

ORIGINAL NEW APPLICATION



0000137968

BEFORE THE ARIZONA CORPORATION COMMISSION

RECEIVED

COMMISSIONERS

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AZ CORP COMMISSION
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Arizona Corporation Commission

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**IN THE MATTER OF THE APPLICATION
OF WATER UTILITY OF NORTHERN
SCOTTSDALE, INC. FOR A RATE
INCREASE**

Docket Nos. W-03720A-12-0311

APPLICATION

1. Water Utility of Northern Scottsdale (“WUNS or “Company”) applies for a rate increase. A description of the proposed rate increase, an explanation of why it is necessary, and an explanation of the actions taken to limit the impact on customers (including low income customers) is included in the testimony that is being filed concurrently in the rate application of Global Water – Palo Verde Utilities Company.

2. In addition, a complete set of rate case schedules is included with this Application in accordance with A.A.C. R14-2-103.

3. A set of water use data sheets and plant descriptions for each Public Water System of the Company is included with this Application.

4. This application is being submitted at the same time as rate applications for six of the Company’s sister utilities. In total, the following seven utilities are filing rate application: Global Water – Santa Cruz Water Company (Santa Cruz); Global Water – Palo Verde Utilities Company (Palo Verde), Valencia Water Company – Town Division, Valencia Water Company – Greater Buckeye Division (formerly Water Utility of Greater Buckeye), Water Utility of Greater Tonopah, Willow Valley Water Company, and Water Utility of Northern Scottsdale (collectively, the “Global Utilities”, and together with their unregulated affiliates and parent companies, “Global

1 Water"). The Global Utilities are ultimately owned by Global Water Resources, Inc. The
2 Company requests that the Commission consolidate these seven rate dockets.

3 **Proposed Rate Increase**

4 5. The Company seeks an increase to gross revenues of \$2,844, or 2% over test year
5 revenues. The increase in revenues from residential customers is 2%.

6 6. The requested increase is attributable to a number of factors. The Global Utilities
7 have made significant investments in rate base since the 2008 test year used in their last rate case.
8 The Global Utilities' expenses have also increased, including some expenses caused by federal
9 government regulations, such as the EPA's Lead and Copper Rule, Disinfectants and Disinfection
10 By-Products Rules and Groundwater Rule.

11 7. Certain decisions made by the Commission in Global Water's last rate case
12 contribute to the requested increase. For example, while Commission Staff and Global agreed to a
13 10% return on equity (ROE) in that case, during the final day of the open meeting, the Commission
14 reduced the ROE to 9.0%. That 9.0% ROE is far below the ROEs recently awarded to other water
15 utilities in Arizona and other states, and is well below the Global Utilities' current cost of equity.

16 8. In addition, in Global Water's last rate case, the Commission treated all ICFA
17 (Infrastructure Coordination and Financing Agreement) revenues as CIAC, ultimately causing an
18 \$85 million net loss for Global Water in 2010. Global Water believes the ICFA decision should be
19 reversed for the reasons discussed during the Commission's 2011 water workshops. In particular,
20 the Commission should recognize that ICFA funds should not be deducted from rate base when
21 those funds are used to buy troubled utilities, as explained in the Direct Testimony of Paul Walker.

22 **Ratepayer Protections**

23 9. The Global Utilities have taken a number of steps to limit the impact of the rate
24 increase on their customers. For the two largest Global Utilities (Santa Cruz and Palo Verde), the
25 rate increase will be phased in, with the increase in any year limited to approximately 5% for the
26 median residential user.

27

1 including the first water utility Smart Phone apps in the industry. Lastly, Mr. Hill describes the
2 innovative FATHOM service provided by Global Water Management, Inc. to cities and water
3 companies, enabling them to share in the efficiencies and innovations pioneered by Global Water.

4 15. **Ed Borrromeo** is the Vice President, Operations for Global Water Management,
5 Inc. His direct testimony provides further information about the customer service improvements
6 made by Global Water, including improvements to Global's call center, its software, and increased
7 hours of operation. Mr. Borrromeo also provides further information regarding FATHOM, and
8 provides both market and internal cost data to support the cost of the FATHOM services used by
9 the Global Utilities. Mr. Borrromeo demonstrates that the Global Utilities receive FATHOM
10 services at less than the cost of those services, and that the cost is also less than the price of
11 comparable services offered by other providers (although some services are unique to FATHOM).

12 16. **Ron Fleming** is the General Manager, Arizona for Global Water. In that role, he
13 oversees each of the Global Utilities. He explains the woeful condition of several utilities
14 purchased by Global Water using ICFA funds, and the improvements made by Global Water. He
15 demonstrates why the purchases are in the public interest. Mr. Fleming provides data showing that
16 the Global Utilities are efficient, reliable, and use less water per customer than the average utility.
17 He also explains Global Water's proposed adjustment mechanisms for CAGR fees and City of
18 Maricopa license fees. Mr. Fleming provides detailed support for the Global Utilities' requests for
19 post-test year plant, and for pro forma water treatment expenses for Willow Valley Water Co. Mr.
20 Fleming also testifies in support of various tariff changes requested by the Global Utilities,
21 including extension of the Low Income Relief Tariff to Water Utility of Northern Scottsdale. Mr.
22 Fleming also describes the Global Utilities' test year water loss and the steps they are taking to
23 reduce water loss. Lastly, Mr. Fleming describes the Global Utilities' proposed rate design.

24 17. **Brett Higginbotham** is the Controller for Global Water Resources, Inc. He
25 explains Global's schedules and pro forma adjustments to rate base, revenues and expenses.

26 18. **Matt Rowell** explains the deferred tax asset created by the Commission's decision
27 in Global Water's last rate case. Mr. Rowell also supports the Global Utilities' proposal to

1 consolidate the rates of Water Utility of Greater Tonopah, Valencia Water Company – Town
2 Division and Valencia Water Company – Greater Buckeye Division. In a separate volume, Mr.
3 Rowell provides expert testimony regarding the Global Utilities’ cost of equity, cost of debt and
4 required rate of return. Mr. Rowell proposes a cost of equity of 11.44%.

5 19. **Paul Walker** describes how ICFA funds were used to buy troubled water
6 companies, and why those funds should not be deducted from rate base. He explains the
7 ratemaking issues associated with using developer funds to pay for troubled water companies,
8 including Global Water’s alternative request for an acquisition adjustment. Mr. Walker
9 demonstrates the financial and rate impacts of the Commission’s decision regarding ICFA in
10 Global Water’s last rate case, and he puts forward a proposal for dealing with future ICFA funds.
11 Lastly, Mr. Walker proposes a Distribution System Improvement Charge (DSIC) for Global’s
12 water utilities and a Collection System Improvement Charge (CSIC) for Global’s wastewater
13 utility, Palo Verde.

14 **Contact Information**

15 20. The Global Utilities’ attorneys are:

16 Roshka DeWulf & Patten, PLC
17 One Arizona Center
18 400 East Van Buren Street, Suite 800
19 Phoenix, Arizona 85004
20 (602) 256-6100

21 All data requests or other requests for information should be directed to:

22 Michael W. Patten
23 Timothy J. Sabo
24 Roshka DeWulf & Patten, PLC
25 One Arizona Center
26 400 East Van Buren Street, Suite 800
27 Phoenix, Arizona 85004
mpatten@rdp-law.com
tsabo@rdp-law.com

1 With a copy to:

2 Mr. Ron Fleming
3 General Manager, Arizona
4 Global Water Management
5 21410 North 19th Avenue, Suite 201
6 Phoenix, Arizona 85027
7 ron.fleming@gwresources.com

8 **Compliance Information**

9 21. The Global Utilities are currently in compliance with all requirements of the
10 Commission, the Arizona Department of Environmental Quality (ADEQ) and the Arizona
11 Department of Water Resources (ADWR).

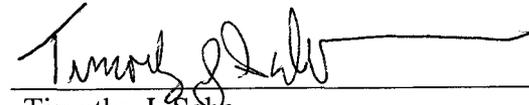
12 WHEREFORE, the Company respectfully requests that the Commission:

- 13 A. Consolidate this case with the Rate Applications of the other 6 Global Utilities;
- 14 B. Schedule a hearing on this Application as soon as possible; and thereafter
- 15 C. Issue a final order:
- 16 1. Granting the rate increase requested herein;
- 17 2. Approving the CAGR and City of Maricopa license fee adjustment
- 18 mechanisms requested herein;
- 19 3. Approving the new and revised tariffs proposed in the Direct Testimony of
- 20 Ron Fleming;
- 21 4. Approving the Distribution System Improvement Charge (DSIC) and
- 22 Collection System Improvement Charge (CSIC) proposed in the Direct
- 23 Testimony of Paul Walker;
- 24 5. Consolidating the rates of Water Utility of Greater Tonopah, Valencia Water
- 25 Company – Town Division and Valencia Water Company – Greater
- 26 Buckeye Division; and
- 27 6. Granting such other and further relief as may be appropriate under the
- circumstances herein.

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RESPECTFULLY SUBMITTED this 9th day of July 2012.

ROSKA DEWULF & PATTEN, PLC

By 
Timothy J. Sabo
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Original + 15 copies of the foregoing
filed this 9th day of July 2012, with:

Docket Control
ARIZONA CORPORATION COMMISSION
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Phoenix, AZ 85007

Copies of the foregoing hand-delivered/mailed
this 9th day of July 2012, to:

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Phoenix, AZ 85007

By 

Global Water - Water Utility of Northern Scottsdale - Schedules
 Test Year Ended December 31, 2011
 Computation of Increase in Gross Revenue Requirement

Schedule A-1

| Line No. | DESCRIPTION | [A] | [B] | [C] Original Cost - As Filed | [D] Fair Value - As Filed |
|----------|--|------------|------------|------------------------------------|---------------------------------|
| 1 | Adjusted Rate Base | | | \$ (191,224) | \$ (191,224) |
| 2 | | | | | |
| 3 | Adjusted Operating Income (Loss) | | | \$ 21,387 | \$ 21,387 |
| 4 | | | | | |
| 5 | Current Rate of Return (H3 / H1) | | | N/A | N/A |
| 6 | | | | | |
| 7 | Required Operating Income (H13 * Sch C-1, H5) | | | \$ 21,387 | \$ 21,387 |
| 8 | | | | | |
| 9 | Required Rate of Return | | | N/A | N/A |
| 10 | | | | | |
| 11 | Current Operating Margin (Sch. C-1) | | | 14.48% | 14.48% |
| 12 | | | | | |
| 13 | Proposed Operating Margin (H13) | | | 14.48% | 14.48% |
| 14 | | | | | |
| 15 | Operating Income Deficiency (H7 - H3) | | | \$ - | \$ - |
| 16 | | | | | |
| 17 | Gross Revenue Conversion Factor | | | 1.629 | 1.629 |
| 18 | | | | | |
| 19 | Increase in Gross Revenue Requirements | | | \$ - | \$ - |
| 20 | | | | | |
| 21 | | | | | |
| 22 | | | | | |
| 23 | | | | | |
| 24 | | | | | |
| 25 | Customer | Present | Proposed | Dollar | Percent |
| 26 | Classification | Rates | Rates | Increase | Increase |
| 27 | | | | | |
| 28 | Residential | \$ 143,850 | \$ 146,694 | \$ 2,844 | 2.0% |
| 29 | Commercial | - | - | - | 0.0% |
| 30 | Irrigation | - | - | - | 0.0% |
| 31 | Construction | - | - | - | 0.0% |
| 32 | Lake | - | - | - | 0.0% |
| 33 | Non-Potable | - | - | - | 0.0% |
| 34 | | | | | |
| 35 | Total of Water Revenues | \$ 143,850 | \$ 146,694 | \$ 2,844 | 2.0% |
| 36 | | | | | |
| 37 | Miscellaneous Revenues | 1,550 | 1,550 | - | 0.0% |
| 38 | | | | | |
| 39 | Total Operating Revenues | \$ 145,400 | \$ 148,244 | \$ 2,844 | 2.0% |
| 40 | | | | | |

Global Water - Water Utility of Northern Scottsdale - Schedules

Test Year Ended December 31, 2011

Summary of Results of Operations

| Line No. | Description | Prior Years Ended | | Test Year | | Project |
|----------|------------------------------|-------------------|------------|----------------------|------------------------|--------------------------------|
| | | 12/31/2009 | 12/31/2010 | Actual 12/31/2011 | Adjusted 12/31/2011 | Present Rates 12/31/2012 |
| 1 | Gross Revenues | \$ 133,843 | \$ 135,148 | \$ 151,196 | \$ 147,656 | \$ 147,656 |
| 2 | | | | | | |
| 3 | Revenue Deductions and | | | | | |
| 4 | Operating Expenses | 117,787 | 25,138 | 127,615 | 126,269 | 126,269 |
| 5 | | | | | | |
| 6 | Operating Income | \$ 16,056 | \$ 110,010 | \$ 23,581 | \$ 21,387 | \$ 21,387 |
| 7 | | | | | | |
| 8 | Other Income and Deductions | - | - | - | - | - |
| 9 | | | | | | |
| 10 | Interest Expense | - | - | - | - | - |
| 11 | | | | | | |
| 12 | Net Income | \$ 16,056 | \$ 110,010 | \$ 23,581 | \$ 21,387 | \$ 21,387 |
| 13 | | | | | | |
| 14 | Common Shares | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| 15 | | | | | | |
| 16 | Earned Per Average | | | | | |
| 17 | Common Share | 16.06 | 110.01 | 23.58 | 21.39 | 21.39 |
| 18 | | | | | | |
| 19 | Dividends Per | | | | | |
| 20 | Common Share | - | - | - | - | - |
| 21 | | | | | | |
| 22 | Payout Ratio | - | - | - | - | - |
| 23 | | | | | | |
| 24 | Return on Average | | | | | |
| 25 | Invested Capital | 0.22% | 0.35% | 0.07% | -9.58% | -20.13% |
| 26 | | | | | | |
| 27 | Return on Year End | | | | | |
| 28 | Capital | -6.87% | 0.17% | -10.08% | -10.07% | -10.07% |
| 29 | | | | | | |
| 30 | Return on Average | | | | | |
| 31 | Common Equity | 0.22% | 0.35% | 0.07% | -9.58% | -20.13% |
| 32 | | | | | | |
| 33 | Return on Year End | | | | | |
| 34 | Common Equity | -6.87% | 0.17% | -10.08% | -10.07% | -10.07% |
| 35 | | | | | | |
| 36 | Times Bond Interest Earned | | | | | |
| 37 | Before Income Taxes | - | - | - | - | - |
| 38 | | | | | | |
| 39 | Times Total Interest and | | | | | |
| 40 | Preferred Dividends Earned | | | | | |
| 41 | After Income Taxes | - | - | - | - | - |
| 42 | | | | | | |
| 43 | | | | | | |
| 44 | | | | | | |
| 45 | | | | | | |
| 46 | <u>Supporting Schedules:</u> | | | | | |
| 47 | E-2 | | | | | |
| 48 | C-1 | | | | | |
| 49 | F-1 | | | | | |
| 50 | | | | | | |

Schedule A-2

ed Year

Proposed

Rates

12/31/2012

\$ 147,656

126,269

\$ 21,387

-

-

\$ 21,387

1,000

21.39

-

-

-20.13%

-10.07%

-20.13%

-10.07%

-

-

Global Water - Water Utility of Northern Scottsdale - Schedules
 Test Year Ended December 31, 2011
 Constructure Expenditures and Gross Utility Plant Placed in Service

Schedule A-4

| Line No. | | | Construction Expenditures | Net Plant Placed In Service | Gross Utility Plant In Service |
|----------|------------------------------|------------|---------------------------|-----------------------------|--------------------------------|
| 1 | Prior Year Ended | 12/31/2009 | \$ 1,307 | \$ 2,455 | \$ 1,916,993 |
| 2 | | | | | |
| 3 | Prior Year Ended | 12/31/2010 | - | - | 1,916,993 |
| 4 | | | | | |
| 5 | Test Year Ended | 12/31/2011 | - | 4,070 | 1,921,063 |
| 6 | | | | | |
| 7 | Projected Year Ended | 12/31/2012 | - | - | 1,921,063 |
| 8 | | | | | |
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| 29 | | | | | |
| 30 | <u>Supporting Schedules:</u> | | | | |
| 31 | F-3 | | | | |
| 32 | E-5 | | | | |
| 33 | | | | | |
| 34 | | | | | |
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Global Water - Water Utility of Northern Scottsdale - Schedules
 Test Year Ended December 31, 2011
 Summary of Fair Value Rate Base

Schedule B-1

| Line No. | | Original Cost Rate Base As Filed |
|-------------|--|--|
| 1 | Plant in Service | \$ 1,921,063 |
| 2 | Less: Accumulated Depreciation | (424,824) |
| 3 | | |
| 4 | Net Plant in Service | \$ 1,496,239 |
| 5 | | |
| 6 | <u>LESS:</u> | |
| 7 | Net CIAC | - |
| 8 | Advances in Aid of Construction (AIAC) | 1,824,411 |
| 9 | Customer Deposits | 10,765 |
| 10 | Deferred Income Tax Credits | - |
| 11 | | |
| 12 | <u>ADD:</u> | |
| 13 | Unamortized Finance Charges | - |
| 14 | Deferred Tax Assets | 147,713 |
| 15 | Working Capital | - |
| 16 | Utility Plant Acquisition Adjustment | - |
| 17 | | |
| 18 | Original Cost Rate Base | <u>\$ (191,224)</u> |

Note: The Company is not requesting an RCND calculation.

Supporting Schedules:

- B-2
- B-3
- E-1
- B-5

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33
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Global Water - Water Utility of Northern Scottsdale - Schedules
 Test Year Ended December 31, 2011
 Original Cost Rate Base Pro Forma Adjustments

| Line No. | Description | [A] Actual End of Test Year | [B] ADJ #1 | [C] ADJ #2 | [K] Adjusted Test Year As Filed |
|----------|---|-----------------------------------|---------------|---------------|--|
| 1 | 303 Land and Land Rights | \$ 30,374 | \$ - | \$ - | \$ 30,374 |
| 2 | 304 Structures and Improvements | 20,000 | - | - | 20,000 |
| 3 | 307 Wells and Springs | 130,000 | - | - | 130,000 |
| 4 | 309 Supply Mains | - | - | - | - |
| 5 | 310 Power Generation Equipment | - | - | - | - |
| 6 | 311 Pumping Equipment | 216,158 | - | - | 216,158 |
| 7 | 320 Water Treatment Equipment | 377 | - | - | 377 |
| 8 | 330 Distribution Reservoirs and Standpipes | 182,972 | - | - | 182,972 |
| 9 | 331 Transmission and Distribution Mains | 1,155,497 | - | - | 1,155,497 |
| 10 | 333 Services | 60,047 | - | - | 60,047 |
| 11 | 334 Meters and Meter Installations | 11,303 | - | - | 11,303 |
| 12 | 335 Hydrants | 108,312 | - | - | 108,312 |
| 13 | 336 Backflow Prevention Devices | 775 | - | - | 775 |
| 14 | 339 Other Plant and Miscellaneous Equipment | 2,390 | - | - | 2,390 |
| 15 | 340 Office Furniture and Equipment | - | - | - | - |
| 16 | 341 Transportation Equipment | - | - | - | - |
| 17 | 343 Tools, Shop and Garage Equipment | 515 | - | - | 515 |
| 18 | 344 Laboratory Equipment | - | - | - | - |
| 19 | 345 Power Operated Equipment | - | - | - | - |
| 20 | 346 Communication Equipment | - | - | - | - |
| 21 | 347 Miscellaneous Equipment | - | - | - | - |
| 21 | 348 Other Tangible Plant | - | - | - | - |
| 22 | 390 Office Furniture & Equipment | 2,343 | - | - | 2,343 |
| 23 | | | | | |
| 24 | Total Plant in Service | \$ 1,921,063 | \$ - | \$ - | \$ 1,921,063 |
| 25 | Less: Accumulated Depreciation | (424,824) | - | - | (424,824) |
| 26 | Net Plant in Service (L59 - L 60) | \$ 1,496,239 | \$ - | \$ - | \$ 1,496,239 |
| 27 | | | | | |
| 28 | LESS: | | | | |
| 29 | Net Contributions in Aid of Construction (CIAC) | \$ - | \$ - | \$ - | \$ - |
| 30 | Advances in Aid of Construction (AIAC) | 1,824,411 | - | - | 1,824,411 |
| 31 | Customer Meter Deposits | 10,765 | - | - | 10,765 |
| 32 | Deferred Income Tax Credits | - | - | - | - |
| 33 | | | | | |
| 34 | ADD: | | | | |
| 35 | Unamortized Finance Charges | \$ - | \$ - | \$ - | \$ - |
| 36 | Deferred Tax Assets | - | - | - | - |
| 37 | Meter deposits | - | - | - | - |
| 38 | Deferred gain | - | - | - | - |
| 39 | Bad debt | 483 | - | - | 483 |
| 40 | Deferred compensation | 232 | - | - | 232 |
| 41 | Fixed asset depreciation | 146,998 | - | - | 146,998 |
| 42 | | - | - | - | - |
| 43 | Working Capital | - | - | - | - |
| 44 | Utility Plant Acquisition Adjustment | - | - | - | - |
| 45 | | | | | |
| 46 | Original Cost Rate Base | \$ (191,224) | \$ - | \$ - | \$ (191,224) |
| 47 | | | | | |
| 48 | | | | | |
| 49 | Supporting Schedules: | | | | |
| 50 | E-1 | | | | |
| 51 | | | | | |

Global Water - Water Utility of Northern Scottsdale - Schedules

Test Year Ended December 31, 2011

Pro forma adjustments to gross plant in service and accumulated depreciation for the RCND rate base

Line

No.

1 The Company did not make pro forma adjustments to gross plant in service and accumulated depreciation for RCND rate base

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Global Water - Water Utility of Northern Scottsdale - Schedules
Test Year Ended December 31, 2011
RCND Detail of Plant Accounts

Schedule B-4

Line
No.

- 1 The Company did not conduct a Reconstruction Cost New Study.
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Global Water - Water Utility of Northern Scottsdale - Schedules
Test Year Ended December 31, 2011
Computation of Working Capital Allowance

Schedule B-5

Line
No.

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The Company is not requesting a working capital allowance.

Global Water - Water Utility of Northern Scottsdale - Schedules
 Test Year Ended December 31, 2011
 Adjusted Test Year Income Statement

Schedule C-1

| LINE NO. | DESCRIPTION | [A] Actual Test Year | [B] Pro Forma Adjustments - As Filed | [C] Adjusted Test Year - As Filed | [D] Proposed Rate Increase | [E] Adjusted With Rate Increase |
|----------|--|----------------------------|---|--|-------------------------------------|--|
| 1 | Revenues | | | | | |
| 2 | Metered Water Sales | \$ 149,646 | \$ (3,540) | \$ 146,106 | \$ - | \$ 146,106 |
| 3 | Water Sales - Unmetered | - | - | - | - | - |
| 4 | Other Operating Revenue | 1,550 | - | 1,550 | - | 1,550 |
| 5 | Total Operating Revenues | \$ 151,196 | \$ (3,540) | \$ 147,656 | \$ - | \$ 147,656 |
| 6 | | | | | | |
| 7 | Operating Expenses | | | | | |
| 8 | 601 Salary and Wages - Employees | \$ 19,787 | - | 19,787 | - | 19,787 |
| 9 | 604 Employee Pensions and Benefits | - | - | - | - | - |
| 10 | 610 Purchased Water | - | - | - | - | - |
| 11 | 615 Purchased Power | 9,918 | 132 | 10,050 | - | 10,050 |
| 12 | 616 Fuel for Power Production | - | - | - | - | - |
| 13 | 618 Chemicals | 1,270 | 16 | 1,286 | - | 1,286 |
| 14 | 620 Materials and Supplies | (779) | - | (779) | - | (779) |
| 15 | 620.08 Materials and Supplies | - | - | - | - | - |
| 16 | 621 Office Supplies and Expense | 1,494 | - | 1,494 | - | 1,494 |
| 17 | 630 Outside Services | 4,483 | - | 4,483 | - | 4,483 |
| 18 | 635 Contractual Services - Testing | 728 | - | 728 | - | 728 |
| 19 | 636 Contractual Services - Other | - | - | - | - | - |
| 20 | 641 Rental of Building/Real Property | 504 | - | 504 | - | 504 |
| 21 | 642 Rental of Equipment | - | - | - | - | - |
| 22 | 650 Transportation Expenses | 1,508 | - | 1,508 | - | 1,508 |
| 23 | 657 Insurance - General Liability | 475 | - | 475 | - | 475 |
| 24 | 659 Insurance - Other | 664 | - | 664 | - | 664 |
| 25 | 660 Advertising Expense | - | - | - | - | - |
| 26 | 666 Regulatory Commission Expense - Rate Case | - | 502 | 502 | - | 502 |
| 27 | 667 Rate Case Expense | - | - | - | - | - |
| 28 | 670 Bad Debt Expense | - | - | - | - | - |
| 29 | 675 Miscellaneous Expenses | 4,137 | - | 4,137 | - | 4,137 |
| 30 | 403 Depreciation Expense | 64,552 | - | 64,552 | - | 64,552 |
| 31 | 408 Taxes Other Than Income | 326 | - | 326 | - | 326 |
| 32 | 408.11 Taxes Other Than Income - Property Taxes | 3,694 | (587) | 3,107 | - | 3,107 |
| 33 | 408.13 Taxes Other Than Income - Other Taxes and | - | - | - | - | - |
| 34 | 409 Income Taxes | 14,854 | (1,409) | 13,445 | - | 13,445 |
| 35 | Total Operating Expenses | \$ 127,615 | \$ (1,346) | \$ 126,269 | \$ - | \$ 126,269 |
| 36 | | | | | | |
| 37 | Utility Operating Income (Loss) | \$ 23,581 | \$ (2,194) | \$ 21,387 | \$ - | \$ 21,387 |
| 38 | | | | | | |
| 39 | 414 Gains (Losses) from Disp of Util Prop | \$ - | - | - | - | - |
| 40 | 419 Interest and Dividend Income | - | - | - | - | - |
| 41 | 421 Non-Utility Income | - | - | - | - | - |
| 42 | 426 Miscellaneous Non-Utility Expenses | - | - | - | - | - |
| 43 | 427 Interest Expense | - | - | - | - | - |
| 44 | Total Other Income and Deductions | \$ - | \$ - | \$ - | \$ - | \$ - |
| 45 | | | | | | |
| 46 | Net Income (Loss) | \$ 23,581 | \$ (2,194) | \$ 21,387 | \$ - | \$ 21,387 |

Supporting Schedules:

E-2
 C-2

Global Water - Santa Cruz Water Company - Schedules
 Test Year Ended December 31, 2011
 Income Statement Adjustment #2
 2011 Rate Case Costs

| Line No. | Company ID | Company | Active connections @ 12/31/2011 | Percent |
|----------|------------|--------------------------------------|---------------------------------|---------|
| 1 | 202 | Palo Verde Utilities Co. | 15,831 | 39.86% |
| 2 | 602 | Santa Cruz Water Company | 16,015 | 40.32% |
| 3 | 618 | Valencia Water Company | 5,343 | 13.45% |
| 4 | 622 | Willow Valley Water Company | 1,502 | 3.78% |
| 5 | 630 | Water Utility of Greater Tonopah | 324 | 0.82% |
| 6 | 634 | Water Utility of Greater Buckeye | 627 | 1.58% |
| 7 | 622 | Water Utility of Northern Scottsdale | 76 | 0.19% |
| 8 | | | 39,718 | 100.00% |

| Description | Total | Palo Verde Utilities Co. | Santa Cruz Water Company | Valencia Water Company | Willow Valley Water Company | Water Utility of Greater Tonopah | Water Utility of Greater Buckeye | Water Utility of Northern Scottsdale |
|--------------------|----------------------|--------------------------|--------------------------|------------------------|-----------------------------|----------------------------------|----------------------------------|--------------------------------------|
| Desert Mountain Ar | \$ 122,062.50 | \$ 48,652.28 | \$ 49,217.76 | \$ 16,420.26 | \$ 4,615.99 | \$ 995.73 | \$ 1,926.91 | \$ 233.57 |
| Insight Consulting | \$ 216,000.00 | \$ 86,094.37 | \$ 87,095.02 | \$ 29,057.05 | \$ 8,168.39 | \$ 1,762.02 | \$ 3,409.84 | \$ 413.31 |
| Roshka Dewulf & F | \$ 370,302.78 | \$ 147,597.14 | \$ 149,312.63 | \$ 49,814.39 | \$ 14,003.59 | \$ 3,020.75 | \$ 5,845.71 | \$ 708.57 |
| Ullmann & Compar | \$ 78,808.75 | \$ 31,411.99 | \$ 31,777.08 | \$ 10,601.62 | \$ 2,980.28 | \$ 642.88 | \$ 1,244.10 | \$ 150.80 |
| Total | \$ 787,174.03 | \$ 313,755.78 | \$ 317,402.49 | \$ 105,893.32 | \$ 29,768.25 | \$ 6,421.38 | \$ 12,426.56 | \$ 1,506.25 |

| | | | | | | | | |
|----|---------------|---------------|---------------|---------------|---------------|--------------|--------------|-------------|
| 20 | Check | \$ | | | | | | |
| 21 | Amortization: | | | | | | | |
| 22 | Year 1 | \$ 262,391.34 | \$ 104,585.26 | \$ 105,800.83 | \$ 35,297.77 | \$ 9,922.75 | \$ 2,140.46 | \$ 4,142.19 |
| 23 | Year 2 | \$ 262,391.34 | \$ 104,585.26 | \$ 105,800.83 | \$ 35,297.77 | \$ 9,922.75 | \$ 2,140.46 | \$ 4,142.19 |
| 24 | Year 3 | \$ 262,391.34 | \$ 104,585.26 | \$ 105,800.83 | \$ 35,297.77 | \$ 9,922.75 | \$ 2,140.46 | \$ 4,142.19 |
| 25 | | \$ 787,174.03 | \$ 313,755.78 | \$ 317,402.49 | \$ 105,893.32 | \$ 29,768.25 | \$ 12,426.56 | \$ 1,506.25 |
| 26 | | \$ | | | | | | |
| 27 | | \$ | | | | | | |
| 28 | | \$ | | | | | | |
| 29 | | \$ | | | | | | |
| 30 | | \$ | | | | | | |

Global Water - Water Utility of Northern Scottsdale - Schedules
 Test Year Ended December 31, 2011
 Income Statement Adjustment 4
 Annualize Revenue & Expense to reflect End-of-Test Year Customer Counts

Schedule C-2.4

| Line No. | Class of Service | [A] Average No. of Customers Per Bill Count Sch. H-5 | [B] Year-End Number of Customers | [C] Average Additional Customers [B - A] | [D] Average Bill | [H] Additional Revenues at Present Rates |
|----------|----------------------|---|--|---|---------------------------------|---|
| 1 | 5/8" Residential | - | - | - | - | \$ - |
| 2 | 3/4" Residential | - | - | - | - | - |
| 3 | 1" Residential | 69 | 70 | 1 | 176.28 | 2,115 |
| 4 | 1.5" Residential | 5 | 5 | - | 284.88 | - |
| 5 | 2" Residential | 1 | 1 | - | 234 | - |
| 6 | Subtotal Residential | 75 | 76 | 1 | | \$ 2,115 |
| 7 | | | | | | |
| 8 | | | | | | |
| 9 | | | | | | |
| 10 | | | | | | |
| 11 | | | | | | |
| 12 | | | | | | |
| 13 | | | | | | |
| 14 | | | | | | |
| 15 | | | | | | |
| 16 | | | | | | |
| 17 | Class of Expense | | Average Cost Per Gallons Sold Per Sch. E-7 | Average Consumption Per Sch. E-7 | Additional K Gallons To Be Sold | Additional Cost From Customer Growth |
| 18 | | | | | | |
| 19 | Pumping | | \$ 0.73 | 180.77 | 180.77 | \$ 132 |
| 20 | Water Treatment | | 0.09 | | | 16 |
| 21 | | | | | | |
| 22 | Totals | | | | | \$ 148 |
| 23 | | | | | | |
| 24 | | | | | | |
| 25 | | | | | | |
| 26 | | | | | | |
| 27 | | | | | | |
| 28 | | | | | | |
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| 34 | | | | | | |
| 35 | | | | | | |
| 36 | | | | | | |
| 37 | | | | | | |
| 38 | | | | | | |
| 39 | | | | | | |
| 40 | | | | | | |

Global Water - Water Utility of Northern Scottsdale - Schedules

Schedule C-2.5

Test Year Ended December 31, 2011

Income Statement Adjustment 5

Reduce 2011 revenue for the unbilled minimum charge earned prior to 2011 but recognized in 2011.

Line
No.

| 1 | Company Code | Company | Account Type | Adjustment |
|----|--------------|------------------|--------------|-----------------|
| 2 | 626 | North Scottsdale | Residential | \$ 5,655 |
| 3 | 626 | North Scottsdale | Commercial | - |
| 4 | 626 | North Scottsdale | Construction | - |
| 5 | 626 | North Scottsdale | Irrigation | - |
| 6 | 626 | North Scottsdale | Golf Course | - |
| 7 | 626 | North Scottsdale | Lake | - |
| 8 | | | Total | \$ 5,655 |
| 9 | | | | |
| 10 | | | | |
| 11 | | | | |
| 12 | | | | |
| 13 | | | | |
| 14 | | | | |
| 15 | | | | |
| 16 | | | | |
| 17 | | | | |
| 18 | | | | |
| 19 | | | | |
| 20 | | | | |

Global Water - Water Utility of Northern Scottsdale - Schedules

Schedule C-2.11

Test Year Ended December 31, 2011

Income Statement Adjustment 11 & 14

Adjust Bad Debt Expense for Change in Revenue Levels

Line
No.

| | | | |
|----|---|----|---------|
| 1 | Bad Debt Expense - Test Year Actual (Sch C-2) | \$ | - |
| 2 | Actual Test Year Revenues (Sch C-2) | | 151,196 |
| 3 | Bad Debt Expense Rate | | 0.0% |
| 4 | | | |
| 5 | | | |
| 6 | Adjusted Test Year Revenues (Sch C-2) | \$ | 147,656 |
| 7 | Bad Debt Expense Rate | | 0.0% |
| 8 | Expected Bad Debt Expense | \$ | - |
| 9 | | | |
| 10 | Adjustment to Bad Debt Expense Based on Adjusted Test Year Revenues | \$ | - |
| 11 | | | |
| 12 | | | |
| 13 | Proposed Revenues (Sch C-2) | \$ | 147,656 |
| 14 | Bad Debt Expense Rate | | 0.0% |
| 15 | Expected Bad Debt Expense Based on Proposed Revenues | \$ | - |
| 16 | | | |
| 17 | Adjustment to Bad Debt Expense | \$ | - |
| 18 | | | |
| 19 | | | |
| 20 | | | |
| 21 | | | |
| 22 | | | |
| 23 | | | |
| 24 | | | |
| 25 | | | |
| 26 | | | |
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| 32 | | | |
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| 34 | | | |
| 35 | | | |
| 36 | | | |
| 37 | | | |
| 38 | | | |
| 39 | | | |
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Global Water - Water Utility of Northern Scottsdale - Schedules
 Test Year Ended December 31, 2011
 Income Statement Adjustments 12 & 17
 Adjustment to Property Tax

Schedule C-2.12

| Line No. | | Test Year As Adjusted | Proposed |
|----------|---|--------------------------|------------|
| 1 | Adjusted Test Year Revenues | \$ 147,656 | \$ 147,656 |
| 2 | Weight Factor | 2 | 2 |
| 3 | Subtotal (Line 1 * Line 2) | 295,313 | \$ 295,313 |
| 4 | Proposed Revenue Requirement | 147,656 | \$ 147,656 |
| 5 | Subtotal (Line 4 + Line 5) | 442,969 | 442,969 |
| 6 | Number of Years | 3 | 3 |
| 7 | Three Year Average (Line 5 / Line 6) | 147,656 | \$ 147,656 |
| 8 | Department of Revenue Multiplier | 2 | 2 |
| 9 | Revenue Base Value (Line 7 * Line 8) | 295,313 | \$ 295,313 |
| 10 | Plus: 10% of CWIP - | - | - |
| 11 | Less: Net Book Value of Licensed Vehicles | - | \$ - |
| 12 | Full Cash Value (Line 9 + Line 10 - Line 11) | 295,313 | \$ 295,313 |
| 13 | Assessment Ratio . | 21.0% | 21.0% |
| 14 | Assessment Value (Line 12 * Line 13) | 62,016 | \$ 62,016 |
| 15 | Composite Property Tax Rate | 5.0100% | 5.0100% |
| 16 | | | \$ - |
| 17 | Test Year Adjusted Property Tax (Line 14 * Line 15) | \$ 3,107 | |
| 18 | Actual Test Year Property Tax Expense | 3,694 | |
| 19 | | | |
| 20 | Test Year Adjustment (Line 16-Line 17) | \$ (587) | |
| 21 | Property Tax - Recommended Revenue (Line 14 * Line 15) | | \$ 3,107 |
| 22 | Test Year Adjusted Property Tax Expense (Line 17) | | 3,107 |
| 23 | Increase in Property Tax Expense Due to Increase in Revenue Requirement | | \$ - |
| 24 | | | |
| 25 | Increase to Property Tax Expense | | \$ - |
| 26 | Increase in Revenue Requirement | | - |
| 27 | Increase to Property Tax per Dollar Increase in Revenue (Line 19/Line 20) | | 0.000000% |
| 28 | | | |
| 29 | | | |
| 30 | | | |
| 31 | | | |
| 32 | | | |
| 33 | | | |
| 34 | | | |
| 35 | | | |
| 36 | | | |
| 37 | | | |
| 38 | | | |
| 39 | | | |
| 40 | | | |

Global Water - Water Utility of Northern Scottsdale - Schedules
 Test Year Ended December 31, 2011
 Income Statement Adjustments 14 & 18
 Adjust Income Taxes to Reflect Adjusted and Proposed Income Taxes

Schedule C-2.14

| Line No. | | Adjusted Test Year Results | Proposed Revenue Results |
|----------|---|----------------------------|--------------------------|
| 1 | | | |
| 2 | Operating Income Before Income Taxes | \$ 34,832 | \$ 34,832 |
| 3 | Synchronized Interest | - | - |
| 4 | Arizona Taxable Income | \$ 34,832 | \$ 34,832 |
| 5 | | | |
| 6 | Arizona Income Tax (6.968%) | \$ 2,427 | \$ 2,427 |
| 7 | | | |
| 8 | Federal Income Before Taxes | \$ 34,832 | \$ 34,832 |
| 9 | Less Arizona Income Taxes | 2,427 | 2,427 |
| 10 | Federal Taxable Income | \$ 32,405 | \$ 32,405 |
| 11 | | | |
| 12 | Federal Income Tax (34% Tax Bracket) | \$ 11,018 | \$ 11,018 |
| 13 | | | |
| 14 | Total Income Tax | \$ 13,445 | \$ 13,445 |
| 15 | | | |
| 16 | Tax Rate | 38.5989% | 38.5989% |
| 17 | | | |
| 18 | Effective Income Tax Rates | | |
| 19 | State | 6.9680% | 6.9680% |
| 20 | Federal | 31.6309% | 31.6309% |
| 21 | | | |
| 22 | | | |
| 23 | Test Year Income Taxes (Sch. C-2, Line 31) | \$ 14,854 | |
| 24 | Increase/(Decrease) to Income Taxes - Adjusted | \$ (1,409) | |
| 25 | | | |
| 26 | Test Year Income Taxes - Adjusted | | \$ 13,445 |
| 27 | | | |
| 28 | Increase/(Decrease) to Proposed Income Taxes | | \$ - |
| 29 | | | |
| 30 | | | |
| 31 | <u>Calculation of Interest Synchronization:</u> | | |
| 32 | Rate Base (Sch. B-1) | | \$ (191,224) |
| 33 | Weighted Average Cost of Debt (Sch. D-1) | | 0.00% |
| 34 | Synchronized Interest (L32 X L33) | | \$ - |
| 35 | | | |
| 36 | | | |
| 37 | | | |
| 38 | | | |
| 39 | | | |
| 40 | | | |

Global Water - Water Utility of Northern Scottsdale - Schedules
 Test Year Ended December 31, 2011
 Computation of Gross Conversion Factor

Schedule C-3

| Line No. | | Percentage of Incremental Gross Revenues |
|----------|--|--|
| 1 | Revenue | 100.0000% |
| 2 | Uncollectible Factor (L14) | 0.0000% |
| 3 | Revenues (L1 - L2) | 100.0000% |
| 4 | Combined Federal and State Income Tax | 38.5989% |
| 5 | Subtotal (L3 - L4) | 61.4011% |
| 6 | Revenue Conversion Factor (L1 / L5) | 1.628635 |
| 7 | | |
| 8 | | |
| 9 | <u>Calculation of Uncollectible Factor:</u> | |
| 10 | Revenue | 100.0000% |
| 11 | Combined Federal and State Tax Rate (L23) | 38.5989% |
| 12 | One Minus Combined Income Tax Rate (L10 - L11) | 61.4011% |
| 13 | Uncollectible Rate | 0.0000% |
| 14 | Uncollectible Factor (L12 x L13) | 0.0000% |
| 15 | | |
| 16 | <u>Calculation of Effective Tax Rate:</u> | |
| 17 | Arizona State Income Tax Rate | 6.9680% |
| 18 | Operating Income Before Taxes (Arizona Taxable Income) | 100.0000% |
| 19 | Arizona State Income Tax Rate | 6.9680% |
| 20 | Federal Taxable Income (L18 - L19) | 93.0320% |
| 21 | Applicable Federal Income Tax Rate | 34.0000% |
| 22 | Effective Federal Income Tax Rate (L20 x L21) | 31.6309% |
| 23 | Combined Federal and State Income Tax Rate (L17 +L22) | 38.5989% |
| 24 | | |
| 25 | | |
| 26 | | |
| 27 | | |
| 28 | | |
| 29 | | |
| 30 | | |
| 31 | | |
| 32 | | |
| 33 | | |
| 34 | | |
| 35 | | |
| 36 | | |
| 37 | | |
| 38 | | |
| 39 | | |
| 40 | | |

| Line No. | Description | End of Test Year - Actual | | | |
|----------|-----------------|---------------------------|------------------|----------------|---------------|
| | | Dollar Amount | Percent of Total | Rate of Return | Weighted Cost |
| 1 | | | | | |
| 2 | Short-Term Debt | \$ - | 0.00% | 0.00% | 0.00% |
| 3 | | | | | |
| 4 | Long-Term Debt | - | 0.00% | 0.00% | 0.00% |
| 5 | | | | | |
| 6 | Common Equity | (233,834) | 100.00% | 10.00% | 10.00% |
| 7 | | | | | |
| 8 | Totals | <u>\$ (233,834)</u> | <u>100.00%</u> | | <u>10.00%</u> |

| Line No. | Description | End of Test Year - Proposed | | | |
|----------|-----------------|-----------------------------|------------------|----------------|---------------|
| | | Dollar Amount | Percent of Total | Rate of Return | Weighted Cost |
| 11 | | | | | |
| 12 | | | | | |
| 13 | | | | | |
| 14 | | | | | |
| 15 | Short-Term Debt | \$ - | 0.00% | 0.00% | 0.00% |
| 16 | | | | | |
| 17 | Long-Term Debt | - | 0.00% | | 0.00% |
| 18 | | | | | |
| 19 | Common Equity | (233,834) | 100.00% | N/A | 0.00% |
| 20 | | | | | |
| 21 | Totals | <u>\$ (233,834)</u> | <u>100.00%</u> | | <u>0.00%</u> |

| Line No. | Description | End of Projected Year - Proposed Rates | | | |
|----------|-----------------|--|------------------|----------------|---------------|
| | | Dollar Amount | Percent of Total | Rate of Return | Weighted Cost |
| 12 | | | | | |
| 13 | | | | | |
| 14 | | | | | |
| 15 | Short-Term Debt | \$ - | 0.00% | 0.00% | 0.00% |
| 16 | | | | | |
| 17 | Long-Term Debt | - | 0.00% | 0.00% | 0.00% |
| 18 | | | | | |
| 19 | Common Equity | (212,446) | 100.00% | N/A | 0.00% |
| 20 | | | | | |
| 21 | Totals | <u>\$ (212,446)</u> | <u>100.00%</u> | | <u>0.00%</u> |

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Global Water - Water Utility of Northern Scottsdale - Schedules
 Test Year Ended December 31, 2011
 Comparative Balance Sheets

Schedule E-1

| Line No. | | Test Year Ended 12/31/2011 | Prior Year Ended 12/31/2010 | Prior Year Ended 12/31/2009 |
|----------|--|-------------------------------|--------------------------------|--------------------------------|
| 1 | <u>Assets</u> | | | |
| 2 | | | | |
| 3 | 131 Cash and cash equivalents | \$ - | \$ - | \$ - |
| 4 | 132 Special Deposits | - | - | - |
| 5 | 141 Customer Accounts Receivable | 11,870 | 13,087 | 3,144 |
| 6 | 143 Accumulated Provision for Uncollectible Accounts | (1,250) | (2,220) | (807) |
| 7 | 151 Plant Material and Supplies | - | - | - |
| 8 | 162 Prepayments | 1,780 | 1,775 | 427 |
| 9 | 174 Miscellaneous Current and Accrued Assets | 2,838 | 1,355 | 8,351 |
| 10 | Total Current Assets | \$ 15,238 | \$ 13,997 | \$ 11,115 |
| 11 | | | | |
| 12 | 101 Total Utility Plant in Service | \$ 1,921,063 | \$ 1,916,993 | \$ 1,916,993 |
| 13 | 105 Construction work-in-progress | - | (5,958) | 4,070 |
| 14 | 108 Less: Accumulated Depreciation | (424,824) | (360,273) | (295,779) |
| 15 | Total Fixed Assets (Net) | \$ 1,496,239 | \$ 1,550,762 | \$ 1,625,284 |
| 16 | | | | |
| 17 | Deferred Debits | | | |
| 18 | 190 Accumulated Deferred Income Taxes | \$ 108,092 | \$ 114,861 | \$ 13,690 |
| 19 | Total other assets | \$ 108,092 | \$ 114,861 | \$ 13,690 |
| 20 | | | | |
| 21 | Total Assets | \$ 1,619,569 | \$ 1,679,620 | \$ 1,650,089 |
| 22 | | | | |
| 23 | Liabilities and Stockholders' Equity | | | |
| 24 | | | | |
| 25 | 231 Accounts payable | \$ 3,953 | \$ 10,145 | \$ 12,987 |
| 26 | 233 Accounts Payable to Associated Companies | - | - | - |
| 27 | 235 Customer Deposits | 10,765 | 8,160 | 6,560 |
| 28 | 236 Accrued Taxes | 1,903 | 1,583 | 1,277 |
| 29 | 237 Accrued Interest | 359 | 427 | 193 |
| 30 | 241 Miscellaneous Current and Accrued Liabilities | 1,990 | 7,073 | 1,394 |
| 31 | 253 Other Deferred Credits | 681 | 946 | 1,282 |
| 32 | Total Current Liabilities | \$ 19,651 | \$ 28,334 | \$ 23,693 |
| 33 | | | | |
| 34 | 252 Advances for Construction | \$ 1,824,411 | \$ 1,831,984 | \$ 1,844,573 |
| 35 | 271 Contributions in Aid of Construction | - | - | - |
| 36 | 272 Less: Amortization of Contributions | - | - | - |
| 37 | 281 Accumulated Deferred Income Taxes | 9,340 | 1,255 | - |
| 38 | Total Deferred Credits and Other Liabilities | \$ 1,833,751 | \$ 1,833,239 | \$ 1,844,573 |
| 39 | | | | |
| 40 | Total Liabilities and Deferred Credits | \$ 1,853,402 | \$ 1,861,573 | \$ 1,868,266 |
| 41 | | | | |
| 42 | 201 Common Stock Issued | \$ - | \$ - | \$ - |
| 43 | 211 Other Paid-In Capital | (341,075) | (265,614) | (191,828) |
| 44 | 215 Unappropriated Retained Earnings | 83,661 | (26,349) | (42,405) |
| 45 | 215 Current year net income | 23,581 | 110,010 | 16,056 |
| 46 | Total Members' Equity | \$ (233,834) | \$ (181,953) | \$ (218,177) |
| 47 | | | | |
| 48 | Total Liabilities and Stockholders' Equity | \$ 1,619,569 | \$ 1,679,620 | \$ 1,650,089 |
| 49 | | | | |
| 50 | | | | |
| 51 | | | | |
| 52 | | | | |

Global Water - Water Utility of Northern Scottsdale - Schedules

Schedule E-2

Test Year Ended December 31, 2011
 Comparative Income Statements

| Line No. | | Test Year Ended 12/31/2011 | Prior Year Ended 12/31/2010 | Prior Year Ended 12/31/2009 |
|----------|---|-------------------------------|--------------------------------|--------------------------------|
| 1 | Operating Revenues | | | |
| 2 | | | | |
| 3 | 461 Metered Water Revenue | \$ 149,646 | \$ 133,499 | \$ 131,333 |
| 4 | 460 Unmetered Water Revenue | - | - | - |
| 5 | 474 Other Water Revenues | 1,550 | 1,649 | 2,510 |
| 6 | Total Operating Revenues | \$ 151,196 | \$ 135,148 | \$ 133,843 |
| 7 | | | | |
| 8 | Operating Expenses | | | |
| 9 | | | | |
| 10 | 601 Salary and Wages - Employees | \$ 19,787 | \$ 32,349 | \$ 18,295 |
| 11 | 610 Purchased Water | - | - | - |
| 12 | 615 Purchased Power | 9,918 | 9,655 | 9,190 |
| 13 | 618 Chemicals | 1,270 | 1,416 | 579 |
| 14 | 620 Materials and Supplies | (779) | 1,007 | 198 |
| 15 | 621 Office Supplies and Expense | 1,494 | 1,374 | 1,885 |
| 16 | 630 Outside Services | 4,483 | 3,147 | 175 |
| 17 | 635 Contractual Services - Testing | 728 | 1,658 | 3,778 |
| 18 | 641 Rental of Building/Real Property | 504 | - | 956 |
| 19 | 650 Transportation Expenses | 1,508 | 1,153 | 562 |
| 20 | 657 Insurance - General Liability | 475 | 348 | 382 |
| 21 | 659 Insurance - Other | 664 | 572 | 345 |
| 22 | 666 Regulatory Commission Expense - Rate Case | - | - | 2,008 |
| 23 | 675 Miscellaneous Expenses | 4,137 | 3,974 | 2,124 |
| 24 | 403 Depreciation Expense | 64,552 | 64,493 | 64,414 |
| 25 | 408 Taxes Other Than Income | 326 | 283 | 272 |
| 26 | 408.11 Property Taxes | 3,694 | 3,625 | 2,522 |
| 27 | 409 Income Taxes | 14,854 | (99,916) | 10,102 |
| 28 | Total Operating Expenses | \$ 127,615 | \$ 25,138 | \$ 117,787 |
| 29 | | | | |
| 30 | Operating Income / (Loss) | \$ 23,581 | \$ 110,010 | \$ 16,056 |
| 31 | | | | |
| 32 | OTHER INCOME / (EXPENSE) | | | |
| 33 | 421 Non-Utility Income | \$ - | \$ - | \$ - |
| 34 | 426 Miscellaneous Non-Utility Expenses | - | - | - |
| 35 | 427 Interest Expense | - | - | - |
| 36 | Total Other Income / (Expense) | \$ - | \$ - | \$ - |
| 37 | | | | |
| 38 | NET INCOME / (LOSS) | \$ 23,581 | \$ 110,010 | \$ 16,056 |
| 39 | | | | |
| 40 | | | | |
| 41 | | | | |
| 42 | | | | |

Global Water - Water Utility of Northern Scottsdale - Schedules

Schedule E-5

Test Year Ended December 31, 2011

Detail Plant in Service

| Line No. | | End of Prior Year 12/31/2010 | Net Additions | End of Test Year 12/31/2011 |
|----------|---|------------------------------------|------------------|-----------------------------------|
| 1 | Utility Plant in Service | | | |
| 2 | 303 Land and Land Rights | \$ 28,647 | \$ 1,727 | \$ 30,374 |
| 3 | 304 Structures and Improvements | 20,000 | - | 20,000 |
| 4 | 307 Wells and Springs | 130,000 | - | 130,000 |
| 5 | 309 Supply Mains | - | - | - |
| 6 | 310 Power Generation Equipment | - | - | - |
| 7 | 311 Pumping Equipment | 216,158 | 0 | 216,158 |
| 8 | 320 Water Treatment Equipment | 377 | 0 | 377 |
| 9 | 330 Distribution Reservoirs and Standpipes | 182,972 | 0 | 182,972 |
| 10 | 331 Transmission and Distribution Mains | 1,155,497 | 0 | 1,155,497 |
| 11 | 333 Services | 60,047 | (0) | 60,047 |
| 12 | 334 Meters and Meter Installations | 11,303 | (0) | 11,303 |
| 13 | 335 Hydrants | 108,312 | (0) | 108,312 |
| 14 | 336 Backflow Prevention Devices | 775 | 0 | 775 |
| 15 | 339 Other Plant and Miscellaneous Equipment | 2,390 | (0) | 2,390 |
| 16 | 340 Office Furniture and Equipment | - | - | - |
| 17 | 341 Transportation Equipment | - | - | - |
| 18 | 343 Tools, Shop and Garage Equipment | 515 | 0 | 515 |
| 19 | 344 Laboratory Equipment | - | - | - |
| 20 | 345 Power Operated Equipment | - | - | - |
| 21 | 346 Communication Equipment | - | - | - |
| 22 | 347 Miscellaneous Equipment | - | - | - |
| 23 | 348 Other Tangible Plant | - | - | - |
| 24 | 390 Office Furniture & Equipment | - | 2,343 | 2,343 |
| 24 | Total Utility Plant in Service | \$ 1,916,993 | \$ 4,070 | \$ 1,921,063 |
| 25 | | | | |
| 26 | 107 Construction Work in Progress | \$ (5,958) | \$ 5,958 | \$ - |
| 27 | | | | |
| 28 | Total Plant | \$ 1,911,035 | \$ 10,028 | \$ 1,921,063 |
| 29 | | | | |
| 30 | Total Accum. Depreciation | \$ (360,273) | \$ (64,551) | \$ (424,824) |
| 31 | | | | |
| 32 | Total Net Plant | \$ 1,550,762 | \$ (54,523) | \$ 1,496,239 |
| 33 | | | | |
| 34 | | | | |
| 35 | | | | |
| 36 | | | | |
| 37 | | | | |
| 38 | | | | |
| 39 | | | | |

Global Water - Water Utility of Northern Scottsdale - Schedules

Schedule E-6

Test Year Ended December 31, 2011

Comparative Departmental Statements of Operating Income

| Line No. | | Test Year Ended 12/31/2011 | Prior Year Ended 12/31/2010 | Prior Year Ended 12/31/2009 |
|----------|-----------------------------------|----------------------------|-----------------------------|-----------------------------|
| 1 | Operating Revenues | | | |
| 2 | Residential | \$ 149,646 | \$ 132,333 | \$ 124,677 |
| 3 | Commercial | - | - | - |
| 4 | Construction | - | 1,166 | 6,656 |
| 5 | Irrigation | - | - | - |
| 6 | Golf Course | - | - | - |
| 7 | Lake | - | - | - |
| 8 | | | | |
| 9 | Total Water Sales | \$ 149,646 | \$ 133,499 | \$ 131,333 |
| 10 | | | | |
| 11 | Miscellaneous | 1,550 | 1,649 | 2,510 |
| 12 | | | | |
| 13 | Total Operating Revenues | \$ 151,196 | \$ 135,148 | \$ 133,843 |
| 14 | | | | |
| 15 | OPERATING EXPENSES: | | | |
| 16 | Operations and Maintenance | \$ 18,619 | \$ 22,181 | \$ 19,807 |
| 17 | | | | |
| 18 | General and Administrative | \$ 25,570 | \$ 34,472 | \$ 20,670 |
| 19 | | | | |
| 20 | Depreciation | \$ 64,552 | \$ 64,493 | \$ 64,414 |
| 21 | | | | |
| 22 | TAXES | | | |
| 23 | Income Taxes | \$ 14,854 | \$ (99,916) | \$ 10,102 |
| 24 | Property taxes | 3,694 | 3,625 | 2,522 |
| 25 | Other Taxes and Licenses | 326 | 283 | 272 |
| 26 | Utility Regulatory Assessment Fee | - | - | - |
| 27 | | | | |
| 28 | TOTAL TAXES | \$ 18,874 | \$ (96,008) | \$ 12,896 |
| 29 | | | | |
| 30 | Total Operating Expenses | \$ 127,615 | \$ 25,138 | \$ 117,787 |
| 31 | | | | |
| 32 | Operating Income/(Loss) | \$ 23,581 | \$ 110,010 | \$ 16,056 |
| 33 | | | | |
| 34 | | 23,581.00 | 110,010.00 | 16,056.00 |
| 35 | | - | - | - |
| 36 | | | | |
| 37 | | | | |
| 38 | | | | |
| 39 | | | | |
| 40 | | | | |

Global Water - Water Utility of Northern Scottsdale - Schedules

Schedule E-7

Test Year Ended December 31, 2011

Operating Statistics

| Line No. | | Test Year Ended 12/31/2011 | Prior Year Ended 12/31/2010 | Prior Year Ended 12/31/2009 |
|----------|-----------------------------------|----------------------------|-----------------------------|-----------------------------|
| 1 | Gallons Sold (in 1,000's) | | | |
| 2 | Total Residential | 13,558 | 13,349 | 11,442 |
| 3 | Total Commercial | - | | |
| 4 | Total Irrigation | - | | |
| 5 | Total Construction | - | | |
| 6 | Total Lake | - | | |
| 7 | Non-Potable | - | | |
| 8 | | <u>13,558</u> | <u>13,349</u> | <u>11,442</u> |
| 9 | | | | |
| 10 | Average No. Customers | | | |
| 11 | Total Residential | 75 | 71 | 70 |
| 12 | Total Commercial | - | | |
| 13 | Total Irrigation | - | | |
| 14 | Total Construction | - | | |
| 15 | Total Lake | - | | |
| 16 | Non-Potable | - | | |
| 17 | Total Potable | <u>75</u> | <u>71</u> | <u>70</u> |
| 18 | | | | |
| 19 | Average Annual Gallons Per | | | |
| 20 | Residential Customer (in 1,000's) | 180.77 | 188.01 | 163.46 |
| 21 | | | | |
| 22 | Average Annual Revenue Per | | | |
| 23 | Residential Customer | \$ 1,995.28 | \$ 1,863.85 | \$ 1,781.10 |
| 24 | | | | |
| 25 | | | | |
| 26 | Average Per 1,000 Gallons Sold | | | |
| 27 | Pumping Expense | \$ 0.73 | \$ 0.72 | \$ 0.80 |
| 28 | Water Treatment Expense | 0.09 | 0.11 | 0.05 |
| 29 | | | | |
| 30 | | | | |
| 31 | | | | |
| 32 | | | | |
| 33 | | | | |
| 34 | | | | |
| 35 | | | | |
| 36 | | | | |
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| 38 | | | | |
| 39 | | | | |
| 40 | | | | |
| 41 | | | | |

Line

No.

1 **Significant Accounting Policies** — The Company prepares its financial statements in accordance with accounting
2 principles generally accepted in the United States of America. Significant accounting policies are as follows:

3

4

5 **Utility Plant** — Property, plant and equipment is stated at cost less accumulated depreciation provided on a straight-line
6 basis.

7

8 Depreciation rates for asset classes of utility property, plant and equipment are established by the Commission. The cost of
9 additions, including betterments and replacements of units of utility fixed assets are charged to utility property, plant and
10 equipment. When units of utility property are replaced, renewed or retired, their cost plus removal or disposal costs, less
11 salvage proceeds, is charged to accumulated depreciation.

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In addition to material costs, direct labor and personnel costs, and indirect construction overhead costs may be capitalized.

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Advances and Contributions in Aid of Construction — The Company has various agreements with Developers and
builders, whereby funds, water line extensions, or wastewater line extensions are provided to us by the Developers and are
considered *refundable advances for construction*. These advances in aid of construction ("AIAC") are noninterest bearing
and are subject to refund to the Developers through annual payments that are computed as a percentage of the total annual
gross revenue earned from customers connected to utility services constructed under the agreement over a specified
period. Upon the expiration of the agreements, the remaining balance of the advance becomes nonrefundable and at that
time is considered CIAC. Contributions in aid of construction are amortized as a reduction of depreciation expense over the
estimated remaining life of the related utility plant.

Global Water - Water Utility of Northern Scottsdale - Schedules

Schedule F-1

Test Year Ended December 31, 2011

Projected Income Statements - Present and Proposed

| Line No. | | Test Year Actual 12/31/2011 | Present Rates Year Ended 12/31/2012 | Adjustments | Proposed Rates Year Ended 12/31/2012 |
|----------|---|-----------------------------------|---|-------------|--|
| 1 | Operating Revenues | \$ 147,656 | \$ 147,656 | \$ - | \$ 147,656 |
| 2 | | | | | |
| 3 | Operating Expenses | | | | |
| 4 | | | | | |
| 5 | 601 Salary and Wages - Employees | \$ 19,787 | \$ 19,787 | \$ - | \$ 19,787 |
| 6 | 604 Employee Pensions and Benefits | - | - | - | - |
| 7 | 610 Purchased Water | - | - | - | - |
| 8 | 615 Purchased Power | 9,918 | 10,050 | - | 10,050 |
| 9 | 616 Fuel for Power Production | - | - | - | - |
| 10 | 618 Chemicals | 1,270 | 1,286 | - | 1,286 |
| 11 | 620 Materials and Supplies | (779) | (779) | - | (779) |
| 12 | 620.08 Materials and Supplies | - | - | - | - |
| 13 | 621 Office Supplies and Expense | 1,494 | 1,494 | - | 1,494 |
| 14 | 630 Outside Services | 4,483 | 4,483 | - | 4,483 |
| 15 | 635 Contractual Services - Testing | 728 | 728 | - | 728 |
| 16 | 636 Contractual Services - Other | - | - | - | - |
| 17 | 641 Rental of Building/Real Property | 504 | 504 | - | 504 |
| 18 | 642 Rental of Equipment | - | - | - | - |
| 19 | 650 Transportation Expenses | 1,508 | 1,508 | - | 1,508 |
| 20 | 657 Insurance - General Liability | 475 | 475 | - | 475 |
| 21 | 659 Insurance - Other | 664 | 664 | - | 664 |
| 22 | 660 Advertising Expense | - | - | - | - |
| 23 | 666 Regulatory Commission Expense - Rate Case | - | 502 | - | 502 |
| 24 | 667 Rate Case Expense | - | - | - | - |
| 25 | 670 Bad Debt Expense | - | - | - | - |
| 26 | 675 Miscellaneous Expenses | 4,137 | 4,137 | - | 4,137 |
| 27 | 403 Depreciation Expense | 64,552 | 64,552 | - | 64,552 |
| 28 | 408 Taxes Other Than Income | 326 | 326 | - | 326 |
| 29 | 408.11 Property Taxes | 3,694 | 3,107 | - | 3,107 |
| 30 | 408.13 Taxes Other Than Income - Other Taxes and Licenses | - | - | - | - |
| 31 | 409 Income Taxes | 14,854 | 13,445 | - | 13,445 |
| 32 | Total Operating Expenses | \$ 127,615 | \$ 126,269 | \$ - | \$ 126,269 |
| 33 | | | | | |
| 34 | Operating Income / (Loss) | \$ 20,041 | \$ 21,387 | \$ - | \$ 21,387 |
| 35 | | | | | |
| 36 | OTHER INCOME / (EXPENSE) | | | | |
| 37 | 421 Non-Utility Income | \$ - | \$ - | - | \$ - |
| 38 | 426 Miscellaneous Non-Utility Expenses | - | - | - | - |
| 39 | 427 Interest Expense | - | - | - | - |
| 40 | Total Other Income / (Expense) | \$ - | \$ - | \$ - | \$ - |
| 41 | | | | | |
| 42 | NET INCOME / (LOSS) | \$ 20,041 | \$ 21,387 | \$ - | \$ 21,387 |
| 43 | | | | | |

Global Water - Water Utility of Northern Scottsdale - Schedules

Schedule F-3

Test Year Ended December 31, 2011

Projected Construction Requirements

| Line No. | Property Classification | Through 12/31/2012 |
|----------|----------------------------|--------------------|
| 1 | | |
| 2 | Well Development | \$ - |
| 3 | | |
| 4 | Water Distribution Centers | - |
| 5 | | |
| 6 | Treatment and/or Blending | - |
| 7 | | |
| 8 | Pipelines | - |
| 9 | | |
| 10 | SCADA | - |
| 11 | | |
| 12 | Other | - |
| 13 | | |
| 14 | Totals | <u>\$ -</u> |
| 15 | | |
| 16 | | |
| 17 | | |
| 18 | | |
| 19 | | |
| 20 | | |

Global Water - Water Utility of Northern Scottsdale - Schedules

Schedule F-4

Test Year Ended December 31, 2011

Assumptions

Line

No.

1 Revenues and expenses were projected using the pro forma changes to the test year
2 ending December 31, 2011.

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4 Construction forecasts are based on estimated plant requirements including
5 new facilities, the replacement of existing facilities, and the improvement and
6 maintenance of infrastructure necessary to ensure safe and reliable service.

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Global Water - Water Utility of Northern Scottsdale - Schedules

Test Year Ended December 31, 2011

Cost of Service Summary - Present Rates

Schedule G-1

Line

No.

1 The Company did not prepare a cost of service study due to its proposal
2 of a conservation-oriented rate design which is not based on costs.

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Global Water - Water Utility of Northern Scottsdale - Schedules

Test Year Ended December 31, 2011

Cost of Service Summary - Proposed Rates

Line

No.

1 The Company did not prepare a cost of service study due to its proposal
2 of a conservation-oriented rate design which is not based on costs.

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Global Water - Water Utility of Northern Scottsdale - Schedules

Test Year Ended December 31, 2011

Rate Base Allocation to Classes of Service

Schedule G-3

Line

No.

1 The Company did not prepare a cost of service study due to its proposal
2 of a conservation-oriented rate design which is not based on costs.

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Global Water - Water Utility of Northern Scottsdale - Schedules
Test Year Ended December 31, 2011
Expense Allocation to Classes of Service

Schedule G-4

Line
No.

- 1 The Company did not prepare a cost of service study due to its proposal
- 2 of a conservation-oriented rate design which is not based on costs.
- 3
- 4
- 5
- 6
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- 8
- 9
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- 11
- 12
- 13
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- 15
- 16
- 17
- 18
- 19
- 20

Global Water - Water Utility of Northern Scottsdale - Schedules

Test Year Ended December 31, 2011

Distribution of Rate Base by Function

Line

No.

1 The Company did not prepare a cost of service study due to its proposal
2 of a conservation-oriented rate design which is not based on costs.

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Global Water - Water Utility of Northern Scottsdale - Schedules
Test Year Ended December 31, 2011
Distribution of Expenses by Function

Schedule G-6

Line
No.

1 The Company did not prepare a cost of service study due to its proposal
2 of a conservation-oriented rate design which is not based on costs.

- 3
- 4
- 5
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Global Water - Water Utility of Northern Scottsdale - Schedules

Schedule G-7

Test Year Ended December 31, 2011

Development of Allocation Factors

Line

No.

1 The Company did not prepare a cost of service study due to its proposal
2 of a conservation-oriented rate design which is not based on costs.

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CHAPARRAL CITY WATER COMPANY
 Docket No. W-02113A-04-0616
 Test Year Ended December 31, 2003

Average Usage:
 CMF:

| Revenues: | Total | Base |
|------------------------------|-------------------|------------------|
| Residential | \$ 146,694 | \$ 79,050 |
| Commercial | - | - |
| Irrigation | - | - |
| HOA | - | - |
| Construction | - | - |
| Lake | - | - |
| Non-Potable | - | - |
| Total | \$ 146,694 | \$ 79,050 |
| Revenue Requirement | 147,656 | |
| Over(Short) | \$ (962) | |
| Revenue Increase(Decrease) % | -0.7% | |

| Meter: | .625R |
|------------------------------|------------|
| Basic Charge: | \$ 34.0000 |
| Tier One Rate: | 2.5000 |
| Incremental Tier Two Rate: | 1.0000 |
| Incremental Tier Three Rate: | 1.0000 |
| Incremental Tier Four Rate: | 1.0000 |
| Incremental Tier Five Rate: | 1.0000 |
| Incremental Tier Six Rate: | 1.0000 |
| Gallons in Minimum: (000's) | - |
| Tier One Upper Limit: | 1.0000 |
| Tier Two Upper Limit: | 5.0000 |

| Meter Size | Minimum Charge | Capacity Multiplier | Estimate | | |
|------------|----------------|---------------------|----------|--------|------|
| 5/8" | 34.00 | | | Tier 1 | 2.50 |
| 3/4" | 34.00 | | | Tier 2 | 2.60 |
| 1" | 85.00 | 2.5 | 85 | Tier 3 | 1.20 |
| 1.5" | 170.00 | 5 | 170 | Tier 4 | 1.20 |
| 2" | 272.00 | 8 | 272 | Tier 5 | 1.20 |
| 3" | 544.00 | 16 | 544 | Tier 6 | 1.20 |
| 4" | 850.00 | 25 | 850 | | |
| 6" | 1,700.00 | 50 | 1700 | | |
| 8" | 3,400.00 | 80 | 3400 | | |
| 10" | 3,910.00 | 115 | 3910 | | |
| 12" | 7,310.00 | 215 | 7310 | | |

Conservation Motivation Factor (CMF): 50.00%
 CMF Qualification Limit: 13.73 *90% of avg

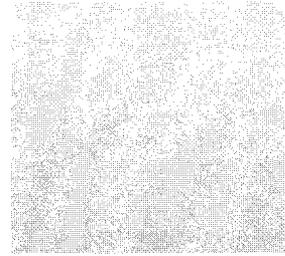
Average Residential Usage (in 1,000's): 15.251
 Average Usage (All Potable Customers): #REF!

Calculated Flat Rate \$ 4.99
 Non-Potable Rate \$ 2.00
 AF Gallons Rate/1,000 #DIV/0!

Revenue from rates: \$ 146,694
 Percent from Base: 53.89%

Revenue Requirement: \$ 146,106
\$ 151,196 Actual Revenue 2011
 \$ (5,090) decrease
 Over/(Short) \$ 588 -3.37% %

| Guide | Rate | Increment | Breakover (in 1,000's) |
|-------|------|-----------|---------------------------|
| 1.00 | 2.50 | 2.50 | 1 |
| 6.50 | 3.50 | 1.00 | 5 |
| 7.80 | 4.50 | 1.00 | 10 |
| 9.36 | 5.50 | 1.00 | 18 |
| 11.23 | 6.50 | 1.00 | 25 |
| 13.48 | 7.50 | 1.00 | |



Residential

| Size | Min | 1st Tier Rate | 2nd Tier Inc. Rate | 3rd Tier Inc. Rate | 4th Tier Inc. Rate | 5th Tier Inc. Rate |
|-------|----------|------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| .625R | \$ 34.00 | \$ 2.5000 | \$ 1.0000 | \$ 1.0000 | \$ 1.0000 | \$ 1.0000 |
| .75R | 34.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 1R | 85.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 1.5R | 170.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 2R | 272.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 3R | 544.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 4R | 850.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 6R | 1,700.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 8R | 3,400.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 10R | 3,910.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 12R | 7,310.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |

Commercial

| Size | Min | 1st Tier Rate | 2nd Tier Inc. Rate | 3rd Tier Rate | 4th Tier Inc. Rate | 5th Tier Inc. Rate |
|-------|----------|------------------|-----------------------|------------------|-----------------------|-----------------------|
| .625C | \$ 34.00 | \$ 2.5000 | \$ 1.0000 | \$ 1.0000 | \$ 1.0000 | \$ 1.0000 |
| .75C | 34.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 1C | 85.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 1.5C | 170.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 2C | 272.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 3C | 544.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 4C | 850.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 6C | 1,700.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 8C | 3,400.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 10C | 3,910.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 12C | 7,310.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |

Irrigation

| Size | Min | 1st Tier Rate | 2nd Tier Inc. Rate | 3rd Tier Inc. Rate | 4th Tier Inc. Rate | 5th Tier Inc. Rate |
|-------|----------|------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| .625I | \$ 34.00 | \$ 2.5000 | \$ 1.0000 | \$ 1.0000 | \$ 1.0000 | \$ 1.0000 |
| .75I | 34.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 1I | 85.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 1.5I | 170.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 2I | 272.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 3I | 544.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 4I | 850.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 6I | 1,700.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |

| | | | | | | |
|-----|----------|--------|--------|--------|--------|--------|
| 8I | 3,400.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 10I | 3,910.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 12I | 7,310.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |

HOA

| Size | Min | 1st Tier Rate | 2nd Tier Inc. Rate | 3rd Tier Inc. Rate | 4th Tier Inc. Rate | 5th Tier Inc. Rate |
|---------|----------|---------------|--------------------|--------------------|--------------------|--------------------|
| .625HOA | \$ 34.00 | \$ 2.5000 | \$ 1.0000 | \$ 1.0000 | \$ 1.0000 | \$ 1.0000 |
| .75HOA | 34.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 1HOA | 85.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 1.5HOA | 170.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 2HOA | 272.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 3HOA | 544.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 4HOA | 850.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 6HOA | 1,700.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 8HOA | 3,400.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 10HOA | 3,910.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 12HOA | 7,310.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |

Construction

| Size | Min | 1st Tier Rate | 2nd Tier Inc. Rate | 3rd Tier Inc. Rate | 4th Tier Inc. Rate | 5th Tier Inc. Rate |
|----------|----------|---------------|--------------------|--------------------|--------------------|--------------------|
| .625Cons | \$ 34.00 | \$ 2.5000 | \$ 1.0000 | \$ 1.0000 | \$ 1.0000 | \$ 1.0000 |
| .75Cons | 34.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 1Cons | 85.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 1.5Cons | 170.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 2Cons | 272.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 3Cons | 544.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 4Cons | 850.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 6Cons | 1,700.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 8Cons | 3,400.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 10Cons | 3,910.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 12Cons | 7,310.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |

Lake

| Size | Min | 1st Tier Rate | 2nd Tier Inc. Rate | 3rd Tier Inc. Rate | 4th Tier Inc. Rate | 5th Tier Inc. Rate |
|----------|----------|---------------|--------------------|--------------------|--------------------|--------------------|
| .625Lake | \$ 34.00 | \$ 2.5000 | \$ 1.0000 | \$ 1.0000 | \$ 1.0000 | \$ 1.0000 |
| .75Lake | 34.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 1Lake | 85.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 1.5Lake | 170.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 2Lake | 272.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 3Lake | 544.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 4Lake | 850.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 6Lake | 1,700.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 8Lake | 3,400.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 10Lake | 3,910.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| 12Lake | 7,310.00 | 2.5000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |

Raw

| | | | | |
|----------|----------|----------|----------|----------|
| 1st Tier | 2nd Tier | 3rd Tier | 4th Tier | 5th Tier |
|----------|----------|----------|----------|----------|

| Size | Min | Rate | Inc. Rate | Inc. Rate | Inc. Rate | Inc. Rate |
|---------|----------|-----------|-----------|-----------|-----------|-----------|
| .625RAW | \$ 34.00 | \$ 2.0000 | - | - | - | - |
| .75RAW | 34.00 | 2.0000 | - | - | - | - |
| 1RAW | 85.00 | 2.0000 | - | - | - | - |
| 1.5RAW | 170.00 | 2.0000 | - | - | - | - |
| 2RAW | 272.00 | 2.0000 | - | - | - | - |
| 3RAW | 544.00 | 2.0000 | - | - | - | - |
| 4RAW | 850.00 | 2.0000 | - | - | - | - |
| 6RAW | 1,700.00 | 2.0000 | - | - | - | - |
| 8RAW | 3,400.00 | 2.0000 | - | - | - | - |
| 10RAW | 3,910.00 | 2.0000 | - | - | - | - |
| 12RAW | 7,310.00 | 2.0000 | - | - | - | - |

Water Utility of Northern Scottsdale
 Test Year Ended December 31, 2011
 Classification - Present and Proposed Rates

Schedule H-1

| Line No. | Customer Classification | [A] Present Rates Adjusted | [B] Proposed Rates | [C] Proposed Increase Amount | [D] % |
|----------|---|----------------------------------|-----------------------|------------------------------------|----------|
| 1 | | | | | |
| 2 | Residential | \$ 143,850 | \$ 146,694 | \$ 2,844 | 2.0% |
| 3 | Commercial | - | - | - | |
| 4 | Irrigation | - | - | - | |
| 5 | Construction | - | - | - | |
| 6 | | | | | |
| 7 | Total Water Revenues | \$ 143,850 | \$ 146,694 | \$ 2,844 | 2.0% |
| 8 | | | | | |
| 9 | Miscellaneous Revenues (Sch. C-1, L4) | 1,550 | 1,550 | | |
| 10 | | | | | |
| 11 | Total Operating Revenues | \$ 145,400 | \$ 148,244 | | |
| 12 | | | | | |
| 13 | | | | | |
| 14 | | | | | |
| 15 | Pro Forma Adjustments | (3,540) | | | |
| 16 | Subtotal (L11 + L15) | \$ 141,860 | | | |
| 17 | | | | | |
| 18 | Total Gen. Ledger Operating Revenues | | | | |
| 19 | Test Year Ended 12/31/2011 (Sch. C-1, L5) | 151,196 | | | |
| 20 | Unreconciled Difference (L16 - L19) | (9,336) | | | |
| 21 | % | -6.58% | | | |
| 22 | | | | | |
| 23 | Target Revenue Requirement (Sch. C-1, L5) | | 147,656 | | |
| 24 | Difference (L11 - L23) | | 588 | | |
| 25 | % | | 0.40% | | |
| 26 | | | | | |
| 27 | | | | | |
| 28 | | | | | |
| 29 | | | | | |
| 30 | | | | | |

Monthly Minimum Charges:

| Meter Size (All Classes) | Basic Service Charge | | |
|--------------------------|----------------------|----------|---------|
| | Present | Proposed | Change |
| 5/8" Meter | \$ 27.00 | \$ 34.00 | \$ 7.00 |
| 3/4" Meter | 27.00 | 34.00 | 7.00 |
| 1" Meter | 57.00 | 85.00 | 28.00 |
| 1.5" Meter | 123.00 | 170.00 | 50.00 |
| 2" Meter | 128.00 | 272.00 | 144.00 |
| 3" Meter | 340.00 | 644.00 | 204.00 |
| 4" Meter | 550.00 | 850.00 | 300.00 |
| 6" Meter | 1,100.00 | 1,700.00 | 600.00 |

Commodity Rate Charges:

| Potable Water | Present | | Proposed | | Change |
|---|-------------|---------------------------|-------------|---------------------------|-----------|
| | Rate Block | Volumetric Charge (M Gal) | Rate Block | Volumetric Charge (M Gal) | |
| 5/8 x 3/4", 3/4", 1" and 1 1/2" Residential Meters | | | | | |
| Tier One Breakover (M Gal) | 4 | \$ 5.00 | 1 | 2.50 | NA |
| Tier Two Breakover (M Gal) | 10 | 6.00 | 5 | 3.50 | NA |
| Tier Three Breakover (M Gal) | >10 | 7.00 | 10 | 4.50 | NA |
| | | | 18 | 5.50 | NA |
| | | | 25 | 6.50 | NA |
| | | | >25 | 7.50 | NA |
| 5/8 x 3/4" and 3/4" Non-residential Meters | | | | | |
| Tier One Breakover (M Gal) | 7 | \$ 6.00 | 1 | 2.50 | NA |
| Tier Two Breakover (M Gal) | >7 | 7.00 | 5 | 3.50 | NA |
| | | | 10 | 4.50 | NA |
| | | | 18 | 5.50 | NA |
| | | | 25 | 6.50 | NA |
| | | | >25 | 7.50 | NA |
| 1" Non-residential Meters | | | | | |
| Tier One Breakover (M Gal) | 16 | \$ 6.00 | 1 | 2.50 | NA |
| Tier Two Breakover (M Gal) | >16 | 7.00 | 5 | 3.50 | NA |
| | | | 10 | 4.50 | NA |
| | | | 18 | 5.50 | NA |
| | | | 25 | 6.50 | NA |
| | | | >25 | 7.50 | NA |
| 1 1/2" Non-residential Meters | | | | | |
| Tier One Breakover (M Gal) | 32 | \$ 6.00 | 1 | 2.50 | NA |
| Tier Two Breakover (M Gal) | >32 | 7.00 | 5 | 3.50 | NA |
| | | | 10 | 4.50 | NA |
| | | | 18 | 5.50 | NA |
| | | | 25 | 6.50 | NA |
| | | | >25 | 7.50 | NA |
| 2" Meters - All Classes | | | | | |
| Tier One Breakover (M Gal) | 80 | \$ 6.00 | 1 | 2.50 | NA |
| Tier Two Breakover (M Gal) | >80 | 7.00 | 5 | 3.50 | NA |
| | | | 10 | 4.50 | NA |
| | | | 18 | 5.50 | NA |
| | | | 25 | 6.50 | NA |
| | | | >25 | 7.50 | NA |
| 3" Meters - All Classes | | | | | |
| Tier One Breakover (M Gal) | 120,000 | \$ 6.00 | 1 | 2.50 | NA |
| Tier Two Breakover (M Gal) | >120,000 | 7.00 | 5 | 3.50 | NA |
| | | | 10 | 4.50 | NA |
| | | | 18 | 5.50 | NA |
| | | | 25 | 6.50 | NA |
| | | | >25 | 7.50 | NA |
| 4" Meters - All Classes | | | | | |
| Tier One Breakover (M Gal) | 200,000 | \$ 6.00 | 1 | 2.50 | NA |
| Tier Two Breakover (M Gal) | >200,000 | 7.00 | 5 | 3.50 | NA |
| | | | 10 | 4.50 | NA |
| | | | 18 | 5.50 | NA |
| | | | 25 | 6.50 | NA |
| | | | >25 | 7.50 | NA |
| 6" Meters - All Classes | | | | | |
| Tier One Breakover (M Gal) | 400,000 | \$ 6.00 | 1 | 2.50 | NA |
| Tier Two Breakover (M Gal) | >400,000 | 7.00 | 5 | 3.50 | NA |
| | | | 10 | 4.50 | NA |
| | | | 18 | 5.50 | NA |
| | | | 25 | 6.50 | NA |
| | | | >25 | 7.50 | NA |
| Standpipe Rate - per 1,000 gallons | all gallons | \$ 7.00 | all gallons | | \$ (7.00) |

Miscellaneous Service Charges

| | Present | Proposed |
|--|----------|----------|
| Establishment of Service | \$ 35.00 | 35.00 |
| Establishment of Service (After Hours) | 45.00 | 45.00 |
| Re-establishment of Service (Within 12 Months) | 30.00 | 30.00 |
| Reconnection of Service (Delinquent) | 45.00 | 45.00 |
| Reconnection of Service - After Hours (Delinquent) | N/A | N/A |
| Meter Move at Customer Request | N/A | N/A |
| After Hours Service Charge, Per Hour | - | - |
| Deposit | - | - |
| Deposit Interest | - | - |
| Meter Re-Read (If Correct) | 25.00 | 25.00 |
| Meter Test Fee (If Correct) | 30.00 | 30.00 |
| NSF Check | 30.00 | 30.00 |
| Late Payment Charge (Per Month) | \$ 1.50% | 1.50% |
| Deferred Payment Charge (Per Month) | 3.00 | 3.00 |
| Fire Sprinkler Monthly Service Charge | --- | --- |

* Per A.A.C. R14-2-403(B).

** Number of Months off System times the monthly minimum per A.A.C. R14-2-403(D).

*** One percent (1.00%) of monthly minimum for a comparable sized meter connection, but not less than \$5.00 per month. The service charge for fire sprinklers is only applicable for service lines separate and distinct from the primary water service line.

Service Line and Meter Installation Charges (Refundable Pursuant to A.A.C. R14-2-405)

| Meter Size | Present | | Total Charges | Proposed | | Total Charges | Change |
|----------------------|----------------------|---------------|---------------|----------------------|---------------|---------------|----------|
| | Service Line Charges | Meter Charges | | Service Line Charges | Meter Charges | | |
| 5/8 x 3/4" Meter | \$445.00 | \$155.00 | 600 | - | - | \$- | -100.00% |
| 3/4" Meter | 445.00 | 255.00 | 700 | - | - | - | -100.00% |
| 1" Meter | 495.00 | 315.00 | 810 | - | - | - | -100.00% |
| 1 1/2" Meter | 550.00 | 525.00 | 1,075 | - | - | - | -100.00% |
| 2" Turbine Meter | 830.00 | 1,045.00 | 1,875 | - | - | - | -100.00% |
| 2" Compound Meter | 830.00 | 1,890.00 | 2,720 | - | - | - | -100.00% |
| 3" Turbine Meter | 1,045.00 | 1,670.00 | 2,715 | - | - | - | -100.00% |
| 3" Compound Meter | 1,185.00 | 2,545.00 | 3,730 | - | - | - | -100.00% |
| 4" Turbine Meter | 1,490.00 | 2,870.00 | 4,360 | - | - | - | -100.00% |
| 4" Compound Meter | 1,870.00 | 3,645.00 | 5,515 | - | - | - | -100.00% |
| 6" Turbine Meter | 2,210.00 | 5,025.00 | 7,235 | - | - | - | -100.00% |
| 6" Compound Meter | 2,330.00 | 6,920.00 | 9,250 | - | - | - | -100.00% |
| 8" and Larger Meters | Cost | Cost | Cost | - | - | - | -100.00% |

Water Utility of Northern Scottsdale
 Test Year Ended December 31, 2011
 Typical Bill Analysis

Schedule H-4

Rate Schedule: 1" Residential Meters

| Monthly Consumption | Present Bill | Proposed Bill | Percent Increase |
|---------------------|--------------|---------------|------------------|
| - | \$ 57.00 | \$ 85.00 | 49.12% |
| 1,000 | 62.00 | \$ 86.25 | 39.11% |
| 2,000 | 67.00 | \$ 88.00 | 31.34% |
| 3,000 | 72.00 | \$ 89.75 | 24.65% |
| 4,000 | 77.00 | \$ 91.50 | 18.83% |
| 5,000 | 83.00 | \$ 93.25 | 12.35% |
| 6,000 | 89.00 | \$ 95.50 | 7.30% |
| 7,000 | 95.00 | \$ 97.75 | 2.89% |
| 8,000 | 101.00 | \$ 115.00 | 13.86% |
| 9,000 | 107.00 | \$ 119.50 | 11.68% |
| 10,000 | 113.00 | \$ 124.00 | 9.73% |
| 15,000 | 148.00 | \$ 151.50 | 2.36% |
| 20,000 | 183.00 | \$ 181.00 | -1.09% |
| 25,000 | 218.00 | \$ 251.00 | 15.14% |
| 50,000 | 393.00 | \$ 438.50 | 11.58% |
| 75,000 | 568.00 | \$ 626.00 | 10.21% |
| 100,000 | 743.00 | \$ 813.50 | 9.49% |
| 125,000 | 918.00 | \$ 1,001.00 | 9.04% |
| 150,000 | 1,093.00 | \$ 1,188.50 | 8.74% |
| 175,000 | 1,268.00 | \$ 1,376.00 | 8.52% |
| 200,000 | 1,443.00 | \$ 1,563.50 | 8.35% |

| | | | |
|----|----------|-------|--------|
| | current | | |
| | \$ 57.00 | | |
| 4 | 5.00 | 20.00 | 77.00 |
| 10 | 6.00 | 36.00 | 113.00 |
| | 7.00 | | |

| | | |
|-----|----------|---------|
| | proposed | |
| | \$ 85.00 | |
| Min | Comm | |
| | 1 | 2.50 31 |
| | 5 | 3.50 32 |
| | 10 | 4.50 33 |
| | 18 | 5.50 34 |
| | 25 | 6.50 35 |
| >25 | 7.50 | 36 |

| | |
|-----------|--------|
| CRT | 50.00% |
| CRT Thres | 13.73 |

Water Utility of Northern Scottsdale
 Test Year Ended December 31, 2011
 Typical Bill Analysis

Schedule H-4

Rate Schedule: 1 1/2" Residential Meters

| Monthly Consumption | Present Bill | Proposed Bill | Percent Increase |
|---------------------|--------------|---------------|------------------|
| - | \$ 120.00 | \$ 170.00 | 41.67% |
| 1,000 | 125.00 | \$ 171.25 | 37.00% |
| 2,000 | 130.00 | \$ 173.00 | 33.08% |
| 3,000 | 135.00 | \$ 174.75 | 29.44% |
| 4,000 | 140.00 | \$ 176.50 | 26.07% |
| 5,000 | 146.00 | \$ 178.25 | 22.09% |
| 6,000 | 152.00 | \$ 180.50 | 18.75% |
| 7,000 | 158.00 | \$ 182.75 | 15.66% |
| 8,000 | 164.00 | \$ 200.00 | 21.95% |
| 9,000 | 170.00 | \$ 204.50 | 20.29% |
| 10,000 | 176.00 | \$ 209.00 | 18.75% |
| 15,000 | 211.00 | \$ 236.50 | 12.09% |
| 20,000 | 246.00 | \$ 266.00 | 8.13% |
| 25,000 | 281.00 | \$ 336.00 | 19.57% |
| 50,000 | 456.00 | \$ 523.50 | 14.80% |
| 75,000 | 631.00 | \$ 711.00 | 12.68% |
| 100,000 | 806.00 | \$ 898.50 | 11.48% |
| 125,000 | 981.00 | \$ 1,086.00 | 10.70% |
| 150,000 | 1,156.00 | \$ 1,273.50 | 10.16% |
| 175,000 | 1,331.00 | \$ 1,461.00 | 9.77% |
| 200,000 | 1,506.00 | \$ 1,648.50 | 9.46% |

| | | | |
|----|-----------|-------|--------|
| | current | | |
| | \$ 120.00 | | |
| 4 | 5.00 | 20.00 | 140.00 |
| 10 | 6.00 | 36.00 | 176.00 |
| | 7.00 | | |

| | | Tier | | | | |
|-----|-------------------|------|-------|-------|-------|------|
| | Min | 1 | 2 | 3 | 4 | 5 |
| | \$ 170.00 | | | | | |
| 1 | 1,000 \$ 170.00 | 2.50 | | | | |
| 2 | 2,000 \$ 170.00 | 2.50 | 3.50 | | | |
| 3 | 3,000 \$ 170.00 | 2.50 | 7.00 | | | |
| 4 | 4,000 \$ 170.00 | 2.50 | 10.50 | | | |
| 5 | 5,000 \$ 170.00 | 2.50 | 14.00 | | | |
| 6 | 6,000 \$ 170.00 | 2.50 | 14.00 | 4.50 | | |
| 7 | 7,000 \$ 170.00 | 2.50 | 14.00 | 9.00 | | |
| 8 | 8,000 \$ 170.00 | 2.50 | 14.00 | 13.50 | | |
| 9 | 9,000 \$ 170.00 | 2.50 | 14.00 | 18.00 | | |
| 10 | 10,000 \$ 170.00 | 2.50 | 14.00 | 22.50 | | |
| 15 | 15,000 \$ 170.00 | 2.50 | 14.00 | 22.50 | 27.50 | |
| 20 | 20,000 \$ 170.00 | 2.50 | 14.00 | 22.50 | 44.00 | 13 |
| 25 | 25,000 \$ 170.00 | 2.50 | 14.00 | 22.50 | 44.00 | 46 |
| 50 | 50,000 \$ 170.00 | 2.50 | 14.00 | 22.50 | 44.00 | 45.5 |
| 75 | 75,000 \$ 170.00 | 2.50 | 14.00 | 22.50 | 44.00 | 45.5 |
| 100 | 100,000 \$ 170.00 | 2.50 | 14.00 | 22.50 | 44.00 | 45.5 |
| 125 | 125,000 \$ 170.00 | 2.50 | 14.00 | 22.50 | 44.00 | 45.5 |
| 150 | 150,000 \$ 170.00 | 2.50 | 14.00 | 22.50 | 44.00 | 45.5 |
| 175 | 175,000 \$ 170.00 | 2.50 | 14.00 | 22.50 | 44.00 | 45.5 |
| 200 | 200,000 \$ 170.00 | 2.50 | 14.00 | 22.50 | 44.00 | 45.5 |

| | | |
|-----|-----------|----|
| Min | proposed | |
| | \$ 170.00 | |
| | Comm | |
| 1 | 2.50 | 31 |
| 5 | 3.50 | 32 |
| 10 | 4.50 | 33 |
| 18 | 5.50 | 34 |
| 25 | 6.50 | 35 |
| >25 | 7.50 | 36 |

| | |
|-----------|--------|
| CRT | 50.00% |
| CRT Thres | 13.73 |

| CRT | Total |
|---------|-----------|
| 6 | \$ 170.00 |
| (1.25) | \$ 171.25 |
| (3.00) | \$ 173.00 |
| (4.75) | \$ 174.75 |
| (6.50) | \$ 176.50 |
| (8.25) | \$ 178.25 |
| (10.50) | \$ 180.50 |
| (12.75) | \$ 182.75 |
| | \$ 200.00 |
| | \$ 204.50 |
| | \$ 209.00 |
| | \$ 236.50 |
| | \$ 266.00 |
| 38 | \$ 336.00 |
| 225 | \$ 523.50 |
| 413 | \$ 711.00 |
| 600 | \$ 898.50 |
| 788 | ##### |
| 975 | ##### |
| 1,163 | ##### |
| 1,350 | ##### |

Water Utility of Northern Scottsdale
 Test Year Ended December 31, 2011
 Typical Bill Analysis

Schedule H-4

Rate Schedule: 2" Residential Meters

| Monthly Consumption | Present Bill | Proposed Bill | Percent Increase |
|---------------------|--------------|---------------|------------------|
| - | \$ 128.00 | \$ 272.00 | 112.50% |
| 1,000 | 134.00 | \$ 273.25 | 103.92% |
| 2,000 | 140.00 | \$ 275.00 | 96.43% |
| 3,000 | 146.00 | \$ 276.75 | 89.55% |
| 4,000 | 152.00 | \$ 278.50 | 83.22% |
| 5,000 | 158.00 | \$ 280.25 | 77.37% |
| 6,000 | 164.00 | \$ 282.50 | 72.26% |
| 7,000 | 170.00 | \$ 284.75 | 67.50% |
| 8,000 | 176.00 | \$ 302.00 | 71.59% |
| 9,000 | 182.00 | \$ 306.50 | 68.41% |
| 10,000 | 188.00 | \$ 311.00 | 65.43% |
| 15,000 | 218.00 | \$ 338.50 | 55.28% |
| 20,000 | 248.00 | \$ 368.00 | 48.39% |
| 25,000 | 278.00 | \$ 438.00 | 57.55% |
| 50,000 | 428.00 | \$ 625.50 | 46.14% |
| 75,000 | 593.00 | \$ 813.00 | 37.10% |
| 100,000 | 768.00 | \$ 1,000.50 | 30.27% |
| 125,000 | 943.00 | \$ 1,188.00 | 25.98% |
| 150,000 | 1,118.00 | \$ 1,375.50 | 23.03% |
| 175,000 | 1,293.00 | \$ 1,563.00 | 20.88% |
| 200,000 | 1,468.00 | \$ 1,750.50 | 19.24% |

| | 2 | 3 | 4 | 5 | CRT 6 | Total |
|--|-------|-------|-------|------|----------|-----------|
| | | | | | | \$ 272.00 |
| | | | | | (1.25) | \$ 273.25 |
| | | | | | (3.00) | \$ 275.00 |
| | 3.50 | | | | (4.75) | \$ 276.75 |
| | 7.00 | | | | (6.50) | \$ 278.50 |
| | 10.50 | | | | (8.25) | \$ 280.25 |
| | 14.00 | | | | (10.50) | \$ 282.50 |
| | 14.00 | 4.50 | | | (12.75) | \$ 284.75 |
| | 14.00 | 9.00 | | | | \$ 302.00 |
| | 14.00 | 13.50 | | | | \$ 306.50 |
| | 14.00 | 18.00 | | | | \$ 311.00 |
| | 14.00 | 22.50 | | | | \$ 338.50 |
| | 14.00 | 22.50 | 27.50 | | | \$ 368.00 |
| | 14.00 | 22.50 | 44.00 | 13 | | \$ 438.00 |
| | 14.00 | 22.50 | 44.00 | 46 | 38 | \$ 625.50 |
| | 14.00 | 22.50 | 44.00 | 45.5 | 225 | \$ 813.00 |
| | 14.00 | 22.50 | 44.00 | 45.5 | 413 | ##### |
| | 14.00 | 22.50 | 44.00 | 45.5 | 600 | ##### |
| | 14.00 | 22.50 | 44.00 | 45.5 | 788 | ##### |
| | 14.00 | 22.50 | 44.00 | 45.5 | 975 | ##### |
| | 14.00 | 22.50 | 44.00 | 45.5 | 1,163 | ##### |
| | 14.00 | 22.50 | 44.00 | 45.5 | 1,350 | ##### |

Water Utility of Northern Scottsdale
 Test Year Ended December 31, 2011
 Bill Count

Rate Schedule: 1" Residential

| Block | Number of Bills by Block | Consumption by Blocks | Cumulative Bills | | Cumulative Amount |
|----------|--------------------------------|--------------------------|------------------|------------|----------------------|
| | | | No. | % of Total | |
| 0 | 15 | - | 15 | 1.82% | - |
| 1,000 # | 24 | 24,000 | 39 | 4.73% | 24,000 |
| 2,000 # | 34 | 68,000 | 73 | 8.86% | 92,000 |
| 3,000 # | 56 | 168,000 | 129 | 15.66% | 260,000 |
| 4,000 # | 43 | 172,000 | 172 | 20.87% | 432,000 |
| 5,000 # | 44 | 220,000 | 216 | 26.21% | 652,000 |
| 6,000 # | 39 | 234,000 | 255 | 30.95% | 886,000 |
| 7,000 # | 35 | 245,000 | 290 | 35.19% | 1,131,000 |
| 8,000 # | 38 | 304,000 | 328 | 39.81% | 1,435,000 |
| 9,000 # | 42 | 378,000 | 370 | 44.90% | 1,813,000 |
| 10,000 # | 23 | 230,000 | 393 | 47.69% | 2,043,000 |
| 11,000 # | 41 | 451,000 | 434 | 52.67% | 2,494,000 |
| 12,000 # | 33 | 396,000 | 467 | 56.67% | 2,890,000 |
| 13,000 # | 23 | 299,000 | 490 | 59.47% | 3,189,000 |
| 14,000 # | 32 | 448,000 | 522 | 63.35% | 3,637,000 |
| 15,000 # | 19 | 285,000 | 541 | 65.66% | 3,922,000 |
| 16,000 # | 23 | 368,000 | 564 | 68.45% | 4,290,000 |
| 17,000 # | 25 | 425,000 | 589 | 71.48% | 4,715,000 |
| 18,000 # | 22 | 396,000 | 611 | 74.15% | 5,111,000 |
| 19,000 # | 16 | 304,000 | 627 | 76.09% | 5,415,000 |
| 20,000 # | 10 | 200,000 | 637 | 77.31% | 5,615,000 |
| 21,000 # | 8 | 168,000 | 645 | 78.28% | 5,783,000 |
| 22,000 # | 7 | 154,000 | 652 | 79.13% | 5,937,000 |
| 23,000 # | 10 | 230,000 | 662 | 80.34% | 6,167,000 |
| 24,000 # | 5 | 120,000 | 667 | 80.95% | 6,287,000 |
| 25,000 # | 7 | 175,000 | 674 | 81.80% | 6,462,000 |
| 26,000 # | 6 | 156,000 | 680 | 82.52% | 6,618,000 |
| 27,000 # | 6 | 162,000 | 686 | 83.25% | 6,780,000 |
| 28,000 # | 7 | 196,000 | 693 | 84.10% | 6,976,000 |
| 29,000 # | 5 | 145,000 | 698 | 84.71% | 7,121,000 |
| 30,000 # | 13 | 390,000 | 711 | 86.29% | 7,511,000 |
| 31,000 # | 4 | 124,000 | 715 | 86.77% | 7,635,000 |
| 32,000 # | 8 | 256,000 | 723 | 87.74% | 7,891,000 |
| 33,000 # | 9 | 297,000 | 732 | 88.83% | 8,188,000 |
| 34,000 # | 6 | 204,000 | 738 | 89.56% | 8,392,000 |
| 35,000 # | 6 | 210,000 | 744 | 90.29% | 8,602,000 |
| 36,000 # | 4 | 144,000 | 748 | 90.78% | 8,746,000 |
| 37,000 # | 3 | 111,000 | 751 | 91.14% | 8,857,000 |
| 38,000 # | 3 | 114,000 | 754 | 91.50% | 8,971,000 |
| 39,000 # | 7 | 273,000 | 761 | 92.35% | 9,244,000 |
| 40,000 # | 8 | 320,000 | 769 | 93.33% | 9,564,000 |
| 41,000 # | 1 | 41,000 | 770 | 93.45% | 9,605,000 |
| 42,000 # | 4 | 168,000 | 774 | 93.93% | 9,773,000 |
| 43,000 # | 3 | 129,000 | 777 | 94.30% | 9,902,000 |
| 44,000 # | 2 | 88,000 | 779 | 94.54% | 9,990,000 |
| 45,000 # | 1 | 45,000 | 780 | 94.66% | 10,035,000 |
| 46,000 # | 1 | 46,000 | 781 | 94.78% | 10,081,000 |
| 47,000 # | 3 | 141,000 | 784 | 95.15% | 10,222,000 |
| 48,000 # | | - | 784 | 95.15% | 10,222,000 |
| 49,000 # | 2 | 98,000 | 786 | 95.39% | 10,320,000 |
| 50,000 # | 1 | 50,000 | 787 | 95.51% | 10,370,000 |
| 51,000 # | 1 | 51,000 | 788 | 95.63% | 10,421,000 |
| 52,000 # | 2 | 104,000 | 790 | 95.87% | 10,525,000 |
| 53,000 # | 1 | 53,000 | 791 | 96.00% | 10,578,000 |
| 54,000 # | 2 | 108,000 | 793 | 96.24% | 10,686,000 |
| 55,000 # | 2 | 110,000 | 795 | 96.48% | 10,796,000 |
| 56,000 # | 1 | 56,000 | 796 | 96.60% | 10,852,000 |
| 57,000 # | 1 | 57,000 | 797 | 96.72% | 10,909,000 |
| 58,000 # | 3 | 174,000 | 800 | 97.09% | 11,083,000 |
| 59,000 # | 2 | 118,000 | 802 | 97.33% | 11,201,000 |
| 60,000 # | | - | 802 | 97.33% | 11,201,000 |
| 61,000 # | 1 | 61,000 | 803 | 97.45% | 11,262,000 |
| 62,000 # | 2 | 124,000 | 805 | 97.69% | 11,386,000 |
| 63,000 # | 2 | 126,000 | 807 | 97.94% | 11,512,000 |

| | | | | | |
|-----------|---|---------|-----|---------|------------|
| 64,000 # | | - | 807 | 97.94% | 11,512,000 |
| 65,000 # | 2 | 130,000 | 809 | 98.18% | 11,642,000 |
| 66,000 # | | - | 809 | 98.18% | 11,642,000 |
| 67,000 # | 3 | 201,000 | 812 | 98.54% | 11,843,000 |
| 68,000 # | | - | 812 | 98.54% | 11,843,000 |
| 69,000 # | 2 | 138,000 | 814 | 98.79% | 11,981,000 |
| 70,000 # | | - | 814 | 98.79% | 11,981,000 |
| 71,000 # | 1 | 71,000 | 815 | 98.91% | 12,052,000 |
| 72,000 # | | - | 815 | 98.91% | 12,052,000 |
| 73,000 # | | - | 815 | 98.91% | 12,052,000 |
| 74,000 # | 1 | 74,000 | 816 | 99.03% | 12,126,000 |
| 75,000 # | 2 | 150,000 | 818 | 99.27% | 12,276,000 |
| 76,000 # | 1 | 76,000 | 819 | 99.39% | 12,352,000 |
| 82,000 # | 1 | 82,000 | 820 | 99.51% | 12,434,000 |
| 92,000 # | 1 | 92,000 | 821 | 99.64% | 12,526,000 |
| 98,000 # | 1 | 98,000 | 822 | 99.76% | 12,624,000 |
| 112,000 # | 1 | 112,000 | 823 | 99.88% | 12,736,000 |
| 190,000 # | 1 | 190,000 | 824 | 100.00% | 12,926,000 |
| | | - | 824 | 100.00% | 12,926,000 |

| | | | | | |
|--------|-----|------------|-----|--|------------|
| Totals | 824 | 12,926,000 | 824 | | 12,926,000 |
|--------|-----|------------|-----|--|------------|

| | |
|---------------------------|--------|
| Average No. of Customers: | 69 |
| Average Consumption: | 15,687 |
| Median Consumption: | 10,500 |

Schedule H-5

Consumption
% of Total

0.00%
0.19%
0.71%
2.01%
3.34%
5.04%
6.85%
8.75%
11.10%
14.03%
15.81%
19.29%
22.36%
24.67%
28.14%
30.34%
33.19%
36.48%
39.54%
41.89%
43.44%
44.74%
45.93%
47.71%
48.64%
49.99%
51.20%
52.45%
53.97%
55.09%
58.11%
59.07%
61.05%
63.35%
64.92%
66.55%
67.66%
68.52%
69.40%
71.51%
73.99%
74.31%
75.61%
76.61%
77.29%
77.63%
77.99%
79.08%
79.08%
79.84%
80.23%
80.62%
81.43%
81.84%
82.67%
83.52%
83.95%
84.40%
85.74%
86.65%
86.65%
87.13%
88.09%
89.06%

89.06%
90.07%
90.07%
91.62%
91.62%
92.69%
92.69%
93.24%
93.24%
93.24%
93.81%
94.97%
95.56%
96.19%
96.91%
97.66%
98.53%
100.00%

100.00%

Water Utility of Northern Scottsdale

Test Year Ended December 31, 2011

Bill Count

Rate Schedule: 1 1/2" Residential

| Block | Number of Bills by Block | Consumption by Blocks | Cumulative Bills | |
|--------|--------------------------------|--------------------------|------------------|------------|
| | | | No. | % of Total |
| 0 | | - | - | 0.00% |
| 1,000 | 2 | 2,000 | 2 | 3.77% |
| 2,000 | 1 | 2,000 | 3 | 5.66% |
| 3,000 | | - | 3 | 5.66% |
| 4,000 | | - | 3 | 5.66% |
| 5,000 | 2 | 10,000 | 5 | 9.43% |
| 6,000 | 1 | 6,000 | 6 | 11.32% |
| 7,000 | 4 | 28,000 | 10 | 18.87% |
| 8,000 | 2 | 16,000 | 12 | 22.64% |
| 9,000 | 2 | 18,000 | 14 | 26.42% |
| 10,000 | 1 | 10,000 | 15 | 28.30% |
| 11,000 | | - | 15 | 28.30% |
| 12,000 | 4 | 48,000 | 19 | 35.85% |
| 13,000 | 3 | 39,000 | 22 | 41.51% |
| 14,000 | 2 | 28,000 | 24 | 45.28% |
| 15,000 | 1 | 15,000 | 25 | 47.17% |
| 16,000 | 2 | 32,000 | 27 | 50.94% |
| 17,000 | 1 | 17,000 | 28 | 52.83% |
| 18,000 | 4 | 72,000 | 32 | 60.38% |
| 19,000 | 3 | 57,000 | 35 | 66.04% |
| 20,000 | 2 | 40,000 | 37 | 69.81% |
| 21,000 | | - | 37 | 69.81% |
| 22,000 | 1 | 22,000 | 38 | 71.70% |
| 23,000 | 1 | 23,000 | 39 | 73.58% |
| 24,000 | | - | 39 | 73.58% |
| 25,000 | 5 | 125,000 | 44 | 83.02% |
| 26,000 | | - | 44 | 83.02% |
| 27,000 | 1 | 27,000 | 45 | 84.91% |
| 28,000 | 1 | 28,000 | 46 | 86.79% |
| 29,000 | | - | 46 | 86.79% |
| 30,000 | 2 | 60,000 | 48 | 90.57% |
| 31,000 | | - | 48 | 90.57% |
| 32,000 | 1 | 32,000 | 49 | 92.45% |
| 37,000 | 1 | 37,000 | 50 | 94.34% |
| 88,000 | 1 | 88,000 | 51 | 96.23% |
| 89,000 | 1 | 89,000 | 52 | 98.11% |

| | | | | | |
|--------|--------|----|-----------|----|---------|
| 91,000 | 91,000 | 1 | 91,000 | 53 | 100.00% |
| | | | - | 53 | 100.00% |
| <hr/> | | | | | |
| Totals | | 53 | 1,062,000 | 53 | |

Average No. of Customers: 5

Average Consumption: 20,038

Median Consumption: 15,500

Note:

The monthly minimum for this meter size is \$120. Two of the bills had monthly minimum amounts of \$16.00 ; a partial months billing. As a result, the amount of revenue calculated by the bill count for the monthly minimum by \$188.00:

| | Actual | Mo. Min | Difference |
|--|----------|-----------|-------------|
| Bill 1 | \$ 16.00 | \$ 120.00 | \$ (104.00) |
| Bill 2 | 36.00 | 120.00 | (84.00) |
| Adjustment to match bill count revenue | | | \$ (188.00) |

Schedule H-5

Cumulative Consumption

| Amount | % of Total |
|---------|------------|
| - | 0.00% |
| 2,000 | 0.19% |
| 4,000 | 0.38% |
| 4,000 | 0.38% |
| 4,000 | 0.38% |
| 14,000 | 1.32% |
| 20,000 | 1.88% |
| 48,000 | 4.52% |
| 64,000 | 6.03% |
| 82,000 | 7.72% |
| 92,000 | 8.66% |
| 92,000 | 8.66% |
| 140,000 | 13.18% |
| 179,000 | 16.85% |
| 207,000 | 19.49% |
| 222,000 | 20.90% |
| 254,000 | 23.92% |
| 271,000 | 25.52% |
| 343,000 | 32.30% |
| 400,000 | 37.66% |
| 440,000 | 41.43% |
| 440,000 | 41.43% |
| 462,000 | 43.50% |
| 485,000 | 45.67% |
| 485,000 | 45.67% |
| 610,000 | 57.44% |
| 610,000 | 57.44% |
| 637,000 | 59.98% |
| 665,000 | 62.62% |
| 665,000 | 62.62% |
| 725,000 | 68.27% |
| 725,000 | 68.27% |
| 757,000 | 71.28% |
| 794,000 | 74.76% |
| 882,000 | 83.05% |
| 971,000 | 91.43% |

| | |
|-----------|---------|
| 1,062,000 | 100.00% |
| 1,062,000 | 100.00% |

1,062,000

and \$36.00 to reflect
um must be reduced

Water Utility of Northern Scottsdale

Test Year Ended December 31, 2011

Bill Count

Rate Schedule: 2" Residential

| Block | Number of Bills by Block | Consumption by Blocks | Cumulative Bills | |
|---------------|--------------------------------|--------------------------|------------------|------------|
| | | | No. | % of Total |
| 0 | | - | - | 0.00% |
| 7,000 | 1 | 7,000 | 1 | 8.33% |
| 11,000 | 2 | 22,000 | 3 | 25.00% |
| 12,000 | 1 | 12,000 | 4 | 33.33% |
| 17,000 | 1 | 17,000 | 5 | 41.67% |
| 19,000 | 1 | 19,000 | 6 | 50.00% |
| 20,000 | 1 | 20,000 | 7 | 58.33% |
| 22,000 | 2 | 44,000 | 9 | 75.00% |
| 23,000 | 2 | 46,000 | 11 | 91.67% |
| 25,000 | 1 | 25,000 | 12 | 100.00% |
| | | - | 12 | 100.00% |
| Totals | | 212,000 | 12 | |

Average No. of Customers: 1

Average Consumption: 17,667

Median Consumption: 19,500

Schedule H-5

| <u>Cumulative Consumption</u> | |
|-------------------------------|-------------------|
| <u>Amount</u> | <u>% of Total</u> |
| - | 0.00% |
| 7,000 | 3.30% |
| 29,000 | 13.68% |
| 41,000 | 19.34% |
| 58,000 | 27.36% |
| 77,000 | 36.32% |
| 97,000 | 45.75% |
| 141,000 | 66.51% |
| 187,000 | 88.21% |
| 212,000 | 100.00% |
| 212,000 | 100.00% |

212,000

Verification of Calcs

| Line No. | Description | | | |
|--|--|-----------------|----------|------------|
| <u>Calculation of Gross Revenue Conversion Factor:</u> | | | | |
| 1 | Revenue | 100.0000% | | |
| 2 | Uncollectible Factor (Line 11) | 0.6140% | | |
| 3 | Revenues (L1 - L2) | 99.3860% | | |
| 4 | Combined Federal and State Income Tax and Property Tax Rate (Line 17) | 38.5989% | | |
| 5 | Subtotal (L3 - L4) | 60.7871% | | |
| 6 | Revenue Conversion Factor (L1 / L5) | 1.645086 | | |
| 7 | | | | |
| <u>Calculation of Uncollectible Factor:</u> | | | | |
| 9 | Unity | 100.0000% | | |
| 10 | Combined Federal and State Tax Rate (L21) | 38.5989% | | |
| 11 | One Minus Combined Income Tax Rate (L9 - L10) | 61.4011% | | |
| 12 | Uncollectible Rate | 1.0000% | | |
| 13 | Uncollectible Factor (L11 * L12) | 0.6140% | | |
| 14 | | | | |
| <u>Calculation of Effective Tax Rate:</u> | | | | |
| 16 | Operating Income Before Taxes (Arizona Taxable Income) | 100.0000% | | |
| 17 | Arizona State Income Tax Rate | 6.9680% | | |
| 18 | Federal Taxable Income (L16 - L17) | 93.0320% | | |
| 19 | Applicable Federal Income Tax Rate (L69) | 34.0000% | | |
| 20 | Effective Federal Income Tax Rate (L18 x L19) | 31.6309% | | |
| 21 | Combined Federal and State Income Tax Rate (L17 + L20) | 38.5989% | | |
| 22 | | | | |
| <u>Calculation of Effective Tax Rate (Includes Property Tax)</u> | | | | |
| 24 | Property Tax Factor | | 0.0000% | |
| 25 | Gross Revenues | 100.0000% | | |
| 26 | Property Tax Factor | 0.0000% | | |
| 27 | Taxable Income | 100.0000% | | |
| 28 | Combined Federal and State Income Tax Rate (L21) | 38.5989% | | |
| 29 | Effective Property Tax Factor | | 38.5989% | |
| 30 | Combined State and Federal Income Tax and Property Tax Rate | | | 38.5989% |
| 31 | | | | |
| 32 | Required Operating Income (Sch. A-1) | \$ 21,387 | | |
| 33 | Adjusted Test Year Operating Income (Loss) (Sch. C-1) | 21,387 | | |
| 34 | Required Increase in Operating Income (L33 - L32) | | \$ - | |
| 35 | | | | |
| 36 | Income Taxes on Recommended Revenue (C-2.8) | \$ 13,445 | | |
| 37 | Income Taxes on Test Year Revenue (C-1) | 13,445 | | |
| 38 | Required Increase in Revenue to Provide for Income Taxes (L37 - L36) | | \$ - | |
| 39 | | | | |
| 40 | Recommended Revenue Requirement | \$ 147,656 | | |
| 41 | Uncollectible Rate (L12) | 1.0000% | | |
| 42 | Uncollectible Expense on Recommended Revenue (L40 * L41) | \$ 1,477 | | |
| 43 | Adjusted Test Year Uncollectible Expense (C-1) | - | | |
| 44 | Required Increase in Revenue to Provide for Uncollectible Exp. (L26 - L27) | | \$ 1,477 | |
| 45 | | | | |
| 46 | Property Tax On Recommended Revenue | \$ - | | |
| 47 | Property Tax On Test Year Revenue (C-1) | - | | |
| 48 | Increase in Property Tax Due to Increase in Revenue | | \$ - | |
| 49 | | | | |
| 50 | Total Required Increase in Revenue (L34 + L38 + L44 + L48) | | \$ 1,477 | |
| 51 | | | | |
| 52 | | | | |
| <u>Calculation of Income Tax:</u> | | | | |
| | | Test Year | | Proposed |
| 54 | Revenue (Sch. C-1) | \$ 147,656 | \$ - | \$ 147,656 |
| 55 | Operating Expenses Excluding Income Taxes | 34,832 | | 34,832 |
| 56 | Synchronized Interest (L74) | - | | - |
| 57 | Arizona Taxable Income | \$ 112,824 | | \$ 112,824 |
| 58 | Arizona State Income Tax Rate | 6.9680% | | 6.9680% |
| 59 | Arizona Income Tax | | \$ 7,862 | |
| 60 | Federal Taxable Income | \$ 104,963 | | \$ 104,963 |

| | | | |
|----|--|--------------|-------|
| 61 | Federal Tax on First Income Bracket (\$1 - \$50,000) @ 15% | 7,500 | 7,500 |
| 62 | Federal Tax on Second Income Bracket (\$50,001 - \$75,000) @ 25% | 6,250 | 6,250 |
| 63 | Federal Tax on Third Income Bracket (\$75,001 - \$100,000) @ 34% | 8,500 | 8,500 |
| 64 | Federal Tax on Fourth Income Bracket (\$100,001 - \$335,000) @ 39% | 1,935 | 1,935 |
| 65 | Federal Tax on Fifth Income Bracket (\$335,001 - \$10,000,000) @ 34% | - | - |
| 66 | Total Federal Income Tax | \$ 35,687 | |
| 67 | Combined Federal and State Income Tax (L59 + L66) | \$ 43,549 | |
| 68 | | | |
| 69 | Applicable Federal Income Tax Rate | | |
| 70 | | | |
| 71 | <u>Calculation of Interest Synchronization:</u> | | |
| 72 | Rate Base (Sch. B-1) | \$ (191,224) | |
| 73 | Weighted Average Cost of Debt | 0.00% | |
| 74 | Synchronized Interest (L72 X L73) | \$ - | |

\$ 7,862

| | |
|----|--------|
| \$ | 35,687 |
| \$ | 43,549 |

34.0%

Company Global Water - Water Utility of Northern Scottsdale - Schedules
Month 12
Year 2011

WATER USE DATA SHEETS

AND

PLANT SUMMARIES

COMPANY NAME: Water Utility of North Scottsdale

Name of System: Granite Mountain

ADEQ Public Water System Number: AZ-04-07-179

WATER COMPANY PLANT DESCRIPTION

WELLS

| ADWR ID Number* | Pump Horsepower | Pump Yield (gpm) | Casing Depth (Feet) | Casing Diameter (Inches) | Meter Size (Inches) | Year Drilled |
|-------------------------------|------------------------|-------------------------|----------------------------|---------------------------------|----------------------------|---------------------|
| 55-565172 Granite Mountain #1 | | 80 | 1,000 | 6 | 3" | 1997 |
| 55-583777 Rio Mountain | | 80 | 970 | 6 | 4" | 2001 |
| 55-586186 Granite Mountain #2 | | 80 | 1,000 | 8 | 3" | 2001 |

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

| Name or Description | Capacity (GPM) | Gallons Purchased or Obtained (In Thousands) |
|----------------------------|-----------------------|---|
| | | |
| | | |

| BOOSTER PUMPS | | FIRE HYDRANTS | |
|----------------------|-----------------|--------------------------|-----------------------|
| Horsepower | Quantity | Quantity Standard | Quantity Other |
| 100 | 1 | 55 | |
| 25 | 2 | | |

| STORAGE TANKS | | PRESSURE TANKS | |
|----------------------|-----------------|-----------------------|-----------------|
| Capacity | Quantity | Capacity | Quantity |
| 250,000 GAL | 1 | 5,000 GAL | 1 |

Note: If you are filling for more than one system, please provide separate sheets for each system.

COMPANY NAME: Water Utility of North Scottsdale

Name of System: Granite Mountain

ADEQ Public Water System Number: AZ-04-07-179

MAINS

| Size (in Inches) | Material | Length (in Feet) |
|------------------|----------|------------------|
| 6 | PVC | 129 |
| 8 | PVC | 15,418 |
| 10 | PVC | 9,752 |
| 12 | PVC | 6,810 |
| 16 | PVC | 70 |
| | | |
| 6 | UNK | 46 |
| 8 | UNK | 8,137 |
| 10 | UNK | 7,051 |
| | | |

CUSTOMER METERS

| Size (in inches) | Quantity |
|------------------|----------|
| 1 1/2" | 5 |
| 1" | 72 |
| 2" | 1 |

- | | |
|---------------------------------------|------------------------------|
| ABS = Acrylonitrile-Butadiene-Styrene | GALV = Galvanized Steel Pipe |
| AC = Asbestos Cement | PVC = Polyvinyl Chloride |
| ACP = Asbestos Concrete Pipe | PVCCL1 = PVC 900 CL 150 |
| ASWP = American Spiral Weld Pipe | PVCCL2 = PVC 900 CL 200 |
| CU = Copper | PVCNP = PVC - Not Purple |
| DIP = Ductile Iron Pipe | SDRCL1 = PVC SDR 26 CL 160 |
| DIP150 = 150# Ductile Iron Pipe | STEEL = Steel |
| = | UNK = Unknown |

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

Chlorination System at each well

STRUCTURES:

Block Wall fences around facility

8' x 8' Storage Sheds

OTHER:

Note: If you are filing for more than one system, please provide separate sheets for each system.

| | |
|---|---|
| COMPANY NAME: WATER UTILITY OF NORTHERN SCOTTSDALE | |
| Name of System: Granite Mountain | ADEQ Public Water System Number: AZ04-07-179 |

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2009

| MONTH | NUMBER OF CUSTOMERS | GALLONS SOLD (Thousands) | GALLONS PUMPED (Thousands) | GALLONS PURCHASED (Thousands) |
|-----------------|----------------------------|---------------------------------|-----------------------------------|--------------------------------------|
| JANUARY | 73 | 857 | 724 | |
| FEBRUARY | 73 | 1,469 | 1,045 | |
| MARCH | 74 | 1,818 | 1,116 | |
| APRIL | 74 | 1,313 | 1,404 | |
| MAY | 74 | 2,175 | 1,605 | |
| JUNE | 75 | 652 | 1,494 | |
| JULY | 74 | 1,563 | 1,525 | |
| AUGUST | 74 | 1,588 | 1,884 | |
| SEPTEMBER | 75 | 1,420 | 1,511 | |
| OCTOBER | 75 | 1,264 | 1,231 | |
| NOVEMBER | 74 | 1,030 | 1,193 | |
| DECEMBER | 76 | 680 | 650 | |
| TOTALS → | | 15,829 | 15,382 | |

What is the level of arsenic for each well on your system?
(If more than one well, please list each separately.)

ADWR #55-599204 Granite Mtn #1 6 ppb ADWR #55-586186 Granite Mtn #2 2 ppb

If system has fire hydrants, what is the fire flow requirement? _____ GPM for _____ hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
 Yes No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
 Yes No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
 Yes No

If yes, provide the GPCPD amount: _____

Note: If you are filing for more than one system, please provide separate data sheets for each system.