

ORIGINAL



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BEFORE THE ARIZONA CORPORATION COM

- 1
- 2 GARY PIERCE
CHAIRMAN
- 3 BOB STUMP
COMMISSIONER
- 4 SANDRA D. KENNEDY
COMMISSIONER
- 5 PAUL NEWMAN
COMMISSIONER
- 6 BRENDA BURNS
COMMISSIONER

7
8 IN THE MATTER OF THE APPLICATION OF
9 ARIZONA WATER COMPANY, AN ARIZONA
10 CORPORATION, FOR A DETERMINATION
11 OF THE FAIR VALUE OF ITS UTILITY
12 PLANT AND PROPERTY, AND FOR
ADJUSTMENTS TO ITS RATES AND
CHARGES FOR UTILITY SERVICE
FURNISHED BY ITS EASTERN GROUP
AND FOR CERTAIN RELATED
APPROVALS.

Docket No. W-01445A-11-0310

Arizona Corporation Commission
DOCKETED

JUN 04 2012

DOCKETED BY *LSM.*

NOTICE OF FILING

15

16

17 The RESIDENTIAL UTILITY CONSUMER OFFICE ("RUCO") hereby provides notice of

18 filing the Final Schedules of William A. Rigsby, CRRRA, and Robert Mease, in the above-

19 referenced matter.

20 RESPECTFULLY SUBMITTED this 4th day of June, 2012.

21 22 JUN 4 PM 1 22

22 RECEIVED
AZ CORP COMMISSION
DOCKET CONTROL

23 *[Signature]*
Daniel Pozefsky
Chief Counsel

1 AN ORIGINAL AND THIRTEEN COPIES
2 of the foregoing filed this 4th day
3 of June, 2012 with:

3 Docket Control
4 Arizona Corporation Commission
5 1200 West Washington
6 Phoenix, Arizona 85007

5 COPIES of the foregoing hand delivered/
6 mailed this 4th day of June, 2012 to:

7 The Honorable Lyn Farmer
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ARIZONA WATER COMPANY
DOCKET NO. W-01445A-11-0310
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ARIZONA WATER COMPANY
 TEST YEAR ENDED DECEMBER 31, 2010
 COST OF CAPITAL SUMMARY

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 FINAL SCHEDULE WAR - 1
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WEIGHTED AVERAGE COST OF CAPITAL - FINAL

LINE NO.	DESCRIPTION	(A) CAPITALIZATION PER COMPANY	(B) RUCO ADJUSTMENTS	(C) RUCO ADJUSTED CAPITALIZATION	(D) CAPITAL RATIO	(E) COST	(F) WEIGHTED COST
1	Long-Term Debt	\$ 75,000,000	\$ -	\$ 75,000,000	49.03%	6.82%	3.34%
2	Common Equity	77,975,335	-	77,975,335	50.97%	9.40%	4.79%
3	Total Capitalization	<u>\$ 152,975,335</u>	<u>\$ -</u>	<u>\$ 152,975,335</u>	<u>100.00%</u>		
4	WEIGHTED AVERAGE COST OF CAPITAL						8.13%

REFERENCES:

- COLUMN (A): TESTIMONY, WAR
- COLUMN (B): LINE 1; SCHEDULE WAR-1, PAGE 2, LINE 2; TESTIMONY WAR
- COLUMN (C): COLUMN (A) x COLUMN (B), LINE 4; LINE 1 + LINE 2
- COLUMN (D): COLUMN (C) LINES 1, 2 AND 3 / LINE 4
- COLUMN (E): LINE 1; SCHEDULE WAR-1, PAGE 2, LINES 2 AND 3; TESTIMONY WAR
- COLUMN (F): COLUMN (D) x COLUMN (E)

ARIZONA WATER COMPANY
 TEST YEAR ENDED DECEMBER 31, 2010
 COST OF CAPITAL SUMMARY

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COST OF LONG-TERM DEBT

LINE NO.	LONG-TERM DEBT ISSUANCES	(A) AMOUNT OUTSTANDING	(B) ANNUAL COST	(C) INTEREST RATE
1	SERIES K BONDS, DUE APRIL 1, 2031	\$ 15,000,000	\$ 1,206,855	8.05%
2	SERIES L BONDS, DUE AUGUST 1, 2036	25,000,000	1,575,650	6.30%
3	SERIES M BONDS, DUE AUGUST 1, 2038	35,000,000	2,336,110	6.67%
4	TOTALS	<u>\$ 75,000,000</u>	<u>\$ 5,118,615</u>	<u>6.82%</u>

REFERENCES:

COLUMN (A): COMPANY SCHEDULE D-2, PAGE 1
 COLUMN (B): COMPANY SCHEDULE D-2, PAGE 1
 COLUMN (C): COLUMN (B) / COLUMN (A)

ARIZONA WATER COMPANY
 TEST YEAR ENDED DECEMBER 31, 2010
 COST OF CAPITAL SUMMARY

DOCKET NO. W-01445A-11-0310
 FINAL SCHEDULE WAR - 1
 PAGE 3 OF 3

COST OF COMMON EQUITY CALCULATION

LINE NO.			
1	<u>DCF METHODOLOGY</u>		
2	DCF - WATER COMPANY SINGLE-STAGE CONSTANT GROWTH MODEL ESTIMATE	8.53%	SCHEDULE WAR-2, COLUMN (C), LINE 5
3	DCF - NATURAL GAS LDC SINGLE-STAGE CONSTANT GROWTH MODEL ESTIMATE	9.47%	SCHEDULE WAR-2, COLUMN (C), LINE 13
4	AVERAGE OF DCF ESTIMATES	9.00%	(LINE 2 + LINE 3) ÷ 2
5	<u>CAPM METHODOLOGY</u>		
6	CAPM - WATER COMPANY GEOMETRIC MEAN ESTIMATE	3.90%	SCHEDULE WAR-7 PAGE 1, COLUMN (B), LINE 5
7	CAPM - NATURAL GAS LDC GEOMETRIC MEAN ESTIMATE	3.73%	SCHEDULE WAR-7 PAGE 1, COLUMN (B), LINE 13
8	CAPM - WATER COMPANY ARITHMETIC MEAN ESTIMATE	5.25%	SCHEDULE WAR-7 PAGE 2, COLUMN (B), LINE 5
9	CAPM - NATURAL GAS LDC ARITHMETIC MEAN ESTIMATE	5.01%	SCHEDULE WAR-7 PAGE 2, COLUMN (B), LINE 13
10	AVERAGE OF CAPM ESTIMATES	4.47%	(SUM OF LINES 6 THRU 9) ÷ 4
11	AVERAGE OF DCF AND CAPM ESTIMATES	6.74%	(SUM OF LINES 4 AND 10) ÷ 2
12	FINAL COST OF COMMON EQUITY ESTIMATE	9.40%	TESTIMONY WAR

ARIZONA WATER COMPANY
 TEST YEAR ENDED DECEMBER 31, 2010
 DCF COST OF EQUITY CAPITAL

DOCKET NO. W-01445A-11-0310
 FINAL SCHEDULE WAR - 2

LINE NO.	STOCK SYMBOL	COMPANY	(A) DIVIDEND YIELD	(B) GROWTH RATE (g)	(C) DCF COST OF EQUITY CAPITAL
1	AWR	AMERICAN STATES WATER CO.	3.08%	+ 6.06%	= 9.14%
2	CWT	CALIFORNIA WATER SERVICE GROUP	3.49%	+ 5.21%	= 8.70%
3	MSEX	MIDDLESEX WATER COMPANY	4.02%	+ 4.60%	= 8.62%
4	SJW	SJW CORPORATION	2.96%	+ 4.33%	= 7.29%
5	WTR	AQUA AMERICA, INC.	2.99%	+ 5.90%	= 8.99%
6	WATER COMPANY AVERAGE				8.53%
7	GAS	AGL RESOURCES, INC.	4.73%	+ 6.00%	= 10.74%
8	ATO	ATMOS ENERGY CORP.	4.42%	+ 3.67%	= 8.09%
9	LG	LACLEDE GROUP, INC.	4.20%	+ 4.57%	= 8.77%
10	NJR	NEW JERSEY RESOURCES CORPORATION	3.45%	+ 6.96%	= 10.41%
11	NWN	NORTHWEST NATURAL GAS CO.	3.98%	+ 4.76%	= 8.73%
12	PNY	PIEDMONT NATURAL GAS COMPANY	3.77%	+ 3.61%	= 7.37%
13	SJI	SOUTH JERSEY INDUSTRIES, INC.	2.93%	+ 10.21%	= 13.14%
14	SWX	SOUTHWEST GAS CORPORATION	2.79%	+ 7.43%	= 10.22%
15	WGL	WGL HOLDINGS, INC.	3.91%	+ 3.84%	= 7.75%
16	NATURAL GAS LDC AVERAGE				9.47%

REFERENCES:

COLUMN (A): SCHEDULE WAR - 3, COLUMN C
 COLUMN (B): SCHEDULE WAR - 4, PAGE 1, COLUMN C
 COLUMN (C): COLUMN (A) + COLUMN (B)

ARIZONA WATER COMPANY
 TEST YEAR ENDED DECEMBER 31, 2010
 DIVIDEND YIELD CALCULATION

DOCKET NO. W-01445A-11-0310
 FINAL SCHEDULE WAR - 3

LINE NO.	STOCK SYMBOL	COMPANY	(A) ESTIMATED DIVIDEND (PER SHARE)	(B) AVERAGE STOCK PRICE (PER SHARE)	(C) DIVIDEND YIELD
1	AWR	AMERICAN STATES WATER CO.	\$1.12 /	\$36.36 =	3.08%
2	CWT	CALIFORNIA WATER SERVICE GROUP	\$0.63 /	\$18.05 =	3.49%
3	MSEX	MIDDLESEX WATER COMPANY	\$0.74 /	\$18.41 =	4.02%
4	SJW	SJW CORPORATION	\$0.71 /	\$24.01 =	2.96%
5	WTR	AQUA AMERICA, INC.	\$0.66 /	\$22.08 =	2.99%
6	WATER COMPANY AVERAGE				3.31%
7	GAS	AGL RESOURCES, INC.	\$1.84 /	\$38.86 =	4.73%
8	ATO	ATMOS ENERGY CORP.	\$1.38 /	\$31.23 =	4.42%
9	LG	LACLEDE GROUP, INC.	\$1.66 /	\$39.49 =	4.20%
10	NJR	NEW JERSEY RESOURCES CORPORATION	\$1.52 /	\$44.04 =	3.45%
11	NWN	NORTHWEST NATURAL GAS CO.	\$1.78 /	\$44.78 =	3.98%
12	PNY	PIEDMONT NATURAL GAS COMPANY	\$1.16 /	\$30.81 =	3.77%
13	SJI	SOUTH JERSEY INDUSTRIES, INC.	\$1.46 /	\$49.84 =	2.93%
14	SMX	SOUTHWEST GAS CORPORATION	\$1.18 /	\$42.35 =	2.79%
15	WGL	WGL HOLDINGS, INC.	\$1.56 /	\$39.89 =	3.91%
16	NATURAL GAS LDC AVERAGE				3.50%

REFERENCES:

COLUMN (A): ESTIMATED 12 MONTH DIVIDEND REPORTED IN VALUE LINE INVESTMENT SURVEY - RATINGS & REPORTS DATED 04/20/2012 (WATER COMPANIES) AND 03/09/2012 (NATURAL GAS LDCs).
 COLUMN (B): EIGHT WEEK AVERAGE OF ADJUSTED CLOSING PRICES FROM 03/05/2012 TO 04/27/2012
 STOCK QUOTES OBTAINED THROUGH YAHOO! FINANCE WEB SITE - HISTORICAL QUOTES (<http://finance.yahoo.com>).
 COLUMN (C): COLUMN (A) DIVIDED BY COLUMN (B)

NOTE:
 CLOSING STOCK PRICES ARE ADJUSTED FOR DIVIDENDS AND STOCK SPLITS.

ARIZONA WATER COMPANY
 TEST YEAR ENDED DECEMBER 31, 2010
 DIVIDEND GROWTH RATE CALCULATION

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 FINAL SCHEDULE WAR - 4
 PAGE 1 OF 2

LINE NO.	STOCK SYMBOL	COMPANY	(A) INTERNAL GROWTH (br)	(B) EXTERNAL GROWTH (sv)	(C) DIVIDEND GROWTH (g)
1	AWR	AMERICAN STATES WATER CO.	5.75%	+ 0.31%	= 6.06%
2	CWT	CALIFORNIA WATER SERVICE GROUP	4.50%	+ 0.71%	= 5.21%
3	MSEX	MIDDLESEX WATER COMPANY	4.00%	+ 0.60%	= 4.60%
4	SJW	SJW CORPORATION	3.10%	+ 1.23%	= 4.33%
5	WTR	AQUA AMERICA, INC.	5.50%	+ 0.40%	= 5.90%
6	WATER COMPANY AVERAGE				= 5.22%
7	GAS	AGL RESOURCES, INC.	5.90%	+ 0.10%	= 6.00%
8	ATO	ATMOS ENERGY CORP.	3.50%	+ 0.17%	= 3.67%
9	LG	LACLEDE GROUP, INC.	3.90%	+ 0.67%	= 4.57%
10	NJR	NEW JERSEY RESOURCES CORPORATION	6.95%	+ 0.01%	= 6.96%
11	NWN	NORTHWEST NATURAL GAS CO.	4.70%	+ 0.06%	= 4.76%
12	PNY	PIEDMONT NATURAL GAS COMPANY	3.60%	+ 0.01%	= 3.61%
13	SJI	SOUTH JERSEY INDUSTRIES, INC.	8.20%	+ 2.01%	= 10.21%
14	SWX	SOUTHWEST GAS CORPORATION	6.85%	+ 0.58%	= 7.43%
15	WGL	WGL HOLDINGS, INC.	3.65%	+ 0.19%	= 3.84%
16	NATURAL GAS LDC AVERAGE				= 5.67%

REFERENCES:
 COLUMN (A): TESTIMONY, WAR
 COLUMN (B): SCHEDULE WAR - 4, PAGE 2, COLUMN C
 COLUMN (C): COLUMN (A) + COLUMN (B)

ARIZONA WATER COMPANY
 TEST YEAR ENDED DECEMBER 31, 2010
 DIVIDEND GROWTH RATE CALCULATION

DOCKET NO. W-01445A-11-0310
 FINAL SCHEDULE WAR - 4
 PAGE 2 OF 2

LINE NO.	STOCK SYMBOL	COMPANY	(A) SHARE GROWTH	(B) $\frac{\{ [(M+B) + 1] / 2 \} - 1}{2}$	(C) EXTERNAL GROWTH (SV)
1	AWR	AMERICAN STATES WATER CO.	1.00%	$\frac{\{ [(1.62) + 1] / 2 \} - 1}{2} =$	0.31%
2	CWT	CALIFORNIA WATER SERVICE GROUP	2.60%	$\frac{\{ [(1.55) + 1] / 2 \} - 1}{2} =$	0.71%
3	MSEX	MIDDLESEX WATER COMPANY	1.90%	$\frac{\{ [(1.64) + 1] / 2 \} - 1}{2} =$	0.60%
4	SJW	SJW CORPORATION	4.30%	$\frac{\{ [(1.57) + 1] / 2 \} - 1}{2} =$	1.23%
5	WTR	AQUA AMERICA, INC.	0.60%	$\frac{\{ [(2.34) + 1] / 2 \} - 1}{2} =$	0.40%
6	WATER COMPANY AVERAGE				0.65%
7	GAS	AGL RESOURCES, INC.	0.65%	$\frac{\{ [(1.31) + 1] / 2 \} - 1}{2} =$	0.10%
8	ATO	ATMOS ENERGY CORP.	2.60%	$\frac{\{ [(1.13) + 1] / 2 \} - 1}{2} =$	0.17%
9	LG	LACLEDE GROUP, INC.	3.00%	$\frac{\{ [(1.45) + 1] / 2 \} - 1}{2} =$	0.67%
10	NJR	NEW JERSEY RESOURCES CORPORATION	0.01%	$\frac{\{ [(2.41) + 1] / 2 \} - 1}{2} =$	0.01%
11	NWN	NORTHWEST NATURAL GAS CO.	0.20%	$\frac{\{ [(1.59) + 1] / 2 \} - 1}{2} =$	0.06%
12	PNY	PIEDMONT NATURAL GAS COMPANY	0.01%	$\frac{\{ [(2.21) + 1] / 2 \} - 1}{2} =$	0.01%
13	SJI	SOUTH JERSEY INDUSTRIES, INC.	3.00%	$\frac{\{ [(2.34) + 1] / 2 \} - 1}{2} =$	2.01%
14	SWX	SOUTHWEST GAS CORPORATION	2.20%	$\frac{\{ [(1.53) + 1] / 2 \} - 1}{2} =$	0.58%
15	WGL	WGL HOLDINGS, INC.	0.60%	$\frac{\{ [(1.62) + 1] / 2 \} - 1}{2} =$	0.19%
16	NATURAL GAS LDC AVERAGE				0.42%

REFERENCES:
 COLUMN (A): TESTIMONY, WAR
 COLUMN (B): VALUE LINE INVESTMENT SURVEY
 - RATINGS & REPORTS DATED 04/20/2012 (WATER COMPANIES) AND 03/09/2012 (NATURAL GAS LDC's)
 COLUMN (C): COLUMN (A) x COLUMN (B)

LINE NO.	STOCK SYMBOL	WATER COMPANY NAME	OPERATING PERIOD	RETENTION RATIO (A)	RETURN ON BOOK EQUITY (B)	DIVIDEND GROWTH (C)	BOOK VALUE (\$/SHARE) (D)	SHARES OUTST. (MILLIONS) (E)	SHARE GROWTH (F)
1	AWR	AMERICAN STATES WATER CO.	2007	0.4074	9.30%	3.79%	17.53	17.23	2.27%
2			2008	0.3548	8.60%	3.05%	17.95	17.30	0.80%
3			2009	0.3765	8.20%	3.09%	19.39	18.53	0.92%
4			2010	0.5315	11.00%	5.85%	20.26	18.63	0.78%
5			2011	0.5067	10.30%	5.22%	21.68	18.85	
6			GROWTH 2007 - 2011				5.00%	19.00	
7			2012	0.4727	9.50%	4.20%	4.49%	19.20	
8			2013	0.4917	10.00%	4.92%	4.50%	19.60	
9			2015-17	0.5214	11.00%	5.74%			
10									
11	CWT	CALIFORNIA WATER SERVICE GROUP	2007	0.2267	8.10%	1.84%	9.25	41.33	0.30%
12			2008	0.3789	9.90%	3.75%	9.72	41.45	2.82%
13			2009	0.3980	9.60%	3.82%	10.13	41.53	2.57%
14			2010	0.3407	8.60%	2.93%	10.45	41.67	2.58%
15			2011	0.2791	8.00%	2.23%	10.76	41.82	
16			GROWTH 2007 - 2011				5.00%	43.00	
17			2012	0.3600	8.50%	3.06%	3.52%	44.00	
18			2013	0.3909	9.00%	3.52%	3.50%	47.50	
19			2015-17	0.4231	10.50%	4.44%			
20									
21	MSEX	MIDDLESEX WATER COMPANY	2007	0.2069	8.70%	1.80%	10.05	13.25	4.33%
22			2008	0.2135	8.90%	1.90%	10.03	13.40	1.91%
23			2009	0.0139	7.00%	0.10%	10.33	13.52	1.74%
24			2010	0.2500	8.20%	2.05%	11.13	15.57	1.90%
25			2011	0.1310	7.60%	1.00%	11.27	15.70	
26			GROWTH 2007 - 2011				5.50%	16.00	
27			2012	0.2211	8.50%	1.37%	1.88%	16.25	
28			2013	0.2857	9.00%	2.57%	1.74%	17.25	
29			2015-17	0.3600	11.00%	3.96%	1.00%		
30									
31	SLW	SLW CORPORATION	2007	0.4135	8.20%	3.39%	12.90	18.36	0.31%
32			2008	0.3981	8.00%	3.19%	13.99	18.18	7.58%
33			2009	0.1852	6.00%	1.11%	13.66	18.50	6.28%
34			2010	0.1905	6.20%	1.18%	13.75	18.55	4.35%
35			2011	0.3784	7.90%	2.99%	14.20	18.59	
36			GROWTH 2007 - 2011				4.50%	20.00	
37			2012	0.3565	7.50%	2.67%	2.63%	21.00	
38			2013	0.3500	7.50%	2.63%	3.50%	23.00	
39			2015-17	0.3857	8.00%	3.09%			

REFERENCES:
 COLUMNS (A) & (B): VALUE LINE INVESTMENT SURVEY
 - RATINGS & REPORTS DATED 04/20/2012
 COLUMN (C): COLUMN (A) x COLUMN (B)
 COLUMN (D): LINES 6, 16, 26 & 36, SIMPLE AVERAGE GROWTH, 2007 - 2011

COLUMN (D): VALUE LINE INVESTMENT SURVEY
 COLUMN (E): LINES 6, 16, 26 & 36, COMPOUND GROWTH RATE
 COLUMN (F): VALUE LINE INVESTMENT SURVEY
 COLUMN (F): COMPOUND GROWTH RATES OF DATES SHOWN

LINE NO.	STOCK SYMBOL	NATURAL GAS LDC NAME	OPERATING PERIOD	RETENTION RATIO (A)	RETURN ON BOOK EQUITY (B)	DIVIDEND GROWTH (C)	BOOK VALUE (\$/SHARE) (D)	SHARES OUTST. (MILLIONS) (E)	SHARE GROWTH (F)
1	WTR	AQUA AMERICA, INC.	2007	0.3239	9.70%	3.14%	7.32	133.40	
2			2008	0.3014	9.70%	2.92%	7.82	135.37	
3			2009	0.2857	9.40%	2.69%	8.12	136.49	
4			2010	0.3444	10.60%	3.65%	8.51	137.97	
5			2011	0.3981	11.40%	4.54%	9.01	138.87	
6			GROWTH 2007 - 2011						
7			2012	0.3909	11.50%	4.50%	7.00%	139.90	1.01%
8			2013	0.4083	12.00%	4.90%		140.90	0.73%
9			2015-17	0.4357	12.50%	5.45%		142.90	0.57%

REFERENCES:

COLUMNS (A) & (B): VALUE LINE INVESTMENT SURVEY
 - RATINGS & REPORTS DATED 04/20/2012
 COLUMN (C): COLUMN (A) x COLUMN (B)
 COLUMN (D): LINES 6, 16, 26 & 36, SIMPLE AVERAGE GROWTH, 2007 - 2011

COLUMN (D): VALUE LINE INVESTMENT SURVEY
 COLUMN (E): LINE 6, COMPOUND GROWTH RATE
 COLUMN (F): VALUE LINE INVESTMENT SURVEY
 COLUMN (F): COMPOUND GROWTH RATES OF DATES SHOWN

LINE NO.	STOCK SYMBOL	NATURAL GAS LDC NAME	OPERATING PERIOD	(A) RETENTION RATIO (B)	(B) RETURN ON BOOK EQUITY (C)	(C) DIVIDEND GROWTH (G)	(D) BOOK VALUE (\$/SHARE)	(E) SHARES OUTST. (MILLIONS)	(F) SHARE GROWTH
1	GAS	AGL RESOURCES, INC.	2007	0.3971	12.70%	5.04%	21.74	76.40	11.24%
2			2008	0.3801	12.60%	4.79%	21.48	76.90	0.85%
3			2009	0.4028	12.50%	5.03%	22.95	77.54	0.85%
4			2010	0.4133	12.90%	5.33%	23.24	78.00	0.67%
5			2011	0.1038	5.20%	0.54%	28.54	117.00	
6			GROWTH 2007 - 2011			4.15%	5.50%		
7			2012	0.4338	11.00%	4.77%		118.00	0.85%
8			2013	0.4551	11.00%	5.01%		119.00	0.85%
9			2015-17	0.5122	12.00%	6.15%		121.00	0.67%
10	ATO	ATMOS ENERGY CORP.	2007	0.3402	8.70%	2.96%	22.01	89.33	0.27%
11			2008	0.3500	8.80%	3.08%	22.60	90.81	0.22%
12			2009	0.3299	8.30%	2.74%	23.52	92.55	0.39%
13			2010	0.3796	9.20%	3.49%	24.16	90.16	0.39%
14			2011	0.3982	8.80%	3.50%	24.98	90.30	0.27%
15			GROWTH 2007 - 2011			3.16%	4.50%		
16			2012	0.4000	8.50%	3.40%		90.50	0.22%
17			2013	0.4167	8.00%	3.33%		91.00	0.39%
18			2015-17	0.4519	8.00%	3.61%		103.00	2.67%
19	LG	LACLEDE GROUP, INC.	2007	0.3723	11.60%	4.32%	19.79	21.65	0.89%
20			2008	0.4356	11.80%	5.14%	22.12	21.99	0.31%
21			2009	0.4760	12.40%	5.90%	23.32	22.17	1.26%
22			2010	0.3539	10.10%	3.57%	24.02	22.29	0.31%
23			2011	0.4371	11.10%	4.85%	25.56	22.43	0.89%
24			GROWTH 2007 - 2011			4.76%	6.50%		
25			2012	0.3889	10.00%	3.89%		22.50	0.31%
26			2013	0.3964	10.00%	3.96%		23.00	1.26%
27			2015-17	0.4098	10.00%	4.10%		26.00	3.00%
28	NJR	NEW JERSEY RESOURCES CORPORATION	2007	0.3484	10.10%	3.52%	15.50	41.61	0.89%
29			2008	0.5889	15.70%	9.25%	17.28	42.06	0.31%
30			2009	0.4833	14.60%	7.06%	16.59	41.59	1.26%
31			2010	0.4472	14.00%	6.26%	17.62	41.17	0.31%
32			2011	0.4419	13.70%	6.05%	18.73	41.45	0.89%
33			GROWTH 2007 - 2011			6.43%	7.50%		
34			2012	0.4667	16.00%	7.47%		40.00	-3.50%
35			2013	0.5175	16.50%	8.54%		40.00	-1.76%
36			2015-17	0.5130	14.00%	7.18%		40.00	-0.71%

REFERENCES:
 COLUMNS (A) & (B): VALUE LINE INVESTMENT SURVEY
 - RATINGS & REPORTS DATED 03/09/2012
 COLUMN (C): COLUMN (A) x COLUMN (B)
 COLUMN (D): LINES 6, 16, 26 & 36, SIMPLE AVERAGE GROWTH, 2007 - 2011
 COLUMN (E): VALUE LINE INVESTMENT SURVEY
 COLUMN (F): COMPOUND GROWTH RATES OF DATES SHOWN

LINE NO.	STOCK SYMBOL	NATURAL GAS LDC NAME	OPERATING PERIOD	RETENTION RATIO (A)	RETURN ON BOOK EQUITY (B)	DIVIDEND GROWTH (C)	BOOK VALUE (\$/SHARE) (D)	SHARES OUTST. (MILLIONS) (E)	SHARE GROWTH (F)
1	NWN	NORTHWEST NATURAL GAS CO.	2007	0.4783	12.50%	5.98%	22.52	26.41	0.29%
2			2008	0.4086	10.90%	4.45%	23.71	26.50	0.11%
3			2009	0.4346	11.40%	4.95%	24.88	26.53	0.15%
4			2010	0.3846	10.50%	4.04%	26.08	26.58	0.17%
5			2011	0.2878	8.90%	2.38%	26.74	26.72	0.29%
6			GROWTH 2007 - 2011			4.36%	4.00%		
7			2012	0.3283	9.50%	3.12%		26.75	0.11%
8			2013	0.3831	10.00%	3.83%		26.80	0.15%
9			2015-17	0.4611	10.50%	4.84%		26.95	0.17%
10									
11	PNY	PIEDMONT NATURAL GAS COMPANY	2007	0.2829	11.90%	3.49%	11.99	73.23	-0.31%
12			2008	0.3087	12.40%	3.83%	12.11	73.26	-1.83%
13			2009	0.3593	13.20%	4.74%	12.67	73.27	-1.62%
14			2010	0.2839	11.60%	3.29%	13.35	72.28	-1.22%
15			2011	0.2675	11.40%	3.05%	13.79	72.32	
16			GROWTH 2007 - 2011			3.68%	3.00%		
17			2012	0.2788	12.00%	3.35%		71.00	-1.83%
18			2013	0.2765	12.00%	3.32%		70.00	-1.62%
19			2015-17	0.2895	13.00%	3.76%		68.00	-1.22%
20									
21	SJI	SOUTH JERSEY INDUSTRIES, INC.	2007	0.5167	12.80%	6.61%	16.25	29.61	0.50%
22			2008	0.5110	13.10%	6.69%	17.33	29.73	2.62%
23			2009	0.4874	13.10%	6.38%	18.24	29.80	2.92%
24			2010	0.4963	14.20%	7.05%	19.08	29.87	2.99%
25			2011	0.4810	14.30%	6.89%	20.66	30.21	0.50%
26			GROWTH 2007 - 2011			6.72%	8.00%		
27			2012	0.4875	15.00%	7.31%		31.00	2.62%
28			2013	0.4857	15.50%	7.53%		32.00	2.92%
29			2015-17	0.5000	17.00%	8.50%		35.00	2.99%
30									
31	SWX	SOUTHWEST GAS CORPORATION	2007	0.5590	8.50%	4.75%	22.98	42.81	1.79%
32			2008	0.3525	5.90%	2.08%	23.49	44.19	2.26%
33			2009	0.5103	7.90%	4.03%	24.44	45.09	2.20%
34			2010	0.5595	8.90%	4.98%	25.62	45.56	2.10%
35			2011	0.5638	9.20%	5.19%	26.68	45.96	
36			GROWTH 2007 - 2011			4.21%	5.30%		
37			2012	0.5547	9.50%	5.27%		47.00	2.26%
38			2013	0.5517	10.00%	5.52%		48.00	2.20%
39			2015-17	0.5789	12.00%	6.95%		51.00	2.10%

REFERENCES:
 COLUMNS (A) & (B): VALUE LINE INVESTMENT SURVEY
 - RATINGS & REPORTS DATED 03/09/2012
 COLUMN (C): COLUMN (A) x COLUMN (B)
 COLUMN (D): LINES 6, 16, 26 & 36, SIMPLE AVERAGE GROWTH, 2007 - 2011

COLUMN (D): VALUE LINE INVESTMENT SURVEY
 COLUMN (D): LINES 6, 16, 26 & 36, COMPOUND GROWTH RATE
 COLUMN (E): VALUE LINE INVESTMENT SURVEY
 COLUMN (F): COMPOUND GROWTH RATES OF DATES SHOWN

LINE NO.	STOCK SYMBOL	NATURAL GAS LDC NAME	OPERATING PERIOD	RETENTION RATIO (A)	RETURN ON BOOK EQUITY (B)	DIVIDEND GROWTH (C)	BOOK VALUE (\$/SHARE) (D)	SHARES OUTST. (MILLIONS) (E)	SHARE GROWTH (F)
1	WGL	WGL HOLDINGS, INC.	2007	0.3445	10.40%	3.58%	19.83	49.45	
2			2008	0.4221	10.40%	4.39%	20.99	49.92	
3			2009	0.4190	11.60%	4.86%	21.89	50.14	
4			2010	0.3392	9.90%	3.36%	22.82	50.54	
5			2011	0.3111	9.50%	2.96%	23.49	51.20	
6			GROWTH 2007 - 2011			3.83%	5.00%		0.87%
7			2012	0.3640	10.00%	3.64%		51.50	0.59%
8			2013	0.3608	10.00%	3.61%		51.75	0.54%
9			2015-17	0.3750	10.00%	3.75%		52.00	0.31%

REFERENCES:

COLUMNS (A) & (B): VALUE LINE INVESTMENT SURVEY
 - RATINGS & REPORTS DATED 03/09/2012
 COLUMN (C): COLUMN (A) x COLUMN (B)
 COLUMN (D): LINES 6, 16, 26 & 36, SIMPLE AVERAGE GROWTH, 2007 - 2011

COLUMN (D): VALUE LINE INVESTMENT SURVEY
 COLUMN (D): LINE 6, COMPOUND GROWTH RATE
 COLUMN (E): VALUE LINE INVESTMENT SURVEY
 COLUMN (F): COMPOUND GROWTH RATES OF DATES SHOWN

WATER COMPANY SAMPLE:

LINE NO.	STOCK SYMBOL	(A) (br) + (sv)	(B) ZACKS EPS	(C) VALUE LINE PROJECTED DPS	BVPS	(D) VALUE LINE HISTORIC DPS	BVPS	(E) VALUE LINE & ZACKS AVGS.	EPS	(F) 5 - YEAR COMPOUND HISTORY DPS	BVPS
1	AWR	6.06%	12.00%	4.00%	4.50%	11.50%	2.50%	5.00%	8.32%	3.46%	5.46%
2	CWT	5.21%	10.00%	4.00%	3.50%	5.00%	1.00%	5.00%	3.48%	1.68%	3.85%
3	MSEX	4.60%	-	1.50%	1.00%	4.50%	1.50%	5.50%	-0.87%	1.42%	2.91%
4	SLW	4.33%	-	4.00%	3.50%	3.00%	5.00%	4.50%	1.64%	3.13%	2.43%
5	WTR	5.90%	8.30%	5.50%	4.50%	4.50%	8.00%	7.00%	9.75%	6.61%	5.33%
6	AVERAGES	5.22%	10.10%	4.63%	3.40%	4.50%	3.60%	5.40%	4.46%	3.26%	3.99%
7	AVERAGES	5.22%	10.10%	4.63%	3.40%	4.50%	3.60%	5.40%	4.97%	3.91%	3.99%

NATURAL GAS LDC SAMPLE:

LINE NO.	STOCK SYMBOL	(A) (br) + (sv)	(B) ZACKS EPS	(C) VALUE LINE PROJECTED DPS	BVPS	(D) VALUE LINE HISTORIC DPS	BVPS	(E) VALUE LINE & ZACKS AVGS.	EPS	(F) 5 - YEAR COMPOUND HISTORY DPS	BVPS
1	GAS	6.00%	4.30%	2.00%	6.00%	4.50%	7.50%	5.50%	-6.04%	3.75%	7.04%
2	ATO	3.67%	4.30%	1.50%	6.00%	4.00%	1.50%	4.50%	3.89%	1.53%	3.22%
3	LG	4.57%	3.00%	2.50%	4.50%	6.00%	2.50%	6.50%	5.48%	2.65%	6.61%
4	NJR	6.96%	4.50%	4.00%	5.50%	7.00%	8.00%	7.50%	13.59%	9.27%	4.85%
5	NWN	4.75%	4.30%	3.00%	4.50%	7.00%	4.50%	4.00%	-3.53%	5.00%	4.39%
6	PNY	3.61%	4.70%	3.00%	2.00%	4.50%	4.00%	3.00%	2.91%	3.82%	3.56%
7	SJI	10.21%	6.00%	9.00%	5.00%	9.50%	8.50%	8.00%	8.44%	10.39%	6.19%
8	SWX	7.43%	5.30%	8.00%	4.50%	6.50%	3.00%	6.04%	5.66%	5.37%	3.80%
9	WGL	3.84%	5.20%	2.50%	4.00%	3.00%	2.50%	3.60%	1.86%	3.13%	4.33%
10	AVERAGES	5.67%	4.62%	4.51%	4.67%	5.78%	4.67%	5.50%	3.58%	4.99%	4.89%
11	AVERAGES	5.67%	4.62%	4.51%	4.67%	5.78%	4.67%	5.50%	4.88%	4.49%	4.89%

REFERENCES:

- COLUMN (A): SCHEDULE WAR - 4, PAGE 1, COLUMN C
- COLUMN (B): ZACKS INVESTMENT RESEARCH (WWW.ZACKS.COM)
- COLUMN (C): VALUE LINE INVESTMENT SURVEY - RATINGS & REPORTS DATED 04/20/2012 (WATER COMPANIES) AND 03/09/2012 (NATURAL GAS LDC'S)
- COLUMN (D): VALUE LINE INVESTMENT SURVEY - RATINGS & REPORTS DATED 04/20/2012 (WATER COMPANIES) AND 03/09/2012 (NATURAL GAS LDC'S)
- COLUMN (E): SIMPLE AVERAGE OF COLUMNS (B) THRU (D) LINES 1 THRU 3 (WATER) AND 1 THRU 3 (NATURAL GAS)
- COLUMN (F): 5-YEAR ANNUAL GROWTH RATE CALCULATED WITH DATA COMPILED FROM VALUE LINE INVESTMENT SURVEY - RATINGS & REPORTS DATED 04/20/2012 (WATER COMPANIES) AND 03/09/2012 (NATURAL GAS LDC'S)

BASED ON A GEOMETRIC MEAN:

LINE NO.	STOCK SYMBOL	k	r _f	β	r _m	r _i	EXPECTED RETURN (B)
1	AWR	k	= 0.78%	+ [0.70	x (9.80%	- 5.40%)]	= 3.86%
2	CWT	k	= 0.78%	+ [0.65	x (9.80%	- 5.40%)]	= 3.64%
3	MSEX	k	= 0.78%	+ [0.70	x (9.80%	- 5.40%)]	= 3.86%
4	SJW	k	= 0.78%	+ [0.85	x (9.80%	- 5.40%)]	= 4.52%
5	WTR	k	= 0.78%	+ [0.65	x (9.80%	- 5.40%)]	= 3.64%
6	WATER COMPANY AVERAGE			[0.71			[3.90%
7	GAS	k	= 0.78%	+ [0.75	x (9.80%	- 5.40%)]	= 4.08%
8	ATO	k	= 0.78%	+ [0.70	x (9.80%	- 5.40%)]	= 3.86%
9	LG	k	= 0.78%	+ [0.60	x (9.80%	- 5.40%)]	= 3.42%
10	NJR	k	= 0.78%	+ [0.65	x (9.80%	- 5.40%)]	= 3.64%
11	NWIN	k	= 0.78%	+ [0.80	x (9.80%	- 5.40%)]	= 3.42%
12	PNY	k	= 0.78%	+ [0.70	x (9.80%	- 5.40%)]	= 3.86%
13	SJI	k	= 0.78%	+ [0.65	x (9.80%	- 5.40%)]	= 3.64%
14	SWX	k	= 0.78%	+ [0.75	x (9.80%	- 5.40%)]	= 4.08%
15	WGL	k	= 0.78%	+ [0.65	x (9.80%	- 5.40%)]	= 3.64%
16	NATURAL GAS LDC AVERAGE			[0.67			[3.73%

REFERENCES:
 COLUMN (A): SHARPE LITNER CAPITAL ASSET PRICING MODEL (CAPM) FORMULA

$$k = r_f + [\beta (r_m - r_f)]$$

WHERE: k = THE EXPECTED RETURN ON A GIVEN SECURITY

r_f = RATE OF RETURN ON A RISK FREE ASSET PROXY (A)

β = THE BETA COEFFICIENT OF A GIVEN SECURITY

r_m = PROXY FOR THE MARKET RATE OF RETURN (B)

COLUMN (B): EXPECTED RATE OF RETURN USING THE CAPM FORMULA

NOTES

- (a) AN 8-WEEK AVERAGE OF THE YIELD ON A 5-YEAR U.S. TREASURY INSTRUMENT THAT APPEARED IN VALUE LINE INVESTMENT SURVEY'S "SELECTION & OPINIONS" PUBLICATION FROM 03/16/2012 THROUGH 05/04/2012 WAS USED AS A RISK FREE RATE OF RETURN.
- (b) THE RISK PREMIUM (RM - RF) USED THE GEOMETRIC MEAN FOR S&P 500 TOTAL RETURNS OVER THE 1926 - 2011 PERIOD MINUS TOTAL RETURNS ON INTERMEDIATE TREASURIES DURING THE SAME PERIOD. THE DATA WAS OBTAINED FROM MORNINGSTAR'S STOCKS, BONDS, BILLS AND INFLATION: 2012 YEARBOOK.

BASED ON AN ARITHMETIC MEAN:

LINE NO.	STOCK SYMBOL	(A)					(B) EXPECTED RETURN
		k	r _f	β	r _m	r _i	
1	AWR	k = 0.78%	+ [0.70	x (11.80%	- 5.50%	)] = 5.19%
2	CWT	k = 0.78%	+ [0.65	x (11.80%	- 5.50%	)] = 4.87%
3	MSEX	k = 0.78%	+ [0.70	x (11.80%	- 5.50%	)] = 5.19%
4	SJW	k = 0.78%	+ [0.85	x (11.80%	- 5.50%	)] = 6.13%
5	WTR	k = 0.78%	+ [0.65	x (11.80%	- 5.50%	)] = 4.87%
6	WATER COMPANY AVERAGE			0.71		5.25%	
7	GAS	k = 0.78%	+ [0.75	x (11.80%	- 5.50%	)] = 5.50%
8	ATO	k = 0.78%	+ [0.70	x (11.80%	- 5.50%	)] = 5.19%
9	LG	k = 0.78%	+ [0.60	x (11.80%	- 5.50%	)] = 4.56%
10	NJR	k = 0.78%	+ [0.65	x (11.80%	- 5.50%	)] = 4.87%
11	NWN	k = 0.78%	+ [0.60	x (11.80%	- 5.50%	)] = 4.56%
12	PNY	k = 0.78%	+ [0.70	x (11.80%	- 5.50%	)] = 5.19%
13	SJI	k = 0.78%	+ [0.65	x (11.80%	- 5.50%	)] = 4.87%
14	SWX	k = 0.78%	+ [0.75	x (11.80%	- 5.50%	)] = 5.50%
15	WGL	k = 0.78%	+ [0.65	x (11.80%	- 5.50%	)] = 4.87%
16	NATURAL GAS LDC AVERAGE			0.67		5.01%	

REFERENCES:
 COLUMN (A): SHARPE LITNER CAPITAL ASSET PRICING MODEL ("CAPM") FORMULA

$$k = r_f + [\beta (r_m - r_f)]$$

WHERE: k = THE EXPECTED RETURN ON A GIVEN SECURITY
 r_f = RATE OF RETURN ON A RISK FREE ASSET PROXY (a)
 β = THE BETA COEFFICIENT OF A GIVEN SECURITY
 r_m = PROXY FOR THE MARKET RATE OF RETURN (b)

COLUMN (B): EXPECTED RATE OF RETURN USING THE CAPM FORMULA

NOTES

(a) AN 8-WEEK AVERAGE OF THE YIELD ON A 5-YEAR U.S. TREASURY INSTRUMENT THAT APPEARED IN VALUE LINE INVESTMENT SURVEY'S "SELECTION & OPINIONS" PUBLICATION FROM 03/16/2012 THROUGH 09/04/2012 WAS USED AS A RISK FREE RATE OF RETURN.

(b) THE RISK PREMIUM (RM - RF) USED THE ARITHMETIC MEAN FOR S&P 500 TOTAL RETURNS OVER THE 1926 - 2011 PERIOD MINUS TOTAL RETURNS ON INTERMEDIATE TREASURIES DURING THE SAME PERIOD. THE DATA WAS OBTAINED FROM MORNINGSTAR'S STOCKS, BONDS, BILLS AND INFLATION: 2012 YEARBOOK.

ARIZONA WATER COMPANY
 TEST YEAR ENDED DECEMBER 31, 2010
 ECONOMIC INDICATORS - 1990 TO PRESENT

DOCKET NO. W-01445A-11-0310
 FINAL SCHEDULE WAR - 8

LINE NO.	YEAR	(A) CHANGE IN CPI	(B) CHANGE IN GDP (1996 \$)	(C) PRIME RATE	(D) FED. DISC. RATE	(E) FED. FUNDS RATE	(F) 91-DAY T-BILLS	(G) 30-YR T-BONDS	(H) A-RATED UTIL. BOND YIELD	(I) Baa-RATED UTIL. BOND YIELD
1	1990	5.39%	1.90%	10.01%	6.98%	8.10%	7.50%	7.49%	9.86%	10.06%
2	1991	4.25%	-0.20%	8.46%	5.45%	5.69%	5.38%	5.38%	9.36%	9.55%
3	1992	3.03%	3.30%	6.25%	3.25%	3.52%	3.43%	3.43%	8.69%	8.86%
4	1993	2.96%	2.70%	6.00%	3.00%	3.02%	3.00%	3.00%	7.59%	7.91%
5	1994	2.61%	4.00%	7.14%	3.60%	4.21%	4.25%	4.25%	8.31%	8.63%
6	1995	2.81%	2.50%	8.83%	5.21%	5.83%	5.49%	5.49%	7.89%	8.29%
7	1996	2.33%	3.70%	8.27%	5.02%	5.30%	5.01%	5.01%	7.75%	8.17%
8	1997	2.34%	4.50%	8.44%	5.00%	5.46%	5.06%	5.06%	7.60%	8.12%
9	1998	1.55%	4.20%	8.35%	4.92%	5.35%	4.78%	4.78%	7.04%	7.27%
10	1999	2.19%	4.50%	7.99%	4.62%	4.97%	4.64%	4.64%	7.62%	7.88%
11	2000	3.38%	3.70%	9.23%	5.73%	6.24%	5.82%	5.82%	8.24%	8.36%
12	2001	2.83%	0.80%	6.92%	3.41%	3.88%	3.40%	3.40%	7.59%	8.02%
13	2002	1.59%	1.60%	4.67%	1.17%	1.67%	1.61%	1.61%	7.41%	7.98%
14	2003	2.27%	2.50%	4.12%	2.03%	1.13%	1.01%	4.92%	6.18%	6.64%
15	2004	2.68%	3.60%	4.34%	2.34%	1.35%	1.37%	5.03%	5.77%	6.20%
16	2005	3.39%	2.90%	6.16%	4.19%	3.22%	3.15%	4.57%	5.38%	5.78%
17	2006	3.24%	2.80%	7.97%	5.96%	4.97%	4.73%	4.91%	5.94%	6.30%
18	2007	2.85%	2.90%	8.05%	5.86%	5.02%	4.36%	4.84%	6.07%	6.24%
19	2008	3.84%	-6.80%	5.09%	2.39%	1.92%	1.37%	4.28%	6.34%	6.64%
20	2009	-0.36%	5.00%	3.25%	0.50%	0.00% - 0.25%	0.15%	4.09%	5.84%	6.87%
21	2010	1.64%	2.80%	3.25%	0.72%	0.00% - 0.25%	0.13%	4.25%	5.50%	5.98%
22	2011	3.00%	1.70%	3.25%	0.75%	0.00-0.25%	0.05%	3.93%	5.06%	5.58%
23	CURRENT	2.70%	2.20%	3.25%	0.75%	0.00% - 0.25%	0.09%	3.15%	4.17%	4.65%

REFERENCES:
 COLUMN (A): 1990 - CURRENT U.S. DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS WEB SITE
 COLUMN (B): 1990 - CURRENT U.S. DEPARTMENT OF COMMERCE, BUREAU OF ECONOMIC ANALYSIS
 COLUMN (C) THROUGH (G): 1990 - 2003, FEDERAL RESERVE BANK OF ST. LOUIS WEB SITE
 COLUMN (C) THROUGH (I): CURRENT, THE VALUE LINE INVESTMENT SURVEY, DATED 05/04/2012
 COLUMN (F) THROUGH (I): CURRENT, THE VALUE LINE INVESTMENT SURVEY, DATED 09/04/2012
 COLUMN (H) THROUGH (I): 1990 - 2000, MOODY'S PUBLIC UTILITY REPORT
 COLUMN (H) THROUGH (I): 2001, MERGENT 2002 PUBLIC UTILITY MANUAL
 COLUMN (H) THROUGH (I): 2003, MERGENT NEWS REPORTS

AVERAGE CAPITAL STRUCTURES OF SAMPLE WATER COMPANIES (000's)

LINE NO.	AWR	PCT.	CWT	PCT.	SAW	PCT.	WTR	PCT.	MSEX	PCT.
1 DEBT	\$ 299.8	44.3%	\$ 479.2	52.4%	\$ 295.7	53.7%	\$ 1,532.0	56.6%	\$ 133.8	43.1%
2 PREFERRED STOCK	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	3.4	1.1%
3 COMMON EQUITY	377.5	55.7%	435.5	47.6%	255.0	46.3%	1,174.3	43.4%	173.3	55.8%
4										
5										
6										
7 TOTALS	\$ 677.4	100%	\$ 914.7	100%	\$ 550.7	100%	\$ 2,706.2	100%	\$ 310.5	100%

WATER COMPANY
 AVERAGE PCT.

\$ 548.1	53.1%
0.7	0.1%
483.1	46.8%
\$ 1,031.9	100%

AVERAGE CAPITAL STRUCTURES OF SAMPLE NATURAL GAS COMPANIES (000's)

LINE NO.	AGL	PCT.	ATO	PCT.	LG	PCT.	NJR	PCT.	NWN	PCT.
1										
2										
3 DEBT	\$ 1,673.0	47.7%	\$ 1,809.6	45.4%	\$ 364.3	47.0%	\$ 428.9	37.2%	\$ 591.7	46.1%
4										
5 PREFERRED STOCK	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
6										
7 COMMON EQUITY	1,836.0	52.3%	2,178.3	54.6%	411.3	53.0%	725.5	62.8%	693.1	53.9%
8										
9 TOTALS	\$ 3,509.0	100%	\$ 3,987.9	100%	\$ 775.6	100%	\$ 1,154.4	100%	\$ 1,284.8	100%
10										
11										
12										
13										
14										
15 DEBT	\$ 671.9	41.0%	\$ 340.0	37.4%	\$ 1,169.4	49.3%	\$ 592.9	33.4%	\$ 849.1	43.9%
16										
17 PREFERRED STOCK	0.0	0.0%	0.0	0.0%	100.0	4.2%	28.2	1.6%	14.2	0.7%
18										
19 COMMON EQUITY	964.9	59.0%	570.1	62.6%	1,102.1	46.5%	1,153.4	65.0%	1,070.5	55.4%
20										
21 TOTALS	\$ 1,636.9	100%	\$ 910.1	100%	\$ 2,371.4	100%	\$ 1,774.4	100%	\$ 1,933.8	100%
22										
23										
24										
25										
26										
27 DEBT	\$ 698.6	47.1%								
28										
29 PREFERRED STOCK	7.1	0.5%								
30										
31 COMMON EQUITY	776.8	52.4%								
32										
33 TOTALS	\$ 1,482.5	100%								

NATURAL GAS LDC
 AVERAGE PCT.

PNY										
SAW										
WTR										
MSEX										
\$ 1,933.8										

WATER & LDC
 AVERAGE PCT.

DEBT	\$ 698.6	47.1%
PREFERRED STOCK	7.1	0.5%
COMMON EQUITY	776.8	52.4%
TOTALS	\$ 1,482.5	100%

REFERENCE:
 MOST RECENT SEC 10-K FILINGS OR ANNUAL REPORTS

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REVENUE REQUIREMENT - FINAL

LINE NO.	DESCRIPTION	(A) COMPANY OCRB/FVRB COST	(B) RUCO OCRB/FVRB COST
1	Adjusted Original Cost/Fair Value Rate Base	\$ 50,574,693	\$ 49,960,832
2			
3	Adjusted Operating Income (Loss)	\$ 2,562,891	\$ 2,779,630
4			
5	Current Rate of Return (L3 / L1)	5.07%	5.56%
6			
7	Required Operating Income (L9 X L1)	\$ 4,914,647	\$ 4,062,522
8			
9	Required Rate of Return on Fair Value Rate Base	9.72%	8.13%
10			
11	Operating Income Deficiency (L7 - L3)	\$ 2,351,756	\$ 1,282,892
12			
13	Gross Revenue Conversion Factor (RBM-1, Page 2 of 2)	1.6560	1.6598
14			
15	Required Increase in Gross Revenue Requirement (L11 X L13)	\$ 3,894,582	\$ 2,129,309
16			
17	Adjusted Test Year Revenue	\$ 15,056,166	\$ 15,056,166
18			
19	Proposed Annual Revenue (L15 + L17)	\$ 18,950,748	\$ 17,185,475
20			
21	Required Percentage Increase in Revenue (L15 / L17)	25.87%	14.14%
22			
23	Consolidated Revenue Adjustment	\$ -	\$ -
24			
25	Required Increase in Gross Revenue Under Proposed Consolidation	\$ -	\$ -
26			
27	Required Revenue Under Proposed Consolidation	\$ -	\$ -
28			
29	Required Percentage Increase in Revenue Under Proposed Consolidation	0%	0%
30			
31	Rate of Return on Common Equity	12.50%	9.40%

References:

Column (A): Company Schs. A-1 and C-1

Column (B): RUCO Schs. RBM-2, RBM-7, RBM-9 and RBM-17

GROSS REVENUE CONVERSION FACTOR - FINAL

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
	CALCULATION OF GROSS REVENUE CONVERSION FACTOR:				
1	Revenue	100.0000%			
2	Proposed Bad Debt Expense (Per Co. Workpapers)	-			
3	Subtotal (L1 thru L2)	100.0000%			
4	Combined Federal, State, Property Tax Rate (L22)	39.7508%			
5	Subtotal (L3 - L4)	60.2492%			
6	Revenue Conversion Factor (L1 / L5)	1.6598			
7					
8	CALCULATION OF EFFECTIVE TAX RATE:				
9	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%			
10	Arizona State Income Tax Rate	6.9680%			
11	Federal Taxable Income (L9 - L10)	93.0320%			
12	Applicable Federal Income Tax Rate (L58)	34.0000%			
13	Effective Federal Income Tax Rate (L11 X L12)	31.6309%			
14	Combined Federal and State Income Tax Rate (L10 + L13)	38.5989%			
15					
16	CALCULATION OF EFFECTIVE PROPERTY TAX FACTOR:				
17	Unity	100.0000%			
18	Combined Federal and State Tax Rate	38.5989%			
19	1 Minus Combined Income Tax Rate	61.4011%			
20	Property Tax Factor	1.8760%			
21	Effective Property Tax Factor (L19 x L 20)	1.1519%			
22	Combined Federal, State & Property Tax RateTax Rate (L14 + L21)	39.7508%			
23					
24	RUCO Required Operating Income (Sch. RBM-1, Col. (B), L7)	\$ 4,062,522			
25	RUCO Adj'd T.Y. Oper'g Inc. (Loss) (Sch. RBM-1, Col. (B), L3)	2,779,630			
26	Required Increase In Operating Income (L24 - L25)		\$ 1,282,892		
27					
28	Income Taxes On Recommended Revenue (Col. (D), L53)	\$ 1,504,860			
29	Income Taxes On Test Year Revenue (Col. (D), L55)	698,413			
30	Required Increase In Revenue To Provide For Income Taxes (L28 - L29)		\$ 806,447		
31					
32	Property Tax with Recommended Revenue (Sch. RBM-7, Col. E, L31)	887,330			
33	Property Tax on TestYear Revenue (Sch. RBM-7, Col. C, L31)	847,361			
34	Increase in Property Tax Due to Increase in Revenue (L32 - L33)		\$ 39,969		
35					
36	Total Required Increase In Revenue (L26 + L30 + L34)		\$ 2,129,309		
37					
38	RUCO's CALCULATION OF INCOME TAX:				
39	RUCO Proposed Revenue (Sch. RBM-1, Col. (B), L19)			\$ 17,185,475	
40	Less:				
41	Operating Expense Excluding Income Tax (Sch. RBM-7, Col. (E), L24 + L26 + L31 + L32)			11,618,069	
42	Synchronized Interest (Col. (C), L63)			1,668,692	
43	Arizona Taxable Income (L39 - L41 - L42)			\$ 3,898,714	
44	Arizona State Income Tax Rate			6.9680%	
45	Arizona Income Tax (L43 X L44)				\$ 271,662
46	Fed. Taxable Income (L43 - L45)			\$ 3,627,052	
47	Fed. Tax On 1st Inc. Bracket (\$1 - \$50,000) @ 15%			\$ 7,500	
48	Fed. Tax On 2nd Inc. Bracket (\$50,001 - \$75,000) @ 25%			\$ 6,250	
49	Fed. Tax On 3rd Inc. Bracket (\$75,001 - \$100,000) @ 34%			\$ 8,500	
50	Fed. Tax On 4th Inc. Bracket (\$100,001 - \$335,000) @ 39%			\$ 91,650	
51	Fed. Tax On 5th Inc. Bracket (\$335,001 - \$10M) @ 34%			\$ 1,119,298	
52	Total Federal Income Tax (L47 thru L 51)				\$ 1,233,198
53	Combined Federal And State Income Tax (L45+ L52)				\$ 1,504,860
54					
55	RUCO Adj'd Test Year Combined Federal and State Income Tax (RBM-7, Col. (C), L29 and L30)				\$ 698,413
56	RUCO Proposed Income Tax Adjustment (L53 - L55)				\$ 806,447
57					
58	Applicable Federal Income Tax Rate				34.00%
59					
60	NOTE (A): Interest Synchronization				
61	Adjusted Rate Base RBM-2, Col. (C), L28			\$ 49,960,832	
62	Weighted Cost Of Debt RBM-9, Col. (M), L1			3.34%	
63	Interest Expense (L61 X L62)			\$ 1,668,692	

SUMMARY RATE BASE - ORIGINAL COST - FINAL

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED OCRB/FVRB	(B) RUCO OCRB/FVRB ADJUSTMENTS	(C) RUCO ADJ'TED OCRB/FVRB
1	Plant Classification			
2	Intangible Plant	\$ 14,996	\$ -	\$ 14,996
3	Source of Supply Plant	9,147,654	(7,699)	9,139,955
4	Pumping Plant	10,135,447	32,829	10,168,275
5	Water Treatment Plant	10,320,657	(82,103)	10,238,554
6	Transmission & Distribution Plant	78,747,178	(33,129)	78,714,048
7	General Plant	5,985,412	(1,037)	5,984,375
8	Total Gross Plant in Service (L2 thru L7)	\$ 114,351,343	(91,140)	\$ 114,260,203
9				
10	Accumulated Depreciation	\$ 27,844,496	\$ (9,197)	\$ 27,835,142
11	Net Utility Plant In Service (L8 - L10)	\$ 86,506,846	\$ (81,943)	\$ 86,425,061
12				
13	Advances In Aid Of Const.	\$ 11,305,977		\$ 11,305,977
14				
15	Contribution In Aid Of Const.	\$ 20,165,452		\$ 20,165,452
16	Accumulated Amortization Of CIAC	\$ (2,561,377)		\$ (2,561,377)
17	NET CIAC (L15 + L16)	\$ 17,604,075	\$ -	\$ 17,604,075
18				
19	Deferred Income Tax	\$ 7,267,953		\$ 7,267,953
20				
21	Customer Deposits	\$ 322,847		\$ 322,847
22				
23	Allowance For Working Capital	\$ 1,016,691	\$ (532,076)	\$ 484,615
24				
25	Net Regulatory Asset / (Liability)	\$ (448,000)		\$ (448,000)
26				
27	Rounding	\$ 8		\$ 8
28	TOTAL RATE BASE (L11-L17-L19-L21+L23+L25)	\$ 50,574,693	\$ (614,019)	\$ 49,960,832

References:
Column (A): Company Schedule B-1 and RBM-3 Col. E
Column (B): Schedule RBM-3 Cols. F and G
Column (C): Col. A + Col. B; RBM-3

SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS - FINAL

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED NET PLANT TEST YEAR	(B) COMPANY ADJ NO 1 POST TEST YEAR ADJUSTMENTS	(C) NET REGULATORY LIABILITY	(D) PHOENIX OFF AND METER SHOP	(E) COMPANY AS FILED OCRB/FYRB	(F) ADJMT NO. 1 POST TEST YR ADJUSTMENTS	(G) Surrebital ADJMT NO. 2 Removal of Well ADJUSTMENTS	(H) ADJMT NO. 6 WORKING CAPITAL	(I) RUCO ADJUSTED OCRB/FYRB
1	Plant Classification									
2	Intangible Plant	\$ 12,375	\$ -	\$ -	\$ 2,621	\$ 14,996	\$ -	\$ -	\$ -	14,996
3	Source of Supply Plant	9,147,631	-	-	23	9,147,654	-	(7,699)	-	9,139,955
4	Pumping Plant	9,986,535	148,912	-	-	10,135,447	34,484	(1,655)	-	10,168,275
5	Water Treatment Plant	7,448,003	2,872,067	-	587	10,320,657	(82,103)	-	-	10,238,554
6	Transmission & Distribution Plant	78,380,067	365,373	-	1,738	78,747,178	(33,129)	-	-	78,714,048
7	General Plant	3,936,146	27,888	-	2,021,378	5,985,412	(1,037)	-	-	5,984,375
8	Total Gross Plant in Service (Sum L2 thru L7)	\$ 108,910,756	\$ 3,414,240	\$ -	\$ 2,026,347	\$ 114,351,343	\$ (81,786)	\$ (9,354)	\$ -	\$ 114,260,203
9										
10	Accumulated Depreciation	\$ 27,323,731	49,649	\$ -	471,116	\$ 27,844,496	\$ -	9,354	\$ -	27,835,142
11	Net Utility Plant in Service (L8 less L10)	\$ 81,587,024	\$ 3,364,591	\$ -	\$ 1,555,231	\$ 86,506,846	\$ (81,786)	\$ -	\$ -	\$ 86,425,061
12										
13	Advances In Aid Of Const.	\$ 11,305,977	\$ -	\$ -	\$ -	\$ 11,305,977	\$ -	\$ -	\$ -	11,305,977
14										
15	Contribution In Aid Of Const.	\$ 20,165,452	\$ -	\$ -	\$ -	\$ 20,165,452	\$ -	\$ -	\$ -	20,165,452
16	Accumulated Amortization Of CIAC	(2,561,377)	-	-	-	(2,561,377)	-	-	-	(2,561,377)
17	NET CIAC (L15 less L16)	\$ 17,604,075	\$ -	\$ -	\$ -	\$ 17,604,075	\$ -	\$ -	\$ -	\$ 17,604,075
18										
19	Deferred Income Tax	\$ -	\$ -	\$ -	\$ 7,267,953	\$ 7,267,953	\$ -	\$ -	\$ -	\$ 7,267,953
20										
21	Customer Deposits	\$ 322,847	\$ -	\$ -	\$ -	\$ 322,847	\$ -	\$ -	\$ -	\$ 322,847
22										
23	Allowance For Working Capital	\$ 1,016,691	\$ -	\$ -	\$ -	\$ 1,016,691	\$ -	\$ (532,076)	\$ -	\$ 484,615
24										
25	Net Regulatory Asset / (Liability)	\$ -	\$ -	\$ (448,000)	\$ -	\$ (448,000)	\$ -	\$ -	\$ -	\$ (448,000)
26										
27	Adjustment to Match Rate Base with G/L	\$ 8	\$ -	\$ -	\$ -	\$ 8	\$ -	\$ -	\$ -	\$ 8
28	TOTAL RATE BASE (Sum L's 11, 13, 17, 19, 21, 23, 25 27)	\$ 53,370,824	\$ 3,364,591	\$ (448,000)	\$ (5,712,722)	\$ 50,574,693	\$ (81,786)	\$ -	\$ (532,076)	\$ 49,960,832

References:
Columns (A) through (E): Company Schedule B-2; Column (D) RBM-4(1)
Column (F): RUCO Schedule RBM-6; Col. F
Column (G): See RUCO Surrebital Testimony
Column (H): RUCO Schedule RBM-5, Col. A

DIRECT PLANT AND ACCUMULATED DEPRECIATION - FINAL

Line No.	Acct. No.	Description	Depreciation Rate	2010					Balance Per G.L.	Difference
				Additions	Retirements	Adjustments	Depreciation Expenses	Balance		
1		Intangible Plant								
2	301	Organization	0.00%	-	-	-	-	6,869	-	
3	302	Franchises	See Acct. 111	-	-	-	-	5,506	-	
4	303	Other Intangibles	See Acct. 111	-	-	275	275	12,375	-	
5		Subtotal Intangible Plant		-	-	-	-	12,375	-	
6		Source of Supply Plant								
7	310.1	Water Rights	0.00%	-	-	(24)	-	793,568	-	
8	310.3	Other Source of Supply Land	0.00%	-	-	-	-	153,791	-	
9	310.4	Wells - Other	See Acct. 111	-	-	-	63,608	1,526,600	-	
10	314	Wells	3.13%	-	-	(878,595)	208,866	6,673,672	(7)	
11		Subtotal Source of Supply Plant		-	-	(878,619)	272,494	9,147,631	(7)	
12		Pumping Plant								
13	320	Pumping Plant Land	0.00%	-	-	-	-	18,910	-	
14	321	Pumping Plant Structures & Improvements	2.86%	107	-	8,402	8,402	293,830	(1)	
15	325	Electric Pumping Equipment	5.88%	206,332	(52,770)	(44,446)	565,602	9,673,632	0	
16	328	Gas Engine Equipment	4.00%	-	-	7	7	163	-	
17		Subtotal Pumping Plant		206,439	(52,770)	(44,446)	574,010	9,986,535	(1)	
18		Water Treatment Plant								
19	330	Water Treatment Plant Land	0.00%	-	-	-	-	811	-	
20	331	Water Treatment Structures & Improvements	2.50%	-	-	-	1,240	49,586	0	
21	332	Water Treatment Equipment	2.86%	42,975	-	-	210,957	7,397,605	1	
22		Subtotal Water Treatment Plant		42,975	-	-	212,197	7,446,003	1	
23		Transmission & Distribution Plant								
24	340	Transmission and Distribution Land	0.00%	3,607	-	-	-	195,215	-	
25	342	Storage Tanks	2.00%	2,593	-	-	98,904	4,946,463	(1)	
26	343	Transmission & Distribution Mains	1.78%	397,829	(3,841)	-	950,198	53,280,692	(0)	
27	344	Fire Sprinkler Taps	2.00%	56,657	(2,902)	-	14,600	756,878	1	
28	345	Services	2.38%	192,600	(8,374)	-	318,523	13,475,428	(0)	
29	346	Meters	4.55%	28,852	(3,748)	-	91,680	2,027,498	0	
30	348	Hydrants	1.82%	60,905	(2,883)	-	66,774	3,697,872	(1)	
31		Subtotal Transmission & Distribution Plant		743,043	(21,848)	-	1,540,679	78,360,067	(1)	
32		General Plant								
33	389	General Plant Land	0.00%	-	-	-	-	54,061	-	
34	390	General Plant Structures	2.50%	17,835	(1,724)	-	21,805	880,275	1	
35	390.1	Leasehold Improvements	See Acct. 108.2	-	-	-	21,135	849,700	-	
36	391	Office Furniture & Equipment	6.67%	2,863	-	-	29,958	450,547	(1)	
37	393	Warehouse Equipment	5.00%	1,702	-	-	591	12,675	(1)	
38	394	Tools, Shop & Garage Equipment	4.00%	3,090	-	-	17,847	447,717	(0)	
39	395	Laboratory Equipment	5.00%	2,927	(1,667)	-	4,296	86,544	0	
40	396	Power Operated Equipment	6.67%	713	-	-	2,916	44,105	0	
41	397	Communication Equipment	6.67%	22,171	-	-	66,907	1,014,191	0	
42	398	Miscellaneous Equipment	3.33%	20,223	(1,587)	-	2,898	96,332	0	
43		Subtotal General Plant		71,523	(4,976)	-	168,353	3,936,146	0	
44		Plant in Service		\$ 1,063,980	\$ (79,596)	\$ (923,067)	\$ 2,768,008	\$ 108,910,756	\$ (7)	
45		Net Salvage/Cost of Removal								
46		Accum. Deprec. Related to Other Plant Adjustments				537				
47		Adjustments booked to Conform with Rate Decision				(305,731)				
48		Accumulated Depreciation & Amort.				27,318,921		27,318,921	(4,810)	
50		Net Plant in Service		\$ 1,063,980	\$ (79,596)	\$ (923,067)	\$	\$ (27,318,921)	\$ 81,567,024	\$ 4,803

PHOENIX OFFICE AND METER SHOP - RATE BASE ALLOCATION - FINAL

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED	(B) Supersition	(C) Cochise	(D) San Manuel	(E) Oracle	(F) SaddleBrook Ranch	(G) Winkelman
1	3 Factor Allocation Factor		28.65%	7.19%	1.64%	2.04%	0.15%	0.19%
2	Phoenix Office Allocation							
3	Plant Classification							
4	Intangible Plant	\$ 9,148	\$ 2,621	\$ 658	\$ 150	\$ 187	\$ 14	\$ 17
5	Source of Supply Plant	-	-	-	-	-	-	-
6	Pumping Plant	-	-	-	-	-	-	-
7	Water Treatment Plant	-	-	-	-	-	-	-
8	Transmission & Distribution Plant	-	-	-	-	-	-	-
9	General Plant	6,914,749	1,981,076	497,170	113,402	141,061	10,372	13,138
10	Total Gross Plant in Service (Sum L4 thru L9)	\$ 6,917,761	\$ 1,983,696	\$ 497,828	\$ 113,552	\$ 141,247	\$ 10,386	\$ 13,155
11	Less:							
12	Accumulated Depreciation	\$ 1,587,979	\$ 454,956	\$ 114,176	\$ 26,043	\$ 32,395	\$ 2,382	\$ 3,017
13	Net Utility Plant in Service (L10 less L12)	\$ 5,329,782	\$ 1,528,740	\$ 383,652	\$ 87,509	\$ 109,853	\$ 8,004	\$ 10,138
14	Less:							
15	Deferred Income Tax	25,368,073	\$ 7,267,953	\$ 1,823,964	\$ 416,036	\$ 517,509	\$ 38,052	\$ 48,199
16	Total Phoenix Office Allocation (L13 less L15)	\$ (20,038,291)	\$ (5,739,212)	\$ (1,440,312)	\$ (328,527)	\$ (408,656)	\$ (30,048)	\$ (38,061)
17								
18	Meter Shop Allocation							
19	Plant Classification							
20	Intangible Plant	\$ 80	\$ -	\$ 6	\$ -	\$ -	\$ -	\$ -
21	Source of Supply Plant	-	-	-	1	2	-	-
22	Pumping Plant	-	23	-	-	-	-	-
23	Water Treatment Plant	2,050	587	147	34	42	3	4
24	Transmission & Distribution Plant	6,065	1,738	436	99	124	9	12
25	General Plant	146,810	42,061	10,556	2,408	2,995	220	279
26	Total Gross Plant in Service (Sum L20 thru L25)	\$ 155,005	\$ 44,409	\$ 11,145	\$ 2,542	\$ 3,162	\$ 232	\$ 294
27	Less:							
28	Accumulated Depreciation	\$ 56,404	\$ 16,160	\$ 4,055	\$ 925	\$ 1,151	\$ 85	\$ 107
29	Net Utility Plant in Service (L26 less L28)	\$ 98,601	\$ 28,249	\$ 7,089	\$ 1,617	\$ 2,011	\$ 148	\$ 187
30	Less:							
31	Deferred Income Tax	56,404	-	-	-	-	-	-
32	Total Phoenix Office Allocation (L29 less L31)	\$ 42,197	\$ 28,249	\$ 7,089	\$ 1,617	\$ 2,011	\$ 148	\$ 187
33								
34	Total Phoenix Office and Meter Shop Allocation							
35	Plant Classification							
36	Intangible Plant	\$ 9,148	\$ 2,621	\$ 658	\$ 150	\$ 187	\$ 14	\$ 17
37	Source of Supply Plant	80	23	6	1	2	-	-
38	Pumping Plant	-	-	-	-	-	-	-
39	Water Treatment Plant	2,050	587	147	34	42	3	4
40	Transmission & Distribution Plant	6,065	1,738	436	99	124	9	12
41	General Plant	7,055,423	2,023,137	507,726	115,810	144,056	10,592	13,417
42	Total Gross Plant in Service	\$ 7,072,766	\$ 2,028,105	\$ 508,973	\$ 116,094	\$ 144,410	\$ 10,618	\$ 13,450
43	Less:							
44	Accumulated Depreciation	\$ 1,644,383	\$ 471,116	\$ 118,231	\$ 26,968	\$ 33,545	\$ 2,467	\$ 3,124
45	Net Utility Plant in Service (Sum L7 - L8)	\$ 5,428,382	\$ 1,556,990	\$ 390,742	\$ 89,126	\$ 110,864	\$ 8,152	\$ 10,325
46	Less:							
47	Deferred Income Tax	25,368,073	\$ 7,267,953	\$ 1,823,964	\$ 416,036	\$ 517,509	\$ 38,052	\$ 48,199
48	Total Phoenix Office Allocation (L9 - L10)	\$ (19,996,095)	\$ (5,710,963)	\$ (1,433,223)	\$ (326,910)	\$ (406,645)	\$ (29,900)	\$ (37,874)

ALLOWANCE FOR WORKING CAPITAL - FINAL

LINE NO.	DESCRIPTION	(A)	(B)
		AMOUNT	REFERENCE
1	Working Cash Requirement As Per Company	\$ 173,185	Company Schedule B-5, PG. 2 of 2
2	Working Cash Requirement As Per RUCO	(358,891)	RUCO Schedule RBM-6(1), L30
3	Adjustment	\$ (532,076)	L2 - L1
4			
5	Material and Supplies Inventories As Per Company	\$ 29,196	Company Schedule B-5, PG. 2 of 2
6	Material and Supplies Inventories As Per RUCO	29,196	Company Schedule B-5, PG. 2 of 2
7	Adjustment	\$ -	L6 - L5
8			
9	Required Bank Balances As Per Company	\$ 624,196	Company Schedule B-5, PG. 2 of 2
10	Required Bank Balances As Per RUCO	624,196	Company Schedule B-5, PG. 2 of 2
11	Adjustment	\$ -	L10 - L9
12			
13	Prepayments & Special Deposits As Per Company	\$ 190,114	Company Schedule B-5, PG. 2 of 2
14	Prepayments & Special Deposits As Per RUCO	190,114	Company Schedule B-5, PG. 2 of 2
15		\$ -	L13 - L14
16			
17	TOTAL ADJUSTMENT (See RLM-2, Column (K))	\$ (532,076)	Sum L3, L7, L11, L15

EXPLANATION OF RATE BASE ADJUSTMENT NO. 2 - FINAL

Line No.	(A) Company Test Year Adjusted Results	(B) RUCO Adj	(C) RUCO Adjusted Results	(D) Revenue Lag Days1	(E) Expense Lag Days2	(F) Net Lag Days [D - E]	(G) Lead / Lag Factor [F + 365]	(H) Working Cash Requirement [A X G]
1	\$ 1,424,839		\$ 1,424,839	29.53	30.87	(1.34)	(0.0037)	\$ (5,231)
2	Operating Expenses							
3	Purchased Power		2,662,431	29.53	14.00	15.53	0.0425	113,281
4	Payroll		691,466	29.53	(40.09)	69.62	0.1907	131,890
5	Purchased Water		130,705	29.53	(18.11)	47.64	0.1305	17,060
6	Chemicals		158,734	29.53	(45.27)	74.80	0.2049	32,530
7	Property & Liability Insurance		36,305	29.53	(46.50)	76.03	0.2083	7,562
8	Workman's Compensation Insurance		481,608	29.53	(8.92)	38.45	0.1053	50,734
9	Health Insurance		1,819,484	29.53	(9.27)	38.80	0.1063	193,414
10	Other O&M (Excluding Rate Case Expense)		(436,043)	29.53	(9.27)	38.80	0.1063	193,414
11	Federal Income Taxes		(426,825)	29.53	37.00	(7.47)	(0.0205)	(25,238)
12	State Income Taxes		(94,026)	29.53	37.00	(7.47)	(0.0205)	(5,560)
13	FICA Taxes		199,553	29.53	14.00	15.53	0.0425	8,491
14	FUTA & SUTA Taxes		6,196	29.53	83.10	(53.57)	(0.1468)	(909)
15	Property Taxes		811,695	29.53	212.00	(182.47)	(0.4999)	(443,581)
16	Registration, Svc. Contracts, & Misc. Fees		153,893	29.53	(98.83)	128.36	0.3517	54,120
17	Retirement Annuities (401k)		246,884	29.53	34.72	(5.19)	(0.0142)	(3,510)
18								
19								
20	Subtotal	(881,282)	10,404,265					125,051
21								
22								
23	Interest Expense	(23,557)	1,668,692	29.53	91.25	(61.72)	(0.1691)	(282,169)
24	Cost of Equity	(3,222,397)	-	29.53	-	29.53	0.0809	-
25	Dividends Paid	1,588,687	1,588,687	29.53	75.89	(46.36)	(0.1270)	(201,773)
26								
27	Subtotal	(1,657,267)	3,257,379					(483,942)
28								
29								
30	Total	\$ (2,538,549)	\$ 13,661,644					\$ (358,891)
31								
32								

33 Columns (A), (D), and (E) Company Schs. B-5 page 1
34 Column (B) RUCO Schs. RBM-7, RBM-8

OPERATING INCOME - FINAL

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) RUCO TEST YEAR ADJMT'S	(C) RUCO TEST YEAR AS ADJ'TED	(D) RUCO PROP'D CHANGES	(E) RUCO AS RECOMM'D
	Operating Revenues					
1	Residential	\$ 11,436,591	\$ -	\$ 11,436,591	1,997,215	\$ 13,433,806
2	Commercial	2,606,553	-	2,606,553	-	\$ 2,606,553
3	Industrial	70,149	-	70,149	-	\$ 70,149
4	Private Fire Service	51,199	-	51,199	-	\$ 51,199
5	Other Water Revenues	166,218	-	166,218	-	\$ 166,218
6	Total Water Revenues	\$ 14,330,710	\$ -	\$ 14,330,710	\$ 1,997,215	\$ 16,327,925
7						
8	Miscellaneous	\$ 725,456	\$ -	\$ 725,456	132,094	\$ 857,550
9	Total Operating Revenues	\$ 15,056,166	\$ -	\$ 15,056,166	\$ 2,129,309	\$ 17,185,475
10						
11	Operating Expenses					
12	Source of Supply Expenses:					
13	Purchased Water	\$ 691,466	\$ -	691,466	-	\$ 691,466
14	Other	73,495	(454)	73,041	-	\$ 73,041
15	Pumping Expenses:					
16	Purchased Power	1,424,839	208	1,425,047	-	\$ 1,425,047
17	Purchased Gas	-	-	-	-	\$ -
18	Other	553,472	(14,967)	538,505	-	\$ 538,505
19	Water Treatment Expenses	597,302	(569)	596,733	-	\$ 596,733
20	Transmission & Distribution Expenses	1,742,369	(385,143)	1,357,226	-	\$ 1,357,226
21	Customer Accounting Expenses	1,182,195	(13,469)	1,168,726	-	\$ 1,168,726
22	Sales Expense	-	-	-	-	\$ -
23	Administrative & General Expenses	2,090,357	(52,446)	2,037,911	-	\$ 2,037,911
24	Total Operations & Maintenance Expense	\$ 8,355,495	\$ (466,840)	\$ 7,888,655	\$ -	\$ 7,888,655
25						
26	Depreciation & Amortization Expenses	\$ 2,672,715	\$ (1,093)	\$ 2,671,622	\$ -	\$ 2,671,622
27						
28	Taxes					
29	Federal Income Taxes	\$ 448,513	\$ 123,788	\$ 572,301	660,896	\$ 1,233,198
30	State Income Taxes	98,803	27,309	126,112	145,551	\$ 271,662
31	Property Taxes	747,264	100,097	847,361	39,946	\$ 887,307
32	Other	170,486	-	170,486	-	\$ 170,486
33	Total Taxes	\$ 1,465,066	\$ 251,194	\$ 1,716,260	\$ 846,393	\$ 2,562,652
34						
35	Total Operating Expenses	\$ 12,493,275	\$ (216,739)	\$ 12,276,536	\$ 846,393	\$ 13,122,929
36	Operating Income	\$ 2,562,891	\$ 216,739	\$ 2,779,630	\$ 1,282,916	\$ 4,062,522

References:

Column (A): RBM-8, Col. A
Column (B): RBM-8, Col. K
Column (C): Col. A + Col. B
Column (D): RBM-1, RBM-1(2), RBM-15
Column (E): Col. C + Col. D

SCHEDULE OF OPERATING INCOME - TEST YEAR WITH RUCO ADJUSTMENTS - FINAL

Line No.	(A) Test Year Ended 12/31/2010	(B) Surrebuttal Adjustment Normalize Maintenance IS-1	(C) Adjustment Rate Case Expense IS-2	(D) Surrebuttal Adjustment Net Unbilled IS-3	(E) Adjustment Misc Expenses IS-4	(F) Adjustment Depreciation Expense IS-5	(G) Surrebuttal Adjustment Adjust A&G for BMP IS-6	(H) Adjustment LEFT BLANK	(I) Surrebuttal Adjustment Property Tax IS-8	(J) Adjustment Income Tax IS-9	(K) Total Pro Forma Adjustments	(L) Test Year Adjusted Results
1	Operating Revenues											
2	Residential	\$ 11,436,591	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,436,591
3	Commercial	2,606,553	-	-	-	-	-	-	-	-	-	2,606,553
4	Industrial	70,149	-	-	-	-	-	-	-	-	-	70,149
5	Private Fire Service	51,199	-	-	-	-	-	-	-	-	-	51,199
6	Other Water Revenues	166,218	-	-	-	-	-	-	-	-	-	166,218
7	Total Water Revenues (L2 thru L6)	\$ 14,330,710	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,330,710
8	Miscellaneous	725,456	-	-	-	-	-	-	-	-	-	725,456
9	Total Operating Revenues (L7 + L9)	\$ 15,056,166	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,056,166
10	Operating Expenses											
11	Source of Supply Expenses:											
12	Purchased Water	691,466	-	(454)	-	-	-	-	-	-	(454)	691,466
13	Other	73,495	-	-	-	-	-	-	-	-	-	73,041
14	Pumping Expenses:											
15	Purchased Power	1,424,839	-	208	-	-	-	-	-	-	208	1,425,047
16	Purchased Gas	553,472	(9,100)	(5,867)	-	-	-	-	-	-	(14,967)	538,505
17	Other	597,302	(370,874)	(589)	-	-	-	-	-	-	(968)	596,733
18	Water Treatment Expenses	1,742,369	-	(14,469)	-	-	-	-	-	-	(385,143)	1,357,226
19	Transmission & Distribution Expenses	1,182,195	-	(13,469)	-	-	-	-	-	-	(13,469)	1,168,726
20	Customer Accounting Expenses	2,090,357	(30,797)	(7,271)	(7,522)	-	(6,850)	-	-	-	(52,446)	2,037,911
21	Sales Expense	8,355,485	(379,774)	(41,897)	(7,522)	-	(6,850)	-	-	-	(466,940)	7,888,655
22	Administrative & General Expenses	2,672,715	-	-	-	(1,093)	-	-	-	-	(1,093)	2,671,622
23	Operations & Maint. Exp (L14 thru L24)											
24	Depreciation & Amortization Expenses											
25	Taxes											
26	Federal Income Taxes	448,513	-	-	-	-	-	-	123,788	123,788	123,788	572,301
27	State Income Taxes	98,803	-	-	-	-	-	-	27,309	27,309	27,309	126,112
28	Property Taxes	747,264	-	-	-	-	-	100,097	-	100,097	100,097	847,361
29	Other	170,486	-	-	-	-	-	-	-	-	-	170,486
30	Total Taxes (L30 thru L33)	\$ 1,465,066	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,097	\$ 151,097	\$ 251,194	\$ 1,716,260	
31	Total Operating Expenses (L25 + L27 + L34)	\$ 12,493,275	\$ (379,774)	\$ (30,797)	\$ (7,522)	\$ (1,093)	\$ (6,850)	\$ -	\$ 100,097	\$ 151,097	\$ (216,739)	\$ 12,276,536
32	Operating Income (L10 less L36)	\$ 2,562,891	\$ 379,774	\$ 30,797	\$ 7,522	\$ 1,093	\$ 6,850	\$ -	\$ (100,097)	\$ (151,097)	\$ 216,739	\$ 2,779,630

References:
Column A, RBM-9
Column B, RBM-10 - Remove Pumping and T&D Test Year Expense Adjustment - See RUCO Surrebuttal Testimony
Column C, RBM-11
Column D - Remove Unbilled Expense Test Year Adjustment - See RUCO Surrebuttal Testimony
Column E, RBM-13
Column F, RBM-14
Column G - See RUCO Surrebuttal Testimony
Column I - RBM 15
Column J, RBM-16

SCHEDULE OF OPERATING INCOME-TEST YEAR COMPANY ADJUSTMENTS - SURREBUTTAL

Line No.	(A) Test Year Ended 12/31/2010	(B) Adjustment Sales Tax IS-1	(C) Adjustment Net Unbilled IS-2	(D) Adjustment MAP IS-3	(E) Adjustment ACRM IS-4	(F) Adjustment Misc IS-5	(G) Adjustment Annual Rates New Customer IS-6	(H) Adjustment Customer Payroll IS-7	(I) Adjustment Annualize Payroll IS-8	(J) Adjustment Annualize Empo Benefits IS-9	(K) Adjustment Interest on Customer Deposits IS-10	(L) Adjustment Normalize Maintenance IS-11
1	Operating Revenues											
2	Residential	\$ 12,125,017	\$ (1,008,799)	\$ (8,398)	\$ (1,005,449)		\$ 1,308,746	\$ 2,665				
3	Commercial	2,887,171	(249,900)	(636)	(199,376)		138,603	19,982				
4	Industrial	95,404	(8,188)	(17)	(1,480)		(15,076)					
5	Private Fire Service	25,951	(2,288)				27,545					
6	Other Water Revenues	190,584	(16,503)	(13)	(15,799)	(4,002)	12,051					
7	Total Water Revenues (L2 thru L6)	\$ 15,324,127	\$ (1,286,786)	\$ (9,064)	\$ (1,222,104)	\$ (4,002)	\$ 1,471,871	\$ 22,647				
8	Miscellaneous	783,728	(58,271)									
9	Total Operating Revenues (L7 + L9)	\$ 16,107,855	\$ (1,345,057)	\$ (9,064)	\$ (1,222,104)	\$ (4,002)	\$ 1,471,871	\$ 22,647				
10	Operating Expenses											
11	Source of Supply Expenses:											
12	Purchased Water	691,466										
13	Other	68,687	454					1,462	2,158			
14	Pumping Expenses:											
15	Purchased Power	1,402,065	(208)									
16	Purchased Gas	511,114	5,867									
17	Other	563,641	589	(11,916)			3,680	16,278				9,099
18	Water Treatment Expenses	1,293,729					1,084	4,689				
19	Transmission & Distribution Expenses	1,127,386					435	38,787				370,676
20	Customer Accounting Expenses						379	34,418				
21	Sales Expense											
22	Administrative & General Expenses	1,828,249	7,277				615	35,476		81,994	19,371	
23	Total Operations & Maint. Exp (L14 thru L24)	\$ 7,486,537	\$ 41,897	\$ (11,916)			\$ 7,655	\$ 131,807	\$ 19,371	\$ 81,994	\$ 19,371	\$ 379,775
24	Depreciation & Amortization Expenses	2,485,880										
25	Taxes											
26	Federal Income Taxes	777,203										
27	State Income Taxes	87,797										
28	Property Taxes	695,522										
29	Other	1,495,955	(1,345,057)						19,588			
30	Total Taxes (L30 thru L33)	\$ 3,056,477	\$ (1,345,057)						\$ 19,588			
31	Total Operating Expenses (L25 + L27 + L34)	\$ 13,028,694	\$ (1,345,057)	\$ (11,916)			\$ 7,655	\$ 151,395	\$ 81,994	\$ 19,371	\$ 19,371	\$ 379,775
32	Operating Income (L10 less L36)	\$ 3,079,161		\$ (7,875)	\$ (2,852)	\$ (4,002)	\$ 1,471,871	\$ 14,992	\$ (151,395)	\$ (81,994)	\$ (19,371)	\$ (379,775)

Columns (A) through columns (X) see Company Exhibit Schedule C-2

SCHEDULE OF OPERATING INCOME-TEST YEAR COMPANY ADJUSTMENTS - FINAL

Line No.	(M) Adjust Purchase Water & Gas Exp IS-12	(N) Adjust Rate Case Expense IS-13	(O) Adjust AS&G for BMP IS-14	(P) Adjust Fleet Fuel Expense IS-15	(Q) Adjust AS 400 Printers IS-16	(R) Adjust Arsenic Treatment Exp IS-17	(S) Adjust Error Correction CAP Charges IS-18	(T) Adjust Depreciation Expense IS-19	(U) Adjust Property Tax IS-20	(V) Adjust Income Tax IS-21	(W) Total Pro Forma Adjustments	(X) Test Year Adjusted Results
1	Operating Revenues											
2	Residential	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (688,426)	\$ 11,436,591
3	Commercial	-	-	-	-	-	-	-	-	-	(280,618)	2,606,553
4	Industrial	-	-	-	-	-	-	-	-	-	(25,256)	70,149
5	Private Fire Service	-	-	-	-	-	-	-	-	-	25,248	51,199
6	Other Water Revenues	-	-	-	-	-	-	-	-	-	(24,366)	166,218
7	Total Water Revenues (L2 thru L6)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (993,417)	\$ 14,330,710
8	Miscellaneous											
9	Total Operating Revenues (L7 + L9)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (58,271)	\$ 725,456
10	Operating Expenses											
11	Source of Supply Expenses:											
12	Purchased Water	-	-	-	-	-	-	-	-	-	-	691,466
13	Other	-	-	-	733	-	-	-	-	-	4,808	73,495
14	Pumping Expenses:											
15	Purchased Power	22,982	-	-	-	-	-	-	-	-	22,774	1,424,839
16	Purchased Gas	-	-	-	-	-	-	-	-	-	-	-
17	Other	-	-	-	7,434	-	-	-	-	-	42,358	553,472
18	Water Treatment Expenses	-	-	-	2,308	-	-	-	-	-	33,661	597,302
19	Transmission & Distribution Expenses	-	-	-	24,273	36,926	-	-	-	-	448,640	1,742,369
20	Customer Accounting Expenses	-	-	-	6,542	-	-	-	-	-	54,809	1,182,195
21	Sales Expense	-	-	-	-	-	-	-	-	-	-	-
22	Administrative & General Expenses	-	104,887	6,850	2,373	-	-	-	-	-	262,108	2,090,357
23	Total Operations & Maint. Exp (L14 thru L24)	\$ 22,982	\$ 104,887	\$ 6,850	\$ 43,664	\$ 3,266	\$ 3,266	\$ 36,926	\$ -	\$ -	\$ 869,158	\$ 8,355,495
24	Depreciation & Amortization Expenses	-	-	-	-	-	114,478	72,357	-	-	186,835	2,672,715
25	Taxes											
26	Federal Income Taxes	-	-	-	-	-	-	-	-	(328,690)	(328,690)	448,513
27	State Income Taxes	-	-	-	-	-	-	-	-	11,006	11,006	98,803
28	Property Taxes	-	-	-	-	-	-	-	51,742	-	51,742	747,264
29	Other	-	-	-	-	-	-	-	-	-	(1,325,469)	170,486
30	Total Taxes (L30 thru L33)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 51,742	\$ (317,684)	\$ (1,591,411)	\$ 1,465,066
31	Total Operating Expenses (L25 + L27 + L34)	\$ 22,982	\$ 104,887	\$ 6,850	\$ 43,664	\$ 3,266	\$ 114,478	\$ 72,357	\$ 51,742	\$ (317,684)	\$ (535,419)	\$ 12,493,275
32	Operating Income (L-10 less L36)	\$ (22,982)	\$ (104,887)	\$ (6,850)	\$ (43,664)	\$ (3,266)	\$ (114,478)	\$ (72,357)	\$ (51,742)	\$ 317,684	\$ (516,270)	\$ 2,562,991

Columns (A) through columns (X) see Company Exhibit Schedule C-2

**OPERATING INCOME ADJUSTMENT NO. 1
PUMPING AND TRANSMISSION & DISTRIBUTION MAINTENANCE EXPENSE - FINAL**

	Test Year Pumping Expense
Pumping Accounts	
1 <u>Maintenance:</u>	
2 Supervision & Engineering	\$ 18,822
3 Structures & Improvements	38,638
4 Electric pumping equipment	96,597
5 Gas pumping equipment	-
6	
7 Total Pumping Maintenance Expense	\$ 154,057
8	
9	
10 Company Requested Level of T. Y. Pumping Maintenance Expense (Company Sch. C-2)	163,157
11	
12 RUCO Increase / (Decrease) in T. Y. Expense Level (L7 - L10)	\$ (9,100)
13	
14 RUCO Pumping Maintenance Expense Adjustment	\$ (9,100)
15	
16	
17	
18	
19	
20 Transmission & Distribution Accounts	
21	Test Year T&D Expense
22 <u>Maintenance:</u>	
23 Supervision & Engineering	\$ 76,013
24 Tanks	88,205
25 Mains	210,132
26 Mains - Leak Repair	24,991
27 Mains - Leak Detection	4,077
28 Services	138,075
29 Services - Leak Repair	19,941
30 Meters	107,463
31 Hydrants	103,778
32	
33 Total T & D Maintenance Expense	\$ 772,675
34	
35	
36 Company Requested Level of T. Y. T & D Maintenance Expense (Company Sch. C-2)	1,143,349
37	
38 RUCO Increase / (Decrease) Expense Adjustment (L33 - L36)	\$ (370,674)
39	
40 RUCO T & D Maintenance Expense Adjustment	\$ (370,674)
41	
42	
43 Total RUCO Pumping and T & D Maintenance Expense Adjustment (L14 + L40)	\$ (379,774)

OPERATING INCOME ADJUSTMENT NO. 2
RATE CASE EXP. ADJUSTMENT - FINAL

Line No.	DESCRIPTION	(A) COMPANY ESTIMATE	(B) RUCO ADJUSTMENT	(C) RUCO AS ADJUSTED
1	Rate Case Expense Total for Eastern Group	\$ 476,874	\$ (164,274)	\$ 312,600
2				
3	Allocation Factor (L31)			71.10%
4				
5	Superstition (Apache Junction, Superior, Miami)			\$ 222,269
6				
7	Amortization Period - 3 years			3
8				
9	RUCO Adjusted Rate Case Expense (L5 / L7)			\$ 74,090
10				
11	Company Rate Case Expense as Filed (Company Sch. C-2 Appendix)			\$ 104,887
12				
13	RUCO Pro Forma Rate Case Expense (L9 - L11)			\$ (30,797)
14				
15	RUCO Adjustment			\$ (30,797)
16				
17				
18	RUCO's Rate Base Expense Adjustment Calculation:			
19	Decision No. 66848, dated March 19, 2004, approved amount			
20	\$250,000 for Arizona Water Company's Eastern Group.		\$ 250,000	
21				
22	Inflation Factor from January 1, 2002 through September 30,			
23	per Inflation Data.com		25.04%	
24				
25	Reasonable Amount of Rate Case Expense based on			
26	Decision No. 66848.		\$ 312,600	
27				
28	RUCO Adjustment (Col. (A) L1 - Col. (B) L26)		\$ 164,274	
29				
30	<u>Allocation Factor Based on Number of Customers</u>		<u>Customers</u>	<u>Percent of Total</u>
31	Superstition (Apache Junction, Superior, Miami)		23,607	71.10%
32	Cochise (Bisbee, Sierra Vista)		6,357	19.15%
33	San Manuel		1,465	4.41%
34	Oracle		1,506	4.54%
35	SaddleBrook Ranch		113	0.34%
36	Winkelman		153	0.46%
37	Total Number of Customers and Percentages		33,201	100.00%

Arizona Water Company
Docket No. W-01445A-11-0310
Test Year Ended December 31, 2010

Superstition - FINAL
Schedule RBM-12
Page 1

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**OPERATING INCOME ADJUSTMENT NO. 4
 MISCELLANEOUS EXPENSE ADJUSTMENTS - FINAL**

LINE NO.	DESCRIPTION	(A) Superstition	(B) Cochise	(C) San Manuel	(D) Oracle	(E) SaddleBrook Ranch	(F) Winkelman
1							
2	<u>DIRECT EXPENSES</u>						
3	Customer Accounting Expense	\$ 1,570	\$ 713	\$ 78	\$ 96	\$ -	\$ -
4	Administration & General Expense	1,642	-	137	143	19	7
5							
6	TOTAL DIRECT EXPENSE	\$ 3,212	\$ 713	\$ 215	\$ 240	\$ 19	\$ 7
7							
8							
9	<u>PHOENIX OFFICE EXPENSES</u>						
10	TOTAL	0.2865	0.0719	0.0164	0.0204	0.0015	0.0019
11	Service Awards and Banquets	\$10,580	761	174	216	16	20
12							
13	Flower Shop Expenses	\$987	71	16	20	1	2
14							
15	Water Association Dues Allowed						
16	at 50% of Total	\$3,475	250	57	71	5	7
17							
18	TOTAL ALLOCATED EXPENSES	\$15,042	\$1,082	\$247	\$307	\$23	\$29
19							
20	TOTAL MISCELLANEOUS EXPENSE ADJUSTMENT	\$7,522	\$1,794	\$462	\$547	\$42	\$35
21							
22							
23							
24							
25							
26							
27							
28							
29							
30							

**OPERATING INCOME ADJUSTMENT NO. 6
PROPERTY TAXES - FINAL**

LINE NO.	<u>Property Tax Calculation</u>	(A) RUCO AS ADJUSTED	(B) RUCO RECOMMENDED
1	RUCO Adjusted Test Year Revenues - RBM-6	\$ 15,056,166	\$ 15,056,166
2	Multiplied by 2	2	2
3	Subtotal (Line 1 * Line 2)	\$ 30,112,332	\$ 30,112,332
4	RUCO Adjusted Test Year Revenues - 2010	15,056,166	
5	RUCO Recommended Revenue, Per Schedule RBM-6		17,185,475
6	Subtotal (Line 4 + Line 5)	\$ 45,168,499	\$ 47,297,807
7	Number of Years	3	3
8	Three Year Average (Line 5 / Line 6)	\$ 15,056,166	\$ 15,765,936
9	Department of Revenue Multiplier	2	2
10	Revenue Base Value (L8 X L9)	\$ 30,112,332	\$ 31,531,872
11	Plus: 10% of CWIP -	-	-
12	Less: Net Book Value of Licensed Vehicles	-	-
13	Full Cash Value (L10 + L11 + L12)	\$ 30,112,332	\$ 31,531,872
14	Assessment Ratio	21.0%	21.0%
15	Assessment Value (L13 X L14)	\$ 6,323,590	\$ 6,621,693
16	Composite Property Tax Rate (L19 / L15)	13.4000%	13.4000%
17			
18	RUCO Proposed Property Tax Expense (L15 X L16))	\$ 847,361	
19	Company Proposed Property Tax	747,264	
20			
21	RUCO Test Year Adjustment (L16 - L17)	\$ 100,097	
22	Property Tax - RUCO Recommended Revenue (L15 X L16)		\$ 887,307
23	RUCO Test Year Adjusted Property Tax Expense (L18)		847,361
24	Increase/(Decrease) to Property Tax Expense		\$ 39,946
25			
26	Increase/(Decrease) to Property Tax Expense		\$ 39,946
27	Increase in Revenue Requirement (L5 - L4)		2,129,309
28	Increase /(Decrease) to Property Tax per Dollar Increase in Revenue (L26 / L27)		1.8760%

**OPERATING INCOME ADJUSTMENT NO. 7
INCOME TAX EXPENSE - FINAL**

LINE NO.	DESCRIPTION	(A) REFERENCE	(B) AMOUNT
1	FEDERAL INCOME TAXES:		
2			
3	Operating Income Before Taxes	(RBM- 7, Col. (C), L36 + L29 + L30)	\$ 3,478,043
4	LESS:		
5	Arizona State Tax	L21	126,112
6	Interest Expense	Note (A) L41	1,668,692
7	Federal Taxable Income	L3 - L5 - L6	<u>\$ 1,683,239</u>
8			
9	Federal Tax Rate	Sch. RBM-1, Page 2	34.00%
10	Federal Income Tax Expense	L7 X L9	<u>\$ 572,301</u>
11			
12	STATE INCOME TAXES:		
13			
14	Operating Income Before Taxes	L3	\$ 3,478,043
15	LESS:		
16	Interest Expense	Note (A) L41	1,668,692
17	State Taxable Income	L14 - L16	<u>\$ 1,809,351</u>
18			
19	State Tax Rate	Tax Rate	6.97%
20			
21	State Income Tax Expense	L17 X L19	<u>\$ 126,112</u>
22			
23	TOTAL INCOME TAX EXPENSE:		
24	Federal Income Tax Expense	L10	\$ 572,301
25	State Income Tax Expense	L21	126,112
26	Total Income Tax Expense Per RUCO	L24 + L25	<u>\$ 698,413</u>
27			
28	Total Federal Income Tax Expense Per Company (Per Company Sch. C-1, L30)		448,513
29			
30	Total State Income Tax Expense Per Company (Per Company Sch. C-1, L31)		98,803
31			
32	RUCO Federal Income Tax Adjustment	L24 - L28	<u>\$ 123,788</u>
33			
34	RUCO State Income Tax Adjustment	L25 - L30	<u>\$ 27,309</u>
35			
36			
37	<u>NOTE (A): Interest Synchronization</u>		
38			
39	Adjusted Rate Base RBM-2, Col. (M), L28	\$ 49,960,832	
40	Weighted Cost Of Debt RBM-9, Col. (D), L1	3.34%	
41	Interest Expense (L39 X L40)	<u>\$ 1,668,692</u>	

COST OF CAPITAL - FINAL

LINE NO.	DESCRIPTION	(A) DOLLAR AMOUNT	(B) CAPITAL RATIO	(C) COST RATE	(D) WEIGHTED COST RATE
1	Long-Term Debt	\$ 75,000,000	49.03%	6.82%	3.34%
2					
3	Common Equity	77,975,335	50.97%	9.40%	4.79%
4					
5	Total Capitalization	<u>\$ 152,975,335</u>	<u>100.00%</u>		
6					
7					
8	WEIGHTED AVERAGE COST OF CAPITAL				8.13%

References:
Columns (A) Thru (D): WAR Testimony

TABLE OF CONTENTS TO RBM FINAL SCHEDULES

SCH NO.	PAGE NO.	TITLE
RBM-1	1 & 2	REVENUE REQUIREMENT AND GROSS REVENUE CONVERSION FACTOR
RBM-2	1	SUMMARY RATE BASE - ORIGINAL COST
RBM-3	1	SUMMARY ORIGINAL COST RATE BASE WITH ADJUSTMENTS
RBM-4	1 & 2	DIRECT PLANT AND ACCUMULATION DEPRECIATION
RBM-4 (1)	1	PHOENIX OFFICE AND METER SHOP ALLOCATION
RBM-5	1	ALLOWANCE FOR WORKING CAPITAL
RBM-6	1	RATE BASE ADJUSTMENT NO. 1 - PLANT ADJUSTMENTS
RBM-6(1)	1	RATE BASE ADJUSTMENT NO. 2 - WORKING CAPITAL
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RBM-8	1 & 2	SCHEDULE OF OPERATING INCOME - TEST YEAR WITH RUCO ADJUSTMENTS
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RBM-10	1	OPERATING INCOME ADJUSTMENT NO. 1 - TRANSMISSION PUMPING & DISTRIBUTION EXPENSE NORMALIZATION
RBM-11	1	OPERATING INCOME ADJUSTMENT NO. 2 - RATE CASE EXPENSE
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RBM-14	1	OPERATING INCOME ADJUSTMENT NO. 5 - DEPRECIATION EXPENSE ADJUSTMENT
RBM-15	1	OPERATING INCOME ADJUSTMENT NO. 6 - PROPERTY TAXES
RBM-16	1	OPERATING INCOME ADJUSTMENT NO. 7 - INCOME TAXES
RBM-17	1	COST OF CAPITAL

REVENUE REQUIREMENT - FINAL

LINE NO.	DESCRIPTION	(A) COMPANY OCRB/FVRB COST	(B) RUCO OCRB/FVRB COST
1	Adjusted Original Cost/Fair Value Rate Base	\$ 8,550,839	\$ 8,365,892
2			
3	Adjusted Operating Income (Loss)	\$ 387,079	\$ 465,040
4			
5	Current Rate of Return (L3 / L1)	4.53%	5.56%
6			
7	Required Operating Income (L9 X L1)	\$ 830,936	\$ 680,265
8			
9	Required Rate of Return on Fair Value Rate Base	9.72%	8.13%
10			
11	Operating Income Deficiency (L7 - L3)	\$ 443,857	\$ 215,225
12			
13	Gross Revenue Conversion Factor (RBM-1, Page 2)	1.6516	1.6521
14			
15	Required Increase in Gross Revenue Requirement (L11 X L13)	\$ 733,087	\$ 355,584
16			
17	Adjusted Test Year Revenue	\$ 3,303,548	\$ 3,303,548
18			
19	Proposed Annual Revenue (L15 + L17)	\$ 4,036,635	\$ 3,659,132
20			
21	Required Percentage Increase in Revenue (L15 / L17)	22.19%	10.76%
22			
23	Consolidated Revenue Adjustment	\$ -	\$ -
24			
25	Required Increase in Gross Revenue Under Proposed Consolidation	\$ -	\$ -
26			
27	Required Revenue Under Proposed Consolidation	\$ -	\$ -
28			
29	Required Percentage Increase in Revenue Under Proposed Consolidation	0.00%	0.00%
30			
31	Rate of Return on Common Equity	12.50%	9.40%

References:

Column (A): Company Schs. A-1 and C-1

Column (B): RUCO Schs. RBM-2, RBM-6, and RBM-9

GROSS REVENUE CONVERSION FACTOR - FINAL

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
	CALCULATION OF GROSS REVENUE CONVERSION FACTOR:				
1	Revenue	100.0000%			
2	Proposed Bad Debt Expense (Per Co. Workpapers)	-			
3	Subtotal (L1 thru L2)	100.0000%			
4	Combined Federal, State, Property Tax Rate (L22)	39.4728%			
5	Subtotal (L3 - L4)	60.5272%			
6	Revenue Conversion Factor (L1 / L5)	1.6521			
	CALCULATION OF EFFECTIVE TAX RATE:				
9	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%			
10	Arizona State Income Tax Rate	6.9680%			
11	Federal Taxable Income (L9 - L10)	93.0320%			
12	Applicable Federal Income Tax Rate (L58)	34.0000%			
13	Effective Federal Income Tax Rate (L11 X L12)	31.6309%			
14	Combined Federal and State Income Tax Rate (L10 + L13)	38.5989%			
	CALCULATION OF EFFECTIVE PROPERTY TAX FACTOR:				
17	Unity	100.0000%			
18	Combined Federal and State Tax Rate	38.5989%			
19	1 Minus Combined Income Tax Rate	61.4011%			
20	Property Tax Factor	1.4232%			
21	Effective Property Tax Factor (L19 x L 20)	0.8739%			
22	Combined Federal, State & Property Tax RateTax Rate (L14 + L21)	39.4728%			
24	RUCO Required Operating Income (Sch. RBM-1, Col. (B), L7)	\$ 680,265			
25	RUCO Adj'd T.Y. Oper'g Inc. (Loss) (Sch. RBM-1, Col. (B), L3)	465,040			
26	Required Increase in Operating Income (L24 - L25)		\$ 215,225		
27	Income Taxes On Recommended Revenue (Col. (D), L53)	\$ 251,791			
29	Income Taxes On Test Year Revenue (Col. (D), L55)	116,493			
30	Required Increase In Revenue To Provide For Income Taxes (L28 - L29)		\$ 135,298		
32	Property Tax with Recommended Revenue (Sch. RBM-7, Col. E, L31)	146,112			
33	Property Tax on TestYear Revenue (Sch. RBM-7, Col. C, L31)	141,051			
34	Increase in Property Tax Due to Increase in Revenue (L32 - L33)		\$ 5,061		
36	Total Required Increase In Revenue (L26 + L30 + L34)		\$ 355,584		
	RUCO's CALCULATION OF INCOME TAX:				
39	RUCO Proposed Revenue (Sch. RBM-1, Col. (B), L19)			\$ 3,659,132	
40	Less:				
41	Operating Expense Excluding Income Tax (Sch. RBM-7, Col. (E), L24 + L26 + L31 + L32)			2,727,075	
42	Synchronized Interest (Col. (C), L63)			279,728	
43	Arizona Taxable Income (L39 - L41 - L42)			\$ 652,328	
44	Arizona State Income Tax Rate			6.9680%	
45	Arizona Income Tax (L43 X L44)				\$ 45,454
46	Fed. Taxable Income (L43 - L45)			\$ 606,874	
47	Fed. Tax On 1st Inc. Bracket (\$1 - \$50,000) @ 15%			\$ -	
48	Fed. Tax On 2nd Inc. Bracket (\$50,001 - \$75,000) @ 25%			\$ -	
49	Fed. Tax On 3rd Inc. Bracket (\$75,001 - \$100,000) @ 34%			\$ -	
50	Fed. Tax On 4th Inc. Bracket (\$100,001 - \$335,000) @ 39%			\$ -	
51	Fed. Tax On 5th Inc. Bracket (\$335,001 - \$10M) @ 34%			\$ 206,337	
52	Total Federal Income Tax (L47 thru L 51)				\$ 206,337
53	Combined Federal And State Income Tax (L45+ L52)				\$ 251,791
55	RUCO Adj'd Test Year Combined Federal and State Income Tax (RBM-7, Col. (C), L29 and L30)				\$ 116,493
56	RUCO Proposed Income Tax Adjustment (L53 - L55)				\$ 135,298
58	Applicable Federal Income Tax Rate				34.00%
	NOTE (A): Interest Synchronization				
61	Adjusted Rate Base RBM-2, Col. (C), L28			\$ 8,365,892	
62	Weighted Cost Of Debt RBM-9, Col. (M), L1			3.34%	
63	Interest Expense (L61 X L62)			\$ 279,728	

SUMMARY RATE BASE - ORIGINAL COST - FINAL

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED OCRB/FVRB	(B) RUCO OCRB/FVRB ADJUSTMENTS	(C) RUCO ADJ'TED OCRB/FVRB
1	Plant Classification			
2	Intangible Plant	\$ 44,054		\$ 44,054
3	Source of Supply Plant	1,649,596		1,649,596
4	Pumping Plant	1,715,876		1,715,876
5	Water Treatment Plant	143,171		143,171
6	Transmission & Distribution Plant	15,999,702	(122,233)	15,877,469
7	General Plant	1,440,539		1,440,539
8	Total Gross Plant in Service (L2 thru L7)	\$ 20,992,937	\$ (122,233)	\$ 20,870,704
9				
10	Accumulated Depreciation	\$ 7,506,943	39	\$ 7,506,982
11	Net Utility Plant In Service (L8 - L10)	\$ 13,485,994	\$ (122,272)	\$ 13,363,722
12				
13	Advances In Aid Of Const.	\$ 1,632,190		\$ 1,632,190
14				
15	Contribution In Aid Of Const.	\$ 2,198,794		\$ 2,198,794
16	Accumulated Amortization Of CIAC	\$ (439,381)		\$ (439,381)
17	NET CIAC (L15 + L16)	\$ 1,759,413	\$ -	\$ 1,759,413
18				
19	Deferred Income Tax	\$ 1,823,964		\$ 1,823,964
20				
21	Customer Deposits	\$ 38,290		\$ 38,290
22				
23	Allowance For Working Capital	\$ 318,702	\$ (62,676)	\$ 256,026
24				
25	Net Regulatory Asset / (Liability)	\$ -		\$ -
26				
27	Rounding	\$ -		\$ -
28	TOTAL RATE BASE (+L11 - L17 - L19 - L21 + L23)	\$ 8,550,839	\$ (184,948)	\$ 8,365,892

References:
Column (A): Company Schedule B-1 and RBM-3 Col. E
Column (B): Schedule RBM-3 Cols. F and G
Column (C): Col. A + Col. B

SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS - FINAL

LINE NO.	DESCRIPTION	(A)		(B)		(C)		(D)	(E)	(F)	(G)	(H)
		COMPANY AS FILED	NET PLANT	COMPANY ADJ. NO. 1 POST TEST YEAR	ADJUSTMENTS	NET REGULATORY LIABILITY	PHOENIX OFF AND METER SHOP						COMPANY AS FILED	OCRBFVRB	ADJMT NO. 1 POST TEST YR ADJUSTMENTS	ADJMT NO. 6 WORKING CAPITAL	RUCO ADJUTED	OCRBFVRB
1	Plant Classification											
2	Intangible Plant	\$ 43,396	\$ -	\$ -	\$ 658	\$ 44,054		\$ -	\$ -	\$ -	\$ -	\$ 44,054
3	Source of Supply Plant	1,649,590	-	-	6	1,649,596		-	-	-	-	1,649,596
4	Pumping Plant	1,715,876	-	-	-	1,715,876		-	-	-	-	1,715,876
5	Water Treatment Plant	143,024	-	-	147	143,171		-	-	-	-	143,171
6	Transmission & Distribution Plant	15,274,344	724,922	-	436	15,999,702		(122,233)	-	-	-	15,877,469
7	General Plant	933,254	-	-	507,285	1,440,539		-	-	-	-	1,440,539
8	Total Gross Plant in Service (Sum L2 thru L7)	\$ 19,759,483	\$ 724,922	\$ -	\$ 508,532	\$ 20,992,937		\$ (122,233)	\$ -	\$ -	\$ -	\$ 20,870,704
9												
10	Accumulated Depreciation	\$ 7,381,827	-	6,885	118,231	\$ 7,506,943		\$ -	39	\$ -	\$ -	\$ 7,506,982
11	Net Utility Plant in Service (L8 less L10)	\$ 12,377,656	\$ 718,037	\$ -	\$ 390,301	\$ 13,485,994		\$ -	\$ (122,272)	\$ -	\$ -	\$ 13,363,722
12												
13	Advances In Aid Of Const.	\$ 1,632,190	\$ -	\$ -	\$ -	\$ 1,632,190		\$ -	\$ -	\$ -	\$ -	\$ 1,632,190
14												
15	Contribution In Aid Of Const.	\$ 2,198,794	\$ -	\$ -	\$ -	\$ 2,198,794		\$ -	\$ -	\$ -	\$ -	\$ 2,198,794
16	Accumulated Amortization Of CIAC	(439,381)	-	-	-	(439,381)		\$ -	\$ -	\$ -	\$ -	(439,381)
17	NET CIAC (L15 less L16)	\$ 1,759,413	\$ -	\$ -	\$ -	\$ 1,759,413		\$ -	\$ -	\$ -	\$ -	\$ 1,759,413
18												
19	Deferred Income Tax	\$ -	\$ -	\$ -	\$ 1,823,964	\$ 1,823,964		\$ -	\$ -	\$ -	\$ -	\$ 1,823,964
20												
21	Customer Deposits	\$ 38,290	\$ -	\$ -	\$ -	\$ 38,290		\$ -	\$ -	\$ -	\$ -	\$ 38,290
22												
23	Allowance For Working Capital	\$ 318,702	\$ -	\$ -	\$ -	\$ 318,702		\$ -	\$ -	\$ (62,676)	\$ -	\$ 256,026
24												
25	Net Regulatory Asset / (Liability)	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
26												
27	Adjustment to Match Rate Base with G/L	\$ 1	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
28	TOTAL RATE BASE (+L11 - L17 - L19 - L21 + L23)	\$ 9,266,466	\$ 718,037	\$ -	\$ (1,433,663)	\$ 8,550,839		\$ (122,272)	\$ -	\$ (62,676)	\$ -	\$ 8,365,892

References:
Columns (A) through (E): Company Schedule B-2; Column (D) RBM-4(1)
Column (F): RUCO Schedule RBM-6, Col. G
Column (G): RUCO Schedule RBM-5, Col. A

Arizona Water Company
Docket No. W-01445A-11-0310
Test Year Ended December 31, 2010
Plant Reconciliation Schedule - Direct Plant

DIRECT PLANT AND ACCUMULATED DEPRECIATION - FINAL

Line No.	Acct. No.	Description	Depreciation Rate	2010				Balance Per G.L.	Difference
				Additions	Retirements	Adjustments	Depreciation Expense		
1		Intangible Plant	0.00%						
2	301	Organization	See Acct. 111				18,755		
3	302	Franchises	See Acct. 111				24,641		
4	303	Other Intangibles					43,396		
5		Subtotal Intangible Plant							
6		Source of Supply Plant			13,200				
7	310.1	Water Rights	0.00%				445,953		
8	310.3	Other Source of Supply Land	0.00%				12,965		
9	310.4	Wells - Other	See Acct. 111						
10	314	Wells	3.13%						
11		Subtotal Source of Supply Plant			13,200				
12		Pumping Plant					1,190,671		
13	320	Pumping Plant Land	0.00%				1,649,590		
14	321	Pumping Plant Structures & Improvements	2.86%				8,935		
15	325	Electric Pumping Equipment	5.86%	128,115	(74,880)	(144,148)	46,922		
16	328	Gas Engine Equipment	4.00%				1,471,226	(0)	
17		Subtotal Pumping Plant		128,115	(74,880)	(144,148)			
18		Water Treatment Plant					188,792	0	
19	330	Water Treatment Plant Land	0.00%				1,715,876		
20	331	Water Treatment Structures & Improvements	2.50%				404		
21	332	Water Treatment Equipment	2.86%	18,741	(588)	(8,112)	16,144		
22		Subtotal Water Treatment Plant		18,741	(588)	(8,112)		1	
23		Transmission & Distribution Plant					143,025	1	
24	340	Transmission & Distribution Land	0.00%				5,044		
25	342	Storage Tanks	2.00%				750,635	(0)	
26	343	Transmission & Distribution Mains	1.79%	210,820	(8,613)	(88,136)	10,014,824	(0)	
27	344	Fire Sprinkler Taps	2.00%				322,137	(0)	
28	345	Services	2.38%	77,311	(3,448)	(83,051)	2,988,410	(0)	
29	346	Meters	4.55%	5,011	(671)	(7,917)	477,435	(1)	
30	348	Hydrants	1.82%	2,899		(435)	715,859	(1)	
31		Subtotal Transmission & Distribution Plant		296,042	(12,732)	(189,614)		(2)	
32		General Plant					15,274,344		
33	389	General Plant Land	0.00%				2,450		
34	390	General Plant Structures	2.50%	1,058			41,286		
35	390.1	Leasehold Improvements	See Acct. 106.2				8,234		
36	391	Office Furniture & Equipment	6.67%	156	(843)		179,566	1	
37	393	Warehouse Equipment	5.00%						
38	394	Tools, Shop & Garage Equipment	4.00%	147	(20)		91,877	0	
39	395	Laboratory Equipment	5.00%	481	(136)		5,315	(0)	
40	396	Power Operated Equipment	6.67%				33,762		
41	397	Communication Equipment	6.67%	31,428	(798)		537,256	(0)	
42	398	Miscellaneous Equipment	3.33%				33,507		
43		Subtotal General Plant		33,271	(1,799)			(0)	
44		Plant in Service		\$ 476,168	\$ (88,200)	\$ (330,472)	\$ 502,207	\$ 19,759,482	\$ 19,759,483
1		Net Salvage/Cost of Removal							
2		Adjustments booked to Conform with Rate Decision					4,839.00		
3		Accum. Deprec. Related to other Plant Adjustments					(14,421)		
4		Accumulated Depreciation & Amort.					7,381,082	(744)	
5		Net Plant in Service		\$ 476,168	\$ (88,200)	\$ (330,472)	\$ 12,378,400	\$ 12,377,656	

PHOENIX OFFICE AND METER SHOP - RATE BASE ALLOCATION - FINAL

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED	(B) Superstition	(C) Cochise	(D) San Manuel	(E) Oracle	(F) SaddleBrook Ranch	(G) Winkelman
1	3 Factor Allocation Factor		28.65%	7.19%	1.64%	2.04%	0.15%	0.19%
2	Phoenix Office Allocation							
3	Plant Classification							
4	Intangible Plant	\$ 9,148	\$ 2,621	\$ 658	\$ 150	\$ 187	\$ 14	\$ 17
5	Source of Supply Plant	-	-	-	-	-	-	-
6	Pumping Plant	-	-	-	-	-	-	-
7	Water Treatment Plant	-	-	-	-	-	-	-
8	Transmission & Distribution Plant	-	-	-	-	-	-	-
9	General Plant	6,914,749	1,981,076	497,170	113,402	141,061	10,372	13,138
10	Total Gross Plant in Service (Sum L4 thru L9)	\$ 6,917,761	\$ 1,983,696	\$ 497,828	\$ 113,552	\$ 141,247	\$ 10,386	\$ 13,155
11	Less:							
12	Accumulated Depreciation	\$ 1,587,979	\$ 454,956	\$ 114,176	\$ 26,043	\$ 32,395	\$ 2,382	\$ 3,017
13	Net Utility Plant in Service (L10 less L12)	\$ 5,329,782	\$ 1,528,740	\$ 383,652	\$ 87,509	\$ 108,853	\$ 8,004	\$ 10,138
14	Less:							
15	Deferred Income Tax	25,368,073	\$ 7,267,953	\$ 1,823,964	\$ 416,036	\$ 517,509	\$ 38,052	\$ 48,199
16	Total Phoenix Office Allocation (L13 less L15)	\$ (20,038,291)	\$ (5,739,212)	\$ (1,440,312)	\$ (328,527)	\$ (408,656)	\$ (30,048)	\$ (38,061)
17								
18	Meter Shop Allocation							
19	Plant Classification							
20	Intangible Plant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21	Source of Supply Plant	80	23	6	1	2	-	-
22	Pumping Plant	-	-	-	-	-	-	-
23	Water Treatment Plant	2,050	587	147	34	42	3	4
24	Transmission & Distribution Plant	6,065	1,738	436	99	124	9	12
25	General Plant	146,810	42,061	10,556	2,408	2,995	220	279
26	Total Gross Plant in Service (Sum L20 thru L25)	\$ 155,005	\$ 44,409	\$ 11,145	\$ 2,542	\$ 3,162	\$ 232	\$ 294
27	Less:							
28	Accumulated Depreciation	\$ 56,404	\$ 16,160	\$ 4,055	\$ 925	\$ 1,151	\$ 85	\$ 107
29	Net Utility Plant in Service (L26 less L28)	\$ 98,601	\$ 28,249	\$ 7,089	\$ 1,617	\$ 2,011	\$ 148	\$ 187
30	Less:							
31	Deferred Income Tax	56,404	-	-	-	-	-	-
32	Total Phoenix Office Allocation (L29 less L31)	\$ 42,197	\$ 28,249	\$ 7,089	\$ 1,617	\$ 2,011	\$ 148	\$ 187
33								
34	Total Phoenix Office and Meter Shop Allocation							
35	Plant Classification							
36	Intangible Plant	\$ 9,148	\$ 2,621	\$ 658	\$ 150	\$ 187	\$ 14	\$ 17
37	Source of Supply Plant	80	23	6	1	2	-	-
38	Pumping Plant	-	-	-	-	-	-	-
39	Water Treatment Plant	2,050	587	147	34	42	3	4
40	Transmission & Distribution Plant	6,065	1,738	436	99	124	9	12
41	General Plant	7,055,423	2,023,137	507,285	115,810	144,056	10,592	13,417
42	Total Gross Plant in Service	\$ 7,072,766	\$ 2,028,105	\$ 508,532	\$ 116,094	\$ 144,410	\$ 10,618	\$ 13,450
43	Less:							
44	Accumulated Depreciation	\$ 1,644,383	\$ 471,116	\$ 118,231	\$ 26,968	\$ 33,545	\$ 2,467	\$ 3,124
45	Net Utility Plant in Service (Sum L7 - L8)	\$ 5,428,382	\$ 1,556,989	\$ 390,301	\$ 89,126	\$ 110,864	\$ 8,152	\$ 10,325
46	Less:							
47	Deferred Income Tax	25,368,073	\$ 7,267,953	\$ 1,823,964	\$ 416,036	\$ 517,509	\$ 38,052	\$ 48,199
48	Total Phoenix Office Allocation (L9 - L10)	\$ (19,996,069)	\$ (5,710,963)	\$ (1,433,663)	\$ (326,910)	\$ (406,645)	\$ (29,900)	\$ (37,874)

**EXPLANATION OF RATE BASE ADJUSTMENT
ALLOWANCE FOR WORKING CAPITAL - FINAL**

LINE NO.	DESCRIPTION	(A) AMOUNT	(B) REFERENCE
1	Working Cash Requirement As Per Company	\$ 54,157	Company Schedule B-5, PG. 2 of 2
2	Working Cash Requirement As Per RUCO	<u>(8,519)</u>	RUCO Schedule RBM-6(1), L30
3	Adjustment	\$ (62,676)	L2 - L1
4			
5	Material and Supplies Inventories As Per Company	\$ 58,630	Company Schedule B-5, PG. 2 of 2
6	Material and Supplies Inventories As Per RUCO	<u>58,630</u>	Company Schedule B-5, PG. 2 of 2
7	Adjustment	\$ -	L6 - L5
8			
9	Required Bank Balances As Per Company	\$ 156,780	Company Schedule B-5, PG. 2 of 2
10	Required Bank Balances As Per RUCO	<u>156,780</u>	Company Schedule B-5, PG. 2 of 2
11	Adjustment	\$ -	L10 - L9
12			
13	Prepayments & Special Deposits As Per Company	\$ 49,135	Company Schedule B-5, PG. 2 of 2
14	Prepayments & Special Deposits As Per RUCO	<u>49,135</u>	Company Schedule B-5, PG. 2 of 2
15		\$ -	L13 - L14
16			
17	TOTAL ADJUSTMENT (See RLM-2, Column (K))	<u>\$ (62,676)</u>	Sum L3, L7, L11, L15

EXPLANATION OF RATE BASE ADJUSTMENT NO. 1
Summary of Post Test Year Plant Additions
Preliminary Costs vs Final Costs - FINAL

Identification /Work Authorization (WA) No.	Account Number	Account Description	(A) Date const. began.	(B) Date Construction is expected to be completed or was completed.	(C) Cost Per Company's Exhibit Sch B-2 Appendix Pages 1 thru 6	(D) Final Cost Per Company Response 2.02 dated Nov. 28, 2011	(E) Total Eastern Region Adjustment	(F) Superstition	(G) Cochise	(H) Oracle
1	1-4226	Water Treatment Equipment	8/24/2009	12/15/2011	\$ 2,872,067	2,872,067	\$ -	WT		
2	1-4787	Trans. & Dist. Mains	3/18/2011	5/5/2011	21,897	21,897	277	TD		
3	1-4788	Communication Equip	5/3/2011	6/7/2011	14,088	20,587	6,499	GP		
4	1-4789	Communication Equip	5/11/2011	6/30/2011	13,800	4,498	(9,302)	GP		
5	1-4792	Electric Pumping	2/2/2011	6/3/2011	35,514	107,305	71,791	PP		
6	1-4793	Trans. & Dist. Mains	5/12/2011	6/13/2011	186,769	176,426	(10,343)	TD		
7	1-4794	Trans. & Dist. Mains	5/11/2011	6/10/2011	156,984	133,921	(23,063)	TD		
8	1-4833	Electric Pumping	2/15/2011	4/15/2011	14,721	14,209	(512)	PP		
9	1-4842	Electric Pumping	5/9/2011	6/10/2011	98,677	61,882	(36,795)	PP		
10	1-4692	Trans. & Dist. Mains	5/24/2010	6/2/2011	156,054	139,361	(16,693)	TD	(16,693)	
11	1-4767	Trans. & Dist. Mains	12/20/2010	3/21/2011	375,720	293,100	(82,620)	TD	(82,620)	
12	1-4795	Trans. & Dist. Mains	2/11/2011	5/22/2011	193,147	169,784	(23,363)	TD	(23,363)	
13	1-4798	Trans. & Dist. Mains	5/11/2011	6/30/2011	40,113	37,355	(2,758)	TD	(2,758)	
14	1-4799	Trans. & Dist. Mains	5/13/2011	6/30/2011	51,218	47,512	(3,706)	TD	(3,706)	
15	1-4800	Trans. & Dist. Mains	5/11/2011	6/30/2011	87,853	65,916	(21,937)	TD	(21,937)	
16										
17										
18		Plant Post Test Year Adjustments			\$ 4,318,345	\$ 4,165,819	\$ (152,526)		(1,448)	(28,401)
19		Phoenix Office Adjustments	4/20/2011	6/21/2011	\$ 25,564	31,727	2,335	GP	1,766	126
20		TOTAL POST TEST YEAR ADJUSTMENTS				\$ (150,191)			\$ 317	\$ (28,276)
21										
22										
23										
24										
25										
26										
27										
28										
29										
30										
31										
32										
33										
34										
35										

ADJUSTMENTS AS FOLLOWS:

Pumping Plant (L5 + L8 + L9)	34,484	
Water Treatment Equipment (L1)		
Transmission & Distribution Plant (L2 + L6 + L7 + L10 thru L15)	(33,129)	(184,207)
General Plant (L3 + L4 + L20)	(1,037)	(468)
	317	(150,191)
		(28,276)

EXPLANATION OF RATE BASE ADJUSTMENT NO. 2 - FINAL

Line No.	(A) Company Test Year Adjusted Results	(B) RUCO Adj	(C) RUCO Adjusted Results	(D) Revenue Lag Days1	(E) Expense Lag Days2	(F) Net Lag Days [B - C]	(G) Lead / Lag Factor [D + 365]	(H) Working Cash Requirement [A X E]
1								
2	Operating Expenses							
3	Purchased Power	\$ 448,281	\$ 448,281	30.32	30.87	(0.55)	(0.0015)	\$ (675)
4	Payroll	843,054	843,054	30.32	14.00	16.32	0.0447	37,695
5	Purchased Water			30.32		30.32	0.0831	
6	Chemicals	27,617	27,617	30.32	(18.11)	48.43	0.1327	3,664
7	Property & Liability Insurance	39,836	39,836	30.32	(45.27)	75.59	0.2071	8,250
8	Workman's Compensation Insurance	9,111	9,111	30.32	(46.50)	76.82	0.2105	1,918
9	Health Insurance	145,704	145,704	30.32	(8.92)	39.24	0.1075	15,664
10	Other O&M (Excluding Rate Case Expense)	499,540	622,819	30.32	(9.27)	39.59	0.1085	67,555
11	Federal Income Taxes	280,666	206,337	30.32	37.00	(6.68)	(0.0183)	(3,776)
12	State Income Taxes	61,828	45,454	30.32	37.00	(6.68)	(0.0183)	(832)
13	FICA Taxes	63,246	63,246	30.32	14.00	16.32	0.0447	2,828
14	FUTA & SUTA Taxes	1,882	1,882	30.32	83.10	(52.78)	(0.1446)	(272)
15	Property Taxes	148,178	146,112	30.32	212.00	(181.68)	(0.4978)	(72,728)
16	Registration, Svc. Contracts, & Misc. Fees	40,447	40,447	30.32	(98.83)	129.15	0.3538	14,312
17	Retirement Annuities (401k)	74,691	74,691	30.32	34.72	(4.40)	(0.0121)	(900)
18								
19								
20	Subtotal	2,684,081	(216,048)	2,714,591				72,701
21								
22								
23	Interest Expense	286,114	(6,386)	279,728	30.32	91.25	(0.1669)	(46,695)
24	Cost of Equity	544,822	(544,822)	30.32		30.32	0.0831	
25	Dividends Paid		276,544	276,544	30.32	75.89	(0.1248)	(34,524)
26								
27	Subtotal	830,936	(274,664)	556,272				(81,220)
28								
29								
30	Total	\$ 3,515,017	\$ (490,712)	\$ 3,270,863				\$ (8,519)
31								
32								

33 Columns (A), (D), and (E) Company Schs. B-5 page 1
34 Column (B) RUCO Schs. RBM-7, RBM-8

OPERATING INCOME - FINAL

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) RUCO TEST YEAR ADJMT'S	(C) RUCO TEST YEAR AS ADJ'TED	(D) RUCO PROP'D CHANGES	(E) RUCO AS RECOMM'D
	Operating Revenues					
1	Residential	\$ 2,270,520	\$ -	\$ 2,270,520	\$ 343,862	\$ 2,614,382
2	Commercial	863,071	-	863,071	-	863,071
3	Industrial	3,342	-	3,342	-	3,342
4	Private Fire Service	16,647	-	16,647	-	16,647
5	Other Water Revenues	107,091	-	107,091	-	107,091
6	Total Water Revenues	\$ 3,260,671	\$ -	\$ 3,260,671	\$ 343,862	\$ 3,604,533
7						
8	Miscellaneous	\$ 42,877	\$ -	\$ 42,877	\$ 11,722	\$ 54,599
9	Total Operating Revenues	\$ 3,303,548	\$ -	\$ 3,303,548	\$ 355,584	\$ 3,659,132
10						
11	Operating Expenses					
12	Source of Supply Expenses:					
13	Purchased Water	\$ -				
14	Other	36,840	(429)	36,411	-	36,411
15	Pumping Expenses:					
16	Purchased Power	448,281	3,104	451,385	-	451,385
17	Purchased Gas	1,606	-	1,606	-	1,606
18	Other	103,495	(4,724)	98,771	-	98,771
19	Water Treatment Expenses	75,163	(501)	74,662	-	74,662
20	Transmission & Distribution Expenses	564,445	(5,256)	559,189	-	559,189
21	Customer Accounting Expenses	355,672	(2,950)	352,722	-	352,722
22	Sales Expense	-	-	-	-	-
23	Administrative & General Expenses	573,228	(120,953)	452,275	-	452,275
24	Total Operations & Maintenance Expense	\$ 2,158,730	\$ (131,709)	\$ 2,027,021	\$ -	\$ 2,027,021
25						
26	Depreciation & Amortization Expenses	\$ 498,716	\$ (2,358)	\$ 496,358	-	\$ 496,358
27						
28	Taxes					
29	Federal Income Taxes	\$ 52,012	\$ 43,452	\$ 95,464	110,874	\$ 206,337
30	State Income Taxes	11,458	9,572	21,030	24,424	45,454
31	Property Taxes	137,972	3,079	141,051	5,061	146,112
32	Other	57,584	-	57,584	-	57,584
33	Total Taxes	\$ 259,026	\$ 56,102	\$ 315,128	\$ 140,359	\$ 455,487
34						
35	Total Operating Expenses	\$ 2,916,472	\$ (77,964)	\$ 2,838,508	\$ 140,359	\$ 2,978,866
36	Operating Income	\$ 387,076	\$ 77,964	\$ 465,040	\$ 215,225	\$ 680,265

References:

Column (A): RBM-8, Col. A
Column (B): RBM-8, Col. K
Column (C): Col. A + Col.B
Column (D): RBM-1, RBM-1(2), RBM-15
Column (E): Col.C + Col.D

SCHEDULE OF OPERATING INCOME - TEST YEAR WITH RUCO ADJUSTMENTS - FINAL

Line No.	(A) Test Year Ended 12/31/2010	(B) Surrebuttal Adjustment Normalize IS-1	(C) Adjustment Rate Case Expense IS-2	(D) Surrebuttal Adjustment Net Unbilled Expense IS-3	(E) Adjustment Misc Expenses IS-4	(F) Adjustment Depreciation Expense IS-5	(G) Adjustment LEFT BLANK	(H) Adjustment LEFT BLANK	(I) Surrebuttal Adjustment Property Tax IS-20	(J) Adjustment Income Tax IS-21	(K) Total Pro Forma Adjustments	(L) Test Year Adjusted Results
1												
2	\$ 2,270,520	-	-	-	-	-	-	-	-	-	\$ -	\$ 2,270,520
3	863,071	-	-	-	-	-	-	-	-	-	-	863,071
4	3,342	-	-	-	-	-	-	-	-	-	-	3,342
5	16,647	-	-	-	-	-	-	-	-	-	-	16,647
6	107,091	-	-	-	-	-	-	-	-	-	-	107,091
7	\$ 3,260,671	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,260,671
8	42,877	-	-	-	-	-	-	-	-	-	-	42,877
9	\$ 3,303,548	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,303,548
10												
11												
12												
13												
14												
15	36,840	-	-	(429)	-	-	-	-	-	-	(429)	36,411
16												
17	448,281	-	-	3,104	-	-	-	-	-	-	3,104	451,385
18	1,606	-	-	-	-	-	-	-	-	-	-	1,606
19	103,495	(3,089)	-	(1,635)	-	-	-	-	-	-	(4,724)	98,771
20	75,163	-	-	(5,266)	-	-	-	-	-	-	(5,011)	74,662
21	564,445	-	-	(2,950)	-	-	-	-	-	-	(2,850)	559,189
22	355,672	-	-	-	-	-	-	-	-	-	-	352,722
23												
24	573,228	(108,990)	(8,430)	(1,739)	(1,794)	-	-	-	-	-	(120,953)	452,275
25	\$ 2,158,730	\$ (112,079)	\$ (8,430)	\$ (9,406)	\$ (1,794)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (131,709)	\$ 2,027,021
26												
27	498,716	-	-	-	(2,358)	-	-	-	-	-	(2,358)	496,358
28												
29												
30												
31	52,012	-	-	-	-	-	-	-	-	-	43,452	95,464
32	11,458	-	-	-	-	-	-	-	-	-	9,572	21,030
33	137,972	-	-	-	-	-	-	-	3,079	-	3,079	141,051
34	57,584	-	-	-	-	-	-	-	-	-	-	57,584
35	\$ 259,026	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,079	\$ -	\$ 56,102	\$ 315,128
36	\$ 2,916,472	\$ (112,079)	\$ (8,430)	\$ (9,406)	\$ (1,794)	\$ (2,358)	\$ -	\$ -	\$ 3,079	\$ -	\$ (77,964)	\$ 2,838,508
37	\$ 387,076	\$ 112,079	\$ 8,430	\$ 9,406	\$ 1,794	\$ 2,358	\$ -	\$ -	\$ (3,079)	\$ -	\$ 77,964	\$ 465,040

References:
Column A, RBM-9
Column B, RBM-10 - Remove Pumping and T&D Test Year Expense Adjustment - See RUCO Surrebuttal Testimony
Column C, RBM-11
Column D - Remove Unbilled Test Year Expense Adjustment - See RUCO Testimony
Column E, RBM-13
Column F, RBM-14
Column I, RBM-15

SCHEDULE OF OPERATING INCOME-TEST YR COMPANY ADJUSTMENTS - FINAL

Line No.	(A) Test Year Ended 12/31/2010	(B) Adjustment Sales Tax IS-1	(C) Adjustment Net Unbilled IS-2	(D) Adjustment MAP IS-3	(E) Adjustment ACRM IS-4	(F) Adjustment Misc IS-5	(G) Adjustment Annual Rates IS-6	(H) Adjustment New Customers IS-7	(I) Adjustment Annualize Payroll IS-8	(J) Adjustment Annualize Emp Benefits IS-9	(K) Adjustment Interest on Customer Deposits IS-10	(L) Adjustment Normalize Maintenance IS-11
1	Operating Revenues											
2	Residential	\$ 2,440,538	\$ (224,117)	\$ (9,871)	\$ -	\$ -	\$ 54,681	\$ 5,727	\$ -	\$ -	\$ -	\$ -
3	Commercial	906,126	(77,770)	(777)	-	-	29,405	5,249	-	-	-	-
4	Industrial	2,981	(225)	(3)	-	-	610	-	-	-	-	-
5	Private Fire Service	8,627	(726)	-	-	-	8,746	-	-	-	-	-
6	Other Water Revenues	122,126	(12,399)	(10)	-	-	(2,626)	-	-	-	-	-
7	Total Water Revenues (L2 thru L6)	\$ 3,480,398	\$ (315,237)	\$ (10,661)	\$ -	\$ -	\$ 90,816	\$ 10,976	\$ -	\$ -	\$ -	\$ -
8	Miscellaneous	46,914	(4,037)	-	-	-	-	-	-	-	-	-
9	Total Operating Revenues (L7 + L9)	\$ 3,527,312	\$ (319,274)	\$ (10,661)	\$ -	\$ -	\$ 90,816	\$ 10,976	\$ -	\$ -	\$ -	\$ -
10	Operating Expenses											
11	Source of Supply Expenses:											
12	Purchased Water											
13	Other	32,134	-	-	-	-	-	95	3,995	-	-	-
14	Pumping Expenses:											
15	Purchased Power	445,426	(3,104)	-	-	-	-	-	-	-	-	-
16	Purchased Gas	1,606	-	-	-	-	-	-	-	-	-	-
17	Other	86,363	1,635	-	-	-	-	1,570	8,947	-	-	3,088
18	Water Treatment Expenses	87,444	501	(16,914)	-	-	-	257	3,286	-	-	-
19	Transmission & Distribution Expenses	401,330	5,286	-	-	-	-	1,154	41,536	-	-	108,992
20	Customer Accounting Expenses	323,274	2,950	-	-	-	-	930	26,853	-	-	-
21	Sales Expense	502,102	1,739	-	-	-	-	1,444	11,225	24,616	2,297	-
22	Administrative & General Expenses	1,879,679	9,406	(16,914)	-	-	-	5,450	95,844	24,616	2,297	112,080
23	Total Operations & Maint. Exp (L14 thru L24)	\$ 1,879,679	\$ 9,406	\$ (16,914)	\$ -	\$ -	\$ -	\$ 5,450	\$ 95,844	\$ 24,616	\$ 2,297	\$ 112,080
24	Depreciation & Amortization Expenses	464,098	-	-	-	-	-	-	-	-	-	-
25	Taxes											
26	Federal Income Taxes	135,289	-	-	-	-	-	-	-	-	-	-
27	State Income Taxes	15,283	-	-	-	-	-	-	-	-	-	-
28	Property Taxes	128,907	-	-	-	-	-	-	-	-	-	-
29	Other	368,064	(319,274)	-	-	-	-	-	8,794	-	-	-
30	Total Taxes (L30 thru L33)	\$ 647,543	\$ (319,274)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,794	\$ -	\$ -	\$ -
31	Total Operating Expenses (L25 + L27 + L34)	\$ 2,991,320	\$ (319,274)	\$ (16,914)	\$ -	\$ -	\$ -	\$ 5,450	\$ 104,638	\$ 24,616	\$ 2,297	\$ 112,080
32	Operating Income (L10 less L36)	\$ 535,992	\$ -	\$ (5,027)	\$ 6,253	\$ -	\$ 90,816	\$ 5,526	\$ (104,638)	\$ (24,616)	\$ (2,297)	\$ (112,080)

Columns (A) through (X) see Company Exhibit Schedule C-2

SCHEDULE OF OPERATING INCOME-TEST YR COMPANY ADJUSTMENTS - FINAL

Line No.	(M) Adjust Water & Gas Exp IS-12	(N) Adjust Rate Case Expense IS-13	(O) Adjust A&G for BMP IS-14	(P) Adjust Fleet Fuel Expense IS-15	(Q) Adjust AS 400 Printers IS-16	(R) Adjust Arsenic Treatmtn Exp IS-17	(S) Adjust Error Correction CAP Charges IS-18	(T) Adjust Depreciation Expense IS-19	(U) Adjust Property Tax IS-20	(V) Adjust Income Tax IS-21	(W) Total Pro Forma Adjustments	(X) Test Year Adjusted Results
1	Operating Revenues											
2	Residential											2,270,520
3	Commercial											863,071
4	Industrial											3,342
5	Private Fire Service											361
6	Other Water Revenues											8,020
7	Total Water Revenues (L2 thru L6)											2,270,520
8												(15,035)
9	Miscellaneous											3,260,671
10	Total Operating Revenues (L7 + L9)											42,877
11												(4,037)
12	Operating Expenses											3,303,548
13	Source of Supply Expenses:											
14	Purchased Water											
15	Other			187								36,840
16	Pumping Expenses:											
17	Purchased Power	5,959										448,281
18	Purchased Gas											1,606
19	Other											2,855
20	Water Treatment Expenses			1,892								17,132
21	Transmission & Distribution Expenses			587								103,495
22	Customer Accounting Expenses			6,177								75,163
23	Sales Expense			1,665								564,445
24	Administrative & General Expenses											355,672
25	Total Operations & Maint. Exp (L14 thru L24)	28,381	28,381	11,112	820	820						71,126
26	Depreciation & Amortization Expenses							34,618				2,158,730
27	Taxes											498,716
28	Federal Income Taxes											
29	State Income Taxes											
30	Property Taxes											
31	Other											
32	Total Taxes (L30 thru L33)											52,012
33												(83,277)
34	Total Operating Expenses (L25 + L27 + L34)	5,959	28,381	11,112	820	820		34,618		(83,277)		11,458
35	Operating Income (L10 less L36)	(5,959)	(28,381)	(11,112)	(820)	(820)		(34,618)		(9,065)		137,972
36												57,584
37												259,026

Columns (A) through (X) see Company Exhibit Schedule C-2

**OPERATING INCOME ADJUSTMENT NO. 1
PUMPING AND TRANSMISSION & DISTRIBUTION MAINTENANCE EXPENSE - FINAL**

Pumping Accounts	<u>Test Year Pumping Expense</u>
1 <u>Maintenance:</u>	
2 Supervision & Engineering	\$ 2,295
3 Structures & Improvements	11,811
4 Electric pumping equipment	11,792
5 Gas pumping equipment	1,789
6	
7 Total Pumping Maintenance Expense	\$ 27,687
8	
9	
10 Company Requested Level of T. Y. Pumping Maintenance Expense	<u> 30,776</u>
11	
12 RUCO Increase / (Decrease) in T. Y. Expense Level	<u>\$ (3,089)</u>
13	
14 RUCO Pumping Maintenance Expense Adjustment	<u>\$ (3,089)</u>
15	
16	
17	
18	
19	
20 Transmission & Distribution Accounts	<u>Test Year T&D Expense</u>
21	
22 <u>Maintenance:</u>	
23 Supervision & Engineering	\$ 35,299
24 Tanks	18,978
25 Mains	99,049
26 Mains - Leak Repair	18,391
27 Mains - Leak Detection	417
28 Services	61,031
29 Services - Leak Repair	9,982
30 Meters	16,739
31 Hydrants	1,078
32	
33 Total T & D Maintenance Expense	\$ 260,964
34	
35	
36 Company Requested Level of T. Y. T & D Maintenance Expense	<u> 369,954</u>
37	
38 RUCO Increase / (Decrease) Expense Adjustment	<u>\$ (108,990)</u>
39	
40 RUCO T & D Maintenance Expense Adjustment	<u>\$ (108,990)</u>
41	
42	
43 Total RUCO Pumping and T & D Maintenance Expense Adjustment (L14 + L40)	<u>\$ (112,079)</u>

OPERATING INCOME ADJUSTMENT NO. 2
RATE CASE EXPENSE ADJUSTMENT - FINAL

Line No.	DESCRIPTION	(A) COMPANY ESTIMATE	(B) RUCO ADJUSTMENT	(B) RUCO AS ADJUSTED
1	Rate Case Expense Total for Eastern Group	\$ 476,874	\$ (164,274)	\$ 312,600
2				
3	Allocation Factor			19.15%
4				
5	Superstition (Apache Junction, Superior, Miami)			<u>\$ 59,854</u>
6				
7	Amortization Period - 3 years			3
8				
9	RUCO Adjusted Rate Case Expense (L5 / L7)			<u>\$ 19,951</u>
10				
11	Company Rate Case Expense as Filed (Company Sch. C-2 Appendix)			\$ 28,381
12				
13	RUCO Pro Forma Rate Case Expense (L9 - L11)			<u>\$ (8,430)</u>
14				
15	RUCO Adjustment			<u>\$ (8,430)</u>
16				
17				
18	RUCO's Rate Base Expense Adjustment Calculation:			
19	Decision No. 66848, dated March 19, 2004, approved amount			
20	\$250,000 for Arizona Water Company's Eastern Group.		\$ 250,000	
21				
22	Inflation Factor from January 1, 2002 through September 30,			
23	per Inflation Data.com		<u>25.04%</u>	
24				
25	Reasonable Amount of Rate Case Expense based on			
26	Decision No. 66848.		<u>\$ 312,600</u>	
27				
28	RUCO Adjustment		<u>\$ 164,274</u>	
29				
30	<u>Allocation Factor Based on Number of Customers</u>		<u>Customers</u>	<u>Percent of Total</u>
31	Superstition (Apache Junction, Superior, Miami)		23,607	71.10%
32	Cochise (Bisbee, Sierra Vista)		6,357	19.15%
33	San Manuel		1,465	4.41%
34	Oracle		1,506	4.54%
35	SaddleBrook Ranch		113	0.34%
36	Winkelman		<u>153</u>	<u>0.46%</u>
37	Total Number of Customers and Percentages		<u>33,201</u>	<u>100.00%</u>

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**OPERATING INCOME ADJUSTMENT NO. 4
MISCELLANEOUS EXPENSE ADJUSTMENTS - FINAL**

LINE NO.	DESCRIPTION	(A) Superstition	(B) Cochise	(C) San Manuel	(D) Oracle	(E) SaddleBrook Ranch	(F) Winkelman
<u>DIRECT EXPENSES</u>							
1							
2	Customer Accounting Expense	\$ 1,570	\$ 713	\$ 78	\$ 96	\$ -	\$ -
3							
4	Administration & General Expense	1,642	-	137	143	19	7
5							
6	TOTAL DIRECT EXPENSE	\$ 3,212	\$ 713	\$ 215	\$ 240	\$ 19	\$ 7
7							
<u>PHOENIX OFFICE EXPENSES</u>							
8							
9							
10							
11	Service Awards and Banquets	3,031	761	174	216	16	20
12							
13	Flower Shop Expenses	283	71	16	20	1	2
14							
15	Water Association Dues Allowed						
16	at 50% of Total	996	250	57	71	5	7
17							
18	TOTAL ALLOCATED EXPENSES	\$4,310	\$1,082	\$247	\$307	\$23	\$29
19							
20	TOTAL MISCELLANEOUS EXPENSE ADJUSTMENT	\$7,522	\$1,794	\$462	\$547	\$42	\$35
21							
22							
23							

ALLOCATION OF PHOENIX OFFICE EXPENSES BASED ON THREE FACTOR

TOTAL	0.2865	0.0719	0.0164	0.0204	0.0015	0.0019
\$10,580	3,031	761	174	216	16	20
\$987	283	71	16	20	1	2
\$3,475	996	250	57	71	5	7
\$15,042	\$4,310	\$1,082	\$247	\$307	\$23	\$29
	\$7,522	\$1,794	\$462	\$547	\$42	\$35

OPERATING INCOME ADJUSTMENT NO. 5
 CALCULATION OF DEPRECIATION EXPENSE - FINAL

Line No.	Acct. No.	Present Depreciation Rates	(A) Plant Balance Per GL	(B) Post Test Year Adjustments	(C) Phoenix Office Balance Per GL	(D) Meter Shop Balance Per GL	(E) Three Factor Formula Allocation	(F) Phoenix Office Meter Shop Allocated To Plant	(G) Company Adjusted End Of Test Year	(H) RUCO Adjustments End Of Test Year	(I) Adjusted End Of Test Year Plant	(J) RUCO Depreciation Test Year Adjusted
1												
2	301	0.00%			651		7.19%	47			47	
3	302	See Acct. 111	18,755		8,498		7.19%		18,755		18,755	750
4	303	See Acct. 111	24,641		9,148		7.19%	611	25,252		25,252	1,263
5			43,396					658	44,054		44,054	2,013
6												
7	310.1	0.00%	445,953				7.19%		445,953		445,953	
8	310.3	0.00%	12,965			80	7.19%	6	12,971		12,971	
9	310.4	See Acct. 111					7.19%					
10	314	3.13%	1,190,671				7.19%		1,190,671		1,190,671	37,268
11			1,649,590			80		6	1,649,595		1,649,595	37,268
12												
13												
14	320	0.00%	8,935				7.19%		8,935		8,935	
15	321	2.88%	46,922				7.19%		46,922		46,922	1,342
16	325	5.88%	1,471,226				7.19%		1,471,226		1,471,226	86,508
17	328	4.00%	188,792				7.19%		188,792		188,792	7,552
18			1,715,876						1,715,876		1,715,876	95,402
19												
20	330	0.00%	16,144				7.19%		16,144		16,144	404
21	331	2.50%	126,879			2,050	7.19%	147	127,027		127,027	3,633
22	332	2.86%	143,024			2,050		147	143,171		143,171	4,037
23												
24	340	0.00%	5,044				7.19%		5,044		5,044	
25	342	2.00%	750,636				7.19%		750,636		750,636	15,013
26	343	1.79%	10,014,824	575,548		6,066	7.19%	436	10,590,808	(97,398)	10,493,410	187,832
27	344	2.00%	322,137				7.19%		322,137		322,137	6,443
28	345	2.38%	2,988,410	133,824			7.19%		3,122,234	(22,648)	3,099,586	73,770
29	346	4.55%	477,436				7.19%		477,436		477,436	21,723
30	348	1.82%	715,859	15,549			7.19%		731,408		731,408	13,264
31			15,274,344	724,921		6,066		436	15,999,701	(122,676)	15,877,025	318,045
32												
33	389	0.00%	2,450				7.19%		2,450		2,450	
34	390	2.50%	41,286		79,935	52,852	7.19%	9,547	50,834		50,834	1,271
35	390.1	See Acct. 108.2	8,234		1,543,079		7.19%	110,947	119,181		119,181	1,928
36	391	6.67%	179,586		4,895,192	11,097	7.19%	352,762	532,328		532,328	35,506
37	393	5.00%			3,705	8,888	7.19%	905	905		905	45
38	394	4.00%	91,877		196,363	69,534	7.19%	19,118	110,995		110,995	4,440
39	395	5.00%	5,316		1,508		7.19%	323	5,638		5,638	282
40	396	6.67%	33,762			1,458	7.19%	105	33,868		33,868	2,259
41	397	6.67%	537,257		181,623		7.19%	13,059	550,315		550,315	36,706
42	398	3.33%	933,254		7,207		7.19%	518	34,025		34,025	1,133
43					6,908,612	146,809		507,285	1,440,538		1,440,538	83,570
44			\$ 19,759,483	\$ 724,921	\$ 6,917,760	\$ 155,005		\$ 508,532	\$ 20,992,936	\$ (122,676)	\$ 20,870,260	\$ 540,334
												\$ (43,976)
			2,188,794	2%	43,976							\$ 496,358
												\$ 498,716
												\$ (2,359)

Plant in Service
 Total Depreciation Test Year Adjusted
 Less: Amortization of Regulatory Liability
 Add: Additional Amortization
 Total Depreciation as Calculated
 Per Company Schedule C-2
 Adjustment

OPERATING INCOME ADJUSTMENT NO. 6
PROPERTY TAXES - FINAL

LINE NO.	Property Tax Calculation	(A)	(B)
		RUCO AS ADJUSTED	RUCO RECOMMENDED
1	RUCO Adjusted Test Year Revenues - RBM-6	\$ 3,303,548	\$ 3,303,548
2	Multiplied by 2	2	2
3	Subtotal (Line 1 * Line 2)	\$ 6,607,096	\$ 6,607,096
4	RUCO Adjusted Test Year Revenues - 2010	3,303,548	
5	RUCO Recommended Revenue, Per Schedule RBM-6		3,659,132
6	Subtotal (Line 4 + Line 5)	\$ 9,910,644	\$ 10,266,228
7	Number of Years	3	3
8	Three Year Average (Line 5 / Line 6)	\$ 3,303,548	\$ 3,422,076
9	Department of Revenue Multiplier	2	2
10	Revenue Base Value (L8 X L9)	\$ 6,607,096	\$ 6,844,152
11	Plus: 10% of CWIP -	-	-
12	Less: Net Book Value of Licensed Vehicles	-	-
13	Full Cash Value (L10 + L11 + L12))	\$ 6,607,096	\$ 6,844,152
14	Assessment Ratio	21.0%	21.0%
15	Assessment Value (L13 X L14)	\$ 1,387,490	\$ 1,437,272
16	Composite Property Tax Rate (L19 / L15)	10.1659%	10.1659%
17			
18	RUCO Proposed Property Tax Expense (L15 X L16))	\$ 141,051	
19	Company Proposed Property Tax	137,972	
20			
21	RUCO Test Year Adjustment (Line 16-Line 17)	\$ 3,079	
22	Property Tax - RUCO Recommended Revenue (L15 X L16)		\$ 146,112
23	RUCO Test Year Adjusted Property Tax Expense (L18)		141,051
24	Increase/(Decrease) to Property Tax Expense		\$ 5,061
25			
26	Increase/(Decrease) to Property Tax Expense		\$ 5,061
27	Increase in Revenue Requirement (L5 - L4)		355,584
28	Increase /(Decrease) to Property Tax per Dollar Increase in Revenue (L26 / L27)		1.4232%

**OPERATING INCOME ADJUSTMENT NO. 7
INCOME TAX EXPENSE - FINAL**

LINE NO.	DESCRIPTION	(A) REFERENCE	(B) AMOUNT
1	FEDERAL INCOME TAXES:		
2			
3	Operating Income Before Taxes	Sch. RBM- 7, Column (C), L36 + L29 + L30	\$ 581,534
4	LESS:		
5	Arizona State Tax	L21	21,030
6	Interest Expense	Note (A) L41	279,728
7	Federal Taxable Income	L1 - L2 - L3	\$ 280,776
8			
9	Federal Tax Rate	Sch. RBM-1, Page 2	34.00%
10	Federal Income Tax Expense	L7 X L9	\$ 95,464
11			
12	STATE INCOME TAXES:		
13			
14	Operating Income Before Taxes	L3	\$ 581,534
15	LESS:		
16	Interest Expense	Note (A) L41	279,728
17	State Taxable Income	L14 - L16	\$ 301,805
18			
19	State Tax Rate	Tax Rate	6.97%
20			
21	State Income Tax Expense	L17 X L19	\$ 21,030
22			
23	TOTAL INCOME TAX EXPENSE:		
24	Federal Income Tax Expense	L10	\$ 95,464
25	State Income Tax Expense	L21	21,030
26	Total Income Tax Expense Per RUCO	L24 + L25	\$ 116,493
27			
28	Total Federal Income Tax Expense Per Company (Per Company Sch. C-1, L30)		52,012
29	Total State Income Tax Expense Per Company (Per Company Sch. C-1, L31)		11,458
30			
31			
32	RUCO Federal Income Tax Adjustment	L24 - L28	\$ 43,452
33			
34	RUCO State Income Tax Adjustment	L25 - L30	\$ 9,572
35			
36			
37	NOTE (A): Interest Synchronization		
38			
39	Adjusted Rate Base RBM-2, Col. (M), L28	\$ 8,365,892	
40	Weighted Cost Of Debt RBM-9, Col. (D), L1	3.34%	
41	Interest Expense (L39 X L40)	\$ 279,728	

COST OF CAPITAL - FINAL

LINE NO.	DESCRIPTION	(A) DOLLAR AMOUNT	(B) CAPITAL RATIO	(C) COST RATE	(D) WEIGHTED COST RATE
1	Long-Term Debt	\$ 75,000,000	49.03%	6.82%	3.34%
2					
3	Common Equity	77,975,335	50.97%	9.40%	4.79%
4					
5	Total Capitalization	<u>\$ 152,975,335</u>	<u>100.00%</u>		
6					
7					
8	WEIGHTED AVERAGE COST OF CAPITAL				8.13%

References:
Columns (A) Thru (D): WAR Testimony

TABLE OF CONTENTS TO RBM FINAL SCHEDULES

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RBM-3	1	SUMMARY ORIGINAL COST RATE BASE WITH ADJUSTMENTS
RBM-4	1 & 2	DIRECT PLANT AND ACCUMULATION DEPRECIATION
RBM-4 (1)	1	PHOENIX OFFICE AND METER SHOP PLANT ALLOCATION
RBM-5	1	ALLOWANCE FOR WORKING CAPITAL
RBM-6	1	RATE BASE ADJUSTMENT NO. 1 - INTENTIONALLY LEFT BLANK
RBM-6(1)	1	RATE BASE ADJUSTMENT NO. 2 - WORKING CAPITAL
RBM-7	1	OPERATING INCOME
RBM-8	1 & 2	SCHEDULE OF OPERATING INCOME - TEST YEAR WITH RUCO ADJUSTMENTS
RBM-9	1 & 2	SCHEDULE OF OPERATING INCOME-TEST YEAR COMPANY ADJUSTMENTS
RBM-10	1	OPERATING INCOME ADJUSTMENT NO. 1 - PUMPING TRANSMISSION & DISTRIBUTION EXPENSE NORMALIZATION
RBM-11	1	OPERATING INCOME ADJUSTMENT NO. 2 - RATE CASE EXPENSE
RBM-12	1	OPERATING INCOME ADJUSTMENT NO. 3 - INTENTIONALLY LEFT BLANK
RBM-13	1	OPERATING INCOME ADJUSTMENT NO. 4 - MISCELLANEOUS EXPENSE
RBM-14	1	OPERATING INCOME ADJUSTMENT NO. 5 - DEPRECIATION EXPENSE ADJUSTMENT
RBM-15	1	OPERATING INCOME ADJUSTMENT NO. 6 - PROPERTY TAXES
RBM-16	1	OPERATING INCOME ADJUSTMENT NO. 7 - INCOME TAXES
RBM-17	1	COST OF CAPITAL

REVENUE REQUIREMENT - FINAL

LINE NO.	DESCRIPTION	(A) COMPANY OCRB/FVRB COST	(B) RUCO OCRB/FVRB COST
1	Adjusted Original Cost/Fair Value Rate Base	\$ 2,016,851	\$ 2,011,030
2			
3	Adjusted Operating Income (Loss)	\$ (28,824)	\$ 40,688
4			
5	Current Rate of Return (L3 / L1)	-1.43%	2.02%
6			
7	Required Operating Income (L9 X L1)	\$ 195,980	\$ 163,525
8			
9	Required Rate of Return on Fair Value Rate Base	9.72%	8.13%
10			
11	Operating Income Deficiency (L7 - L3)	\$ 224,804	\$ 122,837
12			
13	Gross Revenue Conversion Factor (RBM-1, Page 2 of 2)	1.6567	1.6573
14			
15	Required Increase in Gross Revenue Requirement (L11 X L13)	\$ 372,441	\$ 203,581
16			
17	Adjusted Test Year Revenue	\$ 947,528	\$ 947,528
18			
19	Proposed Annual Revenue (L15 + L17)	\$ 1,319,969	\$ 1,151,109
20			
21	Required Percentage Increase in Revenue (L15 / L17)	39.31%	21.49%
22			
23	Consolidated Revenue Adjustment	\$ 15,017	\$ -
24			
25	Required Increase in Gross Revenue Under Proposed Consolidation	\$ 387,458	\$ -
26			
27	Required Revenue Under Proposed Consolidation	\$ 1,334,986	\$ -
28			
29	Required Percentage Increase in Revenue Under Proposed Consolidation	40.89%	0.00%
30			
31	Rate of Return on Common Equity	12.50%	9.40%

References:

Column (A): Company Schs. A-1 and C-1

Column (B): RUCO Schs. RBM-2, RBM-7, RBM-9 and RBM-17

GROSS REVENUE CONVERSION FACTOR - FINAL

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
CALCULATION OF GROSS REVENUE CONVERSION FACTOR:					
1	Revenue	100.0000%			
2	Proposed Bad Debt Expense (Per Co. Workpapers)				
3	Subtotal (L1 thru L2)	100.0000%			
4	Combined Federal, State, Property Tax Rate (L22)	39.6619%			
5	Subtotal (L3 - L4)	60.3381%			
6	Revenue Conversion Factor (L1 / L5)	1.6573			
CALCULATION OF EFFECTIVE TAX RATE:					
8	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%			
10	Arizona State Income Tax Rate	6.9680%			
11	Federal Taxable Income (L9 - L10)	93.0320%			
12	Applicable Federal Income Tax Rate (L58)	34.0000%			
13	Effective Federal Income Tax Rate (L11 X L12)	31.6309%			
14	Combined Federal and State Income Tax Rate (L10 + L13)	38.5989%			
CALCULATION OF EFFECTIVE PROPERTY TAX FACTOR:					
17	Unity	100.0000%			
18	Combined Federal and State Tax Rate	38.5989%			
19	1 Minus Combined Income Tax Rate	61.4011%			
20	Property Tax Factor	1.7312%			
21	Effective Property Tax Factor (L19 x L 20)	1.0630%			
22	Combined Federal, State & Property Tax RateTax Rate (L14 + L21)	39.6619%			
24	RUCO Required Operating Income (Sch. RBM-1, Col. (B), L7)	\$ 163,525			
25	RUCO Adj'd T.Y. Oper'g Inc. (Loss) (Sch. RBM-1, Col. (B), L3)	40,688			
26	Required Increase In Operating Income (L24 - L25)		\$ 122,837		
28	Income Taxes On Recommended Revenue (Col. (D), L53)	\$ 60,527			
29	Income Taxes On Test Year Revenue (Col. (D), L55)	(16,693)			
30	Required Increase In Revenue To Provide For Income Taxes (L28 - L29)		\$ 77,219		
32	Property Tax with Recommended Revenue (Sch. RBM-7, Col. E, L31)	52,735			
33	Property Tax on TestYear Revenue (Sch. RBM-7, Col. C, L31)	49,211			
34	Increase in Property Tax Due to Increase in Revenue (L32 - L33)		\$ 3,524		
36	Total Required Increase In Revenue (L26 + L30 + L34)		\$ 203,581		
RUCO's CALCULATION OF INCOME TAX:					
38	RUCO Proposed Revenue (Sch. RBM-1, Col. (B), L19)			RUCO Recommended	
39				\$ 1,151,109	
40	Less:				
41	Operating Expense Excluding Income Tax (Sch. RBM-7, Col. (E), L24 + L26 + L31 + L32)			927,057	
42	Synchronized Interest (Col. (C), L63)			67,242	
43	Arizona Taxable Income (L39 - L41 - L42)			\$ 156,810	
44	Arizona State Income Tax Rate			6.9680%	
45	Arizona Income Tax (L43 X L44)				\$ 10,926
46	Fed. Taxable Income (L43 - L45)			\$ 145,883	
47	Fed. Tax On 1st Inc. Bracket (\$1 - \$50,000) @ 15%			\$ -	
48	Fed. Tax On 2nd Inc. Bracket (\$50,001 - \$75,000) @ 25%			\$ -	
49	Fed. Tax On 3rd Inc. Bracket (\$75,001 - \$100,000) @ 34%			\$ -	
50	Fed. Tax On 4th Inc. Bracket (\$100,001 - \$335,000) @ 39%			\$ -	
51	Fed. Tax On 5th Inc. Bracket (\$335,001 - \$10M) @ 34%			\$ 49,600	
52	Total Federal Income Tax (L47 thru L 51)			\$ 49,600	
53	Combined Federal And State Income Tax (L45+ L52)			\$ 60,527	
55	RUCO Adj'd Test Year Combined Federal and State Income Tax (RBM-7, Col. (C), L29 and L30)			\$ (16,693)	
56	RUCO Proposed Income Tax Adjustment (L53 - L55)			\$ 77,219	
59	Applicable Federal Income Tax Rate				34.00%
NOTE (A): Interest Synchronization					
61	Adjusted Rate Base RBM-2, Col. (C), L28			\$ 2,011,030	
62	Weighted Cost Of Debt RBM-9, Col. (M), L1			3.34%	
63	Interest Expense (L61 X L62)			\$ 67,242	

SUMMARY RATE BASE - ORIGINAL COST - FINAL

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED OCRB/FVRB	(B) RUCO OCRB/FVRB ADJUSTMENTS	(C) RUCO ADJ'TED OCRB/FVRB
1	Plant Classification			
2	Intangible Plant	\$ 484		\$ 484
3	Source of Supply Plant	178,993		178,993
4	Pumping Plant	406,758		406,758
5	Water Treatment Plant	1,423,286		1,423,286
6	Transmission & Distribution Plant	1,915,019		1,915,019
7	General Plant	490,096		490,096
8	Total Gross Plant in Service (L2 thru L7)	\$ 4,414,635	\$ -	\$ 4,414,635
9				
10	Accumulated Depreciation	\$ 1,313,975		\$ 1,313,975
11	Net Utility Plant In Service (L8 - L10)	\$ 3,100,661	\$ -	\$ 3,100,661
12				
13	Advances In Aid Of Const.	\$ 61,297		\$ 61,297
14				
15	Contribution In Aid Of Const.	\$ 742,146		\$ 742,146
16	Accumulated Amortization Of CIAC	\$ (52,037)		\$ (52,037)
17	NET CIAC (L15 + L16)	\$ 690,109	\$ -	\$ 690,109
18				
19	Deferred Income Tax	\$ 416,036		\$ 416,036
20				
21	Customer Deposits	\$ 11,769		\$ 11,769
22				
23	Allowance For Working Capital	\$ 95,402	\$ (5,821)	\$ 89,581
24				
25	Net Regulatory Asset / (Liability)	\$ -		\$ -
26				
27	Rounding	\$ (1)		\$ (1)
28	TOTAL RATE BASE (+L11 - L17 - L19 - L21 + L23)	\$ 2,016,851	\$ (5,821)	\$ 2,011,030

References:
Column (A): Company Schedule B-1 and RBM-3 Col. E
Column (B): Schedule RBM-3 Cols. F and G
Column (C): Col. A + Col. B; RBM-3

SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS - FINAL

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED NET PLANT TEST YEAR	(B) COMPANY ADJ NO 1 POST TEST YEAR ADJUSTMENTS	(C) NET REGULATORY LIABILITY	(D) PHOENIX OFF AND METER SHOP	(E) COMPANY AS FILED OCB/FV/RB	(F) ADJMT NO. 1 POST TEST YR ADJUSTMENTS	(G) ADJMT NO. 6 WORKING CAPITAL	(H) RUCO ADJUSTED OCB/FV/RB
1	Plant Classification								
2	Intangible Plant	\$ 334	\$ -	\$ -	\$ 150	\$ 484	\$ -	\$ -	\$ 484
3	Source of Supply Plant	178,992	-	-	1	178,993	-	-	178,993
4	Pumping Plant	406,758	-	-	-	406,758	-	-	406,758
5	Water Treatment Plant	1,423,252	-	-	34	1,423,286	-	-	1,423,286
6	Transmission & Distribution Plant	1,914,920	-	-	99	1,915,019	-	-	1,915,019
7	General Plant	374,286	-	-	115,810	490,096	-	-	490,096
8	Total Gross Plant in Service (Sum L2 thru L7)	\$ 4,286,542	\$ -	\$ -	\$ 116,084	\$ 4,414,635	\$ -	\$ -	\$ 4,414,635
9									
10	Accumulated Depreciation	\$ 1,287,007	-	-	26,968	1,313,975	-	-	1,313,975
11	Net Utility Plant in Service (L8 less L10)	\$ 3,011,535	\$ -	\$ -	\$ 89,126	\$ 3,100,661	\$ -	\$ -	\$ 3,100,661
12									
13	Advances In Aid Of Const.	\$ 61,297	\$ -	\$ -	\$ -	\$ 61,297	\$ -	\$ -	\$ 61,297
14									
15	Contribution In Aid Of Const.	\$ 742,146	\$ -	\$ -	\$ -	\$ 742,146	\$ -	\$ -	\$ 742,146
16	Accumulated Amortization Of CIAC	(52,037)	-	-	-	(52,037)	-	-	(52,037)
17	NET CIAC (L15 less L16)	\$ 690,109	\$ -	\$ -	\$ -	\$ 690,109	\$ -	\$ -	\$ 690,109
18									
19	Deferred Income Tax	\$ -	\$ -	\$ -	\$ 416,036	\$ 416,036	\$ -	\$ -	\$ 416,036
20									
21	Customer Deposits	\$ 11,769	\$ -	\$ -	\$ -	\$ 11,769	\$ -	\$ -	\$ 11,769
22									
23	Allowance For Working Capital	\$ 95,402	\$ -	\$ -	\$ -	\$ 95,402	\$ -	\$ (5,821)	\$ 89,581
24									
25	Net Regulatory Asset / (Liability)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
26									
27	Adjustment to Match Rate Base with G/L	\$ (1)	\$ -	\$ -	\$ -	\$ (1)	\$ -	\$ -	\$ (1)
28	TOTAL RATE BASE (+L11 - L17 - L19 - L21 + L23)	\$ 2,343,761	\$ -	\$ -	\$ (326,910)	\$ 2,016,851	\$ -	\$ (5,821)	\$ 2,011,030

References:
Column (A) through (E): Company Schedule B-2; Column (D) RBM-4(1)
Column (F): RUCO Schedule RBM-6, Col. F
Column (G): RUCO Schedule RBM-5, Col. A

DIRECT PLANT AND ACCUMULATED DEPRECIATION - FINAL

Line No.	Acct. No.	Description	Depreciation Rate	2008				2009							
				Approved Rate Base 12/31/2007	Additions	Retirements	Adjustments	Depreciation Expense	Balance	Additions	Retirements	Adjustments	Depreciation Expense	Balance	
1		Intangible Plant													
2	301	Organization	0.00%	11											
3	302	Franchises	See Acct. 111	477											
4	303	Other Intangibles	See Acct. 111	488											
5		Subtotal Intangible Plant													
6		Source of Supply Plant													
7	310.1	Water Rights	0.00%	169,941	3,412										
8	310.3	Other Source of Supply Land	0.00%	1											
9	310.4	Wells - Other	See Acct. 111												
10	314	Wells	3.13%	5,560											
11		Subtotal Source of Supply Plant		175,502	3,412										
12		Pumping Plant													
13	320	Pumping Plant Land	0.00%	7,000											
14	321	Pumping Plant Structures & Improvements	2.86%	14,110											
15	325	Electric Pumping Equipment	5.88%	357,034	27,586										
16	328	Gas Engine Equipment	4.00%												
17		Subtotal Pumping Plant		378,144	27,586										
18		Water Treatment Plant													
19	330	Water Treatment Plant Land	0.00%	2,000											
20	331	Water Treatment Structures & Improvements	2.50%	42,578											
21	332	Water Treatment Equipment	2.86%	1,354,047	11,552										
22		Subtotal Water Treatment Plant		1,398,624	11,552										
23		Transmission & Distribution Plant													
24	340	Transmission and Distribution Land	0.00%	69,500											
25	342	Storage Tanks	2.00%	98,403											
26	343	Transmission & Distribution Mains	1.79%	1,025,418	119,099	(11,190)									
27	344	Fire Sprinkler Taps	2.00%	100											
28	345	Services	2.38%	329,052	10,199	(176)									
29	346	Meters	4.55%	124,886		(646)									
30	348	Hydrants	1.82%	65,598	9,209										
31		Subtotal Transmission & Distribution Plant		1,712,957	138,507	(12,012)									
32		General Plant													
33	389	General Plant Land	0.00%	21,821											
34	390	General Plant Structures	2.50%	57,323											
35	390.1	Leasehold Improvements	See Acct. 108.2	176,419	1,232										
36	391	Office Furniture & Equipment	6.67%	1,227											
37	393	Warehouse Equipment	5.00%	74,961											
38	394	Tools, Shop & Garage Equipment	4.00%	2,881	2,314										
39	395	Laboratory Equipment	5.00%	2,684											
40	396	Power Operated Equipment	6.67%	2,720											
41	397	Communication Equipment	6.67%	104,319	461										
42	398	Miscellaneous Equipment	3.33%	17,344											
43		Subtotal General Plant		458,818	4,007										
44		Plant in Service		4,124,534	185,064	(12,012)									
45															
46		Net Salvage/Cost of Removal													
47		Adjustments booked to Conform with Rate Decision													
48		Accum. Deprec. Related to other Plant Adjustments													
49		Accumulated Depreciation & Amort.		963,111											
50		Net Plant in Service		\$ 4,161,423	\$ 185,064	\$ (12,012)	\$ -	\$ 1,049,506	\$ (916)	\$ -	\$ 1,167,918	\$ 38,034	\$ (916)	\$ -	\$ 3,058,967

PHOENIX OFFICE AND METER SHOP - RATE BASE ALLOCATION - FINAL

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED	(B) Superstition	(C) Cochise	(D) San Manuel	(E) Oracle	(F) SaddleBrook Ranch	(G) Winkelman
1	3 Factor Allocation Factor							
2	Phoenix Office Allocation		28.65%	7.19%	1.64%	2.04%	0.15%	0.19%
3	Plant Classification							
4	Intangible Plant	\$ 9,148	\$ 2,621	\$ 658	\$ 150	\$ 187	\$ 14	\$ 17
5	Source of Supply Plant	-	-	-	-	-	-	-
6	Pumping Plant	-	-	-	-	-	-	-
7	Water Treatment Plant	-	-	-	-	-	-	-
8	Transmission & Distribution Plant	-	-	-	-	-	-	-
9	General Plant	6,914,749	1,981,076	497,170	113,402	141,061	10,372	13,138
10	Total Gross Plant in Service (Sum L4 thru L9)	\$ 6,917,761	\$ 1,983,696	\$ 497,828	\$ 113,552	\$ 141,247	\$ 10,386	\$ 13,155
11	Less:							
12	Accumulated Depreciation	\$ 1,587,979	\$ 454,956	\$ 114,176	\$ 26,043	\$ 32,395	\$ 2,382	\$ 3,017
13	Net Utility Plant in Service (L10 less L12)	\$ 5,329,782	\$ 1,528,740	\$ 383,652	\$ 87,509	\$ 108,853	\$ 8,004	\$ 10,138
14	Less:							
15	Deferred Income Tax	\$ 25,368,073	\$ 7,267,953	\$ 1,823,964	\$ 416,036	\$ 517,509	\$ 38,052	\$ 48,199
16	Total Phoenix Office Allocation (L13 less L15)	\$ (20,038,291)	\$ (5,739,212)	\$ (1,440,312)	\$ (328,527)	\$ (408,656)	\$ (30,048)	\$ (38,061)
17								
18	Meter Shop Allocation							
19	Plant Classification							
20	Intangible Plant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21	Source of Supply Plant	80	23	6	1	2	-	-
22	Pumping Plant	-	-	-	-	-	-	-
23	Water Treatment Plant	2,050	587	147	34	42	3	4
24	Transmission & Distribution Plant	6,065	1,738	436	99	124	9	12
25	General Plant	146,810	42,061	10,556	2,408	2,995	220	279
26	Total Gross Plant in Service (Sum L20 thru L25)	\$ 155,005	\$ 44,409	\$ 11,145	\$ 2,542	\$ 3,162	\$ 232	\$ 294
27	Less:							
28	Accumulated Depreciation	\$ 56,404	\$ 16,160	\$ 4,055	\$ 925	\$ 1,151	\$ 85	\$ 107
29	Net Utility Plant in Service (L26 less L28)	\$ 98,601	\$ 28,249	\$ 7,089	\$ 1,617	\$ 2,011	\$ 148	\$ 187
30	Less:							
31	Deferred Income Tax	\$ 56,404	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
32	Total Phoenix Office Allocation (L29 less L31)	\$ 42,197	\$ 28,249	\$ 7,089	\$ 1,617	\$ 2,011	\$ 148	\$ 187
33								
34	Total Phoenix Office and Meter Shop Allocation							
35	Plant Classification							
36	Intangible Plant	\$ 9,148	\$ 2,621	\$ 658	\$ 150	\$ 187	\$ 14	\$ 17
37	Source of Supply Plant	80	23	6	1	2	-	-
38	Pumping Plant	-	-	-	-	-	-	-
39	Water Treatment Plant	2,050	587	147	34	42	3	4
40	Transmission & Distribution Plant	6,065	1,738	436	99	124	9	12
41	General Plant	7,055,423	2,023,137	507,726	115,810	144,056	10,592	13,417
42	Total Gross Plant in Service	\$ 7,072,766	\$ 2,028,105	\$ 508,973	\$ 116,094	\$ 144,410	\$ 10,618	\$ 13,450
43	Less:							
44	Accumulated Depreciation	\$ 1,644,383	\$ 471,116	\$ 118,231	\$ 26,968	\$ 33,545	\$ 2,467	\$ 3,124
45	Net Utility Plant in Service (Sum L7 - L8)	\$ 5,428,382	\$ 1,556,989	\$ 390,742	\$ 89,126	\$ 110,864	\$ 8,152	\$ 10,325
46	Less:							
47	Deferred Income Tax	\$ 25,368,073	\$ 7,267,953	\$ 1,823,964	\$ 416,036	\$ 517,509	\$ 38,052	\$ 48,199
48	Total Phoenix Office Allocation (L9 - L10)	\$ (19,996,095)	\$ (5,710,963)	\$ (1,433,223)	\$ (326,910)	\$ (406,645)	\$ (29,900)	\$ (37,874)

ALLOWANCE FOR WORKING CAPITAL - FINAL

LINE NO.	DESCRIPTION	(A) AMOUNT	(B) REFERENCE
1	Working Cash Requirement As Per Company	\$ 10,997	Company Schedule B-5, PG. 2 of 2
2	Working Cash Requirement As Per RUCO	5,176	RUCO Schedule RBM-6(1), L30
3	Adjustment	<u>\$ (5,821)</u>	L2 - L1
4			
5	Material and Supplies Inventories As Per Company	\$ 36,426	Company Schedule B-5, PG. 2 of 2
6	Material and Supplies Inventories As Per RUCO	36,426	Company Schedule B-5, PG. 2 of 2
7	Adjustment	<u>\$ -</u>	L6 - L5
8			
9	Required Bank Balances As Per Company	\$ 36,269	Company Schedule B-5, PG. 2 of 2
10	Required Bank Balances As Per RUCO	36,269	Company Schedule B-5, PG. 2 of 2
11	Adjustment	<u>\$ -</u>	L10 - L9
12			
13	Prepayments & Special Deposits As Per Company	\$ 11,711	Company Schedule B-5, PG. 2 of 2
14	Prepayments & Special Deposits As Per RUCO	11,711	Company Schedule B-5, PG. 2 of 2
15		<u>\$ -</u>	L13 - L14
16			
17	TOTAL ADJUSTMENT (See RLM-2, Column (K))	<u><u>\$ (5,821)</u></u>	Sum L3, L7, L11, L15

SCHEDULE 6 INTENTIONALLY IS BLANK

EXPLANATION OF RATE BASE ADJUSTMENT NO. 2 - FINAL

Line No.	(A) Company Test Year Adjusted Results	(B) RUCO Adj	(C) RUCO Adjusted Results	(D) Revenue Lag Days1	(E) Expense Lag Days2	(F) Net Lag Days [B - C]	(G) Lead / Lag Factor [D + 365]	(H) Working Cash Requirement [A X E]
1								
2	Operating Expenses							
3	Purchased Power	\$ 34,056	\$ 34,056	30.15	30.87	(0.72)	(0.0020)	\$ (67)
4	Payroll	218,739	218,739	30.15	14.00	16.15	0.0442	9,678
5	Purchased Water	372,967	372,967	30.15	26.04	4.11	0.0113	4,200
6	Chemicals	3,034	3,034	30.15	(18.11)	48.26	0.1322	401
7	Property & Liability Insurance	9,086	9,086	30.15	(45.27)	75.42	0.2066	1,877
8	Workman's Compensation Insurance	2,078	2,078	30.15	(46.50)	76.65	0.2100	436
9	Health Insurance	33,958	33,958	30.15	(8.92)	39.07	0.1070	3,635
10	Other O&M (Excluding Rate Case Expense)	153,827	(112,398)	30.15	(9.27)	39.42	0.1080	28,752
11	Federal Income Taxes	66,196	(16,596)	30.15	37.00	(6.85)	(0.0188)	(931)
12	State Income Taxes	14,582	(3,656)	30.15	37.00	(6.85)	(0.0188)	(205)
13	FICA Taxes	16,443	16,443	30.15	14.00	16.15	0.0442	728
14	FUTA & SUTA Taxes	545	545	30.15	83.10	(52.95)	(0.1451)	(79)
15	Property Taxes	54,539	(1,803)	30.15	212.00	(181.85)	(0.4982)	(26,274)
16	Registration, Svc. Contracts, & Misc. Fees	8,929	8,929	30.15	(98.83)	128.98	0.3534	3,155
17	Retirement Annuities (401k)	17,408	17,408	30.15	34.72	(4.57)	(0.0125)	(218)
18								
19								
20	Subtotal	1,006,387	(134,452)	1,096,730				25,089
21								
22								
23	Interest Expense	67,481	(239)	67,242	91.25	(61.10)	(0.1674)	(11,256)
24	Cost of Equity	128,498	(128,498)	30.15	-	30.15	0.0826	-
25	Dividends Paid	69,081	69,081	30.15	75.89	(45.74)	(0.1253)	(8,656)
26								
27	Subtotal	195,979	(59,655)	136,324				(19,913)
28								
29								
30	Total	\$ 1,202,366	\$ (194,108)	\$ 1,233,054				\$ 5,176
31								
32								
33	Columns (A), (D), and (E) Company Schs. B-5 page 1							
34	Column (B) RUCO Schs. RBM-7, RBM-8							

OPERATING INCOME - FINAL

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) RUCO TEST YEAR ADJ'M'TS	(C) RUCO TEST YEAR AS ADJ'TED	(D) RUCO PROP'D CHANGES	(E) RUCO AS RECOMM'D
	Operating Revenues					
1	Residential	\$ 763,811	\$ -	\$ 763,811	\$ 203,581	\$ 967,392
2	Commercial	159,464	-	159,464	-	159,464
3	Industrial	-	-	-	-	-
4	Private Fire Service	286	-	286	-	286
5	Other Water Revenues	8,639	-	8,639	-	8,639
6	Total Water Revenues	\$ 932,200	\$ -	\$ 932,200	\$ 203,581	\$ 1,135,781
7	Miscellaneous	\$ 15,328	\$ -	\$ 15,328	\$ -	\$ 15,328
8	Total Operating Revenues	\$ 947,528	\$ -	\$ 947,528	\$ 203,581	\$ 1,151,109
	Operating Expenses					
	Source of Supply Expenses:					
9	Purchased Water	\$ 372,967	\$ (82,364)	290,603	-	290,603
10	Other	2,637	(48)	2,589	-	2,589
11	Pumping Expenses:	-	-	-	-	-
12	Purchased Power	34,056	82	34,138	-	34,138
13	Purchased Gas	-	-	-	-	-
14	Other	49,208	(3,888)	45,320	-	45,320
15	Water Treatment Expenses	55,225	(9,587)	45,638	-	45,638
16	Transmission & Distribution Expenses	103,578	(14,220)	89,358	-	89,358
17	Customer Accounting Expenses	109,167	(1,492)	107,675	-	107,675
18	Sales Expense	-	-	-	-	-
19	Administrative & General Expenses	134,261	(2,834)	131,427	-	131,427
20	Total Operations & Maintenance Expense	\$ 861,099	\$ (114,351)	\$ 746,748	\$ -	\$ 746,748
21	Depreciation & Amortization Expenses	\$ 112,938	\$ -	\$ 112,938	-	\$ 112,938
	Taxes					
22	Federal Income Taxes	\$ (49,612)	\$ 35,933	\$ (13,679)	63,280	\$ 49,600
23	State Income Taxes	(10,929)	7,916	(3,013)	13,940	10,926
24	Property Taxes	48,221	990	49,211	3,524	52,735
25	Other	14,635	-	14,635	-	14,635
26	Total Taxes	\$ 2,315	\$ 44,838	\$ 47,153	\$ 80,744	\$ 127,897
27	Total Operating Expenses	\$ 976,352	\$ (69,512)	\$ 906,840	\$ 80,744	\$ 987,583
28	Operating Income	\$ (28,824)	\$ 69,512	\$ 40,688	\$ 122,837	\$ 163,526

References:

Column (A): RBM-8, Col. A
Column (B): RBM-8, Col. K
Column (C): Col. A + Col. B
Column (D): RBM-1, RBM-1(2), RBM-15
Column (E): Col. C + Col. D

SCHEDULE OF OPERATING INCOME - TEST YEAR WITH RUCO ADJUSTMENTS - FINAL

Line No.	(A) Test Year Ended 12/31/2010	(B) Surrebital Adjustment Normalize Maintenance IS-1	(C) Adjustment Rate Case Expense IS-2	(D) Surrebital Adj ustment Net Unbilled Expense IS-3	(E) Adjustment Misc Expenses IS-4	(F) Adjustment Depreciation Expense IS-5	(G) Surrebital Adjustment Purchased Water IS-6	(H) Surrebital Water Testing Expense IS-7	(I) Adjustment Property Tax IS-8	(J) Adjustment Income Tax IS-9	(K) Total Pro Forma Adjustments	(L) Test Year Adjusted Results
1	Operating Revenues											
2	Residential	\$ 763,811	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 763,811
3	Commercial	159,464	-	-	-	-	-	-	-	-	-	159,464
4	Industrial	-	-	-	-	-	-	-	-	-	-	-
5	Private Fire Service	286	-	-	-	-	-	-	-	-	-	286
6	Other Water Revenues	8,639	-	-	-	-	-	-	-	-	-	8,639
7	Total Water Revenues (L2 thru L6)	\$ 932,200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 932,200
8	Miscellaneous	15,328	-	-	-	-	-	-	-	-	-	15,328
9	Total Operating Revenues (L7 + L9)	\$ 947,528	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 947,528
10	Operating Expenses											
11	Source of Supply Expenses:											
12	Purchased Water	372,967	-	-	-	-	(82,364)	-	-	-	(82,364)	290,603
13	Other	2,637	-	(48)	-	-	-	-	-	-	(48)	2,589
14	Pumping Expenses:											
15	Purchased Power	34,056	-	-	-	-	-	-	-	-	-	34,056
16	Purchased Gas	-	-	82	-	-	-	-	-	-	82	82
17	Other	49,208	(3,882)	(6)	-	-	-	-	-	-	(3,888)	45,320
18	Water Treatment Expenses	56,225	-	(77)	-	-	-	(9,510)	-	-	(9,587)	45,638
19	Transmission & Distribution Expenses	103,578	(12,905)	(1,315)	-	-	-	-	-	-	(14,220)	89,358
20	Customer Accounting Expenses	109,167	-	(1,492)	-	-	-	-	-	-	(1,492)	107,675
21	Sales Expense	134,261	-	(419)	(462)	-	-	-	-	-	(2,894)	131,477
22	Administrative & General Expenses	861,099	(16,787)	(1,953)	(462)	-	(82,364)	(9,510)	-	-	(114,351)	746,748
23	Total Operations & Maint. Exp (L14 thru L24)	\$ 861,099	\$ (16,787)	\$ (1,953)	\$ (462)	\$ -	\$ (82,364)	\$ (9,510)	\$ -	\$ -	\$ (114,351)	\$ 746,748
24	Depreciation & Amortization Expenses	112,938	-	-	-	-	-	-	-	-	-	112,938
25	Taxes											
26	Federal Income Taxes	(49,612)	-	-	-	-	-	-	-	35,933	35,933	(13,679)
27	State Income Taxes	(10,929)	-	-	-	-	-	-	-	7,916	7,916	(3,013)
28	Property Taxes	48,221	-	-	-	-	-	-	-	990	990	49,211
29	Other	14,635	-	-	-	-	-	-	-	-	-	14,635
30	Total Taxes (L30 thru L33)	\$ 2,315	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,838	\$ 44,838	\$ 47,153
31	Total Operating Expenses (L25 + L27 + L34)	\$ 976,352	\$ (16,787)	\$ (1,953)	\$ (462)	\$ -	\$ (82,364)	\$ (9,510)	\$ -	\$ 44,838	\$ (69,512)	\$ 906,840
32	Operating Income (L10 less L36)	\$ (28,824)	\$ 16,787	\$ 1,953	\$ 462	\$ -	\$ 82,364	\$ 9,510	\$ -	\$ (44,838)	\$ 69,512	\$ 40,688

Reference:

- Column A, RBM-9
- Column B, RBM-10 - Remove Pumping and T&D Test Year Expense - See RUCO Surrebital Testimony
- Column C, RBM-11
- Column D, RBM-12 - Remove Unbilled Test Year Expense Adjustment - See RUCO Surrebital Testimony
- Column E, RBM-13
- Column F, RBM-14
- Column G - Adjust Test Year Purchased Water as per Company Testimony - See also RUCO Surrebital Testimony
- Column H - Adjust for Water Testing Expenses - See RUCO Surrebital Testimony
- Column I - RBM 15
- Column J, RBM-16

SCHEDULE OF OPERATING INCOME-TEST YR COMPANY ADJUSTMENTS - FINAL

Line No.	(A) Test Year Ended 12/31/2010	(B) Adj. Sales Tax IS-1	(C) Adj. Net Unbilled IS-2	(D) Adj. MAP IS-3	(E) Adj. ACRM IS-4	(F) Adj. Misc IS-5	(G) Adj. Annual Rates IS-6	(H) Adj. New Customers IS-7	(I) Adj. Annualize Payroll IS-8	(J) Adj. Emp Benefits IS-9	(K) Adj. Interest on Customer Deposits IS-10	(L) Adj. Normaliza Maintenance IS-11
1	Operating Revenues											
2	Residential	\$ 787,294	\$ (55,887)	\$ (3,264)	\$ -	\$ (76,279)	\$ 117,912	\$ (3,965)	\$ -	\$ -	\$ -	\$ -
3	Commercial	162,422	(11,533)	21	(15,169)	25,561	(1,838)					
4	Industrial											
5	Private Fire Service	146	(11)		(1,070)	151						
6	Other Water Revenues	10,018	(704)			395						
7	Total Water Revenues (L2 thru L6)	\$ 959,880	\$ (68,135)	\$ (3,243)	\$ -	\$ (94,518)	\$ 144,019	\$ (5,803)	\$ -	\$ -	\$ -	\$ -
8	Miscellaneous	16,436	(1,108)									
9	Total Operating Revenues (L7 + L9)	\$ 976,316	\$ (69,243)	\$ (3,243)	\$ -	\$ (94,518)	\$ 144,019	\$ (5,803)	\$ -	\$ -	\$ -	\$ -
10	Operating Expenses											
11	Source of Supply Expenses:											
12	Purchased Water	174,051	-	48	-	-	-	(1,109)	145	-	-	-
13	Other	3,506	-	-	-	-	-	-	-	-	-	-
14	Pumping Expenses:											
15	Purchased Power	32,531	-	(82)	-	-	-	-	-	-	-	-
16	Purchased Gas											
17	Other	43,866	-	(6)	-	-	-	(477)	1,465	-	-	3,883
18	Water Treatment Expenses	44,589	-	77	-	-	-	(279)	555	-	-	-
19	Transmission & Distribution Expenses	85,403	-	1,315	-	-	-	(482)	2,880	-	-	12,906
20	Customer Accounting Expenses	104,739	-	1,492	-	-	-	(591)	3,108	-	-	-
21	Sales Expense											
22	Administrative & General Expenses	118,718	-	419	-	-	-	(670)	2,434	5,764	706	-
23	Total Operations & Maint. Exp (L14 thru L24)	\$ 607,403	\$ -	\$ 3,263	\$ -	\$ -	\$ -	\$ (3,808)	\$ 10,587	\$ 5,764	\$ 706	\$ 16,789
24	Depreciation & Amortization Expenses	75,433	-	-	-	-	-	-	-	-	-	-
25	Taxes											
26	Federal Income Taxes	33,794	-	-	-	-	-	-	-	-	-	-
27	State Income Taxes	3,818	-	-	-	-	-	-	-	-	-	-
28	Property Taxes	41,960	-	-	-	-	-	-	-	-	-	-
29	Other	80,020	(69,243)	-	-	-	-	-	3,858	-	-	-
30	Total Taxes (L30 thru L33)	\$ 159,592	\$ (69,243)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,858	\$ -	\$ -	\$ -
31	Total Operating Expenses (L25 + L27 + L34)	\$ 842,428	\$ (69,243)	\$ 3,263	\$ -	\$ (94,518)	\$ 144,019	\$ (2,195)	\$ (14,445)	\$ (5,764)	\$ (706)	\$ (16,789)
32	Operating Income (L10 less L36)	\$ 133,888	\$ -	\$ (6,506)	\$ -	\$ (94,518)	\$ -	\$ (2,195)	\$ (14,445)	\$ (5,764)	\$ (706)	\$ (16,789)

Columns (A) through columns (X) see Company Exhibit Schedule C-2

SCHEDULE OF OPERATING INCOME - TEST YEAR WITH ADJUSTMENTS - FINAL

Line No.	(M) Adjustment Adjust Purchase Water & Gas Exp IS-12	(N) Adjustment Rate Case Expense IS-13	(O) Adjustment Adjust A&G for BMP IS-14	(P) Adjustment Fleet Fuel Expense IS-15	(Q) Adjustment AS-400 Printers IS-16	(R) Adjustment Arsenic Treatment Exp IS-17	(S) Adjustment Error Correction CAP Charges (IS-18)	(T) Adjustment Depreciation Expense IS-19	(U) Adjustment Property Tax IS-20	(V) Adjustment Income Tax IS-21	(W) Total Pro Forma Adjustments	(X) Test Year Adjusted Results
1	Operating Revenues											
2	Residential											763,811
3	Commercial											159,464
4	Industrial											
5	Private Fire Service										140	286
6	Other Water Revenues										(1,379)	8,639
7	Total Water Revenues (L2 thru L6)										(27,660)	932,200
8	Miscellaneous											
9	Total Operating Revenues (L7 + L9)										(1,109)	15,328
10	Operating Expenses											
11	Source of Supply Expenses:											
12	Purchased Water	198,916										372,967
13	Other			47							(869)	2,637
14	Pumping Expenses:											
15	Purchased Power	1,607										34,056
16	Purchased Gas											
17	Other			477								49,208
18	Water Treatment Expenses			148		10,135						55,225
19	Transmission & Distribution Expenses			1,558								18,175
20	Customer Accounting Expenses			419								103,578
21	Sales Expense											109,167
22	Administrative & General Expenses		6,551	152	187						15,543	134,261
23	Total Operations & Maint. Exp (L14 thru L24)	200,523	6,551	2,799	187	10,135					253,696	861,099
24	Depreciation & Amortization Expenses						37,505					112,938
25	Taxes											
26	Federal Income Taxes									(83,406)		(49,612)
27	State Income Taxes									(14,747)		(10,929)
28	Property Taxes							6,261				48,221
29	Other										(65,385)	14,635
30	Total Taxes (L30 thru L33)							6,261		(98,153)		2,315
31	Total Operating Expenses (L25 + L27 + L34)	200,523	6,551	2,799	187	10,135		37,505		(98,153)	133,924	976,352
32	Operating Income (L10 less L36)	(200,523)	(6,551)	(2,799)	(187)	(10,135)		(37,505)		98,153	(162,712)	(28,824)

Columns (A) through columns (X) see Company Exhibit Schedule C-2

(28,824)

**OPERATING INCOME ADJUSTMENT NO. 1
PUMPING AND TRANSMISSION & DISTRIBUTION MAINTENANCE EXPENSE - FINAL**

	Test Year Pumping Expense
Pumping Accounts	
1 <u>Maintenance:</u>	
2 Supervision & Engineering	\$ 1,998
3 Structures & Improvements	2,296
4 Electric pumping equipment	4,314
5 Gas pumping equipment	-
6	
7 Total Pumping Maintenance Expense	\$ 8,608
8	
9	
10 Company Requested Level of T. Y. Pumping Maintenance Expense	12,490
11	
12 RUCO Increase / (Decrease) in T. Y. Expense Level	\$ (3,882)
13	
14 RUCO Pumping Maintenance Expense Adjustment	\$ (3,882)
15	
16	
17	
18	
19	
20 Transmission & Distribution Accounts	
21	
22 <u>Maintenance:</u>	
23 Supervision & Engineering	\$ 8,015
24 Tanks	2,392
25 Mains	3,942
26 Mains - Leak Repair	555
27 Mains - Leak Detection	-
28 Services	10,779
29 Services - Leak Repair	1,117
30 Meters	6,307
31 Hydrants	188
32	
33 Total T & D Maintenance Expense	\$ 33,295
34	
35	
36 Company Requested Level of T. Y. T & D Maintenance Expense	46,200
37	
38 RUCO Increase / (Decrease) Expense Adjustment	\$ (12,905)
39	
40 RUCO T & D Maintenance Expense Adjustment	\$ (12,905)
41	
42	
43 Total RUCO Pumping and T & D Maintenance Expense Adjustment (L14 + L40)	\$ (16,787)

OPERATING INCOME ADJUSTMENT NO. 2
RATE CASE EXPENSE ADJUSTMENT - FINAL

Line No.	DESCRIPTION	(A) COMPANY ESTIMATE	(B) RUCO ADJUSTMENT	(C) RUCO AS ADJUSTED
1	Rate Case Expense Total for Eastern Group	\$ 476,874	\$ (164,274)	\$ 312,600
2				
3	Allocation Factor (L31)			4.41%
4				
5	Superstition (Apache Junction, Superior, Miami)			\$ 13,794
6				
7	Amortization Period - 3 years			3
8				
9	RUCO Adjusted Rate Case Expense (L5 / L7)			\$ 4,598
10				
11	Company Rate Case Expense as Filed (Company Sch. C-2 Appendix)			\$ 6,551
12				
13	RUCO Pro Forma Rate Case Expense (L9 - L11)			\$ (1,953)
14				
15	RUCO Adjustment			\$ (1,953)
16				
17				
18	RUCO's Rate Base Expense Adjustment Calculation:			
19	Decision No. 66848, dated March 19, 2004, approved amount			
20	\$250,000 for Arizona Water Company's Eastern Group.		\$ 250,000	
21				
22	Inflation Factor from January 1, 2002 through September 30,			
23	per Inflation Data.com		25.04%	
24				
25	Reasonable Amount of Rate Case Expense based on			
26	Decision No. 66848.		\$ 312,600	
27				
28	RUCO Adjustment (Col. (A) L1 - Col. (B) L26)		\$ 164,274	
29				
30	<u>Allocation Factor Based on Number of Customers</u>		<u>Customers</u>	<u>Percent of Total</u>
31	Superstition (Apache Junction, Superior, Miami)		23,607	71.10%
32	Cochise (Bisbee, Sierra Vista)		6,357	19.15%
33	San Manuel		1,465	4.41%
34	Oracle		1,506	4.54%
35	SaddleBrook Ranch		113	0.34%
36	Winkelman		153	0.46%
37	Total Number of Customers and Percentages		33,201	100.00%

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**OPERATING INCOME ADJUSTMENT NO. 4
 MISCELLANEOUS EXPENSE ADJUSTMENTS - FINAL**

LINE NO.	DESCRIPTION	(A) Superstition	(B) Cochise	(C) San Manuel	(D) Oracle	(E) SaddleBrook Ranch	(F) Winkelman
<u>DIRECT EXPENSES</u>							
1	Customer Accounting Expense	\$ 1,570	\$ 713	\$ 78	\$ 96	\$ -	\$ -
3	Administration & General Expense	1,642	-	137	143	19	7
6	TOTAL DIRECT EXPENSE	\$ 3,212	\$ 713	\$ 215	\$ 240	\$ 19	\$ 7

ALLOCATION OF PHOENIX OFFICE EXPENSES BASED ON THREE FACTOR							
	TOTAL	0.2865	0.0719	0.0164	0.0204	0.0015	0.0019
8	Service Awards and Banquets	\$10,580	761	174	216	16	20
13	Flower Shop Expenses	\$987	71	16	20	1	2
15	Water Association Dues Allowed at 50% of Total	\$3,475	250	57	71	5	7
18	TOTAL ALLOCATED EXPENSES	\$15,042	\$1,082	\$247	\$307	\$23	\$29
20	TOTAL MISCELLANEOUS EXPENSE ADJUSTMENT	\$7,522	\$1,794	\$462	\$547	\$42	\$35

**OPERATING INCOME ADJUSTMENT NO. 6
PROPERTY TAXES - FINAL**

LINE NO.	Property Tax Calculation	(A)	(B)
		RUCO AS ADJUSTED	RUCO RECOMMENDED
1	RUCO Adjusted Test Year Revenues - RBM-6	\$ 947,528	\$ 947,528
2	Multiplied by 2	2	2
3	Subtotal (Line 1 * Line 2)	\$ 1,895,056	\$ 1,895,056
4	RUCO Adjusted Test Year Revenues - 2010	947,528	
5	RUCO Recommended Revenue, Per Schedule RBM-6		1,151,109
6	Subtotal (Line 4 + Line 5)	\$ 2,842,584	\$ 3,046,165
7	Number of Years	3	3
8	Three Year Average (Line 5 / Line 6)	\$ 947,528	\$ 1,015,388
9	Department of Revenue Multiplier	2	2
10	Revenue Base Value (L8 X L9)	\$ 1,895,056	\$ 2,030,776
11	Plus: 10% of CWIP -	-	-
12	Less: Net Book Value of Licensed Vehicles	-	-
13	Full Cash Value (L10 + L11 + L12)	\$ 1,895,056	\$ 2,030,776
14	Assessment Ratio	21.0%	21.0%
15	Assessment Value (L13 X L14)	\$ 397,962	\$ 426,463
16	Composite Property Tax Rate (L19 / L15)	12.3658%	12.3658%
17			
18	RUCO Proposed Property Tax Expense (L15 X L16)	\$ 49,211	
19	Company Proposed Property Tax	48,221	
20			
21	RUCO Test Year Adjustment (L16 - L17)	\$ 990	
22	Property Tax - RUCO Recommended Revenue (L15 X L16)		\$ 52,736
23	RUCO Test Year Adjusted Property Tax Expense (L18)		49,211
24	Increase/(Decrease) to Property Tax Expense		\$ 3,524
25			
26	Increase/(Decrease) to Property Tax Expense		\$ 3,524
27	Increase in Revenue Requirement (L5 - L4)		203,581
28	Increase /(Decrease) to Property Tax per Dollar Increase in Revenue (L26 / L27)		1.7312%

OPERATING INCOME ADJUSTMENT NO. 7
INCOME TAX EXPENSE - FINAL

LINE NO.	DESCRIPTION	(A) REFERENCE	(B) AMOUNT
1	FEDERAL INCOME TAXES:		
2			
3	Operating Income Before Taxes	(RBM- 7, Col. (C), L36 + L29 + L30)	\$ 23,996
4	LESS:		
5	Arizona State Tax	L21	(3,013)
6	Interest Expense	Note (A) L41	67,242
7	Federal Taxable Income	L3 - L5 - L6	\$ (40,233)
8			
9	Federal Tax Rate	Sch. RBM-1, Page 2	34.00%
10	Federal Income Tax Expense	L7 X L9	\$ (13,679)
11			
12	STATE INCOME TAXES:		
13			
14	Operating Income Before Taxes	L3	\$ 23,996
15	LESS:		
16	Interest Expense	Note (A) L41	67,242
17	State Taxable Income	L14 - L16	\$ (43,247)
18			
19	State Tax Rate	Tax Rate	6.97%
20			
21	State Income Tax Expense	L17 X L19	\$ (3,013)
22			
23	TOTAL INCOME TAX EXPENSE:		
24	Federal Income Tax Expense	L10	\$ (13,679)
25	State Income Tax Expense	L21	(3,013)
26	Total Income Tax Expense Per RUCO	L24 + L25	\$ (16,693)
27			
28	Total Federal Income Tax Expense Per Company (Per Company Sch. C-1, L30)		(49,612)
29			
30	Total State Income Tax Expense Per Company (Per Company Sch. C-1, L31)		(10,929)
31			
32	RUCO Federal Income Tax Adjustment	L24 - L28	\$ 35,933
33			
34	RUCO State Income Tax Adjustment	L25 - L30	\$ 7,916
35			
36			
37	<u>NOTE (A): Interest Synchronization</u>		
38			
39	Adjusted Rate Base RBM-2, Col. (M), L28	\$ 2,011,030	
40	Weighted Cost Of Debt RBM-9, Col. (D), L1	3.34%	
41	Interest Expense (L39 X L40)	\$ 67,242	

COST OF CAPITAL - FINAL

LINE NO.	DESCRIPTION	(A) DOLLAR AMOUNT	(B) CAPITAL RATIO	(C) COST RATE	(D) WEIGHTED COST RATE
1	Long-Term Debt	\$ 75,000,000	49.03%	6.82%	3.34%
2					
3	Common Equity	77,975,335	50.97%	9.40%	4.79%
4					
5	Total Capitalization	<u>\$ 152,975,335</u>	<u>100.00%</u>		
6					
7					
8	WEIGHTED AVERAGE COST OF CAPITAL				8.13%

References:
Columns (A) Thru (D): WAR Testimony

TABLE OF CONTENTS TO RBM FINAL SCHEDULES

SCH NO.	PAGE NO.	TITLE
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RBM-2	1	SUMMARY RATE BASE - ORIGINAL COST
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RBM-4	1 & 2	DIRECT PLANT AND ACCUMULATION DEPRECIATION
RBM-4 (1)	1	PHOENIX OFFICE AND METER SHOP PLANT ALLOCATION
RBM-5	1	ALLOWANCE FOR WORKING CAPITAL
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RBM-6(1)	1	RATE BASE ADJUSTMENT NO. 2 - WORKING CAPITAL
RBM-7	1	OPERATING INCOME
RBM-8	1 & 2	SCHEDULE OF OPERATING INCOME - TEST YEAR WITH RUCO ADJUSTMENTS
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RBM-10	1	OPERATING INCOME ADJUSTMENT NO. 1 - PUMPING TRANSMISSION & DISTRIBUTION EXPENSE NORMALIZATION
RBM-11	1	OPERATING INCOME ADJUSTMENT NO. 2 - RATE CASE EXPENSE
RBM-12	1	OPERATING INCOME ADJUSTMENT NO. 3 - INTENTIONALLY LEFT BLANK
RBM-13	1	OPERATING INCOME ADJUSTMENT NO. 4 - MISCELLANEOUS EXPENSE
RBM-14	1	OPERATING INCOME ADJUSTMENT NO. 5 - DEPRECIATION EXPENSE ADJUSTMENT
RBM-15	1	OPERATING INCOME ADJUSTMENT NO. 6 - PROPERTY TAXES
RBM-16	1	OPERATING INCOME ADJUSTMENT NO. 7 - INCOME TAXES
RBM-17	1	COST OF CAPITAL

REVENUE REQUIREMENT - FINAL

LINE NO.	DESCRIPTION	(A) COMPANY OCRB/FVRB COST	(B) RUCO OCRB/FVRB COST
1	Adjusted Original Cost/Fair Value Rate Base	\$ 2,470,183	\$ 2,474,988
2			
3	Adjusted Operating Income (Loss)	\$ 163,349	\$ 184,350
4			
5	Current Rate of Return (L3 / L1)	6.61%	7.45%
6			
7	Required Operating Income (L9 X L1)	\$ 240,043	\$ 201,251
8			
9	Required Rate of Return on Fair Value Rate Base	9.72%	8.13%
10			
11	Operating Income Deficiency (L7 - L3)	\$ 76,693	\$ 16,901
12			
13	Gross Revenue Conversion Factor (RBM-1, Page 2 of 2)	1.6508	1.6525
14			
15	Required Increase in Gross Revenue Requirement (L11 X L13)	\$ 126,601	\$ 27,929
16			
17	Adjusted Test Year Revenue	\$ 990,111	\$ 990,111
18			
19	Proposed Annual Revenue (L15 + L17)	\$ 1,116,712	\$ 1,018,040
20			
21	Required Percentage Increase in Revenue (L15 / L17)	12.79%	2.82%
22			
23	Consolidated Revenue Adjustment	\$ 21,855	\$ -
24			
25	Required Increase in Gross Revenue Under Proposed Consolidation	\$ 148,456	\$ -
26			
27	Required Revenue Under Proposed Consolidation	\$ 1,138,567	\$ -
28			
29	Required Percentage Increase in Revenue Under Proposed Consolidation	14.99%	0.00%
30			
31	Rate of Return on Common Equity	12.50%	9.40%

References:

Column (A): Company Schs. A-1 and C-1

Column (B): RUCO Schs. RBM-2, RBM-7, RBM-9 and RBM-17

GROSS REVENUE CONVERSION FACTOR - FINAL

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
	CALCULATION OF GROSS REVENUE CONVERSION FACTOR:				
1	Revenue	100.0000%			
2	Proposed Bad Debt Expense (Per Co. Workpapers)	-			
3	Subtotal (L1 thru L2)	100.0000%			
4	Combined Federal, State, Property Tax Rate (L22)	39.4846%			
5	Subtotal (L3 - L4)	60.5154%			
6	Revenue Conversion Factor (L1 / L5)	1.6525			
	CALCULATION OF EFFECTIVE TAX RATE:				
9	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%			
10	Arizona State Income Tax Rate	6.9680%			
11	Federal Taxable Income (L9 - L10)	93.0320%			
12	Applicable Federal Income Tax Rate (L58)	34.0000%			
13	Effective Federal Income Tax Rate (L11 X L12)	31.6309%			
14	Combined Federal and State Income Tax Rate (L10 + L13)	38.5989%			
	CALCULATION OF EFFECTIVE PROPERTY TAX FACTOR:				
17	Unity	100.0000%			
18	Combined Federal and State Tax Rate	38.5989%			
19	1 Minus Combined Income Tax Rate	61.4011%			
20	Property Tax Factor	1.4425%			
21	Effective Property Tax Factor (L19 x L 20)	0.8857%			
22	Combined Federal, State & Property Tax RateTax Rate (L14 + L21)	39.4846%			
24	RUCO Required Operating Income (Sch. RBM-1, Col. (B), L7)	\$ 201,251			
25	RUCO Adj'd T.Y. Oper'g Inc. (Loss) (Sch. RBM-1, Col. (B), L3)	184,350			
26	Required Increase In Operating Income (L24 - L25)		\$ 16,901		
28	Income Taxes On Recommended Revenue (Col. (D), L53)	\$ 74,491			
29	Income Taxes On Test Year Revenue (Col. (D), L55)	63,866			
30	Required Increase In Revenue To Provide For Income Taxes (L28 - L29)		\$ 10,625		
32	Property Tax with Recommended Revenue (Sch. RBM-7, Col. E, L31)	43,251			
33	Property Tax on TestYear Revenue (Sch. RBM-7, Col. C, L31)	42,848			
34	Increase in Property Tax Due to Increase in Revenue (L32 - L33)		\$ 403		
36	Total Required Increase In Revenue (L26 + L30 + L34)		\$ 27,929		
	RUCO's CALCULATION OF INCOME TAX:				
39	RUCO Proposed Revenue (Sch. RBM-1, Col. (B), L19)			\$ 1,018,040	
40	Less:				
41	Operating Expense Excluding Income Tax (Sch. RBM-7, Col. (E), L24 + L26 + L31 + L32)			742,297	
42	Synchronized Interest (Col. (C), L63)			82,756	
43	Arizona Taxable Income (L39 - L41 - L42)			\$ 192,987	
44	Arizona State Income Tax Rate			6.9680%	
45	Arizona Income Tax (L43 X L44)				\$ 13,447
46	Fed. Taxable Income (L43 - L45)			\$ 179,539	
47	Fed. Tax On 1st Inc. Bracket (\$1 - \$50,000) @ 15%			\$ -	
48	Fed. Tax On 2nd Inc. Bracket (\$50,001 - \$75,000) @ 25%			\$ -	
49	Fed. Tax On 3rd Inc. Bracket (\$75,001 - \$100,000) @ 34%			\$ -	
50	Fed. Tax On 4th Inc. Bracket (\$100,001 - \$335,000) @ 39%			\$ -	
51	Fed. Tax On 5th Inc. Bracket (\$335,001 - \$10M) @ 34%			\$ 61,043	
52	Total Federal Income Tax (L47 thru L 51)				\$ 61,043
53	Combined Federal And State Income Tax (L45+ L52)				\$ 74,491
55	RUCO Adj'd Test Year Combined Federal and State Income Tax (RBM-7, Col. (C), L29 and L30)				\$ 63,866
56	RUCO Proposed Income Tax Adjustment (L53 - L55)				\$ 10,625
58	Applicable Federal Income Tax Rate				34.00%
	NOTE (A): Interest Synchronization				
61	Adjusted Rate Base RBM-2, Col. (C), L28			\$ 2,474,988	
62	Weighted Cost Of Debt RBM-9, Col. (M), L1			3.34%	
63	Interest Expense (L61 X L62)			\$ 82,756	

SUMMARY RATE BASE - ORIGINAL COST - FINAL

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED OCRB/FVRB	(B) RUCO OCRB/FVRB ADJUSTMENTS	(C) RUCO ADJTED OCRB/FVRB
1	Plant Classification			
2	Intangible Plant	\$ 605		\$ 605
3	Source of Supply Plant	634,100		634,100
4	Pumping Plant	982,777		982,777
5	Water Treatment Plant	106,634		106,634
6	Transmission & Distribution Plant	5,243,850	\$ 29,823	5,273,673
7	General Plant	468,043		468,043
8	Total Gross Plant in Service (L2 thru L7)	\$ 7,436,010	\$ 29,823	\$ 7,465,832
9				
10	Accumulated Depreciation	\$ 2,829,383	11	\$ 2,829,394
11	Net Utility Plant In Service (L8 - L10)	\$ 4,606,627	\$ 29,812	\$ 4,636,438
12				
13	Advances In Aid Of Const.	\$ 814,160		\$ 814,160
14				
15	Contribution In Aid Of Const.	\$ 1,006,130		\$ 1,006,130
16	Accumulated Amortization Of CIAC	\$ (140,146)		\$ (140,146)
17	NET CIAC (L15 + L16)	\$ 865,984	\$ -	\$ 865,984
18				
19	Deferred Income Tax	\$ 517,509	\$ -	\$ 517,509
20				
21	Customer Deposits	\$ 12,126	\$ -	\$ 12,126
22				
23	Allowance For Working Capital	\$ 73,335	\$ (25,007)	\$ 48,328
24				
25	Net Regulatory Asset / (Liability)	\$ -	\$ -	\$ -
26				
27	Rounding	\$ -	\$ -	\$ -
28	TOTAL RATE BASE (+L11 - L17 - L19 - L21 + L23)	\$ 2,470,183	\$ 4,805	\$ 2,474,988

References:
Column (A): Company Schedule B-1 and RBM-3 Col. E
Column (B): Schedule RBM-3 Cols. F and G
Column (C): Col. A + Col. B; RBM-3

SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS - FINAL

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED NET PLANT	(B) COMPANY ADJ NO 1 POST TEST YEAR ADJUSTMENTS	(C) NET REGULATORY LIABILITY	(D) PHOENIX OFF AND METER SHOP	(E) COMPANY AS FILED OCRB/FVRB	(F) ADJMT NO. 1 POST TEST YR ADJUSTMENTS	(G) ADJMT NO. 6 WORKING CAPITAL	(H) RUCO ADJTD OCRB/FVRB
1	Plant Classification								
2	Intangible Plant	\$ 418	\$ -	\$ -	\$ 187	\$ 605	\$ -	\$ -	\$ 605
3	Source of Supply Plant	634,098	-	-	2	634,100	-	-	634,100
4	Pumping Plant	982,777	-	-	-	982,777	-	-	982,777
5	Water Treatment Plant	106,592	-	-	42	106,634	-	-	106,634
6	Transmission & Distribution Plant	5,064,542	179,184	-	124	5,243,850	29,697	-	5,273,547
7	General Plant	324,112	-	-	143,931	468,043	126	-	468,169
8	Total Gross Plant in Service (Sum L2 thru L7)	\$ 7,112,540	\$ 179,184	\$ -	\$ 144,286	\$ 7,436,010	\$ 29,823	\$ -	\$ 7,465,832
9									
10	Accumulated Depreciation	\$ 2,794,130	1,708	-	33,545	\$ 2,829,383	11	-	2,829,393.97
11	Net Utility Plant in Service (L8 less L10)	\$ 4,318,410	\$ 177,476	\$ -	\$ 110,741	\$ 4,606,627	\$ 29,812	\$ -	\$ 4,636,438
12									
13	Advances In Aid Of Const.	\$ 814,160	\$ -	\$ -	\$ -	\$ 814,160	\$ -	\$ -	\$ 814,160
14									
15	Contribution In Aid Of Const.	\$ 1,006,130	\$ -	\$ -	\$ -	\$ 1,006,130	\$ -	\$ -	\$ 1,006,130
16	Accumulated Amortization Of CIAC	(140,146)	-	-	-	(140,146)	-	-	(140,146)
17	NET CIAC (L15 less L16)	\$ 865,984	\$ -	\$ -	\$ -	\$ 865,984	\$ -	\$ -	\$ 865,984
18									
19	Deferred Income Tax	\$ -	\$ -	\$ -	\$ 517,509	\$ 517,509	\$ -	\$ -	\$ 517,509
20									
21	Customer Deposits	\$ 12,126	\$ -	\$ -	\$ -	\$ 12,126	\$ -	\$ -	\$ 12,126
22									
23	Allowance For Working Capital	\$ 73,335	\$ -	\$ -	\$ -	\$ 73,335	\$ -	\$ (25,007)	\$ 48,328
24									
25	Net Regulatory Asset / (Liability)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
26									
27	Adjustment to Match Rate Base with G/L	\$ 1	\$ 1	\$ -	(2)	\$ -	\$ -	\$ -	\$ -
28	TOTAL RATE BASE (+L11 - L17 - L19 - L21 + L23)	\$ 2,699,476	\$ 177,477	\$ -	\$ (406,770)	\$ 2,470,183	\$ 29,812	\$ (25,007)	\$ 2,474,988

References:
Columns (A) through (E): Company Schedule B-2; Column (D) RBM-4(1)
Column (F): RUCO Schedule RBM-6, Col. F
Column (G): RUCO Schedule RBM-5, Col. A

DIRECT PLANT AND ACCUMULATION DEPRECIATION - FINAL

Line No.		Acct. No.	Depreciation Rates	2010				Balance Per G.L.	Difference
				Additions	Retirements	Adjustments	Depreciation Expense	Balance	
1									
2			0.00%						
3			See Acct. 111						
4			See Acct. 111						
5									
6									
7			0.00%						
8			0.00%						
9			See Acct. 111						
10			3.13%						
11									
12									
13			0.00%						
14			2.86%						
15			5.88%						
16			4.00%						
17									
18									
19			0.00%						
20			2.50%						
21			2.86%						
22									
23									
24			0.00%						
25			2.00%						
26			1.79%						
27			2.00%						
28			2.38%						
29			4.55%						
30			1.82%						
31									
32									
33			0.00%						
34			2.50%						
35			6.67%						
36			See Acct. 108.2						
37			5.00%						
38			4.00%						
39			5.00%						
40			6.67%						
41			6.67%						
42			3.33%						
43									
44									
1									
2									
3									
4									
5									

Net Salvage/Cost of Removal
Adjustments booked to Conform with Rate Decision
Accum. Deprec. Related to other Plant Adjustments
Accumulated Depreciation & Amort.
Net Plant in Service

\$	94,466	\$	(954)	\$	(1,289,224)	\$	2,796,134	\$	4,316,405	\$	2,794,130	\$	2,005
\$	94,466	\$	(954)	\$	(1,289,224)	\$	2,796,134	\$	4,316,405	\$	2,794,130	\$	(2,005)

PHOENIX OFFICE AND METER SHOP - RATE BASE ALLOCATION - FINAL

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED	(B) Superstition	(C) Cochise	(D) San Manuel	(E) Oracle	(F) SaddleBrook Ranch	(G) Winkelman
1	3 Factor Allocation Factor		28.65%	7.19%	1.64%	2.04%	0.15%	0.19%
2	Phoenix Office Allocation							
3	Plant Classification							
4	Intangible Plant	\$ 9,148	\$ 2,621	\$ 658	\$ 150	\$ 187	\$ 14	\$ 17
5	Source of Supply Plant	-	-	-	-	-	-	-
6	Pumping Plant	-	-	-	-	-	-	-
7	Water Treatment Plant	-	-	-	-	-	-	-
8	Transmission & Distribution Plant	-	-	-	-	-	-	-
9	General Plant	6,914,749	1,983,696	497,170	113,402	141,061	10,372	13,138
10	Total Gross Plant in Service (Sum L4 thru L9)	\$ 6,917,761	\$ 1,983,696	\$ 497,828	\$ 113,552	\$ 141,247	\$ 10,386	\$ 13,155
11	Less:							
12	Accumulated Depreciation	\$ 1,587,979	\$ 454,956	\$ 114,176	\$ 26,043	\$ 32,395	\$ 2,382	\$ 3,017
13	Net Utility Plant in Service (L10 less L12)	\$ 5,329,782	\$ 1,528,740	\$ 383,652	\$ 87,509	\$ 108,853	\$ 8,004	\$ 10,138
14	Less:							
15	Deferred Income Tax	25,368,073	\$ 7,267,953	\$ 1,823,964	\$ 416,036	\$ 517,509	\$ 38,052	\$ 48,199
16	Total Phoenix Office Allocation (L13 less L15)	\$ (20,038,291)	\$ (5,739,212)	\$ (1,440,312)	\$ (328,527)	\$ (408,656)	\$ (30,048)	\$ (38,061)
17								
18	Meter Shop Allocation							
19	Plant Classification							
20	Intangible Plant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21	Source of Supply Plant	80	23	6	1	2	-	-
22	Pumping Plant	-	-	-	-	-	-	-
23	Water Treatment Plant	2,050	587	147	34	42	3	4
24	Transmission & Distribution Plant	6,065	1,738	436	99	124	9	12
25	General Plant	146,810	42,061	10,556	2,408	2,995	220	279
26	Total Gross Plant in Service (Sum L20 thru L25)	\$ 155,005	\$ 44,409	\$ 11,145	\$ 2,542	\$ 3,162	\$ 232	\$ 294
27	Less:							
28	Accumulated Depreciation	\$ 56,404	\$ 16,160	\$ 4,055	\$ 925	\$ 1,151	\$ 85	\$ 107
29	Net Utility Plant in Service (L26 less L28)	\$ 98,601	\$ 28,249	\$ 7,089	\$ 1,617	\$ 2,011	\$ 148	\$ 187
30	Less:							
31	Deferred Income Tax	56,404	-	-	-	-	-	-
32	Total Phoenix Office Allocation (L29 less L31)	\$ 42,197	\$ 28,249	\$ 7,089	\$ 1,617	\$ 2,011	\$ 148	\$ 187
33								
34	Total Phoenix Office and Meter Shop Allocation							
35	Plant Classification							
36	Intangible Plant	\$ 9,148	\$ 2,621	\$ 658	\$ 150	\$ 187	\$ 14	\$ 17
37	Source of Supply Plant	80	23	6	1	2	-	-
38	Pumping Plant	-	-	-	-	-	-	-
39	Water Treatment Plant	2,050	587	147	34	42	3	4
40	Transmission & Distribution Plant	6,065	1,738	436	99	124	9	12
41	General Plant	7,055,423	2,023,137	507,726	115,810	144,056	10,592	13,417
42	Total Gross Plant in Service	\$ 7,072,766	\$ 2,028,105	\$ 508,973	\$ 116,094	\$ 144,410	\$ 10,618	\$ 13,450
43	Less:							
44	Accumulated Depreciation	\$ 1,644,383	\$ 471,116	\$ 118,231	\$ 26,968	\$ 33,545	\$ 2,467	\$ 3,124
45	Net Utility Plant in Service (Sum L7 - L8)	\$ 5,428,383	\$ 1,556,990	\$ 390,742	\$ 89,126	\$ 110,864	\$ 8,152	\$ 10,325
46	Less:							
47	Deferred Income Tax	25,368,073	7,267,953	1,823,964	416,036	517,509	38,052	48,199
48	Total Phoenix Office Allocation (L9 - L10)	\$ (19,996,095)	\$ (5,710,963)	\$ (1,433,223)	\$ (326,910)	\$ (406,645)	\$ (29,900)	\$ (37,874)

ALLOWANCE FOR WORKING CAPITAL - FINAL

LINE NO.	DESCRIPTION	(A) AMOUNT	(B) REFERENCE
1	Working Cash Requirement As Per Company	\$ 14,197	Company Schedule B-5, PG. 1
2	Working Cash Requirement As Per RUCO	(10,810)	RUCO Schedule RBM 6(1), L30
3	Adjustment	<u>\$ (25,007)</u>	Line 2 - Line 1
4			
5	Material and Supplies Inventories As Per Company	\$ 1,380	Company Schedule B-5, PG. 1
6	Material and Supplies Inventories As Per RUCO	1,380	Company Schedule B-5, PG. 1
7	Adjustment	<u>\$ -</u>	Line 5 - Line 4
8			
9	Required Bank Balances As Per Company	\$ 44,254	Company Schedule B-5, PG. 1
10	Required Bank Balances As Per RUCO	44,254	Company Schedule B-5, PG. 1
11	Adjustment	<u>\$ -</u>	Line 8 - Line 7
12			
13	Prepayments & Special Deposits As Per Company	\$ 13,505	Company Schedule B-5, PG. 1
14	Prepayments & Special Deposits As Per RUCO	13,505	Company Schedule B-5, PG. 1
15		<u>\$ -</u>	Line 11 - Line 10
16			
17	TOTAL ADJUSTMENT (See RLM-2, Column (K))	<u><u>\$ (25,007)</u></u>	Sum Lines 3, 6, 9 & 12

EXPLANATION OF RATE BASE ADJUSTMENT NO. 2 - FINAL

Line No.	(A) Company Test Year Adjusted Results	(B) RUCO Adj	(C) RUCO Adjusted Results	(D) Revenue Lag Days1	(E) Expense Lag Days2	(F) Net Lag Days [B - C]	(G) Lead / Lag Factor [D ÷ 365]	(H) Working Cash Requirement [A X E]
1								
2	Operating Expenses							
3	Purchased Power		\$ 107,154	30.56	30.87	(0.31)	(0.0008)	\$ (91)
4	Payroll		195,535	30.56	14.00	16.56	0.0454	8,871
5	Purchased Water		-	30.56	26.04	4.52	0.0124	-
6	Chemicals		3,859	30.56	(18.11)	48.67	0.1333	515
7	Property & Liability Insurance		11,303	30.56	(45.27)	75.83	0.2078	2,348
8	Workman's Compensation Insurance		2,585	30.56	(46.50)	77.06	0.2111	546
9	Health Insurance		34,962	30.56	(8.92)	39.48	0.1082	3,782
10	Other O&M (Excluding Rate Case Expense)		155,084	30.56	(9.27)	39.83	0.1091	20,827
11	Federal Income Taxes		81,079	30.56	37.00	(6.44)	(0.0176)	(1,077)
12	State Income Taxes		17,861	30.56	37.00	(6.44)	(0.0176)	(237)
13	FICA Taxes		14,659	30.56	14.00	16.56	0.0454	665
14	FUTA & SUTA Taxes		479	30.56	83.10	(52.54)	(0.1439)	(69)
15	Property Taxes		41,491	30.56	212.00	(181.44)	(0.4971)	(21,500)
16	Registration, Svc. Contracts, & Misc. Fees		11,107	30.56	(98.83)	129.39	0.3545	3,937
17	Retirement Annuities (401k)		17,922	30.56	34.72	(4.16)	(0.0114)	(204)
18								
19								
20	Subtotal		695,080			708,160		18,312
21								
22								
23	Interest Expense		82,653			82,756		(13,853)
24	Cost of Equity		157,389	103	91.25	(61.10)	(0.1674)	-
25	Dividends Paid			(157,389)	-	30.56	0.0837	-
26				122,953	75.89	(45.33)	(0.1242)	(15,269)
27	Subtotal		240,042			205,709		(29,122)
28								
29								
30	Total		\$ 935,122			\$ 913,869		\$ (10,810)
31								
32								

33 Columns (A), (D), and (E) Company Schs. B-5 page 1
34 Column (B) RUCO Schs. RBM-7, RBM-8

OPERATING INCOME - FINAL

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) RUCO TEST YEAR ADJMTS	(C) RUCO TEST YEAR AS ADJ'TED	(D) RUCO PROP'D CHANGES	(E) RUCO AS RECOMM'D
	Operating Revenues					
1	Residential	\$ 801,054	\$ -	\$ 801,054	\$ 27,888	\$ 828,942
2	Commercial	156,438	-	156,438	-	156,438
3	Industrial	-	-	-	-	-
4	Private Fire Service	284	-	284	-	284
5	Other Water Revenues	19,841	-	19,841	-	19,841
6	Total Water Revenues	\$ 977,617	\$ -	\$ 977,617	\$ 27,888	\$ 1,005,505
7	Miscellaneous	\$ 12,494	\$ -	\$ 12,494	\$ 41	12,535
8	Total Operating Revenues	\$ 990,111	\$ -	\$ 990,111	\$ 27,929	\$ 1,018,040
	Operating Expenses					
	Source of Supply Expenses:					
9	Purchased Water	-	-	-	-	-
10	Other	5,202	(50)	5,152	-	5,152
	Pumping Expenses:					
11	Purchased Power	107,154	102	107,256	-	107,256
12	Purchased Gas	-	-	-	-	-
13	Other	39,396	(4,947)	34,449	-	34,449
14	Water Treatment Expenses	17,008	(68)	16,940	-	16,940
15	Transmission & Distribution Expenses	127,734	(29,096)	98,638	-	98,638
16	Customer Accounting Expenses	103,050	(650)	102,400	-	102,400
17	Sales Expense	-	-	-	-	-
18	Administrative & General Expenses	147,197	(2,959)	144,238	-	144,238
19	Total Operations & Maintenance Expense	\$ 546,741	\$ (37,668)	\$ 509,073	\$ -	\$ 509,073
20	Depreciation & Amortization Expenses	\$ 176,809	\$ 476	\$ 177,285	-	\$ 177,285
	Taxes					
21	Federal Income Taxes	\$ 41,571	\$ 10,766	\$ 52,337	8,707	\$ 61,043
22	State Income Taxes	9,158	2,371	11,529	1,918	13,447
23	Property Taxes	39,795	3,053	42,848	403	43,251
24	Other	12,689	-	12,689	-	12,689
25	Total Taxes	\$ 103,213	\$ 16,190	\$ 119,403	\$ 11,027	\$ 130,431
26	Total Operating Expenses	\$ 826,763	\$ (21,002)	\$ 805,761	\$ 11,027	\$ 816,788
27	Operating Income	\$ 163,348	\$ 21,002	\$ 184,350	\$ 16,901	\$ 201,251

References:

Column (A): RBM-8, Col. A
Column (B): RBM-8, Col. K
Column (C): Col. A + Col.B
Column (D): RBM-1, RBM-1(2), RBM-15
Column (E): Col.C + Col.D

SCHEDULE OF OPERATING INCOME - RUCO TEST YEAR WITH ADJUSTMENTS - FINAL

Line No.	(A) Test Year Ended 12/31/2010	(B) Surrebital Adjustment Normalize Maintenance IS-1	(C) Adjustment Rate Case Expense IS-2	(D) Surrebital Adjustment Net Unbilled IS-3	(E) Adjustment Misc Expenses IS-4	(F) Adjustment Depreciation Expense IS-5	(G) Adjustment LEFT BLANK	(H) Adjustment LEFT BLANK	(I) Surrebital Adjustment Property Tax IS-8	(J) Adjustment Income Tax IS-9	(K) Total Pro Forma Adjustments	(L) Test Year Adjusted Results
1	Operating Revenues											
2	Residential	\$ 801,054	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 801,054
3	Commercial	156,438	-	-	-	-	-	-	-	-	-	156,438
4	Industrial	-	-	-	-	-	-	-	-	-	-	-
5	Private Fire Service	284	-	-	-	-	-	-	-	-	-	284
6	Other Water Revenues	19,841	-	-	-	-	-	-	-	-	-	19,841
7	Total Water Revenues (L2 thru L6)	\$ 977,617	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 977,617
8	Miscellaneous	12,494	-	-	-	-	-	-	-	-	-	12,494
9	Total Operating Revenues (L7 + L9)	\$ 990,111	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 990,111
10	Operating Expenses											
11	Source of Supply Expenses:											
12	Purchased Water	-	-	-	-	-	-	-	-	-	-	-
13	Other	5,202	-	(50)	-	-	-	-	-	-	(50)	5,152
14	Pumping Expenses:											
15	Purchased Power	107,154	-	102	-	-	-	-	-	-	102	107,256
16	Purchased Gas	-	-	-	-	-	-	-	-	-	-	-
17	Other	39,396	(4,859)	(88)	-	-	-	-	-	-	(4,947)	34,449
18	Water Treatment Expenses	17,008	-	(68)	-	-	-	-	-	-	(68)	16,940
19	Transmission & Distribution Expenses	127,734	(27,722)	(1,374)	-	-	-	-	-	-	(29,096)	98,638
20	Customer Accounting Expenses	103,050	-	(650)	-	-	-	-	-	-	(650)	102,400
21	Sales Expense	-	-	-	-	-	-	-	-	-	-	-
22	Administrative & General Expenses	147,197	-	(514)	(547)	-	-	-	-	-	(2,959)	144,238
23	Total Operations & Maint. Exp (L14 thru L24)	\$ 546,741	\$ (32,581)	\$ (2,642)	\$ (547)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (37,668)	\$ 509,073
24	Depreciation & Amortization Expenses	176,809	-	-	-	476	-	-	-	-	476	177,285
25	Taxes											
26	Federal Income Taxes	41,571	-	-	-	-	-	-	-	-	-	41,571
27	State Income Taxes	9,158	-	-	-	-	-	-	-	-	-	9,158
28	Property Taxes	39,795	-	-	-	-	-	3,053	-	-	10,786	52,337
29	Other	12,689	-	-	-	-	-	-	-	-	2,371	11,529
30	Total Taxes (L30 thru L33)	\$ 103,213	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,053	\$ -	\$ -	\$ 3,053	\$ 42,848
31	Total Operating Expenses (L25 + L27 + L34)	\$ 826,763	\$ (32,581)	\$ (2,642)	\$ (547)	\$ 476	\$ -	\$ -	\$ 3,053	\$ -	\$ (21,002)	\$ 805,761
32	Operating Income (L10 less L36)	\$ 163,348	\$ 32,581	\$ 2,642	\$ 547	\$ (476)	\$ -	\$ -	\$ (3,053)	\$ -	\$ 21,002	\$ 184,350

References:
Column A, RBM-9
Column B, RBM-10 - Remove Pumping and T&D Test Year Expense Adjustment - See RUCO Testimony
Column C, RBM-11
Column D, RBM-12 - Removed Unbilled Expense Test Year Adjustment - See RUCO Surrebital Testimony
Column E, RBM-13
Column F, RBM-14
Column I, RBM-15

SCHEDULE OF OPERATING INCOME - TEST YEAR WITH ADJUSTMENTS - FINAL

Line No.	(A) Test Year Ended 12/31/2010	(B) Adj. Sales Tax IS-1	(C) Adj. Net Unbilled IS-2	(D) Adj. MAP IS-3	(E) Adj. ACRM IS-4	(F) Adj. Misc IS-5	(G) Adj. Annual Rates IS-6	(H) Adj. New Customers IS-7	(I) Adj. Annualize Payroll IS-8	(J) Adj. Annualize Emp. Benefits IS-9	(K) Adj. Interest on Customer Deposits IS-10	(L) Adj. Normalized Maintenance IS-11
1	Operating Revenues											
2	Residential	\$ 885,183	\$ (62,649)	\$ (3,913)	\$ -	\$ -	\$ (10,747)	\$ (4,305)	\$ -	\$ -	\$ -	\$ -
3	Commercial	178,639	(12,730)	912	(274)	(5,175)	(5,133)					
4	Industrial	145	(10)				149					
5	Private Fire Service	21,055	(1,490)	(6)		282						
6	Other Water Revenues											
7	Total Water Revenues (L2 thru L6)	\$ 1,065,221	\$ (76,879)	\$ (4,193)	\$ (6)	\$ -	\$ (15,491)	\$ (9,438)	\$ -	\$ -	\$ -	\$ -
8	Miscellaneous	13,346	(852)									
9	Total Operating Revenues (L7 + L9)	\$ 1,098,567	\$ (77,731)	\$ (1,803)	\$ (4,193)	\$ -	\$ (15,491)	\$ (9,438)	\$ -	\$ -	\$ -	\$ -
10	Operating Expenses											
11	Source of Supply Expenses:											
12	Purchased Water											
13	Other	4,996							149			
14	Pumping Expenses:											
15	Purchased Power	107,256	(102)									
16	Purchased Gas	34,254										
17	Other	21,005						(1,449)	1,051			4,859
18	Water Treatment Expenses	94,494		(4,248)				(215)	214			
19	Transmission & Distribution Expenses	99,824						(694)	2,903			27,721
20	Customer Accounting Expenses							(733)	2,787			
21	Sales Expense											
22	Administrative & General Expenses	131,434						(965)	2,505	5,934		
23	Total Operations & Maint. Exp (L14 thru L24)	\$ 483,263	\$ -	\$ 2,642	\$ (4,248)	\$ -	\$ -	\$ (4,107)	\$ 9,609	\$ 5,934	\$ 728	\$ 32,580
24	Depreciation & Amortization Expenses	167,307										
25	Taxes											
26	Federal Income Taxes	60,149										
27	State Income Taxes	6,795										
28	Property Taxes	43,961										
29	Other	88,800	(77,731)						1,620			
30	Total Taxes (L30 thru L33)	\$ 199,695	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,620	\$ -	\$ -	\$ -
31	Total Operating Expenses (L25 + L27 + L34)	\$ 860,265	\$ (77,731)	\$ 2,642	\$ (4,248)	\$ -	\$ -	\$ (4,107)	\$ 11,229	\$ 5,934	\$ 728	\$ 32,580
32	Operating Income (L10 less L36)	\$ 238,302	\$ -	\$ (4,245)	\$ 55	\$ -	\$ (15,491)	\$ (5,331)	\$ (11,229)	\$ (5,934)	\$ (728)	\$ (32,580)

Columns (A) through columns (X) see Company Exhibit Schedule C-2

SCHEDULE OF OPERATING INCOME - TEST YEAR WITH ADJUSTMENTS - FINAL

Line No.	(M) Adjustment Water & Gas Exp IS-12	(N) Adjustment Rate Case Expense IS-13	(O) Adjustment Adjust A&G for BMP IS-14	(P) Adjustment Fleet Fuel Expense IS-15	(Q) Adjustment AS 400 Printers IS-16	(R) Adjustment Arsenic Treatment Exp IS-17	(S) Adjustment Error Correction CAP Charges IS-18	(T) Adjustment Depreciation Expense IS-19	(U) Adjustment Property Tax IS-20	(V) Adjustment Income Tax IS-21	(W) Total Pro Forma Adjustments	(X) Test Year Adjusted Results
1	Operating Revenues											
2	Residential											
3	Commercial											
4	Industrial											
5	Private Fire Service											
6	Other Water Revenues											
7	Total Water Revenues (L2 thru L6)											
8	Miscellaneous											
9	Total Operating Revenues (L7 + L9)											
10	Operating Expenses											
11	Source of Supply Expenses:											
12	Purchased Water											
13	Other											
14	Pumping Expenses:											
15	Purchased Power											
16	Purchased Gas											
17	Other											
18	Water Treatment Expenses											
19	Transmission & Distribution Expenses											
20	Customer Accounting Expenses											
21	Sales Expense											
22	Administrative & General Expenses											
23	Total Operations & Maint. Exp (L14 thru L24)											
24	Depreciation & Amortization Expenses											
25	Taxes											
26	Federal Income Taxes											
27	State Income Taxes											
28	Property Taxes											
29	Other											
30	Total Taxes (L30 thru L33)											
31	Total Operating Expenses (L25 + L27 + L34)											
32	Operating Income (L10 less L36)											

Columns (A) through columns (X) see Company Exhibit Schedule C-2

OPERATING INCOME ADJUSTMENT NO. 1
PUMPING, TRANSMISSION & DISTRIBUTION MAINTENANCE EXPENSE - FINAL

Pumping Accounts	<u>Test Year Pumping Expense</u>
1 <u>Maintenance:</u>	
2 Supervision & Engineering	\$ 2,056
3 Structures & Improvements	2,091
4 Electric pumping equipment	4,302
5 Gas pumping equipment	-
6	
7 Total Pumping Maintenance Expense	\$ 8,449
8	
9	
10 Company Requested Level of T. Y. Pumping Maintenance Expense	<u>13,308</u>
11	
12 RUCO Increase / (Decrease) in T. Y. Expense Level	<u>\$ (4,859)</u>
13	
14 RUCO Pumping Maintenance Expense Adjustment	\$ (4,859)
15	
16	
17	
18	
19	
20 Transmission & Distribution Accounts	<u>Test Year T&D Expense</u>
21	
22 <u>Maintenance:</u>	
23 Supervision & Engineering	\$ 6,580
24 Tanks	8,106
25 Mains	4,882
26 Mains - Leak Repair	724
27 Mains - Leak Detection	-
28 Services	11,684
29 Services - Leak Repair	1,164
30 Meters	7,013
31 Hydrants	<u>985</u>
32	
33 Total T & D Maintenance Expense	\$ 41,138
34	
35	
36 Company Requested Level of T. Y. T & D Maintenance Expense	<u>68,860</u>
37	
38 RUCO Increase / (Decrease) Expense Adjustment	<u>\$ (27,722)</u>
39	
40 RUCO T & D Maintenance Expense Adjustment	\$ (27,722)
41	
42	
43 Total RUCO Pumping and T & D Maintenance Expense Adjustment (L14 + L40)	\$ (32,581)

OPERATING INCOME ADJUSTMENT NO. 2
RATE CASE EXPENSE ADJUSTMENT - FINAL

Line No.	<u>DESCRIPTION</u>	(A) COMPANY ESTIMATE	(B) RUCO ADJUSTMENT	(C) RUCO AS ADJUSTED
1	Rate Case Expense Total for Eastern Group	\$ 476,874	\$ (164,274)	\$ 312,600
2				
3	Allocation Factor (L31)			<u>4.54%</u>
4				
5	Superstition (Apache Junction, Superior, Miami)			<u>\$ 14,180</u>
6				
7	Amortization Period - 3 years			3
8				
9	RUCO Adjusted Rate Case Expense (L5 / L7)			<u>\$ 4,727</u>
10				
11	Company Rate Case Expense as Filed (Company Sch. C-2 Appendix)			\$ 6,625
12				
13	RUCO Pro Forma Rate Case Expense (L9 - L11)			<u>\$ (1,898)</u>
14				
15	RUCO Adjustment			<u>\$ (1,898)</u>
16				
17				
18	RUCO's Rate Base Expense Adjustment Calculation:			
19	Decision No. 66848, dated March 19, 2004, approved amount			
20	\$250,000 for Arizona Water Company's Eastern Group.		\$ 250,000	
21				
22	Inflation Factor from January 1, 2002 through September 30,			
23	per Inflation Data.com		<u>25.04%</u>	
24				
25	Reasonable Amount of Rate Case Expense based on			
26	Decision No. 66848.		<u>\$ 312,600</u>	
27				
28	RUCO Adjustment (Col. (A) L1 - Col. (B) L26)		<u>\$ 164,274</u>	
29				
30	<u>Allocation Factor Based on Number of Customers</u>		<u>Customers</u>	<u>Percent of Total</u>
31	Superstition (Apache Junction, Superior, Miami)		23,607	71.10%
32	Cochise (Bisbee, Sierra Vista)		6,357	19.15%
33	San Manuel		1,465	4.41%
34	Oracle		1,506	4.54%
35	SaddleBrook Ranch		113	0.34%
36	Winkelman		153	0.46%
37	Total Number of Customers and Percentages		<u>33,201</u>	<u>100.00%</u>

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Line
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**OPERATING INCOME ADJUSTMENT NO. 4
 MISCELLANEOUS EXPENSE ADJUSTMENTS - FINAL**

LINE NO.	DESCRIPTION	(A) Superstition	(B) Cochise	(C) San Manuel	(D) Oracle	(E) SaddleBrook Ranch	(F) Winkelman
<u>DIRECT EXPENSES</u>							
1							
2	Customer Accounting Expense	\$ 1,570	\$ 713	\$ 78	\$ 96	\$ -	\$ -
3							
4	Administration & General Expense	1,642	-	137	143	19	7
5							
6	TOTAL DIRECT EXPENSE	\$ 3,212	\$ 713	\$ 215	\$ 240	\$ 19	\$ 7
7							
<u>PHOENIX OFFICE EXPENSES</u>							
8							
9							
10							
11	Service Awards and Banquets	3,031	761	174	216	16	20
12							
13	Flower Shop Expenses	283	71	16	20	1	2
14							
15	Water Association Dues Allowed						
16	at 50% of Total	996	250	57	71	5	7
17							
18	TOTAL ALLOCATED EXPENSES	\$4,310	\$1,082	\$247	\$307	\$23	\$29
19							
20	TOTAL MISCELLANEOUS EXPENSE ADJUSTMENT	\$7,522	\$1,794	\$462	\$547	\$42	\$35
21							
22							
23							
24							

ALLOCATION OF PHOENIX OFFICE EXPENSES BASED ON THREE FACTOR

TOTAL	0.2865	0.0719	0.0164	0.0204	0.0015	0.0019
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OPERATING INCOME ADJUSTMENT NO. 5
CALCULATION OF DEPRECIATION EXPENSE - FINAL

Line No.	Acct. No.	Present Depreciation Rates	(A) Plant Balance Per GL	(B) Post Test Year Adjustments	(C) Phoenix Office Balance Per GL	(D) Meter Shop Balance Per GL	(E) Three Factor Formula Allocation	(F) Phoenix Office Meter Shop Allocated To Plant	(G) Company Adjusted End Of Test Year	(H) RUCO Adjustments End Of Test Year	(I) Adjusted End Of Test Year Plant	(J) RUCO Depreciation Test Year Adjusted
1												
2	301	0.00%			651		2.04%					750
3	302	See Acct. 111	418		8,496		2.04%					1,263
4	303	See Acct. 111	418		9,148		2.04%	173			592	2,013
5								173				
6												
7	310.1	0.00%	129,139				2.04%		129,139		129,139	
8	310.3	0.00%	24,693			80	2.04%		24,695		24,695	
9	310.4	0.00%					2.04%					
10	314	3.13%	480,266				2.04%		480,266		480,266	15,032
11			634,068			80	2.04%		634,099		634,099	15,032
12								2				
13	320	0.00%	2,742				2.04%		2,742		2,742	
14	321	2.86%	91,283				2.04%		91,283		91,283	2,611
15	325	5.88%	888,752				2.04%		888,752		888,752	52,259
16	328	4.00%					2.04%					
17			982,777						982,777		982,777	54,869
18												
19	330	0.00%					2.04%					
20	331	2.50%	35,054				2.04%		35,054		35,054	876
21	332	2.86%	71,537			2,050	2.04%	42	71,579		71,579	2,047
22			106,592			2,050		42	106,633		106,633	2,924
23												
24	340	0.00%	19,680				2.04%		19,680		19,680	
25	342	2.00%	306,126				2.04%		306,126		306,126	6,123
26	343	1.79%	3,783,051			6,066	2.04%	124	3,812,872		3,812,872	86,250
27	344	2.00%		29,697								
28	345	2.38%	684,335				2.04%		684,461		684,461	16,290
29	346	4.55%	112,379	126			2.04%		112,379		112,379	5,113
30	348	1.82%	158,971				2.04%		158,971		158,971	2,893
31			5,064,542	29,823		6,066	2.04%	124	5,094,469		5,094,489	98,670
32												
33	389	0.00%					2.04%					
34	390	2.50%	145,244				2.04%		147,952		147,952	3,699
35	390.1	See Acct. 108.2			79,935	52,852	2.04%	2,709	31,479		31,479	1,928
36	391	6.67%	3,262		1,543,079		2.04%		103,350		103,350	6,893
37	393	5.00%	1,734		4,895,192		2.04%	100,088	1,991		1,991	100
38	394	4.00%	23,740		3,705	8,888	2.04%	257	29,164		29,164	1,167
39	395	5.00%	146		196,363	69,534	2.04%	92	237		237	12
40	396	5.00%	1,131		1,508	1,458	2.04%	30	1,161		1,161	77
41	397	6.67%	144,158		181,623		2.04%	3,705	147,863		147,863	9,862
42	398	3.33%	4,698		7,207		2.04%	147	4,845		4,845	161
43			324,112		6,908,612	146,809	2.04%	143,931	468,043		468,043	23,899
44			7,112,540	29,823	6,917,760	155,005		144,271	7,286,633		7,286,633	197,407
			1,006,130	2%	\$	\$						(20,123)
												177,285
												176,809
												476

Plant in Service
Total Depreciation Test Year Adjusted
Less: Amortization of Regulatory Liability
Add: Additional Amortization
Total Depreciation as Calculated
Per Company Schedule C-2
Adjustment

OPERATING INCOME ADJUSTMENT NO. 6
PROPERTY TAXES - FINAL

LINE NO.	Property Tax Calculation	(A)	(B)
		RUCO AS ADJUSTED	RUCO RECOMMENDED
1	RUCO Adjusted Test Year Revenues - RBM-6	\$ 990,111	\$ 990,111
2	Multiplied by 2	2	2
3	Subtotal (Line 1 * Line 2)	\$ 1,980,222	\$ 1,980,222
4	RUCO Adjusted Test Year Revenues - 2010	990,111	
5	RUCO Recommended Revenue, Per Schedule RBM-6		1,018,040
6	Subtotal (Line 4 + Line 5)	\$ 2,970,333	\$ 2,998,262
7	Number of Years	3	3
8	Three Year Average (Line 5 / Line 6)	\$ 990,111	\$ 999,421
9	Department of Revenue Multiplier	2	2
10	Revenue Base Value (L8 X L9)	\$ 1,980,222	\$ 1,998,841
11	Plus: 10% of CWIP -	-	-
12	Less: Net Book Value of Licensed Vehicles	-	-
13	Full Cash Value (L10 + L11 + L12)	\$ 1,980,222	\$ 1,998,841
14	Assessment Ratio	21.0%	21.0%
15	Assessment Value (L13 X L14)	\$ 415,847	\$ 419,757
16	Composite Property Tax Rate (L19 / L15)	10.3038%	10.3038%
17	RUCO Proposed Property Tax Expense (L15 X L16)	\$ 42,848	
18	Company Proposed Property Tax	39,795	
19	RUCO Test Year Adjustment (L16 - L17)	\$ 3,053	
19	Property Tax - RUCO Recommended Revenue (L15 X L16)		\$ 43,251
20	RUCO Test Year Adjusted Property Tax Expense (L18)		42,848
21	Increase/(Decrease) to Property Tax Expense		\$ 403
22	Increase/(Decrease) to Property Tax Expense		\$ 403
23	Increase in Revenue Requirement (L5 - L4)		27,929
24	Increase /(Decrease) to Property Tax per Dollar Increase in Revenue (L26 / L27)		1.4425%

**OPERATING INCOME ADJUSTMENT NO. 7
INCOME TAX EXPENSE - FINAL**

LINE NO.	DESCRIPTION	(A) REFERENCE	(B) AMOUNT
1	FEDERAL INCOME TAXES:		
2			
3	Operating Income Before Taxes	Sch. RBM- 6, Column (C), L29 + L30 + L36	\$ 248,216
4	LESS:		
5	Arizona State Tax	Line 21	11,529
6	Interest Expense	Note (A) Line 21	82,756
7	Federal Taxable Income	Line 1 - Line 2 - Line 3	\$ 153,932
8			
9	Federal Tax Rate	Sch. TJC-1, Pg 2, Col. (D), L46	34.00%
10	Federal Income Tax Expense	Line 4 X line 5	\$ 52,337
11			
12	STATE INCOME TAXES:		
13			
14	Operating Income Before Taxes	Line 3	\$ 248,216
15	LESS:		
16	Interest Expense	Note (A) Line 41	82,756
17	State Taxable Income	Line 14 - Line 16	\$ 165,461
18			
19	State Tax Rate	Tax Rate	6.97%
20			
21	State Income Tax Expense	Line 17 X Line 19	\$ 11,529
22			
23	TOTAL INCOME TAX EXPENSE:		
24	Federal Income Tax Expense	Line 10	\$ 52,337
25	State Income Tax Expense	Line 21	11,529
26	Total Income Tax Expense Per RUCO	Line 24 + Line 25	\$ 63,866
27			
28	Total Federal Income Tax Expense Per Company (Per Company Sch. C-1, L30)		41,571
29			
30	Total State Income Tax Expense Per Company (Per Company Sch. C-1, L31)		9,158
31			
32	RUCO Federal Income Tax Adjustment	Line 24 - Line 28	\$ 10,766
33			
34	RUCO State Income Tax Adjustment	Line 25 - Line 30	\$ 2,371
35			
36			
37	NOTE (A):		
38	Interest Synchronization:		
39	Adjusted Rate Base (Sch. TJC-2, Col. (H), L17)	\$ 2,474,988	
40	Weighted Cost Of Debt (Sch. TJC-15 Col. (D), L1)	3.34%	
41	Interest Expense (L18 X L19)	\$ 82,756	

COST OF CAPITAL - FINAL

LINE NO.	DESCRIPTION	(A) DOLLAR AMOUNT	(B) CAPITAL RATIO	(C) COST RATE	(D) WEIGHTED COST RATE
1	Long-Term Debt	\$ 75,000,000	49.03%	6.82%	3.34%
2					
3	Common Equity	77,975,335	50.97%	9.40%	4.79%
4					
5	Total Capitalization	<u>\$ 152,975,335</u>	<u>100.00%</u>		
6					
7					
8	WEIGHTED AVERAGE COST OF CAPITAL				8.13%

References:
Columns (A) Thru (D): WAR Testimony

TABLE OF CONTENTS TO RBM FINAL SCHEDULES

SCH NO.	PAGE NO.	TITLE
RBM-1	1 & 2	REVENUE REQUIREMENT AND GROSS REVENUE CONVERSION FACTOR
RBM-2	1	SUMMARY RATE BASE - ORIGINAL COST
RBM-3	1	SUMMARY ORIGINAL COST RATE BASE WITH ADJUSTMENTS
RBM-4	1 & 2	DIRECT PLANT AND ACCUMULATION DEPRECIATION
RBM-4 (1)	1	PHOENIX OFFICE AND METER SHOP
RBM-5	1	ALLOWANCE FOR WORKING CAPITAL
RBM-6	1	RATE BASE ADJUSTMENT NO. 1 - INTENTIONALLY LEFT BLANK
RBM-6(1)	1	RATE BASE ADJUSTMENT NO. 2 - WORKING CAPITAL
RBM-7	1	OPERATING INCOME
RBM-8	1 & 2	SCHEDULE OF OPERATING INCOME - TEST YR WITH RUCO ADJUSTMENTS
RBM-9	1 & 2	SCHEDULE OF OPERATING INCOME-TEST YR COMPANY ADJUSTMENTS
RBM-10	1	OPERATING INCOME ADJUSTMENT NO. 1 - PUMPING TRANSMISSION & DISTRIBUTION EXPENSE NORMALIZATION
RBM-11	1	OPERATING INCOME ADJUSTMENT NO. 2 - RATE CASE EXPENSE
RBM-12	1	OPERATING INCOME ADJUSTMENT NO. 3 - INTENTIONALLY LEFT BLANK
RBM-13	1	OPERATING INCOME ADJUSTMENT NO. 4 - MISCELLANEOUS EXPENSE
RBM-14	1	OPERATING INCOME ADJUSTMENT NO. 5 - DEPRECIATION EXPENSE ADJUSTMENT
RBM-15	1	OPERATING INCOME ADJUSTMENT NO. 6 - PROPERTY TAXES
RBM-16	1	OPERATING INCOME ADJUSTMENT NO. 7 - INCOME TAXES
RBM-17	1	COST OF CAPITAL

REVENUE REQUIREMENT - FINAL

LINE NO.	DESCRIPTION	(A) COMPANY OCRB/FVRB COST	(B) RUCO OCRB/FVRB COST
1	Adjusted Original Cost/Fair Value Rate Base	\$ (124,601)	\$ (114,891)
2			
3	Adjusted Operating Income (Loss)	\$ (78,989)	\$ (79,325)
4			
5	Current Rate of Return (L3 / L1)	N/A	N/A
6			
7	Required Operating Income (L9 X L1)	\$ (12,108)	\$ -
8			
9	Required Rate of Return on Fair Value Rate Base	9.72%	8.13%
10			
11	Operating Income Deficiency (L7 - L3)	\$ 66,880	\$ 79,325
12			
13	Gross Revenue Conversion Factor (RBM-1, Page 2 of 2)	1.6535	1.6525
14			
15	Required Increase in Gross Revenue Requirement (L11 X L13)	\$ 110,584	\$ 131,082
16			
17	Adjusted Test Year Revenue	\$ 117,102	\$ 117,102
18			
19	Proposed Annual Revenue (L15 + L17)	\$ 227,686	\$ 248,184
20			
21	Required Percentage Increase in Revenue (L15 / L17)	94.43%	111.94%
22			
23	Consolidated Revenue Adjustment	\$ (36,871)	\$ -
24			
25	Required Increase in Gross Revenue Under Proposed Consolidation	\$ 73,713	\$ -
26			
27	Required Revenue Under Proposed Consolidation	\$ 190,815	\$ -
28			
29	Required Percentage Increase in Revenue Under Proposed Consolidation	62.95%	0.00%
30			
31	Rate of Return on Common Equity	12.50%	9.40%

References:

Column (A): Company Schs. A-1 and C-1

Column (B): RUCO Schs. RBM-2, RBM-7, RBM-9 and RBM-17

GROSS REVENUE CONVERSION FACTOR - FINAL

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
CALCULATION OF GROSS REVENUE CONVERSION FACTOR:					
1	Revenue	100.0000%			
2	Proposed Bad Debt Expense (Per Co. Workpapers)	-			
3	Subtotal (L1 thru L2)	100.0000%			
4	Combined Federal, State, Property Tax Rate (L22)	39.4846%			
5	Subtotal (L3 - L4)	60.5154%			
6	Revenue Conversion Factor (L1 / L5)	1.6525			
CALCULATION OF EFFECTIVE TAX RATE:					
8	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%			
9	Arizona State Income Tax Rate	6.9680%			
10	Federal Taxable Income (L9 - L10)	93.0320%			
11	Applicable Federal Income Tax Rate (L58)	34.0000%			
12	Effective Federal Income Tax Rate (L11 X L12)	31.6309%			
13	Combined Federal and State Income Tax Rate (L10 + L13)	38.5989%			
CALCULATION OF EFFECTIVE PROPERTY TAX FACTOR:					
16	Unity	100.0000%			
17	Combined Federal and State Tax Rate	38.5989%			
18	1 Minus Combined Income Tax Rate	61.4011%			
19	Property Tax Factor	1.4425%			
20	Effective Property Tax Factor (L19 x L20)	0.8857%			
21	Combined Federal, State & Property Tax Rate (L14 + L21)	39.4846%			
22					
23					
24	RUCO Required Operating Income (Sch. RBM-1, Col. (B), L7)	\$ -			
25	RUCO Adj'd T.Y. Oper'g Inc. (Loss) (Sch. RBM-1, Col. (B), L3)	(79,325)			
26	Required Increase In Operating Income (L24 - L25)		\$ 79,325		
27					
28	Income Taxes On Recommended Revenue (Col. (D), L53)	\$ 2,415			
29	Income Taxes On Test Year Revenue (Col. (D), L55)	(47,452)			
30	Required Increase In Revenue To Provide For Income Taxes (L28 - L29)		\$ 49,866		
31					
32	Property Tax with Recommended Revenue (Sch. RBM-7, Col. E, L31)	6,959			
33	Property Tax on Test Year Revenue (Sch. RBM-7, Col. C, L31)	5,068			
34	Increase in Property Tax Due to Increase in Revenue (L32 - L33)		\$ 1,891		
35					
36	Total Required Increase In Revenue (L26 + L30 + L34)		\$ 131,082		
37					
RUCO's CALCULATION OF INCOME TAX:					
38	RUCO Proposed Revenue (Sch. RBM-1, Col. (B), L19)			RUCO Recommended	
39				\$ 248,184	
40	Less:				
41	Operating Expense Excluding Income Tax (Sch. RBM-7, Col. (E), L24 + L26 + L31 + L32)			245,769	
42	Synchronized Interest (Col. (C), L63)			(3,842)	
43	Arizona Taxable Income (L39 - L41 - L42)			\$ 6,257	
44	Arizona State Income Tax Rate			6.9680%	
45	Arizona Income Tax (L43 X L44)				\$ 436
46	Fed. Taxable Income (L43 - L45)			\$ 5,821	
47	Fed. Tax On 1st Inc. Bracket (\$1 - \$50,000) @ 15%			\$ -	
48	Fed. Tax On 2nd Inc. Bracket (\$50,001 - \$75,000) @ 25%			\$ -	
49	Fed. Tax On 3rd Inc. Bracket (\$75,001 - \$100,000) @ 34%			\$ -	
50	Fed. Tax On 4th Inc. Bracket (\$100,001 - \$335,000) @ 39%			\$ -	
51	Fed. Tax On 5th Inc. Bracket (\$335,001 - \$10M) @ 34%			\$ 1,979	
52	Total Federal Income Tax (L47 thru L 51)				\$ 1,979
53	Combined Federal And State Income Tax (L45+ L52)				\$ 2,415
54					
55	RUCO Adj'd Test Year Combined Federal and State Income Tax (RBM-7, Col. (C), L29 and L30)				\$ -
56	RUCO Proposed Income Tax Adjustment (L53 - L55)				\$ 2,415
57					
58	Applicable Federal Income Tax Rate				34.00%
59					
NOTE (A): Interest Synchronization					
60	Adjusted Rate Base RBM-2, Col. (C), L28			\$ (114,891)	
61	Weighted Cost Of Debt RBM-9, Col. (M), L1			3.34%	
62	Interest Expense (L61 X L62)			\$ (3,842)	
63					

SUMMARY RATE BASE - ORIGINAL COST - FINAL

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED OCRB/FVRB	(B) RUCO OCRB/FVRB ADJUSTMENTS	(C) RUCO ADJTED OCRB/FVRB
1	Plant Classification			
2	Intangible Plant	\$ 14		\$ 14
3	Source of Supply Plant	455,467	9,510	464,977
4	Pumping Plant	472,248		472,248
5	Water Treatment Plant	3		3
6	Transmission & Distribution Plant	2,726,286		2,726,286
7	General Plant	32,198		32,198
8	Total Gross Plant in Service (L2 thru L7)	<u>\$ 3,686,216</u>	<u>\$ 9,510</u>	<u>\$ 3,695,726</u>
9				
10	Accumulated Depreciation	<u>\$ 242,563</u>	<u>149</u>	<u>\$ 242,712</u>
11	Net Utility Plant In Service (L8 - L10)	<u>\$ 3,443,653</u>	<u>\$ 9,361</u>	<u>\$ 3,453,014</u>
12				
13	Advances In Aid Of Const.	\$ 3,312,883		\$ 3,312,883
14				
15	Contribution In Aid Of Const.	\$ 226,219		\$ 226,219
16	Accumulated Amortization Of CIAC	\$ (5,049)		\$ (5,049)
17	NET CIAC (L15 + L16)	<u>\$ 221,170</u>	<u>\$ -</u>	<u>\$ 221,170</u>
18				
19	Deferred Income Tax	\$ 38,052		\$ 38,052
20				
21	Customer Deposits	\$ 706		\$ 706
22				
23	Allowance For Working Capital	\$ 4,557	349	\$ 4,906
24				
25	Net Regulatory Asset / (Liability)	\$ -		\$ -
26				
27	Rounding	\$ -		\$ -
28	TOTAL RATE BASE (+L11 - L17 - L19 - L21 + L23)	<u>\$ (124,601)</u>	<u>\$ 9,710</u>	<u>\$ (114,891)</u>

References:
Column (A): Company Schedule B-1 and RBM-3 Col. E
Column (B): Schedule RBM-3 Cols. F and G
Column (C): Col. A + Col. B; RBM-3

SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS - FINAL

LINE NO.	DESCRIPTION	(A)		(B)		(C)	(D)	(E)	(F)	(G)	(H)
		COMPANY AS FILED	NET PLANT	COMPANY POST TEST YEAR ADJUSTMENTS	ADJ NO 1							NET REGULATORY LIABILITY	PHOENIX OFF AND METER SHOP	COMPANY AS FILED	RECLASS FROM SAN MANUEL	ADJMT NO. 6 WORKING CAPITAL	RUCO ADJUSTED OCRB/FVRB
1	Plant Classification										
2	Intangible Plant										
3	Source of Supply Plant	455,467					14	455,467	9,510		464,977
4	Pumping Plant	472,248						472,248			472,248
5	Water Treatment Plant						3				3
6	Transmission & Distribution Plant	2,726,277					9	2,726,286			2,726,286
7	General Plant	21,615					10,583	32,198			32,198
8	Total Gross Plant in Service (Sum L2 thru L7)	3,875,607					10,609	3,886,216	9,510		3,895,726
9											
10	Accumulated Depreciation	240,096					2,487	242,583	149		242,712
11	Net Utility Plant In Service (L8 less L10)	3,435,511					8,142	3,443,653	9,361		3,453,014
12											
13	Advances In Aid Of Const.	3,312,883						3,312,883			3,312,883
14											
15	Contribution In Aid Of Const.	226,219						226,219			226,219
16	Accumulated Amortization Of CIAC	(5,049)						(5,049)			(5,049)
17	NET CIAC (L15 less L16)	221,170						221,170			221,170
18											
19	Deferred Income Tax							38,052			38,052
20											
21	Customer Deposits	706						706			706
22											
23	Allowance For Working Capital	4,557						4,557		349	4,906
24											
25	Net Regulatory Asset / (Liability)										
26											
27	Adjustment to Match Rate Base with G/L										
28	TOTAL RATE BASE (+L11 - L17 - L19 - L21 + L23)	(94,891)					(29,910)	(124,801)	9,361	349	(114,891)

References:
Column (A) through (E): Company Schedule B-2; Column (D) RBM-4(1)
Column (F): RUCO Schedule RBM-6, Col. F
Column (G): RUCO Schedule RBM-5, Col. A

DIRECT PLANT AND ACCUMULATED DEPRECIATION - FINAL

Line No.	Acct. No.	Description	Depreciation Rate	Starting Point for Plant Rec. 12/31/2007	2008				2009						
					Additions	Retirements	Adjustments	Depreciation Expense	Balance	Additions	Retirements	Adjustments	Depreciation Expense	Balance	
1		Intangible Plant													
2	301	Organization	0.00%												
3	302	Franchises	See Acct. 111												
4	303	Other Intangibles	See Acct. 111												
5		Subtotal Intangible Plant													
6		Source of Supply Plant													
7	310.1	Water Rights	0.00%		52										52
8	310.3	Other Source of Supply Land	0.00%												
9	310.4	Wells - Other													
10	314	Wells	3.13%	6,102	2,960		237								9,193
11		Subtotal Source of Supply Plant		6,102	3,012		237								9,245
12		Pumping Plant													
13	320	Pumping Plant Land	0.00%												
14	321	Pumping Plant Structures & Improvements	2.86%												
15	325	Electric Pumping Equipment	5.88%		415,537		12,217								53,685
16	328	Gas Engine Equipment	4.00%												418,563
17		Subtotal Pumping Plant			415,537		12,217								472,248
18		Water Treatment Plant													
19	330	Water Treatment Plant Land	0.00%												
20	331	Water Treatment Structures & Improvements	2.50%												
21	332	Water Treatment Equipment	2.86%												
22		Subtotal Water Treatment Plant													
23		Transmission & Distribution Plant													
24	340	Transmission and Distribution Land	0.00%												
25	342	Storage Tanks	2.00%												
26	343	Transmission & Distribution Mains	1.79%		352,962		3,159								352,796
27	344	Fire Sprinkler Taps	2.00%		15,243		182								15,243
28	345	Services	2.38%	604	112,288		1,351								112,912
29	346	Meters	4.55%	45,033	6,355		2,239								53,168
30	348	Hydrants	1.82%		77,199		703								77,199
31		Subtotal Transmission & Distribution Plant		45,637	566,047		7,604								611,318
32		General Plant													
33	389	General Plant Land	0.00%												
34	390	General Plant Structures	2.50%												
35	390.1	Leasehold Improvements													
36	391	Office Furniture & Equipment	6.67%												
37	393	Warehouse Equipment	5.00%												
38	394	Tools, Shop & Garage Equipment	4.00%												
39	395	Laboratory Equipment	5.00%												
40	396	Power Operated Equipment	6.67%												
41	397	Communication Equipment	6.67%		21,615		721								21,615
42	398	Miscellaneous Equipment	3.33%												
43		Subtotal General Plant			21,615		721								1,442
44		Plant in Service		\$ 51,739	\$ 1,006,211	\$ -	\$ 20,779	\$ 1,057,950	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,114,426
1		Net Salvage/Cost of Removal													
2		Adjustments booked to Conform with Rate Decision													116
3		Accum. Deprec. Related to other Plant Adjustments													
4		Accumulated Depreciation & Amort.													
5		Net Plant in Service		\$ 51,739	\$ 1,006,211	\$ -	\$ 20,779	\$ 1,037,171	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,053,377

Net Salvage/Cost of Removal
 Adjustments booked to Conform with Rate Decision
 Accum. Deprec. Related to other Plant Adjustments
 Accumulated Depreciation & Amort.
 Net Plant in Service

PHOENIX OFFICE AND METER SHOP - RATE BASE ALLOCATION - FINAL

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED	(B) Superstition	(C) Cochise	(D) San Manuel	(E) Oracle	(F) SaddleBrook Ranch	(G) Winkelman
			28.65%	7.19%	1.64%	2.04%	0.15%	0.19%
1	3 Factor Allocation Factor							
2	Phoenix Office Allocation							
3	Plant Classification							
4	Intangible Plant	\$ 9,148	\$ 2,621	\$ 658	\$ 150	\$ 187	\$ 14	\$ 17
5	Source of Supply Plant	-	-	-	-	-	-	-
6	Pumping Plant	-	-	-	-	-	-	-
7	Water Treatment Plant	-	-	-	-	-	-	-
8	Transmission & Distribution Plant	-	-	-	-	-	-	-
9	General Plant	6,914,749	1,981,076	497,170	113,402	141,061	10,372	13,138
10	Total Gross Plant in Service (Sum L4 thru L9)	\$ 6,917,761	\$ 1,983,696	\$ 497,828	\$ 113,552	\$ 141,247	\$ 10,386	\$ 13,155
11	Less:							
12	Accumulated Depreciation	\$ 1,587,979	\$ 454,956	\$ 114,176	\$ 26,043	\$ 32,395	\$ 2,382	\$ 3,017
13	Net Utility Plant In Service (L10 less L12)	\$ 5,329,782	\$ 1,528,740	\$ 383,652	\$ 87,509	\$ 108,853	\$ 8,004	\$ 10,138
14	Less:							
15	Deferred Income Tax	25,368,073	\$ 7,267,953	\$ 1,823,964	\$ 416,036	\$ 517,509	\$ 38,052	\$ 48,199
16	Total Phoenix Office Allocation (L13 less L15)	\$ (20,038,291)	\$ (5,739,212)	\$ (1,440,312)	\$ (328,527)	\$ (408,656)	\$ (30,048)	\$ (38,061)
17								
18	Meter Shop Allocation							
19	Plant Classification							
20	Intangible Plant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21	Source of Supply Plant	80	23	6	1	2	-	-
22	Pumping Plant	-	-	-	-	-	-	-
23	Water Treatment Plant	2,050	587	147	34	42	3	4
24	Transmission & Distribution Plant	6,065	1,738	436	99	124	9	12
25	General Plant	146,810	42,061	10,556	2,408	2,995	220	279
26	Total Gross Plant in Service (Sum L20 thru L25)	\$ 155,005	\$ 44,409	\$ 11,145	\$ 2,542	\$ 3,162	\$ 232	\$ 294
27	Less:							
28	Accumulated Depreciation	\$ 56,404	\$ 16,160	\$ 4,055	\$ 925	\$ 1,151	\$ 85	\$ 107
29	Net Utility Plant In Service (L26 less L28)	\$ 98,601	\$ 28,249	\$ 7,089	\$ 1,617	\$ 2,011	\$ 148	\$ 187
30	Less:							
31	Deferred Income Tax	56,404	-	-	-	-	-	-
32	Total Phoenix Office Allocation (L29 less L31)	\$ 42,197	\$ 28,249	\$ 7,089	\$ 1,617	\$ 2,011	\$ 148	\$ 187
33								
34	Total Phoenix Office and Meter Shop Allocation							
35	Plant Classification							
36	Intangible Plant	\$ 9,148	\$ 2,621	\$ 658	\$ 150	\$ 187	\$ 14	\$ 17
37	Source of Supply Plant	80	23	6	1	2	-	-
38	Pumping Plant	-	-	-	-	-	-	-
39	Water Treatment Plant	2,050	587	147	34	42	3	4
40	Transmission & Distribution Plant	6,065	1,738	436	99	124	9	12
41	General Plant	7,055,423	2,023,137	507,726	115,810	144,056	10,592	13,417
42	Total Gross Plant in Service	\$ 7,072,766	\$ 2,028,105	\$ 508,973	\$ 116,094	\$ 144,410	\$ 10,618	\$ 13,450
43	Less:							
44	Accumulated Depreciation	\$ 1,644,383	\$ 471,116	\$ 118,231	\$ 26,968	\$ 33,545	\$ 2,616	\$ 3,124
45	Net Utility Plant In Service (Sum L7 - L8)	\$ 5,428,383	\$ 1,556,990	\$ 390,742	\$ 89,126	\$ 110,864	\$ 8,003	\$ 10,326
46	Less:							
47	Deferred Income Tax	25,368,073	7,267,953	1,823,964	416,036	517,509	38,052	48,199
48	Total Phoenix Office Allocation (L9 - L10)	\$ (19,996,095)	\$ (5,710,963)	\$ (1,433,223)	\$ (326,910)	\$ (406,645)	\$ (29,900)	\$ (37,874)

ALLOWANCE FOR WORKING CAPITAL - FINAL

LINE NO.	DESCRIPTION	(A) AMOUNT	(B) REFERENCE
1	Working Cash Requirement As Per Company	\$ 209	Company Schedule B-5, PG. 2 of 2
2	Working Cash Requirement As Per RUCO	558	RUCO Schedule RBM-6(1), L30
3	Adjustment	\$ 349	L2 - L1
4			
5	Material and Supplies Inventories As Per Company	\$ 101	Company Schedule B-5, PG. 2 of 2
6	Material and Supplies Inventories As Per RUCO	101	Company Schedule B-5, PG. 2 of 2
7	Adjustment	\$ -	L6 - L5
8			
9	Required Bank Balances As Per Company	\$ 3,254	Company Schedule B-5, PG. 2 of 2
10	Required Bank Balances As Per RUCO	3,254	Company Schedule B-5, PG. 2 of 2
11	Adjustment	\$ -	L10 - L9
12			
13	Prepayments & Special Deposits As Per Company	\$ 993	Company Schedule B-5, PG. 2 of 2
14	Prepayments & Special Deposits As Per RUCO	993	Company Schedule B-5, PG. 2 of 2
15		\$ -	L13 - L14
16			
17	TOTAL ADJUSTMENT (See RLM-2, Column (K))	\$ 349	Sum L3, L7, L11, L15

Arizona Water Company
Docket No. W-01445A-11-0310
Test Year Ended December 31, 2010

Saddlebrook Ranch - FINAL
Schedule RBM-6
Page 1

SCHEDULE NOT USED

EXPLANATION OF RATE BASE ADJUSTMENT NO. 2 - FINAL

Line No.	(A) Company Test Year Adjusted Results	(B) RUCO Adj	(C) RUCO Adjusted Results	(D) Revenue Lag Days1	(E) Expense Lag Days2	(F) Net Lag Days [B - C]	(G) Lead / Lag Factor [D + 365]	(H) Working Cash Requirement [A X E]
1								
2	Operating Expenses							
3	Purchased Power	\$ 103,754	\$ 103,754	28.62	30.87	(2.25)	(0.0062)	(640)
4	Payroll	10,235	10,235	28.62	14.00	14.62	0.0401	410
5	Purchased Water	-	-	28.62	26.04	2.58	0.0071	-
6	Chemicals	-	-	28.62	(18.11)	46.73	0.1280	-
7	Property & Liability Insurance	831	831	28.62	(45.27)	73.89	0.2024	168
8	Workman's Compensation Insurance	190	190	28.62	(46.50)	75.12	0.2058	39
9	Health Insurance	1,338	1,338	28.62	(8.92)	37.54	0.1028	138
10	Other O&M (Excluding Rate Case Expense)	29,583	28,687	28.62	(9.27)	37.89	0.1038	2,978
11	Federal Income Taxes	(4,090)	1,979	28.62	37.00	(8.38)	(0.0230)	(45)
12	State Income Taxes	(901)	436	28.62	37.00	(8.38)	(0.0230)	(10)
13	FICA Taxes	772	772	28.62	14.00	14.62	0.0401	31
14	FUTA & SUTA Taxes	25	25	28.62	83.10	(54.48)	(0.1493)	(4)
15	Property Taxes	6,935	6,959	28.62	212.00	(183.38)	(0.5024)	(3,496)
16	Registration, Svc. Contracts, & Misc. Fees	817	817	28.62	(98.83)	127.45	0.3492	285
17	Retirement Annuities (401k)	686	686	28.62	34.72	(6.10)	(0.0167)	(11)
18								
19								
20	Subtotal	150,175	8,326	156,708				(157)
21								
22								
23	Interest Expense	(4,169)	(4,169)	28.62	91.25	(62.63)	(0.1716)	715
24	Cost of Equity	(7,939)	7,939	28.62	-	28.62	0.0784	-
25	Dividends Paid	-	-	-	-	-	-	-
26								
27	Subtotal	(12,108)	7,939	(4,169)				715
28								
29								
30	Total	\$ 138,067	\$ 16,265	\$ 152,539				\$ 558
31								
32								

33 Columns (A), (D), and (E) Company Schs. B-5 page 1
34 Column (B) RUCO Schs. RBM-7, RBM-8
35

OPERATING INCOME - FINAL

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) RUCO TEST YEAR ADJM'TS	(C) RUCO TEST YEAR AS ADJ'TED	(D) RUCO PROP'D CHANGES	(E) RUCO AS RECOMM'D
Operating Revenues						
1	Residential	\$ 45,127	\$ -	\$ 45,127	\$ 131,082	\$ 176,209
2	Commercial	61,276	-	61,276	-	61,276
3	Industrial	-	-	-	-	-
4	Private Fire Service	85	-	85	-	85
5	Other Water Revenues	9,032	-	9,032	-	9,032
6	Total Water Revenues	\$ 115,520	\$ -	\$ 115,520	\$ 131,082	\$ 246,602
7	Miscellaneous	\$ 1,582	\$ -	\$ 1,582	\$ -	\$ 1,582
8	Total Operating Revenues	\$ 117,102	\$ -	\$ 117,102	\$ 131,082	\$ 248,184
Operating Expenses						
Source of Supply Expenses:						
9	Purchased Water	\$ -	-	-	-	-
10	Other	246	-	246	-	246
Pumping Expenses:						
12	Purchased Power	103,754	-	103,754	-	103,754
13	Purchased Gas	-	-	-	-	-
14	Other	17,704	600	18,304	-	18,304
15	Water Treatment Expenses	754	-	754	-	754
16	Transmission & Distribution Expenses	7,190	381	7,571	-	7,571
17	Customer Accounting Expenses	8,102	(8)	8,094	-	8,094
18	Sales Expense	-	-	-	-	-
19	Administrative & General Expenses	10,107	(122)	9,985	-	9,985
20	Total Operations & Maintenance Expense	\$ 147,857	\$ 851	\$ 148,708	\$ -	\$ 148,708
21	Depreciation & Amortization Expenses	\$ 89,428	\$ 108	\$ 89,536	-	\$ 89,536
Taxes						
22	Federal Income Taxes	\$ (38,543)	\$ (342)	\$ (38,885)	40,864	\$ 1,979
23	State Income Taxes	(8,491)	(75)	(8,566)	9,002	436
24	Property Taxes	5,275	(207)	5,068	1,891	6,959
25	Other	567	-	567	-	567
26	Total Taxes	\$ (41,192)	\$ (625)	\$ (41,817)	\$ 51,757	\$ 9,941
27	Total Operating Expenses	\$ 196,093	\$ 334	\$ 196,427	\$ 51,757	\$ 248,184
28	Operating Income	\$ (78,991)	\$ (334)	\$ (79,325)	\$ 79,325	\$ -

References:

Column (A): RBM-8, Col. A
Column (B): RBM-8, Col. K
Column (C): Col. A + Col.B
Column (D): RBM-1, RBM-1(2), RBM-15
Column (E): Col.C + Col.D

SCHEDULE OF OPERATING INCOME - TEST YEAR WITH RUCO ADJUSTMENTS - FINAL

Line No.	(A) Test Year Ended 12/31/2010	(B) Surrebuttal Adjustment Normalize Maintenance IS-1	(C) Adjustment Rate Case Expense IS-2	(D) Surrebuttal Adjustment Net Unbilled Expense IS-3	(E) Adjustment Misc Expenses IS-4	(F) Adjustment Depreciation Adjustment IS-5	(G) Adjustment LEFT BLANK IS-6	(H) Adjustment LEFT BLANK IS-7	(I) Surrebuttal Adjustment Property Tax IS-8	(J) Adjustment Income Tax IS-9	(K) Total Pro Forma Adjustments	(L) Test Year Adjusted Results
1	Operating Revenues											
2	Residential	\$ 45,127	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,127
3	Commercial	61,276	-	-	-	-	-	-	-	-	-	61,276
4	Industrial	-	-	-	-	-	-	-	-	-	-	-
5	Private Fire Service	85	-	-	-	-	-	-	-	-	-	85
6	Other Water Revenues	9,032	-	-	-	-	-	-	-	-	-	9,032
7	Total Water Revenues (L2 thru L6)	\$ 115,520	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 115,520
8	Miscellaneous	1,582	-	-	-	-	-	-	-	-	-	1,582
9	Total Operating Revenues (L7 + L9)	\$ 117,102	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 117,102
10	Operating Expenses											
11	Source of Supply Expenses:											
12	Purchased Water	-	-	-	-	-	-	-	-	-	-	-
13	Other	246	-	-	-	-	-	-	-	-	-	246
14	Pumping Expenses:											
15	Purchased Power	103,754	-	-	-	-	-	-	-	-	-	103,754
16	Purchased Gas	-	-	-	-	-	-	-	-	-	-	-
17	Other	17,704	-	-	-	-	-	-	-	-	-	17,704
18	Water Treatment Expenses	754	-	-	-	-	-	-	-	-	-	754
19	Transmission & Distribution Expenses	7,190	-	-	-	-	-	-	-	-	-	7,190
20	Customer Accounting Expenses	8,102	-	-	-	-	-	-	-	-	-	8,102
21	Sales Expense	-	-	-	-	-	-	-	-	-	-	-
22	Administrative & General Expenses	10,107	-	-	-	-	-	-	-	-	-	10,107
23	Total Operations & Maint. Exp (L14 thru L24)	\$ 147,857	\$ (45)	\$ (45)	\$ (42)	\$ (42)	\$ -	\$ -	\$ -	\$ -	\$ (122)	\$ 9,985
24	Depreciation & Amortization Expenses	89,428	-	-	-	-	-	-	-	-	-	89,428
25	Taxes											
26	Federal Income Taxes	(38,543)	-	-	-	-	-	-	-	(342)	(342)	(38,885)
27	State Income Taxes	(8,491)	-	-	-	-	-	-	-	(75)	(75)	(8,566)
28	Property Taxes	5,275	-	-	-	-	-	-	(207)	-	(207)	5,068
29	Other	957	-	-	-	-	-	-	-	-	-	957
30	Total Taxes (L30 thru L33)	\$ (41,192)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (207)	\$ (417)	\$ (625)	\$ (41,817)
31	Total Operating Expenses (L25 + L27 + L34)	\$ 196,093	\$ (883)	\$ (45)	\$ (42)	\$ (42)	\$ 108	\$ -	\$ (207)	\$ (417)	\$ (334)	\$ 196,427
32	Operating Income (L10 less L36)	\$ (78,991)	\$ (883)	\$ 45	\$ 42	\$ (108)	\$ -	\$ -	\$ 207	\$ 417	\$ (334)	\$ (79,325)

References:

- Column A, RBM-9
- Column B, RBM-10 - Remove Pumping and T&D Test Year Expense Adjustment - See RUCO Surrebuttal Testimony
- Column C, RBM-11
- Column D, Remove Unbilled Expense Test Year Adjustment - See RUCO Surrebuttal Testimony
- Column E, RBM-13
- Column F, RBM-14
- Column I, RBM15 - See RUCO Surrebuttal Adjustment
- Column J, RBM-16

SCHEDULE OF OPERATING INCOME-TEST YR COMPANY ADJUSTMENTS - FINAL

Line No.	(A) Test Year Ended 12/31/2010	(B) Adjustment Sales Tax IS-1	(C) Adjustment Net Unbilled IS-2	(D) Adjustment MAP IS-3	(E) Adjustment ACRM IS-4	(F) Adjustment Misc IS-5	(G) Adjustment Annual Rates IS-6	(H) Adjustment New Customers IS-7	(I) Adjustment Annualize Payroll IS-8	(J) Adjustment Annualize Emp Benefits IS-9	(K) Adjustment Interest on Customer Deposits IS-10	(L) Adjustment Normalize Maintenance IS-11
1	Operating Revenues											
2	Residential	\$ 37,169	\$ (2,612)	\$ (563)	\$ -	\$ -	\$ -	\$ 11,133	\$ -	\$ -	\$ -	\$ -
3	Commercial	59,615	(4,278)	(444)	-	-	-	6,383	-	-	-	-
4	Industrial	-	-	-	-	-	-	-	-	-	-	-
5	Private Fire Service	92	(7)	-	-	-	-	-	-	-	-	-
6	Other Water Revenues	9,762	(790)	-	-	-	-	-	-	-	-	-
7	Total Water Revenues (L2 thru L6)	\$ 108,638	\$ (7,627)	\$ (1,007)	\$ -	\$ -	\$ -	\$ 17,516	\$ -	\$ -	\$ -	\$ -
8	Miscellaneous	1,703	(121)	-	-	-	-	-	-	-	-	-
9	Total Operating Revenues (L7 + L9)	\$ 108,341	\$ (7,748)	\$ (1,007)	\$ -	\$ -	\$ -	\$ 17,516	\$ -	\$ -	\$ -	\$ -
10	Operating Expenses											
11	Source of Supply Expenses:											
12	Purchased Water	-	-	-	-	-	-	-	-	-	-	-
13	Other	204	-	-	-	-	-	30	8	-	-	-
14	Pumping Expenses:											
15	Purchased Power	103,754	-	-	-	-	-	-	-	-	-	-
16	Purchased Gas	-	-	-	-	-	-	-	-	-	-	-
17	Other	2,271	-	(18)	-	-	-	15,649	59	-	-	(301)
18	Water Treatment Expenses	634	-	-	-	-	-	94	12	-	-	-
19	Transmission & Distribution Expenses	4,418	-	20	-	-	-	1,306	154	-	-	1,150
20	Customer Accounting Expenses	6,098	-	8	-	-	-	1,803	155	-	-	-
21	Sales Expense	-	-	-	-	-	-	-	-	-	-	-
22	Administrative & General Expenses	7,149	-	35	-	-	-	2,114	99	237	42	-
23	Total Operations & Maint. Exp (L14 thru L24)	\$ 124,528	\$ -	\$ 45	\$ -	\$ -	\$ -	\$ 20,986	\$ 487	\$ 237	\$ 42	\$ 849
24	Depreciation & Amortization Expenses	80,591	-	-	-	-	-	-	-	-	-	-
25	Taxes											
26	Federal Income Taxes	(20,654)	-	-	-	-	-	-	-	-	-	-
27	State Income Taxes	(2,333)	-	-	-	-	-	-	-	-	-	-
28	Property Taxes	-	-	-	-	-	-	-	-	-	-	-
29	Other	8,035	(7,748)	-	-	-	-	-	280	-	-	-
30	Total Taxes (L30 thru L33)	\$ (14,952)	\$ (7,748)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 280	\$ -	\$ -	\$ -
31	Total Operating Expenses (L25 + L27 + L34)	\$ 190,167	\$ (7,748)	\$ 45	\$ -	\$ -	\$ -	\$ 20,986	\$ 767	\$ 237	\$ 42	\$ 849
32	Operating Income (L10 less L36)	\$ (81,826)	\$ -	\$ (1,052)	\$ -	\$ -	\$ -	\$ (3,480)	\$ (767)	\$ (237)	\$ (42)	\$ (849)

Columns (A) through columns (X) see Company Exhibit Schedule C-2

SCHEDULE OF OPERATING INCOME-TEST YR COMPANY ADJUSTMENTS - FINAL

Line No.	(M) Adjustment Adjust Purchase Water & Gas Exp IS-12	(N) Adjustment Rate Case Expense IS-13	(O) Adjustment Adjust A&G for BMP IS-14	(P) Adjustment Fleet Fuel Expense IS-15	(Q) Adjustment AS 400 Printers IS-16	(R) Adjustment Arsenic Treatmain Exp IS-17	(S) Adjustment Error Correction CAP Charges IS-18	(T) Adjustment Depreciation Expense IS-19	(U) Adjustment Property Tax IS-20	(V) Adjustment Income Tax IS-21	(W) Total Pro Forma Adjustments	(X) Test Year Adjusted Results
1												
2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,958	\$ 45,127
3											\$ 1,661	\$ 61,276
4												
5												
6												
7	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (730)	\$ 9,032
8												
9												
10												
11	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (121)	\$ 1,582
12												
13												
14												
15												
16												
17												
18												
19												
20												
21												
22												
23												
24												
25	\$ -	\$ 400	\$ -	\$ 256	\$ 17	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,958	\$ 10,107
26												
27												
28												
29												
30												
31												
32												
33												
34												
35	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (26,240)	\$ (41,192)
36	\$ -	\$ 400	\$ -	\$ 256	\$ 17	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,837	\$ 196,093
37	\$ -	\$ (400)	\$ -	\$ (256)	\$ (17)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (8,837)	\$ (78,991)

Columns (A) through columns (X) see Company Exhibit Schedule C-2

OPERATING INCOME ADJUSTMENT NO. 1
PUMPING AND TRANSMISSION & DISTRIBUTION MAINTENANCE EXPENSE - FINAL

Pumping Accounts	<u>Test Year Pumping Expense</u>
1 <u>Maintenance:</u>	
2 Supervision & Engineering	\$ 116
3 Structures & Improvements	77
4 Electric pumping equipment	690
5 Gas pumping equipment	-
6	-
7 Total Pumping Maintenance Expense	\$ 883
8	
9	
10 Company Requested Level of T. Y. Pumping Maintenance Expense	<u>(301)</u>
11	
12 RUCO Increase / (Decrease) in T. Y. Expense Level	<u>\$ 582</u>
13	
14 RUCO Pumping Maintenance Expense Adjustment	\$ 582
15	
16	
17	
18	
19	
20 Transmission & Distribution Accounts	<u>Test Year T&D Accounts</u>
21	
22 <u>Maintenance:</u>	
23 Supervision & Engineering	\$ 357
24 Tanks	-
25 Mains	200
26 Mains - Leak Repair	-
27 Mains - Leak Detection	-
28 Services	578
29 Services - Leak Repair	44
30 Meters	359
31 Hydrants	13
32	-
33 Total T & D Maintenance Expense	\$ 1,551
34	
35	
36 Company Requested Level of T. Y. T & D Maintenance Expense	<u>1,150</u>
37	
38 RUCO Increase / (Decrease) Expense Adjustment	<u>\$ 401</u>
39	
40 RUCO T & D Maintenance Expense Adjustment	\$ 401
41	
42	
43 Total RUCO Pumping and T & D Maintenance Expense Adjustment	\$ 983

OPERATING INCOME ADJUSTMENT NO. 2
RATE CASE EXPENSE ADJUSTMENT - FINAL

Line No.	DESCRIPTION	(A) COMPANY ESTIMATE	(B) RUCO ADJUSTMENT	(C) RUCO AS ADJUSTED
1	Rate Case Expense Total for Eastern Group	\$ 476,874	\$ (164,274)	\$ 312,600
2				
3	Allocation Factor (L31)			<u>0.34%</u>
4				
5	Superstition (Apache Junction, Superior, Miami)			<u>\$ 1,064</u>
6				
7	Amortization Period - 3 years			3
8				
9	RUCO Adjusted Rate Case Expense (L5 / L7)			<u>\$ 355</u>
10				
11	Company Rate Case Expense as Filed (Company Sch. C-2 Appendix)			\$ 400
12				
13	RUCO Pro Forma Rate Case Expense (L9 - L11)			<u>\$ (45)</u>
14				
15	RUCO Adjustment			<u>\$ (45)</u>
16				
17				
18	RUCO's Rate Base Expense Adjustment Calculation:			
19	Decision No. 66848, dated March 19, 2004, approved amount			
20	\$250,000 for Arizona Water Company's Eastern Group.		\$ 250,000	
21				
22	Inflation Factor from January 1, 2002 through September 30,			
23	per Inflation Data.com		<u>25.04%</u>	
24				
25	Reasonable Amount of Rate Case Expense based on			
26	Decision No. 66848.		<u>\$ 312,600</u>	
27				
28	RUCO Adjustment (Col. (A) L1 - Col. (B) L26)		<u>\$ 164,274</u>	
29				
30	<u>Allocation Factor Based on Number of Customers</u>		<u>Customers</u>	<u>Percent of Total</u>
31	Superstition (Apache Junction, Superior, Miami)		23,607	71.10%
32	Cochise (Bisbee, Sierra Vista)		6,357	19.15%
33	San Manuel		1,465	4.41%
34	Oracle		1,506	4.54%
35	SaddleBrook Ranch		113	0.34%
36	Winkelman		153	0.46%
37	Total Number of Customers and Percentages		<u>33,201</u>	<u>100.00%</u>

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Line
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**OPERATING INCOME ADJUSTMENT NO. 4
MISCELLANEOUS EXPENSE ADJUSTMENTS - FINAL**

LINE NO.	DESCRIPTION	(A) Superstition	(B) Cochise	(C) San Manuel	(D) Oracle	(E) SaddleBrook Ranch	(F) Winkelman
<u>DIRECT EXPENSES</u>							
1	Customer Accounting Expense	\$ 1,570	\$ 713	\$ 78	\$ 96	\$ -	\$ -
3	Administration & General Expense	1,642	-	137	143	19	7
6	TOTAL DIRECT EXPENSE	\$ 3,212	\$ 713	\$ 215	\$ 240	\$ 19	\$ 7
<u>PHOENIX OFFICE EXPENSES</u>							
8	TOTAL	0.2865	0.0719	0.0164	0.0204	0.0015	0.0019
11	Service Awards and Banquets	3,031	761	174	216	16	20
13	Flower Shop Expenses	283	71	16	20	1	2
15	Water Association Dues Allowed at 50% of Total	996	250	57	71	5	7
18	TOTAL ALLOCATED EXPENSES	\$4,310	\$1,082	\$247	\$307	\$23	\$29
20	TOTAL MISCELLANEOUS EXPENSE ADJUSTMENT	\$7,522	\$1,794	\$462	\$547	\$42	\$35

ALLOCATION OF PHOENIX OFFICE EXPENSES BASED ON THREE FACTOR

OPERATING INCOME ADJUSTMENT NO. 6
PROPERTY TAXES - FINAL

LINE NO.	Property Tax Calculation	(A)	(B)
		RUCO AS ADJUSTED	RUCO RECOMMENDED
1	RUCO Adjusted Test Year Revenues - RBM-6	\$ 117,102	\$ 117,102
2	Multiplied by 2	2	2
3	Subtotal (Line 1 * Line 2)	\$ 234,204	\$ 234,204
4	RUCO Adjusted Test Year Revenues - 2010	117,102	
5	RUCO Recommended Revenue, Per Schedule RBM-6		248,184
6	Subtotal (Line 4 + Line 5)	\$ 351,306	\$ 482,388
7	Number of Years	3	3
8	Three Year Average (Line 5 / Line 6)	\$ 117,102	\$ 160,796
9	Department of Revenue Multiplier	2	2
10	Revenue Base Value (L8 X L9)	\$ 234,204	\$ 321,592
11	Plus: 10% of CWIP -	-	-
12	Less: Net Book Value of Licensed Vehicles	-	-
13	Full Cash Value (L10 + L11 + L12)	\$ 234,204	\$ 321,592
14	Assessment Ratio	21.0%	21.0%
15	Assessment Value (L13 X L14)	\$ 49,183	\$ 67,534
16	Composite Property Tax Rate (L19 / L15)	10.3038%	10.3038%
17	RUCO Proposed Property Tax Expense (L15 X L16)	\$ 5,068	
18	Company Proposed Property Tax	5,275	
19	RUCO Test Year Adjustment (L16 - L17)	\$ (207)	
19	Property Tax - RUCO Recommended Revenue (L15 X L16)		\$ 6,959
20	RUCO Test Year Adjusted Property Tax Expense (L18)		5,068
21	Increase/(Decrease) to Property Tax Expense		\$ 1,891
22	Increase/(Decrease) to Property Tax Expense		\$ 1,891
23	Increase in Revenue Requirement (L5 - L4)		131,082
24	Increase/(Decrease) to Property Tax per Dollar Increase in Revenue (L26 / L27)		1.4425%

OPERATING INCOME ADJUSTMENT NO. 7
INCOME TAX EXPENSE - FINAL

LINE NO.	DESCRIPTION	(A) REFERENCE	(B) AMOUNT
1	FEDERAL INCOME TAXES:		
2			
3	Operating Income Before Taxes	(RBM- 7, Col. (C), L36 + L29 + L30)	\$ (126,777)
4	LESS:		
5	Arizona State Tax	L21	(8,566)
6	Interest Expense	Note (A) L41	(3,842)
7	Federal Taxable Income	L3 - L5 - L6	\$ (114,369)
8			
9	Federal Tax Rate	Sch. RBM-1, Page 2	34.00%
10	Federal Income Tax Expense	L7 X L9	\$ (38,885)
11			
12	STATE INCOME TAXES:		
13			
14	Operating Income Before Taxes	L3	\$ (126,777)
15	LESS:		
16	Interest Expense	Note (A) L41	(3,842)
17	State Taxable Income	L14 - L16	\$ (122,935)
18			
19	State Tax Rate	Tax Rate	6.97%
20			
21	State Income Tax Expense	L17 X L19	\$ (8,566)
22			
23	TOTAL INCOME TAX EXPENSE:		
24	Federal Income Tax Expense	L10	\$ (38,885)
25	State Income Tax Expense	L21	(8,566)
26	Total Income Tax Expense Per RUCO	L24 + L25	\$ (47,452)
27			
28	Total Federal Income Tax Expense Per Company (Per Company Sch. C-1, L30)		(38,543)
29			
30	Total State Income Tax Expense Per Company (Per Company Sch. C-1, L31)		(8,491)
31			
32	RUCO Federal Income Tax Adjustment	L24 - L28	\$ (342)
33			
34	RUCO State Income Tax Adjustment	L25 - L30	\$ (75)
35			
36			
37	<u>NOTE (A): Interest Synchronization</u>		
38			
39	Adjusted Rate Base RBM-2, Col. (M), L28	\$ (114,891)	
40	Weighted Cost Of Debt RBM-9, Col. (D), L1	3.34%	
41	Interest Expense (L39 X L40)	\$ (3,842)	

COST OF CAPITAL - FINAL

LINE NO.	DESCRIPTION	(A) DOLLAR AMOUNT	(B) CAPITAL RATIO	(C) COST RATE	(D) WEIGHTED COST RATE
1	Long-Term Debt	\$ 75,000,000	49.03%	6.82%	3.34%
2					
3	Common Equity	77,975,335	50.97%	9.40%	4.79%
4					
5	Total Capitalization	<u>\$ 152,975,335</u>	<u>100.00%</u>		
6					
7					
8	WEIGHTED AVERAGE COST OF CAPITAL				8.13%

References:
Columns (A) Thru (D): WAR Testimony

TABLE OF CONTENTS TO RBM FINAL SCHEDULES

SCH NO.	PAGE NO.	TITLE
RBM-1	1 & 2	REVENUE REQUIREMENT AND GROSS REVENUE CONVERSION FACTOR
RBM-2	1	SUMMARY RATE BASE - ORIGINAL COST
RBM-3	1	SUMMARY ORIGINAL COST RATE BASE WITH ADJUSTMENTS
RBM-4	1 & 2	DIRECT PLANT AND ACCUMULATION DEPRECIATION
RBM-4 (1)	1	PHOENIX OFFICE AND METER SHOP PLANT ALLOCATION
RBM-5	1	ALLOWANCE FOR WORKING CAPITAL
RBM-6	1	RATE BASE ADJUSTMENT NO. 1 - INTENTIONALLY LEFT BLANK
RBM-6(1)	1	RATE BASE ADJUSTMENT NO. 2 - WORKING CAPITAL
RBM-7	1	OPERATING INCOME
RBM-8	1 & 2	SCHEDULE OF OPERATING INCOME - TEST YEAR WITH RUCO ADJUSTMENTS
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RBM-10	1	OPERATING INCOME ADJUSTMENT NO. 1 - PUMPING TRANSMISSION & DISTRIBUTION EXPENSE NORMALIZATION
RBM-11	1	OPERATING INCOME ADJUSTMENT NO. 2 - RATE CASE EXPENSE
RBM-12	1	OPERATING INCOME ADJUSTMENT NO. 3 - INTENTIONALLY LEFT BLANK
RBM-13	1	OPERATING INCOME ADJUSTMENT NO. 4 - MISCELLANEOUS EXPENSE
RBM-14	1	OPERATING INCOME ADJUSTMENT NO. 5 - DEPRECIATION EXPENSE ADJUSTMENT
RBM-15	1	OPERATING INCOME ADJUSTMENT NO. 6 - PROPERTY TAXES
RBM-16	1	OPERATING INCOME ADJUSTMENT NO. 7 - INCOME TAXES
RBM-17	1	COST OF CAPITAL

REVENUE REQUIREMENT - FINAL

LINE NO.	DESCRIPTION	(A) COMPANY OCRB/FVRB COST	(B) RUCO OCRB/FVRB COST
1	Adjusted Original Cost/Fair Value Rate Base	\$ 306,862	\$ 304,040
2			
3	Adjusted Operating Income (Loss)	\$ 11,131	\$ 14,385
4			
5	Current Rate of Return (L3 / L1)	3.63%	4.73%
6			
7	Required Operating Income (L9 X L1)	\$ 29,820	\$ 24,754
8			
9	Required Rate of Return on Fair Value Rate Base	9.72%	8.13%
10			
11	Operating Income Deficiency (L7 - L3)	\$ 18,689	\$ 10,369
12			
13	Gross Revenue Conversion Factor (RBM-1, Page 2 of 2)	1.6729	1.6774
14			
15	Required Increase in Gross Revenue Requirement (L11 X L13)	\$ 31,264	\$ 17,393
16			
17	Adjusted Test Year Revenue	\$ 102,090	\$ 102,099
18			
19	Proposed Annual Revenue (L15 + L17)	\$ 133,362	\$ 119,492
20			
21	Required Percentage Increase in Revenue (L15 / L17)	30.63%	17.04%
22			
23	Consolidated Revenue Adjustment	\$ -	\$ -
24			
25	Required Increase in Gross Revenue Under Proposed Consolidation	\$ -	\$ -
26			
27	Required Revenue Under Proposed Consolidation	\$ -	\$ -
28			
29	Required Percentage Increase in Revenue Under Proposed Consolidation	0.00%	0.00%
30			
31	Rate of Return on Common Equity	12.50%	9.40%

References:

Column (A): Company Schs. A-1 and C-1

Column (B): RUCO Schs. RBM-2, RBM-7, RBM-9 and RBM-17

GROSS REVENUE CONVERSION FACTOR - FINAL

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
CALCULATION OF GROSS REVENUE CONVERSION FACTOR:					
1	Revenue	100.0000%			
2	Proposed Bad Debt Expense (Per Co. Workpapers)				
3	Subtotal (L1 thru L2)	100.0000%			
4	Combined Federal, State, Property Tax Rate (L22)	40.3849%			
5	Subtotal (L3 - L4)	59.6151%			
6	Revenue Conversion Factor (L1 / L5)	1.6774			
CALCULATION OF EFFECTIVE TAX RATE:					
9	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%			
10	Arizona State Income Tax Rate	6.9680%			
11	Federal Taxable Income (L9 - L10)	93.0320%			
12	Applicable Federal Income Tax Rate (L58)	34.0000%			
13	Effective Federal Income Tax Rate (L11 X L12)	31.6309%			
14	Combined Federal and State Income Tax Rate (L10 + L13)	38.5989%			
CALCULATION OF EFFECTIVE PROPERTY TAX FACTOR:					
17	Unity	100.0000%			
18	Combined Federal and State Tax Rate	38.5989%			
19	1 Minus Combined Income Tax Rate	61.4011%			
20	Property Tax Factor	2.9088%			
21	Effective Property Tax Factor (L19 x L 20)	1.7860%			
22	Combined Federal, State & Property Tax RateTax Rate (L14 + L21)	40.3849%			
24	RUCO Required Operating Income (Sch. RBM-1, Col. (B), L7)	\$ 24,754			
25	RUCO Adj'd T.Y. Oper'g Inc. (Loss) (Sch. RBM-1, Col. (B), L3)	14,385			
26	Required Increase In Operating Income (L24 - L25)		\$ 10,369		
28	Income Taxes On Recommended Revenue (Col. (D), L53)	\$ 9,170			
29	Income Taxes On Test Year Revenue (Col. (D), L55)	2,652			
30	Required Increase In Revenue To Provide For Income Taxes (L28 - L29)		\$ 6,518		
31					
32	Property Tax with Recommended Revenue (Sch. RBM-7, Col. E, L31)	9,415			
33	Property Tax on TestYear Revenue (Sch. RBM-7, Col. C, L31)	8,909			
34	Increase in Property Tax Due to Increase in Revenue (L32 - L33)		\$ 506		
35					
36	Total Required Increase In Revenue (L26 + L30 + L34)		\$ 17,393		
RUCO's CALCULATION OF INCOME TAX:					
39	RUCO Proposed Revenue (Sch. RBM-1, Col. (B), L19)			\$ 119,492	
40	Less:				
41	Operating Expense Excluding Income Tax (Sch. RBM-7, Col. (E), L24 + L26 + L31 + L32)			85,568	
42	Synchronized Interest (Col. (C), L63)			10,166	
43	Arizona Taxable Income (L39 - L41 - L42)			\$ 23,758	
44	Arizona State Income Tax Rate			6.9680%	
45	Arizona Income Tax (L43 X L44)				\$ 1,655
46	Fed. Taxable Income (L43 - L45)			\$ 22,102	
47	Fed. Tax On 1st Inc. Bracket (\$1 - \$50,000) @ 15%			\$ -	
48	Fed. Tax On 2nd Inc. Bracket (\$50,001 - \$75,000) @ 25%			\$ -	
49	Fed. Tax On 3rd Inc. Bracket (\$75,001 - \$100,000) @ 34%			\$ -	
50	Fed. Tax On 4th Inc. Bracket (\$100,001 - \$335,000) @ 39%			\$ -	
51	Fed. Tax On 5th Inc. Bracket (\$335,001 - \$10M) @ 34%			\$ 7,515	
52	Total Federal Income Tax (L47 thru L 51)			\$ 7,515	
53	Combined Federal And State Income Tax (L45+ L52)			\$ 9,170	
54					
55	RUCO Adj'd Test Year Combined Federal and State Income Tax (RBM-7, Col. (C), L29 and L30)			\$ 2,652	
56	RUCO Proposed Income Tax Adjustment (L53 - L55)			\$ 6,518	
57					
58	Applicable Federal Income Tax Rate				34.00%
59					
60	NOTE (A): Interest Synchronization				
61	Adjusted Rate Base RBM-2, Col. (C), L28			\$ 304,040	
62	Weighted Cost Of Debt RBM-9, Col. (M), L1			3.34%	
63	Interest Expense (L61 X L62)			\$ 10,166	

SUMMARY RATE BASE - ORIGINAL COST - FINAL

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED OCRB/FVRB	(B) RUCO OCRB/FVRB ADJUSTMENTS	(C) RUCO ADJTED OCRB/FVRB
1	Plant Classification			
2	Intangible Plant	\$ 2,134		\$ 2,134
3	Source of Supply Plant	51,660		51,660
4	Pumping Plant	163,932		163,932
5	Water Treatment Plant	27,193		27,193
6	Transmission & Distribution Plant	313,611		313,611
7	General Plant	32,887		32,887
8	Total Gross Plant in Service (L2 thru L7)	\$ 591,416		\$ 591,416
9				
10	Accumulated Depreciation	\$ 220,207		\$ 220,207
11	Net Utility Plant In Service (L8 - L10)	\$ 371,209	\$ -	\$ 371,209
12				
13	Advances In Aid Of Const.	\$ -		\$ -
14				
15	Contribution In Aid Of Const.	\$ 21,225		\$ 21,225
16	Accumulated Amortization Of CIAC	\$ (984)		\$ (984)
17	NET CIAC (L15 + L16)	\$ 20,241	\$ -	\$ 20,241
18				
19	Deferred Income Tax	\$ 48,199		\$ 48,199
20				
21	Customer Deposits	\$ 1,249		\$ 1,249
22				
23	Allowance For Working Capital	\$ 5,343	(2,823)	\$ 2,520
24				
25	Net Regulatory Asset / (Liability)	\$ -		\$ -
26				
27	Rounding	\$ -		\$ -
28	TOTAL RATE BASE (+L11 - L17 - L19 - L21 + L23)	\$ 306,863	\$ (2,823)	\$ 304,040

References:
Column (A): Company Schedule B-1 and RBM-3 Col. E
Column (B): Schedule RBM-3 Cols. F and G
Column (C): Col. A + Col. B; RBM-3

SUMMARY OF ORIGINAL COST RATE BASE ADJUSTMENTS - FINAL

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED NET PLANT TEST YEAR	(B) COMPANY ADJ NO. 1 POST TEST YEAR ADJUSTMENTS	(C) NET REGULATORY LIABILITY	(D) PHOENIX OFF AND METER SHOP	(E) COMPANY AS FILED OCRB/FVRB	(F) ADJMT NO. 1 POST TEST YR ADJUSTMENTS	(G) ADJMT NO. 6 WORKING CAPITAL	(H) RUCO ADJUSTED OCRB/FVRB
1	Plant Classification								
2	Intangible Plant	\$ 2,117	\$ -	\$ -	\$ 17	\$ 2,134	\$ -	\$ -	\$ 2,134
3	Source of Supply Plant	51,660	-	-	-	51,660	-	-	51,660
4	Pumping Plant	163,932	-	-	-	163,932	-	-	163,932
5	Water Treatment Plant	27,189	-	-	4	27,193	-	-	27,193
6	Transmission & Distribution Plant	313,599	-	-	12	313,611	-	-	313,611
7	General Plant	19,482	-	-	13,405	32,887	-	-	32,887
8	Total Gross Plant in Service (Sum L2 thru L7)	\$ 577,978	\$ -	\$ -	\$ 13,438	\$ 591,416	\$ -	\$ -	\$ 591,416
9									
10	Accumulated Depreciation	\$ 217,083	-	-	3,124	220,207	-	-	220,207
11	Net Utility Plant in Service (L8 - L10)	\$ 360,895	\$ -	\$ -	\$ 10,314	\$ 371,209	\$ -	\$ -	\$ 371,209
12									
13	Advances in Aid Of Const.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14									
15	Contribution In Aid Of Const.	\$ 21,225	\$ -	\$ -	\$ -	21,225	\$ -	\$ -	21,225
16	Accumulated Amortization Of CIAC	(984)	-	-	-	(984)	-	-	(984)
17	NET CIAC (L15 - L16)	\$ 20,241	\$ -	\$ -	\$ -	20,241	\$ -	\$ -	20,241
18									
19	Deferred Income Tax	\$ -	\$ -	\$ -	\$ 48,199	\$ 48,199	\$ -	\$ -	\$ 48,199
20									
21	Customer Deposits	\$ 1,249	\$ -	\$ -	\$ -	1,249	\$ -	\$ -	1,249
22									
23	Allowance For Working Capital	\$ 5,343	\$ -	\$ -	\$ -	5,343	\$ -	\$ (2,823)	2,520
24									
25	Net Regulatory Asset / (Liability)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
26									
27	Adjustment to Match Rate Base with G/L	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
28	TOTAL RATE BASE (+L11 - L17 - L19 - L21 + L23)	\$ 344,748	\$ -	\$ -	\$ (37,885)	\$ 306,863	\$ -	\$ (2,823)	\$ 304,040

References:
Column (A) through (E): Company Schedule B-2; Column (D) RBM-4(1)
Column (F): RUCO Schedule RBM-6, Col. F
Column (G): See RUCO Surrebuttal Testimony

DIRECT PLANT AND ACCUMULATED DEPRECIATION - FINAL

Line No.	Acct. No.	Description	Depreciation Rate	2010				Balance Per G.L.	Difference
				Additions	Retirements	Adjustments	Depreciation Expense		
1		Intangible Plant							
2	301	Organization	0.00%						
3	302	Franchises	See Acct. 111				2,072	2,072	
4	303	Other Intangibles	See Acct. 111				45	45	
5		Subtotal Intangible Plant					2,117	2,117	
6		Source of Supply Plant							
7	310.1	Water Rights	0.00%		0		2,911	2,911	
8	310.3	Other Source of Supply Land	0.00%				422	422	
9	310.4	Wells - Other	See Acct. 111						
10	314	Wells	3.13%				(18,033)	(18,033)	
11		Subtotal Source of Supply Plant			(0)		(14,700)	(14,700)	
12		Pumping Plant							
13	320	Pumping Plant Land	0.00%						
14	321	Pumping Plant Structures & Improvements	2.86%				6,073	6,073	
15	325	Electric Pumping Equipment	5.88%				157,859	157,859	
16	328	Gas Engine Equipment	4.00%						
17		Subtotal Pumping Plant					163,932	163,932	
18		Water Treatment Plant							
19	330	Water Treatment Plant Land	0.00%						
20	331	Water Treatment Structures & Improvement	2.50%				3,906	3,906	
21	332	Water Treatment Equipment	2.86%				23,283	23,283	
22		Subtotal Water Treatment Plant					27,189	27,189	
23		Transmission & Distribution Plant							
24	340	Transmission and Distribution Land	0.00%						
25	342	Storage Tanks	2.00%				28,903	28,903	
26	343	Transmission & Distribution Mains	1.78%	841			120,921	120,920	
27	344	Fire Sprinkler Taps	2.00%						
28	345	Services	2.38%				109,947	109,946	
29	346	Meters	4.55%	(102)			27,418	27,419	
30	346	Hydents	1.82%				26,410	26,410	
31		Subtotal Transmission & Distribution Plant		941			313,599	313,599	
32		General Plant							
33	389	General Plant Land	0.00%						
34	390	General Plant Structures	2.50%				127	127	
35	390.1	Leasehold Improvements	See Acct. 108.2						
36	391	Office Furniture & Equipment	6.87%						
37	393	Warehouse Equipment	5.00%						
38	394	Tools, Shop & Garage Equipment	4.00%				3,376	3,377	
39	395	Laboratory Equipment	5.00%				1,031	1,031	
40	396	Power Operated Equipment	6.87%						
41	397	Communication Equipment	6.87%				14,482	14,482	
42	398	Miscellaneous Equipment	3.33%				465	465	
43		Subtotal General Plant					19,451	19,452	
44		Plant in Service					511,617	511,617	
45									
46		Net Salvage/Cost of Removal						(0)	
47		Adjustments booked to Conform with Rate Decision							
48		Accum. Deprec. Related to other Plant Adjustments							
49		Accumulated Depreciation & Amort.							
50		Net Plant in Service					377,612	360,895	
							134,005	217,083	
							377,612	360,895	
							(83,078)	(83,078)	
							16,718	16,718	

PHOENIX OFFICE AND METER SHOP - RATE BASE ALLOCATION - FINAL

LINE NO.	DESCRIPTION	(A) TEST YEAR ADJUSTED	(B) Supersitition	(C) Cochise	(D) San Manuel	(E) Oracle	(F) SaddleBrook Ranch	(G) Winkelman
			28.65%	7.19%	1.64%	2.04%	0.15%	0.19%
1	3 Factor Allocation Factor							
2	Phoenix Office Allocation							
3	Plant Classification							
4	Intangible Plant	\$ 9,148	\$ 2,621	\$ 658	\$ 150	\$ 187	\$ 14	\$ 17
5	Source of Supply Plant	-	-	-	-	-	-	-
6	Pumping Plant	-	-	-	-	-	-	-
7	Water Treatment Plant	-	-	-	-	-	-	-
8	Transmission & Distribution Plant	-	-	-	-	-	-	-
9	General Plant	6,908,613	1,979,318	496,729	113,301	140,936	10,363	13,126
10	Total Gross Plant in Service (Sum L4 thru L9)	\$ 6,917,761	\$ 1,981,939	\$ 497,387	\$ 113,451	\$ 141,122	\$ 10,377	\$ 13,144
11	Less:							
12	Accumulated Depreciation	\$ 1,587,979	\$ 454,956	\$ 114,176	\$ 26,043	\$ 32,395	\$ 2,382	\$ 3,017
13	Net Utility Plant In Service (L10 less L12)	\$ 5,329,782	\$ 1,526,982	\$ 383,211	\$ 87,408	\$ 108,728	\$ 7,995	\$ 10,127
14	Less:							
15	Deferred Income Tax	25,368,073	\$ 7,267,953	\$ 1,823,964	\$ 416,036	\$ 517,509	\$ 38,052	\$ 48,199
16	Total Phoenix Office Allocation (L13 less L15)	\$ (20,038,291)	\$ (5,740,970)	\$ (1,440,753)	\$ (328,628)	\$ (408,781)	\$ (30,057)	\$ (38,073)
17								
18	Meter Shop Allocation							
19	Plant Classification							
20	Intangible Plant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21	Source of Supply Plant	80	23	6	1	2	-	-
22	Pumping Plant	-	-	-	-	-	-	-
23	Water Treatment Plant	2,050	587	147	34	42	3	4
24	Transmission & Distribution Plant	6,065	1,738	436	99	124	9	12
25	General Plant	146,810	42,061	10,556	2,408	2,995	220	279
26	Total Gross Plant in Service (Sum L20 thru L25)	\$ 155,005	\$ 44,409	\$ 11,145	\$ 2,542	\$ 3,162	\$ 232	\$ 294
27	Less:							
28	Accumulated Depreciation	\$ 56,404	\$ 16,160	\$ 4,055	\$ 925	\$ 1,151	\$ 85	\$ 107
29	Net Utility Plant In Service (L26 less L28)	\$ 98,601	\$ 28,249	\$ 7,089	\$ 1,617	\$ 2,011	\$ 148	\$ 187
30	Less:							
31	Deferred Income Tax	56,404	-	-	-	-	-	-
32	Total Phoenix Office Allocation (L29 less L31)	\$ 42,197	\$ 28,249	\$ 7,089	\$ 1,617	\$ 2,011	\$ 148	\$ 187
33								
34	Total Phoenix Office and Meter Shop Allocation							
35	Plant Classification							
36	Intangible Plant	\$ 9,148	\$ 2,621	\$ 658	\$ 150	\$ 187	\$ 14	\$ 17
37	Source of Supply Plant	80	23	6	1	2	-	-
38	Pumping Plant	-	-	-	-	-	-	-
39	Water Treatment Plant	2,050	587	147	34	42	3	4
40	Transmission & Distribution Plant	6,065	1,738	436	99	124	9	12
41	General Plant	7,055,423	2,021,379	507,285	115,709	143,931	10,583	13,405
42	Total Gross Plant in Service	\$ 7,072,766	\$ 2,026,347	\$ 508,532	\$ 115,993	\$ 144,284	\$ 10,609	\$ 13,438
43	Less:							
44	Accumulated Depreciation	\$ 1,644,383	\$ 471,116	\$ 118,231	\$ 26,968	\$ 33,545	\$ 2,467	\$ 3,124
45	Net Utility Plant In Service (Sum L7 - L8)	\$ 5,428,382	\$ 1,555,232	\$ 390,301	\$ 89,025	\$ 110,739	\$ 8,142	\$ 10,314
46	Less:							
47	Deferred Income Tax	25,368,073	\$ 7,267,953	\$ 1,823,964	\$ 416,036	\$ 517,509	\$ 38,052	\$ 48,199
48	Total Phoenix Office Allocation (L9 - L10)	\$ (19,996,095)	\$ (5,712,721)	\$ (1,433,664)	\$ (327,011)	\$ (406,770)	\$ (29,910)	\$ (37,896)

ALLOWANCE FOR WORKING CAPITAL - FINAL

LINE NO.	DESCRIPTION	(A) AMOUNT	(B) REFERENCE
1	Working Cash Requirement As Per Company	\$ (165)	Company Schedule B-5, PG. 2 of 2
2	Working Cash Requirement As Per RUCO	(2,988)	RUCO Schedule RBM-6(1), L30
3	Adjustment	\$ (2,823)	L2 - L1
4			
5	Material and Supplies Inventories As Per Company	\$ 129	Company Schedule B-5, PG. 2 of 2
6	Material and Supplies Inventories As Per RUCO	129	Company Schedule B-5, PG. 2 of 2
7	Adjustment	\$ -	L6 - L5
8			
9	Required Bank Balances As Per Company	\$ 4,122	Company Schedule B-5, PG. 2 of 2
10	Required Bank Balances As Per RUCO	4,122	Company Schedule B-5, PG. 2 of 2
11	Adjustment	\$ -	L10 - L9
12			
13	Prepayments & Special Deposits As Per Company	\$ 1,258	Company Schedule B-5, PG. 2 of 2
14	Prepayments & Special Deposits As Per RUCO	1,258	Company Schedule B-5, PG. 2 of 2
15		\$ -	L13 - L14
16			
17	TOTAL ADJUSTMENT (See RLM-2, Column (K))	\$ (2,823)	Sum L3, L7, L11, L15

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Winkelman - FINAL
Schedule RBM-6
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EXPLANATION OF RATE BASE ADJUSTMENT NO. 2 - FINAL

Line No.	(A) Company Test Year Adjusted Results	(B) RUCO Adj	(C) RUCO Adjusted Results	(D) Revenue Lag Days ¹	(E) Expense Lag Days ²	(F) Net Lag Days [B - C]	(G) Lead / Lag Factor [D + 365]	(H) Working Cash Requirement [A X E]
1	\$							
2	Operating Expenses							
3	Purchased Power	6,781	6,781	29.68	30.87	(1.19)	(0.0033)	(22)
4	Payroll	20,662	20,662	29.68	14.00	15.68	0.0430	888
5	Purchased Water	-	-	29.68	26.04	3.64	0.0100	-
6	Chemicals	5,807	5,807	29.68	(18.11)	47.79	0.1309	760
7	Property & Liability Insurance	1,053	1,053	29.68	(45.27)	74.95	0.2053	216
8	Workman's Compensation Insurance	241	241	29.68	(46.50)	76.18	0.2087	50
9	Health Insurance	3,680	3,680	29.68	(8.92)	38.60	0.1058	389
10	Other O&M (Excluding Rate Case Expense)	18,797	12,835	29.68	(9.27)	38.95	0.1067	1,370
11	Federal Income Taxes	10,072	7,515	29.68	37.00	(7.32)	(0.0201)	(151)
12	State Income Taxes	2,219	1,655	29.68	37.00	(7.32)	(0.0201)	(33)
13	FICA Taxes	1,549	1,549	29.68	14.00	15.68	0.0430	67
14	FUTA & SUTA Taxes	50	50	29.68	83.10	(53.42)	(0.1464)	(7)
15	Property Taxes	8,931	9,415	29.68	212.00	(182.32)	(0.4995)	(4,703)
16	Registration, Svc. Contracts, & Misc. Fees	1,035	1,035	29.68	(98.83)	128.51	0.3521	364
17	Retirement Annuities (401k)	1,887	1,887	29.68	34.72	(5.04)	(0.0138)	(26)
18								
19								
20	Subtotal	82,764	(8,598)	74,166				(838)
21								
22								
23	Interest Expense	10,268	10,268	29.68	91.25	(61.57)	(0.1687)	(1,732)
24	Cost of Equity	19,552	(19,552)	29.68	-	29.68	0.0813	-
25	Dividends Paid		3,297	29.68	75.89	(46.21)	(0.1266)	(417)
26								
27	Subtotal	33,117	(16,255)	13,565				(2,150)
28								
29								
30	Total	\$ 115,881	\$ (24,853)	\$ 87,731				\$ (2,988)
31								
32								

Columns (A), (D), and (E) Company Schs. B-5 page 1
Column (B) RUCO Schs. RBM-7, RBM-8

OPERATING INCOME - FINAL

LINE NO.	DESCRIPTION	(A) COMPANY AS FILED	(B) RUCO TEST YEAR ADJMTS	(C) RUCO TEST YEAR AS ADJ'TED	(D) RUCO PROP'D CHANGES	(E) RUCO AS RECOMM'D
	Operating Revenues					
1	Residential	\$ 54,242	\$ -	\$ 54,242	\$ 17,393	\$ 71,635
2	Commercial	43,099	-	43,099	-	43,099
3	Industrial	3,089	-	3,089	-	3,089
4	Private Fire Service	-	-	-	-	-
5	Other Water Revenues	-	-	-	-	-
6	Total Water Revenues	\$ 100,430	\$ -	\$ 100,430	\$ 17,393	\$ 117,823
7	Miscellaneous	\$ 1,669	\$ -	\$ 1,669	\$ -	\$ 1,669
8	Total Operating Revenues	\$ 102,099	\$ -	\$ 102,099	\$ 17,393	\$ 119,492
	Operating Expenses					
	Source of Supply Expenses:					
9	Purchased Water	-	-	-	-	-
10	Other	387	5	392	-	392
11	Pumping Expenses:					
12	Purchased Power	6,781	(41)	6,740	-	6,740
13	Purchased Gas	-	-	-	-	-
14	Other	4,107	(535)	3,572	-	3,572
15	Water Treatment Expenses	7,361	7	7,368	-	7,368
16	Transmission & Distribution Expenses	16,618	(5,458)	11,160	-	11,160
17	Customer Accounting Expenses	10,674	47	10,721	-	10,721
18	Sales Expense	-	-	-	-	-
19	Administrative & General Expenses	14,757	(192)	14,565	-	14,565
20	Total Operations & Maintenance Expense	\$ 60,685	\$ (6,167)	\$ 54,518	\$ -	\$ 54,518
21	Depreciation & Amortization Expenses	\$ 20,295	\$ -	\$ 20,295	-	\$ 20,295
	Taxes					
22	Federal Income Taxes	\$ 445	\$ 1,728	\$ 2,173	5,342	\$ 7,515
23	State Income Taxes	98	381	479	1,177	1,655
24	Property Taxes	8,104	805	8,909	506	9,415
25	Other	1,340	-	1,340	-	1,340
26	Total Taxes	\$ 9,987	\$ 2,914	\$ 12,901	\$ 7,024	\$ -
27	Total Operating Expenses	\$ 90,967	\$ (3,253)	\$ 87,714	\$ 7,024	\$ 94,739
28	Operating Income	\$ 11,132	\$ 3,253	\$ 14,385	\$ 10,369	\$ 24,754

References:

Column (A): RBM-8, Col. A
Column (B): RBM-8, Col. K
Column (C): Col. A + Col.B
Column (D): RBM-1, RBM-1(2), RBM-15
Column (E): Col.C + Col.D

SCHEDULE OF OPERATING INCOME - TEAR YR WITH RUCO ADJUSTMENTS - FINAL

Line No.	(A) Test Year Ended 12/31/2010	(B) Surrebuttal Adjustment Normalize Maintenance IS-1	(C) Adjustment Rate Case Expense IS-2	(D) Surrebuttal Adj ustment Net Unbilled Expense IS-3	(E) Adjustment Misc Expenses IS-4	(F) Adjustment Depreciation Expense IS-5	(G) Adjustment LEFT BLANK	(H) Adjustment LEFT BLANK	(I) Surrebuttal Adjustment Property Tax IS-8	(J) Adjustment Income Tax IS-9	(K) Total Pro Forma Adjustments	(L) Test Year Adjusted Results
1												
2	\$ 54,242										\$	\$ 54,242
3	43,099											43,099
4	3,089											3,089
5												
6												
7	\$ 100,430											\$ 100,430
8												
9	1,669											1,669
10	\$ 102,099											\$ 102,099
11												
12												
13												
14												
15	387										5	392
16												
17	6,781										(41)	6,740
18												
19	4,107	(642)									(635)	3,572
20	7,361										7	7,368
21	16,618	(5,602)									(5,458)	11,160
22	10,674										47	10,721
23												
24	14,757		(205)								(192)	14,565
25	\$ 60,665	(6,144)	(205)	217	(35)						(6,167)	\$ 54,518
26												
27	20,295											20,295
28												
29												
30	445										1,728	2,173
31	98										381	479
32	8,104										805	8,909
33	1,340											1,340
34	\$ 9,987											\$ 12,901
35												
36	\$ 90,967	(6,144)	(205)	217	(35)						(3,253)	\$ 87,714
37	\$ 11,132	6,144	205	(217)	35						3,253	\$ 14,368

References:
Column A, RBM-9
Column B, RBM-10 - Remove Pumping and T&D Test Year Expense Adjustment - See RUCO Surrebuttal Testimony
Column C, RBM-11
Column D, RBM-12 - Remove Unbilled Expense Test Year Adjustment - See RUCO Surrebuttal Testimony
Column E, RBM-13
Column F, RBM-14
Column J, RBM-16

SCHEDULE OF OPERATING INCOME-TEST YR COMPANY ADJUSTMENTS - FINAL

Line No.	(A) Test Year Ended 12/31/2010	(B) Adj. Sales Tax IS-1	(C) Adj. Net Unbilled IS-2	(D) Adj. MAP IS-3	(E) Adj. ACRM IS-4	(F) Adj. Misc IS-5	(G) Adj. Annual Rates IS-6	(H) Adj. New Customers IS-7	(I) Adj. Payroll IS-8	(J) Adj. Emp. Benefits IS-9	(K) Adj. Interest on Customer Deposits IS-10	(L) Adj. Normalized Maintenance IS-11
1	Operating Revenues											
2	Residential	\$ 53,799	\$ (4,647)	\$ (440)	\$ -	\$ -	\$ 7,039	\$ (676)				
3	Commercial	46,764	(3,035)	(64)	-	1,437	1,437	(1,845)				
4	Industrial	3,046	(263)	(3)	-	392	392	-				
5	Private Fire Service	-	-	-	-	-	-	-				
6	Other Water Revenues	-	-	-	-	-	-	-				
7	Total Water Revenues (L2 thru L6)	\$ 103,609	\$ (7,945)	\$ (507)	\$ -	\$ -	\$ 8,868	\$ (2,521)	\$ -	\$ -	\$ -	\$ -
8	Miscellaneous	1,809	(140)	-	-	-	-	-				
9	Total Operating Revenues (L7 + L9)	\$ 105,418	\$ (8,085)	\$ (507)	\$ -	\$ -	\$ 8,868	\$ (2,521)	\$ -	\$ -	\$ -	\$ -
10	Operating Expenses											
11	Source of Supply Expenses:											
12	Purchased Water	372	-	-	-	-	-	(10)	15	-	-	-
13	Other	6,511	(41)	-	-	-	-	-	-	-	-	-
14	Purchased Power	3,659	7	-	-	-	-	(265)	108	-	-	-
15	Other	8,215	-	(686)	-	-	-	(214)	22	-	-	543
16	Water Treatment Expenses	10,565	144	-	-	-	-	(174)	300	-	-	5,603
17	Transmission & Distribution Expenses	10,444	47	-	-	-	-	(172)	306	-	-	-
18	Customer Accounting Expenses	-	-	-	-	-	-	-	-	-	-	-
19	Sales Expense	13,240	-	-	-	-	-	(218)	263	624	75	-
20	Administrative & General Expenses	53,006	217	(686)	-	-	-	(1,053)	1,014	624	75	6,146
21	Total Operations & Maint. Exp (L14 thru L24)	27,358	-	-	-	-	-	-	-	-	-	-
22	Depreciation & Amortization Expenses	1,613	-	-	-	-	-	-	-	-	-	-
23	Taxes	182	-	-	-	-	-	-	-	-	-	-
24	Federal Income Taxes	7,620	-	-	-	-	-	-	-	-	-	-
25	State Income Taxes	9,248	(8,085)	-	-	-	-	-	177	-	-	-
26	Property Taxes	18,663	(8,085)	-	-	-	-	-	177	-	-	-
27	Other	99,027	(8,085)	(686)	-	-	-	(1,053)	1,191	624	75	6,146
28	Total Operating Expenses (L25 + L27 + L34)	6,391	(1,281)	179	-	-	8,868	(1,468)	(1,191)	(624)	(75)	(6,146)
29	Operating Income (L10 less L36)											

Columns (A) through columns (X) see Company Exhibit Schedule C-2

SCHEDULE OF OPERATING INCOME-TEST YR COMPANY ADJUSTMENTS - FINAL

Line No.	(M) Adjustment Water & Gas Exp IS - 12	(N) Adjustment Rate Case Expense IS - 13	(O) Adjustment Adjust A&G for BMP IS - 14	(P) Adjustment Fleet Fuel Expense IS - 15	(Q) Adjustment AS 400 Printers IS - 16	(R) Adjustment Arsenic Treatment Exp IS - 17	(S) Adjustment Error Correction CAP Charges IS - 18	(T) Adjustment Depreciation Expense IS - 19	(U) Adjustment Property Tax IS - 20	(V) Adjustment Income Tax IS - 21	(W) Total Pro Forma Adjustments	(X) Test Year Adjusted Results
1												
2												
3												
4												
5												
6												
7												
8												
9												
10												
11												
12												
13												
14												
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30												
31												
32												
33												
34												
35												
36												
37												

Columns (A) through columns (X) see Company Exhibit Schedule C-2

OPERATING INCOME ADJUSTMENT NO. 1
PUMPING AND TRANSMISSION & DISTRIBUTION MAINTENANCE EXPENSE - FINAL

Pumping Accounts	<u>Test Year Pumping Expense</u>
1 <u>Maintenance:</u>	
2 Supervision & Engineering	\$ 212
3 Structures & Improvements	216
4 Electric pumping equipment	456
5 Gas pumping equipment	-
6	
7 Total Pumping Maintenance Expense	\$ 884
8	
9	
10 Company Requested Level of T. Y. Pumping Maintenance Expense	<u>1,426</u>
11	
12 RUCO Increase / (Decrease) in T. Y. Expense Level	<u>\$ (542)</u>
13	
14 RUCO Pumping Maintenance Expense Adjustment	\$ (542)
15	
16	
17	
18	
19	
20 Transmission & Distribution Accounts	<u>Test Year T&D Expense</u>
21	
22 <u>Maintenance:</u>	
23 Supervision & Engineering	\$ 679
24 Tanks	2,373
25 Mains	419
26 Mains - Leak Repair	-
27 Mains - Leak Detection	-
28 Services	1,139
29 Services - Leak Repair	8
30 Meters	700
31 Hydrants	21
32	
33 Total T & D Maintenance Expense	\$ 5,339
34	
35	
36 Company Requested Level of T. Y. T & D Maintenance Expense	<u>10,941</u>
37	
38 RUCO Increase / (Decrease) Expense Adjustment	<u>\$ (5,602)</u>
39	
40 RUCO T & D Maintenance Expense Adjustment	\$ (5,602)
41	
42	
43 Total RUCO Pumping and T & D Maintenance Expense Adjustment	\$ (6,144)

OPERATING INCOME ADJUSTMENT NO. 2
RATE CASE EXPENSE ADJUSTMENT - FINAL

Line No.	DESCRIPTION	(A) COMPANY ESTIMATE	(B) RUCO ADJUSTMENT	(C) RUCO AS ADJUSTED
1	Rate Case Expense Total for Eastern Group	\$ 476,874	\$ (164,274)	\$ 312,600
2				
3	Allocation Factor			0.46%
4				
5	Winkelman			<u>\$ 1,441</u>
6				
7	Amortization Period - 3 years			3
8				
9	RUCO Adjusted Rate Case Expense (L5 / L7)			<u>\$ 480</u>
10				
11	Company Rate Case Expense as Filed (Company Sch. C-2 Appendix)			\$ 685
12				
13	RUCO Pro Forma Rate Case Expense (L9 - L11)			<u>\$ (205)</u>
14				
15	RUCO Adjustment			<u>\$ (205)</u>
16				
17				
18	RUCO's Rate Base Expense Adjustment Calculation:			
19	Decision No. 66848, dated March 19, 2004, approved amount			
20	\$250,000 for Arizona Water Company's Eastern Group.		\$ 250,000	
21				
22	Inflation Factor from January 1, 2002 through September 30,			
23	per Inflation Data.com		<u>25.04%</u>	
24				
25	Reasonable Amount of Rate Case Expense based on			
26	Decision No. 66848.		<u>\$ 312,600</u>	
27				
28	RUCO Adjustment		<u>\$ 164,274</u>	
29				
30	<u>Allocation Factor Based on Number of Customers</u>		<u>Customers</u>	<u>Percent of Total</u>
31	Superstition (Apache Junction, Superior, Miami)		23,607	71.10%
32	Cochise (Bisbee, Sierra Vista)		6,357	19.15%
33	San Manuel		1,465	4.41%
34	Oracle		1,506	4.54%
35	SaddleBrook Ranch		113	0.34%
36	Winkelman		<u>153</u>	<u>0.46%</u>
37	Total Number of Customers and Percentages		<u>33,201</u>	<u>100.00%</u>

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**OPERATING INCOME ADJUSTMENT NO. 4
 MISCELLANEOUS EXPENSE ADJUSTMENTS - FINAL**

LINE NO.	DESCRIPTION	(A) Superstition	(B) Cochise	(C) San Manuel	(D) Oracle	(E) SaddleBrook Ranch	(F) Winkelman
<u>DIRECT EXPENSES</u>							
1	Customer Accounting Expense	\$ 1,570	\$ 713	\$ 78	\$ 96	\$ -	\$ -
3	Administration & General Expense	1,642	-	137	143	19	7
6	TOTAL DIRECT EXPENSE	\$ 3,212	\$ 713	\$ 215	\$ 240	\$ 19	\$ 7
<u>PHOENIX OFFICE EXPENSES</u>							
8	Service Awards and Banquets	3,031	761	174	216	16	20
13	Flower Shop Expenses	283	71	16	20	1	2
15	Water Association Dues Allowed at 50% of Total	996	250	57	71	5	7
18	TOTAL ALLOCATED EXPENSES	\$4,310	\$1,082	\$247	\$307	\$23	\$29
20	TOTAL MISCELLANEOUS EXPENSE ADJUSTMENT	\$7,522	\$1,794	\$462	\$547	\$42	\$35
<u>ALLOCATION OF PHOENIX OFFICE EXPENSES BASED ON THREE FACTOR</u>							
9		0.2865	0.0719	0.0164	0.0204	0.0015	0.0019

OPERATING INCOME ADJUSTMENT NO. 5
CALCULATION OF DEPRECIATION EXPENSE - FINAL

Line No.	Acc't. No.	Present Depreciation Rates	(A) Plant Balance Per GL	(B) Post Test Year Adjustments	(C) Phoenix Office Balance Per GL	(D) Meter Shop Balance Per GL	(E) Three Factor Formula Allocation	(F) Phoenix Office Meter Shop Allocated To Plant	(G) Company Adjusted End Of Test Year	(H) RUCO Adjustments End Of Test Year	(I) Adjusted End Of Test Year Plant	(J) RUCO Depreciation Test Year Adjusted
1												
2	301	0.00%			651		0.19%	1				
3	302	See Acct. 111	2,072				0.19%		2,072		2,072	
4	303	See Acct. 111	45		8,496		0.19%	16	61		61	
5			2,117		9,148			17	2,134		2,134	3
6												3
7	310.1	0.00%	2,911				0.19%		2,911		2,911	
8	310.3	0.00%	422			80	0.19%	0	422		422	
9	310.4	0.00%					0.19%					
10	314	3.13%	48,327				0.19%		48,327		48,327	1,513
11			51,660			80		0	51,660		51,660	1,513
12							0.19%					
13	320	0.00%					0.19%					
14	321	2.86%	6,073				0.19%		6,073		6,073	174
15	325	5.88%	157,859				0.19%		157,859		157,859	9,334
16	328	4.00%					0.19%					
17			163,932						163,932		163,932	9,508
18												
19	330	0.00%					0.19%					
20	331	2.50%	3,906				0.19%		3,906		3,906	98
21	332	2.86%	23,283			2,050	0.19%	4	23,287		23,287	666
22			27,189			2,050		4	27,193		27,193	764
23												
24	340	0.00%					0.19%					
25	342	2.00%	28,903				0.19%		28,903		28,903	578
26	343	1.79%	120,920			6,066	0.19%	12	120,932		120,932	2,165
27	344	2.00%					0.19%					
28	345	2.38%	109,946				0.19%		109,946		109,946	2,617
29	346	4.55%	27,419				0.19%		27,419		27,419	1,248
30	348	1.82%	26,410				0.19%		26,410		26,410	481
31			313,599			6,066		12	313,610		313,610	7,088
32												
33	369	0.00%					0.19%					
34	380	2.50%	127				0.19%		127		127	9
35	390.1	See Acct. 108.2			79,935	52,852	0.19%	252	379		379	
36	391	6.67%			1,543,079		0.19%	2,932	2,932		2,932	
37	393	5.00%			4,895,192	11,097	0.19%	9,322	9,322		9,322	622
38	394	5.00%			3,705	8,888	0.19%	24	24		24	1
39	395	4.00%	3,377		196,363	69,534	0.19%	505	3,882		3,882	155
40	396	5.00%	1,031		1,508	2,981	0.19%	9	1,039		1,039	52
41	397	6.67%				1,458	0.19%	3				0
42	398	6.67%	14,482		181,623		0.19%	345	14,828		14,828	989
43		3.33%	465		7,207		0.19%	14	478		478	16
44			19,482		6,908,612	146,809		13,405	32,887		32,887	1,845
			\$ 577,978	\$ -	\$ 6,917,760	\$ 155,005		\$ 13,438	\$ 591,416	\$ -	\$ 591,416	\$ 20,720
			21,228	2%	\$ 425							\$ (425)
												\$ 20,295
												\$ 20,295
												\$ 0

Plant in Service
Total Depreciation Test Year Adjusted
Less: Amortization of Regulatory Liability
Add: Additional Amortization
Total Depreciation as Calculated
Per Company Schedule C-2
Adjustment

OPERATING INCOME ADJUSTMENT NO. 6
PROPERTY TAXES - FINAL

LINE NO.	Property Tax Calculation	(A)	(B)
		RUCO AS ADJUSTED	RUCO RECOMMENDED
1	RUCO Adjusted Test Year Revenues - RBM-6	\$ 102,099	\$ 102,099
2	Multiplied by 2	2	2
3	Subtotal (Line 1 * Line 2)	\$ 204,198	\$ 204,198
4	RUCO Adjusted Test Year Revenues - 2010	102,099	
5	RUCO Recommended Revenue, Per Schedule RBM-6		119,492
6	Subtotal (Line 4 + Line 5)	\$ 306,297	\$ 323,690
7	Number of Years	3	3
8	Three Year Average (Line 5 / Line 6)	\$ 102,099	\$ 107,897
9	Department of Revenue Multiplier	2	2
10	Revenue Base Value (L8 X L9)	\$ 204,198	\$ 215,794
11	Plus: 10% of CWIP -	-	-
12	Less: Net Book Value of Licensed Vehicles	-	-
13	Full Cash Value (L10 + L11 + L12)	\$ 204,198	\$ 215,794
14	Assessment Ratio	21.0%	21.0%
15	Assessment Value (L13 X L14)	\$ 42,882	\$ 45,317
16	Composite Property Tax Rate (L19 / L15)	20.7769%	20.7769%
17	RUCO Proposed Property Tax Expense (L15 X L16))	\$ 8,909	
18	Company Proposed Property Tax	8,104	
19	RUCO Test Year Adjustment (L16 - L17)	\$ 805	
19	Property Tax - RUCO Recommended Revenue (L15 X L16)		\$ 9,415
20	RUCO Test Year Adjusted Property Tax Expense (L18)		8,909
21	Increase/(Decrease) to Property Tax Expense		\$ 506
22	Increase/(Decrease) to Property Tax Expense		\$ 506
23	Increase in Revenue Requirement (L5 - L4)		17,393
24	Increase /(Decrease) to Property Tax per Dollar Increase in Revenue (L26 / L27)		2.9088%

OPERATING INCOME ADJUSTMENT NO. 7
INCOME TAX EXPENSE - FINAL

LINE NO.	DESCRIPTION	(A) REFERENCE	(B) AMOUNT
1	FEDERAL INCOME TAXES:		
2			
3	Operating Income Before Taxes	(RBM- 7, Col. (C), L36 + L29 + L30)	\$ 17,037
4	LESS:		
5	Arizona State Tax	L21	479
6	Interest Expense	Note (A) L41	10,166
7	Federal Taxable Income	L3 - L5 - L6	\$ 6,392
8			
9	Federal Tax Rate	Sch. RBM-1, Page 2	34.00%
10	Federal Income Tax Expense	L7 X L9	\$ 2,173
11			
12	STATE INCOME TAXES:		
13			
14	Operating Income Before Taxes	L3	\$ 17,037
15	LESS:		
16	Interest Expense	Note (A) L41	10,166
17	State Taxable Income	L14 - L16	\$ 6,870
18			
19	State Tax Rate	Tax Rate	6.97%
20			
21	State Income Tax Expense	L17 X L19	\$ 479
22			
23	TOTAL INCOME TAX EXPENSE:		
24	Federal Income Tax Expense	L10	\$ 2,173
25	State Income Tax Expense	L21	479
26	Total Income Tax Expense Per RUCO	L24 + L25	\$ 2,652
27			
28	Total Federal Income Tax Expense Per Company (Per Company Sch. C-1, L30)		445
29			
30	Total State Income Tax Expense Per Company (Per Company Sch. C-1, L31)		98
31			
32	RUCO Federal Income Tax Adjustment	L24 - L28	\$ 1,728
33			
34	RUCO State Income Tax Adjustment	L25 - L30	\$ 381
35			
36			
37	<u>NOTE (A): Interest Synchronization</u>		
38			
39	Adjusted Rate Base RBM-2, Col. (C), L28	\$ 304,040	
40	Weighted Cost Of Debt RBM-9, Col. (D), L1	3.34%	
41	Interest Expense (L39 X L40)	\$ 10,166	

COST OF CAPITAL - FINAL

LINE NO.	DESCRIPTION	(A) DOLLAR AMOUNT	(B) CAPITAL RATIO	(C) COST RATE	(D) WEIGHTED COST RATE
1	Long-Term Debt	\$ 75,000,000	49.03%	6.82%	3.34%
2					
3	Common Equity	77,975,335	50.97%	9.40%	4.79%
4					
5	Total Capitalization	<u>\$ 152,975,335</u>	<u>100.00%</u>		
6					
7					
8	WEIGHTED AVERAGE COST OF CAPITAL				8.13%

References:
Columns (A) Thru (D): WAR Testimony

Arizona Water Company
Docket No. W-01445A-11-0310
Test Year Ended December 31, 2010

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EASTERN GROUP

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**EASTERN GROUP - SUPERSTITION - FINAL SCHEDULES
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE**

LINE NO.	DESCRIPTION	(A) RUCO AS ADJUSTED DETERMINTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
RESIDENTIAL CUSTOMERS					
1	5/8" X 3/4" Meter	21,020	\$ 20.46	\$ 5,161,085	\$ 5,161,085
	Commodity Usage (In Thousands of Gallons)				
2	First Tier - First 3,000 Gals.	636,406	\$ 2.5693	\$ 1,635,139	
3	Second Tier - Next 7,000 Gals.	650,348	\$ 3.2117	\$ 2,088,728	
4	Third Tier - Over 10,000 Gals.	307,738	\$ 4.0147	\$ 1,235,461	\$ 4,959,327
5	1" Meter	1,553	\$ 51.15	\$ 953,347	\$ 953,347
	Commodity Usage (In Thousands of Gallons)				
6	First Tier - First 40,000 Gals.	115,707	\$ 3.2117	\$ 371,616	
7	Second Tier - Over 40,000 Gals.	76,411	\$ 4.0147	\$ 306,762	
8	Third Tier - Over 40,000 Gals.	-	\$ 4.0147	\$ -	\$ 678,378
9	2" Meter	57	\$ 163.69	\$ 111,694	\$ 111,694
	Commodity Usage (In Thousands of Gallons)				
10	First Tier - First 125,000 Gals.	57,789	\$ 3.2117	\$ 185,602	
11	Second Tier - Over 125,000 Gals.	26,937	\$ 4.0147	\$ 108,144	
12	Third Tier - Over 125,000 Gals.	-	\$ 4.0147	\$ -	\$ 293,746
13	3" Meter	4	\$ 327.37	\$ 15,724	\$ 15,724
	Commodity Usage (In Thousands of Gallons)				
14	First Tier - First 300,000 Gals.	11,001	\$ 3.2117	\$ 35,333	
15	Second Tier - Over 300,000 Gals.	2,083	\$ 4.0147	\$ 8,362	
16	Third Tier - Over 300,000 Gals.	-	\$ 4.0147	\$ -	\$ 43,695
17	4" Meter	10	\$ 511.52	\$ 63,470	\$ 63,470
	Commodity Usage (In Thousands of Gallons)				
18	First Tier - First 500,000 Gals.	45,470	\$ 3.2117	\$ 146,036	
19	Second Tier - Over 500,000 Gals.	31,724	\$ 4.0147	\$ 127,360	
20	Third Tier - Over 500,000 Gals.	-	\$ 4.0147	\$ -	\$ 273,396
21	6" Meter	13	\$ 1,023.04	\$ 163,794	\$ 163,794
	Commodity Usage (In Thousands of Gallons)				
22	First Tier - First 1,000,000 Gals.	83,615	\$ 3.2117	\$ 268,546	
23	Second Tier - Over 1,000,000 Gals.	30,550	\$ 4.0147	\$ 122,647	
24	Third Tier - Over 1,000,000 Gals.	-	\$ 4.0147	\$ -	\$ 391,192
25	8" Meter	-	\$ 1,636.86	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)				
26	First Tier - First 1,500,000 Gals.	-	\$ 3.2117	\$ -	
27	Second Tier - Over 1,500,000 Gals.	-	\$ 4.0147	\$ -	
28	Third Tier - Over 1,500,000 Gals.	-	\$ 4.0147	\$ -	\$ -
29	10" Meter	-	\$ 2,352.98	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)				
30	First Tier - First 2,300,000 Gals.	-	\$ 3.2117	\$ -	
31	Second Tier - Over 2,300,000 Gals.	-	\$ 4.0147	\$ -	
32	Third Tier - Over 2,300,000 Gals.	-	\$ 4.0147	\$ -	\$ -
33	Total Residential Customer Bills	<u>22,658</u>			
34	Total Residential Usage	<u>2,075,778</u>			
35	TOTAL RESIDENTIAL CUSTOMERS REVENUE			<u>\$ 13,108,849</u>	

**EASTERN GROUP - SUPERSTITION - FINAL SCHEDULES
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE**

LINE NO.	DESCRIPTION	(A) RUCO AS ADJUSTED DETERMINTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
COMMERCIAL CUSTOMERS					
36	5/8" X 3/4" Meter	384	\$ 20.46	\$ 94,283	\$ 94,283
	Commodity Usage (In Thousands of Gallons)				
37	First Tier - First 10,000 Gals.	17,078	\$ 3.2117	\$ 54,851	
38	Second Tier - Over 10,000 Gals.	17,448	\$ 4.0147	\$ 70,049	
39	Third Tier - Over 10,000 Gals.	-	\$ 4.0147	\$ -	\$ 124,899
40	1" Meter	294	\$ 51.15	\$ 180,425	\$ 180,425
	Commodity Usage (In Thousands of Gallons)				
41	First Tier - First 40,000 Gals.	43,305	\$ 3.2117	\$ 139,082	
42	Second Tier - Over 40,000 Gals.	41,624	\$ 4.0147	\$ 167,106	
43	Third Tier - Over 40,000 Gals.	-	\$ 4.0147	\$ -	\$ 306,188
44	2" Meter	221	\$ 163.69	\$ 434,327	\$ 434,327
	Commodity Usage (In Thousands of Gallons)				
45	First Tier - First 125,000 Gals.	120,291	\$ 3.2117	\$ 386,340	
46	Second Tier - Over 125,000 Gals.	78,732	\$ 4.0147	\$ 316,081	
47	Third Tier - Over 125,000 Gals.	-	\$ 4.0147	\$ -	\$ 702,421
48	3" Meter	25	\$ 327.37	\$ 98,701	\$ 98,701
	Commodity Usage (In Thousands of Gallons)				
49	First Tier - First 300,000 Gals.	36,913	\$ 3.2117	\$ 118,553	
50	Second Tier - Over 300,000 Gals.	26,103	\$ 4.0147	\$ 104,795	
51	Third Tier - Over 300,000 Gals.	-	\$ 4.0147	\$ -	\$ 223,349
52	4" Meter	11	\$ 511.52	\$ 67,674	\$ 67,674
	Commodity Usage (In Thousands of Gallons)				
53	First Tier - First 500,000 Gals.	17,071	\$ 3.2117	\$ 54,826	
54	Second Tier - Over 500,000 Gals.	19,473	\$ 4.0147	\$ 78,176	
55	Third Tier - Over 500,000 Gals.	-	\$ 4.0147	\$ -	\$ 133,002
56	6" Meter	12	\$ 1,023.04	\$ 144,504	\$ 144,504
	Commodity Usage (In Thousands of Gallons)				
57	First Tier - First 1,000,000 Gals.	65,823	\$ 3.2117	\$ 211,403	
58	Second Tier - Over 1,000,000 Gals.	35,789	\$ 4.0147	\$ 143,680	
59	Third Tier - Over 1,000,000 Gals.	-	\$ 4.0147	\$ -	\$ 355,083
60	8" Meter	2	\$ 1,636.86	\$ 39,720	\$ 39,720
	Commodity Usage (In Thousands of Gallons)				
61	First Tier - First 1,500,000 Gals.	4,488	\$ 3.2117	\$ 14,413	
62	Second Tier - Over 1,500,000 Gals.	-	\$ 4.0147	\$ -	
63	Third Tier - Over 1,500,000 Gals.	-	\$ 4.0147	\$ -	\$ 14,413
64	10" Meter	-	\$ 2,352.98	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)				
65	First Tier - First 2,300,000 Gals.	-	\$ 3.2117	\$ -	
66	Second Tier - Over 2,300,000 Gals.	-	\$ 4.0147	\$ -	
67	Third Tier - Over 2,300,000 Gals.	-	\$ 4.0147	\$ -	\$ -
68	Total Commercial Customer Bills	<u>949</u>			
69	Total Commercial Usage	<u>524,137</u>			
70	TOTAL COMMERCIAL CUSTOMERS REVENUE			<u>\$ 2,918,990</u>	

**EASTERN GROUP - SUPERSTITION - FINAL SCHEDULES
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE**

LINE NO.	DESCRIPTION	(A) RUCO AS ADJUSTED DETERMINTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
INDUSTRIAL CUSTOMERS					
71	5/8" X 3/4" Meter	-	\$ 20.46	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)				
72	First Tier - First 999,999,999 Gals.	-	\$ 2.4606	\$ -	
73	Second Tier - Next 999,999,999 Gals.	-	\$ 2.4606	\$ -	
74	Third Tier - Over 999,999,999 Gals.	-	\$ 2.5693	\$ -	\$ -
75	1" Meter	3	\$ 51.15	\$ 1,841	\$ 1,841
	Commodity Usage (In Thousands of Gallons)				
76	First Tier - First 999,999,999 Gals.	213	\$ 2.4606	\$ 524	
77	Second Tier - Next 999,999,999 Gals.	-	\$ 2.4606	\$ -	
78	Third Tier - Over 999,999,999 Gals.	-	\$ 2.5693	\$ -	\$ 524
79	2" Meter	4	\$ 163.69	\$ 7,857	\$ 7,857
	Commodity Usage (In Thousands of Gallons)				
80	First Tier - First 999,999,999 Gals.	14,362	\$ 2.4606	\$ 35,339	
81	Second Tier - Next 999,999,999 Gals.	-	\$ 2.4606	\$ -	
82	Third Tier - Over 999,999,999 Gals.	-	\$ 2.5693	\$ -	\$ 35,339
83	3" Meter	2	\$ 327.37	\$ 7,857	\$ 7,857
	Commodity Usage (In Thousands of Gallons)				
84	First Tier - First 999,999,999 Gals.	5,067	\$ 2.4606	\$ 12,467	
85	Second Tier - Next 999,999,999 Gals.	-	\$ 2.4606	\$ -	
86	Third Tier - Over 999,999,999 Gals.	-	\$ 2.5693	\$ -	\$ 12,467
87	4" Meter	-	\$ 511.52	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)				
88	First Tier - First 999,999,999 Gals.	-	\$ 2.4606	\$ -	
89	Second Tier - Next 999,999,999 Gals.	-	\$ 2.4606	\$ -	
90	Third Tier - Over 999,999,999 Gals.	-	\$ 2.5693	\$ -	\$ -
91	6" Meter	-	\$ 1,023.04	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)				
92	First Tier - First 999,999,999 Gals.	-	\$ 2.4606	\$ -	
93	Second Tier - Next 999,999,999 Gals.	-	\$ 2.4606	\$ -	
94	Third Tier - Over 999,999,999 Gals.	-	\$ 2.5693	\$ -	\$ -
95	8" Meter	-	\$ 1,636.86	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)				
96	First Tier - First 999,999,999 Gals.	-	\$ 2.4606	\$ -	
97	Second Tier - Next 999,999,999 Gals.	-	\$ 2.4606	\$ -	
98	Third Tier - Over 999,999,999 Gals.	-	\$ 2.5693	\$ -	\$ -
99	10" Meter	-	\$ 2,352.98	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)				
100	First Tier - First 999,999,999 Gals.	-	\$ 2.4606	\$ -	
101	Second Tier - Next 999,999,999 Gals.	-	\$ 2.4606	\$ -	
102	Third Tier - Over 999,999,999 Gals.	-	\$ 2.5693	\$ -	\$ -
103	Total Industrial Customer Bills	<u>9</u>			
104	Total Industrial Usage	<u>19,641</u>			
105	TOTAL INDUSTRIAL CUSTOMERS REVENUE			<u>\$ 65,884</u>	

**EASTERN GROUP - SUPERSTITION - FINAL SCHEDULES
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE**

LINE NO.	DESCRIPTION	(A) RUCO AS ADJUSTED DETERMINTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
PRIVATE FIRE SERVICE CUSTOMERS					
106	5/8" Meter	1,951	\$ 28.00	\$ 54,628	\$ 54,628
107	1" Meter		\$ 28.00	\$ -	\$ -
108	2" Meter		\$ 28.00	\$ -	\$ -
109	3" Meter		\$ 28.00	\$ -	\$ -
110	4" Meter		\$ 28.00	\$ -	\$ -
111	6" Meter		\$ 28.00	\$ -	\$ -
112	8" Meter		\$ 28.00	\$ -	\$ -
113	10" Meter		\$ 28.00	\$ -	\$ -
114	Total Private Fire Service Customers	<u>1,951</u>			
115	TOTAL PRIVATE FIRES SERVICE CUSTOMERS REVENUE				<u>\$ 54,628</u>
OTHER WATER REVENUE CUSTOMERS					
116	Public Fire Hydrant		\$ -	\$ -	\$ -
117	Coin Machine		\$ 2,5693	\$ -	\$ -
118	Commodity Usage (In Thousands of Gallons)	6,315	\$ 56,3826	\$ 27,999	\$ 27,999
119	Construction Water 2" Meter		\$ 163.69		
Commodity Usage (In Thousands of Gallons)					
120	First Tier - First 125,000 Gals.		\$ 2,5377	\$ -	
121	Second Tier - Over 125,000 Gals.		\$ 3,1726	\$ -	
122	Third Tier - Over 125,000 Gals.		\$ 2,5693	\$ -	\$ -
123	Construction Water 3" Meter	20	\$ 327.37	\$ 77,587	\$ 77,587
Commodity Usage (In Thousands of Gallons)					
124	First Tier - First 300,000 Gals.	12,668	\$ 2,5377	\$ 32,149	
125	Second Tier - Over 300,000 Gals.	7,485	\$ 3,1726	\$ 23,747	
126	Third Tier - Over 300,000 Gals.		\$ 2,5693	\$ -	\$ 55,896
127	Construction Water 4" Meter		\$ 511.52	\$ 6,138	\$ 6,138
Commodity Usage (In Thousands of Gallons)					
128	First Tier - First 500,000 Gals.	1,947	\$ 2,5377	\$ 4,941	
129	Second Tier - Over 500,000 Gals.		\$ 3,1726	\$ -	
130	Third Tier - Over 500,000 Gals.		\$ 2,5693	\$ -	\$ 4,941
131	Sales For Resales 2" Meter		\$ 163.69	\$ -	\$ -
Commodity Usage (In Thousands of Gallons)					
132	First Tier - First 999,999,999 Gals.		\$ 2,4606	\$ -	
133	Second Tier - Next 999,999,999 Gals.		\$ 2,4606	\$ -	
134	Third Tier - Over 999,999,999 Gals.		\$ 2,5693	\$ -	\$ -
135	Sales For Resales 3" Meter		\$ 327.37	\$ -	\$ -
Commodity Usage (In Thousands of Gallons)					
136	First Tier - First 999,999,999 Gals.		\$ 2,4606	\$ -	
137	Second Tier - Next 999,999,999 Gals.		\$ 2,4606	\$ -	
138	Third Tier - Over 999,999,999 Gals.		\$ 2,5693	\$ -	\$ -

EASTERN GROUP - SUPERSTITION - FINAL SCHEDULES
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE

LINE NO.	DESCRIPTION	(A) RUCO AS ADJUSTED DETERMINTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
139	Sales For Resales 6" Meter Commodity Usage (In Thousands of Gallons)	0.3	\$ 1,227.64	\$ 3,683	\$ 3,683
140	First Tier - First 999,999,999 Gals.	1,353	\$ 2,4606	\$ 3,329	
141	Second Tier - Next 999,999,999 Gals.		\$ 2,4606	\$ -	
142	Third Tier - Over 999,999,999 Gals.		\$ 2,5693	\$ -	\$ 3,329
143	Total Other Water Revenue Customer Bills	<u>20</u>			
144	Total Other Water Revenue Usage	<u>28,415</u>			
145	TOTAL OTHER WATER CUSTOMERS REVENUE				<u>\$ 179,574</u>
146	RUCO TOTAL PROPOSED REVENUE PER BILL COUNT				\$ 16,327,925
147	Unreconciled Difference vs. Billed Revenues				
148	Miscellaneous Revenues				<u>857,550</u>
149	RUCO TOTAL REVENUE				<u>\$ 17,185,475</u>
150	RUCO ADJUSTED TEST-YEAR REVENUE PER SCHEDULE RBM-1				<u>\$ 17,185,475</u>
151	Difference				\$ (0.38)
152	Percentage Difference				-0.000002%

**EASTERN GROUP - SUPERSTITION - FINAL SCHEDULES
 TYPICAL RESIDENTIAL BILL ANALYSIS**

LINE NO.	DESCRIPTION	ORIGINAL RATES		PRESENT SURCHARGES		TOTAL PRESENT RATES		(D)	(E)	(F)	(G)
		\$	17.52	\$	-	\$	17.52					$	23.00	$	20.46
1	BASIC MONTHLY CHARGE										
RESIDENTIAL (6/8" X 3/4") RATE DESIGN											
2	1st Tier - First 3,000	\$ 2,2820		\$ -		\$ 2,2820		\$ 2,8882		\$ 2,5693	
3	2nd Tier - Next 7,000	\$ 2,8527		\$ -		\$ 2,8527		\$ 3,6103		\$ 3,2117	
4	3rd Tier - Over 10,000	\$ 3,5663		\$ -		\$ 3,5663		\$ 4,5129		\$ 4,0147	
COMMODITY CHARGE (Per 1,000 Gallons)											
5		1,580	25.00%	\$ 21.13		-		\$ 21.13	\$ 24.52	\$ 3.39	16.07%
6		3,161	50.00%	\$ 24.82		-		\$ 24.82	\$ 28.68	\$ 3.86	15.55%
7		6,321	100.00%	\$ 33.84		-		\$ 33.84	\$ 38.83	\$ 4.99	14.76%
8		9,482	150.00%	\$ 42.86		-		\$ 42.86	\$ 48.99	\$ 6.13	14.30%
9		12,642	200.00%	\$ 53.76		-		\$ 53.76	\$ 61.26	\$ 7.50	13.95%
AVERAGE RESIDENTIAL BILL COMPARISONS											
COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL											
	VARIABLE MONTHLY USAGE	PERCENT AVERAGE USAGE OF 6,321	PRESENT BASE RATE MONTHLY COST	PRESENT SURCHARGE MONTHLY COST	PRESENT TOTAL MONTHLY COST	RUCO MONTHLY COST	RUCO MONTHLY INCREASE	% MONTHLY INCREASE			
10	1,149	25.00%	\$ 20.14	-	\$ 20.14	\$ 23.41	\$ 3.27	16.24%			
11	2,297	50.00%	\$ 22.76	-	\$ 22.76	\$ 26.36	\$ 3.60	15.82%			
12	4,594	100.00%	\$ 28.91	-	\$ 28.91	\$ 33.29	\$ 4.37	15.13%			
13	6,891	150.00%	\$ 35.47	-	\$ 35.47	\$ 40.67	\$ 5.20	14.66%			
14	9,188	200.00%	\$ 42.02	-	\$ 42.02	\$ 48.04	\$ 6.02	14.34%			
MEDIAN RESIDENTIAL BILL COMPARISONS											
COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL											
	VARIABLE MONTHLY USAGE	PERCENT MEDIAN USAGE OF 4,594	PRESENT BASE RATE MONTHLY COST	PRESENT SURCHARGE MONTHLY COST	PRESENT TOTAL MONTHLY COST	RUCO MONTHLY COST	RUCO MONTHLY INCREASE	% MONTHLY INCREASE			
10	1,149	25.00%	\$ 20.14	-	\$ 20.14	\$ 23.41	\$ 3.27	16.24%			
11	2,297	50.00%	\$ 22.76	-	\$ 22.76	\$ 26.36	\$ 3.60	15.82%			
12	4,594	100.00%	\$ 28.91	-	\$ 28.91	\$ 33.29	\$ 4.37	15.13%			
13	6,891	150.00%	\$ 35.47	-	\$ 35.47	\$ 40.67	\$ 5.20	14.66%			
14	9,188	200.00%	\$ 42.02	-	\$ 42.02	\$ 48.04	\$ 6.02	14.34%			

**EASTERN GROUP - BISBEE - FINAL SCHEDULES
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE**

LINE NO.	DESCRIPTION	(A) RUCO AS ADJUSTED DETERMINTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
RESIDENTIAL CUSTOMERS					
1	5/8" X 3/4" Meter	3,069	\$ 18.40	\$ 677,635	\$ 677,635
	Commodity Usage (In Thousands of Gallons)				
2	First Tier - First 3,000 Gals.	82,344	\$ 3.1580	\$ 260,042	
3	Second Tier - Next 7,000 Gals.	67,792	\$ 3.9476	\$ 267,617	
4	Third Tier - Over 10,000 Gals.	27,844	\$ 4.9338	\$ 137,377	\$ 665,035
5	1" Meter	32	\$ 46.00	\$ 17,438	\$ 17,438
	Commodity Usage (In Thousands of Gallons)				
6	First Tier - First 35,000 Gals.	2,436	\$ 3.9476	\$ 9,615	
7	Second Tier - Over 35,000 Gals.	1,954	\$ 4.9338	\$ 9,642	
8	Third Tier - Over 35,000 Gals.	-	\$ 4.9338	\$ -	\$ 19,256
9	2" Meter	6	\$ 147.20	\$ 10,629	\$ 10,629
	Commodity Usage (In Thousands of Gallons)				
10	First Tier - First 125,000 Gals.	3,746	\$ 3.9476	\$ 14,786	
11	Second Tier - Over 125,000 Gals.	2,275	\$ 4.9338	\$ 11,227	
12	Third Tier - Over 125,000 Gals.	-	\$ 4.9338	\$ -	\$ 26,013
13	3" Meter	-	\$ 294.40	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)				
14	First Tier - First 265,000 Gals.	-	\$ 3.9476	\$ -	
15	Second Tier - Over 265,000 Gals.	-	\$ 4.9338	\$ -	
16	Third Tier - Over 265,000 Gals.	-	\$ 4.9338	\$ -	\$ -
17	4" Meter	-	\$ 460.00	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)				
18	First Tier - First 420,000 Gals.	-	\$ 3.9476	\$ -	
19	Second Tier - Over 420,000 Gals.	-	\$ 4.9338	\$ -	
20	Third Tier - Over 420,000 Gals.	-	\$ 4.9338	\$ -	\$ -
21	6" Meter	-	\$ 920.00	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)				
22	First Tier - First 860,000 Gals.	-	\$ 3.9476	\$ -	
23	Second Tier - Over 860,000 Gals.	-	\$ 4.9338	\$ -	
24	Third Tier - Over 860,000 Gals.	-	\$ 4.9338	\$ -	\$ -
25	8" Meter	-	\$ 1,472.00	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)				
26	First Tier - First 1,300,000 Gals.	-	\$ 3.9476	\$ -	
27	Second Tier - Over 1,300,000 Gals.	-	\$ 4.9338	\$ -	
28	Third Tier - Over 1,300,000 Gals.	-	\$ 4.9338	\$ -	\$ -
29	10" Meter	-	\$ 2,116.00	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)				
30	First Tier - First 2,000,000 Gals.	-	\$ 3.9476	\$ -	
31	Second Tier - Over 2,000,000 Gals.	-	\$ 4.9338	\$ -	
32	Third Tier - Over 2,000,000 Gals.	-	\$ 4.9338	\$ -	\$ -
33	Total Residential Customer Bills	<u>3,107</u>			
34	Total Residential Usage	<u>188,391</u>			
35	TOTAL RESIDENTIAL CUSTOMERS REVENUE				<u>\$ 1,416,006</u>

**EASTERN GROUP - BISBEE - FINAL SCHEDULES
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE**

LINE NO.	DESCRIPTION	(A) RUCO AS ADJUSTED DETERMINTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
COMMERCIAL CUSTOMERS					
36	5/8" X 3/4" Meter	220	\$ 18.40	\$ 48,574	\$ 48,574
	Commodity Usage (In Thousands of Gallons)				
37	First Tier - First 10,000 Gals.	7,749	\$ 3.9476	\$ 30,589	
38	Second Tier - Over 10,000 Gals.	3,938	\$ 4.9338	\$ 19,430	
39	Third Tier - Over 10,000 Gals.	-	\$ 4.9338	\$ -	\$ 50,018
40	1" Meter	47	\$ 46.00	\$ 26,138	\$ 26,138
	Commodity Usage (In Thousands of Gallons)				
41	First Tier - First 35,000 Gals.	6,559	\$ 3.9476	\$ 25,893	
42	Second Tier - Over 35,000 Gals.	3,254	\$ 4.9338	\$ 16,056	
43	Third Tier - Over 35,000 Gals.	-	\$ 4.9338	\$ -	\$ 41,948
44	2" Meter	42	\$ 147.20	\$ 73,522	\$ 73,522
	Commodity Usage (In Thousands of Gallons)				
45	First Tier - First 125,000 Gals.	21,454	\$ 3.9476	\$ 84,691	
46	Second Tier - Over 125,000 Gals.	38,560	\$ 4.9338	\$ 190,270	
47	Third Tier - Over 125,000 Gals.	-	\$ 4.9338	\$ -	\$ 274,961
48	3" Meter	-	\$ 294.40	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)				
49	First Tier - First 265,000 Gals.	-	\$ 3.9476	\$ -	
50	Second Tier - Over 265,000 Gals.	-	\$ 4.9338	\$ -	
51	Third Tier - Over 265,000 Gals.	-	\$ 4.9338	\$ -	\$ -
52	4" Meter	3	\$ 460.00	\$ 16,743	\$ 16,743
	Commodity Usage (In Thousands of Gallons)				
53	First Tier - First 420,000 Gals.	5,318	\$ 3.9476	\$ 20,994	
54	Second Tier - Over 420,000 Gals.	2,735	\$ 4.9338	\$ 13,497	
55	Third Tier - Over 420,000 Gals.	-	\$ 4.9338	\$ -	\$ 34,491
56	6" Meter	-	\$ 920.00	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)				
57	First Tier - First 860,000 Gals.	-	\$ 3.9476	\$ -	
58	Second Tier - Over 860,000 Gals.	-	\$ 4.9338	\$ -	
59	Third Tier - Over 860,000 Gals.	-	\$ 4.9338	\$ -	\$ -
60	8" Meter	-	\$ 1,472.00	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)				
61	First Tier - First 1,390,000 Gals.	-	\$ 3.9476	\$ -	
62	Second Tier - Over 1,390,000 Gals.	-	\$ 4.9338	\$ -	
63	Third Tier - Over 1,390,000 Gals.	-	\$ 4.9338	\$ -	\$ -
64	10" Meter	-	\$ 2,116.00	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)				
65	First Tier - First 2,000,000 Gals.	-	\$ 3.9476	\$ -	
66	Second Tier - Over 2,000,000 Gals.	-	\$ 4.9338	\$ -	
67	Third Tier - Over 2,000,000 Gals.	-	\$ 4.9338	\$ -	\$ -
68	Total Commercial Customer Bills	<u>312</u>			
69	Total Commercial Usage	<u>89,567</u>			
70	TOTAL COMMERCIAL CUSTOMERS REVENUE			<u>\$ 566,397</u>	

**EASTERN GROUP - BISBEE - FINAL SCHEDULES
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE**

LINE NO.	DESCRIPTION	(A) RUCO AS ADJUSTED DETERMINTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
INDUSTRIAL CUSTOMERS					
71	5/8" X 3/4" Meter		\$ 18.40	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)				
72	First Tier - First 999,999,999 Gals.		\$ 5.0379	\$ -	
73	Second Tier - Next 999,999,999 Gals.		\$ 5.0379	\$ -	
74	Third Tier - Over 999,999,999 Gals.		\$ 5.0379	\$ -	\$ -
75	1" Meter	1.0	\$ 46.00	\$ 552	\$ 552
	Commodity Usage (In Thousands of Gallons)				
76	First Tier - First 999,999,999 Gals.	38.5	\$ 5.0379	\$ 194	
77	Second Tier - Next 999,999,999 Gals.		\$ 5.0379	\$ -	
78	Third Tier - Over 999,999,999 Gals.		\$ 5.0379	\$ -	\$ 194
79	2" Meter	1.0	\$ 147.20	\$ 1,766	\$ 1,766
	Commodity Usage (In Thousands of Gallons)				
80	First Tier - First 999,999,999 Gals.		\$ 5.0379	\$ -	
81	Second Tier - Next 999,999,999 Gals.		\$ 5.0379	\$ -	
82	Third Tier - Over 999,999,999 Gals.		\$ 5.0379	\$ -	\$ -
83	3" Meter		\$ 294.40	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)				
84	First Tier - First 999,999,999 Gals.		\$ 5.0379	\$ -	
85	Second Tier - Next 999,999,999 Gals.		\$ 5.0379	\$ -	
86	Third Tier - Over 999,999,999 Gals.		\$ 5.0379	\$ -	\$ -
87	4" Meter		\$ 460.00	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)				
88	First Tier - First 999,999,999 Gals.		\$ 5.0379	\$ -	
89	Second Tier - Next 999,999,999 Gals.		\$ 5.0379	\$ -	
90	Third Tier - Over 999,999,999 Gals.		\$ 5.0379	\$ -	\$ -
91	6" Meter		\$ 920.00	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)				
92	First Tier - First 999,999,999 Gals.		\$ 5.0379	\$ -	
93	Second Tier - Next 999,999,999 Gals.		\$ 5.0379	\$ -	
94	Third Tier - Over 999,999,999 Gals.		\$ 5.0379	\$ -	\$ -
95	8" Meter		\$ 1,472.00	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)				
96	First Tier - First 999,999,999 Gals.		\$ 5.0379	\$ -	
97	Second Tier - Next 999,999,999 Gals.		\$ 5.0379	\$ -	
98	Third Tier - Over 999,999,999 Gals.		\$ 5.0379	\$ -	\$ -
99	10" Meter		\$ 2,116.00	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)				
100	First Tier - First 999,999,999 Gals.		\$ 5.0379	\$ -	
101	Second Tier - Next 999,999,999 Gals.		\$ 5.0379	\$ -	
102	Third Tier - Over 999,999,999 Gals.		\$ 5.0379	\$ -	\$ -
103	Total Industrial Customer Bills	<u>2</u>			
104	Total Industrial Usage	<u>39</u>			
105	TOTAL INDUSTRIAL CUSTOMERS REVENUE				<u>\$ 2,512</u>

**EASTERN GROUP - BISBEE - FINAL SCHEDULES
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE**

LINE NO.	DESCRIPTION	(A) RUCO AS ADJUSTED DETERMINTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
PRIVATE FIRE SERVICE CUSTOMERS					
106	5/8" Meter	14	\$ 28.50	\$ 4,845	\$ 4,845
107	1" Meter		\$ 28.50	\$ -	\$ -
108	2" Meter		\$ 28.50	\$ -	\$ -
109	3" Meter		\$ 28.50	\$ -	\$ -
110	4" Meter		\$ 28.50	\$ -	\$ -
111	6" Meter		\$ 28.50	\$ -	\$ -
112	8" Meter		\$ 28.50	\$ -	\$ -
113	10" Meter		\$ 28.50	\$ -	\$ -
114	Total Private Fire Service Customers	<u>14</u>			
115	TOTAL PRIVATE FIRE SERVICE CUSTOMERS REVENUE				<u>\$ 4,845</u>
OTHER WATER REVENUE CUSTOMERS					
116	Public Fire Hydrant		\$ -	\$ -	\$ -
117	Coin Machine		\$ -	\$ -	\$ -
118	Commodity Usage (In Thousands of Gallons)		\$ -	\$ -	\$ -
119	Construction Water 2" Meter		\$ 147.20	\$ -	\$ -
120	Commodity Usage (In Thousands of Gallons)				
	First Tier - First 125,000 Gals.		\$ 3,9476	\$ -	
121	Second Tier - Over 125,000 Gals.		\$ 4,9338	\$ -	
122	Third Tier - Over 125,000 Gals.		\$ 4,9338	\$ -	\$ -
123	Construction Water 3" Meter	3	\$ 294.40	\$ 9,715	\$ 9,715
124	Commodity Usage (In Thousands of Gallons)				
	First Tier - First 265,000 Gals.	1,627	\$ 3,9476	\$ 6,422	
125	Second Tier - Over 265,000 Gals.	7,052	\$ 4,9338	\$ 34,795	
126	Third Tier - Over 265,000 Gals.		\$ 4,9338	\$ -	\$ 41,217
127	Construction Water 4" Meter	0.4	\$ 460.00	\$ 2,300	\$ 2,300
128	Commodity Usage (In Thousands of Gallons)				
	First Tier - First 420,000 Gals.	1,254	\$ 3,9476	\$ 4,950	
129	Second Tier - Over 420,000 Gals.	5,779	\$ 4,9338	\$ 28,516	
130	Third Tier - Over 420,000 Gals.		\$ 4,9338	\$ -	\$ 33,466
131	Sales For Resales 2" Meter		\$ 147.20	\$ -	\$ -
132	Commodity Usage (In Thousands of Gallons)				
	First Tier - First 999,999,999 Gals.		\$ 3,9476	\$ -	
133	Second Tier - Next 999,999,999 Gals.		\$ 3,9476	\$ -	
134	Third Tier - Over 999,999,999 Gals.		\$ 3,9476	\$ -	\$ -
135	Sales For Resales 3" Meter		\$ 294.40	\$ -	\$ -
136	Commodity Usage (In Thousands of Gallons)				
	First Tier - First 999,999,999 Gals.		\$ 3,9476	\$ -	
137	Second Tier - Next 999,999,999 Gals.		\$ 3,9476	\$ -	
138	Third Tier - Over 999,999,999 Gals.		\$ 3,9476	\$ -	\$ -

**EASTERN GROUP - BISBEE - FINAL SCHEDULES
RATE DESIGN AND PROOF OF RECOMMENDED REVENUE**

LINE NO.	DESCRIPTION	(A) RUCO AS ADJUSTED DETERMINTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
139	Sales For Resales 6" Meter Commodity Usage (In Thousands of Gallons)		\$ 920.00	\$ -	\$ -
140	First Tier - First 999,999,999 Gals.		\$ 3.9476	\$ -	
141	Second Tier - Next 999,999,999 Gals.		\$ 3.9476	\$ -	
142	Third Tier - Over 999,999,999 Gals.		\$ 3.9476	\$ -	\$ -
143	Total Other Water Revenue Customer Bills	<u>3</u>			
144	Total Other Water Revenue Usage	<u>15,711</u>			
145	TOTAL OTHER WATER CUSTOMERS REVENUE				<u>\$ 86,698</u>
146	RUCO TOTAL PROPOSED REVENUE PER BILL COUNT				<u>\$ 2,076,459</u>
147	Unreconciled Difference vs. Billed Revenues				
148	Miscellaneous Revenues				36,491
149	RUCO TOTAL REVENUE				<u>\$ 2,112,950</u>
150	RUCO ADJUSTED TEST-YEAR REVENUE PER SCHEDULE RBM-1				<u>\$ 2,112,950</u>
151	Difference				\$ (0)
152	Percentage Difference				0.00%

**EASTERN GROUP - BISBEE - FINAL SCHEDULES
 TYPICAL RESIDENTIAL BILL ANALYSIS**

LINE NO.	DESCRIPTION	(A) ORIGINAL RATES	(B) ADDITIONAL ACRM / PPA SURCHARGES	(C) TOTAL PRESENT RATES	(D) COMPANY PROPOSED	(E) RUCO PROPOSED	(F) RUCO PROPOSED	(G) RUCO PROPOSED
1	BASIC MONTHLY CHARGE	\$ 13.36	\$ -	\$ 13.36	\$ 20.00	\$ -	\$ 18.40	
COMMODITY CHARGE (Per 1,000 Gallons)								
2	1st Tier - First 3,000	\$ 3.6039	\$ -	\$ 3.6039	\$ 3.6039	\$ -	\$ 3.1580	
3	2nd Tier - Next 7,000	\$ 4.5049	\$ -	\$ 4.5049	\$ 4.5049	\$ -	\$ 3.9476	
4	3rd Tier - Over 10,000	\$ 5.6312	\$ -	\$ 5.6311	\$ 5.6311	\$ -	\$ 4.9338	
AVERAGE RESIDENTIAL BILL COMPARISONS								
COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL								
5	VARIABLE MONTHLY USAGE	1,208	\$ 17.71	\$ -	\$ 17.71	\$ 22.21	\$ 4.50	25.41%
6		2,416	\$ 22.07	\$ -	\$ 22.07	\$ 26.03	\$ 3.96	17.96%
7		4,832	\$ 32.42	\$ -	\$ 32.42	\$ 35.11	\$ 2.68	8.27%
8		7,248	\$ 40.21	\$ -	\$ 40.21	\$ 44.64	\$ 4.43	11.03%
9		9,664	\$ 53.81	\$ -	\$ 53.81	\$ 54.18	\$ 0.37	0.68%
MEDIAN RESIDENTIAL BILL COMPARISONS								
COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL								
10	VARIABLE MONTHLY USAGE	827	\$ 16.34	\$ -	\$ 16.34	\$ 21.01	\$ 4.67	28.59%
11		1,654	\$ 19.32	\$ -	\$ 19.32	\$ 23.62	\$ 4.30	22.27%
12		3,308	\$ 25.56	\$ -	\$ 25.56	\$ 29.09	\$ 3.53	13.81%
13		4,962	\$ 33.01	\$ -	\$ 33.01	\$ 35.62	\$ 2.61	7.90%
14		6,616	\$ 40.46	\$ -	\$ 40.46	\$ 42.15	\$ 1.69	4.17%

**EASTERN GROUP - SIERRA VISTA - FINAL SCHEDULES
RATE DESIGN AND PROOF OF RECOMMENDED REVENUES**

	(A) RUCO AS ADJUSTED DETERMINTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
RESIDENTIAL CUSTOMERS				
1	5/8" X 3/4" Meter	2,721	\$ 18.40	\$ 600,766
	Commodity Usage (In Thousands of Gallons)			\$ 600,766
2	First Tier - First 3,000 Gals.	88,117	\$ 1.4707	\$ 129,597
3	Second Tier - Next 7,000 Gals.	104,684	\$ 1.8384	\$ 192,450
4	Third Tier - Over 10,000 Gals.	68,226	\$ 2.2981	\$ 156,787
				\$ 478,833
5	1" Meter	59	\$ 46.00	\$ 32,644
	Commodity Usage (In Thousands of Gallons)			\$ 32,644
6	First Tier - First 35,000 Gals.	9,368	\$ 1.8384	\$ 17,222
7	Second Tier - Over 35,000 Gals.	1,661	\$ 2.2981	\$ 3,816
8	Third Tier - Over 35,000 Gals.	-	\$ 2.2981	\$ -
				\$ 21,037
9	2" Meter	1	\$ 147.20	\$ 1,771
	Commodity Usage (In Thousands of Gallons)			\$ 1,771
10	First Tier - First 125,000 Gals.	1,504	\$ 1.8384	\$ 2,764
11	Second Tier - Over 125,000 Gals.	8,084	\$ 2.2981	\$ 18,577
12	Third Tier - Over 125,000 Gals.	-	\$ 2.2981	\$ -
				\$ 21,341
13	3" Meter	-	\$ 294.40	\$ -
	Commodity Usage (In Thousands of Gallons)			\$ -
14	First Tier - First 265,000 Gals.	-	\$ 1.8384	\$ -
15	Second Tier - Over 265,000 Gals.	-	\$ 2.2981	\$ -
16	Third Tier - Over 265,000 Gals.	-	\$ 2.2981	\$ -
				\$ -
17	4" Meter	-	\$ 460.00	\$ -
	Commodity Usage (In Thousands of Gallons)			\$ -
18	First Tier - First 420,000 Gals.	-	\$ 1.8384	\$ -
19	Second Tier - Over 420,000 Gals.	-	\$ 2.2981	\$ -
20	Third Tier - Over 420,000 Gals.	-	\$ 2.2981	\$ -
				\$ -
21	6" Meter	-	\$ 920.00	\$ -
	Commodity Usage (In Thousands of Gallons)			\$ -
22	First Tier - First 860,000 Gals.	-	\$ 1.8384	\$ -
23	Second Tier - Over 860,000 Gals.	-	\$ 2.2981	\$ -
24	Third Tier - Over 860,000 Gals.	-	\$ 2.2981	\$ -
				\$ -
25	8" Meter	-	\$ 1,472.00	\$ -
	Commodity Usage (In Thousands of Gallons)			\$ -
26	First Tier - First 1,300,000 Gals.	-	\$ 1.8384	\$ -
27	Second Tier - Over 1,300,000 Gals.	-	\$ 2.2981	\$ -
28	Third Tier - Over 1,300,000 Gals.	-	\$ 2.2981	\$ -
				\$ -
29	10" Meter	-	\$ 2,944.00	\$ -
	Commodity Usage (In Thousands of Gallons)			\$ -
30	First Tier - First 2,000,000 Gals.	-	\$ 1.8384	\$ -
31	Second Tier - Over 2,000,000 Gals.	-	\$ 2.2981	\$ -
32	Third Tier - Over 2,000,000 Gals.	-	\$ 2.2981	\$ -
				\$ -
33	Total Residential Customer Bills	<u>2,781</u>		
34	Total Residential Usage	<u>281,642</u>		
35	TOTAL RESIDENTIAL CUSTOMERS REVENUE			<u>\$ 1,156,393</u>

**EASTERN GROUP - SIERRA VISTA - FINAL SCHEDULES
RATE DESIGN AND PROOF OF RECOMMENDED REVENUES**

	(A) RUCO AS ADJUSTED DETERMINTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
COMMERCIAL CUSTOMERS				
36	5/8" X 3/4" Meter	62	\$ 18.40	\$ 13,624
	Commodity Usage (In Thousands of Gallons)			
37	First Tier - First 10,000 Gals.	3,202	\$ 1.8384	\$ 5,887
38	Second Tier - Over 10,000 Gals.	2,202	\$ 2.2981	\$ 5,060
39	Third Tier - Over 10,000 Gals.	-	\$ 2.2981	\$ -
40	1" Meter	41	\$ 46.00	\$ 22,722
	Commodity Usage (In Thousands of Gallons)			
41	First Tier - First 35,000 Gals.	6,683	\$ 1.8384	\$ 12,285
42	Second Tier - Over 35,000 Gals.	2,745	\$ 2.2981	\$ 6,308
43	Third Tier - Over 35,000 Gals.	-	\$ 2.2981	\$ -
44	2" Meter	44	\$ 147.20	\$ 77,998
	Commodity Usage (In Thousands of Gallons)			
45	First Tier - First 125,000 Gals.	32,013	\$ 1.8384	\$ 58,852
46	Second Tier - Over 125,000 Gals.	11,298	\$ 2.2981	\$ 25,963
47	Third Tier - Over 125,000 Gals.	-	\$ 2.2981	\$ -
48	3" Meter	7	\$ 294.40	\$ 24,677
	Commodity Usage (In Thousands of Gallons)			
49	First Tier - First 265,000 Gals.	12,259	\$ 1.8384	\$ 22,536
50	Second Tier - Over 265,000 Gals.	7,064	\$ 2.2981	\$ 16,232
51	Third Tier - Over 265,000 Gals.	-	\$ 2.2981	\$ -
52	4" Meter	3	\$ 460.00	\$ 16,525
	Commodity Usage (In Thousands of Gallons)			
53	First Tier - First 420,000 Gals.	10,346	\$ 1.8384	\$ 19,020
54	Second Tier - Over 420,000 Gals.	6,045	\$ 2.2981	\$ 13,892
55	Third Tier - Over 420,000 Gals.	-	\$ 2.2981	\$ -
56	6" Meter		\$ 920.00	\$ -
	Commodity Usage (In Thousands of Gallons)			
57	First Tier - First 860,000 Gals.	-	\$ 1.8384	\$ -
58	Second Tier - Over 860,000 Gals.		\$ 2.2981	\$ -
59	Third Tier - Over 860,000 Gals.		\$ 2.2981	\$ -
60	8" Meter		\$ 1,472.00	\$ -
	Commodity Usage (In Thousands of Gallons)			
61	First Tier - First 1,390,000 Gals.		\$ 1.8384	\$ -
62	Second Tier - Over 1,390,000 Gals.		\$ 2.2981	\$ -
63	Third Tier - Over 1,390,000 Gals.		\$ 2.2981	\$ -
64	10" Meter		\$ 2,944.00	\$ -
	Commodity Usage (In Thousands of Gallons)			
65	First Tier - First 2,000,000 Gals.		\$ 1.8384	\$ -
66	Second Tier - Over 2,000,000 Gals.		\$ 2.2981	\$ -
67	Third Tier - Over 2,000,000 Gals.		\$ 2.2981	\$ -
68	Total Commercial Customer Bills	<u>157</u>		
69	Total Commercial Usage	<u>93,855</u>		
70	TOTAL COMMERCIAL CUSTOMERS REVENUE			<u>\$ 341,580</u>

**EASTERN GROUP - SIERRA VISTA - FINAL SCHEDULES
RATE DESIGN AND PROOF OF RECOMMENDED REVENUES**

	(A) RUCO AS ADJUSTED DETERMINTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
INDUSTRIAL CUSTOMERS				
71	5/8" X 3/4" Meter	\$ 18.40	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)			
72	First Tier - First 999,999,999 Gals.	\$ 3.4913	\$ -	
73	Second Tier - Next 999,999,999 Gals.	\$ 3.4913	\$ -	
74	Third Tier - Over 999,999,999 Gals.	\$ 3.4913	\$ -	\$ -
75	1" Meter	\$ 46.00	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)			
76	First Tier - First 999,999,999 Gals.	\$ 3.4913	\$ -	
77	Second Tier - Next 999,999,999 Gals.	\$ 3.4913	\$ -	
78	Third Tier - Over 999,999,999 Gals.	\$ 3.4913	\$ -	\$ -
79	2" Meter	\$ 147.20	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)			
80	First Tier - First 999,999,999 Gals.	\$ 3.4913	\$ -	
81	Second Tier - Next 999,999,999 Gals.	\$ 3.4913	\$ -	
82	Third Tier - Over 999,999,999 Gals.	\$ 3.4913	\$ -	\$ -
83	3" Meter	\$ 294.40	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)			
84	First Tier - First 999,999,999 Gals.	\$ 3.4913	\$ -	
85	Second Tier - Next 999,999,999 Gals.	\$ 3.4913	\$ -	
86	Third Tier - Over 999,999,999 Gals.	\$ 3.4913	\$ -	\$ -
87	4" Meter	\$ 460.00	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)			
88	First Tier - First 999,999,999 Gals.	\$ 3.4913	\$ -	
89	Second Tier - Next 999,999,999 Gals.	\$ 3.4913	\$ -	
90	Third Tier - Over 999,999,999 Gals.	\$ 3.4913	\$ -	\$ -
91	6" Meter	\$ 920.00	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)			
92	First Tier - First 999,999,999 Gals.	\$ 3.4913	\$ -	
93	Second Tier - Next 999,999,999 Gals.	\$ 3.4913	\$ -	
94	Third Tier - Over 999,999,999 Gals.	\$ 3.4913	\$ -	\$ -
95	8" Meter	\$ 1,472.00	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)			
96	First Tier - First 999,999,999 Gals.	\$ 3.4913	\$ -	
97	Second Tier - Next 999,999,999 Gals.	\$ 3.4913	\$ -	
98	Third Tier - Over 999,999,999 Gals.	\$ 3.4913	\$ -	\$ -
99	10" Meter	\$ 2,116.00	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)			
100	First Tier - First 999,999,999 Gals.	\$ 3.4913	\$ -	
101	Second Tier - Next 999,999,999 Gals.	\$ 3.4913	\$ -	
102	Third Tier - Over 999,999,999 Gals.	\$ 3.4913	\$ -	\$ -
103	Total Industrial Customer Bills	-		
104	Total Industrial Usage	-		
105	TOTAL INDUSTRIAL CUSTOMERS REVENUE			\$ -

**EASTERN GROUP - SIERRA VISTA - FINAL SCHEDULES
RATE DESIGN AND PROOF OF RECOMMENDED REVENUES**

	(A) RUCO AS ADJUSTED DETERMINTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
PRIVATE FIRE SERVICE CUSTOMERS				
106	5/8" Meter	44	\$ 28.50	\$ 15,048
107	1" Meter		\$ 28.50	\$ -
108	2" Meter		\$ 28.50	\$ -
109	3" Meter		\$ 28.50	\$ -
110	4" Meter		\$ 28.50	\$ -
111	6" Meter		\$ 28.50	\$ -
112	8" Meter		\$ 28.50	\$ -
113	10" Meter		\$ 28.50	\$ -
114	Total Private Fire Service Customers	<u>44</u>		
115	TOTAL PRIVATE FIRE SERVICE CUSTOMERS REVENUE			<u>\$ 15,048</u>
OTHER WATER REVENUE CUSTOMERS				
116	Public Fire Hydrant	-	\$ -	\$ -
117	Coin Machine	-	\$ -	\$ -
118	Commodity Usage (In Thousands of Gallons)	-		
119	Construction Water 2" Meter	-	\$ 147.20	\$ -
120	Commodity Usage (In Thousands of Gallons)			
120	First Tier - First 125,000 Gals.	-	\$ 1.8384	\$ -
121	Second Tier - Over 125,000 Gals.	-	\$ 2.2981	\$ -
122	Third Tier - Over 125,000 Gals.	-	\$ 2.2981	\$ -
123	Construction Water 3" Meter	2	\$ 294.40	\$ 7,654
124	Commodity Usage (In Thousands of Gallons)			
124	First Tier - First 265,000 Gals.	1,490	\$ 1.8384	\$ 2,741
125	Second Tier - Over 265,000 Gals.	1,223	\$ 2.2981	\$ 2,811
126	Third Tier - Over 265,000 Gals.	-	\$ 2.2981	\$ -
127	Construction Water 4" Meter	0	\$ 460.00	\$ 1,840
128	Commodity Usage (In Thousands of Gallons)			
128	First Tier - First 420,000 Gals.	5	\$ 1.8393	\$ 9
129	Second Tier - Over 420,000 Gals.	-	\$ 2.2981	\$ -
130	Third Tier - Over 420,000 Gals.	-	\$ 2.2981	\$ 9
131	Sales For Resales 2" Meter	-	\$ 147.20	\$ -
132	Commodity Usage (In Thousands of Gallons)			
132	First Tier - First 999,999,999 Gals.	-	\$ 1.8384	\$ -
133	Second Tier - Next 999,999,999 Gals.	-	\$ 1.8384	\$ -
134	Third Tier - Over 999,999,999 Gals.	-	\$ 1.8384	\$ -
135	Sales For Resales 3" Meter	-	\$ 294.40	\$ -
136	Commodity Usage (In Thousands of Gallons)			
136	First Tier - First 999,999,999 Gals.	-	\$ 1.8384	\$ -
137	Second Tier - Next 999,999,999 Gals.	-	\$ 1.8384	\$ -
138	Third Tier - Over 999,999,999 Gals.	-	\$ 1.8384	\$ -

**EASTERN GROUP - SIERRA VISTA - FINAL SCHEDULES
RATE DESIGN AND PROOF OF RECOMMENDED REVENUES**

	(A) RUCO AS ADJUSTED DETERMINTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
139	Sales For Resales 6" Meter Commodity Usage (In Thousands of Gallons)	-	\$ 920.00	\$ -
140	First Tier - First 999,999,999 Gals.	-	\$ 1.8384	\$ -
141	Second Tier - Next 999,999,999 Gals.	-	\$ 1.8384	\$ -
142	Third Tier - Over 999,999,999 Gals.	-	\$ 1.8384	\$ -
143	Total Other Water Revenue Customer Bills	<u>2</u>		
144	Total Other Water Revenue Usage	<u>2,713</u>		
145	TOTAL OTHER WATER CUSTOMERS REVENUE			<u>\$ 15,055</u>
146	RUCO TOTAL PROPOSED REVENUE PER BILL COUNT			<u>\$ 1,528,075</u>
147	Unreconciled Difference vs. Billed Revenues			\$ -
148	Miscellaneous Revenues			18,108
149	RUCO TOTAL REVENUE			<u>\$ 1,546,183</u>
150	RUCO ADJUSTED TEST-YEAR REVENUE PER SCHEDULE RBM-1			<u>\$ 1,546,182</u>
151	Difference			\$ 1
152	Percentage Difference			0.00%

**EASTERN GROUP - SIERRA VISTA - FINAL SCHEDULES
 TYPICAL RESIDENTIAL BILL ANALYSIS**

LINE NO.	DESCRIPTION	(A) ORIGINAL RATES	(B) PRESENT ADDITIONAL ACRM / PPA SURCHARGES	(C) TOTAL PRESENT RATES	(D) COMPANY PROPOSED	(E) RUCO PROPOSED	(F) RUCO PROPOSED	(G) RUCO PROPOSED
1	RESIDENTIAL (5/8" X 3/4") RATE DESIGN	\$ 13.36	\$ -	\$ 13.36	\$ 20.00	\$ -	\$ 18.40	
	BASIC MONTHLY CHARGE							
2	COMMODITY CHARGE (Per 1,000 Gallons)							
3	1st Tier - First	\$ 1,3626	\$ -	\$ 1,3626	\$ 1,6700	\$ -	\$ 1,4707	
4	2nd Tier - Next	\$ 1,7032	\$ -	\$ 1,7032	\$ 2,0881	\$ -	\$ 1,8384	
5	3rd Tier - Over	\$ 2,1290	\$ -	\$ 2,1290	\$ 2,6102	\$ -	\$ 2,2981	
AVERAGE RESIDENTIAL BILL COMPARISONS								
	COST OF WATER SERVICE AT							
	DIFFERENT LEVELS OF USAGE WITH							
	PERCENTAGE INCREASE IN BILL							
5	VARIABLE MONTHLY USAGE	1,999	\$ 16.08	\$ -	\$ 16.08	\$ 21.34	\$ 5.26	32.68%
6		3,998	\$ 19.15	\$ -	\$ 19.15	\$ 24.65	\$ 5.50	28.72%
7		7,995	\$ 25.96	\$ -	\$ 25.96	\$ 31.99	\$ 6.04	23.27%
8		11,993	\$ 33.61	\$ -	\$ 33.61	\$ 40.26	\$ 6.65	19.78%
9		15,990	\$ 42.12	\$ -	\$ 42.12	\$ 49.45	\$ 7.32	17.39%
MEDIAN RESIDENTIAL BILL COMPARISONS								
	COST OF WATER SERVICE AT							
	DIFFERENT LEVELS OF USAGE WITH							
	PERCENTAGE INCREASE IN BILL							
10	VARIABLE MONTHLY USAGE	1,403	\$ 15.27	\$ -	\$ 15.27	\$ 20.46	\$ 5.19	34.00%
11		2,805	\$ 17.12	\$ -	\$ 17.12	\$ 22.45	\$ 5.34	31.19%
12		5,610	\$ 21.89	\$ -	\$ 21.89	\$ 27.61	\$ 5.72	26.11%
13		8,415	\$ 26.67	\$ -	\$ 26.67	\$ 32.77	\$ 6.10	22.86%
14		11,220	\$ 31.97	\$ -	\$ 31.97	\$ 38.48	\$ 6.52	20.39%

**EASTERN GROUP - FALCON VALLEY - FINAL SCHEDULES
RATE DESIGN AND PROOF OF RECOMMENDED REVENUES**

LINE NO.	DESCRIPTION	(A) RUCO AS ADJUSTED DETERMINTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
RESIDENTIAL CUSTOMERS					
1	5/8" X 3/4" Meter	1,435	\$ 21.85	\$ 376,258	\$ 376,258
	Commodity Usage (in "000" of gallons)				
2	First Tier - First 3,000 Gals.	42,676	\$ 4.5959	\$ 196,137	
3	Second Tier - Next 7,000 Gals.	34,214	\$ 5.7449	\$ 196,557	
4	Third Tier - Over 10,000 Gals.	10,036	\$ 7.1811	\$ 72,073	\$ 464,767
5	1" Meter	76	\$ 54.63	\$ 49,715	\$ 49,715
	Commodity Usage (In Thousands of Gallons)				
6	First Tier - First 30,000 Gals.	4,982	\$ 5.7449	\$ 28,621	
7	Second Tier - Over 30,000 Gals.	3,592	\$ 7.1811	\$ 25,796	
8	Third Tier - Over 30,000 Gals.	-	\$ 7.1811		\$ 54,418
9	2" Meter	0	\$ 174.83	\$ 869	\$ 869
	Commodity Usage (In Thousands of Gallons)				
10	First Tier - First 100,000 Gals.	448	\$ 5.7449	\$ 2,571	
11	Second Tier - Over 100,000 Gals.	652	\$ 7.1811	\$ 4,681	
12	Third Tier - Over 100,000 Gals.	-	\$ 7.1811		\$ 7,251
13	3" Meter	-	\$ 349.66	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)				
14	First Tier - First 220,000 Gals.	-	\$ 5.7449	\$ -	
15	Second Tier - Over 220,000 Gals.	-	\$ 7.1811	\$ -	
16	Third Tier - Over 220,000 Gals.	-	\$ 7.1811	\$ -	\$ -
17	4" Meter	-	\$ 546.34	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)				
18	First Tier - First 350,000 Gals.	-	\$ 5.7449	\$ -	
19	Second Tier - Over 350,000 Gals.	-	\$ 7.1811	\$ -	
20	Third Tier - Over 350,000 Gals.	-	\$ 7.1811	\$ -	\$ -
21	6" Meter	-	\$ 1,092.69	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)				
22	First Tier - First 725,000 Gals.	-	\$ 5.7449	\$ -	
23	Second Tier - Over 725,000 Gals.	-	\$ 7.1811	\$ -	
24	Third Tier - Over 725,000 Gals.	-	\$ 7.1811	\$ -	\$ -
25	8" Meter	-	\$ 1,748.30	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)				
26	First Tier - First 1,175,000 Gals.	-	\$ 5.7449	\$ -	
27	Second Tier - Over 1,175,000 Gals.	-	\$ 7.1811	\$ -	
28	Third Tier - Over 1,175,000 Gals.	-	\$ 7.1811	\$ -	\$ -
29	10" Meter	-	\$ 2,513.18	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)				
30	First Tier - First 1,700,000 Gals.	-	\$ 5.7449	\$ -	
31	Second Tier - Over 1,700,000 Gals.	-	\$ 7.1811	\$ -	
32	Third Tier - Over 1,700,000 Gals.	-	\$ 7.1811	\$ -	\$ -
33	Total Residential Customer Bills	<u>1,511</u>			
34	Total Residential Usage	<u>96,600</u>			
35	TOTAL RESIDENTIAL CUSTOMERS REVENUE				<u>\$ 953,279</u>

**EASTERN GROUP - FALCON VALLEY - FINAL SCHEDULES
RATE DESIGN AND PROOF OF RECOMMENDED REVENUES**

LINE NO.	DESCRIPTION	(A) RUCO AS ADJUSTED DETERMINTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
COMMERCIAL CUSTOMERS					
36	5/8" X 3/4" Meter	76	\$ 21.85	\$ 19,962	\$ 19,962
	Commodity Usage (In Thousands of Gallons)				
37	First Tier - First 10,000 Gals.	3,176	\$ 5.7449	\$ 18,244	
38	Second Tier - Over 10,000 Gals.	1,269	\$ 7.1811	\$ 9,111	
39	Third Tier - Over 10,000 Gals.				\$ 27,354
40	1" Meter	18	\$ 54.63	\$ 11,950	\$ 11,950
	Commodity Usage (In Thousands of Gallons)				
41	First Tier - First 30,000 Gals.	1,349	\$ 5.7449	\$ 7,749	
42	Second Tier - Over 30,000 Gals.	73	\$ 7.1811	\$ 527	
43	Third Tier - Over 30,000 Gals.	-	\$ 7.1811	\$ -	\$ 8,276
44	2" Meter	12	\$ 174.83	\$ 25,058	\$ 25,058
	Commodity Usage (In Thousands of Gallons)				
45	First Tier - First 100,000 Gals.	14,446	\$ 5.7449	\$ 82,991	
46	Second Tier - Over 100,000 Gals.	3,856	\$ 7.1811	\$ 27,694	
47	Third Tier - Over 100,000 Gals.	-	\$ 7.1811	\$ -	\$ 110,685
48	3" Meter	1	\$ 349.66	\$ 3,123	\$ 3,123
	Commodity Usage (In Thousands of Gallons)				
49	First Tier - First 220,000 Gals.	861	\$ 5.7449	\$ 4,944	
50	Second Tier - Over 220,000 Gals.	-	\$ 7.1811	\$ -	
51	Third Tier - Over 220,000 Gals.	-	\$ 7.1811	\$ -	\$ 4,944
52	4" Meter	-	\$ 546.34	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)				
53	First Tier - First 350,000 Gals.	-	\$ 5.7449	\$ -	
54	Second Tier - Over 350,000 Gals.	-	\$ 7.1811	\$ -	
55	Third Tier - Over 350,000 Gals.	-	\$ 7.1811	\$ -	\$ -
56	6" Meter	1	\$ 1,092.69	\$ 12,672	\$ 12,672
	Commodity Usage (In Thousands of Gallons)				
57	First Tier - First 725,000 Gals.	4,747	\$ 5.7449	\$ 27,269	
58	Second Tier - Over 725,000 Gals.	1,788	\$ 7.1811	\$ 12,841	
59	Third Tier - Over 725,000 Gals.	-	\$ 7.1811	\$ -	\$ 40,111
60	8" Meter	-	\$ 1,748.30	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)				
61	First Tier - First 1,175,000 Gals.	-	\$ 5.7449	\$ -	
62	Second Tier - Over 1,175,000 Gals.	-	\$ 7.1811	\$ -	
63	Third Tier - Over 1,175,000 Gals.	-	\$ 7.1811	\$ -	\$ -
64	10" Meter	-	\$ 2,513.18	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)				
65	First Tier - First 1,700,000 Gals.	-	\$ 5.7449	\$ -	
66	Second Tier - Over 1,700,000 Gals.	-	\$ 7.1811	\$ -	
67	Third Tier - Over 1,700,000 Gals.	-	\$ 7.1811	\$ -	\$ -
68	Total Commercial Customer Bills	<u>108</u>			
69	Total Commercial Usage	<u>31,565</u>			
70	TOTAL COMMERCIAL CUSTOMERS REVENUE				<u>\$ 264,135</u>

**EASTERN GROUP - FALCON VALLEY - FINAL SCHEDULES
RATE DESIGN AND PROOF OF RECOMMENDED REVENUES**

LINE NO.	DESCRIPTION	(A) RUCO AS ADJUSTED DETERMINTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
INDUSTRIAL CUSTOMERS					
71	5/8" X 3/4" Meter		\$ 21.85	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)				
72	First Tier - First 999,999,999 Gals.		\$ 2.3754	\$ -	
73	Second Tier - Next 999,999,999 Gals.		\$ 2.3754	\$ -	
74	Third Tier - Over 999,999,999 Gals.		\$ 2.3754	\$ -	\$ -
75	1" Meter		\$ 54.63	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)				
76	First Tier - First 999,999,999 Gals.		\$ 2.3754	\$ -	
77	Second Tier - Next 999,999,999 Gals.		\$ 2.3754	\$ -	
78	Third Tier - Over 999,999,999 Gals.		\$ 2.3754	\$ -	\$ -
79	2" Meter		\$ 174.83	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)				
80	First Tier - First 999,999,999 Gals.		\$ 2.3754	\$ -	
81	Second Tier - Next 999,999,999 Gals.		\$ 2.3754	\$ -	
82	Third Tier - Over 999,999,999 Gals.		\$ 2.3754	\$ -	\$ -
83	3" Meter		\$ 349.66	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)				
84	First Tier - First 999,999,999 Gals.		\$ 2.3754	\$ -	
85	Second Tier - Next 999,999,999 Gals.		\$ 2.3754	\$ -	
86	Third Tier - Over 999,999,999 Gals.		\$ 2.3754	\$ -	\$ -
87	4" Meter		\$ 546.34	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)				
88	First Tier - First 999,999,999 Gals.		\$ 2.3754	\$ -	
89	Second Tier - Next 999,999,999 Gals.		\$ 2.3754	\$ -	
90	Third Tier - Over 999,999,999 Gals.		\$ 2.3754	\$ -	\$ -
91	6" Meter		\$ 1,092.69	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)				
92	First Tier - First 999,999,999 Gals.		\$ 2.3754	\$ -	
93	Second Tier - Next 999,999,999 Gals.		\$ 2.3754	\$ -	
94	Third Tier - Over 999,999,999 Gals.		\$ 2.3754	\$ -	\$ -
95	8" Meter		\$ 1,748.30	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)				
96	First Tier - First 999,999,999 Gals.		\$ 2.3754	\$ -	
97	Second Tier - Next 999,999,999 Gals.		\$ 2.3754	\$ -	
98	Third Tier - Over 999,999,999 Gals.		\$ 2.3754	\$ -	\$ -
99	10" Meter		\$ 2,513.18	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)				
100	First Tier - First 999,999,999 Gals.		\$ 2.3754	\$ -	
101	Second Tier - Next 999,999,999 Gals.		\$ 2.3754	\$ -	
102	Third Tier - Over 999,999,999 Gals.		\$ 2.3754	\$ -	\$ -
103	Total Industrial Customer Bills		-		
104	Total Industrial Usage		-		
105	TOTAL INDUSTRIAL CUSTOMERS REVENUE				\$ -

**EASTERN GROUP - FALCON VALLEY - FINAL SCHEDULES
RATE DESIGN AND PROOF OF RECOMMENDED REVENUES**

LINE NO.	DESCRIPTION	(A) RUCO AS ADJUSTED DETERMINTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
PRIVATE FIRE SERVICE CUSTOMERS					
106	5/8" Meter	2	\$ 27.00	\$ 1,107	\$ 1,107
107	1" Meter		\$ 27.00	\$ -	\$ -
108	2" Meter		\$ 27.00	\$ -	\$ -
109	3" Meter		\$ 27.00	\$ -	\$ -
110	4" Meter		\$ 27.00	\$ -	\$ -
111	6" Meter		\$ 27.00	\$ -	\$ -
112	8" Meter		\$ 27.00	\$ -	\$ -
113	10" Meter		\$ 27.00	\$ -	\$ -
114	Total Private Fire Service Customers	<u>2</u>			
115	TOTAL PRIVATE FIRE SERVICE CUSTOMERS REVENUE				<u>\$ 1,107</u>
OTHER WATER REVENUE CUSTOMERS					
116	Public Fire Hydrant		\$ -	\$ -	\$ -
117	Coin Machine		\$ -	\$ -	\$ -
118	Commodity Usage (In Thousands of Gallons)		\$ -	\$ -	\$ -
119	Construction Water 2" Meter		\$ 174.83	\$ -	\$ -
120	Commodity Usage (In Thousands of Gallons)				
121	First Tier - First 100,000 Gals.		\$ 5.7449	\$ -	
122	Second Tier - Over 100,000 Gals.		\$ 7.1811	\$ -	
122	Third Tier - Over 100,000 Gals.		\$ 7.1811	\$ -	\$ -
123	Construction Water 3" Meter	3	\$ 349.66	\$ 10,839	\$ 10,839
124	Commodity Usage (In Thousands of Gallons)				
124	First Tier - First 220,000 Gals.	4,015	\$ 5.7449	\$ 23,066	
125	Second Tier - Over 220,000 Gals.	176	\$ 7.1811	\$ 1,263	
126	Third Tier - Over 220,000 Gals.	-	\$ 7.1811	\$ -	\$ 24,329
127	Construction Water 4" Meter		\$ 546.34	\$ -	\$ -
128	Commodity Usage (In Thousands of Gallons)				
128	First Tier - First 350,000 Gals.		\$ 5.7449	\$ -	
129	Second Tier - Over 350,000 Gals.		\$ 7.1811	\$ -	
130	Third Tier - Over 350,000 Gals.		\$ 7.1811	\$ -	\$ -
131	Sales For Resales 2" Meter		\$ 174.83	\$ -	\$ -
132	Commodity Usage (In Thousands of Gallons)				
132	First Tier - First 999,999,999 Gals.		\$ 5.7449	\$ -	
133	Second Tier - Next 999,999,999 Gals.		\$ 5.7449	\$ -	
134	Third Tier - Over 999,999,999 Gals.		\$ 5.7449	\$ -	\$ -
135	Sales For Resales 3" Meter		\$ 349.66	\$ -	\$ -
136	Commodity Usage (In Thousands of Gallons)				
136	First Tier - First 999,999,999 Gals.		\$ 5.7449	\$ -	
137	Second Tier - Next 999,999,999 Gals.		\$ 5.7449	\$ -	
138	Third Tier - Over 999,999,999 Gals.		\$ 5.7449	\$ -	\$ -

**EASTERN GROUP - FALCON VALLEY - FINAL SCHEDULES
RATE DESIGN AND PROOF OF RECOMMENDED REVENUES**

LINE NO.	DESCRIPTION	(A) RUCO AS ADJUSTED DETERMINTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
139	Sales For Resales 6" Meter Commodity Usage (In Thousands of Gallons)		\$ 1,092.69	\$ -	\$ -
140	First Tier - First 999,999,999 Gals.		\$ 5.7449	\$ -	
141	Second Tier - Next 999,999,999 Gals.		\$ 5.7449	\$ -	
142	Third Tier - Over 999,999,999 Gals.		\$ 5.7449	\$ -	\$ -
143	Total Other Water Revenue Customer Bills	<u>3</u>			
144	Total Other Water Revenue Usage	<u>4,191</u>			
145	TOTAL OTHER WATER CUSTOMERS REVENUE				<u>\$ 35,168</u>
146	RUCO TOTAL PROPOSED REVENUE PER BILL COUNT				<u>\$ 1,253,689</u>
147	Unreconciled Difference vs. Billed Revenues			\$ -	
148	Miscellaneous Revenues				12,535
149	RUCO TOTAL REVENUE				<u>\$ 1,266,224</u>
150	RUCO ADJUSTED TEST-YEAR REVENUE PER SCHEDULES RBM-1				<u>\$ 1,266,224</u>
151	Difference			\$ -	
152	Percentage Difference				0.00%

**EASTERN GROUP - ORACLE - FINAL SCHEDULES
 TYPICAL RESIDENTIAL BILL ANALYSIS**

LINE NO.	DESCRIPTION	PRESENT		(C)	(D)	(E)	(F)	(G)
		ORIGINAL RATES	ADDITIONAL ACRM / PPA SURCHARGES						TOTAL PRESENT RATES	COMPANY PROPOSED	RUCO PROPOSED
1	RESIDENTIAL (5/8" X 3/4") RATE DESIGN	\$ 19.83	\$ -	\$ 19.83	\$ 23.00		\$ 21.85	
	BASIC MONTHLY CHARGE							
	COMMODITY CHARGE (Per 1,000 Gallons)							
2	1st Tier - First 3,000	\$ 4.0922	\$ -	\$ 4.0922	\$ 4.8370		\$ 4.5959	
3	2nd Tier - Next 7,000	\$ 5.1151	\$ -	\$ 5.1151	\$ 6.0462		\$ 5.7449	
4	3rd Tier - Over 10,000	\$ 6.3938	\$ -	\$ 6.3938	\$ 7.5578		\$ 7.1811	

AVERAGE RESIDENTIAL BILL COMPARISONS

COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL

VARIABLE MONTHLY USAGE	PERCENT AVERAGE USAGE OF 5,140	PRESENT BASE RATE MONTHLY COST	PRESENT SURCHARGE MONTHLY COST	PRESENT TOTAL MONTHLY COST	RUCO MONTHLY COST	RUCO MONTHLY INCREASE	% MONTHLY INCREASE
1,285	25.00%	\$ 25.09	\$ -	\$ 25.09	\$ 27.76	\$ 2.67	10.65%
2,570	50.00%	\$ 30.35	\$ -	\$ 30.35	\$ 33.67	\$ 3.32	10.93%
5,140	100.00%	\$ 43.05	\$ -	\$ 43.05	\$ 47.94	\$ 4.88	11.34%
7,710	150.00%	\$ 56.20	\$ -	\$ 56.20	\$ 62.70	\$ 6.50	11.57%
10,280	200.00%	\$ 69.70	\$ -	\$ 69.70	\$ 77.87	\$ 8.16	11.71%

MEDIAN RESIDENTIAL BILL COMPARISONS

COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL

VARIABLE MONTHLY USAGE	PERCENT MEDIAN USAGE OF 3,958	PRESENT BASE RATE MONTHLY COST	PRESENT SURCHARGE MONTHLY COST	PRESENT TOTAL MONTHLY COST	RUCO MONTHLY COST	RUCO MONTHLY INCREASE	% MONTHLY INCREASE
990	25.00%	\$ 23.88	\$ -	\$ 23.88	\$ 26.40	\$ 2.52	10.56%
1,979	50.00%	\$ 27.93	\$ -	\$ 27.93	\$ 30.95	\$ 3.02	10.82%
3,958	100.00%	\$ 37.01	\$ -	\$ 37.01	\$ 41.15	\$ 4.14	11.18%
5,937	150.00%	\$ 47.13	\$ -	\$ 47.13	\$ 52.51	\$ 5.38	11.43%
7,916	200.00%	\$ 57.25	\$ -	\$ 57.25	\$ 63.88	\$ 6.63	11.58%

**EASTERN GROUP - FALCON VALLEY (SADDLEBROOKE RANCH) - FINAL SCHEDULES
 TYPICAL RESIDENTIAL BILL ANALYSIS**

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)	(E)	(F)	(G)
		ORIGINAL RATES	PRESENT SURCHARGES	TOTAL PRESENT RATES	COMPANY PROPOSED	RUCO PROPOSED		
1	BASIC MONTHLY CHARGE	\$ 15.00	\$ -	\$ 15.00	\$ 23.00	\$ -	\$ 21.85	
COMMUNITY CHARGE (Per 1,000 Gallons)								
	PRESENT							
2	1st Tier - First 3,000	\$ 4.1000	\$ -	\$ 4.1000	\$ 4.8370	\$ -	\$ 4.5959	
3	2nd Tier - Next 7,000	\$ 4.1000	\$ -	\$ 4.1000	\$ 6.0462	\$ -	\$ 5.7449	
4	3rd Tier - Over 10,000	\$ 4.1000	\$ -	\$ 4.1000	\$ 7.5578	\$ -	\$ 7.1811	

AVERAGE RESIDENTIAL BILL COMPARISONS

	VARIABLE MONTHLY USAGE	PERCENT AVERAGE USAGE OF 3,405	PRESENT BASE RATE MONTHLY COST	PRESENT SURCHARGE MONTHLY COST	PRESENT TOTAL MONTHLY COST	RUCO MONTHLY COST	RUCO MONTHLY INCREASE	% MONTHLY INCREASE
5	851	25.00%	\$ 18.49	\$ -	\$ 18.49	\$ 25.77	\$ 7.28	39.35%
6	1,703	50.00%	\$ 21.98	\$ -	\$ 21.98	\$ 29.68	\$ 7.70	35.02%
7	3,405	100.00%	\$ 28.98	\$ -	\$ 28.98	\$ 37.97	\$ 9.01	31.10%
8	5,108	150.00%	\$ 35.94	\$ -	\$ 35.94	\$ 47.75	\$ 11.81	32.85%
9	6,810	200.00%	\$ 42.92	\$ -	\$ 42.92	\$ 57.53	\$ 14.61	34.04%

MEDIAN RESIDENTIAL BILL COMPARISONS

	VARIABLE MONTHLY USAGE	PERCENT MEDIAN USAGE OF 2,567	PRESENT BASE RATE MONTHLY COST	PRESENT SURCHARGE MONTHLY COST	PRESENT TOTAL MONTHLY COST	RUCO MONTHLY COST	RUCO MONTHLY INCREASE	% MONTHLY INCREASE
10	642	25.00%	\$ 17.63	\$ -	\$ 17.63	\$ 24.80	\$ 7.17	40.68%
11	1,284	50.00%	\$ 20.26	\$ -	\$ 20.26	\$ 27.75	\$ 7.49	36.97%
12	2,567	100.00%	\$ 25.52	\$ -	\$ 25.52	\$ 33.85	\$ 8.13	31.84%
13	3,851	150.00%	\$ 30.79	\$ -	\$ 30.79	\$ 40.53	\$ 9.74	31.64%
14	5,134	200.00%	\$ 36.05	\$ -	\$ 36.05	\$ 47.90	\$ 11.85	32.88%

EASTERN GROUP - SAN MANUEL - FINAL SCHEDULES
RATE DESIGN PROOF OF RECOMMENDED REVENUES

LINE NO.	DESCRIPTION	(A) RUCO AS ADJUSTED DETERMINTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
RESIDENTIAL CUSTOMERS					
1	5/8" X 3/4" Meter	1,389	\$ 19.583	\$ 326,417	\$ 326,417
	Commodity Usage				
2	First Tier - First 3,000 Gals.	42,642	\$ 4.1184	\$ 175,617	
3	Second Tier - Next 7,000 Gals.	51,142	\$ 5.1479	\$ 263,277	
4	Third Tier - Over 10,000 Gals.	25,210	\$ 6.4350	\$ 162,224	\$ 601,119
	\$	927,536			
5	1" Meter	6	\$ 48.9575	\$ 3,506	\$ 3,506
	Commodity Usage				
6	First Tier - First 10,000 Gals.	1,200	\$ 5.1479	\$ 6,178	
7	Second Tier - Over 10,000 Gals.	518	\$ 6.4350	\$ 3,332	
8	Third Tier - Over 10,000 Gals.	-	\$ 6.4350	\$ -	\$ 9,510
	\$	13,016			
9	2" Meter	-	\$ 156.6640	\$ -	\$ -
	Commodity Usage				
10	First Tier - First 125,000 Gals.	-	\$ 5.1479	\$ -	
11	Second Tier - Over 125,000 Gals.	-	\$ 6.4350	\$ -	
12	Third Tier - Over 125,000 Gals.	-	\$ 6.4350	\$ -	\$ -
13	3" Meter	-	\$ 313.3281	\$ -	\$ -
	Commodity Usage				
14	First Tier - First 325,000 Gals.	-	\$ 5.1479	\$ -	
15	Second Tier - Over 325,000 Gals.	-	\$ 6.4350	\$ -	
16	Third Tier - Over 325,000 Gals.	-	\$ 6.4350	\$ -	\$ -
17	4" Meter	-	\$ 489.5751	\$ -	\$ -
	Commodity Usage				
18	First Tier - First 500,000 Gals.	-	\$ 5.1479	\$ -	
19	Second Tier - Over 500,000 Gals.	-	\$ 6.4350	\$ -	
20	Third Tier - Over 500,000 Gals.	-	\$ 6.4350	\$ -	\$ -
21	6" Meter	-	\$ 979.1503	\$ -	\$ -
	Commodity Usage				
22	First Tier - First 925,000 Gals.	-	\$ 5.1479	\$ -	
23	Second Tier - Over 925,000 Gals.	-	\$ 6.4350	\$ -	
24	Third Tier - Over 925,000 Gals.	-	\$ 6.4350	\$ -	\$ -
25	8" Meter	-	\$ 1,566.6404	\$ -	\$ -
	Commodity Usage				
26	First Tier - First 1,500,000 Gals.	-	\$ 5.1479	\$ -	
27	Second Tier - Over 1,500,000 Gals.	-	\$ 6.4350	\$ -	
28	Third Tier - Over 1,500,000 Gals.	-	\$ 6.4350	\$ -	\$ -
29	10" Meter	-	\$ 2,252.0456	\$ -	\$ -
	Commodity Usage				
30	First Tier - First 3,000,000 Gals.	-	\$ 5.1479	\$ -	
31	Second Tier - Over 3,000,000 Gals.	-	\$ 6.4350	\$ -	
32	Third Tier - Over 3,000,000 Gals.	-	\$ 6.4350	\$ -	\$ -
33	Total Residential Customer Bills	<u>1,395</u>			
34	Total Residential Usage	<u>120,712</u>			
35	TOTAL RESIDENTIAL CUSTOMERS REVENUE			<u>\$ 940,552</u>	

EASTERN GROUP - SAN MANUEL - FINAL SCHEDULES
RATE DESIGN PROOF OF RECOMMENDED REVENUES

LINE NO.	DESCRIPTION	(A) RUCO AS ADJUSTED DETERMINTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
COMMERCIAL CUSTOMERS					
36	5/8" X 3/4" Meter	43.3	\$ 19.5830	\$ 10,179	\$ 10,179
	Commodity Usage				
37	First Tier - First 10,000 Gals.	1860.4	\$ 5.1479	\$ 9,577	
38	Second Tier - Over 10,000 Gals.	1539.8	\$ 6.4350	\$ 9,909	
39	Third Tier - Over 10,000 Gals.		\$ 6.4350	\$ -	\$ 19,486
	\$	29,665			
40	1" Meter	13.84	\$ 48.9575	\$ 8,128	\$ 8,128
	Commodity Usage				
41	First Tier - First 40,000 Gals.	1,586.34	\$ 5.1479	\$ 8,166	
42	Second Tier - Over 40,000 Gals.	1,291.60	\$ 6.4350	\$ 8,311	
43	Third Tier - Over 40,000 Gals.		\$ 6.4350	\$ -	\$ 16,478
	\$	24,606			
44	2" Meter	7.91	\$ 97.9150	\$ 9,289	\$ 9,289
	Commodity Usage				
45	First Tier - First 125,000 Gals.	4,160.34	\$ 5.1479	\$ 21,417	
46	Second Tier - Over 125,000 Gals.	3,111.10	\$ 6.4350	\$ 20,020	
47	Third Tier - Over 125,000 Gals.	-	\$ 6.4350	\$ -	\$ 41,437
	\$	50,726			
48	3" Meter	0.99	\$ 313.3281	\$ 3,716	\$ 3,716
	Commodity Usage				
49	First Tier - First 325,000 Gals.	464.77	\$ 5.1479	\$ 2,393	
50	Second Tier - Over 325,000 Gals.	-	\$ 6.4350	\$ -	
51	Third Tier - Over 325,000 Gals.	-	\$ 6.4350	\$ -	\$ 2,393
	\$	6,108			
52	4" Meter	0.99	\$ 489.5751	\$ 5,806	\$ 5,806
	Commodity Usage				
53	First Tier - First 500,000 Gals.	1,425.04	\$ 5.1479	\$ 7,336	
54	Second Tier - Over 500,000 Gals.	-	\$ 6.4350	\$ -	
55	Third Tier - Over 500,000 Gals.	-	\$ 6.4350	\$ -	\$ 7,336
	\$	13,142			
56	6" Meter	2.96	\$ 979.1503	\$ 34,835	\$ 34,835
	Commodity Usage				
57	First Tier - First 925,000 Gals.	5,000.70	\$ 5.1479	\$ 25,743	
58	Second Tier - Over 925,000 Gals.	81.00	\$ 6.4350	\$ 521	
59	Third Tier - Over 925,000 Gals.	-	\$ 6.4350	\$ -	\$ 26,265
	\$	61,099			
60	8" Meter	-	\$ 1,566.6404	\$ -	\$ -
	Commodity Usage				
61	First Tier - First 1,500,000 Gals.	-	\$ 5.1479	\$ -	
62	Second Tier - Over 1,500,000 Gals.	-	\$ 6.4350	\$ -	
63	Third Tier - Over 1,500,000 Gals.	-	\$ 6.4350	\$ -	\$ -
64	10" Meter	-	\$ 2,252.0456	\$ -	\$ -
	Commodity Usage				
65	First Tier - First 3,000,000 Gals.	-	\$ 5.1479	\$ -	
66	Second Tier - Over 3,000,000 Gals.	-	\$ 6.4350	\$ -	
67	Third Tier - Over 3,000,000 Gals.	-	\$ 6.4350	\$ -	\$ -
68	Total Commercial Customer Bills	<u>70</u>			
69	Total Commercial Usage	<u>20,521</u>			
70	TOTAL COMMERCIAL CUSTOMERS REVENUE			<u>\$ 185,347</u>	

**EASTERN GROUP - SAN MANUEL - FINAL SCHEDULES
RATE DESIGN PROOF OF RECOMMENDED REVENUES**

LINE NO.	DESCRIPTION	(A) RUCO AS ADJUSTED DETERMINTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
INDUSTRIAL CUSTOMERS					
71	5/8" X 3/4" Meter		\$ 19.5830	\$ -	\$ -
	Commodity Usage				
72	First Tier - First 999,999,999 Gals.		\$ 2.1286	\$ -	
73	Second Tier - Next 999,999,999 Gals.		\$ 2.1286	\$ -	
74	Third Tier - Over 999,999,999 Gals.		\$ 2.1286	\$ -	\$ -
75	1" Meter		\$ 48.9575	\$ -	\$ -
	Commodity Usage				
76	First Tier - First 999,999,999 Gals.		\$ 2.1286	\$ -	
77	Second Tier - Next 999,999,999 Gals.		\$ 2.1286	\$ -	
78	Third Tier - Over 999,999,999 Gals.		\$ 2.1286	\$ -	\$ -
79	2" Meter		\$ 156.6640	\$ -	\$ -
	Commodity Usage				
80	First Tier - First 999,999,999 Gals.		\$ 2.1286	\$ -	
81	Second Tier - Next 999,999,999 Gals.		\$ 2.1286	\$ -	
82	Third Tier - Over 999,999,999 Gals.		\$ 2.1286	\$ -	\$ -
83	3" Meter		\$ 313.3281	\$ -	\$ -
	Commodity Usage				
84	First Tier - First 999,999,999 Gals.		\$ 2.1286	\$ -	
85	Second Tier - Next 999,999,999 Gals.		\$ 2.1286	\$ -	
86	Third Tier - Over 999,999,999 Gals.		\$ 2.1286	\$ -	\$ -
87	4" Meter		\$ 489.5751	\$ -	\$ -
	Commodity Usage				
88	First Tier - First 999,999,999 Gals.		\$ 2.1286	\$ -	
89	Second Tier - Next 999,999,999 Gals.		\$ 2.1286	\$ -	
90	Third Tier - Over 999,999,999 Gals.		\$ 2.1286	\$ -	\$ -
91	6" Meter		\$ 979.1503	\$ -	\$ -
	Commodity Usage				
92	First Tier - First 999,999,999 Gals.		\$ 2.1286	\$ -	
93	Second Tier - Next 999,999,999 Gals.		\$ 2.1286	\$ -	
94	Third Tier - Over 999,999,999 Gals.		\$ 2.1286	\$ -	\$ -
95	8" Meter		\$ 1,566.6404	\$ -	\$ -
	Commodity Usage				
96	First Tier - First 999,999,999 Gals.		\$ 2.1286	\$ -	
97	Second Tier - Next 999,999,999 Gals.		\$ 2.1286	\$ -	
98	Third Tier - Over 999,999,999 Gals.		\$ 2.1286	\$ -	\$ -
99	10" Meter		\$ 3,133.2808	\$ -	\$ -
	Commodity Usage				
100	First Tier - First 999,999,999 Gals.		\$ 2.1286	\$ -	
101	Second Tier - Next 999,999,999 Gals.		\$ 2.1286	\$ -	
102	Third Tier - Over 999,999,999 Gals.		\$ 2.1286	\$ -	\$ -
103	Total Industrial Customer Bills				
104	Total Industrial Usage				
105	TOTAL INDUSTRIAL CUSTOMERS REVENUE				\$ -

EASTERN GROUP - SAN MANUEL - FINAL SCHEDULES
RATE DESIGN PROOF OF RECOMMENDED REVENUES

LINE NO.	DESCRIPTION	(A) RUCO AS ADJUSTED DETERMINTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
PRIVATE FIRE SERVICE CUSTOMERS					
106	5/8" Meter	\$ 27.00		\$ 324	\$ 324
107	1" Meter	\$ 27.00		\$ -	\$ -
108	2" Meter	\$ 27.00		\$ -	\$ -
109	3" Meter	\$ 27.00		\$ -	\$ -
110	4" Meter	\$ 27.00		\$ -	\$ -
111	6" Meter	\$ 27.00		\$ -	\$ -
112	8" Meter	\$ 27.00		\$ -	\$ -
113	10" Meter	\$ 27.00		\$ -	\$ -
114	Total Private Fire Service Customers				
115	TOTAL PRIVATE FIRE SERVICE CUSTOMERS REVENUE				<u>\$ 324</u>
OTHER WATER REVENUE CUSTOMERS					
116	Public Fire Hydrant		\$ -	\$ -	\$ -
117	Coin Machine		\$ -	\$ -	\$ -
118	Commodity Usage		\$ -	\$ -	\$ -
119	Construction Water 2" Meter		\$ 156.6640	\$ -	\$ -
	Commodity Usage				
120	First Tier - First 125,000 Gals.		\$ 5.1479	\$ -	
121	Second Tier - Over 125,000 Gals.		\$ 6.4350	\$ -	
122	Third Tier - Over 125,000 Gals.		\$ 6.4350	\$ -	\$ -
123	Construction Water 3" Meter	1.42	\$ 313.3281	\$ 5,327	\$ 5,327
	Commodity Usage				
124	First Tier - First 325,000 Gals.	821.80	\$ 5.1479	\$ 4,231	
125	Second Tier - Over 325,000 Gals.		\$ 6.4350	\$ -	
126	Third Tier - Over 325,000 Gals.		\$ 6.4350	\$ -	\$ 4,231
	\$ 9,557				
127	Construction Water 4" Meter		\$ 489.5751	\$ -	\$ -
	Commodity Usage				
128	First Tier - First 500,000 Gals.		\$ 5.1479	\$ -	
129	Second Tier - Over 500,000 Gals.		\$ 6.4350	\$ -	
130	Third Tier - Over 500,000 Gals.		\$ 6.4350	\$ -	\$ -
131	Sales For Resales 2" Meter		\$ 156.6640	\$ -	\$ -
	Commodity Usage				
132	First Tier - First 1,000,000 Gals.		\$ 5.1479	\$ -	
133	Second Tier - Next 1,000,000 Gals.		\$ 5.1479	\$ -	
134	Third Tier - Over 1,000,000 Gals.		\$ 5.1479	\$ -	\$ -
135	Sales For Resales 3" Meter		\$ 313.3281	\$ -	\$ -
	Commodity Usage				
136	First Tier - First 1,000,000 Gals.		\$ 5.1479	\$ -	
137	Second Tier - Next 1,000,000 Gals.		\$ 5.1479	\$ -	
138	Third Tier - Over 1,000,000 Gals.		\$ 5.1479	\$ -	\$ -

**EASTERN GROUP - SAN MANUEL - FINAL SCHEDULES
RATE DESIGN PROOF OF RECOMMENDED REVENUES**

LINE NO.	DESCRIPTION	(A) RUCO AS ADJUSTED DETERMINTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
139	Sales For Resales 6" Meter Commodity Usage		\$ 979.1503	\$ -	\$ -
140	First Tier - First 1,000,000 Gals.		\$ 5.1479	\$ -	
141	Second Tier - Next 1,000,000 Gals.		\$ 5.1479	\$ -	
142	Third Tier - Over 1,000,000 Gals.		\$ 5.1479	\$ -	\$ -
143	Total Other Water Revenue Customer Bills				
144	Total Other Water Revenue Usage				
145	TOTAL OTHER WATER CUSTOMERS REVENUE				<u>\$ 9,557</u>
146	RUCO TOTAL PROPOSED REVENUE PER BILL COUNT				<u>\$ 1,135,780</u>
147	Unreconciled Difference vs. Billed Revenues				
148	Miscellaneous Revenues				15,328
149	RUCO TOTAL REVENUE				<u>\$ 1,151,108</u>
150	RUCO ADJUSTED TEST-YEAR REVENUE PER SCHEDULE RBM-1				<u>\$ 1,151,109</u>
151	Difference				\$ (1)
152	Percentage Difference				0.00%

**EASTERN GROUP - SAN MANUEL - FINAL SCHEDULES
 TYPICAL RESIDENTIAL BILL ANALYSIS**

LINE NO.	DESCRIPTION	PRESENT		(C)	(D)	COMPANY PROPOSED		RUCO PROPOSED		
		ORIGINAL RATES	ADDITIONAL ACRM/PPA SURCHARGES			TOTAL PRESENT RATES	(E)	(F)	(G)	
1	BASIC MONTHLY CHARGE	\$ 21.52	\$ -	\$ 21.52	\$ 23.00	\$ -	\$ 19.58			
RESIDENTIAL (6/8" X 3/4") RATE DESIGN										
2	COMMODITY CHARGE (Per 1,000 Gallons)									
3	1st Tier - First 3,000	\$ 2.7022	\$ -	\$ 2.7022	\$ 4.8370	\$ -	\$ 4.1184			
4	2nd Tier - Next 7,000	\$ 3.3775	\$ -	\$ 3.3775	\$ 6.0462	\$ -	\$ 5.1479			
5	3rd Tier - Over 10,000	\$ 4.2221	\$ -	\$ 4.2221	\$ 7.5578	\$ -	\$ 6.4350			
AVERAGE RESIDENTIAL BILL COMPARISONS										
COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL										
5	VARIABLE MONTHLY USAGE	7,139								
6	PERCENT AVERAGE USAGE OF 7,139	25.00%	\$ 26.34	\$ -	\$ 26.34	\$ 26.93	\$ 0.59	2.24%		
7	50.00%	31.55	\$ 31.55	\$ -	\$ 31.55	\$ 34.87	\$ 3.32	10.52%		
8	100.00%	43.61	\$ 43.61	\$ -	\$ 43.61	\$ 53.25	\$ 9.64	22.11%		
9	150.00%	56.26	\$ 56.26	\$ -	\$ 56.26	\$ 72.53	\$ 16.27	28.92%		
10	200.00%	71.33	\$ 71.33	\$ -	\$ 71.33	\$ 95.50	\$ 24.17	33.89%		
MEDIAN RESIDENTIAL BILL COMPARISONS										
COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL										
10	VARIABLE MONTHLY USAGE	5,425								
11	PERCENT MEDIAN USAGE OF 5,425	25.00%	\$ 25.18	\$ -	\$ 25.18	\$ 25.17	\$ (0.02)	-0.06%		
12	50.00%	28.85	\$ 28.85	\$ -	\$ 28.85	\$ 30.75	\$ 1.90	6.60%		
13	100.00%	37.82	\$ 37.82	\$ -	\$ 37.82	\$ 44.42	\$ 6.60	17.47%		
14	150.00%	46.98	\$ 46.98	\$ -	\$ 46.98	\$ 58.39	\$ 11.41	24.28%		
15	200.00%	56.86	\$ 56.86	\$ -	\$ 56.86	\$ 73.44	\$ 16.59	29.17%		

**EASTERN GROUP - WINKLEMAN - FINAL SCHEDULES
RATE DESIGN AND PROOF OF RECOMMENDED REVENUES**

LINE NO.	DESCRIPTION	(A) RUCO AS ADJUSTED DETERMINTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
RESIDENTIAL CUSTOMERS					
1	5/8" X 3/4" Meter	132	\$ 16.91	\$ 26,795	\$ 26,795
	Commodity Usage (In Thousands of Gallons)				
2	First Tier - First 3,000 Gals.	4,145	\$ 1,7362	\$ 7,196	
3	Second Tier - Next 7,000 Gals.	5,800	\$ 2,1703	\$ 12,587	
4	Third Tier - Over 10,000 Gals.	4,944	\$ 2,7129	\$ 13,414	\$ 33,197
5	1" Meter	2	\$ 42.29	\$ 1,002	\$ 1,002
	Commodity Usage (In Thousands of Gallons)				
6	First Tier - First 30,000 Gals.	237	\$ 2,1703	\$ 514	
7	Second Tier - Over 30,000 Gals.	786	\$ 2,7129	\$ 2,132	
8	Third Tier - Over 30,000 Gals.	-	\$ 2,7129	\$ -	\$ 2,646
9	2" Meter	-	135.30	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)				
10	First Tier - First 100,000 Gals.	-	\$ 2,1703	\$ -	
11	Second Tier - Over 100,000 Gals.	-	\$ 2,7129	\$ -	
12	Third Tier - Over 100,000 Gals.	-	\$ 2,7129	\$ -	\$ -
13	3" Meter	-	\$ 270.61	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)				
14	First Tier - First 220,000 Gals.	-	\$ 2,1703	\$ -	
15	Second Tier - Over 220,000 Gals.	-	\$ 2,7129	\$ -	
16	Third Tier - Over 220,000 Gals.	-	\$ 2,7129	\$ -	\$ -
17	4" Meter	-	\$ 422.82	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)				
18	First Tier - First 350,000 Gals.	-	\$ 2,1703	\$ -	
19	Second Tier - Over 350,000 Gals.	-	\$ 2,7129	\$ -	
20	Third Tier - Over 350,000 Gals.	-	\$ 2,7129	\$ -	\$ -
21	6" Meter	-	\$ 845.64	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)				
22	First Tier - First 725,000 Gals.	-	\$ 2,1703	\$ -	
23	Second Tier - Over 725,000 Gals.	-	\$ 2,7129	\$ -	
24	Third Tier - Over 725,000 Gals.	-	\$ 2,7129	\$ -	\$ -
25	8" Meter	-	\$ 1,353.03	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)				
26	First Tier - First 1,175,000 Gals.	-	\$ 2,1703	\$ -	
27	Second Tier - Over 1,175,000 Gals.	-	\$ 2,7129	\$ -	
28	Third Tier - Over 1,175,000 Gals.	-	\$ 2,7129	\$ -	\$ -
29	10" Meter	-	\$ 1,944.98	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)				
30	First Tier - First 1,700,000 Gals.	-	\$ 2,1703	\$ -	
31	Second Tier - Over 1,700,000 Gals.	-	\$ 2,7129	\$ -	
32	Third Tier - Over 1,700,000 Gals.	-	\$ 2,7129	\$ -	\$ -
33	Total Residential Customer Bills	<u>134</u>			
34	Total Residential Usage	<u>15,912</u>			
35	TOTAL RESIDENTIAL CUSTOMERS REVENUE			<u>\$ 63,640</u>	

**EASTERN GROUP - WINKLEMAN - FINAL SCHEDULES
RATE DESIGN AND PROOF OF RECOMMENDED REVENUES**

LINE NO.	DESCRIPTION	(A) RUCO AS ADJUSTED DETERMINTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
COMMERCIAL CUSTOMERS					
36	5/8" X 3/4" Meter	13	\$ 16.91	\$ 2,690	\$ 2,690
	Commodity Usage (In Thousands of Gallons)				
37	First Tier - First 10,000 Gals.	432	\$ 2.1703	\$ 937	
38	Second Tier - Over 10,000 Gals.	687	\$ 2.7129	\$ 1,863	
39	Third Tier - Over 10,000 Gals.	-	\$ 2.7129	\$ -	\$ 2,801
40	1" Meter	1	\$ 42.28	\$ 486	\$ 486
	Commodity Usage (In Thousands of Gallons)				
41	First Tier - First 30,000 Gals.	137	\$ 2.1703	\$ 297	
42	Second Tier - Over 30,000 Gals.	34	\$ 2.7129	\$ 93	
43	Third Tier - Over 30,000 Gals.	-	\$ 2.7129	\$ -	\$ 390
44	2" Meter	2	\$ 135.30	\$ 3,111	\$ 3,111
	Commodity Usage (In Thousands of Gallons)				
45	First Tier - First 100,000 Gals.	801	\$ 2.1703	\$ 1,738	
46	Second Tier - Over 100,000 Gals.	-	\$ 2.7129	\$ -	
47	Third Tier - Over 100,000 Gals.	-	\$ 2.7129	\$ -	\$ 1,738
48	3" Meter	1	\$ 270.61	\$ 3,111	\$ 3,111
	Commodity Usage (In Thousands of Gallons)				
49	First Tier - First 220,000 Gals.	2,614	\$ 2.1703	\$ 5,672	
50	Second Tier - Over 220,000 Gals.	610	\$ 2.7129	\$ 1,656	
51	Third Tier - Over 220,000 Gals.	-	\$ 2.7129	\$ -	\$ 7,328
52	4" Meter	2	\$ 422.82	\$ 9,721	\$ 9,721
	Commodity Usage (In Thousands of Gallons)				
53	First Tier - First 350,000 Gals.	7,737	\$ 2.1703	\$ 16,792	
54	Second Tier - Over 350,000 Gals.	939	\$ 2.7129	\$ 2,548	
55	Third Tier - Over 350,000 Gals.	-	\$ 2.7129	\$ -	\$ 19,340
56	6" Meter	-	\$ 845.64	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)				
57	First Tier - First 725,000 Gals.	-	\$ 2.1703	\$ -	
58	Second Tier - Over 725,000 Gals.	-	\$ 2.7129	\$ -	
59	Third Tier - Over 725,000 Gals.	-	\$ 2.7129	\$ -	\$ -
60	8" Meter	-	\$ 1,353.03	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)				
61	First Tier - First 1,175,000 Gals.	-	\$ 2.1703	\$ -	
62	Second Tier - Over 1,175,000 Gals.	-	\$ 2.7129	\$ -	
63	Third Tier - Over 1,175,000 Gals.	-	\$ 2.7129	\$ -	\$ -
64	10" Meter	-	\$ 2,706.06	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)				
65	First Tier - First 1,700,000 Gals.	-	\$ 2.1703	\$ -	
66	Second Tier - Over 1,700,000 Gals.	-	\$ 2.7129	\$ -	
67	Third Tier - Over 1,700,000 Gals.	-	\$ 2.7129	\$ -	\$ -
			\$ -		
68	Total Commercial Customer Bills	<u>19</u>			
69	Total Commercial Usage	<u>13,991</u>			
70	TOTAL COMMERCIAL CUSTOMERS REVENUE			<u>\$ 50,715</u>	

**EASTERN GROUP - WINKLEMAN - FINAL SCHEDULES
RATE DESIGN AND PROOF OF RECOMMENDED REVENUES**

LINE NO.	DESCRIPTION	(A) RUCO AS ADJUSTED DETERMINTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
INDUSTRIAL CUSTOMERS					
71	5/8" X 3/4" Meter	-	\$ 16.91	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)				
72	First Tier - First 999,999,999 Gals.	-	\$ 2.2254	\$ -	
73	Second Tier - Next 999,999,999 Gals.	-	\$ 2.2254	\$ -	
74	Third Tier - Over 999,999,999 Gals.	-	\$ 2.2254	\$ -	\$ -
75	1" Meter	-	\$ 42.29	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)				
76	First Tier - First 999,999,999 Gals.	-	\$ 2.2254	\$ -	
77	Second Tier - Next 999,999,999 Gals.	-	\$ 2.2254	\$ -	
78	Third Tier - Over 999,999,999 Gals.	-	\$ 2.2254	\$ -	\$ -
79	2" Meter	1	\$ 135.3028	\$ 1,624	\$ 1,624
	Commodity Usage (In Thousands of Gallons)				
80	First Tier - First 999,999,999 Gals.	829	\$ 2.2254	\$ 1,845	
81	Second Tier - Next 999,999,999 Gals.	-	\$ 2.2254	\$ -	
82	Third Tier - Over 999,999,999 Gals.	-	\$ 2.2254	\$ -	\$ 1,845
83	3" Meter	-	\$ 270.6056	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)				
84	First Tier - First 999,999,999 Gals.	-	\$ 2.2254	\$ -	
85	Second Tier - Next 999,999,999 Gals.	-	\$ 2.2254	\$ -	
86	Third Tier - Over 999,999,999 Gals.	-	\$ 2.2254	\$ -	\$ -
87	4" Meter	-	\$ 422.8213	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)				
88	First Tier - First 999,999,999 Gals.	-	\$ 2.2254	\$ -	
89	Second Tier - Next 999,999,999 Gals.	-	\$ 2.2254	\$ -	
90	Third Tier - Over 999,999,999 Gals.	-	\$ 2.2254	\$ -	\$ -
91	6" Meter	-	\$ 845.6425	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)				
92	First Tier - First 999,999,999 Gals.	-	\$ 2.2254	\$ -	
93	Second Tier - Next 999,999,999 Gals.	-	\$ 2.2254	\$ -	
94	Third Tier - Over 999,999,999 Gals.	-	\$ 2.2254	\$ -	\$ -
95	8" Meter	-		\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)				
96	First Tier - First 999,999,999 Gals.	-	\$ 2.2254	\$ -	
97	Second Tier - Next 999,999,999 Gals.	-	\$ 2.2254	\$ -	
98	Third Tier - Over 999,999,999 Gals.	-	\$ 2.2254	\$ -	\$ -
99	10" Meter	-	\$ 2,706.0560	\$ -	\$ -
	Commodity Usage (In Thousands of Gallons)				
100	First Tier - First 999,999,999 Gals.	-	\$ 2.2254	\$ -	
101	Second Tier - Next 999,999,999 Gals.	-	\$ 2.2254	\$ -	
102	Third Tier - Over 999,999,999 Gals.	-	\$ 2.2254	\$ -	\$ -
103	Total Industrial Customer Bills	<u>1</u>			
104	Total Industrial Usage	<u>829</u>			
105	TOTAL INDUSTRIAL CUSTOMERS REVENUE			<u>\$ 3,469</u>	

**EASTERN GROUP - WINKLEMAN - FINAL SCHEDULES
RATE DESIGN AND PROOF OF RECOMMENDED REVENUES**

LINE NO.	DESCRIPTION	(A) RUCO AS ADJUSTED DETERMINTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
PRIVATE FIRE SERVICE CUSTOMERS					
106	5/8" Meter	-	\$ 27.00	\$ -	\$ -
107	1" Meter	-	\$ 27.00	\$ -	\$ -
108	2" Meter	-	\$ 27.00	\$ -	\$ -
109	3" Meter	-	\$ 27.00	\$ -	\$ -
110	4" Meter	-	\$ 27.00	\$ -	\$ -
111	6" Meter	-	\$ 27.00	\$ -	\$ -
112	8" Meter	-	\$ 27.00	\$ -	\$ -
113	10" Meter	-	\$ 27.00	\$ -	\$ -
114	Total Private Fire Service Customers	-			
115	TOTAL PRIVATE FIRE SERVICE CUSTOMERS REVENUE				\$ -
OTHER WATER REVENUE CUSTOMERS					
116	Public Fire Hydrant	-	\$ -	\$ -	\$ -
117	Coin Machine	-	\$ -	\$ -	\$ -
118	Commodity Usage (In Thousands of Gallons)	-	\$ -	\$ -	\$ -
119	Construction Water 2" Meter	-	\$ 135.3028	\$ -	\$ -
Commodity Usage (In Thousands of Gallons)					
120	First Tier - First 100,000 Gals.	-	\$ 2.1703	\$ -	\$ -
121	Second Tier - Over 100,000 Gals.	-	\$ 2.7129	\$ -	\$ -
122	Third Tier - Over 100,000 Gals.	-	\$ 2.7129	\$ -	\$ -
123	Construction Water 3" Meter	-	\$ 270.6056	\$ -	\$ -
Commodity Usage (In Thousands of Gallons)					
124	First Tier - First 220,000 Gals.	-	\$ 2.1703	\$ -	\$ -
125	Second Tier - Over 220,000 Gals.	-	\$ 2.7129	\$ -	\$ -
126	Third Tier - Over 220,000 Gals.	-	\$ 2.7129	\$ -	\$ -
127	Construction Water 4" Meter	-	\$ 422.8213	\$ -	\$ -
Commodity Usage (In Thousands of Gallons)					
128	First Tier - First 350,000 Gals.	-	\$ 2.1703	\$ -	\$ -
129	Second Tier - Over 350,000 Gals.	-	\$ 2.7129	\$ -	\$ -
130	Third Tier - Over 350,000 Gals.	-	\$ 2.7129	\$ -	\$ -
131	Sales For Resales 2" Meter	-	\$ 135.3028	\$ -	\$ -
Commodity Usage (In Thousands of Gallons)					
132	First Tier - First 999,999,999 Gals.	-	\$ 2.5489	\$ -	\$ -
133	Second Tier - Next 999,999,999 Gals.	-	\$ 2.5489	\$ -	\$ -
134	Third Tier - Over 999,999,999 Gals.	-	\$ 2.5489	\$ -	\$ -
135	Sales For Resales 3" Meter	-	\$ 270.6056	\$ -	\$ -
Commodity Usage (In Thousands of Gallons)					
136	First Tier - First 999,999,999 Gals.	-	\$ 2.1703	\$ -	\$ -
137	Second Tier - Next 999,999,999 Gals.	-	\$ 2.1703	\$ -	\$ -
138	Third Tier - Over 999,999,999 Gals.	-	\$ 2.1703	\$ -	\$ -

**EASTERN GROUP - WINKLEMAN - FINAL SCHEDULES
RATE DESIGN AND PROOF OF RECOMMENDED REVENUES**

LINE NO.	DESCRIPTION	(A) RUCO AS ADJUSTED DETERMINTS	(B) PROPOSED CHARGES & USAGE FEES	(C) PROPOSED REVENUES	(D) TOTAL REVENUES
139	Sales For Resales 6" Meter Commodity Usage (In Thousands of Gallons)	-	\$ 845.6425	\$ -	\$ -
140	First Tier - First 999,999,999 Gals.	-	\$ 2.1703	\$ -	
141	Second Tier - Next 999,999,999 Gals.	-	\$ 2.1703	\$ -	
142	Third Tier - Over 999,999,999 Gals.	-	\$ 2.1703	\$ -	\$ -
143	Total Other Water Revenue Customer Bills	<u>-</u>			
144	Total Other Water Revenue Usage	<u>-</u>			
145	TOTAL OTHER WATER CUSTOMERS REVENUE				<u>\$ -</u>
146	RUCO TOTAL PROPOSED REVENUE PER BILL COUNT				<u>\$ 117,824</u>
147	Unreconciled Difference vs. Billed Revenues				
148	Miscellaneous Revenues				1,669
149	RUCO TOTAL REVENUE				<u>\$ 119,493</u>
150	RUCO ADJUSTED TEST-YEAR REVENUE PER SCHEDULE RBM-1				<u>\$ 119,492</u>
151	Difference				<u>\$ 1</u>
152	Percentage Difference				0.00%

**EASTERN GROUP - WINKLEMAN - FINAL SCHEDULES
 RATE DESIGN AND PROOF OF RECOMMENDED REVENUES**

LINE NO.	DESCRIPTION	(A)		(B)		(C)		(D)		(E)		(F)		(G)	
		ORIGINAL RATES	ADDITIONAL SURCHARGES	ACRM / PPA	PRESENT RATES	PRESENT SURCHARGES	TOTAL PRESENT RATES	COMPANY PROPOSED	RUCO PROPOSED	PRESENT TOTAL MONTHLY COST	RUCO MONTHLY COST	RUCO MONTHLY INCREASE	% MONTHLY INCREASE		
1	RESIDENTIAL (5/8" X 3/4") RATE DESIGN	\$ 14.48	\$ -	-	\$ 14.48	\$ 19.00	\$ -	\$ 16.91							
	BASIC MONTHLY CHARGE														
	COMMODITY CHARGE (Per 1,000 Gallons)														
2	1st Tier - First 3,000	\$ 1.4458	\$ -	-	\$ 1.4458	\$ 1.9505	\$ -	\$ 1.7362							
3	2nd Tier - Next 7,000	\$ 1.8074	\$ -	-	\$ 1.8074	\$ 2.4381	\$ -	\$ 2.1703							
4	3rd Tier - Over 10,000	\$ 2.2595	\$ -	-	\$ 2.2595	\$ 3.0477	\$ -	\$ 2.7129							

AVERAGE RESIDENTIAL BILL COMPARISONS

COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL

VARIABLE MONTHLY USAGE	PERCENT AVERAGE USAGE OF 9,398	PRESENT BASE RATE MONTHLY COST	PRESENT SURCHARGE MONTHLY COST	PRESENT TOTAL MONTHLY COST	RUCO MONTHLY COST	RUCO MONTHLY INCREASE	% MONTHLY INCREASE
2,350	25.00%	\$ 17.88	\$ -	\$ 17.88	\$ 20.99	\$ 3.12	17.43%
4,699	50.00%	\$ 21.89	\$ -	\$ 21.89	\$ 25.81	\$ 3.92	17.91%
9,398	100.00%	\$ 30.38	\$ -	\$ 30.38	\$ 36.01	\$ 5.63	18.52%
14,097	150.00%	\$ 40.73	\$ -	\$ 40.73	\$ 48.43	\$ 7.70	18.91%
18,796	200.00%	\$ 51.34	\$ -	\$ 51.34	\$ 61.18	\$ 9.83	19.15%

MEDIAN RESIDENTIAL BILL COMPARISONS

COST OF WATER SERVICE AT DIFFERENT LEVELS OF USAGE WITH PERCENTAGE INCREASE IN BILL

VARIABLE MONTHLY USAGE	PERCENT MEDIAN USAGE OF 6,635	PRESENT BASE RATE MONTHLY COST	PRESENT SURCHARGE MONTHLY COST	PRESENT TOTAL MONTHLY COST	RUCO MONTHLY COST	RUCO MONTHLY INCREASE	% MONTHLY INCREASE
1,659	25.00%	\$ 16.88	\$ -	\$ 16.88	\$ 19.79	\$ 2.91	17.27%
3,318	50.00%	\$ 19.39	\$ -	\$ 19.39	\$ 22.81	\$ 3.42	17.63%
6,635	100.00%	\$ 25.39	\$ -	\$ 25.39	\$ 30.01	\$ 4.62	18.21%
9,953	150.00%	\$ 31.38	\$ -	\$ 31.38	\$ 37.21	\$ 5.83	18.57%
13,270	200.00%	\$ 38.86	\$ -	\$ 38.86	\$ 46.18	\$ 7.33	18.86%