small Water Utilities
20	Estimated Risk Premium for small water utilities[6]	0.99%

[1] Data from Table 7-8 of Morningstar, *Ibbotson SBBI 2012 Valuation Yearbook.*
[2] Mid-Cap companies includes companies with market capitalization between $1,621 million and $6,896 million.
[3] Low-Cap companies includes companies with market capitalization between $422 million and $1,620 million.
[4] Micro-Cap companies includes companies with market capitalization less than $422 million.
[5] Decile 10 includes companies with market capitalization between $1.0 million and $206 million.
[6] From Table 2, Thomas M. Zepp, "Utility Stocks and the Size Effect Revisited," *The Quarterly Review of Economics and Finance*, 43 (2003), 578-582.
[7] Computed as the weighted differences between the Decile 10 risk premium and the inidicated risk premiums for the sample water utlities as shown below. Excludes risk due to differences in beta.

		Market Cap. (Millions)	Class	Size Premium	Difference to Decile 10	Weight	Weighted Size Premium
1.	American States	$ 676	Low-Cap	1.88%	4.22%	0.1666667	0.70%
2.	Aqua America	$ 3,068	Mid-Cap	1.14%	4.96%	0.1666667	0.83%
3.	California Water	$ 748	Low-Cap	1.88%	4.22%	0.1666667	0.70%
4.	Connecticut Water	$ 248	Decile 9	2.80%	3.30%	0.1666667	0.55%
5.	Middlesex	$ 289	Micro-Cap	3.89%	2.21%	0.1666667	0.37%
6.	SJW Corp.	$ 452	Low-Cap	1.88%	4.22%	0.1666667	0.70%
	Weighted Size Premium for Small Companies						3.86%

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Attorneys for Pima Utility Company

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION OF PIMA UTILITY COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANTS AND PROPERTY AND FOR INCREASES IN ITS WATER RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.	DOCKET NO: W-02199A-11-0329
IN THE MATTER OF THE APPLICATION OF PIMA UTILITY COMPANY, AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANTS AND PROPERTY AND FOR INCREASES IN ITS WASTEWATER RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.	DOCKET NO: SW-02199A-11-0330

REJOINDER TESTIMONY OF

THOMAS J. BOURASSA

(RATE BASE, INCOME STATEMENT AND RATE DESIGN)

May 25, 2012

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I. INTRODUCTION AND QUALIFICATIONS

Q. PLEASE STATE YOUR NAME AND ADDRESS.

A. My name is Thomas J. Bourassa. My business address is 139 W. Wood Drive, Phoenix, Arizona 85029.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?

A. I am testifying in this proceeding on behalf of the applicant, Pima Utility Company ("Pima" or the "Company").

Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY IN THE INSTANT CASE?

A. Yes. My direct testimony, submitted in support of the initial application in this docket, consisted of two volumes, one addressing rate base, income statement and rate design, and the other addressing cost of capital. I also filed two volumes of rebuttal covering the same issues.

Q. WHAT IS THE PURPOSE OF THIS REJOINDER TESTIMONY?

A. I will provide rejoinder testimony in response to the surrebuttal filings by Staff and RUCO. This volume relates to rate base, income statement and rate design. In a separate volume, I will provide responses to Staff and RUCO on the cost of capital and rate of return applied to the fair value rate base, and the determination of operating income.

II. SUMMARY OF PIMA'S REJOINDER POSITION

Q. WHAT ARE THE REVENUE INCREASES FOR THE WATER AND WASTEWATER DIVISIONS THAT THE COMPANY IS PROPOSING IN THIS REJOINDER TESTIMONY?

A. For the water division, the Company is proposing a total revenue requirement of $2,690,054, which constitutes an increase in revenues of $712,426, or 36.02% over adjusted test year revenues. For the wastewater division, Pima is proposing a total

revenue requirement of $3,513,050, which constitutes an increase in revenues of $416,275, or 13.44% over adjusted test year revenues.

Q. HOW DO THESE COMPARE WITH THE COMPANY'S REBUTTAL FILING?

A. They are both slightly lower. In the rebuttal filing for the water division, the Company requested a total revenue requirement of $2,691,108, which required an increase in revenues of $713,480, or 36.08%. In the rebuttal filing for the wastewater division, the Company requested a total revenue requirement of $3,514,104, which required an increase in revenues of $417,329, or 13.48%. For the two divisions, the necessary revenue increase has decreased by just over $1,500.

Q. WHAT'S DIFFERENT?

A. The Company has revised its adjustment to salaries and wages for officers and directors which has lowered the revenue requirement slightly. More specifically, the Company has agreed to reduce employee benefits to the level associated with its proposed salaries and wages for officers and directors.

For the water division, the net result of these adjustments is: (1) the Company's proposed operating expenses have decreased by $753, from $1,735,835 in the rebuttal filing to $1,735,082.

For the wastewater division, the net result of these adjustments is: (1) the Company's proposed operating expenses have decreased by $754, from $2,580,167 in the rebuttal filing to $2,579,413.

The Company continues to recommend a cost of equity of 10.5%. The Company continues to propose a cost of debt to 4.25% and a capital structure consisting of 35.36% debt and 64.64% equity. Based on these recommendations

the overall recommended weighted cost of capital (rate of return) continues to be 8.29%.

Q. THANK YOU. WHAT ARE THE PROPOSED REVENUE REQUIREMENTS AND RATE INCREASES FOR THE COMPANY, STAFF, AND RUCO AT THIS STAGE OF THE PROCEEDING?

A. For the water division, the proposed revenue requirements and proposed rate increases are as follows:

	Revenue Requirement	Revenue Incr.	% Increase
Company-Rebuttal	$2,691,108	$ 713,480	36.08%
Staff-Surrebuttal	$2,434,827	$ 457,200	23.12%
RUCO-Surrebuttal	$2,394,262	$ 416,636	21.07%
Company-Rejoinder	$2,690,054	$ 712,436	36.04%

For the wastewater division, the proposed revenue requirements and proposed rate increases are as follows:

	Revenue Requirement	Revenue Incr.	% Increase
Company-Rebuttal	$3,514,104	$ 417,329	13.48%
Staff-Surrebuttal	$3,421,261	$ 144,486	4.67%
RUCO-Surrebuttal	$3,096,775	$ 95,414	3.08%
Company-Rejoinder	$3,513,050	$ 416,275	13.44%

The vast majority of the dollars in dispute for both divisions relate to the ROE and recovery of income taxes.

Q. WHAT WOULD BE THE IMPACT TO CUSTOMER BILLS FROM THE PROPOSED RATE INCREASE?

A. The average monthly water bill under the proposed rates for a 5/8x3/4 inch residential customer using an average 6,395 gallons would be $13.74—a $3.08 increase over the present monthly bill. The average monthly wastewater bill under

the proposed rates for a 5/8 inch residential customer would be $26.03—a $3.30 increase from the present monthly bill.

III. RATE BASE

A. Water Division Rate Base

Q. WOULD YOU PLEASE IDENTIFY THE PARTIES' RESPECTIVE RATE BASE RECOMMENDATIONS FOR THE WATER DIVISION?

A. Yes, for the water division the rate bases proposed by the Company, Staff and RUCO, are as follows:

	OCRB	FVRB
Company-Rebuttal	$ 9,073,324	$ 9,073,324
Staff-Surrebuttal	$ 9,122,677	$ 9,122,677
RUCO-Surrebuttal	$ 9,073,286	$ 9,073,286
Company-Rejoinder	$ 9,073,324	$ 9,073,324

Q. IS THE COMPANY PROPOSING ANY ADDITIONAL ADJUSTMENTS TO RATE BASE AT THIS STAGE OF THE PROCEEDING?

A. No. The Company proposed adjustments to the rate base components since the direct filing are described in detail in my rebuttal testimony. The adjustments for water division's OCRB are detailed on rejoinder schedules B-2, pages 3 through 5. Rejoinder Schedule B-2, page 1 and 2, summarize the Company's proposed adjustments and the rebuttal OCRB.

1. Plant-in-Service (PIS) and Accumulated Depreciation (A/D)

Q. PLEASE DISCUSS THE POSITIONS OF THE PARTIES WITH RESPECT TO PLANT-IN-SERVICE AND ACCUMULATED DEPRECIATION.

A. While all the parties are in agreement on the total balance of plant-in-service of $14,571,679 for the water division, there are minor differences in the individual

account balances between the Company and RUCO. More specifically, there are minor differences for accounts 307–Wells and Springs, 311–Pumping Equipment, and 320.2–Chemical Solution Feeders. The differences arise because the Company adopted Staff's adjustment number 3 for capitalized test year expenses which adjusts the plant accounts differently than does RUCO through its adjustments.[1] For example, Staff's adjustment increases account 307–Wells and Springs by 3,902, account 311–Pumping Equipment by $5,937, and account 333–Services by $15,692. The adjustment increase PIS by $25,692 in total. RUCO's adjustments (adjustments 3 and 4) increase account 311–Pumping Equipment by $7,273, account 320.2–Chemical Solution Feeders by $2,566 and account 333–Services by $15,692. The RUCO adjustments also total $25,692.

Q. WHAT IS THE CONSEQUENCE OF THE DIFFERENCES IN THE INDIVIDUAL ACCOUNT BALANCES?

A. RUCO's recommended level of depreciation expense is somewhat higher than the Company's—about $550.[2]

Q. PLEASE CONTINUE. ARE THE PARTIES IN AGREEMENT ON THE RECOMMENDED LEVEL OF ACCUMULATED DEPRECIATION?

A. Yes. All the parties recommend an A/D balance of $4,788,552 at this stage of the proceeding.[3]

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[1] *Compare* Staff adjustment 3 as shown in Staff Surrebuttal Schedule CSB-4 with RUCO adjustment 3 and 4 as shown on RUCO surrebuttal schedules RBM-12 and RBM-13.

[2] The Company recommends depreciation expense of $667,321, as shown on Rejoinder Schedule C-2, page 2, and RUCO recommends depreciation expense of $667,869, as shown on Surrebuttal Schedule RBM-10.

[3] *Compare* Company Rejoinder Schedule B-2, page 1, with RUCO Surrebuttal Schedule RBM-2 and Staff Surrebuttal Schedule CSB-2.

2. Advances-in-Aid of Construction (AIAC) and Contributions-in-Aid of Construction (CIAC)

Q. PLEASE DISCUSS THE POSITIONS OF THE PARTIES WITH RESPECT TO AIAC AND CIAC.

A. The Company and RUCO are in agreement of the balance of AIAC ($0) and net CIAC ($709,783) at this stage of the proceeding.[4] These balances are a result of reclassifying AIAC to CIAC as proposed by RUCO. Staff continues to recommend an AIAC balance of $374,236 and a net CIAC balance of $286,194—which are the balances the Company proposed in its direct filing.[5]

Q. PLEASE COMMENT ON THE STAFF REASONING FOR NOT ADOPTING THE PROPOSED ADJUSTMENT.

A. The basis of RUCO's adjustment was that the developer who provided the original advance-in-aid of construction has gone bankrupt and Pima is not aware of any successor entity to which payments can be made. The Company has no expectation that the AIAC will be paid in the future given the circumstances.

Staff's reasoning for not adopting RUCO's adjustment is that the Company owes the money and has an obligation to pay.[6] But Staff's reasoning does make sense given the circumstances. The problem with this argument is that Pima does not know whom to pay or even if an entity exists for which the obligation is owed. If by some remote chance an entity emerges in the future to accept payments, the Company will deal with those circumstances at that time. In the meantime, it is the Company that is taking the risk, not the ratepayers. And as a practical matter, proposed reclassification is a benefit to ratepayers through lower rates.

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[4] *Compare* Company Rejoinder Schedule B-2, page 1 with RUCO Surrebuttal Schedule RBM-2.
[5] *See* Staff Surrebuttal Schedule CSB-2.
[6] *See* Surrebuttal Testimony of Crystal S. Brown ("Brown Sb.") at 4.

Q. WHY DOES RUCO'S ADJUSTMENT RESULT IN LOWER RATES?

A. Because the depreciation on AIAC funded plant is allowed in rates and not allowed in rates for CIAC funded plant. The reclassification accepted by the Company results in savings to ratepayers of about $21,000 annually.

Q. WOULDN'T IT COST THE COMPANY ADDITIONAL TIME AND MONEY TRYING TO TRACK DOWN WHO THE COMPANY SHOULD PAY?

A. I would assume so. Likewise, if any successor entity is interested in being paid, I would think they would have made themselves known and requested payment.

Q. ARE THERE ANY OTHER RATE BASE RELATED DISPUTES BETWEEN THE PARTIES?

A. No.

B. <u>Wastewater Division Rate Base</u>

Q. WOULD YOU PLEASE IDENTIFY THE PARTIES' RESPECTIVE RATE BASE RECOMMENDATIONS FOR THE WASTEWATER DIVISION?

A. Yes, for the wastewater division the rate bases proposed by the Company, Staff and RUCO, are as follows:

	OCRB	FVRB
Company-Rebuttal	$ 9.832,800	$ 9,832,800
Staff-Surrebuttal	$ 9,642,163	$ 9,642,163
RUCO-Surrebuttal	$ 9,832,800	$ 9,832,800
Company-Rejoinder	$ 9.832,800	$ 9,832,800

Q. IS THE COMPANY PROPOSING ANY ADDITIONAL ADJUSTMENTS TO RATE BASE AT THIS STAGE OF THE PROCEEDING?

A. No. The Company proposed adjustments to the rate base components since the direct filing are described in detail in my rebuttal testimony. The adjustments for water division's OCRB are detailed on rejoinder schedules B-2, pages 3 through 5. Rejoinder Schedule B-2, page 1 and 2, summarize the Company's proposed adjustments and the rebuttal OCRB.

1. <u>PIS and A/D</u>

Q. PLEASE DISCUSS THE POSITIONS OF THE PARTIES WITH RESPECT TO PLANT-IN-SERVICE AND ACCUMULATED DEPRECIATION.

A. The Company and RUCO agree to a PIS balance of $22,039,554 (including a $3 rounding difference). Staff's recommended PIS balance is $21,478,941, which is $560,613 lower than the Company's recommended PIS balance.

Q. WHAT ARE THE REASONS FOR THE DIFFERENCE IN THE PIS BALANCES BETWEEN THE COMPANY AND STAFF?

A. Two reasons. First, Staff's PIS balance does not reflect RUCO's proposed adjustment of $37,858 discussed in my rebuttal testimony.[7] This adjustment was for removal of certain plant costs that were not included in the sewer division's prior rate case. Second, Staff is proposing to remove $598,468 for excess capacity related to wastewater treatment.[8] The Company continues to disagree with Staff's proposal for the reasons explained by Mr. Jones in his rejoinder testimony.

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[7] *See* Rebuttal Testimony of Thomas J. Bourassa – Rate Base, Income Statement and Rate Design ("Bourassa Rb.") at 7.

[8] Brown Sb. at 4.

Q. OKAY. PLEASE DISCUSS THE PARTIES' RECOMMENDED LEVELS OF ACCUMULATED DEPRECIATION.

A. The Company and RUCO are in agreement on the A/D balance of approximately $11,503,741.[9] Staff's recommended A/D balance of $11,191,864 is lower than the Company's recommended balance by $311,877.[10] This difference is the result of: 1) Staff's A/D does not include the $43,881 upward adjustment to A/D for prior rate case plant costs as reflected in the Company's proposed adjustment "B" discussed in my rebuttal testimony; and, 2) Staff proposes a $356,088 downward adjustment to A/D for its related recommended disallowance of excess capacity plant costs also discussed in my rebuttal testimony.[11]

2. <u>AIAC and CIAC</u>

Q. PLEASE DISCUSS THE POSITIONS OF THE PARTIES WITH RESPECT TO AIAC AND CIAC.

A. The Company and RUCO are in agreement of the balance of AIAC ($0) and net CIAC ($703,013) at this stage of the proceeding.[12] These balances are a result of reclassifying AIAC to CIAC as proposed by RUCO. Staff continues to recommend an AIAC balance of $285,313 and a net CIAC balance of $359,601—which are the balances the Company proposed in its direct filing.[13] As I discussed earlier, Staff is not adopting the RUCO proposed reclassification of AIAC to CIAC from a bankrupt developer because Staff argues the Company still has an obligation to pay. I will not repeat that testimony here.

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[9] *Compare* Company Rejoinder Schedule B-2, page 1 with RUCO Surrebuttal Schedule TJC-2.
[10] *Compare* Company Rejoinder Schedule B-2, page 1 with Staff Surrebuttal Schedule CSB-2.
[11] Bourassa Rb. at 8 – 9.
[12] *Id.*
[13] *See* Staff Surrebuttal Schedule CSB-2.

Q. ARE THERE ANY OTHER RATE BASE RELATED DISPUTES BETWEEN THE PARTIES?

A. Yes. The Company has adopted a $37,858 adjustment to PIS related to prior rate case costs.[14] Staff has not adopted this adjustment.

IV. INCOME STATEMENT

A. Revenue and Expenses – Water and Wastewater Divisions

Q. PLEASE DISCUSS THE COMPANY PROPOSED ADJUSTMENTS TO REVENUE AND/OR EXPENSES?

A. The Company proposed adjustments to the revenue and expense since the direct filing are described in detail in my rebuttal testimony. The Company is revising one adjustment to expenses, as will be discussed below. The Company rejoinder adjustments for the Water Division are detailed on Rebuttal Schedule C-2, pages 1-13. The rejoinder income statement with adjustments for the water division is summarized on Rejoinder Schedule C-1, page 1-2. The Company rejoinder adjustments for the Wastewater Division are detailed on Rejoinder Schedule C-2, pages 1-13. The rejoinder income statement with adjustments for the wastewater division is summarized on Rejoinder Schedule C-1, page 1-2.

1. Salaries and Wages – Officers and Directors

Q. PLEASE DISCUSS THE REVISION TO THE COMPANY'S EXPENSE ADJUSTMENTS.

A. Based on the Staff surrebuttal testimony,[15] the Company is proposing to remove payroll burden (employee benefits) related to the Company's removal of salaries and wages for officers and directors. Accordingly, for both the water and wastewater division, rejoinder adjustment 4 as shown on Rejoinder Schedules C-2,

[14] Bourassa Rb. at 7.
[15] Brown Sb. at 6.

page 5, reflects the Company's proposed adjustment to reduce employee benefits expense.

Q. DOES THERE CONTINUE TO BE A DISPUTE OVER THE LEVEL OF WAGES AND SALARIES FOR OFFICERS AND DIRECTORS?

A. Yes. The Company continues to propose an expense level of $40,198 for each division. Staff proposes an expense level of $13,686 for each division.[16] RUCO proposes an expense level of $7,085 for each division.[17] These expense levels are far too low to compensate Mr. Robson for the value he brings to the Company.

Q. PLEASE COMMENT ON THE SURREBUTTAL TESTIMONY OF STAFF AND RUCO REGARDING THIS SUBJECT.

A. For Staff, Ms. Brown's reliance on NARUC regarding the use of estimates is unfounded.[18] For starters, we use estimates all the time in rate making. Ms. Brown's proposed level of expense itself is an estimate based on her own views. Every normalization adjustment Ms. Brown has ever proposed results in an estimate of a future expense level based on the averaging of past levels. Besides, Mr. Robson's test year salary of about $90,000 per division was based on actual costs paid to Mr. Robson and is not an estimate.

In this case, the approximately $40,000 compensation level for each division is based on Pima's effort to reach a compromise of the amount that should be allowed for ratemaking purposes. The Company came up with this level based upon the amount allowed in the prior rate case, escalated based upon inflation.

The requested salary level of $40,000 per division unquestionably benefits Pima and its customers because substantial value is provided to a company

[16] Brown Sb. at 5.
[17] *See* Surrebuttal Testimony of Robert B. Mease ("Mease Sb.") at 18.
[18] Brown Sb. at 5 – 6.

operating under the guidance and governance of a CEO/Director. As CEO and Chairman of the Board, Mr. Robson, performs several important function which contribute to Pima being a well run and efficient organization. These functions include but are not limited to: 1) assuring legal and regulatory compliance; 2) determining, establishing, and planning the values, mission, vision, and short-term and long-term goals of the organization; 3) providing oversight to all activities and assuring a smoothly functioning and efficient organization; 4) assuring program quality and organizational stability through development and implementation of standards, controls, policies, procedures and regular evaluation; and 5) overseeing the fiscal activities of the organization including budgeting, reporting, and audit. All of these functions provided by a CEO contribute to a well run company and ratepayers' benefiting from a well run company.

Q. HASN'T THE COMPANY EXPLAINED THAT THE HOURS ESTIMATE FOR MR. ROBSON WAS AN ERROR?

A. Yes, but neither Staff nor RUCO will let go of the use of the hours estimate to support their considerable expense reduction. Mr. Mease actually asserts that he cannot count on the Company's rebuttal response that the 56 hours worked (as initially reported by the Company) was an error and not reflective of the actual hours worked by Mr. Robson as he does not keep timesheets.[19] I guess only the non-utility parties get to make and correct mistakes. Does this mean that whenever RUCO (or Staff) makes an error and then subsequently corrects that error, as RUCO did in the instant case with respect to its recommended water division rates and with its property tax rates, that we cannot rely upon RUCO's correction? I think not. The purpose of a contested proceeding is to get the most accurate data

[19] Mease Sb. at 18.

possible—parties develop positions, other parties analyze and critique those positions and oftentimes, as is the case here, errors are found and corrected. The Commission should then use the most accurate data—and not, as RUCO and Staff are attempting to do, simply say that the Company's initial position was an error therefore the corrected and accurate data will be ignored.

2. <u>Depreciation Expense</u>

Q. PLEASE COMMENT ON THE PARTIES' RESPECTIVE RECOMMENDED LEVELS OF DEPRECIATION EXPENSE.

A. All the parties agree on the depreciation rates for both divisions. For the water division, the difference between the Company's recommended level of depreciation expense and Staff's is due to differences in each of the parties' recommended balances of CIAC. As you will recall, Staff has not adopted the Company's proposed reclassification of AIAC to CIAC. Consequently, Staff's recommended depreciation expense is about $21,000 higher than the Company's due to a lower CIAC balance and resulting lower level of amortization.

With respect to RUCO's level of depreciation expense for the water division, the difference to the Company's recommended level is minor (about $550), and is exclusively the result of relatively small differences in the individual plant account balances. I discussed the difference in the account balances previously in the rate base section of the water division.

For the wastewater division, the difference between the Company's and Staff's recommended depreciation expense is the result of the difference in the plant balances as well as lower amortization. As you will recall from the rate base section of my testimony, Staff recommends removal of plant costs it characterizes as excess capacity and is not adopting the Company's proposed reclassification of AIAC to CIAC. These two items combine to produce a level of depreciation

expense for the wastewater division that is roughly $1,100 lower than the Company recommendation.

Both the Company and RUCO agree on the recommended level of depreciation expense for the wastewater division.[20]

3. Miscellaneous Expense

Q. PLEASE COMMENT ON THE POSITIONS OF THE PARTIES REGARDING MISCELLANEOUS EXPENSE.

A. The Company and RUCO are in agreement to reclassify $6,354 of bank fees from the wastewater division to the water division.[21] Staff has not adopted this adjustment.

4. Rate Case Expense

Q. PLEASE COMMENT ON THE POSITIONS OF THE PARTIES REGARDING RATE CASE EXPENSE.

A. The Company continues to recommend rate case expense of $200,000 for each division and recommends rate case expense recovery over 5 years, or $40,000 per year for each division by means of a surcharge. Staff also recommends rate case expense of $200,000 for each division but continues to propose that rate case expense be "normalized" over 5 years, or $40,000 annually in annual operating expenses for each division.[22]

Q. WHY DOES STAFF OPPOSE A SURCHARGE?

A. Ms. Brown advances three arguments.[23] First, rate case expense does not meet its criteria for a surcharge. Second, Staff has a concern over single issue ratemaking. Third, surcharges can be burdensome and administratively inefficient.

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[20] *See* Surrebuttal Testimony of Timothy J. Coley ("Coley Sb.") at 6.
[21] *Id.* at 13.
[22] Brown Sb. at 20.
[23] *Id.*

Staff's "criteria" for surcharges appear to apply to adjuster mechanisms, which is not what the Company is proposing. An adjuster mechanism addresses the unique characteristics of certain expenses such as purchased water and purchased power, which are typically volatile, represent a significant portion of operating expenses, and are out of the control of the Company. A flat surcharge will be recovered until such time as the Company fully recovers rate case expense. The surcharge approach addresses the unique characteristic of rate case expense as compared to all other expenses typically considered in a rate case.

Rate case expense is not a normal recurring annual expense like power, water, labor, or postage. Rate case expense is paid up-front (generally after the end of the test year but before new rates are placed into effect) and recovered after-the-fact during the period of time new rates are in effect. It is, in fact, a prepaid expense, which is amortized over future periods until such time it is fully amortized. In this way, revenues are properly matched with expenses—a basic tenet of generally accepted accounting principles ("GAAP"). A surcharge approach is the most consistent with GAAP, and benefits the customers the most by providing them with accurate information on their bill that allows them to understand the elements that make up their bill.

Q. WHAT ABOUT STAFF'S SECOND ARGUMENT – SINGLE ISSUE RATEMAKING?

A. Single issue ratemaking occurs when a change to a single cost item is considered in isolation and outside the context of the rate setting process. Again, that is not the case here, and further shows Staff is criticizing the requested surcharge for being an adjuster mechanism, which it is not. An adjuster mechanism moves rates up or down based on changes to an expense occurring outside of a rate case, opening up criticism of single issue ratemaking. While I do support adjuster mechanisms in

general for certain expenses, that is not what we are talking about here and Staff's concern over single issue ratemaking is misplaced. In the instant case, the proposed surcharge is fixed, is based upon a predetermined authorized amount and will not change between rate cases except as to cease when the predetermined amount is fully recovered. Its impact on rates, now and in the future, can be fully considered within the context of this rate case.

Q. IS A SURCHARGE AN UNDUE ADMINISTRATIVE BURDEN?

A. I do not know why Staff thinks it is because Ms. Brown does not explain it in her testimony. In my view, it is the Company that bears the bulk of any administrative burden in order to collect and track the surcharge as well as to report annually the surcharge activity to the Commission. Any additional administrative burden Staff may encounter processing an annual filing are outweighed by the fairness of a bi-lateral mechanism that will eliminate the very threat of over recovery Staff was worried about in its direct, and also eliminates the time and effort spent during rate proceedings arguing about normalization vs. amortization, and for how long.

Q. PLEASE COMMENT ON RUCO'S SURREBUTTAL TESTIMONY REGARDING RATE CASE EXPENSE.

A. As mentioned, RUCO supports the surcharge mechanism but continues to propose rate case expense of $150,000 for each division normalized over 4 years or $37,500 annually for each division.[24] I find RUCO's recommendation perplexing. RUCO introduced the surcharge approach and acknowledges its merits—eliminating potential over recovery of rate case expense as well as the fact that rate case expense, as a prepaid expense, should be amortized, not normalized.[25] And yet, RUCO continues to propose a normalization approach. Even worse, its preferred

[24] Mease Sb. at 15 – 16.
[25] Coley Sb. at 10.

alternative is to lengthen the normalization period to 10 years, presumably to further alleviate the very concerns regarding over recovery it acknowledges would be resolved by the surcharge Pima is proposing.[26]

Q. WHAT IS WRONG WITH RUCO'S 10 YEAR RECOVERY PROPOSAL?

A. RUCO's preferred alternative is simply one-sided. While concerned with potential over recovery of rate case expense, RUCO appears to have absolutely no concern the Company will potentially under recover rate case expense if it files sooner than the normalization period. The Company explained why the lengthy intervals are a thing of the past, evidence RUCO has largely ignored. And the surcharge approach addresses both concerns – over <u>and</u> under recovery. There has simply been no good basis for its rejection raised in this case.

Q. WHY DO YOU THINK THE COMPANY WILL FILE BEFORE THE END OF 10 YEARS?

A. Well, let's not forget that Pima's new debt issuance matures in 5 years. Pima will have to refinance this debt and/or pay it off. The cost of debt at that time may be much higher creating a need to change rates. Second, and more importantly, the Company plans to undertake a $1.5 million force main improvement project along with several other significant investments. This new investment will put pressure on rates.

5. <u>Income Taxes</u>

Q. DO YOU HAVE ANY COMMENTS REGARDING THE TESTIMONY OF STAFF WITNESS, MS. BROWN, ON INCOME TAXES?

A. Yes. Ms. Brown is correct that the NARUC USOA requires Pima to record all expenses and liabilities.[27] However, I do not see how this has anything to do with

[26] Mease Sb. at 15.
[27] Brown Sb. at 11.

the issue. As I pointed out in my rebuttal, in ratemaking, besides being estimates, some expenses considered in the rate making process are completely fictitious, like, for example, hypothetical interest expense which is not "recorded" per the NARUC guideline.[28] Neither would an amount of chemical expense determined by averaging the test year and two prior years. But this is about ratemaking, not reporting and recording.

I further fail to see how Ms. Brown's references to the NARUC audit manual instructions have anything to do with the rate making treatment of income taxes.[29] They simply provide instruction of how to audit and say nothing about rate making. Similarly, Ms. Brown's reliance on the Arizona Administrative Code regarding pro forma adjustments to the test year does not support her argument that income taxes should be disallowed.[30] In fact, it does the opposite. Pro forma adjustments provide for a more normal or *more realistic* relationship between revenues, expenses, and rate base. An income tax allowance does just that, Ms. Brown's attempt to use a technical distinction notwithstanding. Of course, the tax liability is real. Ms. Brown admits utility income passed through to the shareholders.[31] Simply because the utility income is passed through to shareholders does not change the fact that it is utility income, income which is subject to tax.[32]

Q. WHAT ABOUT MS. BROWN'S ARGUMENT THAT THE PASS-THROUGH IS NOT DISADVANTAGED?

A. Ms. Brown's attempt on pages 12-17 to demonstrate that the S-Corp. investor is

[28] Brown Sb. at 17.
[29] *Id.* at 18.
[30] *Id.* at 11.
[31] *Id.* at 9.
[32] *See* Rebuttal Testimony of Marc L. Spitzer at 8 – 10; Rejoinder Testimony of Marc L. Spitzer at 3 – 5.

not disadvantaged by the disallowance of income taxes fails for several reasons. These reasons include: 1) errors; 2) inconsistencies; 3) unrealistic and/or invalid assumptions; 4) confusion between utility income and investment income; and, 5) confusion between income taxes paid and income tax liability. As a result of these flaws, the fact that this is really just a policy decision for the Commission is sort of lost when reading Staff's testimony.

Q. WHY DO YOU BELIEVE THIS IS A POLICY DECISION, MR. BOURASSA?

A. Because the income taxes are a cost of service. The Commission needs to decide whether to allow this cost of service to be recovered through rates. For the policy reasons addressed in the testimony of Pima's witnesses, particularly Mr. Spitzer, allowing a pass-through entity to recover income taxes through rates is good policy.

V. RATE DESIGN

A. Water Division

1. Proposed Rates - Water Division

Q. WHAT ARE THE COMPANY'S REJOINDER PROPOSED RATES FOR WATER SERVICE?

A. The Company's proposed rates are:

MONTHLY SERVICE CHARGES

5/8" x 3/4" Meter	$ 7.14
3/4" Meter	$ 10.71
1" Meter	$ 17.85
1 1/2" Meter	$ 35.70
2" Meter	$ 57.12
3" Meter	$114.24

4" Meter	$178.50
6" Meter	$357.00
Irrigation	$200.00
Gallons in minimum (all classes, except irrigation)	0
Gallons in minimum (irrigation)	0

COMMODITY RATES

5/8"X3/4" Meter – Res.	1 to 4,000	$ 0.92
	4,001 to 10,000	$ 1.22
	Over 10,000	$ 1.62
5/8"X3/4" Meter – Com.	1 to 10,000	$ 1.22
	Over 10,000	$ 1.62
3/4" Meter – Res.	1 to 4,000	$ 0.92
	4,001 to 10,000	$ 1.22
	Over 10,000	$ 1.62
3/4" Meter – Com.	1 to 10,000	$ 1.22
	Over 10,000	$ 1.62
1" Meter – Res., Com.	1 to 25,000	$ 1.22
	Over 25,000	$ 1.62
1 ½" Meter – Res., Com.	1 to 50,000	$ 1.22
	Over 50,000	$ 1.62
2" Meter – Res., Com.	1 to 80,000	$ 1.22
	Over 80,000	$ 1.62
3" Meter – Res., Com.	1 to 160,000	$ 1.22
	Over 160,000	$ 1.62

4" Meter – Res., Com.	1 to 250,000	$ 1.22
	Over 250,000	$ 1.62
6" Meter – Res., Com.	1 to 500,000	$ 1.22
	Over 500,000	$ 1.62
Irrigation – all meter sizes	All gallons	$ 0.51
Standpipe (bulk)	All gallons	$ 1.62

Q. WHAT WILL BE THE AVERAGE 5/8 INCH RESIDENTIAL CUSTOMER AVERAGE MONTHLY BILL UNDER THE NEW RATES?

A. As shown on Schedule H-2, page 1, the average monthly bill under proposed rates for a 5/8x3/4 inch residential customer using an average 6,395 gallons is $13.74—a $3.08 increase over the present monthly bill or a 28.87 percent increase.

2. <u>Comments on Staff Rate Design</u>

Q. DO THE STAFF RATES PRODUCE THE STAFF RECOMMENDED REVENUES?

A. Yes.

Q. HAVE YOU MADE CHANGES TO THE COMPANY'S PROPOSED RATE DESIGN IN RESPONSE TO THE STAFF RATE DESIGN?

A. Yes, in response to Staff's proposed surrebuttal rate design. It has been an ongoing process of modifying and refining. Staff considered my rebuttal comments about its rate design and offered a revised rate design that provides a better balance between revenue stability and conservation. Staff has accomplished this by placing a greater emphasis on revenue recovery from the monthly minimums. I appreciate this effort and have followed Staff's lead by placing a greater emphasis on revenue recovery from the monthly minimums. But I am still unable to accept some of Staff's design elements.

Q. WHAT DESIGN ELEMENTS DID YOU ACCEPT?

A. First, as I stated, I placed a greater emphasis on revenue recovery from the monthly minimums. While I generally agree with recovering more from the fixed part of the charges for service, in this case I could not place as much emphasis on recovery from the monthly minimums as Staff primarily because I do not recommend lowering the first tier commodity rate as does Staff. I will discuss this further below. Second, I scaled the monthly minimums for the larger meter sizes relative to the flow of the 5/8x3/4 meter as Staff has done. Third, I have accepted Staff differentials in the commodity rates between the first and second tier of $0.30 per thousand and between the second and third tier of $0.40 per thousand. Fourth, I have lowered the irrigation commodity rate to the same level as Staff.

Q. WHAT DESIGN ELEMENTS WERE YOU UNABLE TO ACCEPT?

A. First, I have not adopted Staff's break-over points. The rationale behind Staff's proposed break-over points for the 1 inch and larger meters is still unclear to me. The Company proposed break-over points are scaled relative the second tier of the 5/8x3/4 inch residential meter, which is both typical and rationale, absent some compelling reason to do otherwise.

Second, I did not accept Staff reduction to the first tier commodity rate. As I stated in my rebuttal testimony, reducing the cost of water sends the wrong price signal to customers. As an attempt to compromise, I left the first tier commodity rate unchanged at $0.92 per thousand gallons.

Third, I did not accept Staff's monthly minimum for the irrigation class of $180 which is the current monthly minimum. Instead, I increased the monthly minimum to $200.

Q. WERE YOU ABLE TO ACHIEVE THE SAME LEVEL OF REVENUE RECOVERY FROM THE MONTHLY MINIMUMS AS STAFF?

A. No. Under the Staff proposed rates approximately 40.0 percent of Staff proposed revenues are recovered from the monthly minimums. This is shown in Rejoinder **Exhibit TJB-RJ1** at page 3. Under the Company proposed rates approximately 36.6 percent of revenues is recovered from the monthly minimums. This is shown in Rejoinder **Exhibit TJB-RJ1** at page 2. Again, I favor higher monthly minimums all things being equal, but rate design is as much an art as a science—the Commission has to find a rate design that provides the Company with its required revenues, avoids subsidies as much as possible, and provides proper price signals to customers. The Company has sought to achieve the proper balance in constructing its rate design in this case.

3. Comments on RUCO Rate Design

Q. PLEASE COMMENT ON RUCO'S PROPOSED RATES.

A. RUCO has addressed the concerns regarding the rate design I described in my rebuttal testimony.[33] The main criticism was that the rate design was too complicated with monthly minimums and commodity rates differing between customer classes for the same meter size and commodity rates which differed between customer classes for the same meter size. The only additional comment I would provide at this stage is that RUCO's rate design now provides the least revenue stability as it recovers only about 32.5 percent of RUCO's proposed revenues from the monthly minimums. This is shown in Rejoinder **Exhibit TJB-RJ1** at page 4.

[33] Brown Sb. at 21.

4. Cost of Service Study – Water Rates

Q. HAVE YOU UPDATED YOUR COST OF SERVICE STUDY?

A. Yes. I have updated my cost of service study to reflect the changes to rate base, revenues and expenses contained in the Company's rejoinder filing. As shown on Rebuttal Schedule G-2, the returns at the rejoinder proposed rates are similar to those shown in my rebuttal testimony and continue to vary substantially between the various meter sizes. While all the returns are positive, the 5/8x3/4 inch customer classes provide only 4.4 percent return, well below the 8.29 percent requested. The larger sized meters, such as the 1 inch, 2 inch, 3 inch customer classes are providing much higher returns at about 21.3 percent, 26.3 percent, and 48 percent, respectively. The irrigation class provided for about a 33.5 percent return. This indicates that the larger meter customer classes as well as the irrigation class continue to subsidize the 5/8 inch and 3/4 inch customer classes under the rejoinder proposed rates. However, consistent with the concept of gradualism, there is improvement in eliminating existing subsidization under the Company's proposed rates. In the next rate case, which is expected to be filed in the next 3-5 years, another step to further this delicate balance can be taken.

Q. HAVE YOU PREPARED A SCHEDULE TO SHOW THE RESULTS OF A COST OF SERVICE STUDY USING STAFF'S RECOMMENDATIONS?

A. Yes. Rejoinder **Exhibit TJB-RJ2** shows the cost of service study results using the Staff recommendations for rate base, revenues and expenses, and proposed rates. This schedule is similar to the G-2 schedule in my cost of service study. As shown on the schedule, all of the returns from the various customer size classes are positive. The 5/8x3/4 inch customer classes provide a return of just 2.70 percent, far below the Company's 4.40 percent and still well below the 7.60 percent recommended by Staff. The larger sized meters, such as the 1 inch, 2 inch, and

3 inch customer classes are providing much higher returns at about 22.7 percent, 26.6 percent, and 52 percent, respectively. The irrigation class provides for a 44.7 percent return. This demonstrates that the larger meter and irrigation class customer classes subsidize the 5/8 inch and 3/4 inch customer classes to a greater extent under the Staff proposed rates than does the Company's despite the improvement in Staff's rate design with respect to revenue stability. However, the returns provided by Staff's surrebuttal rate design are much improved over the rate design Staff proposed in its direct testimony.

B. <u>Wastewater Division</u>

1. <u>Proposed Rates – Wastewater Division</u>

Q. WHAT ARE THE COMPANY'S REJOINDER PROPOSED RATES FOR WASTEWATER SERVICE?

A. The Company's proposed rates are:

MONTHLY SERVICE CHARGES	
5/8" x 3/4" meters	$ 26.03
3/4" Meters	$ 40.45
1" Meters	$ 67.93
1 1/2" Meters	$ 134.34
2" Meters	$ 214.49
3" Meter	$ 416.14
4" Meters	$ 650.65
6" Meter	$1,301.29
Effluent Sales	
Monthly minimum	$ 200.00
Gallons in minimum	0
Commodity Rate	$ 0.51

Q. WHAT WILL BE THE AVERAGE 5/8X3/4 INCH RESIDENTIAL CUSTOMER MONTHLY BILL UNDER THE NEW RATES?

A. As shown on Wastewater Schedule H-2, page 1, the monthly bill under proposed rates for a 5/8 inch residential customer is $26.03—a $3.30 increase from the present monthly bill or a 14.50 percent increase.

2. <u>Comments on Staff and RUCO Rate Designs</u>

Q. PLEASE COMMENT ON THE PROPOSED RATE DESIGNS OF STAFF AND RUCO.

A. All of the parties continue to recommend similar flat rate designs for the wastewater division. In addition, all of the parties recommend a monthly minimum for effluent sales and a commodity rate for all gallons.

Q. WHAT ARE THE DIFFERENCES IN RATE DESIGNS BETWEEN THE COMPANY, RUCO AND STAFF?

A. Staff continues to only recommend an increase to the monthly minimums for the 5/8x3/4 inch metered customers. The Company's proposed rate design increases the monthly minimums for all meter sizes. The larger meter monthly minimums are the same as under current rates. Since Staff does not explain why this is the case, it should not be adopted as fair and reasonable. I should also note that Staff's rates now produce too little revenue as opposed to its direct filing rate design which produced too much revenue. The shortfall is on the order of about $69,000. I have contacted Staff about this issue.

RUCO no longer scales the monthly minimums based on the flows of a 5/8x3/4 inch water meter in response to my rebuttal comments.[34] RUCO now increases the monthly minimums the same across all meter sizes as does the

[34] Coley Sb. at 16 – 17.

Company. I agree with RUCO that the result is a more equitable increase for all meter sizes in the instant case.[35]

Q. DO THE RUCO PROPOSED RATES NOW PRODUCE THE RUCO PROPOSED REVENUES?

A. Yes.

Q. DO YOU HAVE ANY FURTHER COMMENTS?

A. Yes. Staff recommends a monthly minimum and commodity rate for the irrigation customer class in the water division that is different than the monthly minimum and commodity rate for effluent and recovered effluent sales for the wastewater division. Specifically, Staff recommends a monthly minimum of $230.00 for the effluent and recovered effluent sales, and recommends an irrigation monthly minimum for the water division of $180.00. Staff's effluent and recovered effluent commodity rate is $0.50 per thousand gallons while the irrigation commodity rate for the water division is $0.51 per thousand gallons.

Q. WHAT IS STAFF'S REASONING FOR THE DIFFERENCE?

A. Staff has not provided an explanation.

Q. PLEASE CONTINUE.

A. RUCO recommends the same monthly minimum of $180.00 for the effluent and recovered effluent sales as well as the irrigation monthly minimum for the water division. However, RUCO's effluent and recovered effluent commodity rate is $0.60 per thousand gallons while the irrigation commodity rate for the water division is $0.47 per thousand gallons.

[35] *Id.*

Q. WHAT IS RUCO'S REASONING FOR THE DIFFERENCES IN THE COMMODITY RATES?

A. RUCO asserts that the quality of effluent is higher than irrigation water which justifies a higher commodity rate for the effluent. In my experience and based on my discussions with the Company, effluent is generally of lesser quality than groundwater particularly because effluent has higher dissolved solids content which can cause problems with turf irrigation. In my view, RUCO has it backwards. RUCO has priced the effluent higher, not lower, than irrigation water.

Q. IF EFFLUENT WATER IS OF LESSER QUALITY THEN WHY IS THE COMPANY PRICING EFFLUENT WATER AND IRRIGATION WATER THE SAME?

A. For a few reasons. First, and most importantly, the Company is recharging unused effluent into the aquifer to offset groundwater pumping. Irrigation water is groundwater that comes from the same aquifer which is replenished with recharged effluent. This integrated nature of the Company's operations supports pricing this water the same. Second, under the current rates, effluent water is more expensive than irrigation water even though effluent water in general is of lesser quality due to a higher level of dissolved solids. Pricing the water the same in the instant case moves the pricing to a more balanced level. In the next rate case, and if justified under the then existing circumstances, the pricing of effluent and irrigation water can be further adjusted so that irrigation water becomes more expensive than effluent water. Finally, as I understand it, although higher in total dissolved solids than irrigation water, the Company's effluent is of very high quality and well suited for turf irrigation. For all of these reasons the cost of effluent water, recovered effluent water, and irrigation water should be priced the same in the instant case.

Q. RUCO CLAIMS YOU MISSED INCLUDING THE MONTHLY MINIMUMS FOR RECOVERED EFFLUENT IN COMPUTING REVENUES. IS THIS CORRECT?

A. No. Directly delivered effluent and recovered effluent are delivered from the same effluent water mains to the same delivery point on the golf courses. In other words, the same infrastructure is used for delivering effluent water whether it is recovered effluent or directly delivered effluent. Directly delivering effluent versus delivering recovered effluent simply requires turning a valve at the plant and reversing the flow of the recharge wells. In any given month, the golf course receives a varying combination of directly delivered effluent and recovered effluent depending on the demand and the supply conditions, and this variation is controlled by Pima, not the golf courses. As I understand RUCO's position, two separate monthly minimums would be charged. I do not believe that under the circumstances that two separate monthly minimums should be charged.

Q. DOES THAT CONCLUDE YOUR REJOINDER TESTIMONY?

A. Yes.

Pima Utility Company

Thomas Bourassa Direct Testimony
(Rate Base)

Exhibit TJB-RJ1

Pima Utility Company - Water Division
Revenue Breakdown Summary
Present Rates

		Present Monthly Mins	Commodity First Tier	Commodity Second Tier	Commodity Third Tier	Total
5/8x3/4 Inch	Residential	$ 666,421	$ 468,773	$ 139,254	$ -	$ 1,274,448
3/4 Inch	Residential	$ -	$ -	$ -	$ -	$ -
1 Inch	Residential	$ 42,816	$ 19,994	$ 55,316	$ -	$ 118,126
Subtotal		$ 709,237	$ 488,767	$ 194,570	$ -	$ 1,392,574
		36.00%	24.81%	9.87%	0.00%	70.68%
5/8x3/4 Inch	Commercial	$ 4,241	$ 3,355	$ 17,492	$ -	$ 25,088
3/4 Inch	Commercial	$ 274	$ 203	$ 1,343	$ -	$ 1,819
1 Inch	Commercial	$ 8,832	$ 2,703	$ 17,616	$ -	$ 29,151
1 1/2 Inch	Commercial	$ 2,772	$ 866	$ 6,803	$ -	$ 10,440
2 Inch	Commercial	$ 30,264	$ 8,165	$ 170,037	$ -	$ 208,466
Subtotal		$ 46,382	$ 15,292	$ 213,291	$ -	$ 274,965
		2.35%	0.78%	10.83%	0.00%	13.96%
Irrigation		$ 9,540	$ 300,594	$ -	$ -	$ 310,134
Irrigation recovered effluent		$ -	$ (7,324)	$ -	$ -	$ (7,324)
	TOTALS	$ 765,160	$ 797,328	$ 407,861	$ -	$ 1,970,349
	Percent of Total	38.83%	40.47%	20.70%	0.00%	100.00%
	Cummulative %	38.83%	79.30%	100.00%	100.00%	

Pima Utility Company - Water Division
Revenue Breakdown Summary
Company Proposed Rates

		Present Monthly Mins	Commodity First Tier	Commodity Second Tier	Commodity Third Tier	Total
5/8x3/4 Inch	Residential	$ 834,780	$ 347,155	$ 294,540	$ 208,881	$ 1,685,356
3/4 Inch	Residential	$ -	$ -	$ -	$ -	$ -
1 Inch	Residential	$ 47,767	$ 59,429	$ 43,496	$ -	$ 150,691
Subtotal		$ 882,547	$ 406,584	$ 338,035	$ 208,881	$ 1,836,047
		32.98%	15.19%	12.63%	7.81%	68.62%
5/8x3/4 Inch	Commercial	$ 5,312	$ 5,169	$ 26,238	$ -	$ 36,719
3/4 Inch	Commercial	$ 514	$ 327	$ 2,014	$ -	$ 2,855
1 Inch	Commercial	$ 9,853	$ 8,720	$ 20,346	$ -	$ 38,920
1 1/2 Inch	Commercial	$ 4,712	$ 4,623	$ 5,783	$ -	$ 15,119
2 Inch	Commercial	$ 66,488	$ 71,352	$ 176,499	$ -	$ 314,339
Subtotal		$ 86,880	$ 90,192	$ 230,880	$ -	$ 407,952
		3.25%	3.37%	8.63%	0.00%	15.25%
Irrigation		$ 10,600	$ 428,544	$ -	$ -	$ 439,144
Irrigation recovered effluent		$ -	$ (7,324)	$ -	$ -	$ (7,324)
	TOTALS	$ 980,026	$ 917,996	$ 568,915	$ 208,881	$ 2,675,819
	Percent of Total	36.63%	34.31%	21.26%	7.81%	100.00%
	Cummulative %	36.63%	70.93%	92.19%	100.00%	

Pima Utility Company - Water Division - Staff Surrebuttal Rates
Revenue Breakdown Summary
Proposed Rates

		Present Monthly Mins	Commodity First Tier	Commodity Second Tier	Commodity Third Tier	Total
5/8x3/4 Inch	Residential	$ 818,412	$ 264,140	$ 241,426	$ 180,514	$ 1,504,492
3/4 Inch	Residential	$ -	$ -	$ -	$ -	$ -
1 Inch	Residential	$ 53,520	$ 62,117	$ 18,822	$ -	$ 134,459
Subtotal		$ 871,932	$ 326,257	$ 260,248	$ 180,514	$ 1,638,951
		36.03%	13.48%	10.76%	7.46%	67.73%
5/8x3/4 Inch	Commercial	$ 5,208	$ 4,237	$ 22,675	$ -	$ 32,120
3/4 Inch	Commercial	$ 504	$ 268	$ 1,740	$ -	$ 2,513
1 Inch	Commercial	$ 11,040	$ 10,125	$ 13,415	$ -	$ 34,580
1 1/2 Inch	Commercial	$ 4,620	$ 4,824	$ 3,550	$ -	$ 12,994
2 Inch	Commercial	$ 65,184	$ 79,516	$ 123,087	$ -	$ 267,787
Subtotal		$ 86,556	$ 98,970	$ 164,467	$ -	$ 349,993
		3.58%	4.09%	6.80%	0.00%	14.46%
Irrigation		$ 9,540	$ 428,544	$ -	$ -	$ 438,084
Irrigation recovered effluent		$ -	$ (7,324)	$ -	$ -	$ (7,324)
	TOTALS	$ 968,028	$ 846,447	$ 424,715	$ 180,514	$ 2,419,704
	Percent of Total	40.01%	34.98%	17.55%	7.46%	100.00%
	Cummulative %	40.01%	74.99%	92.54%	100.00%	

Pima Utility Company - Water Division - RUCO Surrebuttal Rates
Revenue Breakdown Summary
Proposed Rates

		Present Monthly Mins	Commodity First Tier	Commodity Second Tier	Commodity Third Tier	Total
5/8x3/4 Inch	Residential	$ 672,267	$ 324,515	$ 282,468	$ 202,434	$ 1,481,684
3/4 Inch	Residential	$ -	$ -	$ -	$ -	$ -
1 Inch	Residential	$ 43,833	$ 56,994	$ 42,153	$ -	$ 142,979
Subtotal		$ 716,100	$ 381,508	$ 324,621	$ 202,434	$ 1,624,663
		30.09%	16.03%	13.64%	8.51%	68.26%
5/8x3/4 Inch	Commercial	$ 4,278	$ 5,169	$ 25,428	$ -	$ 34,875
3/4 Inch	Commercial	$ 276	$ 239	$ 1,952	$ -	$ 2,466
1 Inch	Commercial	$ 9,042	$ 8,363	$ 19,718	$ -	$ 37,123
1 1/2 Inch	Commercial	$ 2,837	$ 4,434	$ 5,605	$ -	$ 12,875
2 Inch	Commercial	$ 30,986	$ 68,428	$ 171,052	$ -	$ 270,465
Subtotal		$ 47,418	$ 86,632	$ 223,754	$ -	$ 357,805
		1.99%	3.64%	9.40%	0.00%	15.03%
Irrigation		$ 10,070	$ 394,933	$ -	$ -	$ 405,003
Irrigation recovered effluent		$ -	$ (7,324)	$ -	$ -	$ (7,324)
	TOTALS	$ 773,588	$ 855,749	$ 548,376	$ 202,434	$ 2,380,147
	Percent of Total	32.50%	35.95%	23.04%	8.51%	100.00%
	Cummulative %	32.50%	68.46%	91.49%	100.00%	

Pima Utility Company

Thomas Bourassa Direct Testimony
(Rate Base)

Exhibit TJB-RJ2

Pima Utility Company - Water Division - Staff Proposed Rates
Test Year Ended December 31, 2010
Cost of Service Study, Using Commodity Demand Method
Operating Margins at Proposed Rates

Exhibit
Schedule G-2
Page 1

Line No.	Meter Size->	Totals	Meter Size 5/8" x 3/4"	3/4"	1"	1 1/2"	2"	Irrigation
1	Water Revenues	$ 2,433,034	$ 1,537,577	$ 2,513	$ 167,127	$ 13,147	$ 267,263	$ 445,408
2	Revenue Annualizations	(6,006)	(965)	-	1,912	(153)	524	(7,324)
3	Misc. Revenues[1]	7,261	6,988	3	190	8	69	3
4	Reconcilation H-1 to C-1[1]	537	517	0	14	1	5	0
5	Total Revenues	$ 2,434,827	$ 1,544,117	$ 2,516	$ 169,243	$ 13,002	$ 267,862	$ 438,087
6								
7	Operating Expenses[2]	$ 969,804	$ 703,352	$ 592	$ 45,095	$ 3,301	$ 32,355	$ 185,110
8	Depreciation and							
9	Amortization[2]	688,387	571,246	355	32,129	2,360	34,757	47,540
10	Property Tax[3]	83,314	52,836	86	5,791	445	9,166	14,990
11	Income Tax[4]	-	-	-	-	-	-	-
12	Total Operating Expenses	$ 1,741,505	$ 1,327,433	$ 1,033	$ 83,015	$ 6,107	$ 76,277	$ 247,640
13	Operating Income	$ 693,322	$ 216,684	$ 1,483	$ 86,229	$ 6,895	$ 191,584	$ 190,447
14	Interest Expense[5]	137,251	119,132	65	5,711	390	5,543	6,409
15	Net Income	$ 556,071	$ 97,552	$ 1,418	$ 80,518	$ 6,506	$ 186,041	$ 184,037
16	Rate Base[6]	$ 9,122,677	$ 7,918,397	$ 4,332	$ 379,599	$ 25,902	$ 368,437	$ 426,010
17	Return on Rate Base[7]	7.60%	2.74%	34.23%	22.72%	26.62%	52.00%	44.70%
18								
19	**Percent of Total Customers**		96.241%	0.039%	2.621%	0.108%	0.952%	0.039%
20								
21								

22 [1] Allocated based on customer counts.
23 [2] Operating Expenses and Depreciation computations are shown on Schedule G-4, Page 1.
24 [3] Property Taxes allocation based on Revenues
25 [4] Income Tax from Schedule C-1, at Proposed Rates. Income Taxes allocated based on taxable income
26 [5] Interest Synchronized Interest Expense. Allocation based on Rate Base
27 [6] Rate Base computations are shown on Schedule G-3, Page 1
28 [7] Operating Income Divided by Rate Base
29

Pima Utility Company

Thomas Bourassa Direct Testimony
(Rate Base)

Water Division Schedules

Pima UtilityCompany - Water Division
Test Year Ended December 31, 2010
Computation of Increase in Gross Revenue
Requirements As Adjusted

Exhibit
Rejoinder Schedule A-1
Page 1
Witness: Bourassa

Line No.			
1	Fair Value Rate Base	$	9,073,324
2			
3	Adjusted Operating Income		242,546
4			
5	Current Rate of Return		2.67%
6			
7	Required Operating Income	$	752,179
8			
9	Required Rate of Return on Fair Value Rate Base		8.29%
10			
11	Operating Income Deficiency	$	509,633
12			
13	Gross Revenue Conversion Factor		1.3979
14			
15	Increase in Gross Revenue		
16	Requirement	$	712,426
17			
18	Adjusted Test Year Revenues	$	1,977,627
19	Increase in Gross Revenue Revenue Requirement	$	712,426
20	Proposed Revenue Requirement	$	2,690,054
21	% Increase		36.02%
22			

23	**Customer**		**Present**	**Proposed**	**Dollar**	**Percent**
24	**Classification**		**Rates**	**Rates**	**Increase**	**Increase**
25	**(Residential Commercial, Irrigation)**					
26	5/8x3/4 Inch	Residential	$ 1,274,912	$ 1,685,953	$ 411,041	32.24%
27	1 Inch	Residential	116,781	149,026	32,244	27.61%
28						
29	5/8x3/4 Inch	Commercial	25,431	37,216	11,785	46.34%
30	3/4 Inch	Commercial	1,819	2,855	1,036	56.95%
31	1 Inch	Commercial	28,761	38,416	9,655	33.57%
32	1 1/2 Inch	Commercial	10,567	15,295	4,727	44.74%
33	2 Inch	Commercial	208,085	313,756	105,670	50.78%
34						
35	Irrigation		317,458	446,468	129,010	40.64%
36						
37	Revenue Annualization		(6,142)	(5,841)	301	-4.90%
38						
39	**Subtotal**		$ 1,977,673	$ 2,683,143	$ 705,470	35.67%
40						
41	Other Water Revenues		7,261	7,261	-	0.00%
42	Reconciling Amount		(7,306)	(351)	6,955	-95.20%
43	Rounding		-	1	1	0.00%
44	**Total of Water Revenues**		$ 1,977,628	$ 2,690,054	$ 712,426	36.02%
45						
46						
47	SUPPORTING SCHEDULES:					
48	B-1					
49	C-1					
50	C-3					
51	H-1					

Pima UtilityCompany - Water Division
Test Year Ended December 31, 2010
Summary of Rate Base

Exhibit
Rejoinder Schedule B-1
Page 1
Witness: Bourassa

Line No.		Original Cost Rate base	Fair Value Rate Base
1			
2	Gross Utility Plant in Service	$ 14,571,659	$ 14,571,659
3	Less: Accumulated Depreciation	4,788,552	4,788,552
4			
5	Net Utility Plant in Service	$ 9,783,107	$ 9,783,107
6			
7	Less:		
8	Advances in Aid of Construction	(0)	(0)
9			
10	Contributions in Aid of Construction	1,056,007	1,056,007
11			
12	Accumulated Amortization of CIAC	(346,223)	(346,223)
13			
14	Customer Meter Deposits	-	-
15	Deferred Income Taxes & Credits	-	-
16			
17			
18			
19	Plus:		
20	Unamortized Finance		
21	Charges	-	-
22	Deferred Tax Assets	-	-
23	Allowance for Working Capital	-	-
24			
25			
26	Total Rate Base	$ 9,073,324	$ 9,073,324
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41	SUPPORTING SCHEDULES:		
42	B-2		
43	B-3		
44	B-5		
45	E-1		
46			
47			
48			
49			
50			

Pima UtilityCompany - Water Division
Test Year Ended December 31, 2010
Original Cost Rate Base Proforma Adjustments

Exhibit
Rejoinder Schedule B-2
Page 1
Witness: Bourassa

Line No.		Actual at End of Test Year	Proforma Adjustment	Adjusted at end of Test Year
1	Gross Utility			
2	Plant in Service	$ 14,546,128	25,531	$ 14,571,659
3				
4	**Less:**			
5	Accumulated			
6	Depreciation	4,788,169	383	4,788,552
7				
8				
9	Net Utility Plant			
10	in Service	$ 9,757,959		$ 9,783,107
11				
12	**Less:**			
13	Advances in Aid of			
14	Construction	374,236	(374,236)	(0)
15				
16	Contributions in Aid of			
17	Construction - Gross	632,418	423,589	1,056,007
18				
19	Accumulated Amortization of CIAC	(346,223)	-	(346,223)
20				
21	Customer Meter Deposits	-		-
22	Accumulated Deferred Income Tax	-	-	-
23				-
24				-
25				
26	**Plus:**			
27	Unamortized Finance			
28	Charges	-		-
29	Prepayments	-		-
30	Materials and Supplies	-		-
31	Working capital	-	-	-
32				-
33				
34	Total	$ 9,097,529		$ 9,073,324
35				
36				
37				
38				
39				
40				
41				
42				
43				
44				
45	SUPPORTING SCHEDULES:			RECAP SCHEDULES:
46	B-2, pages 2			B-1
47	E-1			
48				
49				
50				

Pima UtilityCompany - Water Division
Test Year Ended December 31, 2010
Original Cost Rate Base Proforma Adjustments

Exhibit
Rejoinder Schedule B-2
Page 2
Witness: Bourassa

Line No.		Actual at End of Test Year	Proforma Adjustments 1 Plant-in-Service	2 Accumulated Depreciation	3 AIAC/ CIAC	4 Intentionally Left Blank	5 Intentionally Left Blank	Adjusted at end of Test Year
1	Gross Utility							
2	Plant in Service	$ 14,546,128	25,531					$ 14,571,659
3								
4	**Less:**							
5	Accumulated							
6	Depreciation	4,788,169		383				4,788,552
7								
8								
9	Net Utility Plant							
10	in Service	$ 9,757,959	$ 25,531	$ (383)	$ -	$ -	$ -	$ 9,783,107
11								
12	**Less:**							
13	Advances in Aid of							
14	Construction	374,236			(374,236)			(0)
15								
16	Contributions in Aid of							
17	Construction (CIAC)	632,418			423,589			1,056,007
18								
19	Accumulated Amort of CIAC	(346,223)			-			(346,223)
20								
21	Customer Meter Deposits	-						-
22	Accumulated Deferred Income Taxes	-			-			-
23								
24								
25	**Plus:**							
26	Unamortized Finance							
27	Charges	-						-
28	Prepayments							
29	Materials and Supplies							
30	Allowance for Cash Working Capital	-						-
31								
32	Total	$ 9,097,529	$ 25,531	$ (383)	$ (49,353)	$ -	$ -	$ 9,073,324
33								
34								
35								
36	SUPPORTING SCHEDULES:						RECAP SCHEDULES:	
37	B-2, pages 3-5						B-1	
38	E-1							
39								
40								

Pima UtilityCompany - Water Division
Test Year Ended December 31, 2010
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1

Exhibit
Rejoinder Schedule B-2
Page 3
Witness: Bourassa

Plant-in-Service

Line No.	Acct. No.	Description	Direct Adjusted Orginal Cost	A Capitalized Expenses	B Intentionally Left Blank	C Intentionally Left Blank	D Intentionally Left Blank	E Intentionally Left Blank	Rebuttal Adjusted Original Cost
1				Adjustments					
6	301	Organization Cost	-						-
7	302	Franchise Cost	-						-
8	303	Land and Land Rights	97,637						97,637
9	304	Structures and Improvements	315,125						315,125
10	305	Collecting and Impounding Res.	-						-
11	306	Lake River and Other Intakes	-						-
12	307	Wells and Springs	606,699	3,902					610,601
13	308	Infiltration Galleries and Tunnels	-						-
14	309	Supply Mains	-						-
15	310	Power Generation Equipment	-						-
16	311	Electric Pumping Equipment	2,263,801	5,937					2,269,738
17	320	Water Treatment Equipment	-						-
18	320.1	Water Treatment Plant	-						-
19	320.2	Chemical Solution Feeders	58,255						58,255
20	330	Dist. Reservoirs & Standpipe	-						-
21	330.1	Storage tanks	1,102,197						1,102,197
22	330.2	Pressure Tanks	73,937						73,937
23	331	Trans. and Dist. Mains	2,916,048						2,916,048
24	333	Services	4,709,148	15,692					4,724,840
25	334	Meters	923,202						923,202
26	335	Hydrants	887,381						887,381
27	336	Backflow Prevention Devices	-						-
28	339	Other Plant and Misc. Equip.	-						-
29	340	Office Furniture and Fixtures	4,239						4,239
30	340.1	Computers and Software	28,479						28,479
31	341	Transportation Equipment	61,635						61,635
32	342	Stores Equipment	-						-
33	343	Tools and Work Equipment	134,506						134,506
34	344	Laboratory Equipment	-						-
35	345	Power Operated Equipment	124,899						124,899
36	346	Communications Equipment	238,939						238,939
37	347	Miscellaneous Equipment	-						-
38	348	Other Tangible Plant	-						-
39			-						-
40		TOTALS	$ 14,546,128	$ 25,531	$ -	$ -	$ -	$ -	$ 14,571,659
41									
42		Plant-in-Service per Direct							$ 14,546,128
43									
44		Increase (decrease) in Plant-in-Service							$ 25,531
45									
46		Adjustment to Plant-in-Service							$ 25,531
47									
48		SUPPORTING SCHEDULES							
49		B-2, pages 3.1							
50		B-2, pages 3.2-3.19							

Pima UtilityCompany - Water Division
Test Year Ended December 31, 2010
B-2 Adjustment 1 - A
Capitalized Expenses

Exhibit
Rejoinder Schedule B-2
Page 3.1
Witness: Bourassa

Line No.	Plant Acct	Description		Amount
1	307	Wells and Springs	$	3,902
2	311	Electric Pumping Equipment		5,937
3	333	Services		15,692
4				
5		Total	$	25,531
6				
7				
8	Increase in Plant-in-Service		$	25,531
9				
10				
11				
12				
13				
14				
15				
16	Reference/Supporting Schedule			
17	Staff Rate Base Adjustment No. 1, Schedule CSB-4			
18				
19				
20				
21				
22				
23				
24				
25				

Pima Utility Company - Water Division
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.2
Witness: Jones/Bourassa

				Per Decision No. 58743 (1993 Account Numbers)				Current Books		Conform to Decision No. 58743		
Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	Company Plant at 12/31/1992	Order Adopted Adjustments	Order Plant at 12/31/1992	Accum. Deprec. At 12/31/1992	G/L Plant at 12/31/1992	NARUC Plant at 12/31/1992	Correction to Plant Balance	Corrected Plant at 12/31/1992	Accum. Deprec. At 12/31/1992
1	301	Organization Cost	0.00%			-		-	-		-	-
2	302	Franchise Cost	0.00%			-		-	-		-	-
3	303	Land and Land Rights	0.00%	92,551		92,551		92,551	92,551		92,551	-
4	304	Structures & Improvements	3.00%	63,366		63,366		63,366	63,366		63,366	27,823
5	305	Collecting & Impounding Reservoirs	3.00%			-		-	-		-	-
6	306	Lake, River, Canal Intakes	3.00%			-		-	-		-	-
7	307	Wells & Springs	3.00%	153,447		153,447		153,447	153,447		153,447	67,375
8	308	Infiltration Galleries	3.00%			-		-	-		-	-
9	309	Raw Water Supply Mains	3.00%			-		-	-		-	-
10	310	Power Generation Equipment	3.00%			-		-	-		-	-
11	311	Pumping Equipment	3.00%	111,953		111,953		116,953	204,563		204,563	89,819
12	320	Water Treatment Equipment	3.00%			-		-	-		-	-
13	320.1	Water Treatment Plants	3.00%			-		-	-		-	-
14	320.2	Solution Chemical Feeders	3.00%			-		-	19,839		19,839	8,711
15	330	Distribution Reservoirs & Standpipes	3.00%	300,045	13,200	313,245		310,605	-		-	-
16	330.1	Storage Tanks	3.00%			-		-	215,634		215,634	94,681
17	330.2	Pressure Tanks	3.00%			-		-	10,000		10,000	4,391
18	331	Transmission & Distribution Mains	3.00%	1,080,106	2,640	1,082,746		1,082,746	1,100,025		1,100,025	482,998
19	333	Services	3.00%	521,965	5,280	527,245		521,965	527,245		527,245	231,502
20	334	Meters	3.00%	162,498		162,498		167,778	162,498		162,498	71,350
21	335	Hydrants	3.00%	425,810	2,640	428,450		428,450	428,450		428,450	188,123
22	336	Backflow Prevention Devices	3.00%			-		-	-		-	-
23	339	Other Plant & Misc Equipment	3.00%			-		-	-		-	-
24	340	Office Furniture & Equipment	3.00%		2,640	2,640		84,981	2,640		2,640	1,159
25	340.1	Computers & Software	3.00%			-		-	-		-	-
26	341	Transportation Equipment	3.00%	34,947		34,947		-	14,826		14,826	6,510
27	342	Stores Equipment	3.00%			-		-	-		-	-
28	343	Tools, Shop & Garage Equipment	3.00%	64,874		64,874		-	26,196	15,121	41,317	18,141
29	344	Laboratory Equipment	3.00%			-		-	-		-	-
30	345	Power Operated Equipment	3.00%			-		-	-		-	-
31	346	Communication Equipment	3.00%			-		-	1,561		1,561	686
32	347	Miscellaneous Equipment	3.00%			-		-	-		-	-
33	348	Other Tangible Plant	3.00%			-		-	-		-	-
34		Const. Work in Progress		147,000	(147,000)	-						
35												
36		TOTALS		3,158,562	(120,600)	3,037,962	1,293,269	3,022,841	3,022,841	15,121	3,037,962	1,293,269

Pima Utility Company - Water Division
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.3
Witness: Jones/Bourassa

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	1993 Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.
1	301	Organization Cost	0.00%	-	-	-	-	-	-	-	-	-	-
2	302	Franchise Cost	0.00%	-	-	-	-	-	-	-	-	-	-
3	303	Land and Land Rights	0.00%	-	-	-	-	-	-	-	-	92,551	-
4	304	Structures & Improvements	3.00%	-	-	-	-	-	-	-	1,901	63,366	29,724
5	305	Collecting & Impounding Reservoirs	3.00%	-	-	-	-	-	-	-	-	-	-
6	306	Lake, River, Canal Intakes	3.00%	-	-	-	-	-	-	-	-	-	-
7	307	Wells & Springs	3.00%	-	-	-	-	-	-	-	4,603	153,447	71,978
8	308	Infiltration Galleries	3.00%	-	-	-	-	-	-	-	-	-	-
9	309	Raw Water Supply Mains	3.00%	-	-	-	-	-	-	-	-	-	-
10	310	Power Generation Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
11	311	Pumping Equipment	3.00%	-	-	-	-	-	-	-	6,137	204,563	95,956
12	320	Water Treatment Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
13	320.1	Water Treatment Plants	3.00%	-	-	-	-	-	-	-	-	-	-
14	320.2	Solution Chemical Feeders	3.00%	-	-	-	-	-	-	-	595	19,839	9,306
15	330	Distribution Reservoirs & Standpipes	3.00%	-	-	-	-	-	-	-	-	-	-
16	330.1	Storage Tanks	3.00%	-	-	-	-	-	-	-	6,469	215,634	101,150
17	330.2	Pressure Tanks	3.00%	-	-	-	-	-	-	-	300	10,000	4,691
18	331	Transmission & Distribution Mains	3.00%	-	-	-	-	-	-	-	33,001	1,100,025	515,999
19	333	Services	3.00%	-	-	-	-	-	-	-	15,817	527,245	247,319
20	334	Meters	3.00%	8,444	-	8,444	-	-	-	-	5,002	170,942	76,352
21	335	Hydrants	3.00%	-	-	-	-	-	-	-	12,853	428,450	200,976
22	336	Backflow Prevention Devices	3.00%	-	-	-	-	-	-	-	-	-	-
23	339	Other Plant & Misc Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
24	340	Office Furniture & Equipment	3.00%	-	-	-	-	-	-	-	79	2,640	1,238
25	340.1	Computers & Software	3.00%	-	-	-	-	-	-	-	-	-	-
26	341	Transportation Equipment	3.00%	9,759	-	9,759	-	-	-	-	591	24,585	7,101
27	342	Stores Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
28	343	Tools, Shop & Garage Equipment	3.00%	-	-	-	-	7,700	7,700	-	1,124	33,617	11,565
29	344	Laboratory Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
30	345	Power Operated Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
31	346	Communication Equipment	3.00%	-	-	-	-	-	-	-	47	1,561	733
32	347	Miscellaneous Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
33	348	Other Tangible Plant	3.00%	-	-	-	-	-	-	-	-	-	-
34		Const. Work in Progress											
35													
36		TOTALS		18,202	-	18,202	-	7,700	7,700	-	88,520	3,048,464	1,374,089

Pima Utility Company - Water Division
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.4
Witness: Jones/Bourassa

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	1994 Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.
1	301	Organization Cost	0.00%	-	-	-	-	-	-	-	-	-	-
2	302	Franchise Cost	0.00%	-	-	-	-	-	-	-	-	-	-
3	303	Land and Land Rights	0.00%	-	-	-	-	-	-	-	-	92,551	-
4	304	Structures & Improvements	3.00%	-	-	-	-	-	-	-	1,901	63,366	31,625
5	305	Collecting & Impounding Reservoirs	3.00%	-	-	-	-	-	-	-	-	-	-
6	306	Lake, River, Canal Intakes	3.00%	-	-	-	-	-	-	-	-	-	-
7	307	Wells & Springs	3.00%	-	-	-	-	-	-	-	4,603	153,447	76,582
8	308	Infiltration Galleries	3.00%	-	-	-	-	-	-	-	-	-	-
9	309	Raw Water Supply Mains	3.00%	-	-	-	-	-	-	-	-	-	-
10	310	Power Generation Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
11	311	Pumping Equipment	3.00%	68,234	(10,847)	57,388	-	5,672	5,672	-	6,913	256,278	97,197
12	320	Water Treatment Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
13	320.1	Water Treatment Plants	3.00%	-	-	-	-	-	-	-	-	-	-
14	320.2	Solution Chemical Feeders	3.00%	-	-	-	-	3,439	3,439	-	544	16,400	6,411
15	330	Distribution Reservoirs & Standpipes	3.00%	-	-	-	-	-	-	-	-	-	-
16	330.1	Storage Tanks	3.00%	-	-	-	-	-	-	-	6,469	215,634	107,619
17	330.2	Pressure Tanks	3.00%	-	-	-	-	-	-	-	300	10,000	4,991
18	331	Transmission & Distribution Mains	3.00%	96,895	-	96,895	-	-	-	-	34,454	1,196,920	550,453
19	333	Services	3.00%	-	-	-	-	-	-	-	15,817	527,245	263,137
20	334	Meters	3.00%	39,118	-	39,118	-	-	-	-	5,715	210,060	82,067
21	335	Hydrants	3.00%	14,400	-	14,400	-	-	-	-	13,069	442,850	214,046
22	336	Backflow Prevention Devices	3.00%	-	-	-	-	-	-	-	-	-	-
23	339	Other Plant & Misc Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
24	340	Office Furniture & Equipment	3.00%	-	-	-	-	-	-	-	79	2,640	1,317
25	340.1	Computers & Software	3.00%	-	-	-	-	-	-	-	-	-	-
26	341	Transportation Equipment	3.00%	-	-	-	-	-	-	-	738	24,585	7,839
27	342	Stores Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
28	343	Tools, Shop & Garage Equipment	3.00%	22,414	-	22,414	-	-	-	-	1,345	56,031	12,910
29	344	Laboratory Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
30	345	Power Operated Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
31	346	Communication Equipment	3.00%	1,649	-	1,649	-	-	-	-	72	3,210	804
32	347	Miscellaneous Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
33	348	Other Tangible Plant	3.00%	-	-	-	-	-	-	-	-	-	-
34		Const. Work in Progress											
35													
36		TOTALS		242,710	(10,847)	231,863	-	9,111	9,111	-	92,019	3,271,216	1,456,997

Pima Utility Company - Water Division
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.5
Witness: Jones/Bourassa

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	1995 Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.
1	301	Organization Cost	0.00%	-	-	-	-	-	-	-	-	-	-
2	302	Franchise Cost	0.00%	-	-	-	-	-	-	-	-	-	-
3	303	Land and Land Rights	0.00%	5,086	-	5,086	-	-	-	-	-	97,637	-
4	304	Structures & Improvements	3.00%	95,415	-	95,415	-	-	-	-	3,332	158,781	34,957
5	305	Collecting & Impounding Reservoirs	3.00%	-	-	-	-	-	-	-	-	-	-
6	306	Lake, River, Canal Intakes	3.00%	-	-	-	-	-	-	-	-	-	-
7	307	Wells & Springs	3.00%	205,071	-	205,071	-	-	-	-	7,679	358,517	84,261
8	308	Infiltration Galleries	3.00%	-	-	-	-	-	-	-	-	-	-
9	309	Raw Water Supply Mains	3.00%	-	-	-	-	-	-	-	-	-	-
10	310	Power Generation Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
11	311	Pumping Equipment	3.00%	531,947	(16,125)	515,822	-	22,955	22,955	-	15,081	749,145	89,323
12	320	Water Treatment Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
13	320.1	Water Treatment Plants	3.00%	-	-	-	-	-	-	-	-	-	-
14	320.2	Solution Chemical Feeders	3.00%	8,948	-	8,948	-	-	-	-	626	25,348	7,037
15	330	Distribution Reservoirs & Standpipes	3.00%	-	-	-	-	-	-	-	-	-	-
16	330.1	Storage Tanks	3.00%	211,912	-	211,912	-	-	-	-	9,648	427,546	117,267
17	330.2	Pressure Tanks	3.00%	40,924	-	40,924	-	-	-	-	914	50,924	5,905
18	331	Transmission & Distribution Mains	3.00%	117,738	-	117,738	-	-	-	-	37,674	1,314,658	588,127
19	333	Services	3.00%	42,162	-	42,162	-	-	-	-	16,450	569,407	279,586
20	334	Meters	3.00%	16,795	-	16,795	-	-	-	-	6,554	226,855	88,620
21	335	Hydrants	3.00%	34,000	-	34,000	-	-	-	-	13,795	476,850	227,841
22	336	Backflow Prevention Devices	3.00%	-	-	-	-	-	-	-	-	-	-
23	339	Other Plant & Misc Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
24	340	Office Furniture & Equipment	3.00%	-	-	-	-	-	-	-	79	2,640	1,397
25	340.1	Computers & Software	3.00%	-	-	-	-	-	-	-	-	-	-
26	341	Transportation Equipment	3.00%	-	-	-	-	-	-	-	738	24,585	8,576
27	342	Stores Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
28	343	Tools, Shop & Garage Equipment	3.00%	954	-	954	-	-	-	-	1,695	56,985	14,605
29	344	Laboratory Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
30	345	Power Operated Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
31	346	Communication Equipment	3.00%	-	-	-	-	-	-	-	96	3,210	901
32	347	Miscellaneous Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
33	348	Other Tangible Plant	3.00%	-	-	-	-	-	-	-	-	-	-
34		Const. Work in Progress											
35													
36		TOTALS		1,310,951	(16,125)	1,294,827	-	22,955	22,955	-	114,362	4,543,088	1,548,403

Pima Utility Company - Water Division
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.6
Witness: Jones/Bourassa

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	1996 Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.
1	301	Organization Cost	0.00%	-	-	-	-	-	-	-	-	-	-
2	302	Franchise Cost	0.00%	-	-	-	-	-	-	-	-	-	-
3	303	Land and Land Rights	0.00%	-	-	-	-	-	-	-	-	97,637	-
4	304	Structures & Improvements	3.00%	10,033	-	10,033	-	-	-	-	4,914	168,814	39,871
5	305	Collecting & Impounding Reservoirs	3.00%	-	-	-	-	-	-	-	-	-	-
6	306	Lake, River, Canal Intakes	3.00%	-	-	-	-	-	-	-	-	-	-
7	307	Wells & Springs	3.00%	5,895	-	5,895	-	-	-	-	10,844	364,412	95,105
8	308	Infiltration Galleries	3.00%	-	-	-	-	-	-	-	-	-	-
9	309	Raw Water Supply Mains	3.00%	-	-	-	-	-	-	-	-	-	-
10	310	Power Generation Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
11	311	Pumping Equipment	3.00%	64,372	(9,461)	54,911	-	-	-	-	23,298	804,056	112,621
12	320	Water Treatment Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
13	320.1	Water Treatment Plants	3.00%	-	-	-	-	-	-	-	-	-	-
14	320.2	Solution Chemical Feeders	3.00%	-	-	-	-	-	-	-	760	25,348	7,797
15	330	Distribution Reservoirs & Standpipes	3.00%	-	-	-	-	-	-	-	-	-	-
16	330.1	Storage Tanks	3.00%	1,520	-	1,520	-	-	-	-	12,849	429,066	130,116
17	330.2	Pressure Tanks	3.00%	-	-	-	-	-	-	-	1,528	50,924	7,433
18	331	Transmission & Distribution Mains	3.00%	70,621	-	70,621	-	-	-	-	40,499	1,385,279	628,626
19	333	Services	3.00%	28,729	-	28,729	-	-	-	-	17,513	598,136	297,100
20	334	Meters	3.00%	50,337	-	50,337	-	-	-	-	7,561	277,192	96,181
21	335	Hydrants	3.00%	11,550	-	11,550	-	-	-	-	14,479	488,400	242,320
22	336	Backflow Prevention Devices	3.00%	-	-	-	-	-	-	-	-	-	-
23	339	Other Plant & Misc Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
24	340	Office Furniture & Equipment	3.00%	-	-	-	-	-	-	-	79	2,640	1,476
25	340.1	Computers & Software	3.00%	-	-	-	-	-	-	-	-	-	-
26	341	Transportation Equipment	3.00%	8,000	-	8,000	-	-	-	-	858	32,585	9,434
27	342	Stores Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
28	343	Tools, Shop & Garage Equipment	3.00%	4,211	(1,423)	2,787	-	-	-	-	1,751	59,772	16,356
29	344	Laboratory Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
30	345	Power Operated Equipment	3.00%	2,125	-	2,125	-	-	-	-	32	2,125	32
31	346	Communication Equipment	3.00%	-	-	-	-	-	-	-	96	3,210	997
32	347	Miscellaneous Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
33	348	Other Tangible Plant	3.00%	-	-	-	-	-	-	-	-	-	-
34		Const. Work in Progress											
35													
36		TOTALS		257,393	(10,884)	246,509	-	-	-	-	137,061	4,789,597	1,685,464

Pima Utility Company - Water Division
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.7
Witness: Jones/Bourassa

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	1997 Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.
1	301	Organization Cost	0.00%	-	-	-	-	-	-	-	-	-	-
2	302	Franchise Cost	0.00%	-	-	-	-	-	-	-	-	-	-
3	303	Land and Land Rights	0.00%	-	-	-	-	-	-	-	-	97,637	-
4	304	Structures & Improvements	3.00%	-	-	-	-	-	-	-	5,064	168,814	44,936
5	305	Collecting & Impounding Reservoirs	3.00%	-	-	-	-	-	-	-	-	-	-
6	306	Lake, River, Canal Intakes	3.00%	-	-	-	-	-	-	-	-	-	-
7	307	Wells & Springs	3.00%	-	-	-	-	-	-	-	10,932	364,412	106,038
8	308	Infiltration Galleries	3.00%	-	-	-	-	-	-	-	-	-	-
9	309	Raw Water Supply Mains	3.00%	-	-	-	-	-	-	-	-	-	-
10	310	Power Generation Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
11	311	Pumping Equipment	3.00%	75,492	-	75,492	-	52,540	52,540	-	24,466	827,008	84,547
12	320	Water Treatment Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
13	320.1	Water Treatment Plants	3.00%	-	-	-	-	-	-	-	-	-	-
14	320.2	Solution Chemical Feeders	3.00%	-	-	-	-	-	-	-	760	25,348	8,558
15	330	Distribution Reservoirs & Standpipes	3.00%	-	-	-	-	-	-	-	-	-	-
16	330.1	Storage Tanks	3.00%	-	-	-	-	-	-	-	12,872	429,066	142,988
17	330.2	Pressure Tanks	3.00%	-	-	-	-	-	-	-	1,528	50,924	8,960
18	331	Transmission & Distribution Mains	3.00%	263,564	-	263,564	-	-	-	-	45,512	1,648,843	674,137
19	333	Services	3.00%	117,056	-	117,056	-	-	-	-	19,700	715,192	316,800
20	334	Meters	3.00%	35,468	-	35,468	-	-	-	-	8,848	312,660	105,029
21	335	Hydrants	3.00%	58,630	-	58,630	-	-	-	-	15,531	547,030	257,852
22	336	Backflow Prevention Devices	3.00%	-	-	-	-	-	-	-	-	-	-
23	339	Other Plant & Misc Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
24	340	Office Furniture & Equipment	3.00%	-	-	-	-	-	-	-	79	2,640	1,555
25	340.1	Computers & Software	3.00%	-	-	-	-	-	-	-	-	-	-
26	341	Transportation Equipment	3.00%	17,108	-	17,108	-	-	-	-	1,234	49,693	10,668
27	342	Stores Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
28	343	Tools, Shop & Garage Equipment	3.00%	928	-	928	-	-	-	-	1,807	60,700	18,163
29	344	Laboratory Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
30	345	Power Operated Equipment	3.00%	-	-	-	-	-	-	-	64	2,125	96
31	346	Communication Equipment	3.00%	99,380	-	99,380	-	-	-	-	1,587	102,591	2,584
32	347	Miscellaneous Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
33	348	Other Tangible Plant	3.00%	-	-	-	-	-	-	-	-	-	-
34		Const. Work in Progress											
35													
36		TOTALS		667,626	-	667,626	-	52,540	52,540	-	149,985	5,404,683	1,782,910

Pima Utility Company - Water Division
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.8
Witness: Jones/Bourassa

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	1998 Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.
1	301	Organization Cost	0.00%	-	-	-	-	-	-	-	-	-	-
2	302	Franchise Cost	0.00%	-	-	-	-	-	-	-	-	-	-
3	303	Land and Land Rights	0.00%	-	-	-	-	-	-	-	-	97,637	-
4	304	Structures & Improvements	3.00%	218,067	(200,000)	18,067	-	-	-	-	5,335	186,881	50,271
5	305	Collecting & Impounding Reservoirs	3.00%	-	-	-	-	-	-	-	-	-	-
6	306	Lake, River, Canal Intakes	3.00%	-	-	-	-	-	-	-	-	-	-
7	307	Wells & Springs	3.00%	500,000	(500,000)	-	-	17,772	17,772	-	10,666	346,640	98,931
8	308	Infiltration Galleries	3.00%	-	-	-	-	-	-	-	-	-	-
9	309	Raw Water Supply Mains	3.00%	-	-	-	-	-	-	-	-	-	-
10	310	Power Generation Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
11	311	Pumping Equipment	3.00%	876,040	(838,888)	37,153	-	1,453	1,453	-	25,346	862,708	108,440
12	320	Water Treatment Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
13	320.1	Water Treatment Plants	3.00%	-	-	-	-	-	-	-	-	-	-
14	320.2	Solution Chemical Feeders	3.00%	1,163	-	1,163	-	-	-	-	778	26,511	9,336
15	330	Distribution Reservoirs & Standpipes	3.00%	-	-	-	-	-	-	-	-	-	-
16	330.1	Storage Tanks	3.00%	-	-	-	-	-	-	-	12,872	429,066	155,860
17	330.2	Pressure Tanks	3.00%	-	-	-	-	-	-	-	1,528	50,924	10,488
18	331	Transmission & Distribution Mains	3.00%	17,011	-	17,011	-	-	-	-	49,720	1,665,854	723,858
19	333	Services	3.00%	37,577	-	37,577	-	-	-	-	22,019	752,769	338,819
20	334	Meters	3.00%	31,733	-	31,733	-	-	-	-	9,856	344,393	114,885
21	335	Hydrants	3.00%	-	-	-	-	-	-	-	16,411	547,030	274,263
22	336	Backflow Prevention Devices	3.00%	-	-	-	-	-	-	-	-	-	-
23	339	Other Plant & Misc Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
24	340	Office Furniture & Equipment	3.00%	-	-	-	-	-	-	-	79	2,640	1,634
25	340.1	Computers & Software	3.00%	866	-	866	-	-	-	-	13	866	13
26	341	Transportation Equipment	3.00%	14,132	-	14,132	13,223	-	13,223	-	1,504	50,602	(1,051)
27	342	Stores Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
28	343	Tools, Shop & Garage Equipment	3.00%	2,868	-	2,868	-	-	-	-	1,864	63,568	20,027
29	344	Laboratory Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
30	345	Power Operated Equipment	3.00%	2,226	-	2,226	-	-	-	-	97	4,352	193
31	346	Communication Equipment	3.00%	101,552	-	101,552	-	-	-	-	4,601	204,142	7,185
32	347	Miscellaneous Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
33	348	Other Tangible Plant	3.00%	-	-	-	-	-	-	-	-	-	-
34		Const. Work in Progress											
35													
36		TOTALS		1,803,236	(1,538,888)	264,348	13,223	19,225	32,448	-	162,690	5,636,583	1,913,151

Pima Utility Company - Water Division
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.9
Witness: Jones/Bourassa

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	1999 Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.
1	301	Organization Cost	0.00%	-	-	-	-	-	-	-	-	-	-
2	302	Franchise Cost	0.00%	-	-	-	-	-	-	-	-	-	-
3	303	Land and Land Rights	0.00%	-	-	-	-	-	-	-	-	97,637	-
4	304	Structures & Improvements	3.00%	-	-	-	-	-	-	-	5,606	186,881	55,877
5	305	Collecting & Impounding Reservoirs	3.00%	-	-	-	-	-	-	-	-	-	-
6	306	Lake, River, Canal Intakes	3.00%	-	-	-	-	-	-	-	-	-	-
7	307	Wells & Springs	3.00%	-	-	-	-	-	-	-	10,399	346,640	109,331
8	308	Infiltration Galleries	3.00%	-	-	-	-	-	-	-	-	-	-
9	309	Raw Water Supply Mains	3.00%	-	-	-	-	-	-	-	-	-	-
10	310	Power Generation Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
11	311	Pumping Equipment	3.00%	196,797	(82,615)	114,183	-	5,250	5,250	-	27,515	971,641	130,705
12	320	Water Treatment Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
13	320.1	Water Treatment Plants	3.00%	-	-	-	-	-	-	-	-	-	-
14	320.2	Solution Chemical Feeders	3.00%	2,825	-	2,825	-	-	-	-	838	29,336	10,173
15	330	Distribution Reservoirs & Standpipes	3.00%	-	-	-	-	-	-	-	-	-	-
16	330.1	Storage Tanks	3.00%	-	-	-	-	-	-	-	12,872	429,066	168,732
17	330.2	Pressure Tanks	3.00%	957	-	957	-	-	-	-	1,542	51,881	12,030
18	331	Transmission & Distribution Mains	3.00%	327,584	-	327,584	-	-	-	-	54,889	1,993,437	778,747
19	333	Services	3.00%	86,486	-	86,486	-	-	-	-	23,880	839,255	362,699
20	334	Meters	3.00%	42,708	-	42,708	-	-	-	-	10,972	387,101	125,857
21	335	Hydrants	3.00%	65,970	-	65,970	-	-	-	-	17,400	613,000	291,663
22	336	Backflow Prevention Devices	3.00%	-	-	-	-	-	-	-	-	-	-
23	339	Other Plant & Misc Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
24	340	Office Furniture & Equipment	3.00%	-	-	-	-	-	-	-	79	2,640	1,713
25	340.1	Computers & Software	3.00%	4,148	-	4,148	-	-	-	-	88	5,015	101
26	341	Transportation Equipment	3.00%	1,855	-	1,855	-	-	-	-	1,546	52,457	495
27	342	Stores Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
28	343	Tools, Shop & Garage Equipment	3.00%	4,595	-	4,595	-	-	-	-	1,976	68,163	22,003
29	344	Laboratory Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
30	345	Power Operated Equipment	3.00%	623	-	623	-	-	-	-	140	4,974	333
31	346	Communication Equipment	3.00%	3,986	-	3,986	-	-	-	-	6,184	208,129	13,369
32	347	Miscellaneous Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
33	348	Other Tangible Plant	3.00%	-	-	-	-	-	-	-	-	-	-
34		Const. Work in Progress											
35													
36		TOTALS		738,535	(82,615)	655,920	-	5,250	5,250	-	175,928	6,287,253	2,083,829

Pima Utility Company - Water Division
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.10
Witness: Jones/Bourassa

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	2000 Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.
1	301	Organization Cost	0.00%	-	-	-	-	-	-	-	-	-	-
2	302	Franchise Cost	0.00%	-	-	-	-	-	-	-	-	-	-
3	303	Land and Land Rights	0.00%	-	-	-	-	-	-	-	-	97,637	-
4	304	Structures & Improvements	3.00%	73,854	-	73,854	-	-	-	-	6,714	260,735	62,592
5	305	Collecting & Impounding Reservoirs	3.00%	-	-	-	-	-	-	-	-	-	-
6	306	Lake, River, Canal Intakes	3.00%	-	-	-	-	-	-	-	-	-	-
7	307	Wells & Springs	3.00%	191,797	-	191,797	-	10,713	10,713	-	13,115	527,724	111,733
8	308	Infiltration Galleries	3.00%	-	-	-	-	-	-	-	-	-	-
9	309	Raw Water Supply Mains	3.00%	-	-	-	-	-	-	-	-	-	-
10	310	Power Generation Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
11	311	Pumping Equipment	3.00%	605,426	(20,717)	584,708	-	45,099	45,099	-	37,243	1,511,250	122,849
12	320	Water Treatment Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
13	320.1	Water Treatment Plants	3.00%	-	-	-	-	-	-	-	-	-	-
14	320.2	Solution Chemical Feeders	3.00%	2,707	-	2,707	-	1,388	1,388	-	900	30,655	9,685
15	330	Distribution Reservoirs & Standpipes	3.00%	-	-	-	-	-	-	-	-	-	-
16	330.1	Storage Tanks	3.00%	522,695	-	522,695	-	-	-	-	20,712	951,761	189,444
17	330.2	Pressure Tanks	3.00%	30,624	-	30,624	-	10,000	10,000	-	1,866	72,505	3,896
18	331	Transmission & Distribution Mains	3.00%	3,631	-	3,631	-	-	-	-	59,858	1,997,069	838,605
19	333	Services	3.00%	504,769	-	504,769	105,370	-	105,370	-	31,169	1,238,654	288,498
20	334	Meters	3.00%	68,383	-	68,383	-	-	-	-	12,639	455,484	138,496
21	335	Hydrants	3.00%	-	-	-	-	-	-	-	18,390	613,000	310,053
22	336	Backflow Prevention Devices	3.00%	-	-	-	-	-	-	-	-	-	-
23	339	Other Plant & Misc Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
24	340	Office Furniture & Equipment	3.00%	1,483	-	1,483	-	-	-	-	101	4,123	1,815
25	340.1	Computers & Software	3.00%	-	-	-	-	-	-	-	150	5,015	252
26	341	Transportation Equipment	3.00%	17,787	-	17,787	-	-	-	-	1,841	70,244	2,335
27	342	Stores Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
28	343	Tools, Shop & Garage Equipment	3.00%	-	-	-	-	2,056	2,056	-	2,014	66,107	21,961
29	344	Laboratory Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
30	345	Power Operated Equipment	3.00%	52,116	-	52,116	-	-	-	-	931	57,091	1,264
31	346	Communication Equipment	3.00%	3,464	-	3,464	-	-	-	-	6,296	211,592	19,665
32	347	Miscellaneous Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
33	348	Other Tangible Plant	3.00%	-	-	-	-	-	-	-	-	-	-
34		Const. Work in Progress											
35													
36		TOTALS		2,078,734	(20,717)	2,058,017	105,370	69,256	174,626	-	213,939	8,170,644	2,123,143

Pima Utility Company - Water Division
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.11
Witness: Jones/Bourassa

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	2001 Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.
1	301	Organization Cost	0.00%	-	-	-	-	-	-	-	-	-	-
2	302	Franchise Cost	0.00%	-	-	-	-	-	-	-	-	-	-
3	303	Land and Land Rights	0.00%	-	-	-	-	-	-	-	-	97,637	-
4	304	Structures & Improvements	3.00%	-	-	-	-	-	-	-	7,822	260,735	70,414
5	305	Collecting & Impounding Reservoirs	3.00%	-	-	-	-	-	-	-	-	-	-
6	306	Lake, River, Canal Intakes	3.00%	-	-	-	-	-	-	-	-	-	-
7	307	Wells & Springs	3.00%	5,438	(5,438)	-	-	-	-	-	15,832	527,724	127,565
8	308	Infiltration Galleries	3.00%	-	-	-	-	-	-	-	-	-	-
9	309	Raw Water Supply Mains	3.00%	-	-	-	-	-	-	-	-	-	-
10	310	Power Generation Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
11	311	Pumping Equipment	3.00%	95,274	(47,141)	48,134	-	500	500	-	46,052	1,558,883	168,401
12	320	Water Treatment Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
13	320.1	Water Treatment Plants	3.00%	-	-	-	-	-	-	-	-	-	-
14	320.2	Solution Chemical Feeders	3.00%	713	(713)	-	-	-	-	-	920	30,655	10,605
15	330	Distribution Reservoirs & Standpipes	3.00%	-	-	-	-	-	-	-	-	-	-
16	330.1	Storage Tanks	3.00%	-	-	-	-	-	-	-	28,553	951,761	217,997
17	330.2	Pressure Tanks	3.00%	-	-	-	-	-	-	-	2,175	72,505	6,071
18	331	Transmission & Distribution Mains	3.00%	-	-	-	-	-	-	-	59,912	1,997,069	898,517
19	333	Services	3.00%	740,222	-	740,222	117,178	-	117,178	-	46,505	1,861,698	217,825
20	334	Meters	3.00%	83,430	-	83,430	-	-	-	-	14,916	538,914	153,412
21	335	Hydrants	3.00%	-	-	-	-	-	-	-	18,390	613,000	328,443
22	336	Backflow Prevention Devices	3.00%	-	-	-	-	-	-	-	-	-	-
23	339	Other Plant & Misc Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
24	340	Office Furniture & Equipment	3.00%	-	-	-	-	-	-	-	124	4,123	1,939
25	340.1	Computers & Software	3.00%	-	-	-	-	-	-	-	150	5,015	402
26	341	Transportation Equipment	3.00%	2,907	-	2,907	-	-	-	-	2,151	73,150	4,486
27	342	Stores Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
28	343	Tools, Shop & Garage Equipment	3.00%	16,665	-	16,665	-	-	-	-	2,233	82,771	24,195
29	344	Laboratory Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
30	345	Power Operated Equipment	3.00%	53,455	-	53,455	-	-	-	-	2,515	110,546	3,778
31	346	Communication Equipment	3.00%	3,844	-	3,844	-	-	-	-	6,405	215,437	26,070
32	347	Miscellaneous Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
33	348	Other Tangible Plant	3.00%	-	-	-	-	-	-	-	-	-	-
34		Const. Work in Progress											
35													
36		TOTALS		1,001,949	(53,292)	948,657	117,178	500	117,678	-	254,655	9,001,623	2,260,120

Pima Utility Company - Water Division
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.12
Witness: Jones/Bourassa

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	2002 Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.
1	301	Organization Cost	0.00%	-	-	-	-	-	-	-	-	-	-
2	302	Franchise Cost	0.00%	-	-	-	-	-	-	-	-	-	-
3	303	Land and Land Rights	0.00%	-	-	-	-	-	-	-	-	97,637	-
4	304	Structures & Improvements	3.00%	1,500	-	1,500	-	-	-	-	7,845	262,235	78,258
5	305	Collecting & Impounding Reservoirs	3.00%	-	-	-	-	-	-	-	-	-	-
6	306	Lake, River, Canal Intakes	3.00%	-	-	-	-	-	-	-	-	-	-
7	307	Wells & Springs	3.00%	287,579	(287,579)	-	-	-	-	-	15,832	527,724	143,396
8	308	Infiltration Galleries	3.00%	-	-	-	-	-	-	-	-	-	-
9	309	Raw Water Supply Mains	3.00%	-	-	-	-	-	-	-	-	-	-
10	310	Power Generation Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
11	311	Pumping Equipment	3.00%	92,280	(16,178)	76,103	-	27,211	27,211	-	47,500	1,607,775	188,690
12	320	Water Treatment Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
13	320.1	Water Treatment Plants	3.00%	-	-	-	-	-	-	-	-	-	-
14	320.2	Solution Chemical Feeders	3.00%	-	-	-	-	-	-	-	920	30,655	11,525
15	330	Distribution Reservoirs & Standpipes	3.00%	-	-	-	-	-	-	-	-	-	-
16	330.1	Storage Tanks	3.00%	6,814	-	6,814	-	-	-	-	28,655	958,575	246,652
17	330.2	Pressure Tanks	3.00%	-	-	-	-	-	-	-	2,175	72,505	8,246
18	331	Transmission & Distribution Mains	3.00%	230,254	-	230,254	-	-	-	-	63,366	2,227,323	961,883
19	333	Services	3.00%	574,324	-	574,324	71,094	-	71,094	-	63,399	2,364,928	210,131
20	334	Meters	3.00%	61,979	-	61,979	-	-	-	-	17,097	600,893	170,509
21	335	Hydrants	3.00%	89,449	-	89,449	-	2,000	2,000	-	19,702	700,449	346,145
22	336	Backflow Prevention Devices	3.00%	-	-	-	-	-	-	-	-	-	-
23	339	Other Plant & Misc Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
24	340	Office Furniture & Equipment	3.00%	-	-	-	-	-	-	-	124	4,123	2,062
25	340.1	Computers & Software	3.00%	-	-	-	-	-	-	-	150	5,015	553
26	341	Transportation Equipment	3.00%	61,853	-	61,853	60,613	2,179	62,792	38,000	2,180	72,211	(18,125)
27	342	Stores Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
28	343	Tools, Shop & Garage Equipment	3.00%	1,572	-	1,572	-	-	-	-	2,507	84,343	26,701
29	344	Laboratory Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
30	345	Power Operated Equipment	3.00%	-	-	-	-	-	-	-	3,316	110,546	7,095
31	346	Communication Equipment	3.00%	2,144	-	2,144	-	6,976	6,976	-	6,391	210,604	25,485
32	347	Miscellaneous Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
33	348	Other Tangible Plant	3.00%	-	-	-	-	-	-	-	-	-	-
34		Const. Work in Progress											
35													
36		TOTALS		1,409,747	(303,756)	1,105,991	131,707	38,366	170,073	38,000	281,158	9,937,541	2,409,205

Pima Utility Company - Water Division
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.13
Witness: Jones/Bourassa

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	2003 Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.
1	301	Organization Cost	0.00%	-	-	-	-	-	-	-	-	-	-
2	302	Franchise Cost	0.00%	-	-	-	-	-	-	-	-	-	-
3	303	Land and Land Rights	0.00%	-	-	-	-	-	-	-	-	97,637	-
4	304	Structures & Improvements	3.00%	6,520	(2,570)	3,950	-	-	-	-	7,926	266,185	86,185
5	305	Collecting & Impounding Reservoirs	3.00%	-	-	-	-	-	-	-	-	-	-
6	306	Lake, River, Canal Intakes	3.00%	-	-	-	-	-	-	-	-	-	-
7	307	Wells & Springs	3.00%	-	-	-	-	-	-	-	15,832	527,724	159,228
8	308	Infiltration Galleries	3.00%	-	-	-	-	-	-	-	-	-	-
9	309	Raw Water Supply Mains	3.00%	-	-	-	-	-	-	-	-	-	-
10	310	Power Generation Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
11	311	Pumping Equipment	3.00%	132,687	(34,500)	98,188	-	47,250	47,250	-	48,997	1,658,713	190,437
12	320	Water Treatment Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
13	320.1	Water Treatment Plants	3.00%	-	-	-	-	-	-	-	-	-	-
14	320.2	Solution Chemical Feeders	3.00%	1,987	-	1,987	-	-	-	-	949	32,642	12,474
15	330	Distribution Reservoirs & Standpipes	3.00%	-	-	-	-	-	-	-	-	-	-
16	330.1	Storage Tanks	3.00%	-	-	-	-	1,000	1,000	-	28,742	957,575	274,394
17	330.2	Pressure Tanks	3.00%	-	-	-	-	-	-	-	2,175	72,505	10,421
18	331	Transmission & Distribution Mains	3.00%	290,233	-	290,233	-	-	-	-	71,173	2,517,556	1,033,056
19	333	Services	3.00%	435,687	-	435,687	49,692	-	49,692	-	76,738	2,750,923	237,176
20	334	Meters	3.00%	64,897	-	64,897	-	-	-	-	19,000	665,790	189,509
21	335	Hydrants	3.00%	120,601	-	120,601	-	500	500	-	22,815	820,550	368,460
22	336	Backflow Prevention Devices	3.00%	-	-	-	-	-	-	-	-	-	-
23	339	Other Plant & Misc Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
24	340	Office Furniture & Equipment	3.00%	-	-	-	-	-	-	-	124	4,123	2,186
25	340.1	Computers & Software	3.00%	2,631	-	2,631	-	-	-	-	190	7,646	742
26	341	Transportation Equipment	3.00%	24,945	-	24,945	2,000	5,533	7,533	-	2,428	89,623	(23,231)
27	342	Stores Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
28	343	Tools, Shop & Garage Equipment	3.00%	2,337	-	2,337	-	928	928	-	2,551	85,752	28,325
29	344	Laboratory Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
30	345	Power Operated Equipment	3.00%	-	-	-	-	-	-	-	3,316	110,546	10,411
31	346	Communication Equipment	3.00%	4,287	-	4,287	-	-	-	-	6,382	214,891	31,867
32	347	Miscellaneous Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
33	348	Other Tangible Plant	3.00%	-	-	-	-	-	-	-	-	-	-
34		Const. Work in Progress											
35													
36		TOTALS		1,086,811	(37,070)	1,049,742	51,692	55,211	106,903	-	309,340	10,880,380	2,611,642

Pima Utility Company - Water Division
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.14
Witness: Jones/Bourassa

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	2004 Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.
1	301	Organization Cost	0.00%	-	-	-	-	-	-	-	-	-	-
2	302	Franchise Cost	0.00%	-	-	-	-	-	-	-	-	-	-
3	303	Land and Land Rights	0.00%	-	-	-	-	-	-	-	-	97,637	-
4	304	Structures & Improvements	3.00%	5,091	-	5,091	-	2,600	2,600	-	8,023	268,677	91,608
5	305	Collecting & Impounding Reservoirs	3.00%	-	-	-	-	-	-	-	-	-	-
6	306	Lake, River, Canal Intakes	3.00%	-	-	-	-	-	-	-	-	-	-
7	307	Wells & Springs	3.00%	-	-	-	-	-	-	-	15,832	527,724	175,060
8	308	Infiltration Galleries	3.00%	-	-	-	-	-	-	-	-	-	-
9	309	Raw Water Supply Mains	3.00%	-	-	-	-	-	-	-	-	-	-
10	310	Power Generation Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
11	311	Pumping Equipment	3.00%	64,740	(24,716)	40,024	-	11,686	11,686	-	50,186	1,687,051	228,938
12	320	Water Treatment Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
13	320.1	Water Treatment Plants	3.00%	-	-	-	-	-	-	-	-	-	-
14	320.2	Solution Chemical Feeders	3.00%	14,326	-	14,326	-	1,319	1,319	-	1,174	45,649	12,329
15	330	Distribution Reservoirs & Standpipes	3.00%	-	-	-	-	-	-	-	-	-	-
16	330.1	Storage Tanks	3.00%	-	-	-	-	-	-	-	28,727	957,575	303,122
17	330.2	Pressure Tanks	3.00%	-	-	-	-	-	-	-	2,175	72,505	12,597
18	331	Transmission & Distribution Mains	3.00%	27,203	-	27,203	-	-	-	-	75,935	2,544,759	1,108,991
19	333	Services	3.00%	332,191	-	332,191	35,998	-	35,998	-	86,971	3,047,116	288,149
20	334	Meters	3.00%	50,270	-	50,270	-	-	-	-	20,728	716,060	210,237
21	335	Hydrants	3.00%	8,282	-	8,282	-	500	500	-	24,733	828,332	392,693
22	336	Backflow Prevention Devices	3.00%	-	-	-	-	-	-	-	-	-	-
23	339	Other Plant & Misc Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
24	340	Office Furniture & Equipment	3.00%	1,500	-	1,500	-	-	-	-	146	5,623	2,332
25	340.1	Computers & Software	3.00%	-	-	-	-	-	-	-	229	7,646	972
26	341	Transportation Equipment	3.00%	11,372	-	11,372	16,536	2,431	18,967	9,425	2,575	82,027	(30,198)
27	342	Stores Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
28	343	Tools, Shop & Garage Equipment	3.00%	1,964	-	1,964	-	-	-	-	2,602	87,716	30,927
29	344	Laboratory Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
30	345	Power Operated Equipment	3.00%	-	-	-	-	-	-	-	3,316	110,546	13,727
31	346	Communication Equipment	3.00%	9,716	-	9,716	-	-	-	-	6,592	224,607	38,460
32	347	Miscellaneous Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
33	348	Other Tangible Plant	3.00%	-	-	-	-	-	-	-	-	-	-
34		Const. Work in Progress											
35													
36		TOTALS		526,656	(24,716)	501,939	52,534	18,536	71,070	9,425	329,945	11,311,249	2,879,942

Pima Utility Company - Water Division
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.15
Witness: Jones/Bourassa

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	2005 Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.
1	301	Organization Cost	0.00%	-	-	-	-	-	-	-	-	-	-
2	302	Franchise Cost	0.00%	-	-	-	-	-	-	-	-	-	-
3	303	Land and Land Rights	0.00%	-	-	-	-	-	-	-	-	97,637	-
4	304	Structures & Improvements	3.00%	-	-	-	-	-	-	-	8,060	268,677	99,668
5	305	Collecting & Impounding Reservoirs	3.00%	-	-	-	-	-	-	-	-	-	-
6	306	Lake, River, Canal Intakes	3.00%	-	-	-	-	-	-	-	-	-	-
7	307	Wells & Springs	3.00%	33,092	-	33,092	-	15,457	15,457	-	16,096	545,359	175,699
8	308	Infiltration Galleries	3.00%	-	-	-	-	-	-	-	-	-	-
9	309	Raw Water Supply Mains	3.00%	-	-	-	-	-	-	-	-	-	-
10	310	Power Generation Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
11	311	Pumping Equipment	3.00%	83,364	(71,431)	11,933	-	-	-	-	50,791	1,698,984	279,728
12	320	Water Treatment Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
13	320.1	Water Treatment Plants	3.00%	-	-	-	-	-	-	-	-	-	-
14	320.2	Solution Chemical Feeders	3.00%	4,531	-	4,531	-	5,988	5,988	-	1,348	44,192	7,689
15	330	Distribution Reservoirs & Standpipes	3.00%	-	-	-	-	-	-	-	-	-	-
16	330.1	Storage Tanks	3.00%	-	-	-	-	-	-	-	28,727	957,575	331,849
17	330.2	Pressure Tanks	3.00%	-	-	-	-	-	-	-	2,175	72,505	14,772
18	331	Transmission & Distribution Mains	3.00%	344,940	-	344,940	-	-	-	-	81,517	2,889,700	1,190,508
19	333	Services	3.00%	472,257	-	472,257	37,474	-	37,474	-	97,935	3,481,899	348,610
20	334	Meters	3.00%	79,639	-	79,639	-	-	-	-	22,676	795,699	232,913
21	335	Hydrants	3.00%	43,480	-	43,480	-	-	-	-	25,502	871,811	418,195
22	336	Backflow Prevention Devices	3.00%	-	-	-	-	-	-	-	-	-	-
23	339	Other Plant & Misc Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
24	340	Office Furniture & Equipment	3.00%	-	-	-	-	-	-	-	169	5,623	2,501
25	340.1	Computers & Software	3.00%	15,827	-	15,827	-	-	-	-	467	23,473	1,439
26	341	Transportation Equipment	3.00%	750	-	750	-	7,521	7,521	-	2,359	75,256	(35,360)
27	342	Stores Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
28	343	Tools, Shop & Garage Equipment	3.00%	1,200	-	1,200	-	-	-	-	2,649	88,916	33,576
29	344	Laboratory Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
30	345	Power Operated Equipment	3.00%	-	-	-	-	-	-	-	3,316	110,546	17,044
31	346	Communication Equipment	3.00%	-	-	-	-	-	-	-	6,738	224,607	45,198
32	347	Miscellaneous Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
33	348	Other Tangible Plant	3.00%	-	-	-	-	-	-	-	-	-	-
34		Const. Work in Progress											
35													
36		TOTALS		1,079,081	(71,431)	1,007,650	37,474	28,966	66,440	-	350,527	12,252,458	3,164,028

Pima Utility Company - Water Division
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.16
Witness: Jones/Bourassa

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	2006 Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.
1	301	Organization Cost	0.00%	-	-	-	-	-	-	-	-	-	-
2	302	Franchise Cost	0.00%	-	-	-	-	-	-	-	-	-	-
3	303	Land and Land Rights	0.00%	-	-	-	-	-	-	-	-	97,637	-
4	304	Structures & Improvements	3.00%	-	-	-	-	-	-	-	8,060	268,677	107,728
5	305	Collecting & Impounding Reservoirs	3.00%	-	-	-	-	-	-	-	-	-	-
6	306	Lake, River, Canal Intakes	3.00%	-	-	-	-	-	-	-	-	-	-
7	307	Wells & Springs	3.00%	-	-	-	-	-	-	-	16,361	545,359	192,060
8	308	Infiltration Galleries	3.00%	-	-	-	-	-	-	-	-	-	-
9	309	Raw Water Supply Mains	3.00%	-	-	-	-	-	-	-	-	-	-
10	310	Power Generation Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
11	311	Pumping Equipment	3.00%	89,679	(58,153)	31,527	-	6,714	6,714	-	51,342	1,723,797	324,356
12	320	Water Treatment Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
13	320.1	Water Treatment Plants	3.00%	-	-	-	-	-	-	-	-	-	-
14	320.2	Solution Chemical Feeders	3.00%	6,347	-	6,347	-	-	-	-	1,421	50,539	9,110
15	330	Distribution Reservoirs & Standpipes	3.00%	-	-	-	-	-	-	-	-	-	-
16	330.1	Storage Tanks	3.00%	-	-	-	-	-	-	-	28,727	957,575	360,576
17	330.2	Pressure Tanks	3.00%	-	-	-	-	-	-	-	2,175	72,505	16,947
18	331	Transmission & Distribution Mains	3.00%	-	-	-	-	-	-	-	86,691	2,889,700	1,277,199
19	333	Services	3.00%	357,742	-	357,742	29,274	-	29,274	-	109,384	3,810,367	428,720
20	334	Meters	3.00%	34,418	(3,089)	31,329	-	-	-	-	24,341	827,028	257,254
21	335	Hydrants	3.00%	-	-	-	-	-	-	-	26,154	871,811	444,349
22	336	Backflow Prevention Devices	3.00%	-	-	-	-	-	-	-	-	-	-
23	339	Other Plant & Misc Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
24	340	Office Furniture & Equipment	3.00%	-	-	-	-	-	-	-	169	5,623	2,669
25	340.1	Computers & Software	3.00%	431	-	431	-	-	-	-	711	23,903	2,149
26	341	Transportation Equipment	3.00%	-	-	-	-	908	908	-	2,244	74,348	(34,024)
27	342	Stores Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
28	343	Tools, Shop & Garage Equipment	3.00%	-	-	-	-	8,050	8,050	-	2,547	80,866	28,073
29	344	Laboratory Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
30	345	Power Operated Equipment	3.00%	-	-	-	-	-	-	-	3,316	110,546	20,360
31	346	Communication Equipment	3.00%	4,243	-	4,243	-	3,150	3,150	-	6,755	225,700	48,803
32	347	Miscellaneous Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
33	348	Other Tangible Plant	3.00%	-	-	-	-	-	-	-	-	-	-
34		Const. Work in Progress											
35													
36		TOTALS		492,861	(61,242)	431,619	29,274	18,822	48,096	-	370,397	12,635,981	3,486,330

Pima Utility Company - Water Division
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.17
Witness: Jones/Bourassa

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	2007 Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.
1	301	Organization Cost	0.00%	-	-	-	-	-	-	-	-	-	-
2	302	Franchise Cost	0.00%	-	-	-	-	-	-	-	-	-	-
3	303	Land and Land Rights	0.00%	-	-	-	-	-	-	-	-	97,637	-
4	304	Structures & Improvements	3.00%	-	-	-	-	-	-	-	8,060	268,677	115,788
5	305	Collecting & Impounding Reservoirs	3.00%	-	-	-	-	-	-	-	-	-	-
6	306	Lake, River, Canal Intakes	3.00%	-	-	-	-	-	-	-	-	-	-
7	307	Wells & Springs	3.00%	-	-	-	-	-	-	-	16,361	545,359	208,421
8	308	Infiltration Galleries	3.00%	-	-	-	-	-	-	-	-	-	-
9	309	Raw Water Supply Mains	3.00%	-	-	-	-	-	-	-	-	-	-
10	310	Power Generation Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
11	311	Pumping Equipment	3.00%	272,215	(21,213)	251,002	-	43,805	43,805	-	54,822	1,930,993	335,373
12	320	Water Treatment Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
13	320.1	Water Treatment Plants	3.00%	-	-	-	-	-	-	-	-	-	-
14	320.2	Solution Chemical Feeders	3.00%	-	-	-	-	-	-	-	1,516	50,539	10,626
15	330	Distribution Reservoirs & Standpipes	3.00%	-	-	-	-	-	-	-	-	-	-
16	330.1	Storage Tanks	3.00%	136,912	-	136,912	-	-	-	-	30,781	1,094,487	391,357
17	330.2	Pressure Tanks	3.00%	-	-	-	-	-	-	-	2,175	72,505	19,122
18	331	Transmission & Distribution Mains	3.00%	1,879	-	1,879	-	-	-	-	86,719	2,891,578	1,363,918
19	333	Services	3.00%	275,451	-	275,451	23,698	-	23,698	-	118,087	4,062,120	523,109
20	334	Meters	3.00%	19,990	-	19,990	-	-	-	-	25,111	847,018	282,365
21	335	Hydrants	3.00%	-	-	-	-	-	-	-	26,154	871,811	470,504
22	336	Backflow Prevention Devices	3.00%	-	-	-	-	-	-	-	-	-	-
23	339	Other Plant & Misc Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
24	340	Office Furniture & Equipment	3.00%	204	-	204	-	-	-	-	172	5,826	2,841
25	340.1	Computers & Software	3.00%	3,082	-	3,082	-	-	-	-	763	26,985	2,913
26	341	Transportation Equipment	3.00%	14,300	-	14,300	21,162	-	21,162	1,851	2,128	67,486	(51,208)
27	342	Stores Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
28	343	Tools, Shop & Garage Equipment	3.00%	-	-	-	-	5,900	5,900	-	2,337	74,966	24,510
29	344	Laboratory Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
30	345	Power Operated Equipment	3.00%	-	-	-	-	-	-	-	3,316	110,546	23,676
31	346	Communication Equipment	3.00%	-	-	-	-	-	-	-	6,771	225,700	55,574
32	347	Miscellaneous Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
33	348	Other Tangible Plant	3.00%	-	-	-	-	-	-	-	-	-	-
34		Const. Work in Progress											
35													
36		TOTALS		724,033	(21,213)	702,819	44,860	49,705	94,565	1,851	385,274	13,244,236	3,778,890

Pima Utility Company - Water Division
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.18
Witness: Jones/Bourassa

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	2008 Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.
1	301	Organization Cost	0.00%	-	-	-	-	-	-	-	-	-	-
2	302	Franchise Cost	0.00%	-	-	-	-	-	-	-	-	-	-
3	303	Land and Land Rights	0.00%	-	-	-	-	-	-	-	-	97,637	-
4	304	Structures & Improvements	3.00%	83,986	(44,313)	39,673	-	-	-	-	8,655	308,350	124,444
5	305	Collecting & Impounding Reservoirs	3.00%	-	-	-	-	-	-	-	-	-	-
6	306	Lake, River, Canal Intakes	3.00%	-	-	-	-	-	-	-	-	-	-
7	307	Wells & Springs	3.00%	229,783	(179,493)	50,290	-	-	-	-	17,115	595,649	225,536
8	308	Infiltration Galleries	3.00%	-	-	-	-	-	-	-	-	-	-
9	309	Raw Water Supply Mains	3.00%	-	-	-	-	-	-	-	-	-	-
10	310	Power Generation Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
11	311	Pumping Equipment	3.00%	375,212	(262,374)	112,838	-	15,295	15,295	-	59,393	2,028,536	379,471
12	320	Water Treatment Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
13	320.1	Water Treatment Plants	3.00%	-	-	-	-	-	-	-	-	-	-
14	320.2	Solution Chemical Feeders	3.00%	5,165	-	5,165	-	3,500	3,500	-	1,541	52,205	8,667
15	330	Distribution Reservoirs & Standpipes	3.00%	-	-	-	-	-	-	-	-	-	-
16	330.1	Storage Tanks	3.00%	-	-	-	-	-	-	-	32,835	1,094,487	424,192
17	330.2	Pressure Tanks	3.00%	-	-	-	-	-	-	-	2,175	72,505	21,297
18	331	Transmission & Distribution Mains	3.00%	20,188	-	20,188	-	-	-	-	87,050	2,911,766	1,450,968
19	333	Services	3.00%	293,123	(6,613)	286,510	20,664	-	20,664	-	125,851	4,327,966	628,297
20	334	Meters	3.00%	20,720	(2,055)	18,666	-	-	-	-	25,691	865,684	308,055
21	335	Hydrants	3.00%	15,570	-	15,570	-	-	-	-	26,388	887,381	496,892
22	336	Backflow Prevention Devices	3.00%	-	-	-	-	-	-	-	-	-	-
23	339	Other Plant & Misc Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
24	340	Office Furniture & Equipment	3.00%	1,600	-	1,600	1,500	-	1,500	-	176	5,926	1,517
25	340.1	Computers & Software	3.00%	-	-	-	-	-	-	-	810	26,985	3,722
26	341	Transportation Equipment	3.00%	-	-	-	-	-	-	-	2,025	67,486	(49,183)
27	342	Stores Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
28	343	Tools, Shop & Garage Equipment	3.00%	35,000	-	35,000	-	-	-	-	2,774	109,966	27,284
29	344	Laboratory Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
30	345	Power Operated Equipment	3.00%	-	-	-	-	-	-	-	3,316	110,546	26,993
31	346	Communication Equipment	3.00%	-	-	-	-	-	-	-	6,771	225,700	62,345
32	347	Miscellaneous Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
33	348	Other Tangible Plant	3.00%	-	-	-	-	-	-	-	-	-	-
34		Const. Work in Progress											
35													
36		TOTALS		1,080,346	(494,847)	585,499	22,164	18,795	40,959	-	402,566	13,788,776	4,140,497

Pima Utility Company - Water Division
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.19
Witness: Jones/Bourassa

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	2009 Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.
1	301	Organization Cost	0.00%	-	-	-	-	-	-	-	-	-	-
2	302	Franchise Cost	0.00%	-	-	-	-	-	-	-	-	-	-
3	303	Land and Land Rights	0.00%	-	-	-	-	-	-	-	-	97,637	-
4	304	Structures & Improvements	3.00%	10,576	-	10,576	-	3,800	3,800	-	9,352	315,125	129,996
5	305	Collecting & Impounding Reservoirs	3.00%	-	-	-	-	-	-	-	-	-	-
6	306	Lake, River, Canal Intakes	3.00%	-	-	-	-	-	-	-	-	-	-
7	307	Wells & Springs	3.00%	-	-	-	-	-	-	-	17,869	595,649	243,405
8	308	Infiltration Galleries	3.00%	-	-	-	-	-	-	-	-	-	-
9	309	Raw Water Supply Mains	3.00%	-	-	-	-	-	-	-	-	-	-
10	310	Power Generation Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
11	311	Pumping Equipment	3.00%	226,802	(21,325)	205,476	-	61,631	61,631	-	63,014	2,172,382	380,854
12	320	Water Treatment Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
13	320.1	Water Treatment Plants	3.00%	-	-	-	-	-	-	-	-	-	-
14	320.2	Solution Chemical Feeders	3.00%	-	-	-	-	-	-	-	1,566	52,205	10,233
15	330	Distribution Reservoirs & Standpipes	3.00%	-	-	-	-	-	-	-	-	-	-
16	330.1	Storage Tanks	3.00%	7,710	-	7,710	-	-	-	-	32,950	1,102,197	457,142
17	330.2	Pressure Tanks	3.00%	1,431	-	1,431	-	-	-	-	2,197	73,937	23,494
18	331	Transmission & Distribution Mains	3.00%	4,282	-	4,282	-	-	-	-	87,417	2,916,048	1,538,385
19	333	Services	3.00%	220,238	-	220,238	17,958	-	17,958	-	132,873	4,530,246	743,212
20	334	Meters	3.00%	27,743	-	27,743	-	-	-	-	26,387	893,426	334,442
21	335	Hydrants	3.00%	-	-	-	-	-	-	-	26,621	887,381	523,513
22	336	Backflow Prevention Devices	3.00%	-	-	-	-	-	-	-	-	-	-
23	339	Other Plant & Misc Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
24	340	Office Furniture & Equipment	3.00%	-	-	-	-	1,687	1,687	-	152	4,239	(17)
25	340.1	Computers & Software	3.00%	2,641	-	2,641	-	5,014	5,014	-	774	24,613	(518)
26	341	Transportation Equipment	3.00%	-	-	-	-	-	-	-	2,025	67,486	(47,158)
27	342	Stores Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
28	343	Tools, Shop & Garage Equipment	3.00%	-	-	-	-	-	-	-	3,299	109,966	30,583
29	344	Laboratory Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
30	345	Power Operated Equipment	3.00%	9,115	-	9,115	-	-	-	-	3,453	119,660	30,446
31	346	Communication Equipment	3.00%	13,239	-	13,239	-	-	-	-	6,970	238,939	69,314
32	347	Miscellaneous Equipment	3.00%	-	-	-	-	-	-	-	-	-	-
33	348	Other Tangible Plant	3.00%	-	-	-	-	-	-	-	-	-	-
34		Const. Work in Progress											
35													
36		TOTALS		523,776	(21,325)	502,451	17,958	72,132	90,090	-	416,920	14,201,137	4,467,326

Pima Utility Company - Water Division
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.20
Witness: Jones/Bourassa

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	2010 Plant Additions (Per Books)	Plant Adjustments	Rate Case Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.
1	301	Organization Cost	0.00%	-	-		-	-	-	-	-	-	-	-
2	302	Franchise Cost	0.00%	-	-		-	-	-	-	-	-	-	-
3	303	Land and Land Rights	0.00%	-	-		-	-	-	-	-	-	97,637	-
4	304	Structures & Improvements	3.00%	-	-		-	-	-	-	-	9,454	315,125	139,450
5	305	Collecting & Impounding Reservoirs	3.00%	-	-		-	-	-	-	-	-	-	-
6	306	Lake, River, Canal Intakes	3.00%	-	-		-	-	-	-	-	-	-	-
7	307	Wells & Springs	3.00%	11,050	-	3,902	14,952	-	-	-	-	18,094	610,601	261,499
8	308	Infiltration Galleries	3.00%	-	-		-	-	-	-	-	-	-	-
9	309	Raw Water Supply Mains	3.00%	-	-		-	-	-	-	-	-	-	-
10	310	Power Generation Equipment	3.00%	-	-		-	-	-	-	-	-	-	-
11	311	Pumping Equipment	3.00%	220,917	(52,091)	5,937	174,763	-	77,407	77,407	-	66,632	2,269,738	370,078
12	320	Water Treatment Equipment	3.00%	-	-		-	-	-	-	-	-	-	-
13	320.1	Water Treatment Plants	3.00%	-	-		-	-	-	-	-	-	-	-
14	320.2	Solution Chemical Feeders	3.00%	8,051	-		8,051	-	2,000	2,000	-	1,657	58,255	9,890
15	330	Distribution Reservoirs & Standpipes	3.00%	-	-		-	-	-	-	-	-	-	-
16	330.1	Storage Tanks	3.00%	-	-		-	-	-	-	-	33,066	1,102,197	490,208
17	330.2	Pressure Tanks	3.00%	1,433	-		1,433	-	1,433	1,433	-	2,218	73,937	24,279
18	331	Transmission & Distribution Mains	3.00%	-	-		-	-	-	-	-	87,481	2,916,048	1,625,867
19	333	Services	3.00%	199,648	-	15,692	215,340	20,746	-	20,746	-	138,826	4,724,840	861,292
20	334	Meters	3.00%	29,776	-		29,776	-	-	-	-	27,249	923,202	361,692
21	335	Hydrants	3.00%	-	-		-	-	-	-	-	26,621	887,381	550,134
22	336	Backflow Prevention Devices	3.00%	-	-		-	-	-	-	-	-	-	-
23	339	Other Plant & Misc Equipment	3.00%	-	-		-	-	-	-	-	-	-	-
24	340	Office Furniture & Equipment	3.00%	-	-		-	-	-	-	-	127	4,239	110
25	340.1	Computers & Software	3.00%	3,867	-		3,867	-	-	-	-	796	28,479	278
26	341	Transportation Equipment	3.00%	-	-		-	5,851	-	5,851	-	1,937	61,635	(51,073)
27	342	Stores Equipment	3.00%	-	-		-	-	-	-	-	-	-	-
28	343	Tools, Shop & Garage Equipment	3.00%	24,539	-		24,539	-	-	-	-	3,667	134,506	34,251
29	344	Laboratory Equipment	3.00%	-	-		-	-	-	-	-	-	-	-
30	345	Power Operated Equipment	3.00%	5,239	-		5,239	-	-	-	-	3,668	124,899	34,114
31	346	Communication Equipment	3.00%	-	-		-	-	-	-	-	7,168	238,939	76,482
32	347	Miscellaneous Equipment	3.00%	-	-		-	-	-	-	-	-	-	-
33	348	Other Tangible Plant	3.00%	-	-		-	-	-	-	-	-	-	-
34		Const. Work in Progress												
35														
36		TOTALS		504,520	(52,091)	25,531	477,960	26,597	80,840	107,437	-	428,663	14,571,659	4,788,552

Pima UtilityCompany - Water Division
Test Year Ended December 31, 2010
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2

Exhibit
Rejoinder Schedule B-2
Page 4
Witness: Bourassa

Accumulated Depreciation

Line No.	Acct. No.	Description	Adjusted Accum. Depr.	A Depr. Related to Capitalized Expenses	B Difference to Computed Balance	Adjustments C Intentionally Left Blank	D Intentionally Left Blank	E Intentionally Left Blank	Adjusted Accum. Depr.
6	301	Organization Cost	-		-				-
7	302	Franchise Cost	-		-				-
8	303	Land and Land Rights	-		-				-
9	304	Structures and Improvements	139,450		-				139,450
10	305	Collecting and Impounding Res.	-		-				-
11	306	Lake River and Other Intakes	-		-				-
12	307	Wells and Springs	261,440	59	-				261,499
13	308	Infiltration Galleries and Tunnels	-		-				-
14	309	Supply Mains	-		-				-
15	310	Power Generation Equipment	-		-				-
16	311	Electric Pumping Equipment	369,989	89	-				370,078
17	320	Water Treatment Equipment	-		-				-
18	320.1	Water Treatment Plant	-		-				-
19	320.2	Chemical Solution Feeders	9,890		-				9,890
20	330	Dist. Reservoirs & Standpipe	-		-				-
21	330.1	Storage tanks	490,208		-				490,208
22	330.2	Pressure Tanks	24,279		-				24,279
23	331	Trans. and Dist. Mains	1,625,867		-				1,625,867
24	333	Services	861,057	235	-				861,292
25	334	Meters	361,692		-				361,692
26	335	Hydrants	550,134		-				550,134
27	336	Backflow Prevention Devices	-		-				-
28	339	Other Plant and Misc. Equip.	-		-				-
29	340	Office Furniture and Fixtures	110		(0)				110
30	340.1	Computers and Software	278		-				278
31	341	Transportation Equipment	(51,073)		-				(51,073)
32	342	Stores Equipment	-		-				-
33	343	Tools and Work Equipment	34,251		-				34,251
34	344	Laboratory Equipment	-		-				-
35	345	Power Operated Equipment	34,114		-				34,114
36	346	Communications Equipment	76,482		-				76,482
37	347	Miscellaneous Equipment	-		-				-
38	348	Other Tangible Plant	-		-				-
39			-						-
40		TOTALS	$ 4,788,169	$ 383	$ (0)	$ -	$ -	$ -	$ 4,788,552
41									
42	Accumulated Depreciation per Direct								$ 4,788,169
43									
44	Increase (decrease) in Accumulated Depreciation								$ 383
45									
46	Adjustment to Accumulated Depreciation								$ 383
47									
48	SUPPORTING SCHEDULES								
49	B-2, pages 4.1								
50	B-2, pages 3.2 to 3.19								

Pima UtilityCompany - Water Division
Test Year Ended December 31, 2010
B-2 Adjustment 2 - A
Depreciation Related to Capitalized Expenses

Exhibit
Rejoinder Schedule B-2
Page 4.1
Witness: Bourassa

Line No.	Plant Acct	Description	Amount	Depr Rate	Years	Depreciation
1	307	Wells and Springs	$ 3,902	3.00%	0.5	$ 59
2	311	Electric Pumping Equipment	5,937	3.00%	0.5	89
3	333	Services	15,692	3.00%	0.5	235
4						
5		Total				$ 383
6						
7						
8	Increase in Accumulated Depreciation					$ 383
9						
10						
11						
12						
13						
14						
15						
16	Reference/Supporting Schedule					
17	Staff Rate Base Adjustment No. 2, Schedule CSB-5					
18						
19						
20						
21						
22						
23						
24						
25						

Pima UtilityCompany - Water Division
Test Year Ended December 31, 2010
B-2 Adjustment 3
Reclassify AIAC to CIAC

Exhibit
Rejoinder Schedule B-2
Page 5
Witness: Bourassa

Line No.		
1	Advances-in-aid of Construction related to bankrupt developer	$ 374,236
2	Unrefunded AIAC related to bankrupt developer	49,353
3		
4	Total	$ 423,589
5		
6		
7	Increase (Decrease) in AIAC	$ (374,236)
8		
9		
10	Increase (Decrease) in CIAC	$ 423,589
11		
12		
13		
14		
15	Reference/Supporting Schedule	
16	RUCO Rate Base Adjustment No. 1, Schedule RBM-6	
17		
18		
19		
20		
21		
22		
23		
24		

Pima UtilityCompany - Water Division
Test Year Ended December 31, 2010
Computation of Working Capital

Exhibit
Rejoinder Schedule B-5
Page 1
Witness: Bourassa

Line No.			
1	Cash Working Capital (1/8 of Allowance		
2	Operation and Maintenance Expense)	$	87,231
3	Pumping Power (1/24 of Pumping Power)		10,519
4	Purchased Water (1/24 of Purchased Water)		-
5	Prepaid Expenses		
6			
7			
8			
9	Total Working Capital Allowance	$	97,750
10			
11			
12	Working Capital Requested	$	-
13			
14			
15			
16			
17		Adjusted Test Year	
18	Total Operating Expense	$	1,735,082
19	Less:		
20	Income Tax	$	40,270
21	Property Tax		77,191
22	Depreciation		667,321
23	Purchased Water		-
24	Pumping Power		252,453
25	Allowable Expenses	$	697,847
26	1/8 of allowable expenses	$	87,231
27			
28			
29	SUPPORTING SCHEDULES:	RECAP SCHEDULES:	
30	E-1	B-1	
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			

Pima UtilityCompany - Water Division
Test Year Ended December 31, 2010
Income Statement

Exhibit
Rejoinder Schedule C-1
Page 1
Witness: Bourassa

Line No.		Direct Adjusted Results	Adjustment	Rebuttal Adjusted Results	Proposed Rate Increase	Adjusted with Rate Increase
1	**Revenues**					
2	Metered Water Revenues	$ 1,970,366	$ -	$ 1,970,366	$ 712,426	$ 2,682,792
3	Unmetered Water Revenues	-	-	-		-
4	Other Water Revenues	7,261	-	7,261		7,261
5		$ 1,977,627	$ -	$ 1,977,627	$ 712,426	$ 2,690,054
6	**Operating Expenses**					
7	Salaries and Wages	$ 220,827	-	$ 220,827		$ 220,827
8	Salaries and Wages - Off. and Dir.	90,294	(50,096)	40,198		40,198
9	Employee Pensions and Benefits	64,900	(1,040)	63,860		63,860
10	Purchased Water	-	-	-		-
11	Purchased Power	252,453	-	252,453		252,453
12	Chemicals	16,721	-	16,721		16,721
13	Repairs and Maintenance	100,885	(29,489)	71,396		71,396
14	Office Supplies and Expense	67,321	(460)	66,861		66,861
15	Contractual Services - Engineering	5,283	(3,902)	1,381		1,381
16	Contractual Services - Accounting	3,067	-	3,067		3,067
17	Contractual Services - Legal	14,175	-	14,175		14,175
18	Contractual Services - Other	54,797	(415)	54,382		54,382
19	Contractual Services - Water Testing	18,737	(9,812)	8,925		8,925
20	Rents - Equipment	3,203	-	3,203		3,203
21	Transportation Expenses	44,637	-	44,637		44,637
22	Insurance - Vehicle	17,464	-	17,464		17,464
23	Insurance - General Liability	10,840	-	10,840		10,840
24	Insurance - Worker's Comp	1,009	-	1,009		1,009
25	Reg. Comm. Exp.	3,671	-	3,671		3,671
26	Reg. Comm. Exp. - Rate Case	50,000	(50,000)	-		-
27	Bad Debt Expense	4,766	-	4,766		4,766
28	Miscellaneous Expense	15,934	(6,354)	9,580		9,580
29	Depreciation Expense	686,998	(19,677)	667,321		667,321
30	Taxes Other Than Income	40,883	-	40,883		40,883
31	Property Taxes	83,358	(6,167)	77,191	9,541	86,732
32	Income Tax	(27,157)	67,427	40,270	193,253	233,523
33			-	-		-
34	**Total Operating Expenses**	$ 1,845,067	$ (109,986)	$ 1,735,082	$ 202,794	$ 1,937,876
35	**Operating Income**	$ 132,560	$ 109,986	$ 242,546	$ 509,632	$ 752,178
36	**Other Income (Expense)**					
37	Interest Income	48,219	-	48,219		48,219
38	Other income	1,254	-	1,254		1,254
39	Interest Expense	(203,041)	66,693	(136,349)		(136,349)
40	Other Expense	(1,692)	-	(1,692)		(1,692)
41		(758)	-	(758)		(758)
42	**Total Other Income (Expense)**	$ (156,017)	$ 66,693	$ (89,325)	$ -	$ (89,325)
43	**Net Profit (Loss)**	$ (23,457)	$ 176,678	$ 153,221	$ 509,632	$ 662,853
44						
45	SUPPORTING SCHEDULES:				RECAP SCHEDULES:	
46	C-1, page 2				A-1	
47	E-2					
48						

Pima UtilityCompany - Water Division
Test Year Ended December 31, 2010
Income Statement

Exhibit
Rejoinder Schedule C-1
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Witness: Bourassa

Line No.		LABEL>>>>> Direct Adjusted Results	1 Depreciation	2 Property Taxes	3 Rate Case Expense	4 Salaries & Wages	5 Office Supplies and Expense	6 Repairs & Maintenance	7 Contractual Services - Engineering	8 Contractual Services - Testing	9 Contractual Services - Other
1	**Revenues**										
2	Metered Water Revenues	$ 1,970,366									
3	Unmetered Water Revenues	-									
4	Other Water Revenues	7,261									
5		$ 1,977,627	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
6	**Operating Expenses**										
7	Salaries and Wages	$ 220,827									
8	Salaries and Wages - Off. and Dir.	90,294				(50,096)					
9	Employee Pensions and Benefits	64,900				(1,040)					
10	Purchased Water	-									
11	Purchased Power	252,453									
12	Chemicals	16,721									
13	Repairs and Maintenance	100,885						(29,489)			
14	Office Supplies and Expense	67,321					(460)				
15	Contractual Services - Engineering	5,283							(3,902)		
16	Contractual Services - Accounting	3,067									
17	Contractual Services - Legal	14,175									
18	Contractual Services - Other	54,797									(415)
19	Contr. Services - Water Testing	18,737								(9,812)	
20	Rents - Equipment	3,203									
21	Transportation Expenses	44,637									
22	Insurance - Vehicle	17,464									
23	Insurance - General Liability	10,840									
24	Insurance - Worker's Comp	1,009									
25	Reg. Comm. Exp.	3,671									
26	Reg. Comm. Exp. - Rate Case	50,000			(50,000)						
27	Bad Debt Expense	4,766									
28	Miscellaneous Expense	15,934									
29	Depreciation Expense	686,998	(19,677)								
30	Taxes Other Than Income	40,883									
31	Property Taxes	83,358		(6,167)							
32	Income Tax	(27,157)									
33											
34	**Total Operating Expenses**	$ 1,845,067	$ (19,677)	$ (6,167)	$ (50,000)	$ (51,136)	$ (460)	$ (29,489)	$ (3,902)	$ (9,812)	$ (415)
35	**Operating Income**	$ 132,560	$ 19,677	$ 6,167	$ 50,000	$ 51,136	$ 460	$ 29,489	$ 3,902	$ 9,812	$ 415
36	**Other Income (Expense)**										
37	Interest Income	48,219									
38	Other income	1,254									
39	Interest Expense	(203,041)									
40	Other Expense	(1,692)									
41	Gain/Loss on Disposal	(758)									
42	**Total Other Income (Expense)**	$ (156,017)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
43	**Net Profit (Loss)**	$ (23,457)	$ 19,677	$ 6,167	$ 50,000	$ 51,136	$ 460	$ 29,489	$ 3,902	$ 9,812	$ 415
44											
45	SUPPORTING SCHEDULES:										
46	C-2										
47	E-2										

Pima UtilityCompany - Water Division
Test Year Ended December 31, 2010
Income Statement

Exhibit
Rejoinder Schedule C-1
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Witness: Bourassa

Line No.		10 Bank Fees	11 Intentionally Left Blank	12 Intentionally Left Blank	13 Intentionally Left Blank	14 Intentionally Left Blank	15 Interest Synch.	16 Income tax	Rebuttal Adjusted Results	Proposed Rate Increase	Adjusted with Rate Increase
1	**Revenues**										
2	Metered Water Revenues								$ 1,970,366	$ 712,426	$ 2,682,792
3	Unmetered Water Revenues								-		-
4	Other Water Revenues								7,261		7,261
5		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,977,627	$ 712,426	$ 2,690,054
6	**Operating Expenses**										
7	Salaries and Wages								$ 220,827		$ 220,827
8	Salaries and Wages - Off. and Dir.								40,198		40,198
9	Employee Pensions and Benefits								63,860		63,860
10	Purchased Water								-		-
11	Purchased Power								252,453		252,453
12	Chemicals								16,721		16,721
13	Repairs and Maintenance								71,396		71,396
14	Office Supplies and Expense								66,861		66,861
15	Contractual Services - Engineering								1,381		1,381
16	Contractual Services - Accounting								3,067		3,067
17	Contractual Services - Legal								14,175		14,175
18	Contractual Services - Other								54,382		54,382
19	Contr. Services - Water Testing								8,925		8,925
20	Rents - Equipment								3,203		3,203
21	Transportation Expenses								44,637		44,637
22	Insurance - Vehicle								17,464		17,464
23	Insurance - General Liability								10,840		10,840
24	Insurance - Worker's Comp								1,009		1,009
25	Reg. Comm. Exp.								3,671		3,671
26	Reg. Comm. Exp. - Rate Case								-		-
27	Bad Debt Expense								4,766		4,766
28	Miscellaneous Expense	(6,354)							9,580		9,580
29	Depreciation Expense								667,321		667,321
30	Taxes Other Than Income								40,883		40,883
31	Property Taxes								77,191	9,541	86,732
32	Income Tax							67,427	40,270	193,253	233,523
33											
34	**Total Operating Expenses**	$ (6,354)	$ -	$ -	$ -	$ -	$ -	$ 67,427	$ 1,735,082	$ 202,794	$ 1,937,876
35	**Operating Income**	$ 6,354	$ -	$ -	$ -	$ -	$ -	$ (67,427)	$ 242,546	$ 509,632	$ 752,178
36	**Other Income (Expense)**										
37	Interest Income								48,219		48,219
38	Other income								1,254		1,254
39	Interest Expense						66,693		(136,349)		(136,349)
40	Other Expense								(1,692)		(1,692)
41	Gain/Loss on Disposal								(758)		(758)
42	**Total Other Income (Expense)**	$ -	$ -	$ -	$ -	$ -	$ 66,693	$ -	$ (89,325)	$ -	$ (89,325)
43	**Net Profit (Loss)**	$ 6,354	$ -	$ -	$ -	$ -	$ 66,693	$ (67,427)	$ 153,221	$ 509,632	$ 662,853
44											
45	SUPPORTING SCHEDULES:										
46	C-2										
47	E-2										

RECAP SCHEDULES:
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Pima UtilityCompany - Water Division
Test Year Ended December 31, 2010
Adjustments to Revenues and Expenses

Exhibit
Rejoinder Schedule C-2
Page 1
Witness: Bourassa

Adjustments to Revenues and Expenses

Line No.		1	2	3	4	5	6	Subtotal
1								
2		Depreciation	Property	Rate Case	Salaries &	Office Supplies	Repairs &	
3		Expense	Taxes	Expense	Wages	and Expense	Maintenance	
4	Revenues							-
5								
6	Expenses	(19,677)	(6,167)	(50,000)	(51,136)	(460)	(29,489)	(156,929)
7								
8	Operating							
9	Income	19,677	6,167	50,000	51,136	460	29,489	156,929
10								
11	Interest							
12	Expense							-
13	Other							
14	Income /						-	-
15	Expense							
16								
17	Net Income	19,677	6,167	50,000	51,136	460	29,489	156,929
18								
19								

Adjustments to Revenues and Expenses

		7	8	9	10	11	12	Subtotal
20								
21								
22		Contractual	Contractual	Contractual		Intentionally	Intentionally	
23		Services -	Services -	Services -	Bank	Left	Left	
24		Engineering	Testing	Other	Fees	Blank	Blank	
25	Revenues							-
26								
27	Expenses	(3,902)	(9,812)	(415)	(6,354)			(177,413)
28								
29	Operating							
30	Income	3,902	9,812	415	6,354	-	-	177,413
31								
32	Interest							
33	Expense	-						-
34	Other							
35	Income /							-
36	Expense							
37								
38	Net Income	3,902	9,812	415	6,354	-	-	177,413
39								
40								

Adjustments to Revenues and Expenses

		13	14	15	16	17	18	Total
41								
42								
43		Intentionally	Intentionally			Intentionally	Intentionally	
44		Left	Left	Interest	Income	Left	Left	
45		Blank	Blank	Synch.	Taxes	Blank	Blank	
46	Revenues							-
47								
48	Expenses				67,427			(109,986)
49								
50	Operating							
51	Income	-	-	-	(67,427)	-	-	109,986
52								
53	Interest							
54	Expense			66,693				66,693
55	Other							
56	Income /							-
57	Expense							
58								
59	Net Income	-	-	66,693	(67,427)	-	-	176,678

Pima UtilityCompany - Water Division
Test Year Ended December 31, 2010
Adjustments to Revenues and Expenses
Adjustment Number 1

Exhibit
Rejoinder Schedule C-2
Page 2
Witness: Bourassa

Depreciation Expense

Line No.	Acct. No.	Description	Adjusted Original Cost	Proposed Rates	Depreciation Expense
1					
2					
3	Acct.		Adjusted Original	Proposed	Depreciation
4	No.	Description	Cost	Rates	Expense
5	301	Organization Cost	-	0.00%	-
6	302	Franchise Cost	-	0.00%	-
7	303	Land and Land Rights	97,637	0.00%	-
8	304	Structures and Improvements	315,125	3.33%	10,494
9	305	Collecting and Impounding Res.	-	2.50%	-
10	306	Lake River and Other Intakes	-	2.50%	-
11	307	Wells and Springs	610,601	3.33%	20,333
12	308	Infiltration Galleries and Tunnels	-	6.67%	-
13	309	Supply Mains	-	2.00%	-
14	310	Power Generation Equipment	-	5.00%	-
15	311	Electric Pumping Equipment	2,269,738	12.50%	283,717
16	320	Water Treatment Equipment	-	3.33%	-
17	320.1	Water Treatment Plant	-	3.33%	-
18	320.2	Chemical Solution Feeders	58,255	20.00%	11,651
19	330	Dist. Reservoirs & Standpipe	-	2.22%	-
20	330.1	Storage tanks	1,102,197	2.22%	24,469
21	330.2	Pressure Tanks	73,937	5.00%	3,697
22	331	Trans. and Dist. Mains	2,916,048	2.00%	58,321
23	333	Services	4,724,840	3.33%	157,337
24	334	Meters	923,202	8.33%	76,903
25	335	Hydrants	887,381	2.00%	17,748
26	336	Backflow Prevention Devices	-	6.67%	-
27	339	Other Plant and Misc. Equip.	-	6.67%	-
28	340	Office Furniture and Fixtures	4,239	6.67%	283
29	340.1	Computers and Software	28,479	20.00%	5,696
30	341	Transportation Equipment	61,635	20.00%	12,327
31	342	Stores Equipment	-	4.00%	-
32	343	Tools and Work Equipment	134,506	5.00%	6,725
33	344	Laboratory Equipment	-	10.00%	-
34	345	Power Operated Equipment	124,899	5.00%	6,245
35	346	Communications Equipment	238,939	10.00%	23,894
36	347	Miscellaneous Equipment	-	10.00%	-
37	348	Other Tangible Plant	-	10.00%	-
38		TOTALS	$ 14,571,659		$ 719,839
39					
40			Gross CIAC	Amort. Rate	
41	Less: Amortization of Contributions		$ 1,056,007	4.9733%	$ (52,518)
42	Total Depreciation Expense				$ 667,321
43					
44	Adjusted Test Year Depreciation Expense				686,998
45					
46	Increase (decrease) in Depreciation Expense				(19,677)
47					
48	Adjustment to Revenues and/or Expenses				$ (19,677)
49					
50	SUPPORTING SCHEDULE				
51	B-2, page 3				

Pima UtilityCompany - Water Division
Test Year Ended December 31, 2010
Adjustment to Revenues and Expenses
Adjustment Number 2

Exhibit
Rejoinder Schedule C-2
Page 3
Witness: Bourassa

Property Taxes

Line No.	DESCRIPTION	Test Year as adjusted	Company Recommended
1	Company Adjusted Test Year Revenues - 2007	$ 1,977,627	$ 1,977,627
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	3,955,255	3,955,255
4	Company Recommended Revenue	1,977,627	2,690,054
5	Subtotal (Line 4 + Line 5)	5,932,882	6,645,309
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	1,977,627	2,215,103
8	Department of Revenue Mutilplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	3,955,255	4,430,206
10	Plus: 10% of CWIP - 2010	-	-
11	Less: Net Book Value of Licensed Vehicles	112,708	112,708
12	Full Cash Value (Line 9 + Line 10 - Line 11)	3,842,547	4,317,498
13	Assessment Ratio	20.0%	20.0%
14	Assessment Value (Line 12 * Line 13)	768,509	863,500
15	Composite Property Tax Rate - Obtained from ADOR	10.0442%	10.0442%
16	Test Year Adjusted Property Tax Expense (Line 14 * Line 15)	$ 77,191	$ 86,732
17	Tax on Parcels	-	-
18	Total Property Taxes (Line 16 + Line 17)	$ 77,191	
19	Test Year Property Taxes	$ 83,358	
20	Adjustment to Test Year Property Taxes (Line 18 - Line 19)	**$ (6,167)**	
21			
22	Property Tax on Company Recommended Revenue (Line 16 + Line 17)		$ 86,732
23	Company Test Year Adjusted Property Tax Expense (Line 18)		$ 77,191
24	Increase in Property Tax Due to Increase in Revenue Requirement		**$ 9,541**
25			
26	Increase in Property Tax Due to Increase in Revenue Requirement (Line 24)		$ 9,541
27	Increase in Revenue Requirement		$ 712,426
28	Increase in Property Tax Per Dollar Increase in Revenue (Line 26 / Line 27)		1.33923%
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			

Pima UtilityCompany - Water Division
Test Year Ended December 31, 2010
Adjustment to Revenues and Expenses
Adjustment Number 3

Exhibit
Rejoinder Schedule C-2
Page 4
Witness: Bourassa

Rate Case Expense

Line No.			
1			
2			
3			
4			
5			
6			
7	Annual Rate Case Expense per Direct	$	50,000
8			
9	Amount to include in operating expenses	$	-
10			
11			
12	Increase(decrease) Rate Case Expense	$	(50,000)
13			
14	Adjustment to Revenue and/or Expense	$	(50,000)
15			
16			
17			
18			
19	REFERENCE		
20	See Testimony		

Pima UtilityCompany - Water Division
Test Year Ended December 31, 2010
Adjustment to Revenues and Expenses
Adjustment Number 4

Exhibit
Rejoinder Schedule C-2
Page 5
Witness: Bourassa

Salaries and Wages - Offices and Directors

Line No.				
1				
2	Proposed Salaries and Wages for Officers and Directors		$	40,198
3				
4	Test Year Salaries and Wages - Officers and Directors		$	90,294
5				
6	Increase (decrease) in Salaries and Wages - Officers and Directors		$	(50,096)
7				
8	Proposed Payroll Burden			
9	Proposed Salaries and Wages	$ 40,198		
10	Burden Rate	2.085440%		
11	Proposed Payroll Burden		$	838
12				
13	Test Year Payroll Burden			1,878
14				
15	Increase (decrease) in Employee Pensions and Benefits		$	(1,040)
16				
17				
18				
19	Adjustment to Revenue and/or Expense		$	(51,136)
20				
21				
22				
23				
24				
25				
26				
27				
28				
29	REFERENCE			
30	Testimony			

Pima UtilityCompany - Water Division
Test Year Ended December 31, 2010
Adjustment to Revenues and Expenses
Adjustment Number 5

Exhibit
Rejoinder Schedule C-2
Page 6
Witness: Bourassa

Office Supplies and Expense

Line No.			
1			
2			
3			
4	Remove coffee service expense	$	460
5			
6			
7			
8	Increase (decrease) in Office Supplies and Expense	$	(460)
9			
10			
11	Adjustment to Revenue and/or Expense	$	(460)
12			
13	REFERENCE/SUPPORTING SCHEDULES		
14	Staff Adjustment No. 4, Schedule CSB-11		
15			
16			
17			
18			
19			
20			

Pima UtilityCompany - Water Division
Test Year Ended December 31, 2010
Adjustment to Revenues and Expenses
Adjustment Number 6

Exhibit
Rejoinder Schedule C-2
Page 7
Witness: Bourassa

Repairs and Maintenance

Line No.			
1			
2			
3	Remove capitalized expenses from Repairs and Maintenance	$	21,629
4	Normalization adjustment for tree removal costs		7,860
5	Total	$	29,489
6			
7			
8	Increase (decrease) in Repairs and Maintenance	$	(29,489)
9			
10			
11	Adjustment to Revenue and/or Expense	$	(29,489)
12			
13	REFERENCE/SUPPORTING SCHEDULES		
14	Staff Adjustment No. 3, Schedule CSB-10		
15			
16			
17			
18			
19			
20			

Pima UtilityCompany - Water Division
Test Year Ended December 31, 2010
Adjustment to Revenues and Expenses
Adjustment Number 7

Exhibit
Rejoinder Schedule C-2
Page 8
Witness: Bourassa

Contractual Services - Engineering

Line No.			
1			
2	Remove capitalized expenses from Contractual Services - Eng.	$	3,902
3			
4			
5			
6			
7	Increase (decrease) in Contractual Services - Eng.	$	(3,902)
8			
9			
10	Adjustment to Revenue and/or Expense	$	(3,902)
11			
12	REFERENCE/SUPPORTING SCHEDULES		
13	Staff Adjustment No. 5, Schedule CSB-12		
14			
15			
16			
17			
18			
19			
20			

Pima UtilityCompany - Water Division
Test Year Ended December 31, 2001
Adjustment to Revenues and Expenses
Adjustment Number 8

Exhibit
Rejoinder Schedule C-2
Page 9
Witness: Bourassa

Contractual Services - Testing

Line No.			
1			
2	Staff Recommended Testing Expenses	$	8,925
3			
4	Test Year Testing Expenses	$	18,737
5			
6	Increase (decrease) in Testing Expense	$	(9,812)
7			
8			
9		$	(9,812)
10			
11			
12			
13			
14			
15			
16	REFERENCE/SUPPORTING SCHEDULES		
17	Staff Adjustment No. 6, Schedule CSB-13		
18			
19			
20			

Pima UtilityCompany - Water Division
Test Year Ended December 31, 2010
Adjustment to Revenues and Expenses
Adjustment Number 9

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Witness: Bourassa

Contractual Services - Other

Line No.			
1			
2	Remove expenses from Contractual Services -Other	$	415
3			
4			
5			
6			
7	Increase (decrease) in Contractual Services - Other	$	(415)
8			
9			
10	Adjustment to Revenue and/or Expense	$	(415)
11			
12	REFERENCE/SUPPORTING SCHEDULES		
13	Staff Adjustment No. 7, Schedule CSB-14		
14			
15			
16			
17			
18			
19			
20			

Pima UtilityCompany - Water Division
Test Year Ended December 31, 2010
Adjustment to Revenues and Expenses
Adjustment Number 10

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Schedule C-2
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Witness: Bourassa

Miscellaneous Expense

Line No.			
1			
2			
3			
4	WW Division bank fees recorded on Water Division's books	$	6,354
5			
6			
7			
8	Increase (decrease) in Miscellaneous Expense	$	(6,354)
9			
10			
11	Adjustment to Revenue and/or Expense	$	(6,354)
12			
13	REFERENCE/SUPPORTING SCHEDULES		
14	RUCO Adjustment No. 6, Schedule RBM-15		
15			
16			
17			
18			
19			
20			

Pima UtilityCompany - Water Division
Test Year Ended December 31, 2010
Adjustment to Revenues and Expenses
Adjustment Number 15

Exhibit
Rejoinder Schedule C-2
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Witness: Bourassa

Interest Synchronization

Line No.			
1			
2			
3			
4	Fair Value Rate Base	$ 9,073,324	
5	Weighted Cost of Debt	1.50%	
6	Interest Expense		$ 136,349
7			
8	Test Year Interest Expense		$ 203,041
9			
10	Increase (decrease) in Interest Expense		(66,693)
11			
12			
13			
14	Adjustment to Revenue and/or Expense		$ 66,693
15			
16			
17	Weighted Cost of Debt Computation		

18					Weighted
19		Amount	Percent	Cost	Cost
20	Debt	$ 8,370,000	35.36%	4.25%	1.50%
21	Equity	$ 15,301,736	64.64%	10.50%	6.79%
22	Total	$ 23,671,736	100.00%		8.29%

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Pima UtilityCompany - Water Division
Test Year Ended December 31, 2010
Adjustment to Revenues and/or Expenses
Adjustment Number 16

Exhibit
Rejoinder Schedule C-2
Page 13
Witness: Bourassa

Line No.			Test Year Adjusted Results	Adjusted with Rate Increase
1	Income Tax Computation			
2				
3				
4				
5				
6	Revenue		$ 1,977,627	$ 2,690,054
7	Operating Expenses Excluding Income Taxes		1,694,812	1,704,353
8	Synchronized Interest		136,349	136,349
9				
10	Income Before Taxes		$ 146,467	$ 849,352
11				
12	Arizona Income Before Taxes		$ 146,467	$ 849,352
13				
14	Less: Effective Arizona Income Tax		$ 6,479	$ 37,573
15	Rate =	4.4237% [1]		
16				
17				
18				
19				
20	Federal Income Before Taxes		$ 146,467	$ 849,352
21				
22	Less Arizona Income Taxes		$ 6,479	$ 37,573
23				
24	Federal Taxable Income		$ 139,988	$ 811,780
25				
26				
27				
28	FEDERAL INCOME TAXES:			
29	Effective Federal Tax Rate =	24.1383% [1]	$ 33,791	$ 195,950
30				
31				
32				
33				
34				
35	Federal Income Taxes		$ 33,791	$ 195,950
36				
37				
38	Total Income Tax		$ 40,270	$ 233,523
39				
40	Overall Tax Rate		27.49%	27.49%
41				
42	Income Tax		$ 40,270	$ 233,523
43	Test Year Income tax Expense		(27,157)	40,270
44	Adjustment to Income Tax Expense		$ 67,427	$ 193,253
45				
46				
47	[1] See work papers/testimony			

Pima UtilityCompany - Water Division
Test Year Ended December 31, 2010
Computation of Gross Revenue Conversion Factor

Exhibit
Rejoinder Schedule C-3
Page 1
Witness: Bourassa

Line No.	Description	Percentage of Incremental Gross Revenues
1	Combined Federal and State Effective Income Tax Rate	27.494%
2		
3	Property Taxes	0.971%
4		
5		
6	Total Tax Percentage	28.465%
7		
8	Operating Income % = 100% - Tax Percentage	71.535%
9		
10		
11		
12		
13	1 = Gross Revenue Conversion Factor	
14	Operating Income %	1.3979
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25	SUPPORTING SCHEDULES:	RECAP SCHEDULES:
26	C-3, page 2	A-1
27		
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Pima UtilityCompany - Water Division
Test Year Ended December 31, 2010

Exhibit
Rejoinder Schedule C-3
Page 2
Witness: Bourassa

GROSS REVENUE CONVERSION FACTOR

Line No.	Description	(A)	(B)	(C)	(D)	[E]	[F]
	Calculation of Gross Revenue Conversion Factor:						
1	Revenue	100.0000%					
2	Uncollecible Factor (Line 11)	0.0000%					
3	Revenues (L1 - L2)	100.0000%					
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)	28.4652%					
5	Subtotal (L3 - L4)	71.5348%					
6	**Revenue Conversion Factor (L1 / L5)**	1.397921					
	Calculation of Uncollectible Factor:						
7	Unity	100.0000%					
8	Combined Federal and State Tax Rate (Line 17)	27.4942%					
9	One Minus Combined Income Tax Rate (L7 - L8)	72.5058%					
10	Uncollectible Rate	0.0000%					
11	Uncollectible Factor (L9 * L10)		0.0000%				
	Calculation of Effective Tax Rate:						
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%					
13	Arizona State Income Tax Rate	4.4237%					
14	Federal Taxable Income (L12 - L13)	95.5763%					
15	Applicable Federal Income Tax Rate (Line 54)	24.1383%					
16	Effective Federal Income Tax Rate (L14 x L15)	23.0705%					
17	Combined Federal and State Income Tax Rate (L13 +L16)		27.4942%				
	Calculation of Effective Property Tax Factor						
18	Unity	100.0000%					
19	Combined Federal and State Income Tax Rate (L17)	27.4942%					
20	One Minus Combined Income Tax Rate (L18-L19)	72.5058%					
21	Property Tax Factor	1.3392%					
22	Effective Property Tax Factor (L20*L21)		0.9710%				
23	Combined Federal and State Income Tax and Property Tax Rate (L17+L22			28.4652%			
24	Required Operating Income	$ 752,179					
25	AdjustedTest Year Operating Income (Loss)	$ 242,546					
26	Required Increase in Operating Income (L24 - L25)		$ 509,633				
27	Income Taxes on Recommended Revenue (Col. (E), L52)	$ 233,523					
28	Income Taxes on Test Year Revenue (Col. (F), L52)	$ 40,270					
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		$ 193,253				
30	Recommended Revenue Requirement	$ 2,690,054					
31	Uncollectible Rate (Line 10)	0.0000%					
32	Uncollectible Expense on Recommended Revenue (L30 * L31)	$ -					
33	Adjusted Test Year Uncollectible Expense	$ -					
34	Required Increase in Revenue to Provide for Uncollectible Exp.		$ -				
35	Property Tax with Recommended Revenue	$ 86,732					
36	Property Tax on Test Year Revenue	$ 77,191					
37	Increase in Property Tax Due to Increase in Revenue (L35-L36)		$ 9,541				
38	Total Required Increase in Revenue (L26 + L29 + L37)		$ 712,427				

		(A)	(B)	(C)	(D)	[E]	[F]
		Test Year			Company Recommended		
		Total			Total		
	Calculation of Income Tax:	Pima UtilityCompany - Water Division			Pima UtilityCompany - Water Division		
39	Revenue	$ 1,977,627	$ 1,977,627		$ 2,690,054	$ 2,690,054	
40	Operating Expenses Excluding Income Taxes	$ 1,694,812	$ 1,694,812		$ 1,704,353	$ 1,704,353	
41	Synchronized Interest (L58)	$ 136,349	$ 136,349	$ -	$ 136,349	$ 136,349	
42	Arizona Taxable Income (L39 - L40 - L41)	$ 146,467	$ 146,467	$ -	$ 849,353	$ 849,353	$ -
43	Arizona State Effective Income Tax Rate (see work papers)	4.4237%	4.4237%	4.4237%	4.4237%	4.4237%	4.4237%
44	Arizona Income Tax (L42 x L43)	$ 6,479	$ 6,479	$ -	$ 37,573	$ 37,573	$ -
45	Federal Taxable Income (L42 - L44)	$ 139,988	$ 139,988	$ -	$ 811,781	$ 811,781	$ -
46	Effective Tax Rate (see work papers)	24.1383%	24.1383%		24.1383%	24.1383%	
47	Federal Income Tax (L45 x L46)	$ 33,791	$ 33,791		$ 195,950	$ 195,950	
48		$ -			$ -		
49		$ -			$ -		
50		$ -			$ -		
51	Total Federal Income Tax	$ 33,791	$ 33,791	$ -	$ 195,950	$ 195,950	$ -
52	Combined Federal and State Income Tax (L35 + L42)	$ 40,270	$ 40,270	$ -	$ 233,523	$ 233,523	$ -

53	COMBINED Applicable Federal Income Tax Rate [Col. [D], L51 - Col. [A], L51] / [Col. [D], L45 - Col. [A], L45	24.1383%	
54	WATER Applicable Federal Income Tax Rate [Col. [E], L51 - Col. [B], L51] / [Col. [E], L45 - Col. [B], L45		24.1383%
55			

	Calculation of Interest Synchronization:		N/A
56	Rate Base	$ 9,073,324	$ -
57	Weighted Average Cost of Debt	1.5027%	0.0000%
58	Synchronized Interest (L56 x L57)	$ 136,349	$ -

Pima Utility Company - Water Division
Test Year Ended December 31, 2010
Cost of Service Study, Using Commodity Demand Method
Operating Margins at Present Rates

Exhibit
Rejoinder Schedule G-1
Page 1
Witness: Bourassa

Line No.	Meter Size->	Totals	Meter Size 5/8" x 3/4"	3/4"	1"	1 1/2"	2"	Irrigation
1	Water Revenues	$ 1,983,814	$ 1,300,343	$ 1,819	$ 145,542	$ 10,567	$ 208,085	$ 317,458
2	Revenue Annualizations	(6,142)	(807)	-	1,735	(127)	381	(7,324)
3	Misc. Revenues[1]	7,261	6,988	3	190	8	69	3
4	Reconcilation H-1 to C-1[1]	(7,306)	(7,031)	(3)	(191)	(8)	(70)	(3)
5	Total Revenues	$ 1,977,628	$ 1,299,493	$ 1,819	$ 147,276	$ 10,440	$ 208,466	$ 310,134
6								
7	Operating Expenses[2]	$ 950,300	$ 685,057	$ 584	$ 43,965	$ 3,206	$ 30,831	$ 186,657
8	Depreciation and							
9	Amortization[2]	667,321	554,518	343	30,939	2,263	33,453	45,805
10	Property Tax[3]	77,191	50,722	71	5,748	408	8,137	12,105
11	Income Tax[4]	40,270	(30,026)	208	16,761	1,149	35,895	16,284
12	Total Operating Expenses	$ 1,735,082	$ 1,260,271	$ 1,206	$ 97,413	$ 7,025	$ 108,316	$ 260,851
13	Operating Income	$ 242,546	$ 39,222	$ 613	$ 49,863	$ 3,415	$ 100,150	$ 49,283
14	Interest Expense[5]	136,349	118,404	65	5,662	386	5,491	6,341
15	Net Income	$ 106,198	$ (79,182)	$ 548	$ 44,201	$ 3,029	$ 94,660	$ 42,942
16	Rate Base[6]	$ 9,073,324	$ 7,879,209	$ 4,305	$ 376,811	$ 25,673	$ 365,381	$ 421,945
17	Return on Rate Base[7]	2.67%	0.50%	14.24%	13.23%	13.30%	27.41%	11.68%
18								
19	**Percent of Total Customers**		96.24%	0.04%	2.62%	0.11%	0.95%	0.04%
20								
21								

22 [1] Allocated based on customer counts.
23 [2] Operating Expenses and Depreciation computations are shown on Schedule G-4, Page 1.
24 [3] Property Taxes allocation based on Revenues
25 [4] Income Tax from Schedule C-1, at Present Rates. Income Taxes allocated based on taxable income
26 [5] Interest Synchronized Interest Expense. Allocation based on Rate Base
27 [6] Rate Base computations are shown on Schedule G-3, Page 1
28 [7] Operating Income Divided by Rate Base
29
30

Pima Utility Company - Water Division
Test Year Ended December 31, 2010
Cost of Service Study, Using Commodity Demand Method
Operating Margins at Proposed Rates

Exhibit
Rejoinder Schedule G-2
Page 1
Witness: Bourassa

Line No.	Meter Size->	Totals	Meter Size 5/8" x 3/4"	3/4"	1"	1 1/2"	2"	Irrigation
1	Water Revenues	$ 2,688,984	$ 1,723,169	$ 2,855	$ 187,441	$ 15,295	$ 313,756	$ 446,468
2	Revenue Annualizations	(5,841)	(1,094)	-	2,169	(176)	583	(7,324)
3	Misc. Revenues[1]	7,261	6,988	3	190	8	69	3
4	Reconcilation H-1 to C-1[1]	(351)	(338)	(0)	(9)	(0)	(3)	(0)
5	Total Revenues	$ 2,690,053	$ 1,728,726	$ 2,858	$ 189,792	$ 15,126	$ 314,405	$ 439,147
6								
7	Operating Expenses[2]	$ 950,300	$ 685,057	$ 584	$ 43,965	$ 3,206	$ 30,831	$ 186,657
8	Depreciation and							
9	Amortization[2]	667,321	554,518	343	30,939	2,263	33,453	45,805
10	Property Tax[3]	86,732	55,737	92	6,119	488	10,137	14,159
11	Income Tax[4]	233,523	86,610	488	28,348	2,415	64,472	51,190
12	Total Operating Expenses	$ 1,937,876	$ 1,381,922	$ 1,507	$ 109,371	$ 8,372	$ 138,893	$ 297,811
13	Operating Income	$ 752,178	$ 346,804	$ 1,351	$ 80,421	$ 6,754	$ 175,512	$ 141,336
14	Interest Expense[5]	136,349	118,404	65	5,662	386	5,491	6,341
15	Net Income	$ 615,829	$ 228,400	$ 1,286	$ 74,758	$ 6,369	$ 170,021	$ 134,995
16	Rate Base[6]	$ 9,073,324	$ 7,879,209	$ 4,305	$ 376,811	$ 25,673	$ 365,381	$ 421,945
17	Return on Rate Base[7]	8.29%	4.40%	31.37%	21.34%	26.31%	48.04%	33.50%
18								
19	**Percent of Total Customers**		96.241%	0.039%	2.621%	0.108%	0.952%	0.039%
20								
21								

22 [1] Allocated based on customer counts.
23 [2] Operating Expenses and Depreciation computations are shown on Schedule G-4, Page 1.
24 [3] Property Taxes allocation based on Revenues
25 [4] Income Tax from Schedule C-1, at Proposed Rates. Income Taxes allocated based on taxable income
26 [5] Interest Synchronized Interest Expense. Allocation based on Rate Base
27 [6] Rate Base computations are shown on Schedule G-3, Page 1
28 [7] Operating Income Divided by Rate Base
29

Pima Utility Company - Water Division
Test Year Ended December 31, 2010
Cost of Service Study Using Commodity / Demand Method
Allocation of Assets to Customer Classes

Exhibit
Rejoinder Schedule G-3
Page 1
Witness: Bourassa

Line No.		Totals	5/8 x 3/4"	3/4"	1"	1 1/2"	2"	Irrigation	Totals
1	Plant, Minus Accumulated Depreciation, Advances and Contributions in Aid, Meter Deposits, and Deferred Income Tax (from Schedule G-5, Page 1)								
2	Commodity	$ 583,630	$ 258,397	$ 508	$ 31,823	$ 2,476	$ 15,009	$ 275,417	$ 583,630
3	Demand	3,322,710	2,768,101	1,694	188,445	15,527	219,077	129,865	3,322,710
4	Customer	741,926	714,035	291	19,444	801	7,064	291	741,926
5	Service	3,863,548	3,670,225	1,497	111,174	5,089	67,723	7,840	3,863,548
6	Meter	561,511	468,451	314	25,924	1,780	56,509	8,532	561,511
7	Totals	$ 9,073,324	$ 7,879,209	$ 4,305	$ 376,811	$ 25,673	$ 365,381	$ 421,945	$ 9,073,324
8									
9									-
10	Net Rate Base	$ 9,073,324	$ 7,879,209	$ 4,305	$ 376,811	$ 25,673	$ 365,381	$ 421,945	$ 9,073,324
11									
12	Allocation %	100.00%	86.84%	0.05%	4.15%	0.28%	4.03%	4.65%	100.00%
13									

Pima Utility Company - Water Division
Test Year Ended December 31, 2010
Cost of Service Study, Using Commodity Demand Method
Allocation of Expenses to Customer Classes

Exhibit
Rejoinder Schedule G-4
Page 1
Witness: Bourassa

Line No.		Totals	5/8 x 3/4"	3/4"	1"	1 1/2"	2"	Irrigation
	Operation and Maintenance Expense (from Schedule G-6, Page 1)							
1	Commodity	$ 372,158	$ 164,770	$ 324	$ 20,293	$ 1,579	$ 9,571	$ 175,623
2	Demand	279,306	232,686	142	15,841	1,305	18,416	10,916
3	Customer	298,836	287,602	117	7,832	323	2,845	117
4	Service	-	-	-	-	-	-	-
5	Meter	-	-	-	-	-	-	-
6	Totals	$ 950,300	$ 685,057	$ 584	$ 43,965	$ 3,206	$ 30,831	$ 186,657
7								
8	Depreciaton Expense on Plant (from Schedule G-6, Page 2)							
9	Commodity	67,834	30,033	59	3,699	288	1,744	32,011
10	Demand	314,355	261,884	160	17,828	1,469	20,726	12,286
11	Customer	50,892	48,979	20	1,334	55	485	20
12	Service	157,337	149,464	61	4,527	207	2,758	319
13	Meter	76,903	64,158	43	3,551	244	7,739	1,169
14	Totals	$ 667,321	$ 554,518	$ 343	$ 30,939	$ 2,263	$ 33,453	$ 45,805
15								
16								
17	Total Expenses (excluding Income Tax and							
18	Property Taxes)	$ 1,617,621	$ 1,239,575	$ 927	$ 74,904	$ 5,469	$ 64,284	$ 232,462
19								
20	Property Taxes, Allocated on Schedules G-1 & G-2	$ 77,191						
21	Income Tax, Allocated on Schedules G-1 & G-2	40,270						
22	Total Adjusted TY Expenses	$ 1,735,082						
23								

Pima Utility Company - Water Division
Test Year Ended December 31, 2010
Cost of Service Study, Using Commodity Demand Method
Summary of Allocation of Expenses to Customer Classes

Exhibit
Rejoinder Schedule G-4
Page 2
Witness: Bourassa

Line No.		Totals	5/8 x 3/4"	3/4"	1"	1 1/2"	2"	Irrigation
1	Commodity	$ 439,992	$ 164,770	$ 324	$ 20,293	$ 1,579	$ 9,571	$ 175,623
2	Demand	593,661	494,570	303	33,669	2,774	39,142	23,203
3	Customer	349,728	336,580	137	9,165	378	3,330	137
4	Service	157,337	149,464	61	4,527	207	2,758	319
5	Meter	76,903	64,158	43	3,551	244	7,739	1,169
6								
7								
8	Totals	$ 1,617,621	$ 1,209,542	$ 868	$ 71,205	$ 5,181	$ 62,539	$ 200,451
9								
10								
11								
12								
13	Total Expenses (excluding Income Tax and							
14	Property Taxes)	**$ 1,617,621**	$ 1,209,542	$ 868	$ 71,205	$ 5,181	$ 62,539	$ 200,451
15								
16	Property Taxes, Allocated on Schedules G-1 & G-2	$ 77,191						
17	Income Tax, Allocated on Schedules G-1 & G-2	40,270						
18	Total Adjusted TY Expenses	**$ 1,735,082**						
19								

Pima Utility Company - Water Division
Test Year Ended December 31, 2010
Cost of Service Study, Using Commodity Demand Method
Allocation of Rate Base by Function

Exhibit
Rejoinder Schedule G-5
Page 1
Witness: Bourassa

Line No.		Adjusted	Demand	Commodity	Customer	Meter	Service	Totals
1	Rate Base							
2	Plant minus (Accumulated Depreciation	$ 9,073,324	$ 3,322,710	$ 583,630	$ 741,926	$ 561,511	$ 3,863,548	$ 9,073,324
3	Contributions in Aid of Construction							
4	Advances in Aid of Construction,							
5	Meter Deposits and Deferred Income Tax)							
6								
7								
8								
9		9,073,324	3,322,710	583,630	741,926	561,511	3,863,548	9,073,324
10								
11								
12								
13								
14								
15								
16								
17								
18								
19								
20								
21								

Pima Utility Company - Water Division
Test Year Ended December 31, 2010
Allocation of Plant, Less Contributions and Advances in Aid of
Construction , Meter Deposits and Accumulated Depreciation to Functions

Exhibit
Rejoinder Schedule G-5
Page 2
Witness: Bourassa

Line No.	Account No.	Description	Original Cost Plant	Accumulated Depreciation	Total Net Plant Values	Demand	Commodity	Customer	Meter	Service
1	**Intangible**									
2	301	Organization	$ -		$ -					
3	302	Franchises	-		-					
4										
5	**Subtotal Intangible**		-		-	-	-	-	-	-
6										
7	**Source of Supply & Pumping Plant**									
8	303	Land and Land Rights	$ 97,637		$ 97,637	$ 97,637	$ -	$ -	$ -	$ -
9	304	Structures and Improvements	315,125	139,450	175,676	175,676	-	-		
10	305	Collecting and Impounding Res.	-	-	-	-				
11	306	Lakes, Rivers, Other Intakes	-	-	-					
12	307	Wells and Springs	610,601	261,499	349,102	279,281	69,820	-		
13	308	Infiltration Galleries and Tunnels	-	-	-					
14	309	Supply Mains	-	-	-	-	-			
15	310	Power Generation Equipment	-	-	-	-	-			
16	311	Electric Pumping Equipment	2,269,738	370,078	1,899,660	1,519,728	379,932			
17	**Subtotal Source of Supply & Pumping Plant**		$ 3,293,101	$ 771,027	$ 2,522,074	$ 2,072,322	$ 449,752	$ -	$ -	$ -
18										
19	**Water Treatment**									
20	320.2	Water Treat. Equip. - Chem Sol Feeder	$ 58,255	$ 9,890	$ 48,365	$ 38,692	$ 9,673			
21	**Subtotal Water Treatment**		$ 58,255	$ 9,890	$ 48,365	$ 38,692	$ 9,673	$ -	$ -	$ -
22										
23	**Transmission and Distribution Plant**									
24	330	Distribution Reservoirs & Standpipe	$ -	$ -	$ -	$ -	$ -			
25	330.1	Storage tanks	1,102,197	490,208	611,989	550,790	61,199			
26	330.2	Pressure Tanks	73,937	24,279	49,658	44,692	4,966			
27	331	Transmission and Distribution Mains	2,916,048	1,625,867	1,290,182	1,161,164	129,018			
28	333	Services	4,724,840	861,292	3,863,548					3,863,548
29	334	Meters	923,202	361,692	561,511				561,511	
30	335	Hydrants	887,381	550,134	337,246			337,246		
31	336	Backflow Prevention Devices	-	-	-	-	-			
32	339	Other Plant and Miscellaneous Equip.	-	-	-	-	-			
33	**Subtotal Transmission and Distribution Plant**		$ 10,627,605	$ 3,913,472	$ 6,714,134	$ 1,756,646	$ 195,183	$ 337,246	$ 561,511	$ 3,863,548
34										
35	**General Plant**									
36	340	Office Furniture and Fixtures	$ 4,239	$ 110	$ 4,129			$ 4,129		
37	340.1	Computers and Software	28,479	278	28,201			28,201		
38	341	Transportation Equipment	61,635	(51,073)	112,708	28,177		84,531		
39	342	Stores Equipment	-	-	-					
40	343	Tools and Work Equipment	134,506	34,251	100,255	25,064		75,191		
41	344	Laboratory Equipment	-	-	-					
42	345	Power Operated Equipment	124,899	34,114	90,785			90,785		
43	346	Communications Equipment	238,939	76,482	162,457	40,614		121,843		
44										

Pima Utility Company - Water Division
Test Year Ended December 31, 2010
Allocation of Plant, Less Contributions and Advances in Aid of
Construction , Meter Deposits and Accumulated Depreciation to Functions

Exhibit
Rejoinder Schedule G-5
Page 2.1
Witness: Bourassa

Line No.	Account No.	Description	Original Cost Plant	Accumulated Depreciation	Total Net Plant Values	Demand	Commodity	Customer	Meter	Service
1	**General Plant Continued**					-		-		
2	347	Miscellaneous Equipment	-	-	-			-		
3	348	Other Tangible Plant	-	-	-			-		
4	**Subtotal General Plant**		$ 592,698	$ 94,163	$ 498,535	$ 93,855	$ -	$ 404,680	$ -	$ -
5	Total Plant		$ 14,571,659	$ 4,788,552	$ 9,783,107	$ 3,961,514	$ 654,608	$ 741,926	$ 561,511	$ 3,863,548
6										
7	Contributions in Aid of Construction, Net		(709,783)		(709,783)	(638,805)	(70,978)	-		
8	Advances in Aid of Construction		0		0	0	0			
9	Meter Deposits		-		-				-	
10			-		-	-	-			
11			-		-			-		
12			-		-			-		
13	Totals		$ 13,861,876	$ 4,788,552	$ 9,073,324	$ 3,322,710	$ 583,630	$ 741,926	$ 561,511	$ 3,863,548
14	Rate Bases (Plant -(AIAC, CIAC, Meter Deposits & Accum. Depr.)				$ 9,073,324	$ 3,322,710	$ 583,630	$ 741,926	$ 561,511	$ 3,863,548

Pima Utility Company - Water Division
Test Year Ended December 31, 2010
Cost of Service Study, Using Commodity Demand Method
Allocation of Expenses to Functions

Exhibit
Rejoinder Schedule G-6
Page 1
Witness: Bourassa

Line No.	Description	Adjusted	Demand	Commodity	Customer	Meter	Service	Totals
1	Salaries and Wages[1]	$ 220,827	$88,330.68	$44,165.34	$88,330.68	$ -	$ -	$ 220,826.69
2	Salaries and Wages - Officers & Dir[1]	40,198	16,079	8,040	16,079	-	-	40,198
3	Employee Pensions and Benefits[1]	63,860	25,544	12,772	25,544	-	-	63,860
4	Purchased Water[1]	-		-				-
5	Purchased Power[1]	252,453	-	252,453	-	-	-	252,453
6	Chemicals[1]	16,721	-	16,721	-	-	-	16,721
7	Repairs and Maintenance[1]	71,396	49,977	21,419	-	-	-	71,396
8	Office Supplies and Expense	66,861			66,861			66,861
9	Outside Services - Acctng & Eng.	4,448	1,779	890	1,779	-	-	4,448
10	Outside Services - Other[1]	54,382	21,753	10,876	21,753	-	-	54,382
11	Outside Services - Legal	14,175	5,670	2,835	5,670	-	-	14,175
12	Water Testing[1]	8,925	7,140	1,785	-	-	-	8,925
13	Rents - Equipment	3,203	801	-	2,402	-	-	3,203
14	Transportation Expenses[1]	44,637	11,159	-	33,478	-	-	44,637
15	Insurance - Vehicle	17,464	4,366	-	13,098	-	-	17,464
16	Insurance - General Liability	10,840	5,420		5,420			10,840
17	Insurance - Worker's Comp	1,009	404	202	404	-	-	1,009
18	Reg. Comm. Exp.	3,671			3,671			3,671
19	Reg. Comm. Exp. - Rate Case	-	-		-			-
20	Miscellaneous Expense	9,580			9,580			9,580
21	Bad Debt Expense	4,766			4,766			4,766
22	Depreciation Expense[2]	667,321	314,355	67,834	50,892	76,903	157,337	667,321
23	Taxes Other Than Income	40,883	40,883					40,883
24	Property Taxes, Allocated on Schedules G-1 & G-2	**77,191**						
25	Income Tax, Allocated on Schedules G-1 & G-2	**40,270**						
26								
27	Total	$ 1,735,082	$ 593,661	$ 439,992	$ 349,728	$ 76,903	$ 157,337	**$ 1,617,621**
28								
29								
30	[1] See Schedule G-7, page 2.1.							
31	[2] Depreciation allocation computed on Schedule G-6, Page 2.							
32								
33								
34								

Pima Utility Company - Water Division
Test Year Ended December 31, 2010
Allocation of Depreciation Expense to Functions

Exhibit
Rejoinder Schedule G-6
Page 2.0
Witness: Bourassa

Line No.	Account No.	Description	Original Cost	Depreciation Rate	Depreciation Expense	Total Depr. Expense	Demand	Commodity	Customer	Meter	Service
1	**Intangible**										
2	301	Organization	$ -		$ -						
3	302	Franchises	-		-						
4											
5	**Subtotal Intangible**		$ -		$ -	$ -	$ -	$ -	$ -	$ -	$ -
6											
7		**Source of Supply & Pumping Plant**									
8	303	Land and Land Rights	$ 97,637	0.000%	$ -	$ -	$ -	$ -	$ -	$ -	$ -
9	304	Structures and Improvements	315,125	3.330%	10,494	10,494	10,494	-			
10	305	Collecting and Impounding Res.	-	2.500%	-	-	-				
11	306	Lakes, Rivers, Other Intakes	-	2.500%	-	-					
12	307	Wells and Springs	610,601	3.330%	20,333	20,333	16,266	4,067			
13	308	Infiltration Galleries and Tunnels	-	6.670%	-	-					
14	309	Supply Mains	-	2.000%	-	-	-	-			
15	310	Power Generation Equipment	-	5.000%	-	-	-	-			
16	311	Electric Pumping Equipment	2,269,738	12.500%	283,717	283,717	226,974	56,743			
17	**Subtotal Source of Supply & Pumping Plant**		$ 3,293,101		$ 314,544	$ 314,544	$ 253,734	$ 60,810	$ -	$ -	$ -
18											
19	**Water Treatment**										
20	320.2	Water Treat. Equip. - Chem Sol Feeder	58,255	20.000%	11,651	11,651	9,321	2,330			
21	**Subtotal Water Treatment**		$ 58,255		$ 11,651	$ 11,651	$ 9,321	$ 2,330	$ -	$ -	$ -
22											
23	**Transmission and Distribution Plant**										
24	330	Distribution Reservoirs & Standpipe	$ -		$ -	$ -	$ -	$ -	$ -	$ -	$ -
25	330.1	Storage tanks	1,102,197	2.220%	24,469	24,469	22,022	2,447	-	-	-
26	330.2	Pressure Tanks	73,937	5.000%	3,697	3,697	3,327	370	-	-	-
27	331	Transmission and Distribution Mains	2,916,048	2.000%	58,321	58,321	52,489	5,832			
28	333	Services	4,724,840	3.330%	157,337	157,337					157,337
29	334	Meters	923,202	8.330%	76,903	76,903				76,903	
30	335	Hydrants	887,381	2.000%	17,748	17,748			17,748		
31	336	Backflow Prevention Devices	-	6.670%	-	-	-	-			
32	339	Other Plant and Miscellaneous Equipment	-	6.670%	-	-	-	-			
33	**Subtotal Transmission and Distribution Plant**		$ 10,627,605		$ 338,474	$ 338,474	$ 77,838	$ 8,649	$ 17,748	$ 76,903	$ 157,337
34											
35	**General Plant**										
36	340	Office Furniture and Fixtures	$ 4,239	6.670%	$ 283	$ 283	$ -	$ -	$ 283	$ -	$ -
37	340.1	Computers and Software	28,479	20.000%	5,696	5,696	-	-	5,696	-	-
38	341	Transportation Equipment	61,635	20.000%	12,327	12,327	3,082		9,245		
39	342	Stores Equipment	-	4.000%	-	-			-		
40	343	Tools and Work Equipment	134,506	5.000%	6,725	6,725	6,053	673			
41	344	Laboratory Equipment	-	10.000%	-	-	-	-			
42	345	Power Operated Equipment	124,899	5.000%	6,245	6,245	5,620	624			
43	346	Communications Equipment	238,939	10.000%	23,894	23,894	5,973	-	17,920		

Pima Utility Company - Water Division
Test Year Ended December 31, 2010
Allocation of Depreciation Expense to Functions

Exhibit
Rejoinder Schedule G-6
Page 2.1
Witness: Bourassa

Line No.	Account No.	Description	Original Cost	Depreciatior Rate	Depreciation Expense	Total Depr. Expense	Demand	Commodity	Customer	Meter	Service
1	**General Plant Continued**										
2	347	Miscellaneous Equipment	-	10.00%	-	-			-		
3	348	Other Tangible Plant	-	10.00%	-	-	-				
4	**Subtotal General Plant**		$ 592,698		$ 55,170	$ 55,170	$ 20,728	$ 1,297	$ 33,144	$ -	$ -
5	**Total Plant**		$ 14,571,659		$ 719,839	$ 719,839	$ 361,621	$ 73,086	$ 50,892	$ 76,903	$ 157,337
6											
7											
8	Less: Amortization of Contributions										
9		Composite	$ 1,056,007	4.9733%	$ (52,518)	$ (52,518)	$ (47,267)	$ (5,252)			
10					-	-	-	-			
11											
12											
13											
14	Total Depreciation Expense		1,056,007		$ 667,321	$ 667,321	$ 314,355	$ 67,834	$ 50,892	$ 76,903	$ 157,337
15											
16											
17											
18											
19											

Pima Utility Company - Water Division
Test Year Ended December 31, 2010
Summary of Commodity - Demand Method Functions Factors

Exhibit
Rejoinder Schedule G-7
Page 1
Witness: Bourassa

Line No.	Description	5/8" x 3/4"	3/4"	1"	1 1/2"	2"	4"	6"	8"	Irrigation	Totals
1											
2	Description	5/8" x 3/4"	3/4"	1"	1 1/2"	2"	4"	6"	8"	Irrigation	Totals
3	Commodity	44.274%	0.087%	5.453%	0.424%	2.572%	0.000%	0.000%	0.000%	47.19%	100.00%
4	Demand	83.309%	0.051%	5.671%	0.467%	6.593%	0.000%	0.000%	0.000%	3.91%	100.00%
5	Customer	96.241%	0.039%	2.621%	0.108%	0.952%	0.000%	0.000%	0.000%	0.04%	100.00%
6	Services	94.996%	0.039%	2.877%	0.132%	1.753%	0.000%	0.000%	0.000%	0.20%	100.00%
7	Meters	83.427%	0.056%	4.617%	0.317%	10.064%	0.000%	0.000%	0.000%	1.52%	100.00%
8											
9											
10											
11											
12	SUPPORTING SCHEDULES										
13	G-7, page 3										

Pima Utility Company - Water Division
Test Year Ended December 31, 2010
COMMODITY - DEMAND METHOD FUNCTION FACTORS
Plant and Depreciation Expense Allocations Functions

Exhibit
Rejoinder Schedule G-7
Page 2
Witness: Bourassa

Line No.	Description	Total	Demand	Commodity	Customer
1					
2					
3	Wells	1.00	0.80	0.20	
4	Pumps & Equipment	1.00	0.80	0.20	
5	Trans. & Dist. Mains	1.00	0.90	0.10	
6	Structures & Improv.	1.00	1.00		
7	Land	1.00	1.00		
8	Customer	1.00			1.00
9	Services	1.00			1.00
10	Meters	1.00			1.00
11	Fire Hydrants	1.00			1.00
12	Transportation Equip.	1.00	0.25		0.75
13	Office Furniture	1.00			1.00
14	Communication Equip.	1.00	0.25		0.75
15	Water Treatment Equip.	1.00	0.10	0.90	
16					
17					
18					
19					
20					

Pima Utility Company - Water Division
Test Year Ended December 31, 2010
Cost of Service Study, Using Commodity Demand Method
Development Of Expense Allocation Factors

Exhibit
Rejoinder Schedule G-7
Page 2.1
Witness: Bourassa

Line No.	Expense Type	Total	Demand	Commodity	Customer	Meters	Services
1							
2	Repairs and Maintenance[1]	1.00	0.70	0.30	-	-	-
3	Contractual Services[2]	1.00	0.40	0.20	0.40	-	-
4	Purchased Power/Fuel for Power Prod.[3]	1.00	-	1.00	-	-	-
5	Purchased Water[4]	1.00	-	1.00	-	-	-
6	Transportation[5]	1.00	0.25	-	0.75	-	-
7	Chemicals[6]	1.00	-	1.00	-	-	-
8	Water Testing[7]	1.00	0.80	0.20	-	-	-
9	Salaries and Wages[8]	1.00	0.40	0.20	0.40	-	-
10							
11							
12							

13 [1] Estimated based on examination of costs in repairs and maintenance and professional judgement.
14 [2] Estimated based on examination of costs included in contractual services and professional judgement.
15 [3] 100% related to pumping and water production.
16 [4] 100% related to pumping and water production.
17 [5] Based on allocation of transportation equipment. See G-7, page 2.
18 [6] 100% related to water production.
19 [7] Based on allocation of well plant and equipment. See G-7, page 2.
20 [8] The Company does not have recorded salaries and wages expense. See allocation of contractual services.
21
22
23
24
25

Pima Utility Company - Water Division
Test Year Ended December 31, 2010
Cost of Service Study, Using Commodity Demand Method
Development of Class Allocation Factors

Exhibit
Rejoinder Schedule G-7
Page 3
Witness: Bourassa

COMMODITY ALLOCATION FACTOR

Meter Size	(a) Total Gallons (in 1,000's) In Test Year	Percent of Total
5/8" x 3/4"	768,141	44.27%
3/4"	1,511	0.09%
1"	94,602	5.45%
1-1/2"	7,359	0.42%
2"	44,617	2.57%
3"	-	0.00%
4"	-	0.00%
6"	-	0.00%
8"	-	0.000%
Irrigation	818,738	47.190%
Totals	1,734,968	100.00%

DEMAND ALLOCATION FACTOR

Meter Size	Number of Meters and/or Services	Equivalent Weight	Equivalent Number of Meters and/or Services	Percent of Total
5/8" x 3/4"	9,805	1.0	9,805	83.31%
3/4"	4	1.5	6	0.05%
1"	267	2.5	668	5.67%
1-1/2"	11	5.0	55	0.47%
2"	97	8.0	776	6.59%
3"	-	16.0	0	0.00%
4"	-	25.0	0	0.00%
6"	-	50.0	0	0.00%
8"	-	80.0	0	0.00%
Irrigation	4	115.0	460	3.91%
Totals	10,188		11,770	100.00%

CUSTOMER ALLOCATION FACTOR

Meter Size	Number of Meters	Percent of Total
5/8" x 3/4"	9,805	96.24%
3/4"	4	0.04%
1"	267	2.62%
1-1/2"	11	0.11%
2"	97	0.95%
3"	-	0.00%
4"	-	0.00%
6"	-	0.00%
8"	-	0.00%
Irrigation	4	0.04%
Totals	10,188	100.00%

SERVICES ALLOCATION FACTOR (b)

Meter Size	Number of Services	Installation Cost	Weighted Number Services	Percent of Total
5/8" x 3/4"	9,805	$ 445.00	4,363,225	95.00%
3/4"	4	445.00	1,780	0.04%
1"	267	495.00	132,165	2.88%
1-1/2"	11	550.00	6,050	0.13%
2"	97	830.00	80,510	1.75%
3"	0	1,165.00	0	0.00%
4"	0	1,670.00	0	0.00%
6"	0	2,330.00	0	0.00%
8"	0	2,330.00	0	0.00%
Irrigation	4	2,330.00	9,320	0.20%
Totals	10,188		4,593,050	100.00%

METER ALLOCATION FACTOR (b)

Meter Size	Number of Meters	Meter Cost	Weighted Dollars of Meters	Percent of Total
5/8" x 3/4"	9,805	$ 155.00	1,519,775	83.43%
3/4"	4	255.00	1,020	0.06%
1"	267	315.00	84,105	4.62%
1-1/2"	11	525.00	5,775	0.32%
2"	97	1,890.00	183,330	10.06%
3"	0	2,545.00	0	0.00%
4"	0	3,645.00	0	0.00%
6"	0	6,920.00	0	0.00%
8"	0	6,920.00	0	0.00%
10"	4	6,920.00	27,680	1.52%
Totals	10,188		1,821,685	100.00%

(a) Includes customer and gallon sold annualization.
(b) Meter and Service Line cost from Arizona Corporation Commission Memo of February 21, 2008 from Marlin Scott, Jr.. Meter costs based on compound meters. Cost of service line and meter is based on costs allowed for a compound meter installation.

Pima Utility Company - Water Division
Test Year Ended December 31, 2010
Cost of Service Study Using Commodity / Demand Method
Computation of Monthly Minimums for Customer, Service, Meter
Using Function Costs and Expenses

Exhibit
Rejoinder Schedule G-8
Page 1
Witness: Bourassa

Line No.						Customer	Service	Meter
1	Return on Rate Base	8.29%				61,506	46,549	320,288
2	Misc. Revenues					(338)		
3	Customer, Services and Meter Expenses (From Sch. G-6. Page 1)					349,728	157,337	76,903
4	Property Taxes					86,732		
5	Income Taxes					233,523		
6	Total Revenue Requirement / Customer, Meter & Service (Line 13+15+16+17)					731,150	203,886	397,190
7								
8	**Customer Charge**							
9	Number of Bills =	10,188	times	12		122,256		
10								
11	**Charge per Bill**					$ 5.98		
12	(Customer Revenue Requirement divided by Annualized Number of Bills)							
13								
14	**Service Line and Meter Charge**							
15	Equivalent 5/8 Meters	11,770	times	12			141,234	141,234
16								
17	**Charge per Equivalent Meter**						$ 1.44	$ 2.81
18								
19								
20	**CUSTOMER CHARGE:**							
21	Monthly Minimum for 5/8 Inch Meter (with no water included in Minimum or Demand Charge)							
22	Charge per Bill						$ 5.98	
23	Charge per Equivalent Service Line						1.44	
24	Charge per Equivalent Meter						2.81	
25	(Service and Meter Revenue Requirement divided by Annual Equivalent Meters)							
26	Monthly Minimum for 5/8 Inch Meter, **WITHOUT** Demand Charge Included						$ 10.24	

Pima Utility Company - Water Division
Test Year Ended December 31, 2010
Cost of Service Study Using Commodity / Demand Method
Computation of Monthly Minimums for Demand Charge

Exhibit
Rejoinder Schedule G-8
Page 2
Witness: Bourassa

Line No.	DEMAND CHARGE:				
1					
2	Return on Rate Base 8.29%				275,452
3	Demand Expenses, from Schedule G-6, Page 1				593,661
4					
5	Totals				869,113
6	Total Revenue Requirement / Demand Component				
7	Equivalent Number of 5/8 Meters billings				141,234
8	Demand Charge for 5/8 Inch Meter				$ 6.15
9					
10		5/8" Demand	Meter		Demand
11	Demand Charge Per Equivalent	Charge	Ratio		Charge
12	5/8 Inch Meter	$ 6.15	1.0	$	6.15
13	3/4 Inch Meter	$ 6.15	1.5	$	9.23
14	1 Inch Meter	$ 6.15	2.5	$	15.38
15	1 1/2 Inch Meter	$ 6.15	5.0	$	30.77
16	2 Inch Meter	$ 6.15	8.0	$	49.23
17	3 Inch Meter	$ 6.15	16.0	$	98.46
18	4 Inch Meter	$ 6.15	25.0	$	153.84
19	6 Inch Meter	$ 6.15	50.0	$	307.69
20					
21					

Pima Utility Company - Water Division
Test Year Ended December 31, 2010
Cost of Service Study Using Commodity / Demand Method
Computation Demand Charge and Commodity

Exhibit
Rejoinder Schedule G-8
Page 3
Witness: Bourassa

Line No.			Commodity	Customer	Service	Meter	Demand
1	Return on Rate Base	8.29%	48,383	61,506	320,288	46,549	275,452
2	Less: Miscellaneous Revenues			(7,261)			
3							
4	Expenses (From Sch. G-6. Page 1)		439,992	349,728	157,337	76,903	593,661
5	Property taxes			86,732			
6	Income Taxes			233,523			
7	Total Revenue Requirement by function		488,375	724,227	477,625	123,452	869,113
8	Gallons Sold (in 1,000's)(Zero Gallons in Minimum) (G-7, page 3)		1,734,968				
9	Computed Commodity Rate (line 7 divided by line 8)		**$ 0.2815**				
10	Annualized Number of Bills (from G-8, page 1)			122,256			
11	Equivalent Meters and Service Lines (from G-8, page 1)				141,234	141,234	141,234
12	Customer Charge (line 7 divided by line 10)			$ 5.92			
13	Meter, Service Line & Demand Charge (Line 7 divided by Line 11)				$ 3.38	$ 0.87	$ 6.15
14	Total Monthly Minimum Charge for a 5/8 Inch Meter (Sum of Customer						
15	Service Line, Meter and Demand Charge on Lines 23 & Line 24)						$ 16.33
16							
17			5/8" Monthly	Meter	Demand		
18	Monthly Minimum		Minimum	Ratio	Charge		
19	5/8 Inch Meter		$ 16.33	1.0	$ 16.33		
20	3/4 Inch Meter		$ 16.33	1.5	$ 24.50		
21	1 Inch Meter		$ 16.33	2.5	$ 40.83		
22	1 1/2 Inch Meter		$ 16.33	5.0	$ 81.67		
23	2 Inch Meter		$ 16.33	8.0	$ 130.67		
24	3 Inch Meter		$ 16.33	16.0	$ 261.34		
25	4 Inch Meter		$ 16.33	25.0	$ 408.34		
26	6 Inch Meter		$ 16.33	50.0	$ 816.67		
27	8 Inch Meter		$ 16.33	80.0	$ 1,306.68		
28							
29							
30							
31							

Pima Utility Company - Water Division
Test Year Ended December 31, 2010
Cost of Service Study Using Commodity / Demand Method
Computation Demand Charge and Commodity

Exhibit
Rejoinder Schedule G-8
Page 4
Witness: Bourassa

Line No.		Total Rev. Req.	%	Portion of Rev. Req.	
1	**Single Tier Rate Design with Some Customer and Demand Costs recovered via the Commodity Rate**				
2					
3	Revenue Requirements Collected via Commodity Charge				
4					
5					
6	Customer, Service, and Meter Costs	$ 1,325,304	45%	$ 596,387	
7	Demand Costs	869,113	45%	391,101	
8	Commodity Costs	488,375	100%	488,375	
9	Total Costs to be Collected via Commodity			$ 1,475,863	
10	Gallons Sold (in 1,000's)(Zero Gallons in Minimum) (G-7, page 3)			1,734,968	
11					
12	Commodity Charge (per 1,000 gallons) (Line 9 divided by line 10)			$ 0.851	
13					
14	Revenue Requirement Collected				
15					
16	Monthly Minimum 5/8 Meter				
17	Total Revenue Requirement			$ 2,682,792	
18	Less: Portion of Revenue Requirement Collected via Commodity Charge			(1,475,863)	
19	Balance to be Recovered through Monthly Minimum			$ 1,206,929	44.99%
20					
21	Number of Equivalent 5/8 Inch Meter Billings (from G-8, page 1)			141,234	
22					
23	Computed Monthly Minimum 5/8 Inch Meter Equivalent (line 19 divided by line 21)			$ 8.55	
24					
25					
26		5/8"	Meter	Monthly	
27	Meter Size	Minimum	Ratio	Minimum	
28	5/8 Inch Meter	$ 8.55	1.0	$ 8.55	
29	3/4 Inch Meter	$ 8.55	1.5	$ 12.82	
30	1 Inch Meter	$ 8.55	2.5	$ 21.36	
31	1 1/2 Inch Meter	$ 8.55	5.0	$ 42.73	
32	2 Inch Meter	$ 8.55	8.0	$ 68.36	
33	3 Inch Meter	$ 8.55	16.0	$ 136.73	
34	4 Inch Meter	$ 8.55	25.0	$ 213.64	
35	6 Inch Meter	$ 8.55	50.0	$ 427.28	
36	8 Inch Meter	$ 8.55	80.0	$ 683.65	
37	10 Inch Meter				
38					

Pima Utility Company - Water Division
Revenue Summary
Test Year Ended December 31, 2010

Exhibit
Rejoinder Schedule H-1
Page 1
Witness: Bourassa

Line No.	Meter Size	Classification	Total Revenues at Present Rates	Total Revenues at Proposed Rates	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues	Additional Bills	Additional Gallons
1	5/8x3/4 Inch	Residential	$ 1,274,912	$ 1,685,953	$ 411,041	32.24%	64.47%	62.67%		
2	1 Inch	Residential	116,781	149,026	32,244	27.61%	5.91%	5.54%		
3										
4	5/8x3/4 Inch	Commercial	$ 25,431	$ 37,216	$ 11,785	46.34%	1.29%	1.38%		
5	3/4 Inch	Commercial	1,819	2,855	1,036	56.95%	0.09%	0.11%		
6	1 Inch	Commercial	28,761	38,416	9,655	33.57%	1.45%	1.43%		
7	1 1/2 Inch	Commercial	10,567	15,295	4,727	44.74%	0.53%	0.57%		
8	2 Inch	Commercial	208,085	313,756	105,670	50.78%	10.52%	11.66%		
9										
10	Irrigation		310,134	439,144	129,010	41.60%	15.68%	16.32%		
11	Irrigation - recovered effluent		7,324	7,324	-	0.00%	0.37%	0.27%		
12										
13	**Subtotals of Revenues**		$ 1,983,814	$ 2,688,984	$ 705,169	35.55%	100.31%	99.96%	Additional Bills	Additional Gallons
14	**Revenue Annualizations:**									
15	5/8x3/4 Inch	Residential	$ (464)	$ (597)	$ (133)	28.66%	-0.02%	-0.02%	(46)	(265,673)
16	1 Inch	Residential	1,345	1,666	320	23.82%	0.07%	0.06%	32	179,482
17										
18	5/8x3/4 Inch	Commercial	$ (343)	$ (497)	$ (154)	44.77%	-0.02%	-0.02%	(11)	(285,257)
19	3/4 Inch	Commercial	-	-	-	0.00%	0.00%	0.00%	0	-
20	1 Inch	Commercial	390	504	114	29.20%	0.02%	0.02%	6	286,139
21	1 1/2 Inch	Commercial	(127)	(176)	(49)	38.73%	-0.01%	-0.01%	(2)	(83,192)
22	2 Inch	Commercial	381	583	202	53.12%	0.02%	0.02%	5	244,063
23										
24	Irrigation - recovered effluent		(7,324)	(7,324)	-	0.00%	-0.37%	-0.27%	(12)	(21,544,200)
25	(belongs to Wastewater Division)									
26										
27	**Subtotal Revenue Annualization**		(6,142)	(5,841)	301	-4.90%	-0.31%	-0.30%	(28)	(21,468,639)
28										
29	**Total Revenues w/ Annualization**		$ 1,977,673	$ 2,683,143	$ 705,470	35.67%	100.00%	99.74%		
30	**Misc Revenues**		7,261	7,261	-	0.00%	0.37%	0.27%		
31	**Reconciling Amount**		(7,306)	(351)	6,955	-95.20%	-0.37%	-0.01%		
32	**Total Revenues**		$ 1,977,628	$ 2,690,053	$ 712,425	36.02%	100.00%	100.00%		
33										
34										

Pima Utility Company - Water Division
Analysis of Revenue by Detailed Class
Test Year Ended December 31, 2010

Exhibit
Rejoinder Schedule H-2
Page 1
Witness: Bourassa

Line No.	Customer Classification and/or Meter Size		(a) Average Number of Customers at 12/31/2010	Average Consumption	Average Bill Present Rates	Average Bill Proposed Rates	Proposed Increase Dollar Amount	Proposed Increase Percent Amount	Percent of Customers
1	5/8x3/4 Inch	Residential	9,747	6,395	$ 10.66	$ 13.74	$ 3.08	28.87%	95.87%
2	1 Inch	Residential	220	28,258	44.00	53.63	9.63	21.89%	2.17%
3									
4	5/8x3/4 Inch	Commercial	63	27,442	$ 32.82	47.60	14.78	45.03%	0.62%
5	3/4 Inch	Commercial	4	31,484	37.18	57.71	20.53	55.22%	0.04%
6	1 Inch	Commercial	46	35,570	51.90	65.47	13.58	26.16%	0.45%
7	1 1/2 Inch	Commercial	11	55,541	78.46	105.68	27.21	34.68%	0.11%
8	2 Inch	Commercial	72	51,537	79.14	119.99	40.86	51.62%	0.71%
9									
10	Irrigation		4	15,854,381	$ 5,851.58	$ 8,285.73	$ 2,434.16	41.60%	0.04%
11									
12									
13									
14									
15									
16									
17									
18	Totals		10,167						100.00%
19									
20	Actual Year End Number								
21	of Customers:		10,188						
22									
23									
24									
25									

Pima Utility Company - Water Division
Analysis of Revenue by Detailed Class
Test Year Ended December 31, 2010

Exhibit
Rejoinder Schedule H-2
Page 2
Witness: Bourassa

Line No.	Customer Classification and/or Meter Size		(a) Average Number of Customers at 12/31/2010	Median Consumption	Median Bill Present Rates	Median Bill Proposed Rates	Proposed Increase Dollar Amount	Proposed Increase Percent Amount	Percent of Customers
1	5/8x3/4 Inch	Residential	9,747	4,500	$ 8.92	$ 11.43	$ 2.51	28.14%	95.87%
2	1 Inch	Residential	220	22,500	37.78	45.30	7.52	19.90%	2.17%
3									
4	5/8x3/4 Inch	Commercial	63	6,500	$ 10.76	$ 15.07	$ 4.31	40.06%	0.62%
5	3/4 Inch	Commercial	4	4,500	$ 8.92	$ 16.20	7.28	81.61%	0.04%
6	1 Inch	Commercial	46	11,000	$ 25.36	$ 31.27	5.91	23.30%	0.45%
7	1 1/2 Inch	Commercial	11	32,500	53.58	75.35	21.77	40.63%	0.11%
8	2 Inch	Commercial	72	65,000	93.68	136.42	42.74	45.62%	0.71%
9									
10	Irrigation		4	8,864,900	$ 3,335.36	$ 4,721.10	$ 1,385.74	41.55%	0.04%
11									
12									
13									
14									
15									
16									
17	Totals		10,167						100.00%
18									
19	Actual Year End Number								
20	of Customers:		10,188						
21									
22									
23									
24									

Pima Utility Company - Water Division
Test Year Ended December 31, 2010
Present and Proposed Rates

Exhibit
Rejoinder Schedule H-3
Page 1

Line No.	Monthly Usage Charge for:	Present Rates	Proposed Rates	Change	Percent Change
1	Meter Size (All Classes):				
2	5/8x3/4 Inch	$ 5.70	$ 7.14	$ 1.44	25.26%
2	3/4 Inch	5.70	10.71	5.01	87.89%
3	1 Inch	16.00	17.85	1.85	11.56%
4	1 1/2 Inch	21.00	35.70	14.70	70.00%
5	2 Inch	26.00	57.12	31.12	119.69%
6	3 Inch	40.00	114.24	74.24	185.60%
7	4 Inch	52.00	178.50	126.50	243.27%
8	6 Inch	100.00	357.00	257.00	257.00%
9					
10	Irrigation	180.00	200.00	20.00	11.11%
11					
12	Gallons In Minimum (All Classes, except irrigation)	1,000	-		
13					
14	Gallons In Minimum (Irrigation)	100,000	-		
15					

Line No.	Commodity Rates	Block	(Per 1,000 gallons) Present Rate	Proposed Rate
16				
17				
18				
19				
20	5/8x3/4 Inch (All Classes)	Over Minimum up to 10,000 gallons	$ 0.92	
21		Over 10,000 gallons	$ 1.08	
22				
23	5/8x3/4 Inch - Residential	1 gallons to 4,000 gallons		$ 0.92
24		4,001 gallons to 10,000 gallons		$ 1.22
25		over 10,000 gallons		$ 1.62
26				
27	5/8x3/4 Inch - Commercial	1 gallons to 10,000 gallons		$ 1.22
28		over 10,000 gallons		$ 1.62
29				
30	3/4 Inch Meter (All Classes)	Over Minimum up to 10,000 gallons	$ 0.92	
31		Over 10,000 gallons	$ 1.08	
32				
33	3/4 Inch Meter - Residential	1 gallons to 4,000 gallons		$ 0.92
34		4,001 gallons to 10,000 gallons		$ 1.22
35		over 10,000 gallons		$ 1.62
36				
37	3/4 Inch Meter - Commercial	1 gallons to 10,000 gallons		$ 0.92
38		over 10,000 gallons		$ 1.22
39				
40				
41	NT = No Tariff			
42				

Pima Utility Company - Water Division
Test Year Ended December 31, 2010
Present and Proposed Rates

Exhibit
Rejoinder Schedule H-3
Page 2

Line No.	Commodity Rates	Block	(Per 1,000 gallons) Present Rate	Proposed Rate
1				
2				
3				
4	1 Inch Meter (All classes)	Over Minimum up to 10,000 gallons	$ 0.92	
5		Over 10,000 gallons	$ 1.08	
6				
7	1 Inch Meter - Residential, Commercial	1 gallons to 25,000 gallons		$ 1.22
8		over 25,000 gallons		$ 1.62
9				
10	1.5 Inch Meter (All classes, except irrigation)	Over Minimum up to 10,000 gallons	$ 0.92	
11		Over 10,000 gallons	$ 1.08	
12				
13	1.5 Inch Meter - Residential, Commercial	1 gallons to 50,000 gallons		$ 1.22
14		over 50,000 gallons		$ 1.62
15				
16	2 Inch Meter (All classes, except irrigation)	Over Minimum up to 10,000 gallons	$ 0.92	
17		Over 10,000 gallons	$ 1.08	
18				
19	2 Inch Meter - Residential, Commercial	1 gallons to 80,000 gallons		$ 1.22
20		over 80,000 gallons		$ 1.62
21				
22	3 Inch Meter (All classes, except irrigation)	Over Minimum up to 10,000 gallons	$ 0.92	
23		Over 10,000 gallons	$ 1.08	
24				
25	3 Inch Meter - Residential, Commercial	1 gallons to 160,000 gallons		$ 1.22
26		over 160,000 gallons		$ 1.62
27				
28	4 Inch Meter (All classes, except irrigation)	Over Minimum up to 10,000 gallons	$ 0.92	
29		Over 10,000 gallons	$ 1.08	
30				
31	4 Inch Meter - Residential, Commercial	1 gallons to 250,000 gallons		$ 1.22
32		over 250,000 gallons		$ 1.62
33				
34	6 Inch Meter (All classes, except irrigation)	Over Minimum up to 10,000 gallons	$ 0.92	
35		Over 10,000 gallons	$ 1.08	
36				
37	6 Inch Meter - Residential, Commercial	1 gallons to 500,000 gallons		$ 1.22
38		over 500,000 gallons		$ 1.62
39				
40	Irrigation (all meter sizes)	Over Minimum	$ 0.36	$ 0.51
41				
42	Construction/Standpipe	All gallons	NT	$ 1.62
43				
44	NT = No Tariff			

Pima Utility Company - Water Division
Present and Proposed Rates
Test Year Ended December 31, 2010

Exhibit
Rejoinder Schedule H-3
Page 3
Witness: Bourassa

Line No.

1 Meter and Service Line Charges[1]

	Present Service Line Charge	Present Meter Install-ation Charge	Total Present Charge	Proposed Service Line Charge	Proposed Meter Install-ation Charge	Total Proposed Charge
5/8 x 3/4 Inch			NT	$ 385.00	$ 135.00	$ 520.00
3/4 Inch			NT	415.00	205.00	620.00
1 Inch			NT	465.00	265.00	730.00
1 1/2 Inch			NT	520.00	475.00	995.00
2 Inch Turbo			NT	800.00	995.00	1,795.00
2 Inch, Compound			NT	800.00	1,840.00	2,640.00
3 Inch Turbo			NT	1,015.00	1,620.00	2,635.00
3 Inch, compound			NT	1,135.00	2,495.00	3,630.00
4 Inch Turbo			NT	1,430.00	2,570.00	4,000.00
4 Inch, compound			NT	1,610.00	3,545.00	5,155.00
6 Inch Turbo			NT	2,150.00	4,925.00	7,075.00
6 Inch, compound			NT	2,270.00	6,820.00	9,090.00

[1] Based on ACC Staff Engineering Memo dated Feburary 21, 2008
NT = No Tariff

Other Charges:

	Present	Proposed
Establishment	NT	$ 25.00
Reestablishment (within 12 months)	*	*
Reconnection (Deliquent)	NT	$ 25.00
Meter Test (if correct)	$ 20.00	$ 20.00
Meter Re-read (if correct)	$ 25.00	$ 25.00
Deposit	**	**
Deposit Interest	**	**
NSF Check	$ 15.00	$ 15.00
Deferred Payment, per month	1.5%	1.5%
Late Payment Fee (per month)	1.5%	1.5%
After hours service charge	NT	$ 50.00

* Number of months off the system times the monthly minimum.
** Per Rule R14-2-403.B

NT = No Tariff

Pima Utility Company - Water Division
Bill Comparison of Present and Proposed Rates
Customer Classification Residential 5/8x3/4 Inch Meter
Test Year Ended December 31, 2010
(Excludes all Revenue Related Taxes)

Exhibit
Rejoinder Schedule H-4
Page 1
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 5.70	$ 7.14	$ 1.44	25.26%
1,000	5.70	8.06	$ 2.36	41.40%
2,000	6.62	8.98	$ 2.36	35.65%
3,000	7.54	9.90	$ 2.36	31.30%
4,000	8.46	10.82	$ 2.36	27.90%
5,000	9.38	12.04	$ 2.66	28.36%
6,000	10.30	13.26	$ 2.96	28.74%
7,000	11.22	14.48	$ 3.26	29.06%
8,000	12.14	15.70	$ 3.56	29.32%
9,000	13.06	16.92	$ 3.86	29.56%
10,000	13.98	18.14	$ 4.16	29.76%
12,000	16.14	21.38	$ 5.24	32.47%
14,000	18.30	24.62	$ 6.32	34.54%
16,000	20.46	27.86	$ 7.40	36.17%
18,000	22.62	31.10	$ 8.48	37.49%
20,000	24.78	34.34	$ 9.56	38.58%
25,000	30.18	42.44	$ 12.26	40.62%
30,000	35.58	50.54	$ 14.96	42.05%
35,000	40.98	58.64	$ 17.66	43.09%
40,000	46.38	66.74	$ 20.36	43.90%
45,000	51.78	74.84	$ 23.06	44.53%
50,000	57.18	82.94	$ 25.76	45.05%
60,000	67.98	99.14	$ 31.16	45.84%
70,000	78.78	115.34	$ 36.56	46.41%
80,000	89.58	131.54	$ 41.96	46.84%
90,000	100.38	147.74	$ 47.36	47.18%
100,000	111.18	163.94	$ 52.76	47.45%
Average Usage				
6,395	$ 10.66	$ 13.74	$ 3.08	28.87%
Median Usage				
4,500	$ 8.92	$ 11.43	$ 2.51	28.14%

Present Rates:

Monthly Minimum:		$	5.70
Gallons in Minimum			1,000
Charge Per 1,000 Gallons			
Up to	10,000	$	0.92
Over	10,000	$	1.08

Proposed Rates:

Monthly Minimum:		$	7.14
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	4,000	$	0.92
Up to	10,000	$	1.22
Over	10,000	$	1.62

Pima Utility Company - Water Division
Bill Comparison of Present and Proposed Rates
Customer Classification Residential 1 Inch Meter
Test Year Ended December 31, 2010
(Excludes all Revenue Related Taxes)

Exhibit
Rejoinder Schedule H-4
Page 2
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 16.00	$ 17.85	$ 1.85	11.56%
1,000	16.00	19.07	$ 3.07	19.19%
2,000	16.92	20.29	$ 3.37	19.92%
3,000	17.84	21.51	$ 3.67	20.57%
4,000	18.76	22.73	$ 3.97	21.16%
5,000	19.68	23.95	$ 4.27	21.70%
6,000	20.60	25.17	$ 4.57	22.18%
7,000	21.52	26.39	$ 4.87	22.63%
8,000	22.44	27.61	$ 5.17	23.04%
9,000	23.36	28.83	$ 5.47	23.42%
10,000	24.28	30.05	$ 5.77	23.76%
12,000	26.44	32.49	$ 6.05	22.88%
14,000	28.60	34.93	$ 6.33	22.13%
16,000	30.76	37.37	$ 6.61	21.49%
18,000	32.92	39.81	$ 6.89	20.93%
20,000	35.08	42.25	$ 7.17	20.44%
25,000	40.48	48.35	$ 7.87	19.44%
30,000	45.88	56.45	$ 10.57	23.04%
35,000	51.28	64.55	$ 13.27	25.88%
40,000	56.68	72.65	$ 15.97	28.18%
45,000	62.08	80.75	$ 18.67	30.07%
50,000	67.48	88.85	$ 21.37	31.67%
60,000	78.28	105.05	$ 26.77	34.20%
70,000	89.08	121.25	$ 32.17	36.11%
80,000	99.88	137.45	$ 37.57	37.62%
90,000	110.68	153.65	$ 42.97	38.82%
100,000	121.48	169.85	$ 48.37	39.82%
Average Usage				
28,258	$ 44.00	$ 53.63	$ 9.63	21.89%
Median Usage				
22,500	$ 37.78	$ 45.30	$ 7.52	19.90%

Present Rates:

Monthly Minimum:		$	16.00
Gallons in Minimum			1,000
Charge Per 1,000 Gallons			
Up to	10,000	$	0.92
Over	10,000	$	1.08

Proposed Rates:

Monthly Minimum:		$	17.85
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	25,000	$	1.22
Over	25,000	$	1.62

Pima Utility Company - Water Division
Bill Comparison of Present and Proposed Rates
Customer Classification Commercial 5/8x3/4 Inch Meter
Test Year Ended December 31, 2010
(Excludes all Revenue Related Taxes)

Exhibit
Rejoinder Schedule H-4
Page 3
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 5.70	$ 7.14	$ 1.44	25.26%
1,000	5.70	8.36	$ 2.66	46.67%
2,000	6.62	9.58	$ 2.96	44.71%
3,000	7.54	10.80	$ 3.26	43.24%
4,000	8.46	12.02	$ 3.56	42.08%
5,000	9.38	13.24	$ 3.86	41.15%
6,000	10.30	14.46	$ 4.16	40.39%
7,000	11.22	15.68	$ 4.46	39.75%
8,000	12.14	16.90	$ 4.76	39.21%
9,000	13.06	18.12	$ 5.06	38.74%
10,000	13.98	19.34	$ 5.36	38.34%
12,000	16.14	22.58	$ 6.44	39.90%
14,000	18.30	25.82	$ 7.52	41.09%
16,000	20.46	29.06	$ 8.60	42.03%
18,000	22.62	32.30	$ 9.68	42.79%
20,000	24.78	35.54	$ 10.76	43.42%
25,000	30.18	43.64	$ 13.46	44.60%
30,000	35.58	51.74	$ 16.16	45.42%
35,000	40.98	59.84	$ 18.86	46.02%
40,000	46.38	67.94	$ 21.56	46.49%
45,000	51.78	76.04	$ 24.26	46.85%
50,000	57.18	84.14	$ 26.96	47.15%
60,000	67.98	100.34	$ 32.36	47.60%
70,000	78.78	116.54	$ 37.76	47.93%
80,000	89.58	132.74	$ 43.16	48.18%
90,000	100.38	148.94	$ 48.56	48.38%
100,000	111.18	165.14	$ 53.96	48.53%
Average Usage				
27,442	$ 32.82	$ 47.60	$ 14.78	45.03%
Median Usage				
6,500	$ 10.76	$ 15.07	$ 4.31	40.06%

Present Rates:

Monthly Minimum:		$	5.70
Gallons in Minimum			1,000
Charge Per 1,000 Gallons			
Up to	10,000	$	0.92
Over	10,000	$	1.08

Proposed Rates:

Monthly Minimum:		$	7.14
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	10,000	$	1.22
Over	10,000	$	1.62

Pima Utility Company - Water Division
Bill Comparison of Present and Proposed Rates
Customer Classification Commercial 3/4 Inch Meter
Test Year Ended December 31, 2010
(Excludes all Revenue Related Taxes)

Exhibit
Rejoinder Schedule H-4
Page 4
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 5.70	$ 10.71	$ 5.01	87.89%
1,000	5.70	11.93	$ 6.23	109.30%
2,000	6.62	13.15	$ 6.53	98.64%
3,000	7.54	14.37	$ 6.83	90.58%
4,000	8.46	15.59	$ 7.13	84.28%
5,000	9.38	16.81	$ 7.43	79.21%
6,000	10.30	18.03	$ 7.73	75.05%
7,000	11.22	19.25	$ 8.03	71.57%
8,000	12.14	20.47	$ 8.33	68.62%
9,000	13.06	21.69	$ 8.63	66.08%
10,000	13.98	22.91	$ 8.93	63.88%
12,000	16.14	26.15	$ 10.01	62.02%
14,000	18.30	29.39	$ 11.09	60.60%
16,000	20.46	32.63	$ 12.17	59.48%
18,000	22.62	35.87	$ 13.25	58.58%
20,000	24.78	39.11	$ 14.33	57.83%
25,000	30.18	47.21	$ 17.03	56.43%
30,000	35.58	55.31	$ 19.73	55.45%
35,000	40.98	63.41	$ 22.43	54.73%
40,000	46.38	71.51	$ 25.13	54.18%
45,000	51.78	79.61	$ 27.83	53.75%
50,000	57.18	87.71	$ 30.53	53.39%
60,000	67.98	103.91	$ 35.93	52.85%
70,000	78.78	120.11	$ 41.33	52.46%
80,000	89.58	136.31	$ 46.73	52.17%
90,000	100.38	152.51	$ 52.13	51.93%
100,000	111.18	168.71	$ 57.53	51.74%
Average Usage				
31,484	$ 37.18	$ 57.71	$ 20.53	55.22%
Median Usage				
4,500	$ 8.92	$ 16.20	$ 7.28	81.61%

Present Rates:

Monthly Minimum:		$	5.70
Gallons in Minimum			1,000
Charge Per 1,000 Gallons			
Up to	10,000	$	0.92
Over	10,000	$	1.08

Proposed Rates:

Monthly Minimum:		$	10.71
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	10,000	$	1.22
Over	10,000	$	1.62

Pima Utility Company - Water Division
Bill Comparison of Present and Proposed Rates
Customer Classification Commercial 1 Inch Meter
Test Year Ended December 31, 2010

Exhibit
Rejoinder Schedule H-4
Page 5
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 16.00	$ 17.85	$ 1.85	11.56%
1,000	16.00	19.07	$ 3.07	19.19%
2,000	16.92	20.29	$ 3.37	19.92%
3,000	17.84	21.51	$ 3.67	20.57%
4,000	18.76	22.73	$ 3.97	21.16%
5,000	19.68	23.95	$ 4.27	21.70%
6,000	20.60	25.17	$ 4.57	22.18%
7,000	21.52	26.39	$ 4.87	22.63%
8,000	22.44	27.61	$ 5.17	23.04%
9,000	23.36	28.83	$ 5.47	23.42%
10,000	24.28	30.05	$ 5.77	23.76%
12,000	26.44	32.49	$ 6.05	22.88%
14,000	28.60	34.93	$ 6.33	22.13%
16,000	30.76	37.37	$ 6.61	21.49%
18,000	32.92	39.81	$ 6.89	20.93%
20,000	35.08	42.25	$ 7.17	20.44%
25,000	40.48	48.35	$ 7.87	19.44%
30,000	45.88	56.45	$ 10.57	23.04%
35,000	51.28	64.55	$ 13.27	25.88%
40,000	56.68	72.65	$ 15.97	28.18%
45,000	62.08	80.75	$ 18.67	30.07%
50,000	67.48	88.85	$ 21.37	31.67%
60,000	78.28	105.05	$ 26.77	34.20%
70,000	89.08	121.25	$ 32.17	36.11%
80,000	99.88	137.45	$ 37.57	37.62%
90,000	110.68	153.65	$ 42.97	38.82%
100,000	121.48	169.85	$ 48.37	39.82%
Average Usage				
35,570	$ 51.90	$ 65.47	$ 13.58	26.16%
Median Usage				
11,000	$ 25.36	$ 31.27	$ 5.91	23.30%

Present Rates:

Monthly Minimum:		$	16.00
Gallons in Minimum			1,000
Charge Per 1,000 Gallons			
Up to	10,000	$	0.92
Over	10,000	$	1.08

Proposed Rates:

Monthly Minimum:		$	17.85
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	25,000	$	1.22
Over	25,000	$	1.62

Pima Utility Company - Water Division
Bill Comparison of Present and Proposed Rates
Customer Classification Commercial 1 1/2 Inch Meter
Test Year Ended December 31, 2010

Exhibit
Rejoinder Schedule H-4
Page 6
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 21.00	$ 35.70	$ 14.70	70.00%
1,000	21.00	36.92	$ 15.92	75.81%
2,000	21.92	38.14	$ 16.22	74.00%
3,000	22.84	39.36	$ 16.52	72.33%
4,000	23.76	40.58	$ 16.82	70.79%
5,000	24.68	41.80	$ 17.12	69.37%
6,000	25.60	43.02	$ 17.42	68.05%
7,000	26.52	44.24	$ 17.72	66.82%
8,000	27.44	45.46	$ 18.02	65.67%
9,000	28.36	46.68	$ 18.32	64.60%
10,000	29.28	47.90	$ 18.62	63.59%
12,000	31.44	50.34	$ 18.90	60.11%
14,000	33.60	52.78	$ 19.18	57.08%
16,000	35.76	55.22	$ 19.46	54.42%
18,000	37.92	57.66	$ 19.74	52.06%
20,000	40.08	60.10	$ 20.02	49.95%
25,000	45.48	66.20	$ 20.72	45.56%
30,000	50.88	72.30	$ 21.42	42.10%
35,000	56.28	78.40	$ 22.12	39.30%
40,000	61.68	84.50	$ 22.82	37.00%
45,000	67.08	90.60	$ 23.52	35.06%
50,000	72.48	96.70	$ 24.22	33.42%
60,000	83.28	112.90	$ 29.62	35.57%
70,000	94.08	129.10	$ 35.02	37.22%
80,000	104.88	145.30	$ 40.42	38.54%
90,000	115.68	161.50	$ 45.82	39.61%
100,000	126.48	177.70	$ 51.22	40.50%
Average Usage				
55,541	$ 78.46	$ 105.68	$ 27.21	34.68%
Median Usage				
32,500	$ 53.58	$ 75.35	$ 21.77	40.63%

Present Rates:
Monthly Minimum:
Gallons in Minimum
Charge Per 1,000 Gallons
Up to 10,000
Over 10,000

Proposed Rates:
Monthly Minimum:
Gallons in Minimum
Charge Per 1,000 Gallons
Up to 50,000
Over 50,000

Pima Utility Company - Water Division
Bill Comparison of Present and Proposed Rates
Customer Classification Commerical 2 Inch Meter
Test Year Ended December 31, 2010

Exhibit
Rejoinder Schedule H-4
Page 7
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 26.00	$ 57.12	$ 31.12	119.69%
1,000	26.00	58.34	$ 32.34	124.38%
2,000	26.92	59.56	$ 32.64	121.25%
3,000	27.84	60.78	$ 32.94	118.32%
4,000	28.76	62.00	$ 33.24	115.58%
5,000	29.68	63.22	$ 33.54	113.01%
6,000	30.60	64.44	$ 33.84	110.59%
7,000	31.52	65.66	$ 34.14	108.31%
8,000	32.44	66.88	$ 34.44	106.17%
9,000	33.36	68.10	$ 34.74	104.14%
10,000	34.28	69.32	$ 35.04	102.22%
12,000	36.44	71.76	$ 35.32	96.93%
14,000	38.60	74.20	$ 35.60	92.23%
16,000	40.76	76.64	$ 35.88	88.03%
18,000	42.92	79.08	$ 36.16	84.25%
20,000	45.08	81.52	$ 36.44	80.83%
25,000	50.48	87.62	$ 37.14	73.57%
30,000	55.88	93.72	$ 37.84	67.72%
35,000	61.28	99.82	$ 38.54	62.89%
40,000	66.68	105.92	$ 39.24	58.85%
45,000	72.08	112.02	$ 39.94	55.41%
50,000	77.48	118.12	$ 40.64	52.45%
60,000	88.28	130.32	$ 42.04	47.62%
70,000	99.08	142.52	$ 43.44	43.84%
80,000	109.88	154.72	$ 44.84	40.81%
90,000	120.68	170.92	$ 50.24	41.63%
100,000	131.48	187.12	$ 55.64	42.32%
Average Usage				
51,537	$ 79.14	$ 119.99	$ 40.86	51.62%
Median Usage				
65,000	$ 93.68	$ 136.42	$ 42.74	45.62%

Present Rates:

Monthly Minimum:		$	26.00
Gallons in Minimum			1,000
Charge Per 1,000 Gallons			
Up to	10,000	$	0.92
Over	10,000	$	1.08

Proposed Rates:

Monthly Minimum:		$	57.12
Gallons in Minimum			-
Charge Per 1,000 Gallons			
Up to	80,000	$	1.22
Over	80,000	$	1.62

Pima Utility Company - Water Division
Bill Comparison of Present and Proposed Rates
Customer Classification Irrigation
Test Year Ended December 31, 2010

Exhibit
Rejoinder Schedule H-4
Page 8
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 180.00	$ 200.00	$ 20.00	11.11%
10,000	180.00	205.10	$ 25.10	13.94%
20,000	180.00	210.20	$ 30.20	16.78%
30,000	180.00	215.30	$ 35.30	19.61%
40,000	180.00	220.40	$ 40.40	22.44%
50,000	180.00	225.50	$ 45.50	25.28%
100,000	180.00	251.00	$ 71.00	39.44%
150,000	198.00	276.50	$ 78.50	39.65%
200,000	216.00	302.00	$ 86.00	39.81%
250,000	234.00	327.50	$ 93.50	39.96%
300,000	252.00	353.00	$ 101.00	40.08%
350,000	270.00	378.50	$ 108.50	40.19%
400,000	288.00	404.00	$ 116.00	40.28%
450,000	306.00	429.50	$ 123.50	40.36%
500,000	324.00	455.00	$ 131.00	40.43%
1,000,000	504.00	710.00	$ 206.00	40.87%
1,500,000	684.00	965.00	$ 281.00	41.08%
2,000,000	864.00	1,220.00	$ 356.00	41.20%
2,500,000	1,044.00	1,475.00	$ 431.00	41.28%
3,000,000	1,224.00	1,730.00	$ 506.00	41.34%
3,500,000	1,404.00	1,985.00	$ 581.00	41.38%
4,000,000	1,584.00	2,240.00	$ 656.00	41.41%
4,500,000	1,764.00	2,495.00	$ 731.00	41.44%
5,000,000	1,944.00	2,750.00	$ 806.00	41.46%
10,000,000	3,744.00	5,300.00	$ 1,556.00	41.56%
15,000,000	5,544.00	7,850.00	$ 2,306.00	41.59%
20,000,000	7,344.00	10,400.00	$ 3,056.00	41.61%
Average Usage				
15,854,381	$ 5,851.58	$ 8,285.73	$ 2,434.16	41.60%
Median Usage				
8,864,900	$ 3,335.36	$ 4,721.10	$ 1,385.74	41.55%

Present Rates:		
Monthly Minimum:	$	180.00
Gallons in Minimum		100,000
Charge Per 1,000 Gallons		
All Gallons	$	0.36

Proposed Rates:		
Monthly Minimum:	$	200.00
Gallons in Minimum		-
Charge Per 1,000 Gallons		
All Gallons	$	0.51

Pima Utility Company

Thomas Bourassa Direct Testimony
(Rate Base)

Wastewater Division Schedules

Pima UtilityCompany - Wastewater Division
Test Year Ended December 31, 2010
Computation of Increase in Gross Revenue
Requirements As Adjusted

Exhibit
Rejoinder Schedule A-1
Page 1
Witness: Bourassa

Line No.						
1	Fair Value Rate Base				$	9,832,800
2						
3	Adjusted Operating Income					517,362
4						
5	Current Rate of Return					5.26%
6						
7	Required Operating Income				$	815,139
8						
9	Required Rate of Return on Fair Value Rate Base					8.29%
10						
11	Operating Income Deficiency				$	297,777
12						
13	Gross Revenue Conversion Factor					1.3979
14						
15	Increase in Gross Revenue					
16	Requirement				$	416,275
17						
18	Adjusted Test Year Revenues				$	3,096,775
19	Increase in Gross Revenue Revenue Requirement				$	416,275
20	Proposed Revenue Requirement				$	3,513,050
21	% Increase					13.44%
22						
23	**Customer**		**Present**	**Proposed**	**Dollar**	**Percent**
24	**Classification**		**Rates**	**Rates**	**Increase**	**Increase**
25	**(Residential Commercial, Irrigation)**					
26	5/8x3/4 Inch	Residential	$ 2,658,546	$ 3,044,035	$ 385,489	14.50%
27	1 Inch	Residential	145,477	166,571	21,094	14.50%
28						
29	5/8x3/4 Inch	Commercial	6,410	7,339	929	14.50%
30	3/4 Inch	Commercial	$ 1,272	$ 1,456	184	14.50%
31	1 Inch	Commercial	16,909	19,361	2,452	14.50%
32	1 1/2 Inch	Commercial	12,672	14,509	1,837	14.50%
33	2 Inch	Commercial	115,770	132,557	16,787	14.50%
34						
35	Effluent		121,512	109,907	(11,605)	-9.55%
36						
37	Revenue Annualization		13,363	11,981	(1,382)	-10.34%
38						
39	**Subtotal**		$ 3,091,931	$ 3,507,716	$ 415,785	13.45%
40						
41	Other Water Revenues		6,030	6,030	-	0.00%
42	Reconciling Amount		(1,186)	(696)	490	-41.32%
43	Rounding				-	0.00%
44	**Total of Water Revenues**		$ 3,096,775	$ 3,513,050	$ 416,275	13.44%
45						
46						
47	SUPPORTING SCHEDULES:					
48	B-1					
49	C-1					
50	C-3					
51	H-1					

Pima UtilityCompany - Wastewater Division
Test Year Ended December 31, 2010
Summary of Rate Base

Exhibit
Rejoinder Schedule B-1
Page 1
Witness: Bourassa

Line No.		Original Cost Rate base	Fair Value Rate Base
1			
2	Gross Utility Plant in Service	$ 22,039,554	$ 22,039,554
3	Less: Accumulated Depreciation	11,503,741	11,503,741
4			
5	Net Utility Plant in Service	$ 10,535,813	$ 10,535,813
6			
7	Less:		
8	Advances in Aid of Construction	(0)	(0)
9			
10	Contributions in Aid of Construction	1,281,106	1,281,106
11			
12	Accumulated Amortization of CIAC	(578,093)	(578,093)
13			
14	Customer Meter Deposits	-	-
15	Deferred Income Taxes & Credits	-	-
16			
17			
18			
19	Plus:		
20			
21			
22	Prepayments	-	-
23	Materials and Supplies	-	-
24	Allowance for Cash Working Capital	-	-
25			
26	Total Rate Base	$ 9,832,800	$ 9,832,800
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41	SUPPORTING SCHEDULES:		
42	B-2		
43	B-3		
44	B-5		
45	E-1		
46			
47			
48			
49			
50			

Pima UtilityCompany - Wastewater Division
Test Year Ended December 31, 2010
Original Cost Rate Base Proforma Adjustments

Exhibit
Rejoinder Schedule B-2
Page 1
Witness: Bourassa

Line No.		Actual at End of Test Year	Proforma Adjustment	Adjusted at end of Test Year
1	Gross Utility			
2	Plant in Service	$ 22,055,018	(15,465)	$ 22,039,554
3				
4	**Less:**			
5	Accumulated			
6	Depreciation	11,546,833	(43,092)	11,503,741
7				
8				
9	Net Utility Plant			
10	in Service	$ 10,508,186		$ 10,535,813
11				
12	**Less:**			
13	Advances in Aid of			
14	Construction	285,313	(285,313)	(0)
15				
16	Contributions in Aid of			
17	Construction - Gross	937,694	343,412	1,281,106
18				
19	Accumulated Amortization of CIAC	(578,093)	-	(578,093)
20				
21	Customer Meter Deposits	-		-
22	Accumulated Deferred Income Tax	-	-	-
23		-		-
24		-		-
25				
26	**Plus:**			
27				
28				
29	Prepayments	-		-
30	Materials and Supplies	-		-
31	Allowance for Cash Working Capital	-	-	-
32		-		-
33				
34	Total	$ 9,863,272		$ 9,832,800
35				
36				
37				
38				
39				
40				
41				
42				
43				
44				
45	SUPPORTING SCHEDULES:			RECAP SCHEDULES:
46	B-2, pages 2			B-1
47	E-1			
48				
49				
50				

Pima UtilityCompany - Wastewater Division
Test Year Ended December 31, 2010
Original Cost Rate Base Proforma Adjustments

Exhibit
Rejoinder Schedule B-2
Page 2
Witness: Bourassa

Line No.		Actual at End of Test Year	Proforma Adjustments 1 Plant-in-Service	2 Accumulated Depreciation	3 CIAC	4 Intentionally Left Blank	5 Intentionally Left Blank	Adjusted at end of Test Year
1	Gross Utility							
2	Plant in Service	$ 22,055,018	(15,465)					$ 22,039,554
3								
4	**Less:**							
5	Accumulated							
6	Depreciation	11,546,833		(43,092)				11,503,741
7								
8								
9	Net Utility Plant							
10	in Service	$ 10,508,186	$ (15,465)	$ 43,092	$ -	$ -	$ -	$ 10,535,813
11								
12	**Less:**							
13	Advances in Aid of							
14	Construction	285,313			(285,313)			(0)
15								
16	Contributions in Aid of							
17	Construction (CIAC)	937,694			343,412			1,281,106
18								
19	Accumulated Amort of CIAC	(578,093)						(578,093)
20								
21	Customer Meter Deposits	-						-
22	Accumulated Deferred Income Taxes	-						-
23								
24								
25	**Plus:**							
26								
27								
28	Prepayments	-						
29	Materials and Supplies	-						
30	Allowance for Cash Working Capital	-						-
31								
32	Total	$ 9,863,272	$ (15,465)	$ 43,092	$ (58,099)	$ -	$ -	$ 9,832,800
33								
34								
35								
36	SUPPORTING SCHEDULES:						RECAP SCHEDULES:	
37	B-2, pages 3-5						B-1	
38	E-1							
39								
40								

Pima UtilityCompany - Wastewater Division
Test Year Ended December 31, 2010
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1

Exhibit
Rejoinder Schedule B-2
Page 3
Witness: Bourassa

Plant-in-Service

Line No.	Acct. No.	Description	Direct Adjusted Orginal Cost	A Capitalized Expenses	B Prior Case Adjustments	Adjustments C Intentionally Left Blank	D Intentionally Left Blank	E Intentionally Left Blank	Rebuttal Adjusted Original Cost
6	351	Organization Cost	$ -						-
7	352	Franchise Cost	-						-
8	353	Land and Land Rights	91,528						91,528
9	354	Structures & Improvements	250,433						250,433
10	355	Power Generation Equipment	-						-
11	360	Collection Sewers - Force	97,523						97,523
12	361.1	Collection Sewers - Gravity	3,854,512						3,854,512
13	361.2	Manholes & Cleanouts	1,791,722						1,791,722
14	362	Special Collecting Structures	-						-
15	363	Servcies to Customers	632,249						632,249
16	364	Flow Measuring Devices	-						-
17	365	Flow Measuring Installations	-						-
18	366	Reuse Services	-						-
19	367	Reuse Meters and Meter Installations	-						-
20	370	Receiving Wells	226,251						226,251
21	371.1	Pumping Equipment - Lift Stations	1,544,146	9,179	(22,507)				1,530,818
22	371.2	Other Pumping Equipment	103,441						103,441
23	371.3	Pumping Equipment - Recharge Wells	1,436,200		(10,665)				1,425,535
24	374	Reuse Distribution Reserviors	-						-
25	375	Reuse Transmission and Distribution	137,444		(3,260)				134,184
26	380	Treatment & Disposal Equipment	9,884,071	13,212					9,897,283
27	381	Plant Sewers	-						-
28	382	Outfall Sewer Lines	-						-
29	389	Other Plant & Misc Equipment	972,509						972,509
30	390	Office Furniture & Equipment	6,529						6,529
31	390.1	Computers & Software	10,884						10,884
32	391	Transportation Equipment	21,830						21,830
33	392	Stores Equipment	-						-
34	393	Tools, Shop & Garage Equipment	156,200		(1,423)				154,777
35	394	Laboratory Equipment	1,993						1,993
36	395	Power Operated Equipment	0						0
37	396	Communication Equipment	118,828						118,828
38	397	Miscellaneous Equipment	-						-
39	398	Other Tangible Plant	-						-
40		Post-in-service AFUDC	716,722						716,722
41		TOTALS	$ 22,055,018	$ 22,391	$ (37,856)	$ -	$ -	$ -	$ 22,039,554
42									
43		Plant-in-Service per Direct							$ 22,055,018
44									
45		Increase (decrease) in Plant-in-Service							$ (15,465)
46									
47		Adjustment to Plant-in-Service							$ (15,465)
48									
49		SUPPORTING SCHEDULES							
50		B-2, pages 3.1 and 3.2							
51		B-2, pages 3.3 to 3.20							

Pima UtilityCompany - Wastewater Division
Test Year Ended December 31, 2010
B-2 Adjustment 1 - A
Capitalized Expenses

Exhibit
Rejoinder Schedule B-2
Page 3.1
Witness: Bourassa

Line No.	Plant Acct	Description		Amount
1	371.1	Pumping Equipment - Lift Stations	$	9,179
2	380	Treatment & Disposal Equipment		13,212
3				
4				
5		Total	$	22,391
6				
7				
8	Increase in Plant-in-Service		$	22,391
9				
10				
11				
12				
13				
14				
15				
16	Reference/Supporting Schedule			
17	Staff Rate Base Adjustment No. 2, Schedule CSB-4			
18				
19				
20				
21				
22				
23				
24				
25				

Pima UtilityCompany - Wastewater Division
Test Year Ended December 31, 2010
B-2 Adjustment 1 - B
Prior Rate Case Plant

Exhibit
Rejoinder Schedule B-2
Page 3.2
Witness: Bourassa

Line No.	Plant Acct	Description		Amount
1	371.1	Pumping Equipment - Lift Stations	$	(22,507)
2	371.3	Pumping Equipment - Recharge Wells		(10,665)
3	375	Reuse Transmission and Distribution		(3,260)
4	393	Tools, Shop & Garage Equipment		(1,423)
5				
6		Total	$	(37,856)
7				
8				
9	Increase in Plant-in-Service		$	(37,856)
10				
11				
12				
13				
14				
15				
16				
17	Reference/Supporting Schedule			
18	RUCO Rate Base Adjustment No. 1, Schedule TJC-3			
19				
20				
21				
22				
23				
24				
25				
26				

Pima Utility Company - Sewer Division
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.3
Witness: Jones/Bourassa

				Per Decision No. 62184 - January 5, 2000							Current Books		Allocate A/D
Line No.	NARUC Account No.	Description	Deprec. Before Jan. '00	Allowed Deprec. Rate[1]	Company Plant at 12/31/1997	Company Pro Forma Adjust	Adopted Staff Adjust	Adopted RUCO Adjust	Order Plant at 12/31/1997	Accum. Deprec. At 12/31/1997	G/L Plant at 12/31/1997	NARUC Plant at 12/31/1997	Accum. Deprec. At 12/31/1997
1	351	Organization Cost	0.00%	0.00%					-		-	-	-
2	352	Franchise Cost	0.00%	0.00%					-		-	-	-
3	353	Land and Land Rights	0.00%	0.00%	76,709				76,709		76,709	76,709	-
4	354	Structures & Improvements	3.00%	3.33%	4,326	(4,326)			-		-	-	-
5	355	Power Generation Equipment	3.00%	5.00%					-		-	-	-
6	360	Collection Sewers - Force	3.00%	2.00%					-		-	-	-
7	361.1	Collection Sewers - Gravity	3.00%	2.00%	2,559,281	149,529	(149,529)		2,559,281		2,559,281	2,559,281	267,514
8	361.2	Manholes & Cleanouts	3.00%	2.00%	1,118,725				1,118,725		1,118,725	1,118,725	116,937
9	362	Special Collecting Structures	3.00%	2.00%					-		-	-	-
10	363	Servcies to Customers	3.00%	2.00%			149,529		149,529		149,529	149,529	15,630
11	364	Flow Measuring Devices	3.00%	10.00%					-		-	-	-
12	365	Flow Measuring Installations	3.00%	10.00%					-		-	-	-
13	366	Reuse Services	3.00%	2.00%					-		-	-	-
14	367	Reuse Meters and Meter Installations	3.00%	8.33%					-		-	-	-
15	370	Receiving Wells	3.00%	3.57%				226,251	226,251		-	226,251	23,649
16	371.1	Pumping Equipment - Lift Stations	3.00%	10.00%	765,619		1,017		766,636		766,637	766,637	80,134
17	371.2	Other Pumping Equipment	3.00%	10.00%				100,000	100,000		-	100,000	10,453
18	371.3	Pumping Equipment - Recharge Wells	3.00%	10.00%					-		-	-	-
19	374	Reuse Distribution Reserviors	3.00%	2.50%					-		-	-	-
20	375	Reuse Transmission and Distribution	3.00%	2.00%	343,041			(326,251)	16,790		343,041	16,790	1,755
21	380	Treatment & Disposal Equipment	3.00%	5.00%	8,545,663	2,135			8,547,798		8,547,798	8,547,798	893,476
22	381	Plant Sewers	3.00%	5.00%					-		-	-	-
23	382	Outfall Sewer Lines	3.00%	3.33%					-		-	-	-
24	389	Other Plant & Misc Equipment	3.00%	6.67%					-		-	-	-
25	390	Office Furniture & Equipment	3.00%	6.67%					-		-	-	-
26	390.1	Computers & Software	3.00%	20.00%					-		-	-	-
27	391	Transportation Equipment	3.00%	20.00%				3,261	3,261		-	3,260	341
28	392	Stores Equipment	3.00%	4.00%					-		-	-	-
29	393	Tools, Shop & Garage Equipment	3.00%	10.00%	189,765		(5,612)	(3,261)	180,892		184,153	180,893	18,906
30	394	Laboratory Equipment	3.00%	10.00%					-		-	-	-
31	395	Power Operated Equipment	3.00%	5.00%					-		-	-	-
32	396	Communication Equipment	3.00%	10.00%					-		-	-	-
33	397	Miscellaneous Equipment	3.00%	10.00%					-		-	-	-
34	398	Other Tangible Plant	3.00%						-		-	-	-
35													
36		Sub Total			13,603,129	147,338	(4,595)	-	13,745,872	1,428,798	13,745,873	13,745,873	1,428,798
37													
38		Post-In Service AFUDC		4.52%	1,865,546		(1,148,824)	-	716,722	-	716,722	716,722	-
39													
40		TOTAL			15,468,675	147,338	(1,153,419)	-	14,462,594	1,428,798	14,462,595	14,462,595	1,428,798
41													
42		Depreciable Plant											
43		Composite Depreciation Rate											
44													
45		[1] Shaded cells are per Decision No. 62184. Other cells per Staff recommended depreciation rates.											
46													

Pima Utility Company - Sewer Division
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.4
Witness: Jones/Bourassa

					Sewer Plant Recorded on Water Books - Not Included in Decision 62184									
					1994									
Line No.	NARUC Account No.	Description	Deprec. Before Jan. '00	Allowed Deprec. Rate[1]	Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Deprecition (Calculated)	Plant Balance	Accum. Deprec.
1	351	Organization Cost	0.00%	0.00%		-	-	-	-	-	-	-	-	-
2	352	Franchise Cost	0.00%	0.00%		-	-	-	-	-	-	-	-	-
3	353	Land and Land Rights	0.00%	0.00%		-	-	-	-	-	-	-	-	-
4	354	Structures & Improvements	3.00%	3.33%		-	-	-	-	-	-	-	-	-
5	355	Power Generation Equipment	3.00%	5.00%		-	-	-	-	-	-	-	-	-
6	360	Collection Sewers - Force	3.00%	2.00%		-	-	-	-	-	-	-	-	-
7	361.1	Collection Sewers - Gravity	3.00%	2.00%		-	-	-	-	-	-	-	-	-
8	361.2	Manholes & Cleanouts	3.00%	2.00%		-	-	-	-	-	-	-	-	-
9	362	Special Collecting Structures	3.00%	2.00%		-	-	-	-	-	-	-	-	-
10	363	Servcies to Customers	3.00%	2.00%		-	-	-	-	-	-	-	-	-
11	364	Flow Measuring Devices	3.00%	10.00%		-	-	-	-	-	-	-	-	-
12	365	Flow Measuring Installations	3.00%	10.00%		-	-	-	-	-	-	-	-	-
13	366	Reuse Services	3.00%	2.00%		-	-	-	-	-	-	-	-	-
14	367	Reuse Meters and Meter Installations	3.00%	8.33%		-	-	-	-	-	-	-	-	-
15	370	Receiving Wells	3.00%	3.57%		-	-	-	-	-	-	-	-	-
16	371.1	Pumping Equipment - Lift Stations	3.00%	10.00%		-	-	-	-	-	-	-	-	-
17	371.2	Other Pumping Equipment	3.00%	10.00%		-	-	-	-	-	-	-	-	-
18	371.3	Pumping Equipment - Recharge Wells	3.00%	10.00%		-	-	-	-	-	-	-	-	-
19	374	Reuse Distribution Reserviors	3.00%	2.50%		-	-	-	-	-	-	-	-	-
20	375	Reuse Transmission and Distribution	3.00%	2.00%		-	-	-	-	-	-	-	-	-
21	380	Treatment & Disposal Equipment	3.00%	5.00%		-	-	-	-	-	-	-	-	-
22	381	Plant Sewers	3.00%	5.00%		-	-	-	-	-	-	-	-	-
23	382	Outfall Sewer Lines	3.00%	3.33%		-	-	-	-	-	-	-	-	-
24	389	Other Plant & Misc Equipment	3.00%	6.67%		-	-	-	-	-	-	-	-	-
25	390	Office Furniture & Equipment	3.00%	6.67%		-	-	-	-	-	-	-	-	-
26	390.1	Computers & Software	3.00%	20.00%		-	-	-	-	-	-	-	-	-
27	391	Transportation Equipment	3.00%	20.00%		-	-	-	-	-	-	-	-	-
28	392	Stores Equipment	3.00%	4.00%		-	-	-	-	-	-	-	-	-
29	393	Tools, Shop & Garage Equipment	3.00%	10.00%		-	-	-	-	-	-	-	-	-
30	394	Laboratory Equipment	3.00%	10.00%		-	-	-	-	-	-	-	-	-
31	395	Power Operated Equipment	3.00%	5.00%		-	-	-	-	-	-	-	-	-
32	396	Communication Equipment	3.00%	10.00%		-	-	-	-	-	-	-	-	-
33	397	Miscellaneous Equipment	3.00%	10.00%		-	-	-	-	-	-	-	-	-
34	398	Other Tangible Plant	3.00%			-	-	-	-	-	-	-	-	-
35														
36		Sub Total			-	-	-	-	-	-	-	-	-	-
37														
38		Post-In Service AFUDC		4.52%										
39														
40		TOTAL			-	-	-	-	-	-	-	-	-	-
41														
42		Depreciable Plant												
43		Composite Depreciation Rate												
44														
45		[1] Shaded cells are per Decision No. 62184. Other cells per Sta												
46														

Pima Utility Company - Sewer Division
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.5
Witness: Jones/Bourassa

					Sewer Plant Recorded on Water Books - Not Included in Decision 62184									
					1995									
Line No.	NARUC Account No.	Description	Deprec. Before Jan. '00	Allowed Deprec. Rate[1]	Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Deprecition (Calculated)	Plant Balance	Accum. Deprec.
1	351	Organization Cost	0.00%	0.00%		-	-	-	-	-	-	-	-	-
2	352	Franchise Cost	0.00%	0.00%		-	-	-	-	-	-	-	-	-
3	353	Land and Land Rights	0.00%	0.00%		-	-	-	-	-	-	-	-	-
4	354	Structures & Improvements	3.00%	3.33%		-	-	-	-	-	-	-	-	-
5	355	Power Generation Equipment	3.00%	5.00%		-	-	-	-	-	-	-	-	-
6	360	Collection Sewers - Force	3.00%	2.00%		-	-	-	-	-	-	-	-	-
7	361.1	Collection Sewers - Gravity	3.00%	2.00%		-	-	-	-	-	-	-	-	-
8	361.2	Manholes & Cleanouts	3.00%	2.00%		-	-	-	-	-	-	-	-	-
9	362	Special Collecting Structures	3.00%	2.00%		-	-	-	-	-	-	-	-	-
10	363	Servcies to Customers	3.00%	2.00%		-	-	-	-	-	-	-	-	-
11	364	Flow Measuring Devices	3.00%	10.00%		-	-	-	-	-	-	-	-	-
12	365	Flow Measuring Installations	3.00%	10.00%		-	-	-	-	-	-	-	-	-
13	366	Reuse Services	3.00%	2.00%		-	-	-	-	-	-	-	-	-
14	367	Reuse Meters and Meter Installations	3.00%	8.33%		-	-	-	-	-	-	-	-	-
15	370	Receiving Wells	3.00%	3.57%		-	-	-	-	-	-	-	-	-
16	371.1	Pumping Equipment - Lift Stations	3.00%	10.00%		-	-	-	-	-	-	-	-	-
17	371.2	Other Pumping Equipment	3.00%	10.00%		-	-	-	-	-	-	-	-	-
18	371.3	Pumping Equipment - Recharge Wells	3.00%	10.00%		-	-	-	-	-	-	-	-	-
19	374	Reuse Distribution Reserviors	3.00%	2.50%		-	-	-	-	-	-	-	-	-
20	375	Reuse Transmission and Distribution	3.00%	2.00%		-	-	-	-	-	-	-	-	-
21	380	Treatment & Disposal Equipment	3.00%	5.00%		-	-	-	-	-	-	-	-	-
22	381	Plant Sewers	3.00%	5.00%		-	-	-	-	-	-	-	-	-
23	382	Outfall Sewer Lines	3.00%	3.33%		-	-	-	-	-	-	-	-	-
24	389	Other Plant & Misc Equipment	3.00%	6.67%		-	-	-	-	-	-	-	-	-
25	390	Office Furniture & Equipment	3.00%	6.67%		-	-	-	-	-	-	-	-	-
26	390.1	Computers & Software	3.00%	20.00%		-	-	-	-	-	-	-	-	-
27	391	Transportation Equipment	3.00%	20.00%		-	-	-	-	-	-	-	-	-
28	392	Stores Equipment	3.00%	4.00%		-	-	-	-	-	-	-	-	-
29	393	Tools, Shop & Garage Equipment	3.00%	10.00%		-	-	-	-	-	-	-	-	-
30	394	Laboratory Equipment	3.00%	10.00%		-	-	-	-	-	-	-	-	-
31	395	Power Operated Equipment	3.00%	5.00%		-	-	-	-	-	-	-	-	-
32	396	Communication Equipment	3.00%	10.00%		-	-	-	-	-	-	-	-	-
33	397	Miscellaneous Equipment	3.00%	10.00%		-	-	-	-	-	-	-	-	-
34	398	Other Tangible Plant	3.00%			-	-	-	-	-	-	-	-	-
35														
36		Sub Total			-	-	-	-	-	-	-	-	-	-
37														
38		Post-In Service AFUDC		4.52%										
39														
40		TOTAL			-	-	-	-	-	-	-	-	-	-
41														
42		Depreciable Plant												
43		Composite Depreciation Rate												
44														
45		[1] Shaded cells are per Decision No. 62184. Other cells per Sta												
46														

Pima Utility Company - Sewer Division
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.6
Witness: *Jones/Bourassa*

					Sewer Plant Recorded on Water Books - Not Included in Decision 62184									
					1996									
Line No.	NARUC Account No.	Description	Deprec. Before Jan. '00	Allowed Deprec. Rate[1]	Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Deprecition (Calculated)	Plant Balance	Accum. Deprec.
1	351	Organization Cost	0.00%	0.00%		-	-	-	-	-	-	-	-	-
2	352	Franchise Cost	0.00%	0.00%		-	-	-	-	-	-	-	-	-
3	353	Land and Land Rights	0.00%	0.00%		-	-	-	-	-	-	-	-	-
4	354	Structures & Improvements	3.00%	3.33%		-	-	-	-	-	-	-	-	-
5	355	Power Generation Equipment	3.00%	5.00%		-	-	-	-	-	-	-	-	-
6	360	Collection Sewers - Force	3.00%	2.00%		-	-	-	-	-	-	-	-	-
7	361.1	Collection Sewers - Gravity	3.00%	2.00%		-	-	-	-	-	-	-	-	-
8	361.2	Manholes & Cleanouts	3.00%	2.00%		-	-	-	-	-	-	-	-	-
9	362	Special Collecting Structures	3.00%	2.00%		-	-	-	-	-	-	-	-	-
10	363	Servcies to Customers	3.00%	2.00%		-	-	-	-	-	-	-	-	-
11	364	Flow Measuring Devices	3.00%	10.00%		-	-	-	-	-	-	-	-	-
12	365	Flow Measuring Installations	3.00%	10.00%		-	-	-	-	-	-	-	-	-
13	366	Reuse Services	3.00%	2.00%		-	-	-	-	-	-	-	-	-
14	367	Reuse Meters and Meter Installations	3.00%	8.33%		-	-	-	-	-	-	-	-	-
15	370	Receiving Wells	3.00%	3.57%		-	-	-	-	-	-	-	-	-
16	371.1	Pumping Equipment - Lift Stations	3.00%	10.00%		-	-	-	-	-	-	-	-	-
17	371.2	Other Pumping Equipment	3.00%	10.00%		-	-	-	-	-	-	-	-	-
18	371.3	Pumping Equipment - Recharge Wells	3.00%	10.00%		-	-	-	-	-	-	-	-	-
19	374	Reuse Distribution Reserviors	3.00%	2.50%		-	-	-	-	-	-	-	-	-
20	375	Reuse Transmission and Distribution	3.00%	2.00%		-	-	-	-	-	-	-	-	-
21	380	Treatment & Disposal Equipment	3.00%	5.00%		-	-	-	-	-	-	-	-	-
22	381	Plant Sewers	3.00%	5.00%		-	-	-	-	-	-	-	-	-
23	382	Outfall Sewer Lines	3.00%	3.33%		-	-	-	-	-	-	-	-	-
24	389	Other Plant & Misc Equipment	3.00%	6.67%		-	-	-	-	-	-	-	-	-
25	390	Office Furniture & Equipment	3.00%	6.67%		-	-	-	-	-	-	-	-	-
26	390.1	Computers & Software	3.00%	20.00%		-	-	-	-	-	-	-	-	-
27	391	Transportation Equipment	3.00%	20.00%		-	-	-	-	-	-	-	-	-
28	392	Stores Equipment	3.00%	4.00%		-	-	-	-	-	-	-	-	-
29	393	Tools, Shop & Garage Equipment	3.00%	10.00%		-	-	-	-	-	-	-	-	-
30	394	Laboratory Equipment	3.00%	10.00%		-	-	-	-	-	-	-	-	-
31	395	Power Operated Equipment	3.00%	5.00%		-	-	-	-	-	-	-	-	-
32	396	Communication Equipment	3.00%	10.00%		-	-	-	-	-	-	-	-	-
33	397	Miscellaneous Equipment	3.00%	10.00%		-	-	-	-	-	-	-	-	-
34	398	Other Tangible Plant	3.00%			-	-	-	-	-	-	-	-	-
35														
36		*Sub Total*			-	-	-	-	-	-	-	-	-	-
37														
38		Post-In Service AFUDC		4.52%										
39														
40		TOTAL			-	-	-	-	-	-	-	-	-	-
41														
42		Depreciable Plant												
43		Composite Depreciation Rate												
44														
45		[1] *Shaded cells are per Decision No. 62184. Other cells per Sta*												
46														

Pima Utility Company - Sewer Division
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.7
Witness: Jones/Bourassa

					Sewer Plant Recorded on Water Books - Not Included in Decision 62184									
					1997									
Line No.	NARUC Account No.	Description	Deprec. Before Jan. '00	Allowed Deprec. Rate[1]	Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.
1	351	Organization Cost	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-
2	352	Franchise Cost	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-
3	353	Land and Land Rights	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-
4	354	Structures & Improvements	3.00%	3.33%	-	-	-	-	-	-	-	-	-	-
5	355	Power Generation Equipment	3.00%	5.00%	-	-	-	-	-	-	-	-	-	-
6	360	Collection Sewers - Force	3.00%	2.00%	-	-	-	-	-	-	-	-	-	-
7	361.1	Collection Sewers - Gravity	3.00%	2.00%	-	-	-	-	-	-	-	-	-	-
8	361.2	Manholes & Cleanouts	3.00%	2.00%	-	-	-	-	-	-	-	-	-	-
9	362	Special Collecting Structures	3.00%	2.00%	-	-	-	-	-	-	-	-	-	-
10	363	Servcies to Customers	3.00%	2.00%	-	-	-	-	-	-	-	-	-	-
11	364	Flow Measuring Devices	3.00%	10.00%	-	-	-	-	-	-	-	-	-	-
12	365	Flow Measuring Installations	3.00%	10.00%	-	-	-	-	-	-	-	-	-	-
13	366	Reuse Services	3.00%	2.00%	-	-	-	-	-	-	-	-	-	-
14	367	Reuse Meters and Meter Installations	3.00%	8.33%	-	-	-	-	-	-	-	-	-	-
15	370	Receiving Wells	3.00%	3.57%	-	-	-	-	-	-	-	-	-	-
16	371.1	Pumping Equipment - Lift Stations	3.00%	10.00%	-	-	-	-	-	-	-	-	-	-
17	371.2	Other Pumping Equipment	3.00%	10.00%	-	-	-	-	-	-	-	-	-	-
18	371.3	Pumping Equipment - Recharge Wells	3.00%	10.00%	-	-	-	-	-	-	-	-	-	-
19	374	Reuse Distribution Reserviors	3.00%	2.50%	-	-	-	-	-	-	-	-	-	-
20	375	Reuse Transmission and Distribution	3.00%	2.00%	-	-	-	-	-	-	-	-	-	-
21	380	Treatment & Disposal Equipment	3.00%	5.00%	-	-	-	-	-	-	-	-	-	-
22	381	Plant Sewers	3.00%	5.00%	-	-	-	-	-	-	-	-	-	-
23	382	Outfall Sewer Lines	3.00%	3.33%	-	-	-	-	-	-	-	-	-	-
24	389	Other Plant & Misc Equipment	3.00%	6.67%	-	-	-	-	-	-	-	-	-	-
25	390	Office Furniture & Equipment	3.00%	6.67%	-	-	-	-	-	-	-	-	-	-
26	390.1	Computers & Software	3.00%	20.00%	-	-	-	-	-	-	-	-	-	-
27	391	Transportation Equipment	3.00%	20.00%	-	-	-	-	-	-	-	-	-	-
28	392	Stores Equipment	3.00%	4.00%	-	-	-	-	-	-	-	-	-	-
29	393	Tools, Shop & Garage Equipment	3.00%	10.00%	-	-	-	-	-	-	-	-	-	-
30	394	Laboratory Equipment	3.00%	10.00%	-	-	-	-	-	-	-	-	-	-
31	395	Power Operated Equipment	3.00%	5.00%	-	-	-	-	-	-	-	-	-	-
32	396	Communication Equipment	3.00%	10.00%	-	-	-	-	-	-	-	-	-	-
33	397	Miscellaneous Equipment	3.00%	10.00%	-	-	-	-	-	-	-	-	-	-
34	398	Other Tangible Plant	3.00%		-	-	-	-	-	-	-	-	-	-
35														
36		Sub Total			-	-	-	-	-	-	-	-	-	-
37														
38		Post-In Service AFUDC		4.52%										
39														
40		TOTAL			-	-	-	-	-	-	-	-	-	-
41														
42		Depreciable Plant												
43		Composite Depreciation Rate												
44														
45		[1] Shaded cells are per Decision No. 62184. Other cells per Sta												
46														

Pima Utility Company - Sewer Division
Plant Additions and Retirements

Exhibit
Rejoinder Schedule B-2
Page 3.8
Witness: Jones/Bourassa

Line No.	NARUC Account No.	Description	Deprec. Before Jan. '00	Allowed Deprec. Rate[1]	1998 Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.
1	351	Organization Cost	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-
2	352	Franchise Cost	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-
3	353	Land and Land Rights	0.00%	0.00%	-	-	-	-	480	480	-	-	76,229	-
4	354	Structures & Improvements	3.00%	3.33%	202,986	-	202,986	-	-	-	-	3,045	202,986	3,045
5	355	Power Generation Equipment	3.00%	5.00%	-	-	-	-	-	-	-	-	-	-
6	360	Collection Sewers - Force	3.00%	2.00%	28,319	-	28,319	-	-	-	-	425	28,319	425
7	361.1	Collection Sewers - Gravity	3.00%	2.00%	24,402	(9,148)	15,254	-	-	-	-	77,007	2,574,535	344,521
8	361.2	Manholes & Cleanouts	3.00%	2.00%	21,257	-	21,257	-	-	-	-	33,881	1,139,982	150,818
9	362	Special Collecting Structures	3.00%	2.00%	-	-	-	-	-	-	-	-	-	-
10	363	Servcies to Customers	3.00%	2.00%	-	-	-	-	-	-	-	4,486	149,529	20,116
11	364	Flow Measuring Devices	3.00%	10.00%	-	-	-	-	-	-	-	-	-	-
12	365	Flow Measuring Installations	3.00%	10.00%	-	-	-	-	-	-	-	-	-	-
13	366	Reuse Services	3.00%	2.00%	-	-	-	-	-	-	-	-	-	-
14	367	Reuse Meters and Meter Installations	3.00%	8.33%	-	-	-	-	-	-	-	-	-	-
15	370	Receiving Wells	3.00%	3.57%	-	-	-	-	-	-	-	6,788	226,251	30,437
16	371.1	Pumping Equipment - Lift Stations	3.00%	10.00%	432,170	-	432,170	-	63,740	63,740	-	28,526	1,135,067	44,920
17	371.2	Other Pumping Equipment	3.00%	10.00%	54,700	-	54,700	-	65,250	65,250	-	2,842	89,450	(51,955)
18	371.3	Pumping Equipment - Recharge Wells	3.00%	10.00%	838,888	-	838,888	-	-	-	-	12,583	838,888	12,583
19	374	Reuse Distribution Reserviors	3.00%	2.50%	-	-	-	-	-	-	-	-	-	-
20	375	Reuse Transmission and Distribution	3.00%	2.00%	104,135	-	104,135	-	-	-	-	2,066	120,925	3,821
21	380	Treatment & Disposal Equipment	3.00%	5.00%	606,887	-	606,887	-	-	-	-	265,537	9,154,685	1,159,013
22	381	Plant Sewers	3.00%	5.00%	-	-	-	-	-	-	-	-	-	-
23	382	Outfall Sewer Lines	3.00%	3.33%	-	-	-	-	-	-	-	-	-	-
24	389	Other Plant & Misc Equipment	3.00%	6.67%	500,000	-	500,000	-	-	-	-	7,500	500,000	7,500
25	390	Office Furniture & Equipment	3.00%	6.67%	1,870	-	1,870	-	-	-	-	28	1,870	28
26	390.1	Computers & Software	3.00%	20.00%	-	-	-	-	-	-	-	-	-	-
27	391	Transportation Equipment	3.00%	20.00%	584	-	584	-	-	-	-	107	3,844	448
28	392	Stores Equipment	3.00%	4.00%	-	-	-	-	-	-	-	-	-	-
29	393	Tools, Shop & Garage Equipment	3.00%	10.00%	2,860	-	2,860	-	47,661	47,661	-	4,755	136,091	(23,998)
30	394	Laboratory Equipment	3.00%	10.00%	-	-	-	-	-	-	-	-	-	-
31	395	Power Operated Equipment	3.00%	5.00%	1,068	-	1,068	-	-	-	-	16	1,068	16
32	396	Communication Equipment	3.00%	10.00%	36,607	-	36,607	-	-	-	-	549	36,607	549
33	397	Miscellaneous Equipment	3.00%	10.00%	-	-	-	-	-	-	-	-	-	-
34	398	Other Tangible Plant	3.00%		-	-	-	-	-	-	-	-	-	-
35														
36		Sub Total			2,856,732	(9,148)	2,847,584	-	177,131	177,131	-	450,139	16,416,326	1,702,285
37														
38		Post-In Service AFUDC		4.52%								32,396	716,722	32,396
39														
40		TOTAL			2,856,732	(9,148)	2,847,584	-	177,131	177,131	-	482,535	17,133,048	1,734,681
41														
42		Depreciable Plant											16,340,097	
43		Composite Depreciation Rate											2.9531%	
44														
45		[1] Shaded cells are per Decision No. 62184. Other cells per Sta												
46														

Pima Utility Company - Sewer Division
Plant Additions and Retirements

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Line No.	NARUC Account No.	Description	Deprec. Before Jan. '00	Allowed Deprec. Rate[1]	1999 Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.
1	351	Organization Cost	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-
2	352	Franchise Cost	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-
3	353	Land and Land Rights	0.00%	0.00%	-	-	-	-	-	-	-	-	76,229	-
4	354	Structures & Improvements	3.00%	3.33%	-	-	-	-	-	-	-	6,090	202,986	9,134
5	355	Power Generation Equipment	3.00%	5.00%	-	-	-	-	-	-	-	-	-	-
6	360	Collection Sewers - Force	3.00%	2.00%	-	-	-	-	-	-	-	850	28,319	1,274
7	361.1	Collection Sewers - Gravity	3.00%	2.00%	400,340	-	400,340	-	-	-	-	83,241	2,974,876	427,762
8	361.2	Manholes & Cleanouts	3.00%	2.00%	129,190	-	129,190	-	-	-	-	36,137	1,269,172	186,955
9	362	Special Collecting Structures	3.00%	2.00%	-	-	-	-	-	-	-	-	-	-
10	363	Servcies to Customers	3.00%	2.00%	213,312	-	213,312	-	-	-	-	7,686	362,841	27,801
11	364	Flow Measuring Devices	3.00%	10.00%	-	-	-	-	-	-	-	-	-	-
12	365	Flow Measuring Installations	3.00%	10.00%	-	-	-	-	-	-	-	-	-	-
13	366	Reuse Services	3.00%	2.00%	-	-	-	-	-	-	-	-	-	-
14	367	Reuse Meters and Meter Installations	3.00%	8.33%	-	-	-	-	-	-	-	-	-	-
15	370	Receiving Wells	3.00%	3.57%	-	-	-	-	-	-	-	6,788	226,251	37,224
16	371.1	Pumping Equipment - Lift Stations	3.00%	10.00%	54,090	-	54,090	-	14,000	14,000	-	34,653	1,175,157	65,573
17	371.2	Other Pumping Equipment	3.00%	10.00%	-	-	-	-	-	-	-	2,684	89,450	(49,272)
18	371.3	Pumping Equipment - Recharge Wells	3.00%	10.00%	82,615	-	82,615	-	2,406	2,406	-	26,370	919,096	36,547
19	374	Reuse Distribution Reserviors	3.00%	2.50%	-	-	-	-	-	-	-	-	-	-
20	375	Reuse Transmission and Distribution	3.00%	2.00%	-	-	-	-	-	-	-	3,628	120,925	7,448
21	380	Treatment & Disposal Equipment	3.00%	5.00%	73,913	-	73,913	-	17,618	17,618	-	275,485	9,210,980	1,416,880
22	381	Plant Sewers	3.00%	5.00%	-	-	-	-	-	-	-	-	-	-
23	382	Outfall Sewer Lines	3.00%	3.33%	-	-	-	-	-	-	-	-	-	-
24	389	Other Plant & Misc Equipment	3.00%	6.67%	-	-	-	-	-	-	-	15,000	500,000	22,500
25	390	Office Furniture & Equipment	3.00%	6.67%	745	-	745	-	-	-	-	67	2,615	95
26	390.1	Computers & Software	3.00%	20.00%	1,512	-	1,512	-	-	-	-	23	1,512	23
27	391	Transportation Equipment	3.00%	20.00%	-	-	-	-	-	-	-	115	3,844	563
28	392	Stores Equipment	3.00%	4.00%	-	-	-	-	-	-	-	-	-	-
29	393	Tools, Shop & Garage Equipment	3.00%	10.00%	1,363	-	1,363	-	-	-	-	4,103	137,454	(19,895)
30	394	Laboratory Equipment	3.00%	10.00%	-	-	-	-	-	-	-	-	-	-
31	395	Power Operated Equipment	3.00%	5.00%	-	-	-	-	-	-	-	32	1,068	48
32	396	Communication Equipment	3.00%	10.00%	13,860	-	13,860	-	-	-	-	1,306	50,467	1,855
33	397	Miscellaneous Equipment	3.00%	10.00%	-	-	-	-	-	-	-	-	-	-
34	398	Other Tangible Plant	3.00%		-	-	-	-	-	-	-	-	-	-
35														
36		Sub Total			970,940	-	970,940	-	34,024	34,024	-	504,257	17,353,243	2,172,518
37														
38		Post-In Service AFUDC		4.52%								32,396	716,722	64,792
39														
40		TOTAL			970,940	-	970,940	-	34,024	34,024	-	536,652	18,069,965	2,237,310
41														
42		Depreciable Plant											17,277,013	
43		Composite Depreciation Rate											3.1062%	
44														
45		[1] Shaded cells are per Decision No. 62184. Other cells per Sta												
46														

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Line No.	NARUC Account No.	Description	Deprec. Before Jan. '00	Allowed Deprec. Rate[1]	2000 Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.
1	351	Organization Cost	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-
2	352	Franchise Cost	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-
3	353	Land and Land Rights	0.00%	0.00%	-	-	-	-	-	-	-	-	76,229	-
4	354	Structures & Improvements	3.00%	3.33%	-	-	-	-	-	-	-	6,759	202,986	15,894
5	355	Power Generation Equipment	3.00%	5.00%	-	-	-	-	-	-	-	-	-	-
6	360	Collection Sewers - Force	3.00%	2.00%	-	-	-	-	-	-	-	566	28,319	1,841
7	361.1	Collection Sewers - Gravity	3.00%	2.00%	-	-	-	-	-	-	-	59,498	2,974,876	487,260
8	361.2	Manholes & Cleanouts	3.00%	2.00%	-	-	-	-	-	-	-	25,383	1,269,172	212,338
9	362	Special Collecting Structures	3.00%	2.00%	-	-	-	-	-	-	-	-	-	-
10	363	Servcies to Customers	3.00%	2.00%	515	-	515	-	-	-	-	7,262	363,356	35,063
11	364	Flow Measuring Devices	3.00%	10.00%	-	-	-	-	-	-	-	-	-	-
12	365	Flow Measuring Installations	3.00%	10.00%	-	-	-	-	-	-	-	-	-	-
13	366	Reuse Services	3.00%	2.00%	-	-	-	-	-	-	-	-	-	-
14	367	Reuse Meters and Meter Installations	3.00%	8.33%	-	-	-	-	-	-	-	-	-	-
15	370	Receiving Wells	3.00%	3.57%	-	-	-	-	-	-	-	8,077	226,251	45,301
16	371.1	Pumping Equipment - Lift Stations	3.00%	10.00%	101,860	-	101,860	-	8,564	8,564	-	122,181	1,268,454	179,190
17	371.2	Other Pumping Equipment	3.00%	10.00%	6,592	-	6,592	-	-	-	-	9,275	96,042	(39,997)
18	371.3	Pumping Equipment - Recharge Wells	3.00%	10.00%	20,717	-	20,717	-	7,216	7,216	-	92,585	932,598	121,916
19	374	Reuse Distribution Reserviors	3.00%	2.50%	-	-	-	-	-	-	-	-	-	-
20	375	Reuse Transmission and Distribution	3.00%	2.00%	-	-	-	-	-	-	-	2,418	120,925	9,867
21	380	Treatment & Disposal Equipment	3.00%	5.00%	139,747	-	139,747	-	25,869	25,869	-	463,396	9,324,858	1,854,407
22	381	Plant Sewers	3.00%	5.00%	-	-	-	-	-	-	-	-	-	-
23	382	Outfall Sewer Lines	3.00%	3.33%	-	-	-	-	-	-	-	-	-	-
24	389	Other Plant & Misc Equipment	3.00%	6.67%	-	-	-	-	-	-	-	33,350	500,000	55,850
25	390	Office Furniture & Equipment	3.00%	6.67%	3,752	-	3,752	-	-	-	-	300	6,367	395
26	390.1	Computers & Software	3.00%	20.00%	2,360	-	2,360	-	-	-	-	538	3,872	561
27	391	Transportation Equipment	3.00%	20.00%	21,500	-	21,500	-	-	-	-	2,919	25,344	3,482
28	392	Stores Equipment	3.00%	4.00%	-	-	-	-	-	-	-	-	-	-
29	393	Tools, Shop & Garage Equipment	3.00%	10.00%	1,725	-	1,725	1,236	149	1,385	-	13,762	137,795	(7,517)
30	394	Laboratory Equipment	3.00%	10.00%	-	-	-	-	-	-	-	-	-	-
31	395	Power Operated Equipment	3.00%	5.00%	643	-	643	-	-	-	-	69	1,711	118
32	396	Communication Equipment	3.00%	10.00%	15,319	-	15,319	-	1,917	1,917	-	5,717	63,869	5,655
33	397	Miscellaneous Equipment	3.00%	10.00%	-	-	-	-	-	-	-	-	-	-
34	398	Other Tangible Plant	3.00%		-	-	-	-	-	-	-	-	-	-
35														
36		Sub Total			314,731	-	314,731	1,236	43,715	44,951	-	854,056	17,623,023	2,981,623
37														
38		Post-In Service AFUDC		4.52%								32,396	716,722	97,188
39														
40		TOTAL			314,731	-	314,731	1,236	43,715	44,951	-	886,452	18,339,745	3,078,810
41														
42		Depreciable Plant											17,546,794	
43		Composite Depreciation Rate											5.0519%	
44														
45		[1] Shaded cells are per Decision No. 62184. Other cells per Sta												
46														

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Plant Additions and Retirements

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Witness: Jones/Bourassa

Line No.	NARUC Account No.	Description	Deprec. Before Jan. '00	Allowed Deprec. Rate[1]	2001 Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.
1	351	Organization Cost	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-
2	352	Franchise Cost	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-
3	353	Land and Land Rights	0.00%	0.00%	-	-	-	-	-	-	-	-	76,229	-
4	354	Structures & Improvements	3.00%	3.33%	-	-	-	-	-	-	-	6,759	202,986	22,653
5	355	Power Generation Equipment	3.00%	5.00%	-	-	-	-	-	-	-	-	-	-
6	360	Collection Sewers - Force	3.00%	2.00%	-	-	-	-	-	-	-	566	28,319	2,407
7	361.1	Collection Sewers - Gravity	3.00%	2.00%	1,355	-	1,355	-	-	-	-	59,511	2,976,231	546,771
8	361.2	Manholes & Cleanouts	3.00%	2.00%	-	-	-	-	-	-	-	25,383	1,269,172	237,722
9	362	Special Collecting Structures	3.00%	2.00%	-	-	-	-	-	-	-	-	-	-
10	363	Servcies to Customers	3.00%	2.00%	1,640	-	1,640	-	-	-	-	7,284	364,996	42,347
11	364	Flow Measuring Devices	3.00%	10.00%	-	-	-	-	-	-	-	-	-	-
12	365	Flow Measuring Installations	3.00%	10.00%	-	-	-	-	-	-	-	-	-	-
13	366	Reuse Services	3.00%	2.00%	-	-	-	-	-	-	-	-	-	-
14	367	Reuse Meters and Meter Installations	3.00%	8.33%	-	-	-	-	-	-	-	-	-	-
15	370	Receiving Wells	3.00%	3.57%	-	-	-	-	-	-	-	8,077	226,251	53,378
16	371.1	Pumping Equipment - Lift Stations	3.00%	10.00%	11,409	-	11,409	-	5,303	5,303	-	127,151	1,274,559	301,037
17	371.2	Other Pumping Equipment	3.00%	10.00%	11,207	-	11,207	-	495	495	-	10,140	106,754	(30,352)
18	371.3	Pumping Equipment - Recharge Wells	3.00%	10.00%	47,141	-	47,141	-	6,651	6,651	-	95,284	973,087	210,549
19	374	Reuse Distribution Reserviors	3.00%	2.50%	-	-	-	-	-	-	-	-	-	-
20	375	Reuse Transmission and Distribution	3.00%	2.00%	-	-	-	-	-	-	-	2,418	120,925	12,285
21	380	Treatment & Disposal Equipment	3.00%	5.00%	66,653	-	66,653	-	15,672	15,672	-	467,517	9,375,839	2,306,253
22	381	Plant Sewers	3.00%	5.00%	-	-	-	-	-	-	-	-	-	-
23	382	Outfall Sewer Lines	3.00%	3.33%	-	-	-	-	-	-	-	-	-	-
24	389	Other Plant & Misc Equipment	3.00%	6.67%	5,438	-	5,438	-	-	-	-	33,531	505,438	89,381
25	390	Office Furniture & Equipment	3.00%	6.67%	-	-	-	-	-	-	-	425	6,367	820
26	390.1	Computers & Software	3.00%	20.00%	1,691	-	1,691	-	-	-	-	944	5,564	1,505
27	391	Transportation Equipment	3.00%	20.00%	-	-	-	-	-	-	-	5,069	25,344	8,550
28	392	Stores Equipment	3.00%	4.00%	-	-	-	-	-	-	-	-	-	-
29	393	Tools, Shop & Garage Equipment	3.00%	10.00%	9,757	-	9,757	-	-	-	-	14,267	147,552	6,750
30	394	Laboratory Equipment	3.00%	10.00%	-	-	-	-	-	-	-	-	-	-
31	395	Power Operated Equipment	3.00%	5.00%	-	-	-	-	-	-	-	86	1,711	203
32	396	Communication Equipment	3.00%	10.00%	9,560	-	9,560	-	680	680	-	6,831	72,749	11,806
33	397	Miscellaneous Equipment	3.00%	10.00%	-	-	-	-	-	-	-	-	-	-
34	398	Other Tangible Plant	3.00%		-	-	-	-	-	-	-	-	-	-
35														
36		Sub Total			165,851	-	165,851	-	28,801	28,801	-	871,244	17,760,073	3,824,066
37														
38		Post-In Service AFUDC		4.52%								32,396	716,722	129,583
39														
40		TOTAL			165,851	-	165,851	-	28,801	28,801	-	903,640	18,476,795	3,953,649
41														
42		Depreciable Plant											17,683,844	
43		Composite Depreciation Rate											5.1100%	
44														
45		[1] Shaded cells are per Decision No. 62184. Other cells per Sta												
46														

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Plant Additions and Retirements

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Witness: Jones/Bourassa

Line No.	NARUC Account No.	Description	Deprec. Before Jan. '00	Allowed Deprec. Rate[1]	2002 Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Deprecition (Calculated)	Plant Balance	Accum. Deprec.
1	351	Organization Cost	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-
2	352	Franchise Cost	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-
3	353	Land and Land Rights	0.00%	0.00%	-	-	-	-	-	-	-	-	76,229	-
4	354	Structures & Improvements	3.00%	3.33%	1,351	-	1,351	-	-	-	-	6,782	204,337	29,435
5	355	Power Generation Equipment	3.00%	5.00%	-	-	-	-	-	-	-	-	-	-
6	360	Collection Sewers - Force	3.00%	2.00%	-	-	-	-	-	-	-	566	28,319	2,973
7	361.1	Collection Sewers - Gravity	3.00%	2.00%	230,146	-	230,146	-	-	-	-	61,826	3,206,377	608,597
8	361.2	Manholes & Cleanouts	3.00%	2.00%	134,175	-	134,175	-	-	-	-	26,725	1,403,347	264,447
9	362	Special Collecting Structures	3.00%	2.00%	-	-	-	-	-	-	-	-	-	-
10	363	Servcies to Customers	3.00%	2.00%	106,678	-	106,678	-	-	-	-	8,367	471,674	50,714
11	364	Flow Measuring Devices	3.00%	10.00%	-	-	-	-	-	-	-	-	-	-
12	365	Flow Measuring Installations	3.00%	10.00%	-	-	-	-	-	-	-	-	-	-
13	366	Reuse Services	3.00%	2.00%	-	-	-	-	-	-	-	-	-	-
14	367	Reuse Meters and Meter Installations	3.00%	8.33%	-	-	-	-	-	-	-	-	-	-
15	370	Receiving Wells	3.00%	3.57%	-	-	-	-	-	-	-	8,077	226,251	61,456
16	371.1	Pumping Equipment - Lift Stations	3.00%	10.00%	11,844	-	11,844	-	1,681	1,681	-	127,964	1,284,722	427,320
17	371.2	Other Pumping Equipment	3.00%	10.00%	-	-	-	-	-	-	-	10,675	106,754	(19,677)
18	371.3	Pumping Equipment - Recharge Wells	3.00%	10.00%	16,178	-	16,178	-	8,760	8,760	-	97,680	980,505	299,469
19	374	Reuse Distribution Reserviors	3.00%	2.50%	-	-	-	-	-	-	-	-	-	-
20	375	Reuse Transmission and Distribution	3.00%	2.00%	-	-	-	-	-	-	-	2,418	120,925	14,704
21	380	Treatment & Disposal Equipment	3.00%	5.00%	84,553	-	84,553	-	19,766	19,766	-	470,412	9,440,626	2,756,899
22	381	Plant Sewers	3.00%	5.00%	-	-	-	-	-	-	-	-	-	-
23	382	Outfall Sewer Lines	3.00%	3.33%	-	-	-	-	-	-	-	-	-	-
24	389	Other Plant & Misc Equipment	3.00%	6.67%	287,579	-	287,579	-	-	-	-	43,303	793,016	132,685
25	390	Office Furniture & Equipment	3.00%	6.67%	-	-	-	-	-	-	-	425	6,367	1,244
26	390.1	Computers & Software	3.00%	20.00%	1,728	-	1,728	-	-	-	-	1,286	7,292	2,790
27	391	Transportation Equipment	3.00%	20.00%	-	-	-	-	-	-	-	5,069	25,344	13,619
28	392	Stores Equipment	3.00%	4.00%	-	-	-	-	-	-	-	-	-	-
29	393	Tools, Shop & Garage Equipment	3.00%	10.00%	5,634	-	5,634	-	2,853	2,853	-	14,894	150,333	18,791
30	394	Laboratory Equipment	3.00%	10.00%	1,993	-	1,993	-	-	-	-	100	1,993	100
31	395	Power Operated Equipment	3.00%	5.00%	-	-	-	-	-	-	-	86	1,711	289
32	396	Communication Equipment	3.00%	10.00%	1,592	-	1,592	-	3,919	3,919	-	7,159	70,422	15,046
33	397	Miscellaneous Equipment	3.00%	10.00%	-	-	-	-	-	-	-	-	-	-
34	398	Other Tangible Plant	3.00%		-	-	-	-	-	-	-	-	-	-
35														
36		Sub Total			883,450	-	883,450	-	36,979	36,979	-	893,813	18,606,544	4,680,900
37														
38		Post-In Service AFUDC		4.52%								32,396	716,722	161,979
39														
40		TOTAL			883,450	-	883,450	-	36,979	36,979	-	926,209	19,323,266	4,842,879
41														
42		Depreciable Plant											18,530,315	
43		Composite Depreciation Rate											4.9983%	
44														
45		[1] Shaded cells are per Decision No. 62184. Other cells per Sta												
46														

Pima Utility Company - Sewer Division
Plant Additions and Retirements

Exhibit
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Witness: Jones/Bourassa

Line No.	NARUC Account No.	Description	Deprec. Before Jan. '00	Allowed Deprec. Rate[1]	2003 Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Deprecition (Calculated)	Plant Balance	Accum. Deprec.
1	351	Organization Cost	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-
2	352	Franchise Cost	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-
3	353	Land and Land Rights	0.00%	0.00%	-	-	-	-	-	-	-	-	76,229	-
4	354	Structures & Improvements	3.00%	3.33%	-	-	-	-	3,055	3,055	-	6,754	201,282	33,134
5	355	Power Generation Equipment	3.00%	5.00%	-	-	-	-	-	-	-	-	-	-
6	360	Collection Sewers - Force	3.00%	2.00%	-	-	-	-	-	-	-	566	28,319	3,540
7	361.1	Collection Sewers - Gravity	3.00%	2.00%	378,861	-	378,861	-	-	-	-	67,916	3,585,238	676,513
8	361.2	Manholes & Cleanouts	3.00%	2.00%	156,785	-	156,785	-	-	-	-	29,635	1,560,132	294,082
9	362	Special Collecting Structures	3.00%	2.00%	-	-	-	-	-	-	-	-	-	-
10	363	Servcies to Customers	3.00%	2.00%	89,529	-	89,529	-	-	-	-	10,329	561,202	61,042
11	364	Flow Measuring Devices	3.00%	10.00%	-	-	-	-	-	-	-	-	-	-
12	365	Flow Measuring Installations	3.00%	10.00%	-	-	-	-	-	-	-	-	-	-
13	366	Reuse Services	3.00%	2.00%	-	-	-	-	-	-	-	-	-	-
14	367	Reuse Meters and Meter Installations	3.00%	8.33%	-	-	-	-	-	-	-	-	-	-
15	370	Receiving Wells	3.00%	3.57%	-	-	-	-	-	-	-	8,077	226,251	69,533
16	371.1	Pumping Equipment - Lift Stations	3.00%	10.00%	35,524	-	35,524	-	20,117	20,117	-	129,243	1,300,129	536,446
17	371.2	Other Pumping Equipment	3.00%	10.00%	4,853	-	4,853	-	-	-	-	10,918	111,608	(8,759)
18	371.3	Pumping Equipment - Recharge Wells	3.00%	10.00%	34,368	-	34,368	-	13,353	13,353	-	99,101	1,001,520	385,217
19	374	Reuse Distribution Reserviors	3.00%	2.50%	-	-	-	-	-	-	-	-	-	-
20	375	Reuse Transmission and Distribution	3.00%	2.00%	2,702	-	2,702	-	-	-	-	2,446	123,627	17,149
21	380	Treatment & Disposal Equipment	3.00%	5.00%	78,286	-	78,286	-	16,849	16,849	-	473,567	9,502,063	3,213,616
22	381	Plant Sewers	3.00%	5.00%	-	-	-	-	-	-	-	-	-	-
23	382	Outfall Sewer Lines	3.00%	3.33%	-	-	-	-	-	-	-	-	-	-
24	389	Other Plant & Misc Equipment	3.00%	6.67%	-	-	-	-	-	-	-	52,894	793,016	185,579
25	390	Office Furniture & Equipment	3.00%	6.67%	-	-	-	-	-	-	-	425	6,367	1,669
26	390.1	Computers & Software	3.00%	20.00%	4,307	-	4,307	-	3,872	3,872	-	1,502	7,727	420
27	391	Transportation Equipment	3.00%	20.00%	13,747	-	13,747	-	-	-	-	6,444	39,091	20,063
28	392	Stores Equipment	3.00%	4.00%	-	-	-	-	-	-	-	-	-	-
29	393	Tools, Shop & Garage Equipment	3.00%	10.00%	9,638	(6,255)	3,384	-	113	113	-	15,197	153,603	33,875
30	394	Laboratory Equipment	3.00%	10.00%	-	-	-	-	-	-	-	199	1,993	299
31	395	Power Operated Equipment	3.00%	5.00%	-	-	-	-	-	-	-	86	1,711	374
32	396	Communication Equipment	3.00%	10.00%	31,795	-	31,795	-	10,731	10,731	-	8,095	91,487	12,410
33	397	Miscellaneous Equipment	3.00%	10.00%	-	-	-	-	-	-	-	-	-	-
34	398	Other Tangible Plant	3.00%		-	-	-	-	-	-	-	-	-	-
35														
36		Sub Total			840,395	(6,255)	834,140	-	68,091	68,091	-	923,393	19,372,594	5,536,202
37														
38		Post-In Service AFUDC		4.52%								32,396	716,722	194,375
39														
40		TOTAL			840,395	(6,255)	834,140	-	68,091	68,091	-	955,789	20,089,316	5,730,577
41														
42		Depreciable Plant											19,296,365	
43		Composite Depreciation Rate											4.9532%	
44														
45		[1] Shaded cells are per Decision No. 62184. Other cells per Sta												
46														

Pima Utility Company - Sewer Division
Plant Additions and Retirements

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Witness: Jones/Bourassa

Line No.	NARUC Account No.	Description	Deprec. Before Jan. '00	Allowed Deprec. Rate[1]	2004 Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.
1	351	Organization Cost	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-
2	352	Franchise Cost	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-
3	353	Land and Land Rights	0.00%	0.00%	15,299	-	15,299	-	-	-	-	-	91,528	-
4	354	Structures & Improvements	3.00%	3.33%	-	-	-	-	-	-	-	6,703	201,282	39,836
5	355	Power Generation Equipment	3.00%	5.00%	-	-	-	-	-	-	-	-	-	-
6	360	Collection Sewers - Force	3.00%	2.00%	-	-	-	-	-	-	-	566	28,319	4,106
7	361.1	Collection Sewers - Gravity	3.00%	2.00%	10,421	-	10,421	-	-	-	-	71,809	3,595,659	748,322
8	361.2	Manholes & Cleanouts	3.00%	2.00%	6,766	-	6,766	-	-	-	-	31,270	1,566,898	325,352
9	362	Special Collecting Structures	3.00%	2.00%	-	-	-	-	-	-	-	-	-	-
10	363	Servcies to Customers	3.00%	2.00%	3,435	-	3,435	-	-	-	-	11,258	564,637	72,301
11	364	Flow Measuring Devices	3.00%	10.00%	-	-	-	-	-	-	-	-	-	-
12	365	Flow Measuring Installations	3.00%	10.00%	-	-	-	-	-	-	-	-	-	-
13	366	Reuse Services	3.00%	2.00%	-	-	-	-	-	-	-	-	-	-
14	367	Reuse Meters and Meter Installations	3.00%	8.33%	-	-	-	-	-	-	-	-	-	-
15	370	Receiving Wells	3.00%	3.57%	-	-	-	-	-	-	-	8,077	226,251	77,610
16	371.1	Pumping Equipment - Lift Stations	3.00%	10.00%	76,413	-	76,413	-	28,063	28,063	-	132,430	1,348,479	640,813
17	371.2	Other Pumping Equipment	3.00%	10.00%	1,251	-	1,251	-	-	-	-	11,223	112,859	2,465
18	371.3	Pumping Equipment - Recharge Wells	3.00%	10.00%	24,716	-	24,716	-	9,721	9,721	-	100,902	1,016,515	476,398
19	374	Reuse Distribution Reserviors	3.00%	2.50%	-	-	-	-	-	-	-	-	-	-
20	375	Reuse Transmission and Distribution	3.00%	2.00%	-	-	-	-	-	-	-	2,473	123,627	19,622
21	380	Treatment & Disposal Equipment	3.00%	5.00%	379,961	-	379,961	-	118,948	118,948	-	481,628	9,763,076	3,576,297
22	381	Plant Sewers	3.00%	5.00%	-	-	-	-	-	-	-	-	-	-
23	382	Outfall Sewer Lines	3.00%	3.33%	-	-	-	-	-	-	-	-	-	-
24	389	Other Plant & Misc Equipment	3.00%	6.67%	-	-	-	-	-	-	-	52,894	793,016	238,473
25	390	Office Furniture & Equipment	3.00%	6.67%	-	-	-	-	-	-	-	425	6,367	2,094
26	390.1	Computers & Software	3.00%	20.00%	-	-	-	-	-	-	-	1,545	7,727	1,966
27	391	Transportation Equipment	3.00%	20.00%	1,909	-	1,909	-	1,261	1,261	-	7,883	39,739	26,685
28	392	Stores Equipment	3.00%	4.00%	-	-	-	-	-	-	-	-	-	-
29	393	Tools, Shop & Garage Equipment	3.00%	10.00%	1,585	-	1,585	-	1,000	1,000	-	15,390	154,188	48,265
30	394	Laboratory Equipment	3.00%	10.00%	-	-	-	-	-	-	-	199	1,993	498
31	395	Power Operated Equipment	3.00%	5.00%	-	-	-	-	-	-	-	86	1,711	460
32	396	Communication Equipment	3.00%	10.00%	25,038	-	25,038	-	2,052	2,052	-	10,298	114,473	20,656
33	397	Miscellaneous Equipment	3.00%	10.00%	-	-	-	-	-	-	-	-	-	-
34	398	Other Tangible Plant	3.00%		-	-	-	-	-	-	-	-	-	-
35														
36		Sub Total			546,795	-	546,795	-	161,045	161,045	-	947,060	19,758,344	6,322,217
37														
38		Post-In Service AFUDC		4.52%								32,396	716,722	226,771
39														
40		TOTAL			546,795	-	546,795	-	161,045	161,045	-	979,456	20,475,066	6,548,988
41														
42		Depreciable Plant											19,666,816	
43		Composite Depreciation Rate											4.9802%	
44														
45		[1] Shaded cells are per Decision No. 62184. Other cells per Sta												
46														

Pima Utility Company - Sewer Division
Plant Additions and Retirements

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Witness: Jones/Bourassa

Line No.	NARUC Account No.	Description	Deprec. Before Jan. '00	Allowed Deprec. Rate[1]	2005 Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.
1	351	Organization Cost	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-
2	352	Franchise Cost	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-
3	353	Land and Land Rights	0.00%	0.00%	-	-	-	-	-	-	-	-	91,528	-
4	354	Structures & Improvements	3.00%	3.33%	-	-	-	-	-	-	-	6,703	201,282	46,539
5	355	Power Generation Equipment	3.00%	5.00%	-	-	-	-	-	-	-	-	-	-
6	360	Collection Sewers - Force	3.00%	2.00%	69,204	-	69,204	-	-	-	-	1,258	97,523	5,365
7	361.1	Collection Sewers - Gravity	3.00%	2.00%	225,293	-	225,293	-	-	-	-	74,166	3,820,952	822,488
8	361.2	Manholes & Cleanouts	3.00%	2.00%	132,296	-	132,296	-	-	-	-	32,661	1,699,194	358,013
9	362	Special Collecting Structures	3.00%	2.00%	-	-	-	-	-	-	-	-	-	-
10	363	Servcies to Customers	3.00%	2.00%	50,514	-	50,514	-	-	-	-	11,798	615,152	84,099
11	364	Flow Measuring Devices	3.00%	10.00%	-	-	-	-	-	-	-	-	-	-
12	365	Flow Measuring Installations	3.00%	10.00%	-	-	-	-	-	-	-	-	-	-
13	366	Reuse Services	3.00%	2.00%	-	-	-	-	-	-	-	-	-	-
14	367	Reuse Meters and Meter Installations	3.00%	8.33%	-	-	-	-	-	-	-	-	-	-
15	370	Receiving Wells	3.00%	3.57%	-	-	-	-	-	-	-	8,077	226,251	85,687
16	371.1	Pumping Equipment - Lift Stations	3.00%	10.00%	75,225	-	75,225	64,361	30,922	95,283	-	133,845	1,328,421	679,375
17	371.2	Other Pumping Equipment	3.00%	10.00%	3,343	-	3,343	-	-	-	-	11,453	116,201	13,918
18	371.3	Pumping Equipment - Recharge Wells	3.00%	10.00%	71,431	-	71,431	-	15,449	15,449	-	104,451	1,072,498	565,399
19	374	Reuse Distribution Reserviors	3.00%	2.50%	-	-	-	-	-	-	-	-	-	-
20	375	Reuse Transmission and Distribution	3.00%	2.00%	-	-	-	-	-	-	-	2,473	123,627	22,095
21	380	Treatment & Disposal Equipment	3.00%	5.00%	427,259	-	427,259	331,845	260,594	592,440	-	484,024	9,597,895	3,467,881
22	381	Plant Sewers	3.00%	5.00%	-	-	-	-	-	-	-	-	-	-
23	382	Outfall Sewer Lines	3.00%	3.33%	-	-	-	-	-	-	-	-	-	-
24	389	Other Plant & Misc Equipment	3.00%	6.67%	-	-	-	-	-	-	-	52,894	793,016	291,367
25	390	Office Furniture & Equipment	3.00%	6.67%	-	-	-	-	2,813	2,813	-	331	3,554	(389)
26	390.1	Computers & Software	3.00%	20.00%	-	-	-	-	1,691	1,691	-	1,376	6,036	1,651
27	391	Transportation Equipment	3.00%	20.00%	5,500	-	5,500	-	-	-	-	8,498	45,239	35,183
28	392	Stores Equipment	3.00%	4.00%	-	-	-	-	-	-	-	-	-	-
29	393	Tools, Shop & Garage Equipment	3.00%	10.00%	8,313	-	8,313	-	2,885	2,885	-	15,690	159,616	61,070
30	394	Laboratory Equipment	3.00%	10.00%	-	-	-	-	-	-	-	199	1,993	697
31	395	Power Operated Equipment	3.00%	5.00%	-	-	-	-	-	-	-	86	1,711	545
32	396	Communication Equipment	3.00%	10.00%	5,986	-	5,986	-	3,150	3,150	-	11,589	117,309	29,095
33	397	Miscellaneous Equipment	3.00%	10.00%	-	-	-	-	-	-	-	-	-	-
34	398	Other Tangible Plant	3.00%		-	-	-	-	-	-	-	-	-	-
35														
36		Sub Total			1,074,365	-	1,074,365	396,207	317,504	713,711	-	961,572	20,118,998	6,570,078
37														
38		Post-In Service AFUDC		4.52%								32,396	716,722	259,167
39														
40		TOTAL			1,074,365	-	1,074,365	396,207	317,504	713,711	-	993,968	20,835,720	6,829,245
41														
42		Depreciable Plant											20,027,470	
43		Composite Depreciation Rate											4.9630%	
44														
45		[1] Shaded cells are per Decision No. 62184. Other cells per Sta												
46														

Pima Utility Company - Sewer Division
Plant Additions and Retirements

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Witness: Jones/Bourassa

Line No.	NARUC Account No.	Description	Deprec. Before Jan. '00	Allowed Deprec. Rate[1]	2006 Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Deprecition (Calculated)	Plant Balance	Accum. Deprec.
1	351	Organization Cost	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-
2	352	Franchise Cost	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-
3	353	Land and Land Rights	0.00%	0.00%	-	-	-	-	-	-	-	-	91,528	-
4	354	Structures & Improvements	3.00%	3.33%	-	-	-	-	-	-	-	6,703	201,282	53,242
5	355	Power Generation Equipment	3.00%	5.00%	-	-	-	-	-	-	-	-	-	-
6	360	Collection Sewers - Force	3.00%	2.00%	-	-	-	-	-	-	-	1,950	97,523	7,315
7	361.1	Collection Sewers - Gravity	3.00%	2.00%	-	-	-	-	-	-	-	76,419	3,820,952	898,907
8	361.2	Manholes & Cleanouts	3.00%	2.00%	-	-	-	-	-	-	-	33,984	1,699,194	391,997
9	362	Special Collecting Structures	3.00%	2.00%	-	-	-	-	-	-	-	-	-	-
10	363	Servcies to Customers	3.00%	2.00%	-	-	-	-	-	-	-	12,303	615,152	96,402
11	364	Flow Measuring Devices	3.00%	10.00%	-	-	-	-	-	-	-	-	-	-
12	365	Flow Measuring Installations	3.00%	10.00%	-	-	-	-	-	-	-	-	-	-
13	366	Reuse Services	3.00%	2.00%	-	-	-	-	-	-	-	-	-	-
14	367	Reuse Meters and Meter Installations	3.00%	8.33%	-	-	-	-	-	-	-	-	-	-
15	370	Receiving Wells	3.00%	3.57%	-	-	-	-	-	-	-	8,077	226,251	93,764
16	371.1	Pumping Equipment - Lift Stations	3.00%	10.00%	10,630	-	10,630	-	5,000	5,000	-	133,124	1,334,051	807,499
17	371.2	Other Pumping Equipment	3.00%	10.00%	-	-	-	-	-	-	-	11,620	116,201	25,538
18	371.3	Pumping Equipment - Recharge Wells	3.00%	10.00%	58,153	-	58,153	-	18,992	18,992	-	109,208	1,111,658	655,615
19	374	Reuse Distribution Reserviors	3.00%	2.50%	-	-	-	-	-	-	-	-	-	-
20	375	Reuse Transmission and Distribution	3.00%	2.00%	3,089	-	3,089	-	-	-	-	2,503	126,716	24,598
21	380	Treatment & Disposal Equipment	3.00%	5.00%	72,002	-	72,002	-	10,214	10,214	-	481,439	9,659,683	3,939,106
22	381	Plant Sewers	3.00%	5.00%	-	-	-	-	-	-	-	-	-	-
23	382	Outfall Sewer Lines	3.00%	3.33%	-	-	-	-	-	-	-	-	-	-
24	389	Other Plant & Misc Equipment	3.00%	6.67%	-	-	-	-	-	-	-	52,894	793,016	344,261
25	390	Office Furniture & Equipment	3.00%	6.67%	-	-	-	-	-	-	-	237	3,554	(151)
26	390.1	Computers & Software	3.00%	20.00%	-	-	-	-	-	-	-	1,207	6,036	2,858
27	391	Transportation Equipment	3.00%	20.00%	-	-	-	-	-	-	-	9,048	45,239	44,231
28	392	Stores Equipment	3.00%	4.00%	-	-	-	-	-	-	-	-	-	-
29	393	Tools, Shop & Garage Equipment	3.00%	10.00%	-	-	-	-	-	-	-	15,962	159,616	77,031
30	394	Laboratory Equipment	3.00%	10.00%	-	-	-	-	-	-	-	199	1,993	897
31	395	Power Operated Equipment	3.00%	5.00%	-	-	-	-	643	643	-	69	1,068	(28)
32	396	Communication Equipment	3.00%	10.00%	16,537	-	16,537	-	-	-	-	12,558	133,847	41,653
33	397	Miscellaneous Equipment	3.00%	10.00%	-	-	-	-	-	-	-	-	-	-
34	398	Other Tangible Plant	3.00%		-	-	-	-	-	-	-	-	-	-
35														
36		Sub Total			160,411	-	160,411	-	34,849	34,849	-	969,505	20,244,560	7,504,734
37														
38		Post-In Service AFUDC		4.52%								32,396	716,722	291,563
39														
40		TOTAL			160,411	-	160,411	-	34,849	34,849	-	1,001,901	20,961,282	7,796,297
41														
42		Depreciable Plant											20,153,032	
43		Composite Depreciation Rate											4.9715%	
44														
45		[1] Shaded cells are per Decision No. 62184. Other cells per Sta												
46														

Pima Utility Company - Sewer Division
Plant Additions and Retirements

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Witness: Jones/Bourassa

Line No.	NARUC Account No.	Description	Deprec. Before Jan. '00	Allowed Deprec. Rate[1]	2007 Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.
1	351	Organization Cost	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-
2	352	Franchise Cost	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-
3	353	Land and Land Rights	0.00%	0.00%	-	-	-	-	-	-	-	-	91,528	-
4	354	Structures & Improvements	3.00%	3.33%	-	-	-	-	-	-	-	6,703	201,282	59,945
5	355	Power Generation Equipment	3.00%	5.00%	-	-	-	-	-	-	-	-	-	-
6	360	Collection Sewers - Force	3.00%	2.00%	-	-	-	-	-	-	-	1,950	97,523	9,266
7	361.1	Collection Sewers - Gravity	3.00%	2.00%	-	-	-	-	-	-	-	76,419	3,820,952	975,326
8	361.2	Manholes & Cleanouts	3.00%	2.00%	-	-	-	-	-	-	-	33,984	1,699,194	425,981
9	362	Special Collecting Structures	3.00%	2.00%	-	-	-	-	-	-	-	-	-	-
10	363	Servcies to Customers	3.00%	2.00%	-	-	-	-	-	-	-	12,303	615,152	108,705
11	364	Flow Measuring Devices	3.00%	10.00%	-	-	-	-	-	-	-	-	-	-
12	365	Flow Measuring Installations	3.00%	10.00%	-	-	-	-	-	-	-	-	-	-
13	366	Reuse Services	3.00%	2.00%	-	-	-	-	-	-	-	-	-	-
14	367	Reuse Meters and Meter Installations	3.00%	8.33%	-	-	-	-	-	-	-	-	-	-
15	370	Receiving Wells	3.00%	3.57%	-	-	-	-	-	-	-	8,077	226,251	101,841
16	371.1	Pumping Equipment - Lift Stations	3.00%	10.00%	29,215	-	29,215	-	14,835	14,835	-	134,124	1,348,431	926,788
17	371.2	Other Pumping Equipment	3.00%	10.00%	11,170	-	11,170	-	29,789	29,789	-	10,689	97,582	6,438
18	371.3	Pumping Equipment - Recharge Wells	3.00%	10.00%	21,213	-	21,213	-	7,228	7,228	-	111,865	1,125,644	760,252
19	374	Reuse Distribution Reserviors	3.00%	2.50%	-	-	-	-	-	-	-	-	-	-
20	375	Reuse Transmission and Distribution	3.00%	2.00%	5,414	-	5,414	-	-	-	-	2,588	132,129	27,186
21	380	Treatment & Disposal Equipment	3.00%	5.00%	33,470	-	33,470	-	3,675	3,675	-	483,729	9,689,478	4,419,160
22	381	Plant Sewers	3.00%	5.00%	-	-	-	-	-	-	-	-	-	-
23	382	Outfall Sewer Lines	3.00%	3.33%	-	-	-	-	-	-	-	-	-	-
24	389	Other Plant & Misc Equipment	3.00%	6.67%	-	-	-	-	-	-	-	52,894	793,016	397,156
25	390	Office Furniture & Equipment	3.00%	6.67%	-	-	-	-	-	-	-	237	3,554	86
26	390.1	Computers & Software	3.00%	20.00%	-	-	-	-	-	-	-	1,207	6,036	4,065
27	391	Transportation Equipment	3.00%	20.00%	-	-	-	-	1,909	1,909	-	1,619	43,330	43,940
28	392	Stores Equipment	3.00%	4.00%	-	-	-	-	-	-	-	-	-	-
29	393	Tools, Shop & Garage Equipment	3.00%	10.00%	2,574	-	2,574	-	951	951	-	16,043	161,239	92,123
30	394	Laboratory Equipment	3.00%	10.00%	-	-	-	-	-	-	-	199	1,993	1,096
31	395	Power Operated Equipment	3.00%	5.00%	-	-	-	-	-	-	-	53	1,068	25
32	396	Communication Equipment	3.00%	10.00%	-	-	-	-	13,427	13,427	-	12,713	120,420	40,939
33	397	Miscellaneous Equipment	3.00%	10.00%	-	-	-	-	-	-	-	-	-	-
34	398	Other Tangible Plant	3.00%		-	-	-	-	-	-	-	-	-	-
35														
36		Sub Total			103,057	-	103,057	-	71,814	71,814	-	967,398	20,275,803	8,400,318
37														
38		Post-In Service AFUDC		4.52%								32,396	716,722	323,958
39														
40		TOTAL			103,057	-	103,057	-	71,814	71,814	-	999,794	20,992,525	8,724,276
41														
42		Depreciable Plant											20,184,275	
43		Composite Depreciation Rate											4.9533%	
44														
45		[1] Shaded cells are per Decision No. 62184. Other cells per Sta												
46														

Pima Utility Company - Sewer Division
Plant Additions and Retirements

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Witness: Jones/Bourassa

Line No.	NARUC Account No.	Description	Deprec. Before Jan. '00	Allowed Deprec. Rate[1]	2008 Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Depreciation (Calculated)	Plant Balance	Accum. Deprec.
1	351	Organization Cost	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-
2	352	Franchise Cost	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-
3	353	Land and Land Rights	0.00%	0.00%	-	-	-	-	-	-	-	-	91,528	-
4	354	Structures & Improvements	3.00%	3.33%	49,150	-	49,150	-	-	-	-	7,521	250,433	67,466
5	355	Power Generation Equipment	3.00%	5.00%	-	-	-	-	-	-	-	-	-	-
6	360	Collection Sewers - Force	3.00%	2.00%	-	-	-	-	-	-	-	1,950	97,523	11,216
7	361.1	Collection Sewers - Gravity	3.00%	2.00%	33,561	-	33,561	-	-	-	-	76,755	3,854,512	1,052,081
8	361.2	Manholes & Cleanouts	3.00%	2.00%	15,412	-	15,412	-	-	-	-	34,138	1,714,606	460,119
9	362	Special Collecting Structures	3.00%	2.00%	-	-	-	-	-	-	-	-	-	-
10	363	Servcies to Customers	3.00%	2.00%	17,097	-	17,097	-	-	-	-	12,474	632,249	121,179
11	364	Flow Measuring Devices	3.00%	10.00%	-	-	-	-	-	-	-	-	-	-
12	365	Flow Measuring Installations	3.00%	10.00%	-	-	-	-	-	-	-	-	-	-
13	366	Reuse Services	3.00%	2.00%	-	-	-	-	-	-	-	-	-	-
14	367	Reuse Meters and Meter Installations	3.00%	8.33%	-	-	-	-	-	-	-	-	-	-
15	370	Receiving Wells	3.00%	3.57%	-	-	-	-	-	-	-	8,077	226,251	109,919
16	371.1	Pumping Equipment - Lift Stations	3.00%	10.00%	29,252	-	29,252	-	11,030	11,030	-	135,754	1,366,653	1,051,513
17	371.2	Other Pumping Equipment	3.00%	10.00%	3,616	-	3,616	-	-	-	-	9,939	101,198	16,377
18	371.3	Pumping Equipment - Recharge Wells	3.00%	10.00%	262,374	-	262,374	-	890	890	-	125,639	1,387,128	885,001
19	374	Reuse Distribution Reserviors	3.00%	2.50%	-	-	-	-	-	-	-	-	-	-
20	375	Reuse Transmission and Distribution	3.00%	2.00%	2,055	-	2,055	-	-	-	-	2,663	134,184	29,850
21	380	Treatment & Disposal Equipment	3.00%	5.00%	170,263	-	170,263	-	79,777	79,777	-	486,736	9,779,964	4,826,119
22	381	Plant Sewers	3.00%	5.00%	-	-	-	-	-	-	-	-	-	-
23	382	Outfall Sewer Lines	3.00%	3.33%	-	-	-	-	-	-	-	-	-	-
24	389	Other Plant & Misc Equipment	3.00%	6.67%	179,493	-	179,493	-	-	-	-	58,880	972,509	456,036
25	390	Office Furniture & Equipment	3.00%	6.67%	-	-	-	-	-	-	-	237	3,554	323
26	390.1	Computers & Software	3.00%	20.00%	982	-	982	-	-	-	-	1,305	7,018	5,371
27	391	Transportation Equipment	3.00%	20.00%	-	-	-	21,500	-	21,500	1,500	(2,110)	21,830	21,830
28	392	Stores Equipment	3.00%	4.00%	-	-	-	-	-	-	-	-	-	-
29	393	Tools, Shop & Garage Equipment	3.00%	10.00%	-	-	-	1,463	5,000	6,463	-	15,801	154,777	101,461
30	394	Laboratory Equipment	3.00%	10.00%	-	-	-	-	-	-	-	199	1,993	1,295
31	395	Power Operated Equipment	3.00%	5.00%	-	-	-	-	1,068	1,068	-	27	0	(1,016)
32	396	Communication Equipment	3.00%	10.00%	-	-	-	-	6,706	6,706	-	11,707	113,714	45,940
33	397	Miscellaneous Equipment	3.00%	10.00%	-	-	-	-	-	-	-	-	-	-
34	398	Other Tangible Plant	3.00%		-	-	-	-	-	-	-	-	-	-
35														
36		Sub Total			763,255	-	763,255	22,963	104,471	127,434	1,500	987,693	20,911,624	9,262,076
37														
38		Post-In Service AFUDC		4.52%								32,396	716,722	356,354
39														
40		TOTAL			763,255	-	763,255	22,963	104,471	127,434	1,500	1,020,088	21,628,346	9,618,431
41														
42		Depreciable Plant											20,820,096	
43		Composite Depreciation Rate											4.8995%	
44														
45		[1] Shaded cells are per Decision No. 62184. Other cells per Sta												
46														

Pima Utility Company - Sewer Division
Plant Additions and Retirements

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Witness: Jones/Bourassa

Line No.	NARUC Account No.	Description	Deprec. Before Jan. '00	Allowed Deprec. Rate[1]	2009 Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Deprecition (Calculated)	Plant Balance	Accum. Deprec.
1	351	Organization Cost	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-
2	352	Franchise Cost	0.00%	0.00%	-	-	-	-	-	-	-	-	-	-
3	353	Land and Land Rights	0.00%	0.00%	-	-	-	-	-	-	-	-	91,528	-
4	354	Structures & Improvements	3.00%	3.33%	-	-	-	-	-	-	-	8,339	250,433	75,805
5	355	Power Generation Equipment	3.00%	5.00%	-	-	-	-	-	-	-	-	-	-
6	360	Collection Sewers - Force	3.00%	2.00%	-	-	-	-	-	-	-	1,950	97,523	13,167
7	361.1	Collection Sewers - Gravity	3.00%	2.00%	-	-	-	-	-	-	-	77,090	3,854,512	1,129,171
8	361.2	Manholes & Cleanouts	3.00%	2.00%	3,765	-	3,765	-	-	-	-	34,330	1,718,371	494,448
9	362	Special Collecting Structures	3.00%	2.00%	-	-	-	-	-	-	-	-	-	-
10	363	Servcies to Customers	3.00%	2.00%	-	-	-	-	-	-	-	12,645	632,249	133,824
11	364	Flow Measuring Devices	3.00%	10.00%	-	-	-	-	-	-	-	-	-	-
12	365	Flow Measuring Installations	3.00%	10.00%	-	-	-	-	-	-	-	-	-	-
13	366	Reuse Services	3.00%	2.00%	-	-	-	-	-	-	-	-	-	-
14	367	Reuse Meters and Meter Installations	3.00%	8.33%	-	-	-	-	-	-	-	-	-	-
15	370	Receiving Wells	3.00%	3.57%	-	-	-	-	-	-	-	8,077	226,251	117,996
16	371.1	Pumping Equipment - Lift Stations	3.00%	10.00%	211,774	-	211,774	-	90,630	90,630	-	142,723	1,487,797	1,103,605
17	371.2	Other Pumping Equipment	3.00%	10.00%	-	-	-	-	-	-	-	10,120	101,198	26,496
18	371.3	Pumping Equipment - Recharge Wells	3.00%	10.00%	21,325	-	21,325	-	14,635	14,635	-	139,047	1,393,818	1,009,413
19	374	Reuse Distribution Reserviors	3.00%	2.50%	-	-	-	-	-	-	-	-	-	-
20	375	Reuse Transmission and Distribution	3.00%	2.00%	-	-	-	-	-	-	-	2,684	134,184	32,533
21	380	Treatment & Disposal Equipment	3.00%	5.00%	102,914	-	102,914	-	57,810	57,810	-	490,126	9,825,068	5,258,434
22	381	Plant Sewers	3.00%	5.00%	-	-	-	-	-	-	-	-	-	-
23	382	Outfall Sewer Lines	3.00%	3.33%	-	-	-	-	-	-	-	-	-	-
24	389	Other Plant & Misc Equipment	3.00%	6.67%	-	-	-	-	-	-	-	64,866	972,509	520,902
25	390	Office Furniture & Equipment	3.00%	6.67%	-	-	-	-	-	-	-	237	3,554	560
26	390.1	Computers & Software	3.00%	20.00%	-	-	-	-	-	-	-	1,404	7,018	6,774
27	391	Transportation Equipment	3.00%	20.00%	-	-	-	-	-	-	-	-	21,830	21,830
28	392	Stores Equipment	3.00%	4.00%	-	-	-	-	-	-	-	-	-	-
29	393	Tools, Shop & Garage Equipment	3.00%	10.00%	-	-	-	-	-	-	-	15,478	154,777	116,939
30	394	Laboratory Equipment	3.00%	10.00%	-	-	-	-	-	-	-	199	1,993	1,495
31	395	Power Operated Equipment	3.00%	5.00%	-	-	-	-	-	-	-	0	0	(1,016)
32	396	Communication Equipment	3.00%	10.00%	5,115	-	5,115	-	-	-	-	11,627	118,828	57,567
33	397	Miscellaneous Equipment	3.00%	10.00%	-	-	-	-	-	-	-	-	-	-
34	398	Other Tangible Plant	3.00%		-	-	-	-	-	-	-	-	-	-
35														
36		Sub Total			344,894	-	344,894	-	163,075	163,075	-	1,020,942	21,093,442	10,119,943
37														
38		Post-In Service AFUDC		4.52%								32,396	716,722	388,750
39														
40		TOTAL			344,894	-	344,894	-	163,075	163,075	-	1,053,338	21,810,164	10,508,693
41														
42		Depreciable Plant											21,001,914	
43		Composite Depreciation Rate											5.0154%	
44														
45		[1] Shaded cells are per Decision No. 62184. Other cells per Sta												
46														

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Line No.	NARUC Account No.	Description	Deprec. Before Jan. '00	Allowed Deprec. Rate[1]	2010 Plant Additions (Per Books)	Plant Adjustments	Rate Case Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Deprecition (Calculated)	Plant Balance	Accum. Deprec.
1	351	Organization Cost	0.00%	0.00%	-	-		-	-	-	-	-	-	-	-
2	352	Franchise Cost	0.00%	0.00%	-	-		-	-	-	-	-	-	-	-
3	353	Land and Land Rights	0.00%	0.00%	-	-		-	-	-	-	-	-	91,528	-
4	354	Structures & Improvements	3.00%	3.33%	-	-		-	-	-	-	-	8,339	250,433	84,144
5	355	Power Generation Equipment	3.00%	5.00%	-	-		-	-	-	-	-	-	-	-
6	360	Collection Sewers - Force	3.00%	2.00%	-	-		-	-	-	-	-	1,950	97,523	15,117
7	361.1	Collection Sewers - Gravity	3.00%	2.00%	-	-		-	-	-	-	-	77,090	3,854,512	1,206,261
8	361.2	Manholes & Cleanouts	3.00%	2.00%	73,351	-		73,351	-	-	-	-	35,101	1,791,722	529,549
9	362	Special Collecting Structures	3.00%	2.00%	-	-		-	-	-	-	-	-	-	-
10	363	Servcies to Customers	3.00%	2.00%	-	-		-	-	-	-	-	12,645	632,249	146,469
11	364	Flow Measuring Devices	3.00%	10.00%	-	-		-	-	-	-	-	-	-	-
12	365	Flow Measuring Installations	3.00%	10.00%	-	-		-	-	-	-	-	-	-	-
13	366	Reuse Services	3.00%	2.00%	-	-		-	-	-	-	-	-	-	-
14	367	Reuse Meters and Meter Installations	3.00%	8.33%	-	-		-	-	-	-	-	-	-	-
15	370	Receiving Wells	3.00%	3.57%	-	-		-	-	-	-	-	8,077	226,251	126,073
16	371.1	Pumping Equipment - Lift Stations	3.00%	10.00%	65,322	-	9,179	74,501	-	31,480	31,480	-	150,931	1,530,818	1,223,056
17	371.2	Other Pumping Equipment	3.00%	10.00%	2,243	-		2,243	-	-	-	-	10,232	103,441	36,728
18	371.3	Pumping Equipment - Recharge Wells	3.00%	10.00%	52,091	-		52,091	-	20,374	20,374	-	140,968	1,425,535	1,130,007
19	374	Reuse Distribution Reserviors	3.00%	2.50%	-	-		-	-	-	-	-	-	-	-
20	375	Reuse Transmission and Distribution	3.00%	2.00%	-	-		-	-	-	-	-	2,684	134,184	35,217
21	380	Treatment & Disposal Equipment	3.00%	5.00%	80,127	-	13,212	93,339	-	21,123	21,123	-	493,059	9,897,283	5,730,370
22	381	Plant Sewers	3.00%	5.00%	-	-		-	-	-	-	-	-	-	-
23	382	Outfall Sewer Lines	3.00%	3.33%	-	-		-	-	-	-	-	-	-	-
24	389	Other Plant & Misc Equipment	3.00%	6.67%	-	-		-	-	-	-	-	64,866	972,509	585,769
25	390	Office Furniture & Equipment	3.00%	6.67%	2,975	-		2,975	-	-	-	-	336	6,529	896
26	390.1	Computers & Software	3.00%	20.00%	3,867	-		3,867	-	-	-	-	1,790	10,884	8,564
27	391	Transportation Equipment	3.00%	20.00%	-	-		-	-	-	-	-	-	21,830	21,830
28	392	Stores Equipment	3.00%	4.00%	-	-		-	-	-	-	-	-	-	-
29	393	Tools, Shop & Garage Equipment	3.00%	10.00%	-	-		-	-	-	-	-	15,478	154,777	132,416
30	394	Laboratory Equipment	3.00%	10.00%	-	-		-	-	-	-	-	199	1,993	1,694
31	395	Power Operated Equipment	3.00%	5.00%	-	-		-	-	-	-	-	0	0	(1,016)
32	396	Communication Equipment	3.00%	10.00%	-	-		-	-	-	-	-	11,883	118,828	69,450
33	397	Miscellaneous Equipment	3.00%	10.00%	-	-		-	-	-	-	-	-	-	-
34	398	Other Tangible Plant	3.00%		-	-		-	-	-	-	-	-	-	-
35															
36		Sub Total			279,976	-	22,391	302,367	-	72,977	72,977	-	1,035,629	21,322,832	11,082,595
37															
38		Post-In Service AFUDC		4.52%									32,396	716,722	421,146
39															
40		TOTAL			279,976	-	22,391	302,367	-	72,977	72,977	-	1,068,025	22,039,554	11,503,741
41															
42		Depreciable Plant												21,231,304	
43		Composite Depreciation Rate												5.0304%	
44															
45		[1] Shaded cells are per Decision No. 62184. Other cells per Sta													
46															

Pima UtilityCompany - Wastewater Division
Test Year Ended December 31, 2010
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2

Exhibit
Rejoinder Schedule B-2
Page 4
Witness: Bourassa

Accumulated Depreciation

Line No.	Acct. No.	Description	Direct Adjusted Accum. Depr.	A Depr. Related to Capitalized Expenses	B Prior Case Adjustments	C Difference to Computed Balance	D Intentionally Left Blank	E Intentionally Left Blank	Rebuttal Adjusted Accum. Depr.
						Adjustments			
6	351	Organization Cost	-			-			-
7	352	Franchise Cost	-			-			-
8	353	Land and Land Rights	-			-			-
9	354	Structures & Improvements	84,144			-			84,144
10	355	Power Generation Equipment	-			-			-
11	360	Collection Sewers - Force	15,117			-			15,117
12	361.1	Collection Sewers - Gravity	1,206,261			-			1,206,261
13	361.2	Manholes & Cleanouts	529,549			-			529,549
14	362	Special Collecting Structures	-			-			-
15	363	Servcies to Customers	146,469			-			146,469
16	364	Flow Measuring Devices	-			-			-
17	365	Flow Measuring Installations	-			-			-
18	366	Reuse Services	-			-			-
19	367	Reuse Meters and Meter Installations	-			-			-
20	370	Receiving Wells	126,073			-			126,073
21	371.1	Pumping Equipment - Lift Stations	1,250,667	459	(28,070)	(0)			1,223,056
22	371.2	Other Pumping Equipment	36,728			-			36,728
23	371.3	Pumping Equipment - Recharge Wells	1,142,980		(12,973)	-			1,130,007
24	374	Reuse Distribution Reserviors	-			-			-
25	375	Reuse Transmission and Distribution	36,340		(1,123)	-			35,217
26	380	Treatment & Disposal Equipment	5,730,039	330		-			5,730,370
27	381	Plant Sewers	-			-			-
28	382	Outfall Sewer Lines	-			-			-
29	389	Other Plant & Misc Equipment	585,769			-			585,769
30	390	Office Furniture & Equipment	896			-			896
31	390.1	Computers & Software	8,564			-			8,564
32	391	Transportation Equipment	21,830			-			21,830
33	392	Stores Equipment	-			-			-
34	393	Tools, Shop & Garage Equipment	134,132		(1,715)	(0)			132,416
35	394	Laboratory Equipment	1,694			-			1,694
36	395	Power Operated Equipment	(1,016)			-			(1,016)
37	396	Communication Equipment	69,450			-			69,450
38	397	Miscellaneous Equipment	-			-			-
39	398	Other Tangible Plant	-			-			-
40		Post-in-service AFUDC	421,146						421,146
41		TOTALS	$ 11,546,833	$ 789	$ (43,881)	$ (0)	$ -	$ -	$ 11,503,741
42									
43		Accumulated Depreciation per Direct							$ 11,546,833
44									
45		Increase (decrease) in Accumulated Depreciation							$ (43,092)
46									
47		Adjustment to Accumulated Depreciation							$ (43,092)
48									
49		SUPPORTING SCHEDULES							
50		B-2, pages 4.1 and 4.2							
51		B-2, pages 3.3 to 3.20							

Pima UtilityCompany - Wastewater Division
Test Year Ended December 31, 2010
B-2 Adjustment 2 - A
Depreciation Related to Capitalized Expenses

Exhibit
Rejoinder Schedule B-2
Page 4.1
Witness: Bourassa

Line No.	Plant Acct	Description	Amount	Depr Rate	Years	Depreciation
1	371.1	Pumping Equipment - Lift Station	$ 9,179	10.00%	0.5	$ 459
2	380	Treatment & Disposal Equipment	13,212	5.00%	0.5	330
3					0.5	-
4						
5		Total				$ 789
6						
7						
8	Increase in Accumulated Depreciation					$ 789
9						
10						
11						
12						
13						
14						
15						
16	Reference/Supporting Schedule					
17	RUCO Rate Base Adjustment No. 3, Schedule TJC-6					
18						
19						
20						
21						
22						
23						
24						
25						

Pima UtilityCompany - Wastewater Division
Test Year Ended December 31, 2010
B-2 Adjustment 2 - B
Prior Rate Case Plant

Exhibit
Rejoinder Schedule B-2
Page 4.2
Witness: Bourassa

Line No.	Plant Acct	Description		Amount
1	371.1	Pumping Equipment - Lift Stations	$	(28,400)
2	371.3	Pumping Equipment - Recharge Wells		(12,973)
3	375	Reuse Transmission and Distribution		(1,123)
4	393	Tools, Shop & Garage Equipment		(1,423)
5				
6		Total	$	(43,920)
7				
8				
9	Increase in Plant-in-Service		$	(43,920)
10				
11				
12				
13				
14				
15				
16				
17	Reference/Supporting Schedule			
18	RUCO Rate Base Adjustment No. 1, Schedule TJC-3			
19				
20				
21				
22				
23				
24				
25				
26				

Pima UtilityCompany - Wastewater Division
Test Year Ended December 31, 2010
B-2 Adjustment 3
Reclassify AIAC to CIAC

Exhibit
Rejoinder Schedule B-2
Page 5
Witness: Bourassa

Line No.		
1	Advances-in-aid of Construction related to bankrupt developer	$ 285,313
2	Unrefunded AIAC related to bankrupt developer	58,099
3		
4	Total	$ 343,412
5		
6		
7	Increase (Decrease) in AIAC	$ (285,313)
8		
9		
10	Increase (Decrease) in CIAC	$ 343,412
11		
12		
13		
14		
15	Reference/Supporting Schedule	
16	RUCO Rate Base Adjustment No. 2, Schedule TJC-5	
17		
18		
19		
20		
21		
22		
23		
24		

Pima UtilityCompany - Wastewater Division
Test Year Ended December 31, 2010
Computation of Working Capital

Exhibit
Rejoinder Schedule B-5
Page 1
Witness: Bourassa

Line No.			
1	Cash Working Capital (1/8 of Allowance		
2	Operation and Maintenance Expense)	$	145,812
3	Pumping Power (1/24 of Pumping Power)		5,597
4	Purchased Water (1/24 of Purchased Water)		-
5			
6			
7			
8			
9	Total Working Capital Allowance	$	151,409
10			
11			
12	Working Capital Requested	$	-
13			
14			
15			
16			
17		Adjusted Test Year	
18	Total Operating Expense	$	2,579,413
19	Less:		
20	Income Tax	$	140,153
21	Property Tax		124,635
22	Depreciation		1,013,793
23	Purchased Water		-
24	Pumping Power		134,337
25	Allowable Expenses	$	1,166,495
26	1/8 of allowable expenses	$	145,812
27			
28			
29	SUPPORTING SCHEDULES:	RECAP SCHEDULES:	
30	E-1	B-1	
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			

Pima UtilityCompany - Wastewater Division
Test Year Ended December 31, 2010
Income Statement

Exhibit
Rejoinder Schedule C-1
Page 1
Witness: Bourassa

Line No.		Test Year Book Results	Adjustment	Test Year Adjusted Results	Proposed Rate Increase	Adjusted with Rate Increase
1	**Revenues**					
2	Flat Rate Revenues	$ 2,997,389	$ -	$ 2,997,389	$ 416,275	$ 3,413,664
3	Metered Revenues	93,356	-	93,356		93,356
4	Other Revenues	6,030	-	6,030		6,030
5		$ 3,096,775	$ -	$ 3,096,775	$ 416,275	$ 3,513,050
6	**Operating Expenses**					
7	Salaries and Wages	$ 345,644	-	$ 345,644		$ 345,644
8	Salaries and Wages - Off. and Dir.	90,294	(50,096)	40,198		40,198
9	Employee Pensions and Benefits	115,720	(1,040)	114,680		114,680
10	Purchased Power	134,337	-	134,337		134,337
11	Chemicals	84,059	-	84,059		84,059
12	Materials and Supplies	184,532	(22,391)	162,141		162,141
13	Office Supplies and Expense	188,906	(460)	188,446		188,446
14	Contractual Services - Engineering	20,305	(19,524)	781		781
15	Contractual Services - Accounting	3,067	-	3,067		3,067
16	Contractual Services - Legal	108	-	108		108
17	Contractual Services - Other	61,500	(7,138)	54,362		54,362
18	Contractual Services - Water Testing	15,729	12,157	27,886		27,886
19	Rents - Equipment	698	-	698		698
20	Transportation Expenses	28,808	-	28,808		28,808
21	Insurance - Vehicle	3,067	-	3,067		3,067
22	Insurance - General Liability	20,916	-	20,916		20,916
23	Insurance - Worker's Comp	222	-	222		222
24	Reg. Comm. Exp.	-	-	-		-
25	Reg. Comm. Exp. - Rate Case	50,000	(50,000)	-		-
26	Bad Debt Expense	9,509	-	9,509		9,509
27	Miscellaneous Expense	2,174	6,354	8,528		8,528
28	Depreciation Expense	1,010,700	3,093	1,013,793		1,013,793
29	Amortization of Deferred Operating Costs	62,925	-	62,925		62,925
30	Taxes Other Than Income	10,449	-	10,449		10,449
31	Property Taxes	125,916	(1,281)	124,635	5,581	130,216
32	Income Tax	85,405	54,748	140,153	112,917	253,070
33			-	-		-
34	**Total Operating Expenses**	$ 2,654,991	$ (75,578)	$ 2,579,413	$ 118,498	$ 2,697,911
35	**Operating Income**	$ 441,784	$ 75,578	$ 517,362	$ 297,777	$ 815,139
36	**Other Income (Expense)**					
37	Interest Income	97	-	97		97
38	Other income	52	-	52		52
39	Interest Expense	(220,131)	72,370	(147,762)		(147,762)
40	Other Expense	(1,639)	-	(1,639)		(1,639)
41	Gain/Loss Sale of Fixed Assets	-	-	-		-
42	**Total Other Income (Expense)**	$ (221,621)	$ 72,370	$ (149,251)	$ -	$ (149,251)
43	**Net Profit (Loss)**	$ 220,163	$ 147,948	$ 368,111	$ 297,777	$ 665,888
44						
45	SUPPORTING SCHEDULES:				RECAP SCHEDULES:	
46	C-1, page 2				A-1	
47	E-2					
48						

Pima UtilityCompany - Wastewater Division
Test Year Ended December 31, 2010
Income Statement

Exhibit
Rejoinder Schedule C-1
Page 2.1
Witness: Bourassa

Line No.		LABEL>>>>> Test Year Book Results	1 Depreciation	2 Property Taxes	3 Rate Case Expense	4 Salaries & Wages	5 Office Supplies and Expense	6 Materials and Supplies	7 Contractual Services - Engineering	8 Contractual Services - Testing	9 Contractual Services - Other
1	**Revenues**										
2	Flat Rate Revenues	$ 2,997,389									
3	Metered Revenues	93,356									
4	Other Revenues	6,030									
5		$ 3,096,775	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
6	**Operating Expenses**										
7	Salaries and Wages	$ 345,644									
8	Salaries and Wages - Off. and Dir.	90,294				(50,096)					
9	Employee Pensions and Benefits	115,720				(1,040)					
10	Purchased Power	134,337									
11	Chemicals	84,059									
12	Materials and Supplies	184,532						(22,391)			
13	Office Supplies and Expense	188,906					(460)				
14	Contractual Services - Engineering	20,305							(19,524)		
15	Contractual Services - Accounting	3,067									
16	Contractual Services - Legal	108									
17	Contractual Services - Other	61,500									(7,138)
18	Contr. Services - Water Testing	15,729								12,157	
19	Rents - Equipment	698									
20	Transportation Expenses	28,808									
21	Insurance - Vehicle	3,067									
22	Insurance - General Liability	20,916									
23	Insurance - Worker's Comp	222									
24	Reg. Comm. Exp.	-									
25	Reg. Comm. Exp. - Rate Case	50,000			(50,000)						
26	Bad Debt Expense	9,509									
27	Miscellaneous Expense	2,174									
28	Depreciation Expense	1,010,700	3,093								
29	Amortization of Deferred Op. Costs	62,925									
30	Taxes Other Than Income	10,449									
31	Property Taxes	125,916		(1,281)							
32	Income Tax	85,405									
33											
34	**Total Operating Expenses**	$ 2,654,991	$ 3,093	$ (1,281)	$ (50,000)	$ (51,136)	$ (460)	$ (22,391)	$ (19,524)	$ 12,157	$ (7,138)
35	**Operating Income**	$ 441,784	$ (3,093)	$ 1,281	$ 50,000	$ 51,136	$ 460	$ 22,391	$ 19,524	$ (12,157)	$ 7,138
36	**Other Income (Expense)**										
37	Interest Income	97									
38	Other income	52									
39	Interest Expense	(220,131)									
40	Other Expense	(1,639)									
41	Gain/Loss Sale of Fixed Assets	-									
42	**Total Other Income (Expense)**	$ (221,621)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
43	**Net Profit (Loss)**	$ 220,163	$ (3,093)	$ 1,281	$ 50,000	$ 51,136	$ 460	$ 22,391	$ 19,524	$ (12,157)	$ 7,138
44											
45	SUPPORTING SCHEDULES:										
46	C-2										
47	E-2										

Pima UtilityCompany - Wastewater Division
Test Year Ended December 31, 2010
Income Statement

Exhibit
Rejoinder Schedule C-1
Page 2.2
Witness: Bourassa

Line No.		10 Bank Fees	11 Intentionally Left Blank	12 Intentionally Left Blank	13 Intentionally Left Blank	14 Intentionally Left Blank	15 Intentionally Left Blank	16 Interest Syncrhronization	17 Income tax	Test Year Adjusted Results	Proposed Rate Increase	Adjusted with Rate Increase
1	**Revenues**											
2	Flat Rate Revenues									$ 2,997,389	$ 416,275	$ 3,413,664
3	Metered Revenues									93,356		93,356
4	Other Revenues									6,030		6,030
5		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,096,775	$ 416,275	$ 3,513,050
6	**Operating Expenses**											
7	Salaries and Wages									$ 345,644		$ 345,644
8	Salaries and Wages - Off. and Dir.									40,198		40,198
9	Employee Pensions and Benefits									114,680		114,680
10	Purchased Power									134,337		134,337
11	Chemicals									84,059		84,059
12	Materials and Supplies									162,141		162,141
13	Office Supplies and Expense									188,446		188,446
14	Contractual Services - Engineering									781		781
15	Contractual Services - Accounting									3,067		3,067
16	Contractual Services - Legal									108		108
17	Contractual Services - Other									54,362		54,362
18	Contr. Services - Water Testing									27,886		27,886
19	Rents - Equipment									698		698
20	Transportation Expenses									28,808		28,808
21	Insurance - Vehicle									3,067		3,067
22	Insurance - General Liability									20,916		20,916
23	Insurance - Worker's Comp									222		222
24	Reg. Comm. Exp.									-		-
25	Reg. Comm. Exp. - Rate Case									-		-
26	Bad Debt Expense									9,509		9,509
27	Miscellaneous Expense	6,354								8,528		8,528
28	Depreciation Expense									1,013,793		1,013,793
29	Amortization of Deferred Op. Costs									62,925		62,925
30	Taxes Other Than Income									10,449		10,449
31	Property Taxes									124,635	5,581	130,216
32	Income Tax								54,748	140,153	112,917	253,070
33												
34	**Total Operating Expenses**	$ 6,354	$ -	$ -	$ -	$ -	$ -	$ -	$ 54,748	$ 2,579,413	$ 118,498	$ 2,697,911
35	**Operating Income**	$ (6,354)	$ -	$ -	$ -	$ -	$ -	$ -	$ (54,748)	$ 517,362	$ 297,777	$ 815,139
36	**Other Income (Expense)**											
37	Interest Income									97		97
38	Other income									52		52
39	Interest Expense							72,370		(147,762)		(147,762)
40	Other Expense									(1,639)		(1,639)
41	Gain/Loss Sale of Fixed Assets									-		-
42	**Total Other Income (Expense)**	$ -	$ -	$ -	$ -	$ -	$ -	$ 72,370	$ -	$ (149,251)	$ -	$ (149,251)
43	**Net Profit (Loss)**	$ (6,354)	$ -	$ -	$ -	$ -	$ -	$ 72,370	$ (54,748)	$ 368,111	$ 297,777	$ 665,888
44												
45	SUPPORTING SCHEDULES:											
46	C-2											
47	E-2											

RECAP SCHEDULES:
C-1, page 1

Pima Utility Company - Wastewater Division
Test Year Ended December 31, 2010
Adjustments to Revenues and Expenses

Exhibit
Rejoinder Schedule C-2
Page 1
Witness: Bourassa

Line No.		Adjustments to Revenues and Expenses 1 Depreciation Expense	2 Property Taxes	3 Rate Case Expense	4 Salaries & Wages	5 Office Supplies and Expense	6 Materials and Supplies	Subtotal
4	Revenues							-
6	Expenses	3,093	(1,281)	(50,000)	(51,136)	(460)	(22,391)	(122,175)
9	Operating Income	(3,093)	1,281	50,000	51,136	460	22,391	122,175
12	Interest Expense							-
14	Other Income / Expense							-
17	Net Income	(3,093)	1,281	50,000	51,136	460	22,391	122,175

		Adjustments to Revenues and Expenses 7 Contractual Services - Engineering	8 Contractual Services - Testing	9 Contractual Services - Other	10 Bank Fees	11 Intentionally Left Blank	12 Intentionally Left Blank	Subtotal
25	Revenues							-
27	Expenses	(19,524)	12,157	(7,138)	6,354	-	-	(130,326)
30	Operating Income	19,524	(12,157)	7,138	(6,354)	-	-	130,326
33	Interest Expense			-				-
35	Other Income / Expense							-
38	Net Income	19,524	(12,157)	7,138	(6,354)	-	-	130,326

		Adjustments to Revenues and Expenses 13 Intentionally Left Blank	14 Intentionally Left Blank	15 Intentionally Left Blank	16 Interest Syncrhronization	17 Income tax	18 Intentionally Left Blank	Total
46	Revenues							-
48	Expenses					54,748		(75,578)
51	Operating Income	-	-	-	-	(54,748)	-	75,578
54	Interest Expense				72,370			72,370
57	Other Income / Expense							-
59	Net Income	-	-	-	72,370	(54,748)	-	147,948

Pima UtilityCompany - Wastewater Division
Test Year Ended December 31, 2010
Adjustments to Revenues and Expenses
Adjustment Number 1

Exhibit
Rejoinder Schedule C-2
Page 2
Witness: Bourassa

Depreciation Expense

Line No.	Acct. No.	Description	Adjusted Cost	Proposed Rates	Depreciation Expense	
1						
2						
3	Acct.		Adjusted	Proposed	Depreciation	
4	No.	Description	Cost	Rates	Expense	
5	351	Organization Cost	-	0.00%	-	
6	352	Franchise Cost	-	0.00%	-	
7	353	Land and Land Rights	91,528	0.00%	-	
8	354	Structures & Improvements	250,433	3.33%	8,339	
9	355	Power Generation Equipment	-	5.00%	-	
10	360	Collection Sewers - Force	97,523	2.00%	1,950	
11	361.1	Collection Sewers - Gravity	3,854,512	2.00%	77,090	
12	361.2	Manholes & Cleanouts	1,791,722	2.00%	35,834	
13	362	Special Collecting Structures	-	2.00%	-	
14	363	Servcies to Customers	632,249	2.00%	12,645	
15	364	Flow Measuring Devices	-	10.00%	-	
16	365	Flow Measuring Installations	-	10.00%	-	
17	366	Reuse Services	-	2.00%	-	
18	367	Reuse Meters and Meter Installations	-	8.33%	-	
19	370	Receiving Wells	226,251	3.57%	8,077	
20	371.1	Pumping Equipment - Lift Stations	1,530,818	10.00%	153,082	
21	371.2	Other Pumping Equipment	103,441	10.00%	10,344	
22	371.3	Pumping Equipment - Recharge Wells	1,425,535	10.00%	142,554	
23	374	Reuse Distribution Reserviors	-	2.50%	-	
24	375	Reuse Transmission and Distribution	134,184	2.00%	2,684	
25	380	Treatment & Disposal Equipment	9,897,283	5.00%	494,864	
26	381	Plant Sewers	-	5.00%	-	
27	382	Outfall Sewer Lines	-	3.33%	-	
28	389	Other Plant & Misc Equipment	972,509	6.67%	64,866	
29	390	Office Furniture & Equipment	6,529	6.67%	435	
30	390.1	Computers & Software	10,884	20.00%	2,177	
31	391	Transportation Equipment	21,830	20.00%	-	*
32	392	Stores Equipment	-	4.00%	-	
33	393	Tools, Shop & Garage Equipment	154,777	10.00%	15,478	
34	394	Laboratory Equipment	1,993	10.00%	199	
35	395	Power Operated Equipment	0	5.00%	0	
36	396	Communication Equipment	118,828	10.00%	11,883	
37	397	Miscellaneous Equipment	-	10.00%	-	
38	398	Other Tangible Plant	-	10.00%	-	
39		Post-in-service AFUDC	716,722	4.52%	32,396	
40						
41		TOTALS	$ 22,039,554		$ 1,074,898	
42						
43			Gross CIAC	Amort. Rate		
44	Less: Amortization of Contributions		$ 1,281,106	4.7698%	$ (61,106)	
45	Total Depreciation Expense				$ 1,013,793	
46						
47	Adjusted Test Year Depreciation Expense				1,010,700	
48						
49	Increase (decrease) in Depreciation Expense				3,093	
50						
51	Adjustment to Revenues and/or Expenses				$ 3,093	
52						
53	SUPPORTING SCHEDULE					
54	B-2, page 3					

Pima UtilityCompany - Wastewater Division
Test Year Ended December 31, 2010
Adjustment to Revenues and Expenses
Adjustment Number 2

Exhibit
Rejoinder Schedule C-2
Page 3
Witness: Bourassa

Property Taxes

Line No.	DESCRIPTION	Test Year as adjusted	Company Recommended
1	Company Adjusted Test Year Revenues - 2007	$ 3,096,775	$ 3,096,775
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	6,193,550	6,193,550
4	Company Recommended Revenue	3,096,775	3,513,050
5	Subtotal (Line 4 + Line 5)	9,290,325	9,706,600
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	3,096,775	3,235,533
8	Department of Revenue Mutilplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	6,193,550	6,471,066
10	Plus: 10% of CWIP - 2010	3,971	3,971
11	Less: Net Book Value of Licensed Vehicles	-	-
12	Full Cash Value (Line 9 + Line 10 - Line 11)	6,197,521	6,475,038
13	Assessment Ratio	20.0%	20.0%
14	Assessment Value (Line 12 * Line 13)	1,239,504	1,295,008
15	Composite Property Tax Rate - Obtained from ADOR	10.0552%	10.0552%
16	Test Year Adjusted Property Tax Expense (Line 14 * Line 15)	$ 124,635	$ 130,216
17	Tax on Parcels	-	-
18	Total Property Taxes (Line 16 + Line 17)	$ 124,635	
19	Test Year Property Taxes	$ 125,916	
20	Adjustment to Test Year Property Taxes (Line 18 - Line 19)	**$ (1,281)**	
21			
22	Property Tax on Company Recommended Revenue (Line 16 + Line 17)		$ 130,216
23	Company Test Year Adjusted Property Tax Expense (Line 18)		$ 124,635
24	Increase in Property Tax Due to Increase in Revenue Requirement		**$ 5,581**
25			
26	Increase in Property Tax Due to Increase in Revenue Requirement (Line 24)		$ 5,581
27	Increase in Revenue Requirement		$ 416,275
28	Increase in Property Tax Per Dollar Increase in Revenue (Line 26 / Line 27)		1.34070%
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			

Pima UtilityCompany - Wastewater Division
Test Year Ended December 31, 2010
Adjustment to Revenues and Expenses
Adjustment Number 3

Exhibit
Rejoinder Schedule C-2
Page 4
Witness: Bourassa

Rate Case Expense

No.			
1			
2			
3			
4			
5			
6			
7	Annual Rate Case Expense per Direct	$	50,000
8			
9	Amount to include in operating expenses	$	-
10			
11			
12	Increase(decrease) Rate Case Expense	$	(50,000)
13			
14	Adjustment to Revenue and/or Expense	$	(50,000)
15			
16			
17			
18			
19	REFERENCE		
20	See Testimony		
21			

Pima UtilityCompany - Wastewater Division
Test Year Ended December 31, 2010
Adjustment to Revenues and Expenses
Adjustment Number 4

Exhibit
Rejoinder Schedule C-2
Page 5
Witness: Bourassa

Salaries and Wages - Offices and Directors

Line No.				
1				
2	Proposed Salaries and Wages for Officers and Directors		$	40,198
3				
4	Test Year Salaries and Wages - Officers and Directors		$	90,294
5				
6	Increase (decrease) in Salaries and Wages - Officers and Directors		$	(50,096)
7				
8				
9	Proposed Payroll Burden			
10	Proposed Salaries and Wages	$ 40,198		
11	Burden Rate	2.085440%		
12	Proposed Payroll Burden		$	838
13				
14	Test Year Payroll Burden			1,878
15				
16	Increase (decrease) in Employee Pensions and Benefits		$	(1,040)
17				
18				
19				
20				
21	Adjustment to Revenue and/or Expense		$	(51,136)
22				
23				
24				
25	REFERENCE			
26	See Testimony			
27				

Pima UtilityCompany - Wastewater Division
Test Year Ended December 31, 2010
Adjustment to Revenues and Expenses
Adjustment Number 5

Exhibit
Rejoinder Schedule C-2
Page 6
Witness: Bourassa

Office Supplies and Expense

Line No.			
1			
2			
3			
4	Remove coffee service expense	$	460
5			
6			
7			
8	Increase (decrease) in Office Supplies and Expense	$	(460)
9			
10			
11	Adjustment to Revenue and/or Expense	$	(460)
12			
13	REFERENCE/SUPPORTING SCHEDULES		
14	Staff Adjustment No. 4, Schedule CSB-12		
15			
16			
17			
18			
19			
20			

Pima UtilityCompany - Wastewater Division
Test Year Ended December 31, 2010
Adjustment to Revenues and Expenses
Adjustment Number 6

Exhibit
Rejoinder Schedule C-2
Page 7
Witness: Bourassa

Materials and Supplies Expense

Line No.			
1			
2			
3	Remove capitalized expenses from Material and Supplies expense	$	22,391
4			
5	Total	$	22,391
6			
7			
8	Increase (decrease) in Materials and Supplies	$	(22,391)
9			
10			
11	Adjustment to Revenue and/or Expense	$	(22,391)
12			
13	REFERENCE/SUPPORTING SCHEDULES		
14	Staff Adjustment No. 3, Schedule CSB-11		
15			
16			
17			
18			
19			
20			

Pima UtilityCompany - Wastewater Division
Test Year Ended December 31, 2010
Adjustment to Revenues and Expenses
Adjustment Number 7

Exhibit
Rejoinder Schedule C-2
Page 8
Witness: Bourassa

Contractual Services - Engineering

Line No.			
1			
2	Remove capitalized expenses from Contractual Services - Eng.	$	19,524
3			
4			
5			
6			
7	Increase (decrease) in Contractual Services - Eng.	$	(19,524)
8			
9			
10	Adjustment to Revenue and/or Expense	$	(19,524)
11			
12	REFERENCE/SUPPORTING SCHEDULES		
13	Staff Adjustment No. 5, Schedule CSB-13		
14			
15			
16			
17			
18			
19			
20			

Pima UtilityCompany - Wastewater Division
Test Year Ended December 31, 2010
Adjustment to Revenues and Expenses
Adjustment Number 8

Exhibit
Rejoinder Schedule C-2
Page 9
Witness: Bourassa

Contractual Services - Testing

Line No.			
1			
2	Staff Recommended Testing Expenses	$	27,886
3			
4	Test Year Testing Expenses	$	15,729
5			
6	Increase (decrease) in Testing Expense	$	12,157
7			
8			
9		$	12,157
10			
11			
12			
13			
14			
15			
16	REFERENCE/SUPPORTING SCHEDULES		
17	Staff Adjustment No. 7, Schedule CSB-15		
18			
19			
20			

Pima UtilityCompany - Wastewater Division
Test Year Ended December 31, 2001
Adjustment to Revenues and Expenses
Adjustment Number 9

Exhibit
Rejoinder Schedule C-2
Page 10
Witness: Bourassa

Contractual Services - Other

Line No.			
1			
2	IDA Bond Fees	$	6,700
3	Bonuses		438
4	Total		7,138
5			
6			
7	Increase (decrease) in Contractual Services - Other	$	(7,138)
8			
9			
10	Adjustment to Revenue and/or Expense	$	(7,138)
11			
12	REFERENCE/SUPPORTING SCHEDULES		
13	Staff Adjustment No. 6, Schedule CSB-14		
14			
15			
16			
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19			
20			

Pima UtilityCompany - Wastewater Division
Test Year Ended December 31, 2010
Adjustment to Revenues and Expenses
Adjustment Number 10

Exhibit
Schedule C-2
Page 11
Witness: Bourassa

Miscellaneous Expense

Line No.			
1			
2			
3			
4	Bank fees recorded on Water Division's books	$	6,354
5			
6			
7			
8	Increase (decrease) in Miscellaneous Expense	$	6,354
9			
10			
11	Adjustment to Revenue and/or Expense	$	6,354
12			
13	REFERENCE/SUPPORTING SCHEDULES		
14	RUCO Adjustment No. 6, Schedule TJC-14		
15			
16			
17			
18			
19			
20			

Pima UtilityCompany - Wastewater Division
Test Year Ended December 31, 2010
Adjustment to Revenues and Expenses
Adjustment Number 16

Exhibit
Rejoinder Schedule C-2
Page 12
Witness: Bourassa

Interest Synchronization

Line No.			
1			
2			
3			
4	Fair Value Rate Base	$ 9,832,800	
5	Weighted Cost of Debt	1.50%	
6	Interest Expense		$ 147,762
7			
8	Test Year Interest Expense		$ 220,131
9			
10	Increase (decrease) in Interest Expense		(72,370)
11			
12			
13			
14	Adjustment to Revenue and/or Expense		$ 72,370
15			
16			
17	Weighted Cost of Debt Computation		

18						Weighted
19			Amount	Percent	Cost	Cost
20	Debt	$	8,370,000	35.36%	4.25%	1.50%
21	Equity	$	15,301,736	64.64%	10.50%	6.79%
22	Total	$	23,671,736	100.00%		8.29%

23
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Pima UtilityCompany - Wastewater Division
Test Year Ended December 31, 2010
Adjustment to Revenues and/or Expenses
Adjustment Number 17

Exhibit
Rejoinder Schedule C-2
Page 13
Witness: Bourassa

Line No.			Test Year Adjusted Results	Adjusted with Rate Increase
1	Income Tax Computation			
2				
3				
4				
5				
6	Revenue		$ 3,096,775	$ 3,513,050
7	Operating Expenses Excluding Income Taxes		2,439,260	2,444,841
8	Synchronized Interest		147,762	147,762
9				
10	Income Before Taxes		$ 509,753	$ 920,447
11				
12	Arizona Income Before Taxes		$ 509,753	$ 920,447
13				
14	Less: Effective Arizona Income Tax		$ 22,550	$ 40,718
15	Rate =	4.42% [1]		
16				
17				
18				
19				
20	Federal Income Before Taxes		$ 509,753	$ 920,447
21				
22	Less Arizona Income Taxes		$ 22,550	$ 40,718
23				
24	Federal Taxable Income		$ 487,203	$ 879,730
25				
26				
27				
28	FEDERAL INCOME TAXES:			
29	Effective Federal Tax Rate	24.14% [1]	$ 117,603	$ 212,352
30				
31				
32				
33				
34				
35	Federal Income Taxes		$ 117,603	$ 212,352
36				
37				
38	Total Income Tax		$ 140,153	$ 253,070
39				
40	Overall Tax Rate		27.49%	27.49%
41				
42	Income Tax		$ 140,153	$ 253,070
43	Adjusted Test Year Income tax Expense		85,405	140,153
44	Adjustment to Income Tax Expense		$ 54,748	$ 112,917
45				
46				
47	[1] See work papers/testimony			
48				

Pima UtilityCompany - Wastewater Division
Test Year Ended December 31, 2010
Computation of Gross Revenue Conversion Factor

Exhibit
Rejoinder Schedule C-3
Page 1
Witness: Bourassa

Line No.	Description	Percentage of Incremental Gross Revenues
1	Combined Federal and State Effective Income Tax Rate	27.4942%
2		
3	Property Taxes	0.9721%
4		
5		
6	Total Tax Percentage	28.4663%
7		
8	Operating Income % = 100% - Tax Percentage	71.5337%
9		
10		
11		
12		
13	1 = Gross Revenue Conversion Factor	
14	Operating Income %	1.3979
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25	SUPPORTING SCHEDULES:	RECAP SCHEDULES:
26	C-3, page 2	A-1
27		
28		
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Pima UtilityCompany - Wastewater Division
Test Year Ended December 31, 2010

Exhibit
Rejoinder Schedule C-3
Page 2
Witness: Bourassa

GROSS REVENUE CONVERSION FACTOR

Line No.	Description	(A)	(B)	(C)	(D)	[E]	[F]
	Calculation of Gross Revenue Conversion Factor:						
1	Revenue	100.0000%					
2	Uncollecible Factor (Line 11)	0.0000%					
3	Revenues (L1 - L2)	100.0000%					
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)	28.4663%					
5	Subtotal (L3 - L4)	71.5337%					
6	**Revenue Conversion Factor (L1 / L5)**	1.397942					
	Calculation of Uncollectible Factor:						
7	Unity	100.0000%					
8	Combined Federal and State Tax Rate (Line 17)	27.4942%					
9	One Minus Combined Income Tax Rate (L7 - L8)	72.5058%					
10	Uncollectible Rate	0.0000%					
11	Uncollectible Factor (L9 * L10)		0.0000%				
	Calculation of Effective Tax Rate:						
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%					
13	Arizona State Income Tax Rate	4.4237%					
14	Federal Taxable Income (L12 - L13)	95.5763%					
15	Applicable Federal Income Tax Rate (Line 54)	24.1383%					
16	Effective Federal Income Tax Rate (L14 x L15)	23.0705%					
17	Combined Federal and State Income Tax Rate (L13 +L16)		27.4942%				
	Calculation of Effective Property Tax Factor						
18	Unity	100.0000%					
19	Combined Federal and State Income Tax Rate (L17)	27.4942%					
20	One Minus Combined Income Tax Rate (L18-L19)	72.5058%					
21	Property Tax Factor	1.3407%					
22	Effective Property Tax Factor (L20*L21)		0.9721%				
23	Combined Federal and State Income Tax and Property Tax Rate (L17+L22			28.4663%			
24	Required Operating Income	$ 815,139					
25	AdjustedTest Year Operating Income (Loss)	$ 517,362					
26	Required Increase in Operating Income (L24 - L25)		$ 297,777				
27	Income Taxes on Recommended Revenue (Col. (E), L52)	$ 253,070					
28	Income Taxes on Test Year Revenue (Col. (F), L52)	$ 140,153					
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		$ 112,917				
30	Recommended Revenue Requirement	$ 3,513,050					
31	Uncollectible Rate (Line 10)	0.0000%					
32	Uncollectible Expense on Recommended Revenue (L30 * L31)	$ -					
33	Adjusted Test Year Uncollectible Expense	$ -					
34	Required Increase in Revenue to Provide for Uncollectible Exp.		$ -				
35	Property Tax with Recommended Revenue	$ 130,216					
36	Property Tax on Test Year Revenue	$ 124,635					
37	Increase in Property Tax Due to Increase in Revenue (L35-L36)		$ 5,581				
38	Total Required Increase in Revenue (L26 + L29 + L37		$ 416,275				

		(A)	(B)	(C)	(D)	[E]	[F]
		Test Year			Company Recommended		
		Total Pima UtilityCompany - Wastewater Division			Total Pima UtilityCompany - Wastewater Division		
	Calculation of Income Tax:						
39	Revenue	$ 3,096,775	$ 3,096,775		$ 3,513,050	$ 3,513,050	
40	Operating Expenses Excluding Income Taxes	$ 2,439,260	$ 2,439,260		$ 2,444,841	$ 2,444,841	
41	Synchronized Interest (L58)	$ 147,762	$ 147,762	$ -	$ 147,762	$ 147,762	
42	Arizona Taxable Income (L39 - L40 - L41)	$ 509,753	$ 509,753	$ -	$ 920,448	$ 920,448	$ -
43	Arizona State Effective Income Tax Rate (see work papers)	4.4237%	4.4237%	4.4237%	4.4237%	4.4237%	4.4237%
44	Arizona Income Tax (L42 x L43)	$ 22,550	$ 22,550	$ -	$ 40,718	$ 40,718	$ -
45	Federal Taxable Income (L42 - L44)	$ 487,203	$ 487,203	$ -	$ 879,731	$ 879,731	$ -
46	Effective Tax Rate (see work papers)	24.1383%	24.1383%		24.1383%	24.1383%	
47	Federal Income Tax (L45 x L46)	$ 117,603	$ 117,603	$ -	$ 212,352	$ 212,352	$ -
48							
49							
50							
51	Total Federal Income Tax	$ 117,603	$ 117,603	$ -	$ 212,352	$ 212,352	$ -
52	Combined Federal and State Income Tax (L35 + L42)	$ 140,153	$ 140,153	$ -	$ 253,070	$ 253,070	$ -

53 COMBINED Applicable Federal Income Tax Rate [Col. [D], L51 - Col. [A], L51] / [Col. [D], L45 - Col. [A], L45
54 WATER Applicable Federal Income Tax Rate [Col. [E], L51 - Col. [B], L51] / [Col. [E], L45 - Col. [B], L45 — 24.1383%
55

	Calculation of Interest Synchronization:		N/A
56	Rate Base	$ 9,832,800	$ -
57	Weighted Average Cost of Debt	1.5027%	0.0000%
58	Synchronized Interest (L56 x L57)	$ 147,762	$ -

Pima Utility Company - Wastewater Division
Revenue Summary
Test Year Ended December 31, 2010

Exhibit
Rejoinder Schedule H-1
Page 1
Witness: Bourassa

Line No.	Meter Size	Classification	Total Revenues at Present Rates	Total Revenues at Proposed Rates	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues	Additional Bills	Additional Gallons Treated
1	5/8x3/4 Inch	Residential	$ 2,658,546	$ 3,044,035	$ 385,489	14.50%	85.85%	86.65%		
2	1 Inch	Residential	145,477	166,571	21,094	14.50%	4.70%	4.74%		
3										
4	5/8x3/4 Inch	Commercial	$ 6,410	$ 7,339	$ 929	14.50%	0.21%	0.21%		
5	3/4 Inch	Commercial	1,272	1,456	184	14.50%	0.04%	0.04%		
6	1 Inch	Commercial	16,909	19,361	2,452	14.50%	0.55%	0.55%		
7	1 1/2 Inch	Commercial	12,672	14,509	1,837	14.50%	0.41%	0.41%		
8	2 Inch	Commercial	115,770	132,557	16,787	14.50%	3.74%	3.77%		
9										
10	Effluent 1		44,582	40,870	(3,712)	-8.33%	1.44%	1.16%		
11	Effluent 2		76,930	69,037	(7,894)	-10.26%	2.48%	1.97%		
12										
13	**Subtotals of Revenues**		$ 3,078,568	$ 3,495,736	$ 417,168	13.55%	99.41%	99.51%		
14	**Revenue Annualizations:**								Additional Bills	Additional Gallons Treated
15	5/8x3/4 Inch	Residential	$ (1,046)	$ (1,197)	$ (152)	14.50%	-0.03%	-0.03%	(46)	(138,000)
16	1 Inch	Residential	1,899	2,174	275	14.50%	0.06%	0.06%	32	96,000
17										
18	5/8x3/4 Inch	Commercial	$ 136	$ 156	$ 20	14.50%	0.00%	0.00%	6	18,000
19	3/4 Inch	Commercial	-	-	-	0.00%	0.00%	0.00%	0	-
20	1 Inch	Commercial	(1,246)	(1,427)	(181)	14.50%	-0.04%	-0.04%	(21)	(63,000)
21	1 1/2 Inch	Commercial	-	-	-	0.00%	0.00%	0.00%	-	-
22	2 Inch	Commercial	1,124	1,287	163	14.50%	0.04%	0.04%	6	18,000
23										
24	Effluent - water sales recovered effluent		12,496	10,988	(1,508)	-12.07%	0.40%	0.31%	12	
25										
26										
27	**Subtotal Revenue Annualization**		13,363	11,981	(1,382)	-10.34%	0.43%	0.39%	(11)	(69,000)
28										
29	**Total Revenues w/ Annualization**		$ 3,091,931	$ 3,507,716	$ 415,785	13.45%	99.84%	99.85%		
30	**Misc Revenues**		6,030	6,030	-	0.00%	0.19%	0.17%		
31	**Reconciling Amount**		(1,186)	(696)	489	-41.23%	-0.04%	-0.02%		
32	**Total Revenues**		$ 3,096,775	$ 3,513,050	$ 416,274	13.44%	100.00%	100.00%		
33										
34										

Pima Utility Company - Wastewater Division
Analysis of Revenue by Detailed Class
Test Year Ended December 31, 2010

Exhibit
Rejoinder Schedule H-2
Page 1
Witness: Bourassa

Line No.	Customer Classification and/or Meter Size		(a) Average Number of Customers at 12/31/2010	Average Consumption	Average Bill Present Rates	Average Bill Proposed Rates	Proposed Increase Dollar Amount	Proposed Increase Percent Amount	Percent of Customers
1	5/8x3/4 Inch	Residential	9,747	-	$ 22.73	$ 26.03	$ 3.30	14.50%	96.85%
2	1 Inch	Residential	204	-	59.33	67.93	8.60	14.50%	2.03%
3									
4	5/8x3/4 Inch	Commercial	24	-	$ 22.73	$ 26.03	$ 3.30	14.50%	0.23%
5	3/4 Inch	Commercial	3	-	35.33	40.45	5.12	14.50%	0.03%
6	1 Inch	Commercial	24	-	59.33	67.93	8.60	14.50%	0.24%
7	1 1/2 Inch	Commercial	9	-	117.33	134.34	17.01	14.50%	0.09%
8	2 Inch	Commercial	52	-	187.33	214.49	27.16	14.50%	0.51%
9									
10	Irrigation		2	4,059,941	$ 2,476.77	$ 2,270.57	$ (206.20)	-8.33%	0.01%
11									
12									
13									
14									
15									
16									
17									
18	Totals		10,063						100.00%
19									
20	Actual Year End Number								
21	of Customers:		10,058						
22									
23									
24									
25									

Pima Utility Company - Wastewater Division
Analysis of Revenue by Detailed Class
Test Year Ended December 31, 2010

Exhibit
Rejoinder Schedule H-2
Page 2
Witness: Bourassa

Line No.	Customer Classification and/or Meter Size		(a) Average Number of Customers at 12/31/2010	Median Consumption	Median Bill Present Rates	Median Bill Proposed Rates	Proposed Increase Dollar Amount	Proposed Increase Percent Amount	Percent of Customers
1	5/8x3/4 Inch	Residential	9,747	-	$ 22.73	$ 26.03	$ 3.30	14.50%	96.85%
2	1 Inch	Residential	204	-	59.33	67.93	8.60	14.50%	2.03%
3									
4	5/8x3/4 Inch	Commercial	24	-	$ 22.73	$ 26.03	$ 3.30	14.50%	0.23%
5	3/4 Inch	Commercial	3	-	$ 35.33	$ 40.45	5.12	14.50%	0.03%
6	1 Inch	Commercial	24	-	$ 59.33	$ 67.93	8.60	14.50%	0.24%
7	1 1/2 Inch	Commercial	9	-	117.33	134.34	17.01	14.50%	0.09%
8	2 Inch	Commercial	52	-	187.33	214.49	27.16	14.50%	0.51%
9									
10	Irrigation		2	1,784,000	$ 1,156.72	$ 1,109.84	$ (46.88)	-4.05%	0.01%
11									
12									
13									
14									
15									
16									
17	Totals		10,063						100.00%
18									
19	Actual Year End Number								
20	of Customers:		10,058						
21									
22									
23									
24									

Pima Utility Company - Wastewater Division
Test Year Ended December 31, 2010
Present and Proposed Rates

Exhibit
Rejoinder Schedule H-3
Page 1

Line No.		Present Rates	Proposed Rates	Change	Percent Change
1	Sewer Services				
2	5/8x3/4 Inch	$ 22.73	$ 26.03	$ 3.30	14.50%
2	3/4 Inch	35.33	40.45	5.12	14.50%
3	1 Inch	59.33	67.93	8.60	14.50%
4	1 1/2 Inch	117.33	134.34	17.01	14.50%
5	2 Inch	187.33	214.49	27.16	14.50%
6	3 Inch	NT	416.41	416.41	
7	4 Inch	NT	650.65	650.65	
8	6 Inch	NT	1,301.29	1,301.29	
9					
10	Effluent Sales				
11	Monthly Minimum	180.00	200.00	20.00	11.11%
12	Gallons In Minimum	100,000	-		
13	Charge per 1,000 gallons	$ 0.58	$ 0.51	(0.07)	-12.07%
14					
15	Recovered Effluent Sales				
16	Monthly Minimum	NT	$ 200.00		
17	Gallons In Minimum	NT	$ -		
18	Charge per 1,000 gallons	NT	$ 0.51		
19					
20					
21	Service Charges				
22	Impact Fee (new connection one-time only)	$ 260.00	NT		
23	Establishment Fee	NT	$ 25.00		
24	Reestablishment (within 12 months)	NT	*		
25	Deferred payment (per month)	1.50%	1.50%		
26	Deposit	**	**		
27	Deposit Interest	**	**		
28	NSF check	$ 15.00	$ 15.00		
29	Late payment fee (per month)***	1.50%	1.50%		
30	Disconnect/Reconnect (delinquent account)	$ 500.00	NT		
31	Reconnection (Delinquent)	NT	$ 25.00		
32	After Hours Servie Charge	NT	$ 50.00		
33					
34	* Number of months off the system times the applicable sewer charge.				
35	** Per Commission Rule R14-2-603.B.7 and 603.B.3				
36	*** Late payment chrge based upon balance owing at the end of the billing cycle which is added to next bill.				
37					
38	[1] Recovered effluent was charged at the Water Division irrigation rate of $0.36 per 1,000 gallons during the test year.				
39					
40	NT = No Tariff				

Pima Utility Company - Wastewater Division
Bill Comparison of Present and Proposed Rates
Customer Classification Residential 5/8x3/4 Inch Meter
Test Year Ended December 31, 2010
(Excludes all Revenue Related Taxes)

Exhibit
Rejoinder Schedule H-4
Page 1
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 22.73	$ 26.03	$ 3.30	14.50%
1,000	22.73	26.03	$ 3.30	14.50%
2,000	22.73	26.03	$ 3.30	14.50%
3,000	22.73	26.03	$ 3.30	14.50%
4,000	22.73	26.03	$ 3.30	14.50%
5,000	22.73	26.03	$ 3.30	14.50%
6,000	22.73	26.03	$ 3.30	14.50%
7,000	22.73	26.03	$ 3.30	14.50%
8,000	22.73	26.03	$ 3.30	14.50%
9,000	22.73	26.03	$ 3.30	14.50%
10,000	22.73	26.03	$ 3.30	14.50%
12,000	22.73	26.03	$ 3.30	14.50%
14,000	22.73	26.03	$ 3.30	14.50%
16,000	22.73	26.03	$ 3.30	14.50%
18,000	22.73	26.03	$ 3.30	14.50%
20,000	22.73	26.03	$ 3.30	14.50%
25,000	22.73	26.03	$ 3.30	14.50%
30,000	22.73	26.03	$ 3.30	14.50%
35,000	22.73	26.03	$ 3.30	14.50%
40,000	22.73	26.03	$ 3.30	14.50%
45,000	22.73	26.03	$ 3.30	14.50%
50,000	22.73	26.03	$ 3.30	14.50%
60,000	22.73	26.03	$ 3.30	14.50%
70,000	22.73	26.03	$ 3.30	14.50%
80,000	22.73	26.03	$ 3.30	14.50%
90,000	22.73	26.03	$ 3.30	14.50%
100,000	22.73	26.03	$ 3.30	14.50%
Average Usage				
-	$ 22.73	$ 26.03	$ 3.30	14.50%
Median Usage				
-	$ 22.73	$ 26.03	$ 3.30	14.50%

Present Rates:
Monthly Minimum: $ 22.73

Proposed Rates:
Monthly Minimum: $ 26.03

Pima Utility Company - Wastewater Division
Bill Comparison of Present and Proposed Rates
Customer Classification Residential 1 Inch Meter
Test Year Ended December 31, 2010
(Excludes all Revenue Related Taxes)

Exhibit
Rejoinder Schedule H-4
Page 2
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 59.33	$ 67.93	$ 8.60	14.50%
1,000	59.33	67.93	$ 8.60	14.50%
2,000	59.33	67.93	$ 8.60	14.50%
3,000	59.33	67.93	$ 8.60	14.50%
4,000	59.33	67.93	$ 8.60	14.50%
5,000	59.33	67.93	$ 8.60	14.50%
6,000	59.33	67.93	$ 8.60	14.50%
7,000	59.33	67.93	$ 8.60	14.50%
8,000	59.33	67.93	$ 8.60	14.50%
9,000	59.33	67.93	$ 8.60	14.50%
10,000	59.33	67.93	$ 8.60	14.50%
12,000	59.33	67.93	$ 8.60	14.50%
14,000	59.33	67.93	$ 8.60	14.50%
16,000	59.33	67.93	$ 8.60	14.50%
18,000	59.33	67.93	$ 8.60	14.50%
20,000	59.33	67.93	$ 8.60	14.50%
25,000	59.33	67.93	$ 8.60	14.50%
30,000	59.33	67.93	$ 8.60	14.50%
35,000	59.33	67.93	$ 8.60	14.50%
40,000	59.33	67.93	$ 8.60	14.50%
45,000	59.33	67.93	$ 8.60	14.50%
50,000	59.33	67.93	$ 8.60	14.50%
60,000	59.33	67.93	$ 8.60	14.50%
70,000	59.33	67.93	$ 8.60	14.50%
80,000	59.33	67.93	$ 8.60	14.50%
90,000	59.33	67.93	$ 8.60	14.50%
100,000	59.33	67.93	$ 8.60	14.50%
Average Usage				
-	$ 59.33	$ 67.93	$ 8.60	14.50%
Median Usage				
-	$ 59.33	$ 67.93	$ 8.60	14.50%

Present Rates:
Monthly Minimum: $ 59.33

Proposed Rates:
Monthly Minimum: $ 67.93

Pima Utility Company - Wastewater Division
Bill Comparison of Present and Proposed Rates
Customer Classification Commercial 5/8x3/4 Inch Meter
Test Year Ended December 31, 2010
(Excludes all Revenue Related Taxes)

Exhibit
Rejoinder Schedule H-4
Page 3
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 22.73	$ 26.03	$ 3.30	14.50%
1,000	22.73	26.03	$ 3.30	14.50%
2,000	22.73	26.03	$ 3.30	14.50%
3,000	22.73	26.03	$ 3.30	14.50%
4,000	22.73	26.03	$ 3.30	14.50%
5,000	22.73	26.03	$ 3.30	14.50%
6,000	22.73	26.03	$ 3.30	14.50%
7,000	22.73	26.03	$ 3.30	14.50%
8,000	22.73	26.03	$ 3.30	14.50%
9,000	22.73	26.03	$ 3.30	14.50%
10,000	22.73	26.03	$ 3.30	14.50%
12,000	22.73	26.03	$ 3.30	14.50%
14,000	22.73	26.03	$ 3.30	14.50%
16,000	22.73	26.03	$ 3.30	14.50%
18,000	22.73	26.03	$ 3.30	14.50%
20,000	22.73	26.03	$ 3.30	14.50%
25,000	22.73	26.03	$ 3.30	14.50%
30,000	22.73	26.03	$ 3.30	14.50%
35,000	22.73	26.03	$ 3.30	14.50%
40,000	22.73	26.03	$ 3.30	14.50%
45,000	22.73	26.03	$ 3.30	14.50%
50,000	22.73	26.03	$ 3.30	14.50%
60,000	22.73	26.03	$ 3.30	14.50%
70,000	22.73	26.03	$ 3.30	14.50%
80,000	22.73	26.03	$ 3.30	14.50%
90,000	22.73	26.03	$ 3.30	14.50%
100,000	22.73	26.03	$ 3.30	14.50%
Average Usage				
-	$ 22.73	$ 26.03	$ 3.30	14.50%
Median Usage				
-	$ 22.73	$ 26.03	$ 3.30	14.50%

Present Rates:
Monthly Minimum: $ 22.73

Proposed Rates:
Monthly Minimum: $ 26.03

Pima Utility Company - Wastewater Division
Bill Comparison of Present and Proposed Rates
Customer Classification Commercial 3/4 Inch Meter
Test Year Ended December 31, 2010
(Excludes all Revenue Related Taxes)

Exhibit
Rejoinder Schedule H-4
Page 4
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 35.33	$ 40.45	$ 5.12	14.50%
1,000	35.33	40.45	$ 5.12	14.50%
2,000	35.33	40.45	$ 5.12	14.50%
3,000	35.33	40.45	$ 5.12	14.50%
4,000	35.33	40.45	$ 5.12	14.50%
5,000	35.33	40.45	$ 5.12	14.50%
6,000	35.33	40.45	$ 5.12	14.50%
7,000	35.33	40.45	$ 5.12	14.50%
8,000	35.33	40.45	$ 5.12	14.50%
9,000	35.33	40.45	$ 5.12	14.50%
10,000	35.33	40.45	$ 5.12	14.50%
12,000	35.33	40.45	$ 5.12	14.50%
14,000	35.33	40.45	$ 5.12	14.50%
16,000	35.33	40.45	$ 5.12	14.50%
18,000	35.33	40.45	$ 5.12	14.50%
20,000	35.33	40.45	$ 5.12	14.50%
25,000	35.33	40.45	$ 5.12	14.50%
30,000	35.33	40.45	$ 5.12	14.50%
35,000	35.33	40.45	$ 5.12	14.50%
40,000	35.33	40.45	$ 5.12	14.50%
45,000	35.33	40.45	$ 5.12	14.50%
50,000	35.33	40.45	$ 5.12	14.50%
60,000	35.33	40.45	$ 5.12	14.50%
70,000	35.33	40.45	$ 5.12	14.50%
80,000	35.33	40.45	$ 5.12	14.50%
90,000	35.33	40.45	$ 5.12	14.50%
100,000	35.33	40.45	$ 5.12	14.50%
Average Usage				
-	$ 35.33	$ 40.45	$ 5.12	14.50%
Median Usage				
-	$ 35.33	$ 40.45	$ 5.12	14.50%

Present Rates:
Monthly Minimum: $ 35.33

Proposed Rates:
Monthly Minimum: $ 40.45

Pima Utility Company - Wastewater Division
Bill Comparison of Present and Proposed Rates
Customer Classification Commercial 1 Inch Meter
Test Year Ended December 31, 2010

Exhibit
Rejoinder Schedule H-4
Page 5
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 59.33	$ 67.93	$ 8.60	14.50%
1,000	59.33	67.93	$ 8.60	14.50%
2,000	59.33	67.93	$ 8.60	14.50%
3,000	59.33	67.93	$ 8.60	14.50%
4,000	59.33	67.93	$ 8.60	14.50%
5,000	59.33	67.93	$ 8.60	14.50%
6,000	59.33	67.93	$ 8.60	14.50%
7,000	59.33	67.93	$ 8.60	14.50%
8,000	59.33	67.93	$ 8.60	14.50%
9,000	59.33	67.93	$ 8.60	14.50%
10,000	59.33	67.93	$ 8.60	14.50%
12,000	59.33	67.93	$ 8.60	14.50%
14,000	59.33	67.93	$ 8.60	14.50%
16,000	59.33	67.93	$ 8.60	14.50%
18,000	59.33	67.93	$ 8.60	14.50%
20,000	59.33	67.93	$ 8.60	14.50%
25,000	59.33	67.93	$ 8.60	14.50%
30,000	59.33	67.93	$ 8.60	14.50%
35,000	59.33	67.93	$ 8.60	14.50%
40,000	59.33	67.93	$ 8.60	14.50%
45,000	59.33	67.93	$ 8.60	14.50%
50,000	59.33	67.93	$ 8.60	14.50%
60,000	59.33	67.93	$ 8.60	14.50%
70,000	59.33	67.93	$ 8.60	14.50%
80,000	59.33	67.93	$ 8.60	14.50%
90,000	59.33	67.93	$ 8.60	14.50%
100,000	59.33	67.93	$ 8.60	14.50%
Average Usage				
-	$ 59.33	$ 67.93	$ 8.60	14.50%
Median Usage				
-	$ 59.33	$ 67.93	$ 8.60	14.50%

Present Rates:
Monthly Minimum: $ 59.33

Proposed Rates:
Monthly Minimum: $ 67.93

Pima Utility Company - Wastewater Division
Bill Comparison of Present and Proposed Rates
Customer Classification Commercial 1.5 Inch Meter
Test Year Ended December 31, 2010

Exhibit
Rejoinder Schedule H-4
Page 6
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 117.33	$ 134.34	$ 17.01	14.50%
1,000	117.33	134.34	$ 17.01	14.50%
2,000	117.33	134.34	$ 17.01	14.50%
3,000	117.33	134.34	$ 17.01	14.50%
4,000	117.33	134.34	$ 17.01	14.50%
5,000	117.33	134.34	$ 17.01	14.50%
6,000	117.33	134.34	$ 17.01	14.50%
7,000	117.33	134.34	$ 17.01	14.50%
8,000	117.33	134.34	$ 17.01	14.50%
9,000	117.33	134.34	$ 17.01	14.50%
10,000	117.33	134.34	$ 17.01	14.50%
12,000	117.33	134.34	$ 17.01	14.50%
14,000	117.33	134.34	$ 17.01	14.50%
16,000	117.33	134.34	$ 17.01	14.50%
18,000	117.33	134.34	$ 17.01	14.50%
20,000	117.33	134.34	$ 17.01	14.50%
25,000	117.33	134.34	$ 17.01	14.50%
30,000	117.33	134.34	$ 17.01	14.50%
35,000	117.33	134.34	$ 17.01	14.50%
40,000	117.33	134.34	$ 17.01	14.50%
45,000	117.33	134.34	$ 17.01	14.50%
50,000	117.33	134.34	$ 17.01	14.50%
60,000	117.33	134.34	$ 17.01	14.50%
70,000	117.33	134.34	$ 17.01	14.50%
80,000	117.33	134.34	$ 17.01	14.50%
90,000	117.33	134.34	$ 17.01	14.50%
100,000	117.33	134.34	$ 17.01	14.50%
Average Usage				
-	$ 117.33	$ 134.34	$ 17.01	14.50%
Median Usage				
-	$ 117.33	$ 134.34	$ 17.01	14.50%

Present Rates:
Monthly Minimum: $ 117.33

Proposed Rates:
Monthly Minimum: $ 134.34

Pima Utility Company - Wastewater Division
Bill Comparison of Present and Proposed Rates
Customer Classification Commerical 2 Inch Meter
Test Year Ended December 31, 2010

Exhibit
Rejoinder Schedule H-4
Page 7
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 187.33	$ 214.49	$ 27.16	14.50%
1,000	187.33	214.49	$ 27.16	14.50%
2,000	187.33	214.49	$ 27.16	14.50%
3,000	187.33	214.49	$ 27.16	14.50%
4,000	187.33	214.49	$ 27.16	14.50%
5,000	187.33	214.49	$ 27.16	14.50%
6,000	187.33	214.49	$ 27.16	14.50%
7,000	187.33	214.49	$ 27.16	14.50%
8,000	187.33	214.49	$ 27.16	14.50%
9,000	187.33	214.49	$ 27.16	14.50%
10,000	187.33	214.49	$ 27.16	14.50%
12,000	187.33	214.49	$ 27.16	14.50%
14,000	187.33	214.49	$ 27.16	14.50%
16,000	187.33	214.49	$ 27.16	14.50%
18,000	187.33	214.49	$ 27.16	14.50%
20,000	187.33	214.49	$ 27.16	14.50%
25,000	187.33	214.49	$ 27.16	14.50%
30,000	187.33	214.49	$ 27.16	14.50%
35,000	187.33	214.49	$ 27.16	14.50%
40,000	187.33	214.49	$ 27.16	14.50%
45,000	187.33	214.49	$ 27.16	14.50%
50,000	187.33	214.49	$ 27.16	14.50%
60,000	187.33	214.49	$ 27.16	14.50%
70,000	187.33	214.49	$ 27.16	14.50%
80,000	187.33	214.49	$ 27.16	14.50%
90,000	187.33	214.49	$ 27.16	14.50%
100,000	187.33	214.49	$ 27.16	14.50%
Average Usage				
-	$ 187.33	$ 214.49	$ 27.16	14.50%
Median Usage				
-	$ 187.33	$ 214.49	$ 27.16	14.50%

Present Rates:
Monthly Minimum: $ 187.33

Proposed Rates:
Monthly Minimum: $ 214.49

Pima Utility Company - Wastewater Division
Bill Comparison of Present and Proposed Rates
Customer Classification Effluent Sales 1
Test Year Ended December 31, 2010

Exhibit
Rejoinder Schedule H-4
Page 8
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 180.00	$ 200.00	$ 20.00	11.11%
1,000	180.00	200.51	$ 20.51	11.39%
2,000	180.00	201.02	$ 21.02	11.68%
3,000	180.00	201.53	$ 21.53	11.96%
4,000	180.00	202.04	$ 22.04	12.24%
5,000	180.00	202.55	$ 22.55	12.53%
6,000	180.00	203.06	$ 23.06	12.81%
7,000	180.00	203.57	$ 23.57	13.09%
8,000	180.00	204.08	$ 24.08	13.38%
9,000	180.00	204.59	$ 24.59	13.66%
10,000	180.00	205.10	$ 25.10	13.94%
12,000	180.00	206.12	$ 26.12	14.51%
14,000	180.00	207.14	$ 27.14	15.08%
16,000	180.00	208.16	$ 28.16	15.64%
18,000	180.00	209.18	$ 29.18	16.21%
20,000	180.00	210.20	$ 30.20	16.78%
25,000	180.00	212.75	$ 32.75	18.19%
30,000	180.00	215.30	$ 35.30	19.61%
35,000	180.00	217.85	$ 37.85	21.03%
40,000	180.00	220.40	$ 40.40	22.44%
45,000	180.00	222.95	$ 42.95	23.86%
50,000	180.00	225.50	$ 45.50	25.28%
60,000	180.00	230.60	$ 50.60	28.11%
70,000	180.00	235.70	$ 55.70	30.94%
80,000	180.00	240.80	$ 60.80	33.78%
90,000	180.00	245.90	$ 65.90	36.61%
100,000	180.00	251.00	$ 71.00	39.44%
Average Usage				
4,059,941	$ 2,476.77	$2,270.57	$(206.20)	-8.33%
Median Usage				
1,784,000	$ 1,156.72	$1,109.84	$ (46.88)	-4.05%

Present Rates:

Monthly Minimum:	$	180.00
Gallons in Minimum		100,000
Charge Per 1,000 Gallons		
All Gallons	$	0.58

Proposed Rates:

Monthly Minimum:	$	200.00
Gallons in Minimum		-
Charge Per 1,000 Gallons		
All Gallons	$	0.51

Pima Utility Company - Wastewater Division
Bill Comparison of Present and Proposed Rates
Customer Classification Effluent Sales 2
Test Year Ended December 31, 2010

Exhibit
Rejoinder Schedule H-4
Page 9
Witness: Bourassa

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	$ 180.00	$ 200.00	$ 20.00	11.11%
1,000	180.00	200.51	$ 20.51	11.39%
2,000	180.00	201.02	$ 21.02	11.68%
3,000	180.00	201.53	$ 21.53	11.96%
4,000	180.00	202.04	$ 22.04	12.24%
5,000	180.00	202.55	$ 22.55	12.53%
6,000	180.00	203.06	$ 23.06	12.81%
7,000	180.00	203.57	$ 23.57	13.09%
8,000	180.00	204.08	$ 24.08	13.38%
9,000	180.00	204.59	$ 24.59	13.66%
10,000	180.00	205.10	$ 25.10	13.94%
12,000	180.00	206.12	$ 26.12	14.51%
14,000	180.00	207.14	$ 27.14	15.08%
16,000	180.00	208.16	$ 28.16	15.64%
18,000	180.00	209.18	$ 29.18	16.21%
20,000	180.00	210.20	$ 30.20	16.78%
25,000	180.00	212.75	$ 32.75	18.19%
30,000	180.00	215.30	$ 35.30	19.61%
35,000	180.00	217.85	$ 37.85	21.03%
40,000	180.00	220.40	$ 40.40	22.44%
45,000	180.00	222.95	$ 42.95	23.86%
50,000	180.00	225.50	$ 45.50	25.28%
60,000	180.00	230.60	$ 50.60	28.11%
70,000	180.00	235.70	$ 55.70	30.94%
80,000	180.00	240.80	$ 60.80	33.78%
90,000	180.00	245.90	$ 65.90	36.61%
100,000	180.00	251.00	$ 71.00	39.44%
Average Usage				
8,632,224	$ 5,128.69	$4,602.43	$ (526.26)	-10.26%
Median Usage				
6,029,361	$ 3,619.03	$3,274.97	$ (344.06)	-9.51%

Present Rates:

Monthly Minimum:	$	180.00
Gallons in Minimum		100,000
Charge Per 1,000 Gallons		
All Gallons	$	0.58

Note: Present rates reflect the Water Division ir
This was an error.

Proposed Rates:

Monthly Minimum:	$	200.00
Gallons in Minimum		-
Charge Per 1,000 Gallons		
All Gallons	$	0.51